



World of Work 2009

Snapshot of Asia

The initial impact of crisis led to high employment losses, but there has since been stabilization

- Asia has lost millions of jobs since the crisis started and the number of unemployed will increase in 2009. However, employment is returning and unemployment is decreasing:
 - **Japan** lost 1.3 million jobs between 2Q08 and 2Q09 (a decrease of 2%). More recently, however, the unemployment rate has decreased from a peak of 5.7% in July 2009 to 5.1% in October 2009; while in **Korea** employment, which had dropped to its lowest level of 22.7 million in February 2009 recovered to an above pre-crisis level of 24.6 million in October 2009.
 - **Thailand's** economy is the most affected by the crisis in Southeast Asia. Over 1 million job losses occurred in 4Q08 and 1Q09. But, unemployment, which had increased from 1% in 3Q08 to 1.9% in 1Q09, had decreased to 1.2% by 3Q09.
 - **Malaysia's** unemployment rate has been decreasing since 2Q08, falling to 3.6% in 2Q09, from 4% in the previous quarter. The drop reflected an increase in employment levels, which rose by 276,600.
 - **Vietnam** reportedly lost only 30,000 jobs in 2008 and unemployment has been decreasing since 2005 from 5.3% to 4.7% in 2008. It is expected to remain relatively stable in 2009.
 - **Philippines** employment fell by 0.5% in 2Q08 (y-o-y), but increased by 4.3% in 2Q09. The unemployment rate, which reached its peak of 8% in 2Q08 is expected to remain at 7.5% for the year 2009.
 - In the South Asian economy of **Bangladesh**, unemployment is expected to remain at 2.5%.

In the near term informal employment remains a concern, as well as declining real wages

- Although, some countries in the Asian region have returned to positive employment growth in the third quarter of 2009, current trends indicate that in emerging and developing economies, employment is not likely to rebound to pre-crisis levels until near the end of 2010.
- Employment in the informal sector has been increasing:
 - In Thailand unpaid family workers increased by over 1 million between the second and first quarter 2009 and own account workers increased by over 0.5 million during the same period.
 - In Philippines agricultural employment (much of which is informal) increased in the second quarter of 2009.
- Real wages have also been declining in many countries in the region:
 - Average wages have been declining in most Asian countries including Indonesia, Japan and are expected to decline in India, Malaysia, Philippines and Vietnam.
 - In Korea job retention was given priority over wages, which declined by 3.7% in the second quarter 2009 (y-o-y).
 - In Thailand wages also declined on average by over 5% from 3Q08 to 2Q09, and by over 16% in the agricultural sector.

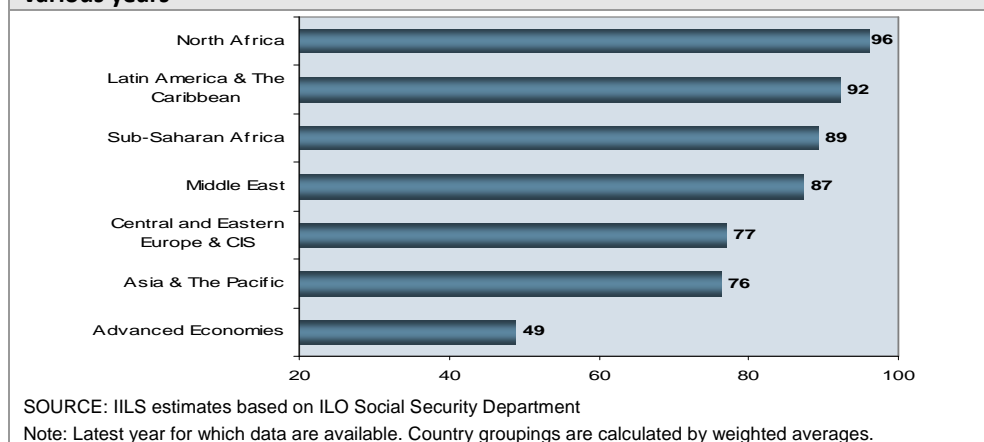
The Asian recovery has been aided by swift, aggressive stimulus packages

- Many countries in the region (e.g. Korea, Japan, Philippines, Thailand, Malaysia, Vietnam, Laos and Cambodia and Bangladesh) adopted swift, aggressive stimulus packages, which include job creation in public infrastructure, creation of green jobs, and assistance for unemployed in the form of training and social protection.
- In a number of cases, initial packages were quickly supplemented by successive stimulus (e.g. in Japan, Thailand, and Malaysia) to improve job creation and further assist the unemployed.

Going forward, further strengthening of social protection is needed

- Social protection remains weak in most parts of Asia:
 - Seventy-six per cent of workers in Asia do not receive any form of unemployment benefits (figure 1).
 - Although some countries in Asia are increasing their social welfare spending, over 80% of the unemployed in the region are not covered by pension schemes. For example, China increased its social security spending from 1.4% of GDP in 2005 to 2.3% in 2008, but 80% of the labour force still lacks pension coverage.
- As social protection serves many purposes for individuals, business and the State, such spending, if well-designed, not only addresses immediate needs, but can also translate into better crisis preparedness and improved social policies. The crisis presents an opportunity for many countries to introduce or improve their social protection systems.

Figure 1. Percentage of unemployed workers not receiving unemployment benefits, various years



Green restructuring is also important for sustainability and job creation

- The move to a low carbon intensive economy is not only important for sustainable growth in the region, but can also stimulate eco-innovation and provide new employment opportunities. Some economies have used their stimulus packages as an opportunity to support these efforts, however, more needs to be done.
 - China allocated 30% of stimulus spending for energy-efficiency buildings and promotion of low-carbon emitting vehicles.
 - Japan is offering \$12.4 billion in tax cuts to promote energy efficient building.
 - South Korea's stimulus package is called the "New Green Deal" as its aim is to create more jobs in the green economy.

World of Work 2009: The Global Jobs Crisis and Beyond is available at (www.ilo.org/INST). For further comment, journalists are invited to contact Naren Prasad (tel +41 22 799 6843; email prasadn@ilo.org) or Raymond Torres (tel: +41 22 799 7908; email: torresr@ilo.org), Director of the ILO's International Institute for Labour Studies.