



World of Work 2009

Snapshot of Latin America

Employment losses were substantial in early 2009

- Close to 1 million jobs were lost during the first quarter of 2009 alone in the Latin American region, with unemployment increasing in Q2 of 2009.¹
- The impacts of the global jobs crisis were widespread across the region:
 - *Brazil*: 490,000 jobs were lost over the first two quarters of 2009. The labour market recession was relatively steep but short-lived with employment growth returning to positive territory in Q3 2009 (417,000 jobs added compared to the previous quarter).
 - *Argentina*: 140,000 jobs were lost in the first two quarters of 2009. The unemployment rate rose over the same period
 - *Other countries*: the majority of countries suffered severe employment losses in Q1 of 2009 (Chile, Colombia Ecuador, Jamaica, Mexico and Peru).²
- Since the end of 2008, some Latin American countries intervened to tackle the crisis by introducing fiscal stimulus packages, thereby cushioning the impact of the crisis.

What are the prospects for employment recovery?

- Some countries in Latin America have returned to positive employment growth in the third quarter of 2009 (Brazil, Colombia and Venezuela), but 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.
- There is a risk that the premature withdrawal of measures could prolong the jobs crisis. The findings of the *World of Work Report 2009* indicate that employment and social protection measures could reduce the intensity of the jobs crisis and help support the recovery process. Such measures need to be well-designed to ensure they are relatively cost-efficient.

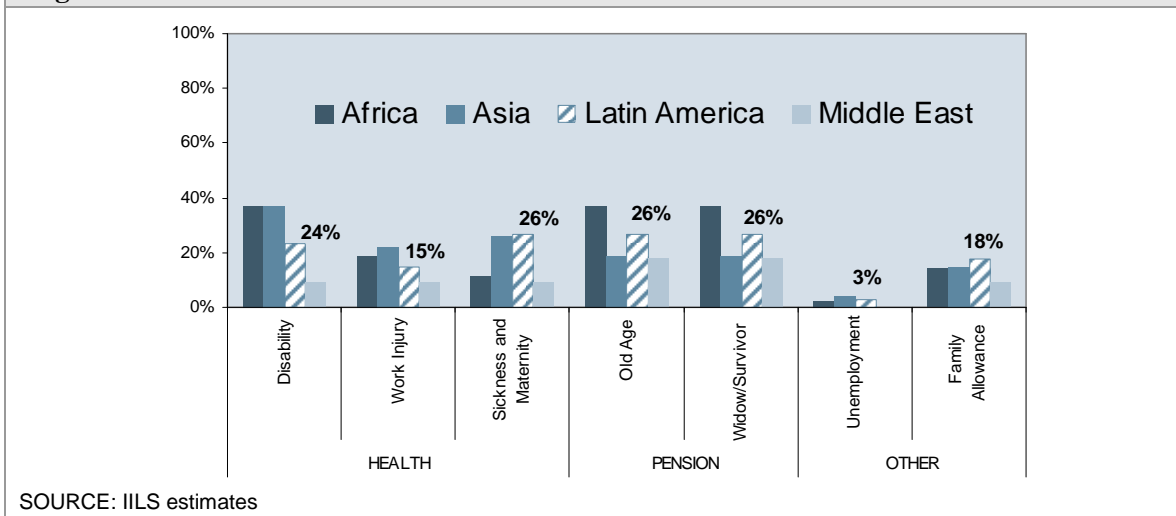
Going forward, strengthening further social protection is imperative...

- Well-designed social protection is good for society and the economy: it provides much needed support to workers and their families at times of crisis, while also strengthening recovery prospects.
- In Latin America less than 40 per cent of countries have provisions in place for informal sector workers (figure 1), and two-thirds of countries have social security provisions pertaining to self-employed workers.
- In countries where social security coverage is relatively high for formal wage workers (e.g. more than 80 per cent in Chile, Costa Rica and Uruguay), it is less than half for informal wage workers. In most other Latin American countries, coverage is typically lower.

¹ The following countries for which data are available were considered in this analysis: Argentina, Brazil, Chile, Colombia, Ecuador, Jamaica, Mexico, Peru and Venezuela.

² Colombia only experienced employment losses in Q3 2008.

Figure 1. Percentage of countries that have in place social security schemes for informal wage workers



- Some countries have shown efforts to improve the situation and mitigate the social crisis:
 - In Brazil, unemployment insurance was extended to cover workers who were particularly affected by the crisis, and the existing targeted conditional cash transfers delivered via the *Bolsa Familia* programme were strengthened.
 - In Chile, unemployment insurance has been made more flexible to cover workers with fixed term employment or service contracts. It is estimated that this measure will benefit 25,000 workers per month.
 - In Mexico, the pre-existing *Oportunidades* programme was extended with the aim of improving health, education and nutrition outcomes to more families to offset declining household income of poorer households because of the crisis.

But also green policies, both for a sustainable future, and also for jobs.

- The move to a low-carbon economy presents an opportunity for substantial job creation, by opening new markets and stimulating eco-innovation and investment in more efficient production techniques. Yet, it represents an employment challenge as workers will have to move to different jobs, firms or sectors:
 - Employment in high carbon intensive sectors account for about 38 per cent of jobs across the world.
 - The incidence of employment in high carbon intensive sectors is lower in emerging economies and developing countries than in advanced economies. In Brazil, China and India for example, it is estimated that employment in high carbon intensive sectors account for about 33 per cent of total jobs, compared to 57 per cent in advanced economies.

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 Steven Tobin (tel +41 22 799 7873; email tobin@ilo.org) or Raymond Torres (tel: +41 22 799 7908; email: torresr@ilo.org), Director of the ILO's International Institute for Labour Studies.