



The global economic crisis, the Global Jobs Pact and the Arab Countries



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Content



- I. Growth and employment impacts – a jobs recession
- II. Economic outlook: What type of recovery?
- III. Policy responses
- IV. Impacts in Arab Countries
- V. The Global Jobs Pact and Arab Countries

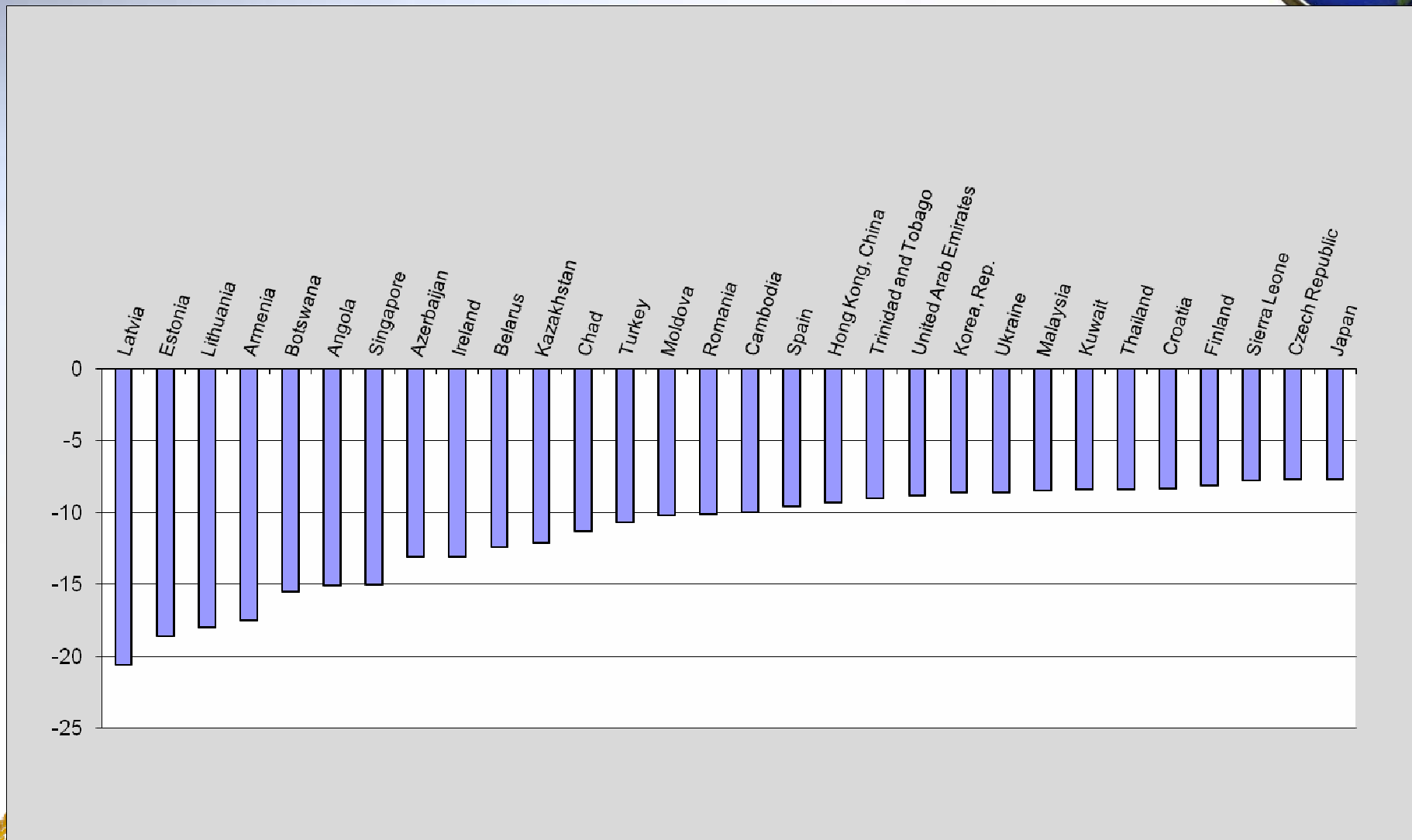




I. Growth and employment impacts



Economic contraction: the 30 most affected countries (2009 in comparison to 2000-06 average)



Employment and decent work impacts

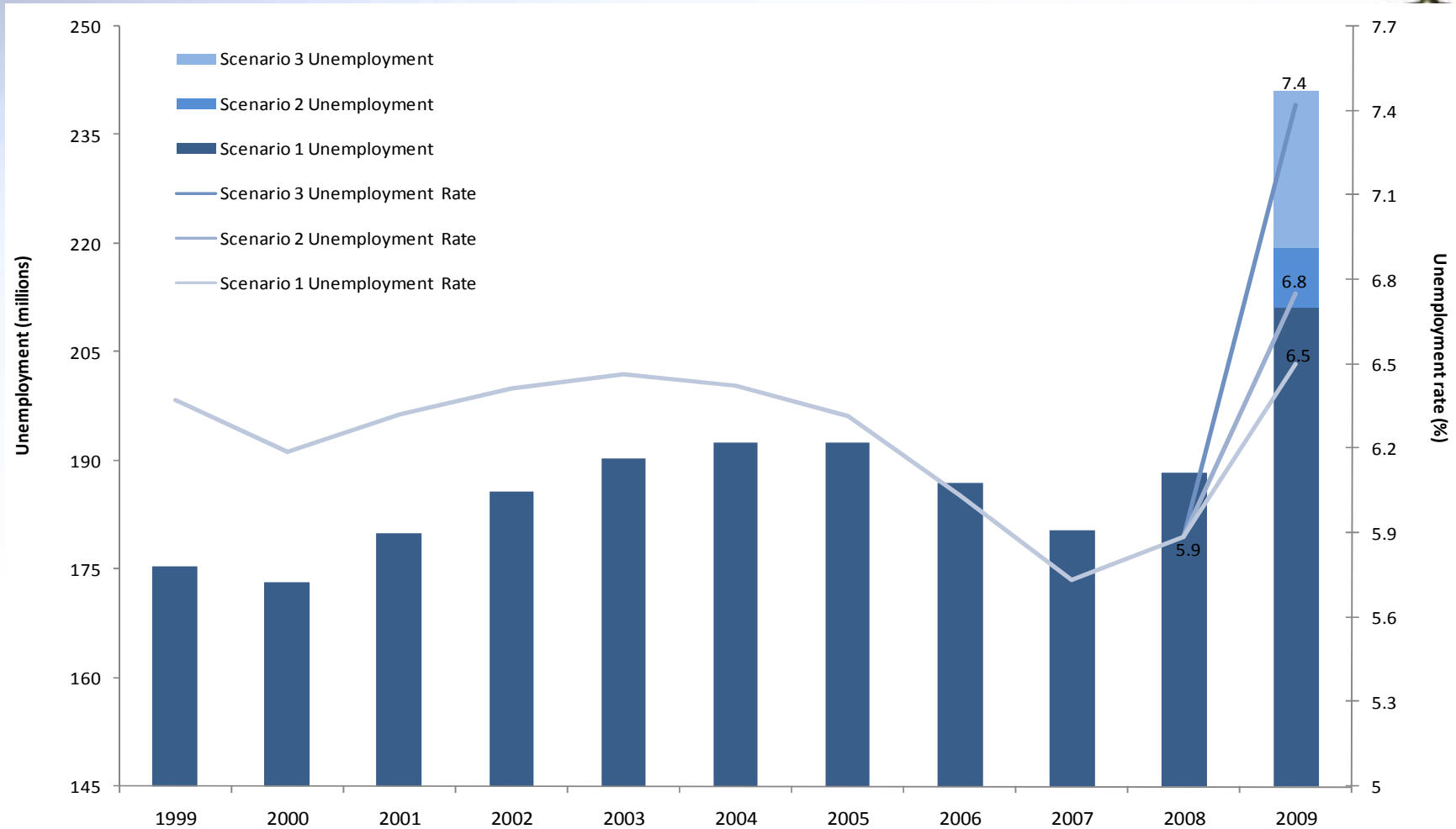


- Global unemployment could rise by up to 61 million between 2007 and 2009
- Number of vulnerable workers could increase by up to 108 million
- 222 million workers worldwide could slip into extreme poverty (below US \$ 1.25 a day)
- Reduced labour productivity puts downward pressure on earnings and working conditions
- Particularly severe impact on youth

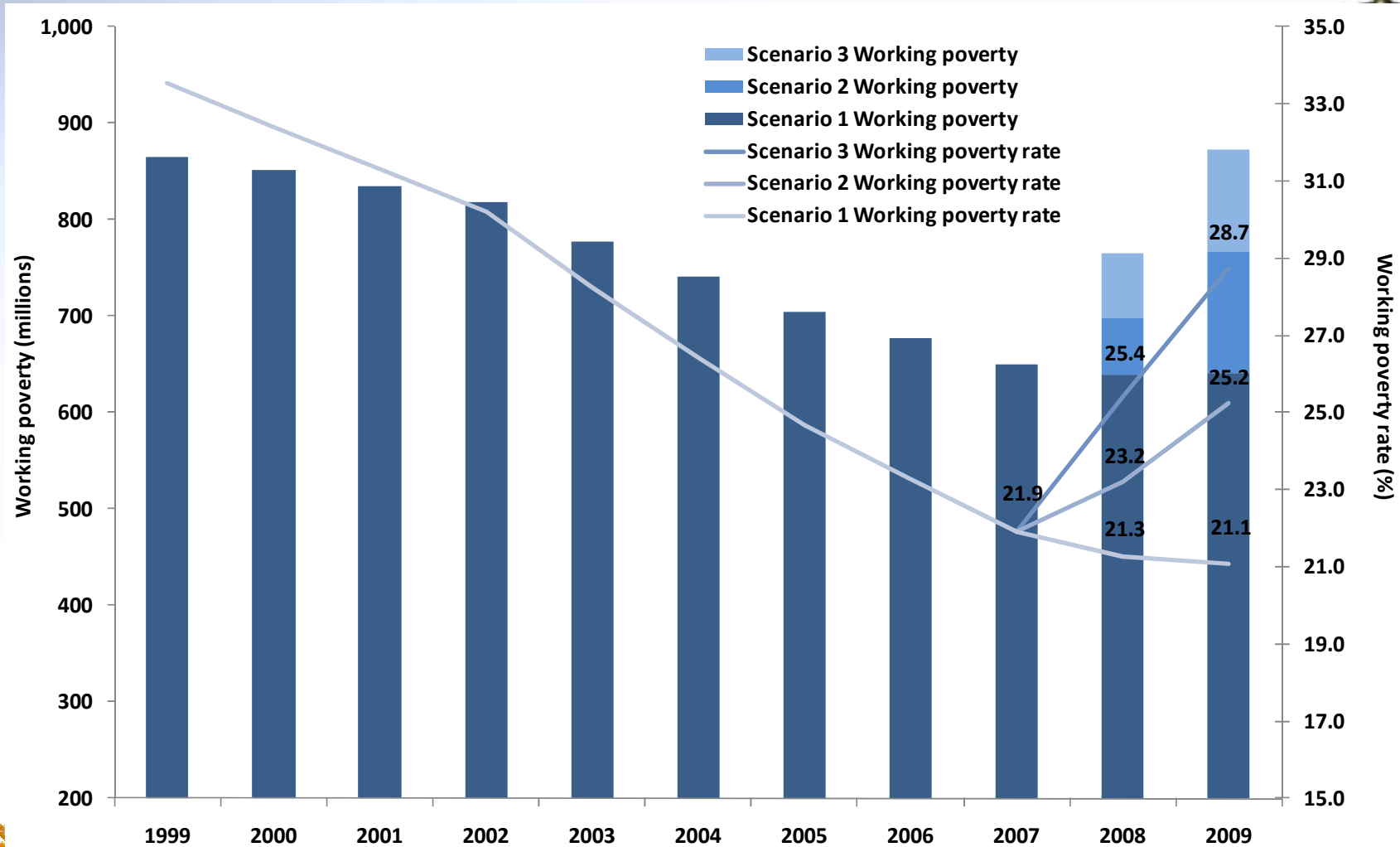


Global Unemployment Scenarios

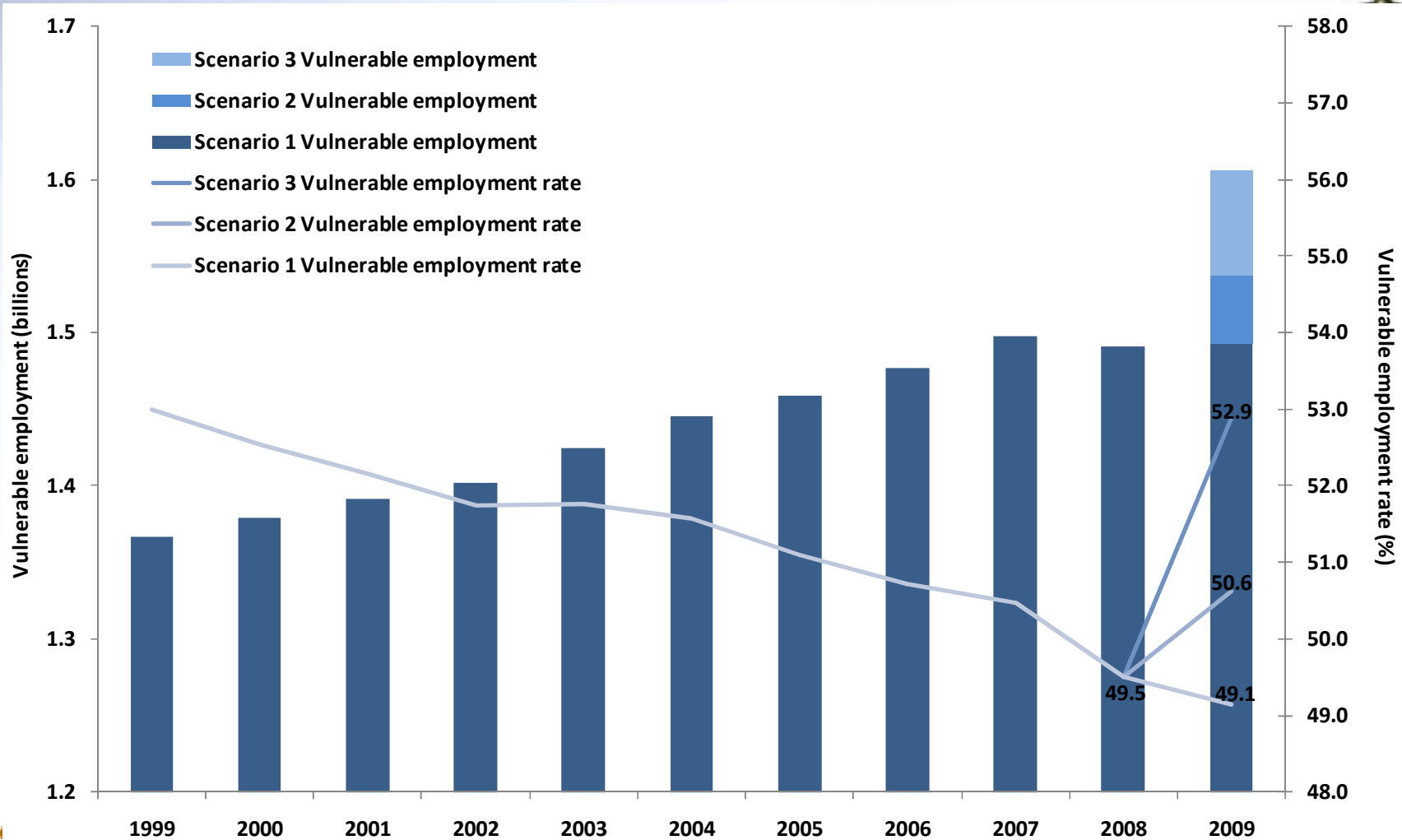
ILO KILM September-2009



Working Poverty Scenarios US 1 a day (Global)



Vulnerable employment scenarios (Global)

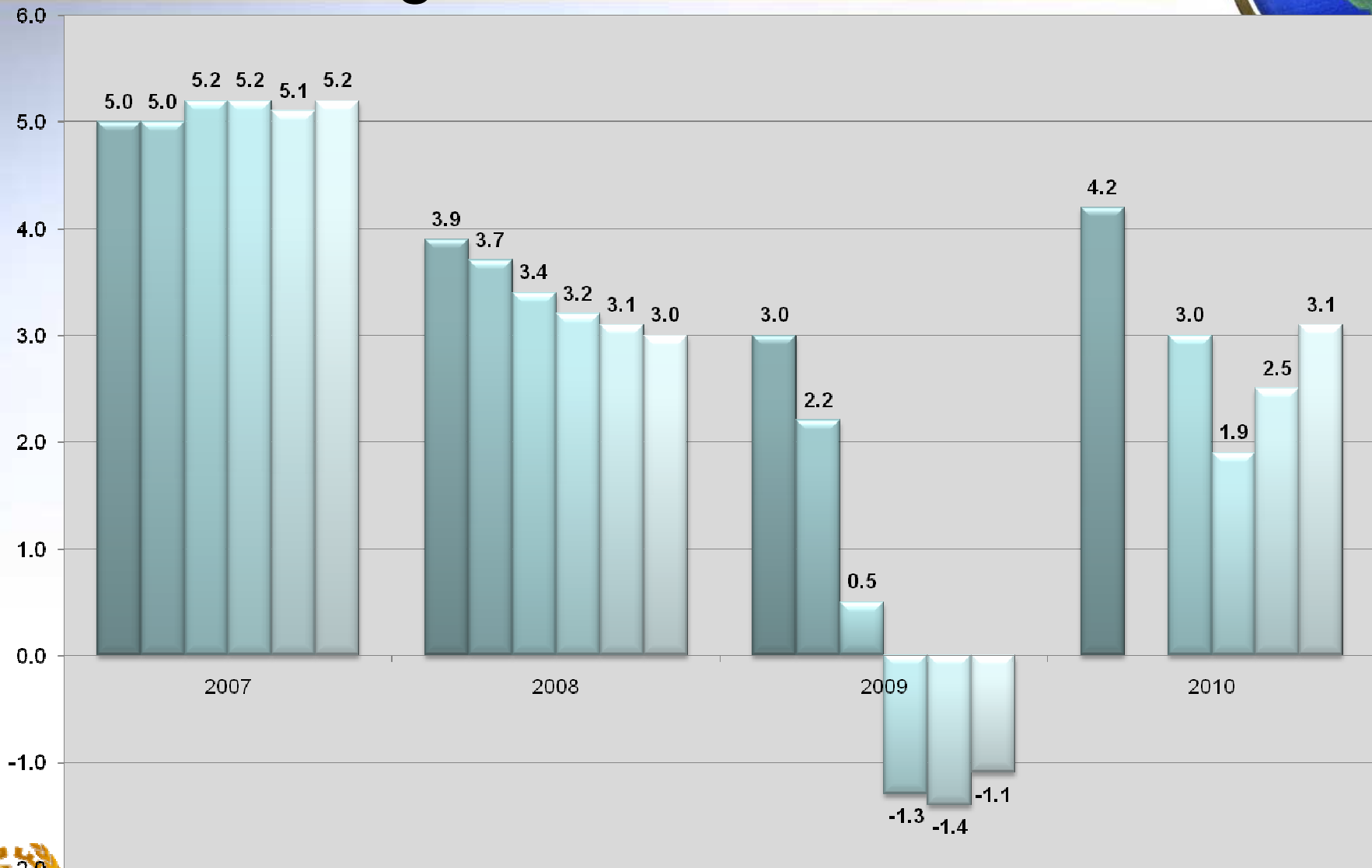




II. Economic Outlook: what kind of recovery?



IMF revisions of world GDP growth rates



■ October-08 ■ November-08 ■ January-09 ■ April-09 ■ July-09 ■ October-09

What shape of economic recovery?



- V
- L
- W



Previous crisis show that....



- Employment recovery normally lags over economic recovery, with a time lag of up to 5 years, particularly in financial crisis
- Policies matter, they can make a big difference.





III. Policy Responses



Some results: Frequency of measures taken across sample countries



1. Stimulating labour demand	(in %)	2. Supporting job seekers, jobs and unemployed	(in %)
Additional fiscal spending on infrastructure with employment criteria	87.0	Additional training measures	63.0
with green criteria	33.3	Increased capacity of public employment services	46.3
Public employment	29.6	new measures for migrant workers	27.8
New or expanded targeted employment programmes	24.1	Working time reductions	27.8
Access to credit for SMEs	51.9	Partial unemployment with training and part time work	27.8
Access to public tenders for SMEs	74.1	Wage reductions	14.8
Subsidies and tax reductions for SMEs	9.3	Extension of unemployment benefits	31.5
	77.8	Additional social assistance and protection measures	33.3
3. Expanding social security and food security		4. Social dialogue and rights at work	
Social security tax reductions	29.6	Consultations on crisis responses	59.3
Additional cash transfers	53.7	Agreements at national level	35.2
Increased access to health benefits	37.0	Agreements at sectoral levels	11.1
Changes in old-age pensions	44.4	Additional measures to fight labour trafficking	3.7
Changes to minimum wages	33.3	Additional measures to fight child labour	3.7
New protection measures for migrant workers	14.8	Changes in labour legislation	22.2
Introduction of food subsidies	16.7	Increased capacity of labour administration/inspection	13.0
New support for agriculture	22.2		



- Source: ILO inventory of crisis response measures in 54 countries

National policy responses to the crisis: ILO inventory



- Retain workers, avoid layoffs (Working time reductions)
- Cost reducing measures (social security tax reductions, credit restructuring)
- Incentives to promote new hiring (hiring subsidies, tax credits, wage subsidies).
- Increased capacity of public employment services
- Investment in education and training



National policy responses to the crisis: ILO inventory



- Extension of unemployment benefits
- Additional social assistance and protection measures
- Additional cash transfers
- Increased access to health benefits
- Changes in old-age pensions
- Changes to minimum wages
- New protection measures for migrant workers
- Introduction of food subsidies



Fiscal stimulus measures have made a difference



- For the G20 countries, the ILO has estimated that 7 to 11 million jobs will be created or saved in G20 countries in 2009. This is equivalent to between 29 and 43 percent of total unemployment in G20 countries.
- The OECD has estimated that for 19 OECD countries the average employment effect in 2010 falls in the range of 3.2 to 5.5 million jobs.
- Without them unemployment would have been much higher in these countries.





IV. Impact in the Arab Countries



The global crisis and recent economic trends in Arab countries



- The impact was:
 1. Slower in affecting the region
 2. Less severe compared to others
 3. Very different from country to country; depending on the:
 - Different economic and institutional characteristics of each economies
 - Policy responses
 - But Arab economies are unlikely to be spared from slower, and in some cases negative, economic growth, rising unemployment and greater insecurity.
- ⇒ Though official data on unemployment are not yet available for 2009 unemployment is reported to have increased in practically all the region



Main transmission channels in Arab states:



- Financial channels:
 - Sharp reversals in stock market indices (-14 to -70 % up to Aug 2009) and
 - reduced net worth of region-specific sovereign wealth funds
- Declining exports, both aggregate and sector-specific
- Rising commodity prices
 - Benefits for net energy exporters
 - Costs for net importers
- Declining tourism
- Declining remittances and migration for labour exporting countries
- Declining private capital flows
- Declining official development assistance



Policy responses to the crisis in Arab Countries



Many governments in the region took measures to mitigate the negative effects of the crisis:

- A variety of measures to stabilize the financial sectors and reduce the systemic effect arising from lack of credit
- Fiscal measures to maintain aggregate demand
- Increases in public spending, if not rescue packages as such, have been introduced or announced
- Selective support to various industrial sectors deemed to be critical during the period of the crisis.
- High levels of public spending despite a sharp drop in revenues; In particular, oil exporters
- Level of minimum wages has been raised in a number of countries and some income protection schemes have been introduced

⇒ But more focus on employment and social protection is required to speed up labour market recovery

⇒ The **Global Job Pact** provides a portfolio of actions to mitigate the impact of the crisis on employment and also to correct structural problems of pre-crisis situation





V. The Global Jobs Pact and Arab Countries





The Global Job Pact

**A Decent Work
response to the
crisis**

**Eleven principles
for promoting
recovery and
development**

**A portfolio of
around 25 policy
options**

**Shaping a fair
and sustainable
globalization**

ILO action



**Accelerating
employment
creation, jobs
recovery and
sustaining
enterprises**

**Building social
protection systems
and protecting people**

**Social dialogue:
bargaining
collectively,
identifying priorities,
stimulating action**

**Strengthening
respect for
international
labour standard**



Office Strategy to support constituents to give effect to the Pact



A. Technical support to countries and regions

- Monitor trends in labour markets and recovery paths
- Improve countries capacity to produce and use labour market information
- Strengthen country-level diagnostic and policy advisory capacity on all relevant policy areas of the GJP
- Support to the sectoral dimension of the crisis
- Promote relevant labour standards and social dialogue

B. International policy dialogue, policy coordination and coherence to shape fair and sustainable globalization

- Use expertise in world of work issues to support coordinated global crisis response.
- Strengthen partnerships with UN, regional development banks, other IFIs.
- Facilitate intergovernmental policy coordination through ECOSOC, G20, UN General Assembly, etc.

C. Research and analysis

- Provide evidence-based assessments of crisis responses
- Examine how the strategies can be improved, consistent with the GJP
- Analyse possible scenarios for the strength and pace of the job recovery

D. Overall coordination, monitoring and information sharing

- Share information
- Build capacity of constituents
- Establish policy area contact points



The Global Jobs Pact can be useful to Arab countries because...



1. The gains in the Arab labour markets in the last decades are threatened by the crisis and need to be preserved
2. The foundations of an employment-centered recovery and a job-rich pattern of growth must be strengthened by addressing the structural challenges in the region:
 1. Slow labour productivity growth
 2. Low demand for skills
 3. High dependency on the dynamics of the international oil market as well as international aid and labour migration
 4. Slow rate of poverty reduction in recent years
 5. Small proportion of the region's population that enjoys adequate social security
 6. Low labour force participation of women
 7. High levels of youth unemployment



The Global Job Pact can be:



1. A resource of practical policies for governments, workers and employers.
2. A tool for social dialogue accross the broad range of relevant policies
3. A source of national consensus around common and effective policy approaches.
4. A tool for pro-poor and job-rich growth in Arab countries.

