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**MEDIA SUMMARY**

**EMBARGO**

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**JOB GROWTH FAILING TO MATCH ECONOMIC GROWTH IN EAST ASIA – ILO REPORT**

BUSAN (ILO News) -- A new report on labour and social trends in East Asia<sup>1</sup> warns that the sub-region's impressive economic growth and improved productivity are failing to translate adequately into job creation and improved working conditions.

The report, "Labour and Social Trends in Asia and the Pacific 2006: Progress towards Decent Work" has been produced by the International Labour Organization (ILO), the United Nations body covering work and workplace issues.

The report says that the East Asia sub-region recorded the fastest economic growth in the world in recent years. Output per worker – labour productivity – grew by an astounding 88 per cent in the last 10 years (compared to 39 per cent in South Asia and 17 per cent in South-East Asia).

But this strong economic performance has not been matched by similarly strong job creation. In China GDP grew 59 percent and productivity surged nearly 40 percent between 2000 and 2004, but job creation was only around 5 per cent (partly due to slow growth in the labour force). In Hong Kong GDP grew by more than 25 per cent, productivity by 11.5 per cent and employment by nearly 10 per cent. However, unemployment also rose from 4.9 to 6.8 per cent in 2004 (and is now around 5.2 per cent), a sign of insufficient growth in the number of new jobs.

Wage rises have also generally not matched productivity increases. In China, while manufacturing productivity rose by 170 percent between 1990 and 1999, real wages rose by less than 80 per cent. In the Republic of Korea, productivity among manufacturing workers surged 290 per cent between 1990 and 2003 while wages increased 93 per cent.

Large productivity gains have also failed to translate into substantially shorter working hours. In Korea, Mongolia and Hong Kong (China) – economies for which figures were available - substantial proportions of the population work more than 50 hours a week. Taking an average, Koreans work the longest hours in the world.

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<sup>1</sup> China (including Taiwan, Hong Kong and Macao), the Republic of Korea, Mongolia

Regional Office for Asia and the Pacific, UN Building, Rajdamnern Nok, Bangkok 10200, Thailand

Tel: (66) 2288 2482; Fax: (66) 2288 1076; E-mail: [bangkok@ilo.org](mailto:bangkok@ilo.org) website: [www.ilo.org/asia](http://www.ilo.org/asia) and [www.ilo.org](http://www.ilo.org)

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“If East Asia’s economies are to enjoy sustainable economic growth they must ensure a balance between productivity and employment growth, and that the rewards of better productivity are reflected in shorter working hours, better wages and living standards as well as company profits;” said Gyorgy Sziraczki, head of the Economic and Social Analysis Unit of the ILO Regional Office for Asia and the Pacific, which produced the report. “The pursuit of competitiveness and growth are far less likely to produce long term benefits if those benefits are not felt by all”.

Better education and training are now priority issues as East Asia’s economies look to move up the value chain. While shortages of cheap labour are currently found in some parts of China, a lack of qualified graduates threatens to derail longer-term plans to produce higher-value goods and services.

Demographics pose another challenge. China, Hong Kong (China) and the Republic of Korea face emerging labour shortages – with the social and economic consequences that accompany an aging labour force. Labour migration is an increasingly important phenomenon, as it is elsewhere in Asia. Some economies –Hong Kong (China), the Republic of Korea and Taiwan (China), - have attracted hundreds of thousands of workers from other parts of Asia, and on average migrant workers now make up more than 4 per cent of the labour force in these major receiving countries, although many remain poorly paid and lack basic benefits such as social security and guaranteed holidays.

By contrast, Mongolia has recently become a labour exporter, with more than 100,000 Mongolians (0.7 per cent of the population) now working overseas, many in the Republic of Korea and Taiwan (China).

Finding work for young women and men (those aged 15-24) remains a challenge. Youth unemployment averaged 7.8 per cent in East Asia and young people are 2.7 times as likely as adults to be unemployed. The ILO estimates that halving youth employment could increase GDP by between 1.5 and 2.5 per cent in the countries of East Asia.

The Report will be launched at the ILO’s Asian Regional Meeting which is being held in Busan, South Korea from August 29<sup>th</sup> to Sept 1 2006. Representatives of Governments, workers’ and employers’ organizations from South Asia will be among 40 countries attending. The meeting will focus on the labour market and employment effects of globalization. It is normally held every four years.

For more information please contact:

Qiaoling Chen,  
Information Assistant – ILO Beijing  
[chenql@ilobj.org.cn](mailto:chenql@ilobj.org.cn)  
Tel: +86-10-65325091

Sophy Fisher  
ILO Regional Information Officer.  
[Fisher@ilo.org](mailto:Fisher@ilo.org)  
Tel: +662 288 1664/288 2202