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MEDIA SUMMARY

EMBARGO

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UNEMPLOYMENT, WORKING POOR OVERSHADOW SOUTH ASIA'S STRONG ECONOMIC PERFORMANCE – ILO REPORT

BUSAN (ILO News) -- A new report on labour and social trends in South Asia¹ warns of a growing socio-economic disconnect in the sub region, as economic growth and improved productivity fail to translate adequately into job creation and better wages.

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 despite “solid” economic growth since 2000 (above 5 per cent in Afghanistan, Bhutan, Bangladesh, India, Iran and the Maldives) nowhere in South Asia has job creation been strong enough to fully absorb new labour market entrants. Unemployment in South Asia averages 5 per cent, compared to the Asia Pacific region average of 4.6 per cent.

Young women and men (those aged 15-24) are bearing the brunt, with 11.3 per cent unemployment in this age group. In Bangladesh and Sri Lanka young people are four times as likely to be unemployed as older workers, in India three times, and in the rest of the region at least twice. Young women have higher unemployment rates than their male counterparts.

The ILO estimates that halving youth employment would significantly benefit GDP growth in the countries of South Asia.

Unemployment will become more acute in the next decade, the report says, because the South Asian labour force is expected to grow by around 2.1 per cent a year, adding more than 14 million people to the labour market between today and 2015. The most rapid increase will be in countries with the greatest number of working poor and the largest informal economies, such as Afghanistan, Bangladesh, Nepal and Pakistan, and slowest in Sri Lanka.

While real manufacturing wages have risen throughout much of Asia they have not matched increases in labour productivity. Between 1990 and 2002 workers in India actually experienced a drop in real manufacturing wages of 22 per cent (despite an increase in manufacturing labour productivity of more than 84 per cent). In Pakistan the equivalent decline in wages was 8.5 percent. In Sri Lanka real manufacturing wages rose only marginally.

¹ Afghanistan, Bangladesh, India, the Islamic Republic of Iran, Maldives, Nepal, Pakistan and Sri Lanka.

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The problem of the working poor remains serious. There are currently 202 million working poor in South Asia (2005 figures). This means that among those in employment, 34.2 percent live in households below the US\$1 per person per day. If measured at the US\$2 poverty line, a shocking 84 per cent of workers in the region live with their families in poverty.

“The large share of working poor in the region is a reflection of South Asia’s large decent work deficit. Millions of workers remain in poverty despite the region’s robust economic growth and rapid improvements in the efficiency of labour,” 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. “This is why it is not enough to just create jobs, they must be decent jobs. Underemployment and job quality are the main problems. The challenge is to move from job creation in the informal economy to productive employment in the formal sector”.

Other concerns in South Asia are literacy and skill rates, which are closely linked to income levels. Among the world’s developing regions, South Asia has the lowest adult literacy rate, 55.8 per cent, compared to the global average of 79.1 percent and 90.2 per cent in the rest of Asia-Pacific.

Labour migration has become an important and growing feature of development throughout Asia Pacific. In recent years 1.3 to 1.9 million workers from South Asia - primarily from Bangladesh, India, Pakistan and Sri Lanka - have left home annually to work abroad, more than half the annual Asia Pacific total for migrant workers. Growing numbers of South Asian women are joining the migrant flows and the most popular destinations include the Middle East, Malaysia and the Maldives. Migrant remittances make up an increasingly important share of South Asian GNP – 12 per cent in Nepal, 7 per cent in Pakistan, 6.5 per cent in Sri Lanka, 6 per cent in Bangladesh and 3.1 per cent in India (2002-3 figures).

The Report will be launched at the ILO’s Asian Regional Meeting which is being held in Busan, South Korea from August 29th 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.

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