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PRESS RELEASE

ILO Annual Jobs Report: Global Unemployment Continues to Grow, Youth Now Make up Half Those out of Work

GENEVA (ILO News) – The number of people unemployed worldwide climbed to new heights in 2005, as robust economic growth failed to offset an increase in people seeking work – especially among the vast and growing legion of jobless youth, the International Labour Office (ILO) said in its annual *Global Employment Trends* ^{1/} released today.

What’s more, the ILO report said the weakness of most economies to turn GDP growth into job creation or wage increases, coupled with a spate of natural disasters and rising energy prices, hit the world’s working poor especially hard.

The ILO trends report showed that despite 4.3 per cent global GDP growth in 2005, only 14.5 million of the world’s more than 500 million extreme working poor were able to rise above the US\$1 per day, per person poverty line.

In addition, in 2005, of the more than 2.8 billion workers in the world, 1.4 billion still did not earn enough to lift themselves and their families above the US\$2 a day poverty line – just as many as 10 years ago, the ILO said.

“This year’s report shows once again that economic growth alone isn’t adequately addressing global employment needs. This is holding back poverty reduction in many countries,” said ILO Director-General Juan Somavia. “We are facing a global jobs crisis of mammoth proportions, and a deficit in decent work that isn’t going to go away by itself. We need new policies and practices to address these issues.”

According to official estimates, the unemployment rate remained unchanged after two successive years of decline at 6.3 per cent. The total number of jobless stood at 191.8 million people at the end of 2005, an increase of 2.2 million since 2004 and 34.4 million since 1995. The ILO said that while more people are actually “in work”, at the same time, more people are unemployed than ever before ^{2/}.

The ILO report said almost half of the world’s unemployed are young people aged 15 to 24, and that they are more than three times as likely as adults to be out of work. The ILO called

this figure “troublesome”, given that youth make up only 25 per cent of the working-age population.

Significantly, the ILO found that the share of total employment in services increased in all regions over the last 10 years with one exception – the Middle East and North Africa. If the service sector continues to grow the way it has over the last ten years, it will soon overtake agriculture as the largest provider of employment, the report said.

“Given these trends, there is a need to reformulate development and growth strategies”, Mr. Somavia said. “In many countries, agricultural workers are leaving a life of rural poverty in the hope of finding something better in the city but end up little or no better off in casual labouring jobs or petty trading. Such issues need to be addressed by policy makers if they are to make sure that the development process will lead to poverty reduction.”

The report also found that the employment gap between women and men has narrowed over the past decade, but remains wide. In 2005, 52.2 per cent of adult women were in employment, compared with 51.7 per cent in 1995. In 2005, women made up approximately 40 per cent of the world’s labour force.

According to the report, the trend of women who are active in the labour market differed by region. While the number of active women in Latin America and the Caribbean decreased, the Middle East and North Africa witnessed an increase of female participation from very low levels. Overall, the trend of increasing labour force participation rates among women of the 1980s and early 1990s has come to a halt in regions such as South-East Asia and South Asia and has even reversed in Central and Eastern Europe (non-EU) and the CIS countries, East Asia and Sub-Saharan Africa.

Regional trends

The largest increase in unemployment occurred in Latin America and the Caribbean, where the number of unemployed rose by nearly 1.3 million and the unemployment rate increased by 0.3 percentage points between 2004 and 2005 to 7.7 per cent. Also the Central and Eastern Europe (non-EU) and CIS region witnessed a year-over-year increase in unemployment, which stood at 9.7 per cent, up from 9.5 per cent in 2004. In developed economies and the European Union (EU) unemployment rates declined from 7.1 per cent in 2004 to 6.7 per cent in 2005.

Unemployment rates in Asian Sub-regions did not change markedly. East Asia’s unemployment rate was 3.8 per cent, thereby remaining the lowest in the world. South Asia’s unemployment rate was 4.7 per cent and South-East Asia and the Pacific’s was 6.1 per cent. At 13.2 per cent in 2005, the Middle East and North Africa remained the region with the highest unemployment rate in the world. Sub-Saharan Africa’s rate stood at 9.7 per cent, the second highest in the world.

The report also addresses the importance of job creation and labour market recovery after natural disasters and the changes resulting from the new quota-free textile and clothing trade regime that concern millions of workers and hundreds of thousands of enterprises in both developed and developing countries.

“Economic shocks as well as natural disasters hit those who are already poor disproportionately hard, and, in the recovery process, they are the last to return to pre-shock conditions. The current pattern of globalization continues to have an uneven social impact with some experiencing rising living standards and others being left behind”, commented Juan Somavia.

According to the report, recognition that poverty reduction can only be reached via the route of more and better jobs is more widespread today, especially in Africa. Increased awareness of the importance of placing employment at the centre of economic and social policy-making, symbolized by the UN Summit in 2005, is an important step forward, said the report.

^{1/} Global Employment Trends Brief, January 2006, International Labour Office, Geneva (available on-line at www.ilo.org/trends).

^{2/} The expression “in work” summarizes all people employed according to the ILO definition, which includes self-employed, employed, employers as well as unpaid family members. The words “employed” and “in work” are used as synonyms here.