

GLOBAL EMPLOYMENT TRENDS 2007

GLOBAL UNEMPLOYMENT REMAINS AT HISTORIC HIGH DESPITE STRONG ECONOMIC GROWTH

MODEST GAINS IN REDUCING WORKING POVERTY

GENEVA (ILO News) –The number of people unemployed worldwide remained at an historical high in 2006 despite strong global economic growth, the International Labour Office (ILO) said in its annual Global Employment Trends¹ released today

The ILO's "Global Employment Trends Brief 2007" reported that even though more people are working globally than ever before, the number of unemployed remained at an all time high of 195.2 million in 2006 or at a global rate of 6.3 per cent. This rate was almost unchanged from the previous year.

The ILO also reported only modest gains in lifting some of the world's 1.37 billion working poor—those working but living on less than the equivalent of US\$ 2 per person, per day—out of poverty, stressing that there weren't enough decent and productive jobs to raise them and their families above the US\$ 2 poverty line.

"The strong economic growth of the last half decade has only had a slight impact on the reduction of the number of workers who live with their families in poverty and this was only true in a handful of countries. In addition growth failed to reduce global unemployment," said ILO Director-General Juan Somavia. "What's more, even with continued strong global economic growth in 2007 there is serious concern about the prospects for decent job creation and reducing working poverty further."

The report said that in order to maintain or reduce unemployment rates, the link between growth and jobs must be reinforced. It said creation of decent and productive jobs—not just any jobs—was a prerequisite for reducing unemployment and slashing the number of families working but still living in poverty. This in turn is a precondition for future development and economic growth.

Other findings in the trends report showed that:

- For the last decade, economic growth has been reflected more in rising levels of productivity and less in growing employment. While world productivity increased by 26 per cent the global number of those in employment rose by only 16.6 per cent.
- Unemployment hit young people (aged 15 to 24) the hardest, with 86.3 million young people representing 44 per cent of the world's total unemployed in 2006.
- The employment gap between women and men persists. In 2006, only 48.9 per cent of women aged 15+ were working compared to 49.6 per cent in 1996. The comparable male employment-to-population ratios were 75.7 in 1996 and 74.0 in 2006.
- In 2006, the share of the service sector in the global employment progressed from 39.5 per cent to 40 per cent and, for the first time, overtook the share of agriculture that decreased from 39.7 per cent to 38.7 per cent. The industry sector represented 21.3 per cent of total employment.

Regional trends

The study said that in most of the regions, unemployment rates did not change markedly between 2005 and 2006. The largest decrease occurred in the region of the Developed Economies and

¹ Footnote GET here

European Union, where the unemployment rate declined by 0.6 percentage points between 2005 and 2006 to 6.2 per cent. East Asia's unemployment rate was 3.6 per cent, thereby remaining the lowest in the world. South Asia's unemployment rate was 5.2 per cent and South-East Asia and the Pacific's was 6.6 per cent.

According to the report, the Middle East and North Africa remained the region with the highest unemployment rate in the world at 12.2 per cent in 2006. Sub-Saharan Africa's rate stood at 9.8 per cent, the second highest in the world. The region also had the highest share in working poverty, with 8 out of 10 women and men living on less than \$2 a day with their families. This underscores that tackling the decent work deficit in Africa is a regional and global priority.

The report also specified that employment-to-population ratios - the share of people employed within the working age population - varied between regions. The Middle East and North Africa region had the lowest ratio, at 47.3 per cent in 2006. East Asia had the highest ratio with 71.6 per cent in 2006 but its ratio dropped by 3.5 percentage points over the last 10 years. If caused by an increase in educational participation - as is the case in East Asia - a decrease of the employment-to-population ratio is a good thing. In Latin America the ratio gained 1.8 percentage points up to 60.3 per cent of people employed within its working age population in 2006.

The ILO estimates showed that in all regions, the total number of working poor at the US\$1 level declined between 2001 and 2006 except in Sub-Saharan Africa where it increased by another 14 million and in Latin America and the Middle East and North Africa where it stayed more or less unchanged. Over the same period the total number of US\$2 a day working poor declined in Central and Eastern Europe (non-EU) and CIS, and most significantly in East Asia by 65 million. On the other hand, it increased in South-East Asia and the Pacific, South Asia, the Middle East and North Africa with the biggest rise, of 26 million, occurring in Sub-Saharan Africa.

“Every region has to face major labour market challenges”, says the ILO report, “young people have more difficulties in labour markets than adults; women do not get the same opportunities as men, the lack of decent work is still high; and the potential a population has to offer is not always used because of a lack of human capital development or a mismatch between the supply and the demand side in labour markets.”

“Nowadays the widespread conviction is that decent work is the only sustainable way to reduce poverty, which is why the target of “full, productive and decent employment” will be a new target within the Millennium Development Goals in 2007. Therefore it is now the time for governments as well as the international community to make sure that the favourable economic conditions in most parts of the world will be translated into decent job growth,” concludes the report.