



8th European Regional Meeting

FACTS ON *economic and employment trends: a time of challenges and opportunities*



International
Labour
Organization

“Before the eruption of the financial and economic crisis, there was a looming crisis in the world of work, as a result of imbalanced growth models and policy agendas. Out of necessity, an opportunity has arisen to revise these policies.”

Juan Somavia, ILO Director General

The period 1995–2007 saw a number of political and economic developments in Europe and Central Asia, including the expansion of the EU from 12 to 27 member States. During this time, the economy in the region has become more integrated and diverse, employment rates rose in most countries and unemployment decreased. Yet by early 2009, the global economic situation had changed dramatically. Today, it remains unclear how the financial crisis will affect the region’s economies and employment situation, and what this will mean for the promotion of Decent Work.

Among the trends that are beginning to appear are a slow down in job creation in the services sector, the main generator of new jobs in the European Union and Central Asia. Many companies in the region have responded to the crisis by reducing operating costs, including postponement of investment and reductions of the size of the workforce or by working shorter hours.

In turn, consumers who have become uncertain about their livelihoods or who have joined the ranks of the unemployed or the working poor, have been left with little choice but to curtail spending, thus adding to the downward spiral of economic activity.

Particular groups of workers – the young, unskilled and migrants – are expected to be more affected by the crisis and the number of informal workers could rise significantly.

The social and political repercussions of a deep and prolonged recession are difficult to assess, especially since not all countries entered the crisis on an equal footing. The outcome will depend on the effectiveness of coordinated government measures, as well as the time it will take for the regional and global economy to find a path toward sustainable and socially equitable growth.

KEY FACTS

- Output started to decline in the euro area and in many of the largest economies of Europe and Central Asia in the second and third quarters of 2008.
- Risk aversion intensified from mid-September 2008 and capital flows to transitional economies have all but dried up and equity markets in this group of countries have crashed.
- The economic crisis has caused a reversal in the trend towards decreasing unemployment, which took place in Central and South Eastern Europe and CIS countries after 2000, and the unemployment rate increased to 8.8 percent, from 8.5 per cent in 2007.
- Between September and December 2008, most countries in the region eased their monetary policies markedly, but these measures have not so far succeeded in reversing the downward trends in the European economy.
- The scale of bank losses continues to rise as the value of their assets tumble and inter-bank loans are down.
- Only a limited number of countries in the region have significantly expanded the level, duration or eligibility criteria for unemployment benefits and other welfare payments as a result of the crisis.

The role of the ILO

Sustainable economic growth and productive employment are crucial for advancing economic development of the country and achieving decent living standards for the population. Currently, a key responsibility of the ILO and its constituents is to help ensure that policy responses maximize the employment content of recovery measures. Restoring growth and making it less volatile in the future is essential to the successful pursuit of the Decent Work Agenda. In this respect, it is vital that:

- lasting damage to the productivity of the labour force be avoided and investment in future improvement of it maintained,
- the most vulnerable members of the labour force are well protected and do not become separated from the labour market,
- sustainable enterprises, particularly smaller firms, are assured adequate financing and readied for the recovery, and
- institutions for social dialogue are fully utilized to share information and come up with agreed policy responses.

Key ILO standards relating to employment promotion

Employment is central to the ILO's mandate, and the promotion of greater employment and income opportunities for women and men is the second of the ILO's Strategic Objectives. The main ILO instruments underlying this objective are the Employment Policy Convention, 1964 (No.122) and its accompanying Recommendation, which aims to achieve full, productive and freely chosen employment. Another important instrument is the Employment Promotion and Protection against Unemployment Convention, 1988 (No.168), which calls on member States to co-ordinate their systems of protection against unemployment and their employment policies.

SETTING EMPLOYMENT PROMOTION IN MOTION

Without productive employment, achieving the goals of decent living standards, social and economic integration, personal fulfillment and social development becomes a chimera. The ILO works at different levels and scales when it comes to employment promotion. ILO advisory work on employment is guided by the Global Employment Agenda, adopted by the ILO Governing Body in 2003.

Whether promoting employment opportunities for older people in Finland or signing a comprehensive Decent Work Country Programme (DWCP) with Ukraine, the ILO's efforts to promote more and better work have no fixed parameters.

The ILO has concluded six DWCPs in South and Eastern Europe covering the period 2006-7 and five new DWCPs are in place there. Five CIS countries are also implementing their DWCPs. Several other DWCPs are in preparation.

For more information, please read:

1. «Report of the Director-General to the 8th European Regional Meeting: Delivering decent work in Europe and Central Asia»
 - Volume I, Part 1, ISBN 978-92-2-121867-8
 - Volume I, Part 2, ISBN 978-92-2-121869-2
2. «Policy responses to the economic crisis: A decent work approach in Europe and Central Asia». ISBN 978-92-2-122080-0



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