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# ► Global Employment Trends for Youth 2022: Asia and the Pacific

Young people in Asia and the Pacific were disproportionately affected by the devastating impacts of the COVID-19 pandemic compared to adults in the region, while the pace of recovery in terms of youth employment is also lagging behind that of adults. For example, the youth unemployment rate in the region is estimated to have risen by 1.6 percentage points between the pre-pandemic benchmark of 2019 and 2022, which is eight times higher than the corresponding rise for adults. In addition to the lingering impacts of the pandemic, countries in Asia and the Pacific are now confronted by slowing economies both in the region and around the world.<sup>1</sup> Global supply chain disruptions resulting from the pandemic, including in the region, have contributed to inflationary pressures. These have been exacerbated by the conflicts in Ukraine and elsewhere. The resulting spikes in energy and food prices, in addition to tightening financial conditions (which stem from exit strategies in high-income countries as well as from the unprecedented fiscal and monetary measures undertaken during the pandemic) have significantly darkened the global economic outlook. Consumers, workers and enterprises in Asia and the Pacific, as elsewhere, are vulnerable to these developments, especially in the context of labour markets still reeling from the COVID-19 crisis. These developments are also particularly detrimental to young people in the region, as their employment prospects, relative to older workers, are more sensitive to economic downturns. They also have adverse implications for progress towards the Sustainable Development Goals in the region, including Goal 8 on full and productive employment and decent work for all.

The unemployment rate of young people aged between 15 and 24 years in Asia and the Pacific is estimated to have reached 14.9 per cent in 2022, which is the same as the global average (table 1). While that rate represents a decrease from the rate

of the previous year (15.5 per cent), it remains higher than the pre-pandemic benchmark of 13.3 per cent in 2019. Beyond the regional aggregate, there are important divergences between subregions and countries in the evolution of unemployment rates and other labour market indicators. In both Southern and Eastern Asia, youth unemployment rates in 2022 are projected to be higher than the pre-pandemic benchmark by less than 1 percentage point, whereas in South-Eastern Asia and the Pacific, the corresponding rate is projected to be higher by 2 percentage points. In Sri Lanka, which is currently experiencing balance of payments and sovereign debt crises, youth unemployment in the second quarter of 2021 (the latest quarter with available labour market information) was at 30.0 per cent, whereas in Viet Nam, which is benefiting from diversification strategies of global value chains as COVID-19 lockdowns in China persist, the corresponding rate for the same quarter was 5.5 per cent.

Young men in the region face substantially higher unemployment rates (16.0 per cent) than young women (12.7 per cent). However, when examining a more comprehensive measure of labour underutilization, that is, the combined rate of youth unemployment and potential labour force (termed the LU3 rate<sup>2</sup>), the gap between men and women diminishes, pointing to young women having higher potential labour force rates than young men.<sup>3</sup> This reflects the greater hardships young women in the region face in searching for a job and being available to take up employment, linked in part to societal gender roles and lack of affordable care. This is true especially among women in the South Asia subregion. The LU3 rate in Asia and the Pacific in 2020, the latest year for which data are available for this indicator, stood at 20.5 per cent, below the global average of 23.3 per cent.

<sup>1</sup> The World Bank, for example, projects global growth to slow from 5.7 per cent in 2021 to 2.9 per cent in 2022, the latter reflecting a nearly one third cut to earlier forecasts. See World Bank, *Global Economic Prospects, 2022*.

<sup>2</sup> The LU3 indicator may be thought of as a broadened unemployment rate inasmuch as it includes both the unemployed and the potential labour force (comprised of those who would like to work but for one reason or other are not actively looking). The precise definition may be found at <https://ilostat.ilo.org/glossary/>.

<sup>3</sup> The potential labour force includes those who are not in employment and who are available but are not seeking work; and those who are not in employment and who are seeking work but are not available.

► **Table 1. Youth unemployment rate, labour underutilization (LU3) rate and NEET rate, world and Asia and the Pacific, 2019–22 (percentage)**

			2019	2020	2021	2022
Youth unemployment rate	<b>World</b>	<b>Total</b>	<b>13.5</b>	<b>15.2</b>	<b>15.6</b>	<b>14.9</b>
	Asia and the Pacific	Total	13.3	14.6	15.5	14.9
		Male	14.2	15.7	16.9	16.0
		Female	11.6	12.4	12.9	12.7
Youth LU3 rate	<b>World</b>	<b>Total</b>	<b>20.3</b>	<b>23.3</b>	<b>n/a</b>	<b>n/a</b>
	Asia and the Pacific	Total	18.2	20.5	n/a	n/a
		Male	18.7	21.2	n/a	n/a
		Female	17.3	19.3	n/a	n/a
Youth NEET rate	<b>World</b>	<b>Total</b>	<b>21.8</b>	<b>23.3</b>	<b>n/a</b>	<b>n/a</b>
	Asia and the Pacific	Total	23.3	24.8	n/a	n/a
		Male	12.6	14.7	n/a	n/a
		Female	35.2	35.9	n/a	n/a

**Note:** Youth are defined as those aged 15–24 years. LU3 rate refers to the combined rate of youth unemployment and potential labour force. The values in the column for the year 2022 are projections. n/a = not available.

**Source:** ILOSTAT, ILO modelled estimates, November 2021.

The proportion of youth not in employment, education or training (NEET) also jumped in the region as a result of the pandemic, rising by 1.5 percentage points to reach 24.8 per cent in 2020 – higher than the global average of 23.3 per cent. Whereas NEET rates are almost 2.5 times higher for young women than for young men, the pandemic served to increase the NEET rate among men (by 2.1 percentage points) more than among young women (a rise of 0.7 percentage points), thereby decreasing the gender gap in the NEET rate. This development was driven by trends in South Asia, where the male NEET rate increased by 2.7 percentage points compared to 0.9 percentage points for young women. Deteriorating economic conditions in the first half of 2022 are likely to further increase the NEET rate among young people in the region, with potential long-term scarring effects on employment trajectories and incomes of affected individuals.

The gender gaps in NEET rates are closely related to those in the labour force participation rate (LFPR) and the employment-to-population ratio (EPR). Young women in Asia and the Pacific experience much lower LFPRs and EPRs: the LFPR for women in the region in 2022 is projected to be 26.3 per cent, compared to 46.6 per cent for young men, while 23.0 per cent of young women in the region are projected to be in employment compared to 39.1 per cent of young men (table 2). Southern Asia, at 29.9 percentage points, has the highest LFPR gender gap in the region.

As countries in the region reassess their policy stances amid contemporary economic and labour market conditions, care must be taken not to lose sight of longer-term priorities to make their economies more inclusive, sustainable and resilient. In particular, targeted investments in the green, blue (ocean), digital, creative and care economies hold great potential to provide decent jobs for young people while setting economies on the path towards greater sustainability, inclusiveness and resilience.

In *Global Employment Trends for Youth 2022*, the ILO used a macro-econometric model to quantify the economic and employment impacts of a number of policy measures for promoting inclusive and sustainable green, digital and care transitions. The macro-econometric modelling simulating the employment impacts of a package of green policy measures aimed at improving energy efficiency in buildings and appliances, decarbonizing electrical power generation through a shift to renewable energy, and expanding electric vehicles usage and the associated infrastructure (termed the “green scenario”) could, by 2030, create an additional net 8.4 million jobs worldwide for young people aged 15–29 years relative to a “business-as-usual scenario”, with Asia and the Pacific accounting for 5.8 million (or 69.0 per cent) of those jobs (table 3).<sup>4</sup> This reflects the positive effect on economic growth brought on by increased investment and an improved energy trade balance for fossil fuel-dependent countries in

<sup>4</sup> For this modelling, the age range was expanded to include those aged 25–29 years so as to make the modelling results more robust. This broader definition also reflects the fact that in many countries around the world, young people enter the labour market at increasingly later ages.

► **Table 2. Key labour supply indicators, world and Asia and the Pacific, 2019–22** (percentage)

			2019	2020	2021	2022
	<b>World</b>	<b>Total</b>	<b>41.2</b>	<b>38.6</b>	<b>39.7</b>	<b>40.1</b>
Youth labour force participation rate	Asia and the Pacific	Total	38.8	36.2	36.9	37.0
		Male	48.7	45.5	46.4	46.6
		Female	27.9	25.8	26.4	26.3
	<b>World</b>	<b>Total</b>	<b>35.7</b>	<b>32.7</b>	<b>33.6</b>	<b>34.1</b>
Youth employment-to-population ratio	Asia and the Pacific	Total	33.6	30.9	31.1	31.5
		Male	41.8	38.4	38.6	39.1
		Female	24.7	22.6	22.9	23.0

**Note:** Youth are defined as those aged 15–24 years. The values in the column for the year 2022 are projections.

**Source:** ILOSTAT, ILO modelled estimates, November 2021.

► **Table 3. Projected youth employment impacts of various policy scenarios relative to the baseline, Asia and the Pacific, 2022 and 2030** (thousands)

	2022	2030
Green scenario	1 785	5 816
Digital scenario	909	2 102
Care scenario	1 622	8 516
<b>Combined scenario</b>	<b>4 132</b>	<b>15 984</b>

**Note:** Youth are defined as those aged 15–29 years.

**Source:** ILO, based on the E3ME model of Cambridge Econometrics.

the region, and the reinforcement of the current leading role of Asia and the Pacific in renewable energy, including solar photovoltaic technology.

Policy measures aimed at providing universal (90 per cent) internet broadband coverage (termed the “digital scenario”) in the region are projected to lead to a net increase of 2.1 million jobs for young people by 2030 relative to the baseline, accounting for a third of the global total. This lower global share compared to the green scenario is a reflection of the relatively smaller internet coverage gap in the region. Policy measures directed at increasing investments in health and social care provision and in education coverage with a view to meeting the relevant targets of SDG 3 (on health) and

SDG 4 (on education) are expected to create an additional net 8.5 million jobs for young people in the Asia and the Pacific region by 2030 compared to the business-as-usual scenario. This represents almost half of the global total, highlighting the increase in care services coverage needed in the region. Undertaking these measures simultaneously in a “big push” effort (referred to as “combined scenario”) is expected to foster an additional 16.0 million jobs for young people in the region (53.7 per cent of the global total).<sup>5</sup> The global costs of implementing the combined policy measures are estimated to be around 2.5 per cent of global GDP in 2030. Strong initiatives to promote a better future of work for young people in Asia and the Pacific are critical in today’s fragile context.

<sup>5</sup> There are interactions between the scenarios leading to a small negative impact when comparing the change in employment in the combined scenario with the changes in each individual scenario. Given the features of the model, this is due to higher combined investment activity leading to greater technological change and higher wages, which can reduce labour intensity.