Impacts of the Economic Crisis on Child Labor, Youth Employment and Human Resource Development in APEC Member Economies

Purpose: Information
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Impacts of the Economic Crisis on Child Labor, Youth Employment and Human Resource Development in APEC member economies

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Presentation Overview

1. The economic crisis: transmission, impact and outlook in the APEC region
2. Impacts of the crisis on the labour market
3. Impacts on Child Labour and Youth Employment: vulnerable populations
4. Recommendations and counter-cyclical Response Measures
**Context: The economic crisis**

*Crisis has highlighted the integrated nature of the global (and regional) economy and the contagion of the impacts, particularly in the APEC region*

- **Trade channel**
  - The APEC region’s exports relative to GDP are among the highest globally
  - Manufacturing export share in GDP: Singapore (140%), Malaysia (69%), Mexico, Thailand (>40%), China (>30%) Philippines (>30%)

- **Capital inflow and Foreign Direct Investment (FDI)**
  - Major FDI recipients: Thailand, Vietnam, Singapore, China, Mexico
  - FDI to developing countries projected to shrink by more than 30% in 2009

- **Remittances at risk**
  - Remittance share of GDP: Philippines (11%), Mexico (2.5% - 2005)
  - World Bank forecasts a decrease in remittances of 5-8% in 2009

**Impacts of the crisis on the labour market**

*As economic growth in Asia Pacific decelerates...*

- Demand for labour in formal economy has fallen: generalised decline, sectoral effects
- Informal economy has expanded: vulnerable employment, child labour
- Evidence of reverse migration is taking place: urban → rural shifts; repatriation
- Massive employment and sectoral shifts still to come....
Projections: Impacts of the crisis on the labour market

Global Employment Projections, 2009: Lower and Upper Bounds


The crisis: impacts of children and youth

Why focus on children and youth in the crisis?

1. Amongst the most vulnerable in society: prone to exploitation
2. Life-cycle approach to HRD: nexus between child labour and youth employment outcomes
3. Crisis exacerbates already existing youth unemployment situation in many APEC member economies: “last in, first out”
4. Economic implications of youth joblessness
5. Social and human security implications of youth joblessness
The crisis: Impacts on Child Labour

The current economic slowdown and downward pressure on household incomes is likely to augment the incidence of child labour in the Asia Pacific region...

SUPPLY side impacts:
- Poverty and family income
- Education for the child and the level of education of her/his parents

DEMAND side impacts:
- Desire for employers to save costs
- Perceived attractiveness of child labor for certain types of work
- Compounded by increased informality → creates space for the operation of illegal child labor

* Time lag and difficulties with data capture as it relates to child labour

The crisis: Impacts on Youth Employment

The current economic slowdown and declining demand for labour will augment the incidence of youth unemployment in the Asia Pacific region...

Child Labour – Youth Employment linkage

SUPPLY side impacts:
- Poverty and Income - Segmented Youth Labour Market
- Education attainment and Technical and Vocational Education (TVET)
- Demographics (Labour Supply Pressures) East Asia and Pacific, Central America

DEMAND side impacts:
- Falling labour demand, especially for youth – “last in, first out”
Global Youth Employment Prospects

Projected changes in youth and adult unemployment rates, 2008-2009

Source: ILO, Global Employment Trends, May 2009

Recommendations and Counter-cyclical Response Measures

Balance in response measures between social protection measures and physical infrastructure to stimulate domestic demand in the short-term with sustained investments in education and human resources to provide the foundation for long-term sustainable growth

- Social protection measures
- Investments in Human Resources
- Active labour market policies that recognize the vulnerabilities of youth
- Public investments in physical infrastructure
Thank you.

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