

# 2004 Labour Overview

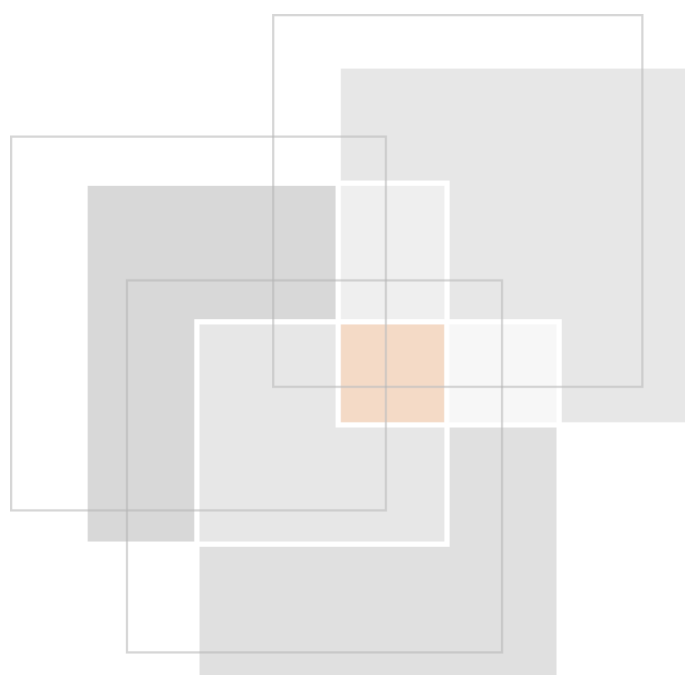


International Labour Office



# 2004 Labour Overview

LATIN AMERICA AND THE CARIBBEAN



International Labour Office

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First edition 2004

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*2004 Labour Overview*

Lima: ILO/Regional Office for Latin America and the Caribbean, 2004. 116 p.

Report, economic growth, employment, youth unemployment, labour market, quality of employment, wages, social protection, job creation, MERCOSUR, child labour, productivity, Latin America, the Caribbean, ILO pub.

**ISBN: 92-2-116687-2** (printed version)

**ISBN: 92-2-116688-0** (web pdf version)

**ISSN: 1020-3923**

Published also in Spanish: *Panorama Laboral 2004* (ISBN 92-2-316687-X/ ISSN 1020-4318)  
Lima, 2004

ILO catalogue information

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Printed in Peru

## Foreword

The *2004 Labour Overview* conveys a double message. On the one hand, it highlights the economic recovery of the majority of the countries in the region for the second consecutive year. On the other, it stresses that while this recovery has fostered labour progress in most of the countries of the region, progress has been moderate at best, with no significant reduction in the decent work deficit. Nevertheless, forecasts for 2005 are positive as long as favourable international economic conditions continue and the labour supply in the region does not expand excessively.

The estimated GDP growth rate for Latin America and the Caribbean is 5.0%, the highest recorded in the region since 1997, when the recession began and subsequently spread throughout the region until mid-2002. This growth rate is more than triple that of 2003 (1.5%) and has had a positive impact on employment in countries that experienced strong economic growth.

Regional economic growth was favoured by the international economic context, especially the unexpectedly dynamic growth of the economies of the United States, Japan and China. This has stimulated global demand for the region's products, thereby keeping prices high for Latin American primary and semi-manufactured exports. Moreover, domestic policies have helped reduce inflation, benefiting real wages and promoting an exchange policy that has contributed to strengthening the export sector.

This favourable internal and external situation had a positive impact on the three largest Latin American economies: a significant economic recovery in Argentina (although still insufficient to meet levels prior to 2001-2002), strong economic growth in Brazil and the reactivation of Mexico's economy. Five other countries (Chile, Ecuador, Peru, Uruguay and Venezuela) also enjoyed healthy economic growth. As the forecasts presented in this edition of *Labour Overview* demonstrate, economic growth is expected to continue in 2005, although at a more moderate pace, assuming interest rates are raised in industrialized countries, particularly in the United States and the European Union.

Labour market indicators reflect the region's significant economic growth in 2004, with variations among countries. In many countries, urban unemployment declined, although it remains high. Real wages (minimum and manufacturing) increased, as did productivity. Informal sector employment continued to grow in most of the countries and social protection coverage among wage and salaried workers remained unchanged during the period.

In the *2004 Labour Overview*, the estimated open urban unemployment rate for Latin America is 10.5% for the first three quarters of the year, which is 0.8 percentage points below the rate for the same period in 2003.

Forecasts indicate an average regional unemployment rate of 10.4% for the year; that is, 0.7 percentage points below the 2003 rate (11.1%). Likewise, the 2005 open urban unemployment rate is estimated at 10.1%, assuming the region's economic growth rate reaches 3.5%, as specialized institutions predict and growth in the labour supply slows as expected.



Despite the decrease in average unemployment in the region, the performance of the unemployment rate reveals significant differences among countries with available information. During the first three quarters of 2004, unemployment declined in six of the 11 countries with available data (Argentina, Brazil, Colombia, El Salvador, Uruguay and Venezuela), remained stable in Costa Rica and increased in four (Chile, Ecuador, Mexico and Peru), as compared with the same period the previous year. In many of these countries, the fall in unemployment was due to an increase in the employment-to-population ratio; however, in cases such as Colombia and El Salvador, this reduction was largely the result of a decrease in the labour force participation rate, which was greater than the decline in the employment-to-population ratio. With regard to unemployment among men and women, the female unemployment rate continued to be higher than that of men (1.4 times). With respect to age groups, youth unemployment more than doubled the total unemployment rate.

In addition, there was an increase in informal sector employment, which according to 2003 figures affected 46.7% of the urban employed, which is 0.2 percentage points higher than in 2002.

Of total urban wage and salaried workers, 63.6% were contributors to social security this year, the lowest percentage since 1990. The percentage among female workers is even lower: 61.8%.

The purchasing power of minimum wages experienced an average increase of 8% in the first three quarters of 2004 as compared with the same period in 2003, when it fell by 1.2%. (The increase would be 3.1% if Argentina were excluded because the real minimum real wage increased by almost 58% in that country.) The average real manufacturing wage increased by 5.0% through the third quarter of 2004, in contrast to the 3.8% decrease recorded in the same period of the previous year. These results reflect the downward trend in inflation, whose regional average was 6.4% through the third quarter of 2004. Notwithstanding, real wages remain at levels similar to those of 20 years ago.

In the context of a rising regional employment-to-population ratio, the estimated growth in labour productivity (2.2%) for this year is particularly important. It is this increase, which in the formal sector may have been even higher, which has enabled a proportional readjustment of minimum and manufacturing wages.

In summary, and as discussed in the corresponding section of the *2004 Labour Overview*, several countries experienced labour progress in 2004, while progress stagnated in others and declined in a few. It is therefore a year marked by advances and setbacks, with favourable projections for 2005 as long as the positive perspectives for economic growth persist, the growth of the labour supply remains at moderate levels and economic and social policies are applied that make quality employment a core objective.

In addition to the analysis of the labour market situation during the first three quarters of 2004 and projections for 2004 and 2005, this edition of *Labour Overview* includes three feature articles. The first feature is a summary of the proposals for decent work and employment policy that the ILO presented at the MERCOSUR Regional Employment Conference in April 2004. The second feature summarizes the conclusions of a recent ILO study on the microeconomic factors that have an impact on labour productivity. The third feature article discusses a recent ILO study on the magnitude and characteristics of child labour to be abolished (labour prohibited by law in the respective countries) in the region. In addition, three boxes included in the report present key labour issues, such as recent minimum wage trends in the region, the sectoral composition of urban employment and



social security contributors as well as the situation and trends with regard to freedom of association in the region.

The *2004 Labour Overview* also contains the Statistical Annex, and for the first time presents current information on labour market performance in Canada and the United States.

The labour situation of the region described in this regular ILO publication underscores the importance of policy and its relationship to decent work and quality of employment. How can we generate enough quality employment in these countries to substantially reduce unemployment, respond to the increase in the labour force and improve a large share of existing jobs?

The ILO has recently made proposals in this area, both for MERCOSUR (the *Labour Overview* presents a summary of these) and the Andean Community. It is also preparing proposals for Central America and the Caribbean in the framework of the regional employment conferences to be held in 2005. Decent work and employment are also on the agenda of the XIV Inter-American Conference of Ministers of Labour, which will be held in Mexico in September 2005, and of the IV Summit of the Americas, which will take place in Argentina in November 2005.

While it is not possible to expand on these proposals here, it is relevant to mention the basic criteria with which they were developed.

First, the generation of quality employment will depend on an economic policy that, in addition to making employment the core objective and assuring that it extends beyond guaranteeing price stability, combines macro-, meso- and microeconomic policies, as well as active employment and targeted social spending policies.

Second, because Latin America and the Caribbean have open economies in a context of globalization, it is essential to increase the competitiveness of firms and the economy as a whole. Labour policy can decisively contribute to increasing competitiveness and, consequently, employment, particularly through the development of training and professional education, as well as through the promotion of collective bargaining and other fundamental rights at work.

Third, given that the generation of quality employment is a slow process, special attention must be paid to social protection policies with a view toward strengthening their system-wide application.

Everyone –governments, workers, employers and international organizations alike– is responsible for generating decent work. The means and experience to do so already exist. Social dialogue among these actors is needed to make progress toward achieving these objectives.

*Daniel Martínez*  
*Acting Regional Director for the Americas*

*Lima, December 2004*







## Acknowledgements

The *2004 Labour Overview* is the result of the teamwork of various individuals who participated in the tasks of preparing, editing and disseminating the report. Every year, the ILO Regional Office for Latin America and the Caribbean analyzes the labour market situation in Latin America and the Caribbean in this document, which contains six parts: the *Foreword*, the *Labour Situation Report*, *Labour Market Trends in Canada and the United States*, *Feature Articles*, the *Explanatory Note* and the *Statistical Annex*. The Office's Acting Regional Director, Daniel Martínez, would like to express his gratitude to those who made this publication possible.

The preparation of the *2004 Labour Overview* was coordinated by Mónica Castillo, who also helped in the preparation of different texts and oversaw the editing of the report, with the collaboration of Manuel Délano.

The statistical information was prepared by Werner Gárate, with the collaboration of Juan Jacobo Velasco, who prepared the *Statistical Annex* of this report based on official country information and information provided by the ILO/SIAL (Labour Analysis and Information System) team based in Panama, formed by Bolívar Pino, Manuel Córdoba and Rigoberto García. The *Explanatory Note* accompanying the Statistical Annex was updated by Bolívar Pino and Ana Bocanegra.

The *Labour Situation Report*, which contains an analysis of current conditions of employment, wages and labour performance of the countries, as well as short-term forecasts, was prepared by Werner Gárate with support from Juan Jacobo Velasco, who received comments from Mónica Castillo and Daniel Martínez.

The new section, entitled *Labour Market Trends in Canada and the United States*, was prepared by Mónica Castillo with support from Ana Bocanegra.

The *Feature Articles* are brief reports on different topics relevant to the world of work. Norberto García prepared the first article, *Decent Work Creation in MERCOSUR: The Strategy of Growth with Quality Employment*. The report, *Raising Labour Productivity in the Region: the Challenge of Growth and Wellbeing*, was written by Juan Chacaltana, with support from Vanessa Ríos. Astrid Marschatz, who received suggestions from Carmen Moreno, prepared *Child Labour to be Abolished in Latin America and the Caribbean*.

The first box, *Recent Minimum Wage Trends in the Region* was prepared by Juan Jacobo Velasco, who also wrote the box entitled *Latin America and the Caribbean: Sectoral Composition of Urban Employment and Social Security Contributors, 1990-2003*; Eduardo



Rodríguez was responsible for the box entitled *Situation and Trends in Freedom of Association and Collective Bargaining in the Americas* while Astrid Marschatz wrote *The Case of Colombia: A Good Policy Practice Against Child Labour*.

Gino Carlevarino was responsible for the graphic design of the report and César Vera was in charge of the text design. Ana Bocanegra, Werner Gárate and Juan Jacobo Velasco were responsible for copyediting the report and coordinating its printing. Miguel Schapira was responsible for media coverage of the document. Jorge Coronado and Rosario Barragán were responsible for distributing the printed and CD-ROM versions of the *2004 Labour Overview*, as well as the electronic version on the webpage of the Regional Office for Latin America and the Caribbean.

This report would not have been possible without the crucial contribution of the support services. Milagros Jiménez and Nora Silva were responsible for the planning and implementation of activities. Ana Bocanegra carried out the secretarial work of the report, with the assistance of Rocío Ferraro.

Translation services of the entire report into English from the original Spanish were provided by Kristin Keenan, with oversight and comments by Mónica Castillo.



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## STRONG ECONOMIC GROWTH WITH MODERATE LABOUR PROGRESS

The information and analyses presented below refer to the changes in key labour market indicators in Latin America and the Caribbean during the first three quarters of 2004. The data indicate that economic growth this year led to a decline in the regional unemployment rate and a recovery of real wages (both minimum and manufacturing wages), the latter being associated with a lower level of inflation and, in the case of real manufacturing wages, higher labour productivity.

Nonetheless, in some countries the economic recovery has not led to a lower unemployment rate, and in other cases the decline in this indicator was attributed to a decline in the labour supply, which compensated for the effect of falling labour demand. This labour market behaviour at the country level indicates that, despite an improvement in the regional economy, the change in the region's labour progress as a whole has not been as positive as might have been expected.

### *The Current International Situation is Favourable for the Regional Economy*

- The increased demand of the world's leading economies led to a rise in both commodity prices and export volume, contributing to a healthy performance of regional exports. Other positive developments included the economic recovery from recessions experienced until 2003 in Venezuela and Uruguay and the continued recovery in Argentina.
- With the world economy expanding at a faster pace than forecast at the beginning of 2004, GDP growth projections for key world economies have been raised, yielding a global growth rate of 5.0%. At the end of 2003, GDP growth projections for the United States stood at 3.9%; however, current estimates point to growth of approximately 4.2%, while in Japan growth projections were raised from 1.4% to 4.4%, and in China they increased from 7.5% to 9%. On the other hand, economic growth projections in European Union countries indicate lower levels of growth, increasing slightly from 2% to 2.6%.
- After experiencing modest economic growth in 2003 (1.5%), GDP expansion in the region is forecast at 5.0% in 2004, indicating that the economic recovery trend is continuing for the second consecutive year following the recession which began in the third quarter of 2001.

### *Labour Performance: Unemployment Declines and Real Wages and Productivity Rise*

Based on data for the first three quarters of 2003 for a selected group of countries, it is possible to observe the following trends among key labour indicators in the region:

- Healthy economic growth fostered an increase in employment levels (3.0%) which outpaced the rise in the labour force (2.0%), leading to a decline in the regional unemployment rate of 0.8 percentage points (10.5% in 2004, 11.3% in 2003).
- This regional urban unemployment rate is the equivalent of approximately 19.5 million urban unemployed persons. Despite the fall of the unemployment rate, the estimated figure for the unemployed is similar to that estimated last year. This is due to the fact that the urban labour force rose by over 5 million people between 2003 and 2004.



- The change in the urban unemployment rate varies by country. Comparing the first three quarters of 2004 with the same period in 2003, the rate fell in Argentina (4.5 percentage points), Brazil (0.5), Colombia (1.3), El Salvador (0.1), Uruguay (4.0) and Venezuela (2.7). In contrast, the unemployment rate rose in Chile (0.3 percentage points), Ecuador (1.1), Mexico (0.6) and Peru (0.3) and remained unchanged in Costa Rica.
- The decline in the unemployment rate in the region benefited men more than women. Analyzing by country, in cases where the total urban unemployment rate fell, the decline was greater among men in Argentina, Brazil, and Venezuela, whereas in Colombia and Uruguay the reduction was greater among women. In Chile, Mexico and Peru, where the total unemployment rate rose, the increase was greater among women than men. In contrast, in Costa Rica and El Salvador the unemployment rate fell among men whereas it rose among women.
- Despite the fall in the regional unemployment rate, youth continue to be the most affected by unemployment. The youth unemployment rate for the 11 countries with available information during the first three quarters of 2004 is double the total urban unemployment rate.
- Manufacturing wages rose 5.0% in real terms during the first nine months of 2004 compared with the same period in 2003. Since labour productivity in the manufacturing sector is generally three times the level in the informal sector and the rise in average labour productivity for all sectors in 2004 (January-September) is estimated at 2.2%, the increase in real manufacturing wages for the region is in line with the rise in labour productivity in the manufacturing sector. Real manufacturing wages rose in Argentina (8.6%), Brazil (9.1%), Chile (2.1%), Colombia (1.2%), Ecuador (7.2%), and Mexico (2.3%), but fell in Paraguay (2.5%), Uruguay (1.4%) and Venezuela (6.5%).
- Rising inflation between 2001 and 2003 and the stagnation of nominal minimal wages led to a decline in the purchasing power of minimum wages of some countries in the region during that period. As a result of the decline in the inflation rates in the region and the adjustments made to nominal minimum wages in 2004, there was a widespread recovery of real minimum wages (8% at the regional level) during the first nine months of 2004; a sharp increase was experienced in Argentina (57.8%). Excluding that country, the real regional minimum wage increased by only 3.1%, slightly higher than the rise in average labour productivity in the region.
- The recovery of the minimum wage means greater purchasing power for the workers that receive this wage, but it has not had the effect of raising the overall wage structure. Average wages of salaried workers, both total economy and private sector, tended to decline in this period when measured in terms of the number of minimum wages.
- Based on five indicators of the labour market, labour progress in 2004 was characterized by differences among the selected countries. Eight countries registered progress in their individual performance while six showed worsening labour market conditions and three remained essentially unchanged. Although in 2004 there was an improvement in the economic situation at the regional level, in general terms this did not translate into significant changes in the labour situation of the region vis-à-vis the previous year. Thus, the economic recovery did not lead to a substantial improvement in the labour situation in the region, a fact

which is cause for concern considering that the substantial decline in the quality of employment resulting from the stagnant growth over the last three years needs to be reversed.

- Trends in the employment structure observed over the past 13 years continue:
  - *Informal sector employment increased.* The increase in employment was attributable largely to informal sector employment between 1990 and 2003. It is estimated that during that period, six of every 10 newly employed persons worked in the informal sector. Men showed a greater increase in informal sector employment over the period, while women continue to show a greater proportion of informal sector employment. Currently, one of every two employed women works in the informal sector.
  - *Tertiary sector (services) trends in employment continued.* Between 1990 and 2003, nearly nine of every 10 new workers were employed in services. Service sector employment increased more among men than women, but affects women to a greater degree: 85% of employed women are classified in the services sector.
  - *Social security coverage declined.* Approximately five of every 10 new wage and salaried workers contribute to social security services and just two of every 10 new wage and salaried workers in the informal sector contributed to such services in 2003. The decline affected men and women equally.

### *Urban Unemployment and GDP Forecasts for 2004-2005*

- Due to the upward forecast changes for economic growth in Latin American and Caribbean countries during 2004, the projection for regional GDP growth was modified at the end of 2004 (5.0%) with respect to the estimate provided in 2003 (approximately 3.5%).
- The GDP growth forecast change resulted in a change in the unemployment rate projection for the region, which is now expected to fall to 10.4% in 2004, 0.7 percentage points below the level observed in 2003 (11.1%).
- It is estimated that regional GDP will grow at a more moderate pace in 2005 (3.5%) as a result of reduced demand in the world's leading economies for commodities produced by the region and the upward trend in international interest rates. Nonetheless, the regional unemployment rate is expected to continue its downward trend, falling to a level close to 10% in 2005. This would be the second consecutive year of declining unemployment, constituting a positive signal of the potential of the region to generate employment, even quality employment, assuming that the favourable international situation is complemented with domestic policies that emphasize work and employment as a core objective.



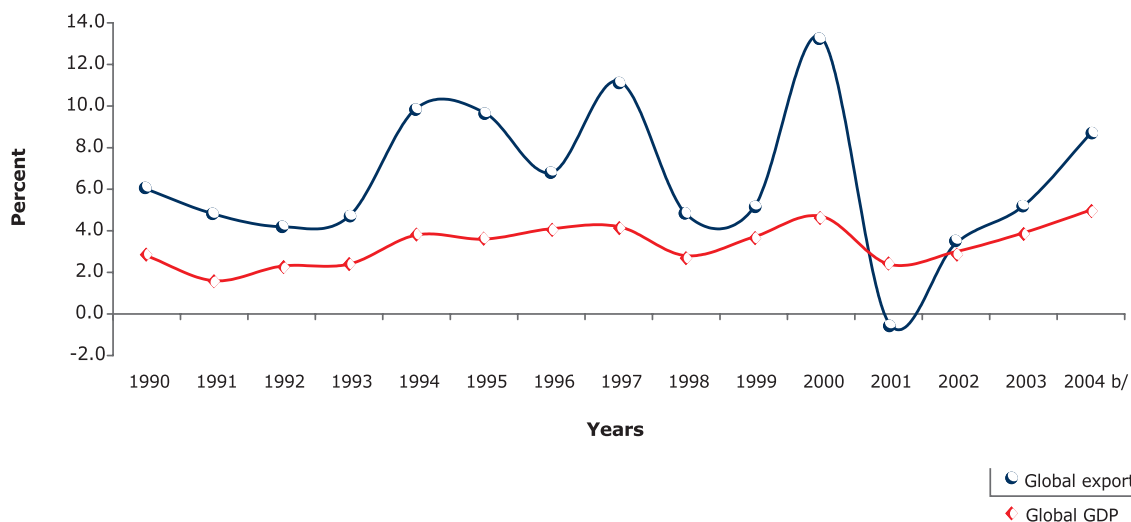
## THE CURRENT INTERNATIONAL SITUATION IS FAVOURABLE FOR THE REGIONAL ECONOMY

Global economic growth strengthened in 2004, particularly since the second half of 2003, fostered mainly by the U.S. and Asian economies, which through a combination of expansive macroeconomic policies and favourable financial conditions stimulated international trade and increased primary commodity prices. This improvement in the world economy was achieved despite the sharp increase in oil prices. According to the latest forecasts of the International Monetary Fund (IMF) and the United Nations Department of Economic and Social Affairs, global GDP growth will approach 5.0% in 2004, whereas global exports at constant prices will continue to increase, rising by approximately 8.7% (Figure 1).

Despite the favourable international context, major risks persist, among them geopolitical considerations such as the continuation of the Middle East conflict. In addition, oil prices rose sharply, from US\$ 31 per barrel (Brent crude oil price) in January of this year to US\$ 55 per barrel in October (Figure 2). The change in current and future oil prices results from the greater-than-expected demand, especially by the leading consumer nations: China, the United States and Japan. From the supply side, the price increase is in response to relatively low inventories resulting from delays in re-establishing oil production in Iraq and problems with oil companies in Nigeria and Russia. Another factor influencing this trend was the devaluation of the dollar with respect to the world's leading currencies, as well as the intensive speculative activity. Therefore, volatility may continue in this area, depending on demand perspectives, inventory levels, the geopolitical situation and the pace of speculative activities.

FIGURE 1

### GLOBAL GDP AND EXPORTS AT CONSTANT PRICES, 1990-2004 a/ (annual percentage change)



Source: ILO, based on IMF, World Economic Outlook, September 2004.

a/ Based on 2000 purchasing price parities.

b/ Estimated.

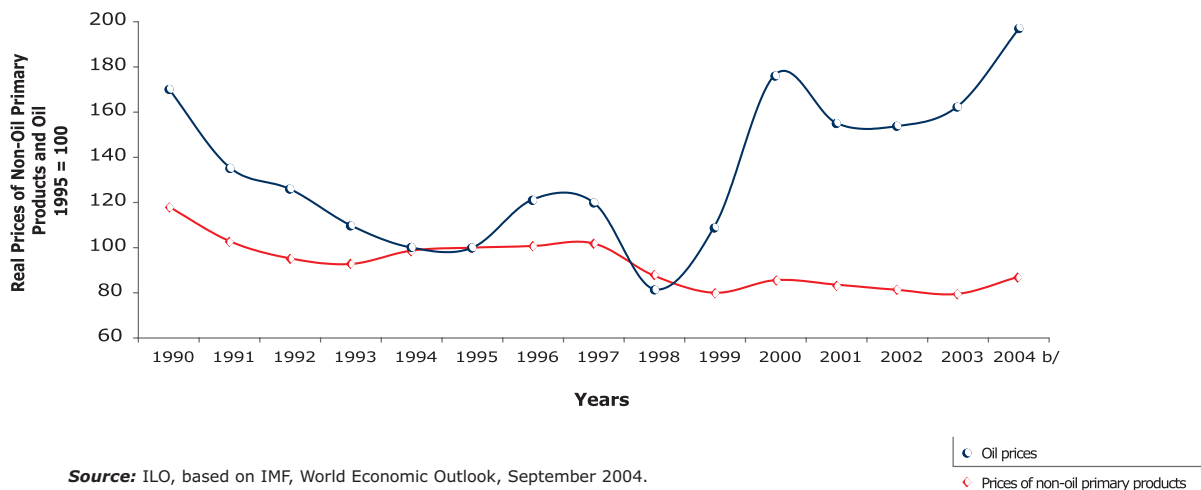
Another major risk is the medium-term effect that the growing U.S. trade and budget deficit may have on the economic activity of the rest of the world in terms of global long-term interest rates (Figure 3) and the price of the dollar. This deficit continued to grow during

the first half of 2004, despite the devaluation of the dollar; according to IMF projections, it will reach 5.4% of U.S. GDP this year. While fiscal spending in the United States has fostered the reactivation of the global economy, experience indicates that a large

current account deficit in the balance of payments is not sustainable indefinitely. Major imbalances are followed by corrective adjustment measures whose intensity depends on the magnitude and duration of

the initial imbalance. With the rising deficit, some combination of reduced fiscal stimulus and higher long-term interest rates will offset any positive effects.

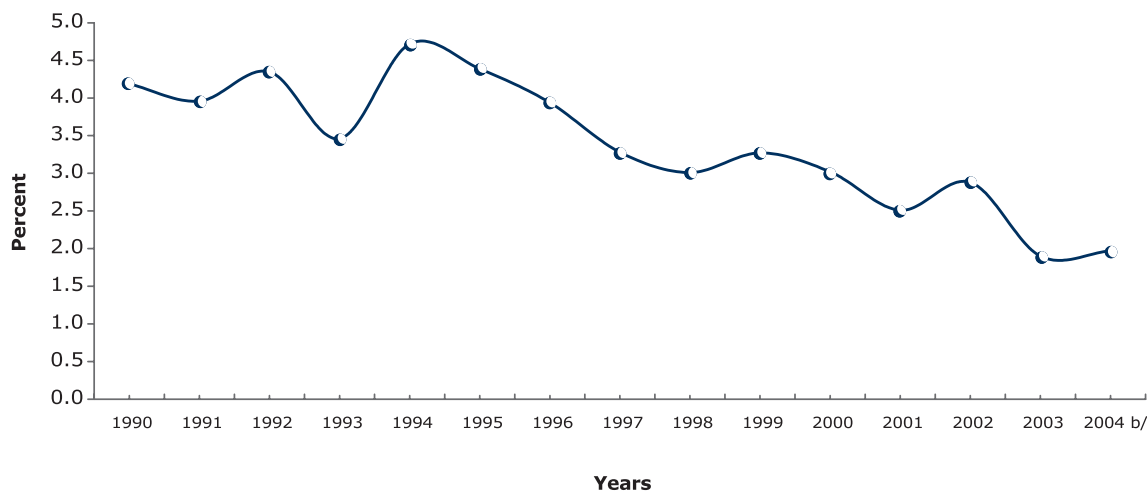
**FIGURE 2**  
**REAL PRICES OF NON-OIL PRIMARY PRODUCTS AND OIL, 1990-2004 a/**  
*(1995=100)*



Source: ILO, based on IMF, World Economic Outlook, September 2004.

- a/ Oil prices refer to simple average spot prices of UK Brent, Dubai and West Texas Intermediate crude oil.
- b/ Estimated.

**FIGURE 3**  
**GLOBAL LONG-TERM REAL INTEREST RATE, 1990-2004 a/**  
*(percent)*



Source: ILO, based on IMF, World Economic Outlook, September 2004.

- a/ GDP-weighted average of the 10-year (or nearest maturity) government bond yields, less inflation rates for Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.
- b/ Estimated.



This latter issue is of particular concern for the region's economies since an increase in U.S. interest rates tends to reduce net capital flows to the region and undermine countries' fiscal stability since a large portion of the public debt is indexed to global interest rates. In addition, because the exchange rate is generally linked to the dollar, net capital outflows could lead to interventions that impose more restrictive monetary conditions. Likewise, an appreciation of the dollar will negatively affect the financial situation of national companies, especially if they have debts in dollars and produce goods for the domestic market. This situation can cause an increase in country risk and intensify economic slowdowns. Although the Federal Reserve raised short-term interest rates four times in 2004 and is likely to continue this policy in the near future, global economic growth is expected to slow down in the medium term.

Although the global economy is expected to continue its growth over the next year as a result of the continuing strong monetary and fiscal stimuli, the risks described above will also persist unabated in 2004.

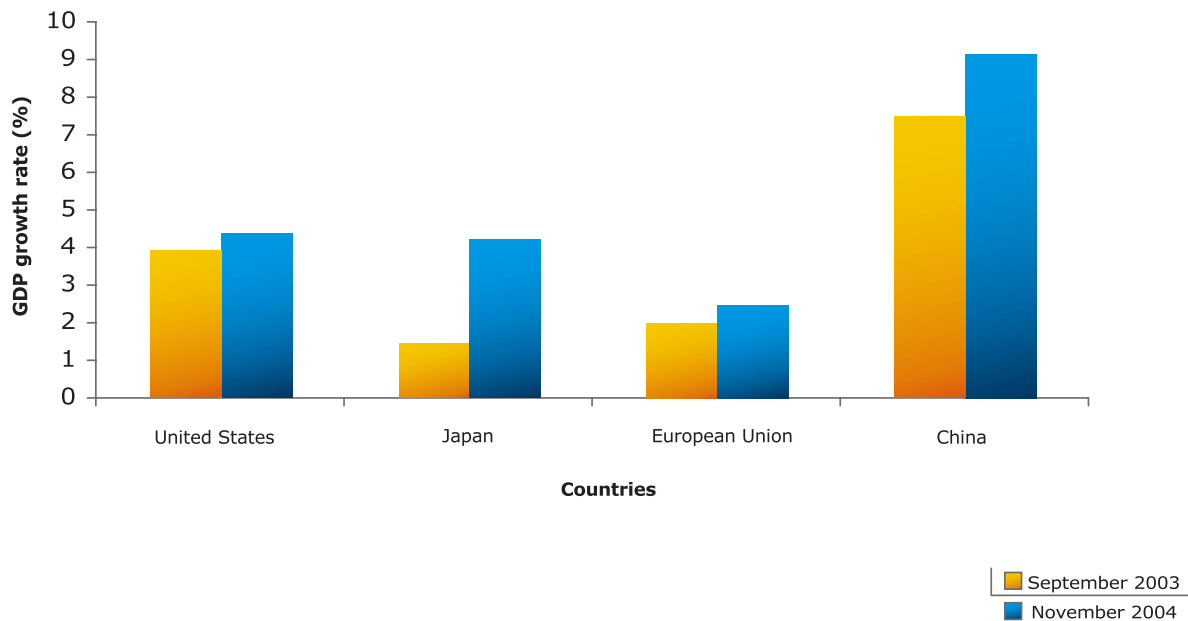
Economic projections for 2005 point to lower growth rates. The IMF estimated growth at 4.3% in September 2004 while the United Nations forecast 3.8% in November. The short-term policy challenge is to guide the transition to higher interest rates, ensuring that the growing inflationary pressure - derived in part from the increase in fuel prices - is kept under control through a smooth adjustment of financial markets.

### *Economic Growth and Unemployment in Key World Economies*

With the world economy expanding at a faster pace than forecast at the beginning of 2004, GDP growth projections for key world economies have been raised. At the end of 2003, GDP growth projections for the United States stood at 3.9%; however, current estimates point to growth of approximately 4.2% while in Japan growth projections were raised from 1.4% to 4.4%, and in China they increased from 7.5% to 9%. On the other hand, economic growth projections for European Union countries indicate lower levels of growth, increasing from 2% to 2.6% (Figure 4).

FIGURE 4

#### **ESTIMATED GDP GROWTH RATES IN 2004 FOR THE WORLD'S LEADING ECONOMIES** (percent)



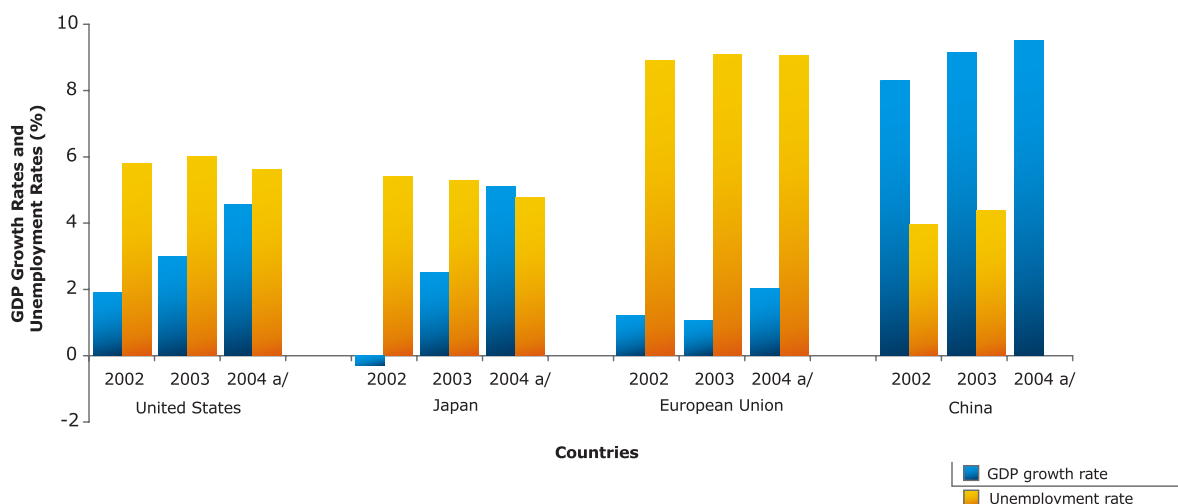
**Source:** ILO, based on IMF, World Economic Outlook, September 2003 and 2004 and United Nations, Department of Economic and Social Affairs, *Link Global Economic Outlook*, November 2004.

Economic growth in the United States continues to lead that of the other industrialized nations. Investment and personal consumption are the key factors supporting this growth and originate from fiscal and monetary stimuli backed by a sharp increase in labour productivity. While GDP growth in the third quarter (3.7% annualized rate) signalled a slight acceleration of the economy as compared with the second quarter (3.3% annualized rate), it continued a downward trend with respect to the rapid expansion recorded in previous quarters. Continuing increases in oil prices

seem to have influenced this change, as has the rise in inflation, which is estimated at an annual rate of 2.8% as compared with 2.3% in 2003.

Average unemployment in the United States from January to October stood at 5.6%. Despite the fact that applications for unemployment insurance have been on the decline for more than a year, this was not reflected in a significant generation of employment. The 2004 estimated U.S. unemployment rate is 5.5%, 0.5 percentage points lower than in 2003 (Figure 5).

**FIGURE 5**  
**GDP GROWTH RATES AND UNEMPLOYMENT RATES IN**  
**THE WORLD'S LEADING ECONOMIES, 2002-2004**  
*(percent)*



**Source:** ILO, based on official country information.

a/ GDP growth corresponds to the first semester for Japan and the European Union and to the first three quarters for China and the United States. The unemployment rate is the January-September average for Japan and the January-October average for the United States and the European Union. There are no available figures for the 2004 unemployment rate in China.

In Japan, GDP growth continues to outpace initial expectations, supported by foreign demand, mainly from China and the United States. Investment is also on the upswing and private consumption has shown a tendency toward recovery. Furthermore, the problems of deflation and financial weakness in the corporate sector appear to be diminishing. Although GDP growth in the second quarter (1.3% annualized) showed a marked decline as compared with the rate recorded in the first quarter (6.4% annualized), projections

continue at approximately 5.0% for 2004. In addition, the forecast unemployment rate is 4.7%, which, while lower than the 5.3% recorded last year, remains above the rate observed at the end of the last decade.

The European Union economies have grown at a slower pace. The GDP growth rate in the first semester of 2004 was 2.2%, compared with 0.9% for the same period of the previous year. The reactivation of these economies depends heavily on foreign demand.

Despite the appreciation of the euro, exports have increased. Differences observed in the growth rates of European Union countries are mainly the result of variations in domestic demand, which have remained relatively weak, particularly in Germany. Demand is stronger in countries such as Spain, Ireland and the United Kingdom. The average unemployment rate in the European Union was 9% from January to October, the same as that recorded last year, and projections for this year continue to place it at a level similar to that of 2003 (9%).

A key factor in the dynamic world economy is the growth of China. In the past 20 years, the GDP of China has grown more than 9% annually on average whereas the country's share of world trade has increased from less than 1% to almost 6%. In the current context, the Chinese economy has fuelled growth in the region, increasing demand for Japanese exports and those of emerging industrialized countries. It is one of the key consumers of primary sector goods from Latin America. According to the UN Economic Commission for Latin America & the Caribbean (ECLAC), in 2003, Chinese imports from Latin America and the Caribbean grew 79.1%, which increased the region's share in the total imports to the country to 3.6% (as compared with 2.8% in 2002).

During the first three quarters of 2004, the Chinese economy grew 9.5% with respect to the same period the previous year, with significant investment in fixed assets. The strong growth of the productive capacity has increased inflationary pressure, which is expected to reach 3.5% by the end of 2004, as compared with

1.2% recorded in 2003. To counteract this pressure, Chinese authorities are promoting moderate growth through mechanisms such as increased interest rates and bank reserves, in addition to administrative measures to control credit concessions in some sectors.

In 2005, the elimination of existing quotas in the framework of the Agreement on Textiles and Clothing of the World Trade Organization (WTO) and the removal of quotas on Chinese textile and clothing exports to the European Union and the United States will allow the country to substantially increase its share in the global market. This may affect the market share of other suppliers in these sectors, among them several countries of the region. The consequences for Latin America of China's increased world integration will be the result of a balance between the effects of greater access to the Chinese domestic market and the growth of that country's economy, along with the impact of more intense competition with Chinese products in both domestic and foreign markets.

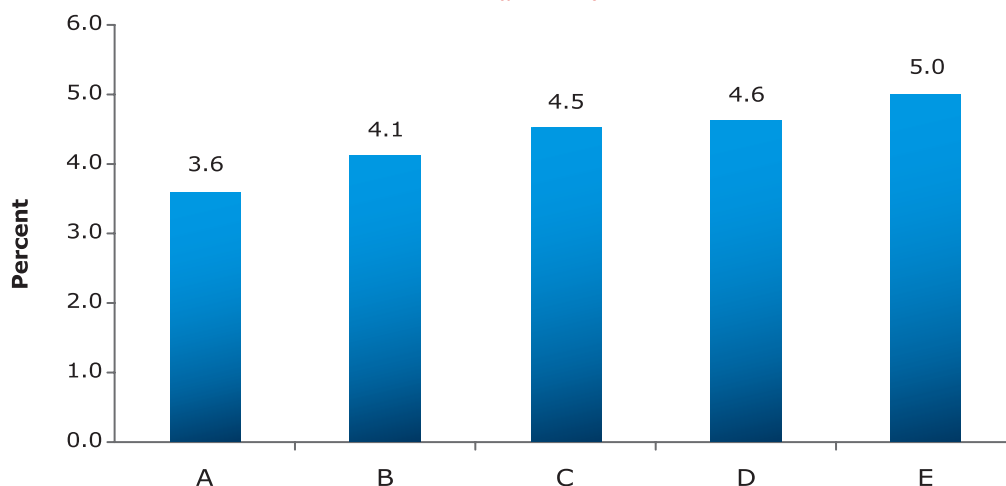
### *Factors Influencing Regional Forecasts and Economic Performance*

Favourable international conditions have had a positive impact on economic growth expectations for Latin America and the Caribbean in 2004. Growth forecasts have ranged from 3.6% estimated by the IMF in September 2003, to 4.1% by the ECLAC in May 2004 and 4.5% by the same institution in August, to 4.6% by the IMF in September and finally 5.0% by the United Nations and the World Bank in November 2004 (Figure 6).



FIGURE 6

### LATIN AMERICA AND THE CARIBBEAN GDP GROWTH PROJECTIONS FOR 2004 (percent)



**Source:** ILO, based on A: IMF (September 2003); B: ECLAC (May 2004); C: ECLAC (August 2004); D: IMF (September 2004); E: United Nations Department of Economic and Social Affairs (November 2004).

A variety of factors explain the greater-than-expected economic growth in the region. First, as previously mentioned, global economic growth, particularly of China, the United States and Japan, had a favourable effect on demand for and prices of the region's exports, including minerals, fishmeal and agricultural products such as soybean and its derivatives, whose foreign sales have reached unprecedented levels in some countries. Likewise, the sharp increase in oil prices generated more fiscal revenue for the oil-producing countries of the region.

The upward price trend for primary sector goods, except oil, began to slow during the second quarter of 2004 in response to reduced demand resulting from the measures applied to moderate economic growth in China. Nevertheless, the price increases during the first months of the year and the limited supply of some products in some markets (such as copper due to limited inventories and soybean because of weather-related factors) led to significant price increases for primary sector products for the year overall.

According to ECLAC estimates, regional exports will grow by 15%. Almost half of this amount (6%) will correspond to price increases. Therefore, the surplus in the current account of the balance of payments will increase for the second consecutive year, from an average of 0.3% of GDP in 2003 to almost 1% in 2004, a situation that has not occurred since the early 1950s. This will take place despite the increase in imports, which will rise as a consequence of increased economic growth.

Furthermore, the accelerated economic growth in the region was supported by a decline in country risk levels from their peak in 2002. Despite the movement toward a more normal monetary policy in industrialized economies, the cost of external financing continues to be favourable for the region's economy and country risk levels have reached historic lows. It is expected that the normalization of U.S. interest rates will take place in stages and country risk levels will increase in response to reduced liquidity.

Domestic economic policy continued to be characterized by greater fiscal and monetary controls, resulting in the relative control of inflationary pressures despite oil price increases. In addition, although during the first six months of 2004 the real exchange rate with respect to the dollar depreciated slightly and the euro experienced a real appreciation in some countries of the region, the significant devaluations which occurred in previous years have contributed to maintaining the region's exchange rate competitiveness.

Moreover, this year foreign direct investment (FDI) increased after a persistent decline in the two previous years due to the slowdown in privatization processes

in several countries of the region. This change is explained by the global economic growth recovery, the reinvestment of profits in sectors dependent on foreign demand, such as mining, and the purchase of stocks in dollars in the region, particularly in the financial sector.

Other factors contributing to this situation were the recovery in domestic demand in response to increased economic activity, the rise in employment and real wages and the increased revenues resulting from the more favourable terms of trade.

Tourism and related activities also experienced strong growth, mainly benefiting the Caribbean countries, partially due to the depreciation of the U.S. dollar with respect to the euro and the Canadian dollar. This led to a decrease in tourism sector prices, which coincided with the improvement in the economies of developed nations. Nevertheless, recent natural disasters have had a negative impact on some Caribbean countries.

### *Economic Recovery in the Region*

Overall, the factors mentioned above generated high growth rates for the region's economies during the first half of 2004. Data from the selected countries, which generate close to 95% of the region's GDP, indicate that GDP growth was 5.7% in the first half of the year and 5.3% between January and September. Nevertheless, it should be noted that this result was influenced by the fact that the level in the base period, in other words, the first half of 2003, was very low. Some countries of the region are recovering from a major recession or slow growth in 2003. The region's economic recovery only began in the second quarter of 2003 (Figure 7).

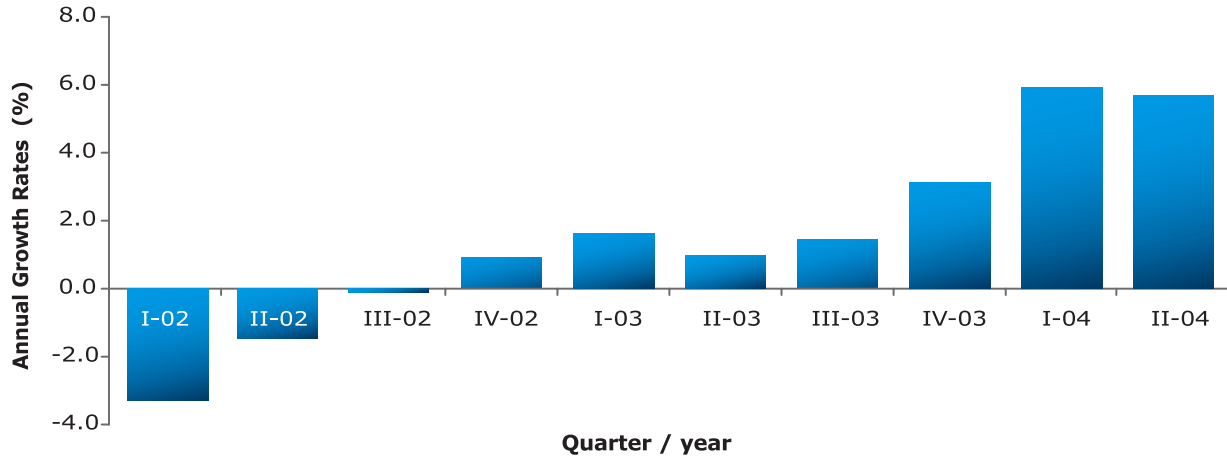
In Argentina, the recovery that began in 2003 continued during the first half of 2004, achieving a growth rate of 9.1% in the first half of the year, compared with 6.6% for the same period in 2003. This growth was fostered mainly by the performance of the export, manufacturing and construction sectors and a strong recovery of investments and consumption. In addition, government authorities implemented measures to provide assistance to unemployed, poor families.

In Brazil, despite a slight slowdown beginning in the second quarter of 2003 that led to an overall economic decline of 0.2 percentage points in that year, the economy grew 4.2% during the first half of 2004 compared with the same period in 2003. Sectors dependent on foreign demand were largely responsible for this reactivation. This was the case for the agricultural sector, which benefited from the high demand for soybeans. The manufacturing and service sectors also expanded, particularly the transportation and trade sub-sectors.



FIGURE 7

**SELECTED COUNTRIES OF LATIN AMERICA a/  
AVERAGE GDP GROWTH, First Quarter 2002 – Second Quarter 2004**  
(annual percentage change)



Source: ILO, based on official country information.

a/ The selected countries are Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay and Venezuela.

The Mexican economy is showing signs of growth after the stagnation of the period 2001-2002 and a weak recovery in 2003, increasing 3.8% in the first half of 2004. This result is explained by the expansion of the U.S. economy, the main consumer of Mexican manufacturing exports, which experienced an upswing at the end of last year. Another contributing factor was the increase in oil exports. Although manufacturing exports are largely responsible for the economic growth, recent figures show that other sectors have grown as well. These results also had a favourable impact on consumption and private investment, which was reflected in the reactivation of the construction and machinery and equipment manufacturing sectors. The recovery of Mexican exports is associated with high technology segments of the export sector since labour-intensive *maquiladora* activities, while showing signs of recovery, have been affected by heavy competition from China.

Venezuela recorded a GDP increase of approximately 24.2% in the first six months of 2004, as compared with the same period in 2003. A statistical effect was important in this result considering the low base rate of comparison in the first half of 2003. The low 2003 growth rate was related to the strikes led by opposition groups, which extended from December 2002 to early February 2003. Moreover, the two following quarters of 2003 registered a sharp decline in GDP, reflecting the stagnation of the oil industry and other sectors. Thus, most of the economic indicators improved significantly in 2004. In light of the increase in oil prices and the reactivation of other sectors, year-end forecasts indicate that Venezuela will have the highest growth rate in the region at 13%.

After a slight GDP recovery in 2003 (2.6%) following continual decreases in the period 1999-2002, Uruguay's GDP grew substantially during the first half of 2004 (13.6%) as a result of the growth of all economic sectors. Growth in agroindustry exports was especially strong due to improved international prices. The manufacturing and trade sectors also experienced strong growth.

In Paraguay, economic activity is led by cotton production, which increased by 91.9%. This increase is explained by a 71.7% expansion of the crop area compared with the 2003 agricultural season. This led to an increase in cotton exports. Exports of soybean, soybean derivatives and meat also rose. In addition, the country's construction sector grew slightly.

In Ecuador, GDP growth was 8.2% during the first half of 2004 largely as a result of the rise in oil exports. Non-oil sectors experienced low growth, except for banana production, which improved markedly in response to the increased international price for this commodity. As in Central America, remittances have become increasingly important in Ecuador, serving to maintain domestic consumption by offsetting the effects of the unfavourable labour market.

Chile and Peru had a GDP growth of 5.0% and 4.3%, respectively, in the first half of 2004 as compared with the same period in 2003. This reflected the positive performance of sectors associated with natural resources, especially the mining sector due to improved international prices, particularly for copper, as well as fisheries. Peru in particular benefited from the increase in the price of fishmeal. Chilean exports

grew 44.8% from January to July 2004 compared with the same period in 2003. In Peru, export growth was 31.8%. The rise in mining exports was accompanied by an increase in agroindustry exports. In Peru, textile exports also increased.

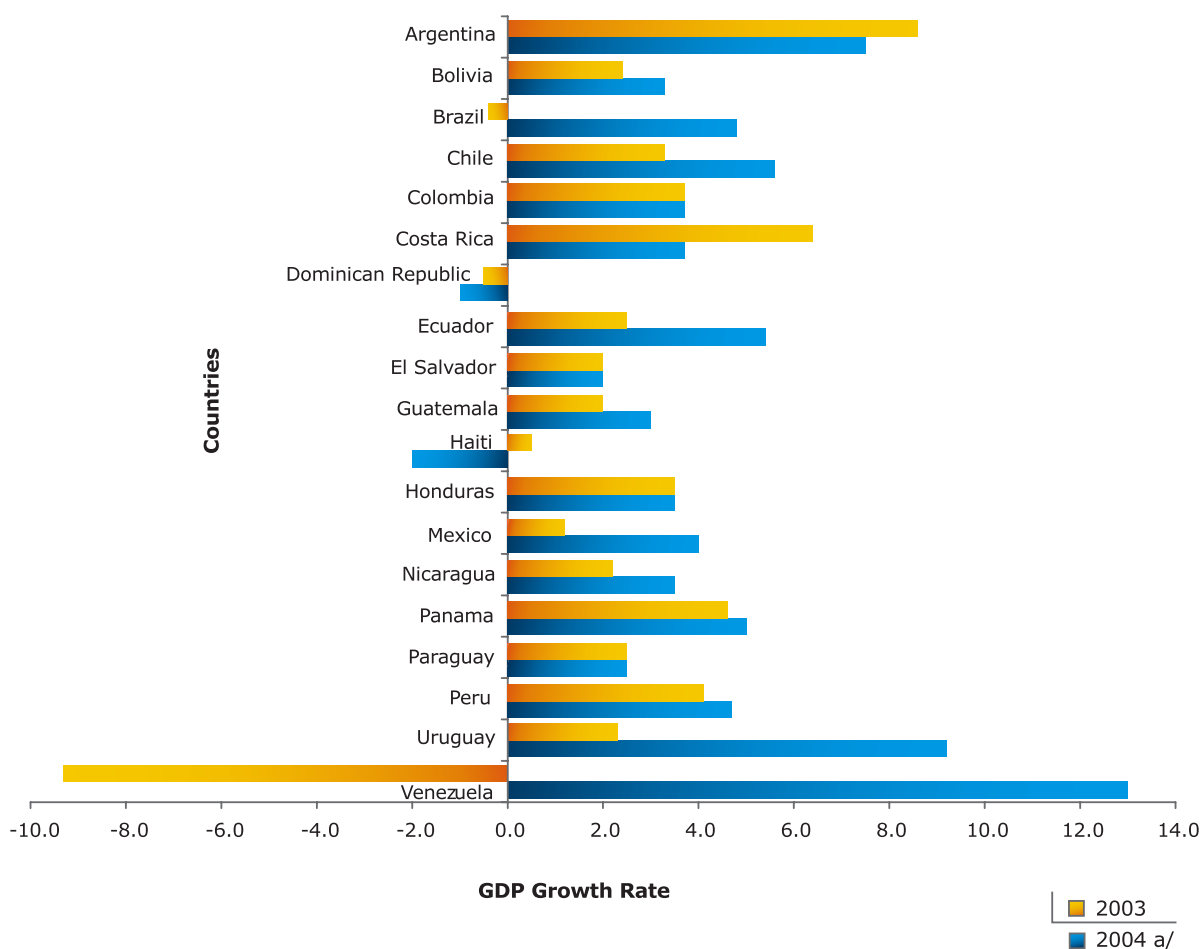
Colombia's GDP grew 4.1% during the first half of 2004 as compared with the same period in 2003, resulting from the increase in investment and private consumption, which supports growth of the construction, financial services, transportation and communications sectors. Increased exports also favoured GDP growth, particularly to Venezuela, although exports to other trade partners also rose, especially for traditional products such as oil, coal and coffee.

Like the other Andean countries, Bolivia benefited from the increase in the price of minerals and agricultural commodities such as soybeans. In the

first quarter of 2004, GDP grew 3.8% with respect to the same period the previous year, thanks to an increase in exports. Domestic demand had a weaker performance. After the referendum on gas, the government agreed to increase sales, particularly to Argentina, in an effort to boost growth perspectives.

With respect to the Central American countries, the recovery of the U.S. economy supported economic growth through exports, particularly of the *maquiladora* sectors of El Salvador, Guatemala and Honduras. Private consumption continues to be supported mainly through transfers from non-residents, particularly remittances from migrants. As mentioned previously, the Caribbean countries benefited from the rise in tourism. Only Haiti and the Dominican Republic still face problems of macroeconomic instability, which are reflected in their high inflation rates, as well as the losses suffered during recent natural disasters.

FIGURE 8  
**LATIN AMERICA AND THE CARIBBEAN**  
**GDP GROWTH BY COUNTRY IN 2003 AND ESTIMATED GROWTH FOR 2004**  
 (percent)



Source: ILO, based on official country information and IMF and ECLAC estimates.

a/ Projection.

In addition to the international economic context and the GDP growth expectations for the region described above, the specific circumstances of each country are an important consideration. Forecasts for this year point to GDP growth (Figure 8) in all the countries of the region, except for Haiti and the Dominican Republic. Venezuela leads GDP growth in countries of the region. After a strong contraction in 2003 (a decrease of 9%), the country's GDP is expected to grow by almost 13%. In Argentina and Uruguay, GDP will continue to grow for the second consecutive year (7.5% and 9.2%, respectively) after the sharp declines of 2002. Chile is expected to have a GDP growth of 5.6%, followed by Ecuador (5.4%), Panama (5.0%), Peru (4.7%), Brazil (4.8%), Mexico (4.0%), and Colombia and Costa Rica (3.7%). The remaining countries will experience an economic growth between 3% and 3.5%, except for Paraguay, with a projected GDP growth of 2.5%. In this context, overall economic growth for the region is expected to reach 5.0%.

## LABOUR PERFORMANCE IN LATIN AMERICA AND THE CARIBBEAN IN 2004

The region's economic growth this year fostered a modest improvement in the labour situation. The average urban unemployment rate for the region declined

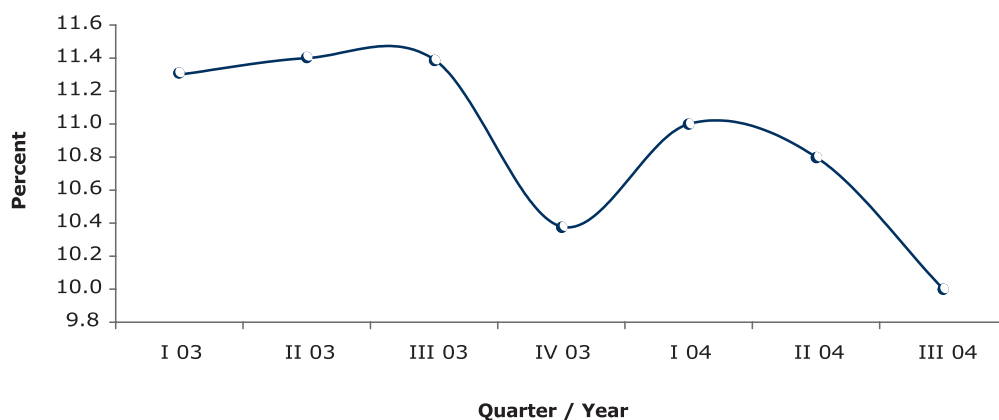
from 11.3% in the first three quarters of 2003 to 10.5% recorded for the same period this year (Figure 9). Most of this decrease is attributed to the strong recovery in Argentina, Uruguay and Venezuela, whose unemployment rates had risen sharply in previous years in response to the crises from which they are now recovering. Unemployment trends differed in Brazil and Mexico, which together account for almost 60% of the regional labour force and therefore largely determine the regional unemployment rate. The unemployment rate declined in Brazil whereas it increased in Mexico.

Taking into consideration the methodological changes in the household surveys that measure unemployment in Brazil (2002) and Argentina (2003), the unemployment rate this year will be similar to that recorded in 2001, thereby maintaining the high level of unemployment characterizing the region since the late 1990s.

Estimates based on data from a group of countries representing 95% of the regional GDP and 89% of the urban labour force indicate that GDP growth from January to September (5.3%) generated a 3% rise in employment, which is more than the 2% increase in the urban labour force. As a result, productivity grew 2.2% compared with the same period last year (Table 1).

FIGURE 9

### LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES AVERAGE URBAN UNEMPLOYMENT RATE First Quarter 2003-Third Quarter 2004 (percent)



Source: ILO, based on official country information.

Note: The selected countries are Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay and Venezuela.

TABLE 1

**LATIN AMERICA AND THE CARIBBEAN**  
**GDP GROWTH, EMPLOYMENT AND PRODUCTIVITY IN NON-AGRICULTURAL**  
**ACTIVITIES, 1991-2003 a/**  
*(percent)*

Countries	GDP b/	Labour Force b/	Employed Persons b/	Productivity b/
Argentina	2.5	2.5	1.5	1.0
Barbados	0.9	2.0	2.4	-1.4
Bolivia	3.4	5.1	4.8	-1.3
Brazil	2.2	1.5	0.9	1.3
Chile	5.2	1.7	1.6	3.5
Colombia	2.4	3.2	2.6	-0.2
Costa Rica	4.6	4.2	4.1	0.5
Dominican Republic	5.0	3.0	3.2	1.7
Ecuador	2.4	2.8	2.7	-0.4
El Salvador	4.0	3.5	3.6	0.4
Honduras	3.2	5.2	5.2	-1.9
Jamaica	1.0	1.0	1.2	-0.2
Mexico	2.8	2.5	2.5	0.3
Panama	4.0	3.0	3.4	0.6
Paraguay	1.5	3.7	3.1	-1.5
Peru	3.8	3.7	3.4	0.4
Trinidad and Tobago	3.9	1.7	2.5	1.4
Uruguay	1.1	1.0	0.3	0.8
Venezuela	0.6	3.6	2.9	-2.3
Latin America and the Caribbean	2.6	2.3	1.9	0.7

**Source:** ILO, based on information from ECLAC and official country information.

For the period January-September 2004, it is estimated that the annual growth rate for these categories for a selected group of countries of the region will be as follows:

	GDP b/	Labour Force b/	Employed Persons b/	Productivity b/
Latin America and the Caribbean	5.3	2.0	3.0	2.2

a/ Annual growth rate for all years of the period 1991-2003.

b/ Estimated.

Note: The selected countries represent 95% of total GDP and 89% of the urban labour force in the region.

Notwithstanding the estimated decline in the regional urban unemployment rate during the first nine months of the year, the performance of this and other key labour market indicators differ by country (Figure 10 and Table 1-A of the Statistical Annex).

In Argentina, the economic recovery fostered by foreign and domestic sectors led to a significant reduction in the unemployment rate. The average rate during the first two quarters of 2004 decreased to 14.6%, down from 19.1% during the same period in 2003. The unemployment rate would be on the order

of 19.3% if the beneficiaries of the Unemployed Head of Household Programme (Plan de Jefes y Jefas de Hogar Desocupados) were included as unemployed. This plan provides a government subsidy to participants in exchange for work. This result underscores the crucial importance of active policies during periods of crisis. The manufacturing, trade, service and construction sectors had the highest employment demand.

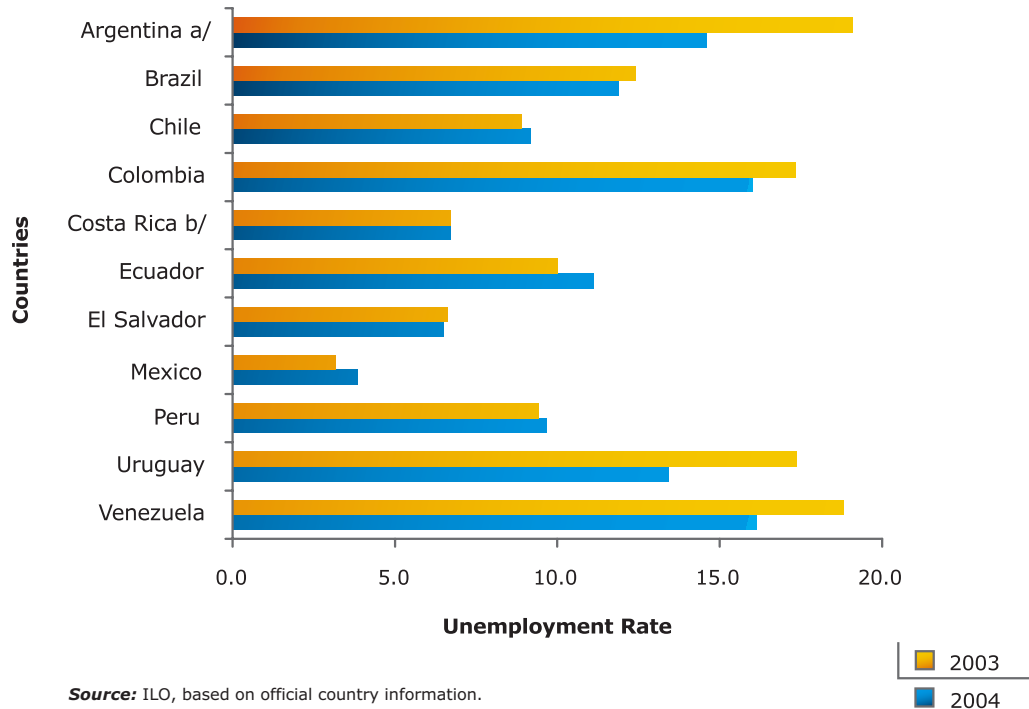
Although the unemployment rate increased in Brazil during the first months of 2004, reaching 13.9% in April, the trend subsequently reversed, dropping to 10.9% in September. Therefore, the average rate for





FIGURE 10

**LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES**  
**TOTAL UNEMPLOYMENT RATE BY COUNTRY**  
 January-September 2003-2004  
 (percent)



Source: ILO, based on official country information.

- a/ Average for the first two quarters.  
 b/ Corresponds to July of each year.

the first three quarters was 11.9%, lower than the 12.4% recorded for the same period in 2003. This reduction is the result of increased labour demand (reflected in the employment-to-population ratio) and a stable labour supply (reflected in the labour force participate rate). Employment creation was greatest in the manufacturing and service sectors.

The open unemployment rate in Colombia (for 13 metropolitan areas) fell from 17.3% during the period January-September 2003 to 16% in the same period in 2004. The positive performance of this indicator resulted from a decrease in the labour force participation rate (which decreased 1.4 percentage points) rather than an increase in labour demand since the employment-to-population ratio also fell slightly during the period.

Uruguay also experienced a marked reduction in unemployment levels. In the first three quarters of 2004 the unemployment rate was 13.4%, well below the 17.4% reported during the same period in 2003. This decline was the result of a sharp increase in the employment-to-population ratio (from 47.8% to 50.7%), which was greater than the increase in the labour force participation rate (which rose from 57.9%

to 58.5%). All sectors recorded employment growth, particularly the manufacturing and trade sectors.

Likewise, Venezuela experienced a sharp decrease in the unemployment rate: 16.1% in the first nine months of 2004 compared with 18.8% in the same months of 2003, with a modest increase in labour demand and a slight decrease in labour supply. Employment growth was concentrated in the manufacturing sector, particularly in machinery and equipment manufacturing, as well as in the trade sector.

In Costa Rica, the 2004 urban unemployment rate (6.7%) did not vary from the 2003 rate, reflecting the fact that the decrease in labour supply and demand was similar. In El Salvador, the decrease in the labour supply was greater than the decrease in labour demand, thereby reducing the unemployment rate from 6.6% to 6.5%.

Despite economic growth in Chile, the average unemployment rate for the first three quarters of 2004 was 9.2%, as compared with 8.9% for the same period in 2003. The labour supply remained stable whereas labour demand declined slightly, which explains the increase of 0.3 percentage points in the unemployment

rate. Wage and salaried employment has been much more sensitive to the economic cycle, experiencing annual growth rates that have not been recorded since 1999. In contrast, self-employment and agricultural sector employment fell. Manufacturing is the sector most affected by unemployment, while sectors creating the most employment include the financial, community, social and personal service sectors.

In Ecuador, employment indicators did not improve. The unemployment rate for the first three quarters of 2004 was 11.1%, higher than the 10% recorded for the same period in 2003. Although labour demand increased slightly, this increase was not enough to compensate for the increase in the labour supply. These results reflect the fact that growth was concentrated in the oil sector, which is not labour intensive, unlike non-oil sectors, which had limited growth.

For the period January-September 2004, Mexico had an unemployment rate of 3.8%, higher than the 3.2% recorded for the same period in 2003. While the employment-to-population ratio rose from 53.7% to 54.2%, this increase was less than that of the labour supply (from 55.4% in 2003 to 56.4% in 2004). Economic growth was not concentrated in sectors capable of creating the large numbers of jobs needed

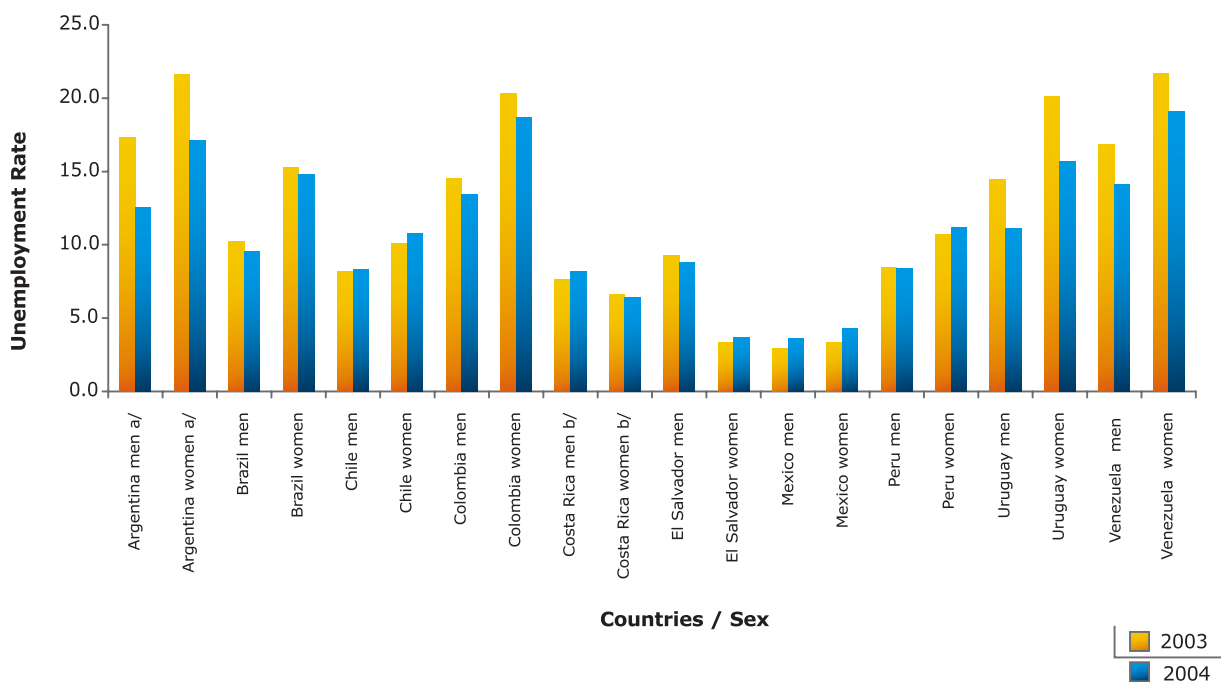
to absorb new individuals seeking employment, in addition to the sizeable group of persons already unemployed. It is estimated that the *maquiladora* sector accumulated a loss of 230,000 jobs between 2000 and 2003, although a slight recovery occurred early in 2004. Growth in sectors serving the domestic market, such as construction and trade, is lower than that recorded for 2003.

Finally, in Peru labour market indicators for Metropolitan Lima showed a slight increase in the average unemployment rate for the first three quarters of 2004 compared with the same period in 2003 (9.7% versus 9.4%) because growth of the labour supply (from 67.7% in 2003 to 68.0% in 2004) was slightly higher than that of labour demand (from 61.3% in 2003 to 61.4% in 2004). The decrease in employment levels was concentrated in the trade and construction sectors, while it increased to a lesser degree in the manufacturing and service sectors.

### Unemployment by Sex

The same trend in total employment is observed in the unemployment rate by sex, which differed among the countries (Figure 11 and Table 2-A of the Statistical Annex). For the nine countries with available

FIGURE 11  
**LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES**  
**UNEMPLOYMENT RATE BY SEX AND COUNTRY**  
**January-September, 2003-2004**  
*(percent)*



Source: ILO, based on official country information.

a/ Corresponds to the average of the first two quarters.  
 b/ Corresponds to July of each year.

information on unemployment by sex, the female unemployment rate is 1.4 times higher than the male unemployment rate. Brazil had the greatest difference (1.6 times) while Mexico had the smallest (1.2 times).

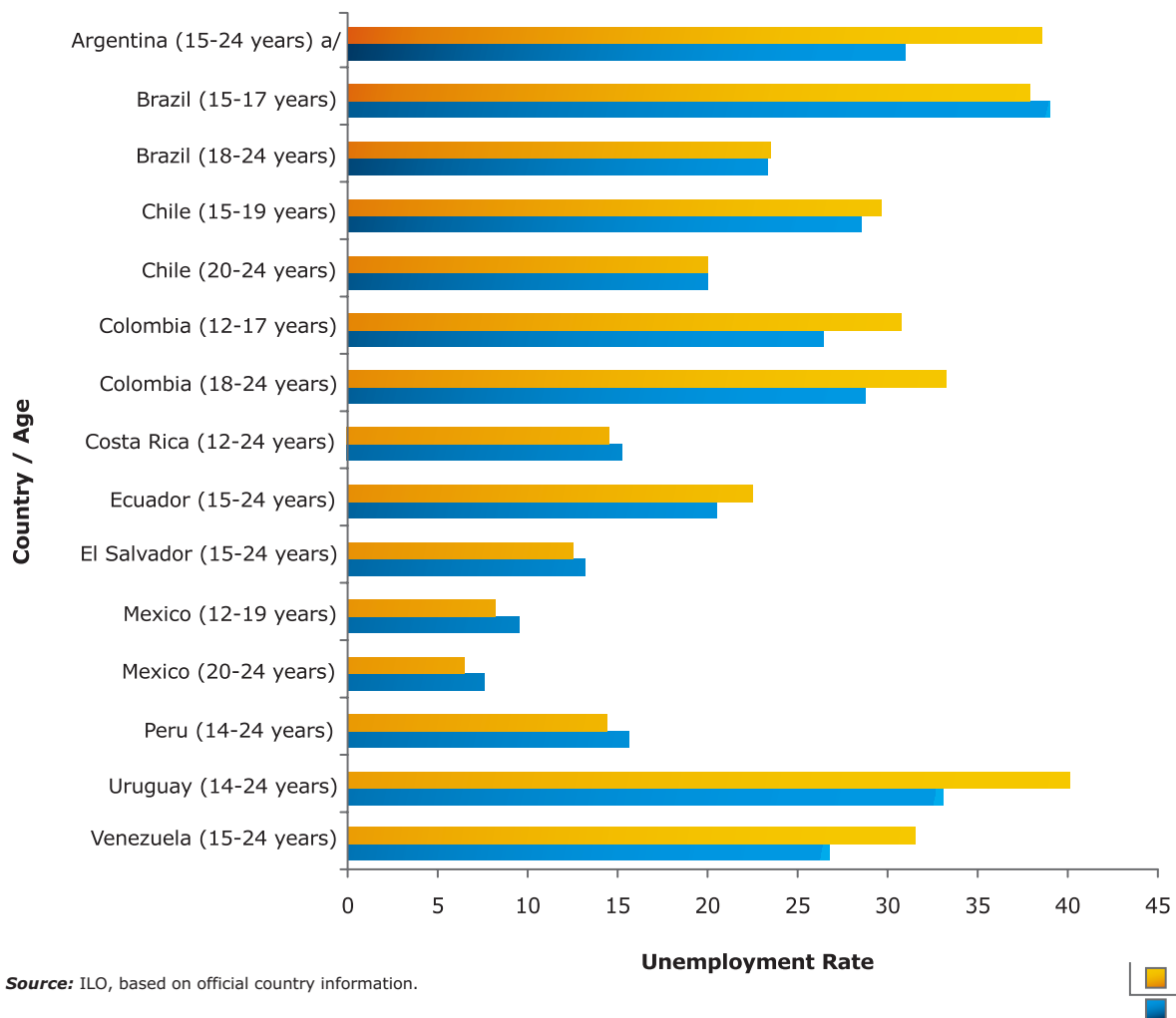
The decline in the unemployment rate in the region benefited men more than women. In countries with declining total unemployment, men benefited more than women in Argentina, Brazil and Venezuela, while in Colombia and Uruguay, women benefited more than men. In El Salvador, the male unemployment rate declined while the female unemployment rate rose. In Chile, Mexico and Peru, where total unemployment increased, the rise in the female unemployment rate was higher than that of men. In Costa Rica, where total unemployment remained unchanged, the unemployment rate among men declined while that of women rose.

### Youth Unemployment

Despite the decrease in regional unemployment, young people continue to be the group most affected by unemployment. For the 11 countries with information for the first three quarters of 2004, the youth unemployment rate was double the total unemployment rate. This indicator fell in the countries whose total unemployment rate declined (Argentina, Colombia, Uruguay and Venezuela), except in Brazil (where it decreased among youths aged 18 to 24 but increased for those aged 15 to 17 ) and El Salvador, where youth unemployment rose. In Costa Rica, the youth unemployment rate increased even though the total unemployment rate did not change. In the countries that recorded a higher total unemployment rate (Mexico and Peru), the youth unemployment rate also increased, while in Chile the indicator varied by age group (Figure 12 and Table 3-A of the Statistical Annex).

FIGURE 12

#### LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES URBAN YOUTH UNEMPLOYMENT RATE BY COUNTRY January-September, 2003-2004 (percent)

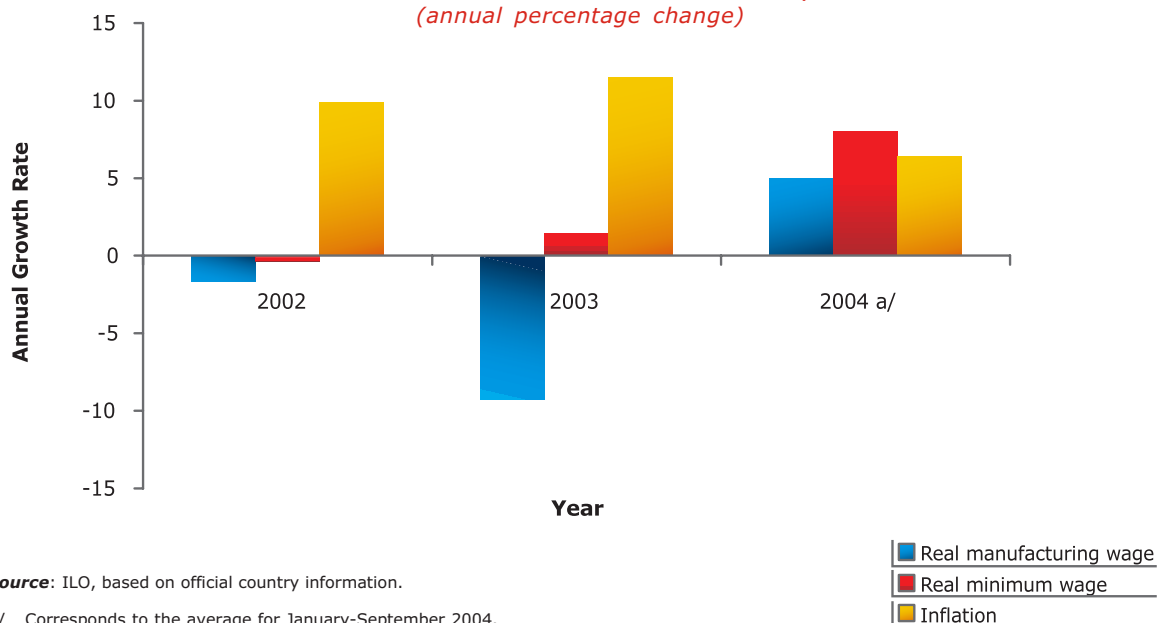


Source: ILO, based on official country information.

a/ Average of the first two quarters.

FIGURE 13

**LATIN AMERICA AND THE CARIBBEAN:  
TRENDS IN THE REAL MINIMUM WAGE,  
REAL MANUFACTURING WAGE AND INFLATION, 2002-2004**  
(annual percentage change)



In Argentina, the average youth unemployment rate (15-24 years) decreased from 38.5% in the first two quarters of 2003 to 30.9% for the same period in 2004. In countries with available information, during the first three quarters of the year, both the youth unemployment rate and the total unemployment rate declined in Brazil (the rate among youths aged 18 to 24 years fell from 23.5% to 23.3%), Colombia (from 30.7% to 26.4% among youths aged 12 to 17 years and from 33.2% to 28.7% among youths aged 18 to 24), Uruguay (from 40.1% to 33.1% among youths aged 14 to 24 years) and Venezuela (from 31.2% to 26.7% among youths aged 15 to 24 years). Only El Salvador recorded a slight decrease in the total unemployment rate but experienced an increase in the youth unemployment rate (from 12.5% to 13.2% among youths aged 15 to 24 years). In contrast, among countries whose total unemployment rate increased or remained unchanged, such as in the case of Costa Rica, youth unemployment declined in Chile (falling among youth aged 15 to 19 years from 29.6% to 28.5% while remaining stable at 20% among those aged 20 to 24 years) and rose in Costa Rica (from 14.5% to 15.1% among youth aged 12 to 24 years), Mexico (from 8.2% to 9.5% among youth aged 12 to 19 years and from 6.5% to 7.6% among youth aged 20 to 24 years) and Peru (rising from 14.4% to 15.6% among youths aged from 14 to 24 years).

As mentioned, the youth unemployment rate is twice the total unemployment rate, on average. The following countries have rates above the average: Argentina (2.1 times), Chile (2.2 times), Costa Rica (2.3 times)

and Uruguay (2.5 times). The countries that recorded levels equal to or below the average are Brazil and Mexico (2 times), Colombia (1.8 times), Venezuela (1.7 times), Peru (1.6 times) and El Salvador (1.2 times).

### Trends in Real Wages

The average weighted manufacturing wage of the nine countries with available information grew 5.0% in real terms during the first nine months of 2004 compared with the same period in 2003 (Figure 13 and Table 9-A of the Statistical Annex). It increased in Argentina (8.6%), Brazil (9.1%), Chile (2.1%), Colombia (1.2%), Ecuador (7.2%) and Mexico (2.3%) but declined in Paraguay (2.5%), Uruguay (1.4) and Venezuela (6.5%). This increase in the purchasing power of manufacturing wages is due to increased productivity in the sector and the downward trend in inflation during the period. If the trend continues, it will result in a moderate recovery from the declines of 2002 and 2003 (9.3% overall).

The weighted average real minimum wage for the region rose 8% (Figure 13 and Table 10-A of the Statistical Annex). This is due to government increases in the nominal wage, particularly in Argentina, as well as to declining inflation. If that country is excluded, the weighted average real minimum wage increased by only 3.1%.

During the first three quarters of 2004 compared with the same period of the previous year, the real minimum wage increased in Argentina (57.8%), Brazil (4.2%),

Chile (3.2%), Colombia (1.8%), Ecuador (1.7%), El Salvador (0.7%), Honduras (0.1%), Panama (0.8%), Peru (7.6%) and Venezuela (16%), and fell in Bolivia (4.2%), Costa Rica (1.6%), Guatemala (3.3%), Mexico (0.2%), Paraguay (3.5%), the Dominican Republic (19.1%) and Uruguay (0.6%).

Despite the improved purchasing power of the minimum wage in most of the countries during the

period 1990-2003, purchasing power was still below 1980 levels, except in Argentina, Chile, Colombia, Costa Rica, Panama and Paraguay. In the case of Brazil and Honduras, the current level is equivalent to approximately 90% of that 24 years ago; in the Dominican Republic, the figure is 63%; in Bolivia, Ecuador and Venezuela, it is 43%; 37% in Peru; 33% in El Salvador and Uruguay; and nearly 30% in Mexico.

## BOX 1

### RECENT MINIMUM WAGE TRENDS IN THE REGION

In recent years, minimum wages (MW) have changed significantly in some countries of the region. As a result of inflation increases (Argentina, Uruguay and Venezuela in 2002 and 2003) and the stagnation of the nominal minimum wage (Argentina, El Salvador and Peru during the same years), real wages lost purchasing power in the first three years of the decade. In 2004, the trend has begun to reverse in response to the decreasing inflation levels in many countries and to the adjustments to the nominal minimum wage, which led to a general recovery of the Latin American MW in 2004, especially in Argentina (57.8%). Minimum wages expressed in nominal dollars had a similar performance.

Although this recovery, which was also observed in the period 1997-2002, led to an increase in the purchasing power of minimum wage workers, it has not pushed the overall wage scale higher. During the period, the average wages of wage and salaried workers, both total and private, tended to diminish in terms of the number of minimum wages.

#### Methodology

This box contains information on the different MW policies the countries of the region apply. In some cases, there is a single national MW, whereas in others there are several MWs corresponding to different regions, occupational categories or industries. Within this last group, some countries have established consolidated MWs which were treated in this analysis as if they were national MWs, but in other cases consolidated MWs do not exist.

In cases in which it was not possible to obtain national figures, the *minimorum minimum* wage was used, in other words, the lowest MW. The information on the structure of wage and salaried workers' income and

urban poverty lines was obtained from ECLAC. Most countries had information available to 2002.

This table presents MW trends rather than comparisons of levels among countries. This is because an analysis of this indicator in Latin America faces the problem of the varying importance of the MW as the basis for the wage scale or structure, in addition to the difficulties inherent in establishing a single MW. In some countries, such as Paraguay, the MW carries little weight because it is much higher than the average wage. In 2001, 50% of urban wage and salaried workers in that country earned the MW. In contrast, the MW is not relevant in other countries because it has not been regularly adjusted and therefore has not kept pace with the rest of the wage scale. This occurred in Uruguay, where only 3% of urban wage and salaried workers earned the MW or less in 2002.

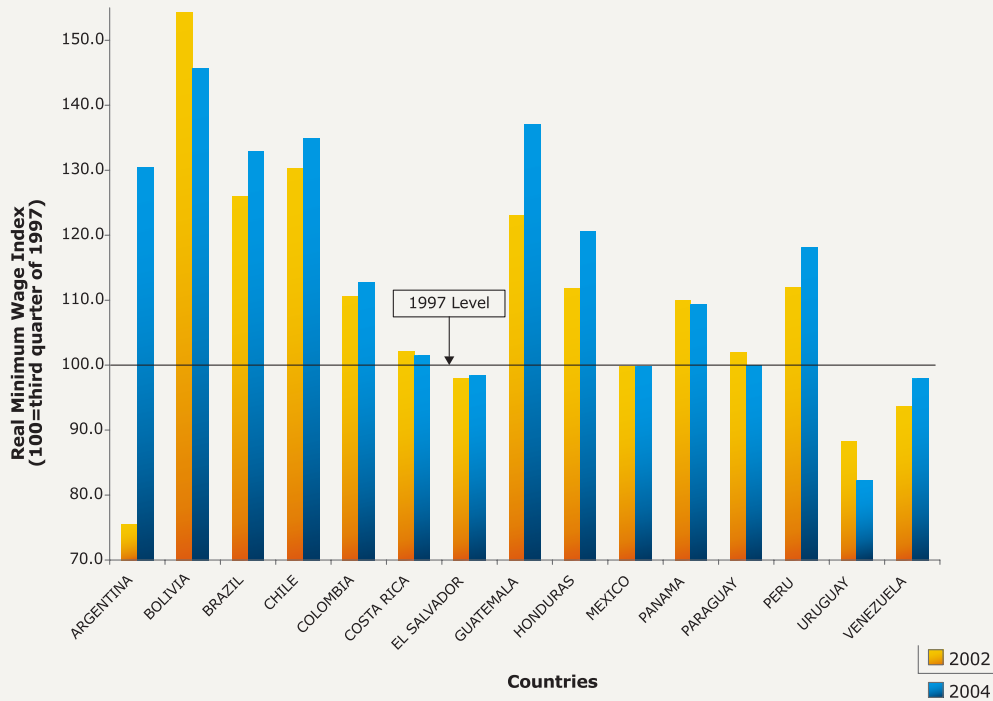
For this reason, the analysis is limited to MW trends and their relation with other indicators (poverty line and average wages), as well as its importance in relation to the size of the work establishment. Furthermore, it is not possible to draw conclusions on wage inequality among countries based on the data provided in this box because there is not enough information available on the number of employed persons that earn up to the MW in each country.

#### 2004, the Year of Improved Minimum Wages

In 2004, the real MW index improved overall in Latin America as compared with 1997 and 2002 levels. Figure 1a shows that in 2004, with the exception of Uruguay and to a lesser extent, El Salvador and Venezuela, most of the 15 countries analyzed surpassed the real MW index level reached in the third quarter of 1997.

FIGURE 1a

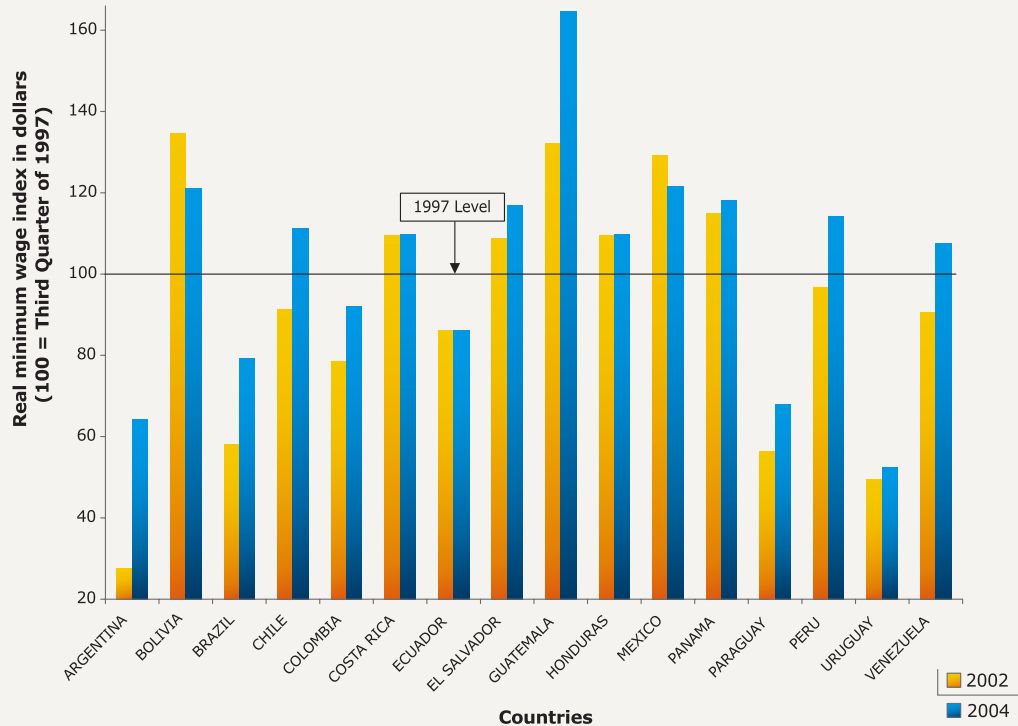
**LATIN AMERICA (15 COUNTRIES): REAL MINIMUM WAGE, 2002 and 2004 a/**  
(Third Quarter 1997 = 100)



Source: ILO, based on official country information.  
a/ To the third quarter of each year.

FIGURE 1b

**LATIN AMERICA (16 COUNTRIES): MINIMUM WAGE INDEX IN U.S. DOLLARS, 2002 and 2004 a/**  
(Third Quarter 1997 = 100)



Source: ILO, based on official country information.  
a/ To the third quarter of each year.

This point in time corresponds to the period prior to the recession which affected several countries during the late 1990s and early part of the current decade. This trend is also observed in the short term. Comparing 2004 with 2002, the purchasing power of the real MW increased in nine countries of the region, particularly in Argentina and to a lesser extent, Guatemala.

Figure 1a also illustrates the effect of higher inflation on real wages in some countries (Argentina, Uruguay and Venezuela), which in 2002 recorded MW index levels below those of 1997. The sharp price increases in 2002 severely diminished the purchasing power of the real MW. Beginning in 2003, however, inflation declined and the nominal MW was adjusted upward, thereby producing the opposite trend: an increase in the real MW of Argentina and Venezuela in 2004. In Uruguay, in contrast, the downward trend in inflation was not accompanied by an adjustment to the nominal MW, leading to a fall in the real MW index.

Figure 1b shows the change in the MW index in dollars compared with the third quarter of 1997. This figure

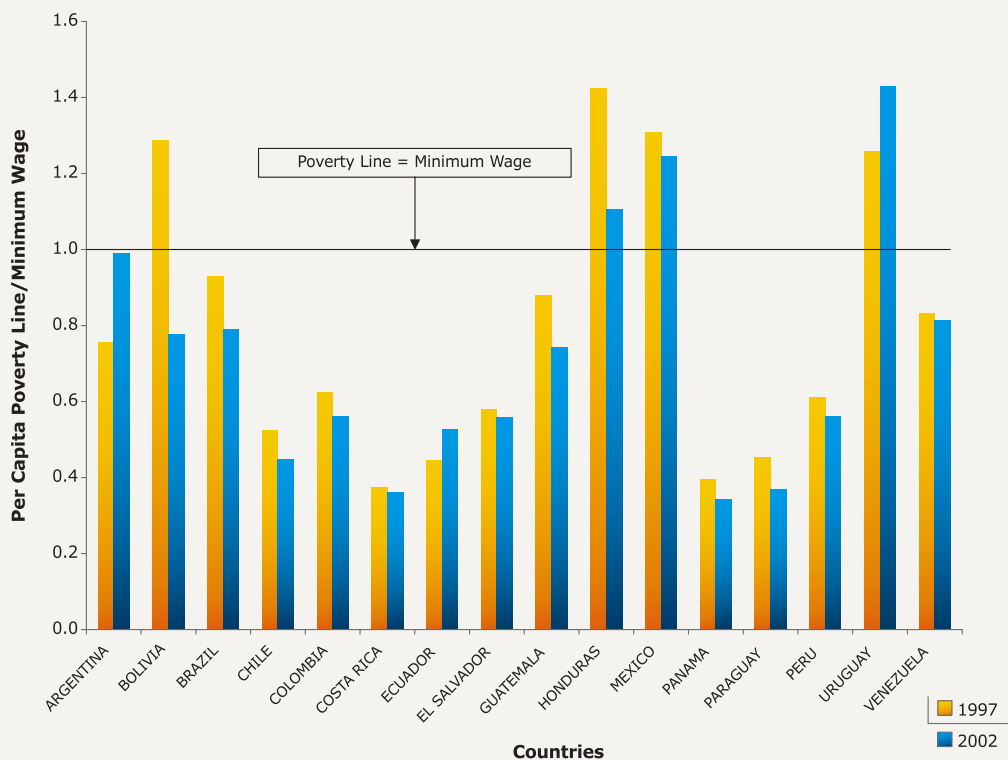
demonstrates the changes that each country experienced both in the medium and short term. Thus, for example, a comparison of the MW level in 1997 dollars reveals that the MW increased in Bolivia, Guatemala and Mexico, although the MW has fallen in Bolivia and Mexico since 2002. In six countries of the region, the MW was below the 1997 level and in 12 there was an increase between 2002 and 2004. In some countries, the effect of currency devaluation was greater than that of inflation (Argentina, Brazil, Paraguay and Uruguay), taking into account that their MW indices in dollars are much lower in 2002 and 2004 than the real MW index.

### *Mixed Results: Poverty and Wage Structure*

Between 1997 and 2002, there was an increase in the purchasing power of the MW in terms of the per capita poverty line, which is the measure used to calculate the percentage of poor individuals in the population of each country. Figure 1c shows the relationship between the poverty line and the MW (PL/MW), which is calculated as a quotient. A value of 1 indicates that

FIGURE 1c

#### LATIN AMERICA (16 COUNTRIES): PER CAPITA POVERTY LINES IN RELATION TO THE MINIMUM WAGE, 1997 and 2002



Source: ILO, based on ECLAC and country information.

the minimum wage allows a person to reach the poverty line or poverty threshold. Any value above 1 means that the MW earnings are below the poverty threshold and any number under 1 indicates that MW earnings enable a worker to move beyond the threshold. Nevertheless, this relationship does not offer a clear result on the impact of the MW in alleviating poverty in the countries. This is because high MW levels do not necessarily imply that MW legislation is enforced and low MW levels do not indicate that there are high levels of poverty because the number of wage and salaried workers earning this wage may be very low in these countries.

This analysis does not attempt to associate the decrease or increase in poverty with the wage or salaried worker's income because it examines individual worker earnings. How poverty improves or worsens depends more on the income of the family unit than on the individual's income.

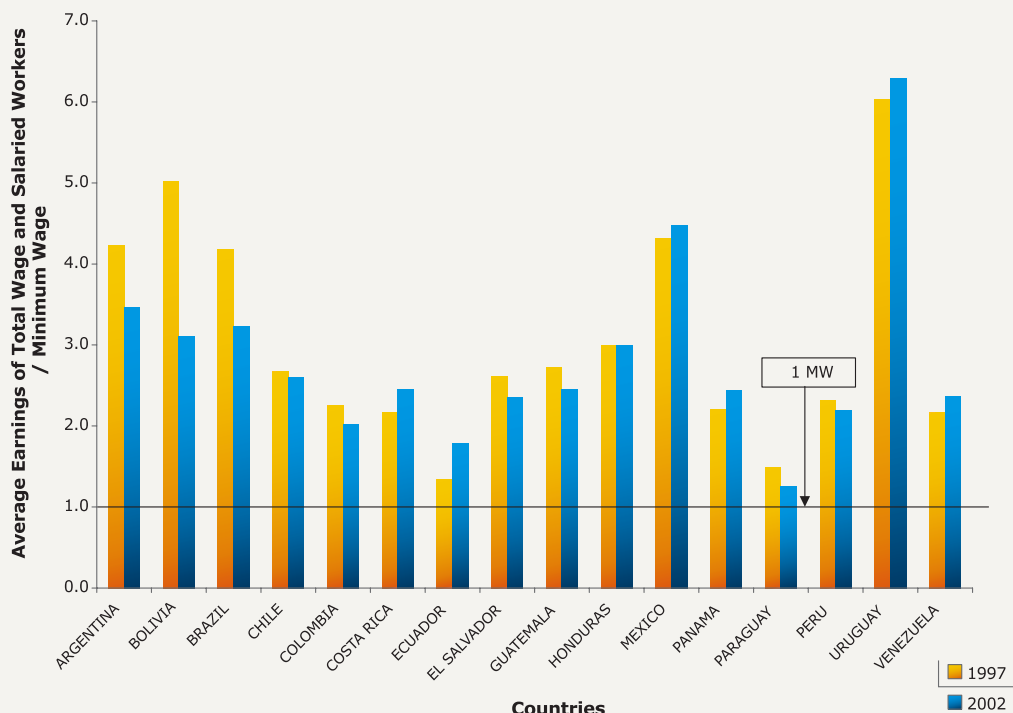
Given that the relationship between PL/MW decreased in 13 countries between 1997 and 2002, those individuals earning the MW during the period became

less poor or moved above the poverty line. In the case of Argentina and Uruguay, and to a lesser extent in Ecuador, this relationship increased as a result of the 2002 crisis in the first two countries mentioned, especially in the poorest families. Finally, until 2002, the nominal MW level in Honduras, Mexico and Uruguay did not permit wage and salaried workers earning the MW to escape poverty.

The positive MW trend with respect to the poverty line contrasts with the change in the average earnings of wage and salaried workers. Figure 1d shows the level of average earnings of total wage and salaried workers compared with the MW. Between 1997 and 2002, wage and salaried workers from 10 countries saw their earnings fall with respect to the MW, whether because the average wages of these economies declined or because they did not keep pace with increases in the MW. In this group, the sharpest declines in average earnings occurred in Argentina, Bolivia and Brazil. In five countries, this relationship increased, that is, the average wage increased more than the MW. Ecuador and Costa Rica had the highest increases.

FIGURE 1d

**LATIN AMERICA (16 COUNTRIES): AVERAGE EARNINGS OF TOTAL WAGE AND SALARIED WORKERS, IN RELATION TO THE MINIMUM WAGE, 1997 and 2002**



Source: ILO, based on ECLAC and country information.



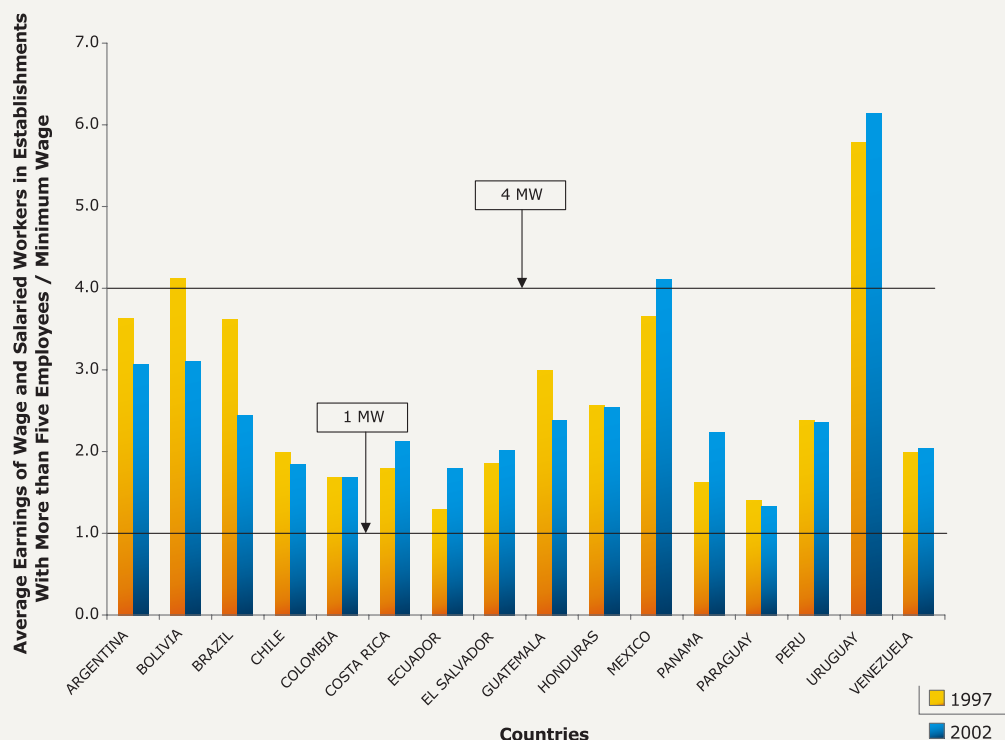
This general trend differs between groups of private wage and salaried workers employed in microenterprises and those employed in establishments with more than five workers. Figures 1e and 1f demonstrate that the income level of wage and salaried workers of microenterprises, expressed in MW, is lower than that of other private wage and salaried workers. In some countries, the average wage of microenterprise workers is close to or even below (Paraguay) the MW, which underscores the importance of having a MW policy for these employment segments in the region.

Between 1997 and 2002, average wages (expressed in MW) of private employees working in microenterprises declined in 11 countries and rose in four whereas the earnings of the rest of private wage and salaried

workers decreased in eight countries and increased in seven. This behaviour suggests that MW policy has different effects on the wage scale or structure, depending on the size of the company. The regional trend shows a "flattening" of the wage scale or structure of microenterprise workers. This means that the average earnings of these wage and salaried workers are close to the MW. This phenomenon is occurring either because their earnings are decreasing or because they are growing at a slower rate than the MW. The trend in microenterprise workers' wages is toward the base of the MW scale, underscoring the difficulties in transferring adjustments in the MW to the wages of low-income workers; this situation opens up the possibility of having to seek income from outside the formal sector, in instances where MW legislation with respect to microenterprises cannot be enforced.

FIGURE 1e

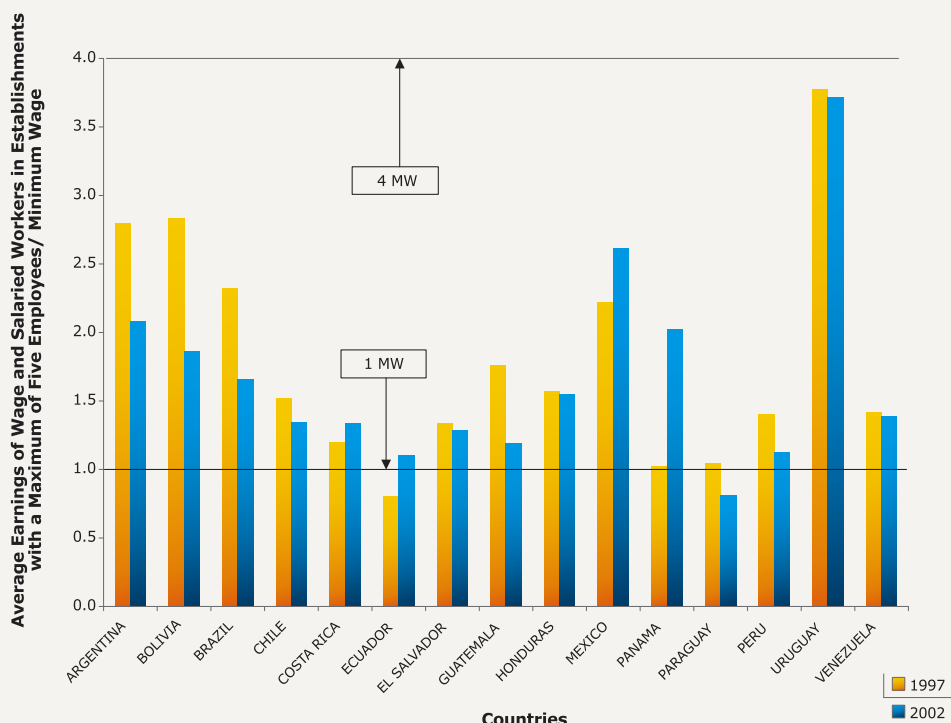
**LATIN AMERICA (16 COUNTRIES): AVERAGE EARNINGS OF WAGE AND SALARIED WORKERS IN PRIVATE ESTABLISHMENTS OF MORE THAN FIVE WORKERS IN RELATION TO THE MINIMUM WAGE, 1997 and 2002**



Source: ILO, based on ECLAC and country information.

FIGURE 1f

**LATIN AMERICA (15 COUNTRIES): AVERAGE EARNINGS OF WAGE AND SALARIED WORKERS IN PRIVATE ESTABLISHMENTS WITH A MAXIMUM OF FIVE EMPLOYEES IN RELATION TO THE MINIMUM WAGE, 1997 and 2002**



Source: ILO, based on ECLAC information and country information.

## LABOUR PROGRESS IN 2004

Trends in the key labour market indicators that measure labour progress for the region indicate differences by country during the first three quarters of 2004 compared with the same period in 2003 (or the change in the indicators using the two last periods with available information) (Table 2). To analyze labour progress, five indicators were used, which in turn were divided into three groups. The total urban unemployment rate and the percentage of informal sector employment are employment indicators, while real manufacturing wages and real minimum wages make up the income indicators. Labour productivity is the third category.

The analysis of labour progress in 17 countries of the region based on these five indicators generates results that do not necessarily coincide with the perception that social actors (employers and workers) or academics have regarding the labour situation in their countries. This is because these individuals, when analyzing labour performance in their countries, also incorporate "personal experience," views on the high or low cost of hiring and/or layoffs, social protection

or lack thereof, assessment of government policy, etc. Moreover, only changes in the indicators are measured and not the magnitude of the changes. In other words, the trends of the key labour market indicators are analyzed to obtain an understanding of labour progress in the countries.

Performance of the selected indicators differed between 2004 and 2003; progress varied among employment indicators. In 2004, there was an increase in the number of countries in which the unemployment rate fell (12) with respect to 2003 (eight). In addition, the number of countries experiencing an increase in informal sector employment also rose (11 in 2004 as compared with eight in 2003).

Earnings indicators maintained a similar behaviour in terms of real manufacturing wages (six countries experienced increases in both 2003 and 2004) and an improvement in real minimum wages (six countries registered increases in 2003 and nine did so in 2004). In keeping with this result, the number of countries in which the real minimum wage fell this year was lower than that of last year (six in 2003 compared with five in 2004).

Productivity was the only indicator that demonstrated a clearly upward trend in 2004 (13 countries as compared with nine in 2003). This increase was due to the strong economic performance and moderate growth in employment in most of the countries.

The variation in trends in the group of indicators used to analyze labour progress explains the lack of important changes between 2003 and 2004 in terms of the number of countries in which the labour situation improved or worsened. Labour performance in the different countries is detailed in the following sections. Countries are grouped by their labour market performance in 2004.

The group of countries that experienced an improvement in their labour situation includes those with improvements in all or at least four of the five indicators

of labour progress. Positive changes include a reduction in open unemployment, a decrease in informal sector employment, an increase in real wages - both manufacturing and minimum - and an increase in productivity.

The three countries that experienced improvements (Argentina, Brazil and Colombia) made progress in all indicators (Brazil) or in all except for informal sector employment (Argentina and Colombia). The positive economic performance of these countries was reflected in the income and productivity indicators, as well as in the decline in the unemployment rate. However, it should be noted that while the reduction in unemployment in Argentina and Brazil was due to the fact that the increase in the employment-to-population ratio was greater than that of the labour

TABLE 2

**LATIN AMERICA AND THE CARIBBEAN:  
SUMMARY OF LABOUR MARKET INDICATOR PERFORMANCE  
OF SELECTED COUNTRIES IN 2004 a/**

Country	Open Unemployment b/	Informal Sector Employment	Real Manufacturing Wage	Real Minimum Wage	Productivity
Argentina	-	+	+	+	+
Barbados	-	n.d.	n.d.	n.d.	-
Bolivia	+	n.d.	n.d.	-	-
Brazil	-	-	+	+	+
Chile	+	+	+	+	+
Colombia	-	+	+	+	+
Costa Rica	0	-	-	-	0
Dominican Republic	+	-	n.d.	-	-
Ecuador	+	+	+	+	+
El Salvador	-	+	n.d.	+	0
Honduras	+	+	n.d.	0	-
Jamaica	-	n.d.	n.d.	n.d.	+
Mexico	+	+	+	0	+
Nicaragua	-	+	n.d.	n.d.	+
Panama	-	0	-	+	+
Paraguay	-	+	-	-	-
Peru	+	-	n.d.	+	+
Trinidad and Tobago	-	n.d.	n.d.	n.d.	+
Uruguay	-	+	-	-	+
Venezuela	-	+	-	+	+

**Source:** ILO, based on data of the Statistical Annex of the 2004 Labour Overview.

a/ Change in the indicator, using the last two periods with available data (see Statistical Annex).

Symbols refer to variations as indicated below.  
+ Increase - Decrease 0 Constant

The colours reflect the nature of the change.

<span style="color: blue;">■</span>	Positive
<span style="color: red;">■</span>	Negative
<span style="color: black;">□</span>	Neutral

n.d.: No data available



force participation rate, in Colombia the opposite was true: the labour force participation rate fell more than the employment-to-population ratio.

The countries that made progress in three of the five indicators or that at least experienced more positive changes than negative ones on balance, are considered to have made moderate labour progress. These include Chile, Ecuador, Panama, Peru and Venezuela, in which increases in the real minimum wage and productivity were particularly noteworthy despite a rise in informal sector employment (Chile, Ecuador and Venezuela), an increase in unemployment (Chile, Ecuador and Peru) and a decline in real manufacturing wages (Panama and Venezuela).

Countries that had an uneven performance in employment, income and productivity indicators belong to the group where labour progress showed stagnation. The positive performance of some indicators was offset by the deterioration of others, among countries in this category.

Three countries comprise this group: El Salvador, Mexico and Nicaragua. While all three experienced an increase in informal sector employment and/or open unemployment (Mexico), their situation improved as a result of the decline in open unemployment (El Salvador and Nicaragua), the increase in the real manufacturing wage (Mexico) and the real minimum wage (El Salvador) or an improvement in productivity (Mexico and Nicaragua).

The countries that performed poorly in three of the five indicators or had more unfavourable changes than positive ones in the indicators (without reaching four negative changes) experienced a moderate regression. Costa Rica, the Dominican Republic, Honduras and Uruguay form this group. Three of these countries (Costa Rica, the Dominican Republic and Uruguay) experienced a decrease in the purchasing

power of minimum wages while two had a reduction in the real manufacturing wage (Costa Rica and Uruguay). The unemployment rate declined only in Uruguay while informal sector employment fell in Costa Rica and the Dominican Republic. Honduras and the Dominican Republic recorded decreases in productivity while this indicator experienced an increase in Uruguay and remained unchanged in Costa Rica.

In countries that recorded a worsening in all or at least four of the five indicators, the labour situation is considered to have regressed. This group includes Bolivia and Paraguay, countries which experienced an overall worsening in the labour market indicators. This group is characterized by the decline in productivity and the real minimum wage, as well as an increase in the unemployment rate in Bolivia (it decreased in Paraguay) and an increase in informal sector employment in Paraguay.

In summary, labour market performance in 2004 (based on five labour indicators) was marked by a differentiated performance among the countries, since eight countries registered progress in their individual performance whereas six showed worsening labour market conditions and three remained essentially unchanged. Although in 2004 there was an improvement in the economic situation at a regional level, in general terms this did not translate into significant changes in the labour situation of the region vis-à-vis the previous year, especially considering that the proportion of wage and salaried workers contributing to social security in the region was similar to that of 2002 and below that of 1990 (Table 8-A of the Statistical Annex). Thus, economic recovery did not lead to a substantial improvement in the labour situation in the region, a fact which is cause for concern considering that the substantial decline in the quality of employment resulting from the stagnant growth over the last three years needs to be reversed.



## Box 2

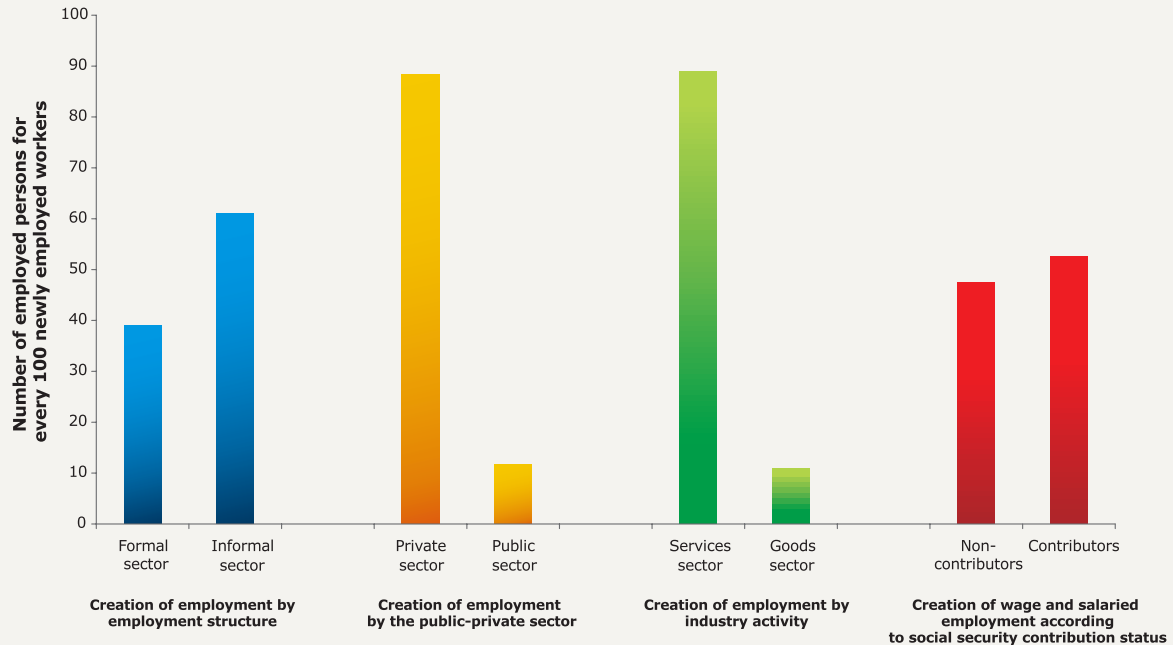
### LATIN AMERICA AND THE CARIBBEAN: SECTORAL COMPOSITION OF URBAN EMPLOYMENT AND SOCIAL SECURITY CONTRIBUTORS, 1990-2003

The evolution in recent years of the sectoral composition and quality of employment in the region indicates that the new jobs created follow the trends observed in the 1990s, in other words, there was an

increase in employment in the tertiary (service) sector, a concentration in the private and informal employment sectors and a decline in social security contributors among wage and salaried workers (Figure 2a).

FIGURE 2a

**LATIN AMERICA AND THE CARIBBEAN:  
TRENDS IN THE STRUCTURE OF URBAN EMPLOYMENT AND SOCIAL PROTECTION, 1990-2003**  
(In number of employed persons for every 100 newly employed persons)



Source: ILO, based on official country information.

Informal sector employment rose in Latin America and the Caribbean between 1990 and 2003. In 1990, 42.8% of urban employed workers worked in the informal employment sector; by 2003, this figure had risen to 46.7% (Table 6-A of the Statistical Annex). This change in the employment structure means that for every 100 newly employed workers in the period, 61 were employed in the informal sector. While informal sector employment is on the rise among both men and women, the percentage of informal workers differs by sex. Informal sector employment grew more among men (4.7 percentage points) than among women (2.7 percentage points); notwithstanding, the proportion of informal workers in 2003 was lower among men (44.1% of the total) than among women (50.1 %).

Independent workers (whose share grew by 1.4 percentage points), domestic workers (1.2 percentage points) and microenterprise workers (1.4 percentage points) contributed similarly to the increase in informal sector employment between 1990 and 2003. In other words, the expansion of the informal sector in response to the economic crisis affected all groups of workers in the sector equally.

By country, the rise in informal sector employment during the past 13 years was greatest in Brazil (4.0

percentage point increase), Colombia (15.7 percentage points), Panama (6.6 percentage points) and Venezuela (15.2 percentage points).

Private sector employment as a percentage of total employment also rose. In the period under analysis, 88 of every 100 newly employed workers in urban areas were employed in the private sector. Private sector employment increased from 85.6% to 86.2% of total urban employment. While the privatization of employment is considered a medium-term phenomenon, most of the adjustment of public sector employment occurred in the 1990s. Beginning in 2000, public sector employment stabilized or rose slightly (depending on the country). This is because in some countries the privatization process was reversed as a result of the application of public employment programs to improve the labour market situation (Argentina, Chile and to a lesser extent, Uruguay).

The expansion of the informal employment sector goes hand in hand with tertiary sector employment. As shown in the table on distribution of employment by industry (Table 7-A of the Statistical Annex), the tertiary sector continues to be the largest employment sector and is still growing. Between 1990 and 2003,

employment in this sector rose from 71.2% to 75.1% of total urban employment. This means that 89 of every 100 newly employed workers are employed in the service sector. Most of this increase is in trade (32%), which had the largest growth relative to total employment in general and the tertiary sector in particular.

The increase in tertiary sector employment affected both men and women, although not to the same degree. Employment in the service sector increased more among men (4.5 percentage points) than among women (2.1 percentage points). Nevertheless, the percentage of workers employed in the service sector in 2003 was significantly higher among women (85.1% of the total) than among men (67.8%).

The most significant increases in tertiary sector employment took place in Costa Rica (11.4 percentage points), Uruguay (8.6 percentage points), Colombia (8.3 percentage points), Venezuela (7.5 percentage points) and Argentina (5.9 percentage points).

The growing precariousness of employment is a factor in the decreased social protection of workers. This process is reflected in the lower proportion of total urban wage and salaried workers that contribute to social security, which declined from 66.6% in 1990 to 63.6% in 2003 (Table 8-A of the Statistical Annex). This indicates that only 53 of every 100 new wage and

salaried workers had access to social security services between 1990 and 2003.

The impact of a reduction in social protection differed among wage and salaried workers. The level of social protection of formal wage and salaried workers is triple that of informal sector workers; moreover, the decrease in the coverage of social protection affects informal wage and salaried workers much more than formal sector workers. In the formal sector, social protection coverage was 79.3% in 2003, falling 1.3 percentage points from the 1990 level of 80.6%. Coverage in the informal sector fell 3.0 percentage points during that period, from 29.2% to 26.2%.

While the decrease in coverage of social protection affected both sexes, it affected them differently depending on industry activity. In the informal employment sector, coverage fell 7.3 percentage points among men and increased 0.2 percentage points among women. In the formal sector, coverage declined 0.5 percentage points among men and 2.4 percentage points among women.

Finally, the decline in social protection coverage affected most of the countries of the region. This was especially true in Chile (decrease of 17.1 percentage points until 2000), Venezuela (13.6 percentage points), Argentina (13.7 percentage points) and Ecuador (8.3 percentage points).



## UNEMPLOYMENT AND GDP FORECASTS FOR 2004-2005

Most Latin American and Caribbean countries experienced economic growth in the first half of 2004 which had a positive impact on the regional unemployment rate. Economic growth is expected to continue during the second half of the year, although at a more moderate pace, thereby maintaining and reinforcing the downward trend in the unemployment rate in the latter part of the year.

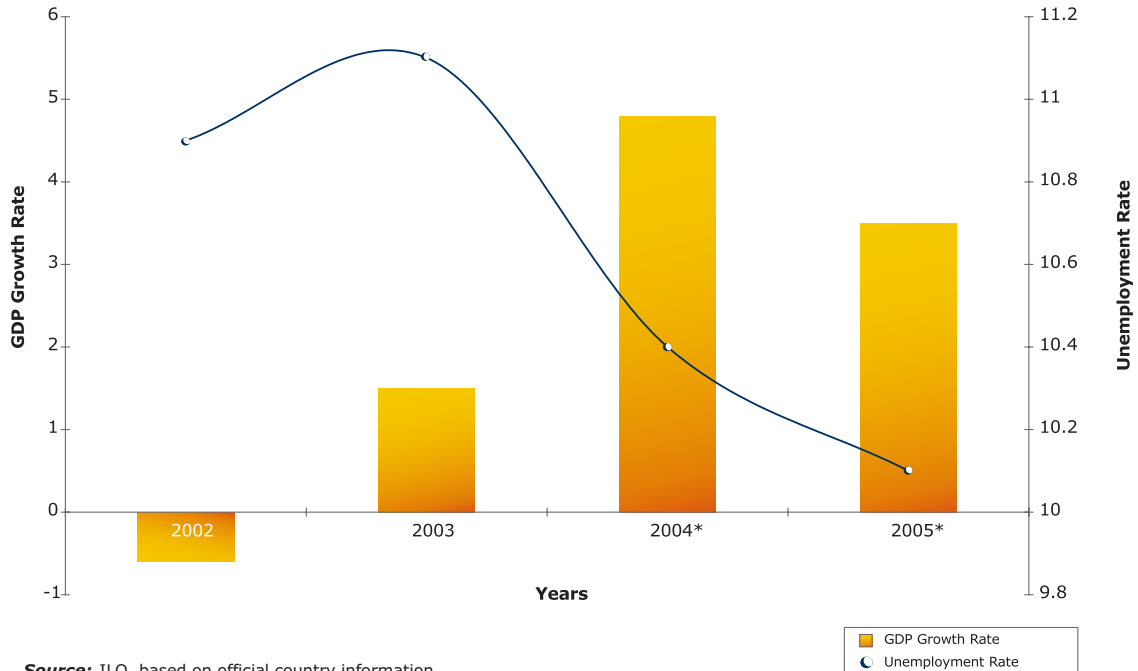
The forecast corresponding to a "moderate" GDP growth scenario in 2004 is 5.0% (Figure 14 and Table 14-A of the Statistical Annex), that is, 3.5 percentage points higher than the rate registered in 2003. The increase in exports and some economic activity associated with the domestic market stimulated economic reactivation in many countries. This trend suggests that the GDP growth rate at the regional level will be at its highest level since 1997.

In addition, GDP in 2005 is expected to continue to grow in response to the positive performance of exports; nevertheless, growth will be more moderate than that registered in 2004 as a result of interest rate increases in the world's leading economies, particularly the United States. The relative slowdown of the Chinese economy may also be a contributing factor. These factors suggest, following the most conservative forecast, regional GDP growth of 3.5%.

In this context, the unemployment rate is expected to decline in the second half of 2004 as a result of the positive economic outlook for the region during this period. This will lead to an annual average urban unemployment rate of approximately 10.4%, 0.7 percentage points below the 2003 rate (11.1%) (Table 13-A of the Statistical Annex). In 2005, the continuing but more moderate economic expansion is expected to drive employment growth above the increase in the labour supply, resulting in an unemployment rate of approximately 10.1%.

FIGURE 14

**LATIN AMERICA AND THE CARIBBEAN: GDP GROWTH AND THE UNEMPLOYMENT RATE, SITUATION AND OUTLOOK, 2002-2005**  
(percent)



### Forecasts at the End of 2004

The improved economic performance of the region in 2004 stimulated an increase in the employment-to-population ratio, but there was also a rise in the labour force participation rate. Nevertheless, the improved relative performance in labour demand for employment led to a decline in the unemployment rate in the first three quarters of the year (10.5%). If the GDP continues to grow as expected during the second half of the year, the average regional unemployment rate for 2004 will stand at 10.4%.

Estimates for unemployment rates in the first half of 2004 vary by country (Figure 15). Following the pattern observed during the first half of the year, unemployment rates are expected to continue their decline in Argentina (to 13.5%), Brazil (11.5%), Colombia (15.2%), Uruguay (13.3%) and Venezuela (15.7%).

In the three countries of the Southern Cone, the increase in exports and the recovery of the employment-to-population ratio reduced the unemployment rate throughout the year. This reduction was moderate in Brazil and significant in Argentina and Uruguay. Venezuela experienced a similar trend, which after the recession of 2002-2003, and benefiting from high oil prices, experienced strong economic growth and a decline in unemployment. In contrast, in Colombia, despite a GDP growth rate of 3.7%, the

labour force participation rate and the employment-to-population ratio are expected to decline. The lower unemployment rate will therefore result from a greater decline in the labour force participation rate than the decrease in the employment-to-population ratio. In this particular case, the reduction in the unemployment rate is not necessarily synonymous with a positive labour market performance.

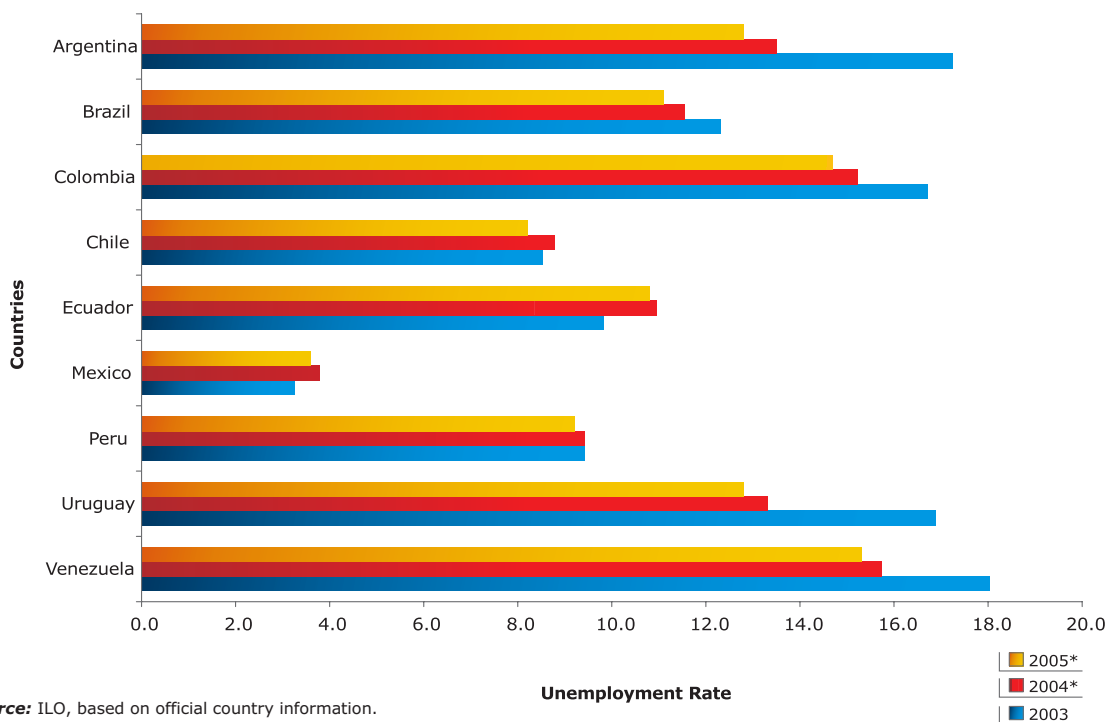
In Chile, Ecuador and Mexico, the 2004 unemployment rate is expected to increase to 8.8%, 11% and 3.8%, respectively. Notwithstanding the economic growth in these countries, unemployment rates are expected to rise due to an increase in the labour force participation rate (Ecuador and Mexico) or the slight decline in the employment-to-population ratio (Chile). Finally, in Peru the unemployment rate is expected to remain at the 2003 level (9.4%) due to the effects of similar growth in labour supply and demand.

### 2005 Forecasts

Regional economic growth projections of 3.5% and a greater increase in labour demand than in supply suggest that the unemployment rate in Latin America and the Caribbean will fall to approximately 10.1% in 2005, which means that the downward trend in the region's unemployment rate will continue for the second consecutive year.

FIGURE 15

**LATIN AMERICA AND THE CARIBBEAN (NINE COUNTRIES):  
UNEMPLOYMENT RATE IN 2003 AND OUTLOOK FOR 2004-2005**  
(percentages)



Source: ILO, based on official country information.

\* Estimated.

Estimates for economic activity are based on a moderately optimistic outlook, particularly with respect to increased economic growth in Argentina (4.0%), Brazil (3.5%), Chile (5.0%), Colombia (4.0%), Ecuador (4.0%), Mexico (3.2%), Peru (4.5%), Uruguay (3.5%) and Venezuela (3.5%).

Although 2005 GDP growth estimates tend to be lower than those of 2004 in all selected countries except Colombia, unemployment rate forecasts for countries in the region will continue to fall in 2005. This is because employment generation is expected to grow more than the labour supply. This behaviour is

expected both for the countries that had a higher unemployment rate in 2004 despite economic growth as well as for those that recorded a decrease in the indicator.

In this context, unemployment rate forecasts for Argentina (12.8%), Brazil (11.1%), Chile (8.2%), Colombia (14.7%), Ecuador (10.8%), Mexico (3.6%), Peru (9.2%), Uruguay (12.8%) and Venezuela (15.3%) will decline between 0.7 and 0.2 percentage points with respect to 2004 levels; in other words, the change will be positive, but clearly insufficient to consider that the crisis in employment has been overcome.

**BOX 3**

**SITUATION AND TRENDS IN FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING IN THE AMERICAS**

Freedom of association and collective bargaining are principles and fundamental rights at work on which the International Labour Organization (ILO) carries out its work as a tripartite institution. The ILO has promoted

these principles in two basic international conventions (*Convention 87 on Freedom of Association and Protection of the Right to Organise, 1948, and Convention 98 on the Right to Organize and Collective*



*Bargaining, 1949*), which like the other ILO conventions, is recognized by the constitutions of most countries.

Furthermore, in June 1998, the 86th session of the International Labour Conference adopted the *ILO Declaration on Fundamental Principles and Rights at Work*, through which ILO member states ratified their commitment to promote and respect freedom of association and the recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination with respect to employment and occupation. The ILO made a commitment to provide technical assistance and cooperation to member states to promote the ratification and implementation of the four principles contained in the eight fundamental ILO Conventions.

More than six years since the Declaration, there have been both advances and setbacks in the ratification, application and compliance of the right to freedom of association and collective bargaining. Of the 35 member states of the continent, three have not ratified Convention 87 (Brazil, El Salvador and the United States) and four have yet to ratify Convention 98 (Canada, El Salvador, the United States and Mexico).

In addition, the ILO labour standards supervisory bodies have made observations about some countries that have ratified these conventions because they have not adapted their labour legislation to the requirements of these conventions and/or because practices exist in the countries that are contrary to their full application and compliance. In addition, Latin America has the largest number of complaints worldwide for violations of freedom of association and collective bargaining, which is likely due to factors such as the dictatorial, authoritarian regimes that violated these rights for decades; the legal, institutional and cultural heritage; the unilateral imposition of structural reforms; the greater awareness of workers' organizations of the ILO standards control procedures; and the key value placed on these procedures for upholding the right of freedom of association and collective bargaining. Some governments have also failed to comply with the observations and recommendations of ILO standards supervisory bodies.

Creating an environment conducive to freedom of association requires information on the situation of this right and the behaviour of social actors in each country. In addition, there is a need to identify deficits, both legal and in terms of practical application, for the design and harmonization of policies, programs, public awareness and mobilization campaigns and activities implemented by governments, either alone or in coordination with employers and workers'

organizations, as well as for the promotion of ILO cooperation and technical assistance and international solidarity.

### *Information Sources*

In light of this need, the ILO created and maintains several databases to provide information to constituents and the general public. The ILOLEX contains data on international labour standards. APPLIS lists information on the ratification of these standards and the comments of the Committee of Experts on the Application of Conventions and Recommendations (CEACR). Both provide access to numerous documents (<http://www.ilo.org/pulic/english/standards/index.htm>). A complementary regional database, CORENIT, contains information of the supervisory system of international labour standards ([www.ilo.org.pe/corenit](http://www.ilo.org.pe/corenit)). CORENIT contains information on the participation of national and international trade unions in the regular labour standards supervisory system process; the observations made since 1990 by country, convention, sub-region and region; which observations have been fulfilled and which still require compliance; the collaboration of governments of ILO member states with standards supervision and compliance with these standards; the concentration and frequency of the lack of application and compliance with fundamental rights; and the status of decisions of the Standards Committee, and other information.

The Office of Worker Activities (ACTRAV) developed QVILIS, a database of complaints filed related to violations of freedom of association and collective bargaining ([www.oit.org.pe/qvilis](http://www.oit.org.pe/qvilis)). The database contains information on who presented the complaints and when they were presented, the accused entity, the cause of the complaints, the industry in which the alleged violations of freedom of association occurred, the type of recommendations made by the Committee on Freedom of Association of the ILO Governing Body, and the level of compliance.

### *Situation and Trends in Freedom of Association and Collective Bargaining*

Below are some results based on information in these databases which allow for an analysis of trends as well as areas of relative concentration of deficits as regards freedom of association the region.

*With Respect to the Comments and Observations of the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR):*

Twenty-seven of the 32 countries of the Americas that have ratified Convention 87 have received ILO

observations because they did not implement or comply with this standard at some point since 1990. The main areas involved in these observations refer to the rights set forth in Article 3 of the Convention regarding the authority of employers and workers' organizations to draw up their constitutions and regulations, to elect their representatives in full freedom and to organise their administration. A total of 1,545 incidents were reported (accumulated observations), which represent 57.2% of the total. In second place are the observations on the lack of adaptation of labour laws to Article 2 of the Convention, which refers to the right of workers and employers to establish and join organizations without prior authorization, with 13.8% of the incidents.

With respect to Convention 98, 22 of the 31 countries of the Americas that have ratified the Convention have received observations from CEACR since 1990. The main reasons for these observations refer to Article 4, on the encouragement and promotion of voluntary collective bargaining, with 511 incidents (50.5%), and to Article 1, regarding the adequate protection against discrimination (32.5%).

*With Respect to Complaints Presented to the Committee on Freedom of Association for Violations of Freedom of Association*

The Americas represent 52.7% of the cases filed since 1951, when the work of the Committee on Freedom of Association began, and 56.4% since 1990, in both cases based on data to June 2004. In the most recent period, cases have been concentrated in the Andean (29.1%) and Central American (28.9%) subregions. The countries with the most reported cases since 1990 are as follows: Canada (55), Argentina (53), Peru (48), Guatemala and Colombia (34 each) and Venezuela (33). By country, a greater number of complaints may either reflect more problems or a better knowledge of and more confidence in the ILO control system.

Complaints were most frequently made with respect to anti-union discrimination (34.4%), attacks against the safety and integrity of individuals (17.0%) and obstacles to collective bargaining (11.3%). The number of individuals affected by these incidents totalled 2,179,575 from 1990 to date. In cases in which there is information by sex, women represent 22.2% of affected persons. The cases reported affected 2,807 trade union organizations.

While all the complaints are against the governments of member states, when the party in violation is identified, the government is mentioned in 61.7% of the cases. With respect to concentration of cases according to industry activity, the public sector has the largest number of incidents, particularly if the education sector is included, since the government is generally the largest employer in this sector. This may be due in part to the fact that in most of the countries, the unionization rate is higher in the public sector than in the private sector and that as an authoritative body, the government can also be implicated in violations of freedom of association.

*With Respect to the Recommendations of the ILO Committee on Freedom of Association*

Of the total recommendations of the ILO Committee on Freedom of Association, 43.2% are associated with procedures because they request more information for case analysis and monitoring; 32.2% are of an administrative character and fall under the responsibility of the executive branch of each member state.

With respect to the recommendations of the Committee on Freedom of Association, 19.9% have been fully implemented, 32.0% have been partially applied and 48.1% have yet to be implemented.



## LABOUR MARKET TRENDS IN CANADA AND THE UNITED STATES

The North American countries, Canada and the United States, have forged increasingly close ties with Latin America and the Caribbean through free trade agreements and foreign trade, foreign investment, migrant workers and the remittances they send to their countries of origin, new technologies and other areas of common interest. While the countries of the Americas share several social, economic and political problems, developed and developing nations face different types of problems. However, they all share the main challenge of creating decent work to eradicate poverty, hunger, illiteracy and disease. This issue has been made a priority in the preparations for the XIV Inter-American Conference of Ministers of Labour, which will be held in Mexico in September 2005, and the IV Summit of the Americas, which will take place in Argentina in November 2005.

This new section of the *Labour Overview* analyzes the current labour market situation in Canada and the United States in order to contribute to the discussion on progress made in the area of decent work in the

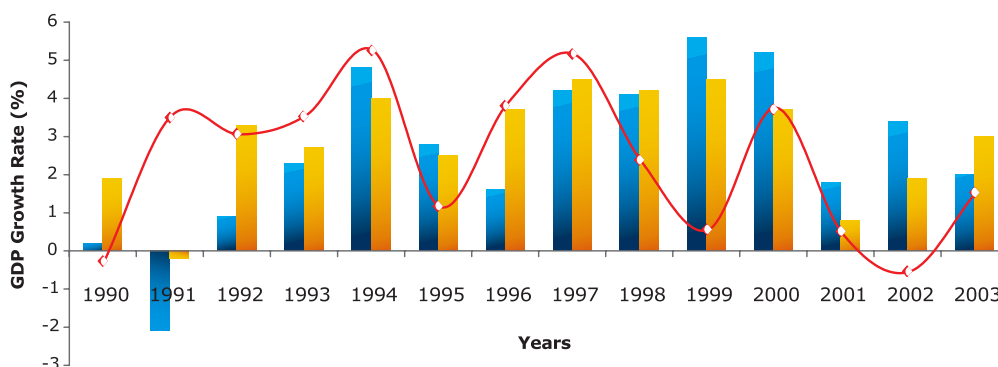
Americas. First, economic growth and its relationship with unemployment in the two countries will be examined. This will be followed by an analysis of the performance of key labour market indicators in 2004.

### *Economic Growth, Unemployment and the Labour Market Structure*

Given the size of the U.S. economy and the nation's influence on neighbouring countries, as well as its trade integration with Canada, the growth rates of the two countries are closely related. Figure I shows that the two economies recorded moderate GDP growth rates in the early 1990s (after the 1991 recession), followed by an acceleration at the end of the decade. An economic slowdown began in 2000. While these countries were not removed from the various financial crises of the past decade, their economies had greater relative stability, whereas Latin American and Caribbean countries were characterized by volatile economic growth during those years.

FIGURE I

### CHANGES IN THE GDP OF CANADA, THE UNITED STATES, LATIN AMERICA AND THE CARIBBEAN, 1990-2003 (percentages)



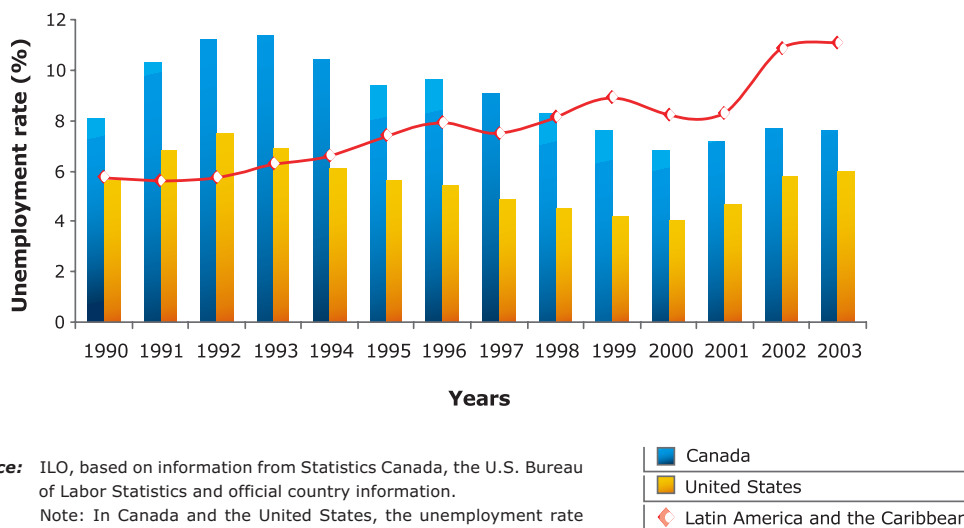
Source: ILO, based on information from OECD, the U.S. Bureau of Economic Analysis and ECLAC.

■	Canada
■	United States
◊	Latin America and the Caribbean



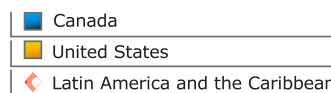
FIGURE II

**UNEMPLOYMENT RATE IN CANADA, THE UNITED STATES,  
AND LATIN AMERICA AND THE CARIBBEAN, 1990-2003**  
(percentages)



**Source:** ILO, based on information from Statistics Canada, the U.S. Bureau of Labor Statistics and official country information.

Note: In Canada and the United States, the unemployment rate has national coverage, whereas in Latin America and the Caribbean it refers to urban unemployment.



The International Monetary Fund (IMF) has estimated GDP growth rates of 2.9% for Canada and 4.3% for the United States in 2004, which are higher than the increases recorded in 2003. For 2005, the IMF estimates growth rates of 3.1% for Canada and 3.5% for the United States. The lower 2005 growth forecast for the United States reflects the U.S. Federal Reserve interest rate hikes, the growing concern regarding the current account deficit in the balance of payments and the budget deficit, as well as high international oil prices.

Given the close association between GDP growth in the two countries and the fact that the unemployment rate is inversely related to this indicator, Canada and the United States have very similar trends in their unemployment indicators (Figure II). During the economic expansion of the 1990s, the two countries recorded declines in the unemployment rate beginning in the early 1990s until 2000, when it began to rise. This trend contrasts with that observed in Latin America and the Caribbean, where volatile GDP growth in the past decade led to a sharp rise in unemployment during the period. (Due to the methodological changes that took place in 2002, it is not possible to compare the unemployment rate of Latin America and the Caribbean of that year with previous years.)

The labour market in Canada and the United States is characterized by a high proportion of wage and salaried employment, 85% and 92%, respectively, which has

remained relatively stable since 1990. *Independent workers* (that is, own account workers as well as unpaid family workers) represent only 15% of workers in Canada and 8% in the United States. This contrasts with the situation in Latin America and the Caribbean, where the high percentage of informal sector employment explains the large percentage of independent workers (24%).

### *Labour Progress in Canada and the United States in 2004*

The national unemployment rate declined by 0.5 percentage points in both countries, standing at 7.3% in Canada and 5.6% in the United States between January and October 2004, with respect to the same period in 2003 (Tables I and II). Except where otherwise specified, this period is used for the analysis in this section.

Although the unemployment rate fell equally in Canada and the United States, the reasons for the decline differed. In Canada, the employment-to-population ratio (which reflects labour demand) increased 0.3 percentage points in the period (62.6%), fostered by GDP growth of 0.9% during the first two quarters of 2004. In addition, the labour force participation rate (which reflects the labour supply) remained almost unchanged during the first 10 months of the year (67.5%). This indicates that the unemployment

rate diminished due to the increased demand for labour.

In contrast, in the United States, the employment-to-population ratio remained stable (62.3%) whereas the labour force participation rate fell by 0.3 percentage points (66.0%). Therefore, the decline in unemployment is attributable to the reduced labour supply rather than to an increase in demand. The data indicate that youth are the most affected since there has been a substantial decline in the youth labour force participation rate. The lack of growth in labour demand in the United States is occurring in a context of moderate economic growth (the GDP grew by 3.8% during the first three quarters of 2004).

There is disagreement regarding the causes of the slow recovery of the U.S. labour market following the recession that began in March 2001. Since that time, the manufacturing sector has experienced the loss of 2.5 million jobs. Some studies maintain that the increase in total employment is underestimated because the rise in self-employment is not captured in establishment surveys, while other studies point to the resurgence of structural unemployment in this period, a phenomenon referred to as *jobless economic recovery*. According to these analyses, structural changes have had a greater impact on the capacity for job creation than cyclical changes produced by the recession.

Disaggregating by sex, the unemployment rate fell during the period for both men and women; however, the decrease was greater among men (0.5 percentage points in Canada and 0.7 percentage points in the United States) than among women (0.4 percentage points in Canada and 0.3 percentage points in the United States). In both countries, the unemployment rate among men was higher than that among women. In Canada, the male unemployment rate was 7.6% and the female rate was 7.0% whereas in the United States, the rate was 5.7% for men and 5.5% for women. In the case of Canada, this gap, unfavourable to men, has remained stable since 1990, whereas in the United States total unemployment has affected men and women somewhat more equally since that year.

In Canada, the youth unemployment rate remained practically unchanged (13.9%) in the first 10 months of 2004 as compared with the same period in 2003, whereas this indicator fell 0.7 percentage points in the United States, to 12.0%. As in Latin America and the Caribbean, this rate more than doubles the total

unemployment rate in the United States and is slightly lower in the case of Canada. Since 1990, the male youth unemployment rate has been consistently higher than the female youth unemployment rate in both countries.

In addition, in the United States, disparities continue in the unemployment rate disaggregated by race and ethnic group. During the first 10 months of 2004, the unemployment rate among whites was 4.9% on average, whereas Hispanics and blacks had higher rates, 7.1% and 10.3%, respectively. These disparities are the result of a variety of factors, including the lower average levels of education of blacks and Hispanics as compared with whites, the lack of employment opportunities in poor urban areas, which have a higher concentration of persons of colour, as well as discrimination in the labour market. Currently, there are 19.5 million Hispanics in the U.S. labour force (this figure includes migrant workers from Latin America and the Caribbean), 1.3 million of whom are unemployed. The remittances that migrant workers from the region send are considered the most direct benefit for their countries of origin. According to the Inter-American Development Bank (IDB), of the total remittances sent to Latin America and the Caribbean in 2003 (US\$ 38.5 billion), nearly 81% originated from the United States and 2.6% from Canada.

In the United States, the real minimum wage continued the downward trend that began in 1999, and the indicator in Canada (measured by the *minimum minimorum* wage of the Province of Alberta) experienced a similar decline. Thus, in 2003, the real minimum wage in the United States and Canada reached a level close to or equal that of 1990, and during the first 10 months of 2004, the indicator fell 2.4% and 1.7%, respectively. This trend reflects the effects of inflation since the nominal minimum wage has not increased since 1997 in the United States (US\$ 5.15 per hour) and since 1999 in Canada (Alberta) (CA\$ 5.90 per hour).

While the real manufacturing wage rose sharply in Canada until 1999, it fell from 2000 to 2003. Nevertheless, from January until August 2004, it recorded a slight increase (0.1%). The real manufacturing wage in the United States has been rising slowly since 2001. Between January and October 2004, the increase was 1.5% according to preliminary figures, which reflects the greater labour productivity achieved in the manufacturing sector.

TABLE I

**CANADA: GDP AND KEY LABOUR MARKET INDICATORS,  
NATIONWIDE, 1990-2004**

Indicator	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 January-October	2004
<b>Real GDP (annual percentage change)</b>	0.2	-2.1	0.9	2.3	4.8	2.8	1.6	4.2	4.1	5.6	5.2	1.8	3.4	2.0	<b>0.3</b>	<b>0.9</b> a/
<b>Unemployment rate (15 years and over, average annual rates)</b>																
Total	8.1	10.3	11.2	11.4	10.4	9.4	9.6	9.1	8.3	7.6	6.8	7.2	7.7	7.6	<b>7.8</b>	<b>7.3</b>
Women	8.1	9.7	10.1	10.6	9.7	9.0	9.3	8.9	7.9	7.3	6.7	6.8	7.1	7.2	<b>7.4</b>	<b>7.0</b>
Men	8.2	10.9	12.0	12.0	10.9	9.8	9.9	9.3	8.6	7.8	6.9	7.5	8.1	8.0	<b>8.1</b>	<b>7.6</b>
<b>Youth unemployment rate (15-24 years, average annual rates)</b>																
Total	12.4	15.8	17.1	17.1	15.8	14.7	15.3	16.2	15.1	14.0	12.6	12.8	13.7	13.8	<b>14.0</b>	<b>13.9</b>
Women	11.0	12.8	14.3	14.3	13.5	13.0	13.6	15.2	13.6	12.6	11.3	11.0	11.8	11.9	<b>12.2</b>	<b>12.2</b>
Men	13.6	18.5	19.6	19.6	17.9	16.3	16.9	17.1	16.6	15.3	13.9	14.5	15.3	15.6	<b>15.7</b>	<b>15.6</b>
<b>Labour force participation rate (15 years and over, average annual rates)</b>																
Total	67.1	66.5	65.7	65.4	65.2	64.9	64.7	64.9	65.1	65.6	65.9	66.0	66.9	67.5	<b>67.6</b>	<b>67.5</b>
Women	58.5	58.4	57.8	57.7	57.5	57.5	57.5	57.8	58.4	58.9	59.5	59.7	60.7	61.6	<b>61.6</b>	<b>61.8</b>
Men	76.1	75.0	73.8	73.4	73.2	72.5	72.2	72.2	72.1	72.5	72.5	72.5	73.3	73.6	<b>73.8</b>	<b>73.5</b>
<b>Employment-to-population ratio (15 years and over, average annual rates)</b>																
Total	61.7	59.7	58.4	58.0	58.4	58.8	58.5	59.0	59.7	60.6	61.4	61.2	61.8	62.4	<b>62.3</b>	<b>62.6</b>
Women	53.7	52.7	52.0	51.6	51.9	52.3	52.1	52.7	53.8	54.6	55.5	55.7	56.4	57.2	<b>57.0</b>	<b>57.5</b>
Men	69.9	66.8	65.0	64.6	65.2	65.5	65.0	65.5	65.9	66.8	67.5	67.0	67.4	67.7	<b>67.8</b>	<b>67.9</b>
<b>Distribution by status in employment (percentage of total employed persons)</b>																
Wage and																
salaried workers	85.6	85.1	84.9	84.2	84.1	84.2	83.4	82.2	82.4	83.1	83.8	84.7	84.8	84.7	<b>84.7</b>	<b>84.6</b>
Self-employed																
workers	13.8	14.4	14.6	15.2	15.5	15.4	16.2	17.4	17.2	16.6	16.0	15.1	15.0	15.1	<b>15.1</b>	<b>15.2</b>
Unpaid family																
workers	0.5	0.5	0.5	0.6	0.4	0.4	0.4	0.5	0.4	0.3	0.3	0.2	0.2	0.2	<b>0.2</b>	<b>0.2</b>
<b>Real manufacturing wage (1990 = 100) b/</b>	100.0	102.5	105.1	106.3	109.5	110.3	110.4	112.4	117.0	118.0	117.1	115.7	115.7	111.6	<b>-1.3</b>	<b>0.1</b> c/
<b>Real minimum wage (1990 = 100) d/</b>	100.0	94.7	101.1	101.8	101.6	99.4	97.9	96.3	97.3	106.0	107.7	105.0	102.7	100.0	<b>-2.9</b>	<b>-1.7</b> e/

**Source:** ILO, based on information from the OECD Productivity Database, Statistics Canada (Labour Force Survey and Survey of Employment, Payrolls and Hours) and Bank of Canada.

a/ GDP growth seasonally adjusted at annual rates. Corresponds to the average annual GDP growth rate (with respect to the previous quarter) for the first two quarters of the year.

b/ Index calculated based on average weekly earnings.

c/ Annual average percentage change for January-August.

d/ Index was calculated based on the *minimum minimorum* wage of the Province of Alberta.

e/ Annual average percentage change for January-October.

Note: All indicators have national coverage except for the minimum wage, where the minimum minimorum wage was used for the Province of Alberta.

TABLE II

### UNITED STATES: GDP AND KEY LABOUR MARKET INDICATORS, NATIONWIDE, 1990-2004

Indicator	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 January-October	2004 January-October
<b>Real GDP (annual percentage change)</b>	1.9	-0.2	3.3	2.7	4.0	2.5	3.7	4.5	4.2	4.5	3.7	0.8	1.9	3.0	4.5	3.8 a/
<b>Unemployment rate (16 years and over, average annual rates)</b>																
Total	5.6	6.8	7.5	6.9	6.1	5.6	5.4	4.9	4.5	4.2	4.0	4.7	5.8	6.0	6.1	5.6
Women	5.5	6.4	7.0	6.6	6.0	5.6	5.4	5.0	4.6	4.3	4.1	4.7	5.6	5.7	5.8	5.5
Men	5.7	7.2	7.9	7.2	6.2	5.6	5.4	4.9	4.4	4.1	3.9	4.8	5.9	6.3	6.4	5.7
<b>Youth unemployment rate (16-24 years, average annual rates)</b>																
Total	11.2	13.4	14.2	13.4	12.5	12.1	12.0	11.3	10.4	9.9	9.3	10.6	12.0	12.4	12.7	12.0
Women	10.7	12.5	13.1	12.3	11.6	11.6	11.3	10.7	9.8	9.5	8.9	9.6	11.1	11.4	11.7	11.2
Men	11.6	14.3	15.3	14.3	13.2	12.5	12.6	11.8	11.1	10.3	9.7	11.4	12.8	13.4	13.5	12.8
<b>Labour force participation rate (16 years and over, average annual rates)</b>																
Total	66.5	66.2	66.4	66.3	66.6	66.6	66.8	67.1	67.1	67.1	67.1	66.8	66.6	66.2	66.3	66.0
Women	57.5	57.4	57.8	57.9	58.8	58.9	59.3	59.8	59.8	60.0	59.9	59.8	59.6	59.5	59.6	59.2
Men	76.4	75.8	75.8	75.4	75.1	75.0	74.9	75.0	74.9	74.7	74.8	74.4	74.1	73.5	73.5	73.4
<b>Employment-to-population ratio (16 years and over, average annual rates)</b>																
Total	62.8	61.7	61.5	61.7	62.5	62.9	63.2	63.8	64.1	64.3	64.4	63.7	62.7	62.3	62.3	62.3
Women	54.3	53.7	53.8	54.1	55.3	55.6	56.0	56.8	57.1	57.4	57.5	57.0	56.3	56.1	56.1	55.9
Men	72.0	70.4	69.8	70.0	70.4	70.8	70.9	71.3	71.6	71.6	71.9	70.9	69.7	68.9	68.9	69.2
<b>Distribution by status in employment (percentage of total employed persons)</b>																
Wage and salaried workers	91.2	91.0	91.3	91.2	91.2	91.5	91.6	91.8	92.1	92.3	92.4	92.5	92.6	92.4	92.4	92.4
Self-employed workers	8.5	8.7	8.4	8.5	8.7	8.4	8.3	8.1	7.8	7.6	7.5	7.4	7.3	7.5	7.5	7.5
Unpaid family workers	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Real manufacturing wage (1990 = 100) b/</b>	100.0	98.9	99.2	99.7	101.5	100.1	100.6	102.3	102.4	103.1	102.8	100.7	103.1	103.6	0.3	1.5 c/
<b>Real minimum wage (1990 = 100) d/</b>	100.0	107.7	107.3	104.2	101.6	98.8	98.8	107.8	111.9	109.5	106.0	103.1	101.5	99.2	-2.3	-2.4 e/

**Source:** ILO, based on information from the OECD Productivity Database, U.S. Bureau of Labor Statistics (Current Population Survey and Current Employment Statistics Survey) and U.S. Employment Standard Administration.

a/ GDP growth seasonally adjusted at annual rates. Corresponds to the average GDP growth rate (as compared with the previous quarter) for the first three quarters of the year.

b/ Index calculated based on median weekly earnings.

c/ Annual average percentage change for January-October; preliminary figures.

d/ Index was calculated based on the national minimum wage.

e/ Annual average percentage change for January-October.

Note: All indicators have national coverage. Due to methodological changes in the Current Population Survey (household survey) carried out in 1994, data for the unemployment rate, employment-to-population ratio and labour force participation rate from that year forward cannot be compared to that of previous years.

## FEATURE ARTICLES

As in past issues of *Labour Overview*, the 2004 edition includes feature articles which complement the labour market situation report for Latin America and the Caribbean. These articles report on the findings of different ILO studies related to the world of work in the region. They present concrete policy proposals and/or recommendations. This edition includes three feature articles.

The first feature, *Decent Work Creation in MERCOSUR: The Strategy of Growth with Quality Employment*, is an extract of the proposals for decent work and employment policy that the ILO presented at the Southern Common Market (MERCOSUR) Regional Employment Conference in April 2004. This article contains specific proposals that should not necessarily be considered applicable to all countries in the Latin America and Caribbean region. They reflect ILO efforts to promote the incorporation of the decent work strategy in the development policies of the countries. The text analyzes and proposes policies at four levels: macroeconomic, mesoeconomic and microeconomic policies, as well as active employment policies and targeted social spending.

Unlike the predominant macroeconomic policies of the 1990s, which were geared mainly to assuring price stability in the belief that market forces automatically lead to full employment of resources and the adjustment of the economy to external conditions, the approach promoted by the ILO stresses the need for policies to guide markets toward meeting the objectives societies consider priorities. These include decent work with quality employment, meeting of basic needs, social justice, equality and liberty, as well as adaptation to the changing regional and global environment. The ILO proposal for MERCOSUR is based on a macroeconomic policy characterized by a competitive and stable real exchange rate, in combination with policies to boost total productivity at the microeconomic level, promote investment in tradable goods and services, stimulate exports, support integration and trade agreements and promote the development of production networks.

The second feature article, *Raising Labour Productivity in the Region: The Challenge of Growth and Wellbeing*, examines one of the most important links between production and employment. It is based on a recent ILO study (2004) on this subject in four countries of the region: Argentina, Mexico, Panama and Peru. After

analyzing both the role of labour productivity in the creation of wealth and development, as well as its inverse relationship to poverty and the association among labour costs, competitiveness and labour productivity, the author argues that productivity plays a more important role than do labour costs in the global competitiveness of firms. Based on information from establishment surveys in the four selected countries, the article examines the influence of different factors on labour productivity at the microeconomic level.

In the conclusions, the article underscores the importance of further investigating the causes for low labour productivity in the region, as well as the need to obtain more accurate statistics on the subject. It states that greater productivity, efficiency and quality of establishments require social dialogue and benefit workers and employers alike. Recommendations are made at the microeconomic level, including the need for government support and training policies designed to ensure technical progress and innovation of companies, better labour practices, institutional mechanisms to support establishments and a better distribution of the benefits of productivity gains, among others.

The third feature article, *Child Labour to be Abolished in Latin America and the Caribbean*, analyzes international standards on this issue, key measurement concepts, results of recent surveys, relationship with social and economic indicators, as well as the policies implemented in some countries of the region to address the problem. It is estimated that in Latin America and the Caribbean, there are 27.7 million people between the ages of 5 and 17 employed in economic activities; that is, one of every five children in the region. An estimated 18.5 million of these children work in child labour to be abolished, in other words, those jobs prohibited by the legislation of the country and/or international conventions due to the risks they pose.

The article calls for countries of the region to redouble their efforts to put an end to the employment of children in labour to be abolished, for which reason further study of the phenomenon is needed. Among other things, this requires carrying out surveys every two to four years and prioritizing the issue on the government social agendas of the region. With respect to policies, the recommendations include the promotion of social programmes accessible to families





with children engaged in labour to be abolished, which requires abandoning the child labour in order to participate in the programme. It also proposes the

implementation of programmes specifically for children in rural areas since the problem is concentrated in these geographic areas.

## Decent Work Creation in MERCOSUR: The Strategy of Growth with Quality Employment

Most people of working age want a job, but especially a good job. This implies that it is a quality job and that there is a regulatory framework for labour activity and labour relations, guaranteeing the basic rights of workers and employers. Moreover, it means that adequate levels of protection against accidents, illness and during old age are ensured and that workers and employers believe that they have the right to organize. In addition, decent work involves participation in social dialogue processes at the microeconomic (firm), mesoeconomic (provinces or local environments) and macroeconomic (country) levels.

The International Labour Office (ILO) has developed the concept of *decent work* in an attempt to explain in accessible, simple language, the convergence and strategic integration of these elements, whose presence or absence is decisive in the existence of quality employment. To this end, the ILO has brought together employment, labour rights, social protection and social dialogue in a single, coherent concept. To provide employment without taking into account quality and the levels of social protection of workers is not the road to progress. Equally useless is the promotion of labour rights without concern for the existence of jobs for those who need them. Social dialogue is necessary to enable social actors to contribute to the preparation and implementation of a development agenda. In addition, the principle of equal opportunity between men and women constitutes a crosscutting theme of the concept of decent work.

Based on this broad vision, this feature article emphasizes the creation of quality employment. It summarizes the proposals in the ILO document, *Decent Work Creation in MERCOSUR: Employment and Growth Strategy (2004)*. This report was prepared at the request of the Labour Commission of the Southern Common Market (MERCOSUR) and was presented at the MERCOSUR Regional Employment Conference held

in April 2004 in order to contribute to the analysis and discussion of MERCOSUR employment policies.

However, these proposals do not exhaust the possibilities for intervention in an area as vast and complex as the creation of decent work and specifically quality employment. Therefore, these proposals should not be perceived as "all that should be done," but rather as "the most important things that should be done," at least from the ILO perspective. They should be viewed as technically solid contributions to resolving the serious employment problem in MERCOSUR countries.

The proposed approach is not limited to the realm of active employment policies, as is frequently the case; instead, it stresses the main components of a growth strategy to contribute to the creation of decent work with quality employment in modern sectors and to promote change in less developed sectors. It includes policies at the microeconomic, mesoeconomic and macroeconomic levels designed to reach the intermediate objectives necessary to foster growth, stimulate the creation of quality employment and transform informal sector activities. Employment programmes, active employment policies, and targeted social spending complement these policies.

The report concludes with the presentation of a series of proposals for member countries and MERCOSUR as a whole designed to facilitate coordination of economic policies, strengthen integration and trade policies, improve business development policies and promote policies for equal opportunity in an effort to increase quality employment.

### *Weak Competitiveness and the Labour Market Situation*

During the 1990s, the MERCOSUR countries became removed from the most dynamic foreign trade flows,

despite the sharp increase in their export volumes. Worldwide, the exports that grew most during this period were skill- and knowledge-intensive products, followed by process-intensive products and products of economies of scale, which use intermediate technology. In contrast, global exports of primary products, particularly agricultural goods, had a slower rate of growth during the period.

Because their economies were specialized, the MERCOSUR countries were unable to keep pace with global trade trends. At the end of the 1990s, 54% of Brazilian exports and 72% of Argentine exports were natural resource-intensive primary and manufacturing products with little processing. In contrast, the more specialized products in knowledge and skills represented only 12% of Brazilian and 3% of Argentine exports. The respective indicators for Paraguay and Uruguay reveal an even larger gap. Thus, one of the main challenges facing MERCOSUR member countries is how to participate in the most dynamic segments of global trade to enter markets that stimulate the growth of more highly processed exports.

The weakness of the export base of MERCOSUR member countries is just one aspect of a larger problem: the weak competitive capacity of the countries of this bloc. While exports of the sub-region have risen sharply in the past two years (in Brazil, for example, exports grew 63%), trade volumes are relatively small in relation to total international flows. The problem is that the process of opening their economies was not accompanied by sufficient efforts to improve competitiveness in foreign and domestic markets. In a context in which many countries systematically worked to achieve increased productivity and to improve the real exchange rate in an effort to boost competitiveness, MERCOSUR member countries' weak performance in this area contributed to their relative vulnerability to foreign shocks in the 1990s.

In addition, in terms of the labour market, a large percentage of the labour force in the four MERCOSUR countries has serious employment problems (Table A.I). Whether because of high unemployment resulting from major recessions, the large proportion of informal sector employment or precarious employment lacking social protection of workers, or a combination of these factors, more than half of the labour force in these countries is unemployed or employed in jobs of very low productivity. The situation is even more troubling in the case of women's employment. Women, who represent 40% of the MERCOSUR labour force, are even more affected by unemployment and informal sector employment and receive hourly wages that are substantially lower than those of men, despite their

growing levels of education. The lack of employment and its precariousness generate exclusion and social inequality. As empirical evidence demonstrates, the economic growth models adopted in the past were incapable of overcoming these social deficits.

The weak competitive capacity of the MERCOSUR countries is manifested in the deterioration of existing quality employment and in the negative impact on investment decisions, since weak competitiveness has a negative effect on profitability levels. There is consensus that a sustained increase in quality employment requires raising the levels of both private and public investment. Thus, a key factor in increasing investment is to systematically improve competitiveness. The issue is then how to achieve competitiveness.

### *Final and Intermediate Objectives of the Growth Strategy with Quality Employment*

Growth strategies or development models generally coincide in their final objective: to achieve the material wellbeing of all individuals and communities, ensure social justice and the development of collective and individual freedoms. Consequently, the differences do not lie in the nature of the final objective but rather in the intermediate objectives and how to achieve them.

For example, economic policy applied in the majority of Latin American countries over the past 15 years had price stabilization as the key intermediate objective. The argument was that if stability were guaranteed, the markets would function in a free and stable manner, thereby meeting the second intermediate objective of ensuring the efficient allocation of resources, that is, capital and labour, to those sectors and activities that offer comparative advantages. This in turn would stimulate competitive economic growth within the most dynamic segments of global trade. This expansion in sectors and activities identified by the market would stimulate other areas of the economy, assuming the elimination of obstacles (usually of an administrative nature and generated by misguided public policies, or of an ethical-economic nature, such as corruption, contraband and others). Such obstacles impede the development of disadvantaged sectors (third intermediate objective), where the generation of employment is of high importance. Such job creation is possible only if the distortions existing in the labour market are remedied.

With these intermediate objectives, monetary policy primarily directed at preserving price stability is at the core of economic policy. Complementary policies should be established around this core policy. Sectoral policies do not exist in this approach since it is based

on the premise that the market efficiently allocates resources, and labour policy is designed mainly to reduce labour costs to achieve greater competitiveness with price stability. Similarly, microeconomic policies - for example, those for training and access to innovations - have little importance in this approach.

In a context in which market forces are assumed to efficiently assign resources and spontaneously adapt the country to external changes, there is no need to define a development strategy and objectives. In other words, the only strategy needed is one to eliminate obstacles that impede the free functioning of the market.

TABLE A.I

**MERCOSUR COUNTRIES: SELECTED INDICATORS ON FOREIGN TRADE  
AND EMPLOYMENT QUALITY**

	Year	Argentina	Brazil	Paraguay	Uruguay
<b>I. Selected indicators</b>					
Population (in thousands)	2004	38,854	179,443	6,068	3,432
GDP (millions of 1995 dollars)	2002	229,867	758,853	8,518	16,505
GDP growth (average annual rates, 1995 dollars)	2000	-0.8	3.9	-0.6	-1.9
	2001	-4.4	1.3	2.4	-3.6
	2002	-10.8	1.5	-2.5	-12.0
Per capita GDP (1995 dollars)	2002	6,058	4,334	1,474	4,876
Labour productivity (output per worker, 1995 dollars)	2002	18,750	10,059	4,952	12,504
Net direct investment (millions dollars)	2000	10,654	30,497	98	274
	2001	3,304	24,715	77	319
	2002	1,741	14,084	-26	181
Inflation (change in the consumer price index, average annual rates)	2000	-0.9	6.2	9.0	4.8
	2001	-1.1	6.8	7.3	4.4
	2002	25.9	8.5	10.5	13.9
Change in the real exchange rate index (average annual rates)	2000	0.2	-7.7	2.5	1.5
	2001	-4.1	20.2	2.7	1.5
	2002	136.1	9.9	8.2	19.8
<b>II. Current account and foreign trade indicators</b>					
Balance of current account in the balance of payments (percentage of the GDP in current dollars)	2000	-3.1	-4.0	-2.1	-2.8
	2001	-1.6	-4.6	-3.6	-2.9
	2002	9.4	-1.7	5.5	1.5
Imports of goods, FOB value (millions of 1995 dollars)	2000	28,327	59,218	2,659	3,478
	2001	23,437	60,734	2,398	3,189
	2002	10,574	52,641	2,073	2,060
Exports of goods, FOB value (millions of 1995 dollars)	2000	28,831	64,353	2,565	2,904
	2001	30,153	70,148	2,148	2,693
	2002	29,999	76,504	2,148	2,440
Primary product exports (percentage of total exports of goods FOB value)	2000	67.6	42.0	80.7	58.5
	2001	67.4	46.0	83.7	58.4
	2002	69.6	47.4	85.1	63.7
Manufactured product exports (percentage of total exports of goods FOB value)	2000	32.4	58.0	19.3	41.5
	2001	32.6	54.0	16.3	41.6
	2002	30.4	52.6	14.9	36.3
<b>III. Unemployment and employment quality indicators</b>					
Open urban unemployment (annual average, percent)	2000	15.1	7.1	10.0	13.6
	2001	17.4	6.2	10.8	15.3
	2002	19.7	11.7 a/	14.7	17.0
	2003	17.3 b/	12.3	11.2	16.9
Proportion of employed persons who work in the informal sector (percent)	2001	45.7	46.0	59.3	37.7
	2002	44.5	44.8	60.9	38.6
	2003	46.5	44.6	61.7	39.1
Change in average real wages (average annual rates)	2000	1.5	-1.0	1.3	-1.3
	2001	-0.6	-5.0	1.4	-0.2
	2002	-13.9	-2.1	-6.4	-10.7

**Source:** ILO, based on figures published by ECLAC (2003) and ILO (2004).

a/ New measurement for Brazil beginning in 2002; figures are not comparable with previous years.

b/ New measurement for Argentina beginning in 2003; figures are not comparable with previous years.

## *Towards a New Strategy*

The above course of action is not the only possible alternative for developing economic policy. There is another vision based on a different premise, supported by experience that the free functioning of the market does not automatically lead to the full employment of resources or the total adaptation of the economy to a changing external context. This vision emphasizes the need for policies to guide markets toward achieving objectives societies consider priorities: decent work with quality employment, the satisfaction of basic needs, social justice, equality and liberty, as well as the adaptation to a changing external environment.

The focus and articulation of policies that comprise a development strategy shift substantially when employment is identified as an explicit objective rather than depending on market forces to generate employment. Following this new path, the development strategy should be linked at four levels: macroeconomic, mesoeconomic and microeconomic policies as well as active policies for employment and targeted spending. These are discussed below.

### **The New Role of Macroeconomic Policy**

From this new perspective, macroeconomic policy not only seeks price stability, but also aims to improve the level of economic activity, which maintains and generates employment. In open and relatively small economies (in comparison with international trade and capital flows), macroeconomic policy is defined in terms of a real competitive exchange rate. This means that both trade policy and monetary and fiscal policies will be designed to simultaneously achieve a specific price stability target as well as a competitive real exchange rate, rather than focusing solely on price stability. In these economies, a competitive real exchange rate target stimulates exports, the national production of goods which are competitive with imports, and investment in these activities, which are the driving forces of growth in the context described.

In an open economy, where companies must compete to survive, the proposed strategy prioritizes investment of resources in the sectors most exposed to foreign competition: those exporting their production or competing with imports, that is, the commercial or tradable sector. In addition, the increases in competitiveness resulting from a favourable real exchange rate and in the long term, from sustained increases in productivity, contribute to accelerating investment in the tradable sector.

In the proposed strategy, it is necessary to lift restrictions that impede the systematic expansion of

demand, including the reorientation of investment in the tradable sector toward the production of goods and services which are technology- and skills-intensive, or that involve greater processing of natural resources. The production of such goods and services is essential for increasing exports, strengthening integration and expanding domestic production which is competitive with imports. The increased investment in the tradable sector, that is, in exports and production which competes with imports, stimulates aggregate demand, which will lead to an increased investment in the non-tradable sector facilitated by specific policies toward this sector.

With the faster pace of growth in investment in tradables and non-tradables, employment growth will accelerate. Since this is accompanied by increases in productivity - as discussed below - real wages also rise. The increased growth in employment and real wages stimulates a rise in aggregate demand, thereby fostering an expansion of the domestic market in each country. Following the sequence proposed in this approach, this would contribute to the increase in tradable and non-tradable production, giving way to a virtual cycle.

As the above suggests, the sequence is important. If the strategy starts out favouring non-tradable sector investment, eventually the acceleration of economic growth will face a restriction of foreign currency, which will cause a slowdown in investments, and in the medium term will lead to a smaller increase in GDP and employment.

In addition, macroeconomic policy will concentrate on generating anti-cyclical fiscal funds to help alleviate the impact of foreign crises or shocks on the national economies. Accumulating fiscal funds in periods of economic expansion is crucial in order to subsequently use them in periods of contraction, when they are most needed.

### **Mesoeconomic Policies**

In recent years, mesoeconomic policies fell into disuse because they were associated with sectoral policies and the prevailing models postulated that it was inefficient to promote some sectors to the detriment of others. Nevertheless, mesoeconomic and microeconomic policies are largely responsible for the growth of countries such as those of the Organization for Economic Co-operation and Development (OECD), and more recently, those of Southeast Asia.

Mesoeconomic policies include those directed to production networks; promotion of exports; strengthening of integration and trade agreements;

creation of government incentives for investment; and development of a framework of legal and financial systems, as well as of productive infrastructure, among others.

The ILO proposal emphasizes measures for the development of production networks in the countries of MERCOSUR as well as in the bloc as a whole. Although these networks already exist, they are mostly weak and poorly developed with the exception, for example, of the automotive industry (Figure A.I). The ILO proposal presents specific policies that focus on core companies of each network. The goal is for these firms to influence the other member companies. This entails prioritizing the production networks developed in the production of commercial goods and services and, within these, to those oriented to the production of high technology goods and services or those that give value added to natural resource-intensive goods and services.

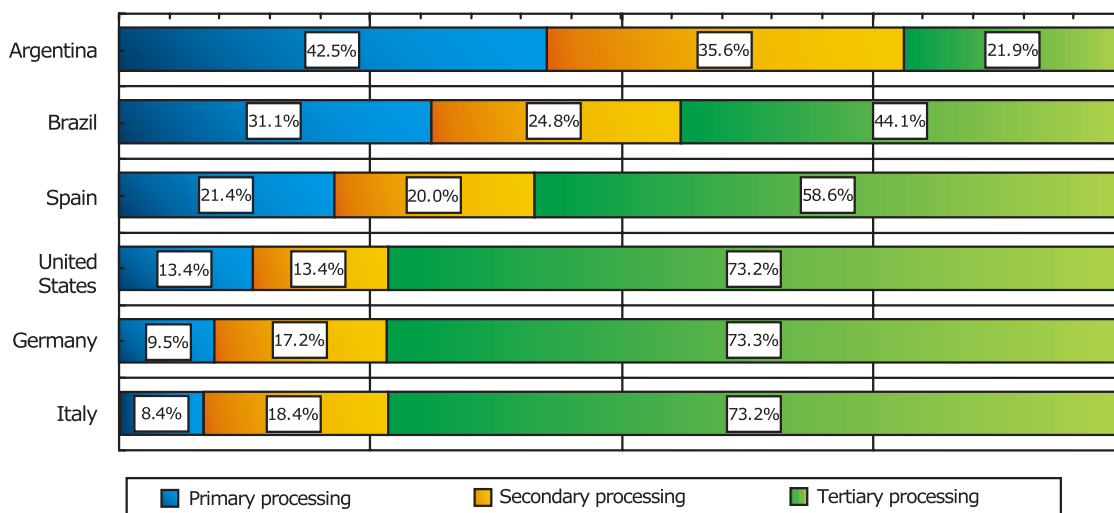
A basic component of these proposals is the explicit prioritization of efforts to increase employment and improve employment quality among women, through

policies that facilitate: (i) women's access to training, in keeping with the demands of new technologies, (ii) expanded access to credit and markets, and (iii) incentives for the formation of networks and insertion into production chains of units led by women, or in which women dominate, which are often the least developed. This need emerges from the concept of decent work, which includes the promotion of gender equality in employment as a core value. If these issues are not addressed, existing gender gaps will remain, and the crucial productive potential of female workers will be wasted.

The second group of mesoeconomic policies, those of export promotion, are based on the idea that in order to increase exports, it is essential to establish a set of policies - ranging from pre- and post shipping financing to information and market access - compatible with the requirements of the World Trade Organization (WTO). At the same time, these policies emphasize the importance of coordinated negotiation of different trade agreements among MERCOSUR countries since these agreements are the means of gaining access to new markets.

FIGURE A.I

**STRUCTURE OF KEY PRODUCTION-EXPORT CHAINS OF SELECTED MERCOSUR AND DEVELOPED COUNTRIES, 2000-2001**



Source: Svarzman (2003).

This approach underscores the dual role of MERCOSUR. First, the bloc must intensify actions to build an expanded market for its members. More importantly,

MERCOSUR serves as a platform for policies designed to strengthen national policies in different areas with the main objective of creating decent work, for example,

by developing production networks, fostering innovation, negotiating trade agreements for member countries and strengthening training.

Legal soundness and efficiency, as well as institutional transparency, are requirements for the creation of a favourable investment environment. Developing regulatory frameworks that are stable over time and that have a high level of social legitimacy (thus the crucial role of social dialogue) are decisive for creating this environment. In addition, a culture must be developed that imposes sanctions on violations and encourages social monitoring of the performance of institutions, including judicial bodies. Another group of policies should focus on different types of fiscal incentives to investment, for example, the accelerated depreciation of acquired assets and fiscal credits for a percentage of investment.

The ILO proposals stress the importance of developing physical, economic and technological infrastructure, as well as promoting institutional efficiency and transparency and the dissemination of good business practices. To overcome the infrastructure deficit requires a commitment of 1% of GDP of member countries of the bloc between 2004 and 2010. Investing this amount would gradually eliminate the deficits in the areas of energy, communication networks, transportation, ports and airports.

### **Policies to Increase Total Productivity at the Microeconomic Level**

Developed and developing nations have effectively implemented policies to improve total factor productivity (or global productivity) at the firm level. The systematic increases in total productivity of firms are decisive because they permit the reduction of total unit costs and improvements in quality, both key factors for increasing competitiveness.

The increase in competitiveness emerges, in part, as a process of productivity gains associated with market adjustments. However, deliberate policies may be applied to strengthen and decisively expand this trend. Increased competitiveness cannot rest simply on a reduction of average costs, as was attempted in the past. That strategy clearly contributed to the precariousness of the labour market. This proposal, in contrast, recommends a combination of policies to achieve this objective, which include the following: (i) access to technology and its dissemination; (ii) improved access and quality of basic education and vocational training; (iii) linking small and microenterprises with production networks, which have access to resources; (iv) promotion of collective bargaining, including agreements in which workers and

employers agree to concrete measures of raising productivity and work toward the equitable distribution of the benefits resulting from this increase; (v) increased labour market transparency in terms of information requested on experience and qualifications of workers, that is, workers' productivity potential; and (vi) dissemination of strategies to increase productivity and quality of employment in medium-sized and small companies.

Professional training deserves special attention. The goal is to modernize the process and coordinate public- and private-sector efforts in this area, as well as to promote a regulated market of training and education services that permit the rest of society to progressively have access to them. It is essential to consider the characteristics and needs of the female labour market in the implementation of training programmes to ensure women's incorporation into the labour market with equal opportunities and to decrease current gaps in access to these programmes. The ILO emphasizes this aspect and proposes mechanisms to contribute to improving professional training, particularly with regard to evaluation systems and to the relevance, quality and adaptation of the demand for qualifications of training institutions, including transparency in evaluations, skill-based training, effective decentralization of training institutes and company incentives for training and education.

Another factor associated with total productivity is the association of small and medium-sized establishments with production networks and segments. This is especially crucial because these companies are the main source of employment and local economic development. Policies and instruments that may be applied to strengthen this association include programmes to support suppliers, provide market information, raise productivity, and provide training and education, as well as access to the system of technological innovations and to credit, among others. Likewise, there is a need for greater association in the informal employment sector, especially in the case of informal microenterprises.

This combination of mesoeconomic and microeconomic policies will eventually lead to increased total productivity and reduced total unit costs of companies, thereby gradually establishing the basis for competitiveness. This approach will not harm workers since in the context of a real competitive exchange rate, which, as proposed, fosters investment decisions and the expansion of production in export goods and services, improved productivity is generally accompanied by an accelerated increase in investment in activities that expand employment. In addition, the increase in total productivity plays a key role in



maintaining the rate of increase in real wages of workers, without affecting investment decisions.

In this way, workers' efforts to obtain a greater proportion of earnings will not be limited, as it was in the past, to obtaining nominal wage adjustments equal to inflation to avoid eroding purchasing power. Instead, workers will seek to establish negotiations with employers to increase real wages linked to increased productivity. This shift in the focus of relations between workers and employers implies working toward positive sum negotiations in which both parties win.

### **Active Employment Policies and Targeted Social Spending Policies**

The high levels of unemployment and poverty in MERCOSUR countries, as well as the difficulties many social groups (poor women, young people without work experience) face entering the labour market underscore the need for two types of policies to address the situation in the short term: targeted social spending policy and active employment policies.

The four countries of the bloc urgently require increased targeting of social spending policies to expand access of lower-income groups to food, health, education and housing. In addition, this will indirectly contribute to promoting domestic demand. In this key area, where each country sets its priorities, the greatest obstacle is the established limit of social spending.

With regard to active policies, the ILO proposal summarizes the evaluation of 139 employment programmes implemented in Latin America. Using this empirical base, it proposes a set of initiatives designed to improve the design, implementation, monitoring and evaluation of active employment policies, considering gender issues in each of these, in order to improve women's employability.

The first conclusion of this assessment is that the effectiveness of active employment policies is directly related to the microeconomic, mesoeconomic and macroeconomic context, both in an environment of economic growth and of contraction. Moreover, the combination and composition of active employment policies should change and adapt to the changes observed at the microeconomic, mesoeconomic and macroeconomic levels, which is not occurring in MERCOSUR. Basically, the ILO proposes modifying the combination of programmes depending on whether countries are experiencing a cycle of growth or one of economic slowdown. In other words, active policies cannot be proposed - as they currently are - without

regard for the current situation in the economic cycle.

Likewise, it is necessary to carry out ex ante evaluations of programmes, rather than just ex post assessments, when it is no longer possible to correct them. It is also necessary to decentralize both the implementation and design of programmes to facilitate their greatest possible adaptation to the real situation of target groups. Redundancies must also be avoided. These occur when the effects of the programme would have occurred without such programmes. Replacement effects should also be avoided, which occur when the workers benefiting from the programme simply replace other workers harmed by the programme's implementation.

A second key conclusion of the ILO proposal is the need to adapt active employment policies to the realities of MERCOSUR countries. In the four countries, active policies were developed by transferring the experiences of developed nations, for which reason these programmes do not emphasize the particular characteristics and circumstances of the countries. For example, these programmes do not stress production units and employment in the small and microenterprise sector, despite the fact that this sector generates the most employment in the four countries.

A key aspect of the proposals in this area is that the combination of programmes implemented should favour those with the greatest success and the best cost-benefit ratio, according to the assessments. In general, the programmes that received the most positive evaluations were employment, training and professional education services, as well as those supporting microenterprises.

Finally, the proposal underscores the need to develop active policies targeting informal employment sectors to increase their productivity. Because an increase in private consumption will tend to generate demand for informal sector products and services, the policies should strive to organize these units in different associative forms and provide them with access to credit, market information, management and technical training, as well as access to technology.

### **Key Proposals for MERCOSUR**

Based on the approach described above, the ILO has prepared a series of proposals for the development of MERCOSUR with the key objective of creating quality employment. In this regard, it is vital to establish indicators and criteria for comparative analysis at the beginning of the process. This is a decisive factor for ensuring that the progress attained is measurable and transparent, as well as for monitoring trends and

transforming strategic objectives into operational ones. Regular monitoring of the established objectives and indicators will permit compliance measurement.

The main ILO proposals for MERCOSUR are summarized below.

### Coordination of Economic Policies

- (i) The first issue that must be addressed is the lack of coordination among the economic policies of the countries of the bloc and the absence of MERCOSUR institutions that promote a more coordinated integration of the countries in global trends. Specifically, there is a lack of dialogue channels, processes and institutions that promote the strengthening of competition and support an environment of linked regional production networks within the MERCOSUR countries. These networks would make integration possible based on a more solid productive base that supports an ongoing process to increase investment, which is clearly the basis for the generation of quality employment. Therefore, the creation of conditions that permit or facilitate more solid, productive integration is a prerequisite for the bloc's development.
- (ii) The above involves taking steps to facilitate coordination of economic policies of member countries, particularly macroeconomic policy. The establishment of a real, competitive and stable currency exchange policy would serve as a solid foundation in this area. It is important to repair past mistakes, such as the prevailing lack of coordination of macroeconomic policy, which, should it continue, would contribute to offsetting the progress made toward integration in other policy areas.

### Integration and Trade Policy

- (i) In the past, integration programmes proved extremely weak. The process was made more dynamic largely through the initiative of firms and groups of firms. With a view toward the future, it is necessary to develop a strategy of integration programmes, but with a different focus: the coordination of inter-institutional programmes that promote exports of production networks to MERCOSUR and other countries.
- (ii) It is equally important to develop a platform to strengthen the negotiation of trade agreements of member countries and for the MERCOSUR bloc as a whole. In the past, efforts at this level were very weak, and therefore must be corrected to prepare for the multiple trade negotiations planned in the future.

(iii) In this context, the contribution of MERCOSUR member countries to the development of production networks is crucial for making progress along the value chain and increasing value added per unit input, as a means to create more quality employment and thereby improve the population's standard of living.

(iv) Supporting networks is a priority issue: natural resource-intensive exports of the Southern Cone countries are mostly (with the exception of Brazil) primary processing products. They should gradually be converted to tertiary and quaternary processing products through support to the development of the respective production and service networks. A good example of this is the priority development of the tourism sector.

(v) It is crucial to ensure that policy to promote exports be less dependent on an implementing agency than on ongoing inter-institutional coordination among different policy areas.

(vi) There is a range of different instruments for export promotion, which can be combined for specific situations. It is essential that the composition or combination of promotion policies be adapted to the circumstances and the domestic capacity of the firms in each country and their main production networks.

(vii) The presence of small businesses in export activities is relevant because it contributes to more widespread progress in terms of specialization in the economy and generates more employment per resource unit oriented to exports. The most effective way to promote this intermediate objective is to promote the development of small business networks which extend throughout MERCOSUR or networks aimed at exporting to other countries.

(viii) Finally, the conditions for negotiating trade agreements and the decision to promote the increased entry into foreign markets are crucial for expanding exports, and once obtained, can serve as a powerful magnet for attracting new investment to MERCOSUR countries. The constant increase in productive capacity through the growth in investment will contribute to accelerating the creation of quality employment.

### Competitiveness Policies

(i) It is necessary to support business competitiveness through total quality and productivity programmes, dissemination of



technology, training of entrepreneurs, strengthening and creation of regional clusters and production networks at the MERCOSUR level, support in the creation of bi-national companies, promotion of horizontal and vertical forms of association among companies of MERCOSUR countries, and assistance for firm enhancements and upgrades.

- (ii) This creates a need to develop a platform at the MERCOSUR level for exploring, identifying and disseminating innovations and knowledge (science and technology) among member countries and their production networks, as well as supporting technical, management and labour training.
- (iii) Programmes to support and disseminate innovations at the MERCOSUR level should be interconnected and at the same time linked with production networks, chains and clusters deemed appropriate to support.
- (iv) It is important to work toward the formation and development of globalized MERCOSUR companies. Their experience will be vital for promoting quality standards, new products, process innovations, market niches and information networks.
- (iv) It is necessary to strengthen networks associated with international tourism and establish a platform to promote them at the MERCOSUR level. Tourism and the products and services incorporated into the tourism chain are activities whose demand is characterized by a high income elasticity reflecting the fact that they do not require technology of limited accessibility to member countries and they directly and indirectly generate employment and foreign currency reserves.

#### **Policies for Equal Opportunity between Men and Women**

- (i) Cooperation between community institutions is urgently needed to facilitate and strengthen the incorporation of equal opportunity in all policies, fostering the creation of networks of MERCOSUR institutions that promote equality between men and women.
- (ii) In an effort to develop the horizontal and coordinated actions (such as the creation of networks, awareness building, measurement and analysis instruments, monitoring, information and evaluation) necessary to successfully implement a strategy to achieve equal opportunity, the ILO proposes the creation of an adequately funded programme to define objectives and intermediate

goals in a specific timeframe, in which countries use common quantitative indicators, to achieve equality between men and women in economic and social life.

#### ***The Role of Government and Social Dialogue***

The implementation of these policy proposals in MERCOSUR countries involves a greater market orientation, but also better government. This does not mean a larger state, but rather improved public institutions in their role as facilitators in reducing economic transactions costs in a specific society based on its material progress. At the same time, it implies an ethical commitment to guaranteeing the necessary social progress to the most vulnerable sectors of that society. Achieving a balance between the principles of regulation, subsidization and solidarity is imperative in this era of globalization in order to overcome poverty and social exclusion.

The proposal stresses better government and not simply better governance. Governance of the democracies in the region demands concerted government policies. It also involves long-term efforts by all sectors of society and efficient policies carried out by government, which in the short term (the term of elected officials) lead to effective progress in employment policies.

Given the assumption that both government and the market are important, the ILO proposals constitute a solid base for the coordination of these proposals in MERCOSUR. This undoubtedly means an important step toward integration. It is a solid base because it argues in favour of increased competitiveness, but alongside social and productive development. The core objective of a development strategy must be the creation of quality employment. The strengthening of MERCOSUR is therefore both an end and a means. It is an end as an integration process, which should be further strengthened through the adoption of new policies for an expanded market. However, it is also a means: it constitutes a platform from which many national policies can be strengthened and opens the way for development processes centred around employment in member countries.

With respect to the institutions required to implement a growth strategy which targets employment, it is not so much a question of creating new institutions (although a MERCOSUR Employment Council is recommended, as is a regional employment strategy) but of strengthening and adapting existing national and regional institutions to give employment objectives the priority they deserve.

There is also a need to gradually build consensus with respect to the key measures each country should adopt for a development strategy with the main objective of creating quality employment. This area of consensus, which can be gradually expanded, forms the foundation for the approval of proposed measures, as well as for government policies that go beyond the changes in government administration. To this end, it is essential for political parties and representatives of employers and workers' associations to participate in discussions of these government policies.

In the specific proposals, the ILO stresses the importance of social dialogue at the mesoeconomic and microeconomic levels, as well as political and social intervention at the macroeconomic level to give political and social weight to a development strategy with the objective of creating employment.

### *Conclusions*

This article presented a series of policy proposals that are articulated at four different levels: macroeconomic, mesoeconomic and microeconomic policies as well as policies of active employment and targeted social spending.

However, the ILO is not suggesting that MERCOSUR countries mechanically implement the policies described; rather, it proposes a set of alternatives that can be combined in different ways to adapt to the specific situation and decisions of each country. It is the responsibility of each country to adopt - or not to adopt - the combination it believes most suitable given its characteristics, potential, advantages and challenges. Without disregarding the above, the ILO approach described here allows flexibility to coordinate these proposals at the MERCOSUR level in an attempt to promote synergies that strengthen sub-regional integration and permit progress toward development.



## Raising Labour Productivity in the Region: The Challenge of Growth and Wellbeing

After a six-year period of weak growth, Latin America is undergoing a process of economic recovery in 2004. It is a crucial period for one of the regions of the world that has experienced the most difficulty in achieving long-term growth. The International Monetary Fund (IMF) estimates that the annual average growth rate of the Latin American economy will be 2.4% between 1999 and 2005. If this pace continues, the regional economy will require 30 years to double in size, while the standard of living of Latin Americans - the per capita GDP - will take more than 100 years to double, assuming a slow population growth.

In recent decades, several attempts were made to alter this pattern in the region in an effort to accelerate growth and reduce poverty. The most recent was in the 1990s, when Latin American countries implemented macroeconomic and microeconomic reforms of varying degrees in a context in which the countries opened their economies and set forth to conquer foreign markets. The expectation was that these changes, which were mostly aimed at making markets more flexible, would create more opportunities and wellbeing for individuals. However, several studies reveal that the results were disappointing. In many countries, economic growth did not necessarily stimulate the creation of quality employment and consequently did not always lead to the improved wellbeing of the population. This phenomenon has been coined the paradox of growth without wellbeing. In these first years of the third millennium, 43% of the Latin American population lives below the poverty line when measured according to their income, a figure very similar to the rate of the early 1970s, according to data from the Economic Commission for Latin America and the Caribbean (ECLAC).

This feature article, based on the ILO study, *The Challenge of Raising Labour Productivity in Latin America: Results of a Study in Four Countries (2004)*, examines the role of labour productivity in the creation of wealth and development, as well as its inverse relationship with poverty. It also analyzes the relationship between labour costs, competitiveness and labour productivity. The study concludes that whereas labour productivity is a key factor in the global competitiveness of companies, labour costs also play a role, albeit a less important one.

With data from establishment surveys in Argentina, Mexico, Panama and Peru, the study examines how

capital, research and development, technology, the existence of unions, personnel training, wages, collective bargaining and other factors influence productivity at the microeconomic level. The microeconomic analysis focuses on labour productivity of wage and salaried employment in medium-sized or large establishments mostly in the manufacturing sector, due to the limited data available for analyzing labour productivity in other sectors.

The study's conclusions underscore the importance of and difficulty in analyzing the causes of low labour productivity in the region. When accompanied by efficiency and quality, increased productivity at the establishment level benefits workers and employers alike, and unavoidably requires social dialogue. The study proposes improving statistics to contribute to the discussion and policies with a broader empirical base. The recommendations for raising productivity in this study focus on microeconomic factors: firm adoption of technology and innovations, for which government support is needed, combined with training policies; improved labour practices; institutional mechanisms to support companies; and a better distribution of the benefits of increased productivity, among other factors.

### *Transferring Growth to Wellbeing*

There is clearly a problem when economic growth does not mean improved wellbeing for the population, because the relationship is not direct. This is what has occurred in Latin America in recent years. Since most people survive through their participation in the labour market, the root of the problem is found in the mechanisms that link aspects of production and employment.

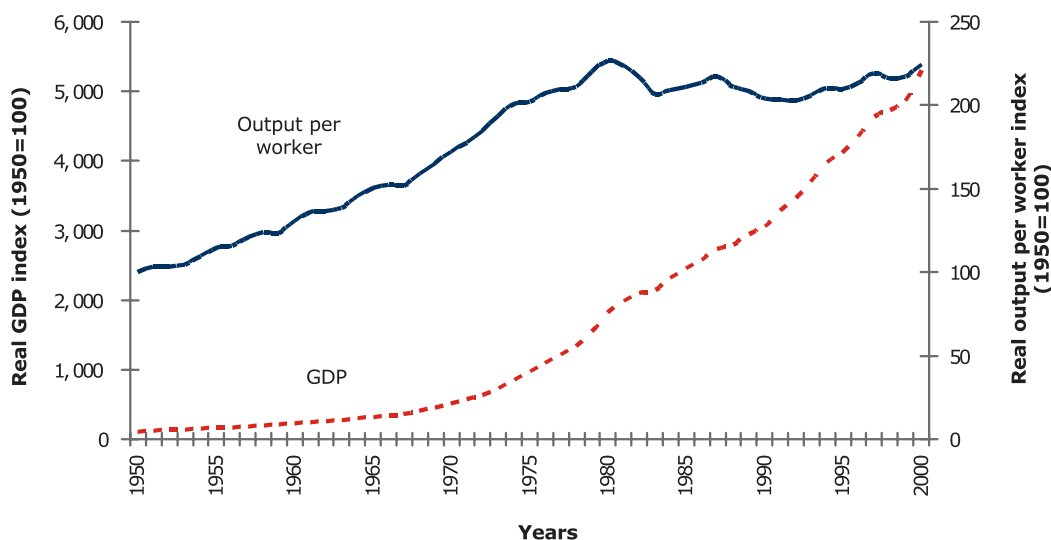
Labour productivity, which is usually expressed as the relationship between the total value of goods and services produced in a country and the labour inputs used to produce them, is one of the most important mechanisms for transferring economic growth to wellbeing. Mainly because of the limited data in this area, the indicator of average output per worker (that is, the output per employed person), which is the most commonly used productivity measure in the region, will be used in this feature article to measure labour productivity.

Despite its importance, this indicator has grown little in recent decades. Figure B.I shows that real output

per worker increased along with production until the late 1970s, but in the 1980s - the "lost decade", according to the ECLAC - there was a sharp decline from which countries have not recovered despite a moderate recovery in the 1990s. Currently, the real

output per worker is similar to that of 1980, which means that the possibilities for progress in the region are the same as they were two decades ago. The low labour productivity also explains why labour markets of the region produce such lackluster results.

FIGURE B.I  
**LATIN AMERICA: CHANGE IN REAL GDP AND REAL OUTPUT PER WORKER, 1950-2000**



Source: ILO, based on Penn World Table, version 6.1.



**Growth, Productivity and Wellbeing: Why is it Important?**

Normally, the analysis of productivity is thought to interest only those involved in production. This section presents international evidence on the key role played by labour productivity - measured by the most common indicator, the real output per worker index - in the creation of wealth and development, as well as its inverse relationship with poverty in the countries. Data on Latin America from ECLAC and the Penn World Table are used. These sources contain similar results in terms of trends but not in terms of levels.

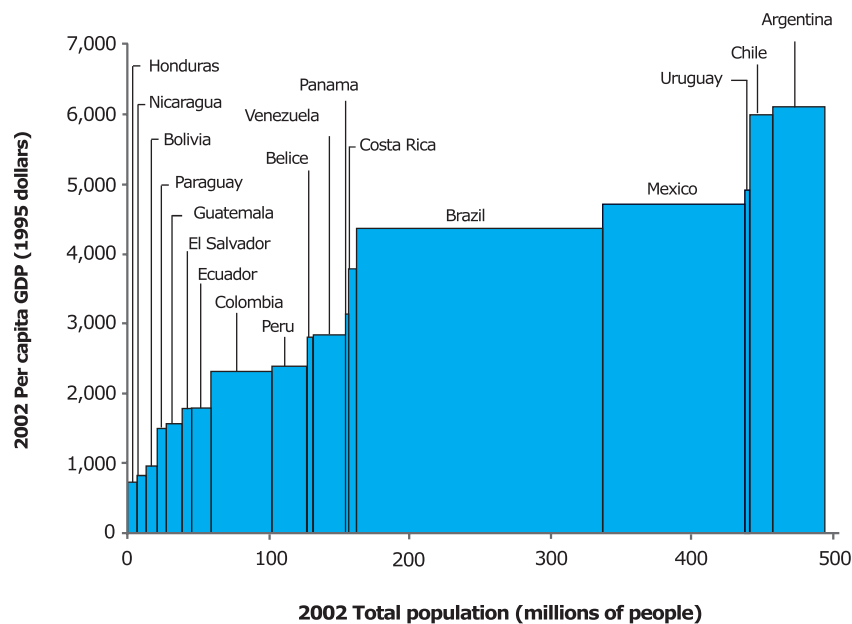
**Growth and Output per Worker**

The most commonly used indicator to reflect the economic growth of a country is the per capita GDP. In 2002, the per capita GDP in Latin America was US\$ 3,867 in 1995 dollars (ECLAC), whereas it was almost 10 times higher in the United States (World Bank). The low per capita GDP reflects the extent to which the region has lagged behind in terms of economic development.

In addition, this indicator varies widely among Latin American countries. Argentina, Chile and Uruguay had the highest per capita GDP in 2002, followed by Brazil, Costa Rica and Mexico (Figure B.II). It also indicates

FIGURE B.II

**LATIN AMERICA AND THE CARIBBEAN (18 COUNTRIES):  
PER CAPITA GDP IN SELECTED COUNTRIES**



**Source:** ILO, based on ECLAC data.

Note: The bars reflect the size of the economy of each country in 2002, in 1995 dollars.

the efforts that countries such as Bolivia, Honduras, Nicaragua and Paraguay would require to reach the regional average.

The importance of per capita GDP as an indicator of the economic progress of a country has long been discussed. Nevertheless, it is not usually mentioned in studies that the key determinant of this indicator is the level of labour productivity of a country. This is deduced from the definition of the per capita GDP, which is calculated by multiplying the output per worker and the employment-population proportion. Unlike the concept of employment-to-population ratio used in the *Labour Overview* (the number of employed persons divided by the population of working age), in this feature article, the employment-population proportion is defined as the relation between the number of employed persons and the total population.

The employment-population proportion is an indicator of the level of labour market development because it increases when employment rises or unemployment declines. It is also affected by demographic factors because it decreases if the population is very young or old (of retirement age). Since the demographic structure of the countries is similar, the proportion varies little among them. In Table B.I, the employment-population proportion fluctuates around an average value of 37% in the region. This implies that just over a third of the total Latin American population is employed. The 2002 values indicate that they fall within a narrow range (the highest does not double the lowest) and probably differ little over time by country, although there is little available information in this regard.

The slight variations in the employment-population proportion figures indicate that the basic difference

TABLE B.I

**LATIN AMERICA (17 COUNTRIES): PER CAPITA GDP, EMPLOYMENT-  
POPULATION PROPORTION AND OUTPUT PER WORKER, 2002  
(U.S. dollars and percentages)**

Country	Per capita GDP (1995 dollars)	Employment- population proportion (%)	Output per worker (1995 dollars)
	(a)	(b)	(a/b)
Argentina	6,058	32.3	18,750
Bolivia	938	25.3	3,713
Brazil	4,334	43.1	10,059
Chile	5,983	34.9	17,168
Colombia	2,274	37.2	6,113
Costa Rica	3,768	39.4	9,564
Ecuador	1,776	35.9	4,941
El Salvador	1,757	35.9	4,890
Guatemala	1,554	29.3	5,305
Honduras	714	24.8	2,879
Mexico	4,699	33.2	14,158
Nicaragua	788	28.1	2,805
Panama	3,123	32.7	9,553
Paraguay	1,474	29.8	4,952
Peru	2,378	38.0	6,257
Uruguay	4,876	39.0	12,504
Venezuela	2,796	37.5	7,448
<b>Total (sample) <sup>a/</sup></b>	<b>3,867</b>	<b>36.7</b>	<b>10,525</b>

**Source:** ILO, based on ECLAC for per capita GDP data and on World Economic Forum (2003), *Global Competitiveness Report 2002-2003*, for employment-population proportion information.

a/ Refers to the average of the countries included in the table, which is very similar to the figure for output per worker for the region as a whole.

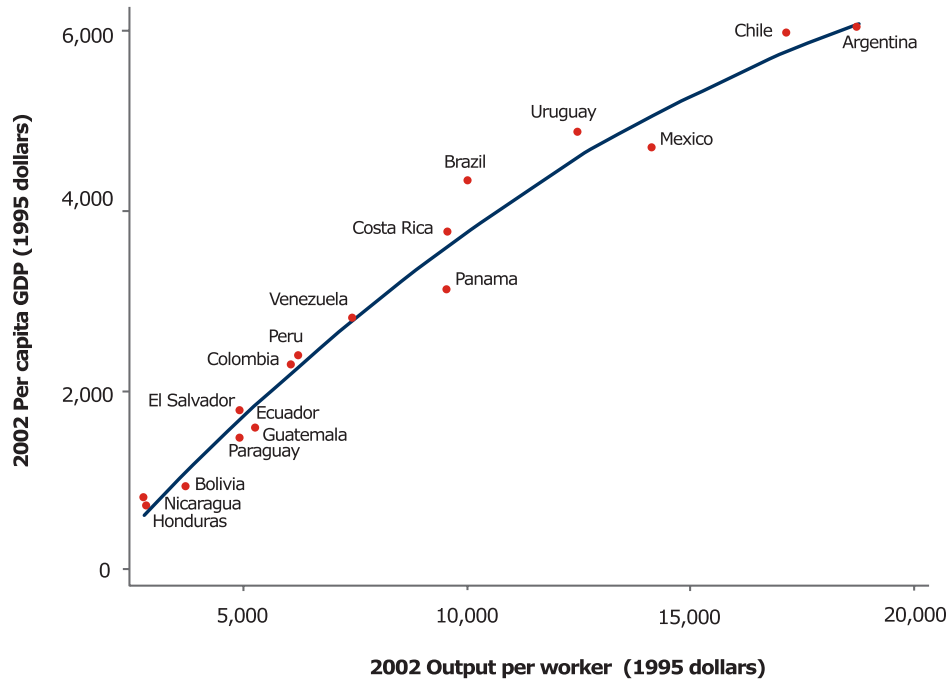
among per capita GDP levels in the countries of the region is explained by their differing levels of output per worker, as observed in Figure B.III. This figure demonstrates a positive, direct relationship between per capita GDP and output per worker. It also shows that in addition to Argentina, Chile is noteworthy

as its position has risen sharply in recent decades. Chile's development over the past three decades has been closely associated with the increase in its levels of output per worker (Figure B.IV). In contrast, this indicator has fallen in Peru and Bolivia, following the trend of the region as a whole.



FIGURE B.III

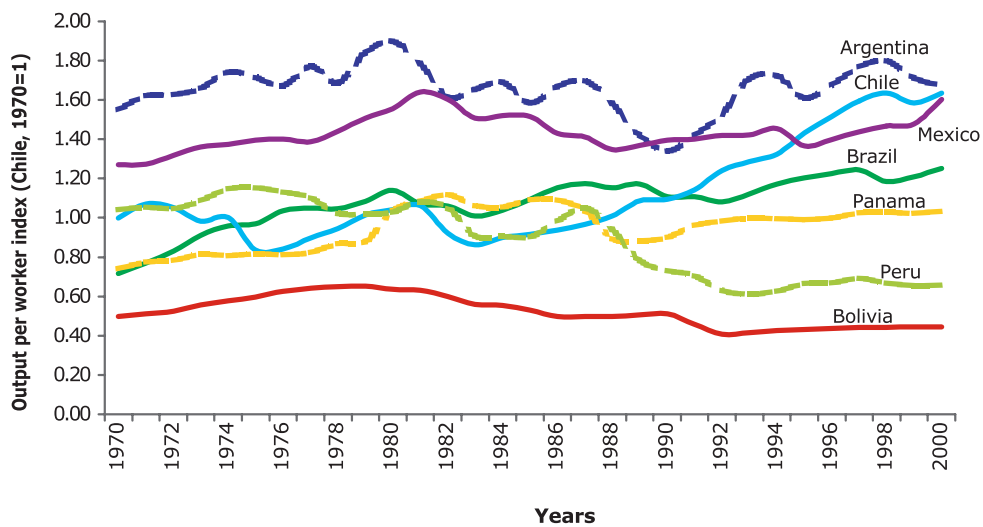
**LATIN AMERICA (17 COUNTRIES): RELATIONSHIP BETWEEN PER CAPITA GDP AND OUTPUT PER WORKER, 2002**



Source: ILO, based on ECLAC data and the World Economic Forum (2003).

FIGURE B.IV

**LATIN AMERICA (7 COUNTRIES): CHANGE IN THE OUTPUT PER WORKER IN SELECTED COUNTRIES, 1970-2000**



Source: ILO, based on Penn World Table, version 6.1.

### Output per Worker, Poverty and Human Development

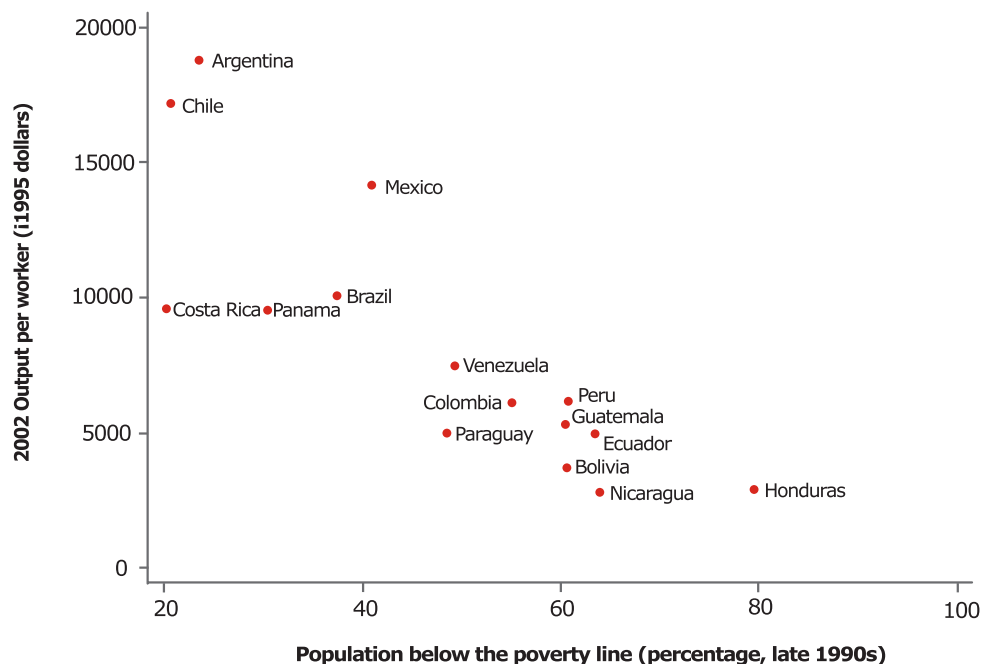
Frequently, productivity is viewed only as important for those actors involved in production. However, the level of labour productivity has major social implications. In Latin America, a worker generates a level of production approaching US\$ 10,500 annually, an amount that results in an average monthly income of just over US\$ 430, assuming that half of the production is destined to labour and the other half to other production factors. Average earnings in developed countries or regions, such as the United States, Japan or Europe, are much higher than in Latin America, mainly because their production is organized in such a way that the output per worker exceeds US\$ 40,000 and even US\$ 50,000 annually. In the United States, for example, almost 70% of the output goes to remunerating labour, according to recent data.

There is international evidence that links productivity with wellbeing. First, there is a negative relationship between the level of output per worker and poverty indices (Figure B.V.a) in a cross-section of countries. Countries that are above the average output per worker for the region (more than US\$ 10,000) have poverty rates below 50%; in contrast, the majority of the countries where the output per worker is below this average have poverty rates surpassing 60%. Of course this is not the only factor determining a country's poverty level. This is why the figure reveals some variability in poverty levels among countries with similar levels of output per worker.

Further evidence arises from the relationship between these indicators over time. Figure B.V.b shows the change in poverty, output per worker and level of production for Latin America as a whole. The change in regional poverty in recent decades appears to be

FIGURE B.V.a

#### LATIN AMERICA (15 COUNTRIES): RELATIONSHIP BETWEEN POVERTY AND OUTPUT PER WORKER



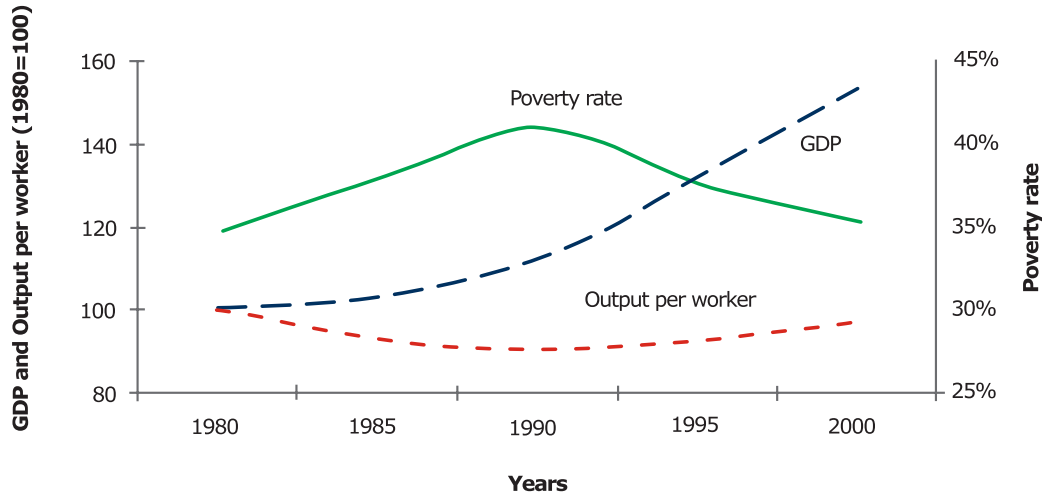
Source: ILO, based on ECLAC poverty figures (2002), *Panorama Social 2001-2002*; for output per worker, ECLAC and World Economic Forum (2003).

Note: The poverty rates for Argentina and Ecuador are for urban areas only.



FIGURE B.V.b

**LATIN AMERICA: RELATIONSHIP BETWEEN THE POVERTY RATE, OUTPUT PER WORKER AND GDP, 1980-2000**



Source: ILO, based on data from ECLAC (2001), *Panorama Social 2001-2002*; and Penn World Table, version 6.1.

more closely related to the trend in output per worker than to that of production *per se*. In other words, as mentioned, the paradox of economic growth without wellbeing observed in Latin America in recent decades appears to be strongly associated with the fact that the output per worker has not recovered sufficiently after declining in the 1980s. The figure also demonstrates that economic growth (rise in production) by itself does not necessarily reduce poverty. GDP growth is only one condition necessary for a reduction in poverty. The change in output per worker is more closely associated with poverty levels.

Employing another indicator of the level of wellbeing of the population, the Human Development Index of the United Nations Development Programme (UNDP), reveals a positive relationship between output per worker and human development (Figure B.VI). This result is not surprising since countries that create a production system in which workers can realize their maximum potential are also those that permit them to improve their living conditions and level of development.

Consequently, the output per worker of a country is a basic source of its wealth. Because of this, it is a key determinant of the living conditions of the population in the region's countries.

At the microeconomic level, within companies, key factors encourage (or discourage) labour productivity. However, before embarking on an analysis of the key elements of labour productivity at the microeconomic level, it is important to discuss the relationship among labour costs, competitiveness and productivity.

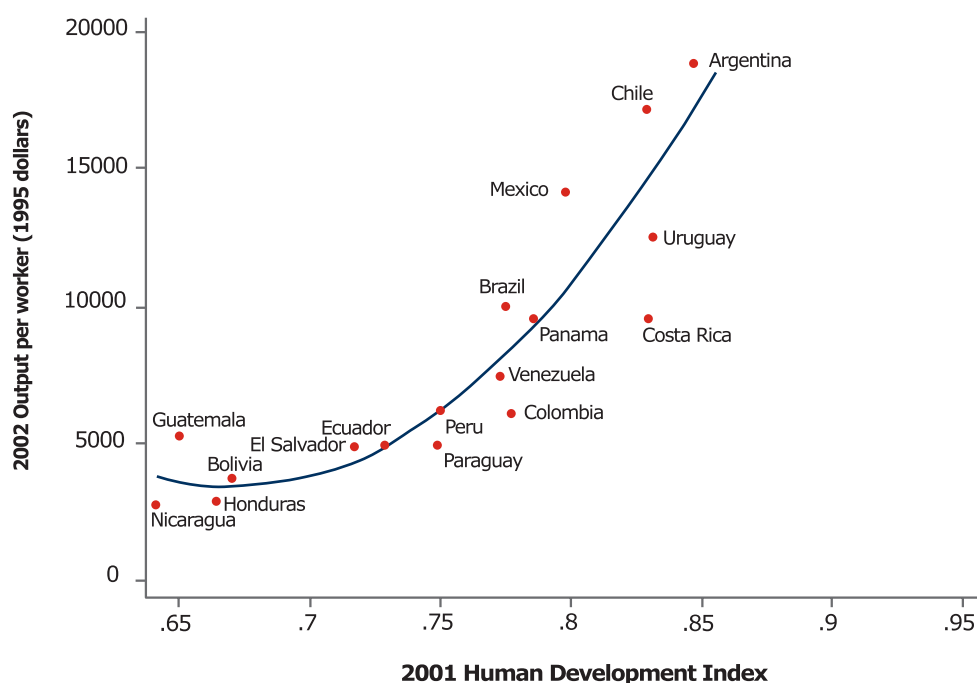
### *Labour Costs, Competitiveness and Labour Productivity*

Labour productivity and competitiveness are frequently presented as closely related topics. When analyzing competitiveness, it is common to refer to labour costs, which has generated heated debates in the region in recent years. This section presents a brief summary of the association between the two concepts based on empirical evidence.

To analyze the competitiveness of labour, the concept of unit labour cost is usually used, which is defined as the ratio of labour cost to output per worker. The inverse of unit labour cost is recognized as an indicator of labour competitiveness. In any case, it is a very intuitive indicator: if the output per worker is high, labour costs can be high without affecting the competitiveness of a country.

FIGURE B.VI

**LATIN AMERICA (17 COUNTRIES): RELATIONSHIP BETWEEN THE HUMAN DEVELOPMENT INDEX AND OUTPUT PER WORKER**



*Source:* UNDP (2003), *2003 Human Development Report*; ECLAC (Web), *2003 Statistical Yearbook*; and WEF (2003), *Global Competitiveness Report*.



A comparison of the countries of the region reveals that some countries, such as Colombia and Peru - whose unit labour costs are lower than those of Brazil, Chile and Mexico - are more "competitive in labour terms" than the others. However, it is important to take into account that the unit labour cost index expresses only one aspect of competitiveness: that derived from producing at low labour costs. However, the concept of competitiveness used internationally also involves other factors, such as the institutional, microeconomic and macroeconomic conditions necessary for healthy business performance.

In the Global Competitiveness Index developed by the World Economic Forum, Colombia, Peru and Venezuela stand out for their low levels of global competitiveness as compared with Brazil, Chile and Mexico, but at the same time, they have lower unit labour costs than those countries. In the majority of countries with high levels of competitiveness at the global level, competitiveness is not based on labour costs exclusively. Diverse microeconomic and macroeconomic factors largely determine their level of global competitiveness. The labour force influences competitiveness, but through

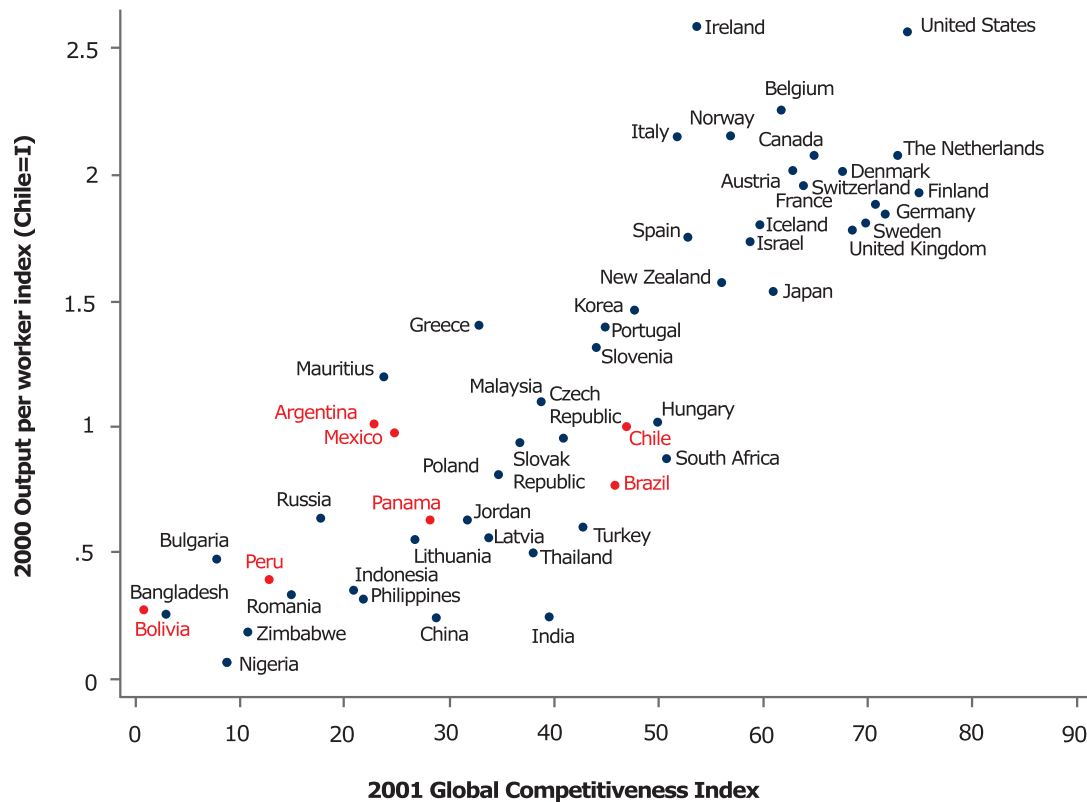
its high capacity for innovation, and consequently, its high skill level. Thus, having better educated workers is what allows some countries to absorb higher labour costs, both in absolute terms and in terms of output per worker.

The strategies countries use to increase their competitiveness do not always rest on labour costs. While reducing costs is an alternative that can produce short-term results, a more sustainable option for the long term is product differentiation and different forms of production. In order to follow this strategy, firms must have access to a quality labour force, as well as methods of work organization that promote creativity and an economic and social environment that fosters innovation. All of these factors contribute to labour productivity in the broader sense.

The level of labour costs, as a competitiveness indicator, is only relevant in terms of labour productivity because, as mentioned, if the output per worker is high, labour costs may also be high without affecting competitiveness. In other words, labour productivity is a more important factor in global competitiveness

FIGURE B.VII

**SELECTED COUNTRIES WORLDWIDE: RELATIONSHIP BETWEEN THE OUTPUT PER WORKER INDEX AND THE GLOBAL COMPETITIVENESS INDEX**



**Source:** World Economic Forum (2003), *2003 Global Competitiveness Report*; Penn World Table 6.1

Note: The competitiveness index is calculated by the World Economic Forum using 2001 data for selected countries worldwide. This index is composed of different indicators associated with institutional, macroeconomic and technological aspects.

than are labour costs. This is demonstrated in Figure B.VII, which reveals the positive relationship existing between the levels of labour productivity and the global competitiveness index.

These data confirm that when a higher output per worker exists, the increases in labour costs do not necessarily affect labour competitiveness. Higher levels of labour productivity are associated with other factors necessary for the competitiveness of countries in the international arena, such as a higher skilled, more creative labour force that is more committed to productive innovation processes, which constitute the source of wealth creation in the modern world. A worker

with a higher productive capacity generates or demands constant innovations of goods. At the same time, this allows for a better work environment and means through which workers develop their potential.

### *Determinants of Labour Productivity at the Microeconomic Level*

Productivity is ultimately generated at the establishment level, and it is there where several of its key determinants are found, especially those related to the labour market. This is the foundation of this feature article based on four national studies, which used a cross-section of establishment survey data in

TABLE B.II

**SELECTED COUNTRIES OF LATIN AMERICA (ARGENTINA, MEXICO,  
PANAMA AND PERU): MICROECONOMIC DETERMINANTS OF OUTPUT PER WORKER**

	Argentina 1998-2001	Mexico 2000	Panama 1999-2002	Peru 1998
<b>Establishment Characteristics</b>				
Capital intensity	(+)	(+)		(+)
Age of business			(+)	(+)
Export establishment			(+)	
Establishment with foreign investment		(+)	(+)	
<b>Technology</b>				
Research and development	∅	∅		∅
New technological processes a/	∅	(+)		(+)
<b>Labour Practices</b>				
Proportion of temporary workers / total				(-)
Proportion of skilled workers	(+)	(+)		
Training b/	(+)	(+)		(+)
Unionization		(+)	∅	∅
Collective bargaining c/	(+)	(+)	(+)	
Wage levels / labour cost			(+)	∅
Participatory labour environment d/		(+)		

**Source:** National case studies, Szretter (2004), Mertens, Brown and Domínguez (2004), Hernández (2004) and Chacaltana (2004).

Note: In all cases, a Cobb Douglas production function was specified. (+) indicates a significant and positive coefficient, (-) a significant and negative coefficient, (∅) an insignificant coefficient, and blank spaces indicate that these variables were not considered in the respective regression analyses. In all countries, the dependent variable was sales per worker, except in Peru, where it was added value per worker. In all countries, manufacturing sector databases were used, except in Panama, where data for all sectors were used.

a/ In Argentina, this refers to spending on innovative technology. In Mexico, it refers to the existence of innovation and improvements in the organization of production. In Peru it refers to the existence of some type of innovation.

b/ In Argentina and Peru it refers to the presence of training in the establishment. In Mexico it includes three variables: training, evaluation of its effectiveness and hours of worker training.

c/ In Argentina and Mexico it represents the existence of collective bargaining. In Panama it expresses the proportion of workers benefiting from collective bargaining agreements.

d/ Includes organizational changes that permit more worker participation in decision-making.

each country. In Argentina, Mexico and Peru, only databases for the manufacturing sector were available, whereas in Panama, information from all sectors was included.

The key results of the econometric analysis, whose objective was to identify the variables within companies that encouraged (or discouraged) labour productivity, are presented below. In other words, the study sought to identify significant relationships (positive or negative) between certain key variables and labour productivity. The results of this exercise are presented in Table B.II.

The list of explanatory variables is divided into three groups: establishment characteristics, technology and labour practices. Within the first group, Argentina, Mexico and Peru included the variable of capital intensity (measured as capital stock divided by labour input), which proved significant in stimulating labour productivity in all cases. This result is frequently mentioned in specialized studies in the sense that firms or sectors with greater labour productivity are also the most capital intensive. The capitalization of less productive sectors is therefore a necessary condition for fostering productivity growth in the region. On the other hand, some would argue that rising productivity

yields higher unemployment, but there is lack of systematic evidence to support this hypothesis. Nonetheless, higher productivity should be supported simultaneously by technology and training in order to avoid employment growth which favours some to the exclusion of others. With respect to the other descriptive variables of establishment characteristics, those associated with the age of the business (Panama and Peru) and foreign investment in the establishment (Panama and Mexico) had a significant and positive influence; the variable "export establishment" was significant in Panama, the only country that incorporated this variable.

The second group included variables associated with technology (Argentina, Mexico and Peru). In these three countries, a research and development variable was incorporated representing the existence of an area dedicated to this subject or practices of this type in the establishment. This variable had a positive but statistically insignificant effect in explaining labour productivity. This result is most likely attributable to the fact that few establishments carry out research and development in these countries (in Peru, the figure is less than 2%), that these investments are slow to mature or that few attempts have been successful. Nevertheless, in Mexico and Peru, the variable concerning whether the company had recently introduced an innovation did have a positive and significant effect. Combining both results indicates that the companies do not necessarily incorporate technologies they themselves develop. Innovations may be sub-contracted or imported.

Two case studies coincide in pointing out that Latin American countries generally follow technology trends rather than pioneer them. Therefore, adaptation, "copying" and other means of reducing the technological gap are important mechanisms for technical progress. Nevertheless, this also poses a problem in an environment such as the one described, because companies face difficulties in investing in research and development themselves or in ensuring that these investments have a real impact. In addition, there is the illegal phenomenon of piracy. All of this leads to the conclusion that support for research and development in firms should be provided by the government.

Furthermore, technology development is dependant on the economic conditions of a country and of the firm itself. The period of the regression analysis (1998-2001) in Argentina may explain the statistically insignificant effect of the coefficient in this case since this country experienced a severe economic crisis beginning in 1998. In other words, many activities

related to technology development were most likely frustrated and interrupted or their adoption for production enhancement was considerably delayed during the period.

The third group included variables associated with labour practices within the establishment, which were very significant and diverse. One of the labour practices was the variable of personnel training, which had a positive, significant effect on labour productivity in Argentina, Mexico and Peru. In Panama, there were no data available for this variable. This result is promising since it confirms empirical evidence from establishments in three Latin American countries that demonstrate that worker training, as a complement to education, improves the productivity of workers and businesses. As one of the case studies points out, training provided by establishments is closely associated with innovative practices and technological capacities of the establishments. Without new technology, there is no demand for training and when workers lack training, it is difficult to embark on processes that target innovation. The interdependence between these variables should be central to any policy recommendation developed.

In Argentina and Mexico, a variable was included that was associated with the proportion of skilled workers in the establishment, which also had a positive effect. As other studies demonstrate, better educated workers learn more quickly and tend to receive more training in the establishment, thereby contributing to the increase in productivity.

In Mexico, Panama and Peru, a variable associated with the presence of a union in the establishment was included, which only had a positive and significant effect in Mexico. In addition, in Argentina, Mexico and Panama, a variable was included on the existence of collective bargaining in the company. In all three cases, there was a statistically significant positive effect, in other words, this variable encouraged labour productivity. Other studies on the subject had mixed results regarding the relationship between unionization and productivity; at times it is positive, whereas in others it is negative and in some cases is statistically insignificant. This seems to be the case in the studies of the four selected countries. Nevertheless, the existence of a collective bargaining agreement was significant in the three countries in which this variable was included in the analysis. This indicates that unionization does not necessarily improve productivity in all cases; nevertheless, the fact that collective bargaining agreements are made between the parties of the labour relationship, which requires the existence of unions, does have a positive effect on labour productivity.

In Panama, a variable associated with wages was used, which was significant and had a positive coefficient, indicating a strong correlation between increased productivity and wages. In this case, the correlation does not necessarily express causality, because it is not a one-way relationship. Wages are also known to have a positive correlation with the educational level of workers, another variable analyzed. Although this variable was significant only in Panama, the data on wages for Argentina and Peru indicate that productivity and wages generally move in the same direction. Notwithstanding, an increase in productivity does not necessarily imply an increase in wages of the same magnitude or in the same timeframe. Moreover, when productivity declines, wages may fall even more. Wages can fluctuate in different magnitudes and different timeframes than those of productivity because the change reflects conditions of the final goods market, for example, changes in prices of final products, but also of the labour market, for example, a labour surplus.

Additionally, in Peru a variable was included regarding the relationship between the proportion of employed persons who are temporary workers and productivity. The coefficient had a negative and statistically significant effect, that is, short-term contracts discourage productivity increases. An earlier study indicated that this result reflects incentives associated with training since a higher proportion of short-term contracts discourage training investments.

Finally, in Mexico the variable "participatory labour environment" was included, which refers to workers' ability to participate in establishment decision-making. This had a positive, significant effect on labour productivity. The results of the study in this country indicate that establishments that are dynamic in technological and labour terms have a labour productivity level up to three times higher than establishments that are passive in both respects, even though labour costs of the former may be higher. This is the basis of the main argument: regardless of macroeconomic conditions, the increase in productivity within establishments does not depend solely on technological innovation or labour conditions; both dimensions must be jointly developed to increase productivity in a sustainable manner.

### *Conclusions and Future Agenda*

Output per worker is a key indicator of economic growth in the countries of the region. Due to its importance, this concept can be studied from practically all economic angles. This feature article analyzed the variable from a labour market perspective, presenting

evidence confirming that several of the problems observed in the countries studied -decent work deficit, low income, inadequate working conditions and poor international competitiveness - are closely related to low labour productivity in the region. Labour productivity is not only a concern of those involved in production but of society as a whole because it has crucial implications for poverty and human development.

There is no easy answer to the question of why labour productivity is so low in some countries. The issue has received little attention in the region. During the 1980s, when the debate concentrated on processes of adjustment rather than those of economic growth, this issue fell out of favour. The focus shifted to labour costs. In addition, in recent decades, several Latin American countries have launched labour reforms involving processes to make labour markets more flexible, in an effort to attract foreign investment and promote growth and quality employment. However, after several years of implementation, problems persist in the labour market, with the consequent impact on inequality and poverty. This strategy seems to have reached its limits, particularly in countries where reforms were the most drastic, such as in Argentina and Peru.

For this reason, there is growing consensus in the region that labour productivity should be prioritized as a sustainable means for growth and human development, as this article maintains. The first result of the study is that social actors view productivity in different ways. Although they are not in the majority, some employers, for example, associate productivity only with efficiency and reduced costs, whereas some workers relate it to labour exploitation. As a result, dialogue processes regarding this variable are made difficult. Neither of these interpretations is correct. The promotion of productivity should and can benefit workers and employers alike, as long as it incorporates the criteria of efficiency and quality entailed in the modern concept of productivity. This requires an educational effort and a reconciliation of social actors' different interpretations regarding the dimensions of the productivity concept. This also involves strengthening social dialogue, which is the foundation for promoting the productivity of firms and countries.

The second conclusion is that a programme to measure this variable at the sectoral and establishment level is urgently needed because the lack of statistics limits empirical discussion of the subject, especially at the macroeconomic level. The databases in the region associating production and employment are limited and very dissimilar. In general, they emphasize measuring the labour supply (through household surveys) over evaluating labour demand (through establishment



surveys). An employment statistics programme at the establishment level or an improvement of these statistics in countries where they exist would help to better define this concept, develop measurement alternatives and thereby enable discussions on how to promote productivity with greater precision.

Third, this feature article examined the factors that determine labour productivity at the establishment level, dividing the variables into three groups: establishment characteristics, technology, and labour practices. Due to the limited availability of information, establishment data were used, that is, formal sector data, mainly from the manufacturing sector. Results indicate that in terms of establishment characteristics, the most capital-intensive establishments have the highest levels of labour productivity. Another key finding related to the above is the significant effect of technological innovation on labour productivity in the establishment, even when it is not generated by the establishment itself. Given that several countries of the region face serious problems of intellectual property rights involving technological innovations, technological development requires government participation through measures such as innovation funds, research centres and universities.

The variables associated with labour practices within the establishment had very significant effects. Particularly noteworthy was the role of personnel training, which is complemented by technological innovation. Without innovation, there is no demand for training, and without trained workers, it is difficult to begin processes targeting innovation. The interdependence between these variables should be the basis of all policy recommendations on the subject. This requires intensive training efforts at schools and the modernization of training mechanisms, which often reproduce the shortcomings of the basic school system. Firms and unions should participate in this effort to ensure that learning is inclusive and ongoing in organizations and that it focuses on productivity and decent work.

Another key aspect associated with labour practices is the relationship between unions and productivity. Unionization has declined in several countries of the region in recent years. This study and other recent

studies in Latin America show mixed results regarding productivity and unionization: whereas in some countries there is a negative relationship, in others it is positive. The explanation for this diverging behaviour is that the contents of negotiations may be different in each case. Nevertheless, the existence of negotiation or a collective agreement stimulates labour productivity in establishments.

Fourth, four institutional mechanisms were observed through which the countries studied promote their levels of productivity, in addition to macroeconomic policies. The first is specific regulation through laws to promote innovation (Argentina), tax breaks (Panama) or to make the labour market more flexible (Peru). A second mechanism uses existing channels in the four countries for productive dialogue between the parties. These must be strengthened to promote understanding which benefits productivity. The third is the establishment of productivity offices or specific departments, usually in ministries or departments of labour (these offices exist in Mexico, Panama and Peru, although only in the first of these countries do they specifically promote productivity). This last mechanism consists of offices associated with the development of productivity, such as systems that directly and indirectly support innovation, business training and competitiveness programmes. This area requires further research to determine the impact of these instruments, the degree of linkages and coordination between them, and whether they are coordinated by specialized bodies, as they are in other parts of the world, among other aspects.

Finally, a key issue is the distribution of the benefits of the growth in productivity. In a labour relationship, the employer depends on the worker to increase the establishment's productivity and vice versa. This implies that increasing productivity in the company requires an agreement between the parties regarding how the benefits of productivity growth will be distributed. If one of the parties believes that his capacity to share in these benefits is limited, the increase is unlikely to occur. To this end, it is crucial to promote transparency of information and social dialogue between workers and employers to ensure a distribution that benefits both parties.

## Child Labour to be Abolished in Latin America and the Caribbean

Several studies demonstrate that the entry into the labour market of boys and girls is a complex global phenomenon with many causes. Among its immediate causes are the lack of employment opportunities for adults and the physical and economic inaccessibility of education. Other underlying factors include the high fertility rate and the desire - either of the individual or of other household members - to acquire consumer goods or improve income. Structural causes also play a role, including the low national income, poverty and social exclusion of certain groups and the lack of decent work for adults.

Recent International Labour Office (ILO) estimates indicate that in 2000, close to 350 million children between the ages of 5 and 17 were working worldwide, of which six of every 10 were under the age of 15. This means that one in four children aged 5 to 17 is employed in the world. In Latin America and the Caribbean, an estimated 27.7 million children between the ages of 5 and 17 are employed in economic activities, representing 8% of the world total of employed persons in this age group and 20% of the total of children between the ages of 5 and 17 in the region.

Some forms of child labour do not violate international conventions and/or national legislation on the subject because they do not place at risk children's education, mental and physical health or development. Worldwide, of the total children employed, nearly 246 million are engaged in child labour to be abolished because they should not be participating in that type of work at their age, because it is dangerous work or because it is unquestionably one of the worst forms of labour. These children represent 16% of their age group and half are girls. In Latin America and the Caribbean, it is estimated that there are more than 18.5 million children between the ages of 5 and 17 engaged in labour to be abolished, which represents 13% of the total population of that age group in the region.

To gain a better understanding of this complex phenomenon, the characteristics of employed children and their jobs must be studied, for which reason updated, accurate information is indispensable. This feature article on child labour to be abolished analyzes international standards on the subject, including the key concepts used and the results of recent surveys, which reflect the incidence and characteristics of this phenomenon and which vary among countries. It also examines the association of this phenomenon with

social and economic variables. Likewise, it analyzes the policies implemented by some countries in the region.

The study concludes that countries of the region must redouble their efforts to put an end to the employment of children in labour to be abolished, for which reason further study of this phenomenon is needed. Among other actions, this requires carrying out surveys every two to four years and prioritizing the issue on the government social agendas of the region. With respect to policies, recommendations include the promotion of social programmes accessible to families with children engaged in labour to be abolished, which requires participating families to stop their children from working in order to receive benefits. It also proposes the implementation of programmes specifically targeting children in rural areas since the problem is concentrated in those areas.

### *Applicable International Conventions and Standards*

There are three international standards instruments that address the issue of child labour: the 1990 United Nation's Convention on the Rights of the Child (CRC), ILO Convention 138 (concerning minimum age for admission to employment, 1973), and ILO Convention 182 (concerning the prohibition and immediate action for the elimination of the worst forms of child labour, 1999). The annex to this feature article, Table D.I, lists the ratification status of these conventions among 25 countries in the region.

The CRC details the rights of individuals under the age of 18, including their protection against economic exploitation and working in jobs that may be dangerous, that interfere with their education or that are harmful to their physical, mental, spiritual and moral health or social development. The countries that have ratified this convention have committed to adopting legislative, administrative, social and educational measures leading to increased protection of children, defined as individuals under the age of 18. Moreover, they assume the commitment to set a minimum age for admission to employment, regulate working hours and working conditions and to define sanctions in cases of economic exploitation of children.

ILO Convention 138 on the minimum age of admission to employment commits the states that ratify it to setting the minimum age for admission to employment,



with some flexibility depending on the level of development of the country and the type of labour activity. It urges countries to establish a minimum age, to ensure that it is not below the age of completion of mandatory schooling, or below 15 years, permitting countries whose economy and educational facilities are insufficiently developed to initially specify a minimum age of 14 years with a view toward eventually raising it to 15 years. The minimum age for light work is 13 years, but may be set at 12 years initially. The minimum age for dangerous work should be 18 years, and 16 years under strictly limited conditions.

Through ILO Convention 182 on the prohibition and immediate action for the elimination of the worst forms of child labour, states agree to urgently adopt measures that prohibit and eliminate the following for all children under the age of 18: (i) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict; (ii) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; (iii) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties; and (iv) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

### *Concepts Related to Child Labour and its Measurement*

Between 2000 and 2002, 12 Latin American countries conducted surveys to collect updated, expanded and comparable data on child labour activities (Table D.II

of the Annex). The surveys were carried out as part of the activities of the Statistical Information and Monitoring Programme on Chile Labour (SIMPOC) of the ILO's International Programme for the Elimination of Child Labour (IPEC). In the analysis of the survey data, employed children are defined as individuals under the age of 18 that in the interview claimed to have worked at least one hour during the week prior to the survey in the production of economic goods or services, according to the definition established in the United Nations System of National Accounts. The definition of employed for children is the same as that used for adults.

Because the entry of children into the labour market does not always violate national laws and/or pertinent international conventions since some forms of employment do not jeopardize children's education, physical, moral or mental health and development, taking into account their age, this feature article examines only child labour to be abolished, that is, work prohibited by the laws of the country and/or international conventions due to the risks involved for children and adolescents.

In general terms, child labour to be abolished covers the work carried out by individuals under the age of 18, except in low-risk jobs performed by individuals ages 14 or 15 or older, depending on national legislation, and light work carried out by children aged 12 to 13. Low-risk work beginning at 14 or 15 years, depending on national legislation, excludes dangerous work and the unquestionably worst forms of child labour. Light work is that which probably does not harm the health or development of individuals ages 12 or 13 and up, and that does not negatively affect their education, learning or instruction (Figure C.I).

FIGURE C.I

#### TYPES OF CHILD LABOUR TO BE ABOLISHED AND NOT TO BE ABOLISHED, BY AGE GROUP

	Under 12 years a/	12-13 years a/	14-17 years a/
Light work	Child labour to be abolished	Child labour not to be abolished	Child labour not to be abolished
Low-risk work	Child labour to be abolished	Child labour to be abolished	Child labour not to be abolished
Worst forms: dangerous work or unquestionably worst forms of labour	Child labour to be abolished	Child labour to be abolished	Child labour to be abolished

■ Child labour not to be abolished    ■ Child labour to be abolished

**Source:** Based on *A Future Without Child Labour* (ILO, 2002).

a/ Ages vary according to the legislation of each country.

### *Magnitude and Characterization of Child Labour to Be Abolished*

National household surveys on child labour carried out between 2000 and 2002 in selected countries highlight the widespread participation of children in the labour

market in the region and the large percentage engaged in child labour to be abolished (Table C.I). Nevertheless, the relative size of the group varied considerably among countries, from a low of 3% of employed persons aged 5 to 17 in Chile and Panama to a high of 20% reported in Guatemala.

TABLE C.I

#### **LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): EMPLOYED PERSONS AGED 5 TO 17 YEARS, BY COUNTRY, 2000-2002**

Country	Employed persons (in thousands)	Employment-to- population ratio (in %) a/	Employment-to-population ratio in labour to be abolished (in %) b/
Belize	9	11	7
Brazil	5,483	13	10
Chile	196	5	3
Colombia	1,568	15	14
Costa Rica	114	10	7
Dominican Republic	444	18	14
Ecuador	779	21	17
El Salvador	222	12	9
Guatemala	938	23	20
Honduras	356	15	13
Nicaragua	253	14	13
Panama	48	6	3

**Source:** ILO, based on country surveys. See Table D.II of the annex for the names of the respective surveys.

a/ Number of employed persons as a percentage of the total population in the age group.

b/ Number of persons participating in labour to be abolished as a percentage of the total population in the age group.



### **Results by Sex, Age and Place of Residence**

Unlike the global tendency in which girls and boys' participation in child labour to be abolished is similar, in the selected Latin American countries, the incidence is higher among boys than among girls. Nearly seven of every 10 persons employed in labour to be abolished in the region are boys, a trend observed in all the selected countries. Female participation ranges from 21% (Panama) to 37% (Ecuador). Consistent with this result, in all countries, boys have a higher employment-to-population ratio in this type of labour than do girls (Figure C.II). In the Dominican Republic, Ecuador and Guatemala, more than one of every five boys are employed in labour to be abolished. With a female employment-to-population ratio of 13%,

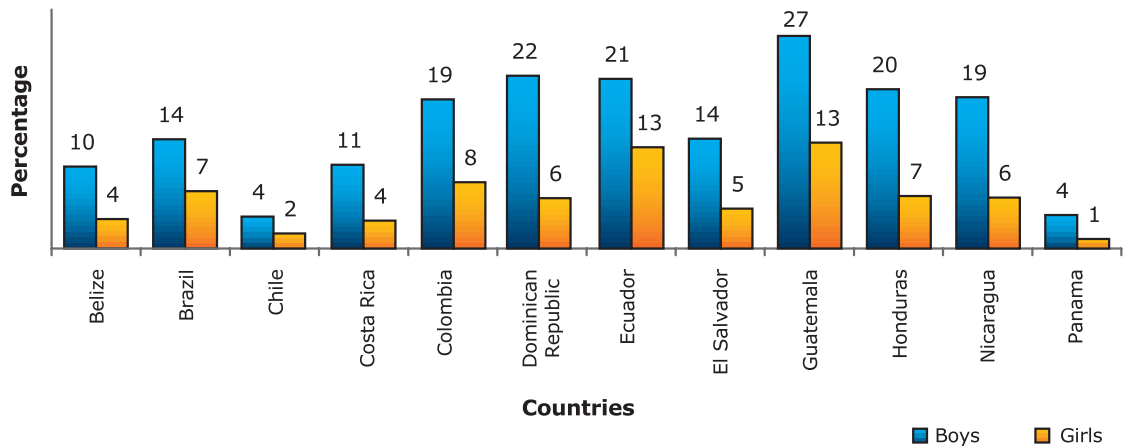
Ecuador and Guatemala have the highest share of girls in child labour to be abolished.

Among the countries studied, the relative importance of labour to be abolished increases as the age of the children rises. This is apparent in the higher rates of employment in labour to be abolished among individuals aged 15 to 17 as compared with the rate of those aged 5 to 14 (Figure C.III). The case of Guatemala is noteworthy, where 41% of adolescents aged 15 to 17 are engaged in labour to be abolished, followed by Honduras and Nicaragua, with rates over 25%.

The percentage distribution by place of residence indicates that in eight of the 12 countries studied (Belize,

FIGURE C.II

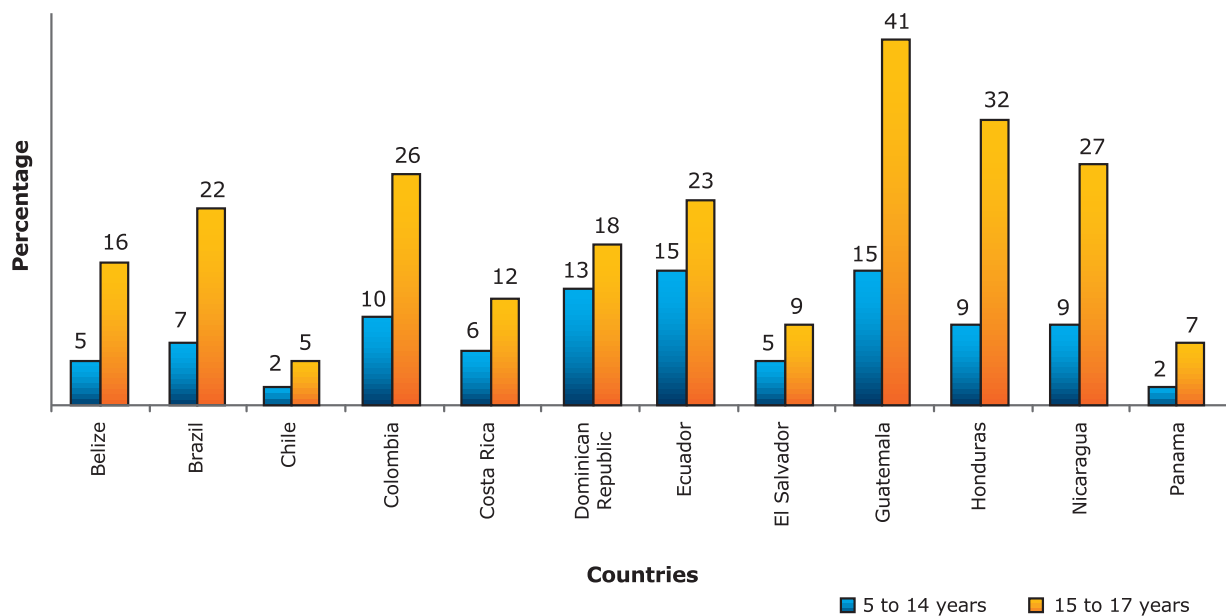
**LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES):  
EMPLOYMENT-TO-POPULATION RATIO IN LABOUR TO BE ABOLISHED  
AMONG CHILDREN AGED 5 TO 17, BY SEX AND COUNTRY, 2000-2002**



**Source:** ILO, based on country surveys. Table D.II of the annex lists the names of the respective surveys.

FIGURE C.III

**LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES):  
EMPLOYMENT-TO-POPULATION RATIO IN LABOUR TO BE ABOLISHED  
AMONG CHILDREN AGED 5 TO 17, BY AGE GROUP AND COUNTRY, 2000-2002**



**Source:** ILO, based on country surveys. Table D.II of the annex lists the names of the respective surveys.

Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua and Panama), most of the children employed in labour to be abolished live in rural areas. In four of these countries (Belize, Ecuador, Guatemala and Honduras), more than seven of every 10 children engaged in labour to be abolished live in rural areas. The phenomenon is associated with the level of urbanization of the countries. In Brazil, Chile and the Dominican Republic, three countries in which over 65% of the population is urban (UNDP 2003), more than half of children working in labour to be abolished live in urban areas.

The employment-to-population ratio in child labour to be abolished is higher in rural areas than in urban ones in the selected countries. In Brazil, Ecuador and

Guatemala, these rates are 24%, 30% and 23%, respectively. The highest rates in urban areas are in Guatemala and the Dominican Republic (15% and 13%, respectively).

### Economic Industries

Children engaged in labour to be abolished work in all key industry sectors (agriculture, manufacturing, trade and services), and in practically all the countries studied, agriculture, forestry, hunting and fishing employ the largest number of children in this type of work (Table C.II). Two exceptions are Chile, where trade, hotels and restaurants predominate, and the Dominican Republic, where community, social and personal services employ the largest number.

TABLE C.II

**LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): PERCENT DISTRIBUTION OF CHILDREN AGED 5 TO 17 ENGAGED IN LABOUR TO BE ABOLISHED, BY INDUSTRY AND COUNTRY, 2000-2002**

Country	Industry			
	Agriculture forestry, hunting and fishing (in %)	Manufacturing industries (in %)	Trade, restaurants and hotels (in %)	Community, social and personal services (in %)
Belize	54	7	16	10
Brazil	n.d.	n.d.	n.d.	n.d.
Chile	26	5	40	19
Colombia	36	13	34	12
Costa Rica	43	10	26	7
Dominican Republic	20	11	20	39
Ecuador	61	10	17	6
El Salvador	46	14	24	6
Guatemala	56	11	17	8
Honduras	58	8	23	6
Nicaragua	57	11	20	8
Panama	48	2	13	18

**Source:** ILO, based on country surveys. Table D.II of the annex lists the names of the respective surveys. n.d.: No data available.

### Characterization of Child Labour to Be Abolished

In this feature article, the employment of a child is classified as labour to be abolished depending on the age of the employed person, the nature of the work and the working conditions, including the number of hours worked, the time of day the work is performed and the danger of the equipment or tools used. Table

C.III lists the incidence of these factors in the different countries.

In all of the countries analyzed, at least 40% of the children participating in labour to be abolished are below the minimum working age. A significant percentage of these children also work during the evening or early morning hours (up to 34% in the case

of Brazil), and/or in sectors considered dangerous, such as mining or construction. Other aspects considered in the identification of labour to be abolished include

excessive workdays, the use of dangerous equipment on the job, exposure to chemical substances and dangerous conditions in the workplace in general.

TABLE C.III

**LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): INCIDENCE OF ASPECTS WHICH CHARACTERIZE CHILD LABOUR TO BE ABOLISHED, BY COUNTRY, 2000-2002**

Country	Workers who are below the minimum working age (in %)	Workers who work during evening or early morning hours (in %)	Workers employed in dangerous sectors (in %) a/
Belize	47	15	12
Brazil	69	34	n.d
Chile	63	21	9
Colombia	47	11	4
Costa Rica	60	7	13
Dominican Republic	68	13	9
Ecuador	71	10	6
El Salvador	51	5	10
Guatemala	49	15	7
Honduras	40	11	5
Nicaragua	50	6	5
Panama	41	8	17

**Source:** ILO, based on country surveys. Table D.II of the annex lists the names of the respective surveys.

Note: The categories are not mutually exclusive. The percentages were calculated based on the total number of children participating in labour to be abolished.

a/ Includes the following industries: mining and quarrying; electricity, gas and water; and construction; transportation, storage and communications.

n.d.: No data available.

### Work and Schooling

The legislation of each country makes education compulsory until a certain age, although the age of enrolment, completion and duration of schooling varies by country (Table C.IV). Despite these laws, in all countries a percentage of children do not attend school,

which is higher among children engaged in labour to be abolished. Except for the Dominican Republic, the gap between the school attendance of children working in labour to be abolished and those who do not work, or who are not employed in labour to be abolished, ranges from 11 percentage points in Brazil to 43 percentage points in Panama (Figure C.IV).



TABLE C.IV

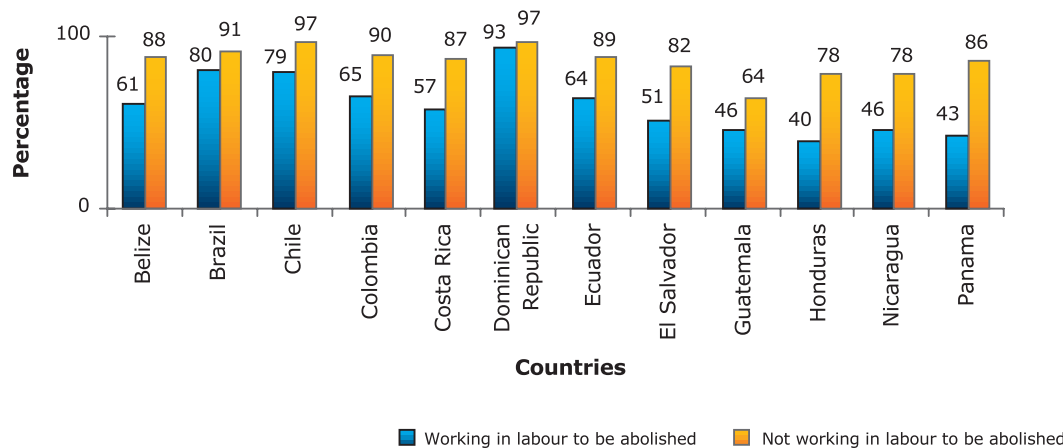
**LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): DURATION OF COMPULSORY EDUCATION, BY COUNTRY**

Country	Duration of compulsory education (in years)
Belize	10
Brazil	8
Chile	12
Colombia	10
Costa Rica	9
Dominican Republic	10
Ecuador	10
El Salvador	9
Guatemala	9
Honduras	6
Nicaragua	6
Panama	6

**Source:** Regional Educational Indicators Programme, 2002; ILO, 2004; Ministry of Education website, Chile.

FIGURE C.IV

**LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): SCHOOL ATTENDANCE RATE OF CHILDREN AGED 5 TO 17 ENGAGED IN LABOUR TO BE ABOLISHED AND THOSE WHO ARE NOT ENGAGED IN LABOUR TO BE ABOLISHED, BY COUNTRY, 2000-2002 a/**



**Source:** ILO, based on country surveys. Table D.II of the annex lists the names of the respective surveys.

a/ The comparison of this figure is between the rate of school attendance of children aged 5 to 17 (1) who are engaged in labour to be abolished and (2) all other individuals in this age group (that is, those who do not work and employed persons who do not work in labour to be abolished).

### *The Socioeconomic Environment of Child Labour*

The percentage of children engaged in labour to be abolished in a country is determined by different socioeconomic aspects of the environment. The analysis of these variables in the region demonstrates that the higher the human development level of a country (measured by the United Nations Development Programme's Human Development Index, HDI), which measures health, education and economic wellbeing indicators, the lower the employment-to-population ratio in child labour to be abolished. In addition, the greater the poverty level (measured by the Human Poverty Index, HPI, which measures non-economic indicators, such as the probability at birth of a life expectancy of less than 40 years, adult illiteracy, the lack of access to clean water and nutrition problems), the higher the employment-to-population ratio in child labour to be abolished. Moreover, the more a government invests in education (as a percentage of GDP), the lower the level of child labour to be abolished in the country. Likewise, higher percentages of literate adults are associated with lower levels of child labour to be abolished.

With respect to economic aspects, the lower the per capita GDP, the higher the employment-to-population ratio of child labour to be abolished (Figure C.V). Moreover, the greater the percentage of the population below the poverty line, the higher the rates of child labour to be abolished. Labour productivity, measured

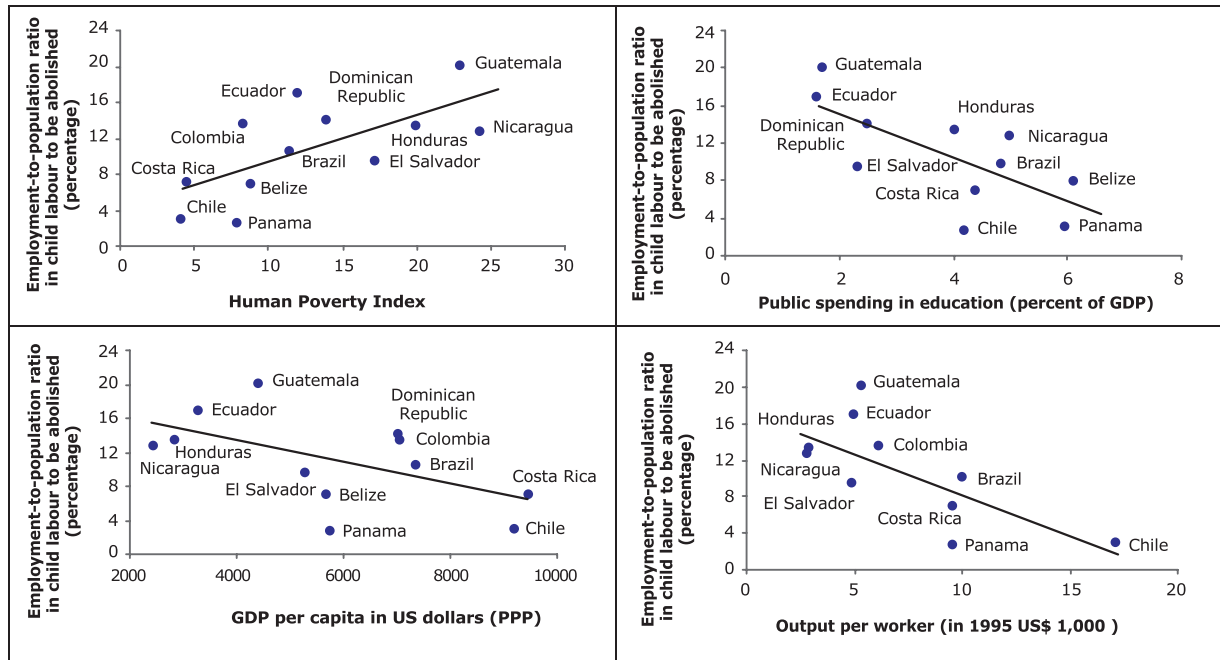
as output per worker, has a negative relationship with the incidence of child labour to be abolished, underscoring the importance of increasing productivity to improve working conditions in Latin America. Finally, the higher the percentage of the population of dependent ages (over 64 and younger than 15), the higher the percentage of children engaged in labour to be abolished.

The analysis of the indicators mentioned reveals that the strongest negative relationships are between child labour to be abolished and public spending in education, per capita GDP and labour productivity, which points to the need to take these factors into account when designing national policies to eradicate child labour. There is also a strong positive relationship between child labour to be abolished and the poverty rate, which is consistent with earlier studies that point to structural causes such as low national income, social exclusion and the lack of decent work for adults.

Although identifying these relationships does not reveal causality, it does help to identify the context in which child labour to be abolished occurs. The results presented acknowledge the links between the incidence of child labour to be abolished and socioeconomic aspects of the population. They also reveal that the relationship between child labour to be abolished and different socioeconomic variables does not follow a definite pattern in the region, but rather varies between countries. The national differences are indications of the inherent complexity of the phenomenon of child labour to be abolished, which impedes generalizations

FIGURE C.V

**LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): RELATIONSHIP BETWEEN THE PERCENTAGE OF CHILDREN AGED 5 TO 17 ENGAGED IN LABOUR TO BE ABOLISHED AND SELECTED SOCIOECONOMIC VARIABLES, 2000-2002**



**Source:** ILO, based on country surveys. Table D.II of the annex lists the names of the respective surveys.

Output per worker variable: ILO, based on Economic Commission for Latin America and the Caribbean (ECLAC) website and World Economic Forum (WEF) website. Other socioeconomic variables: United Nations Development Programme (UNDP), 2003. In the figures on per capita GDP, PPP is purchasing power parity.

about the issue and underscores the need for further study in this area.

### National Policies

The countries of the region have different laws on the minimum age for admission to employment, as well as on the permitted number of hours, industries, occupations and working conditions for child labour, although they have ratified the key relevant international conventions. For example, in eight of the 12 countries studied (Belize, Colombia, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama), the minimum age for admission to employment is 14, whereas it is 15 in three countries (Costa Rica, Chile and Ecuador) and 16 in one country (Brazil).

On the other hand, although countries have advanced at different rates in the introduction, development

and application of policies to eliminate child labour to be abolished, many already have national plans for its eradication in place (Table C.V). These plans serve as a framework to establish and develop specific policies and programmes for prevention and eradication of child labour because they define objectives, desired results, activities, indicators, as well as technical and financial commitments on the part of public and private institutions in the short-, medium- and long-term. In general, national eradication plans include efforts to develop assessments, raise awareness and mobilize the population, improve existing institutional capacity, health and education, as well as legal reforms. In some cases, countries have incorporated the eradication of child labour to be abolished in global plans to promote social wellbeing, reduce poverty or defend the rights of the child.

TABLE C.V

**LATIN AMERICA (11 COUNTRIES): NATIONAL PLANS ON CHILD LABOUR**

Country	National Plans	Main Strategic Areas
<b>Brazil</b>	There is still no national plan to eliminate child and adolescent labour but the government develops intervention plans.	Prevention and eradication of child labour, education, social assistance and development, economic aid and alternatives.
<b>Chile</b>	National Child Policy, 2001-2010: National Plan for the Prevention and Eradication of Child Labour and Adolescent Labour.	Awareness-building, production of statistics on child labour, legal and tax-related aspects, specific objectives per age group, monitoring and measurement of plan progress.
<b>Colombia</b>	III National Plan for the Eradication of Child Labour and the Protection of Youth Employment, 2003-2006.	Development of legislation, prevention, recovery of rights, research, awareness-building, health, education, employment and earnings and institution building.
<b>Costa Rica</b>	II National Plan for the Prevention and Progressive Elimination of Child Labour and for the Special Protection of Employed Adolescents, Costa Rica 2005-2010.	Integrated development, prevention of child labour and dangerous adolescent labour, protection against economic exploitation, recovery and restitution of the rights of employed children and adolescents, equality, equity, non-discrimination, application of human rights, family, access to opportunities and resources, health, education, training, recreation and the right to protection
<b>Dominican Republic</b>	Although there is no national eradication plan, action guidelines have been developed  Poverty Eradication Plan	Information and monitoring, development of social policy and legislation, sensitization and mobilization and economic alternatives for families.  Child Policy, youth Policy, child labour as a priority issue.
<b>Ecuador</b>	National Plan for Human Rights  Plan for the Progressive Eradication of Child Labour in Ecuador (in preparation)	Elimination of child labour and forced labour, regulations, policies of protection of employed adolescents and family services.  Information and statistics, development of social policies, education, monitoring and inspection, policy observatory, awareness-building and mobilization
<b>El Salvador</b>	Although there is no national eradication plan, guidelines have been developed and there is coordination with the National Committee for the Eradication of Child Labour	Information and assessment, development of policies and legislation, application of the law and monitoring, awareness-building and social mobilization, national education policies and programmes. Five sectors requiring attention have been identified: sexual exploitation, fishing, garbage collection, sugarcane and production of fireworks.
<b>Guatemala</b>	National Plan for the Progressive Eradication of Child Labour (presented in 2001)  Public Policy and National Action Plan for Children and Adolescents (2004-2015)	Education, health, protection, employment promotion among adults, research and mobilization, monitoring and assessment  Basic social policies, social assistance, special protection, guarantees, participation, specialized health services, education and educational reform and awareness-building
<b>Honduras</b>	First National Plan for the Progressive Eradication of Child Labour  Poverty Reduction Strategy	Economics and productive options, protection, education, health, research, legislation and institution building.  Programme area on protection of children as a specific vulnerable group
<b>Nicaragua</b>	National Strategic Plan for the Progressive Eradication of Child Labour and the Protection of Employed Adolescents  National Development Plan	Education, health, family, research, legislation, organized participation of different sectors of society and social communication  Child and adolescent labour as a national issue
<b>Panama</b>	National Strategic Plan for Children and Adolescents, 2003-2006  National Plan for the Progressive Eradication of Child Labour (in preparation)	Integrated development, rights and civil liberties, family, human development, education, recreation and cultural activities, defence and protection of rights  Targeted social policies on education, health, poverty alleviation, among others, for child and adolescent workers; inter-institutional coordination and cooperation



## Box C.1

## THE CASE OF COLOMBIA: A GOOD POLICY PRACTICE AGAINST CHILD LABOUR

Colombia is an interesting case of progress in the institutionalization of the elimination of child labour to be abolished, direct intervention and the generation and use of information. The incorporation of child and adolescent labour into the public policy agenda in health, education, labour and social wellbeing is a key factor in the sustainability of the efforts undertaken. These achievements reflect a growing awareness and integration of the issue in plans and programmes across different areas of government activity.

The First National Plan for the Eradication of Child Labour was implemented between 1996 and 1998. After consultations with several social actors, the Second National Plan was implemented, which incorporated an analysis and evaluation of existing policies. The Third National Plan for the Eradication of

Child Labour, 2003-2006, is currently being implemented. The integrated plan calls for legislative and institutional strengthening, research, and awareness-building, health, education and other activities. In addition, the country is carrying out several direct interventions, including actions in the agricultural, informal mining and informal trade sectors, as well as against commercial sexual exploitation.

The Survey on the Characterization of the Population Aged 5 to 17 provided updated, reliable data on the situation in Colombia, which serves to prioritize actions and guide policies and programmes. The availability of data has also prompted the design of a sub-system of information on child and adolescent labour, which will be used to monitor activities in this area.

**Source:** IPEC in Latin America and the Caribbean: *Noteworthy facts 1996-2004* (ILO, 2004), analysis of the results of the Survey on the Characterization of the population aged 5 to 17 in Colombia (ILO, 2003) and [www.oit.org.pe](http://www.oit.org.pe).

### Conclusions and Recommendations

Labour to be abolished affects more than 18.5 million children aged 5 to 17 in the countries of the region, that is, 13% of children in this age group. This occurs despite the fact that the countries have ratified the key international instruments and have addressed this issue in their national laws. Nevertheless, there are important differences in the incidence and characteristics of labour to be abolished among the countries. The employment-to-population ratio of child labour to be abolished in the countries studied ranges from 3% in Chile and Panama to 20% in Guatemala. The problem is more serious in rural areas, and agriculture accounts for the largest percentage of children employed in labour to be abolished.

The child employment-to-population ratio is closely associated with different socioeconomic indicators, such as human development, poverty, labour productivity, public spending in education, the adult literacy rate,

per capita GDP, poverty and the level of demographic dependence of the countries. Specifically, this study found a close positive relationship between the employment-to-population ratio of child labour to be abolished and the poverty index, which is consistent with earlier studies that point to structural causes such as low national income, social exclusion and the lack of decent work for adults. In addition, in this analysis, there is a close negative relationship between child labour to be abolished and public spending in education, per capita GDP, and labour productivity, which should be taken into account in the development of national public policies to eradicate child labour.

Although the countries have advanced at different rates in developing policies and plans to eradicate child labour to be abolished, its high incidence in the region underscores the need to redouble efforts, remedy problems and strengthen actions, taking into account the socioeconomic context in which this phenomenon occurs in each country.



National household surveys carried out in different countries of the region in recent years have provided important, reliable and comparable data on the economic activities of individuals aged 5 to 17 years. Nevertheless, in order to gain a better understanding of the problem, surveys should be undertaken in the countries that do not have recent information on child labour activities. To maintain updated databases on child labour, surveys or special survey supplements should be implemented periodically, preferably every two to four years, depending on the magnitude of the problem and the availability of resources in the country. This requires the incorporation of the topic in household surveys.

To ensure the sustainability of efforts to eradicate child labour to be abolished, the issue must become a priority

for government policy, institutionalizing and integrating it into the social agendas of governments and in national policies and programmes, as well as in poverty reduction strategies. The case of Colombia is a good example. It is necessary to ensure, on the one hand, that existing social programmes are accessible to families with children engaged in labour to be abolished. On the other hand, these should, for example require abandoning child labour to be abolished among participating families. Finally, the high incidence of child labour to be abolished in rural areas and its concentration in the agricultural sector underscore the need to implement programmes directed and adapted to rural areas, which take into account the socioeconomic and infrastructural limitations that rural inhabitants frequently face.



## ANNEX

TABLE D.I

**LATIN AMERICA AND THE CARIBBEAN (25 COUNTRIES): RATIFICATION OF INTERNATIONAL CONVENTIONS ON CHILD LABOUR**

Country	UN Convention on the Rights of the Child	ILO Convention No. 138 (Minimum Age)	ILO Convention No. 182 (Worst Forms)
Argentina	January 1991	November 1996	February 2001
Barbados	November 1990	January 2000	October 2000
Belize	May 1990	March 2000	March 2000
Bolivia	July 1990	June 1997	June 2003
Brazil	September 1990	June 2001	February 2000
Chile	August 1990	February 2001	July 2000
Colombia	January 1991	February 2001	November 2001
Costa Rica	August 1990	June 1976	September 2001
Cuba	September 1991	March 1975	Not ratified
Dominican Republic	July 1991	June 1999	November 2000
Ecuador	March 1990	September 2000	September 2000
El Salvador	July 1990	January 1996	October 2000
Guatemala	June 1990	April 1990	October 2001
Guyana	February 1991	April 1998	January 2001
Honduras	August 1990	June 1980	October 2001
Jamaica	June 1991	October 2003	October 2003
Mexico	October 1990	Not ratified	June 2000
Nicaragua	October 1990	November 1981	November 2000
Panama	December 1990	October 2000	October 2000
Paraguay	October 1990	March 2004	March 2001
Peru	October 1990	November 2002	January 2002
Suriname	March 1993	Not ratified	Not ratified
Trinidad and Tobago	January 1992	September 2004	April 2003
Uruguay	December 1990	June 1977	August 2001
Venezuela	October 1990	July 1987	Not ratified

**Source:** For the UN Convention on the Rights of the Child, The UN Office of the High Commissioner for Human Rights; for ILO Convention No. 138 and Convention No. 182, ILO website.



TABLE D.II

**LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): CHILD LABOUR SURVEYS, 2000-2002**

Country	Survey Name	Implementing Agency of Survey	Year
Belize	Child Activity Survey (CAS)	Central Statistical Office of Belize	2001
Brazil	Pesquisa Nacional por Amostra do Domicílios (PNAD)	Instituto Brasileiro de Geografia e Estatística	2001
Chile	Encuesta Nacional de Actividades de Niños y Adolescentes	Instituto Nacional de Estadísticas de Chile	2002
Colombia	Encuesta sobre Caracterización de la Población entre 5 y 17 Años	Departamento Administrativo Nacional de Estadística de Colombia	2001
Costa Rica	Encuesta de Hogares de Propósitos Múltiples (EHPM)	Instituto Nacional de Estadística y Censos de Costa Rica	2002
Dominican Republic	Encuesta Nacional de Trabajo Infantil (ENTI)	Secretaría de Estado de Trabajo de la República Dominicana	2000
El Salvador	Encuesta de Hogares de Propósitos Múltiples (EHPM)	Dirección General de Estadística y Censos de El Salvador	2001
Ecuador	Encuesta Nacional de Empleo, Desempleo y Subempleo en el Área Urbana y Rural (ENDEMUR)	Instituto Nacional de Estadística y Censos de Ecuador	2001
Guatemala	Encuesta Nacional de Condiciones de Vida (ENCOVI)	Instituto Nacional de Estadística de Guatemala	2000
Honduras	Encuesta Permanente de Hogares de Propósitos Múltiples (EHPM)	Instituto Nacional de Estadística de Honduras	2002
Nicaragua	Encuesta para la Medición del Empleo Urbano y Rural	Ministerio del Trabajo de Nicaragua	2000
Panama	Encuesta del Trabajo Infantil (ETI)	Contraloría General de la República de Panamá	2000

Source: ILO.



## EXPLANATORY NOTE

The tables in the *Statistical Appendix* constitute the data source used in the analysis provided in the labour market report of the *2004 Labour Overview*. The ILO prepares these tables using information from different official sources of countries of Latin America and the Caribbean. Below is an explanation of the concepts and definitions used, the information sources, the international comparability of the data, and the reliability of the estimates contained in the *Statistical Appendix*. The information presented refers to urban areas unless otherwise indicated.

### I. Concepts and Definitions

The national definitions of several concepts appearing in *Labour Overview* may differ from international standards adopted for these concepts in the International Conferences of Labour Statisticians. The definitions listed below are generally based on international standards, although some are defined according to standards developed for this publication.

*Employed persons* are those individuals above a certain specified age who, during the brief reference period of the survey, such as a week or a day: (1) *had wage or salaried employment*, were working during the reference period for a wage or salary, or were employed but without work due to temporary absence during the reference period, during which time they maintained formal attachment to their job, or (2) *were independently employed or self-employed*, working for profit or family gain (includes unpaid family workers), or were not working independently due to a temporary absence during the reference period.

*Labour Overview* defines *employed persons in the informal sector* as employed individuals whose main employment activities are classified into one of the following categories: (1) independent workers (which include family workers and self-employed workers, except those performing administrative, professional and technical jobs), (2) domestic service workers, and (3) workers employed in establishments with a maximum of five workers.

The term *urban unemployed* refers to individuals over a specified age who during the reference period were (1) without employment, (2) available for wage or salaried work or self-employment, and (3) actively

seeking employment, having taken concrete action to obtain employment in a specific recent period.

The *economically active population* or the *labour force* includes all individuals who, being of at least a specified minimum age, fulfil the requirements to be included in the category of employed or unemployed individuals. In other words, it is the sum of the group of employed and unemployed individuals.

*Inactive individuals* are people of working age that do not belong to the labour force.

The *urban employment-to-population ratio* refers to the number of employed individuals in the urban area of the country divided by the working age population in the country's urban area.

The *urban unemployment rate* refers to the number of urban unemployed people as a percentage of the urban labour force.

The *urban labour force participation rate* is the urban labour force as a percentage of the country's urban population of working age.

*Labour productivity* is defined in *Labour Overview* as increases (or decreases) of the average product per worker, which is calculated using series of the GDP growth rate and rates of total employment growth for the countries.

The concept of *wages* refers to remuneration in cash and/or in kind (for example foodstuffs or other articles) paid to workers, usually at regular intervals, for the hours worked or the work completed, along with pay for periods not worked, such as annual vacations or holidays.

*Labour Overview* defines *real manufacturing wages* as the average wages paid to workers in manufacturing, which are adjusted (deflated) for inflation. In other words, this indicator compares the nominal increases of the average wages of manufacturing workers relative to the increase in the national consumer price index (CPI). The series of average manufacturing wages were obtained from establishment surveys of manufacturing industries in the countries, except in Central America and the

Caribbean, where the information was obtained through household surveys. The real manufacturing wage index was constructed using 1990 as the base year (1990 = 100).

*Real urban minimum wages* are defined in *Labour Overview* as the value of the national minimum wage paid on average to workers over a specified age in each country, which is adjusted (deflated) for inflation. In other words, this indicator is constructed by comparing the nominal increases of the national average minimum wages relative to the increase in the relevant national consumer price index. The real minimum wage index was constructed using 1990 as the base year (1990=100).

## II. International Comparability

Progress toward harmonizing concepts and methodologies of statistical data that permit international comparisons is directly related to the situation and development of the statistical system of each country of the region, in terms of their institutional capacity, information needs, infrastructure and level of development of their data collection system based primarily on labour force sample surveys, as well as available human and financial resources. In general, the comparability of labour market statistics of Latin America and the Caribbean is mainly hampered by the lack of conceptual and methodological standardization of key labour market variables. This is also true of other variables associated with the world of work, since countries may have different concepts for geographic coverage, minimum working age thresholds, and may use different versions of international classification manuals.

## III. Information Sources

Most of the information on employment indicators, real wages, productivity, and GDP growth (expressed in constant monetary units) for the countries of Latin America and the Caribbean presented in *Labour Overview* originate from household surveys, establishment surveys or administrative records and can be found at the following websites:

*Argentina:* Instituto Nacional de Estadísticas y Censos (INDEC) ([www.indec.gov.ar](http://www.indec.gov.ar)).

*Bolivia:* Instituto Nacional de Estadísticas (INE) ([www.ine.gov.bo](http://www.ine.gov.bo)).

*Brazil:* Instituto Brasileiro de Geografia y Estadísticas (IBGE) ([www.ibge.gov.br](http://www.ibge.gov.br)).

*Chile:* Instituto Nacional de Estadísticas (INE) ([www.ine.cl](http://www.ine.cl)), Banco Central de Chile ([www.bcentral.cl](http://www.bcentral.cl)) and Ministerio de Planificación y Cooperación ([www.mideplan.cl](http://www.mideplan.cl)).

*Colombia:* Departamento Administrativo Nacional de Estadísticas (DANE) ([www.gov.dane.co](http://www.gov.dane.co)) and Banco de la República de Colombia ([www.banrep.gov.co](http://www.banrep.gov.co)).

*Costa Rica:* Instituto Nacional de Estadísticas y Censos (INEC) ([www.inec.go.cr](http://www.inec.go.cr)), Banco Central de Costa Rica ([www.bccr.fi.cr](http://www.bccr.fi.cr)) and Ministerio de Trabajo y Seguridad Social ([www.ministrabajo.co.cr](http://www.ministrabajo.co.cr)).

*Ecuador:* Banco Central del Ecuador (BCE) ([www.bcentral.fin.ec](http://www.bcentral.fin.ec)), Instituto Nacional de Estadística y Censo ([www.inec.gov.ec](http://www.inec.gov.ec)), and Ministerio de Trabajo y Recursos Humanos.

*El Salvador:* Ministerio de Economía (MINEC) ([www.minec.gob.sv](http://www.minec.gob.sv)), Dirección General de Estadística y Censo, and Ministerio de Trabajo y Previsión Social ([www.mtps.gob.sv](http://www.mtps.gob.sv)).

*Honduras:* Instituto Nacional de Estadística (INE) ([www.ine-hn.org](http://www.ine-hn.org)), Banco Central ([www.bch.hn](http://www.bch.hn)), and Secretaría de Trabajo y Seguridad Social.

*Mexico:* Instituto Nacional de Estadística, Geografía e Informática (INEGI) ([www.inegi.gob.mx](http://www.inegi.gob.mx)) and Secretaría de Trabajo y Previsión Social ([www.stps.gob.mx](http://www.stps.gob.mx)).

*Nicaragua:* Instituto Nacional de Estadística y Censos (INEC) ([www.inec.gob.ni](http://www.inec.gob.ni)) and Ministerio de Trabajo.

*Panama:* Contraloría General de la República de Panamá ([www.contraloria.gob.pa](http://www.contraloria.gob.pa)) and Ministerio de Trabajo y Desarrollo Laboral ([www.mitradel.gob.pa](http://www.mitradel.gob.pa)).

*Paraguay:* Banco Central del Paraguay (BCP) ([www.bcp.gov.py](http://www.bcp.gov.py)) and Dirección General de Estadística, Encuesta y Censo ([www.dgeec.gov.py](http://www.dgeec.gov.py)).

*Peru:* Instituto Nacional de Estadísticas e Informática (INEI) ([www.inei.gob.pe](http://www.inei.gob.pe)), Banco Central de Reserva del Perú ([www.bcrp.gob.pe](http://www.bcrp.gob.pe)), and Ministerio de Trabajo y Promoción del Empleo ([www.mintra.gob.pe](http://www.mintra.gob.pe)).

*Uruguay:* Instituto Nacional de Estadística (INE) ([www.ine.gub.uy](http://www.ine.gub.uy)).

*Venezuela:* Instituto Nacional de Estadística (INE) ([www.ine.gov.ve](http://www.ine.gov.ve)) and Banco Central de Venezuela ([www.bcv.gov.ve](http://www.bcv.gov.ve)).

The information on employment, earnings and productivity indicators of the countries not previously mentioned, as well as data on the employment structure indicators for Latin American countries presented in *Labour Overview*, were obtained from household surveys processed by the ILO project, Information System for Latin America (SIAL), and from administrative records of that entity.

All indicators on employment, income, productivity and employment structure of the Caribbean countries presented in *Labour Overview* were obtained from official data from household surveys of those countries.

The information on GDP growth expressed in 1995 US dollars for the countries of Latin America and the Caribbean included in *Labour Overview* were obtained from the Economic Commission for Latin America and The Caribbean (ECLAC) records.

Finally, the household surveys that collect monthly data on the labour market situation in Argentina (2003), Brazil (2002), Colombia (2000), Ecuador (1999) and Peru (2001) underwent methodological changes or were newly established (Ecuador and Peru) such that the contents of the series changed with respect to previous years.

#### *IV. Reliability of Estimates*

The data in the Statistical Appendix originating from household surveys or establishments of the countries are subject to *sampling* and *non-sampling errors*. *Sampling errors* occur, for example, when a survey is conducted based on a sample of the population instead of a census, for which reason there is the possibility that these estimates will differ from the "real" values of the target population. The exact difference, called the *sampling error*, varies depending on the sample selected. Its variability is measured through the standard error of the estimate. In most countries of Latin America and the Caribbean, estimates of the key labour market indicators presented in *Labour Overview* have a confidence level of 95%. This means that estimates of these indicators have a coefficient of variation of no more than 5% of the true value of the population caused by sampling errors.

*Non-sampling errors* can also affect estimates derived from household or establishment surveys. These may occur for a variety of reasons, including the lack of a sample of a population segment; the inability to obtain information for all people in the sample; the lack of cooperation on the part of some respondents to provide accurate, timely information; errors in the responses of survey respondents; and errors introduced during data collection and processing.





# STATISTICAL ANNEX



TABLE 1-A

**LATIN AMERICA AND THE CARIBBEAN:  
OPEN URBAN UNEMPLOYMENT, 1985, 1990-2004**  
(average annual rates)

Country	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003	2004	
																Average of the first three quarters		
Argentina a/	6.1	7.5	6.5	7.0	9.6	11.5	17.5	17.2	14.9	12.9	14.3	15.1	17.4	19.7	17.3	19.1	14.6	p/
Bolivia b/	5.7	7.3	5.9	5.5	5.9	3.1	3.6	3.8	3.7	4.1	7.2	7.4	8.5	8.7	9.2	...	...	
Brazil c/	5.3	4.3	4.8	4.9	5.4	5.1	4.6	5.4	5.7	7.6	7.8	7.1	6.2	11.7	12.3	12.4	11.9	
Chile d/	17.0	7.4	7.1	6.2	6.4	7.8	6.6	5.4	5.3	6.4	9.8	9.2	9.1	9.0	8.5	8.9	9.2	
Colombia e/	13.8	10.5	10.2	10.2	8.6	8.9	8.8	11.2	12.4	15.2	19.4	17.3	18.2	17.6	16.7	17.3	16.0	
Costa Rica f/	7.2	5.3	5.9	4.2	3.9	4.2	5.6	6.4	5.8	5.3	6.1	5.2	5.8	6.8	6.7	6.7	6.7	q/
Dominican Republic g/	...	...	19.6	20.3	19.9	16.0	15.8	16.7	16.0	14.4	13.9	13.9	15.6	16.1	17.0	...	...	
Ecuador h/	10.4	6.1	8.5	8.9	8.3	7.1	6.9	10.4	9.2	11.5	15.1	14.1	10.4	8.6	9.8	10.0	11.1	
El Salvador f/	...	10.0	7.5	6.8	...	7.0	7.0	5.8	7.5	7.6	6.9	6.5	7.0	6.2	6.1	6.6	6.5	
Honduras f/	11.7	6.9	7.1	5.1	5.6	4.0	6.6	6.6	5.2	5.8	5.2	...	6.3	5.9	7.4	...	...	
Mexico i/	4.4	2.8	2.7	2.8	3.4	3.7	6.2	5.5	3.7	3.2	2.5	2.2	2.4	2.7	3.3	3.2	3.8	
Nicaragua j/	3.2	7.6	...	14.4	17.8	17.1	16.9	16.0	14.3	13.2	10.7	9.8	11.3	12.1	10.1	...	...	
Panama k/	15.7	20.0	20.0	18.2	15.6	15.8	16.4	16.9	15.4	15.6	13.6	15.3	17.0	16.4	15.6	...	...	
Paraguay l/	5.1	6.6	5.1	5.3	5.1	4.4	5.3	8.2	7.1	6.6	9.4	10.0	10.8	14.7	11.2	...	...	
Peru m/	10.1	8.3	6.0	9.4	9.9	8.8	7.1	7.2	8.6	6.9	9.4	7.8	9.2	9.4	9.4	9.4	9.7	
Uruguay f/	13.1	8.5	8.9	9.0	8.4	9.2	10.3	11.9	11.4	10.1	11.3	13.6	15.3	17.0	16.9	17.4	13.4	
Venezuela d/	14.3	10.4	10.1	8.1	6.8	8.9	10.3	11.8	11.4	11.3	15.0	13.9	13.3	15.9	18.0	18.8	16.1	
<b>Latin America n/</b>	9.5	8.0	8.5	8.6	8.8	8.4	9.1	9.8	9.3	9.3	10.5	10.5	10.8	11.7	11.5	11.8	10.8	
<b>o/</b>	8.3	5.7	5.6	5.7	6.3	6.6	7.4	7.9	7.5	8.1	8.9	8.2	8.3	10.9	11.1	11.3	10.5	
<b>The Caribbean</b>																		
Barbados	18.7	15.0	17.3	23.0	24.3	21.9	19.7	15.6	14.5	12.3	10.4	9.2	9.9	10.3	11.0	...	9.9	p/
Jamaica	25.0	15.3	15.7	15.4	16.3	15.4	16.2	16.0	16.5	15.5	15.7	15.5	15.0	15.1	13.1	...	...	
Trinidad and Tobago	15.7	20.0	18.5	19.6	19.8	18.4	17.2	16.2	15.0	14.2	13.1	12.1	10.9	10.4	10.5	...	9.1	p/

Source: ILO, based on information from household surveys of the countries.

- a/ Progressive incorporation, reaching 28 urban areas in 2002-2004. New measurement beginning in 2003; data are not comparable with previous years.
- b/ Departmental capitals and the city of El Alto. Beginning in 1999, urban area coverage.
- c/ Six metropolitan areas. New measurement beginning in 2002; data are not comparable with previous years.
- d/ National coverage.
- e/ Includes hidden unemployment. Seven metropolitan areas until 1999. Beginning in 2000 thirteen metropolitan areas.
- f/ Urban national coverage.
- g/ Includes hidden unemployment. National coverage.
- h/ Includes hidden unemployment. Urban national coverage until 1998. Beginning in 1999, only includes Quito, Guayaquil and Cuenca.
- i/ Progressive incorporation, reaching 32 urban areas in 2003-2004.

- j/ Urban national coverage. New measurement since 2003; data are not comparable with previous years.
- k/ Includes hidden unemployment. Metropolitan area until 1999. Beginning in 2000, urban national coverage.
- l/ Metropolitan area of Asunción until 1993. Beginning in 1994 urban national coverage.
- m/ Metropolitan Lima. New measurement beginning in 2001; data are not comparable with previous years.
- n/ Simple average. Beginning in 2002, calculated based on new Brazilian series and from 2003 onward with the new series of Argentina.
- o/ Weighted average. Beginning in 2002 calculated based on the new Brazilian series and from 2003 onward with the new series of Argentina.
- p/ Average of the first two quarters.
- q/ Corresponds to July.



TABLE 2-A

**LATIN AMERICA AND THE CARIBBEAN: URBAN UNEMPLOYMENT BY SEX, 1990-2004**  
*(average annual rates)*

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003	2004
															Average of the first three quarters	
<b>Latin America</b>																
<b>Argentina a/</b>	7.5	6.5	7.0	9.6	11.5	17.5	17.2	14.9	12.9	14.3	15.1	17.4	19.7	17.3	<b>19.1</b>	<b>14.6</b> n/
Men	7.2	6.0	6.5	8.3	10.1	15.6	15.8	13.0	11.8	13.3	14.1	17.5	20.2	15.5	<b>17.3</b>	<b>12.6</b>
Women	7.6	7.1	7.7	11.7	13.6	20.3	19.4	17.9	14.6	15.6	16.4	17.2	18.9	19.5	<b>21.6</b>	<b>17.1</b>
<b>Bolivia b/</b>	7.3	5.9	5.5	5.9	3.1	3.6	3.8	3.7	4.1	7.2	7.4	8.5	8.7	9.2	...	...
Men	6.8	5.7	5.5	6.5	3.4	3.3	...	3.7	...	6.2	6.2	7.3	...	...	...	...
Women	7.8	6.3	5.6	5.3	2.9	4.0	...	3.6	...	8.5	8.9	10.3	...	...	...	...
<b>Brazil c/</b>	4.3	4.8	4.9	5.4	5.1	4.6	5.4	5.7	7.6	7.7	7.1	6.2	11.7	12.3	<b>12.4</b>	<b>11.9</b>
Men	...	4.8	5.6	5.2	4.8	4.5	5.0	5.3	7.1	7.1	6.5	5.9	9.9	10.1	<b>10.2</b>	<b>9.5</b>
Women	...	4.9	6.0	5.6	5.5	4.8	6.1	6.3	8.3	8.3	8.0	6.7	13.9	15.2	<b>15.3</b>	<b>14.8</b>
<b>Chile d/</b>	7.4	7.1	6.2	6.4	7.8	6.6	5.4	5.3	6.4	9.7	9.2	9.1	9.0	8.5	<b>8.9</b>	<b>9.2</b>
Men	6.6	6.1	5.0	5.3	6.5	5.5	4.8	4.7	5.7	9.3	8.7	8.9	8.6	7.9	<b>8.2</b>	<b>8.3</b>
Women	9.2	9.4	8.9	8.8	10.3	8.9	6.7	6.6	7.6	10.5	10.0	9.7	9.6	9.7	<b>10.1</b>	<b>10.8</b>
<b>Colombia e/</b>	11.0	9.8	9.2	7.8	7.6	8.7	12.0	12.1	15.0	20.1	17.3	18.2	17.6	16.7	<b>17.3</b>	<b>16.0</b>
Men	8.3	7.4	6.5	5.3	4.9	6.8	9.6	9.8	12.6	17.1	15.0	16.0	15.3	14.0	<b>14.6</b>	<b>13.5</b>
Women	14.7	13.1	12.6	11.0	11.2	11.3	15.1	15.1	18.8	23.3	19.9	20.7	20.1	19.6	<b>20.3</b>	<b>18.7</b>
<b>Costa Rica f/</b>	5.3	5.9	4.2	3.9	4.2	5.6	6.4	5.8	5.3	6.1	5.2	5.8	6.8	6.7	<b>6.7</b>	<b>6.7</b> o/
Men	4.9	5.5	3.5	3.5	3.7	5.2	5.8	5.3	4.4	5.3	4.6	5.2	6.2	6.1	<b>6.1</b>	<b>5.8</b>
Women	6.2	6.6	5.5	4.6	5.1	6.3	7.6	6.7	6.7	7.4	6.3	6.7	7.7	7.6	<b>7.6</b>	<b>8.2</b>
<b>Dominican</b>																
<b>Republic g/</b>	...	19.6	20.3	19.9	16.0	15.8	16.7	15.9	14.3	...	15.3	16.4	17.2	17.7	...	...
Men	...	12.5	11.7	11.4	10.0	10.2	10.2	...	...	...	9.8	10.9	11.0	12.3	...	...
Women	...	33.1	34.9	34.8	26.9	26.2	28.7	...	...	...	22.8	24.2	25.7	25.0	...	...
<b>Ecuador h/</b>	6.1	8.5	8.9	8.3	7.1	6.9	10.4	9.2	11.5	14.4	9.0	10.9	9.3	11.7	...	...
Men	4.3	5.4	6.0	6.2	5.8	5.5	...	7.4	...	10.8	6.2	7.1	6.0	9.4	...	...
Women	9.1	13.2	13.2	11.5	9.3	8.8	...	12.1	...	19.6	13.1	16.1	14.0	14.9	...	...
<b>El Salvador f/</b>	9.9	7.5	8.7	9.9	7.7	7.6	7.7	7.5	7.6	8.0	6.6	7.0	6.2	6.1	<b>6.6</b>	<b>6.5</b>
Men	10.1	8.3	9.0	11.8	8.4	8.7	8.4	9.0	9.6	9.9	9.9	8.7	7.4	8.6	<b>9.3</b>	<b>8.8</b>
Women	9.8	6.6	8.3	6.8	6.4	5.9	6.5	5.5	6.1	5.8	3.7	4.9	3.4	3.1	<b>3.4</b>	<b>3.7</b>
<b>Honduras f/</b>	6.9	7.1	5.1	5.6	4.0	6.6	6.6	5.2	5.8	3.7	...	6.3	5.9	7.4	...	...
Men	9.6	13.1	9.8	5.9	5.9	10.7	11.8	5.9	6.3	3.7	...	7.0	6.2	7.1	...	...
Women	5.2	4.1	3.0	5.1	3.1	4.1	4.4	4.3	5.1	3.8	...	5.4	5.5	7.7	...	...
<b>Mexico i/</b>	2.7	2.7	2.8	3.4	3.7	6.3	5.5	3.7	3.3	2.5	2.2	2.4	2.7	3.3	<b>3.2</b>	<b>3.8</b>
Men	2.6	2.5	2.7	3.2	3.6	6.1	5.3	3.5	3.0	2.4	2.1	2.4	2.7	3.1	<b>3.0</b>	<b>3.6</b>
Women	3.0	2.9	3.2	3.9	4.0	6.5	5.9	4.2	3.7	2.6	2.4	2.5	2.8	3.5	<b>3.4</b>	<b>4.3</b>
<b>Panama j/</b>	...	20.0	18.2	15.6	15.8	16.4	17.0	15.4	15.5	11.6	15.3	17.0	16.1	15.6	...	...
Men	...	12.8	10.8	9.7	10.7	10.8	11.0	13.3	12.4	8.8	12.0	15.1	13.9	13.2	...	...
Women	...	22.6	22.3	20.2	20.4	20.1	20.0	18.2	19.7	16.7	18.1	19.8	19.3	19.6	...	...
<b>Paraguay k/</b>	6.6	5.1	5.3	5.1	4.4	5.3	8.2	6.9	6.9	9.4	10.0	10.8	14.7	11.2	...	...
Men	6.6	5.4	6.4	5.5	4.9	5.1	7.8	6.2	6.2	9.6	9.9	10.5	14.0	10.5	...	...
Women	6.5	4.7	3.8	4.5	3.7	5.5	8.6	7.8	7.8	9.3	10.2	11.2	15.7	12.2	...	...
<b>Peru l/</b>	8.3	6.0	9.4	9.9	8.8	7.1	7.2	8.6	6.9	9.4	7.8	9.2	9.4	9.4	<b>9.4</b>	<b>9.7</b>
Men	6.5	4.8	7.5	8.4	7.0	6.0	6.2	7.0	5.0	8.7	8.2	8.2	8.3	8.5	<b>8.4</b>	<b>8.4</b>
Women	11.4	7.3	12.5	12.2	11.8	8.7	8.5	10.6	9.2	10.2	7.4	10.6	10.8	10.7	<b>10.7</b>	<b>11.2</b>

(continued...)

TABLE 2-A (continued)

**LATIN AMERICA AND THE CARIBBEAN: URBAN UNEMPLOYMENT BY SEX, 1990-2004**  
(average annual rates)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003	2004
															Average of the first three quarters	
<b>Uruguay m/</b>	9.3	8.9	9.0	8.4	9.2	10.8	12.3	11.6	10.2	11.8	13.9	15.5	17.0	16.7	<b>17.2</b>	<b>13.3</b>
Men	7.3	7.1	6.7	6.3	7.0	8.4	10.5	9.2	8.1	9.2	10.9	11.5	14.0	14.0	<b>14.5</b>	<b>11.1</b>
Women	11.8	11.3	11.8	11.0	11.8	13.6	14.5	14.5	12.7	14.8	17.2	19.7	20.3	19.6	<b>20.1</b>	<b>15.7</b>
<b>Venezuela d/</b>	10.4	10.1	8.1	6.8	8.9	10.3	11.8	11.4	11.3	15.0	13.9	13.3	15.9	18.0	<b>18.8</b>	<b>16.1</b>
Men	10.4	9.5	8.1	7.1	8.2	8.9	10.3	10.3	9.9	13.6	13.2	13.6	14.4	16.3	<b>16.9</b>	<b>14.1</b>
Women	10.3	8.6	5.9	5.5	9.6	12.9	14.5	14.2	13.6	17.1	14.8	17.4	18.2	21.1	<b>21.7</b>	<b>19.1</b>
<b>The Caribbean</b>																
<b>Barbados</b>	15.0	17.3	23.0	24.3	21.9	19.7	15.6	14.5	12.3	10.4	9.2	9.9	10.3	11.0	...	<b>9.9</b> n/
Men	10.1	13.2	20.2	21.3	17.6	16.5	12.4	11.3	8.4	7.7	7.3	8.0	8.6	9.5	...	<b>9.0</b>
Women	20.3	21.4	26.1	27.7	26.4	23.0	18.9	17.8	16.4	13.3	11.7	11.9	12.1	12.6	...	<b>10.7</b>
<b>Jamaica</b>	15.3	15.4	15.7	16.3	15.4	16.2	16.0	16.5	15.5	15.7	15.5	15.0	15.1	13.1	...	...
Men	9.1	9.4	9.5	10.9	9.6	10.8	9.9	10.6	10.0	10.0	10.2	10.2	10.6	9.6	...	...
Women	20.4	22.2	22.8	22.4	21.8	22.5	23.0	23.5	22.1	22.4	22.3	21.0	20.6	17.5	...	...
<b>Trinidad and Tobago</b>	20.0	18.5	19.6	19.8	18.4	17.2	16.2	15.0	14.2	13.1	12.1	10.9	10.4	10.5	...	<b>9.1</b> n/
Men	17.8	15.7	17.0	17.6	16.1	15.1	13.2	12.3	11.3	10.9	10.2	8.7	7.8	8.3	...	<b>7.6</b>
Women	24.2	23.4	23.9	23.4	22.3	20.6	21.0	19.4	18.9	16.8	15.2	14.5	14.5	13.8	...	<b>11.0</b>

Source: ILO, based on information from household surveys of the countries.

- a/ Progressive incorporation, reaching 28 urban areas in 2002-2004. New measurement beginning in 2003; data are not comparable with previous years.
- b/ Departamental capitals and the city of El Alto. Beginning in 1999, urban area coverage.
- c/ Six metropolitan areas. New measurement beginning in 2002; data are not comparable with previous years.
- d/ National coverage.
- e/ Includes hidden unemployment. Seven metropolitan areas until 1999, September of each year. Beginning in 2000, thirteen metropolitan areas, annual averages.
- f/ Urban national coverage.
- g/ Includes hidden unemployment. National coverage.

- h/ Includes hidden unemployment. Urban national coverage.
- i/ Progressive incorporation, reaching 32 urban areas in 2003-2004.
- j/ Includes hidden unemployment. Metropolitan area until 1999. Beginning in 2000, urban national coverage.
- k/ Metropolitan area of Asunción until 1993. Beginning in 1994 urban national coverage.
- l/ Metropolitan Lima. New measurement beginning in 2001; data are not comparable with previous years.
- m/ Montevideo.
- n/ Average of the first two quarters.
- o/ Corresponds to July.

TABLE 3-A

**LATIN AMERICA AND THE CARIBBEAN: URBAN YOUTH UNEMPLOYMENT, 1990-2004**  
*(average annual rates)*

Country/Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003	2004
															Average of the first three quarters	
<b>Latin America</b>																
<b>Argentina a/</b>																
15-24	14.0	13.2	14.5	19.7	23.1	29.6	31.9	25.2	23.3	25.0	27.6	32.0	33.1	35.3	<b>38.5</b>	<b>30.9</b> l/
<b>Bolivia b/</b>																
10-19	13.3	13.1	8.3	8.6	4.9	5.0	7.0	...	...	16.1	14.7	14.2	20.0	...	...	...
20-29	9.5	7.3	7.0	8.2	4.5	5.4	...	...	...	9.9	10.8	10.9	10.7	...	...	...
<b>Brazil c/</b>																
15-17	...	11.6	14.4	12.2	11.9	11.0	13.0	14.3	18.8	17.8	17.8	29.8	34.5	38.2	<b>37.9</b>	<b>39.0</b>
18-24	...	9.1	11.2	10.3	9.6	9.3	10.5	11.4	14.0	14.5	14.7	19.6	21.4	23.4	<b>23.5</b>	<b>23.3</b>
<b>Chile d/</b>																
15-19	15.9	13.7	12.6	13.0	16.8	15.8	15.0	19.9	20.8	27.6	26.1	29.0	28.4	28.9	<b>29.6</b>	<b>28.5</b>
20-24	12.0	12.4	10.3	10.2	11.9	10.1	12.2	13.6	15.1	19.8	20.1	18.9	20.0	19.3	<b>20.0</b>	<b>20.0</b>
<b>Colombia e/</b>																
12-17	...	23.8	20.7	18.4	19.1	21.0	31.8	29.1	33.3	42.2	33.3	35.6	32.7	29.6	<b>30.7</b>	<b>26.4</b>
18-24	...	18.4	18.0	15.7	14.5	16.6	22.0	23.7	29.2	36.3	32.4	33.1	32.0	32.0	<b>33.2</b>	<b>28.7</b>
<b>Costa Rica f/</b>																
12 - 24	10.4	14.1	9.3	10.2	9.8	13.5	13.9	13.1	12.8	14.9	10.9	14.0	16.3	14.5	<b>14.5</b>	<b>15.1</b>
<b>Ecuador f/</b>																
15-24	13.5	17.6	17.3	15.7	14.9	15.3	20.0	19.4	23.5	25.9	17.4	20.1	17.4	22.1	<b>22.5</b>	<b>20.5</b> m/
<b>El Salvador f/</b>																
15-24	18.6	14.6	14.3	14.4	13.5	13.3	13.1	14.6	15.0	13.9	14.3	13.2	11.4	11.9	<b>12.5</b>	<b>13.2</b>
<b>Honduras f/</b>																
10 - 24	10.7	12.3	6.6	9.7	6.7	10.2	9.7	8.7	10.0	10.0	...	...	8.8	12.0	...	...
<b>Mexico g/</b>																
12-19	7.0	5.0	6.9	7.3	8.3	13.1	11.5	8.4	7.0	5.7	5.4	5.6	6.5	8.2	<b>8.2</b>	<b>9.5</b>
20-24	...	...	4.4	5.7	6.0	9.9	8.8	6.5	5.8	4.9	4.0	4.8	5.2	6.5	<b>6.5</b>	<b>7.6</b>
<b>Panama h/</b>																
15-24	...	38.8	37.0	31.6	31.1	31.9	34.8	31.5	31.7	29.5	32.6	35.4	34.1	33.7	...	...
<b>Paraguay i/</b>																
15-19	18.4	9.0	14.1	9.8	12.3	10.8	29.1	13.7	...	21.2	...	22.3	29.9	25.3	...	...
20-24	14.1	9.5	7.3	8.8	5.5	7.8	12.6	12.7	...	13.4	...	15.4	21.3	19.0	...	...
<b>Peru j/</b>																
14-24	15.5	11.8	16.9	17.2	13.7	11.3	13.8	14.2	12.7	12.8	15.4	14.2	15.1	14.8	<b>14.4</b>	<b>15.6</b>
<b>Uruguay k/</b>																
14-24	26.6	25.0	24.4	23.3	25.5	25.5	28.0	26.8	25.5	28.0	31.7	36.2	40.0	39.1	<b>40.1</b>	<b>33.1</b>
<b>Venezuela d/</b>																
15-24	18.0	15.8	13.4	13.0	15.9	19.9	25.4	23.1	21.9	26.6	25.3	23.2	27.2	30.3	<b>31.2</b>	<b>26.7</b>
<b>The Caribbean</b>																
<b>Barbados</b>																
15-24	...	33.8	36.4	43.2	41.7	37.8	27.5	28.9	27.4	21.8	18.5	23.1	23.2	26.1	...	<b>21.5</b> l/
<b>Jamaica</b>																
15-24	30.7	29.2	28.3	29.5	28.9	34.1	34.4	34.2	33.3	34.0	32.1	33.0	30.8	27.2	...	...
<b>Trinidad and Tobago</b>																
15-24	36.4	34.2	34.8	38.9	39.9	31.0	28.5	35.3	25.8	23.7	23.2	22.6	21.1	...	...	...

Source: ILO, based on information from household surveys of the countries.

- a/ Progressive incorporation until reaching 28 urban areas in 2002-2004. New measurement beginning in 2003, data are not comparable with previous years. From 1990-2002, figures correspond to October of each year. In 2003, annual average.
- b/ Departamental capitals and the city of El Alto. Beginning in 1999, urban area coverage.
- c/ Six metropolitan areas. New measurement beginning in 2002, data are not comparable with previous years.
- d/ National coverage.
- e/ Includes hidden unemployment. Seven metropolitan areas until 1999; September of each year. Beginning in 2000 thirteen metropolitan areas, annual averages.

- f/ Includes hidden unemployment. Urban national coverage.
- g/ Progressive incorporation, reaching 32 urban areas in 2003-2004.
- h/ Includes hidden unemployment. Metropolitan area until 1999. Beginning in 2000, urban national coverage.
- i/ Metropolitan area of Asunción until 1993. Beginning in 1994, urban national coverage.
- j/ Metropolitan Lima. New measurement beginning 2001, data are not comparable with previous years.
- k/ Montevideo.
- l/ Average of the first two quarters.
- m/ Corresponds to September.

TABLE 4-A  
**LATIN AMERICA AND THE CARIBBEAN:  
 URBAN LABOUR FORCE PARTICIPATION RATES, 1990-2004**  
*(average annual rates)*

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003	2004	
															Average of the first three quarters		
<b>Latin America</b>																	
Argentina a/	53.6	53.8	54.5	54.9	54.6	55.2	55.0	55.8	56.1	56.7	56.4	56.1	55.6	60.3	<b>60.5</b>	<b>60.1</b>	n/
Bolivia b/	51.2	51.5	50.6	52.6	53.7	55.0	56.5	52.5	...	55.9	56.1	60.6	58.0	60.4	...	...	
Brazil c/	63.8	61.1	59.5	58.7	59.3	59.3	59.6	58.5	58.2	57.1	58.0	56.4	55.3	57.1	<b>57.0</b>	<b>57.1</b>	
Chile d/	53.0	53.0	54.3	56.0	56.0	54.9	54.5	54.4	55.1	54.4	53.7	52.9	52.5	52.9	<b>52.8</b>	<b>52.8</b>	
Colombia e/	58.4	59.5	60.8	60.1	60.0	59.9	59.7	59.9	62.2	63.1	63.5	64.2	64.2	64.5	<b>64.2</b>	<b>62.8</b>	
Costa Rica f/	53.2	51.8	50.4	51.8	53.3	54.5	52.3	54.0	56.1	56.4	54.8	56.8	56.4	56.8	<b>56.8</b>	<b>56.3</b>	o/
Dominican Republic g/																	
	...	55.0	58.9	57.4	53.3	51.9	53.2	54.1	52.6	56.5	55.2	57.0	57.0	56.4	...	...	
Ecuador h/	52.3	56.8	58.9	57.5	55.6	55.7	55.8	56.6	55.8	56.3	56.8	55.6	54.1	53.8	<b>54.4</b>	<b>55.4</b>	
El Salvador f/	55.0	52.6	54.2	54.6	55.5	54.1	52.9	53.0	55.7	54.0	54.5	54.8	53.1	55.4	<b>54.9</b>	<b>54.3</b>	
Honduras f/	50.1	48.9	50.7	49.7	50.1	51.5	54.7	55.6	54.8	56.5	...	54.8	52.3	53.5	...	...	
Mexico i/	51.8	53.3	53.8	55.2	54.7	55.0	55.4	56.2	56.6	55.8	56.3	55.6	55.1	55.6	<b>55.5</b>	<b>56.4</b>	
Nicaragua j/	...	...	...	48.8	48.3	48.7	46.9	52.2	48.8	...	...	49.8	49.3	53.0	...	...	
Panama k/	56.7	58.7	61.9	61.8	62.7	63.1	61.7	63.1	63.9	61.2	60.9	61.4	63.4	63.5	...	...	
Paraguay l/	60.9	62.2	61.0	62.9	63.9	70.5	66.0	63.7	60.6	58.5	60.6	60.6	60.5	59.2	...	...	
Peru m/	59.6	55.9	57.1	60.1	59.7	62.4	59.7	64.5	64.6	65.7	63.4	67.1	68.5	67.4	<b>67.7</b>	<b>68.0</b>	
Uruguay f/	57.0	57.4	57.4	56.7	58.2	59.0	58.2	57.6	60.4	59.3	59.6	60.6	59.1	58.1	<b>57.9</b>	<b>58.5</b>	
Venezuela d/	59.4	59.8	59.3	57.9	59.0	61.6	62.2	63.8	65.1	66.3	64.6	66.5	68.7	69.1	<b>69.2</b>	<b>68.7</b>	
<b>The Caribbean</b>																	
Barbados	67.3	65.2	66.2	66.3	67.4	68.2	67.4	67.5	67.7	67.7	68.5	69.9	69.9	68.5	...	<b>69.8</b>	n/
Jamaica	66.9	68.1	69.1	68.3	69.2	69.0	67.7	66.6	65.6	64.5	63.2	...	62.9	63.7	...	...	
Trinidad and Tobago																	
	55.9	58.5	60.0	59.5	59.4	60.2	60.5	60.3	61.2	60.8	61.2	60.7	60.7	60.9	...	<b>61.0</b>	n/

Source: ILO, based on information from household surveys of the countries.

- a/ Progressive incorporation until reaching 28 urban areas in 2002-2004. New measurement beginning in 2003, data are not comparable with previous years.
- b/ Departamental capitals and the city of El Alto. Beginning in 1999, urban area coverage.
- c/ Six metropolitan areas. New measurement beginning in 2002, data are not comparable with previous years.
- d/ National coverage.
- e/ Includes hidden unemployment. Seven metropolitan areas until 1999. Beginning in 2000, thirteen metropolitan areas.
- f/ Urban national coverage.
- g/ Includes hidden unemployment. National coverage.
- h/ Includes hidden unemployment. Urban national coverage until 1998. Beginning in 1999, only includes Quito, Guayaquil and Cuenca.

- i/ Progressive incorporation reaching 32 urban areas in 2003-2004.
- j/ Urban national coverage. New measurement beginning 2003, data are not comparable with previous years.
- k/ Includes hidden unemployment. Metropolitan area until 1999. Beginning in 2000, urban national coverage.
- l/ Metropolitan area of Asunción until 1993. Beginning in 1994, urban national coverage.
- m/ Metropolitan Lima. New measurement beginning in 2001; data are not comparable with previous years.
- n/ Average of the first two quarters.
- o/ Corresponds to July.



TABLE 5-A  
**LATIN AMERICA AND THE CARIBBEAN:**  
**URBAN EMPLOYMENT-TO-POPULATION RATIOS, 1990-2004**  
*(average annual rates)*

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003	2004
															Average of the first three quarters	
<b>Latin America</b>																
Argentina a/	50.3	50.6	50.7	49.8	47.9	46.1	45.5	47.5	48.9	48.6	47.9	45.6	44.6	49.9	<b>48.9</b>	<b>51.4</b> n/
Bolivia b/	47.5	48.5	47.8	49.5	52.0	53.0	54.2	50.2	...	51.9	51.9	55.4	53.0	54.9	...	...
Brazil c/	61.1	58.1	56.6	55.6	56.3	56.6	56.4	55.2	53.8	52.6	53.9	48.6	48.7	50.1	<b>49.9</b>	<b>50.3</b>
Chile d/	49.1	49.3	50.9	52.4	51.6	51.2	51.6	51.5	51.6	49.1	48.8	48.1	47.8	48.4	<b>48.1</b>	<b>48.0</b>
Colombia e/	52.3	53.4	54.6	55.0	54.6	54.6	53.0	52.5	52.7	50.9	52.6	52.5	52.9	53.7	<b>53.1</b>	<b>52.8</b>
Costa Rica f/	50.3	48.7	48.2	49.7	51.0	51.4	48.9	50.8	53.1	52.8	51.9	53.5	52.6	53.0	<b>53.0</b>	<b>52.5</b> o/
Dominican																
Republic g/	...	44.2	46.9	46.0	44.8	43.7	44.4	45.4	45.1	46.1	47.6	47.6	47.2	46.4	...	...
Ecuador h/	49.1	52.0	53.7	52.4	51.3	51.4	50.0	51.3	50.1	47.8	48.8	49.8	49.4	48.7	<b>49.0</b>	<b>49.3</b>
El Salvador f/	49.5	48.7	50.5	...	51.6	50.3	49.8	49.0	51.5	50.3	48.9	51.0	49.8	52.0	<b>51.3</b>	<b>50.8</b>
Honduras f/	46.6	45.4	48.2	46.9	48.1	48.1	51.1	52.7	51.6	53.6	...	51.3	49.2	49.5	...	...
Mexico i/	50.3	51.8	52.3	53.3	52.7	51.6	52.4	54.1	54.7	54.4	55.1	54.2	53.6	53.7	<b>53.7</b>	<b>54.2</b>
Nicaragua j/	...	...	...	40.1	40.0	40.5	39.4	44.7	42.4	...	...	44.9	43.3	...	...	...
Panama k/	45.4	46.9	50.6	52.2	52.8	52.8	51.3	53.4	53.9	52.9	51.6	51.2	53.2	53.4	...	...
Paraguay l/	56.9	59.0	57.8	59.7	61.1	66.8	60.6	59.2	56.6	52.3	52.2	50.8	48.4	52.5	...	...
Peru m/	54.7	52.6	51.7	54.2	54.4	57.5	55.6	58.0	60.0	61.6	59.7	60.9	62.0	61.2	<b>61.3</b>	<b>61.4</b>
Uruguay f/	52.1	52.3	52.2	52.0	52.8	53.0	51.3	51.1	54.3	52.6	51.6	51.4	49.1	48.3	<b>47.8</b>	<b>50.7</b>
Venezuela d/	52.8	53.7	54.5	54.0	53.8	55.3	54.8	56.5	57.8	56.4	55.6	57.1	57.9	56.5	<b>56.2</b>	<b>57.6</b>
<b>The Caribbean</b>																
Barbados	54.7	55.4	54.7	51.1	51.0	53.3	54.1	57.0	57.9	59.4	57.2	62.7	61.4	61.6	...	<b>62.9</b> n/
Jamaica	50.2	57.7	58.3	57.8	57.9	58.4	56.7	55.9	54.8	54.5	56.2	53.5	54.0	53.9	...	...
Trinidad and																
Tobago	47.1	46.8	48.9	47.8	47.6	49.1	50.1	50.5	52.0	52.2	54.6	54.1	54.6	55.1	...	<b>56.4</b> n/



94 Source: ILO, based on information from household surveys of the countries.

- a/ Progressive incorporation until reaching 28 urban areas in 2002-2004. New measurement beginning in 2003; data are not comparable with previous years.
- b/ Departmental capitals and the city of El Alto. Beginning in 1999, urban area coverage.
- c/ Six metropolitan areas. New measurement beginning 2002, data are not comparable with previous years.
- d/ National coverage.
- e/ Includes hidden unemployment. Seven metropolitan areas until 1999. Beginning in 2000, thirteen metropolitan areas.
- f/ Urban national coverage.
- g/ Includes hidden unemployment. National coverage.
- h/ Includes hidden unemployment. Urban national coverage until 1998. Beginning in 1999, only includes Quito, Guayaquil and Cuenca.
- i/ Progressive incorporation, reaching 32 urban areas in 2003-2004.
- j/ Urban national coverage. New measurement beginning in 2003, data are not comparable with previous years.
- k/ Includes hidden unemployment. Metropolitan area until 1999. Beginning in 2000, urban national coverage.
- l/ Metropolitan area of Asunción until 1993. Beginning in 1994, urban national coverage.
- m/ Metropolitan Lima. New measurement beginning in 2001; data are not comparable with previous years.
- n/ Average of the first two quarters.
- o/ Corresponds to July.



TABLE 6-A

**LATIN AMERICA: STRUCTURE OF NON-AGRICULTURAL EMPLOYMENT, 1990-2003**  
*(percentages)*

Country/Year	Informal Sector				Formal Sector		
	Total	Independent Worker a/	Domestic Service	Micro-enterprises b/	Total	Public Sector	Small, medium and large private establishments c/
<b>Latin America</b>							
1990 <i>Total</i>	42.8	22.2	5.8	14.7	57.2	14.4	42.9
Men	39.4	21.6	0.5	17.3	60.6		
Women	47.4	23.2	13.8	10.4	52.6		
1995 <i>Total</i>	46.1	24.0	7.4	14.8	53.9	15.3	38.6
Men	42.7	23.9	0.8	18.0	57.3		
Women	51.0	24.1	17.0	9.9	49.0		
2000 <i>Total</i>	46.9	24.6	6.7	15.6	53.1	13.3	39.8
Men	44.5	25.3	0.6	18.6	55.5		
Women	50.3	23.7	15.4	11.2	49.7		
2002 <i>Total</i>	46.5	23.9	6.8	15.8	53.5	13.9	39.7
Men	44.3	24.7	0.7	18.9	55.7		
Women	49.4	22.8	15.2	11.3	50.6		
2003 <i>Total</i>	46.7	23.6	7.0	16.1	53.3	13.8	39.5
Men	44.1	24.0	0.7	19.3	55.9		
Women	50.1	23.2	15.5	11.4	49.9		
<b>Argentina</b>							
1991 <i>Total</i>	52.0	27.5	5.7	18.8	48.0	19.3	28.7
Men	49.8	28.2	0.5	21.2	50.2		
Women	55.5	26.5	14.3	14.7	44.5		
1998 <i>Total</i>	49.3	22.7	6.4	20.3	50.7	12.7	38.0
Men	48.0	24.1	0.3	23.6	52.0		
Women	51.4	20.4	15.8	15.2	48.6		
2002 <i>Total</i>	44.5	20.6	5.2	18.6	55.5	22.8	32.8
Men	47.2	25.1	0.0	22.1	52.8	16.4	36.4
Women	40.8	14.7	12.0	14.1	59.2	31.2	28.0
2003 <i>Total</i>	46.5	19.5	7.3	19.7	53.5	20.9	32.6
Men	47.2	22.4	0.2	24.5	52.8	16.6	36.2
Women	45.6	15.6	16.7	13.3	54.4	26.5	27.8
<b>Brazil</b>							
1990 <i>Total</i>	40.6	20.3	6.9	13.5	59.4	11.0	48.4
Men	36.1	19.6	0.5	16.0	63.9		
Women	47.6	21.3	16.7	9.6	52.4		
1995 <i>Total</i>	46.5	23.8	9.5	13.2	53.5	15.1	38.4
Men	42.1	25.1	0.9	16.0	57.9	12.5	45.4
Women	52.8	21.8	21.6	9.4	47.2	18.8	28.5
2001 <i>Total</i>	46.0	22.3	9.5	14.3	54.0	13.7	40.3
Men	42.3	24.5	0.9	16.9	57.7	10.9	46.8
Women	51.0	19.2	21.0	10.8	49.0	17.4	31.6
2003 <i>Total</i>	44.6	21.0	9.3	14.3	55.4	13.8	41.7
Men	40.5	22.7	0.9	16.9	59.5	11.0	48.5
Women	49.8	18.8	20.1	10.9	50.2	17.3	32.9
<b>Bolivia</b>							
2002 <i>Total</i>	66.7	44.6	4.3	17.8	33.3	11.6	21.7
Men	58.2	34.6	0.2	23.3	41.8	11.8	30.0
Women	76.3	55.8	8.9	11.6	23.7	11.4	12.4
<b>Chile</b>							
1990 <i>Total</i>	37.9	20.9	5.4	11.7	62.1	7.0	55.1
Men	33.5	21.3	0.2	12.0	66.5		
Women	45.9	20.1	14.7	11.1	54.1		



TABLE 6-A (continued)

**LATIN AMERICA: STRUCTURE OF NON-AGRICULTURAL EMPLOYMENT, 1990-2003**  
 (percentages)

Country/Year	Informal Sector				Formal Sector		
	Total	Independent Worker a/	Domestic Service	Micro-enterprises b/	Total	Public Sector	Small, medium and large private establishments c/
<i>1996 Total</i>	38.8	18.9	7.1	12.8	61.2	11.8	49.4
Men	34.0	19.9	0.3	13.7	66.0		
Women	46.3	17.4	17.7	11.2	53.7		
<i>2000 Total</i>	38.0	19.7	5.9	12.5	62.0	10.8	51.2
Men	34.3	20.8	0.1	13.5	65.7	8.6	57.0
Women	44.5	17.8	16.0	10.7	55.5	14.6	40.9
<i>2003 Total d/</i>	38.8	21.1	6.8	10.9	61.2	12.3	48.9
Men	34.2	22.2	0.2	11.7	65.8	10.6	55.2
Women	45.9	19.4	16.8	9.7	54.1	14.7	39.4
<b>Colombia</b>							
<i>1990 Total</i>	45.7	24.1	2.0	19.5	54.3	9.6	44.7
Men	45.1	22.6	0.1	22.3	54.9		
Women	46.6	26.3	5.0	15.2	53.4		
<i>2000 Total</i>	55.6	32.2	5.3	18.1	44.4	7.0	37.3
Men	54.7	32.6	0.5	21.6	45.3	6.1	39.1
Women	56.7	31.8	11.2	13.7	43.3	8.1	35.1
<i>2003 Total</i>	61.4	38.7	6.3	16.5	38.6	7.7	30.9
Men	59.0	38.6	0.5	19.9	41.0	7.0	34.0
Women	64.2	38.7	12.8	12.6	35.8	8.4	27.4
<b>Costa Rica</b>							
<i>1990 Total</i>	41.2	18.9	5.8	16.4	58.8	22.0	36.8
Men	37.7	19.1	0.3	18.3	62.3		
Women	47.5	18.6	15.8	13.1	52.5		
<i>1995 Total</i>	43.3	18.5	5.0	19.7	56.7	17.4	39.3
Men	40.4	17.8	0.3	22.3	59.6		
Women	48.3	19.9	13.3	15.1	51.7		
<i>2000 Total</i>	45.2	19.7	6.0	19.5	54.8	16.4	38.5
Men	42.2	20.1	0.5	21.6	57.8	15.0	42.8
Women	50.1	18.9	15.1	16.1	49.9	18.7	31.2
<i>2002 Total</i>	44.8	19.2	5.1	20.5	55.2	15.9	39.3
Men	40.6	17.0	0.5	23.1	59.4	13.1	46.3
Women	51.3	22.5	12.3	16.5	48.7	20.2	28.6
<i>2003 Total</i>	43.4	18.1	5.3	20.2	56.6	15.6	41.0
Men	39.2	15.5	0.6	23.1	60.8	12.6	48.2
Women	49.8	22.0	12.6	15.2	50.2	20.4	29.8
<b>Dominican Republic</b>							
<i>2000 Total</i>	47.0	31.7	5.0	10.3	53.0	13.2	39.8
Men	47.0	35.5	0.7	10.8	53.1	11.8	41.3
Women	47.0	25.7	11.7	9.6	53.0	15.5	37.5
<i>2001 Total</i>	49.0	33.6	4.8	10.6	51.0	13.9	37.1
Men	49.1	37.2	1.0	11.0	50.9	11.9	39.1
Women	48.8	27.8	10.9	10.1	51.2	17.2	34.0
<i>2002 Total</i>	49.0	33.7	5.4	9.9	51.1	14.2	36.8
Men	48.5	37.4	1.0	10.1	51.5	13.2	38.3
Women	49.6	28.0	12.1	9.6	50.4	15.8	34.6
<i>2003 Total</i>	48.8	33.7	5.3	9.8	51.2	14.4	36.8
Men	49.4	38.6	0.8	10.0	50.7	12.4	38.2
Women	47.9	26.1	12.4	9.4	52.1	17.5	34.6

(continued...)

TABLE 6-A (continued)

**LATIN AMERICA: STRUCTURE OF NON-AGRICULTURAL EMPLOYMENT, 1990-2003**  
 (percentages)

Country/Year	Informal Sector				Formal Sector		
	Total	Independent Worker a/	Domestic Service	Micro-enterprises b/	Total	Public Sector	Small, medium and large private establishments c/
<b>Ecuador</b>							
1990 Total	55.6	35.4	5.0	15.3	44.4	18.7	25.7
Men	51.7	32.6	0.7	18.4	48.3		
Women	62.1	39.9	12.1	10.1	37.9		
1995 Total	63.7	33.6	5.2	25.0	36.3	14.2	22.0
Men	60.0	29.6	0.7	29.8	40.0		
Women	69.2	39.4	11.8	17.9	30.8		
2000 Total	51.6	31.0	5.3	15.3	48.4	17.6	30.7
Men	51.1	31.6	0.9	18.6	48.9	14.1	34.8
Women	52.4	30.1	11.8	10.5	47.6	22.8	24.8
2002 Total	55.0	33.5	5.1	16.5	45.0	12.7	32.3
Men	50.3	29.6	0.8	19.9	49.7	12.1	37.6
Women	62.2	39.3	11.5	11.3	37.8	13.6	24.3
2003 Total	56.5	31.9	5.2	19.4	43.5	12.6	30.9
Men	52.4	28.2	0.4	23.8	47.6	12.2	35.4
Women	62.1	36.9	11.2	13.4	37.9	13.2	24.7
<b>El Salvador</b>							
2002 Total	51.8	32.0	5.3	14.5	48.2	10.3	36.6
Men	40.7	19.4	1.0	20.3	59.3	11.4	46.3
Women	63.3	45.0	9.7	8.6	36.7	9.2	26.7
2003 Total	54.3	32.1	5.7	16.4	45.7	10.0	35.4
Men	44.2	20.3	1.3	22.6	55.8	11.2	44.0
Women	64.8	44.3	10.3	10.1	35.2	8.7	26.5
<b>Honduras</b>							
1990 Total	57.6	37.3	7.1	13.3	42.4	14.9	27.5
Men	45.1	25.7	0.5	18.9	54.9		
Women	72.0	50.5	14.6	6.9	28.0		
1995 Total	57.1	35.5	5.6	16.0	42.9	12.6	30.2
Men	49.1	25.2	0.9	23.1	50.9		
Women	66.3	47.4	11.1	7.8	33.7		
1999 Total	60.7	39.6	5.5	15.6	39.3	10.1	29.2
Men	53.3	28.6	0.7	23.9	46.7	9.4	37.3
Women	67.6	49.8	9.9	7.9	32.4	10.6	21.7
2002 Total	56.4	37.5	4.2	14.5	43.5	9.1	34.4
Men	50.0	29.7	0.5	19.7	49.9	8.2	41.6
Women	63.2	46.0	8.1	9.0	36.7	10.1	26.5
2003 Total	59.4	40.8	4.8	13.8	40.6	9.0	31.6
Men	52.5	31.3	1.0	20.2	47.5	8.0	39.6
Women	66.6	50.6	8.8	7.2	33.4	10.1	23.3
<b>Mexico</b>							
1990 Total	38.4	19.0	4.6	14.8	61.6	19.4	42.3
Men	37.6	19.1	0.7	17.8	62.4		
Women	39.9	18.7	12.0	9.2	60.1		
1995 Total	43.2	20.9	5.3	17.0	56.8	16.1	40.7
Men	42.1	19.9	1.1	21.1	57.9		
Women	45.1	22.6	12.6	9.9	54.9		
2000 Total	39.2	18.3	3.7	17.2	60.8	14.5	46.4
Men	38.4	17.5	0.2	20.7	61.6	12.5	49.1
Women	40.5	19.6	9.6	11.3	59.5	17.9	41.6



TABLE 6-A (continued)

**LATIN AMERICA: STRUCTURE OF NON-AGRICULTURAL EMPLOYMENT, 1990-2003**  
 (percentages)

Country/Year	Informal Sector				Formal Sector		
	Total	Independent Worker a/	Domestic Service	Micro-enterprises b/	Total	Public Sector	Small, medium and large private establishments c/
<i>2002 Total</i>	41.0	19.5	4.3	17.3	59.0	14.0	45.0
Men	40.8	19.0	0.8	21.0	59.2	11.8	47.4
Women	41.4	20.3	10.1	11.0	58.6	17.7	40.8
<i>2003 Total</i>	41.8	19.5	4.4	17.9	58.2	14.2	44.0
Men	41.4	18.9	0.9	21.6	58.6	12.1	46.5
Women	42.5	20.6	10.5	11.4	57.5	17.8	39.6
<b>Nicaragua</b>							
<i>2002 Total</i>	54.4	31.9	0.0	22.5	45.6	12.8	32.8
Men	52.6	31.0	0.0	21.6	47.4	12.0	35.4
Women	56.3	32.9	0.0	23.4	43.7	13.7	29.9
<i>2003 Total</i>	58.0	34.0		24.0	42.0	11.7	30.3
Men	54.7	30.1		24.6	45.3	10.6	34.7
Women	61.3	38.0		23.3	38.7	12.8	25.9
<b>Panama</b>							
<i>1991 Total</i>	36.0	19.8	7.9	8.3	64.0	32.0	32.0
Men	34.6	23.8	1.0	9.7	65.4		
Women	38.0	14.0	17.8	6.3	62.0		
<i>1995 Total</i>	37.1	20.5	7.6	9.0	62.9	25.9	37.0
Men	35.2	23.4	1.5	10.3	64.8		
Women	40.0	16.1	16.9	7.0	60.0		
<i>2000 Total</i>	37.3	22.2	6.8	8.3	62.7	21.8	40.9
Men	36.0	25.2	1.6	9.3	64.0	19.0	45.0
Women	39.1	17.6	14.7	6.8	60.9	26.1	34.8
<i>2002 Total</i>	42.6	24.4	7.1	11.1	57.4	20.4	37.0
Men	41.2	26.4	1.4	13.3	58.8	17.9	40.9
Women	44.6	21.3	15.3	7.9	55.4	24.1	31.3
<i>2003 Total</i>	42.6	24.7	7.1	10.7	57.4	20.5	36.9
Men	40.9	26.8	1.4	12.7	59.1	18.0	41.1
Women	45.0	21.7	15.4	8.0	55.0	24.2	30.8
<b>Paraguay</b>							
<i>1999 Total</i>	58.1	27.7	9.6	20.7	41.9	12.3	29.6
Men	49.7	23.1	0.9	25.7	50.3	12.7	37.6
Women	69.1	33.8	21.1	14.2	30.9	11.8	19.0
<i>2002 Total</i>	60.9	30.9	10.6	19.4	39.1	13.2	25.9
Men	55.5	27.9	1.7	25.9	44.5	13.3	31.2
Women	67.7	34.7	21.9	11.1	32.3	13.1	19.3
<i>2003 Total</i>	61.7	30.0	11.8	19.9	38.3	13.0	25.2
Men	56.3	27.5	1.9	26.9	43.7	12.2	31.5
Women	68.6	33.3	24.1	11.2	31.4	14.1	17.3
<b>Peru</b>							
<i>1991 Total</i>	52.7	33.4	4.9	14.5	47.3	11.6	35.7
Men	46.3	28.9	0.6	16.9	53.7		
Women	62.9	40.4	11.6	10.8	37.1		
<i>1995 Total</i>	55.1	33.0	4.8	17.3	44.9	9.3	35.6
Men	48.8	26.9	0.5	21.4	51.2		
Women	64.1	41.8	11.0	11.4	35.9		
<i>2000 Total</i>	59.2	36.4	5.4	17.4	40.8	7.8	33.0
Men	53.2	31.6	0.4	21.0	46.8	7.8	39.0
Women	67.0	42.4	11.9	12.7	33.0	7.9	25.1

(continued...)

TABLE 6-A (continued)

## LATIN AMERICA: STRUCTURE OF NON-AGRICULTURAL EMPLOYMENT, 1990-2003 (percentages)

Country/Year	Informal Sector				Formal Sector		
	Total	Independent Worker a/	Domestic Service	Micro-enterprises b/	Total	Public Sector	Small, medium and large private establishments c/
<i>2002 Total</i>	56.2	36.5	5.4	14.3	43.8	9.1	34.7
Men	51.9	33.1	0.6	18.2	48.1	8.6	39.5
Women	61.9	41.0	11.8	9.1	38.1	9.8	28.3
<i>2003 Total</i>	55.9	34.5	5.7	15.8	44.1	7.9	36.2
Men	51.0	31.0	0.5	19.5	49.0	7.7	41.3
Women	62.2	38.9	12.4	11.0	37.8	8.2	
<b>Uruguay</b>							
<i>1991 Total</i>	39.1	18.6	6.8	13.7	60.9	20.1	40.8
Men	33.7	18.6	0.2	15.0	66.3		
Women	46.6	18.5	16.2	11.8	53.4		
<i>1995 Total</i>	43.3	21.9	7.4	13.9	56.7	20.0	36.7
Men	38.4	21.9	0.2	16.3	61.6		
Women	49.7	21.9	17.0	10.8	50.3		
<i>2000 Total</i>	38.8	19.0	9.6	10.3	61.2	18.0	43.1
Men	35.3	21.7	1.8	11.9	64.7	17.8	46.9
Women	43.4	15.5	19.6	8.3	56.6	18.4	38.2
<i>2002 Total</i>	38.6	17.4	9.3	11.9	61.4	18.7	42.7
Men	37.0	21.2	1.3	14.4	63.0	18.2	44.8
Women	40.6	12.5	19.5	8.6	59.4	19.3	40.1
<i>2003 Total</i>	39.1	17.6	9.9	11.6	60.9	18.9	42.0
Men	37.1	21.5	1.7	13.9	62.9	18.3	44.5
Women	41.6	12.6	20.4	8.6	58.4	19.6	38.9
<b>Venezuela</b>							
<i>1990 Total</i>	38.6	22.3	3.9	12.4	61.4	22.3	39.1
Men	38.3	22.0	0.4	15.9	61.7		
Women	39.3	22.8	10.4	6.1	60.7		
<i>1995 Total</i>	44.5	28.1	2.4	14.0	55.5	19.9	35.7
Men	45.3	28.1	0.1	17.1	54.7		
Women	43.0	28.0	6.4	8.6	57.0		
<i>2000 Total</i>	50.6	34.5	2.3	13.8	49.4	16.1	33.3
Men	49.2	32.1	0.2	17.0	50.8	11.8	38.9
Women	52.7	38.1	5.6	9.0	47.3	22.6	24.7
<i>2002 Total</i>	51.8	32.0	2.9	17.0	48.2	15.3	32.9
Men	49.2	28.0	0.2	21.0	50.8	11.4	39.4
Women	55.4	37.4	6.6	11.4	44.6	20.7	23.9
<i>2003 Total</i>	53.8	32.8	3.1	17.9	46.2	15.7	30.5
Men	51.7	29.3	0.2	22.2	48.3	11.5	36.8
Women	56.6	37.6	7.0	12.0	43.4	21.3	22.0



**Source:** ILO estimates based on data household surveys of the countries and other official sources (revised series): Argentina (urban areas), Bolivia (urban national), Brazil (urban national), Chile (national coverage), Colombia (urban areas), Costa Rica (national coverage), Dominican Republic (national coverage), Ecuador (urban national), El Salvador (national coverage), Honduras (national coverage), Mexico (urban areas), Nicaragua (2002 urban areas, 2003 national coverage), Panama (national coverage), Paraguay (urban national), Peru (Metropolitan Lima), Uruguay (1991 and 1995 Montevideo, beginning in 2000 urban national) and Venezuela (national coverage).

- a/ Includes self-employed workers (except administrative, professional and technical workers) and family workers.  
b/ Employed persons working in establishment with a maximum of 5 workers.  
c/ Includes establishments with six or more employed persons.  
d/ Preliminary figures.

TABLE 7-A

**LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES**  
**NON-AGRICULTURAL EMPLOYMENT BY**  
**ECONOMIC ACTIVITY AND SEX, 1990-2003 a/**  
*(percentages)*

Country/Year	Total	Goods Sector b/	Manufacturing Mining, Electric Power, Gas and Water	Construction	Service Sector c/	Trade	Transportation d/	Financial Establishments e/	Services f/	Non-specified Activities
<b>Latin America</b>										
1990 <i>Total</i>	100.0	28.8	21.7	7.1	71.2	24.0	5.7	5.0	36.2	0.4
Men	100.0	36.2	25.0	11.1	63.3	23.1	8.3	5.2	26.7	0.5
Women	100.0	16.9	16.3	0.6	83.0	25.4	1.4	4.7	51.4	0.2
2002 <i>Total</i>	100.0	26.1	19.6	6.5	74.1	26.5	6.8	4.8	35.8	0.0
Men	100.0	33.5	22.3	10.9	66.7	25.8	10.4	5.2	25.1	0.0
Women	100.0	15.8	15.3	0.5	84.3	27.7	1.8	4.3	50.4	0.0
2003 <i>Total</i>	100.0	25.0	18.9	6.1	75.1	28.0	6.8	4.7	35.4	0.1
Men	100.0	32.4	21.9	10.5	67.8	27.8	10.5	5.3	24.0	0.1
Women	100.0	14.9	14.5	0.4	85.1	28.6	1.7	4.0	50.7	0.1
<b>Argentina</b>										
1991 <i>Total</i>	100.0	26.4	18.2	8.2	72.1	21.7	5.6	6.9	37.9	1.6
Men	100.0	34.2	21.4	12.8	63.6	22.3	8.1	7.2	26.0	2.1
Women	100.0	13.4	13.0	0.4	86.1	20.8	1.4	6.3	57.6	0.6
2000 <i>Total</i>	100.0	23.9	16.8	7.2	76.1	20.9	9.1	11.7	33.7	0.6
Men	100.0	31.6	20.1	11.5	68.4	21.0	13.1	12.4	21.3	0.6
Women	100.0	12.4	11.8	0.6	87.6	20.8	3.1	10.6	52.3	0.7
2002 <i>Total</i>	100.0	22.2	15.5	6.6	77.8	17.8	8.2	11.1	40.6	
Men	100.0	29.7	15.8	11.2	70.3	18.1	12.2	11.3	28.6	
Women	100.0	11.7	11.4	0.3	88.3	17.4	2.6	10.8	57.4	
2003 <i>Total</i>	100.0	22.0	14.5	7.5	78.0	23.9	6.8	9.4	37.9	
Men	100.0	29.9	17.4	12.5	70.1	26.5	10.2	10.9	22.4	
Women	100.0	11.1	10.6	0.5	88.9	20.4	2.1	7.3	59.1	
<b>Barbados</b>										
1991 <i>Total</i>	100.0	21.4	12.4	9.1	78.6	25.8	5.0	4.2	43.5	0.1
Men	100.0	28.2	12.1	15.7	71.8	23.1	6.5	2.9	39.4	0.0
Women	100.0	13.6	12.4	1.1	86.4	29.2	3.1	5.7	48.5	0.0
1995 <i>Total</i>	100.0	20.5	12.1	8.4	79.5	27.2	4.9	7.2	40.2	0.0
Men	100.0	27.0	11.4	15.6	73.0	24.8	6.8	4.2	37.2	0.0
Women	100.0	13.4	12.8	0.6	86.6	29.9	2.6	10.6	43.5	0.0
2000 <i>Total</i>	100.0	21.4	10.0	11.4	78.6	27.2	4.0	7.5	39.7	0.2
Men	100.0	30.6	10.4	20.2	69.4	22.7	5.0	5.7	35.9	0.2
Women	100.0	11.0	9.5	1.4	89.0	32.2	3.0	9.5	44.2	0.2
<b>Bolivia</b>										
1990 <i>Total</i>	100.0	23.9	17.1	6.8	76.1	26.4	7.9	3.1	38.6	
1997 <i>Total</i>	100.0	30.4	21.1	9.3	69.6	30.7	8.9	4.9	25.1	
2002 <i>Total</i>	100.0	29.7	21.0	8.7	70.3	8.1	8.2	4.7	49.3	
Men	100.0	40.4	25.0	15.5	59.6	3.6	14.1	5.6	36.3	
Women	100.0	17.3	16.4	0.9	82.7	13.3	1.3	3.7	64.4	
<b>Brazil</b>										
1990 <i>Total</i>	100.0	28.6	20.9	7.7	71.0	21.7	5.1	3.3	40.9	0.4
Men	100.0	37.9	25.5	12.4	61.6	22.2	7.8	3.5	28.1	0.5
Women	100.0	14.3	13.8	0.5	85.6	20.9	1.1	3.0	60.6	0.1
1995 <i>Total</i>	100.0	25.0	16.7	8.3	75.0	22.6	5.0	2.1	45.0	0.3
Men	100.0	34.8	20.9	13.9	65.2	23.3	7.8	2.2	31.3	0.6
Women	100.0	11.3	10.9	0.5	88.7	21.7	1.0	1.9	63.9	0.1
2002 <i>Total</i>	100.0	27.0	18.0	9.0	73.3	26.4	5.9	3.4	37.3	
Men	100.0	36.1	20.6	15.5	64.4	28.5	9.3	3.9	22.2	
Women	100.0	15.2	14.7	0.5	84.9	23.7	1.5	2.8	56.8	

(continued...)

TABLE 7-A (continued)

**LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES**  
**NON-AGRICULTURAL EMPLOYMENT BY**  
**ECONOMIC ACTIVITY AND SEX, 1990-2003 a/**  
*(percentages)*

Country/Year	Total	Goods Sector b/	Manufacturing Mining, Electric Power, Gas and Water	Construction	Service Sector c/	Trade	Transportation d/	Financial Establishments e/	Services f/	Non-specified Activities
2003 <i>Total</i>	100.0	25.9	17.8	8.1	74.4	27.4	5.9	3.7	37.1	
Men	100.0	34.5	20.4	14.1	66.0	29.6	9.3	4.2	22.4	
Women	100.0	14.9	14.4	0.4	85.2	24.6	1.6	3.0	56.0	
<b>Chile</b>										
1994 <i>Total</i>	100.0	31.3	20.9	10.4	67.6	21.7	8.4	6.6	30.9	1.2
Men	100.0	40.7	24.8	15.8	58.2	19.3	11.9	6.3	20.7	1.1
Women	100.0	15.2	14.1	1.0	83.6	25.7	2.6	7.1	48.3	1.3
1996 <i>Total</i>	100.0	28.0	17.7	10.3	72.0	22.6	8.5	7.5	32.9	0.5
Men	100.0	36.9	20.8	16.1	63.1	20.3	12.1	7.3	22.8	0.5
Women	100.0	13.9	12.8	1.1	86.1	26.3	2.8	7.8	48.7	0.6
2000 <i>Total</i>	100.0	28.1	18.8	9.4	71.9	22.0	8.6	8.5	32.8	
Men	100.0	38.1	23.3	14.8	61.9	19.4	12.3	8.5	21.7	
Women	100.0	12.9	11.9	1.1	87.1	25.9	2.9	8.5	49.8	
2003 <i>Total g/</i>	100.0	27.6	17.8	9.8	72.4	22.9	8.9	7.9	32.3	0.3
Men	100.0	37.9	22.3	15.7	62.1	20.3	12.4	8.2	20.9	0.3
Women	100.0	12.4	11.2	1.1	87.6	26.9	3.7	7.5	49.4	0.2
<b>Colombia</b>										
1992 <i>Total</i>	100.0	31.3	25.0	6.3	68.6	28.4	6.2	7.3	26.7	0.1
Men	100.0	34.6	24.8	9.8	65.4	26.1	9.2	7.6	22.4	0.1
Women	100.0	26.2	25.3	0.9	73.7	32.0	1.4	6.9	33.4	0.1
2000 <i>Total</i>	100.0	25.0	20.2	4.9	75.0	27.0	7.6	8.1	32.2	0.1
Men	100.0	29.3	20.9	8.4	70.7	25.4	11.8	9.0	24.4	0.1
Women	100.0	19.8	19.2	0.5	80.2	29.0	2.3	7.1	41.8	0.1
2003 <i>Total</i>	100.0	23.1	18.0	5.1	76.9	32.8	8.2	7.8	28.0	
Men	100.0	28.2	18.9	9.3	71.8	34.4	13.4	8.5	15.4	
Women	100.0	17.3	17.0	0.4	82.7	30.9	2.3	6.9	42.5	
<b>Costa Rica</b>										
1990 <i>Total</i>	100.0	34.9	26.1	8.8	64.2	21.2	5.3	4.5	33.2	1.0
Men	100.0	39.8	26.4	13.4	59.2	20.5	7.8	5.6	25.3	1.2
Women	100.0	26.0	25.5	0.5	73.3	22.4	0.9	2.6	47.4	0.7
1995 <i>Total</i>	100.0	29.1	21.1	8.0	70.9	24.7	6.8	5.5	32.8	1.1
Men	100.0	33.3	21.0	12.3	66.7	23.5	9.5	6.5	25.9	1.3
Women	100.0	21.7	21.3	0.4	78.3	27.0	2.1	3.5	45.1	0.6
2000 <i>Total</i>	100.0	28.0	19.4	8.6	71.2	25.4	7.5	6.1	32.1	0.9
Men	100.0	34.3	20.9	13.4	64.7	24.1	10.7	6.8	23.1	1.0
Women	100.0	17.5	16.9	0.5	81.9	27.6	2.3	5.0	47.0	0.7
2002 <i>Total</i>	100.0	25.0	17.0	8.0	75.0	25.4	6.8	10.1	28.8	
Men	100.0	31.8	18.8	13.0	68.2	23.7	10.1	10.6	18.1	
Women	100.0	14.6	14.2	0.4	85.4	28.1	1.7	9.4	45.2	
2003 <i>Total</i>	100.0	24.4	16.6	7.9	75.6	29.7	6.8	9.8	28.8	0.5
Men	100.0	31.1	18.2	12.9	68.9	29.8	9.8	10.4	18.4	0.6
Women	100.0	14.3	14.0	0.2	85.7	29.5	2.1	9.0	44.8	0.4
<b>Dominican Republic</b>										
2000 <i>Total</i>	100.0	28.8	21.3	7.5	71.2	32.2	7.3	2.2	29.5	
Men	100.0	33.9	22.0	11.9	66.1	33.1	10.9	1.8	20.3	
Women	100.0	20.7	20.2	0.4	79.3	30.6	1.8	3.0	44.0	

(continued...)

TABLE 7-A (continued)

**LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES**  
**NON-AGRICULTURAL EMPLOYMENT BY**  
**ECONOMIC ACTIVITY AND SEX, 1990-2003 a/**  
*(percentages)*

Country/Year	Total	Goods Sector b/	Manufacturing Mining, Electric Power, Gas and Water	Construction	Service Sector c/	Trade	Transportation d/	Financial Establishments e/	Services f/	Non-specified Activities
2001 <i>Total</i>	100.0	26.9	19.1	7.8	73.1	32.1	8.9	2.1	30.0	
Men	100.0	32.9	20.7	12.2	67.1	31.5	13.3	1.6	20.7	
Women	100.0	17.2	16.6	0.6	82.8	33.1	1.8	2.9	45.0	
2002 <i>Total</i>	100.0	24.9	17.9	7.0	75.1	31.8	8.8	2.4	32.0	
Men	100.0	31.0	19.7	11.3	69.0	31.5	13.4	2.0	22.2	
Women	100.0	15.6	15.2	0.5	84.4	32.4	1.9	3.0	47.0	
2003 <i>Total</i>	100.0	25.6	18.2	7.5	74.4	30.9	8.5	2.6	32.4	
Men	100.0	32.0	20.1	11.9	68.0	31.2	12.9	2.2	21.6	
Women	100.0	15.6	15.1	0.5	84.4	30.4	1.7	3.2	49.2	
<b>Ecuador</b>										
1990 <i>Total</i>	100.0	28.1	20.3	7.7	71.9	29.4	6.1	5.0	31.4	0.0
Men	100.0	34.6	22.6	12.0	65.3	24.5	9.0	5.9	25.9	0.0
Women	100.0	17.2	16.6	0.6	82.8	37.6	1.2	3.5	40.5	0.0
1995 <i>Total</i>	100.0	22.2	15.6	6.6	77.8	34.0	5.9	4.8	33.0	0.1
Men	100.0	27.5	16.7	10.8	72.5	28.9	9.0	5.5	29.0	0.0
Women	100.0	14.5	14.0	0.5	85.5	41.4	1.3	3.9	38.7	0.1
2000 <i>Total</i>	100.0	26.1	18.4	7.7	73.9	33.8	6.8	5.6	27.7	0.0
Men	100.0	33.2	20.7	12.5	66.8	31.3	10.2	6.0	19.3	0.0
Women	100.0	15.6	14.9	0.7	84.4	37.6	1.8	5.0	40.1	0.0
2002 <i>Total</i>	100.0	24.6	17.0	7.6	75.4	35.3	7.0	6.4	26.6	
Men	100.0	31.1	19.2	11.9	68.9	32.3	10.4	7.9	18.3	
Women	100.0	14.9	13.8	1.1	85.1	39.9	2.0	4.1	39.0	
2003 <i>Total</i>	100.0	23.8	16.4	7.5	76.2	35.3	7.3	6.4	27.2	
Men	100.0	31.7	19.1	12.5	68.3	31.7	11.0	7.3	18.3	
Women	100.0	12.9	12.5	0.4	87.1	40.3	2.0	5.2	39.6	
<b>El Salvador</b>										
1990 <i>Total</i>	100.0	31.4	24.8	6.6	68.6	29.7	5.8	2.9	30.2	0.0
Men	100.0	33.6	26.3	7.3	66.4	28.0	6.0	2.2	30.2	0.0
Women	100.0	39.4	25.9	13.5	60.6	24.9	10.6	2.1	23.0	0.0
1995 <i>Total</i>	100.0	33.6	26.3	7.3	66.4	28.0	6.0	2.2	30.2	0.0
Men	100.0	39.4	25.9	13.5	60.6	24.9	10.6	2.1	23.0	0.0
Women	100.0	27.4	26.8	0.6	72.6	31.3	0.9	2.4	38.0	0.0
2000 <i>Total</i>	100.0	30.9	24.4	6.5	69.1	33.5	6.0	4.8	24.7	0.0
Men	100.0	36.5	23.6	12.9	63.5	27.1	11.1	6.6	18.7	0.0
Women	100.0	25.3	25.1	0.2	74.7	40.0	0.9	3.1	30.7	0.0
2002 <i>Total</i>	100.0	31.9	23.5	8.4	68.1	32.6	5.7	5.3	24.5	
Men	100.0	39.8	23.2	16.6	60.2	22.5	10.6	6.9	20.2	
Women	100.0	24.3	23.7	0.5	75.7	42.2	1.0	3.7	28.8	
2003 <i>Total</i>	100.0	30.0	22.1	7.9	70.0	35.2	5.5	5.3	23.9	0.1
Men	100.0	37.0	21.7	15.2	63.0	27.4	9.8	7.0	18.9	0.1
Women	100.0	22.8	22.4	0.3	77.2	43.3	1.1	3.6	29.2	0.0
<b>Honduras</b>										
1990 <i>Total</i>	100.0	33.8	25.1	8.7	66.2	29.4	4.3	2.3	30.2	0.1
Men	100.0	42.0	26.0	16.0	57.8	24.0	7.4	2.9	23.5	0.1
Women	100.0	24.2	23.9	0.3	75.7	35.4	0.7	1.6	38.0	0.1
1995 <i>Total</i>	100.0	35.6	28.0	7.6	64.4	28.7	3.9	3.0	28.8	0.0
Men	100.0	41.6	27.6	14.0	58.4	22.8	6.4	3.9	25.3	0.1
Women	100.0	28.8	28.5	0.3	71.2	35.4	0.9	2.0	32.9	0.0

(continued...)



TABLE 7-A (continued)

**LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES**  
**NON-AGRICULTURAL EMPLOYMENT BY**  
**ECONOMIC ACTIVITY AND SEX, 1990-2003 a/**  
*(percentages)*

Country/Year	Total	Goods Sector b/	Manufacturing Mining, Electric Power, Gas and Water	Construction	Service Sector c/	Trade	Transportation d/	Financial Establishments e/	Services f/	Non-specified Activities
1999 <i>Total</i>	100.0	33.1	25.9	7.1	66.9	32.2	3.7	3.2	27.8	0.0
Men	100.0	39.8	25.2	14.6	60.2	24.3	6.9	4.3	24.7	0.0
Women	100.0	26.8	26.6	0.2	73.2	39.4	0.8	2.3	30.7	0.0
2002 <i>Total</i>	100.0	34.7	26.1	8.5	65.3	32.8	5.2	4.4	22.8	
Men	100.0	40.3	24.3	16.0	59.7	29.6	8.9	5.5	15.6	
Women	100.0	28.6	28.1	0.5	71.4	36.1	1.3	3.3	30.6	
2003 <i>Total</i>	100.0	33.9	25.8	8.1	66.1	32.8	5.2	4.8	23.3	0.0
Men	100.0	39.8	24.2	15.6	60.2	29.4	9.2	5.9	15.7	0.0
Women	100.0	27.9	27.5	0.3	72.1	36.2	1.1	3.7	31.1	0.0
<b>Jamaica</b>										
1991 <i>Total</i>	100.0	25.0	16.0	8.9	75.0	26.1	5.5	6.2	37.3	1.8
Men	100.0	38.6	20.8	17.8	61.4	17.8	8.3	5.8	27.7	1.7
Women	100.0	13.8	13.3	0.5	86.2	33.2	2.4	5.8	43.0	1.8
1995 <i>Total</i>	100.0	27.3	16.6	10.7	72.7	27.3	5.7	6.7	32.6	0.4
Men	100.0	36.2	14.7	21.6	63.8	20.6	11.9	6.4	24.5	0.4
Women	100.0	15.5	14.8	0.7	84.5	34.6	2.0	7.2	40.4	0.4
2000 <i>Total</i>	100.0	23.3	11.8	11.4	76.7	28.6	7.6	6.9	33.2	0.5
Men	100.0	36.2	14.7	21.6	63.8	20.6	11.9	6.4	24.5	0.4
Women	100.0	9.9	8.9	1.0	90.1	36.8	3.1	7.4	42.2	0.5
2002 <i>Total</i>	100.0	22.9	10.8	12.1	76.7	27.9	7.6	7.2	33.5	0.5
Men	100.0	36.3	14.0	22.4	63.7	19.8	12.8	6.6	24.1	0.4
Women	100.0	9.0	7.6	1.4	91.0	36.3	3.0	7.8	43.2	0.7
<b>Mexico</b>										
1990 <i>Total</i>	100.0	30.0	25.0	5.0	69.9	26.0	5.6	5.9	32.4	0.0
Men	100.0	34.8	27.6	7.3	65.1	23.9	7.5	5.8	27.9	0.1
Women	100.0	20.9	20.2	0.7	79.1	30.0	1.9	6.1	41.1	0.0
1995 <i>Total</i>	100.0	20.9	20.1	0.8	79.1	28.3	6.2	2.2	42.4	0.1
Men	100.0	23.3	22.2	1.0	76.7	25.5	8.6	2.1	40.4	0.1
Women	100.0	16.8	16.4	0.4	83.2	33.0	1.9	2.3	45.9	0.0
2000 <i>Total</i>	100.0	30.0	29.3	0.7	70.0	26.5	6.3	1.6	35.5	0.1
Men	100.0	24.7	33.8	0.9	65.3	23.3	9.0	1.4	31.5	0.1
Women	100.0	21.8	21.6	0.3	78.2	32.0	1.8	1.9	42.4	0.1
2002 <i>Total</i>	100.0	27.8	27.3	0.6	72.2	27.9	6.3	1.6	36.3	
Men	100.0	32.6	31.9	0.8	67.4	24.8	9.0	1.5	32.1	
Women	100.0	19.6	19.3	0.3	80.5	33.3	1.6	1.8	43.7	
2003 <i>Total</i>	100.0	26.6	26.0	0.6	73.4	28.1	6.6	1.7	37.0	
Men	100.0	31.7	30.8	0.8	68.4	25.0	9.5	1.6	32.2	
Women	100.0	18.0	17.7	0.3	82.1	33.5	1.5	1.8	45.2	
<b>Nicaragua</b>										
2002 <i>Total</i>	100.0	27.3	21.3	6.0	72.7	29.2	7.2	5.1	31.1	
Men	100.0	35.1	23.8	11.3	64.9	23.7	12.7	6.2	22.4	
Women	100.0	19.1	18.7	0.4	80.9	35.1	1.4	4.0	40.3	
2003 <i>Total</i>	100.0	25.6	20.1	5.5	74.4	31.2	5.5	3.8	31.2	2.6
Men	100.0	32.3	21.7	10.6	67.7	25.4	10.3	5.0	22.4	4.7
Women	100.0	18.9	18.6	0.3	81.1	37.1	0.7	2.7	40.2	0.4
<b>Panama</b>										
1991 <i>Total</i>	100.0	19.2	14.8	4.4	80.6	27.1	9.4	5.7	38.4	0.1
Men	100.0	25.2	17.8	7.4	74.8	29.5	13.9	5.7	25.7	2.1
Women	100.0	10.9	10.7	0.2	89.1	23.8	3.1	5.7	56.5	0.1

(continued...)

TABLE 7-A (continued)

**LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES**  
**NON-AGRICULTURAL EMPLOYMENT BY**  
**ECONOMIC ACTIVITY AND SEX, 1990-2003 a/**  
*(percentages)*

Country/Year	Total	Goods Sector b/	Manufacturing Mining, Electric Power, Gas and Water	Construction	Service Sector c/	Trade	Transportation d/	Financial Establishments e/	Services f/	Non-specified Activities
<b>1995 Total</b>	100.0	21.3	13.5	7.8	78.7	26.2	9.3	6.9	36.3	0.0
Men	100.0	28.4	15.6	12.7	71.6	26.6	13.2	6.6	25.2	0.0
Women	100.0	10.6	10.2	0.3	89.4	25.6	3.2	7.3	53.4	0.0
<b>2000 Total</b>	100.0	20.9	12.0	8.8	79.1	27.5	9.2	8.2	34.3	0.0
Men	100.0	28.5	14.4	14.1	71.5	27.7	12.7	7.6	23.5	0.0
Women	100.0	9.2	8.5	0.8	90.8	27.2	3.7	9.1	50.8	0.0
<b>2002 Total</b>	100.0	19.6	11.4	8.2	80.4	27.9	9.3	7.3	35.8	
Men	100.0	26.1	12.9	13.2	73.9	27.5	13.6	7.2	25.5	
Women	100.0	10.1	9.3	0.8	89.9	28.5	3.1	7.5	50.9	
<b>2003 Total</b>	100.0	20.6	11.7	8.8	79.4	27.6	9.5	7.3	35.1	0.0
Men	100.0	27.5	13.1	14.4	72.5	27.2	14.1	6.9	24.2	0.0
Women	100.0	10.6	9.7	0.8	89.4	28.2	2.8	7.8	50.6	0.0
<b>Paraguay</b>										
<b>1999 Total</b>	100.0	23.7	16.8	6.9	76.3	29.9	7.0	6.0	33.4	
Men	100.0	31.9	20.0	11.9	68.1	26.8	10.9	6.0	24.4	
Women	100.0	13.0	12.6	0.4	87.0	34.0	1.8	6.0	45.2	
<b>2002 Total</b>	100.0	22.0	15.3	6.7	78.0	34.3	5.4	6.3	31.8	
Men	100.0	30.7	19.2	11.5	69.3	33.5	7.9	7.0	20.6	
Women	100.0	10.8	10.3	0.5	89.2	35.3	2.1	5.4	46.2	
<b>2003 Total</b>	100.0	20.4	14.9	5.5	79.6	33.6	5.8	5.7	34.4	0.0
Men	100.0	27.5	17.8	9.7	72.4	35.4	9.0	6.8	21.2	0.1
Women	100.0	11.4	11.1	0.3	88.6	31.3	1.8	4.4	51.1	0.0
<b>Peru</b>										
<b>1991 Total</b>	100.0	24.4	19.7	4.7	75.6	33.2	6.5	5.8	30.1	0.0
Men	100.0	30.1	22.3	7.7	69.9	27.1	9.9	7.4	25.6	0.0
Women	100.0	15.5	15.5	0.0	84.5	42.7	1.3	3.3	37.2	0.0
<b>1995 Total</b>	100.0	25.4	20.2	5.3	74.6	32.2	7.6	7.8	26.9	0.0
Men	100.0	31.7	23.0	8.7	68.3	24.9	11.9	10.2	21.4	0.0
Women	100.0	16.3	16.0	0.3	83.7	42.9	1.4	4.4	35.0	0.0
<b>2000 Total</b>	100.0	21.5	17.2	4.3	78.5	32.7	9.9	8.6	27.4	0.0
Men	100.0	27.4	20.2	7.2	72.6	23.7	15.8	9.8	23.3	0.0
Women	100.0	13.8	13.2	0.6	86.2	44.4	2.1	6.9	32.8	0.0
<b>2002 Total</b>	100.0	22.2	16.4	5.8	77.8	31.9	9.6	8.0	28.4	
Men	100.0	29.5	19.6	9.8	70.5	24.5	15.5	9.0	21.5	
Women	100.0	12.3	12.1	0.2	87.7	41.9	1.6	6.6	37.6	
<b>2003 Total</b>	100.0	21.0	14.9	6.1	79.0	32.5	10.4	7.1	28.9	
Men	100.0	28.7	18.0	10.7	71.3	23.7	17.1	8.2	22.2	
Women	100.0	11.1	10.9	0.2	88.9	43.9	1.8	5.6	37.6	
<b>Trinidad and Tobago</b>										
<b>1991 Total</b>	100.0	32.9	15.1	17.8	67.1	19.8	7.1	7.7	32.2	0.3
Men	100.0	41.7	17.1	24.6	58.3	15.1	9.7	6.2	27.1	0.2
Women	100.0	19.4	12.0	7.3	80.6	27.0	3.1	10.1	40.1	0.4
<b>1995 Total</b>	100.0	29.6	13.8	15.8	70.4	20.8	7.6	7.8	34.2	0.1
Men	100.0	38.6	16.7	21.9	61.4	15.4	10.3	7.0	28.5	0.1
Women	100.0	16.3	9.4	6.9	83.7	28.6	3.5	8.8	42.7	0.2
<b>2000 Total</b>	100.0	30.1	13.4	16.7	69.9	21.2	8.1	8.2	32.3	0.1
Men	100.0	40.4	15.9	24.5	59.6	15.6	11.0	7.1	25.8	0.1
Women	100.0	15.3	9.8	5.5	84.7	29.2	4.0	9.8	41.6	0.1

(continued...)

TABLE 7-A (continued)

**LATIN AMERICA AND THE CARIBBEAN: SELECTED COUNTRIES**  
**NON-AGRICULTURAL EMPLOYMENT BY**  
**ECONOMIC ACTIVITY AND SEX, 1990-2003 a/**  
*(percentages)*

Country/Year	Total	Goods Sector b/	Manufacturing Mining, Electric Power, Gas and Water	Construction	Service Sector c/	Trade	Transportation d/	Financial Establishments e/	Services f/	Non-specified Activities
2002 <i>Total</i>	100.0	30.1	13.1	17.0	69.9	20.2	8.3	8.8	32.2	0.4
Men	100.0	40.2	16.2	24.0	59.8	15.0	11.3	7.5	25.6	0.4
Women	100.0	16.0	8.8	7.2	84.0	27.5	4.1	10.7	41.3	0.4
<b>Uruguay</b>										
1991 <i>Total</i>	100.0	31.3	24.2	7.1	68.7	18.7	5.8	5.2	39.0	0.0
Men	100.0	37.3	25.6	11.8	62.7	19.4	8.6	5.5	29.2	0.0
Women	100.0	22.7	22.3	0.4	77.3	17.8	1.9	4.8	52.8	0.0
1995 <i>Total</i>	100.0	26.3	19.0	7.3	73.7	20.3	6.2	6.5	40.7	0.0
Men	100.0	34.1	21.6	12.5	65.9	20.3	9.3	6.6	29.8	0.0
Women	100.0	16.0	15.6	0.5	84.0	20.4	2.1	6.3	55.1	0.0
2001 <i>Total</i>	100.0	25.5	16.8	8.7	74.5	20.8	6.7	9.8	37.3	0.0
Men	100.0	35.3	19.6	15.7	64.7	21.1	10.3	10.9	22.5	0.0
Women	100.0	13.8	13.3	0.4	86.2	20.5	2.4	8.4	54.9	0.0
2003 <i>Total</i>	100.0	22.7	15.5	7.2	77.3	20.2	6.4	10.3	40.5	
Men	100.0	31.3	18.5	12.8	68.7	21.6	9.8	11.2	26.2	
Women	100.0	12.2	11.9	0.3	87.8	18.6	2.2	9.2	57.8	
<b>Venezuela</b>										
1990 <i>Total</i>	100.0	29.1	20.2	8.9	70.8	24.3	7.0	6.6	32.9	0.1
Men	100.0	36.4	23.2	13.2	63.5	24.0	9.9	6.2	23.5	0.1
Women	100.0	15.8	14.8	1.0	84.1	24.8	1.6	7.4	50.2	0.1
1995 <i>Total</i>	100.0	24.9	15.6	9.3	75.1	26.6	7.2	6.6	34.4	0.2
Men	100.0	31.6	17.5	14.1	68.4	25.7	10.3	6.5	25.8	0.2
Women	100.0	13.4	12.3	1.1	86.6	28.3	1.8	6.9	49.3	0.4
2000 <i>Total</i>	100.0	25.5	16.3	9.2	74.5	28.9	7.6	5.5	32.4	0.1
Men	100.0	33.8	19.1	14.7	66.2	25.4	11.5	5.7	23.4	0.1
Women	100.0	12.9	11.9	0.9	87.1	34.1	1.6	5.2	46.1	0.1
2002 <i>Total</i>	100.0	22.9	14.2	8.8	77.1	29.8	8.1	5.4	33.5	
Men	100.0	30.9	16.4	14.5	69.1	25.7	12.8	5.8	24.5	
Women	100.0	11.8	11.1	0.8	88.2	35.5	1.6	4.8	46.1	
2003 <i>Total</i>	100.0	21.7	14.0	7.6	78.3	29.2	8.3	5.3	35.1	0.4
Men	100.0	29.1	16.4	12.7	70.9	25.5	13.3	5.9	25.8	0.4
Women	100.0	11.5	10.8	0.7	88.5	34.2	1.5	4.6	47.7	0.4

**Fuente:** ILO based on household surveys of the countries: Argentina (urban areas), Barbados (national coverage), Bolivia (urban national), Brazil (urban national), Chile (national coverage), Colombia (urban areas), Costa Rica (national coverage), Dominican Republic (national coverage), Ecuador (urban national), El Salvador (national coverage), Honduras (national coverage), Mexico (urban areas), Nicaragua (2002 urban areas, 2003 national coverage), Panama (national coverage), Paraguay (urban national), Peru (Metropolitan Lima), Trinidad and Tobago (national coverage), Uruguay (1991 and 1995 Montevideo, beginning in 2001 urban national) and Venezuela (national coverage).

a/ Employed, excluding the agricultural sector.

b/ Includes manufacturing, mining, electric power, water and construction sectors.

c/ Includes trade, transportation, financial establishments and services.

d/ Corresponds to transportation, storage and communications.

e Financial establishments, insurance, real estate and services rendered to firms, including the housing sub-sector.

f/ Includes social and personal community services.

g/ Preliminary figures.

TABLE 8-A

**LATIN AMERICA: WAGE AND SALARIED WORKERS THAT  
CONTRIBUTE TO SOCIAL SECURITY, BY SEX, AS A PERCENTAGE  
OF THE TOTAL, 1990-2003**  
(percentages)

Country/Year	Informal Sector			Formal Sector b/	Total
	Total	Domestic Service	Small Establishments a/		
<b>Latin America</b>					
1990 <i>Total</i>	29.2	17.6	34.7	80.6	66.6
Men	32.5	35.5	32.5	79.1	68.4
Women	27.0	16.6	39.5	82.8	65.1
1995 <i>Total</i>	24.2	19.1	28.3	79.3	65.2
Men	25.4	32.0	24.8	78.2	66.6
Women	24.0	18.0	37.5	81.1	65.7
2000 <i>Total</i>	27.2	23.2	29.4	79.6	64.6
Men	26.6	31.9	26.6	78.4	66.0
Women	27.9	22.7	37.6	81.5	62.9
2002 <i>Total</i>	26.2	21.5	28.2	78.9	63.7
Men	25.5	29.2	25.6	77.9	64.9
Women	27.0	20.9	35.7	80.6	62.3
2003 <i>Total</i>	26.2	23.3	28.1	79.3	63.6
Men	25.2	33.6	25.4	78.6	65.2
Women	27.2	22.8	35.2	80.4	61.8
<b>Argentina</b>					
1990 <i>Total</i>	24.9	7.8	38.1	86.2	61.9
Men	34.8	25.5	35.0	83.0	70.0
Women	24.9	6.8	34.3	86.2	61.9
2000 <i>Total</i>	21.7	6.3	26.4	70.9	55.8
Men	25.9	0.0	26.0	71.3	59.1
Women	17.3	6.4	27.2	70.3	51.4
2002 <i>Total</i>	22.7	7.1	26.9	64.6	52.3
Men	27.3	0.0	27.3	64.5	53.8
Women	17.6	7.1	26.1	64.9	50.5
2003 <i>Total</i>	17.4	4.0	23.0	64.0	48.2
Men	21.3	29.3	21.2	67.7	53.0
Women	13.3	3.5	27.5	59.2	42.4
<b>Bolivia</b>					
2002 <i>Total</i>	6.5	5.5	6.8	46.3	31.1
Men	5.7	8.1	5.6	41.9	29.5
Women	7.6	5.4	9.7	54.9	33.5
<b>Brazil</b>					
1990 <i>Total</i>	38.7	24.9	45.8	86.1	74.0
Men	43.9	44.0	43.9	85.4	76.9
Women	33.8	24.1	50.6	87.5	69.5
1995 <i>Total</i>	27.7	20.5	34.4	82.9	66.5
Men	30.8	39.5	30.0	81.6	70.9
Women	25.6	19.1	44.6	85.0	61.0
2002 <i>Total</i>	32.4	28.1	36.0	82.2	67.2
Men	31.7	42.0	30.7	81.0	70.1
Women	32.9	27.1	46.6	84.1	63.9
2003 <i>Total</i>	34.2	29.7	37.9	83.8	69.2
Men	32.9	40.4	32.4	82.6	72.1
Women	35.1	29.1	48.1	85.5	65.9
<b>Chile</b>					
1990 <i>Total</i>	59.0	51.7	63.6	86.3	79.9
Men	63.3	66.7	63.3	86.7	83.1
Women	55.9	51.4	64.3	85.6	74.8

(continued...)

TABLE 8-A (continued)

**LATIN AMERICA: WAGE AND SALARIED WORKERS THAT  
CONTRIBUTE TO SOCIAL SECURITY, BY SEX, AS A PERCENTAGE  
OF THE TOTAL, 1990-2003**  
(percentages)

Country/Year	Informal Sector			Formal Sector b/	Total
	Total	Domestic Service	Small Establishments a/		
1996 <i>Total</i>	56.4	46.7	62.9	87.6	67.0
Men	60.2	52.1	60.5	87.7	83.4
Women	53.9	46.6	67.3	87.4	75.6
2000 <i>Total</i>	50.9	53.8	44.9	81.2	62.8
Men	52.3	52.1	70.1	81.1	63.8
Women	49.7	57.4	44.5	81.5	61.0
<b>Colombia</b>					
1990 <i>Total</i>	25.7	12.5	27.1	77.2	62.6
Men	25.1	51.3	25.0	74.8	60.4
Women	26.7	10.8	32.0	81.1	66.1
2000 <i>Total</i>	31.6	31.2	31.8	82.2	66.1
Men	29.4	38.1	29.2	80.5	65.8
Women	33.5	30.8	36.3	84.3	66.4
2003 <i>Total</i>	25.0	24.0	25.6	82.3	62.5
Men	24.3	40.9	23.7	80.5	64.6
Women	25.6	23.3	28.5	84.7	60.3
<b>Costa Rica</b>					
1990 <i>Total</i>	51.7	40.0	55.9	88.6	78.5
Men	55.2	59.5	55.2	88.4	80.8
Women	47.6	39.3	57.7	89.0	74.3
1995 <i>Total</i>	49.3	35.6	53.7	90.4	79.0
Men	50.7	31.7	51.1	90.1	80.8
Women	47.5	35.8	59.9	90.9	76.1
2000 <i>Total</i>	46.7	38.7	49.9	86.5	74.9
Men	47.9	38.5	48.1	86.3	77.2
Women	45.7	38.7	63.2	87.0	71.5
2002 <i>Total</i>	44.5	34.9	47.2	88.3	75.5
Men	45.6	58.1	45.3	87.2	76.2
Women	43.1	33.6	51.9	90.4	74.1
2003 <i>Total</i>	43.7	35.7	46.1	86.7	74.4
Men	44.1	41.8	44.2	85.4	74.5
Women	43.2	35.2	51.9	89.3	74.3
<b>Ecuador</b>					
1990 <i>Total</i>	17.7	17.8	23.6	72.1	55.1
Men	16.3	20.8	16.1	71.1	55.5
Women	19.7	17.5	32.8	74.4	54.2
2000 <i>Total</i>	14.1	17.1	12.9	48.9	39.2
Men	12.0	31.1	10.9	47.5	38.3
Women	16.6	15.5	18.0	50.9	40.4
2002 <i>Total</i>	12.4	9.8	13.5	61.3	46.7
Men	11.1	20.3	10.6	58.6	46.2
Women	13.9	8.7	21.0	66.4	47.4
2003 <i>Total</i>	14.8	11.3	16.0	63.4	46.8
Men	13.2	8.3	13.3	61.3	46.3
Women	16.8	11.5	23.0	67.0	47.7
<b>El Salvador</b>					
1990 <i>Total</i>	4.2		5.6	67.8	47.4
Men	3.2		3.4	61.3	43.3
Women	5.6		13.0	79.1	54.3



TABLE 8-A (continued)

**LATIN AMERICA: WAGE AND SALARIED WORKERS THAT  
CONTRIBUTE TO SOCIAL SECURITY, BY SEX, AS A PERCENTAGE  
OF THE TOTAL, 1990-2003**  
(percentages)

Country/Year	Informal Sector			Formal Sector b/	Total
	Total	Domestic Service	Small Establishments a/		
<b>Mexico</b>					
1990 Total	12.7	4.2	15.3	72.9	58.5
Men	12.9	20.7	12.6	70.7	57.6
Women	12.3	2.5	25.0	77.2	60.3
1995 Total	16.2	16.1	16.3	80.7	69.1
Men	14.0	23.6	13.4	79.3	64.5
Women	19.3	15.0	25.6	83.0	78.1
2000 Total	14.1	11.7	14.8	82.1	66.4
Men	12.4	14.7	12.3	81.5	66.4
Women	16.6	11.6	21.6	83.1	66.4
2002 Total	11.8	9.0	12.6	82.6	65.2
Men	10.5	16.3	10.2	82.1	65.0
Women	13.8	8.0	20.1	83.3	65.6
2003 Total	11.3	9.2	11.9	81.2	63.4
Men	10.2	18.7	9.8	80.8	63.4
Women	12.9	7.9	18.3	81.8	63.4
<b>Nicaragua</b>					
2003 Total	5.9	3.8	8.1	50.5	40.3
Men	7.3	9.5	6.9	40.9	35.1
Women	4.8	2.9	13.0	68.2	48.2
<b>Panama</b>					
2002 Total	29.5	30.6	28.9	87.6	74.3
Men	25.4	37.2	24.6	85.2	73.5
Women	34.3	29.8	45.7	91.5	76.1
2003 Total	31.6	31.5	31.6	87.0	73.2
Men	26.1	38.9	25.0	84.8	71.9
Women	37.7	30.6	53.7	90.8	75.2
<b>Paraguay</b>					
2001 Total	4.4	1.3	6.5	48.3	29.1
Men	5.1	2.4	5.3	44.8	30.0
Women	3.8	1.2	10.1	54.5	27.9
2003 Total	13.8	20.5	10.6	66.3	50.2
Men	9.2	6.8	9.3	65.4	51.8
Women	17.6	21.2	12.9	67.7	48.2
<b>Peru</b>					
1990 Total	22.1	17.3	23.6	66.6	53.6
Men	20.3	31.3	19.9	66.3	55.1
Women	24.2	16.3	32.8	67.2	51.0
1995 Total	14.6	8.6	16.8	65.8	55.1
Men	15.2	4.9	15.6	67.2	54.7
Women	13.8	8.8	19.7	63.0	55.9
2000 Total	15.4	16.8	14.8	67.7	50.0
Men	10.7	14.6	10.6	66.8	51.0
Women	20.0	16.9	23.6	69.4	48.5
2002 Total	16.6	14.3	17.8	65.8	51.6
Men	13.6	8.5	13.8	65.8	53.2
Women	19.4	14.7	27.3	65.8	49.4
2003 Total	13.8	20.5	10.6	66.3	50.2
Men	9.2	6.8	9.3	65.4	51.8
Women	17.6	21.2	12.9	67.7	48.2

(continued...)

TABLE 8-A (continued)

**LATIN AMERICA: WAGE AND SALARIED WORKERS THAT  
CONTRIBUTE TO SOCIAL SECURITY, BY SEX, AS A PERCENTAGE  
OF THE TOTAL, 1990-2003**  
(percentages)

Country/Year	Informal Sector			Formal Sector b/	Total
	Total	Domestic Service	Small Establishments a/		
<b>Uruguay</b>					
1990 Total	63.6	44.8	73.0	88.9	82.6
Men	70.0	42.1	70.2	88.5	85.0
Women	58.8	44.8	77.8	89.7	79.1
1995 Total	92.4	92.4	92.4	97.5	96.2
Men	90.8	91.7	90.8	97.1	96.0
Women	93.4	92.4	95.2	98.0	96.4
1999 Total	94.4	95.2	93.8	97.8	97.0
Men	92.5	96.5	92.5	97.4	96.6
Women	95.5	95.2	95.9	98.4	97.4
2002 Total	96.7		96.7	98.7	98.2
Men	94.4		94.4	98.6	97.8
Women	98.2		98.2	98.9	98.7
2003 Total	96.6	97.9	95.4	98.7	98.1
Men	95.1	99.4	94.7	98.5	97.8
Women	97.6	97.8	97.0	98.9	98.4
<b>Venezuela</b>					
1995 Total	22.7	17.6	23.6	81.0	70.6
Men	20.7	29.8	20.6	78.2	64.9
Women	26.9	17.1	35.4	85.8	81.7
2000 Total	28.1	30.3	27.6	81.3	69.9
Men	23.5	42.4	23.2	78.2	66.9
Women	34.6	29.8	38.2	86.1	74.5
2002 Total	17.2	22.1	16.1	73.3	58.4
Men	13.2	26.9	13.0	69.4	55.1
Women	22.7	21.9	23.2	79.2	63.3
2003 Total	16.3	23.4	14.8	73.1	57.0
Men	12.6	49.3	12.2	69.5	53.9
Women	21.4	22.4	20.8	78.4	61.6

**Source:** ILO based on household surveys of the countries: Argentina (urban areas), Bolivia (urban national), Brazil (urban national), Chile (national coverage), Colombia (urban areas), Costa Rica (national coverage), Ecuador (urban national), El Salvador (national coverage), Honduras (national coverage), Mexico (urban areas), Nicaragua (national coverage), Panama (national coverage), Paraguay (urban national), Peru (Metropolitan Lima), Uruguay (1991 and 1995 Montevideo, beginning in 1999 urban national) and Venezuela (national coverage).

a/ Employed persons in establishments with a maximum of five workers.

b/ Includes the public sector and establishments with six or more employed persons.



TABLE 9-A

**LATIN AMERICA AND THE CARIBBEAN: REAL MANUFACTURING WAGES, 1990-2004**  
*(1990 = 100)*

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003	2004
															Until the third quarter c/	Until the third quarter c/
Argentina	100.0	101.4	102.6	101.0	98.9	97.7	98.2	94.5	94.0	94.4	95.9	94.3	76.4	75.9	<b>-5.0</b>	<b>8.6</b>
Barbados	100.0	92.9	89.9	90.9	88.9	87.9	99.7	102.2	...	...	...	...	...	...	...	...
Bolivia	100.0	99.1	100.1	101.5	110.5	108.8	109.1	117.7	120.5	127.7	130.3	132.5	139.3	...	...	...
Brazil	100.0	94.0	101.7	112.4	117.3	128.4	132.8	137.4	140.3	135.3	133.2	135.1	131.6	126.1	<b>-5.7</b>	<b>9.1 d/</b>
Chile	100.0	106.7	111.7	115.7	121.5	128.5	132.9	138.8	142.0	143.7	144.2	144.8	146.6	148.1	<b>0.3</b>	<b>2.1</b>
Colombia	100.0	99.4	100.7	105.4	106.3	107.7	109.1	112.3	112.5	114.3	118.6	119.1	122.2	122.1	<b>-0.4</b>	<b>1.2 e/</b>
Costa Rica	100.0	96.7	97.3	112.1	114.6	112.0	110.2	115.0	119.1	124.3	137.0	137.2	146.7	144.5	...	...
Ecuador	100.0	104.6	113.5	127.7	139.0	152.9	161.2	157.5	151.2	138.7	132.1	134.7	161.0	151.7	<b>-5.1</b>	<b>7.2</b>
Honduras	100.0	98.0	112.7	143.6	108.9	100.7	93.9	96.5	99.7	119.5	...	...	...	...	...	...
Mexico	100.0	103.9	113.4	116.7	119.9	101.1	92.6	94.4	97.7	100.9	107.9	114.0	117.1	119.3	<b>1.7</b>	<b>2.3 d/</b>
Panama	...	100.0	109.0	107.3	106.7	101.9	112.8	109.6	116.5	121.5	138.3	139.5	137.3	134.9	...	...
Paraguay	100.0	95.4	91.6	91.5	93.3	98.5	99.1	98.9	99.2	95.3	98.7	112.9	102.8	100.2	<b>-3.2</b>	<b>-2.5 f/</b>
Peru	100.0	118.2	113.6	111.0	131.4	126.4	123.2	122.9	125.1	122.5	123.2	126.1	126.8	...	...	...
Uruguay	100.0	104.5	106.0	111.7	110.9	104.2	103.0	102.6	103.6	103.5	102.2	100.4	89.0	78.8	<b>-13.7</b>	<b>-1.4</b>
Venezuela	100.0	91.4	87.1	82.2	85.8	80.7	68.1	85.5	90.1	81.5	82.8	84.7	75.9	62.8	<b>-19.5</b>	<b>-6.5 f/</b>
Average	a/ 100.0	101.2	103.7	107.4	112.0	111.4	111.7	114.4	116.3	115.7	118.8	121.2	121.0	114.9	<b>-5.6</b>	<b>2.2</b>
	b/ 100.0	99.1	104.4	110.0	114.4	115.0	114.8	118.2	120.5	118.5	119.8	122.2	120.1	108.9	<b>-3.8</b>	<b>5.0</b>

**Source:** ILO, based on official country data.

a/ Simple average. Does not include Honduras or Barbados.

b/ Weighted average. Does not include Honduras or Barbados.

c/ Corresponds to the annualized growth rate of the first three quarters.

d/ January-August average.

e/ January-July average.

f/ January-June average.





TABLE 10-A

**LATIN AMERICA AND THE CARIBBEAN: REAL URBAN  
MINIMUM WAGES. 1990-2004**  
(1990 = 100)

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003	2004
															Until the third quarter e/	Until the third quarter e/
Argentina a/	100.0	131.8	112.8	174.4	202.0	195.5	195.2	194.2	192.4	194.7	196.6	198.7	160.0	165.1	-7.3	57.8
Bolivia a/	100.0	163.4	164.0	178.9	196.9	193.2	185.8	191.0	222.6	232.4	246.5	273.4	291.2	288.3	-0.8	-4.2
Brazil a/	100.0	117.0	102.0	115.3	109.7	121.1	120.5	124.3	128.5	130.4	134.0	148.8	155.3	159.5	1.1	4.2
Chile a/	100.0	109.0	113.8	119.4	123.9	129.3	134.6	139.4	147.7	160.9	172.5	179.1	184.3	186.5	0.9	3.2
Colombia a/	100.0	97.9	96.3	98.9	97.2	96.9	95.1	97.1	97.0	101.4	102.1	104.0	105.7	106.0	0.1	1.8
Costa Rica b/	100.0	96.9	98.6	102.7	105.8	102.1	104.0	107.9	111.7	114.1	113.5	113.7	113.0	112.6	-0.5	-1.6
Dominican Republic b/	100.0	95.6	117.6	111.6	118.6	119.2	120.4	118.4	127.3	127.2	125.5	133.2	131.8	119.8	-8.0	-19.1
Ecuador a/	100.0	91.2	97.3	111.5	121.2	146.0	154.3	149.0	138.0	124.6	112.4	119.9	117.6	124.8	7.7	1.7 f/
El Salvador b/	100.0	102.1	86.1	105.9	110.0	108.6	103.5	99.0	102.3	104.8	102.6	98.8	97.0	95.4	0.5	0.7
Guatemala b/	...	100.0	103.9	91.6	90.1	103.6	102.7	94.0	98.7	102.4	107.1	115.6	116.0	125.4	8.1	-3.3
Haiti a/	100.0	93.8	78.0	60.1	43.2	81.2	67.3	57.9	51.4	47.3	41.7	43.0	...	...	...	...
Honduras b/	100.0	102.0	122.2	123.2	101.1	97.9	101.8	100.5	101.4	98.8	102.2	104.7	109.8	119.2	9.9	0.1
Jamaica	100.0	96.1	94.8	92.9	91.3	88.8	85.7	83.0	82.1	81.8	77.3	75.9	75.6	...	...	...
Mexico a/	100.0	94.3	91.2	90.0	89.8	79.3	72.2	71.4	71.8	69.4	69.8	70.1	70.6	70.5	-0.3	-0.2
Panama b/	100.0	98.7	97.1	108.9	107.5	107.3	112.1	110.8	113.7	117.5	118.9	123.0	121.7	121.3	-1.5	0.8 g/
Paraguay a/	100.0	95.2	86.8	83.4	85.7	85.4	87.2	91.9	90.7	86.5	90.3	93.5	93.1	95.7	3.4	-3.5
Peru a/	100.0	69.6	72.9	56.7	67.1	68.7	71.0	127.6	145.5	140.7	156.2	158.4	158.1	160.0	-1.7	7.6
Trinidad and Tobago	...	100.0	93.9	84.8	77.9	74.1	71.6	69.1	122.2	118.1	114.0	108.1	103.8	...	...	...
Uruguay a/	100.0	91.5	87.3	74.9	66.9	62.4	60.3	59.0	61.4	61.7	60.6	59.8	53.7	47.1	-15.1	-0.6
Venezuela a/	100.0	111.4	127.2	92.0	95.5	97.3	83.5	73.9	76.1	76.4	78.8	78.1	75.9	67.2	-16.0	16.0
Average c/	100.0	104.2	104.6	109.2	112.4	113.1	112.6	116.0	120.5	121.3	123.9	128.6	127.4	127.4	-1.7	4.1
d/	100.0	108.2	101.3	110.2	111.4	114.0	111.8	115.6	118.8	119.7	122.7	130.0	129.5	131.3	-1.2	8.0

Source: ILO, based on official country data.

- a/ National minimum wage.  
b/ Lowest minimum manufacturing wage.  
c/ Simple average. Does not include Guatemala or Haiti.  
d/ Weighted average. Does not include Guatemala or Haiti.

- e/ Corresponds to the annualized growth rate of the first three quarters.  
f/ Beginning in April 2000, wages were standardized and dollarized.  
g/ Change in the January-June average.



TABLE 11-A

**LATIN AMERICA AND THE CARIBBEAN**  
**VARIATIONS IN CONSUMER PRICE INDEX, 1995-2004**  
*(annual percentage change)*

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003	2004
										Until the third quarter b/	
Argentina	3.4	0.2	0.5	0.9	-1.2	-0.9	-1.1	25.9	13.4	<b>17.1</b>	<b>4.0</b>
Bolivia	10.2	12.4	4.7	7.7	2.2	4.6	1.6	0.9	3.3	<b>3.2</b>	<b>4.4</b>
Brazil	66.0	16.0	6.9	3.2	4.9	7.1	6.8	8.4	14.8	<b>15.9</b>	<b>6.4</b>
Chile	8.2	7.4	6.1	5.1	3.3	3.8	3.6	2.5	2.8	<b>3.4</b>	<b>0.6</b>
Colombia	20.8	20.8	18.3	18.6	10.2	9.3	7.8	6.3	7.1	<b>7.4</b>	<b>6.0</b>
Costa Rica	23.2	17.5	13.2	11.7	10.0	11.0	11.3	9.2	9.4	<b>9.5</b>	<b>11.9</b>
Dominican Republic	12.5	5.4	8.3	4.8	6.5	7.7	8.9	5.2	27.4	<b>23.5</b>	<b>57.9</b>
Ecuador	5.3	0.0	4.1	-0.6	-29.2	-7.7	37.7	12.6	7.9	<b>8.4</b>	<b>3.0</b>
El Salvador	10.1	9.8	4.5	2.5	0.5	2.3	3.7	1.9	2.9	<b>2.0</b>	<b>4.1</b>
Guatemala	8.4	11.0	9.2	6.6	4.9	5.1	8.9	6.3	5.9	<b>5.5</b>	<b>6.9</b> c/
Haiti	30.2	21.9	16.2	12.7	8.1	11.5	16.8	8.7	32.5	<b>38.6</b>	<b>23.5</b>
Honduras	29.5	23.8	20.2	13.7	11.6	11.0	9.7	7.7	7.7	<b>7.9</b>	<b>7.8</b>
Jamaica	19.9	26.4	9.7	8.6	6	8.2	7	7.1	10.3	...	...
Mexico	35.0	34.4	20.6	15.9	16.6	9.5	6.4	5.0	4.5	<b>4.8</b>	<b>4.5</b>
Nicaragua	11.2	11.6	9.2	13.0	11.2	11.5	7.4	4.0	5.2	<b>7.9</b>	<b>8.0</b>
Panama	-1.2	1.3	1.3	0.6	1.3	1.4	0.3	1.0	1.2	<b>1.5</b>	<b>1.8</b> d/
Paraguay	13.4	9.8	7.0	11.6	6.8	9.0	7.3	10.5	14.2	<b>15.9</b>	<b>4.8</b>
Peru	23.8	11.8	6.5	6.0	3.7	3.7	-0.1	1.5	2.5	<b>2.4</b>	<b>3.6</b>
Trinidad and Tobago	5.3	3.3	3.6	5.6	3.4	3.5	5.6	4.1	...	...	...
Uruguay	42.2	28.3	19.8	10.8	5.7	4.8	4.4	14.0	19.4	<b>22.7</b>	<b>9.5</b>
Venezuela	59.9	99.9	50.0	35.8	23.6	16.2	12.5	22.4	31.1	<b>32.9</b>	<b>22.6</b>
Average a/	41.3	21.5	11.9	8.5	7.6	6.7	6.0	9.9	11.5	<b>12.6</b>	<b>6.4</b>

**Source:** ILO, based on ECLAC data and official country information.

a/ Weighted average.

b/ Change of the CPI average for the period January - September of the year indicated with respect to the previous year.

c/ Change of the CPI average for the period January - July of the year indicated with respect to the previous year.

d/ Change of the CPI average for the period January - June of the year indicated with respect to the previous year.

TABLE 12-A

**LATIN AMERICA AND THE CARIBBEAN  
GROSS DOMESTIC PRODUCT, 1995-2003**  
(annual percentage change)

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003 a/	1995-2003
<b>Latin America</b>										
Argentina	-2.9	5.5	8.0	3.8	-3.4	-0.8	-4.4	-10.8	8.5	0.2
Bolivia	4.7	4.5	4.9	5.0	0.3	2.3	1.6	2.7	2.4	3.1
Brazil	4.2	2.5	3.1	0.2	0.9	3.9	1.3	1.5	-0.4	1.9
Chile	9.0	6.9	6.7	3.3	-0.5	4.5	3.5	2.0	3.3	4.2
Colombia	4.9	1.9	3.3	0.8	-3.8	2.4	1.4	1.6	3.7	1.8
Costa Rica	3.9	0.8	5.4	8.3	8.0	1.8	1.2	2.8	6.4	4.2
Dominican										
Republic	4.3	7.2	8.2	7.4	8.0	7.3	3.0	4.3	-0.5	5.3
Ecuador	2.1	3.0	5.2	2.2	-5.7	0.9	5.5	3.8	2.5	2.1
El Salvador	6.2	1.8	4.2	3.8	3.4	2.0	1.7	2.1	2.0	3.0
Guatemala	5.0	3.0	4.4	5.1	3.9	3.4	2.6	2.2	2.0	3.4
Haiti	9.5	5.6	3.2	2.9	2.9	2.0	-0.6	-0.3	0.5	2.8
Honduras	3.7	3.7	4.9	3.3	-1.5	5.6	2.7	2.6	3.5	3.1
Mexico	-6.1	5.4	6.8	5.1	3.6	6.7	-0.3	0.6	1.2	2.4
Nicaragua	6.0	6.6	4.0	3.1	6.9	4.4	3.2	0.7	2.2	4.0
Panama	1.9	2.7	6.7	7.3	4.0	3.8	0.7	2.2	4.6	3.7
Paraguay	4.5	1.1	2.4	-0.6	-0.1	-0.6	2.4	-2.5	2.5	1.0
Peru	8.6	2.5	6.9	-0.5	0.9	2.5	-0.1	5.4	4.1	3.3
Uruguay	-2.4	5.2	5.4	4.4	-3.5	-1.9	-3.6	-12.0	2.3	-0.8
Venezuela	4.8	0.0	6.9	0.6	-5.5	3.8	3.5	-9.0	-9.3	-0.6
<b>The Caribbean</b>										
Barbados	1.9	2.5	2.6	4.0	3.0	3.1	-2.2	-0.4	3.0	1.9
Belice	0.5	1.7	3.8	3.7	8.8	12.1	5.0	4.2	4.9	4.8
Dominica	1.2	2.9	2.2	3.1	1.3	1.3	-3.3	-5.8	2.5	0.6
Guyana	3.8	7.4	6.8	-2.2	5.0	-2.3	2.3	1.5	-2.0	2.2
Jamaica	2.2	-0.1	-1.8	-0.8	0.6	1.0	1.8	0.9	2.3	0.7
Trinidad and Tobago	4.2	4.4	4.0	5.3	7.8	9.2	4.3	3.0	4.2	5.0
<b>Latin America and the Caribbean</b>										
	1.1	3.8	5.1	2.3	0.5	3.7	0.4	-0.6	1.5	1.9



Source: ILO, based on ECLAC data. Official figures were converted to dollars at constant 1995 prices.

a/ Preliminary figures.

TABLE 13-A

**LATIN AMERICA: FORECASTS OF THE  
URBAN UNEMPLOYMENT RATE BY SEMESTER, 2004-2005 a/  
(percentages)**

Country	2001			2002			2003			2004			2005
	I	II	Annual	I	II	Annual	I	II	Annual	I	II	Annual	Annual
<b>LATIN AMERICA b/</b>													
1/	8.4	8.3	8.3	9.2	8.9	9.1							
2/				11.2	10.5	10.9	11.3	11.0	11.1	11.0	9.8	10.4	10.1
<b>Selected countries c/</b>													
1/	8.3	8.1	8.2	9.3	8.8	9.0							
2/				11.3	10.5	10.9	11.3	10.9	11.1	10.9	9.7	10.3	9.9
<b>Argentina d/</b>	16.4	18.4	17.4	21.5	17.8	19.7	19.1	15.4	17.3	14.6	12.4	13.5	12.8
<b>Brazil</b>													
1/	6.3	6.2	6.2	7.3	7.4	7.4							
2/				12.1	11.3	11.7	12.2	12.5	12.3	12.3	10.8	11.5	11.1
<b>Chile</b>	9.3	9.0	9.1	9.2	8.7	9.0	8.7	8.4	8.5	8.9	8.7	8.8	8.2
<b>Colombia</b>	19.2	17.3	18.2	18.5	16.9	17.7	17.5	15.9	16.7	16.5	14.0	15.2	14.7
<b>Ecuador</b>	11.3	9.6	10.4	8.8	8.5	8.6	10.1	9.6	9.8	11.3	10.6	11.0	10.8
<b>Mexico</b>	2.4	2.4	2.4	2.7	2.7	2.7	2.9	3.6	3.2	3.7	3.8	3.8	3.6
<b>Peru e/</b>	9.2	9.2	9.2	10.3	8.5	9.4	9.7	9.2	9.4	10.1	8.8	9.4	9.2
<b>Uruguay</b>	15.5	15.2	15.3	15.2	18.8	17.0	18.1	15.7	16.9	13.5	13.1	13.3	12.8
<b>Venezuela</b>	14.1	12.8	13.5	15.7	16.2	15.9	19.3	16.8	18.0	16.6	14.9	15.7	15.3
<b>Rest of the countries f/</b>													
	9.9	9.2	9.5	10.5	10.7	10.6	11.3	11.5	11.4	11.6	10.6	11.1	11.4

Source: ILO.

a/ The figures correspond to forecasts in a «moderate» GDP growth scenario.

b/ Weighted averages.

c/ The selected countries represent 89% of the urban labour force.

d/ New measurement beginning 2003; data are not comparable with previous years.

e/ Corresponds to Metropolitan Lima.

f/ Includes the group of Central American countries, Bolivia, Dominican Republic and Paraguay. These countries represent 11% of the total urban labour force of the region.

1/ Using the old Brazilian series.

2/ Using the new Brazilian series.



TABLE 14-A

**LATIN AMERICA: FORECAST OF THE ANNUAL GDP  
GROWTH RATE, 2004-2005 a/  
(annual percentage change)**

Country	2001			2002			2003			2004			2005
	I	II	Annual	I	II	Annual	I	II	Annual	I	II	Annual	Annual
<b>LATIN AMERICA b/</b>	1.6	-0.9	0.4	-1.7	0.6	-0.6	1.1	1.9	1.5	5.5	4.6	5.0	3.5
<b>Selected countries c/</b>	1.6	-1.0	0.3	-2.6	0.1	-1.2	1.2	2.3	1.8	5.7	4.7	5.2	3.5
<b>Argentina</b>	-1.1	-7.7	-4.4	-14.9	-6.6	-10.7	6.6	10.9	8.7	9.1	5.9	7.5	4.0
<b>Brazil</b>	3.2	0.6	1.9	0.4	3.4	1.9	0.4	-0.8	-0.2	4.2	5.4	4.8	3.5
<b>Chile</b>	3.7	2.5	3.1	1.3	3.1	2.2	3.4	3.2	3.3	5.0	6.3	5.6	5.0
<b>Colombia</b>	2.3	0.7	1.5	1.3	2.3	1.8	3.2	4.5	3.9	4.1	3.3	3.7	4.0
<b>Ecuador</b>	6.6	3.7	5.1	2.6	4.3	3.4	1.3	4.0	2.7	8.2	2.6	5.4	4.0
<b>Mexico</b>	1.1	-1.3	-0.1	-1.3	0.5	-0.4	1.9	1.2	1.6	3.8	4.2	4.0	3.2
<b>Peru</b>	-2.5	3.1	0.3	4.8	4.9	4.8	4.7	3.0	3.8	4.3	5.2	4.7	4.5
<b>Uruguay</b>	-1.6	-5.0	-3.3	-8.4	-13.7	-11.0	-6.4	11.7	2.6	13.6	4.8	9.2	3.5
<b>Venezuela</b>	3.5	2.1	2.8	-6.4	-11.1	-8.8	-18.7	0.8	-9.0	24.2	1.8	13.0	3.5
<b>Rest of the countries d/</b>	1.5	0.0	0.8	3.9	3.0	3.4	0.3	-0.8	-0.2	4.0	3.9	4.0	3.4

**Source:** ILO, based on official data and estimates, IMF, ECLAC, World Bank, IIFI and JP Morgan.

a/ The figures correspond to forecasts in a «moderate» GDP growth scenario. The growth rates correspond to GDP in constant values of the local currency of each country.

b/ Weighted averages.

c/ The GDP of the group of selected countries represents 95% of the total GDP for the region.

d/ Includes the group of Central American countries, Bolivia, Dominican Republic and Paraguay. These countries represent 5% of the total GDP for the region.



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ISBN 92-2-116687-2 (printed version)  
ISBN 92-2-116688-0 (web pdf version)  
ISSN 1020-3923

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International Labour Office

Price: US\$10.00

ISBN 92-2-116687-2  
(printed version)