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The impact of the COVID-19 on G7 labour markets

1st meeting of the G7 Employment Task Force, 9 March 2021



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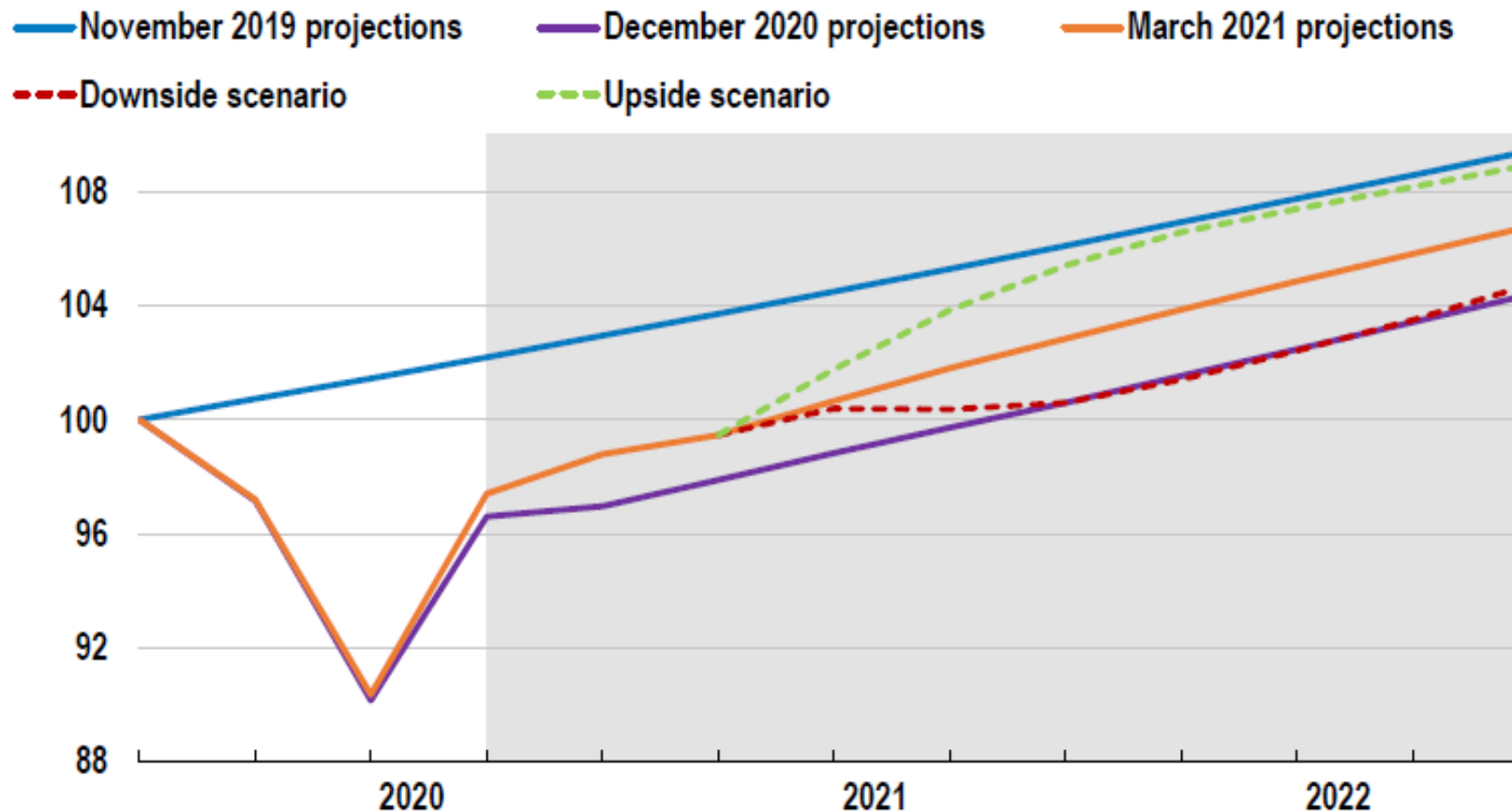


Where do we stand?

Latest labour market developments

Economic prospects have improved but divergences across/within countries are increasing

World GDP
Index 2019 Q4=100

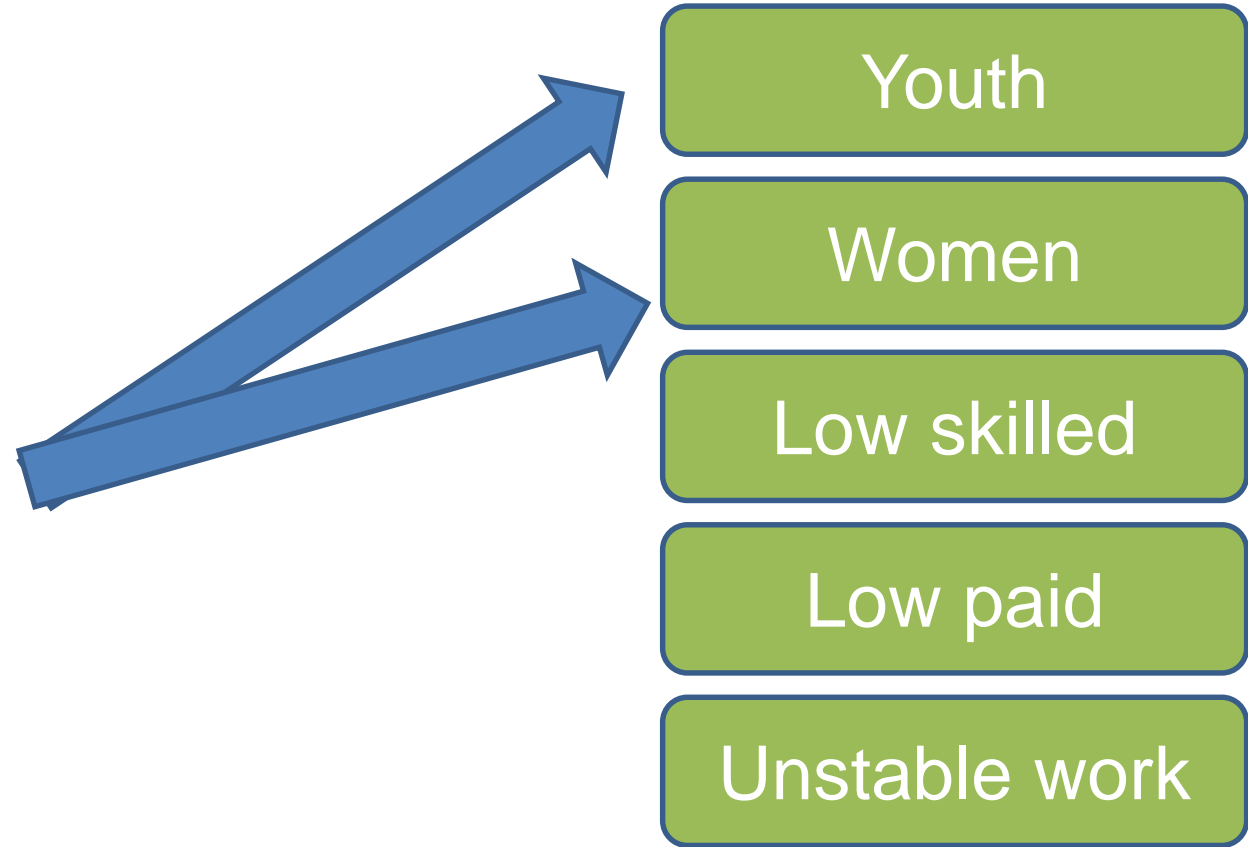


Source: OECD Economic Outlook database; OECD Economic Outlook 106 database; and OECD calculations.

An unequal impact risks compounding existing inequalities

- **A unique crisis**

- Service sector led
- Work from home
- School closures



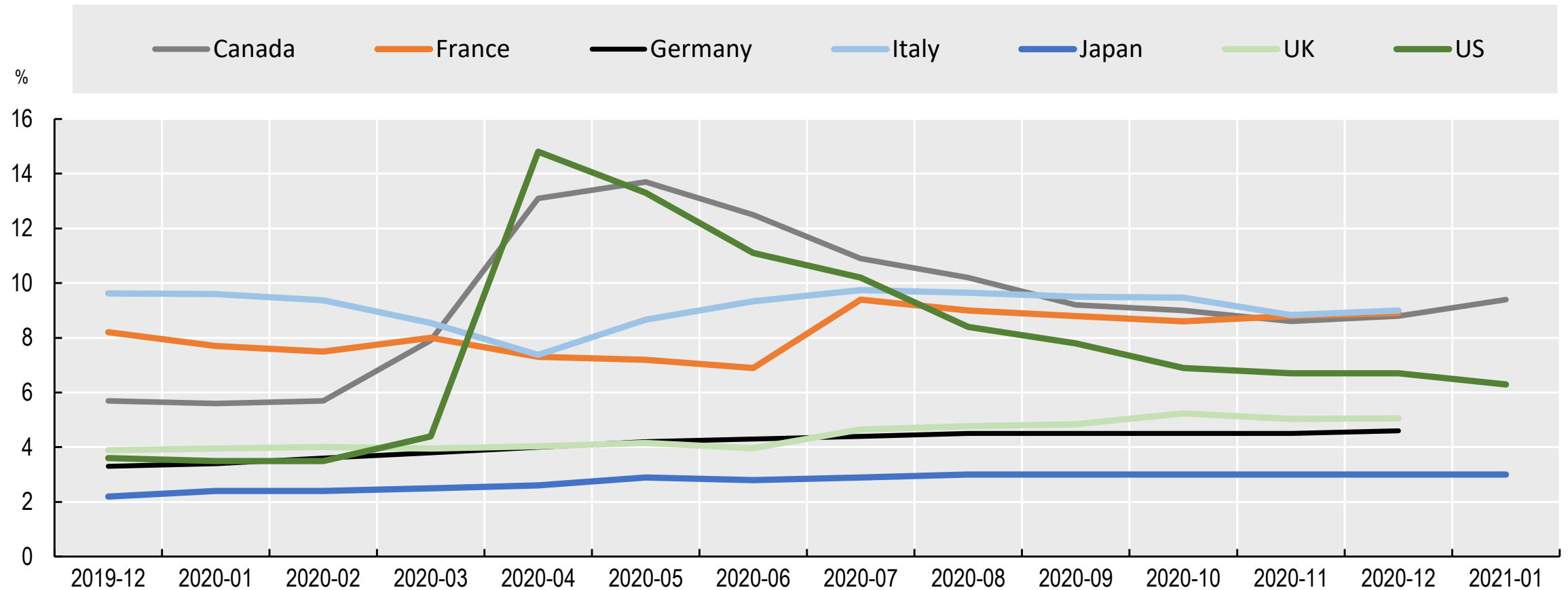
- **Risks**

Unequal Impact + Uneven Recovery → **Increasing Inequalities**

Unemployment trends mixed but still higher than pre-crisis level

Unemployment rate

December 2019 to January 2021, percent

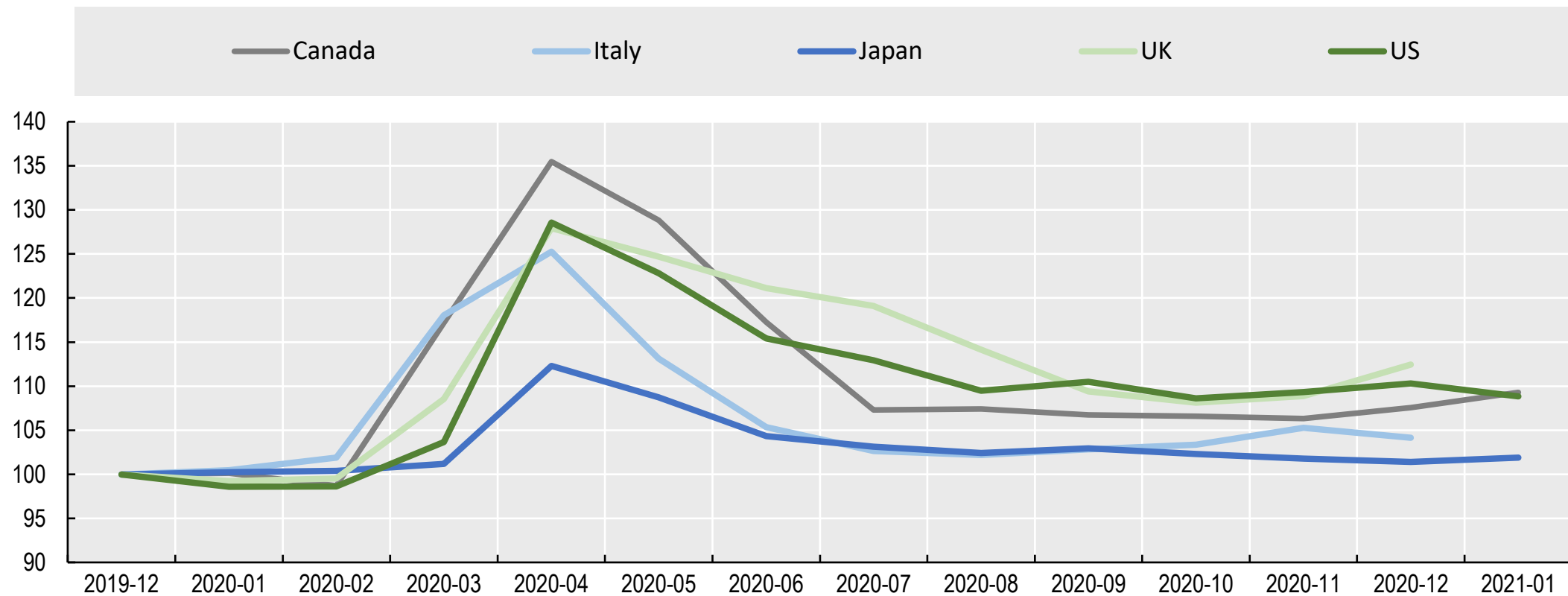


Source: <https://data.oecd.org/unemp/unemployment-rate.htm>.

But unemployment represents only a small part of the impact ...

Persons not working

December 2019 to January 2021 (Index: December 2019 = 100)



* Persons not working refer to all persons aged 15 and over who were not employed or were employed but did not work during the reference week.
Source: Based on seasonally adjusted data from national labour force surveys.



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What has been done?

Action taken to protect employment

Governments were quick to react

with packages unprecedentedly in both size and scope

- **Policy responses focused on**

- Maintaining employment (JRS)
- Extending social protection
- Investing in health (support for development of vaccine and medication, OSH, hospitals, care personal, etc.)

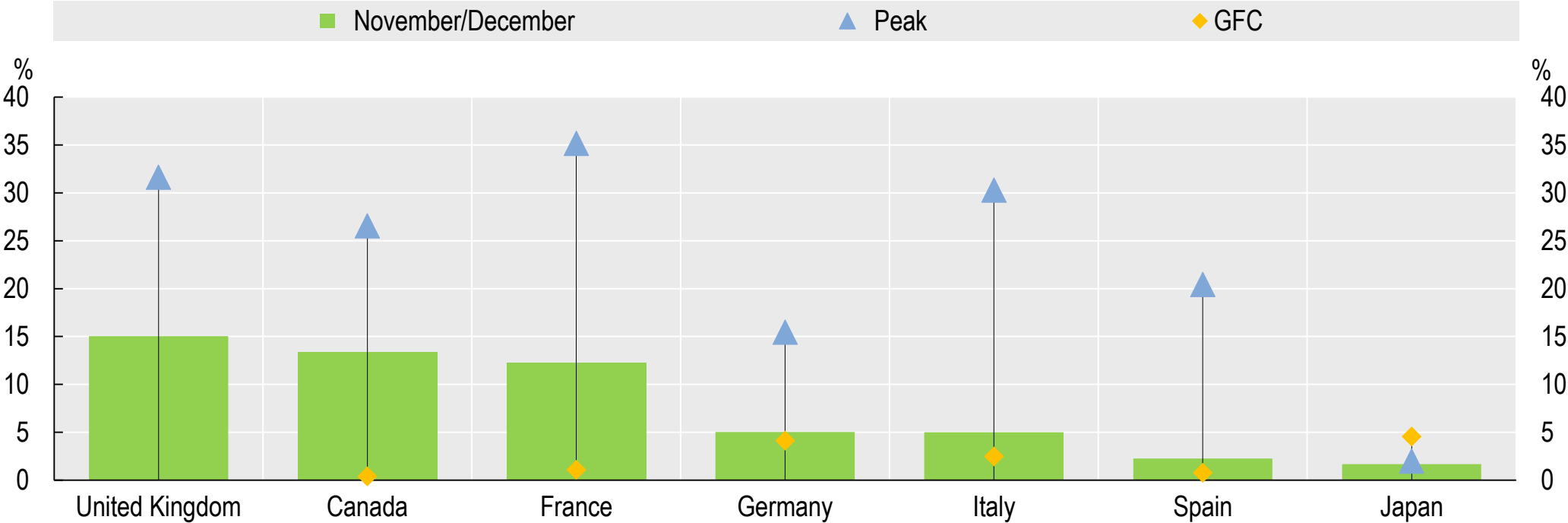
- **...And extended support to reflect changing timelines**

- + Extensions to time horizon of measures above
- + Investments in implementation of vaccination strategies
- + Investment in structural transition (including greening of economies)

JRS have provided widespread support

Participation in job retention schemes

Percent of dependent employees

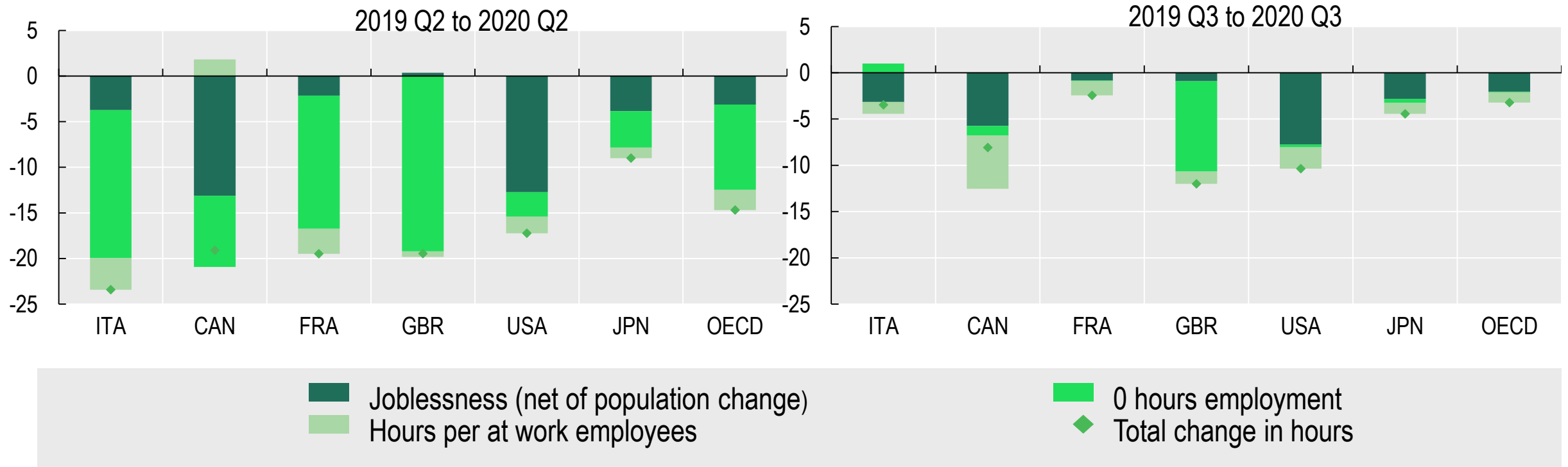


Source: Based on administrative data from national sources.

Many jobs have been protected

- This has channelled much of the impact through the intensive margin

Fall in hours worked *Year on year change*



Source: Based on national labour force survey data.

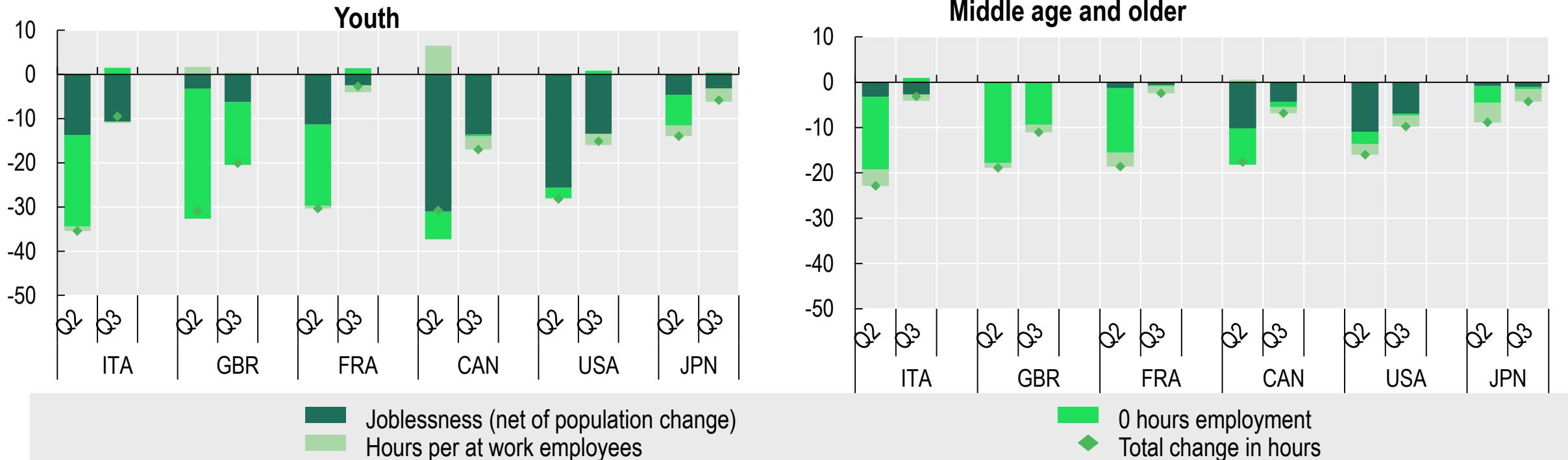
But some groups remain vulnerable

Many young people have lost their jobs

- Hours adjustment among the young has been concentrated on the extensive margin

Fall in hours worked

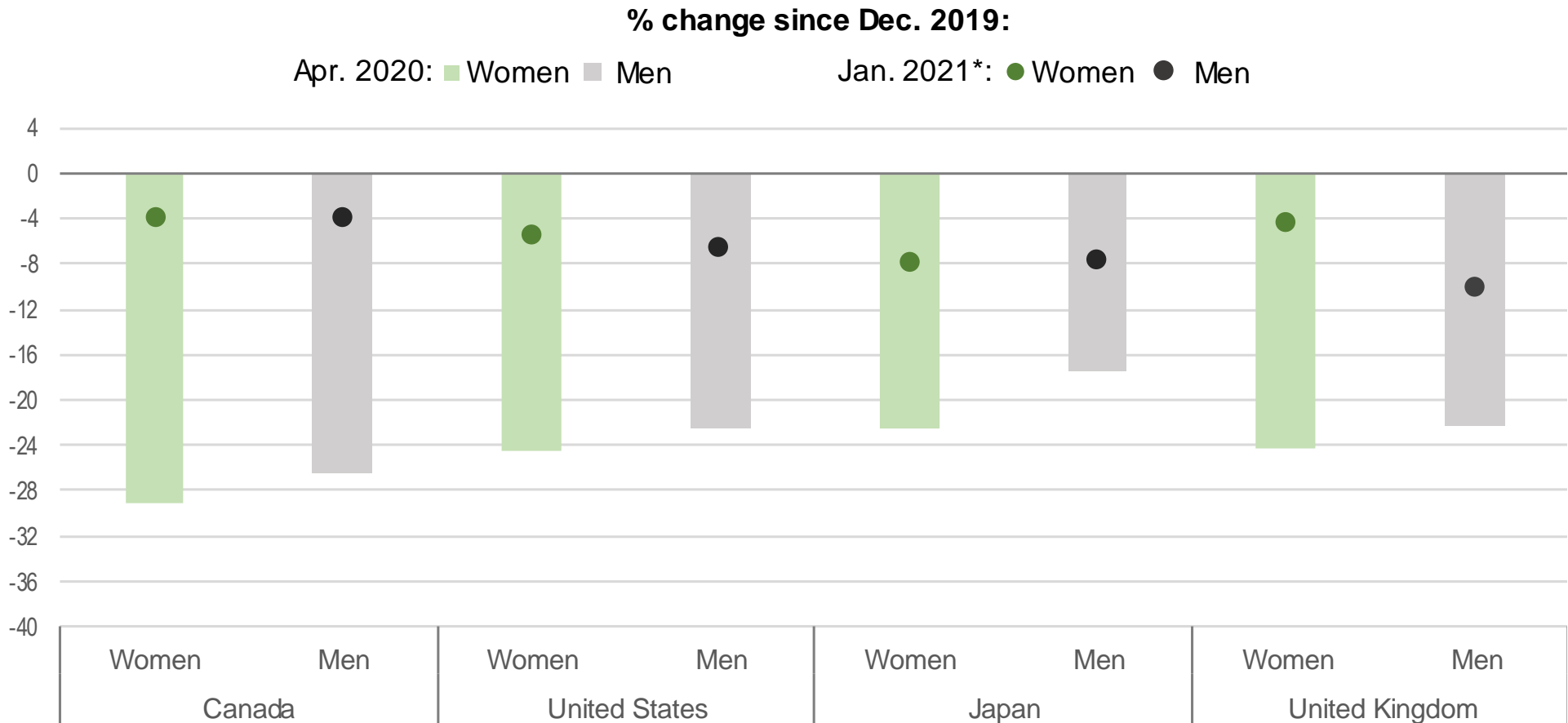
Year on year change



Source: Based on national labour force survey data.

... and women were hard hit on several fronts but benefiting from the recovery

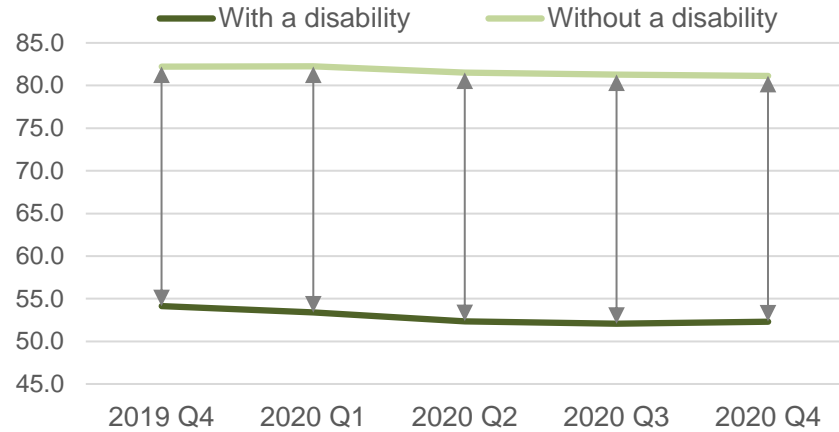
Change in total hours of work by gender relative to December 2019



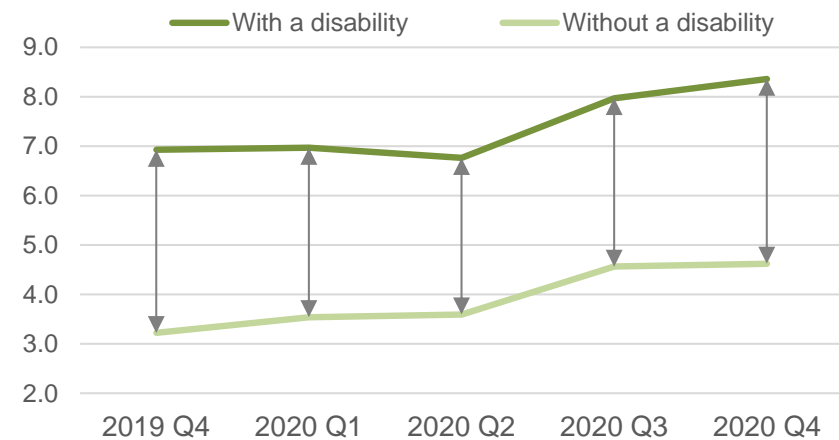
Source: Based on seasonally adjusted data from national labour force surveys.

People with disabilities experienced a further weakening of employment opportunities

UK employment rate (%)



UK unemployment rate (%)



Source: ONS, UK Labour force survey.

US: Economic activity of the civilian non institutional population by disability status, 2019 and 2020 annual averages, aged 16 - 64

	2019	2020
PERSONS WITH A DISABILITY		
% employed	30.9	29.1
% inactive	66.4	66.4
Unemployment rate	8.0	13.4
PERSONS WITHOUT A DISABILITY		
% employed	74.6	73.0
% inactive	22.7	24.0
Unemployment rate	3.6	7.9

Source: ILOSTAT.



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What have we committed to?

International commitments in the wake of the pandemic

Existing Multilateral Commitments

G20 Commitments

Extraordinary LEMM (April 2020)

- Implement comprehensive measures to mitigate the impact of COVID-19 on labour markets
- Take a human-centered approach to promote employment, bolster social protection, stabilize labour relations and promote FPRW

LEMM (September 2020)

- Tackle **inequalities**, including gender inequalities
- Promote **quality employment for youth & women** and access to adequate **social protection for all**
- Place **social dialogue** at the heart of policymaking during the crisis and in the recovery phase.
- Promote **decent work for all workers**, including within global supply chains.

Existing Multilateral Commitments (Cont'd)

OECD MCM Meeting

In line with the OECD **Jobs Strategy** and in cooperation with **social partners**:

- **Promote a jobs-rich recovery** through effective ALMPs
- **Support youth** through OECD Youth Action Plan
- **Protect workers** with adequate social protection
- **Empower women** as key drivers of economic recovery

ILO Global Summit

Implement the **human-centred approach** of the Centenary Declaration on the Future of Work through:

- Increasing investment in **people's capabilities**
- Increasing investment in the **institutions of work**
- Increasing investment in **inclusive and sustainable** development for decent work



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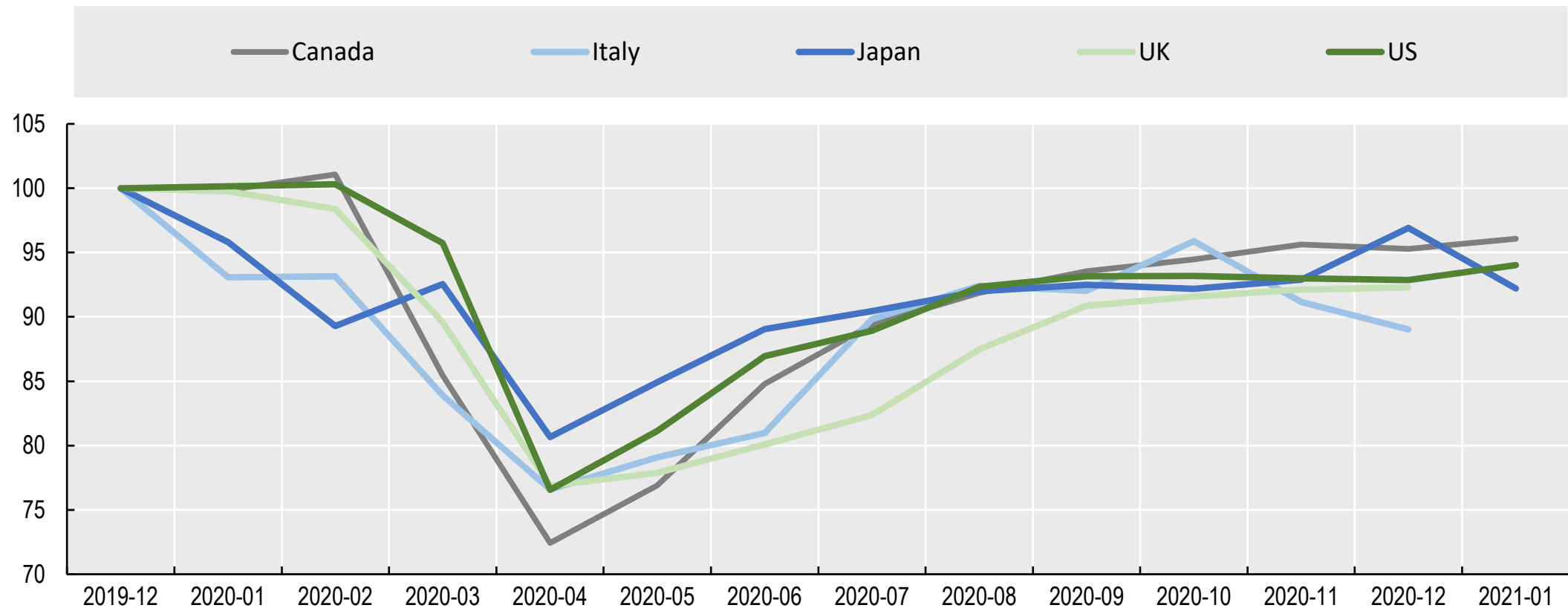
Going Forward

Bridging gaps in the response

The recovery has been uneven and far from complete

Total hours of work

December 2019 to January 2021 (Index: December 2019 = 100)



Source: Based on seasonally adjusted data from national labour force surveys

There may still be a long road ahead

Great uncertainty remains regarding:

- New **virus variants**
- **Logistics** of the vaccination campaigns
- **Speed** of recovery (Economic uncertainties)
- Ability of **labour market institutions** to assist in the recovery process
- Willingness of governments to **extend support**

Further challenges still lie ahead

- Surge in **bankruptcies** and associated **job loss**
- **Long-term unemployment and inactivity** as some workers not recalled, and/or have not been searching
- **Restructuring**: workers may face challenges to return to previous jobs when pandemic over
- Challenges linked to **teleworking**
- Challenges to **re-activate job-search** mechanisms

A bridge to the recovery phase

Policy priorities for the coming months:

- Continued and predictable support for **sectors and workers** that continue to be severely impacted by the health crisis;
- Ensure that job retention support is not seen as a substitute for **out of work support**
- **Engage** with those outside work for nearly a year.
- Support for reallocation: targeted and responsive **training pathways**
- **Youth, women and people with disabilities** need specific and tailored attention.

Building back better

Creating good quality work, with improved productivity, through structural transformation

- ✓ **Investment in the care economy**
- ✓ **Investment in a green economy**
- ✓ **Investment in the digital economy**

Equipping workers and those transitioning with

- ✓ **The skills required**
 - Skilling, re-skilling and upskilling of people
- ✓ **Adequate social protection**
 - Universal access to social protection, independent of employment status
 - Sustainable financing of social protection systems

Strengthening labour institutions to ensure adequate protection of all workers

- ✓ **OSH**
- ✓ **Social dialogue**