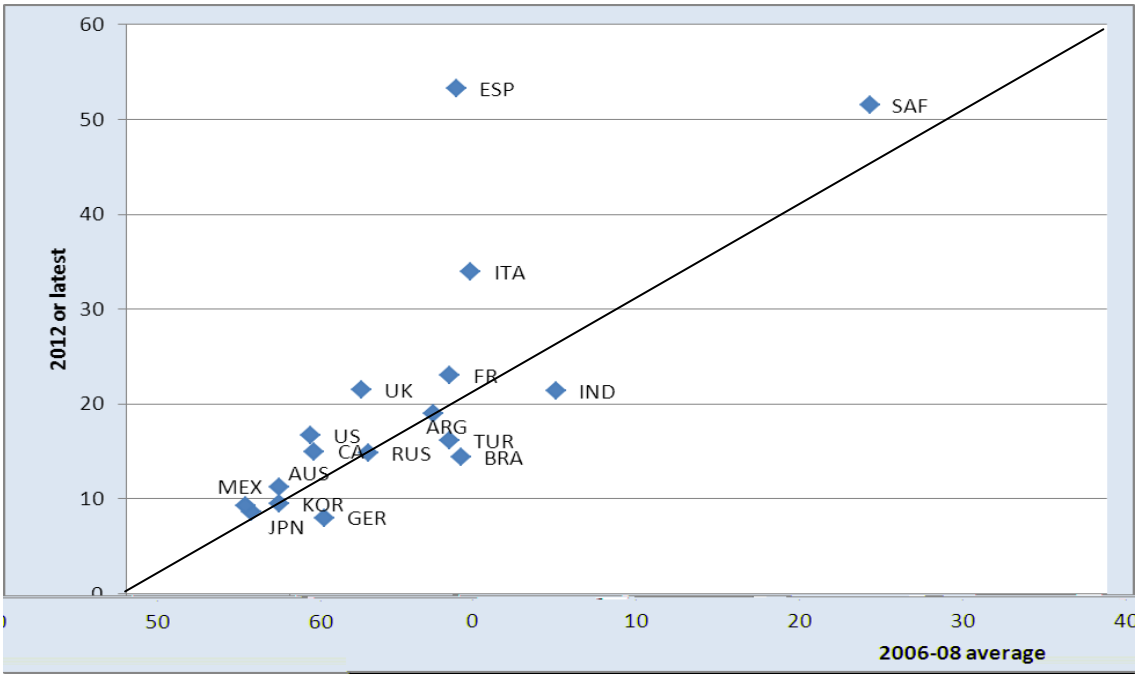
This note reviews the latest available data on youth employment in G20 countries. It then makes a number of suggestions as to issues the G20 Task Force on Employment might usefully address.

Available data for 17 of the G20 countries suggest the overall youth employment situation remains critical in 2012. The total number of unemployed youth in the 17 countries amounts to 17.7 million, equivalent to 8 per cent of the youth population (15-25 years).

Figure 1: Youth unemployment rate (in per cent): comparing latest quarterly 2012 data (or latest available data) with the three-year 2006-2008 average



Note: Latest quarterly data (or latest available data) for 2012; 2006-2008: yearly average. For Argentina and South Africa 2008 data only for 2006-08; For Indonesia 3rd quarter 2008 and 2010 data.

Source: ILO Short-term indicators of the labour market at www. http://laborsta.ilo.org/sti/sti_E.html

[1] This note has been prepared by Philippe Egger, International Labour Office

Latest available 2012 1st or 2nd quarter data show unemployment rates ranging from highs of over 50 per cent to lows of 8-9 per cent, with the median youth unemployment rate at 16.1per cent, 1.3 percentage points above the average of 2006-08. In six countries the unemployment rate is above 20 per cent; in another six rates are in the 14-19 per cent range.

Four groups of countries can be identified looking at 2012 (or latest) values.

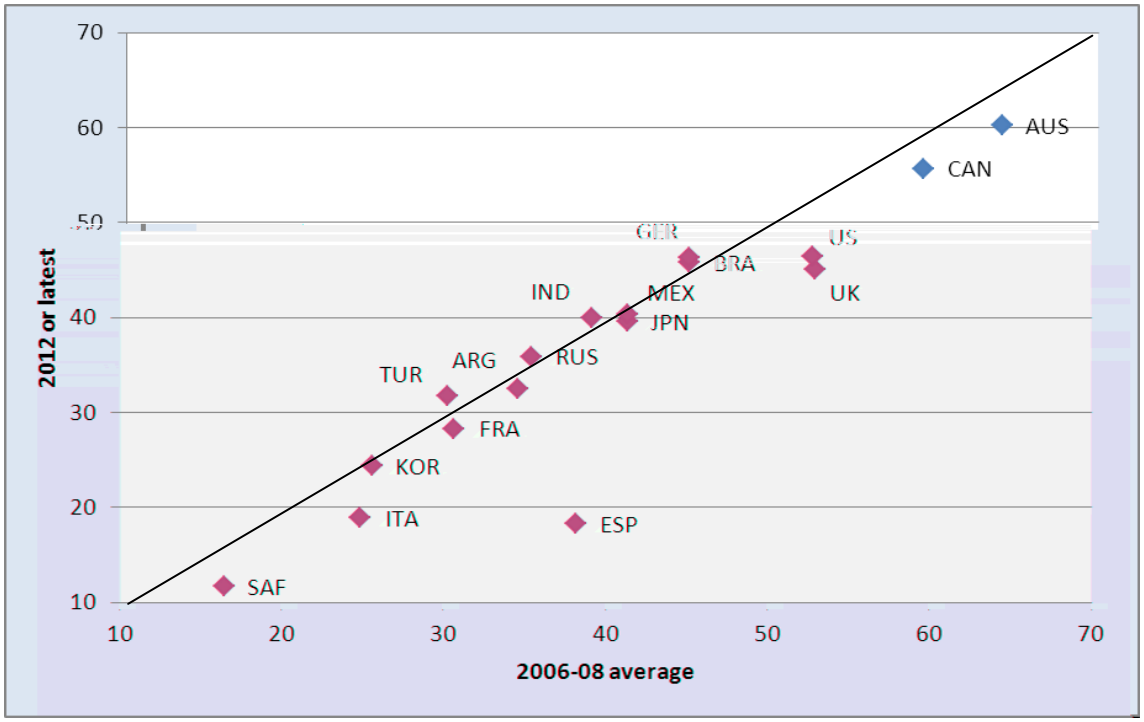
- Low youth unemployment (8-11 per cent range): Australia, Germany, Japan, Korea, Rep., Mexico;
- Moderate youth unemployment (14-19 per cent range): Argentina, Brazil, Canada, Russian Federation, Turkey, United States.
- High youth unemployment (21-23 per cent range): France, Indonesia, United Kingdom;
- Very high youth unemployment (35-52 per cent range): Italy, South Africa, Spain.

Looking at the trend, and comparing youth unemployment rates in 2012 (or latest available data) with the 2006-2008 average, in 10 countries youth unemployment rates are higher in 2012 (above the 45 degree line)relative to the pre-crisis average 2006-08; whereas 4 countries show lower unemployment in the more recent period (countries below the 45 degree line), namely Brazil, Germany, Indonesia and Turkey; and in 3 countries there is no change (Argentina, Korea, Rep. and Russian Federation). The simple average across countries, at 20.4 per cent, is higher by 3.6 percentage points relative to the 2006-08 average. This is largely due to the dramatic worsening of youth unemployment in Italy, Spain, United Kingdom and United States.

Figure 2 provides the latest (quarterly) youth employment to population ratio (15-24 years) in 2012 compared with the three-year average 2006-08. Six countries display ratios above 40 per cent in 2012, with the rest below and some significantly below. The range of situations, from less than 15 per cent to 60 per cent is striking.

In 12 countries, the ratio is lower in 2012 than in 2006-08, suggesting a worsening of the employment prospects of young people. Only five countries see a slight improvement in the ratio with more young people in employment in 2012 than in 2006-08. The median value hardly changes in 2012 relative to 2006-08 at 39.6 per cent.

Figure 2: Youth employment to population ratio (in per cent)

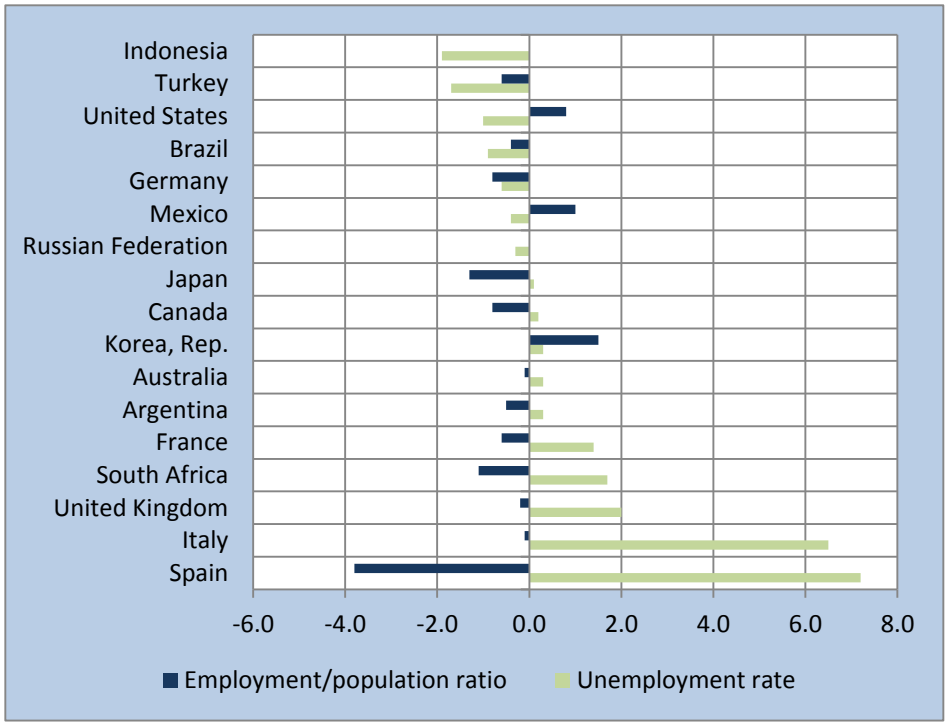


Source: See figure 1

What are the trends over the last 12 months? The following figure compares (in percentage points) 2012 first or second quarter data with the situation for the same quarter one year earlier in the unemployment rate and the employment to population ratio.

In 12 countries, the latest trend shows a decline in the employment to population ratio, whereas the unemployment rate increases in 10 countries. Seven countries show a decline in the unemployment rate and 3 countries an increase in the employment to population ratio. Only two countries (Mexico and United States) register a decline in youth unemployment and a rise in the employment to population ratio.

Figure 3: Youth employment to population ratio and youth unemployment rate2012 over 2011



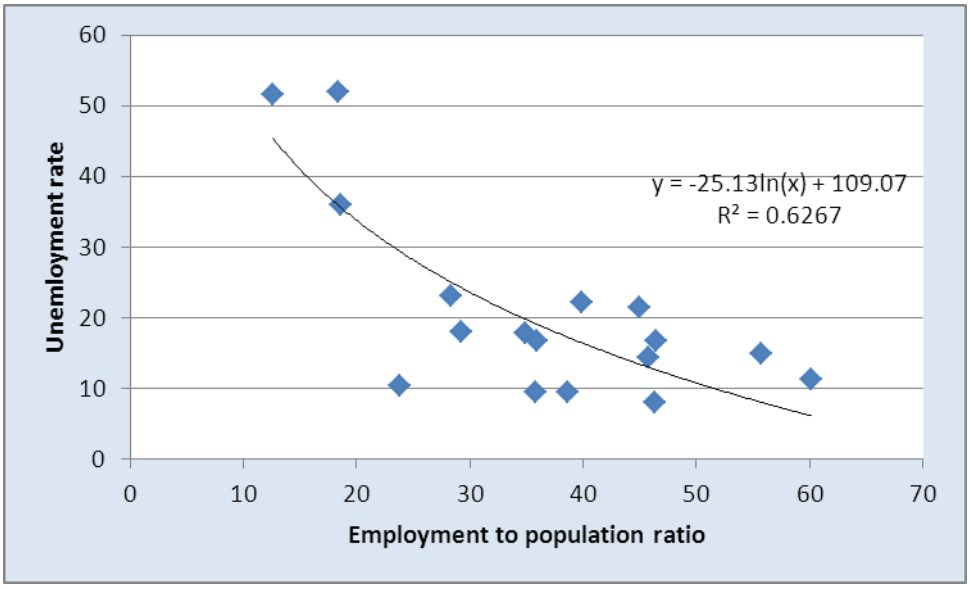
Source: see figure 1.

Note: Latest available quarterly 2012 data compared with same quarter one year earlier.

Is there any correlation between the unemployment rate and the employment to population ratio? This is examined in the following figure using 2012 data? Figure 4 examines this link.

The figure conveys two messages. As could be expected, the negatively sloped line suggests a good fit between low unemployment and a high employment to population ratio. Nonetheless, this fit is considerably weakened when removing the three very high unemployment countries. This is also confirmed by the observation that similar unemployment rates are linked to highly different employment to population ratios ranging from 25 to 60 per cent. Hence, low unemployment for youth is not always associated with high employment rates. Youth can be in education and training, or they can be neither in employment, education or in training.

Figure 4: Employment to population ratios and unemployment rates



Source: See figure 1

The G20 is dedicated to enhancing international economic cooperation for a more robust global economy. Employment has featured prominently in the declarations of G20 Leaders.

The G20 Ministers of Labour and Employment have discussed employment, labour and social issues where an exchange of experiences across countries leads to broad agreements of policies that can move countries closer to the G20 objective of strong, balance and sustainable global growth. It would be important for future meetings to keep a strong link between employment and labour policies and G20 cooperation in support of global growth.

Among key concerns today feature the persistence of the employment crisis, notably among youth, albeit in different contexts, with open unemployment more acute in developed countries; with the risk of rising structural unemployment; the persistence of high levels of low productivity informal employment and related low incomes; the risk of acute shortages in selected skills amid high un- and under-employment, placing upward pressure on wages; and the much debated issue of the functioning of labour markets. The expansion of basic social protection, a G20 objective, holds the prospects of economic and social benefits in support of more robust economic growth.

In all these topics, the G20 Ministers of Labour and Employment have adopted conclusions and made recommendations since they first met in Washington DC in April 2010. A review of how these proposals have filtered into policy-making in G20 countries, and how they have supported economic growth, might be appropriate.

In addition, there might be a number of areas and issues the G20 might wish to follow through or pick up.

In several G20 countries the rate of informal employment remains high, with consequently low levels of average productivity and a dearth of productive employment. A good 40-50 per cent of the world's labour force is active in informal activities. What measures are conducive to reducing levels of informality; what measures can raise levels of productivity and improve working conditions in informal activities? What is the experience of countries in this respect? G20 work in this area could usefully support its overall objective.

Rising or high income inequality is a growing concern in G20 countries. Data show that a growing proportion of value added flows to the top deciles of the income distribution, some times as high as half of the total value of incremental output. Recent studies have analysed the linkages between income inequality and economic volatility, including the probability of financial crises. A good part of income inequality finds its origins in the labour market. What policies are countries applying to strengthen labour markets so as to improve the primary distribution of incomes? What is the experience with such policies?

The average duration of unemployment is rising, including among younger workers, with the consequent real possibility of longer term exclusion from the labour market. Maintaining some link to the labour market and preventing the de-skilling of the labour force, including among youth, is a paramount objective. Reviews and exchanges on how this is best done could help G20 countries.

High to very high youth unemployment prevailing in several G20 countries warrant special measures, such as youth employment guarantees, put in place in several countries at a cost on average of between 0.1 and 0.2 per cent of GDP. An earlier ILO proposal along those lines had estimated the cost of a "Train and Work" programme for half of all unemployed youth in G20 countries at 0.15 per cent of GDP and 0.3 per cent of government expenditure on average. This proposal would reduce the risk of structural unemployment and de-skilling of young people, enhance their work experience and skills and improve their chances of obtaining employment. Likewise, work on apprenticeships could be further pursued and deepened.