



*Five years after the outbreak of the global financial crisis, labour markets remain deeply depressed with no improvements in sight. Uncertain economic outlook and inadequate policy responses hold back job creation. ILO Director-General Guy Ryder stresses that policy makers must find coordinated answers to the crisis.*

BRUSSELS (ILO News) – Global unemployment rose in 2012 after falling for two straight years and could further increase in 2013, the International Labour Organization (ILO) has warned in a new report.

A quarter of the increase in global unemployment in 2012 has been in the advanced economies, while three quarters has been through spillovers into other regions, with marked effects in developing economies in East Asia, South Asia and Sub Saharan Africa.

The number of unemployed worldwide rose by 4.2 million in 2012 to over 197 million, a 5.9 per cent unemployment rate, according to [Global Employment Trends 2013](#) .

**"An uncertain economic outlook, and the inadequacy of policy to counter this, has weakened aggregate demand, holding back investment and hiring,"** said ILO Director-General Guy Ryder. "This has prolonged the labour market slump in many countries, lowering job creation and increasing unemployment duration even in some countries that previously had low unemployment and dynamic labour markets."

"Also, many of the new jobs require skills that jobseekers do not have," he added. "Governments should step up efforts to support skills and retraining activities in order to

address such mismatches which particularly affect young people."

The report shows that global working poverty continues to drop, but at a slower rate than before the crisis.

A middle-income working class is rising in the emerging world, which could provide additional stimulus for the global economy. But for the moment their purchasing power cannot compensate for slow growth in advanced countries.

### **Mid-term gloom, particularly for youth**

Looking at the medium-term, the forecast global economic recovery is not expected to be strong enough to bring down unemployment quickly, and the number of jobseekers is expected to rise to more than 210 million over the next five years.

The labour market situation remains particularly bleak for the world's youth, with almost 74 million people in the 15 to 24 age group unemployed around the world – a 12.6 per cent youth unemployment rate.

Of particular concern is the fact that more and more young people experience long-term unemployment. Some 35 per cent of unemployed youth in advanced economies have been out of a job for six months or longer. As a consequence, increasing numbers of young people are getting discouraged and leaving the labour market.

Experiencing such long spells of unemployment or dropping out from the labour market early on in the career hurts long-term prospects. It erodes professional and social skills and prevents young people from gaining on-the-job experience.

Regional differences in youth unemployment are likely to grow. The situation is expected to improve slightly in developed economies over the next five years, but youth unemployment is

expected to rise in emerging economies in Eastern Europe, East and South-East Asia and the Middle East.

Ryder stressed that policy makers must find coordinated answers to the crisis.

**"The global nature of the crisis means countries cannot resolve its impact individually and with domestic measures only,"** he said. "The high uncertainty, which is holding off investments and job creation, will not recede if countries come up with conflicting solutions."

The report said policy makers should also address three interrelated issues: coordinating action to support aggregate demand, in particular through public investment while private investment is shy; addressing rising labour market mismatch problems through training and re-skilling programmes; and focussing action on youth joblessness.

Schemes that guarantee employment or training for targeted groups of young people have proven to be successful in some European countries. And they are affordable.

"The costs of inactivity, of allowing long-term unemployment to grow and young people to disconnect further from society, would be far higher," said Ryder.

### More information

More information, the full report, the summary, maps and graphs are published on [www.ilo.org/get2013](http://www.ilo.org/get2013)

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