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Employment trends in an unprecedented crisis: policy challenges

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ECLAC

International Labour Organization

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Work on the document was coordinated by Gerhard Reinecke, Senior Specialist on Employment Policies of ILO, and Sonia Gontero, Economic Affairs Officer in the Employment Studies Unit of the Economic Development Division of ECLAC.

The first section of this report was prepared by Sonia Gontero and Jürgen Weller, consultant with the Employment Studies Unit, and the second by Mario Velásquez, under the coordination of Gerhard Reinecke and Juan Jacobo Velasco. Jürgen Weller assisted with the preparation of statistical information, as did the Labour Analysis and Information System in Latin America and the Caribbean (SIALC), under the coordination of Bolívar Pino.

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Foreword

In 2020, the coronavirus disease (COVID-19) pandemic dealt an unprecedented blow to the economies and labour markets of Latin America and the Caribbean. Most countries in the region adopted measures to reduce the spread of the disease by halting economic activities and restricting the movement of people. The Economic Commission for Latin America and the Caribbean (ECLAC) has estimated that this situation will lead to the worst GDP contraction in the region's history (a projected downtown of 9.1% in 2020), which has already had and will continue to have profound labour and social consequences.

The governments of the region reacted quickly by designing and implementing a number of support instruments and policies on the macroeconomic and labour fronts. This crisis has once again drawn attention to the existence of an informal sector without access to social security and therefore very vulnerable to such shocks. Among own-account workers, the strong impact stemmed from their dependence on close physical proximity to other people to offer their services or products and the impossibility of performing tasks in public spaces, and, in the case of informal workers, from the lack of protection implied by an informal work contract, which is also linked to exclusion from support instruments such as unemployment insurance. In this regard, the crisis had a strong regressive impact, which was only partially mitigated by targeted support measures for low-income groups.

It is estimated that the greatest impacts were felt in the second quarter, with the loss of around 47 million jobs across the region, compared to the same quarter in 2019. Many of those who lost their jobs were unable to find opportunities for swift reintegration into the workforce or withdrew from the labour market because restrictions on movement prevented them from seeking employment. Thus, job losses were only partially reflected in an increase in open unemployment from 8.9% in the second quarter of 2019 to 11.0% in the second quarter of 2020.

In addition to this heavy decline in employment, many people who kept their jobs saw their earnings decrease, either as a result of agreements made with their employers or reduced working hours. This unprecedented shock has caused a sharp decline, via different channels, in the disposable resources of many households, which has not only worsened their quality of life but often led to higher debt levels, and is expected to slow the economic recovery through weak consumer demand.

For various reasons, women, young people and immigrants are among those hit hard by the health crisis. The second part of this report specifically addresses the effect on young people —illustrated by significant job losses, sharp declines in labour market participation and increases in open unemployment— which threatens to have a longer-lasting impact on their working lives. Indeed, prolonged economic inactivity among young people could have a lasting impact, as experience shows that long periods of this sort have irreparable effects on their career paths. The more time spent out of school and out of work, the greater the risks of precariousness and exclusion from the labour market throughout active life. Another particularly significant risk for young people is rapid entry into precarious and informal jobs (whether traditional or through new modalities such as digital platforms), given the need to generate income for their households.

On the demand side, this report presents the results of surveys conducted among businesses in the region during the early months of the pandemic. They show the extent of permanent or temporary closures of many companies and a sharp contraction in sales even in activities considered essential. As a result, businesses reported major liquidity problems that weighed heavily on the ability to pay wages and suppliers, along with debts and taxes. In this context, some companies had to lay off workers, although most of them continued to operate partially. In order to maintain the employment relationship, many opted for advance leave, reduced hours and/or wages and some benefits created specifically in the context of the health crisis. Remote work was also expanded, mainly among large companies. Some notable adjustment mechanisms used by companies to deal with the crisis include the use of new online sales channels and the transformation of products or services, as well as the implementation of occupational health and safety measures. These aspects will be crucial to the resumption of activities as restrictions on movement continue to ease.

Although uncertainty is a hallmark of this health crisis, the second half of the year has seen a gradual return to productive activities. As of the third quarter of 2020, the labour indicators of the countries with available information already show stabilization in employment and even a slight rebound in relation to the second quarter. People are slowly returning to the labour market, mainly informal workers (for subsistence) and, to a lesser extent, formal workers, as a result of the gradual reopening of different economic sectors.

The health crisis has highlighted the importance of a solid and efficient public sector with the capacity to react quickly to shocks with strong economic and social impacts. It has become clear that there is a close link between public health challenges and the functioning of institutions and businesses, as well as the functioning of labour markets, which has underscored the key role played by the coordination of State resources. This will also be important in the recovery phase, as there will continue to be a high level of uncertainty about the future development and control of the pandemic. Recovery will depend on advances in public health instruments —including vaccine development and accessibility—, the effectiveness of public economic support measures and the adaptability of businesses and workers to new ways of working.

Alicia Bárcena
Executive Secretary
Economic Commission for Latin America
and the Caribbean (ECLAC)

Vinícius Pinheiro
Regional Director
Regional Office for Latin America and the Caribbean
of the International Labour Organization (ILO)

I. Labour market trends in Latin America and the Caribbean amid the COVID-19 health crisis

Introduction

Labour market trends in Latin America and the Caribbean have been dominated by the coronavirus disease (COVID-19) health crisis since March 2020, when the disease emerged in the countries of the region. Containment measures —which were generally strict— were taken to limit infection and included the suspension of economic activities and restrictions on the movement of people. The result was a disruption to economic development, with serious consequences for employment.

Regional output is expected to show a contraction of 8.3% for the first half of the year (ECLAC, 2020a). The strongest impact on this plunge in activity was felt in the second quarter. Hence this report focuses mainly on the impact on labour markets in that period, based on the analysis of the main labour indicators by sector, category and demographic characteristics.

In general, the amount of data available on the evolution of these markets is more limited than usual as the institutions in charge of generating information on labour markets had to adjust their methodologies. Therefore, this chapter also presents the results of special business surveys, which provide complementary information on the main adjustment mechanisms applied by the private sector to both activity and employment.

The disruption of economic activities peaked in April and May. Subsequently, countries began gradually lifting measures to contain COVID-19, although the process had to be slowed down or reversed in some cases. This chapter examines the characteristics of recent labour market trends in some countries and reflects on the expected trends in the region's labour markets for the rest of the year.[1]

A. The initial labour effects of the health crisis were felt in the first quarter of 2020

In January and February 2020, most labour markets in Latin America and the Caribbean continued to reflect the trends seen in late 2019. The effects of the COVID-19 health crisis, which was declared a global pandemic by the World Health Organization in March, began to be felt that same month, and employment data in the first quarter of 2020 reflect the incipient impact of the crisis.[2] Although there were marked differences among the countries for which data were available for the first quarter, overall there was a moderate contraction of 0.6 percentage points in the employment rate, from 56.9% in the first quarter of 2019 to 56.3% in the first quarter of 2020, which is consistent with the 1.6% fall in regional output during this period.[3] This year-on-year decline in the employment rate indicated a break in trend, given that there had been a steady improvement since the third quarter of 2017.

In all the countries examined, there was also a reversal of the upward trend in the participation rate, which fell by a magnitude similar to that of the employment rate. As a result, the unemployment rate for this group of countries did not reflect the impact of moderate job losses and remained virtually stable compared to the first quarter of 2019, at around 9%.

[1] See ECLAC/ILO (2020); ECLAC (2020a), ILO (2020a, 2020b and 2020d) and Weller and others (2020) for previous analyses of the impact of the health crisis on the region's labour markets, published by ECLAC and ILO.

[2] See annex tables A1.1, A1.2 and A1.3 for details of labour market trends.

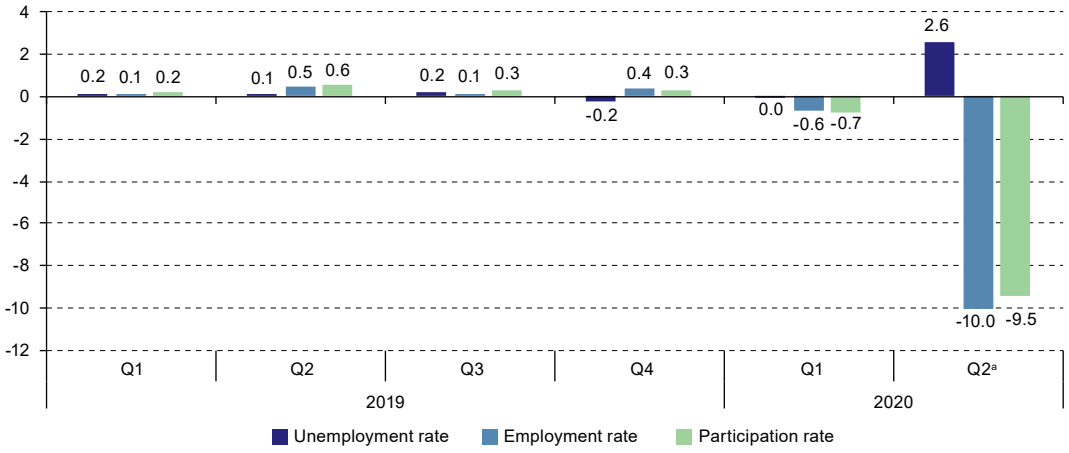
[3] The countries for which labour market information is available for the first quarter of 2020 are: Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

Although participation and employment rates fell among both men and women, in both cases the decline was steeper for men. Thus, the gender gaps in these areas continued to narrow gradually, although they remain large and still favour men. In the first quarter of 2020, the unemployment rate among both men and women remained virtually unchanged year-on-year.

B. The health crisis resulted in massive job losses which were only partly reflected in a higher unemployment rate

The data for the second quarter of 2020 reflect the full impact of the health crisis on economic activity and employment.[4] All countries recorded a sharp drop in the employment rate which, for the group of countries with available data, amounted to 10 percentage points. A contraction of this magnitude implies that job losses will reach an estimated 47 million for all the countries in the region, almost a fifth of the level of employment attained in 2019. However, as will be seen later, not even this massive decline in the number of employed people indicated by the lower employment rate represents the full impact of the health crisis on employment.

Figure I.1
Latin America and the Caribbean (14 countries): year-on-year variation in participation, employment and unemployment rates, first quarter of 2019–second quarter of 2020
(Percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures.
Note: Data refer to Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. Estimates are included for the countries with no available data.
[a] Preliminary data.

[4] The institutions responsible for collecting information on the labour market had to make major adjustments in data collection (especially in terms of the replacement of face-to-face interviews with telephone interviews), which means that the information from April 2020 onward is not fully comparable with previously generated data. However, the data are believed to adequately reflect the profound impact of the crisis (Weller and others, 2020; ILO, 2020d).

In the context of the health crisis, many people who lost their jobs did not search for a new job, either because they believed the probability of finding one was too low given the restrictions imposed on economic activities, or out of caution regarding the risk of infection.[5] Moreover, many self-employed workers who had to suspend their activities likely decided to wait for more favourable conditions to resume them. As a result, many of those who lost their jobs did not meet the requirements for unemployment classification, but instead left the labour market and became inactive, thus sharply reducing the overall participation rate (by approximately 9.5 percentage points for the above-mentioned group of countries).

This withdrawal from the labour market mitigated the impact of massive job losses on the unemployment rate, which, for the group of countries examined, rose from 8.5% in the second quarter of 2019 to 11.0% in the second quarter of 2020. Extrapolated to the region as a whole, this would imply an increase of roughly 2.8 million people in open unemployment, bringing the total number of unemployed people in the region to about 29 million. In the light of the aforementioned massive job losses, this relatively moderate increase in the number of unemployed people indicates that the open unemployment rate is an analytically weak indicator in a deep crisis with specific characteristics, such as the one facing the region in 2020.

As shown in figure I.2, in the second quarter of 2020, the significant variations in the main labour market rates (sharp declines in employment and participation, and a smaller increase in open unemployment) affected both men and women.

Figure I.2
Latin America and the Caribbean (12 countries): year-on-year variation in the number of people in the labour force, employed people and unemployed people by sex, second quarter of 2020

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures.
Note: Preliminary data. Data refer to Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

[5] The clearest example of this trend is in the Dominican Republic, where not only did persons who lost their jobs because of the pandemic leave the labour market, but also, people who had been unemployed before the pandemic stopped looking for work, resulting in a marked decrease in open unemployment.

However, there were some differences between the impacts on employed women and employed men. First, in proportional terms, women's employment fell more than men's (down by 18.1% compared to 15.1%, respectively), possibly because of women's stronger presence in sectors heavily affected by the health crisis (domestic services, restaurants and hotels, commercial activities). Second, a larger proportion of women withdrew from the labour market, probably because in the context of the health crisis they had to take on additional responsibilities related to care work, while men in many households are still seen as the main breadwinners. This may result in men finding it easier to look for work. Consequently, and unlike what usually occurs in economic crises, the number of people in open unemployment increased less among women (by 7.7%) than among men (29.4%).

Therefore, the open unemployment rate rose more for men than for women (see annex table I.A1.1). This does not necessarily mean that men have been more affected by the crisis than women, but it underscores the need to complement the analysis of the labour market based on the open unemployment rate with the review of other indicators.

As already mentioned, not even the sharp drop in the employment rate captures all the job losses caused by the health crisis, and several indicators reflect an even greater contraction in employment.

First, there has been a large increase in the number of employed people absent from their jobs. Absent employees are defined as people who have not worked in the reference period, but who maintain an employment relationship with their employer and have a justified expectation of returning to the same job. In general, most people counted as absent are on vacation or medical leave. In the context of the health crisis, many companies had to suspend their activities because of COVID-19 containment measures, so their employees were unable to work even though they had not been dismissed and they expect to return to their jobs once companies resume their activities. Several countries have designed income support mechanisms for these workers to maintain the employment relationship during this temporary situation. Some companies also urged their workers to take early leave (see section D of this chapter).

In most countries, the highest proportion of absent workers was recorded in April 2020. For example, in Mexico, 21.9% of employed people recorded in that month were temporarily absent from their jobs (compared to 1.7% in March). In Uruguay, that proportion was 23.7%. About 36.6% of these workers stated that the reason for their absence was the suspension of activities or quarantine owing to COVID-19, while 31.1% were absent and covered by unemployment insurance. Many probably benefited from the use of unemployment insurance funds to support temporarily suspended workers with a justified expectation of returning to work later. In Brazil, for which no data are available for the month of April, the proportion of absent workers in May was 18.6%. Finally, in Chile, the highest proportion of absent workers (18.9%) was recorded in the May–July 2020 quarter.

Second, many of the people who continued to work did so for fewer hours. For example, in Brazil, 27.9% of the employed people present in May said that they worked fewer hours than usual. At the same time, 3.6% of the employed people present that same month worked more hours than usual, probably because they worked in health services and other indispensable and key activities in the context of the health crisis.

In Mexico, the proportion of employed people present at work for less than 15 hours per week increased from 6.2% in March 2020 to 13.9% the following month, while the proportion of people working between 15 and 34 hours rose from 16.9% to 23.8%. Meanwhile, underemployment measured by the number of hours worked increased from 8.5% in the first quarter of 2020 to 25.5% in the second quarter.

In the Lima metropolitan area, the proportion of employed people who worked between 1 and 10 hours per week increased between the first and second quarters of 2020, from 7.4% to 17.2%. In this context, underemployment measured by the number of hours worked rose from 14.6% to 21.4% of employed people. Hourly underemployment also increased in Paraguay, from 6.8% in the first quarter of 2020 to 8.4% in the second quarter.

The decrease in working hours among employed people present at work was not so marked in Chile where, on average, these hours fell from 40.4 in the first quarter of 2020 to 39.0 in the second quarter, compared to the 41.3 hours per week usually worked.

In short, the increase in absent workers indicates that the number of people working was much lower than suggested by the employment rate. Also, the decrease in hours worked indicates that many of the employed people present at work were not performing at full capacity.

C. Job destruction differed among labour market segments and population groups

The impact of the health crisis on employment, which varied according to occupational category, reflects serious problems of inequality. For example, as shown in table I.1, work in households as employers, the vast majority of which is done by women from relatively low-income households, recorded the largest year-on-year contraction in the second quarter of 2020.

Table I.1
Latin America (11 countries): year-on-year variation in the number of employed persons, by employment category, second quarter of 2020
(Percentages)

	Wage earners in companies and institutions			Wage earners in households	Employers	Own-account workers	Unpaid workers
	Private	Public	Total				
Argentina	-21.1	+8.9	-15.6	-38.2	-39.5	-28.2	-7.8
Bolivia (Plurinational State of)	…	…	-17.4	-26.6	-39.8	+0.3	-8.0
Brazil	-13.2	+6.0	-9.3	-24.6	-9.5	-10.3	-15.5
Chile	-15.5	-0.6	-12.9	-47.8	-34.6	-34.7	-41.7
Colombia	-24.2	-3.6	-22.6	-44.7	-30.2	-17.9	-29.1
Costa Rica	-17.5	-4.4	-14.8	-44.0	-33.8	-25.1	-27.9
Dominican Republic	-11.2	+3.9	-7.3	-31.1	-9.4	-6.8	-23.2
Ecuador	-19.7	-5.6	-17.5	…	…	-10.2	-31.2
Mexico	-13.6	+4.0	-12.5	…	-17.5	-30.9	-35.7
Paraguay	-11.7	+2.2	-8.7	-15.5	-48.4	+12.7	+5.0
Peru	…	…	-48.3	-68.8	…	-63.4	-69.0
Latin America, weighted average	-14.7	+4.2	-14.2	-32.2	-17.9	-20.5	-24.3
Latin America, Median	-15.5	+2.2	-14.8	-38.2	-33.8	-17.9	-2

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures.
Note: The data refer to the national total, except in Argentina and the Plurinational State of Bolivia (urban areas) and Peru (Lima metropolitan area).

The two most important work categories in labour markets are wage employment and own-account work. The latter contracted more than the former in all the countries examined. This likely derives from the importance of face-to-face contact for many of the activities of own-account workers, especially in the informal sector. Many of the activities for which telework is unfeasible had to be suspended because of the measures taken precisely to reduce physical human contact and, therefore, infection. Some exceptions are countries with a large agricultural sector that was not as severely affected by such measures and where own-account work represents a large proportion of employment, such as Colombia, Ecuador, Paraguay and the Plurinational State of Bolivia.

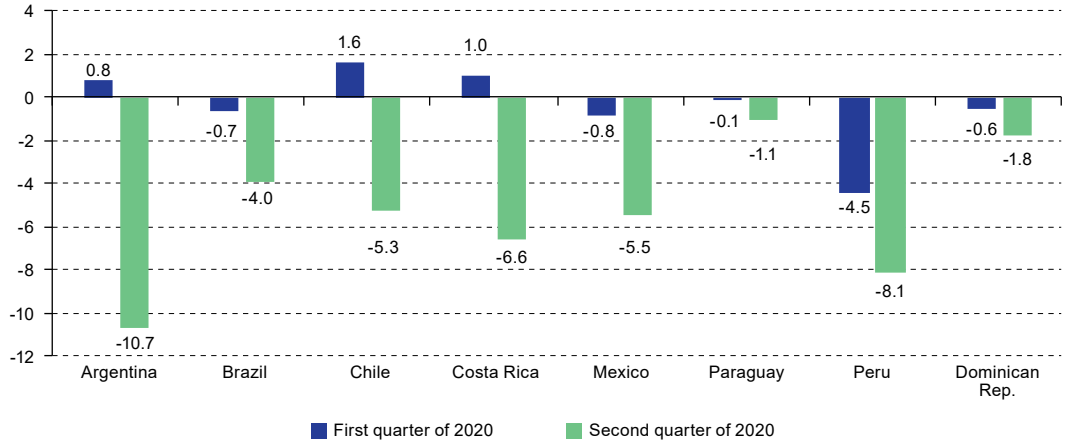
The sharp contraction in own-account work is linked to the considerable decline in the number of people doing unpaid work, usually in a family-owned economic activity run by an own-account worker. Indeed, this type of worker is the second most affected, after wage earners hired by households.

The restrictions imposed on many economic activities affected not only family businesses and own-account work, but also companies that hire wage earners, as shown by the significant drop in the number of employers.

Wage employment loss was concentrated in the private sector, while public sector employment fell only slightly or, in some countries, even expanded year-on-year. Although wage employment shows the smallest contraction, this category has recorded the most job losses in absolute terms. Given the weight of wage employment in the occupational structure, the decrease in this type of work in all the countries examined represents approximately 45% of total work lost in the second quarter of 2020, versus 31% of own-account work, 10% of work contracted by households, 7% of unpaid family work and the 7% decline in the number of employers.

The fact that job loss was proportionally higher in categories where a large share of work is usually done informally gave rise to a phenomenon opposite to that seen in the context of an economic crisis. While in the context of economic crises the destruction of formal employment tends to increase both open unemployment and informal work, as shown in figure I.3, labour informality decreased in the second quarter of 2020 compared to the second quarter of 2019 in all the countries examined, sharply in some of them, in contrast with the year-on-year change in the first quarter of 2020.

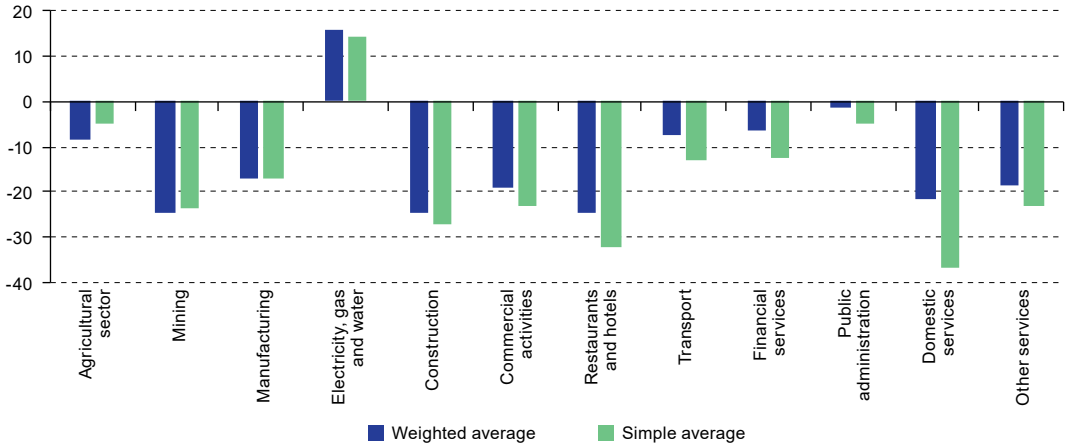
Figure I.3
Latin America (8 countries): year-on-year variation in labour informality, first and second quarters of 2020
(Percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures.
Note: The rates refer to labour informality for all employed people, except in Argentina (wage earners) and Paraguay (non-agricultural workers).

When analysing employment trends by branch of activity, those most affected in the second quarter of 2020 were domestic services, which were already mentioned, and restaurants and hotels. As part of the measures to contain the COVID-19 pandemic, these establishments have been subject to temporary closures, with repercussions on both local demand and international tourism. Other hard-hit activities included trade, construction, mining and other services, which are highly labour-intensive. According to information from some countries, there have been massive job losses in the arts, entertainment and recreation sector. For example, in Chile and Colombia, employment in this area contracted in the second quarter of 2020 by 54.3% and 34.2%, respectively, compared to the same period in 2019.

Figure I.4
Latin America and the Caribbean (10 countries): year-on-year variation in employment, by branch of activity
(Weighted average and simple average, in percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures.

Note: Preliminary data on transport also include storage and communications; data on financial services also include insurance, real estate, professional and scientific services and administrative and support services; and data on public administration also cover education and health. Data refer to: Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Mexico, Paraguay, Peru and the Plurinational State of Bolivia.

The least affected branches of activity include, first, public administration, education and health services. In this case, the relative contractual stability of public sector employment, the special health-care needs in the context of the health crisis and the implementation of distance-learning likely contributed to this result. Second, employment in the electricity, gas and water sector expanded, indicating efforts to maintain this infrastructure, which is vital for carrying out many other key activities to address the challenges of the health crisis. Third, another group of activities reflecting a relatively small decrease in employment includes financial and insurance services, real estate, professional and scientific services, and administrative and support services. In these cases, a fairly large proportion of tasks can be performed through teleworking. Fourth, employment in the agricultural sector decreased slightly in general, partly because it is an indispensable activity for the supply of food to the population and partly because physical distancing rules are relatively easy to implement. In Paraguay and Peru, agricultural employment rose sharply, possibly reflecting the return to the countryside of people who lost their jobs in urban areas and took refuge in the homes of relatives living in rural areas. By contrast, agricultural employment in Chile contracted by 26.8% year-on-year, which may have been due to the fact that a large share of the sector's output is destined for export markets, where demand fell in the context of the global health crisis.

While there are few countries for which information on employment loss by age group is available (partly because of adjustments in data collection), the available data indicate that young people have been disproportionately affected by job loss. For example, in Chile, Costa Rica and the Dominican Republic, the share of young people aged 15–24 in employment fell from 8.3% to 6.0%, from 12.1% to 9.6%, and from 15.0% to 13.3%, respectively, between the first and second quarters of 2020. Meanwhile, in Brazil and Peru, the share of young people aged 14–24 in employment fell from 13.4% to 12.0% and from 17.3% to 14.9%, respectively. In Argentina, the percentage of employed young people aged 14–29 years fell from 22.8% to 19.8%, and in Colombia, employed young people between the ages of 14 and 28 decreased from 25.4% to 23.9%.[6]

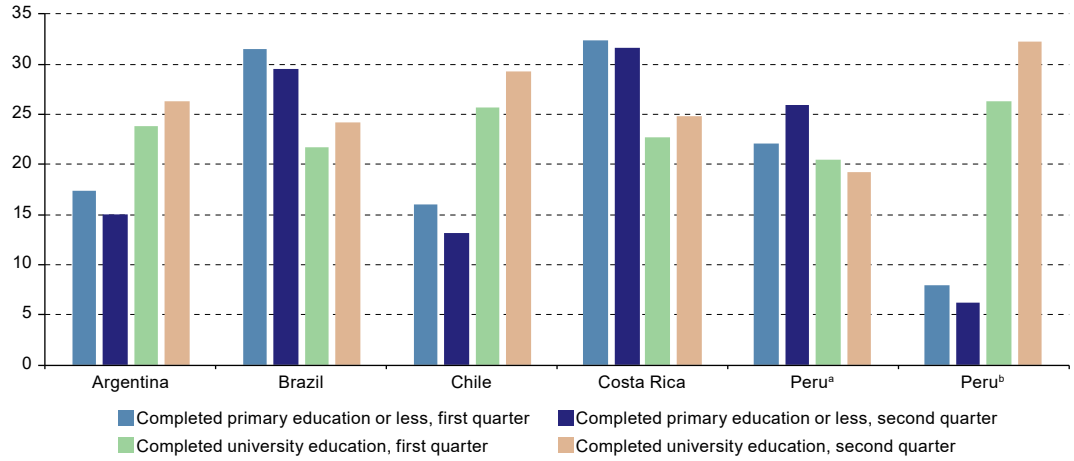
Another age group which recorded a decrease in employment —albeit generally smaller— is older persons. Thus, in the urban areas of Argentina and in Chile, the proportion of people aged 65 or over in employment fell from 5.1% to 3.1% and from 5.9% to 5.0%, respectively, in the same period, while in Costa Rica this proportion fell from 11.2% to 10.7% for people aged 60 or over. The larger contractions in employment at the opposite ends of the age structure could be linked to the fact that the corresponding age groups tend to reflect proportionally greater involvement in informal and precarious activities which were hit hard by the health crisis. Moreover, this health crisis poses a high risk for older persons, who tend to be subject to special lockdown measures.

The available data indicate that job losses in the region were generally higher for people with lower levels of formal education than for those with higher education (see figure I.5). For example, in Brazil, between the first and second quarters of 2020, the proportion of employed people having completed primary education or less fell from 31.5% to 29.5%, while the proportion of employed people having achieved the highest level of education increased from 21.7% to 24.1%. Meanwhile, in Chile, the proportion of employed persons having completed primary education or less dropped from 16.0% to 13.0%, while that of persons with a university education rose from 25.7% to 29.2%. In Costa Rica, the trends were similar, although less marked, as the proportion of employed persons having completed primary education or less fell from 32.3% to 31.6%, and that of employed persons with a university education (with and without a degree) rose from 27.6% to 29.9%. At the same time, in the Lima metropolitan area, the proportion of employed people having completed only primary education dropped from 7.9% to 6.2%, while that of employed people with a university education increased from 26.2% to 32.2%.

More limited job losses among people with more formal education stem from the fact that they work in sectors relatively less affected by containment measures (for example relating to health, education and public administration) and in which activities can be carried out through telework. For example, in Brazil, 13.3% of employed people worked from home in May 2020. For people who had not completed primary education, the corresponding figure was only 0.6%, and for people who had completed primary education but not secondary education, 1.7%. By contrast, 38.3% of employed persons who had completed higher education worked from home. This inequality of access to telework has serious distributional consequences, since the possibility of working in this way is closely correlated with the level of household income (ECLAC, 2020c).

[6] See chapter II of this report for more details.

Figure I.5
Latin America (5 countries): proportion of employed people having completed primary education and university education as a proportion of the total employed population, first and second quarters of 2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures.
[a] Refers to the national total.
[b] Refers to the Lima metropolitan area.

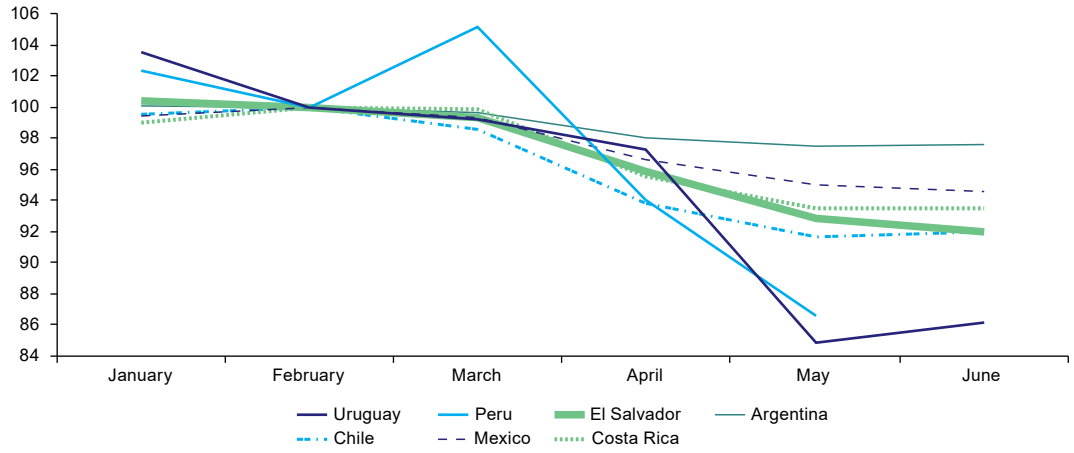
The data for Peru as a whole indicate opposite trends to those mentioned for the Lima metropolitan area. At the national level, the proportion of employed people having completed primary education increased from 22.1% to 25.9% between the first and second quarters of the year, while that of employed persons with a university education fell from 20.5% to 19.3%. The explanation for these apparently contradictory trends lies in the differences between containment measures in urban and rural areas. Owing to the risks related to population density in cities, the measures to prevent the spread of COVID-19 have been more stringent in urban areas. As a result, in the second quarter of 2020, the employment rate in urban areas of Peru fell by roughly 33.4 percentage points compared with the same period in 2019, while in rural areas this rate fell by only 5.8 percentage points. The above-mentioned expansion of agricultural employment in the country likely helped to mitigate the drop in the employment rate in rural areas. Thus, although there were fewer job losses in urban areas among highly skilled workers than groups with other education levels, job losses by education level may be different in the national total. This is because of the less strict crisis containment measures in rural areas —where there is usually a larger proportion of workers with lower levels of formal education— and if these areas account for a large share of total employment, the more limited job losses among people with lower formal education levels in rural areas is reflected in the national total.

Data from some developed countries indicate that immigrants are among the groups most affected by the impact of the health crisis on employment (Weller, 2020). Although the corresponding information for Latin America and the Caribbean is scarce, a survey conducted in Chile confirms this conclusion (Bravo and Castillo, 2020). Between April and May 2020, the employment rate of Chilean nationals fell by 3.6 percentage points (from 47.7% to 44.1%), whilst that of immigrants fell by 8.4 percentage points (from 67.4% to 59.0%). As in the labour market as a whole, a large share

of non-migrants who lost their jobs left the labour market, so the impact on the unemployment rate was limited to an increase from 9.1% to 11.0%. Immigrants generally have fewer financial reserves and less access to official support programmes, so among this group the drop in the participation rate was much less than that in the employment rate, which suggests a doubling of the migrant unemployment rate —usually lower than that of nationals— from 7.8% to 15.7%.[7]

As mentioned above, not all measures resulting in the cessation of activities and work led to layoffs and unemployment. This can be seen in the information on registered employment in social security systems. Figure I.6 shows the trend in this type of employment for seven countries in the region. The national series are not comparable, as the definition of registered employment differs from one country to the next. Therefore, the figure is meant to show the trend in this type of employment in each country, but not to serve as a comparison.

Figure I.6
Latin America (7 countries): registered employment, January–June 2020
(Index: February 2020=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures.

Figure I.6 shows that the biggest payroll adjustment occurred in April. Overall, the decline in registered employment slowed in May, and in June there were clear signs of stabilization. The decline in registered employment in this period did not stem solely from dismissals deriving from the health crisis. Indeed, this level is usually determined as the balance after taking into account the existing jobs maintained, the job losses owing to the normal functioning of markets that determines company closures and downsizing, and the hiring of staff thanks to the expansion of existing companies or the creation of new businesses. In an economic crisis and, above all, in a crisis such as the current one, this last factor is greatly weakened, given that only companies in specific sectors expand because of greater demand and very few new companies are created in a context of considerable uncertainty. Therefore, the decrease in registered employment is partly because of the suspension of the creation of new jobs in the context of the current crisis.

[7] According to a survey of 400 immigrants in Chile conducted by the University of Talca between May and July 2020, 30% of them had lost their jobs, 21% had had their employment contract suspended temporarily and 18% had had their working hours reduced. At the same time, 70% said that they had not received any State support (Universidad de Talca, 2020).

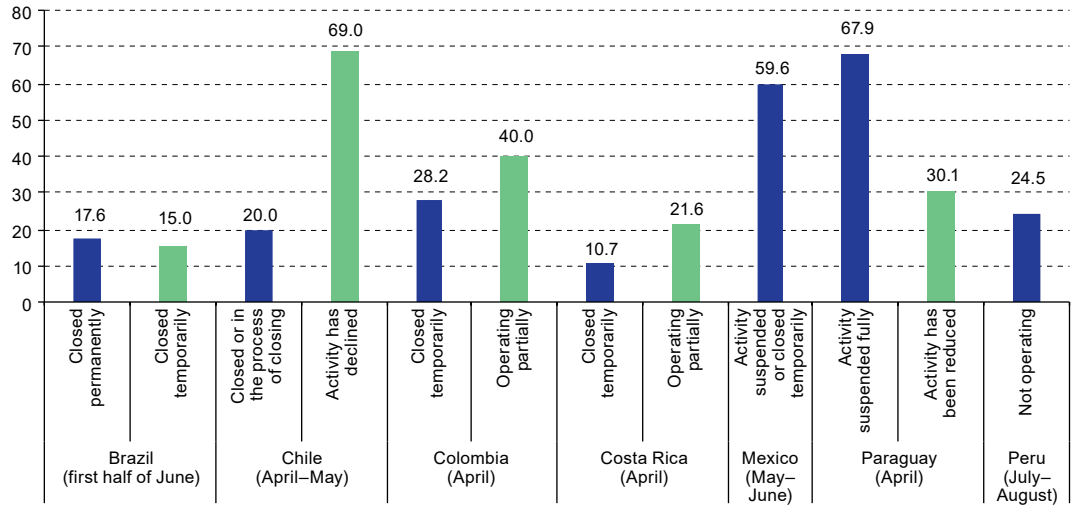
D. Business surveys confirm the heavy impact on private sector activity and employment

In order to complement the employment surveys and to have quantitative and qualitative information on the impact of the health crisis on private sector companies and workers, some countries in the region implemented special surveys aimed at companies during the first half of 2020. The following is a summary of the main findings regarding the impact on activity and sales, employment and expectations, access to programmes implemented by the government and adjustment measures implemented by companies to deal with the crisis. Although these surveys are non-probabilistic and represent only a subset of companies, they provide an insight into the overall situation of the region's productive sector.[8]

1. Reduction in the activity and sales of the businesses surveyed

The most obvious impact of the COVID-19 pandemic has been the drop in production and sales, and in some cases, the temporary closure of companies. Figure I.7 illustrates this situation in the countries for which information is available.

Figure I.7
Latin America (7 countries): impact of COVID-19 on the activities of businesses surveyed between April and August 2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of business survey results in the selected countries.

[8] These surveys are not homogeneous, as most were conducted by telephone, social networks or online, and only represent a subset of companies. Likewise, given the considerable uncertainty created by this crisis and that the duration of mandatory quarantine with total suspension of activities differed from one country to the next, the date on which these activities were carried out may influence the type of response. Annex table I.A1.1 summarizes the main methodological features.

In Brazil, at the end of June 2020, 17.6% of companies said that they were permanently halting activities and another 15% said they were suspending activities temporarily. Most permanent closures involved small businesses, and construction and services were the most affected sectors.

In April 2020, in other words, in the early stages of the pandemic, 69% of companies in Chile indicated a significant decline in sales and 20% said that they were temporarily or permanently halting their activities (see figure I.7). This strong initial impact was felt most by small businesses. In fact, 22% of micro and 23% of small businesses said that they had closed or were in the process of doing so. The major problems affecting small businesses included the decrease in clients and the lack of liquidity, and among large companies, the decrease in clients, the cancellation of projects or services and the absence of workers.

In Colombia, 40.5% of companies in the commercial, manufacturing and services sector said they were operating partially and 28.2% closed temporarily in April, meaning that only 31.4% were operating normally in that month. The areas affected by the suspension of activities included accommodation; tourism services; and manufacturing of furniture, vehicles, transport equipment, footwear and non-metallic mineral products. The survey was repeated in May, June and July, and the most recent information available shows that in July 2020, the share of companies that had closed temporarily had decreased substantially, while just 62.9% of businesses focused on the commercial, manufacturing, services and construction sectors said they were operating normally. In addition, in April 70.0% of businesses in these sectors said cash flows had diminished and this percentage remained high in July (at 60%).

In Costa Rica, 21.6% of the companies surveyed said they were operating partially in April (at 50% or less of their normal capacity) and 10.7% had closed temporarily. The industries related to accommodation and food services and real estate reported the lowest average operating levels.

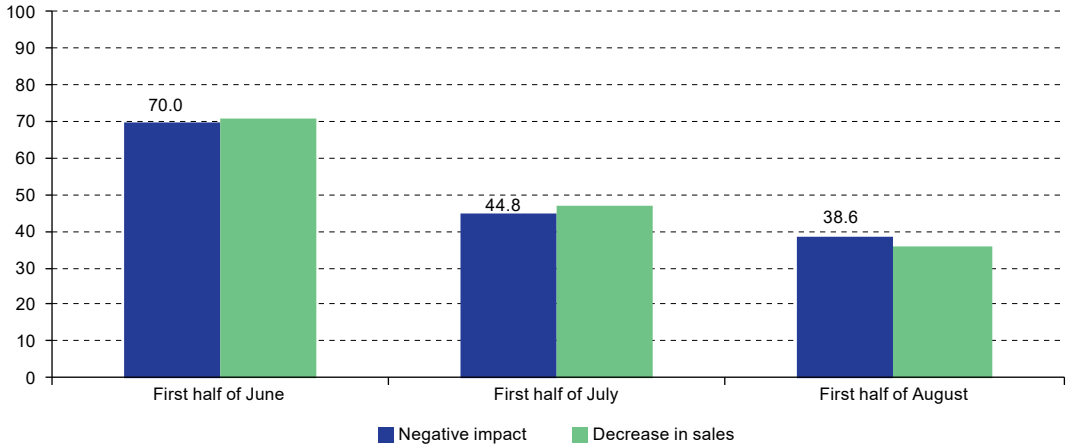
In Mexico, 59.6% of the companies surveyed in May 2020 said they had suspended operations or closed temporarily. Almost all the companies experienced at least one type of effect owing to the health emergency caused by COVID-19, such as a decrease in income, a decline in demand for their products or a shortage of inputs and outputs.

In Paraguay, where a strict quarantine was implemented, 67.9% of companies said they completely stopped their activities in April and 30.1% said they had substantially reduced their activities. The main problems faced in the pandemic included the restriction of movement or delivery of products and services and the payment of wages and suppliers.

Finally, in Peru, 24.5% of the companies surveyed between July and August 2020 had suspended operations and of those still operating, 67.4% said their sales had decreased. The biggest problems faced because of the emergency situation were weaker demand, high health security costs and paralysis of production, followed by the loss of working capital and supply shortages.

In Brazil, the available information allows for an assessment of the businesses surveyed that were still operating up to the first half of June and the trend seen in the five subsequent fortnights (see figure I.8). About 70% of the companies surveyed said they had been negatively affected by the COVID pandemic up to the first half of June. This percentage declined in the subsequent fortnights: in the first half of August, 38.6% of the companies said they had experienced a negative effect compared to the previous fortnight, and in the last half of August, 33.5% said they were in that situation. Of the four sectors considered (services, manufacturing, commercial and construction), construction was the most affected in terms of declining sales (73% of companies in the first half of April and 43.7% in the second half of August). However, also in the second half of August, more than 30% of companies across all sectors said they had experienced a decrease in income.

Figure I.8
Brazil: proportion of businesses surveyed that recorded negative effects and decreases in sales during the COVID-19 pandemic
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of National Administrative Department of Statistics (DANE), "Pulso empresarial", *Comunicado de Prensa*, 2020 [online] https://www.dane.gov.co/index.php/estadisticas-por-tema/comercio-interno/encuesta-pulso-empresarial.

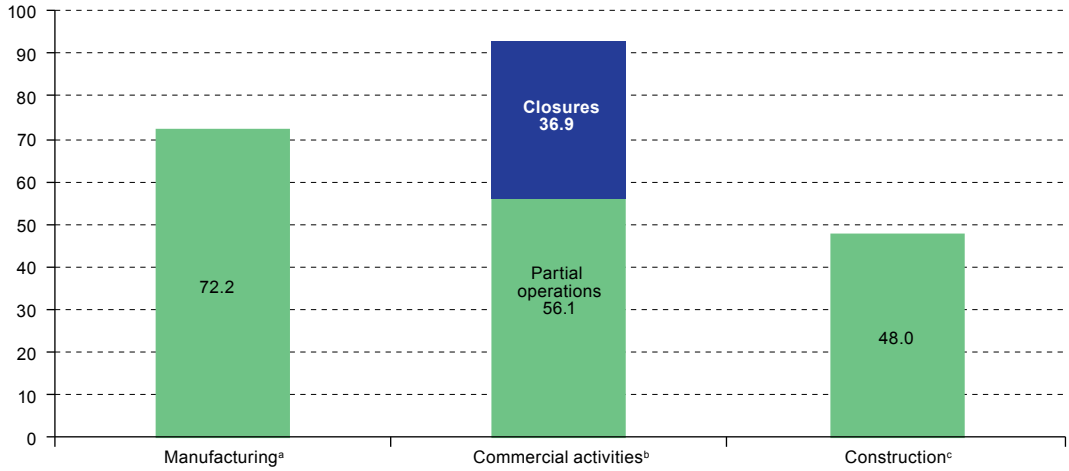
Between April and May, surveys were carried out in Argentina of companies in the manufacturing, commercial and construction sectors, each through the respective chambers of commerce.

According to the survey of companies affiliated to the Argentine Industrial Union, 72.2% of companies suffered a reduction of over 60% in sales (see figure I.9). This contraction was seen even in key production sectors and most companies reported serious difficulties in paying wages. According to Argentina's National Institute of Statistics and Censuses (INDEC), which conducted surveys of companies in the manufacturing sector, 11.1% of establishments were closed in May and 50% were operating partially. These proportions decreased to 5.6% and 48%, respectively, in June 2020. The most affected sectors were textiles, clothing and footwear, where 23% of firms declared zero production activity in June (compared with 39% in May), and furniture and other manufacturing activity, where 11% declared zero activity (see figure I.9B). The sectors that said they were operating partially include automobiles and other equipment; equipment, devices and instruments; and non-metallic mineral products and basic metals. Many companies pointed out that, although they had the operating capacity, they did not have the necessary personnel to operate or had not received orders.

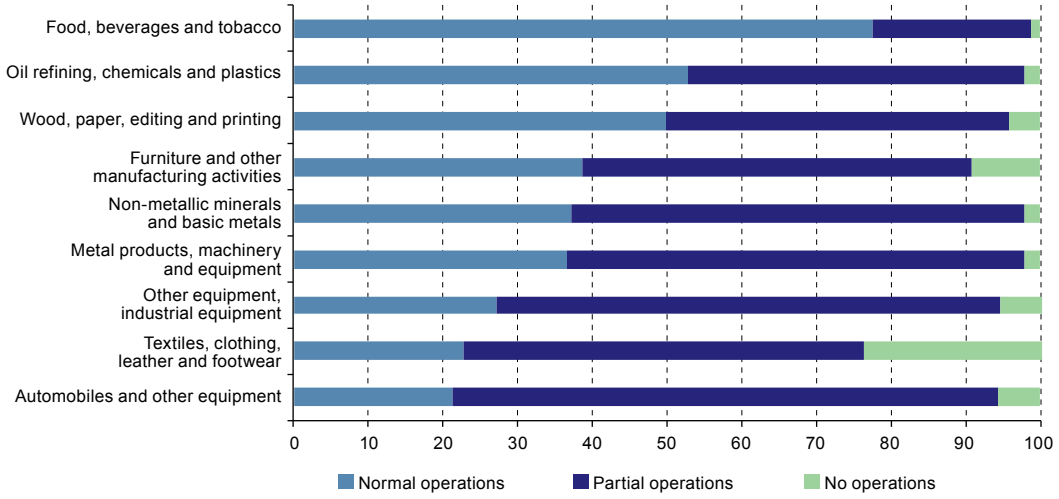
With respect to commercial activities, the survey conducted in May showed that almost 40% of companies were not operating and 56.1% were operating only partially (see figure I.9A). The weak activity also affected essential goods. The survey of the supermarket and wholesale sector conducted by INDEC found that sales in 50% of supermarkets decreased in May, while 46.2% of the self-service wholesalers said that their sales fell during the same period (INDEC, 2020). Finally, 48% of construction companies expected their turnover to be 50% or less than planned (see figure I.9.A).

Figure I.9
Argentina: impact of COVID-19 on the activities of the companies surveyed
(Percentages)

A. Activity of companies in the industrial, commercial and construction sectors, April 2020



B. Operations in the manufacturing sector, by subsector, June 2020



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of survey results from Argentine Industrial Union, Argentine Chamber of Commerce and Services; Argentine Chamber of Construction and Qualitative survey of the manufacturing industry during the health emergency.

[a] Companies with declines of more than 60% in sales.

[b] Companies that have suspended operations or that are operating partially.

[c] Companies expecting turnover to be less than 50% of the planned figure.

2. Situation of workers

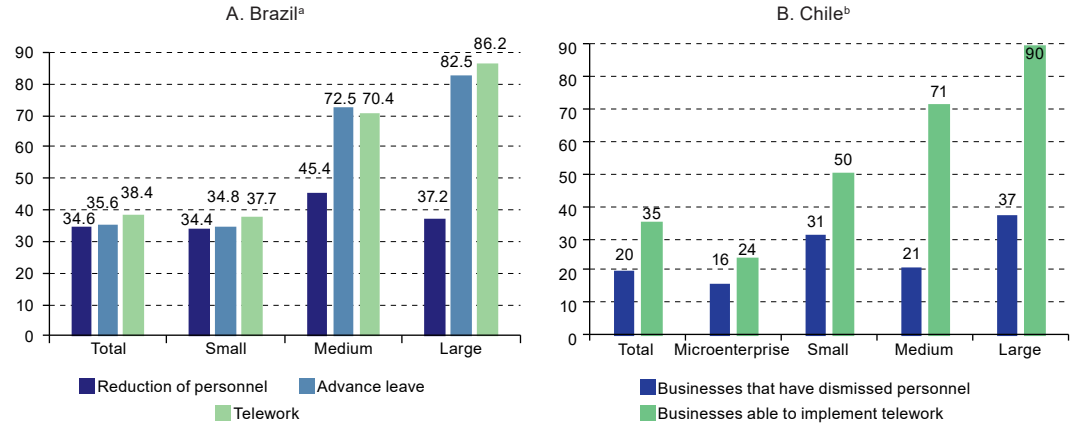
(a) Increased redundancies

Many of the companies that have suspended or substantially reduced their activities have had to downsize.

In Argentina, the survey conducted in the construction sector indicated that approximately half of the companies had reduced their payroll[9] in April and 20% of those did so by more than 50%. A similar survey conducted in July showed that 25% of the companies surveyed had to suspend staff.

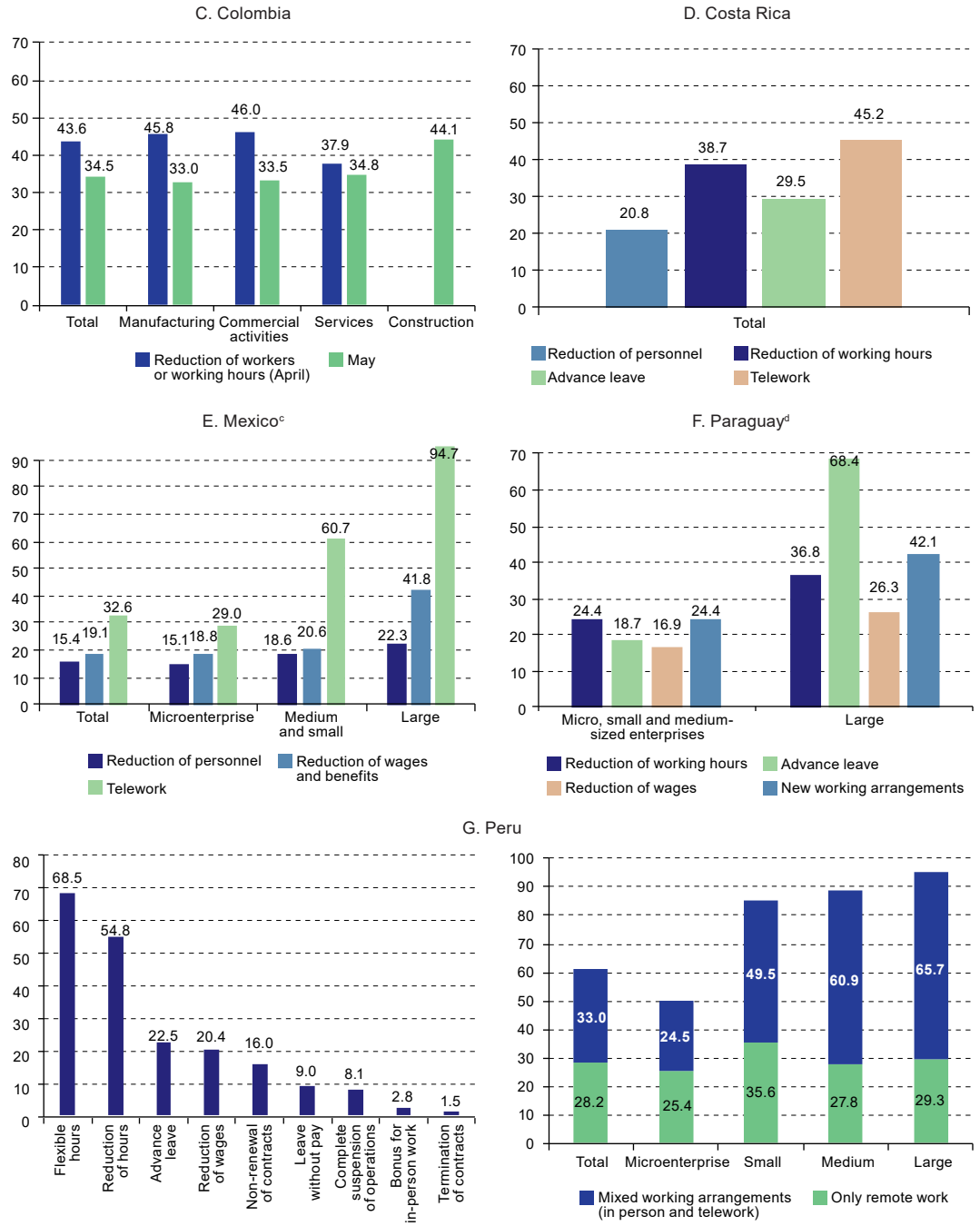
In the first half of June, 34.6% of the companies surveyed in Brazil reported a reduction in personnel since the beginning of the pandemic, and this proportion was higher among medium-sized companies (see figure I.10A). Among the companies that reduced staff, 29.7% said the decrease was more than 50%, indicating operation with the minimum number of staff possible. In August 2020, staff reductions compared to the second half of July had fallen to 8.7%. In Chile, 20% of companies said they had made staff redundant in April, including 37% of large companies (see figure I.10B). In Colombia, 43.6% of companies reduced the number of workers or working hours in April and this proportion came to almost 36% in June. This proportion was higher in sectors such as construction (see figure I.10C). In Costa Rica, 20.8% of the companies surveyed mentioned the need to reduce personnel (see figure I.10D). Similarly, in Mexico, 15.4% of firms have cut back on staff, and the proportion rises to 22.3% in the case of large firms (see figure I.10E). In Peru, companies were also forced to reduce staff. In July 2020, 16% said they had not renewed contracts, 8.1% had completely suspended operations and 1.5% had terminated contracts (see figure I.10G).

Figure I.10
Latin America (7 countries): main measures applied with respect to workers during the COVID-19 pandemic in businesses surveyed between April and August 2020
(Percentages)



[9] Workers belonging to the Union of Construction Workers of Argentina (UOCRA).

Figure I.10 (concluded)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of information from business surveys.

[a] Brazil: small businesses: up to 49 workers; medium: 50 to 499 workers; large: 500 or more workers. The data refer to the results of the first survey conducted in June comparing the situation at the beginning of the pandemic.

[b] Chile: microenterprises: less than 10 workers; small: 10 to 25 workers; medium: 26 to 200 workers; large: more than 200 workers.

[c] Mexico: microenterprises: 0 to 10 workers; small: 11 to 50 workers; medium: 51 to 250 workers; large: 251 or more workers.

[d] Paraguay: micro, small and medium-sized enterprises (MSMEs): 50 or fewer workers; large: more than 50 workers.

(b) Implementation of alternative measures to preserve jobs: advance leave and telework

Companies that reduced their level of activity opted for alternative measures to maintain the employment relationship with their workers, such as advance leave and the reduction of wages or hours worked. Advance leave appears to be the most frequently employed option among large companies in Brazil, Mexico and Paraguay (see figures I.10A, E and F).

Also, the implementation of telework has allowed some companies to continue their activities. Among the businesses surveyed, this alternative was clearly more viable for large companies. For example, in Brazil, while 37.7% of small businesses had opted for telework in June 2020, the proportion was 86.2% for large companies.[10] Companies in Chile and Mexico reflect similar trends. In Paraguay, 42% of large companies implemented new ways of working, compared to 24.4% of micro, small and medium-sized enterprises. In Colombia, 58.1% of companies in the four sectors considered said that there was no change in the percentage of employees working from home in May 2020 compared to the same month in 2019, and 17.5% said that the percentage of teleworking employees increased.

The measures most frequently mentioned by the companies surveyed in Peru include flexible hours and reduction of hours, although in some cases there were also measures to reduce pay and to grant leave without pay. In this country, 28.2% of the companies surveyed said they could perform all their activities remotely and another 33% said they could do so through a mix of on-site and remote work, with this proportion being much higher among large companies (see figure I.10G).[11]

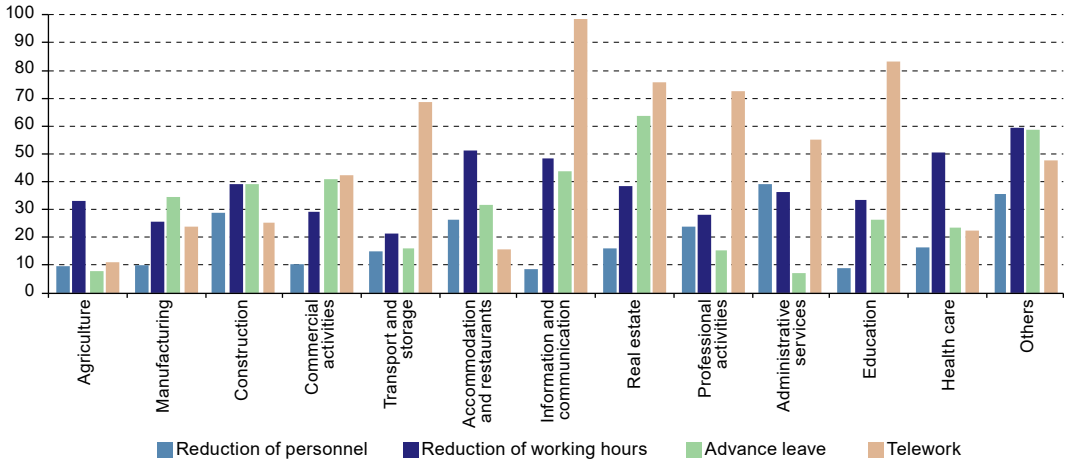
The information on Costa Rica also shows the use of these alternatives among the companies surveyed with a high incidence of the telework option[12] (see figure I.10D). It is interesting to analyse the feasibility of each alternative by economic sector (see figure I.11). The sectors that recorded the biggest reductions in personnel include administrative services (39.3%), construction (28.7%), and accommodation and food services (26.4%). Telework was a much more viable option for workers in information and communications (98.3%), education (83.4%) and professional services (72.4%).

[10] Although in August 2020 the gap between large and small businesses remained, the proportion of remote work in large businesses fell to 68%.

[11] According to another survey of companies in Pichincha conducted by the National Polytechnic School in Ecuador in April, telework facilitated the continuation of production activities mainly in the IT, education and financial sectors. Around 22% of employees were dismissed in March and April and this percentage was estimated to be higher in May 2020. The sectors that recorded the most redundancies were entertainment (creative activities), tourism (hotels), food services (restaurants) and health, followed by education and commercial activities.

[12] In this country, the companies affiliated to CCI France Costa Rica also said they were prioritizing telework (33.3%) to maintain the employment relationship, while other options —such as working reduced hours (16.7%), asking staff to take advance leave (15%), dismissing some staff (10%) or reducing wages to avoid dismissal (8.3%)— were mentioned less frequently.

Figure I.11
Costa Rica: employment measures taken as of March 2020 by surveyed firms in operation, by sector
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of Survey of performance and business perspective, April 2020.

3. Use of government support policies and measures taken by companies

(a) Main problems companies face

The company surveys have also been used to collect information on the impact of the main containment measures that have been implemented by governments to support the private sector in the crisis.

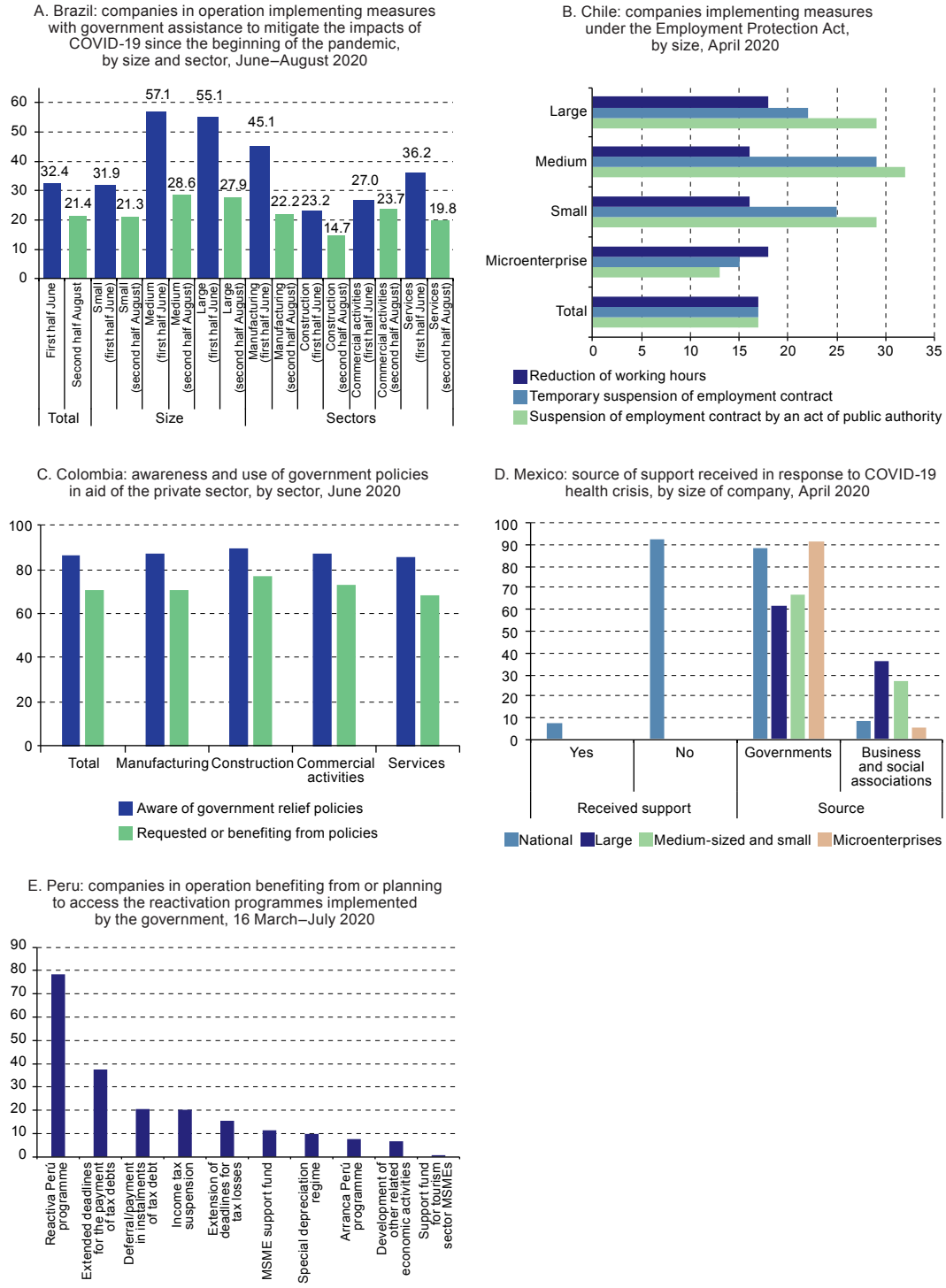
In Brazil, according to the survey conducted in June, 63.7% of companies had difficulty making routine payments due to the effects of COVID-19; this proportion fell to 40.3% in the second half of August. In this context, the proportion of firms that reported having implemented at least some government-supported measures fell from 32.4% in the first half of June to 21.4% in the second half of August, with this proportion being higher among large firms (28% compared with 21.3% among small firms) (figure I.12A). Access to credit for tax payment was more widely used among small and medium-sized enterprises and tax deferrals were more widely used by large enterprises.[13]

In Chile, 68% of the companies surveyed in April 2020 mentioned the lack of liquidity as a problem and 60% reported difficulties in paying tax obligations, with this problem affecting microenterprises most. The government amended the existing unemployment insurance regulations with a view to preserving the employment relationship and avoiding layoffs. In April, 17% of companies reported that they adhered to the Employment Protection Act, with small and medium-sized enterprises opting more frequently for employment contract suspension agreements and agreements on reduced working hours favoured by large companies (figure I.12B).[14]

[13] Brazil implemented several measures, many related to tax deferral and credits, to alleviate companies' liquidity shortages. See [online] https://www.gov.br/economia/pt-br/acesso-a-informacao/perguntas-frequentes/covid-19.

[14] The Employment Protection Act seeks to protect employment by allowing workers to access the benefits and complements of unemployment insurance in any of the following situations: (1) the employment contract is suspended by an act of authority (lockdown); (2) an employment contract suspension agreement is concluded; or (3) an agreement on reduced working hours is concluded. See General Labour Directorate [online] https://www.dt.gob.cl/portal/1628/w3-propertyvalue-178270.html.

Figure I.12
Latin America (5 countries): use of government relief measures in response to the COVID-19 pandemic by surveyed companies
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of surveys conducted among businesses in the countries.

In Colombia, in April 2020, 70% of the companies interviewed in three sectors (manufacturing, commercial activities and services) reported a decrease in cash flow, this proportion falls to 66.1% for June when the construction sector is included. One of the measures implemented to address this was the payroll subsidy.[15] In terms of their implementation among firms, the results for April show that 91.6% of entrepreneurs in the three sectors concerned (commercial activities, manufacturing and services) said they were aware of government policies to support the private sector and 64.4% said they had requested or benefited from such policies. By June, the percentage of companies aware of the measures had fallen to 86.6% and the proportion claiming any of these benefits had increased to 70.8% (figure I.12C).

In Peru, the survey conducted among companies in Lima that were operating as of June 2020 shows that the main financial problem is the difficulty in collecting from customers (53.8%), insufficient liquidity for purchasing raw materials and/or inputs and limited access to financing sources. The vast majority of interviewees said that they had or planned to access the *Programa Reactiva Perú* credit programme implemented by the national government.[16] They also mentioned the policies related to deferral or exemption from tax payment (figure I.12F).

In contrast, in Mexico, the results of the business survey showed that in April only 7.8% of companies benefitted from some form of aid; the rest did not receive any support. As figure I.12 D shows, most of the support was provided by governments —whether federal, state or municipal— and was directed mainly to microenterprises. The support received most included cash transfers, deferral of loan payments and access to new credit. Large companies benefited the most from fiscal support and payroll subsidies, and microenterprises were the ones that received the most aid in the form of cash transfers. Small and medium-sized enterprises received aid in the form of deferrals on loan payments. Lack of awareness about aid programmes was the most common reason cited for not receiving support.

In Paraguay, 40.9% of the companies said that they were aware of all government measures and 38.6% reported that they were aware of only some of them.

(b) Application of safety measures at work and enhancement of digital channels

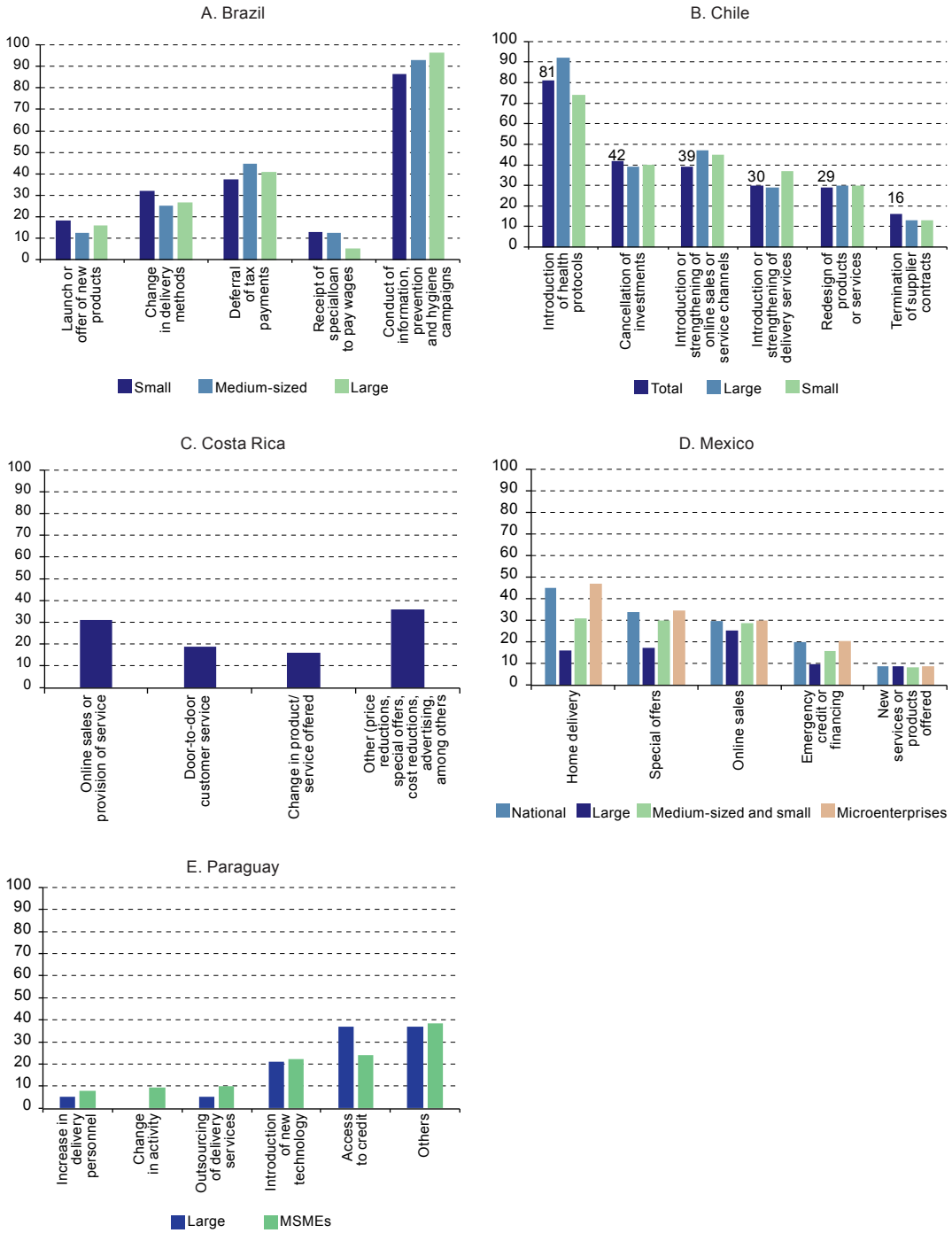
The surveys also help to identify the adjustment mechanisms or internal policies that companies have had to implement to cope with the crisis (figure I.13). The implementation of prevention, safety and hygiene measures was prioritized in Brazil and Chile. In Argentina, 72% of companies in the commercial activities sector said that they followed health and safety protocols before COVID-19 and 22.5% said that they were in the process of developing them; 42% of these companies had developed their own protocols and 32.1% were following protocols established by government agencies. Another survey conducted among 150 companies in different sectors also showed widespread adoption of safety measures such as physical distancing, frequent cleaning, use of face masks and temperature checks, as well as the implementation of protocols in the event of the infection of an employee (PWC, 2020). In contrast, in Paraguay only 12% of interviewees said that sanitary measures had been adopted within the company.

With regard to business operations, companies in Brazil, Chile, Costa Rica and Mexico have integrated online sales and home delivery. According to the survey, 18% of companies in Brazil mentioned the possibility of changing their activity or modifying the service provided; this figure was 29% in Chile, 16.1% in Costa Rica, 8.5% in Mexico and 9.3% in Paraguay only for MSMEs.

[15] Under the Payroll Subsidy Programme, companies that have seen a drop of 20% or more in sales receive a subsidy equivalent to 40% of the minimum wage. See https://www.minhacienda.gov.co/webcenter/portal/MedidasCOVID19/pages_medidas-covid19.

[16] The programme implemented by the Government of Peru, through the Ministry of Economic Affairs and Finance, is designed to cover the liquidity needs of companies through the provision of loans. It is open to companies of all sizes. At end-May 2020, the sector with most recipients was trade, followed equally by manufacturing, real estate, transportation and storage and communications. See https://www.gob.pe/institucion/mef/campa%C3%B1as/1159-reactiva-peru.

Figure I.13
Latin America (5 countries): measures implemented by surveyed companies in response to the COVID-19 pandemic, by company size, April–August 2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of surveys conducted among businesses in the countries.
Note: The data for Brazil correspond to the first half of August.

Generally speaking, large companies are more likely to have considered seeking financing or changing their working methods than small companies.

In short, the information collected through surveys of companies is evidence of the major impact of the COVID-19 pandemic on private sector performance, in terms of activity, income and employment. The permanent or temporary closure of many companies or their resorting to partial operations made it necessary to dismiss workers or to apply other measures such as advance leave, reduced hours and/or wages, or temporary suspension of the employment relationship. A shift in working methods has also been seen, with an increase in teleworking and greater health and safety measures; business models have also changed, with greater use of online marketing channels and the transition in products or services offered. Among the most pressing challenges faced by companies were the lack of liquidity to meet their obligations to suppliers, employees and tax authorities. Government relief measures where thus broadly used where possible.

E. The available information does not allow the impact of the health crisis on labour income to be determined

Measures such as reducing working hours (starting with the elimination of overtime) and agreements to protect jobs by introducing wage cuts led to a deterioration in registered employment wages in the second quarter. Of the eight countries for which wage information is available, based on data from social security systems or business surveys, year-on-year wage variation deteriorated between the first and second quarters of 2020 in seven of them (Argentina, Chile, Colombia, Costa Rica, El Salvador, Peru and Uruguay), with Mexico the only exception. On average, wages in all eight countries fell 3.0% year-on-year (after a slight increase of 0.5% in the first quarter).

However, the fall in income has probably been significantly greater for the vast majority of workers, which is not reflected in the average wages received. Specifically, changes in composition can affect this average and hide larger losses. For example, the trend towards a growing proportion of more highly educated people and higher-skilled jobs may push up average wages. Under normal conditions, these trends tend to be gradual and do not significantly affect analysis of the year-on-year change in average wages. But, as noted above, in the second quarter of 2020 the COVID-19 health crisis has affected less-qualified and lower-paid workers to a greater degree. This sudden change in the composition of registered employment may affect the average wage for this type of work, so any variation in this average would not be reflected in the evolution of wages received by the vast majority of salaried workers.

The severity of the loss of income is illustrated, for example, by the information available for Chile where, in the May–July 2020 rolling quarter, 14.1% of employed people said that in the reference month they had received no income at all or less than half of their usual income, while 18.8% said that their income had been cut by up to 50%. Among absent employees, 58.2% reported a reduction in their income.

Information on labour income in Brazil, taken from a household survey, also shows the difficulty of conducting proper analysis of wage trends. The average real increase in wages actually received by all employees in the second quarter of 2020 was an estimated 5.1% (after an annual increase of 0.9% in the first quarter), probably as a result of the composition effect, since informal wage employment contracted more than formal employment. At the same time, as a result of restrictions on their economic activities, self-employed workers' income fell in real terms by 16.9% compared to the same period in 2019 (after growing by 1.4% in the first quarter).[17] Given that employers' labour income also contracted sharply, it is estimated that overall the income of employed persons dropped 1.0% year-on-year (after a 0.8% year-on-year increase in the first quarter).

[17] The considerable impact on self-employed workers' income becomes even clearer in light of the fact that, according to those same workers, their usual income would have increased 5.5% (after growing 1.1% in the first quarter). This would suggest that there was also a composition effect in this category of workers, owing to the increase in the proportion of people with higher incomes.

F. Recent employment gains are a sign of a nascent labour market recovery

According to information available for the countries that collect monthly data on labour markets and data from company surveys, the biggest drop in the level of activity and employment occurred in April 2020. Since then, several labour indicators show different recovery trends. Information for a limited group of countries that publish monthly data on labour market developments is examined below.[18] In Colombia, Mexico and Uruguay, after bottoming out in April, the employment rate began to increase gradually (up from 41.6% to 46.1%, from 45.3% to 50.2% and from 52.1% to 53.6%, respectively, in June). In the urban areas of the Plurinational State of Bolivia, the employment rate fell to a low of 53.7% in May, before inching up slightly to 55.4% in July.

This increase in the employment rate has not led to a drop in the unemployment rate, as temporarily inactive persons returned to the labour market. As a result, the open unemployment rate actually rose between April and June, albeit slightly, from 17.7% to 18.8% in Colombia, from 4.7% to 5.5% in Mexico, from 9.7% to 10.7% in Uruguay, while in the urban areas of the Plurinational State of Bolivia it increased from 8.1% in May to 11.8% in July.

Data from Mexico indicate that the uptick in the employment rate is largely attributable to the return to work of more precarious workers, and that the proportion of self-employed workers in employment and labour informality increased between April and June, from 17.9% to 20.4% and from 47.7% to 53.0%, respectively. The same happened in the urban areas of the Plurinational State of Bolivia, where the increase in self-employment has had a significant effect on the growth in the employment rate, as that category accounted for 48.1% of urban employment, up from 45.6%, while the share of wage-earning employment fell from 38.6% to 35.6%.[19]

Although no monthly employment information is available by employment category for Colombia, the quarterly data for this country indicate a similar trend. In fact, between the March–May rolling quarter and the May–July rolling quarter, the number of employed people fell by 1.3%. Given that the lowest level of employment was recorded in April, this suggests that the subsequent recovery in the employment rate was very weak. Comparing these rolling quarters reveals that wage employment decreased by 3.4%, while self-employment edged up by 0.5%. Consequently, there were more self-employed workers in the average of June and July than in the average of March and April, while the opposite is true for salaried workers.

Between April and June, the rate of absenteeism among workers dropped from 27.0% to 10.4% in Mexico and from 23.7% to 10.6% in Uruguay. As a result, the number of people who actually returned to work was much higher than the increase in the employment rate indicates. The trend towards greater activity is also seen in the indicators of hours worked. For example, in Uruguay the average number of hours actually worked per week by people in their main occupation increased from 25.5 to 30.6 between April and June. The rise in the number of hours worked in Mexico was not limited to self-employment, as evidenced by the fact that percentage of salaried subordinate workers who work less than 35 hours per week decreased from 29.3% to 26.3% of the employed people who were not absent in June. A return to a certain level of normality at work can also be seen in the reduction in teleworking, a modality that, in Uruguay, was adopted by 19.3% of employed persons in April and 14.0% in June.

[18] Other countries that disseminate this type of information on a monthly basis use moving quarters, so it is not possible to examine short-term changes.

[19] The increase in self-employment occurred in tandem with an uptick in unpaid family work, which accounted for 9.9% of employment in May, rising to 11.7% in July 2020.

Of the countries with monthly data, Brazil —for which the monthly data series began in May— is an exception, as, between May and July, the employment rate fell from 49.7% to 47.9%, while the unemployment rate increased from 10.7% to 13.1%. However, the drop in the employment rate is attributable to the decision to axe the jobs of absent workers, who accounted for 8.3% of total employed workers in July, down from 18.3% in May. At the same time, the number of employees present at work increased by approximately 6 million people, which is equivalent to an increase in the present employment rate from 40.4% to 43.9%. In this case, the uptick in employment is largely attributable to private sector employees, who accounted for 47.6% of total employment in July, up from 46.6% in May. Another indicator of greater economic and labour activity is the reduction over the same period in employed persons who work fewer hours per week than usual (down from 27.9% to 24.7%) and in employed persons who telework (down from 13.3% to 11.7% of all employed persons).

In summary, in countries for which monthly data are available, a nascent recovery in employment began in May, after economic activity and employment rates bottomed out in April. This recovery has been gradual and generally concentrated among the self-employed, although salaried activities have also expanded Nevertheless, this recovery has been very fragile, with indicators still far from their pre-pandemic levels, and it has not led to a fall in the open unemployment rate, as the increase in the employment rate coincided with the return of many people to the labour market. A notable exception is Uruguay, which is one of the Latin American countries that has best contained the health crisis, and where the employment rate in June 2020 was less than 2 percentage points below the level of June 2019, and the unemployment rate was approximately 1 percentage point higher.

G. Conclusions and outlook

The health crisis had a major impact on labour markets in the region during the second quarter of 2020. Its effects on the trends of the employment, labour market participation and unemployment indicators were different to that of crises caused by economic issues. While unemployment and informality rates shot up during economic crises, the current crisis has been characterized by a sharp drop in employment (proportionally greater in informal employment) and a withdrawal of workers from the workforce.

Given that many of the people who lost their jobs or were unable to continue their self-employed activities withdrew from the labour market, mainly because of the perceived impossibility of finding new paid employment, the sharp fall in the employment rate was not fully transmitted to the unemployment rate. In the group of countries analysed, the open unemployment rate rose from 8.9% in the first quarter of 2020 to 11.0% in the second. This shows how this indicator has lost analytical effectiveness in the context of this unusual crisis and underscores the need to supplement analysis with complementary indicators —as was done in this chapter— to ensure the correct reading of labour market trends.

Likewise, there were major changes in the composition of employed workers, in particular the increase in the proportion of absent workers and the reduction in the hours actually worked by those employed persons who did go to work. The contraction in paid work mainly affected activities that require face-to-face contact, and resulted in a greater contraction in self-employment and informal private employment compared to formal activities. In contrast, many of the latter were able to be carried out without interruption, both because they were considered essential and because they could be performed, at least in part, remotely. This greater contraction in informal employment compared to formal employment led to a reduction in the informality rate, which sets the current situation apart from crises sparked by economic issues.

The greater losses of paid work in more precarious segments, also illustrated by the sharper contraction in employment among people with lower levels of formal education, highlight a serious

distributive problem and the deepening of poverty. A particularly serious aspect of this is the destruction of salaried jobs (especially those of women) where households are the employers, which was the employment category that suffered the greatest relative decline. While countries have tried to respond to this challenge through targeted programmes to support low-income households, the inadequacy of these programmes led many people to resume their informal activities, either within the framework of gradual reopening measures or in spite of the restrictions that are still in place.

The results of the business surveys, which were carried out to complement the information from the employment surveys, show that all sectors of private sector activity for which information is available (commerce, services, manufacturing and construction) have suffered serious setbacks. Sales decreased even in activities considered essential, such as the provision of food, and the permanent or temporary closure of many companies meant that workers were made redundant. However, the vast majority of companies were able to operate partially and, in order to preserve the employment relationship with their employees, they decided to bring forward workers' holidays, to reduce working hours or wages, and to avail themselves of the furlough schemes, subsidies and unemployment insurance, some of which were created specifically in the context of this health crisis. Remote working was also expanded, especially among large companies. In general, the main problem faced by companies in this period was the lack of liquidity for the payment of employees, suppliers and taxes. Most business owners said that they are aware of government support policies, which include measures such as cash transfers, the deferral of tax or loan payments, and access to new credit. The adjustment mechanisms used by companies to tackle the crisis include new online marketing channels and the transformation of products or services. In the countries analysed, the application of health and safety measures at work has been a priority.

Since June, several of the countries that release monthly information have shown signs of reactivation in employment and at the company level. However, this recovery has been gradual and employment levels remain well below those recorded prior to the health crisis. This gradual increase in employment has not translated into a reduction in the open unemployment rate, as some people who had left the labour market returned temporarily. In all the countries, a large contingent of people are not classified as openly unemployed, as they did not undertake job-seeking activities, even though they are willing and available to work. For example, 16.6% and 13.7% of the working-age population was in this situation in Brazil (July) and Mexico (June), respectively. A gradual reactivation of economic activities should stimulate the (re)insertion of most of these people into the labour market, although the open unemployment rates are expected to remain high for a relatively long time, despite a probable increase in the employment rate.

Meanwhile, the recovery in employment will be slowed by the uncertainty that will persist against the backdrop of the health crisis, at least until effective vaccines are available and can be widely used. In recent months, several countries have been forced to reimpose restrictions on economic activities and the mobility of people after taking steps to open up, owing to a rise in the number of infections.

Even more than existing companies, this uncertainty is expected to affect the creation of new companies, which tend to account for a significant proportion of new jobs. At the same time, many companies —especially smaller ones, which have suffered considerable losses during the months when lockdown was strictest— will probably not be able to recover fully as the region's economies gradually reopen. According to ECLAC estimates (2020b), 2.7 million companies in the region will close down as a result of the health crisis, which would mean permanent job losses. As a result, the region's labour markets will be slow to recover and it will take a long time for the main labour indicators to return to the levels seen before the health crisis and even longer to meet the targets set under the Sustainable Development Goals (SDGs).

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Annex I.A1

Table I.A1.1
Latin America (9 countries): business surveys to determine the impact of the COVID-19 pandemic

Country	Name of survey and responsible body	Date of survey	Sample	Sectors
Argentina	Qualitative survey of the manufacturing industry during the health emergency National Institute of Statistics and Censuses (INDEC)	April and May 2020	1,700 companies	Manufacturing
	New survey of companies and COVID-19 by the Argentine Chamber of Commerce and Services (CAC) Argentine Chamber of Commerce and Services (CAC)	4 and 8 May 2020		Retail, wholesale and food, among others
	Impact of COVID-19 on businesses Argentine Industrial Union	13–15 April 2020	600 companies	410 industrial companies and 190 relating to other areas
	The impact of COVID-19 on the construction industry Argentine Chamber of Construction	21–22 April 2020 Other surveys were conducted in the following months	628 companies	Partner companies of the Argentine Chamber of Construction
Brazil	Business Pulse Survey *(Pesquisa Pulso Empresa: Impacto da Covid-19 nas empresas)* Brazilian Institute of Geography and Statistics (IBGE)	Fortnightly (started on 15 June 2020 and six surveys already carried out, in the first and second half of June, July and August)	Computer-assisted telephone interviewing throughout the country Non-probabilistic surveys	Industry, construction, commercial activities and services
Chile	COVID-19 survey National Training and Employment Service	17 April–22 May 2020	Electronic survey 5,278 companies throughout the country	Manufacturing, restaurants, tourism, education, construction, hotels or accommodation, information and communications, transport and logistics, cultural activities, health, agriculture, mining, fishing and others
Colombia	Business pulse National Administrative Department of Statistics (DANE)	First survey: April 2020 Second survey: May 2020 Third survey: June 2020 Fourth survey: July and August 2020	Uses the monthly economic survey directory Collects information from approximately 8,400 companies	Commercial activities, manufacturing and services
Costa Rica	Survey of business performance and outlook (EDPE) Central Bank of Costa Rica	April 2020 New survey from 1–18 September (Data not yet available)	307 companies	Agricultural, manufacturing, construction, trade and services
Ecuador	Economic impact of COVID-19 on businesses and employment National Polytechnic School	Third week of April 2020	192 companies in Pichincha with fewer than 140 workers Carried out through social networks	
Mexico	Survey on the economic impact of COVID on companies (ECOVID-IE) National Institute of Statistics and Geography (INEGI)	7 May–12 June 2020	Large companies and micro, small and medium-sized enterprises with fixed installations and that carry out economic activities	Industry (mining, electricity, water and gas supply, construction and manufacturing), commercial activities and services (including transport)
Paraguay	The situation of companies in the face of COVID-19 Ministry of Labour, Employment and Social Security, National Job Training System (SINAFOCAL) and Ministry of Industry and Trade	13–26 April 2020	Formal and informal companies 635 valid cases throughout the country Non-probabilistic surveys	Primary (trade, accommodation, education, etc.), secondary (garments, food, furniture, etc.) and tertiary (agriculture, livestock and support activities, etc.)
Peru	Survey of the impact of COVID-19 on companies in the Lima metropolitan area National Institute of Statistics and Informatics (INEI)	July and August 2020	929 companies in the Lima metropolitan area and Callao	Fishing and aquaculture, mining and quarrying, manufacturing, electricity, water, sewerage, waste management and sanitation activities, construction, wholesale and retail trade, vehicle repair, accommodation and food services, transport and storage, information and communications, real estate, professional, scientific and technical activities, administrative activities, education (private), human health and social work, arts, entertainment and recreation, other services

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of data from the respective countries.

II. The effects and challenges of the COVID-19 pandemic crisis in terms of youth employment

Introduction

As a result of the crisis caused by the coronavirus disease (COVID-19) pandemic, participation and employment rates have fallen, unemployment has increased and inactivity has risen rapidly. The main risks include a slow recovery in activity (with a larger gap in generation of formal employment for young people), persistently high unemployment for a longer period, and, in many cases, informal or precarious occupations, both traditional and new, as the only employment options. This poses new challenges for the design of public policies aimed at young people, both in the post-pandemic period and in the medium term.

The first section of this chapter identifies the main changes that have occurred in the labour market for youth as a result of the pandemic, based on preliminary information from a group of Latin American and Caribbean countries for the first two quarters of 2020 and available studies on the subject, taking into account three key indicators: the employment rate, the labour force participation rate and the unemployment rate.

The second section analyses the main risks concerning young people's productive participation in the labour market, considering both factors that could result in them remaining inactive for longer and those that are related to the slow creation of productive employment in a gradual economic recovery. Special attention is paid to the risk of informality and the harmful and lasting repercussions for careers.

The third section examines the main challenges in designing and implementing public policies for young people in the recovery process and in the medium term; such policies should concentrate on providing training and education services, integrated with active labour market policies. The main conclusions are presented in the final section.

A. Young people in the COVID-19 crisis

The measures taken to control the spread of the pandemic since March 2020, including physical distancing and lockdowns, have led to the closure or suspension of economic activities (except for those declared essential) and job losses, and have confined the population to their homes. These measures show the uniqueness and magnitude of the ongoing crisis and set it apart from past events. As emphasized in the first chapter of this report, traditional labour market indicator trends require a comprehensive analysis.

This chapter reviews how the crisis has affected young people aged 15–24, based on three key indicators: labour force participation, employment and unemployment rates, using preliminary information produced by the International Labour Organization (ILO, 2020a) for the first two quarters of 2020. In addition, information from specific studies is used to identify the economic sectors and groups of workers that are being most affected by job losses, considering the situation of youth. Lastly, the chapter discusses the main factors that will determine whether young people rejoin the labour market in the context of a recovery in which at least partial health control measures are expected to be maintained.

1. Participation, employment and unemployment

Figure II.1 shows the main effects of the pandemic on the labour markets of four Latin American and Caribbean countries during the first two quarters of 2020. There was significant job destruction compared to the prior-year period, especially in the second quarter. Job losses affected young people most, with their average employment rate in the four countries for which information is available falling by 7.8 percentage points, more than the 7.3 percentage points drop among other workers.[1]

Figure II.1
Latin America (4 countries): participation, employment and unemployment rates by age group, first and second quarters of 2019 and 2020
(Percentage points)

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures.
Note: Weighted averages for Brazil, Chile, Costa Rica and Paraguay.

These results complement those obtained by Weller and others (2020), which show that in both Chile and Peru (Lima metropolitan area) the falls in employment were concentrated in the youngest age group. In the case of Chile, the authors found that the 15–24 age group and the oldest age group (65 and over) saw the largest drops in employment and that this appeared to be a result of a significant decrease in informal employment during the crisis, among other factors. On average, labour informality among young people in the region stands at 67.5% (ILO, 2019).

The significant decline in employment is a direct consequence of the contraction in economic activity which, according to ECLAC (2020a) estimates, will result in an average fall of 9.1% in GDP in Latin America and the Caribbean. However, this downturn has had the unusual quality of being only partially expressed in higher unemployment, as the participation rate has also decreased, particularly among young people.

[1] The drop for all age groups given in the first chapter is the average for a larger number of countries, and therefore should not be compared with the statistics presented here.

Indeed, the unemployment rate of the 15–24 age group rose by 3.4 percentage points, almost twice as much as the increase of 1.8 percentage points for other workers (those aged over 25 years). Overall, in the four countries analysed, youth unemployment rose from 27.3% in the second quarter of 2019 to 30.8% in the same period of 2020, while for adults the rate climbed from 8.4% to 10.3%. What is more, the youth unemployment rate for the region had already increased by more than 4 percentage points between 2014 and 2016 and stabilized between 2017 and 2019, while the unemployment rate for other workers rose by an average of 1.5 percentage points, owing to slower economic growth (ILO, 2019). In such situations, the impact of downturns tends to be felt more acutely in youth employment (ECLAC/ILO, 2012).

However, the increase in unemployment among young people seen during the pandemic, like that for adults, has been smaller than expected, given the slump in economic activity, especially in the second quarter of 2020. This is explained by the fact that, while job losses among young people are clearly reflected in a 7.8 percentage point fall in the employment rate, the participation rate fell by 8.7 percentage points in the second quarter compared to the same period in 2019, mitigating the impact of job losses on the unemployment rate. This is a direct result of lockdown measures and the suspension of economic activities, as job searches have been severely limited by the circumstances or made impossible for those who have lost their source of employment.

The transition from employment to inactivity, which is reflected by falls in participation rates among young workers, is clear in the cases of Brazil and Paraguay. In Chile and Costa Rica, however, these percentage point declines are smaller for young people than for adults (see figure II.2). However, taking the variations as percentages, the shift into inactivity has indeed been proportionally greater among young people. This is particularly important because of the possible consequences for the return to the labour market of this segment of workers and the characteristics of their future reintegration.

Figure II.2
Latin America (4 countries): changes in participation, employment and unemployment rates, 2019 and 2020
(Percentage points)

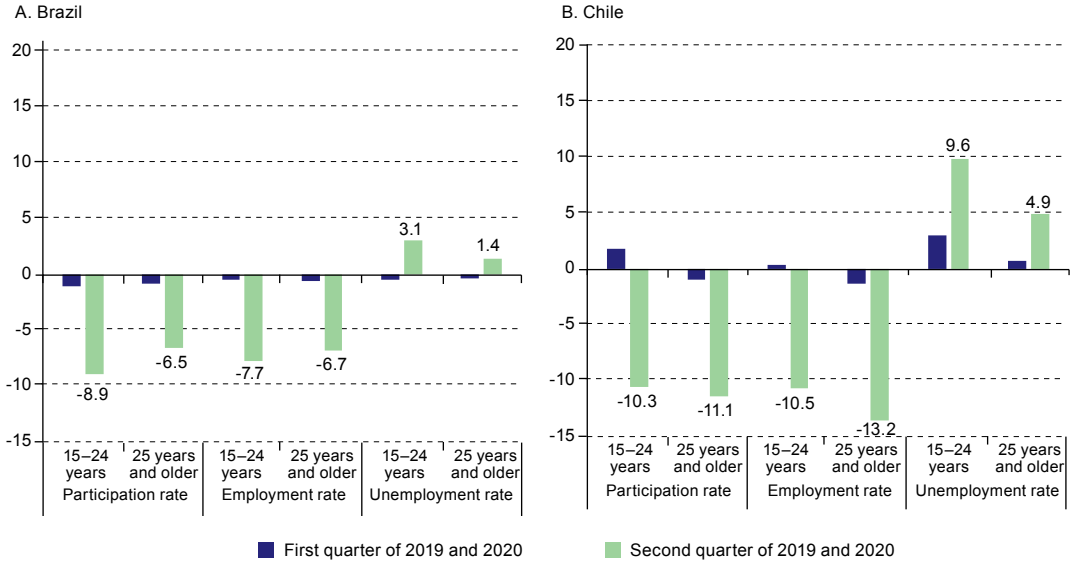
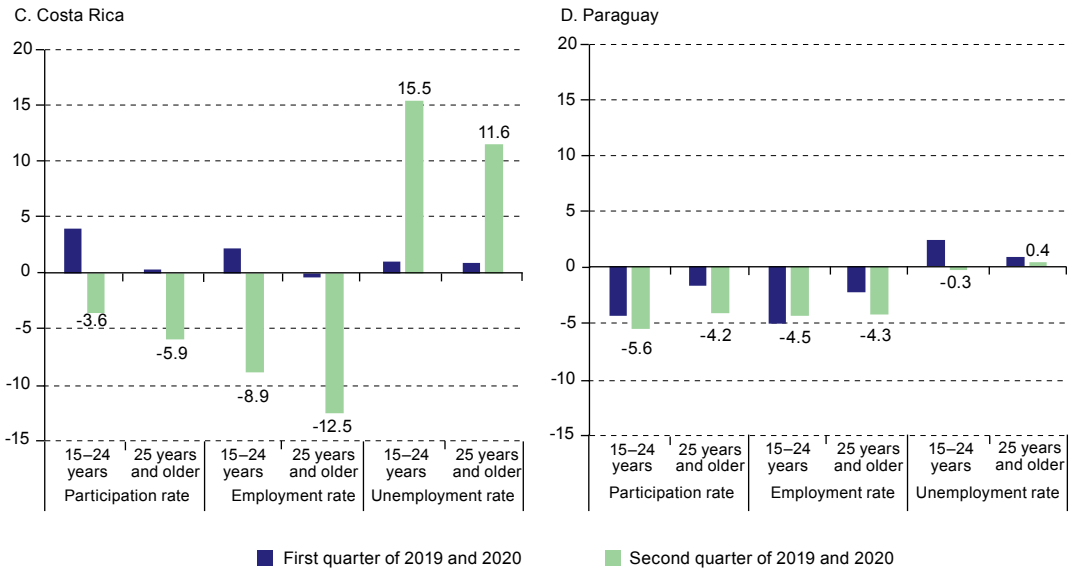


Figure II.2 (concluded)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO).

2. The most affected groups and sectors

According to ILO estimates, 7 out of every 10 young people aged 15–24 in Latin America and the Caribbean work as wage earners, and this proportion increased slightly (by around 1 percentage point) between 2010 and 2018 (ILO, 2019).[2] The second most important form of employment was own-account work, at around 14% in the period, followed very closely by unpaid family work, at 13.1% in 2018.

By economic activity, in 2018,[3] more than 50% of the employment of young people aged 15–29 in five Latin American and Caribbean countries was concentrated in in the commerce, non-commercial services and manufacturing sectors.[4] However, in cases such as Colombia and Peru, there is also a relatively high concentration in agricultural activities, which is related to countries' production structures.

Participation among young women is higher than for young men in the following sectors: care services; education; health; household activities; commerce, and the hotel business, as well as in other market services, such as financial intermediation and real estate, renting and business activities. Men participate more than women in the agriculture, construction, transportation and communication sectors. There has been a decline in the participation of young people in the agricultural sector and, to a lesser extent, in industry and in extractive activities. In contrast, their participation in construction, hotels and restaurants, financial intermediation services, and real estate activities has increased.

The background provided is of particular interest for this analysis, because available information on the effects of the ongoing crisis shows that the economic sectors that have been hit relatively hard by the crisis, such as hotels, commerce, services (except public administration, health and education) and construction, are also the ones in which young people account for a higher proportion

[2] Based on information from 17 countries.

[3] Brazil, Chile, Colombia, Peru and the Dominican Republic, according to information from ILOSTAT database [online] http://www.ilo.org/ilostat/faces/ilostat-home?locale=en.

[4] The sector classified as "non-commercial services" includes public administration activities; education; health and social welfare; activities of households as employers of domestic staff, and other community, social and personal service activities.

of workers. Many of these activities require face-to-face contact, are not considered essential in a health crisis or are carried out in the informal sector, meaning that youth employment has been particularly affected by health measures.

With regard to working conditions, ILO (2019) shows that in the vast majority of Latin American and Caribbean countries, a substantial proportion of working young people are employed on a temporary basis or without a written contract, especially in Paraguay, Peru and Mexico, with the exception of Argentina, Chile and Costa Rica, where the majority have a permanent contract. Gontero and Weller (2015) come to a similar conclusion, noting that around 2012 the proportion of young people (15–29 years) who were not studying and were working with permanent written contracts accounted for just 4% of young wage earners in Peru, between 20% and 30% in Colombia, Guatemala and Mexico, between 40% and 50% in the Dominican Republic, Ecuador, Honduras and Panama and over 70% in Argentina, Chile and Costa Rica.

According to ILO (2019), although temporary contracts (whether probationary or apprenticeships) may be appropriate for young people to learn, apply or build occupational skills, using them to avoid the cost of dismissals can have negative effects on investments in occupational training (Alaimo and others, 2015; Dolado and Jimeno, 2004; Carpio and others, 2011) and productivity (Almeida and Carneiro, 2008; De Grip and Sauermann, 2012).

In addition, while most young people work full-time, part-time employment has been gaining ground in recent years. This trend is related to the ever-faster expansion of new forms of work that have emerged because of technological advances. An ILO survey of workers in different countries working on two digital platforms (Amazon Mechanical Turk (AMT) and CrowdFlower) revealed that work on the platform was the main source of income for 52% of the young people surveyed, well above the 28% for adult workers (ILO, 2019).

Ruiz (2020) states that, although a few years ago digital platforms were less developed in Latin America and the Caribbean than in North America, Europe and Asia, many national or international companies are now present in the countries of the region, "resulting in continued growth in their use, both among users of the platform service and those who seek alternative employment through it". In Costa Rica, a series of interviews with platform-based workers confirmed that the activity is mainly performed by young people (18 years and older), but also by people who are older or close to 65 years of age.[5] Among 18–25 year olds, the main reason for working through these digital platforms is that they allow for work to be combined with academic studies.

As part of a study to determine the characteristics of the labour market for digital platforms in the Dominican Republic, García and Javier (2020) carried out a digital self-assessment survey of 123 workers, 85% of whom worked on local platforms (transport, food and package delivery), while the rest worked on global platforms. The results show that, in line with patterns of Internet and digital technology use, these workers are largely young: 69% and 68% of workers on local and global platforms, respectively, are under 30 years old and 30% and 47% of all workers on the platforms, respectively, are aged between 20 and 24 years.

Some activities, such as those carried out through digital platforms, were less affected by the closure of companies (in areas such as health or education services and public administration) because, in cases where face-to-face or on-site service is not required, they can be carried out through telework. To operate in this way, a higher level of education is required, and the necessary technological infrastructure must be available in the home. In this case, the digital divide affects both young people and adults.

[5] A total of 123 interviews with user-suppliers from the companies Uber, InDriver, Beego, Uber Eats, Glovo and Didi (Ruiz, 2020).

In Chile, it was reported that, in the last week of May 2020, 24.9% of employed people performed at least one hour of telework (with an average of 33 hours). However, the proportion was just 14.3% among young people, the lowest level of any age group (Bravo and Castillo, 2020). In contrast, as illustrated by the above cases, the situation is different for commercial location-based digital work platforms (such as transport, delivery and household services), which became essential services during the COVID-19 pandemic and in which young people's participation is relatively high (Montt, Reinecke and Velasco, 2020). While these platforms offer alternative employment during the crisis, they are likely to continue to expand in the future, which calls attention to the need to ensure access to social protection, adequate occupational safety and health conditions and protection of individual and collective labour rights.

B. Risks for the productive reintegration of young people

As previously mentioned, two key features of the labour market repercussions of the ongoing crisis are the suspension of non-essential economic activities and the confinement of people to their homes. Many jobs have been lost and others are still on hold. However, young people have been particularly affected, as the vast majority of their productive activities (formal and informal) have ground to a standstill, causing a mass transition from the labour force to inactivity.

Although measures are being taken to reduce restrictions on individuals' movements and some companies are beginning to reopen, questions arise as to the nature of young people's return to the labour market in the context of a slow recovery, which will not be without setbacks if infections rise rapidly again.

1. The return to employment

The available information suggests that the outflow of young people into inactivity will be transitory, since it has been caused by objective restrictions resulting from crisis control measures that make it impossible to search for and obtain employment.

However, according to information from Chile (Bravo and Castillo, 2020) for May 2020, only 8.8% of inactive young people would be seeking employment if the health crisis did not exist. This proportion is only slightly higher than the 7.8% recorded among workers aged 65 and over and raises reasonable doubt as to what the actual behaviour of young people will be post-pandemic. However, further research is needed into the inactive young people who lost their jobs in this crisis.

In this regard, it is interesting to consider the results of a recent study conducted in Chile entitled "Modos de sentir: experiencia de la vida cotidiana en pandemia" ("Ways of feeling: the experience of daily life in a pandemic") (University of Chile/IMIIMPP, 2020).[6] The study argues that the experience of living in the crisis has a generational dimension and a gender dimension. It states that there is a relationship between ages and the feelings and sentiments that come into play during the pandemic, and that greater age and experience translate into a range of emotions and sentiments that are closer

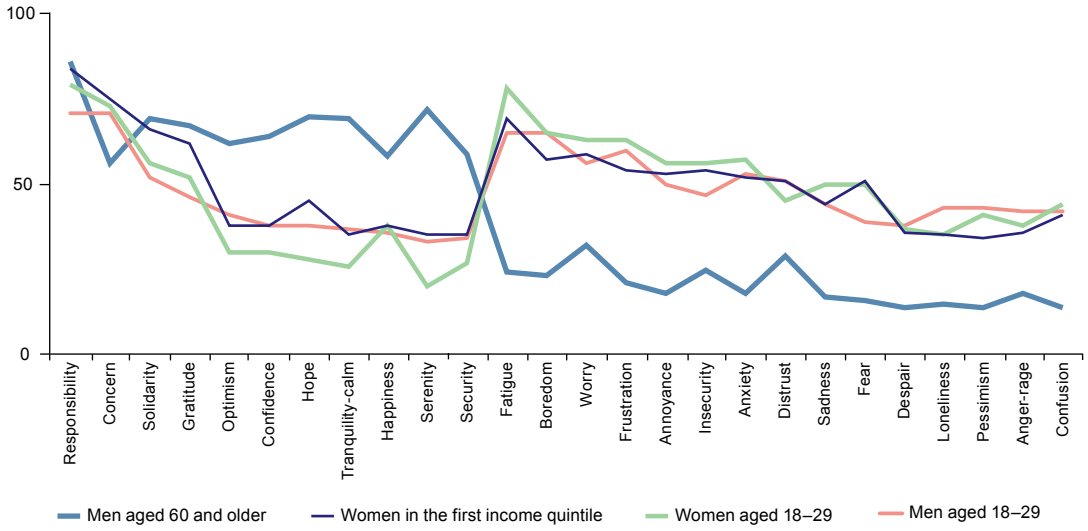
[6] The information was obtained from online surveys conducted between 13 and 17 July 2020 of 2,552 people. The survey universe includes young (over-18s), middle-aged and older people, men and women, from all areas of the country, both urban and rural areas, and from various socioeconomic levels, living in territories and populations with and without lockdowns. The sample was obtained applying quotas by commune, age and sex, thus ensuring sufficient heterogeneity and size to carry out significant comparative analyses of different social groups and ages and between sexes.

to the positive end of the spectrum. These results open up a possible space for different responses from younger people to the magnitude and duration of the transition from inactivity to employment.

While a high proportion of young people (15–29 years) express concern about the effects of the crisis, the proportion of people in this age group who express positive feelings and sentiments, such as responsibility for coping, solidarity and gratitude, is the lowest. In addition, fatigue and loneliness are predominant among young people and were more frequently observed among them than in other age groups. Feelings of sadness, fear and distress are also more common among young men and women. These results are in line with surveys carried out in nine countries and territories in the region by UNICEF, according to which 27% of young people aged between 13 and 29 reported feeling anxiety and 15% depression during the seven days prior to the survey (UNICEF, 2020).

The differentiating factors revealed by records of typical experiences of life during the crisis are age (primarily), gender and, to a certain extent, social stratum (see figure II.3).

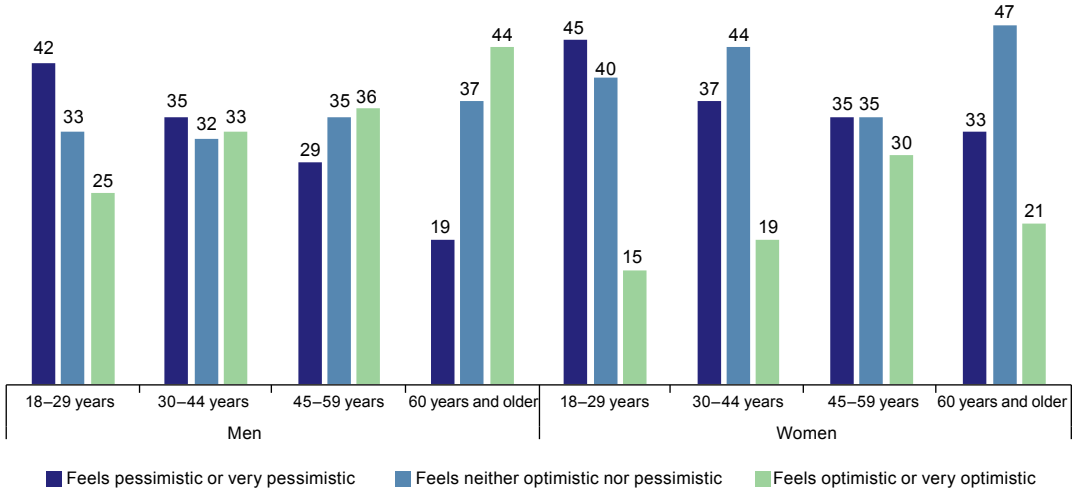
Figure II.3
Chile: feelings about the COVID-19 pandemic by age group, gender and income, August 2020
(Percentages of the respective groups)



Source: University of Chile/Millennium Institute for Research in Market Imperfections and Public Policy (IMIIMPP), "Modos de sentir: experiencia de la vida cotidiana en pandemia", *Segundo Informe*, 15 August 2020.

With respect to feelings of hope and optimism in the health crisis, the study argues —based on the experience of the social crisis in Chile— that three social differences, in order of importance, affect the state of mind: generation, gender and social stratum. The highest proportion of young people (18–29 years) is in the category "very pessimistic", with successively lower proportions in "neither optimistic nor pessimistic" and "optimistic", a pattern which is more pronounced among women. This separates youth from the older age groups and is clearly the reverse of the trend observed among men aged 65 and over. The feeling that well-being and mental health conditions are worsening is also more widespread among younger people than among the rest of those surveyed (see figure II.4).

Figure II.4
Chile: mood during the COVID-19 pandemic, by gender and age group, August 2020
(Percentages of the respective totals)



Source: University of Chile/Millennium Institute for Research in Market Imperfections and Public Policy (IMIIMPP), "Modos de sentir: experiencia de la vida cotidiana en pandemia", *Segundo Informe*, 15 August 2020.

As previously mentioned, during economic crises, young people are at risk of being the most affected age group. This is because, companies first stop hiring additional workers (with young people already overrepresented among the unemployed) and, as the economic situation and outlook worsen, they then begin to lay off young people primarily, because they have less experience and seniority. In addition, during recoveries, companies may look for experienced personnel to meet the renewed demand for products, resulting in the hiring of fewer young people (ECLAC/ILO, 2012).

Indeed, in the ongoing crisis, employment is contracting mainly because of a lack of new hires rather than dismissals and layoffs. One of the main causes of the increase in people leaving employment is the end of probationary periods and fixed-term contracts. Those leaving employment also tend to be young workers who have not been at companies for long. In other words, in addition to the sectoral trend, these general job rotation trends seen throughout the productive fabric have a greater negative impact on young people, as there are fewer entry-level vacancies (fewer people joining the labour force), fewer renewals of temporary contracts and fewer hires following probationary periods (more people leaving employment).[7]

Moreover, not all young people are looking to join the labour market, as some continue to study (ECLAC/ILO, 2012; ECLAC/ILO, 2017). Thus, faced with fewer job opportunities, two alternatives are available: unemployment or inactivity. In the case of unemployment, young people may be driven by a need to reverse the fall in household income, and therefore rule out the option of continuing to study in order to seek employment, a decision that would have negative consequences for their future entry into the labour market. The results are similar if, in a context of fewer job opportunities, many young people stop actively seeking a job and also give up on improving their qualifications, adding to the segment of inactive people who are not seeking employment or studying. In contrast, some young people may return to or remain in the education system to improve their future chances of entering the labour market, which would have a positive effect given the low levels of schooling of many young people in the region.

[7] See, for example, Argentina's Survey of Labour Indicators (EIL) (Spanish only) [online] http://www.trabajo.gob.ar/downloads/estadisticas/reportelaboral/Gacetilla_Laboral_Junio_2020.pdf.

While it is not possible to determine what will actually happen to young people who have become inactive during the ongoing crisis, experience shows that prolonged periods of inactivity have a lasting effect on careers. Indeed, the more time spent out of school and out of work, the greater the risks of precarious work and exclusion from the labour market throughout one's working life (ECLAC/ILO, 2017). Young people without access to education, training and professional experience do not accumulate human capital and increasingly move away from the sphere of decent work. In particular, this could restrict young people's access to the formal labour market from the informal sector.

The impact is highly likely to be unequal among young people and to be greater among those in the lowest income quintiles, because of a need to contribute to already weakened finances of their households. This situation is commonly associated with problems of poverty, disheartenment, depression and low self-esteem; the background previously presented on the sentiments and feelings caused by living in the pandemic are of particular importance in this regard.

According to Rocha and Monteiro (2020), the proportion of young people in Brazil who are neither studying nor working —which was already high with 57% of young people inactive before the pandemic— has increased in recent months. In addition, these authors highlight that after natural disasters the number of enrolled students may fall by up to 20% and their chances of completing studies may decrease even further. They add that 31% of parents fear that their children will drop out of school after the pandemic either because of the need to work or a lack of motivation, and that 24% of young people aged 15–29 do not plan to return to education.

2. Types of reintegration into the labour market

Some of the risks that arise in a transition from crisis to recovery are related to how young people reintegrate into the labour market. Because it affects future career paths, it is important to examine the characteristics of this reintegration. There are three factors that determine the nature of the reintegration, and one opportunity.

Firstly, the reactivation process is very likely to be slow and prolonged. This is necessary, as lockdown measures should be maintained —at least partially— to prevent a resurgence of the disease, until a vaccine is available. Thus, in a "medium-speed" recovery, it will be necessary to maintain household support measures in order to reduce the need to earn labour income, especially in low-income households with limited savings. This remains vital to the effectiveness of recovery strategies, because if measures are withdrawn or are insufficient for households' subsistence, the risk of infection and the need to earn informal income will both increase. For young people, this creates objective pressure to go out and earn income and eliminates any possibility of investing in vocational training or the development of new skills to improve their career prospects. The slight increases in the employment rate in Brazil in June compared with May, and in Mexico in May compared with April are not a result of a reactivation of the productive fabric, but of an increase in informal employment (Weller and others, 2020).

Secondly, the recovery will be gradual, and its effects on companies' demand for young workers will be even more gradual, because the new recruits are very likely to be the same people who were working before the pandemic. This makes sense, as the costs of adaptation, specific preparation and on-the-job training are not incurred.[8] This coincides with the experience of past crises, whereby young workers were hired only after recoveries were well under way.

[8] It has been estimated that in the United States in 70% of the companies that are reopening, 90% or more are rehires. In addition, 65% of companies that continued to operate, albeit on a smaller scale, during the first few months of the crisis and then expanded their activities when reopening policies were applied, rehired, at least in part (Cajner and others, 2020, cited in Weller and others, 2020).

However, many of the companies that operated before the health crisis will not be able to reopen, as they will have gone bankrupt or are about to do so (ECLAC, 2020b). Thus, the anticipated reactivation will be much more noticeable as activity resumes, followed by an increase in demand for workers (not necessarily compensating for the jobs destroyed). It is only at the end of a successful process, uninterrupted by new waves of the pandemic, in which new companies are created, that the positive effects on demand for young workers will be seen. In this regard, it is essential to maintain business support measures, both to ensure that bankruptcy processes are carried out in an orderly manner or that surviving companies are incorporated into the recovery and to facilitate the creation of new businesses.

Lastly, in the aforementioned post-pandemic scenario, it is likely demand for workers will undergo at least two changes that will have an effect on the labour market participation of young people. On the one hand, the crisis may quicken the pace of business transformation, moving towards greater use of technologies that require less labour but higher levels of qualification, which in the short term would work against the hiring of young people. On the other hand, the use of new technologies has promoted the development of new forms of employment associated with the operation of digital platforms, in which young workers are concentrated. However, employment on these platforms is exposed to the risk of new informality, so labour standards must be defined and implemented to ensure that workers' rights are safeguarded and that they have access to social protection.

Ultimately, in the context of a "medium-speed" recovery and a slow recovery in formal employment, demand for young workers is likely to decline further. This would further increase the risk of greater informality for young workers, which before the crisis was already higher than that of adult workers and affected young women, the working poor and those with lower levels of education in particular. Addressing this risk becomes a priority as young people entering the labour market in informal employment are more likely to remain in such jobs.

C. Public policy challenges

The crisis has deepened the challenges associated with young people's productive participation. As noted above, its main effects have been job losses and the outflow of the labour force into inactivity. In the post-pandemic reactivation phase, young people will face the challenge of productively rejoining the labour market, in the context of a slow recovery in productive activities and the even slower creation of productive jobs. Thus, various sources of risk emerge that largely determine the quality of labour market participation and increase the likelihood that informal employment is the main option for generating income, with the negative consequences that this implies for young people's employment prospects.

Public policies aimed at improving young people's employability in order to meet the old and new challenges that are expected to arise from a return to employment will require measures to facilitate young people's entry or re-entry into the job market and vocational training, as well as new designs that will extend the scope of the policies coverage and effectiveness, taking advantage of new technologies (ILO, 2020b; ILO, 2019). A set of criteria for the policy design and implementation is outlined below.

- The effectiveness of policies aimed at young people that are adopted in the context of transitioning from the current crisis to a phase of economic recovery will be determined by whether many of the current income transfer policies for adult workers or households are kept in place. Otherwise, it is highly likely that young people will be pressured into generating short-term income and become unemployed or informal workers, which will limit their possibilities of investing in vocational training.
- In the post-pandemic recovery phase, the participation of young people in active employment policies should be considered with the aim of providing income, preventing informal employment and preparing for formal work. For example, available impact assessments show that using subsidies to temporarily reduce the cost of hiring young people (and other vulnerable groups) has a positive effect on the employment rate, and that such measures are most effective in the economic recovery phases.
- The models applied to promote the labour market participation of young people with few resources and low levels of education, which combine classroom training followed by an internship with a company or training carried out entirely in companies, have been found to be successful in terms of employability. Therefore, in the current transition to a phase of economic recovery, these models must be complemented by monetary subsidies so that young people can attend and participate in the training process, as well as by employment services to support their return to work once the process has been completed.
- In the short term, vocational training programmes should focus on facilitating access to reskilling or retraining options for workers who have lost their jobs. These options should include familiarization with digital skills and so-called employability competencies, which are in demand across the board and can be useful for employment in a wide range of occupations.
- Given that the number of distance learning courses increased significantly during the pandemic (not only those offered by vocational training institutions, but also short courses focused on specific skills, using computer tools that can be implemented immediately), there is an opportunity to expand and consolidate their use, as young people actually account for the largest proportion of users of this type of training programme. The main challenge will be to keep them engaged. At the same time, it opens up the possibility of improving other policies, such as the use of artificial intelligence to connect supply and demand in employment services and the dissemination of information on market opportunities for entrepreneurs, among other things.
- In the medium term, and in addition to the foregoing, the projections that distance training will continue to be provided in the new normal are broad and clearly require an open approach to public-private partnerships, which will make it possible to increase coverage, access and quality by taking advantage of digital learning media. Following this path, the focus should remain on equality and inclusion, addressing the needs of vulnerable groups and reversing the widening of the digital divide.
- Owing to the rapid transformations underway (emergence of new technologies, ageing population, climate change), support must be provided for lifelong learning and employability, starting with efforts to facilitate entry into the labour market. Policies should prepare workers for the multiple transitions they are likely to face (educational, reproductive, school-to-work, among others) and facilitate their participation in the labour market.

D. Conclusions

The effects of the measures to control the COVID-19 crisis adopted since March 2020 have affected young people in particular, both globally (ILO, 2020c) and in the Latin American and Caribbean countries for which information is available. Indeed, the considerable destruction of informal jobs in the first months of the year and the subsequent fall in formal employment led to a sharper reduction in the employment rate of the 15–24 age group in some countries of the region than for other workers, according to preliminary information available.

Young people were hit hardest by the fall in informal employment, the category that was the most affected during the first months of the pandemic, both because of the prevalence of informality in this age group (67.5% of youth employment) and because many countries adopted measures to maintain employment ties in formal jobs, including suspending contracts and reducing working hours.

However, the significant decrease in the employment rate observed in the first half of the year was not reflected in a large increase in the unemployment rate, as might be expected given the magnitude of the contraction in economic activity in the region, estimated to be 9.1% for 2020. This is explained by the simultaneous decline in the labour force participation rate, especially among young people (8.7 percentage points, compared with 6.8 percentage points among adult workers in the four countries for which information is available). Thus, not only have more young people lost their jobs, but they are more likely to have become inactive.

This is a direct result of lockdown measures and the suspension of non-essential economic activities, as job hunting has been severely restricted by the circumstances or made impossible for those who have lost their source of employment. The repercussions of this could be especially severe for some young people, since two main risks arise: that of remaining inactive, without participating in training activities that would improve their employability and promote their productive participation, and that of rushing into informal work (along traditional lines or under new modalities, such as work through digital platforms) in order to generate income for their households. A medium-speed recovery scenario increases these risks.

While it is estimated that the move towards inactivity is temporary and that young people will return to work as the measures that make it impossible to seek and obtain employment are lifted, albeit partially, how young people will behave is open to question. The data on how people in Chile were affected by the crisis show a marked generational difference. Feelings of sadness, fear, anxiety and pessimism in the face of the post-crisis scenario abound among young people, who are also more likely than other population groups to express a feeling that their well-being and mental health are worsening.

While it is not possible to determine what will actually happen to young people who have become inactive during the ongoing crisis, experience shows that prolonged periods of inactivity have a lasting effect on careers. Indeed, the more time spent out of school, vocational training and work, the greater the risk of precarious work and exclusion from the labour market throughout one's working life (ECLAC/ILO, 2017). Young people without access to education, training and professional experience will not accumulate human capital and will increasingly move away from the sphere of decent work.

In this context, policies aimed at young people are particularly important, since their return to productive employment is in no way guaranteed by the start of an economic recovery phase with the expected characteristics. Public policies aimed at improving the employability of young people are needed to address old and new challenges in returning to employment, in addition to continuing to pursue many of the current income transfers policies, both to adult workers and to households, in order to ensure the labour market participation of young people.

Meanwhile, the design of such policies should take advantage of the facilities provided by distance learning courses focused on specific skills that can be implemented immediately and on problem solving or using computer tools, among other things, in which at least young people with a certain level of education have advantages over other age groups.

Lastly, the participation of young people in active employment and inclusion policies should be increased in order to support the transition to formality. Vocational training plays an important role in this process. In this regard, it is suggested that wage subsidies be used to promote youth employment by reducing recruitment costs, at least for a period of time until the recovery is well under way. The available impact assessments show that this type of policy has positive effects on employment and labour market participation rates, and that they are relatively more effective in the economic recovery phases.

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Annex A1

Table A1.1
Latin America and the Caribbean: average annual national open unemployment rate by sex, 2011–2020
(Percentages)

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019[a]	First quarter		Second quarter	
										2019[a]	2020[a]	2019[a]	2020[a]
Latin America													
Argentina[b]	7.2	7.2	7.1	7.3	6.5	8.5	8.4	9.2	9.8	10.1	10.4	10.6	13.1
Men	6.3	6.1	6.1	6.5	5.7	7.8	7.5	8.2	9.2	9.2	9.7	10.2	12.8
Women	8.5	8.8	8.5	8.4	7.6	9.4	9.5	10.5	10.7	11.2	11.2	11.2	13.5
Bolivia (Plurinational State of)[c]	2.7	2.3	2.9	2.3	3.5	3.5	3.6	3.5	3.7	4.4	4.2	4.9	8.4
Men	2.2	1.6	2.3	1.7	3.0	3.1	3.3	3.4	3.5	3.9	4.1	4.7	8.8
Women	3.2	3.1	3.5	3.1	4.2	5.1	4.1	3.8	4.0	5.0	4.3	5.1	7.9
Brazil[d]	6.7	7.3	7.1	6.8	8.5	11.5	12.7	12.3	11.9	12.7	12.2	12.0	13.3
Men	4.9	6.0	5.8	5.7	7.3	10.1	11.3	10.8	10.1	10.9	10.4	10.3	12.0
Women	9.1	9.2	8.9	8.2	10.1	13.3	14.6	14.1	14.0	14.9	14.5	14.1	14.9
Chile	7.3	6.6	6.1	6.5	6.3	6.7	7.0	7.4	7.2	7.2	8.2	7.3	12.2
Men	6.2	5.6	5.4	6.1	5.8	6.3	6.5	6.7	6.7	6.5	7.1	6.9	12.6
Women	8.9	8.1	7.1	7.1	7.0	7.2	7.6	8.3	8.0	8.3	9.7	7.8	11.7
Colombia[e]	10.0	9.7	9.0	8.5	8.3	8.6	8.8	9.0	9.9	11.2	11.8	9.5	18.3
Men	7.8	7.5	7.0	6.7	6.4	6.7	6.8	7.1	7.8	8.8	9.4	7.7	16.0
Women	12.9	12.5	11.6	10.9	10.7	11.0	11.3	11.6	12.6	14.4	15.1	11.8	21.6
Costa Rica[d]	7.7	10.2	9.4	9.6	9.6	9.5	9.1	10.3	11.8	11.3	12.5	11.9	24.0
Men	6.0	8.9	8.3	8.1	8.0	8.0	7.5	8.4	9.3	9.3	8.6	9.9	20.0
Women	10.3	12.2	11.1	11.9	12.2	12.1	11.6	13.2	15.3	14.2	18.0	15.0	30.4
Cuba	3.2	3.5	3.3	2.7	2.5	2.0	1.7	1.7	1.2	…	…	…	…
Men	3.0	3.4	3.1	2.4	2.4	1.9	1.7	1.8	1.2	…	…	…	…
Women	3.5	3.6	3.5	3.1	2.6	2.2	1.6	1.6	1.2	…	…	…	…
Dominican Republic[f]	6.1	6.7	7.4	6.7	7.3	7.1	5.5	5.7	6.2	5.8	5.7	6.4	3.2
Men	4.7	5.1	5.3	4.8	5.2	4.8	4.0	3.5	3.9	3.7	3.6	4.2	2.4
Women	8.3	9.2	10.5	9.7	10.5	10.5	7.8	8.8	9.3	8.9	8.6	9.5	4.3
Ecuador[g]	3.4	3.2	3.0	3.4	3.6	4.5	3.8	3.5	3.8	…	…	4.4	13.3
Men	2.9	2.8	2.7	3.0	3.0	3.7	3.0	2.9	3.2	…	…	3.7	11.6
Women	4.2	3.8	3.6	4.1	4.4	5.7	4.8	4.3	4.5	…	…	5.5	15.7
El Salvador	6.6	6.1	5.9	7.0	7.0	7.1	7.0	6.3	6.3	…	…	…	…
Men	8.2	7.3	6.8	8.6	8.4	8.1	8.3	7.3	7.0	…	…	…	…
Women	4.4	4.3	4.7	4.7	5.0	5.3	5.2	4.9	5.5	…	…	…	…
Guatemala	4.1	2.9	3.1	2.9	2.6	2.7	2.5	2.4	2.3	…	…	…	…
Men	2.9	2.4	2.7	2.6	2.0	2.2	2.0	2.1	1.9	…	…	…	…
Women	6.6	3.6	3.7	3.5	3.6	3.5	3.5	2.9	3.1	…	…	…	…
Honduras	4.3	3.6	3.9	5.3	7.3	7.4	6.7	5.7	5.7	…	…	…	…
Men	3.3	2.9	3.3	4.5	4.4	5.1	4.0	4.5	4.2	…	…	…	…
Women	6.1	5.0	5.0	6.7	11.7	10.7	10.8	7.4	8.1	…	…	…	…
Mexico	5.2	4.9	4.9	4.8	4.3	3.9	3.4	3.3	3.5	3.4	3.4	3.5	4.8
Men	5.2	4.9	4.9	4.8	4.3	3.9	3.3	3.2	3.5	3.3	3.5	3.5	5.3
Women	5.2	4.9	5.0	4.9	4.5	3.9	3.6	3.4	3.5	3.5	3.4	3.6	3.9
Nicaragua	6.0	5.9	5.8	6.6	5.9	4.5	3.7	5.4	5.4	6.0	4.8	5.4	5.4
Men	5.5	5.4	5.6	6.2	5.6	4.2	3.5	5.4	5.4	5.8	5.3	5.4	5.7
Women	6.6	6.6	6.0	7.0	6.3	4.8	3.8	5.5	5.5	6.2	4.2	5.4	5.0
Panama[e]	2.9	3.0	3.1	3.5	3.8	4.4	4.8	4.9	5.8	…	…	…	…
Men	2.6	2.5	2.5	2.7	3.1	3.7	3.7	3.9	4.7	…	…	…	…
Women	3.5	3.9	4.1	4.6	4.9	5.3	6.3	6.3	7.2	…	…	…	…

Table A1.1 (concluded)

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019[a]	First quarter		Second quarter	
										2019[a]	2020[a]	2019[a]	2020[a]
Latin America													
Paraguay[h]	5.5	4.6	5.0	6.0	5.4	6.0	6.1	6.2	6.6	6.9	7.9	7.4	7.6
Men	4.3	3.7	4.5	4.6	4.9	5.0	5.1	5.5	5.5	5.5	6.3	7.2	6.7
Women	7.3	5.8	5.7	8.1	6.1	7.5	7.6	7.4	8.0	8.9	10.1	7.8	8.8
Peru	4.0	3.7	4.0	3.7	3.5	4.2	4.1	3.9	3.9	5.2	5.1	3.6	8.8
Men	3.7	3.2	3.4	3.4	3.4	3.9	3.8	3.5	3.5	4.4	4.5	3.3	9.7
Women	4.4	4.4	4.7	4.0	3.6	4.6	4.4	4.4	4.5	6.2	5.8	4.0	7.5
Uruguay	6.3	6.5	6.5	6.6	7.5	7.8	7.9	8.3	8.9	8.8	9.7	8.9	10.0
Men	4.8	4.9	5.0	5.1	6.4	6.5	6.6	6.9	7.3	7.2	8.6	7.4	8.9
Women	8.1	8.3	8.2	8.3	8.9	9.4	9.5	10.1	10.7	10.6	10.9	10.7	11.4
Venezuela (Bolivarian Republic of)[i]	8.3	8.1	7.8	7.2	7.0	7.3	7.2	6.8	…	…	…	…	…
Men	7.7	7.4	7.1	6.7	6.6	7.1	6.3	5.9	…	…	…	…	…
Women	9.3	9.0	8.8	8.0	7.7	7.8	8.4	8.1	…	…	…	…	…
The Caribbean													
Bahamas[i]	15.9	14.4	15.8	14.8	13.4	12.2	10.0	10.4	9.5	…	…	…	…
Men	…	15.0	15.6	13.5	11.8	10.3	8.6	10.1	9.2	…	…	…	…
Women	…	13.7	16.0	15.8	15.0	14.2	11.0	10.7	9.9	…	…	…	…
Barbados[i]	11.2	11.6	11.6	12.3	11.3	9.7	10.0	10.1	10.1	…	…	…	…
Men	9.8	10.9	11.7	11.8	12.3	9.0	9.8	9.9	11.6	…	…	…	…
Women	12.6	12.3	11.6	12.8	10.3	10.1	10.1	10.3	8.5	…	…	…	…
Belize[i]	…	15.3	13.2	11.6	10.1	9.5	9.3	9.4	9.1	…	…	…	…
Men	…	10.5	10.6	6.3	6.8	5.6	5.9	5.6	5.9	…	…	…	…
Women	…	22.3	20.0	19.9	15.4	15.6	14.6	14.9	13.4	…	…	…	…
Jamaica[e]	8.0	8.9	9.8	9.0	9.1	8.6	7.3	5.4	4.9	5.0	5.0	…	…
Men	6.5	6.8	7.5	7.0	7.0	6.4	5.4	4.1	3.9	4.0	4.3	…	…
Women	10.1	11.5	12.6	11.6	11.7	11.3	9.7	6.8	6.2	6.7	5.7	…	…
Trinidad and Tobago[j]	5.1	5.0	3.7	3.3	3.4	4.0	4.8	3.8	…	…	…	…	…
Men	…	…	…	2.8	2.9	3.9	4.2	3.3	…	…	…	…	…
Women	…	…	…	4.0	4.2	4.0	5.6	4.5	…	…	…	…	…
Latin America and the Caribbean[k]	6.4	6.5	6.3	6.1	6.6	7.8	8.1	8.0	8.0	8.9	8.9	8.5	11.0
Men	5.2	5.5	5.4	5.3	5.7	6.9	7.0	6.9	6.9	7.6	7.4	7.4	10.1
Women	8.0	7.9	7.6	7.3	7.9	9.3	9.6	9.5	9.6	10.7	10.5	10.0	11.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of information from the household surveys conducted in the respective countries.

[a] Preliminary figures.

[b] Includes data for 31 urban centres. 2015 data are the average for the first three quarters, and 2016 data are the average for the second, third and fourth quarters.

[c] From 2016 onwards, data from the Continuous Employment Survey of the Plurinational State of Bolivia (data are not comparable to those of previous years). Data for the second quarters of 2019 and 2020 correspond to urban areas.

[d] New series from 2012. Data not comparable with previous years.

[e] Open unemployment rate calculated on the basis of a labour force that includes hidden unemployment.

[f] New series from 2015. Data not comparable with previous years.

[g] Open unemployment rate calculated on the basis of a labour force that includes hidden unemployment. Data for the second quarter of 2019 and 2020 include hidden unemployment.

[h] New series from 2017. Data not comparable with previous years.

[i] Includes hidden unemployment.

[j] Includes hidden unemployment. 2018 data are for the first quarter.

[k] Weighted average adjusted for lack of information and differences and changes in methodology. Quarterly data for 2019 and 2020 cover a limited group of countries and are not comparable with annual data.

Table A1.2
Latin America and the Caribbean: annual average national labour force participation rates by sex, 2011–2020
(Percentages)

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019[a]	First quarter		Second quarter	
										2019[a]	2020[a]	2019[a]	2020[a]
Latin America													
Argentina[b]	59.5	59.3	58.9	58.3	57.7	57.5	57.8	58.5	59.1	58.9	58.6	59.5	49.2
Men	72.9	72.2	72.0	70.9	70.1	69.4	69.7	69.6	69.9	69.8	68.7	70.2	58.0
Women	47.4	47.6	47.1	46.9	46.4	46.9	47.6	48.7	49.4	49.0	49.5	49.9	41.2
Bolivia (Plurinational State of)[c]	65.9	61.1	63.4	65.8	61.0	66.0	67.4	70.8	73.0	72.5	73.7	68.3	60.9
Men	74.7	70.4	72.6	75.0	72.1	76.4	76.8	79.1	80.7	80.1	81.0	76.2	69.2
Women	57.5	52.6	54.8	57.1	50.4	56.1	58.3	63.0	65.6	65.1	66.6	60.7	52.8
Brazil[d]	60.0	61.4	61.3	61.0	61.3	61.4	61.7	61.6	62.0	61.7	61.0	62.1	55.3
Men	70.8	73.1	72.9	72.5	72.4	72.3	72.0	71.7	71.7	71.6	70.8	71.7	65.5
Women	50.1	50.8	50.7	50.6	51.2	51.4	52.3	52.5	53.2	52.8	52.1	53.4	46.3
Chile	61.5	61.5	61.6	61.9	62.0	62.1	62.7	63.0	62.8	62.7	62.5	62.7	51.9
Men	74.8	74.5	74.2	74.1	74.4	74.1	74.3	74.2	73.6	73.9	73.3	73.2	63.1
Women	48.8	49.1	49.6	50.2	50.3	50.7	51.6	52.3	52.5	51.9	52.1	52.6	41.2
Colombia[e]	63.7	64.5	64.2	64.2	64.7	64.5	64.4	64.0	63.3	63.5	61.6	62.9	54.8
Men	75.1	75.4	74.9	74.9	75.2	74.9	74.8	74.6	73.9	74.2	72.7	73.4	66.2
Women	52.8	54.1	53.9	54.0	54.8	54.5	54.5	53.8	53.1	53.3	50.9	52.9	43.9
Costa Rica[d]	58.4	62.5	62.2	62.6	61.2	58.4	58.8	60.7	62.5	62.4	63.4	63.0	57.6
Men	73.6	76.2	75.5	75.9	74.3	72.4	73.0	74.3	74.4	74.4	74.7	75.1	70.5
Women	44.2	48.4	48.6	49.2	48.1	44.3	44.5	46.9	50.6	50.3	52.1	50.8	44.6
Cuba	76.1	74.2	72.9	71.9	67.1	65.2	63.4	63.8	65.2	…	…	…	…
Men	90.0	89.5	87.1	86.2	80.4	78.2	76.2	76.9	76.0	…	…	…	…
Women	60.5	57.4	57.3	56.3	52.6	50.9	49.4	49.5	53.3	…	…	…	…
Dominican Republic[f]	57.8	59.0	58.7	59.1	61.8	62.3	62.2	63.6	65.1	64.9	63.4	65.2	56.7
Men	73.1	74.4	74.1	74.6	76.3	76.6	76.1	77.8	78.4	78.8	76.3	78.5	70.6
Women	43.7	44.0	43.7	44.0	48.1	48.9	49.0	50.4	52.7	52.0	51.5	52.7	43.9
Ecuador[e]	62.5	63.0	62.9	63.2	66.2	68.2	68.8	67.0	66.6	…	…	66.8	60.9
Men	77.9	78.1	77.6	78.8	80.5	81.0	81.0	79.7	78.7	…	…	78.6	73.8
Women	48.1	48.8	48.9	48.5	52.7	56.2	56.9	55.0	55.0	…	…	55.5	48.5
El Salvador	62.7	63.2	63.6	62.8	62.1	62.2	61.9	61.3	62.2	…	…	…	…
Men	81.2	81.4	80.7	80.7	80.2	80.1	80.6	79.5	80.5	…	…	…	…
Women	47.0	47.9	49.3	47.8	46.7	47.3	46.3	46.1	46.8	…	…	…	…
Guatemala	61.8	65.4	60.6	60.9	60.7	60.8	61.0	60.6	59.2	…	…	…	…
Men	84.6	87.6	83.4	83.8	84.7	84.0	85.3	85.0	83.7	…	…	…	…
Women	40.4	45.7	40.6	40.6	38.9	40.1	39.2	39.1	37.8	…	…	…	…
Honduras	51.9	50.8	53.7	56.0	58.3	57.5	59.0	60.4	57.3	…	…	…	…
Men	70.4	69.2	72.1	73.6	74.0	74.0	76.0	76.3	75.1	…	…	…	…
Women	34.9	33.8	37.2	40.5	43.9	43.0	43.8	46.0	41.4	…	…	…	…
Mexico	59.8	60.4	60.3	59.8	59.8	59.7	59.3	59.6	60.1	59.5	59.9	60.2	49.4
Men	78.5	78.8	78.5	78.3	78.0	77.7	77.6	77.4	77.2	76.9	76.4	77.1	63.5
Women	42.8	43.9	43.9	43.1	43.4	43.4	43.0	43.5	44.7	43.7	44.9	44.9	36.7
Nicaragua	75.6	76.8	75.8	74.0	72.4	73.6	73.5	71.7	71.1	71.7	71.0	70.6	66.5
Men	87.9	87.7	87.2	85.8	84.6	84.9	84.7	82.6	82.3	82.5	82.1	81.9	78.6
Women	64.0	66.6	65.1	63.0	60.9	63.1	63.3	61.6	61.0	61.9	61.1	60.3	55.7
Panama[e]	61.9	63.4	64.1	64.0	64.2	64.4	64.0	65.4	66.5	…	…	…	…
Men	79.2	80.1	79.7	79.4	78.4	78.6	77.6	78.8	78.8	…	…	…	…
Women	45.8	48.2	49.4	49.8	50.8	51.1	51.2	52.8	55.0	…	…	…	…

Table A1.2 (concluded)

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019[a]	First quarter		Second quarter	
										2019[a]	2020[a]	2019[a]	2020[a]
Latin America													
Paraguay[g]	61.1	64.4	63.3	62.3	62.1	62.6	71.0	71.9	72.4	73.6	71.2	71.2	66.7
Men	73.2	75.1	74.0	74.6	74.1	74.5	84.4	84.6	84.8	86.2	83.8	83.8	81.3
Women	49.0	53.7	52.7	50.1	50.2	50.8	57.8	59.4	60.2	61.3	59.1	58.9	52.6
Peru	73.9	73.6	73.2	72.3	71.6	72.2	72.4	72.3	72.7	72.9	70.2	72.0	45.3
Men	82.7	82.4	82.0	81.4	81.0	81.2	81.0	80.7	81.1	81.5	78.3	79.6	54.7
Women	65.2	64.8	64.5	63.3	62.3	63.3	64.0	64.0	64.5	64.4	62.2	64.5	36.1
Uruguay	64.8	64.0	63.6	64.7	63.8	63.4	62.9	62.4	62.2	62.4	61.6	61.7	58.8
Men	74.7	73.5	73.9	74.3	73.0	72.2	71.6	70.7	70.1	70.2	68.4	70.0	66.5
Women	55.8	55.6	54.4	55.9	55.4	55.4	55.0	54.9	54.9	55.2	55.4	54.0	51.7
Venezuela (Bolivarian Republic of)[e]	64.4	64.0	64.3	65.1	63.7	64.0	66.3	67.9	…	…	…	…	…
Men	78.6	77.8	78.1	79.1	77.9	77.9	80.0	81.0	…	…	…	…	…
Women	50.3	50.1	50.6	51.3	49.8	50.2	52.7	55.0	…	…	…	…	…
The Caribbean													
Bahamas[e]	72.1	72.5	73.2	73.7	74.3	77.1	80.5	82.8	…	…	…	…	…
Men	…	75.8	76.9	77.8	79.5	81.7	83.6	85.5	…	…	…	…	…
Women	…	69.5	70.1	70.1	71.7	73.1	75.1	76.7	…	…	…	…	…
Barbados[e]	67.6	66.2	66.7	63.9	65.1	66.5	65.3	64.8	63.4	…	…	…	…
Men	72.7	71.9	72.0	67.7	68.7	70.4	69.6	69.4	67.4	…	…	…	…
Women	63.0	61.0	62.0	60.4	61.7	62.8	61.4	60.6	60.0	…	…	…	…
Belize[e]	…	65.8	64.2	63.6	63.2	64.0	64.1	65.5	68.1	…	…	…	…
Men	…	79.2	78.4	78.2	77.8	78.0	78.2	78.3	80.5	…	…	…	…
Women	…	52.6	50.1	49.2	48.8	50.2	50.2	52.9	56.0	…	…	…	…
Jamaica[e]	62.1	61.9	63.0	62.8	63.1	64.8	65.1	64.1	64.6	64.2	65.6	…	…
Men	70.1	69.2	70.0	70.0	70.3	71.2	71.3	70.4	71.1	70.0	71.6	…	…
Women	55.0	54.9	56.3	55.9	56.3	58.6	59.1	57.9	58.5	58.6	59.8	…	…
Trinidad and Tobago[h]	60.8	61.9	61.4	61.9	60.6	59.7	59.2	58.7	…	…	…	…	…
Men	72.3	72.1	71.6	72.2	71.2	69.5	68.9	68.1	…	…	…	…	…
Women	49.4	51.7	51.1	51.8	50.0	50.0	49.5	49.4	…	…	…	…	…
Latin America and the Caribbean[i]	61.7	62.5	62.3	62.1	62.0	62.1	62.4	62.6	62.7	62.4	61.7	62.7	53.2
Men	75.1	76.1	75.7	75.6	75.3	75.2	75.3	75.2	75.0	74.3	73.3	74.2	64.5
Women	49.1	49.9	49.7	49.6	49.7	50.0	50.6	51.0	51.4	51.5	51.1	52.1	43.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of information from the household surveys conducted in the respective countries.

[a] Preliminary figures.

[b] Includes data for 31 urban centres. 2015 data are the average for the first three quarters, and 2016 data are the average for the second, third and fourth quarters.

[c] From 2016 onwards, data from the Continuous Employment Survey of the Plurinational State of Bolivia (data are not comparable to those of previous years). Data for the second quarters of 2019 and 2020 correspond to urban areas.

[d] New series from 2012. Data not comparable with previous years.

[e] Includes hidden unemployment.

[f] New series from 2015. Data not comparable with previous years.

[g] New series from 2017. Data not comparable with previous years.

[h] Includes hidden unemployment. 2018 data are for the first quarter.

[i] Weighted average adjusted for lack of information and differences and changes in methodology. Includes a data adjustment for the exclusion of hidden unemployment in Ecuador, Jamaica and Panama. Quarterly data for 2019 and 2020 cover a limited group of countries and are not comparable with annual data.

Table A1.3
Latin America and the Caribbean: average annual national employment rates by sex, 2011–2020
(Percentages)

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019[a]	First quarter		Second quarter	
										2019[a]	2020[a]	2019[a]	2020[a]
Latin America													
Argentina[b]	55.2	55.0	54.7	54.0	53.9	52.6	52.9	53.1	53.3	52.9	52.5	53.1	42.8
Men	68.3	67.9	67.6	66.3	66.1	64.0	64.4	63.9	63.5	63.4	62.0	63.0	50.6
Women	43.4	43.4	43.1	42.9	42.9	42.5	42.7	43.6	44.1	43.5	43.9	44.3	35.6
Bolivia (Plurinational State of)[c]	64.2	59.7	61.5	64.3	58.9	63.8	64.9	68.4	70.3	69.3	70.6	65.0	55.8
Men	73.1	69.2	71.0	73.7	70.0	74.0	74.3	76.4	78.0	77.0	77.7	72.6	63.1
Women	55.7	50.9	52.8	55.3	48.2	53.9	56.0	60.8	62.9	61.8	63.8	57.6	48.7
Brazil[d]	56.0	56.9	56.9	56.8	56.1	54.3	53.8	54.1	54.6	53.9	53.5	54.6	47.9
Men	67.3	68.7	68.7	68.3	67.1	65.0	63.9	64.0	64.4	63.7	63.5	64.3	57.6
Women	45.5	46.1	46.2	46.4	46.0	44.6	44.7	45.1	45.7	44.9	44.5	45.9	39.4
Chile	57.0	57.4	57.8	57.9	58.1	58.0	58.3	58.3	58.3	58.2	57.3	58.1	45.6
Men	70.2	70.3	70.2	69.6	70.0	69.4	69.4	69.2	68.7	69.1	68.1	68.2	55.2
Women	44.5	45.1	46.1	46.7	46.7	47.0	47.7	48.0	48.4	47.6	47.0	48.5	36.3
Colombia	56.8	57.9	58.0	58.4	59.0	58.5	58.4	57.8	56.6	56.0	53.8	56.6	43.7
Men	69.0	69.5	69.4	69.7	70.1	69.6	69.4	69.1	67.9	67.4	65.6	67.6	54.7
Women	45.2	46.7	47.1	47.6	48.3	48.0	47.8	47.0	45.9	45.1	42.6	46.0	33.1
Costa Rica[d]	52.5	56.2	56.4	56.6	55.4	52.8	53.5	54.4	55.2	55.4	55.5	55.5	43.7
Men	67.2	69.2	68.9	69.7	68.3	66.6	67.5	68.0	67.4	67.5	68.2	67.7	56.4
Women	38.5	43.5	43.8	43.2	42.2	38.9	39.4	40.7	42.8	43.1	42.8	43.2	31.0
Cuba	73.6	71.6	70.5	70.0	65.4	63.8	62.4	62.7	64.4	…	…	…	…
Men	87.3	86.4	84.4	84.2	78.5	76.7	75.0	75.7	75.1	…	…	…	…
Women	58.4	55.3	55.3	54.6	51.2	49.8	48.6	48.6	52.7	…	…	…	…
Dominican Republic[e]	54.5	55.2	54.6	55.4	57.3	57.9	58.7	60.0	61.0	61.1	59.8	61.0	54.9
Men	69.7	70.3	69.9	70.6	72.3	72.9	73.1	75.1	75.3	75.9	73.6	75.2	68.9
Women	40.1	41.1	40.4	41.0	43.1	43.8	45.2	45.9	47.8	47.3	47.1	47.7	42.0
Ecuador	59.6	60.4	60.3	60.4	63.3	64.6	65.5	64.3	63.7	…	…	63.9	52.8
Men	75.0	75.3	74.9	75.9	77.6	77.5	78.2	77.0	75.8	…	…	75.8	65.2
Women	45.3	46.5	46.6	46.0	49.8	52.4	53.6	52.2	52.0	…	…	52.5	40.9
El Salvador	58.6	59.4	59.9	58.4	57.8	57.9	57.6	57.4	58.2	…	…	…	…
Men	74.6	75.4	75.1	73.7	73.5	73.6	73.9	73.6	74.9	…	…	…	…
Women	45.0	45.8	47.0	45.5	44.4	44.7	43.9	43.8	44.3	…	…	…	…
Guatemala	59.2	63.5	58.7	59.1	59.2	59.2	59.4	59.1	57.9	…	…	…	…
Men	82.2	85.5	81.1	81.6	83.0	82.2	83.6	83.2	82.1	…	…	…	…
Women	37.7	44.1	39.1	39.2	37.5	38.7	37.8	38.0	36.7	…	…	…	…
Honduras	49.7	48.9	51.6	53.1	54.0	53.2	55.1	57.0	54.1	…	…	…	…
Men	68.1	67.2	69.7	70.3	70.8	70.2	73.0	72.8	71.9	…	…	…	…
Women	32.8	32.2	35.3	37.8	38.8	38.4	39.1	42.6	38.0	…	…	…	…
Mexico	56.7	57.5	57.3	56.9	57.2	57.4	57.3	57.6	58.0	57.5	57.8	58.1	47.0
Men	74.4	74.9	74.6	74.4	74.7	74.7	75.0	74.9	74.5	74.4	73.8	74.4	60.1
Women	40.6	41.7	41.7	41.0	41.4	41.7	41.4	42.0	43.1	42.1	43.4	43.3	35.2
Nicaragua	71.2	72.3	71.5	69.1	68.1	70.2	70.8	67.8	67.2	67.2	67.6	66.7	63.0
Men	83.1	83.0	82.3	80.5	79.9	81.3	81.7	78.1	77.8	77.7	77.7	77.5	74.1
Women	59.8	62.2	61.2	58.5	57.1	60.1	60.8	58.2	57.7	58.1	58.6	57.0	52.9
Panama	59.1	60.8	61.5	60.9	60.9	60.8	60.1	61.5	61.8	…	…	…	…
Men	75.8	77.4	77.1	76.2	75.0	74.9	73.7	75.0	74.2	…	…	…	…
Women	43.5	45.8	46.8	46.8	47.6	47.7	47.2	48.8	50.2	…	…	…	…

Table A1.3 (concluded)

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019[a]	First quarter		Second quarter	
										2019[a]	2020[a]	2019[a]	2020[a]
Latin America													
Paraguay[f]	57.7	61.5	60.1	58.6	58.7	58.9	66.7	67.4	67.6	68.5	65.6	65.9	61.6
Men	70.0	72.4	70.7	71.1	70.5	70.8	80.1	80.0	80.2	81.5	78.5	77.8	75.8
Women	45.4	50.6	49.7	46.0	47.2	47.0	53.4	55.0	55.3	55.8	53.1	54.3	47.9
Peru	70.9	70.8	70.3	69.6	69.1	69.2	69.5	69.5	69.9	69.1	66.6	69.4	41.3
Men	79.6	79.8	79.2	78.5	78.2	78.1	77.8	77.9	78.1	77.9	74.8	77.0	49.4
Women	62.4	61.9	61.5	60.7	60.1	60.4	61.1	61.2	61.5	60.4	58.6	61.9	33.4
Uruguay	60.7	59.9	59.5	60.4	59.0	58.4	57.9	57.2	56.7	56.9	55.6	56.2	52.9
Men	71.0	69.8	70.2	70.5	68.4	67.5	66.9	65.8	64.9	65.2	62.5	64.9	60.6
Women	51.3	51.1	50.0	51.3	50.5	50.1	49.8	49.4	49.0	49.3	49.3	48.3	45.8
Venezuela (Bolivarian Republic of)	59.0	58.7	59.3	60.4	59.2	59.3	61.5	63.3	…	…	…	…	…
Men	72.6	72.1	72.6	73.8	72.7	72.4	74.9	76.2	…	…	…	…	…
Women	45.6	45.6	46.1	47.1	46.0	46.3	48.3	50.5	…	…	…	…	…
The Caribbean													
Bahamas	60.6	62.1	61.6	62.8	64.4	67.7	72.5	74.2	…	…	…	…	…
Men	…	64.4	64.9	67.2	70.1	73.3	76.0	76.9	…	…	…	…	…
Women	…	59.9	58.8	59.0	61.0	62.7	66.8	68.5	…	…	…	…	…
Barbados	60.0	58.5	58.9	56.0	57.7	60.0	58.8	58.3	57.0	…	…	…	…
Men	65.6	64.1	63.6	59.7	60.2	63.9	62.8	62.5	59.6	…	…	…	…
Women	55.1	53.5	54.8	52.6	55.3	56.5	55.2	54.4	54.8	…	…	…	…
Belize[i]	…	55.7	55.7	56.3	56.8	57.9	58.1	59.0	62.0	…	…	…	…
Men	…	70.9	72.3	73.3	72.5	73.6	73.6	73.9	75.7	…	…	…	…
Women	…	40.9	39.6	39.4	41.2	42.4	42.9	45.1	48.3	…	…	…	…
Jamaica	54.4	53.3	53.4	54.2	54.6	56.2	57.5	58.2	59.7	59.1	60.8	…	…
Men	63.6	61.9	62.1	62.9	63.3	64.3	65.2	65.6	66.9	65.8	67.4	…	…
Women	45.8	45.0	45.0	45.8	46.2	48.4	50.0	51.0	52.7	52.6	54.5	…	…
Trinidad and Tobago[g]	58.2	58.8	59.1	59.9	58.5	57.4	56.3	56.5	…	…	…	…	…
Men	69.5	69.2	69.5	70.1	69.2	66.8	65.9	65.9	…	…	…	…	…
Women	46.3	48.5	48.8	49.7	47.9	48.0	46.7	47.1	…	…	…	…	…
Latin America and the Caribbean[h]	57.8	58.5	58.3	58.3	57.9	57.3	57.4	57.7	57.7	56.9	56.3	57.4	47.4
Men	71.2	71.9	71.7	71.6	71.0	70.1	70.1	70.1	69.9	68.8	67.8	68.8	57.9
Women	45.2	46.0	46.0	46.0	45.8	45.5	45.8	46.2	46.5	46.0	45.7	46.9	37.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of information from the household surveys conducted in the respective countries.

[a] Preliminary figures.

[b] Includes data for 31 urban centres. 2015 data are the average for the first three quarters, and 2016 data are the average for the second, third and fourth quarters.

[c] From 2016 onwards, data from the Continuous Employment Survey of the Plurinational State of Bolivia (data are not comparable to those of previous years). Data for the second quarters of 2019 and 2020 correspond to urban areas.

[d] New series from 2012. Data not comparable with previous years.

[e] New series from 2015. Data not comparable with previous years.

[f] New series from 2017. Data not comparable with previous years.

[g] 2018 data are for the first quarter.

[h] Weighted average adjusted for lack of information and differences and changes in methodology. Quarterly data for 2019 and 2020 cover a limited group of countries and are not comparable with annual data.

During 2020, the region's economic performance was marked by the health crisis caused by the coronavirus disease (COVID-19). Many companies were forced to suspend operations and lay off staff, and labour markets experienced an unprecedented contraction in employment. The greatest effects were felt in the second quarter: an estimated 47 million jobs were lost in the region as a whole compared to the previous year.

Companies that continued to operate implemented measures to maintain the employment relationship, such as teleworking or even reducing wages or working hours, or adopted policies created in response to or adapted to this crisis. To address this situation, governments reacted quickly, implementing various support instruments at the macroeconomic and employment levels.

The recovery will be slow, and the pandemic has exacerbated the risk of widening labour and social gaps to the detriment of already disadvantaged groups such as informal workers, women and young people entering the labour market. The second part of this report presents some reflections on how to prevent this crisis from having a lasting effect on the career paths of young Latin Americans.

ECLAC

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