

# G20

## Statistical Update



International  
Labour  
Office

### ARGENTINA: SLOWER GDP GROWTH LED TO SLIGHT INCREASES IN UNEMPLOYMENT

#### The unemployment rate rose modestly with the economic slowdown

- Following a contraction of 0.5 per cent in the fourth quarter of 2008, real GDP growth slowed to 0.07 per cent in the first three quarters of 2009 (compared with 1.4 per cent in the same period of 2008).
- As a result, the urban unemployment rate reached a recent high of 9.1 per cent in the third quarter of 2009.
- Overall, the unemployment rate was 8.7 per cent in 2009 compared to 7.9 per cent in 2008. Nonetheless, unemployment rates in 2009 are relatively low when compared to those resulting from the previous crisis in Argentina (the unemployment rate had reached 19.7 per cent in 2002).

#### Stimulus programme for labour market targets job preservation measures, public employment services and child benefits

The Crisis Prevention Procedure (PPC) and Production Recovery Programme (REPRO) aim to develop good working relations between employees and employers and promote employment.

- The PPC seeks to mitigate the effects of the economic crisis by preventing layoffs and suspensions through state intervention and mediation.
- The REPRO aims to sustain/promote employment and support the recovery of private sectors and geographical areas under crisis.
- It offers workers with an affiliated enterprise a fixed, monthly non-remunerative sum of up to ARS600 for up to 12 months.

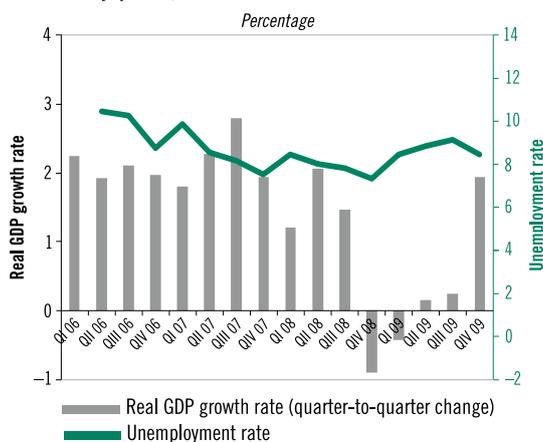
*Programa Jefas y Jefes de Hogar* (2002), which promotes employment for household heads, was further developed to include more vulnerable categories of workers in the aftermath of the severe 2002 economic crisis. Municipal Employment Offices (MEOs) have been the major tool used to implement new employment creation and preservation programmes over the last few years.

- Second generation programmes to improve employability and job inclusion comprise:

*Training and Employment Insurance (SCE)*, which offers guidance and encourages “*Jefes*” programme beneficiaries to actively look for work by participating in capacity-building programmes.

*Youth with More and Better Work Programme (PJMMT)*, which aims at creating social and work inclusion opportunities for young persons aged 18–24.

Figure 1. Urban unemployment rate and real GDP growth rate, by quarter, 2006–2009 a/



Source: Instituto Nacional de Estadística y Censos (INDEC). Real GDP data are seasonally adjusted; unemployment rate data are not seasonally adjusted.

a/ Urban unemployment rate refers to Argentina's 28 main agglomerations during Q1–Q4 2006. After that period, urban unemployment rate refers to Argentina's 31 main agglomerations.

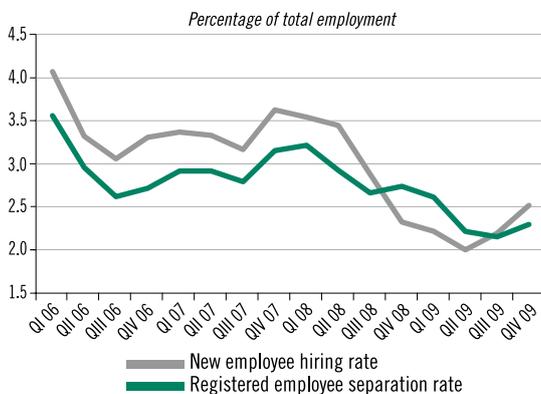
Programmes to expand child benefits to vulnerable families in the informal economy through family allowances include:

- *Child Benefits for Social Protection* (2009), which extends child benefits to unregistered workers, the unemployed, domestic workers, and workers registered in *monotributo social*.

## The decline in formal salaried employment reflects a decline in new hires

- The moderate decline in formal salaried employment reflects an important reduction of worker hires by private firms which outpaced the destruction of existing jobs during the economic slowdown.
- From QII-2008 to QII-2009:
  - new employee hiring rate: fell 1.4 percent age points to 2.0 per cent, and
  - registered employee separation rate: fell 0.7 percentage points to 2.2 per cent
- This trend reversed during the second half of 2009 as both indicators showed a modest improvement and new hires slightly outweighed separations.

**Figure 2. Registered employee hires and separations in the private sector, by quarter, 2006–2009**



Source: Ministry of Labour, Employment and Social Security (MTEySS), *Encuesta de Indicadores Laborales*. Data are not seasonally adjusted. Refers to private formal salaried employment.

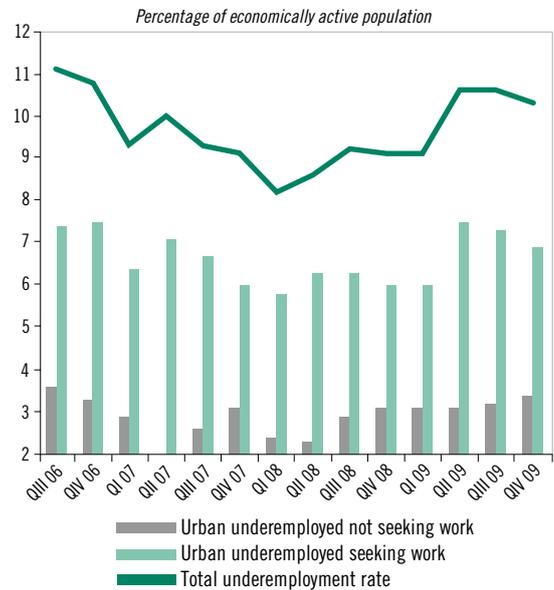
## Urban underemployment has increased considerably

- The percentage of total underemployed (employed persons who are willing and available to work more than in their current job) in urban areas rose 2 percentage points between the second quarter of 2008 and the same quarter of 2009 to a recent high of 10.6 per cent (reflecting

increases in the underemployed actively seeking work) and gradually declined in the fourth quarter.

- Nonetheless, the percentage of underemployed in urban areas *not* seeking additional work increased over this period.

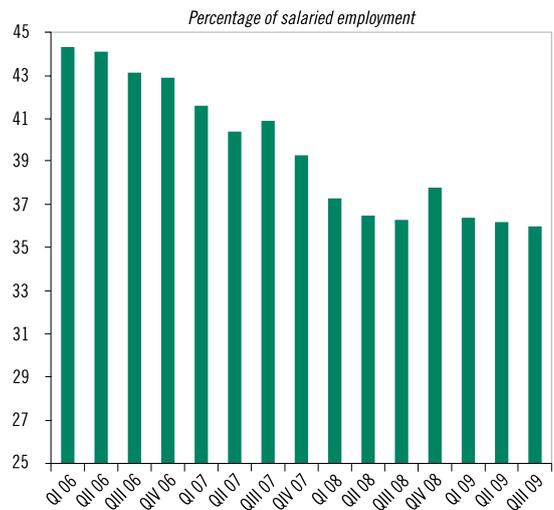
**Figure 3. Time-related underemployment, by quarter, QIII 2006 – QIV 2009**



Source: INDEC, *Encuesta Permanente de Hogares*. Data are not seasonally adjusted.

## Following a decline, unregistered salaried employment has essentially stagnated since the second quarter of 2008

**Figure 4. Unregistered salaried employment, by quarter, QI 2006 – QIII 2009**

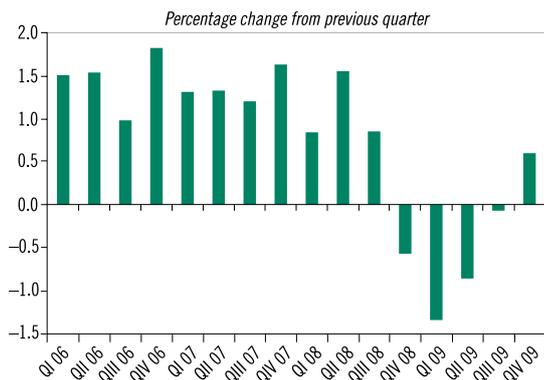


Source: MTEySS, based on INDEC, *Encuesta Permanente de Hogares*. Data are not seasonally adjusted. Covers persons aged 14 and over.

## Private sector employment has declined due to the economic slowdown

- Net employment growth began to slow in 2008 and net losses were registered in the fourth quarter of 2008 through the third quarter of 2009.
- The largest employment loss (1.3 per cent) was observed in the first quarter of 2009.

Figure 5. Employment in the private sector, by quarter, 2006–2009



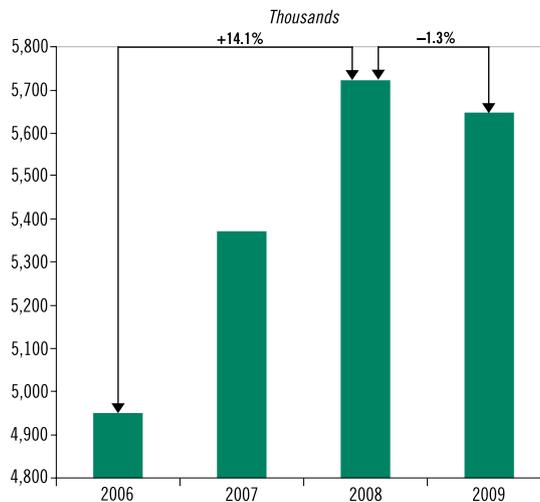
Source: MTEySS, based on Encuesta de Indicadores Laborales. Data are not seasonally adjusted and are based on enterprises with ten or more workers registered in the social security system. Refers to private formal salaried employment.

## Declines in private sector employment in 2009 were small compared with long-term growth trends

- There has been an increasing long-term trend in the stock of private sector workers as employment rose 14.1 per cent between 2006 and 2009 and 66.3 per cent between 1996 and 2009.

- Nonetheless, between 2008 and November 2009, the number of these workers decreased slightly (1.3 per cent) to 5.6 million.

Figure 6. Employment in the private sector, 2006–2009

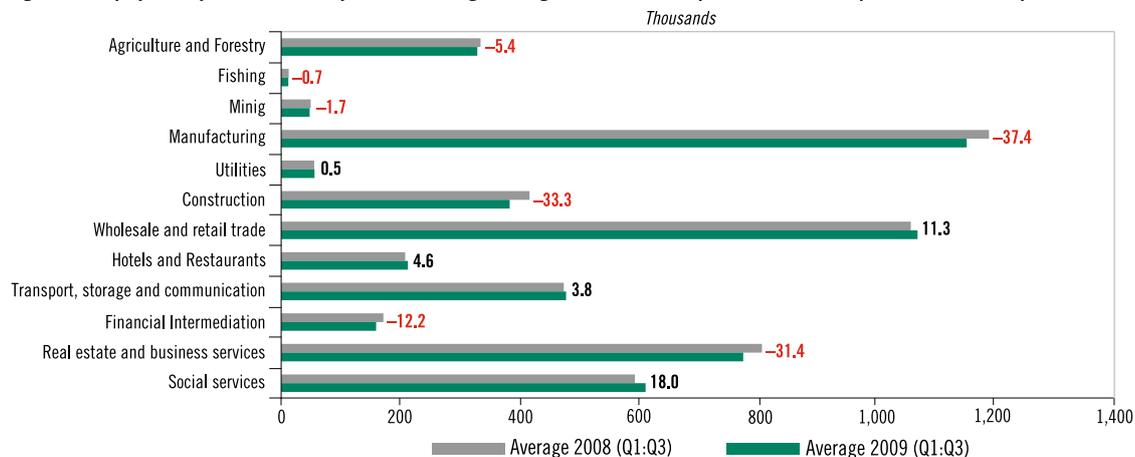


Source: MTEySS, based on data from Sistema Integrado Previsional Argentino (SIPA). Data comprises social security administrative information for all private salaried employment. Refers to private formal salaried employment.

## Job losses have been steepest in manufacturing and construction

- Employment in goods-producing sectors has been most affected by the crisis. Average job losses were highest in manufacturing (37,400), construction (33,300) and real estate and business services (31,400) in 2009 (Q1-QIII) compared to the same period in 2008.
- Future prospects of employment in the construction sector appear to be gloomy as well, as private investment and levels of permits for new work in the housing segment remain subdued. However, government plans to increase infrastructure spending in 2010 may partially offset job losses in this sector.

Figure 7. Employment by economic activity, level and change. Average of the first three quarters of 2009 compared with the same period in 2008



Source: INDEC, National Accounts, based on data from the Integrated Retirement and Pension System. Refers to private formal salaried employment. Figures next to the bars reflect changes in employment between the two periods.



## Outlook in 2010

- Real GDP is projected to grow between 3.6 and 4.0 per cent in 2010 (according to Argentina's Central Bank in March 2010) from 0.9 per cent in 2009 (INDEC).
- Economic recovery in the fourth quarter of 2009 was led by greater demand for consumer goods, manufacturing inputs and energy, and manufacturing and industrial exports to Brazil (including higher automotive industry sector sales).
- Argentina's Central Bank also forecasts that a larger harvest will lead the way to a recovery in commodity exports and manufactures of agricultural origin.
- Labour and social protection policy measures should continue to focus on unemployment and underemployment in rural and urban zones, reducing job precariousness (i.e. unregistered/informal employment) and expanding social protection.
- Higher expected inflation for 2010 will pose challenges for collective bargaining and continue to impact real salaries negatively.