



# INTERNATIONAL JOBS REPORT

# IJR

October 2015

IJR- 15/02

## Summary

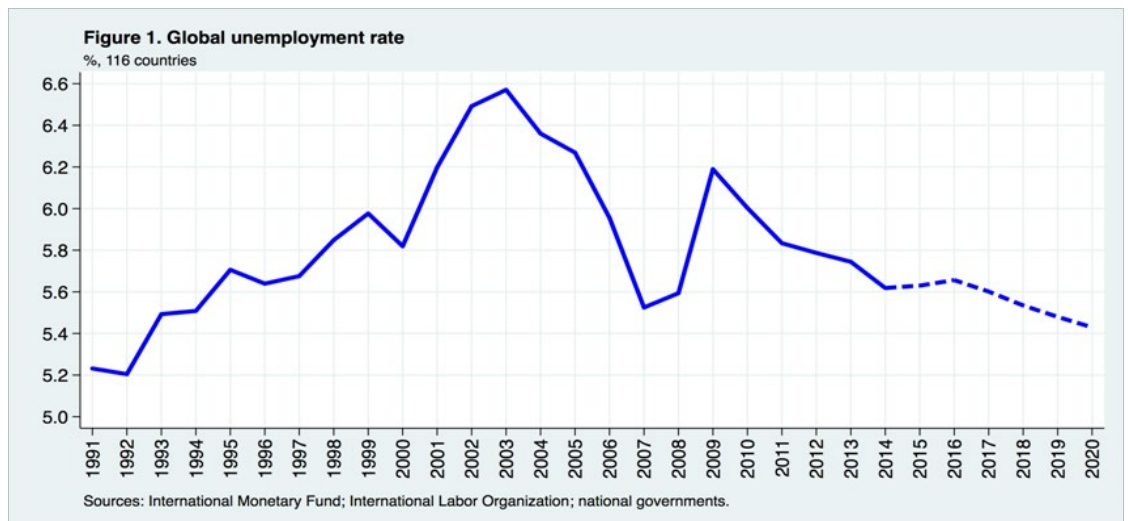
The global unemployment rate is expected to increase slightly in 2016 to 5.7 percent but remain well below the peak of 6.2 percent recorded in 2009. The increase results from deteriorating growth prospects among many emerging markets and in some oil-producing countries. According to forecasts released in the IMF's October 2015 World Economic Outlook, big increases in unemployment are expected to occur next year in Venezuela, Brazil, Argentina, and Russia.

Global growth for 2015 is projected at 3.1 percent, 0.3 percentage point lower than in 2014, according to the [IMF's October 2015 World Economic Outlook \(WEO\)](#). The report states that “prospects across the main countries and regions remain uneven. Relative to last year, the recovery in advanced economies is expected to pick up slightly, while activity in emerging market and developing economies is projected to slow for the fifth year in a row, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries”.

This report shows how the global unemployment picture is shaping up in the light of those growth forecasts.

## The unemployment picture in 2016

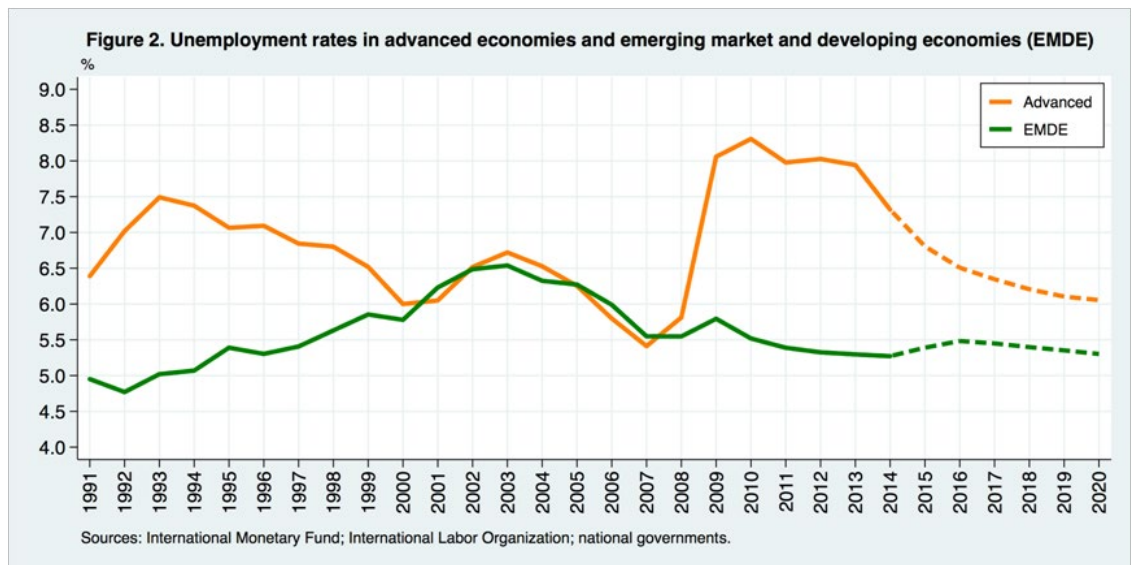
Figure 1 provides a measure of the global unemployment rate based on data for 116 countries, of which 37 countries are classified as ‘advanced’ (i.e. high-income) countries and the remaining 79 as ‘emerging market and developing economies.’ (We refer to the second group using the acronym ‘EMDE’.)





Focusing on the recent cycle, one sees that the global unemployment rate increased sharply from about 5 ½ percent in 2007 to a peak of 6.2 percent in 2009 before returning slowly to its pre-crisis level over the subsequent five years. Over the coming year, the global unemployment rate is expected to go up slightly. Where is this increase expected to come from?

To address this question, Figure 2 shows the unemployment rate for the two main groups separately. As shown, the increase comes from the emerging markets and developing countries group; the unemployment rate for advanced economies is projected to continue to decline next year.



By digging a bit further, one sees that the increase in unemployment among the EMDE group occurs because of the expected increase in unemployment among fuel-exporting countries.

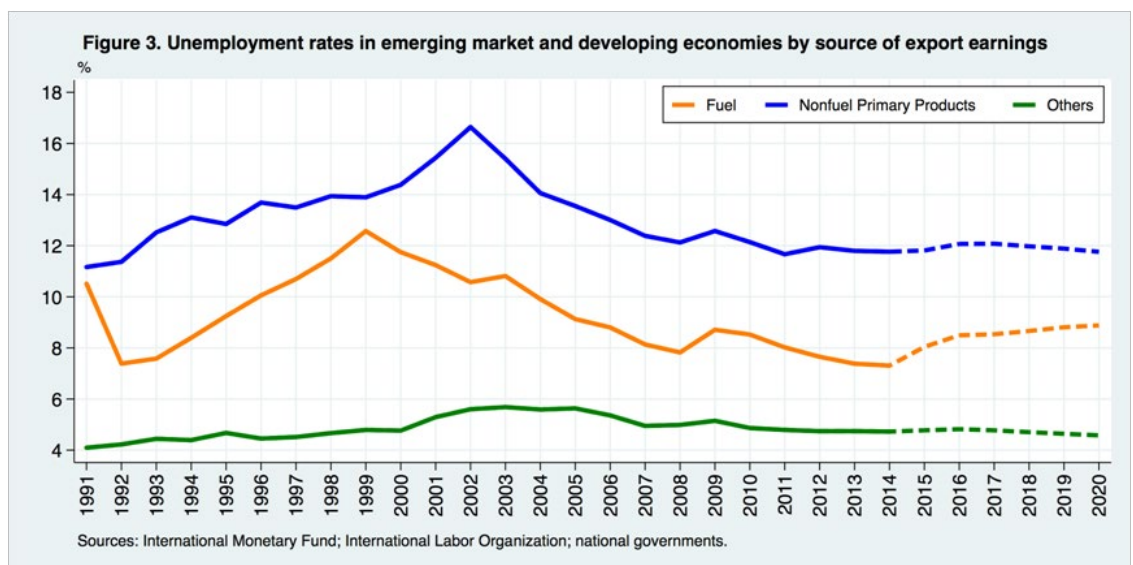
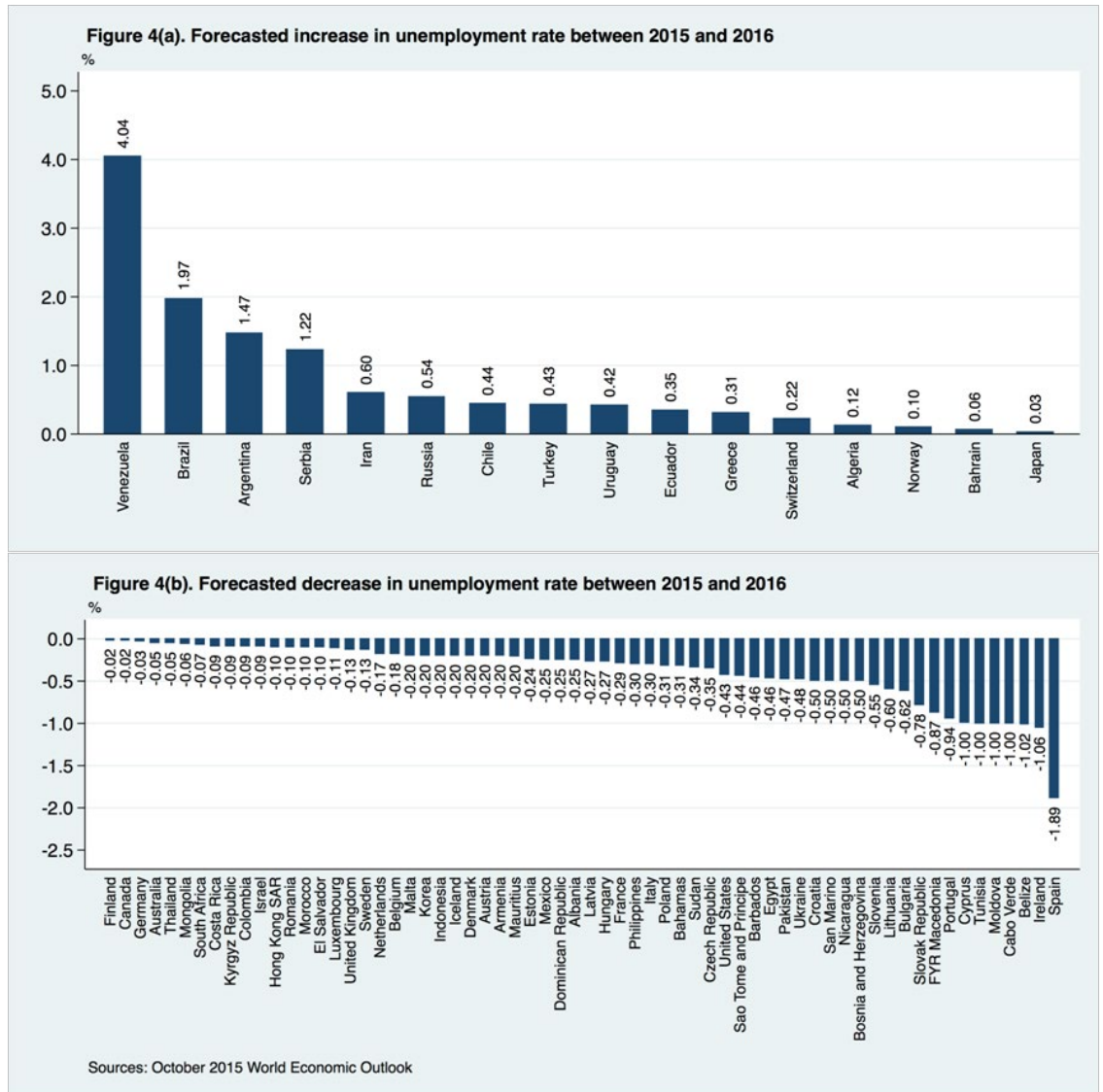


Figure 4 shows the projected changes in unemployment over the coming year according to the forecasts reported in the IMF's October 2015 World Economic Outlook. As shown in panel (a), the biggest increases occur almost exclusively among countries in the EMDE group, and many of them are major fuel producers (e.g. Venezuela and Russia).



### Limitations of the unemployment data

While the summary of the unemployment picture above is useful, several limitations—which will be tackled in future editions of this report—should be acknowledged.

First, there is concern about the quality of the unemployment data for China and India, the two countries, which together make up about 40 percent of the global labor force. As noted in the previous edition of the [International Jobs Report](#), “our assessment that the global unemployment rate has fallen to pre-recession levels reflects an important fact: we are using either official jobless rates, or ILO estimates, for China and India. These figures, however, are widely regarded as too low. The Economist Intelligence Unit provides its own estimates for the unemployment rate in these countries; these are much higher than other published figures—generally twice as high.” In future editions of the report, we will feature estimates and forecasts of the global unemployment rate using such alternate measures for China and India.



Second, there is lack of labor market data for many regions, particularly Sub-Saharan Africa. An [IMF Working Paper](#) notes that “a cursory review of employment data for low income sub-Saharan African countries in the International Labor Organization (ILO) Key Indicators of the Labor Market (KILM) data base shows that almost half of the countries have not published any data on the structure of employment between 2000 and 2010. Much of the data published is over five years old. In some countries, the data is not collected regularly, while in others, the data is not publically available. In many cases where the data is available, methodological problems result in data that is not comparable over time within countries or at one point in time between countries. Little is known about the current structure of employment in sub-Saharan Africa or the trends in employment creation. This makes it hard to assess the prospects for employment creation in the future, despite the political, social and economic importance of the topic.” In future editions, we will provide estimates of employment for sub-Saharan African countries from an IMF/World Bank project.

Third, even if good unemployment data for all countries was readily available, it is not the only source of adjustment in response to changes in growth prospects. Changes in labor force participation, employment, average hours worked, wages, quality of work, and migration are all potential channels through which the labor market adjusts to changes in output. In the [presentation](#) of the previous International Jobs Report and in a recent OCP [policy brief](#), we discussed the extent to which unemployment (or employment) is linked to output in a large group of countries, including many emerging markets and developing countries. In the January 2016 edition of this report, we will provide updated estimated of the jobs-growth link for countries. Adjustments through other channels—hours, wages and quality of work—will require further work.

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**Details on data sources:** **Figure 1:** Data is from the October 2015 IMF World Economic Outlook (WEO) where available; ILO estimates are used for 11 countries (Bangladesh, Democratic Republic of Congo, Ethiopia, India, Iraq, Kenya, Nigeria, Nepal, Tanzania, Uganda, and Uzbekistan). Data on labor force is from the ILO Key Indicators of the Labour Market (KILM). **Figure 2:** The groups of advanced economies and emerging markets and developing economies are based on the IMF classification. **Figure 3:** Based on the IMF classification on source of export earnings, the 79 emerging market and developing economies can be categorized into 16 fuel-exporting countries, 10 nonfuel exporting countries, and 53 others. **Figure 4:** IMF forecasts from October 2015 WEO.

## About this report

The International Jobs Report offers an analysis of labor market conditions since the end of the 2008-09 global recession. It also provides forecasts of GDP and unemployment.

It was produced by Prakash Loungani (Senior Fellow at OCP Policy Center) and Zidong An. We are grateful for the comments and support provided by Karim El Aynaoui and the OCP Policy Center. The views expressed in this report are those of the authors alone and should not be attributed to the OCP Policy Center or any of the other institutions that have supported this initiative.