

# **Impact of the global financial crisis on the Egyptian labor market**

**Ankara – Turkey , 10-12 April 2013**



## Contents

**1-Introduction.**

**2-Source of L.F data.**

**3-Impact of the global crisis on the global economy.**

**4-Impact of the global crisis on the Egyptian economy and employment & unemployment.**



continue

## Contents

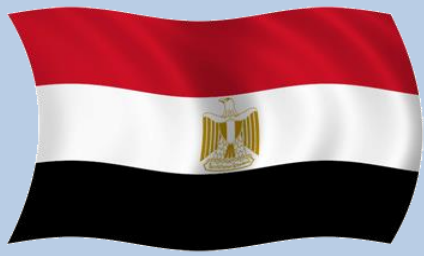
**5-Seasonal unemployment rates.**

**6-Labor market in the period 2009-2010.**

**7-Indicators of the crisis impact.**

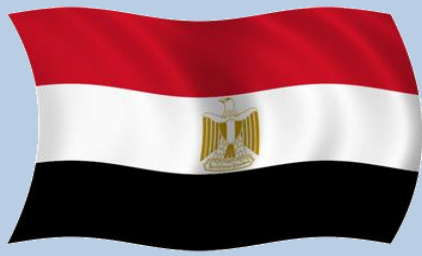
**8-Conclusion.**

**9-Recommendations**



## 1 – Introduction

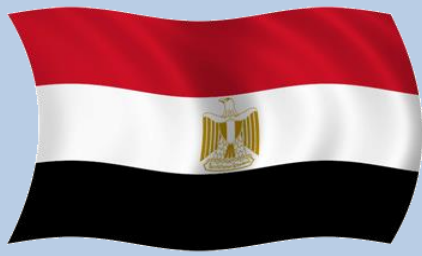
The global financial crisis has been originated in the United States in 2008, due to the magnitude and strong impact of the U.S. economy on the global economy and severe tangles between it and the rest of the world economies. The crisis spread to Europe and emerging economies to darken and negative effects on the economies of the world, whether developed or developing.



## 2– Source of L.F data

The only source of labor market indicators in Egypt that estimates the unemployment rates is labor Force Sample Survey.

Approximately more than 21 thousand households quarterly, conducting by the Central Agency for Public Mobilization and Statistics (CAPMAS), regularly in four rounds (Jan. /Apr. /Jul. /Oct.).



### 3- Impact of the crisis on the global economy

Lack of liquidity among individuals and institutions



Decrease in the demand for goods and services



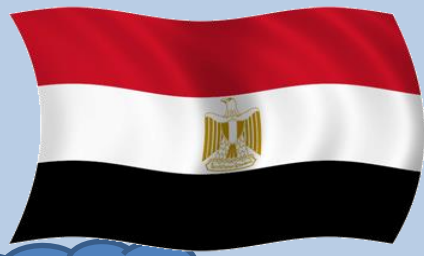
Reduce in production



Dispensing part of the employment



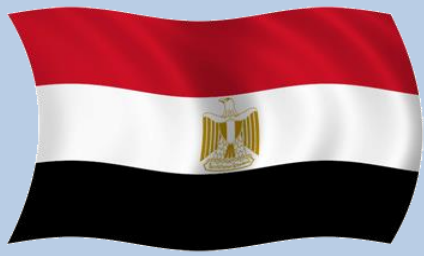
Increase unemployment problem



continue

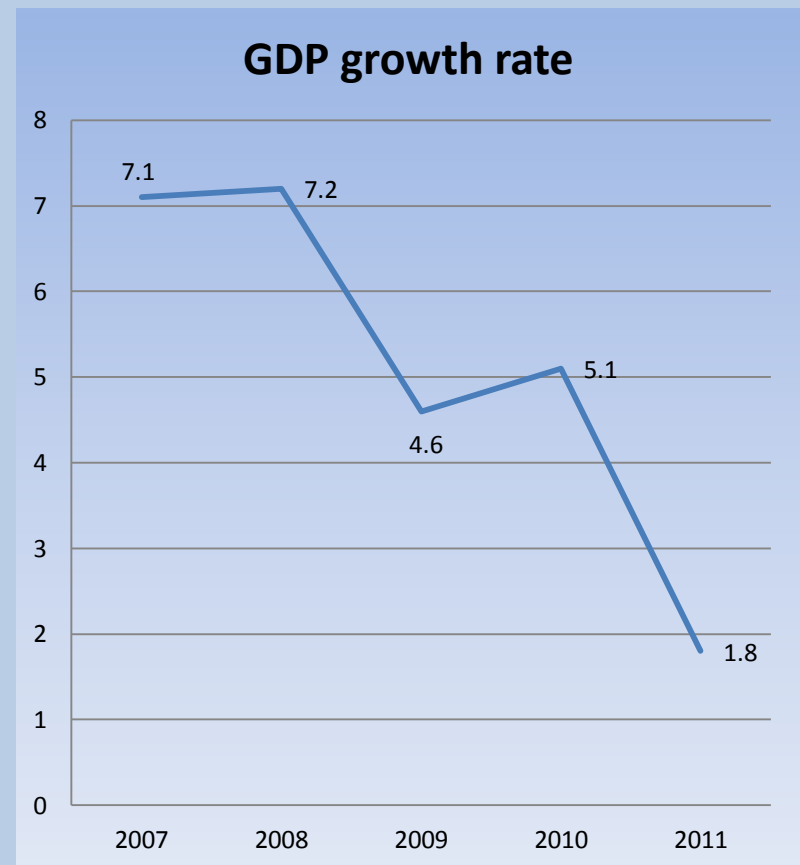
### 3- Impact of the crisis on the global economy

The impact of the crisis has been reflected in a decline in all economic indicators such as: decrease exports, decrease Suez Canal revenues, increase in unemployment rate decrease economic growth rate, decrease remittances from Egyptians working abroad (33% of the remittances come from the United States), decrease of number of tourists and tourism revenues, decrease of foreign direct investment inflows.

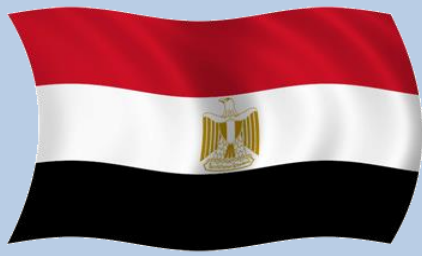


## 4–Impact of the global crisis on the Egyptian economy and employment

Crisis led to a slowdown in the Egyptian economic growth rate where it fell from 7.1% in 2007/2008 to 4.6% in 2008/2009. As the global downturn led to a lack of overall global demand on the supply of services and goods, it had similar effect in Egypt.



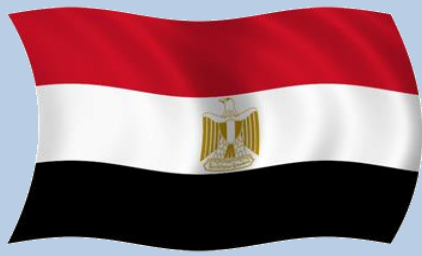




continue

## Impact of the global crisis on the-4 Egyptian economy and employment

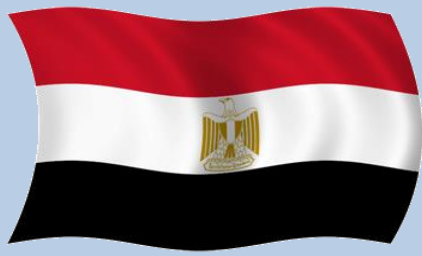
As a result of decline in the volume of domestic and external demand, factories cut production, which inevitably led to a reduction in employment and increase the unemployment rate .



continue

## Impact of the global crisis on the-4 Egyptian economy and employment

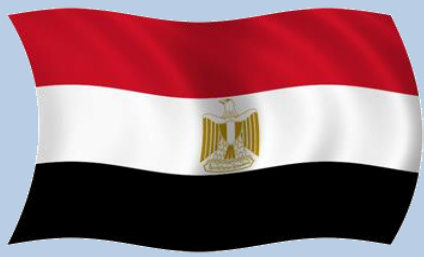
**Despite increase in the number of employees during the period from June 2008 to June 2009 ( approximately 101 thousand employees), but the unemployment rate also increase. As lower economic growth rates may have a negative impact on the labor market that became unable to absorb most of the new entrances to the labor market during that period.**



continue

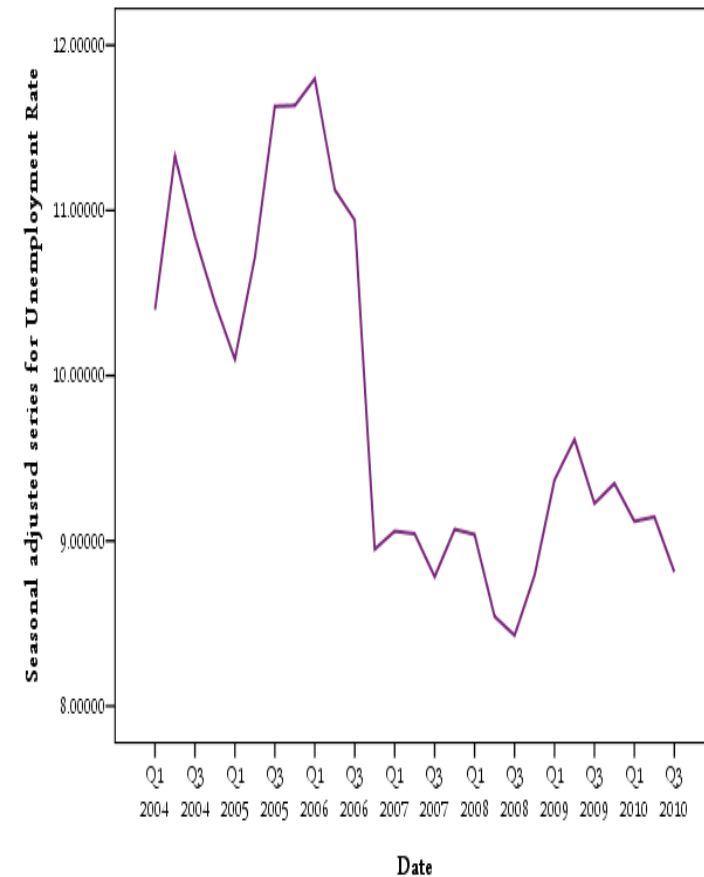
## 4–Impact of the global crisis on the Egyptian unemployment

Although the unemployment rate in Egypt decreased during the second and third quarters of 2008 to reach 8.4%, 8.6%, respectively, it rose during the crisis period until it reached 9.4% during the first quarter of 2009 and continued at this level.



## 5-Seasonal unemployment rates

Unemployment rate increased in the year of 2004 and witnessed the highest value in the first quarter of 2006 to reach 11.80%, then declined to attained values ranged from 10.90% to 11.10% in the same year, until the end of 2006 to witness the sharp decrease with 9.00%.



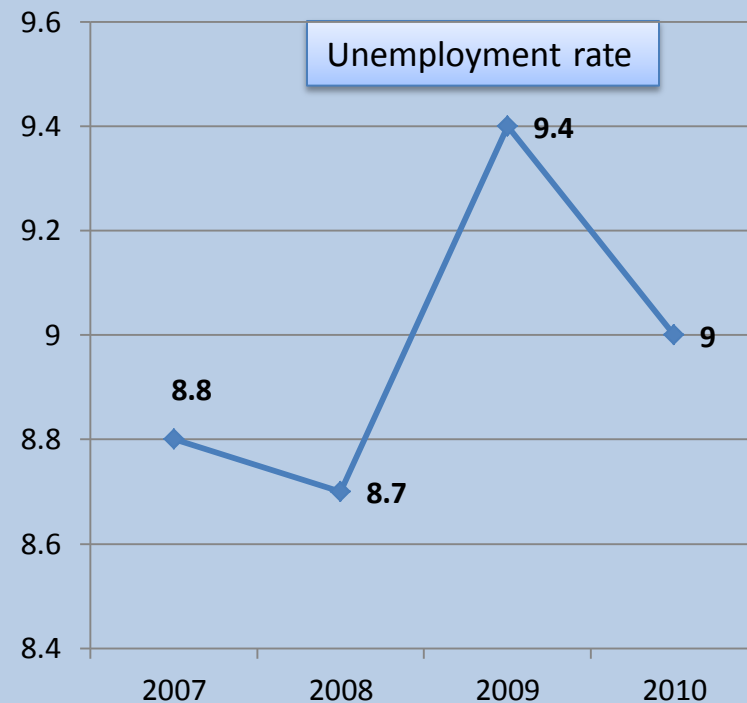


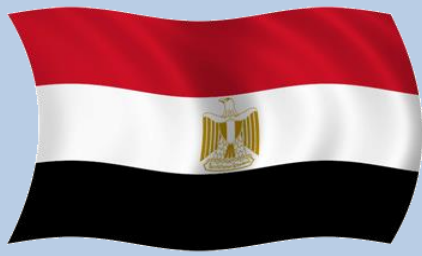
continue

## 5-Seasonal unemployment rates

After the global financial crisis, it returned again to increase in the end of 2008 to reach 8.7% ( the fourth quarter) and it ranged from

9.37% in the first quarter to 9.40% in the fourth quarter in 2009. In 2010, it witnessed a little decline to reach 9.12 and 8.96 until the end of 2010 as it reported 8.94 in the fourth quarter .

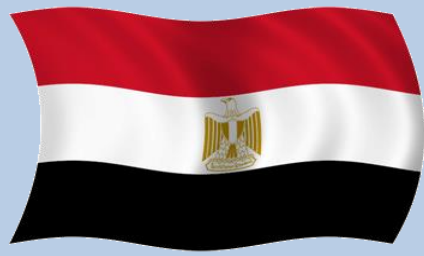




## 6-Labor market in the period 2009-2010

Egyptian government has taken some measures to encourage economic activity to exit out the global financial crisis with least losses.

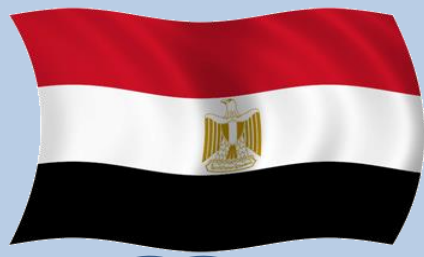
According to the report of the Ministry of economic planning , the Egyptian economy has witnessed a progress where the growth rate has increased from 4.7 % in 2008/2009 to 5.1 % in 2009/2010 as well as the world bank report expected it to increase to 5.5 in 2011 .



continue

## 6-Labor market in the period 2009-2010

Following Egyptian Labor market changes during 2009/2010, about 1.2 million were new entrance to the Labor market during June 2009 to June 2010 and at the counterpart, unemployed persons decreased from 2.36 millions to 2.35 millions during the same period , which reflect the flourish of the Labor market that it absorbed the new entrance as well as a portion of accumulated employed persons.



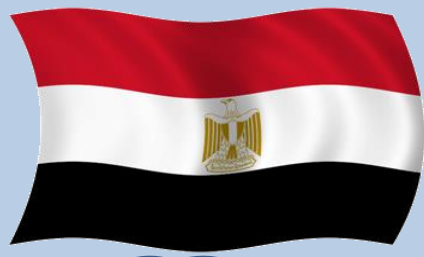
continue

## 6-Labor market in the period 2009-2010

As a result , unemployment rate has been decreased from 9.4 % during the second quarter of 2009 which is still affected by global financial crisis to 8.9% during the same quarter in the year 2010 which equivalent to that prevailed before the global financial crisis.

period	Q1 2009	Q2 2009	Q1 2010	Q2 2010
Male	5.2	5.2	5.2	4.9
Female	22.9	23.2	22	22.2
Total	9.4	9.4	9.1	8.9



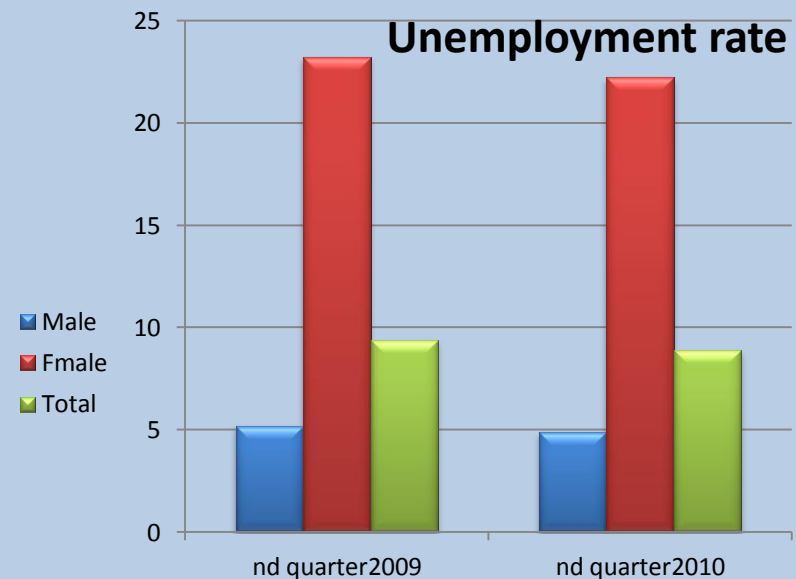


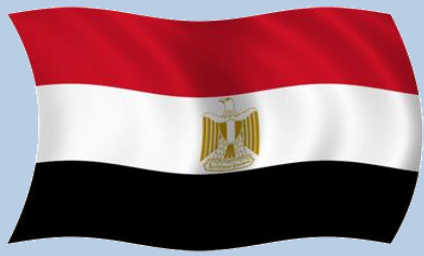
continue

## 6-Labor market in the period 2009-2010

Despite the progress in the unemployment rate during the first half of 2010, it is still a huge gender gap in the unemployment rate, where in June 2010 it was 22.2 % for female compared to 4.9% only among males .

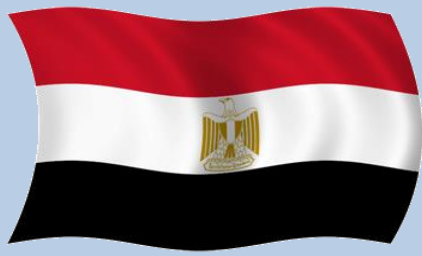
This fact draw the attention of the necessity to broaden the work opportunities for females to increase their economic participation.





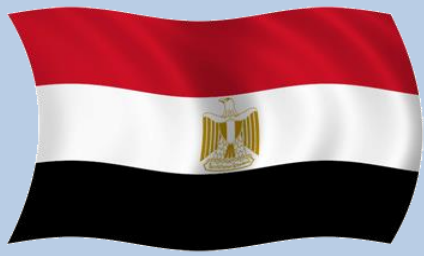
## 7-Indicators of the crisis impact

- Decline of GDP growth from 7.2% in 2007/08 to 4.1% in 2008/09.
- Decline in domestic investment.
- Increase strain on the balance of payments.
- Capital market collapse.
- Sectoral growth especially for tourism, manufacturing and Suez Canal.



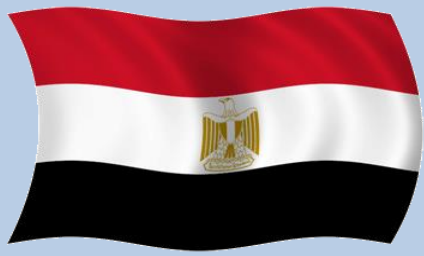
## 8-Conclusion

The global financial crisis had negative impacts on performance of the Egyptian labor market in 2009 which led to an increase in the unemployment rate to range 9.40% and the number of unemployed increased in the end of 2009 by 199 thousands.



## 9-Recommendations

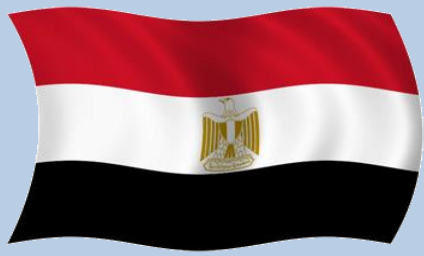
1. Taking the needed measures to increase the economic growth rate .
2. Encourage small projects as a base for economic progress and provide more incentives to small and intermediate projects .
3. Increase the capabilities of human resources through training especially vocational training and education .



continue

## 9-Recommendations

4. Consider the interlink age between the education outputs and labor market requirements .
5. Intense the Investment in the basic fundamental projects which will create more work opportunities.



**Thank you**