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Article by Majlinda Bregu, Secretary General of the Regional Cooperation Council (RCC)

Viral slowdown

This is not my tittle. It is of one of the articles published in The Economist on February.

But I find this the right one to reveal what is happening currently with Economy, World of Work and Jobs in Western Balkans.

After months of lockdown, life is slowly returning to normal. The continuous presence of the Corona virus, however, represents a new reality that we have to get used to live with.

The Covid-19 pandemic has produced a severe and unexpected public health emergency across the world packed with drama of businesses which can't go back to business-as-usual or better say the economies will be in a bottleneck for long.

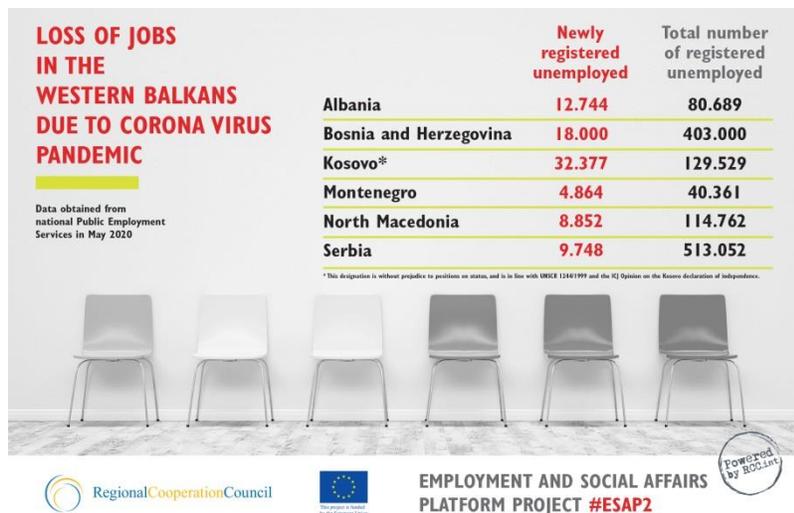
Its direct impact on the Western Balkan economies has been considerable, though contained, in relative terms, due to a timely introduction of stringent measures to control the spread of the virus. But the story has still a long way to go. The huge cost of shutting down the economy for months will increase with time.

Western Balkans to lose 11.6% of hours worked due to the COVID-19 pandemic

According to ILO estimates, in the second quarter of 2020 the Western Balkans will lose 11.6% of hours worked due to the COVID-19 pandemic. This is equivalent to more than 800,000 employment losses and could almost entirely wipe out the gains in employment the region has accumulated since 2012.

I don't like numbers. Especially the ones that shock. Using data to understand what might happen with people's lives is in fact what RCC is trying to communicate these months.

The lockdown has produced an unavoidable spike in unemployment across the region. While not painting the full picture of the situation, the data from Public Employment Services in Six Western Balkans economies collected in May 2020 show a considerable increase in unemployment numbers:



Divides in already dual labour markets are widening

But there is more to be concerned about – the pandemic runs of risk of widening divides in already dual labour markets. Zoomers and Webexers, i.e. professionals who can easily work from home are less threatened than workers who cannot work from home and who have as a result either seen a reduction of salaries or were dismissed altogether. Others had to attend to their jobs in person, which has exposed them to higher risk of infection.

Undeclared workers are disproportionately affected by the lockdown measures imposed on the Western Balkan economies. They generally work in low productivity jobs and have little to no savings, which could act as a buffer during the crisis. They are also often excluded from the COVID-19 short-term measures implemented by the governments.

41% of women globally are employed in sectors with high risks of job losses

Then again, women are hit the hardest when it comes to job prospects, while being heavily exposed to the crisis. From leisure to hospitality, tourism, care workers, entire industries in which women make up a greater share of the workforce are brought to a grinding halt. 69% of women in Western Balkans consider pandemic a threat to their jobs or jobs of a family member (Balkan Barometer 2020). Now you get why I say I don't like numbers that shock. 47% of women in WB considered unemployment as the main problem in their economy even before Covid-19, whilst 62% of them are unsatisfied with the job opportunities. Even the worst cynics cannot doubt women will have to travel in a train of troubles. This time moving up does not mean that the rooftop will guarantee a better view.



Given the stakes, I can't say: no worries! The risks have to be faced with cool heads and robust policies. Data concerning young people differ slightly from those of women. Unemployment is the biggest concern for 51% of them (Balkan Barometer 2020), while 59% are not satisfied with job opportunities. ILO estimates that more than 1 in 6 young people have stopped working world-wide during the corona crisis.

Are the measures taken to save economies enough?

Overall, the Western Balkan governments have implemented prompt and bold measures both in the public health domain by introducing actions that limit the spread of the virus, and in support of economic activity and job retention.

Citizens are overwhelmingly supportive of the measures taken – namely, 90% think that the measures taken to stop the virus spread are effective (Balkan Barometer 2020).

These short-term economic measures need to be well targeted and closely monitored. Given the limited fiscal space that does not allow for sustaining these efforts over longer periods of time, the region will have to start thinking about measures that cautiously but boldly enable a gradual return to normal economic conditions and activity.

Burden needs to be shared by all

Any economic and employment support scheme in the Western Balkans should also be accompanied by incentives to tackle some of the existing labour market challenges, such as for instance supporting the transition from undeclared into declared work as well as reskilling and upskilling the workforce in order to prepare them better for a continuously evolving labour market.

Tellingly, the crisis has affected all economic actors in the marketplace - workers, businesses and governments. We are all ill at ease.

But should Covid-19 spur a viral slowdown? What is left if not being in hell and high waters ready to fight for recovery?