

Article by Nand Shani, Team Leader of Employment and Social Affairs Platform Project (ESAP 2), implemented jointly by the Regional Cooperation Council (RCC) and the International Labour Organisation (ILO), funded by the EU

1st of May 2020: Not the Labour Day as We Know It

Coronavirus in the Western Balkans: Testing immunity of the world of work

The 2020 calendar ideally placed 1 May – on Friday, promising a long Labour Day Weekend. I assume that many of you associate it with days off, barbecuing somewhere outdoors, with family and friends. I definitely do, and keep postponing breaking the news to my children, explaining why this year all is different.

Well, it's nothing but wishful thinking this time around, as societies around the globe, and in our Western Balkans, have been locked down since mid-March due to [the](#) COVID-19 pandemic, after the region officially registered its first cases. [While](#) staying home in an attempt to flatten the curve of the virus spread, knowing that fast spread would overburden and break already weak health systems, we cannot help but wonder what comes next.

As time passes, it is more than obvious that [the](#) coronavirus [crisis](#) is testing much more than merely health protection systems and individual immunity of the citizens – it tests resilience and ability of our societies to deal with the consequences. And these are many while the clear picture of the devastating effects is yet to come.

Lockdown closed many doors: from coffee shops, restaurants, hairdressers, to tourism and travel service operators, hospitality and entertainment industry....

Staying home meant loss of many jobs, as not everything can be done online.

An unavoidable spike in unemployment: Job losses and unemployment seem to be certain across the world and Western Balkans will be no exception. ILO forecasts that in the second quarter of the year the world will lose the equivalent of 195 million jobs.

The most affected by this crisis are the service sector, tourism, travel, and retail, as they are especially affected by the lockdown and travel restrictions, and manufacturing. ILO estimates that around 1.25 billion workers working in these sectors worldwide are especially vulnerable. However, manufacturing companies still have some chances of picking up the pace once they resume operations. These very sectors in the Western Balkans represent an important share of GDP and employment.

Numbers in the Western Balkans: Official data in the region for March and even in the course of April 2020 have probably not yet captured the full impact of the unfolding crisis. However, they do indicate a huge step back, of several years even, deleting all the progress in the region's fight against unemployment.

- For example, Montenegro registers a significant increase in the number of the unemployed - around 3,000 since the beginning of the crisis (or cca 8.3%), which reverses positive trend of lowering unemployment that was running since December 2017.
- In Kosovo* as of 1 April 2020, the number of newly registered unemployed rose to 7,000, and many workers who have worked abroad have returned, which will also affect the number of unemployed.

And the numbers keep piling up across the region, across the sectors, as all economies register slow but certain rise, in the circumstances when Public Employment Services are either working from home or do not receive clients physically, due to social distancing measures. And although there are still no precise data to complete the picture on the job losses, the trends in fast-changing numbers signal crisis of huge proportions. Its extent will probably only be known once the pandemic is over and we start returning to normalcy.

Clinical picture of Western Balkans' Labour Markets: Unemployment was one of the major concerns for 60% of the citizens^[1] in our region even while reaching its historic lows in 2019, and was on average at around 16%. Not to mention that it was still 2 to 3 times higher than in the EU peer countries, accompanied by the old challenges: long-term unemployment, rate of which is three times higher than in EU (12% vs 4%); high levels of youth unemployment, at around 25%; and high informality ranging between 20% and 30% (going up to 40% in case of youth). So this additional rise in unemployment combined with these chronic (un)employment diseases will be especially difficult to tackle. And, once more, the informal workers will be hit particularly hard as they won't have access to social protection.

Governments have realised the threat and have already started responding by introducing measures to alleviate the impact of the pandemic on the economy and jobs. Employment retention schemes such as wage subsidies for the coming months have been set up by the Governments in the region, along with some active fiscal policies, tax reliefs, deferral of social security contributions, etc. But will this be enough and do we have ventilators strong enough to keep our economies breathing?

Looking for the silver lining of this cloud: However, we are in this all together and finding the best solution to mitigate the crisis is in everyone's interest – governments, employers, employees and all other citizens not belonging to these groups – students, pensioners, etc.

If we put our heads and hands together, intensify social dialogue, have some patience, tolerance and understanding for each other, we could wait for the 2021's 1 May with much more optimism.

In the meantime, #StayHome #StayHealthy and Happy #LabourDay!

^[1] Balkan Barometer 2019: RCC's annual survey <https://www.rcc.int/seeds/>

Physically distant but connected by the idea!