

# Post-Pandemic Global Trends: Implications for the Labour Market in Trinidad and Tobago

Dr. Shelton Nicholls

Symposium Presentation  
Industrial Court, Trinidad and Tobago  
Saturday June 10, 2023  
HYATT HOTEL



Post-Pandemic Global  
Trends: Implications for the  
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# AGENDA

1

Global Economic  
Performance



## Global Economic Performance

- The Global economy is experiencing its weakest medium-term growth prospects in three decades.
- Contributing factors:
  - Heightened geopolitical tensions (Brexit, China-US Trade tensions)
  - Prolonged Ukraine-Russia conflict
  - Legacy of the Covid-19 pandemic

## Growth – World Economy

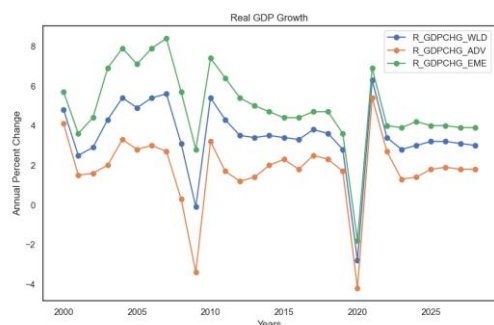
- The World Economy grew by 3.4 percent in 2022 but growth is expected to decline to 2.8 percent in 2023 and to around 3.0 percent towards the end of the decade (2028).



## Real GDP Growth: World Economy

Real GDP Growth Rates (Annual percent change):

Regions	2020	2021	2022	2023 (f)	2024 (f)	2028 (f)
World	-2.8	6.3	3.4	2.8	3.0	3.0
Advanced Economies	-4.2	5.4	2.7	1.3	1.4	1.8
Emerging Markets & Developing Economies	-1.8	6.9	4.0	3.9	4.2	3.9



Source: International Monetary Fund (IMF): World Economic Outlook (WEO), Apr 2023.

## Growth – Latin America and the Caribbean (LAC)

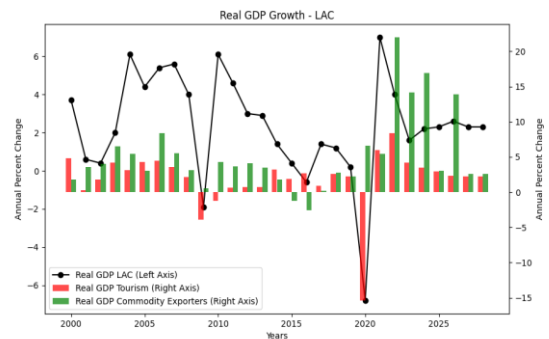
- Economic growth in Latin America and the Caribbean region is expected to slow to 1.6 per cent in 2023, down from 4.0 per cent in 2020.
- Economic growth in the Caribbean region seems more robust in 2023 but this reflects the strong growth performance of the commodity exporting countries, especially Guyana.



## Real GDP Growth: Latin America and the Caribbean (LAC)

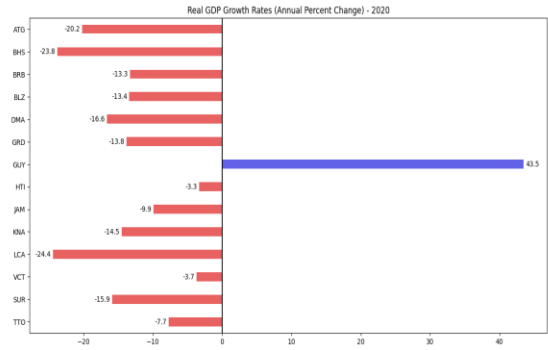
Real GDP Growth Rates (Annual percent change):

Regions	2020	2021	2022	2023 (f)	2024 (f)	2028 (f)
Latin America and the Caribbean	-6.8	7.0	4.0	1.6	2.2	3.0
Caribbean: Tourism Economies	-14.7	7.8	7.2	3.2	2.4	2.2
Caribbean: Commodity Exporters	6.6	5.4	22.0	14.2	16.9	2.6



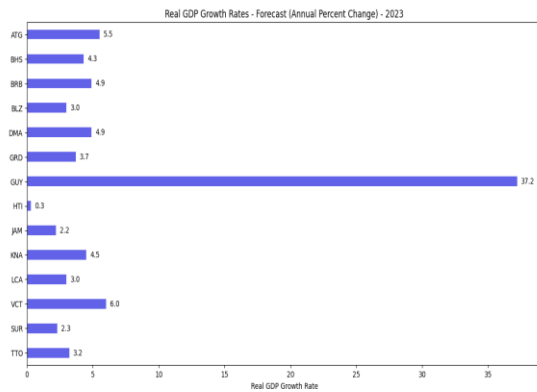
Source: International Monetary Fund (IMF): World Economic Outlook (WEO), Apr 2023.

# Real GDP Growth: Caribbean Countries



Source: International Monetary Fund (IMF): World Economic Outlook (WEO), Apr 2023.

# Real GDP Growth: Caribbean Countries



Source: International Monetary Fund (IMF): World Economic Outlook (WEO), Apr 2023.

## INFLATION

- Consumer prices in advanced countries and emerging markets peaked in 2022 at around 7.3 percent and 9.8 percent, respectively.
- Main driver of inflation: commodity price spikes (food and energy).

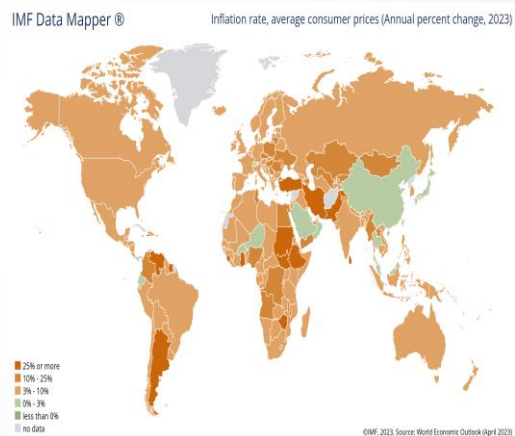


### Inflation Performance: Advanced Economies and Emerging Markets

- Inflation in advanced countries peaked in 2022 reflecting the impact of :
  - Commodity price spikes
  - Pent-up Demand
  - Lingering supply-chain disruptions
  - Tight labour markets
- Many central banks have started to tighten monetary policy to curb inflationary pressures

Inflation Rates (Annual percent change):

Regions	2020	2021	2022	2023 (f)	2024 (f)	2028 (f)
Advanced Economies	0.7	3.1	7.3	4.7	2.6	1.9
Emerging Markets & Developing Economies	5.2	5.9	9.8	8.6	6.5	4.4
Latin America and the Caribbean	6.4	9.8	14.0	13.3	9.0	5.7
Sub-Saharan Africa	10.1	11.0	14.5	14.0	10.5	7.3



Source: International Monetary Fund (IMF): World Economic Outlook (WEO), Apr 2023.

## Labour Market Conditions - Employment

- Expectations are for a **slower labour-market recovery** in 2023 following the COVID-19 pandemic.
- Global employment growth is expected to slow to 1.0 percent in 2023 with a very slight uptick in 2024.

### Global Annual Employment Growth Rates

Annual Percent Change

Country Groups	2020	2021	2022	2023	2024 (f)
World	-2.9	3.4	2.3	1.0	1.1
Low Income	1.2	3.7	3.7	3.3	3.3
Lower-Middle Income	-2.6	3.3	3.0	1.8	1.8
Upper-Middle Income	-4.2	4.3	1.2	0.1	0.3
High Income	-2.8	1.5	2.7	0.2	-0.1

### Global Employment-Population Ratios (EPRs)

Percentages

Country Groups	2020	2021	2022	2023	2024 (f)
World	54.5	55.7	56.4	56.3	56.1
Low Income	60.7	61.0	61.3	61.4	61.4
Lower-Middle Income	49.8	50.6	51.4	51.5	51.6
Upper-Middle Income	58.0	60.1	60.4	60.0	59.8
High Income	56.3	57.0	58.2	57.9	57.7

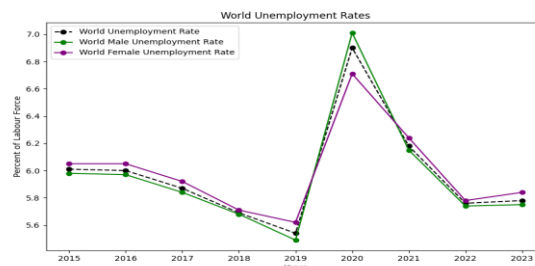
Source: International Labour Office (ILO), ILOSTAT Modelled Estimates Database.

## Labour Market Conditions - Unemployment

- Global unemployment is expected to reach 208 million in 2023, corresponding to an **unemployment rate of 5.8 percent**.
- **World female unemployment rates are expected to be higher than those for males in 2023.**

### Global Unemployment Rates (Percent of Labour Force)

Country Groups	2019	2020	2021	2022	2023	2024 (f)
World	5.5	6.9	6.2	5.8	5.8	5.8
Low Income	5.2	5.9	5.8	5.8	5.7	5.7
Lower-Middle Income	5.5	7.4	6.4	6.2	6.1	6.2
Upper-Middle Income	6.0	6.8	6.3	6.0	5.8	5.8
High Income	4.8	6.5	5.6	4.5	4.9	5.0

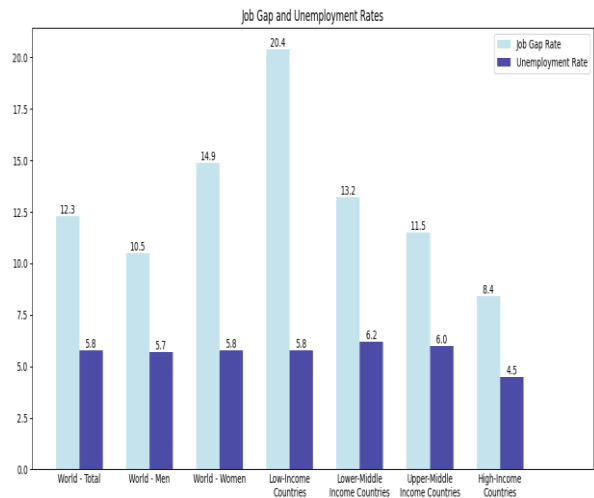


Source: International Labour Office (ILO), ILOSTAT Modelled Estimates Database.

## Labour Market Conditions – Jobs Gap Rate

- The Jobs Gap metric captures unmet demand for employment (indicator of **labour underutilization**).
- The Jobs Gap rate was 12.3 percent in 2022 well above the global unemployment rate of 5.8 percent.
- The Jobs Gap rate was higher for women (14.9 percent) than for men (10.5 percent).
- The Jobs Gap rate is much higher than the unemployment rate in **low-income and middle-income countries**.

Global Jobs Gap Rate and Unemployment Rate, 2022  
Percentages

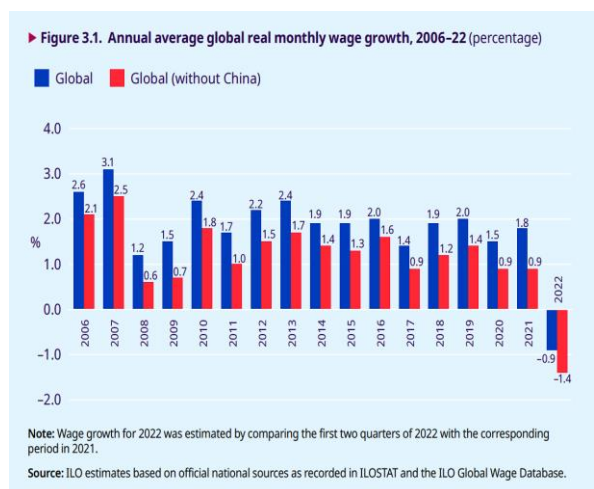


Source: International Labour Office (ILO), ILOSTAT Modelled Estimates Database, November 2022.

## Labour Market Conditions- Growth in Global Real Monthly Wages

- Global monthly real wage growth slowed to 1.5 percent in 2020 from 2.0 percent in 2019.
- Contributory factors to the slower pace of growth included the restrictions implemented to contain the pandemic which led to wage freezes or reduced nominal wages in many regions.

Average Annual Global Real Monthly Wage Rate, 2006-2022

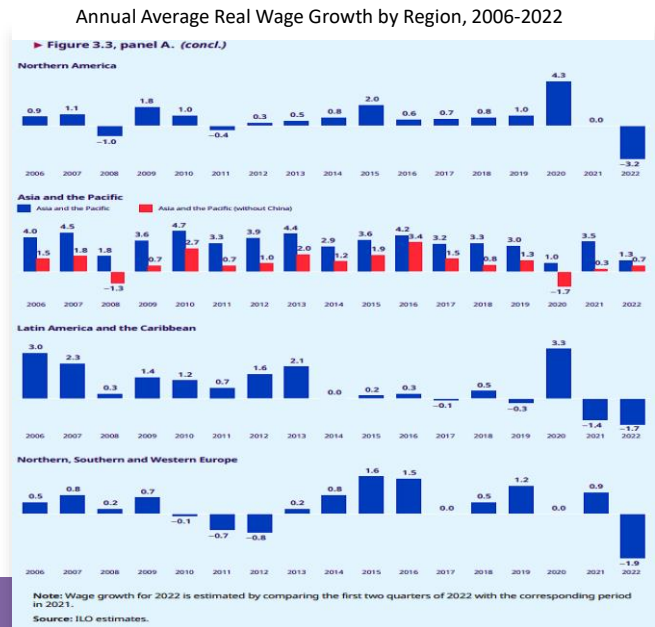


Source: ILO Global Wage Report, 2022-2023



## Labour Market Conditions - Growth in Real Wages

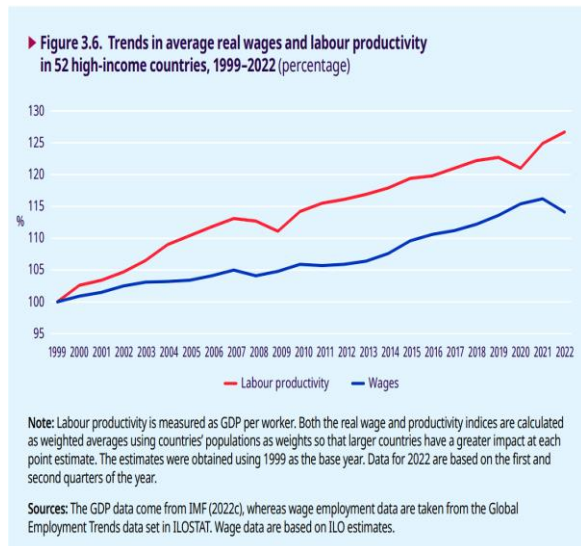
- The regional wage growth picture displays significant heterogeneity in respect of the impact of the COVID-19 crisis.
- There was higher-than-usual average wage growth in Northern America and in the Latin America and the Caribbean regions in 2020 due to strong employment “composition” effects.
- By 2022, real wage growth in these regions were negative (-3.2 percent in Northern America and -1.7 percent in Latin America and the Caribbean).



Source: ILO Global Wage Report, 2022-2023.

## Labour Market Conditions- Growth in Real Wages and Productivity

- Average labour productivity growth has been outstripping average real wage growth in high income countries for the past twenty-two years, despite labour productivity declines during the global financial crisis and the COVID-19 pandemic, respectively.
- One is uncertain about real wage-labour productivity trends in developing countries and in the Caribbean region where measurement is deficient.



Source: ILO Global Wage Report, 2022-2023.

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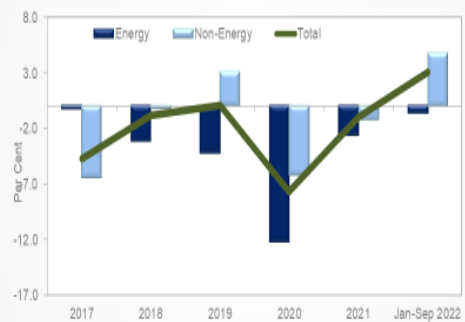
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Economic Performance:  
Trinidad and Tobago

## Real GDP Growth – Trinidad and Tobago

- After declining by 7.7 percent in 2020 **real GDP expanded by 3.0 percent** (y-o-y) during Jan-Sept 2022, on the back of a 4.7 percent growth in the non-energy sector.
- Performance in the **energy sector remained weak (-0.7 percent)** due to logistical and infrastructural problems.

### Growth in Real GDP 2017 – September 2022<sup>p</sup>



Source: Central Statistical Office. Annual data are compiled at Purchaser Prices, Quarterly data at Producer Prices.  
p: Provisional

Source: Central Statistical Office.

## Inflation

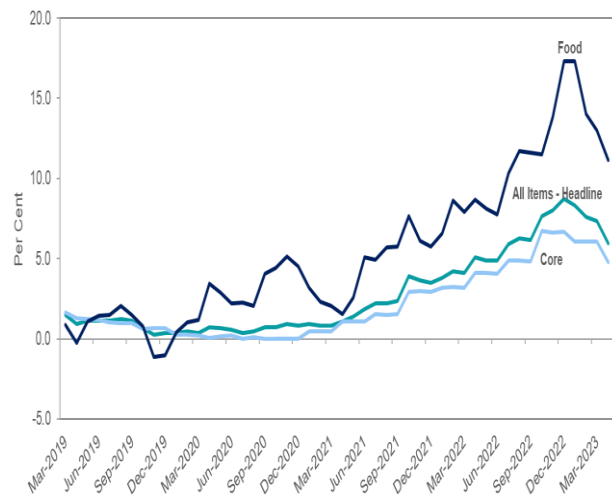
### – Trinidad and Tobago

Inflation in the domestic economy is high and has become more broad-based.

**Headline inflation** rose **7.3 percent** (year-on-year) in March 2023 (up from 2.1 percent in 2021) mainly because of increases in imported food and energy prices. **Food inflation** was **13.3 percent**.

**Core inflation** was around **6.1 percent** showing the persistence of underlying inflationary pressures.

### Headline and Core Inflation

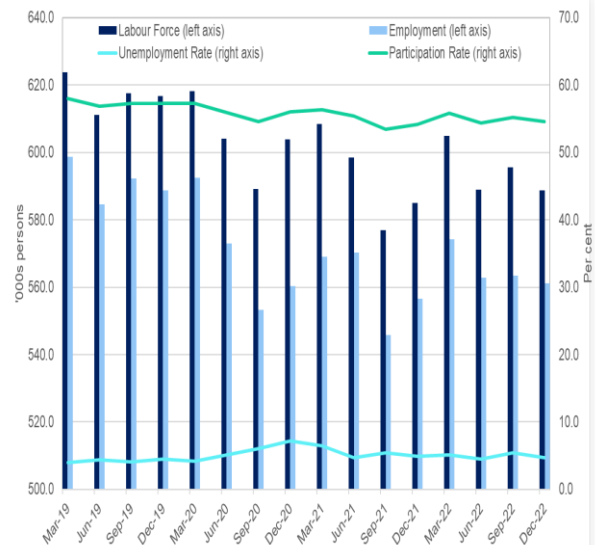


Source: Central Statistical Office.

## Labour Force and Unemployment

### – Trinidad and Tobago

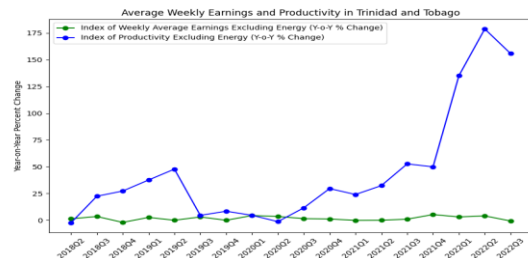
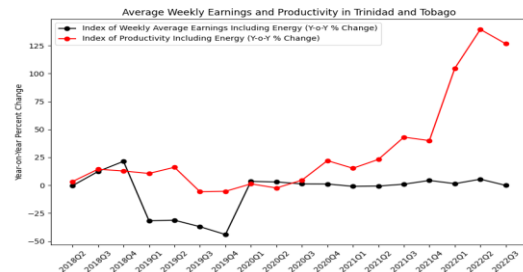
- After peaking at 7.2 percent in 2020:Q4, the unemployment rate fell to 5.4 percent in 2022:Q3.
- Sectors with the highest unemployment rates were Construction (9.5 percent), Wholesale and Retail trade and Restaurants and Hotels (7.8 percent) and Petroleum and gas (6.4 percent).
- Women and youth unemployment rates are still high at 6.2 percent and 16.6 percent, respectively.



Source: Central Statistical Office

## Average Weekly Earnings and Productivity – Trinidad and Tobago

- Estimates of Productivity are published in the Central Bank Economic Bulletin each year (Table 3B).
- Recent data indicate that the Index of Productivity increased at a faster pace than the Index of Average Weekly Earnings except for the early quarters of the pandemic (2020:Q1, 2020:Q2).
- Note: **Significant technical work is still needed to expand and refine measures of labour productivity in Trinidad and Tobago.**

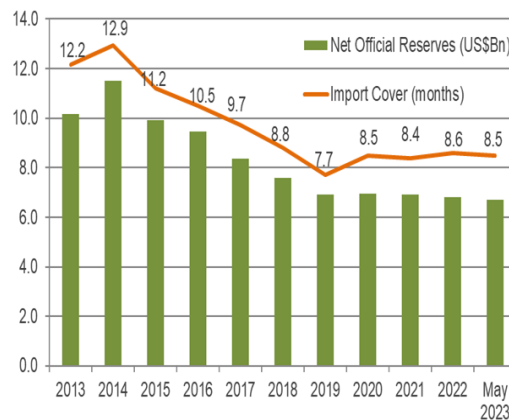


Source: Central Bank of Trinidad and Tobago

## Trade and Balance of Payments – Trinidad and Tobago

- The current account surplus is estimated at 20.3 percent of GDP in Jan-Sept 2022, up from 11.9 percent in 2021.
- Higher global energy prices accounted for the more favourable current account position.
- The overall balance of payments position though recorded a deficit of US\$111 million in Jan-Sept 2022.
- The foreign exchange reserves position remained strong with net official reserves at end-May 2023 around US\$6.8 billion (8.6 months of import cover).

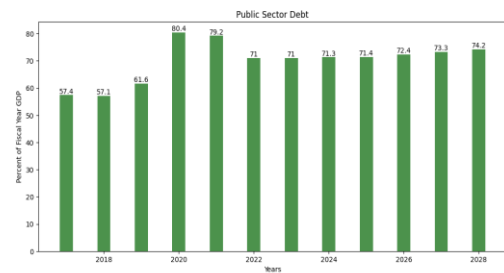
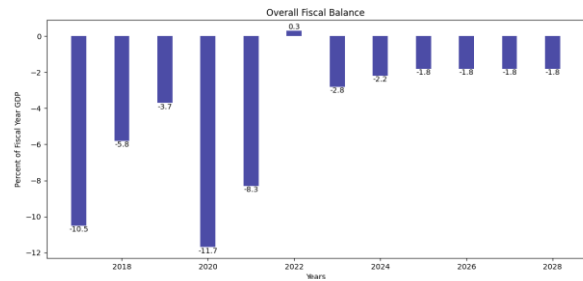
## Foreign Exchange Reserves and Import Cover



Source: Central Bank of Trinidad and Tobago

## Fiscal Balance and Debt – Trinidad and Tobago

- Higher global energy prices and fiscal consolidation measures led to a small fiscal surplus of 0.3 percent of GDP in FY2022.
- Public sector debt declined from 79.2 percent of GDP in FY2021 to 71.0 percent in FY2022.
- Public sector debt is expected to stabilize over the medium term and to reach 74.2 percent of GDP in FY2028, slightly below the government's soft debt target of 75 percent of GDP.



Source: IMF, Staff Report for the Article IV Consultation, Trinidad and Tobago, 2023.

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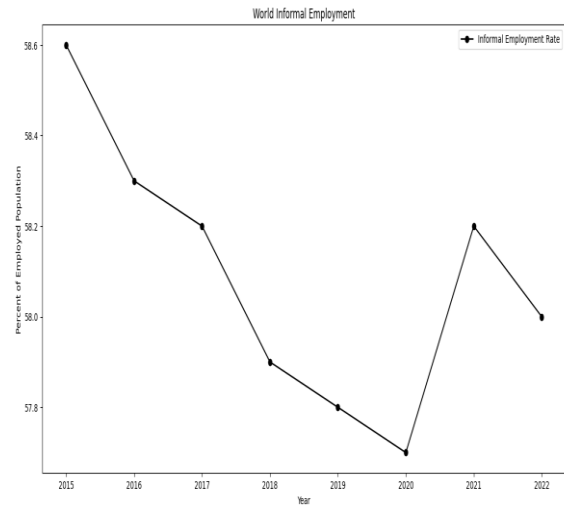
# AGENDA

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Critical Concerns in the  
Labour Market

## Issue #1: Potential for an increase in Informal Employment

- Informal employment refers to all remunerative jobs that are not registered, regulated or protected by existing legal or regulatory frameworks.
- The Informal employment rate measures the percentage of the employed population that is in informal employment.
- Around 2 billion persons were in informal employment in 2022 representing around 58 percent of the employed population.



Source: ILOSTAT, Modelled Estimates Database, November 2022.

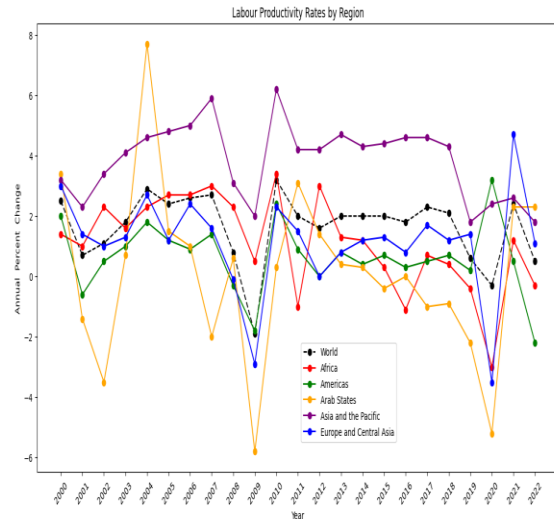
## Issue #1 (cont'd): Potential for an increase in Informal Employment

The ILO Labour Overview Report 2022 for Latin America and the Caribbean notes that:

- *“Informal workers are 3 to 4 times more likely to be poor than formal workers while accounting for between 70 and 90 percent of the total working poor”.*
- The global economic slowdown in 2023 is likely to push workers into the informal sector as they seek alternative means of income generation outside formal channels.
- This shift towards informal employment brings **additional challenges of inadequate social protection, limited access to formal benefits and job insecurity.**
- Job quality therefore remains an issue of considerable concern especially in developing countries.

## Issue #2: Slower pace of growth in labour productivity

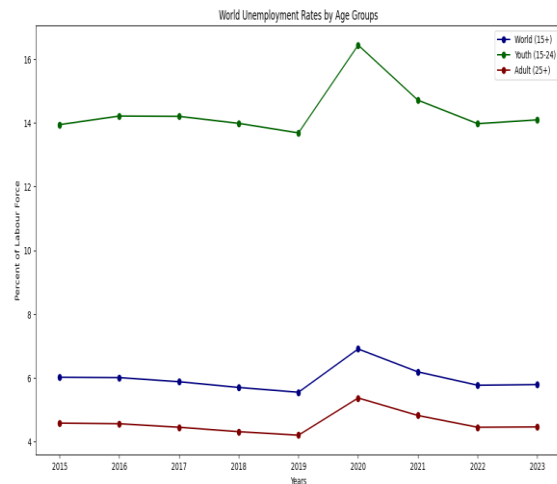
- Labour productivity is growing at a slower pace at the global level and in many sub-regions of the world.
- Growth in productivity is critical for increasing economic output, improving living standards and sustaining long-term economic prosperity.



Source: ILOSTAT, Modelled Estimates Database.

## Issue #3: Reduced Job prospects for Young People

- The global pandemic disproportionately affected industries that employ many young persons. Several of these industries faced financial difficulties and business closures.
- Young persons' transition from education to the world of work was therefore seriously disrupted.
- Global unemployment rates among young persons were twice those of adults in 2022.



Source: ILOSTAT, Modelled Estimates Database.

## Issue #4: Growing Skill Mismatch and Change in Corporate Skill Mix

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- The pandemic has accelerated the pace of technological advances through digitalization, robotics, artificial intelligence and automation.
- Some companies have already begun to deploy AI, robotics, big-data to spur innovation and boost output.
- These innovations are leading to a rapidly growing skill mismatch especially in developing countries.



## Issue #5: Gender Pay gap

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- The ILOSTAT indicator on gender labour income gaps points to much wider imbalances between women and men. In 2020, for each dollar earned by men, women earned only 52 cents.
- Women earned 33 cents and 29 cents on the dollar, in low and lower-middle income countries, respectively.





## Issue #6: Re-emergence of Stagflation

- At the global level, there are still concerns about the likely re-emergence of stagflation (economic stagnation and high inflation) – a phenomenon not seen since the decade of the 1970s.



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# AGENDA

4

Policy Options

# Policy options

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- **Upskilling Labour is a Priority.**
  - Develop and implement mechanisms for upskilling labour through enhancing programs to enable workers to better adapt to changing labour market demands.
  - Programs would need to incorporate key aspects of robotics, AI and big-data analysis that would enhance worker productivity.



# Policy options

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- **Enhance Policy Coordination to Support Job Creation and Economic Development.**
  - Strong fiscal-monetary coordination and policy dialogue with stakeholders would be required to stimulate jobs and economic growth through investments in technology and infrastructure as well as by providing support for SMEs.
  - Monetary tightening that raises interest rates and impact borrowing costs, debt repayments and employment may have to be supported by targeted social assistance programs.



## Policy options

- **Develop and Strengthen Labour Statistics and Information Systems.**
  - Build reliable and effective databases in conjunction with international bodies (especially the ILO) that can provide insights into employment levels, productivity, wage growth, and labour market dynamics, and facilitate labour market transparency and fairness.
  - **A joint Statistics/Information project between the ILO, CSO, Central Bank, Ministry of Labour, Trade Unions and the Industrial Court could be a step in the right direction.**



## Policy options

- **Promote policies that balance labour market flexibility with adequate social protection.**
  - Implement policies to support flexible work arrangements (remote work, job sharing) while ensuring fair treatment and work-life balance.
  - Implement adequate social protection measures to protect workers' rights and access to essential benefits.



# Policy options

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- **Promote Inclusive growth, diversity and reduce income and wage disparities.**
  - Implement mechanisms for transparent wage-setting and gender-sensitive policies.
  - Expand social protection schemes including ensuring access to healthcare, unemployment benefits and retirement schemes.



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## End of Presentation