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UN: Argentina could lose 850,000 jobs in 2020 amid virus crisis

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According to a United Nations report on the potential impact of Covid-19, Argentina could lose 850,000 jobs this year amid an economic slump of up to 10 percent, with 60 percent of its children suffering poverty after the pandemic.

"This global crisis of Covid-19 has come along to exacerbate Argentina's shortcomings, " commented Roberto Valent, the UN's resident coordinator in Argentina.

"Although Argentina is a middle-income country, it has enormous inequalities. This has many faces presenting serious economic and social challenges which must be tackled on two fronts, internal and international," he recommended.

The UN official underlined the importance of constructing long-term policies for the future, not thinking of the next five or six years but 25, praising along these lines the national government's initiative of a Socio-Economic Council as an inclusive starting-point.

## **What we learned this week: June 20 to June 27**

Valent was hosting the presentation of the UN's Preliminary Study of the Socio-economic and Environmental Impact of Covid19 in Argentina, describing this impact as "alarming" in his initial appreciations.

"This is a global crisis, as unprecedented as it is unexpected" which came along to hit "a country which already had problems related to major fiscal constraints experienced by the local economy in meeting the basic demands of the population, as well as negotiating the foreign debt."

"This crisis will bring greater economic contraction, job losses and increased poverty," forecast the UN official.

He stressed though, as much of the international community has, that "Argentina's response at the social and public health level has been proactive and very important."

### **Economic slump**

The International Monetary Fund predicted this week that Argentina's economy would contract by 9.9 percent this year. Using data from the OECD (Organisation for Economic Co-operation and Development), the UN report quantifies the economic slump "at between 8.2 percent (if the pandemic is brought under control) and 10 percent if there is a second wave of the virus."

"Argentina with the capacity to produce food for 400 million people has to provide food assistance for 11 million Argentines with that number moving from eight to 11 million since the appearance of Covid," Valent pointed out.

Poverty is also rising according to the UN report. "In the second half of 2019 poverty affected 53 percent of children but this number could reach 58.6 percent by the end of this year," forecast Valent, with extreme poverty at 16.3 percent.

"In terms of volume of population, this would imply the number of poor children and adolescents passing from seven to 7.76 million and the destitute from 1.8 to 2.1 million between 2019 and 2020," he said.

### **Fernández tightens AMBA lockdown until July 17 amid virus surge**

Furthermore, regarding unemployment which is another great scourge of the pandemic, the International Labour Organisation (ILO) has analysed that according to different scenarios of Gross Domestic Product fall, between 750,500 and 852,500 jobs would be lost in Argentina this year.

"With GDP down 8.25 percent, as forecast by the OECD in its economic projection for 2020, the job impact would be 750,500 less people employed. If there is a second wave, Argentina's GDP would plunge an estimated 10 percent, putting more than 750,500 people out of work," says the report.

Regarding the rapid measures taken by the government to tackle the crisis, Valent highlighted that "Argentina has a long tradition of social protection by state, civil society and business but that should be complementary with the productive system," recalling that "you need a robust and solid fiscal framework, without which there cannot be a framework of strong social protection nor without dynamic economic growth. Argentina has the human capacity and the resources to generate inclusive growth. The response should be multi-dimensional and co-ordinated.

For his part, Pedro de Oliveira, the ILO representative in Argentina, addressed the sharp fall in employment which may well be seen in the future as part of the impact of the pandemic in this country.

"Prior to the crisis there was a situation of extreme weakness with a triple shock of supply, demand and company risk," he pointed out. According to Oliveira, a fall in investment has been registered in every sector except the food, pharmaceutical and medical equipment industries.

"The heaviest social impact has been seen in trade, construction, social services, tourism, restaurants, etc." continued De Oliveira, pointing to overwhelming evidence of a fall in employment: "The most recent figure for unemployment registers in the fourth quarter of 2019 around 1.2 million people actively seeking work with an unemployment rate of 8.9 percent."

In the ILO representative's view, "the data available for the first months since the quarantine decree show how heavily the Covid crisis has

impacted on the Argentine labour market. Even if we do not have information for all the workforce, there is data for the impact on registered employment.

According to the Labour Ministry's Encuesta de Indicadores Laborales survey of March and April, 2020, registered private employment fell three percent annually in companies with more than 10 workers, the biggest fall for those months since 2002. That impact on registered employment also presents itself in the evolution of the number of workers paying pension contributions, which last April fell by 21.5 percent in comparison with the same month of 2019."

In this framework, de Oliveira endorsed the measures established by the government to mitigate the impact of the crisis on the local economy.

"We highlight two policies of major relevance: the Programa de Asistencia de Emergencia al Trabajo y la Producción (ATP) wage supplement and the Ingreso Familiar de Emergencia benefit for the informally employed and the most vulnerable," he pointed out.

In closing the presentation of the report, Valent said that the country needs "international cooperation, because to reduce poverty we have to understand that 75 percent of the structurally poor live in middle-income countries."

In referring to the domestic context, he recalled that the UN has a high opinion of the government's attempt to introduce a Socio-Economic Council.

"On the domestic front the country needs to build consensus for the medium and long term anchored on fiscal policies and distribution which drive job creation and knowledge industries with policies of inclusion and a serious commitment to environmental protection," he said.

"State policies which transmit predictability for the next 25 years. That's a matrix for development which can take this country out of the boom and bust of the last 70 years. Leadership at all levels is needed. The socio-economic council could be an excellent forum for starting out on that path."

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