

Youth think tank MWYO forecasts Hong Kong's post-pandemic youth unemployment



Press Release



20
04
20

1

Unemployment rate set to double and 15 to 29 year-olds likely to be most affected

- Hong Kong's overall unemployment rate will likely reach 5.9% in the fourth quarter of 2020.
- Unemployment population for persons aged 15 to 29 will increase by 22,600 in the fourth quarter of 2020, in the base-case scenario.
- The overall unemployment rate may reach record-high levels surpassing that of the 2003 SARS outbreak, if the COVID-19 pandemic persists.

mwyo.org



Or

facebook
MWYO



Media contacts | Jess Lam (Ms) +852 2508 5178 +852 9550 8018 jess.lam@mwyo.org
Alan Tse (Mr) +852 2508 5177 +852 9736 9067 alan.tse@mwyo.org

“ Thought Leadership on Youth Development ”



Youth think tank MWYO forecasts Hong Kong's post-pandemic youth unemployment



Press Release

For Immediate Release

[HONG KONG, 20 April 2020] – Hong Kong is facing an unprecedented recession that will likely eclipse that of 2003, when the SARS outbreak occurred. MWYO released a report today, titled “Youth Unemployment in Hong Kong under COVID-19: A Forecasting Exercise and Analysis”. Hong Kong’s overall unemployment rate in the fourth quarter of 2020 is expected to reach 5.9%, nearly doubling the fourth quarter of 2019 level. Under the recession, young people aged 15 to 29 are even more vulnerable to job loss. If the adverse effects of the COVID-19 pandemic persist, the overall unemployment rate may even reach a historic high, surpassing its peak at 8.5% during the 2003 SARS outbreak.

As Hong Kong’s economy had already been experiencing a contraction over the latter half of 2019, with many industries facing a significant decline in business receipts, the ongoing COVID-19 pandemic will only exacerbate such effects. The retail, accommodation and food services sector will likely be affected the most, seeing a sizable climb in its unemployment rate. The import/export and wholesale trade sector will experience a knock-on effect.

MWYO mapped out three recovery scenarios of the local economy: (i) the best-case scenario (a V-shaped recovery), (ii) the base-case scenario (a U-shaped recovery) and (iii) the worst-case scenario (a protracted U-shaped recovery). Based on these three scenarios, MWYO made predictions on the overall and youth unemployment rates. Assuming that the virus spread is contained by the second quarter of 2020, MWYO expects the overall unemployment rate to peak by the fourth quarter of 2020, with the youth unemployment rate higher than that of their older counterparts. In the base-case scenario, which assumes that the local economy reaches its lowest point in the fourth quarter of 2020 and begins its recovery, the unemployment rate of persons aged 15 to 19 will rise from 10.2% in the fourth quarter of 2019 to 21.3% in the fourth quarter of 2020, with a corresponding increase in the unemployed population by around 3,100; the unemployment rate of persons aged 20 to 29 will rise from 5.8% to 8.7% over the same period, with a corresponding increase in the unemployed population by around 19,500.

Projected Additional Unemployment of Younger Generations by MWYO (4Q2020)

Age group	4Q2019	Best-case scenario (4Q2020)	Base-case scenario (4Q2020)	Worst-case scenario (4Q2020)
Overall	3.1%	5.2% (+79,300)	5.9% (+110,500)	6.5% (+134,300)
15-19	10.2%	18.5% (+2,300)	21.3% (+3,100)	23.4% (+3,700)
20-29	5.8%	7.7% (+12,600)	8.7% (+19,500)	9.5% (+24,800)
30-39	2.1%	3.7% (+15,800)	4.4% (+22,100)	4.8% (+26,900)

(): projected additional unemployment in number of persons in 4Q2020 as compared with 4Q2019.
Source: MWYO, 2020

Media contacts | Jess Lam (Ms) +852 2508 5178 +852 9550 8018 jess.lam@mwyo.org
Alan Tse (Mr) +852 2508 5177 +852 9736 9067 alan.tse@mwyo.org

20/04/20

2

mwyo.org



Or

facebook MWYO



“ Thought Leadership on Youth Development ”



Youth think tank MWYO forecasts Hong Kong's post-pandemic youth unemployment



Press Release

Unemployment rate may surpass SARS-levels

In the base-case scenario, Hong Kong's overall unemployment rate will reach 5.9%. This increase is greater than in 2003. If the adverse effects of the COVID-19 pandemic persist, the overall unemployment rate may even reach a historic high, surpassing its peak at 8.5% during the 2003 SARS outbreak.

Suggestions for improvements in the second round of Anti-epidemic Fund measures

The Hong Kong Government announced the second round of Anti-epidemic Fund measures on 8 April, with the main focus on securing employment. MWYO believes there is much room for improvement in terms of financial assistance for young people in the workforce. Swift action must be taken to combat the impending surge in youth unemployment and relieve the financial burden on the unemployed youth. We are offering four suggestions for improvement:

1. Relieve the financial burden on the unemployed youth

High school and tertiary graduates this year will face an unprecedented challenge in job-searching. Proposed government measures to subsidise wages and relax eligibility for the Comprehensive Social Security Assistance scheme may not provide sufficient assistance for unemployed youth or new graduates finding jobs.

Suggestion: The Government should offer a special (temporary) unemployment benefit equivalent to 50% of the unemployed individual's previous monthly income, targeted towards persons aged 15 to 34, with a maximum benefit of HK\$9,000 per month for up to six months.

2. Promptly create job opportunities for young people

The Government has proposed creating 30,000 time-limited jobs in two years, but has yet to disclose relevant details. As such, it is difficult to assess the potential impact of this measure.

Suggestion: The Government should establish an evaluation mechanism to assess the effectiveness of this measure, especially for youth employment. In the meantime, the Government should seek committed participation and support from the private sector to create more temporary jobs, to alleviate the effect of the ongoing pandemic on youth unemployment.

20
04
20

3

mwyo.org



Or

facebook
MWYO



Media contacts | Jess Lam (Ms) +852 2508 5178 +852 9550 8018 jess.lam@mwyo.org
Alan Tse (Mr) +852 2508 5177 +852 9736 9067 alan.tse@mwyo.org

“ Thought Leadership on Youth Development ”



Youth think tank MWYO forecasts Hong Kong's post-pandemic youth unemployment



Press Release

3. Create more education opportunities for new graduates

Suggestion: The current enrolments of local students in many of the self-funded, taught master degree programmes of tertiary institutions are less than 10%. The Government should provide more financial support for recent graduates to study in these programmes. The Government should also offer more subsidised graduate degree intake places and research assistantships to higher education institutions and other research institutions.

4. Relieve the financial burden of loan repayment on young graduates

The starting salaries of new tertiary graduates have stagnated over the years. The Government should reduce the financial burden of loan repayment on young graduates, allowing them to have more financial resources during the early stages of their career.

Suggestion: (i) reduce the total student loan outstanding by any participant by 15% across the board; (ii) allow the commencement of repayment to be extended to 36 months after graduation (currently 12 months); and (iii) further reduce the interest rate charged (currently at about 1.25%).

20
04
20

4

Lau Ming-wai, Founder and Director of MWYO concluded, “Although Hong Kong’s youth unemployment rate is still lower than other places, the pandemic will have a lasting effect on youth unemployment. It has also changed the way our young people work, such as online video interviews and working from home. Coping with these changes requires proactivity and adaptability. One thing we have learned from this pandemic is how fast the mode of work is changing, and that our young people need to be prepared to face the challenges that come with it.”

For the full report, please visit our website.

About MWYO:

MWYO is an independent think tank that focuses on youth issues in Hong Kong. Our work spans across research studies and surveys, advocacy and education, and training and capacity building. We actively engage and work with everyone who has a stake in the positive outcome of young people’s development: youths, parents, headmasters, teachers, social workers, employers, civil society leaders, governments, and political parties. Our mission is to be a thought leader in all aspects of youth development in Hong Kong.

mwyo.org



— Or —

facebook
MWYO



Media contacts | Jess Lam (Ms) +852 2508 5178 +852 9550 8018 jess.lam@mwyo.org
Alan Tse (Mr) +852 2508 5177 +852 9736 9067 alan.tse@mwyo.org

“ Thought Leadership on Youth Development ”

