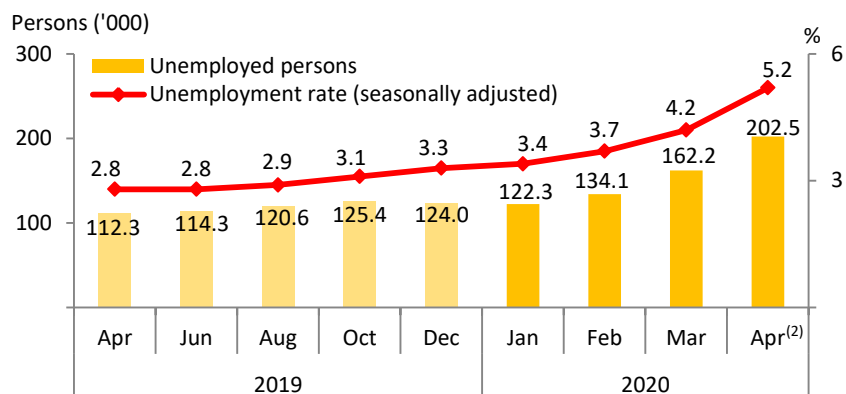




COVID-19 and unemployment assistance

Figure 1 – Unemployment rate in Hong Kong⁽¹⁾



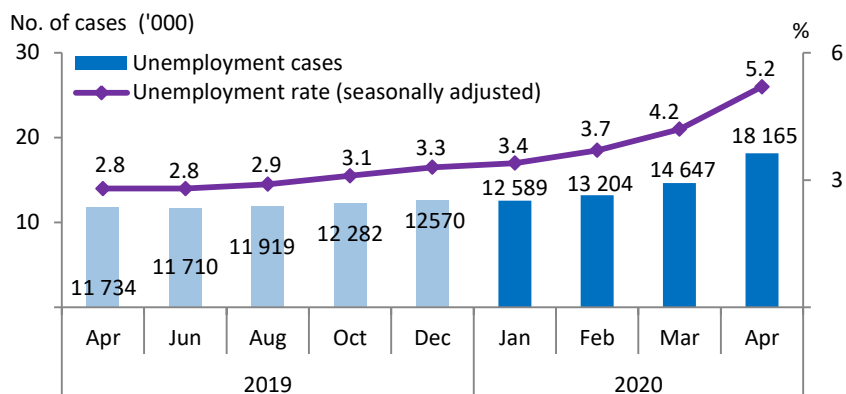
Note: (1) Three-month figures ending with the specified months.
(2) Provisional figures.

Figure 2 – Unemployment in hardest-hit sectors⁽¹⁾

Sectors	Jan 2020 ⁽²⁾		Apr 2020		Increase in	
	Rate (%)	Persons ('000)	Rate (%)	Persons ('000)	Rate (% pt.)	Persons ('000)
Food services (e.g. restaurants)	6.1	14.9	12.0	26.6	5.9	11.7
Construction	5.7	19.6	10.0	33.8	4.3	14.2
Recreation and entertainment	2.2	1.3	9.0	5.0	6.8	3.7
Retail	4.8	14.8	7.1	20.7	2.3	5.9
Hotel-related	3.7	1.6	7.0	2.8	3.3	1.2
Sub-total	5.2	52.2	9.4	88.9	4.2	36.7
Others	2.4	70.1	3.9	113.6	1.5	43.5
Total	3.1	122.3	5.2	202.5	2.1	80.2

Notes: (1) Three-month figures ending with the specified months, without seasonal adjustment.
(2) Figures representing the pre-outbreak situation.

Figure 3 – Unemployment cases under CSSA Scheme



Highlights

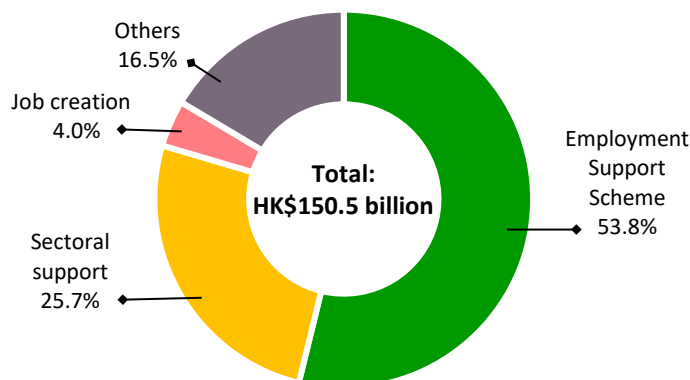
- Local manpower demand faced an abrupt downturn upon the outbreak of Coronavirus Disease 2019 ("COVID-19") in late January 2020. While the number of unemployed persons surged by 66% in three months to 202 500 in February-April 2020, the unemployment rate rose steeply by 1.8 percentage points to a 10-year high of 5.2% (Figure 1). The slack situation is likely to deteriorate further in the near future, in view of the sharp contraction in the local economy by 8.9% over a year in the first quarter of 2020, the steepest since 1974.

- Consumption and tourism-related sectors were hit hardest by COVID-19, with the highest unemployment rate seen in restaurants at 12.0% by April 2020 (Figure 2). This was followed by construction (10.0%), recreation (9.0%), retail (7.1%) and hotels (7.0%). The number of unemployed persons in these five sectors rose by 70% over the past three months after the outbreak, accounting for nearly half (46%) of the rise in the unemployed population.

- As such, the unemployment caseload under Comprehensive Social Security Assistance ("CSSA") Scheme surged by 44% in three months to 18 165 in April 2020 (Figure 3). As an ad hoc support measure, the Government will relax the eligibility of unemployment cases for six months during June-November 2020 (e.g. doubling the asset ceiling to HK\$66,000 for singletons, excluding the self-occupied property in calculation), with additional funding of HK\$3.5 billion. Yet some labour organizations still consider that the above eligibility criteria are too stringent to assist unemployed persons under COVID-19.

COVID-19 and unemployment assistance (cont'd)

Figure 4 – Funding commitments of Anti-epidemic fund⁽¹⁾



Note: (1) Including both the first and second rounds of AEF measures.

Figure 5 – Unemployment rate of youngsters aged 15-24

Persons ('000)

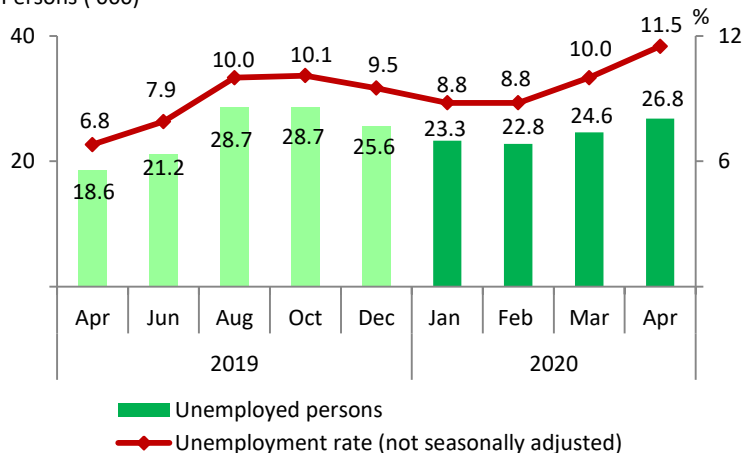


Figure 6 – Duration of the uptrend in unemployment rate in earlier economic crises⁽¹⁾

	Before crisis (%)	Peak (%)	Change (% points)	Duration (months)
Asian financial crisis (Jan 1998 - Feb 1999)	2.2	6.4	4.2	14
Outbreak of SARS (Apr 2003 - Jun 2003)	7.5	8.5	1.0	3
Global financial crisis (Sep 2008 - Aug 2009)	3.3	5.5	2.2	12
COVID-19 (Feb 2020 -)	3.4	-	-	-

Notes: (1) It refers to months with continued rise in seasonally adjusted unemployment rate, including plateau periods.

Highlights

- To pre-empt further lay-offs, the Government announced the Employment Support Scheme ("ESS") under the second round of Anti-epidemic Fund ("AEF") in April 2020. Monthly wage subsidies covering 50% of the monthly income of each employee (subject to a subsidy ceiling of HK\$9,000) will be paid to employers for six months till November 2020. In return, employers need to spend all the subsidies on wage payment and undertake not to reduce their workforce during the subsidy period. Targeting to provide job protection to some 1.8 million employees (i.e. 48% of total employment), ESS is the largest expenditure item in AEF, costing HK\$81 billion and taking up 54% of the overall value (Figure 4).
- Grim job prospects of inexperienced full-time students graduating from eight publicly-funded local universities (amounting to over 20 000 this summer) are also a matter of social concern, as the unemployment rate for youngsters aged 15-24 has already hit a double-digit level of 11.5% by February-April 2020 (Figure 5). In response, the Government has pledged to hire 5 000 youth interns this year. Also, some of the 30 000 time-limited jobs to be created in the coming two years at a cost of HK\$6 billion may help fresh graduates as well.
- There are public concerns over the duration of manpower adjustment due to COVID-19. Three earlier economic crises can act as a broad reference. It is noted that the uptrend in unemployment rate lasted for 14 months during the Asian financial crisis in the late 1990s, followed by 12 months during the global financial crisis in 2008-2009 (Figure 6). The respective period of manpower adjustment upon the outbreak of Severe Acute Respiratory Syndrome ("SARS") was shorter at just around three months in 2003, partly because of quick settlement of the epidemic and the launch of Individual Visit Scheme for travelers from the Mainland.

Data sources: Latest figures from Census and Statistics Department, Chief Secretary for Administration's Office and Social Welfare Department.

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