

Trends In The Labour Market of St Lucia 2004 - 2006

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During the first four quarters of 2005 the average unemployment rate in St Lucia stood at 18.7%, a reduction of approximately 2.3% when compared to the first three quarters of 2004. This represents an average of 15,880 persons unemployed over the first three quarters of 2005. Given that the economy of St Lucia tends to be more buoyant in the last quarter of the year, it is expected that for full year 2005 the unemployment rate will fall further and show a decline in excess of 2.5% over the average unemployment rate recorded in 2004 of 21%.

Table: Unemployment Rates for 2004 - 2006

Period	Labour Force	Unemployed	Unemployment Rate	Three Month Moving Average Unemployment Rate
4th Quarter 2004	80,600	14,700	18.2%	
1st Quarter 2005	80,340	16,800	20.9%	19.6%
2nd Quarter 2005	77,940	13,670	17.5%	19.2%
3rd Quarter 2005	83,590	17,240	20.6%	19.1%
4th Quarter 2005	81,720	12,790	15.6%	18.1%
1st Quarter 2006	81,150	12,410	15.3%	15.5%
2nd Quarter 2006	82,640	13,900	16.8%	16.1%
3rd Quarter 2006	80,200	13,790	17.2%	17.0%
4th Quarter 2006	88,110	12,090	13.7%	15.5%

Source: St Lucia Statistical Department

The main driver for the decline in the unemployment rate is growth in the number of employment opportunities available in the Hotels and Restaurants and the Construction Sector, with employment in hotels and restaurants skewed towards the employment of women by a factor of two women to every one man employed and a factor of six men to every one woman employed in the construction sector. The Hotels and Restaurants sector added approximately 3,500 employed persons while the Construction sector added approximately 2,500 persons. While this is a healthy development, it must be sustained since the situation can be reverse due to the cyclical nature of Construction activity will be sustained up to 2007 and the fickle nature of the tourism sector.

For the first time quarterly employment statistics for the 2nd and 3rd quarter of 2005 are indicating that the numbers of persons employed in the Hotels and Restaurants Sector has surpassed the agriculture sector, recording in the third quarter a total of 8,980 persons employed when compared to 7,460. The construction sector employed approximately as many persons as did the Agriculture Sector in the 3rd Quarter of 2005.

There are two major factors influencing the labour market of St. Lucia. The first of these influences can be described as the “demographic transition”. The effect of this is particularly relevant to the labour market generally and more specifically to the level of unemployment since it impacts most heavily the youth. The “demographic transition” can be seen by examining the data on births ten to twenty years ago and the relation between the end of that “boom baby” period (1985 – 1995) when births averaged approx 4000 and what has happened to the unemployment rate particularly amongst the young 15 to 24 years who were born during the end of the “boom baby” period. For the past five years the average number of births has been approximately 2,500, however the numbers of young persons entering the labour market will remain at about 3500 to 4000 for several years to come and there will be continued pressure in the labour market due to this demographic phenomena. Unemployment amongst persons 15 – 24 years is approximately 37%.

The second major influence on the labour market has been the contraction of the Agriculture Sector. The level of employment in the sector has fallen from approximately 12,000 in the 1990’s to 7460 in the third quarter of 2005 an almost 60% contraction. Not only is the sector now unable to employ the youth but it has adversely impacted the employment opportunities available for older persons. While the construction sector is able to absorb some of the younger of these persons there are likely to be adverse consequences of this for the older persons displaced from the industry.