**LABOUR FORCE PARTICIPATION**

Labour force participation rates in 2017 were on average somewhat lower in Asia/Pacific economies (60.7) than in OECD countries (62.3), see Figure 4.1. In 2017, the highest labour force participation rates were recorded for China, Kazakhstan, Macau, New Zealand and Viet Nam at over 70%. The rates were below 55%, in India, Lao PDR, Pakistan, Samoa, Sri Lanka and Timor-Leste. Labour force participation rates are diverse across Asia/Pacific economies and by age group.

Considering labour force participation rates by age, in many Asian/Pacific countries labour force participation rates among older workers are relatively close to those for the total population, while rates for younger workers are significantly lower: on average across the region participation rates are 56% for older workers (55-64) and 41% for younger workers (15-24) in 2017. Exceptionally, younger workers in Cambodia and Myanmar have higher labour force participation rates than older workers.

Looking ahead, OECD projections show that – if male and female labour participation rates by five-year age groups follow the “baseline” scenario – the labour force will decrease by almost 10% by 2025 in Japan, with further declines anticipated up to 2040. Korea shows a similar pattern after 2015 (Figure 4.2). By contrast, Australia, India, Indonesia and New Zealand are likely to see the size of the labour force increase over the next few decades. Assuming trends follow the baseline scenario, Australia, India and Indonesia could see the labour force grow by roughly 30% by 2040, and New Zealand sees increases of less than 20%.

G20 countries have committed to reduce the gender gap in labour force participation rates by 25% by 2025, relative to the gender gap in labour force participation rates in 2012. This scenario would have a significant effect on the size of the labour force in several countries, especially India, where the labour force could potentially grow by another 138 million by 2040. Gains are likely to be smaller in Australia, Japan and New Zealand, largely because current trends are such that they are already expected to come close to the “25% by 2025” target under the baseline scenario (Figure 4.2).

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**Definition and measurement**

The labour force participation rate is a measure of the proportion of a country’s working-age population (15 and more) that engages actively in the labour market, either by working or looking for work for at least one hour in the reference week. It provides the relative size of the supply of labour available to engage in the production of goods and services. Data was taken from the ILO’s Key Indicators of the Labour Market (KILM) database for non-OECD countries.

The labour force projections presented here are based on population projections for persons aged 15-74 years and current rates of labour market entry and exit. The model is a dynamic age-cohort model that projects future labour participation by gender and five-year age-group. Three scenarios are considered, and based on OECD population data and the OECD Employment Database.

1. Baseline: In many countries, there has been a trend increase in the participation of women which has offset a decline in participation rates for men, and there have been different trends by age. Rather than assuming fixed participation rates, the baseline scenario uses current (2007-16) rates of labour market entry and exit to project participation rates by gender and five-year age group over the period to 2040.

2. Gender gap reduced by 25% by 2025, and halved by 2040: Male participation rates are held at the baseline, and female participation rates projected so that the gender participation gap in 2025 is 25% smaller than the gap observed in 2012, and the gap in 2040 50% lower than in 2012.

3. Gender gap halved by 2025, and closed by 2040: Male participation rates are held at the baseline, and female participation rates projected so that the gender participation gap (within each five-year age group) in 2025 is 50% smaller than the gap observed in 2012, and by 2040 is closed completely.
Figure 4.1. **Labour force participation rates are diverse across Asia/Pacific economies and by age group**

Labour force participation by age group, 2017 or the earliest

Source: ILO, Key Indicators of the Labour Market (KILM) and OECD Employment database.

![Graph showing labour force participation rates by age group across Asia/Pacific economies.]

Figure 4.2. **Labour force projections, selected countries, 2016–40**

Projected number of persons aged 15-74 in the labour force, thousands

Note: The labour force projections are based on population projections for persons aged 15-64 years, by five-year age groups, and labour force participation data from the OECD Employment Database (www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm).


![Graph showing labour force projections for selected countries from 2016 to 2040.]