

EU Employment and Social Situation Quarterly Review

June 2013

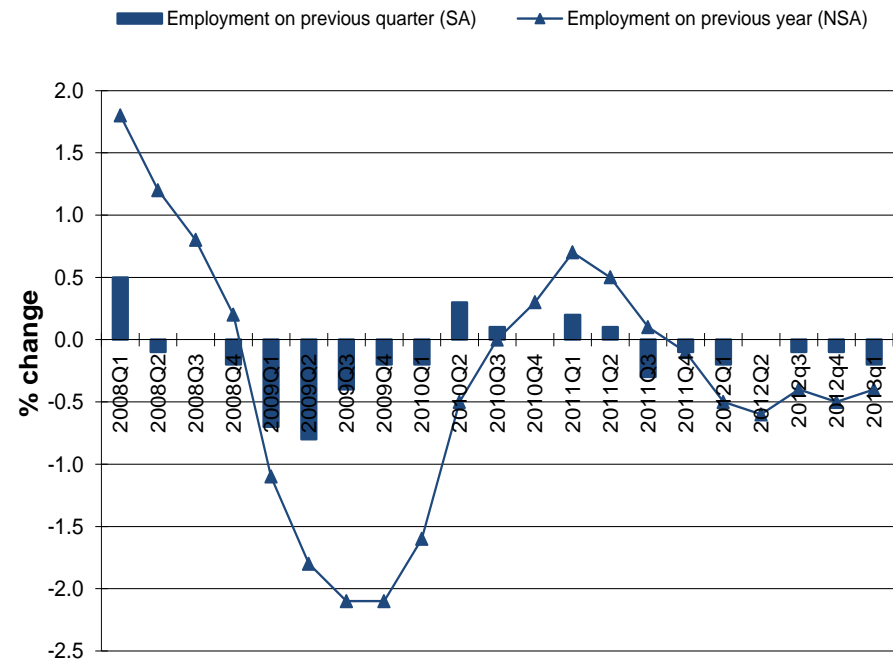
10 Key facts and figures

EMPL A1-A2

1. Six quarters of falling EU employment

- Employment at EU level down since mid-2011 (-0.2% q-o-q and -0.4% y-o-y in 2013q1)
- Positive developments seen only in part-time work
- Job-finding rate has decreased further to 11.4% in 2012q4
- Job separation rate has stabilised at 0.9% in 2012

Chart 1: Change in total EU employment in the 2008q1 – 2013q1 period

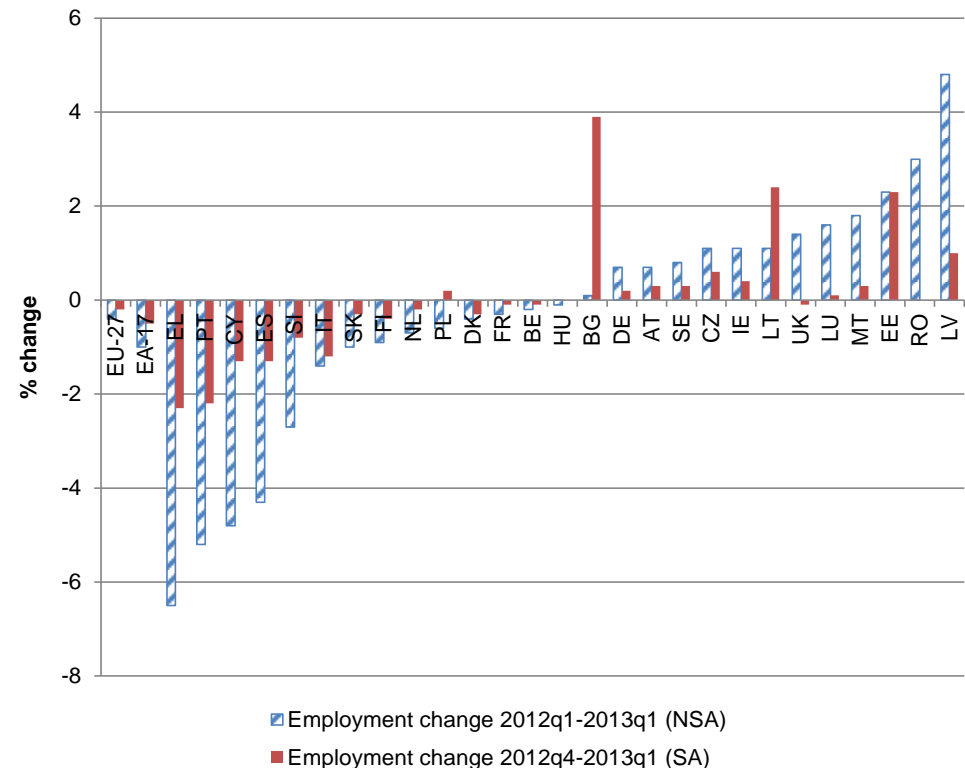


Source: Eurostat, national accounts [namq_nace10_e].

1. Six quarters of falling EU employment (2)

- Employment decline more marked in the EA: -1% since 2012q1, vs -0.4% in EU-27
- Steepest falls in Spain, Greece, Portugal and Cyprus (> 4% fall y-o-y)
- Significant rises were noted in the UK, Germany, Romania and Baltic countries
- Nearly 3 jobs in 100 disappeared with crisis; major differences across sectors...

Chart 2: Change in total employment in the EU, the euro area and in Member States between 2012q1-2013q1, 2012q4-2013q1

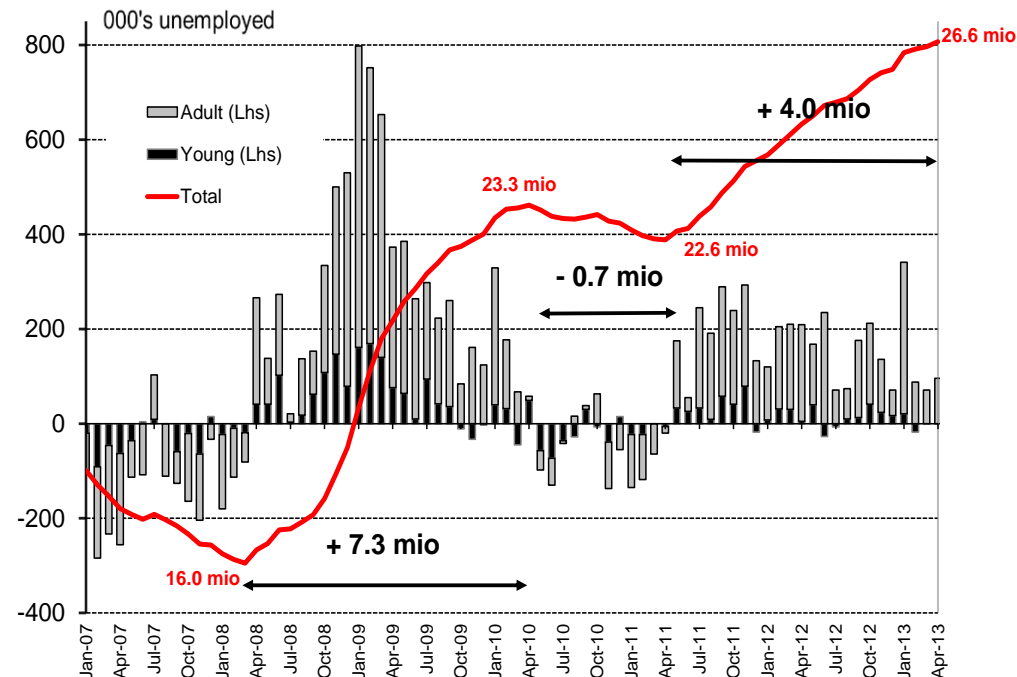


Source: Eurostat, national accounts [namq_nace10_e].

2. Unemployment at an all-time high

- 4 million more unemployed over past 2 years (+10 mln since '08)
- Unemployment rose further in April, to 26.6 mln in EU, 11% of active pop. / 19.4 mln in EA, 12.2% of act. pop.
- Acceleration in the EA, marked in southern MS
- Long-term unemployment peaking at 11.6 mln, 4.9% active population

Chart 3: Monthly change in youth, adult and total unemployment in the EU (Jan 07–Apr 13)

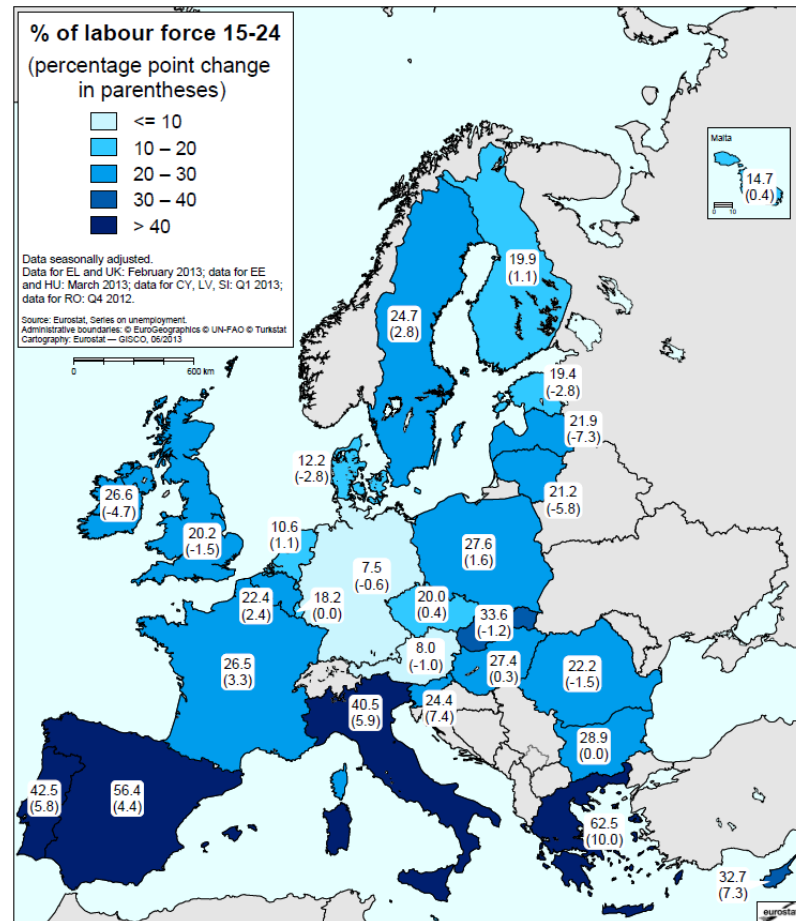


Source: Eurostat, series on unemployment. Data seasonally adjusted [une_nb_m].

3. Situation of youth remains very serious

- Youth unemployment at a high: 5.6 million, 23.5% in April (24.4% in EA)
- Reaching extremes at the periphery of the EA / EU
- Long-term unemployment at a high for young people: 7.7% of active youth in 2012q4
- Serious risks for the young generation: rising inactivity (esp. for less-educated on temp. and/or full-time contracts) and NEETs phenomenon

Chart 4: Youth unemployment rates and y-o-y changes, April 2013

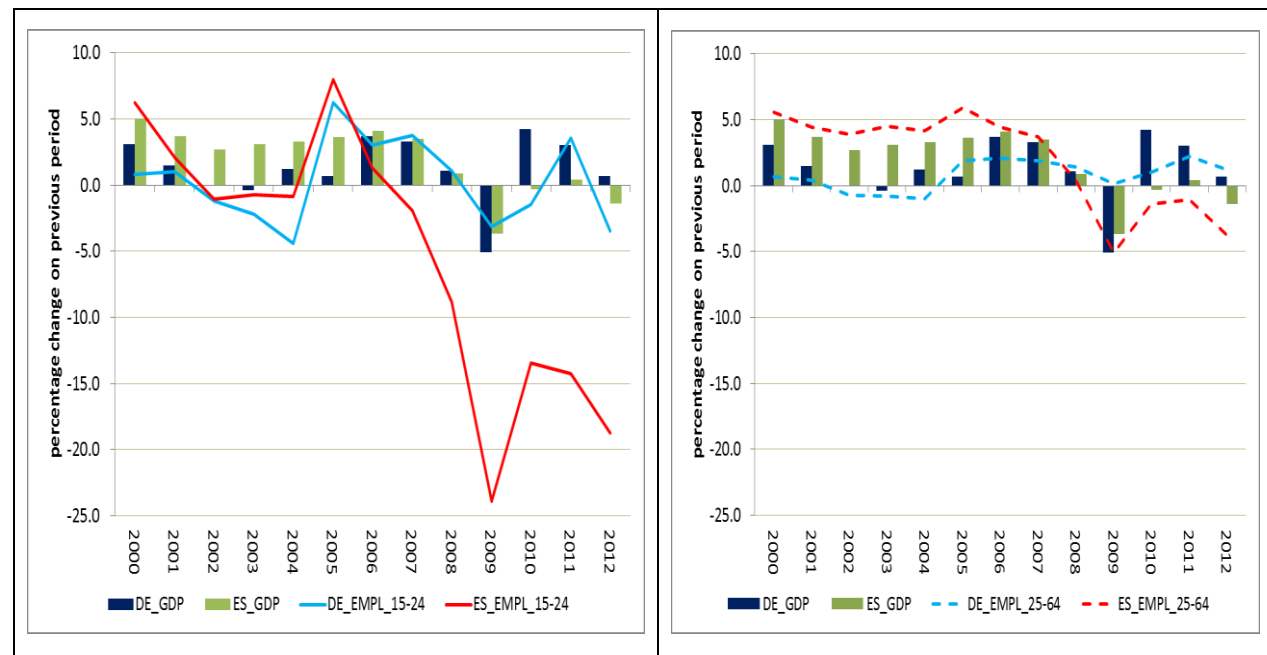


Source: Eurostat, Series on unemployment.

4. Youth labour market adjustment and temporary contracts

- Young people face elastic labour demand
- Post crisis youth LM adjustment differs among Member States
- The difference is partly attributable to the role temporary contracts play on the LM

Chart 5: GDP growth and employment growth among the young (15-24) and adult (25-64) cohorts in Germany and Spain



Source: Eurostat; national accounts. GDP and main components - volumes [nama_gdp_k]; employment by sex, age and nationality (1 000) [lfsa_egan].

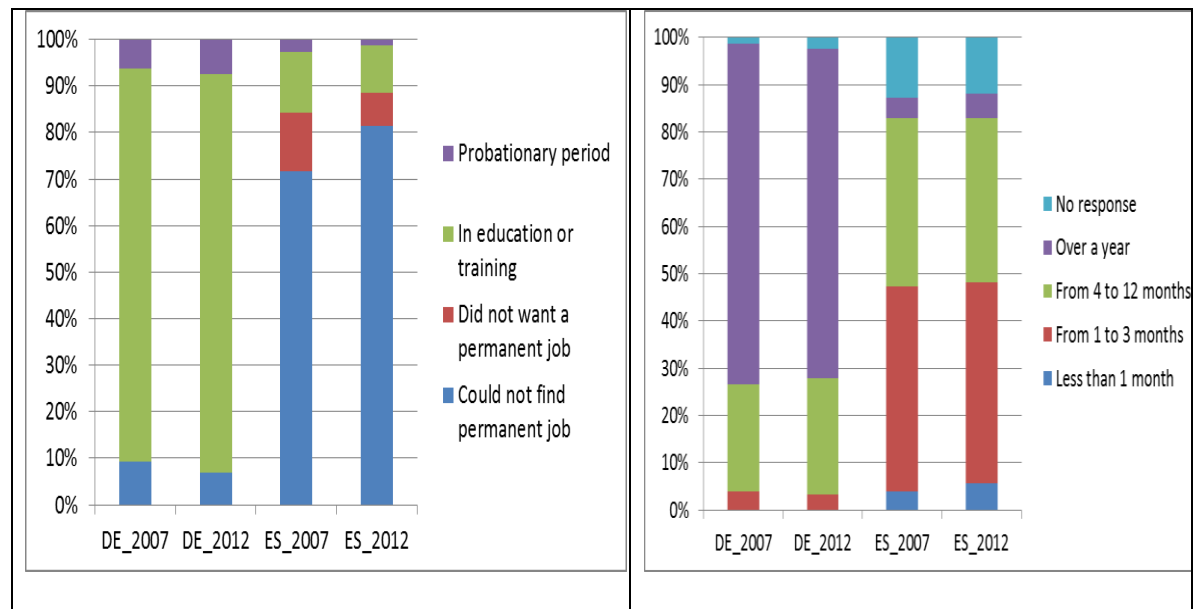
4. Youth labour market adjustment (2)

Role of temporary contracts matters

DE: mostly education and training purposes with long duration – reflecting the strong dual apprenticeship system

ES: mostly involuntary – suggesting temporary contracts are used by companies as flexibility tools to counteract rigidity of permanent contracts

Chart 6: Reasons for temporary employment and duration of temporary work contract for young people (age 15-24) in Germany and Spain for selected years



Source: Eurostat, Main reason for the temporary employment - Distributions by sex and age (%) [Ifsa_etgar]; DG EMPL calculation based on Eurostat, Temporary employees by sex, age and duration of the work contract (1 000) [Ifsa_etgadc].

4. Youth labour market adjustment (3)

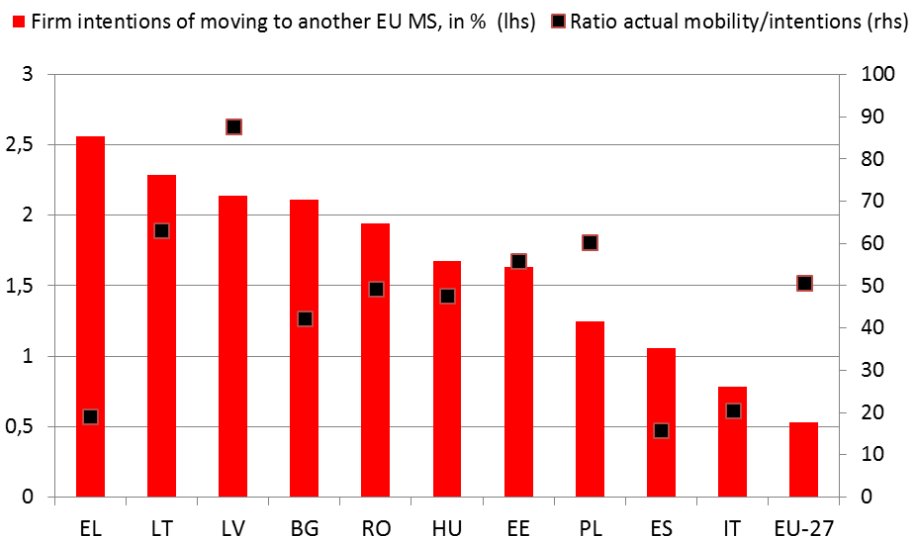
Other country examples support this assumption

- *Austria, Denmark, Switzerland:*
 - * *more subdued post crisis youth LM adjustment*
 - * *strong apprenticeship systems reflected by:*
 - * *temporary contracts mostly for education/training purposes and lasting over a year*
- *Poland and Italy:*
 - * *more intense post crisis youth LM adjustment*
 - * *large share of involuntary temporary contracts lasting mostly less than a year*

5. Recent trends in intra-EU mobility

- (Partial) recovery in mobility flows compared to onset of crisis
- Strong increase from South...
- ...but most still come from East

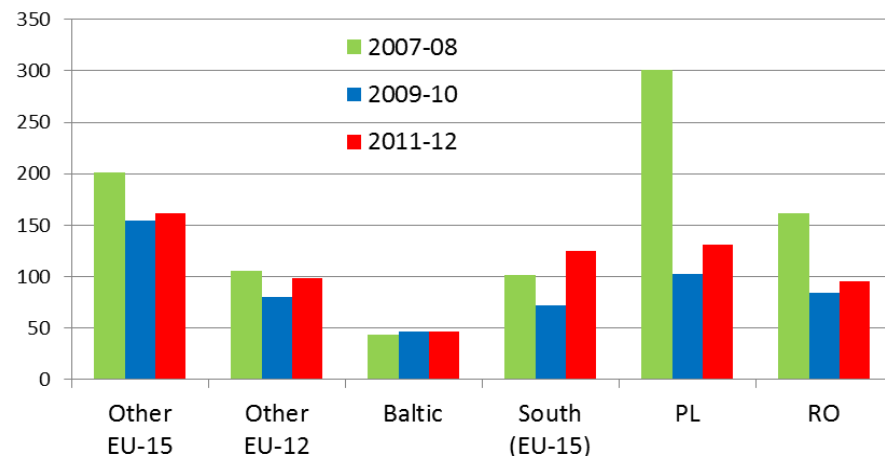
Chart 8: Top 10 countries in terms of 'firm mobility intentions' and ratio actual mobility outflows / intentions (2011-12)



Source: Gallup World Surveys (2011-12), Eurostat, LFS 2012 and DG EMPL calculations.

Note: 'actual mobility' rate based on flows over last two years.

Chart 7: Recent (< 2 years) intra-EU movers (econ. active) by origin, in thousands



Source: Eurostat, LFS and DG EMPL calculations.

- Highest firm intentions in the EU are among southern & eastern MS
- Same countries that recorded strongest increase since 2008-10...
- ...but actual mobility from the South is limited (w/r to intentions)

5. Recent trends in intra-EU mobility (2)

Chart 9: Immigration rate (in % of total population), 2008 and 2011

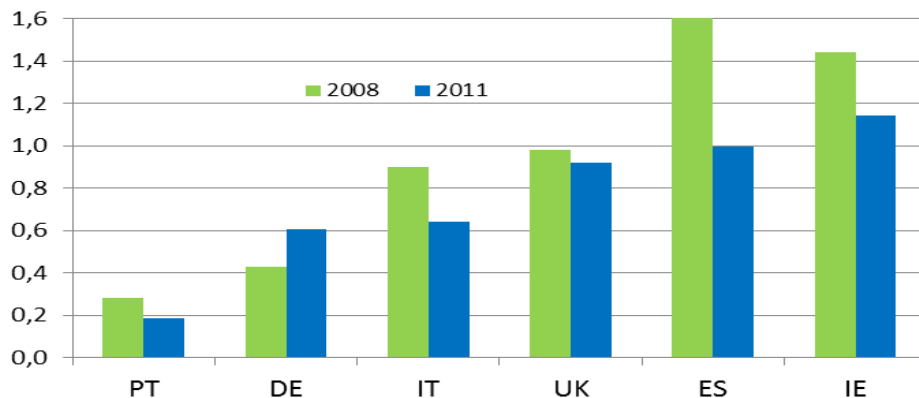
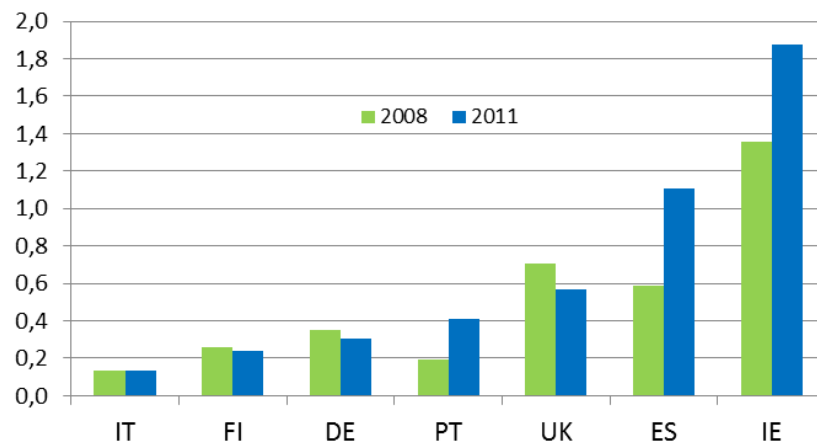


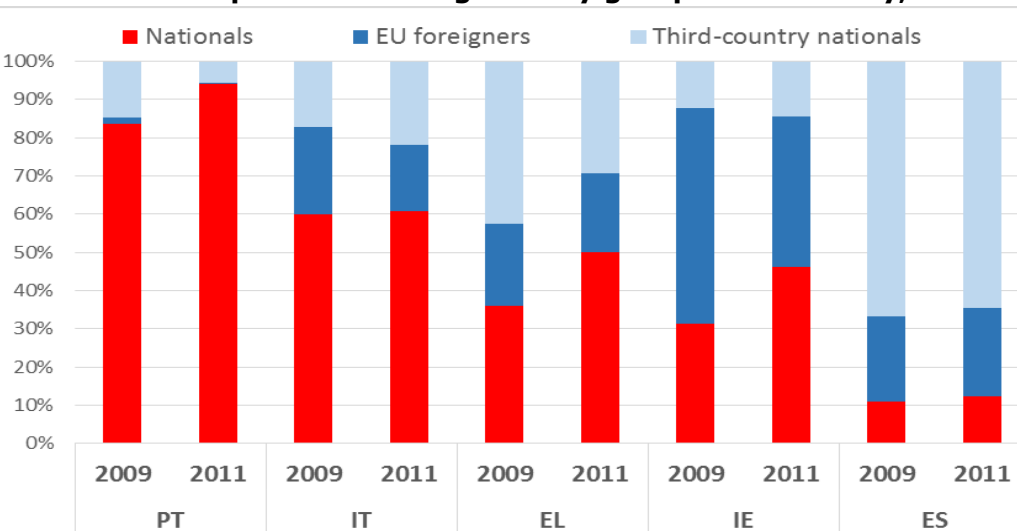
Chart 10: Emigration rate (in % of total population), 2008 and 2011



Source: Eurostat and DG EMPL calculations.

- Changes in inflows/ outflows in line with LM situations
- Sharp increase in emigration in PT, ES and IE...
- ...but many emigrants are foreigners rather than nationals
- Low emigrat^o rate for nationals

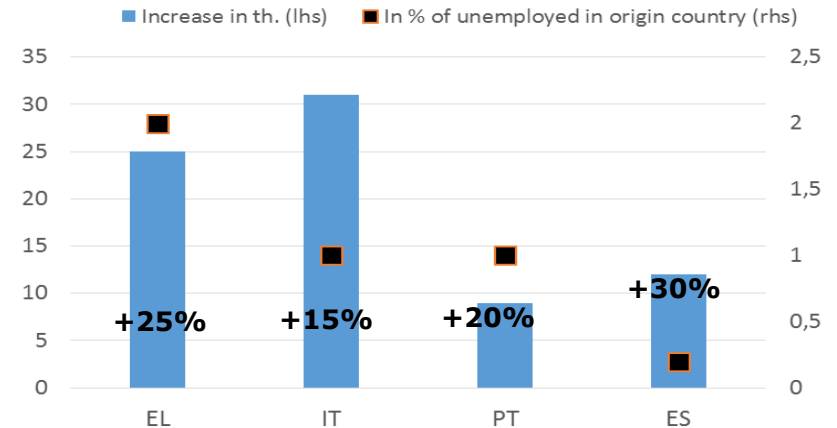
Chart 11: Composition of emigrants by group of nationality, 2009



5. Recent trends in intra-EU mobility (3)

- Strong increase in southern EU workers to Germany, in % terms
- ...but limited and << than EU-8
- and small compared to unemployed in South countries

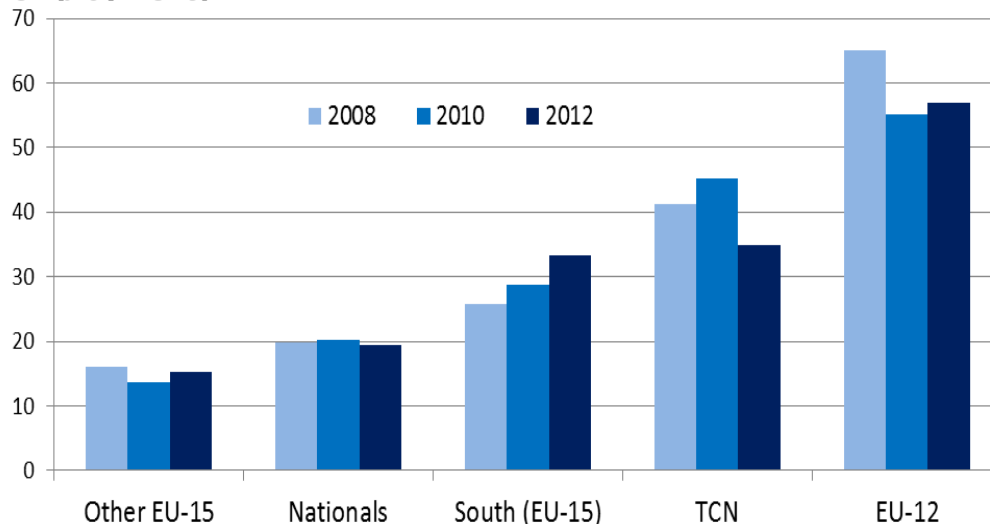
Chart 12: Increase in number of southern workers in Germany over 2010-13 (in th.) and % in total unemployed in origin country



Source: BAfA, social security data and Eurostat, LFS and DG EMPL calculations.

- 3/5 of Southern movers are highly educated (vs 1/5 among unemployed in South)
- increase in over-qualification
- though highest rate is among eastern movers (>T.C.N.) with more than 50%

Chart 13: Over-qualification rate among recently established foreigners by group of nationality (in % of all highly educated in employment)

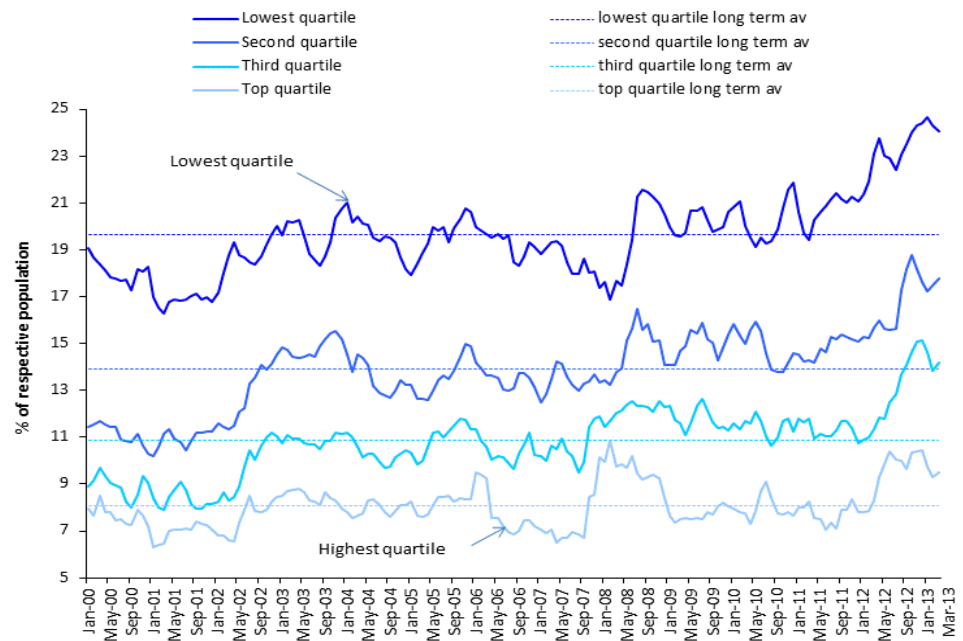


Source: Eurostat, LFS and DG EMPL calculations.

6. Households' reported financial distress remains high but has eased recently

- Share of EU pop. reporting households face fin. distress has eased slightly recently but remains well above previous decade's levels
- Declines in distress less evident for low-income households
- Declines observed for most MS, most notably in BG, HU and IT > < most significant rises in CY, CZ and IE

Chart 14: Reported financial distress in EU households by income quartile of household (2000-2013)

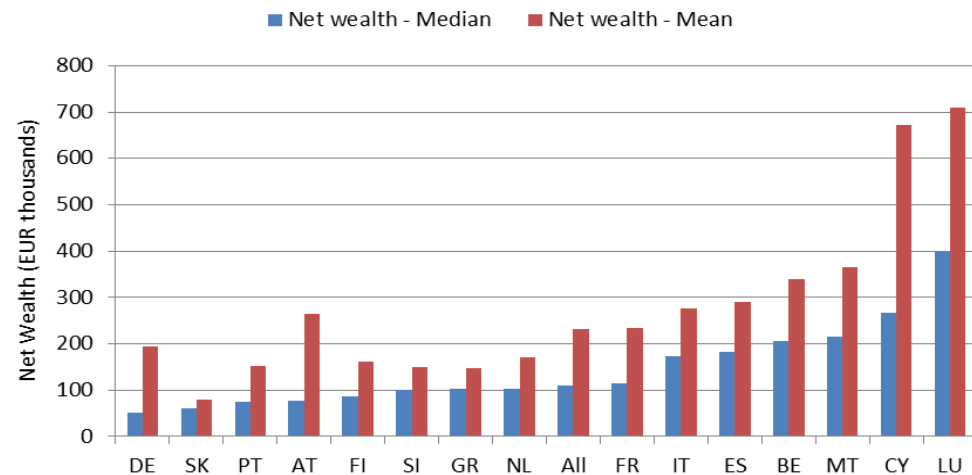


Source: Joint harmonised EU consumer surveys & DG EMPL calculations.

7. Wealth across the euro area: analysis of results from ECB Household Finance and Consumption Survey

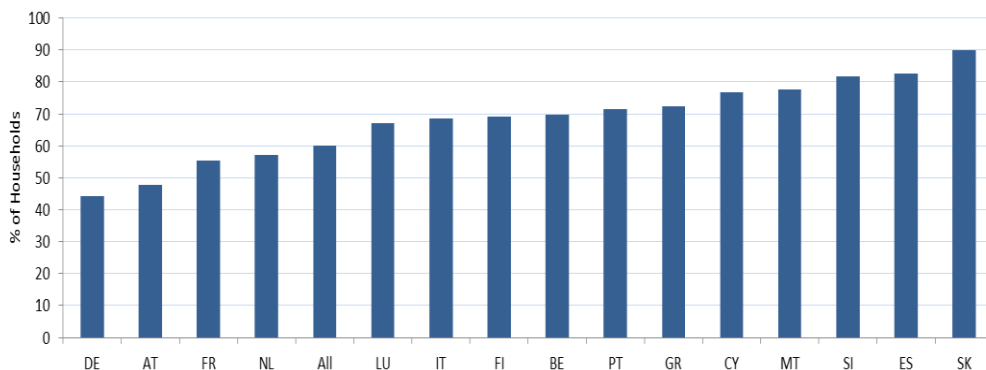
- Strong variation in net wealth across countries (rel low in AT and DE !)
- But depends on specific average

Chart 15: Net wealth by Member State



Source: ECB, HFCS.

Chart 16: Percentage of HHs owning their main residence



- Partly reflects variation in home ownership rates (and property values).....

7. Wealth across the euro area (2)

-but also differences in typical household sizes

Chart 17: Composition of households by size

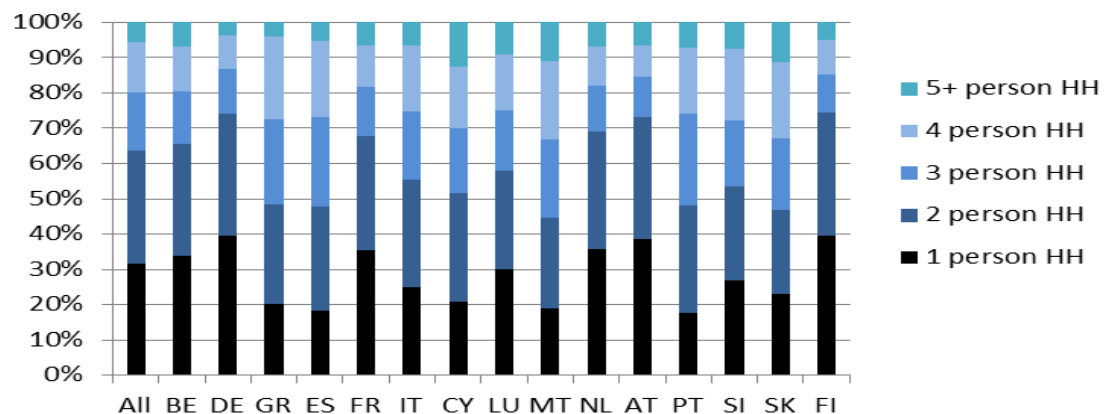
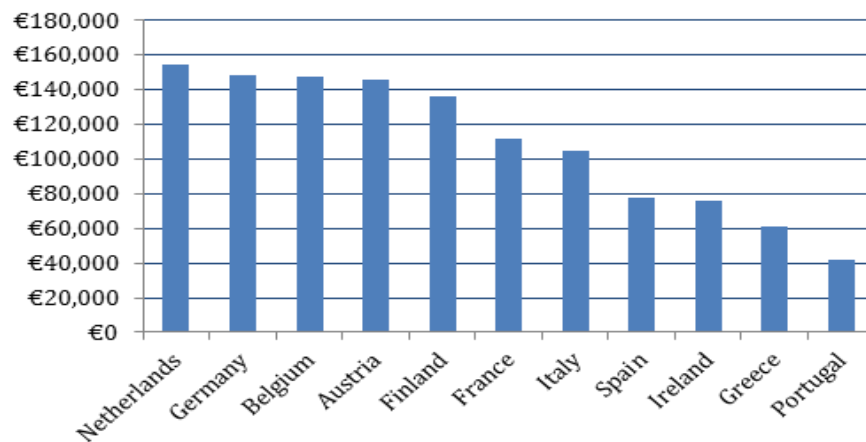


Chart 18: Total capital stock per capita (euro)



Source: ECB, HFCS.

- However, some important aspects not covered in HFCS, esp access to "collective" wealth (public healthcare, social security and pensions)

8. Importance of early childhood education and care

- **Early years potential: "Use it or lose it"**

(Knudsen & al., 2006, Bauchmuller 2013)

- **Long-standing benefits of quality childcare for the child**

NICHD project, US

- **Positive impacts strongest for the most disadvantaged children**

Millenium Cohort Study, Abecedarian Project



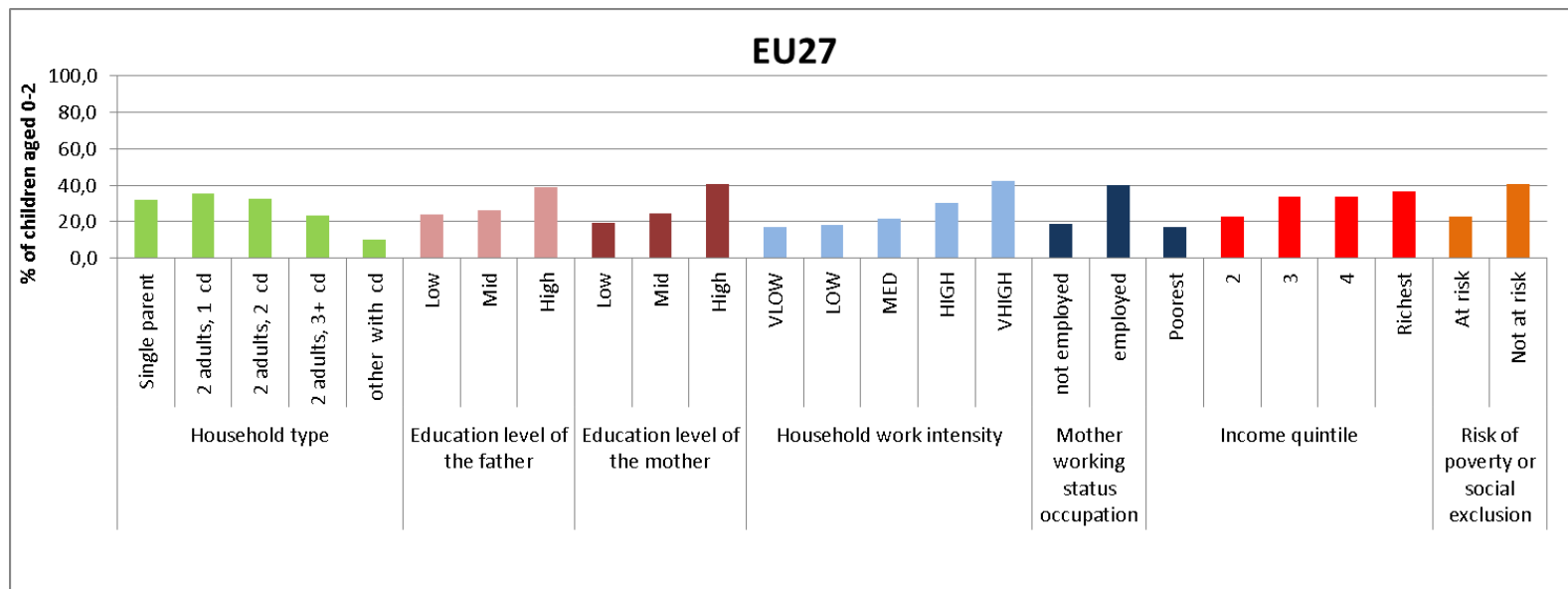
→ Quality childcare can help mitigate inequalities at an early stage & break the cycle of disadvantage

8. Importance of early childhood education and care (2)

However evidence shows that:

- The use of childcare remains below Barcelona Target in Many MS
- Disadvantaged children benefit less from formal childcare

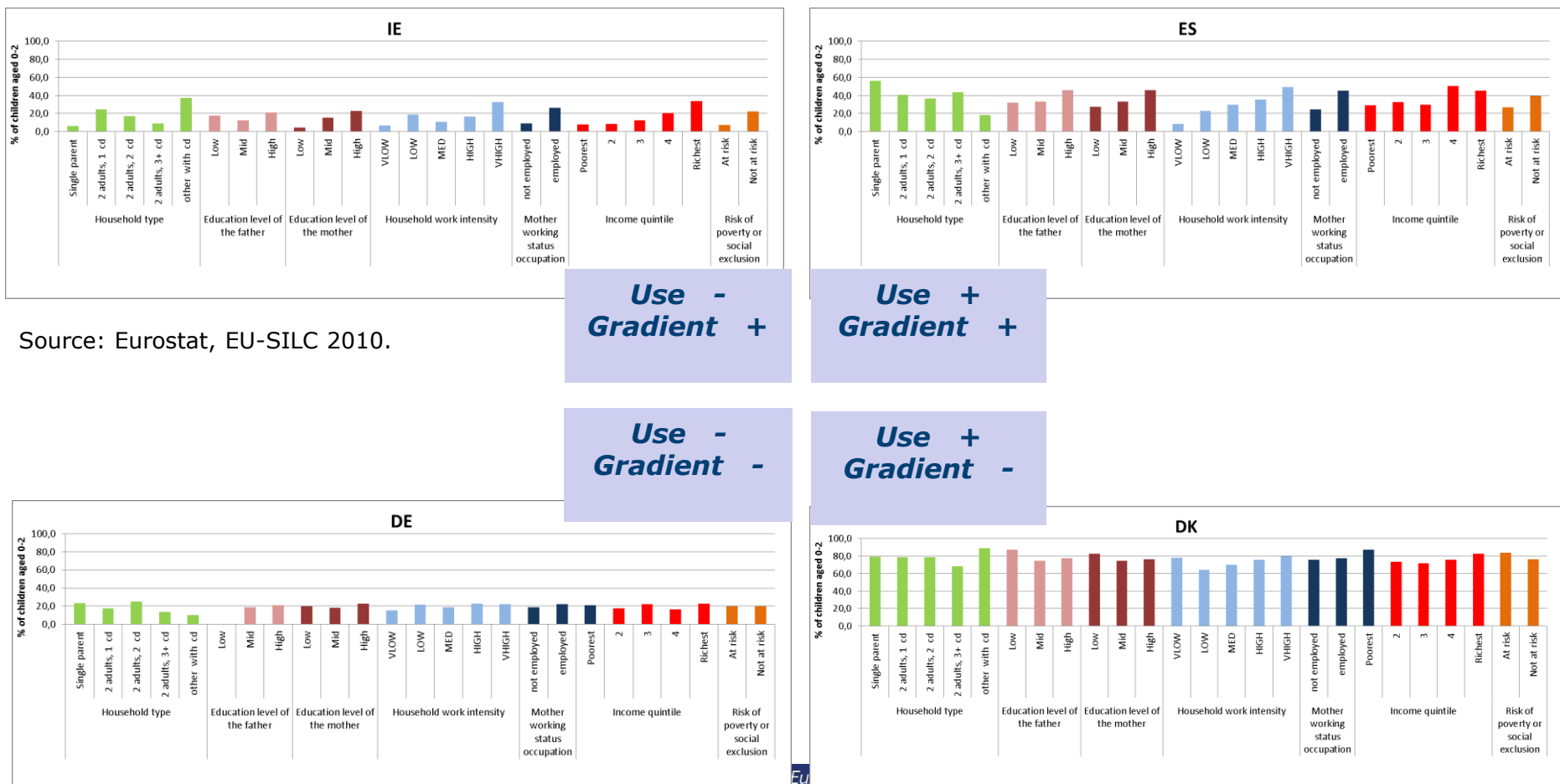
Chart 19: Use of formal childcare for children aged 0-2 across several breakdowns



Source: Eurostat, EU-SILC 2010.

8. Importance of early childhood education and care (3)

Chart 20: Social gradient in the use of childcare in the EU across several breakdowns, 0-2

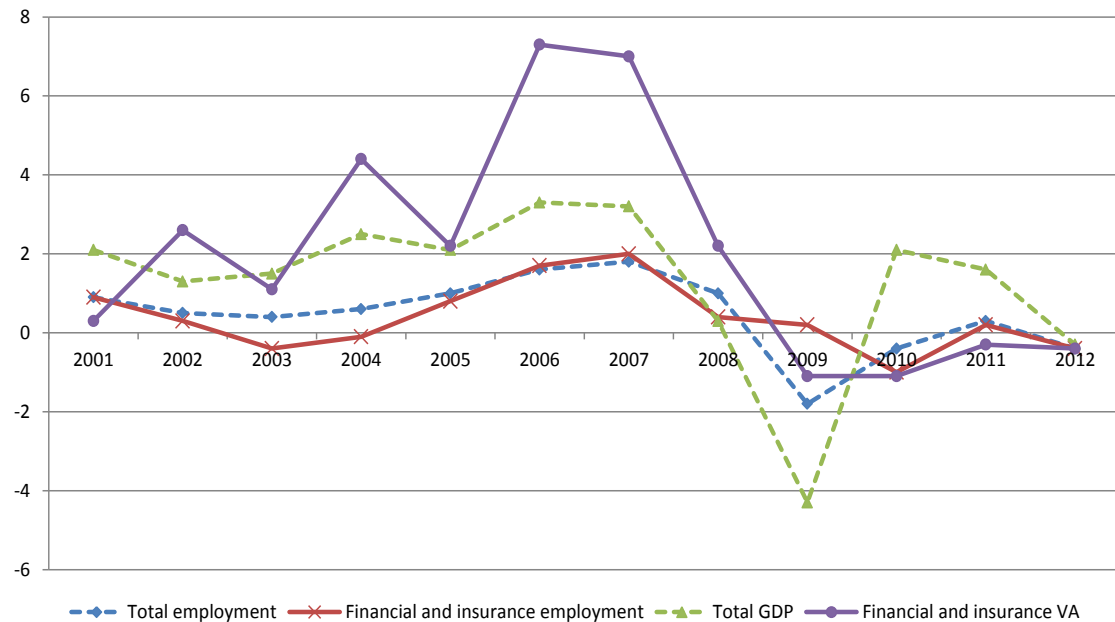


Source: Eurostat, EU-SILC 2010.

9. Financial and insurance activities sector

- Sector at the origin of the crisis
- Years of extravagant growth are over but...
- ... impact on jobs relatively contained compared to total empl.:
-1.1% in 2008-12 period against -2.3% overall
- Regulating the sector is essential to limit excessive risk, restore confidence and stimulate growth

Chart 21: Developments (y-o-y changes) in value added and employment in the EU: total economy vs financial and insurance activities



Source: Eurostat, National accounts.

10. Sentiment and outlook

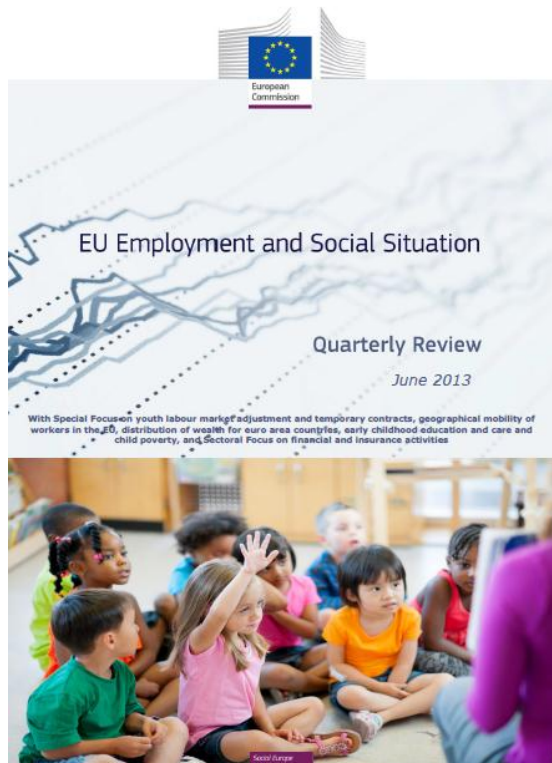
- Overall economic sentiment stuck at low level (see Table 1)
- Employment expectations in industry slightly > long-term avg, but depressed in services and construction
- Unemployment foreseen to remain at very high level into 2014
- This is confirmed by 5th consecutive q-o-q decline in temporary agency work sector, a leading indicator

Table 1: Recent forecasts for growth and unemployment

Institute	date	EU-27				euro area			
		gr. '13	gr. '14	UR '13	UR '14	gr. '13	gr. '14	UR '13	UR '14
IMF	22-Apr	0.0	1.3	NA	NA	-0.3	1.1	12.3	12.3
Commission	03-May	-0.1	1.4	11.1	11.1	-0.4	1.2	12.2	12.1
OECD	29-May	NA	NA	NA	NA	-0.6	1.1	12.1	12.3
ECB	05-Jun	NA	NA	NA	NA	-0.6	1.1	NA	NA

Source: Diverse forecast documents; "gr." is real GDP growth in %; "UR" is the unemployment rate, in % of the active population

Thank you for your attention!



Please consult our [website](#) to download the [report](#), the [press release](#) and the [FAQ](#)

(URL:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1923&furtherNews=yes>)

Any further questions? Please contact EMPL-ANALYSIS@ec.europa.eu