



EU Employment and Social Situation

*Special edition: Annual Overview
September 2013*

Key facts and figures



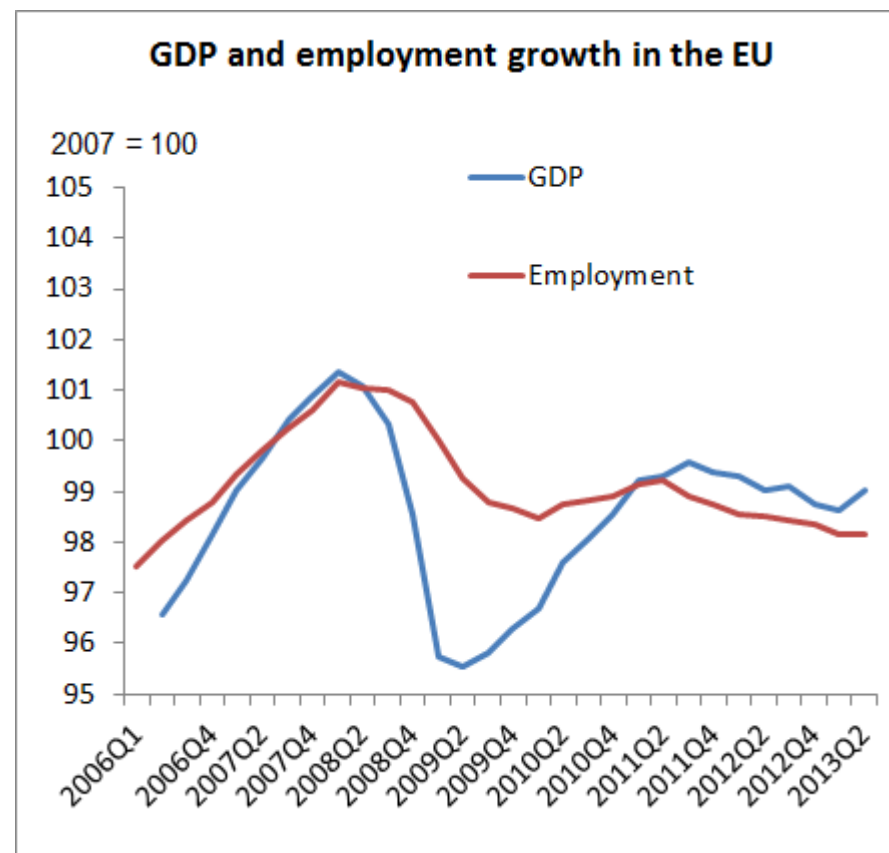
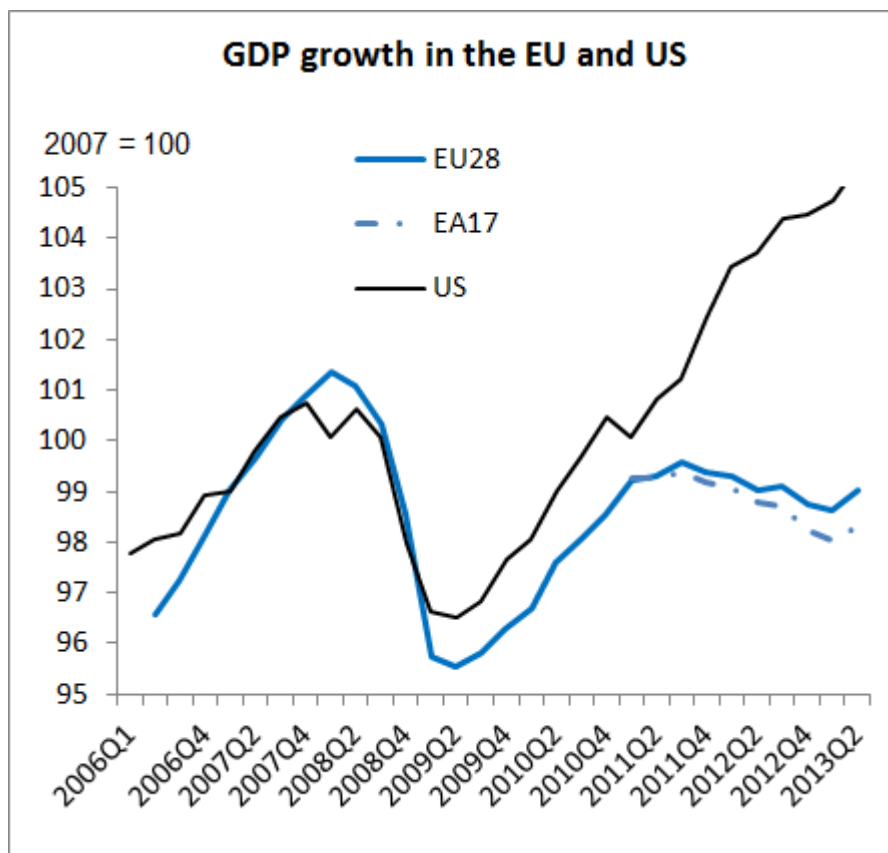
A. Ensuring inclusive and job rich growth

Signs of recovery, but fragile

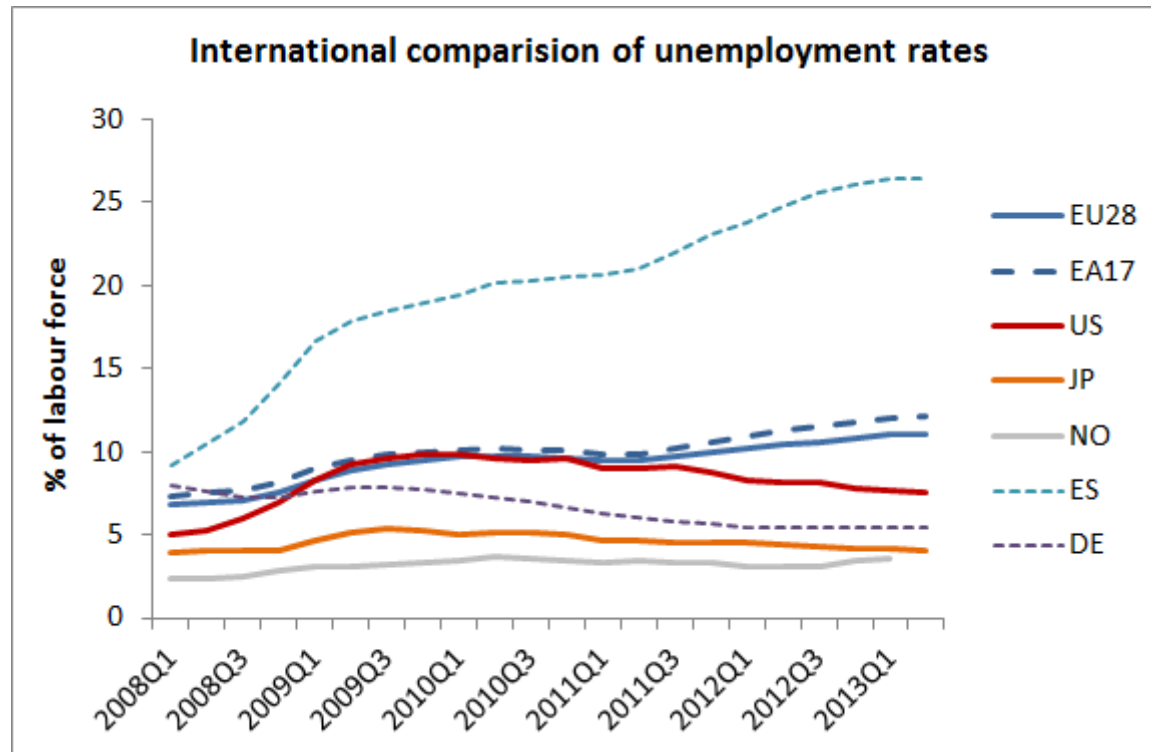
Major challenges remain and need to be addressed

Growth needs to be inclusive and job rich in order to be sustainable

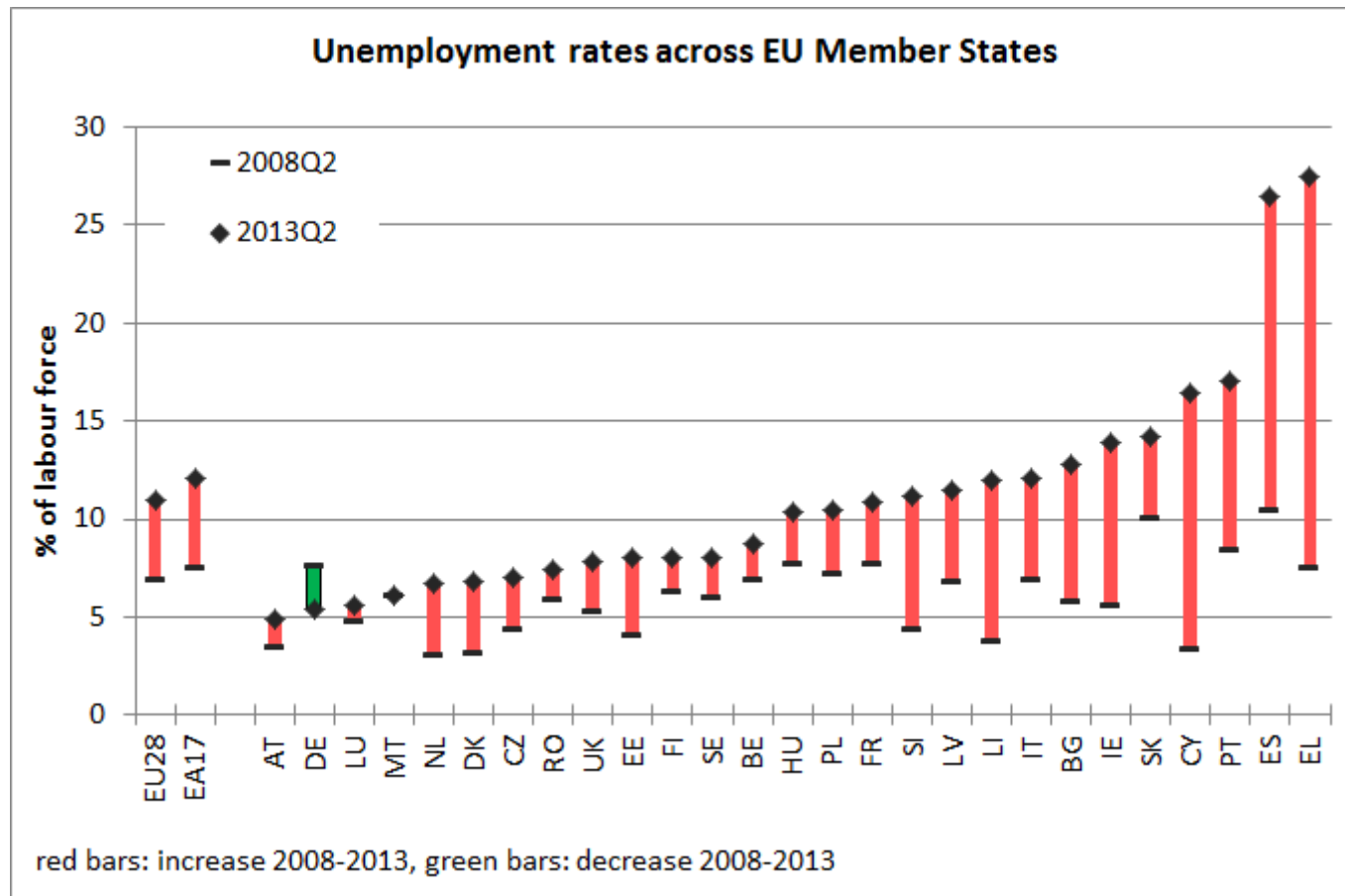
1. Signs of bottoming out after nearly two years of second dip recession in the EU



2. Some recent stabilisation in the EU labour market, continued divergence vs. US since 2011



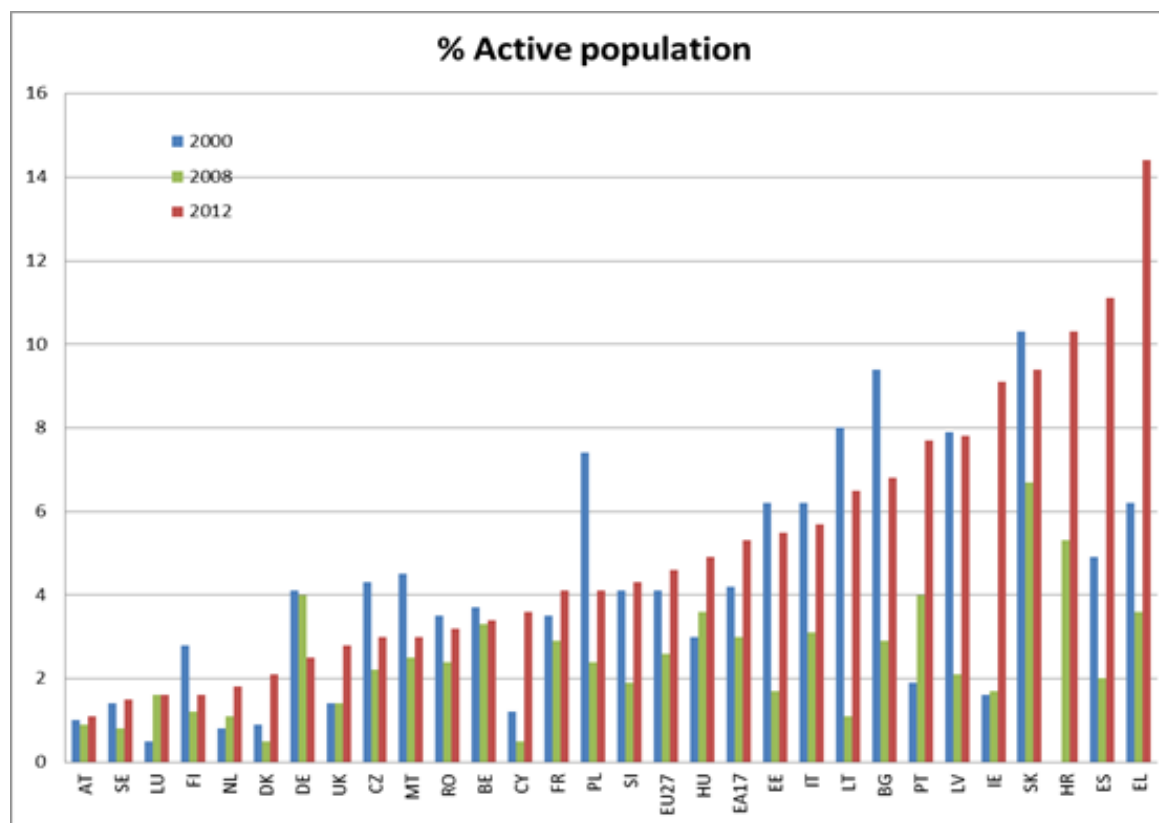
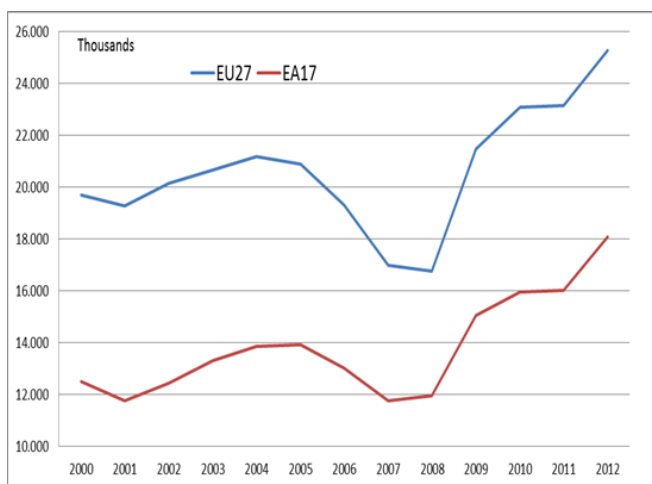
3. Unemployment increased in nearly all Member States



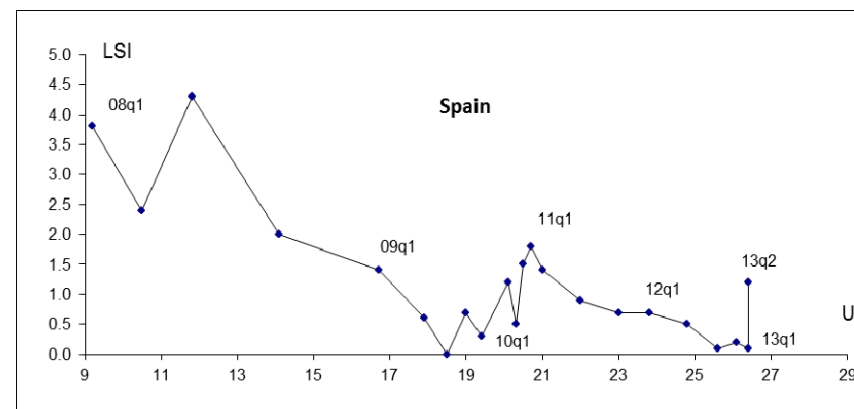
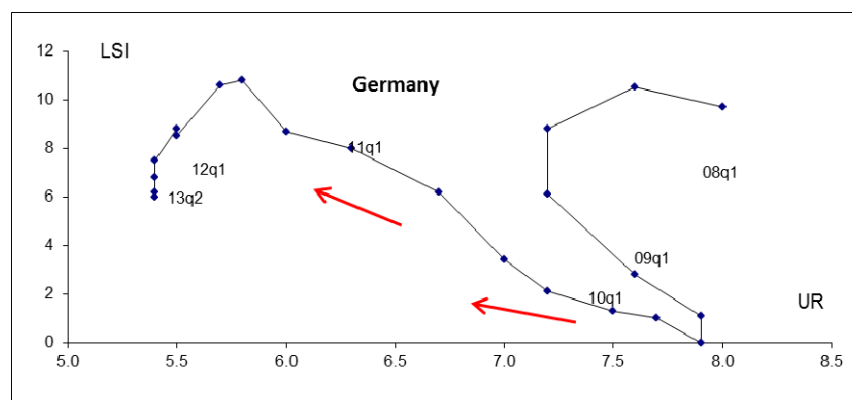
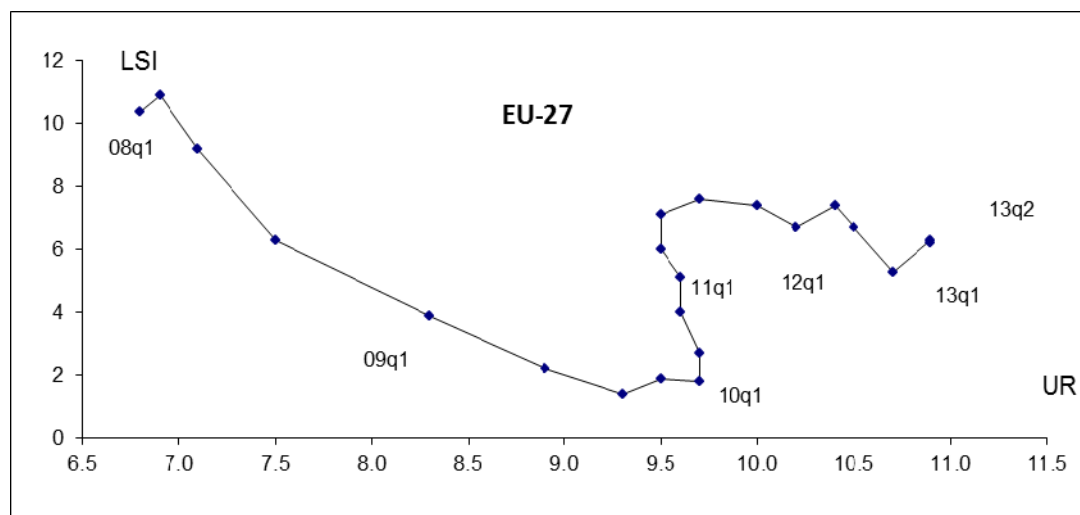


European
Commission

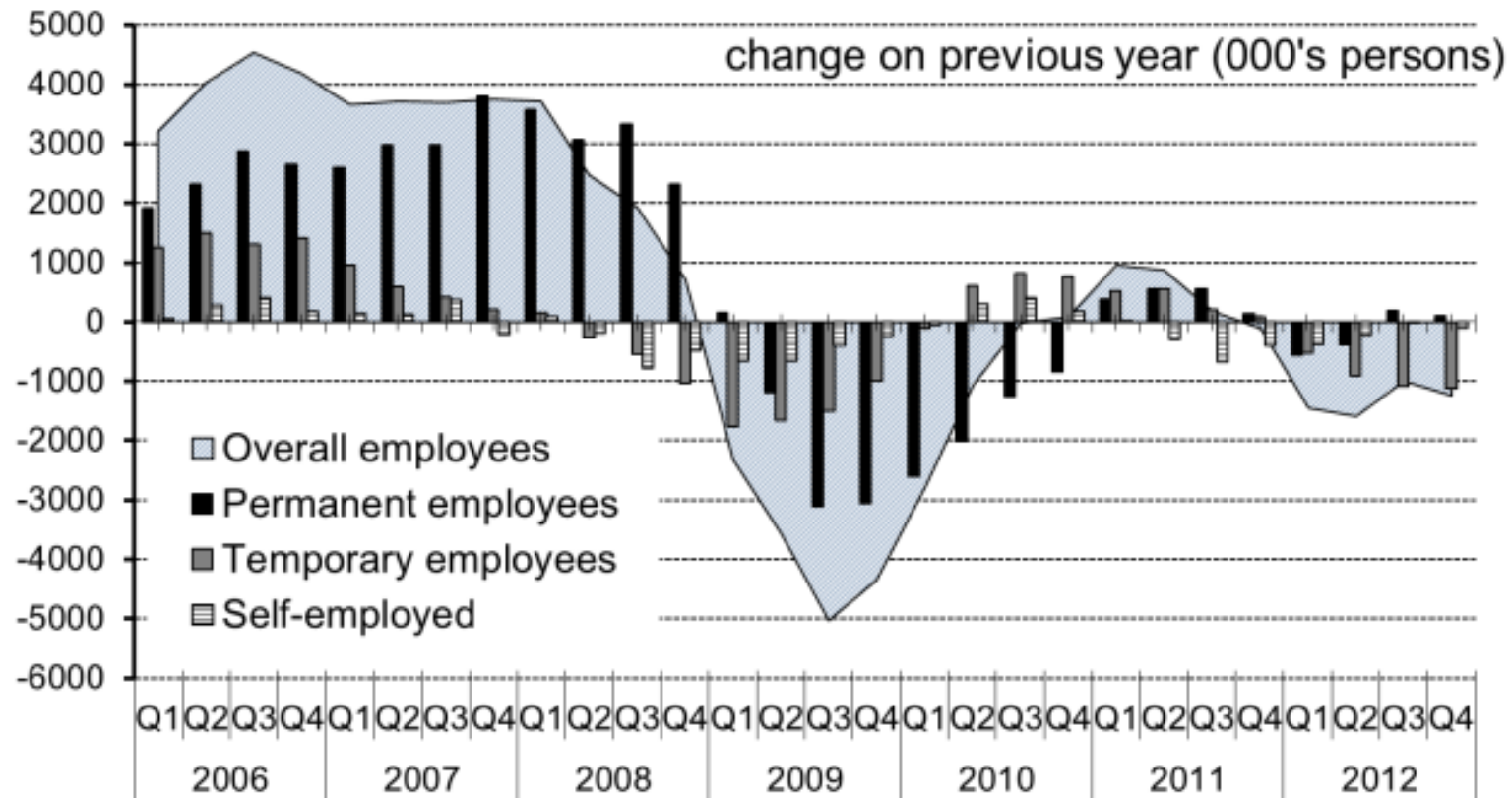
4. Long-term unemployment reached all-time high



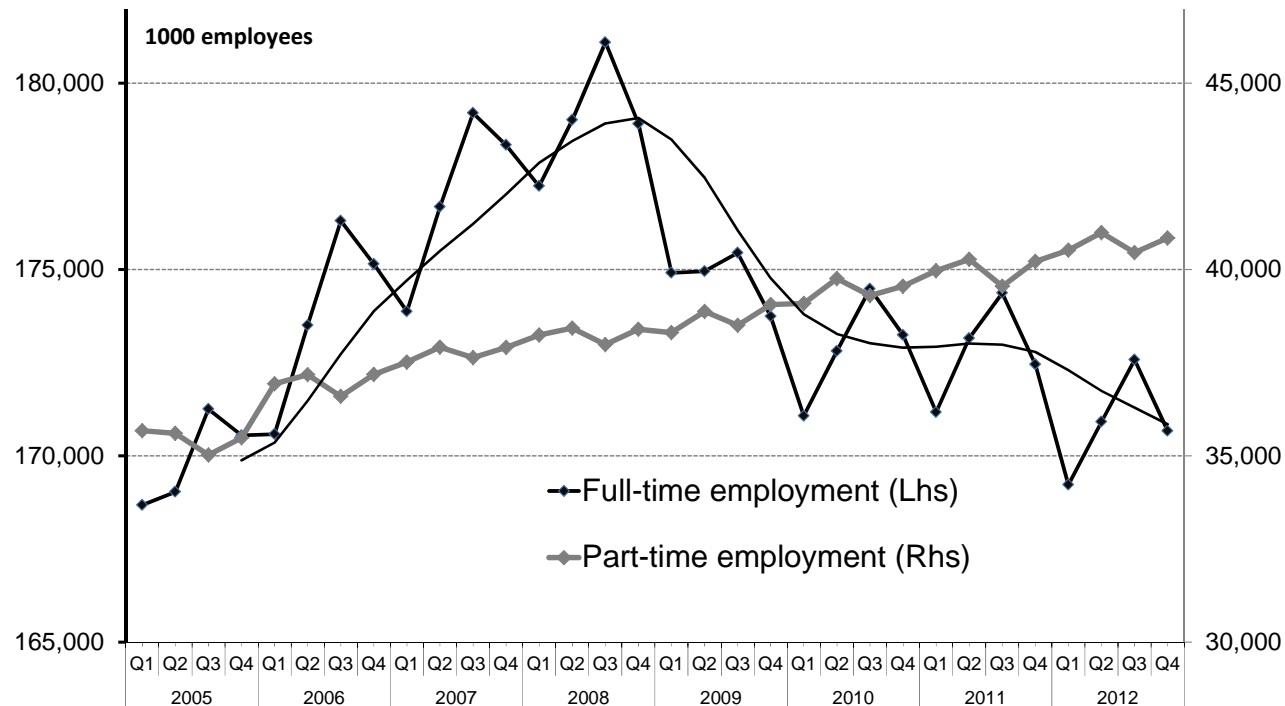
5. Structural unemployment increased signalling labour mismatches



6a. Net job destruction centred on temporary contract jobs

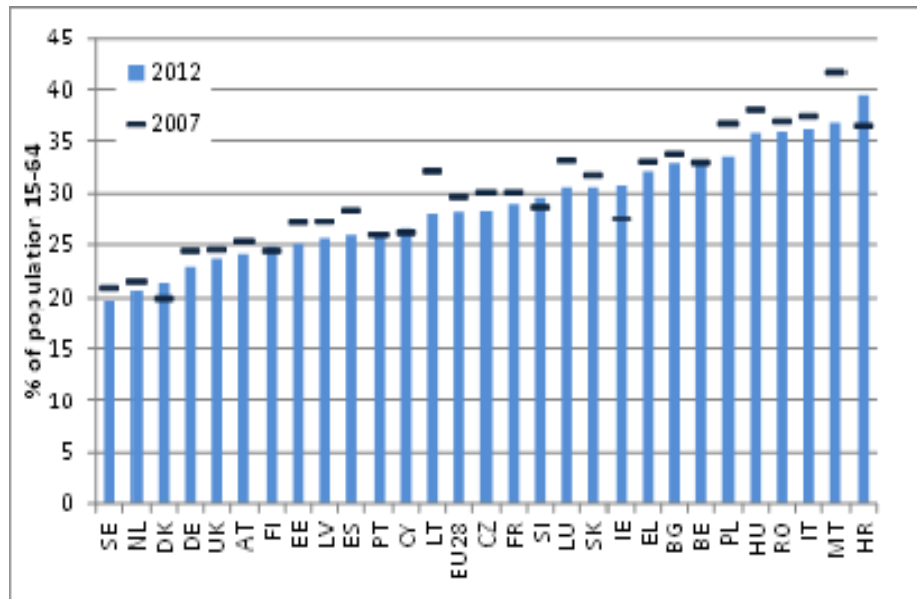


6b. Net job destruction coincided with an increase in part-time jobs

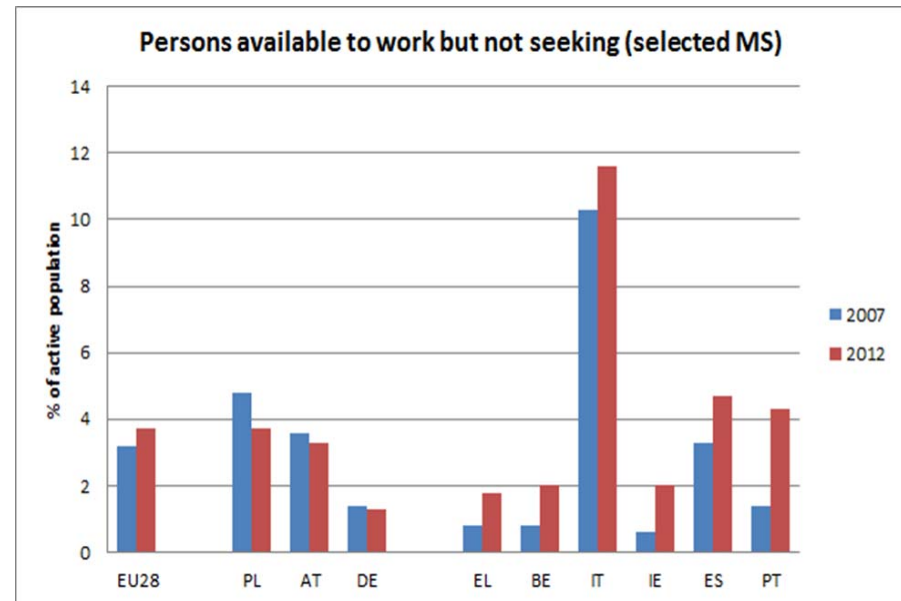


7. Labour market difficulties have not seen increased inactivity so far

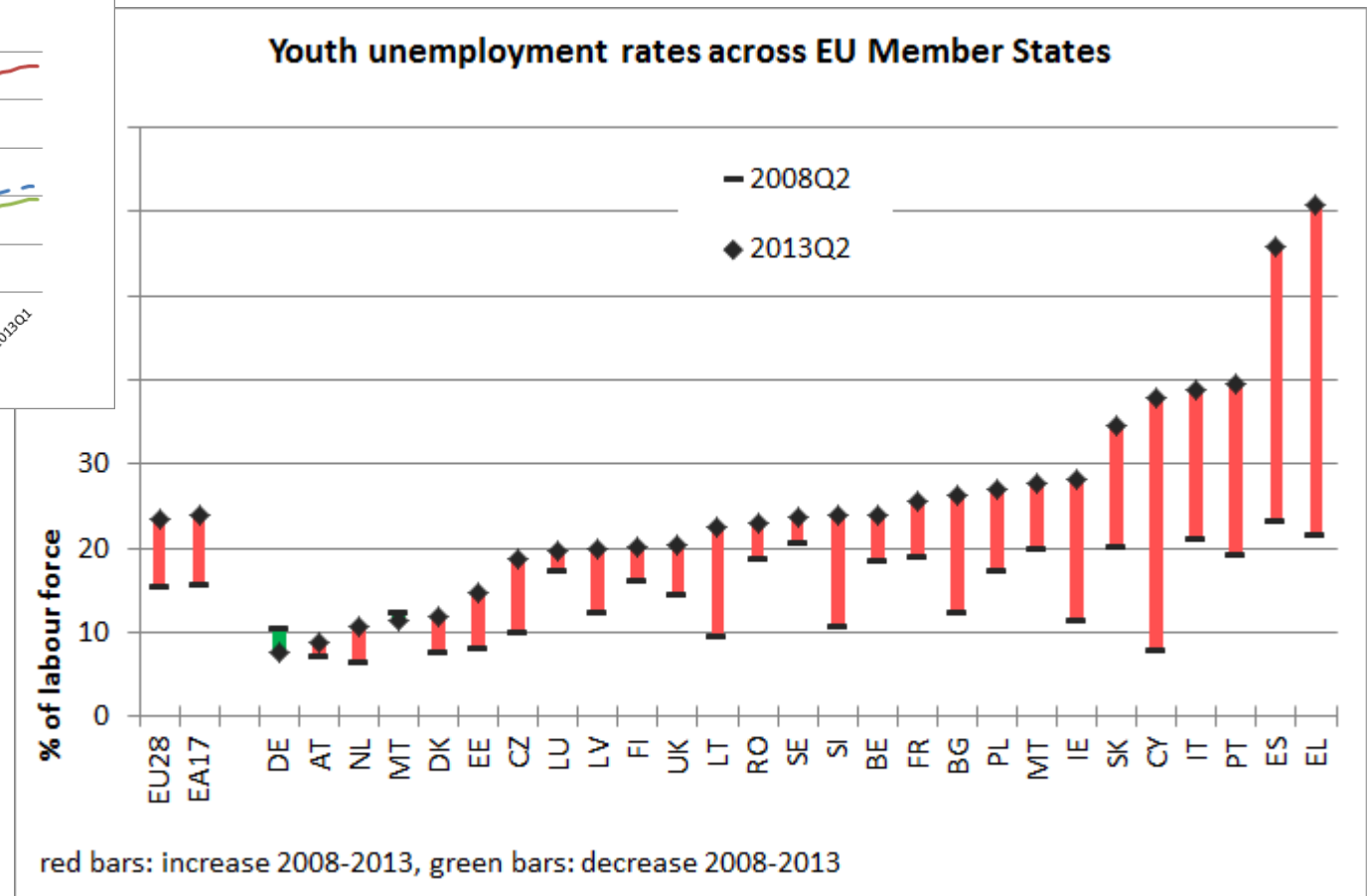
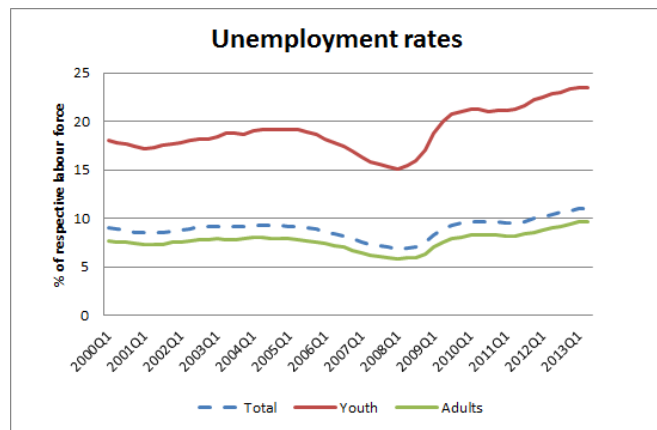
Inactivity decreased in most member states



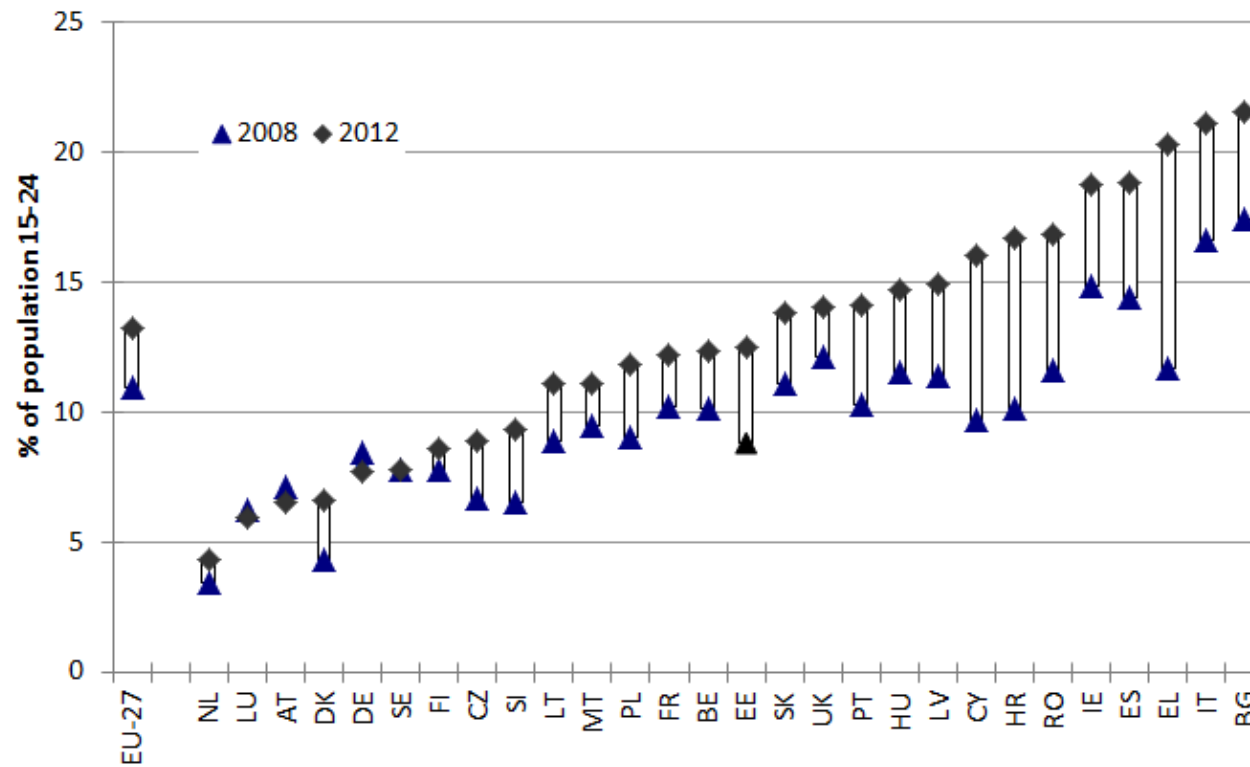
But, discouragement increased in some MS



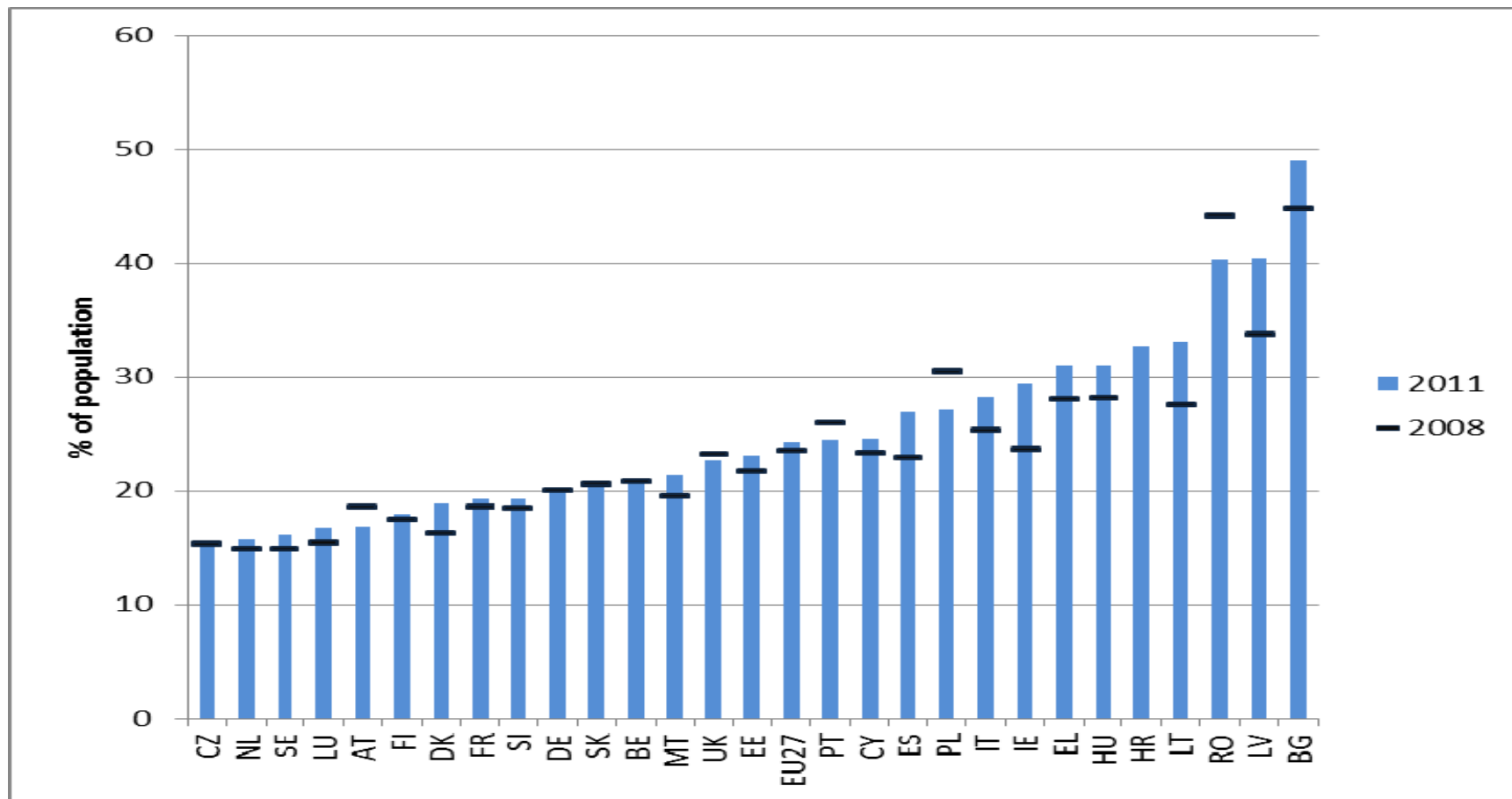
8. Threat to future of young people from high unemployment rates



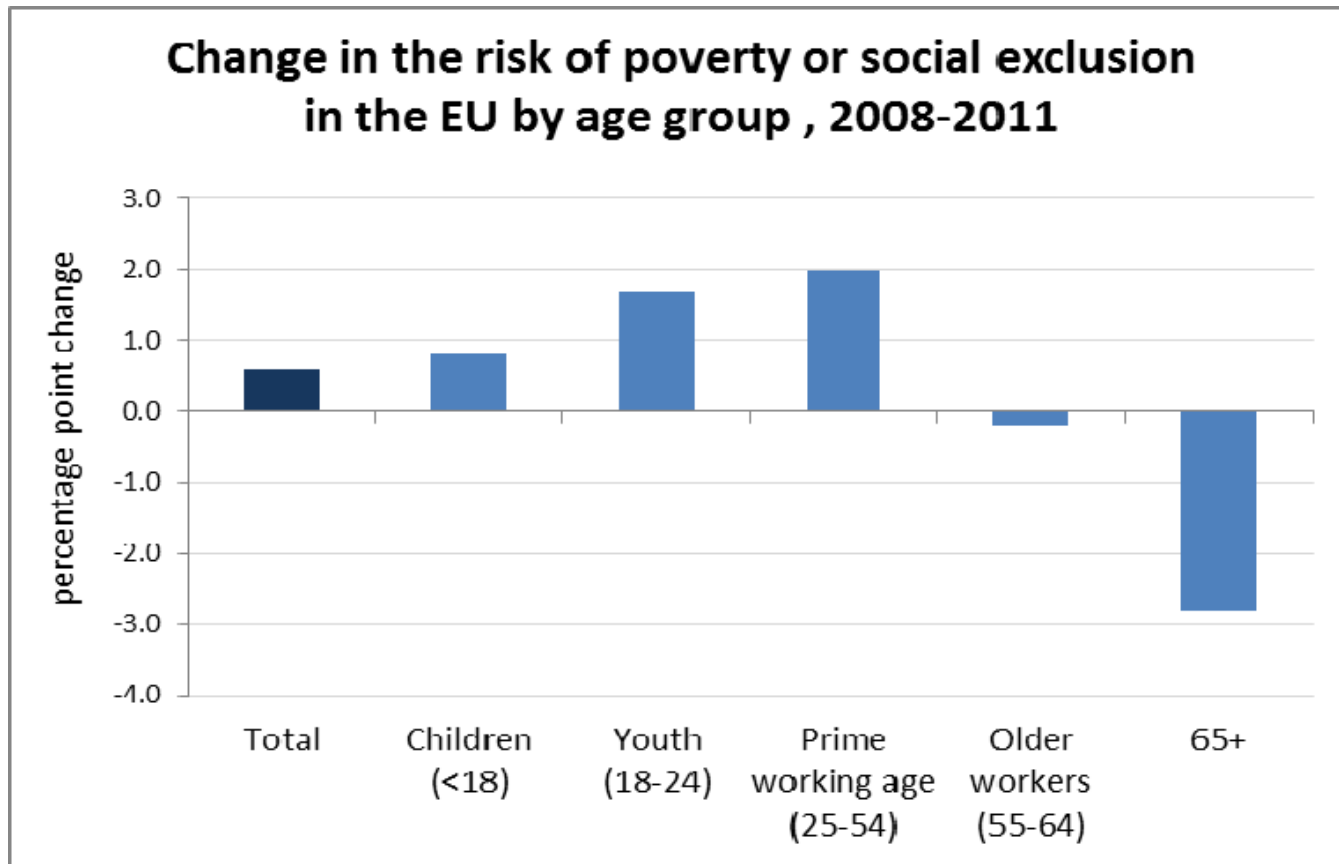
9. NEET rates have increased nearly everywhere (mainly due to unemployment)



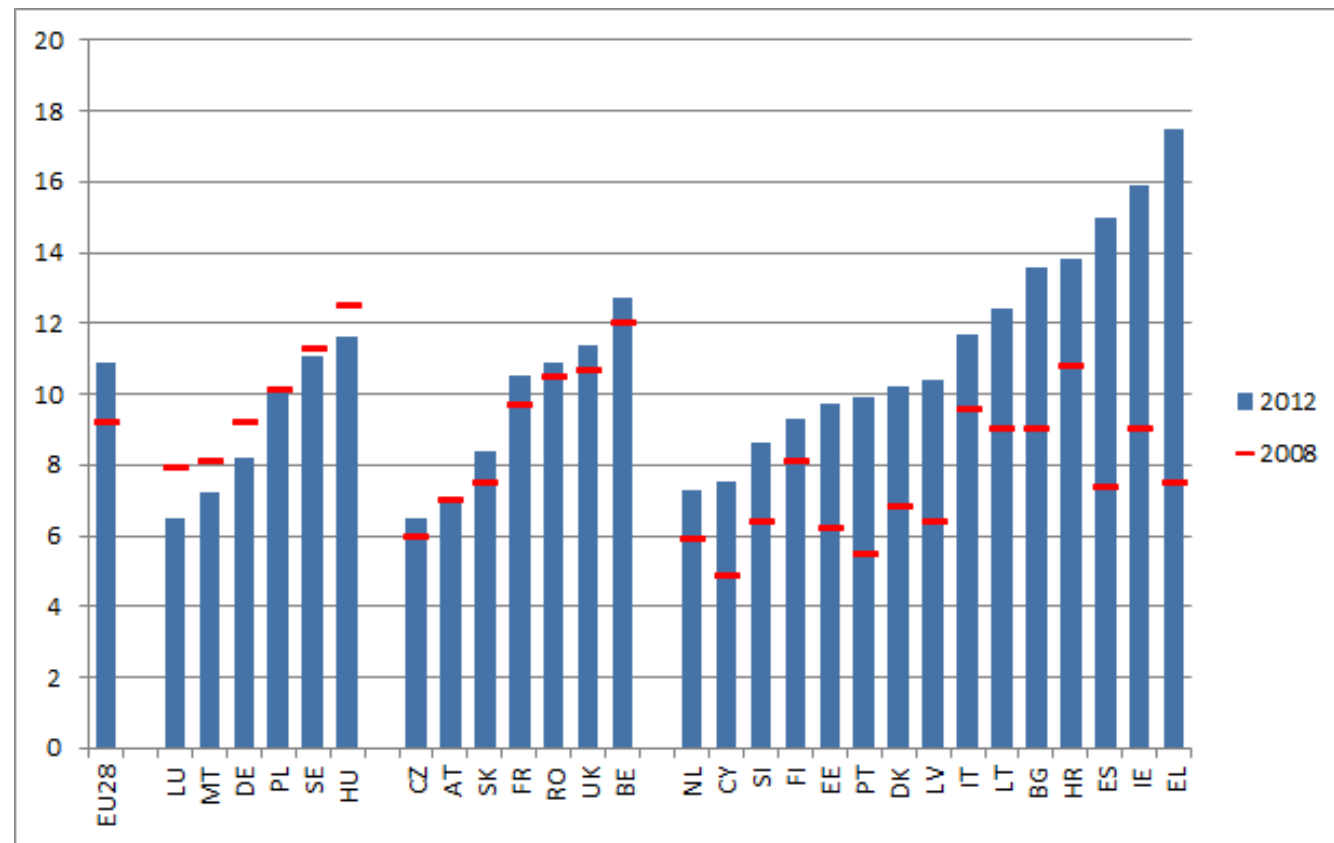
10. The risk of poverty and social exclusion increased in most countries



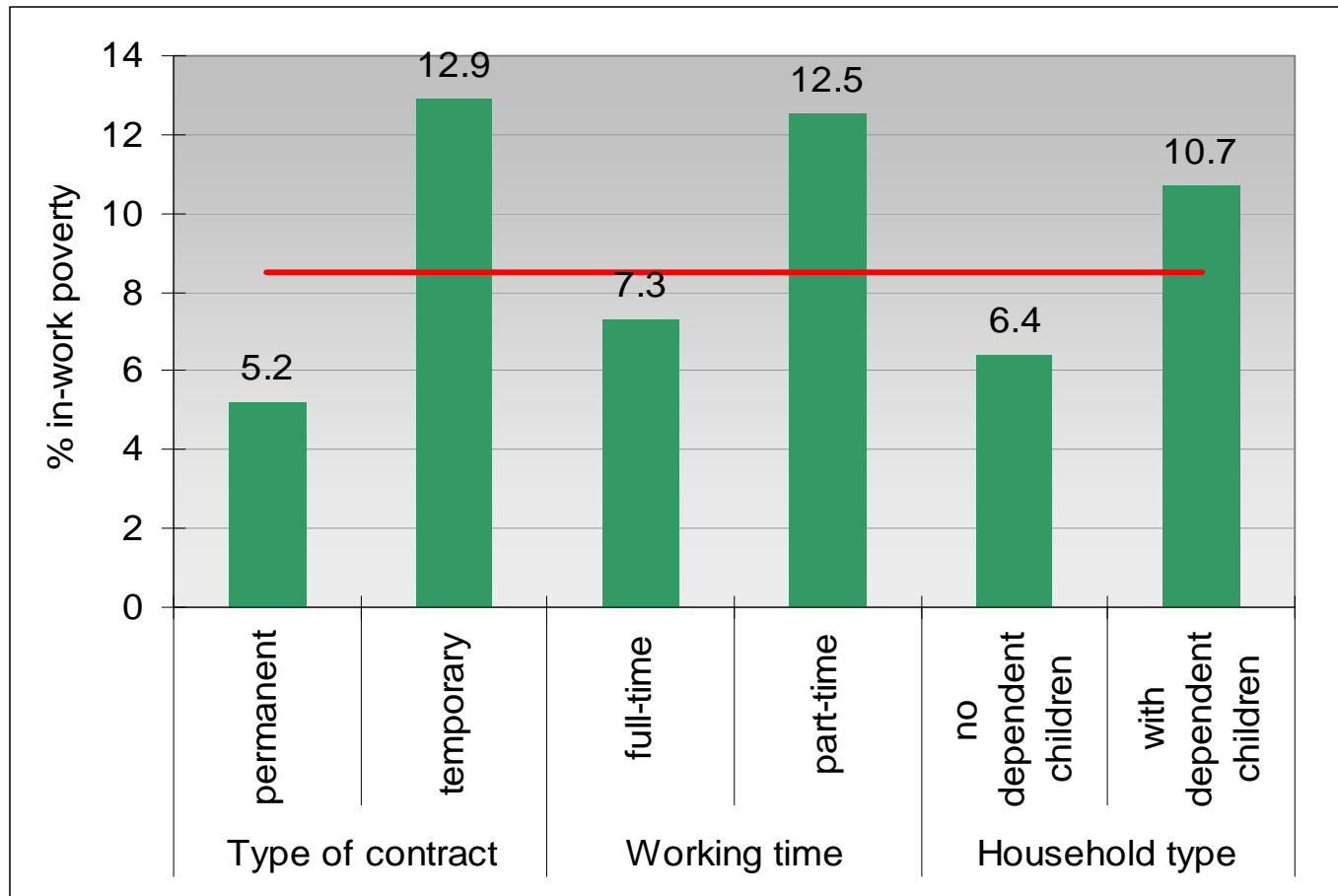
11a. Increase in poverty affected mainly those of working age...



11b. ... rising unemployment increased jobless households



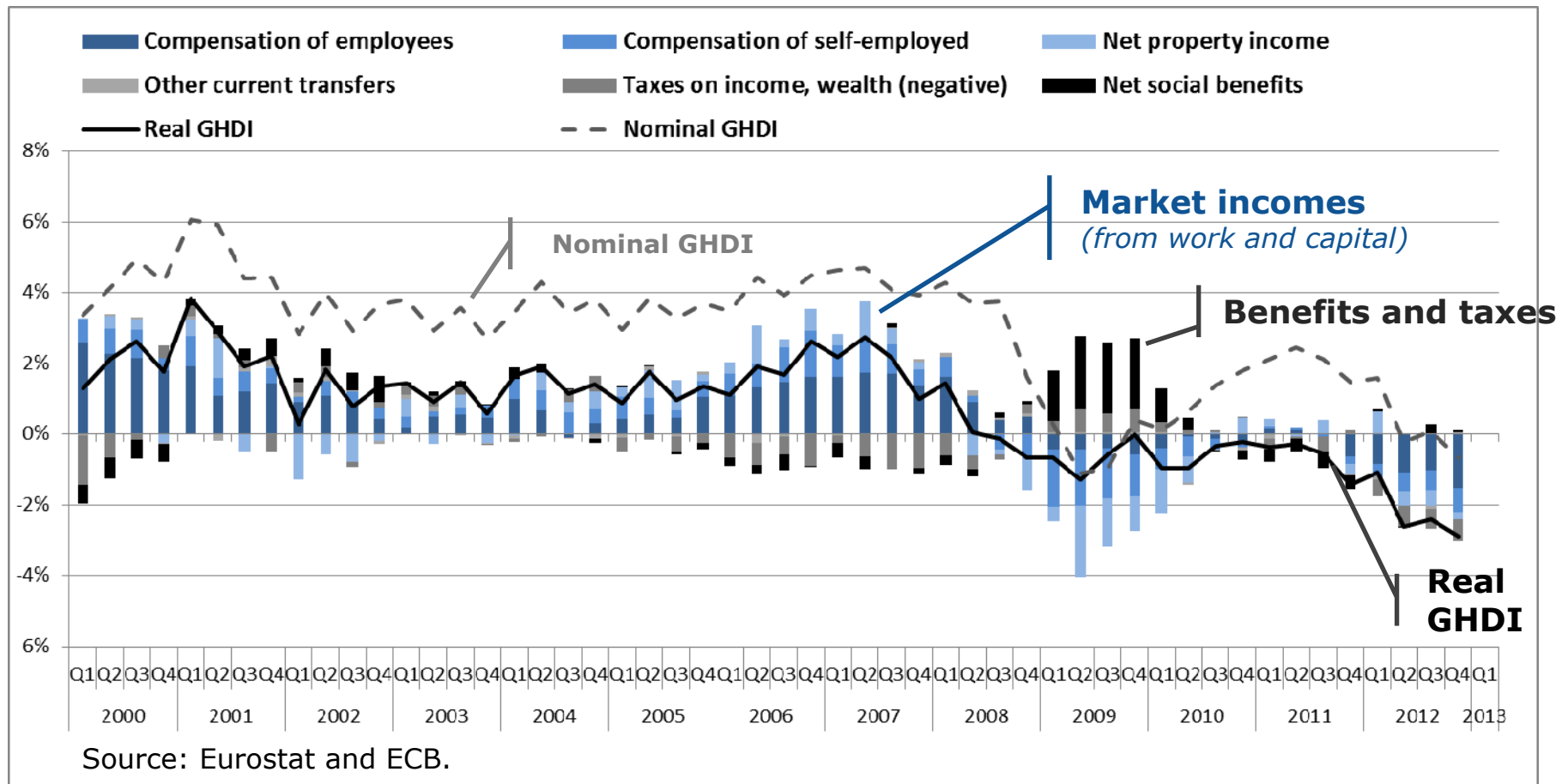
11c. Labour market trends also increased in-work poverty in EU



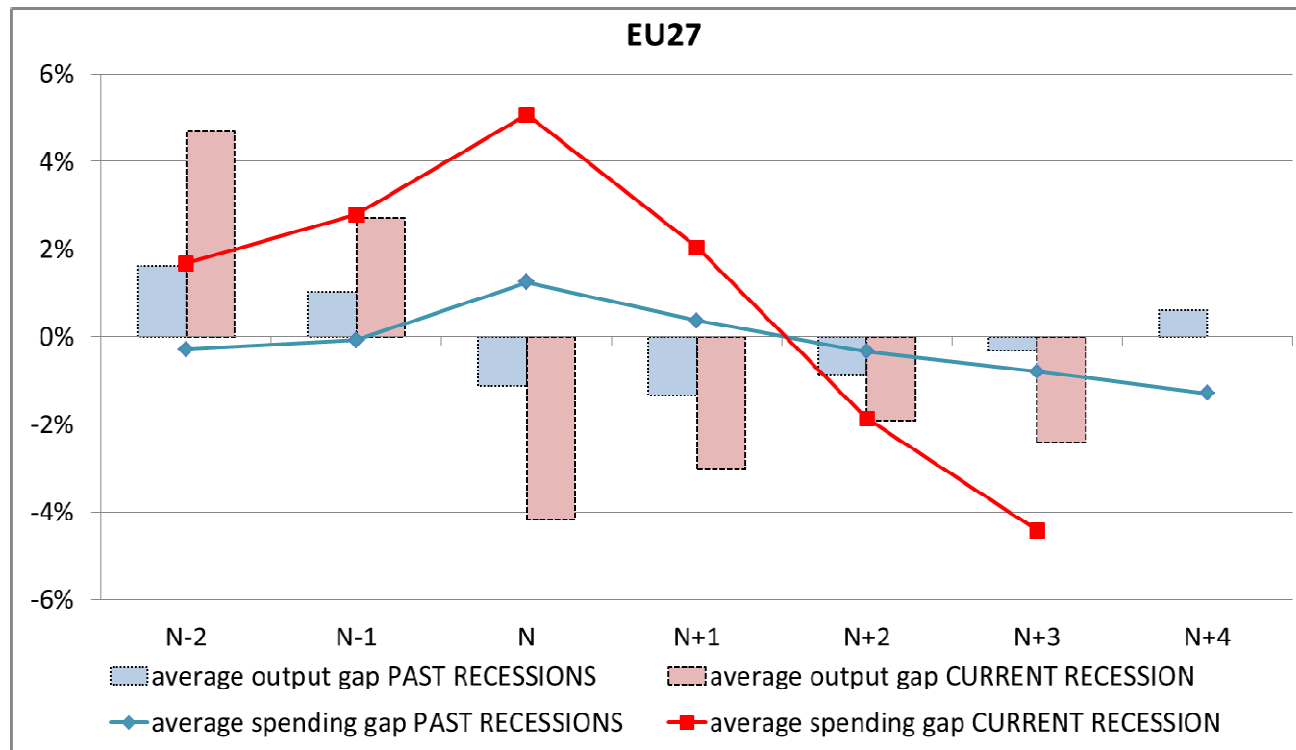
Source: ESDE 2011

12. Gross household income started declining, automatic stabilisation only in the early phase of crisis

Change in Gross Disposable Household Income by component Euro area (year on year; quarterly 2000 – 2013)



13. Strong initial reactions and recent subdued adjustments in social expenditure

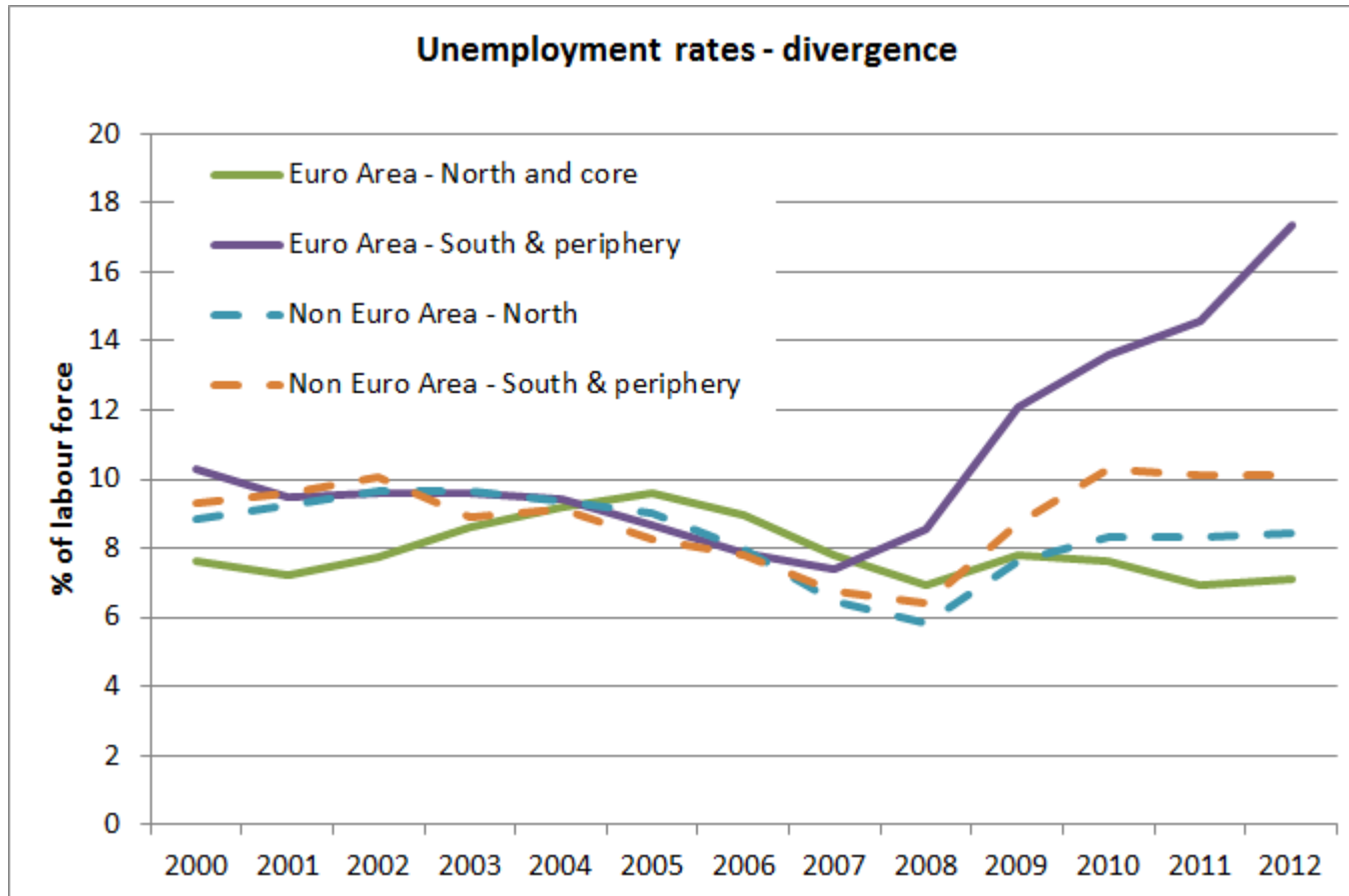




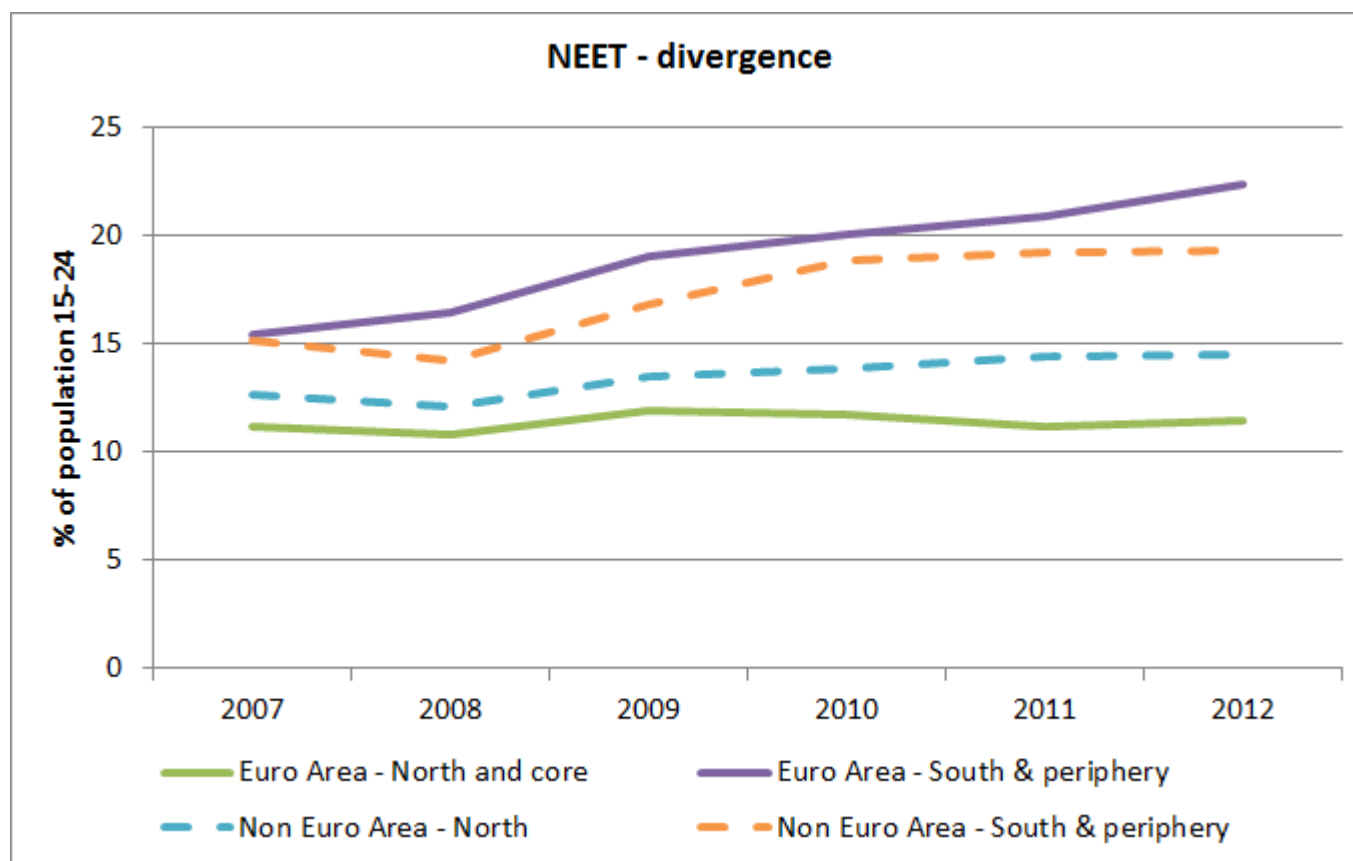
B. Divergences in the EMU

*Employment and social divergences within EMU:
... threaten the core objectives of the EU
... and call for strengthening the social dimension
of EMU*

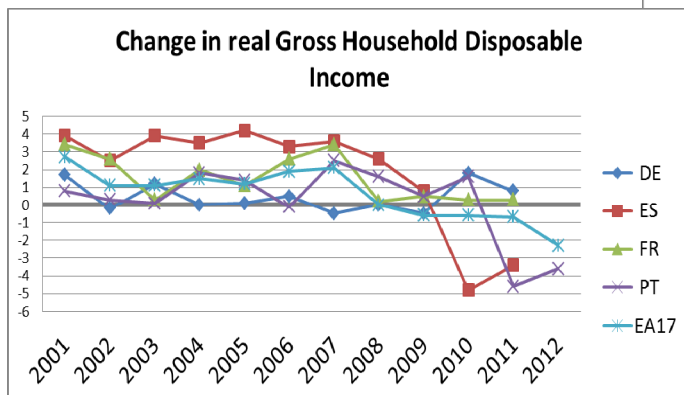
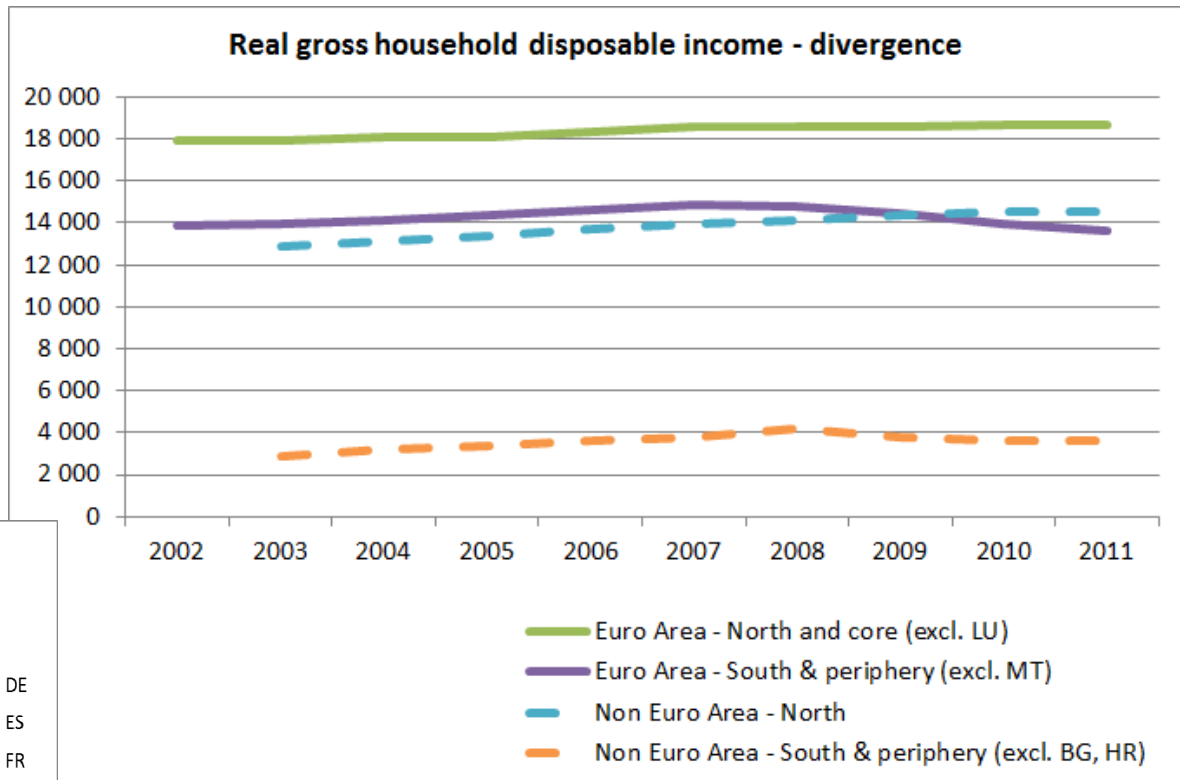
14. Divergence has been growing, especially within Euro Area: unemployment



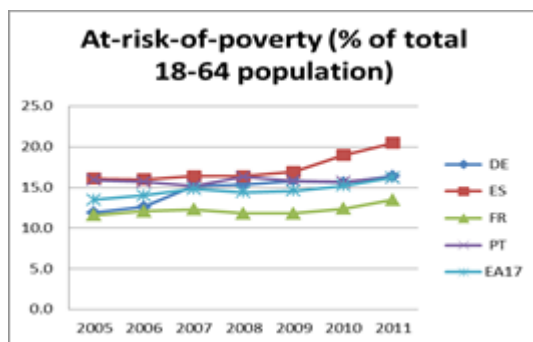
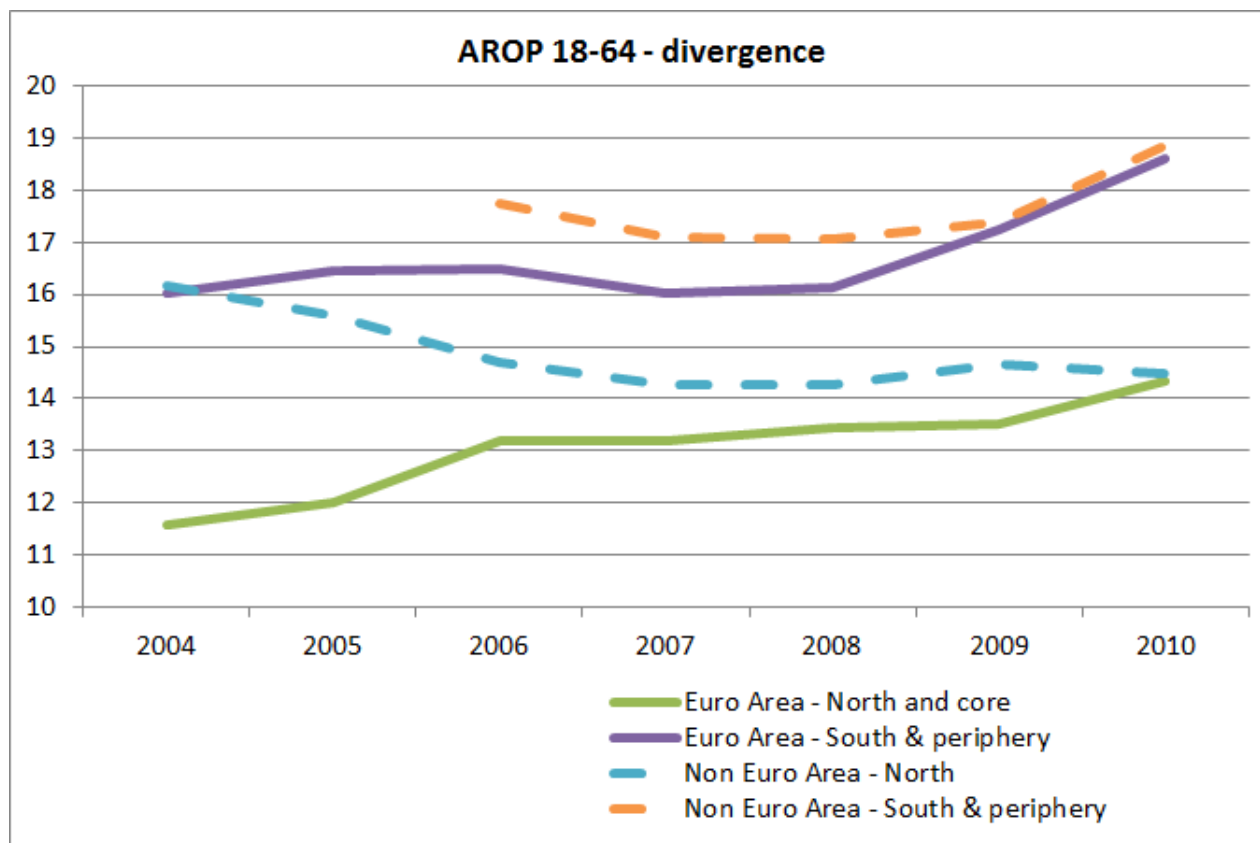
15. Divergence has been growing, especially within Euro Area: NEET



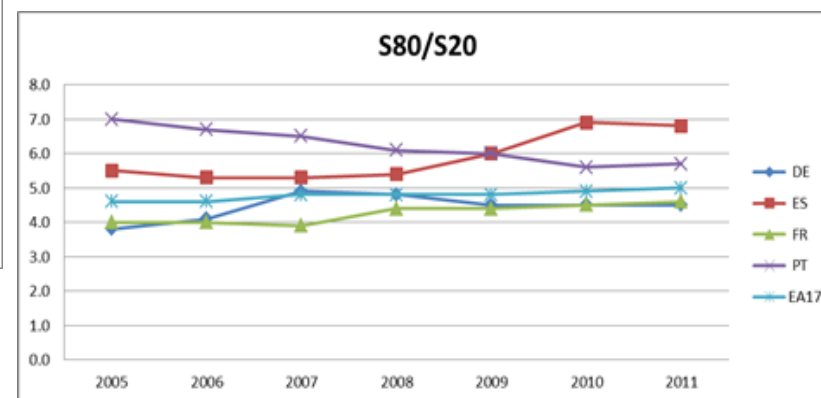
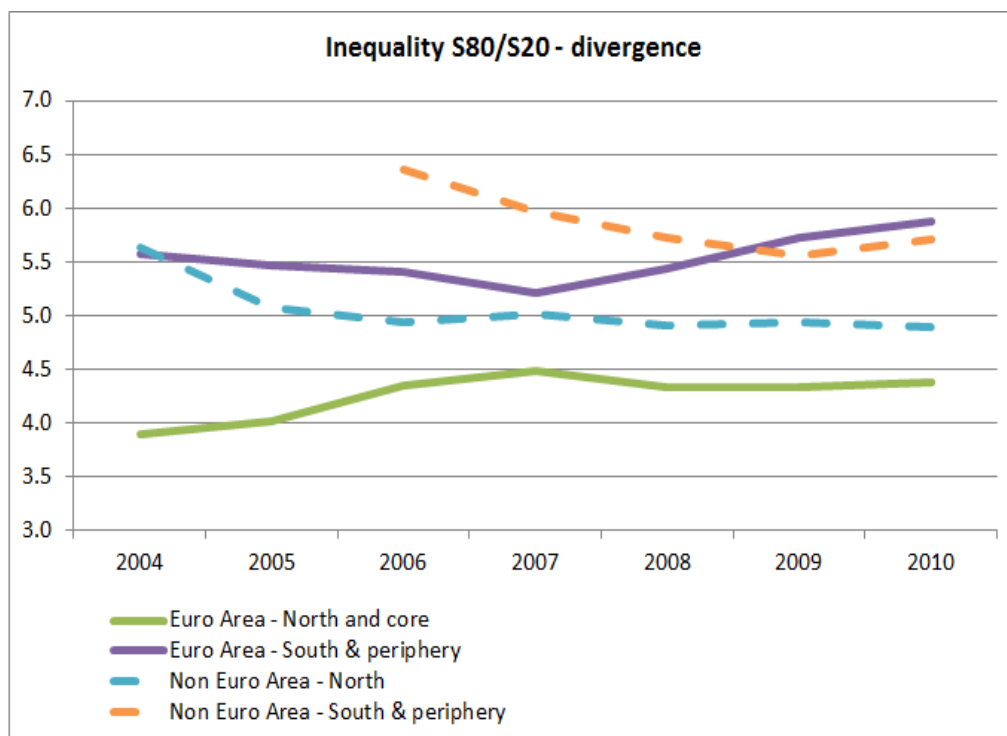
16. Divergence has been growing, especially within Euro Area: GDHI



17. Divergence has been growing, especially within Euro Area: AROP in working age



18. Divergence has been growing, especially within Euro Area: inequality (S80/S20)





19. Why employment & social divergences matter

Divergences are a sign that the EU doesn't deliver on its fundamental objective

- To benefit all its members by promoting economic convergence, and to improve the lives of its citizens

Potential spill-over effects through:

- *Aggregate demand and intra euro-zone trade*
- *Lost productivity and competitiveness*
- *Contagion on financial markets*
- *Affecting the legitimacy of the European project in all MS*

Policy responses

- Investing in jobs and people

- Job creation: globalisation, technological and demographic change
- Focusing on human capital: children and youth

- Improving labour market functioning

- Wages and productivity
- Skills mismatches
- Segmentation

- Increasing effectiveness and efficiency of tax benefit systems

- Fairer and employment friendly
- More effective and efficient social spending
- Sustainable and adequate pensions
- Healthcare and long term care

- Constructing a genuine social dimension of the EMU

- Monitoring and assessment
- EU-wide automatic stabilisation