

# EU Employment and Social Situation

## Quarterly Review

*June 2014*

With supplement on:

- Recent trends in the geographical mobility of workers in the EU



This Quarterly Review provides in-depth analysis of recent labour market and social developments. It is prepared by the Employment Analysis and Social Analysis Units in DG EMPL. This review was prepared under the supervision of G. Fischer (Director), R. Strauss (Head of Unit) and R. Maly (Head of Unit). The main contributors were: D. Arranz, L. de Dominicis, M. Grzegorzewska, E. Joseph, M. Klavina, G. Lejeune, and E. Meyermans. The supplement on geographical mobility was a special contribution by L. Aujean, L. Rathe and F. Tanay. The Annex on selected research was coordinated by B. Paul. General reviewing support was provided by I. Engsted-Maquet and A. Xavier. Editorial support was provided by A. Ujj. A wide combination of information sources have been used to produce this report, including Eurostat statistics (see [codes] mentioned under the charts, to be used with the Eurostat data search engine: [http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)), reports and survey data from the Commission's Directorate-General for Economic and Financial Affairs, and Eurofound.

Employment and social analysis portal: <http://ec.europa.eu/social/main.jsp?catId=113&langId=en>

Contact: [empl-analysis@ec.europa.eu](mailto:empl-analysis@ec.europa.eu)

Neither the European Commission nor any person acting on behalf of the Commission may be held responsible for the use that may be made of the information contained in this publication.

***Europe Direct is a service to help you find answers  
to your questions about the European Union***

**Freephone number (\*):  
00 800 6 7 8 9 10 11**

(\*) Certain mobile telephone operators do not allow access to 00 800 numbers or these calls may be billed.

More information on the European Union is available on the Internet (<http://europa.eu>).

Cataloguing data as well as an abstract can be found at the end of this publication.

Luxembourg: Publications Office of the European Union, 2014

ISBN 978-92-79-38464-6  
ISSN 1977-8317  
doi: 10.2767/26015

© European Union, 2014  
Reproduction is authorised provided the source is acknowledged.

## Table of Contents

<b>1. Macroeconomic and employment developments and outlook.....</b>	<b>9</b>
<b>2. Employment in the EU and its Member States.....</b>	<b>12</b>
<b>3. Unemployment in the EU and its Member States .....</b>	<b>16</b>
<b>4. Long-term unemployment, additional potential labour force and underemployment.....</b>	<b>18</b>
<b>5. Households' income and financial situation .....</b>	<b>22</b>
<b>6. Productivity, wages and hours worked.....</b>	<b>27</b>
<b>7. Labour demand: vacancies, labour shortages and hiring activity .....</b>	<b>30</b>
<b>8. Labour market and social situation for women and low-skilled.....</b>	<b>33</b>
<i>Women.....</i>	<i>33</i>
<i>Low-skilled.....</i>	<i>35</i>
<b>Supplement to the EU Employment and Social Situation Quarterly Review .....</b>	<b>37</b>
<i>Recent trends in the geographical mobility of workers in the EU.....</i>	<i>37</i>
<b>Annex 1: Real GDP growth, real GDHI growth and its main components for selected Member States .....</b>	<b>71</b>
<b>Annex 2: Real GDP growth, employment growth and unemployment rates in the EU Member States .....</b>	<b>77</b>
<b>Annex 3: Employment change in the EU: contribution of: - permanent and temporary employees by gender.....</b>	<b>81</b>
<b>Annex 4: Selected research .....</b>	<b>83</b>



## Executive summary

The EU labour market is gradually recovering and the social situation shows some signs of stabilization. For the first time since 2011, GDP, household incomes and employment are all growing. Net jobs are now being created in the private sector, mainly in services. Unemployment continues to decrease even if moderately. Nevertheless, significant challenges remain. Long-term unemployment continues to increase, unemployment is close to historically high levels and employment is still below the pre-crisis levels. Concerns remain about the quality of the jobs created, as employment growth is mainly driven by temporary and part-time employment. Wide divergences across Member States are observed and the benefits from the recovery are unequally distributed across population groups, with recent data showing no improvement in the financial situation of low income households.

Employment started to increase at the end of 2013 and registered a growth of 0.2% in the first quarter of 2014 (+0.7% compared to the first quarter of 2013). Increases can be observed in most Member States. In Spain, Estonia and the Netherlands, data suggest an increase in employment in the first quarter of 2014, against the decrease observed during most of 2013. In contrast with the general positive picture, in Cyprus and Italy, employment continued to decrease in the first quarter of 2014. In Finland and Greece the employment decrease has softened over the last five quarters to the first quarter of 2014, but employment growth for the first quarter of 2014 was not yet positive. Employment is recovering across a wider range of sectors: timidly in industry, and more significantly in the service sector, where employment is growing both in market and non-market services, in particular in sectors employing skilled labour force.

The unemployment rate has gradually decreased in the EU from peak levels in mid-2013 (10.9%), but remains high at 10.4% in April 2014. In the year to April 2014 it decreased in two thirds of the Member States and among most population groups. Compared to April 2013, the situation has improved in Hungary, Portugal and Ireland, and to a lesser extent in Greece and Spain. Yet, unemployment rates remain close to historically high levels in most Member States.

The first signs of improvements in the economic and social situation of EU households appeared in 2013, following the general economic recovery and improvements in labour market conditions. Gross disposable household income in the EU<sup>1</sup> increased in real terms in the last quarter of 2013, after nearly four years of continuous declines. Households' financial distress has also shown some signs of easing, but remains high and, most worryingly, does not show any sign of improvement for people in low income households. Recent data point to a stabilisation or decline in material deprivation in many Member States<sup>2</sup> in 2013. In contrast, it continued to increase in Portugal, Cyprus, Hungary and Bulgaria. Material deprivation in the EU increased between 2010 and 2012, with 10% of the EU population facing severe material deprivation rate in 2012.

The risk remains that the economic recovery so far may not be robust enough to ensure a sustainable path towards jobs' creation. While the majority of Member States benefited from an employment rate increase in the year to the fourth quarter of 2013, employment rates remain far from the pre-crisis levels. With long term unemployment reaching a new high at the end of 2013, the EU is confronted with the double challenge of avoiding that the increasing number of long-term unemployed drop out of the labour force and ensuring, instead, that they benefit from the general employment growth. Most worryingly, long term unemployment has increased in countries with the highest rates – above 10% – such as Greece and Spain.

The labour market situation remains very difficult for young people (aged 15-24). Youth unemployment remained close to historically high levels at 22.5% in April 2014, affecting around 2.5 million young women and 2.9 million young men in the EU. Considerable disparities can be observed across the EU, despite improvements in about two thirds of Member States during the year to April 2014. Young people also constitute the largest group in the EU population that is underemployed or feel discouraged to look for work.

Employment for young adults aged 25-39 constantly contracted since 2009 and the figures for the last quarter of 2013 confirm this trend. This is a challenge for the EU, as they represent

<sup>1</sup> Estimated based on data for 20 Member States.

<sup>2</sup> Early data on material deprivation for 2013 is available for 16 Member States.



around 35% of employed people. In contrast, employment for the older age group (55-64) continued to grow and never contracted since 2009. The low-skilled continued to see rising unemployment up to the fourth quarter of 2013, and unemployment spells are lasting longer. This also poses an important policy challenge for the EU as low-skilled people account for a quarter of the EU adult population.

Gender gaps in key employment indicators have been narrowing in the EU over the recent years. However, the latest available data show that unemployment rates for women are decreasing less than for men, that women tend to be significantly more underemployed than men in all age groups, and that large differences still exist in terms of labour market participation and working hours, possibly due to family and care-related constraints.

Labour productivity growth remained weak in the EU in the first quarter of 2014. In many Member States, the recent growth in labour productivity has been associated with the decline in employment. The growth in the compensation per employee remained subdued in most Member States (notable exceptions are the Baltic States and Romania that showed strong increases, and Greece and Cyprus that recorded sharp decreases). Cyprus and Greece continued to show sharp decreases in their unit labour costs, while the core euro-area Member States recorded rather modest increases. After a small rise in the last quarter of 2013, real unit labour costs in Spain fell again – continuing their downward trend since the onset of the crisis.

The data for the next quarterly review will be crucial to understand whether the economic recovery has been accompanied by increased employment rates (and for prime age workers as well as older workers). Therefore, while recent improvements in both the EU labour market and the social situation are certainly encouraging, they remain moderate and warrant a deeper look at the sources and dynamics of such improvements before concluding that the labour market is really returning to health. On a longer-term perspective, the challenge is to find ways that increase EU productivity which do not come from labour shedding.

Recent trends in the geographical mobility of workers in the EU, analysed in a special supplement, show that mobile EU citizens have higher employment rates than locals, though some of them are more affected by precarious forms of employment. The analysis of EU-SILC data confirms that there is no over-use of social security benefits by mobile EU citizens.

In the last two years (2012-13), mobility flows between EU countries have recovered compared to the previous two years (2010-11), while the number of newcomers from third-countries went on falling. Trends in intra-EU mobility differ markedly across destinations as well as origin countries. Member States characterised by an adverse economic situation, in particular Portugal, Greece, Spain and Italy, have seen large increases in the outflows to other Member States (as well as to non-EU countries) and decreases in inflows.

Compared to the pre-crisis period (2004-08), intra-EU movers since 2009 are coming more often from southern countries and less from eastern and central European countries. Moreover, they are heading more than before towards Germany, Austria, Belgium and the Nordic countries and less towards Spain and Ireland, while overall Germany and the UK are the two top destination countries. Movers are slightly less young than before but much more likely to be highly educated.

Finally, emigration to outside the EU has increased over the last few years. This reflects to a large extent a return migration rather than emigration of EU nationals. Data for the USA and Australia show that only in Ireland labour migration represents a significant share of the labour force of the origin country.

*Starting with the current issue, a tool is provided to facilitate access to regularly updated underlying data, charts and tables. Files in the Excel format, which are now available online, make it easy to access data and import charts and tables. Data will be refreshed shortly after their release by Eurostat - for instance unemployment will be updated at the beginning of each month, figures based on the Labour Force Survey - LFS will be updated in mid-April, July, October, and January. Data used in the current document are available at:*

[http://ec.europa.eu/employment\\_social/employment\\_analysis/quarterly/quarterly\\_updated\\_charts.xlsx](http://ec.europa.eu/employment_social/employment_analysis/quarterly/quarterly_updated_charts.xlsx)

[http://ec.europa.eu/employment\\_social/employment\\_analysis/quarterly/essqr-2014june-sup1mobility.xls](http://ec.europa.eu/employment_social/employment_analysis/quarterly/essqr-2014june-sup1mobility.xls)

[http://ec.europa.eu/employment\\_social/employment\\_analysis/quarterly/essqr-women-lowskilled.xlsx](http://ec.europa.eu/employment_social/employment_analysis/quarterly/essqr-women-lowskilled.xlsx)

### Latest labour markets and social trends in the EU-28

	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1
<b>Real GDP</b>					
(% change on previous quarter, SA)	0.0	0.4	0.3	0.4	0.3
(% change on previous year, NSA)	-1.3	0.1	0.5	1.0	1.4
<b>Employment growth</b>					
(% change on previous quarter, SA)	-0.3	0.0	0.1	0.2	0.2
(% change on previous year, NSA)	-0.5	-0.5	-0.3	0.0	0.7
<b>Employment rate (15-64)</b>					
(% of working-age population, NSA)	63.3	64.1	64.5	64.3	NA
<b>Employment rate (20-64)</b>					
(% of working-age population, NSA)	67.6	68.4	68.8	68.6	NA
<b>Gross disposable households income</b>					
(% change on previous year, NSA)	-0.7	-0.9	-0.1	0.6	NA
<b>Labour productivity</b>					
(% change on previous year, SA)	-0.2	0.4	0.5	1.1	0.9
<b>Nominal unit labour cost</b>					
(% change on previous year, SA)	1.4	0.7	-0.2	-0.1	0.9
<b>Long-term unemployment rate</b>					
(% labour force, NSA)	5.2	5.2	5.1	5.3	NA

	2013 Apr	2014 Jan	2014 Feb	2014 Mar	2014 Apr
<b>Unemployment rate (SA)</b>					
<b>Total</b> (% labour force)	10.9	10.6	10.5	10.5	10.4
<b>Men</b>	10.9	10.5	10.5	10.4	10.4
<b>Women</b>	11.0	10.7	10.6	10.5	10.5
<b>Youth</b> (% labour force aged 15-24)	23.6	22.9	22.6	22.6	22.5

Source: Eurostat, DG EMPL own calculations.

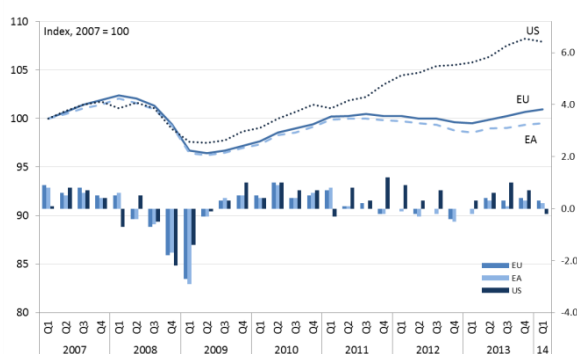
Note: SA = seasonally adjusted NSA = non-seasonally adjusted; NA: not available.

# 1. Macroeconomic and employment developments and outlook

*The European economy is gradually recovering*

The European economy grew by 0.3% in the European Union (EU) and by 0.2% in the euro area<sup>3</sup> in the first quarter of 2014. This is a sign that the turnaround which began in the second quarter of 2013 is continuing and the economy is gradually recovering following the lead of the US economy (Chart 1). Compared to the first quarter of 2013, GDP increased by 1.4% in the EU and by 0.9% in the euro area. US GDP shows a decline for the first time since 2011, mostly because of changes in inventories and trade deficits.

**Chart 1: Real GDP in the EU, euro area and US (left), and percentage changes over the previous quarter (right)**



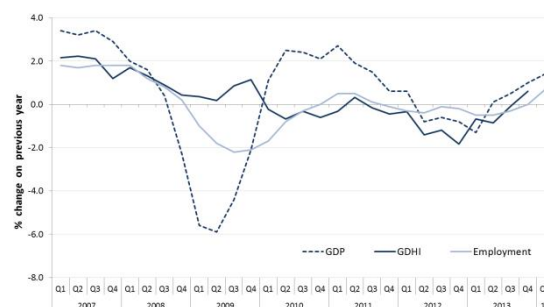
Source: Eurostat, National Accounts, data seasonally adjusted [namq\_gdp\_k]  
[Click here to download chart.](#)

*Households' income and employment are on the rise and follow the positive trends in the economy*

For the first time since 2011, GDP, employment and household incomes are all on the rise (Chart 2). Growth in gross disposable household income (GDHI) in the

EU<sup>4</sup> picked up in real terms, turning positive in the last quarter of 2013, after nearly four years of continuous decline. Since the last quarter of 2013, GDHI increased by 0.6% in real terms (Chart 2).<sup>5</sup>

**Chart 2: Real GDP growth, real GDHI growth and employment growth (number of persons employed) in the EU, year-on-year change.**



Source: Eurostat, National Accounts, data non-seasonally adjusted [namq\_gdp\_k, namq\_aux\_pem, nasq\_nf\_tr and namq\_fcs\_p] (DG EMPL calculations for GDHI)  
[Click here to download chart.](#)

*Domestic demand and exports drive the increase in the EU output*

In the first quarter of 2014 the increase in output was due to stable positive domestic demand and a further increase in exports. During the first quarter of 2014, households' final consumption expenditure increased by 0.2% in the EU and by 0.1% in the euro area. Gross fixed capital formation increased by 0.6% in the EU and by 0.3% in the euro area. Exports increased by 0.3% in the EU and by 0.4% in the euro area. Compared to April 2013, the contribution of domestic demand to GDP change increased by 1.3%. This reflects the improvements in the economic situation and in households' disposable income (Chart 3).

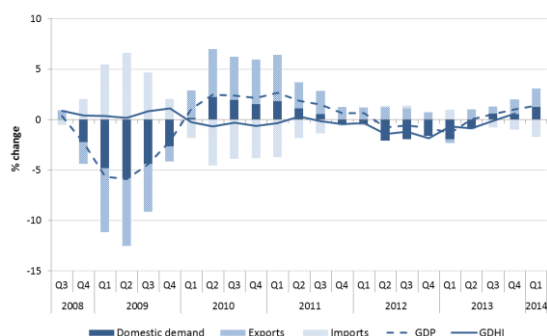
<sup>3</sup> EU refers to the 28 European Union Member States, while euro area refers to the 18 EU Member States that have the euro as a common currency. Specific notes will be given when not all 28 Member States are used in the calculation of aggregate EU averages.

<sup>4</sup> Real EU GDHI growth is based on the Commission's estimate and does not include Member States for which quarterly data are missing (eight Member States). Nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. Real GDHI growth is a weighted average of real GDHI growth in Member States.

<sup>5</sup> See section 5 for a detailed analysis of recent trends in real EU GDHI and its components.



**Chart 3: Real GDP growth and its components and real GDHI (year-on-year change), in the EU.**

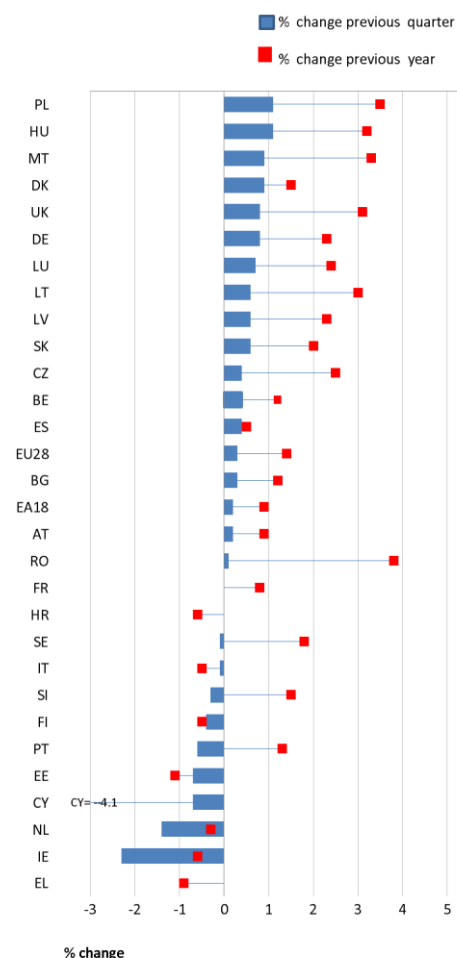


Source: Eurostat, National Accounts, data non-seasonally adjusted [namq\_gdp\_k], [namq\_aux\_cntg], [namq\_gdp\_k, nasq\_nf\_tr and namq\_fcs\_p] (DG EMPL calculations)  
Note: GDHI data is not yet available for the first quarter of 2014.

#### *GDP growth positive and more balanced across Member States*

Compared to the last quarter of 2013, in the first quarter of 2014 GDP growth was positive in most EU Member States. Hungary and Poland (both +1.1%), followed by Malta (+0.9%), recorded the highest growth. Instead, growth decreased the most in Ireland, (-2.3%), the Netherlands (-1.4%), Cyprus and Estonia (both -0.7%). Compared to the first quarter of 2013, Romania (+3.8%), Poland (+3.5%), Malta (+3.3%), Hungary (+3.2%) and the UK (+3.1%) registered the highest year-on-year growth. It decreased the most in Cyprus (4.1%), Estonia (-1.1%), Greece (-0.9%) and Ireland (-0.6%).

**Chart 4: Real GDP growth in the first quarter of 2014 or according to the latest data available, by EU Member State**



Source: Eurostat, National Accounts, data seasonally adjusted [namq\_gdp\_k].  
Notes: For LU and IE data refer to the last quarter of 2013; for EL data is non-seasonally adjusted.

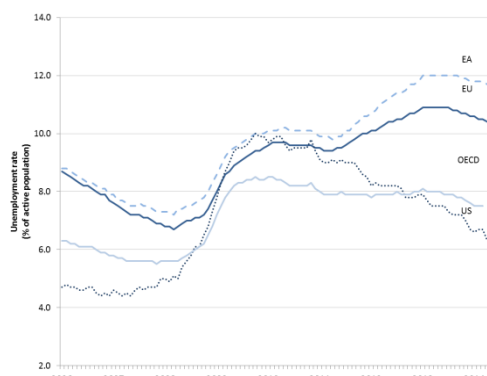
#### *Unemployment rates are likely to remain high for some time, but disparities between the core and the periphery of Europe are narrowing*

EU employment increased by 0.2% in the first quarter of 2014 compared to the last quarter of 2013 and by 0.7% compared to the first quarter of 2013. Nevertheless, the risk remains that the economic recovery so far may not be robust enough to ensure a sustainable path towards jobs' creation.

The weak recovery in employment suggests that unemployment rates are likely to remain high for some time, despite the recent decline observed in unemployment rates. After peaking at 10.9% in the EU and

12.0% in the euro area during the first half of 2013, the unemployment rate in the EU and the euro area started to decline at the end of 2013. In April 2014, it was 10.4% in the EU and 11.8% in the euro area compared to 6.3% in the US and 7.5% in OECD<sup>6</sup> countries (Chart 5).

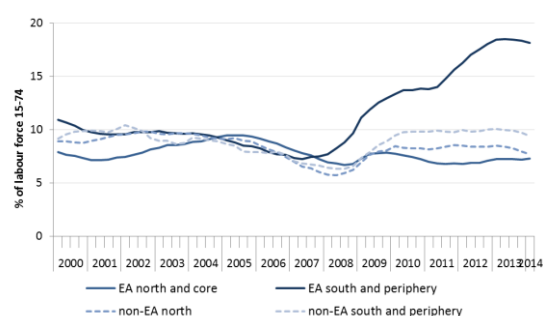
**Chart 5: Unemployment rates in the EU, euro area, the US and OECD**



Source: Eurostat, series on unemployment, data seasonally adjusted [une\_rt\_m]

In some of the countries more severely affected by the crisis, unemployment rates remain significantly higher than the EU average and have been slow to decline. This resulted in rising disparities among Member States, in particular between the *core* and the *south and periphery* of the euro area.<sup>7</sup> However, recent figures suggest that disparities started to narrow during 2013, when unemployment rates in the *south and periphery* of the euro area stopped increasing (Chart 6).

**Chart 6: Unemployment rates in different regions the EU and euro area**



Source: Eurostat, EU-Labour Force Survey (LFS); DG EMPL calculations.

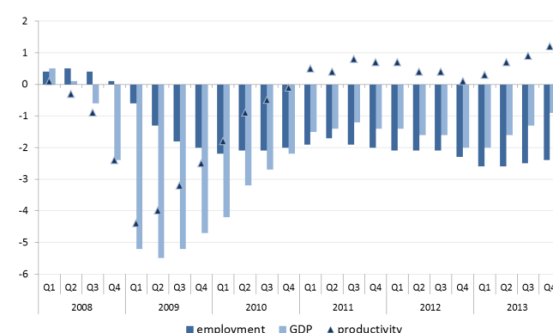
<sup>6</sup> March 2014.

<sup>7</sup> Note : northern and central euro area: AT, BE, DE, FI, FR, LU, NL; southern and peripheral euro area: EE, EL, ES, IE, IT, CY, MT, PT, SI, SK, LV; northern and non-euro area: CZ, DK, PL, SE, UK; southern and peripheral non-euro area: BG, HR, LT, HU, RO.

*EU productivity has generally improved since the second quarter of 2009, but recent improvements are mainly associated with employment reductions that outpaced the growth in output.*

Since the second quarter of 2009, EU productivity (measured as output per employed person) has gradually improved following a substantial drop between the second quarter of 2008 and the first quarter of 2009. Nevertheless, it was only in the first quarter of 2011 that EU productivity reached the level observed in the first quarter of 2008. This was mainly due to a further contraction in employment while output started to rebound. Between the second quarter of 2011 and the fourth quarter of 2013 EU productivity continued to improve – albeit due to the small cumulative increase in output accompanied by the cumulative decrease in employment (see Box 1 for more detail).

**Chart 7: Cumulative change (quarter-on-quarter) of labour productivity, employment and GDP in the EU.**



Source: Eurostat, National Accounts [namq\_nace10\_e, namq\_gdp\_k, namq\_aux\_lp] (DG EMPL calculations)

## Outlook

*Confidence indicators and Purchasing Managers Index (PMI) are at their highest levels in three years*

The Commission's economic sentiment indicator continues to improve. Confidence indicators are now well above their long-term average<sup>8</sup>, except in the service and construction sectors.

The euro-area PMI composite output index reached its highest level in three years in the second quarter of 2014. Other PMI results confirm the euro-area economy is enjoying its best spell of growth for three years, with modest rates of job creation.

<sup>8</sup> 1990-2012

### Forecasted growth brings along only slightly lower unemployment

Table 1 shows the recent forecasts for the EU and the euro area by four international institutions in order of data release.

**Table 1: Recent forecasts for growth and unemployment**

Institute	date	EU-28				Euro area			
		gr. '14	gr. '15	UR '14	UR '15	gr. '14	gr. '15	UR '14	UR '15
IMF	08-Apr	1.6	1.8	NA	NA	1.2	1.5	11.9	11.6
Commission	05-May	1.6	2.0	10.5	10.1	1.2	1.7	11.8	11.4
OECD	05-May	NA	NA	NA	NA	1.2	1.7	11.7	11.4
ECB	05-Jun	NA	NA	NA	NA	1	1.7	11.8	11.5

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

The Commission's spring forecast projects that real GDP growth will increase moderately in 2014, by 1.6% in the EU and by 1.2% in the euro area, before gaining some further speed with a growth of 2.0% for the EU and 1.7% for the euro-area in 2015. Given the usual delayed response of employment and the moderate increase in output, little net job creation is expected in the short term. The unemployment rate is expected to decrease slightly to 10.1% in the EU and 11.4% in the euro area in 2015. After declining in 2012 and 2013, EU employment is expected to increase by 0.6% in 2014 and by 0.7% in 2015.

The ECB forecast is less optimistic about economic growth in 2014, but has similar expectations for the euro-area unemployment rate in 2014 and 2015. As for 2016 (not shown), the ECB forecasts euro-area GDP and employment to increase by, respectively, 1.8% and 0.7% and euro-area unemployment to decline to 11.0%.

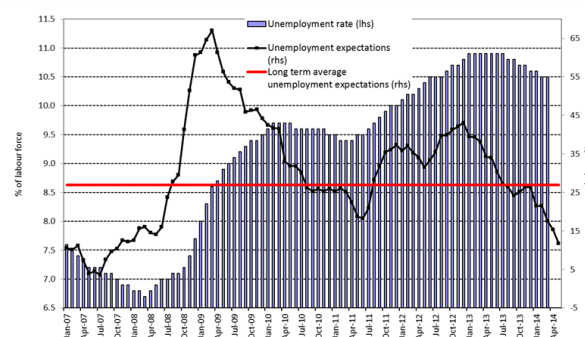
OECD and IMF forecasts are similar to the Commission's.

During the first five months of 2014, employment prospects in the manufacturing and services sectors in the EU remained positive.<sup>9</sup> Employment expectations in manufacturing were clearly above their long-term average while in the service sector expectations hovered around their long-term average. In contrast, the sentiment around jobs in the construction sector remained depressed at the EU level.

### European consumers expecting a significant fall in unemployment

The improvement in consumers' expectations for unemployment at EU level in the near future has accelerated in recent months. Consumers now expect unemployment to fall significantly in the coming months (Chart 8). Their optimism is at odds with forecasts and managers' expectations.

**Chart 8: EU consumers' expectations for unemployment over the next 12 months and the unemployment rate (the scale varies)**



Source: European Commission, Business and Consumer Surveys and Eurostat, LFS, seasonally-adjusted data [une\_rt\_m]

## 2. Employment in the EU and its Member States

### Employment in the EU and its Member States

*Employment in the EU has been increasing moderately since mid- 2013*

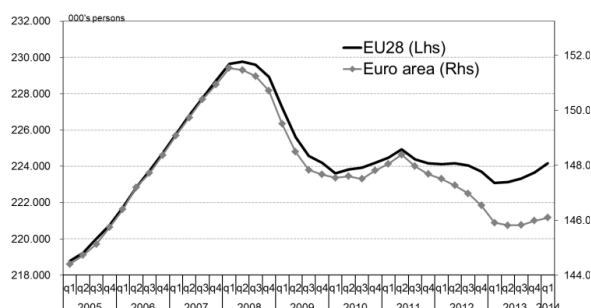
Employment in the EU has increased moderately since mid-2013. It increased by 0.2 % in the first quarter of 2014, following a similar increase in the last quarter of 2013. Following this rebound, employment in the EU in the first quarter of 2014 was 0.7 % higher than it was in the first quarter of 2013. However, employment remains 2.4 % lower than the level it reached in the first quarter of 2008 (Chart 9).

In the euro area, employment increased very slightly by 0.1 % in the first quarter of 2014, following a similar increase in the last quarter of 2013. Euro-area employment in the first quarter of 2014 was 3.6 % lower

<sup>9</sup> According to the results of the EU Business Surveys.

than in the first quarter of 2008, but 0.2 % higher than in the first quarter of 2013.

**Chart 9: Employment in the EU28 and the euro area, first quarter of 2005 to first quarter 2014**



Source: Eurostat, National Accounts, data seasonally -adjusted [namq\_aux\_pem]  
[Click here to download chart.](#)

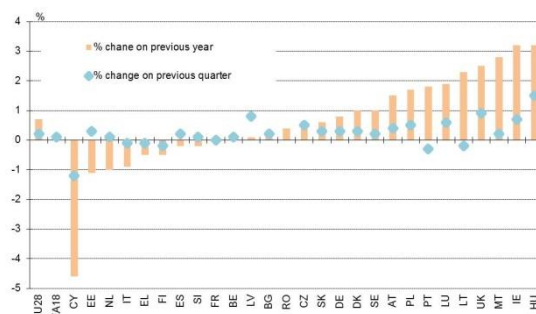
*Employment increased in more Member States in the first quarter of 2014 than in the last quarter of 2013*

Employment increased in most EU Member States in the first quarter of 2014. It increased in 18 Member States, while it decreased in 5 (data available for 25 Member States). This is an improvement compared to the last quarter of 2013 when only 15 Member States recorded an increase in employment.

In Spain, Estonia and the Netherlands, data suggests an increase in employment in the first quarter of 2014, against the drop witnessed during most of 2013. In contrast with the overall positive picture, in Cyprus and Italy, employment continued to decrease in the first quarter of 2014. In Finland and Greece the employment decrease has abated over the last five quarters to the first quarter of 2014, but employment growth for the first quarter of 2014 was not yet positive.

Among the large Member States, employment growth in the first quarter of 2014 accelerated in the UK and Germany (+0.6% and +0.3% respectively), rebounded in Poland (+0.5%) and remained positive in Spain (a +0.2% increase in the first quarter of 2014 followed a +0.6% increase in the last quarter of 2013). In the first quarter of 2014, France recorded a third consecutive quarter of stagnation (+0.0%) and Italy a new drop (-0.1%). In the year to the first quarter of 2014 employment decreased in Cyprus, Estonia, the Netherlands, and Italy, and to a lesser extent in Greece and Finland (Chart 10).

**Chart 10: Employment change in the first quarter of 2014 (year-on-year change and quarterly change) in the EU28, the Euro area and the Member States**



Source: Eurostat, National Accounts [namq\_aux\_pem].

Notes: For LU and IE data refer to the last quarter of 2013; no seasonally-adjusted data for RO, no recent data for HR.  
[Click here to download chart.](#)

*Employment is increasing in most sectors, with services, including the private sector, showing the largest increase.*

Employment is recovering across a wider range of sectors, moderately in industry and more vigorously in the service sector, where it is on the rise in market and non-market services, especially in sectors employing a skilled labour force (Chart 11).

During the year to the first quarter of 2014, employment increased predominantly in knowledge-intensive service sectors,<sup>10</sup> such as *professional and scientific activities* (+1.9%), *public administration, arts and entertainment* (+1.0%), *human health and social work activities* (+0.8%), and *information and communication* (+0.5%).

Employment in the *information and communication* sector increased noticeably in Estonia (+27.3%), Poland (+18.8%) and Latvia (+15.1%).

The number of people working in the *public administration, defence, education, human health and social work activities* increased in most Member States, with the largest increases observed in Hungary (+6.5%), Portugal (+4.6%), Malta (+4.5%) and Estonia (+3.3%).

Employment in *professional, scientific and technical activities; administrative and support service activities*, also increased in

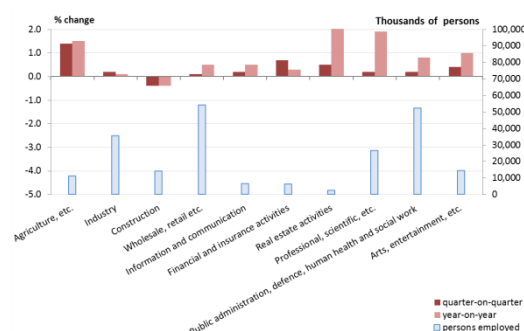
<sup>10</sup> Knowledge-intensive sectors and less knowledge intensive are defined following the EUROSTAT classification available at: [http://epp.eurostat.ec.europa.eu/cache/ITY\\_SDDS/Annexes/htec\\_esms\\_an3.pdf](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/htec_esms_an3.pdf)

most Member States, with substantial increases in Malta (+6.7%), Czech Republic (+5.7%), Poland (+5.5%), Hungary (+5.3%), Romania (+5.2%) and Portugal (+5.1%).

In the year to the first quarter of 2014 employment increased less in less knowledge-intensive sectors, such as *wholesale and retail* (+0.5%).

The *construction* sector contracted at EU level (-0.4%), but increased significantly in some countries such as Lithuania (15.2%) and Latvia (+9.1%). Recovery in the *industry* sector has been timid at the EU level (+0.1%), while significantly increased in Poland (+3.8%), Portugal (+3.3%) and Hungary (+2.5%).

**Chart 11: Employment change in the first quarter of 2014 in the EU (left axis) and number of people employed (right axis), by NACE sector**

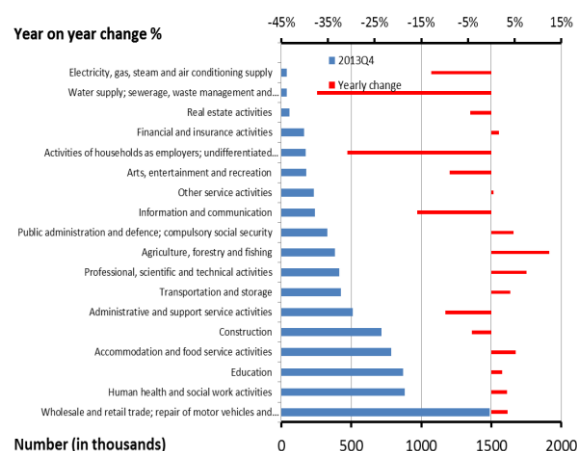


Source: Eurostat, National Accounts, data seasonally adjusted (q-o-q) and non-seasonally adjusted (y-o-y) [namq\_nace10\_e]  
 Notes: data not available for LU, IE, and HR.  
[Click here to download chart.](#)

Employment growth in the private service sector in the first quarter of 2014 confirms the trend initiated in the last quarter of 2013. Indeed, the number of people starting a new job recorded a yearly increase in sectors such as *accommodation and food service activities* (+5.2% year on year change), in *wholesale and retail trade* (+3.5%) and *human health and social work activities* (+3.3%) (Chart 12).

In contrast, in the year to the last quarter of 2013 the number of people starting a new job declined in the *construction* sector (-4.2%) and in *administrative and support service activities* (-9.9%).

**Chart 12: Number of people starting a new job in the last quarter of 2013, by NACE economic activity, year-on-year change.**



Source: Eurostat, LFS, [lfsq\_egdn2] (DG EMPL calculations)

## Employment rate<sup>11</sup> in the EU and its Member States

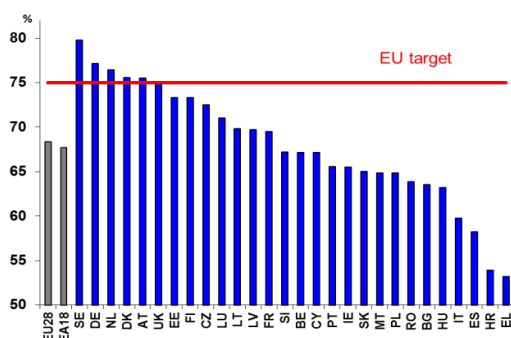
*The employment rate remained stable in the EU in the last quarter of 2013*

Reflecting the increase in employment since mid-2013, the EU employment rate for the 20-64 age group stopped falling in the last quarter of 2013. At 68.4% in the last quarter of 2013 (Chart 13), it remained unchanged compared to the last quarter of 2012. In the euro area, employment rate was 67.7% — a decrease of 0.4 percentage points (pp) over the year (Chart 13). The difference between Sweden (79.6%), which has the highest employment rate and Greece (53.2%) is over 25 pp. The EU employment rate remains 2.0 pp lower than in 2008.

<sup>11</sup> For the employment rate section, results for the quarter described are the average of the quarter in question and the three previous ones in order to smooth the seasonality effect.



**Chart 13: Employment rate in the EU28, the euro area and in Member States, last quarter of 2013**

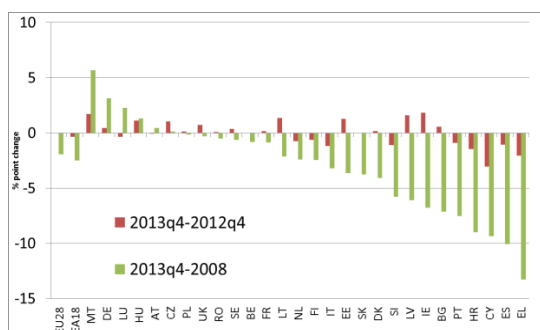


Source: Eurostat, LFS, data non-seasonally adjusted [lfsi\_emp\_q]

*In most Member States the employment rate increased in the year to the last quarter of 2013, but remained far from the 2008 level*

The employment rate increased in 15 Member States and decreased in 12 in the year to the last quarter of 2013. The highest increases were recorded in Ireland (+1.8 pp), Malta (+1.7 pp) and Latvia (+1.6 pp), while the most significant decreases occurred in Cyprus (-3.1 pp) and Greece (-2.1 pp) (Chart 14). The employment rate of three fourths of the Member States was lower in the last quarter of 2013 than in 2008. The rate for Spain has decreased by 10.1 pp and that of Greece by 13.3 pp. In contrast, the employment rate increased in other Member States such as Germany and Malta (+3.2 pp and +5.7 pp compared to 2008) (Chart 14).

**Chart 14: Employment rate (20-64) change (pp) in the EU, the euro area and by Member State (2008-2013 and from last quarter of 2012 to the last quarter 2013)**

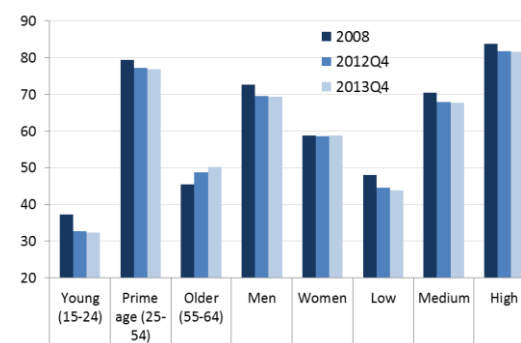


Source: Eurostat, LFS, data non-seasonally adjusted [lfsi\_emp\_q]

*By the end of 2013, the employment rate continued to increase for older people and to decrease for younger population groups*

The employment rate for young and prime age people decreased in the year to the last quarter of 2013 (-0.4 pp for both groups), but increased for older people (+1.4 pp). The employment rate of low-skilled people decreased significantly (-0.8 pp over the year) (Chart 15). Compared to 2008, the employment rate of older people increased by 4.7 pp, while it decreased by 2.7 pp for prime age and by 5.0 pp for young people.

**Chart 15: EU employment rate in 2008, the last quarter of 2012 and the last quarter of 2013 by age group, gender and education level**



Source: Eurostat, LFS, data non-seasonally adjusted [lfsq\_ergaed]

The employment rate of adults aged 25-34 has decreased since 2008 and represents the largest decrease up to the last quarter of 2013 (see Annex 3). This is a policy challenge for the EU, because they represent around 35% of employed people in the 15-64 age group.

*Employment recovery has so far been driven by an increase in the number of temporary contracts*

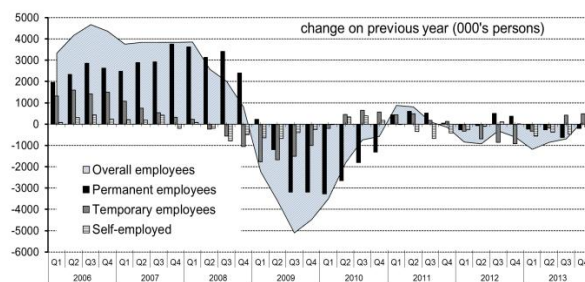
In the year to the last quarter of 2013, temporary employment increased by 2.0% or 480 000 workers, with the increase in the second half of the year exceeding the decrease during the first half (+1.8 % against -1.1 %). Temporary employment increased for both men and women (Annex 3).

The number of permanent contracts has not yet increased. Permanent employment decreased by 0.1% or 200 000 workers (Chart 16) over the year to the last quarter of 2013. The situation with regard to permanent employment remained



moderately negative in 2013 with an average quarterly reduction of 0.2%. Self-employment has decreased too, with a yearly decrease of 0.4% or 140 000 workers in the year to the last quarter of 2013.

**Chart 16: Employees in permanent and temporary work in the EU, self-employment and total employment (15-64 years) (1 000 persons), 2006-13, year-on-year change**

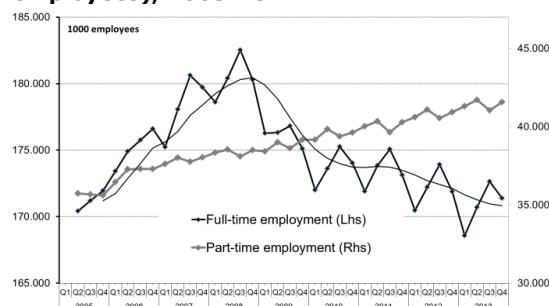


Source: Eurostat, LFS, data non-seasonally adjusted (DG EMPL calculations)  
[Click here to download chart.](#)

*By the end of 2013, employment recovery was associated with an increase in part-time work but not in full-time work.*

In the year to the last quarter of 2013, the number of full-time workers in the EU recorded a decrease of 0.3% (or 0.6 million workers). Nevertheless, the decrease observed in the last quarter of 2013 was lower than the decrease observed in the previous quarter. Since 2008, full-time employment has decreased dramatically by 4.6% (or 8.3 million workers). In contrast, at EU level, the number of employees working part-time grew by 1.6% (or 645 000 part-timers) in the year to the last quarter of 2013 (Chart 17). There has been steady growth in this type of work in recent years, with 3.5 million more part-time jobs since the last quarter of 2008, an increase of 9.2%. Consequently, the proportion of part-time workers among total employees in the EU has risen consistently in recent years, reaching 19.5% at the end of 2013. The share of male and female part-time workers continuously increased in the EU since the first quarter of 2008 (Annex 3:

**Chart 17: Part-time (right axis) and full-time (left axis) employment in the EU (1000 employees), 2005-13**



Source: Eurostat, LFS, data seasonally adjusted (DG EMPL calculations).  
[Click here to download chart.](#)

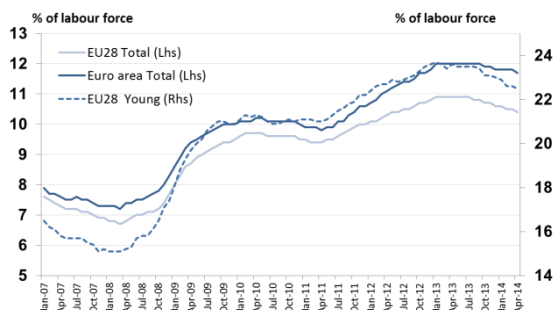
### 3. Unemployment in the EU and its Member States

*The unemployment rate in the EU is gradually falling from a high level*

The unemployment rate for the EU has gradually decreased since mid-2013 (it was 10.9% in June 2013) to reach 10.4 % in April 2014. Since January 2014, the decreasing trend has been more marked in the EU (-0.2 pp in April 2014 compared to January 2014) than in the euro area (-0.1 pp in April 2014 compared to January 2014). The euro-area unemployment rate reached 11.7 % in April 2014 (Chart 18). The unemployment rate in the EU in April 2014 was 0.5 pp lower than the rate observed in April 2013. This represents 1.17 million fewer unemployed people (-4.4 %). In the euro area over the same period the number of unemployed people fell by 490 000 (-2.5 %).

With 25.47 million people out of work and actively seeking a job in the EU, including 18.75 million in the euro area, the level of unemployment remains close to historically high levels despite the decrease since mid-2013. This is associated with the second dip in output which increased the number of unemployed people by 17.7 % or 4.0 million between the first quarter of 2011 and 2013.

**Chart 18: Total unemployment rate in the EU and euro area (left axis) and youth unemployment rate (right axis): Jan 2007–Apr 2014**



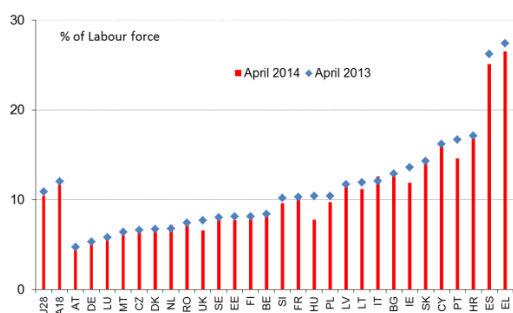
Source: Eurostat, series on unemployment, data seasonally adjusted [une\_rt\_m]  
[Click here to download chart.](#)

*Unemployment rates have decreased in most Member States, but remain close to historic highs in some cases*

In the year to April 2014, the unemployment rate decreased in 18 Member States and increased in 10. At EU level this represents a decrease of 0.5 pp. The unemployment rate decreased the most in Hungary (-2.6 pp), Portugal (-2.1 pp) and Ireland (-1.7 pp) and to a lesser extent, in the UK, Greece and Spain. In contrast, unemployment rates increased in several Member States such as Malta, the Netherlands and Finland (+0.4 pp for all three countries) and Italy (+0.5 pp) (Chart 19).

During the first quarter of 2014, the unemployment rate decreased further in 18 Member States.

**Chart 19: Unemployment rates in the EU Member States in April 2014 and April 2013**

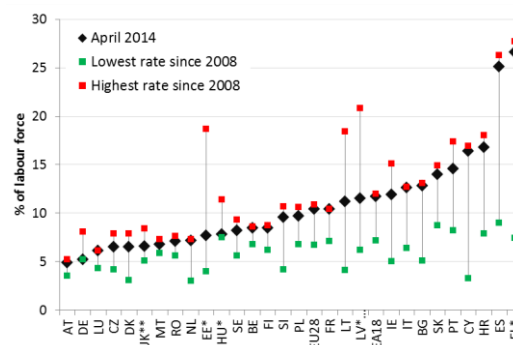


Source: Eurostat, series on unemployment, data seasonally adjusted [une\_rt\_m].  
 Note: EE, HU, LV March 2014; EL, UK February 2014; LV 2013Q4

While the unemployment rate in the EU is stabilising or slightly decreasing, it is doing so at high levels, with several countries

remaining close to the historically high rates seen in recent years (Chart 20).

**Chart 20: Unemployment rates in the EU Member States in April 2014 and the highest and lowest rates since 2008.**



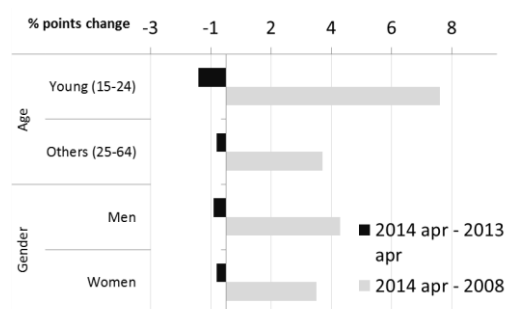
Source: Eurostat, series on unemployment, data seasonally adjusted [une\_rt\_m].  
 Note: EE, HU, LV March 2014; EL, UK February 2014; LV 2013Q4.

[Click here to download chart.](#)

*The unemployment rate has moderately decreased among all population groups*

The unemployment rate in the EU recorded a yearly decrease in April 2014 for young people (-1.1 pp) and for people over 25 (+0.3 pp). Men performed better (-0.4 pp, year on year) than women (-0.3 pp). This recent evolution is far from compensating for the post-2008 increase (Chart 21).

**Chart 21: Year-on-year change in the unemployment rate in the EU in April 2014, by age and gender**



Source: Eurostat, series on unemployment, data seasonally adjusted [une\_rt\_m].

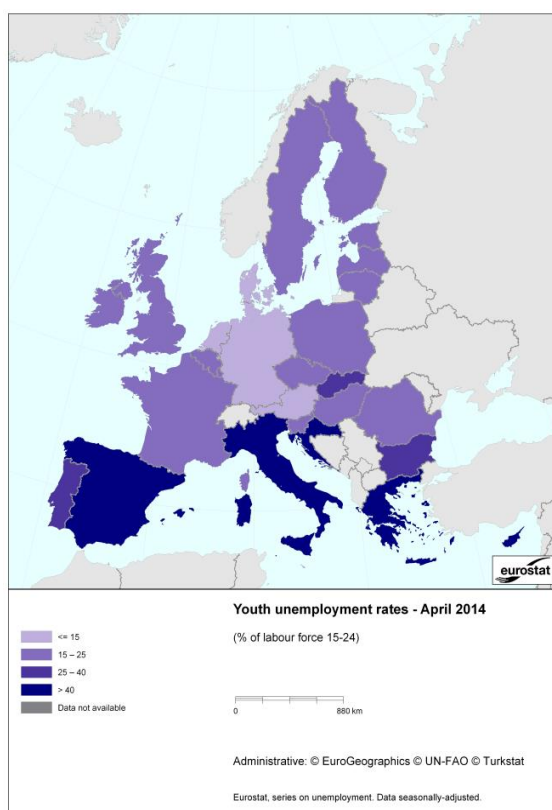
*Youth unemployment rates in several EU Member States remain close to historical high values, but are decreasing.*

At 22.5% in April 2014, the youth unemployment rate, has been moderately decreasing since mid-2013 (-1.1 pp compared to April 2013), but it still affects 2.5 million young women and 2.9 million

young men aged 15-24. In the year to April 2014, Cyprus and Italy registered an exceptionally sharp increase. It also increased in Austria and Finland but to a lesser extent. Youth unemployment rates decreased significantly in Hungary, Portugal, Greece, and Latvia and to a lesser extent in Spain (Table 2).

Considerable disparities remain among Member States, despite the decrease observed in about two thirds of them during the year to April 2014. In April 2014, youth unemployment rates ranged from around 10% or less in countries little affected by labour market deterioration (Austria, Germany and the Netherlands) to more than half of the young active population in Greece and Spain (Chart 22 and Table 2).

**Chart 22: Youth unemployment rates in the EU, in April 2014**



Source: Eurostat, LFS; Data seasonally adjusted.  
 Note: \*EE HU March 2014; \*\*UK February 2014;  
 \*\*\*CY EL HR LV SI 2014Q1; and \*\*\*\*RO 2013Q4

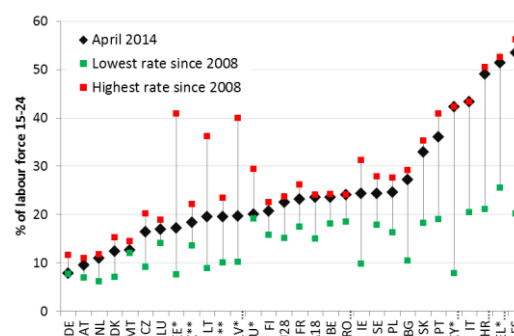
**Table 2: Youth unemployment rates in April 2014 and year-on-year percentage points changes**

	Youth unemployment rate	Percentage points change (y-o-y)
EL	56.9	-4.0
ES	53.5	-2.0
HR	49.0	-1.5
IT	43.3	+3.9
CY	42.3	+6.7
PT	36.1	-4.2
SK	32.9	-0.6
BG	27.2	-1.9
PL	24.6	-2.8
IE	24.3	-3.6
SE	24.3	+0.2
BE	23.6	+0.2
RO	23.6	+1.2
FR	23.2	-2.0
EU28	22.5	-1.1
FI	20.7	+0.7
HU	20.0	-7.6
LV	19.7	-3.7
LT	19.6	-3.0
SI	19.6	-2.3
UK	18.4	-2.2
EE	17.2	-1.9
LU	17.0	-0.5
CZ	16.4	-3.4
MT	12.7	-0.9
DK	12.4	-0.1
NL	11.0	+0.4
AT	9.5	+1.2
DE	7.9	+0.2

Source: Eurostat, LFS. Data seasonally adjusted.  
 Note: see note Chart 22

In almost two thirds of EU Member States, youth unemployment rates in April 2014 were close to their historical high values.

**Chart 23: Youth unemployment rates in the EU Member States in April 2014 and the highest and lowest rates since 2008.**



Source: Eurostat, LFS. Data seasonally adjusted.  
 Note: see note Chart 22.

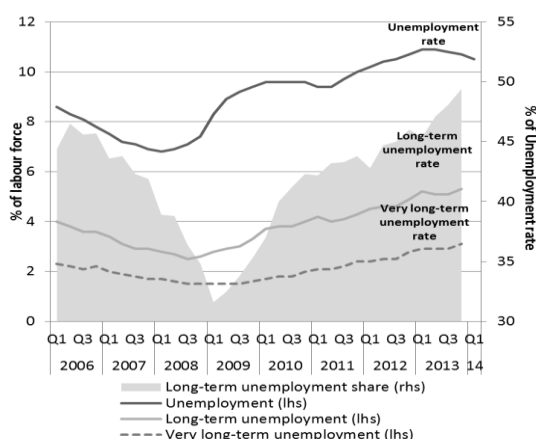
[Click here to download chart.](#)

## 4. Long-term unemployment, additional potential labour force and underemployment<sup>12</sup>

*Long-term unemployment continues to increase, though more moderately...*

In the last quarter of 2013 long-term unemployment in the EU reached a new high. Around 13 million people or 5.3% of the active population in the EU (+0.2pp compared to the last quarter of 2012) had been unemployed for at least one year. In addition, around 60% of long-term unemployed people had been jobless for a very long time (at least two consecutive years). In the last quarter of 2013 very long term unemployed people accounted for 3.1% of the active population.

**Chart 24: Unemployment rate (left axis), long-term unemployment rate (left axis) and very long-term unemployment rate (left axis) and the long-term unemployment as a share of total unemployment in the EU, first quarter of 2006 to last quarter of 2013**



Source: Eurostat, LFS; data seasonally adjusted (unemployment rate) and non-seasonally adjusted (long-term unemployment rates) [une\_rt\_q and une\_ltu\_q].

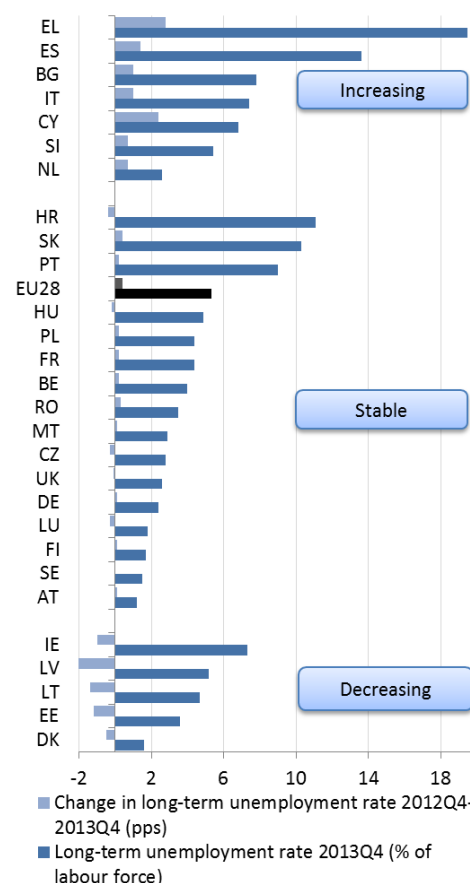
[Click here to download chart.](#)

<sup>12</sup> Underemployment and additional potential labour force cover the three EUROSTAT supplementary indicators to unemployment (SIU): [1] underemployed part-time workers, [2] persons seeking work but not immediately available and [3] persons available for work but not seeking it (i.e. discouraged). See: [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Underemployment\\_and\\_potential\\_additional\\_labour\\_force\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Underemployment_and_potential_additional_labour_force_statistics).

*More Member States show stability in their long-term unemployment trend, but further deterioration was seen in some countries by the end of 2013*

In the year to the last quarter of 2013, long-term unemployment increased in several Member States, including Greece and Spain, where more than 10% of the active population have been unable to find a job for one year or longer. It decreased in Latvia, Lithuania and Estonia. It remained stable in most EU Member States, including in those with very high rates, such as Croatia, Slovakia and Portugal.

**Chart 25: Long-term unemployment rates and evolution in EU Member States<sup>13</sup>**



Source: Eurostat, LFS, data non-seasonally adjusted [une\_lt\_q]

[Click here to download chart.](#)

<sup>13</sup> Chart 25 has been updated from the original one published on June 30, due to a technical error in the change of the long-term unemployment rates for the following MS: LV RO, EE, HU, SI, IT, and IE.

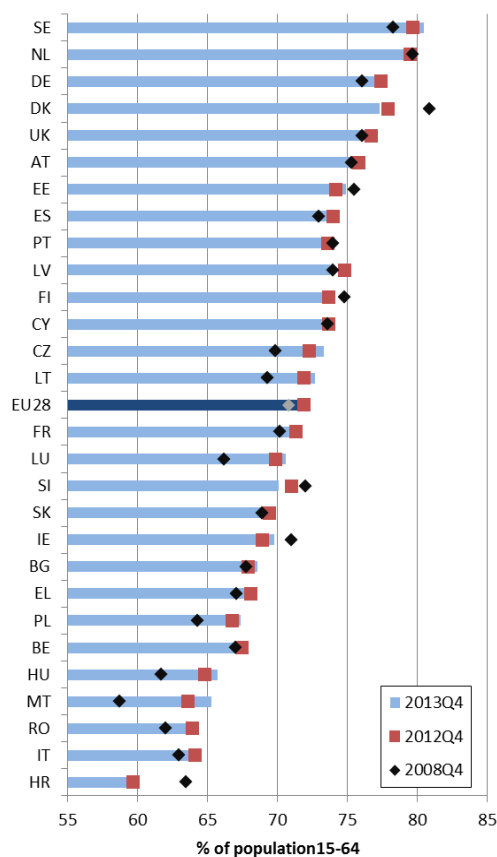
*The activity rate in the fourth quarter of 2013 was stable or increased in most of the Member States*

In the last quarter of 2013, the EU activity rate for the 15-64 age group was 72.1%, that is, 0.2 pp higher than in the last quarter of 2012 and 1.3 pp higher than in the last quarter of 2008. It was 78.0% for men and 66.2% for women. In the period between the last quarter of 2008 and the last quarter of 2013, the activity rate remained stable for men (+0.1 pp), while it increased significantly for women (+2.3pp).

In the year to the last quarter of 2013, activity rates were stable or increased in most Member States (+0.2 pp for the EU). In contrast, activity rates decreased significantly in Denmark, Croatia and Slovenia. Significant differences persist among Member States.

The increase in labour market participation of women since 2008 can help explain the increase in activity rates in several Member States such as Italy, Greece and Spain, despite the drop in the activity rate of men. It might also have contributed to the increase in the unemployment rate of women observed since 2008 (see Chart 46).

**Chart 26: The activity rate and its evolution, by EU Member State**



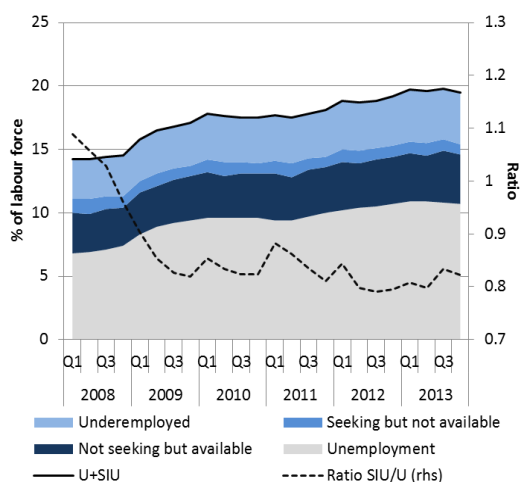
Source: Eurostat, LFS, data non-seasonally adjusted [lfsi\_act\_q]  
[Click here to download chart.](#)

*In the year to the last quarter of 2013 the number of underemployed people and additional potential labour force remained stable in the EU...*

The combined increase of long-term and very long-term unemployment rates may point to a growing fragmentation among unemployed people and to an increase in the number of unemployed people facing stronger difficulties in finding a job, a higher risk of discouragement and therefore a potential detachment from the labour market.

So far, the rates of underemployed and those who are part of the additional potential labour force remained stable (+0.1 pp) in the year to the last quarter of 2013, even when unemployment (non-seasonally adjusted) increased.

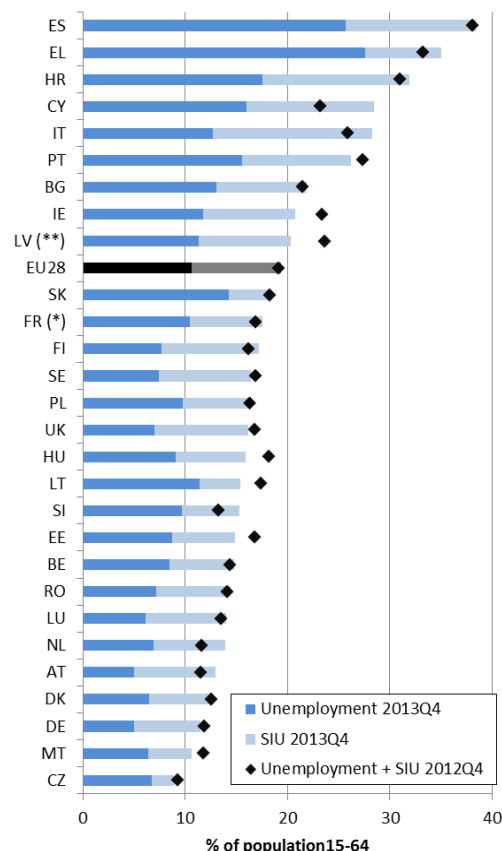
**Chart 27: Unemployment rate, potential labour force and underemployment in the EU (the scale varies)**



Source: Eurostat, LFS, data seasonally adjusted (unemployment rate) and non-seasonally adjusted (other indicators), [une\_rt\_q and lfsi\_sup\_age\_q] (DG EMPL calculations)

Cyprus (+2.1 pp) and Slovenia (+1.8 pp) were the Member States with the highest increases over the year to the last quarter of 2013.

**Chart 28: Unemployment and the three supplementary indicators to unemployment (SIU), by Member State in the last quarter of 2013**



Source: Eurostat, LFS, data non-seasonally adjusted [une\_rt\_q and lfsi\_sup\_age\_q] (DG EMPL calculations). (\*) FR "Discouraged" from 2012Q4. (\*\*) LV "Looking but not available" from 2013Q3

### *Member States are equally divided between discouraged or underemployed*

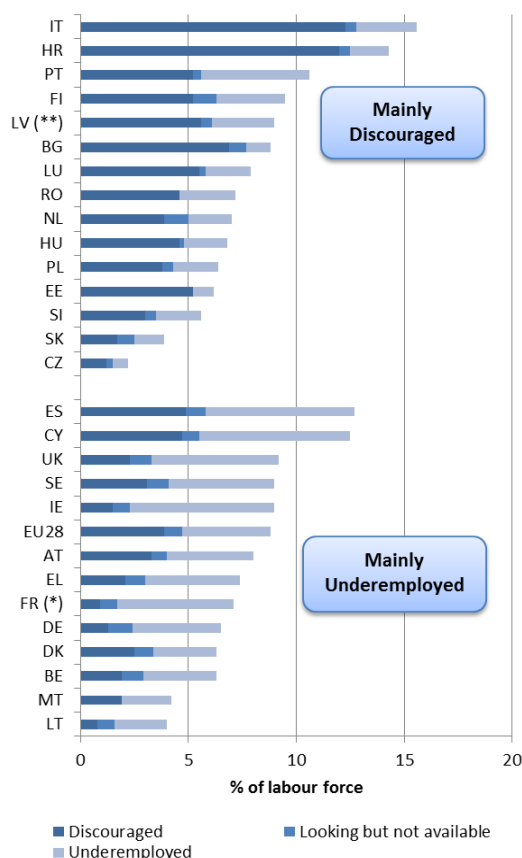
In the last quarter of 2013, the size and the groups of Member States in which discouragement or underemployment are prevalent were more or less the same as in the third quarter of 2013. In the last quarter of 2013 only two Member States changed group: Slovenia, where discouragement doubled (from 1.5% to 3%) in one year, outpacing underemployment, and Malta where discouragement is now lower than underemployment.

Data suggest that the situation is particularly serious in some Member States such as Greece and Spain, where high underemployment coincided with high and increasing long-term unemployment.



Discouragement was very large in Italy and Croatia, and to a lesser extent in Portugal, Sweden and Ireland (Chart 29).

**Chart 29: Labour underutilisation in EU Member State in the last quarter of 2013**



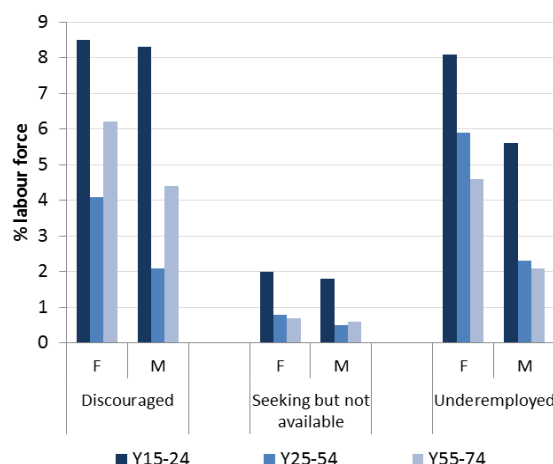
Source: Eurostat, LFS, data non-seasonally adjusted [une\_rt\_q],[lfsi\_sup\_age\_q] (DG EMPL calculations). (\*) FR "Discouraged" from 2012Q4. (\*\*) LV "Looking but not available" from 2013Q3

*In the last quarter of 2013 young people and women were more likely to be discouraged and underemployed*

In the last quarter of 2013, young people (15-24) were the largest population group in the EU underemployed or discouraged to look for work.

Women were largely more underemployed than men (5.9 % vs. 2.6%) for all age groups.

**Chart 30: The three supplementary indicators to unemployment (SIU) in the EU, by age and sex (last quarter of 2013)**



Source: Eurostat, LFS, [lfsi\_sup\_age\_q]  
[Click here to download chart.](#)

## 5. Households' income and financial situation

*Households' incomes improved for the first time in four years thanks to higher market incomes and social benefits, but growth is still weak.*

On average in the EU,<sup>14</sup> growth in the gross disposable household income (GDHI) had improved in real terms by the end of 2013, after nearly four years of continuous declines. This was due to an increase in market incomes (compensation of employees, compensation of self-employed and property incomes), supported by an increase in social benefits transferred to the households (Chart 31). Growth in GDHI in real terms also recovered in the euro area, after nearly four years of continuous declines.

The recovery in household incomes has followed the general economic recovery and trends observed on the labour market in the second half of 2013. Income from work improved, as employment started increasing notably in service sectors but

<sup>14</sup> The real GDHI growth for the EU is DG EMPL estimation, and it does not include Member States for which quarterly data are missing (8 Member States). The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. The real GDHI growth is a weighted average of real GDHI growth in Member States.

also thanks to the slowdown in job destruction in the sectors most hit by the crisis, i.e. construction and industry (see Chart 11 in Section 2). At the same time, increases in social benefits added to improved market incomes in the second half of 2013, and these increases were comparable to the increases observed before 2007.

It is not yet clear if this recent improvement will be sustained, as EU employment growth remains modest and the impact of tax-benefit systems remains weak.

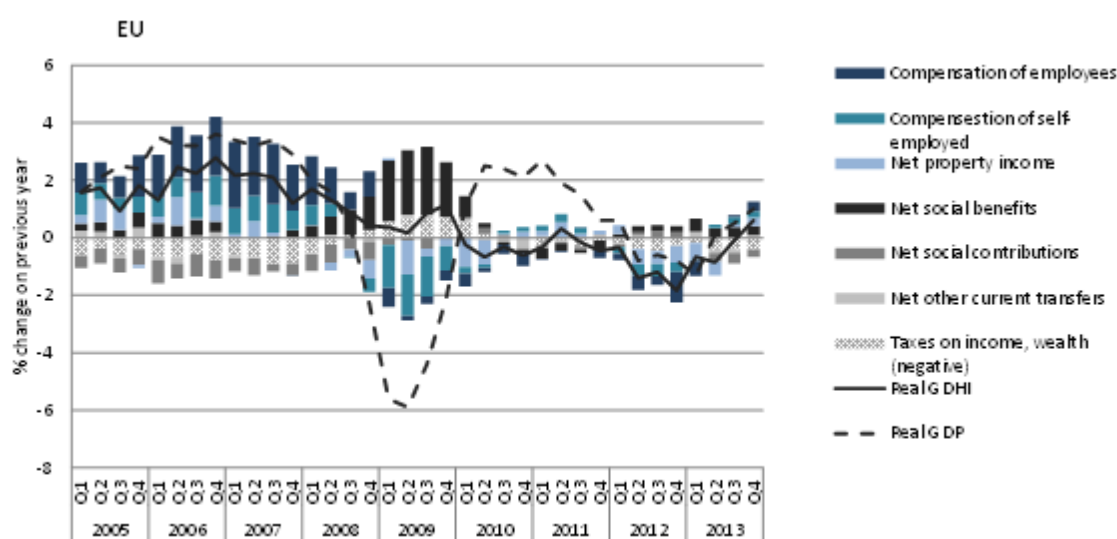
*Household incomes have improved or stabilised in most Member States, but have continued to worsen in some others.*

GDHI improved in real terms overall in the EU over the year to the last quarter of 2013. It was broadly stable in Finland and

Spain, as market incomes picked up, and improved in Austria, France, Germany, the Netherlands, Romania, Sweden and the UK. However, GDHI continued to decline in the Czech Republic, Greece and Ireland where market incomes continued to decline (Chart 31 for the EU and charts in the Annex 1: Real GDP growth, real GDHI growth and its main components for selected Member States for the euro area and selected Member States).

**Chart 31: Households' incomes in the EU improved for the first time in four years thanks to market income and social benefits, but growth is still weak**

**Real GDP growth, real GDHI growth and its main components, EU, 2005-2013**



Source: Eurostat, National Accounts, data non-seasonally adjusted [namq\_gdp\_k, nasq\_nf\_tr and namq\_fcs\_p] (DG EMPL calculations)

Note: GDHI EU aggregate for Member States for which data are available, GDP for EU28.

[Click here to download chart.](#)

*Households' financial distress in the EU has shown some signs of easing, but remains high.*

Financial distress<sup>15</sup>, or the need to draw on savings or to run into debt, eased to the level of mid-2013 in the first quarter of

2014. Contributing to the recent improvement was a decline in the share of the population reporting that their households had to draw on their savings, while the share reporting they needed to run into debt remained stable. It is not yet clear if this recent improvement will lead to a downturn in financial distress. Financial distress remains at a high level, far from that experienced in the previous decade. It is driven primarily by the increasing reliance on savings since mid-2010 (Chart 32).

<sup>15</sup> See previous editions of this report. For details on Business and Consumer Surveys, including consumer survey's question on the current financial situation of the household, see: [http://ec.europa.eu/economy\\_finance/db\\_indicators/surveys/index\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm)

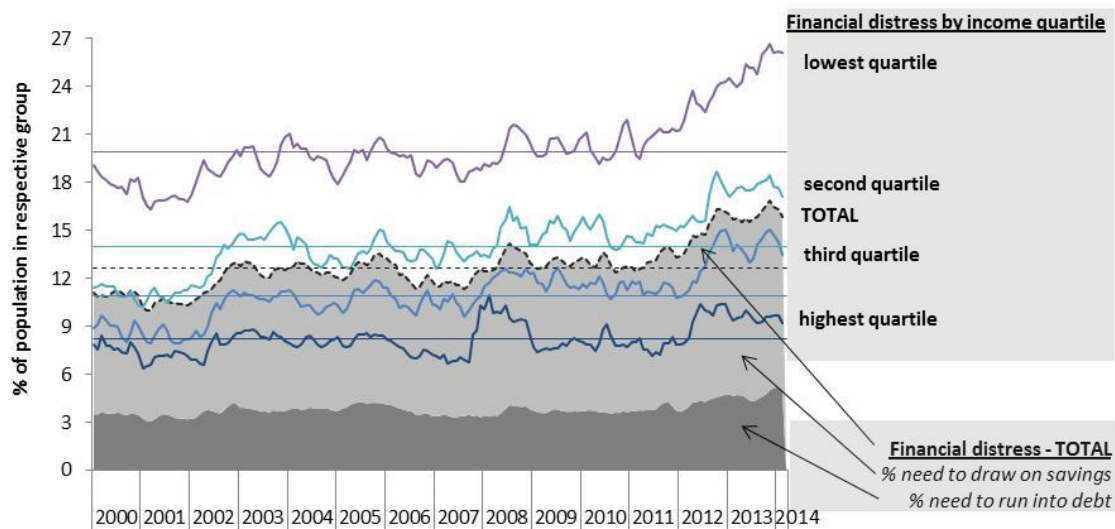
*Recent easing of financial distress has not yet reached low-income households, who remain in the most acute financial situation.*

Financial distress has eased mainly for medium-income households in recent months, but remains unchanged for low-income households. Therefore, the gap in financial distress between low-income households and other households has

widened. 10% of adults in low-income households are forced to run into debt and a further 15% must draw on savings to cover current expenditure, compared to 5% and 10% for the total population. Overall, financial distress persistently deteriorated from mid-2010 till the end of 2013, causing it to soar above long-term averages in all household income quartiles, but especially so in low-income households.

**Chart 32: Signs of easing of financial distress in the EU appeared, although not yet for low-income households**

**Reported financial distress by income quartile, and components of reported financial distress (share of adults reporting necessity to draw on savings and share of adults reporting need to run into debt), EU28, 2000-2014**



Source: European Commission DG ECFIN, Business and Consumer Surveys (DG EMPL calculations), data non-seasonally adjusted.

Note: Three-months moving averages. Horizontal lines reflect long-term averages of financial distress for total and 4 income quartile households. For total households, the share of adults reporting needing to draw on savings and needing to run into debt are stacked in the grey chart area which adds to total financial distress.

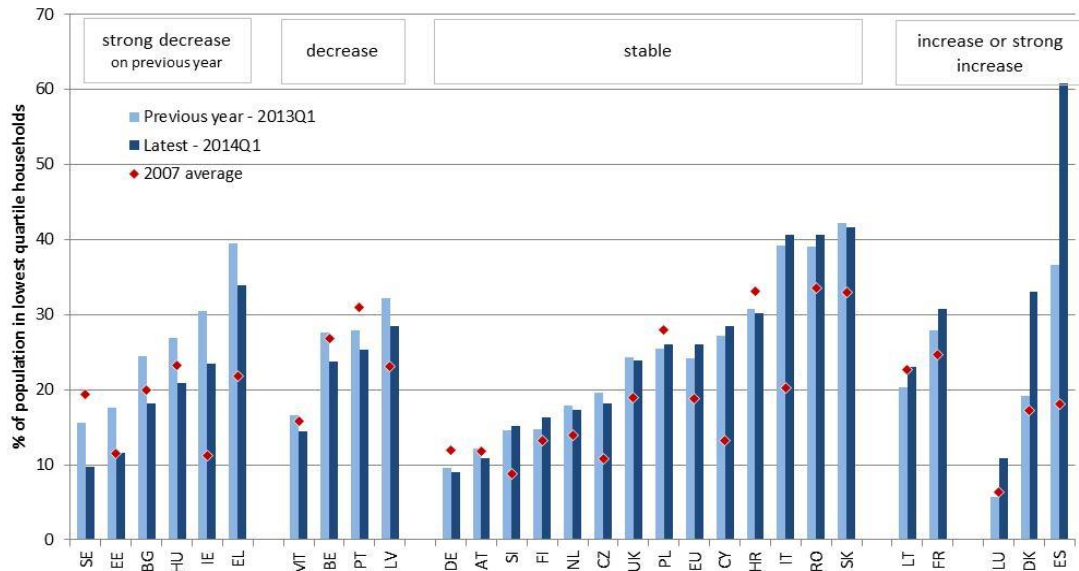
*Financial distress has eased in most Member States, but variations persist.*

Financial distress among all households declined over the year to the first quarter of 2014 in most Member States. Still, it remains higher than in 2007 in most of them, ranging from less than 5% in Germany, Luxembourg and Sweden to around 30% in Bulgaria and Ireland. Financial distress among people in the lowest income quartile households declined

or remained stable in most Member States, but rose markedly in Denmark, Luxembourg and Spain. Financial distress among the poorest households accelerated in all Member States after 2007. It affects more than 40% in Italy, Romania, Slovakia and Spain, compared to less than 10% in Germany and Sweden (Chart 33).

**Chart 33: Financial distress eased in most Member States, but variations persist**

**Reported financial distress in lowest income quartile households, EU Member States, 2007, 2013Q1 and 2014Q1**



Source: European Commission DG ECFIN, Business and Consumer Surveys (DG EMPL calculations).

Note: Three-months moving averages.

*In 2013, living standards started to stabilise or improve in most Member States, but in several severe material deprivation continued to increase.*

Severe material deprivation, which indicates a lack of resources to sustain a living standard, has increased since 2010, affecting 9.9% of the EU population in 2012. The rise in 2012 reflected increases (or stagnation) in most Member States. According to a recent data release by Eurostat,<sup>16</sup> the situation started to improve in some Member States in 2013, while it still worsened in a few others. In 2013, the share of people suffering from severe material deprivation continued to decline in Latvia, started to decline in Estonia, Italy, Lithuania, Poland and Romania, in contrast with the rise in the previous year, remained stable for two years in Austria, the Czech Republic, Finland and France, and stayed unchanged in Malta and Spain after a surge in 2012. Instead, it increased further in

Bulgaria, Cyprus, Hungary and Portugal (see Chart 34).

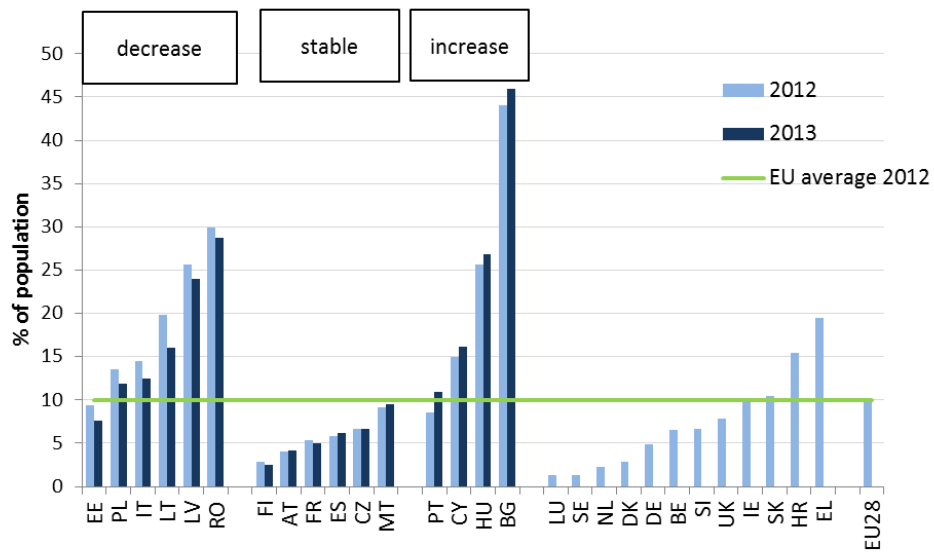
*Severe material deprivation rates vary greatly across Member States and between population subgroups.*

Severe material deprivation rates in 2013 ranged from 2.5% in Finland<sup>17</sup> to 25% or more in Hungary and Romania and up to 45% in Bulgaria. Among the Member States for which 2013 estimates are not yet available, Greece, Croatia, Ireland and the UK might require attention, given either the high level (EL, HR) of severe material deprivation or the large increase (IE, UK) registered in 2012 (Chart 34). The yearly rates of severe material deprivation recorded for 2013 confirmed the higher incidence of severe material deprivation among children, including those living with a lone parent, single-person households, and large families with three or more children.

<sup>16</sup> It is the first time that early results on material deprivation statistics are available 5 months after the reference period (normally 2013 data would only become available in autumn 2015). Data on material deprivation for 2013 are available for 16 EU Member States: CZ, ES, LV, HU and FI (final), BG, EE, FR, IT, CY, LT, MT, AT, PL, PT and RO (provisional). EU aggregates cannot be calculated, though.  
[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Material\\_deprivation\\_statistics\\_-\\_early\\_results](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Material_deprivation_statistics_-_early_results)

<sup>17</sup> Among the countries for which recent data are not available, in 2012 the rate was lower in Luxembourg, Sweden and the Netherlands.

**Chart 34: Severe material deprivation stabilised/ declined in most Member States, while it rose significantly in some others**



Source: Eurostat, EU-SILC.

## 6. Productivity, wages and hours worked

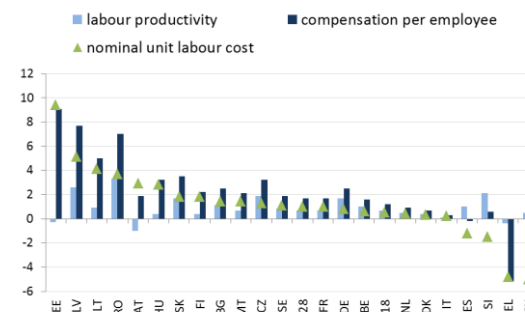
*Labour productivity growth remained weak in the first quarter of 2014 ...*

In the first quarter of 2014, when compared with the first quarter of 2013, labour productivity (measured as GDP per employed person, not seasonally adjusted) grew on average by a modest 0.7% in the EU and in the euro area. Nevertheless, productivity growth was very uneven, among the Member States for which data are available (Chart 35). Austria (-1.0%), Greece (-0.4%) and Estonia (-0.3%) recorded decreases in labour productivity. While in Austria this was due to a stronger growth in employment than in output, in Greece and Estonia the lower productivity reflected bigger falls in output than in employment.

By contrast, Romania (+3.3%), Latvia (+2.6%), Slovenia (+2.1%) and Poland (+2.0%) showed robust labour productivity growth although in Slovenia this was due to growth in output combined with a fall in employment.

The Czech Republic (+1.9%), Germany (+1.7%) and Slovenia (+1.7%) recorded productivity growth of just below 2%, but in several other Member States it was rather weak. These included Italy (+0.1%), Hungary (+0.4%), Finland (+0.4%), Cyprus (+0.5%) and the Netherlands (+0.5%). In Cyprus the higher productivity level reflected a sharper drop in employment (-4.6%) than in output (-4.0%). In the Netherlands and Italy, productivity growth was also driven to a large extent by a decline in employment, down by -1.0% and -0.9% respectively. Though the labour productivity increase in Malta (+0.7%) was modest, this represented a marked rise (+1.3%) compared with the last quarter of 2013.

**Chart 35: Labour productivity, nominal compensation per employee and nominal unit labour cost. First quarter of 2014 – growth rate against first quarter of 2013**



Source: DG EMPL calculations based on Eurostat (namq\_aux\_lp, namq\_aux\_ulc)

Note: Data not seasonally-adjusted

*... while growth in compensation per employee differed widely across Member States ...*

In the first quarter of 2014, nominal compensation per employee increased on average by 1.7% in the EU and in the euro area (if compared with the same quarter in 2013, seasonally unadjusted), although strong differences across Member States persisted (Chart 35).

Very strong growth in compensation per employee was recorded in Estonia (+9.1%), Latvia (+7.7%) and Romania (+7.0%), followed by Lithuania (+5.0%). By contrast, sharp falls were seen in Greece (-5.2%) and Cyprus (-4.5%), while Spain (-0.2%) showed only a small decrease.

In the euro area, Slovakia (+3.5%), Germany (+2.5%), Finland (2.2%) and Malta (+2.1%) recorded strong growth, while Italy (+0.3%), Slovenia (+0.6%), and the Netherlands (+0.9%) saw rather modest growth, followed by Belgium (+1.6%), France (+1.7%), and Austria (+1.9%). Outside the euro area, the Czech Republic (+3.2%), Hungary (+3.2%) and Bulgaria (+2.5%) also showed robust growth, while especially in Denmark (+0.7%) and Sweden (+1.9%) the increase was rather modest.

*... yielding strong differences in the nominal unit labour cost ...*

Estonia (+9.4%) saw by far the strongest increase in its nominal unit labour cost in the first quarter of 2014 (of the Member States for which data are available). This reflects a sharp increase in nominal



compensation per employee and a rather modest productivity growth. Nominal unit labour cost measures compensation per employee adjusted for productivity and is an indicator of 'cost-push' inflationary pressures. Latvia (+5.1%), Lithuania (+4.1%) and Romania (+3.7%) also saw a notable increases in their nominal unit labour cost.

By contrast, Cyprus (-5.0%) and Greece (-4.8%) continued to show sharp reductions in their unit labour cost. In both Member States this decrease primarily reflects the sharp contraction in compensation per employee. Slovenia (-1.2%) recorded a fall in its nominal unit labour cost for the fourth consecutive quarter. After a modest increase in the previous quarter (+1.2%) Spain saw a drop (-1.2%) due to a small contraction in compensation per employee and a rather modest increase in labour productivity.

Most of the other euro-area Member States recorded rather weak unit labour cost growth, including Italy (+0.2%), the Netherlands (+0.4%), Belgium (+0.6%), Germany (+0.8%) and France (+1.0%). Growth was more marked in Austria (+2.9%), followed by Slovakia (+1.8%), Finland (+1.8%) and Malta (+1.4%). Among the Member States outside the euro area, Hungary (+2.8%), Bulgaria (+1.4%), the Czech Republic (1.3%), Sweden (+1.1%) and Denmark (+0.3%) recorded rather modest increases in their unit labour cost.

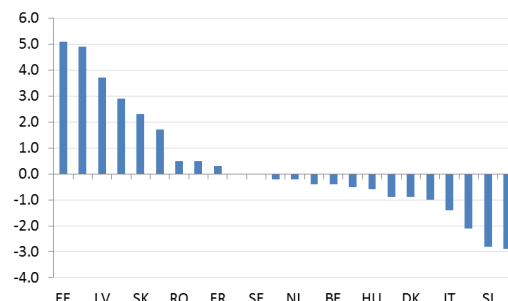
#### *... as well as in the real unit labour cost.*

The strongest increases in the real unit labour cost — which measures the nominal unit labour cost adjusted for prices and which is an indicator of the labour income share — were recorded in Estonia (+5.5%), Bulgaria (+4.9%), Latvia (2.9%), Slovakia (+2.3%) and Austria (+1.7%). More modest increases were seen in Romania (+0.5%), Finland (+0.5%), and France (+0.3%), while they remained unchanged in Malta and Sweden (Chart 36).

The biggest decreases in the real unit labour cost took place in Greece (-2.9%), Slovenia (-2.8%) and Cyprus (-1.4%), followed by Italy (-1.4%), Germany (-1.0), Denmark (-0.9%), the Czech Republic (-0.9%) and Hungary (-0.9%). The decrease in Spain (-0.5%) followed the increase recorded in the last quarter of 2013 when it rose for the first time since the last quarter of 2009. Finally, there was a small drop in

Belgium (-0.4%) and in the Netherlands (-0.2%).

**Chart 36: Real unit labour cost – first quarter of 2014 (year- on-year % change)**



Source: Eurostat (namq\_aux-ulc)

Note: Not seasonally-adjusted data

#### *The number of hours worked remained on average fairly stable*

In the last quarter of 2013 (a quarter for which data are available for all Member States), full-time workers in Greece worked the longest weekly hours in their main job – an average of 42.5 hours – followed by workers in the Netherlands (42.4 hours), Portugal (41.9 hours), Germany (41.5 hours) and Austria (41.4 hours). The lowest number of hours worked by full time workers was in Finland (38.0 hours), followed by France (38.8 hours) and Lithuania (39.1 hours).

As for part-time workers, those in Romania worked the longest hours, averaging 24.9 hours a week, followed by workers in Sweden (23.3 hours) and in Belgium (23.0 hours). The lowest amount of hours worked by part-time workers was seen in Portugal (16.1 hours), followed by Spain (18.2 hours) and Germany (18.3 hours) (Chart 37).

**Chart 37: Hours worked – Full- and part-time – fourth quarter of 2013**



Source: Eurostat, (variable: lfsq\_ewhais) Note: average number of actual weekly hours of work in main job

**Box 1: Labour productivity growth during the economic downturn**

Over the long run, labour productivity (i.e. trend labour productivity) is determined by the available technology and the way in which production factors are organised in the production process. In the short run, there may be cyclical deviations from trend productivity, due to the lagged response in employment to changes in output level.<sup>a</sup>

Charts 38 to 41 show developments in the short-run drivers of labour productivity over the period between the first quarter of 2008 and the third quarter of 2013. In other words, cumulative growth in output and employment since the onset of the crisis. A distinction has been made between a first episode of the crisis (running from the first quarter of 2008 to the last quarter of 2010) and a second episode (from the first quarter of 2011 to the third quarter of 2013).

In the euro area, Spain and Portugal increased productivity over the entire period by cutting employment at a stronger pace than output. At the onset of the crisis, labour productivity in Ireland increased as the cut in employment was stronger than the drop in output, but in a later phase it recorded productivity growth by showing an increase in output and only a modest decrease in employment.<sup>b</sup>

By contrast, at the onset of the crisis, productivity in Greece fell markedly as output contracted at a much stronger pace than employment (data needed to assess subsequent developments are not available). Luxembourg showed the strongest productivity decrease between the first quarter of 2008 and the last quarter of 2010 as its output suffered a big drop while its employment increased, followed by a small fall as both employment and output rose (although the former at a slower pace than the latter). Finland and Latvia also recorded notable decreases in productivity (but with big falls in output and employment in Latvia).

France, the Netherlands, Estonia, Italy, Belgium, Slovenia, Germany and Austria respectively, saw recorded only a weak relative deterioration in their labour productivity as movements in employment and output were in close alignment (although the falls were rather sharp in Estonia). In Cyprus, productivity growth was fairly stable during the first phase of the downturn, but it increased subsequently, especially because employment contracted at a much stronger pace than output in subsequent quarters.

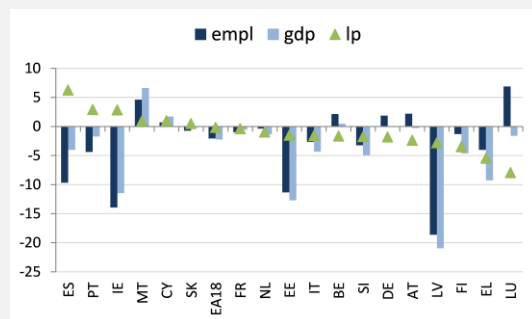
Outside the euro area, Lithuania recorded the strongest increase in labour productivity during the first years of the downturn, reflecting a stronger drop in employment than in output. The decrease was strongest in the UK (reflecting a bigger fall in output than in employment), while Sweden, the Czech Republic and Denmark saw limited changes in productivity (despite notable falls in both employment and output in Denmark).

Poland was the only Member States that recorded an increase in labour productivity between the first quarter of 2008 and the last quarter of 2010, due to a sharper rise in output than employment. Sweden, Denmark and Croatia also saw productivity increases, although that in Denmark and especially in Croatia it was primarily driven by a marked contraction in both employment and output. Despite the statistical break in the data series, there are strong indications that Bulgaria and Poland further increased labour productivity between the first quarter of 2011 to the third quarter of 2013.

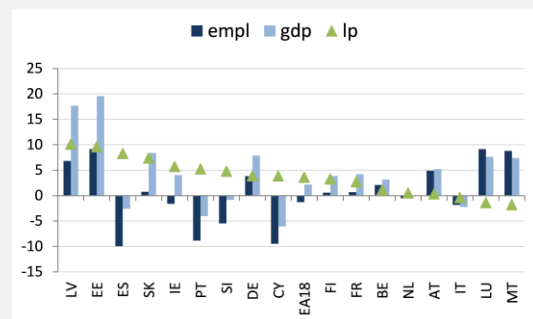
<sup>a</sup> Labour productivity measures output per unit of labour input. The rule that productivity is calculated as gross value added (GVA) divided by the number of employed persons is an accounting rule: it does not constitute a behavioural relationship that indicates a direction of causality. I.e., it still allows that causality runs from (predetermined) productivity and GVA to a (endogenous) number of employed persons, from (predetermined) productivity and number of employed persons to (endogenous) GVA, or from (predetermined) GVA and number of employed persons to (endogenous) productivity.

### Box 1: Continued

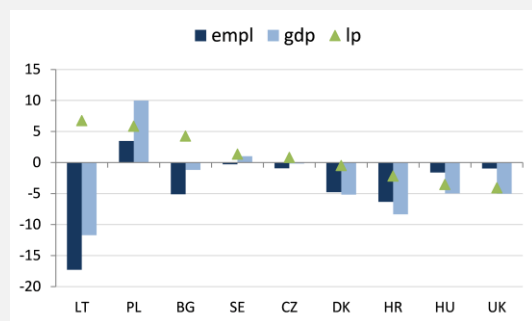
**Chart 38: Components of labour productivity in euro area Member States. Cumulative growth: 2008q1-2010q4**



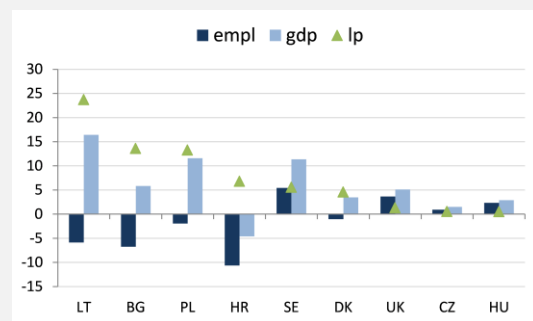
**Chart 39: Components of labour productivity in euro area Member States. Cumulative growth: 2011q1-2013q3**



**Chart 40: Components of labour productivity in non-euro area Member States. Cumulative growth: 2008q1-2010q4**



**Chart 41: Components of labour productivity in non-euro area Member States. Cumulative growth: 2011q1-2013q3**



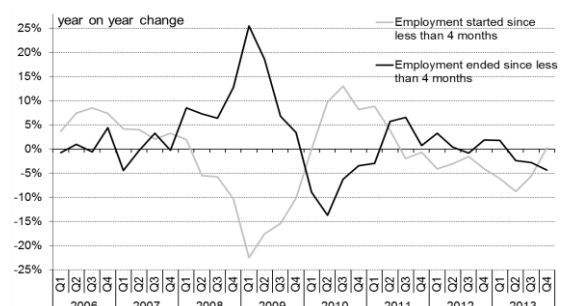
Source: DG EMPL calculations based on Eurostat [namq\_nace10\_e, namq\_gdp\_k, namq\_aux\_lp]  
Note: break in series for PL and BG.

## 7. Labour demand: vacancies, labour shortages and hiring activity

*The decline in hiring appears to have eased by the end of 2013*

The decline in the number of people starting a job slowed at the end of 2013. The level reached in the last quarter 2013 was 0.4% lower than in the last quarter of 2012 (Chart 42). The number of people starting a job was still 7.9% lower than in 2008. The number of people ending a job recently (within less than 4 months) decreased in the last quarter of 2013 by 4.3 % compared to the last quarter of 2012.

**Chart 42: Number of persons starting a job (within less than 4 months) 1 000 employees: year on year change 2006-13**

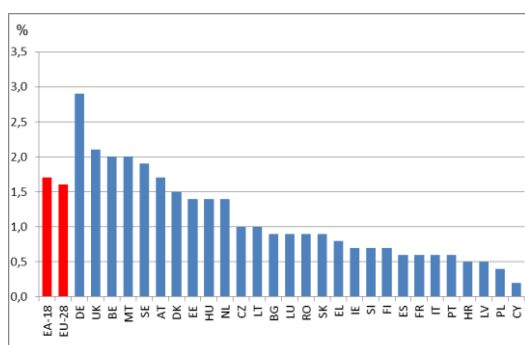


Source: Eurostat, LFS, data non-seasonally adjusted (DG EMPL calculations)

### *The EU job vacancy rate increase slightly over the year to the first quarter of 2014*

The EU's job vacancy rate<sup>18</sup> (JVR) was 1.7%<sup>19</sup> in the first quarter of 2014. Compared with the first quarter of 2013 the JVR was stable in the euro area and recorded a slight increase of 0.1 pp in the EU. Germany (2.9%) and the UK (2.1%) had the highest JVR in the first quarter of 2014, while Cyprus (0.2%) had the lowest (Chart 43). Among the countries for which data for the first quarter of 2014 are available the JVR rose in 13, remained stable in 9 and fell in 3, compared with the first quarter of 2013. The biggest increases were in the UK (+0.4 pp), Denmark and Germany (both +0.3 pp), while Belgium, Spain and Austria saw a decrease in the JVR (all -0.2 pp). At the EU level, the JVR remains higher in services (2.0%) than in industry and construction (1.1%). In the year to the first quarter 2014, the JVR in both services and 'industry-construction' rose slightly (+0.1 pp).

**Chart 43: Job Vacancy Rates in the EU, NACE Rev. 2 sections B to S, first quarter of 2014**



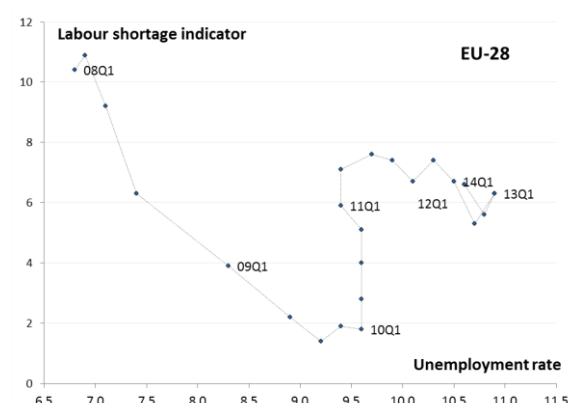
Source: Eurostat, Job Vacancy Statistics, data non-seasonally adjusted [jvs\_q\_nace2]

DK: Only sections B to N covered. FR, IT: Section O not included. FR, IT, MT: Only business units with 10 or more employees covered. EL: 2013Q3 figures. FI, PL: 2013Q4 figures.

Recent data bring a mixed message on the matching process in the EU. On the one hand, the recent movement of lower unemployment and higher labour shortage is equivalent to the usual move along the Beveridge curve and confirms the message from the higher job vacancy rate. On the other hand, the Beveridge curve has shifted upwards, compared to the one prevalent up to the start of 2010, and points to a structurally worse matching (Chart 44).

Developments by Member State continue to be very diverse. A novelty is that the recent declines in the unemployment rate in Spain and Portugal (and to a lesser extent in Greece) are now accompanied by a slight rise (from very low levels) in labour shortages. This possibly points to a drawn-out move along the curve for these Member States.

**Chart 44: Beveridge curve for the EU**



Source: Eurostat [ei\_bsin\_q\_r2, une\_rt\_q, une\_rt\_m].

Note: UR = unemployment rate (%); LSI = labour shortage indicator, derived from EU business survey results (% of manufacturing firms pointing to labour shortage as a factor limiting production).

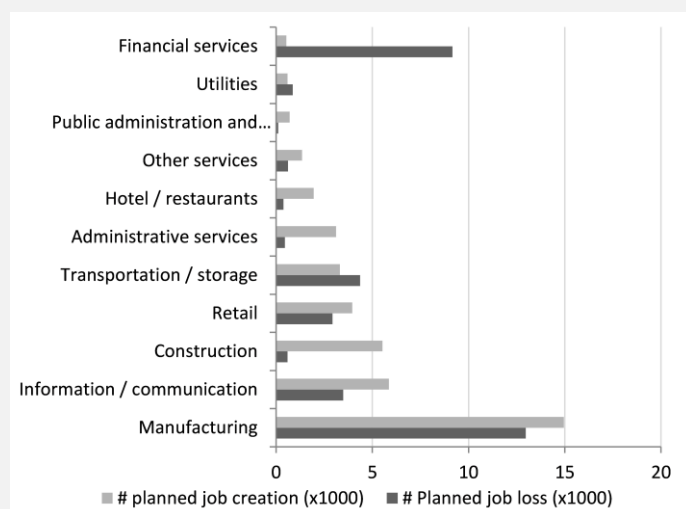
<sup>18</sup> JVR = number of job vacancies / (number of occupied posts + number of job vacancies) \* 100

<sup>19</sup> \* 2006Q1 to 2008Q4: JVR for total of NACE Rev. 1.1. From 2009Q1: JVR for sections B to S of NACE Rev2 - Industry, construction and services.

## Box 2. Impact of restructuring on employment

The European Restructuring Monitor (ERM) recorded a total of 291 cases of restructuring between 1 March and 22 May 2014, involving 43,745 (42,201 in the EU) announced job losses and 53,785 (53,535 in the EU) announced job gains.<sup>a</sup> Internal restructuring increased and accounted for 73.94% of the announced job losses (67.18% in the previous quarter), closure for around 12% (stable compared to the previous quarter), while the incidence of job loss due to bankruptcy (7.9%) decreased compared to the previous quarter. In terms of geographical distribution, the greatest number of announced job losses was in Germany (10,032 jobs) and Italy (6,693 jobs), followed by the UK (6,582 jobs), France (1,914 jobs), and Sweden (2,714). The UK (22,913) recorded the highest number of new jobs, followed by Poland (6,360 jobs), Germany (3,635 jobs) and Romania (2,880 jobs).

The figure below plots the top-11 NACE Rev.2 1-digit sectors in terms of announced job loss and job creation in the EU, in the period 1 March 2014 to 22 May 2014. Manufacturing saw the most restructuring activity involving job losses, accounting for about 35% of total job losses, but it is also the sector with the highest number of jobs created, accounting for around 36% of all new jobs. A positive trend emerged in the last quarter of 2013, when the number of jobs created outnumbered job losses in almost all sectors considered, with the exception of *Financial Services, Transportation and Storage, and Utilities*.



Source: ERM, 1 March 2014 – 23 May 2014 (DG EMPL calculations), selected sectors.

<sup>a</sup> For a detailed analysis of the first quarter of 2014, see:  
<http://www.eurofound.europa.eu/emcc/erm/index.php?template=quarterly>

## 8. Labour market and social situation for women and low-skilled

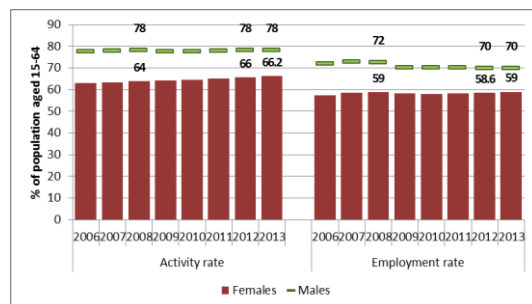
This issue reviews the situation for women and low-skilled people.

### Women

*Key employment indicators show a narrowing of the gender gap in the EU*

Although the activity and employment rates for women in the EU are still much lower than for men, there have been important changes over recent years, and especially since the crisis hit Europe in 2008. While the activity rate for men remained stable between 2008 and 2013, the rate for women increased by about 2.0 pp. At the same time, while male employment rate dropped by about 2.5 pp, it remained stable for women. As a result, gender gaps in the activity and employment rates have narrowed (Chart 45).

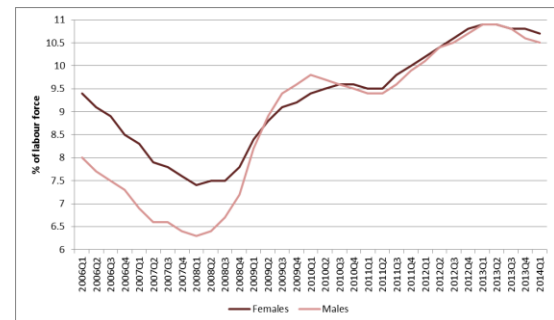
**Chart 45: Activity and employment rates in the EU28 by gender (age group 15-64), 2006 to 2013**



Source: Eurostat, LFS data non-seasonally adjusted [lfsq\_argan and lfsq\_ergan].  
Note: Each year based on Q4.  
[Click here to download chart.](#)

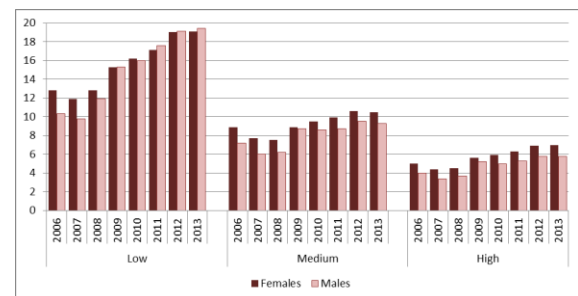
Similarly, the gap between female and male unemployment rates has been narrowing, mostly because of rising unemployment for low-skilled men in 2008, with both showing a similar upward trend since 2009 (Chart 46 and Chart 47). The gender gap in unemployment rates in the first quarter of 2008 was about 1.0 pp, falling to near zero by the first quarter of 2013 (Chart 46). Nevertheless, recent figures show that unemployment is falling faster for men than for women.

**Chart 46: Unemployment rates in the EU28 by gender, 2006Q1 to 2014Q1**



Source: Eurostat, LFS, data seasonally adjusted [une\_rt\_q].  
[Click here to download chart.](#)

**Chart 47: Unemployment rates (%) in EU28 by level of education attained and gender (15-64), 2006-2013**



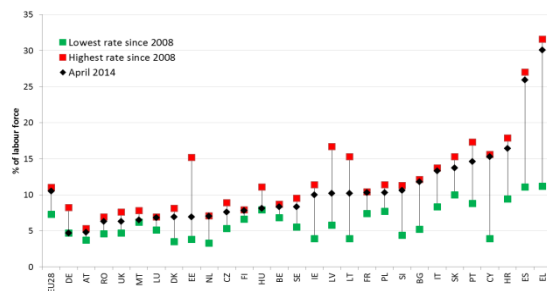
Source: Eurostat, LFS, data non-seasonally adjusted [lfsq\_urgad].  
Note: 'Low' means pre-primary, primary and lower secondary education (levels 0-2), 'Medium' means 'upper secondary and post-secondary non-tertiary education (levels 3 and 4)', 'High' means 'first and second stage of tertiary education (levels 5 and 6)'.  
[Click here to download chart.](#)

*Nevertheless, in several Member States female unemployment rates remain at their post-crisis peak*

While in general women have been less affected by the crisis, they have not fared equally well in all EU Member States. In several Member States the historically high unemployment rates for women seen in recent years persist (Chart 48).



**Chart 48: Female unemployment rates by EU Member State in April 2014, and the highest and lowest unemployment rates since 2008**



Source: Eurostat, LFS, data seasonally adjusted [une\_rt\_m].<sup>20</sup>  
[Click here to download chart.](#)

#### *Women are more likely to work fewer hours....*

In the EU, the share of women in part-time work (over total female employment) is still considerably higher than that of men (32% compared to 9% in the last quarter of 2013, and 30.5% compared to 7% in the last quarter of 2008). Moreover, the extent of female part-time employment varies considerably across the EU. Part-time work by women is most common in the Netherlands (77%), followed by Austria (46%), Germany (45%), Belgium (42%), the UK (41%), Luxembourg (40%), Sweden (38%), Ireland (35%) and Denmark (34.5%). Some of these also have high female employment rates (Chart 49).

#### *...and large employment rate gaps between women and men emerge during the first years of parenthood.*

While working part-time can reflect personal lifestyle preferences and positively contribute to the work-life balance of female workers, the high share of female part-time employment may also stem from multiple constraints, including family and care-related reasons (Employment and Social Developments in Europe Report 2013 — ESDE 2013: page 185).<sup>21</sup> Conversely, very low rates of part-time work may also be

problematic as they may result from rigid working time arrangements set by the employer or the legal framework (ESDE 2013: page 226). This is the case for example in Bulgaria, Slovakia and Hungary, where women's average working hours are as high as that of men, and where part-time work accounts for less than 10% (Chart 44). These are also the Member States where women appear to delay their labour market participation, as shown by large employment gaps between the 25-34 and the 34-54 age groups (Czech Republic and Bulgaria). This is most likely due to parenthood (Chart 50)<sup>22</sup> and is supported by evidence of a low nursery-enrolment rate among children below 3 years of age in these countries (ESDE 2013, page 203).

**Chart 49: Female employment rates (left axis) and % of female part-time workers (right axis) in the last quarter of 2013 by EU Member State**



Source: Eurostat, LFS, data non-seasonally adjusted.  
[Click here to download chart.](#)

<sup>20</sup> EE: 2014M03 value replaced by 2014M02 value due to missing data, EL: 2014M03 value replaced by 2014M02 value due to missing data, LV: 2014M03 value replaced by 2013M12 value due to missing data, HU: 2014M03 value replaced by 2014M02 value due to missing data, UK: 2014M03 value replaced by 2014M01 value due to missing data.

<sup>21</sup> ESDE 2013 available at: <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7684>

<sup>22</sup> Compare the large gaps in employment rates between the 25-34 and 35-54 age groups. Women in the 25-34 age group are more likely to have a first child who is less than 6 years old than those in the latter group.

**Chart 50: Female employment rate by detailed age group and EU Member State in the last quarter of 2013**



Source: Eurostat, LFS, data non-seasonally adjusted (DG EMPL calculations),

Note: data ordered by increasing gaps between female employment rates in the 35-54 and 25-34 age groups (highest for CZ). The 25-34 age group covers the childbearing years as, on average, women in the EU tend to have their first child at age 28 (2010 - UNECE Statistical Division Database). [Click here to download chart.](#)

## Low-skilled

*The EU labour market for low-skilled continued to deteriorate and remains a challenge*

The labour market for low-skilled<sup>23</sup> continued to weaken up to the last quarter of 2013 and remains a challenge for the EU, as low-skilled people account for a quarter of the adult population. Unemployment continued to increase among the low-skilled and last now for longer periods. By contrast, the labour market for more highly skilled groups has stabilised or improved recently, though long-term unemployment continues to increase in general terms as hiring activities have not yet picked up).

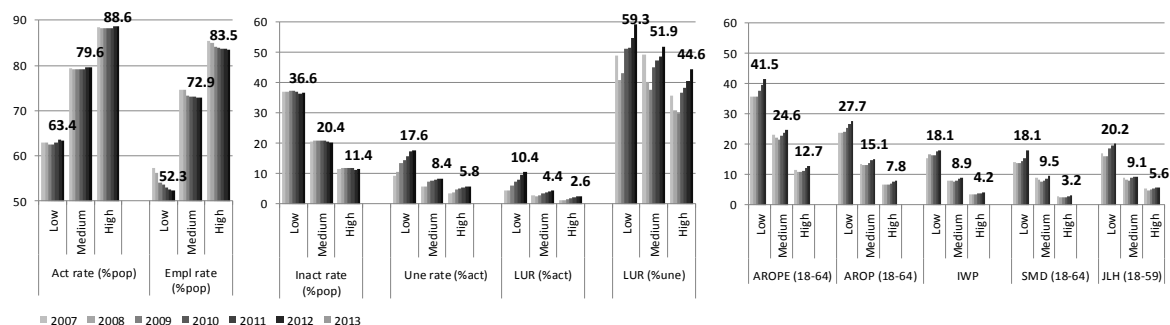
The labour market situation has always been more challenging for the low-skilled. Significantly lower activity and employment is coupled with high unemployment. The unemployment rate (at 17%), is twice that of medium-skilled workers and triple that of high-skilled workers. The weaker labour market opportunities for low-skilled workers are associated with higher risks of poverty or social exclusion (Chart 51).

<sup>23</sup> Low-skilled ISCED 0-2, medium-skilled ISCED 3-4, high skilled ISCED 5-6.

**Chart 51: Labour market for low-skilled continued to deteriorate in the EU and remains challenging**

**Activity rate, employment rate, inactivity rate (% of pop 25-64), unemployment rate, long-term unemployment rate (% of active population 25-64), long-term unemployment share (% of unemployed 25-64), Q4 2007-2013**

**At-risk-of-poverty-or-social-exclusion rate, at-risk-of-poverty rate (% of population 18-64), in-work poverty rate (% of employed 18-64), severe material deprivation (% of population 18-64), jobless households (% of population 18-59), by nationality groups, EU28, 2007-2012**



Source: Eurostat, EU LFS and EU SILC, data non-seasonally adjusted.

Notes: Q4 for each year for labour market indicators, annual data for social indicators. EU-27 for social indicators for 2007-2009. Age 25-64 for labour market indicators, 18-64 for social indicators. The labels indicate values for the last available year.

[Click here to download chart.](#)

## **Supplement to the EU Employment and Social Situation Quarterly Review**

### **Recent trends in the geographical mobility of workers in the EU**

## Recent trends in the geographical mobility of workers in the EU

This supplement presents recent data on the intra-EU mobility of workers in the European Union. It updates the previous supplements on mobility published in the June 2012 and June 2013 EU Employment and Social Situation Quarterly Review (ESSQR).<sup>24</sup> The first section provides general information about the numbers of mobile EU citizens and their labour market situation. The second focuses on recent trends in mobility flows, on the basis of migration statistics, the EU Labour Force Survey (LFS) and national data. The third and last section aims to measure whether the migration of EU citizens to non-EU countries has increased since the onset of the economic crisis.

### Country abbreviations used in this supplement.

EU-15 refers to the 15 Member States that formed the EU before May 2004: Austria (AT), Belgium (BE), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (EL), Ireland (IE), Italy (IT), Luxembourg (LU), the Netherlands (NL), Portugal (PT), Spain (ES), Sweden (SE) and the United Kingdom (UK). Among them, southern EU-15 refers to Greece, Italy, Portugal and Spain and other EU-15 refers to the eleven others.

EU-13 refers to the 13 Member States that have joined the EU since 2004 and EU-12 refers to the 12 Member States that have joined the EU in 2004 and 2007 (i.e. EU-13 without Croatia). Of this group, EU-10 refers to the Member States that joined the EU in 2004 (Cyprus (CY), the Czech Republic (CZ), Estonia (EE), Hungary (HU), Latvia (LV), Lithuania (LT), Malta (MT), Poland (PL), Slovakia (SK) and Slovenia (SI)) and EU-2 refers to those that joined in 2007 (Bulgaria (BG) and Romania (RO)). EU-8 refers to the eight central and eastern European countries that joined the EU in May 2004, to some of which transitional arrangements applied until 2011 (i.e. EU-10 countries except Malta and Cyprus).

EU-28 refers to all EU Member States, while EU-27 refers to the 27 EU Member States before Croatia (HR) joined in July 2013.

### 1. Mobile EU citizens and their labour market situation

Table 1 summarises the situation in 2013 regarding the 'stock' of mobile EU citizens living in the EU (as well as third-country nationals for comparison purposes) and their labour market outcomes. Slightly over 10 million EU citizens of working age were living in an EU country other than their own in 2013 (including around 310 000 from Croatia, the Member State that joined most recently), compared to 15.5 million third-country nationals.

**Table 1: Number of working-age (15-64) people by group of citizenship and labour market outcomes (EU-28, 2013)**

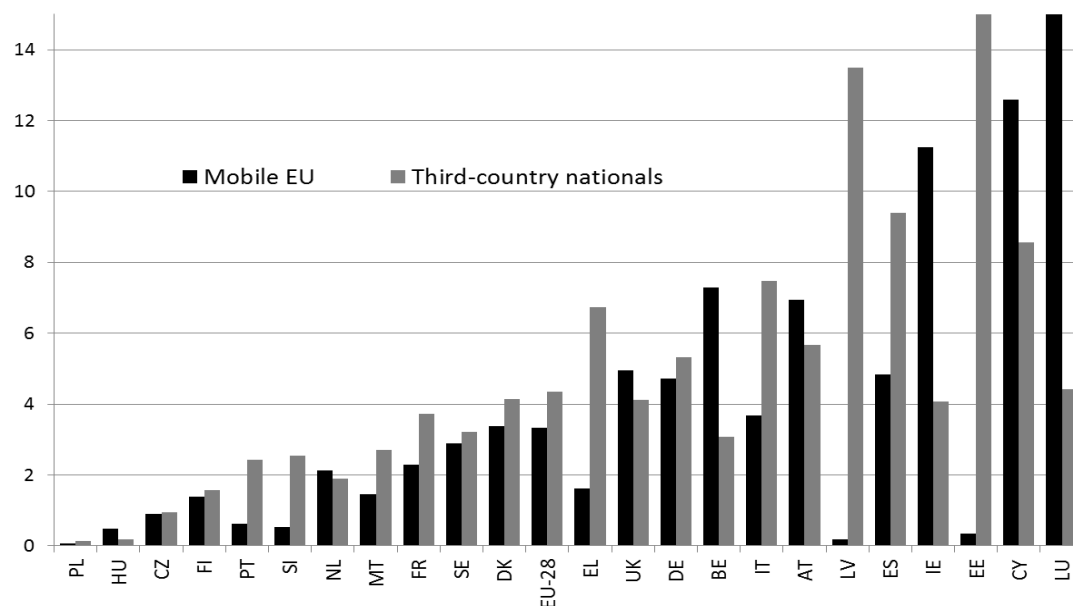
Group of citizenship	Number (in millions)	Activity rate	Employment rate	Unemployment rate
<b>Mobile EU citizens</b>	10,3	77,7	68,0	12,4
<i>of whom:</i>				
South (EU-15)	2,4	77,7	69,8	10,1
Other EU-15	2,7	75,1	68,8	8,2
EU-10	2,3	80,7	72,9	9,6
EU-2	2,5	78,5	60,9	22,4
Croatians	0,3	73,1	68,4	6,3
<b>Third-country nationals</b>	15,5	67,7	52,6	22,2
<b>Nationals</b>	305,5	72,0	64,5	10,2
<b>All groups (incl. nationals)</b>	331,2	71,9	64,1	10,8

Source: Eurostat, EU-LFS. Note: While the activity and employment rates are calculated for the whole working-age population (15-64), only the unemployment rate is calculated for the economically active population (aged 15+).

<sup>24</sup> See EU ESSQR June 2012, pp.31-40 and EU ESSQR June 2013, pp.38-50.

In 2013, mobile EU citizens were more likely to be economically active (average activity rate of 77.7%) than nationals<sup>25</sup> (72%) and third-country nationals (67.7%). This was also the case for all sub-groups of mobile EU citizens presented in table 1. Their employment rate was also higher (68%) than that of nationals (64.5%) and third-country nationals (52.6%). However, their outcomes in terms of employment/unemployment differ across origin countries. On one hand, the employment rate of mobile citizens from EU-10 countries (72.9%) and EU-15 countries (69-70%) was relatively high compared to that of nationals (64.5%). On the other hand, mobile citizens from EU-2 countries have a lower employment rate (60.9%) and a higher unemployment rate (22.4%). This is mainly as a result of the worsening labour market situation in Spain,<sup>26</sup> a major recipient country of EU-2 citizens. The employment rate of Croatian nationals living in other EU countries is high (68.4%) and their unemployment rate relatively low (6.4%).

**Chart 1: Mobile EU citizens and third-country nationals as a percentage of the total labour force, by country of residence, 2013**



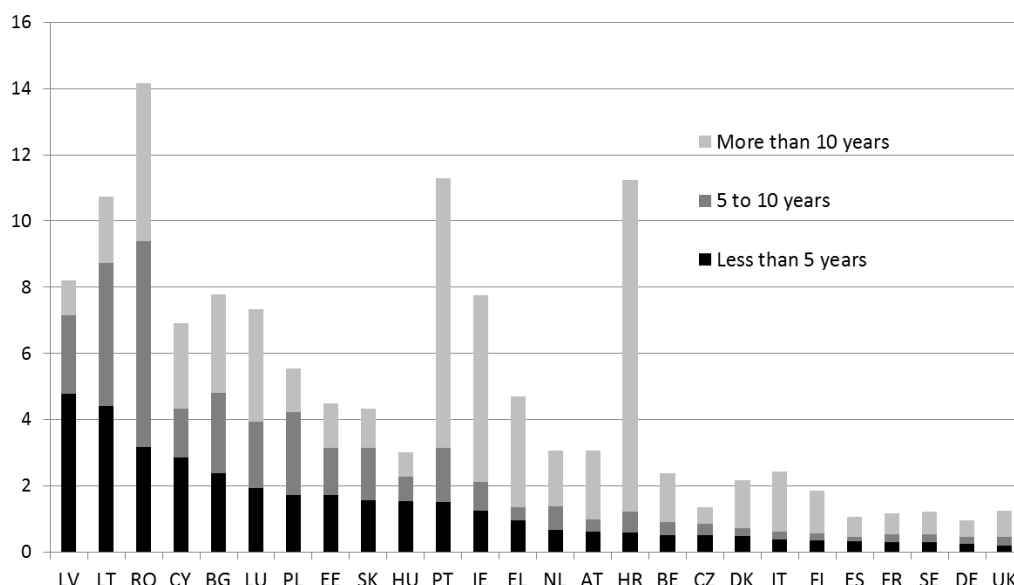
Source: DG EMPL calculations based on Eurostat EU-LFS. Notes: LU: the percentage for mobile EU citizens is 46.7%; EE: the percentage for third-country nationals is 15.3%. No data is available for BG, HR, LT, RO and SK because the figures are too small to be reliable. The reliability of the data for EE, LV, MT and PL is limited due to the small size of the sample.

<sup>25</sup> By 'nationals', we refer in this Supplement to EU nationals living in the country of their citizenship.

<sup>26</sup> According to LFS data, as much as 30% of working-age (15-64) EU-2 nationals living in another Member State in 2013 were living in Spain. If Spain is excluded from the calculations, the employment rate of intra-EU movers from EU-2 countries reaches 64.6% and their unemployment rate goes down to 15.2%.



**Chart 2: Mobility rate by country— working-age citizens living in another EU country, by years of residence (age group 15-64, 2013, as a percentage of the working-age population of the country of citizenship)**



Source: DG EMPL calculations based on Eurostat EU-LFS. Notes: Figures for MT and SI are too small to be reliable. Figures for CY, DK, EE, FI, LU and SE are not reliable due to the small size of the sample.

To complement this overall picture, chart 1 shows the proportion of mobile EU citizens and third-country nationals as a percentage of the labour force of Member States. Apart from the special case of Luxembourg, the proportion of mobile EU citizens in the labour force is higher than 5% only in Cyprus, Ireland, Belgium and Austria. It is between the EU average (3.3%) and 5% in the UK, Spain, Germany, Italy and Denmark. This ratio is quite low (or even not available due to very low values) for most EU-13 countries.

The proportion of third-country nationals in the labour force (for which the EU average is 4.4%) is greater than the proportion of mobile EU citizens in 15 out of the 23 Member States for which reliable data is available. This is particularly true of the Baltic countries, Slovenia, Greece and Portugal — but also in Italy and Spain (where there are twice as many third-country nationals as mobile EU citizens).

Chart 2 depicts the situation in terms of countries of origin, by showing the number of working-age nationals living in another EU country as a percentage of the working-age population in the country of origin (with the distribution in terms of years spent abroad). With more than 10%, Romania, Portugal, Croatia and Lithuania have the highest proportion of citizens of working-age living in another EU country, followed by Latvia, Bulgaria, Ireland and Luxembourg with 7-9%. However, time spent abroad does differ widely however, from recent migration in the case of most EU-12 countries to old migration in the case of Portugal, Croatia and Ireland. At the other end of the spectrum, mainly large Member States such as the UK, Sweden, France, Spain and Germany have the lowest proportion of citizens living in another EU country (around 1%).

**Box 1: The main results from the Mobility in Europe 2013 Report: a detailed analysis of the labour market outcomes and characteristics of intra-EU movers from central and eastern Member States**

The Mobility in Europe 2013 Report<sup>27</sup> commissioned by DG EMPL and recently published under the aegis of the European Job Mobility Laboratory<sup>28</sup> analyses various aspects of geographical and job mobility in the EU. It presents recent trends in EU-wide mobility and the labour market outcomes and characteristics of intra-EU movers, focusing on those who moved from EU-12 countries to live in EU-15 countries, in comparison with natives of those countries<sup>29</sup> and migrants from non-EU countries. The main findings can be summarised as follows.

**Migrants<sup>30</sup> tend to be younger and women.** Migrants are, on average, younger than people born in the country in which they live, particularly those who moved within the EU. For example, 59% of men of working age (15-64) born in the EU-10 and living in the EU-15 were under 35 in 2012, compared to 38% of native born. In the case of migrants from outside the EU, there is little difference in the proportion of them aged under 35, but there are fewer migrants in the older age bracket (55-64), so the group is still younger overall. Unlike usual trends observed, migrants are more likely to be women than men, especially those who moved from EU-12 countries. On average, in 2012 women made up around half of those aged 15-64 who were born in the EU-15, but accounted for 56-57% of those born in the EU-12 but now living in the EU-15 and for 52% of those born outside the EU.

**The employment situation of migrants varies depending on their country of origin.** People who moved from the EU-10 to live in the EU-15 countries are more likely to be in work than native born, while the reverse is true for those born in EU-2 or outside the EU. These differences apply to both men and women but are more pronounced in the case of men. The lower employment rates of EU-2 and non-EU migrants are at least in part a result of the crisis, which has had a differential impact on the various groups. Although employment rates declined generally between 2008 and 2012, EU-2 and non-EU migrants were affected far more than other groups. The consequence of this is that EU-2 and non-EU migrants are more likely to be unemployed than native born are.

**Migrants are more likely to have temporary or part-time jobs.** Migrants are more likely to be employed on a temporary contract than those born in the country in which they live, even excluding those under 25, many of whom have temporary jobs. The situation is similar for part-time work. The relative incidence of part-time work has increased significantly in most countries over the crisis period, even more so among migrants than among the domestic population.

**Migrants are often over-qualified for the jobs they do.** Migrants are more likely to have jobs which are not in line with their levels of educational attainment. In most EU-15 countries, a great many migrants with tertiary-level education have jobs which do not require their level of qualification. Many of them, especially women, have elementary manual jobs which demand little in the way of qualifications, if any. EU-2 migrants are particularly over-qualified. While men do manual jobs, women are rather in manual or sales and service jobs, with many of them working in domestic service, including in care for elderly persons.

**Migrants are at greater risk of redundancy but it takes them less time than nationals to find another job.** Among those who are out of work but have worked before, more migrant men than men born in the country in question had been made redundant or dismissed, rather than leaving a job of their own will or because their fixed-term contract came to an end. The picture was less uniform for women. Once unemployed, mobile workers from the EU-10 and the EU-2 take shorter to get employed again than those born in the EU-15 country in question. The proportion of unemployed men and women who have been out of work for a year or more (long-term unemployed) was therefore lower for these groups in 2012 than for native born and non-EU migrants.

<sup>27</sup> Available at <http://www.mobilitypartnership.eu/WebApp/Reports.aspx>.

<sup>28</sup> <http://www.mobilitypartnership.eu>.

<sup>29</sup> In the Mobility in Europe 2013 Report, mobile EU citizens and non-EU migrants were defined according to their country of birth rather than of citizenship, which is the parameter used in this supplement.

<sup>30</sup> The term 'migrants' is used in the Mobility in Europe 2013 Report in a broad sense, to refer to those born abroad in EU or non-EU countries. Nevertheless, the various groups are analysed separately (EU-10, EU-2, non-EU) in order to identify what they have in common and the differences between them.

**Migrants are less likely to access help from the public employment services.** Given they are less likely to be fully aware of the services on offer or how to access them, fewer migrants than native born register with the public employment services in order to get assistance when unemployed. While at least three quarters of male and female unemployed natives are registered with the public employment services, the proportion of mobile EU-10 and EU-2 workers who are registered is closer to two thirds. That said, the figures vary depending on sex and country of origin. Those who do register are also less likely than their native born counterparts to receive unemployment benefits.

**Migrants who move within the EU need more support.** Overall, the evidence suggests that in many countries migrants tend to be at a disadvantage in the labour market compared to the native born population, that they have been worse affected by the deteriorating labour market conditions over the crisis period. That is why they might benefit from additional support measures.

**Box 2: According to EU-Survey on Income and Living Conditions (SILC), no over-use of social security benefits by mobile EU citizens**

Analysis recently published by the Social Situation Monitor<sup>31</sup> looks at how the receipt of welfare benefits differs between nationals and mobile EU citizens in EU countries, on the basis of EU-SILC 2011 data.

The analysis focuses on differences in the receipt of non-contributory benefits (such as family benefits, housing benefits, poverty relief) and differences in the receipt of unemployment benefit. A rough comparison shows that the use of social security differs between nationals and migrants in several cases.

To sort out pure composition effects, multivariate statistical analysis (probit regressions) of benefit receipt (education, unemployment, disability, housing, family-related transfers and transfers to combat social exclusion) was carried out for 18 countries, with specifications controlling for age, gender, education, household type and labour market status.

The analysis shows that, for most benefits (unemployment, education, social exclusion), the differences between nationals and mobile EU citizens are small and statistically insignificant in most of the countries analysed. Only in the case of housing benefit in a few countries did the analysis find that the balance tipped in favour of mobile EU citizens. However, data indicates that in most of the EU, mobile EU citizens are less likely to receive family- and child-related benefits.

<sup>31</sup> Social situation monitor, *Access of mobile EU citizens to social protection*, Research note No 10/2013, available at <http://ec.europa.eu/social/BlobServlet?docId=11568&langId=en>.

## 2. Recent trends in intra-EU mobility

This section focuses on recent trends in intra-EU mobility flows, using various sources of data. It starts by presenting figures on mobility intentions according to Eurobarometer surveys, then describes the trends in in-flows and out-flows according to Eurostat 2012 migration statistics, followed by an analysis based on EU-LFS 2013 data. It finishes with national statistics for the two main destination countries of mobile EU workers, Germany and the UK.

### 2.1 Mobility intentions among Europeans

#### Willingness to be mobile according to 2011 and 2013 Eurobarometer surveys

Before analysing trends in mobility, one must take into account recent changes in mobility intentions across EU countries, on the basis of the Single Market Eurobarometer surveys conducted in 2011 and 2013 (see table 2). While both surveys asked people whether they would consider working in another EU country, the 2013 survey limited the time period to the 'next 10 years'. Results should therefore be interpreted with caution, bearing in mind that the percentages for the 2013 answers are likely to be comparatively lower than those for the 2011 answers due to the question's limiting the time period.

**Table 2: Willingness to be mobile, across EU countries in 2011 and 2013**

Country	Would consider working in another EU country (open-ended) in 2011	Would consider working in another EU country (in the next 10 years) in 2013	Change (in percentage points)
Austria	15 %	12 %	-3
Belgium	23 %	18 %	-5
Bulgaria	17 %	20 %	<b>3</b>
Croatia	N/A	43 %	N/A
Cyprus	20 %	35 %	<b>15</b>
Czech Republic	13 %	14 %	<b>1</b>
Denmark	40 %	24 %	-16
Estonia	42 %	36 %	-6
Finland	46 %	28 %	-18
France	20 %	21 %	<b>1</b>
Germany	27 %	16 %	-11
Greece	27 %	29 %	<b>2</b>
Hungary	27 %	32 %	<b>5</b>
Ireland	38 %	32 %	-6
Italy	20 %	25 %	<b>5</b>
Latvia	43 %	33 %	-10
Lithuania	31 %	28 %	-3
Luxembourg	22 %	16 %	-6
Malta	23 %	18 %	-5
Netherlands	29 %	19 %	-10
Poland	26 %	23 %	-3
Portugal	20 %	22 %	2
Romania	24 %	21 %	-3
Slovakia	29 %	29 %	<b>0</b>
Slovenia	32 %	39 %	<b>7</b>
Spain	32 %	35 %	<b>3</b>
Sweden	71 %	54 %	-17
United Kingdom	36 %	31 %	-5
<b>EU-27</b>	<b>28 %</b>	<b>25 %</b>	<b>-3</b>

Source: Special Eurobarometer 363 (2011) and 398 (2013).

The following questions were asked: Special Eurobarometer 363 (2011): 'Would you consider working in an EU Member State other than your own?' and 398 (2013): 'Would you consider working (again) in an EU Member State other than your own in the next 10 years?'. Grey cells show the highest proportions/positive changes.

The overall proportion of EU-27 residents considering working in another EU country decreased slightly from 28% in 2011 to 25% in 2013. In 2013, Sweden had the highest proportion (54%) of those who would consider working in another Member State, followed by Croatia (42%), Slovenia (39%) and Estonia (36%) and then by Cyprus, Spain and Latvia. Austria (12%), the Czech Republic (14%) and Germany and Luxembourg (both 16%) had the lowest proportions. In 2013, the bottom five countries had some of the lowest unemployment and youth unemployment rates, indicating that people are less likely to want to work abroad if they have good job opportunities in their home country.

The scope of the question asked in the 2013 survey was narrower than that of the question asked in the 2011 survey. This gives rise to a bias towards the lower end of the answer spectrum when comparing the results of the two years, with a decrease for 16 out of the 27 Member States. There is nonetheless a clear and substantial increase in a limited number of countries whose economic situation has been difficult over the last few years: Cyprus (+15 percentage points - pp), Slovenia (+7 pp), Hungary (+5 pp) and Italy (+ 5 pp) and, albeit to a lesser extent, Bulgaria (+3 pp), Spain (+3 pp), Greece (+2 pp) and Portugal (+2 pp).

In terms of drivers of mobility, those willing to work in another Member State in 2013 were by far most motivated by their 'desire to get a better salary' (50% of respondents). Sharing second place (28% of respondents) 'better professional development or career opportunities' and the 'inability to find a job in their own country'.

The reasons for considering working in another Member State vary considerably from country to country. Citizens from newer Member States (EU-12) give the possibility of 'getting a better salary', 'better working conditions' and 'better social guarantees' as their motives considerably more often than EU-15 citizens, who tended to give as their motives 'better professional development or career opportunities', 'the desire to live or work in a different country' and 'family or personal reasons'. Citizens from southern EU-15 countries give the 'inability to find a job in their own country' (42%) as their motive for moving much more often than those from central and eastern Member States (23%). They are less likely to attribute their moving to their 'desire to get a better salary' (54% versus 80% for those from central and eastern Member States).<sup>32</sup>

<sup>32</sup> Non-weighted averages of individual country values.

### ***Increase in the number of jobseekers who have an EURES online CV***

The recent changes in the number of jobseekers registered on the EURES portal confirm an increase for many countries in the number of people taking practical steps to be mobile (see table 3). In January 2014, around 55% of all EU jobseekers registered on EURES (637 000 out of a total of 1.16 million) come from the four southern EU countries: Spain, Italy, Portugal and Greece. As in the previous year, jobseekers from Italy accounted for the biggest absolute and relative increases in the number of jobseekers who registered between June 2013 and January 2014.<sup>33</sup> Romania saw an increase in EURES jobseekers of 11% in those six months. This could be due to the end of the transitional arrangements from 1 January 2014 on. Since 2010, however, Greece has seen the greatest increase (394%), followed by Spain (295%) and Italy (196%).

**Table 3: Number of jobseekers registered in EURES CV Online, by country of residence, in thousands**

Countries		January 2014	June 2013	June 2012	June 2010	Changes in percentages		
						June 2013 /January 2014	June 2012 /June 2013	June 2010 /January 2014
1	Spain	321	294	209	81	9%	41%	295%
2	Italy	188	155	109	63	22%	41%	196%
3	Portugal	85	79	60	n/a	8%	31%	n/a
4	Romania	85	77	63	n/a	11%	21%	n/a
5	Poland	64	58	48	31	9%	22%	110%
6	Germany	47	43	37	n/a	9%	16%	n/a
7	France	42	38	32	n/a	10%	18%	n/a
8	Greece	43	39	29	9	10%	33%	394%
Other Member States		285	252	172	n/a	13%	46%	n/a
All Member States		1160	1035	761	n/a	12%	36%	n/a

Source: EURES portal (data extracted from the website <http://ec.europa.eu/eures>).

<sup>33</sup> January 2014 is used as the latest reference point due to the change in data collection as a result of the revamp of the EURES website.



## 2.2 Trends in mobility: what do official European migration statistics show?

### Changing patterns in terms of immigration into EU countries

The most recent Eurostat statistics on migration flows refer to 2012. Compared to 2008, they show sharp falls in **immigration** into Portugal (-51%), Slovenia (-51%), Spain (-49%), Ireland (-34%) and Italy (-34%), countries all hit by the crisis. All those countries therefore experienced a decrease in the immigration rate (chart 3), for instance from 1.3% to 0.7% in the case of Spain and from 1.8% to 1.2% in the case of Ireland. Immigration flows to the Czech Republic (-68%) and the UK (-16%) also decreased (Table 4).

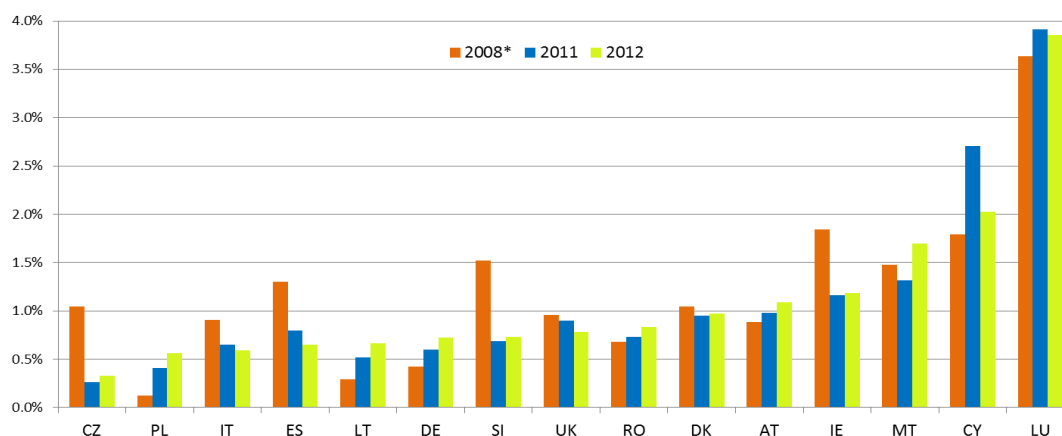
In contrast, immigration flows increased to countries with a declining or low unemployment rate, such as Germany (+71%), Austria (+24%), Malta (+18%), Luxembourg (+15%). Immigration also increased to Lithuania (+113%), Romania (+20%) and Poland (+15%), partly due to the increasing number of nationals returning from abroad (see below).

**Table 4: Immigration flows in absolute numbers (percentage change in total) and as a percentage of the total population of the receiving country, 2008, 2011 and 2012**

	Total immigration flows			Percentage change in total		As a percentage of the population		
	2008*	2011	2012	2008*/12	2011/2012	2008	2011	2012
Belgium	N/A	144 698	147 387	N/A	2 %	N/A	1.3 %	1.3 %
Bulgaria	N/A	N/A	14 103 (p)	N/A	N/A	N/A	N/A	0.2 %
Czech Republic	108 267	27 114	34 337	-68 %	27 %	1.0 %	0.3 %	0.3 %
Denmark	57 357	52 833	54 409	-5 %	3 %	1.0 %	0.9 %	1.0 %
Germany*	346 216	489 422	592 175	71 %	21 %	0.4 %	0.6 %	0.7 %
Estonia	3 671	3 709	2 639	-28 %	-29 %	0.3 %	0.3 %	0.2 %
Ireland	82 592	53 224	54 439	-34 %	2 %	1.8 %	1.2 %	1.2 %
Greece	N/A	110 823	110 139	N/A	-1 %	N/A	1.0 %	1.0 %
Spain	599 075	371 331	304 053	-49 %	-18 %	1.3 %	0.8 %	0.7 %
France	N/A	319 816	327 431	N/A	2 %	N/A	0.5 %	0.5 %
Croatia	N/A	8 534	8 959	N/A	5 %	N/A	0.2 %	0.2 %
Italy	534 712	385 793	350 772	-34 %	-9 %	0.9 %	0.6 %	0.6 %
Cyprus	14 095	23 037	17 476	24 %	-24 %	1.8 %	2.7 %	2.0 %
Latvia	N/A	10 234	13 303	N/A	30 %	N/A	0.5 %	0.7 %
Lithuania	9 297	15 685	19 843	113 %	27 %	0.3 %	0.5 %	0.7 %
Luxembourg	17 758	20 268	20 478	15 %	1 %	3.6 %	3.9 %	3.9 %
Hungary	N/A	28 018	33 702	N/A	20 %	N/A	0.3 %	0.3 %
Malta	6 043	5 465	7 111	18 %	30 %	1.5 %	1.3 %	1.7 %
Netherlands	122 917	130 118	124 566	1 %	-4 %	0.9 %	0.8 %	0.7 %
Austria	73 772	82 230	91 557	24 %	11 %	0.9 %	1.0 %	1.1 %
Poland	189 166	157 059	217 546	15 %	39 %	0.5 %	0.4 %	0.6 %
Portugal	29 718	19 667	14 606	-51 %	-26 %	0.3 %	0.2 %	0.1 %
Romania	138 929	147 685	167 266	20 %	13 %	0.7 %	0.7 %	0.8 %
Slovenia	30 693	14 083	15 022	-51 %	7 %	1.5 %	0.7 %	0.7 %
Slovakia	N/A	N/A	5 419	N/A	N/A	N/A	N/A	0.1 %
Finland	29 114	29 481	31 278	7 %	6 %	0.5 %	0.5 %	0.6 %
Sweden	101 171	96 467	103 059	2 %	7 %	1.1 %	1.0 %	1.1 %
United Kingdom	590 242	566 044	498 040	-16 %	-12 %	1.0 %	0.9 %	0.8 %

Source: Eurostat, international migration flows [migr\_imm1ctz], extracted on 25 May 2014. Note: \*Due to a break in series, 2009 figures are used instead of 2008 figures for DE, NL and PL. BG: (p) = provisional value for 2012.

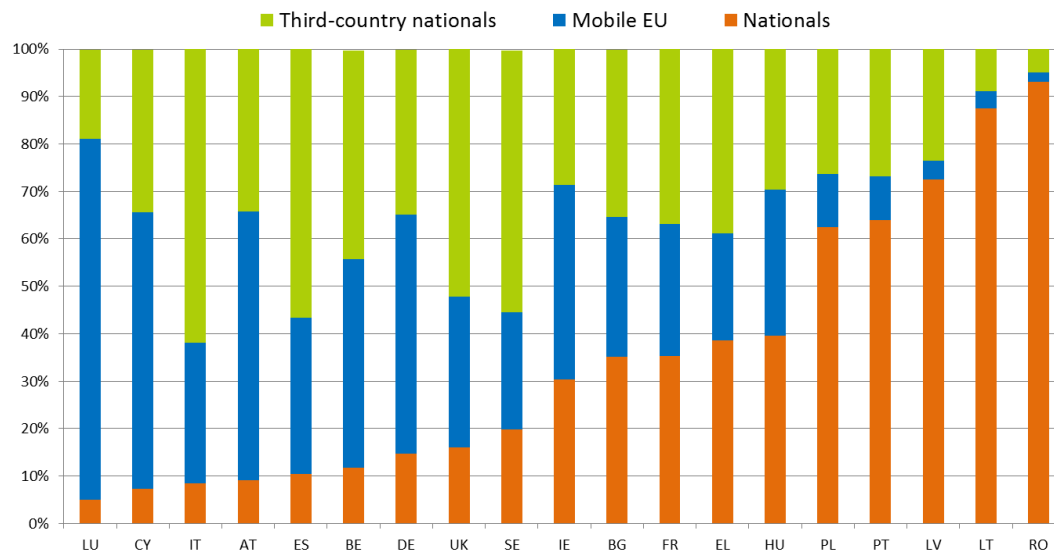
**Chart 3: Immigration rate (as a percentage of the total population) for selected countries**



Source: Eurostat, international migration flows [migr\_imm1ctz]. \* Due to a break in series, 2009 figures are used instead of 2008 figures for DE and PL.

There are considerable differences between Member States in the composition of immigrants by group of citizenship in 2012 (chart 4). Most immigrants to Italy (62 %), Spain (57 %) and Sweden (55 %) were non-EU citizens, whereas in the case of Luxembourg (76 %), Cyprus (58 %), Austria (57 %) and Germany (50 %), they were mainly EU citizens. In contrast, immigration flows to Ireland, Bulgaria, Hungary and France were quite evenly split between their own citizens, other EU citizens and non-EU citizens. Much of the immigration that took place in 2012 was in fact return migration. In total, approximately one in four immigrants to EU Member States was a returning migrant. The proportion of returning nationals among all immigrants was relatively low in EU-15 countries and highest in central and eastern European Member States (from almost 40% in Hungary to more than 60 % in Poland, Latvia and Lithuania and up to 93 % in Romania). This is not surprising given the large outflows from those countries since the beginning of the 2000's (i.e. there is a big potential for return migration), the rise in circular migration and the adverse labour market situation in some destination countries of movers from central and eastern countries since the onset of the crisis (Spain, Ireland, Italy, Cyprus and the UK).

**Chart 4: Composition of immigrants by group of citizenship for selected countries, 2012**



Source: Eurostat, international migration flows [migr\_imm1ctz]. Note: The countries are listed according to the percentage of return migrants i.e. nationals returning to their country of origin. 'Mobile EU citizens' refers to EU-27 citizens because the aggregate figure for the EU-28 is not yet available. The percentage is calculated for the sum of the three citizenship groupings listed, not for the total immigrant population. This is worth noting because some countries such as the NL, DE, SE and LU have a small but noticeable proportion of immigrants of unknown citizenship.

### Variation across countries in terms of emigration flows

Between 2008 and 2012, there were sharp increases in **emigration flows** out of countries such as Portugal (+155%), Cyprus (+72%), Lithuania (+60%), Spain (+55%), Ireland (+36%) and Italy (+31%) (table 5). During the same period, there was less emigration than before from countries such as Romania (-44%), the UK (-25%) and Germany (-16%). In 2012, Cyprus (2.1%), Luxembourg (2.0%) and Ireland (1.9%) had comparatively high emigration rates as a percentage of the total population, Hungary (0.2%), Italy (0.2%) and Germany (0.3%) had relatively low rates (chart 5).

**Table 5: Emigration flows in absolute numbers (percentage change in total) and as a percentage of the total population of the country of origin, 2008, 2011 and 2012**

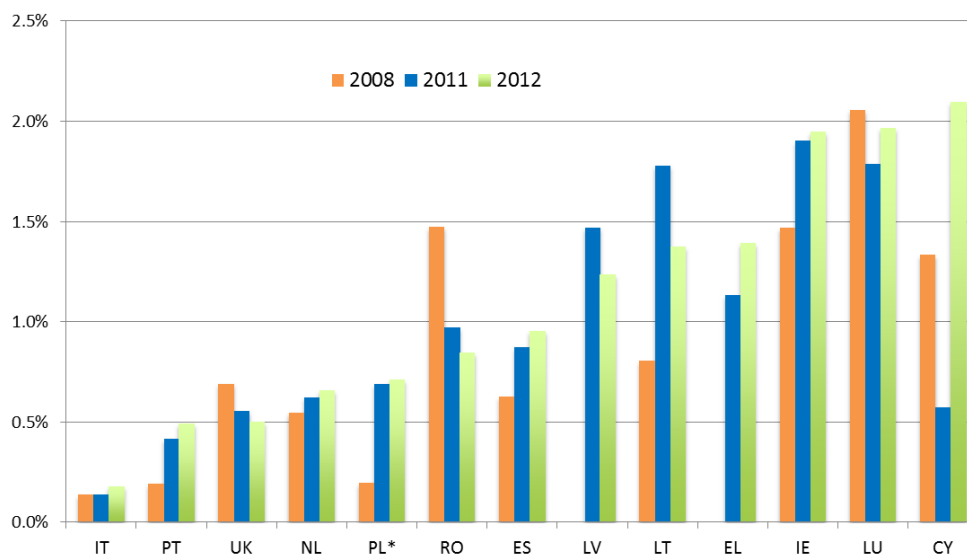
Country	Total emigration flows			Percentage change in total		As a percentage of the population		
	2008*	2011	2012	2008*/12	2011/2012	2008	2011	2012
Belgium	N/A	67,475	74,720	N/A	11%	N/A	0.60%	0.70%
Bulgaria	N/A	N/A	16,615	N/A	N/A	N/A	N/A	0.20%
Czech Republic	51,478	55,910	46,106	-10%	-18%	0.50%	0.50%	0.40%
Denmark	38,356	41,593	43,663	14%	5%	0.70%	0.70%	0.80%
Germany	286,582	249,045	240,001	-16%	-4%	0.30%	0.30%	0.30%
Estonia	4,406	6,214	6,321	43%	2%	0.30%	0.50%	0.50%
Ireland	65,934	87,053	89,436	36%	3%	1.50%	1.90%	1.90%
Greece	N/A	125,984	154,435	N/A	23%	N/A	1.10%	1.40%
Spain	288,432	409,034	446,606	55%	9%	0.60%	0.90%	1.00%
France	N/A	280,556	288,331	N/A	3%	N/A	0.40%	0.40%
Croatia	N/A	12,699	12,877	N/A	1%	N/A	0.30%	0.30%
Italy	80,947	82,461	106,216	31%	29%	0.10%	0.10%	0.20%
Cyprus	10,500	4,895	18,105	72%	270%	1.30%	0.60%	2.10%
Latvia	N/A	30,311	25,163	N/A	-17%	N/A	1.50%	1.20%
Lithuania	25,750	53,863	41,100	60%	-24%	0.80%	1.80%	1.40%
Luxembourg	10,058	9,264	10,442	4%	13%	2.10%	1.80%	2.00%
Hungary	N/A	15,100	22,880	N/A	52%	N/A	0.20%	0.20%
Malta	3,719	3,806	4,005	8%	5%	0.90%	0.90%	1.00%
Netherlands	92,825	104,201	110,431	19%	6%	0.60%	0.60%	0.70%
Austria	51,563	51,197	51,812	0%	1%	0.60%	0.60%	0.60%
Poland	229,320	265,798	275,603	20%	4%	0.60%	0.70%	0.70%
Portugal	20,357	43,998	51,958	155%	18%	0.20%	0.40%	0.50%
Romania	302,796	195,551	170,186	-44%	-13%	1.50%	1.00%	0.80%
Slovenia	12,109	12,024	14,378	19%	20%	0.60%	0.60%	0.70%
Slovakia	N/A	1,863	2,003	N/A	8%	N/A	0.00%	0.00%
Finland	13,657	12,660	13,845	1%	9%	0.30%	0.20%	0.30%
Sweden	45,294	51,179	51,747	14%	1%	0.50%	0.50%	0.50%
United Kingdom	427,207	350,703	321,217	-25%	-8%	0.70%	0.60%	0.50%

Source: Eurostat, international migration flows [migr\_emi1ctz], extracted on 25 May 2014. Note: \* Due to a break in series, 2009 figures are used instead of 2008 figures for DE, NL and PL.

The combination of the changes in flows (in and out) explains recent trends in net migration. In Germany, it has not been as high for many years, while net migration in Spain, Ireland, Portugal, and the Czech Republic has gone from being positive in 2008 to being negative in 2011 and 2012.

Similar to immigration, the distribution of emigration flows in terms of citizenship varies largely across countries. While most of the emigrants from Portugal and central and eastern Member States are nationals leaving their country, this is not the case in Spain, the Czech Republic and Cyprus where most emigrants are non-EU nationals (or come from elsewhere in the EU). In the case of Luxembourg, Austria and Belgium, many are EU nationals (chart 6).

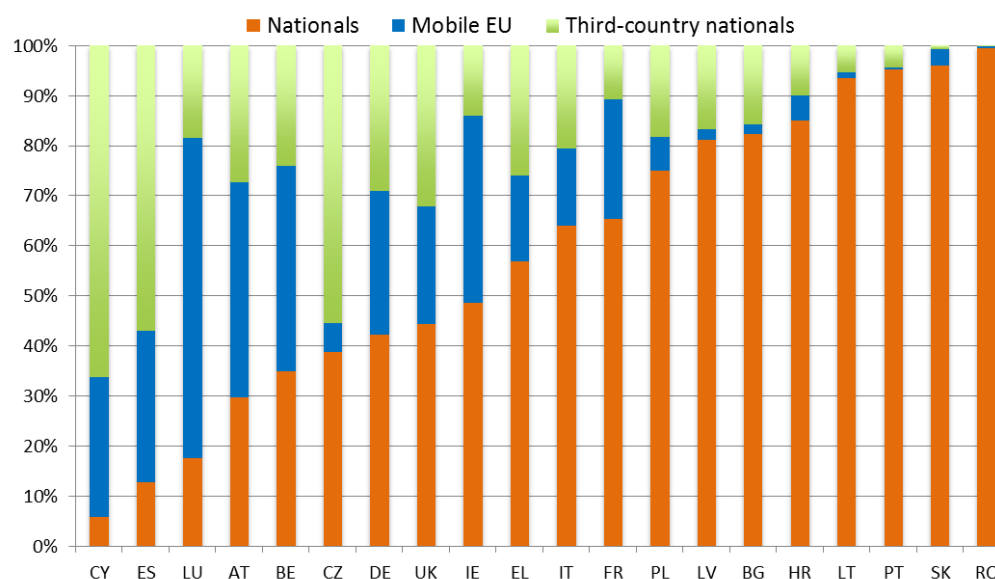
**Chart 5: Emigration rate (as a percentage of the total population) for selected countries**



Source: Eurostat, international migration flows [migr\_emi1ctz]. Note: Data missing for EL and LV in 2008.

\* Due to a break in series, 2009 figures are used instead of 2008 figures for PL.

**Chart 6: Composition of emigrants by group of citizenship, 2012**



Source: Eurostat, international migration flows [migr\_emi1ctz]. Note: The countries are listed according to the percentage of return migrants. 'Mobile EU citizens' refers to EU-27 citizens because the aggregate figure for the EU-28 is not yet available. The percentage is calculated out of the sum of the three citizenship groupings listed, not for the total immigrant population.

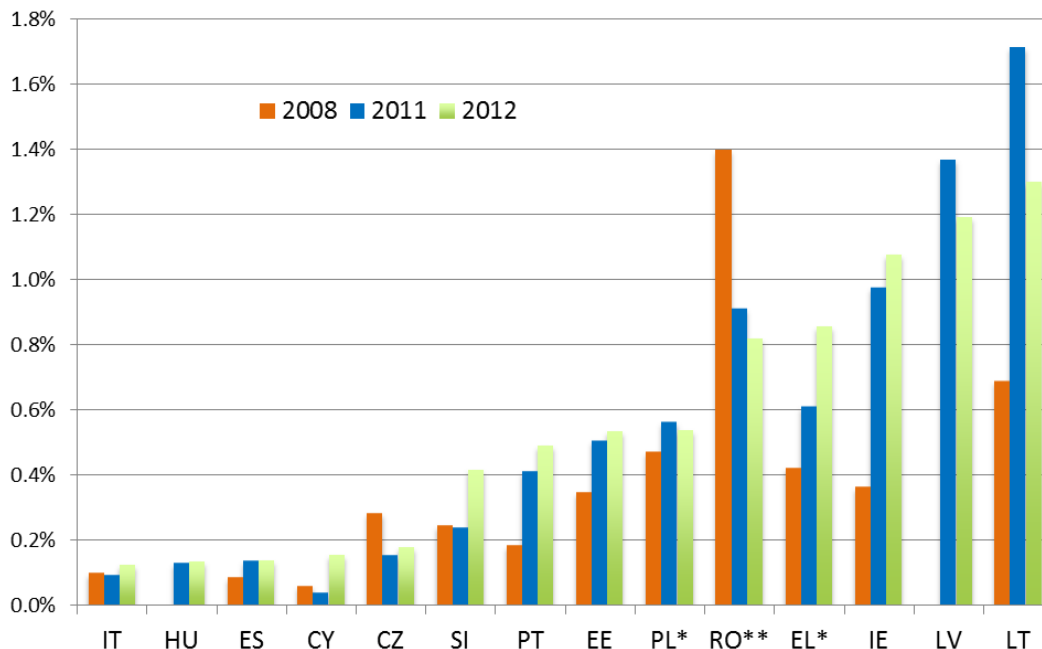
This means that in some countries the increase in emigration flows is the result of foreigners' leaving their country of residence to return to their own country or go elsewhere, rather than of nationals' emigrating. In countries such as Cyprus and Spain, the increase is due to the high proportion of migrants in the population and the significant impact of the crisis on their employment situation.

In 2012, the emigration rate **among nationals only** (chart 7) was:

- high but decreasing in Lithuania, Latvia, Romania and Poland;

- high and increasing in Ireland, Greece and to some extent Portugal;
- low but slightly increasing in Cyprus (0.2%) and Hungary, Spain and Italy (0.1%).

**Chart 7: Emigration rate among nationals (as a percentage of the total population of nationals) for selected countries**



Source: Eurostat, international migration flows [migr\_emi1ctz]. Note: Data missing for HU and LV for 2008. \*Due to a break in series, 2009 figures are used instead of 2008 figures for PL, and 2010 figures for EL. \*\* Data for 2012 was used for the population of nationals in RO in 2011.

This shows that the labour market has adjusted to crisis conditions differently across countries. In the Baltic countries, Ireland and to some extent Portugal and Greece, the number of nationals emigrating has increased. In Spain and Cyprus, the adjustment took the form of outflows of foreign citizens (leaving their host country to return home or go elsewhere). Nevertheless, in both groups of countries, the adjustment also took the form of decreasing inflows, as the analysis of immigration flows above shows (chart 3 and 4).

In table 6, Eurostat also provides data on emigrants' next country of residence. The table shows that the proportion of emigrants varies greatly in terms of EU or non-EU destination countries. This is in part due to the very different composition of emigrants by citizenship as shown above.

For example, in Spain, where most emigrants were returning migrants, 61 % of them went back to non-EU countries (in particular Latin American countries and Morocco). This proportion was even higher in the case of those emigrating from the Czech Republic (71 %) and Cyprus (70 %), where many emigrants are also returning migrants. In countries where emigrants were mainly nationals, such as Portugal and central and eastern Member States (the Baltic countries, Poland, Slovakia, Romania and Bulgaria), they went mainly (66%-95%) to other EU countries.

In other countries in which emigrants are evenly split between nationals and foreigners (for instance Greece, Ireland, Italy, the UK and Germany), it is more difficult to establish a link with the country of destination. Nevertheless, many emigrants from France (67 %), the UK (64 %), Germany (53 %) and Ireland (46 %) chose non-EU countries as their destination. The patterns of migration by EU citizens to non-EU countries are analysed in detail in the last section of this Supplement, using comprehensive national data from the destination countries.

Finally, certain flows clearly correspond to mobile EU citizens returning home. This appears to be true of emigration from Italy and Spain to Romania, from Spain to Portugal and Bulgaria and from Ireland to Poland, Latvia and Lithuania.



**Table 6: Country of destination of emigrants from the EU during 2012 (in thousands and as a percentage of total emigration)**

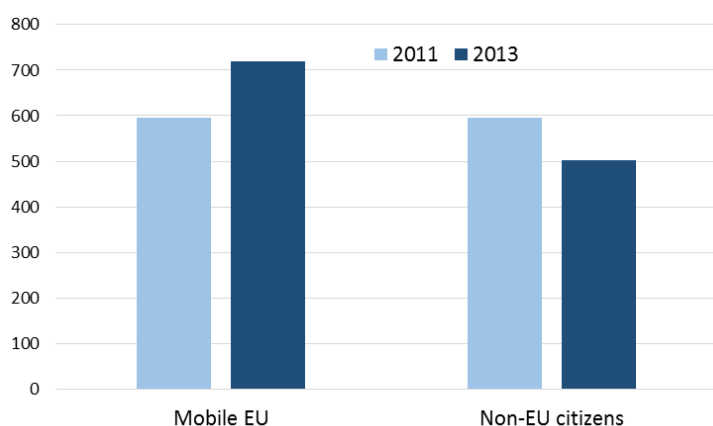
Country	EU-27	Non EU-27	EU-27, of whom:	Non-EU-27, of whom:
Belgium	64 %	36 %	FR (20 %), NL (10 %), DE (6 %)	USA (5 %), Switzerland (2 %), Turkey (2 %)
Bulgaria	68 %	32 %	ES (14 %), IT (12 %), DE (12 %)	Turkey (12 %), USA (4 %), Russia (4 %)
Czech Republic	29 %	71 %	N/A	N/A
Denmark	46 %	52 %	DE (8 %), SE (7 %), PL (4 %)	USA (10 %), Norway (7 %), China (3 %)
Germany	47 %	53 %	N/A	N/A
Estonia	93 %	7 %	FI (77 %), UK (6 %), DE (3 %)	Russia (3 %), Norway (1 %), USA (1 %)
Ireland	54 %	46 %	UK (23 %), PL (8 %), FR (4 %)	Australia (16 %), USA (8 %), Canada (5 %)
Greece	60 %	40 %	N/A	N/A
Spain	39 %	61 %	RO (14 %), FR (5 %), UK (4 %)	Morocco (8 %), Ecuador (7 %), Colombia (4 %)
France	28 %	67 %	N/A	N/A
Croatia	30 %	67 %	DE (15 %), AT (4 %), IT (3 %)	Serbia (31 %), Bosnia and Herzegovina (25 %), Switzerland (2 %)
Italy	52 %	48 %	DE (11 %), RO (9 %), UK (8 %)	Switzerland (8 %), USA (5 %), Brazil (3 %)
Cyprus	30 %	70 %	N/A	N/A
Latvia	76 %	24 %	N/A	N/A
Lithuania	79 %	21 %	UK (48 %), IE (9 %), DE (8 %)	Norway (8 %), USA (4 %), Russia (2 %)
Luxembourg	87 %	13 %	N/A	N/A
Hungary	85 %	15 %	N/A	N/A
Malta	66 %	34 %	N/A	N/A
Netherlands	54 %	46 %	DE (13 %), BE (10 %), UK (8 %)	USA (6 %), Turkey (4 %), China (3 %)
Austria	60 %	40 %	N/A	N/A
Poland	69 %	31 %	N/A	N/A
Portugal	66 %	34 %	N/A	N/A
Romania	95 %	5 %	N/A	N/A
Slovenia	45 %	55 %	DE (17 %), AT (9 %), HR (9 %)	Serbia (15 %), Bosnia and Herzegovina (7 %), FYROM (5 %)
Slovakia	84 %	16 %	CZ (31 %), AT (22 %), DE (10 %)	Switzerland (4 %), USA (4 %), Canada (2 %)
Finland	63 %	35 %	SE (19 %), UK (9 %), DE (7 %)	USA (7 %), Norway (4 %), China (3 %)
Sweden	40 %	50 %	DK (9 %), UK (6 %), FI (5 %)	Norway (14 %), USA (6 %), China (4 %)
United Kingdom	36 %	64 %	N/A	N/A

Source: Eurostat migration statistics [migr\_emi3nxt].

## 2.3 Recent changes in intra-EU labour mobility: evidence from the Labour Force Survey

EU Labour Force Survey data completes the picture of the latest trends in mobility, focusing on the *workforce* rather than the *overall population*. Data for 2013 on the number of recently established (i.e. those who have been living in a Member State for less than two years<sup>34</sup>) EU citizens who are economically active confirms the rebound of mobility flows (+21%) in recent years (2012–13) compared to the previous period (2010–11), while the number of newcomers from non-EU countries went on falling (-16%), see chart 8. As a reminder, previous analysis has shown that, in comparison to the high flows recorded before 2008, from 2009 onwards intra-EU mobility and migration from outside the EU decreased sharply on account of the global recession.<sup>35</sup>

**Chart 8: Economically active EU and non-EU citizens who have been living for less than 2 years in an EU country (in thousands)**



Source: DG EMPL calculations based on Eurostat EU-LFS

These overall trends differ markedly across the various countries of origin (chart 9). Compared to the previous period (2010–11), flows originating in the southern EU-15 Member States have surged (+64%), while those originating in other EU-15 countries remained much the same as before (+6%). Flows from central and eastern Member States decreased sharply at the start of the crisis, but partly recovered in the most recent period (2012–13) with +31% from Poland and +29% from the other EU-13 countries (excluding Romania and the Baltic countries). This latest trend can be attributed to the end of the transitional arrangements in Germany and Austria in May 2011 for EU-8 workers and to the economic attractiveness of those destination countries.<sup>36</sup> In contrast, the change was more limited with regard to Romania (+11%) and even negative in the case of the Baltic countries (-17%).

At the level of individual countries, mobility flows during 2012–13 were much higher than during the previous two-year period (2010–11) from several countries severely affected by the crisis: Greece (+150%), Spain (+99%), Hungary (+78%) and Portugal (+53%), followed by Poland (+30%), France (+25%) and Italy (+23%) (chart 10). Far fewer workers than was previously the case moved to other EU countries from Lithuania (-16%), Ireland (-19%) and Latvia (-28%), countries that had experienced large outflows at the start of the crisis and in which the economic situation has since improved. While there may be numerous factors behind the

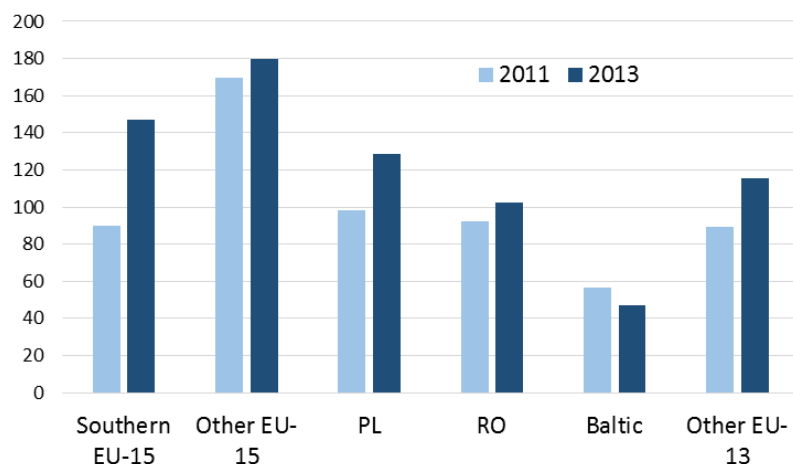
<sup>34</sup> This section analyses recent trends in mobility by comparing the number of recent intra-EU movers in the period 2012–13 to the number in the previous two-year period (2010–11). Recent intra-EU movers are defined as those living since less than two years in another EU country than their own (i.e. in terms of citizenship). The EU-LFS variable used is YEARESID (years of residence in the country). Analysis of this variable shows that in some countries (France, Italy, Austria, the Netherlands), it under-estimates the number of most recent migrants (i.e. those who moved to the country less than two years ago). This is most probably due to the difficulty of including them into the sample. The next section therefore focuses on a longer period (less than five years) in order to get more reliable results, in particular for the distribution among countries of destination.

<sup>35</sup> European Commission, EU ESSQR, June 2013, pp. 38–51.

<sup>36</sup> If one excludes Germany and Austria as destination countries, the number of recent intra-EU movers from Poland and other EU-13 countries (excluding Romania and the Baltic countries) stagnated in 2012–13 compared to the previous two-year period (2010–11).

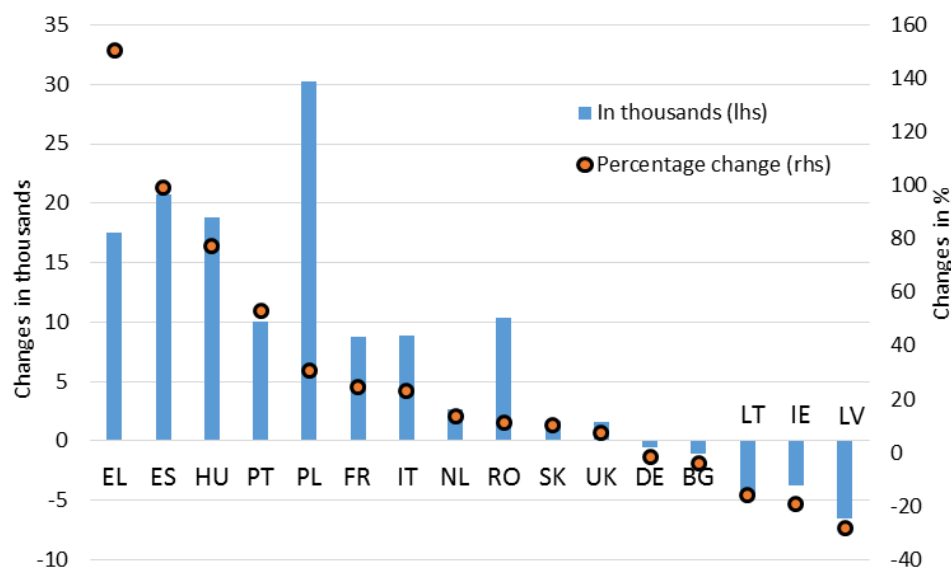
changes in outflows of economically active people towards other Member States, there is a strong correlation with the changes in unemployment levels in the various countries of origin.<sup>37</sup>

**Chart 9: Economically active EU foreigners who have been living for less than 2 years in an EU country, by group of countries of origin (in thousands)**



Source: DG EMPL calculations based on Eurostat EU-LFS

**Chart 10: Changes over 2011-13 in the number of economically active EU foreigners who have been living for less than 2 years in an EU country, by country of origin (in thousands and as a percentage)**



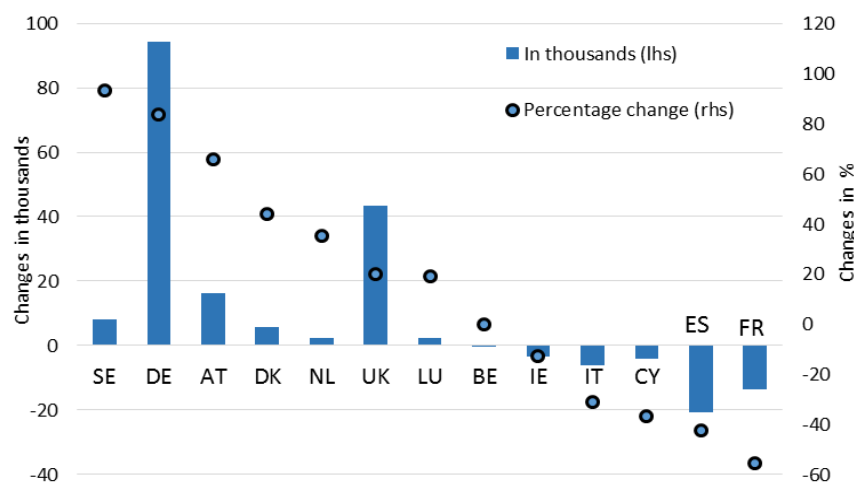
Source: DG EMPL calculations based on Eurostat EU-LFS

As far as destination countries are concerned, compared to 2010–11, the most recent period (2012–13) saw a strong increase in intra-EU mobility flows towards Sweden (+93 %), Germany (+83 %), Austria (+66 %) and to a lesser extent Denmark (+44 %), the Netherlands (+35 %),

<sup>37</sup> The coefficient of correlation (for the 16 Member States for which data is available) between the changes (between 2010–11 and 2012–13) in the outflows of economically active people to other Member States and the changes (between 2010 and 2012) in the unemployment rate in the countries of origin in question is 0.84 ( $R^2=0.71$ ).

the UK (+20 %) and Luxembourg (+19 %).<sup>38</sup> In contrast, flows decreased towards Ireland (-13 %), Italy (-31 %), Cyprus (-37 %), Spain (-42 %) and France (-56 %). The detailed distribution of flows per destination country (and group of countries of origin) is analysed below, based on a longer period (the last five years rather than the last two). This is to improve the quality of the data (the years of residence variable is more reliable for longer periods of time) and to be able to compare the pre- and post-crisis periods.

**Chart 11: Changes in the number of economically active EU foreigners who have been living for less than 2 years in an EU country, by country of destination (in thousands and as a percentage) – 2013 compared to 2011**



Source: DG EMPL calculations based on Eurostat EU-LFS

## 2.4 The characteristics of mobility flows since the onset of the crisis (2009-13) compared to the previous period (2004-08)

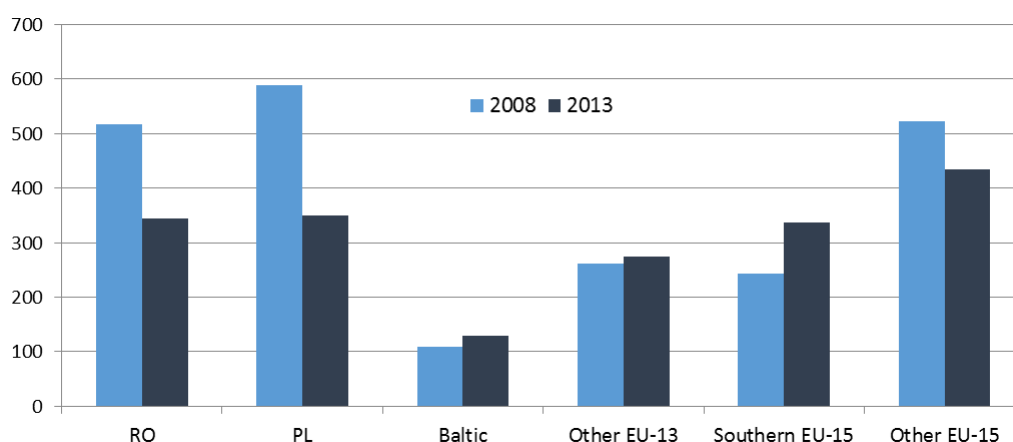
Mobility flows have not only fluctuated according to the economic and employment situation, they have also changed in terms of their composition (origin/destination, educational level and other socio-demographic characteristics). This section analyses these developments by comparing the period since the onset of the crisis (2009-13) to the previous five years (2004-08), a period characterised both by economic growth in most EU Member States and a large wave of post-enlargement mobility.

As already underlined in previous analysis, mobility flows have declined (by 16%) overall since 2009 compared to 2004-08 (see Chart 12). This was due both to the crisis and a weakening of the impact of 2004 and 2007 enlargements. However, this trend has not been uniform however across **origin countries**. Compared to 2004-08, mobility flows decreased from Poland (-41%) and Romania (-33%), but also from the (non-southern) EU-15 countries (-17%). By contrast, they increased from the Baltic countries (+19%) and from the southern EU-15 countries especially (+39%). Numbers originating in other EU-13 countries increased only slightly (+5%), a slow-down as a result of a decrease for most of these countries (in particular Bulgaria (-16%) and Slovakia (-28%)) that is offset by a strong increase for Hungary (+106%).

In terms of overall share, southern movers made up 18% of the flows in 2009-13 compared to 11% previously, while EU-13 movers remain the largest group of mobile EU workers despite a similar decline in their share (from 66% in 2004-08 to 59% in 2009-13).

<sup>38</sup> This section focuses on recent trends, i.e. the flows during 2012-13 compared to the previous two years (2010-11). The reference period (2010-11) was a low-mobility phase compared to that before the crisis (2007-08). If one compares flows during 2012-13 to those recorded in 2007-08, intra-EU mobility flows have decreased overall (-25%), especially those originating in Poland (-58%) and Romania (-38%). In terms of destination countries, only Germany (+45%) and Austria (+78%) recorded a significant increase between those two periods, while flows to the UK decreased (-28%) and those to Ireland (-80%) and Spain (-79%) dropped significantly.

**Chart 12: Economically active EU foreigners, residing for < 5 years in an EU country, by group of origin countries (in thousands)**



Source: DG EMPL calculations based on Eurostat EU-LFS

Another major change compared to the pre-crisis period has been the distribution of intra-EU movers across **destination countries**: while the UK's share has remained fairly stable (around 30%), this has been rising for Germany (from 13 to 25%), Belgium (from 4 to 6%) and Austria (from 3 to 5%)<sup>39</sup> — as opposed to Spain and Ireland, which comprised a much lower share than before (see Table 7).

These trends vary however across citizenship groups. For instance, mobility from EU-10 countries seems to have gradually shifted from Ireland (and the UK to some extent) to Germany and Austria, while the most spectacular change has been the drop in Spain's share for EU-2 movers (from 57% to 12%) and the resulting shift to other countries, in particular Germany, the UK and Italy as well as Belgium and Austria. In 2009-13, the main destination countries for movers from the southern Member States were the UK (29%) and Germany (26% compared to 16% previously) followed by France (17%), with only a small proportion still moving to Spain (7% compared to 17% previously).

**Table 7: Distribution of economically active intra-EU movers (established for less than 5 years in 2008 and 2013) — by destination country and citizenship group, as a % of the total**

Destination country	All EU-28 movers		EU-10		EU-2		Southern EU-15		Other EU-15	
	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013
UK	30	31	54	43	5	18	29	29	23	25
DE	13	25	13	29	6	21	16	26	18	21
IT	6	6	2	1	19	25	(1)	:	2	1
BE	4	6	2	3	1	6	5	6	10	11
ES	20	6	2	1	57	12	17	7	9	6
FR	6	6	(1)	2	2	2	20	17	10	6
AT	3	5	2	5	1	3	(2)	2	7	8
IE	9	3	18	4	1	1	4	2	6	3
Others	9	13	6	11	7	12	8	10	15	19

Source: DG EMPL calculations based on Eurostat EU-LFS. Note: Figures in bracket lack reliability due to small sample size.

In 2009-13, the majority of economically active intra-EU movers were **men** (56%),<sup>40</sup> a very slight increase on the 2004-08 period (55%). This trend was driven by an increase in the proportion of men among movers from the EU-2 countries (from 50% to 52%) and in particular from southern EU-15 countries (from 56% to 60%), and was only partly offset by a decrease

<sup>39</sup> The increase in the share of the 'others' category (from 9 to 13%, see Table 7) is almost entirely due to an increase in the share of Nordic countries (DK, SE and FI combined) — from 2.4% in 2004-08 to 5.7% in 2009-13.

<sup>40</sup> This does not contradict the finding of the 'Mobility in Europe' 2013 report quoted in Box 1 — that women make up the majority of mobile EU citizens —, as the report focuses on all movers whereas the current analysis only covers those who are economically active, and more likely to be men.

among movers from the EU-10 (from 56 % to 54 %). The highest proportion of men is found among intra-EU movers from 'other EU-15' countries (58 %, unchanged compared to 2004-08).

In terms of age, intra-EU movers in 2009-13 were predominantly **young** — 63 % of them were aged 15-34, while this age category only accounted for around 34 % of the labour force in the EU (average over 2009-13). Nevertheless, intra-EU movers in the recent period tended to be 'less young' than before, with the proportion of those aged 15-24 declining from 20 % to 15 % (and from 28 % to 26 % for those aged 25-29), see table 8. This seems to be a general phenomenon as there was a decrease in the share of young people for all groups of origin countries, and is therefore not due to the change in the distribution by origin countries highlighted above. This trend may be surprising as it is to be expected that rises in youth unemployment since 2008 in many countries would have increased incentives to look for a job abroad. However, as youth unemployment has also affected the labour market of many destination countries, prospects abroad are not necessarily attractive for potential movers of a young age. By contrast, the age category 35-54 has increased its share by 3 pp (from 31 to 34 %) between the two periods, with a particularly marked increase in those originating in the southern EU Member States (from 31 % to 38 %, or +8 pp).

**Table 8: Distribution of economically active intra-EU movers (established for less than 5 years in 2008 and 2013) by age group, as a % of the total**

Intra-EU movers from:	2008					2013				
	15-24	25-29	30-34	35-54	55+	15-24	25-29	30-34	35-54	55+
All EU-28 MS	20	28	19	31	2	15	26	21	34	4
EU-10	23	33	19	23	1	18	28	21	29	4
EU-2	23	24	20	31	1	17	26	20	34	3
Southern EU-15	15	27	24	31	3	12	26	22	38	2
Other EU-15	13	23	18	42	4	12	24	21	38	5

Source: DG EMPL calculations based on Eurostat EU-LFS.

Finally, a striking change compared to the pre-crisis period has been the **increase in the overall level of education**. The proportion of highly educated among recent intra-EU movers has increased substantially (from 27 % in 2008 to 41 % in 2013) and this applies to all citizenship groups. On the contrary, the proportion of movers with a medium level of education has decreased markedly for all groups, while the proportion of movers with a low level of education decreased substantially only for the group of movers originating in the southern EU countries. The increase in the average level of education partly reflects the overall up-skilling of the EU labour force.<sup>41</sup> However, one should also consider the strong changes in overall labour demand by educational level and the shift in job structure since the crisis started in 2008, in particular the decline of the construction and manufacturing sectors, which employ many workers with a medium level of education, including mobile EU workers.

Differences in the level of education between the various groups of origin countries remained largely the same as before, with a predominance of people having a medium level of education among those originating in the EU-10 and EU-2 countries (despite a sharp decline) and a high and increasing share of tertiary graduates among those coming from southern EU countries (49 %) and other EU-15 countries (66 %). As far as EU-2 movers are concerned, the proportion with a low level of education remained high but decreased slightly (from 33 to 31 %), while one quarter of them were tertiary graduates (compared to 16 % previously).

<sup>41</sup> The proportion of highly educated among the EU labour force has increased from 26 % to 30 % between 2008 and 2013.



**Table 9: Distribution of economically active intra-EU movers (established for less than 5 years in 2008 and 2013) by level of education and citizenship groups, as a % of the total**

Intra-EU movers from:	2008			2013		
	Low	Medium	High	Low	Medium	High
All EU-28 MS	22	51	27	21	38	41
EU-10	18	64	18	20	49	30
EU-2	33	52	16	31	44	25
Southern EU-15	33	30	37	26	25	49
Other EU-15	11	38	50	8	26	66

Source: DG EMPL calculations based on Eurostat EU-LFS

In terms of occupation groups, the proportion of recent intra-EU movers working in 'high-skilled occupations' (ISCO 1-3) increased from 26% to 34% between 2008 and 2013.<sup>42</sup> Such significant change has not been a general trend at EU level<sup>43</sup> and therefore reflects the sharp increase in the proportion of tertiary educated among the recent intra-EU movers mentioned above. This means that most of the increase in the average level of education seems to have transmitted in terms of higher skilled occupations. Interestingly, the 'over-qualification rate' (i.e. the proportion of highly educated (ISCED 5-6) employed in low (ISCO 9) or medium-skilled (ISCO 4-8) occupations) decreased from 38% in 2008 to 35% in 2013. This apparent slight improvement in the 'matching process' stems notably from a decline in the indicator (from a very high level) for EU-2 movers (from 76.0% to 59.0%) which itself is mainly due to drop of the share of Spain as destination countries of EU-2 movers. In contrast, the ratio worsened slightly (i.e. increased) in the case of southern movers (from 26.6% to 28.4%). This contrasts with a low and declining over-qualification rate for movers from other EU-15 countries (from 17.8% to 16.6%) and a slightly decreasing rate (but still very high) for EU-10 movers (from 58.4% to 56.2%).

In terms of sectors, there are fewer (recent) intra-EU movers than before working in construction (from 14.9% to 10.4% or -4.5 pp) and manufacturing (from 16.3% to 14.9% or -1.4 pp) as well as domestic workers (from 6.0% to 4.1% or -2.0 pp), and more in the service sectors such as 'Accommodation and food services activities' (from 11.5% to 13.1% or +1.6 pp), 'Administrative and support service activities' (from 6.4% to 8.6% or +2.2pp), 'Professional, scientific and technical activities' (from 4.1% to 5.5% or +1.4 pp) and Education (from 3.6% to 4.9% or +1.4 pp). 'Information and communication' and 'Health and social work' have also seen their proportions in employment of recent intra-EU movers increasing. These developments reflect the trends observed in the EU economies overall since the onset of the crisis, but with more pronounced changes in percentage terms. In other words, employment among intra-EU movers tended to accentuate the overall trends, seemingly confirming that their employment acts as a buffer for the economies of destination countries.

## 2.5 Recent trends in intra-EU mobility: lessons from national data for Germany and the UK

As underlined above, Germany and the UK are the two main destinations for recent intra-EU movers, so it is interesting to look at national data for these two countries (both official migration statistics and administrative data based on social security records) as they provide more recent/relevant trends than EU-wide datasets.

### Trends in Germany

According to national statistics,<sup>44</sup> immigration to Germany has risen significantly over recent years, from 574 000 in 2008 to 966 000 in 2012, and to 1 108 000 in 2013.<sup>45</sup> EU citizens accounted for two thirds of immigrants in 2013 — and for more than 70% of the net increase in immigration to Germany since 2008.

<sup>42</sup> By contrast, the proportion of those employed in medium-skilled occupations (ISCO 4-8) dropped (from 50% to 43%) while the weight of 'elementary occupations' only decreased slightly (from 24% to 23%).

<sup>43</sup> Overall, the proportion of persons working in high-skilled occupations at EU level increased very slightly, from 39% in 2008 to 40% in 2013.

<sup>44</sup> Provisional 2013 data released in May 2014 by the German statistical office ([www.destatis.de](http://www.destatis.de)).

<sup>45</sup> These figures greatly exceed those published by Eurostat as they correspond to the definition of immigrants used in German national statistics, i.e. those 'staying at least three months', versus 'twelve months' in the internationally agreed definition of migration, used by Eurostat. Consequently, net migration figures are well below the net gross inflows, as the short duration considered in those statistics also results in large numbers as far as outflows are concerned.

Similar to 2012, most EU citizens migrating to Germany in 2013 came from the EU-13 countries (71%), four countries in particular (Poland, Romania, Bulgaria and Hungary). However, the sharpest increase in percentage terms was for those originating in Croatia, probably on account of its recent EU accession.

Large and generally rising numbers of migrants came from the four southern EU countries<sup>46</sup> (141 000 compared to 118 000 or +20%) — there was a strong increase from Italy (+15 400 or +36%), a moderate one from Spain (+6 600 or +22%) and Portugal (+1 900 or +16%) and a slight decline from Greece (-700 or -2%). Compared to 2008, inflows quadrupled for Greece and Spain, tripled for Italy and more than doubled for Portugal. Finally, figures on net migration (rather than total inflow) confirm that citizens from the southern Member States migrating to Germany are longer term migrants than EU-13 citizens.<sup>47</sup>

**Table 10: Immigration and net migration to Germany in 2012 and 2013 (in thousands and changes compared to 2012), for selected citizenships**

Country of origin	Inflows				Net migration			
	2013	2012	changes		2013	2012	changes	
			in abs.number	in %			in abs.number	in %
Poland	189,1	176,4	12,7	7,2	+71.7	+68.1	+3.5	5,2
Romania	134,5	116,2	18,3	15,8	+50.2	+45.7	+4.5	10,0
Bulgaria	59,0	58,5	0,4	0,8	+21.7	+25.0	-3.3	-13,2
Hungary	58,1	53,9	4,2	7,7	+24.4	+26.2	-1.7	-6,7
Croatia	24,8	12,6	12,2	97,1	+12.6	+1.1	+11.5	1050,6
Other EU-13	52,0	37,4	14,6	38,9	+20.2	+20.6	-0.4	-2,0
Italy	57,5	42,2	15,4	36,4	+32.3	+21.3	+11.1	52,1
Spain	36,5	29,9	6,6	22,1	+22.4	+18.8	+3.6	19,2
Greece	33,4	34,1	-0,7	-2,1	+20.0	+22.0	-1.9	-8,8
Portugal	13,6	11,8	1,9	16,0	+7.0	+6.3	+0.7	11,4
Other EU-15	68,6	65,5	3,1	4,7	+21.3	+20.4	+0.9	4,2
<b>All EU MS</b>	<b>727,1</b>	<b>638,4</b>	<b>88,7</b>	<b>13,9</b>	<b>+303.9</b>	<b>+275.5</b>	<b>+28.4</b>	<b>10,3</b>
Non-EU countries	209,6	183,4	26,2	14,3	+103.0	+88.7	+14.3	16,1
All countries	1108,1	965,9	142,2	14,7	+459.2	+387.1	+72.0	18,6

Source: German migration statistics (2013 are provisional data).

In order to focus on migration for work purposes only, a reliable and up-to-date source of information is the number of foreigners contributing to German social security. The data show a strong rise in the number of citizens from southern Member States<sup>48</sup> working in Germany since the start of 2010 (+113 000 or +28%), with a particularly marked rise over the past year of +37 000, or +8% (see Table 11). The rise since 2010 has been most pronounced among Spaniards (+58%), while the biggest rises in absolute terms were among those from Italy (+43 000) and Greece (+36 000).

<sup>46</sup> As a result, migration from the southern EU countries, as a proportion of total migration from the EU-28 Member States to Germany, increased from 12% in 2008 to 18% in 2012, and to 19% in 2013.

<sup>47</sup> Indeed, the ratio net migration / inflows is around 59% for southern European citizens compared to around 39% for citizens from the EU-13 countries, signalling a higher return migration for the latter.

<sup>48</sup> It should be noted that it is difficult to assess whether the observed changes in employment reflect only new arrivals or also longer-term residents moving from unemployment (or inactivity) into employment.

**Table 11: Foreigners employed in Germany, for selected citizenships (social security data), in thousands (value in the month of March)**

Workers with the citizenship of:	2010	2011	2012	2013	2014	Changes 2010-2014		Changes 2013-14	
						in thousands	in %	in thousands	in %
<b>Southern EU MS</b>	399	417	442	475	512	113	28	37	8
Italy	211	219	228	238	253	43	20	15	6
Portugal	49	51	54	58	62	12	25	4	7
Spain	39	41	45	52	61	22	58	8	16
Greece	100	106	115	127	136	36	36	10	8
<b>EU-8</b>	186	207	302	372	449	263	142	77	21
Poland	125	140	201	241	291	166	133	49	20
Hungary	17	19	33	49	65	48	281	16	33
<b>EU-2</b>	65	78	99	124	186	121	188	62	50
Romania	46	55	71	89	132	86	185	43	48
Bulgaria	19	22	28	35	54	36	193	19	54

Source: Bundesagentur für Arbeit (Statistik May 2014).

Notes: Mini-jobs are included, but not civil servants or self-employed. Values for individual countries in March 2014 are not available and are estimates by the Bundesagentur für Arbeit.

The rising trends have been even sharper for workers coming from the EU-8 countries (+263 000 or +142 % over 2010-14, with the largest numbers from Poland and Hungary) and from the EU-2 countries (+121 000 or +188 %). The latter figures reflect surges in the past year (March 2013-March 2014) for Romanians (+43 000 or +48 %) and Bulgarians (+19 000 or +54 %) that, in absolute terms, are equivalent to the increase recorded over the previous three-year period (2010-13). The pronounced trend in the past year is probably due to transitional arrangements for EU-2 workers ending in January 2014.<sup>49</sup> Indeed, the increase in the number of EU-2 workers between December 2013 and March 2014 (+49 000) accounts for 80 % of the year-on-year increase (+62 000 between March 2013 and March 2014) and is 3.5 times higher than the increase recorded in the first quarter of the previous year (i.e. between December 2012 and March 2013). Nevertheless, the rise recorded in the first quarter of 2014 does not necessarily reflect only inflows of workers from the EU-2 countries since 1 January and may also be due to a 'regularisation effect' of EU-2 workers already living/working in Germany — including those who were previously self-employed on account of restrictions on salaried employment. Indeed the experience of restrictions for EU-8 workers in Germany suggests that, before May 2011, many of them were self-employed which stopped being the case after restrictions were lifted.<sup>50</sup>

Finally, these figures can also be used to assess labour mobility to Germany from southern Member States as a proportion of those unemployed in those (origin) countries. The yearly increase (March 2013-March 2014) in the number of citizens from southern EU countries working in Germany as a ratio of the number of unemployed in their origin countries (in the first quarter of 2013) was relatively limited (0.3 %), though it varies across countries — from 0.1 % for Spain, 0.4 % for Portugal and 0.5 % for Italy to the highest ratio of 0.7 % for Greece (but lower than the 1.1 % reached the year before). In conclusion, despite a steady increase in the number of southern workers in Germany, this mobility still plays rather a limited role in relieving the labour market pressure of unemployment in the origin countries, with some variations across countries. This confirms recent evidence that the labour market adjustment in the euro area through mobility/migration is rather limited in % of active population of origin/destination countries, notably because the main adjustments occurred through changes in flows from/to EU-12 and non-EU countries, rather than through intra-euro area movements.<sup>51</sup>

<sup>49</sup> For further analysis of EU-2 workers in Germany, see the IAB analysis from May 2014 available at: [http://doku.iab.de/arbeitsmarktdaten/Zuwanderungsmonitor\\_1405.pdf](http://doku.iab.de/arbeitsmarktdaten/Zuwanderungsmonitor_1405.pdf).

<sup>50</sup> For instance, EU-LFS data confirm that the share of self-employed among EU-8 workers recently established (since less than 2 years) in Germany decreased from 27 % in 2008 to 14 % in 2013. In the case of EU-2 workers, this share was still rather high (26 %) in 2013 (i.e. before restrictions were lifted).

<sup>51</sup> European Commission, Employment and Social Developments in Europe Review 2013, chapter 5, Box 3, p.286.

## Trends in the UK

UK official migration statistics show that net migration to the UK in 2013 was approximately 212 000, compared to 177 000 in 2012, a 20% increase that is, however, not statistically significant. According to the UK ONS, 'recent patterns of net migration over the last two years show an increase' but 'net migration has continued to be lower than the general level of net migration since 2004'.<sup>52</sup>

There was an increase in people coming from the EU-8 countries (from 60 000 to 70 000 or +17%), although it is worth noting that a considerable number of EU-8 citizens emigrated from the UK, making their net migration level approximately 44 000 in 2013, not a statistically significant increase compared to the 30 000 in 2012. In contrast, the UK saw a slight drop in arrivals from many non-EU countries. Inflows from EU-15 countries rose from 85 000 to 104 000 (+22%). Migration from the EU-2 countries to the UK rose from 9 000 in 2012 to 23 000 in 2013 (+155%), according to the International Passenger Survey (IPS)<sup>53</sup>. Of these, 16 000 immigrated for work-related reasons, of which 11 000 reported having a definite job, which marks a significant increase of 2 000 on the previous year.

To obtain data broken down by individual EU country and have access to more recent data, it is possible to use the number of National Insurance Numbers<sup>54</sup> (NINo) allocated to foreigners. These data show that numbers (in 2014/13 compared to 2013/12) have increased sharply in the case of Romania (+163%), Bulgaria (71%), Italy (+28%), Poland (+12%) and Portugal (+11%), in contrast to stagnation or decline for the other top 10 EU countries (see Table 12). The highest inflows from EU Member States are from Poland (101 900), Romania (46 900) and Spain (45 600).

Separate NINo figures are also available for the first quarter of 2014, which enables migration levels from the EU-2 countries to be measured since restrictions on the employment of EU-2 workers ended on 1 January 2014. The number of NiNos allocated to Romanian (Bulgarian) workers has reached 34 900 (10 400) in the first quarter of 2014 compared to 5 900 (2 500) in the first quarter of 2013. However, the process of obtaining a NINo involves satisfying a set of criteria, which means that the process can take a number of weeks, months or even years from the time a person arrives in the UK. In fact, the UK Department for Work and Pensions confirm that 78% of EU-2 nationals that registered for a NINo in the first quarter of 2014 had arrived to the UK prior to 1 January.<sup>55</sup> The high figures recorded in the first quarter of 2014 therefore mainly reflect past migration. This conclusion is confirmed by the UK Labour Force survey data, which show that the number of EU-2 citizens employed in the UK in the first quarter of 2014 was only 18% higher than the first quarter of 2013, a considerably smaller increase than the one indicated by NiNo statistics.

**Table 12: National Insurance Number registrations for adult foreign nationals entering the UK (in thousands), top EU countries of origin for 2012/13 and 2013/14 (and % change to 2012/13) – year ending March 2014**

Countries	2013 – 14	2012 – 13	Change to previous year	
			in thousands	in %
European Union	439.5	385.4	54.0	14 %
Among which: EU-2	64.6	28.2	36.4	129 %
Non EU	162.5	176.2	-13.8	-8 %
Poland	101.9	91.4	10.6	12 %
Romania	46.9	17.8	29.1	163 %
Spain	45.6	45.5	0.1	0 %
Italy	42.0	32.8	9.2	28 %
Portugal	27.3	24.6	2.7	11 %

<sup>52</sup> UK ONS, Migration Statistics Quarterly Report, May 2014, available at: [http://www.ons.gov.uk/ons/dcp171778\\_362934.pdf](http://www.ons.gov.uk/ons/dcp171778_362934.pdf).

<sup>53</sup> The International Passenger Survey (IPS) is a large sample survey carried out at airports, seaports and tunnel routes throughout the UK. It identifies between 4 000 and 5 000 long-term migrants each year from a sample of between 700 000 and 800 000 passengers.

<sup>54</sup> A NINo is generally required by any overseas national looking to work or claim benefits / tax credits in the UK, including the self-employed or students working part time. The statistics provide a measure of in-migration (inflow) for adult foreigners.

<sup>55</sup> UK DWP Statistical Bulletin, 22 May 2014, available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/313401/nino-analytical-report-may-2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/313401/nino-analytical-report-may-2014.pdf).

Hungary	23.6	24.7	-1.1	-4 %
Lithuania	22.4	27.3	-4.9	-18 %
France	22.3	21.2	1.1	5 %
Bulgaria	17.8	10.4	7.4	71 %
Ireland	16.4	15.5	0.8	5 %
Slovakia	11.8	11.5	0.3	3 %
Latvia	11.3	13.6	-2.3	-17 %
Germany	10.5	11.0	-0.4	-4 %
Greece	9.0	8.7	0.4	4 %

Source: UK DWP Statistical Bulletin, May 2014 (data extracted from National Insurance Recording and Pay as you Earn System (NPS)). 2012-13 refer to the last three quarters of 2012 and the 1st quarter 2013 while 2013-14 refer to the last three quarters of 2013 and the 1st quarter 2014.

### 3. Emigration to non-EU countries

There are reports of increasing numbers of EU citizens emigrating to non-EU countries, particularly since the onset of the crisis. This section summarises the main findings of the Eurostat migration statistics and then analyses national (immigration) data for a selection of non-EU countries receiving EU citizens.

#### ***Eurostat emigration statistics indicate an increase in migration to non-EU countries***

According to Eurostat migration statistics, movements out of EU Member States<sup>56</sup> to non-EU countries have intensified over the last few years. While outflows increased only slightly between 2009 and 2010 (from 1.15 to 1.17 million or +1.6%), the increases were greater in 2011 (+85 000 or +7.3%, to reach 1.25 million) and in 2012 (+44 000 or +3.5%), reaching almost 1.3 million. This remains below the level of immigration to the EU from non-EU countries (1.69 million in 2012),<sup>57</sup> meaning that net migration in the EU remains positive overall.

In 2012, the largest countries in terms of emigration to non-EU countries were Spain (271 000 or 21% of the total), the UK (207 000 or 16%) and France (193 000 or 15%), followed by Germany (126 000 or 10%), Poland (86 000 or 7%), Greece (62 000 or 5%), Italy (52 000 or 4%), the Netherlands (51 000 or 4%) and Ireland (41 000 or 3%). This means, unsurprisingly, that the bulk of emigration to non-EU countries stems from the largest countries in terms of population. However, as indicated in the analysis of Eurostat emigration statistics above, the distribution is also influenced by other factors such as the return of migrants to their (non-EU) origin countries.

The largest increases over 2010-2012 were recorded in: Spain (+31 400 or +13%), Poland (+22 900 or +36%), Italy (+13 800 or +37%) and France (+12 600 or +7%), followed by smaller countries that registered relatively strong increases: Cyprus (+9 400 or +286%), Portugal (+8 600 or +96%) and Ireland (+7 300 or +21%). Increases in these seven Member States accounted for more than 80% of the net increase over 2010-12 at EU level.<sup>58</sup>

As shown in Table 6, emigration to non-EU countries in 2012 was predominant (more than 60%) in overall emigration for countries such as the Czech Republic, Cyprus, Croatia, France, the UK and Spain. Meanwhile, in the same year, the emigration rate to non-EU countries, as a percentage of the total population, was substantially higher than the EU average (0.26%) in Cyprus (1.5%), Ireland (0.9%), Spain (0.6%), Greece (0.6%), Denmark (0.4%) and Slovenia (0.4%).<sup>59</sup>

Finally, the 10 most popular non-EU countries in terms of emigration from the EU in 2012 were: Australia, the USA, China, Morocco, Ecuador, India, Brazil, Canada, Bolivia and Switzerland.<sup>60</sup> The heterogeneous pattern of this list of countries clearly shows that, as pointed out in the previous section, only part of the flows to non-EU countries reflects nationals leaving their own country (such as in Portugal and many central and eastern Member States) whereas in other countries (e.g. Spain) most emigrants to non-EU countries are returning migrants.

#### ***Emigration of EU citizens to non-EU countries: using immigration statistics of destination countries: USA, Australia and Brazil***

Since immigration statistics of receiving countries are deemed more reliable than emigration statistics from origin countries, and in order to focus on work-related migration of EU citizens, the next section focuses on specific national data for three destination countries: the USA, Australia and Brazil. It also allows attention to be focused on emigration of EU nationals only — by excluding the phenomenon of return migration.

<sup>56</sup> Eurostat, Emigration by sex, age group and country of next usual residence (migr\_emi3nxt). Note that the EU figures refer to the EU-27 aggregate (EU-28 aggregate not yet available as of May 2014).

<sup>57</sup> Eurostat, Immigration by sex, age group and country of previous residence (migr\_imm5prv).

<sup>58</sup> Note that BG, HR and NL are not covered by this analysis due to a lack of data for the reference year 2010.

<sup>59</sup> Eurostat, Emigration by sex, age group and country of next usual residence (migr\_emi3nxt) and Population on 1 January by age and sex (demo\_pjan).

<sup>60</sup> This ranking can be biased as it is calculated on the basis of data by individual next country of residence which is available for only 15 of the 28 Member States — and, in particular, not available for large countries of emigration to non-EU countries such as France, Germany, Poland and Greece.



### The case of the USA

In the United States of America, the number of temporary workers coming from EU Member States has increased slightly over 2008-13 for intra-company transferees (+5%) and cultural exchange workers (+3%), while it has decreased in the case of employer-sponsor visas (-7%). There has been a reverse trend in the number of visas issued to citizens of non-EU countries resulting in an increase in the proportion of EU citizens in total inflows to the US for intra-company transferees (from 21.5% to 28.5%) and for cultural exchange workers (from 32.3 to 38.5%) and a decrease in employer-sponsor visas (from 9.6 to 7.5%). There have however been wide differences among the main EU (origin) countries in changes in inflows since 2008. In particular, there have been large increases in numbers from Ireland and the southern EU countries while figures for the other EU-15 countries (as well as for EU-13 countries) have stagnated or decreased. For the three types of visas analysed, the rise in inflows has been highest in absolute terms from three countries: Spain, Italy and Ireland. While the figures have increased for southern EU countries, they remain limited compared to the overall number of visas granted to all EU nationals — and also compared to the active population of the sending country. As a percentage of the national labour force, the only 'substantial' flows (for the three categories of labour migration considered) are from Ireland — with annual inflows representing around 0.6% of the origin country's labour force, and ten times higher than the average for the EU (0.06%).

**Table 13: Number of temporary visas issued by the USA, by type of visa and selected countries of citizenship (2008-2013)**

Country of citizenship	H-1B (employer-sponsor visa)			J-1 (cultural exchange workers*)			L-1 (intra-company transferees)		
	2008	2013	Change (in %)	2008	2013	Change (in %)	2008	2013	Change (in %)
UK	3,082	2,699	-12	17,568	19,023	8	6,276	6,254	0
France	1,770	1,782	1	12,343	13,021	5	2,529	2,378	-6
Germany	1,674	1,274	-24	25,149	22,457	-11	2,955	2,206	-25
Ireland	477	694	45	9,210	11,175	21	700	1,140	63
South EU-MS	2,113	2,533	20	11,276	15,056	34	1,760	2,946	67
among which :									
Italy	865	1,086	26	4,905	6,446	31	799	1,151	44
Spain	775	888	15	4,926	7,215	46	749	1,434	91
Greece	324	374	15	720	732	2	49	110	124
Portugal	149	185	24	725	663	-9	163	251	54
Other EU-15 MS	1,237	1,079	-13	12,237	13,238	8	2,969	2,807	-5
EU-13 MS	2,122	1,495	-30	28,407	26,265	-8	868	1,308	51
among which :									
Romania	500	327	-35	4,003	4,122	3	195	167	-14
Poland	417	308	-26	6,297	4,384	-30	224	397	77
Bulgaria	411	265	-36	7,322	6,985	-5	40	57	43
<b>All EU MS</b>	<b>12,475</b>	<b>11,556</b>	<b>-7</b>	<b>116,190</b>	<b>120,235</b>	<b>3</b>	<b>18,057</b>	<b>19,039</b>	<b>5</b>
Rest of the world	116,989	141,667	21	243,257	192,287	-21	66,021	47,661	-28
All countries	129,464	153,223	18	359,447	312,522	-13	84,078	66,700	-21

Source: US State Department. Notes: \*J1-cultural exchange is a mixed category of students and (mostly) workers coming temporarily for 'cultural exchanges' that span all skill levels (from summer jobs to university research positions).

### The case of Australia

After a strong increase in economic migration from the EU in 2011-12, the trend has reversed somewhat with a year-on-year decline in the inflow of EU workers to Australia in 2012-13 (-9% for both categories presented in Table 14). The figures, however, remain much above the low levels recorded during the economic recession (2009-10), especially as far as temporary workers are concerned.

In 2012-13, most EU economic migrants to Australia originated from two English-speaking EU countries, namely the UK and Ireland. While the figures for the UK have dropped somewhat (permanent skilled migrants) or stagnated (permanent stream) since 2007-08, economic migration from Ireland has multiplied more than three-fold, with an inflow of temporary residents exceeding 10000 in 2012-13, compared to 2800 in 2007-08. Southern EU Member States also recorded a strong increase, in relative terms, for permanent (+109%) as well as for



temporary (+117%) economic migrants — but both the absolute levels (814 and 3 250 individuals respectively) and the proportion of total flows from the EU (4.2% and 6.9% respectively) remain limited. As underlined in last year's analysis, there has also been an increase in permanent economic migration from France and from EU-12 countries for both categories.

**Table 14: Permanent and temporary economic EU migrants to Australia, by country of citizenship (based on the number of visas granted)**

Country of citizenship	Permanent migrants ('skill stream' aged 15-64)				Skilled temporary residents (subclass 457)			
	2007/08	2012/13	Change	in %	2007/08	2012/13	Change	in %
UK	15,786	11,710	-4,076	-26	23,780	24,150	370	2
Ireland	1,063	3,596	2,533	238	2,770	10,290	7,520	271
Germany	806	877	71	9	2,930	2,030	-900	-31
France	349	715	366	105	2,200	2,420	220	10
South EU-MS	390	814	424	109	1,500	3,250	1,750	117
among which :								
Italy	229	462	233	102	860	1,710	850	99
Spain	54	161	107	198	360	940	580	161
Portugal	87	122	35	40	220	310	90	41
Greece	20	69	49	245	60	290	230	383
Other EU-15 MS	868	755	-113	-13	3,120	3,345	225	7
EU-12 MS	783	955	172	22	1,180	1,585	405	34
<b>All EU MS</b>	<b>20,045</b>	<b>19,422</b>	<b>-623</b>	<b>-3</b>	<b>37,480</b>	<b>47,070</b>	<b>9,590</b>	<b>26</b>

Source: Australian Department of Immigration and Citizenship. Notes: Statistics on permanent migrants are based on the outcomes of the Australian Migration Programme ('skill' stream, as opposed to 'family' stream) for working-age (15-64) individuals. The periods mentioned refer to 'financial years' (e.g., 2008-2009 covers 1 July 2008 to 30 June 2009).

#### *The case of Brazil*

Brazil is one of the fastest-growing major economies in the world and is reported to have attracted an increasing number of foreign workers from developed economies, in particular those countries in the EU affected by the crisis. The number of work permits granted to EU nationals (top 13 EU countries) saw a rapid increase (from 16 900 to 22 700 or +35%) between 2010 and 2013, in particular compared to non-EU countries for which the number of work permits hardly changed<sup>61</sup>. EU countries' share of the number of work permits rose from 30 to 36% over 2010-13, a 6 pp increase that was entirely due to the rise in the share by southern EU citizens (from 8 to 14%). The increase recorded for EU nationals has been particularly strong from Portugal (+285%) and Spain (+88%) and to some extent from France (+42%), Croatia (+34%), Italy (+34%) and Greece (+29%). By contrast, work permits have not increased much over 2010-13 for those originating in the UK (+7%), Germany (+1%) and Sweden (+3%), reflecting a decline over the past year (2012-13). Overall, absolute numbers remain modest in proportion to the size of the EU countries' labour force.

<sup>61</sup> Due to limited data available, the figures refer to both temporary and permanent work permits. Most of the permits are temporary (95% in total in 2013) though the distribution varies across countries of citizenship (e.g. permanent permits made up almost 16% of permits granted to Portuguese workers).

**Table 15: Temporary and permanent work permits granted in Brazil to EU citizens (2010-2013)**

Country of citizenship	2010	2011	2012	2013	Change 2010-13	
					in absolute	in %
United Kingdom	3828	2500	4363	4089	261	7
Portugal	757	1547	2171	2913	2156	285
Germany	2873	3162	3589	2900	27	1
Italy	2006	2421	2999	2688	682	34
Spain	1425	1844	1992	2677	1252	88
France	1597	2166	2369	2265	668	42
The Netherlands	1137	1222	1337	1336	199	18
Poland	884	1044	942	989	105	12
Romania	628	750	698	744	116	18
Greece	463	410	556	598	135	29
Croatia	408	581	625	545	137	34
Belgium	399	534	642	512	113	28
Sweden	446	469	533	460	14	3
<b>Top EU countries</b>	<b>16851</b>	<b>18650</b>	<b>22816</b>	<b>22716</b>	<b>5865</b>	<b>35</b>
Top non-EU countries	31779	40078	36916	32921	1142	4
Others (EU and non-EU)	6841	10349	7488	6750	-91	-1
<b>Total</b>	<b>55471</b>	<b>69077</b>	<b>67220</b>	<b>62387</b>	<b>6916</b>	<b>12</b>

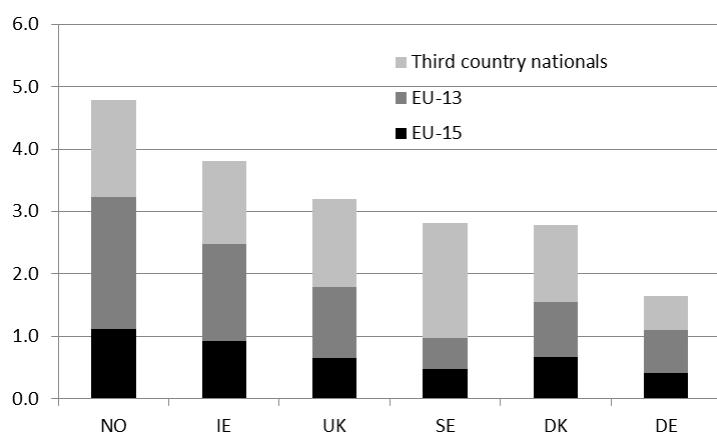
Source: Brazilian Ministry of Labour and Employment.

### Box 3: Labour migration to Norway

Norway is a part of the integrated European labour market through the European Economic Area (EEA). The influx of labour migrants to Norway in recent years has been substantial, and has been fuelled by good work possibilities and relatively high wages, especially for less skilled workers. Net migration was somewhat lower in 2013 (+40 100 or -15.3% compared to 2012) than the previous three years, but remains at a high level.

According to EU-LFS estimates, in 2013 recent economic migrants represented almost 5 % of the labour force in Norway (see Chart 13), well above the levels recorded in Sweden and Denmark (both around 3%), as well as Ireland and the UK (3.8 and 3.2% respectively). A substantial number of them originated in the EU-13 countries.

**Chart 13: Higher relative labour migration to Norway than to other destination countries: Economically active recent migrants (<5 years) as a % of the total labour force, by group of origin countries (2013)**



Source: DG EMPL calculations based on Eurostat EU-LFS

In 2014 (1 January value), EU-28 nationals residing in Norway numbered around 304 000 or 6.0% of the population, compared to 3.5% for non-EU nationals and 90.5% for Norwegian nationals. The largest groups of foreigners residing in Norway come from Poland (85 600 or 18%), Sweden (44 200 or 9%) and Lithuania (35 800 or 7%). The majority of them are in the 20-39 age group. Over 60 % of foreign citizens in Norway are EU nationals.

**Table 17: Increasing migration to Norway: Changes in absolute and relative terms in the number of EU citizens in Norway (selected nationalities)**

Citizenship	Changes 2004-2009		Changes 2009-2014	
	in abs. nos	in %	in abs. nos	in %
Latvia	1200	225 %	7701	444 %
Lithuania	6686	750 %	28192	372 %
Portugal	421	68 %	2119	203 %
Spain	556	44 %	3992	219 %
Greece	165	46 %	1152	219 %
Poland	36427	1329 %	46423	119 %
Italy	627	52 %	1932	106 %

Source: Statistics Norway. Note: All numbers by 1 January. All changes are positive.

Citizens from southern European countries have migrated to Norway in increasing numbers since 2008/2009, but from very low levels in absolute terms (see Table 17). These increased numbers are still much below the levels recorded from eastern European Member States.<sup>62</sup>

#### *Impact of labour migration to Norway from EU Member States*

The economic boom between 2003 and 2008 in Norway increased the demand for labour in the construction industry and areas of industrial manufacturing such as shipyards and food processing. This led to the recruitment and employment of the majority of the new migrant workers. Within the construction industry, the proportion of immigrant workers increased from 8% in 2000 to 20% in 2011.<sup>63</sup> Polish workers have to a large extent been recruited to work in construction, manufacturing, low-skilled services and agriculture. They constitute a significant part of the workforce in parts of these sectors, and have had a profound impact on these labour markets.<sup>64</sup>

In 2012,<sup>65</sup> 99% of net employment growth was from immigrants (only 1% from Norwegian nationals), of which 50% was from eastern European EU Member States. EU citizens had (in 2013Q4) a high employment rate (83.4%) among the working-age population (15-64 years) compared to Norwegian nationals (75.3%), and this was even more marked compared to third country nationals (60.2%) in Norway.<sup>66</sup>

In the short-term, there are indications that labour migration has had a positive effect on the Norwegian economy and public finances, partly because the age composition is younger and thus more 'favourable' than in the total population.<sup>67</sup> Thus far, labour migrants from the EU have contributed more through taxes and received less public benefits than the rest of the population. In this respect, labour migration has been favourable for the Norwegian economy, by contributing to employment growth, higher economic growth, less pressure problems in the labour market, and thereby strengthened public finances. However, labour migration can have displacement effects in those areas of the labour market with comparable groups of Norwegian workers. For instance, these effects are reported to occur among labour migrants and Norwegian workers without higher education in the construction industry.<sup>68</sup>

The long-term impact of labour migration is more uncertain. Population growth means that many people need to be included in working life within a short period of time. This can put working conditions and wages under pressure: analysis suggests that labour migration to Norway had some downward impacts on wage and price inflation.<sup>69</sup> In addition, high labour migration can create difficulties in getting vulnerable groups of people, such as the least employable low skilled, into work.

Questions arise as to how many of the labour migrants will stay on in Norway even if the demand for labour is reduced, and what impact high labour migration will have on rights to and transition to social security benefits,<sup>70</sup> in the context of a Norwegian social model based on a universal and comparatively generous welfare state. The long-term benefits of labour migration are dependent on labour migrants' chances of remaining in employment.

<sup>62</sup> See also Statistics Norway (2014), 'Changes in migration patterns during the economic crisis — impact on the migration flows to Norway'. This paper was prepared for the United Nations Economic and Social Council's conference of European Statisticians in April 2014. The paper analyses the impact of the economic crisis on the migration flows to Norway in general, with a special focus on labour migration.  
[http://www.unecsc.org/fileadmin/DAM/stats/documents/ece/ces/2014/ECE\\_CES\\_2014\\_43-Norway\\_Migration\\_patterns\\_during\\_the\\_crisis.pdf](http://www.unecsc.org/fileadmin/DAM/stats/documents/ece/ces/2014/ECE_CES_2014_43-Norway_Migration_patterns_during_the_crisis.pdf).

<sup>63</sup> Bratsberg, B. and O. Raaum (2013), 'Migrasjonsstrømmenes påvirkning på lønns- og arbeidsvilkår' [Migration Flow Impact on Wages and Working Conditions], Samfunnsøkonomen 3/2013. Oslo: Norway.

<sup>64</sup> Friberg, J. H. (2013), The Polish worker in Norway. Emerging patterns of migration, employment and incorporation after EU's eastern enlargement. Fafo-report 2013:06. Oslo: Norway.

<sup>65</sup> From 2011Q4 to 2012Q4.

<sup>66</sup> Eurostat, EU Labour Force Survey.

<sup>67</sup> NOU 2011:7 Velferd og migrasjon — Den norske modellens framtid [Summary in English: 'Welfare and migration: Perspective and summary'], Norwegian Official Report No 2011:7.

<sup>68</sup> Bratsberg, B. and O. Raaum (2013), 'Migrasjonsstrømmenes påvirkning på lønns- og arbeidsvilkår' [Migration Flow Impact on Wages and Working Conditions], Samfunnsøkonomen 3/2013. Oslo: Norway.

<sup>69</sup> Idem.

<sup>70</sup> Studies of the first labour migrants that came to Norway from Pakistan, Turkey, India and Morocco during the early 1970s show long-term effects of reduced employment and increased transfer of social security benefits compared to native comparison persons. (Bratsberg, B., O. Raaum, and K. Røed (2006), The Rise and Fall of Immigrant Employment: A Lifecycle Study of Labor Migrants to Norway, The Ragnar Frisch Centre for Economic Research, Oslo: Norway. <http://www.frisch.uio.no/publikasjoner/pdf/riseandfall.pdf>.) Other questions revolve around the immigrants' level of export of social benefits, and how this will develop in the future.

## Conclusions

On the basis of the recent data presented on the geographical mobility of workers in the EU, one can draw the following conclusions:

In 2013, **a just over 10 million EU citizens of working-age were living in another EU country than their own**. On average they have higher activity and employment rates than the 'nationals' (those living in the country of their citizenship). Nevertheless, the labour market situation of mobile EU citizens differs across both the origin country and the country of residence. Mobile citizens from the central and eastern countries tend to have lower quality jobs being more likely to work part-time or with temporary contracts, to be over-qualified for their job and at greater risk of redundancy. Analysis of EU-SILC data confirms that there is no over-use of social security benefits by mobile EU citizens.

**The share of people considering working in another Member State in the future has been relatively stable** over 2011-13, but increased in the countries characterised by an adverse economic situation. However, the drivers of mobility seem to differ; citizens from southern countries are more likely to indicate the 'inability to find a job in their country' as the primary motivation while those from the central and eastern countries, are more prone to mention that the main reason to be mobile is to 'get a better salary'.

Comparing with the pre-crisis (2008) period indicates that **emigration and immigration flows in EU Member states have been changing quickly**, with a strong correlation with the labour market situation: in countries such as Portugal, Spain, Ireland and Italy as well as Slovenia, immigration flows decreased and emigration increased – while the inverse has been true in Germany. However, as a % of the population of 'nationals', the emigration rate in 2012 was low (despite recent increases) in Italy, Spain or Hungary, in particular compared to Romania, Greece, Ireland as well as Latvia and Lithuania. Another finding based on Eurostat migration statistics is the high level of return mobility to central and eastern Member States, where most of the 'immigrants' are in fact nationals returning from abroad.

Focusing on labour mobility through EU-Labour Force Survey data indicates a **rebound in mobility flows (+21%) in the more recent years (2012-13)** compared to the previous period (2010-11), while the number of newcomers from third-countries went on falling (-16%). Trends in intra-EU mobility differ markedly across destination countries (increases in Nordic countries, Germany and Austria *against* decreases in France, Spain and Italy) as well across the origin countries, with the strongest rise recorded from southern Member States, and, to a lesser extent, from the EU-10 countries (countries that joined the EU in 2004). Recent migration and social security data for Germany (and the UK) confirm these trends. However, overall the increase in the number of southern citizens working in Germany remains limited in % of the unemployed population in those origin countries, confirming the rather limited role of adjustment through mobility between euro area countries.

**Comparing the intra-EU mobility flows over 2009-13 to the pre-crisis period (2004-08)** several important lessons can be drawn:

- Overall, flows increased from the Baltic countries (+19%) and even more from southern countries (+39%). As a result southern movers made up 18% of the flows in 2009-13 compared to 11% before. This contrasts with substantial declines in the flows from Poland (-41%) and Romania (-33%). In 2009-2013 a substantial share (59%) of intra-EU movers originated in EU-13 countries (those which joined the EU since 2004), though it is down from 66% before.
- Large shifts occurred in terms of destination countries with Germany, Austria, Belgium and Nordic countries taking a larger share of intra-EU movers than before – while the shares of Ireland and Spain dropped substantially. Overall, flows from EU-2 countries have diminished but their distribution across destination countries has largely changed.
- In terms of age composition, intra-EU movers remain predominantly young, but the share of those aged 15-29 declined (from 48% to 41%), reflecting the difficulties faced by young people to take advantage of the right to free movement in the EU, in the current context of high youth unemployment.

- Finally, **recent intra-EU movers are more often highly educated**, with a share of tertiary graduates increasing from 27% in 2004-08 to 41% in 2009-13, reflecting the changing labour demand across skills level since the recession. This increase in the level of education translated chiefly into higher-skilled occupations and the over-qualification rate increased only for mobile citizens from southern Member States, though it remains at very high level as far as workers from central and eastern Member States are concerned.

Administrative data for the UK and Germany point to **increases in the number of Romanian and Bulgarians workers during the 1<sup>st</sup> quarter 2014**, i.e.: since the end of the transitional arrangements period. However, in the UK those figures reflect to a great extent mobility flows that **occurred before the 1<sup>st</sup> January**.

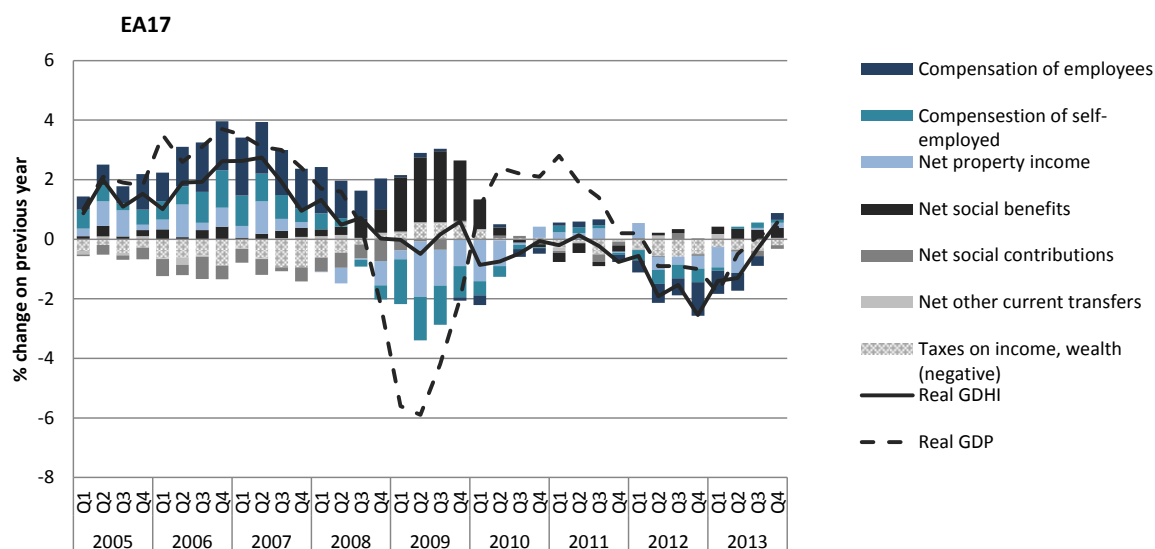
As for **emigration to outside the EU**, the movements have amplified over the last few years, from 1.17 million in 2010 to 1.3 million in 2012. The bulk of emigration to non-EU countries stems from the largest countries (in terms of population) but is also influenced by the return of migrants to their (non-EU) origin countries as only part of the flows to non-EU countries reflect nationals leaving their own countries. While most emigrants from Portugal and many central and eastern Member States are 'nationals' going abroad, those leaving Cyprus and Spain towards non-EU countries are predominantly returning migrants. Nevertheless, specific data collected for the USA, Australia and Brazil confirm the increase in labour migration of EU citizens (notably from southern EU countries), though the figures in absolute terms remain limited, except in the case of Ireland

## Annex 1: Real GDP growth, real GDHI growth and its main components for selected Member States

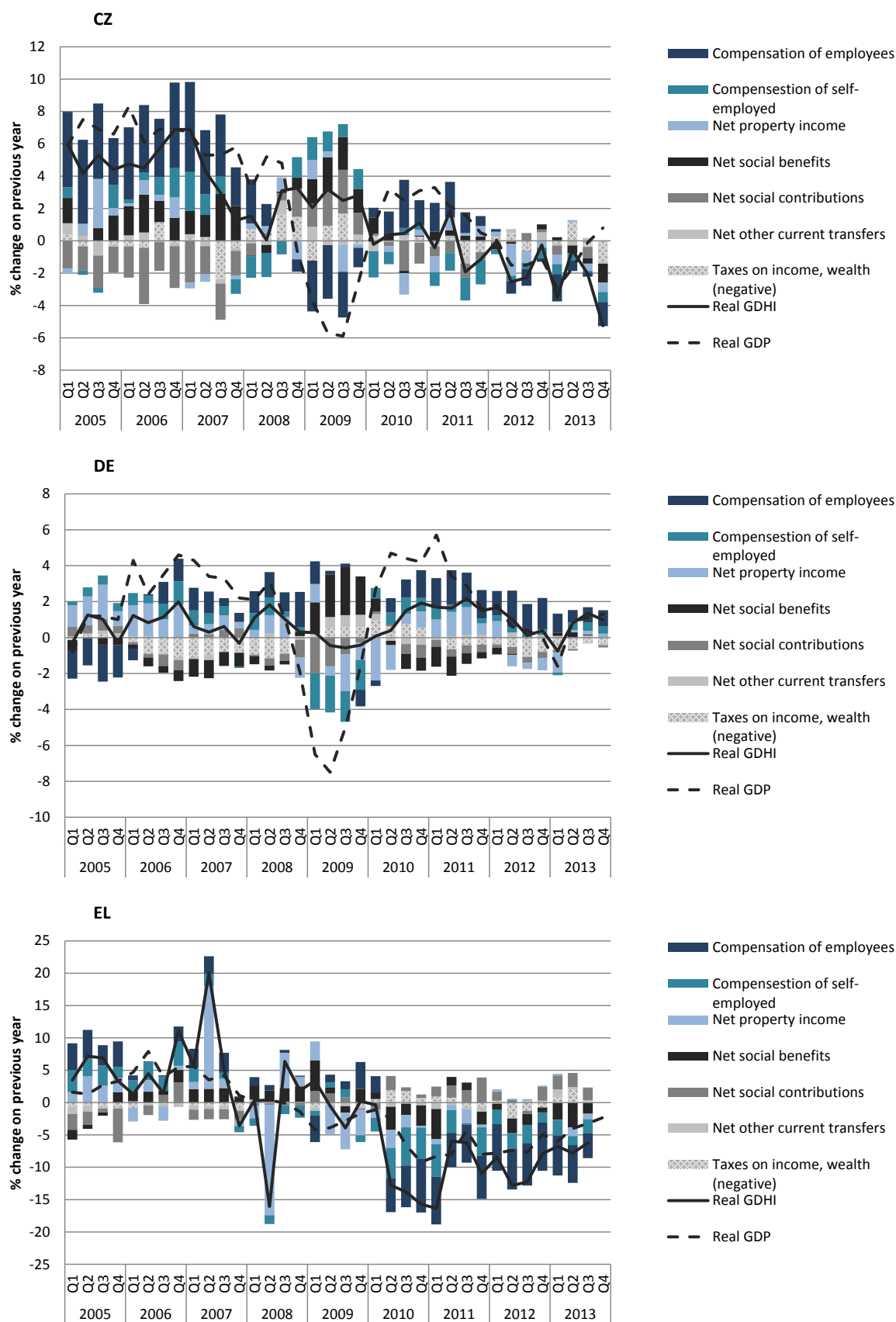
Source: Eurostat, National Accounts. Data non-seasonally adjusted.

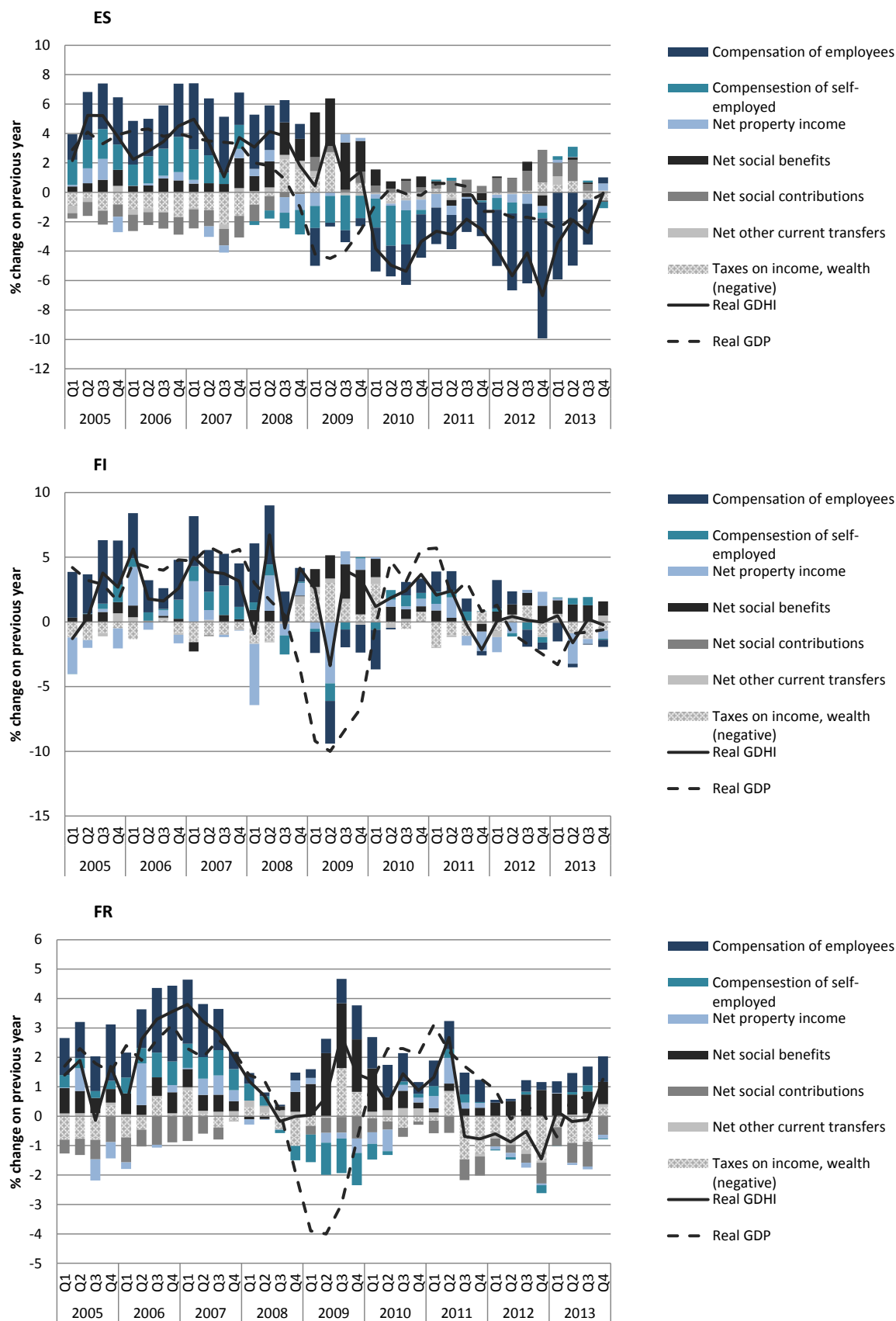
Summary of Member States' recent developments:

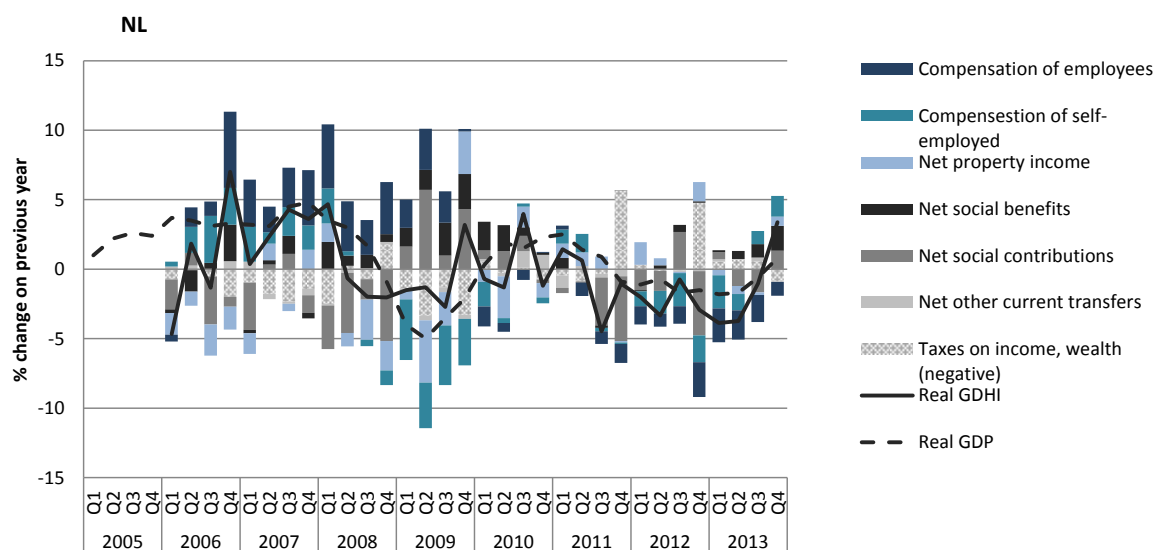
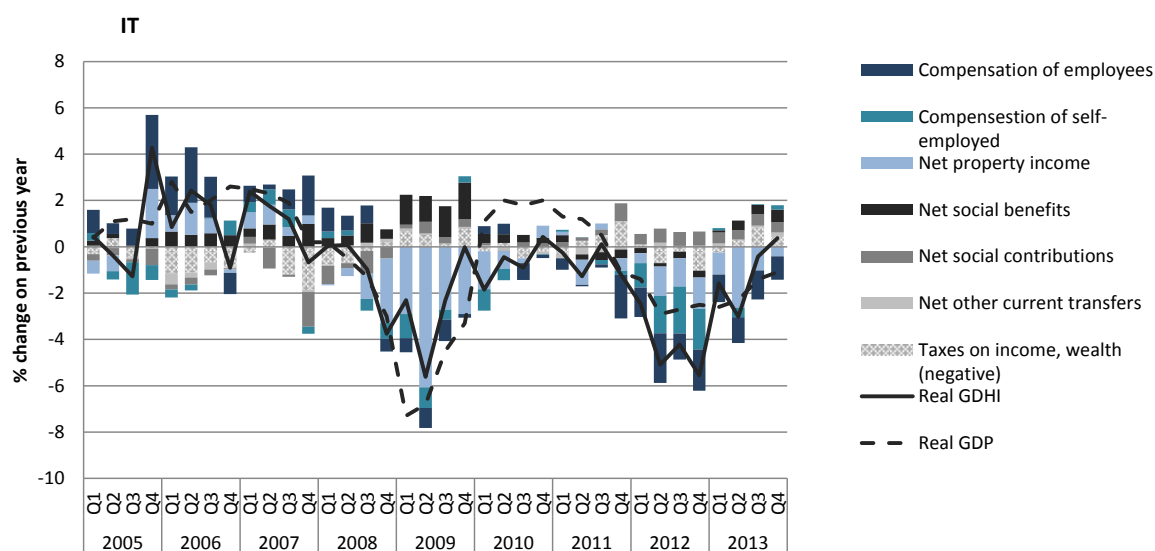
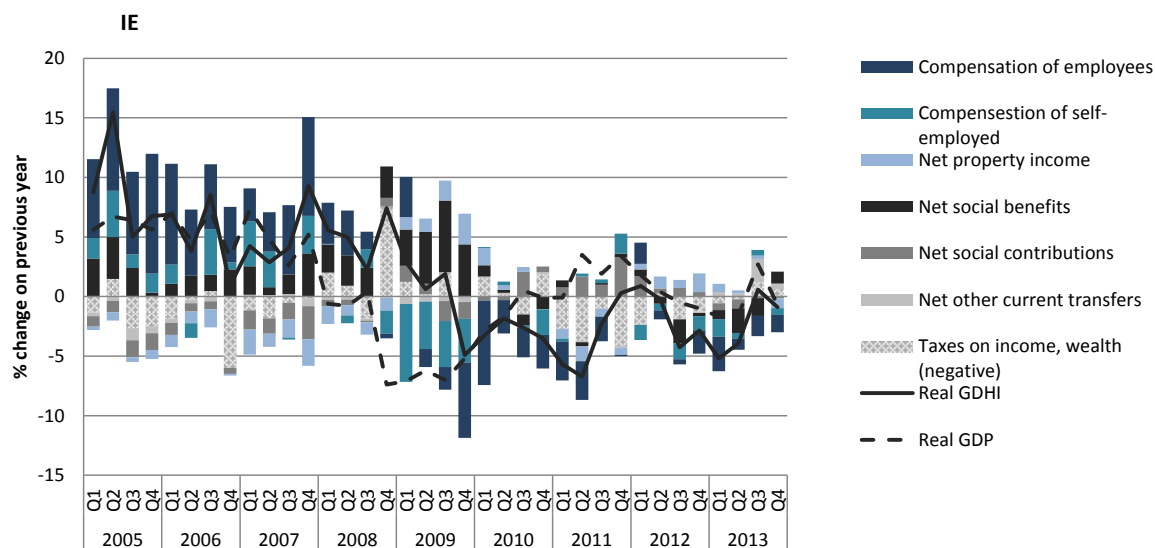
- **Continuous increase:** DE in Q2-Q3-Q4, PL since mid-2012, RO Q3-Q4, SE continuous growth
- **Increase in 2013Q4:** FR after stable previous quarters, NL after declines since mid-2011, UK after declines in Q1-Q2-Q3, SI after declines since mid-2011
- **Stable in 2013Q4:** ES after declines since 2010, FI stable since mid-2011, IT slight increase after declines since 2008
- **Decline in 2013Q4:** IE slight decline after increase in Q3
- **Continuous decline:** CZ since mid-2011, EL since mid-2009, PT in Q2-Q3-Q4

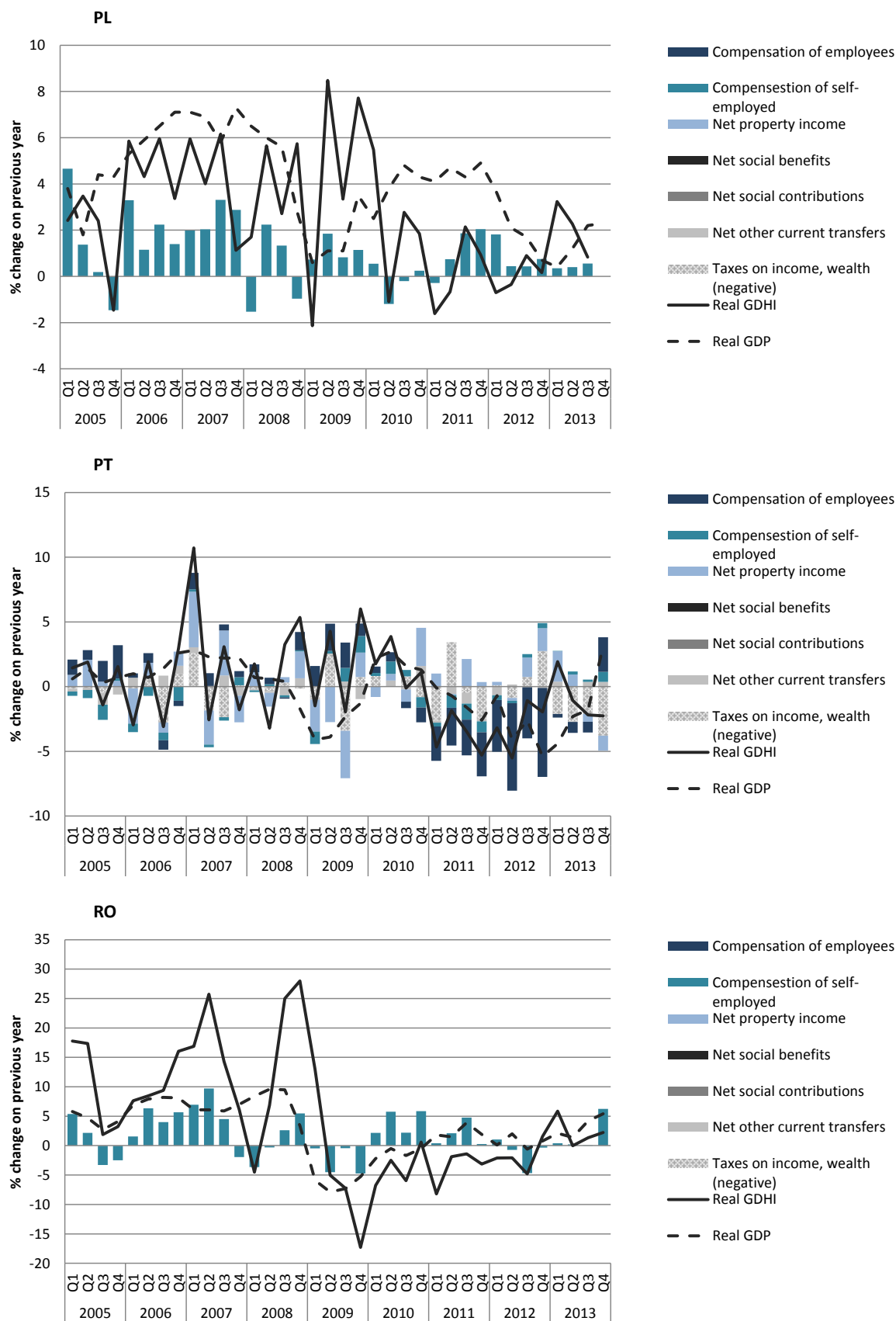


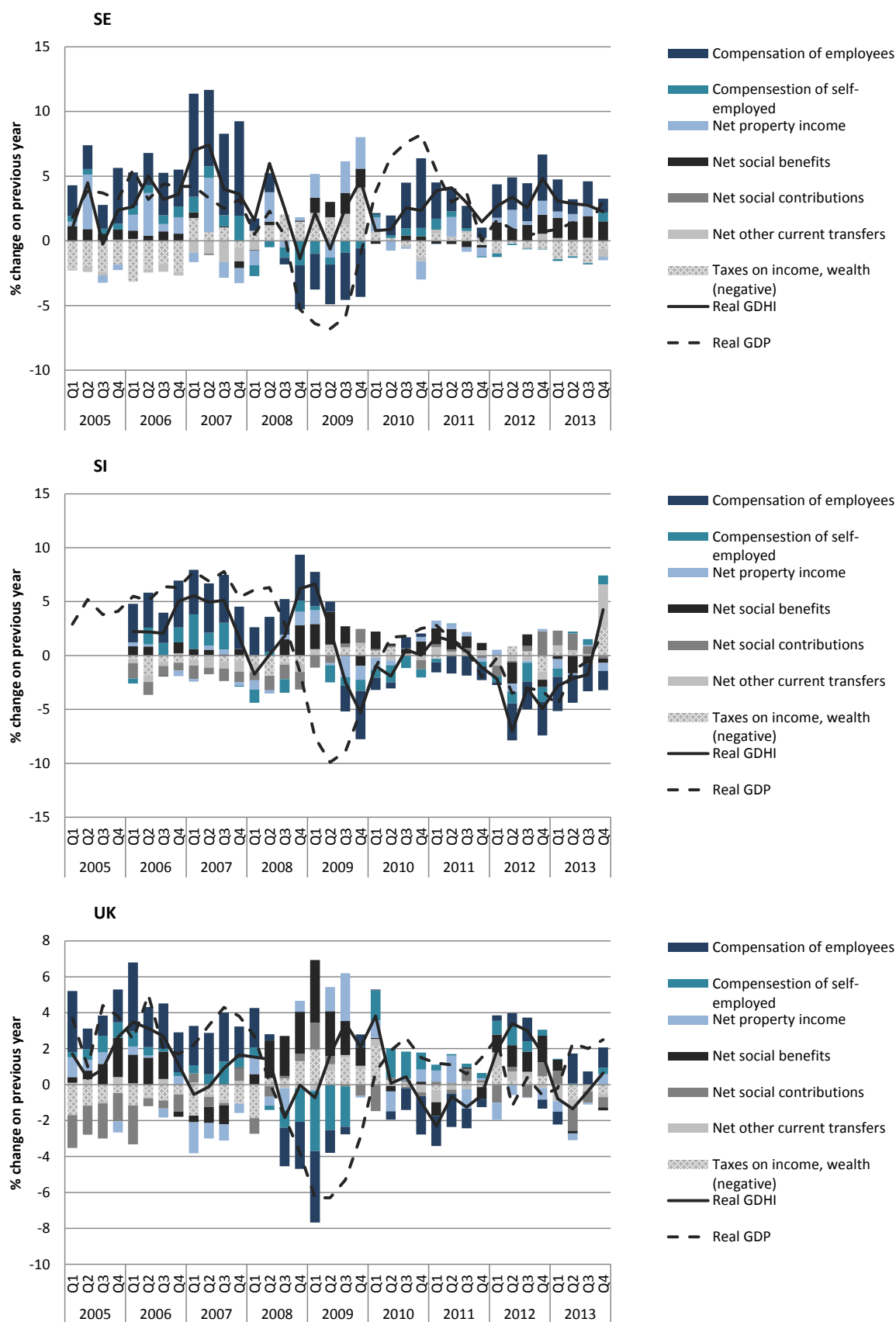








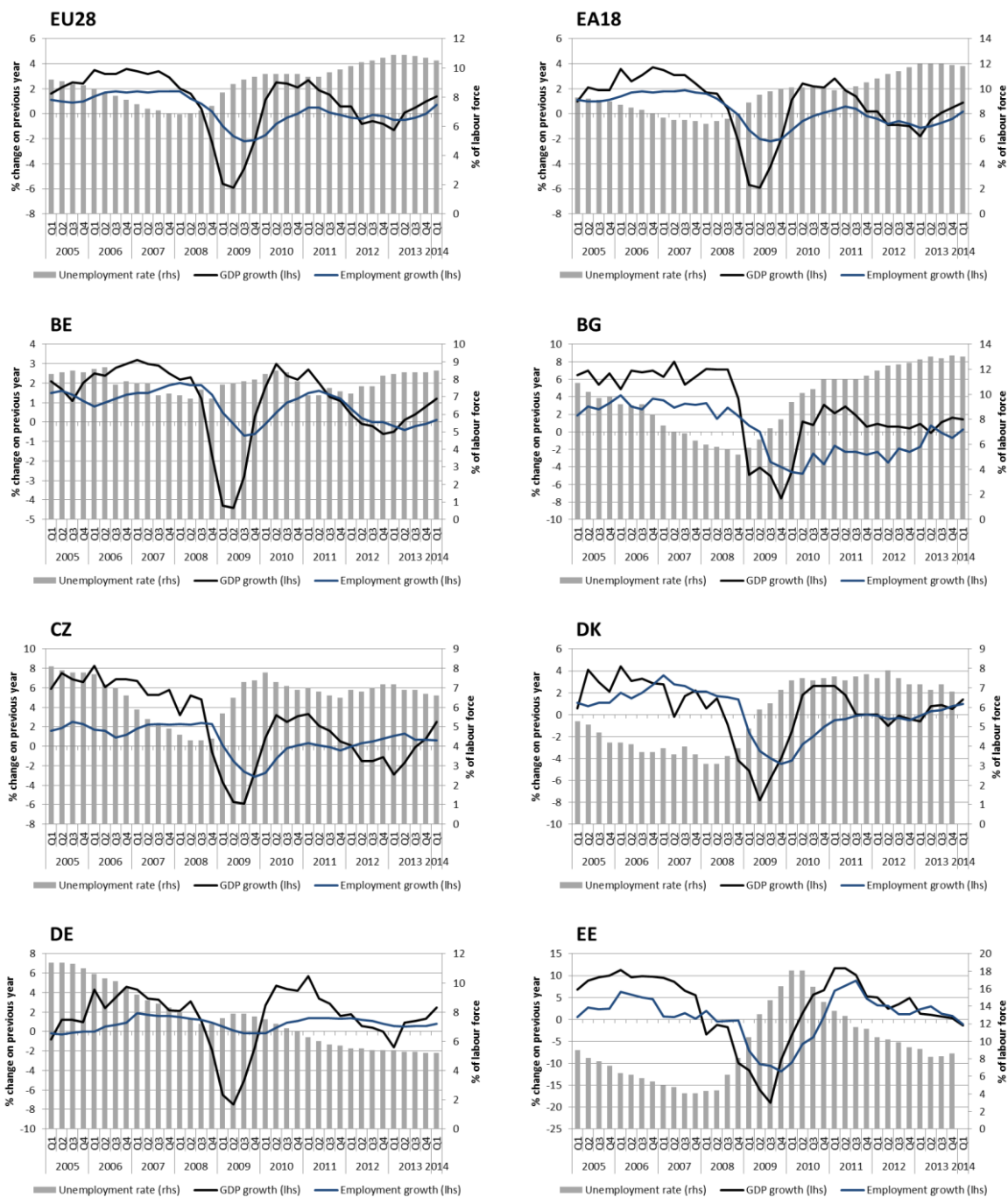


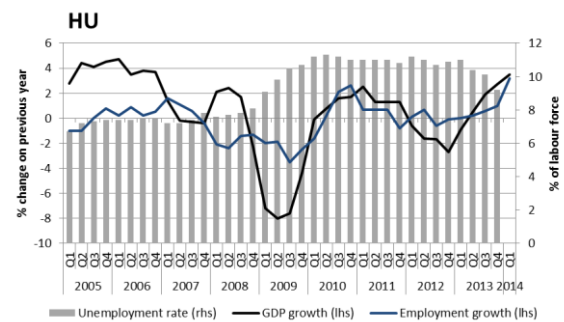
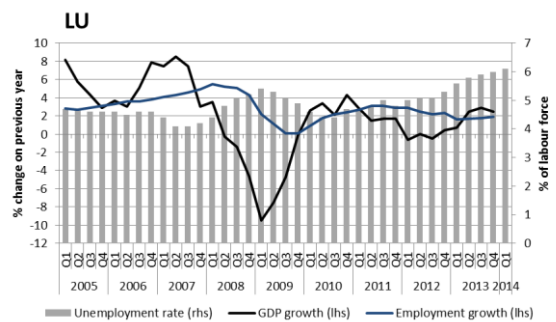
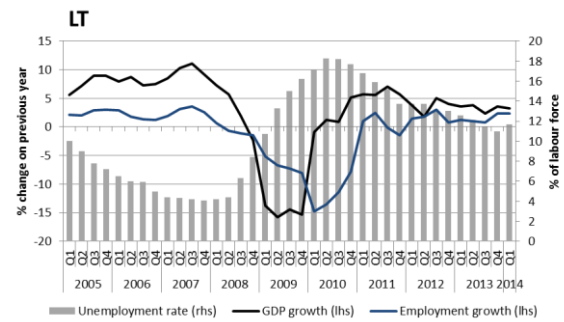
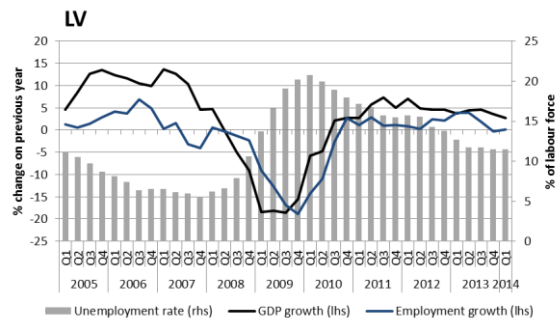
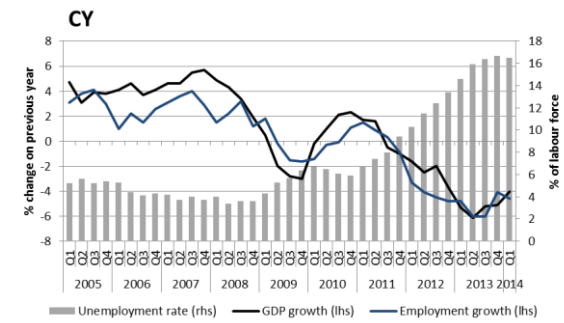
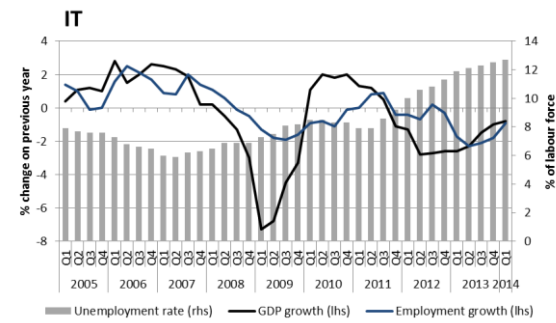
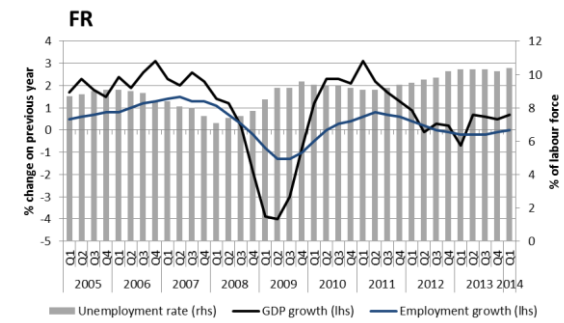
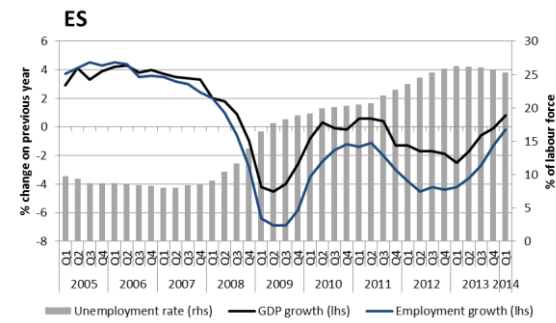
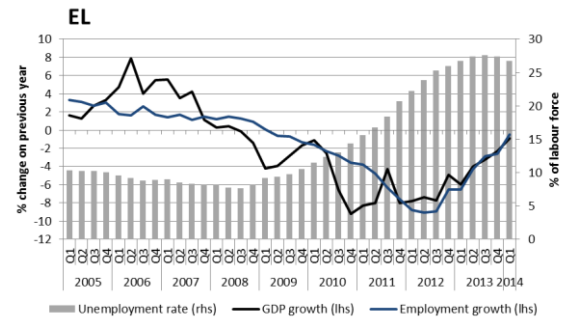
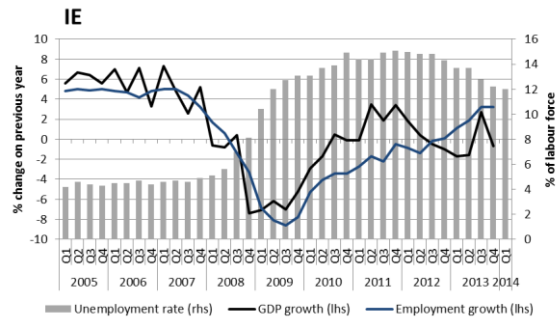


## Annex 2: Real GDP growth, employment growth and unemployment rates in the EU Member States

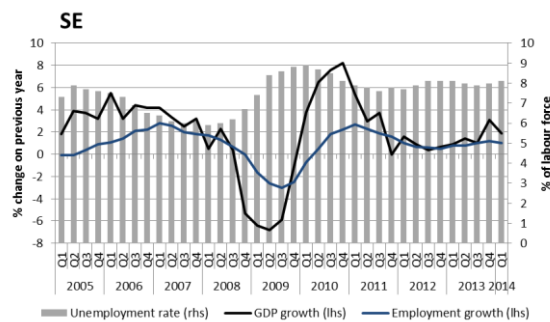
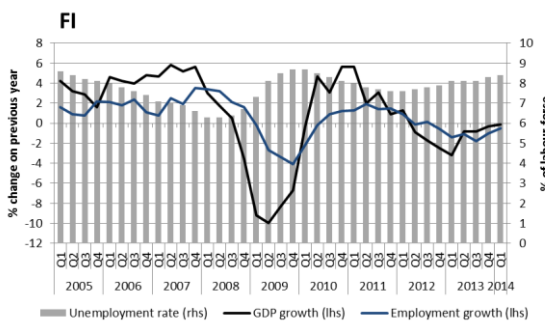
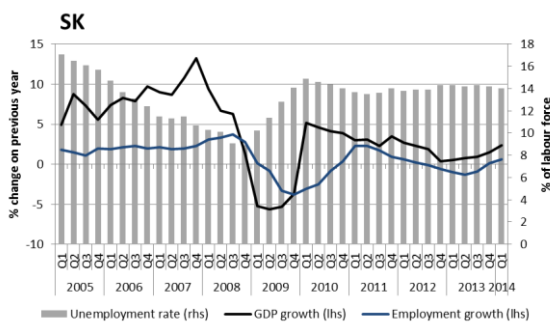
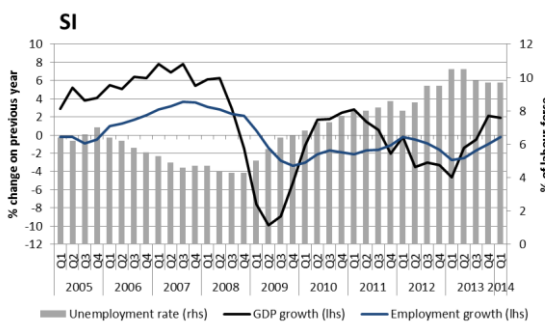
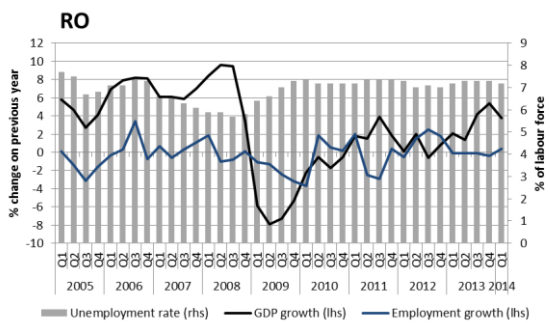
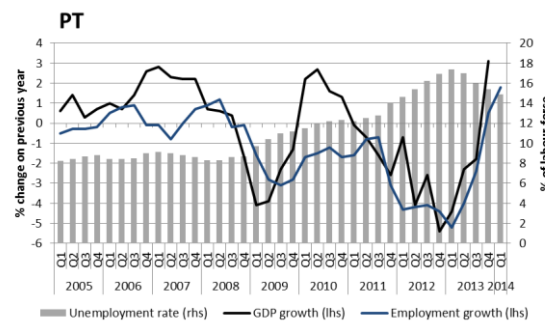
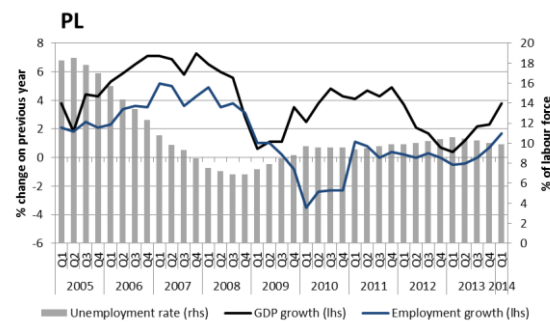
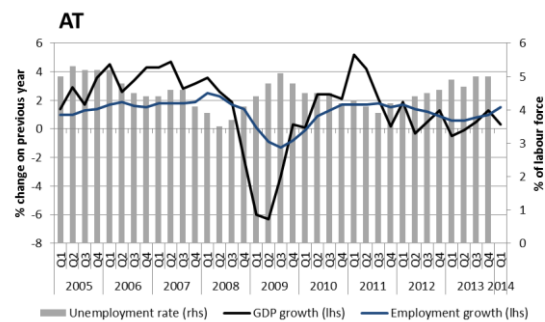
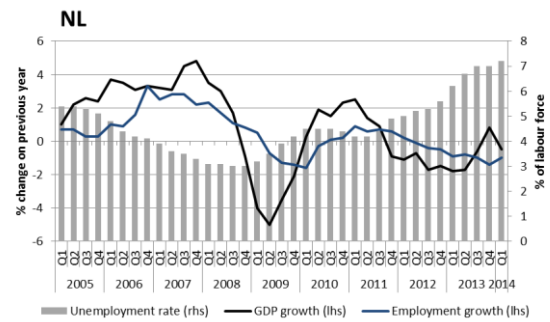
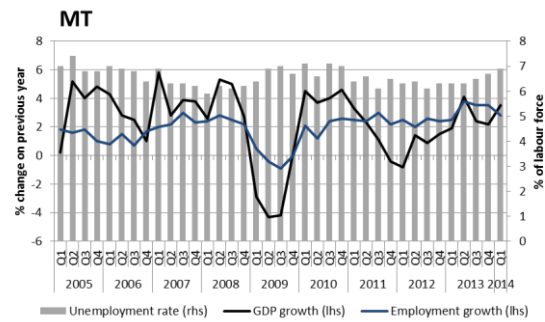
Left axis: year-on-year percentage change of real GDP and number of employees.; Right axis: unemployment rate.

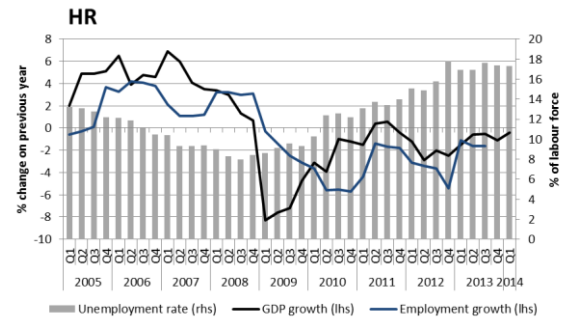
Source: Eurostat, Labour Force Survey and National Accounts. Data non-seasonally adjusted.









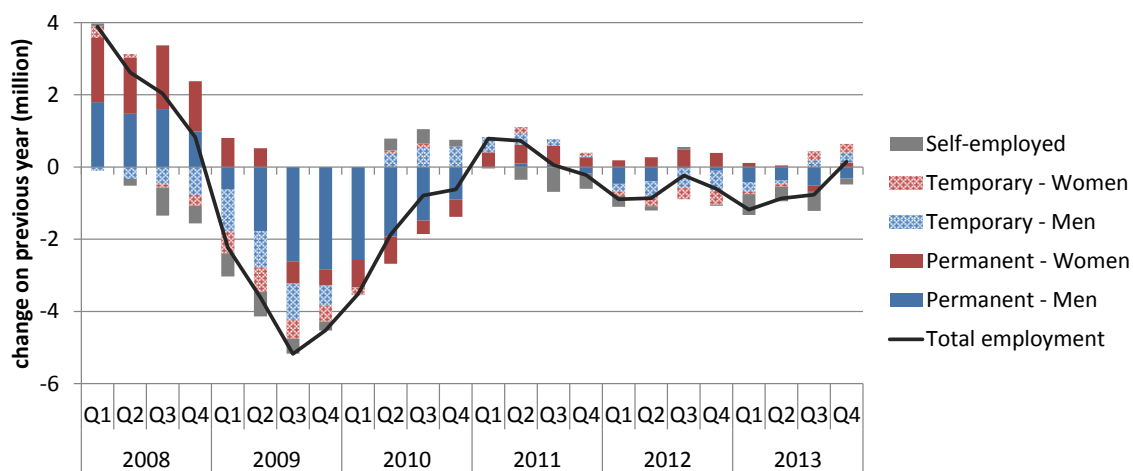


## Annex 3: Employment change in the EU: contribution of:

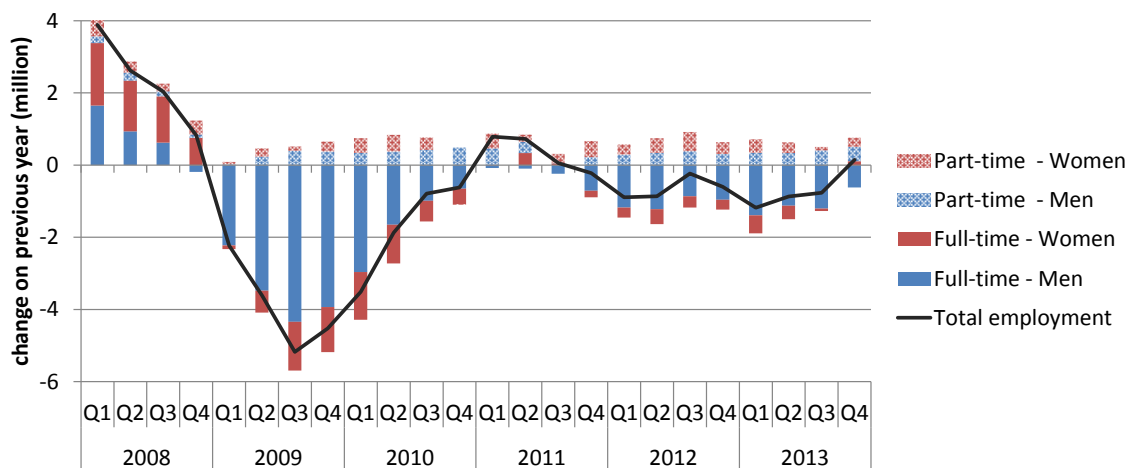
- permanent and temporary employees by gender
- full time and part-time employment by gender
- by age

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted.

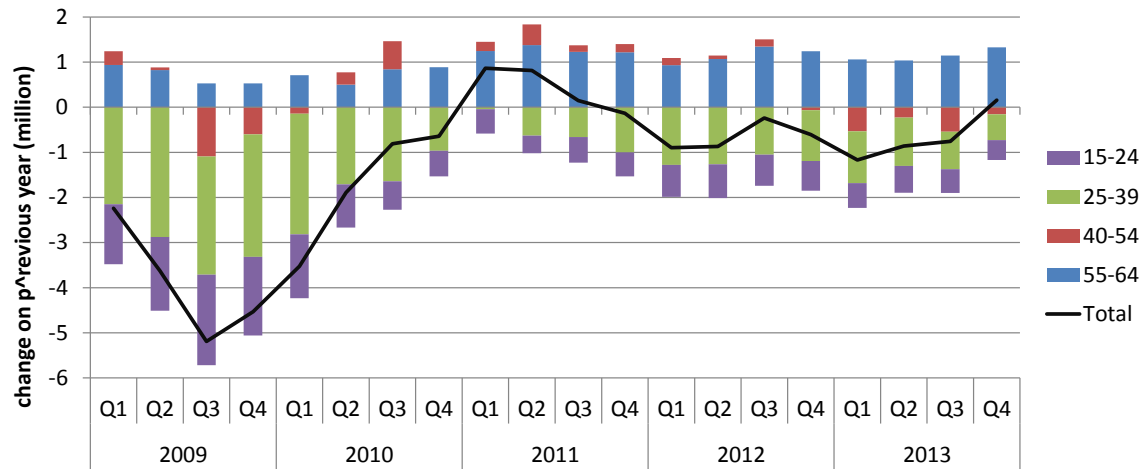
Change in employment: self-employed, and permanent/ temporary employees by gender, EU28



Change in employment: full-time/ part-time employment by gender, EU28



### Change in employment: by age, EU28



## Annex 4: Selected research

This section presents some relevant recent research results at EU level. European Research financed or carried out by the EU, European bodies or agencies closely linked with employment and social affairs or international organisations contribute to this achievement. This section is certainly not exhaustive. Degree of completion of the research projects as well as direct relevance to the issues developed in this report are the main criteria used for the selection of the presented results. The contents of this section do not necessarily reflect the position or opinion of the European Commission.

### **WWWforEurope: Analytical Strength for Europe 2020**

An ambitious research project involving 33 partners in 12 European countries is working to strengthen the analytical foundations of the Europe 2020 growth strategy. Launched in 2012, WWWforEurope is producing evidence-based insights into key concerns surrounding employment, social inclusion and public debt. Over the coming months the consortium members are planning to formulate “comprehensive policy measures needed for a new growth path”.

*WWWforEurope: Welfare, Wealth and Work for Europe – an EU-financed research project*

See: <http://www.foreurope.eu/>

### **Tax Buoyancy in OECD Countries**

By how much will faster economic growth boost government revenue? This paper estimates short- and long-run tax buoyancy in OECD countries between 1965 and 2012. Authors find that, for aggregate tax revenues, short-run tax buoyancy does not significantly differ from one in the majority of countries; yet, it has increased since the late 1980s so that tax systems have generally become better automatic stabilizers. Long-run buoyancy exceeds one in about half of the OECD countries, implying that GDP growth has helped improve structural fiscal deficit ratios. Corporate taxes are by far the most buoyant, while excises and property taxes are the least buoyant. For personal income taxes and social contributions, short- and long-run buoyancies have declined since the late 1980s and have, on average, become lower than one.

*An IMF working paper written by Vincent Belinga ; Dora Benedek ; Ruud A. de Mooij ; John Norregaard*

See: <http://www.imf.org/external/pubs/ft/wp/2014/wp14110.pdf>

### **Tuning unemployment insurance to the business cycle**

Common sense supports the notion that unemployment benefit generosity is more important when unemployment is high than when it is low. Theoretical arguments back this reasoning, since the value of unemployment insurance is higher in periods of high unemployment. It is also possible that the disincentive effects of unemployment insurance are smaller when unemployment is high. Thus, both insurance and incentive arguments may support greater unemployment insurance generosity when unemployment is high (and vice versa).

*An article of IZA World of Labour*

See: <http://wol.iza.org/articles/tuning-unemployment-insurance-to-the-business-cycle-1.pdf>

### **How responsive is the labour market to tax policy?**

With aging populations and increased demands on government revenue, countries need to boost employment and earnings. Tax policy should focus on labour market entry and retirement. Those are the points where labour supply is most responsive to tax incentives, which can enhance the flow into work of people leaving school and women with young children and can prolong employment among older workers. Human capital policy has a complementary role in improving the payoff to work and ensuring that earnings hold up longer over a lifetime.

*An article of IZA World of Labour*

See: <http://wol.iza.org/articles/how-responsive-is-the-labor-market-to-tax-policy>

### ***Navigating difficult waters: learning for career and labour market transitions***

Work by Cedefop has shown that participation in training has a positive effect on the probability of finding a job. This study adds to such results by showing that learning can support labour market transitions of adult workers by increasing their adaptability to a changing environment. The study offers a colourful mosaic of life and career patterns, and intends to increase awareness of the importance of the various policies – guidance, counselling, and participation in education and training – that can effectively support adults in making better career

*A Cedefop publication*

See: <http://www.cedefop.europa.eu/EN/publications/24006.aspx>

### ***Employment effects of minimum wages***

The potential benefits of higher minimum wages come from the higher wages for affected workers, some of whom are in poor or low-income families. The potential downside is that a higher minimum wage may discourage employers from using the low-wage, low-skill workers that minimum wages are intended to help. If minimum wages reduce employment of low-skill workers, then minimum wages are not a “free lunch” with which to help poor and low-income families, but instead pose a trade-off of benefits for some versus costs for others. Research findings are not unanimous, but evidence from many countries suggests that minimum wages reduce the jobs available to low-skill workers.

*An article of IZA World of Labour*

See: <http://wol.iza.org/articles/employment-effects-of-minimum-wages.pdf>

### ***The Impact of Eastern Enlargement on Employment and Labour Markets in the EU Member States***

The purpose of this study is to analyse the impact of Eastern Enlargement on employment, wages and income distribution in the present EU member states and to evaluate policy options that could enhance both the potential for net job creation and mitigate any undesirable distributional effects of accession. The analysis is focused on three main dimensions of economic integration: (i) trade in goods and services; (ii) migration of labour; and (iii) capital movements.

*European Integration Consortium: DIW, CEPR, FIEF, IAS, IGIER - A research paper carried out on behalf of the Employment and Social Affairs Directorate General of the European Commission*

See: [http://www.frdb.org/upload/file/ec\\_exsumm\\_1\\_5.pdf](http://www.frdb.org/upload/file/ec_exsumm_1_5.pdf)

### ***Social dialogue in micro and small companies***

Micro and small companies constitute the backbone of private business in Europe, accounting for nearly 99% of all enterprises, more than half of total employment in the private sector and an even greater proportion of new jobs. Despite their crucial place in the economy, there has been little research on micro and small companies, particularly in terms of the implementation of fundamental workers’ rights – such as health and safety at work – and the positive role of social dialogue in striving for good working conditions and industrial relations. Given this knowledge gap, Eurofound undertook a research project aimed at investigating industrial relations and social dialogue in micro and small companies. The research was based on various information sources, including a review of Eurofound’s earlier research and other literature on the topic, a comparative evaluation of contributions from 28 national correspondents and 10 case studies of good practice in micro and small companies in five countries.

*A Eurofound report*

See: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1412.htm>

### **Corporate Social Responsibility: What's the Impact?**

CSR has been gaining relevance in Europe for over a decade. But there is still no commonly accepted method for assessing its effectiveness. An EU-funded research project is providing some much-needed measurement tools. Combining the expertise of 16 leading research institutions, the csr-IMPACT project is the European Commission's largest ever knowledge development initiative on CSR. The project is helping to address the need for an empirical approach for measuring the impact of CSR policies and actions.

*Csr-impact, a EU-financed research project*

See: <http://csr-impact.eu/about.html>

### **Roma integration in European labour markets**

The segmentation of Europe's labour markets along Roma and non-Roma ethnic lines results in poverty, social exclusion, and lower labour market status for the Roma. This in turn undermines the economic potential of some of Europe's poorest regions, where the Roma are concentrated. Educational inequality is a key factor behind labour market gaps between Roma and non-Roma populations. Thus, an important policy objective is to prevent the residential and social segregation that engenders educational and other inequalities. Intergenerational transfers of human capital imply that comprehensive policies need to address the poverty and educational disadvantages not only of children but also their parents. Narrowing, or even eliminating, human capital gaps is not sufficient, however. Equal treatment in the labour market needs to be ensured—and this will involve nurturing trust between Roma and non-Roma populations. Several initiatives demonstrate that this is possible. Good practices have to be identified with robust evidence and brought up to the scale and scope commensurate with the challenges.

*An article of IZA World of Labour*

See: <http://wol.iza.org/articles/roma-integration-in-European-labor-markets-1.pdf>

### **Governing the Social Dimension in Canadian Federalism and European Integration**

In Canada and the European Union (EU), most programs that affect citizen well-being (such as child care, education, employment, health care, housing, income support, and pensions) are the responsibility of the constituent units—that is, provinces and territories in Canada and member states in the EU. This Working Paper looks into whether Canada can learn from how the EU coordinates social policy, drawing on contemporary research examining how social policy models in the two political systems are evolving. In Canada, provincial social programs have historically relied on conditions tied to federal expenditure. Over the past 15 years, however, this funding has diminished and most conditions have been eliminated, resulting in significant decentralization. In contrast, since 1999 European member states—with the assistance of the European Commission—have pioneered innovative governance techniques to facilitate cooperation and coordination in social policy across the European Union. The paper asks whether there is something about how the EU has been able to develop a pan-European dimension to social policy that might offer tools to Canada. It also introduces some of the concepts and theoretical tools used to explore the comparison and the contributors that address the question. The paper concludes that although unusual, the comparison is useful and there is potential for Canada and the EU to learn from how they each manage their respective federal political systems.

*A Research Paper of the European Social Observatory*

See: [http://www.ose.be/files/publication/OSEPaperSeries/Verdun\\_Wood\\_2014\\_OseResearchPaper14.pdf](http://www.ose.be/files/publication/OSEPaperSeries/Verdun_Wood_2014_OseResearchPaper14.pdf)



### ***Improving Educational Trajectories: Toward Stakeholder Participation***

A study of 10-16 year-olds in Europe highlights need to integrate students and parents into educational decision-making. GOETE, an EU-funded research project, spent three years investigating the complex decision-making process affecting educational trajectories among 10-16 year-olds. Surveying around 12,000 students, teachers, parents and experts in eight EU Member States, the project identified an urgent need for better coordination among the stakeholders in this process.

*Governance of Educational Trajectories in Europe (GOETE), a EU-financed research project.*

See: [www.goete.eu](http://www.goete.eu)

### ***A Cross-Country Analysis of Perceived Economic Status and Life Satisfaction in High- and Low-Income Countries***

What are the challenges posed by the analysis of self-reported life satisfaction and material wellbeing/hardship? We explore the complex relationship between objective and subjective indicators using primary data from two diverse sources—a questionnaire survey of 3883 undergraduate students in eight economically developed and developing countries and interviews with 310 adults in the Dominican Republic. Our findings underline the value of subjective data; at the same time, they stress the importance for development researchers of gaining a deeper understanding of what subjective data really tell us, alongside the need for a richer conceptualization of individual emotions and states of mind.

*Laura Camfield, Lucio Esposito*

See: <http://www.sciencedirect.com/science/article/pii/S0305750X14000199>

### ***Work preferences after 50***

This policy brief highlights findings on a specific topic from Eurofound's European Quality of Life Survey (EQLS) that is of particular interest from a policy perspective. It brings results of the analysis of these data together with evidence from other Eurofound projects to formulate a number of policy pointers. The focus of this policy brief is the weekly working time preferences of people aged 50 and over.

*A Eurofound policy brief*

See: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1403.htm>



European Commission

## **EU Employment and Social Situation Quarterly Review – June 2014**

Luxembourg: Publications Office of the European Union

2014 — 88 pp. — 21 × 29.7 cm

ISBN 978-92-79-38464-6

ISSN 1977-8317

doi: 10.2767/26015

This publication is available in electronic format in English.

KE-BH-14-002-EN-N