



Employment in Europe report 2007

Chapter 1:

Panorama of the European labour markets with a special focus on youth employment

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Main topics



- EU labour market performance in a global perspective
- Labour market situation in the EU: employment growth, Lisbon/Stockholm employment rate targets, activity and unemployment rates
- Labour market trends for young people:
 - Youth unemployment and employment
 - Youth neither in education, employment nor training
 - Youth labour market transitions
 - Youth educational attainment
 - Youth employment structures



Employment growth



EMPL growth 2006:

- EU: 1.4% (0.9% 2005)
- U.S.: 1.7% (1.7% '05)
- JAP: 0.4% (0.4% '05)
- Positive in all MS

Outlook for EU-27:

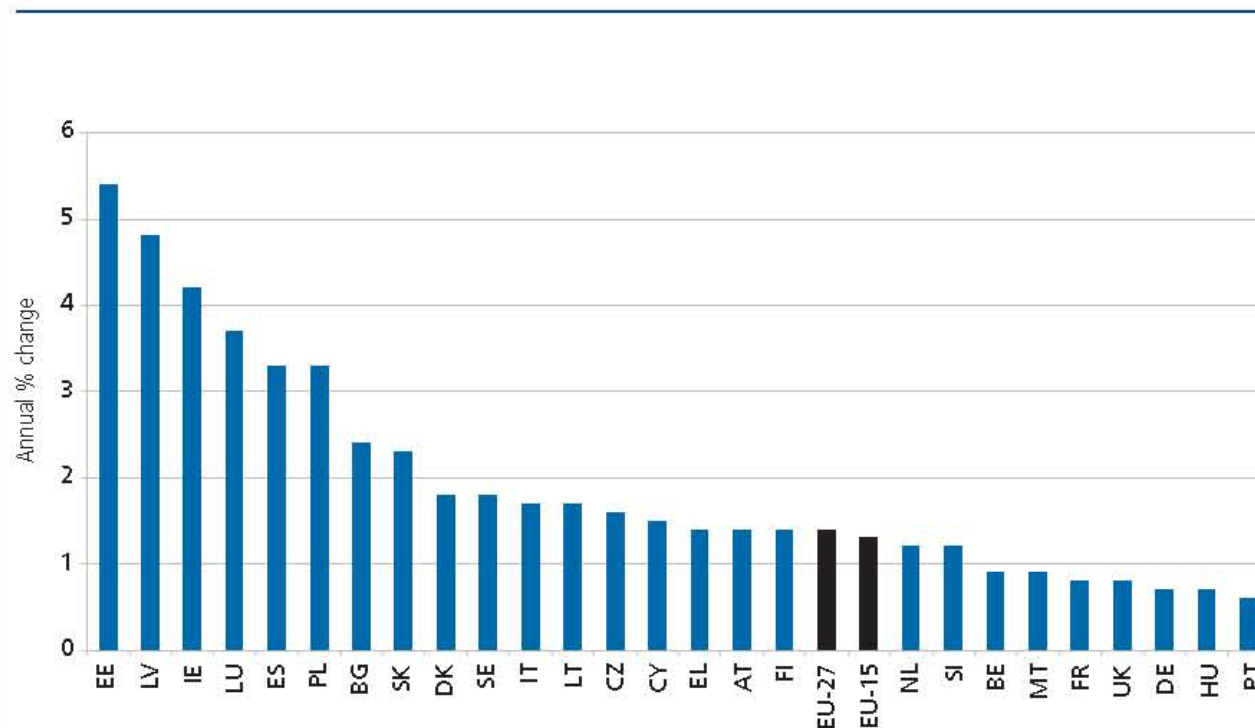
2007: 1.5%

2008: 0.9%

2009: 0.8%

(ECFIN autumn forecast)

Chart 7: Employment growth for EU Member States, 2006



Source: Eurostat, national accounts.



Employment rates



EMPL rates 2006:

- 64.3% (63.4% '05)
- 5 MS meet 70% target
- 6 MS with in 3 %pts.
- EU-15: 66%
- U.S.: 72 %, JAP: 70%
- Female ER: 57.1%
- Older pers. ER: 43.5%

Outlook for EU-27:

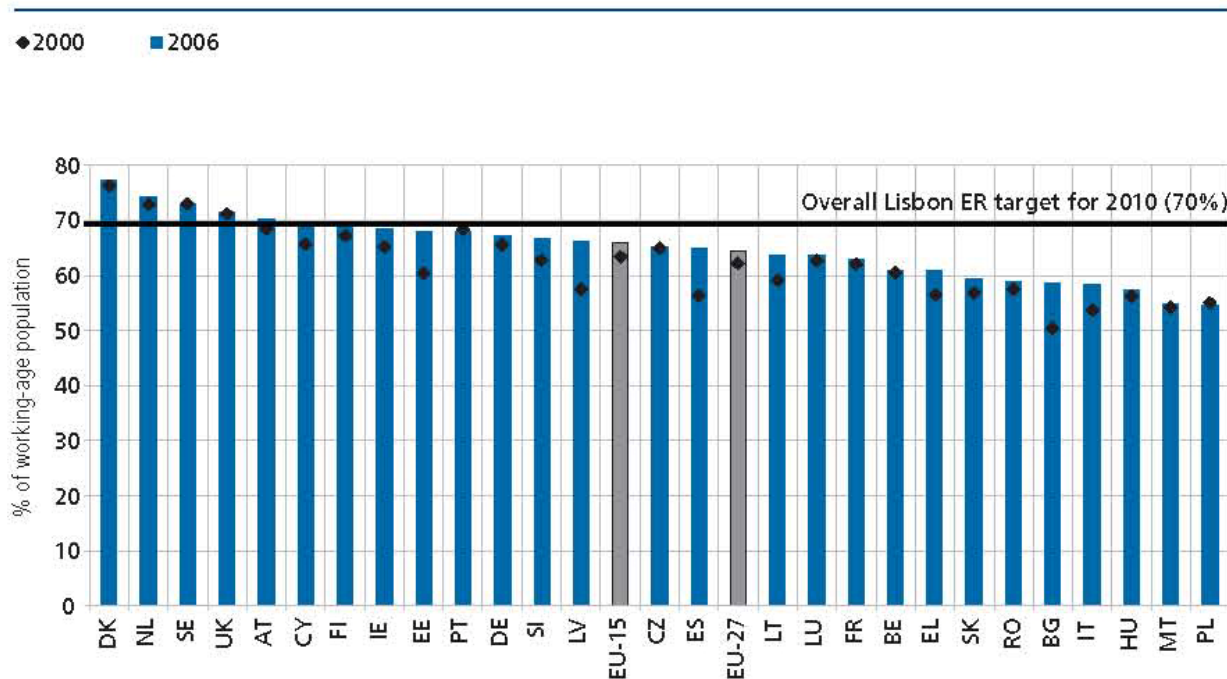
2007: 65.3%

2008: 65.8%

2009: 66.2%

(ECFIN autumn forecast)

Chart 9: Overall employment rate for EU Member States, 2000 and 2006



Source: Eurostat, EU LFS annual averages.

Note: Data for RO 2002; 2006 data for DE and FR provisional.



Unemployment rates



Unemployment 2006:

- 8.2% (8.9% in 2005)
(revised data)
- > 13 % in PL and SK
- < 4% in DK and NL
- U.S.: 4.6 %
- JAP: 4.1%

Outlook for EU-27:

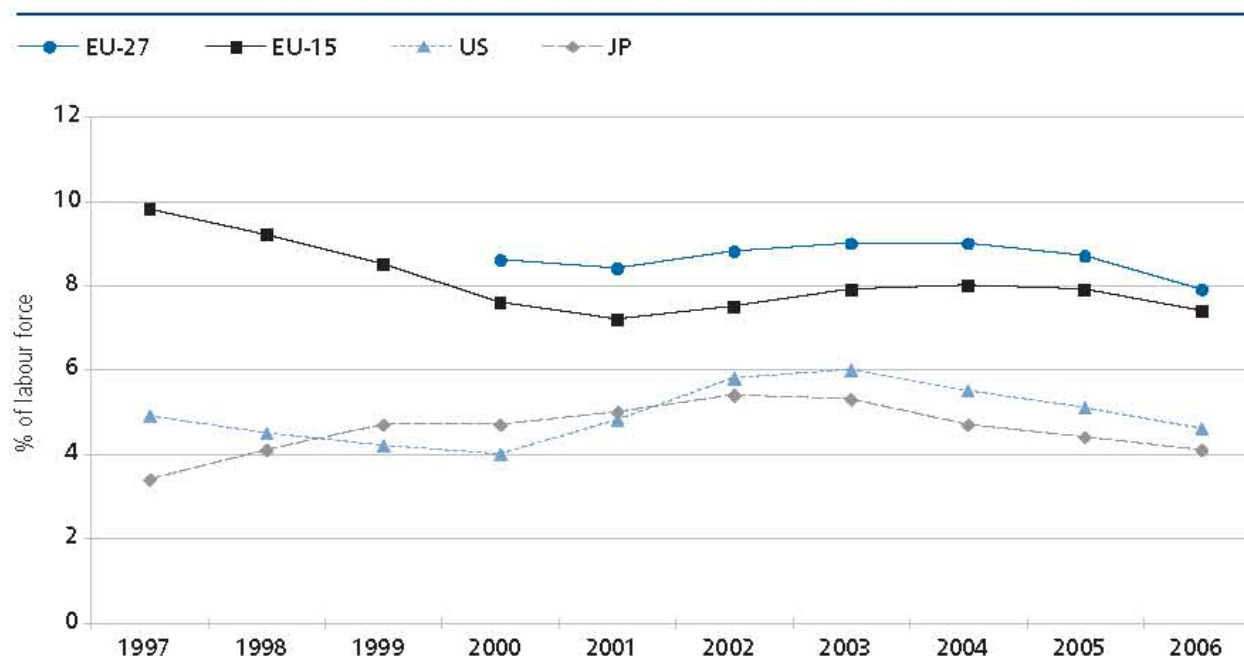
2007: 7.1%

2008: 6.8%

2009: 6.6%

(ECFIN autumn forecast)

Chart 4: Unemployment rates in the EU, US and Japan, 1997–2006



Source: Eurostat, harmonised series on unemployment.

Special focus on labour market situation for youth



Overall trends for youth:

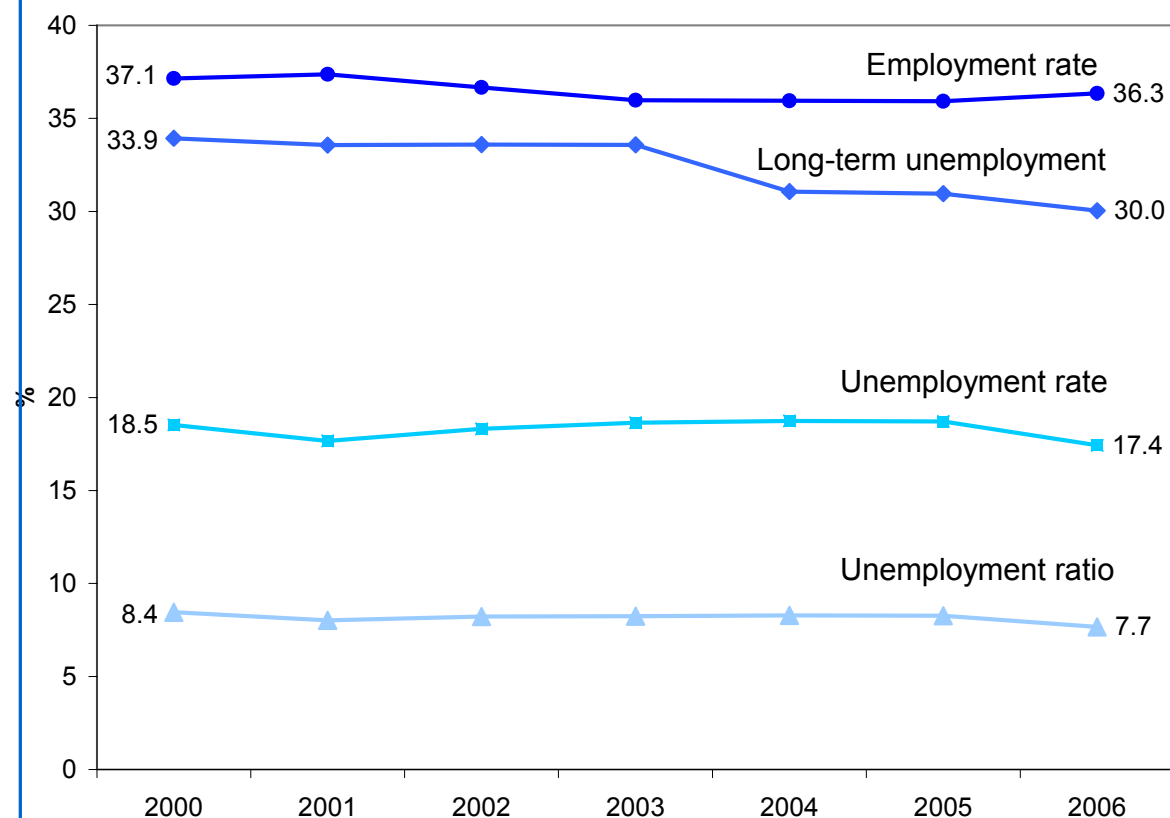
Some improvements ...

- Slightly lower unemployment
- Lower long-term unemployment

...but still substantial concerns over performance ...

- compared to prime-age pop.
- compared to other industrialized countries
- of specific Member States and specific groups

Labour market performance of youth (15 - 24) in the EU-27, 2000 - 2006



Source: Eurostat, EU LFS annual averages



International comparison



EU-27:

Low youth
employment
rates...

... and high youth
unemployment
rates...

... compared to
U.S., Canada or
Japan

Youth (age 15 - 24) employment and unemployment rates in the EU, U.S., Canada and Japan, 2006

	Employment rate in %	Unemployment rate in %
EU-27	36.3	17.4
U.S.	54.2	10.5
Canada	58.7	11.6
Japan	41.4	8.0

Sources: For EU Eurostat, EU LFS annual averages,
for other countries OECD Employment Outlook 2007



Youth unemployment rates and ratios



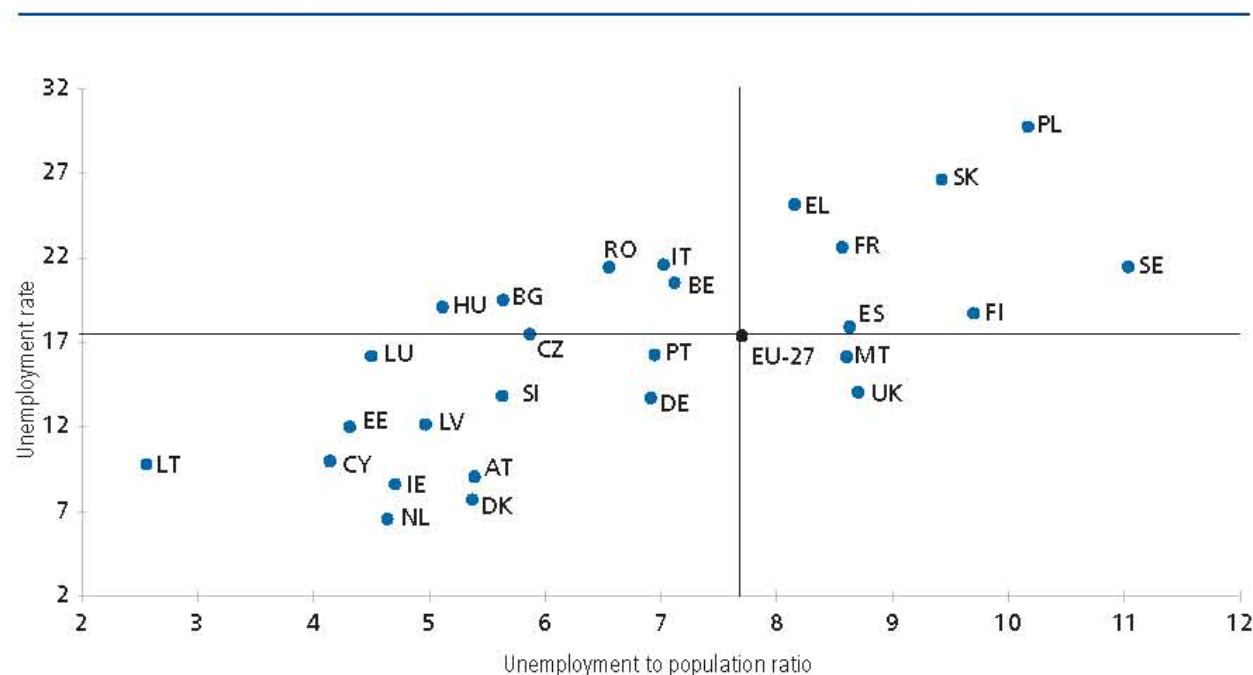
Unemployment rates:

- > 25% in EL, PL, SK
- < 8% in NL, DK

Unemployment to population ratio:

- > 10% in PL, SE
- < 5% in IE, NL, LU, EE, CY, LT

Chart 16: Youth (age 15-24) unemployment rates vs. unemployment ratios, 2006



Source: Eurostat, EU LFS annual averages.

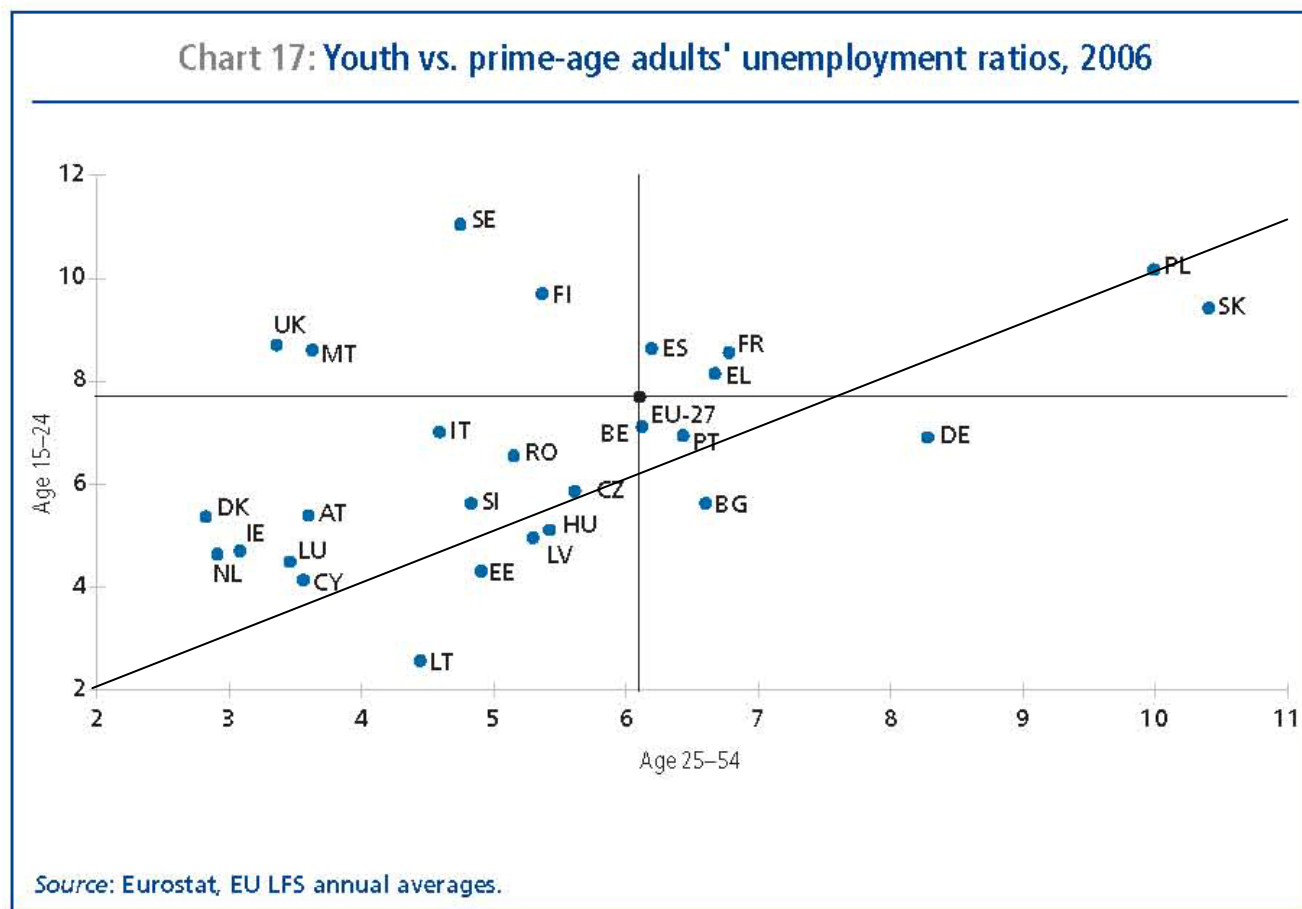


Youth vs. prime age adults' unemployment



Comparing youth to prime age unemployment:

- relative youth unemployment rate 2.4
- relative youth unemployment ratio 1.3
- youth and prime-age unemployment ratios tend to correspond in many MS



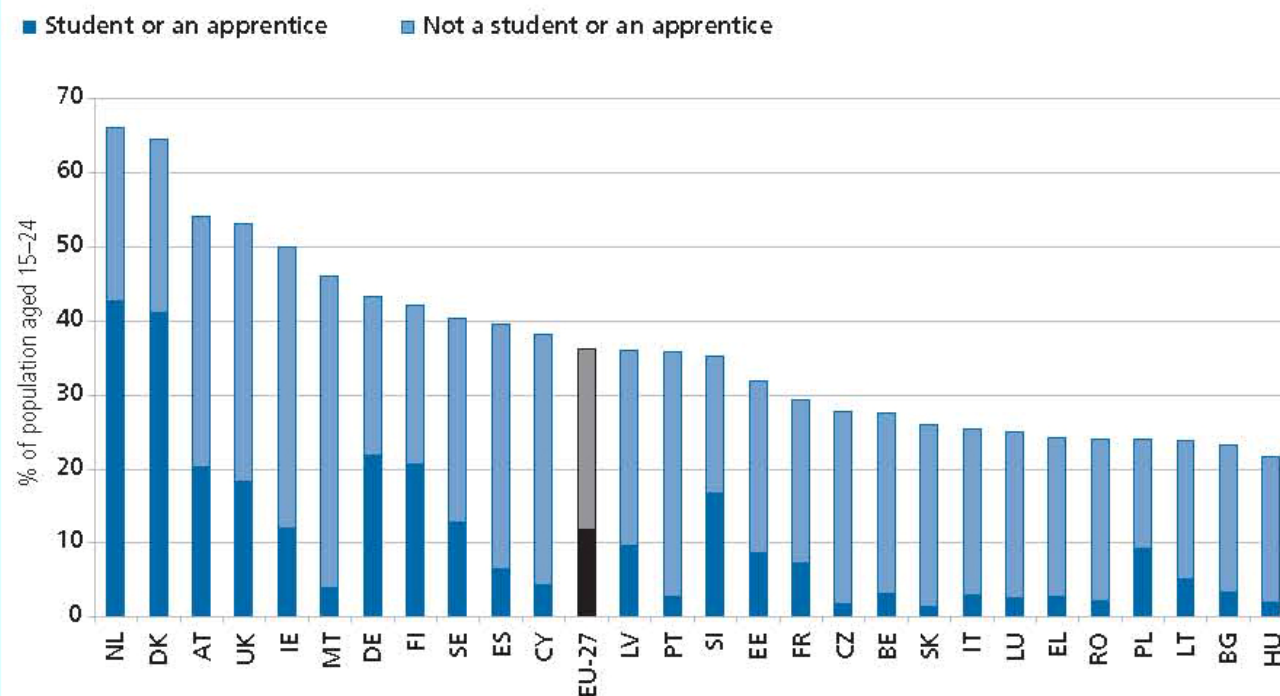
Employed students and non-students



Working students:

- Average of one third of recorded employed youth is a student or apprentice
- > 60% in NL and DK
- > 50% in FI and DE
- low share of working students in e.g. ES, PT, CZ, IT, EL

Chart 20: Youth (age 15–24) employment rates by current educational status, 2006



Source: Eurostat, EU LFS annual averages.

Note: Data for DE and FR provisional. For SE participation in education or training refers to the week preceding the survey reference week (instead of four weeks in the other countries).

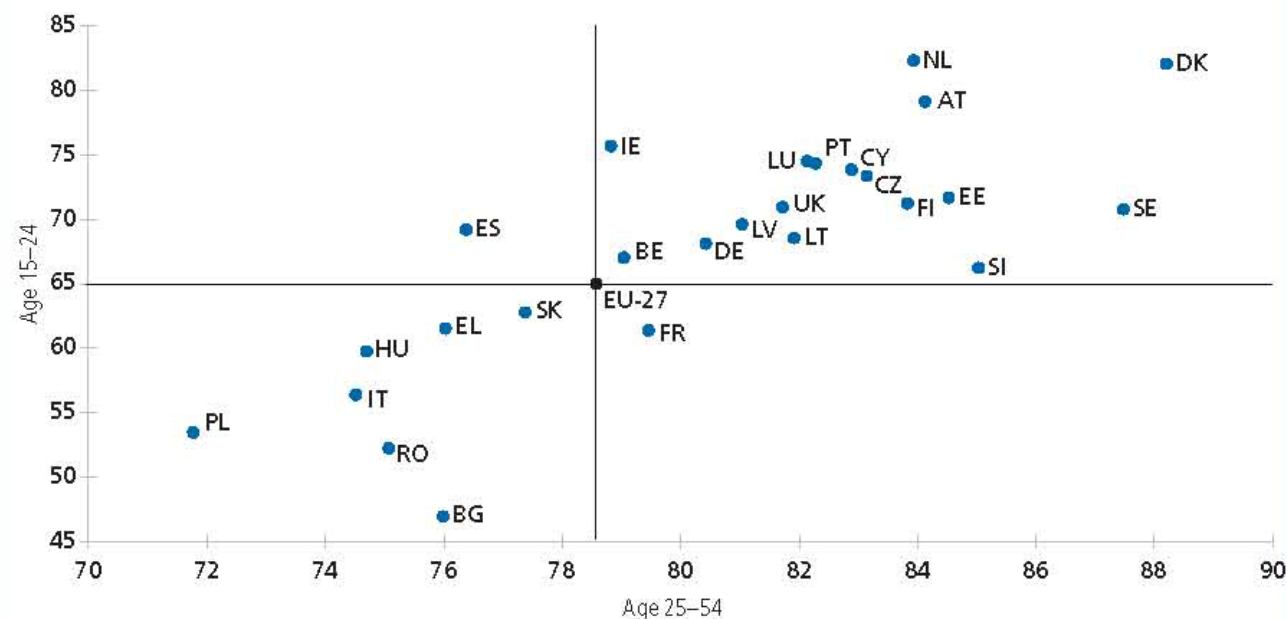


Youth vs. prime-age adults' employment rates



- Youth employment tends to correspond with prime-age adult employment

Chart 22: Youth vs. prime age adults' employment rates (non-students), 2006



Source: Eurostat, EU LFS annual averages.

Note: 2005 data for IE. Value for MT is an extreme outlier and therefore excluded from graph (78% youth non-student employment rate vs. 64 primeage non-student employment rate).



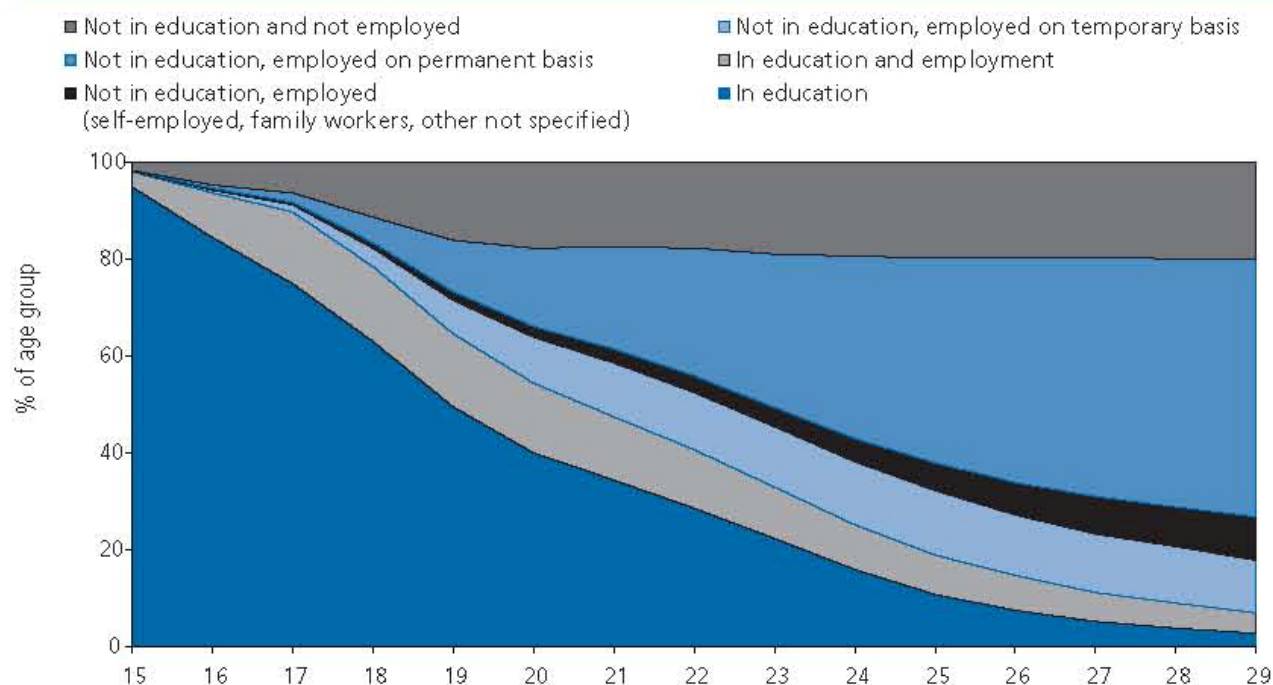
Young people's activity status



Youth NEET:

- 17-19% of 19 to 29 year-olds NEET
- relatively high NEET rates in FR, IT, PL, RO, SK, BG
- Poorly educated and women significantly more affected
- NEET turnover important: relatively high incidence of “always NEET” in some MS (IT, FR, EL, DE, IE, NL, ES)

Chart 25: Activity status of youth by age in the EU-27, 2006



Source: Eurostat, EU LFS annual averages

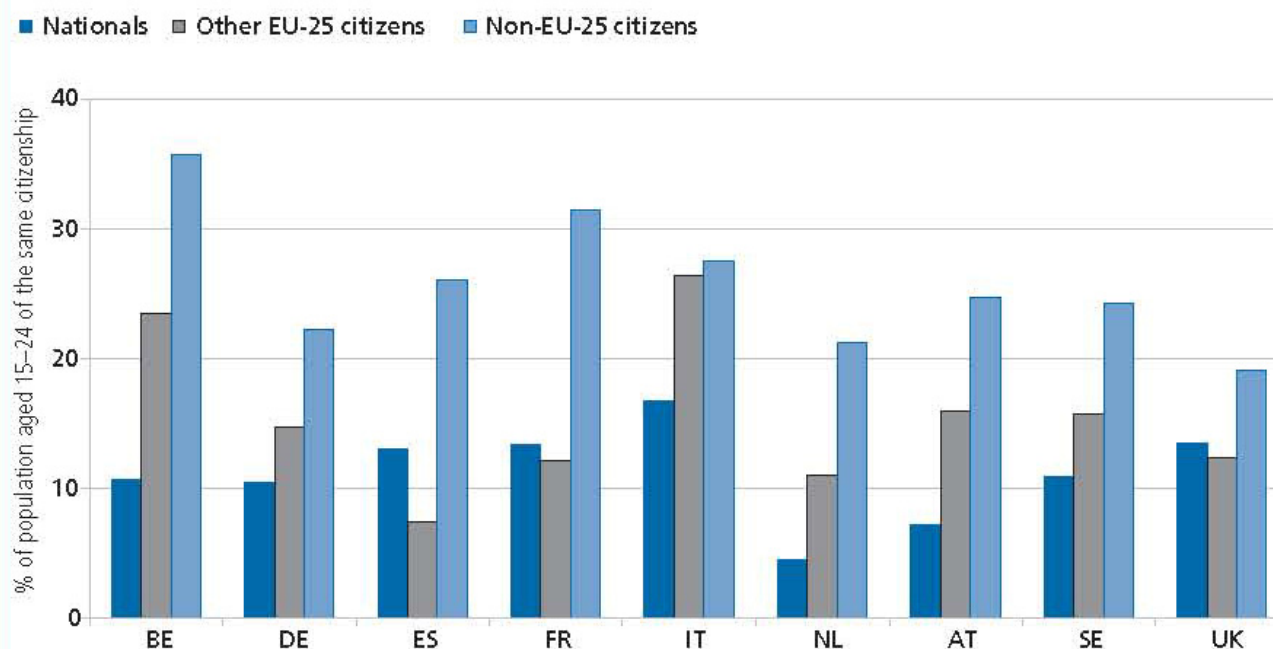


NEET by citizenship



- Young third country nationals on average twice as likely to be NEET than young nationals
- largest discrepancy in NL and AT
- Highest levels in BE and FR

Chart 27: Youth (age 15–24) not in education, employment or training by citizenship and country of residence, 2006



Source: Eurostat, EU LFS annual averages.

Note: Data for 'Other EU-25 citizens' for ES, FR, LU, NL, AT uncertain due to small sample size.



Labour market transitions of youth

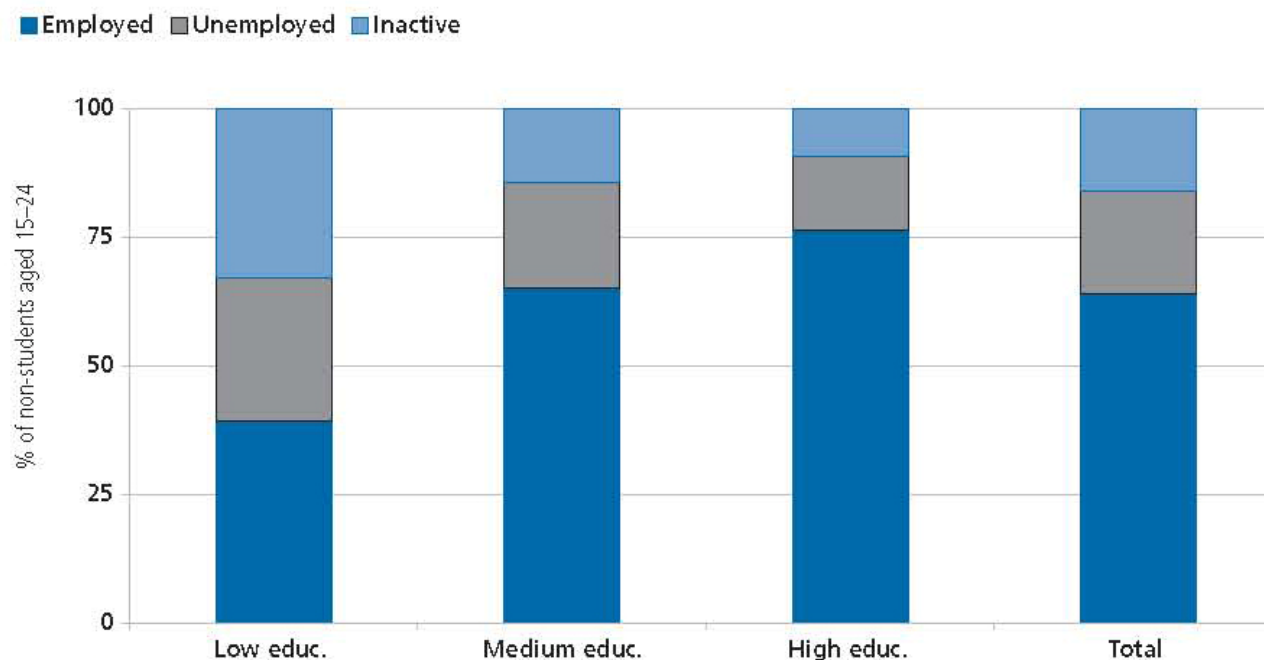


The role of education in transitions:

- two-thirds of youth have a job one year after finishing education (but big country differences)

- better educated youth tend to make quicker transitions into employment

Chart 29: Youth school-to-work transition by educational attainment in the EU-27 - labour market status of non-students (age 15–24) one year leaving school, 2006



Source: Eurostat, EU LFS annual averages.

Note: Non-student school leavers defined as 15 to 24 years old who have completed their education in the previous year.



Temporary work among youth



Temporary work:

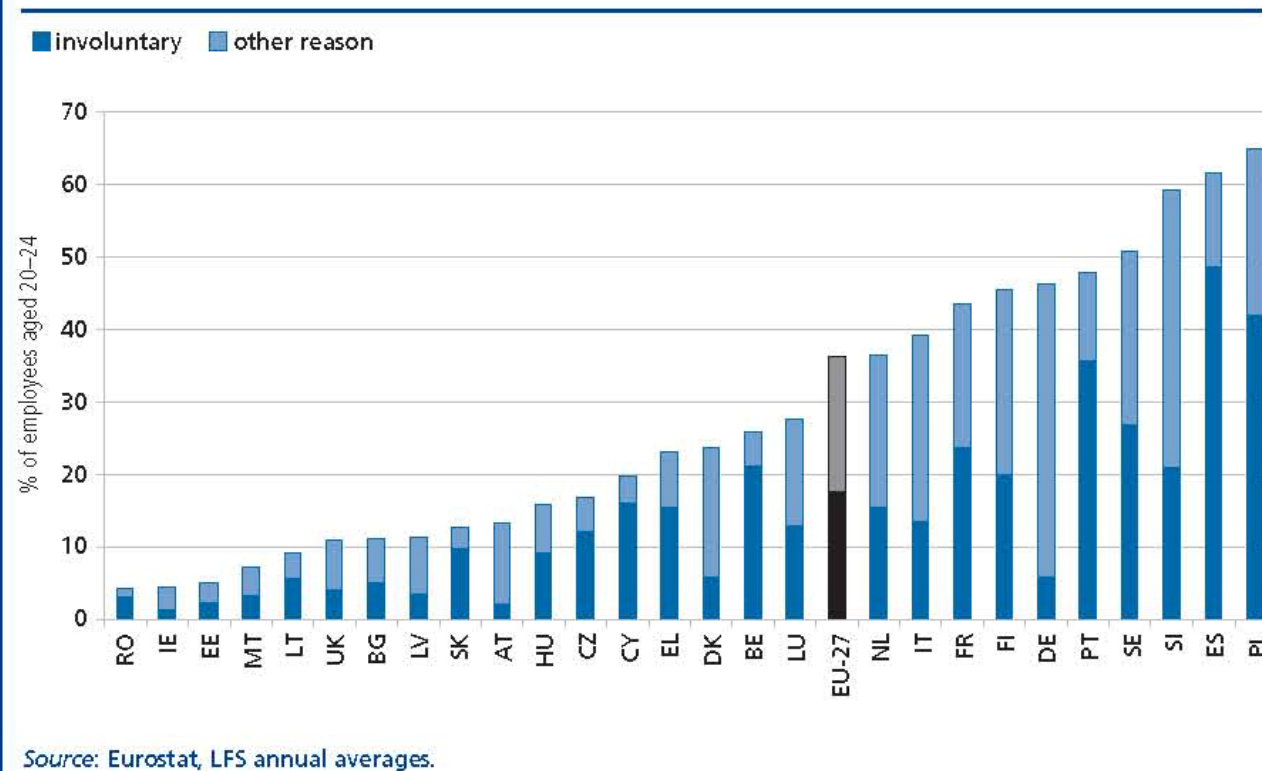
Incidence by age group:

- 15-24: 41%
- 25-29: 21%
- 30-54: 10%

Incidence by reason:

- Average of 49% of youth temporary jobs is involuntary
- especially high in e.g. ES, PL, PT, SE, FR, BE, CY, EL, SK

Chart 36: Temporary work by youth aged 20–24 by reason, 2006



Part-time work among youth



Part-time work:

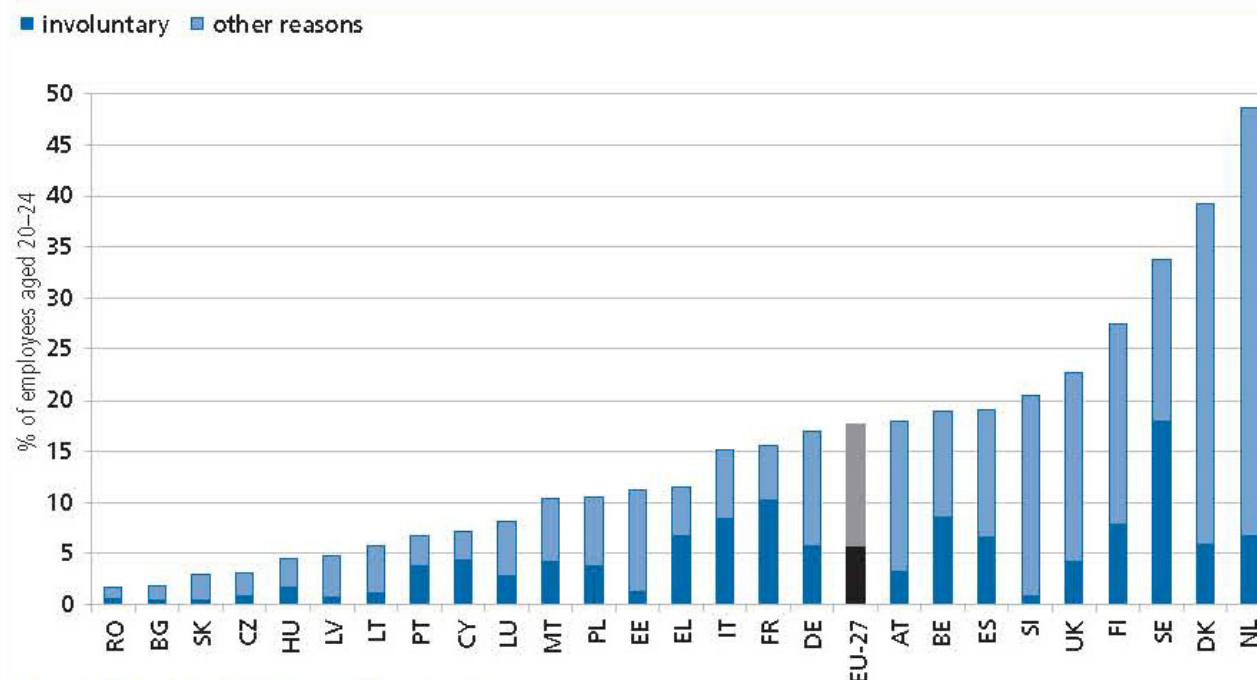
Incidence by age group:

- 15-24: 25%
- 25-29: 13%
- 30-54: 16%

Incidence by reason:

- Average of 33% of youth part-time work is involuntary

Chart 37: Part-time work by youth aged 20–24 by reason, 2006



Source: Eurostat, EU LFS annual averages.



Age gap in earnings



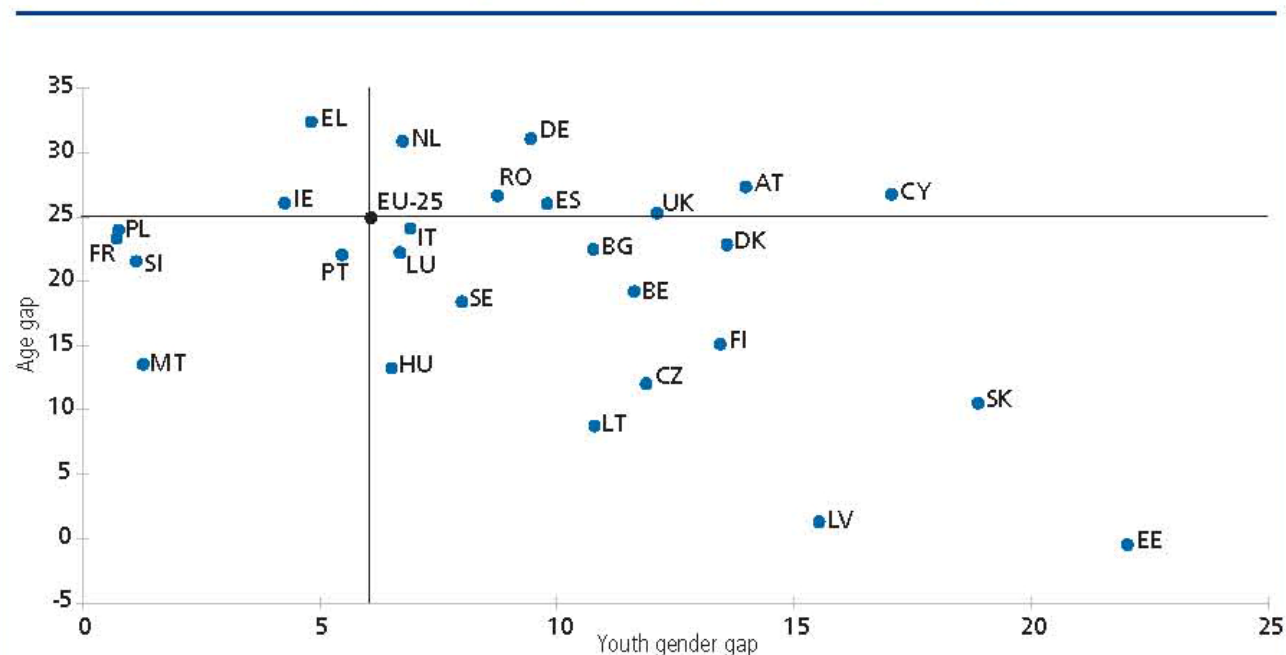
Age gap:

- Hourly earnings of young people on average 25% below those of overall workforce

Youth gender gap:

- Average earnings of young women 6% below those of young men
- however, for older workers gender gap is 23%

Chart 38: Age and youth gender gap in hourly earnings, 2002



Source: Own calculations based on the 'Structure of Earnings Survey' 2002.

Note: Age gap defined as the number of percentage points by which hourly earnings of people aged less than 30 years old are below the average hourly earnings of all age classes.

Youth gender gap defined as the number of percentage points by which average hourly earnings of women under 30 are below those of men under 30.



Job - qualification mismatches among employed youth



Job mismatches:

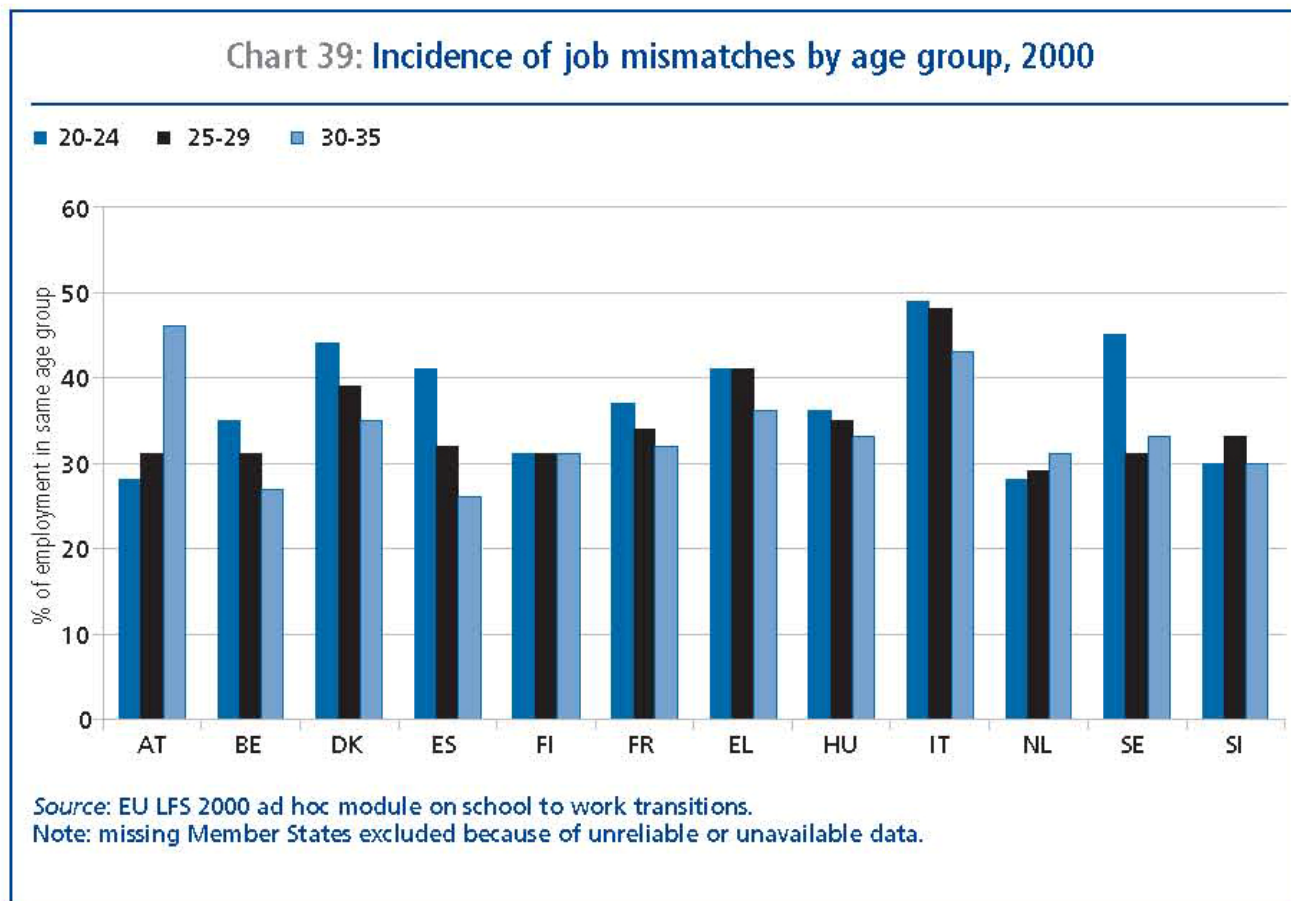
= job outside field of education

Negatively correlated with:

- age
- being female
- educational attainment and type of degree

Labour market outcomes of those affected:

- Lower occupational status
- More likely in temp./part-time jobs
- Higher job search rate



Summary



- Youth unemployment remains a challenge despite some recent improvements
- Significant minority of youth outside education, employment or training
- Significant share of youth with difficult transitions and in precarious work arrangements
- Poorly educated youth and young immigrants among the most affected groups



Conclusions



- Address school failure early on, familiarise youth with the world of work (internships, vocational training apprenticeships) and bring qualifications more in line with labour market requirements
- Get long-term unemployed or inactive youth into the labour market through adequate activation strategies
- Reduce institutional barriers to the labour market entry of youth
- Systematically address youth employment problems within the context of overall employment policies





Thank you for your attention!

