

Labour Market Fact Sheet

July 2011

EU LABOUR MARKET CLOSE TO A STANDSTILL

In May 2011, the decrease in unemployment has slowed down to only 5 000, while an increase in the absolute number was noted in eleven countries. The EU average unemployment rate stood at 9.3%, the same level as the revised figure for April (revised from 9.4% to 9.3%). The stagnation in May follows a six month period of consecutive declines. Compared to a year ago, there are 904 000 less unemployed in the EU27.

Overall summary of the situation:

- Unemployment has virtually stopped its downward trend in May 2011, and increased over the last 12 months in eight Member States.
- Youth unemployment remains high at 20.4% in the EU. While it is moderately decreasing overall (-0.8 pp in the year), an upward trend remains visible in eleven Member States.
- Hiring activity remains solid. Firms expect an employment increase, while consumers anticipate an unemployment decrease in most countries.
- Restructuring activity picked up in June, with a significantly negative impact on jobs, mostly driven by Italy and the UK.

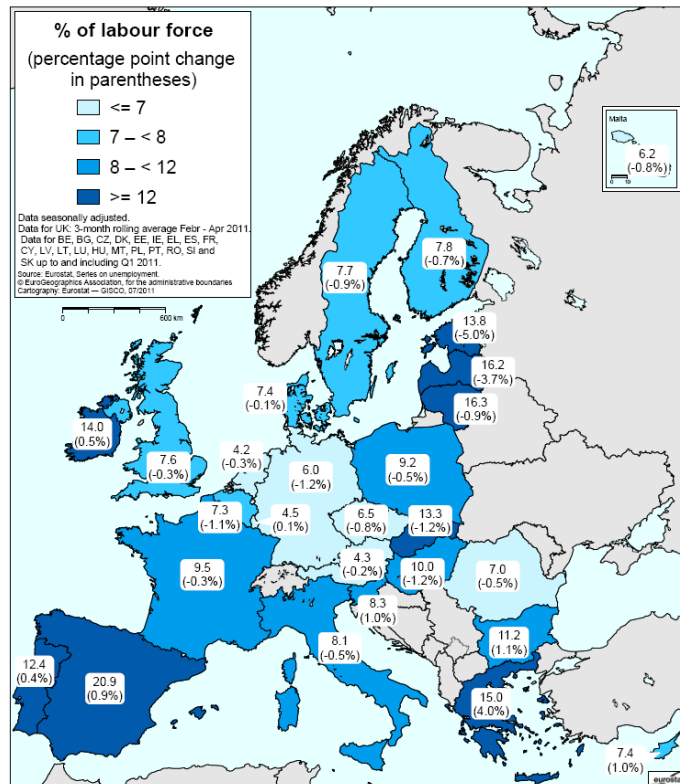
The EU unemployment rate remained unchanged in May...

In May 2011, the unemployment rate at EU level remained unchanged at 9.3% compared to April. This is 0.1 pp lower than in February, 0.3 pp lower than six months earlier and 0.4 pp lower than a year earlier. In the Euro area, it remained unchanged between March and May 2011 at 9.9%. The EU's overall unemployment shows a very slow decrease after peaking at 9.7% in October 2010. Over the year to May 2011, the improvement at EU level (down by 0.4 pp) is explained by decreasing unemployment rates in nineteen Member States that outstripped the increases recorded in eight, with changes ranging from - 5.0 pps in Estonia to + 4.0 pps in Greece (Chart 1).

...as it fell further in the Baltic states and in countries with an already lower than average unemployment rate...

Among high-unemployment Member States, only Estonia and Latvia and, to a lesser extent, Hungary, Slovakia and Lithuania, have recorded a significant improvement, as their unemployment rates dropped respectively by 5.0, 3.7, 1.2, 1.2 and 0.9 pps over the year (Chart 1). In general, Member States with a lower than average unemployment rate are benefiting most from the recovery. Germany recorded a considerable fall of unemployment over the year (-1.2 pps or - 498 000 persons), while it also decreased in Belgium (-1.1 pps), Sweden (-0.9 pps) and, to a lesser extent, in Malta, the Czech Rep., Finland, Romania, Italy, Poland, the UK, France and the Netherlands.

Chart 1: Unemployment rates, May 2011 and unemployment rate changes May 2010-May 2011 in parentheses



...but still is stubbornly high or even rising in others

On the other hand, unemployment is showing stubbornness in several countries with an already higher than average unemployment rate. Over the year to May 2011, the number of unemployed has notably increased in Greece (+4.0 pps or +200 000 pers.), in Spain (+0.9 pp or +169 000 pers.), in Portugal (+0.4 pp or +23 000 pers.) and in Bulgaria (+1.1 pps or +25 000 pers.). Spain still records the highest unemployment rate among Member States (20.9% in May), with yet another 0.5 pp increase over the four previous months.

The fall in unemployment is mainly benefiting men

The overall unemployment continued to decrease in May by just 5 000 on April 2011 and - 904 000 on May 2010. This annual decline is first and foremost driven by the improvement in male unemployment (- 766 000 on May 2010), while it was more limited for women (- 137 000 in the same period). Consequently, even if the absolute number of unemployed men is still above the number of unemployed women, the female unemployment rate was 9.5% in May 2011, against 9.2% for men, down by 0.1 pp and 0.6 pp on the year, respectively.

Overall decline in youth unemployment but persistent contrasts among Member States

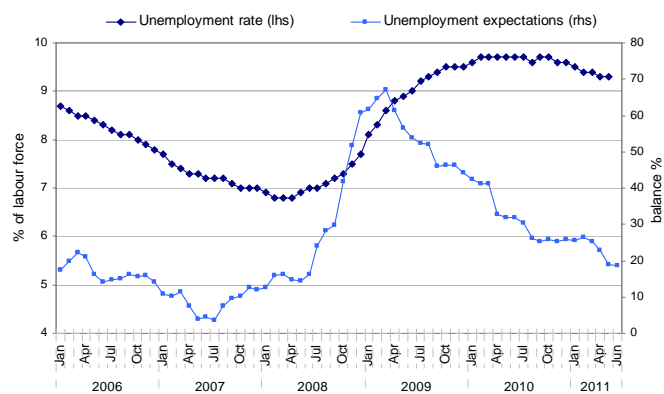
The unemployment rate for youth remained unchanged at 20.4% in May 2011. This is 0.3 pp lower than in March 2011 and 0.8 pp lower than in May of last year. This apparent stability corresponds to a decrease of 24 000

unemployed aged less than 25 on April 2011 (-399 000 unemployed compared to May 2011). The youth unemployment rate stays markedly higher than that for people above the age of 25, as the unemployment rate for this group was 'only' 8.1% in May 2011. However, the latter declined by only 0.2 pp over the year, against -0.8 pp for the youth unemployment rate. The steepest declines were recorded in Estonia (-19.3 pps), Latvia (-9.3 pps), Belgium (-4.7 pps), Hungary (-3.1 pps) and Germany (-2.7 pps), while significant rises were still recorded in Greece (+8.7 pps), Bulgaria (+4.7 pps), Slovenia (+3.6 pps) and Spain (+3.1 pps). Spain still posts the highest youth unemployment rate, at 44.4 %.

Confidence remains intact

In June, European consumers expected an unemployment decrease over the next 12 months (Chart 2). In particular, in the Baltic States and Spain, consumers are more optimistic. On the other hand, in Greece and Ireland, they foresee an unemployment increase. According to the outlook of European firms, employment should increase over the next 3 months in the industry and the financial sector. It is expected to stabilise in services and in retail trade, and go on declining in construction (Chart 3).

Chart 2: Unemployment rate and unemployment expectations over the 12 months ahead

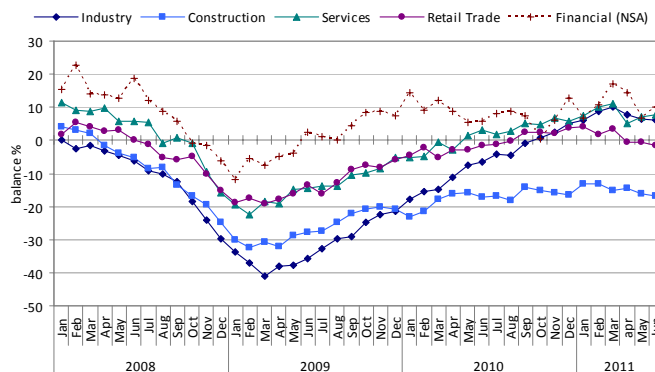


Source: Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted

Hiring activity remains solid

According to Eurociett, the temporary agency work industry in Europe grew by 18.1% in April 2011 compared to the same period in 2010, in terms of number of hours worked. This rise was mostly driven by Poland (+37.8%), Italy (+27.1%) and Germany (+21.4%). The sector has experienced thirteen months of continuous year-on-year growth and is nearing pre-crisis levels in the surveyed countries. According to the European Vacancy Monitor, the number of available job vacancies in the EU increased by 9 % in the year to the fourth quarter of 2010.

Chart 3: Employment expectations over the 3 months ahead

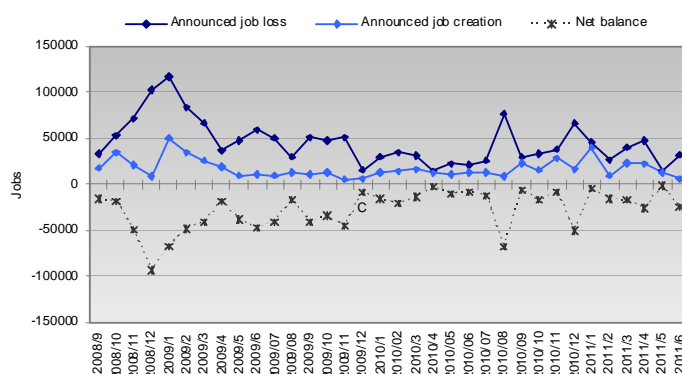


Source: Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted

... while restructuring activity increased in June, with a clearly negative net impact on jobs

In June 2011, the European Restructuring Monitor (ERM) reported an increase in restructuring activity (Chart 4). Compared to the previous month, in a total of 73 cases, the ERM recorded a sharp increase in restructuring-related announced job losses (32 120 jobs, up from roughly 14 000 in May) and a decrease in announced new jobs (6 627 jobs, down from more than 12 000 in May). This resulted in a significantly negative net impact on jobs, at -25 493 jobs in June, against roughly -1 600 in the previous month. The Member State with the largest announced job losses was Italy (10 467 jobs) followed by the United Kingdom (5 191 jobs), Romania (4 950 jobs), Spain (3 046 jobs) and Germany (2 378 jobs). Financial intermediation (13 473 jobs) was by far the sector the most affected by announced job losses, followed by public administration (6 200 jobs), health and social work (3 725 jobs) and manufacturing (4 230 jobs), real estate/business activities (2 112 jobs) and retail (285 jobs) accounted for all the business expansion.

Chart 4: Restructuring trends



Source: European Monitoring Centre on Change, European restructuring monitor.

Key labour market indicators for the EU27 (age 15-74)

EU27	Year (annual average)				Month (Seas. Adjusted data)			Monthly		Annual	
	2000	2008	2009	2010	2010 April	2011 March	2011 April	Number or pps.	%	Number or pps.	%
Unemployment (1000)	19 532	16 788	21 469	23 094	23 282	22 383	22 378	-5	0.0	-904	-3.9
Males	9 748	8 681	11 801	12 634	12 800	12 045	12 034	-11	-0.1	-766	-6.0
Females	9 784	8 108	9 668	10 460	10 481	10 337	10 344	7	0.1	-137	-1.3
Less than 25	5 043	4 217	5 234	5 333	5 407	5 032	5 008	-24	-0.4	-399	-7.4
Unemployment rate (%)	8.7	7.1	9.0	9.7	9.7	9.3	9.3	0.0	-	-0.4	-
Males	7.8	6.7	9.1	9.7	9.8	9.2	9.2	0.0	-	-0.6	-
Females	9.8	7.6	9.0	9.6	9.6	9.5	9.5	0.0	-	-0.1	-
Less than 25	17.4	15.8	20.1	21.1	21.2	20.4	20.4	0.0	-	-0.8	-

