# EU Employment and Social Situation Quarterly Review March 2012

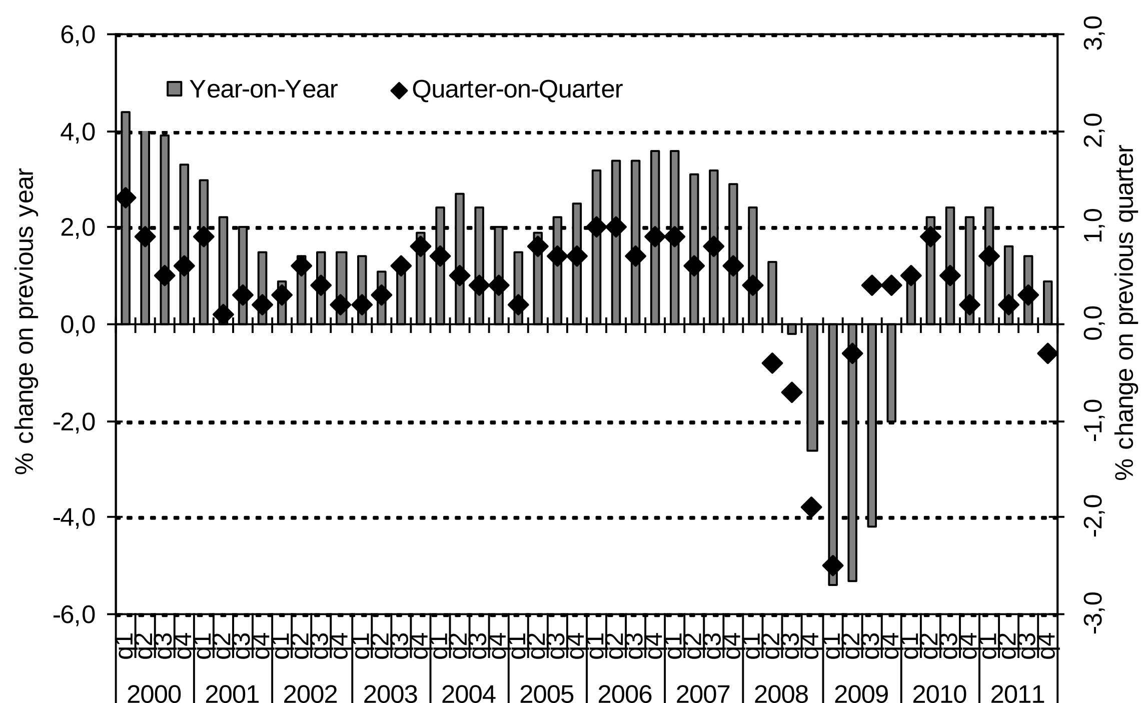
## 10 key facts and figures

EMPL A1-A2

# 1. Slowing down economy affects jobs

- The deterioration in the EU labour market mirrored the modest contraction in the economy in the fourth quarter of 2011

**Chart 1: Quarterly growth rates of real GDP in EU**

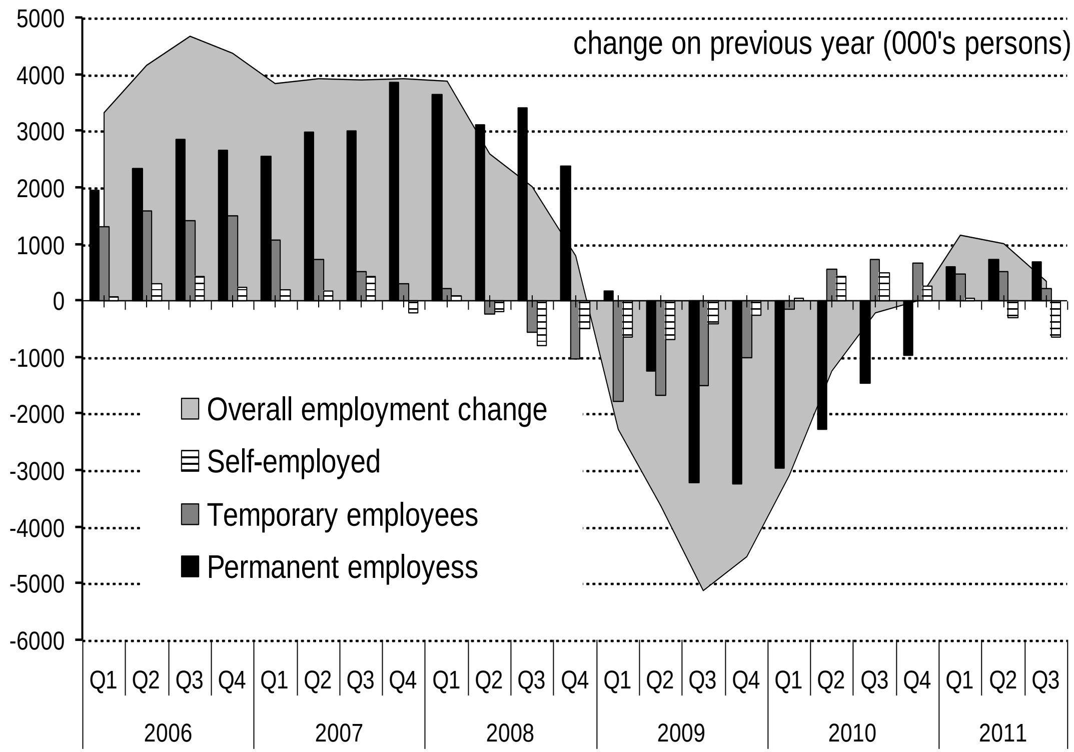



Source: Eurostat, National accounts

# 2. Effect on jobs by type of contract

- Moderate growth in both permanent and temporary employment over recent quarters but increasing uncertainty
- Growth in permanent contracts resumed in 2011 but very moderately, fewer self-employed

**Chart 2: Permanent, temporary, self-employment (15-64) (1 000 persons), 2006-2011**

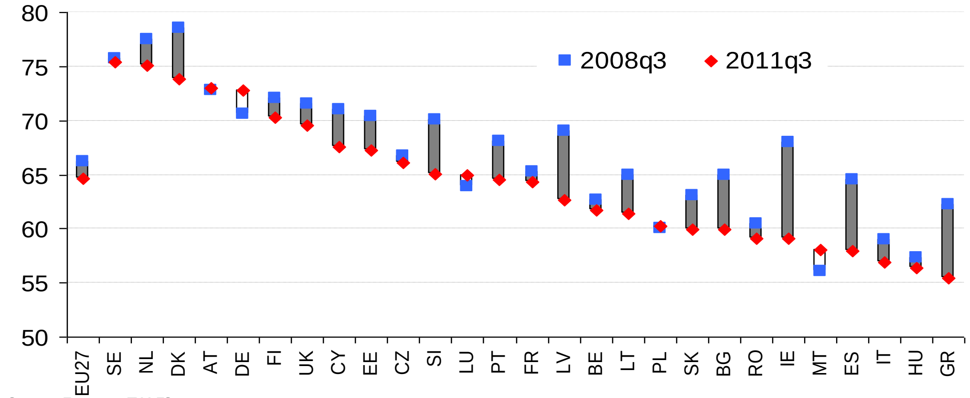



Source: Eurostat, LFS

# 3. Drifting away from the 75% employment rate target

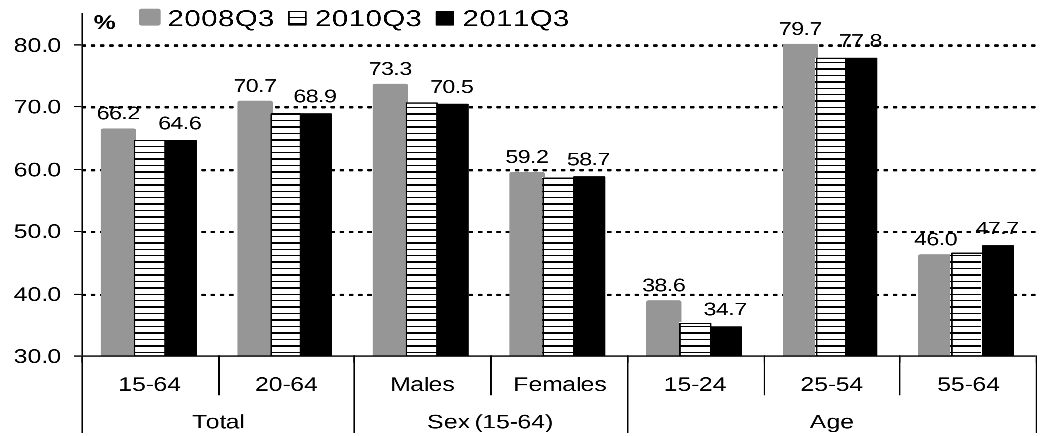
- Direct consequence of the deterioration
- Exacerbated differences across MS
- Employment rate still rising for older workers, but falling for youth

**Chart 3: Employment rate for 15-64 in 2008q3 and 11q3 in the MS (%)**




Source: Eurostat, EU-LFS

**Chart 4: Employment rate (%), total (15-64, 20-64), by sex and age groups in the EU-27**

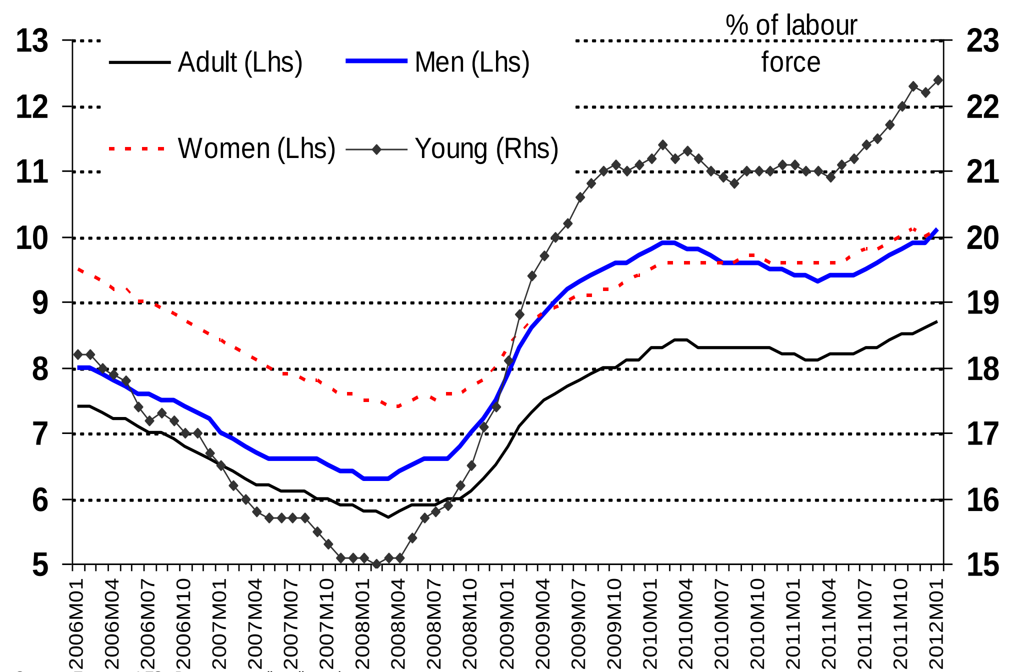



Source: Eurostat, EU-LFS

# 4. Rising unemployment

- Nearly 2 million more unemployed since February 2011
- EU average UR now higher than 10%
- Gender gap = 0
- Youth UR at 22.4% (right axis)

**Chart 5: Monthly unemployment rate (%) for young people (15-24), adults (25-74), male and female January 2006–January 2012 in the EU**

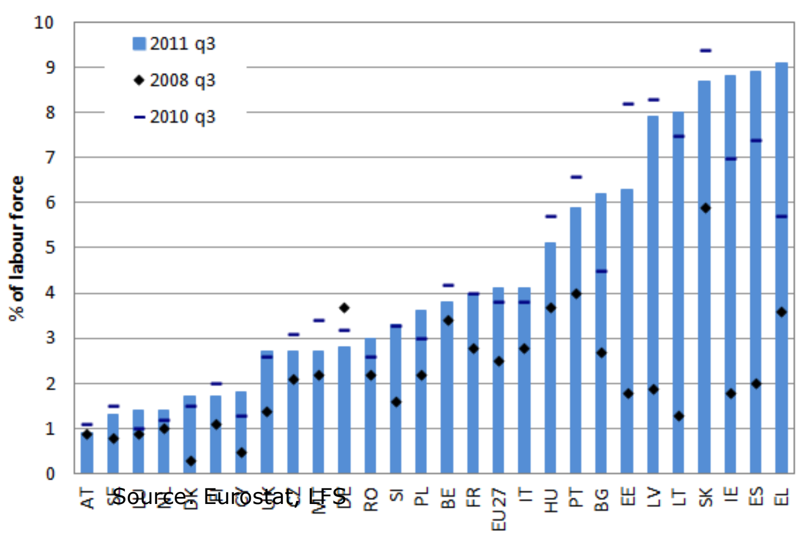



*Source:* Eurostat, LFS, Data seasonally adjusted.

# 5. Significant divergences between Member States

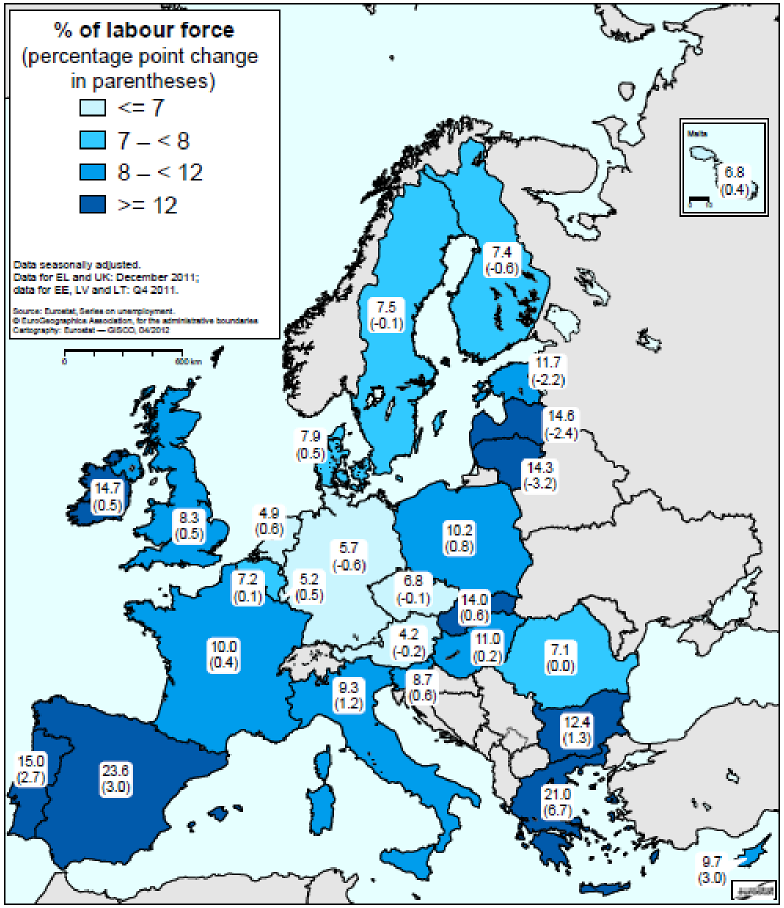
- "core" vs "periphery"
- both unempl and LTU have seen tremendous variations across the EU

**Chart 7: Long-term unemployment rate**




Source: Eurostat, LFS

**Chart 6: Unemployment rates February 2012 (and changes with February 2011)**

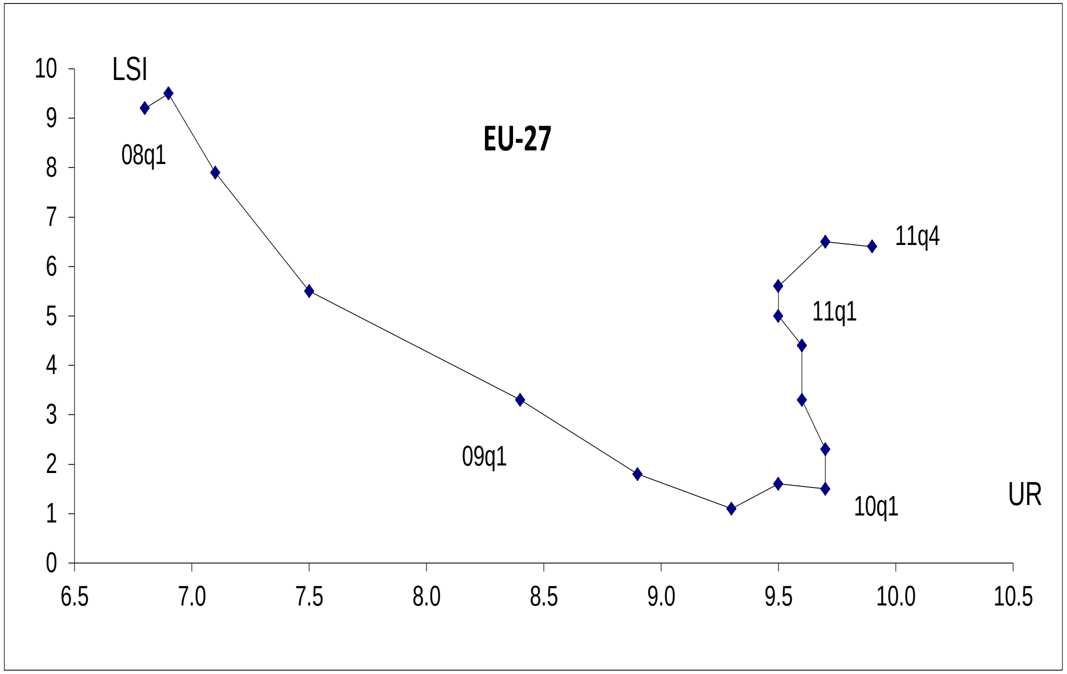



Source: Eurostat, LFS

# 6. Labour market mismatches: Beveridge Curve

- Tendency to shift to the right and increased mismatching, with a higher level of vacancies for a given unemployment rate in the EU
- Significant contrasts among Member States

**Chart 8: Beveridge Curve 2008q1 – 2011q4, EU-27**

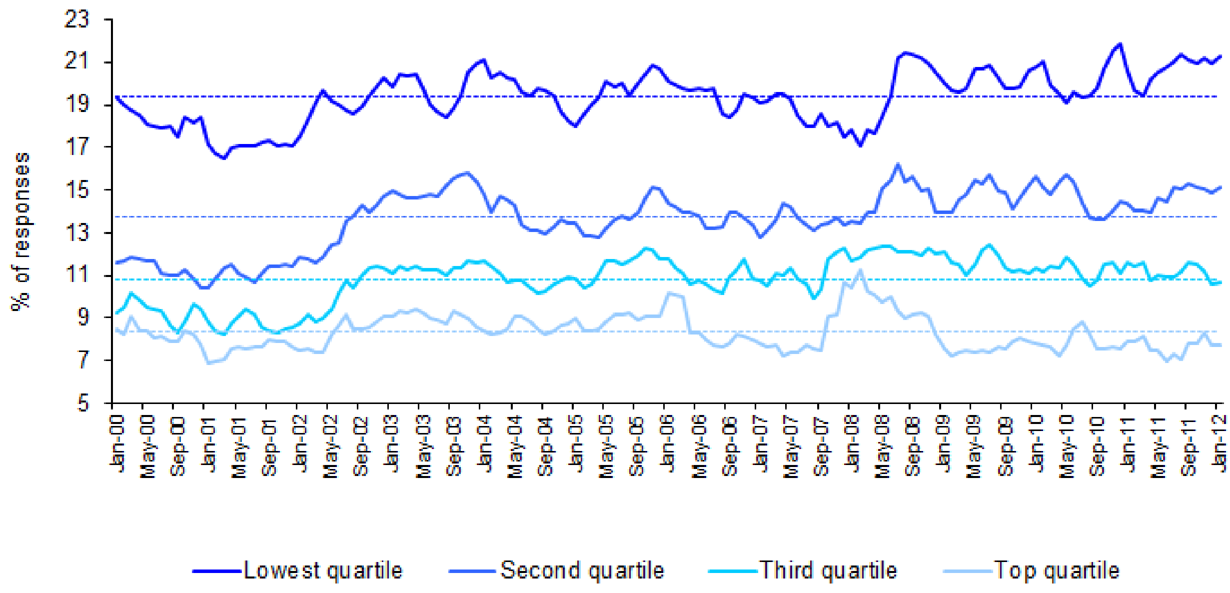



Source: Eurostat, LFS

# 7. Financial distress of households

- Recent moderate decline in households experiencing financial distress (but still high)
- Richer households continue to suffer less than lower income households from lingering effects of crisis
- Divergence in balance of financial situations across MS: e.g. deterioration in EL, ES, improvements in DE, SE

**Chart 9: Reported financial distress in households by income quartile of household, 2000-2012**

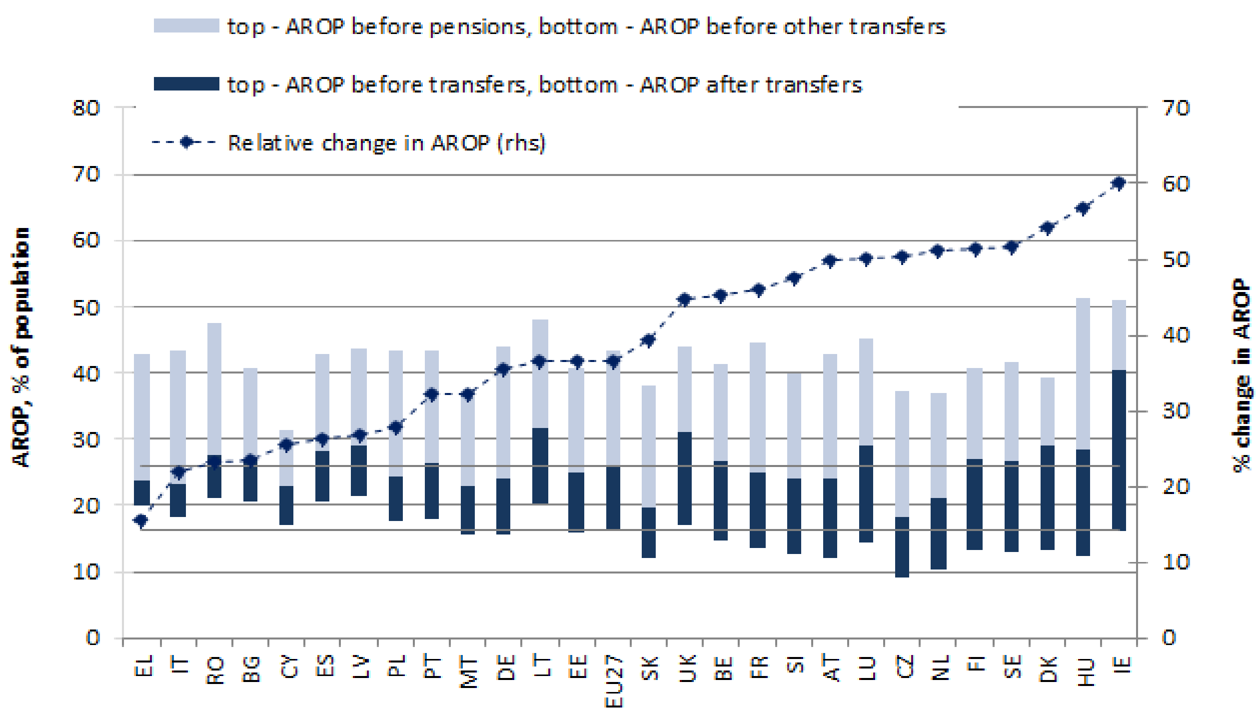



Source: Joint harmonised EU consumer surveys & DG EMPL calculations.
Note: 3 month centred moving average figures. Dashed lines are respective long-term averages.

# 8. Redistributive role of social transfers

- 30% of GDP spent on social protection including pensions in the EU
- thanks to social transfers all Member States reduce poverty
- but with various effectiveness
- and with various efficiency

**Chart 10: Effectiveness of social transfers in reducing poverty - change in poverty rates**




Source: Eurostat, EU-SILC 2010 (income year 2009)

# 8. Redistributive role of social transfers (continued)

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- thanks to social transfers all Member States reduce poverty
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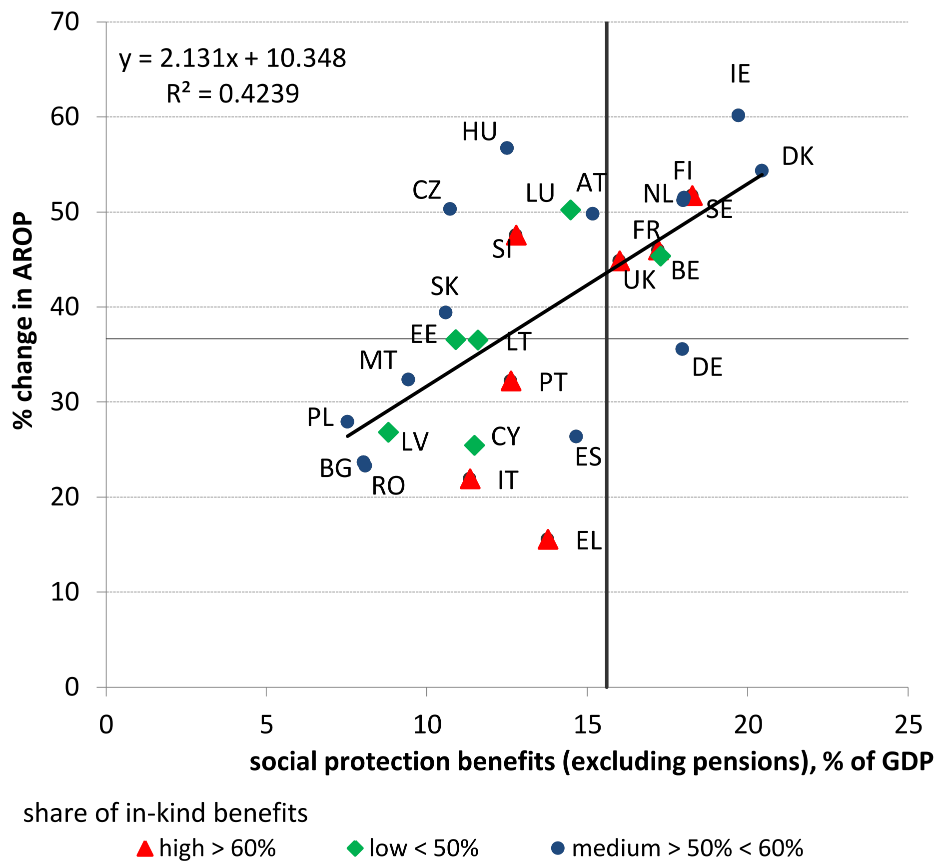
**Chart 11: Efficiency of social transfers in reducing poverty – relation between social protection benefits expenditure and poverty reduction**




Source: Eurostat, EU-SILC 2010 (income year 2009) and ESSPROS 2009

# 9. What drives child poverty?

-25.4 million children at risk of poverty or social exclusion

-Greater risk than adults

-Main drivers:

- in-work poverty of parents
- insufficient LM participation of parents
- ineffective benefits

**Profiles of child poverty drivers**

| | | |
|---|---|---|
| Impact **of social transfers** is high | **CZ EE NL** | (↘) |
| **Low** share of children in **jobless households** | **DK AT SI (BE)** | (→) |
| Children in **working households** face **low** risk of poverty | **FI SE DE FR (CY)** | (↗) |
| Children in **jobless households are numerous** and relatively less exposed to risk of poverty than in other EU countries | **IE UK** | (↘) |
| **Impact** of social transfers is **high** | **HU** | (→) |
| **Low impact of social transfers** | **LT PL RO** | (↘) |
| Children in **medium-high work intensity** are exposed to risk of poverty | **PT SK IT** | (→) |
| | **EL ES LV BG** | (↗) |

Source: ESSPROSS 2009, EU-SILC 2010, DG EMPL calculations.

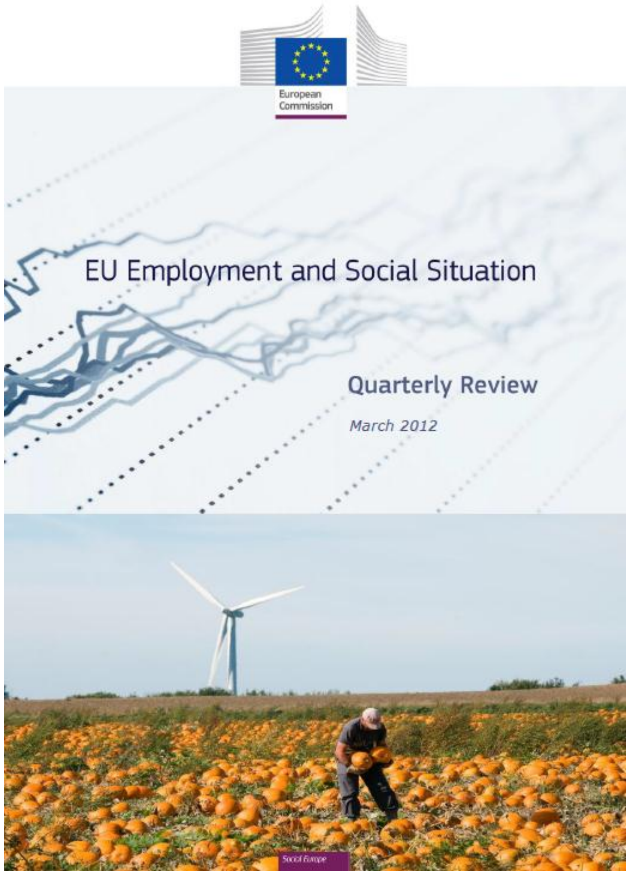
European Commission

# 10. Labour market outlook - Green skills

- **Employment expectations** remain depressed in the tertiary sector and in construction while optimism still broadly prevails in industry.
- Growth in **temporary agency work** continues to slow down dramatically, which points to a deterioration of labour market prospects.
- The Commission's interim forecast (23 February) : **0 growth** in 2012; the expected weak GDP upturn in the second half of the year is **unlikely to lift employment prospects** during 2012.

- The **transition towards a greener economy** will require new skills. A major challenge will be to identify and anticipate future skills needs and to provide effective skills responses, with a view to enhancing the job potential of greening the economy, while preserving opportunities for all.

# Thank you for your attention!

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