

# 5.

## LABOUR MARKET



**People in the labour market — employment**  
**People in the labour market — unemployment**  
**Labour market policy and public expenditure**





<b>Labour market</b>	<b>131</b>
People in the labour market — employment	132
People in the labour market — unemployment	139
Labour market policy and public expenditure	144

## 5. LABOUR MARKET

Labour market statistics are at the heart of many EU policies following the introduction of an employment chapter into the Amsterdam Treaty in 1997. The extraordinary European Council of Luxembourg in November 1997 endorsed an ambitious European employment strategy (EES) aimed at reducing unemployment and gender gaps, while promoting sustainable increases of employment rates. The Lisbon summit in the spring of 2000 put full employment with more and better jobs on the European agenda, setting ambitious targets for the year 2010, namely:

- 70 % for the total employment rate;
- 60 % for the female employment rate.

The Stockholm Council in the spring of 2001 subsequently added an employment rate target for persons aged between 55

and 64 years to reach 50 % by 2010. It also fixed intermediate objectives for 2005, namely 67 % for the total employment rate and 57 % for the female employment rate.

In its mid-term review of the EES in 2005, the European Commission made a set of new proposals concerning employment guidelines for the period 2005–08, reflecting a switch of emphasis in favour of growth and employment. To create more and better jobs, the Commission wishes to:

- attract and retain more people in employment, increase labour supply and modernise social protection systems;
- improve the adaptability of the workforce and business sector;
- increase investment in human capital through better education and skills.

Eurostat has a wide range of data within this area, including:

- employment by main characteristics (sector of activity, occupation, professional status, age and sex);
- employment rates;
- hours worked;
- full-time and part-time work;
- temporary work;
- work during asocial hours;
- unemployment by duration, characteristics of last job, by age, by gender, by level of education;
- labour market policy expenditure by category and recipient;
- entrants and stocks of participants in labour market policy measures by category.

**PEOPLE IN THE LABOUR MARKET — EMPLOYMENT**

Flexible working conditions are thought to stimulate employment and activity rates, as the possibility to work, for example, part-time or from home, is likely to encourage more persons into the labour force. Other initiatives, such as improving the availability of childcare facilities or providing opportunities for lifelong learning may also encourage a higher proportion of persons into work.

One of the main goals for increasing employment and activity rates, besides their importance for personal well-being, is to reduce the demand for social protection payments, while at the same time increasing tax and social security revenues.

Given the considerable interest in labour market policies post-Lisbon, the EU's labour force survey (LFS) has grown considerably in importance and has become Eurostat's key tool for observing labour market developments. The LFS primarily reports on the EU's population of working age (15 years and more) which is composed of persons in employment, unemployed persons and economically inactive persons. It provides comprehensive information on these three categories, describing the employment situation of employed persons through reporting on, for example, their education level, the branches in which they work, their occupations, as well as their propensity to engage in part-time work, the duration of their work contracts,

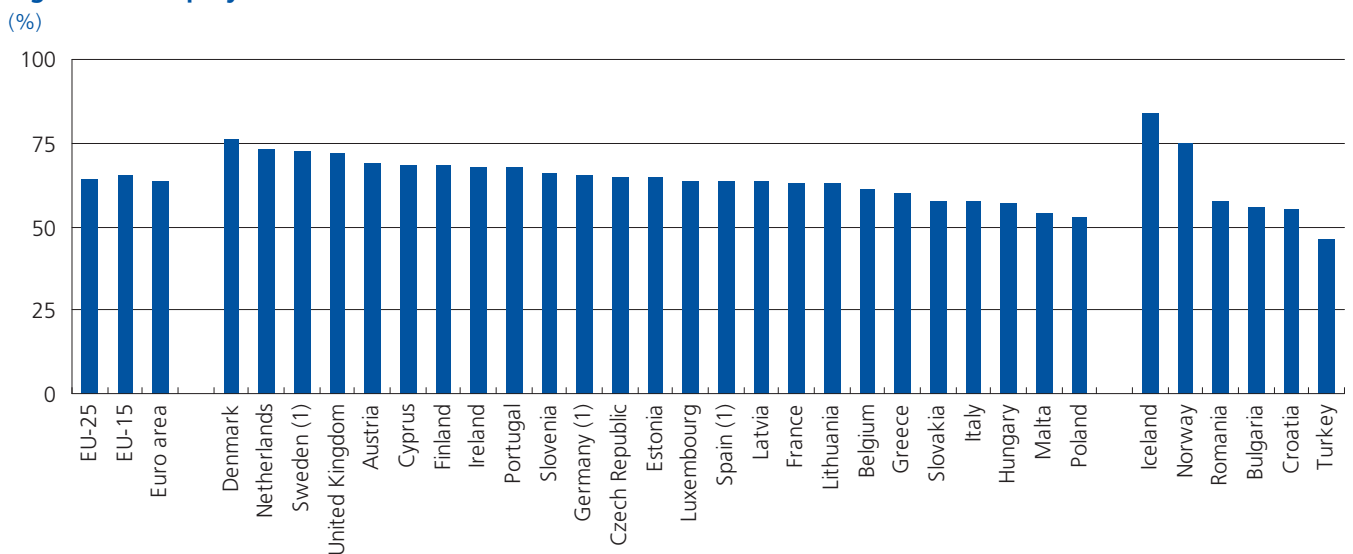
and their search for a new job. The complete list of LFS variables is more than 100.

In 2005, about 64 % of the EU-25's population aged between 15 and 64 were employed. In nine of the Member States (Denmark, Ireland, Cyprus, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom), the employment rate was at or above the 67 % intermediate employment objective for 2005. On the other hand, the employment rate remained below 60 % in Italy, Hungary, Malta, Poland and Slovakia.

The EU-25 employment rate for women (56 %) stood considerably lower than that for men (71 %), while the employment rate for older workers (aged 55 to 64) was about 43 %. Seven of the nine Member States with overall employment rates of at least 67 % also reported old-age employment rates of 50 % or more (the exceptions being the Netherlands and Austria); the other seven were joined by Estonia.

In the spring of 2005, 7 % of employed men in the EU-25 worked on a part-time basis, a share which rose considerably higher for women (33 %). Those countries with employment rates of 67 % or more also generally had higher proportions of part-time work, especially among women.

**Figure 5.1: Employment rate, 2005**



(1) Break in series.

The employment rate is calculated by dividing the number of persons aged 15 to 64 in employment by the total population of the same age group; the survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals; employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.



Table 5.1: Employment rate

(%)



	1995	1996	1997	1998 (1)	1999	2000 (2)	2001	2002	2003	2004 (3)	2005 (4)
<b>EU-25</b>	:	:	60.6	61.2	61.9	62.4	62.8	62.8	62.9	63.3	63.8
<b>EU-15</b>	60.1	60.3	60.7	61.4	62.5	63.4	64.0	64.2	64.3	64.7	65.2
<b>Euro area</b>	58.1	58.2	58.6	59.3	60.6	61.7	62.2	62.4	62.6	63.0	63.5
<b>Belgium</b>	56.1	56.2	56.8	57.4	59.3	60.5	59.9	59.9	59.6	60.3	61.1
<b>Czech Republic</b>	:	:	:	67.3	65.6	65.0	65.0	65.4	64.7	64.2	64.8
<b>Denmark</b>	73.4	73.8	74.9	75.1	76.0	76.3	76.2	75.9	75.1	75.7	75.9
<b>Germany</b>	64.6	64.1	63.7	63.9	65.2	65.6	65.8	65.4	65.0	65.0	65.4
<b>Estonia</b>	:	:	:	64.6	61.5	60.4	61.0	62.0	62.9	63.0	64.4
<b>Greece</b>	54.7	55.0	55.1	56.0	55.9	56.5	56.3	57.5	58.7	59.4	60.1
<b>Spain</b>	46.9	47.9	49.5	51.3	53.8	56.3	57.8	58.5	59.8	61.1	63.3
<b>France</b>	59.5	59.5	59.6	60.2	60.9	62.1	62.8	63.0	63.3	63.1	63.1
<b>Ireland</b>	54.4	55.4	57.6	60.6	63.3	65.2	65.8	65.5	65.5	66.3	67.6
<b>Italy</b>	51.0	51.2	51.3	51.9	52.7	53.7	54.8	55.5	56.1	57.6	57.6
<b>Cyprus</b>	:	:	:	:	:	65.7	67.8	68.6	69.2	68.9	68.5
<b>Latvia</b>	:	:	:	59.9	58.8	57.5	58.6	60.4	61.8	62.3	63.3
<b>Lithuania</b>	:	:	:	62.3	61.7	59.1	57.5	59.9	61.1	61.2	62.6
<b>Luxembourg</b>	58.7	59.2	59.9	60.5	61.7	62.7	63.1	63.4	62.2	62.5	63.6
<b>Hungary</b>	:	52.1	52.4	53.7	55.6	56.3	56.2	56.2	57.0	56.8	56.9
<b>Malta</b>	:	:	:	:	:	54.2	54.3	54.4	54.2	54.0	53.9
<b>Netherlands</b>	64.7	66.3	68.5	70.2	71.7	72.9	74.1	74.4	73.6	73.1	73.2
<b>Austria</b>	68.8	67.8	67.8	67.9	68.6	68.5	68.5	68.7	68.9	67.8	68.6
<b>Poland</b>	:	:	58.9	59.0	57.6	55.0	53.4	51.5	51.2	51.7	52.8
<b>Portugal</b>	63.7	64.1	65.7	66.8	67.4	68.4	69.0	68.8	68.1	67.8	67.5
<b>Slovenia</b>	:	61.6	62.6	62.9	62.2	62.8	63.8	63.4	62.6	65.3	66.0
<b>Slovakia</b>	:	:	:	60.6	58.1	56.8	56.8	56.8	57.7	57.0	57.7
<b>Finland</b>	61.6	62.4	63.3	64.6	66.4	67.2	68.1	68.1	67.7	67.6	68.4
<b>Sweden</b>	70.9	70.3	69.5	70.3	71.7	73.0	74.0	73.6	72.9	72.1	72.5
<b>United Kingdom</b>	68.5	69.0	69.9	70.5	71.0	71.2	71.4	71.3	71.5	71.6	71.7
<b>Bulgaria</b>	:	:	:	:	:	50.4	49.7	50.6	52.5	54.2	55.8
<b>Croatia</b>	:	:	:	:	:	:	:	53.4	53.4	54.7	55.0
<b>Romania</b>	:	:	65.4	64.2	63.2	63.0	62.4	57.6	57.6	57.7	57.6
<b>Turkey</b>	:	:	:	:	:	48.8	47.8	46.9	45.8	46.1	46.0
<b>Iceland</b>	:	:	:	:	:	:	:	:	83.3	82.3	83.8
<b>Norway</b>	:	:	:	:	:	77.5	77.2	76.8	75.5	75.1	74.8

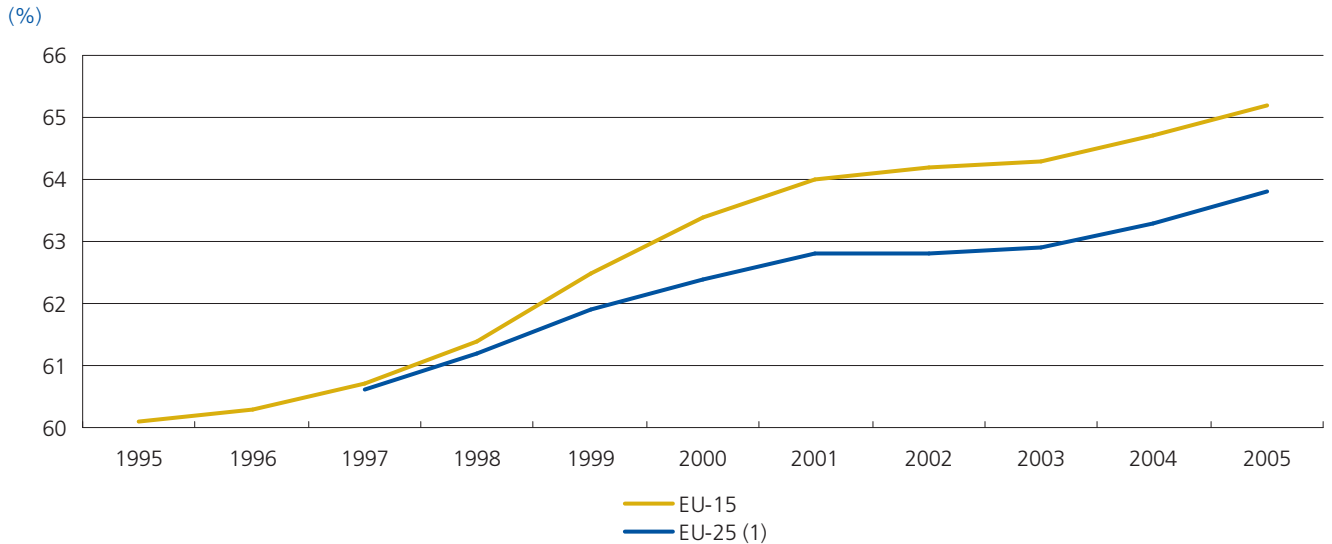
(1) Break in series, Portugal.

(2) Break in series, the United Kingdom.

(3) Break in series, Italy and Austria.

(4) Break in series, Germany, Spain and Sweden.

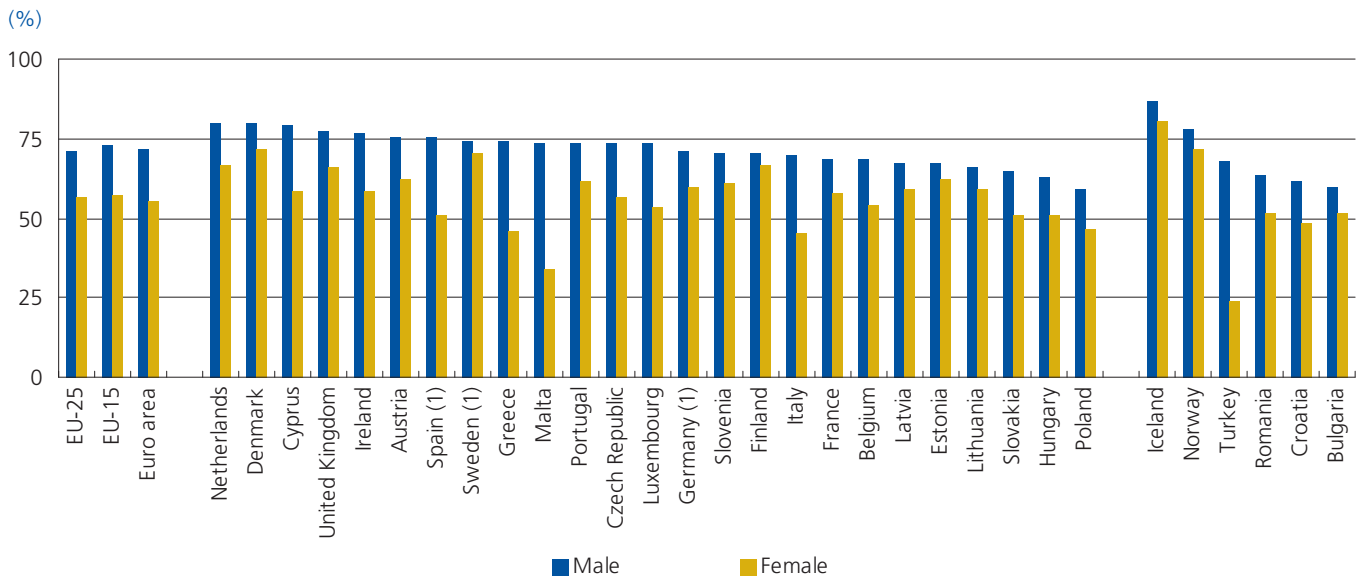
**Figure 5.2: Employment rate**



(1) Not available for 1995 and 1996.

The employment rate is calculated by dividing the number of persons aged 15 to 64 in employment by the total population of the same age group; the survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals; employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.

**Figure 5.3: Employment rate by gender, 2005**



(1) Break in series.

The male/female employment rate is calculated by dividing the number of men/women aged 15 to 64 in employment by the total male/female population of the same age group; the survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals; employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.



Table 5.2: Employment rates for selected population groups (1)

(%)

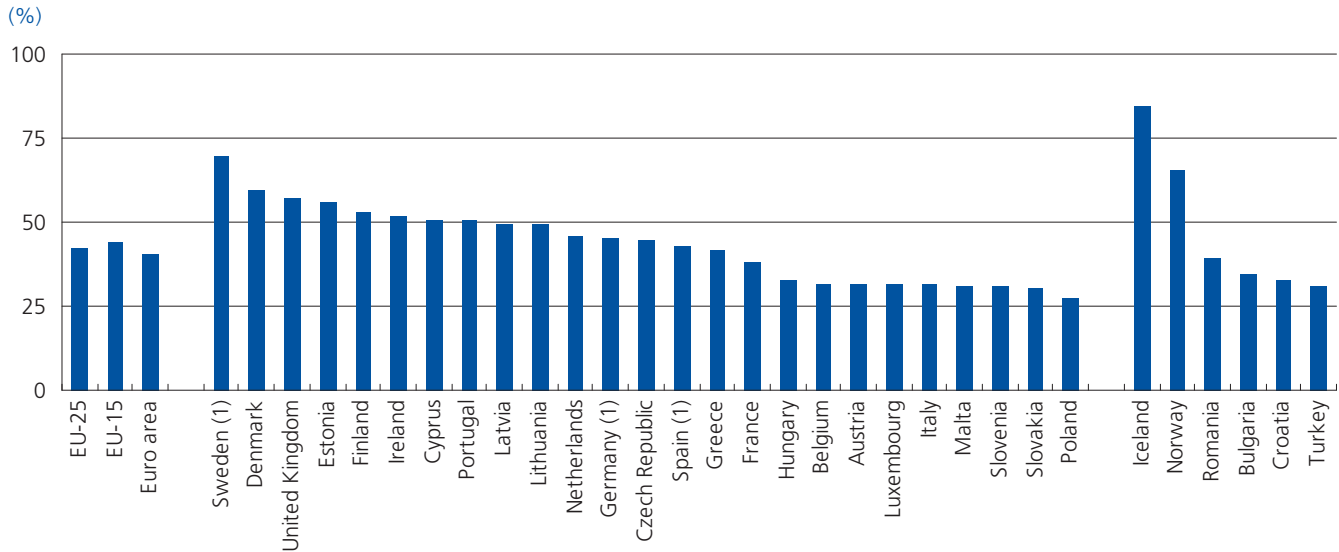


	Male		Female		Older workers	
	2000	2005	2000	2005	2000	2005
<b>EU-25</b>	71.2	71.3	53.6	56.3	36.6	42.5
<b>EU-15</b>	72.8	72.9	54.1	57.4	37.8	44.1
<b>Euro area</b>	71.6	71.8	51.7	55.2	34.2	40.4
<b>Belgium</b>	69.5	68.3	51.5	53.8	26.3	31.8
<b>Czech Republic</b>	73.2	73.3	56.9	56.3	36.3	44.5
<b>Denmark</b>	80.8	79.8	71.6	71.9	55.7	59.5
<b>Germany</b>	72.9	71.2	58.1	59.6	37.6	45.4
<b>Estonia</b>	64.3	67.0	56.9	62.1	46.3	56.1
<b>Greece</b>	71.5	74.2	41.7	46.1	39.0	41.6
<b>Spain</b>	71.2	75.2	41.3	51.2	37.0	43.1
<b>France</b>	69.2	68.8	55.2	57.6	29.9	37.9
<b>Ireland</b>	76.3	76.9	53.9	58.3	45.3	51.6
<b>Italy</b>	68.0	69.9	39.6	45.3	27.7	31.4
<b>Cyprus</b>	78.7	79.2	53.5	58.4	49.4	50.6
<b>Latvia</b>	61.5	67.6	53.8	59.3	36.0	49.5
<b>Lithuania</b>	60.5	66.1	57.7	59.4	40.4	49.2
<b>Luxembourg</b>	75.0	73.3	50.1	53.7	26.7	31.7
<b>Hungary</b>	63.1	63.1	49.7	51.0	22.2	33.0
<b>Malta</b>	75.0	73.8	33.1	33.7	28.5	30.8
<b>Netherlands</b>	82.1	79.9	63.5	66.4	38.2	46.1
<b>Austria</b>	77.3	75.4	59.6	62.0	28.8	31.8
<b>Poland</b>	61.2	58.9	48.9	46.8	28.4	27.2
<b>Portugal</b>	76.5	73.4	60.5	61.7	50.7	50.5
<b>Slovenia</b>	67.2	70.4	58.4	61.3	22.7	30.7
<b>Slovakia</b>	62.2	64.6	51.5	50.9	21.3	30.3
<b>Finland</b>	70.1	70.3	64.2	66.5	41.6	52.7
<b>Sweden</b>	75.1	74.4	70.9	70.4	64.9	69.4
<b>United Kingdom</b>	77.8	77.6	64.7	65.9	50.7	56.9
<b>Bulgaria</b>	54.7	60.0	46.3	51.7	20.8	34.7
<b>Croatia</b>	:	61.7	:	48.6	:	32.6
<b>Romania</b>	68.6	63.7	57.5	51.5	49.5	39.4
<b>Turkey</b>	71.8	68.2	25.8	23.8	36.3	31.0
<b>Iceland</b>	:	86.9	:	80.5	:	84.3
<b>Norway</b>	81.3	77.8	73.6	71.7	65.2	65.5
<b>Japan</b>	80.9	:	56.7	:	62.8	:
<b>United States</b>	80.6	:	67.8	:	57.8	:

(1) Break in series in 2000 for the United Kingdom; break in series in 2005 for Germany, Spain and Sweden.

The employment rate of older workers is calculated by dividing the number of persons aged 55 to 64 in employment by the total population of the same age group; the survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals; employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.

**Figure 5.4: Employment rate of older workers, 2005**



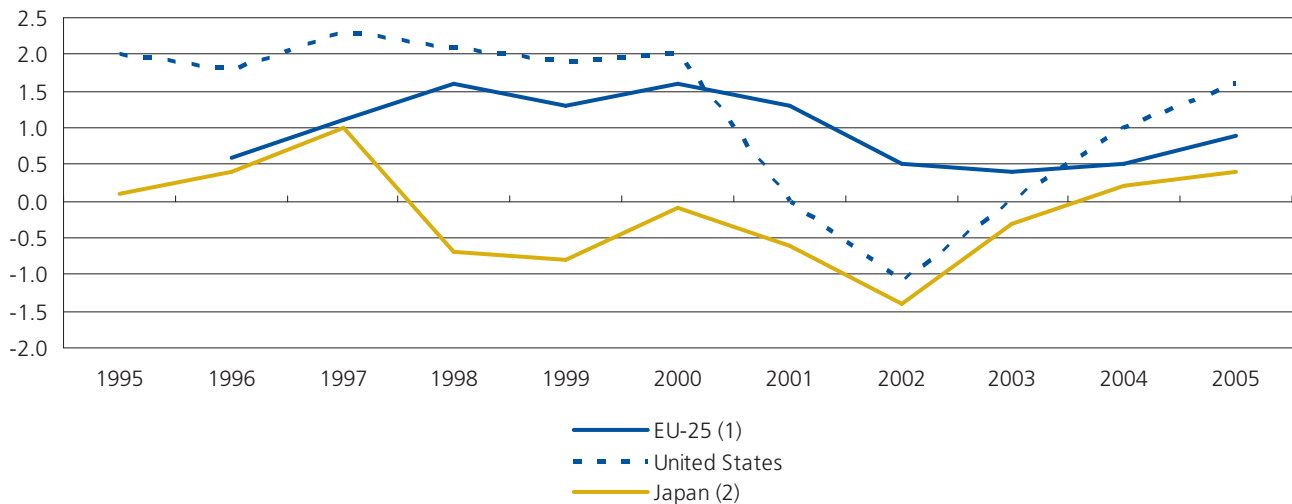
(1) Break in series.

The employment rate of older workers is calculated by dividing the number of persons aged 55 to 64 in employment by the total population of the same age group; the survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals; employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.

**Figure 5.5: Annual employment growth**



(% change compared with previous year)



(1) 1995, not available.

(2) Forecast, 2003 to 2005.

The indicator employment growth gives the change in percentage from one year to another of the total number of employed persons on the economic territory of the country or the geographical area.



**Table 5.3: Change in total employment**

(% change compared with previous year)



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
				(1)	(2)	(3)	(3)	(3)	(4)	(5)	(6)
<b>EU-25</b>	:	0.6	1.1	1.6	1.3	1.6	1.3	0.5	0.4	0.5	0.9
<b>EU-15</b>	0.8	0.6	1.0	1.7	1.9	2.2	1.4	0.7	0.4	0.6	0.7
<b>Euro area</b>	0.7	0.6	0.9	1.8	2.1	2.5	1.6	0.7	0.4	0.6	0.7
<b>Belgium</b>	1.5	0.3	0.5	1.6	1.3	2.0	1.4	-0.2	-0.1	0.6	0.9
<b>Czech Republic</b>	0.7	0.2	-0.7	-1.4	-2.1	-0.7	-0.1	0.8	3.1	0.4	0.7
<b>Denmark</b>	0.9	1.0	1.2	1.5	1.0	0.4	0.8	-0.1	-1.2	0.0	0.7
<b>Germany</b>	0.2	-0.3	-0.1	1.2	1.4	1.9	0.4	-0.6	-1.0	0.4	-0.2
<b>Estonia</b>	-6.2	-2.3	0.0	-1.9	-4.4	-1.5	0.9	1.3	1.4	0.0	2.0
<b>Greece</b>	0.9	-0.4	-0.5	2.9	0.3	0.5	0.3	0.2	1.5	3.4	0.9
<b>Spain</b>	1.9	1.7	3.6	4.5	4.6	5.1	3.2	2.4	2.6	2.6	3.6
<b>France</b>	0.9	0.4	0.4	1.5	2.0	2.7	1.8	0.6	0.1	0.0	0.3
<b>Ireland</b>	4.4	3.6	5.6	8.6	6.2	4.6	3.0	1.8	2.0	3.1	4.7
<b>Italy</b>	-0.2	0.6	0.3	1.0	1.1	1.9	2.2	1.6	1.5	0.3	0.2
<b>Cyprus</b>	:	:	-0.3	1.0	7.9	5.7	4.6	2.0	1.1	1.5	1.5
<b>Latvia</b>	-10.4	-1.9	4.4	-0.3	-1.8	-2.9	2.2	2.3	1.0	1.1	1.5
<b>Lithuania</b>	:	0.9	0.6	-0.8	-2.2	-4.0	-3.3	4.0	2.3	-0.1	2.6
<b>Luxembourg</b>	2.5	2.6	3.1	4.5	5.0	5.5	5.6	2.9	1.8	2.3	2.9
<b>Hungary</b>	:	-0.5	0.2	1.8	3.4	1.3	0.3	0.0	1.3	-0.7	0.0
<b>Malta</b>	3.1	1.5	0.0	0.0	0.7	8.4	1.8	0.6	1.0	-0.8	1.5
<b>Netherlands</b>	1.5	2.3	3.2	2.6	2.6	2.2	2.0	0.5	-0.6	-1.4	-0.4
<b>Austria</b>	-0.2	0.4	0.9	1.3	1.6	1.0	0.6	-0.1	0.1	0.0	0.9
<b>Poland</b>	:	1.9	2.8	2.3	-2.7	-2.3	1.5	-1.9	-1.2	-0.3	0.9
<b>Portugal</b>	:	:	:	:	1.9	1.7	1.6	0.5	-0.4	0.1	0.0
<b>Slovenia</b>	:	-2.0	-1.9	-0.2	1.4	0.8	0.5	1.5	-0.2	0.4	0.7
<b>Slovakia</b>	0.2	2.3	-1.2	-0.4	-2.7	-1.8	0.6	-0.5	1.8	-0.3	1.4
<b>Finland</b>	1.8	1.4	3.3	2.0	2.5	2.2	1.5	1.0	0.1	0.4	1.1
<b>Sweden</b>	1.5	-0.8	-1.3	1.6	2.1	2.4	1.9	0.2	-0.3	-0.5	0.3
<b>United Kingdom</b>	1.2	0.9	1.8	1.0	1.4	1.2	0.8	0.8	1.0	1.0	1.0
<b>Bulgaria</b>	:	:	-3.9	-0.2	-2.1	-3.5	-0.4	0.4	6.3	2.2	2.0
<b>Croatia</b>	:	:	3.2	-3.0	-3.3	4.0	-5.4	4.2	0.6	1.7	0.8
<b>Romania</b>	-5.2	-1.2	-3.8	-2.3	-4.5	2.5	-0.8	-2.7	-0.1	0.4	0.2
<b>Turkey</b>	3.7	2.1	-2.5	2.8	2.1	-0.4	-1.0	-1.8	-1.0	3.0	1.2
<b>Iceland</b>	0.9	2.3	1.8	3.1	2.7	2.2	1.6	-1.1	11.7	-0.4	4.0
<b>Norway</b>	2.1	2.0	2.9	2.5	0.8	0.4	0.3	0.1	-1.1	0.4	0.6
<b>Japan</b>	0.1	0.4	1.0	-0.7	-0.8	-0.1	-0.6	-1.4	-0.3	0.2	0.4
<b>United States</b>	2.0	1.8	2.3	2.1	1.9	2.0	0.0	-1.1	0.0	1.0	1.6

(1) Forecast, Iceland.

(2) Forecast, Iceland; break in series, Cyprus.

(3) Forecast, Turkey and Iceland.

(4) Forecast, Cyprus, Portugal, Romania, Turkey and Iceland; break in series, Iceland.

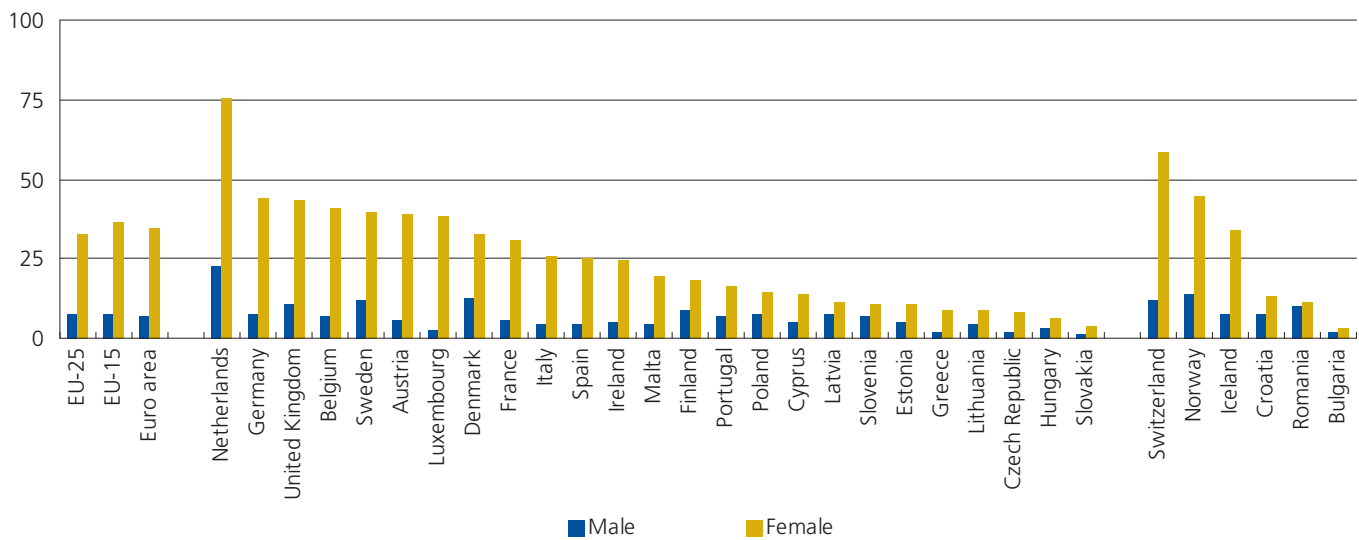
(5) Forecast, Cyprus, Portugal, Bulgaria, Romania, Turkey and Iceland; break in series, Iceland.

(6) Forecast, Cyprus, Portugal, Bulgaria, Croatia, Romania, Turkey, Iceland and the United States.

**Figure 5.6: Persons employed part-time, spring 2005**

(% of total employment)

TPS00072

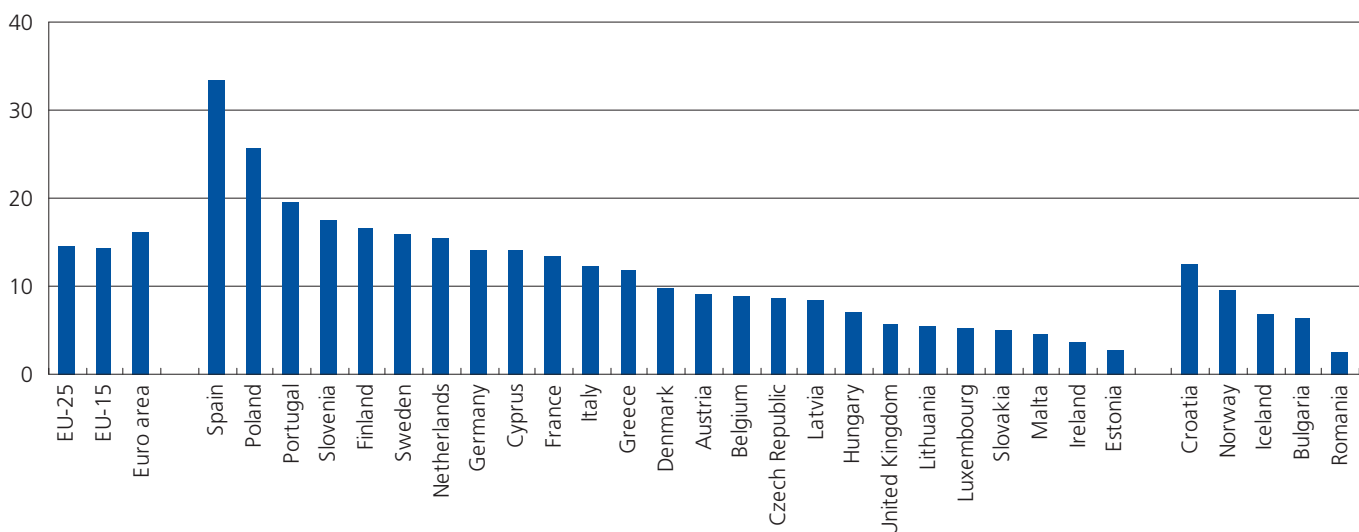


Persons in employment are those who, during the reference week, did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent; family workers are included; the distinction between full-time and part-time work is made on the basis of a spontaneous answer given by the respondent; it is impossible to establish a more exact distinction between part-time and full-time work, due to variations in working hours between Member States and branches of industry.

**Figure 5.7: Proportion of employees with a contract of limited duration, 2005**

(% of total employees)

TPS00073



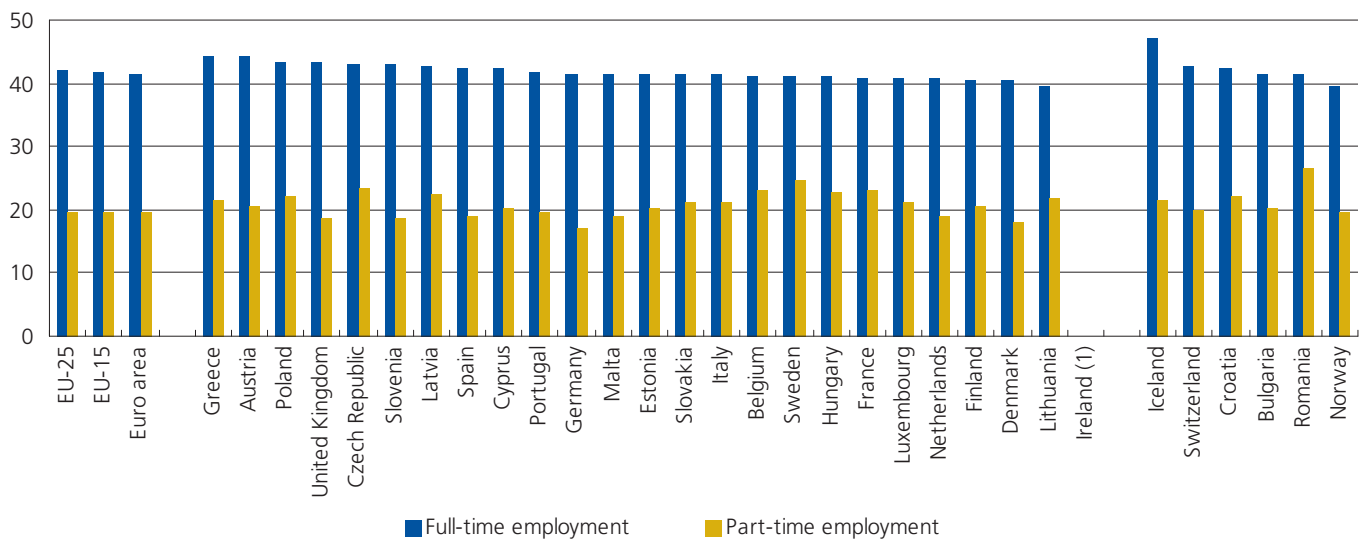
A job may be considered temporary if employer and employee agree that its end is determined by objective conditions such as a specific date, the completion of a task or the return of another employee who has been temporarily replaced (usually stated in a work contract of limited duration); typical cases are: (a) persons with seasonal employment; (b) persons engaged by an agency or employment exchange and hired to a third party to perform a specific task (unless there is a written work contract of unlimited duration); (c) persons with specific training contracts.



**Figure 5.8: Average number of hours worked per week, spring 2005**

(hours)

TPS00070 TPS00071



(1) Not available.

The average number of hours corresponds to the number of hours the person normally works; this covers all hours including extra hours, either paid or unpaid, which the person normally works; it excludes the travel time between the home and the place of work as well as the main meal breaks (normally taken at midday); the distinction between full-time and part-time work is made on the basis of a spontaneous answer given by the respondent.

## PEOPLE IN THE LABOUR MARKET — UNEMPLOYMENT

On 12 April 2005, the European Commission released an integrated set of guidelines for growth and jobs, covering recommendations on broad economy policy guidelines (BEPGs) and proposals on employment guidelines for the period 2005–08. Among the initiatives mentioned, three integrated guidelines covered unemployment issues, namely:

- to attract more people to employment and modernise social protection systems, via a new lifecycle approach to work (through a renewed endeavour to build employment pathways for young people and reduce youth unemployment; and through resolute action to eliminate gender gaps in employment, unemployment and pay);
- to ensure inclusive labour markets for job-seekers and disadvantaged people (through active and preventive labour market measures; through early identification of needs, job search assistance, guidance and training as part of personalised action plans; and through continuous review of tax and benefit systems);
- to improve matching of labour market needs (through the modernisation and strengthening of labour market institutions, notably employment services; through greater transparency of employment and training opportunities at national and European levels to facilitate mobility across Europe; through better anticipation of skills needs and of labour market shortages and bottlenecks; and through appropriate management of economic migration).

The EU-25 unemployment rate was 8.8 % in 2005, ranging from 17.7 % in Poland and 16.3 % in Slovakia, down to less than 5.5 % in Denmark, Ireland, Cyprus, Luxembourg, the Netherlands, Austria and the United Kingdom.

Long-term unemployment is one of the main concerns of governments and social planners. Besides its effects on personal life, long-term unemployment limits social cohesion and, ultimately, economic growth (as resources are not efficiently deployed). Some 3.9 % of those actively seeking work in the EU-25 in 2005 had been unemployed for more than one year.

The ratio of the unemployed to the long-term unemployed provides one measure of labour market flexibility. In the Nordic Member States, Cyprus, Spain, Luxembourg, Austria and the United Kingdom there was more than a fourfold difference between these two rates in 2005 (suggesting that most persons spent a relatively short period of time unemployed). On the other hand, the long-term unemployed accounted for more than half of all unemployed persons in Belgium, the Czech Republic, Germany, Hungary, Poland, Portugal and Slovakia. These figures also reflect the different policies in the Member States, among others, individualised job-search activities, fiscal incentives for employers to offer work to the unemployed, and fiscal incentives for claimants to change career.

The unemployment rate for women (9.8 %) in the EU-25 was higher than that for men (7.9 %); this pattern was reflected in the majority of Member States. The difference in unemployment rates between the sexes was particularly marked in countries where the overall unemployment rate was high, as well as in a number of the southern Member States.

Unemployment statistics according to educational attainment highlight the benefits of education, as the EU-25 unemployment rate among those with a tertiary level of education was 4.6 %, compared with 8.1 % for upper secondary and post-secondary non-tertiary education, and 11.4 % for pre-primary, primary or lower secondary education. Across the Member States there was some degree of positive correlation between overall unemployment rates and unemployment rates among those with a low level of educational attainment.

**Table 5.4: Unemployment rate**

(%)



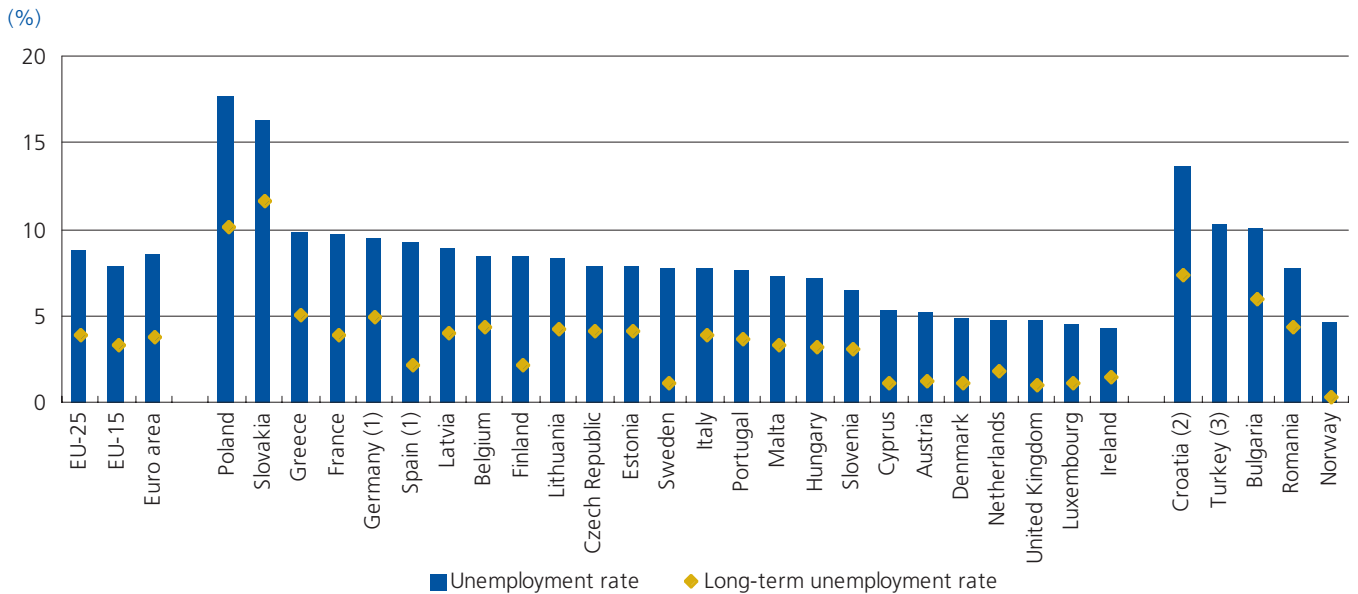
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>EU-25</b>	:	:	:	9.4	9.1	8.6	8.4	8.8	9.0	9.1	8.8
<b>EU-15</b>	10.1	10.2	9.9	9.3	8.6	7.7	7.3	7.6	8.0	8.1	7.9
<b>Euro area</b>	10.5	10.7	10.6	10.0	9.1	8.1	7.9	8.3	8.7	8.9	8.6
<b>Belgium</b>	9.7	9.5	9.2	9.3	8.5	6.9	6.6	7.5	8.2	8.4	8.4
<b>Czech Republic</b>	:	:	:	6.4	8.6	8.7	8.0	7.3	7.8	8.3	7.9
<b>Denmark</b>	6.7	6.3	5.2	4.9	5.2	4.3	4.5	4.6	5.4	5.5	4.8
<b>Germany</b>	8.0	8.5	9.1	8.8	7.9	7.2	7.4	8.2	9.0	9.5	9.5
<b>Estonia</b>	:	:	9.6	9.2	11.3	12.8	12.4	10.3	10.0	9.7	7.9
<b>Greece</b>	9.2	9.6	9.8	10.9	12.0	11.3	10.8	10.3	9.7	10.5	9.8
<b>Spain</b>	18.4	17.8	16.7	15.0	12.5	11.1	10.3	11.1	11.1	10.7	9.2
<b>France</b>	11.1	11.6	11.5	11.1	10.5	9.1	8.4	8.9	9.5	9.6	9.7
<b>Ireland</b>	12.3	11.7	9.9	7.5	5.7	4.3	4.0	4.5	4.7	4.5	4.3
<b>Italy</b>	11.2	11.2	11.3	11.3	10.9	10.1	9.1	8.6	8.4	8.0	7.7
<b>Cyprus</b>	:	:	:	:	:	4.8	3.9	3.6	4.1	4.6	5.3
<b>Latvia</b>	:	:	:	14.3	14.0	13.7	12.9	12.2	10.5	10.4	8.9
<b>Lithuania</b>	:	:	:	13.2	13.7	16.4	16.5	13.5	12.4	11.4	8.3
<b>Luxembourg</b>	2.9	2.9	2.7	2.7	2.4	2.3	2.1	2.8	3.7	5.1	4.5
<b>Hungary</b>	:	9.6	9.0	8.4	7.0	6.4	5.7	5.8	5.9	6.1	7.2
<b>Malta</b>	:	:	:	:	:	6.7	7.6	7.5	7.6	7.3	7.3
<b>Netherlands</b>	6.6	6.0	4.9	3.8	3.2	2.8	2.2	2.8	3.7	4.6	4.7
<b>Austria</b>	3.9	4.3	4.4	4.5	3.9	3.6	3.6	4.2	4.3	4.8	5.2
<b>Poland</b>	:	:	10.9	10.2	13.4	16.1	18.2	19.9	19.6	19.0	17.7
<b>Portugal</b>	7.3	7.3	6.8	5.1	4.5	4.0	4.0	5.0	6.3	6.7	7.6
<b>Slovenia</b>	:	6.9	6.9	7.4	7.3	6.7	6.2	6.3	6.7	6.3	6.5
<b>Slovakia</b>	:	:	:	12.6	16.4	18.8	19.3	18.7	17.6	18.2	16.3
<b>Finland</b>	15.4	14.6	12.7	11.4	10.2	9.8	9.1	9.1	9.0	8.8	8.4
<b>Sweden</b>	8.8	9.6	9.9	8.2	6.7	5.6	4.9	4.9	5.6	6.3	7.8
<b>United Kingdom</b>	8.5	7.9	6.8	6.1	5.9	5.4	5.0	5.1	4.9	4.7	4.7
<b>Bulgaria</b>	:	:	:	:	:	16.4	19.5	18.1	13.7	12.0	10.1
<b>Croatia</b>	:	:	:	:	:	:	:	14.7	14.1	13.6	:
<b>Romania</b>	:	:	5.3	5.4	6.2	6.8	6.6	7.5	6.8	7.6	7.7
<b>Turkey</b>	:	:	:	:	:	6.5	8.3	10.3	10.5	10.3	10.3
<b>Norway (1)</b>	4.9	4.7	4.0	3.2	3.2	3.4	3.6	3.9	4.5	4.4	4.6

(1) Break in series, 1995–96.

Unemployment rates represent unemployed persons as a percentage of the labour force; the labour force is the total number of people employed and unemployed; unemployed persons comprise persons aged 15 to 74 who were: (a) without work during the reference week; (b) currently available for work, i.e. were available for paid employment or self-employment before the end of the two weeks following the reference week; (c) actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment or who found a job to start later, i.e. within a period of, at most, three months.



Figure 5.11: Unemployment and long-term unemployment rates, 2005



(1) Break in series for long-term unemployment rate.

(2) Unemployment rate, 2004.

(3) Long-term unemployment rate not available.

*Long-term unemployed (12 months and more) persons are those aged at least 15 years not living in collective households who are without work within the next two weeks, are available to start work within the next two weeks and who are seeking work (have actively sought employment at some time during the previous four weeks or are not seeking a job because they have already found a job to start later); the duration of unemployment is defined as the duration of a search for a job or as the length of the period since the last job was held (if this period is shorter than the duration of the search for a job).*

Figure 5.12: Unemployment rates, 2005

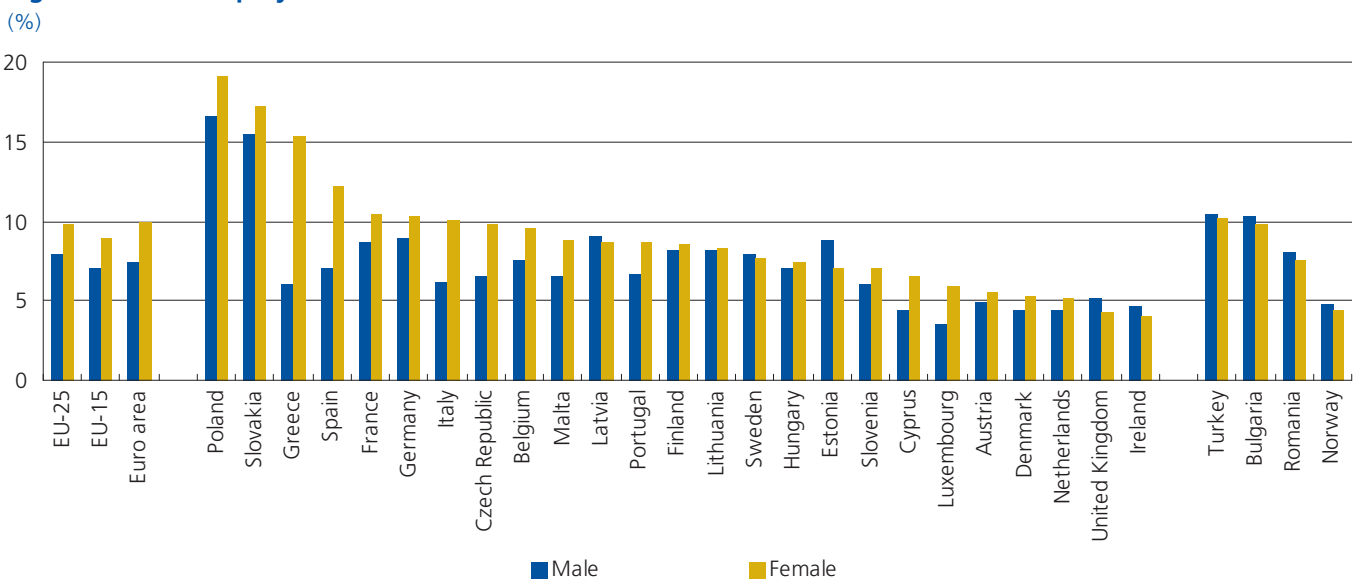


Table 5.5: Unemployment rates, 2005

(%)



	Long-term unemployment rate	Unemployment rate			
		Male	Female	< 25 years	> 25 years
<b>EU-25</b>	3.9	7.9	9.8	18.5	7.4
<b>EU-15</b>	3.3	7.0	8.9	16.7	6.6
<b>Euro area</b>	3.8	7.4	10.0	:	:
<b>Belgium</b>	4.4	7.6	9.5	21.5	7.1
<b>Czech Republic</b>	4.2	6.5	9.8	19.2	6.8
<b>Denmark</b>	1.1	4.4	5.3	8.6	4.2
<b>Germany (1)</b>	5.0	8.9	10.3	15.0	8.6
<b>Estonia</b>	4.2	8.8	7.1	15.9	7.0
<b>Greece</b>	5.1	6.1	15.3	26.0	8.3
<b>Spain (1)</b>	2.2	7.0	12.2	19.7	7.7
<b>France</b>	3.9	8.7	10.5	22.3	8.0
<b>Ireland</b>	1.5	4.6	4.0	8.6	3.5
<b>Italy</b>	3.9	6.2	10.1	24.0	6.2
<b>Cyprus</b>	1.2	4.4	6.5	13.6	4.3
<b>Latvia</b>	4.1	9.1	8.7	13.6	8.3
<b>Lithuania</b>	4.3	8.2	8.3	15.7	7.6
<b>Luxembourg</b>	1.2	3.5	5.9	13.8	3.8
<b>Hungary</b>	3.2	7.0	7.4	19.4	6.1
<b>Malta</b>	3.4	6.6	8.8	16.7	4.8
<b>Netherlands</b>	1.9	4.4	5.1	8.2	4.1
<b>Austria</b>	1.3	4.9	5.5	10.3	4.3
<b>Poland</b>	10.2	16.6	19.1	36.9	15.1
<b>Portugal</b>	3.7	6.7	8.7	16.0	6.6
<b>Slovenia</b>	3.1	6.1	7.0	15.9	5.4
<b>Slovakia</b>	11.7	15.5	17.2	30.1	14.4
<b>Finland</b>	2.2	8.2	8.6	20.1	6.8
<b>Sweden</b>	1.2	7.9	7.7	22.6	5.8
<b>United Kingdom</b>	1.0	5.1	4.3	12.9	3.3
<b>Bulgaria</b>	6.0	10.3	9.8	22.4	8.9
<b>Croatia</b>	7.4	:	:	:	:
<b>Romania</b>	4.4	8.0	7.5	23.8	5.7
<b>Turkey</b>	:	10.4	10.2	:	:
<b>Norway</b>	0.9	4.8	4.4	11.6	3.5

(1) Break in series for long-term unemployment rate.

Unemployment rates represent unemployed persons as a percentage of the labour force; the labour force is the total number of people employed and unemployed; unemployed persons comprise persons aged 15 to 74 who were: (a) without work during the reference week; (b) currently available for work, i.e. were available for paid employment or self-employment before the end of the two weeks following the reference week; (c) actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment or who found a job to start later, i.e. within a period of, at most, three months.

Long-term unemployed (12 months and more) persons are those aged at least 15 years not living in collective households who are without work within the next two weeks, are available to start work within the next two weeks and who are seeking work (have actively sought employment at some time during the previous four weeks or are not seeking a job because they have already found a job to start later); the duration of unemployment is defined as the duration of a search for a job or as the length of the period since the last job was held (if this period is shorter than the duration of the search for a job).



Table 5.6: Unemployment rates, EU-25

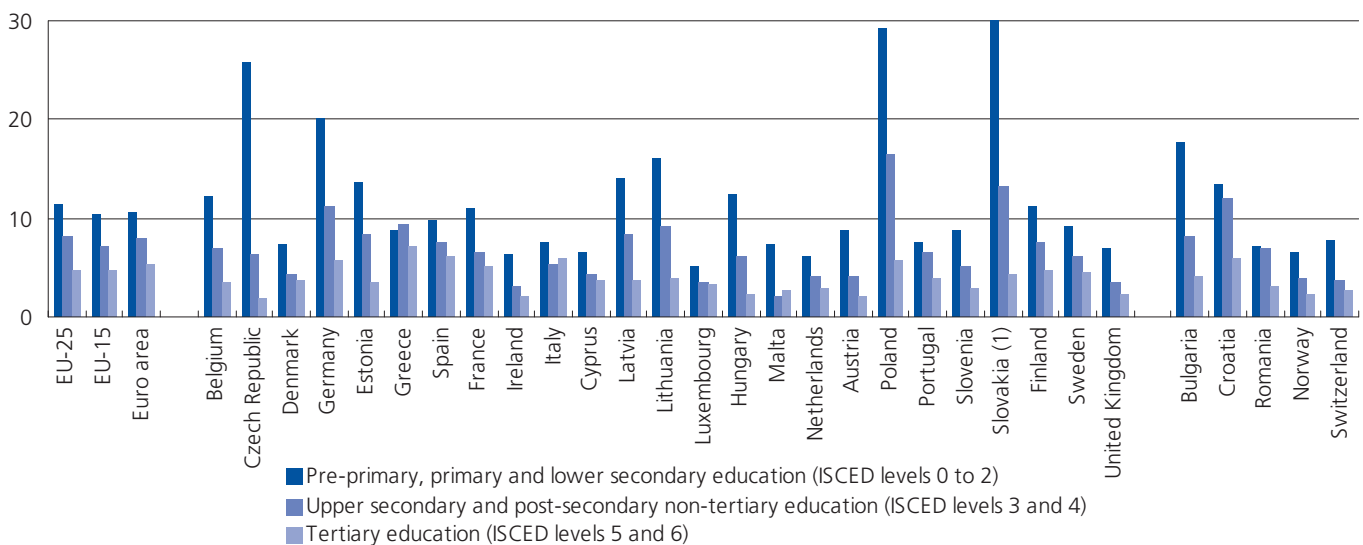
(%)

	1998	1999	2000	2001	2002	2003	2004	2005
<b>Male</b>	8.0	7.8	7.4	7.3	7.8	8.1	8.1	7.9
<b>Female</b>	11.2	10.8	10.2	9.8	10.0	10.2	10.3	9.8
<b>&lt; 25 years</b>	19.3	18.5	17.4	17.7	18.3	18.8	18.9	18.5
<b>&gt; 25 years</b>	7.8	7.6	7.3	7.0	7.4	7.6	7.7	7.4
<b>Long-term unemployment rate</b>	4.4	4.1	3.9	3.8	3.9	4.1	4.1	3.9

Figure 5.13: Unemployment rates (among persons aged 25-59 years) by level of educational attainment, 2005

(%)

TPS00066



(1) Unemployment rate for pre-primary, primary and lower secondary education, 50 %.

The indicators focus on the 25 to 59 years old; they show the probability of being without a job for those who would like to have one, broken down by level of education; the indicators provide a measure of difficulties that people with different levels of education have to face in the labour market and offer a first idea of the impact of education in reducing the chances of being unemployed.

### LABOUR MARKET POLICY AND PUBLIC EXPENDITURE

Labour market policies are restricted in scope, covering only those political interventions which are targeted at the unemployed and other groups of people with particular difficulties in entering or retaining their position in the labour market. Primary target groups are the unemployed who are registered with the public employment services. However, public expenditure on labour market policies should not be interpreted exclusively as demonstrating the strength of the political will to combat unemployment. Other factors such as the demographic situation, or GDP per capita also contribute to the differences observed in the statistics presented in this section.

Labour market policy measures are classified into the following categories:

- training — programmes which aim to improve the employability of the unemployed and other target groups through training and which are financed by public bodies; measures here should include some evidence of classroom teaching, or, if in the workplace, supervision specifically for the purpose of instruction;
- job rotation and job sharing — programmes that facilitate the insertion of an unemployed person or a person from another target group into a work placement by substituting hours worked by an existing employee;
- employment incentives — programmes which facilitate the recruitment of unemployed persons and other target groups, or help to ensure the continued employment of persons at risk of involuntary job loss; the majority of the labour cost is normally covered by the employer;
- integration of the disabled — programmes that aim to promote integration of disabled persons into the labour market;
- direct job creation — programmes that create additional jobs, usually of community benefit or socially useful, in order to employ the long-term unemployed or persons otherwise difficult to place; the majority of the labour cost is normally covered by public finance;
- start-up incentives — programmes that promote entrepreneurship by encouraging the unemployed and target groups to start their own business or to become self-employed;
- out-of-work income maintenance and support — programmes which aim to compensate individuals for loss of wage or salary through the provision of cash benefits;
- early retirement — programmes which facilitate the full or partial early retirement of older workers who are assumed to have little chance of finding a job or whose retirement facilitates the placement of an unemployed person or a person from another target group.



Expenditure on targeted programmes, including training, job rotation/job sharing, employment incentives, integration of the disabled, and direct job-creation and start-up incentives, is usually considered as 'active' expenditure, whereas the latter two categories of unemployment benefits and early retirement are considered as 'passive' expenditure.

Starting in 2005 (reference year 2004), the labour market policy data collection exercise has been jointly organised by Eurostat and the OECD, on the basis of Eurostat methodology (the revision of which was actively contributed to by the OECD). Consultation with the Directorate-General for Employment, Social Affairs and Equal Opportunities was maintained throughout this process of development, reflection and revision. As a result, the statistics presented contribute to the monitoring of the European employment strategy (EES).

Labour market policy (LMP) methodology provides guidelines for the collection of data on labour market policy measures and numbers of participants in these measures (stocks, entrants and exits). Its scope covers measures targeted at people who are unemployed; people in employment but in risk of involuntary job-loss; and inactive persons who are currently not part of the labour force, but who would like to enter the labour market. Labour market policy measures are classified in two ways: by type of action and by type of expenditure.

Public expenditure on active labour market policy measures accounted for 0.7 % of GDP in the EU-15 in 2005. The highest level of relative expenditure among the Member States was 1.5 % of GDP in Denmark, followed by 1.0 % in both Belgium and Sweden; Greece (0.1 %) and the United Kingdom (0.2 %) were at the other end of the range.

Employment incentives (about 33 %), direct job creation (32 %) and the integration of the disabled (27 %) accounted for the overwhelming share of active labour market policy expenditure in the EU-15 in 2003. The breakdown of expenditure on active labour market policies within the EU-15 Member States was extremely varied, reflecting the different characteristics and problems faced within the individual labour markets.

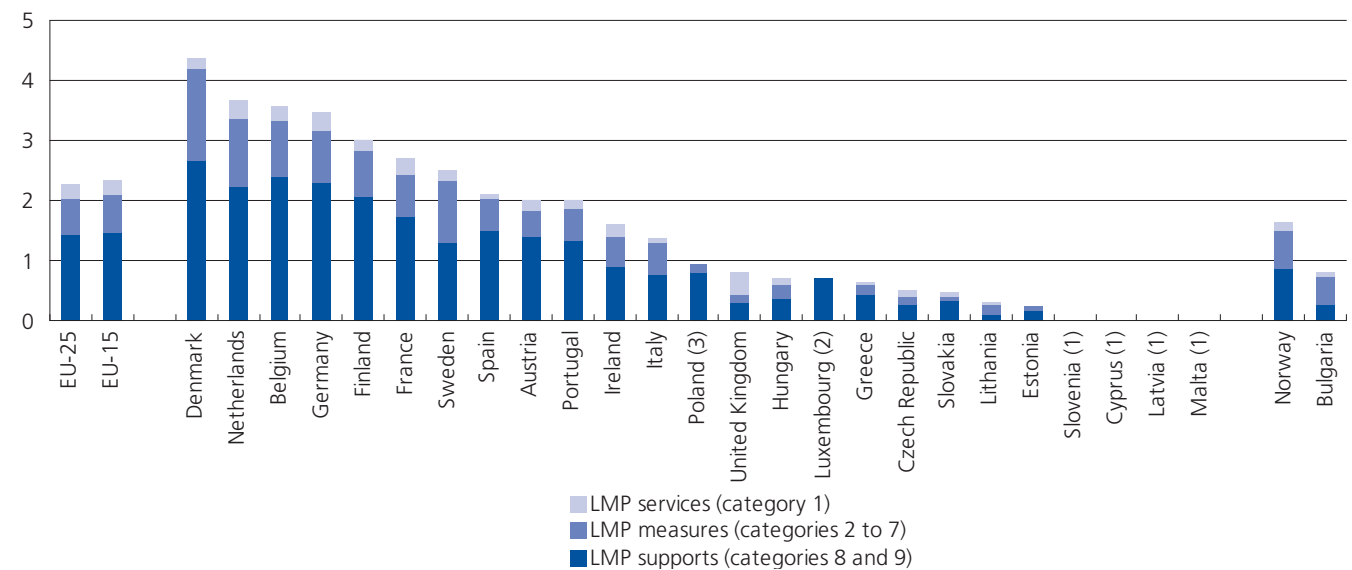




**Figure 5.14: Public expenditure on labour market policy (LMP) interventions, 2004**

(% of GDP)

TPS00076



(1) Not available.

(2) Not available for categories 1 to 7.

(3) Source: OECD; not available for category 1.

*Category 1 - Labour market services: all services and activities undertaken by the PES together with services provided by other public agencies or any other bodies contracted under public finance, which facilitate the integration of unemployed and other jobseekers in the labour market or which assist employers in recruiting and selecting staff.*

*Category 2 - Training: measures which aim to improve the employability of the unemployed and other target groups through training, and which are financed by public bodies; measures included here should include some evidence of classroom teaching, or if in the workplace, supervision specifically for the purpose of instruction.*

*Category 3 - Job rotation and job sharing: measures that facilitate the insertion of an unemployed person or a person from another target group into a work placement by substituting hours worked by an existing employee.*

*Category 4 - Employment incentives: measures which facilitate the recruitment of unemployed persons and other target groups, or help to ensure the continued employment of persons at risk of involuntary job loss; the majority of the labour cost is normally covered by the employer.*

*Category 5 - Integration of the disabled: measures that aim to promote integration of disabled persons into the labour market.*

*Category 6 - Direct job creation: measures that create additional jobs, usually of community benefit or socially useful, in order to find employment for the long-term unemployed or persons otherwise difficult to place; the majority of the labour cost is normally covered by the public finance.*

*Category 7 - Start-up incentives: measures that promote entrepreneurship by encouraging the unemployed and target groups to start their own business or to become self-employed.*

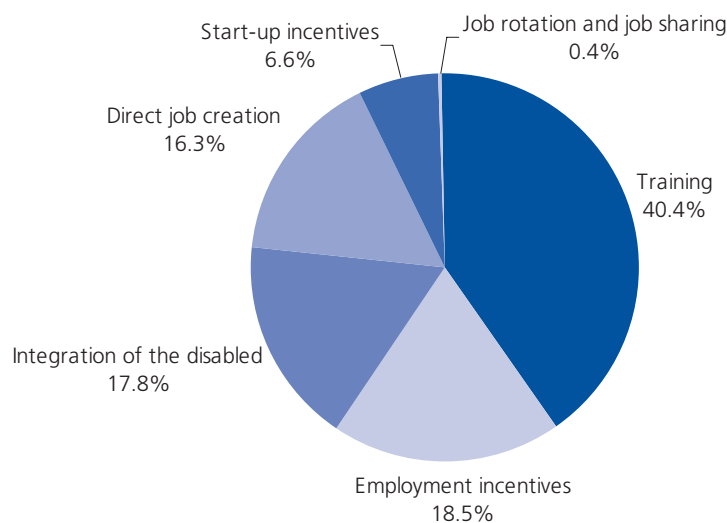
*Category 8 - Out-of-work income maintenance and support: measures which aim to compensate individuals for loss of wage or salary through the provision of cash benefits.*

*Category 9 - Early retirement: measures which facilitate the full or partial early retirement of older workers who are assumed to have little chance of finding a job or whose retirement facilitates the placement of an unemployed person or a person from another target group.*

**Figure 5.15: Labour market policy expenditure on active measures, EU-25, 2004**

(% of total)

TPS00077

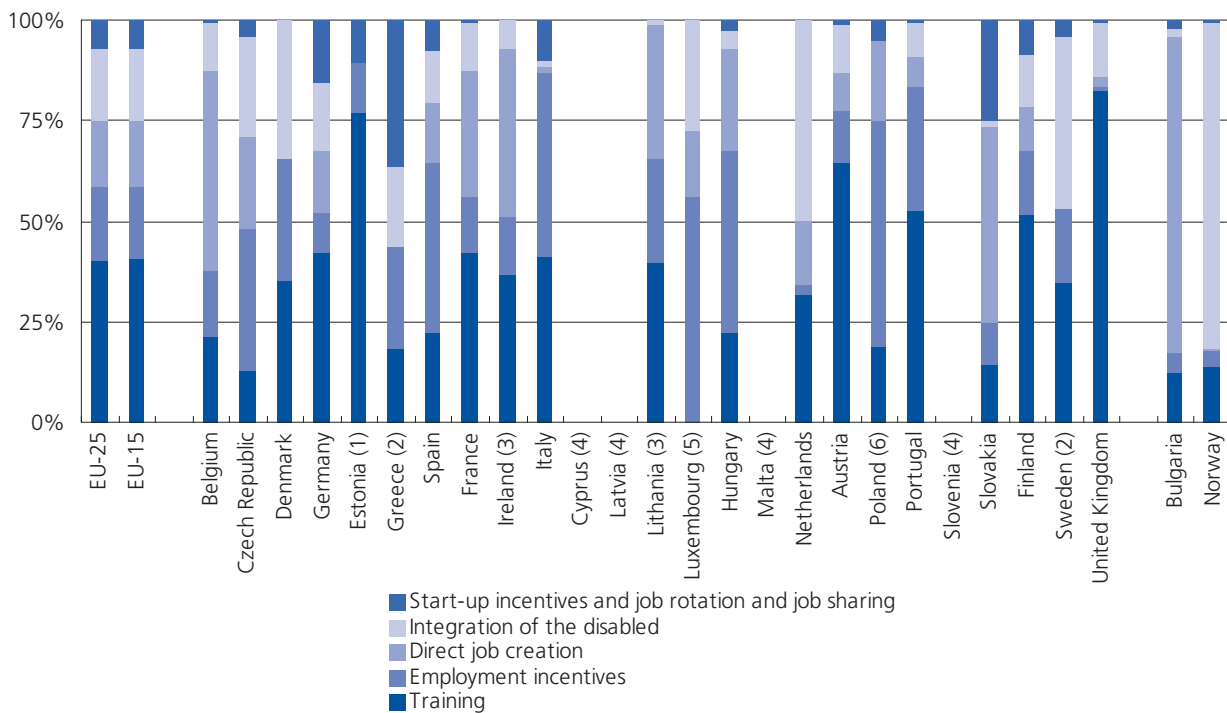


*Total labour market policy expenditure on active measures refers to public expenditure on programmes targeted at unemployed, employed at risk and inactive persons who would like to enter the labour market; the coverage includes six categories of measures: training for unemployed and groups at risk, job rotation/job sharing, employment incentives, integration of the disabled, direct job creation and start-up incentives.*

Figure 5.16: Labour market policy expenditure on active measures, 2004

(% of total)

TPS00077



- (1) Integration of the disabled, not applicable.
- (2) Direct job creation, not applicable.
- (3) Start-up incentives and job rotation and job sharing, not applicable.
- (4) Not available.
- (5) Training not available.
- (6) Source: OECD.

Total labour market policy expenditure on active measures refers to public expenditure on programmes targeted at unemployed, employed at risk and inactive persons who would like to enter the labour market; the coverage includes six categories of measures: training for unemployed and groups at risk, job rotation/job sharing, employment incentives, integration of the disabled, direct job creation and start-up incentives.