

Labour market

4





Introduction

This chapter analyses the situation in **European Union (EU)** labour markets, providing an overview of regional **employment** and **unemployment**, with particular emphasis on two principal concerns of policymakers — **youth unemployment** and long-term (structural) unemployment.

In the wake of the financial and economic crisis, the EU's labour market displayed falling employment and rising unemployment through to 2012. Against a background of GDP developments turning positive and increased economic and consumer sentiment (in some Member States), the first signs of labour market stabilisation occurred towards the end of 2013. Nevertheless, considerable labour market disparities persisted across EU Member States and between regions within the same Member State.

Since the Luxembourg jobs summit of November 1997, the EU has sought to monitor, analyse and develop an employment strategy. Indeed, generating employment and providing jobs is generally considered a key factor in combating social exclusion and the most effective way of giving people their independence, financial security and a sense of belonging. The EU seeks to promote the

integration of all people within society, in particular those on the margins. Nevertheless, labour markets continue to be subject to discrimination as various groups are under-represented or excluded, for example, due to a disability or health problem, because they are migrants, live in a deprived area, or have no formal education or a low level of skills.

Europe 2020

A skilled workforce is considered by many as an essential asset to develop a competitive, sustainable and innovative economy. In times of budgetary constraints and unprecedented global competitive pressures, EU employment and skills policies that help shape this transition of European labour markets are often cited as a priority.

Employment issues are integrated into the **Europe 2020 strategy** as one of five **headline targets**, namely that 75 % of the 20–64 year-olds in the EU-28 should be employed by 2020. Individual agreements exist with each EU Member State and national targets range from employment rates of 80 % or more in Denmark and Sweden down to 70 % or less in Ireland, Greece, Italy, Malta and Romania; there is no target for the United Kingdom. Progress towards this



EUROPE 2020 FLAGSHIP INITIATIVES LINKED TO LABOUR MARKETS

While almost all of the Europe 2020 flagship initiatives have some relevance for labour markets, two are directly aimed at improving the employability of the workforce.

An agenda for new skills and jobs

This Europe 2020 flagship initiative sets out, in 13 key actions with accompanying and preparatory measures, to promote a substantial increase in employment rates, particularly those for women, young and older workers, through action in four priority areas:

- improving the flexibility and functioning of labour markets (**flexicurity**) to reduce chronically high structural unemployment;
- equipping people with the right skills for the jobs available in the labour market, in particular by ensuring the labour force can benefit from technological changes and adapt to new patterns of work organisation, while ensuring that skills mismatches are eliminated, for example, by promoting intra-EU mobility and non-member migrant inflows;
- increasing the quality of jobs and ensuring better working conditions, in an attempt to promote labour productivity gains and higher employment participation;
- promoting policies which encourage job creation, in particular, among those enterprises which require high skills and R & D-intensive business models.

Youth on the move

This flagship initiative aims to help young people gain the knowledge, skills and experience they need to make their first job a reality. The initiative proposes 28 actions aimed at making education and training more relevant, increasing young people's employability and access to the labour market, as well as ensuring that young people will have the right skills for the jobs of tomorrow.

For more information:

An agenda for new skills and jobs:

<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1397740842290&uri=CELEX:52010DC0682>



overall 75 % target rate is analysed through the EU's annual growth survey (AGS), which promotes close coordination by national governments of their economic and fiscal policies and leads, among others, to a set of common employment guidelines in the form of a joint employment report. In 2013, the latest of these reports pointed out that, although there were some encouraging signs of an upturn in some European labour markets, there was a need to improve the resilience of labour markets and to promote job creation in fast-growing sectors. On the basis of the joint employment report, national governments submit national reform programmes and the European Commission releases a set of country-specific recommendations designed to improve the labour market situation.

In April 2012, the European Commission released a Communication titled *Towards a job-rich recovery* (COM(2012) 173). This focused on the potential for structural, labour market reforms promoting job creation through to 2020 and detailed some of the challenges which will need to be faced in order to maintain Europe's competitiveness, for example: addressing demographic ageing and migrant population flows; moving towards a low-carbon and resource-efficient economy; embracing rapid technological change; and competing with emerging economies. The communication concluded that if European competitiveness was to rise on the back of these developments, then a dynamic and inclusive labour market, where people possess the right skills, was essential.

Employment package

In response to the high level of unemployment in the EU, in April 2012 the European Commission launched a set of measures to boost jobs, the so-called *employment package*, which builds on the Europe 2020 agenda for new skills and jobs. It is a set of policy documents that analyse how EU employment policies interact with other policy areas in support of smart, sustainable and inclusive growth. The package identifies areas where there is a high potential for future job creation and details how the EU Member States might create more jobs, through: supporting job creation; harnessing the potential of job-rich sectors; mobilising EU funds for job creation; reforming labour markets; investing in skills and matching jobs and job-seekers across borders (through a Europe-wide jobs portal, EURES).



LABOUR MARKET — COHESION POLICY FUNDING

Through cohesion policy funding (in particular, the European Social Fund), the EU promotes access to employment for various minority groups, including: younger and older workers; migrants and ethnic minorities (such as the Roma); as well as helping women to get (back) into work, reducing gender-based segregation of the labour market and better reconciling working and private lives.

Indeed, the EU finances thousands of projects which aim to increase diversity in the workplace and combat discrimination through the promotion of equal opportunities among disadvantaged groups, for example: the long-term unemployed are assisted with new skills and encouraged to regain their motivation; existing employees in declining industries are retrained with skills for growing sectors such as those forming part of the low-carbon economy; parents are helped to return to work through access to childcare facilities and flexible working arrangements; women are encouraged to take-up technical jobs, while men are trained in the caring and teaching professions.

During the period 2007–13 the EU allocated a total of EUR 42 292 million to employment and social inclusion projects, equivalent to 12.3 % of its total cohesion budget. The three most prominent objectives were: implementing active and preventive measures within the labour market; developing pathways for integration and re-entry into employment for disadvantaged people; and providing support for self-employment and business start-ups.

For more information:

Cohesion policy, employment and social inclusion:

http://ec.europa.eu/regional_policy/activity/employment/index_en.cfm



Main statistical findings

Eurostat compiles and publishes labour market statistics for EU regions, the individual EU Member States, as well as the EU-28 aggregate; in addition, data are also available for a subset of EFTA and candidate countries. This includes, among others, information relating to employment rates and unemployment rates. Regional statistics are generally available at the NUTS 2 level.

Employment rates

The EU-28's economically active population (also called the labour force) was composed of 242.2 million persons aged 15–74 in 2012, among which 216.9 million were employed and 25.3 million were unemployed (in search of work and available to work).

To meet the Europe 2020 employment rate target an average increase of 0.8 points per annum will be needed

The indicator **employment rate** is based on the ratio of employed persons to the population of a specific age group. Having peaked at 70.3 % in 2008, the effects of the financial and economic crisis resulted in the EU-28's employment rate (for those aged 20–64) falling to 68.3 % by 2012. As such, to achieve the Europe 2020 employment rate target of 75 % by 2020, the EU-28 employment rate will need to grow, on average, by 0.8 percentage points per annum.

Low fertility rates and an ageing population (see Chapter 1 for more details) will probably result in the EU-28's working-age population shrinking in the coming years, notwithstanding a net inflow of migrants. The falling number of persons of working-age may help the EU's employment rate move towards the 75 % target.

Map 4.1 presents the distribution of employment rates for the 20–64 age group for NUTS 2 regions, with the two darkest shades indicating those regions that already exceeded the overall Europe 2020 target of 75 %. In 2012, a total of 76 out of the 272 NUTS 2 regions in the EU for which data are available reported an employment rate that was 75.0 % or higher. At the other end of the range, there were 80 regions where employment rates were at least 10.0 percentage points lower than the 75 % Europe 2020 target; among these were 20 regions where the employment rate was at least 20.0 percentage points lower.



SPOTLIGHT ON THE REGIONS:
BRATISLAVSKÝ KRAJ (SK01), SLOVAKIA



Bratislava castle

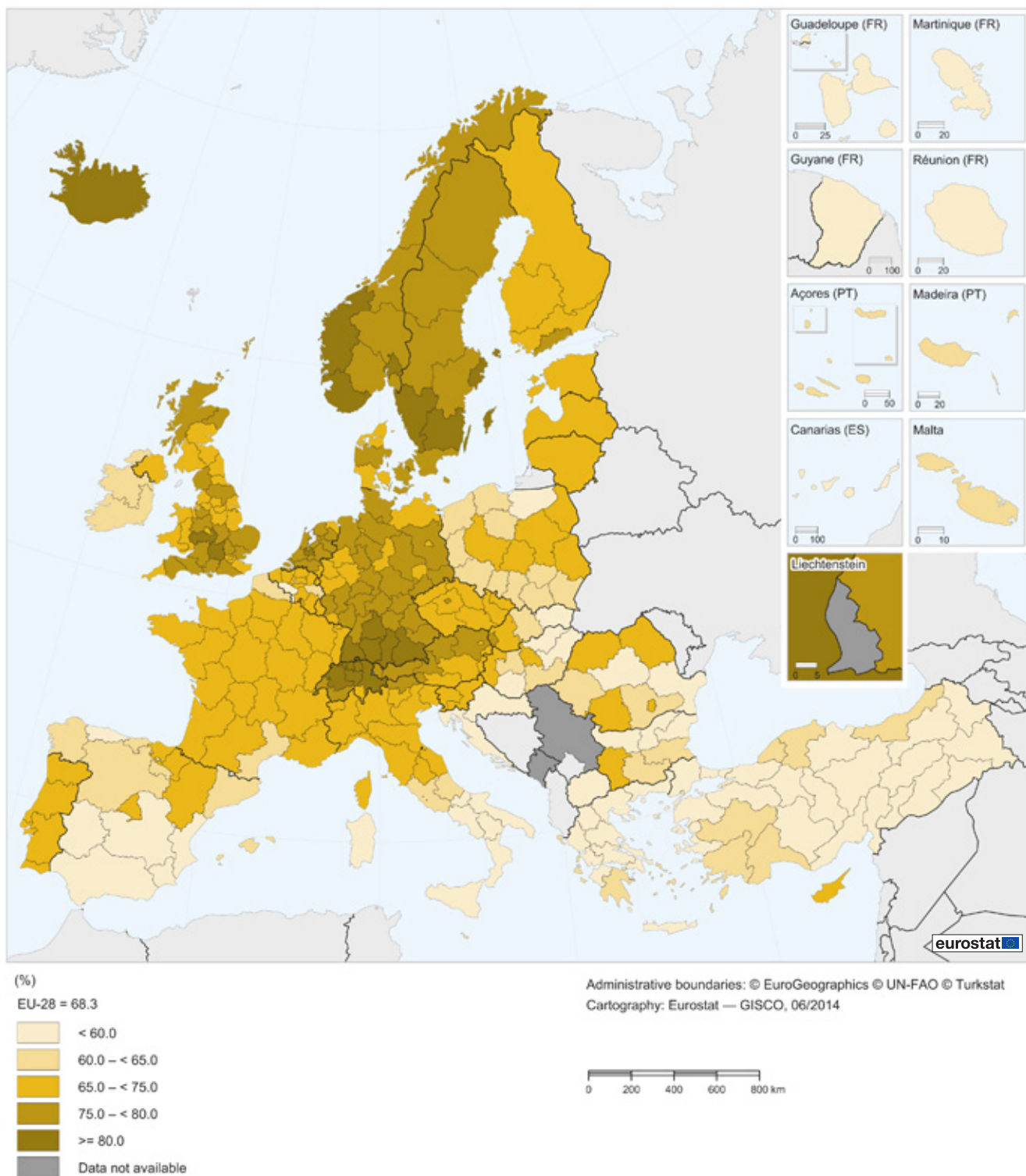
The capital region of Slovakia had an employment rate of 76.3 %, which — together with Praha (the capital region of the Czech Republic) — was the highest rate recorded in any of the regions from those Member States that joined the EU in 2004 or later. The employment rate in Bratislavský kraj was considerably higher than in any of the three other Slovakian regions, where rates ranged from 59.7 % up to 67.0 %, which was below the EU-28 average (68.3 %).

Photo: Peter Zelizňák

Highest regional employment rates predominantly recorded in north-western and central Europe ...

The highest regional employment rates in the EU-28 were predominantly recorded in north-western and central Europe, particularly in Germany, the Netherlands, Austria, Sweden and the United Kingdom, and to a lesser degree in Denmark and Finland, while the capital regions of the Czech Republic and Slovakia also reported employment rates of more than 75.0 %, as did the autonomous region of Provincia Autonoma di Bolzano/Bozen in the north of Italy. The highest regional employment rate in 2012 was registered in Åland (a Swedish-speaking island region of Finland), at 86.4 %, while there were eleven other regions that had employment rates of at least 80.0 % (as shown by the darkest shade in **Map 4.1**): five of these were in southern Germany (Freiburg, Oberbayern, Tübingen Schwaben and Stuttgart); three were in Sweden (Stockholm, Småland med öarna and Västsverige); two were in the United Kingdom (Herefordshire, Worcestershire and Warwickshire, and Berkshire, Buckinghamshire and Oxfordshire); and one was in the Netherlands (Utrecht).

Map 4.1: Employment rate, persons aged 20–64, by NUTS 2 regions, 2012 (%)



Source: Eurostat (online data code: [lfst_r_lfe2emprt](#))



... while the lowest rates were observed around the Mediterranean

The lowest regional employment rates in 2012 were generally found in southern regions of Spain and Italy, as well as various regions spread across Greece, Croatia, Hungary and the French overseas regions. There were four regions in southern Italy where less than half of the population aged 20–64 was in employment, namely, Puglia, Calabria, Sicilia and Campania; the lowest employment rate among any of the EU's regions was registered in the latter, at 43.7 %. Employment rates were also lower than 50.0 % in the outlying Spanish autonomous cities (Ceuta and Melilla), as well as the French overseas region of Réunion and the northerly Greek region of Dytiki Makedonia.

Employment rates in the EFTA regions were relatively high, as all but one of the level 2 regions for which data are available in 2012 reported a rate that was above 75.0 %; the exception was the Ticino region of Switzerland (74.2 %). The highest employment rate across the EFTA regions was recorded in Zentralschweiz (84.3 %). This was in stark contrast to the candidate countries, where every region had an employment rate that was below 65.0 %, with four Turkish regions and the former Yugoslav Republic of Macedonia reporting that less than half of those aged 20–64 were in employment. By far the lowest employment rates (among those regions displayed in **Map 4.1**) were recorded in the two eastern Turkish regions of Mardin, Batman, Sırnak, Siirt (33.5 %) and Sanliurfa, Diyarbakır (31.8 %).

Changes in employment rates from 2008 to 2012

Labour markets generally lag economic activity and the negative effects of the financial and economic crisis were not apparent on the EU-28 employment rate until 2009. **Map 4.2** provides an analysis of the change in employment rates from their most recent highs of 2008 compared with the latest situation for which data are available, namely in 2012. While some regions may have consistently recorded increases or decreases in their employment rate during this period, many regions saw their rates move in contrasting directions; this analysis shows the net impact of these movements. The EU-28 employment rate for those aged 20–64 recorded a net decline of 1.9 percentage points during the period 2008–12.

Largest contractions in employment rates between 2008 and 2012 were recorded in Greece and Spain

Just over two thirds of the 272 NUTS 2 regions for which data are available reported a contraction in employment rates between 2008 and 2012. The biggest reductions — of at least 10.0 percentage points — were recorded in Greece (seven regions) and Spain (four regions), while the only other region in the EU to report a contraction of this magnitude was Border, Midland and Western (Ireland).

Berlin registered the largest gain in its employment rate over the same period and led a pattern of gains recorded across all German regions

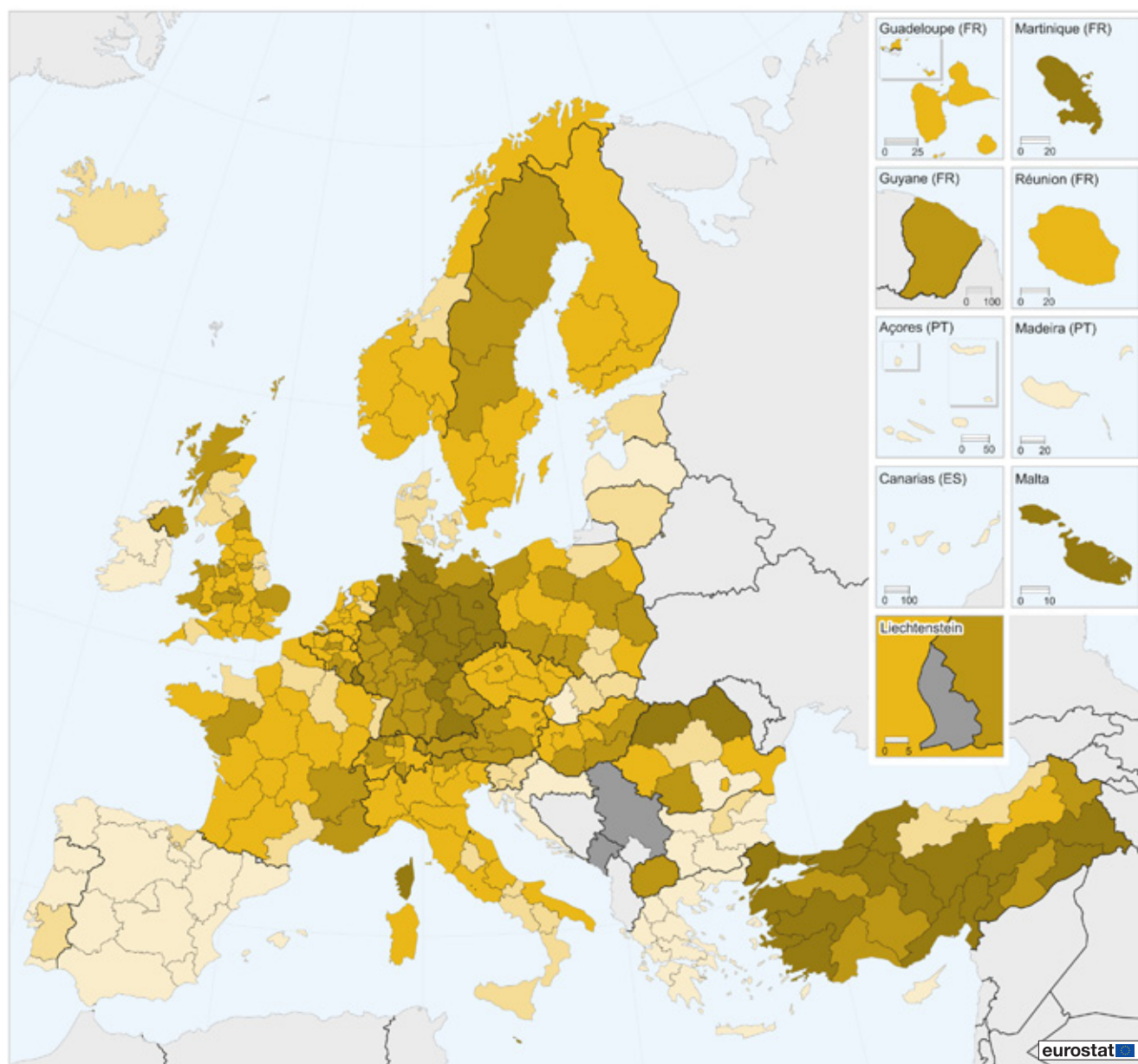
Regional employment rates were higher in 2012 than in 2008 in 83 NUTS 2 regions, and despite the financial and economic crisis there were considerable gains recorded in some regions. The highest increases were registered in the German capital region of Berlin and on the French island of Corse, where employment rates rose by 5.3 percentage points over the period under consideration. Across the EU, there were 25 regions where employment rates rose by at least 2.5 percentage points (as shown by the darkest shade for **Map 4.2**); the majority of these were spread across Germany (note the data for Chemnitz and for Leipzig cover the period 2009–12). Aside from Corse, the only non-German regions to register an increase of at least 2.5 percentage points were the two Romanian regions of Nord-Vest and Nord-Est, Luxembourg and Malta (both single regions at this level of analysis) and the French overseas region of Martinique.

Less young persons active in the labour market following the financial and economic crisis

European social cohesion objectives seek to minimise disparities in labour markets. However, the effects of the financial and economic crisis were disproportionately felt by those aged 15–24. **Figure 4.1** shows that in the vast majority of the EU Member States more than 50 % of the population aged 15–24 was inactive. This is mainly due to the fact that, in this age group, many people are still studying (and are therefore not seeking work). Denmark, the Netherlands and Austria were the only EU Member States where more than 50 % of 15–24 year olds were in employment in 2012.

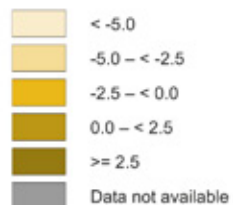
Figure 4.1 also shows that the share of young people being active (employed or unemployed) fell between 2008 and 2012 in most (22 out of 28) EU Member States. It would therefore appear that, as a response to the financial and economic crisis, more young people decided to remain out of the labour market (for instance by remaining longer in education). As such, while the share of young people who were unemployed increased sharply in many Member States, the share of young people who were employed decreased even more rapidly, causing the active population to shrink.

Map 4.2: Change in employment rate, persons aged 20–64, by NUTS 2 regions, 2008–12 ⁽¹⁾
 (percentage points difference between 2012 and 2008)



(percentage points difference between 2012 and 2008)

EU-28 = -1.9



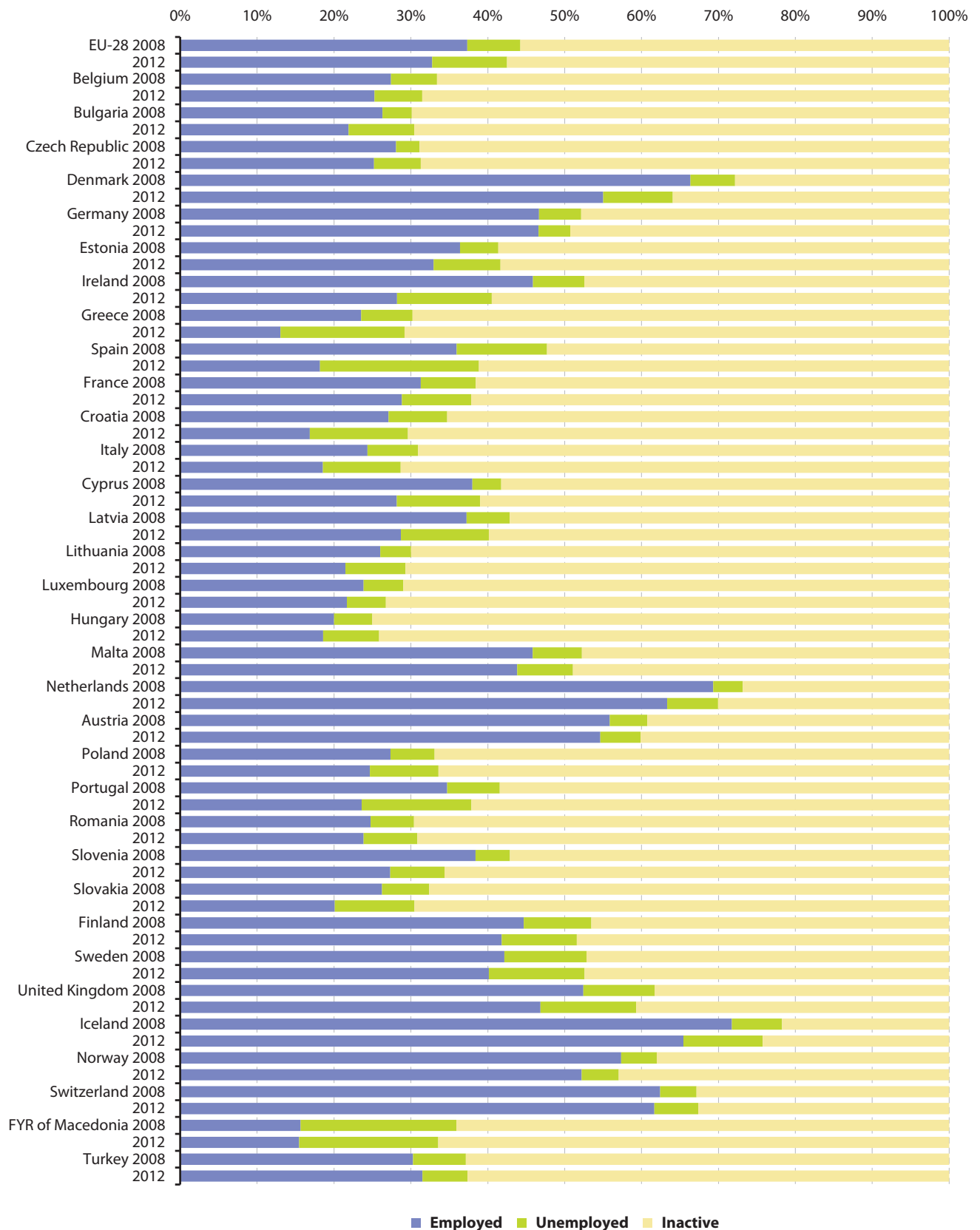
Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
 Cartography: Eurostat — GISCO, 06/2014



⁽¹⁾ Chemnitz (DED4), Leipzig (DED5), Cheshire (UKD6) and Merseyside (UKD7): 2009–12.
 Source: Eurostat (online data code: [lfst_r_lfe2emprrt](#))



Figure 4.1: Change in the share of young people employed, unemployed or inactive, persons aged 15–24, 2008 and 2012 (% of the population aged 15–24)



Source: Eurostat (online data code: [lfsa_pganws](#))



Male and female employment rates

The Europe 2020 strategy does not make a distinction between the sexes with respect to its 75 % employment rate target among those aged 20–64. However, there was a relatively wide gap in employment rates in 2012, as the male employment rate was 12.2 percentage points higher than the corresponding rate for women. Although this gender gap remains quite large, the financial and economic crisis affected male employment rates more than those for women and as a result the gap narrowed somewhat.

Close link between female and overall employment rates

Indeed, there appears to be a relatively strong link between female employment rates and overall employment rates, as those regions with the lowest female employment rates are generally the same as those that have the lowest overall employment rates. Gender differences in employment rates may occur for a number of reasons, although family responsibilities are the most likely cause of higher inactivity among women. There were no NUTS 2 regions in the EU where the female employment rate exceeded the male employment rate in 2012 — see **Map 4.3**.

Female employment rates were relatively close to corresponding male employment rates in most Nordic and Baltic regions, as well as in several regions of Bulgaria, Germany and Portugal. At the other end of the range, the largest differences between male and female employment rates were recorded in Mediterranean regions, in particular, southern Italy, Greece, Spain and Malta; the biggest gender difference in employment rates was recorded in Malta, as the male employment rate was 32.2 percentage points higher than that for women in 2012. The gap between the sexes was even wider in several Turkish regions: the biggest differences — of more than 50.0 percentage points — were recorded in the three south-eastern regions of Mardin, Batman, Sırnak and Siirt, Sanlıurfa and Diyarbakır, and Gaziantep, Adıyaman and Kilis, as well as the central Turkish region of Konya.

Employment rates for older workers

The EU-28 employment rate for older workers (those aged 55–64) stood at 48.7 % in 2012. This rate for older workers increased by 10.7 percentage points between 2002 and 2012, suggesting that effective retirement ages were gradually increasing. Despite the financial and economic crisis, the employment rate for older workers continued to expand throughout the period 2008–12, although the pace of growth slowed in 2009 and 2010.

In Sweden, more older workers tend to remain in the workforce ...

In 2012, there were 123 NUTS 2 regions across the EU that had an employment rate for older workers of at least 50.0 %; among these, 20 regions had a rate of at least 65.0 % (as shown by the darkest shade in **Map 4.4**). By contrast, there were 149 NUTS 2 regions in the EU with an employment rate for older workers below 50.0 %; with 20 regions recording rates less than 35.0 % (as shown by the lightest shade).

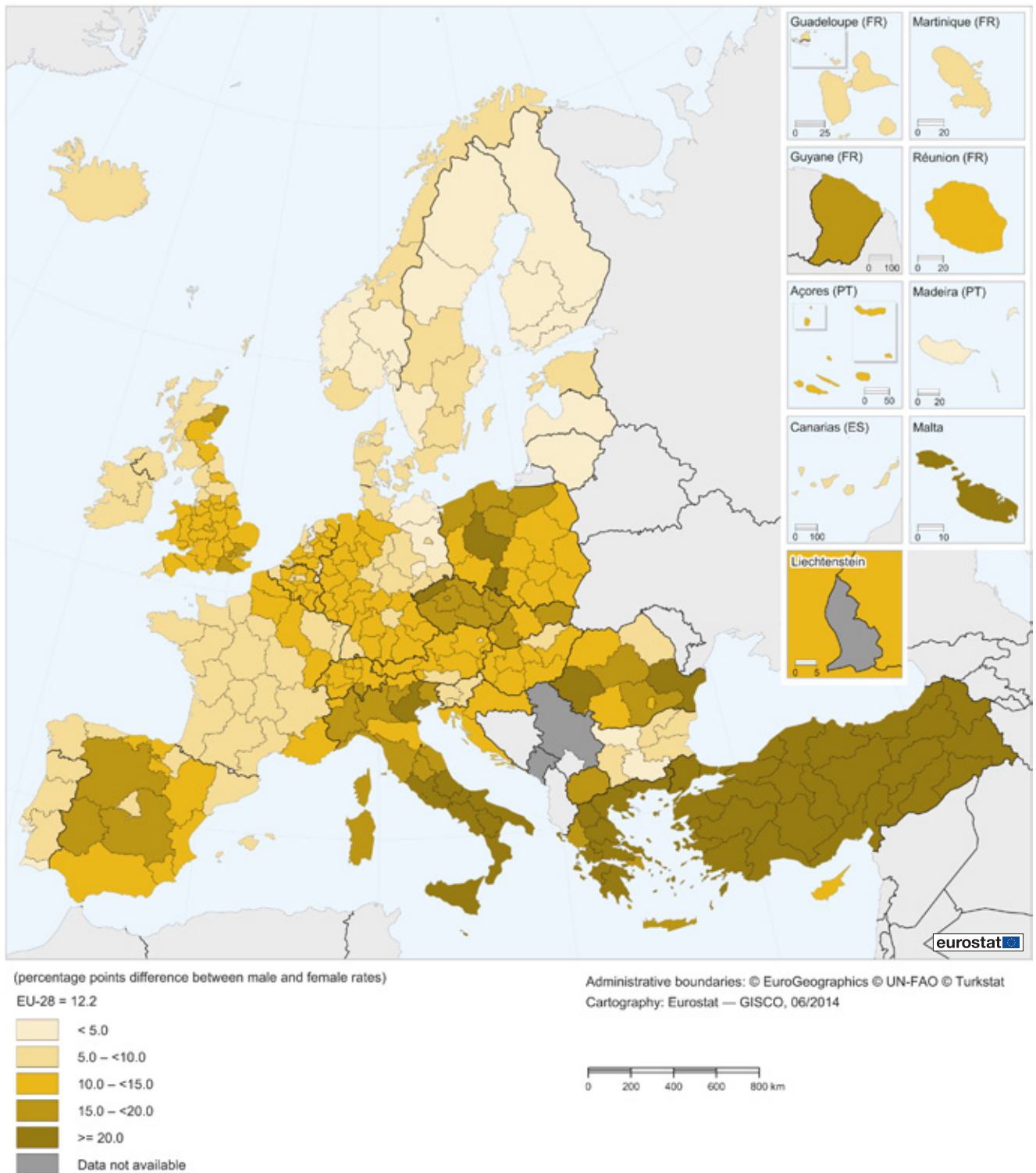
Some of the highest regional employment rates for older workers were recorded in Sweden: all eight Swedish regions were present among the top 10 EU-28 regions with the highest employment rates for older workers in 2012. However, the region with the highest employment rate for older workers was Åland (Finland), at 76.4 %, while the Highlands and Islands of Scotland (the United Kingdom) was the other region in the top 10.

... whereas more older workers left employment early in the southern Member States and those regions historically dependent upon heavy industry

At the other end of the range, the 20 regions with the lowest employment rates for older persons were distributed across a much wider range of EU Member States, including: four Greek regions, three regions each from Spain, Hungary and Poland, both Slovenian regions, as well as a single region from each of Belgium, France, Italy and Romania, and Malta (a single region at this level of analysis). Many of the regions with low employment rates for older workers were historically dependent upon heavy industrial sectors (such as coal mining and steel manufacturing), which have contracted greatly or even ceased to exist in some regions, leading to economic restructuring and associated job losses — especially for older workers whose skills may no longer be applicable to current labour market opportunities. The three regions in the EU with the lowest employment rates for older workers in 2012 were: the Hungarian region of Észak-Magyarország (traditionally active in mining and metallurgy); the Polish region of Śląskie (specialised in the mining of coal and lignite); and the Greek region of Sterea Ellada (where industrial and mining sectors co-exists with agricultural activities and tourism).

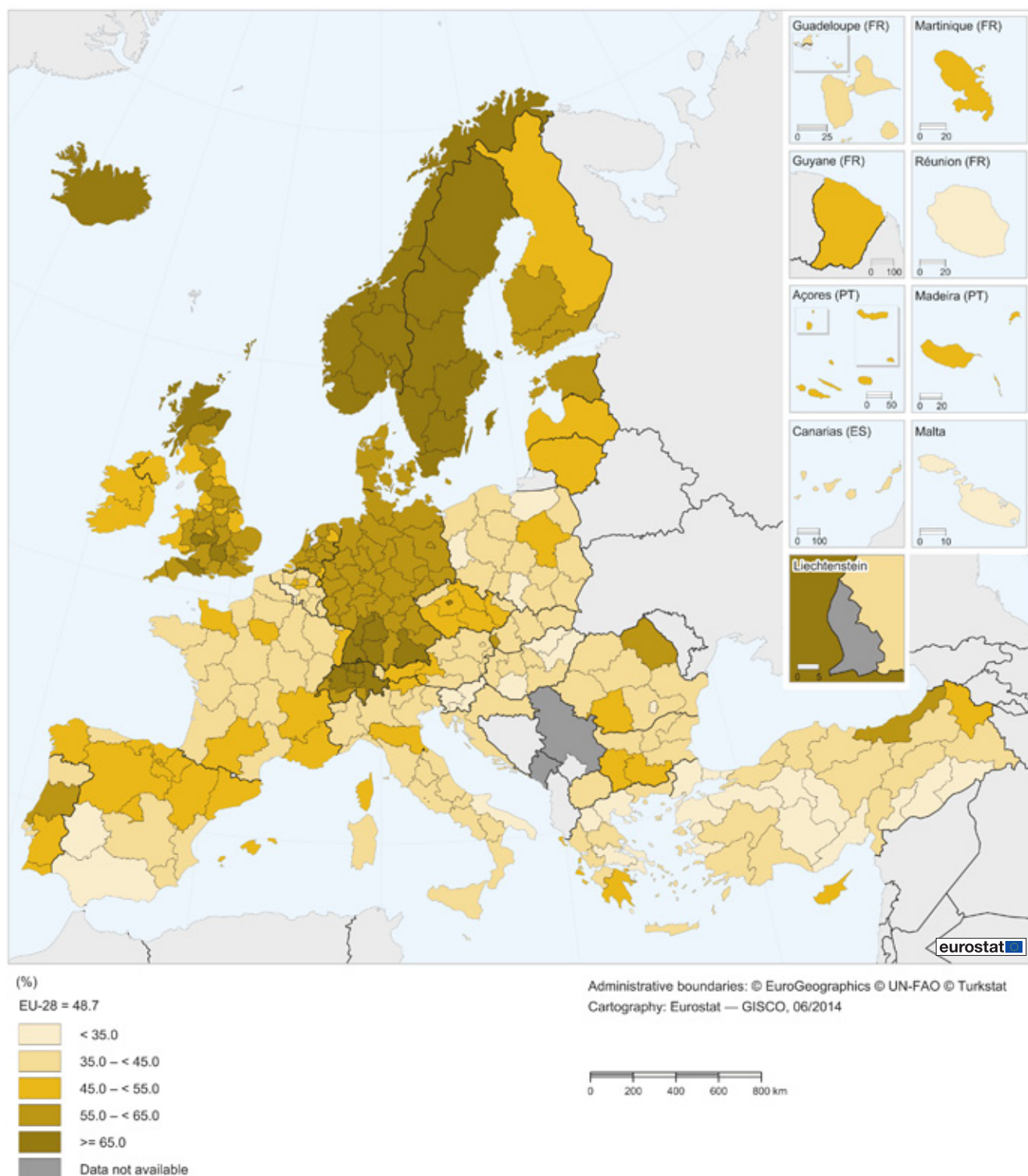


Map 4.3: Gender gap for the employment rate, persons aged 20–64, by NUTS 2 regions, 2012
(percentage points difference between male and female rates)



Source: Eurostat (online data code: [lfst_r_lfe2emprt](#))

Map 4.4: Older persons employment rate, persons aged 55–64, by NUTS 2 regions, 2012 ⁽¹⁾
(%)



⁽¹⁾ Ciudad Autónoma de Ceuta (ES63), Ciudad Autónoma de Melilla (ES64) and Åland (FI20): low reliability.
Source: Eurostat (online data code: [lfst_r_lfe2emppt](#))



Low employment rates in the Greek and Romanian capital regions

The employment rate of older workers in capital regions was generally higher than the national average in most EU Member States. However, the latest rates for the capital regions of Attiki (Greece) and Bucureşti - Ilfov (Romania) were among the lowest in each of these Member States and both of these regions also featured among the 10 EU regions with the lowest employment rates in 2012.

Relatively high employment rates among older workers were recorded for most regions in the EFTA countries. This was particularly true in Iceland (79.1 %), while there were also a number of Norwegian and Swiss regions that recorded employment rates for older workers above 70.0 %; each of the remaining level 2 regions in Norway and Switzerland had an employment rate for older persons in excess of 60.0 %.

By contrast, much lower employment rates for older workers were generally recorded in the candidate countries. There were only two Turkish regions in 2012 where a majority of older workers were in employment: the north-eastern region of Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane which borders the Black Sea and the eastern region of Ağrı, Kars, Iğdir, Ardahan; both of these regions are characterised as having relatively high levels of net emigration, which may reflect economic migration among younger generations. Otherwise, regional employment rates for older workers were generally situated between 30.0 % and 40.0 % in 2012



SPOTLIGHT ON THE REGIONS: SALZBURG (AT32), AUSTRIA



Old town, Salzburg

The western Austrian region of Salzburg had the joint lowest unemployment rate in the EU in 2012, at 2.5 %, along with another western Austrian region, namely the Tirol.

Compared with an EU-28 average of 10.5 %, there were only seven NUTS 2 regions where the unemployment rate was below 3.0 % in 2012, four of these were in Germany and three were in Austria.

Photo: Thomas Pintaric

through much of Turkey as well as in the former Yugoslav Republic of Macedonia (covered by a single region at this level of analysis). The employment rate of older workers fell even lower in some Turkish regions, for example, in some of the largest cities (İstanbul, İzmir and Ankara) and in three regions to the extreme south-east of the country, close to the Syrian border. Among these was Mardin, Batman, Şırnak, Siirt, where the lowest employment rate for older persons was registered (16.2 %).

Unemployment rates

At the onset of the financial and economic crisis in 2008 there were 16.7 million unemployed persons in the EU-28. Some four years later this figure had risen to 25.3 million, an overall increase of 51.3 % or 8.6 million persons. Nevertheless, some job vacancies remain unfilled: this may, at least in part, be due to unemployed applicants lacking the required skills for certain posts, or could reflect a lack of mobility, with job vacancies being available in one region, while the unemployed look for work in another.

EU-28 unemployment rate rose by 3.5 points between 2008 and 2012 to reach 10.5 %

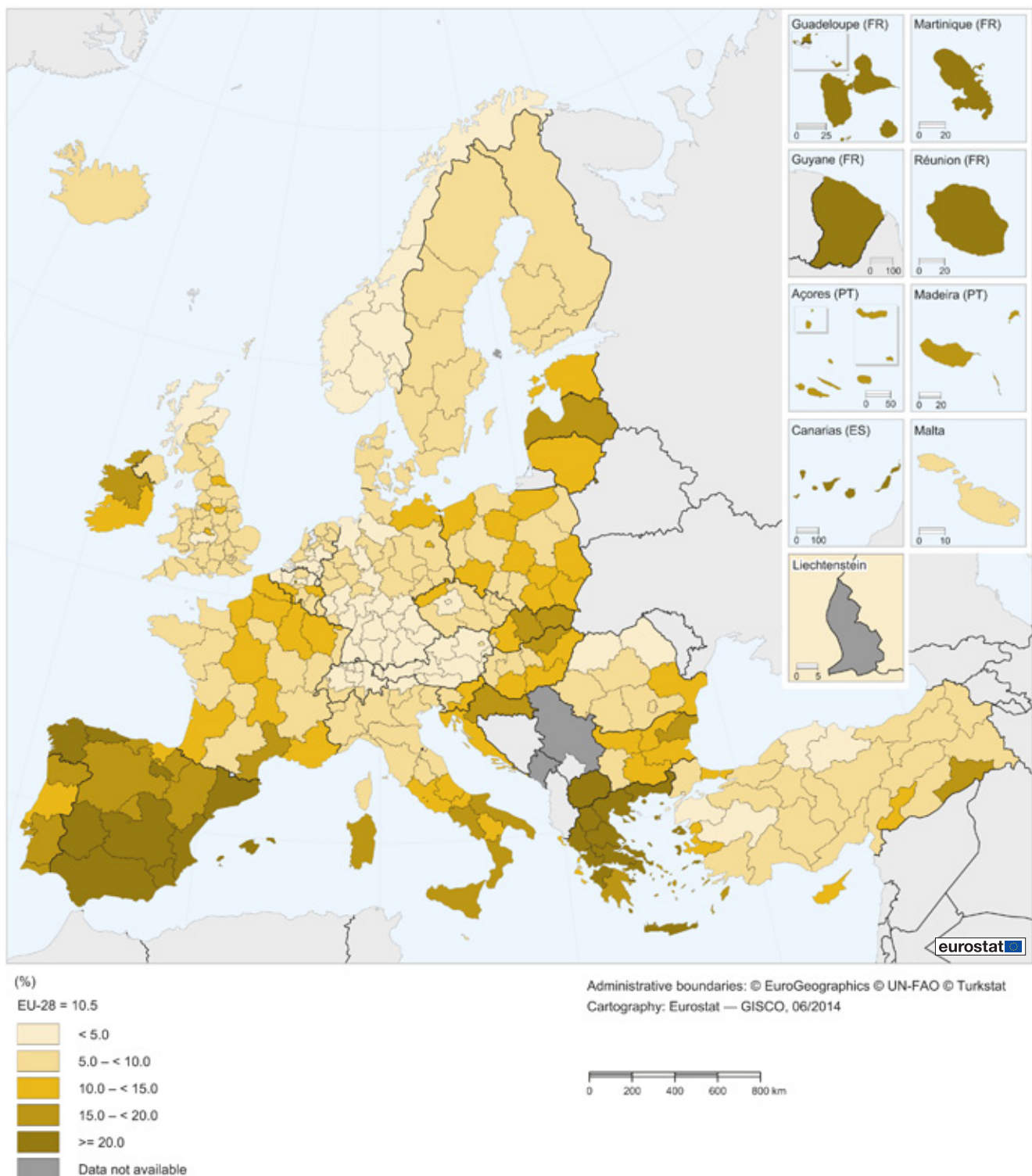
The unemployment rate in the EU-28 was 10.5 % in 2012, some 3.5 percentage points higher than it had been in 2008. **Map 4.5** shows the distribution of unemployment rates by NUTS 2 regions for 2012, with the highest rates distributed across much of Spain and Greece. The darkest shade in **Map 4.5** shows this concentration of high unemployment rates, with 27 NUTS 2 regions posting unemployment rates that were equal to or above 20.0 %. Of these, almost half (13 regions) were regions in Spain, while there were also 10 of the 13 Greek regions (the three exceptions were the Peloponnisos, Notio Aigaio and Ionia Nisia — each recording an unemployment rate above the EU-28 average) and all four French overseas regions (Réunion, Guadeloupe, Guyane and Martinique).

Particularly low unemployment rates were recorded in German and Austrian regions

There were 44 NUTS 2 regions across the EU that recorded an unemployment rate less than 5.0 % in 2012, of which only seven had an unemployment rate that was below 3.0 %: the southern German regions of Freiburg, Tübingen and Oberbayern; the western German region of Trier (which borders onto Luxembourg); and the three northern and western Austrian regions of Oberösterreich, Salzburg and Tirol. The latter two recorded the lowest unemployment rates in the EU-28, at 2.5 %.

Apart from the Région lémanique and Ticino in Switzerland, unemployment rates in Norway and Switzerland were consistently below 5.0 % in 2012, while the rate in Iceland was 6.0 % in 2012. Across the candidate countries, regional

Map 4.5: Unemployment rate, persons aged 15–74, by NUTS 2 regions, 2012 ⁽¹⁾
(%)



⁽¹⁾ Corse (FR83) and Åland (FI20): low reliability.
Source: Eurostat (online data code: [lfst_r_lfu3rt](#))



unemployment rates reached a high of 31.0 % in the former Yugoslav Republic of Macedonia (a single region at this level of analysis), while there were four Turkish regions that recorded double-digit unemployment rates in 2012 (Mardin, Batman, Şırnak, Siirt; İzmir; İstanbul; and Gaziantep, Adıyaman, Kilis). By contrast, the unemployment rate was less than 5.0 % in 2012 in four Turkish regions (Samsun, Tokat, Çorum, Amasya; Kastamonu, Çankırı, Sinop; Balıkesir, Çanakkale; and Manisa, Afyonkarahisar, Kütahya, Uşak).

Changes in unemployment rates from 2011 to 2012

The financial and economic crisis continued to have a strong asymmetric impact on regional labour markets in 2012. Declining unemployment rates were generally observed in those regions which were already characterised as having relatively low levels of unemployment, while unemployment rates tended to rise by a higher than average amount in those regions already experiencing high levels of unemployment. As such, large disparities in regional unemployment persisted and were even accentuated; **Map 4.6** provides information on the change in regional unemployment rates between 2011 and 2012.

The EU-28 unemployment rate rose by 0.8 percentage points between 2011 and 2012 to reach 10.5 %. **Map 4.6** shows regional changes in terms of the percentage point difference between unemployment rates for 2012 and those for 2011. Out of the 270 NUTS 2 regions in the EU for which data are available, the unemployment rate increased between 2011 and 2012 in 167 regions, remained unchanged in 11 regions, and fell in the remaining 92 regions.

Further deterioration of high unemployment rates in Greece and Spain in 2012

These most recent developments confirm that Greek and Spanish labour markets continued to be hardest hit by the effects of the financial and economic downturn, although unemployment rates also increased at a relatively rapid pace in several other regions, most notably in southern Italy and Portugal. There were 14 regions across the EU-28 that reported their unemployment rate rising by more than 5.0 percentage points between 2011 and 2012: 10 of these regions were in Greece, three were in Spain, and the last was Calabria (southern Italy).

Unemployment rates fell in Germany, the United Kingdom, the Romanian capital region and the Baltic Member States

At the other end of the range, there were 14 NUTS 2 regions across the EU-28 where the unemployment rate fell by more than 1.0 % between 2011 and 2012. Six of these regions were in Germany, four were in the United Kingdom, one was in Romania, and the remaining three were the **Baltic Member States** (each of which is covered by a single region at this level of detail). The biggest reductions in unemployment rates between 2011 and 2012 were recorded in Lithuania and Estonia (with reductions of 2.0 and 2.3 percentage points). Unemployment rates in all three of the Baltic Member States increased dramatically during the financial and economic crises to peak in 2010, but subsequently fell at a rapid pace too.

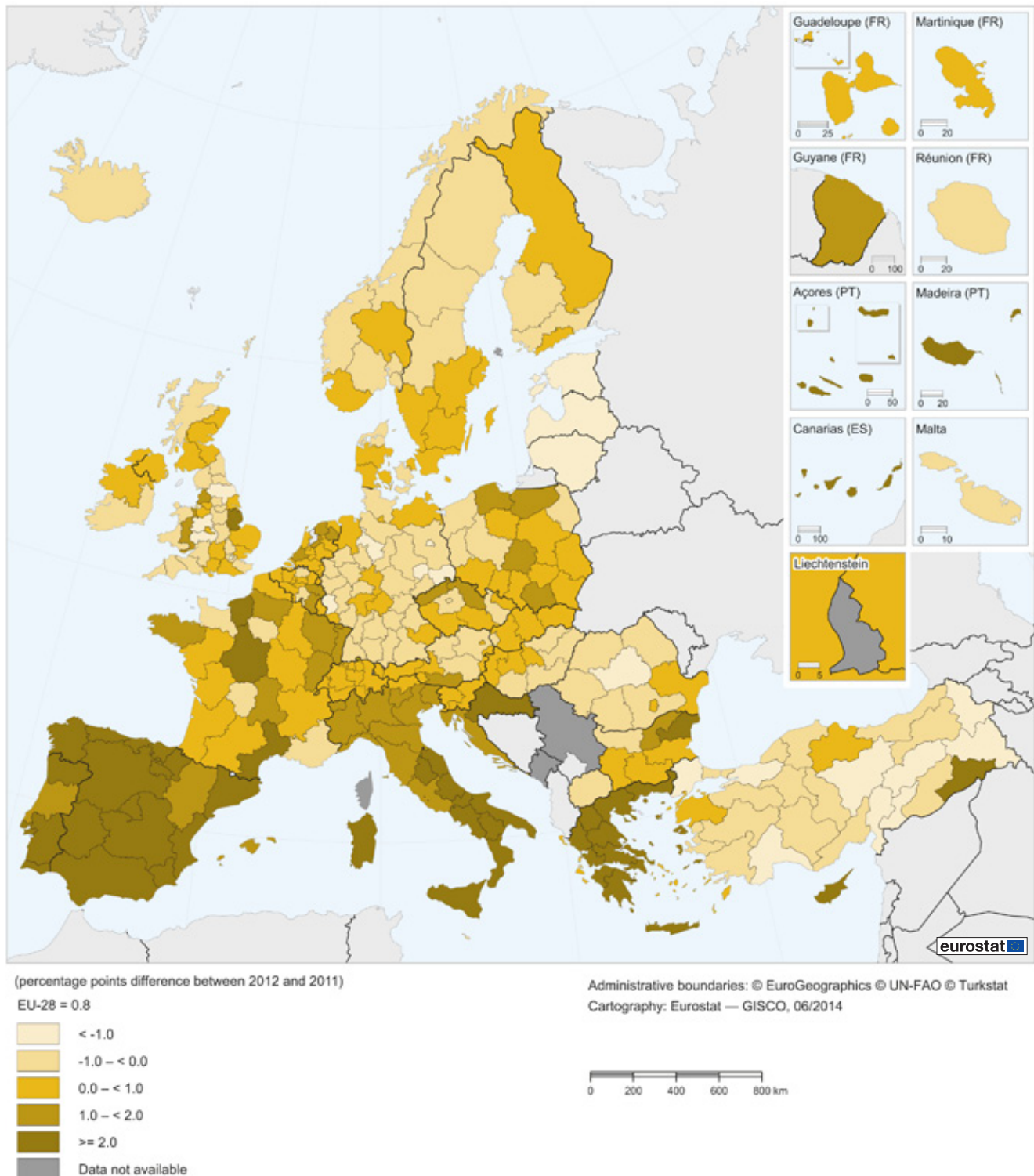
Youth unemployment

Given that overall unemployment rates rose during the financial and economic crisis — while employment rates for older persons continued to increase — it is apparent that other age groups, and in particular young people aged 15–24, were disproportionately affected by the downturn in economic fortunes and the shrinking labour market. Indeed, the economic and financial crisis made it harder for young Europeans to enter the labour market. During the recession, an increasing proportion of young people remained in education as some extended their on-going studies or returned to studying, in this way postponing their entry into the labour force. As a result, the active population (defined as the sum of those employed and those unemployed) decreased in most of the EU Member States for the 15–24 age group, as shown in **Figure 4.1**.

Some 5.6 million youths in the EU-28 were without work in 2012

The number of youths (aged 15–24) in the EU-28 who were unemployed rose to 5.6 million in 2012. While rising youth unemployment rates (defined as the number of young unemployed persons aged 15–24 divided by the active population for the same age group) could be attributed, in part, to a higher number of persons being unemployed, it also resulted from a decrease in the number of active persons aged 15–24. These two movements reinforced each other, such that the youth unemployment rate passed from a relative low of 15.5 % in 2007 to reach 23.0 % by 2012, a level that was more than double the overall unemployment rate for those aged 15–74 (10.5 %).

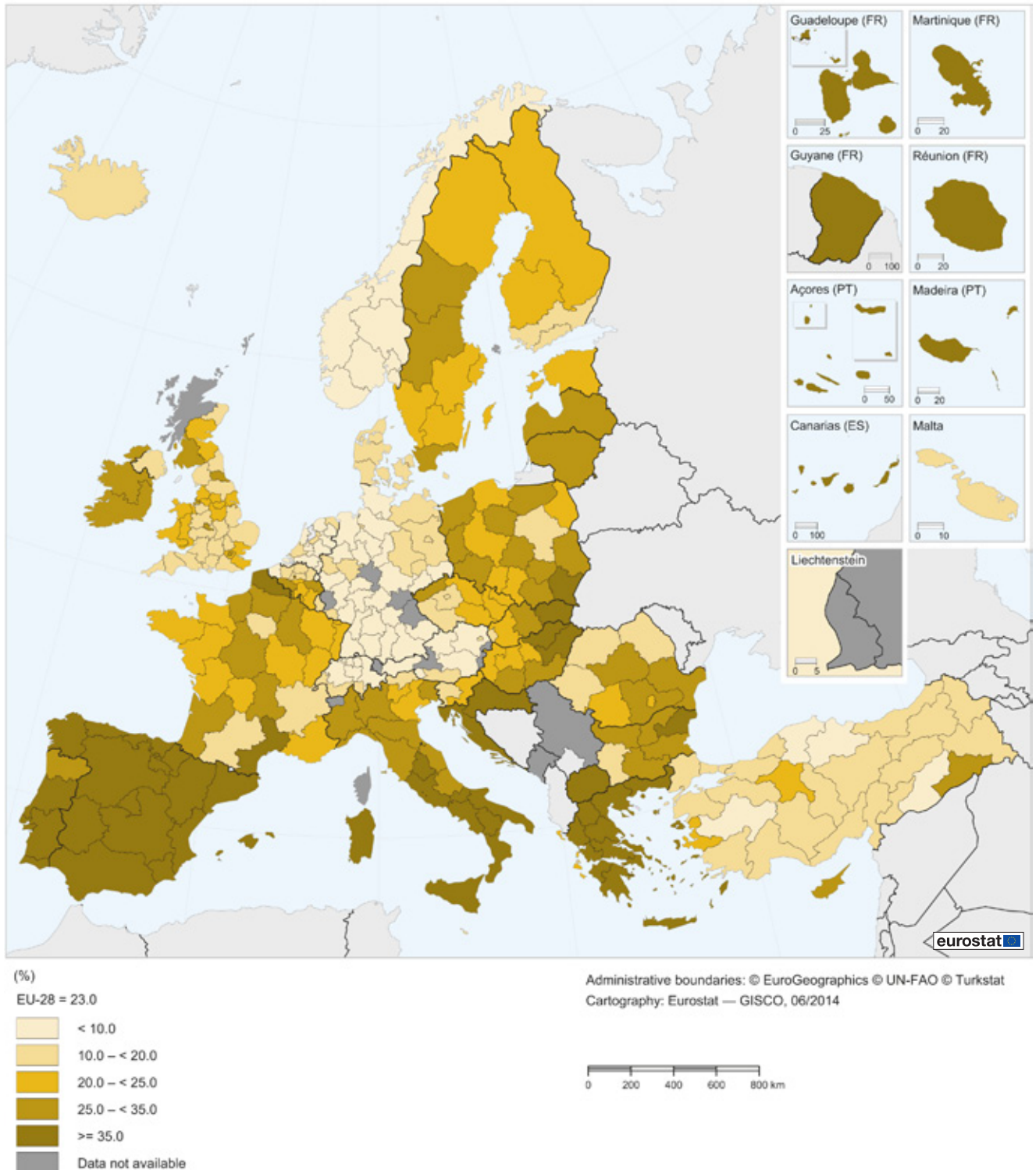
Map 4.6: Change in unemployment rate, persons aged 15–74, by NUTS 2 regions, 2011–12 ⁽¹⁾
 (percentage points difference between 2012 and 2011)



⁽¹⁾ Corse (FR83), Burgenland (AT11) and Åland (FI20): low reliability.
 Source: Eurostat (online data code: [lfst_r_lfu3rt](#))



Map 4.7: Youth unemployment rate, persons aged 15–24, by NUTS 2 regions, 2012 ⁽¹⁾
(%)



⁽¹⁾ Bremen (DE50), Gießen (DE72), Leipzig (DED5) and Limousin (FR63): 2011. Data for several regions have low reliability (too numerous to document).
Source: Eurostat (online data code: [lfst_r_lfu3rt](#))

Youth unemployment appears to be concentrated in those regions which experienced relatively high overall levels of unemployment

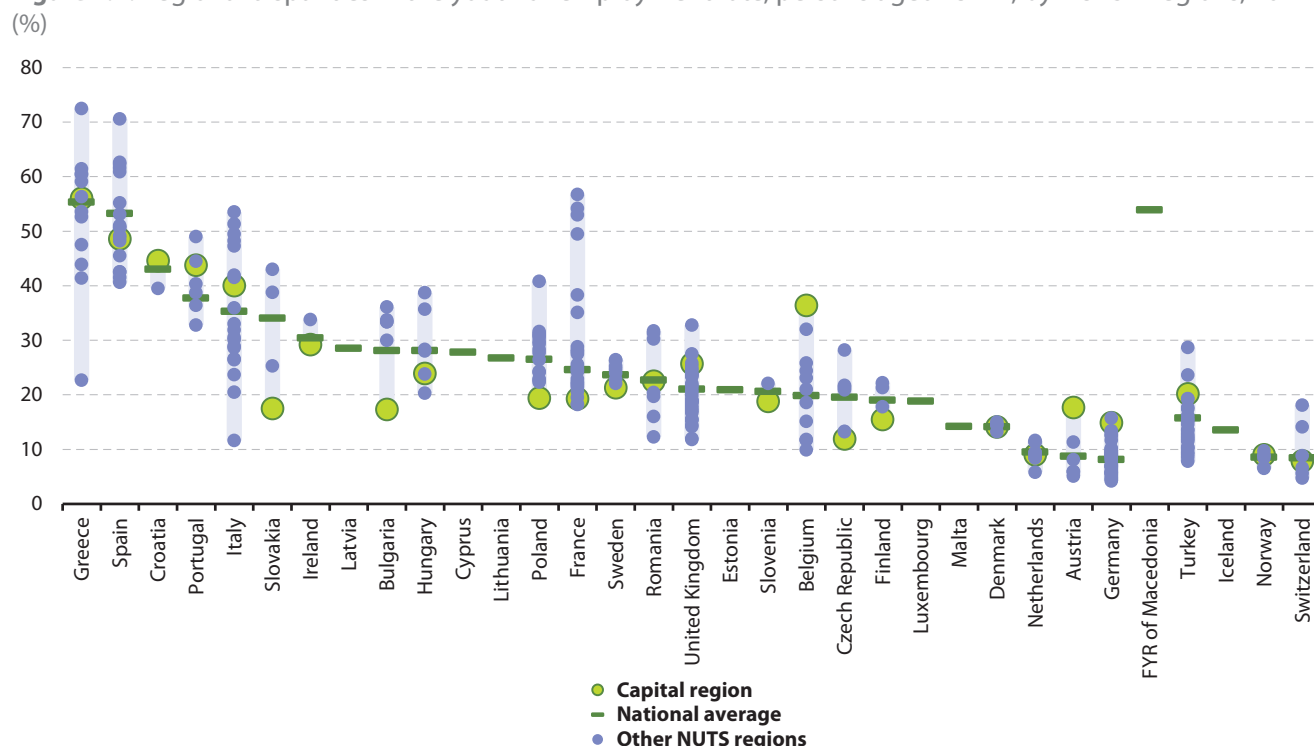
Map 4.7 presents the regional distribution of the youth unemployment rate for NUTS 2 regions in 2012. There is a clear similarity between youth unemployment rates and total unemployment rates in terms of the pattern of regions with particularly high or particularly low rates. The youth unemployment rate exceeded 50.0 % in 24 regions in 2012 (which was twice as many regions as in 2011). These 24 regions were located across Spain (10 regions), Greece (nine regions), France (three out of the four overseas regions; Guyane had a rate of 49.5 %), and Italy (the neighbouring regions of Calabria and Sicilia). There were 111 regions across the EU that had a youth unemployment rate of 25 % or more — each of these (shaded as the two darkest shades in **Map 4.7**) was eligible for funding under the Youth Employment Initiative (see box for more details).

Youth unemployment rate below 10.0 % in much of Germany, the Netherlands and Austria

At the other end of the range, there were 39 NUTS 2 regions across the EU that reported a youth unemployment rate that was lower than 10.0 % in 2012. The lowest rates were registered in Germany (25 regions), the Netherlands (nine regions), Austria (four regions) and a single region in Belgium. The three lowest regional youth unemployment rates were recorded in the southern German regions of Freiburg (4.8 %), Tübingen (4.5 %) and Oberbayern (4.2 %) and these were the only regions where the youth unemployment rate was below 5.0 % in 2012.

Figure 4.2 confirms this pattern of low regional youth unemployment rates in Germany, the Netherlands and Austria, and also shows that the variation between regional youth unemployment rates in these countries was relatively limited. By contrast, there was a much higher degree of variation between regional youth unemployment rates in Greece, Italy, Spain, France, Belgium and Slovakia. For example, the difference between the Greek region with the highest youth unemployment rate, Dytiki Makedonia, and that with the lowest rate, Ionia Nisia, was almost 50.0 percentage points.

Figure 4.2: Regional disparities in the youth unemployment rate, persons aged 15–24, by NUTS 2 regions, 2012 ⁽¹⁾



⁽¹⁾ The light purple shaded bar shows the range of the highest to lowest region for each country. The dark green bar shows the national average. The green circle shows the capital city region. The dark purple circles show the other regions. Bremen (DE50), Gießen (DE72), Leipzig (DED5) and Limousin (FR63): 2011. Data for several regions have low reliability (too numerous to document). Oberfranken (DE24), Kassel (DE73), Oberpfalz (DE23), Trier (DEB2), Corse (FR83), Valle d'Aosta/Vallée d'Aoste (ITC2), Burgenland (AT11), Salzburg (AT32), Vorarlberg (AT34), Åland (FI20) and Highlands and Islands (UKM6): not available.

Source: Eurostat (online data code: [lfst_r_lfu3rt](#))



FOCUS ON YOUTH UNEMPLOYMENT

Finding proper work is often a challenge for young job-seekers. Even if young people find work, their jobs tend to be more precarious (for example, based on temporary or short duration contracts, or part-time hours). Early leavers from education and training are the highest risk group and the longer these people remain unemployed the greater the difficulty for them to enter or return to employment.

High youth unemployment rates have led to a raft of new policy initiatives designed to support those most at risk, to do more to encourage young entrepreneurs, and to address legal and administrative obstacles to learning and working mobility. The European Commission itself has stated that 'unless current trends are reversed quickly, today's levels of youth unemployment risk damaging the longer-term employment prospects for young people, with serious implications for future growth and social cohesion'.

The [Youth Employment Package](#) was launched in December 2012, with a [Youth Guarantee](#) at its core. The EU Member States endorsed this principle of a Youth Guarantee in April 2013 through a Council Recommendation (2013/C 120/01) which aims to ensure all young people under 25 years, whether registered with employment services or not, should get a good-quality offer within four months of them leaving formal education or becoming unemployed; such an offer may relate to a job, an apprenticeship, a traineeship, or continued education.

In February 2013, the European Council agreed on a [Youth Employment Initiative](#) with a budget of around EUR 6 billion for the period 2014–20, largely to support young people not in education, employment or training. The youth employment initiative is open to all regions that have a youth unemployment rate over 25 %, with approximately half of its funding from a dedicated budget line, complemented by at least EUR 3 billion from the [European Social Fund \(ESF\)](#).

In a Communication titled [Working together for Europe's young people — A call to action on youth unemployment](#) (COM(2013) 447), the European Commission proposed a series of changes to accelerate the implementation of the Youth Guarantee and investment in young people.

For more information:

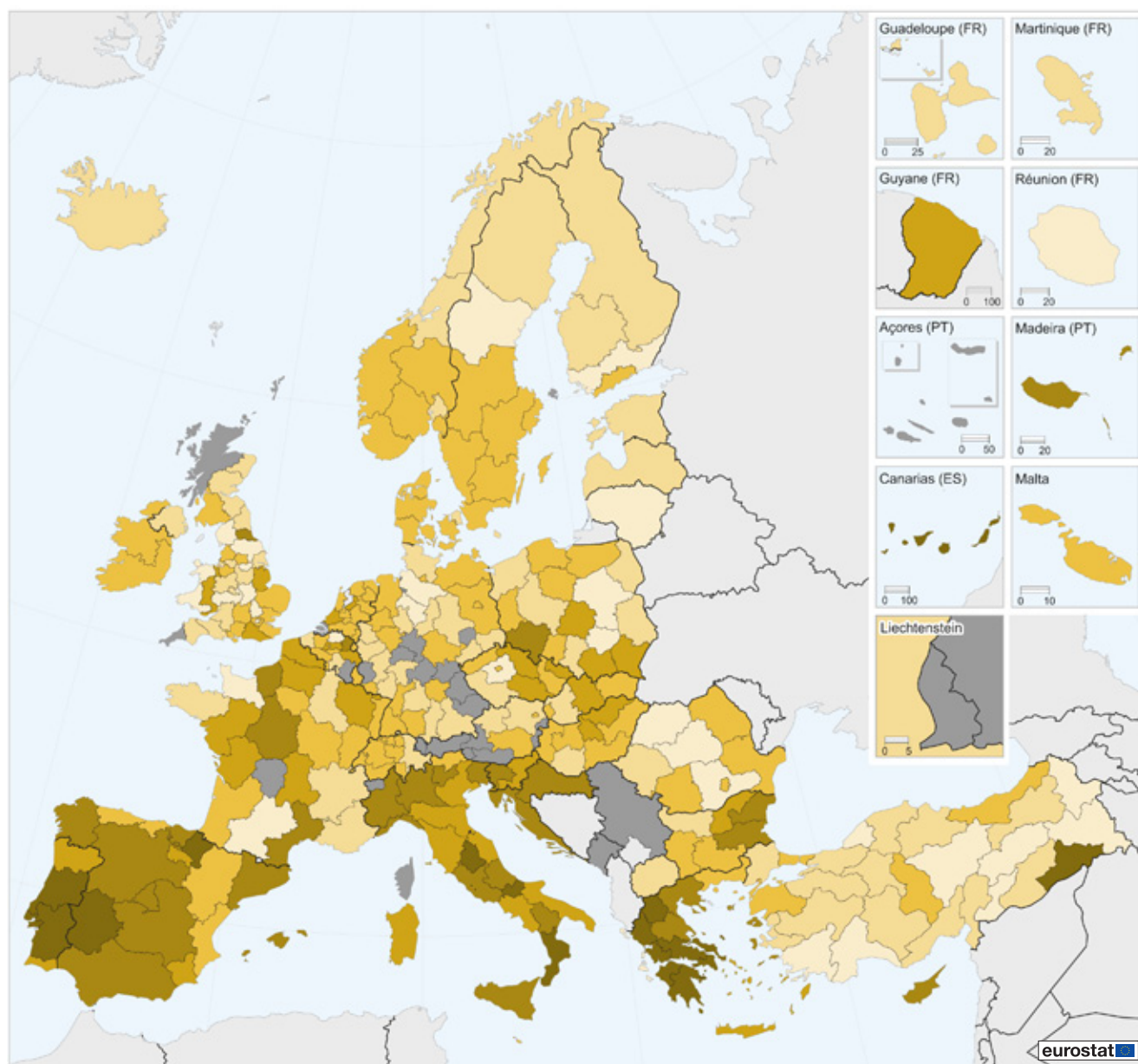
Youth employment: <http://ec.europa.eu/social/main.jsp?catId=1036&langId=en>

Youth unemployment rates in a majority of capital regions were lower than national averages. Nevertheless, among the five EU Member States with the highest youth unemployment rates in 2012, the Comunidad de Madrid was the only capital region to record a youth unemployment rate that was below its national average. The youth unemployment rate was also higher than the national average in the capital regions of the United Kingdom, Belgium, Austria and Germany, although the national youth unemployment rate in each of these Member States was lower than the EU-28 average.

EU-28 youth unemployment continued to rise in 2012 ...

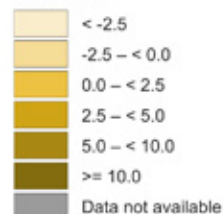
Between 2011 and 2012, the youth unemployment rate for the EU-28 rose by 1.5 percentage points to reach 23.0 %. There were 15 regions across the EU where the youth unemployment rate rose by 10.0 percentage points or more (see **Map 4.8**). The highest increase was recorded in the Greek region of the Peloponnisos where the rate rose by 23.4 percentage points and there were five additional regions in Greece where the youth unemployment rate increased by upwards of 10.0 percentage points, including the capital region of Attiki. The remaining nine regions where the youth unemployment rate increased by upwards of 10.0 percentage points were distributed across southern Europe, with three regions each from Spain, Italy and Portugal, among which the Portuguese capital region of Lisboa.

Map 4.8: Change in youth unemployment rate, persons aged 15–24, by NUTS 2 regions, 2011–12 ⁽¹⁾
 (percentage points difference between 2012 and 2011)



(percentage points difference between 2012 and 2011)

EU-28 = 1.5



Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
 Cartography: Eurostat — GISCO, 06/2014



⁽¹⁾ Data for several regions have low reliability (too numerous to document).
 Source: Eurostat (online data code: [lfst_r_lfu3rt](#))



... although some regions in the United Kingdom, France, Romania, Germany and Poland saw their rates decline

There was a reduction in the youth unemployment rate in 2012 in 78 of the 249 NUTS 2 regions for which data are available. Approximately one third of these regions — 25 regions — recorded a reduction that was in excess of 2.5 percentage points. Eight of these 25 regions were from the United Kingdom (including the region with the biggest reduction, Cumbria, where the youth unemployment rate fell by 7.8 percentage points). There were three regions each from France and Romania where the reduction was also in excess of 2.5 percentage points, two regions each from Germany and Poland, and a single region from each of Belgium, the Czech Republic, Greece, Spain, Lithuania, (a single region at this level of detail), Finland and Sweden.

In the previous section on employment rates, **Figure 4.1** presented data on the labour market structure of the youth population, comparing data for 2008 and 2012. The proportion of young persons in the EU-28 who were unemployed rose from 6.9 % to 9.7 % over this period; note this indicator is not the same as the unemployment rate as the denominator reflects the whole sub-population of persons aged 15–24 and not just those in the labour force — in other words in employment or unemployed — as used for the unemployment rate.

The largest increases in the proportion of the youth population that were unemployed were recorded in those EU Member States that were most affected by the financial and economic crisis, with the relative weight of the unemployed increasing in Greece and Spain by 9.5 and 8.9 percentage points. Portugal, Cyprus, Latvia, Ireland and Croatia were the only other EU Member States to record increases of at least 5.0 percentage points. Germany (-1.4 percentage points) and Luxembourg (-0.1 percentage points) were the only EU Member States where the proportion of 15–24 years olds who were unemployed fell between 2008 and 2012.

Long-term unemployment

Aside from youth unemployment, another major concern of policymakers is long-term (structural) unemployment, in other words, those who remain unemployed for 12 months or more. This is because the longer people remain unemployed, the less attractive they become for employers and, consequently, the higher their risk of remaining even longer outside of employment. In 2012, the long-term unemployment rate (for persons aged 15–74) was 4.7 % in the EU-28; long-term unemployment rates were identical for men and women.

Looking at developments over the previous decade, the EU-28 long-term unemployment rate followed closely the pattern observed for the overall unemployment rate, as it fell to a low of 2.6 % in 2008, before rising after the onset of the financial and economic crisis, increasing each year through to 2012.

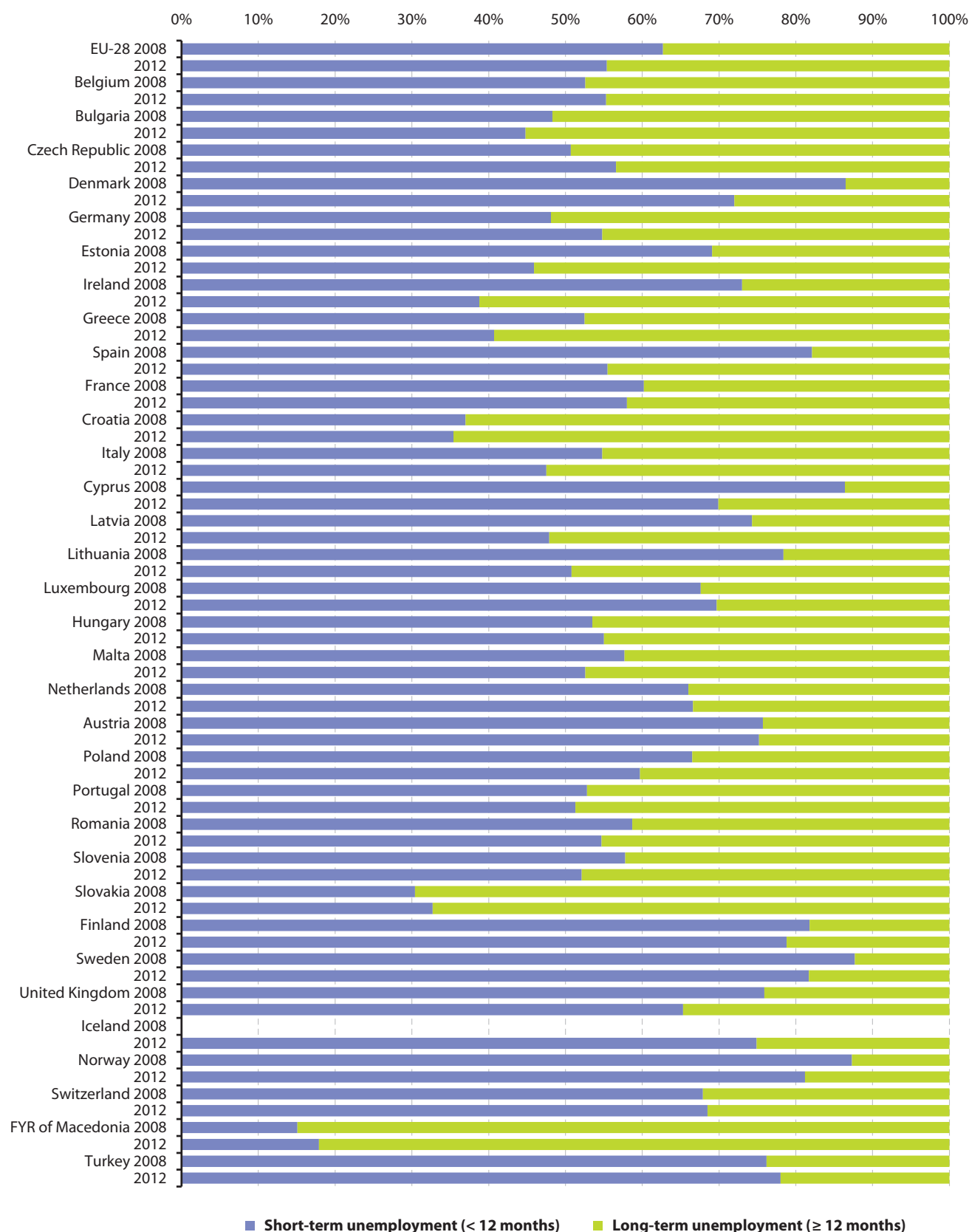
Highest incidence of long-term unemployment in those EU Member States most affected by the crisis

Among the EU Member States, the highest long-term unemployment rates in 2012 were recorded in those economies most affected by the crisis, namely, Greece (14.4 %) and Spain (11.1 %), while double-digit long-term unemployment rates were also recorded in Croatia (10.3 %). By contrast, rates of less than 3.0 % were recorded in 2012 for Denmark, Germany, Luxembourg, the Netherlands, Austria, Finland, Sweden and the United Kingdom; this was also the case in the EFTA countries of Iceland, Norway and Switzerland.

Long-term unemployed as a share of total unemployment was particularly low in Sweden (18.3 %), Finland (21.2 %), Austria (24.8 %) and Denmark (28.0 %) in 2012. These were the only EU Member States where the long-term unemployed accounted for less than 30.0 % of the total number of persons unemployed; this was also the case in Norway (18.8 %), Turkey (22.0 %) and Iceland (25.1 %). By contrast, slightly more than two out of every three (67.3 %) unemployed persons in Slovakia in 2012 had been unemployed for at least a year, while this share was also above 60.0 % in Croatia and Ireland. In the former Yugoslav Republic of Macedonia in 2012, more than four out of every five (82.1 %) unemployed persons had been unemployed for more than a year.

Figure 4.3 presents information relating to the duration of unemployment: in the EU-28 the share of the unemployed who remained without a job for at least one year rose from 37.3 % to 44.6 % between 2008 and 2012. In Bulgaria, Estonia, Ireland, Greece, Croatia, Italy, Latvia and Slovakia, more than half of those without a job in 2012 had been unemployed for at least a year. While long-term unemployment appeared to be of a structural nature in

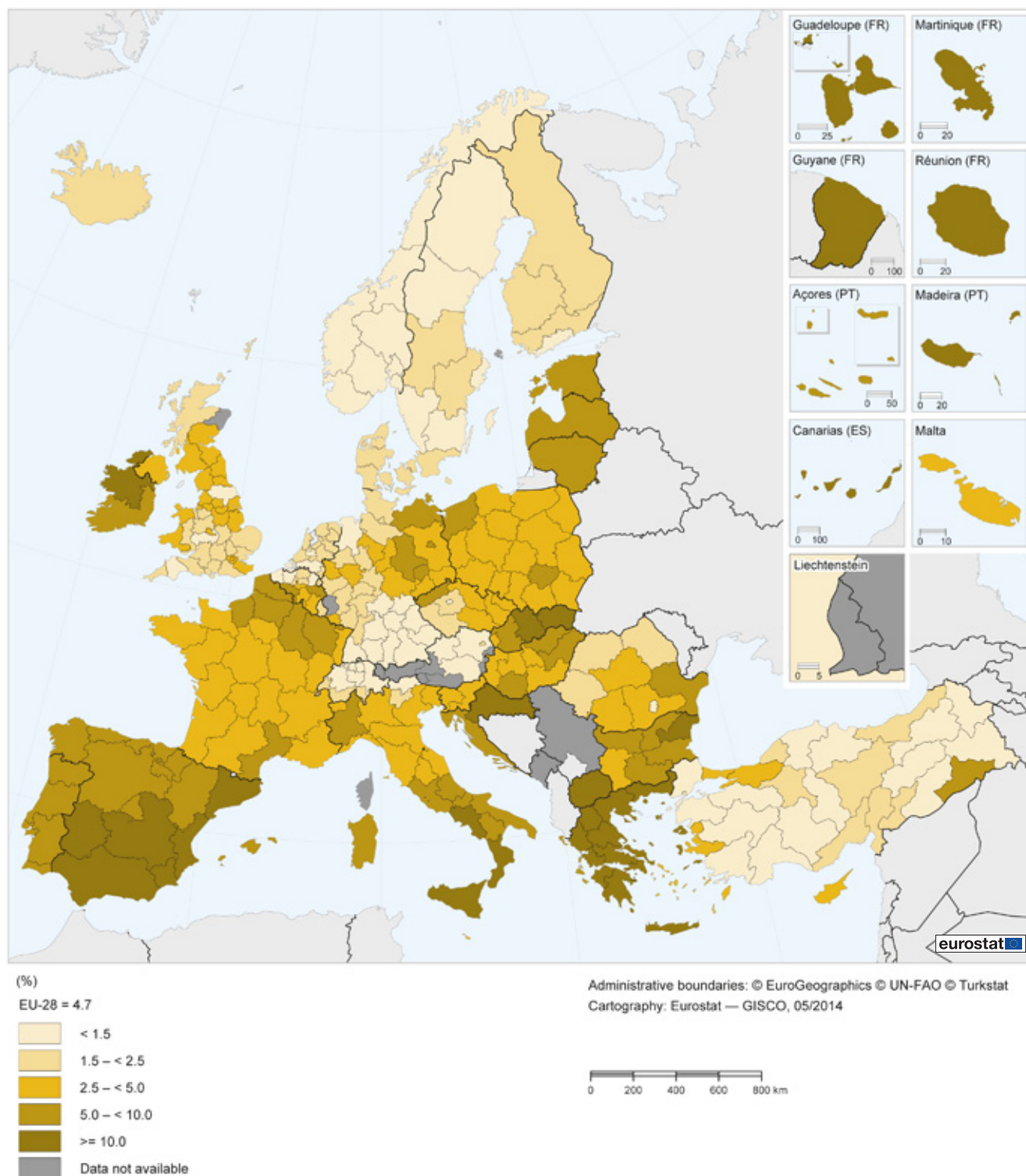
Figure 4.3: Change in the share of the population unemployed, by duration of unemployment, persons aged 15–74, 2008 and 2012 ⁽¹⁾
 (% of the unemployed population aged 15–74)



⁽¹⁾ Excluding those whose period of unemployment had not yet started and non-response. Lithuania 2008 and Iceland 2012: low reliability. Iceland: 2008 not available.
 Source: Eurostat (online data code: [lfst_r_lfu2ltu](#))



Map 4.9: Long-term unemployment rate (unemployed ≥ 12 months), persons aged 15–74, by NUTS 2 regions, 2012 ⁽¹⁾
(%)



⁽¹⁾ Highlands and Islands (UKM6): 2011. Data for several regions have low reliability (too numerous to document).

Source: Eurostat (online data code: [lfst_r_lfu2tu](#))



several of these economies, the relative weight of the long-term unemployed rose dramatically between 2008 and 2012 in Ireland and Latvia, as well as in Lithuania and Spain.

There were seven EU Member States where the relative weight of the long-term unemployed declined between 2008 and 2012. The most notable reductions were recorded in the Czech Republic and Germany, where the share of the long-term unemployed in overall unemployment fell by 5.9 and 6.7 percentage points respectively; the three **Benelux** countries, Hungary and Slovakia were the other five Member States where reductions could be observed.

Long-term unemployment was most prevalent in remote regions and those most affected by the crisis

Those NUTS 2 regions with the highest long-term unemployment rates are shown in **Map 4.9** with the darkest shade; there were 33 regions that reported rates of 10.0 % or more in 2012. Among these, the highest rates were recorded in the outlying regions of France (four overseas regions) and Spain (the two autonomous cities), followed by 11 of the 13 Greek regions, seven additional Spanish regions, three southern Italian regions, two regions in Slovakia, and a single region from each of Bulgaria, Ireland, Croatia and Portugal. The Greek region of Attiki recorded the highest long-term unemployment rate among capital regions (15.1 %), followed by the Croatian capital region of *Kontinentalna Hrvatska* (10.7 %) and then the Belgian capital of *Région de Bruxelles-Capitale / Brussels Hoofdstedelijk Gewest* (9.6 %).

Very low long-term unemployment rates in Germany, Austria and Sweden

There were 32 NUTS 2 regions across the EU-28 that recorded long-term unemployment rates that were less than 1.5 % in 2012; they were spread across 10 different EU Member States, with just over one third of these regions located in Germany (11 regions). The remaining regions with very low long-term unemployment rates were situated in Sweden (five regions, including the capital region), northern Belgium, the Netherlands, Austria and the United Kingdom (three regions each), the capital regions of the Czech Republic, Romania and Finland, and the northern Italian region of *Provincia Autonoma di Bolzano/Bozen*. There were five regions that recorded long-term unemployment rates of less than 1.0 %, Freiburg, Tübingen and Oberbayern in southern Germany and Steiermark and Oberösterreich in Austria; the latter recorded the lowest long-term unemployment rate in the EU, at 0.5 %.

Each of the 32 regions where the long-term unemployment rate was less than 1.5 % had a relatively low total unemployment rate in 2012. The highest total unemployment rate was recorded in the Swedish region of *Mellersta Norrland* (8.4 %), which was 2.1 percentage points less than the EU-28 average. Each of the Swedish regions with very low long-term unemployment rates and the capital regions of Finland and Romania reported total unemployment rates above 6.0 %. As such, the long-term unemployed accounted for a relatively small share of the total number of unemployed persons in these regions (generally 15–20 %). By contrast, total unemployment rates in the German regions with very low long-term unemployment rates were consistently below 4.5 %. As such, the long-term unemployed generally accounted for around one third of the total number of unemployed persons in these regions.

Data sources and availability

The regional results in this chapter pertain to annual averages derived from the quarterly [labour force survey \(LFS\)](#). The survey population covers persons aged 15 and over, living in private households (persons living in collective households, such as residential homes, boarding houses, hospitals, religious institutions and workers' hostels, are therefore excluded).

The population comprises all persons living in households surveyed during the reference week and includes persons who are absent for short periods due, for example, to studies, holidays, illness or business trips (but who have maintained a link with the household); persons on compulsory military service are excluded. The survey follows the definitions and recommendations of the [International Labour Organisation \(ILO\)](#). To achieve further harmonisation, EU Member States also adhere to common principles when formulating their questionnaires.

Employment statistics can be used for a number of different analyses, including macroeconomic (in other words, labour as a production factor), [productivity](#) or [competitiveness](#) studies. They can also be used to study a range of social and behavioural aspects related to an individual's employment situation, such as youth employment, the social integration of minorities, or employment as a source of household income.

The unemployment rate is an important indicator with both social and economic dimensions. Rising unemployment levels result in: a loss of income for affected individuals; increased pressure with respect to government spending on [social benefits](#); and a reduction in tax revenue. From an economic perspective, unemployment may be viewed as unused labour capacity.

Indicator definitions

The economically active population, also called the labour force, is defined as the sum of the employed population and the unemployed population.

Employed persons are those aged 15 years and over who during the reference week performed work, even for just one hour, for pay, profit or family gain or were not at work but had a job or business from which they were temporarily absent, for example, due to illness, holidays, industrial dispute or education and training. The following exceptions apply to the age range used: in Spain, Sweden (1995–2001) and the United Kingdom the data cover those aged 16 and over; in Denmark, Estonia, Finland, Hungary, Latvia and Sweden (from 2001 onwards) the data cover those aged 15–74; and in Iceland and Norway they cover those aged 16–74.

The employment rate represents employed persons as a percentage of the population. Note that in this publication the focus for employment is on those aged 20–64 (a Europe 2020 target). As such, the employment rate is defined as the number of employed persons aged 20–64 as a percentage of the total population aged 20–64. The old-age employment rate represents employed persons aged 55–64 as a percentage of the total population aged 55–64.

The unemployed are persons aged 15–74 who were without work during the reference week, were currently available for work, and were either actively seeking work in the past four weeks or had already found a job to start within the next three months. The following exceptions apply to the age range used: in Spain, Sweden (for the years 1995–2001), the United Kingdom, Iceland and Norway the data cover those aged 16–74. The unemployment rate represents unemployed persons as a percentage of the economically active population. The youth unemployment rate relates to persons aged 15–24.

For more details on the definitions of labour market indicators, see [Statistics Explained](#)

For more details on the measurement of youth unemployment, see [Statistics Explained](#)