EUROPEAN
COMMISSION

Brussels, 26.6.2013
SWD(2013) 232 final

COMMISSION STAFF WORKING DOCUMENT
Accompanying the document

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL
Eighth progress report on economic, social and territorial cohesion
The regional and urban dimension of the crisis

{COM(2013) 471 final}

Figure 1: Member States grouped by impact of recession, 2007-2011

	Annual average change in %, 2007-2011			Impact of the recession
	GDP	Employment	Combined*	
EU-27	-0.1	-0.2	-0.2	Moderate
EU-15	-0.2	-0.3	-0.3	Moderate
EU-12**	1.6	-0.1	0.7	Low
Latvia	-4.5	-6.4	-5.5	Very high
Greece	-3.9	-1.9	-2.9	Very high
Ireland	-1.8	-3.9	-2.8	Very high
Lithuania	-1.5	-2.7	-2.1	Very high
Estonia	-2.0	-2.1	-2.1	Very high
Spain	-0.7	-2.7	-1.7	Very high
Portugal	-0.6	-1.3	-1.0	High
Denmark	-1.0	-0.8	-0.9	High
Bulgaria	0.6	-2.3	-0.8	High
Hungary	-0.8	-0.8	-0.8	High
Italy	-1.1	-0.4	-0.8	High
Slovenia	-0.7	-0.8	-0.8	High
Romania	0.3	-1.0	-0.3	Moderate
UK	-0.6	-0.1	-0.3	Moderate
Finland	-0.7	0.2	-0.2	Moderate
France	0.0	-0.1	0.0	Moderate
Netherlands	0.2	0.3	0.2	Moderate
Czech Rep.	0.7	-0.1	0.3	Moderate
Cyprus	0.9	0.5	0.7	Low
Belgium	0.6	0.9	0.7	Low
Austria	0.6	0.9	0.8	Low
Sweden	1.1	0.5	0.8	Low
Germany	0.7	0.8	0.8	Low
Slovakia	2.0	0.4	1.2	Low
Luxembourg	-0.1	2.7	1.3	Low
Malta	1.4	1.6	1.5	Low
Poland	3.7	1.4	2.6	Low

* Average of change in GDP and change in employment

** EU-12 are the Member States that joined in 2004 and 2007

Source: Eurostat

Figure 2: Changes in GVA and employment by sector by group of MS, 2007-2011

Annual average % change 2007-2011	**Employment**						**Gross Value Added**				
	Very high impact	*High impact*	*Moderate impact*	*Low impact*	*EU-27*		*Very high impact*	*High impact*	*Moderate impact*	*Low impact*	*EU-27*
Agriculture, forestry and fishing	-3.1	-1.7	0.8	-1.6	-1.1		0.7	0.4	1.3	-1.6	0.8
Industry (except construction)	-4.8	-2.5	-2.9	-0.5	-2.2		-1.1	-2.6	-1.9	0.4	-0.9
Construction	-15.2	-2.8	-1.3	2.1	-3.0		-8.6	-4.8	-2.1	1.7	-2.9
Wholesale and retail trade, transport, accomodation and food services	-1.8	-0.4	-0.2	0.9	-0.1		-1.0	-1.5	-0.7	1.5	-0.2
Information and communication	0.2	1.0	0.5	0.1	0.4		2.5	1.8	1.1	3.6	1.9
Financial and insurance activities	-1.1	0.1	-0.3	0.1	-0.1		-1.8	1.3	-0.7	0.8	-0.2
Real estate activities	0.2	0.9	-0.8	1.8	0.3		0.2	0.2	1.2	0.9	0.8
Professional, scientific, technical, administrative and support services	-0.1	0.8	0.6	3.4	1.5		-0.5	-1.0	0.1	-0.2	-0.2
Public administration, defence, education, health and social work	0.7	-0.4	0.9	1.4	0.8		1.2	0.2	1.3	1.6	1.2
Arts, entertainment, recreation, other services, services employed by households & extra-terroritorial bodies	-0.5	1.4	1.0	0.7	0.7		0.5	0.9	0.4	0.2	0.4
Total	-2.8	-0.8	-0.1	0.9	-0.3		-1.1	-1.0	-0.2	1.0	0.0

Source: Eurostat

Figure 3: Changes in GVA and employment by sector per Member State, 2007-2011

Employment, Annual average % change 2007-2011	LV	IE	EL	LT	EE	ES	PT	DK	HU	BG	IT	SI	UK	RO	FI	FR	NL	CZ	CY	SE	BE	AT	DE	SK	MT	PL	EU27
Agriculture, forestry and fishing	-7.8	-6.9	-1.0	-6.9	-3.0	-2.7	-2.3	-0.7	-2.0	-1.6	-1.3	-2.1	1.6	2.3	-1.2	-2.9	-1.3	-3.3	1.1	0.4	-3.5	-0.9	0.2	-3.6	-1.0	-2.2	-1.1
Industry (except construction)	-7.1	-5.7	-4.1	-4.8	-1.4	-4.9	-3.1	-3.7	-1.2	-4.5	-2.1	-3.8	-2.5	-5.4	-2.2	-2.3	-1.2	-2.3	-1.8	-2.2	-1.9	-0.5	-0.1	-2.2	-4.1	-0.3	-2.2
Construction	-17.2	-20.4	-10.0	-14.2	-11.8	-15.5	-5.0	-4.0	-3.9	-5.2	-1.6	-2.8	-3.0	-1.9	0.5	0.2	-1.1	0.5	-3.3	3.8	1.5	1.5	0.7	2.2	-1.8	5.3	-3.0
Wholesale and retail trade, transport, accomodation and food services	-7.4	-3.1	-1.5	-0.9	-2.3	-1.4	-1.4	-0.5	-0.4	-0.8	-0.2	-0.2	-0.5	-1.4	-0.5	0.1	0.2	0.8	-0.5	1.2	0.0	0.9	0.6	0.8	1.7	1.8	-0.1
Information and communication	-1.1	1.9	-3.6	4.9	5.3	0.2	2.8	-0.5	1.3	1.6	0.8	2.7	0.4	-1.1	1.1	0.8	-0.2	3.4	0.3	-0.3	0.7	1.6	-0.8	3.0	4.6	2.6	0.4
Financial and insurance activities	-4.0	0.1	-0.5	-3.3	1.5	-1.4	0.0	-2.7	4.0	3.8	-0.4	1.1	-0.8	-3.2	3.3	1.1	-2.2	0.9	2.0	-0.3	-0.9	0.3	-0.4	1.6	3.8	1.7	-0.1
Real estate activities	-2.5	-3.6	-6.6	7.9	1.8	0.3	0.6	1.2	-1.2	3.3	1.0	3.0	0.1	-11.9	2.0	-1.7	-0.9	3.9	-1.5	0.6	4.1	1.4	0.2	3.1	-4.5	7.2	0.3
Professional, scientific, technical, administrative and support services	0.9	-3.8	0.3	7.2	3.1	-0.2	1.8	-1.0	2.9	0.9	0.6	1.2	1.0	3.9	3.3	0.2	-0.9	1.7	2.0	2.9	3.6	2.4	3.0	4.9	8.5	6.1	1.5
Public administration, defence, education, health and social work	-2.5	1.4	-1.0	-1.2	0.7	1.4	0.8	0.7	-1.5	-3.4	-0.4	1.8	1.4	-0.4	0.9	0.3	2.2	0.2	2.2	-0.2	1.9	1.5	1.2	0.2	2.1	2.4	0.8
Arts, entertainment, recreation, other services, services employed by households & extra-terroritorial bodies	-5.4	-0.3	-0.4	7.2	-8.1	-0.5	0.2	0.2	-1.9	-1.9	1.9	1.8	0.3	0.0	2.0	1.5	1.5	2.6	5.7	1.0	-0.1	1.8	0.4	2.2	7.0	2.3	0.7
Total	-6.4	-3.9	-2.1	-2.7	-2.1	-2.7	-1.3	-0.8	-0.9	-2.3	-0.4	-0.8	-0.1	-1.0	0.2	-0.1	0.3	-0.1	0.5	0.4	0.9	0.9	0.8	0.4	1.8	1.4	-0.3

GVA, Annual average % change 2007-2011	LV	IE	EL	LT	EE	ES	PT	DK	HU	BG	IT	SI	UK	RO	FI	FR	NL	CZ	CY	SE	BE	AT	DE	SK	MT	PL	EU27
Agriculture, forestry and fishing	2.8	-0.1	0.2	-0.2	-0.7	1.0	0.2	-0.1	8.3	2.7	-0.5	-0.1	-1.0	0.3	0.6	2.1	1.8	0.2	-0.7	-0.6	3.9	2.2	-3.8	-9.3		0.6	0.8
Industry (except construction)	0.0	4.4	-5.9	0.0	-0.4	-2.0	-1.8	-3.9	-0.4	0.3	-2.8	-1.6	-2.7	2.8	-5.2	-2.1	0.3	3.0	-1.3	-0.9	-0.7	0.7	-0.2	8.1		5.2	-0.9
Construction	-13.5	-20.0	-9.9	-11.3	-5.9	-7.2	-7.3	-4.6	-7.3	-1.3	-4.4	-10.0	-1.5	-5.0	0.3	-3.1	-2.4	-1.4	-9.1	1.2	1.0	-2.6	1.1	4.8		8.8	-2.9
Wholesale and retail trade, transport, accomodation and food services	-2.6	-4.4	-4.5	-1.1	-7.5	0.3	0.2	-2.9	-4.5	0.2	-1.4	-0.7	-1.8	-3.5	0.1	0.5	-0.1	-3.1	0.1	1.7	0.4	-0.2	1.7	-5.4		3.9	-0.2
Information and communication	-5.4	-4.1	2.4	0.7	2.9	3.2	0.7	4.7	5.7	16.7	1.0	1.9	1.4	-3.2	3.0	1.0	-0.2	-0.6	1.7	5.0	1.9	-1.4	4.0	2.8		3.3	1.9
Financial and insurance activities	-4.2	-0.7	-3.1	3.1	-6.5	-2.1	2.1	-0.4	-3.2	5.6	1.5	0.7	-2.3	-3.5	-2.8	1.1	1.3	7.2	4.5	1.3	0.3	3.5	0.9	-1.4		-3.7	-0.2
Real estate activities	-0.6	-5.5	1.2	2.2	3.3	1.0	0.9	1.5	0.2	-1.5	0.0	1.7	1.5	-3.2	1.3	0.8	1.2	4.7	4.5	1.0	1.5	1.7	0.5	4.9		2.5	0.8
Professional, scientific, technical, administrative and support services	-3.9	-3.3	-4.5	-3.0	-0.6	0.7	0.6	0.8	-1.6	0.0	-1.4	0.7	0.6	-1.9	0.7	0.0	-1.4	-0.8	2.7	1.9	1.4	1.7	-1.2	-1.0		4.5	-0.2
Public administration, defence, education, health and social work	-3.9	-3.4	-2.0	-0.7	0.3	2.7	-0.2	0.6	-0.6	-1.4	0.1	1.5	1.3	-2.5	-0.2	1.0	2.6	1.0	3.3	1.4	1.2	1.1	1.8	2.6		1.6	1.2
Arts, entertainment, recreation, other services, services employed by households & extra-terroritorial bodies	-11.6	0.5	-0.3	-6.4	-7.7	1.0	1.7	0.5	0.0	7.9	0.9	-1.0	0.3	-9.1	1.0	0.8	-0.6	-3.3	4.3	1.6	0.8	0.8	-0.1	2.1		0.7	0.4
Total	-3.4	-2.1	-3.1	-1.5	-1.9	-0.5	-0.4	-1.0	-0.8	1.3	-1.1	-0.8	-0.6	-1.6	-1.0	0.1	0.4	0.9	0.8	1.1	0.7	0.6	0.7	2.1		3.7	0.0

Source: Eurostat

No data available for Luxembourg or for GVA in Malta.

Figure 4: Change in GDP per head index (PPS) in metro regions, 2007-2010

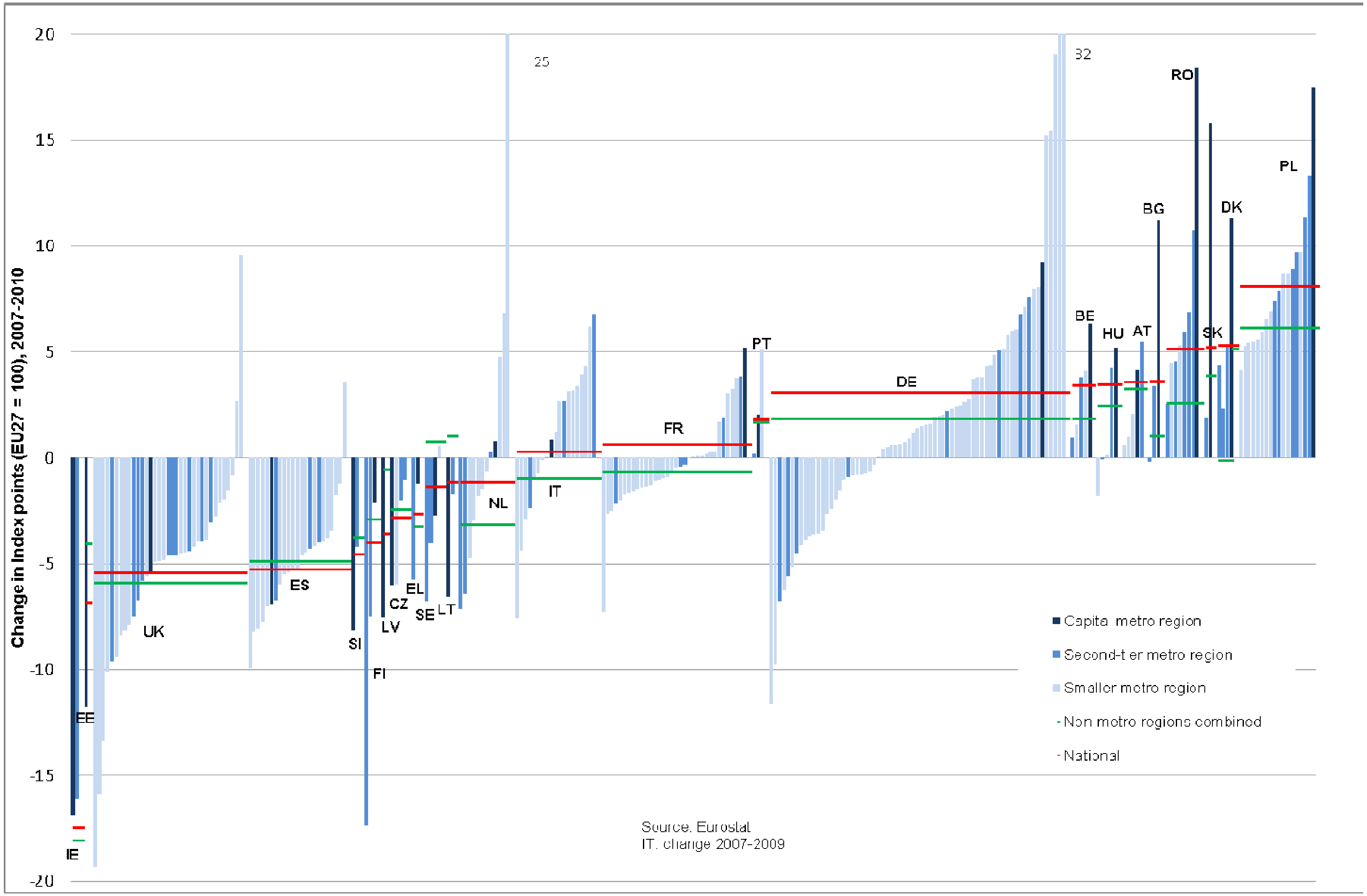
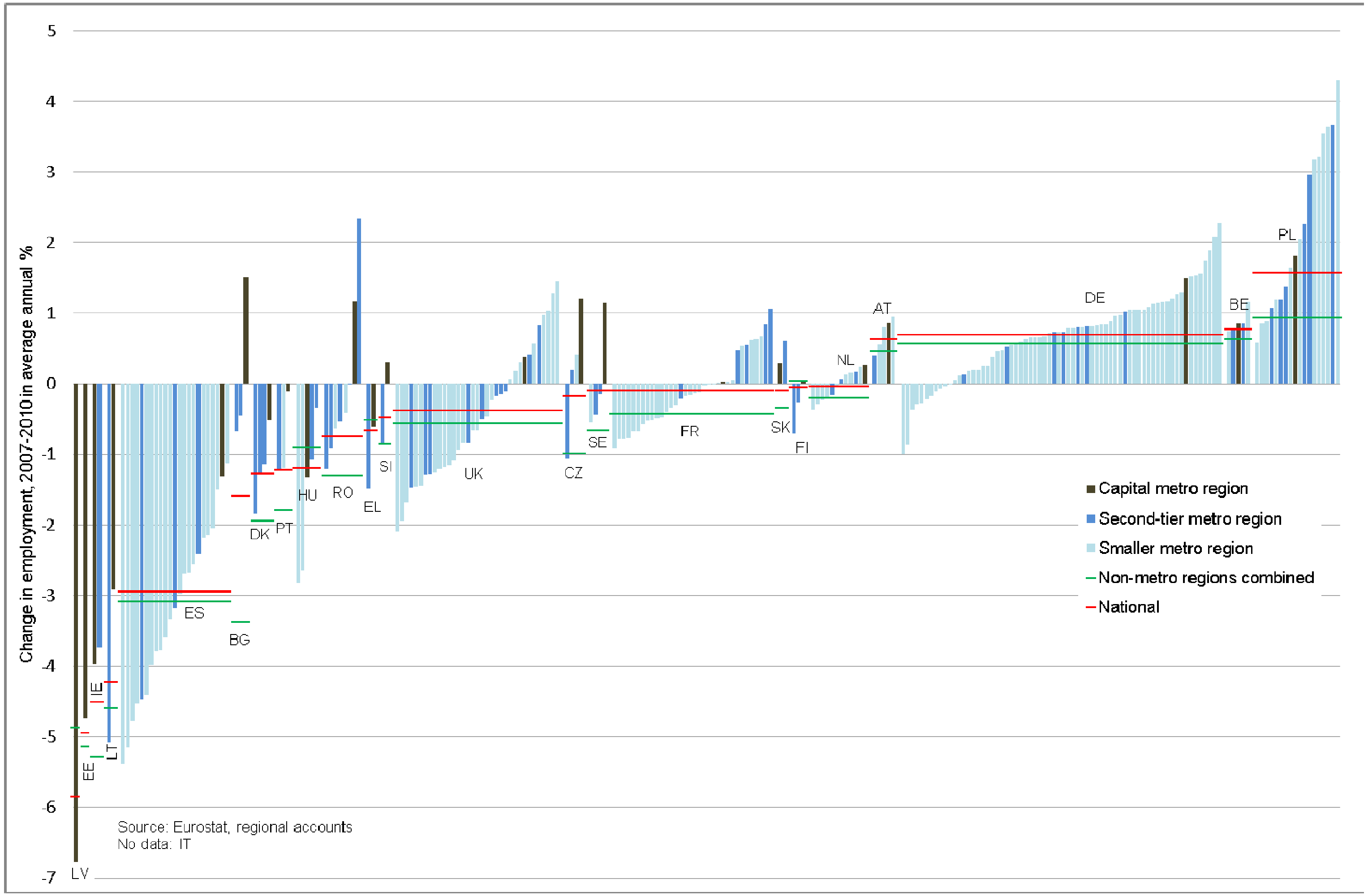


Figure 5: Change in employment in metro regions, 2007-2010



1. Public debt

The general government debt is defined as the consolidated gross debt of the whole of the general government sector outstanding at the end of the quarter (at nominal value). The general government sector comprises central government, state government, local government, and social security funds. The debt is measured as a percentage of GDP.

Why does this matter?

The Maastricht Treaty specifies government debt must not exceed 60% of GDP unless it is sufficiently diminishing and approaching 60% at a satisfactory pace. Unsustainable levels of public debt undermine macro-economic stability, increase government spending interests and the higher taxes required to service the debt may act as a drag on growth.

How the EU Member States score?

Government debt-to-GDP ratios increased drastically over the 2008-2012 period in both the euro area (24.9 percentage points) and in the EU-27 (26.2 p.p.), sustained by government budget deficits (negative primary balances), increasing interest payments and lower nominal GDP growth. During the crisis, the total debt-to-GDP ratio of EU-27 registered a negative trend, peaking at 85.2% in the last quarter of 2012 (latest available data).

Country	General Government Gross Debt, fourth quarter 2012
This table shows the five countries with the highest government debt-to-GDP ratio	
Greece	156.9
Italy	127.0
Portugal	123.6
Ireland	117.6
Belgium	99.6

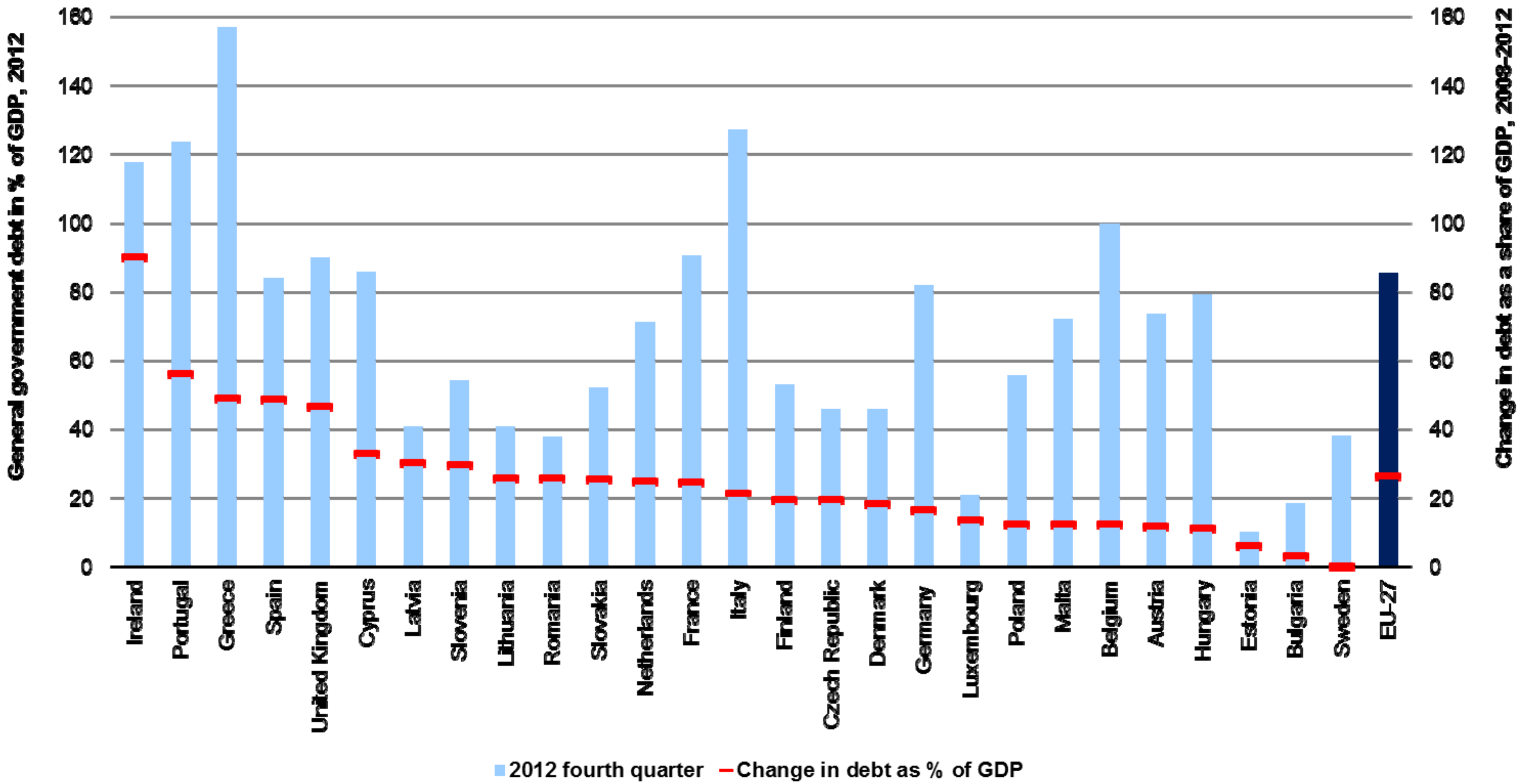
The highest ratios of government debt to GDP are recorded in Greece (156.9%), Italy (127.0%) and Portugal (123.6%). The total government debt is higher than the annual GDP also in Ireland, and close to this level in Belgium. The lowest ratios, instead, are registered in Estonia (10.1%), Bulgaria (18.5%) and Luxembourg (20.8%). The values of the last quarter of 2012 represent a peak (since 2000) for eleven countries, including Germany, Portugal, Netherlands and the UK. Greece, instead, peaked (170.3%) in the fourth quarter of 2011 and decrease is mainly due to the exchange of bonds. Also Hungary (79.2%) improved its situation compared to the peak recorded in the second quarter of 2010 (85.3%).

Country	General Government Gross Debt, first quarter 2008 - fourth quarter 2012
This table shows the five countries with the biggest increase of government debt-to-GDP ratio	
Ireland	90.0
Portugal	56.1
Greece	49.0
Spain	48.6
UK	46.7

The highest increases between 2008 and 2012 are registered in Ireland, where the ratio increased by a staggering 90.0 percentage points, Portugal (56.1) and Greece (49.0).

The debt to GDP ratio increased in all EU-27 countries, although Sweden (+0.2 p.p.), Bulgaria (+3.1 p.p.) and Estonia (+6.0 p.p., starting from a very low base) registered a mild increase.

General Government Debt



2. House Price Index (HPI)

House Price Indices (HPIs) measure inflation in the residential property market. The HPI captures price changes of all kinds of residential property purchased by households (flats, detached houses, terraced houses, etc.), both new and existing. Only market prices are considered, self-build dwellings are therefore excluded. The land component of the residential property is included.

Why does this matter

Rapid increases in housing prices reduce the affordability of housing, especially for first-time buyers. Rapid reductions in housing prices lead to mortgages which are higher than the current value of the house, so-called negative equity. These reductions also lead to fewer transactions on the housing market, with effects on mobility of workers.

How the EU Member States score?

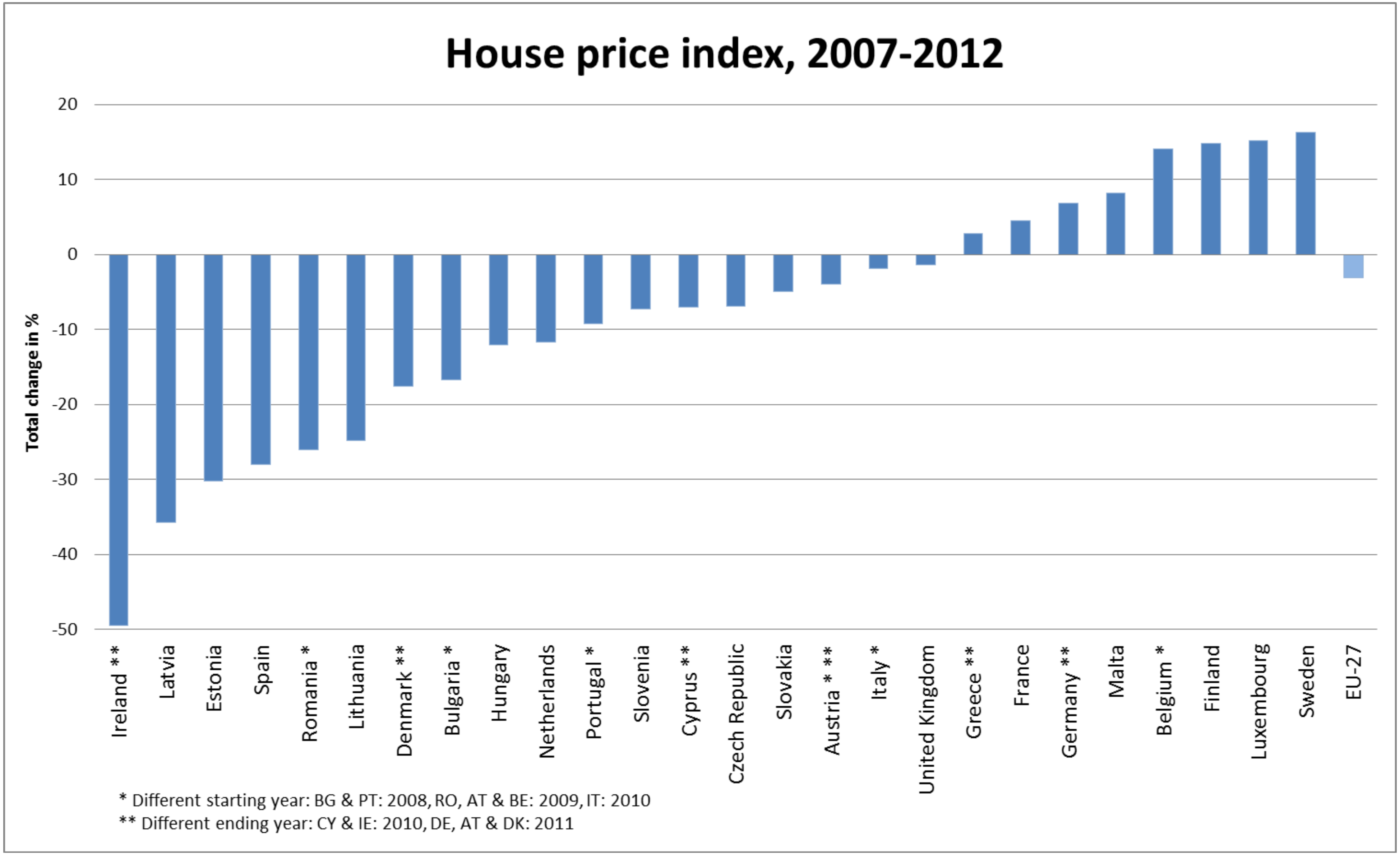
Housing market bubbles have been one of the main macroeconomic imbalances leading to the current economic crisis. Household indebtedness is closely linked with housing market developments: growth in credit to households, house price increases and high residential investment went hand in hand during the decade preceding the crisis, leading to higher indebtedness of the private sector. While the length and the speed of this expansion has shown significant variations across countries, house prices peaked in a vast majority of Member States in 2007/2008[1], ending a particularly pronounced price cycle across the EU. In 2006-2007, half of the Member States where data is available recorded price increases above 6%/year, a threshold considered as an alert of internal imbalances[2].

Taking into account the 2007-2012 period, house prices contracted considerably in Ireland (-49.5%, until 2010), Latvia (-35.7%) and Estonia (-30.2%). In Ireland house prices in 2010 were significantly lower than in 2005. A substantial decrease between 2007 and 2012 was also registered Spain (-28.0%), and Romania (-26.1%, 2010-2012).

Country	House Price Index, 2007-2012
This table shows the five countries with the highest drop of house prices	
Ireland (2007-2010)	-49.5
Latvia	-35.7
Estonia	-30.2
Spain	-28.0
Romania (2009-2012)	-26.1

Between 2007 and 2012, house prices kept on increasing considerably in Sweden (+16.3%), Luxembourg (+15.1%), Finland (+14.8%) and Belgium (+14.0%), and at a slower pace in Malta (+8.2%), Germany (+6.8%) and France (+4.5%).

1 http://ec.europa.eu/economy_finance/economic_governance/documents/alert_mechanism_report_2012_en.pdf
2 Ibid.


House price index, 2007-2012
20
10
0
-10
-20
-30
-40
-50
Total change in %
Ireland **
Latvia
Estonia
Spain
Romania *
Lithuania
Denmark **
Bulgaria *
Hungary
Netherlands
Portugal *
Slovenia
Cyprus **
Czech Republic
Slovakia
Austria * **
Italy *
United Kingdom
Greece **
France
Germany **
Malta
Belgium *
Finland
Luxembourg
Sweden
EU-27
* Different starting year: BG & PT: 2008, RO, AT & BE: 2009, IT: 2010
** Different ending year: CY & IE: 2010, DE, AT & DK: 2011

3. Trade in Goods, 2008-2009

International trade refers to selling (exports) or buying (imports) of goods and services along international borders. The analysis is based on the trade volume index. It accounts, simultaneously, for change in prices and in volumes of export and import; therefore it is a suitable indicator of change over time.

Why does this matter?

Through export, countries can expand their market, which is important in particular for countries with small domestic markets. Imports can increase competition on the domestic market and improve the choice of goods and services available to consumers, at lower prices. A positive balance of exports and imports (trade surplus) contributes to GDP growth. A negative balance (trade deficit) lowers GDP.

How do EU countries score?

As the crisis spread across the economies, people started to consume less and firms started to buy less intermediate goods. This led to a serious contraction in both, exports and imports of goods and services, worldwide.

Country	Imports, 2008-2009
This tables shows the five countries with the highest reduction in the import volume index from 2008 to 2009, in %	
Latvia	-28.8
Lithuania	-27.0
Romania	-26.4
Estonia	-25.1
Bulgaria	-23.9

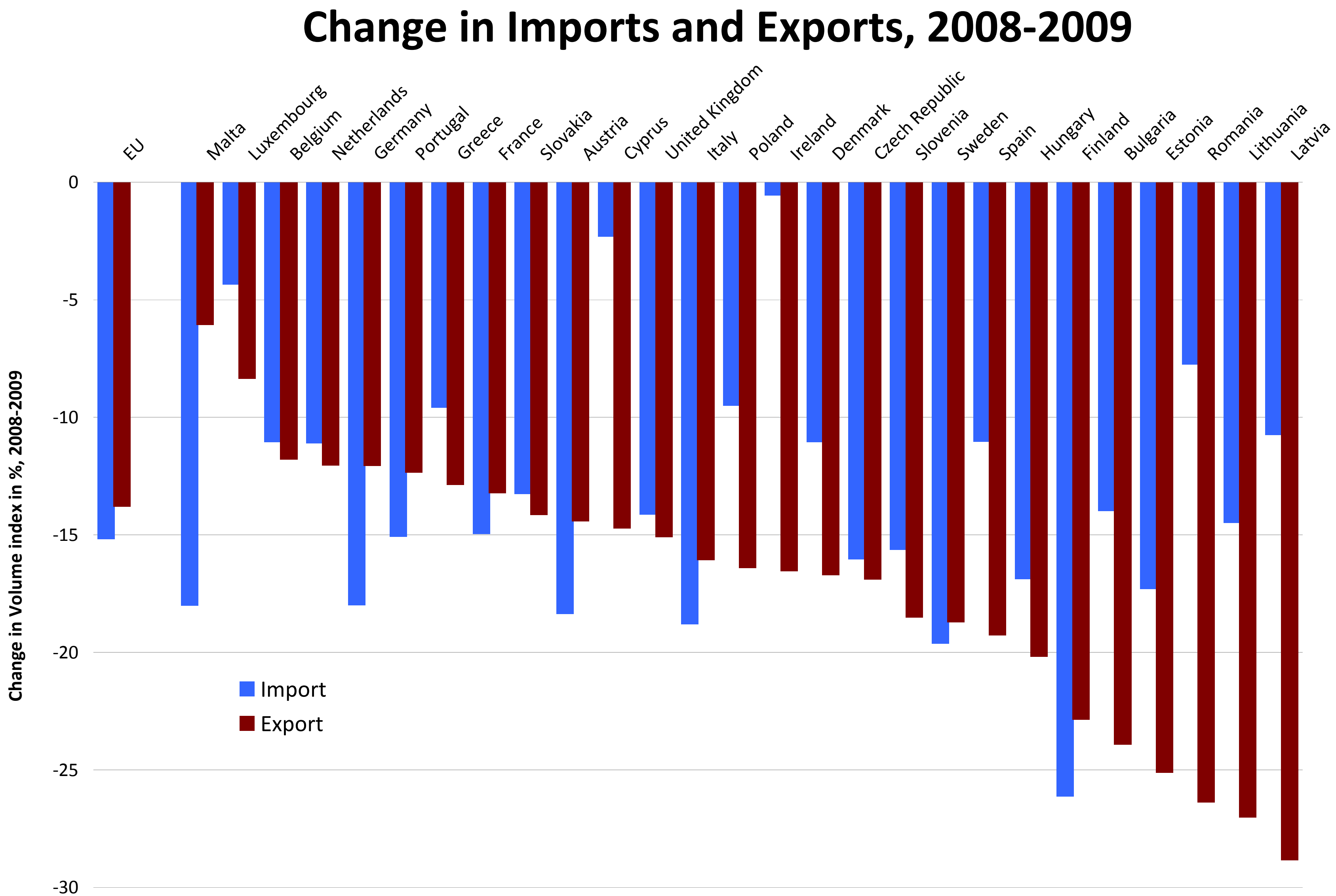
In the EU, the Central and Eastern countries, suffered the highest drop in imports. The countries in the table saw their imports falling by a nearly a quarter in Bulgaria to nearly a third in Latvia, in just one year. Most of the countries that joined the EU after 2004 were enjoying a period of high economic growth fuelled by high investments and high consumption, before the crisis hit them. At the same time, imports grew significantly. The crisis brought this development to a halt during at least two years (2008-2010) before imports started to grow again.

The effect of the crisis on trade in the less developed MS was higher on imports, whereas the import of intermediate products, which will be transformed and exported again, is likely to increase apace with the exports. Imports of final consumption goods will only grow when disposable household income starts to grow again.

The four of the five countries with a reduction in exports of 18% or more (see table) have a GDP per head above the EU average. In general, the decline in trade was associated mainly with falling exports in the more developed MS, indicating that the consumption of final goods did not drop as quickly as in the less developed MS.

Country	Exports, 2008-2009
This tables shows the five countries with the highest reduction in the export volume index from 2008 to 2009, in %	
Finland	-26.1
Sweden	-19.6
Italy	-18.8
Austria	-18.4
Malta	-18.0

In general, imports fell faster than exports and took also longer to recover. By 2011 most of the EU countries reached or nearly reached their trade volumes from the pre-crisis period. However, the consequence of such abrupt fall in consumption and production, for their labour market will take much longer to recover.


Change in Imports and Exports, 2008-2009
EU
Malta
Luxembourg
Belgium
Netherlands
Germany
Portugal
Greece
France
Slovakia
Austria
Cyprus
United Kingdom
Italy
Poland
Ireland
Denmark
Czech Republic
Slovenia
Sweden
Spain
Hungary
Finland
Bulgaria
Estonia
Romania
Lithuania
Latvia
0
-5
-10
-15
-20
-25
-30
Change in Volume index in %, 2008-2009
Import
Export

4. Foreign Direct Investments

Foreign direct investment is an investment made by a company or entity based in one country, into a company or entity based in another country in order to acquire a lasting interest (10 percent or more of voting stock). The difference in inward and outward FDI is called FDI balance. It is usually expressed with relation to a country's GDP.

Why does this matter?

A negative FDI balance means that a country receives more investment from abroad than it sends abroad. As a result, a negative FDI balance leads to higher private investments. This will boost the economic activity in a country. In addition, it can contribute to efficiency gains, transfer of innovative technologies and higher productivity.

How do EU countries score?

The table shows the countries with the where net inflows were much higher than net outflow as a share of GDP. Most of them are relatively small and open economies with skilled workforce. With the exception of Belgium, they are all Member States with GDP per head (well) below the EU average.

Country	Net FDI Balance, 2008-10
This table shows the countries with the highest negative net FDI balance as a share of GDP in 2008-10, i.e. the biggest net recipients of FDI.	
Bulgaria	-9.7
Malta	-9.1
Romania	-3.8
Estonia	-3.8
Belgium	-3.6
Cyprus	-2.8
Portugal	-2.0
Latvia	-1.7
Lithuania	-1.6
Poland	-1.6

Joining the EU may have contributed to increase of FDI in several of the Central and Eastern Member States due to the access to the single market and the incorporation of the EU acquis into national legislation.

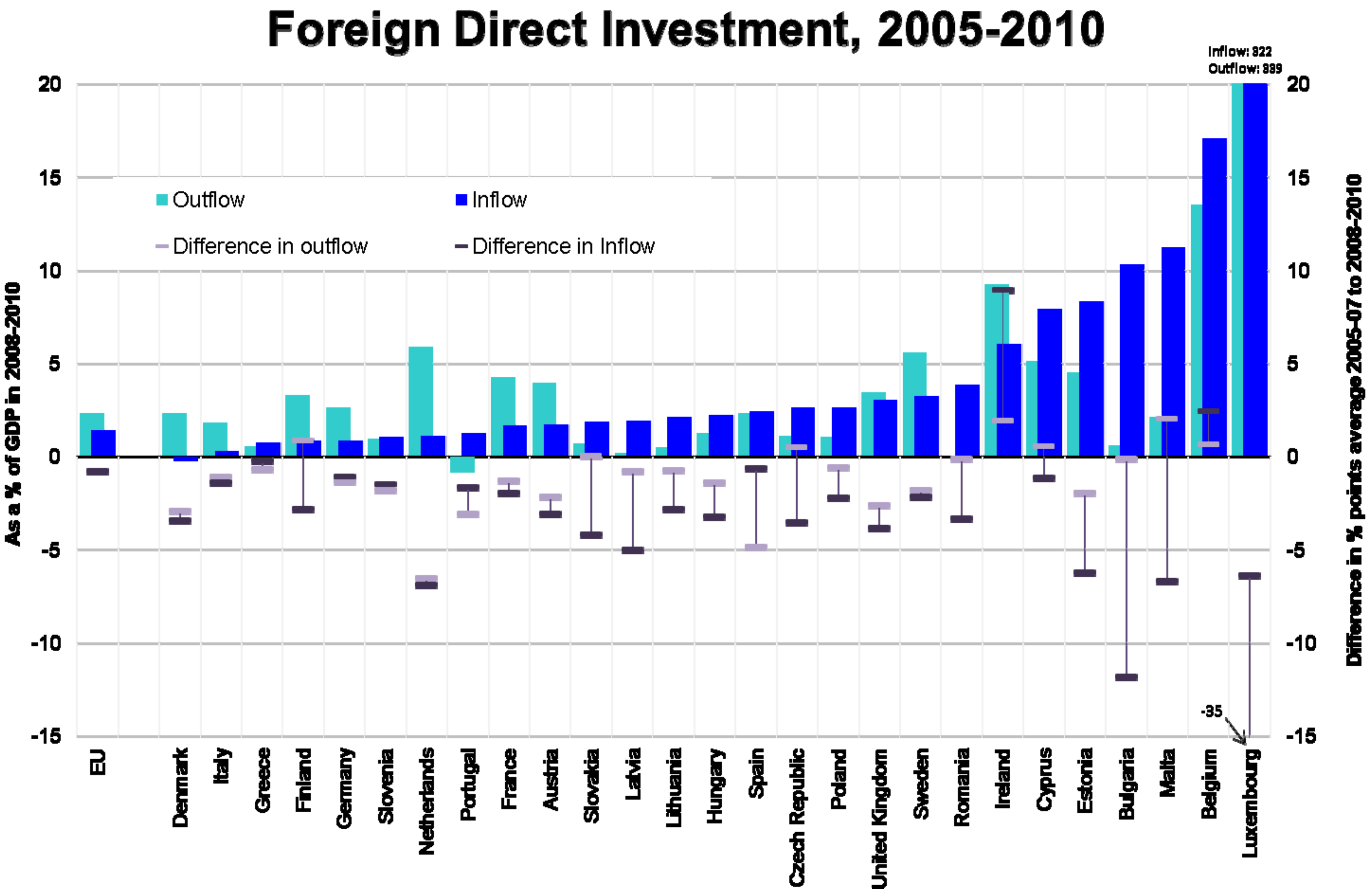
Foreign direct investment dropped rapidly in 2008 and 2009 as global credit conditions started to deteriorate. The fall was more substantial for inflows than outflows of FDI, which led to significantly lower investments in the main recipient of FDI in the EU.

Bulgaria experienced the biggest reduction in inward FDI as share of GDP (- 12 pp). Nevertheless, it still is one of the main destinations for investors in the EU. This is also the case for Malta.

Country	Difference in inward FDI, 2005-07 to 2008-10
This table shows the countries with biggest reduction of inward FDI as a share of GDP from 2005-07 to 2008-10, in pp	
Bulgaria	-11.9
Netherlands	-6.9
Malta	-6.7
Luxembourg	-6.4
Estonia	-6.3
Latvia	-5.0
Slovakia	-4.2
United Kingdom	-3.9
Czech Republic	-3.6
Denmark	-3.5

Among the ten Member States with the biggest drop in inward FDI, there are four Western MS. This is not so surprising for small, open economies such as Luxembourg, Denmark and the Netherlands, but it also includes the large economy of the UK, where it dropped by 4 pp.

In 2011, FDI flows showed strong signs of a recovery. Both flows from one EU country to another and from the outside the EU into the EU increased substantially compared to 2010.


Foreign Direct Investment, 2005-2010
Inflow: 322
Outflow: 339
Outflow
Inflow
Difference in outflow
Difference in Inflow
As a % of GDP in 2008-2010
Difference in % points average 2005-07 to 2008-2010
20
15
10
5
0
-5
-10
-15
-35
EU
Denmark
Italy
Greece
Finland
Germany
Slovenia
Netherlands
Portugal
France
Austria
Slovakia
Latvia
Lithuania
Hungary
Spain
Czech Republic
Poland
United Kingdom
Sweden
Romania
Ireland
Cyprus
Estonia
Bulgaria
Malta
Belgium
Luxembourg

5. Change in GDP and Employment, 2007-2010

These two indicators measure the average annual change in GDP and employment between 2007 and 2010, i.e. the average growth in 2008, 2009 and 2010.

Why does this matter?

Reductions in GDP lead to lower incomes and reduce government revenues. Reductions in employment increase unemployment and demands for unemployment benefits.

How do the EU regions score?

Two out of three EU regions suffered a contraction of their GDP between 2007 and 2010.

MS	Region	GDP growth 2007-2010, %
This table shows the ten regions where GDP shrunk fastest between 2007 and 2010, in % average annual change		
LV	Latvija	-6.2
EE	Eesti	-4.8
HU	Észak-Magyarország	-4.0
FI	Etelä-Suomi	-3.7
LT	Lietuva	-3.5
HU	Közép-Dunántúl	-3.5
IT	Molise	-3.4
DK	Sjælland	-3.3
BG	Severozapaden	-3.2
IE	Border, Midland and Western	-3.0

The ten regions where GDP shrunk fastest include the three Baltic States and one of the two Irish regions. It does not include a Spanish region as they suffered more from employment than GDP losses.

For Greece no regional growth figures are available. The country's GDP shrunk by -2.5% a year over that period and the contraction of GDP was even harsher after 2010.

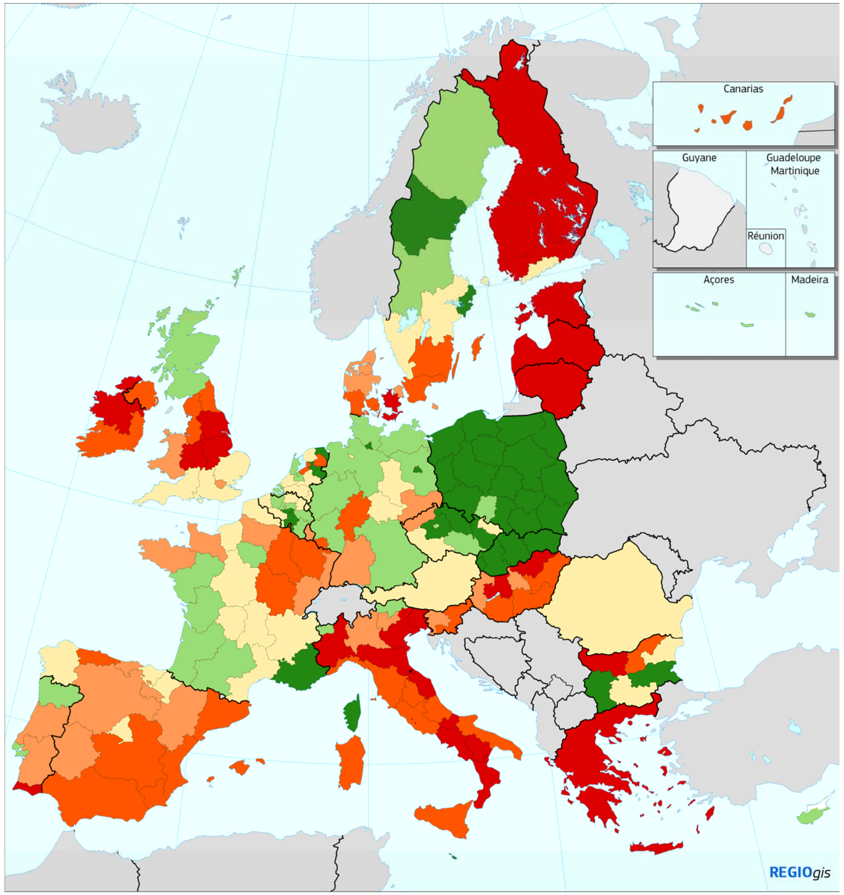
The growing regions are mainly located in Poland, Germany, Sweden, Slovakia and the Czech Republic.

More than one out of two regions suffered a reduction of employment between 2007 and 2010. Employment reductions were particularly high in Spain, Ireland and the Baltic States. In Greece, employment only shrunk by 0.7% between 2007 and 2010 and lost far more employment in 2011 and 2012.

MS	Region	Employment growth 2007-2010, %
This table shows the ten regions where employment shrunk fastest between 2007 and 2010, in % average annual change		
BG	Severozapaden	-6.2
LV	Latvija	-5.9
IE	Border, Midland and Western	-5.2
EE	Eesti	-5.0
ES	Comunidad Valenciana	-4.7
ES	Cantabria	-4.5
IE	Southern and Eastern	-4.3
LT	Lietuva	-4.2
ES	Comunidad Foral de Navarra	-4.0
ES	Ciudad Autónoma de Melilla	-3.9

Bulgaria and Romania both have regions which saw big declines in employment. National level data shows that employment continued to decline in 2011, but Romania managed return to growth in 2012.

The regions with employment growth were mainly located in Poland, Germany, Austria, Belgium and Luxembourg.



Growth of GDP in real terms, 2007-2010

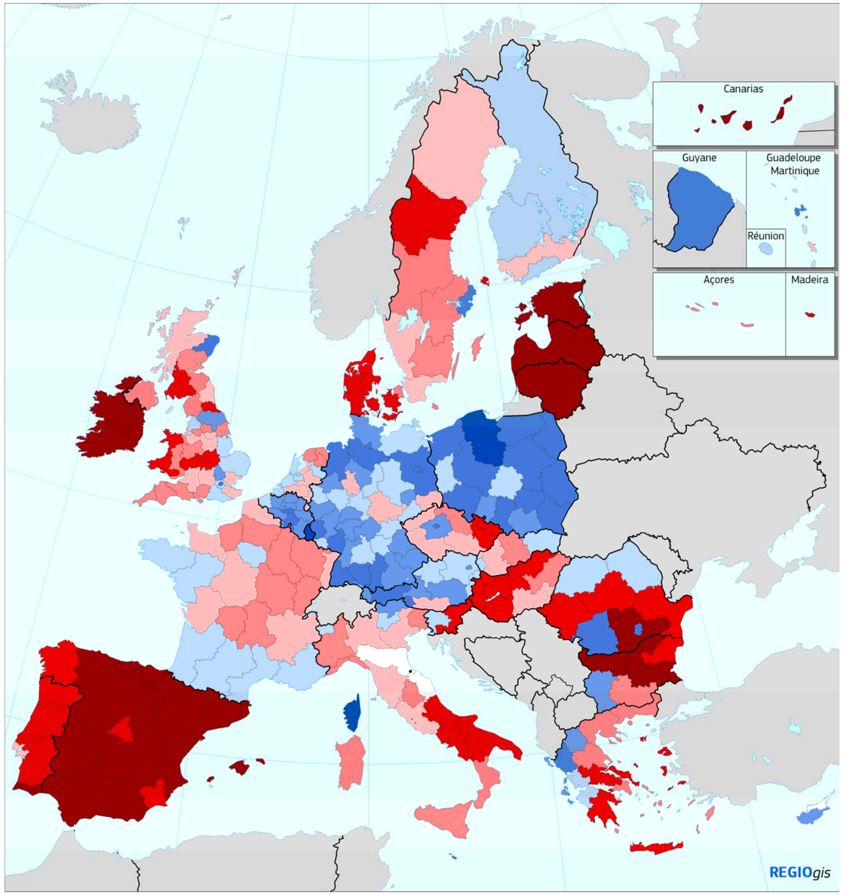
Annual average % change

- < -2
- -2 - -1
- -1 - -0.5
- -0.5 - 0
- 0 - 1
- > 1

EU-27 = -0.54
Source: Eurostat, DG REGIO

0 500 Km

© EuroGeographics Association for the administrative boundaries



Total employment growth, 2007-2010

Average annual % change

- < -2.5
- -2.5 - -1
- -1 - -0.5
- -0.5 - 0
- 0 - 0.5
- 0.5 - 1
- 1 - 2.5
- > 2.5
- no data

EU-27 = -0.42
Source: Eurostat

0 500 Km

© EuroGeographics Association for the administrative boundaries

6. Unemployment, 2012

This indicator measures the number of people aged 15-74 who are without work but looking for work and available for work, divided by the number of people aged 15-74 and active in the labour market, i.e. those employed and unemployed.

Why does this matter?

High unemployment is a threat to social cohesion leading to poverty and social exclusion and it is one of the most important incentives for people to leave their regions.

How do the EU regions score?

Regional disparities in unemployment among the EU-27 regions remain high. More than one region in three has an unemployment rate above 10%. The highest rates are registered in Spain, Greece and in the overseas departments of France. In the top-30 regions in terms of unemployment, 29 are located in these three countries.

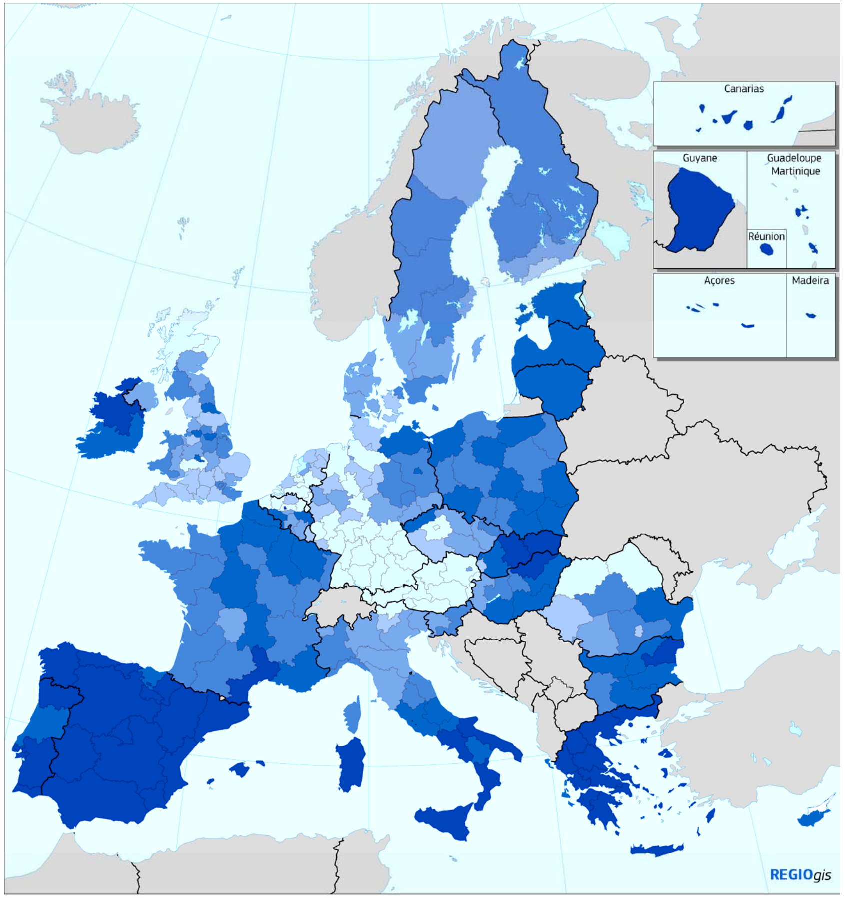
The regions recording unemployment rates above 15% are almost one out of five (one out of ten in 2010). In contrast, about one region out of six registers unemployment rates below 5% (a total of 45, an increase from the 41 regions in 2011). These regions are mainly located in Austria, Germany, Belgium and Netherlands.

MS	Region	Unemployment rate, 2012
This table shows the ten regions the highest unemployment rates in 2012		
ES	Ciudad Autónoma de Ceuta	38.5
ES	Andalucía	34.6
ES	Extremadura	33.0
ES	Canarias	33.0
EL	Dytiki Makedonia	29.9
ES	Melilla	28.6
FR	Réunion	28.6
ES	Castilla-La Mancha	28.5
ES	Región de Murcia	27.9
EL	Sterea Ellada	27.8

It is possible to identify different trends for the period 2008-2012. Between 2008 and 2012 unemployment increased in four out of five regions. The crisis hit severely regions of Spain, Greece, Ireland and the Baltic States. Instead, unemployment dropped almost exclusively in German regions, especially in Eastern Landers (also due to labour mobility).

One in three regions saw increases until 2010 and have shown some resilience since then. These regions are located in particular in Belgium, Czech Republic, Slovakia, Austria, Sweden and the UK.

MS	Region	Unemployment rate, 2008-2012
This table shows the ten regions with the biggest increase in unemployment rate in pp		
ES	Ceuta	21.2
EL	Sterea Ellada	19.3
EL	Attiki	18.9
ES	Extremadura	17.8
EL	Kentriki Makedonia	17.7
EL	Dytiki Makedonia	17.4
ES	Castilla-La Mancha	16.9
ES	Andalucía	16.8
EL	Voreio Aigaio	16.7
EL	Dytiki Ellada	15.9



Unemployment rate, 2012

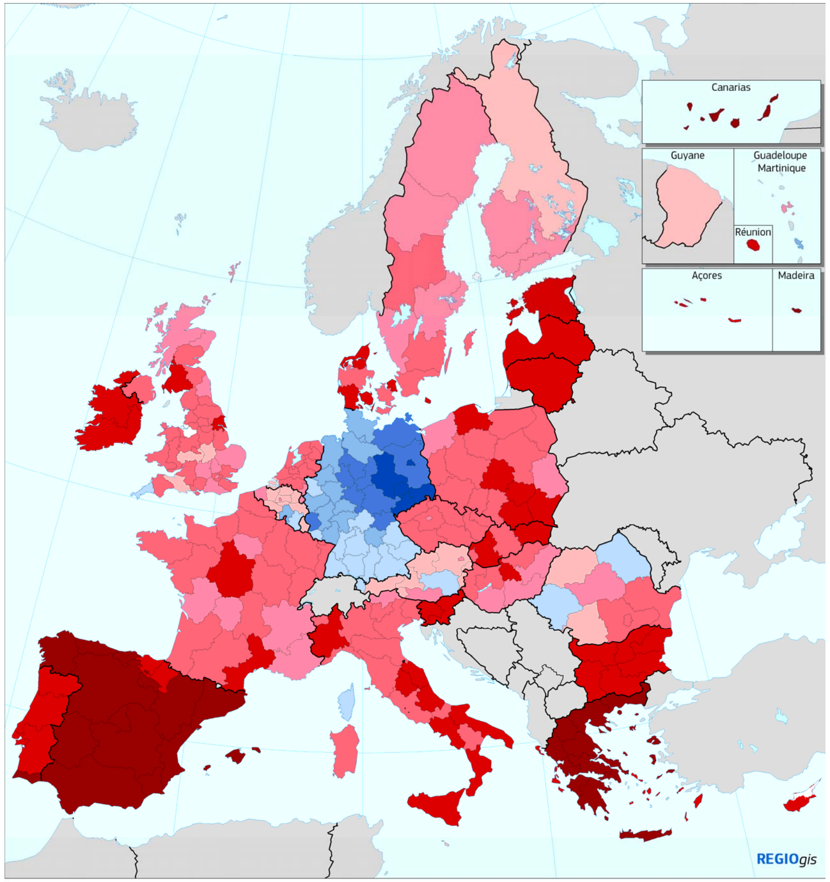
% of labour force

- < 5
- 5 - 6.5
- 6.5 - 8
- 8 - 10
- 10 - 15
- 15 - 30

EU27 = 10.4
Source: Eurostat

0 500 Km

© EuroGeographics Association for the administrative boundaries



Change in unemployment rate, 2008-2012

Percentage point change

- < -4
- -4 - -2
- -2 - -1
- -1 - 0
- 0 - 1
- 1 - 2
- 2 - 4
- 4 - 10
- > 10
- no data

EU-27 = 3.4
Source: Eurostat

0 500 Km

© EuroGeographics Association for the administrative boundaries

7. Youth Unemployment, 2012

This indicator divides the number of people aged 15-24 who are without work but looking for work and available for work, by the number of people aged 15-24 and active in the labour market, i.e. those employed and unemployed.

Why does this matter?

Unemployment at a young age can have a long-lasting negative impact, a 'scarring effect'. In addition to higher risks of future unemployment, lower wages, these young people are also at a higher risk of social exclusion, of poverty and of facing health problems. High unemployment is one of the main drivers for young people to leave their regions.

How do the EU regions score?

Regional disparities in youth unemployment rates among the EU-27 regions are pronounced – with differences up to 13 times between regions experiencing the highest and the lowest youth unemployment rates.

Two regions out of five have a youth unemployment rate above 25%. The highest youth unemployment rates are registered in Spain, Greece and Italy. In the top-30 regions in terms of youth unemployment, 29 are located in these three countries.

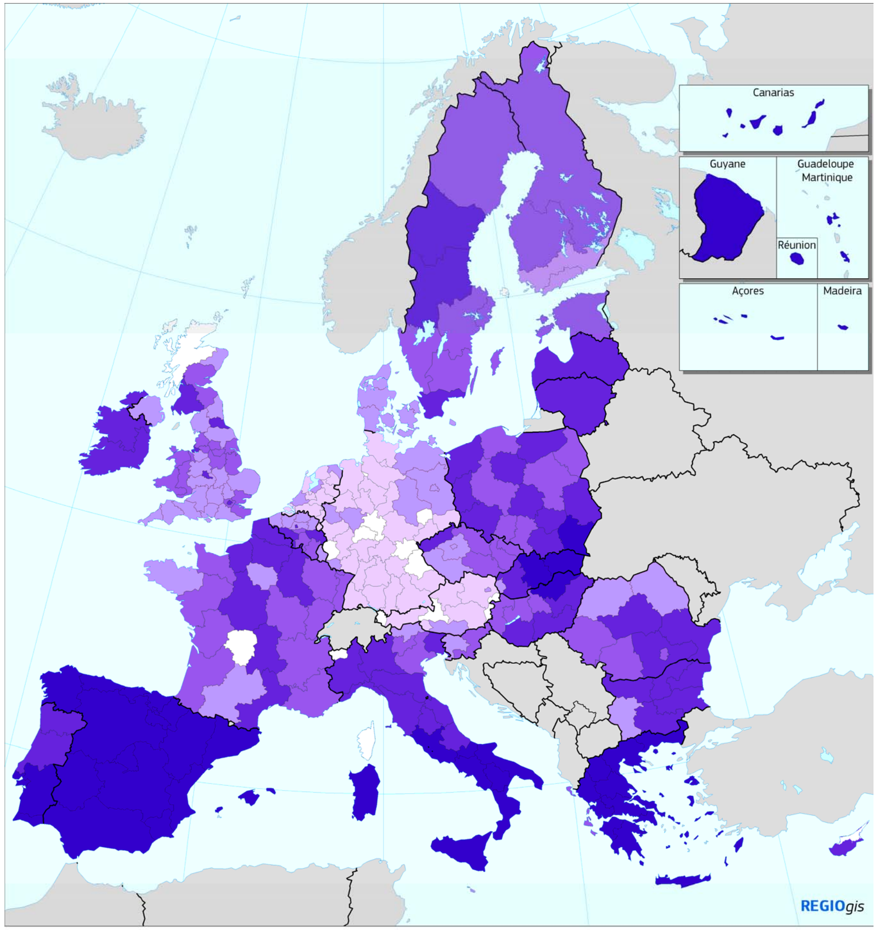
MS	Region	Youth Unemployment rate, 2012
This table shows the ten regions with the highest youth unemployment rate, in %		
EL	Dytiki Makedonia	73
ES	Ciudad Autónoma de Ceuta	71
ES	Canarias	63
ES	Andalucía	62
ES	Extremadura	62
EL	Peloponnisos	61
ES	Ciudad Autónoma de Melilla	61
EL	Ipeiros	60
EL	Kentriki Makedonia	60
EL	Sterea Ellada	59

In contrast, only 15% of the regions register youth unemployment rates below 10%, mainly located in Austria, Germany and the Netherlands.

Between 2008 and 2012 youth unemployment increased in four out of five regions. The crisis hit severely regions of Greece, Spain (where the increase in youth unemployment was between 10 percentage points in Navarra and over 27 p.p. in Asturias), Bulgaria, and Lithuania and Latvia.

In contrast, youth unemployment rates dropped in regions, 35 of them located in Germany, 5 in Belgium and 4 in Austria.

MS	Region	Youth unemployment rate, 2008-2012
This table shows the ten regions with the largest increase in youth unemployment rate, in pp		
EL	Peloponnisos	40
EL	Kentriki Makedonia	38
EL	Attiki	37
EL	Dytiki Makedonia	36
PT	Região Autónoma da Madeira	34
ES	Extremadura	32
ES	Castilla-La Mancha	32
ES	Ciudad Autónoma de Ceuta	31
ES	Andalucía	31
EL	Sterea Ellada	31



Youth unemployment rate, 2012

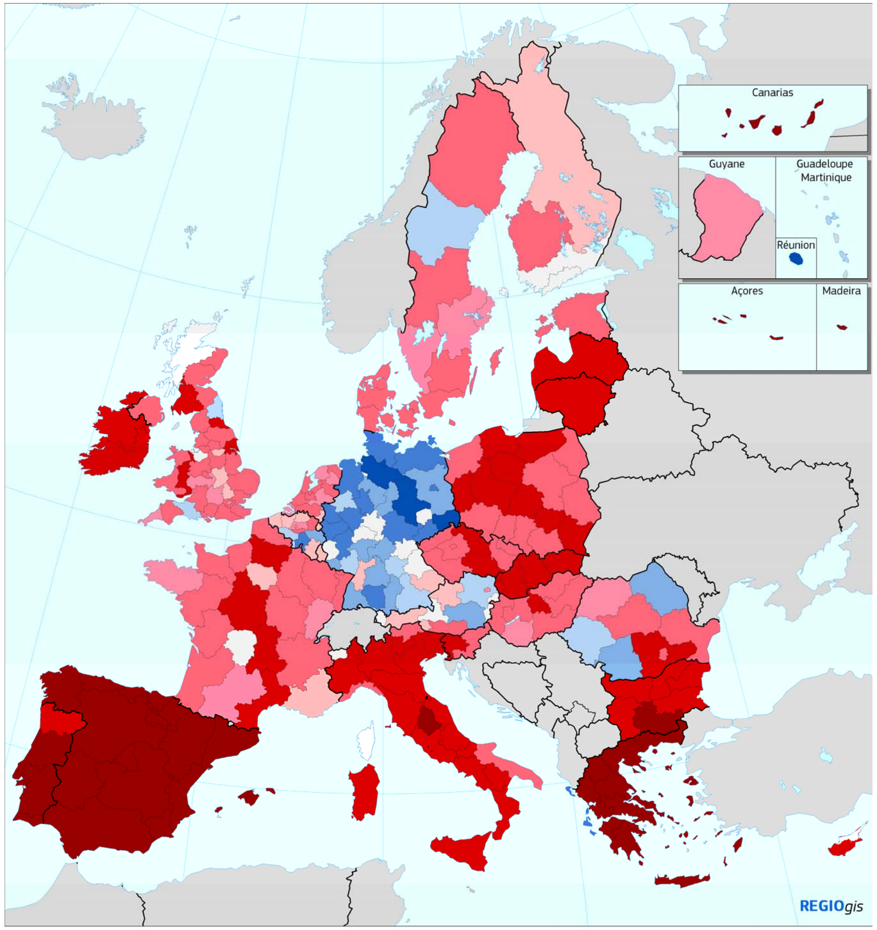
% of active population aged 15-24

- < 9.8
- 9.8 - 19.3
- 19.3 - 25.1
- 25.1 - 38.3
- >= 38.3
- no data

EU = 22.8
Source: EUROSTAT

0 500 Km

© EuroGeographics Association for the administrative boundaries



Change in youth unemployment rate, 2008-2012

Percentage point change

- < -4
- -4 - -2
- -2 - -1
- -1 - 0
- 0 - 2
- 2 - 4
- 4 - 10
- 10 - 20
- > 20
- no data

EU27 = 7.2
Source: EUROSTAT

0 500 Km

© EuroGeographics Association for the administrative boundaries

8. People aged 15 to 24 not in Employment, Education or Training (NEET), 2012

This indicator divides the number of people aged 15-24 that are not employed (both unemployed and inactive) and not involved in any education or training by the total number of people aged 15-24.

Why does this matter?

People not in employment, education or training age 15-24 are likely to be early school leavers and unlikely to have completed tertiary education. Europe 2020 aims to reduce the share of early school leavers and increase the share of tertiary educated by 2020. In addition, a high share of NEETs can indicate increasing resignation among young people and lack of trust in state institutions, a major threat to social cohesion.

How do the EU regions score?

Regional disparities in NEET rates among the EU-27 regions are pronounced – with differences up to 12 times between regions experiencing the highest and the lowest NEET rates.

The regions with the highest rates - with more than 1 out of 5 young people not in employment, education and training - can be found in Bulgaria and Romania (for reasons of higher inactivity), as well as Italy, Spain, and Greece (for reasons of higher unemployment).

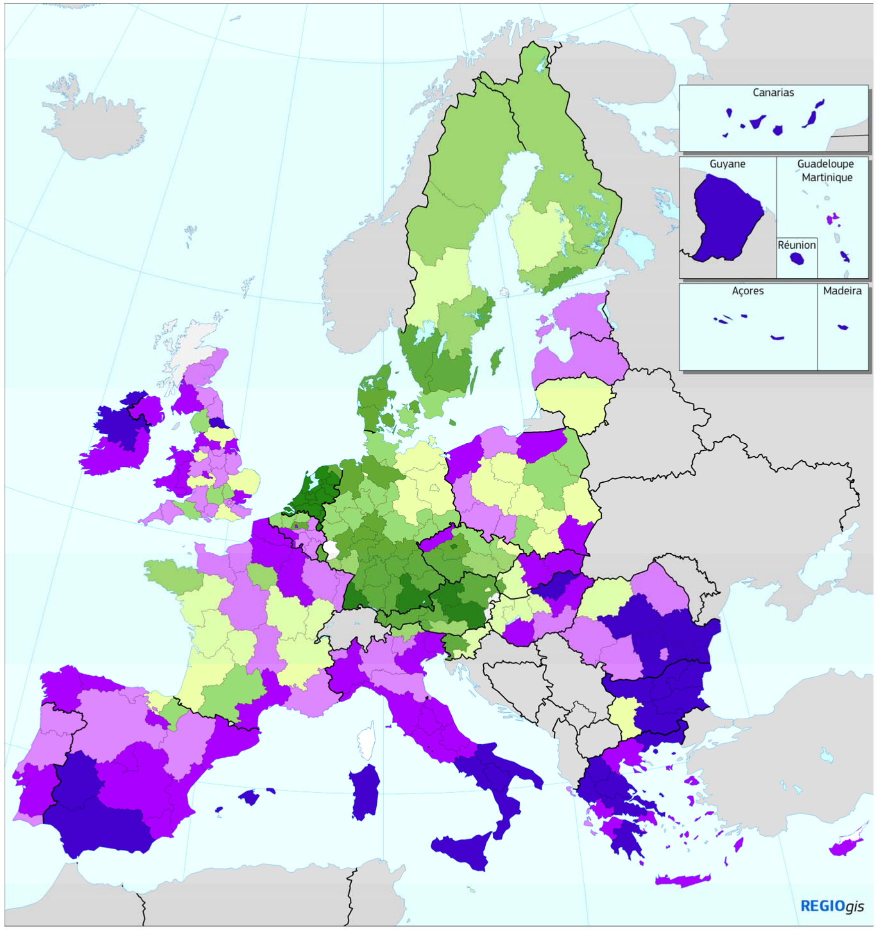
MS	Region	NEET, 2012
This table shows the ten regions with the highest NEET rate in 2012, in % of population aged 15-24		
BG	Severozapaden	36
IT	Sicilia	31
IT	Campania	30
IT	Calabria	30
FR	Réunion	29
EL	Peloponnisos	29
EL	Anatoliki Makedonia, Thraki	28
BG	Yugoiztochen	28
ES	Ciudad Autónoma de Ceuta	28
EL	Sterea Ellada	27

In contrast, only 6% of the regions (16 out of the 268 regions for which data were available) register NEET rates below 5%, mainly located in the Netherlands. Regions with the lowest NEETs rates are also located Austria, Germany and the Czech Republic (the city of Prague).

MS	Region	NEET rate, 2008-2012
This table shows the ten regions with the largest increase NEET rate between 2008 and 2012, in pp		
EL	Peloponnisos	14
IT	Valle d'Aosta/Vallée d'Aoste	14
EL	Anatoliki Makedonia, Thraki	13
BG	Severozapaden	12
RO	Centru	12
EL	Ipeiros	11
UK	East Yorkshire and Northern Lincolnshire	11
EL	Dytiki Makedonia	10
UK	Cumbria	10
BE	Prov. Limburg (BE)	9

Between 2008 and 2012 NEET rates increased in four out of five regions. The increase in NEET rates was particularly sharp for regions in Greece, Romania and Bulgaria with regional increases of 10 pp or more.

In contrast, NEET rates dropped in 51 regions, most of these are located in Germany, Sweden, Finland and Austria.



Population aged 15-24 not in employment, education or training (NEET), 2012

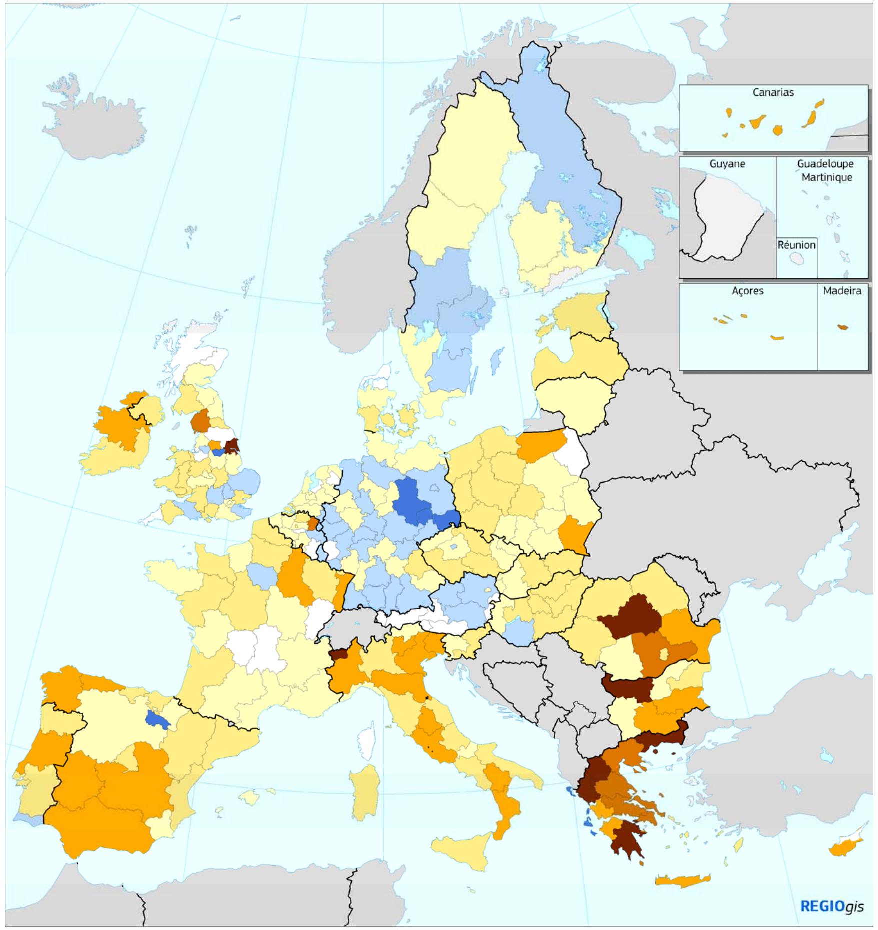
% of population, aged 15-24

< 5	12.5 - 15
5 - 7.5	15 - 20
7.5 - 10	> 20
10 - 12.5	no data

EU-27 = 13.2
Source: Eurostat

0 500 Km

© EuroGeographics Association for the administrative boundaries



Population aged 15-24 not in employment, education or training (NEET), change 2008-2012

Percentage points

<= -2.5	5.0 - 7.5
-2.5 - 0.0	7.5 - 10
0.0 - 2.5	> 10
2.5 - 5.0	no data

Source: Eurostat

0 500 Km

© EuroGeographics Association for the administrative boundaries

9. Net migration

Net migration is the difference between inward migration and emigration per thousand inhabitants. It is calculated by subtracting natural population change from total population change.

Why does this matter?

Migration can help to reduce regional disparities. In the receiving regions, it can boost employment and economic growth in by reducing labour shortages. The sending regions may witness a reduction of unemployment and an increase in money sent home by migrants (remittances). Rapid changes in total population, however, can lead to significant adjustment costs to increase or decrease public services.

How do the EU regions score?

	Convergence	Transition	RCE	EU
Net migration, 2007-2010 per 1000 inhabitants	0.4	4.8	3.2	2.4
Change in net migration, 2007-10 vs 2004-07 per 1000 inhab.	-0.6	-3.7	-1.3	-1.2

Net migration turned negative or slowed down in many parts of the EU as a result of the crisis. In the transition regions, net migration dropped from 8.5 to 4.8 per thousand inhabitants. Nevertheless, the transition regions still have the highest average net migration rate. Regional Competitiveness and Employment (RCE) regions come close with a rate of 3.2 and the convergence regions trail behind with a rate of 0.4.

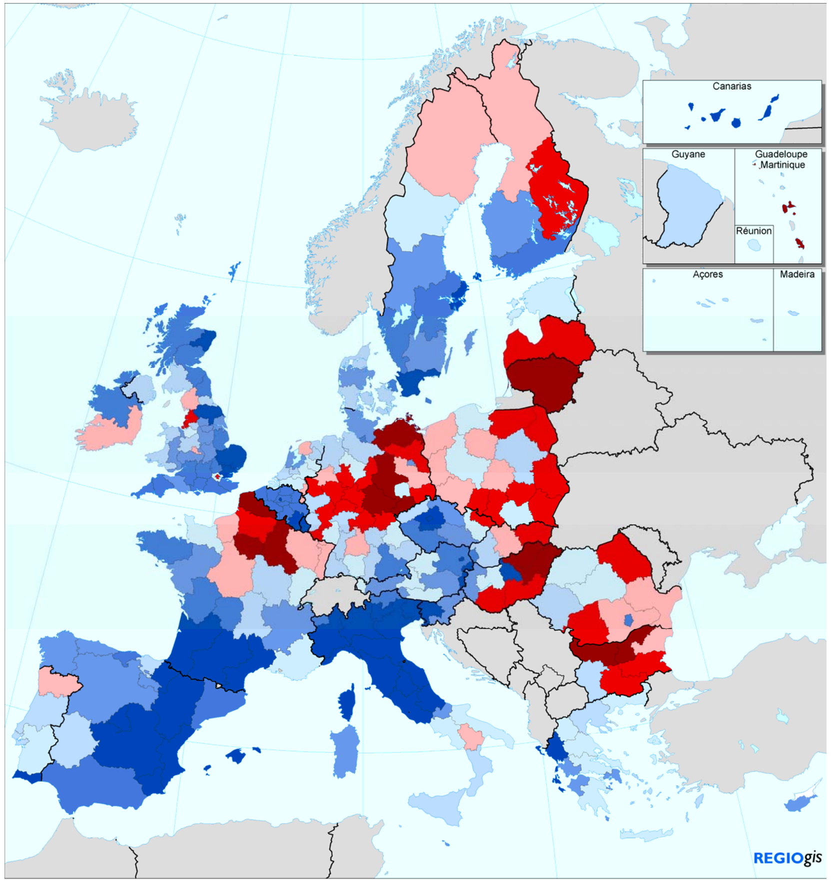
Country	Region	Net migration, 2007-10
This table shows the ten regions with the highest average net migration, in 2007-10, per thousand inhabitants		
CZ	Střední Čechy	16.3
LU	Luxembourg	14.1
ES	Illes Balears	13.2
ES	Castilla-La Mancha	12.6
CZ	Praha	12.6
BE	Région de Bruxelles-Capitale / Brussels Hoofdstedelijk Gewest	12.5
IT	Emilia-Romagna	12.4
IT	Umbria	11.5
ES	Melilla	11.4
ES	Región de Murcia	11.2

The regions with the highest net migration rates are a mixture of Eastern, Western and Southern regions, including three capital regions. In many Eastern Member States, the capital region has the highest net migration.

The crisis reduced migration in regions that experienced largest inflows of labour migrants in the pre-crisis period, such as in Spain and Ireland. Despite the large reductions of net migration, many Spanish regions still had some of the highest levels of net migration. In Greece, migration dropped or remained stable, but all Greek regions kept a positive net migration rate. As the crisis continues to unfold, the increasing differences in regional unemployment rates may still affect migration in the coming years.

Country	Region	Difference in net migration, 2007-10 vs 2004-07
This table shows the ten regions where average net migration decreased the fastest, between 2004-07 and 2007-10, in pro mille points		
ES	La Rioja	-14.8
ES	Comunidad Valenciana	-14.2
ES	Cataluña	-13.6
IE	Southern and Eastern	-13.4
CY	Κύπρος / Kypros	-12.2
ES	Illes Balears	-11.4
IE	Border, Midland and Western	-10.7
ES	Región de Murcia	-10.2
ES	Canarias	-9.5
ES	Comunidad de Madrid	-8.0

In Lithuania and Latvia, the crisis sped up the outflow with net migration rate moving from -2 to -8 and from -0.5 to -1.8 respectively. In contrast, in Estonia, net migration remained close to zero in both periods.



Net migration, 2007-2010

Per thousand inhabitants (annual average)

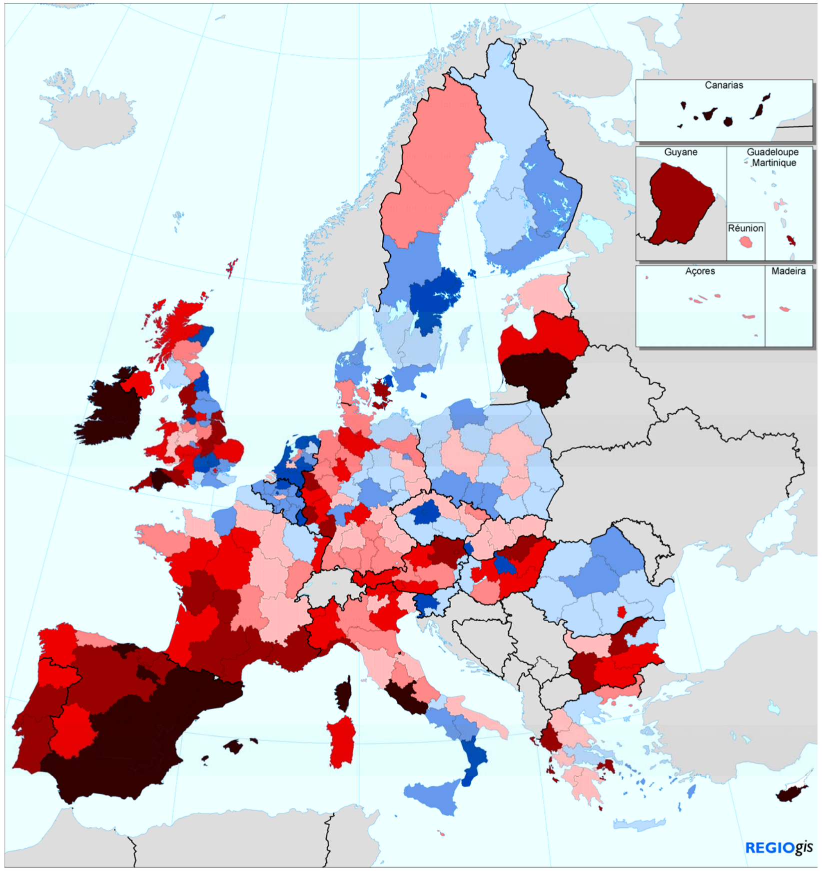
- < -3
- -3 - -1
- -1 - 0
- 0 - 1
- 1 - 2.5
- 2.5 - 4
- 4 - 7
- > 7

EU-27 : 2.42
Convergence regions: 0.36
Transtition regions: 4.82
RCE regions:3.23

Source: Eurostat, DG REGIO

0 500 Km

© EuroGeographics Association for the administrative boundaries



Change in net migration between 2004/07 and 2007/10

Per thousand inhabitants (annual average)

- < - 5
- -5 - -2
- -2 - -1
- -1 - -0.5
- -0.5 - 0
- 0 - 0.5
- 0.5 - 1.5
- > 1.5

EU-27 : -1.24
Convergence regions: -0.56
Transition regions: -3.72
RCE regions: -1.26

IE: no data 2009; UK: 2007-2009
Source: Eurostat, DG REGIO

0 500 Km

© EuroGeographics Association for the administrative boundaries

10. Living in a household with a very low work intensity, 2011

This indicator divides the number of people who are living in households with very low work intensity by the population aged 0 to 59. Very low work intensity means that the adult(s) worked less than 20% of their total work potential during the past year. Households composed only of children, of students aged less than 25 and/or people aged 60 or more are excluded.

Why does this matter?

The Europe 2020 strategy aims to reduce the number of people at risk of poverty or exclusion in the EU with at least 20 million by 2020. This includes persons living in a very low work intensity household.

How do the EU countries score?

The ten countries with the highest share include some which had a very impact of the crisis, such as Ireland, Latvia and Lithuania. It also includes several countries with a relatively low impact of the crisis such as Germany. In 2011, Cyprus and Luxemburg had the lowest shares (4.6%, 5.8% resp.)

Country	Persons living in very low work intensity household, 2011
This table shows the ten countries with the highest share of population aged 0-59 living in very low work intensity households	
Ireland*	22.9
Belgium	13.7
Latvia	12.6
Lithuania	12.3
Spain	12.2
Hungary	12.1
Greece	11.8
United Kingdom	11.5
Denmark	11.4
Germany	11.1
* 2010	

Figure 1 shows the shares in cities and in towns, suburbs and rural areas per country. In half of the MS, the share is higher in cities, typically in Western MS. In a quarter of the MS the shares are higher outside the cities, mostly in Central and Eastern MS. In the remaining MS, the shares in and outside cities is very similar.

At the EU level, the share only increased by 1 pp. The six MS with a very high impact of the crisis it increased most by between 4 and 9 pp. Ireland experienced the largest increase leading to a share of 23%. On the other hand, Romania and Poland reduced it (-1.5 pp and -1 pp resp).

Country	Change in share living in a very-low-work-intensity household, 2008-2011
This table shows the ten countries with biggest increase in the share of population aged 0-59 living in very low work intensity households, 2008-2011 in pp	
Ireland*	9.3
Latvia	7.5
Lithuania	7.2
Spain	6
Estonia	4.6
Greece	4.4
Denmark	3.1
Bulgaria	2.9
Finland	2.5
Slovakia	2.4
* 2008-2010	

The changes in and outside cities did not show a clear pattern (see Figure 2). In most countries the trend was similar in and outside cities. In Belgium and Sweden, very low work intensity in cities increased 3 pp more than outside cities. While in Bulgaria, Lithuania and Denmark very low work intensity increased by at least 3 pp more outside cities than inside. Overall, the pattern of urban advantage and disadvantage did not change due to the crisis.

Figure 1: Very low work intensity in- and out-side cities, 2011

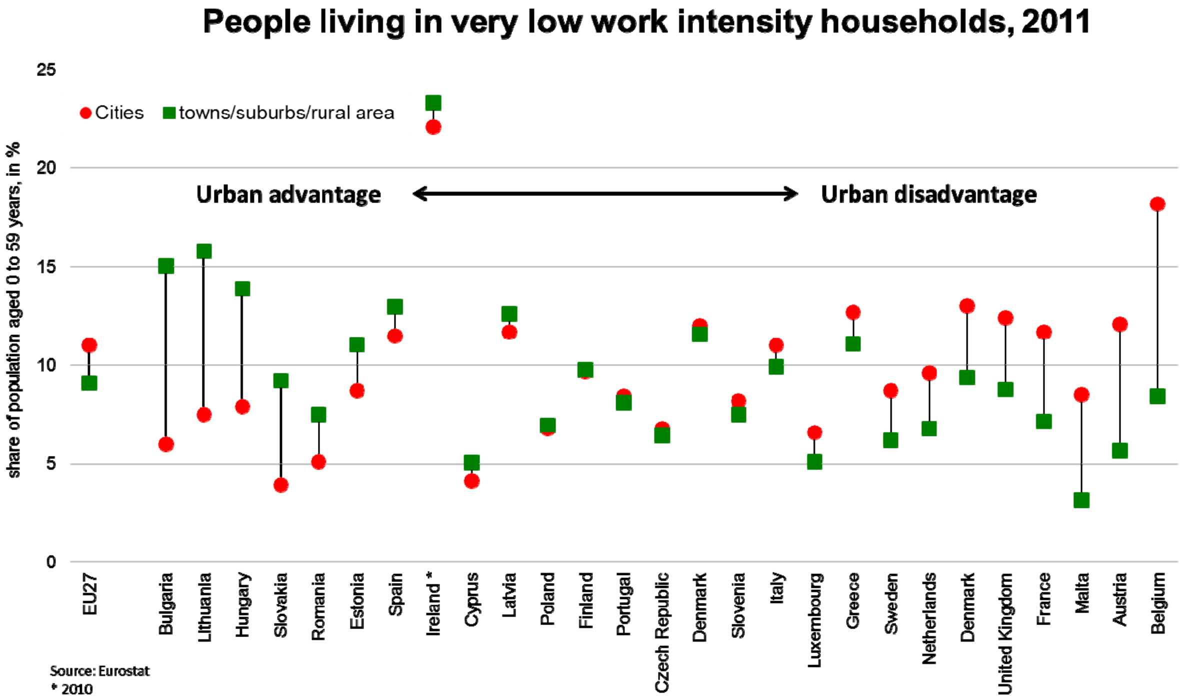
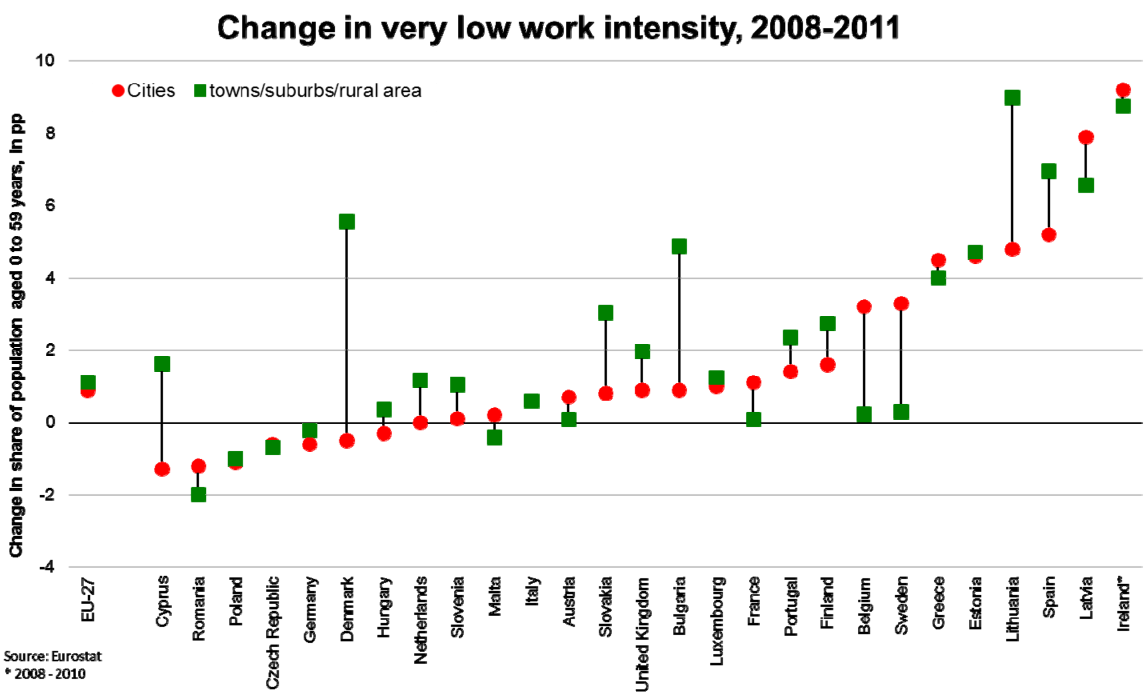


Figure 2: Change in very low work intensity in- and out-side cities, 2008-2011



11. GDP/head, 2010

This indicator measures the Gross Domestic Product (GDP) per head in Purchasing Power Standards. GDP is the total value of all goods and services produced. GDP/head is the level of output per inhabitant which is an indication of the average level of economic wealth generated per person. Purchasing Power Standards (PPS) eliminates differences in purchasing power due to different price levels between regions to facilitate comparisons.

Why does this matter?

In general, the level of GDP per head is closely related to global economic performance, in particular to production factor productivity and employment. Its change over time shows the pace of economic development.

MS	Region	GDP per head in PPS, EU-27=100
This table shows the ten regions with the highest GDP per head in PPS in 2010		
UK	Inner London*	328
LU	Luxembourg (Grand-Duché)*	266
BE	Bruxelles-Capitale / Brussels Hoofdstedelijk Gewest*	223
DE	Hamburg *	203
FR	Île de France	180
NL	Groningen **	180
SK	Bratislavský kraj	176
CZ	Praha	172
SE	Stockholm	168
AT	Wien *	165
* Overstated due to commuter inflow ** Overstated due to GVA from off-shore gas production		

How do the EU regions score?

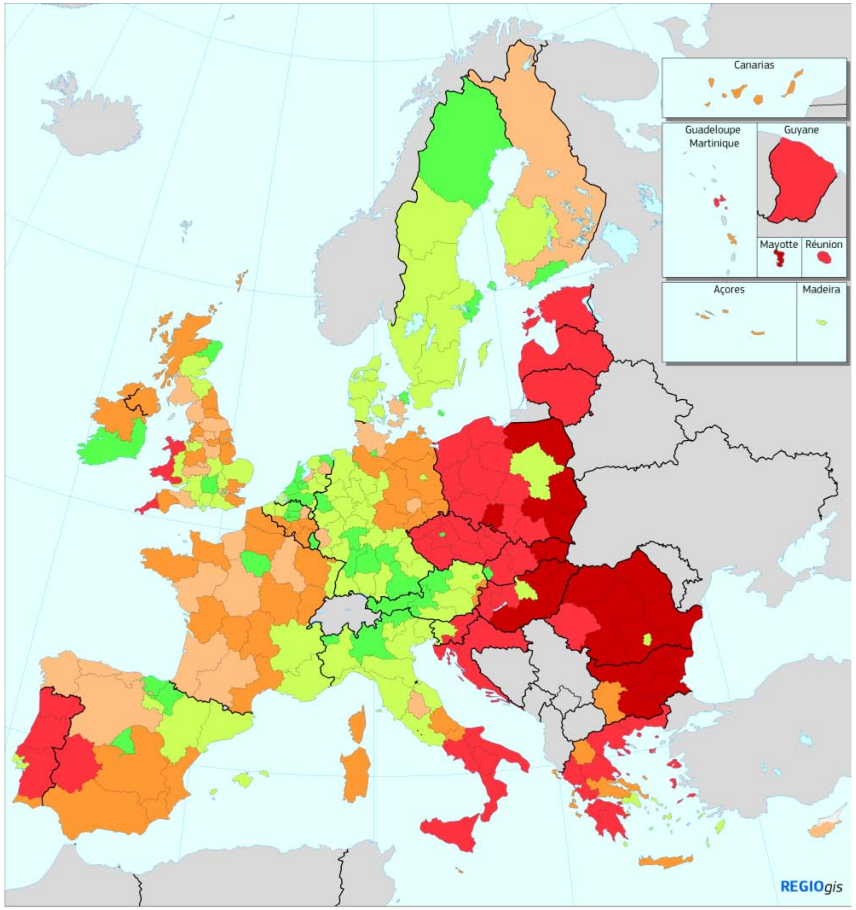
The GDP/head distribution highlights the very large gaps in economic output existing across regions and Member States of the European Union. In 2009, the GDP per head ranged from 331% of the EU average (Inner London, UK) to 27.3% (Severozapaden, Bulgaria). Between 2007 and 2009, ratio between the average of GDP per head in the top-20 and bottom-20 regions decreased from 4.9 to 4.6. The regions with the highest GDP per capita in 2009 are mainly capital regions and located in Western or Northern Europe.

MS	Region	GDP per head in PPS, 2000-2010
This table shows the ten regions with the biggest increase in GDP per head in PPS between 2000 and 2010, in difference in index points		
SK	Bratislavský kraj	67
RO	Bucureşti - Ilfov	54
BG	Yugozapaden	38
CZ	Praha	34
NL	Groningen	31
PL	Mazowieckie	28
RO	Vest	26
UK	Inner London	26
HU	Közép-Magyarország	24
LU	Luxembourg	22

The relatively high levels of GDP per head of capital regions can be in part explained by a large daily influx of commuters from neighbouring regions. At the other hand of the spectrum, the ten regions with the lowest GDP per capita are located in Bulgaria, Romania and Hungary.

Compared to the EU-27 average, between 2000 and 2010, GDP per head in PPS increased in particular in regions located in the Member States that joined the EU in 2004 and 2007. Also regions located in Eastern Germany and Spain recorded a positive performance. Instead, negative performances are recorded by regions located in Greece, Italy, France, the UK and southern Sweden and Finland.

Eight out of the top-10 regions in terms of GDP per head increases are capital regions. However, the region with the largest decrease is also a capital region: Brussels.



GDP per head (pps), 2010

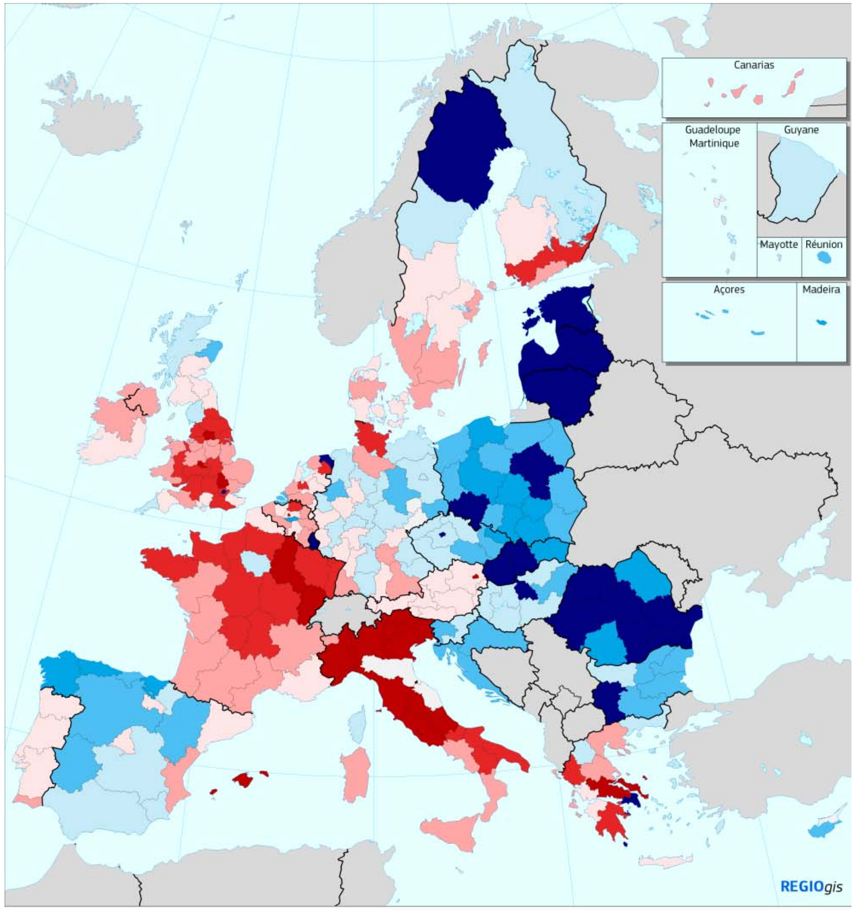
Index, EU27 = 100

< 50		100 - 125	
50 - 75		>= 125	
75 - 90		no data	
90 - 100			

Source: EUROSTAT

0 500 Km

© EuroGeographics Association for the administrative boundaries



Change in GDP/head (pps), 2000-2010

Difference in index

< -15	5 - 10
-15 - -10	10 - 15
-10 - -5	> 15
-5 - 0	no data
0 - 5	

Source: EUROSTAT

0 500 Km

© EuroGeographics Association for the administrative boundaries