European Commission

EU Employment and Social Situation

Quarterly Review

June 2013

With Special Focus on youth labour market adjustment and temporary contracts, geographical mobility of workers in the EU, distribution of wealth for euro area countries, early childhood education and care and child poverty, and Sectoral Focus on financial and insurance activities

Social Europe

This Quarterly Review provides in-depth analysis of recent labour market and social developments. It is prepared by the Employment Analysis and Social Analysis Units in DG EMPL. A wide combination of information sources have been used to produce this report, including Eurostat statistics (see [codes] mentioned under the charts, to be used with the Eurostat data search engine: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database), reports and survey data from the Commission's Directorate-General for Economic and Financial Affairs, national and sectoral statistics and articles from respected press sources. The Review has also benefited from contributions from public and private employment services. The sections on restructuring trends, based on ERM data, were prepared by the European Foundation for the Improvement of Living and Working Conditions (Eurofound).

For the list of country codes used in this document please visit: http://publications.europa.eu/code/pdf/370000en.htm

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Executive summary

The EU Employment and Social Situation Quarterly Review provides an overview of developments in the European labour market and the social situation in the EU, based on the latest available data.

EU GDP contracted for the fifth time in six quarters. EU GDP dropped by 0.1 % during the first quarter of 2013 and by 0.7 % as compared with the first quarter of 2012. The quarterly contraction was driven by declining investment and exports, while **economic activity over the past year fell, mainly due to declining investment and private consumption**. However, economic activity in more than half of the Member States improved in comparison to the last quarter of 2012, with a significant increase in growth in Sweden and Lithuania. As regards the larger Member States, the economy continued to grow in Poland and the United Kingdom, whereas it shrank further in Italy, Spain and France and turned negative in Germany over the year.

Against this backdrop, **the number of jobs has never been so low in the EU since the onset of the crisis**. Employment at EU level has been trending down since mid-2011, with positive developments only noticeable in part-time work. **Employment decline is concentrated in the euro area, in southern countries in particular**. Compared with the first quarter of 2012, employment fell by 0.4 % in the EU-27 and 1.0 % in the euro area. Most significant falls were seen in Spain, Greece, Portugal and Cyprus, while employment increased noticeably in the United Kingdom, Germany, Romania and the Baltic countries. Over the five years to the first quarter of 2013, 2.8 % of jobs disappeared in the EU across all sectors, although the **intensity of net job losses varied greatly between sectors**: -9.6 % in industry and -19.4 % in construction on the one hand, and -2.0 % in the trade sector on the other (see page 74).

The **number of unemployed in the EU has again risen** in recent months, hitting a **new historic high of 26.6 million in April 2013** (+0.4 % on the previous month). The second dip in output led to a steady increase in unemployment in the EU over the past two years, with 4 million more people out of work (+18 %). It now accounts for **11.0 % of the active population**, and for 12.2 % in the euro area (or 19.4 million). The increase over the last year has been more pronounced in the euro area (+1.0 percentage points, or pps) than in the EU (+0.7 pp) as a whole. **Long-term unemployment** again worsened in most Member States at the end of 2012 and **reached an all-time high of 11.6 million** in the EU in the last quarter, accounting for **4.9 % of the active population**.

Nearly a quarter of economically active young people in Europe are unemployed, at 23.5 % (5.6 million) in the EU in April 2013 and 24.4 % (3.6 million) in the euro area. But this figure has shown signs of stabilising since January, as the figures for young women have improved slightly. **Youth unemployment is still rising in some Member States**, such as Greece, Spain, Portugal, Italy, Cyprus and Slovenia. In Greece their number accounted for 60 % of the active population aged less than 25 for the first time in February 2013. **Rising inactivity mirrors the decrease in youth employment, particularly severe for less-educated young workers on temporary or full-time contracts**. The number of young people neither in employment nor in education or training (**NEETs**) remains a major cause for concern. Long-term unemployment, accounting for 7.7 % of active young people in the fourth quarter of 2012, and prolonged inactivity **threaten an entire generation**.

The **drop in young people's employment rate has varied greatly among Member States**. A Special Focus on this issue (see page 21) shows that in those countries with no or a small decline (e.g. Germany and Austria), most temporary contracts for young workers are linked with education or training, reflecting strong apprenticeship systems in these countries. Such apprenticeship/training contracts are usually lasting longer and are assumed to be more often stepping stones to a permanent contract. On the other hand, in countries with a big drop such as Spain and Poland, the majority of young temporary workers are on short-term contracts involuntarily, meaning they want but cannot find a permanent position, and the duration of those contracts is shorter. This suggests that **the role the temporary contracts are playing on the labour market could be crucial for the transition probabilities of young people towards more secure employment**.

In the current context of divergence across EU countries, there is a **substantial and increasing number of persons wanting to move across the EU**, as highlighted in a Special Focus (see page 38). The proportion of people with 'firm intentions' to migrate in the following 12 months has more than doubled, from 0.5 % to 1.2 %, i.e. from 2 to 5 million, and is highest in Greece. Intra-EU mobility has somewhat recovered in recent years following the drop at the onset of the crisis. Workers from Eastern and Central EU Member States still make up the majority of those moving to another EU country but their skills often remain under-used. The numbers of workers moving from southern to northern Member States are increasing more quickly but from a lower base. Overall it seems that the **labour market has been adjusting to crisis** conditions not so much by people leaving their own country to seek work in another, but **through a decrease in the inflows and increase in the outflows of migrant workers**, especially in the case of Spain. Until now, intra-EU mobility of workers is playing a minor role in offsetting imbalances, as mobility from the hard hit southern countries remains limited and is not commensurate with the huge disparities with the North, despite increasing mobility intentions. Finally, while migration to non-EU countries is significant in the case of Ireland, it is less the case from other EU countries affected by the crisis, despite an increase compared to the pre-crisis period.

The results of the first wave of the **European Central Bank's Household Finance and Consumption Survey** (HFCS) provided some surprising results and a valuable source of data on the (private) **wealth situation across euro area countries**. The Special Focus (see page 55) explores the results and tries to shed more light on some **apparently counter-intuitive initial findings**, in particular why net wealth figures in countries such as **Austria and Germany** are apparently among the lowest compared to most other euro area members. In general, the **degree of inequality**, household composition features and the extent of ownership of the main residence (and the typical values of housing property) are key factors which explain much of the variation in private net wealth across countries. However, there are also **some important aspects** which **are not covered** in the HFCS data, in particular **households' access to "collective" wealth** (such as publicly provided healthcare, social security and pension provisions), which can impact strongly on international comparisons, especially between northern and southern European countries.

A Special Focus on early childhood education and care and child poverty (see page 66) based on academic literature shows that **quality childcare leads to long-standing positive outcomes for the child, with a significant impact on the most disadvantaged children**. Therefore, quality childcare is an effective tool to mitigate inequalities at an early stage. But the evidence shows that the use of childcare is unequal among social groups: **the most disadvantaged have more limited access to childcare services**. Across the EU, only 23 % of the children aged less than 3 and living in poor households are in formal care, as opposed to 41 % of the children living in other households. Similarly, 20 % of the children whose mother is low-educated are enrolled in childcare as opposed to 40 % of the children with highly educated mothers.

According to labour force survey (LFS) data, the EU's overall **employment rate fell slightly** over the year to the fourth quarter of 2012, down by 0.1 pp to 68.5 % in the 20-64 age group. This hides **major differences across countries** (substantial declines in Greece, Portugal, Cyprus and Spain, vs major rises in Malta, Luxembourg and Latvia), **genders** (rise for women, fall for men) and **age groups** (fall for youth, rise for older workers). Employment rate falls have been dramatic in many Member States over the last four years, making the Europe 2020 targets even harder to reach. Against this backdrop, the EU's job-finding rate has decreased to 11.4 % in the last quarter of 2012, from an already low level, showing that it is becoming **increasingly hard for an unemployed person to find a job**. On the other hand, the job-separation rate has stabilised at close to 0.9 % in 2012.

The **destruction of employment** across Europe during the recession **led to polarisation in terms of the wage structure**. A large proportion of the jobs destroyed were in mid-paid manufacturing and construction occupations. **Member States with large current fiscal imbalances or debt-restructuring programmes in particular saw this**. Countries with more resilient labour markets tended to have with employment growth concentrated in better-paid jobs.

The share of the EU population reporting their **households** are **experiencing financial distress** has eased slightly in recent months, but **remains well above levels observed at any time in**

the previous decade. The easing is observed for all income groups, although least evident among low income households where it still affects around one-in-four people. On the positive side, **declines in distress were observed for most Member States over the last three months**, most notably in Bulgaria, Hungary and Italy, although it still rose in around a third of Member States, and significantly so in Cyprus, the Czech Republic and Ireland.

Despite the continuing crisis, **older people of working age** (55-64) have increasingly stayed in the labour market, leading to higher levels of employment. However, the employment rate is still comparatively low (49.5 %) and there are large numbers of long-term unemployed (nearly 60 %) which still present challenges. **Migrants'** employment situations deteriorated further in the year to the fourth quarter of 2012. Migrants are twice as likely as nationals to be unemployed and long-term unemployment is becoming increasingly prevalent among them.

On the positive side, the **inactivity rate fell** by a further 0.6 pp to 28 % in the year to the fourth quarter of 2012 and, unlike many other indicators, is continuously converging across Member States. The inactivity rate of women has been falling faster (-0.8 pp) than that of men (-0.4 pp), thereby narrowing the gender gap in this regard. However, **discouragement**, affecting workers withdrawing from the labour market because of failed searches, has gone up by an additional 0.3 pp in 2012, hitting a record high of 5.5 %. Altogether, a total of **20.2 million people** were **under-employed** or formed part of the **potential additional labour force** in 2012q4, equivalent to 8.4 % of the labour force (up 1.1 pps on 2008q3), adding to the official unemployment figures.

In the first quarter of 2013, labour productivity (measured per person employed and relative to the first quarter in 2012) **continued to contract in most Member States**, and although labour cost growth remained subdued in most Member States **nominal unit labour costs continued to grow**, except in Spain and Slovenia. In Spain the real unit labour cost (i.e. the labour income share) continued to contract at a strong rate. The adverse developments in productivity growth are mainly due to the stronger (cyclical) decrease in output than in employment, with the exception of Spain where the ('statistical') improvement in labour productivity was due to a sharper contraction in employment than in output.

Overall economic sentiment is stuck at a low level, in the absence of obvious growth drivers. The economic outlook is, as a result, downbeat with **unemployment foreseen to remain at a very high level into 2014** in all major forecasts, while Member State divergence will continue to prevail. After the Commission's economic sentiment indicator turned around in the fourth quarter of 2012 (up from its lowest level in three years), its recovery has stopped at a low level since the start of 2013. Employment expectations in industry have remained slightly above the long-term average, while they remain depressed for services and construction. The apparent contrast in the developments in the EU labour shortage indicator (declining) and the job vacancy rate (rising) might be due to their different sectoral focus (manufacturing only for the former versus broader coverage for the latter).

The particular employment and social situation of Slovenia and Croatia are analysed in this report (see page 31). The **situation in Slovenia has got steadily worse** in recent years. 93 % of respondents in the latest Eurobarometer survey assessed the country's situation as bad. Employment growth turned negative in 2009. 67 000 jobs were lost between 2008 and 2012. In 2012, the employment rate was 68.3 %, down from 73 % in 2008 and far below the Europe 2020 target of 75 %. On 1 July 2013 Croatia will become the 28th EU Member State but both its economic and labour market and social conditions have been deteriorating. **Croatia's unemployment rate** has gone up substantially over recent months, becoming what will be the **third highest in the EU**.

A Sectoral Focus is dedicated to the **financial and insurance sector** (see page 77). This industry has been at the origin of the crisis and has recently seen **deteriorating performance** as the years of extravagant growth are over. However, the **impact on jobs has so far been relatively contained**, in spite of massive restructuring. Employment in the sector only went down by 1.1 % between 2008 and 2012 on average in the EU, while it fell by 2.3 % in the EU economy as a whole. Recent **regulatory measures** imposed on the sector have been designed to help **limit excessive risks** for it and for the economy as a whole. This may have some negative impact on employment in the sector in the short run, but should be **positive for the entire economy in the long run**.

The European Restructuring Monitor recorded a total of 299 cases of restructuring between 1 March 2013 and 31 May 2013. **Announced restructuring-related job losses continued to outnumber announced job gains**, by 58 176 against 38 485. Most of the recent job loss announcements occurred in larger Member States, while manufacturing industry still features the highest number of both announced job gains and losses.

Table 1: Latest labour market trends in the EU-27

	2011q4	2012q1	2012q2	2012q3	2012q4	2013q1
Real GDP						
(% change on previous quarter, SAWA)	-0.2	0.0	-0.2	0.1	-0.5	-0.1
(% change on previous year, SAWA)	0.9	0.2	-0.3	-0.4	-0.7	-0.7
Employment growth						
(% change on previous quarter, SAWA)	-0.1	-0.2	0.0	-0.1	-0.1	-0.2
(% change on previous year, NSA)	-0.1	-0.5	-0.6	-0.4	-0.5	-0.4
Employment rate (15-64)						
(% of working age population, NSA)	64.3	63.6	64.3	64.6	64.2	:
Employment rate (20-64)						
(% of working age population, NSA)	68.6	67.9	68.7	68.9	68.5	:
Job vacancy rate						
(% of vacant and occupied posts, NSA)	1.5	1.5	1.5	1.4	1.4	1.6
Labour productivity						
(% change on previous year, SAWA)	0.9	0.5	0.2	-0.1	-0.3	-0.3
Nominal unit labour cost						
(% change on previous year, SAWA)	1.2	1.9	3.0	4.0	3.2	1.7
Long-term unemployment rate						
(% Labour force, NSA)	4.3	4.5	4.6	4.6	4.9	:

	2012 Apr	2012 Dec	2013 Jan	2013 Feb	2013 Mar	2013 Apr
Unemployment rate (SA)						
Total (% of labour force)	10.3	10.8	10.9	10.9	11.0	11.0
Men	10.3	10.7	10.8	10.9	10.9	11.0
Women	10.4	10.8	11.0	11.0	11.0	11.0
Youth (% of labour force aged 15-24)	22.6	23.3	23.5	23.4	23.4	23.5

Source: Eurostat, DG EMPL own calculations.
Note: SA = seasonally adjusted; SAWA = seasonally adjusted and adjusted by working days; NSA = non-seasonally adjusted.

Introduction

Labour market and social challenges remain at their highest according to this edition of the Quarterly Review. Against the backdrop of gloomy economic developments, the EU[1] is still struggling with rising inequalities and unemployment, with unemployment rate at a high of 11 % in April 2013 (12.2 % in the euro area), while nearly one young active in four is jobless.

The Quarterly Review provides an in-depth overview of developments in the labour market and the social situation in the EU, based on the latest available data.[2] It summarises short-term trends in GDP and employment growth, changes in employment by sector and category of contracts, employment rate, unemployment, long-term unemployment and inactivity, with a focus on specific vulnerable groups, namely youth, migrants and low-skilled. The analysis also covers the latest trends in the financial situation of households and disposable income, working hours, productivity and labour costs, developments in employment patterns and vacancies, the impact of restructuring, and recent changes in economic sentiment and employment expectations.

Additionally, more specific topics are reported within the Special Focus sections: youth labour market adjustment and temporary contracts, recent trends in geographical mobility of workers in the EU, distribution of wealth for euro area countries, early childhood education and care and child poverty. A sectoral focus on financial and insurance activities in the EU is also provided, as well as a brief analysis of recent social and employment developments in Slovenia and Croatia.[3]

Finally, the two annexes present the latest labour market statistics and a selection of recently published and relevant research material.

[1] "EU" refers to the aggregate value for the EU-27 (27 Member States). Other aggregates are clearly identified in the text, e.g. EU-15, euro area or EA-17, etc.
[2] This report is based on data collected up until 20 June 2013.
[3] Croatia is to join the EU on 1st July 2013, i.e. after the publication of this edition. Therefore it is not included in the totals presented throughout the report. It is however addressed at Box 1.

Macroeconomic and employment context and outlook

Context

GDP contraction driven by declines in investment, exports (q-o-q) and private consumption (y-o-y)

The EU economy contracted by 0.1 % quarter-on-quarter (or q-o-q) and by 0.7 % year-on-year (or y-o-y) in the first quarter of 2013. One of the driving forces behind the fall was decreased investments, while growth benefited from decreasing imports. Other expenditure components of GDP had differing impacts on q-o-q and y-o-y changes. The q-o-q growth rate benefited from increasing private consumption and was harmed by decreasing exports, while the opposite was true for changes over the year. The decline mainly affected sectors producing goods. The slow-down was particularly marked in construction (-1.3 % q-o-q and -4.8 % y-o-y). Most of the services sectors grew, with the exception of three broad groups: activity in information and communication and in administration fell in comparison to the fourth quarter of 2012 (or 2012q4), while in trade it fell in comparison to 2012q1.

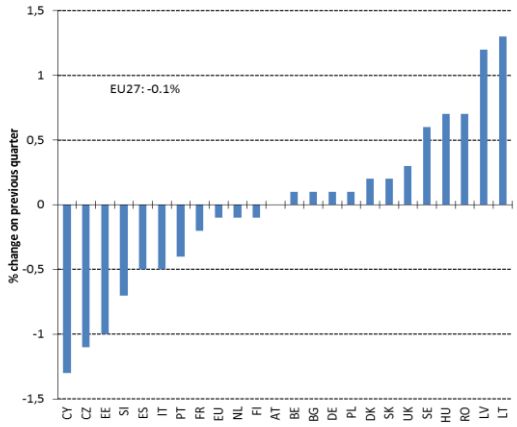
Improved quarter-on-quarter activity in an increasing number of Member States, but not enough for better year-on-year outcomes

GDP growth turned positive in five countries in the first quarter and economic activity increased further in countries that were already growing in the fourth quarter of 2012, with the exception of Estonia. Belgium, Denmark, Germany, Hungary and the United Kingdom saw positive changes, while Austria managed to stop further contraction of its economic activity. Growth accelerated in Sweden and Lithuania, but slowed in Romania (see Chart 1).

Among countries with negative growth during the first quarter, the Czech economy contracted significantly more than at the end of 2012, while the contraction was more or less the same in Cyprus. In other countries, economic activity fell less in the first quarter of 2013 than in the last quarter of 2012. Portugal, whose economy has been contracting since the last quarter of 2010, witnessed the biggest change (from -1.8 % to -0.4 %). Italy, Cyprus and Slovenia saw

their economies shrink for the seventh quarter running, while activity in Spain and the Czech Republic contracted for the sixth consecutive quarter.

Chart 1: First-quarter 2013 real GDP in EU Member States



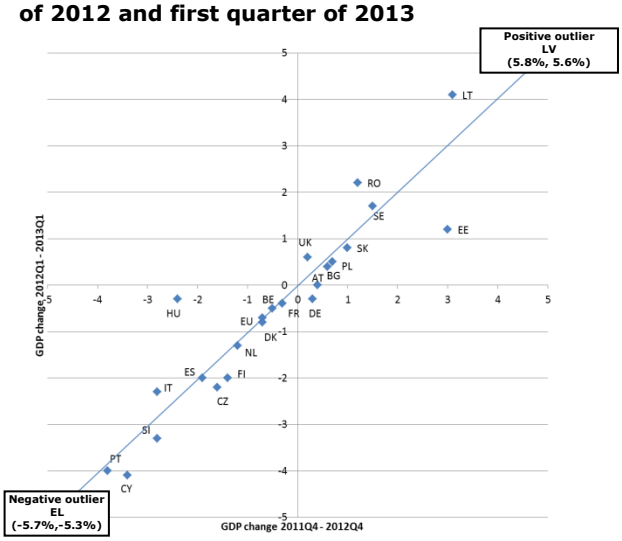
Source: Eurostat, national accounts. Seasonally adjusted data [namq_gdp_k].
Note: EL, IE, LU and MT data not available.

Over the year to 2013q1, GDP shrank by 0.7% at EU level. Despite some growth improvements quarter-on-quarter, the economies in over half the Member States continued to contract, while the rate of growth remained more or less the same or slowed in those that did grow (see Chart 2). The growth pattern reflects Europe's 'north versus south-and-periphery' divide, which is especially marked in the euro area. The economies of the northern euro area (Austria, Belgium, Germany, Finland, France and the Netherlands) contracted less in comparison to southern and periphery Member States (Spain, Greece, Italy, Cyprus, Portugal and Slovenia). Exceptions in the latter group are Slovakia and Estonia, whose economies expanded, although growth slowed markedly in Estonia (from 3% to 1.2%).

On the negative side, falls in Greek, Cypriot and Portuguese GDP stand out (-5.3%, -4.1% and -4% respectively). There was a significant slow-down in Finland, the Czech Republic and Slovenia.

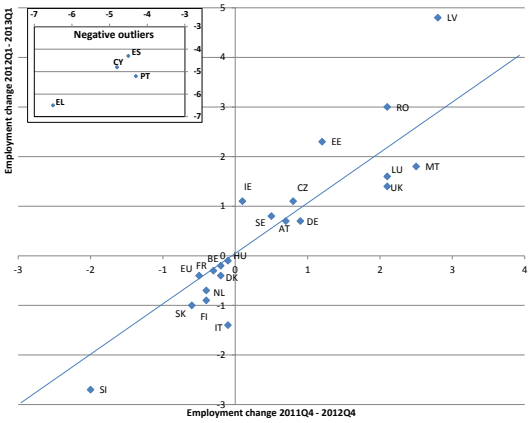
On the positive side, two of the Baltic countries experienced growth of over 4%. While Latvia's economy grew at more or less the same rate (+5.6%), Lithuania's annual growth rate increased by 1 percentage points (or pps). Romania was another country with stronger growth.

Chart 2: Real GDP growth in EU Member States, yearly changes in the fourth quarter of 2012 and first quarter of 2013



Source: Eurostat, national accounts. Seasonally adjusted data [namq_gdp_k].
Note: IE, LU and MT data not available for 2013q1.

Chart 3: Employment growth in EU Member States, yearly changes in the fourth quarter of 2012 and first quarter of 2013



Source: Eurostat, New Release, 93/2013 – 14 June 2013
Note: BG data not available for 2013q1. LT and PL have revised the employment data from the first quarter of 2012, based on the results of the latest census. For this reason 2012 data are currently not comparable with data of earlier years, and therefore annual growth rates for 2012 are not published.

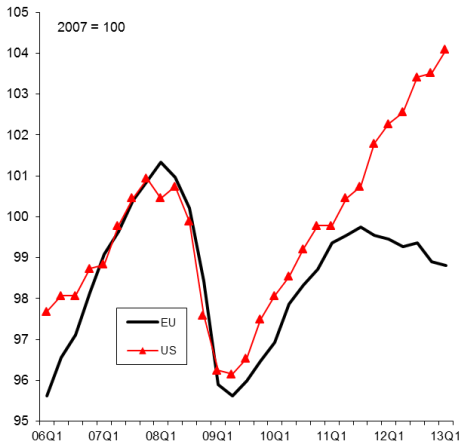
Among the six largest countries, the growth rate increased only in the United Kingdom, whereas Poland's growth slowed slightly in comparison to the year-on-year changes in the previous quarter. The situation deteriorated even further in the other three big Member States, Italy, Spain and France, while growth over the year turned negative in Germany.

As in the case of GDP, employment growth diverged markedly among Member States (see Chart 3 and employment analysis below).

Fifth contraction in EU GDP in six quarters

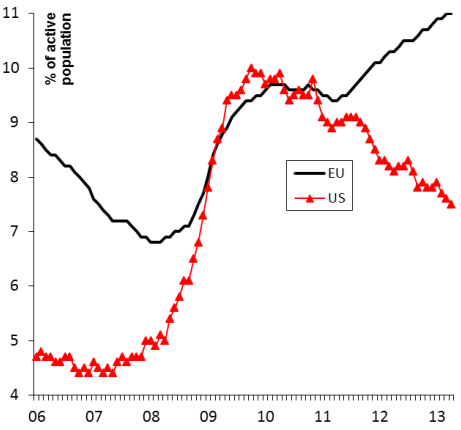
In the EU, real GDP shrank by 0.7 % between the first quarter of 2012 and the first quarter of 2013 (see Chart 4). In the euro area, the contraction was even larger, at 1.1 %. Domestic demand continued to be compressed by a very low level of confidence and the negative effects of fiscal consolidation. On a quarter-to quarter base, EU GDP dropped 0.1 % during the first quarter, the fifth contraction in six quarters.

Chart 4: Real GDP volumes in the EU and the US



Source: Eurostat, national accounts. Seasonally adjusted data [namq_gdp_k].

Chart 5: Unemployment rates in the EU and the US



Source: Eurostat, National accounts. Seasonally adjusted data [une_rt_m].

The divergent movements in the EU and US unemployment rates over the last twelve months (respectively +0.7 pp and -0.6 pp, see Chart 5) reflect mainly the growth differential (real GDP changed by, respectively, -¾ % and +1¾ % year-on-year), as well as the relatively low labour participation rate in the US, although EU and US inactivity rates have been slightly converging recently (see section on inactivity below).

Outlook

Overall economic sentiment stuck at low level

After the Commission's economic sentiment indicator turned around in the fourth quarter of 2012 (up from its lowest level in three years), its recovery has stopped at a low level since the start of 2013. This movement was common to all sectors, pointing to the lack of growth drivers.

This development was mirrored in the euro-area Purchasing Managers Index (PMI) composite output index, which remained blocked at a level which signals economic contraction.[4]

Bleak forecasts with continuing Member State divergence

Table 2 shows the recent forecasts for EU-27 and the euro area by four international institutions.

Table 2: Recent forecasts for growth and unemployment

		EU-27				euro area			
Institute	date	gr. '13	gr. '14	UR '13	UR '14	gr. '13	gr. '14	UR '13	UR '14
IMF	22-Apr	0.0	1.3	NA	NA	-0.3	1.1	12.3	12.3
Commission	03-May	-0.1	1.4	11.1	11.1	-0.4	1.2	12.2	12.1
OECD	29-May	NA	NA	NA	NA	-0.6	1.1	12.1	12.3
ECB	05-Jun	NA	NA	NA	NA	-0.6	1.1	NA	NA

Source: Diverse forecast documents; "gr." is real GDP growth in %; "UR" is the unemployment rate, in % of the active population.

Recent forecasts converge towards a projection of about –½ % for the change in euro-area GDP this year (with most likely a smaller shrinkage in EU-27). In 2014, real GDP would grow by about 1 % in the euro area and somewhat more in EU-27.

The euro-area unemployment rate would be around 12¼ % in 2013 and remain at about the same level in 2014, as the acceleration in growth cannot yet make a dent in unemployment, due to the usually lagged labour market response. The EU-27 unemployment rate would be about 1 pps lower.

Member State divergence remains evident in growth and labour market projections. The Commission's spring forecast projects

[4] See also analysis of sectoral trends below.

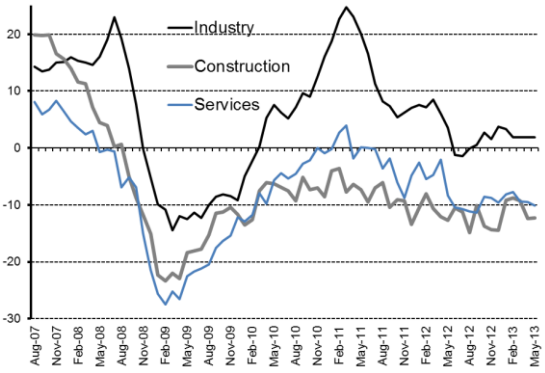
2014 growth below 1 % in Italy and Spain and shrinkage of the economies of Cyprus and Slovenia. In 2014, unemployment would remain above 26 % in Greece and Spain, and rise to 16.9 % in Cyprus (from 11.9 % in 2012) and 20.1 % in Croatia (from 15.9 % in 2012).

On the positive side, GDP growth in 2014 would exceed 3½ % in the Baltic States and surpass 2 % in five other Member States, including Poland and Sweden. Member States with an unemployment rate below 10 % in 2012 are in general expected to see little change in unemployment in 2013 and 2014. Two main exceptions are the Netherlands (up to 7.2 % in 2014 from 5.3 % in 2012) and Slovenia (up to 10.3 % from 8.9 % in 2012).

Employment expectations in industry have remained slightly above the long-term average, while they remain depressed for services and construction.

Employment expectations in industry in the EU-27 and in most Member States remained slightly above their long-term average in May, showing that managers in this sector expect employment to stabilise (see Chart 6).

Chart 6: EU employment expectations (next three months) in industry and in the construction and services sectors (centred on long-term average)



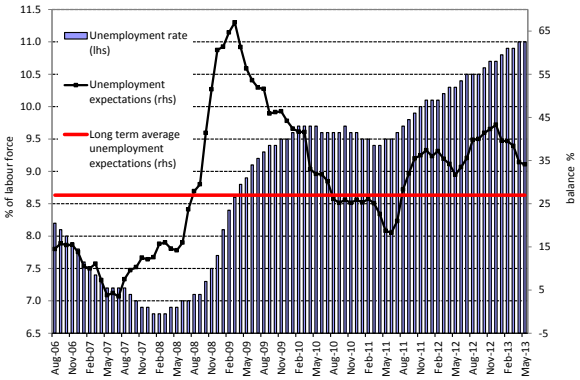
Source: ECFIN, DG EMPL calculation.

Employment expectations in the services sector remain low at European level and in the majority of Member States. Sentiment at European aggregate level concerning construction jobs has remained persistently depressed in recent years. In May 2013, managers in the construction sector reported a sharp downturn in plans to recruit.

European consumers' unemployment expectations are moderately less pessimistic.

In May 2013, European consumers' expectations of unemployment in the coming months were slightly less pessimistic, but still significantly higher than the long-term average at EU aggregate level (see Chart 7). In most Member States, consumers still expect unemployment to rise in the coming months.

Chart 7: EU unemployment rate and consumers' unemployment expectations (next 12 months)



Source: Eurostat, ECFIN. Seasonally adjusted data.

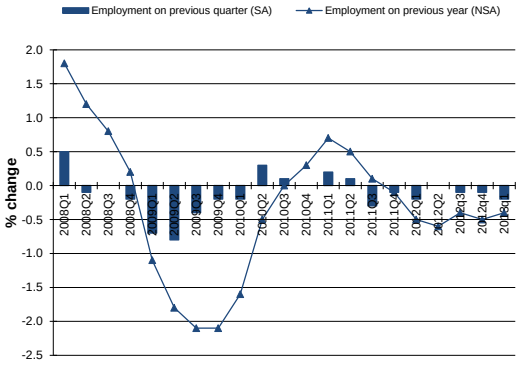
Recent labour market and social trends

Employment

The number of jobs has never been so low in the EU since the onset of the crisis

Latest employment data from the national accounts reflect the standstill and subsequent decline of employment since mid-2011 in a context of economic slowdown. In the first quarter of 2013 alone, the number of persons employed decreased by 0.5% in the euro area and by 0.2% in the EU as a whole. Compared to the first quarter of 2012, declines amounted to -1.0% and -0.4% respectively. Chart 8 shows the developments of employment for the EU since 2008q1, in annual and quarterly terms.

Chart 8: Change in total EU employment in the 2008q1 – 2013q1 period



Source: Eurostat, national accounts [namq_nace10_e].

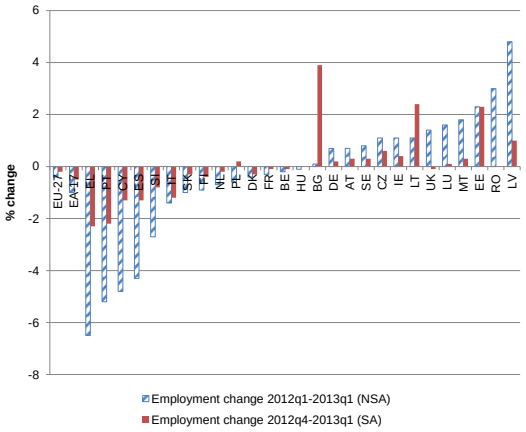
Employment decline is concentrated in the euro area, in southern countries in particular

In the first quarter of 2013, 221.9 million people were employed in the EU, of which 145.1 million were in the euro area. This is a decline by respectively 483 000 and 672 300 compared to the previous quarter, which suggests that some 190 000 jobs were created on balance in those Member States which are not members of the euro area (non-EA), such as Bulgaria (+125 000 q-o-q), the Czech Republic, Poland and Lithuania (roughly +30 000 each). Compared to the first quarter of last year, the decline amounted to 811 400 in the EU as a whole and to 1 496 000 in the euro area, meaning that there were some 685 000 additional jobs in non-EA Member States over the year, such as Romania and the UK (see below).[5]

Employment has been falling in most Member States over last year

In the year to 2013q1, employment grew in thirteen Member States but fell in fourteen. EU figures were hit by marked drops in some Member States, in particular Greece (-6.5% or -270 000 y-o-y, -2.3% in 2013q1 alone), Portugal (-5.2% y-o-y, -2.2% in 2013q1 alone), Cyprus (-4.8% y-o-y), Spain (-4.3% or -770 000 y-o-y), Slovenia (-2.7%) and Italy (-1.4% or -342 000, see Chart 9). These falls were not offset by the gains seen in particular in Latvia (+4.8% y-o-y), Romania (+3.0% or +272 000), Estonia (+2.3%), Malta (+1.8%), Luxembourg (+1.6%), the United Kingdom (+1.4% or 420 000) and Germany (+0.7% or 293 000). Growth in the first quarter of 2013 was very significant in Bulgaria (+3.9% q-o-q), Lithuania (+2.4%) and Estonia (+2.3%).

Chart 9: Change in total employment in the EU, the euro area and in Member States between 2012q1-2013q1, 2012q4-2013q1



Source: Eurostat, national accounts [namq_nace10_e].

Over the five years to the first quarter of 2013, 2.8% of jobs disappeared in the EU, hiding major differences among countries. Latvia (-22.0% since 2008q1), Greece (-19.1%), Spain (-18.2%) and Lithuania (-16.2%) have been hit hardest since the onset of the crisis, while others like Luxembourg (+10.6%), Malta (+9.4%), Germany and Austria (both +3.9%) have been spared and saw the number of jobs grow in the same five-year period. The intensity of net job losses also varied

[5] Q-o-q changes are seasonally adjusted; y-o-y changes are not.

greatly among sectors: -9.6 % in industry and -19.4 % in construction on the one hand, and -2.0 % in the trade sector on the other (see section on sectoral developments on page 74).

Employment rate

EU overall employment rate fell slightly over the year to 2012q4, hiding major differences across countries and genders

According to labour force survey (LFS) data, the EU overall employment rate fell slightly over the year to the fourth quarter of 2012, down by 0.1 pp to 68.5 % in the 20-64 age group. This hides major differences across countries, genders and age groups. Substantial declines have been seen in Greece (-3.5 pps to 54.1 %), Portugal (-2.6 pps to 65.1 %), Cyprus (-2.3 pps to 69.8 %) and Spain (-2.2 pps to 58.5 %), while significant rises were recorded in Malta (+2.6 pps to 63.9 %), Luxembourg (+2.1 pps to 71.7 %) and Latvia (+1.8 pps to 69.3 %).

Over the same year, EU overall employment rates rose for women (+0.2 pp) but fell for men (-0.3 pp). The trend observed in the 15-64 age group broadly reflects that seen in the 20-64 age group. Within the former, the employment rate for young people, aged 15 to 24, decreased (-0.6 pp), while that of aged workers, aged 55 and more, increased (+1.7 pps). See sections on youth and other selected groups below.

Employment rate falls have been dramatic in many Member States, making the Europe 2020 targets even harder to reach

Over the four years to the last quarter of 2012, the EU overall employment rate declined by 1.7 pps in the 20-64 age group (-2.1 pps in the euro area). The most dramatic falls were seen in Greece (-12.2 pps), Spain (-8.4 pps), Bulgaria (-7.9 pps), Portugal (-7.7 pps), Cyprus (-6.9 pps) and Ireland (-6.4 pps), while some marked increases were noted only in Malta (+5.3 pps), Luxembourg (+3.9 pps) and Germany (+2.7 pps).

In some countries, there is a double-digit gap between the 2012 employment rate and the national target set in the framework of the Europe 2020 strategy, like in Greece, Spain - where it now exceeds 15 pps -, Bulgaria and Hungary. These targets have been reached only in Germany (77.1 % in 2012q4, above the 77.0 % national target) and Malta (63.9 %, against 62.9 %).[6]

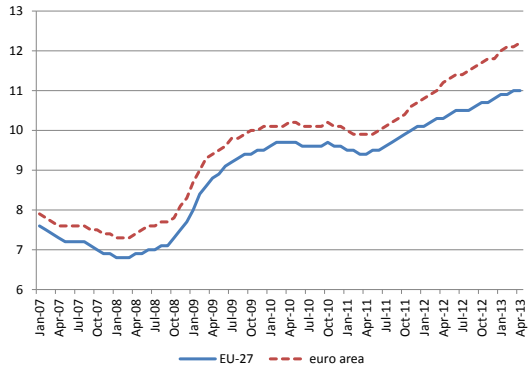
Unemployment

The number of people in the EU who are out of work has again risen in recent months, hitting a new historic high close to 26.6 million[7] in April 2013 (+0.4 % on the previous month). This corresponds to an unemployment rate of 11.0 %. The second dip in output has led to a steady increase in unemployment in the EU over the past two years, with 4 million more people out of work. The rise since March 2008 amounts to 10 million.

The rise in unemployment has been spread across much of the EU, with increases in 18 Member States over the year to April 2013.[8] Unemployment trends remain less favourable in the euro area than in the EU-27 as a whole and the euro area/EU-27 gap in terms of unemployment rates continues to widen.

Steady increase in unemployment in the EU over the past two years

Chart 10: Monthly unemployment rate in the EU-27 and the euro area (Jan 07–Apr 13)



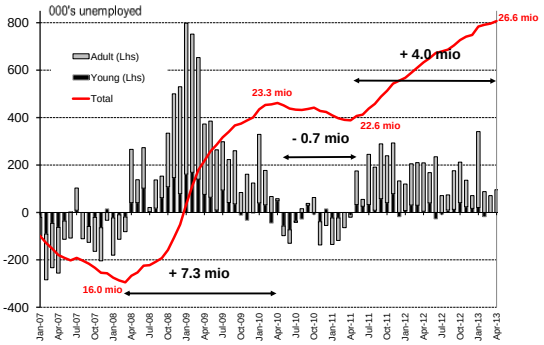
Source: Eurostat, series on unemployment. Data seasonally adjusted [une_rt_m].

The EU unemployment rate rose steadily over the two years to April 2013. It went up by 1.6 pps (see Chart 10) to 11.0 %, representing 4 million more people out of work (+18 %, see Chart 11). This second upsurge comes on top of the rise during the financial crisis, when the 25 months between March 2008 and April 2010 saw

[6] For more details see ESDE 2012 introductory chapter "Key features of the current European employment and social situation", section 1.4.1.
[7] Of which 19.4 million in the euro area.
[8] For EE, EL, LV, HU and UK, data for March 2013 or 2013q1. Year to March or 2013q1.

7.3 million more people in the EU lose their jobs (+45.3%). The present rise is less marked than the previous one, but has now lasted as long as the one which started in early 2008. Men have fared slightly worse, with a jobless rate up 1.7 pps over the past two years (to 11%), against a rise of 1.5 pps for women (also to 11%).

Chart 11: Monthly change in youth, adult and total unemployment in the EU (Jan 07–Apr 13)



Source: Eurostat, series on unemployment. Data seasonally adjusted [une_nb_m].

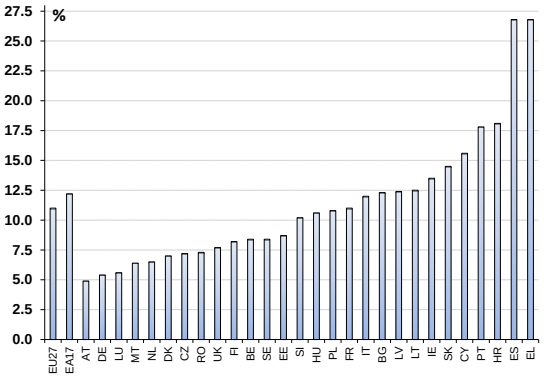
In recent months, the increase in European unemployment has continued primarily to affect the euro area.

Between April 2011 and April 2013, 96% (3.85 million) of the jobs lost in the EU-27 were in the euro area. Consequently, the euro area unemployment rate has increased faster than that for the EU-27 as a whole, as also clearly shown on Chart 10. Over the year to April 2013, it went up by 1 pps to 12.2%, as compared with a rise of 0.7 pp for the EU-27. Over the three months to January 2013, the increases amounted to 1.3% (+0.2 pp) in the euro area, against 0.8% (+0.1 pp) in the EU as a whole.

Unemployment has grown in the majority of the Member States, from already high levels in some cases.

As compared with a year ago, the jobless rate has increased in 18 Member States and fallen in nine. The highest rises were recorded in Greece (+4.6 pps to 26.8% in March 2013), Cyprus (+4.4 pps to 15.6% in April 2013), Spain (+2.4 pps to 26.8%) and Portugal (+2.4 pps to 17.8%, see Chart 12). The decreases were not only fewer in number, but also more modest. Compared with the previous year, unemployment dropped by more than 1 pp in only three countries: in Latvia by 3.1 pps to 12.4% (up to the first quarter of 2013), in Estonia by 1.9 pps to 8.7% (up to March 2013) and in Ireland by 1.4 pps to 13.5% in April 2013. 15 Member States recorded an increase of unemployment in the three months to April 2013.

Chart 12: Unemployment rate (%) in April 2013 and change in previous three months



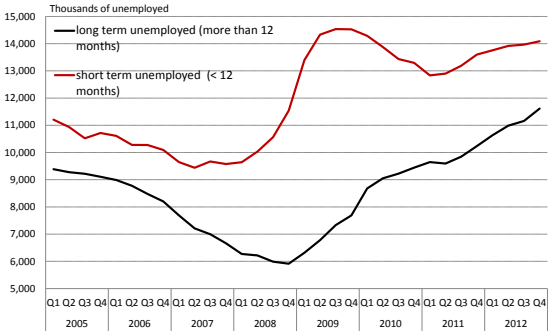
Source: Eurostat, series on unemployment. Data seasonally adjusted [une_rt_m].
Note: Data for EL up to Mar 12; UK: moving average Dec 12-Jan-Feb 13; EE, HU, LV quarterly data up to 2013 q1.

Long-term unemployment

EU-aggregate long-term unemployment[9] has risen sharply reaching an all-time high of 11.6 million.

By the last quarter of 2012, the number of long-term unemployed had increased by 1.4 million or 13.5% compared to the same period in 2011, and by 460 000 or 4.1% in 2012q4 alone, reaching a total of 11.6 million in the EU (see Chart 13). This figure, nearly twice as high as four years ago, is an all-time high since statistics are available.

Chart 13: number of people long-term unemployed and short-term unemployed in the EU, 2005–12



Source: Eurostat, LFS. Data seasonally adjusted ESTAT-DG EMPL calculations [lfsq_ugad].

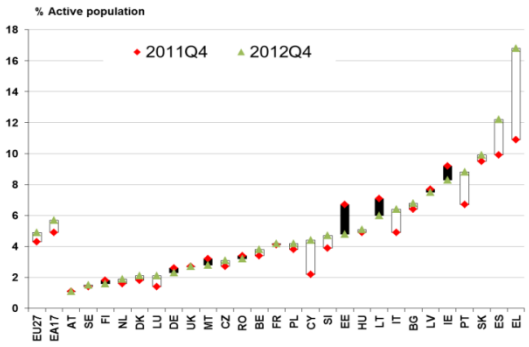
[9] Long-term unemployed: people who have been unemployed for more than a year.

Long-term unemployment in the EU-27 increased fairly steadily over the past four years to reach 4.9 % of the active population in the last quarter of 2012 (4.3 % a year earlier, see Chart 14). In the euro area, the rate reached 5.7 %.

Long-term unemployment is increasing in the majority of Member States, surpassing its historical high in the EU27 and in several Member States.

The long-term unemployment situation again worsened in most Member States at the end of 2012. Long-term unemployment increased in 19 Member States over the year to the last quarter of 2012. There was a particularly dramatic increase in Greece, where the rate increased to 16.8 % (+5.9 pps). It also increased in Spain, to 12.2 % (+2.3 pps), in Cyprus, to 4.4 % (+2.2 pps), in Portugal, to 8.8 % (+2.1 pps) and in Italy, to 6.4 % (+1.5 pps, see Chart 14). The number of people in the active population who have been unemployed for more than one year equalled or exceeded its highest level in the EU (4.9 % in 2012q4) and the euro area (5.7 %) since statistics are available, i.e. 2000, as well as in eight Member States: Greece, Spain, Portugal, Italy and Cyprus, but also Slovenia (4.7 %), France (4.2 %) and Luxembourg (2.1 %). In contrast, long-term unemployment decreased in eight Member States in the year to the last quarter of 2012, in particular in Estonia, where it fell to 4.8 % (-1.9 pps) and in Lithuania to 6.0 % (-1.1 pps). Austria has the lowest long-term unemployment rate in the EU (1.1 %).

Chart 14: Long-term unemployment rates for the EU, the euro area and the Member States 2011q4 and 2012q4



Source: Eurostat, LFS. Data non-seasonally adjusted [une_ltu_q].

Supplementary indicators to unemployment

More than 20 million people across the EU remain under-employed or find themselves in the grey zone between unemployment and inactivity[10]

In 2012q4 there were 9.4 million under-employed part-time workers in the EU, 2.1 million people seeking a job but not immediately available for work, and 8.7 million people available for work but not seeking it. The latter two categories constitute what is known as the 'potential additional labour force'. Altogether, a total of 20.2 million people aged 15 to 74 were under-employed or formed part of the potential additional labour force in 2012q4, equivalent to 8.4 % of the labour force (up 1.3 pps on 2008q4). Together, they constitute the so-called 'halos' which is not included in the official unemployment figures (25.9 million in 2012q4).

Inactivity and discouragement

Inactivity in the EU continues to decrease despite rising unemployment …

The unfavourable labour market, with ever-increasing unemployment, including long-term unemployment, and the current second downturn has had no apparent impact on inactivity in the EU as a whole. The inactivity rate in the EU, which has remained broadly stable since the onset of the crisis at around 30 %, actually fell in the year to the fourth quarter of 2012 by 0.6 pp to 28.0 %. However, this positive progress masks somewhat divergent developments in inactivity rates between the Member States and among specific sub-populations.

… and is converging across Member States

The decline in inactivity was concentrated in Member States with inactivity rates of over 30 %. Hungary, Luxembourg and Malta — the latter with the highest inactivity rate in the EU — were the most successful Member States in terms of getting people into the labour market. The inactivity rate in those countries fell by 3.1 pps or more over the four years to the fourth quarter of 2012. In contrast, Slovenia, Finland, Estonia and Ireland recorded increases of between 1.0

[10] For more explanations and breakdowns by gender, age group and educational level, see also http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Underemployment_and_potential_additional_labour_force_statistics.

and 2.1 pps over that period. The highest increase in inactivity was in Denmark, where it went up by 3.0 pps over the same four-year period, albeit from a low level (see Chart 15).

In the year to the fourth quarter of 2012, the decline in inactivity was most pronounced in Luxembourg, Malta, Bulgaria, Latvia and the Czech Republic (down by 1.6 pps or more), whereas inactivity in Denmark went up significantly by 1 pps.

Inactivity rates vary considerably between Member States (from just 20 % in Sweden and the Netherlands to around 36 % in Italy, Romania and Malta), although they have been converging since the beginning of the crisis.

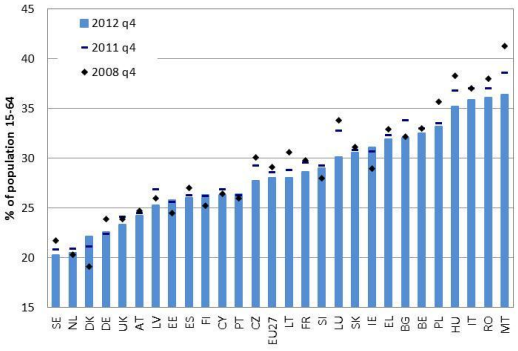
Noticeable convergence with the US

Across the Atlantic, there was a slight increase of 0.1 pp in the US inactivity rate in the year to the fourth quarter of 2012. It now stands at 26.9 %.[11] Compared with the situation four years ago, there has been an increase of 2.1 pps, whereas inactivity in the EU has fallen by 1.1 pps to 28.0 % over the same period, narrowing the gap in inactivity to a historic low.

The inactivity rate of women is shrinking faster than that of men

Female participation in the labour market continued to increase in the year to the fourth quarter of 2012. Inactivity among women fell by 0.8 pp. during this period. Men are also participating more. Their inactivity rate was down by 0.4 pp.

Chart 15: Inactivity rates for EU Member States, 2008q4, 2011q4 and 2012q4



Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_inac].

The gender gap in inactivity therefore narrowed by 0.4 pp to reach 12.2 pps. This confirmed the general narrowing since the onset of the crisis (it was at 14.0 pps in the fourth quarter of 2008, see Chart 28).

Discouragement increased further among the inactive population, with nearly one in five really wanting to work

19.1 % of all inactive persons actually want to work. Those who are looking for employment (but not classified as ILO unemployed, i.e. not immediately available for work) accounted for 2.4 % of the inactive population in the fourth quarter of 2012, down slightly from 2.7 % four years previously. Meanwhile, the share of inactive persons who would like to work but who are not actively seeking employment increased from 14.2 % to 16.7 % over the same period.

As unemployment and long-term unemployment have surged, people have become increasingly discouraged. Between the onset of the crisis and 2012, there was a rise of 1.8 pps in the proportion of inactive persons that did not believe there was a job available. In 2012 alone, it went up 0.3 pp, to hit a record high of 5.5 %.

[11] Source: OECD — Short-Term Labour Market Statistics http://stats.oecd.org/Index.aspx?DatasetCode=STLABOUR.

Youth

Nearly a quarter of active young people in the EU are unemployed, but signs of stabilisation have been seen …

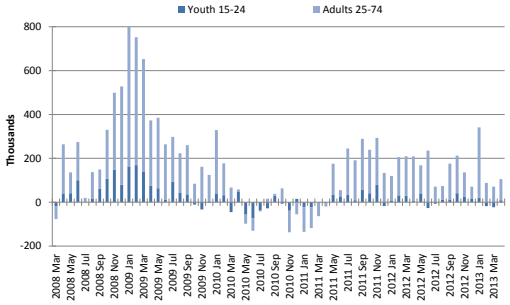
Over the past year to the fourth quarter of 2012, EU employment edged down by just 0.5% for the overall working-age population (15-64), but it fell sharply by 3.4% for young people (below the age of 25). Even more dramatic is the collapse of youth employment since the fourth quarter of 2008: it has fallen by 15.6% in four years, against -2.7% for the overall working-age population (15-64). According to Eurostat, youth unemployment rose substantially through 2012 across the EU, reaching 5.7 million in January 2013 before easing somewhat by April, but 23.5% of active young people are still unemployed (24.4% in the euro area). This is 0.9 pp higher than in April 2012, compared with the 0.7 pp increase for the total active population (to 11.0% in April 2013).

After stabilising at around 21% between autumn 2009 and mid-2011, the youth unemployment rate has surged since autumn 2011 and passed the 23% mark in September 2012. In April 2013, it was some 2.5 pps higher than the low recorded in March-April 2011, and 0.9 pp above the rate recorded in April 2012. The youth unemployment rate has always been around 2.5 times higher than the rate for adults. Adult unemployment accounted for 9.6% of the 25+ active population in April 2013, i.e. 3.8 pps higher than its pre-crisis level of 5.7% in early 2008, but the rate for young people (now 23.5%) had risen markedly, by 8.3 pps from a low of around 15%.

However, looking at changes to the number of unemployed people, the number of jobless young people increased by 1.8% (+100 000) in the 12 months to April 2013, markedly less than the rise in January (+3.6%), while the number of jobless adults aged 25 and over was still shooting up by 8.1% (+1.6 million). Chart 16 shows the monthly change in the number of unemployed people, by age group. This paradox is explained by the surge in youth inactivity (see below).

After falling slightly in the early months of 2011, youth unemployment began to climb again in May 2011 and has continued to do so at a sustained pace since then (with the exception of December 2011 and June-July 2012) until January 2013, when it peaked at 5.66 million. It then fell moderately to 5.63 million in April 2013.

Chart 16: Changes in unemployment among young people and adults in the EU, 2008-2013

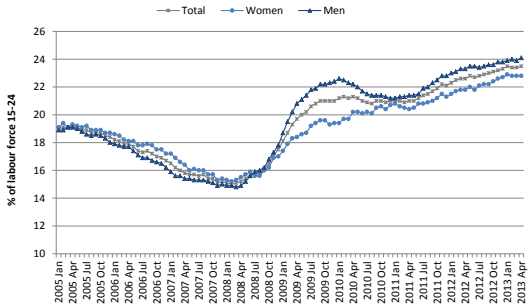


Source: Eurostat, Series on unemployment. Data seasonally adjusted [une_nb_m].

… as the figures for young women have improved slightly recently

Youth unemployment appears to have stabilised recently, essentially driven by young women, as their unemployment rate has fallen by 0.1 pp since January 2013, to 22.8% in April 2013, while the figure for young men has risen by 0.2 pp, to 24.1%. This bucks the trend recorded over the past year, as the number of unemployed young women rose by 1.0 pps in the twelve months to April 2013, more than for young men, (+0.8 pp, see Chart 17).

Chart 17: Youth unemployment rates for the EU by gender, 2008-2013



Source: Eurostat, Series on unemployment. Data seasonally adjusted [une_rt_m].

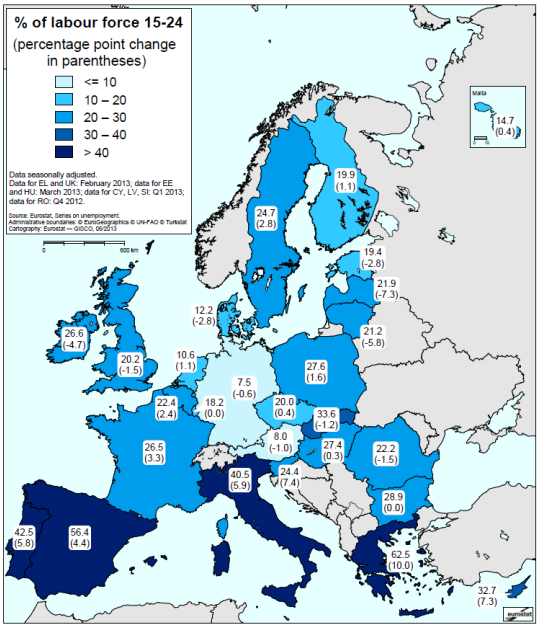
Compared with the previous low point in April 2011, youth unemployment in April 2013 has risen significantly by 435 000 (+8.4%), driven by young men (+9.1%, and +7.4% for young women). This reflects the general trend observed in the EU since April 2008 (before the crisis). Youth unemployment in the EU has risen over the past five years to April 2013 by 8.6%, an

increase of 1.6 million people, mainly driven by a sharper rise in unemployment among young men. The number of unemployed young men rose by 947000 (+44.7%), against an increase of 593000 (+31.5%) for young women.

Youth unemployment is still skyrocketing in some Member States

As Chart 18 shows, the labour market situation for young people is still alarming. Unemployment varies significantly across Member States. Over the year to April 2013, youth unemployment rose in 15 Member States, fell in 10 and remained unchanged in two (Bulgaria and Luxembourg). Mediterranean countries (Greece, Spain, Portugal, Italy, Cyprus and Slovenia) recorded the highest year-on-year rises (at least 4 pps), but quite significant decreases were recorded in Latvia, Lithuania, Ireland, Estonia and Denmark (by respectively -7.3, -5.8, -4.7 and -2.8 pps for both EE and DK).

Chart 18: Youth unemployment rates and year-on-year changes, April 2013



Youth unemployment remains a serious problem in most countries, reaching historic highs in many. The youth unemployment rate is over 15% in all but five countries (Germany, Austria, the Netherlands, Denmark and Malta[12]). It affects at least 30% of active young people in Portugal, Italy, Slovakia and Cyprus. Even more dramatic, in Greece and Spain, the number of young unemployed persons has exceeded the number of young people in work (unemployment higher than 50%) since late 2011 — early 2012, at 62.5% in February 2013 in Greece (the 60% threshold passed for the first time that month) and 56.4% in April 2013 in Spain.

Rising inactivity explains the decrease in youth employment…

Reflecting overall job losses, the employment rate for young people fell by a significant 4.0 pps to 32.8% over the four years to the fourth quarter of 2012, against -1.5 pps to 64.2% for the overall working-age population. This was due both to the surge in unemployment (see above) and to a great extent to the rise in the inactivity rate (up by 1.4 pps to 57.4% in 2012q4, see Chart 28). In the year to the fourth quarter of 2012, the youth employment rate fell by 0.6 pp (to 32.8%), against a very moderate fall of -0.1 pp (to 64.2%) among the overall working-age population. Over the same 12 months, the inactivity rate for young people edged up by 0.1 pp (to 57.4%), but fell by 0.6 pp (to 28.0%) for the overall working-age population.

… particularly marked for the less-educated young workers on temporary and full-time contracts

As mentioned above, over the year to the fourth quarter of 2012, employment fell by 3.4% among young people. Once again, the less-educated have been hit hardest (-7.2%), while those with higher education have been spared (+6.7%).[13] The 3.4% fall was driven essentially by a drop in temporary contracts (-5.3%, against -2.2% for permanent jobs), and again, the impact was greatest for those with a lower level of education.

More than 40% of young employees in the EU are on temporary contracts, a figure that has increased during the downturn. In the fourth quarter of 2012, the percentage was 41.8%, up 2.1 pps on 2008q4, against 13.6% for the overall working-age population (-0.3 pp). In the fourth quarter of 2012, 7.2 million young people were on temporary contracts, 0.9 million (roughly 11.5%) fewer than four years earlier. The vast majority of them (86% in 2012q4) are

[12] Malta's rate was revised downward, as a result of including the fourth quarter 2012 LFS figures.

[13] ISCED classification: Pre-primary, primary and lower secondary education (levels 0-2); upper secondary and post-secondary non-tertiary education (levels 3 and 4) and first and second stage of tertiary education (levels 5 and 6).

low- to medium-educated (up to ISCED level 4). The Special Focus at page 21 highlights the fact that the great variation seen among Member States in terms of young people's employment developments could be partly due to the differences in labour market positions, including through the design of temporary contracts.

Although the recent fall in youth employment is mainly due to a drop in the number of temporary jobs, over the longer term, the fall in permanent employment was very substantial too. The number of permanent jobs held by young people fell by 2.5 million (-18%) to 11.4 million over the four years to 2012q4.

The relative increase in part-time jobs (+0.9%) recorded in the year to 2012q4 was not enough to make up for the drop recorded in full-time employment (-5.3%). In the fourth quarter of 2012, 31.2% of young workers were on part-time contracts (vs. 19.3% for the 15-64 age group), up by 1.4 pps on the fourth quarter of 2011. That was below the 27% mark throughout 2008. In the fourth quarter of 2012, 5.8 million young people were on part-time contracts, nearly the same number as four years earlier (-0.7%). In the same four-year period, full-time employment fell by 3.4 million (-21%) to 12.7 million. For the overall working-age population, the number of part-time workers increased by 6.4% over that period, against a 4.6% fall in the number of full-time workers.

Long-term unemployment and prolonged inactivity threaten an entire generation

The long-term unemployment rate has worsened recently, exceeding the 7% mark since 2012q1. It was at 7.7% in the fourth quarter of 2012, up 0.9 pp on 2011q4 (see Chart 27). The rate for young people had plateaued at around 6% in 2010 through to mid-2011, up from 3.5% in 2008, following the surge in unemployment among young people in 2008 and 2009.

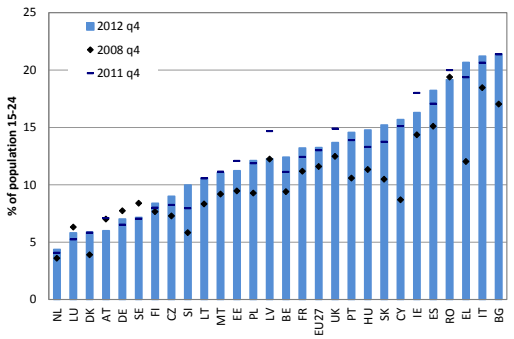
As a consequence of this recent surge, one in three (33.3% in 2012q4) young unemployed people has been without a job for more than a year, compared with roughly 22% at the onset of the crisis. This trend poses a serious risk in terms of young people becoming detached from the labour market and from society as a whole.

As mentioned above, the inactivity rate among young people was 57.4% in 2012q4, up 0.1 pp on 2011q4 (see Chart 28). Inactivity can be the result of discouragement: in the fourth quarter of last year, only 1.6% of inactive young people actually sought employment, while 11.4% wanted to work, but were not seeking employment (a percentage close to pre-crisis levels though).

The number of young people neither in employment nor in education or training remains a major cause for concern

Given that so many young people are in education,[14] youth inactivity as such should not be the major concern, but rather the proportion of young people who are neither in employment nor in education and training (NEET). In the fourth quarter of 2012, 13.2% of young people (7.4 million)[15] fell into the NEET category, up by 0.2 pp on 2011q4. The number of NEETs has increased steadily over the last two years. It has risen by around 0.7 million since 2008q4, compared to 6.7 million (11.6% of total young population, see Chart 19).

Chart 19: NEET for EU Member States, 2008q4, 2011q4 and 2012q4



Source: Eurostat, LFS. Data non-seasonally adjusted [edat_lfse_20].

The NEET rate at EU level rose by 1.7 pps during the four years to the fourth quarter of 2012. This trend was observed in all Member States, except in Sweden (-1.2 pps), Austria (-1.0 pps), Germany (-0.7 pp), Luxembourg (-0.5 pp) and Romania (-0.2 pp). Surges were seen at the periphery of the EU: Greece (+8.6 pps), Cyprus (+7.0 pps), Slovakia (+4.7 pps), Bulgaria (+4.4 pps), Slovenia (+4.2 pps) and Portugal (+4.0 pps). Over the year to

[14] Accounting for roughly 90% of economically inactive youth.

[15] NEET numbers and rates are largely seasonally dependent (school year, etc.). This variable is not seasonally adjusted, which explains why this number is significantly below that recorded in 2012q3 (8.1 million in the EU, accounting for 14.5% of young people).

2012q4, the overall EU NEET rate edged up by 0.2 pp. The biggest rises were recorded in Slovenia (+2.0 pps), Hungary and Slovakia (both +1.5 pps), while major falls were seen in Latvia (-2.4 pps) and Ireland (-1.7 pps).

The NEET rate continues to differ widely across Member States, from below 10 % in continental and Nordic Europe (the Netherlands, Luxembourg, Denmark, Austria, Germany, Sweden, Finland and the Czech Republic), to above 15 % in many southern or peripheral Member States (Bulgaria, Italy, Greece, Romania, Spain, Ireland, Cyprus and Slovakia).

> Special Focus: Youth labour market adjustment and temporary contracts

Having less accumulated work experience, young people face more elastic labour demand relative to adult workers. This can be aggravated by the fact that young people tend to be overrepresented among those jobholders who are having less employment protection and thus act as a buffer for adjustment in case of an economic shock.

A temporary contract[16] is a widespread example for this type of flexible work instrument: While in 2007, 14.6 % of all employees (15-64) have been on temporary contracts, this share was 41.3 % for young people (15-24). While temporary employment may bring some advantages to young workers, including more opportunities to search for better jobs, the crisis could have added higher cyclical sensitivity to the list of disadvantages for this type of labour relationship as young workers (on all types of contracts) have extensively borne the brunt of the employment fallout.[17] Between 2007 and 2010 the number of young people on temporary contracts fell by 867 000, i.e. around by 10 % from its level of 2007 (compared to the adults (age 25-64), where the number of temporary jobholders fell by 540 000, i.e. by around 3 % from its 2007 level).

Nevertheless, the extent of adjustment affecting young people during the crisis varied greatly among Member States, and this dissimilarity could be partly attributable to the differences of *reasons* why young people are to be found on temporary contracts[18], i.e. to the *role* the temporary contracts are playing on the labour market. The following section presents Germany and Spain as an example to test this assumption. It shows that in Germany – where adjustment in the employment of young people has been relative more subdued –, most of young people on temporary contracts are in *education or training*, probably on apprenticeship or training contracts that could be associated with more secure labour market relations and with more of a stepping stone effect into permanent positions. At the same time in Spain, there is a high share of those young people who are involuntarily temporary employed (*cannot find a permanent position*), which suggests the presence of labour market constraints – whereby temporary contracts are used as an alternative to counteract the employment rigidity of permanent contracts[19] – that hinder transitions to more secure work relations. Other country examples covering other types of labour relation systems in Europe (Austria, Denmark, France, Italy, Poland, the UK and Switzerland), analyzed in addition to the examples of Germany and Spain, tend to endorse the importance of the reason of why one is accepting a temporary contract,

[16] Employees with temporary contracts are those who declare themselves as having a fixed term employment contract or a job which will terminate if certain objective criteria are met, such as completion of an assignment or return of the employee who was temporarily replaced. http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/en/lfsa_esms.htm

[17] See for instance Bettio, F. et al (2013): The impact of the economic crisis on the situation of women and men and on gender equality policies http://ec.europa.eu/justice/gender-equality/files/documents/130410_crisis_report_en.pdf

[18] Other factors could also have played a role; another important contributor could have been for instance the variation in sectoral concentration of young people in Member States prior to the crisis, see for instance Employment in Europe 2009, Chapter 1. http://ec.europa.eu/social/main.jsp?langId=en&catId=113&newsId=642&furtherNews=yes

[19] See for instance Alba-Ramirez: How Temporary Is Temporary Employment in Spain? Journal of Labour Research Volume XIX, Number 4 Fall 1998 http://www.eco.uc3m.es/temp/alba/how_temporary.pdf

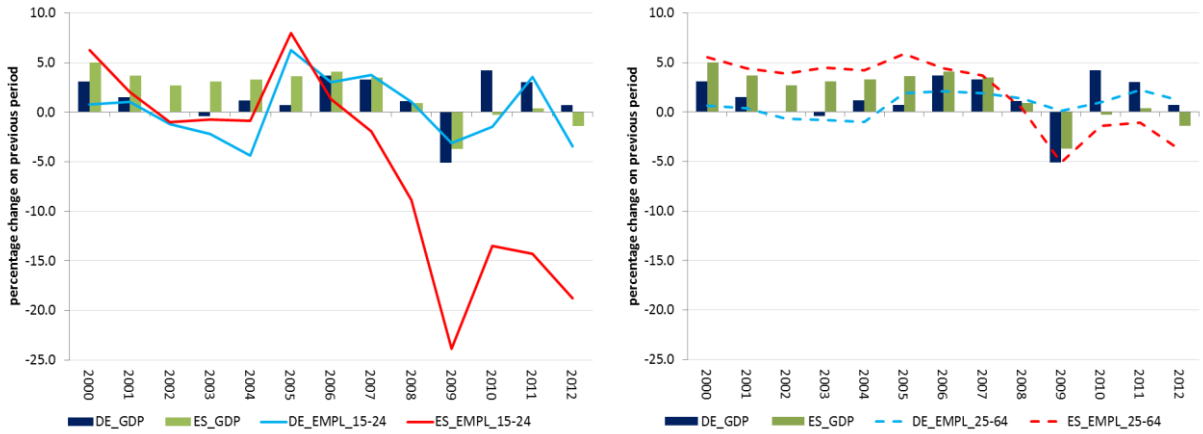
with education or training purposes contributing to less pronounced labour market adjustment affecting the employment of young people.

Germany and Spain

Both in Spain and Germany the growth rates of adult employment (age 25-64) more or less followed the growth rates of GDP (see Chart 20, right chart) and the adjustment intensity of adult employment to the crisis has been much more subdued compared to the young cohort in both Member States (see Chart 20, left chart). The left chart however also shows that while the Spanish GDP growth was higher compared to Germany up until 2007, the growth rate of young employment has only exceeded Germany by very little. With the crisis however, young employment reacted with greater sensitivity in Spain compared to Germany, despite larger drop in German GDP in 2009. This suggests that in Spain youth have been/are more on the elastic margin of the labour market where firm adjustment has been more intense.

Prior to crisis, the share of temporary workers has been higher in Spain compared to Germany, yet the difference has not been large. In 2007, 57.4 % of young people have been on temporary contracts in Germany compared to 62.8 % in Spain. There has been however a large divergence among the reasons why and also how long young people have been on temporary contracts.

Chart 20: GDP growth and employment growth among young people (age 15-24) and adult people (age 25-64) in Germany and Spain



Source: Eurostat; GDP and main components - volumes [nama_gdp_k]; Employment by sex, age and nationality (1 000) [lfsa_egan].

Looking at the composition of reasons for temporary employment among youth (see Chart 21, left figure) it is clearly visible that young people in Germany have been/are mostly in *education or training*.

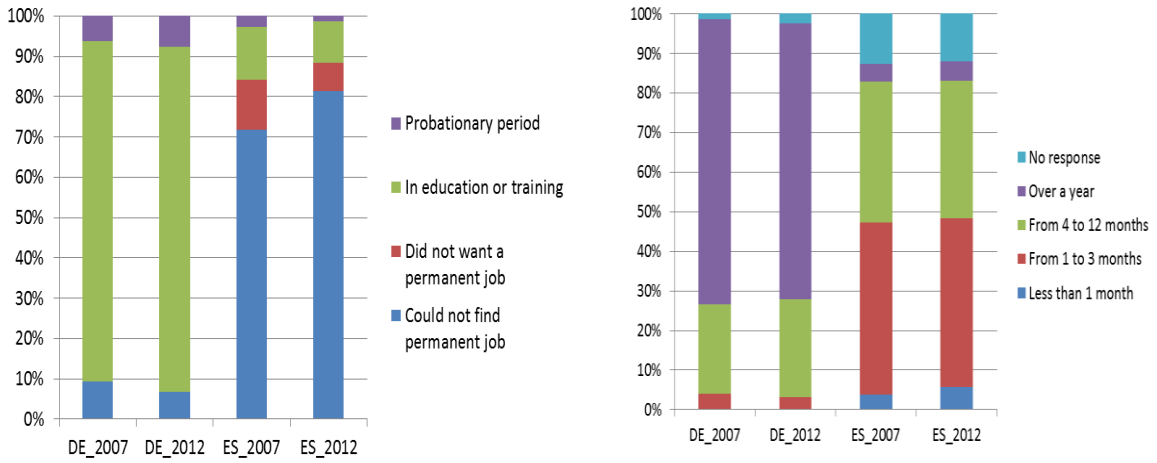
This corresponds to the data on duration of the temporary contracts for young people (see Chart 21, right figure). In Germany (both prior and after the crisis) the majority of young people (around 70 %) on temporary contracts were holding a contract with duration over a year (and the share of those holding a temporary contract with duration of more than 25 months has been over 60 % in both years). The figures reflect the German dual-apprenticeship system well, with apprenticeship trainings taking place on the basis of a private-law *vocational training contract* between a training enterprise and a young person, and programmes *normally lasting 2-3 years*[20].

At the same time, the composition is very different in Spain, with the share of *involuntary temporary workers* accounting for the bulk, meaning that in Spain prior to the crisis (and according to latest available data also in 2012) most young people on temporary contracts could not find a permanent job. Moreover the majority of temporary workers are on shorter term

[20] European Commission (2012) Apprenticeship supply in the Member States of the European Union – Final Report. http://ec.europa.eu/education/vocational-education/doc/forum12/supply_en.pdf The study quotes data provided by the Federal Statistical Office, according to which approx. 86% of students in VET-schemes on ISCED levels 3 and 4 enrolled in the dual training system in Germany (2009 data).

contracts (mostly 1-3 months and 4-12 months) probably contributing to the greater flexibility in the adjustment of youth labour market in Spain.

Chart 21: Reasons for temporary employment and duration of temporary work contract for young people (age 15-24) in Germany and Spain for selected years

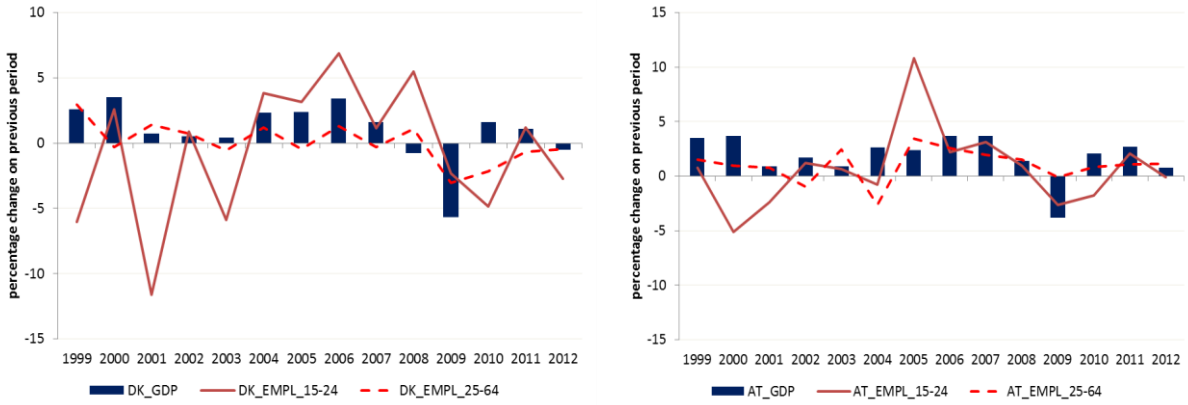


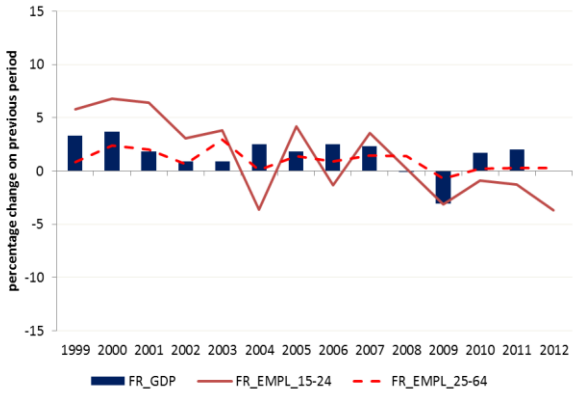
Source: Eurostat, Main reason for temporary employment - Distributions by sex and age (%) [lfsa_etgar]; DG EMPL calculation based on Eurostat, Temporary employees by sex, age and duration of the work contract (1 000) [lfsa_etgadc].

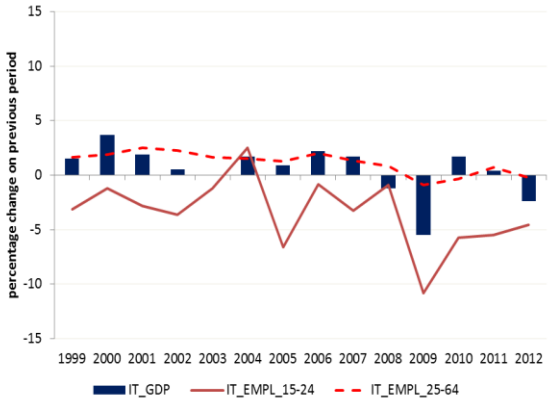
Austria, Denmark, France, Italy, Poland, the UK and Switzerland

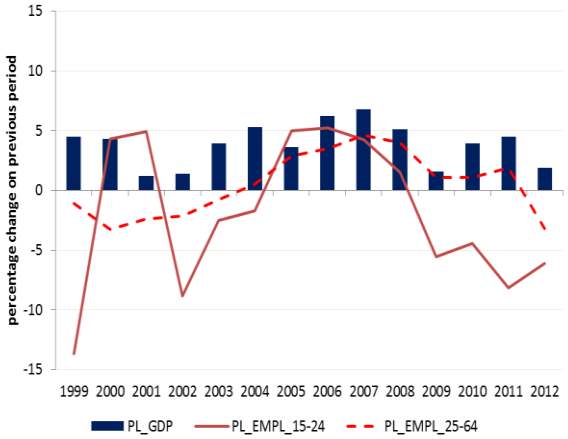
In all seven countries, - similarly to Germany - the employment of adults (25-64) followed the evolution of GDP volume while the employment of youngsters (15-24) behaved more elastically. The drop in young employment has still been much more modest compared to Spain, though if compared to each other, the biggest post-crisis drops - and most elastic employment behaviors after the crisis – have been found in Italy and Poland. Meanwhile the most subdued adjustment is to be found in Switzerland and Austria (see Chart 22).

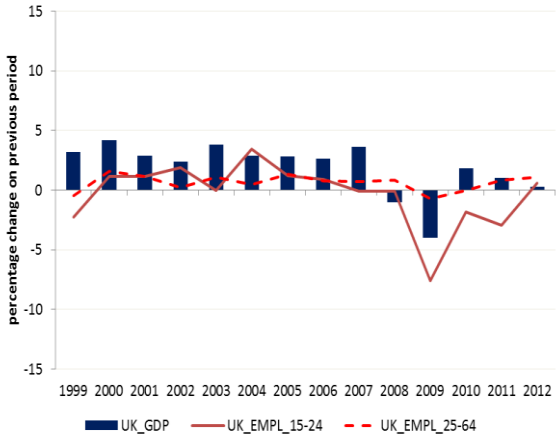
Chart 22: GDP growth and employment growth among young people (age 15-24) and adult people (age 25-64) in selected Member States

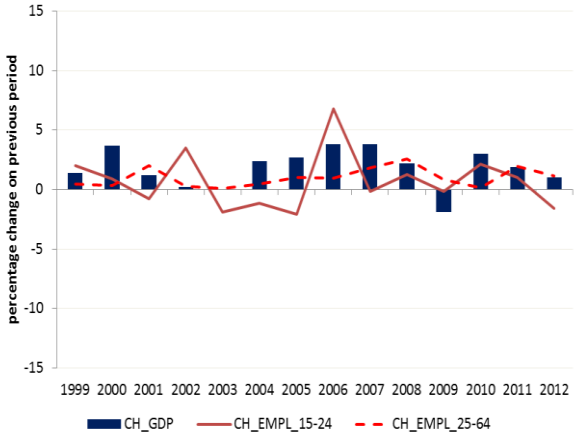












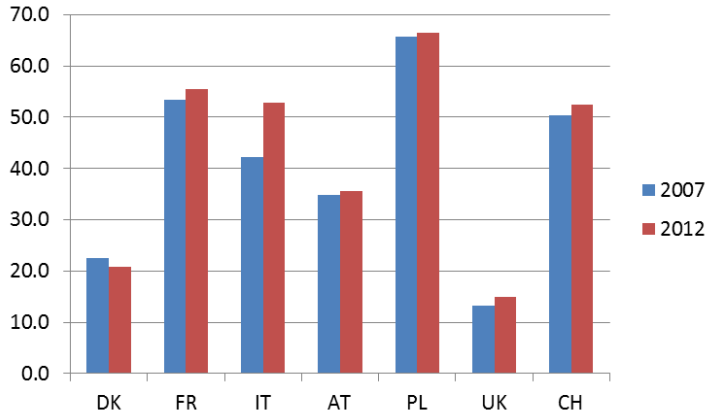
Source: Eurostat, Employment by sex, age and nationality (1 000) [lfsa_egan]; GDP and main components - volumes [nama_gdp_k].

The share of temporary contracts in the seven countries varies greatly (see Chart 23). Prior to crisis (and also in 2012) the largest share has been in Poland (well over 60 %), followed by France, Switzerland and post-crisis Italy (above 50 %). The lowest share is to be found in the UK, only somewhat above 10 %, suggesting that temporary employment rather bears less significance in this Member State.

The reason for being on temporary contract is quite diverse among these countries and as put forward above, it could have influenced the extent of adjustment in the employment of young people after the crisis. The left part of Chart 24 below shows that education and training is prevalent among young temporary jobholders in Switzerland and Austria – the countries indeed

showing the most modest decrease in youth employment after the crisis among the seven examined country examples –, followed by Denmark.

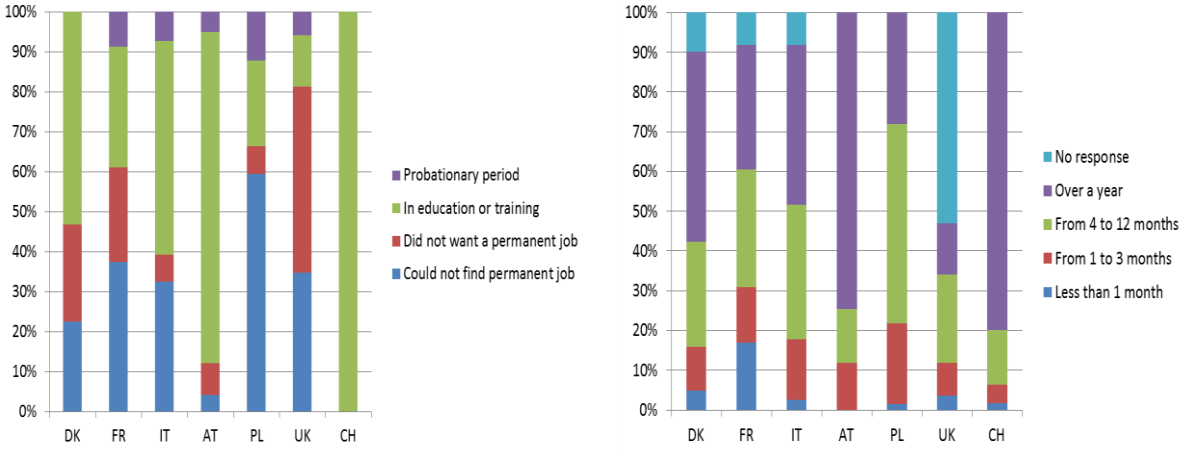
Chart 23: Share of temporary employees (%) among young people (age 15-24) in selected Member States in 2007 and 2012



Source: Eurostat, Temporary employees as percentage of the total number of employees, by sex and age (%) [lfsa_etpga].

Corresponding to the above, the duration of temporary work contracts for young people (right part of Chart 24) have been the longest in Switzerland and Austria (with in Switzerland 75 % and in Austria over 69 % having a contract with a duration of more than 2 years). Denmark also has a relative large share – over 45 % - of work contract duration longer than a year. On the other end of the scale, Poland had the highest share of young people with involuntary temporary contracts prior to the crisis, while the duration of temporary work contracts in Poland have been mainly for less than a year. Around third of young people in Italy have involuntarily held a temporary position; while over 50 % of them have been on shorter term contracts[21]. All this confirms the hypothesis that the composition of causes of being on a temporary contract – together with the length of the contracts – matters for the employment perspectives of young people.

Chart 24: Reasons for temporary employment and duration of temporary work contract for young people (age 15-24) in selected Member States in 2007



Source: Eurostat, Main reason for the temporary employment - Distributions by sex and age (%) [lfsa_etgar]; DG EMPL calculation based on Eurostat, Temporary employees by sex, age and duration of the work contract (1 000) [lfsa_etgadc];
Note: UK data on duration is for 2008.

Furthermore, this also buttresses the analytical findings that those countries where *dual training systems* prevail, and where *high proportions of youth are in apprenticeship* (i.e. Austria, Denmark, Germany or Switzerland), tend to have more favorable outcomes for young people.

[21] While the situation in Italy seems to be very similar to the one in France, the more restrained adjustment in France could have been a consequence of a less pronounced GDP drop in 2009 and a stronger pick up after that.

European Commission (2012)[22] for instance quotes Quintini and Manfredi (2009), who suggest that *transition* patterns from school to work are better in countries with strong apprenticeship systems (i.e. Germany) in comparison to other countries (i.e Italy or Spain) without strong work-based training integrated into the formal school system. Also, a comprehensive study on intra-country indicators of transitions from full-time education and training to employment is mentioned (Gangl, 2003), which concludes that apprenticeships perform very favourably both compared to school-based education at the same level of training and across different qualification levels, resulting in more rapid transitions from school to work amongst apprentices. This is particularly important, as long unemployment experiences at labour force entry may have persistent negative effects on employment probabilities and/or wages later in life for young people (see for instance Schmillen-Umkehrer on overview of literature on scarring effect[23]).

[22] Idem footnote 20.
[23] Schmillen, A. - Umkehrer, M: The scars of youth. IAB-Discussion Paper 6/2013. http://doku.iab.de/discussionpapers/2013/dp0613.pdf

Other selected groups

In the fourth quarter of 2012, the EU labour market situation deteriorated further compared with the previous year, particularly for those with low skills. Although young people and migrants continue to face the most difficult labour market situation with unemployment rates of over 21 %, there has also been a noticeable rise in unemployment among prime age adults (25-54).

To raise the overall employment rate in the EU (now at 68.5 % for the 20-64 age group) to the Europe 2020 target of 75 %, particular efforts are needed to boost the employability of people aged 55-64 (whose employment rate now stands at 49.5 %), the low skilled (52.1 %), migrants (56.8 %) and women (62.5 %) in the age group 20-64.

Continued rise in unemployment of older workers despite a remarkable decline in their inactivity rate

Compared with other age groups, older people aged 55-64 have been the least affected by the downturn in the labour market in terms of unemployment. At the same time their activity in the labour market has increased considerably.

Although there has been a remarkable 2.0 pps decline in the inactivity rate of people aged 55-64 (down to 46.6 %, see Chart 28), unemployment among this group increased by 0.5 pp over the last year (up to 7.4 %, see Chart 26). Nevertheless, unemployment among older people remains markedly lower than among other age groups. Long-term unemployment among older people increased by 0.4 pp, and at 4.4 % is lower than that of prime age adults (4.6 %, see Chart 27).

The position of older people of working age has been better than that of other age groups in the labour market downturn of the last four years. Unemployment among older workers went up by 2.1 pps, compared with an average increase of 3.3 pps. Inactivity among this group declined by 4.9 pps, compared with an average decline of 1.1 pps, while employment went up by 3.6 pps despite an average fall of 1.5 pps (see Chart 29).

Older people of working age still vulnerable to long-term unemployment and low labour market participation

Older people's relatively favourable labour market situation masks two aspects that still make them vulnerable. Firstly, almost 60 % of older unemployed people are long-term unemployed. The equivalent share for young people (aged 15-24) is around half this at 33 %. Secondly, at 49.5 % in the fourth quarter of 2012, the labour market participation of older people aged 55-64 remains low and is well below what is needed to reach the Europe 2020 employment target.

Older working age people are at an increasing risk of poverty and social exclusion

In 2011, the risk of poverty and social exclusion for older people of working age increased as much as for other age groups, having fallen in the previous year. Around 25.7 %[24] of the people aged 55-64 in the EU are now classed as living in poverty or social exclusion, up by 0.7 pp on 2010. The share of 55-64 year-olds facing monetary poverty increased by 1.2 pps (up to 14.8 %) in 2011, while the share of those severely materially deprived increased by 0.6 pp (up to 8.0 %).

Migrants in the EU are increasingly unemployed or inactive

Unemployment among non-EU nationals, already at a record high, went up by another 0.8 pp in the year to the fourth quarter of 2012 to reach 21.5 % (see Charts 25 and 26). Inactivity among this group increased by a modest 0.3 pp (up to 31.6 %), following a period of stability between 2010 and 2011. The increases in inactivity and in unemployment pushed the employment rate of non-EU nationals down to 53.6 % (-0.8 pp).

At 21.5 %, unemployment among migrants is more than double that of nationals (10.0 %). The gap in unemployment between nationals and migrants was around 7 or 8 pps before the crisis, jumped to 11 pps immediately after it started and has remained between 11 and 12 pps ever since. The gap in inactivity had fluctuated around 2 pps before the crisis, shrank to 1.2 pps in the early phases of the crisis and then slowly rose to 3.6 pps in the fourth

[24] 2011 data on poverty and social exclusion do not include Ireland.

quarter of 2012. Since the beginning of the crisis, the growing gap in employment between nationals and migrants (6.5 pps in 2008, around 9 pps until 2011, and 11.1 pps in the fourth quarter of 2012) has been mainly due to unemployment increasing faster among migrants (see Chart 26).

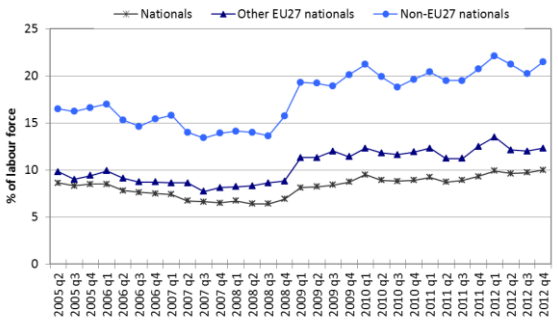
Long-term unemployment among migrants is becoming more prevalent

After considerable annual increases in long-term unemployment between 2008 and 2011, non-EU nationals suffered a further marked increase in the year to the fourth quarter of 2012 (+0.9 pp, see Chart 27). The long-term unemployment rate among migrants is now at 9.8 %, and the gap with nationals continues to widen. The proportion of unemployed migrants that have been without a job for more than one year has almost reached 46 % and now resembles that of EU nationals.

Migrants' labour market situation has increasingly pushed them into poverty and social exclusion

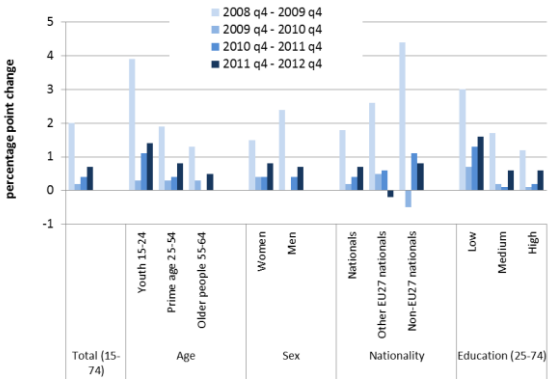
In 2011, the risk of poverty and social exclusion among migrants surged to 46.7 %, corresponding to a year-on-year increase of almost 5 pps. The rapid deterioration of migrants' social situation was mainly due to an increase in monetary poverty, which went up 2.5 pps to 34.7 %, while severe material deprivation remained fairly stable at 16.0 %. Migrants are much more likely to be in a situation of poverty or social exclusion than migrating EU nationals, the corresponding figure for whom was 28.0 % in 2011.

Chart 25: Unemployment rates for the EU by nationality



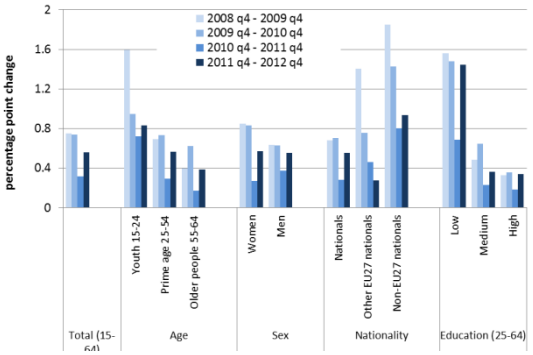
Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_urgan].

Chart 26: Year-on-year changes in unemployment rates for the EU by population subgroups



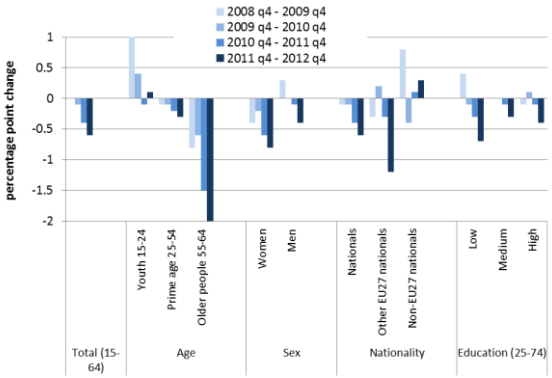
Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_urgan] and [lfsq_urgaed].

Chart 27: Year-on-year changes in long-term unemployment rates for the EU by population subgroups



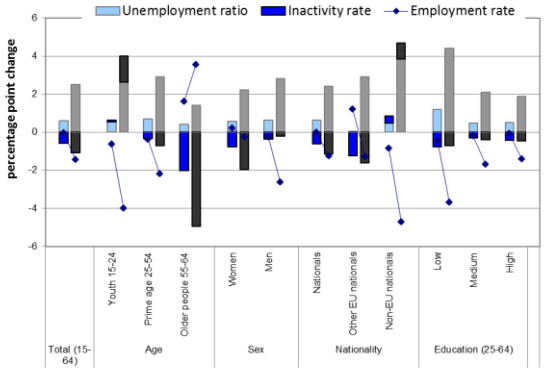
Source: Eurostat, LFS. Data non-seasonally adjusted [une_ltu_q].

Chart 28: Year-on-year changes in inactivity rates for the EU by population subgroups



Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_inac].

Chart 29: Changes (year-on-year and four years to 2012q4) in employment rate broken down into changes in the unemployment ratio and inactivity rate for the EU by population groups



Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_emprt], [lfsq_unemp] and [lfsq_inac].
Note: First bar – one-year change 2011q4-2012q4, second bar – four-year change 2008q4-2012q4

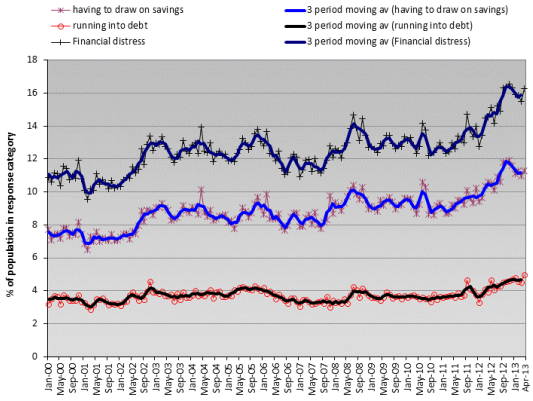
Financial situation of households

Consumer surveys carried out under the joint harmonised EU programme of business and consumer surveys can provide – among other things – timely information on the financial situation experienced by households. In particular, the monthly question about the *current financial situation* allows to monitor the share of the EU population whose households are facing financial difficulties in terms of having to draw on their savings or are running into debt in order to cover their current expenditures.

Results from recent surveys indicate that the share of the EU population[25] reporting their households are experiencing financial distress[26] has moderated slightly from the peak reached in November last year, but remains well above the levels observed at any time in the previous decade (see Chart 30). The recent easing reflects a decline in the share of households having to draw on their savings and a levelling off in the share running into debt.

[25] The sample underlying the consumer surveys is representative of the adult population rather than households in a given country.
[26] The combined population shares reporting they are either having to draw on savings or are running into debt.

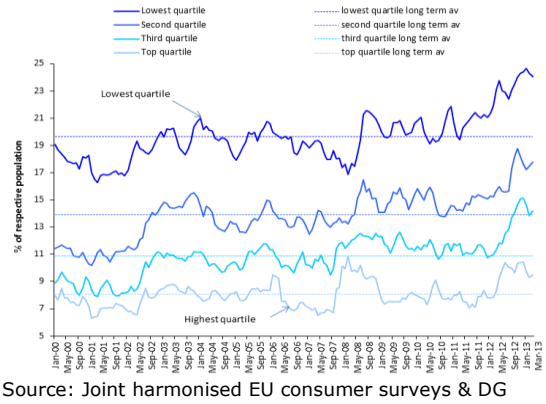
Chart 30: Share of EU population in households reporting financial difficulties (2000-2013)



Source: Joint harmonised EU consumer surveys.
Note: Data are not seasonally adjusted.

Households in all income quartiles continue to experience historically high levels of financial distress well above their respective long term averages. Moreover, for all but upper quartile households, levels remain much higher than even those recorded at the time the financial crisis first hit. Nevertheless, there are signs of a slight easing over recent months in all income groups, although this is least evident among low income households where it affects around one-in-four in that population group (see Chart 31). In contrast, financial distress among upper income quartile households currently affects less than one-in-ten people.

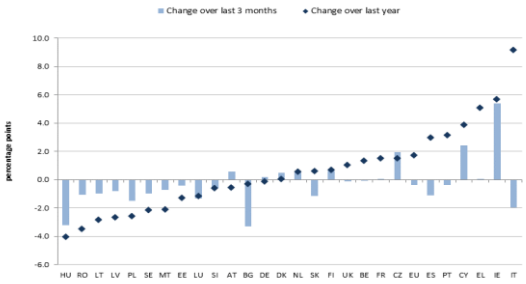
Chart 31: Reported financial distress in EU households by income quartile of household (2000-2013)



Source: Joint harmonised EU consumer surveys & DG EMPL calculations.
Note: 3 month moving average figures. Data are not seasonally adjusted. Long-term averages computed over 2000-2013.

Divergence in developments in household financial situations across individual Member States continues (see Chart 32).

Chart 32: Change in the population share in households reporting financial distress across EU Member States (as at March 2013)

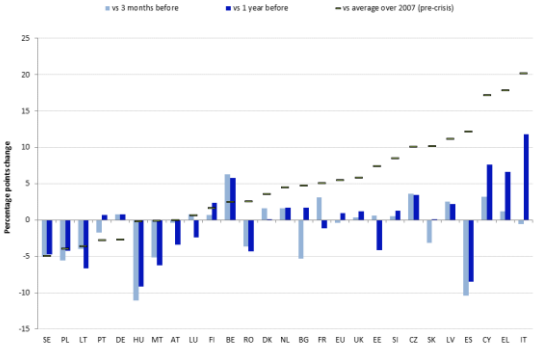


Source: Joint EU harmonised consumer surveys, DG EMPL calculations on 3-month centred moving average figures.

On the positive side, declines in distress were observed for most Member States over the last three months, most notably in Bulgaria, Hungary and Italy. However, financial distress among households rose in around a third of Member States, and significantly so in Cyprus, the Czech Republic, and above all in Ireland. On an annual basis, over the year to March the incidence of financial distress has worsened in around half of Member States, with the sharpest deterioration being recorded mainly in the southern and peripheral Member States of Cyprus, Greece, Ireland (mainly driven by the strong deterioration over the last quarter), Portugal, Spain, and above all, in Italy (although this has been mitigated somewhat by the improvement over the latest 3 months). Nevertheless the situation compared to a year earlier has improved in several countries, mainly central and eastern European Member States and most notably in Hungary, Latvia, Lithuania and Romania.

Focusing solely on households within the lowest income quartile group - normally those most likely to suffer from difficulties to cover their current expenditures - the share of people experiencing financial distress has declined substantially over the last year in several (around 10) Member States (see Chart 33), for most reflecting a strong improvement during the last three months. Of particular note are the strong annual decreases in financial distress among lower income quartile households in Hungary and Spain. Nevertheless, some strong annual rises were recorded in a few countries, including Cyprus, Greece and above all Italy (with a year-on-year rise of over 10 pps).

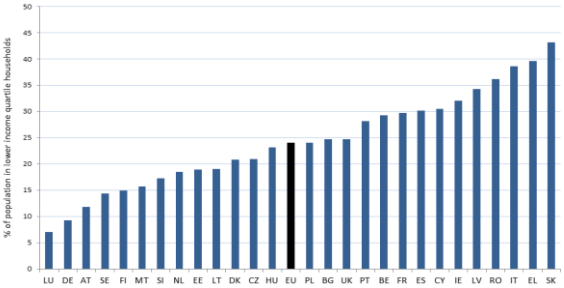
Chart 33: Change in population share in households in the lowest income quartile reporting financial distress across the EU (as at March 2013)



Source: Joint harmonised EU consumer surveys & DG EMPL calculations.
Note: Based on 3 month centred moving averages. Data not seasonally adjusted. Break in series for Ireland in 2009 (figures for change vs 3 months before +4.4 pps, and one year +4.0 pps.

In a longer term perspective, comparison against the average level of financial distress among lowest quartile households over 2007 highlights their much worsened situation in most Member States compared to prior to the economic crisis, especially in the southern Member States of Cyprus, Greece, Italy and, despite the strong recent improvement there, Spain. As a result of the deterioration in household financial situations, around 35 % or more of people living in lower income quartile households in Greece, Italy, Romania and Slovakia now report experiencing financial distress, which contrasts with shares of below 10 % in Germany and Luxembourg (see Chart 34). Nevertheless, in a few countries (including Germany, Poland and Sweden) the reported financial situation of poorer households is now actually better than before the crisis.

Chart 34: Population share in households in the lowest income quartile reporting financial distress across the EU (as at March 2013)



Source: Joint harmonised EU consumer surveys & DG EMPL calculations.
Note: Based on 3 month centred moving averages. Data not seasonally adjusted.

Box 1: Situation in Slovenia and Croatia

Slovenia

The employment and social situation in Slovenia has deteriorated steadily in recent years. 93% of respondents in the latest Eurobarometer survey assessed the country's situation as bad.[27]

The economy has been contracting since 2011q3 and the prospects remain gloomy, at least for the short term. Real GDP fell by 2.3% in 2012 due to a decline in domestic demand. In early 2013, businesses oriented to the domestic market suffered, while those geared towards the international environment did better, according to the Institute of Macroeconomic Analysis and Development (IMAD).[28] Economic activity is expected to contract further this year before stabilising in 2014.[29] The prospects for future growth depend both on the international environment and on whether and how measures to increase competitiveness and to support growth from domestic sources are implemented.

Employment growth turned negative in 2009. 67 000 jobs were lost between 2008 and 2012. In 2012, the employment rate was 68.3%, down from 73% in 2008 and far below the Europe 2020 target of 75%. The employment rate of older workers in 2012 was the lowest in the EU at 32.9%, while the EU average was 48.9%. It was only half of the 73% recorded by the best performing country, Sweden. The activity rate was similarly low; 35.1% against an EU average of 52.8%. There is a significant need and scope to increase employment among older workers, especially given the expected ageing and shrinkage of the Slovenian population.[30]

The unemployment rate was 9.8% in 2013q1. It has gone up by 1.6 pps over the last year and more than doubled over the last five years. It did so faster than the newer Member States (EU-12) average, as highlighted on Chart 35. The share of long-term unemployed increased further in 2012 to 47.9%, some 3.7 pps more than in 2011.

The lack of employment opportunities is putting particular pressure on young people and low-skilled workers. The youth unemployment rate has gone up considerably over the last year from 17% (2012q1) to 24.4% (2013q1) and is higher than the EU-27 and euro area averages for the first time in ten years. Young people's participation in formal education went up from 73.8% in 2008 to 78.5% in 2012, but Slovenia has to rethink its education strategies as young people there are increasingly overqualified.[31] The proportion of young people not in education, employment or training went up 2pps to 9.3% in 2012. The proportion of young people that do not believe there is a job available for them (the discouragement rate) also went up. Unemployment among the low skilled was at 14% in 2012, 2.4 times that of the high skilled and 1.7 times that of the medium skilled.

In its 2013 country-specific proposal recommendations, the European Commission recommended Slovenia to take further measures to increase employment among young tertiary graduates, older persons and the low skilled.[32] Slovenia's cost competitiveness deteriorated strongly in 2008 and 2009. Since then, growth in nominal unit labour costs has been more modest: 0.4% in 2010 and even negative in 2011 (-0.6%). It turned positive again in 2012 (0.7%) because labour productivity declined more than the nominal compensation per employee; 1.1% and 0.4% respectively.

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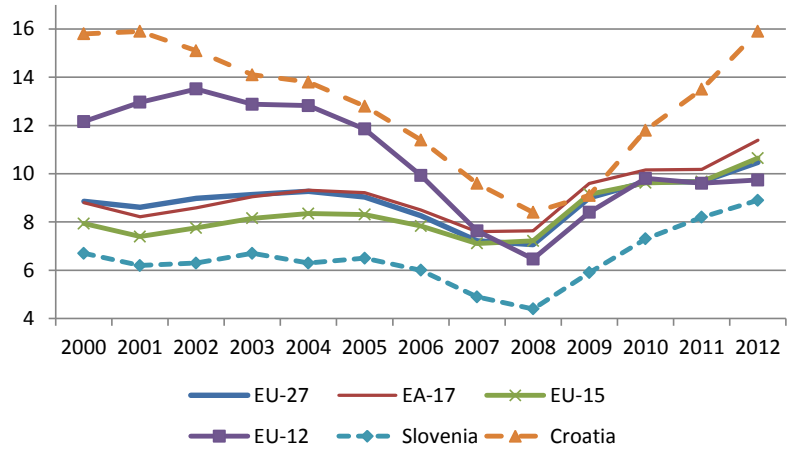
[27] Standard Eurobarometer 78, autumn 2012, http://ec.europa.eu/public_opinion/archives/eb_arch_en.htm.
[28] Slovenian Economic Mirror, April 2013, http://www.umar.gov.si/fileadmin/user_upload/publikacije/eo/2013/SEM_04_2013.pdf.
[29] EC Spring Forecast 2013, http://ec.europa.eu/economy_finance/eu/forecasts/2013_spring_forecast_en.htm; IMAD Spring Forecast of Economic Trends 2013, http://www.umar.gov.si/fileadmin/user_upload/publikacije/aanaliza/aspomladanska2013/a_PNGG_13.pdf.
[30] Demography report 2010: Older, more numerous and diverse, http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=5936&furtherPubs=yes.
[31] Global Employment Trends for Youth 2013: A generation at risk, http://www.ilo.org/wcmsp5/groups/public/---dgreports/--dcomm/documents/publication/wcms_212423.pdf.
[32] Recommendation for a Council Recommendation on Slovenia's 2013 national reform programme and delivering a Council opinion on Slovenia's stability programme for 2012-2016, COM(2013) 374 final, http://ec.europa.eu/europe2020/pdf/nd/csr2013_slovenia_en.pdf.

Although social indicators show that poverty and living standards have been deteriorating in Slovenia, they are generally better than the EU average. Only 19.3% of population was at risk of poverty and social exclusion in 2011, as against an EU-27 average of 24.2%, although it had risen from 18.5% in 2008. For elderly persons, the rate has been stable, but above the EU average (24.2% as against 20.5% in 2011). The at-risk-of-poverty rate for unemployed people went up substantially (44.6% in 2011, 7 pps more than in 2008).

Slovenia significantly underperforms the EU average in housing deprivation and expected healthy life years. 40.6% of the population - double the EU-27 average - experienced housing deprivation in 2011, up 17.4 pps since 2005. This is a serious problem in a country where more than three quarters of occupied dwellings are owner-occupied (77% in 2011).[33] The expected healthy life years fell markedly in 2010 and 2011. By 2011, they were more than 6 years lower than the EU average. Men are expected to have a healthy life of 54 years, as against the EU average of 61.9 years. For women the equivalent figures are 53.8 years as against 62.7 years. Life expectancy at birth has been rising and is similar to the EU average.

Chart 35: Year-on-year developments in unemployment in Slovenia and Croatia, and in groups of Member States, 2000 – 2012 (as a percentage of the active population)



Source: Eurostat, LFS and series on unemployment [une_rt_a], DG EMPL calculations.

Croatia

On 1 July 2013 Croatia will become the 28th EU Member State[34] but both its economic and labour market and social conditions have been deteriorating. Croatia's unemployment rate has gone up substantially over recent months, becoming the third highest in the EU.

With a population of 4.4 million, Croatia's economy accounted in 2012 for only 0.3% of the EU-28 total (EU-27 + Croatia). It is thus equivalent to the size of the economies of Bulgaria, Lithuania and Slovenia. GDP at market prices expressed in purchasing power parity per inhabitant is among the lowest in the EU, at €15 200 in 2011, against an average of €25 100 in the EU and higher only than in Bulgaria, Latvia and Romania. On the positive side, after five quarters of uninterrupted decline, the purchasing power of the average wage rose by 0.2% in the first two months of 2013. As reported by the Croatian National Bank,[35] economic activity slowed further in the fourth quarter of 2012, with domestic demand falling and exports of goods and services going up. GDP declined by 2.3% from the

[33] Statistical Office of the Republic of Slovenia, http://www.stat.si/eng/novica_prikazi.aspx?id=4420.
[34] As highlighted by the Comprehensive monitoring report released on 10 October 2012, Croatia is meeting the commitments and requirements arising from the accession negotiations in the field of social policy and employment and is expected to be in a position to implement the *acquis* as of accession. Further efforts are required, in particular to complete legal alignment in the field of equal opportunities, address the structural weaknesses on the labour market, better target social welfare, and to strengthen administrative capacity, in order to ensure that Croatia completes its preparation for membership by the date of accession. See 'Chapter 19: Social policy and employment', SWD(2012) 338 final. Commission Staff Working Document; 'Comprehensive Monitoring Report on Croatia'.
[35] See Bulletin No 191, April 2013.

same period in 2011, suggesting stronger recessionary tendencies. Since 2008, when the Croatian economy entered recession, economic activity has contracted by almost 12%. In 2012, domestic demand subtracted 2.9 pps from growth.

In line with the poor economic developments, labour market conditions have been deteriorating. Unemployment has gone up substantially, by 2.4 pps in 2012 alone. Year-on-year unemployment rate developments in Croatia are shown on Chart 35, and compared with groups of Member States. The impact of the crisis on Croatia's labour market has obviously been much more acute than in the EU-27, older (EU-15) and newer (EU-12) Member States. In 2012, unemployment hit 15.9% of the economically active population in Croatia, 1 pps higher than ten years previously. This contrasts with other central and eastern EU Member States where the average rate has remained lower than a decade ago. Since 2008, there has been an increase of 7.5 pps in Croatia, roughly double the average increase seen in the EU. The 2012 rate -15.9%- is equivalent to that of Portugal and the third highest in the EU.

The youth unemployment rate reached 43% in 2012, as against 22.8% in the EU-27, which places Croatia among the EU countries with the highest levels of unemployment among young people. Only Greece and Spain post higher rates, above the 50% mark. The number of 15-29 year olds who are not in education, employment or training (NEET) has been rising extremely quickly since 2008 and has gone up by 7.3 pps to 18.8%, as against a rise of 2.8 pps to 15.9% for the EU-27.

In 2012, the employment rate among 20-64 year-olds in Croatia stood at 55.4% (down by 7.5 pps on 2008), the same as in Greece and the lowest rate in the EU, compared with an EU-27 average of 68.5%. The employment rate for women is especially low, at 50.2% in 2012, as against 62.4% in EU-27. Only Greece and Malta have lower figures for female employment, at 45.2% and 46.8% respectively. Women face difficulties in entering the labour market due to insufficient provision of childcare services. For instance, data shows that 49% of children in Croatia aged from 3 years to the minimum compulsory school age are not in any formal childcare, as against 16% on average in EU-27. Employment rate among older workers (those aged between 55 and 64) is also among the lowest in the EU (36.7% in 2012, against 48.9% in the EU-27).

The economic and labour market situation in Croatia has had a significant impact on the social situation. People in Croatia are much more likely to be at risk of poverty and social exclusion than the EU average - 32.7% in 2011 as opposed to 24.2% in the EU-27. However, Croatia scores better in this regard than Bulgaria, Latvia and Romania, where at-risk-of-poverty and social exclusion rates range between 40 and 50%. At 27.4%, the poverty gap[36] is also higher than the EU-27 figure of 23.3%. On the other hand, in-work poverty, at 6.5%, is lower than the 8.9% seen in the EU as a whole.

While EU entry may be expected to provide support for the Croatian economy, real GDP is expected to fall by 1% in 2013, according to the Commission's spring 2013 economic forecast.[37] Domestic demand is likely to continue to exert a drag on growth, while net exports are projected to provide only limited support to overall growth. In 2014, the Croatian economy is unlikely to recover strongly, as real GDP growth is set to be marginal, at 0.2%. Several factors are weighing on domestic demand. These include the further increase in unemployment,[38] a high level of household indebtedness and continuing deleveraging pressures, as well as nominal wage cuts in the public sector.

[36] The poverty gap, or the relative median at-risk-of-poverty gap, is calculated as the difference between the median equivalised disposable income of people below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold (cut-off point: 60 % of national median equivalised disposable income).
[37] See http://ec.europa.eu/economy_finance/eu/forecasts/2013_spring_forecast_en.htm for more details.
[38] This is confirmed by the Business Optimism Survey results, according to which the number of unemployed persons is not likely to fall in the following months.

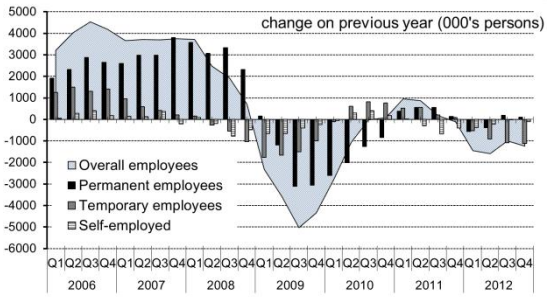
Underlying labour market and social developments

Employment patterns

Sharp fall in temporary employment

In the year to the last quarter of 2012, temporary employment accounted mainly for the drop in employment, declining by 4.7%, i.e. 1.1 million fewer employees (see Chart 36). The number of workers in permanent employment at European aggregate level recorded a close to zero yearly growth rate (+0.1%) in 2012q4, representing a modest rise of 100 000 full-timers. Self-employment decreased by 0.4% (or 115 000 self-employed) in the course of 2012.

Chart 36: Employees in permanent and temporary work, self-employment and total employment (15-64 years) (1 000 persons), 2006-2012, y-o-y change

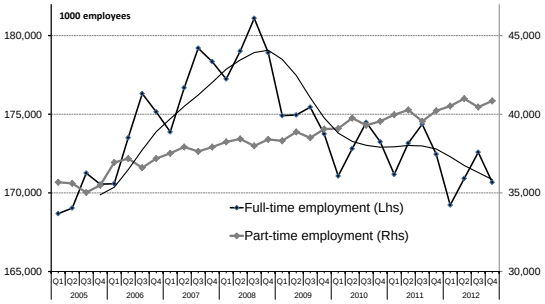


Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_epgaed].

Full-time employment is falling, driving down total employment, while part-time employment continues to rise

By the last quarter of 2012, the number of full-time workers in the EU recorded an annual drop of 1.0% (or 1.8 million). When viewed over the medium term, full-time employment is in its fourth consecutive year of contraction, down by 8.3 million (-4.6%) since the last quarter of 2008. After stabilising briefly during the first semester of 2011, the downward trend in full-time employment has continued (see Chart 37).

Chart 37: Number of part-time and full-time employees in the EU (1 000 employees), 2005-2012



Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_epgaed].

At EU aggregate level, the number of employees working part time has grown by 1.6% (or 630 000 part-timer) in the year to the last quarter of 2012. There has been steady growth in recent years, with 2.5 million more part-time jobs since the last quarter of 2008, a rise of 6.4%. Consequently, part-time workers' share of total employees in the EU has risen consistently in recent years, reaching 19.3% in the last quarter of 2012.

Jobs starters and leavers

The EU's job-finding rate has decreased from an already low level, while the job-separation rate has stabilised.

The job-finding rate[39] in the EU decreased again in the last quarter of 2012 to 11.4%[40] from 11.7% in the previous quarter (see Chart 38). The job-finding rate reached its lowest level in the past year, showing that it is becoming increasingly hard for an unemployed person to find a job. The job separation rate[41] reached 0.87% during 2012.

[39] Monthly ratio of the number of people starting new jobs to those who are unemployed. People starting a job include those previously in work and those changing jobs (employment to employment flows), those unemployed (unemployment to employment flows) or those not in the workforce (inactivity to employment flows).

[40] Weighted average of the four quarters preceding the last quarter of 2012.

[41] Monthly ratio of the number of people who quit their job to the number of people in employment.

Chart 38: Job-finding rate and job separation rate in the EU

Source: Eurostat, LFS. DG EMPL calculations.

The EU's job-finding rate remained low over the past year compared to the pre-crisis period. It dropped below 12% in the second semester of 2012, from an average of over 20% five years ago. The job separation rate in the EU has remained high since 2009, growing moderately to 0.87% in the last quarter of 2012, 0.14 pp higher than five years ago.

Most Member States have seen labour market stagnation and low job creation in recent months.

In the year to the last quarter of 2012, the job-finding rate decreased in two-thirds of Member States and improved in eight. In the last quarter of 2012, the highest job-finding rates in the EU were in Austria (33.1%), Sweden (26.9%), Finland (25.6%) and Denmark (25.4%, see Chart 39). In these four countries, under current labour market conditions, an unemployed person theoretically has more than a one-in-four chance of finding a job within one month. The job-finding rate was above 10% in nine countries, with the lowest rates in Spain (5.2%), Slovakia (3.9%) and Greece (1.8%).

In 14 Member States, the ratio of the number of people who lose (or leave) their job to those employed was higher in the last quarter of 2012 than the previous year. Recent developments have been more unfavourable in Cyprus, Spain, Ireland and Bulgaria. In the last quarter of 2012, the job separation rate was highest in Spain, Finland, Romania and Portugal.

Chart 39: Job-finding rate and job separation rate in the EU and the Member States in 2012q4

Source: Eurostat, LFS. DG EMPL calculations.

Vacancies, labour shortages and hiring activity

Job vacancy rate and labour shortage indicator give opposite messages in the first quarter

In the first quarter of 2013, the EU job vacancy rate[42] rose compared to the year-ago level (1.6% against 1.5%). The rise is somewhat surprising as the year-on-year change is only positive in four out of the eleven Member States for which first-quarter data are already available. Moreover, there is only one large Member State (the United Kingdom) among those with a rise (see Table 28 in Annex 1). The EU job vacancy rate remained in the same narrow range (1.4% - 1.6%) in which it is since the fourth quarter of 2010.

The rise in the job vacancy rate is also at odds with the evolution of the labour shortage indicator (an alternative indicator derived from EU business surveys results[43]). This indicator dropped significantly in year-on-year terms in the first and second quarter of 2013 (respectively by 0.4 pp and 0.9 pp).

In quarter-on-quarter terms, the EU labour shortage indicator was stable in the second quarter, with big declines in the United Kingdom, some Eastern countries and some Continental countries, against rises in a

[42] Source: Eurostat, Job vacancy statistics (jvs_q). As the data are non-seasonally adjusted, only year-on-year comparisons are meaningful. See also the quarterly publication "European Vacancy Monitor", http://ec.europa.eu/social/main.jsp?catId=955&langId=en, summarised at Box 2 below.

[43] Source: Eurostat, ei_bsin_q_r2. As the labour shortage indicator is seasonally adjusted, a quarter-on-quarter comparison is meaningful.

diverse set of countries, including bottoming-out in some Southern countries. The apparent contrast in the developments in the labour shortage indicators and job vacancy rates (at aggregate and Member State level) might be due to their different sectoral focus (manufacturing only versus broader coverage).

Hiring expectations are mixed in Europe but worldwide improvements have been noted…

The latest Manpower Employment Outlook Survey[44] provides little evidence that global hiring plans are improving by any notable degree into the second half of the year as uncertainty continues to hinder employer confidence across the globe.

This quarter's research of over 65 000 hiring managers in 42 countries and territories reveals:

- Hiring activity slows: employers in 31 countries and territories surveyed plan to boost payrolls in the coming quarter, compared with 32 of 42 in the second quarter. Hiring optimism strengthens quarter-over-quarter in 17 countries and territories but weaken in 21. When compared with one year ago at this time, outlooks improve in 14 countries and territories but decline in 26.

- Emerging markets again head the pack: employers in Taiwan, Brazil, Panama, Peru and Turkey reported the strongest hiring expectations globally. The weakest markets for job seekers are expected in Italy, Ireland and Spain.

- Europe still buffeted by economic headwinds: although hiring expectations are positive in 13 of 24 countries in the Europe, Middle East and Africa (EMEA) region, employers report negative hiring intentions in nine countries — the same number as in the second quarter. The Net Employment Outlook in France is negative for the first time in four years, and although the outlook in Greece remains negative, it continues to improve.

- Asia-Pacific positive, but hesitant: workforces are expected to grow in all eight countries and territories in the region but employers in India report the weakest forecast since joining the survey eight years ago. China's Outlook is the weakest in three-and-a-half years.

- Percentage of U.S. employers planning to add to payrolls strongest in four years: the U.S. labour market remains upbeat, with the overall percentage of U.S. employers expecting to hire during the third quarter greater than at any point since before 2009.

… while EU's temporary agency work sector has shrunk for five quarters in a row

Latest data from Eurociett[45] confirm the decline in temporary agency work in the EU, which is a leading indicator of developments in the labour market. In the first quarter of 2013, the agency work industry in Europe experienced a decline of 7.6 % compared with the same period in 2012. This is the 5th quarter in a row that the industry has witnessed a year on year decrease in the number of hours worked within the industry. The decrease of the industry in France (-11.0 %), Germany (-8.8 %) and Belgium (-8.2 %) remains high. Quarterly figures from Poland (+13.0 %) however, mark a significant increase on the previous year.

[44] Third-quarter 2013 Manpower Employment Outlook survey (11 June 2013). Source: http://www.manpowergroup.com/press/meos.cfm.

[45] For further information on Eurociett, visit the website at: www.eurociett.eu. Overall Europe data include EU and Switzerland.

Box 2: Job vacancies depressed overall but growth remains in certain services

Job vacancies return to decline overall, professionals and service and sales workers the only groups showing growing demand

Decline in recruitment demand was particularly pronounced for craft and related trade workers as well as for plant and machine operators (-9% and -7%) in the third quarter of 2012, according to the May 2013 edition of the **European Vacancy Monitor**.

Public employment services' (PES) vacancy inflow turned negative and vacancies for temporary work agencies (Randstad) fell again in the last quarter of 2012. Job prospects for the unemployed, i.e. the ratio of unemployed to hirings, deteriorated compared to the same quarter in 2011 mainly due to increased unemployment. The ratio increased above all in Greece, Spain, Portugal and Italy while remaining better in Austria, Germany and most of the Northern EU countries (Denmark, Finland, the Netherlands and Sweden).

Nevertheless, a **combined growth in employment and hiring** continued to be evident for certain high-skilled jobs, in particular in the areas of **administration, teaching, business, health care and engineering**. Overall, hirings for those with tertiary education have risen by 4%.

The most numerous PES vacancies were for *"personal care and related workers"*, accounting for almost 30% of the total in eight PES

Top 5 sectors showing employment growth:

1. *Administrative and specialised secretaries*
2. *Administrative professionals*
3. *Business services and administration managers*
4. *Client information workers*
5. *Protective service workers*

European Job Mobility Bulletin

According to the May issue of the European Job Mobility Bulletin, based on the vacancies published on the EURES portal (on 1st of May 2013), good job opportunities are available for:

1. *Finance and sales associate professionals*
2. *Architects, engineers and related professionals*
3. *Housekeeping and restaurant service workers*
4. *Personal care and related workers*
5. *Computing professionals*

Over 110 000 posts for "white jobs" were vacant at 1st of May 2013, of which over 40% were for *"personal care and related workers"*. Demand was strongest in Sweden, Germany and the UK.

> Special Focus: Geographical mobility of workers in the EU

This section looks at trends in geographical labour mobility in the context of the protracted economic crisis and the increasing divergence across countries, especially in the Eurozone. It updates the Special Focus published in the June 2012 issue of the Quarterly Review, notably by looking specifically at mobility from East to West and from South to North in the EU. The sources used to monitor trends in mobility are: Eurostat migration statistics, the LFS and finally, national data from specific countries of destination, both within and outside the EU.

A rise in the number of people considering mobility?

Before analysing trends in mobility, one considers recent changes in mobility intentions across EU countries, on the basis of the Gallup World Poll (see Table 3). While the overall proportion of those wanting to move permanently to another country has not changed at EU level (about every fifth citizen would consider migrating in both periods 2008-10 and 2011-12), the 'firm intentions' (i.e.: proportion of those planning to migrate in the following 12 months) more than doubled: from 0.5% to 1.2% or, in real terms, from 2 to 5 million. In 2011-12, this proportion was highest in Greece (4.1%) followed by seven Central and Eastern EU Member states (between 2% and 4%) and then by Spain, Italy and Ireland. On the other side of the spectrum, the lowest rates of firm mobility intentions were recorded in Germany (0.1%) and the Netherlands and the UK (0.2%). Since 2008-10, it increased sharply (> 2 pps) in the three Baltic States, Greece and Bulgaria and by 1-2 pps in Poland, Spain, Hungary, Romania and Italy.

Table 3: Mobility intentions across EU countries, and comparison between 2008-10 and 2011-12

Country	Share of those interested to move permanently to another country		Share of EU countries as destination among those wanting to move		Share of those planning to move in the next 12 months	
	2008-2010	2011-2012	2008-2010	2011-2012	2008-2010	2011-2012
Austria	9%	8%	43%	36%	0.2%	0.5%
Belgium	19%	24%	68%	62%	0.4%	0.3%
Bulgaria	18%	24%	58%	61%	1.2%	3.4%
Croatia	12%	18%	38%	44%	-	0.5%
Cyprus	20%	25%	60%	57%	1.4%	1.0%
Czech Republic	10%	11%	45%	45%	0.1%	0.7%
Denmark	15%	13%	50%	45%	0.1%	0.3%
Estonia	21%	26%	62%	59%	0.0%	2.8%
Finland	11%	11%	55%	44%	0.3%	0.8%
France	20%	18%	29%	27%	0.5%	1.2%
Germany	21%	16%	38%	38%	0.4%	0.1%
Greece	19%	24%	59%	63%	0.8%	4.1%
Hungary	19%	26%	72%	69%	1.3%	2.4%
Ireland	19%	22%	34%	41%	1.0%	1.3%
Italy	19%	24%	59%	56%	0.4%	1.4%
Latvia	27%	25%	50%	57%	0.0%	3.8%
Lithuania	21%	25%	54%	59%	1.3%	3.9%
Luxembourg	20%	17%	61%	60%	1.6%	1.0%
Malta	26%	20%	55%	57%	1.0%	0.5%
Netherlands	19%	18%	49%	42%	0.3%	0.2%
Poland	14%	18%	68%	64%	0.1%	2.0%
Portugal	17%	25%	52%	36%	0.9%	1.0%
Romania	26%	28%	65%	70%	1.7%	2.8%
Slovakia	18%	14%	55%	52%	0.8%	1.0%
Slovenia	16%	21%	48%	49%	0.2%	0.4%
Spain	9%	14%	49%	54%	0.6%	2.0%
Sweden	16%	15%	44%	44%	0.3%	0.4%
United Kingdom	32%	29%	27%	19%	0.2%	0.2%
EU27-HR	**19%**	**20%**	**47%**	**44%**	**0.5%**	**1.2%**

Source: Gallup World Poll, 2008-10 and 2011-12.
Note: the questions were the following: 1) 'Ideally, if you had the opportunity, would you like to move permanently to another country, or would you prefer to continue living in this country?' 2) 'To which country would you like to move?' 3) 'Are you planning to move permanently to another country in the next 12 months, or not?'. For the second indicator, the % indicates the share of those quoting an EU country as their prefered destination. The remaining share (compared to 100%) is therefore the proportion of those prefering a non-EU country.

In terms of preferred destination (among those wanting to move) the share of EU countries decreased from 47% to 44%. This may be due to the worsening of the economic situation in

the EU in the period analysed in contrast with other potential (non-EU) destinations. However, it was mainly EU-15[46] citizens who preferred to go to non-EU countries (e.g.: more than 60 % in UK, France, Portugal, Austria and Germany). On the contrary, in the ten countries in which 'firm intentions' to move are the highest and on the rise (i.e.: the three Baltic States, Poland, Romania, Bulgaria, Hungary, Greece, Spain and Italy), the preferred destination was an EU country (from 54 % in Spain to 70 % in Romania) rather than a non-EU country. In other words, there is a potential for an increase in intra-EU mobility from those countries.

The recent changes in the number of jobseekers registered on the EURES Portal confirm a rise for many countries in the number of people taking practical steps to be mobile (see Table 4). In June 2013, around 55 % of all EU jobseekers registered in EURES (566 000 out of a total of 1.04 million) originate in the four southern EU countries: Spain, Italy, Portugal and Greece. The largest increases since 2012 were from Spain and Italy, both in absolute and relative terms.

Table 4: Number of jobseekers registered in EURES CV Online, by country of residence, in thousands

Countries		June 2013	June 2012	June 2010	Changes (in %)	
					2010-2012	2012-2013
1	Spain	294	209	81	157	41
2	Italy	155	109	63	72	41
3	Portugal	79	60	n/a	n/a	31
4	Romania	77	63	n/a	n/a	21
5	Poland	58	48	31	58	22
6	Germany	43	37	n/a	n/a	16
7	France	38	32	n/a	n/a	18
8	Greece	39	29	9	238	33
Other MS		252	172	n/a	n/a	46
All EU		1035	761	n/a	n/a	36

Source: EURES portal (data extracted from the website http://ec.europa.eu/eures).

What do the official migration statistics show?

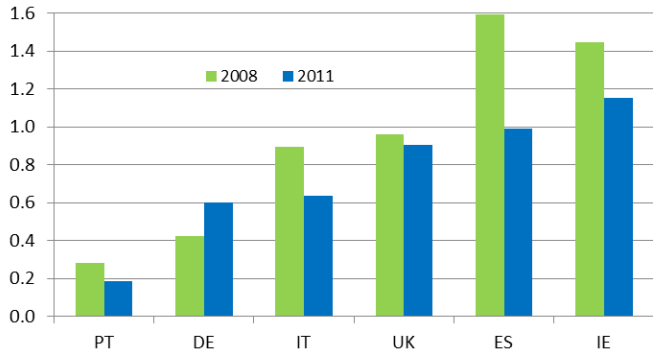
The most recent Eurostat statistics on migration flows refer to 2011. Compared to 2008, they show sharp falls in immigration flows to countries hit by the crisis, such as Spain (-37 %), Portugal (-34 %) and Italy (-28 %). On the other hand, there were sharp rises in flows towards countries such as Luxembourg (+14 %) and Germany (+41 %). As a percentage of the total population, immigration in Spain and Ireland fell in 2011 and is now close to the level of UK but still higher than Germany (see Chart 40). As for emigration flows, there were sharp increases over 2008-11 in the number of people leaving countries such as Lithuania (+217 %), Portugal (+116 %), Spain (+90 %) or Ireland (+43 %) – but not for Italy (+2 %). In the meantime, there was less emigration than before from countries such as Germany (-13 %), Finland (-7 %) or the UK (-18 %). High emigration rates (in percentage of total population) in 2011 could be found in Ireland (1.9 %), Lithuania (1.8 %) and Spain (1.1 %), while a low rate was found in Italy (0.1 % in 2011, see Chart 41). The combination of these changes in flows (in and out) explains recent changes in net migration: in Germany, it has not been as high for many years, while net migration in Spain, Ireland, Portugal and Greece has turned negative since 2010-11.[47]

In terms of nationality, most of the emigrants from Portugal are 'nationals', while this is less the case in Greece and Ireland and even less so in Spain, where most emigrants are non-EU nationals or from elsewhere in the EU rather than Spanish nationals (see Chart 42). Many emigrants from Spain and Ireland over the past few years were in fact migrants returning to their own countries, most likely due to the worsening of the labour market situation.[48] Nevertheless, there is definitely a rise in the emigration rate among nationals but not for all countries affected by the crisis (see Chart 43). In 2011 this rate was high in smaller countries with a recent history of emigration such as Ireland (1.0 %) and to some extent Greece (0.6 %) and Portugal (0.4 %) but low in Spain (0.2 %) or Italy (0.1 %). To date, it seems that the labour

[46] In this section, 'EU-15' refers to the EU Member States before 2004, 'EU-10' to those having joined the EU in 2004, 'EU-2' to those having joined the EU in 2007 (Bulgaria and Romania) and 'EU-8' to 'EU-10' without Cyprus and Malta.
[47] Holland and Paluchowski, *Geographical labour mobility in the context of the crisis*, Synthesis paper prepared by the NIESR for the European Employment Observatory (2013, forthcoming).
[48] See also OECD, International Migration Outlook 2012.

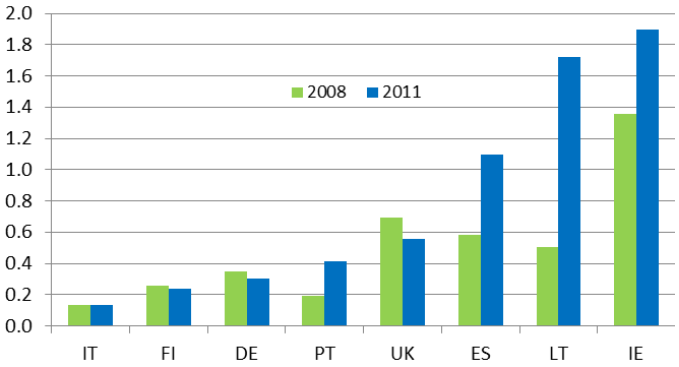
market has adjusted to crisis conditions not so much by people leaving their own country to seek work in another, but through a decrease in the inflows and increase in the outflows of migrant workers (leaving their host country to return home) especially in the case of Spain.

Chart 40: Immigration rate (in % of total population) for selected countries



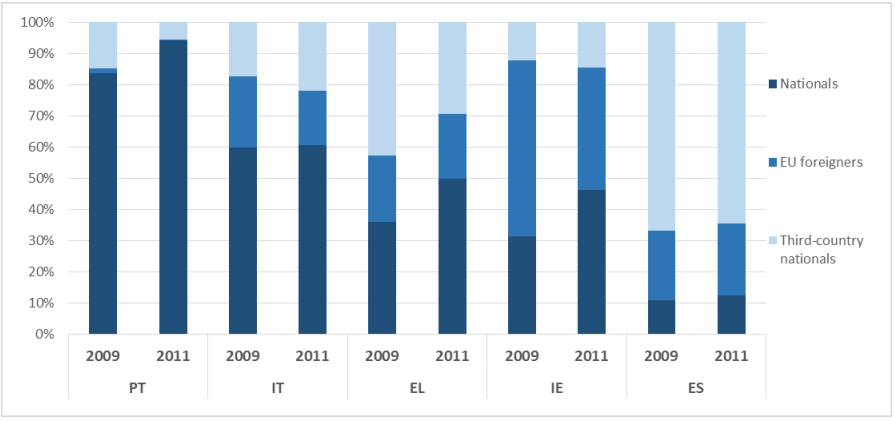
Source: Eurostat, International migration flows [migr_imm1ctz]. Note: DE: 2009 data instead of 2008.

Chart 41: Emigration rate (in % of total population) for selected countries



Source: Eurostat, International migration flows [migr_emi1ctz]. Note: DE: 2009 data instead of 2008.

Chart 42: Composition of emigrants by group of nationality, 2009 and 2011



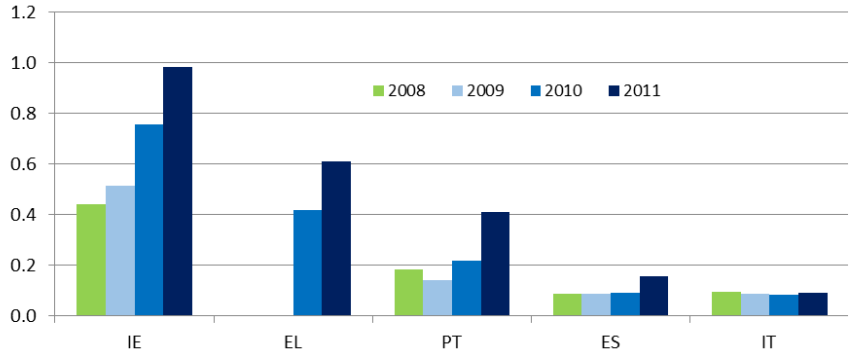
Source: Eurostat, International migration flows [migr_emi1ctz].

In 2011, emigrants leaving countries hard hit by the crisis went mainly to other EU countries (a share around 50-65%) except from Spain, where emigration seems to be affecting mainly non-EU nationals returning to Latin America and Morocco[49] (see Table 5). Some flows can also clearly be interpreted as corresponding to EU mobile citizens returning home (e.g.: from Italy and Spain to Romania, and from Ireland to Poland). Germany, UK and France seem to be the

[49] See also Gonzales Gago and Segales Kirzner, *Geographical labour mobility in the context of the crisis – Spain*, 2013 (forthcoming).

main EU countries of destination among nationals from Ireland, Spain and Italy. Moreover, LFS data indicates that Portuguese nationals that have moved recently inside the EU went mainly to France and the UK, while Greeks moved mainly to Germany and the UK. Finally, according to Eurostat emigration statistics, only in the case of Ireland is there a substantial trend in EU nationals migrating to non-EU countries; to Australia, the USA and Canada. However, Brazil appears to be an emerging destination for emigrants from Spain and Italy, though the rate is low (respectively 4 % and 3 % of all emigrants in 2011).

Chart 43: Emigration rate among nationals (in % of total population of 'nationals')



Source: Eurostat, International migration flows [migr_emi1ctz].

Table 5: Destination country of emigrants during 2011 (in thousands and in % of total emigration)

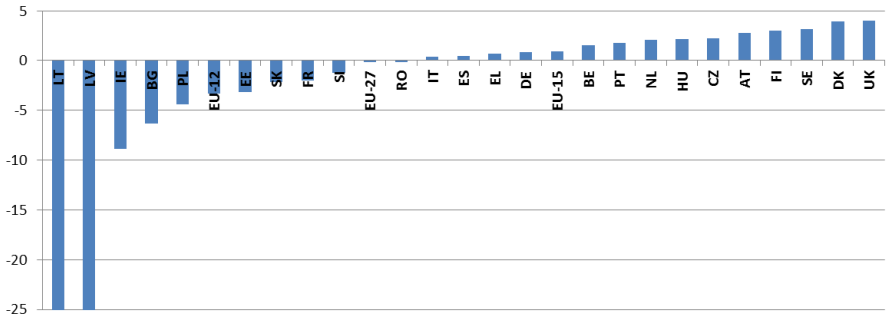
Countries	EU countries	*among which :*	Non-EU countries	*among which :*
Ireland	42.9 (50%)	UK (18%). PL (8%). FR(4%). DE (4%)	43.0 (50%)	Australia (21%). USA (8%). Canada (6%)
Greece	68.7 (55%)	n/a	57.3 (45%)	n/a
Spain	169.4 (33%)	RO (10%). FR (5%). UK (3%). DE(3%)	338.3 (67%)	Morocco (11%). Ecuador (6%). Bolivia (5%). Colombia (4%). Brazil (4%)
Portugal	28.4 (65%)	n/a	15.5 (35%)	n/a
Italy	42.4 (51%)	DE(10%). RO(9%). FR (8%). UK (7%)	40.0 (49%)	Switzerland (8%). USA (5%). Brazil (3%). China (3%)

Source: Eurostat migration statistics [migr_emi3nxt].

Finally, on the basis of LFS data, one can also estimate the size of emigration since 2007 among a cohort of young people (more likely to migrate than other age groups), i.e.: by calculating the percentage changes between the overall number of nationals aged 15-24 in 2007 and those aged 20-29 in 2012.[50] Chart 44 confirms the large size of emigration among young nationals from Lithuania and Latvia (a decline around a quarter in the size of the cohort) and from other EU-12 countries such as Bulgaria, Poland or Estonia. Ireland also saw a largely negative change (-9 %), contrary to Italy, Spain and Greece where the stagnation (changes around +0.5 %) seems to confirm the overall limited size of outflows among young nationals.

[50] When comparing the number of nationals aged 15-24 in 2007 to those aged 20-29 in 2012, we shift both the age group and the reference period by five years. Therefore, the variation should be driven essentially by net migration (among young nationals) assuming that the two other possible explanatory factors (namely mortality among young nationals and naturalisation of immigrants) play a limited role.

Chart 44: Changes between the number of nationals aged 15-24 in 2007 and the number of nationals aged 20-29 in 2012 (in %)



Source: DG EMPL calculations based on Eurostat, LFS.
Notes: Nationals are defined as those having the nationality of the country in which they currently reside. CY, LU and MT not included.

Recent changes in intra-EU labour mobility: evidence from the LFS

LFS data can complete this picture of latest trends in mobility, with a specific focus on the workforce (rather than on the overall population). Before focusing on the recent flows, Table 6 below summarises the situation in 2012 regarding the 'stock' of EU and third-country nationals of working-age residing in the EU and their labour market outcomes. While all sub-groups of EU mobile citizens are more likely to be economically active than both nationals and third-country nationals, their performance in terms of employment/unemployment rates differ. Citizens from EU-10 countries (and to some extent those from EU-15 countries) have a rather high employment rate, notably compared to the nationals. On the other hand, citizens from EU-2 countries have a low employment rate and high unemployment rate, which is however mainly driven by the employment situation in Spain.[51]

Table 6: Number of working-age (15-64) persons by group of nationality and labour market outcomes (EU-27, 2012)

Nationality	Number (in millons)	Activity rate	Employment rate	Unemployment rate
South (EU-15)	2.4	76.7	68.6	10.5
Other EU-15	2.7	74.5	68.3	8.1
EU-10	2.2	80.7	72.5	10.1
EU-2	2.3	78.5	61.5	21.7
All EU citizens (excl. nationals)	**9.6**	**77.4**	**67.7**	**12.5**
Third-coutry nationals	15.9	68.3	53.7	21.3
Nationals	304.1	71.8	64.6	9.8
All nationalities (incl. nationals)	**329.6**	**71.8**	**64.2**	**10.4**

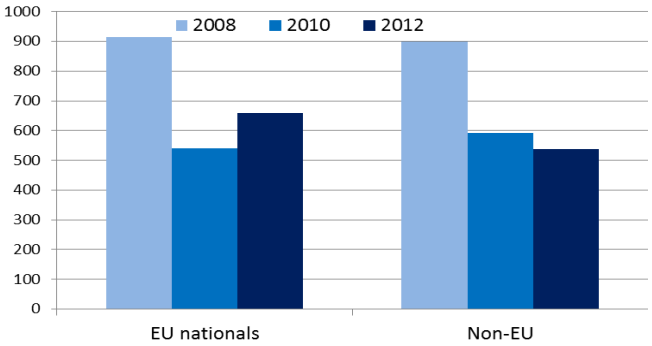
Source: Eurostat, LFS.
Note: While the activity and employment rates are calculated among the whole working-age population (15-64), the unemployment rate is calculated among the economically active population (aged 15+).

Considering now the recent trends in terms of flows, the first insight to note is that, based on the number of recently-established foreigners (being economically active), there was a drop in intra-EU mobility at the onset of the crisis (-41% between 2008 and 2010)[52], followed by a rebound since then (+22% over 2010-2012, see Chart 45). As for the flows of non-EU nationals, their numbers went on falling slightly (-9% over 2010-2012) after the sharp drop recorded in 2008-10 (-34%). There are, however, significant differences among the countries of origin, based on nationality (see Chart 46). At the onset of the crisis (2009-10), mobility declined for all groups of EU nationals (compared to 2007-08), with the exception of the Baltic

[51] According to LFS data, around one third of the working-age (15-64) EU-2 nationals residing in another EU Member State in 2012 were in Spain. If Spain is excluded from the calculations, the employment rate among EU-2 nationals residing abroad in 2012 reaches 66.1% and their unemployment rate goes down to 13.5%.
[52] This was not only due to the fall in labour demand but also to the decline of the impact of the 2004 and 2007 enlargements on mobility: most of the intra-EU movers were originating in EU-12 countries and there has been a strong decline of mobility flows from the two largest origin countries, Poland and Romania.

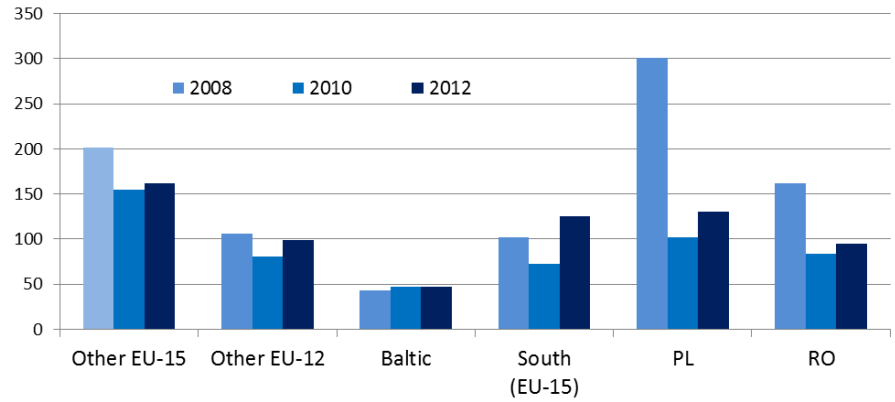
countries (+8%), possibly due to the deep recession they faced. Then in 2011-12, mobility recovered somewhat for all groups (compared to 2009-10) but rose particularly strongly from the southern Member States (+73%) from where it clearly exceeded pre-crisis levels.

Chart 45: Economically active EU and non-EU foreigners, residing since < 2 years in an EU country (in thousands)



Source: DG EMPL calculations based on Eurostat LFS
Note: BE not included as a destination country due to problems with the variable 'Years of residence'.

Chart 46: Economically active EU foreigners, residing since < 2 years in an EU country, by group of origin countries (in thousands)



Source: DG EMPL calculations based on Eurostat LFS
Note: BE not included as a destination country due to problems with the variable 'Years of residence'.

At individual country level, mobility flows during 2011-12 were higher than in the pre-crisis period (2007-08) only in a small number of countries, all severely affected by the crisis: Greece (+170%), Spain (+107%), Ireland (+64%), Hungary (+58%), Latvia (+39%). On the other hand, far fewer workers than previously moved (to other EU countries) from Poland (-57%), the Netherlands (-50%), Romania (-41%), Portugal (-36%), Slovakia (-33%), France (-31%), UK (-31%) or Germany (-21%). While there may be numerous factors behind the changes in outflows of economically active persons towards other Member States, it should be noted that there is a relatively strong correlation with the changes in unemployment levels in origin countries.[53] The growing importance of *push* (versus *pull*) factors behind intra-EU mobility has been pointed out in other recent analyses.[54]

Importantly, Poland and Romania remain the two main origin countries of (economically active) intra-EU movers with respectively 20% and 14% of the total in 2011-12 (compared to 33% and 18% in 2007-08). Overall, 56% of recent intra-EU movers in 2011-12 came from EU-12 countries (compared to 68% in 2007-08), while almost a fifth (19%) came from southern European countries (compared to a low 11% in 2007-08).

[53] The coefficient of correlation (for the 18 Member States for which data are available) between the changes (between 2007-08 and 2011-12) in the outflows of economically active persons to other Member States and the changes (2008-2011) in the unemployment rate in the origin countries is 0.68% (R^2=0.46).
[54] EPC, Making progress towards the completion of the Single European Labour Market, May 2013, Issue paper N°75.

The UK and Germany remain the two main countries of destination for recent intra-EU movers, with 37% and 28% respectively of the total in 2011-12 (see Table 7). The main change compared to the situation before the crisis has been the drop in the numbers going to Spain (from 15% to 6%) and Ireland (from 13% to 4%), most likely due to the large fall in labour demand subsequent to the crisis. In parallel, the proportion of movers going to Germany rose (from 15% to 28%), and Austria too saw a rise (from 2% to 6%). For both countries, a possible explanatory factor is the relative availability of jobs compared to other destinations, though the increase of mobility from Eastern Europe is also linked to the end of transitional arrangements for EU-8 workers in 2011. Other sources[55] confirm the shift in the destination countries of intra-EU movers from Spain, Ireland, and Italy before the crisis to Germany, Austria, the Benelux and the Nordic countries.[56] As far as intra-EU movers from southern European Member States are concerned, they seem to go mainly to the UK (41%), to Germany (25%) or to France (11%).

Table 7: Main destination countries of recent (< 2 years) economically active intra-EU movers by group of nationality, in % of the total

Destination country	All		EU-12		South (EU-15)		Other EU-15	
	2008	2012	2008	2012	2008	2012	2008	2012
UK	39	37	43	38	30	41	31	32
DE	15	28	11	30	19	25	27	24
AT	2	6	1	6	:	:	7	8
ES	15	6	18	4	19	8	6	7
FR	4	5	(1.3)	(2.1)	20	11	5	7
IE	13	4	15	4	5	(2.8)	9	5
IT	3	3	5	5	:	:	:	:
Other EU MS	8	12	6	11	6	11	14	16

Source: DG EMPL calculations based on Eurostat, LFS (BE not included as a destination country due to problems with the variable 'Years of residence').
Note: Figures in bracket lack reliability due to small sample size.

In terms of age group, movers from EU-12 countries are the youngest while the proportion of those aged 35 or over is the highest among those from (non-southern) EU-15 countries (see Table 8). As far recent movers from southern Member States are concerned, the proportion of those aged 15-24 is relatively limited (19%). However, taking also into account those aged 25-29, it appears that around half (49%) of the recent movers from southern countries in 2011-12 were under 30, compared to 41% in 2007-08. Most recent movers are men (58% on average) and this is true for all groups of nationality. In terms of skills, while around 30% of movers from EU-12 countries are highly educated, this was the case for 59% of movers from southern Member States in 2011-12 (and up to 78% for those from Spain, the highest rate in the EU), compared to around 41% in 2007-08. This should be compared to the relatively low proportion of highly skilled people among the pool of unemployed in southern Member States (under 20%). So the potential positive impact of increased migration flows to other Member States on the mass of (low or medium skilled) unemployed in the South is more limited than might be expected from aggregate figures. Finally, Table 8 also shows that recent movers from southern EU countries have a higher unemployment rate (17%) than the average recent intra-EU mover (13%), contrary to recent movers from other EU-15 countries (9%).

[55] Holland and Paluchowski, *Geographical labour mobility in the context of the crisis*, Synthesis paper prepared by the NIESR for the European Employment Observatory (2013, forthcoming) and Bertoli, Brücker and Fernández-Huertas Moraga, *The European crisis and Migration to Germany: Expectations and the Diversion of Migration Flows*, IZA, January 2013.

[56] This is also confirmed by analysis of LFS data according to which the only destination countries that received in 2011-12 higher inflows than before the crisis (2007-08) are Denmark (+291%), Austria (+67%), Luxembourg (+63%), Cyprus (+42%) and Germany (+31%). This may be partly because these countries weathered relatively well the crisis in terms of unemployment rate. However, post-enlargement mobility may also play a role here as in the case of Denmark, Austria and Germany, most of the increase was due to mobility from EU-12 countries.

Table 8: Characteristic of recent (< 2 years) economically active intra-EU movers by group of nationality, in % of the total (2012)

Intra-EU movers from:	Age groups				Sex		Level of education			Labour market status	
	15-24	25-29	30-34	35+	Men	Women	Low	Medium	High	Employ.	Unemploy.
EU-12	24	27	18	31	57	43	23	47	30	87	13
South (EU-15)	19	30	17	34	57	43	21	20	59	83	17
Other EU-15	16	26	19	40	60	40	6	27	67	91	9
All	21	28	18	33	58	42	19	37	44	87	13

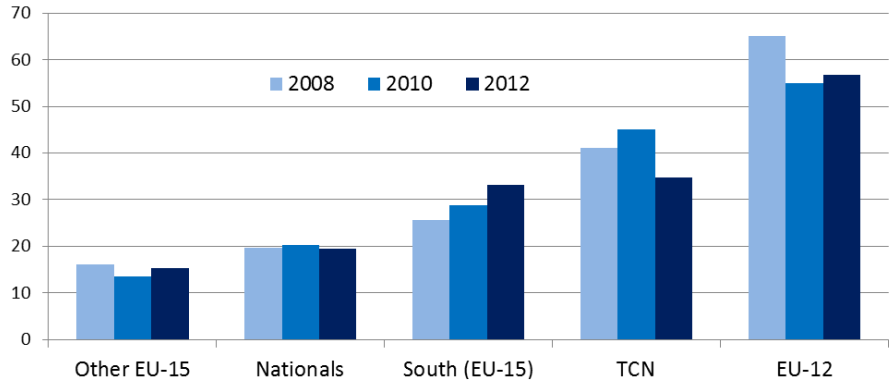
Source: DG EMPL calculations based on Eurostat LFS (BE not included as a destination country due to problems with the variable 'Years of residence').

For those in employment, it is interesting to monitor the type of jobs taken in the destination countries. Chart 47 shows the over-qualification rate among recent intra-EU movers, that is, the percentage of highly educated workers in occupations corresponding to medium (ISCO 4-8) or low (ISCO9) levels of education. The rate of over-qualification has risen for movers from southern Member States, from 26 % in 2007-08 to 33 % in 2011-12 (42 % in the case of Spaniards) but it remains much higher for third-country nationals (30-40 %) and even more for EU-12 nationals (50-60 %).

Moreover, the extent of over-qualification is not the same across the groups. While a large share of the 'overqualified' coming from southern Member States are employed as 'service workers and shop and market sales workers' (51 %), almost two fifths (38 %) of the 'overqualified' from EU-12 countries are in 'elementary occupations' (ISCO 9), the lowest-skilled group of occupations and they are also overrepresented among 'Plant and machine operators and assemblers' (14 %). In terms of sectors, 'Accommodation and food services activities' is the largest one for both groups of nationalities but overqualified EU-12 movers also record substantial shares in construction and manufacturing.

It is also possible to analyse the sectoral and occupational distribution for the highly educated recent movers that are not over-qualified (i.e.: those having entered occupational groups ISCO 1 to 3, that require in theory tertiary education). For those coming from southern Member States, three quarters are employed as 'professionals' (ISCO 2) and the largest sector (27 %) is 'Professional, scientific and technical activities', which includes legal, accounting, architectural and engineering activities, consulting, research, etc. (i.e.: NACE sectors 69 to 75). EU-12 movers in highly-skilled occupations are over-represented among the 'technicians and associate professionals' (30 %), notably due to the relatively high share of them working in the 'Human health and social work' sector (16 %). Finally, those coming from EU-15 countries (South excluded) record a higher share than the other groups in "Legislators, senior officials and managers"(14 %) and are overrepresented in 'Financial and insurance activities' (13 %).

Chart 47: Over-qualification rate by group of nationality: share of foreign workers (residing since less than 2 years) having high level of education but working in medium or low skilled occupations, by group of nationalities (in %)



Source: DG EMPL calculations based on Eurostat, LFS (BE not included as a destination country due to problems with the variable 'Years of residence').
Note: Nationals are defined as those having the nationality of the country in which they currently reside.

Lessons from national data for Germany and the United Kingdom

Germany and the United Kingdom are the two main destinations for recent intra-EU movers, so it is interesting to look at national data for these two countries as they provide more recent trends than Eurostat migration statistics.

Trends in Germany

According to national statistics, immigration to Germany has risen significantly over recent years, from 574 000 in 2008 to 966 000 in 2012, with EU citizens accounting for more than three-quarters of the increase. Most of the EU citizens migrating to Germany in 2012 came from EU-12 countries (71 %), especially four countries (Poland, Romania, Bulgaria and Hungary) accounting for around 405 000 persons. Migration from the four southern EU countries is more modest, with a global inflow of around 118 000 persons in 2012 but the rise in relative terms compared to 2011 is significant[57], in a range of +40 to +45 %. Compared to 2008, inflows quadrupled for Greece, tripled for Spain and doubled for Portugal and Italy. Finally, citizens from southern Member States migrating to Germany are longer-term migrants than EU-12 citizens.[58]

In order to focus on migration for work purposes only, a reliable source of information is the number of foreigners contributing to German social security. The data show a strong rise in the number of citizens from southern Member States[59] working in Germany since the start of 2010 (+76 000 or +19 %), with a particularly marked rise over the last year, +34 000, or +8 %, (see Table 9). In relative terms, the rise has been most pronounced among Spaniards, while in absolute terms, the biggest rises were among those from Italy and Greece. However, these trends are eclipsed by the rise in the number of workers from EU-8 countries, which doubled over 2010-2013 (+184 000 or +104 %), probably driven by the end of transitional arrangements in May 2011 but also the economic situation compared to other destinations (UK, Ireland).[60]

Table 9: Foreigners employed in Germany, for selected nationalities (social security data), in thousands

Workers having the nationality of:	Feb 2010	Feb 2011	Feb 2012	Feb 2013	Changes 2010-13		Changes 2012-13	
					in thousands	in %	in thousands	in %
Southern EU MS	**390.5**	**409.2**	**431.8**	**466.2**	**76**	**19**	**34**	**8**
Italy	205.2	214.9	223	*235.7*	*31*	15	*13*	6
Portugal	48	50.1	52.4	*57.2*	*9*	19	*5*	9
Spain	37.9	39.8	43.7	*49.5*	*12*	31	*6*	13
Greece	99.2	104.4	112.7	*123.7*	*25*	25	*11*	10
EU-8	**176.1**	**196**	**282.7**	**359.6**	**184**	**104**	**77**	**27**
Poland	116.8	130.7	186.2	*238.5*	*122*	104	*52*	28
Hungary	16.5	18.9	31.2	*44.5*	*28*	170	*13*	43
EU-2	**59.2**	**71.2**	**89.9**	**116.6**	**57**	**97**	**27**	**30**
Romania	41.3	49.6	63.2	*85.4*	*44*	107	*22*	35
Bulgaria	17.9	21.5	26.7	*31.2*	*13*	74	*5*	17

Source: Bundesagentur für Arbeit (Statistik April 2013).
Notes: Mini-jobs are included but not civil servants, nor self-employed. Values for individual countries in February 2013 are not available and are estimates based on the changes for each country between February 2012 and October 2012 and the overall values of the aggregates (South, EU-8, EU-2) in February 2013.

Another point to qualify the increase from southern Member States is its limited level in absolute terms: the increase over 2010-2013 is around 76 000, which represents only around

[57] As a result, the share of southern EU countries in total migration from the EU to Germany increased from 13% in 2008 to 18% in 2012.
[58] See *Düll, Geographical labour mobility in the context of the crisis – Germany*, 2013 (forthcoming). This pattern is also visible in German migration statistics: while the share of EU-12 citizens in the total inflows and in net migration is rather similar (respectively 47% and 48%), movers from the southern EU countries make up a much larger share in net migration (18%) than in total inflows (12%), signalling a lower return migration.
[59] It should be noted that it is difficult to assess whether the observed changes in employment reflect only new arrivals or also longer-term residents moving from unemployment or (inactivity) into employment.
[60] For instance, the number of EU-2 citizens employed in Germany also rose steeply (+27 000 or +30%) in the last year despite the fact that they remain subject to restrictions to free movement of workers until the end of 2013.

0.7% of the overall unemployed population in southern Member States in 2012. In other words, until now, mobility to Germany plays for those countries a relatively minor role in relieving the labour market pressure of unemployment, with however some variations across countries.[61]

Trends in the United Kingdom

UK official migration statistics show that net migration to the UK in the year ending June 2012 was, at 163000, significantly lower (-34%) than the year before (247000), due to a decrease in inflows, from 589000 to 515000 (-13%).[62] There was a marked drop in arrivals from many non-EU countries and also from EU-8 'Accession countries' (from 86000 to 62000, or -28%). In contrast, inflows from EU-15 countries rose from 78000 to 82000 (+5%). In order to get data broken down by individual EU-15 country, it is possible to use the number of National Insurance Numbers[63] allocated to foreigners: their number has sharply increased (in 2011/12 compared to 2010/11) in the case of Spain (+25%), Portugal (+24%), Hungary (+16%), Italy (+10%) and Romania (+4%), in contrast to declines for the other top ten countries (see Table 10). The highest inflows are however still recorded from Poland (79100) and Lithuania (33200).

Table 10: National Insurance Number registrations to adult foreign nationals entering the UK, top EU countries of origin for 2011/12 (and % change to 2010/11)

Countries	Number in thousands	% change to 2010/11
Poland	79.1	-3%
Lithuania	33.2	-19%
Spain	30.4	25%
Italy	24.3	10%
Romania	22.9	4%
France	21.6	-4%
Latvia	18.6	-32%
Hungary	18.1	16%
Portugal	17.3	24%
Ireland	15.9	-1%
Bulgaria	12.6	-10%

Source: UK DWP Statistical Bulletin, August 2012 (data extracted from National Insurance Recording and Pay as you Earn System (NPS)).

A rise in emigration to non-EU countries?

This review of recent trends in mobility ends by looking at trends in EU migration to non-EU countries. According to Eurostat, emigration to non-EU countries rose from 0.82 million in 2009 to 1.07 million in 2010 and to 1.22 million in 2011. However, the previous section has shown that many of the emigrants to non-EU countries were in fact returning migrants. Since immigration statistics of receiving countries are considered to be more reliable than emigration statistics from origin countries, and in order to focus on work-related migration of EU citizens, specific national data are used below for 3 destination countries: Canada, USA and Australia.

The case of Canada

In the case of Canada, the annual flows of EU citizens migrating as **temporary workers** rose by 45% between 2008 and 2012 (from 42000 to 61000), much higher than for citizens from elsewhere (+2%, see Table 11). The share of EU citizens in the global inflows of temporary workers to Canada rose from 22% in 2008 to 29% in 2012. The rise over 2008-12 was sharp in the case of Spain (+301%), Ireland (+158%), Greece (+155%), Italy (+96%), Portugal (+69%) but also EU-12 countries (+84%). In absolute terms, the strongest rises were however recorded for France (+6900) and Ireland (+4200) and as a proportion of the active population of the origin country, the flows were significant only in the case of Ireland (0.32%), followed, to a very minor extent, by France (0.07%) and UK (0.04%). The number of EU citizens entering

[61] The ratio 'increase of workers in Germany over 2010-13' to 'unemployed population in the origin country' varies from 0.2% for Spain to around 1% for Italy and Portugal and up to 2% for Greece.
[62] UK ONS, Migration statistics Quarterly report, February 2013.
[63] A NINo is generally required by any overseas national looking to work or claim benefits / tax credits in the UK, including the self-employed or students working part time. The statistics provide a measure of in-migration (inflow) for adult foreigners.

Canada as **permanent residents** has decreased by 20 % since 2008 and they only accounted for 8 % of global inflows in 2012 (down from 11 % in 2008). There is, however, an interesting upward trend recorded from Ireland (+73 %), Spain (+61 %), France (38 %), Greece (+38 %) and Italy (19 %), though the figures in absolute terms remain relatively limited. Apart from France and the UK, no EU country sent more than 2 000 migrants to Canada in 2012.

Table 11: Annual flows of immigrants to Canada, as temporary workers and permanent residents (2008 and 2012)

	Permanent residents			Temporary foreign workers		
Country of citizenship	2008	2012	change in %	2008	2012	change in %
France	4535	6275	38	12425	19290	55
UK	8975	6185	-31	11110	11965	8
Germany	3835	1700	-56	6625	7255	10
Ireland	415	720	73	2680	6905	158
South EU MS	1305	1405	8	2435	5555	128
among which:						
Italy	*370*	*440*	*19*	*1165*	*2280*	*96*
Spain	*165*	*265*	*61*	*445*	*1785*	*301*
Portugal	*665*	*555*	*-17*	*715*	*1210*	*69*
Greece	*105*	*145*	*38*	*110*	*280*	*155*
Other EU-15 MS	1615	1310	-19	3905	4745	22
EU-12 MS	5965	3795	-36	3060	5630	84
All EU MS	**26645**	**21390**	**-20**	**42240**	**61345**	**45**
Rest of the world	220605	236125	7	148500	152170	2
All countries	247250	257515	4	190740	213515	12

Source: Citizenship & Immigration Canada, RDM, Preliminary 2012 data.

The case of the USA

In the United States of America, the number of temporary workers coming from EU Member States has been stable between 2008 and 2012 (see Table 12). However, as far as intra-company transferees and cultural exchange workers are concerned, there was a sharp decline recorded for inflows from the rest of the world (-32 % and -19 % respectively) so the share of the EU in total inflows to the US rose sharply (from 21 % to 28 % for intra-company transferees and from 32 % to 37 % for cultural exchange workers). There have been wide differences among the main EU Member States in changes recorded in inflows since 2008. Germany, the UK, the Netherlands and EU-12 countries have sent fewer workers to the US than before, while there have been large increases in the numbers seen from Portugal, Spain, Italy and Ireland, the EU countries worst affected by the crisis. For the three types of visas analysed, the rises in inflows have been highest in absolute terms from three countries: Spain, Italy and Ireland. All the same, overall figures remain relatively limited compared to the overall number of visas granted to all EU nationals – and also compared to the active population of the sending country. As a percentage of the national labour force, the only 'substantial' flows are, here also, from Ireland (with annual inflows representing around 0.5 % of the origin country's labour force).

Table 12: Number of temporary visas issued by the USA, by type of visa and selected nationalities

Citizenship	H-1B (employer-sponsor visa)			J-1 (cultural exchange workers*)			L-1 (intra-company transferees)		
	2008	2012	Change (in %)	2008	2012	Change (in %)	2008	2012	Change (in %)
UK	3082	3019	-2	17568	17787	1	6276	5750	-8
France	1770	1855	5	12343	13273	8	2529	2103	-17
Germany	1674	1446	-14	25149	21888	-13	2955	2267	-23
Ireland	477	699	47	9210	10305	12	700	1050	50
South EU MS	2113	2575	22	11276	14378	28	1760	2494	42
among which:									
Italy	*865*	*1165*	*35*	*4905*	*5956*	*21*	*799*	*1000*	*25*
Spain	*775*	*885*	*14*	*4926*	*6994*	*42*	*749*	*1213*	*62*
Greece	*324*	*318*	*-2*	*720*	*760*	*6*	*49*	*75*	*53*
Portugal	*149*	*207*	*39*	*725*	*668*	*-8*	*163*	*206*	*26*
Other EU-15 MS	1237	1331	8	12237	13167	8	2969	2780	-6
EU-12 MS	2038	1682	-17	27862	24832	-11	835	1077	29
All EU MS	**12391**	**12607**	**2**	**115645**	**115630**	**0**	**18024**	**17521**	**-3**
Rest of the world	117073	122923	5	243802	197801	-19	66054	44909	-32
All countries	129464	135530	5	359447	313431	-13	84078	62430	-26

Source: US State Department.
Notes: *J1-cultural exchange is a mixed category of students and (mostly) workers coming temporarily for "cultural exchange" that span all skill levels (from summer jobs to university research positions).

According to a specific study by MPI[64], immigrants from the EU to the US differ from other immigrant groups in several ways: they are older (having been in the country for longer, on average); are more highly educated; earn more; are more strongly represented in professional, managerial, and scientific occupations; and have greater English proficiency. Moreover, recently arrived workers from EU countries are more educated, on average, than those who have been in the country for some time and are also more strongly concentrated in highly skilled occupations such as the life and physical sciences, mathematics and IT, and executive or managerial jobs. Finally the MPI paper quoted some studies pointing out that it is the most successful Europeans — including high-flying scientists, artists, innovators, and entrepreneurs — that are the most likely to emigrate to the USA, though it should be taken into account that many of the EU students and workers who move to the United States eventually return home.

The case of Australia

In the case of Australia, more than three-quarters of EU economic migrants originate from two English-speaking EU countries (UK and Ireland). After a decline in migration flows to Australia in 2009-10 because of the global recession, there has been an increase from most EU Member States over the last two years, especially last year (2011-12).

Table 13: Permanent and temporary economic EU migrants to Australia, by nationality (based on the number of visas grants)

Citizenship	Permanent migrants ('skill stream' and aged 15-64)				Skilled temporary residents			
	2007/2008a	2011/2012a	change	in %	2007-08a	2011-12a	change	in %
UK	15786	13844	-1942	-12	24114	29345	5231	22
Ireland	1063	3340	2277	214	2817	10189	7372	262
Germany	806	969	163	20	2975	2479	-496	-17
France	349	700	351	101	2221	2537	316	14
South EU MS	390	744	354	91	1508	2784	1276	85
among which:								
Italy	*229*	*454*	*225*	*98*	*865*	*1447*	*582*	*67*
Spain	*54*	*115*	*61*	*113*	*360*	*870*	*510*	*142*
Portugal	*87*	*144*	*57*	*66*	*220*	*302*	*82*	*37*
Greece	*20*	*31*	*11*	*55*	*63*	*165*	*102*	*162*
Other EU-15 MS	868	840	-28	-3	3212	3684	472	15
EU-12 MS	783	991	208	27	1202	1917	715	59
All EU MS	20045	21428	1383	7	38049	52935	14886	39

Source: Australian Department of Immigration and Citizenship.
Notes: Statistics on permanent migrants are based on the outcomes of the Australian Migration Programme ('skill' stream, as opposed to 'family' stream) for the working-age (15-64) individuals. The periods mentioned refers to 'financial years' (for instance 2008-2009 covers 1 July 2008 to 30 June 2009).

[64] X. Hu and M. Sumption, *Scientists, Managers and Tourists: The Changing Shape of European Mobility to the United States*, MPI, 2011 (http://www.migrationpolicy.org/pubs/EuropeanMigration.pdf).

Temporary skilled economic migration rose to 53 000 persons in 2011-12, almost 40 % above its pre-crisis level (2007-08) – while the permanent economic migration ('skill stream') is around 7% higher than before. For both categories, Ireland saw the biggest increase in an outflow of economic migrants to Australia, especially for temporary residents (from 2 800 to 10 200, or +262 %). Southern EU Member states also recorded a strong increase in relative terms, for permanent (+91 %) as well as for temporary (+85 %) economic migrants - but both the absolute levels (respectively 744 and 2 784 individuals) and the proportion of total flows from the EU (respectively 3.5 % and 5.3 %) remain limited. Other interesting trends: permanent economic migration from France doubled from 349 to 700 and there was a big increase in the number of temporary economic migrants from EU-12 countries, from 1 200 to 1 900, or +59 % (see Table 13).

Conclusions

Due to substantial differences in unemployment rates (between South and North) and in wages (between East and West), there is a substantial and increasing number of persons wanting to move across the EU. The current analysis shows that these intentions have partly materialized since intra-EU mobility has somewhat recovered in recent years (2011-12) following the drop at the onset of the crisis (2009-10). This is especially the case of southern Member States that record now higher outflows than before the crisis and for which the number of movers to northern EU countries has risen very quickly, though from relatively low levels in absolute terms.

However, intra-EU mobility of workers is still not playing its full role, both in quantitative and qualitative terms. Mobility flows in the EU have reacted to the economic conditions, though not to the extent needed to have a real equilibrating role against the huge imbalances across EU labour markets. This prevents large economic benefits from occurring, for both destination and origin countries, and for employers and workers[65]. While many initiatives are currently being undertaken to increase mobility, it is useful to draw the lessons separately for the two types of mobility analysed:

- As far as **mobility from southern countries** is concerned, it remains, despite recent increases, not commensurate to the huge disparities with the North, for instance in terms of unemployment rates. The example of those moving to Germany shows well that until now, mobility to that country plays for southern EU countries a relatively minor role in relieving the labour market pressures from unemployment. This occurs despite rising and strong intentions of being mobile towards other EU countries among southern countries' citizens. To date, it seems that the labour market has adjusted to crisis conditions not so much by people leaving their own country to seek work in another, but through a decrease in the inflows and increase in the outflows of (foreign) migrant workers. Finally, while intra-EU movers from southern countries are younger than before, most of them also are highly educated and the potential positive impact on the mass of (low or medium skilled) unemployed in the South is therefore limited.
- As for **Eastern and Central EU countries**, they record lower level of outflows (to other EU countries) than before the crisis (when the impact of the enlargements was strongest) but still make up the majority of the intra-EU movers (almost three fifths in 2011-12). The driving forces remain the large gaps in terms of wages with destination countries but the worsening of the economic situation in some of the EU-12 countries, due to the crisis (such as the Baltic states or Hungary), seems to also have played a role recently. While the level of the outflows for these countries seems in line with the mobility intentions, the issue is rather the use that is made of the skills of the movers. Most EU-12 movers work in medium or low-skilled occupations and those being highly educated are affected by a very high over-qualification rate (higher for instance than the third-country nationals).

Finally, migration from EU countries affected by the crisis to non-EU countries seems to remain until now (and based on the data currently available) a limited phenomenon overall, with the exception of Ireland. Flows from southern EU countries to Canada, USA and Australia increased quickly in relative terms but from low absolute levels.

[65] EPC, Making progress towards the completion of the Single European Labour Market, May 2013, Issue paper N°75.

Productivity, labour costs and hours worked

Labour productivity continued to contract in most Member States...

In the first quarter of 2013, most Member States (for which the data are available at the time of writing) continued to table negative growth in labour productivity (per person employed) - if compared with the first quarter of 2012. See Table 29 in Annex 1.

The Czech Republic recorded the strongest contraction, down by -3.2%; while Finland and Germany showed a drop of respectively -1.5 and -1.0%, which was in both cases a stronger fall than the one recorded in the last quarter of 2012.

In Italy (-1.3%) labour productivity decreased also notably, yet this decrease was less than half the decrease recorded in the previous two quarters.

In Belgium (-0.4%), the Netherlands (-0.6%) and Slovenia (-0.7%) the loss in labour productivity developed at the same rate as the quarter before.

Hungary recorded also negative productivity growth, but in the first quarter of 2013 the contraction was notably weaker than in previous quarters, down by -0.2% compared to -2.4% the previous quarter. In the United Kingdom the negative productivity growth decelerated also notably, down from -1.8% in the fourth quarter of 2012 to -0.9% in the first quarter of 2013.

France recorded for the first time since the third quarter of 2009 negative productivity growth, albeit at a slow pace of -0.1%, while Estonia also showed a drop (following two quarter of robust growth).

In Bulgaria and Poland productivity growth decelerated notably but stayed positive, down from respectively 5.8% and 4.3% in last quarter of 2012 to respectively 0.4% and 1.5% in the first quarter of 2013. In Latvia (1.1%), Lithuania (6.3%) productivity growth also decelerated.

Sweden and Portugal showed also positive productivity growth, up by respectively 1.2 and 0.9%.

The above mentioned adverse developments in productivity growth are mainly due to the stronger (cyclical) decrease in output than in employment – which reflects slower adjustment in labour demand than in output to the contraction in aggregate demand.

In this unfavourable environment Spain stayed on its path of strong productivity growth, tabling a robust 2.1%. Nevertheless, this ('statistical') improvement was in Spain mainly due to a sharper contraction in employment than in output.

… while labour cost growth remained subdued in most Member States…

In most Member States (for which the data are available at the time of writing), compensation per employee grew at a moderate pace in the first quarter of 2013, if compared with the first quarter of 2012. See Table 30.

Estonia (+6.0%) and Lithuania (+6.4%) showed very strong growth in nominal compensation per employee in the first quarter of 2013.

By contrast, in the Czech Republic compensation per employee decreased by -2.2%, while it fell in Spain and Slovenia by respectively -1.1 and -1.2%. In Slovenia this was the 4th consecutive quarter that compensation per employee decreased, while in Spain it was the 3th consecutive quarter.

Modest growth is recorded in Denmark (1.4%), Germany (2.3%), and France (1.9%) and very low growth in the United Kingdom (0.5%), while in Austria (3.0%) and Belgium (2.9%) compensation per employee continued to grow at a strong pace.

In Portugal, compensation per employee grew by a notable 2.2%, which is the first positive growth since the first quarter of 2011.

In Italy, the growth rate accelerated from 0.1% in the last quarter of 2012 to 1.4% in the first quarter of 2013.

... so that nominal unit labour cost continued to growth, except in Spain and Slovenia

The nominal unit labour cost (which measures the nominal compensation per employee adjusted for labour productivity per person employed) continued to rise at a notable pace in several Member States, if compared with the first quarter in 2012. See Table 31.

Most notable was the strong increase in Estonia (7.0%), reflecting strong compensation per employee growth in combination with negative productivity growth.

Belgium (+3.3%), Germany (+3.3%) and Austria (3.7%) continued to record nominal unit labour cost growth in excess of 3% in the first quarter of 2013, while Finland (2.8%) showed somewhat weaker growth.

Portugal recorded for the first time since the 4th quarter of 2009 positive growth, i.e. 1.0% compared to -1.1% the quarter before. By contrast, in Hungary nominal unit cost grew at a very modest 0.4%, after having tabled strong growth in the previous quarters.

In France, nominal unit labour cost growth was for the fourth consecutive quarter equal to 2%.

In the Unit Kingdom growth was modest, mainly due to weak wage growth.

In sharp contrast with these developments is that Spain tabled for the 11th consecutive quarter very strong decreases in its nominal unit labour cost, down by -3.2%. In Slovenia it fell by a modest -0.5%.

Stronger nominal unit labour cost growth in core Member States of the euro area, compared with weaker growth in the Southern Member States of the euro area may contribute to the rebalancing of the excessive external imbalances accumulated in the past[66].

Real unit labour cost (i.e. the labour income share) continued to contract at a strong rate in Spain...

Developments in the real unit labour cost (which is the nominal unit labour cost adjusted for prices and which is also a measure of the labour income share) across Member States are mixed. See Table 32.

In the first quarter of 2013, the most notable development is the continuation of the sharp contraction of the real unit labour cost in Spain (-4.0% if compared with the first quarter in 2012). For Spain this is the 13th consecutive quarter that the real unit labour cost decreased – but at a smaller pace than in the previous quarter (-5.9%).

Slovenia recorded for the 9th consecutive quarter a decrease, down by -1.3% compared to -0.3% the previous quarter, while Hungary tabled a notable decrease of -2.8% (compared to 1.8% in the last quarter of 2012).

In Spain and Slovenia these developments are primarily due to the strong increase in labour productivity and decreases in compensation per employee (adjusted for prices).

Estonia recorded the strongest increase in its real unit labour cost, albeit at a smaller pace than in the last quarter of 2012, i.e. down from 3.8% to 2.3%.

Increases in real unit labour cost are found also in Belgium (1.3%), Denmark (0.5%), Germany (1.2%), France (0.2%), Italy (1.1%), Austria (1.3%), Portugal (0.5%) and Finland (0.8%)

By contrast, in Latvia and Lithuania the real unit labour cost decreased in both cases by 2.1%. Decreases were recorded also in the Czech Republic (-0.3%), Hungary (-2.8%) and the United Kingdom (-1.3%).

... while hours worked decreased in all Member States

In all the Member States (for which the data are available at the time of writing) recorded hours worked (both for the full and part time workers) in the first quarter of 2013 that were lower than the hours worked in the first quarter of 2012. See Table 33.

These decreases in hours worked influenced to a large extent the above described developments in labour productivity (measured per person employed).

[66] No data for Ireland or Greece are available at the time of writing.

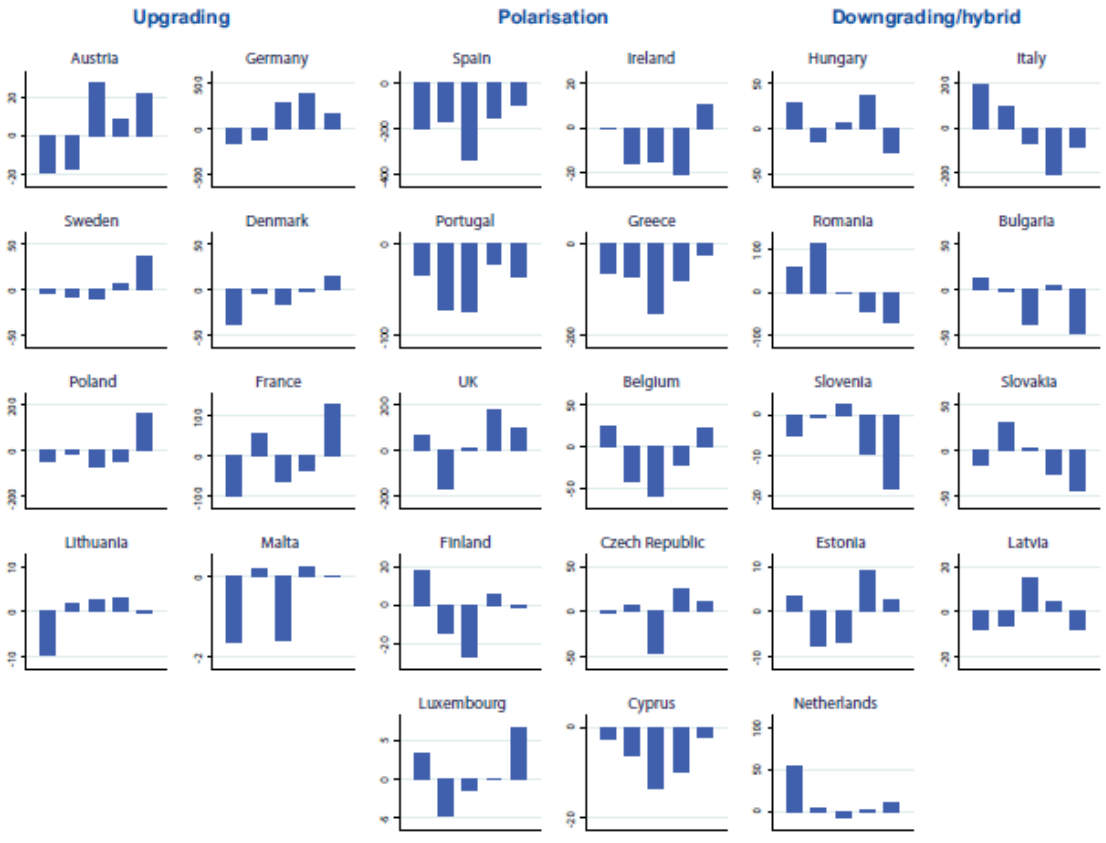
Box 3: Employment polarisation in the crisis

The destruction of employment across Europe during the recession led to polarisation in terms of the wage structure. A large proportion of the jobs destroyed were in mid-paid manufacturing and construction occupations. Although in the previous period (1995–2007) there was also some degree of polarisation, it was much less pronounced. It was also offset by a significantly larger structural upgrading. The crisis not only accentuated polarisation in most countries, it also reduced considerably the amount of diversity across Europe in the patterns of structural change.

As highlighted by Eurofound in its latest report on "Employment polarisation and job quality in the crisis European - Jobs Monitor 2013",[67] the bulk of net employment losses were in mid-paid and low–mid-paid jobs, especially in construction and manufacturing. Although the overall pattern continued to be one of polarisation, the softening of the recession in 2011–2012 seems to have moderated the trough in the middle and accentuated the expansion of high-paid jobs, making the pattern more similar to the pre-recession upgrading trend. The return to recession induced by austerity is likely to re-emphasise polarisation in the near future.

At country level, however, the most common pattern was one of polarisation. Member States with large current fiscal imbalances or debt-restructuring programmes in particular featured in this group. Countries with more resilient labour markets tended to have more upgrading patterns with employment growth concentrated in better-paid jobs (see Chart 48, highlighting these trends over the year to 2012q2).

Chart 48: Employment change by wage quintile and country, 2011q2 to 2012q2 (thousands)



Source: Eurostat, LFS (authors' calculations), ESES 2010.

Although service sector employment continued to grow there was a rapid slowdown in net employment creation in the predominantly public-funded sectors (health, education and public administration). Private rather than public knowledge-intensive services were the source of most new, high-paid employment. The job of ICT professional in computer programming/consultancy, for example, was responsible for the largest expansion of high-paid jobs (over 90 000).

[67] See http://www.eurofound.europa.eu/publications/htmlfiles/ef1304.htm for more details.

Top quintile growth is consistent with a shift in employment favouring high-skill, white-collar employment within and across sectors. Continuing recent trends, female employment fared better in both qualitative and quantitative terms. Women account for a large share of recent employment growth in the top quintiles and men for a greater share of employment decline in mid-paid jobs.

All net employment gains in mid–high-paid jobs were accounted for by third-level graduates. There has been strong growth in atypical forms of employment, notably part-time work but also self-employment. This has been polarised growth. In the case of part-time work, net employment growth in low-paid services was mainly male and that in high-paid services mainly female. There was a modest increase in intra-EU mobility, concentrated in well-paying jobs.

Social inclusion trends

This section on social inclusion trends is a collection of short essays ("Special Focus") on different social topics, in particular in relation to the crisis. A regular quarterly reporting on social issues is limited because of the lack of timely social data with frequency higher than annual. In this release, the first article digs into the ECB Household Finance and Consumption Survey to study the distribution of wealth in euro area countries. The second topic highlights the importance of childcare from a reconciliation point of view and illustrates a social gradient in the use of early childhood education and care.

> Special Focus: The distribution of wealth for euro area countries

Analysis of results from the first wave of the ECB Household Finance and Consumption Survey

Introduction

The European Central Bank (ECB) has recently published the results of the first wave of the Household Finance and Consumption Survey (HFCS), a joint project carried out with the support of national statistical institutes of three euro area countries.

The HFCS provides individual household data collected in a harmonised way in 15 euro area countries for a sample of more than 62 000 households, with the reference year for most country surveys being 2010. It provides detailed household-level data on various aspects of household balance sheets and related economic and demographic variables, including income, voluntary pensions, employment and measures of consumption and wealth. These can all have macroeconomic effects thus affecting monetary policy with income and wealth seen to be key determinants of (potential) spending and thus aggregate demand in the economy.

Following the release of the results, media attention (especially in Germany) has focussed on the variation in net wealth across countries, in particular highlighting that on average German households are poorer than households in crisis-stricken countries. This note further explores the results as far as possible using the data available, in order to try to shed more light on these initially surprising and apparently counter-intuitive cross-country differences, and in particular why net wealth figures in countries such as Austria and Germany are apparently among the lowest compared to most other euro area members while GDP per capita is high and median incomes among those in the richer half of countries.

Whilst this review does not provide a definitive answer regarding overall wealth, in general, the degree of inequality, household composition features and the extent of ownership of the main residence (and the typical values of housing property) are found to be key factors explaining much of the variation in private net wealth across euro area countries as derived from the HFCS. However, there are also some important aspects which are not covered in the HFCS data, in particular households' access to "collective" wealth (such as publicly provided healthcare, social security and pension provisions) as opposed to purely "private" wealth, which can impact strongly on international comparisons, especially between northern and southern European countries.

Overview of net wealth results

The table and graph below (see Table 14 - taken from the ECB report - and Chart 49) summarise the main results across euro area countries in terms of net wealth outcomes. Table 14 shows

typical values for net wealth (mean and median[68]) and its distribution, while Chart 49 shows median net wealth plotted against median income.

Table 14: Median and mean net wealth across Euro area countries

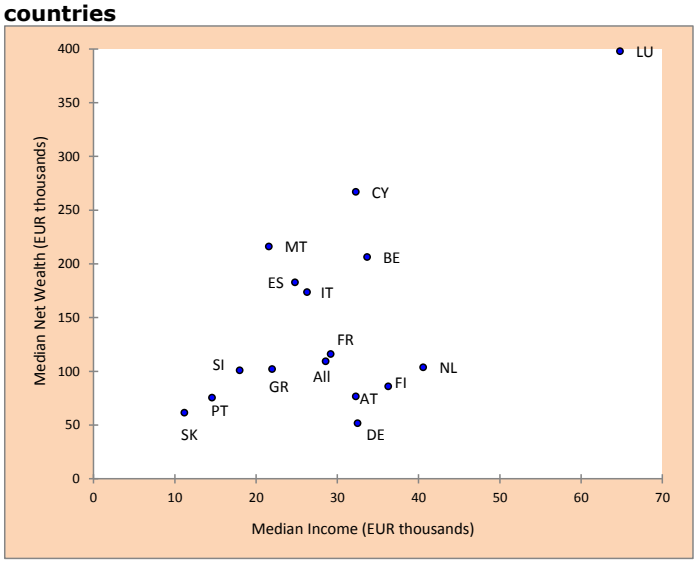
Table 4.1 Net wealth by demographic and country characteristics

	Median Net Wealth (€1,000)	Mean Net Wealth (€1,000)	Share of Total Net Wealth (%)	Share of Households (%)
Country				
Belgium (2010)	206.2	338.6	5.0	3.4
S.E.	*(7.0)*	*(11.8)*		
Germany (2010)	51.4	195.2	24.3	28.7
S.E.	*(3.2)*	*(11.9)*		
Greece (2009)	101.9	147.8	1.9	3.0
S.E.	*(2.5)*	*(5.0)*		
Spain (2008)	182.7	291.4	15.6	12.3
S.E.	*(3.8)*	*(9.2)*		
France (2010)	115.8	233.4	20.4	20.2
S.E.	*(4.0)*	*(5.8)*		
Italy (2010)	173.5	275.2	20.6	17.2
S.E.	*(3.9)*	*(8.1)*		
Cyprus (2010)	266.9	670.9	0.6	0.2
S.E.	*(17.3)*	*(56.5)*		
Luxembourg (2010)	397.8	710.1	0.4	0.1
S.E.	*(17.1)*	*(58.2)*		
Malta (2010)	215.9	366.0	0.2	0.1
S.E.	*(11.1)*	*(51.8)*		
Netherlands (2009)	103.6	170.2	4.0	5.3
S.E.	*(8.1)*	*(6.2)*		
Austria (2010)	76.4	265.0	3.1	2.7
S.E.	*(11.0)*	*(47.9)*		
Portugal (2010)	75.2	152.9	1.9	2.8
S.E.	*(3.0)*	*(8.1)*		
Slovenia (2010)	100.7	148.7	0.4	0.6
S.E.	*(11.3)*	*(11.5)*		
Slovakia (2010)	61.2	79.7	0.5	1.4
S.E.	*(1.7)*	*(2.0)*		
Finland (2009)	85.8	161.5	1.3	1.8
S.E.	*(2.1)*	*(1.9)*		

Notes: This table reports statistics for household net wealth and its main components. The first two columns report median and mean values in euros; the third and fourth column show the share in total net wealth and the percentage share of various household groups in the population. Net wealth is defined as the difference between total (gross) assets and total liabilities (see Annex I for additional details on the definition of net wealth). For a description of definitions of the variables, see also HFCN (2011). Percentage shares may not sum to 100 because of rounding. See the annex of this report, as well as the document "Methodological Report of the Household Finance and Consumption Survey" for the definition of household and the household reference person.
The rows labelled as "S.E." show standard errors, which were calculated with the Rao-Wu rescaled bootstrap method using replicate weights provided by the countries (1,000 replicates; see chapter 7 of the HFCS Methodological Report for details). For a definition of the classification variables, see the notes to Table 2.1.

Source: European Central Bank, Household Finance and Consumption survey.

Chart 49: Median net household wealth and median household gross income across Euro area countries



Source: European Central Bank, Household Finance and Consumption survey.

[68] The *mean* is the sum of the set of data values divided by the number of data. The *median* is the middle point of the data set, in which half the values are above the median and half are below. Large differences between the mean and the median reflect a very unequal distribution with very high values at the top. This is due to the fact that the mean is sensitive to the presence of very high values at the top of the distribution, whereas the median is not.

The chart gives the impression that in general there is a positive relationship between median income and median net wealth for most countries, with Austria, Germany, Finland and Netherlands being clear exceptions (high income but low net wealth) together with Cyprus and Malta (net wealth much higher than expected relative to income levels). Note that Austria and Germany are near the top of the distribution in terms of income.

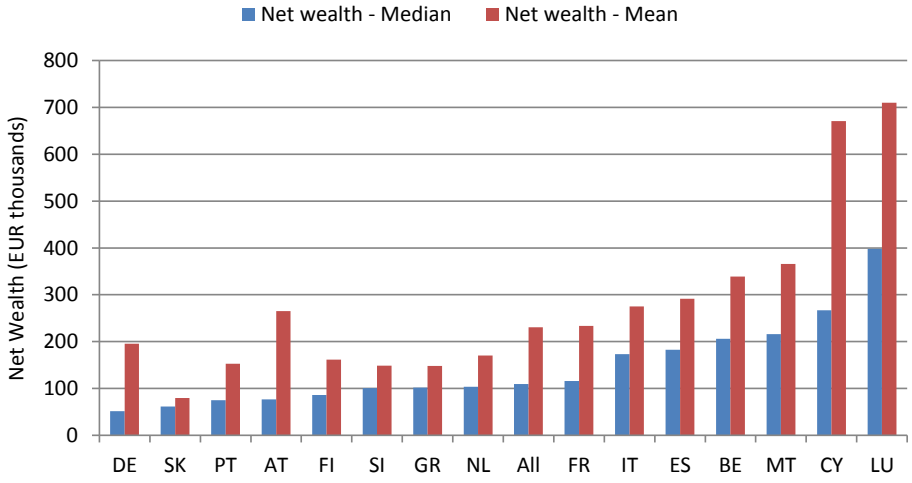
However, without Luxembourg (which is clearly an outlier), there would be no strong link between median wealth and income. This at first sight is unexpected as, apart from the influence of inheritance or asset appreciation, a large part of wealth is generally built up though the accumulation of income. One would generally expect that with low income, high wealth would be more difficult to amass.

The key HFCS results on net wealth across countries can be summarised as follows:

- The median and mean net wealth of euro area households are, respectively, €109 200 and €230 800. The substantial difference between the two reflects the fact that net wealth is distributed much more unevenly than many other economic variables, such as income. In particular, the top 10 % of wealthiest households own 50.4 % of total net wealth.

- Household net wealth varies substantially across euro area countries. The median ranges from €51 400 (in Germany) to €397 800 (in Luxembourg), while the mean ranges from €79 700 (in Slovakia) to €710 100 (in Luxembourg). This marked variation is likely the result of a complex interplay of many factors, including income, household structure, home ownership, house prices, household leverage to buy property, the provision of public housing, expected public pensions, inter-generational transfers/inheritances, taxation of housing and cultural aspects.

Chart 50: Median and mean net household wealth



Source: European Central Bank, Household Finance and Consumption survey.

- Median household net wealth is lowest in Germany (€51 400), but also among the lowest in Austria and Finland (see Chart 50). Luxembourg has the highest median net wealth, but Belgium, Cyprus, Italy, Malta and Spain also have relatively high net values. Germany scores better on the average figure (€195 200, which is not far below that for the other large Euro area countries), reflecting the strong inequality in wealth in that country, in particular the enormous wealth held by rich families and foundations (the Deustche Bundesbank reports[69] that the richest 10 % of households (based on the respective definition) account for 55.7 % of the total gross wealth and 59.2 % of the total net wealth of all households). Indeed, the majority of German households (around 73 %) have a "below-average" net wealth.

[69] http://www.bundesbank.de/Redaktion/EN/Pressemitteilungen/BBK/2013/2013_03_21_phf.html.

Data issues

The ability to do sensible cross-country comparisons using HFCS data is affected by several data issues, as recognised by the ECB itself (for example, the ECB highlights that data for Cyprus appear not to be comparable with those for other euro area countries in a number of dimensions). Issues to be highlighted in this regard are:

- There are without doubt some measurement issues (e.g. people may overestimate house values during a crash, and the survey does not include the value of all pensions as net assets[70]). The incomplete coverage of all pension assets, especially regarding statutory pension systems, is felt to be a particular weakness.

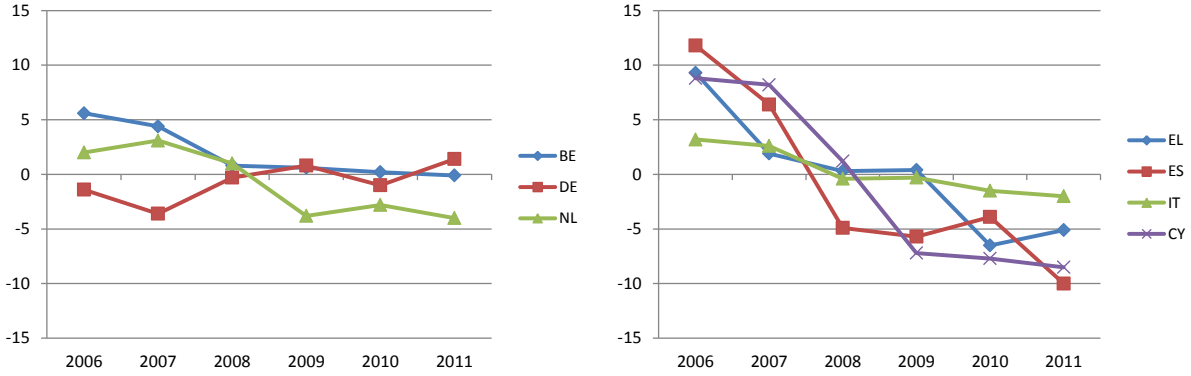
- The data are affected by some comparability issues. One difficulty, in particular, is that the survey fieldwork could not be carried out at the same period of time in all countries and, thus, wealth sometimes refers to different years. The fieldwork in the different countries ranges from November 2008 to August 2011, while the reference period for assets and liabilities similarly ranges from the end of 2008 to the beginning of 2011. This can be especially problematic in periods of economic turmoil, such as that currently being experienced and which can lead to increased volatility on the valuation of key assets such as house prices. Other factors also may affect comparability, such as differences in the sample selection.

- Eurostat data on real house price developments (i.e. the annual percentage change (deflated) in the house price index) indicate that house prices have been relatively stable in countries such as Belgium, Germany and Netherlands, while in several southern Member States the value of property rose markedly in the years leading up to the economic crisis, although adjusting downwards subsequently (see Chart 51). This would suggest property prices were pushed up by a housing boom in some southern countries up to the crisis, while they have stayed relatively stable in the northern euro area members. This, together with the fact that house prices are relatively volatile in the South, means that the real estate values appearing in the ECB survey results need to be interpreted with great caution, given the susceptibility to rapid price movements. Moreover, the figures for the value of property in the HFCS are based on survey respondents' own evaluations of how much their property would sell for at the time of the survey. This clearly assumes that respondents are able to provide a realistic and informed assessment of the market value of their property, which in the absence of any recent dealings with the market may be rather ambitious.

- Unit response rates vary substantially across countries, with especially low rates (of the order of 20 % or below) in Belgium, Germany and Luxembourg, reflecting very high refusal rates (wealth appears to be a sensitive issue in these countries). As a result the achieved sample sizes are quite limited. Most other countries have much better response rates of the order of 50 – 70 %, and in Finland it is as high as 82 %). The low response rate in some countries, including Germany, is a concern. Nevertheless, as the following chart by the Deutsche Bundesbank shows, a comparison of the net wealth distribution in Germany based on the German HFCS (the PHF) is very much in line with that based on the German Socioeconomic Panel (SOEP), suggesting that the HFCS results for Germany are not unreasonable despite the low response rate (see Chart 52). Moreover, the relatively low level of median wealth in Germany is not a new finding. In the 2008 OECD report "Growing Unequal" a similar low net worth for the median household is also reported for Germany.

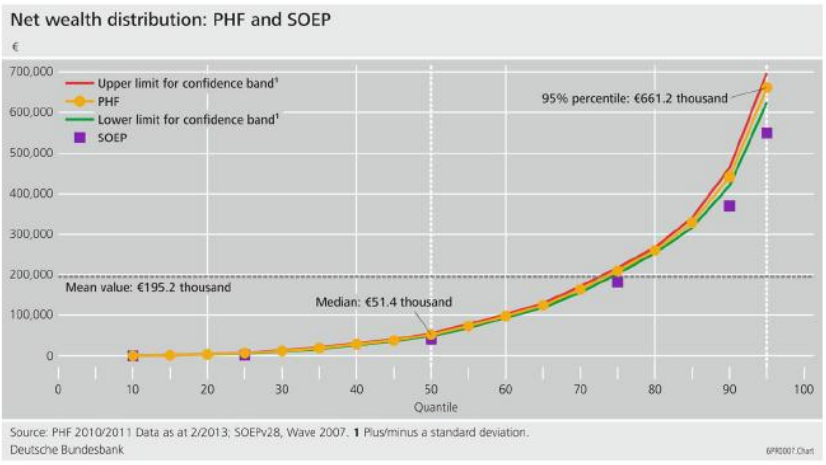
[70] The definitions of net wealth and financial assets adopted in the ECB (2013a) report include voluntary private pensions and whole life insurance, but do not include public and occupational pensions.

Chart 51: House price developments (% annual change (deflated) in house price index)



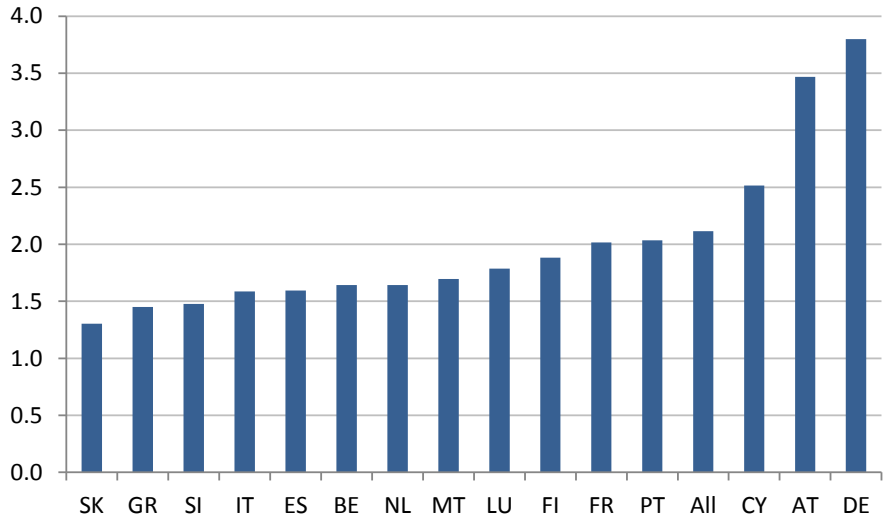
Source: Eurostat, House price index data.

Chart 52: Net wealth distributions from the German HFCS (PHF) and Socioeconomic Panel (SOEP)



Source: Reproduced from Deutsche Bundesbank (2013).

Chart 53: Ratio of mean wealth to median wealth in Euro area countries



Source: European Central Bank, Household Finance and Consumption survey.

What factors might explain cross country differences?

(a) The distribution of wealth and the specific measure of "average" wealth used

Comparison of the median and mean net wealth figures gives an indication of the distribution of wealth within each country (see Chart 53). The larger the ratio of the mean to the median, the greater is the inequality in the distribution of wealth. Clearly Austria and Germany stand out as countries with by far the highest inequality in wealth (both with ratios of around 3.5 or more, while in most other countries it is below 2). This indicates that household wealth in Austria and Germany is indeed more concentrated in the richest households than in the other Euro area countries.

This variation in inequality has implications with regard to the specific average measure used, i.e. the choice of the specific average clearly affects the relative situation and positioning of countries.

Table 15: Household population structures (% of households)

		All	BE	DE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
Total population		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Household size	1	31.6	33.8	39.6	20.1	18.4	35.3	24.9	20.8	30.0	18.8	35.8	38.7	17.7	27.0	23.1	39.6
	2	32.1	31.7	34.5	28.3	29.5	32.5	30.4	30.9	28.0	25.7	33.4	34.7	30.6	26.5	23.8	34.7
	3	16.6	15.1	12.8	24.2	25.3	13.8	19.5	18.2	17.0	22.3	12.8	11.3	25.9	18.7	20.4	11.0
	4	14.1	12.6	9.4	23.3	21.4	12.0	18.7	17.5	16.0	22.1	11.2	8.9	18.6	20.5	21.5	9.6
	5+	5.6	6.8	3.8	4.1	5.4	6.4	6.5	12.6	9.0	11.1	6.9	6.5	7.3	7.4	11.2	5.1
Age of RP	16-34	15.7	17.1	18.0	15.2	14.9	19.4	8.6	18.1	16.8	8.7	13.8	17.2	11.6	13.0	16.1	22.2
	35-44	19.6	19.6	18.1	20.7	22.5	19.1	20.4	18.2	22.6	22.5	21.0	18.4	21.2	16.7	19.7	15.6
	45-54	19.9	20.0	20.3	17.7	20.8	16.9	21.1	23.8	22.7	21.5	21.9	20.6	19.5	27.5	24.7	18.8
	55-64	17.1	16.8	14.9	18.6	16.0	18.4	17.5	16.6	15.8	21.9	20.8	19.4	18.4	19.3	19.1	19.2
	65-74	14.5	12.3	16.1	15.5	13.4	11.7	16.2	13.9	13.8	13.7	14.6	14.4	15.5	12.8	16.4	12.2
	75+	13.2	14.2	12.7	12.4	12.6	14.5	16.2	9.4	8.3	11.7	7.8	9.9	13.8	10.7	4.1	12.0
Housing status	Owners - outright	40.7	41.2	26.2	58.5	55.9	38.3	59.1	41.7	34.3	65.7	13.2	31.1	47.0	69.3	80.6	36.4
	Owners - with mortgage	19.4	28.5	18.0	13.9	26.8	17.0	9.6	35.0	32.8	12.1	43.9	16.7	24.5	12.5	9.3	32.8
	Renters / other	39.9	30.4	55.8	27.6	17.3	44.7	31.3	23.3	32.9	22.3	42.9	52.3	28.5	18.2	10.1	30.8

Source: European Central Bank, Household Finance and Consumption survey.
Note: Owners refers to households owning their main residence - outright are owners without mortgage collateralised on the household's main residence, owners with mortgage owners with mortgage collateralised on the household's main residence. RP refers to the reference person in the household.

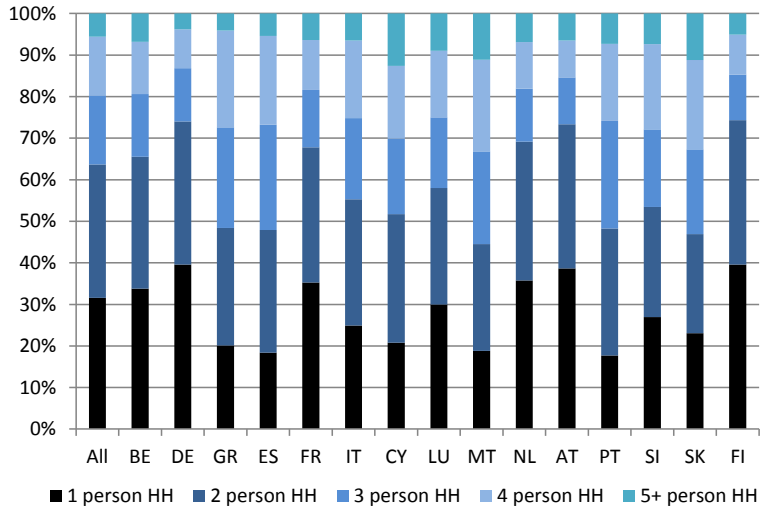
(b) Different size and composition of households

The underlying distribution in the size and composition of households (see Table 15 and Chart 54) varies considerably across Euro area members, and can therefore influence the features, and hence wealth, of the "typical" household in the different countries. For example, there are far more single households in the northern than in the southern Euro area members. In Austria, Finland and Germany, around 40 % of households are single households, meaning there is less opportunity for "pooling" of assets in households in these countries (i.e. fewer cases where household assets are the combination of assets of several individuals). In southern Member States single households only account for some 20 % of households, i.e. half the rate of the northern countries. The unit of measurement being the household rather than individuals in the HFCS, the very different household structures across Member States will clearly influence some of the typical measures of the distribution of household wealth.

(c) Net wealth components, and main residence ownership rates and values

Examination of the components of net wealth (Table 16) shows that most variation across countries is due to the variation in the absolute value of real assets rather than financial assets or debts. For financial assets ownership rates are high across all countries (except Greece) and there is not much absolute variation in the median values of the assets (range €1 700 to €34 700) compared to the magnitude of variation in the value of other assets. For debts there is a more pronounced variation in the percentage of households but once again not much variation in the absolute values (range €3 200 to €89 100, although Cyprus, Luxembourg and the Netherlands do stand out with relatively high median values). For real assets, ownership rates are high (at around 90 % or more) across all countries (except notably Austria, Finland and Germany), but here is where there is truly wide absolute variation in the median values of the assets owned (range €61 800 to €470 000).

Chart 54: Composition of households by household size



Source: European Central Bank, Household Finance and Consumption survey.

One reason for the differences in real asset wealth across countries is the varying traditions involving home ownership. Germany and Austria have the lowest home ownership rates in the euro area (see Chart 55), and property is clearly the biggest factor in household net wealth. Some of the main findings in this regard are:

- The clear differences in household main residence ownership rates can influence the asset wealth of the typical household. For instance, while a "median household" in Germany and Austria is a "renter" household, in the other euro area countries it is a "homeowner" household.

- For homeowners, the dominant components of net wealth are housing assets and associated debts; financial assets and liabilities (excluding mortgages) have only limited impact on net wealth.

- The home-ownership rate for single-person households is much lower (recall the high share of single households in northern Euro area members, especially Germany and Austria).

Table 16: Net wealth and components across countries, and income

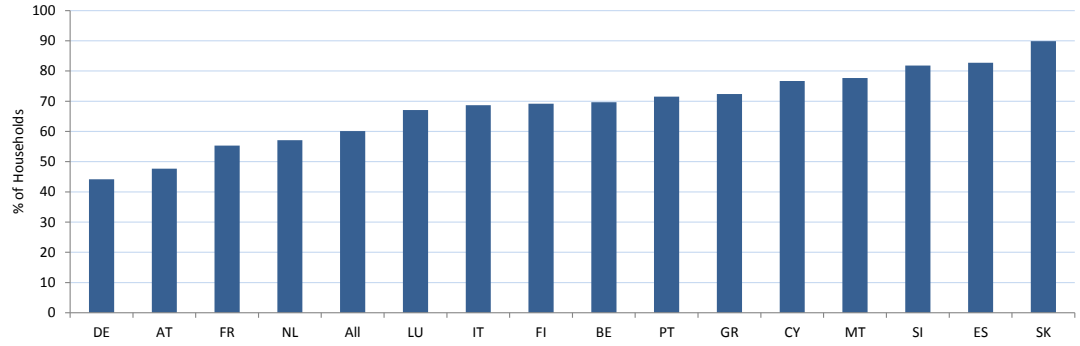
		All	BE	DE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
Net wealth (EUR thousands)	mean	230.8	338.6	195.2	147.8	291.4	233.4	275.2	670.9	710.1	366.0	170.2	265.0	152.9	148.7	79.7	161.5
	median	109.2	206.2	51.4	101.9	182.7	115.8	173.5	266.9	397.8	215.9	103.6	76.4	75.2	100.7	61.2	85.8
Real assets (EUR thousands)	% of HHs with	91.1	89.8	80.2	92.2	95.3	100.0	97.7	95.8	93.6	94.8	89.8	84.8	90.1	96.2	96.0	84.3
	Median value (of those with)	144.8	220.0	89.2	114.3	201.7	124.1	176.0	313.8	470.5	201.1	198.8	107.0	91.9	105.9	61.8	144.2
Financial assets (EUR thousands)	% of HHs with	96.8	98.0	99.3	74.5	98.3	99.6	92.0	87.9	98.4	97.2	97.8	99.5	94.5	93.9	91.7	100.0
	Median value (of those with)	11.4	26.5	17.1	4.4	6.0	10.7	10.0	22.1	27.9	26.2	34.7	13.5	4.3	1.7	2.5	7.4
Debts (EUR thousands)	% of HHs with	43.7	44.8	47.4	36.6	50.0	46.9	25.2	65.4	58.3	34.1	65.7	35.6	37.7	44.5	26.8	59.8
	Median value (of those with)	21.5	39.3	12.6	14.6	36.0	18.4	15.0	60.2	73.4	15.7	89.1	13.8	31.7	4.3	3.2	29.4
Income (EUR thousands)	mean	37.8	49.5	43.5	27.7	31.3	36.9	34.3	43.3	83.7	26.4	45.8	43.9	20.3	22.3	13.5	45.1
	median	28.6	33.7	32.5	22.0	24.8	29.2	26.3	32.3	64.8	21.6	40.6	32.3	14.6	18.0	11.2	36.3

Source: European Central Bank, Household Finance and Consumption survey.

The rate of owner-occupied housing in Germany is at around 44 %, a rather small figure in comparison with the rest of Europe. In France, around 55 % of households live in their own homes, while this rate is substantially higher in Spain (83 %) and Italy (69 %). This highlights that, unlike most other countries, the German median household is not an owner-occupier but rather a tenant. A similar rate to Germany can be observed in Austria (48 %). Hence, comparison of the median

across countries will compare non-home owners in Austria and Germany with home-owners in the other euro area countries.

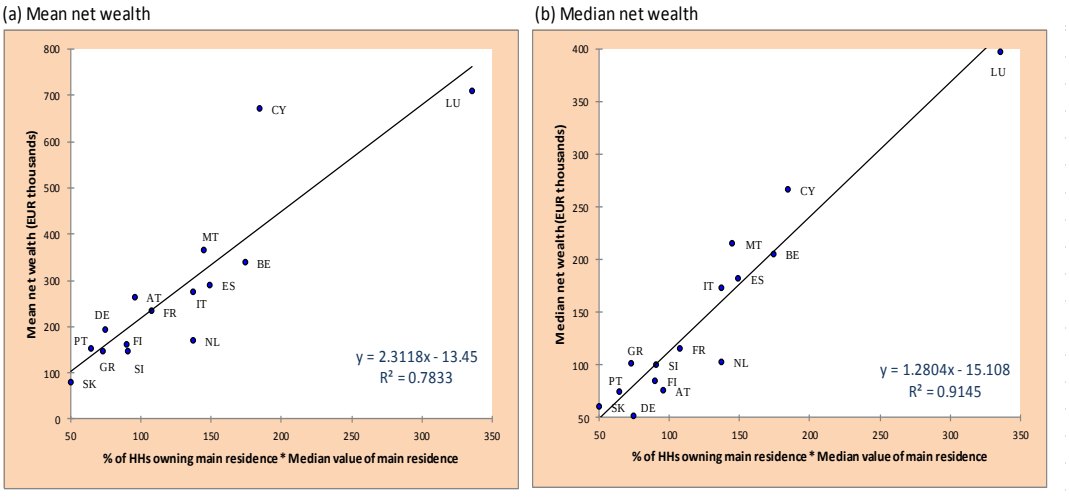
Chart 55: Share of households which are owner-occupiers



Source: European Central Bank, Household Finance and Consumption survey.

The importance of home ownership as a key driver of net wealth is further illustrated in Chart 56(a), which shows mean net wealth of households in countries plotted against the rate of home ownership times the median value of the main residence in the given country (a combination of the prevalence of home ownership together with a typical figure for the value of housing in the country in question). The relationship is even stronger when instead the median value of net wealth of households is plotted on the y-axis (Chart 56(b)). This highlights the close correlation between net household wealth and ownership of the main household residence together with the typical value of that residence.

Chart 56: Mean and median net wealth versus % of HHs owning main residence * Median value of main residence



Source: European Central Bank, Household Finance and Consumption survey.

These results clearly show that home ownership rates (together with house values) are a key factor in explaining wealth variations across countries. Home ownership is a way of saving in the sense that the house payments are invested in acquiring own assets, whereas money paid for rent is transferred to the owners of the rented property, hence increasing inequality in wealth between owners and non-owners.

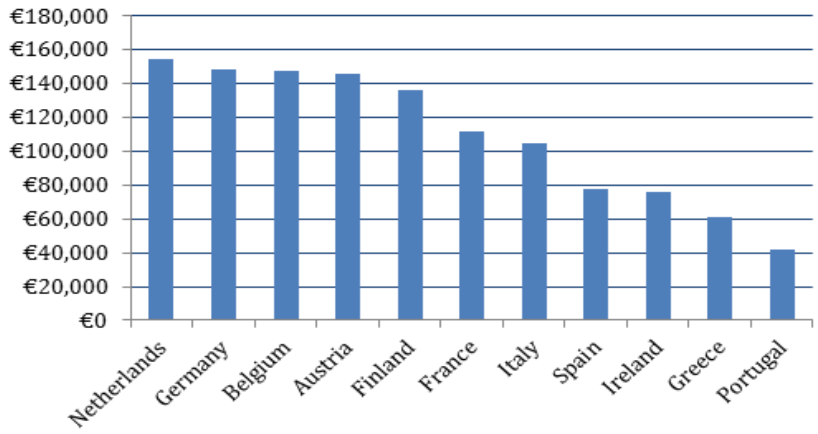
(d) Relative significance of state welfare systems (i.e. "common" wealth)

The preceding results have so far exploited the wealth information that is available from the HFCS. However, the HFCS is not all-encompassing as regards all potential sources of wealth which citizens may have a claim to, and in particular does not cover the issue of assets held in common as opposed to purely private assets.

When making international comparisons of the overall wealth situation of citizens, the importance of household access to "collective" wealth (such as publicly provided healthcare, social security and pension provisions) as opposed to "private" wealth should also be taken into consideration. As just highlighted, unfortunately, not all claims to assets of households are included in the ECB HFCS data. In particular, claims on the statutory social insurance system (i.e. statutory pension entitlements or other social security entitlements) are not covered, whereas private pension insurance and life insurance policies have been taken into consideration.

It is to be expected that this would result in the overstatement of the uneven distribution of wealth, and also would impact strongly on international comparisons i.e. figures on the private wealth of households only offer a limited insight into the living standard or true wealth of a society. For example, if part of the "wealth" is collectively owned in the welfare state this makes it less necessary for individuals to save to cover themselves against risks. In Northern countries especially, part of citizens' wealth is collectively owned - good health care infrastructure, and reliable social security are assets that citizens can rely on. Moreover, if saving for old age and catastrophic health expenditure is largely done through publically organised social security, lower income groups have less reason to build up wealth, whereas if the state does not arrange this then individuals are forced to do so from their private means. Indeed, stable and guaranteed pension provision is a very significant hidden source of wealth, which has to be covered from private capital in other countries. Hence comparative ratios of net private wealth across countries do not give the whole picture regarding the wealth of societies.

Chart 57: Total capital stock per capita (euro)



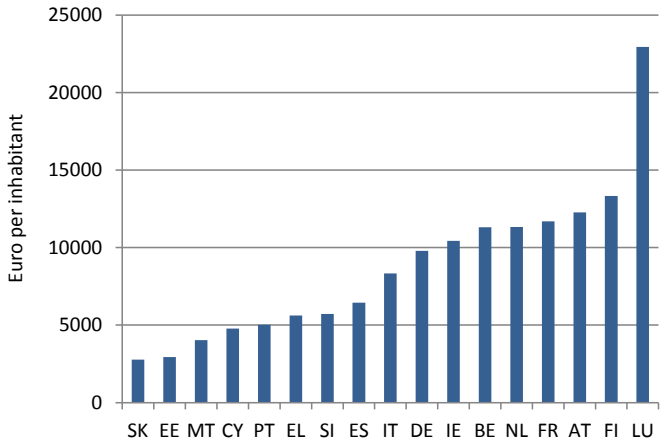
Source: Reproduced from de Grauwe and Ji (2013).

This is very much in line with the findings of de Grauwe and Ji (2013), who argue that household wealth is only part of the picture in comparisons across countries. Using Eurostat and OECD data of capital stock (a more comprehensive measures of the wealth of a nation), they find that Germany has the second highest total capital stock per capita, and that the northern countries as a group have a clearly higher capital stock than southern countries (wealth per capita in these terms is more than twice as high in northern countries than in southern countries such as Greece and Portugal, see Chart 57).

Along similar lines, the level of government expenditure per inhabitant on health, education and social protection gives a broad indication of the relative importance of the welfare state across

countries (see Chart 58). On this basis we again see the much greater importance of the welfare state in northern countries (including Austria and Germany) compared to southern ones.

Chart 58: Government expenditure per inhabitant on health, education and social protection (Euro per inhabitant, 2011)



Source: Eurostat, government statistics.

Simple Regression Analysis

In order to get an idea of the relative importance of the previously discussed potential factors in driving the cross-country differences in median net wealth outcomes, a simple regression analysis was performed on a selection of relevant indicators available from the HFCS dataset.

Table 17: Regression of median net wealth and potential drivers of cross-country differences

Analysis of variance:

Source	DF	Sum of squares	Mean squares	F	Pr > F
Model	3	118729.529	39576.510	70.332	< 0.0001
Error	11	6189.784	562.708		
Corrected Total	14	124919.313			

Computed against model Y=Mean(Y)

Model parameters:

Source	Value	Standard error	t	Pr > |t|
Intercept	-128.335	61.367	-2.091	0.061
Av. No. of HH members aged 16+	63.121	25.732	2.453	0.032
Ratio mean/median	-7.368	8.978	-0.821	0.429
% home owners x median price	1.264	0.091	13.957	< 0.0001

R^2	0.950
Adjusted R^2	0.937

Sources: ECB, HFCS survey; DG EMPL own calculations.

The explanatory variables used were the average size of households in the country in terms of the number of adult members of the household (i.e. the number of adult household members aged 16+), the ratio of mean net wealth to median net wealth, and the product of the percentage of households owning their main residence multiplied by the median value of the main residence for homeowners. The latter is a combination of the prevalence of home ownership together with a typical figure for the value of housing in the country in question. The results of the regression are shown in Table 17. These indicate that household composition/size[71] and the rate of home ownership combined with its value explain much of the variation in median net wealth across countries.

[71] Results are significant also using the average size of households counting all members and the share of single households.

Conclusions

The results of the first wave of the European Central Bank's Household Finance and Consumption Survey provides a valuable source of data on the (private) wealth situation across euro area countries, and highlights the very different outcomes with regard to wealth inequalities as opposed to the traditional measure of income inequalities. Indeed, the focus in this review has been on wealth and not income, for the latter Austria and Germany are nearer the top of the distribution.

In general, the degree of inequality, household composition features and the extent of ownership of the main residence (and the typical values of housing property) are key factors which explain much of the variation in private net wealth across euro area countries as derived from the HFCS. However, there are also some important aspects which are not covered in the HFCS data, in particular households' access to "collective" wealth (such as publicly provided healthcare, social security and pension provisions) as opposed to purely "private" wealth, which can impact strongly on international comparisons, especially between northern and southern European countries. In Northern countries especially, part of citizens' wealth is collectively owned - good health care infrastructure, reliable social security etc. - while this is less the case in southern countries. In this regard, statements relating to the private wealth of households only offer a limited insight into the living standard or true wealth of a society.

On the specific HFCS wealth outcomes for Germany (and similarly Austria) there are many factors influencing the comparatively weak median net wealth situation of households, but among the main drivers are the high degree of inequality in wealth (which impacts on the relative situation when the median as opposed to the mean is taken as the specific average measure used), the relatively small size of households, and the relatively low rate of home ownership combined with the (self-estimated) value of the homes. To these must be added consideration of the relatively strong entitlements to national wealth held in the form of "common" wealth. The following points add further detail:

- Comparison of the mean to the median wealth shows that Austria and Germany clearly stand out as countries with by far the highest inequality in wealth (both with ratios of around 3.5 or more, while in most other countries it is below 2). This indicates that household wealth in Austria and Germany is more strongly concentrated in the richest households than in the other Euro area countries (for example the richest 10% of households in Germany account for 59.2 % of the total net wealth of all households). This means that the choice of the average used can have a large impact on disparities across countries when making comparisons. In those countries where wealth inequality is particularly pronounced, as in Germany, the use of the median as opposed to the mean can lead to a relatively much worse ranking in comparison to countries with lower wealth inequality.
- There is a close correlation between wealth and ownership of the main household residence. Indeed, repayments are an important driver for accumulating wealth. However, there is a very low percentage of home ownership in Germany compared to other countries, in part reflecting the large market for rental accommodation in that country.
- For many people in Germany, the social security funds and public goods and services provided by the government generally cover the majority of potential life risks and basic needs e.g. unemployment, old-age, illness, school and university education etc. This largely removes the normal incentives for saving for such eventualities. The relatively important social security system is funded by comparatively high taxes, deductions and contributions, which at household level has the same effect as compulsory saving.

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> Special Focus: Early childhood education and care and child poverty

Childcare helps disadvantaged children to perform better, but they have less access to it

Early childhood is a crucial period for a child's development. Intervention during this period is critical to help children reach their full potential and compensate for inequalities at an early stage. Academia has produced significant studies on the impact of different types of care on a child's development and future outcomes. Results show that high quality childcare can help improve the child's development, especially for the most disadvantaged.

However, empirical data shows that the use of childcare is unequal among social groups, with lower use by the most disadvantaged groups. There are various obstacles that may explain the low use of childcare. This illustrates that policy measures need to be fine-tuned to address all these issues in an effective way.

Childcare & Early Childhood Education and Care (ECEC)

The term 'early childhood education and care' was originally adopted by the OECD (2006) and has recently been adopted by the European Union (European Commission, 2011). It encompasses formal services for children between birth and compulsory school age focused on providing early — or pre-school— education and childcare for working parents (Moss, 2009).

In this report, the terms 'childcare' and 'early childhood education and care' (ECEC) are used interchangeably.

Is childcare a good option for children?

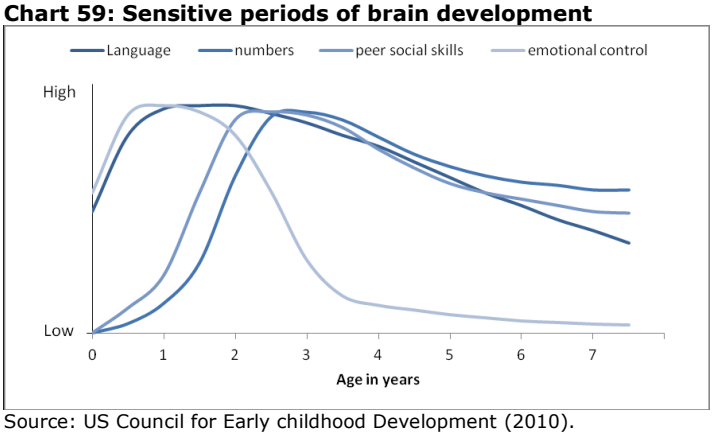
The provision of childcare for young children is not only a means to enable mothers to work. It can also help children to reach their full potential, especially the disadvantaged.

Potential in the early years: 'use it or lose it'

Research in economics, developmental psychology and neurobiology reveals a striking convergence on the powerful effects of a child's early environment on his or her capacity for skill development (see Chart 59; Knudsen & al., 2006). Bauchmuller (2013) highlights 'a growing consensus that skills are a result of both nature and nurture, genetic predispositions being triggered by the interaction with the environment. These discoveries re-emphasise the importance of having an adequately stimulating environment in that period'. Cunna et al. (2006) conclude that the innate abilities of a child may be fully developed already before entering compulsory schooling and that changing these abilities later requires higher costs and efforts.

'Between birth and the age of three, the brain produces an excess of neurons and neural connections. But waves of neural growth are followed by periods of 'pruning' in which neurons and connections that are not being used are, in effect, taken off-line …. It's a use-it-or-lose-it process', says James A. Griffin, Ph.D., of the US Child Development and Behaviour Branch at NCHID.[72]

Chart 59: Sensitive periods of brain development



Source: US Council for Early childhood Development (2010).

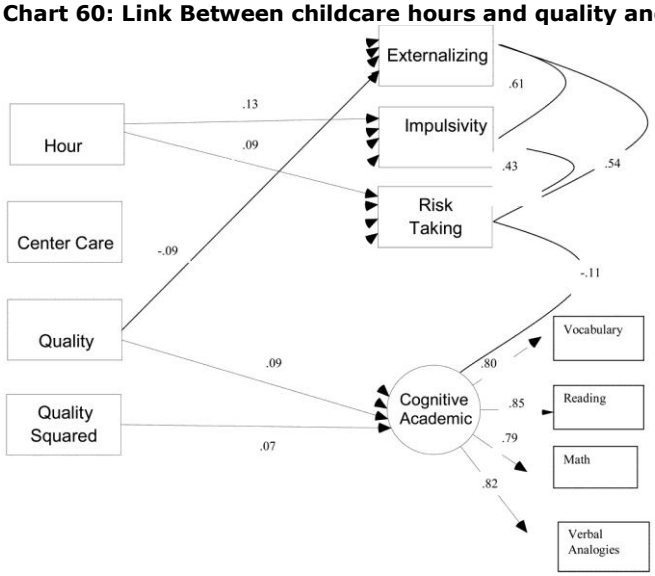
[72] National Institute of Child Health and Human Development, see http://www.nichd.nih.gov/research/supported/Pages/seccyd.aspx

Assessing the impact of childcare: quality matters

Abundant research work has investigated the impact of childcare during early years on various types of skills (cognitive, language, social skills), and over time, while taking into account external factors such as family background, type of care and quantity of care. Conclusions show that good quality childcare can lead to positive outcomes for the child, especially in cognitive areas (Hansen & Hawkes, 2009). Several studies also emphasise the specific impact of quality (NICHD). Results are less pronounced, or even negative, however, when the number of hours of care is high. In such cases, results are controversial, with some studies highlighting that a very high use of childcare may increase behavioural problems and conflict, despite other studies reaching opposite conclusions (NCHID, 2006).

Several long-term studies have highlighted that the impact of quality childcare on child performance can be felt many years after exposure, including during adulthood. In the longer term, the use of quality childcare during early childhood was associated with better academic achievement, higher educational attainment and less risky behaviour (NICHD, 2006, 2009, Abecedarian Project, see Chart 60).

Chart 60: Link Between childcare hours and quality and problem behaviours at age 15



Source: Belsky et al. (2007).
Note: The arrows represent the strength of the impact of a parameter on the other one. A positive value means that the impact is positive, all other things being equal and respectively, a negative figures means that the impact is negative. For example, the quality of childcare as measured in the study has a significant positive impact of the cognitive academic performance of the children, which itself has a strong impact in explaining performance in Vocabulary, Math, Reading. Only statistically significant links are shown. Results are controlled of the effect of gender, ethnicity, maternal education, maternal adjustment, elementary school classroom quality and repeated assessments from early childhood, middle childhood, and adolescence of family income, proportion of time the mother had a husband/partner, maternal depressive symptoms and parenting quality.

A greater impact on disadvantaged children

Research also shows that high quality childcare can help reduce inequalities for disadvantaged children (Knudsen et al. 2006).

Recent research work has highlighted that children exposed to poverty may be more at risk of underperforming later in school and could benefit greatly from quality childcare. The National Institute of Health (U.S.) has recently concluded that 'the stresses of poverty — such as crowded conditions, financial worry, and lack of adequate child care — lead to impaired learning ability in children from impoverished backgrounds'. Bradbury and al. (2011) have identified significant differences in cognitive outcomes between children from disadvantaged backgrounds and mainstream children already at age five, in all reviewed countries.

The use of childcare can make a difference in mitigating such inequalities (Geoffroy & al., 2010, Dearing and al., 2009, Hansen& Hawkes, 2009). Geoffroy & al. (2010) have shown that while children whose mothers have a low level of education display lower cognitive performance at six and seven than those of highly educated mothers, this is no longer the case when children from a disadvantaged background received formal childcare.

Data sources & projects on the impact of childcare during early years:

Over the last three decades, many projects have investigated the impact of childcare during early years on various types of skills (cognitive, language, social), and over time. The results presented in this Special Focus are mainly based on research work carried out for the following studies.

The **Millennium Cohort Study** is a research project following the lives of around 19 000 children born in the UK in 2000 from birth to adulthood. It covers diverse topics such as parenting, childcare, child behaviour and cognitive development, parents' employment and education, income and poverty. Hansen & Hawkes (2009) have shown that formal group childcare in the first nine months of life is positively associated with cognitive scores at three years old. This research also highlights that less advantaged groups, such as children with younger mothers and those living in households claiming benefits, were among the most impacted by quality childcare.

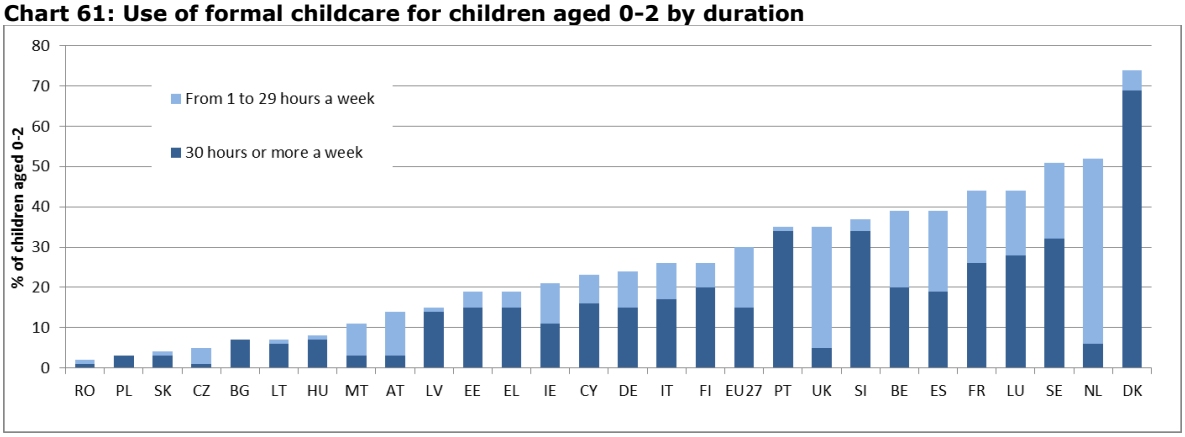
In the United States, the **NICHD Study of Early Child Care and Youth Development** has investigated since 1991 the impact of care on 1 200 children from birth until they turned 15. Results have shown that higher quality childcare was related to advanced cognitive, language, and pre-academic outcomes at every age and better socio-emotional and peer outcomes at some ages. However, results also show that the more hours the child attended childcare, the more likely they were to have behavioural and conflict problems. While more time in center-care was related to higher cognitive and language scores, it was also associated with lower social behaviours (NICHD 2009, 2006).

In the US, the **Abecedarian project** investigated the benefits of early childhood education for poor children born during the 1970's. Three decades later, the findings on these young adults demonstrate that significant, long-lasting benefits were associated with the early childhood programme. Children who participated in the early intervention programme had higher cognitive scores, higher academic achievement and more years of education from the toddler years to age 21. These children were older, on average, when their first child was born and mothers whose children participated in the programme achieved higher educational and employment status than mothers whose children were not in the programme. These results were especially pronounced for teen mothers.

Use of childcare — Member States lagging behind on Barcelona targets

Access to quality childcare gives children a chance to reach their full potential. It also supports parents' access to the labour market, and thereby helps break the cycle of disadvantage. However, evidence shows that many countries are lagging behind with regard to the EU Barcelona targets[73] for childcare, which aim to provide childcare to at least 30 % of children aged 0-2 (see Chart 61).

Chart 61: Use of formal childcare for children aged 0-2 by duration



Source: Eurostat, EU-SILC 2011.

In 2010, 28 % of children below three in the EU attend formal childcare. The use of formal childcare varies from 78 % in Denmark to only 2 % or 3 % in the Czech Republic, Slovakia and Poland. The quantity of care per week also differs across Member States. Children that attend childcare are generally cared for during more than 30 hours a week in most countries. However, while the vast majority of children are in formal childcare more than 30 hours a week in Denmark, Portugal or Slovenia, the more frequent duration of care is much shorter (from 1 hour to 29 hours) in the United Kingdom and in the Netherlands.

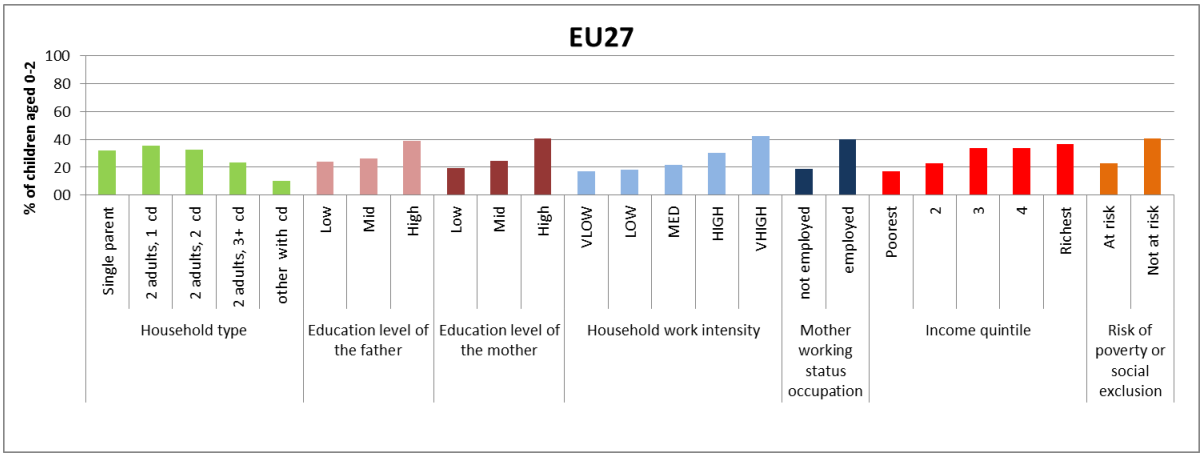
[73] In 2002, the EU agreed on the Barcelona targets, namely to provide childcare by 2010 to at least 90 % of children between three years old and the mandatory school age and at least 33 % of children under three years of age. Presidency conclusions, Barcelona European Council, 15-16 March 2002, SN 100/1/02 REV.

Social gradient in access to and use of childcare

Children from disadvantaged backgrounds, who would benefit the most from quality early childhood education and care, are far less likely to make lower use of such services, as shown by Chart 62. This holds for several indicators of social levels, namely the parent's level of education, labour market position, income distribution and the risk of poverty.

Across the EU, several patterns emerge (see Chart 63). In Northern countries, such as Denmark or Sweden, the take-up of childcare is high, even among low social gradients. In France, Belgium and Spain, there is evidence of a clear social gradient across the various dimensions, combined with high levels of use of childcare services. In other Member States, such as Ireland, the social gradient is combined with limited levels of childcare use. Last, some Member States have a very low use of childcare, such as Poland or Germany, with little evidence of a social gradient.

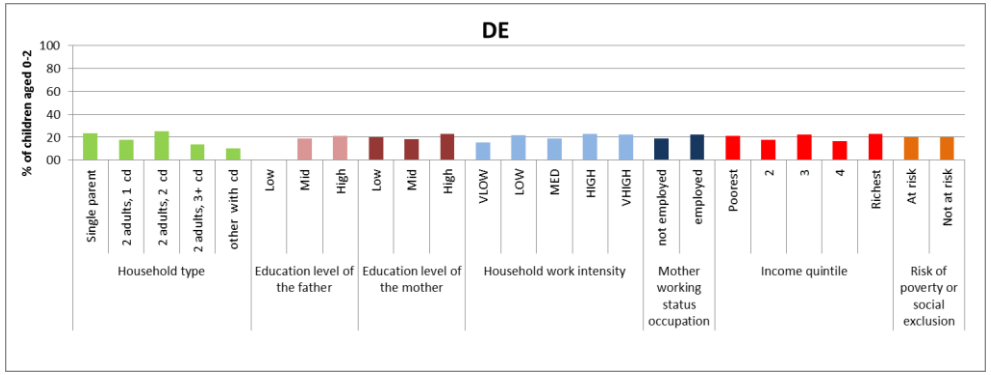
Chart 62: Use of formal childcare for children aged 0-2 across several breakdowns



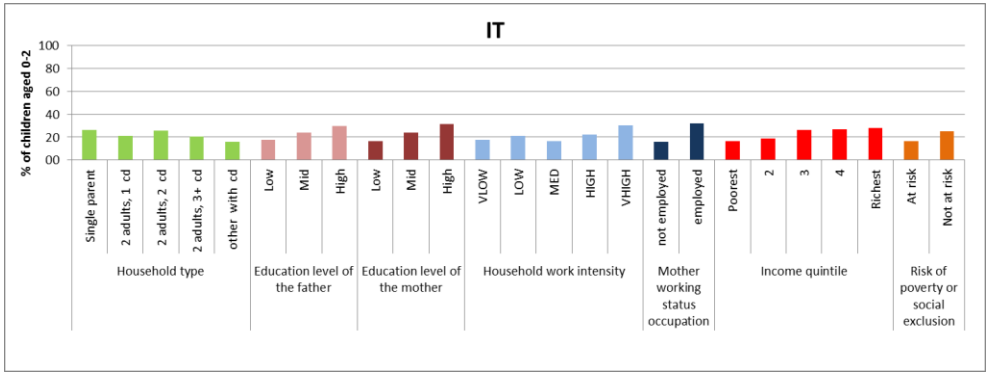
Source: Eurostat, EU-SILC 2010.

Chart 63: Social gradient in the use of childcare in the EU across several breakdowns, 0-2

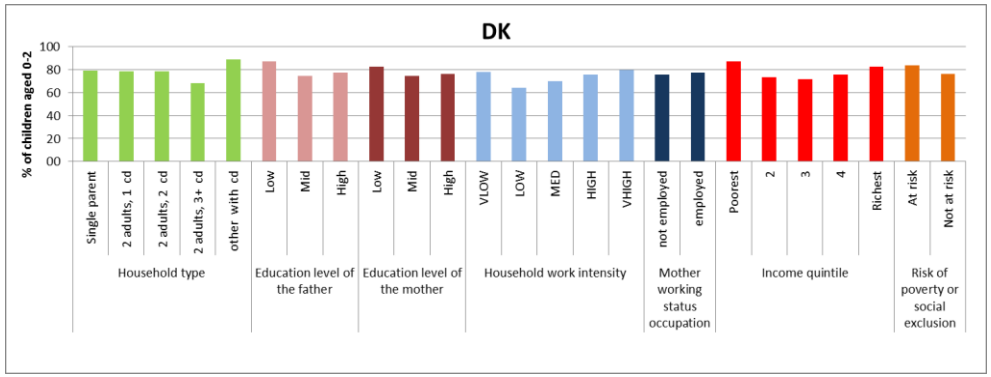
Low use of childcare combined with low social gradient



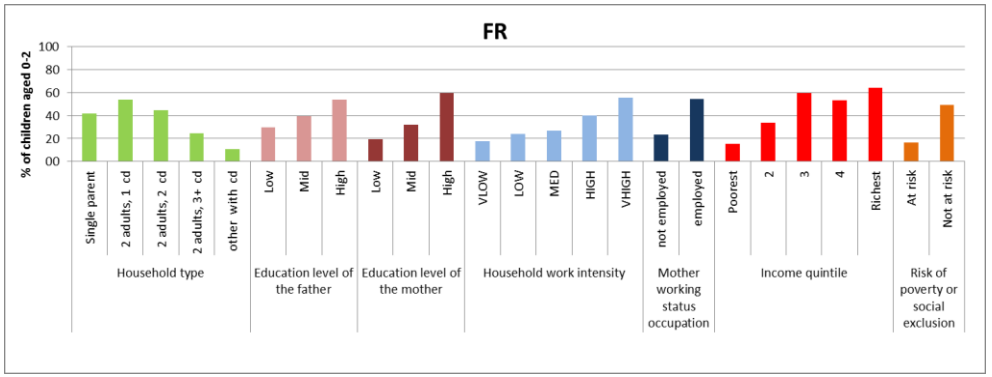
Low use of childcare combined with high social gradient



High use of childcare combined with low social gradient



Large use of childcare combined with high social gradient



Source: EU SILC, 2010.

Obstacles to childcare

Insufficient and unequal access to childcare is the result from various obstacles, namely the length of parental leave, the cost of childcare, the tax-benefit system, and the quality, accessibility and availability of childcare.

The use of childcare for children in the younger age group is linked to the length of maternity and parental leave. Long durations of leave keep individuals away from the labour market for long spells and can weaken their future employability.

The cost of childcare remains a matter of concern for low-income families in many Member States. Out-of-pocket childcare costs for a low-income couple can add up to 14 % of the average wage in the family budget (two earners at low income, OECD), and 8 % on average in the EU-18 for single parents. The combination of the cost of childcare and of disincentives built in the tax-benefit system may also result in significant inactivity traps in a number of EU countries, by reducing net income gains from employment to such an extent that individuals are financially better off caring for their children themselves.

Improving the use of childcare at national level requires a better understanding of the combination of the various obstacles. Table 18 illustrates how an overall assessment of these various factors can help understand the national bottlenecks in access to childcare. It shows that, in the countries that have not yet reached the Barcelona target, the obstacles to higher use of childcare differ. In some, such as Lithuania, Hungary or Estonia, the duration of parental leave/maternity leave appears to be a major barrier to greater use of childcare. In other Member States, such as Ireland, the high cost of childcare associated with significant inactivity traps for low earners are a major obstacle. Similarly, in Slovakia or the Czech republic, many parents move to part-time employment or leave the job market due to family commitments, associated with the high costs of childcare and the low use of childcare. Last, the causes of parents moving to part-time employment or leaving the job market due to family commitments are associated with low levels of involuntary part-time in some countries such as Austria and Germany.

Difficulties in accessing childcare because of quality are referred to in particular for Greece, Romania, Slovakia, Poland, Slovenia, Italy and Spain. Accessibility relates to lack of physical access, distance, inadequate opening hours or eligibility criteria. According to the Eurofound Quality of Life Survey, access problems because of distance or opening hours are mentioned in particular in Greece, France, Romania, Poland and the Czech Republic. Availability can also hamper use of childcare, because of waiting lists or lack of services. However, the percentage of parents declaring that they face difficulties in accessing child care because of lack of facilities have to be related to the existing offer of childcare to highlight possible mismatch between offer and demand of childcare. For example, the NL and HU have similar levels of difficulties in accessing childcare services because of availability despite different levels of childcare use.

Table 18: Use of childcare related to context indicators

		Use of childcare age 0-2 (2011, in %)	Maternity leave, parental leave and effective parental leave 2010 (in months)	Involuntary part time (% of total parti-time empl, women aged 25-49)	Part time due to familial responsabilities (women aged 25-49, in %)	Cost of childcare (% of Average Wage)	Average effective tax rate (% of Average Wage)	Main difficulty to use childcare (% of parents)			
						2 earners (both at 67% of Average Wage)	*Second Earner (at 67% of Average Wage)*	Availability	Cost	Access	Quality of care
BELOW BARCELONA	RO	2	25.81	76.0	6.6			62	74	57	47
	PL	3	4.65	33.2	17.3	7.1	43.0	61	66	51	38
	SK	4	6.51	32.1	7.8	28.0	71.6	61	71	47	38
	CZ	5	6.51	27.7	32.9	27.4	73.6	61	45	51	28
	BG	7	14.07	71.0	:		38.2	49	55	33	20
	LT	7	26.51	47.7	:		38.8	53	55	29	26
	HU	8	25.81	55.5	16.7	6.2	47.6	45	63	39	36
	MT	11	3.26	40.5	34.2		51.1	64	78	35	29
	AT	14	3.72	18.5	52.8	16.8	76.1	45	43	39	21
	LV	15	13.84	43.5	10.0		45.8	59	60	45	27
	EL	19	3.95	75.4	12.5	4.9	25.7	73	78	57	63
	EE	19	19.07	25.1	22.5			62	71	45	24
	IE	21	6.05	71.2	29.7	45.2	89.1	47	76	36	23
	CY	23	4.19	70.3	25.1		40.7	36	47	33	19
	DE	24	17.21	34.0	39.3	14.2	70.6	61	50	39	25
	IT	26	4.65	76.6	30.9			58	63	37	32
	FI	26	11.05	36.9	31.1	21.8	63.5	46	33	34	12
ABOVE BARCELONA	UK	35	1.4	49.4	61.4	27.7	85.4	54	78	39	25
	PT	35	6.98	58.1	9.7	4.7	37.4	53	63	42	36
	SI	37	12.56	13.0	27.2			70	74	46	35
	BE	39	3.95	25.0	26.6	3.8	56.3	60	42	35	18
	ES	39	4.19	73.6	23.9	8.2	25.7	53	67	44	30
	LU	44	3.72	22.0	37.9	6.1	40.8	60	37	35	17
	FR	44	4.19	43.5	48.3	9.9	48.6	72	60	50	25
	SE	51	18.6	31.1	36.1	6.7	34.6	28	11	26	18
	NL	52	3.72	16.7	61.0	8.1	50.6	46	65	19	14
	DK	74	12.09	23.6	8.3	11.2	69.3	37	43	32	20

Sources: EU-SILC 2011; Fondazione Brodolini (maternity and parental leave); EU LFS (involuntary part time and inactivity); OECD tax-benefit model (cost of childcare); Eurofound European Quality of life survey (self-declared obstacles).

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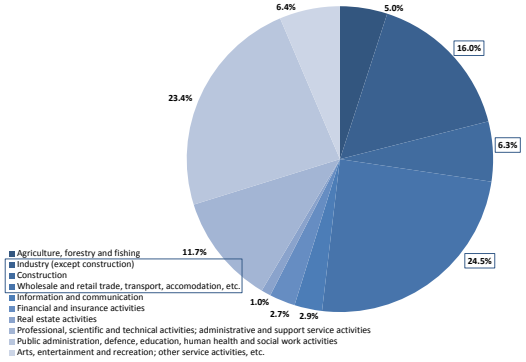
Sectoral trends

In the context of double-dip recession, the three major sectors — industry, construction and wholesale and retail trade — have seen significant declines over recent quarters in terms of value added and employment, although to various extents. Output, after several quarters of decline, did increase slightly in recent months in industry and construction.

Over the five years to the first quarter of 2013, a period when nearly three jobs in 100 (2.8 %) disappeared in the EU as a whole, this ratio amounted to 19.4 % in construction and 9.6 % in industry, on the one hand, and 2.0 % in the wholesale and retail trade, on the other hand. Male-oriented sectors remain the most affected by the economic slowdown, while the downturn in both manufacturing and services is not over yet.[74]

The analysis below presents some major trends observed recently in terms of employment in these sectors, and linked to changes in value added and output. Industry and construction are particularly vulnerable in deteriorating economic conditions, but trade too has recently shown consistent signs of stagnation.

Chart 64: Breakdown of employment numbers by major NACE activities in 2013q1 in the EU



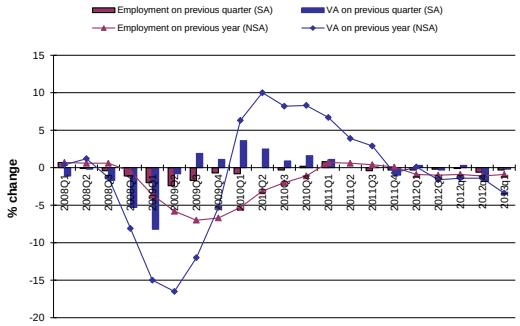
Source: Eurostat, national accounts [namq_nace10_e].

While these three sectors still accounted for close to 50 % before the crisis (49.2 % in 2008q1), they only accounted for 46.9 % in 2013q1 as other support services and public services did not see the same declines over that period. See employment figures at EU level broken down by major sector at Chart 64. The share of financial and insurance activities stood at 2.7 % in 2013q1 (see also Sectoral Focus at page 77).

Employment has been down for nearly two years in industry, despite a recent rise in production

Value added in industry went down (-1.0 %) in 2011q4 and has remained depressed since then. In the fourth quarter of 2012 alone, it fell by 1.8 %, then by 0.2 % in 2013q1. Annual growth has been stagnant or negative for six quarters now (-3.4 % in 2013q1), after seven quarters of positive growth, as highlighted by Chart 65. In response to receding industrial activity, employment growth in industry, which tentatively resumed in the fourth quarter of 2010, came to a standstill in 2011q2 and declined as of the third quarter of 2011. It went down by 0.3 % in 2013q1.

Chart 65: Change in industrial (except construction) employment and value added in the EU[75]



Source: Eurostat, national accounts [namq_nace10_k] and [namq_nace10_e].

So after a year in positive territory in 2011, the y-o-y change turned negative again in the first quarter of 2012, down by around 1 % every quarter since then and 0.9 % in the first quarter of 2013. The year-on-year increases recorded in 2013q1 in Latvia (+6.9 %), Lithuania (+3.5 %), the United Kingdom and Romania (both +2.0 %), the Czech Republic (+1.1 %), Germany, Austria and Ireland (roughly +0.7 %), were not sufficient to make up for the tremendous declines recorded in Portugal (-7.1 %), Bulgaria (-6.6 %), Cyprus (-6.0 % until

[74] See Markit Eurozone PMI Composite Output Index below.

[75] Note on data used in Charts 72 to 74 for 2013 q1: for empl NSA: EU estimate without DK, EL, CY; empl SA: EU est. without DK, EL, CY, RO; for VA NSA: EU est. without LU, PT, UK; for VA SA: EU est. without EL, LU and SE.

2012q4), Spain (-5.8 %), Slovenia (-3.2 %), Slovakia (-2.6 %) and Italy (-2.2 %).

The number of jobs in industry was, in 2013q1, still 3.8 million or 9.6 % below the level recorded five years earlier. In six countries, the gap stands at -20 % or more: Spain, Greece, Latvia, Bulgaria, Lithuania and Portugal.

In April 2013 compared with March 2013, seasonally adjusted industrial production grew by 0.3 % in the EU-27 and by 0.4 % in the euro area. In March production had risen by 0.9 % in both zones. On an annual basis, in April 2013 compared with April 2012, industrial production fell by 0.8 % in the EU and 0.6 % in the euro area. Over the same 12-month period, production of durable consumer goods dropped by 4.3 % in the EU. Intermediate goods and energy decreased by respectively 2.9 % and 2.8 % in the EU. On the other hand, capital goods and non-durable consumer goods rose by 1.9 % and 2.1 % respectively. Among the Member States for which data are available, industrial production fell in thirteen and rose in eight. The largest decreases were registered in Finland (-10.2 %), Italy (-4.6 %) and the Czech Republic (-3.4 %), and the highest increases in Romania (+12.6 %), Lithuania (+5.0 %) and Estonia (+2.7 %).

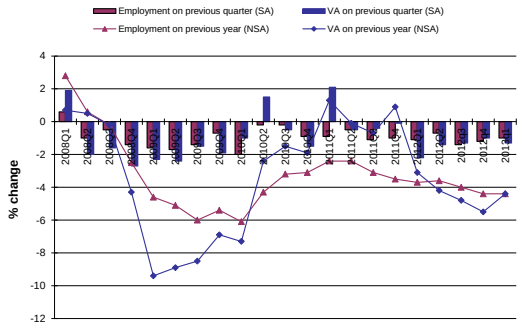
Five years of continuous job shedding in the construction sector but output picked up in April 2013 …

With the exception of 2010q2 and 2011q1 value added in the construction sector has fallen continuously for five years. It fell sharply throughout 2012, down by more than 1 % every quarter, down 1.3 % in 2013q1 alone. In this context annual decline has exceeded 4 % since 2012q2 and stood at 4.4 % in 2013q1 (see Chart 66). Against this backdrop, the employment situation in construction remains somber. The declared workforce has fallen continuously since the second quarter of 2008, i.e. for the fifth consecutive year.

Between the first quarter of 2008 and the same period in 2013, the sector lost no less than 3.4 million workers or 19.4 % of its workforce at EU level. Over the past five years, at least one construction job in two was lost in Ireland, Spain, Latvia, Lithuania and Greece (5 years until 2012q4), while at least one job in three was shed in Bulgaria, Portugal and Estonia.

Over the year to the first quarter of 2013, the construction sector lost 18 % of its workforce in Portugal, while that figure (year up to 2012q4) amounted to 17 % in Greece and 16.6 % in Cyprus, Spain and Cyprus.

Chart 66: Change in construction employment and value added in the EU



Source: Eurostat, national accounts [namq_nace10_k] and [namq_nace10_e].

In the construction sector, seasonally adjusted production rose by 2.0 % in the euro area and by 0.9 % in the EU in April 2013, compared with the previous month. According to Eurostat estimates, this sudden rise was driven equally by building construction and civil engineering. In March 2013, production had declined by 1.8 % and 1.3 % respectively. On the year, the trend remains negative though as, compared with April 2012, production decreased by 6.6 % in the euro area and by 5.9 % in the EU.

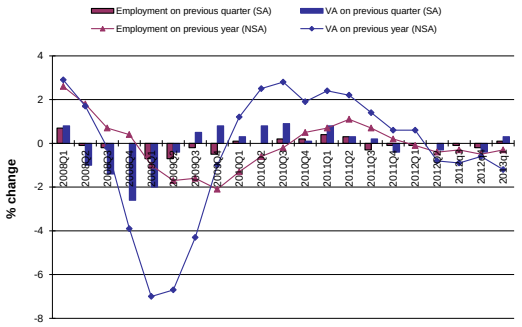
Among the Member States for which data are available for April 2013, production in construction rose in eight and fell in seven. The highest increases as compared to March 2013 were registered in Germany (+6.7 %), Portugal (+5.9 %) and Italy (+5.5 %), and the largest decreases in Poland (-5.2 %), Romania (-3.7 %) and Spain (-3.1 %). Over the year, production in construction fell in twelve Member States and rose in three. The largest decreases were registered in Poland (-25.1 %), Portugal (-24.4 %), Slovenia (-19.3 %) and Spain (-15.3 %), and the increases in Hungary (+9.8 %), Bulgaria (+3.9 %) and Sweden (+2.5 %). Building construction decreased by 5.2 % in the EU as a whole, while civil engineering fell 8.3 %.

…while developments in the trade sector remain hesitant

Looking at the 2008q1 - 2013q1 period, employment in the retail and wholesale trade sector, which includes transport, accommodation and food service activities, shrank by 1.1 million or 2.0 %, i.e. just less than the decline in total EU employment

(-2.8 %). The retail and wholesale trade did not suffer the effects of the recession as the industry and construction sectors did. The recovery, which started in 2009q3 in the trade sector, was gradual but sustained, though it subsequently tailed off and has fallen slightly since the end of 2011. VA in the trade sector has been hesitant since 2011q4, edging up and down by +0.3 to -0.4 % on a quarterly basis. In the first quarter of 2013, it went up by 0.3 % compared to the previous quarter, while annual change was still negative at -1.2 % (from -0.6 % in 2012q4).

Chart 67: Change in trade* employment and value added in the EU



Source: Eurostat, national accounts [namq_nace10_k] and [namq_nace10_e].
Note: * The trade sector comprises wholesale and retail trade, transport, accommodation and food service activities.

In this unsettled context, the number of jobs in retail and wholesale trade started, just like EU total employment did, to stagnate and decline again in the third quarter of 2011, after rising somewhat for six quarters in a row. It then went down by -0.1 to -0.3 % quarter-on-quarter, but edged up by 0.1 % in 2013q1 (see Chart 67). After five quarters in positive territory, the y-o-y growth turned negative (-0.1 %) in the first quarter of 2012. In 2013q1, annual decline stood at -0.3 %, dragged down by steep declines in Greece (-8.7 % until 2012q4), Spain (-4.3 % until 2013q1), Portugal and Slovenia (both -2.7 %), but supported by rises in Latvia (+7.7 %), Finland (+2.6 %), the United Kingdom (+1.9 %) and Romania (+1.7 %), just to quote some significant changes.

In April 2013, compared with March 2013, the volume of retail trade fell by 0.7 % in the EU. Compared with April 2012, the retail sales index dropped by 0.6 %. Over the same twelve months, fall of 2.2 % at EU level was recorded in "food, drinks and tobacco", while a rise of 0.6 % was seen in the non-food sector. Among the Member States for which data are available, total retail trade fell in nine and rose in twelve. The largest decreases were observed in Spain (-6.5 %), Slovenia (-4.9 %) and Malta (-4.3 %), and the highest increases in Latvia (+6.2 %), Lithuania and Hungary (both +3.3 %).

Eurozone downturn remained solid in May but eased for both manufacturing and services…

The downturn in the eurozone service sector remained solid in May, despite easing for the second month running. Rates of decline eased for both manufacturing production and service sector business activity, reaching 15- and three-month lows respectively.

At 47.7, the final Markit Eurozone PMI Composite Output Index[76] was in line with its earlier flash estimate and above April's 46.9. Germany edged out of contraction territory in May, as an improvement in its manufacturing sector offset a slight decrease in service sector business activity. Although the downturns in France, Spain and Italy all remained marked, rates of contraction eased to a five-month low in France, 23-month low in Spain and stabilised in Italy. At 47.2, up from 47.0 in April, the Services Business Activity Index was below its earlier flash estimate of 47.5 and has now signalled contraction for 16 consecutive months. Services output fell across the big-four Eurozone nations in May. The contraction in Germany remained only marginal, while the rate of decline in Spain eased sharply to a 23-month low. Italy was the only nation to report a faster contraction of business activity.

… while employment remains depressed

Job losses were reported for the seventeenth successive month during May. This reflected payroll numbers falling further in France, Italy and Spain, and declining for the first time in four months in Germany. Spare capacity remained available despite job losses, as signalled by further depletion of backlogs of work.

[76] The seasonally adjusted EU Productivity PMI® is a single-figure indicator of productivity, derived from Markit's national manufacturing and services PMI survey data. Readings above 50.0 signal an improvement in productivity compared with one month previously, and readings below 50.0 a deterioration. More information on: www.markiteconomics.com.

> Sectoral Focus: Financial and insurance activities

The financial and insurance sector[77] has been at the origin of the crisis and has recently seen deteriorating performances, though the impact of that on jobs has so far been relatively contained. Recent regulatory measures imposed on the sector have been designed to help limit excessive risks for it and for the economy as a whole. This may have a limited negative impact on the sector in the short run, but should be positive for the entire economy in the long run.

Importance of financial and insurance services in the EU and selected MS

In 2012, the financial and insurance services sector generated roughly €640 billion of value added across the EU and employed 6.1 million people in the 27 Member States. That accounts for 5.7% of the value added produced by all sectors at EU level and 2.7% of the EU's total workforce.[78] Comparing these two percentages, it is fair to say this is a highly productive industry.

At country level, the shares held by the sector within total employment ranged from 1.1% in Romania, 1.4% in Lithuania and 1.7% in Estonia to 11.2% in Luxembourg, 5.1% in Cyprus, 5.0% in Ireland, 3.9% in Malta and 3.5% in the UK. Among the large Member States, the UK has the highest share, followed by France (3.1%).[79] In terms of share in GDP, Luxembourg comes top, at roughly 23%, while other Member States have shares of between 2.5% and 10%.

Sector that triggered the current socio-economic crisis …

The on-going economic and social crisis in most developed economies mainly stems from the unprecedented financial crisis that first hit the global economy in the summer of 2007. Although its size and extent are exceptional, the financial and ensuing economic crises have many features in common with similar financial stress-driven recessions in the past. The crisis was preceded by a long period of rapid credit growth, low-risk premiums, abundant availability of liquidity, strong leveraging, soaring asset prices and bubbles in the real estate sector. Over-stretched leveraging positions rendered financial institutions extremely vulnerable to corrections in asset markets. As a result, an incident in a relatively small corner of the global financial system (the US subprime market bust, followed by the default of Lehman Brothers in September 2008) was enough to threaten to topple the whole structure and to harm confidence for a long time.

From 2008 onwards, the EU economy entered the steepest downturn on record since the 1930s. GDP receded by a record 4.3% in 2009 alone and, in spite of a tentative recovery in 2010-11, remained, in 2012, 1.1% below the level of 2008. The impact on employment has been even more dramatic, as 2.3% of jobs were lost over that four-year period, while unemployment skyrocketed by more than 50% across the EU, with 8.5 million more unemployed than before the crisis. Large-scale bank runs have been avoided, monetary policy has been eased aggressively, and, at first, governments set substantial fiscal stimuli in motion. Countries in Europe or elsewhere have not resorted to protectionism, as happened in the Great Depression of the 1930s. Governments gave massive support to the banking sector, at a tremendous cost to public finances in many Member States.[80] Much of this gradually turned into skyrocketing

[77] NACE Rev.2 code K.

[78] In the EU-15 (older Member States), the share of financial and insurance activities in total employment increased over time in most countries. In the EU-15 the shares increased from 2.5% in 1975 to slightly above 3% in 1995. See WiiW-Applica's 2012 study 'Monitoring of sectoral employment' (main report: http://ec.europa.eu/social/BlobServlet?docId=7418&langId=en).

[79] Eurostat, National Accounts by 10 branches — volumes [nama_nace10_k] and employment [nama_nace10_e]. Latest available data for FR and the UK are for 2011.

[80] In 2012 public interventions to support financial institutions increased government deficits in a majority of Member States that reported such interventions. The increase was particularly large in Greece (4.0 pps of GDP) and Spain (3.6 pps of GDP). By autumn 2011, EU Member States had committed €4.6 trillion to bail out the financial sector during the crisis. In addition, the financial sector has benefited from low taxes in recent years. The financial sector enjoys a tax advantage of approximately €18 billion per year because of VAT exemption on financial services. See http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-SF-13-010 and http://europa.eu/rapid/press-release_IP-11-1085_en.htm for more details. Moreover the

public debt, now amounting to more than 90 % of GDP on average in the euro area. Growing deficits and debt pushed governments in most Member States to adopt more or less severe fiscal austerity measures, which have generally been accompanied by worsening social and employment outcomes.[81]

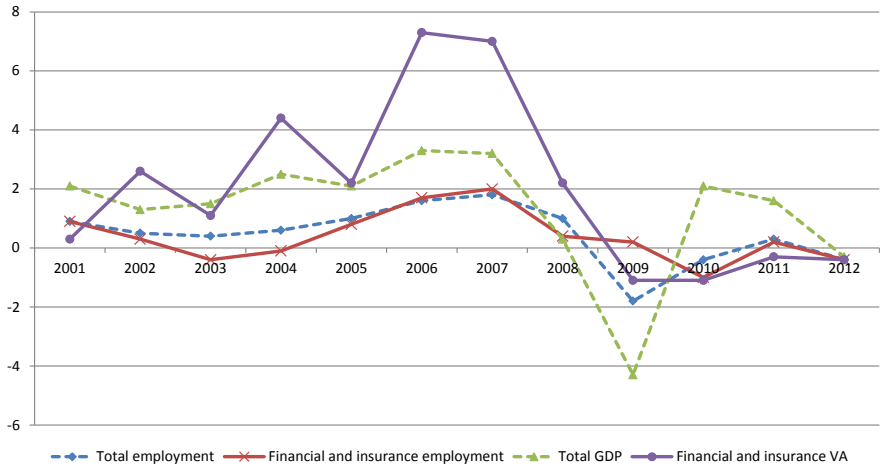
However, this support to the financial sector was not granted without conditions or repercussions. The EU institutions and governments embarked on a series of measures to improve regulation of the financial sector, trying to make it pay its fair share of future bank bail-outs, and to prevent the repetition of any large-scale financial crises. Financial and insurance activities have been subject to tighter oversight and regulation over recent years.[82]

… but so far relatively spared in terms of jobs, while years of extravagant growth are over

Consolidation in the financial sector had started well before the 2007-2008 financial crisis. Over the past decade, the number of EU-27 credit institutions shrank by some 1 500, with just over 8 060 remaining by the end of 2011. This continuing financial consolidation has been accompanied by solid bank asset growth. Total aggregated assets saw a 85 % rise in 2011 compared with 2001. Over the same period, the loan base grew by 69 % to finance EU businesses and private customers, and 79 % more deposits are now held by the EU banks.[83] Looking further back, while productivity tended to decrease until the 1990s in the financial and insurance activities sector, employment expanded considerably across the EU-15 (except during recessions). And only the financial and insurance activities sector had weathered all three past crises (1980s, 1990s and the 'dot-com' crisis) without any losses in value added, unlike all other sectors, which saw declines during one crisis or another.[84]

Consolidation has gone on and accelerated over the last couple of years. Moreover, after years of unprecedented growth (+7.3 % in 2006 and 7.0 % in 2007), value added did decline notably in the sector, down by 2.9 % in the 2008-2012 period (constant prices), against -0.9 % in the entire economy. Declines were most dramatic in Latvia (-21.5 %), Greece (-19.5 %), Estonia (-19.2 %), Poland (-16.0 %), Hungary (-12.4 %), Luxembourg (-11.6 %), Spain (-10.7 %) and the UK (-10.1 %), while significant rises were seen only in Bulgaria (+13.8 %), Cyprus (+12.3 %), Italy (+9.4 %) and Lithuania (+7.2 %).

Chart 68: Developments (y-o-y changes) in value added and employment in the EU: total economy vs financial and insurance activities



Source: Eurostat, National accounts.
Note: For GDP and VA: chain-linked volumes, reference year 2005 (at 2005 exchange rates).

European Stability Mechanism (ESM), a permanent crisis resolution mechanism, was put in place in the countries of the euro area. See more details under http://www.esm.europa.eu.

[81] See Special Focus on the social and employment impact of fiscal consolidation in the March 2013 edition of the Quarterly Review.

[82] Find more information on Financial Supervision under http://ec.europa.eu/internal_market/finances/committees/.

[83] Source: European Banking Federation (www.ebf-fbe.eu).

[84] Source: WiiW-Applica (2012).

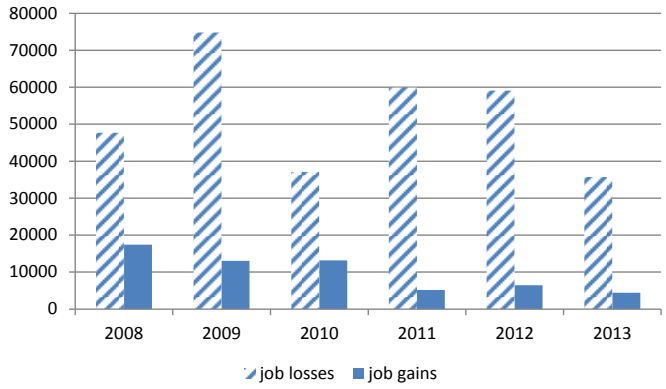
In terms of jobs, the sector has fared relatively better than the economy as a whole. Employment in financial and insurance activities went down by 1.1 % between 2008 and 2012, while it fell by 2.3 % across all sectors (see Chart 68). Latvia (-21.8 %), Spain (-12.2 %), Denmark (-11.8 %), Lithuania (-9.8 %), the Netherlands (-8.7 %), Ireland (-5.4 %), Sweden (-5.2 %) and the United Kingdom (-5.2 %[85]) were hit hardest by the decline in financial and insurance employment over that four-year period, while significant increases were seen in Poland (+18.5 %), Malta (+11.7 %), Finland (+7.4 %) and the Czech Republic (+6.2 %). In 2012 alone, the sector lost 0.4 % of its workforce, just like the EU's entire economy; declines of 7.1 %, 6.0 % and 5.6 % respectively were recorded in Lithuania, Bulgaria and Spain, while the only notable rises were seen in the Czech Republic (+4.9 %), Poland (+3.9 %) and Estonia (+3.0 %).

Large impact of internal restructuring on the sector since 2008

The financial sector has been deeply affected by the economic crisis, and as a consequence the number of restructuring-related cases in the financial and insurance activities sector reported in the European Restructuring Monitor (ERM)[86] is considerably high. 578 cases of restructuring were reported in the financial sector during 2008-2013. In that period, 135 cases related to business expansion, 13 related to bankruptcies (33 counting closures and bankruptcies together), 20 related to outsourcing/offshoring and relocation, 35 cases to mergers and acquisitions, while 341 cases were of internal restructuring.

Chart 69 depicts the trend of restructuring as reported in the ERM, excluding EU and world cases. Since 2008 the financial sector has undergone substantial restructuring activity. In total, between 2008 and 2013 the ERM recorded 315 998 job losses, with a peak in 2011 when Lloyds Banking Group laid off 15 000 employees in the United Kingdom, out of a total number of 100 000 units. In the same period, 59 570 job gains were recorded, with a peak in 2008 when Société Générale announced 5 500 new jobs. The highest number of aggregate job losses was recorded in 2009 (74 744 jobs), while the lowest in 2010 (37 021 jobs) and 2013 (35 687 jobs however this refers only to January-May 2013).

Chart 69: Announced job losses and gains in the financial and insurance activities sector in the EU, between 2008 and 2013*



Source: Eurofound, ERM.
Note: * For 2013, the picture is limited to the January-May period.

Between 2011 and 2013 alone, the ERM reported that 154 588 jobs were lost, while only 15 990 jobs were created in the sector. Top cases of restructuring related job losses in financial sector include the Lloyds Banking Group which announced in 2011 plans to cut 15 000 jobs in the UK by 2014. The group had already announced 27 000 job losses between 2009 and 2010. Italian banking group Unicredit, announced in 2011 plans to cut 5 200 jobs in Italy between 2011 and

[85] Latest available data for the UK: 2011 (comparison for the 2008-11 period).
[86] Source: Eurofound. The ERM monitors the employment impact of large-scale restructuring events in the 27 EU Member States plus Norway. Data in this report are based on an extraction from the ERM database on 7 June 2013. Totals exclude World / EU cases in order to avoid double counting. As the database is continually updated in light of new information on recent cases, data reported here may not correspond exactly to later extractions. For more information, please visit the website: www.eurofound.europa.eu/emcc/erm/index.htm.

2015. The job cuts should be mainly enacted via voluntary means. These losses are part of a restructuring plan envisaging 7 290 job losses in Western Europe before the end of 2015. Restructuring activity involving job gains for the sector is quite limited. The largest number of job gains were recorded as La Banque Postale, as the group La Poste announced in May 2013 the recruitment of 1 000 employees in 2013 and a further 1 000 in 2014.

Mixed sentiment but secured perspectives

In May 2013, while the Business Climate Indicator (BCI)[87] for the euro area generally improved (+0.28 point to -0.76), financial and insurance activities confidence fell sharply, by 3.6 points, to -2.1, driven by deterioration in all components (past business situation, past demand and demand expectations), except trends in employment over the past three months (up by 3.8 points). Compared to May 2012, overall confidence in the sector improved (+8.2 points), driven mainly by a rise in expected demand over the next three months (+15.3 points) and a rise in employment over the past 3 months (+11.6 points).

Efforts to regulate the sector and to limit excessive risk will continue. Commissioner Michel Barnier called 2013 a 'pivotal year in the regulation of the banking sector'.[88] Recent decisions include the Financial Transaction Tax (FTT) to be implemented under enhanced cooperation by 11 Member States,[89] expected to deliver revenues of € 30-35 billion a year; entrusting the ECB with responsibility for the supervision of banks in the framework of the Single Supervisory Mechanism (SSM) and adapting the operating rules of the European Banking Authority (EBA) to this new framework; measures towards a genuine Banking Union;[90] and adopting the capital requirements directive ('CRD4'), which transposes into EU law the Basel III agreement. The Commission is also working on establishing a better regulation of the shadow banking system.

The lasting impact of the ECB's Outright Monetary Transactions (OMT) has markedly reduced perceived tail risks for the euro area and may contribute to restoring growth in the coming months. For the time being, financial markets appear less sensitive to adverse policy news and bank funding stress is easing on the back of an accommodative monetary policy. But banks' improved financing conditions are not reflected in credit growth, as credit markets remain fragmented.[91]

Financial services, which make up a highly-skilled sector well above the standards of other industries, will have to go on hiring highly skilled staff to improve the performance of the sector, as well as to establish a sustainable business model and assess risks correctly.[92] Restoring confidence in a sector whose very foundation is trust appears more essential than ever. This is vital not just for that sector, but also for the EU's 'real' economy as a whole.

SMEs, for instance, the biggest job providers in the EU,[93] need more support from financial institutions. So do young people entering the labour market, some of whom want to start their own business, but simply cannot, because of lack of financial support. The ECB's decision to cut its target rate from 0.75 % to the historically low 0.5 % on 2 May 2013 is expected to support the ailing euro economy[94] through consumption and investment, boosted by facilitated credit. The financial and insurance sector appears to be more crucial than ever to economic recovery.

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[87] Source: European Commission. See http://ec.europa.eu/economy_finance/db_indicators/surveys/ for more details.
[88] See http://ec.europa.eu/commission_2010-2014/barnier/headlines/speeches/2013/02/20130226_en.htm for more details.
[89] France, Germany, Belgium, Austria, Slovenia, Portugal, Greece, Slovakia, Italy, Spain, Estonia. See http://europa.eu/rapid/press-release_IP-13-115_en.htm for more details.
[90] This refers to strengthening the capacity of banks to manage properly the risks linked to their activities, aligning remuneration policies with sound and effective risk management and restructuring or closing down failed banks-Find more information on the Banking Union under http://ec.europa.eu/internal_market/finances/banking-union/index_en.htm.
[91] See the European Commission's Spring 2013 Economic Forecast for more details.
[92] See Skills scenarios for EU financial services: http://ec.europa.eu/social/main.jsp?langId=en&catId=782&newsId=535&furtherNews=yes.
[93] 85 % of net new jobs in the EU between 2002 and 2010 were created by small and medium sized enterprises (SMEs). SMEs account for two-thirds in total employment across the EU. More details at http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item_id=5708.
[94] Growth has been absent or negative since the end of 2011 in the EU and the euro area in particular. See Eurostat's Flash estimate for the first quarter of 2013 for more details: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-15052013-AP/EN/2-15052013-AP-EN.PDF.

Impact of restructuring on employment

The European Restructuring Monitor (ERM) recorded a total of 299 cases of restructuring between 1 March 2013 and 31 May 2013.[95]

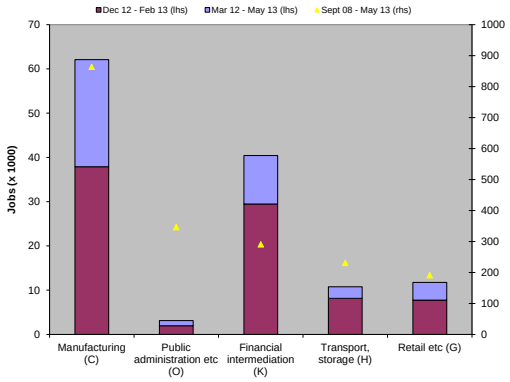
Announced job losses continued to outnumber announced job gains...

These cases involved 58 176 announced job losses and 38 485 announced job gains.

… with most of the recent job loss announcements relating to Germany

The member state with the largest announced job losses was Germany (16 356 jobs). Large job losses were also recorded in the United Kingdom (7 248), followed by France (4 683 jobs) and Italy (4 264 jobs), as highlighted by Chart 70.

Chart 70: Announced job losses for selected Member States



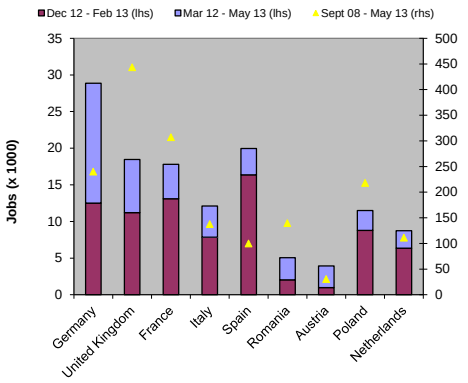
Source: Eurofound, ERM.

Manufacturing was the sector most affected by announced restructuring job losses…

Between March and May 2013, manufacturing (24 199 jobs) was the sector the most affected by announced job losses. As shown on Chart 71, other significantly affected sectors included financial intermediation (10 937 jobs), retail (4 024 jobs) and electricity, gas steam and air conditioning supply (3 878 jobs).

In manufacturing, the biggest case of announced job losses relates to the announcement of German multinational Siemens which announced a worldwide restructuring plan envisaging at least 3 000 job losses by end of 2014. The majority of job losses will affect Siemens industry divisions in Germany, where about 2 400 jobs will be lost. Of these jobs, 200 positions will be offshored to the Czech Republic. A further 500 jobs will be lost at Siemens' unit in Austria, while losses are also envisaged in Siemens' unit in Pakistan. Several job losses have also been announced as ISD Częstochowa steel mill announced a voluntary dismissal programme affecting 1 500 people in Poland. The voluntary dismissal programme shall be implemented by end of June 2013. Large losses in manufacturing have also been recorded in the quarter as German multinational steel company ThyssenKrupp announced its plan to cut 1 500 jobs in Germany. Most of the job reduction measures will focus on ThyssenKrupp's administrative center in Essen and forced redundancies will be avoided. This restructuring plan is part of a larger cost-cutting plan announced by ThyssenKrupp in May, which envisages the elimination of 3 000 of its 15 000 administrative positions worldwide over the next three years. Further losses have also been recorded as Oltchim Ramnicu Valcea, a public Romanian chemical products company, announced it is to cut 1 020 jobs. The company went into insolvency at the beginning of 2013.

Chart 71: Announced job losses for selected sectors



Source: Eurofound, ERM.

In Financial intermediation, the largest announcement recorded in the ERM relates

[95] Source: Eurofound. Data in this report are based on an extraction from the ERM database on June 7th 2013. Totals exclude World / EU cases in order to avoid double counting. As the database is continually updated in light of new information on recent cases, data reported here may not correspond exactly to later extractions. For more information, please visit the website: www.eurofound.europa.eu/emcc/erm/index.htm

to German financial service provider Portigon, successor of defragmented former WestLB, which announced 2 450 redundancies by the end of 2016. Of these redundancies, 1 400 shall be implemented by the end of 2013. Additionally, Portigon aims to outsource 360 jobs in its IT section and will employ 500 employees in a service company. Royal Bank of Scotland (RBS) has announced plans to cut 1 400 jobs from its retail banking head office by the end of 2015. Almost half of the planned redundancies are likely to be made in Edinburgh. Affected positions include marketing, communications and other support services. Following its bail-out in 2008, RBS has already announced more than 35 000 job cuts. Several losses in the quarter have also been announced at financial group HSBC which announced it is to cut 1,149 jobs in the UK as part of its 2013-2016 restructuring plan. A total of 3 166 jobs will be affected by the restructuring plan, but 2 017 staff is expected to be redeployed while 1 149 jobs are expected to be lost. Further losses have also been recorded as UniCredit subsidiary HypoVereinsbank (HVB) announced it is to cut 800 jobs in Germany resulting from the closure of 45 branches.

In retail, several job losses relate to announcements of restructuring involving closures. The Phone House, a mobile phone retailer subsidiary of the US American Best Buy group announced the closure of its 328 shops in France by 2014, resulting in 654 job losses. Electrical appliances retailer Darty has announced the closure of its Spanish operations in June 2013, with a loss of 650 jobs. The decision is part of a corporate restructuring plan which also envisages 150 job losses in Italy as the company decided to sell its 20 stores. Austrian drugstore chain Dayli announced the closure of a distribution center and of 180 of its 885 stores, resulting in 560 job cuts. The Range, a supplier of garden and household appliances, will close in September 2013 its distribution center in Mitcheldean, UK resulting in the loss of 300 jobs. The company will move the center to Doncaster in a bid to improve efficiency of the business. The company stated it will try to reemploy as many of the dismissed employees as possible.

In electricity, gas steam and air conditioning supply, almost 2/3 of all the announced job losses in the sector relate to a single announcement of restructuring. Swedish energy provider Vattenfall announced a restructuring plan envisaging about 2 450 staff by 2015 across several EU countries. Most of these job cuts will take place in Germany (1 500 positions), followed by the Netherlands (500) and Sweden (400). The remainder 50 job cuts will take place in other countries where Vattenfall operates (Denmark, Finland, Poland and the UK). Further losses in the sector have also been recorded as state-owned Romanian company Hidroelectrica announced the dismissal of 650 employees by the end of 2013. The first 304 employees have been laid-off in May 2013. Several losses have also been announced as A2A, an Italian utility company, announced plans to cut 400 jobs (out of 11 800).

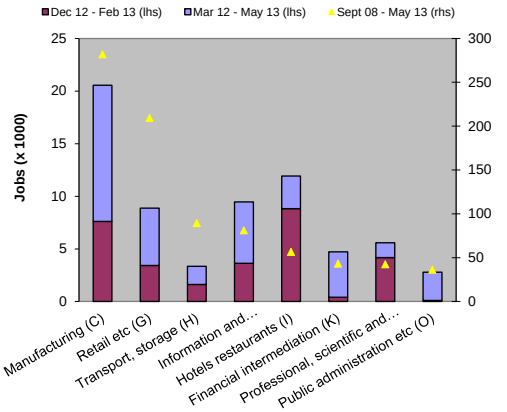
Between March and May 2013, the top 6 restructuring cases involving announced job losses were:

Announced	Company	job losses	Location	Sector	Type of restructuring
19/04/2013	Portigon	2450	Germany	Financial intermediation	Internal restructuring
11/04/2013	Siemens Industry Sector	2400	Germany	Manufacturing	Internal restructuring
14/05/2013	ISD Częstochowa	1500	Poland	Manufacturing	Internal restructuring
15/05/2013	ThyssenKrupp	1500	Germany	Manufacturing	Internal restructuring
07/03/2013	Vattenfall	1500	Germany	Electricity, gas, steam etc.	Internal restructuring
20/03/2013	Veolia Water France	1500	France	Water supply; sewerage, etc.	Internal restructuring

… while manufacturing accounted for the majority of business expansion...

Manufacturing was the sector with the most announced new jobs (12 947 jobs), followed by information and communication (5 838 jobs), retail (5 451 jobs) and financial intermediation (4 315 jobs). See Chart 72.

Chart 72: Announced job gains for selected sectors



Source: Eurofound, ERM.

In manufacturing, the largest cases of new jobs announced during the quarter relate to announcements in auto-manufacturing. Multinational automotive manufacturing company Audi announced it is to create 1 500 jobs in Germany by the end of 2013. Additionally, Audi plans to employ 700 people in apprenticeship or training schemes. German automotive supplier ZF

Friedrichshafen announced it will create 1 000 jobs in Germany until the end of 2013. In December 2012, ZF Friedrichshafen had already announced a plan to create 4 500 jobs worldwide in 2013. Moreover, 700 new jobs have been announced by car manufacturer Jaguar Land Rover. The new jobs will be created at the company's engine factory in Wolverhampton, UK by end of 2013. In addition, by end of 2013, 500 new jobs have been announced at BMW German plant in Leipzig. Furthermore in Romania, Leoni Wiring Systems Arad, the Romanian subsidiary of the German group Leoni which produces cable systems for cars, announced it is to create 500 new jobs in Romania by end of 2013. While, Hella Electronics Romania, a manufacturer of electronic components for the automotive industry, announced 500 new jobs at the administrative units of its new corporate center in Giarmata. Several new jobs in manufacturing have also been announced as wiring harness manufacturer Inter Groclin Auto announced its plan to create 600 jobs at its plant in Grodzisk Wielkopolski, Poland, by the end of 2013.

In information and communications, the largest case of job gains relates to the announcement of IT consultancy company Sopra Group which plans to recruit 1 600 employees in France in 2013 (2 500 worldwide). The company will mainly recruit young graduates of engineering and business schools. Other large gains in IT have been announced as Atos Origin Polska, subsidiary of the multinational IT company Atos Origin, announced it plans to create 500 jobs at its unit in Bydgoszcz, Poland, by the end of 2013. Moreover, Sabre Polish, Polish subsidiary of the global IT services company Sabre, announced it is to create 400 new jobs in Krakow, by end of 2013. The new jobs will be created in the area of helpdesk support services. Furthermore, German IT-service provider Bechtle announced it will create 400 new jobs until the end of 2013. In 2012, Bechtle had already recruited 500 workers.

Other large job gains in the sector include large job gains in telecommunications: British Telecom has announced 600 new engineering jobs in the UK as it plans to expand its operations installing household broadband connections. 200 of these new jobs are reserved for former military personnel. The company has also announced the establishment of a 2.5 years apprenticeship scheme for 400 new recruits. BSkyB, a provider of TV, broadband and fixed telephony services, has announced plans to create 550 new jobs across the UK. Of these, 350 new jobs will be created in Newcastle and will include managers, trainers and service advisors; the remaining posts will comprise sales representatives across the UK.

In retail, the largest case of job gains relates to the announcement of 1 300 new jobs in Belgium made by French sporting goods retailer chain Decathlon. The company plans to open a new outlet by the end of 2013 in Verviers and two other ones during 2014 in Evere and Turnhout. This is part of a plan to open 30 new stores in Belgium by 2018. Several new jobs have also been announced at discount retailer 99 p stores which plans to create 500 new jobs in Scotland over the next three years. The company plans to open 25 new stores, with the first opening in May 2013.

Between March and May 2013, the top 5 restructuring cases involving announced job gains were:

Announced	Company	job gains	Location	Sector
14/05/2013	Banque Postale	2000	France	Financial intermediation
25/03/2013	Pôle Emploi	2000	France	Public administration
07/03/2013	Sopra Group France	1600	France	I & C
12/03/2013	Audi	1500	Germany	Manufacturing
22/05/2013	Decathlon	1300	Belgium	Retail

Annex 1: Selected statistics

Table 19: Real GDP growth [namq_gdp_k]

	% change on previous quarter					% change on previous year				
	2012				2013	2012				2013
	q1	q2	q3	q4	q1	q1	q2	q3	q4	q1
BE	0.1	-0.4	0.0	-0.1	0.0	0.2	-0.4	-0.4	-0.5	-0.6
BG	0.3	0.1	0.1	0.1	0.1	1.2	0.8	0.7	0.6	0.4
CZ	-0.5	-0.5	-0.3	-0.3	-1.1	-0.4	-1.1	-1.4	-1.6	-2.2
DK	0.2	-0.9	0.8	-0.7	:	0.1	-1.3	0.0	-0.7	:
DE	0.6	0.2	0.2	-0.7	0.1	1.3	1.0	0.9	0.3	-0.3
EE	0.8	0.3	1.4	0.6	-1.0	4.0	2.8	3.1	3.0	1.3
IE	-0.3	0.7	-0.4	0.0	:	2.1	0.8	0.9	0.0	:
EL	:	:	:	:	:	:	:	:	:	:
ES	-0.4	-0.4	-0.3	-0.8	-0.5	-0.7	-1.4	-1.6	-1.9	-2.0
FR	0.0	-0.2	0.1	-0.2	-0.2	0.3	0.1	0.0	-0.3	-0.4
IT	-1.0	-0.6	-0.3	-0.9	-0.6	-1.7	-2.5	-2.6	-2.8	-2.4
CY	-0.7	-0.9	-0.6	-1.1	:	-1.6	-2.5	-2.3	-3.3	:
LV	1.2	1.4	1.7	1.4	1.4	5.6	5.0	5.4	5.8	6.0
LT	0.3	0.6	1.5	0.7	1.3	4.3	3.1	3.8	3.1	4.1
LU	0.0	0.5	-0.5	1.6	:	-0.3	0.6	-0.5	1.6	:
HU	-1.4	-0.6	0.0	-0.4	0.7	-1.3	-1.7	-1.8	-2.4	-0.3
MT	-0.4	1.8	0.9	-0.2	:	-1.2	1.5	3.0	2.2	:
NL	0.1	0.2	-1.0	-0.4	-0.1	-0.9	-0.5	-1.3	-1.2	-1.3
AT	0.5	0.1	0.0	-0.1	0.0	1.1	0.9	0.9	0.5	0.0
PL	0.3	0.1	0.3	0.0	0.1	3.5	2.2	1.7	0.7	0.5
PT	-0.1	-1.1	-0.9	-1.8	-0.4	-2.3	-3.2	-3.6	-3.8	-4.0
RO	-0.3	0.9	-0.4	1.0	0.7	0.4	1.8	-0.5	1.2	2.2
SI	-0.2	-1.1	-0.6	-1.0	-0.7	-0.8	-2.3	-2.8	-2.8	-3.3
SK	0.4	0.3	0.2	0.1	0.2	2.9	2.3	1.9	1.0	0.8
FI	0.5	-1.3	0.0	-0.7	-0.1	1.6	0.1	-0.7	-1.6	-2.2
SE	0.5	0.8	0.2	0.1	0.6	1.1	1.4	0.3	1.5	1.7
UK	-0.1	-0.4	0.9	-0.3	0.3	0.5	0.0	0.4	0.2	0.6
EU27	0.0	-0.2	0.1	-0.5	-0.1	0.2	-0.3	-0.4	-0.7	-0.7

Source: Eurostat, national accounts.Seasonally adjusted and adjusted data by w orking days

Table 20: Employment growth [namq_nace10_e]

	% change on previous quarter					% change on previous year				
	2012				2013	2012				2013
	q1	q2	q3	q4	q1	q1	q2	q3	q4	q1
BE	-0.2	0.0	-0.1	0.0	-0.1	0.7	0.2	0.0	-0.2	-0.2
BG	-1.3	-1.4	-0.9	-1.4	3.9	-3.8	-4.8	-3.9	-4.9	0.1
CZ	0.4	0.2	0.1	0.0	0.6	0.0	0.3	0.5	0.8	1.1
DK	-0.1	-0.1	0.3	-0.3	-0.3	-0.3	-0.6	-0.1	-0.2	-0.4
DE	0.4	0.2	0.2	0.1	0.2	1.4	1.2	1.0	0.9	0.7
EE	1.2	0.8	0.1	-0.9	2.3	3.2	3.1	1.2	1.2	2.3
IE	-0.6	-0.2	0.2	0.6	0.4	-0.9	-1.4	-0.2	0.1	1.1
EL	-2.2	-2.2	-2.2	0.0	-2.3	-8.8	-9.1	-8.9	-6.5	-6.5
ES	-1.8	-0.6	-0.7	-1.4	-1.3	-3.8	-4.5	-4.3	-4.5	-4.3
FR	0.0	0.0	-0.1	-0.1	-0.1	0.2	0.0	-0.1	-0.3	-0.3
IT	-0.2	0.3	0.4	-0.5	-1.2	-0.9	-0.8	0.5	-0.1	-1.4
CY	-1.8	-1.0	-1.0	-1.2	-1.3	-3.3	-4.1	-4.2	-4.8	-4.8
LV	-0.9	1.1	1.7	0.8	1.0	1.9	2.0	3.5	2.8	4.8
LT	-4.3	-1.3	-1.0	-2.0	2.4	-6.5	-7.0	-5.5	-7.7	1.1
LU	0.7	0.5	0.4	0.5	0.1	2.7	2.3	2.1	2.1	1.6
HU	0.0	0.5	-0.5	-0.1	0.0	0.1	0.7	-0.5	-0.1	-0.1
MT	1.0	-0.7	1.7	0.6	0.3	2.3	1.8	2.1	2.5	1.8
NL	0.0	-0.1	-0.3	-0.1	-0.2	0.2	0.2	-0.4	-0.4	-0.7
AT	0.3	0.1	0.2	0.1	0.3	1.6	1.2	1.0	0.7	0.7
PL	-2.3	-0.3	-0.6	-0.3	0.2	-3.1	-3.6	-3.5	-3.5	-0.6
PT	-1.2	-0.4	-0.7	-2.0	-2.2	-4.3	-4.2	-4.1	-4.3	-5.2
RO	:	:	:	:	:	-0.5	1.8	2.7	2.1	3.0
SI	-0.1	-0.5	-0.7	-0.8	-0.8	-0.7	-0.9	-1.4	-2.0	-2.7
SK	0.1	-0.1	-0.1	-0.4	-0.3	0.6	0.2	-0.1	-0.6	-1.0
FI	-0.2	0.1	-0.3	-0.2	-0.4	1.0	0.2	0.3	-0.4	-0.9
SE	0.1	0.1	0.2	0.2	0.3	1.0	0.7	0.6	0.5	0.8
UK	0.4	0.7	0.3	0.6	-0.1	0.2	0.9	1.8	2.1	1.4
EU27	-0.2	0.0	-0.1	-0.1	-0.2	-0.5	-0.6	-0.4	-0.5	-0.4

Source: Eurostat, national accounts. Seasonally adjusted and adjusted data by w orking days for changes on previous quarter; non seasonally adjusted for changes on same quarter of previous year.
Note: : not available

Table 21: Temporary employees as a percentage of the total number of employees (%) [lfsq_etpga]

	2011q4	2012q1	2012q2	2012q3	2012q4	2012q4 change on previous year (pps)
BE	9.1	8.1	8.1	8.1	8.1	-1.0
BG	3.8	3.1	4.8	5.5	4.3	0.5
CZ	8.0	7.4	8.3	8.9	8.7	0.7
DK	8.9	8.7	8.6	8.7	8.2	-0.7
DE	15.3	13.9	13.8	14.0	14.1	-1.2
EE	4.4	3.0	3.1	4.0	4.1	-0.3
IE	10.1	10.4	10.3	10.3	9.6	-0.5
EL	10.8	9.7	9.9	10.6	9.8	-1.0
ES	25.0	23.8	23.7	24.1	23.0	-2.0
FR	15.0	14.5	15.3	15.6	15.0	0.0
IT	13.6	13.1	14.2	14.2	13.7	0.1
CY	14.4	13.4	15.3	15.7	16.0	1.6
LV	5.4	4.4	4.7	5.2	4.8	-0.6
LT	2.5	1.5	2.9	3.3	2.6	0.1
LU	8.7	6.2	7.5	9.3	7.3	-1.4
HU	8.8	8.0	9.6	10.2	9.9	1.1
MT	6.8	6.6	6.6	6.9	7.3	0.5
NL	18.8	18.6	19.1	19.7	19.8	1.0
AT	9.5	9.5	9.0	9.8	8.9	-0.6
PL	27.2	26.5	27.3	26.7	26.5	-0.7
PT	21.2	20.1	21.0	21.3	20.4	-0.8
RO	1.1	1.5	1.9	1.9	1.5	0.4
SI	19.2	18.0	16.7	16.8	16.5	-2.7
SK	6.8	6.9	6.9	6.8	6.3	-0.5
FI	14.1	13.4	17.3	17.0	14.1	0.0
SE	16.0	14.8	16.5	17.0	15.1	-0.9
UK	6.1	5.9	6.1	6.3	6.4	0.3
EU27	14.1	13.3	13.8	14.0	13.6	-0.5
Men	14.1	13.3	13.8	14.0	13.6	-0.5
Women	13.6	12.8	13.3	13.6	13.1	-0.5

Source: Eurostat, EU LFS. Data non-seasonally adjusted. (from 15 to 64 years)

Table 22: Part-time employment as a percentage of the total employment (%) [lfsq_eppga] (share of employees)

	2011q4	2012q1	2012q2	2012q3	2012q4	2012q4 change on previous year (pps)
BE	24.8	26.4	24.5	23.6	24.4	-0.4
BG	2.1	2.1	2.5	2.2	2.1	0.0
CZ	4.5	4.5	4.9	5.0	5.4	0.9
DK	24.5	26.4	25.5	24.0	23.4	-1.1
DE	25.5	25.8	25.8	25.5	25.6	0.1
EE	8.8	9.2	9.7	8.6	9.2	0.4
IE	23.1	23.0	23.4	23.7	23.8	0.7
EL	6.9	7.0	7.2	7.7	8.3	1.4
ES	13.7	14.3	14.8	14.3	15.2	1.5
FR	17.9	17.9	17.9	17.3	17.6	-0.3
IT	15.9	16.5	17.0	16.5	17.2	1.3
CY	9.1	9.7	9.4	8.8	10.7	1.6
LV	9.4	9.9	9.2	8.9	7.8	-1.6
LT	8.8	9.4	8.5	8.4	9.0	0.2
LU	17.5	19.0	18.7	17.6	18.9	1.4
HU	6.5	6.3	6.5	6.7	6.8	0.3
MT	12.1	13.0	12.6	13.9	13.3	1.2
NL	48.8	49.0	49.1	49.1	49.6	0.8
AT	24.4	25.2	24.8	24.4	25.0	0.6
PL	7.3	7.4	7.2	6.9	7.2	-0.1
PT	10.3	11.1	11.1	10.9	11.0	0.7
RO	9.1	9.0	9.5	9.4	8.4	-0.7
SI	9.7	10.1	8.5	8.3	9.3	-0.4
SK	3.9	4.0	4.0	3.9	4.0	0.1
FI	14.8	14.4	13.9	13.4	14.8	0.0
SE	25.4	25.6	25.1	24.0	25.2	-0.2
UK	25.6	26.0	26.1	25.8	25.7	0.1
EU27	18.9	19.3	19.3	19.0	19.3	0.4
Men	8.2	8.4	8.5	8.3	8.5	0.3
Women	31.7	32.2	32.2	31.7	32.1	0.4

Source: Eurostat, EU LFS. Data non-seasonally adjusted. (from 15 to 64 years)

Table 23: Employment rates 15-64 [lfsq_ergan]

	2011q4	2012q1	2012q2	2012q3	2012q4	2012q4 change on previous year (pps)
BE	62.2	61.5	61.8	62.1	61.9	-0.3
BG	58.6	56.9	58.3	60.6	59.4	0.8
CZ	66.1	65.6	66.5	67.1	67.0	0.9
DK	72.9	72.3	72.8	72.8	72.4	-0.5
DE	73.3	72.1	72.7	73.2	73.3	0.0
EE	65.8	66.0	67.1	68.1	67.2	1.4
IE	59.0	58.3	58.8	59.0	59.3	0.3
EL	53.5	52.3	51.7	51.0	50.2	-3.3
ES	56.8	55.7	55.7	55.6	54.6	-2.2
FR	63.6	63.4	64.1	64.4	63.8	0.2
IT	56.9	56.5	57.1	56.9	56.5	-0.4
CY	66.4	64.7	64.9	64.6	64.2	-2.2
LV	62.0	61.2	62.4	64.5	64.2	2.2
LT	61.3	60.6	62.3	63.3	62.4	1.1
LU	64.0	64.6	65.8	66.6	66.4	2.4
HU	56.5	55.7	57.2	58.2	57.8	1.3
MT	57.3	58.6	58.5	59.6	59.5	2.2
NL	75.3	74.9	75.1	75.3	75.0	-0.3
AT	72.3	71.4	72.6	73.6	72.4	0.1
PL	59.9	58.8	59.7	60.2	60.0	0.1
PT	62.9	62.2	62.5	62.0	60.5	-2.4
RO	57.9	58.0	60.0	60.8	59.3	1.4
SI	64.4	64.0	63.8	64.3	64.2	-0.2
SK	59.5	59.6	59.8	60.1	59.4	-0.1
FI	68.6	67.9	70.4	70.7	68.5	-0.1
SE	73.4	72.4	74.2	75.0	73.5	0.1
UK	69.6	69.4	69.8	70.5	70.8	1.2
EU27	64.3	63.6	64.3	64.6	64.2	-0.1
Men	70.0	69.1	69.8	70.4	69.8	-0.2
Women	58.5	58.2	58.7	58.9	58.7	0.2

Source: Eurostat, EU LFS. Data non-seasonally adjusted.

Table 24: Employment rates 20-64 [lfsq_ergan]

	2011q4	2012q1	2012q2	2012q3	2012q4	2012q4 change on previous year (pps)
BE	67.6	67.0	67.2	67.4	67.2	-0.4
BG	63.1	61.1	62.6	64.8	63.4	0.3
CZ	71.1	70.6	71.5	72.0	71.9	0.8
DK	75.8	75.3	75.5	75.6	75.3	-0.5
DE	77.0	75.9	76.8	77.1	77.1	0.1
EE	71.2	71.0	72.2	73.0	72.1	0.9
IE	63.9	63.2	63.7	63.8	64.1	0.2
EL	57.6	56.4	55.7	54.9	54.1	-3.5
ES	60.7	59.6	59.6	59.4	58.5	-2.2
FR	69.0	68.7	69.5	69.6	69.3	0.3
IT	61.1	60.7	61.3	61.0	60.8	-0.3
CY	72.1	70.3	70.7	70.0	69.8	-2.3
LV	67.5	66.2	67.5	69.7	69.3	1.8
LT	67.9	67.2	68.8	69.9	68.8	0.9
LU	69.6	70.3	71.5	72.1	71.7	2.1
HU	61.4	60.6	62.1	63.1	62.7	1.3
MT	61.3	62.8	62.6	63.3	63.9	2.6
NL	77.5	77.2	77.2	77.3	77.2	-0.3
AT	75.3	74.6	75.9	76.4	75.5	0.2
PL	64.9	63.9	64.8	65.2	65.0	0.1
PT	67.7	67.0	67.2	66.6	65.1	-2.6
RO	62.3	62.3	64.3	65.0	63.6	1.3
SI	68.5	68.3	68.1	68.3	68.5	0.0
SK	65.1	64.9	65.2	65.4	64.6	-0.5
FI	73.8	73.1	74.6	74.9	73.3	-0.5
SE	79.3	78.4	79.8	80.3	79.2	-0.1
UK	73.5	73.5	74.0	74.4	74.8	1.3
EU27	68.6	67.9	68.7	68.9	68.5	-0.1
Men	74.9	73.9	74.8	75.2	74.6	-0.3
Women	62.3	62.0	62.6	62.6	62.5	0.2

Source: Eurostat, EU LFS. Data non-seasonally adjusted.

Table 25: Unemployment rates [une_rt_m]

	2012 Apr	2012 Nov	2012 Dec	2013 Jan	2013 Feb	2013 Mar	2013 Apr	2013 Apr change on previous month (pps)	2013 Apr change on previous year (pps)
BE	7.5	8.0	8.1	8.1	8.2	8.2	8.4	0.2	0.9
BG	12.2	12.6	12.5	12.5	12.4	12.4	12.3	-0.1	0.1
CZ	6.9	7.2	7.2	7.1	7.2	7.2	7.2	0.0	0.3
DK	7.8	7.3	7.3	7.3	7.2	7.0	7.0	0.0	-0.8
DE	5.5	5.4	5.4	5.4	5.4	5.4	5.4	0.0	-0.1
EE	10.0	9.9	9.8	9.8	9.3	8.7	:	:	:
IE	14.9	14.3	14.0	13.8	13.7	13.7	13.5	-0.2	-1.4
EL	23.1	26.2	26.1	26.4	26.7	26.8	:	:	:
ES	24.4	26.2	26.2	26.4	26.6	26.7	26.8	0.1	2.4
FR	10.1	10.5	10.6	10.7	10.8	11.0	11.0	0.0	0.9
IT	10.6	11.3	11.4	11.9	11.9	11.9	12.0	0.1	1.4
CY	11.2	13.2	13.6	13.8	14.1	14.5	15.6	1.1	4.4
LV	15.3	13.8	13.8	12.4	12.4	12.4	:	:	:
LT	13.4	13.2	13.3	12.6	12.5	12.3	12.5	0.2	-0.9
LU	5.0	5.2	5.3	5.4	5.5	5.6	5.6	0.0	0.6
HU	11.1	10.9	11.0	11.1	11.1	10.6	:	:	:
MT	6.5	6.6	6.5	6.7	6.5	6.5	6.4	-0.1	-0.1
NL	5.2	5.6	5.8	6.0	6.2	6.4	6.5	0.1	1.3
AT	4.1	4.5	4.7	4.9	5.0	4.9	4.9	0.0	0.8
PL	10.0	10.4	10.4	10.6	10.6	10.7	10.8	0.1	0.8
PT	15.4	17.0	17.3	17.6	17.7	17.7	17.8	0.1	2.4
RO	7.2	6.7	6.7	7.0	7.1	7.2	7.3	0.1	0.1
SI	8.2	9.3	9.4	9.6	9.7	10.0	10.2	0.2	2.0
SK	13.7	14.4	14.4	14.5	14.6	14.5	14.5	0.0	0.8
FI	7.6	7.9	8.0	8.0	8.1	8.1	8.2	0.1	0.6
SE	7.6	8.4	8.0	8.0	8.2	8.4	8.4	0.0	0.8
UK	8.0	7.7	7.7	7.8	7.7	7.7	:	:	:
EU27	10.3	10.7	10.8	10.9	10.9	11.0	11.0	0.0	0.7
Men	10.3	10.6	10.7	10.8	10.9	10.9	11.0	0.1	0.7
Women	10.4	10.8	10.8	11.0	11.0	11.0	11.0	0.0	0.6

Source: Eurostat, EU LFS. Seasonally adjusted Data
Note: : not available

Table 26: Youth unemployment rates [une_rt_m]

	2012 Apr	2012 Nov	2012 Dec	2013 Jan	2013 Feb	2013 Mar	2013 Apr	2013 Apr change on previous month (pps)	2013 Apr change on previous year (pps)
BE	20.0	21.4	21.4	21.9	22.2	22.4	22.4	0.0	2.4
BG	28.9	28.5	28.4	28.8	29.0	29.1	28.9	-0.2	0.0
CZ	19.6	19.5	19.4	18.9	19.4	19.8	20.0	0.2	0.4
DK	15.0	14.2	14.1	13.4	12.8	12.3	12.2	-0.1	-2.8
DE	8.1	7.9	7.8	7.7	7.6	7.5	7.5	0.0	-0.6
EE	21.7	19.5	19.4	20.8	21.3	19.4	:	:	:
IE	31.3	28.8	28.7	29.0	28.7	27.6	26.6	-1.0	-4.7
EL	53.1	58.4	58.2	59.0	62.2	59.2	:	:	:
ES	52.0	55.2	55.5	55.7	55.9	56.0	56.4	0.4	4.4
FR	23.2	25.3	25.5	26.0	26.2	26.5	26.5	0.0	3.3
IT	34.6	38.0	37.9	38.9	38.6	40.3	40.5	0.2	5.9
CY	26.4	31.4	31.4	32.7	32.7	32.7	:	:	:
LV	29.3	24.6	24.6	21.9	21.9	21.9	:	:	:
LT	27.0	24.1	24.2	21.4	21.1	21.1	21.2	0.1	-5.8
LU	18.2	17.6	17.8	17.9	18.3	18.7	18.2	-0.5	0.0
HU	27.6	28.2	28.8	28.9	29.6	27.4	:	:	:
MT	14.3	14.3	14.1	14.5	14.6	14.7	14.7	0.0	0.4
NL	9.5	9.7	10.0	10.3	10.4	10.5	10.6	0.1	1.1
AT	9.0	8.4	9.1	9.5	8.8	7.9	8.0	0.1	-1.0
PL	26.0	27.6	27.7	27.7	27.6	27.5	27.6	0.1	1.6
PT	36.7	38.5	38.9	40.2	40.8	41.2	42.5	1.3	5.8
RO	23.1	22.2	22.2	:	:	:	:	:	:
SI	19.0	23.3	23.3	24.4	24.4	24.4	:	:	:
SK	34.8	35.0	34.7	34.5	34.5	34.1	33.6	-0.5	-1.2
FI	18.8	19.4	19.6	19.8	19.9	19.9	19.9	0.0	1.1
SE	21.9	24.7	24.2	23.6	24.6	25.1	24.7	-0.4	2.8
UK	21.4	20.5	20.9	20.6	20.2	20.0	:	:	:
EU27	22.6	23.2	23.3	23.5	23.4	23.4	23.5	0.1	0.9
Men	23.3	23.8	23.8	23.9	24.0	23.9	24.1	0.2	0.8
Women	21.8	22.6	22.7	22.9	22.8	22.8	22.8	0.0	1.0

Source: Eurostat, EU LFS. Seasonally adjusted Data
Note: : not available

Table 27: Long-term unemployment rates [une_ltu_q]

	2011q4	2012q1	2012q2	2012q3	2012q4	2012q4 change on previous year (pps)
BE	3.4	3.2	3.1	3.3	3.8	0.4
BG	6.4	6.9	6.9	6.5	6.8	0.4
CZ	2.7	3.1	3.0	3.0	3.1	0.4
DK	1.8	2.2	2.1	2.0	2.1	0.3
DE	2.6	2.7	2.5	2.5	2.3	-0.3
EE	6.7	6.8	5.3	5.1	4.8	-1.9
IE	9.2	9.6	9.4	9.0	8.3	-0.9
EL	10.9	12.4	13.5	15.0	16.8	5.9
ES	9.9	10.3	10.9	11.2	12.2	2.3
FR	4.1	4.1	4.0	4.1	4.2	0.1
IT	4.9	5.3	5.6	5.4	6.4	1.5
CY	2.2	2.7	3.2	3.9	4.4	2.2
LV	7.7	8.5	8.7	6.4	7.5	-0.2
LT	7.1	7.3	6.5	6.3	6.0	-1.1
LU	1.4	1.8	1.4	1.0	2.1	0.7
HU	4.9	5.0	4.9	4.7	5.1	0.2
MT	3.2	3.0	3.1	3.2	2.8	-0.4
NL	1.6	1.8	1.8	1.7	1.9	0.3
AT	1.1	1.0	1.1	1.2	1.1	0.0
PL	3.8	4.1	4.0	4.0	4.2	0.4
PT	6.7	6.9	7.3	8.0	8.8	2.1
RO	3.4	3.3	3.1	3.2	3.2	-0.2
SI	3.9	3.8	3.9	4.6	4.7	0.8
SK	9.5	9.4	9.1	9.2	9.9	0.4
FI	1.8	1.8	1.7	1.5	1.6	-0.2
SE	1.4	1.6	1.5	1.4	1.5	0.1
UK	2.7	2.8	2.8	2.8	2.7	0.0
EU27	4.3	4.5	4.6	4.6	4.9	0.6
Men	4.3	4.5	4.6	4.6	4.9	0.6
Women	4.3	4.5	4.6	4.6	4.9	0.6

Source: Eurostat, EU LFS. Data non-seasonally adjusted.

Table 28: Job vacancy rates [t_jvs]

	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1	12q4/11q4	13q1/12q1
BE	1.6	1.9	2.1	1.6	2.6	2.5	2.6	2.0	:	0.4	:
BG	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.6	:	-0.2	:
CZ	0.8	0.9	1.0	0.9	0.9	1.0	1.0	1.0	1.0	0.1	0.1
DK	1.4	1.3	1.1	1.0	1.2	1.3	1.2	1.1	:	0.1	:
DE	2.7	2.5	2.5	3.0	2.6	2.7	2.3	2.7	2.6	-0.3	0.0
EE	1.2	1.3	1.6	1.3	1.4	1.6	1.5	1.3	:	0.0	:
IE	0.7	0.6	0.6	0.6	0.7	0.6	0.6	0.6	:	0.0	:
EL	1.7	0.9	0.7	0.5	1.1	0.9	0.3	:	:	:	:
ES	1.1	1.1	1.0	0.8	0.8	0.8	0.7	0.7	:	-0.1	:
FR	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	-0.1	-0.1
IT	0.9	0.9	0.7	0.6	0.7	0.5	0.5	0.3	:	-0.3	:
CY	1.6	1.5	0.9	0.5	0.8	0.9	0.4	0.4	:	-0.1	:
LV	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	:	0.0	:
LT	0.9	0.8	1.1	0.6	0.9	0.8	1.2	0.7	0.8	0.1	-0.1
LU	0.8	1.0	0.8	0.6	0.8	0.8	0.8	0.6	:	0.0	:
HU	1.3	1.1	1.1	1.0	1.1	1.0	1.0	1.0	:	0.0	:
MT	2.7	3.6	3.0	2.8	3.4	3.3	3.7	3.0	:	0.2	:
NL	1.7	1.8	1.6	1.5	1.5	1.5	1.3	1.2	1.2	-0.3	-0.3
AT	2.3	2.1	1.9	1.8	2.0	2.0	1.9	1.5	1.9	-0.3	-0.1
PL	0.7	0.6	0.5	0.4	0.5	0.5	0.4	0.3	0.4	-0.1	-0.1
PT	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.3	:	-0.1	:
RO	0.7	0.7	0.7	0.5	0.6	0.6	0.6	0.6	0.7	0.1	0.1
SI	0.8	0.8	1.0	0.8	0.8	0.7	0.9	0.6	:	-0.2	:
SK	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.0	0.1
FI	2.7	2.3	1.8	1.6	3.3	2.3	1.7	1.5	:	-0.1	:
SE	1.6	1.8	1.4	1.3	1.8	1.8	1.3	1.2	1.7	-0.1	-0.1
UK	1.7	1.7	1.7	1.7	1.6	1.7	1.8	1.8	1.7	0.1	0.1
EU27	1.6	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.6	-0.1	0.1

Source: Eurostat, Job vacancy statistics. Data non-seasonally adjusted. NACE: B-S (Industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies). DK, IT: cover only sections B to N. FR: does not include section O. FR, IT, MT: includes only business units with 10 or more employees

Table 29: Labour productivity per person employed

	Annual % change			% change on previous quarter					% change on previous year				
	2010	2011	2012	2012				2013	2012				2013
				q1	q2	q3	q4	q1	q1	q2	q3	q4	q1
EU-27	2.5	1.3	0.1	0.2	-0.2	0.1	-0.4	0.2	0.5	0.2	-0.1	-0.3	-0.3
EURO	2.5	1.2	0.0	0.2	-0.1	0.0	-0.3	0.3	0.4	0.3	-0.1	-0.3	-0.2
BE	1.7	0.5	-0.5	0.2	-0.4	0.0	-0.1	0.1	-0.4	-0.7	-0.5	-0.3	-0.4
BG	5.3	5.4	5.4	1.7	1.6	1.1	1.5	-3.6	5.1	5.4	5.0	5.8	0.4
CZ	3.5	1.9	-1.7	-0.9	-0.7	-0.4	-0.4	-1.7	-0.4	-1.4	-2.0	-2.4	-3.2
DK	3.9	1.5	-0.1	0.4	-0.8	0.5	-0.6	0.5	0.4	-0.7	0.2	-0.5	-0.4
DE	3.6	1.6	-0.4	0.3	0.0	0.0	-0.8	-0.2	-0.1	-0.1	-0.2	-0.6	-1.0
EE	8.5	1.2	1.0	-0.4	-0.6	1.3	1.5	-3.2	0.9	-0.3	1.8	1.8	-1.0
IE	3.4	3.3	1.5	0.1	0.9	-0.5	-0.5	:	3.0	2.1	1.0	0.0	:
EL	-2.4	-1.6	2.1	:	:	:	:	:	:	:	:	:	:
ES	2.2	2.0	2.9	1.3	0.3	0.4	0.6	0.8	3.1	3.3	2.8	2.6	2.1
FR	1.7	1.4	0.1	0.0	-0.2	0.2	-0.1	-0.1	0.1	0.1	0.2	0.0	-0.1
IT	2.5	0.1	-2.1	-0.9	-0.9	-0.6	-0.4	0.6	-1.1	-1.6	-2.9	-2.7	-1.3
CY	1.5	0.1	1.7	1.3	0.0	0.3	-0.1	-0.1	1.9	1.6	2.3	1.5	0.1
LV	4.0	14.8	2.9	2.2	0.3	0.0	0.5	0.4	3.6	2.9	1.8	2.9	1.1
LT	7.0	3.8	11.2	4.8	2.0	2.5	2.8	-1.1	9.2	10.7	10.3	12.6	6.3
LU	1.1	-1.2	-1.9	-0.5	0.0	-1.0	1.0	:	-3.0	-1.5	-2.5	-0.5	:
HU	0.6	1.2	-1.8	-1.4	-1.2	0.5	-0.3	0.7	-1.5	-2.3	-1.3	-2.4	-0.2
MT	1.4	-0.9	-1.1	-1.0	1.8	-1.1	-0.5	-0.3	-2.7	-0.6	-0.3	-0.8	-0.1
NL	2.0	0.3	-0.8	0.0	0.3	-0.7	-0.3	0.1	-1.1	-0.7	-0.9	-0.7	-0.6
AT	1.2	1.0	-0.2	0.2	0.0	-0.1	-0.3	-0.3	-0.5	-0.3	-0.1	-0.2	-0.7
PL	3.4	3.5	5.5	2.6	0.4	0.9	0.3	-0.1	6.4	5.5	5.1	4.3	1.5
PT	3.5	0.0	1.0	1.2	-0.7	-0.2	0.2	1.9	1.9	1.1	0.6	0.5	1.2
RO	-0.9	3.3	-0.8	:	:	:	:	:	:	:	:	:	:
SI	3.5	2.2	-1.1	-0.1	-0.6	0.1	-0.2	0.1	-0.2	-1.3	-1.4	-0.8	-0.7
SK	6.0	1.4	2.0	0.3	0.4	0.4	0.4	0.5	2.2	2.1	2.1	1.6	1.7
FI	3.4	1.7	-0.5	0.7	-1.4	0.2	-0.6	0.2	0.7	-0.2	-1.1	-1.1	-1.5
SE	5.5	1.4	0.0	0.4	0.7	0.0	-0.1	0.3	0.1	0.6	-0.3	1.0	0.9
UK	1.6	0.5	-0.9	-0.5	-1.1	0.6	-0.9	0.5	0.3	-0.8	-1.4	-1.8	-0.9

Source: Eurostat (variable nama_aux_lp and namq_aux_lp)
Note: provisional values for IE, EL and PL; break in series for LV in 2011Q1; break in BG 2013Q1

Table 30: Nominal compensation per employee

	Annual % change			% change on previous quarter					% change on previous year				
	2010	2011	2012	2012				2013	2012				2013
				q1	q2	q3	q4	q1	q1	q2	q3	q4	q1
EU-27	3.2	2.0	3.0	1.3	0.8	1.0	-0.3	-0.1	2.4	3.2	3.9	2.9	1.4
EURO	1.8	2.1	1.7	0.6	0.4	0.3	0.2	0.9	1.9	1.8	1.8	1.3	1.7
BE	1.4	3.1	3.3	1.1	1.1	0.4	0.4	1.0	3.2	3.9	3.2	3.0	2.9
BG	10.9	8.4	5.6	:	:	:	:	:	:	:	:	:	:
CZ	3.1	2.3	1.6	1.5	-0.6	-0.6	0.6	-1.7	3.3	1.7	0.2	0.9	-2.2
DK	2.7	1.6	1.1	0.0	0.0	-0.3	1.3	0.5	1.4	1.4	0.5	0.9	1.4
DE	2.5	3.0	2.5	0.7	1.0	0.3	0.8	0.2	2.2	2.4	2.5	2.7	2.3
EE	2.3	-0.2	6.6	1.2	2.5	1.8	3.2	-1.6	4.6	5.5	7.6	8.8	6.0
IE	-3.0	0.0	1.7	0.9	0.2	1.6	-1.0	:	1.7	1.4	2.3	1.7	:
EL	-2.5	-3.4	-4.1	:	:	:	:	:	:	:	:	:	:
ES	0.2	0.5	-0.5	0.6	-1.1	-0.4	-2.5	3.0	1.4	0.2	-0.1	-3.3	-1.1
FR	2.4	2.7	2.2	0.5	0.4	0.6	0.4	0.4	2.4	2.1	2.2	2.0	1.9
IT	2.3	1.2	0.0	0.2	-0.5	-0.2	0.5	1.6	0.3	-0.2	0.2	0.1	1.4
CY	2.5	3.3	1.6	0.3	-0.1	0.1	0.5	-0.8	2.9	1.9	1.0	0.9	-0.3
LV	-6.4	16.9	5.7	2.4	-0.1	1.0	0.7	0.3	8.0	5.4	5.0	3.9	1.7
LT	0.1	3.7	13.2	6.4	1.0	2.0	3.1	0.2	13.3	14.9	12.0	13.0	6.4
LU	2.7	2.1	1.3	-0.1	0.1	-0.5	2.1	:	1.1	1.9	0.6	1.7	:
HU	-0.3	3.0	3.0	1.8	1.0	0.3	-1.5	0.3	3.2	3.8	3.8	1.6	0.2
MT	1.1	0.8	2.4	0.7	0.1	1.6	-0.6	0.3	2.3	1.1	2.9	1.8	1.3
NL	1.2	1.5	1.2	0.2	0.3	0.4	0.4	:	0.9	1.2	1.1	1.3	:
AT	1.2	1.9	3.0	0.9	0.8	0.7	0.7	0.7	2.4	2.9	3.1	3.2	3.0
PL	4.7	4.0	6.9	:	:	:	:	:	:	:	:	:	:
PT	2.1	-0.7	-2.7	-3.3	1.0	-0.7	2.5	-0.5	-4.2	-3.5	-2.4	-0.6	2.2
RO	-3.3	4.2	5.7	:	:	:	:	:	:	:	:	:	:
SI	3.9	1.6	-0.4	0.1	-0.9	0.2	-0.3	-0.1	0.6	-1.0	-0.6	-0.8	-1.2
SK	5.1	1.0	2.1	0.5	1.7	0.3	1.1	:	0.8	2.1	1.7	3.7	:
FI	1.8	3.5	3.1	1.9	0.2	0.3	0.4	0.3	4.0	3.6	2.4	2.9	1.3
SE	3.2	0.8	3.2	:	:	:	:	:	:	:	:	:	:
UK	2.8	2.0	2.2	0.7	-0.6	0.7	-0.5	1.0	3.7	2.9	1.8	0.4	0.5

Source: DG EMPL calculations on the basis of Eurostat (nama_aux_lp and namq_aux_lp, nama_aux_ulc and namq_aux_ulc)

Table 31: Nominal unit labour cost

	Annual % change			% change on previous quarter					% change on previous year				
	2010	2011	2012	2012				2013	2012				2013
				q1	q2	q3	q4	q1	q1	q2	q3	q4	q1
EU-27	0.7	0.7	2.9	1.1	1.0	0.9	0.1	-0.3	1.9	3.0	4.0	3.2	1.7
EURO	-0.7	0.9	1.7	0.4	0.5	0.3	0.5	0.6	1.5	1.5	1.9	1.6	1.9
BE	-0.3	2.6	3.8	0.9	1.5	0.4	0.5	0.9	3.6	4.6	3.7	3.3	3.3
BG	5.6	3.0	0.2	:	:	:	:	:	:	:	:	:	:
CZ	-0.4	0.4	3.3	2.4	0.1	-0.2	1.0	0.0	3.7	3.1	2.2	3.3	1.0
DK	-1.2	0.1	1.2	-0.4	0.8	-0.8	1.9	0.0	1.0	2.1	0.3	1.4	1.8
DE	-1.1	1.4	2.9	0.4	1.0	0.3	1.6	0.4	2.3	2.5	2.7	3.3	3.3
EE	-6.2	-1.4	5.6	1.6	3.1	0.5	1.7	1.6	3.7	5.8	5.8	7.0	7.0
IE	-6.4	-3.3	0.2	0.8	-0.7	2.1	-0.5	:	-1.3	-0.7	1.3	1.7	:
EL	-0.1	-1.8	-6.2	:	:	:	:	:	:	:	:	:	:
ES	-2.0	-1.5	-3.4	-0.7	-1.4	-0.8	-3.1	2.2	-1.7	-3.1	-2.9	-5.9	-3.2
FR	0.7	1.3	2.1	0.5	0.6	0.4	0.5	0.5	2.3	2.0	2.0	2.0	2.0
IT	-0.2	1.1	2.1	1.1	0.4	0.4	0.9	1.0	1.4	1.4	3.1	2.8	2.7
CY	1.0	3.2	-0.1	-1.0	-0.1	-0.2	0.6	-0.7	1.0	0.3	-1.3	-0.6	-0.4
LV	-10.4	2.1	2.8	0.2	-0.4	1.0	0.2	-0.1	4.4	2.5	3.2	1.0	0.6
LT	-6.9	-0.1	2.0	1.6	-1.0	-0.5	0.3	1.3	4.1	4.2	1.7	0.4	0.1
LU	1.6	3.3	3.2	0.4	0.1	0.5	1.1	:	4.1	3.4	3.1	2.2	:
HU	-0.9	1.8	4.8	3.2	2.2	-0.2	-1.2	-0.4	4.7	6.1	5.1	4.0	0.4
MT	-0.3	1.7	3.5	1.7	-1.7	2.7	-0.1	0.6	5.0	1.7	3.2	2.6	1.4
NL	-0.8	1.2	2.0	0.2	0.0	1.1	0.7	:	2.0	1.9	2.0	2.0	:
AT	0.0	0.9	3.2	0.7	0.8	0.8	1.0	1.0	2.9	3.2	3.2	3.4	3.7
PL	1.3	0.5	1.4	:	:	:	:	:	:	:	:	:	:
PT	-1.4	-0.7	-3.7	-4.5	1.7	-0.5	2.3	-2.4	-6.1	-4.6	-3.0	-1.1	1.0
RO	-2.4	0.9	6.5	:	:	:	:	:	:	:	:	:	:
SI	0.4	-0.6	0.7	0.2	-0.3	0.1	-0.1	-0.2	0.8	0.3	0.8	0.0	-0.5
SK	-0.9	-0.4	0.1	0.2	1.3	-0.1	0.7	:	-1.4	0.0	-0.4	2.1	:
FI	-1.6	1.8	3.6	1.2	1.6	0.1	1.0	0.1	3.3	3.8	3.5	4.0	2.8
SE	-2.3	-0.6	3.2	:	:	:	:	:	:	:	:	:	:
UK	1.2	1.5	3.1	1.2	0.5	0.1	0.4	0.5	3.4	3.7	3.2	2.2	1.4

Source: Eurostat (variable nama_aux_ulc and namq_aux_ulc)
Note: provisional values for EL; break in series for LV in 2011Q1

Table 32: Real unit labour cost

	Annual % change			% change on previous quarter					% change on previous year				
	2010	2011	2012	2012				2013	2012				2013
				q1	q2	q3	q4	q1	q1	q2	q3	q4	q1
EU-27	-1.5	-0.6	0.5	0.3	0.1	-0.2	0.3	-0.1	0.5	0.6	0.8	0.5	0.1
EURO	-1.5	-0.3	0.4	0.1	0.1	0.0	0.2	0.1	0.2	0.2	0.6	0.4	0.4
BE	-2.3	0.6	1.8	0.2	1.1	-0.1	-0.3	0.6	1.8	2.8	1.8	0.9	1.3
BG	2.7	-1.8	-2.0	:	:	:	:	:	:	:	:	:	:
CZ	1.2	1.4	1.7	1.9	0.0	0.0	0.8	-1.1	1.5	1.2	1.0	2.7	-0.3
DK	-5.1	-0.6	-0.9	-1.1	0.2	-1.3	1.2	0.3	0.0	0.0	-2.5	-1.0	0.5
DE	-2.0	0.6	1.6	-0.1	0.6	0.0	1.3	-0.7	1.1	1.3	1.3	1.8	1.2
EE	-6.8	-4.2	2.3	1.3	1.5	-0.5	1.4	-0.1	0.8	2.5	1.9	3.8	2.3
IE	-4.4	-4.7	-0.4	-0.1	-1.4	1.6	-0.4	:	-2.9	-2.8	-0.8	-0.2	:
EL	-1.3	-2.9	-5.5	:	:	:	:	:	:	:	:	:	:
ES	-2.4	-2.4	-3.5	-0.3	-1.5	-1.2	-2.8	1.5	-1.9	-3.1	-3.3	-5.7	-4.0
FR	-0.2	0.0	0.6	0.3	0.1	0.1	0.2	-0.2	0.8	0.4	0.4	0.6	0.2
IT	-0.6	-0.2	0.5	0.7	-0.3	0.3	0.4	0.6	-0.3	-0.3	1.7	1.2	1.1
CY	-0.9	0.5	-2.0	0.4	-2.3	-0.4	0.7	2.6	-0.9	-2.1	-3.6	-1.6	0.5
LV	-9.2	-3.6	-0.2	0.5	-1.4	-0.2	-0.6	0.1	0.8	-0.5	0.5	-1.7	-2.1
LT	-8.8	-5.3	-0.8	1.0	-2.3	-1.0	-0.7	1.9	2.9	2.0	-1.6	-3.0	-2.1
LU	-5.6	-1.7	-0.6	-0.4	-0.7	-0.1	-0.3	:	0.4	-0.8	-0.7	-1.5	:
HU	-3.3	-1.3	1.7	3.9	0.1	-1.0	-1.2	-0.7	2.3	2.2	1.9	1.8	-2.8
MT	-3.1	-0.6	1.2	0.5	-2.2	1.5	0.3	0.1	3.1	-0.5	0.8	0.0	-0.4
NL	-1.8	0.0	1.2	0.7	-0.2	0.9	-0.3	:	1.2	1.0	1.5	1.1	:
AT	-1.6	-1.3	0.7	0.2	0.2	0.3	0.4	0.4	0.6	0.9	0.9	1.1	1.3
PL	-0.1	-2.3	-1.4	:	:	:	:	:	:	:	:	:	:
PT	-2.1	-1.2	-3.6	-4.8	3.1	-1.4	1.9	-2.9	-6.0	-4.1	-2.7	-1.4	0.5
RO	-7.7	-3.1	1.6	:	:	:	:	:	:	:	:	:	:
SI	1.5	-1.6	0.3	0.7	-0.6	0.0	-0.3	-0.4	-0.2	-0.9	-0.2	-0.3	-1.3
SK	-1.4	-2.0	-1.3	0.1	1.1	-0.5	0.5	:	-3.0	-1.2	-2.0	1.1	:
FI	-2.0	-1.3	0.7	0.0	0.5	-0.1	0.4	0.0	0.4	1.0	0.8	0.8	0.8
SE	-3.1	-1.7	2.1	:	:	:	:	:	:	:	:	:	:
UK	-1.6	-0.9		1.5	0.0	-1.0	0.4	-0.8	2.2	2.0	1.7	0.9	-1.3

Source: Eurostat (variable nama_aux_ulc and namq_aux_ulc)
Note: provisional values for EL; break in series for LV in 2011Q1

Table 33: Weekly working hours

	Weekly working time of full-time employed persons								Weekly working time of part-time employed persosns							
	Level								Level							
	2010	2011	2012	2012				2013	2010	2011	2012	2012				2013
				q1	q2	q3	q4	q1				q1	q2	q3	q4	q1
EU-27	40.8	40.8	40.7	40.8	40.2	41.3	40.4	:	20.1	20.0	20.0	19.9	19.8	20.4	19.9	:
EURO	40.8	40.8	40.6	40.9	40.0	41.3	40.4	:	20.0	19.9	19.9	19.9	19.6	20.2	19.8	:
BE	41.2	41.4	41.1	42.0	40.5	41.2	40.5	:	23.3	23.0	23.2	23.8	22.8	23.1	23.2	:
BG	40.9	40.6	40.5	40.8	40.1	41.0	40.2	:	20.7	20.4	20.1	19.7	19.9	19.8	20.9	:
CZ	41.6	41.4	41.1	42.0	40.7	40.3	41.2	40.7	21.0	21.1	20.7	21.2	20.4	20.6	20.5	20.1
DK	39.5	39.8	39.6	40.0	38.8	40.4	39.3	38.8	19.9	19.6	19.4	19.7	19.0	20.1	18.9	19.1
DE	41.7	41.8	41.6	41.9	41.0	42.1	41.5	:	18.3	18.2	18.3	18.3	18.0	18.5	18.3	:
EE	40.5	40.6	40.3	40.3	40.1	40.9	39.7	39.4	21.3	21.0	20.5	19.9	21.4	20.9	19.8	19.3
IE	39.6	39.7	39.8	39.4	39.5	40.5	39.7	:	18.5	18.7	19.0	18.4	18.9	19.7	18.9	:
EL	42.3	42.4	42.6	42.2	42.5	43.3	42.5	:	20.0	19.9	20.0	19.9	19.7	20.3	20.0	:
ES	40.7	40.7	40.6	40.8	40.3	41.2	40.1	40.3	18.4	18.5	18.1	18.1	18.1	18.7	17.7	17.7
FR	39.8	39.8	39.6	40.3	38.2	40.5	39.6	:	22.5	22.5	22.5	22.7	21.8	23.1	22.4	:
IT	40.1	39.9	39.5	39.4	39.5	40.2	39.1	:	21.3	21.3	21.0	20.9	20.9	21.4	20.8	:
CY	40.7	40.7	40.9	40.6	39.8	41.8	41.4	:	19.4	19.0	19.4	19.4	19.0	20.6	18.9	:
LV	40.2	40.3	40.1	40.2	40.0	40.7	39.6	39.9	21.4	21.3	21.0	20.4	20.8	22.1	21.0	20.4
LT	39.8	39.9	39.8	39.5	40.0	40.3	39.4	39.5	22.5	22.1	21.8	21.7	22.2	22.1	21.1	21.1
LU	41.4	41.3	41.8	41.7	41.5	41.7	42.1	:	20.9	21.9	22.1	22.7	21.7	22.5	21.7	:
HU	40.5	40.3	39.6	39.9	40.0	40.3	38.4	39.1	23.9	23.2	22.9	23.1	23.1	23.2	22.2	22.3
MT	40.5	40.3	40.4	40.7	40.2	40.3	40.2	:	20.6	20.7	20.5	21.1	18.3	20.7	21.8	:
NL	41.2	41.4	41.3	41.1	40.6	41.6	42.0	:	20.8	21.1	21.0	20.8	20.6	21.6	21.0	:
AT	41.9	42.1	41.7	42.2	40.9	42.5	41.4	:	20.0	19.9	20.1	20.0	19.7	20.8	20.0	:
PL	41.3	41.1	41.0	40.8	40.6	42.6	40.2	:	20.8	20.9	20.9	20.5	20.9	21.9	20.3	:
PT	40.5	41.3	41.5	41.8	40.9	42.2	41.1	40.8	18.6	16.0	15.8	15.9	15.8	16.1	15.5	15.4
RO	40.7	40.7	40.5	39.8	41.0	41.2	40.1	:	27.2	26.1	26.4	23.7	27.8	28.6	25.1	:
SI	41.2	40.7	40.6	40.2	39.6	41.6	40.9	:	18.8	19.2	19.3	18.0	18.8	20.9	19.8	:
SK	40.3	40.4	40.4	40.8	39.6	40.7	40.4	:	20.1	18.8	19.4	19.3	19.3	19.9	19.2	:
FI	39.0	39.0	38.7	39.2	37.8	40.1	38.1	:	20.3	20.3	20.0	19.7	20.2	20.7	19.3	:
SE	39.9	39.7	39.6	40.1	37.6	40.7	40.0	39.1	23.8	23.6	23.6	23.5	23.1	24.5	23.6	23.2
UK	41.1	41.1	41.3	41.2	41.0	41.6	41.3	:	18.5	18.5	18.7	18.4	18.5	18.9	18.8	:

Source: Eurostat (variable lfsq_ewhan2 and fsa_ewhais)
Note: break in series for PT in 2011Q1 and LV for 2012Q1.

Annex 2: Selected research

This section presents some relevant recent research results at EU level. European Research Framework Programmes FP6 or FP7 and European bodies or agencies closely linked with employment and social affairs contribute to this achievement. This section is certainly not exhaustive. Degree of completion of the research projects as well as direct relevance to the issues developed in this report are the main criteria used for the selection of the presented results. The contents of this section do not necessarily reflect the position or opinion of the European Commission.

- **Scientific evidence for policy-making: Research insights from socio-economic sciences and humanities**

This publication compiles a set of short policy papers developed by the EU-funded project SCOOP (2009-2012), aimed at strengthening the links between research and policy making in Europe. The collected papers summarise the findings of EU-funded research projects in the field of Social Sciences, formulating research results in a way that targets policy makers, civil society organisations, business and the media. Presented in reverse chronological order, the papers address key challenges regarding the social, economic, political and cultural make-up of Europe. The subjects covered are:

Growth, employment and competitiveness in a knowledge society;
Combining economic, social and environmental objectives in a European perspective;
Major trends in society and their implications;
Europe in the world;
The citizen in the European Union;
Socio-economic and scientific indicators;
Foresight;
Strategic activities.

A Directorate-General for Research and Innovation publication
See: http://ec.europa.eu/research/social-sciences/pdf/scientific_evidence_for_policy-making_en.pdf

- **Making progress towards the completion of the Single European labour market**

This study is the result of year-long project carried out by the EPC aimed at assessing the state of play of labour mobility in the EU. To this end, the authors proceed in three main stages. First, they analyse mobility trends in Europe before and during the crisis, in an attempt to ascertain how the motivations of mobile workers have evolved. Second, they shed light on the costs and benefits of labour mobility from a multi-dimensional perspective, i.e. from an EU-wide, national/regional and individual one. Third, they propose a series of policy recommendations for developing an ambitious and comprehensive strategy towards labour mobility, including both EU citizens and third country nationals.

An EPC (European Policy Centre) Issue Paper.
See: http://www.epc.eu/documents/uploads/pub_3529_single_european_labour_market.pdf

- **Restructuring in SMEs in Europe**

Restructuring is part and parcel of the economic fabric in Europe, as companies must adapt to altered conditions in a bid to remain sustainable and competitive. Most of the policy focus so far, however, has been on restructuring in terms of the large firm. In light of the relative importance of the small and medium-sized company (SME) – constituting over 99% of European businesses and about 66% of private sector employment – policymakers at all levels need to understand the specific challenges facing the smaller firm in order to provide appropriate support for this backbone of the European economy. Based on information derived from 85 case studies across all EU Member States and other sources, the report outlines the features peculiar to SMEs in their anticipation and management of restructuring, explores the main drivers of change and analyses the factors influencing successful restructuring. It offers a wide-ranging, comparative view of how restructuring impacts on workers and the company itself and puts forward several policy pointers for future action.

A Eurofound publication.
See: http://www.eurofound.europa.eu/pubdocs/2012/47/en/1/EF1247EN.pdf

- **Work organisation and employee involvement in Europe**

This report explores the opportunities open to employees in workplaces across Europe to participate in decision-making, either in the context of their job or in relation to wider organisational issues affecting their work. Employee involvement is a key component of work organisation, relating to other dimensions such as physical working conditions and work intensity. Two dimensions of employee involvement are covered: task discretion – or the influence that employees can exercise over their immediate work tasks – and organisational participation – or the influence that employees have over work organisation. While in the EU27 as a whole there are limited opportunities for employees to participate in decision-making, the findings point to the clear benefits for employees in working in organisations that give greater scope for their involvement. Crucially, employee involvement has been shown to have a positive effect on employee motivation and psychological wellbeing, critical elements in fostering enhanced work performance and company productivity.

A Eurofound publication.
See: http://www.eurofound.europa.eu/pubdocs/2013/30/en/1/EF1330EN.pdf

- **Tackling undeclared work in 27 EU Member States and Norway: Approaches and measures since 2008**

Since the publication of previous reports on how undeclared work is being tackled in the 27 Member States of the European Union (EU27) and Norway (Eurofound, 2008, 2009), the ongoing recession took hold. The aim of this report is to provide an updated overview of the policy approaches and measures that have been implemented to tackle undeclared work since the beginning of the recession in 2008. The first important finding of this synthesis report is that many new policy measures are being pursued in Member States of the EU27 and Norway that are transferable to other sectors and countries. If the accompanying knowledge bank is used by Member States to identify new possibilities for policy initiatives, so as to expand their existing repertoire, an important objective will be achieved. This report provides pointers of potentially good practice policy measures that Member States might wish to further consider.

A Eurofound publication.
See: http://www.eurofound.europa.eu/pubdocs/2013/243/en/1/EF13243EN.pdf

- **Role of governments and social partners in keeping older workers in the labour market**

With the average age of the population rising, people aged 55–64 make up an increasing share of workers in Europe. This demographic shift, as well as ongoing threats to the sustainability of national welfare and pension systems, has increased pressure for reforms to encourage longer careers. This report maps initiatives at national or sectoral level taken by governments and social partners to keep older workers in the labour market. Some measures involve financial incentives to work longer while others look at ways to enhance working conditions.

A Eurofound publication.
See: http://www.eurofound.europa.eu/pubdocs/2013/23/en/1/EF1323EN.pdf

- **Employment polarisation and job quality in the crisis: European Jobs Monitor 2013**

This report describes recent structural shifts in employment in European labour markets before, during and after the 2008–2009 recession. It finds that employment destruction across Europe in the recession was strongly polarising in terms of the wage structure, while there was less polarisation in 2010–2012. A jobs based approach identifies how net employment shifts at Member State and EU level have been distributed across jobs in different quintiles of the wage distribution.

A Eurofound publication.
See: http://www.eurofound.europa.eu/pubdocs/2013/04/en/1/EF1304EN.pdf

- **Empowering vulnerable adults to tackle labour market challenges**

Some 25 study visits held between 2010 and 2012 focused on helping vulnerable adults tackle the labour market. They covered, among other things, how to access guidance services; how to make full use of knowledge, skills and competences, and how to get them recognised; how to participate in training, and how to find rewarding employment. This publication collects findings from these study visits, and features 29 successful initiatives from all over Europe.

A Cedefop publication.
See: http://www.cedefop.europa.eu/EN/Files/4122_en.pdf

- **Health and well-being at work**

The health and well-being of individuals are two dimensions around which researchers and policymakers are re-arranging the debate on how to foster the progress of societies. Health and well-being have an intrinsic value, which should be part of the very definition of progress, and also a societal one because of their direct connection with issues such as labour force participation, productivity and sustainability. The aim of this report is to contribute to this debate, building on Eurofound's European Working Conditions Surveys(EWCS), which have proven to be a valuable source of information on the topic since the early 1990s. Offering a very detailed view of working conditions, the surveys provide the unique opportunity to study the relationship of work with many health dimensions and, in the fifth EWCS, with a measure of emotional and psychological well-being of individuals.

A Eurofound publication.
See: http://www.eurofound.europa.eu/pubdocs/2013/02/en/1/EF1302EN.pdf

- **Improving Educational Trajectories: Toward Stakeholder Participation**

A study of 10-16 year-olds in Europe highlights need to integrate students and parents into educational decision-making. GOETE, an EU-funded research project, spent three years investigating the complex decision-making process affecting educational trajectories among 10–16 year-olds. Surveying around 12,000 students, teachers, parents and experts in eight EU Member States, the project identified an urgent need for better coordination among the stakeholders in this process.

GOETE, Governance of Educational Trajectories in Europe, A FP7 project
See: http://www.goete.eu/project

- **Benefits of vocational education and training in Europe for people, organisations and countries**

People, organisations and governments invest in vocational education and training (VET) because they believe there will be positive outcomes. VET produces many benefits, such as higher wages, improved productivity and economic growth. VET also brings non-economic benefits, such as greater, lower absenteeism and less crime. Most research on benefits of VET has focused on specific relationships, such its impact on productivity or health. Non-economic benefits from VET have been analysed for individuals and societies. Insufficient attention has been given how VET's market and non-market benefits interact in organisations. VET contributes directly to higher productivity by increasing skill levels, but also indirectly by increasing job satisfaction and lowering absenteeism. Using existing and new research covering more European countries, Cedefop's publication argues that many of VET's benefits, perhaps the most important, are difficult to express in monetary terms. Organisations (as well as individuals and governments) may fail to take full account of VET's benefits and how they interact when deciding to invest in it. A better understanding its full benefits may not only influence the likelihood of investing in VET, but is important for organisations competing on the basis of high quality, high value-added goods and where skills and attitudes need to combine to bring success.

A Cedefop publication.
See: http://www.cedefop.europa.eu/EN/Files/4121_en.pdf

- **The Role of Innovation in a Socio-Ecological Transition of the EU**

This paper analyses the role of innovation and innovation policy in a purposive socio-ecological transition of the European Union. More precisely, it asks which kinds of innovation will be required to achieve the aim of a sustainability transition and which kinds of innovation, conversely, will fail to deliver the desired outcomes. While it seems obvious that any such transition will inevitably have to involve a variety of technological, social and systemic innovations, much of the relevant literature exhibits a somewhat uncritical trust in the powers of innovation that needs to be qualified and critically reassessed. The type of innovation most urgently needed for a successful sustainability transition will be of a political and not of a technological kind.

NEUJOBS,Creating and adapting jobs in Europe in the context of a socio-ecological transition, A FP7 project.

See: http://www.neujobs.eu/publications/socio-ecological-transition-and-employment-implications/role-innovation-socio-ecologica

- **Active ageing and solidarity between generations in Europe First results from SHARE after the economic crisis**

The economic crisis poses serious challenges for Europe's economic and social future. These new challenges come in addition to the well-known but so far only partially addressed challenges exerted by population ageing. Finding policy responses in this situation – which will remain difficult for quite some time – requires the availability of solid scientific evidence, dealing with the interplay of several interrelated factors such as the financial and social situation as well as physical and mental health. SHARE – the Survey of Health, Ageing and Retirement in Europe – provides data on these central aspects of life in Europe today. The new publication "Active ageing and solidarity between generations in Europe – First results from SHARE after the economic crisis" delivers insights on the lives of people fifty and over in 16 European countries.

A publication to be launched end of June 2013 by Share, the "Survey of Health, Ageing and Retirement in Europe". Based on recently available wave4 data.

See: http://www.share-project.org/home0.html

- **Building intercultural bridges in European cities: Lessons for local migrant integration policy**

This report briefly summarises the policy relevant experiences of the CLIP network (cities for local integration policy) of more than 35 European cities in 22 countries over a period of five years from 2006 to 2010. CLIP was founded with the objective of improving local integration policy for migrants in European cities through an innovative exchange of experience and new ways of learning between the participating cities in order to deliver a more effective integration policy. The four research modules over the five-year period covered issues such as housing, diversity, intercultural policies and ethnic entrepreneurship. The lessons learnt and the conclusions drawn from the results of each research module have also contributed to the national and the European debate on integration. The unique character of the CLIP network is that it organised a shared learning process between the participating cities, between the cities and a group of expert European research centres as well as between policymakers at the local and European level.

A Eurofound publication.

See: http://www.eurofound.europa.eu/pubdocs/2013/06/en/1/EF1306EN.pdf

European Commission

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Summary:

According this edition of the EU Employment and Social Situation Quarterly Review, labour market and social challenges have been growing over recent months, as the EU is still faced with ever higher unemployment and the lowest employment figures since the onset of the crisis.

The employment and social situation in the EU remained critical in the first quarter of 2013 with employment receding overall and unemployment rising further, trends which concentrate in the southern members of the euro area. The situation of many households, and of young people in particular, remains serious. Nearly a quarter of economically active young people in the EU are unemployed. The sharp fall in young people's employment in some countries partly reflects differences in labour market structures, and in particular the role of temporary contracts. In the context of divergence across the EU, the number of people wanting to move to another country has substantially increased. The Review also notes the importance of quality childcare in mitigating inequalities at an early stage and explores the results of the first wave of the European Central Bank's Household Finance and Consumption Survey. Recent developments in the financial and insurance activities sector, as well as in Slovenia and Croatia, are also analysed in this edition.

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