



EUROPEAN COMMISSION

## QUESTIONS AND ANSWERS

Brussels, 25 June 2013

# Employment and Social Situation Quarterly Review: frequently asked questions

### Which data are analysed?

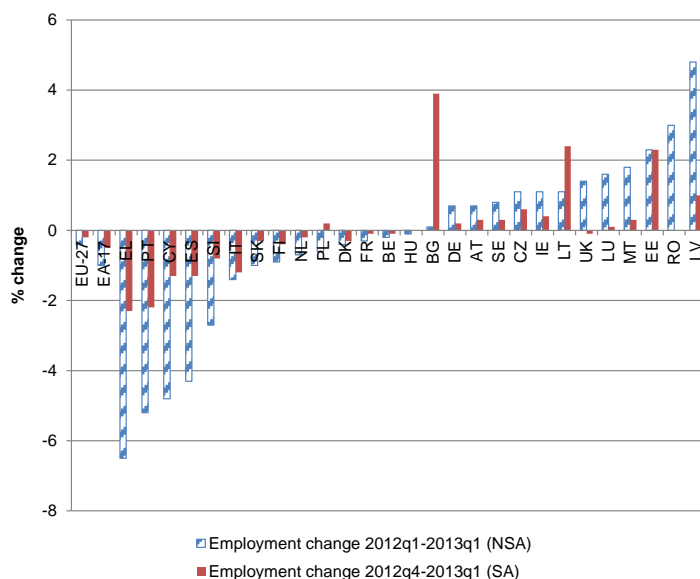
The EU Employment and Social Situation Quarterly Review analyses labour market and social data from a variety of information sources, including Eurostat statistics, reports and survey data from the Commission services, national and sectoral statistics, articles from respected press sources and contributions from public and private employment services.

Additionally, the latest issue of the Review published today, covering the first quarter of 2013, takes a closer look at youth labour market adjustment and temporary contracts, recent trends in the geographical mobility of workers in the EU, the distribution of wealth for euro area countries, trends in 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 short analysis of recent social and employment developments in Slovenia and Croatia.

### What is the current labour market and social situation?

EU GDP contracted for the fifth time in six quarters and employment has been trending down since mid-2011, with positive developments only noticeable in part-time work. The number of jobs has never been so low in the EU since the onset of the crisis. Employment decline is concentrated in the euro area, in southern countries in particular (see Chart 1).

**Chart 1: Change in total employment in the EU, the euro area and in Member States between 2012q1-2013q1, 2012q4-2013q1**

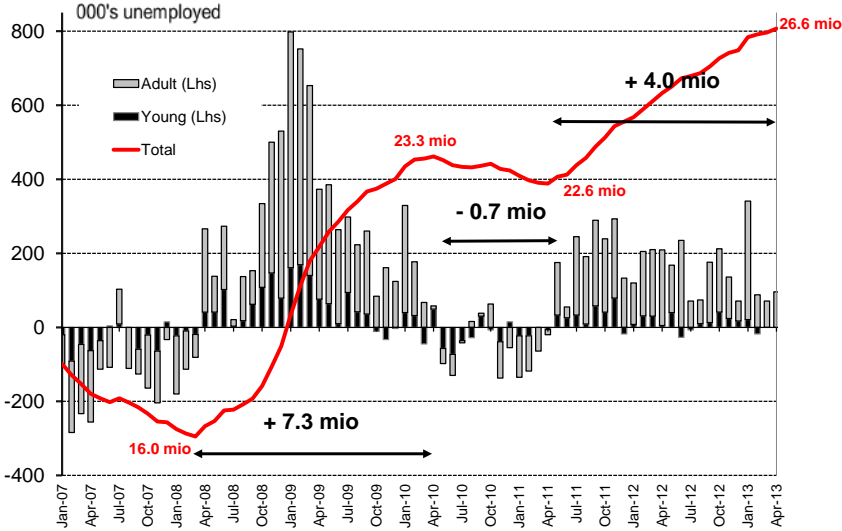


Source: Eurostat, national accounts [namq\_nace10\_e].

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 and Romania.

The number of jobless in the EU has again risen in recent months, hitting a new peak of 26.6 million in April 2013. 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%, see Chart 2). It now accounts for 11.0% of the economically active population, and for 12.2% in the euro area. Long-term unemployment reached an all-time high of 11.6 million in the EU in the last quarter of 2012, accounting for 4.9% of the active population.

**Chart 2: 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].

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.

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.

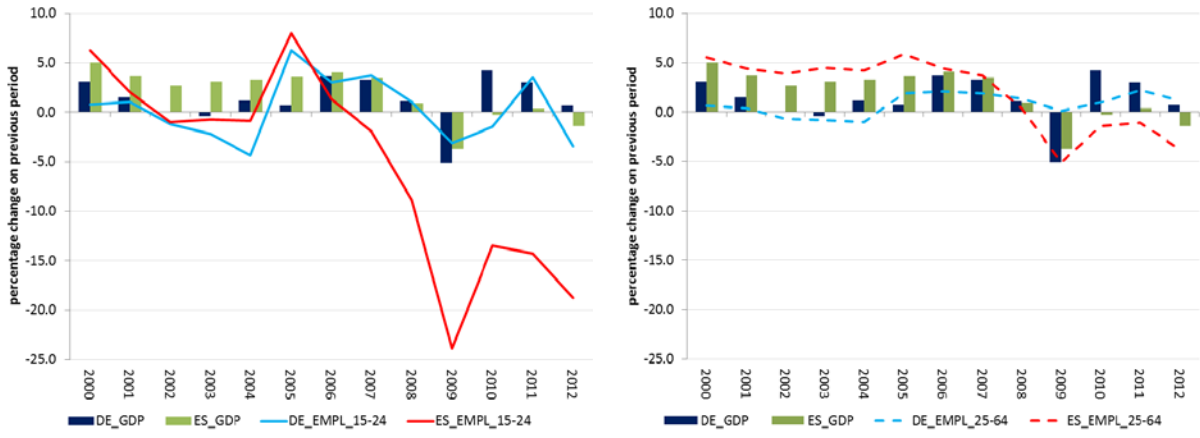
**How have the labour market circumstances developed for the young people recently?**

Nearly a quarter of economically active young people in Europe are unemployed, at 23.5% in the EU in April 2013 and 24.4% 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 exceeded 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. 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. Chart 3 compares the GDP and employment developments in Germany and Spain.

**Chart 3: 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]

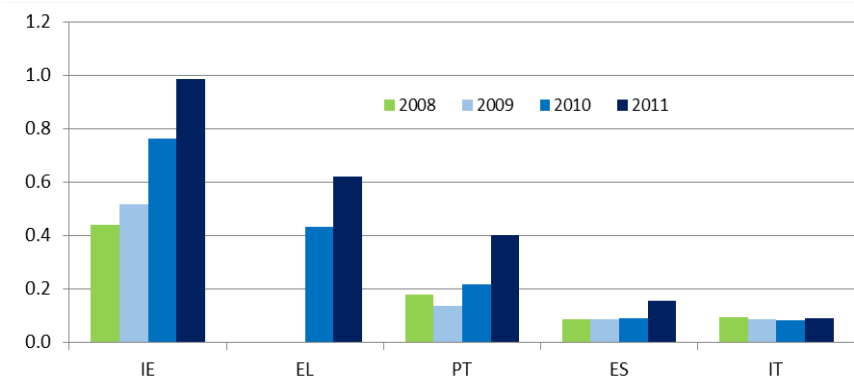
**Has the number of Europeans wanting to find a job abroad increased recently?**

Intra-EU mobility has somewhat recovered in recent years following the drop at the beginning 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: many of them are over-qualified for the jobs they do. The numbers of workers moving from southern to northern Member States are increasing more quickly but from a lower base. 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. The emigration rate among EU nationals has been increasing, notably in Ireland, Greece and Portugal, while remaining low in Spain or Italy (see Chart 4).

However, 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 (leaving their host country to return home) especially in the case of Spain. That said, large outflows of nationals could be observed among the young generation in 2007-12, notably from

Lithuania and Latvia, as well as Bulgaria, Poland, Estonia or Ireland. By contrast, outflows of young nationals from Italy, Spain and Greece have remained limited.

**Chart 4: Emigration rate among nationals (in % of total population of ‘nationals’)**



Source: Eurostat, International migration flows [migr\_emi1ctz].

**What role can quality childcare play in mitigating inequalities?**

Quality childcare leads to long-standing benefits for the child, according to the academic research analysed in the latest Quarterly Review. The positive impacts are strongest for the most disadvantaged children, so that quality childcare can help mitigate inequalities at an early stage. However, children from disadvantaged backgrounds have more limited access to childcare services. Across the EU, only 23% of children under three and living in poor households have access to formal childcare, as opposed to 41% of the children living in other households. Similarly, 20% of children whose mother has only lower-level education are enrolled in childcare as opposed to 40% of children with highly educated mothers.

[Full version of the Quarterly EU Labour Market Review, June 2013](#)

[News article: Quarterly EU Labour Market Review, June 2013](#)

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