



# **EU Employment and Social Situation Quarterly Review**

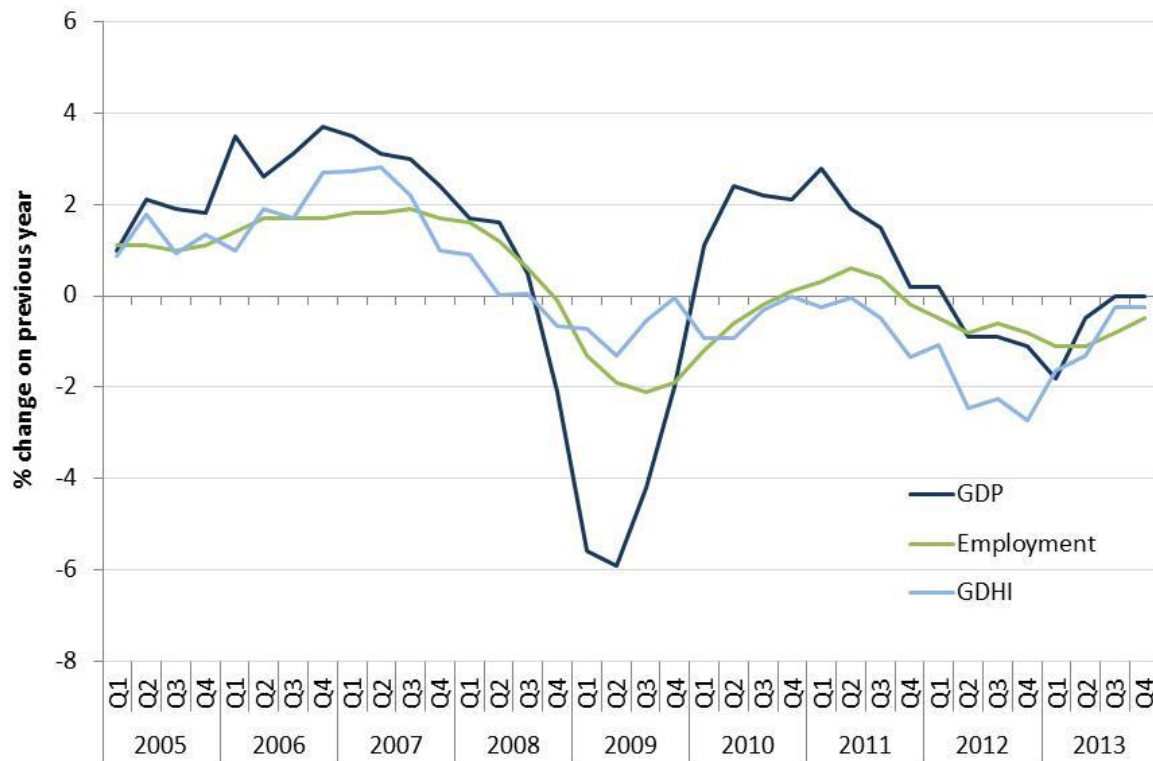
*March 2014*

## **10 Key facts and figures**

EMPL A1-A2

# 1. Will it be job-rich and inclusive recovery?

Real GDP, real GDHI and employment growth, EA17, 2005-2013



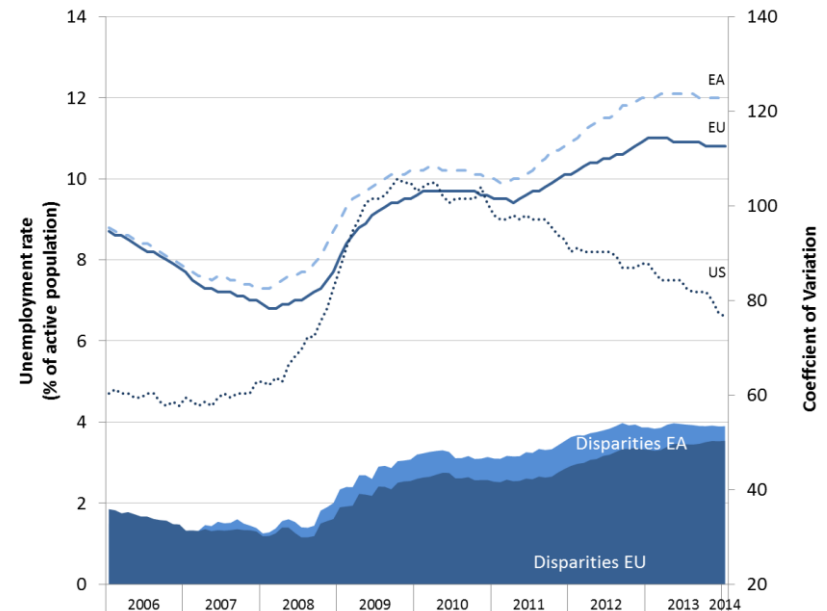
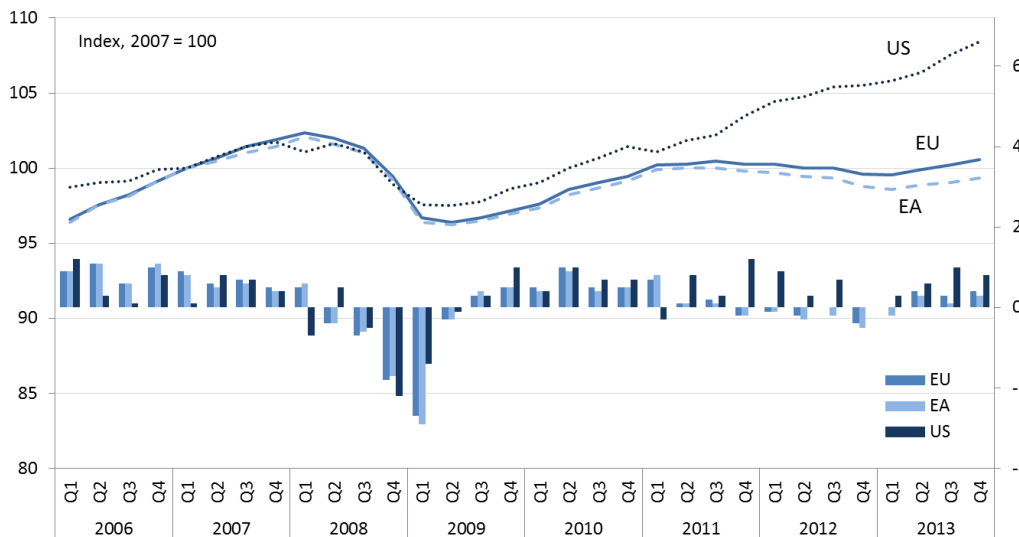
- Signs of economic recovery
  - Lagged adjustment in employment
  - Still decline in real gross disposable households income (GDHI)
- ➔ Recovery does not yet profit households and individuals

## 2. Macroeconomic context

First signs of economic recovery emerged in 2013, but the EU is still exposed to high unemployment and divergence among MS

Real GDP in Europe (EU/EA) and US (lhs) and % changes on previous quarter (rhs)

Unemployment rates in Europe (EU/EA) and US (lhs) and unemployment disparity in Europe (rhs)



Source: Eurostat, National Accounts and LFS

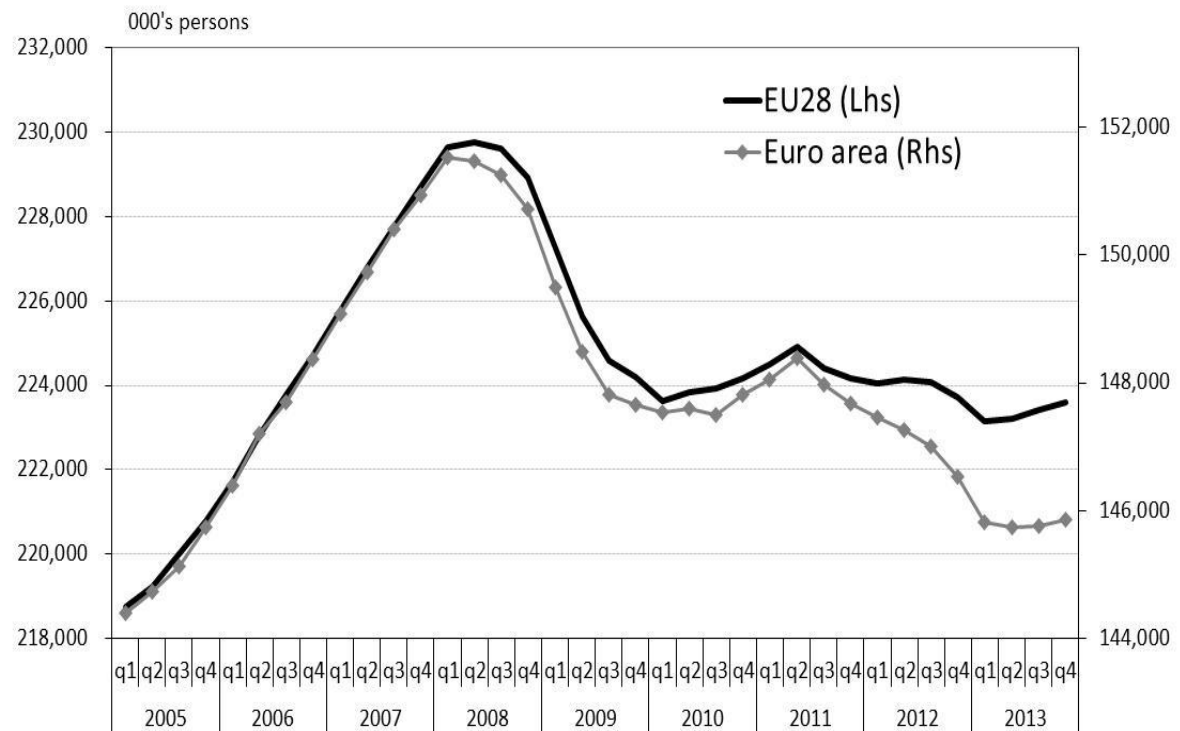
Note: Dispersion is the coefficient of variation calculated over the EU28 Member States' unemployment rates.

## 3. Recent labour market trends

Improvements in employment in the EU emerged during 2013, but are still weak

- Employment declines appear to have stopped during 2013
- Slight growth in 2013q4 by 0.1% in the EU and the EA
- Despite improvements in recent quarters employment in 2013 was still lower than a year ago

**Employment level, thousands, EU28 (lhs) and EA18 (rhs), 2005-2013**

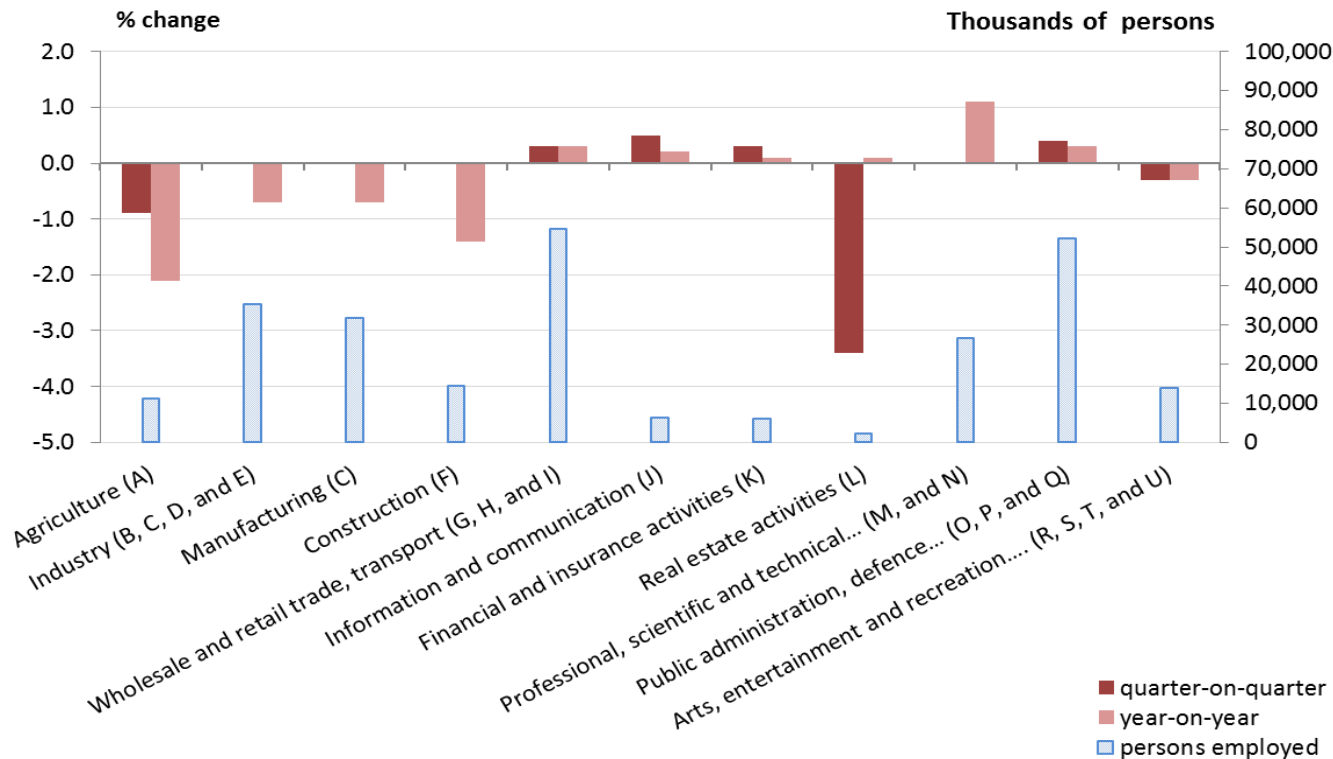


Source: Eurostat, National Accounts

### 3. Recent labour market trends

## Halt to employment decreases was registered in majority of sectors in the EU

Employment growth in 2013 Q4 compared to previous quarter and previous year (lhs) and employment level (rhs) for the EU28, by activity sector

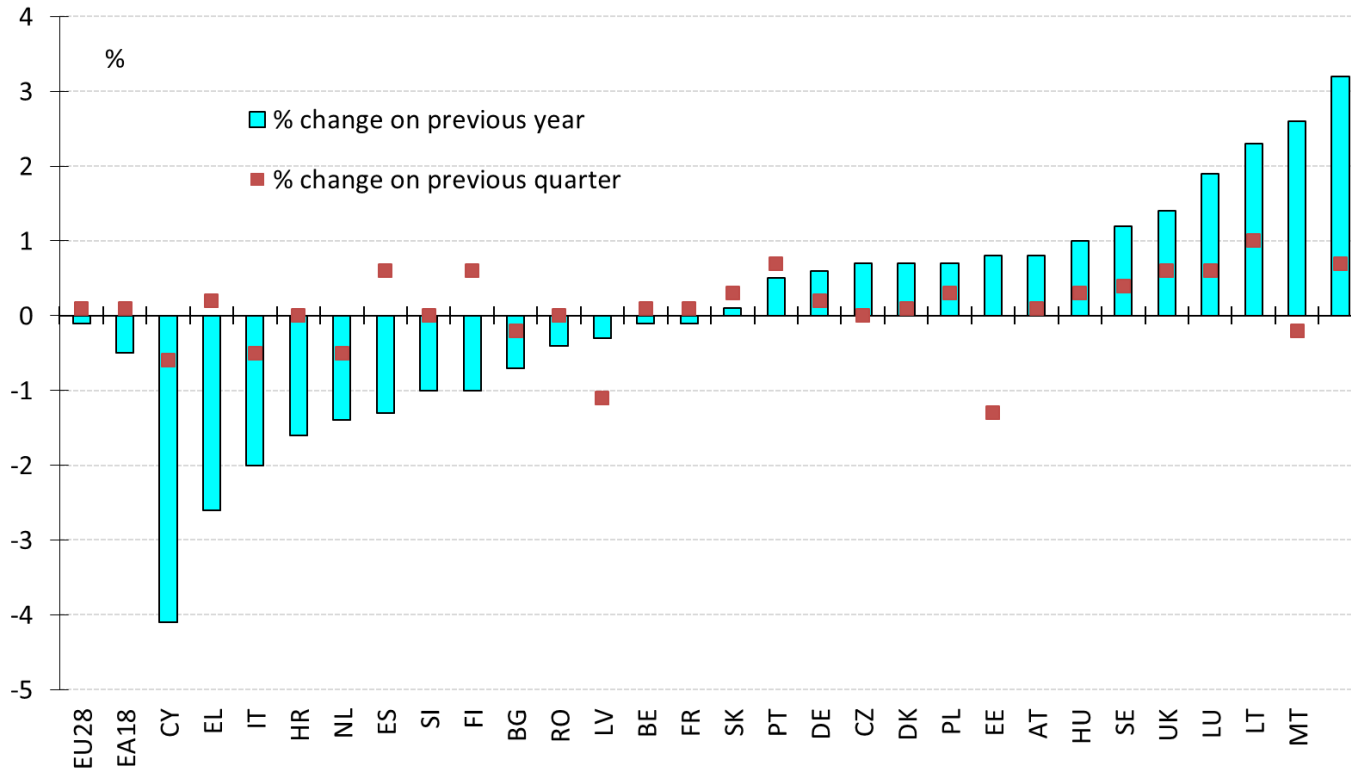


Source: Eurostat, National Accounts

# 3. Recent labour market trends

## Employment rose in most MS in the last quarter 2013

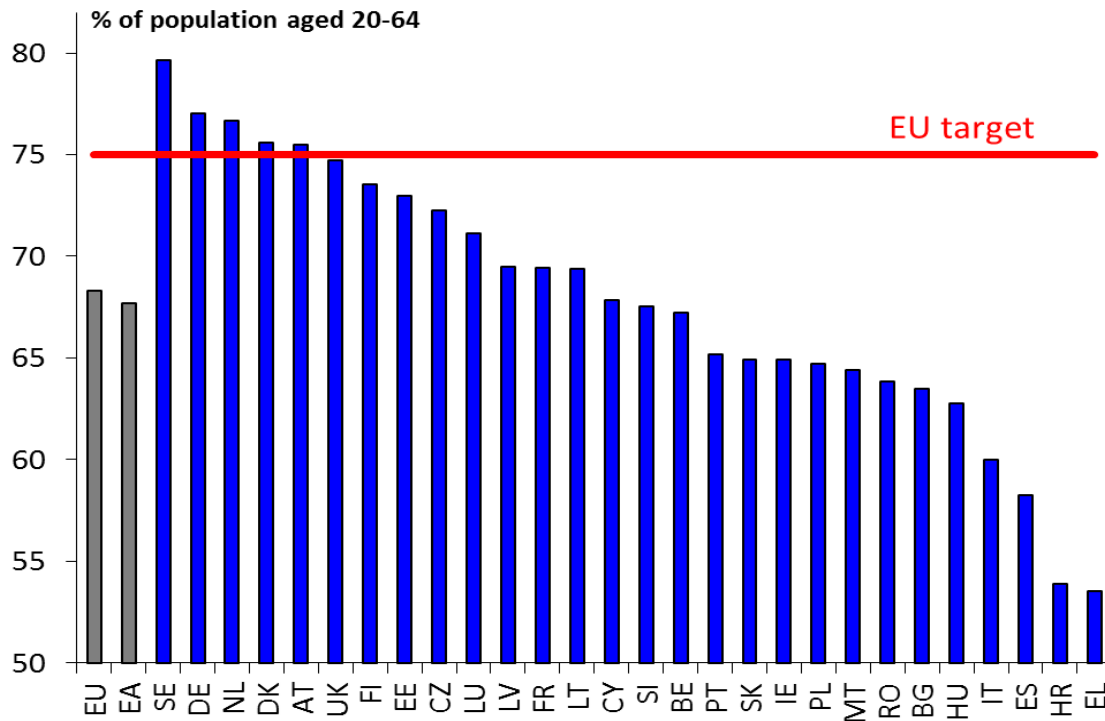
Employment growth in 2013 Q4 compared to previous quarter and previous year, EU28, EA18 and Member States



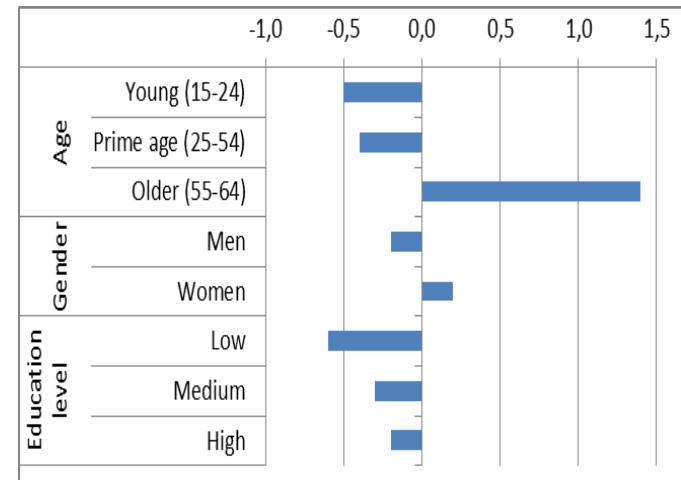
# 3. Recent labour market trends

## Employment rate remains below 70% in the EU and MSs

Employment rates, EU28, EA18 and Member States, 2013 Q3



Change in employment rate 2012 Q3-2013 Q3, by age group, gender and education, EU28



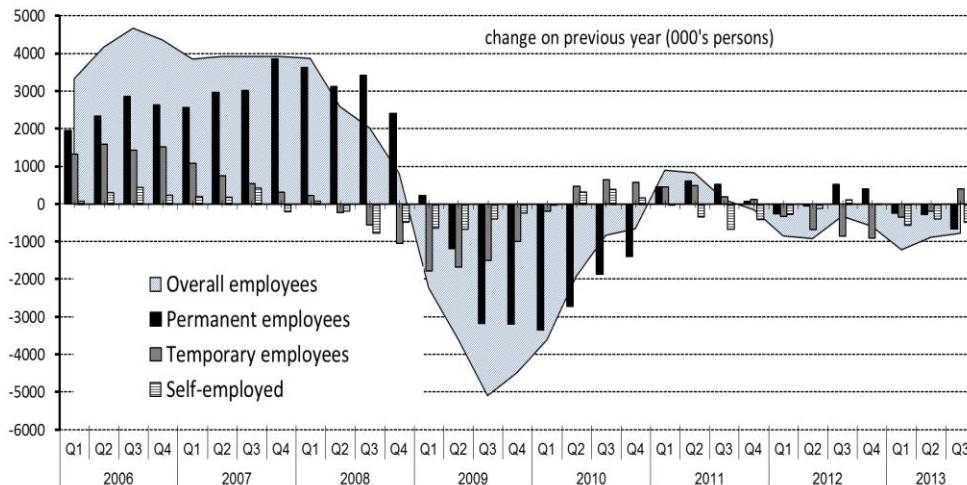
Source: Eurostat, LFS

# 3. Recent labour market trends

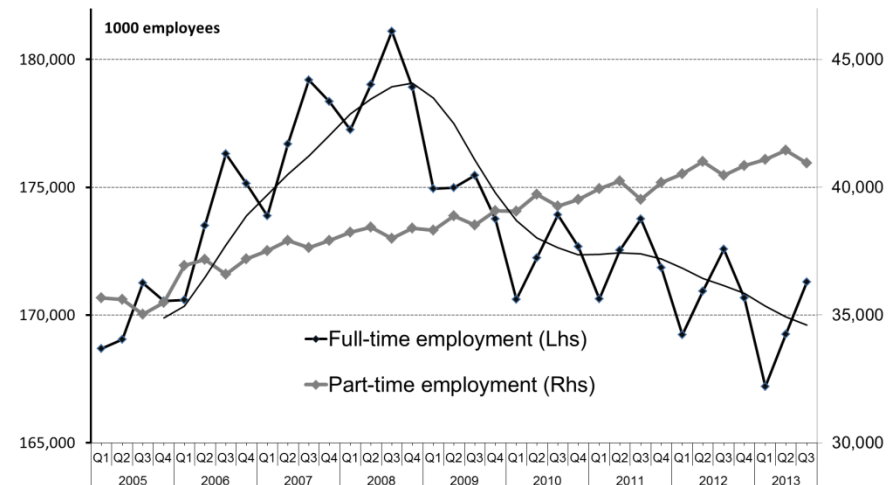
## Temporary contracts started to lead recovery

## Part-time work has always been on rise

Employees in permanent and temporary contracts, self-employment and total employment, year-on-year change, EU28, 2006-2013



Part-time and full-time employment, EU28, thousands, 2005-2013



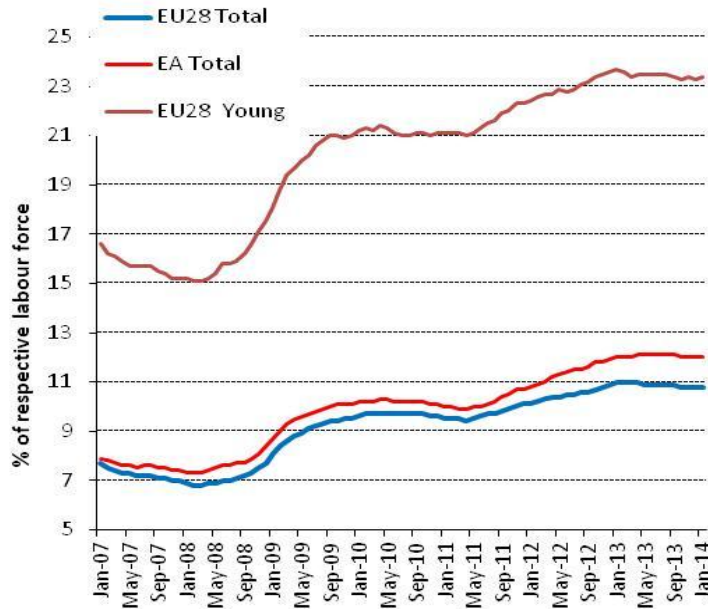
Source: Eurostat, LFS



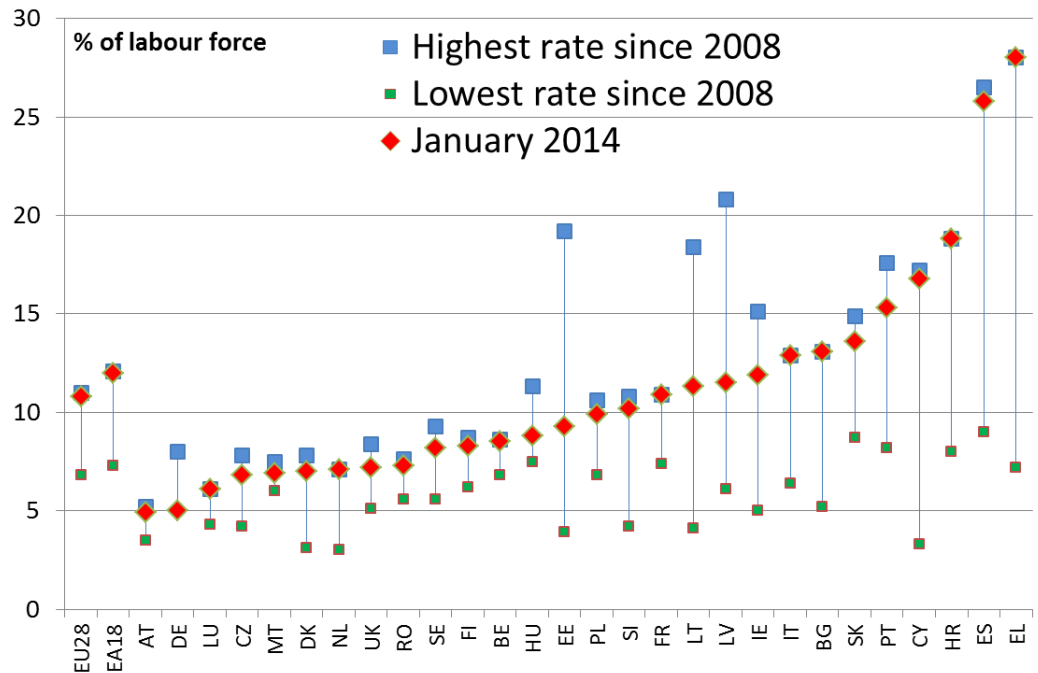
# 4. Unemployment

## Unemployment rate slightly falling from high levels

**Unemployment by age, EU28 and EA18, 2007-2014**



**Unemployment rates, EU28, EA18 and Member States, January 2014, and highest/ lowest rates since 2008**

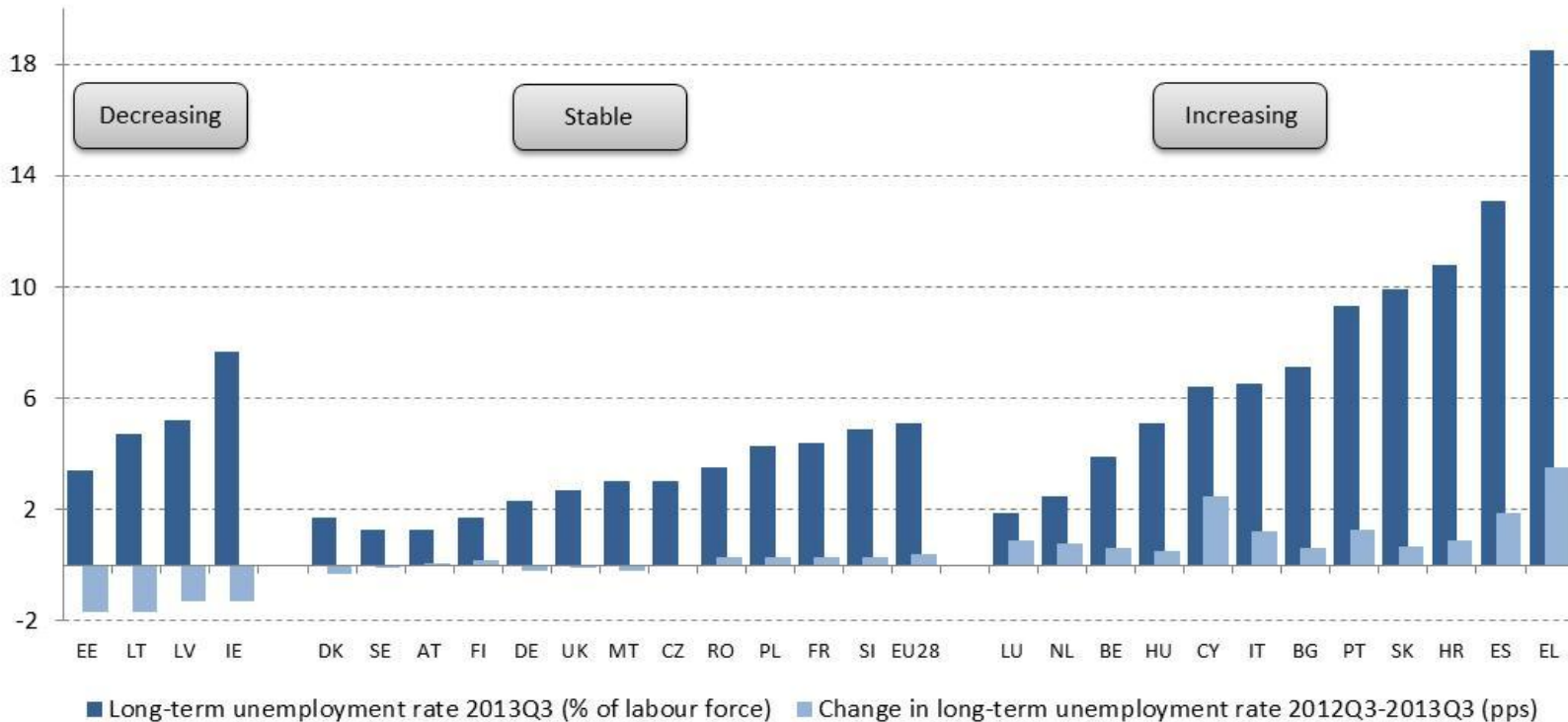


Source: Eurostat, series on unemployment

# 5. Labour market detachment

Long-term unemployment stagnated overall, while some Member States still evidence increase

Long-term unemployment rates and changes compared to previous year, EU28 and Member States, 2013 Q3



Source: Eurostat, LFS

## 5. Labour market detachment

### Underemployment and additional potential labour force grew in the EU

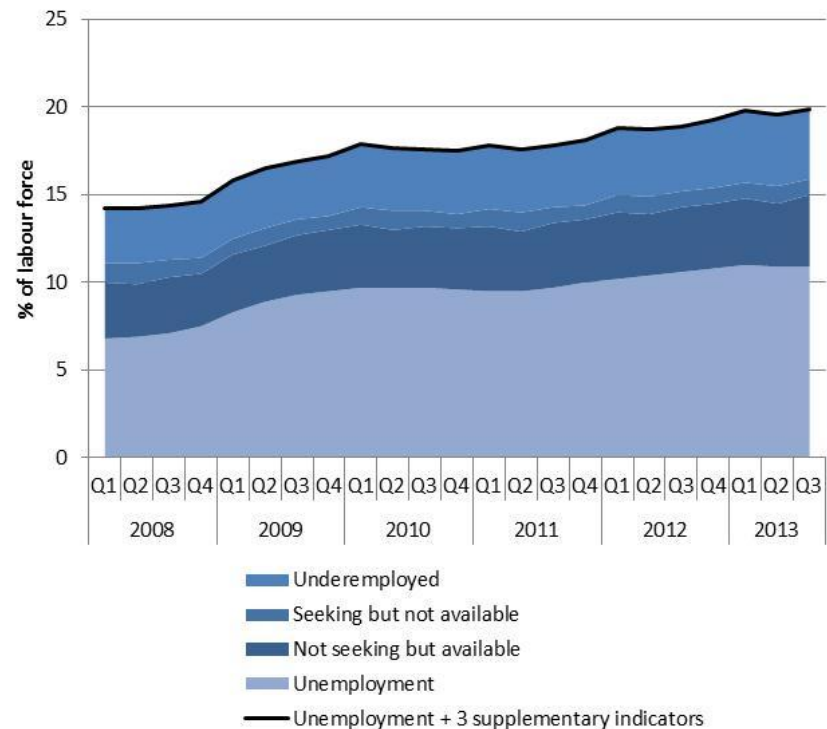
- Underemployment and potential labour force have expanded as fast as unemployment

- They would add 40% to current unemployment level

\* underemployment = part-time workers who want to work more

\*\* potential labour force = those who seek work but are not available plus discouraged who are available but don't seek work

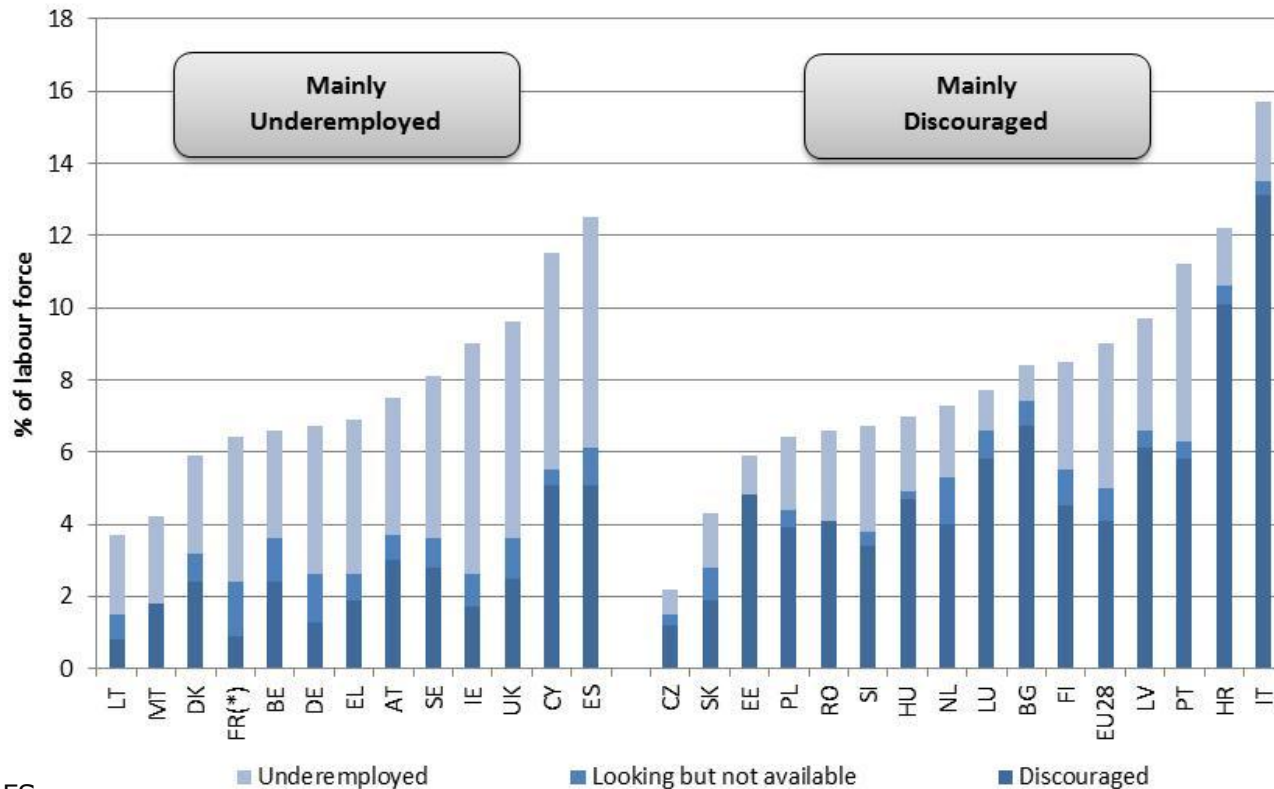
**Underemployment and potential labour force, EU28, 2008-2013**



# 5. Labour market detachment

## Underemployment and discouragement prevailed in Member States to different degree

Underemployment and potential labour force, EU28 and Member States, 2013 Q3

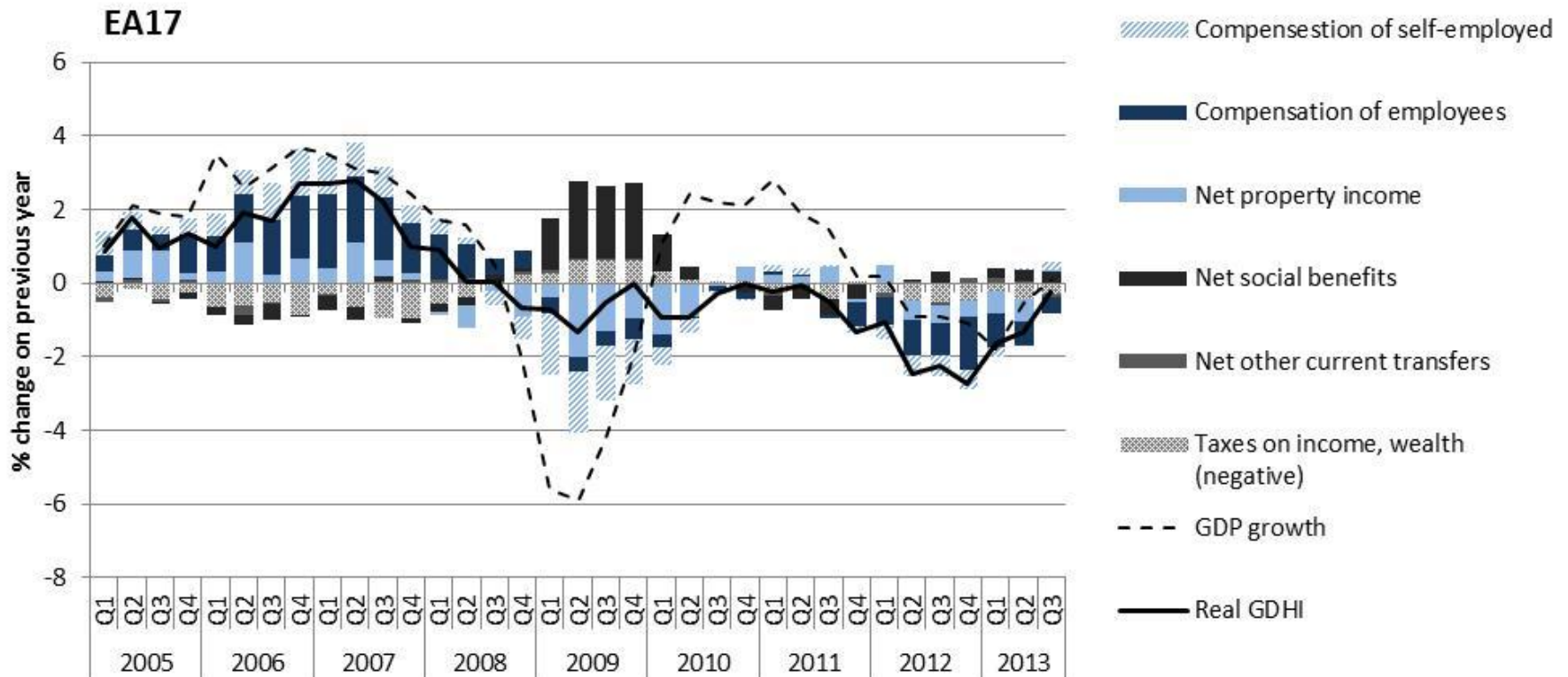


Source: Eurostat, LFS

## 6. Situation at household level

Recovery has not yet benefited individuals - real GDHI still slightly down on previous year

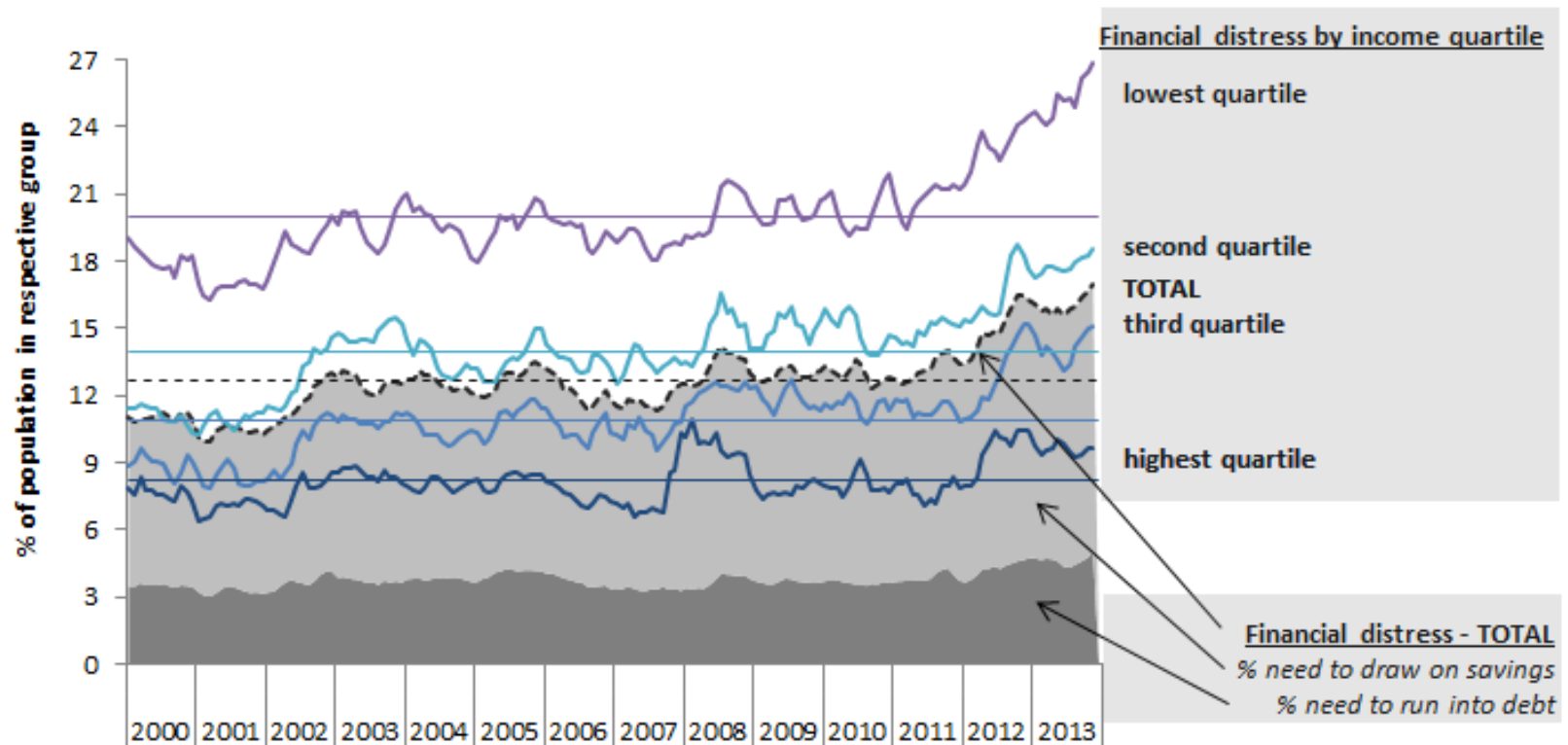
Real GDHI growth, EA17, 2005-2013



## 6. Situation at household level

### Households' financial distress continued to intensify – particularly among low-income households

Reported financial distress (need to draw on savings or run into debt), EU28, 2000-2013

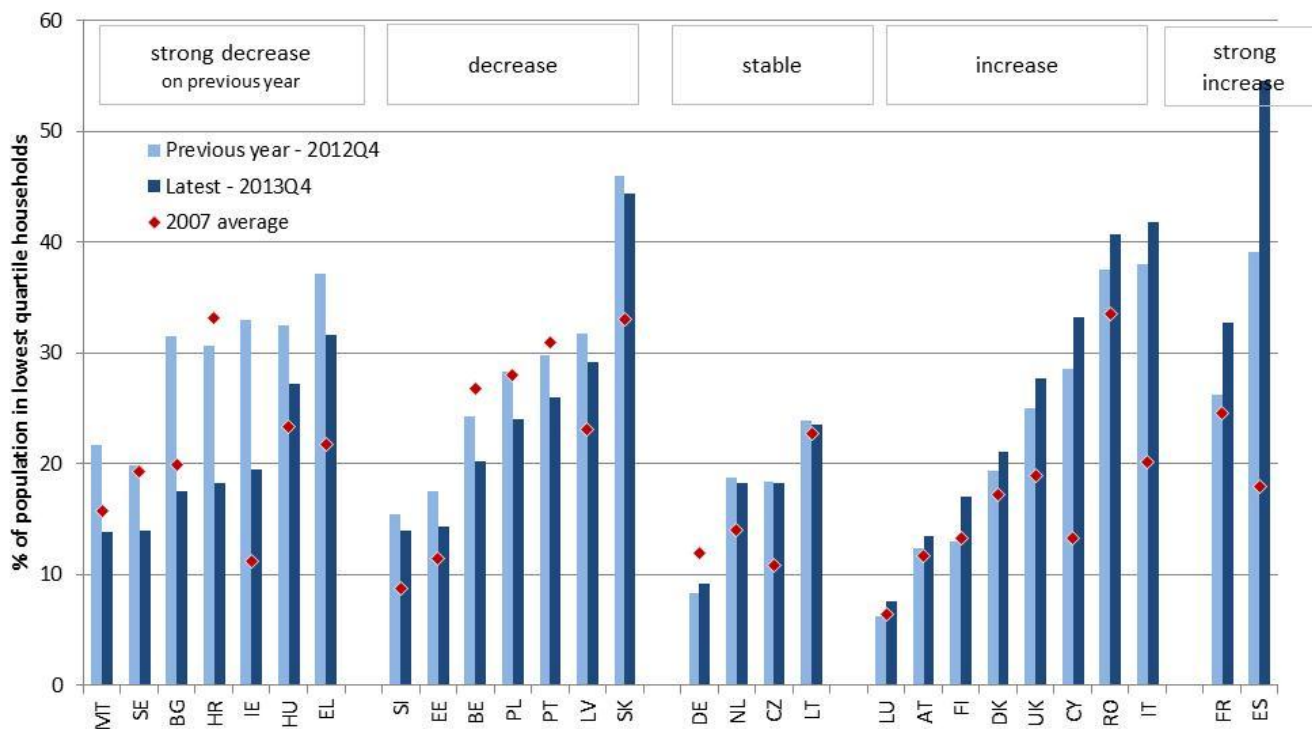


Source: European Commission, Business and Consumer Surveys

## 5. Situation at household level

### Developments in financial distress have varied across the EU

Reported financial distress (need to draw on savings or run into debt), EU Member States, 2007, 2012 Q4 and 2013 Q4

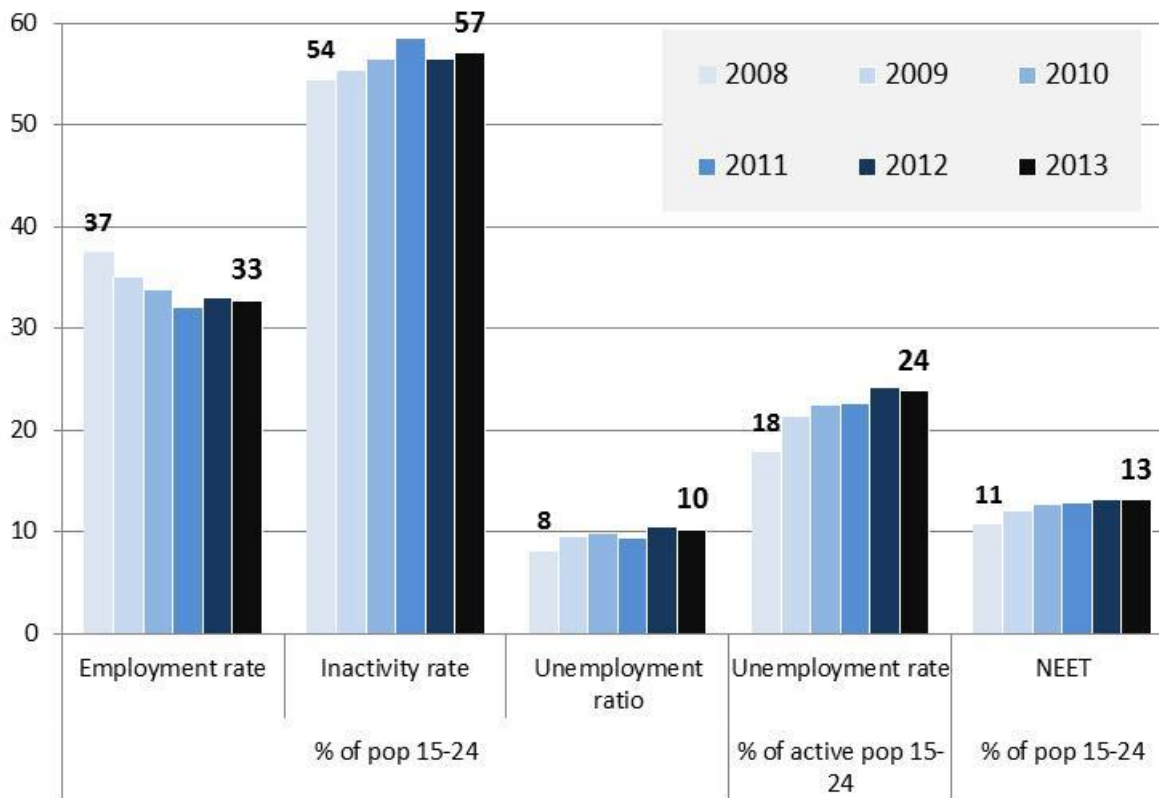


Source: European Commission, Business and Consumer Surveys

## 7. Situation for youth

Labour markets for youth have shown signs of stabilisation, but remain challenging

Key indicators for labour market for youth, EU28, 2000-2013



Source: Eurostat, LFS

- Recent trends
- Stabilisation in unemployment
- Inactivity, unemployment, NEET down over a year to 2013 Q3
- Situation of young people
- Only 1/3 in employment
- Nearly 60% inactive, among which 90% in education
- 10% in unemployment or 23.4% of labour force (January 2014) 5.5 mln
- 13% in NEET

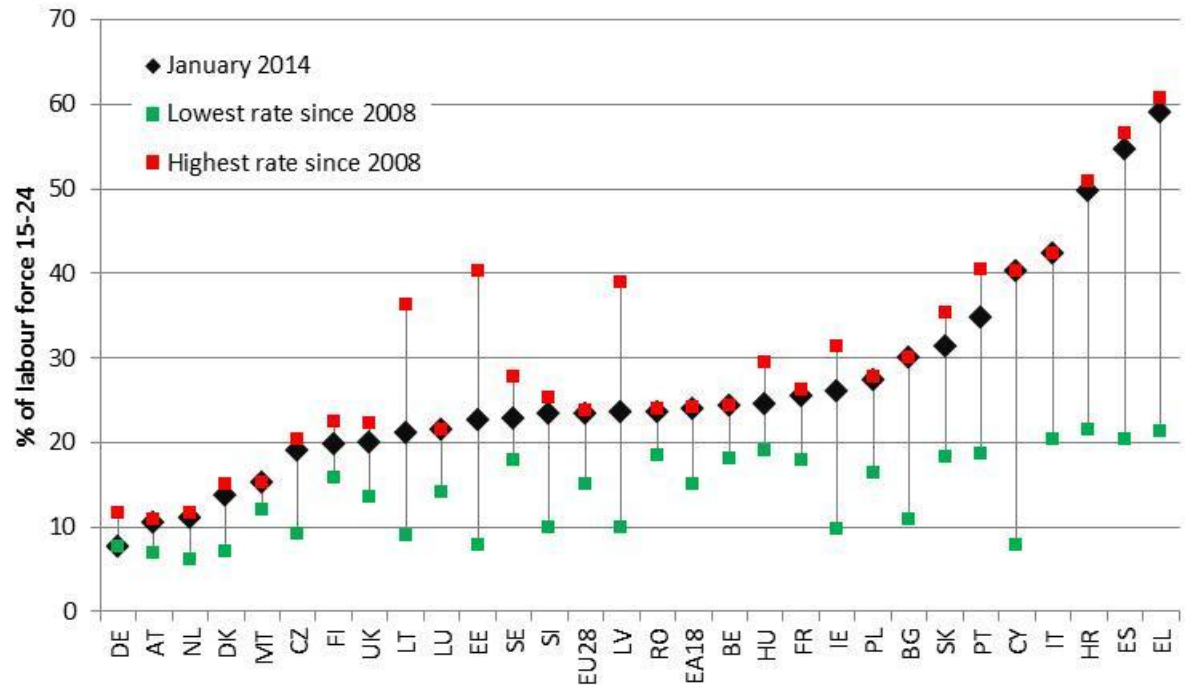
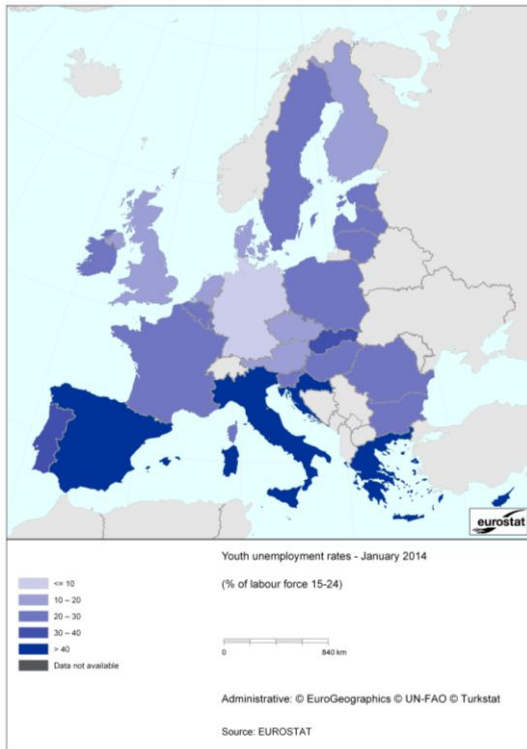


# 7. Situation for youth

Unemployment rate stabilised at high 23.4%, considerable differences across the EU prevailed

Youth unemployment rates, EU Member States, January 2014,

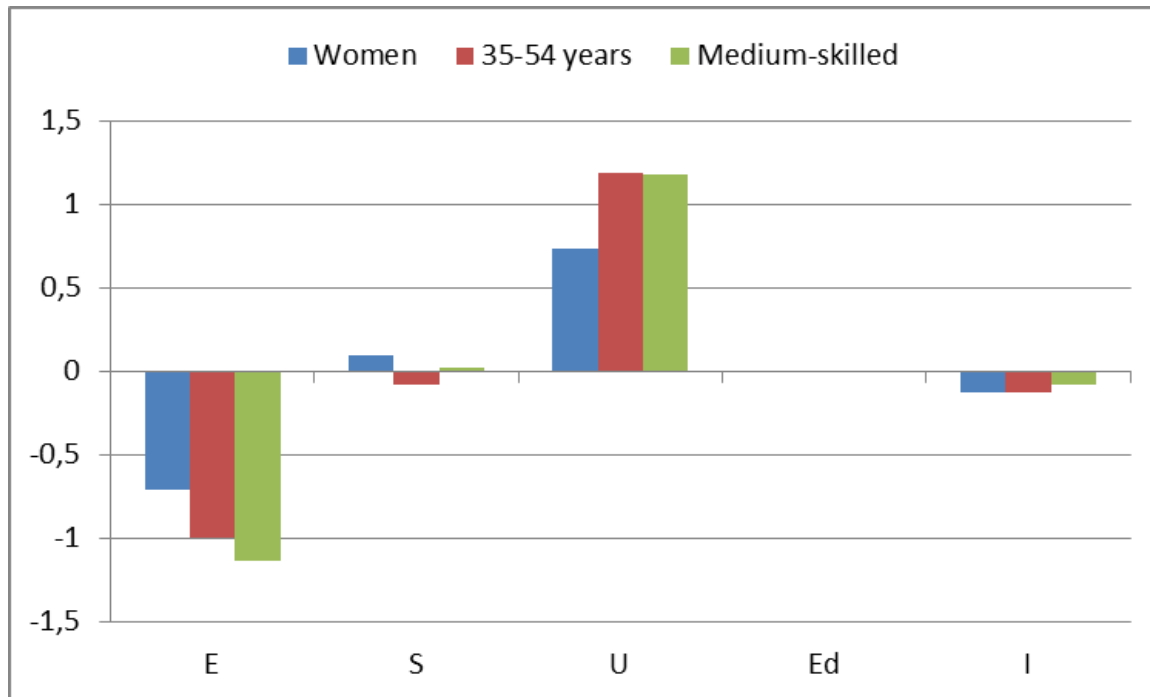
January 2014 lowest and highest rates since 2008



Source: Eurostat, series on unemployment

## 8. Labour market transitions

Change in transition probability from employment for reference categories between 2006 and 2010



**E: employed**

**Ed: education**

**S: self-employed**

**I: inactive**

**U: unemployed**

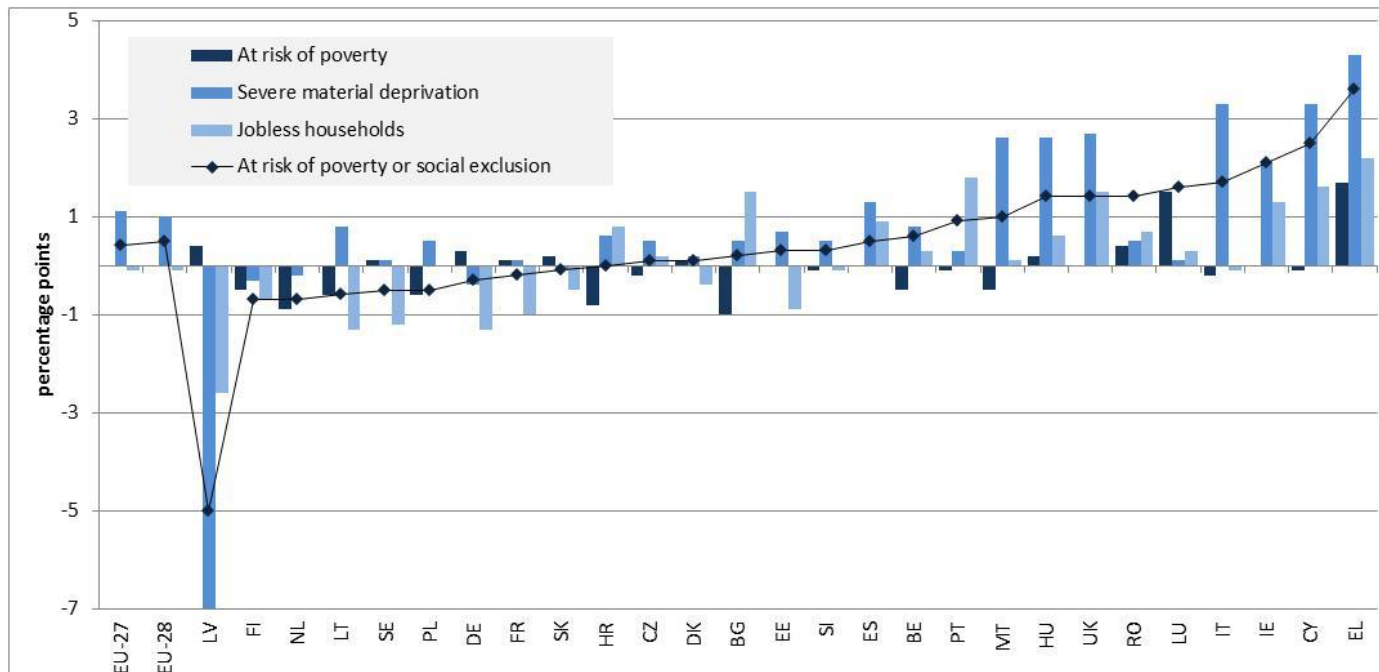
### Main findings:

- **Employment stability declined significantly in 2010.**
- **Transition to unemployment was the most important destination on leaving employment.**
- **Transitions of men and young people were most strongly affected.**
- **Stepping-stone function of temporary employment reduced notably.**

# 9. Poverty or social exclusion

Poverty or social exclusion increased in one third of the Member States, severe material deprivation rose & the share of people living in jobless households stabilized

Changes in components of at risk of poverty or social exclusion, EA28, EA17 and Member States, 2011-2012

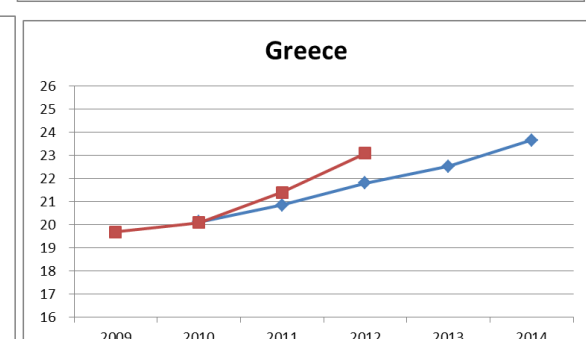
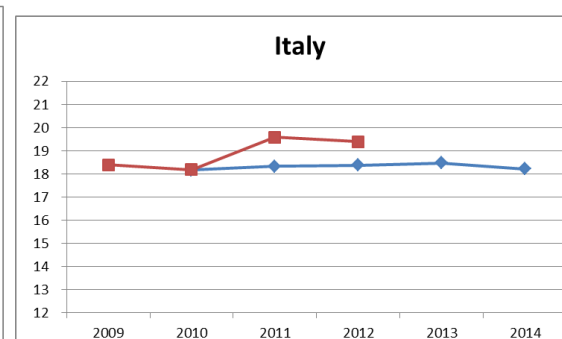
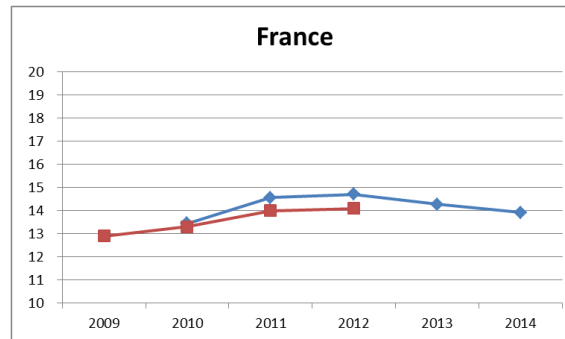
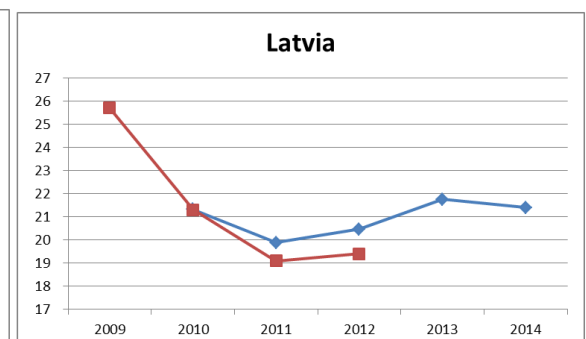
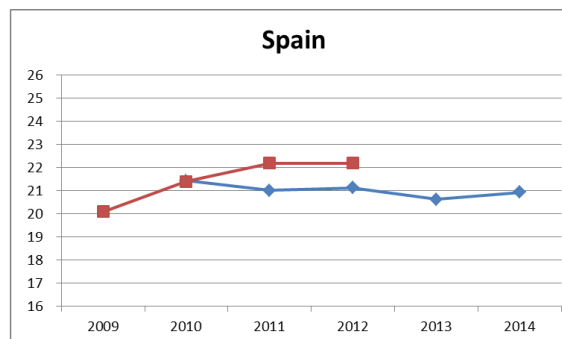
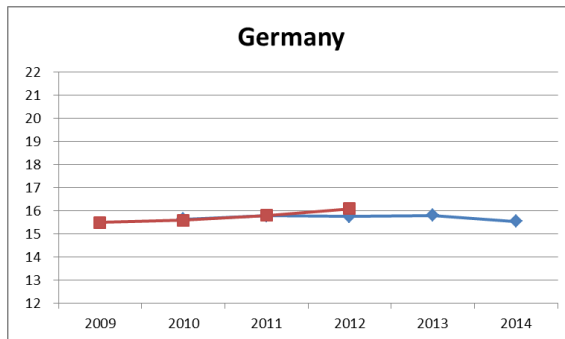


# 9. Poverty or social exclusion

## Nowcasting at-risk of poverty to 2013 – rise in some Member States

Nowcast estimates of at risk of poverty rates, selected Member States, 2011-13

**RED:** Eurostat **BLUE:** Euromod nowcasts

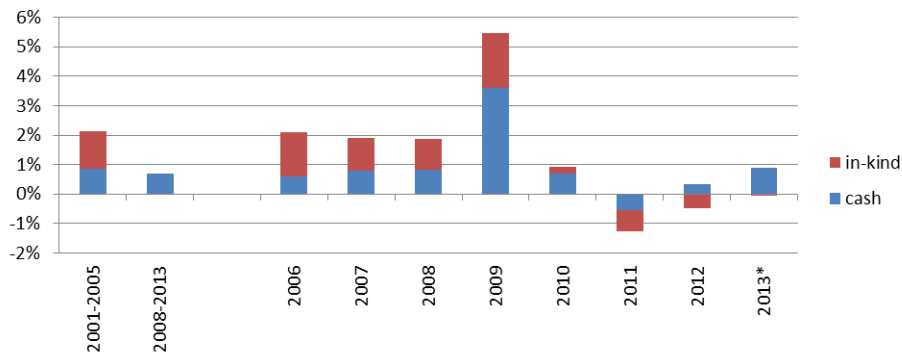


# 10. Impact of social protection expenditure

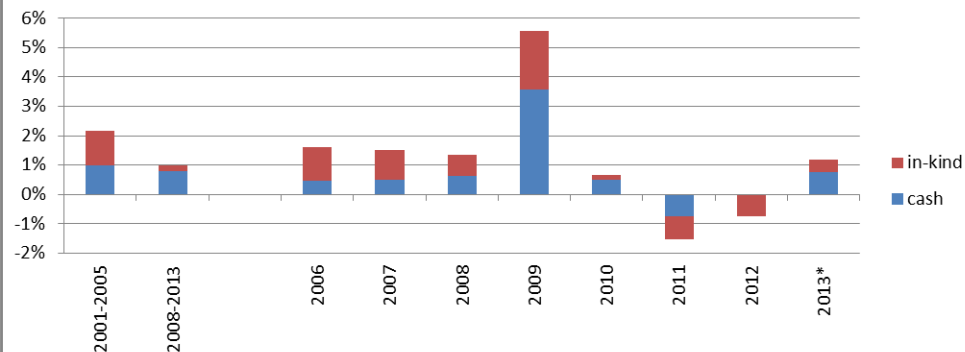
Stabilising impact of social protection expenditure remained very weak in 2013 despite a slight improvement

**Breakdown of annual change in real public social expenditure between contributions from in-cash and in-kind benefits, EU27 and EA17, 2001–13**

**EU27**



**EA17**

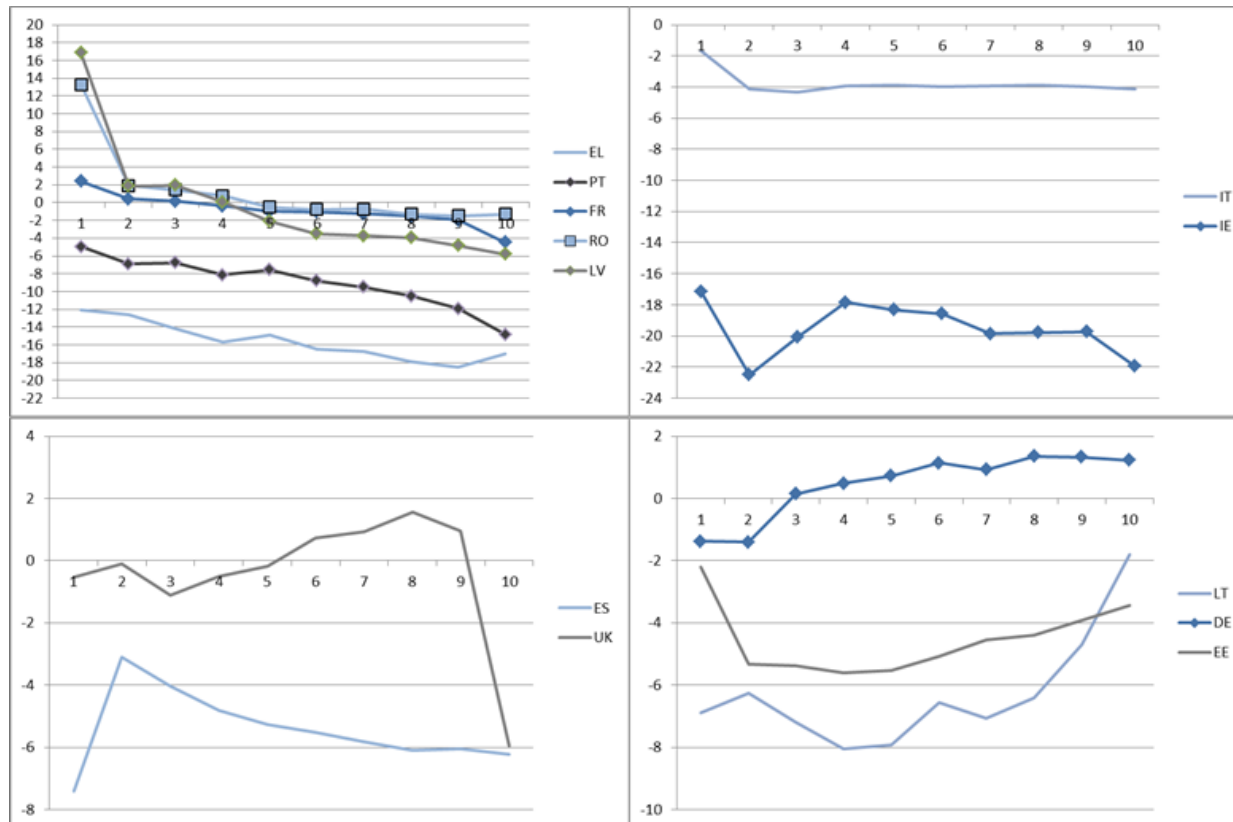


Note : Source: Eurostat, National Accounts, DG EMPL calculations. Note: the values for 2013 are generally an estimate based on national accounts based on the first three quarters.

# 10. Impact of social protection expenditure

## Impact on household incomes of changes in taxes and benefits

**Contribution of changes in tax benefit systems to change in households incomes, selected Member States, 2008-2013**



# Bonus. Latest labour markets trends in the EU-28...

	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
<b>Real GDP</b>					
(% change on previous quarter, SAWA)	-0.4	-0.1	0.4	0.3	0.4
(% change on previous year, SAWA)	-0.9	-1.4	0.0	0.5	1.1
<b>Employment growth</b>					
(% change on previous quarter, SAWA)	-0.2	-0.3	0.0	0.1	0,1
(% change on previous year, SAWA)	-0.3	-0.5	-0.5	-0.3	-0.1
<b>Employment rate (15-64)</b>					
(% of working-age population, NSA)	64.1	63.3	64.1	64.5	NA
<b>Employment rate (20-64)</b>					
(% of working-age population, NSA)	68.4	67.6	68.4	68.8	NA
<b>Job vacancy rate (EU27)</b>					
(% of vacant and occupied posts, NSA)	1.4	1.5	1.5	1.4	1.6
<b>Labour productivity</b>					
(% change on previous year, SAWA)	-0.5	-0.3	0.3	0.5	1.1
<b>Nominal unit labour cost</b>					
(% change on previous year, SAWA)	3.2	1.5	0.8	-0.1	-0.1
<b>Long-term unemployment rate</b>					
(% labour force, NSA)	4.9	5.2	5.1	5.1	NA

	2013 Jan	2013 Oct	2013 Nov	2013 Dec	Jan 2014
<b>Unemployment rate (SA)</b>					
<b>Total</b> (% labour force)	11.0	10.8	10.8	10.8	10.8
<b>Men</b>	10.9	10.7	10.7	10.7	10.7
<b>Women</b>	11.0	10.9	10.9	10.8	10.9
<b>Youth</b> (% labour force aged 15-24)	23.7	23.3	23.4	23.3	23.4

Source: Eurostat

# ... and outlook for EU-27 and EA

	Institute	date	gr.'14	gr.'15	UR '14	UR '15
EU-27	IMF	21-Jan	NA	NA	NA	NA
	Commission	25-Feb	1.5	2.0	10.7	10.4
	ECB	06-Mar	NA	NA	NA	NA
Euro area	IMF	21-Jan	1.0	1.4	NA	NA
	Commission	25-Feb	1.2	1.8	12.0	11.7
	ECB	06-Mar	1.2	1.5	11.9	11.7

"gr." is real GDP growth in %; "UR" is the unemployment rate, in % of the active population.

# Thank you for your attention!



Please consult our [website](#) to download the [report](#), the [press release](#) and the Special Supplements on [labour market transitions](#), [trends in poverty and social exclusion](#) and [trends in social expenditure](#).

(URL:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2054&furtherNews=yes>)

**Any further questions?** Please contact [EMPL-ANALYSIS@ec.europa.eu](mailto:EMPL-ANALYSIS@ec.europa.eu)