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Employment and Social Developments in Europe

Quarterly Review

September 2019



September 2019

With regularly updated data and charts downloadable [here](#)

The Employment and Social Developments Quarterly Review provides an in-depth description of recent labour market and social developments. It falls under the responsibility of the Directorate Employment and Social Governance of the Directorate-General for Employment, Social Affairs and Inclusion and is prepared by the Thematic Analysis Unit. The main contributors were F. De Franceschi and L. Pappalardo.

A wide range of information sources have been used to produce this report, including Eurostat statistics¹, reports and survey data from the Commission's Directorate-General for Economic and Financial Affairs.

Charts and tables are based on the latest available data at the time of publication, and include Eurostat data on national accounts (employment and GDP) for the second quarter of 2019 (2019 Q2), Eurostat data on the Labour Force Survey first quarter of 2019 (2019 Q1) and Eurostat data on monthly unemployment concerning July 2019. Data on which the report is based are the latest available as of 6/9/2019.

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¹ To access them, see [codes] mentioned under the charts, to be used with the Eurostat data search engine: <https://ec.europa.eu/eurostat/web/main/home>



I am happy to present the last quarterly review of my mandate picturing, once again, a positive outlook: employment keeps on growing although at a moderate pace. With 241.4 million people in employment in the EU and 160 million in the euro area, we are reaching again new record levels. Since the low recorded in the first quarter of 2013, more than 17 million people found a job. Never before have there been so many people in employment in the EU. And these are in majority full time, permanent jobs. Total hours worked have also exceeded the peak of 2008. This is an important signal that the European labour market is working. Let's keep our focus on delivering the European Pillar of Social Right to ensure that these positive developments continue to reach all citizens in Europe.

A handwritten signature in blue ink, appearing to read 'M. Thyssen'.

Marianne Thyssen
Commissioner for Employment, Social Affairs, Skills and Labour Mobility

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List of country codes

EU Member States

AT: Austria
BE: Belgium
BG: Bulgaria
CY: Cyprus
CZ: Czechia
DE: Germany
DK: Denmark
EE: Estonia
EL: Greece
ES: Spain
FI: Finland
FR: France
HR: Croatia
HU: Hungary
IE: Ireland
IT: Italy
LT: Lithuania
LU: Luxembourg
LV: Latvia
MT: Malta
NL: The Netherlands
PL: Poland
PT: Portugal
RO: Romania
SE: Sweden
SI: Slovenia
SK: Slovakia
UK: United Kingdom

Further afield:

US: United States of America
JP: Japan

Executive summary

Economic conditions

In the first half of 2019, the EU's economy continued its expansion, yet less dynamically than in 2018. The GDP in 2019 Q2 increased by 0.2% both in the EU as a whole and in the euro area, compared to the previous quarter. **Most Member States reported positive GDP growth in the second quarter of 2019** compared to the previous quarter, with the highest growth rates registered in Ireland (2.4%), Hungary (1.1%) and Romania (1.0%). On the other hand, GDP declined in Malta (-0.6%), Germany (-0.1%) and Sweden (-0.1%) and remained unchanged in Italy. The year-on-year growth rate in the second quarter of 2019 was 1.4% in the EU and 1.2% in the euro area, signalling a growth moderation compared to the previous quarters. Year-on-year growth rates were positive in all Member States but Italy (-0.1%), with particularly robust increases in Ireland (6.3%), and Hungary (5.2%). In line with the slowdown of economic growth since the beginning of last year, most recent survey indicators point to lower confidence and higher uncertainty, linked to Brexit and world trade. Consequently, the outlook for the labour market is expected to weaken, but remains broadly positive.

Employment

Employment kept growing in the second quarter of 2019 at a moderate pace. It increased by 0.3% over the previous quarter in the EU and by 0.2% in the euro area, whereas it grew by 1.0% in the EU and 1.2% in the euro area compared to the second quarter of 2018. This trend is so far slightly more positive than what had been forecasted by the Commission in Spring 2019 (0.8% on an annual basis). However given the moderate expansion of GDP a slowdown in employment growth in the second half of the year cannot be excluded.

There are now 241.4 million people in employment in the EU, of which 160 million in the euro area, both new record levels. Employment has been growing for twenty-five consecutive quarters in the EU, since the low recorded in the first quarter of 2013. During the period, more than 17 million people found a job, including 11 million in the euro area. **Total hours worked are increasing more slowly but steadily since the first quarter of 2013, and have now slightly exceeded the peak of 2008.**

Employment continued to increase in most Member States when compared to the previous quarter, but fell in seven of them and most notably Croatia (-1.6%) and Latvia (-1.1%). When compared with the second quarter of 2018, it expanded in all Member States except for Latvia (-0.7%) and Poland (-0.4%).

The employment rate in the EU continued rising towards the Europe 2020 target and reached 73.8% in the first quarter of 2019, 0.3pp more than in the previous quarter. The employment rate increased in almost all Member States, with the largest annual increases recorded in Cyprus (3.1pp), Malta (2.6pp) and Slovenia (2.1pp). Considerable disparities in employment rates persist in the Member States, as in the third quarter of 2018 there was a difference of more than 22pp between the highest employment rate (83.0% in Sweden) and the lowest (60.6% in Greece). Despite the rather positive recent performance, the combination of tight labour markets in some Member States and the slowdown in GDP growth might also reduce the employment rate growth in the coming quarters.

EU employment increased in all sectors but agriculture compared to the same quarter of the previous year. **The service sector recorded the greatest rise in absolute terms**, with 721 thousand more employed people in wholesale trade and 1.4 million more in other services, but **in relative terms the construction sector is growing more** (by 2.1%). Industry experienced again a less important growth (0.9% vs 1.2% in services).

Permanent jobs continue to expand while temporary jobs are still declining and self-employment is on the rise. In the first quarter of 2019, permanent jobs increased by 2.5 million compared with the same quarter of the previous year. The number of temporary employees fell in the same period by 600 thousand people and the number of self-employed increased by 350 thousand. At the same time, both full-time and part-time employment grew: the number of full-time workers augmented by 2 million on an annual basis, and part-time work increased by almost 200 thousand people.

Unemployment

The unemployment rate in the EU and euro area continued to decline, and reached 6.3% and 7.5%, respectively, in July 2019. Compared to the unemployment rate recorded in the same month of the previous year this represents a reduction of 0.5pp in the EU and 0.6pp in the euro area; compared to the peak levels recorded in 2013, the decrease amounts to 4.7pp and 4.6pp, respectively. **Unemployment in the EU has receded by 11 million people since its peak observed in April 2013.** In July 2019, there were 15.6 million unemployed in the EU, about 0.9 million fewer than in the same month of the previous year.

The unemployment rate decreased or remained stable in almost all Member States compared with a year ago. The largest reduction was registered in Greece (-2.2pp) but increases were registered in Sweden (0.8pp), Lithuania (0.3pp) and Luxembourg (0.1pp). Important differences remain among Member States. The lowest rates were recorded in Czechia (2.1%) and Germany (3.0%). At the other end, Greece (17.0%) and Spain (13.9%) are the only Member States with an unemployment rate over 10%.

In July 2019, youth unemployment stood at 14.9% in the EU, 0.7pp lower than in the same month of the previous year. This represents 167 thousand fewer unemployed people aged 15-24. The dynamics of youth unemployment have been quite different among Member States. The stronger decreases occurred in Greece (6.2pp), Cyprus (5.8pp) and Croatia (4.4pp) while the largest increases were recorded in the Baltic countries (Estonia 7.1pp and Latvia 3.0pp), together with Sweden (2.3pp). In spite of the very significant decrease, Greece is still the country with the highest youth unemployment rate (33.0%), followed by Spain (32.1%) and Italy (28.9%).

Long and very long-term unemployment also continued declining. Long-term unemployment shrank by 0.4pp in the first quarter of 2019, compared with the same quarter of the previous year, representing 2.7% of the labour force. Long-term unemployment receded or remained stable in all Member States with the exception of Romania, where it increased by 0.1pp. The very long-term unemployment rate (which captures people in unemployment for at least two years) declined by 0.1pp, to 1.6% of the labour force. The share of long-term unemployed in total unemployment is still high, around 41.3%, although on a declining trend.

Productivity

The growth of labour productivity, as measured by output per worker, has remained modest in the past years both in the EU and euro area. In the second quarter of 2019, year-on-year productivity growth was at 0.2% in the EU as a whole and at -0.1% in the euro area. These figures are the lowest recorded in the EU and in the euro area since the first quarter of 2013, and are broadly in line with the trend observed since mid-2017, which shows a slowdown in productivity growth in the EU and a decline in the euro area, which turned negative with the first quarter of 2019.

Labour costs

Following a brief decline in 2016, the **nominal compensation per employee has been growing since the first quarter of 2017.** The annual rate of growth registered in 2019 Q2 was 2.4% in the EU and 2.1% in the euro area.

Gross Disposable Household Income (GDHI) and financial distress

The financial situation of households continues to improve in the EU, and at a higher pace than GDP. The real per capita gross disposable income of households has been growing for 23 consecutive quarters. In the first quarter of 2019 it was 1.9% higher than in the same quarter of 2018, and 5.9% above the level recorded in 2008. The pace of GDHI growth has been strong in most Member States, but per capita GDHI is still below the 2008 average level in seven of them.

In the latest available period (August 2019), the number of people who reported to be in financial distress has remained stable compared to a year ago, but with some deterioration in the lowest quartile. The worsening of financial conditions in the lowest quartile affected several Member States, with France and the Netherlands displaying the highest levels of reported financial distress in the EU.

Labour demand

The unmet demand for labour, as expressed by the job vacancy rate has been rising since the end of 2014 in the EU and the euro area. In the second quarter of 2019, the vacancy rate stood at 2.3% both in the EU and the euro area, the highest levels registered since 2006, suggesting that labour markets are still tight in most Member States. The job vacancy rate ranged from 0.6% in Greece to 6.2% in Czechia.

Outlook

Survey indicators of companies' employment expectations have weakened. Since May 2018, unemployment expectations have also declined relative to the recent record lows. While employment in the EU is expected to continue expanding in 2019, its pace of growth is expected to slowdown.

List of charts and tables

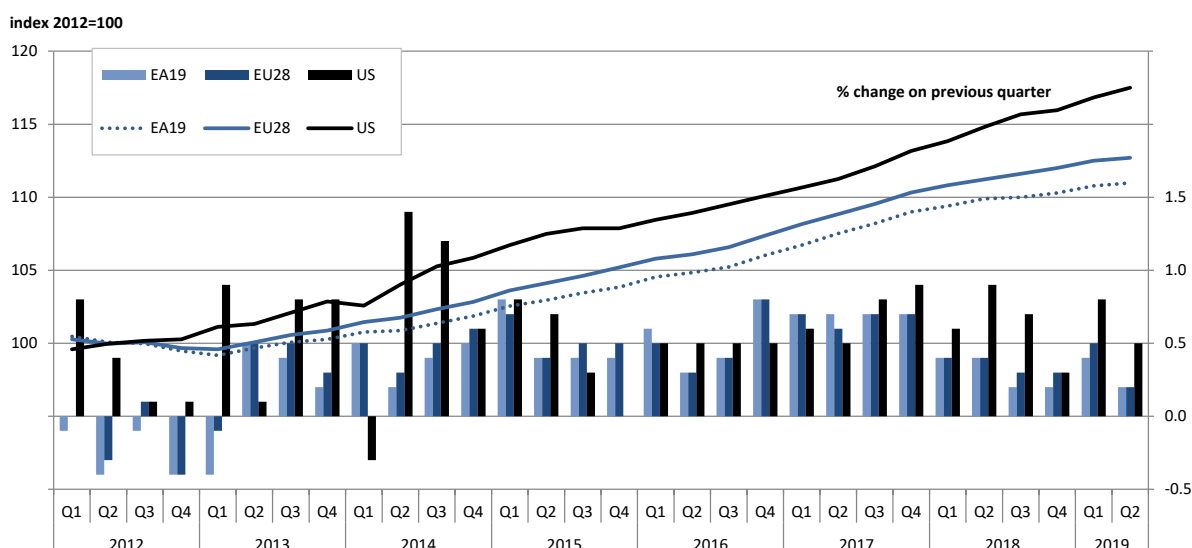
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1. Macroeconomic and employment developments and outlook

In the second quarter of 2019, compared to the previous one, real GDP increased by 0.2% both in the euro area and in the EU as a whole. This is the slowest pace of growth experienced in the EU since 2012. In the EU, the largest contribution to this growth came from the external balance followed by private consumption, whereas in the euro area it came from gross fixed capital formation, followed by private consumption. Year-on-year growth rates recorded a strong slowdown, and are now down to 1.4% in the EU and to 1.2% in the euro area. In contrast, the US economy expanded at a faster pace, with real GDP increasing by 0.5% in the second quarter, bringing year-on-year growth to 2.3%.

Real GDP in the EU and the euro area now exceeds the levels of Q1 of 2013, the time when the recovery started, by 13.4% and 12.2%, respectively. In comparison, the real GDP level in the US grew by a cumulative 16.2% over the same period (Chart 1).

Chart 1: Real GDP growth - EU, euro area and US, 2012-2019

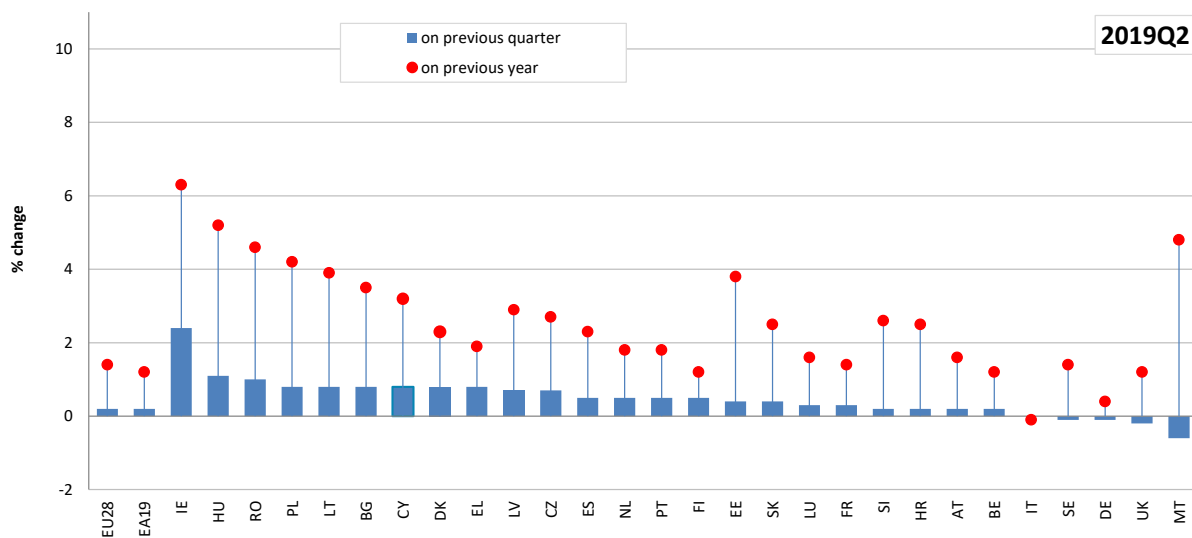


Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq_10_gdp, naidq_10_gdp]
[Click here to download chart.](#)

Most Member States report positive GDP growth

In the second quarter of 2019, most of the Member States experienced positive growth compared to the previous quarter. However, GDP declined in Malta (-0.6%)², UK (-0.2%), Germany (-0.1%) and Sweden (-0.1%), and remained unchanged in Italy (0.0%). On the other end of the spectrum, France was the only large economy experiencing growth in 2019 Q2 (+0.3%). The EU countries with the fastest-growing GDP were Ireland (+2.4%)³ Hungary (+1.1%) and Romania (+1.0%). Year-on-year growth was positive in all Member States, but Italy (-0.1%, see Chart 2).

Chart 2: Real GDP growth – EU, euro area and Member States



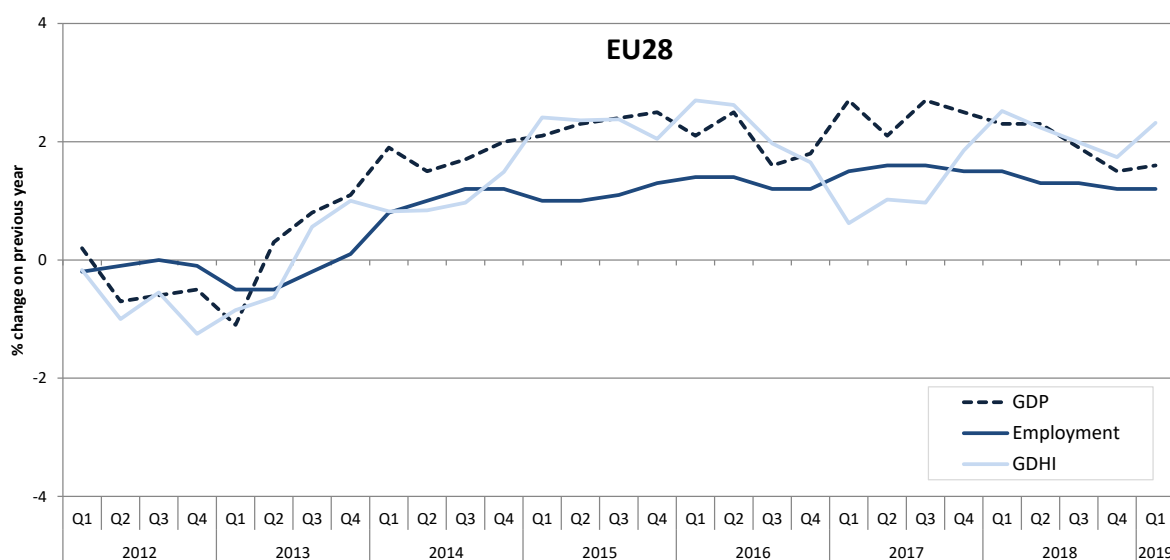
Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq_10_gdp]
 Note: Data for SK are seasonally and not calendar adjusted. 2019 Q1 data for IE, LU, and MT.
[Click here to download chart.](#)

² 2019 Q1
³ 2019 Q1

The slowdown in economic growth is also reflected in employment and household incomes

In the second quarter of 2019, employment increased by 0.3% in the EU and by 0.2% in the euro area compared to the previous one. In the second quarter of 2019, employment recorded a year-to-year increase of 1.2% in the EU and 1.0% in the euro area, indicating a weakening performance. Accompanying the economic and labour market recovery, gross disposable household income (GDHI) in the EU⁴ registered a 2.3% year-on-year increase in real terms in Q1 of 2019, the latest period for which that indicator is available (Chart 3).

Chart 3: Real GDP, GDHI and employment growth in the EU, 2012-2019



Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, namq_10_pe, nasq_10_nf_tr] (DG EMPL calculations for GDHI)

Note: GDHI EU aggregate for Member States for which data are available, GDP for EU28

[Click here to download chart.](#)

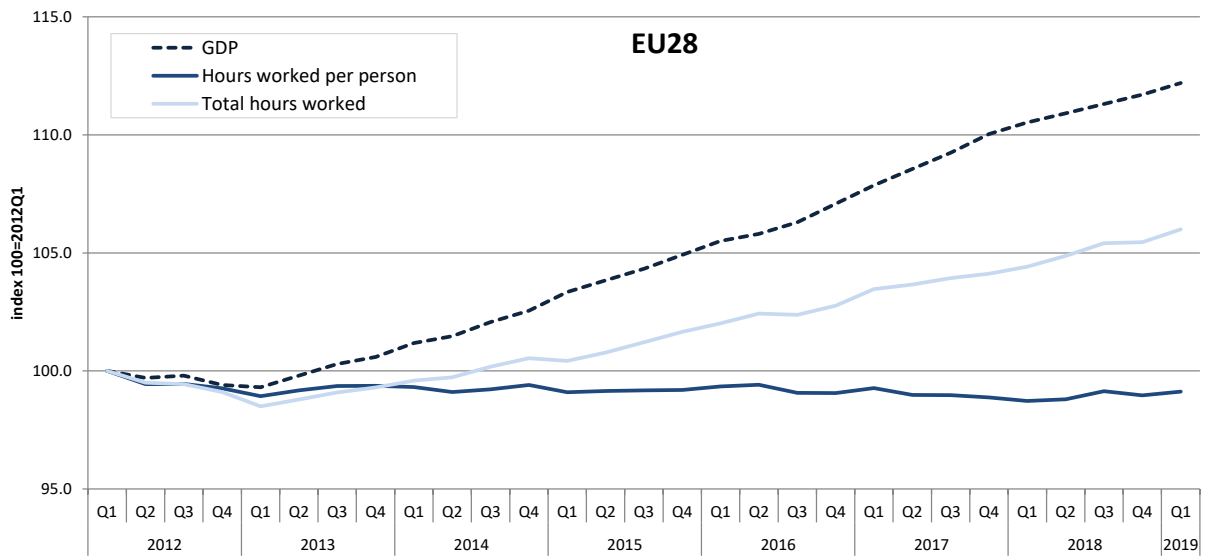
⁴ The real GDHI growth for the EU is an estimation by DG EMPL, and it includes Member States for which quarterly data are available (19 Member States: AT, BE, CZ, DE, DK, EL, ES, FI, FR, HR, IE, IT, NL, PL, PT, RO, SE, SI, UK, which account for at least 90% of EU GDHI). The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. The real GDHI growth for the EU is a weighted average of real GDHI growth in Member States.

The economic recovery and expansion have not been rich in working hours

In the second quarter of 2019, the working time per worker reached 408 hours per worker in the EU and 391 in the euro area. The latest developments are in line with a slow, but steady, long-term decline. Total hours worked are gradually increasing since the first quarter of 2013, and now exceed the peak of 2008. This is explained by a sharp drop in hours per worked per person during the crisis, and a recovery that was not particularly rich in working hours. Beyond part-time work, this can be attributed to changes in the breakdown of employment by sector of economic activity (

Chart 4).

Chart 4: GDP and hours worked (total and per employed person), 2012-2019

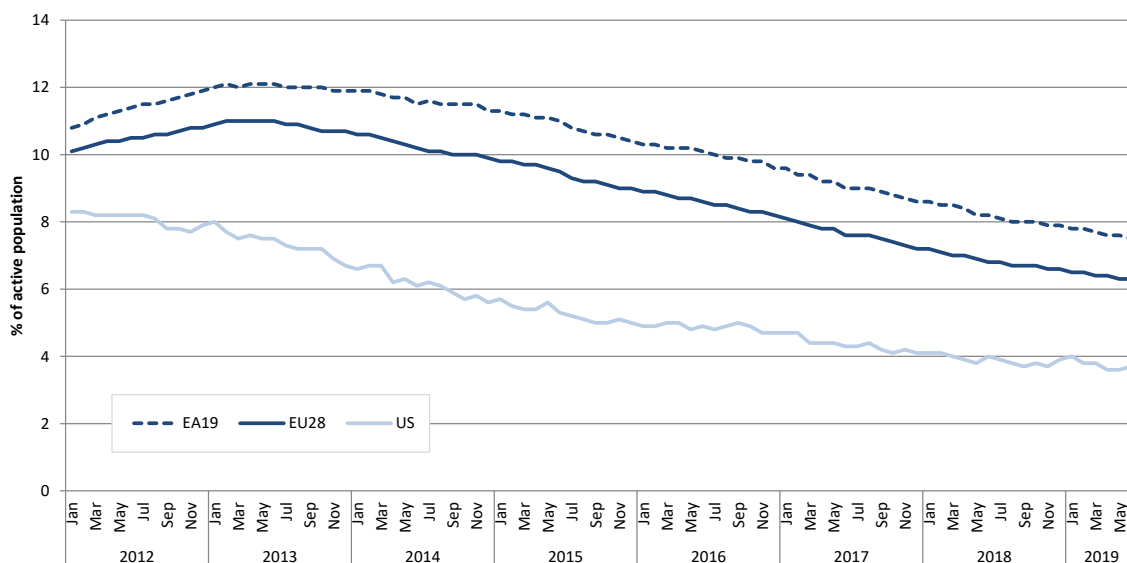


Source: Eurostat, National Accounts [namq_10_gdp, namq_10_a10_e, namq_10_pe], unadjusted data

Unemployment continues to recede

In July 2019, the EU and euro area unemployment rates continued the decline started in the autumn of 2013, and stood at 6.3% and 7.5%, respectively, down from 6.8% and 8.1% in July 2018. By comparison, the unemployment rate in the US reached 3.7% in July 2019 from 3.9% a year earlier (Chart 5).

Chart 5: Unemployment rate - EU, euro area and US, 2012–2019

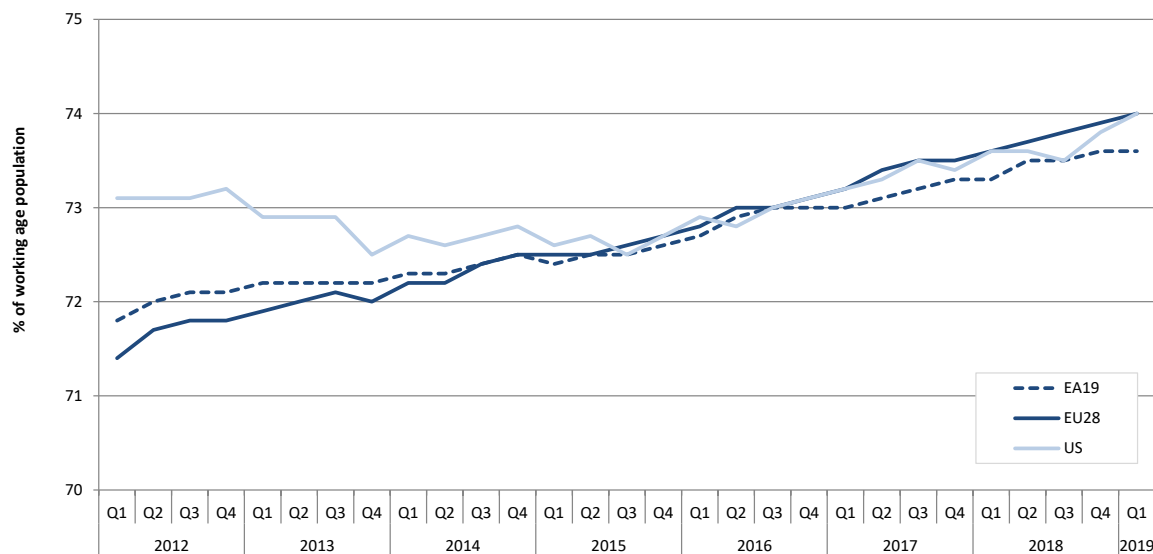


Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]
[Click here to download chart.](#)

Labour market participation heads up

Following a continuous increase over several years, the activity rate (the share of people in employment or unemployment within the total population) was 74.0% in the EU and 73.6% in the euro area in the first quarter of 2019 (the latest period with data available). Currently there is no gap between the activity rates of the US and the EU, with the 2019 Q1 EU figure being equal to the US figure (74.0%), whereas the euro area records a slightly lower value (73.6%, Chart 6).

Chart 6: Activity rate - EU, euro area and US, 2012-2019



Source: Eurostat, LFS [lfsi_act_q], and US Bureau of Labour Statistics, LFS from Current Population Survey (CPS), seasonally adjusted data

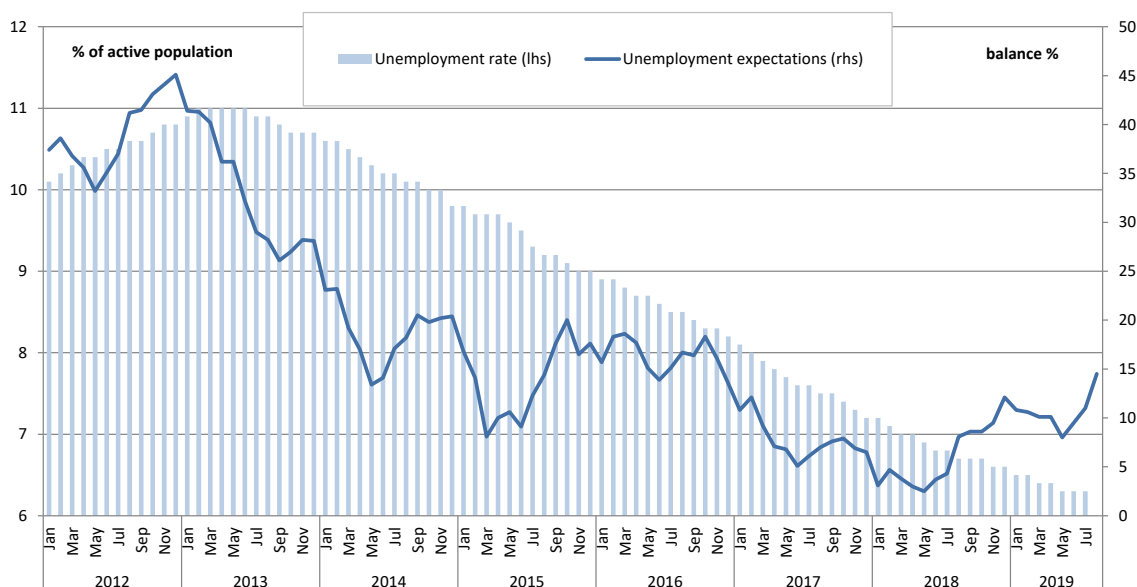
Note: Working age population 15-64 for EU, euro area and 16-64 for US.

[Click here to download chart.](#)

Economic sentiment and employment outlook have slipped after a recent peak

The Commission's economic sentiment indicator, a composite of sector-specific confidence indicator (covering industry, services, retail trade, construction and households) within the EU Business and Consumer Surveys (BCS)⁵, headed up between mid-2016 and December 2017 (114.3). At the beginning of 2018, it started declining and reached 101.4 in August 2019. Unemployment expectations, which is the balance of the share of respondents who expect higher unemployment and those who expect lower one, have boosted since mid-2018, marking a weakening of the outlook (Chart 7). In 2019, the employment expectations component of BCS diverged across sectors, with a decline for industry and construction, and stagnation for retail sale and services (Chart 8).

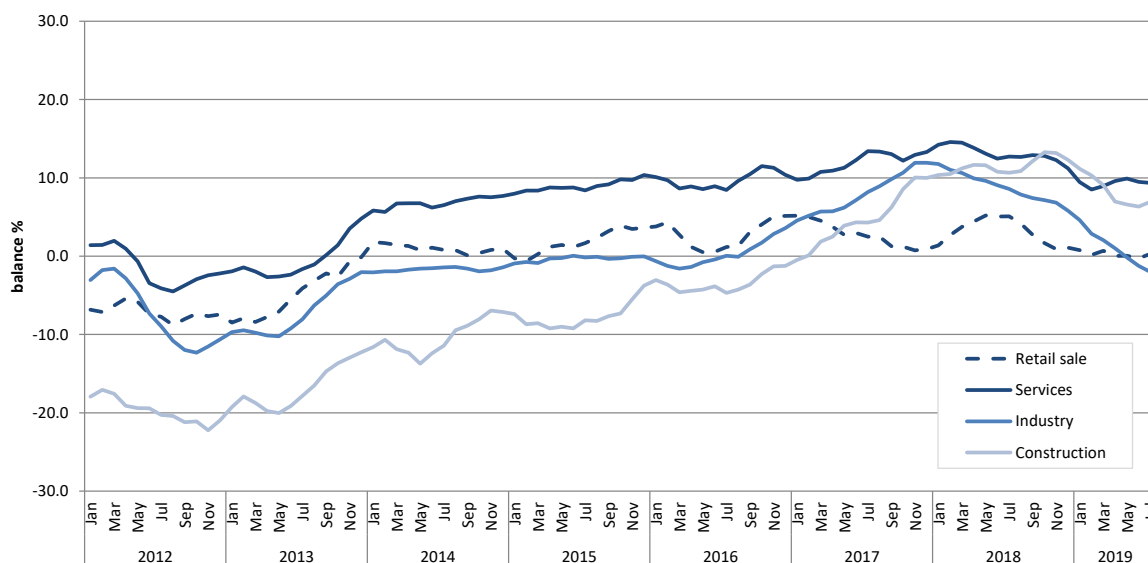
Chart 7: Unemployment rate versus unemployment expectations – EU, 2012–2019



Source: European Commission, Business and Consumer Surveys and Eurostat, LFS, seasonally adjusted data [ei_bsco_m, une_rt_m]
[Click here to download chart.](#)

⁵ https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys/download-business-and-consumer-survey-data/time-series_en

Chart 8: Employment expectations by sectors – EU, 2012–2019



Source: European Commission, Business and Consumer Surveys [ei_bsrt_m_r2, ei_bsse_m_r2, ei_bsin_m_r2, ei_bsbu_m_r2], seasonally adjusted data, moving averages
[Click here to download chart.](#)

The outlook for jobs in the EU weakens but remains positive, as global economic conditions and labour shortages constitute constraints

The July 2019 Economic Forecast by the European Commission⁶ expects a moderation in economic growth in the EU, in line with a weakening global growth amid downside risks. The more moderate pace of economic growth is expected to reduce further improvements in the labour market situation but not to stop them. Moreover, these improvements are further put at risk by the continued weakness in manufacturing. Should this weakness start affecting services more strongly, this could weigh on projected benign labour market conditions. The latest development of new industrial orders in some large economies, notably Germany, may hint to a further worsening of the outlook.

In the latest labour market forecast available (May 2019, Spring 2019 Economic forecast), the Commission forecast for employment growth remained unchanged, i.e. +0.8% in 2019. The forecasted employment growth rate for 2020 is 0.7 %. Unemployment was predicted to fall to 6.5% in 2019 and 6.2 % in 2020 (Table 1).

⁶ European Commission, Economic and Financial Affairs: European Economy Institutional paper 108 of July 2019

Table 1: Recent forecasts – EU and euro area

		GDP growth			Unemployment rate			Employment growth		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
EU										
Commission	<i>Jul-19</i>	1.4	1.6	:	:	:	:	:	:	:
	<i>May-19</i>	1.4	1.6	:	6.5	6.2	:	0.8	0.7	:
IMF	<i>Apr-19</i>	1.6	1.7	1.7	:	:	:	:	:	:
euro area										
Commission	<i>Jul-19</i>	1.2	1.4	:	:	:	:	:	:	:
	<i>May-19</i>	1.2	1.5	:	7.7	7.3	:	0.9	0.8	:
OECD	<i>May-19</i>	1.2	1.4	:	7.9	7.7	:	1.1	0.7	:
ECB	<i>Jun-19</i>	1.2	1.4	1.4	7.7	7.5	7.3	1.0	0.6	0.6
IMF	<i>Apr-19</i>	1.3	1.5	1.5	8.0	7.7	7.6	0.6	0.6	:

Source: European Commission July 2019 and May 2019, OECD May 2019, ECB June 2019, IMF April 2019.

Note: ':' information not available. See full table (link below) for the exact links to sources.

[Click here to download table.](#)

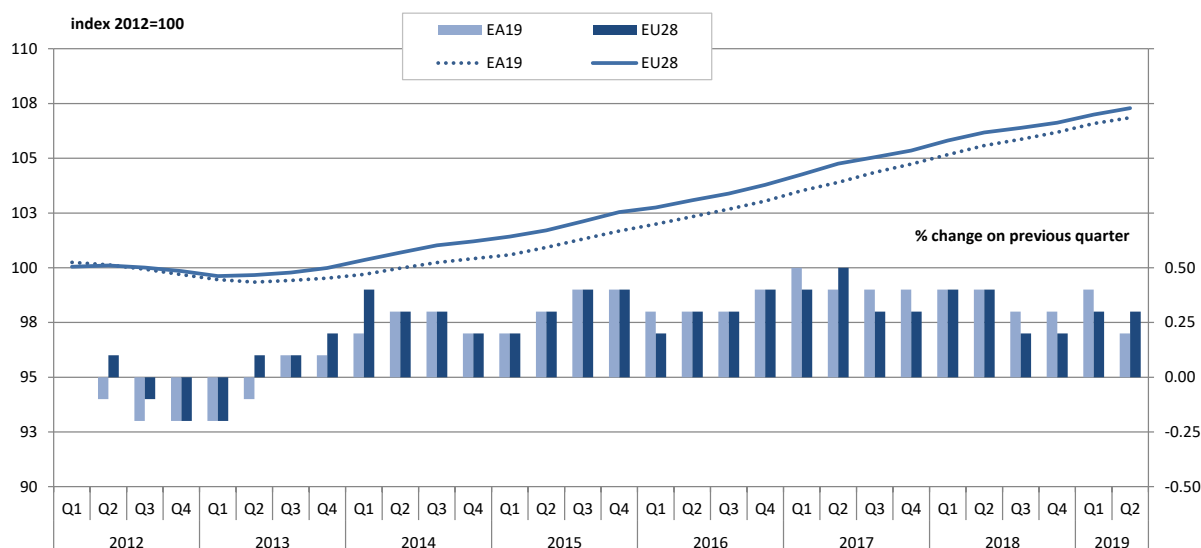
2. Employment in the EU and in Member States

Employment keeps growing in the EU at a stable pace

Employment kept growing in the second quarter of 2019, with a slight increase in its pace compared to the second half of 2018. Employment levels went up by 0.3% over the previous quarter in the EU and by 0.2% in the euro area. Compared to the first quarter of 2018, employment expanded by 1.0% in the EU and 1.2% the euro area. This result is broadly in line with forecasts for 2019, which predicted further improvements of the labour market conditions, but at a moderate pace.

Since the low point registered in the first quarter of 2013, employment has been growing for twenty-five consecutive quarters in the EU. Since then, and up to the second quarter of 2019, employment has increased by 17.3 million people (including 11.1 million in the euro area). In the second quarter of 2019, employment in the EU reached a new record level with 241.4 million people in employment, of which 160.0 million in the euro area (Chart 9).

Chart 9: Employment level – EU and euro area, 2012-2019



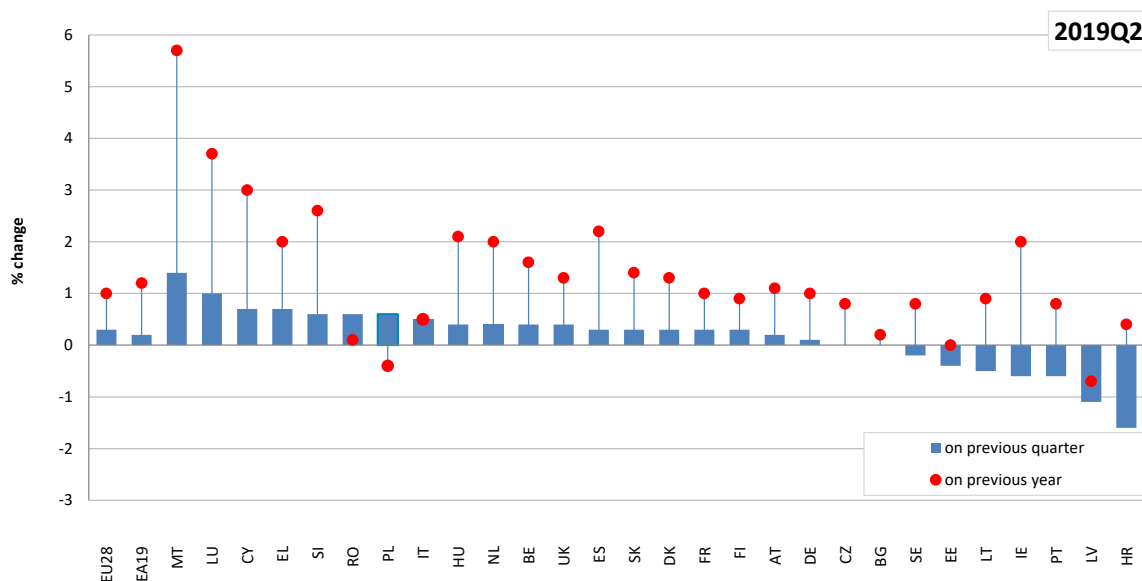
Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq_10_pe]
[Click here to download chart.](#)

Employment expands in most Member States but is declining in others

In the second quarter of 2019, employment continued to increase in most of the Member States when compared to the previous quarter, although it is declining in seven of them. Employment grew the most in Malta (1.4%) and Luxembourg (1.0%) and registered the strongest decreases in Croatia (-1.6%) and Latvia (-1.1%) as shown in Chart 10.

Compared to the second quarter of 2018, employment was higher in all Member States except for Latvia (-0.7%) and Poland (-0.4%). Growth was again especially strong in Malta (5.7%), Luxembourg (3.7%) and Cyprus (3.0%).

Chart 10: Employment growth – EU, euro area and Member States



Source: Eurostat, National Accounts, seasonally and calendar adjusted (q-o-q) and unadjusted (y-o-y) data [namq_10_pe]

Note: Seasonal (no calendar) adjustment for q-on-q change for several countries. Data for 2019Q1 for MT, LU and RO.

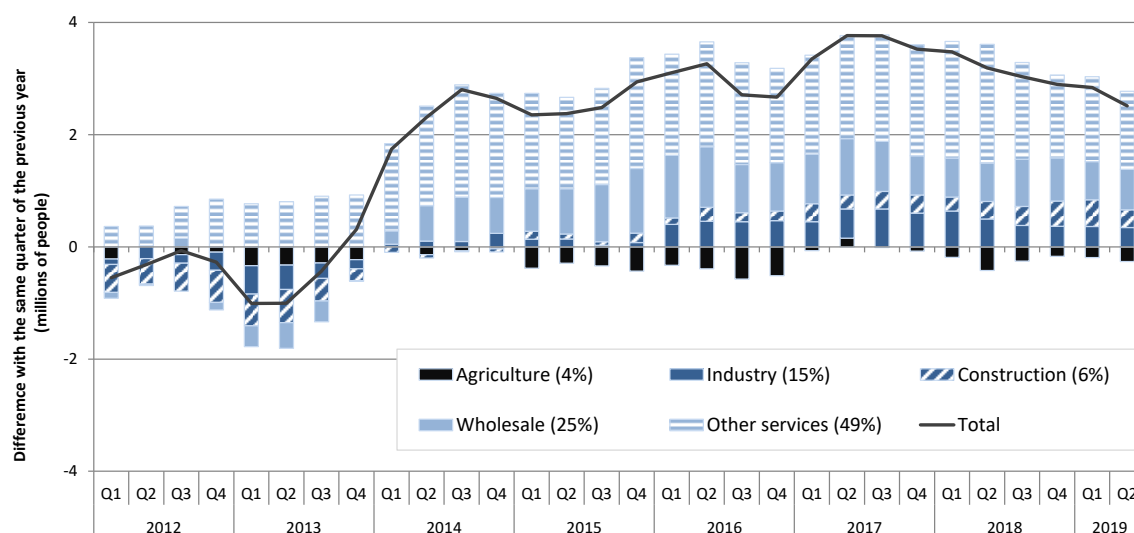
[Click here to download chart.](#)

Employment growth in the service sector slows down, construction is picking up

In the second quarter of 2019, EU employment increased in all sectors but agriculture compared to the same quarter of the previous year, in line with recent trends. The service sector recorded as usual the greatest rise in absolute terms, with 721 thousand more employed people on wholesale trade and 1.4 million more employed people in other services. However, this yearly increase is on a declining trend since the third quarter of 2018.

Employment in industry and construction grew respectively by 346 thousand and 314 thousand people, a slight decrease compared to the second half of 2018. However, construction keeps displaying the highest growth in relative terms, and grew by 2.1% on a yearly basis, while industry grew only 0.9% over the same period. Employment in agriculture declined by 262 thousand people on a yearly basis, in line with a long-standing negative trend.

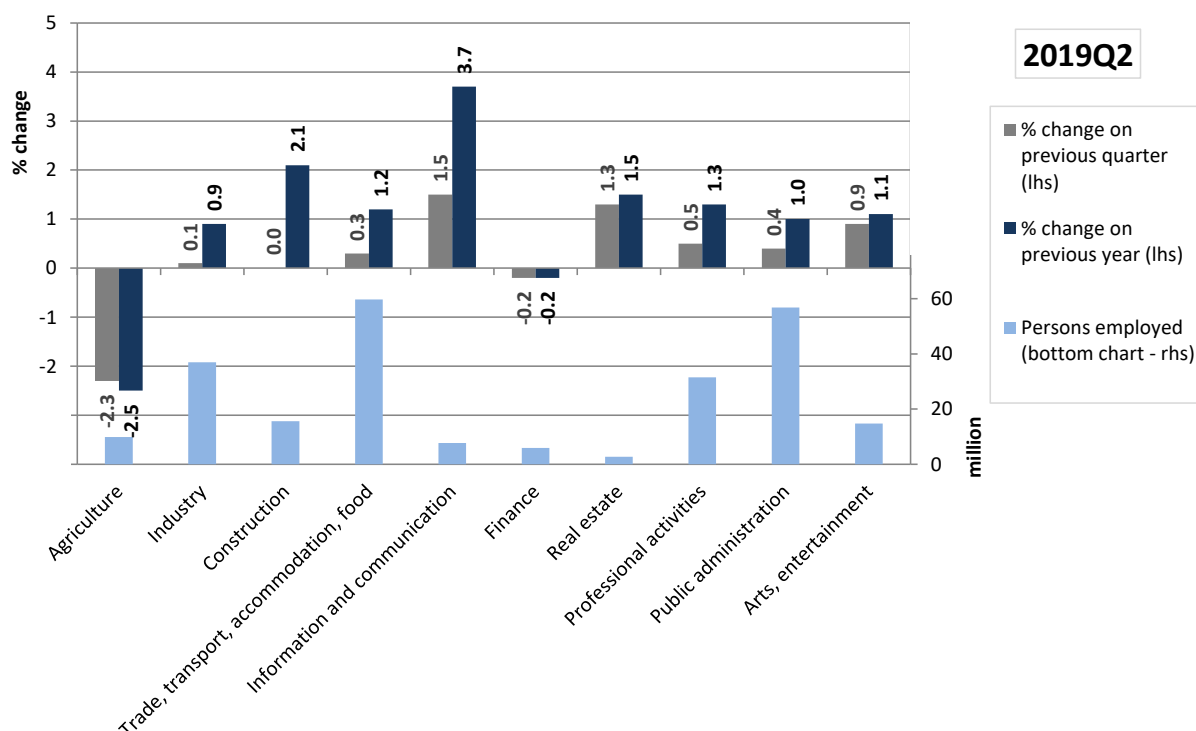
Chart 11: Employment growth by sector – EU, 2012-2019



Source: Eurostat, National Accounts, unadjusted data [namq_10_a10_e]

Note: Figures in brackets in the legend indicate the sector's share of employment in the EU economy. The [Statistical Annex](#) presents in detail the changes in employment by sector and Member State. [Click here to download chart.](#)

Chart 12: Employment growth by sector – EU



Source: Eurostat, National Accounts, seasonally and calendar adjusted (q-o-q) and unadjusted (y-o-y) data [namq_nace10_e]

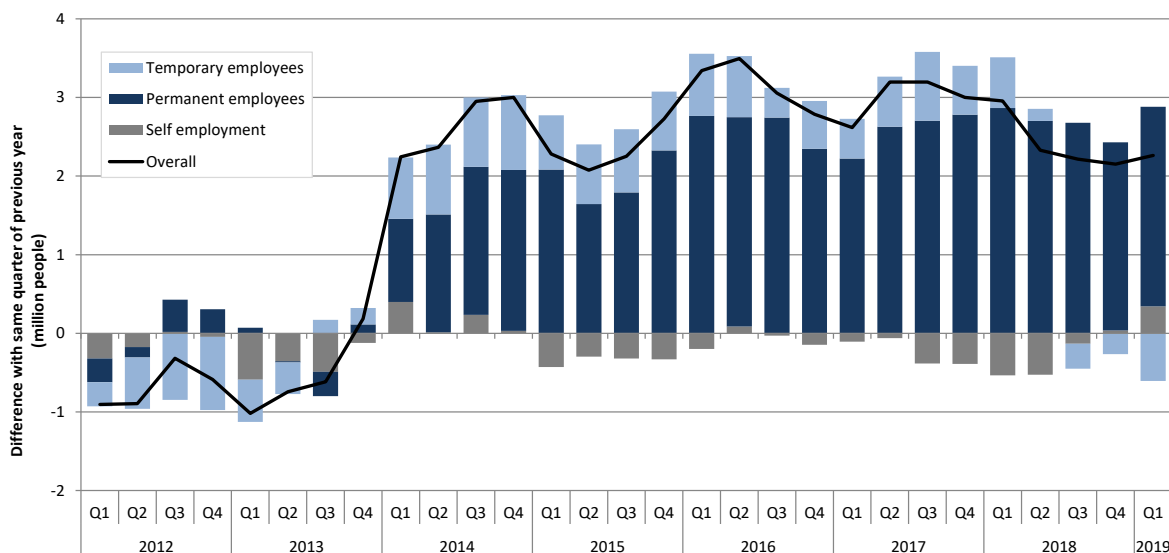
Top chart: Employment growth (%). Bottom chart: Employment level (million).

[Click here to download chart.](#)

Permanent jobs keep driving employment expansion, temporary jobs still decreasing while self-employment picks up

The growth in employment in the first quarter of 2019 was driven again by a strong increase in the number of permanent employees (about 2.5 million compared with the same quarter of the previous year). The number of self-employed has picked up after a long decline that started in 2015, with a year-to-year increase of 350 thousand people. The number of temporary employees keeps falling (600 thousand people less than in the first quarter of 2018), slowing down the overall growth of employment (see Chart 13).

Chart 13: Change in permanent, temporary and self-employment – EU, 2012-2019



Source: Eurostat, LFS, unadjusted data [lfsq_egaps, lfsq_etgaed]

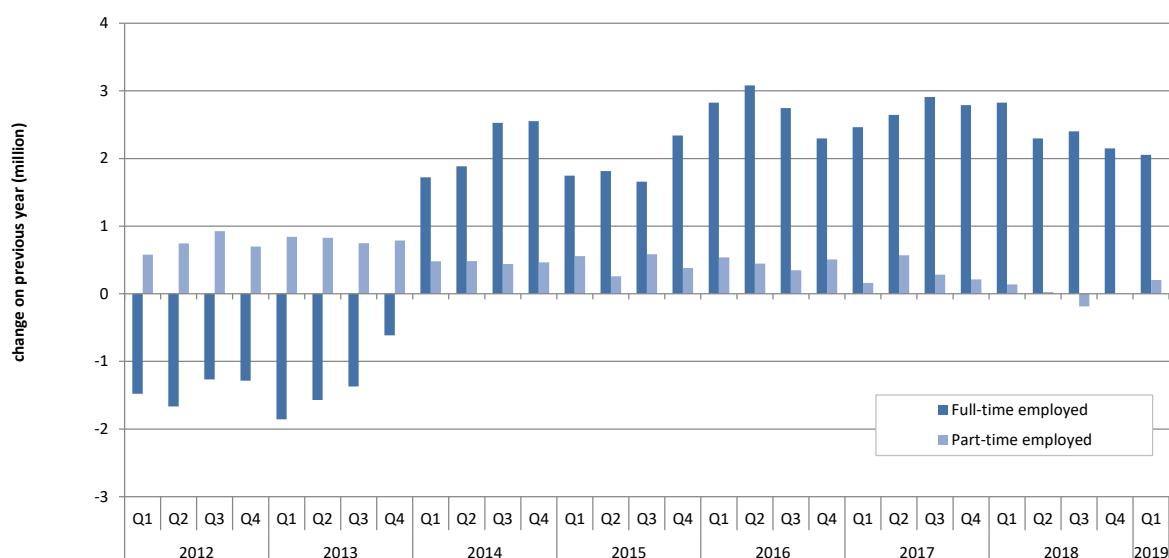
Note: Age 15-64.

[Click here to download chart.](#)

Both full-time and part-time employment on the rise

In the first quarter of 2019 full-time employment increased by 2 million people compared with the same quarter of the previous year. Part-time employment increased by almost 200 thousand people on a yearly basis after a decline in the second half of 2018 (Chart 14).

Chart 14: Change in part-time and full-time employment – EU, 2012-2019



Source: Eurostat, LFS, unadjusted data [lfsq_eftpt]

Note: age 15-64

[Click here to download chart.](#)

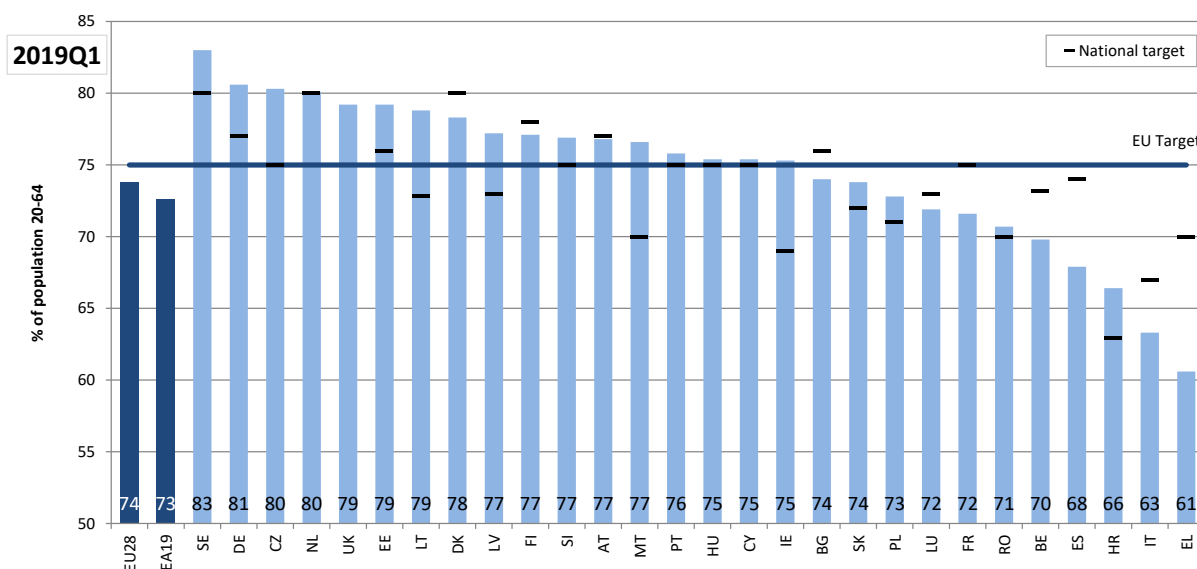
The employment rate increases in most Member States and the EU and keeps approaching the Europe 2020 target

The employment rate for 20-64 year-olds increased continuously in the last years, and reached 73.8% in the first quarter of 2019. The growth of the employment rate picked up after a slowdown in the middle of 2018; both in the last quarter of 2018 and the first quarter of 2019, the quarter-to-quarter increase amounted to 0.3pp. The year-on-year increase since the first quarter of 2018 was 0.9pp. If this pace of growth were maintained, then the Europe 2020 target of 75% might be reached. However, the most recent Commission forecasts (see table 1 in the previous section) point to a slowdown in employment creation for the coming quarters and suggest that the employment rate might then come close but slightly below the target. For the euro area, the employment rate increased by 1pp since the first quarter of 2018, and reached 72.6% (see Chart 15 and Chart 16).

In the first quarter of 2019 the employment rate for 20-64 year-olds increased in all Member States compared to the previous year. The largest annual increases were recorded in Cyprus (3.1pp), Malta (2.6pp) and Slovenia (2.1pp) whereas the lowest growth was observed for Luxembourg, France and Denmark (0.4pp) (see Chart 16). However, four Member States recorded a decrease in the employment rate in comparison to the last quarter of 2018, namely Luxembourg (1.4pp), Estonia (1.1pp), Belgium (0.6pp) and Denmark (0.1pp).

Despite the rather positive performance in the last quarters, it is unclear whether this pace of growth can be maintained, due to the combination of tight labour market in some Member States (Sweden, Germany, Czech Republic for example) and persistent lack of growth in others (such as Italy and France) with employment rates below the EU average. Large differences across Member States remain. In the first quarter of 2019, there was a difference of 22.4pp between the highest employment rate, 83% in Sweden, and the lowest, 60.6% in Greece, whose employment rate went in the last quarter of 2018 above 60% for the first time since mid-2011.

Chart 15: Employment rate – EU, euro area and Member States

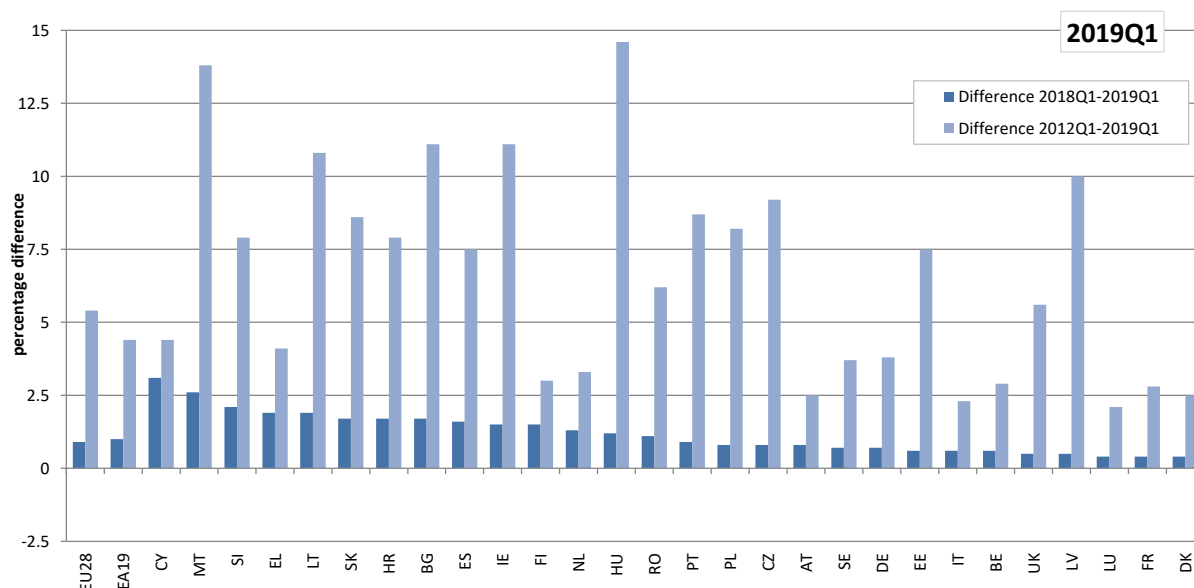


Source: Eurostat, LFS, seasonally adjusted data [lfsi_emp_q]

Note: age 20-64

[Click here to download chart.](#)

Chart 16: Change in employment rate – EU, euro area and Member States



Source: Eurostat, LFS, seasonally adjusted data [lfsi_emp_q]
 Note: FR change 2012Q1-2019Q1 estimated based on France (metropolitan)
[Click here to download chart.](#)

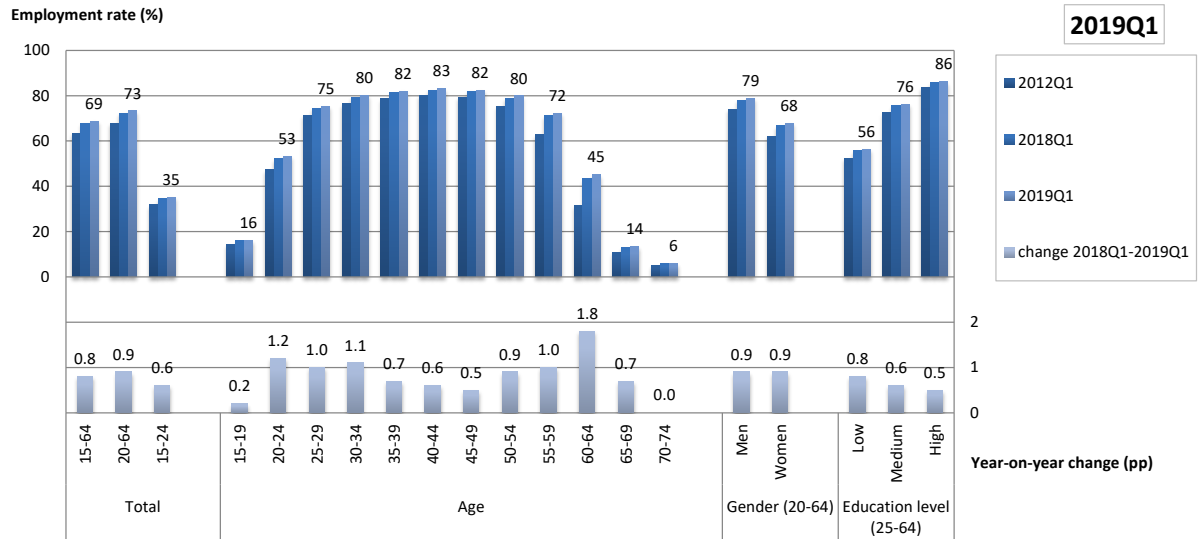
Employment rates improve across all population groups and particularly for older workers

Compared with the same quarter of the previous year, in the first quarter of 2019 the EU employment rate increased for all population groups, and again most noticeably for people aged 60-64 (1.8pp). This evolution reinforces the trend observed over the past few years where employment expanded strongly among workers above 55 years. This could be partly due to the effects of recent pension reforms in several Member States⁷.

The employment rate grew at a similar pace for men and women (0.8pp year-to-year). The employment gender gap was 11.3%, on a rather stable trend. The employment rate also increased for all education levels, especially among the low-skilled (0.8pp, see Chart 17).

⁷ See Pension Adequacy Report 2018

Chart 17: Employment rate by population groups – EU



Source: Eurostat, LFS, unadjusted data [lfsq_ergaed]

Top chart: Employment rate (% of respective population). Bottom chart: Change in employment rate (pp).

Note: Age groups: by gender 20-64, by educational level 25-64

[Click here to download chart.](#)

3. Unemployment in the EU and in Member States

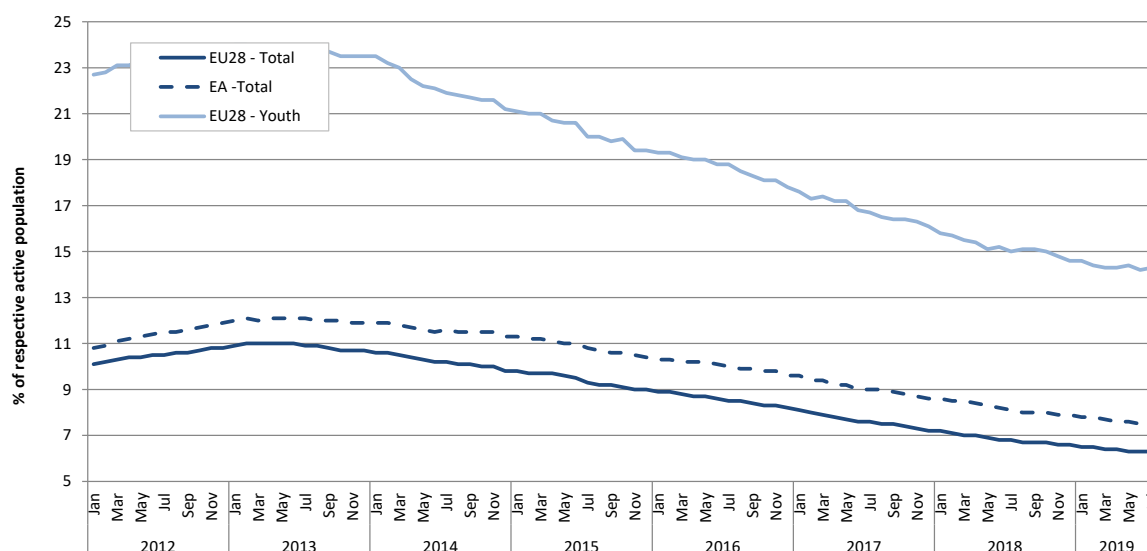
Unemployment rates continue to fall, but at a slower pace

In July 2019, the unemployment rate in the EU and euro area were 6.3% and 7.5%, down 0.5pp and 0.6pp from the respective levels recorded in July 2018. The rate in January represents the lowest recorded in the EU since the start of the series by Eurostat in January 2000, and the lowest in the euro area since May 2008. The steady decline in EU and euro area unemployment rates means that they are now respectively 4.7pp and 4.6pp lower than the highest levels recorded in 2013 (Chart 18).

However, the rate for EU has remained stable for the last three months and has declined only 0.2pp since January, with similar trends in the euro area. This suggests that, with a slowdown in the economic activity (see forecasts in section 1), further progress in the coming months is likely to be limited.

In July 2019, 15.6 million people were unemployed in the EU, about 0.9 million fewer unemployed people since the same month in 2018. Unemployment in the EU has receded by 11 million people since its peak observed in April 2013. In the euro area, the number of unemployed people was 12.3 million, 7 million less than the highest value recorded in April 2013.

Chart 18: Unemployment rate and youth unemployment rate – EU and euro area, 2012–2019

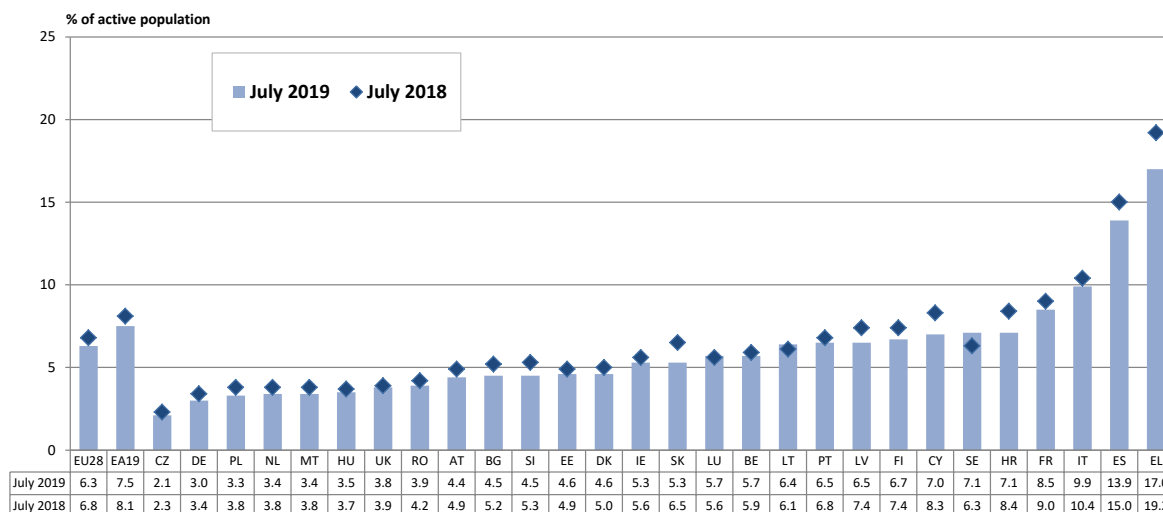


Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]
[Click here to download chart.](#)

The unemployment rate declines in almost all Member States ...

In July 2019, compared with a year ago, the unemployment rate decreased in almost all Member States, with the exceptions of Sweden (0.8pp), Lithuania (0.3pp) and Luxembourg (0.1pp). Greece registered the largest reduction by 2.2pp but has still the highest unemployment rate in the EU (17.0%⁸) (Chart 19 and Chart 20). Large differences in unemployment rates remain among Member States. In July 2019, the lowest rates were recorded in Czechia (2.1%) and Germany (3.0%). By comparison, Greece (see above) and Spain (13.9%) are the only Member States with an unemployment rate over 10%, with Italy slightly below (9.9%) (Chart 19).

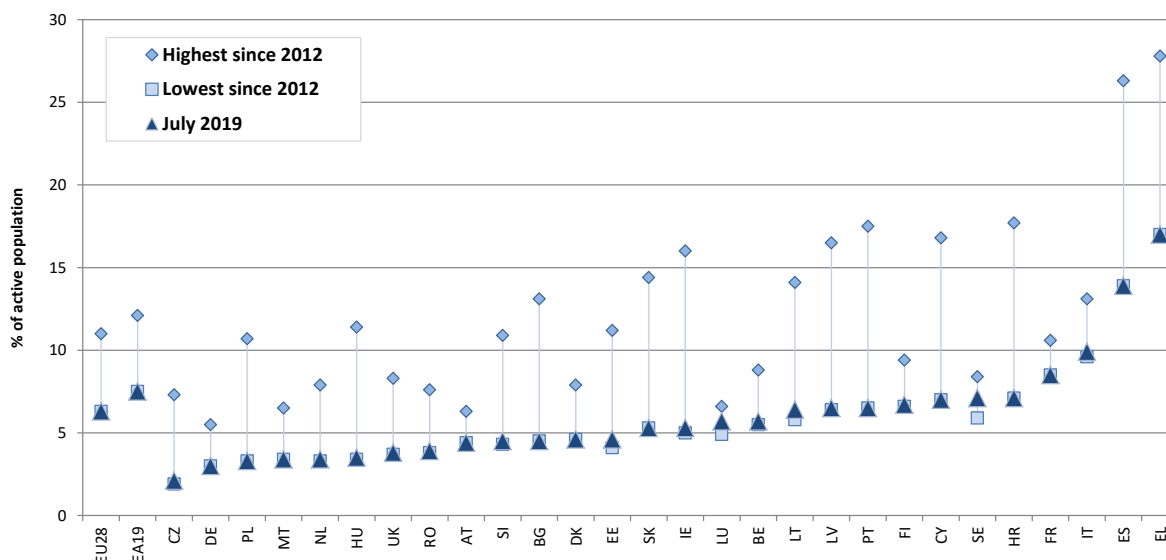
Chart 19: Unemployment rates – EU, euro area and Member States, 2018–2019



Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]
Note: HU, EE and EL data from June 2018/2019; UK data from May 2018/2019
[Click here to download chart.](#)

⁸June 2019

Chart 20: Unemployment rates – EU, euro area and Member States, 2012-2019

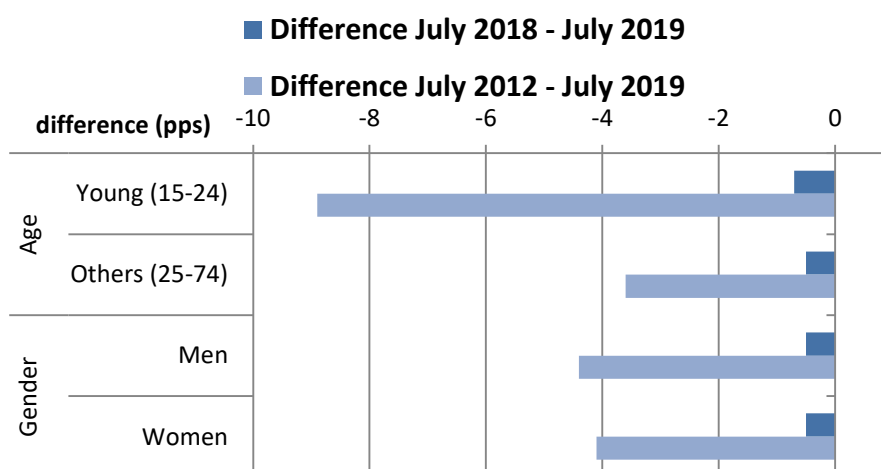


Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]
 Note: HU, EE and EL data from June 2018/2019; UK data from May 2018/2019
 Click here to download chart.

... and also for different age groups, men and women

In July 2019, compared to the same month of the previous year, the unemployment rate in the EU decreased for all age groups. In July 2019, a decline of 0.7pp compared with the same month of the previous year was observed in youth unemployment (people aged 15-24), down to a rate of 14.3%. For those aged 25-74, the unemployment rate in the EU declined slightly more slowly by 0.5 pp, down to 5.5%. The unemployment rate also fell by 0.5pp on a year-to-year basis both for men and women, down to 6.1% for men and 6.5% for women. In the euro area, the unemployment rate declined by 0.6pp for both men and women, and reached 7.2% and 7.9% respectively (Chart 21).

Chart 21: Change in unemployment rate by population groups – EU



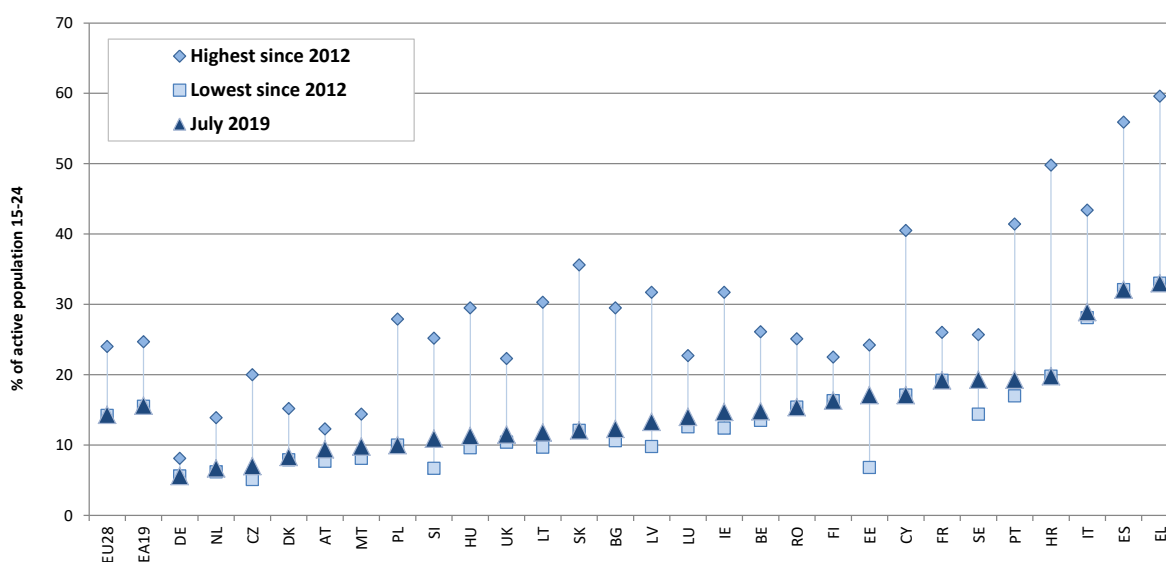
Source: Eurostat, series on unemployment and LFS, seasonally adjusted data [une_rt_m]
 Click here to download chart.

EU youth unemployment keeps declining in the EU and in most Member States

In July 2019, the unemployment rate of people aged 15-24 (youth unemployment) stood at 14.9% in the EU, down by 0.7pp compared to the same month of 2018. In the euro area, it declined by 1.1pp to reach 15.6%. These declines represent 167 thousand fewer unemployed people aged 15-24 in the EU, including 149 thousand in the euro area. In January 2019, there were 3.2 million young people unemployed, including 2.2 million in the euro area.

However, the most recent trends suggest a stabilisation in youth unemployment, with very different dynamics according to Member States. On the one hand, rates have been stable in both the EU and the euro area for the last three months. On the other hand, a year-on-year increase⁹ occurred in ten Member States. The highest increases were recorded in the Baltic countries (Estonia 7.1pp, Latvia 3.0pp and Lithuania 1.8pp), together with Sweden (2.3pp) and Slovenia (2.0pp). The decrease was stronger in Greece (-6.2pp), Cyprus (-5.8pp) and Croatia (-4.4pp). The youth unemployment rate in Greece is still the highest in the EU (33.0% in March), but is approaching those of Spain (32.1%) and Italy (28.9%, with a marked reduction in the first months of 2019). By contrast, the youth unemployment rate is the lowest in Germany (5.6%) the Netherlands (6.5%) and Czechia (7% and slightly on the rise, see Chart 22).

Chart 22: Youth unemployment rates - EU, euro area and Member States



Source: Eurostat, LFS, seasonally adjusted data [une_rt_m]

Note: CY and RO data from March 2019; UK data from May 2019; EL, SI, HU, EE, BE and HR data from June 2019

[Click here to download chart.](#)

⁹ Refer to Chart 22 for the exact month of comparison

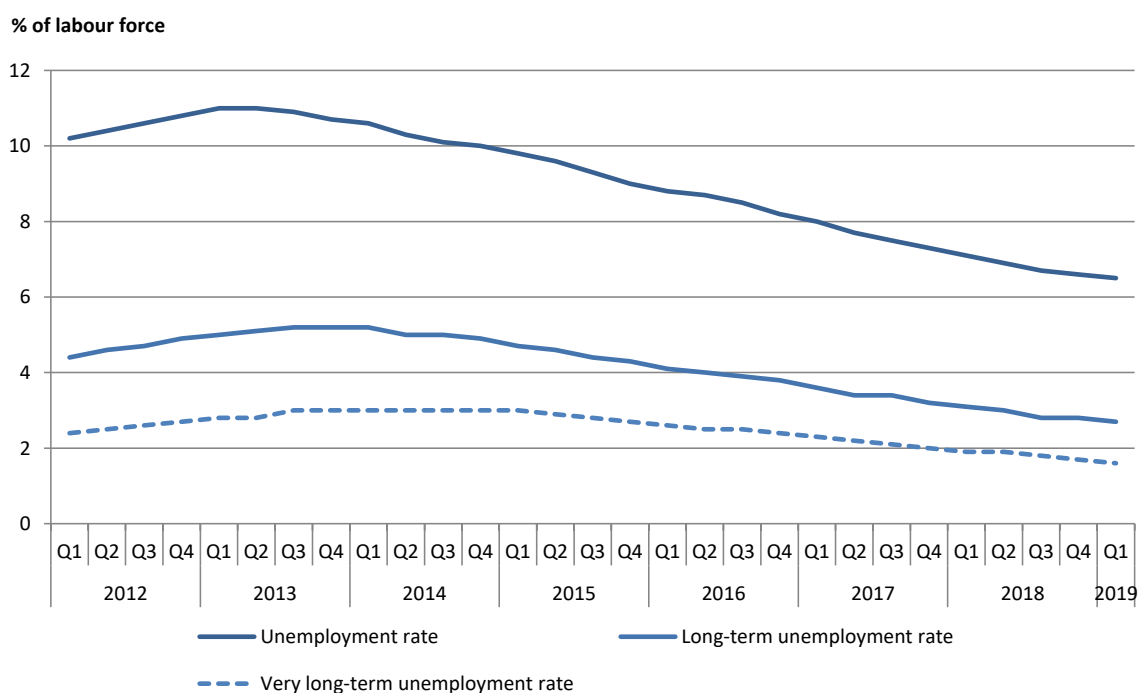
4. Long-term unemployment and additional potential labour force

Long and very long-term unemployment continues decreasing

Long-term unemployment (which captures people in unemployment for a year or more) decreased by 0.4pp in the first quarter of 2019, compared with the same quarter of the previous year. The rate went down to 2.7% following a constant decrease that lasts since the first quarter of 2014 (Chart 23). At the same time, the very long-term unemployment rate (which captures people in unemployment for at least two years) decreased by 0.1pp, down to 1.6% of the labour force but still 0.2pp higher than the rate observed at the end of 2008.

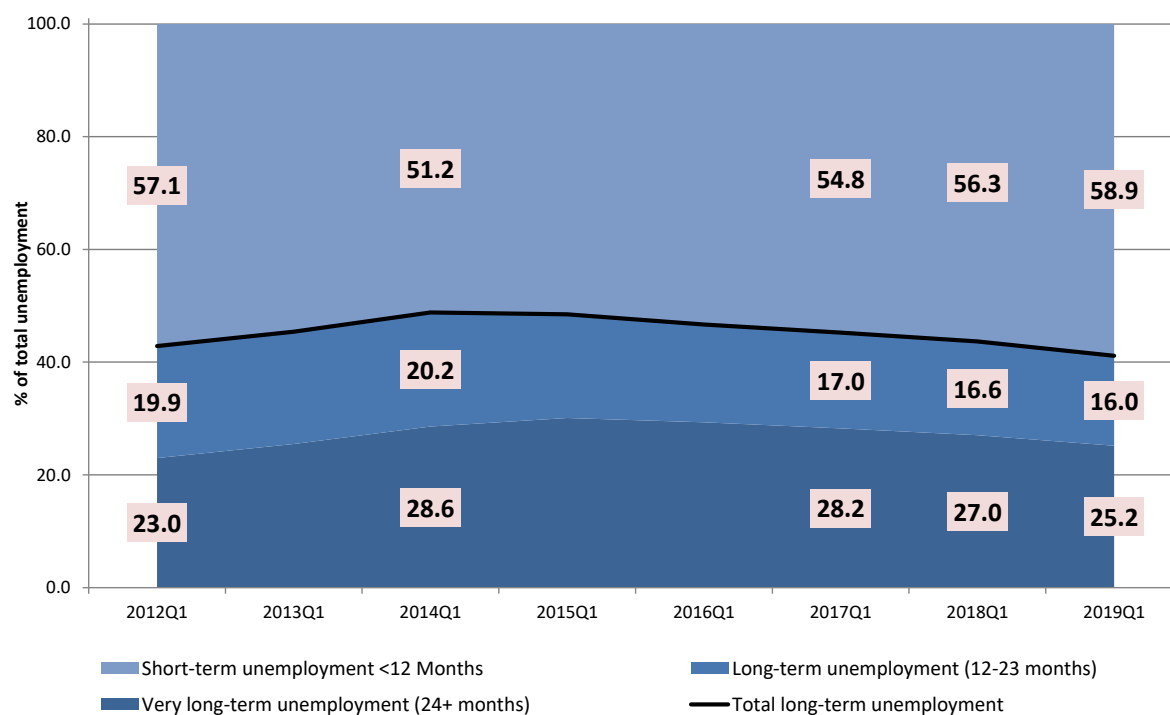
In the first quarter of 2019, there were around 6.5 million people in unemployment for more than a year in the EU, of whom 4 million for more than two years. This represents 1.1 million fewer people in long-term unemployment than in the first quarter of 2018, as well as 720 thousand less in very long-term unemployment. The share of long-term unemployed in total unemployment remains high, at 41.3%, but with a declining trend. The share of very long-term unemployed in total unemployment has also decreased by 2.2pp on a year-to-year basis and is now 25.2% (see Chart 24).

Chart 23: Unemployment, long-term unemployment and very long-term unemployment rates in the EU, 2012-2019



Source: Eurostat, LFS, seasonally adjusted data [une_rt_q, une_ltu_q]
[Click here to download chart.](#)

Chart 24: Unemployment by duration of unemployment in the EU, 2012-2019



Source: Eurostat, LFS, unadjusted data [lfsq_ugad]

Note: Data for first quarter of each year

[Click here to download chart](#)

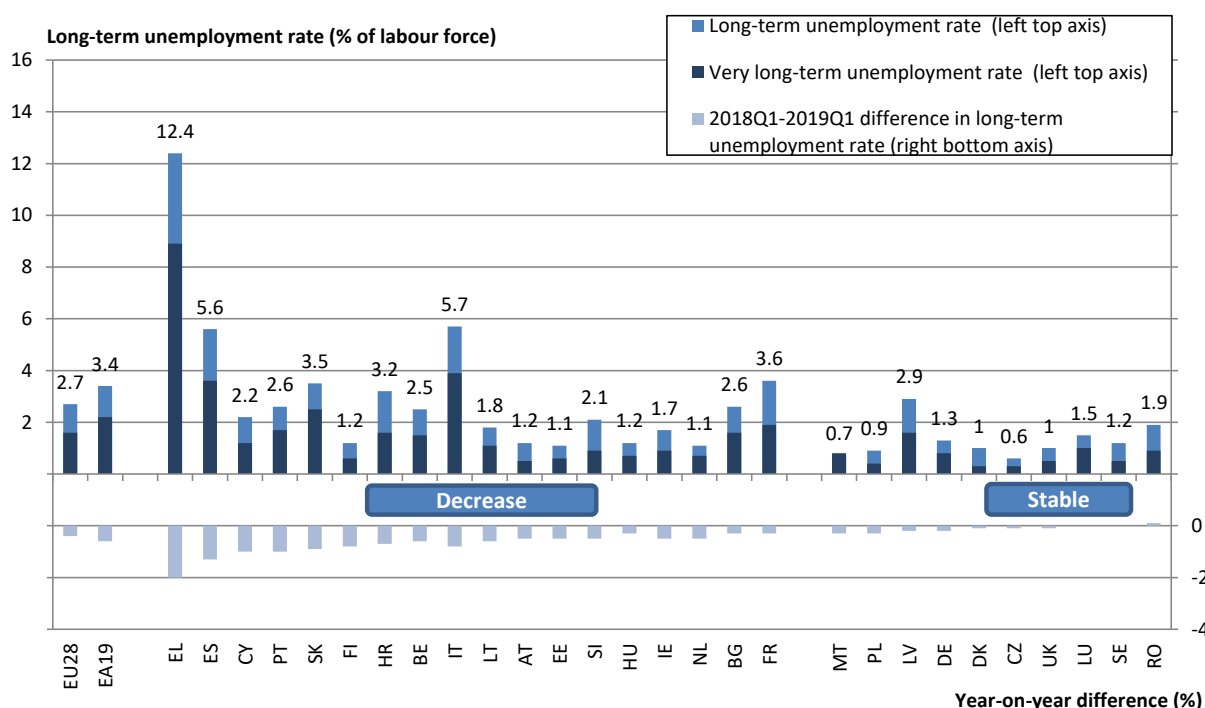
Long-term unemployment decreases in almost all Member States

In the first quarter of 2019, long-term unemployment declined in all Member States compared to the same quarter of the previous year, except for Romania (0.1pp increase) and Luxembourg and Sweden where it remained stable. The largest reduction occurred in Greece (2.0pp) and Spain (1.4pp) (Chart 25).

Greece, however, continued to display by far the highest rates of both long-term unemployed and very long-term unemployed (12.5% and 9.0% of the labour force, respectively), followed by Italy (6.0% and 4.0%, respectively) and Spain (5.6% and 3.7%, respectively).

Greece also showed the highest share of long-term unemployment in total unemployment (67.6%), followed by Slovakia at 59.9%.

Chart 25: Long-term unemployment rate - EU, euro area and Member States, level and change, 2018-2019



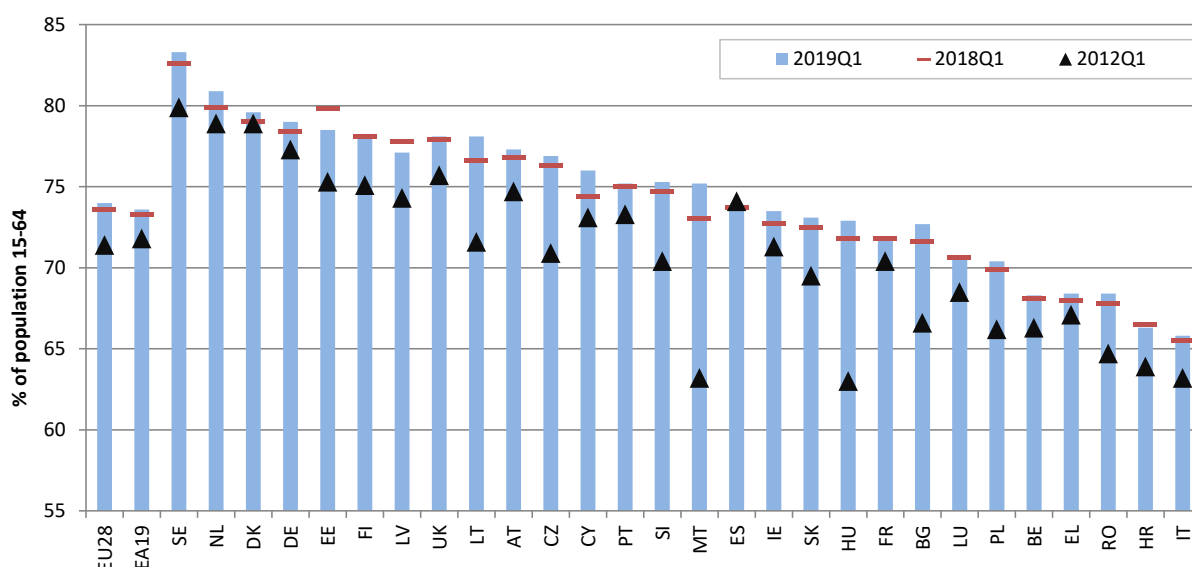
Source: Eurostat, LFS, seasonally adjusted data [une_ltu_q]
Note: 2018Q4 VLTU data for Malta, 2018Q3 VLTU data for Luxembourg
[Click here to download chart.](#)

Active population in the EU keeps increasing at a moderate pace

The activity rate in the EU, for the 15 to 64 age group, reached 74.0% of the EU population in the first quarter of 2019 (Chart 26). This is 0.4pp higher than in the first quarter of 2018 and 0.1pp higher than the last quarter of 2018.

In the first quarter of 2019, most Member States registered a year-to-year increase in their activity rates (Chart 26). The Member States that experienced the strongest increases were Malta (2.2pp), Cyprus (1.6pp) and Lithuania (1.5pp). On the other hand, the activity rate decreased sharply in Estonia (-1.3pp) and Latvia (-0.7pp). Italy and Croatia are also the countries with the lowest activity rates in the EU (65.8% and 66.3%), while Sweden and the Netherlands are the only EU countries with rates above 80%.

Chart 26: Activity rate - EU and Member States



Source: Eurostat, LFS, seasonally adjusted data [lfsi_act_q]

Note: FR only metropolitan data for 2012Q1

[Click here to download chart.](#)

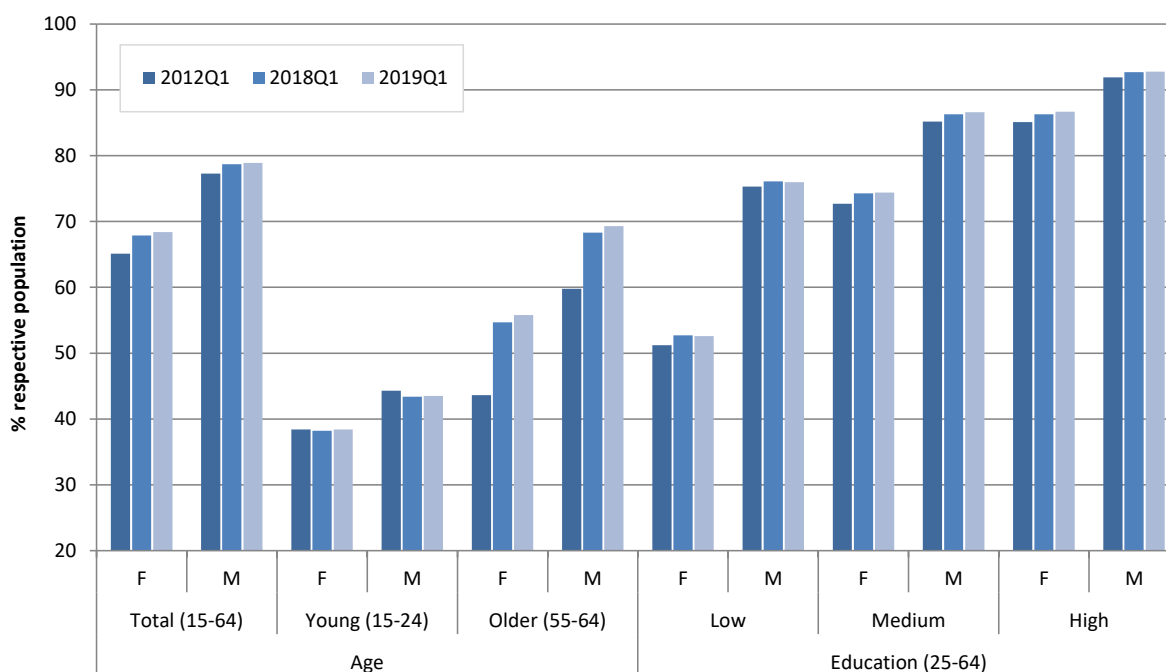
The activity rate of older people keeps driving the overall increase in the EU

The increase in the activity rate of older people, i.e. those aged between 55 and 64 years, remains the main driver of the rise of the activity rate throughout the EU. In the first quarter of 2019, it increased by 1.1pp compared with the same quarter of the previous year. The increase was stronger for older women (1.1pp) than older men (1 pp). Compared with the same quarter of the previous year, the activity rate for younger workers increased by 0.2pp (Chart 27). This rate is approaching, but is still 0.4pp below, the one recorded in the same quarter in 2012.

The activity rates of people (age group 25-64 years) with medium and high educational levels increased between the first quarter of 2018 and 2019, while the rate for men and women with lower education decreased their participation rate by 0.1pp.

The gender gap in activity rates decreased on a year-to-year basis by 0.3pp and is was 10.5pp in the first quarter of 2019. It is still very high notably among people with lower educational attainments (23.4pp) and older people (13.5pp).

Chart 27: Activity rate by population groups – EU, 2012-2019



Source: Eurostat, LFS, unadjusted data [lfsq_argaed]
Click here to download chart.

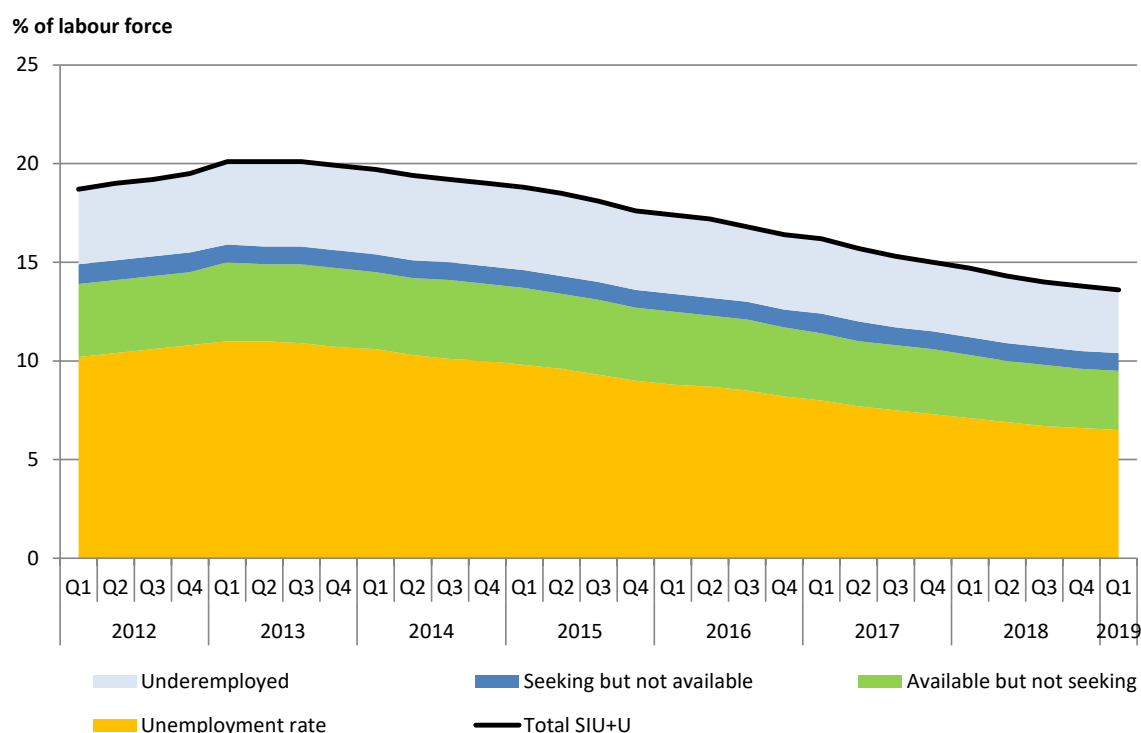
The share of people 'available to work but not seeking' and 'underemployed' decreases

Three supplementary indicators to unemployment are used to monitor the evolution of underemployment and the potential additional labour force. These three indicators are: 'Available for work but not seeking', 'Underemployed' and 'Seeking but not available for work'. These indicators are measured as a percentage of the labour force, i.e. the active population. They are also called supplementary indicators to unemployment (SIU)¹⁰.

¹⁰ See: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Underemployment_and_potential_additional_labour_force_statistics

The proportion of workers in the EU who are 'Available to work but not seeking' (which includes the so-called category of 'discouraged') stood at 3.0% of the labour force in the first quarter of 2019, for the first time at pre-2008 levels. This rate decreased by 0.2pp compared to the same quarter of the previous year. 'Underemployment', i.e. the proportion of those who would like to work additional hours and are available to do so, also decreased by 0.2pp and represented 3.2% of the labour force. The rate of those 'Seeking but not available for work' continues to be stable at 0.9% of the labour force. The decrease in these three indicators amount overall to 0.5% of the labour force on a yearly basis, adding to the positive developments in unemployment and long-term unemployment (Chart 28).

Chart 28: Unemployment, potential labour force and underemployment – EU, 2012-2019



Source: Eurostat, LFS, seasonally adjusted data [une_rt_q, lfsi_sup_q]

Note: SIU stands for the Supplementary Indicators to Unemployment; they represent the potential additional labour force. U = Unemployment.

[Click here to download chart.](#)

Reductions in unemployment rates are accompanied by a decrease in supplementary indicators to unemployment SIU for most Member States

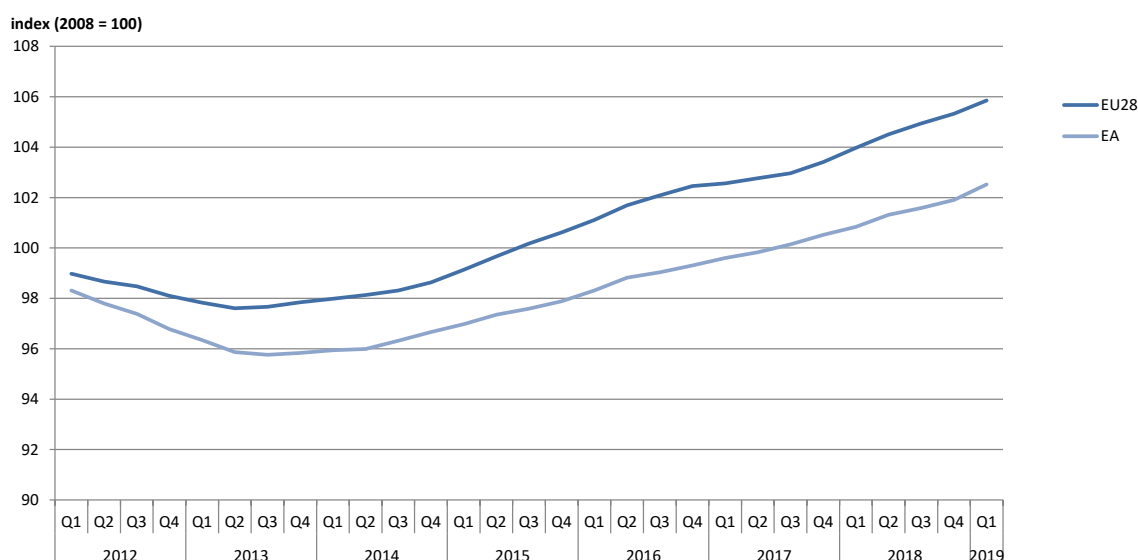
In the first quarter of 2019, year-to-year reductions in unemployment came together with decreases in supplementary indicators for most Member States. For France, Belgium and Malta a fall in unemployment took place in parallel with a rise in the supplementary indicators to unemployment, but the decrease on a yearly basis in the unemployment rate was still higher. In Denmark and Sweden an increase in the unemployment rate was offset by a decrease of the additional labour force.

5. Income and financial situation of households

The financial situation of EU households continues to improve

In the first quarter of 2019, the real per capita gross disposable household income (GDHI) continued to grow¹¹. In the EU, real per capita GDHI has been growing for 23 consecutive quarters and it is now 5.9% higher than in 2008 and 1.9% higher than in the same quarter of 2018. In the euro area the growth pace remains slightly slower: real per capita GDHI has been growing for 22 consecutive quarters, but it is only 2.5% higher than in 2008 and 1.7% higher than in the first quarter of 2018 (Chart 29).

Chart 29: Real GDHI per capita - EU and Euro Area (index 2008 = 100), 2012-2019



Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, nasq_10_nf_tr] (DG EMPL calculations)
Note: GDHI EU aggregate for Member States for which data are available. Moving averages over 4 last quarters.
[Click here to download chart.](#)

Developments of GDHI per capita are generally positive with few exceptions

In the first quarter of 2019, real GDHI per capita grew on a yearly basis in almost all Member States for which data are available (see Chart 30). The pace of GDHI growth has been strong in most Member States, with rates above 10pp for Romania and above 3pp for Ireland, Czechia and Poland. Finland and Sweden recorded a small decrease (0.6pp and 0.3pp respectively), while some Member States (Italy, Spain, Greece) display low growth rates despite levels well below their 2008 average.

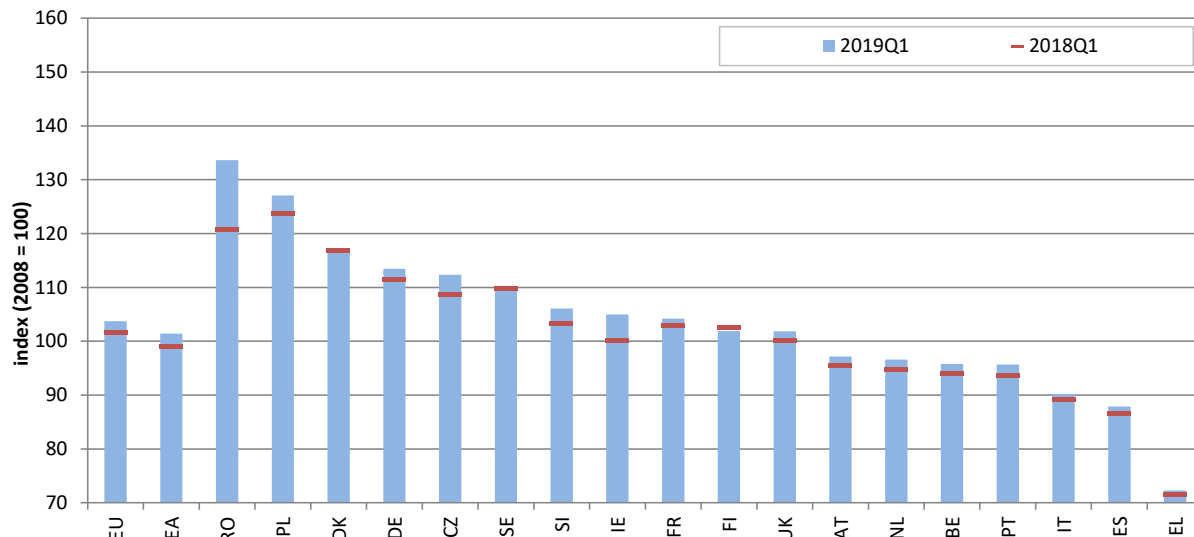
Seven Member States still have in the first quarter of 2019 levels of real GDHI below the 2008 average, but considering that the data are not seasonally adjusted this figure can change from quarter to quarter.

Households benefit from higher income from work

On average in the EU, the growth of real gross disposable household income (GDHI) maintains a good pace. In the first quarter of 2019, yearly GDHI growth was 2.3%. Income from work continued driving this growth in GDHI, with a yearly growth of 2.0% in the compensation of employees. The growth of GDHI has been recently consistent with the developments of GDP, and therefore a slowdown in the growth rate could be expected throughout 2018, although in the last three quarters GDHI growth has been higher than GDP growth.

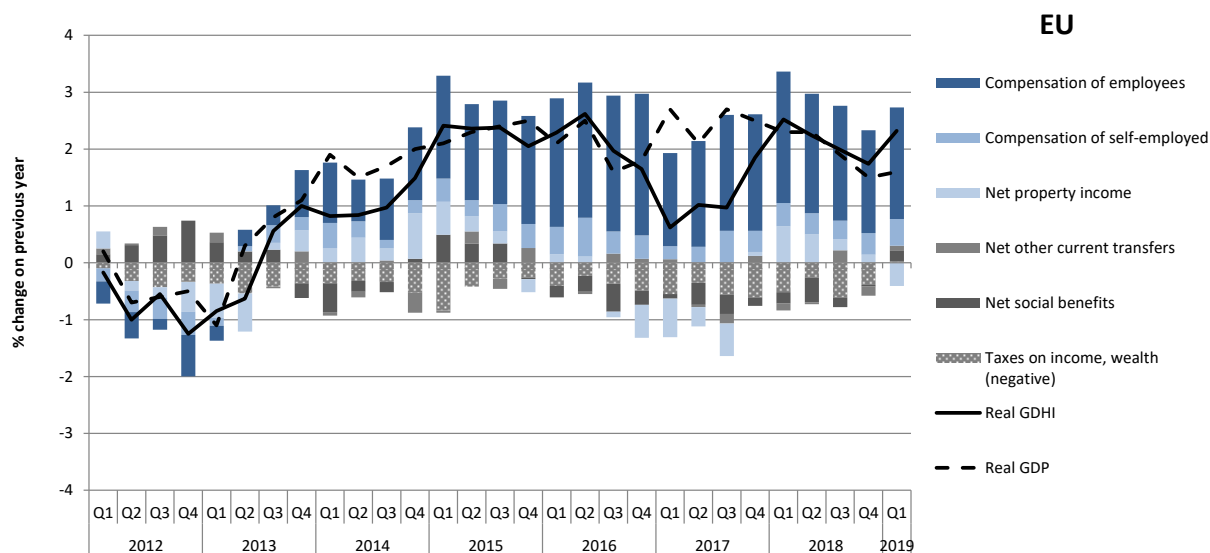
¹¹ The real GDHI growth for the EU is an estimation by DG EMPL based on Member States for which quarterly data are available (19 Member States: AT, BE, CZ, DE, DK, EL, ES, FI, FR, HR, IE, IT, NL, PL, PT, RO, SE, SI, UK, which account for at least 90% of EU GDHI). The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. The real GDHI growth for the EU is a weighted average of real GDHI growth in Member States.

Chart 30: Real GDHI per capita – EU, EA and Member States (index 2008 = 100)



Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, nasq_10_nf_tr] (DG EMPL calculations)
 Note: GDHI EU and EA aggregates for Member States for which data are available. 2018Q4 data for Romania, France and Greece.
 Click here to download chart.

Chart 31: Real GDP growth, real GDHI growth and its main components, 2012-2019



Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, nasq_10_nf_tr] (DG EMPL calculations)
 Note: GDHI EU aggregate for Member States for which data are available, GDP for EU28.
 Click here to download chart.

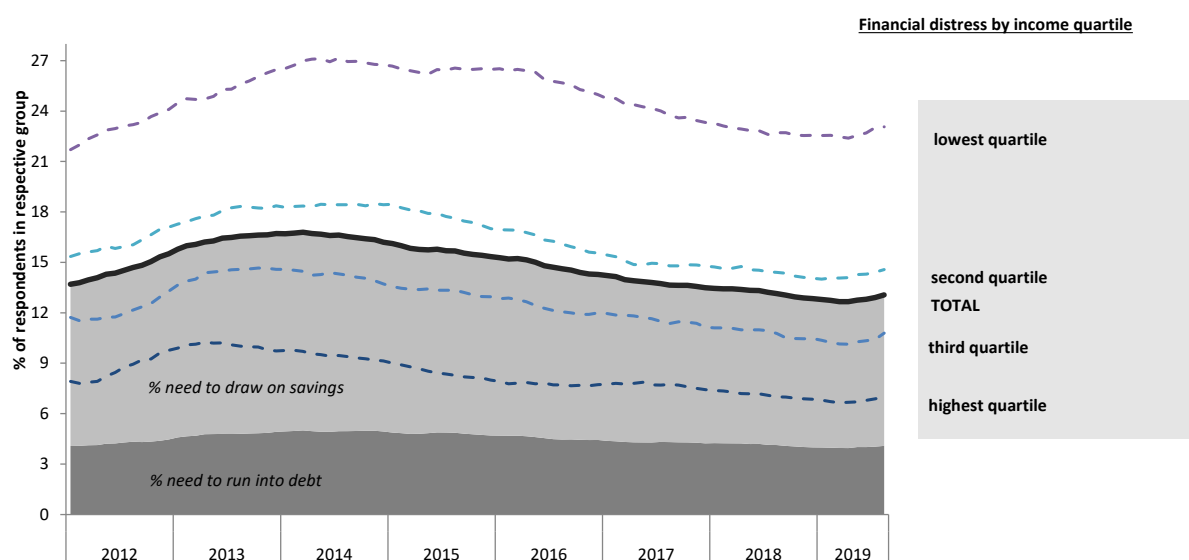
People having difficulties to cover current expenditure are slightly on the rise

Reported financial distress¹² is defined as the need to draw on savings or to run into debt to cover current expenditures, based on personal perceptions. From its historical peak of nearly 17% recorded in early 2014 it gradually declined to 12.7% of the population in May 2019, but it has picked up since then to reach 13.1% in August 2019 (Chart 32). Compared to the same month in 2018, the indicator remained stable, with however profound differences across Member States and population groups.

Financial distress for low-income households is stable, decreasing for wealthiest quartiles

Reported financial distress has increased the most for low-income (lowest quartile) and reached 23.1%, 0.4pp more than in August 2018 (Chart 32). By comparison, for the wealthiest quartile financial distress stood at 7.0% and is stable on a yearly basis. Slight increases were recorded for the second and third quartile of the population (0.3pp for both).

Chart 32: Reported financial distress by income quartile – EU, 2012–Aug 2019



Source: European Commission, Business and Consumer Surveys, unadjusted data, 12-months moving average (DG EMPL calculations)

Note: Horizontal lines show the long-term averages for financial distress for the population as a whole and for households in the four income quartiles. The overall share of adults reporting having to draw on savings and having to run into debt are shown respectively by the light grey and dark grey areas, which together represent total financial distress.

[Click here to download chart.](#)

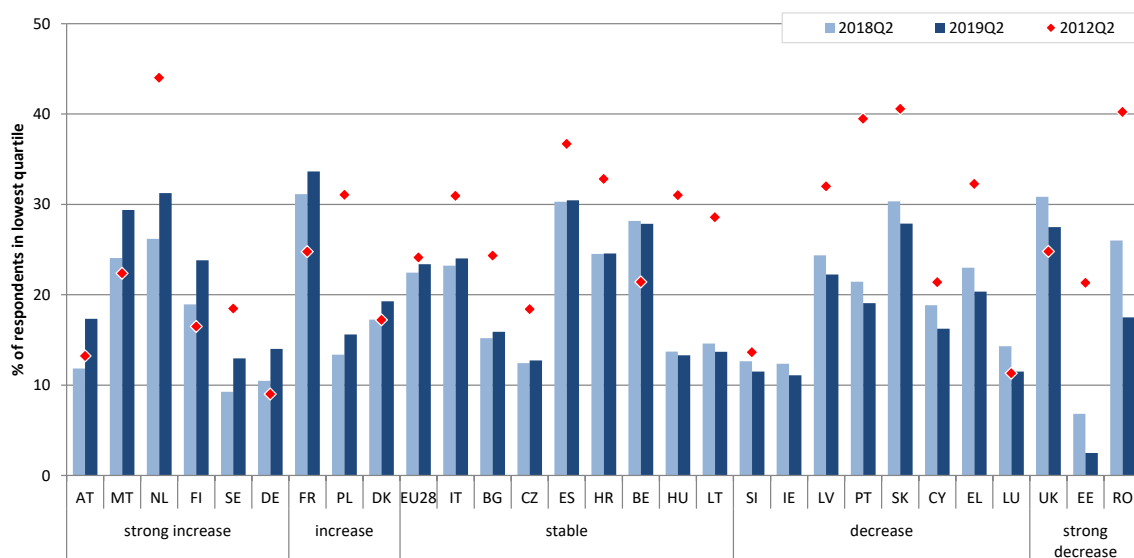
Reported financial distress increases for the lowest income quartile in several Member States but strong variations persist

The level of financial distress for households with the lowest incomes followed very diverse trends among Member States. In the second quarter of 2019, and on a yearly basis, it increased in several countries and especially in Austria (5.5pp), Malta (5.3pp) and the Netherlands (5.1pp). France remains the country with the highest overall share (33.6%), followed now by the Netherlands

¹² For details on Business and Consumer Surveys, including consumer survey's question on the current financial situation of households, see http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm

(31.3%) and Spain (30.5%). The strongest decreases were recorded in Romania (8.5pp), Estonia (4.4pp) and the United Kingdom (3.4pp). Estonia remains at very low levels (2.5%), while Sweden and Germany recorded strong increases that pushed the share of financial distress for the lowest income quartile above 10% (Chart 33).

Chart 33: Reported financial distress in lowest income quartile – Member States



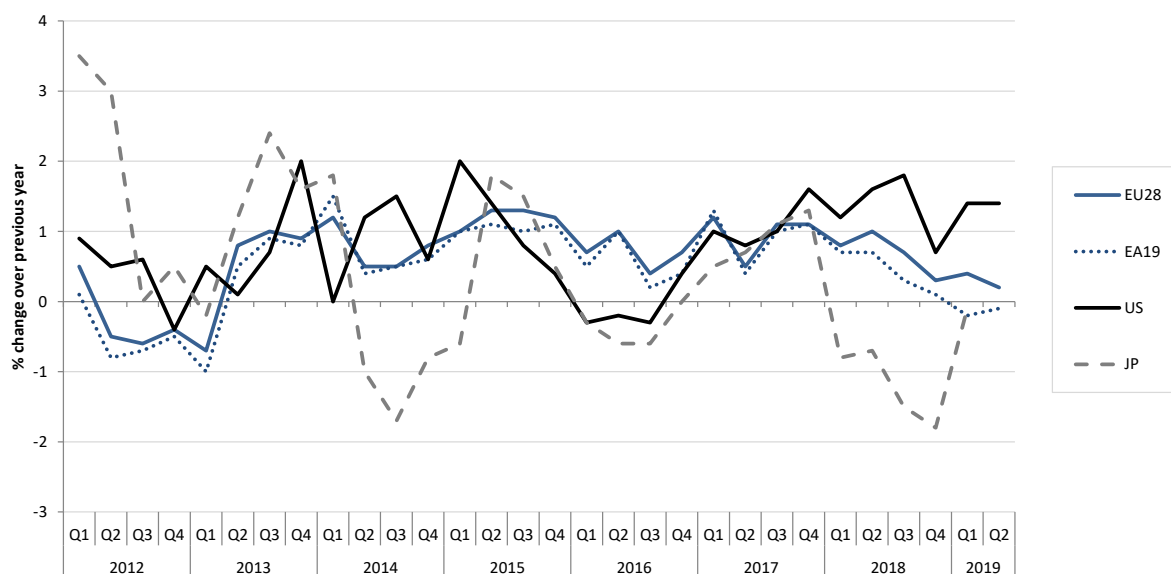
Source: European Commission, Business and Consumer Surveys, unadjusted data (DG EMPL calculations)
Note: No data for IE in 2012
[Click here to download chart.](#)

6. Productivity and labour costs

Growth in labour productivity in the EU remains modest

The growth of labour productivity, as measured by output per worker, has been slowing down in the past years both in the EU and in the euro area. Year-on-year productivity growth was at 0.2% in the EU as a whole, whereas it was negative (-0.1%) in the euro area in the second quarter of 2019. These are the lowest rates of growth recorded in the EU and in the euro area since the first quarter of 2013. The US labour productivity grew at a much faster pace, reaching 1.4% in 2019 Q2. On the other hand, Japan registered negative rates of growth in the past five quarters (Chart 34).

Chart 34: Real labour productivity growth – EU, euro area, US and JP, 2012-2019

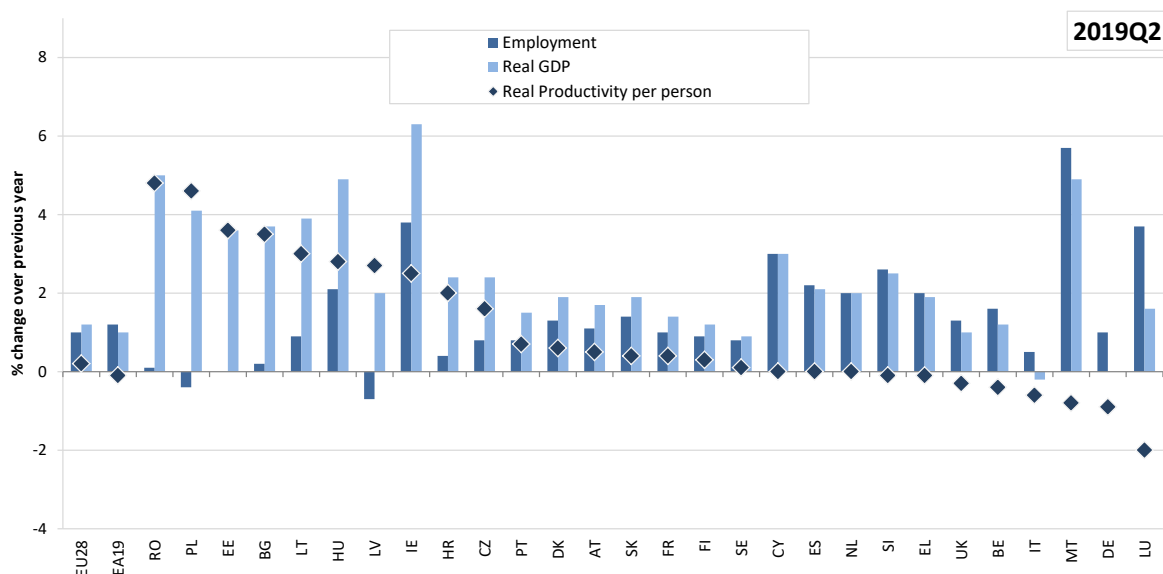


Source: Eurostat, National Accounts [namq_10_lp_ulc], unadjusted data, seasonally adjusted data for US and JP
 Note: Labour productivity measured as GDP in constant prices per employed person
[Click here to download chart.](#)

Productivity increase made a smaller contribution to economic growth than employment growth

Total output growth can be broken down into developments in the number of workers and output per worker. In about two thirds of Member States the year-on-year productivity growth registered in 2019 Q2 was positive. However, in most Member States and in the EU as a whole the majority of GDP growth is attributable to the increasing number of workers, whereas gain in productivity played a less important role (Chart 35).

Chart 35: GDP, employment and labour productivity growth – EU, euro area and Member States



Source: Eurostat, National Accounts, unadjusted data [namq_10_pe, namq_10_gdp]

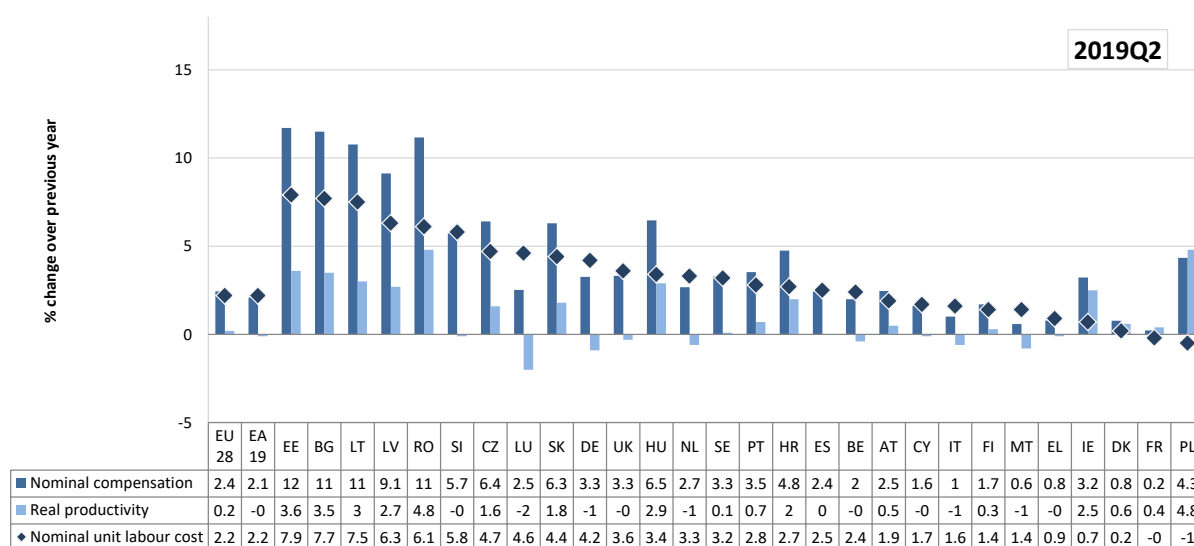
Note: Labour productivity is measured as GDP per employed person. Data for RO, IE, LU and MT refer to 2019 Q1.

[Click here to download chart.](#)

Compensation per employee is growing in the EU

Following a brief decline in 2016, nominal compensation per employee has been growing from the first quarter of 2017. The growth rate registered in 2019 Q2 compared to the same period of the previous year was 2.4% in the EU and 2.1% in the euro area. Nominal compensation per employee (as measured in national currency) grew in all EU Member States. In Romania, Estonia, Bulgaria, Latvia and Lithuania there was a strong growth (7% or more). Nominal unit labour costs (a measure of cost-push inflationary pressures) recorded an increase of 2.2% both in the EU and in the euro area. Romania, Estonia, Bulgaria, Latvia, Lithuania and Slovenia the rise was above 5%. France and Poland saw a decrease, as productivity growth was stronger than the growth in compensation per employee (Chart 36).

Chart 36: Growth in nominal labour compensation and its components – EU, euro area and Member States



Source: Eurostat, National Accounts, unadjusted data [namq_10_lp_ulc, namq_10_pe, namq_10_gdp] (DG EMPL calculations)

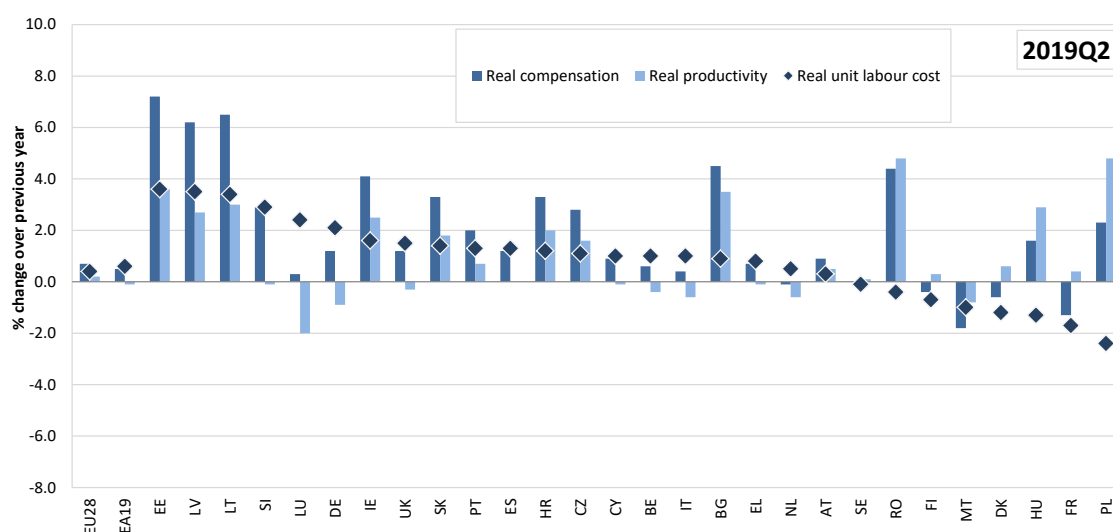
Note: Labour productivity is measured as GDP per employed person. Data for RO, LU, SK, HU, NL, CY, MT, IE, PL refers to 2019Q1.

[Click here to download chart.](#)

Real unit labour costs increases slightly in the EU

In the second quarter of 2019, real unit labour costs (measuring the gap between real compensation per employee and labour productivity, which is also a measure of the labour income share) increased by 0.4% in the EU and by 0.6% in the euro area compared with the same quarter of the previous year. Estonia, Latvia and Lithuania saw the strongest (above 3%) increase as real compensation per employee rose, sharply overtaking productivity growth and leading to a higher increase in the real unit labour cost. On the other hand, real unit labour costs fell in eight Member States, and in some of these (Romania, Poland and to a lesser extent Hungary) high real increases in compensation were accompanied by lower real unit labour costs (Chart 37).

Chart 37: Growth in real unit labour cost – EU and Member States



Source: Eurostat, National Accounts, unadjusted data [namq_10_lp_ulc, namq_10_gdp] (DG EMPL calculations)

Note: Data for LU, IE, SK, CY, NL, RO, MT, HU, PL refer to 2019Q1

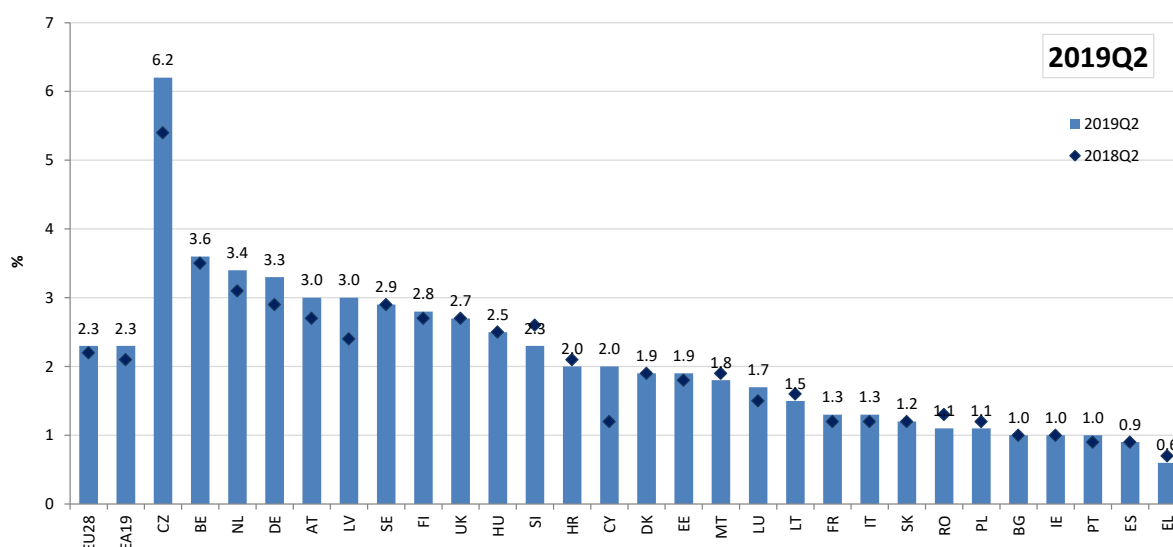
[Click here to download chart.](#)

7. Labour demand: vacancies, labour shortages and hiring activity

The job vacancy rate remains at record high, with large differences among Member States

The unmet demand for labour, as expressed by the job vacancy rate¹³ has been broadly rising since end-2014 in the EU but has been stable in the last quarters. In the second quarter of 2019 it stands at 2.3% both in the EU as a whole and in the euro area¹⁴. These are the highest values registered since 2006. The figures reflect an increase of 0.1pp from the values registered a year earlier, but are stable since the third quarter of 2018. The job vacancy rate ranged from 0.6% in Greece to 6.2% in Czechia. The job vacancy rate increased in several Member States year-on-year (Chart 38), with the highest increase being recorded in Czechia (+0.8pp). By contrast, it decreased slightly in seven Member States, although in most cases by 0.1pp only (-0.3pp in Slovenia and -0.2 in Romania).

Chart 38: Job vacancy rates – EU, euro area and Member States



Source: Eurostat, Job Vacancy Statistics, unadjusted data [jvs_q_nace2]

Note: NACE Rev 2 sections B to S covered. DK: sections B to N; FR, IT, MT: business units with 10 or more employees. Data for AT, CZ, DE, ES, NL, RO, SI and UK refer to 2019Q2/2018Q1, while for the other Member States data refer to 2019Q1/2018Q1.

[Click here to download chart.](#)

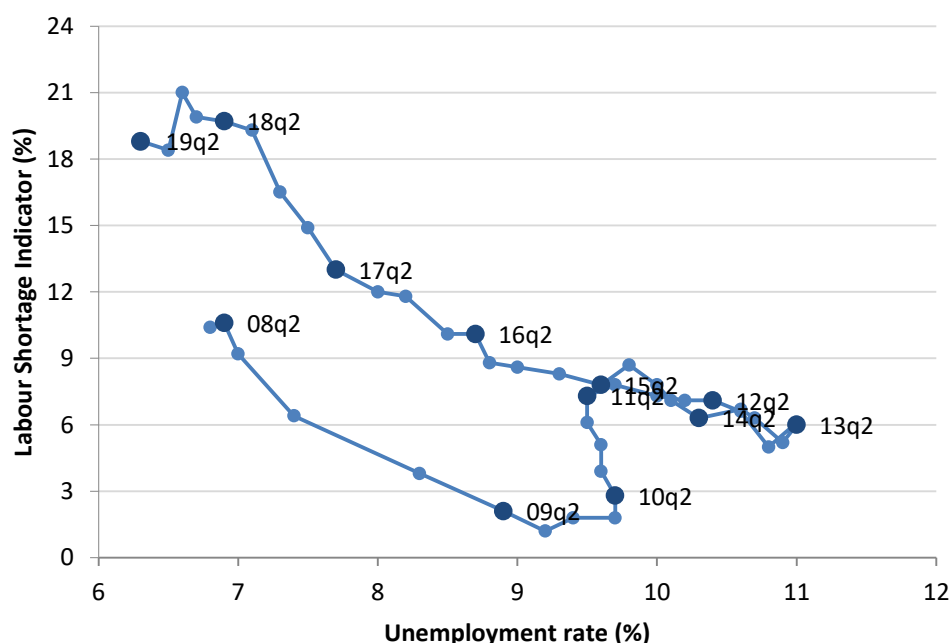
¹³ The Job Vacancy rate is number of job vacancies divided by the sum of occupied posts and job vacancies.

¹⁴ While EU and EA averages are available for 2019 Q2, the latest observation is 2019 Q1 for most individual Member States.

Labour shortages increase while unemployment recedes

In the second quarter of 2019, unemployment further declined but for the first time labour shortages registered a decline in the first quarter of 2019 to pick up again in the second quarter (Chart 39). It is too early to judge whether the Beveridge curve, which plots the unemployment rate against an indicator of unfilled jobs, is showing a change in trend. The indicator presented here is published as part of the EU Business and Consumer Surveys¹⁵. It reflects to what extent businesses see the availability of labour as a factor that limits production. The current value is still well above pre-crisis levels, suggesting that at the EU level labour shortages are still seen as a major drag on economic growth. However, the indicator varies widely between countries. The Statistical Annex presents the Beveridge curves for EU Member States.

Chart 39: Beveridge curve – EU, 2008-2019



Source: Eurostat, LFS and European Commission, Business and Consumer Surveys [une_rt_q, ei_bsin_q_r2]
 Note: Labour shortage indicator derived from EU business survey results (% of manufacturing firms pointing to labour shortage as a factor limiting production)
[Click here to download chart.](#)

¹⁵ Using the job vacancy rate instead of the labour shortage indicator would yield qualitatively similar conclusions.

Annex

See Excel file with charts per Member State and for the EU and euro area

- 1: Real GDP growth, real GDHI growth, employment growth and unemployment rates
- 2: Real GDP growth, employment growth, real GDHI growth and its main components
- 3: Employment growth by sectors
- 4: Beveridge curves

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