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**Quarterly review**

**March 2020**



# **Employment and Social developments in Europe**

*March 2020*

**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, L. Moreau and L. Pappalardo.

A wide range of information sources have been used to produce this report, including Eurostat statistics<sup>1</sup>, 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 fourth quarter of 2019 (2019 Q4), Eurostat data on the Labour Force Survey third quarter of 2019 (2019 Q3) and Eurostat data on monthly unemployment concerning January 2020. Data on which the report is based are the latest available as of 10/03/2020.

Regular updates of these data and charts are available at:  
[http://ec.europa.eu/employment\\_social/employment\\_analysis/quarterly/quarterly\\_updated\\_charts.xlsx](http://ec.europa.eu/employment_social/employment_analysis/quarterly/quarterly_updated_charts.xlsx)

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<sup>1</sup> 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>



This is the first quarterly review since the outbreak of the coronavirus pandemic and public health crisis, which has led to an abrupt change of employment developments and social outlook in the EU as well as globally. This review is based on the latest data available until the end of January 2020. It can hence not yet depict the most recent developments related to the pandemic and its socio-economic consequences. The available data show that developments until January 2020 have been positive, with 209 million people in employment in the EU in 2019, of which 160 million in the euro area. Compared to spring 2013, this meant 15 and 12 million, respectively, more jobs. In January 2020, in the EU there was about 2.1 million fewer young people unemployed compared to the peak of February 2013. However, the recent outbreak and spread of COVID-19 and its impact on public health, human lives and economic activity has become a source of major concern. It has worsened not only short-term prospects in an unprecedented manner but has also spurred further uncertainty about longer term prospects, and could seriously jeopardize most employment and social achievements over recent years. The Commission will use all the instruments at its disposal to mitigate the consequences of the pandemic. The European Social Fund in particular will help to support workers and healthcare sectors.

**Nicolas Schmit**  
Commissioner for Jobs and Social Rights

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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

**Further afield:**

US: United States of America  
JP: Japan



## Executive summary

### *Economic conditions and outlook*

**In the fourth quarter of 2019, the EU's economy continued its expansion, albeit at a moderate rate.** Compared to the previous quarter, the GDP increased by 0.2% in the EU27 and 0.1% in the euro area and **all Member States reported positive GDP growth**, except for five countries: Germany, where it remained stable, and France (-0.1%), Italy (-0.3%) Greece and Finland (-0.7%), where it declined. The year-on-year growth rate in the fourth quarter of 2019 was 1.2% in the EU27 and 1.0% in the euro area, confirming the growth moderation observed in the previous quarters. Year-on-year growth rates were positive in all Member States, with Ireland recording the highest growth (+6.3%) and Italy the lowest one (+0.1%).

**The Commission's Winter economic forecast published on 13/2/2020 projected a further moderation in economic growth** in the EU, in line with a weakening global growth, and a further slowdown in labour market improvements. **The outbreak and spread of the 'COVID-19' coronavirus was listed as a source of rising concern**, spurring uncertainty about short-term prospects, which are now materialising on a large scale.

### *Employment*

**Employment increased in the fourth quarter of 2019 at a slightly higher pace than in the third quarter.** The number of people employed rose by 0.3% over the previous quarter in both the EU and the euro area, whereas it grew by 1.0% in the EU and 1.1% in the euro area compared to the fourth quarter of 2018.

**At the end of 2019, there were 209.3 million people in employment in the EU**, of which 160.7 million in the euro area – both representing record levels, with a continuous rise in employment for twenty-seven consecutive quarters in the EU. During this period, more than 15.1 million people found a job, including 12.0 million in the euro area. The **total employment continued to increase in most Member States** when compared to the previous quarter, falling in three of them, notably in Poland (-0.4%). Compared to the fourth quarter of 2018, it expanded in almost all Member States except for Czechia where it remained stable. **Total hours worked have been increasing steadily since the first quarter of 2013, but slower than employment.**

**EU employment increased in services and construction but decreased in industry and agriculture compared to the same quarter of the previous year.** In the fourth quarter of 2019 the service sector recorded the greatest rise in absolute terms, with 2 million more employed people, but in relative terms the construction sector is again growing more (by 2.6%). Industry experienced instead a setback of about 90 thousand people.

In the third quarter of 2019, **the employment rate in the EU increased on a yearly basis but decreased compared to the previous quarter**, and went back to 73.8%, 0.1pp less than in the previous quarter and 0.6pp more than in the third quarter of 2018. On an annual basis the employment rate increased in almost all Member States, but on a quarterly basis it decreased in some large Member States such as Germany and France (-0.3pp). Disparities in employment rates slightly declined due to the increases of Member States with low rates, but the difference between the highest and lowest rate remains higher than 20pp. The fragile labour market dynamics observed in some large Member States, the halt of employment growth in some Member States and the slowdown in GDP growth on average in the EU suggested that the employment rate would be on a this weak trend in the following quarters (i.e. without yet considering the impact of recent developments).

**Permanent, full-time and part-time jobs continued to increase, while temporary jobs and self-employed people have been declining.** In the third quarter of 2019, permanent jobs increased by 2.3 million compared with the same quarter of the previous year. The number of temporary employees fell in the same period by 900 thousand people and the number of self-employed decreased by 350 thousand people. Full-time and part-time employment grew, but both by the same number (about 500 thousand people) on an annual basis. The strong increase in part-time employment, coupled with the slowdown in full-time employment and the decline in temporary jobs might signal the adjustment of some companies to an economic climate perceived as unfavourable.

### *Unemployment*

**The unemployment rate in the EU and euro area remained again stable at low levels.** In January 2020, it remained at 6.6% and 7.4%, respectively. Compared to the unemployment rate recorded in the same month of the previous year, this represents a reduction of 0.3pp in the EU and 0.4pp in the euro area; relatively to the peak levels recorded in 2013, the decrease amounts to 4.9pp and 4.7pp, respectively. Since then, **unemployment in the EU receded by 10 million people.** In January 2020, there were 14.1 million unemployed in the EU, about 750 thousand fewer than in the same month of the previous year.

**The unemployment rate decreased or remained stable in almost all Member States compared to a year ago.**

The largest reduction was registered in Greece (-2.1pp – November data) and the strongest increase in Sweden (1.0pp). Important differences in unemployment remain among Member States. The lowest rate was recorded in Czechia (2.0%) and the highest in Greece (16.5%).

**In January 2020, youth unemployment stood at 14.9% in the EU, 0.6pp lower than in the same month of the previous year, but remained quite stable in recent months.**

The yearly reduction represents 110 thousand fewer unemployed people aged 15-24. The dynamics of youth unemployment were quite different among Member States. The strongest decreases occurred in Croatia (-4.8pp) and Cyprus (-4.6pp), while the largest increases were recorded in Luxembourg (4pp) and Lithuania (3.2pp). The youth unemployment rate in Greece remained the highest in the EU (36.1%), on the rise in the last four recorded months, followed by Spain (30.6%).

**Long and very long-term unemployment also continued declining.**

Long-term unemployment shrank by 0.4pp in the third quarter of 2019 compared with the same quarter of the previous year, representing 2.7% of the labour force. Long-term unemployment receded in all Member States with the exception of Lithuania, where it increased by 0.1pp, and Slovenia, where it remained stable. The very long-term unemployment rate (which captures people in unemployment for at least two years) declined by 0.3pp to 1.7% of the labour force. The share of long-term unemployed in total unemployment slightly declined to still relevant numbers, at 40.7%.

The share of **young people neither in employment nor in education or training** decreased in the EU to below 10% for the first time. It was 9.9% in the third quarter of 2019, 0.4pp less than the same quarter of the previous year. Trends differ greatly among Member states, as well as shares – going from 4.2% recorded in the Netherlands to 17.2% recorded in Italy.

### **Productivity**

**The growth of labour productivity, as measured by output per worker,** has slowed down after a peak in the 2019 Q3. In the fourth quarter of 2019, year-on-year productivity growth was at 0.2% in the EU as a whole, and -0.1% in the euro area. However, the productivity increase made a smaller contribution to economic growth than employment growth.

### **Labour costs**

Following a brief decline in 2016, the **nominal compensation per employee has been increasing since the first quarter of 2017.** The growth rate registered in 2019 Q4 compared to the same period of the previous year was 1.9% in the EU27 and 1.6% in the euro area.

### **Gross Disposable Household Income (GDHI) and financial distress**

**In the third quarter of 2019, the financial situation of households continued to improve in the EU driven by the growth in compensation of employees.** The real gross disposable income of households per capita rose for 25 consecutive quarters in the EU and for 24 quarters in the euro area, even if the pace remained slightly slower in the latter. In the EU, the third quarter of 2019 was 2.0% higher than in the same quarter of 2018, and 6.6% above the average level recorded in 2008. GDHI per capita has been growing in all the Member States with available information, except Denmark, but remained below its 2008 average level in five countries: Spain, Italy, Belgium Austria and the Netherlands.

**However, the latest data available confirmed the increase of the proportion of people reporting financial distress.** In February 2020, 13.5% of the population declared to need to draw on savings (9.8%) or to run into debt (3.7%). An increase of 1.1pp compared to the same month one year before. This value reached 23.0% (+1.8pp) for the lowest quartile of incomes, in contrast with 7.6% (+0.9pp) for the wealthiest quartile.

### **Labour demand**

**The level of the unmet demand for labour, as expressed by the job vacancy rate, remained high, but was stable for six quarters.**

In the fourth quarter of 2019, the vacancy rate stood at 2.3% in the EU28, the highest levels registered since 2006. In the euro area, this indicator was at 2.2%, -0.1pp compared to the previous quarter. At the same time, the labour shortage indicator, a sentiment indicator in the manufacturing sector, continued decreased for the fourth time in a row, standing at 13.9%, -5.6pp compared to the same quarter of the previous year and 7.8pp above the one in 2008. These developments suggest that even if labour markets are still tight in most Member States, labour shortages start shrinking.

**In the third quarter of 2019, stability in employment and exit from unemployment were high probably denoting an important hiring activity at EU level.**

The status of the people aged 15-74 in this quarter, similarly to their status in the previous quarter, indicated that 96.2% of those in employment remained in work, while 20.1% of the job-seekers found a job.



**List of charts and tables**

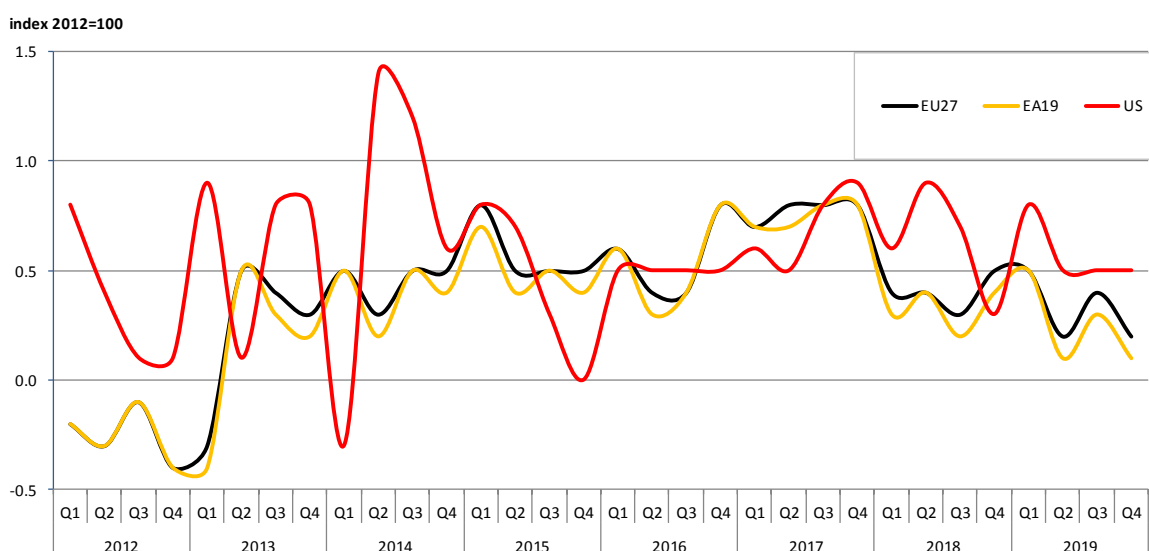
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## 1. Macroeconomic and employment developments and outlook

In the fourth quarter of 2019, compared to the previous one, real GDP increased by 0.2% in the EU27 and by 0.1% in the euro area, in line with the recent trend of slower growth. Year-on-year growth rates stood at 1.2% in the EU27 and 1.0% in the euro area, recording a slight slowdown from the previous quarter. In contrast, the US economy expanded at a faster pace, with real GDP increasing by 0.5% in the fourth 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 14.1% and 12.6%, respectively. In comparison, the real GDP level in the US grew by a cumulative 17.3% over the same period (Chart 1).

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

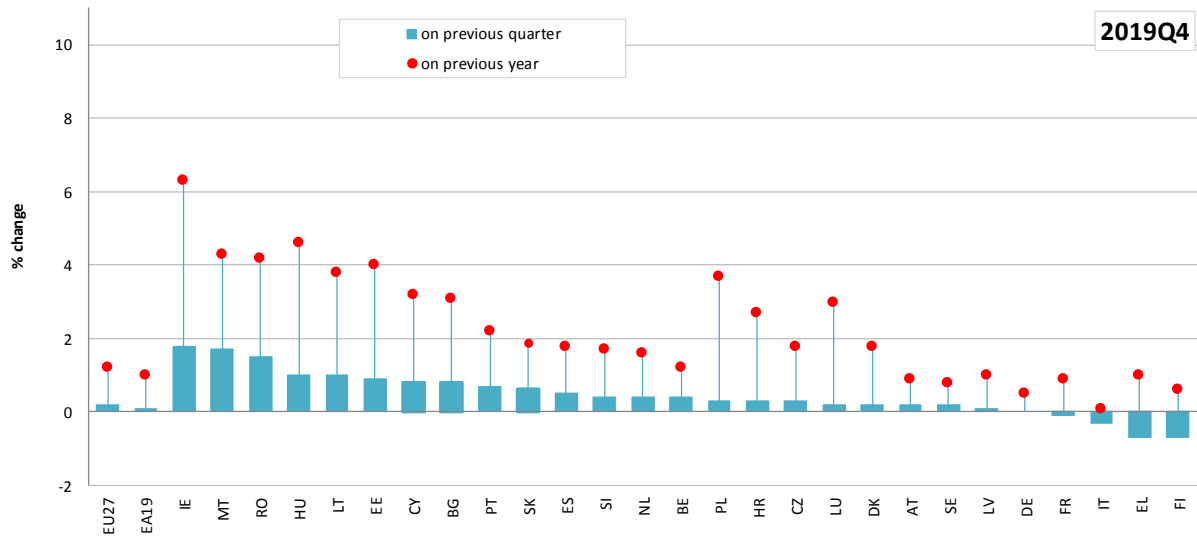


Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq\_10\_gdp, naidq\_10\_gdp]  
[Click here to download chart.](#)

### France, Italy, Finland and Greece report negative growth of GDP

In the fourth quarter of 2019, GDP grew in all Member States compared to the previous quarter, except Germany, where it remained stable, and France (-0.1%), Italy (-0.3%), Greece and Finland (-0.7%), where it shrank. The EU countries with the fastest-growing GDP were Ireland (+1.8%), Malta (+1.7%) and Romania (+1.5). Year-on-year growth was positive in all Member States, with Ireland recording the highest growth (+6.3%) and Italy the lowest one (+0.1%) (see Chart 2).

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

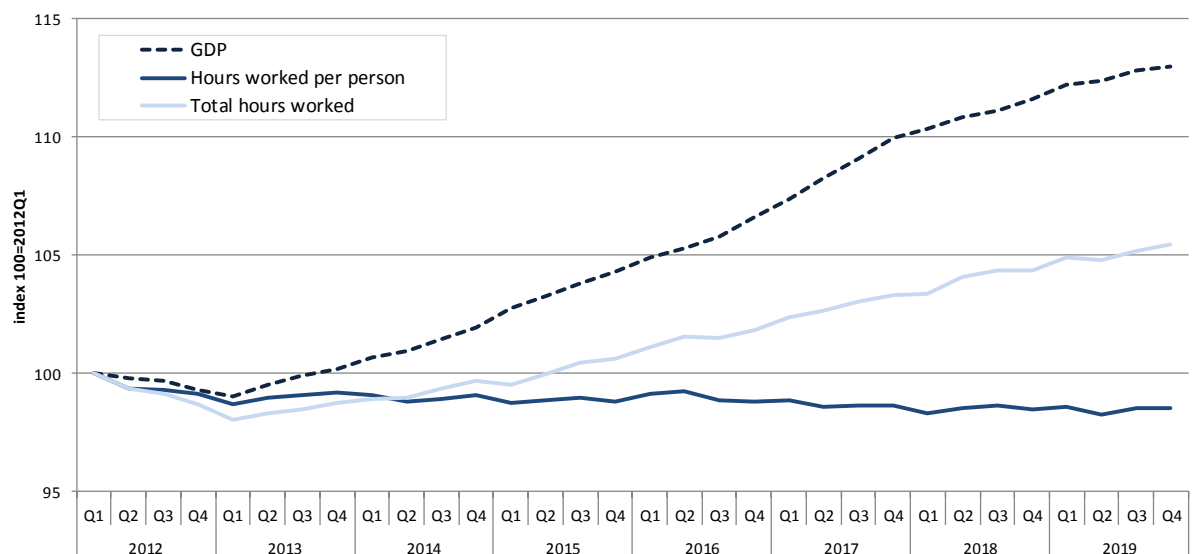


Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq\_10\_gdp]  
 Note: Data for SK are seasonally and not calendar adjusted. 2019Q3 data for LU  
[Click here to download chart.](#)

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

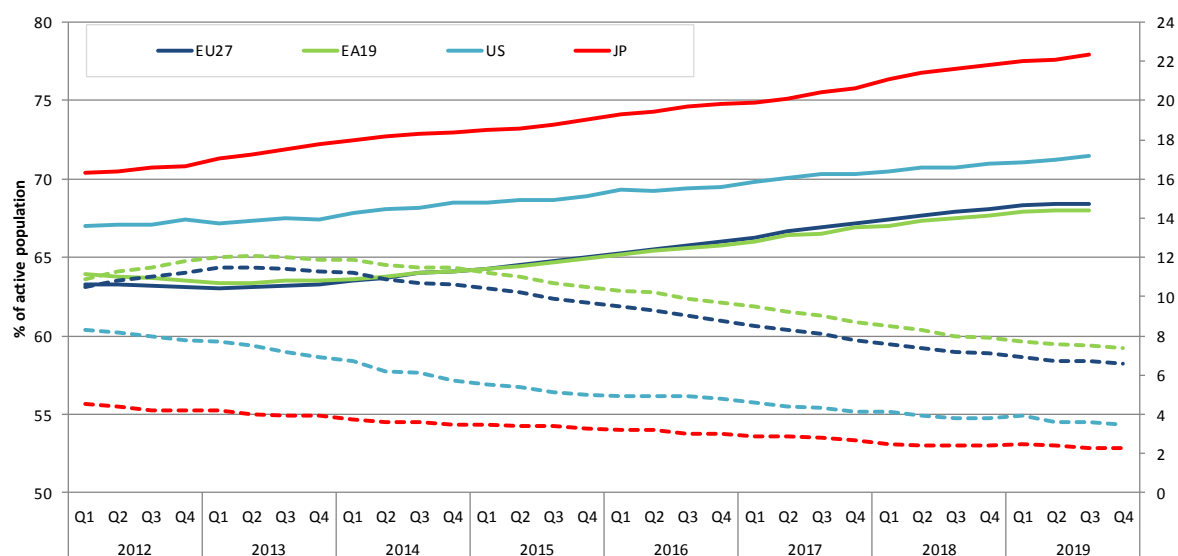
In the fourth quarter of 2019, the working time per worker surpassed 407 hours per worker in the EU27 and 393 in the euro area. Total hours worked are gradually increasing since the first quarter of 2013, and now exceed the peak of 2008. Hours worked per person, however, remain stagnant and slightly below the level in 2012. This is explained by a sharp drop in hours per worked per person during the crisis, which has not been accompanied by a strong increase during the recovery (Chart 3). Beyond part-time work, this can be attributed to changes in the breakdown of employment by sectors of economic activity.

**Chart 3: 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], seasonally and calendar adjusted data  
[Click here to download chart.](#)

**Chart 4: Employment and unemployment rate – EU, euro area, US and Japan, 2012–2019**



Source: Eurostat, LFS and series on unemployment, seasonally adjusted data [lfsi\_emp\_q, une\_rt\_m]

Note: Continuous lines (left-hand scale): employment rate. Dotted lines (right-hand scale): unemployment rate

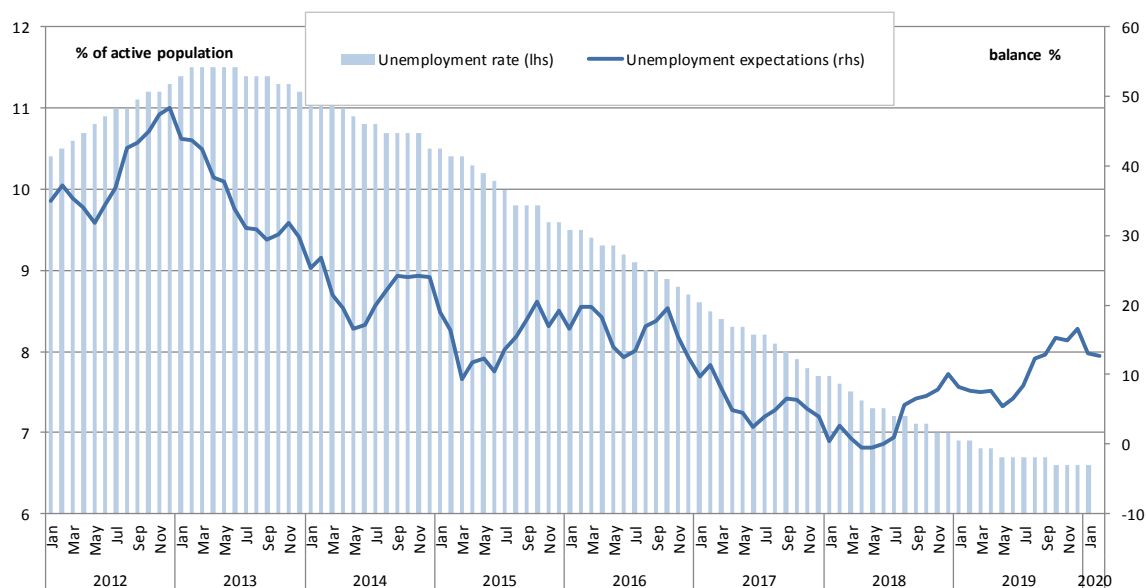
[Click here to download chart.](#)

### Unemployment expectations improve after a recent peak

Unemployment expectations, measured within the EU Business and Consumer Surveys (BCS)<sup>2</sup>, slightly improved in January and February 2020, after the peak of December 2019. However, they have increased since mid-2018, marking a weakening of the outlook that has not been so far accompanied by an increase in unemployment rates in the same period (Chart 5). In February 2020, the employment expectations component of BCS diverged across sectors, with a decline for industry, and stagnation for construction, retail sale and services (Chart 6).

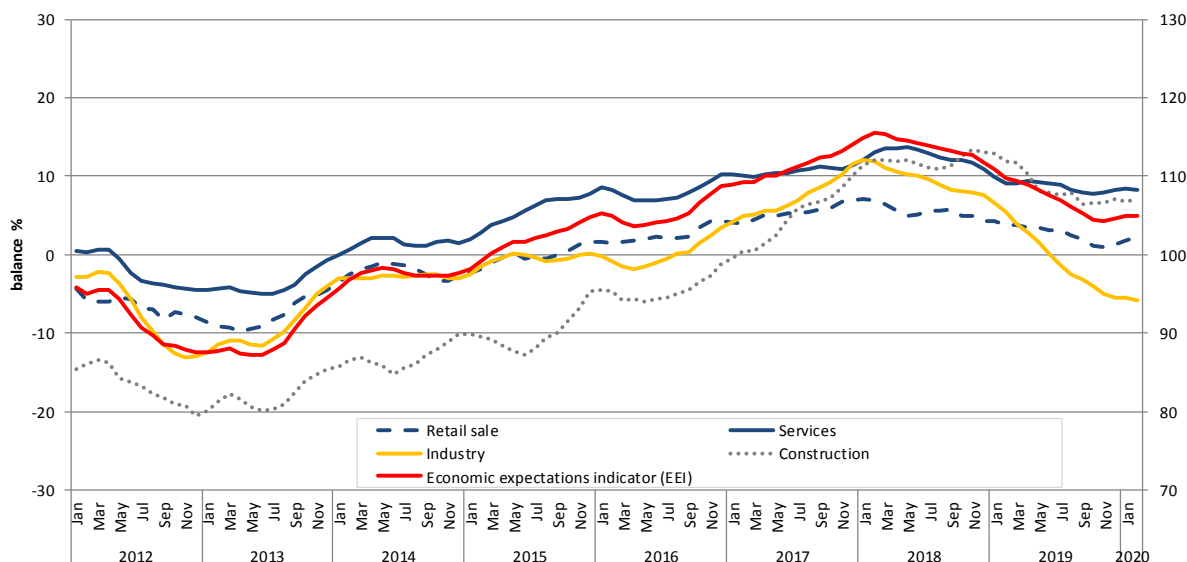
<sup>2</sup> [https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys/download-business-and-consumer-survey-data/time-series\\_en](https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys/download-business-and-consumer-survey-data/time-series_en)

**Chart 5: Unemployment rate versus unemployment expectations – EU, 2012–2020**



Source: European Commission, Business and Consumer Surveys and Eurostat, LFS, seasonally adjusted data [ei\_bscs\_m, une\_rt\_m]  
Note: the right scale is the balance of the share of respondents who expect higher unemployment and those who expect a lower one  
[Click here to download chart.](#)

**Chart 6: Employment expectations by sectors – EU, 2012–2020**



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 February 2020 Economic Forecast by the European Commission<sup>3</sup>, release before the outbreak of the COVID-19 in the EU, confirms previous expectations of 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 overall the situation is considered solid. Improvements are put at risk by the continued weakness in manufacturing, while services remain more stable. Furthermore, the outbreak and spread of the 'COVID-19' coronavirus and its impact on public health, human lives and economic activity is a source of mounting concern, which spurs uncertainty about short-term prospects.

The latest development of survey indicators seems to suggest that the outlook may be worsening further. Latest labour market forecast of the Commission (Autumn 2019), compared to the previous one (Spring 2019), envisage a stronger employment growth for 2019 (+1.0%) but sluggish growth in 2020 and 2021. Unemployment is predicted to remain stable with potential for some reductions especially in the euro area (Table 1).

Furthermore, the outbreak of the 'COVID-19' coronavirus and its spread in the EU - with its impact on public health, human lives and economic activity - is a source of mounting concern, which spurs uncertainty about short-term prospects. Although it is too early to detect this concern reflected in sentiment indicators, the OECD in its interim forecast for 2020 considers the adverse consequences of the coronavirus outbreak as significant, and developed two technical scenario. Under the contain outbreak scenario, global GDP growth is projected to drop to 2.4% in 2020, whereas under the domino scenario it could drop to 1.5%.

**Table 1: Recent forecasts – EU and euro area**

		GDP growth			Unemployment rate			Employment growth		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
<b>EU</b>										
Commission	<i>Feb-20</i>	1.5	1.4	1.5	:	:	:	:	:	:
	<i>Nov-19</i>	1.4	1.4	1.4	6.8	6.7	6.5	1.0	0.4	0.4
IMF (EU28)	<i>Oct-19</i>	1.5	1.6	1.7	:	:	:	:	:	:
<b>Euro area</b>										
Commission	<i>Feb-20</i>	1.2	1.2	1.2	:	:	:	:	:	:
	<i>Nov-19</i>	1.2	1.2	1.2	7.6	7.4	7.3	1.1	0.5	0.5
IMF	<i>Oct-19</i>	1.2	1.4	1.4	7.7	7.5	7.3	0.9	0.5	:
OECD	<i>Oct-19</i>	1.2	1.1	1.2	7.6	7.5	7.4	1.0	0.5	0.5
ECB	<i>Sep-19</i>	1.1	1.2	1.4	7.7	7.5	7.3	1.1	0.5	0.5

Source: European Commission February 2020 and November 2019, IMF October 2019, OECD October 2019, ECB September 2019.

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

[Click here to download table.](#)

<sup>3</sup> [https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2020-economic-forecast-offsetting-forces-confirm-subdued-growth\\_it](https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2020-economic-forecast-offsetting-forces-confirm-subdued-growth_it)



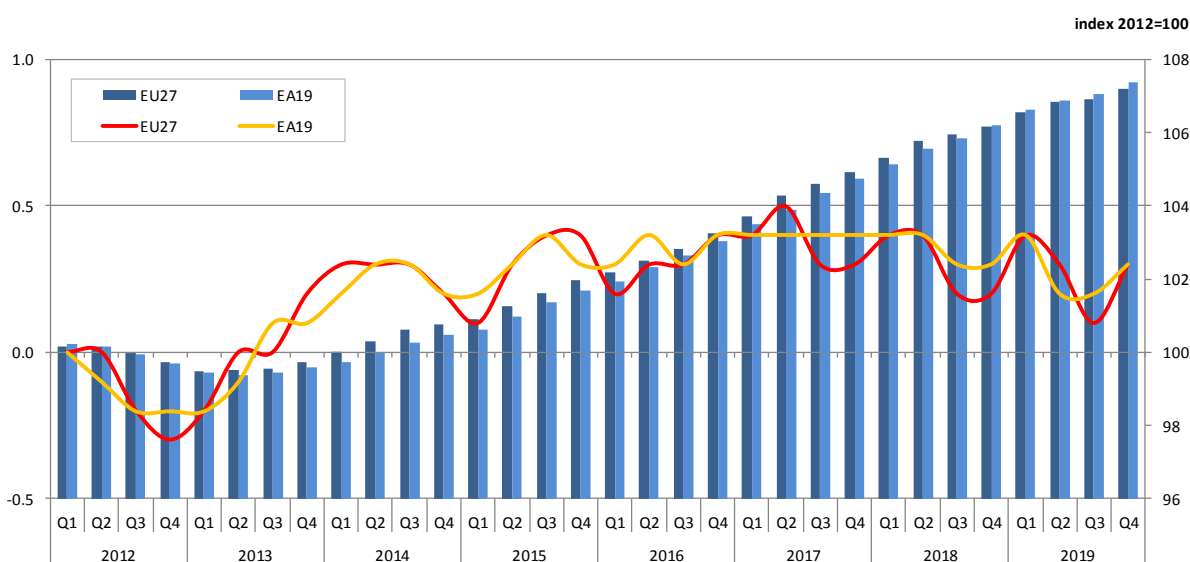
## 2. Employment in the EU and in Member States

### Employment in the EU keeps its low-pace growth

Employment grew in the fourth quarter of 2019 by 0.3% over the previous quarter in both the EU and the euro area, slightly faster than the 0.1% observed in the third quarter. Compared to the last quarter of 2018, employment grew by 1.0% in the EU and 1.1% the euro area, in line with most forecasts for 2019.

Since the low point registered in the first quarter of 2013, employment has now been growing for twenty-seven consecutive quarters in the EU. Since then, and up to the last quarter of 2019, employment has increased by 15.1 million people (by 12.0 million since the second quarter of 2013 in the euro area). In the fourth quarter of 2019, employment in the EU reached a new record level with 209.3 million people in employment, of which 160.7 million in the euro area (Chart 7).

**Chart 7: Employment level – EU and euro area, 2012-2019**



Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq\_10\_pe]

Note: Cumulative growth (bars, right-hand scale), % change on the previous quarter (lines, left-hand scale)

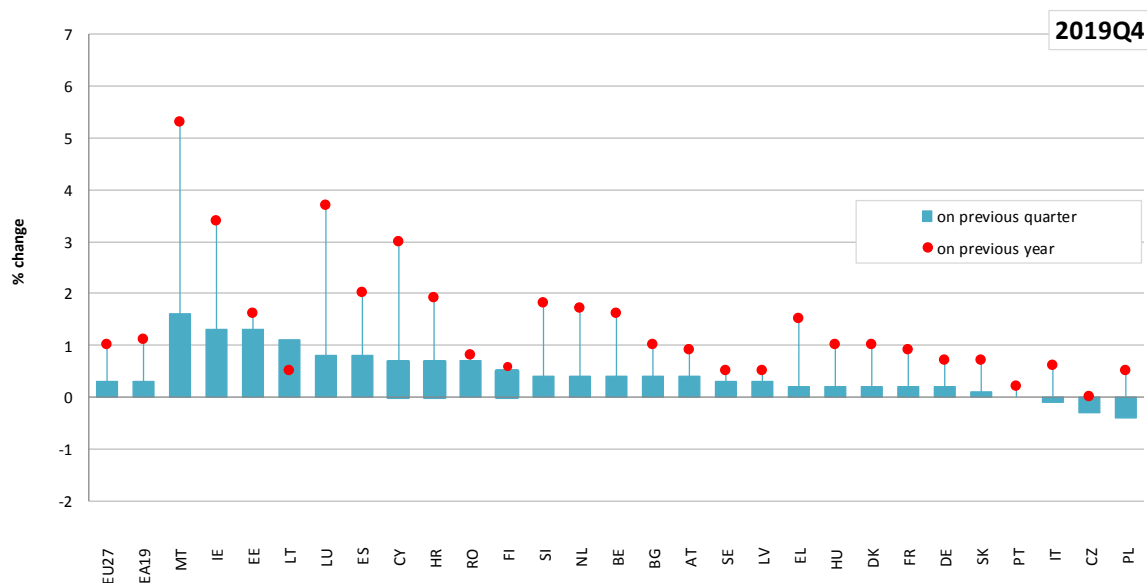
[Click here to download chart.](#)

### Employment increases in almost all Member States

In the fourth quarter of 2019, employment increased again in most of the Member States when compared to the previous quarter, while declining in three of them. Employment grew the most, as in the previous quarter, in Malta (1.6%), Ireland and Estonia (1.3%), and registered the strongest decreases in Poland (-0.4%), Czechia (-0.3%) and Italy (xx) (Chart 8).

Compared to the last quarter of 2018, employment was higher in all Member States except in Czechia where it remained stable. The highest year-to-year growth rates were recorded in Malta (5.3%), Ireland (3.4%) and Cyprus (3.0%) and the lowest ones in Czechia (stable) and Portugal (0.2%).

**Chart 8: 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, and /or 2019Q3 for several countries.  
[Click here to download chart.](#)

**Employment growth in the service sector picks up, but is negative in industry**

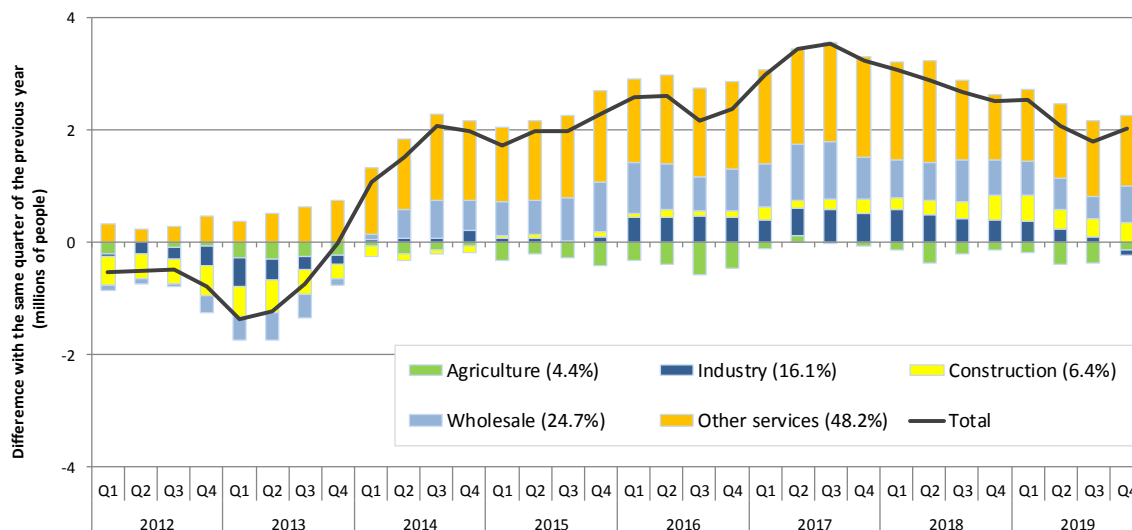
In the fourth quarter of 2019, EU employment increased on a yearly basis in construction and services but declined in agriculture and industry. Employment grew the most in absolute terms in the service sector, with 650 thousand more people employed in wholesale trade and 1.3 million in other services. These increases combined are slightly higher than those recorded in previous quarters.

Employment in construction grew by 350 thousand people, with a higher growth in relative terms than services (+2.6% on a yearly basis). Industry instead declined by 90 thousand people on a yearly basis, confirming the negative trend that started about two years ago. Employment in agriculture declined by 138 thousand people on a yearly basis, continuing its long-standing negative trend (Chart 9).

**Permanent jobs keep increasing, while the number of temporary jobs is decreasing at an accelerating pace**

The growth in employment in the third quarter of 2019 was again mainly due to a strong increase in the number of permanent employees (about 2.3 million compared with the same quarter of the previous year). The number of temporary employees is instead decreasing on a year-to-year basis for the fifth quarter in a row, and at an accelerating pace (900 thousand people less than in the third quarter of 2018). Self-employment recorded a decline of 350 thousand people after four quarters of relative stability (Chart 10).

**Chart 9: Employment growth by sector – EU, 2012-2019**

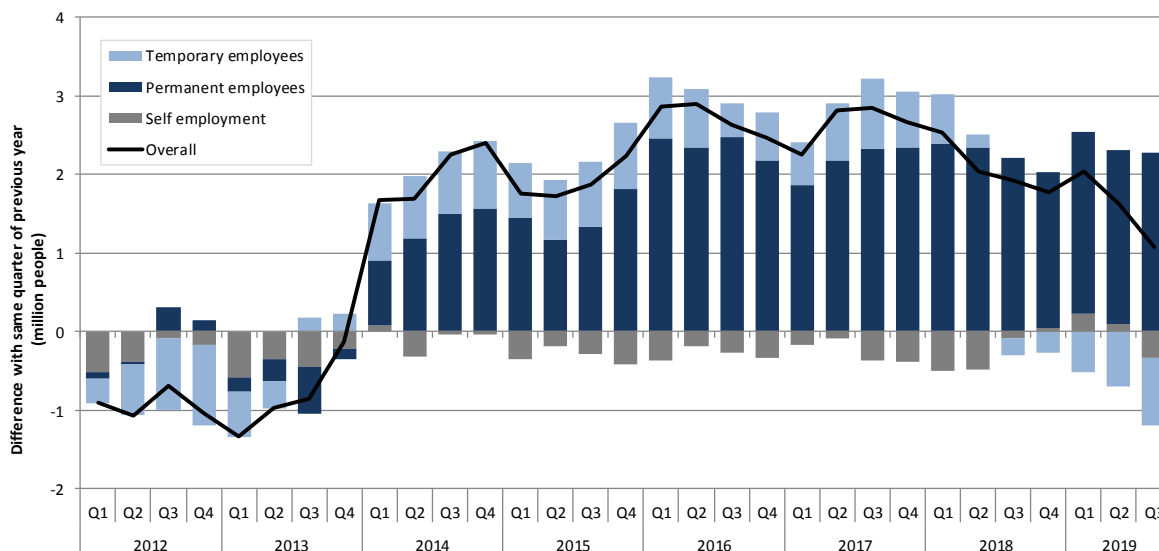


Source: Eurostat, National Accounts, unadjusted data [namq\_10\_a10\_e]

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 10: Permanent, temporary and self-employment – EU, 2012-2019**



Source: Eurostat, LFS, unadjusted data [lfsq\_egaps, lfsq\_etgaed]

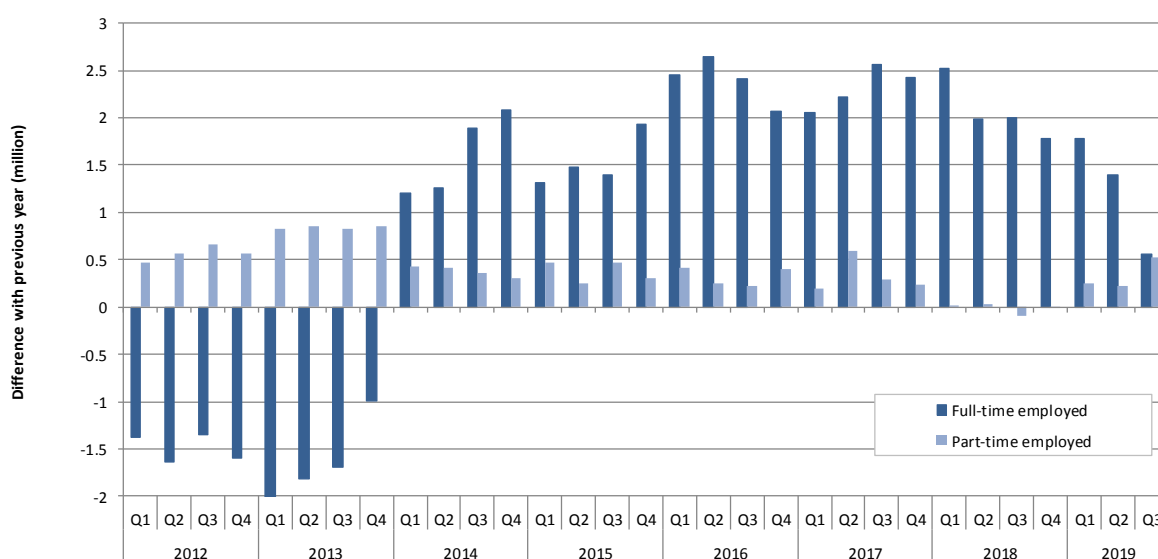
Note: Age 15-64.

[Click here to download chart.](#)

### The growth of full-time employment is slowing down while part-time employment is growing fast

In the third quarter of 2019 full-time employment increased by only 500 thousand people compared with the same quarter of the previous year, the lowest year-to-year increase since the first quarter of 2014. Part-time employment increased instead by about the same amount, the largest increase (with the exception of the second quarter of 2017) in the last five years (Chart 11).

**Chart 11: Part-time and full-time employment – EU, 2012-2019**



Source: Eurostat, LFS, unadjusted data [lfsq\_efpt]

Note: age 15-64

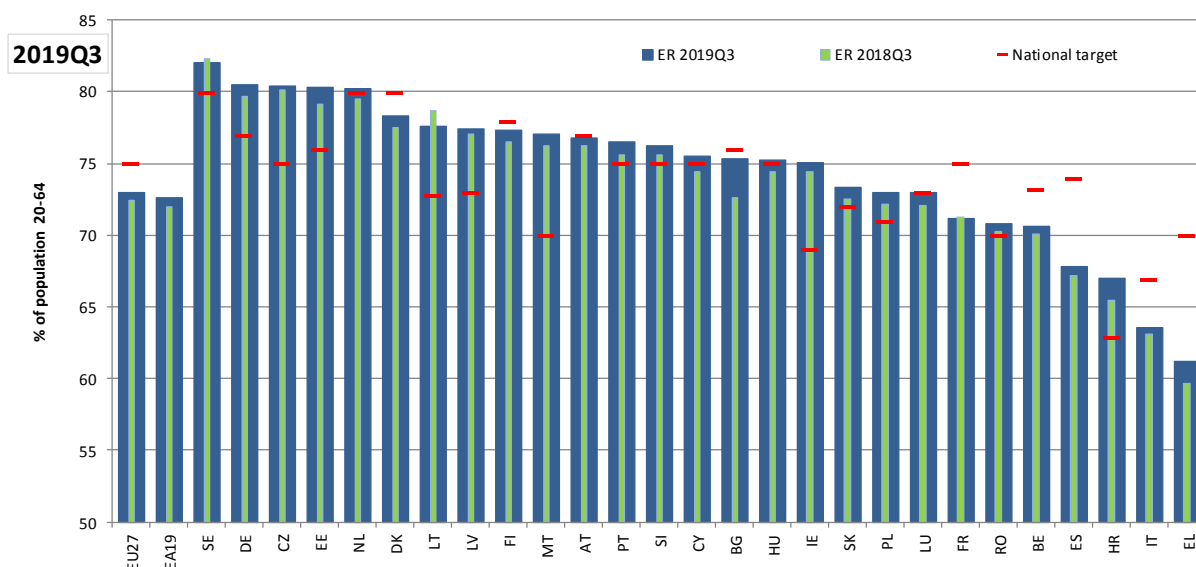
[Click here to download chart.](#)

### The employment rate increased on a yearly basis but has recently decreased in some Member States

The EU employment rate for 20-64 year-olds increased by 0.6pp in the third quarter of 2019 compared to the same quarter of 2018 and reached 73.0%. However, on a quarter-to-quarter basis, the employment rate decreased by 0.1pp, therefore reverting to the level recorded in the first quarter of 2019. For the euro area, the employment rate had the same behaviour as for the EU (72.6%, with an increase of 0.6pp since the third quarter of 2018, and a decrease of 0.1pp since the previous quarter) (see Chart 12).

Compared to the same quarter of the previous year, in the third quarter of 2019 the employment rate for 20-64 year-olds increased in all Member States except Lithuania (-1.1pp), Sweden (-0.3pp) and France (-0.1pp). The largest annual increases were recorded in Bulgaria (2.7pp), Greece and Croatia (1.5pp). The negative quarter-to-quarter difference was mainly due to the decrease of the employment rate in Germany and France (-0.3pp), but the strongest reductions was recorded in Cyprus (-0.6pp). Despite the reduction on average in the EU, sixteen Member States saw their employment rate increase in the last quarter, and most notably Croatia (1pp) and Estonia (0.5pp). One consequence of these recent dynamics is that the Member States with the lowest rates (Greece, Italy, Croatia) have slightly reduced the distance to those with the highest rates (Sweden and Germany), although the difference between the highest and lowest employment rates remain higher than 20pp.

**Chart 12: Employment rate – EU, euro area and Member States**



Source: Eurostat, LFS, seasonally adjusted data [lfsi\_emp\_q]

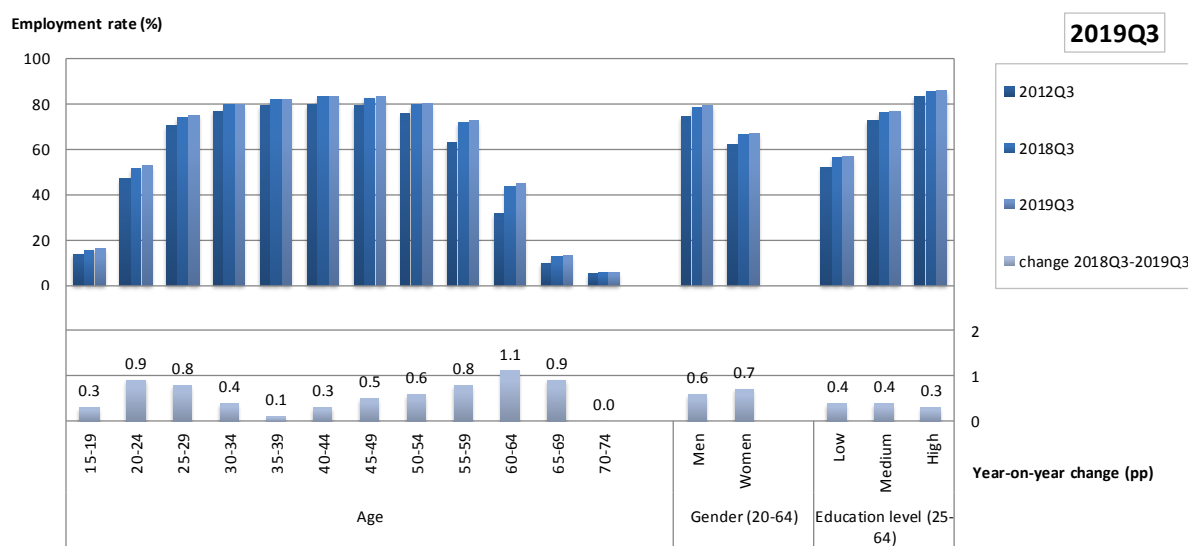
Note: age 20-64

[Click here to download chart.](#)

**Employment rates keep improving for older workers**

In the third quarter of 2019 the EU employment rate increased on a yearly basis for almost all population groups, and especially for people aged 60-64 (1.1pp). An increase of 0.9pp was also observed for the age groups 20-24 and 65-69, confirming the recent pickup of the employment rate also among younger workers. The employment rate grew slightly faster on a year-to-year basis for women (0.7pp) than for men (0.6pp) but the gap remains high (12pp). The employment rate also increased roughly equally for all education levels (Chart 13).

**Chart 13: Employment rate by population groups – EU**



Source: Eurostat, LFS, unadjusted data [lfsq\_ergaed]

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

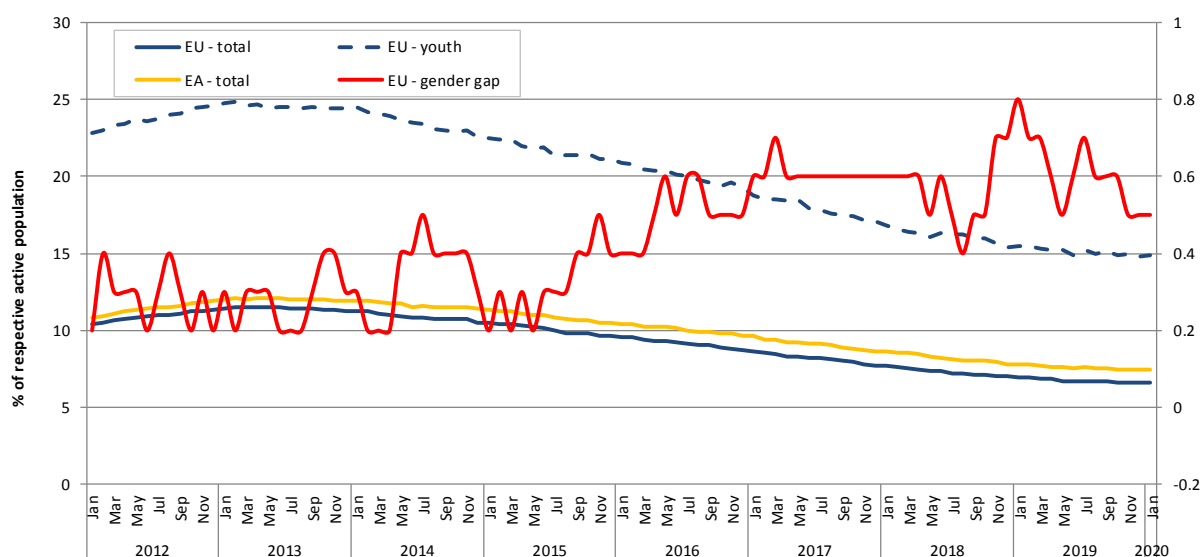
#### The unemployment rates in the EU and euro area remain stable at low levels

In January 2020, the unemployment rate in the EU and euro area were 6.6% and 7.4%, down 0.3pp and 0.4pp from the respective levels recorded in January 2019. For the EU this is still the lowest rate recorded since the start of the series in January 2000, while for the euro area it was lower (by 0.1pp) only in a few months between end 2007 and the beginning of 2008. The decline in EU and euro area unemployment rates means that they are now respectively 4.9pp and 4.7pp lower than the highest levels recorded in 2013. The unemployment rate is higher for women than for men by 0.5pp, a difference that is slightly lower (0.3pp) than a year ago (Chart 14).

The recent trend hints at a stabilisation, with the unemployment rate remaining unchanged for both the EU and the euro area in the last four months. This suggests that, with a slowdown in the economic activity (see forecasts in section 1), further progress in the coming months, if any, is likely to be limited.

In January 2020, 14.1 million people were unemployed in the EU, about 750 thousand fewer than in the same month in 2019 and 10 million people less than at the peak observed in April 2013. In the euro area, the number of unemployed people was 12.2 million, 7.2 million less than the highest value recorded in April 2013.

**Chart 14: Unemployment rate and youth unemployment rate – EU and euro area, 2012–2020**



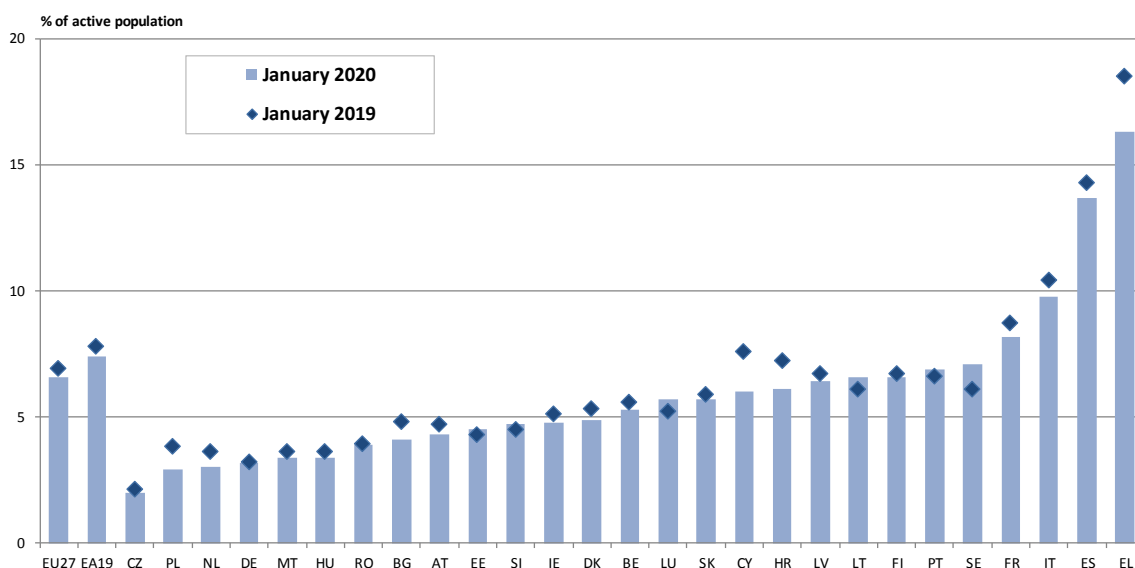
Source: Eurostat, series on unemployment, seasonally adjusted data [une\_rt\_m]  
[Click here to download chart.](#)

#### The unemployment rate declines in most Member States but is on the rise in some of them

The unemployment rate decreased in January 2020 in most Member States compared to twelve months before, with the largest reductions registered in Greece (2.1pp – November data), Cyprus (-1.6 pp) and Croatia (-1.1pp). However, the unemployment rate has increased on a year-on-year basis in six Member States and most notably in Sweden (1.0pp), Lithuania and Luxembourg (0.5pp). The lowest rates were recorded in Czechia (2.0%) and Poland (2.9%), while Greece (16.5% – November 2019) and Spain (13.7%) remain the only Member States with an unemployment rate over 10% (Chart 15).



**Chart 15: Unemployment rates – EU, euro area and Member States, 2019–2020**



Source: Eurostat, series on unemployment, seasonally adjusted data [une\_rt\_m]

Note: HU, EE and EL data from December 2018/2019

[Click here to download chart.](#)

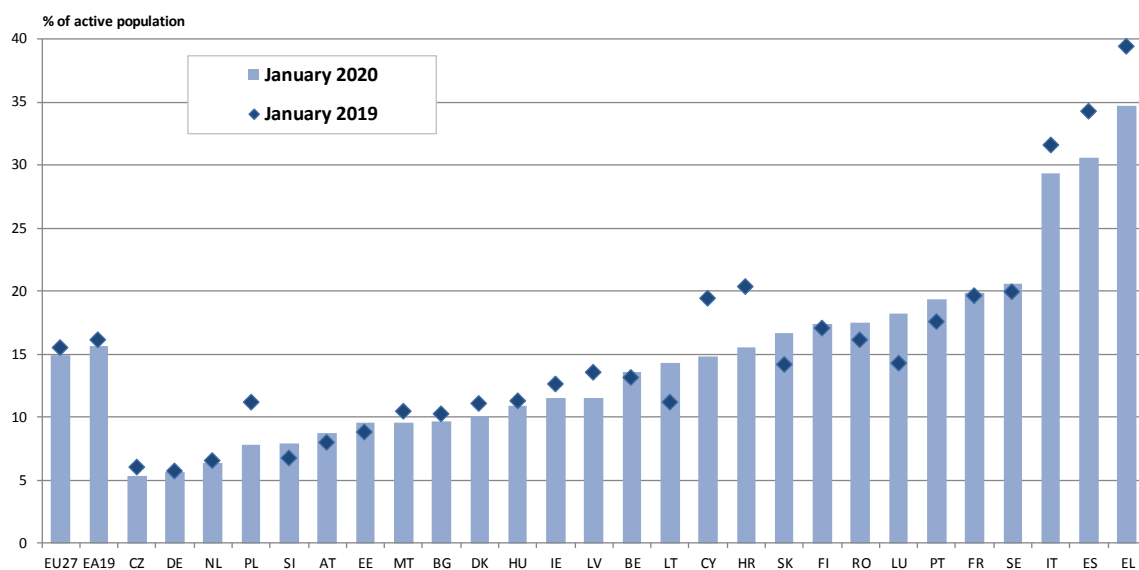
### EU youth unemployment declines compared to a year ago but remains stable in the last months

In January 2020, the unemployment rate of people aged 15-24 (youth unemployment) stood at 14.9% in the EU, down by 0.6pp compared to the same month of 2019. In the euro area, it declined by 0.5pp to reach 15.6%. These declines represent 110 thousand fewer unemployed people aged 15-24 in the EU, including 75 thousand in the euro area. In January 2020, there were 2.7 million young people unemployed, including 2.2 million in the euro area.

However, in the last months youth unemployment has on average stabilised similarly to total unemployment, with strongly different trends among Member States. A year-on-year increase<sup>4</sup> occurred in twelve Member States, with the highest increases recorded in Luxembourg (4pp), Lithuania (3.2pp) and Slovakia (2.6pp). The strongest decreases were recorded in Croatia (-4.8pp), Cyprus (-4.6pp), Greece and Spain (-3.6pp). The youth unemployment rate in Greece remained the highest in the EU (36.1%), on the rise in the last four recorded months. Spain (30.6%) and Italy (29.3%) follow, the latter also with a negative recent trend. The lowest youth unemployment rates were recorded as usual in Czechia (5.3%), Germany (5.6%) and the Netherlands (6.4%) (Chart 22).

<sup>4</sup> Refer to Chart 19 for the exact month of comparison

**Chart 16: Youth unemployment rates – EU, euro area and Member States**



Source: Eurostat, LFS, seasonally adjusted data [une\_rt\_m]

Note: RO data from September 2019; EL, CY, SI, HU, EE, BE and HR data from December 2019

[Click here to download chart.](#)

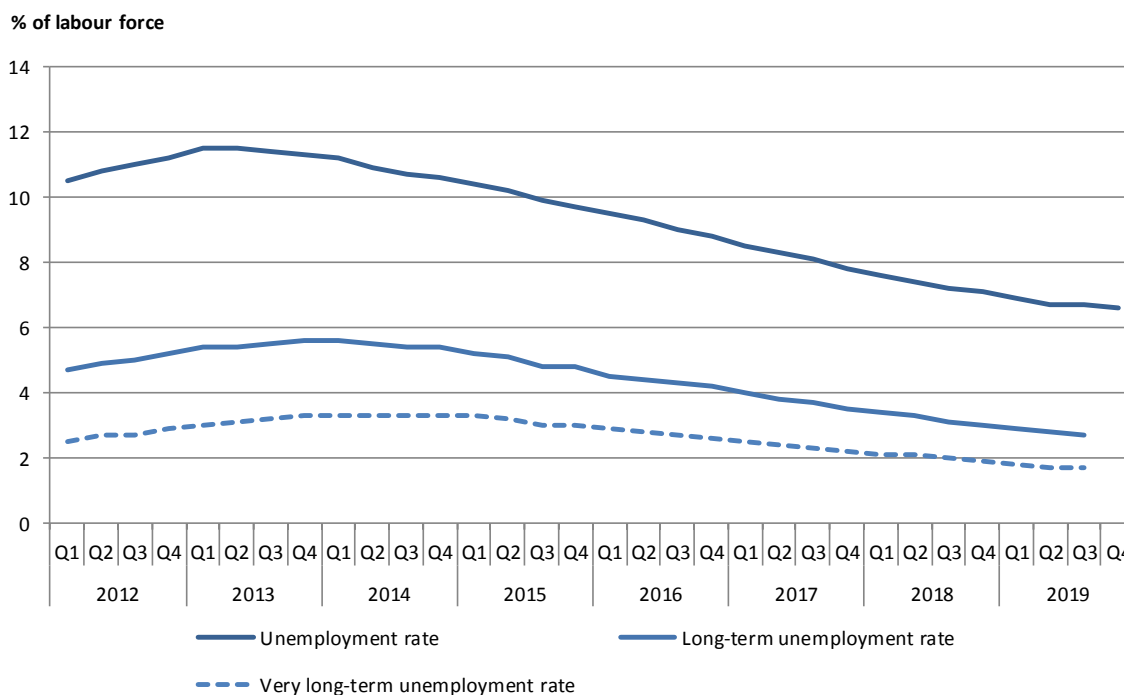
## 4. Long-term unemployment and additional potential labour force

### Long and very long-term unemployment are still on a declining trend

Long-term unemployment, which captures people in unemployment for a year or more, decreased in the third quarter of 2019 by 0.4pp compared with the same quarter of the previous year, and reached 2.7%. The very long-term unemployment rate, which captures people in unemployment for at least two years, decreased by 0.3pp down to 1.7% of the labour force (Chart 17).

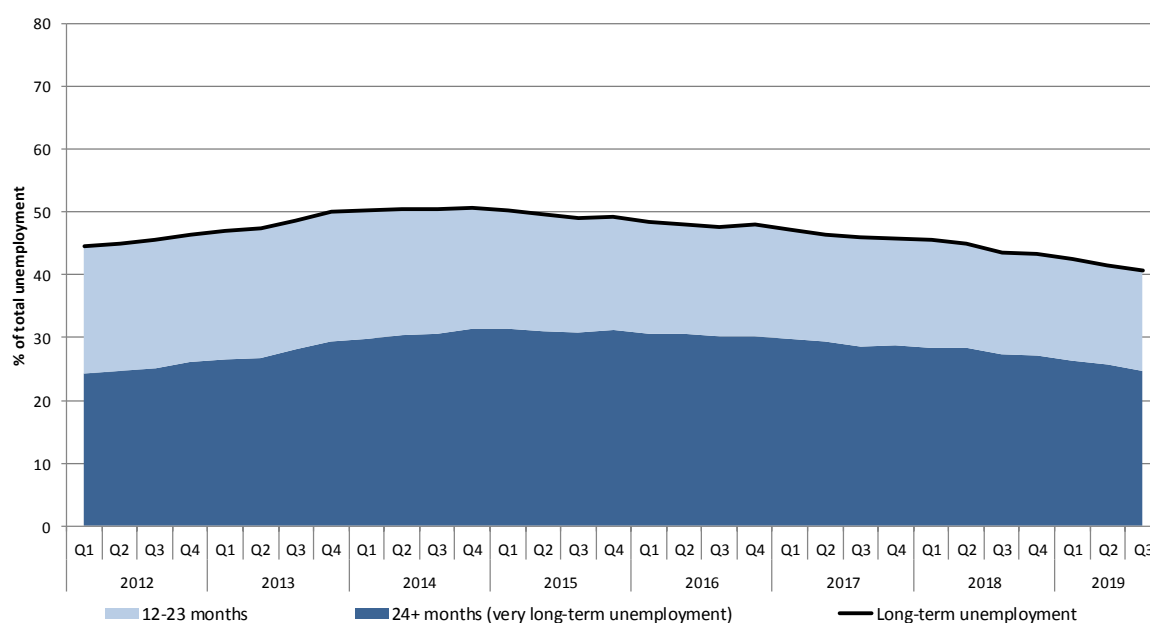
In the third quarter of 2019, there were around 5.8 million people in unemployment for more than a year in the EU, of whom 3.5 million for more than two years. This represents 800 thousand fewer people in long-term unemployment than in the third quarter of 2018, including 600 thousand less in very long-term unemployment. The share of long-term unemployed in total unemployment declined at 40.7%, 0.7pp less than in the second quarter of 2019. The share of very long-term unemployed in total unemployment also declined by 1pp and is now 24.8% (see Chart 18).

**Chart 17: 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 18: 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

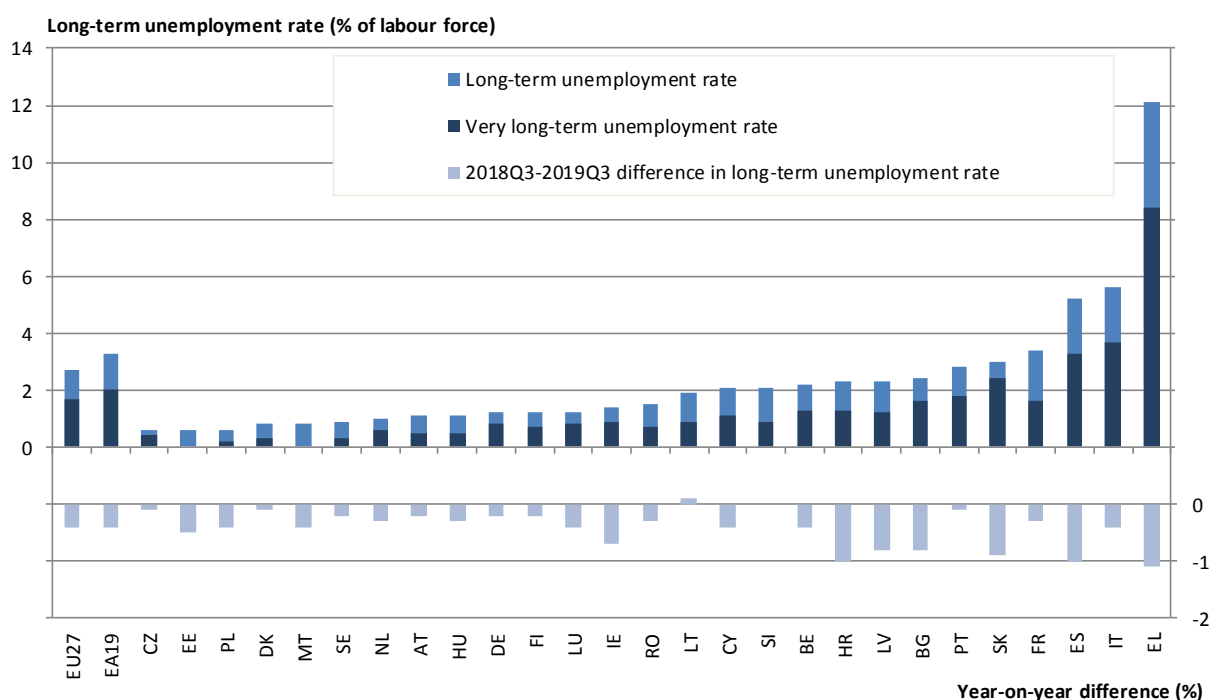
[Click here to download chart](#)

### Long-term unemployment keeps decreasing in almost all Member States

In the third quarter of 2019, long-term unemployment declined in all Member States compared to the same quarter of the previous year, except for Lithuania (0.1pp increase) and Slovenia where it remained stable. The largest reductions occurred in Greece (-1.1pp), Croatia and Spain (-1pp) (Chart 19).

Both long-term and very long-term unemployment remains very high in Greece (12.1% and 8.4% of the labour force, respectively), while they are very low in Czechia (0.6% and 0.4%) and Poland (0.6% and 0.2%).

**Chart 19: Long-term unemployment rate - EU, euro area and Member States, level and change, 2018-2019**

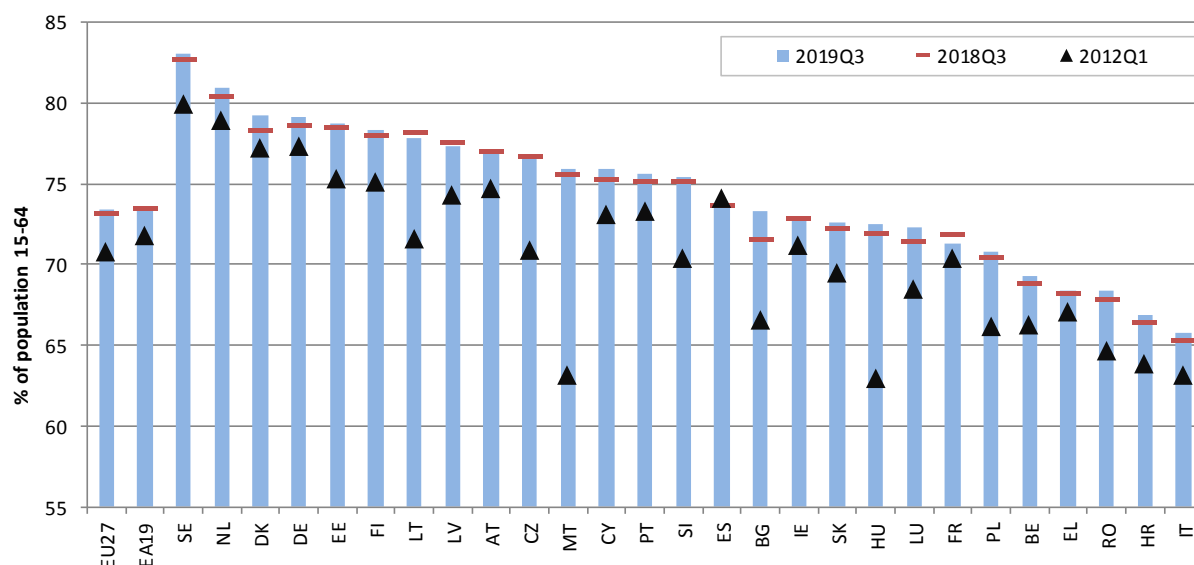


Source: Eurostat, LFS, seasonally adjusted data [une\_ltu\_q]  
Note: No 2019Q3 VLTU data available for MT and EE  
[Click here to download chart.](#)

### Active population in the EU still on a moderately positive trend

The activity rate in the EU, for the 15 to 64 age group, reached 73.4% of the population in the third quarter of 2019, 0.2pp higher than in the same quarter of 2018. In the third quarter of 2019, all Member States, with just a few exceptions, registered a year-to-year increase in their activity rates (Chart 20). The strongest increases were observed in Bulgaria (1.7pp) and Estonia (0.9pp), while decreases occurred in France (-0.6pp), Austria (-0.4pp) and Czechia (-0.3pp). The lowest activity rates were recorded in Italy (65.8%) and Croatia (66.9%), while the Sweden and the Netherlands are the EU countries with the highest rates (83% and 80.9% respectively, both on the rise).

Chart 20: Activity rate – EU and Member States



Source: Eurostat, LFS, seasonally adjusted data [lfsi\_act\_q]

Note: FR metropolitan data for 2012Q1

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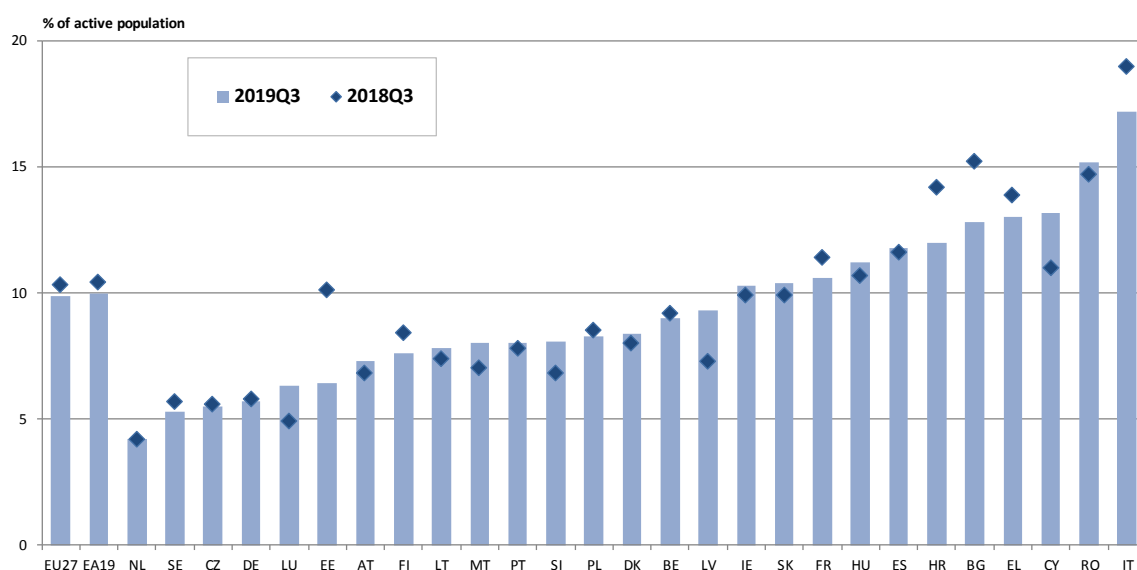
### The NEET rate in the EU goes below 10% for the first time

In the EU, the share of people aged 15-24 who are neither in employment, nor in education or training (NEET), decreased in the third quarter of 2019 by 0.4pp compared with the same quarter of the previous year, and went below 10% (9.9%) for the first time since the start of the Eurostat series in 2006. In the same period, it decreased by 0.4pp also in the euro area, where it stood at 10.0%.

Trends are however very different among Member States. Compared with the third quarter of 2018, the NEET rate increased in about half of the Member States and shrank in the other half. The strongest decreases were recorded in Estonia (-3.7pp), Bulgaria (-2.4pp) and Croatia (-2.2pp). The NEET rate rose most largely in Cyprus (2.2pp), Latvia (2.0pp) and Luxembourg (1.4pp). The recent positive trend in Italy has reduced the distance across the Member States between the highest rate (Italy, 17.2%) and the lowest one (Netherlands, 4.2%) (Chart 21).



**Chart 21: Young people aged 15-24 neither in employment nor in education and training (NEET) – EU**



Source: Eurostat, LFS [lfsi\_neet\_q]. Seasonally adjusted data.  
Click here to download chart.

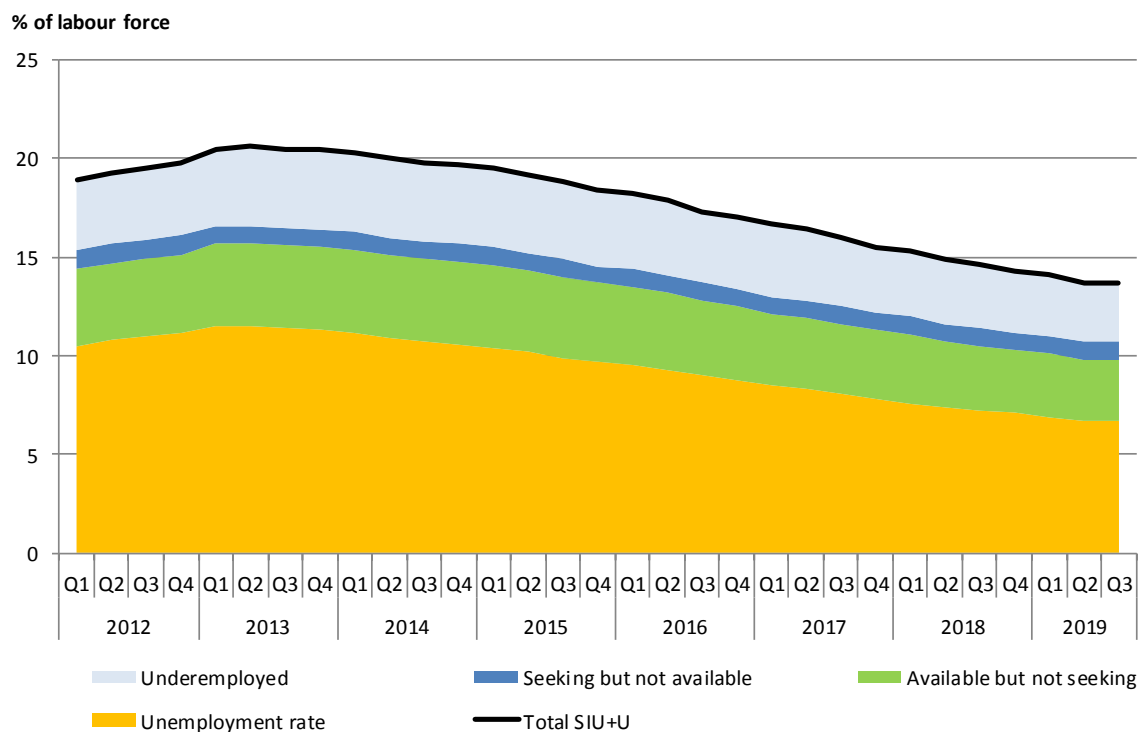
### The share of people 'available to work but not seeking' and 'underemployed' is on a decreasing trend

The three supplementary indicators to unemployment ('available for work but not seeking', 'underemployed' and 'seeking but not available for work') used to monitor the evolution of underemployment and the potential additional labour force keep their moderately decreasing trend in the third quarter of 2019.<sup>5</sup>

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 3.1% of the labour force in the third quarter of 2019, down 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 3.0% of the labour force. The rate of those 'Seeking but not available for work' has remained roughly stable at 0.9% of the labour force for the last years. The decrease in these three indicators amount overall to 0.4pp on a yearly basis, adding to the positive developments in unemployment (Chart 22).

<sup>5</sup>These indicators are measured as a percentage of the labour force. They are also called supplementary indicators to unemployment (SIU). See: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Underemployment\\_and\\_potential\\_additional\\_labour\\_force\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Underemployment_and_potential_additional_labour_force_statistics)

**Chart 22: 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.

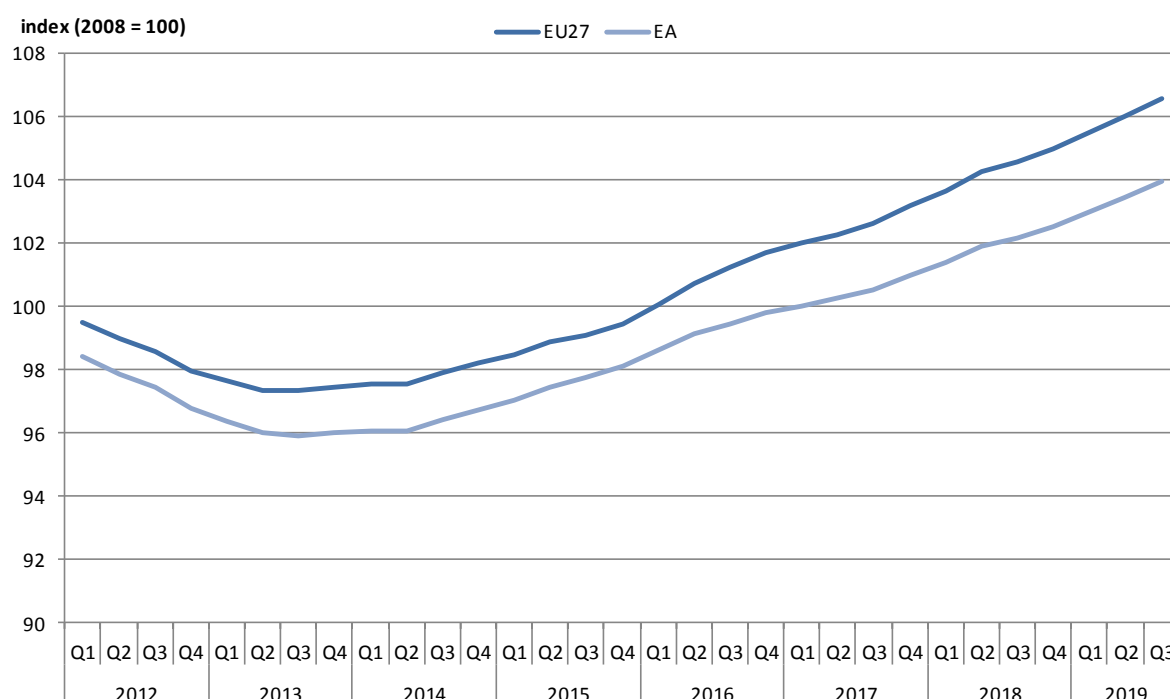
[Click here to download chart.](#)

## 5. Income and financial situation of households

### The gross disposable income of EU households continued to increase

In the third quarter of 2019, the real gross disposable household income (GDHI) per capita (See note Chart 23) continued to grow. In the EU, real GDHI per capita has been growing for 25 consecutive quarters and it is now 6.6% higher than in 2008 and 2.0% higher than in same quarter of 2018. In the euro area the growth pace remains slightly slower: real GDHI per capita has been growing for 24 consecutive quarters, and is 4.0% higher than in 2008 and 1.8% higher than in the same quarter of 2018 (Chart 23).

**Chart 23: Real GDHI per capita - EU and Euro Area (index 2008 = 100), 2012-2019**



Source: Eurostat, National Accounts, unadjusted data [nasq\_10\_nf\_tr, namq\_10\_gdp, namq\_10\_pe] (DG EMPL calculations)

Note: The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. Moving averages over four last quarters.

[Click here to download chart.](#)

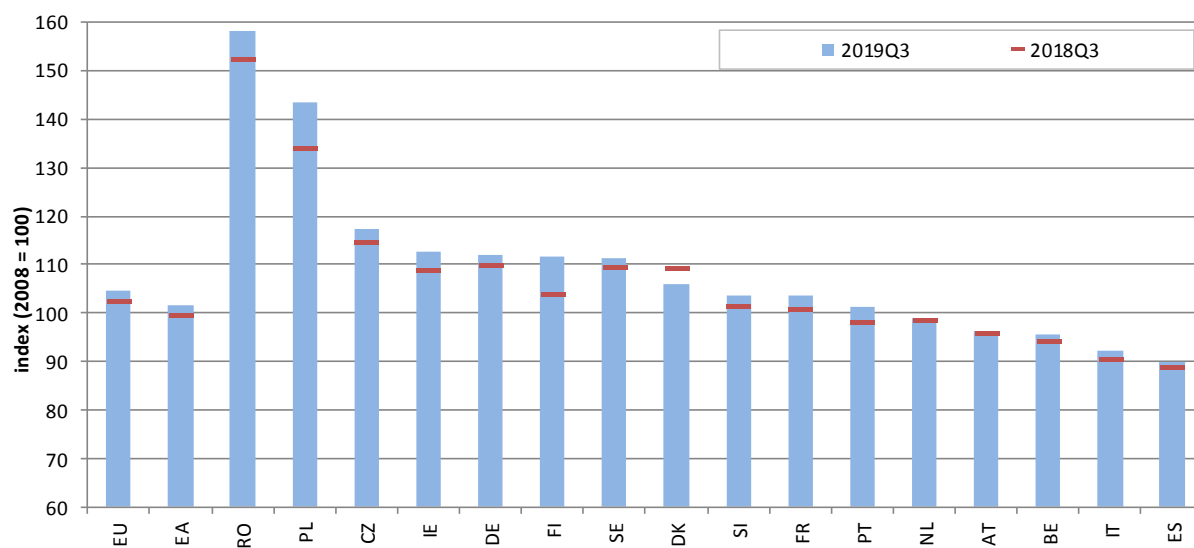
### Developments of real GDHI per capita are positive in almost all Member States

In the third quarter of 2019, real GDHI per capita grew on a yearly basis in almost all Member States for which data are available (see Chart 24). The pace of GDHI growth has been strong in most Member States, with a growth rate of 6.8% in Poland and equal or above 3.0% for Romania (3.8%), Ireland (3.4%) and Portugal (3.0%). Denmark recorded a decrease (growth rate of -2.9%), but with a level still 6.0% above its 2008 level. At the same time, the Netherlands and Austria display low growth rates (0.2% and 0.4% respectively) despite levels below their 2008 average (real GDHI of 98.8 for the Netherlands and 96.3 for Austria).

Five Member States<sup>6</sup> (the Netherlands, Austria, Belgium, Italy and Spain) have levels of real GDHI below their 2008 average in the third quarter of 2019, but considering that the data are not seasonally adjusted this figure can change from quarter to quarter. During the previous quarter, Greece, Italy and Austria were in this situation.

<sup>6</sup> Data for Greece are not available.

**Chart 24: Real GDHI per capita – EU, EA and Member States (index 2008 = 100)**

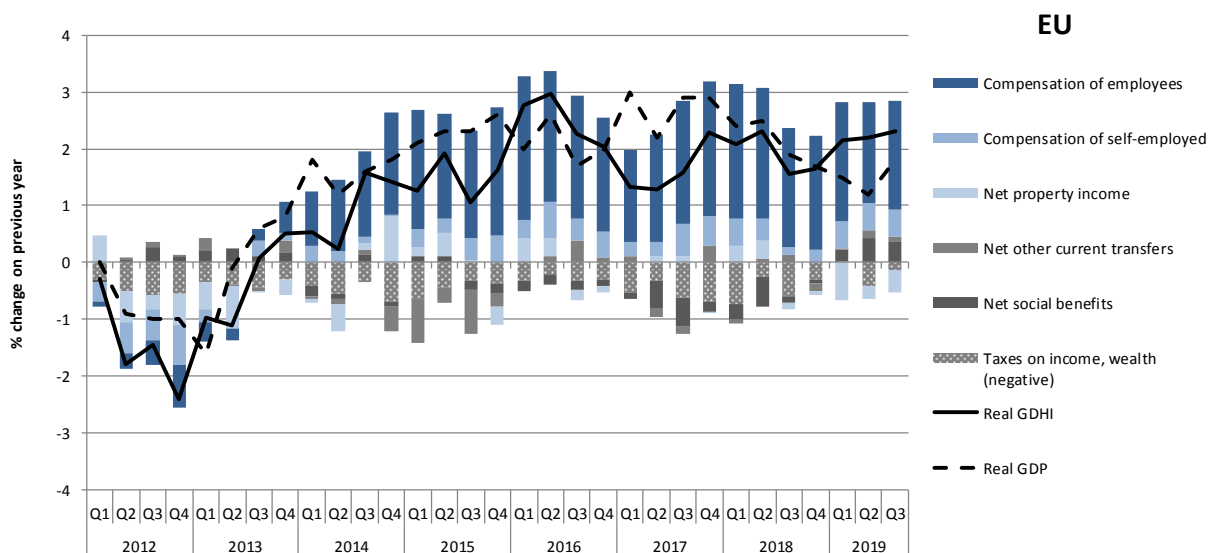


Source: Eurostat, National Accounts, unadjusted data [nasq\_10\_nf\_tr, namq\_10\_gdp, namq\_10\_pe] (DG EMPL calculations)

Note: The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. EL, NL and RO: provisional; PT: estimation.

[Click here to download chart.](#)

**Chart 25: 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 EU27.

[Click here to download chart.](#)

### Households benefit from higher income from work

The growth of the real gross disposable household income (real GDHI) maintained a good pace on average in the EU and has been higher than GDP growth in the last four quarters. In the third quarter of 2019, the yearly real GDHI growth was 2.3% (2.2% in the second quarter). Income from work continued to be the main driver of this growth in real GDHI, with a growth of 1.9% in the compensation of employees. In the last three quarters, net social benefits increased for the third time

in a row (growth rate of 0.4% for the third quarter) and net property income decreased for the fifth consecutive quarter (-0.4%).

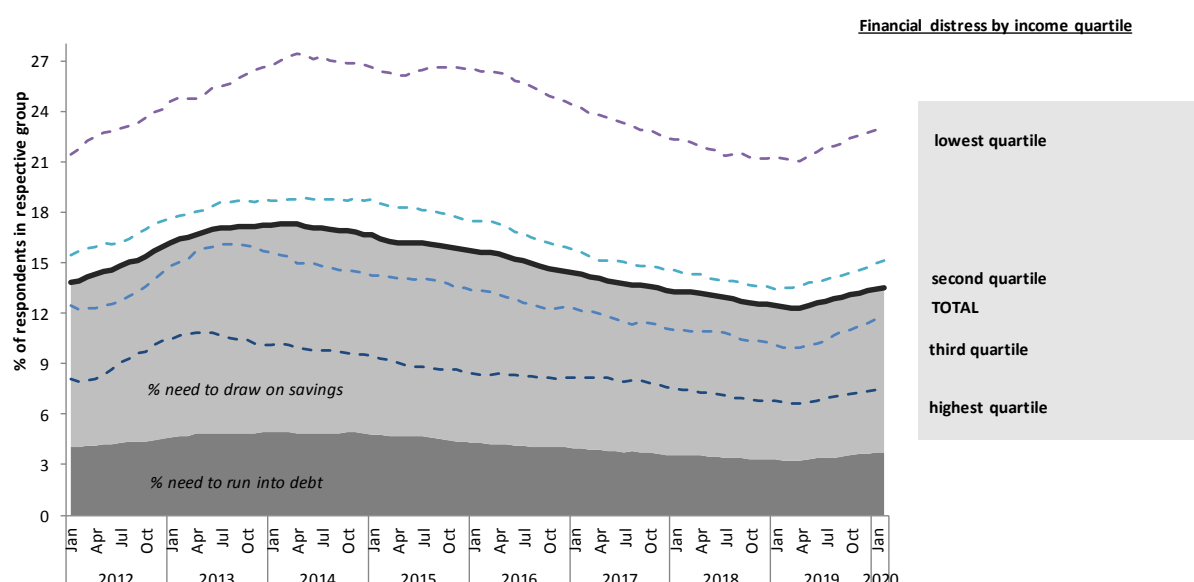
### Share of people having difficulties to cover current expenditure continue to rise slightly

Reported financial distress<sup>7</sup> 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 17.4% recorded in March 2014, it gradually declined to 12.7% of the population and remained stable from February to May 2019, but it has slowly increased since then to reach 13.5% in February 2020 (Chart 26). Compared to the same month in 2019 (12.4%), the indicator is 1.1pp higher. 9.8% of the population declared to need to draw on savings and 3.7% to run into debt (respectively +0.7pp and +0.5pp on a yearly basis).

### Financial distress is increasing especially for those on low incomes

Reported financial distress has increased the most for those on low incomes (lowest quartile) and reached 23.0%, 1.8pp more than in February 2019 (Chart 26). By comparison, for the wealthiest quartile financial distress stood at 7.6% (+0.9pp on a yearly basis). Increases were also recorded for the second and third quartiles of the population (at 14.8% (+1.6pp) and 11.8% (+1.9pp) respectively).

**Chart 26: Reported financial distress by income quartile – EU, 2012-2020**



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.](#)

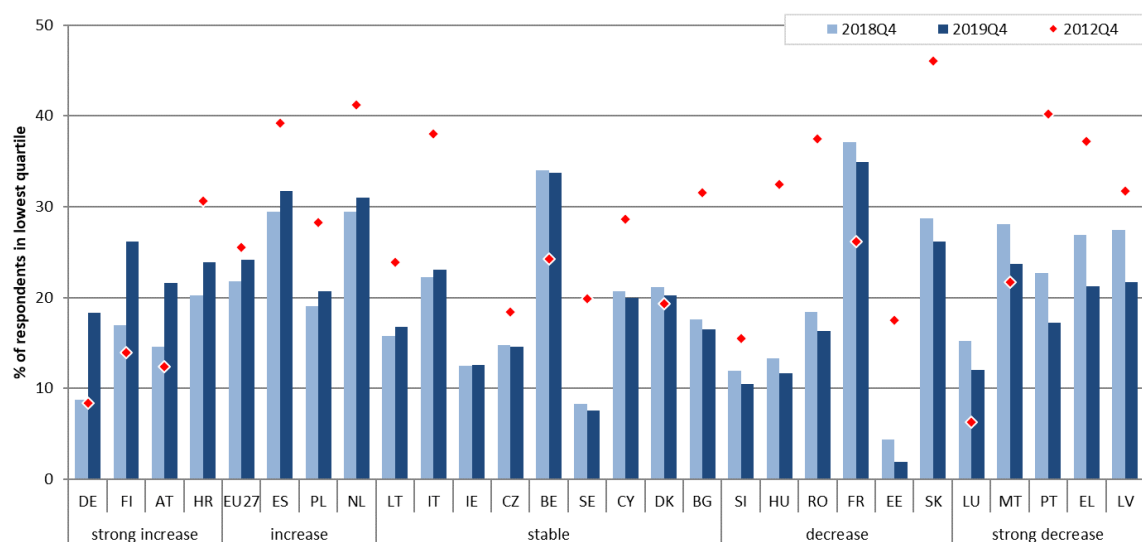
### Reported financial distress increases for the lowest income quartile in several Member States, but large diversity in levels and trends persists

The levels of financial distress for households with the lowest incomes followed very diverse trends among Member States (Chart 27). In the fourth quarter of 2019, and on a yearly basis, it increased in several countries and especially in Germany (+9.6pp; at 18.3%), Finland (+9.2pp; at 26.2%) and Austria (+7.0pp; at 21.6%). France was the country with the highest overall share (35.0%; -2.1pp), followed by Belgium (33.8%; -0.2pp), Spain (31.7%; +2.3pp) and the Netherlands (31.0%;

<sup>7</sup> 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](http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm)

+1.6pp), all above 30.0%. The strongest decreases were recorded in Latvia (-5.8pp; at 21.7%), Greece (-5.7pp; at 21.3%), Portugal (-5.5pp; at 17.2%) and Malta (-4.4pp; at 23.7%). Estonia remains at very low levels (1.9%; -2.4pp), while Sweden is the only other country to record a share of financial distress for the lowest income quartile below 10% (7.6%; -0.7pp). In the fourth quarter of 2012, the share of population in financial distress was above 30.0% in eleven countries.

**Chart 27: Reported financial distress in lowest income quartile – Member States**



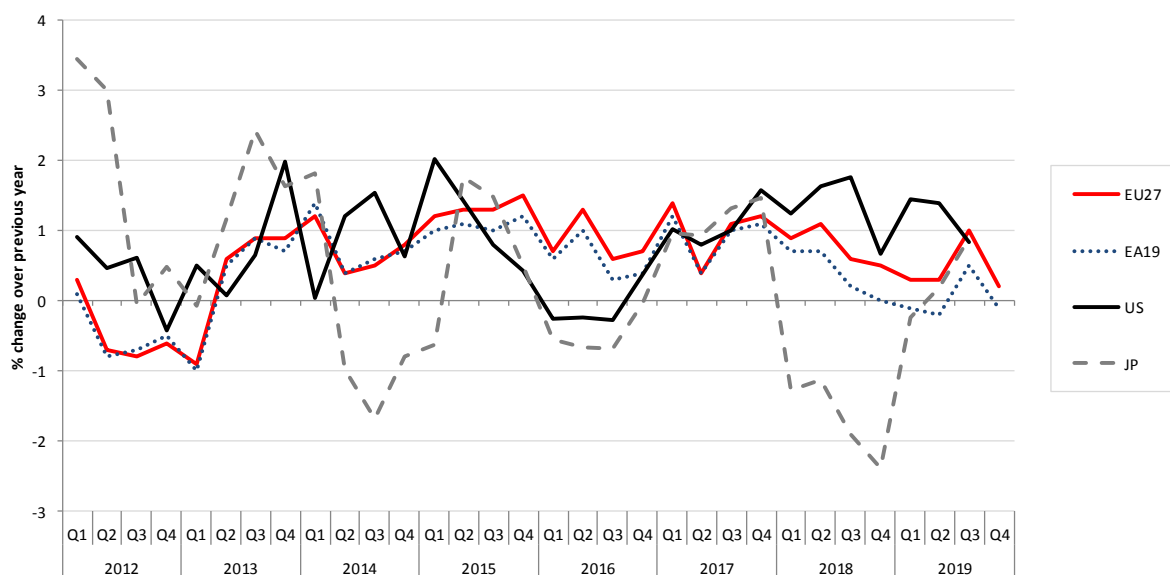
Source: European Commission, Business and Consumer Surveys, unadjusted data (DG EMPL calculations).  
Note: No data for IE in 2012.  
[Click here to download chart.](#)

## 6. Productivity and labour costs

### Growth in labour productivity in the EU slowing down

Growth in labour productivity, as measured by output per worker slowed down both in the EU and in the euro area, is slowing down after a peak in the 2019 Q3. In the fourth quarter of 2019, year-on-year productivity growth was at 0.2% in the EU as a whole, and -0.1% in the euro area. The US labour productivity is also slowing down, and reached 0.8% in 2019 Q3 (last data available). On the other hand, Japan, after five consecutive negative quarters rates, recorded positive growth in labour productivity for the latest two quarters, and it reached 0.9% in 2019 Q2 (Chart 28).

**Chart 28: Real labour productivity growth – EU, euro area, US and JP, 2012-2019**

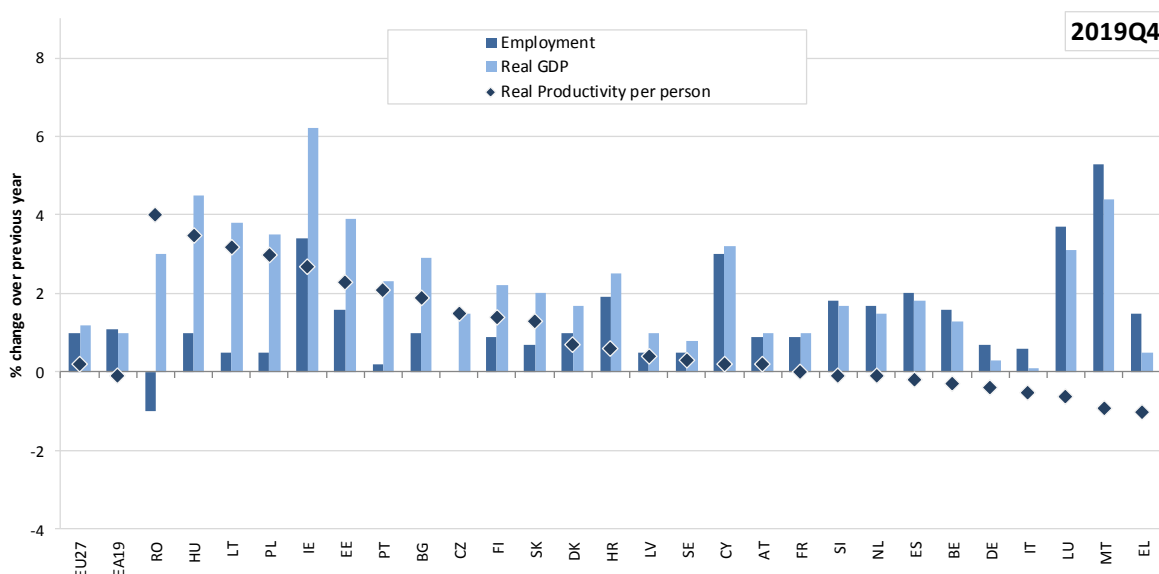


Source: Eurostat, National Accounts [namq\_10\_lp\_ulc] and OECD. Unadjusted data, seasonally adjusted data for US and JP  
Note: Labour productivity measured as GDP in constant prices per employed person  
[Click here to download chart.](#)

**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 nine Member States (Greece, Malta, Luxembourg, Italy, Germany, Belgium, Spain, the Netherlands and Slovenia) the year-on-year productivity growth registered in 2019 Q3 was negative. Furthermore, 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 gains in productivity played a less important role (Chart 29).

**Chart 29: GDP, employment and labour productivity growth – EU, euro area and Member States**



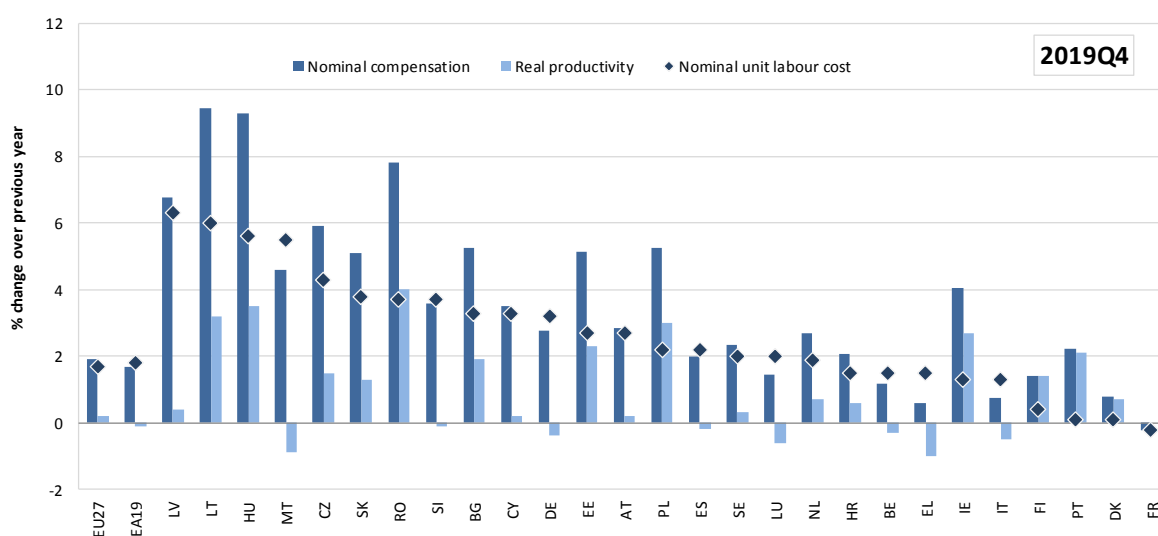
Source: Eurostat, National Accounts, unadjusted data [namq\_10\_pe, namq\_10\_gdp, namq\_10\_lp\_ulc]  
Note: Labour productivity is measured as GDP per employed person. Data for several countries refer to 2019Q3.

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### 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 Q4 compared to the same period of the previous year was 1.9% in the EU27 and 1.6% in the euro area. Nominal compensation per employee (as measured in national currency) grew in all EU Member States but France. In Lithuania, Estonia, Latvia, Czechia, Slovakia, Hungary, Romania, Bulgaria and Poland there was a quite strong growth (5% or more). Nominal unit labour costs (a measure of cost-push inflationary pressures) recorded an increase of 1.7% in the EU and of 1.8% in the euro area. In Lithuania, Malta, Latvia and Hungary the rise was above 5%. France saw a decrease, as productivity growth was stronger than the growth in compensation per employee (Chart 30).

**Chart 30: 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 several countries refer to 2019Q3.

[Click here to download chart.](#)

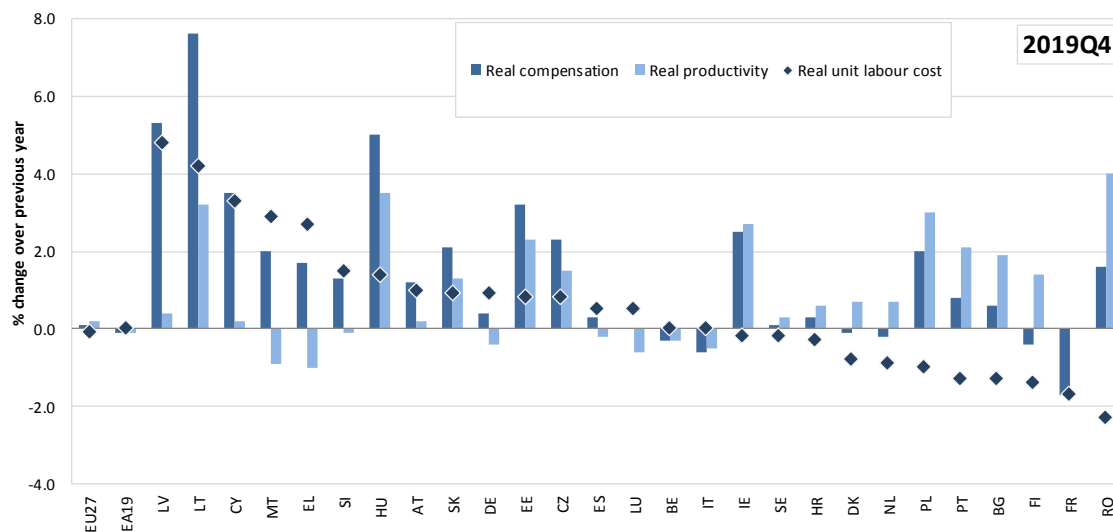
### Real unit labour costs increases slightly in the EU

In the fourth quarter of 2019, real unit labour costs<sup>8</sup> stagnated, recording a slim drop (-0.1%) in the EU and a stable development (0.0%) in the euro area compared with the same quarter of the previous year. Latvia, Lithuania and 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 eleven Member States, and in some of these (Poland, Portugal, Bulgaria, Ireland, Sweden, Romania and Croatia) real increases in compensation per employee were accompanied by lower real unit labour costs (Chart 31).

<sup>8</sup> This indicator measures the gap between real compensation per employee and labour productivity, which is also a measure of the labour income share.



**Chart 31: Growth in real unit labour cost – EU, euro area and Member States**



Source: Eurostat, National Accounts, unadjusted data [namq\_10\_lp\_ulc, namq\_10\_gdp] (DG EMPL calculations)

Note: Data for several countries refer to 2019Q3.

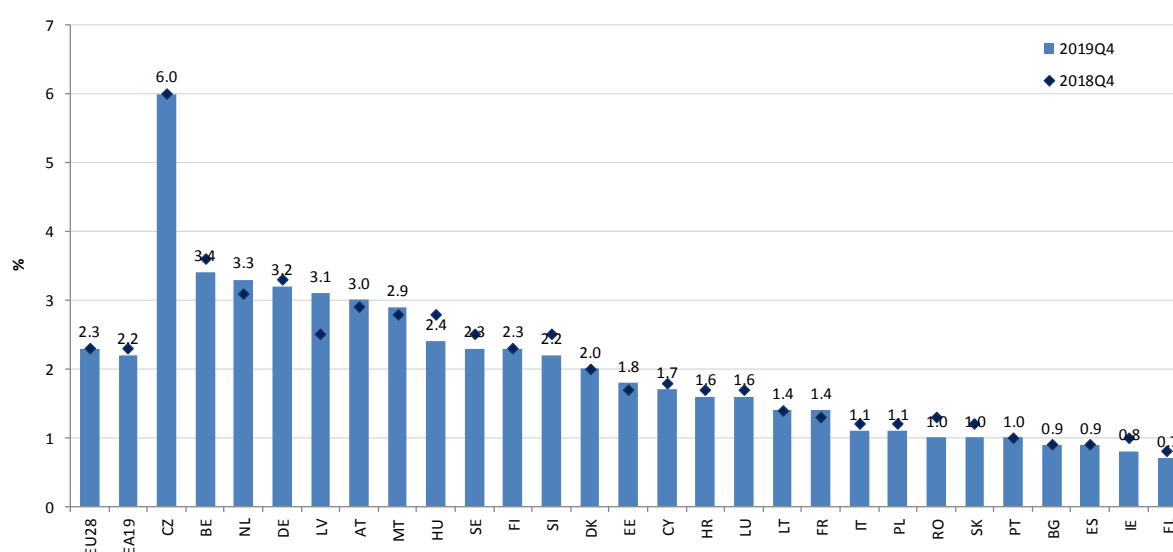
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## 7. Labour demand: vacancies, labour shortages and hiring activity

### 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 rate<sup>9</sup> has been broadly rising in the EU28<sup>10</sup> since the end of 2014, but has been stable in the last six quarters. In the fourth quarter of 2019, it stands at 2.3% in the EU28 and 2.2% in the euro area (-0.1pp compared to the same quarter of the previous year in the euro area)<sup>11</sup>, 2.3% being the highest values registered since 2006 in both areas. The job vacancy rate ranged from 0.7% in Greece to 6.0% in Czechia and changed very slightly year-on-year, with only small increases (the highest increase recorded in Latvia (+0.6pp)) or, by contrast, small decreases, in most cases by 0.2 or less only (-0.4pp in Hungary, -0.3pp in Slovenia and Romania) (Chart 32).

**Chart 32: Job vacancy rates – EU, euro area and Member States**



Source: Eurostat, Job Vacancy Statistics, seasonally adjusted 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, BE, BG, CY, DK, EE, EL, ES, FI, HR, HU, IE, LT, LU, LV, MT, PL, PT, SE and SK refer to 2019Q3/2018Q3, while for the other Member States data refer to 2019Q4/2018Q4. BG, DK, IE, ES, FR, LV, HU, MT, NL, RO: provisional. EU28, EA19: estimated.

[Click here to download chart.](#)

<sup>9</sup> The Job Vacancy rate is number of job vacancies divided by the sum of occupied posts and job vacancies.

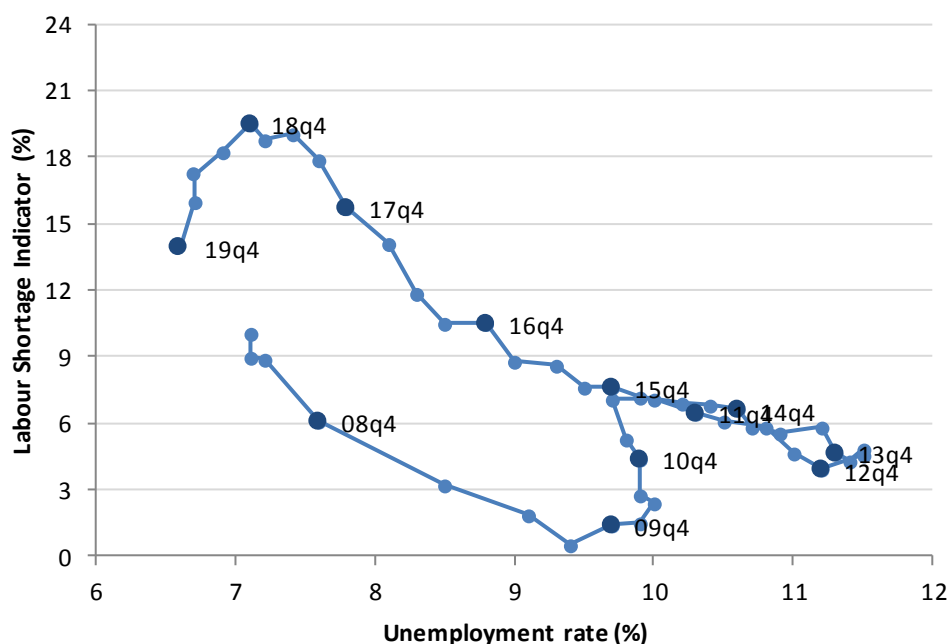
<sup>10</sup> For the job vacancy rate, the aggregate for EU27 is not available.

<sup>11</sup> While EU28 and EA averages are available for 2019 Q3, the latest observation is 2019 Q2 for most individual Member States.

### Labour shortages decrease while unemployment remains stable

In the fourth quarter of 2019, the unemployment rate remained stable at 6.3% and, for the third time since the third quarter of 2015 (first time was in the first quarter of 2019), the labour shortage indicator registered a decline (14.5% - 6.6pp compared to same quarter of the previous year) (Chart 33). Overall, since one year, the Beveridge curve, which plots the unemployment rate against an indicator of unfilled jobs<sup>12</sup>, started a new trend towards a decrease in labour shortages. The current value of the labour shortages indicator is still above pre-crisis levels, suggesting that, at the EU level, despite a decrease, labour shortages are still seen as a constraint on economic growth. However, the indicator varies widely between countries, Hungary, Poland and Malta being the countries with the highest shortages, and Spain, Italy and Sweden those with the lowest ones. The Statistical Annex presents the Beveridge curves for EU Member States.

**Chart 33: Beveridge curve – EU, 2008-2019**



Source: Eurostat, LFS and European Commission, Business and Consumer Surveys [une\_rt\_q, ei\_bsin\_q\_r2]. Seasonally-adjusted data.

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.](#)

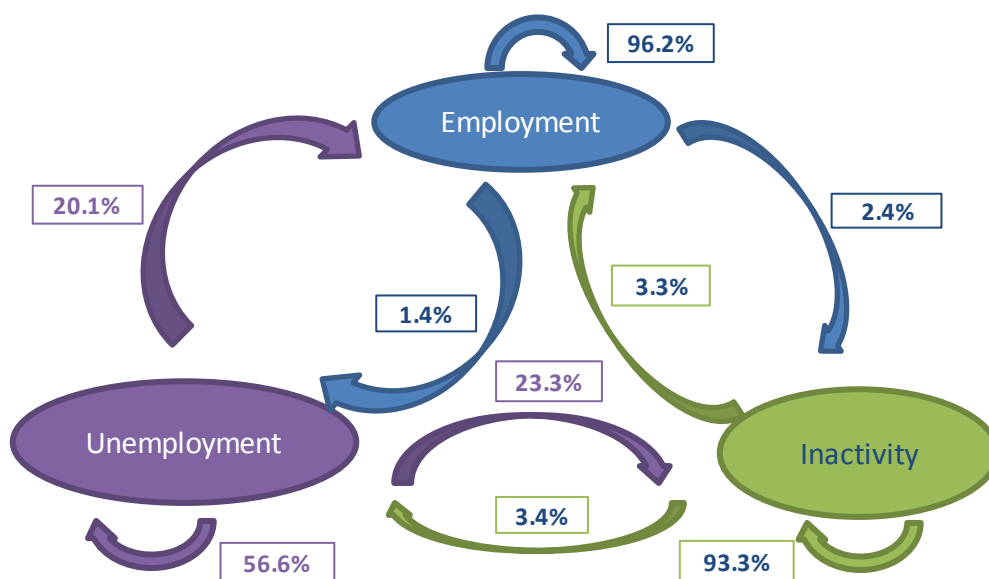
<sup>12</sup> The indicator presented here is published as part of the EU Business and Consumer Surveys. It reflects to what extent businesses see the availability of labour as a factor that limits production. At the same time, another indicator, the job vacancy rate, has been stable at 2.3% (Chart 32).

**Stability in employment and exit from unemployment are high**

In the third quarter of 2019, at EU level (Germany and Malta are not included), the transition rates from a status on the labour market to another remained similar to those of the previous quarter. 96.2% of the people in employment in the second quarter of 2019 are still working in the third quarter. In the same period, 20.1% of the unemployed were back to work, while 23.3% of the same group moved to inactivity. 6.7% of the inactive people changed their status, half to employment (3.3%) and half to unemployment (3.4%) (Chart 34).

**Chart 34: Labour market transitions – EU, 2019Q3**

% of each category; population aged 15-74



Source: Eurostat, LFS longitudinal data [lfsi\_long\_q]. Data seasonally adjusted.

Note: No data for DE (excluded from the aggregate). The stocks are different in each category. Consequently, the percentages cannot be compared across categories.

[Click here to download chart.](#)

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## 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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