Employment in Europe report 2007

Chapter 1:

Panorama of the European labour markets with a special focus on youth employment

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Main topics

• EU labour market performance in a global perspective
• Labour market situation in the EU: employment growth, Lisbon/Stockholm employment rate targets, activity and unemployment rates
• Labour market trends for young people:
  – Youth unemployment and employment
  – Youth neither in education, employment nor training
  – Youth labour market transitions
  – Youth educational attainment
  – Youth employment structures
**Employment growth**

**EMPL growth 2006:**

- EU: 1.4% (0.9% 2005)
- U.S.: 1.7% (1.7% ‘05)
- JAP: 0.4% (0.4% ‘05)

- Positive in all MS

**Outlook for EU-27:**

- 2007: 1.5%
- 2008: 0.9%
- 2009: 0.8%

*(ECFIN autumn forecast)*

Source: Eurostat, national accounts.
**EMPL rates 2006:**
- 64.3% (63.4% ‘05)
- 5 MS meet 70% target
- 6 MS with in 3 %pts.
- EU-15: 66%
- U.S.: 72 %, JAP: 70%
- Female ER: 57.1%
- Older pers. ER: 43.5%

**Outlook for EU-27:**
2007: 65.3%
2008: 65.8%
2009: 66.2%
*(ECFIN autumn forecast)*
**Unemployment rates**

**Unemployment 2006:**
- 8.2% (8.9% in 2005) (revised data)
- > 13% in PL and SK
- < 4% in DK and NL
- U.S.: 4.6%
- JAP: 4.1%

**Outlook for EU-27:**
- 2007: 7.1%
- 2008: 6.8%
- 2009: 6.6% (ECFIN autumn forecast)

Source: Eurostat, harmonised series on unemployment.
**Overall trends for youth:**

Some improvements …
- Slightly lower unemployment
- Lower long-term unemployment

…but still substantial concerns over performance …
- Compared to prime-age pop.
- Compared to other industrialized countries
- Of specific Member States and specific groups

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**Labour market performance of youth (15 - 24) in the EU-27, 2000 - 2006**

- **Employment rate**
  - 2000: 37.1
  - 2006: 36.3

- **Long-term unemployment**
  - 2000: 18.5
  - 2006: 17.4

- **Unemployment rate**
  - 2000: 8.4
  - 2006: 7.7

Source: Eurostat, EU LFS annual averages
International comparison

EU-27:
Low youth employment rates…

… and high youth unemployment rates…

… compared to U.S., Canada or Japan

<table>
<thead>
<tr>
<th></th>
<th>Employment rate in %</th>
<th>Unemployment rate in %</th>
</tr>
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<tbody>
<tr>
<td>EU-27</td>
<td>36.3</td>
<td>17.4</td>
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<tr>
<td>U.S.</td>
<td>54.2</td>
<td>10.5</td>
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<tr>
<td>Canada</td>
<td>58.7</td>
<td>11.6</td>
</tr>
<tr>
<td>Japan</td>
<td>41.4</td>
<td>8.0</td>
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</tbody>
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Sources: For EU Eurostat, EU LFS annual averages, for other countries OECD Employment Outlook 2007
**Youth unemployment rates and ratios**

*Unemployment rates:*
- > 25% in EL, PL, SK
- < 8% in NL, DK

*Unemployment to population ratio:*
- > 10% in PL, SE
- < 5% in IE, NL, LU, EE, CY, LT

**Chart 16: Youth (age 15-24) unemployment rates vs. unemployment ratios, 2006**

Source: Eurostat, EU LFS annual averages.
Comparing youth to prime age unemployment:

- relative youth unemployment rate 2.4
- relative youth unemployment ratio 1.3
- youth and prime-age unemployment ratios tend to correspond in many MS

Chart 17: Youth vs. prime-age adults’ unemployment ratios, 2006

Source: Eurostat, EU LFS annual averages.
**Working students:**
- Average of one third of recorded employed youth is a student or apprentice
- > 60% in NL and DK
- > 50% in FI and DE
- Low share of working students in e.g. ES, PT, CZ, IT, EL

Source: Eurostat, EU LFS annual averages.
Note: Data for DE and FR provisional. For SE participation in education or training refers to the week preceding the survey reference week (instead of four weeks in the other countries).
Youth vs. prime-age adults’ employment rates

- Youth employment tends to correspond with prime-age adult employment

Chart 22: Youth vs. prime age adults’ employment rates (non-students), 2006

Source: Eurostat, EU LFS annual averages.
Note: 2005 data for IE. Value for MT is an extreme outlier and therefore excluded from graph (78% youth non-student employment rate vs. 64 prime age non-student employment rate).
**Youth NEET:**
- 17-19% of 19 to 29 year-olds NEET
- relatively high NEET rates in FR, IT, PL, RO, SK, BG
- Poorly educated and women significantly more affected
- NEET turnover important: relatively high incidence of “always NEET“ in some MS (IT, FR, EL, DE, IE, NL, ES)

*Source: Eurostat, EU LFS annual averages*
NEET by citizenship

- Young third country nationals on average twice as likely to be NEET than young nationals
- Largest discrepancy in NL and AT
- Highest levels in BE and FR

Chart 27: Youth (age 15–24) not in education, employment or training by citizenship and country of residence, 2006

Source: Eurostat, EU LFS annual averages.
Note: Data for ‘Other EU-25 citizens’ for ES, FR, LU, NL, AT uncertain due to small sample size.
Labour market transitions of youth

The role of education in transitions:

• two-thirds of youth have a job one year after finishing education (but big country differences)

• better educated youth tend to make quicker transitions into employment

Chart 29: Youth school-to-work transition by educational attainment in the EU–27 - labour market status of non-students (age 15–24) one year leaving school, 2006

Source: Eurostat, EU LFS annual averages.
Note: Non-student school leavers defined as 15 to 24 years old who have completed their education in the previous year.
**Temporary work among youth**

*Temporary work:* Incidence by age group:
- 15-24: 41%
- 25-29: 21%
- 30-54: 10%

Incidence by reason:
- Average of 49% of youth temporary jobs is involuntary
- especially high in e.g. ES, PL, PT, SE, FR, BE, CY, EL, SK

*Chart 36: Temporary work by youth aged 20–24 by reason, 2006*

Source: Eurostat, LFS annual averages.
Part-time work among youth

Part-time work:
Incidence by age group:
• 15-24: 25%
• 25-29: 13%
• 30-54: 16%

Incidence by reason:
• Average of 33% of youth part-time work is involuntary

Chart 37: Part-time work by youth aged 20–24 by reason, 2006

Source: Eurostat, EU LFS annual averages.
Age gap:
- Hourly earnings of young people on average 25% below those of overall workforce

Youth gender gap:
- Average earnings of young women 6% below those of young men
- however, for older workers gender gap is 23%
**Job - qualification mismatches among employed youth**

*Job mismatches*:  
= job outside field of education

Negatively correlated with:  
• age  
• being female  
• educational attainment and type of degree

Labour market outcomes of those affected:  
• Lower occupational status  
• More likely in temp./part-time jobs  
• Higher job search rate

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**Chart 39: Incidence of job mismatches by age group, 2000**

- **20-24**
- **25-29**
- **30-35**

Source: EU LFS 2000 ad hoc module on school to work transitions.  
Note: missing Member States excluded because of unreliable or unavailable data.
Summary

• Youth unemployment remains a challenge despite some recent improvements

• Significant minority of youth outside education, employment or training

• Significant share of youth with difficult transitions and in precarious work arrangements

• Poorly educated youth and young immigrants among the most affected groups
Conclusions

• Address school failure early on, familiarise youth with the world of work (internships, vocational training apprenticeships) and bring qualifications more in line with labour market requirements

• Get long-term unemployed or inactive youth into the labour market through adequate activation strategies

• Reduce institutional barriers to the labour market entry of youth

• Systematically address youth employment problems within the context of overall employment policies
Thank you for your attention!