Monthly monitor

EU employment situation and social outlook

November 2010

CONTENTS

HIGHLIGHTS

- Latest data (covering the period up to September/October) confirm that the labour market in the EU has continued to stabilise, with signs of recovery in some Member States. The labour market may perform somewhat better this year than previously expected, driven by a faster than envisaged economic recovery, although conditions are generally set to remain weak for some time. Job creation for the EU will probably continue to be subdued, reflecting the substantial labour hoarding during the crisis. Furthermore, the need to consolidate the fiscal stance may have some important feedbacks on employment policies and employment in the short term, and may add some uncertainty about employment prospects in the near future.

- The economic recovery in the EU, which started in mid-2009, has remained fragile. After a strong revival in the second quarter of 2010, which saw economic output rise by a solid 1.0%, growth moderated to 0.4% in the third quarter. Compared to a year earlier, economic output, still down by 2.2% at the end of 2009, was up by 2.1% in the third quarter of 2010.

- The deterioration in employment in the EU seems to have been arrested in the second quarter of this year, as employment expanded (by 0.2%) for the first time in nearly two years. Nevertheless, at 221.3 million, employment is still down by 1.5 million (0.7%) compared to a year ago, and by 5.6 million relative to its peak in the second quarter of 2008, reflecting earlier marked declines in the manufacturing and construction sectors.

- The unemployment rate has remained unchanged since February at 9.6%. The year-on-year rise, which has been narrowing since last autumn, closed to 0.3 percentage points in September, although the unemployment rate is still 2.9 percentage points above the low of 6.7% in spring 2008. The rate is still higher than a year ago in all but eight Member States, but the year-on-year rises have clearly been diminishing.

- Nevertheless, underlying unemployment in the EU increased by 71 000 in September due to a new rise in female unemployment (up 85 000).Starting in autumn last year, the lagged impact of the crisis has shifted more from men to women, reversing the earlier trend of unemployment affecting men more than women. The gender gap, in favour of women since spring 2009, has reversed and the female unemployment rate is again slightly higher than the male one.

- Unemployment now stands at 23.1 million, up by only 656 000 (or 2.9%) compared to the previous year's level, but still 7.2 million up on March 2008 (or nearly 45%), when unemployment in the EU was at a low.

- The labour market for young people in the EU has been improving since last autumn, with youth unemployment actually declining by 232 000 since September 2009. The youth unemployment rate now stands at 20.3% in the EU, 0.3 percentage points lower than one year ago. However, overall, the job crisis has hit young people severely: at 5.1 million, youth unemployment is still up by nearly 30% (1.1 million) compared to the low of spring 2008.

- Demand for labour has continued to show a relative improvement, with job vacancies, online worker demand and workplace activity through temporary work agencies surpassing the levels observed a year ago.

- Confidence on labour markets in the EU has continued to broadly improve, with firms becoming more optimistic about the outlook for employment across most sectors, and consumers' unemployment concerns broadly easing. On the other hand, economic sentiment, although above its long-term average, has remained stagnant for a few months and the leading indicator for Europe is pointing to slowdown in economic expansion.

- According to latest forecasts, the EU economy, while still fragile, is recovering at a faster pace than previously envisaged, but market conditions are set to remain weak and very divergent across Member States.

This monthly monitoring report responds to the need to monitor the impact of the current economic crisis on different sectors, as announced in the Commission Communication 'From financial crisis to recovery' (COM(2008) 706), and to the more general need for timely information on labour market developments. It is not a detailed analytical document; rather, it presents a situation update on recent developments and the outlook for employment, making use of a wide range of sources that provide more timely data. Some of the data may be of lower quality and less harmonised than the statistics usually used in Commission analysis (specifically, not all the data here are fully harmonised across Member States), but are more up-to-date than the data generally available from most of the standard statistical sources.

A wide combination of information sources have been used to produce this report, including Eurostat statistics, reports and survey data from the Commission's Directorate General for Economics and Finance, national and sectoral statistics, restructuring data from the European Restructuring Monitor (collected by the European Monitoring Centre on Change), and articles from respected press sources. The report has also benefited from preliminary contributions from public and private employment services. The section on restructuring trends has been prepared by the European Foundation for the Improvement of Living and Working Conditions.

I. SITUATION AND OUTLOOK

1. Labour market trends

Latest data[1], covering the period up to September/October, confirm that the labour market in the EU has continued to stabilise and is showing signs of recovery in some Member States.

Employment in the EU finally expanded in the second quarter, after nearly two years of contraction. Unemployment peaked in May, and despite the recent rise following three months of decrease the EU unemployment rate has been stable since February, reflecting underlying recent stabilisation or falls in rates in most of the Member States.

Demand for labour has continued to show a relative improvement. Job vacancies, online worker demand and workplace activity through temporary work agencies have surpassed the levels observed a year ago. Also, announced job losses have continued to only slightly outnumber announced job gains.

Confidence on labour markets has continued to broadly improve, with firms becoming more optimistic about the outlook for employment across most sectors, and consumers' unemployment concerns broadly easing. On the other hand, economic sentiment in the EU, although above its long-term average, has stagnated, pointing to a possible slowdown in economic expansion.

According to latest forecasts, the EU economy, while still fragile, is recovering at a faster pace than previously envisaged, but conditions are set to remain weak and divergent across Member States, and the forthcoming fiscal consolidation and the withdrawal of some of the labour market measures implemented during the crisis might create some additional uncertainty.

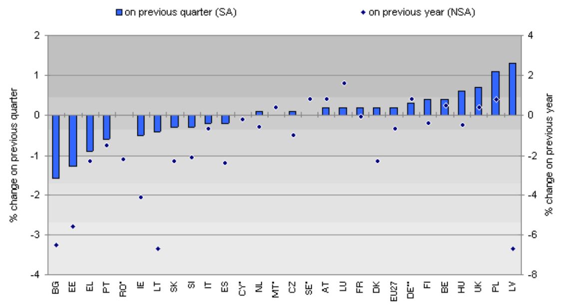
EMPLOYMENT AND UNEMPLOYMENT

The consistent signs of stabilisation in the EU labour market continue, with employment at last expanding in the second quarter of this year…

After easing since the middle of last year, the deterioration in the EU labour market may at last have come to an end. The contraction in employment slowed from the sharp 0.8% fall recorded in the first quarter of 2009 to 0.2% a year later, and employment in the EU finally expanded by 0.2% to 221.3 million in the second quarter of 2010, thanks to expansion in business and other services, including the public sector.

During the second quarter of 2010, employment expanded in several Member States, while in others the decline generally eased compared to the beginning of last year (Chart 1). Among the larger Member States, Poland and the UK experienced the strongest revival, with employment expanding by a healthy 1.1% and 0.7% respectively; in the UK this was the first rise after a continuous series of falls registered since mid-2008. Employment also expanded by 0.3% in Germany in the third quarter, showing the resilience and dynamism of the German labour market. In France employment went up by 0.2% in the second quarter following a steadily decelerating decline over the last year. On the other hand, employment continued to decline in Spain, although the falls in the first and second quarters of this year (0.1% and 0.2%) have been limited compared to the steep contraction of last year, while in Italy employment declined by 0.2%, after a rebound (by 0.3%) in the first quarter.

Chart 1: Employment growth for EU Member States, to the second quarter of 2010



Source: Eurostat, National accounts. Note: * Quarterly data seasonally-adjusted not available for BG, CY, MT, RO and SE.

Nevertheless, employment still fell in half of the other Member States, though steeper falls were recorded only in Ireland, Portugal, Greece, Estonia and Bulgaria (ranging from 0.5% to 1.6%), while employment rose most in Finland, Belgium, Hungary and Latvia (ranging from 0.4% to 1.3%).

… however, employment still remains down year-on-year in the EU and in all but eight Member States

The year-on-year employment decline narrowed to 1.5 million (0.7%) in the second quarter, still affecting mostly the manufacturing and construction sectors. By the second quarter of 2010, year-on-year employment growth remained negative in most Member States, but improved compared to previous quarters. Among the larger Member States, over the year to the third quarter, employment expanded in Germany (by 0.8%) and also in the UK (0.4%) and Poland (0.8%) to the second quarter. On the other hand, employment contraction was most noticeable in Spain (down by 2.4%), more limited in Italy (0.7%) and negligible in France (down 0.1%), although year-on-year growth has been on an upward trend in these countries for about a year. Of the remaining Member States, Ireland, Bulgaria and the Baltic States recorded the steepest falls in employment over the year (of the order of 4-6.7%) to the second quarter, while employment expanded notably in Austria (up 0.8%), Luxembourg (up 1.6%) and Sweden (up 0.8%).

The decline in employment in the EU continued for nearly a year after economic growth picked up in the second half of 2009. Overall, employment declined continuously for almost two years, falling by 5.6 million (or 2.5%) relative to its peak in mid-2008. The deterioration during the downturn resulted mainly from strong contraction in the manufacturing and construction sectors.

The EU unemployment rate has stabilised since February, despite a slight rise in September…

Unemployment in the EU has continued to stabilise. The unemployment rate for the EU, which had broadly been increasing by 0.1 percentage points (pps) per month since May 2009, has remained unchanged since February at 9.6% (Chart 2). The year-on-year rise, which has been narrowing since last autumn, closed to 0.3 pps in September. Overall the trend points to stabilisation in labour markets with increased participation.

However, unemployment rose again in September by 71 000 after stabilising in May and declining since June by 135 000 (Chart 3). This jump was driven solely by a new increase in both adult and young female unemployment after a fall in August.

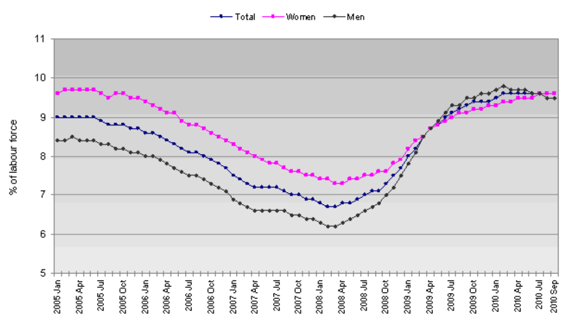
… with unemployment increasing recently mainly among women

In recent months, stabilisation has been mainly driven by falls in unemployment among young people and adult men. In fact, starting in autumn last year, the lagged impact of the crisis has shifted more from men to women, reversing the earlier trend in which unemployment affected men more than women. Unemployment among men had started to fall already in March and had declined by a total of 280 000 since the peak in February, while the rise in unemployment among women has generally continued (except for the fall in August by 39 000), and unemployment increased again by 85 000 in September (Chart 3). Women account for 95% of the rise in unemployment since last September. Overall, the rate for women had edged up by 0.3 pps over the eight months to September, while that for men had actually declined by 0.2 pps. Consequently the gender gap, in favour of women since May 2009, has reversed since August with an unemployment rate of 9.6% for women and 9.5% for men.

Nevertheless, the impact of the crisis on the overall labour market in the EU remains significant

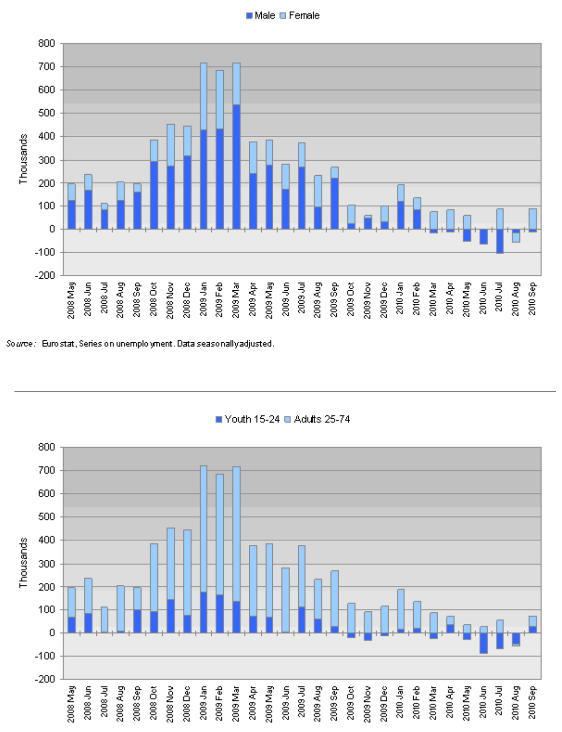
Unemployment now stands at 23.1 million seasonally adjusted (22.6 million non-seasonally adjusted), up by only 656 000 (or 2.9%) compared to the previous year's

Chart 2: Unemployment rates for the EU



Source: Eurostat, Series on unemployment. Data seasonally adjusted.

Chart 3: Changes in unemployment for the EU



Source: Eurostat, Series on unemployment. Data seasonally adjusted.

level but still 7.2 million higher than in March 2008 (or nearly 45%), when unemployment in the EU was at a low.

The unemployment rate, at 9.6%, is still significantly up — 2.9 pps — on its low of 6.7% in March 2008. Overall, men account for around 60% of the total increase in unemployment since spring 2008, reflecting the fact that the crisis had a much more pronounced impact on sectors employing mainly men, such as construction and industry, at least initially. At the same time, it seems that those sectors started to recover faster whereas more female-oriented sectors

Chart 4: Unemployment rate changes September 2009 - September 2010

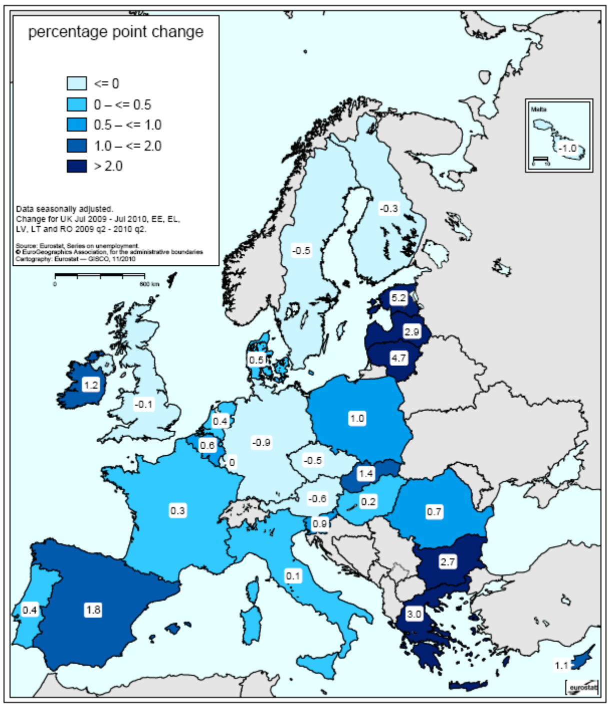
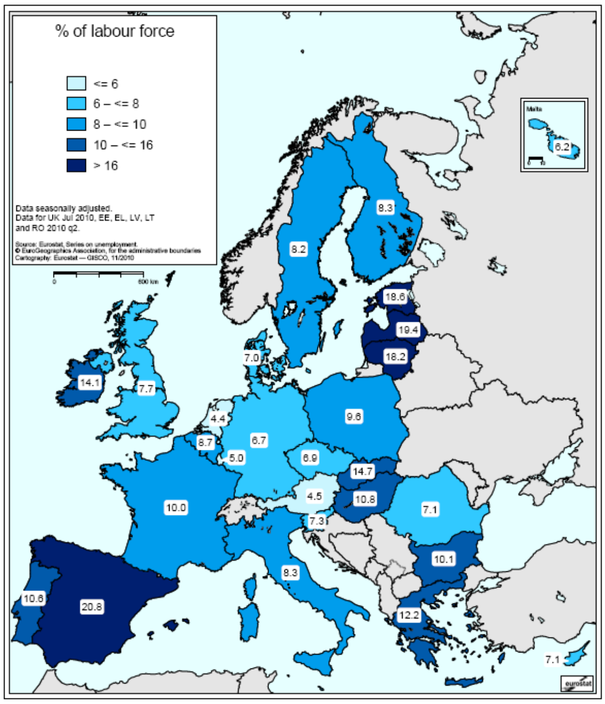


Chart 5: Unemployment rates, September 2010



have continued to be affected by declining employment. %Since the start of the crisis, the unemployment rate for men has increased sharply (by 3.6 pps) from 6.2% in March 2008 to its maximum of 9.8% in February-March before falling to the current 9.5%, while the rate for women has risen by a more limited 2.3 pps from its low of 7.3% to the current 9.6%.

Unemployment had stabilised or declined in most Member States by September…

Unemployment had declined or stabilised in the majority of Member States by September, with the rate remaining stable or down on the previous month in 17 countries, while the pace of increase in unemployment in the others had eased. In September, Spain and Italy accounted for three quarters of the total rise in EU unemployment for that month.

Among the larger Member States, in September, the unemployment rate rose in Spain (by a further 0.2 pps), up for the ninth month in a row after signs of stabilising at the end of last year, in Italy (by 0.2 pps), up again after a decline in August, and in Poland (by 0.1 pps), up again after stabilising in August. On the other hand, the unemployment rate remained stable in September in France and decreased in July in the UK by 0.1 pps and additionally in Germany by 0.1 pps.

Among the other Member States, the unemployment rate increased steeply only in Lithuania (1 pps) and Greece (1.1 pps) over the second quarter of 2010. In September the unemployment rate also increased in Denmark and Austria by 0.2 pps and in Slovakia and Bulgaria by 0.1 pps. On the other hand, the rate fell in the Netherlands and Hungary by 0.1 pps (Chart 6).

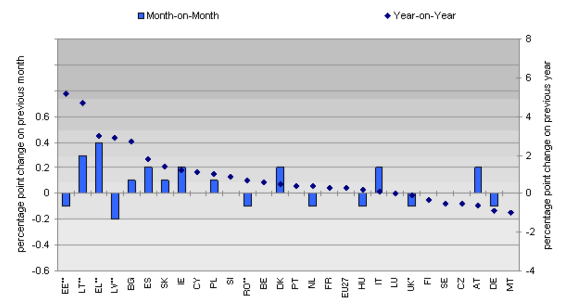
…nevertheless, the unemployment rate remains higher than a year ago in all but eight Member States

Because of stronger rises last year, the unemployment rate in August was still higher than a year ago in 19 Member States, but the year-on-year differences have clearly been diminishing. The year-on-year change was around zero in Luxembourg and even negative (i.e. with rates down compared to a year earlier) in several Member States, notably Germany and the UK.

Of the larger Member States, only Spain recorded a steep year-on-year increase of 1.8 pps, with the rate in September reaching 20.8% (equivalent to 4.8 million unemployed), the highest jobless rate in the EU. Over the year to September, the rate increased by a significant 1.0 pps in Poland and by a more modest 0.3 pps in France and 0.1 pps in Italy; in Poland it reached 9.6% (1.7 million unemployed), in France 10.0% (2.9 million unemployed) and in Italy 8.3% (2.1 million unemployed). The rate decreased by 0.1 pps to 7.7% over a year to July in the UK (2.4 million unemployed), and by a significant 0.9 pps in Germany to 6.7% (equivalent to 2.9 million unemployed). The labour market in Germany has not only proved to be particularly resilient to the crisis thanks to its internal flexibility measures but now is also reacting well to the recovery; Germany's unemployment rate, the lowest among the larger Member States and one of the smallest in the EU, is the lowest it has been in the last 17 years.

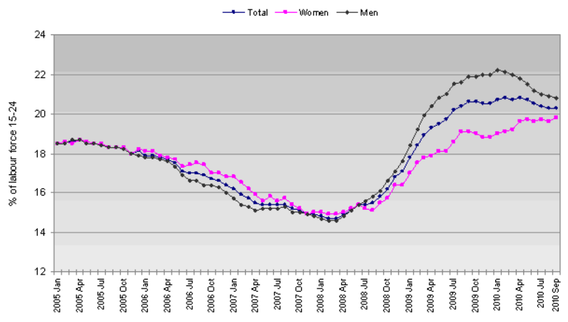
Among the remaining Member States, the sharpest rises in the unemployment rate over the year were in the Baltic States (up around 3-5 pps) and in Greece, Slovakia and Bulgaria (up 2-3 pps), while the rate was down year-on-year in Finland, the Czech Republic, Sweden, Austria and Malta (ranging from 0.1 to 1.0 pps). Overall, due to the crisis, unemployment rates have increased the most and are the highest (next to Spain) in the Baltic States of Latvia (19.4 %), Estonia (18.6 %) and Lithuania (18.2 %), but they also exceed 14 % in Ireland and Slovakia. In contrast, they have increased the least and remain low in Austria (the country with the lowest unemployment rate), the Netherlands, Luxembourg and Malta (between 4.5 % and 6.2 %) (Charts 4, 5 & 6).

Chart 6: Unemployment rate changes to September 2010



Source: Eurostat, Series on unemployment. Data seasonally adjusted. Note: * UK: annual change Jul 2009 - Jul 2010, monthly change Jun - Jul 2010. ** EE, EL, LV, LT and RO: annual change 2009 q2 - 2010 q2, monthly change estimated from quarterly change 2010 q1 - 2010 q2.

Chart 7: Youth unemployment rates for the EU



Source: Eurostat, Series on unemployment. Data seasonally adjusted.

Youth unemployment in the EU has stabilised since last autumn but unemployment among young women is still increasing

The labour market for young people has generally improved since last autumn, with youth unemployment actually declining by 232 000 over the year to September. As in the case of adults, this was driven only by the improved situation of young men (whose unemployment fell by 255 000), while young women's unemployment increased between December 2009 and May 2010 and decreased in June and August. However, youth unemployment went up again in September by 29 000, driven solely by the rise in female youth unemployment (up 39 000).

The youth unemployment rate has broadly stabilised since last autumn, when it ceased its rapid rise while participation rates kept decreasing. After stabilising or decreasing between October and December, the unemployment rate went up in February to 20.8 %, but has fallen since then, by a noticeable 0.5 pps to 20.3 % in September, 0.3 pps lower than one year ago (Chart 7).

While the rate for young women has broadly been increasing, going up to 19.8 % in September (except for 0.1 pps drops in June and August), the rate for young men has been steadily falling since its peak of 22.2 % in January and had declined to 20.8 % by September.

Overall, the impact of the crisis on the labour market for youth remains significant

The job crisis in the EU has hit young people particularly hard. At 5.1 million, youth unemployment is down by 232 000 (4.3 %) compared to September 2009, but still up by nearly 30 % (1.2 million) compared to the low of spring 2008. This marked increase in youth unemployment since spring 2008 was driven initially by a very sharp rise in unemployment among young men, who, despite recent improvements, still account for 60 % of the increase. However, in the last year, young women have borne the brunt of the increase. Overall, young people account for a significant 16 % of the total increase in unemployment since spring 2008.

The youth unemployment rate has always been a lot higher than the adult rate, but the relative situation of young people has become even worse as a result of the recent downturn. While the unemployment rate for adults rose by 2.7 pps from its low of 5.6 % in spring 2008 to 8.3 % in March-September 2010, the rate for young people increased by a much sharper 6.1 pps from 14.7 % in March 2008 to its peak in February-April this year. However, the strong improvement for youth since then had reduced the difference to 5.5 pps by September.

Youth unemployment had stabilised or declined in half of the Member States by September…

Rises in the youth unemployment rate have generally moderated in half of the Member States. Italy recorded the most dramatic (up 1.4 pps) youth unemployment rate increase in September, and among other larger Member States the rate rose to a more limited extent only in Spain (up 0.2 pps) and Poland (up 0.1 pps), while the rate kept stable in July in the UK and in September in France, and it decreased in September in Germany (down 0.3 pps). Among the remaining Member States, Lithuania (up 3.6 pps) and Greece (up 2.4 pps) saw a significant increase in the youth unemployment rate over the second quarter of 2010 and Cyprus (up 0.9 pps) over the third quarter, but the youth unemployment rate increased in September also in Denmark (up 0.2 pps) and Austria (0.4 pps). In contrast, the rate declined or remained unchanged in about half the remaining Member States, dropping most steeply in Portugal, Hungary and Slovenia.

… nevertheless a high unemployment rate for young people remains a major challenge in all Member States

Nevertheless, the youth unemployment rate in all but nine Member States is higher than it was a year ago. In September, among the larger Member States, Spain and France recorded the highest year-on-year rise in the rate (2.0 and 0.7 pps respectively), followed by Italy and Poland (0.3 and 0.1 pps respectively), while the rate in the UK and Germany was down (by 0.3 pps and 2.0 pps respectively). Among the remaining Member States, the youth unemployment rate rose most steeply over the year to the second/third quarter in Greece (up 6.8 pps), Cyprus (up 5.4 pps) and the Baltic States (between 4.5 and 12 pps). Against this, the rate was lower than in September 2009 in Austria, the Czech Republic, Finland, Hungary, Malta, Portugal and Sweden (Chart 8).

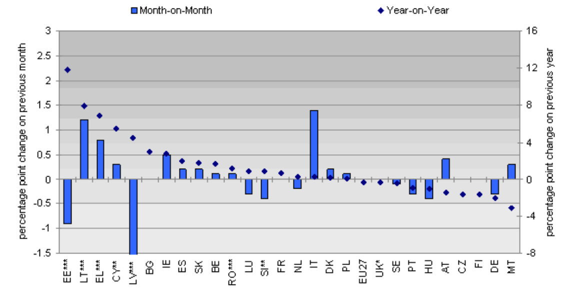
As a result of the marked deterioration in the labour market situation for young people during the crisis, youth unemployment has become an even more severe problem in many Member States. The youth unemployment rate is higher than 15% in all but five countries (Denmark, Malta, Germany, the Netherlands and Austria) and is reaching or exceeds 30% in Ireland, Greece, Latvia and Slovakia, and is close to or over 40% in Estonia, Lithuania and Spain. This is a major concern for Member States since the youth unemployment rate has particularly long-term negative economic and psychological effects.

Similarly, the labour market in the US has continued to stabilise, even if the economic climate has deteriorated over the last half a year

In the US, the labour market has initially benefited from a faster and stronger economic recovery and higher business confidence (BCI[2]) than in the EU since autumn 2009; however, confidence has waned over the last five months and now the BCI is higher in the EU than in the US. The number of unemployed persons in the US, at 14.8 million, was little changed in October. The unemployment rate in October remained at 9.6% and has been essentially unchanged since May. Consequently, the gap between the US and EU unemployment rates, as high as 0.7 pps in favour of the EU last October, has now disappeared (Chart 9).

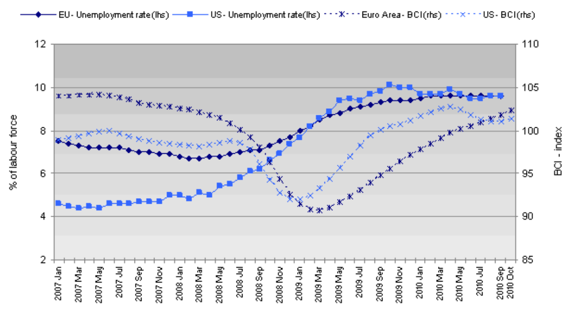
Nevertheless, the overall impact of the crisis on the labour market in the EU remains more moderate than in the US. Unemployment in the US has more than doubled (up by around 120%) from the low of spring 2007, while in the EU it has increased by a more

Chart 8: Youth unemployment rate changes to September 2010



Source: Eurostat, Series on unemployment. Data seasonally adjusted. Note: * UK: annual change Jun 2009 - Jun 2010, monthly change May - Jun 2010. ** CY and SI: annual change 2009 q3 - 2010 q3 monthly change estimated from quarterly change 2010 q2 - 2010 q3. *** EE, EL, LV, LT and RO: annual change 2009 q2 - 2010 q2 monthly change estimated from quarterly change 2010 q1 - 2010 q2.

Chart 9: Unemployment rate and BCI for the EU and US



Source: Eurostat, series on unemployment; OECD, Composite leading indicators. Data seasonally adjusted.

limited 45% compared to the low recorded in spring 2008. By February 2010, after which it stabilised, the unemployment rate in the EU had risen to 9.6%, up 2.9 pps compared to the low in March 2008, while in the US, compared to May 2007, it had increased by a more substantial 5.7 pps (to 10.1%) by October 2010 before falling to 9.6% by August and keeping stable in September and October.

EU consumers' fears of unemployment remained stable in October after easing over the third quarter

Consumers' perceptions of the general economic outlook, which had been improving during summer, worsened slightly in September and did not change in October. Consumers' expectations for the labour market, which have broadly improved since April 2009, also stayed generally unchanged for the last two months. After the most recent notable decline in August (by 4.2 points), fears of unemployment receded to a small extent in September (down by 0.9 points), while worsening slightly in October (up 0.5 points), to end more than 40 points below the peak recorded in March 2009 (Chart 10).

At EU level, the stagnation in the October unemployment outlook was driven by mixed performances in larger Member States, with optimism in Germany and improvements in the UK offsetting deterioration in other larger Member States. Fears about unemployment have eased for nine consecutive months in Germany (down by 3.6 points in October after a healthy 5.7 points in September) and receded in the UK (down by 2.5 points after a strong pick-up by 5.3 points in September), while remaining nearly unchanged in Poland (up 0.3 points). On the other hand, in October worries about the unemployment situation grew most strongly in France (by 5.3 points) after receding in the previous month, were heightened in Spain (up a steep 5.0 points after a September pick-up by 2.8 points) and went up in Italy (up 2.4 points).

While fears of unemployment at EU level have eased considerably for a year and a half, unemployment only started to stabilise since spring this year, and it remains to be seen when the effects of the recovery in economic activity, picking up recently but still uncertain, and confidence, will feed through more strongly to the labour market.

LABOUR DEMAND

Firms' employment expectations in the EU have been broadly improving across most sectors since spring last year …

Since the spring of 2009, businesses have broadly reported relatively better expectations for employment for the months ahead across all main sectors. However, while employment prospects in industry have been on a consistent upward trend for a year and a half now, repetitive falls in outlook for construction have continued this year and progress has recently been more sluggish in the service sectors[3].

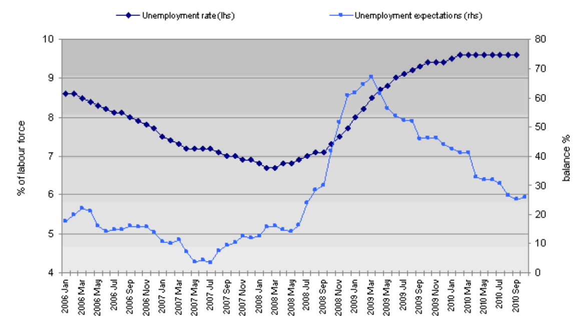
In October, employment expectations improved only in the manufacturing sector (by a further 1.3 points), while they declined most notably in construction (down 1.9 points) after a marked pick-up in September (by 4.3 points). Expectations in the services sector and retail trade remained broadly stable in October (down 0.2 points and 0.4 points respectively) following rebounds in September, while the outlook worsened significantly in the financial sector (down by 6.5 points) (Chart 11).

Overall, employment expectations returned to a positive balance in services nearly half a year ago and more recently in retail trade, and they have remained positive on balance in financial services for more than a year, although prospects in the latter sector have lately taken a downturn. In the industry sectors, employment expectations in manufacturing have finally reached a zero net balance, but the outlook for new jobs in construction remains the least positive.

… however, hiring prospects are mixed across Member States

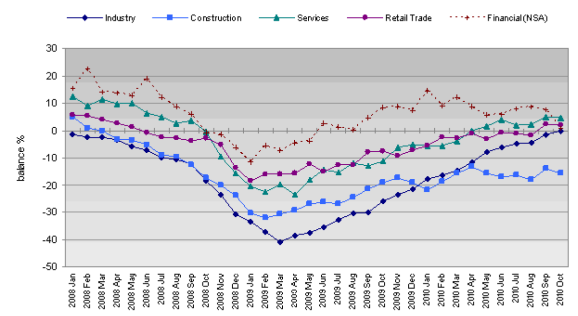
According to the September Manpower Employment Outlook Survey[4], employer hiring confidence is positive, though weak and mixed across European countries. The best job prospects for the quarter

Chart 10: Unemployment rates and expectations for the EU



Source: Eurostat, Series on unemployment; Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted.

Chart 11: Sectoral employment expectations for the EU



Source: Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted (except for financial sector).

ahead were reported in Germany and Poland, and there were notable improvements in the finance and business services sector. On the other hand, the worst job prospects for the upcoming quarter were registered in Greece, Ireland, Italy and Spain.

Job vacancies have improved in some Member States……

The job vacancy rate for the EU bottomed out in the third quarter of 2009, and had improved by the second quarter of this year to 1.5%, 0.1 pps higher than a year before. The rate was higher than a year ago in most Member States for which data are available, with particularly high demand indicated in Malta, Germany and Finland (rate exceeding 2% in each). Among the larger Member States, demand for new labour in the second quarter improved in France, Germany, Spain and the UK. In Germany, at 964 000, vacancies were up on the previous quarter (by a non-seasonally adjusted 133 000) and on a year earlier (by nearly 10%), and in Spain they more than doubled over a year to nearly 200 000. In the UK, vacancies improved by 14 000 (2.9%) in the second quarter but declined by 30 000 (6.1%) in the third quarter, and at 475 000 are up 24 000 (or around 5.3%) on a year earlier.

Official sources in Germany confirm the relative improvement in demand for labour in recent months. In Germany, the Federal Employment Agency's job index (BA-X[5]), which had been edging upwards for a year, rose in October to 143 points, increasing the positive gap on the previous year's level to 32 points. The BA-X has again reached the demand level that prevailed before the economic crisis. Although the increases have been slighter in recent months, companies have continued to signal a high demand for labour especially in the retail, construction, catering and health and social services sectors. Some companies have problems in finding sufficiently (highly) qualified professionals. Three quarters of the reported jobs were for full-time workers and also more than three quarters are for permanent employment. The number of registered vacancies (which in part underlies the index), at around 401 000 in October[4], was up 103 000 (35 %) on a year earlier, similar to the annual rise recorded in September.

European online recruitment activity accelerated in October, confirming a steady pace of labour market improvement…

According to the Monster Employment Index[6], in October online recruitment activity increased by 23 % on an annual basis (an acceleration compared to annual growth of 21 % registered in September), with relatively strong online recruitment activity across the majority of the EU.

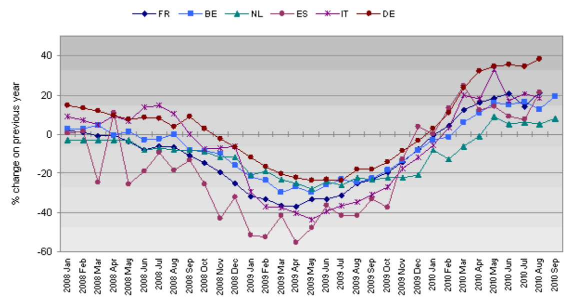
In October, transport, post and logistics led all industry sectors in yearly growth, followed by the automotive industry, suggesting improvement in underlying demand drivers as not attached to seasonal patterns. Confirming a steady pace of labour market improvement, manufacturing and related sectors have continued to be among the top industries with regard to recruitment activity. Additionally, demand for workers in a number of professional services, including science and technology, has returned, suggesting that business investment is on the rise.

… while demand for temporary agency workers is higher than a year ago in all countries

Recent data from Eurociett[7], covering August/September, continue to show an improvement in workplace activity via temporary work agencies, a leading indicator of recovery in the labour market. The number of hours invoiced by private employment agencies now exceeds the levels observed a year earlier in all countries; the year-on-year rises in invoiced hours ranged from 8 % in the Netherlands to around 20 % in Belgium, France, Italy and Spain, and 38 % in Germany (Chart 12).

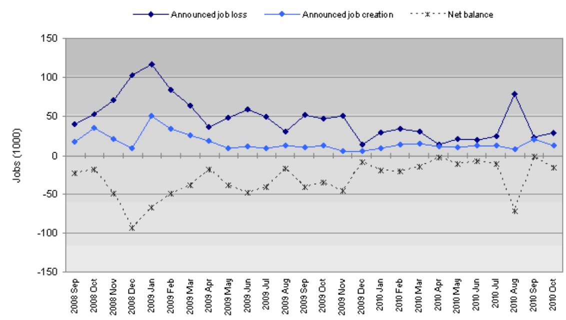
In the UK, which accounts for 34 % of the European agency work market, agencies' billings from the employment of temporary/contract staff continued to rise in September, extending the current period of expansion to fourteen months. However, the rate of growth eased to the weakest for almost a year.

Chart 12: Hours worked invoiced by private employment agencies for selected Member States



Source: Eurociett. Note: Hours worked defined as sum of all hours invoiced by all private employment agencies to all user companies. For IT number of remunerated working days, for DE number of agency workers.

Chart 13: Announced job losses and creation for the EU



Source: European Monitoring Centre on Change, European restructuring monitor.

2. Restructuring trends

The situation in EU labour markets in the wake of the recent economic downturn and subsequent recovery has been reflected in European Restructuring Monitor (ERM) data collected by the European Monitoring Centre on Change[8].

There was a slight increase in the restructuring activity reported on the European Restructuring Monitor (ERM) in October 2010; in fact the ERM registered almost 30 000 announced job losses in the month, nonetheless this is almost half the announced job losses in the same month of the previous year.

Announced job losses continued to outnumber announced job gains…

In October 2010, the ERM registered 28 901 restructuring-related job losses and 12 702 announced new jobs in a total of 88 cases (Chart 13). The Member States with the largest announced job losses were the UK (11 041 jobs) and Italy (4 300 jobs), followed by Poland (3 349 jobs), the Netherlands (2 415 jobs) and Denmark (2 309 jobs) (Chart 14).

Public administration and manufacturing were the sectors most affected by announced restructuring job losses…

In October 2010, restructuring in public administration and in manufacturing accounted for the vast majority of announced job losses in the ERM. Since September 2008, the ERM has recorded 537 624 announced job losses in manufacturing, almost half of total job losses; during the latest month the ERM recorded 6 243 job losses in the sector. Public Administration was the sector the most affected in October 2010 with 7 831 announced job losses. Other significantly affected sectors included Real estate/Business activities (4 620 jobs), Financial Intermediation (3 800 jobs) and Transport and Communications (3 672 jobs) (Chart 15).

In October, the largest restructuring cases involving job losses were in:

- Public Administration: UWV (NL, 2 300 jobs), Cornwall Council (UK, 2 000 jobs), Hertfordshire Council (UK, 1 000 jobs).
- Manufacturing: Vestas (DK, 1 919 jobs), Boots (UK, 900 jobs), Nokia (FI, 850 jobs).
- Financial intermediation: Unicredit (IT, 3 000 jobs), Banco Popolare (IT, 800 jobs).
- Transport and Communications: PKP Intercity (PL, 1 800 jobs), Vodafone (UK, 400 jobs), London Underground (UK, 400 jobs), AMT (IT, 400 jobs).
- Real Estate/Business activities: Lloyds TSB (UK, 2 750 jobs), Hewlett-Packard (UK, 1 300 jobs).

Chart 14: Announced job losses for selected Member States

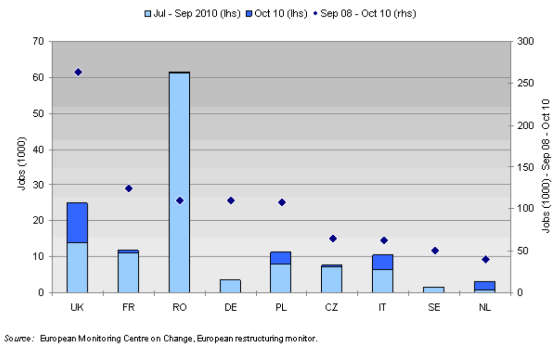
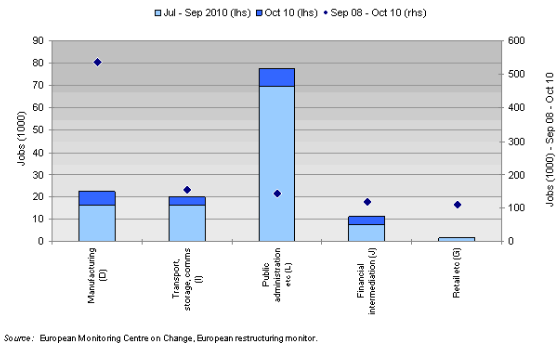


Chart 15: Announced job losses by sector for the EU



As in previous months, announcements of restructuring-related job losses continue in city council and local governments especially in the UK: Cornwall Council announced it is to cut 2 000 jobs as a result of spending cuts. Hertfordshire County Council announced it is to cut 1 000-1 100 jobs; the council hopes to avoid compulsory redundancies by transferring staff to outsourced provision and asking for volunteers for voluntary redundancy and early retirement. Doncaster Council has announced that it is to make 800 redundancies over the course of the next five months as it is seeking to reduce its budget by £80m over the next four years. Derby City Council announced its voluntary redundancy programme in an attempt to shed 750 jobs. The authority hasn't ruled out compulsory redundancies, but hopes that its voluntary programme will account for the 750 job losses needed. Wigan Council has announced that 227 staff accepted voluntary redundancy or early retirement, in an attempt to make £55m worth of savings over the next 3 years. Job losses in city council and local governments have been registered also in other European Member States: in Denmark, the municipality of Køge (Køge Kommune) announced that 250 employees will be made redundant due to public spending reductions. Youth educators in kindergartens and after-school centres will account for most of the lay-offs, in addition, teachers, social and health care workers, social workers and local managers will be hit by the redundancies. The Finnish city of Porvoo has announced plans to cut between 100 and 200 employees in order to address its debt problems. The city intends to exempt certain occupations from cuts, including doctors and fire fighters. Therefore, various cultural and educational activities are likely to be disproportionately reduced.

Other announced job losses in public administration relates to the announcement of 104 job losses at Strathclyde Fire and Rescue in the UK; the organisation has asked support staff to consider voluntary redundancy and early retirement as part of its strategy to ease financial pressure. Newport passport office, one of only 7 passport offices in the UK, has been earmarked for closure resulting in 300 job losses; while in the Netherlands, UWV, the Dutch public organisation responsible for the administration of unemployment and disability benefits, will cut 2 300 jobs over the next two and a half years. The restructuring plan will impact employees that were hired since 2009 on temporary contracts and aims to help combat the negative effects of the financial crisis. The organization has also indicated that they anticipate more redundancies in the future.

In Manufacturing, the biggest case of restructuring relates to windmill manufacturer Vestas which announced the closure of four factories in Denmark resulting in 1 919 job losses. The company announced that the job losses are part of a European wide restructuring plan that envisages 3 000 job losses across Europe due to an anticipated decrease in demand for wind turbines in Europe during 2011. Another significant case relates to the Finnish telecommunications manufacturer giant Nokia which announced its plans to reduce its workforce in Finland by 850 employees. The cuts are part of a worldwide restructuring plan envisaging a total of 18 000 job losses. In Romania, Electroputere Craiova, a manufacturer of electric motors, generators and transformers, announced plans to dismiss 350 employees starting from 1 October 2010.

In the chemical manufacturing sector, the chemist and health & beauty company Boots announced plans to cut 900 jobs across the UK in a bid to save £56m over the next three years. Most of the job cuts will affect staff working in Nottingham, where Boots has its main UK base. The cuts will take place in the firm's health and beauty business and related contract manufacturing activities. The company announced it hoped to achieve the cuts through staff turnover and redeployment. Baxter Healthcare, manufacturer of products to treat conditions such as hemophilia, kidney disease and immune disorders, located in Ireland's County Mayo, announced it is looking for 200 redundancies over the next 12 months: the company is looking for up to 150 voluntary redundancies and the dismissal of about 50 staff on temporary contracts. The company, a subsidiary of Baxter International, stated that the job cuts were driven by the global economic downturn, the subsequent impact of European healthcare cost-savings measures and the ongoing need to improve cost competitiveness. Pharmaceutical multinational GlaxoSmithKline has announced 121 redundancies at its plant in County Cork, Ireland. GSK attributed the job losses to declining demand for certain drugs it manufactures.

In real estate and business activities, Lloyds Banking Group has announced that is to cut about 4 500 jobs worldwide, of which 2 750 in the UK. The job losses are located in the company’s IT operations and are to be lost as part of the integration of the IT operations of Lloyds TSB and HBOS. In a statement the group announced it will make less use of contractors and agency employees in order to reduce the impact on permanent staff; compulsory redundancy would be only a last resort. Another significant case relates to IT firm Hewlett-Packard, which announced that it is to cut 1 300 jobs across the UK as part of its move towards automated data centres. The company currently employs 16 000 workers in the UK, but has cut its UK operation by 6 000 jobs since 2008. The company is expected to begin a 90 day consultation period at the end of October.

In the financial intermediation sector, large restructuring related job losses relates to announcements of restructuring plans at two Italian banking groups. Unicredit, one of the main banks in Europe, announced its 2011-2013 business plan, which envisages relevant reductions in business costs, including labour costs. Unicredit and the trade unions reached an agreement on the envisaged collective dismissals and agreed on 3 000 job-cuts (and not 4 100 as previously announced) by the end of 2013. The job cuts will mainly affect workers who will reach the requirements for retirement in the next three years; for these workers, the agreement provides for economic incentives for voluntary resignations. Moreover, the agreement envisages that, in the next year, Unicredit will stabilise all those workers under apprenticeship contracts (1 077 employees), transforming the apprenticeship contracts in permanent contracts. In addition, the group will create 1 000 new jobs by the end of 2013. Banco Popolare, one of the most important Italian credit institutes, announced its 2010-2011 reorganisation plan envisaging 800 job cuts (300 in 2010 and 500 in 2011). According to the group, the economic crisis has forced the group to reduce its costs; in order to reduce the negative effects of the redundancies the institute has announced the recourse to a lower job turnover and to the 'solidarity fund' for the Italian banking sector.

In the transport sector, large job cuts announcements relate to national and local railway operators: in Poland, Polskie Koleje Państwowe InterCity (PKP InterCity), the state-owned railway operator, announced plans to cut between 1 800 and 2 000 jobs. About 100 jobs will be cut in offices across Poland and about 32 in the company headquarter. On 1 October, 2010 PKP Intercity has launched a 50 million zloty Voluntary Retirement Programme; the board expects that around 2 000 employees will apply for it. If the program does not bring expected results, the company will implement a collective dismissal program in the first half of 2011. London Underground has announced plans to cut 400 office and management jobs and leave an equivalent number of vacancies unfilled. Amt, the public transport operator of Genoa, has announced a reorganisation plan which envisages 400 job cuts, an increase of the urban and extra-urban tariffs and a reduction of services. According to the company, the plan is mainly due to the financial cuts that the Italian central government announced for local public authorities. The Danish state owned railway company, DSB, announced that approximately 140 administrative employees at its Copenhagen headquarters will be fired.

In the communications sector, the only two announcements of job losses relate to Vodafone, which announced 400 job losses in the UK, as it plans to close its Banbury customer relations centre in 2011; while Hungarian Telecommunications group Magyar Telekom announced that it will lay off 300 employees from its Budapest site in 2011.

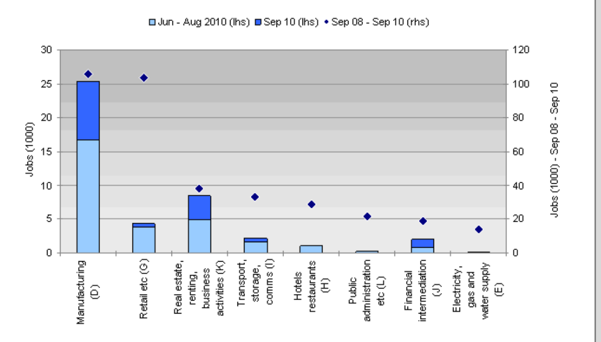
…while manufacturing and financial intermediation accounted for the majority of business expansion...

Of the 12 702 new jobs announced during October 2010, 5 760 new jobs were in manufacturing and 2 500 in financial intermediation. Since September 2008, manufacturing (113 481 jobs) and retail (106 118 jobs) have been the sectors to benefit the most from announced job creation. Together, they account for over half of all new announced jobs on the ERM (Chart 16).

In October, the biggest cases involving job gains were:

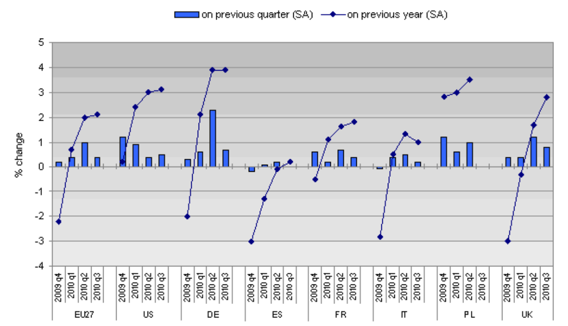
- Financial Intermediation: Bnl-Bnp Paribas (IT, 1 500 jobs), Unicredit (IT, 1 000 jobs).
- Retail: El Corte Inglés (ES, 863 jobs), Cora Romania (RO, 400 jobs).
- Manufacturing: Škoda Auto (CZ, 1 400 jobs), Airbus (FR, 980 jobs), Fujikura Automotive Romania (RO, 630 jobs).

Chart 16: Announced job creation by sector for the EU



Source: European Monitoring Centre on Change, European restructuring monitor.

Chart 17: GDP for the EU, US and Larger Member States



Source: Eurostat, National accounts.

3. Economic context and outlook

ECONOMIC SITUATION

Economic recovery in the EU continued in the third quarter, although at a slower pace…

The economic recovery in the EU, which started in mid-2009, has remained fragile; after a strong revival in the second quarter of 2010, growth moderated back to the levels observed at the beginning of the turnaround. The improvement to the second quarter had been mainly due to an export-driven industrial rebound in line with the continued strong recovery in global growth and trade in the first half of the year, amid encouraging signs of revival in domestic demand, including constantly expanding consumption and, at last, increased investment.

In the third quarter, economic activity expanded by a modest 0.4%, following a solid 1.0% rebound in the second quarter and moderate growth of 0.2%-0.4% in the previous three quarters. As a result of expansion over more than a year, compared to a year earlier, economic output, still down by 2.2% at the end of 2009, was up by 2.1% in the third quarter of 2010. In the US, the recovery has generally been sounder, although growth in economic output has also been slowing down from a firm 1.2% in the fourth quarter of last year to 0.5% in the third quarter of this year.

… while economic growth had resumed in almost all Member States and, despite recent moderation, is up on a year earlier in most of them

Within the EU, almost all Member States have returned to positive economic growth, however, recently expansion in economic activity has moderated in nearly all countries, and among larger ones output remained again flat in Spain (Chart 17). Among the larger Member States, in the third quarter of 2010, GDP expanded by a still healthy 0.8% in the UK and 0.7% in Germany (although this was a significant moderation compared to the 1.2% and 2.3% growth registered respectively in the second quarter), followed by more limited growth in France and Italy (0.4% and 0.2% respectively), while output in Spain remained unchanged. Among the remaining Member States for which data is available, in the third quarter of 2010 economic output declined only in the Netherlands, Romania and Greece (down by 0.1%, 0.7% and 1.1% respectively), while it expanded most strongly in the Czech Republic and Finland (up 1.1% and 1.3% respectively).

As a result of recent improvements, by the third quarter of 2010 economic activity was up compared to a year earlier in nearly all Member States, and only Ireland, Romania and Greece continued to record steeply declining output over the year (down 1.8%-4.5%).

Industrial output declined in September after a nearly flat July and a rebound in August, but remains significantly higher than a year ago…

Economic recovery in the EU has been underpinned by improvements in industrial production since mid-2009;

after expansion over the second half of 2009, industrial output has broadly continued to increase this year. However, production in industry remained nearly flat in July, picked up again in August (up 0.9%), but lost ground in September (down 0.5%) (Chart 18).

The improvement in industrial production in the EU over the last year or so has resulted from mixed contributions of the larger Member States in different months. In September, the decline in EU industrial output resulted from mixed performances in the larger Member States; output declined most significantly in Italy and Spain (down 2.1% and 1.5% respectively) and more modestly in Germany (down 0.8%), and remained unchanged in France, while it rose in the UK and Poland (by a modest 0.3% and 0.4% respectively). A decline in industrial production at EU level in September reflected lower output of all goods categories, most notably of durable consumer goods.

Year-on-year growth in EU industrial production, which turned positive in the beginning of this year, strengthened significantly over the following months to its recent peak of 8.9% in May, but slowed to 5.8% in September. Still healthy year-on-year growth in September was due to yearly expansion in all the larger Member States except in Spain, and was particularly solid in Poland (12.1%).

… and new orders for industry recovered in August, to be significantly higher than a year ago…

New orders for industry in the EU have been broadly improving for sixteen months now, reflecting more orders for goods in all categories and across the larger Member States. Recently, after a drop in July, new orders rebounded by a solid 3.7% in August (Chart 19). In August, new orders increased across all goods categories, most considerably for capital goods, but also for durable consumer goods and intermediate goods, and to a lesser extent for non-durable consumer goods. Italy contributed most to this revival (11.3%), which was supported by more modest but still healthy increases in Spain and Germany (2.1% and 3.4% respectively), while new orders decreased in the UK and Poland (1.0% and 1.3% respectively) and remained broadly unchanged in France (down 0.4%).

As a result of the continuous rises since mid-2009, year-on-year growth in industrial new orders in the EU, which eventually turned positive at the end of last year, improved to a solid 22.7% in August, after a blip in July. New orders for industry are still significantly higher than a year ago in all the larger Member States, but especially in Poland, Germany and Italy (by 20-33%).

EU construction improved slightly in August after a dip in July, but remains lower than a year ago…

While industry has been experiencing a steady recovery for more than a year now, production in the

Chart 18: Industry production for the EU

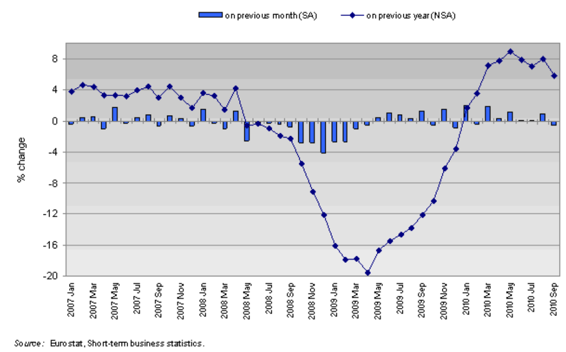
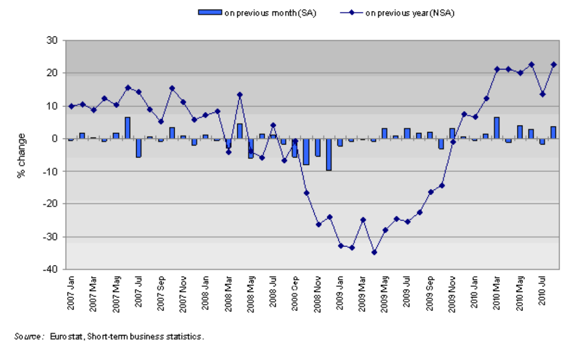


Chart 19: Industrial new orders for the EU



construction sector has not yet really picked up following more than two years of deterioration, with only two months of revival observed this year. A solid gain in construction output in March, followed by limited changes in April and May and a subsequent healthy pick-up in June, was followed by a drop in output in July and only a slight improvement in August (0.3%) (Chart 20). The nearly flat result for August reflected mixed performances across larger Member States; a further drop in Spain (1.8%) after a strong plunge the previous month (down 10.9%) together with more limited decreases in France and Germany (down 0.1% and 0.4%) on the one hand and strong rebounds in the UK and Poland (up 2.7% and 5.0%) on the other hand.

In the EU as a whole, year-on-year growth in construction output, which at last turned positive to a healthy 4.8% in June, dropped back into negative territory and stood at -1.3% in August, nevertheless still better than the -12% observed just half a year ago. This deterioration almost entirely reflected a steep fall in Spain (34.7%) together with a more moderate decline in France, while construction output was higher than a year earlier in other larger Member States, in particular in the UK (up 15.6%).

… while retail trade turnover remained broadly unchanged in August after a slight improvement in July

Compared with the sizeable falls in output seen in industry and construction, retail trade turnover in the EU held up fairly well at the height of the crisis between autumn 2008 and spring 2009, and has evolved at a slower pace since then, although monthly changes have always been volatile. After three months of improvements, retail trade turnover dropped slightly in August (by 0.2%) and remained nearly unchanged in September (down 0.1%) (Chart 21). The situation in September resulted from a decrease in the non-food sector which offset an increase in 'Food, drinks and tobacco'. Underlying the September result for the EU was a mixed performance among the larger Member States: a further stronger decline in Germany (2.3%) together with a limited deterioration in France and Spain (down 0.4% and 0.6% respectively) compensated for a rise in Poland (1.6%) and a slight improvement in the UK (0.1%).

Nevertheless, year-on-year growth in turnover, which has been positive for eight months (except for a blip in May) remained at 1.3% in September. Positive growth over the year was driven by significantly higher turnover in France and Poland, which together with limited improvements in Germany and the UK compensated for a notable drop in turnover in Spain.

Indications are that the rate of economic expansion in Europe lost momentum at the beginning of the fourth quarter

As indicated by the Markit[9] composite purchasing managers' index (PMI), the recovery in the euro area lost further momentum at the start of the fourth quarter with business activity rising at the slowest pace since February. The October PMI dropped to 53.8, down from 54.1 in September, and is consistent with quarterly GDP growth slipping to around 0.3% from around 0.6% in the third quarter and a peak of 1.0% in the second quarter. While in October manufacturing production expanded at a faster rate than before, growth in business activity at service providers has continued to weaken. Additionally, persisting national disparities are evident; output growth continued apace in both Germany and France, but remained modest in Italy and Ireland, while Spain and Greece recorded a further fall in business activity.

October saw an employment increase for the sixth consecutive month, although job creation remained muted overall and mainly concentrated in Germany and France. Staffing levels rose at the fastest rate since May 2008 in Germany, but jobs growth slipped to a four-month low in France. Further job losses were seen in Italy, Spain and Ireland. Employment rose in the euro area manufacturing and service sectors, more sharply in the case of manufacturing.

Chart 20: Construction production for the EU

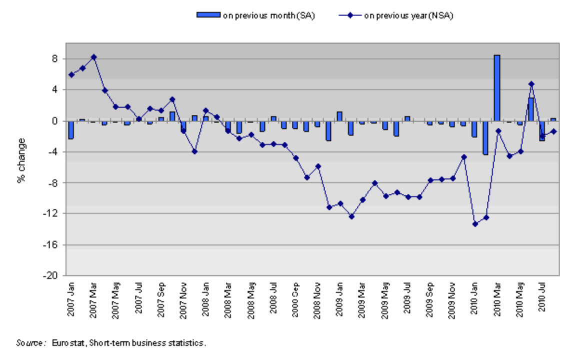
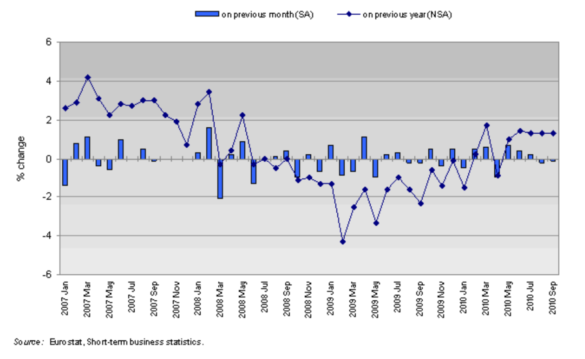


Chart 21: Retail trade turnover for the EU



OUTLOOK

Economic confidence in the EU, above the long-term average, has continued to improve, although at a slower pace…

The EU Economic Sentiment Indicator (ESI) has generally been on an upward trend since April last year, except for a break last May[3]. Nevertheless, recently progress has been notably slower than in 2009, and economic sentiment has nearly stagnated over the last two months. The ESI increased by a negligible 0.5 points in both September and October, to 104.1 (Chart 22).

This slight increase at EU level in October resulted from greater optimism in France (up by 3.4 points) and more modest improvement in other larger Member States (ranging from 0.3 to 0.5 points), except for a slight drop in Spain (down 0.2 points).

Underlying the sluggish rise of the EU ESI in October was mixed behaviour across sectors. Sentiment improved most markedly in the manufacturing and construction sectors. Consequently, confidence in industry, on a consistent upward trend since spring 2009, has finally reached a zero net balance; however, due to the relatively slow improvement since bottoming out in spring 2009, pessimism in construction remains the highest among all sectors. Sentiment also improved notably in retail, taking it further above a zero balance, while it has remained broadly unchanged in services for the last two months, though thanks to previous improvements, remaining positive on balance. Consumer sentiment remained unchanged in October, following a slight drop in September and a marked improvement in August, driven by slightly reduced confidence about the general economic outlook and slightly worsening fears of unemployment. Confidence in the financial sector, which is not included in the ESI, fell in October, but remains highest among all sectors.

…while the OECD leading indicator for Europe, far above the average, points to divergent patterns

The OECD's Composite Leading Indicators (CLI) for the EU[2], which started to pick up at the beginning of 2009, have exceeded their long-term average for a year now, although since last April they have levelled out. In September, the CLI remained unchanged in the euro area and lost 0.1 point in the group of the four largest EU Member States for the fourth month in a row, thus losing some momentum after the marked upturn between spring and autumn last year. As they stand far above their long-term average, at 103.6 points, the recent sluggishness reinforces signs of slowing economic expansion. The CLIs for France, Italy and the United Kingdom point strongly to a deceleration, while for Germany the CLI points to a continuation of the expansion phase. The CLI for the US gained 0.1 point in September to stand at 102.4 points, signalling a steady expansion. Despite recent stagnation or decline, the two European groupings still posted recoveries of 3.9 and 3.2 points and the US a stronger 5.6 points, compared to a year earlier (Chart 23).

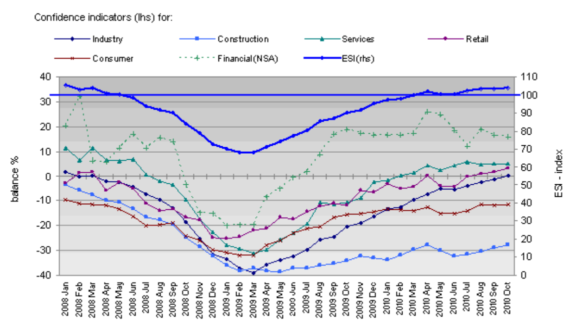
Most recent forecasts have been revised upwards but the economic recovery remains fragile and labour markets weak

As reported in the previous months, even if hard data have started to confirm economic recovery and labour market stabilisation, most organisations and experts still point to a better than expected but generally gloomy outlook in the advanced economies. The projections of global and European growth by various institutions [10][11][12][13] have recently been revised upward.

The ECB's quarterly Survey of Professional Forecasters[14] published in November has revised upwards Euro Area GDP growth expectations for all horizons and now stand at 1.6% (up by 0.5 pps) for 2010, 1.5% (up by 0.1 pps) for 2011 and 1.7% (up by 0.1 pps) for 2012. Unemployment rate projections remain unchanged at 10.1% for 2010 and have been revised downwards by 0.2 percentage point for 2011 and 2012, to 10.0% and 9.6% respectively.

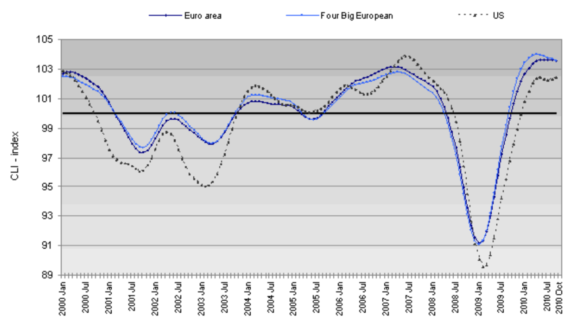
According to November OECD Economic Outlook[15], the global economy is continuing to recover, but progress has become more hesitant. Economic growth in the OECD area will slow down from 2.75% this year to 2.25% next year before picking up to 2.75 per cent in

Chart 22: ESI and confidence indicators for the EU



Source: Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted (except for financial sector).

Chart 23: Composite leading indicators for the EU and US



Source: OECD, Composite leading indicators. The horizontal line 100 shows the long-term trend in industrial production (the reference series).

2012. Labour market conditions have begun to improve this year in most OECD countries. Even so, the OECD-wide unemployment rate, which peaked at 8.5%at the end of 2009, is set to remain high, at 7.5% by the end of 2012. The Euro area will perform somehow worse than OECD area with a GDP growth of 1.7% in 2010, 2.3% in 2011 and 2.8% in 2012 and an unemployment rate significantly higher at 9.9% in 2010, 9.6% in 2011 and 9.2% in 2012.

BusinessEurope in its Autumn Economic Outlook[16] revised its EU GDP growth forecast to 1.8% and 1.7% for 2010 and 2011 respectively. The recovery has been stronger than previously expected and is broadening to the domestic economy, with consumer confidence improving and labour markets stabilising sooner than previously expected. For 2011, it is expected that around 600 000 new jobs will be created in the EU. However, the unemployment rate in the European Union is forecast to stay at 9.6% this year and decrease only by 0.1 pps next year to 9.5%. There are large growth and labour market divergences among countries (among the larger Member States, BusinessEurope forecasts increases in unemployment over 2011 in the UK, Italy, Spain and decreases in Germany, France and Poland), reflecting the unwinding of previous macroeconomic imbalances.

II. SPECIAL FOCUS

1. Latest developments and expectations in selected Member States

This section provides an overview of recent developments and forecasts at Member State level. In this issue, the focus is on the labour market situations in Bulgaria, Cyprus, Greece, Malta, Portugal, Romania and Slovenia. Priority has been given to the most recent reports and forecasts (dating from September to early November 2010) from reliable sources at country level, complemented by relevant data from Eurostat.

Bulgaria

The labour market in Bulgaria has continued to deteriorate by mid-2010, but signs of stabilisation in unemployment have appeared since then. In the second quarter of 2010, the total number of employed persons aged 15 and over was 3 072 100 and their relative share of the population was as low as 47 %. In comparison with the same period of 2009, the number of persons employed decreased by 228 000 and the employment rate fell by 3.1 pps. In the second quarter of 2010, 342 200 people, or 10 % of the labour force, were unemployed. The unemployment rate increased by 3.7 pps compared to the same quarter of the previous year and the number of unemployed persons by 119 600.

However, this unemployment rate, at roughly 10 %, remained relatively stable since mid-2010. In September, it was 10.1%, while the yearly gap diminished to 2.7 pps, the rate was still nearly the double the rate recorded in November 2008 (5.1 %). Nevertheless, unemployment remains moderate in comparison to the levels reached in 2001 (19.9 % in May 2001). The current unemployment rate for Bulgaria is in line with the EU average, although the increase seen in the last two years was more pronounced. The unemployment rate was 10.5 % for men and 9.6 % for women in September. Youth (aged 15-24) unemployment is high, at 20.7 % in September 2010, but it has gradually fallen since March, when it peaked at 22.6 %.

Adjusting to the economic conditions, in June 2010, the average wage and salary was 0.6 % lower than the previous month. In comparison with June 2009, the growth rate is 8.3 %. Despite unemployment having doubled over the last two years, according to the NSI business inquiries in September 2010, 5.7 % of industrial enterprises identified labour shortage as a factor limiting their activity.

Bulgaria emerged from recession only in the second quarter of 2010, as the economic activity rose for the first time since the crisis, by 0.5 % compared to the previous quarter, reducing the year-on-year fall to 0.3 %. And in the third quarter of this year, economic output improved by further 0.3 % and consequently year-on-year GDP growth turned positive, at 0.2 %. This growth was supported by industrial production which decreased slightly in July but picked-up by a sounder 1.1 % in August. The industrial confidence indicator, according to the National Statistical Institute (NSI), increased slightly in September 2010, in comparison with August. This was due to the managers' positive expectations of production activity over the next three months. In July, average capacity utilisation in industry stayed approximately stable from April at 67.9 %. In the second quarter of 2010, gross fixed capital formation decreased in real terms by 12.2 % in comparison with the same period of the previous year.

The economic outlook for Bulgaria is relatively positive, since preliminary data show that the Industrial Production Index increased by 1.6 % in September 2010 compared to August 2010. In September 2010, the Industrial Production Index rose by 9.3 % compared with the same month in 2009. In October, the business climate in the country improved. The total business climate indicator increased by 1.9 pps in comparison with September due to an improvement in retail trade and service sector conditions. The fall in employment is expected to hit the retail trade less than other sectors.

Cyprus

Cyprus' economy has gradually recovered from recession, as GDP grew in three consecutive quarters: +0.4 %, +0.5 % and +0.6 % in the first, second and third quarters of this year. In the third quarter, GDP was 1.5 % higher than in the same period last year.

Following economic recovery, the unemployment rate stabilised at 7.1 % of the labour force between June and September 2010, as the slight increase in female unemployment by 0.2 pps to 7.3 %, was offset by a slight dip in male unemployment by 0.1 pps to 7.3 %. However, this rate remains historically high, as it is roughly double the rate recorded before the crisis. On the last day of October 2010, 20 846 unemployed persons were registered at the District Labour Offices. This was 3.4 % higher than the previous month and 20.8 % higher than in October 2009. The rise was mainly observed in previously employed in trade, manufacturing, construction and the hotel and restaurant sector.

Contrary to recent stabilisation in the overall unemployment rate, the unemployment rate for young people increased to 20.6 % in the third quarter of 2010, bucking the trend in most Member States. It was up 0.9 pps on the previous quarter and 5.4 pps on the third quarter last year. Overall, the total impact of the crisis on youth has been more pronounced: while the EU average unemployment rate for youth increased by around 6 pps on its low in spring 2008, the youth unemployment rate in Cyprus rose even more dramatically – by 12 pps – from its low of 8.7 % in the third quarter of 2008 to be currently close to the EU average (20.6 % vs. 20.3 %)

According to the results of the Labour Force Survey, in the second quarter of 2010 the employment rate for persons aged 20-64 was 75.7 %, unchanged compared to the previous year, and for persons aged 15-64 – 69.8 %, down 0.5 pps on previous year. Both rates are far above the EU average and among the highest in the EU. Underlying that, in the second quarter of 2010, 387 900 people were employed (211 400 thousand men and 176 500 thousand women) and 26 400 people were unemployed (13 600 thousand men and 12 700 thousand women).

According to the preliminary estimations of the Statistical Service, in comparison with the second quarter of 2009, the average monthly earnings of employees increased by 1.4 % (0.9 % for men and 2.7 % for women). The corresponding increase in the second quarter of 2009 was 4.8 %, indicating that earnings in Cyprus increased much less in 2010 than in 2009.

An important issue for Cyprus, which has an impact on the labour market, is its demography. According to a 2009 report by the Parliamentary Committee on Human Rights, nearly one third of its population of 1 million consists of foreigners, Europeans, third country nationals and illegal immigrants, who may be active in the shadow economy.

Greece

Faced with an unprecedented financial crisis and on the verge of default, the Greek government took severe austerity measures to slash the public deficit from 15 % of GDP in 2009 to 8.1 % by the end of this year, 7 % in 2011 and under 3 % by 2014. These measures enabled debt-riddled Greece (public debt currently amounting to 133 % of GDP) to avoid bankruptcy in May thanks to a three-year € 110 billion package of emergency loans from the EU and the IMF. They include cutting the pay of more than 700 000 civil servants, freezing pensions, raising State revenue by increasing taxes, including VAT, and overhauling pension and employment rules.

Against this background, Greece's GDP has not recovered yet. On the contrary, in the second and third quarter of 2010, it even recorded dramatic quarter-on-quarter falls of 1.7 % and 1.1 %, respectively. Consequently, the year-on-year change was -4.5 %, i.e. by far the worst decline on record in the EU in the third quarter of this year, and growth is expected to remain negative throughout 2010. Unsurprisingly, the Production Index in Industry (IPI) in September 2010 fell by 7.1 % compared with September 2009. In that month, the IPI had fallen by 9.1 % in annual terms. Between January and September 2010, the IPI fell by 5.7 %. By way of comparison, in the nine months to September 2009, the IPI had fallen by 10.1 %.

Lack of economic recovery has an impact on the labour market. According to the Hellenic Statistical Authority (ELSTAT), 4.44 million people were employed in July 2010, while 607 000 people were unemployed and 4.26 million were inactive. The number of employed decreased by nearly 53 000 people, or 1.2 %, compared with July 2009. It increased by nearly 9 500 persons compared with June 2010, i.e. +0.21 %. The number of unemployed increased by 130 300, up by 27.3 %, compared with July 2009 and by 24 700 people compared with June 2010, up 4.2 %.

Contrary to most of the other EU Member States, unemployment does not show any signs of stabilisation. The unemployment rate in the second quarter of 2010 was 12.2 %, i.e. 3.0 pps higher than in the same quarter last year, and 1.1 pps higher than in the first quarter of 2010.This is the highest level recorded in eleven years. Although at EU level, the unemployment gender gap almost disappeared with the crisis, it has not declined at all in Greece. Unemployment amongst women remains, at 15.7 % in the second quarter of 2010, 6.0 pps higher than for men (9.7 %). Compared with the same quarter of last year, it rose by 2.8 pps and 3.1 pps respectively. The first victims of the economic slowdown were workers aged between 15 and 24. Nearly one in three young people (32.1 %) was unemployed in the second quarter of this year, up 6.8 pps on the same period in 2009. The upward trend has not reversed yet, unlike in many other Member States. Young men are particularly hard hit, since more than 40 % are jobless, i.e. nearly 15 pps more than young women.

The government expects unemployment to rise further in the next two years, to 14.5 % in 2011 and 15 % in 2012, before easing to 14.6 % in 2013. Last month, the government announced a nearly € 2.6 billion jobs package to combat rising unemployment. It aims to help create or retain 670 000 jobs. The measures include subsidies for employers to help meet social contributions for workers, hiring unemployed young people and women, and support for those considered particularly vulnerable, including the handicapped, people released from prison and drug addicts. OECD forecasts are gloomy for Greece: the November Economic Outlook projects a decrease in real GDP in 2010 (-3.9 %) and in 2011 (-2.7 %) and a slight increase by 0.5 % in 2012. OECD also forecasts an increasing unemployment, from 12.2 % this year to 14.5 % in 2011 and 15.2 % in 2012.

Malta

The labour market for Malta has shown clear signs of stabilisation and recovery for more than a year now. According to the National Statistics Office (NSO), in the twelve months to September 2010, the number of registered unemployed dropped by 11.5 % to 6 655, despite an increase of 1.0 % compared with the previous month. The number of registered unemployed in Malta totalled 5 980, with an additional 675 persons registered in Gozo. Over the year to September, unemployment decreased by 771 and 95 in Malta and Gozo respectively. The decline was observed across all age groups. The number of people registered for work for less than 20 weeks also fell compared to the previous year by 634 persons. While men tend to work in trade and women tend to work in clerical jobs, both have the same inclination for service jobs.

Unemployment dropped by 11.5% over a year to September 2010. The unemployment rate, at 6.2% in September 2010 one of the lowest in the EU, was down 1.0 pps on September last year, and down 1.1 pps on the high recorded in July 2009, but unchanged compared to the previous month. This decline was seen in both male and female unemployment in the twelve months to September 2010: down 0.9 pps to 6.0% for men and by 1.2 pps to 6.5% for women. Youth unemployment is also one of the lowest in the EU. 11.6% of 15-24-year-olds were unemployed in September 2010, down 3.1 pps on the same month last year. A third of registered unemployed are long-term unemployed, meaning they have been registered as seeking work for more than twelve months.

Malta's economy was less affected by the crisis than the other Member States, and was one of the first to have recovered. GDP picked up already in the third quarter of 2009 and continued to rise through the second quarter of 2010, albeit at a more moderate rate (+0.1% on the first quarter). The economic output had risen by 3.7% over a year to the second quarter of 2010 was 3.7%.

Supporting improvements in economic activity, industrial production improved over the third quarter. Industrial production rose by 0.3% from 99.6 points in September 2009, as reported by the NSO. This was attributed to a 13.5% increase in the production of intermediate goods. The other main sectors registered declines, ranging from 3.8% in energy production to 36.3% in the production of durable consumer goods. The activity in the industry sector may have an impact on Malta's labour force, since a third is employed in retail and manufacturing, with 27 800 workers in retail and 26 400 in manufacturing. The third largest sector is health and social work, which employs 14 750 people, followed by education, where nearly 14 000 are employed.

Portugal

The labour market in Portugal has started to show some signs of stabilisation and recovery over previous quarters. After hitting a record high in May and June 2010 at 11%, Portugal's unemployment rate has eased recently. In September 2010 it was at 10.6%, up just 0.4 pps on the same month last year, but still significantly up by 3.2 pps on the low recorded in March 2008. In the twelve months to September 2010, it increased due to the rise in unemployment among women (+0.9 pps, to 11.7%), while for men it had edged down (-0.1 pps, to 9.5%). Portugal's unemployment rate has slightly exceeded the one for the EU since the end of 2006, however edging up of the rate had continued already since its low in the end of 2000, when Portugal had one of the EU's lowest unemployment rates (3.7% in December 2000).

Although the overall unemployment rate is slightly higher than the EU average, youth unemployment, at 19.8%, is lower than the 20.3% recorded at EU level in September 2010. Similarly to the labour market for men, the labour market for youth started to recover earlier and faster; the rate for youth in September was already down 1.9 pps on the high recorded in January this year (21.7%). The Labour Force Survey (LFS) revealed additionally that the fall in unemployment in the second quarter of this year mainly affected individuals having completed the first and second stages of basic education and individuals from the industrial and construction sectors seeking a new job for six months or less.

Against this background, data published by Statistics Portugal show that the significant rise in unemployment since 2000, recently worsened by the economic crisis, seems not to have affected the poverty. The main poverty indicator on material deprivation declined slightly to 21.4% in 2009 from 22.2% in 2004. The at-risk-of poverty rate fell between 2003 and 2008 from 20.4% to 17.9%, although the unemployment rate was, at about 8%, roughly 2 pps higher in 2008 than in 2003. In the same time, the at-risk-of-poverty rate for the elderly decreased by about 8.9 pps. The estimates also illustrate the gradual reduction in inequality of income distribution for 2003-2008, in particular a fall of about 10% in the gap between the 20% top income group and the 20% bottom income group.

According to Statistics Portugal, the economic climate indicator, on an upward trend since May 2009, has broadly stabilised since last summer. However, after stabilising in the three previous months at the highest value since September 2008, the economic climate indicator fell slightly in October 2010. In the reference month, the confidence indicators fell in all sectors. In the manufacturing industry, the confidence indicator fell in October, bucking the pronounced upward trend started in March 2009. In October 2010, the consumer confidence indicator also fell, interrupting the increase observed in the two previous months. The economic activity indicator recovered slightly in August, maintaining its upward path observed in previous months.

The most pressing challenge facing Portugal's government is to rebalance its budget. The 2011 budget features an array of austerity measures, in a pledge to slash the deficit from the current 7.3% to 4.6% of GDP by next year. These measures range from cuts of 5% in civil servant wages to increases in taxes in a bid to save € 5.1 billion next year. The measures are expected to yield € 1.7 billion in revenue, i.e. 1 pps of GDP, including raising VAT by 2 pps to 23%. Portugal is supposed to bring its budget shortfall under the EU-mandated limit of 3% of GDP by 2013. Portugal has been out of recession since the first quarter of this year. In the third quarter of 2010, GDP went up by 0.4% on the previous quarter, and up 1.5% on the third quarter last year. OECD forecasts are mixed for Portugal: the November Economic Outlook projects a 1.5 % GDP growth this year followed by a decrease in 2011 (-0.2 %) and an increase in 2012 (1.8 %). OECD also forecasts an increase in unemployment next year, up to 11.4 % from 10.7 % this year and a decrease in 2012 to 11.1 %.

Romania

The labour market for Romania has been stabilising since the beginning of 2010. The unemployment rate in September 2010 was 7.3 % of the total civil active population, up 0.5 pps on September last year, but lower than the high recorded in the fourth quarter of 2009 (7.6 %). The unemployment rate for women was 1.0 pps lower than for men, at 6.8 % against 7.8 %. Contrary to the recent tendency in the EU, after falling over the previous six months, youth unemployment edged up to 21.4 % in the second quarter of this year, i.e. the same level as the third quarter of last year. According to the data provided by the National Agency for Employment, 670 000 people were registered as unemployed at the end of September 2010. Women accounted for 43.2 % of that total. In comparison with the same month last year, the figure increased by 45 100. In September 2010, 4.19 million people were employees, down by 29 000 from the previous month.

The recent stabilisation of the labour market in Romania has been also through earnings. In September 2010, the gross average nominal earning for the whole economy stabilised at the previous month's level while net earnings increased by 0.1 %. Nevertheless, the net nominal average earning decreased by 1.4 % against September 2009.

Along with Greece, Romania is one of the only countries where GDP fell in the third quarter of this year, after posting some growth (of 0.3 %) in the previous quarter. It fell by 0.7 % on the previous quarter and by 2.3 % on the third quarter last year. The continued recession is mainly due to construction, trade and other services, as some significant gains were registered in industry.

According to the National Institute of Statistics (INSSE), industrial production in September 2010 increased by 20.4 % on the previous month, mainly driven by the manufacturing sector (+25.3 %). Within that industry, rises were registered in the manufacturing of motor vehicles (+135.2 %) and basic pharmaceutical products (+54.8 %). In September last year, industrial production rose by 4.8 %, mainly driven by the manufacturing sector (+6 %). In September 2010, the total turnover value index of industrial units was 14.1 % higher than in September 2009, thanks to rises in the capital goods industry (+23.9 %) and the intermediate goods industry (+19.8 %). In the same twelve months to September 2010, labour productivity in industry rose by 13.5 %, especially in the manufacturing industry (+14.6 %) and in electricity, gas, steam and air conditioning production and supply (+10.2 %).

Domestic demand and exports remain sluggish. To boost domestic consumption, public sector salaries will increase by 15 % in 2011. This pay rise should make up for the accumulated inflation recorded in the last two years. On a less positive note, roughly 26 000 state employees will lose their jobs by the end of this year.

Slovenia

The labour market in Slovenia shows some signs of stabilisation, although for the first time the number of registered unemployed people reached 100 000 in October, with the registered unemployment rate exceeding 10.5 %. The government stressed that this was not unexpected and that the seasonal increase in unemployment was due to the entry of first-time jobseekers into the labour market. This sudden increase (unemployment figures had remained stable in the previous months), up by 5 % on the September figures, is partly due to bankruptcies of larger companies. However, the Employment Office stated that the rise in registered unemployment in Slovenia was slowing, despite the current increase.

According to the Statistical Office of the Republic of Slovenia, in the second quarter of 2010, the labour force in Slovenia numbered 1.04 million people and 718 000 people were inactive. Among the labour force, 968 000 were employed, up 0.3 % since the previous quarter, and 74 000 were unemployed, unchanged (LFS data). Slovenia's unemployment rate stabilised between April and September 2010 at around 7.2 – 7.3 %. This is 3.0 pps higher than before the economic crisis began to affect the labour market, in November 2008, and very close to the record high seen in 1999 (7.5 %). However, like in two other central and eastern European countries (Czech Republic and Romania), this remains low compared to the EU average (9.6 %).

Youth unemployment is also well below the EU average. This year, after peaking at 16.5 % in the spring, it fell down to 15.2 % in the third quarter. It is more than 5.0 pps higher than before the crisis, but still moderate in comparison to the record high in the last quarter of 2001 (20.5 %). The unemployment rate was the same for men and women in September 2010, as the gap which had previously appeared gradually closed.

Slovenia's economy is progressively recovering. After fluctuating in preceding quarters, GDP rose significantly in the second quarter of this year, up 1.5 % on the same period last year. But its industry is still affected by the crisis. Last month, the European Commission approved financial aid totalling € 2.2 million for the 2 554 redundant workers of the former textile giant Mura, European Fashion Design, a company operating in the clothing sector. The redundancies hit the region of Pomurje, where Mura is based. At the beginning of 2008, Mura employed 3 135 workers, more than 7 % of people employed in that region. The funds are to be transferred to the Slovene budget by the end of the year and will be used for retraining programmes for the redundant workers, to stimulate self employment and for various information and motivation workshops. One of the conditions for qualifying for financial aid from the European Globalisation Fund is that the number of redundant workers in one company exceeds 500.

OECD forecasts a positive recovery in Slovenia: the November Economic Outlook projects a 1.1 % GDP growth this year followed by a further increase in 2011 (2 %) and in 2012 (2.7 %). Unemployment rate will be at 7.2 % this year and increasing next year at 7.6 %, while starting to decrease in 2012 to 7.4 %.

2. Recent trends in self-employment

Significance and general trends

The typical European firm is a micro enterprise (less than 10 people). Over 90 % of all firms in the EU and 95 % of newly created companies are micro-enterprises. They employ almost one third of the total private labour force. Entrepreneurship, and self employment in particular, play a key role in small business creation. Given that 30 % of the self-employed have employees of their own, these newly created firms contribute significantly to job creation and therefore to achieving the European Union's goal of more growth and jobs.

Self employment, including employers, accounted for nearly 15 % of total employment in the EU27 in 2009 and is an essential component of the EU's economic dynamism. Between 2002 and 2007, boosted by new communication technologies and a generally more favourable business environment for the services sector, the number of SMEs in the EU increased by over 2 million (more than 10 %). However, in recent years the contribution of self employment to total employment growth has been limited. While the number of self-employed people grew on average by 0.3 % per year between 2000 and 2008 (peaking at roughly 33 million), salaried employment rose by 1.4 % per year over the same period. As a result, the number of self-employed people only increased by 0.8 million between 2000 and 2008, compared with overall employment growth of nearly 20 million. Most Member States have therefore experienced a fall in self-employment rates (SER) over this period, with the notable exceptions of the Czech Republic, Germany, Malta, the Netherlands, Austria, Slovakia and the United Kingdom. The EU's average SER declined almost continuously from 15.8 % in 2000 to 14.8 % in 2008, and similarly fell for men and women and every age group.

Recent developments

The economic crisis cost more than 5 million jobs between the first quarter of 2008 and the first quarter of 2010, making the unemployment rate climb from 7 % to around 10 %. Self employment was not exempt from employment contraction, as roughly 450 000 self-employed people lost their jobs in that period according to LFS data. Yet the self-employed sector has shown a degree of resilience, as the relative fall in employment was less pronounced than for salaried work. Overall, 2009 was a year of stabilisation for self employment and this was confirmed in 2010. Compared to 2008, the number of self-employed fell by less than 1 %, while that of salaried employees fell by nearly 2 %. In most Member States, the SER consequently picked up and the EU SER average edged up to 15 % in the first quarter of 2009, remained stable through the year and picked up again recently (to 15.2 % in 2010q1 and 2010q2).

The downturn has not radically altered the distribution of self employment across countries. It remains stronger in southern Member States with large agricultural sectors such as Greece (with a SER in 2009 of 29.9 %), Italy (23.4 %), Portugal (22.8 %) and Romania (20.8 %), and weaker in countries such as Luxembourg, Estonia and Denmark (8.0, 8.1 and 8.8 %, respectively). 18.6 % of self-employed people work in agriculture, 17 % in wholesale and retail trade, 13.4 % in construction and 10.3 % in professional, scientific and technical activities (2009 figures). Nearly 45 % of the self-employed work in services, ranging from trade to transport, financial and real estate activities, compared to only one third of paid employees. Conversely, self employment is less industrial than salaried employment and nearly absent from public services. Regarding the typical profile of the self-employed in the EU, in 2009, 69.6 % were male and 37.5 % were aged over 50, compared to 52.5 % and 23.9 % respectively in salaried employment. On average, the highest level of education attained by the self-employed is comparable with that of paid employees, although the proportion of lower-skilled workers remains, at 27.8 %, significantly higher (21.3 %).

Outlook

In the EU, the preference for self employment remained stable between 2007 and 2009, according to a recent Eurobarometer survey (Flash EB 283). 45 % of all Europeans would like to be self employed, while 49 % say they would prefer to work as an employee. In the US, the preference for self employment fell from 61 % to 55 % over the same period. Men generally express a stronger preference for self employment (51 %) than women (39 %), and young people are more inclined to start a business than older citizens. In all, 52 % of people aged 15-24 prefer self employment compared with 47 % of those between 25-39 and 46 % of those between 40-54. A good education promotes the desire for self employment. Self-fulfilment, independence and free choice of place and time of work are the main reasons for starting up one's own business. Citizens from the newer Member States also value the prospect of a better income.

Appropriate labour market policies are key to supporting growth in self employment in the EU. Start-up incentives are an essential component of support for business creation. More than 770 000 people benefited from such measures in 2008, accounting for a total budget of EUR 4.1 billion, i.e. roughly 0.03 % of EU GDP. Compared to incentives that aim to stimulate the hiring of unemployed people for dependent jobs, start-up incentives may prove more cost-effective, considering that successful self employment may lead to subsequent hiring of employees. More recently, self employment has been supported under national and European economic recovery plans and the new 'European Progress Microfinance Facility'. To improve the efficiency of such measures, further attention is needed, in particular to cost-effectiveness and the sustainability and quality of self employment.

The quality of working life for self-employed people is a matter of concern. 18 % of self-employed people are classified as poor, compared to 6 % of employees. Their median equivalent disposable income is EUR 12 000 per year, i.e. 3 700 less than for employees. Self-employed people with employees work, on average, 50 hours per week, i.e. 13 more than paid employees and eight more than stand-alone entrepreneurs. Although employers have more training opportunities than self-employed people without employees, they lag behind paid employees. As regards health issues, 41 % of the self-employed say that work has an adverse effect on their health and 25 % consider work stressful, against 33 % and 21 % respectively for paid employees. The new EU Directive on self-employed workers and assisting spouses is expected to partly address these issues, by granting self-employed women, assisting spouses and life partners of self-employed workers a maternity allowance and a leave period of at least 14 weeks for the first time at EU level.

Links to selected Eurostat tables

Employment growth

Unemployment rate by gender – total / Unemployment by gender – total

Youth 15-24 unemployment rate by gender / Youth 15-24 unemployment by gender

Adult 25-74 unemployment rate by gender / Adult 25-74 unemployment by gender

GDP growth

Economic sentiment indicator

Industrial production

Industrial new orders

Construction production

Retail trade deflated turnover

[1] For more information or Eurostat data, please visit the website: http://ec.europa.eu/eurostat

[2] For more information on interpretation and comparability of OECD Composite Leading Indicators (CLI), please refer to the presentation section of the OECD CLI methodology document http://www.oecd.org/dataoecd/26/39/41629509.pdf

For more information on OECD, please visit the website: www.oecd.org

[3] The change in classification of economic activities, implemented in the business survey in May, led to a break in series. The results for May are based on NACE rev 2, while data up to April 2010 are based on NACE rev 1. Internal checks indicated that the changeover affected the level, making interpretation more difficult. This level shift did not, on the whole, affect the direction of the change, but only its magnitude. The consumer confidence indicator and confidence in financial services are not subject to changeover.

For more information on the Business and Consumer Survey, please visit the website:
http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm

[4] For more information on the Manpower Outlook, please visit the website: http://www.manpower.com/press/meos.cfm

[5] The BA-X is the most up-to-date and comprehensive job index in Germany and is based on actual vacancies reported by businesses. It shows the trend for labour demand in Germany, including demand on the primary labour market. The seasonally adjusted index includes unsubsidised vacancies reported to the BA for 'regular' jobs covered by social security, reported jobs for freelances and self-employed people and vacancies communicated by private placement agencies. Note: In July the Federal Employment Agency changed their reporting system of vacancies, recalculating the series for reported jobs and BA-X (e.g. the June figure of 536 000 has been re-estimated at 370 000):

[6] For more information on the Monster Employment Index, please visit the website: http://about-monster.com/employment/index/17/45

[7] For more information on Eurociett, please visit the website: www.eurociett.eu

[8] European Restructuring Monitor (ERM) data are collected by Eurofound's European Monitoring Centre on Change (EMCC). The ERM covers:

- Announcements of redundancies rather than effective redundancies (the announcements can relate to redundancy programmes taking effect over a period of time, sometimes years);
- Announcements reported by the press rather than formal announcements made by companies;
- Only restructuring cases that affect at least one EU country, entail an announced or actual reduction of at least 100 jobs, involve sites employing more than 250 people and affecting at least 10% of workforce, or create at least 100 jobs.

The data in this report are based on an extraction from the ERM database on 4 November 2010. Totals exclude World/EU cases in order to avoid double counting. As the database is continually updated in the light of new information on recent cases, the data reported here may not correspond exactly to later extractions.

For more information on EMCC and the ERM, please visit the website: www.eurofound.europa.eu/emcc/erm/index.htm

[9] For more information on MARKIT, please visit the website: http://www.markiteconomics.com/MarkitFiles/Pages/About.aspx

[10] For more information on the World Global Economic Prospects, please visit the website:
http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/EXTGBLPROSPECTSAPRIL/0,,menuPK:659178~pagePK:64218926~piPK:64218953~theSitePK:659149,00.html

[11] For more information on the ECB Macroeconomic Projections for the Euro Area, please refer to the document:
http://www.ecb.int/pub/pdf/other/ecbstaffprojections201009en.pdf

[12] For more information on the September Commission interim forecast, please visit the website:
http://ec.europa.eu/economy_finance/articles/eu_economic_situation/2010-09-13-interim_forecast_en.htm

[13] For more information on the IMF outlook, please visit the website: http://www.imf.org/external/pubs/ft/weo/2010/02/index.htm

[14] For more information on ECB Survey of Professional Forecasters, please visit the website:
http://www.ecb.int/stats/prices/indic/forecast/html/index.en.html

[15] For more information on the OECD Economic outlook, please visit the website: www.oecd.org/oecdEconomicOutlook

[16] For more information on BusinessEurope Autumn Economic Outlook, please visit the website:
http://www.businesseurope.eu/content/default.asp?PageID=568&DocID=27519