Labour Market Fact Sheet

September 2011

GROWING DOUBTS OVER EUROPEAN LABOUR MARKET RECOVERY

The EU average unemployment remained at 9.5 % in July 2011, unchanged over the last three months (with May and June figures revised upwards, from 9.4%). Since early 2011, the EU27 aggregate unemployment rate has been relatively stable, but this apparent stability hides a growing divergence between Member States, and uncertainties of citizens and employers, against the backdrop of persistently sluggish economic recovery which looks increasingly at risk.

Overall summary of the situation:

- The fall in the aggregate EU27 unemployment rate has come to a halt.
- Growing divergence of unemployment evolution among the Member States with rising unemployment in many peripheral countries.
- Consumers' fears of unemployment have sharply risen, while managers' employment expectations have deteriorated notably in the services sector.
- Hiring activity has remained positive while restructuring was quiet in July and August.

The recent EU27 unemployment downwards trend has ended…

In July 2011, the number of unemployed in the EU increased by 18 000 on the previous month, owing to a surge in female unemployment (+29 000). This confirms that the declining trend in EU27 aggregate unemployment has come to an end. Indeed after a decrease between April 2010 and March 2011 by 705 000 people, the number of European unemployed picked up moderately, by 83 000, over the four months to July 2011. The revised EU27 unemployment rate remained at 9.5 % over the last three months, slightly up compared to the March and April 2011 level (9.4 %), 0.2 percentage point (pp) below the level recorded last year (9.7 % in July and October 2010).

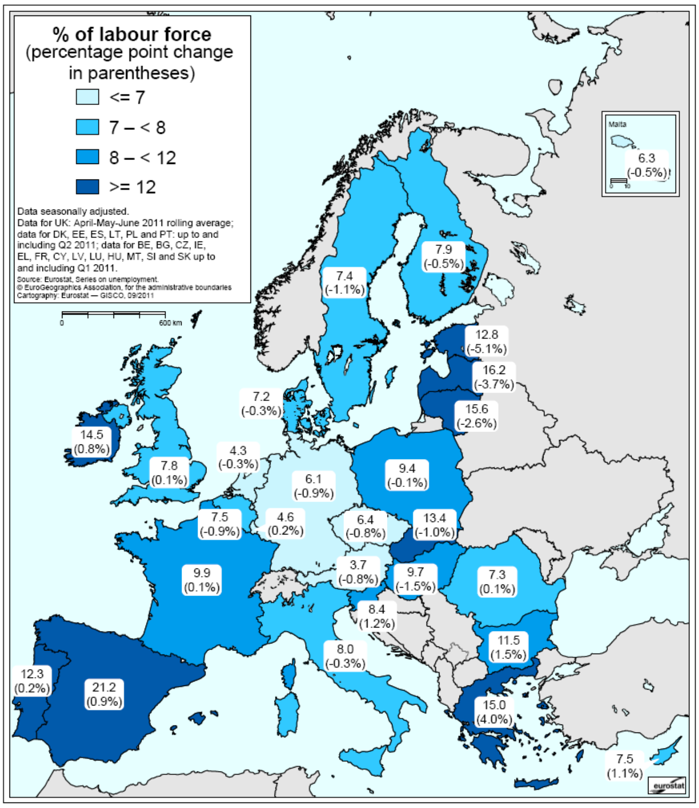
…whereas half a dozen Member States with lower unemployment rates are still witnessing a decrease…

A group of Member States with relatively low unemployment rates are still benefiting from an improvement. In particular, since March 2011, the unemployment rate has decreased in Germany (from 6.3 to 6.1 %), Austria (from 4.3 to 3.7 %), the Czech Republic (from 6.7 to 6.4 %), Denmark (from 7.6 to 7.2 %), Finland (from 8 to 7.9 %) and Sweden (from 7.7 to 7.4 %).

…the situation is deteriorating in an increasing number of countries

The recent developments were less favourable in Italy and the UK (nearly stagnant at around 8%), as well as in the Netherlands, Luxembourg and Malta, despite their low unemployment rates in July 2011 (respectively 4.3 %, 4.6 % and 6.3 %). Some other hitherto less affected Member States have recorded an unemployment increase between March and July 2011. It is the case of Belgium (+0.4 pp to 7.5 %), Cyprus (+0.6 pp to 7.5 %), Slovenia (+0.2 pp to 8.4 %) and France (+0.2 pp to 9.9 %), whose gap with the EU average has doubled between May and July 2011. Meanwhile the unemployment rate remained stable in Poland, at 9.4 %.

Chart 1: Unemployment rates, July 2011 and unemployment rate changes July 2010- July 2011 in parentheses



…labour markets in the Baltic States continue to recover but unemployment is still growing in other peripheral Member States

Latest data available for Baltic States show a tendency to rebound as, between March and June 2011, unemployment rate edged down by 0.9 pp in Lithuania, to 15.6 % and by 0.8 pp in Estonia, to 12.8 %. In some Members States with relatively high unemployment rates, the number of unemployed appears to have reached a turning point, with a fall in Hungary (-0.9 pp to 9.7 % in the four months to July 2011), Portugal (-0.2 pp to 12.3 %) and Slovakia (stabilisation at 13.4 %). At the same time, unemployment was still growing in Bulgaria (+0.4 pp to 11.5 %), Ireland (+0.4 pp to 14.5 %) and Spain (+0.5 pp to 21.2 %). In the first quarter of 2011, unemployment was still growing in Greece too, by 0.9 pp on the previous quarter, to 15 %.

European youth unemployment remains over 20 % with increasing diversity among Member States

The unemployment rate for young people has decreased moderately over the last months, down by 0.3 pp over the four months to July 2011, to reach 20.7 %, i.e. 90 000 less young unemployed. The youth unemployment rate is

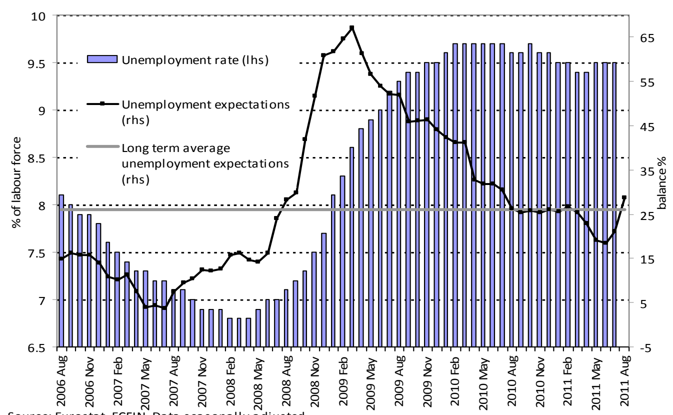
For detailed data references, refer to the June 2011 issue of the EU Employment and Social Situation Quarterly review. The Quarterly Monitor provides more in-depth analysis of the labour market developments. The factsheet is prepared by the Employment Analysis Unit in DG EMPL. The section on restructuring trends has been prepared by the European Foundation for the Improvement of Living and Working Conditions. Information on the ERM and its methodology can be found at: http://www.eurofound.europa.eu/publications/htmlfiles/ef1017.htm Contact: empl-a1-unit@ec.europa.eu

more and more contrasted between Members States, ranging in July 2011 from less than 8 % in Austria and the Netherlands to 46.2 % in Spain. Recent changes have widened the gap between Members States, with continuous improvements in some countries and persisting deteriorations in others, ranging from -2.3 pps in Sweden, -1.7 pps in Poland and -1.5 pps in Austria, to +1.6 pps in Spain over the four months to July 2011.

Unemployment expectations have seen a reversal

In August, unemployment expectations over the next 12 months (Chart 2) have sharply reversed with again an increase in unemployment anticipated by European consumers. Consumers became particularly pessimistic in Germany and in Scandinavian countries. According to the European Firms Outlook, employment expectations over the next three months remain cautiously optimistic in industry, but have clearly deteriorated in the retail trade, services and financial sectors. In the construction sector, managers are slightly less pessimistic concerning future employment though (Chart 3).

Chart 2: Unemployment rate and unemployment expectations over the 12 months ahead

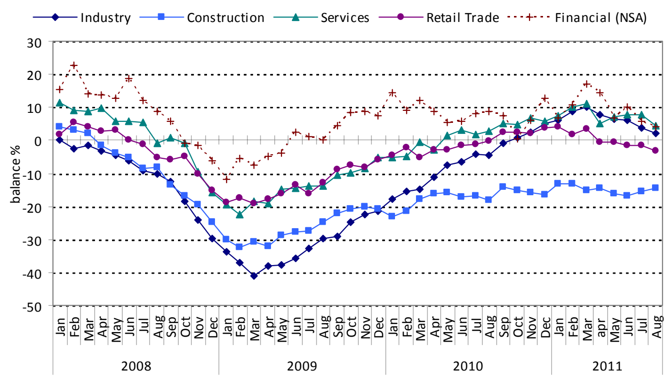


Source: Eurostat, ECFIN. Data seasonally adjusted.

Online job demand is still sustained while temporary agency work is growing at a slower pace…

According to the Monster Employment Index, in August 2011 online job demand in the EU had increased by 21% over the year, maintaining previous month's trend. Industrial production continues to lead in the Index, while all industries continue to exhibit positive annual growth, except public sector, defence and community services. Germany still posts the highest growth across the EU, while the Netherlands notes a slight easing. According to Eurociett, the temporary agency work industry in Europe grew by 13.0% in May 2011 in terms of number of hours worked, compared with the same period in 2010, against 18.1% in April. The sector has experienced fourteen consecutive months of year-on-year growth, but the recovery is slower than in previous months, since the level of business has already recovered its pre-crisis levels. Agency work increased by 33.0% in Poland in the year to the second quarter of 2011 and by 25.1% in Italy, in the twelve months to May 2011. But it rose by only 6.2% and 10.9% in Belgium and Germany in the same period.

Chart 3: Employment expectations over the 3 months ahead

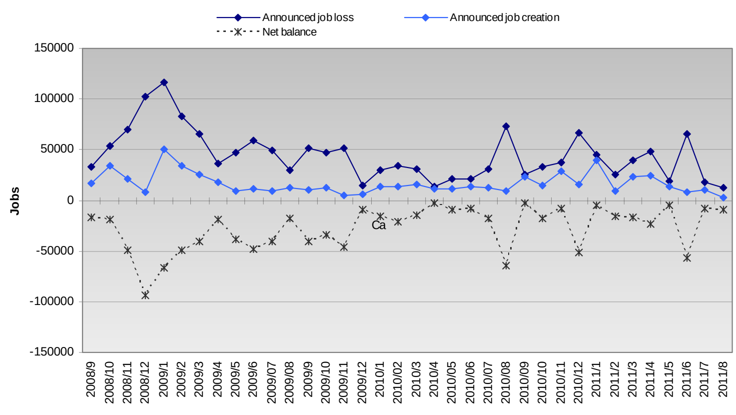


Source: Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted

… and restructuring activity slowed down this summer

There was little restructuring activity reported on the European Restructuring Monitor (ERM) in the generally quieter months of July and August. In a total of 119 cases, the ERM then recorded 30 023 restructuring-related announced job losses and 12 839 announced new jobs, with a still negative net impact (Chart 4). The Member State with the largest announced job losses was the Netherlands (5 580 jobs) followed by Poland (3 627 jobs), Romania (3 454 jobs) and the United Kingdom (3 366 jobs). Financial intermediation (7 311 jobs) was the sector most affected by announced job losses, followed by manufacturing (5 623 jobs), retail (5 035 jobs) and public administration (4 954 jobs). Manufacturing (5 816 jobs), real estate/business activities (3 836 jobs) and retail (1 887 jobs) accounted for most of the expansion.

Chart 4: Restructuring trends



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

Key labour market indicators for the EU27 (age 15-74)

EU27	Year (annual average)				Month (Seas. Adjusted data)			Monthly		Annual	
	2000	2008	2009	2010	2010 July	2011 June	2011 Julyl	Number or pps.	%	Number or pps.	%
Unemployment (1000)	19 528	16 829	21 525	23 158	23 162	22 693	22 711	18	0.1	-451	-1.9
Males	9 733	8 715	11 852	12 690	12 632	12 114	12 102	-12	-0.1	-530	-4.2
Females	9 795	8 114	9 674	10 468	10 531	10 580	10 609	29	0.3	78	0.7
Less than 25	4 999	4 217	5 234	5 333	5 288	5 145	5 115	-30	-0.6	-173	-3.3
Unemployment rate (%)	8.7	7.1	9.0	9.7	9.7	9.5	9.5	0.0	-	-0.2	-
Males	7.8	6.7	9.1	9.7	9.6	9.3	9.3	0.0	-	-0.3	-
Females	9.8	7.6	9.0	9.6	9.7	9.7	9.7	0.0	-	0.0	-
Less than 25	17.3	15.8	20.1	21.1	20.9	20.8	20.7	-0.1	-	-0.2	-