



EU Employment and Social Situation

Quarterly Review

June 2012

With special focus on South-North mobility, homelessness, material deprivation, social protection expenditure and longer-term trends and segmentation in EU labour markets



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This quarterly monitoring report provides in-depth analysis of recent labour market developments. It is prepared by the Employment Analysis and Social Analysis Units in DG EMPL. 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 Economic and Financial Affairs, 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 contributions from public and private employment services. The section on restructuring trends was prepared by the European Foundation for the Improvement of Living and Working Conditions. Contact: empl-a1-unit@ec.europa.eu and empl-a2-unit@ec.europa.eu.

Executive summary

- **EU employment remained static in the first quarter of 2012, after two consecutive quarters of contraction**, bringing the unemployment rate in the EU to above 10 % in early 2012 (10.3 % in April). The **number of unemployed at EU level increased by more than 2 million over the last year** to reach a new high of 24.7 million. The number of long-term unemployed (more than twelve months) reached 10.3 million, accounting for 4.3 % of the active population. Euro area countries remain the most affected by the deterioration of the labour market, leading to **growing divergence among Member States**. The economic growth differential between the EU and the US has resulted in the divergence between their respective labour markets, with the unemployment rate declining in the US over the last twelve months, while the EU's was on the rise.
- The **recent stagnation in the EU labour market accompanied the stagnation in the economy in the first quarter of 2012**, dragged down by a decline in domestic demand. Half of Member States contracted or stagnated and the other half expanded, with quarter-on-quarter growth ranging from -1.2 % to +1.1 %. Sentiment indicators remain at low levels. While consumers are less pessimistic about unemployment trend in the coming months at EU level, EU firms' employment expectations have deteriorated but remain rather optimistic in industry.
- Looking back into previous years, employment grew by a modest 0.3 % in 2011, after shrinking by 1.8 % in 2009 and 0.5 % in 2010. In particular, the total loss in permanent employment over the last three years remained large, amounting to 4 million jobs. The **EU employment rate** for the 20-64 age group **declined between 2008 and 2010** (-1.7 pps) and remained **stuck at 68.8 % in 2011**, more than **6 pps short of the Europe 2020 target** (see chapter starting at p. 67). To reach the 75 % target set at EU level, some 17 million jobs should be created by 2020, requiring an annual increase of the EU's workforce by 0.9 % on average. However, taking the national targets as a reference, the number of jobs in the EU are expected to be increased by only 0.7-0.8 % per annum on average until 2020, which involves the creation of roughly 13.5 million jobs, while the developments expected in the labour market for 2012 and 2013 raise **little hope of any significant progress soon**.
- At EU level, part-time work and short-term contracts have remained the only drivers of employment growth (in the growth period). Conversely, all other types - full-time workers, permanent and temporary employees and self-employed - contributed to the contraction of employment in the second half of 2011. **Nominal unit labour cost growth strengthened in some Member States, including Germany and the Netherlands**, continued its downward trend in Spain and Slovakia, and remained moderate in other Member States - for which the data are available. Negative productivity growth was the main driver of change in the Member States where unit labour cost growth strengthened.
- A closer look at **manufacturing industry, construction and wholesale and retail trade** reveals **major differences during the crisis**. Between the first quarter of 2008 and the first quarter of 2012, the manufacturing industry lost 9 % of employment, the construction sector 15 % and the trade sector only 2 %. In the first quarter of 2011, after having weathered the crisis well until the end of 2010, with rising employment numbers, the **public sector experienced a sharp reversal** as fiscal constraints kicked in (see p. 62). However, **"white" jobs remain a key driver for providing employment**, and will continue to do so in a context of ageing population (see box on "Active ageing" at p. 24) and rising demand for healthcare, as highlighted in the recently adopted Employment Package.
- So far, no increase in inactivity has been registered, despite the sluggish labour market. Unlike unemployment, **inactivity** in the EU has **recently decreased** to below 30 %, driven strongly by improved labour market participation of women and older people. Existing inactivity has hidden **increasing discouragement**: 16 % of inactive persons actually want to work but do not look for a job, while the share of those inactive who look for a job (but are not available) decreased to 2.3 %. Overall in 2011, 5.2 % of all inactive persons did not believe there was a job available.
- **Certain population segments – men, young people, non-nationals and the low-skilled – are still more affected by deteriorating labour market conditions**. The recent

labour market deterioration for young people in the EU has moderated and the youth unemployment rate has stabilised this year, still at an unprecedented 22.4% in April. **Risks for young people remain high** (see p. 17), as they are the most exposed to precariousness and labour market segmentation (involuntary part-time and short-term contracts), becoming long-term unemployed (the long-term unemployment rate of 6.8%) or joining the ranks of **NEETs** (not in employment, education or training). The NEET category continued to rise in 2011, accounting for 12.9% of the population aged 15-24, up 2.0 pps on 2008.

- **Migrants have suffered severely from the recent deterioration.** A rise in the unemployment rate (to more than 20%) and an increase in the long-term unemployment rate (to 8.9%) by the end of last year created greater social challenges, especially given that the risks of poverty and social exclusion for migrants had increased to 42% already in 2010. On the other hand, **older people have increasingly stayed in the labour market**, even during the crisis, leading to substantially higher employment. However challenges for them remain, i.e. a still relatively low employment rate (47.8%) and a high share of long-term unemployed (nearly 60%).
- **Unfavourable labour market conditions especially for some population segments** and not supported by sufficient social protection expenditure aggravated social challenges for households in certain Member States. Among indicators of this are a worsening of households' financial situations, material deprivation, homelessness and increased south-north mobility.
- **Social protection expenditure have varied significantly among the EU Member States**, not only in size but also in composition (benefits provided in cash / in kind). Relative to GDP, **it is expected to have declined in 2009-2012 in nearly all Member States**, undermined largely by cuts in in-kind benefits. Underpinned by the growth in 2007-2009, the whole period from 2007 to 2012 is expected to come up with an increase in social protection expenditure in nearly all Member States. Nevertheless, the rise has not been sufficient to prevent the gross household disposable income from falling (see Special Focus on p. 53).
- There has been a **sharp rise over early 2012 in the share of households experiencing financial distress in the EU**, which now exceeds that observed in late 2008 and represents a new all-time high since the data series began (see p. 22). There has been a particularly marked worsening in the share of households in financial distress in the lowest income quartile.
- Although **material deprivation** fell in the EU before the crisis, between 2008 and 2011, it **increased markedly** in several peripheral Member States. People unable to afford a meal with meat every second day, to face unexpected expenses or to pay utility bills have become more numerous in many EU Member States. Women are generally more deprived than men, according to the latest EU SILC ad hoc module results (see Special Focus on p. 48).
- **Homelessness has grown across the EU** as many people experienced a sudden job loss or income drop in the recession. **Young people and foreign nationals** have been **disproportionately affected**. Some countries, e.g. UK, Ireland and Estonia, suffering from recession and the collapse of the housing bubble managed to contain the spread of homelessness through effective assistance schemes. (see Special Focus on p. 43).
- Due to the high unemployment rate in **Southern European countries**, mobility intentions are high (especially among young people) and **labour mobility from those countries has increased, in particular to Germany**. This contrasts with an overall decline in intra-EU mobility since 2008 (see Special Focus on p. 31). **However, the flows of mobile workers from Southern Europe remain limited**, compared to those coming from Eastern Europe, and compared to the overall labour force in Southern European countries. At the current rate, intra-EU mobility can relieve only a minor part of the labour market pressure in those countries. Finally, migration to non-EU countries seems limited, except from Ireland.
- As the outlook remains sluggish, the EU can at best expect a stabilisation of employment and unemployment in the coming months. The stabilisation may result from trends in hiring and job separations. In the EU, **the share of people starting new jobs in the last quarter of 2011 stabilised**, so did the share of people having recently left their job, although the hiring remained significantly lower than in the pre-crisis period.
- On the other hand, according to the **European Restructuring Monitor**, **announced job losses continued to outnumber announced job gains**, by around 75 000 against less than 40 000, with most of the recent job loss announcements registered in Germany and the

United Kingdom. Retail and manufacturing were the sectors most affected by announced restructuring job losses, while also accounting for the majority of business expansion

Recent Eurofound analysis has identified **many policy actions**, implemented by the Member States, which combine an element of flexibility and security and can be regarded as **Flexicurity**. This includes measures that aim at **replacing traditional job protection by measures enhancing the employability** of outsiders of the labour market while easing hiring and lay-off procedures and costs for the employers, backed up by active labour market policies (see box on p. 82).

This edition of the Quarterly Review takes a closer look at the labour markets and social situations in **Austria, Germany, Hungary, Ireland, Poland, Slovakia, Spain, Sweden and the United Kingdom** (see p. 84).

Table 1: Latest labour market trends

	2011 q1	2011q2	2011q3	2011q4	2012q1
Real GDP					
(% change on previous quarter, seasonally adjusted)	0.7	0.2	0.2	-0.3	0.0
(% change on previous year, non seasonally adjusted)	2.3	2.0	1.3	0.6	0.3
Employment growth					
(% change on previous quarter, seasonally adjusted)	0.1	0.2	-0.2	-0.1	0.0
(% change on previous year, non seasonally adjusted)	0.4	0.4	0.1	0.0	-0.1
Employment rate	63.8	64.5	64.6	64.3	:
(% of working age population, non seasonally adjusted)					
Job vacancy rate	1.6	1.5	1.5	1.5	1.5
(% of vacant and occupied posts, non seasonally adjusted)					
Labour productivity	2.0	1.3	:	:	:
(% change on previous year, non seasonally adjusted)					
Labour cost	2.4	2.9	2.6	2.6	2.0
(% change on previous year, non seasonally adjusted)					
Long-term unemployment rate	4.1	4.0	4.1	4.3	:
(% Labour force, non seasonally adjusted)					

	2011 Dec	2012 Jan	2012 Feb	2012 Mar	2012 Apr
Unemployment rate (seasonally adjusted)					
Total (% of labour force)	10.0	10.1	10.1	10.2	10.3
Men	10.0	10.0	10.1	10.2	10.2
Women	10.1	10.2	10.2	10.3	10.3
Youth (% of labour force aged 15-24)	22.2	22.3	22.3	22.5	22.4

Source: Eurostat, DG EMPL own calculations.

Introduction

The unemployment rate hit a new high at 10.3% in the EU¹ in April 2012 and the situation for young people is increasingly challenging (unemployment rate at 22.4%), while labour market expectations remain mixed.²

This Quarterly Review provides a more in-depth overview of developments in the European labour market and the social situation in the EU, based on the latest available data. It summarises short-term trends in GDP and employment growth, changes in employment by sector and category of employment, unemployment, long-term unemployment and inactivity, with a focus on vulnerable groups, namely youth, migrants and low-skilled. The analysis also covers the latest trends in working hours, productivity and labour costs, developments in employment patterns and vacancies, and recent changes in economic sentiment and employment expectations. It explores in detail the latest social inclusion trends, based on a wealth of indicators.

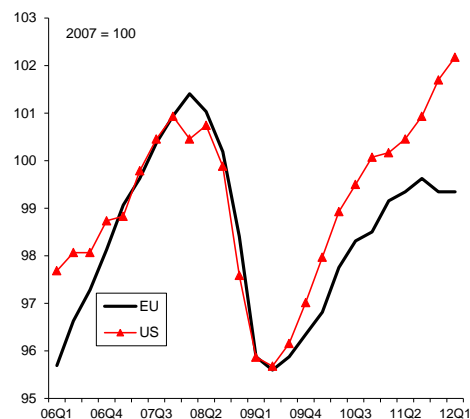
Additionally, this Review features a detailed report on longer-term trends and segmentation in EU's labour markets, with a focus on Flexicurity. Another special focus attempts to assess the impact of the crisis on labour mobility in the EU, south-north flows in particular. In the social inclusion part, three other key issues are focused on: homelessness, material deprivation and developments in social expenditure. Finally, the situation in the public services sector, including the health sector and white jobs, and latest developments in nine selected Member States are analysed in greater detail. The two annexes present the latest labour market statistics and a selection of recently published employment-relevant research material.

Macroeconomic and employment context and outlook

Context

Real GDP stagnated over the last four quarters in the EU

Chart 1: Real GDP volumes in the EU and the US

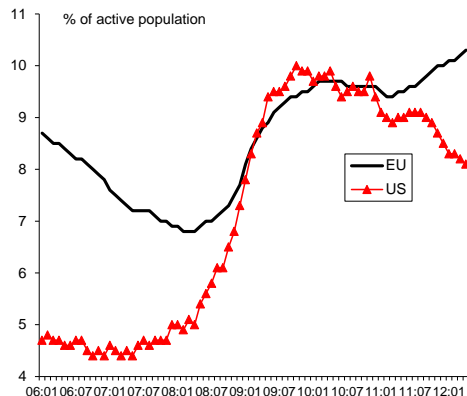


Source: Eurostat, National accounts. Data seasonally adjusted.

In the EU, real GDP stagnated between the first quarter of 2011 and the first quarter of 2012 (Chart 1). Weak economic growth reflected fiscal consolidation and a loss of confidence. The divergence between EU and US unemployment rates over the last twelve months (respectively plus and minus 1 pps, Chart 2) reflects mainly the growth differential (real GDP grew by, respectively, 0.2% and 2.0% year-on-year). However, the US unemployment rate was also held down by low labour participation, with the participation rate close to its lowest level in nearly 30 years. The weakness in the EU labour market feeds back to weak growth by hampering growth in domestic demand.

¹ "EU" refers to the aggregate value for the EU-27 (27 Member States). Other aggregates are clearly identified in the text, e.g. EU-15, Euro area, etc.

² As highlighted by the latest EU Labour Market Fact Sheet. Find previous labour market monitoring publications (monthly and quarterly) on the Employment and Social Analysis web page: <http://ec.europa.eu/social/main.jsp?catId=113&langId=en>.

Chart 2: Unemployment rates in the EU and the US

Source: Eurostat, National accounts. Data seasonally adjusted.

Decline in investments and further contraction of construction sector in the EU

The first quarter growth in the EU benefited from strengthened exports and suffered due to decline in investments. The outturn for gross fixed capital formation was -0.9%, three times the rate in the last quarter of 2011. Government spending was up by 0.3% after stagnating. Exports and imports both increased after a considerable decline in the previous quarter, posting growth of 0.6% and 0.1% after fall of -0.3% and -1.3%. Household final consumption expenditures stagnated, after contracting in the third quarter (-0.2%).

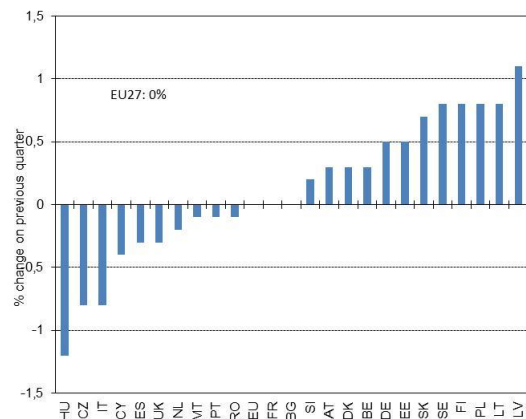
Strong decline of the construction sector (-2.2% q-o-q) that fell for third consecutive quarter, as well as contraction in three service sectors (information and communication (-0.4%); financial insurance and activities (-0.1%) and administration and other public services (-0.1%)), put a drag on the total economic activity. Financial activities contracted for the second consecutive quarter.

This negative growth was balanced by increasing activity in other sectors, with the highest contribution of wholesale and retail trade, industry (without construction) and professional activities. Trade picked up by 0.2% after stagnating at the end of 2011. Total industrial output increased by 0.1% after decreasing in the last quarter of 2011 by -1.4%. The professional activities expanded strongly by 0.3% (up from -0.1% in the last quarter).

The total number of persons employed in the EU remained stable in the first quarter of 2012 in comparison to the previous three months. The quarterly employment changes were not yet reflecting the above developments in GDP. The employment continued to decline in industry (-0.2%), whereas it grew in the information and communication services (+1.3% q-o-q) and financial services (+0.3%). The construction sector suffered the most with the growth of -0.8%.

Half of the EU contracted or stagnated, the other half expanded in the beginning of 2012

First quarter economic activity increased in half of 24 Member States for which data are available (Chart 3). The positive growth rate was highest in Latvia (+1.1%), while growth accelerated most strongly in Sweden³, (from -1% to +0.8%). Among the countries with negative growth, Czech Republic, Italy, Cyprus, the Netherlands and Portugal economy contracted for the third consecutive quarter, whereas Spain, Romania and United Kingdom, saw their economy shrinking for second quarter running. Yet, the decline was biggest in Hungary (-1.2%).

Chart 3: Quarter real GDP in EU Member States

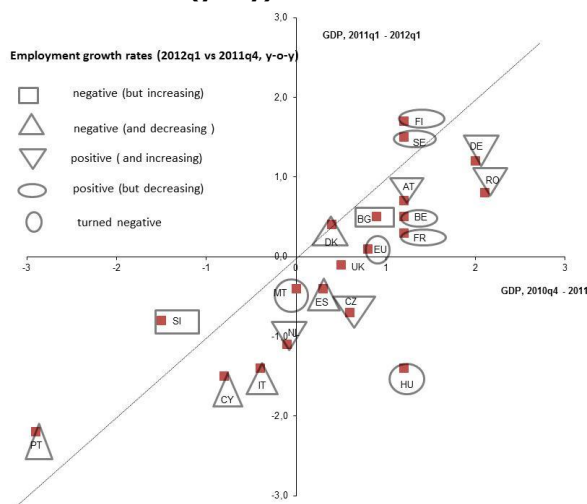
Source: Eurostat, National accounts. Data seasonally adjusted. Note: EL, IE and LU not available.

Over the year up to 2012q1, real GDP diverged markedly among Member States, with rates ranging from -6.2% (Greece) to +5.5% (Latvia). The size of the divergence

³ For more details on Austria, Germany, Hungary, Ireland, Poland, Slovakia, Spain, Sweden and the United Kingdom, please consult the section on Latest developments in selected Member States.

means that positive outliers (such as the Baltic countries, Poland, and Slovakia) and negative outlier (Greece), with growth rates over 3% or below -3%, are not shown in Chart 4. This chart depicts developments of GDP over the past two quarters, in annual terms, while qualitatively referring to the recent developments in terms of employment. Employment rates can move closer to zero (negative but increasing; positive but decreasing) or away from zero growth (negative and decreasing; positive and increasing; positive and increasing).

Chart 4: Real GDP and employment in EU Member States (y-o-y)



Source: Eurostat, National accounts. Data seasonally adjusted.

Note: EL, EE, LV, LT, PL, SK IE and LU not shown.

Several quarters of contraction and/or stagnation finally turned the growth rates of Hungary, Czech Republic, Spain and the United Kingdom negative or even increased decline in Italy, Cyprus and the Netherlands. However, Chart 4 confirms that it takes time for employment to respond to changes in production. Employment still grew, even if modestly, in the Netherlands (+0.3%) and Czech Republic (0.1%), de facto recession countries given that their GDP declined for three consecutive quarters. Contrary to that, employment growth was negative in Bulgaria and Lithuania even though their economic activity has been still increasing, albeit at a slower rate.

Countries experiencing negative employment growth at the end of 2011 unfortunately continued on this path also in the beginning of 2012. In three of them the situation even worsened. That to a certain

extent echoes the dynamics of economic activity in Cyprus and Spain, but not of Denmark.

In Finland and Sweden, the only two countries with higher positive GDP growth in 2012q1 in comparison to 2011q4, employment growth slowed down by around half percentage point. Economic activity accelerated also in Portugal and Slovenia, yet growth rates remained negative.

Among the countries not displayed on Chart 4, growth has substantially decelerated in Estonia (from 5.1% to 4%), which was reflected also in employment growth rate (from 4.8% to 3.2%). The slowdown in the Lithuania activity (from 5.2% to 4.4%) has not yet influenced employment, which continued to accelerate (from 0.9% to 1.9%).

Slight decreases in real GDP growth rate experienced also Poland (by -0.4pp down to 3.8%), but its employment growth continued to accelerate. Growth in Latvia and Slovakia remained more or less stable (5.5% and 3.2% respectively), with slowing down in employment growth. Greece economy contracted by -6.2%, up from -7.5% in 2011q4.

Outlook

Overall economic sentiment was very depressed in May

After relative stability during the first four months of the year, the Economic Sentiment Indicator (ESI) for the EU decreased sharply in May. The decline was driven by falling confidence in all business sectors, while confidence increased among consumers. The ESI decreased in most EU Member States and in all of its largest Member States. The ESI remains above its long-term average only in Germany.

These developments were mirrored in the Eurozone Purchasing Managers Index (PMI) composite output index, which fell in May to its lowest level since mid-2009.

EU firms' employment expectations have deteriorated but remain rather optimistic in industry

Compared to their long-term average, employment prospects in industry remain rather optimistic in the EU (see Chart 5) and in 17 Member States in May 2012. Managers in the industrial sector in the United Kingdom, Germany and Poland expect an increase in employment, even

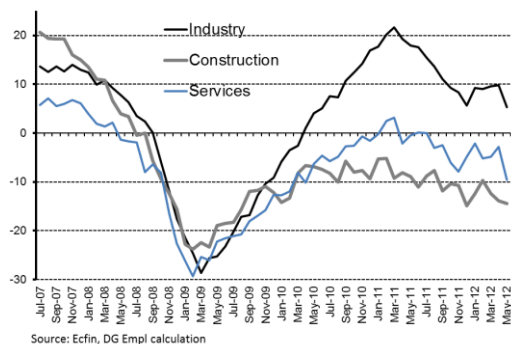
though their confidence decreased in May 2012.

Employment outlook in service and construction sector negative

Sentiment on employment in construction at European aggregate level has stayed stubbornly depressed over recent years, though less so than in summer 2008 (See Chart 5). Managers in the construction sector expect falls in employment in most Member States, especially in Spain, Portugal, Greece and the Netherlands. On the other hand, sentiment remains rather optimistic in Germany, Sweden, Austria and the Baltic states.

Since Summer 2011, employment expectations at European level in the services sector have remained below their long-term average. In May 2012, the employment outlook declined in most Member States. Managers in the sector now expect a decrease in employment in 18 Member States, notably in Greece, Slovenia, Cyprus, Spain and the Netherlands.

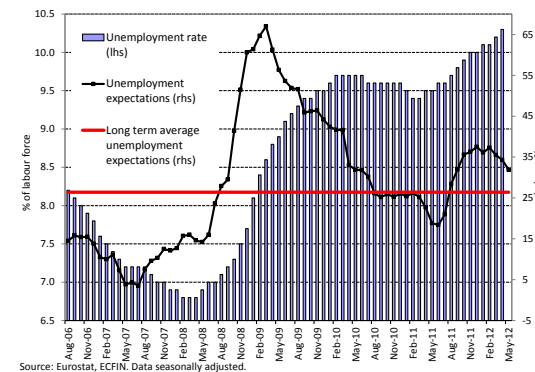
Chart 5: EU employment expectations (next 3 months) in industry, construction and services sectors (centred with long-term average)



Slight improvement at EU level, but in two-thirds of Member States, consumers expect unemployment to go on worsening

Pessimism about trends in unemployment in the coming months has eased slightly over recent months (see Chart 6) but has remained higher than its long-term average. Consumers have a pessimistic view of unemployment prospects in 20 Member States, especially in the Netherlands, Greece, Portugal, Italy and Spain. More optimistic expectations were recorded in Germany, Estonia and Latvia.

Chart 6: Unemployment rate and consumers' unemployment expectations (next 12 months) for the EU



No growth foreseen for this year

Recent forecasts by international organisations (Commission's spring forecast, IMF's World Economic Outlook, OECD's Economic Outlook) paint a very similar outlook for the economy and the labour market in 2012 and 2013. Euro-area GDP would shrink a little in 2012 and recover to about 1% growth in 2013. EU GDP would be somewhat stronger (stable in 2012; +1¼% growth in 2013). The Euro area unemployment rate would reach annual averages of about 11% in both 2012 and 2013, a level which it reached already in May 2012. In these forecasts, Member States' economies would continue to diverge.

Recent labour market and social trends

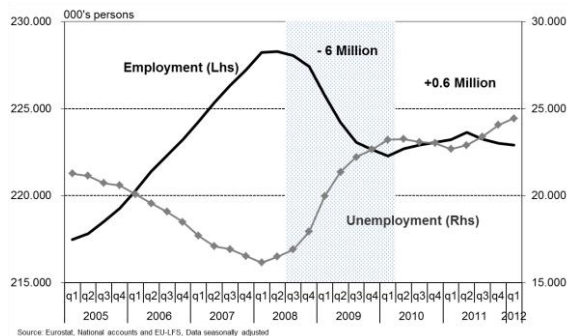
Employment

Employment is stagnating after two consecutive quarters of contraction...

The number of people in employment in the EU has stagnated (0.0%) in the first quarter 2012, after two consecutive quarters of easing (-0.1% in 2011 Q4 and -0.2% in 2011 Q3). Over the last two years, the trend in European employment has been sluggish before decreasing since the second half of 2011. The present downturn is more pronounced in the Euro area with a drop over the last three quarters by respectively -0.6% or 910 000 persons than in the EU27 with a fall by -0.3% or 720 000 persons.

Before contracting, European employment started to recover from 2010 Q2 to the end of the first semester of 2011, but at a lacklustre pace with, on average, quarterly growth close to +0.15%. This was more than three times weaker than the average quarterly EU employment growth rate seen in 2006 and 2007, close to +0.45%.

Chart 7: Employment and unemployment in EU27 (000 persons), 2005-2011



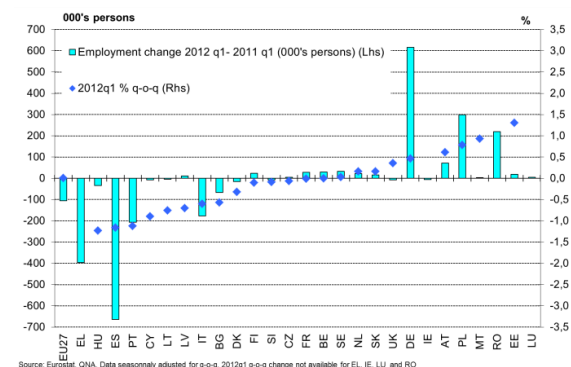
... while divergence between Member States remains large

The aggregate trend hides growing differences among Member States. In the first quarter of 2012, employment edged down in 12 Member States, remained stable in three and increased in eight (with data available for 24 Member States). During the previous quarter, 12 Member States recorded an employment reduction and 12 recorded an augmentation (with data available for 26 Member States). Among the large Member States, the picture is varied, with sustained, accelerating employment

growth in Germany (+0.5%, q-o-q) and in Poland (+0.8%), an ongoing rebound in the United Kingdom, with growth of +0.4%, stagnation in France (0.0%), a marked, accelerating decline in Italy (-0.6%) and a sustained contraction in Spain (-1.2%).

In the first quarter of 2012, there were falls too in the number of people in employment in Greece (-8.7%, year-on-year, provisional data), Hungary (-1.2%, q-o-q), Portugal (-1.1%), Bulgaria (-0.6%), Denmark (-0.3%), Czech Republic (-0.1%) and Slovenia (-0.1%). After a growth in the last quarter of 2011, Lithuania, Latvia and Finland have turned down in the first quarter of 2012, respectively by (-0.8%, -0.7% and -0.1%). On the other hand, Austria recorded a boost (+0.6%) and the Netherlands a rebound (+0.2%) after a drop by 0.2% the previous quarter.

Chart 8: Employment change in 2012 Q1 (yearly change, 000's persons) and quarterly change (% q-o-q) in the Member States



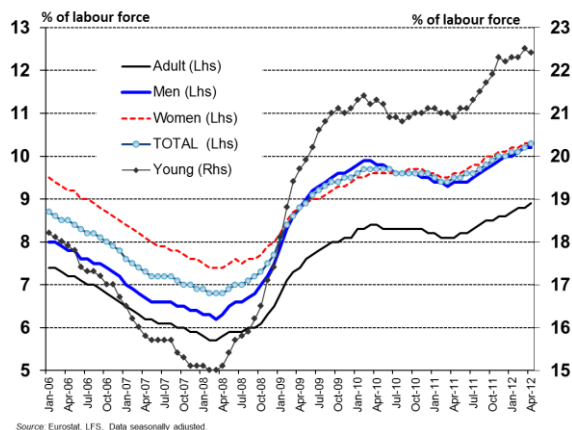
Over the year to 2012 q1, employment in a few Member States has continued to grow. Germany, Poland and Austria recorded sound growth over the year to the first quarter of 2012, by 620 000 (+1.5%), 300 000 (+2.5%) and 70 000 (+1.8%) respectively. On the other hand, some Member States experienced a dramatic continuous fall in employment over the last four quarters. In Spain, employment again fell sharply, by 660 000 persons (-3.7%), while Greece saw a drop by 400 000 (-8.7%), Portugal (-210 000 persons, -4.2%), Italy (-180 000 persons, -0.8%) and Bulgaria (-70 000 persons, -1.6%).

Unemployment

The unemployment rate in the EU continued to rise steadily in April 2012, reaching 10.3%, and 11% in the Euro area. Over the past 13 months to April 2012, the number of unemployed in the EU has risen by more than 2 million to reach a new high of 24.667 million, 17.405 million in the Euro area. The trend in unemployment remains upward in most Member States. However, the rate of increase has slowed over the last three months.

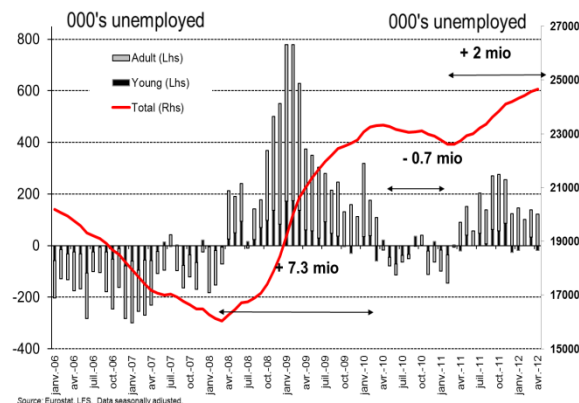
Though more moderately over recent months, unemployment has steadily increased over the last year...

Chart 9: Monthly unemployment rate (%) for young people (15-24), adults (25-74), male, female and total Jan 06–Apr 12 in the EU



Over the 13 months to April 2012, EU unemployment has continued to grow, by 0.9 pp (see Chart 9). Over the three months to April 2012, the trend persisted, with a rise by 0.2 pp to 10.3%. In terms of the number of people unemployed, more than 2 million became unemployed over the last 13 months to April 2012 (see Chart 10), 340 000 of them over the last three months. During the three months to April 2012, the rise in unemployment slowed down slightly, with on average a monthly rise of 110 000 people, against 160 000 three months earlier and more than 200 000 six months earlier.

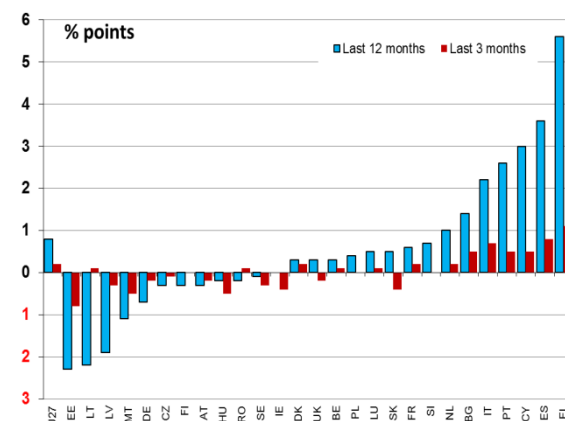
Chart 10: Monthly change in the number of unemployed young people, adults and total and monthly number of unemployed in the EU Jan 06– Apr 12



... in most Member States

Compared with a year ago, the unemployment rate has risen in 15 Member States. During the three months to April 2012, the unemployment rate rose in 13 Member States (see Chart 11). The highest rises over the last three months were recorded in Greece (+1.1 pp up to 21.7%), Spain (+0.8 pp to 24.3%), Italy (+0.7 pp to 10.2%), Cyprus (+0.5 pp to 10.1%), Portugal (+0.5 pp to 15.2%) and Bulgaria (+0.5 pp to 12.6%). However, 11 countries saw their unemployment rate go down over the same period. Over the three months to April 2012, Estonia saw the most significant fall (-0.8 pp to March 12, to 10.8%), Malta (-0.5 pp to 5.7%), Hungary (-0.5 pp to 10.7%), Ireland (-0.4 pp to 14.2%) and Slovakia (-0.4 pp to 13.7%).

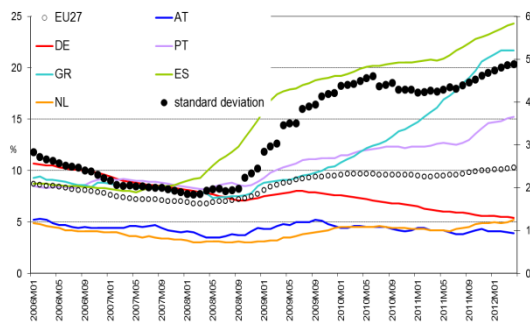
Chart 11: Change in unemployment rate (%) over the last 12 months and last three months to April 2012



Source: Eurostat, Data seasonally adjusted. Data for EL up to Feb 12; UK: Moving average Jan-Feb-Mar 12; BE, BG, CZ, IE, FR, CY, LU, HU, SI, SK up to 11Q4

Among the large Member States, the rate of unemployment rose in Italy, Spain and France (+0.2 pp to 10.2%), fell in Germany (-0.2 pp to 5.4%) and the United Kingdom (-0.2 pp up to March 2012 to 8.1%) and remained stable in Poland at 9.9%. The gap among EU Member States in terms of their unemployment rate continues to widen, with a range of 20.4 pps between the lowest rate (in Austria, 3.9%) and the highest (in Spain, 24.3%). That is the widest range seen in the past decade. Differences among EU Member States are at their highest, with a standard deviation rate in April 2012 close to 5 points (see Chart 12). At 22.4% in April 2012, youth unemployment rate remains extremely high compared to the average, as the section on Youth below confirms.

Chart 12: Unemployment rate in selected Member States Jan 2006-April 2012 (Lhs) and standard deviation of Member States monthly unemployment rate (Rhs)



Source: Eurostat LFS, DG Empl Calculation

Men have been hit harder by the recent rise in unemployment than women

During the unemployment surge from April 2008 to April 2010, men accounted for two-thirds of the new jobless, with the unemployment rate for men standing at 9.8% in April 2010 against 9.6% for women. The rise in unemployment over the last year has again hit men harder, but to a lesser extent. Among the 2 million who lost their jobs, men predominate (55%) compared to women (45%). With a rise of 0.9 pp for men against 0.8 pp for women since March 2011, the gender gap is again slightly in favour of men, whose unemployment rate stands at 10.2% in April 2012 against 10.3% for women.

Long-term unemployment

The number of long-term unemployed reached 10.3 million in the EU..

Over the three years to 2011 Q4, the number of long-term unemployed in the EU (unemployed for more than 12 months), increased by 72% to reach 10.3 million (see Chart 13). The number of short-term unemployed (less than 12 months) levelled off when compared with two years earlier, by 6% to 13.35 million. But it remained considerably higher when compared with four years earlier, by more than 40%. In the US, the number of people unemployed for more than six months decreased over the year to May 2012 by 12% to reach 5.4 million, while in the EU, the number of those unemployed for more than six months rose by 6% over the year to 2011 Q4, to reach 14.2 million. The decline of long-term unemployment in the US is partially driven by flows from unemployment into inactivity.

Chart 13: number of unemployed for less than 12 months and more than 12 months in the EU, 2005-2011



Source: Eurostat, Labour Force Survey, Data non-seasonally adjusted

... as it has increased in most Member States, though less dramatically than in 2010

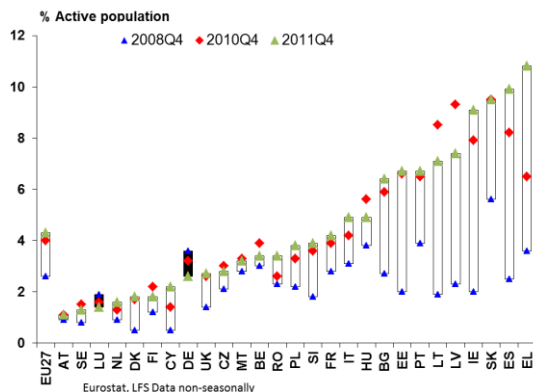
In 2011 Q4, long-term unemployment was still growing at European aggregate level, by 0.3 pp compared to 2010 Q4, to 4.3% of the active population. An increase was recorded in 15 Member States (see Chart 14). This was after a generalised increase in 2010 (up by 0.7 pp), in all EU Member States except Germany, Austria and Malta. Among the 15 countries with year-on-year long-term unemployment increases in 2011 Q4, the rise slowed down when compared with the previous year in 13 countries and worsened in two Member States, particularly in Greece (up by 4.3 pp to 10.8%) and to a lesser extent in Italy (up by 0.7 pp to 9.9%). Over the same period, long-term unemployment recorded

an annual decrease in 10 countries, particularly in Latvia and Lithuania, but from a high level, down by 1.9 pp to 7.4% and by 1.4 pp to 7.1% respectively.

Several Member States are coping with high long-term unemployment

Compared with three years earlier, the long-term unemployment rate has risen in all Member States except Germany and Luxembourg. Among the 25 countries with a rise in long-term unemployment over the three years to 2011 Q4, the rise was under 1 pp in Austria, Belgium, Malta, Sweden, Finland, Czech Republic and the Netherlands. On the other hand, long-term unemployment grew by more than 2 pp of the active population in 10 countries (see Chart 14). Several Member States have to cope with a high long-term unemployment rate. In 2011 Q4, 12 Member States had a rate higher than 4%, against only one three years ago.

Chart 14: Long-term unemployment rates for EU Member States in 2008 Q4, 2010 Q4 and 2011 Q4



Inactivity and discouragement

Unlike unemployment, inactivity in the EU has decreased ...

The current deterioration, with unemployment spreading and long-term unemployment expanding, has not led to any deepening of inactivity in the EU as a whole. On the contrary, the inactivity rate — which has remained broadly stable since the crisis began, fluctuating marginally just below the 30% level — actually decreased over the year to the fourth quarter of 2011 (by a solid 0.4 pps to 28.6%). However, this progress has masked somewhat diverging developments in inactivity rates for specific segments of the population and across the Member States.

... driven strongly by a decline in inactivity among women

It is a decline in female inactivity that put total inactivity on a downward path by the fourth quarter of 2011. Despite unfavourable conditions, women have kept on gradually increasing their participation in the labour market, with the inactivity rate finally falling below the 35% mark. After two years of modest adjustments in 2009 and 2010, the female inactivity rate went down by a notable 0.6 pps over the year to the fourth quarter of 2011. At the same time, male inactivity has remained more stable, with the rate at 22.3% at the end of last year (see Chart 23). Although down from 15 pps in 2005, the gender gap is still wide, pointing to the need for further measures to facilitate female participation.

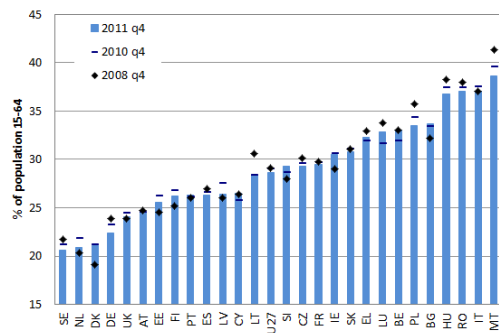
However, trends in inactivity vary across Member States

Notwithstanding the underlying stability in inactivity at EU level, trends have been deviating across the Member States. Lithuania, Malta and Poland, the latter two with amongst the highest inactivity rates in the EU, have been the most successful at getting people onto the labour market over the last few years, with the inactivity rate falling by 2 pps or more over the three years to the fourth quarter of 2011. At the same time, inactivity rose notably in Bulgaria and Ireland (1.5 pps) and most of all (2 pps, albeit from a low level) in Denmark.

Looking back at the last year, while Latvia made significant progress on reducing inactivity (down by 1.1 pps), detachment from the labour market deepened by the

same magnitude in Belgium and Luxembourg (see Chart 15). Due to the structure of the labour market and the contrasting impact of the recession, inactivity rates vary significantly across Member States: while just slightly more than 20% of people aged 15 to 64 are inactive in Denmark, the Netherlands and Sweden, at least one in every three persons is in Italy, Hungary, Malta and Romania.

Chart 15: Inactivity rates for EU Member States, 2008q4, 2010q4 and 2011q4



Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted.

Inactivity has been hiding increasing discouragement

Unemployment surged during the crisis and now affects around 7% of the EU population (the unemployment-to-population ratio for the population aged 15 to 64). In addition, a further 5% or more of the population (18% of all inactive persons) actually want to work. On the one hand, those seeking employment (but not classified as ILO unemployed, since they are not immediately available for work) accounted for 2.3% of the inactive population in the fourth quarter of 2011, down from 2.7% three years before and unchanged from a year earlier. On the other hand, the share of inactive persons who would like to work but who are not actively seeking employment increased by nearly 2 pps from 14.2% to 16.1% in three years, notably over 2009 but also more recently.

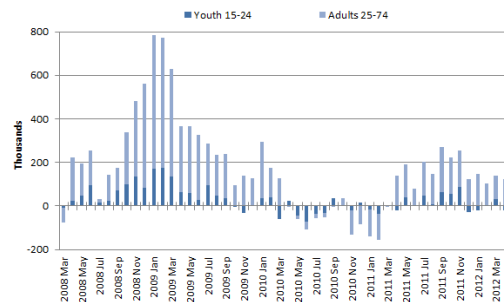
Overall, discouragement has been increasing during the crisis. In 2011, 5.2% of all inactive persons did not believe there was a job available, compared with only 3.7% at the onset of the crisis in 2008. This detachment or discouragement is found across all segments of the population, although, like unemployment and long-term unemployment, it tends to be associated more with vulnerable groups.

Youth

The recent labour market deterioration for young people in the EU has moderated...

Youth unemployment began to climb again in spring 2011, but some signs of moderation started to appear at the end of last year. Between November 2011 and last April, youth unemployment declined by 33 000 (0.6%), whereas adult unemployment had continued to increase for a year. Even so, compared with the recent low in April 2011, in April 2012 youth unemployment was up by a significant 270 000 (5.2%), driven mostly by an increase in jobless young men (see Chart 16).

Chart 16: Changes in EU unemployment for young people and adults, 2008-2012

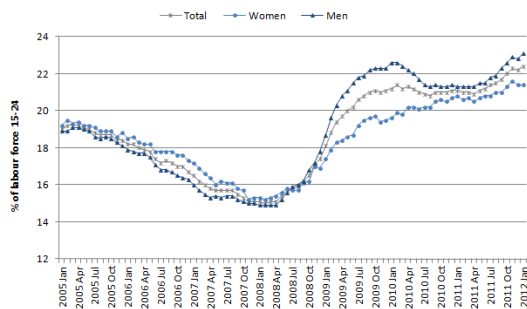


Source: Eurostat, Series on unemployment. Data seasonally adjusted.

... but the youth unemployment rate has remained at unprecedented levels

After remaining stable at around 21% between mid-2010 and mid-2011, the youth unemployment rate rose particularly strongly last autumn to pass the 22% mark. Although it has stabilised this year, at 22.4% in April, the rate has remained 1.5 pps higher than the recent low a year ago. Underlying that, the rate for young men has increased to 23.2% and that for young women has also climbed to 21.6% (see Chart 17).

Chart 17: Youth unemployment rates for the EU by sex, 2005-2012



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

The impact of the downturns on unemployment of young people in the EU has been substantial ...

The downturn in 2008-2009 and the current deterioration have highlighted the problem of youth unemployment. At 5.5 million in April (5.3 million non-seasonally adjusted), youth unemployment in the EU was up by a third (1.4 million) compared with the low in spring 2008. It was driven by a sharper rise in unemployment among young men (nearly 1 million), while unemployment among young women grew by 530 000.

... and unemployment has hit a comparatively large number of young people

The youth unemployment rate has always been around 2.5 times higher than the rate for adults. Amid the downturn, while the unemployment rate for adults, at 8.9% in April 2012, remained 3.2 pps higher than its low of 5.7% in early 2008, the rate for young people (currently 22.4%) was markedly up, by more than 7 pps from a low of around 15%. Compared with the total population (not with the labour force), in the fourth quarter of 2011, while 6.7% of all adults (25-64) were unemployed, up 1.9 pps on 4.8% in the fourth quarter of 2008, the corresponding figure for young people was 9.3%, up 2.1 pps on its low of 7.2% three years earlier.

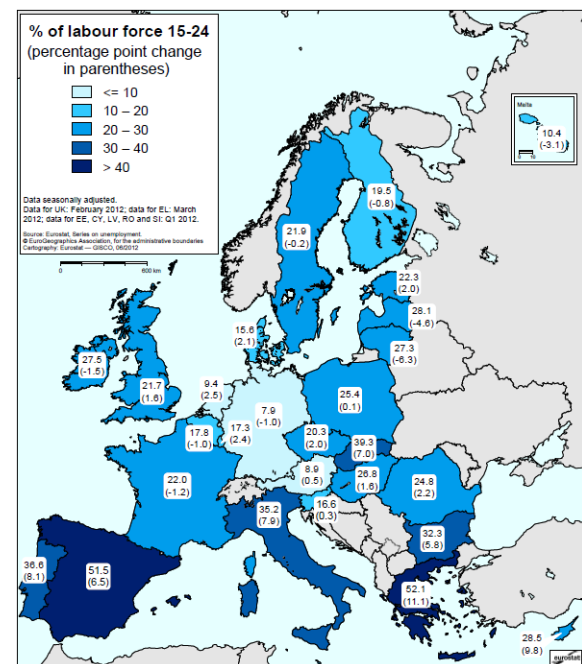
Employment shrinkage for young people concentrated in permanent and full-time posts

More than 40% of young employees in the EU hold a temporary contract, a share which had slightly increased during the downturn. While, at 7.6 million in the fourth quarter of 2011 there were 550 000 (nearly 7%) fewer temporary young employees than three years earlier, permanent

employment declined by 2.2 million (17%) to 10.3 million.

In the same time, nearly 30% of young workers worked part-time, a share which had also slightly increased during downturn. While, at 5.7 million there were just 110 000 (less than 2%) fewer part-time young workers than three years earlier, full-time employment declined by 2.7 million (17%) to 13.5 million.

Chart 18: Youth unemployment rates and year-on-year changes, April 2012



Youth unemployment has become a major challenge in almost every Member State

Labour market developments for young people vary significantly across Member States. Over the last year, the unemployment rate among young people increased in all but nine Member States. While southern countries (Cyprus, Greece and Portugal) recorded the highest year-on-year rises (around 8 to 13 pps), the rate went down most noticeably in the Baltic States of Latvia and Lithuania (around 5-6 pps) and in Ireland (and also in Malta, although from an already low level).

Youth unemployment has become a serious problem in several countries, hitting historic highs in some (Cyprus, Hungary, Greece, Ireland, Italy, Portugal, Romania, Spain and the UK). The youth unemployment rate is now over 15% in all but four countries (Austria, Germany, Malta and the Netherlands). At the other extreme, unemployment affects more than 30% of

active young persons in Bulgaria, Italy, Portugal and Slovakia and half in Greece and Spain (see Chart 18).

Risks for young people in the EU are intensifying, including the risk of long-term unemployment ...

The large influx of young unemployed in 2008 to 2009 eventually raised the long-term rate to around 6% and then, after a period of levelling-out, the recent deterioration took the rate up further to 6.8% (see Chart 22). Consequently, nearly one in every three young unemployed persons had remained without a job for more than a year, compared with just 22% at the onset of the crisis.

... and of increased inactivity, but only partly due to discouragement

The inactivity rate for young people had reached 57.4% in the fourth quarter of 2010, up from 56% two years earlier, but then remained at virtually the same level during 2011. To some degree this increase was the result of discouragement. In the fourth quarter of 2011, 1.7% of inactive young people were actually seeking employment, the same share as in previous years. At the same time, 11.7% wanted to work but were not seeking employment, which was a slight decrease, of 0.5 pps, compared with the level three years before (11.2%). Overall, the share of inactive young people who think that no work is available increased successively from 1.3% in 2008 to 2.0% in 2011.

The employment rate for young people in the EU has declined...

Amid the downturn and reflecting losses in employment, the employment rate for young people fell by a significant 3.4 pps to 33.3% over the three years to the fourth quarter of 2011. However, this decline was the result not only of the surge in the unemployment ratio (up by 2.1 pps) but also, to a large extent, of the rise in the inactivity rate (up by 1.4 pps) (see Chart 24).

... while inactivity due to education and training has remained fairly constant

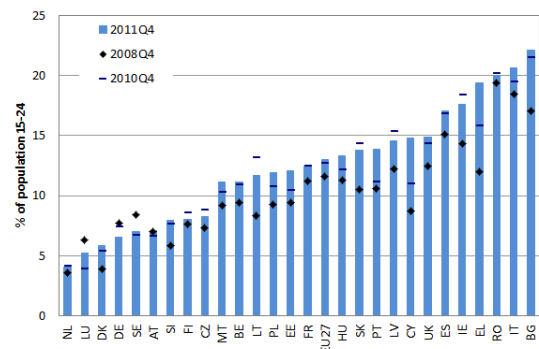
The share of inactive young persons who are out of the labour market due to education and training has remained broadly stable since 2005, at just below 90%. In general, in recent quarters (with the inactivity rate generally rising by between 0.3 and 0.7 pps year-on-year) the percentage of young people participating in

education or training has remained broadly unchanged (fluctuating at around 65 to 67%).

The largest risks for young people in the EU have been reflected by the rise in NEET

Given the high share of young people in education, inactivity as such should not be a consideration but, instead, the young people who are neither in employment nor in education and training (NEET). In the fourth quarter of 2011, 13.0% of young people (7.5 million) fell into the NEET category, up sharply (by around 600 000) on the 11.6% registered three years earlier (see Chart 19).

Chart 19: NEET for EU Member States, 2008q4, 2010q4 and 2011q4



Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted.

The NEET rate rose in most of the Member States during the three years to the fourth quarter of 2011. The most notable surges were in Bulgaria, Cyprus and Greece (up by more than 5 pps). Consequently, the NEET rate now varies more markedly across Member States, ranging from around 5% in Luxembourg and the Netherlands to more than 20% in Bulgaria, Italy and Romania.

The double downturn in the labour market for young people may intensify social risks

The developments that have taken place since spring 2008 may have serious consequences. The postponed transition to the labour market and frequent periods of unemployment during a person's early working life may have lasting adverse effects on future employment and wage prospects. Long-term unemployment, detachment from the labour market and education or training might also intensify, leading to poverty and social exclusion, and other social challenges.

Other selected groups

By the fourth quarter of 2011,⁴ the situation on EU labour markets had deteriorated again for some segments of the population, such as migrants and the low-skilled, but also for high-skilled groups. The unemployment rate rose for those groups, and long-term unemployment increased the most.

Efforts are needed to boost employability, especially among these vulnerable groups (but also women) to boost the total employment rate. The employment rate for the EU, at 68.6% for the 20-64 age group (and 64.3% for the 15-64 age group) has continued to fall far behind the EU 2020 target of 75%.

Older people in the EU have increasingly stayed in the labour market, even during the crisis

In comparison to other age groups, older people (aged 55-64) have been the least affected on the labour market. This group has shown an increasing tendency to stay in the labour market, even during the crisis.

During the recent deterioration in 2011, the unemployment rate for older people, which is always lower than for young people and prime-age adults, remained stable at 6.9% (see Chart 21). Consequently, the long-term unemployment rate rose by a negligible 0.2 pps, and at 4.0% it is no longer higher than the rate for prime-age people (see Chart 22). A decline in the inactivity rate, by an extraordinary 1.5 pps to below 50% (see Chart 23), helped the employment rate for older people to pick up significantly, by 1.3 pps (see Chart 24).

Overall, although three years of labour market downturn increased the unemployment rate for older people by a limited 1.6 pps – less than for other age groups – the inactivity rate continued its downward trend (down 2.9 pps) and the employment rate improved by 1.9 pps. See also Box 1 on Active ageing below.

Yet more efforts are needed in order to improve employment and prevent the long-term unemployment of older people...

However, there are at least two issues that have continued to make older people vulnerable. First, despite significant improvements,⁵ their employment rate remained low, at 47.8% in the fourth quarter of 2011, reflecting the low average exit age, which stood at 61.4 in 2008-2009. Secondly, while the long-term unemployment rate is now below that for prime-age adults, more and more unemployed people aged 55-64 (nearly 60%) have been without a job for more than a year.

...to continue the fight against poverty and social exclusion among older people

Reflecting a softer deterioration of the labour market, the level of poverty and social exclusion for older people has fallen and is the lowest among all age groups.

In 2010, around 22% of people aged 55+ in the EU were classified as living in poverty or social exclusion; this figure was down by around 1.5 pps on 2009. They faced at least one of the following three situations: monetary poverty (less than 14%), severe material deprivation (6.7%, down from 7.7% in 2009) and/or living in jobless households. These rates were similar to those for prime-age workers, of whom just under 22% were living in poverty and social exclusion. Unemployed older people faced a higher risk of poverty and social exclusion (more than 60%), but this rate is lower than that for the prime-age unemployed (66%).

Migrants in the EU once again suffered the most from a return of unemployment...

The labour market situation for third-country migrants has always been difficult, and these problems have been exacerbated by the crisis.

After some stabilisation in 2010, the unemployment rate of non-EU nationals had increased again by 1.1 pp on the year to the fourth quarter of 2011, while the inactivity rate remained unchanged. This deterioration in unemployment was accompanied by a fall of 0.8 pp in the employment rate (see Chart 24).

⁴ This section on vulnerable groups is based for the most part on EU LFS data, which cover the period up to the fourth quarter of 2011. The recent developments in the EU labour market, which are visible in the unemployment statistics, is not yet properly reflected here.

⁵ See also Box 1 on Active ageing and the chapter on Longer-term trends and segmentation in EU labour markets, Table 17.

The unemployment rate for migrants remains more than double the rate for nationals. One active migrant in five is unemployed, which represents an increase of 5 pps on the level recorded three years earlier. The gap in the unemployment rate between non-EU nationals and nationals, which fluctuated around the 7-8 pps level before the crisis, exceeded 11 pps at the end of 2011 (see Chart 20 and Chart 21). On the other hand, the inactivity rate for migrants, at 31.2% in the fourth quarter of 2011, was up 0.4 pp on the rate of three years earlier (increasing only during the first year of the crisis) (see Chart 23). It has slightly widened the gap with the inactivity rate for nationals, which stands at 28.6%. Overall, the surge in unemployment over the three years to the fourth quarter of 2011 accounted in large part for the 3.8 pps fall in the employment rate to 55.3% (see Chart 24).

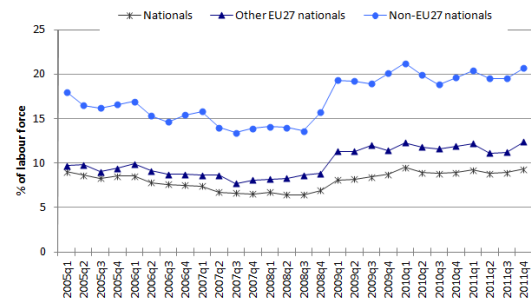
... while long-term unemployment of migrants has continued to expand...

The long-term unemployment rate, which had deteriorated sharply during the crisis, remained particularly high for non-EU nationals. It increased further after moderating in the first half of 2011, and had reached 8.9% by the fourth quarter of 2011. It doubled (up 4.1 pps), against 4.8% three years earlier (see Chart 22). More and more of the migrant unemployed (over 40%) have been without a job for more than a year, although this share is similar to the share of nationals who are long-term unemployed.

...and the deterioration has resulted in increased poverty and social exclusion for migrants

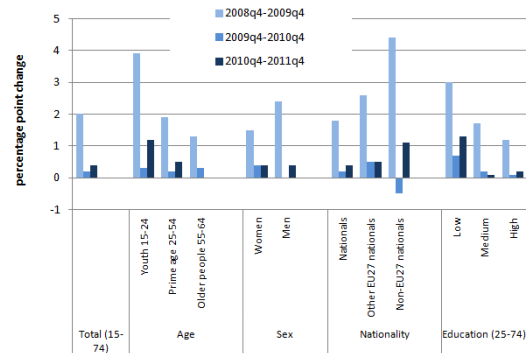
This deterioration has aggravated the risk of poverty and social exclusion among migrants. Around 42% of adult migrants aged 18-64 in the EU were classified as living in poverty or social exclusion in 2010, an increase of around 1.4 pps on 2009, and 3.2 pps above the low recorded in 2008. They faced at least one of the following situations: monetary poverty (one third), severe material deprivation (16%), and/or living in jobless households. These proportions have been increasing in recent years, and are notably higher than those for nationals, of whom just under 22% live in poverty and social exclusion.

Chart 20: Unemployment rates for the EU by nationality



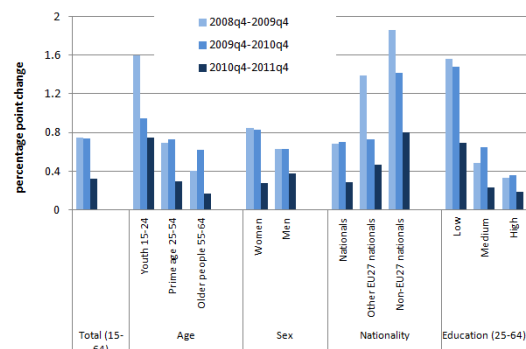
Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted.

Chart 21: Year-on-year changes in unemployment rates for the EU by population groups



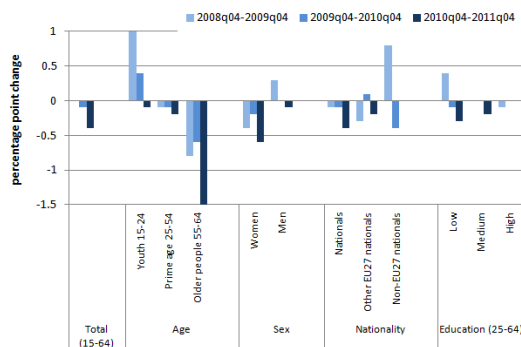
Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted.

Chart 22: Year-on-year changes in long-term unemployment rates for the EU by population groups



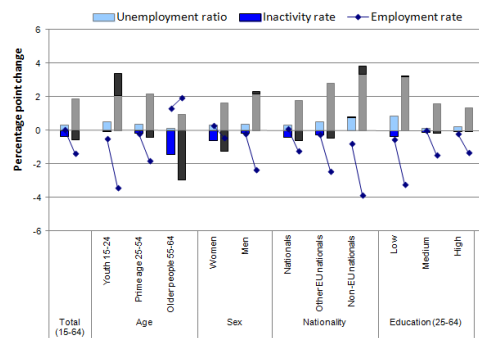
Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted.

Chart 23: Year-on-year changes in inactivity rates for the EU by population groups



Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted.

Chart 24: Changes (year-on-year and three years to 2011q4) in employment rate broken down into changes in the unemployment ratio and inactivity rate for the EU by population groups



Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted.

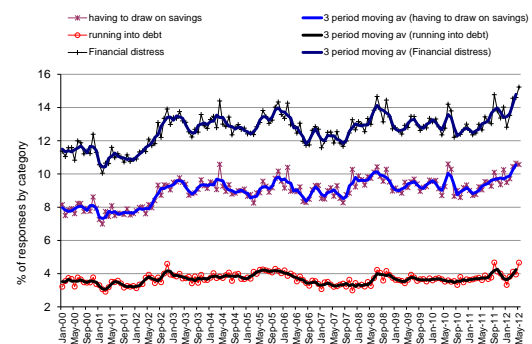
First bar - one-year change 2010q4-2011q4, second bar - three-year change 2008q4-2011q4

Financial situation of households

Consumer surveys carried out under the joint harmonised EU programme of business and consumer surveys can provide – among other things – timely information on the financial situation experienced by households. In particular, the monthly question about the current financial situation allows to monitor the share of EU households which are facing financial difficulties in terms of having to draw on their savings or are running into debt in order to cover their current expenditures.

Results from the latest survey indicate that after a short respite at the end of 2011 there has been a return to a sharp rise over early 2012 in the share of households experiencing financial distress⁶ across the EU (see Chart 25). This reflects both a recent rise in households reporting they are running into debt together with a jump in the share reporting they are having to draw on savings. As a result the reported overall level of financial distress in the EU now exceeds that observed in late 2008, when the financial crisis was coming to a head in Europe, and moreover represents a new all-time high since the data series began in the mid-1980s.

Chart 25: Share of households in the EU reporting financial difficulties, 2000-2012



Source: Joint harmonised EU consumer surveys, data not seasonally adjusted

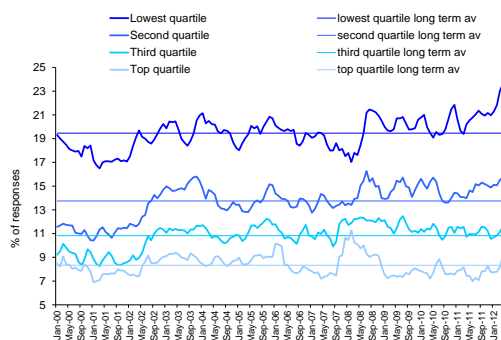
The effect of the crisis continues to be felt to differing degrees according to the level of household income, but recent figures suggest all income quartiles have experienced a recent deterioration in their financial situations (see Chart 26). Data on financial difficulties for households in the lowest income quartiles indicates there has

6 The combined share of households reporting that they are either having to draw on savings or are running into debt.

been a particularly marked worsening in financial distress in these households in recent months, far more so than for the other income quartiles households, and worryingly the reported level of distress is higher even than the figure observed in late 2008.

Nevertheless, all other income groups, and even households in the highest quartile, have witnessed a rapid deterioration with the level of financial distress moving back above their respective long term averages⁷, although for these groups the levels are generally well down on the respective peaks observed in 2008. Richer households continue to suffer relatively much less than the lower quartiles from the lingering effects of rises in financial stress due to the crisis but also from the more recent worsening of the financial and economic climate.

Chart 26: Reported financial distress in households by income quartile of household, 2000-2012



Source: Joint harmonised EU consumer surveys & DG EMPL calculations, data not seasonally adjusted

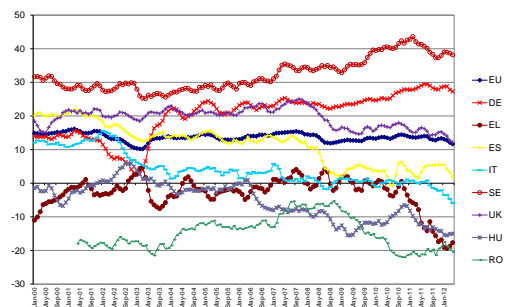
Note: 3 month centred moving average figures. Long-term averages computed over 2000-2012

There is still marked divergence in developments in household financial situations across individual Member States (see Chart 27). For example, balance figures⁸ on household financial situations in countries such as Germany and Sweden indicate broadly positive trends over the years following the financial crisis, with the balance well above the pre-crisis level, but

with the situation generally weakening over 2011 and into 2012.

This contrasts with marked downward trends since the economic crisis first hit in countries such as UK, Spain, and, with a delay, Romania. For all these Member States the balance remains well down on pre-crisis levels and with no signs of a sustained recovery, and in fact all except the latter report a marked worsening in the balance figures over recent months, a development also observed in Italy. Reflecting the recent financial turmoil in that Member State, there has been a very pronounced downward trend in the balance of consumer opinions on households' current financial situations in Greece over the last year or so, while similar developments can be observed in other Member States such as Hungary.

Chart 27: Balance of consumer opinion on the current financial situation in households for selected Member States, 2000-2012



Source: Joint EU harmonised consumer surveys, data seasonally adjusted

Note: 3-month centred moving averages

⁷ For the period since 2000.

⁸ The overall balance for the consumer survey questions reported here is calculated according to the formula $\text{balance} = (\text{PP} + \frac{1}{2} \text{P}) - (\frac{1}{2} \text{M} + \text{MM})$, where PP is the number of the most positive responses (e.g. got a lot better, we are saving a lot), P the no. of slightly positive responses (got a little better, we are saving a little), M the no. of slightly negative responses (e.g. got a little worse, we are having to draw on our savings), etc.

Box 1: Active ageing

The European Year for **Active Ageing and Solidarity between Generations**, organised this year by the Commission, is intended to raise awareness of the contribution that older people make to society.⁹ This box also draws attention to many related employment and social challenges.

What is active ageing?

Active ageing means growing old in good health and as a full member of society, feeling more fulfilled in our jobs, more independent in our daily lives and more involved as citizens.¹⁰ No matter how old we are, we can still play our part in society and enjoy a better quality of life. The challenge is to make the most of the enormous potential that we have even at a more advanced age. The European Year 2012 seeks to promote active ageing in three areas:

(1) Employment — as life expectancy increases across Europe, pension ages are rising, but many fear that they will not be able to stay in their current jobs long enough (or find another job) to be able to retire on a decent pension; (2) Participation in society — retiring from one's job does not mean becoming idle. The contribution of older people to society as carers for others, typically their own parents or spouses and their grandchildren, is often overlooked and so is their role as volunteers; (3) Independent living — our health declines as we grow older, but much can be done to manage this decline, in particular by adapting the environment to the needs of older people.

Changing population structure in the EU

The European Union's population structure is changing and becoming progressively older. At the beginning of 2010, there were 87 million people aged 65 and over in the EU —this is more than 17.4 % of the total population, against 15.6 % in 2000. If the 50-64 age group is included, the total figure is 182.6 million, i.e. more than one-third (36.4 %) of the total population in 2010, against 32.8 % ten years earlier. If only the 55-64 age group is included, the figure is 148 million, i.e. 29.5 % of the total in 2010, up 3.1 pps on 2000. The 55+ population, which currently makes up about 30 % of the total EU population, is expected to account for roughly 37 % of the total by 2030.¹¹ The overall objective of the European Year is to facilitate the creation of an active ageing culture in Europe based on a society for all ages. As Europeans live longer and healthier lives, governments are looking for ways to involve older people more in society and to keep them active.¹²

Employment situation for older workers

Over the past decade, including the crisis years, the activity rate for older people aged 55 to 64 increased steadily in the EU. In 2011, it passed the 50 % mark for the first time; at 50.9 %, this is 1.2 pps up on 2010 and 2.8 pps up on 2008. This is a significant rise (of 11.2 pps) on 2000. Until 2008, this rise was mainly due to an increase in employment. The rise in the employment rate, supported by measures adopted under the Lisbon Strategy,¹³ benefitted all age groups, especially those aged 55-64, for whom the rate went up by 8.7 pps from 2000 to reach 45.6 % in 2008, while the increase for the working-age population (15-64) as a whole was only 3.6 pps (to 65.8 %). The proportion of workers aged 55-64 of all workers (aged 15-64) thus rose from 9.7 % in 2000 to 12.4 % in 2008. This rise continued in the subsequent period, showing that older workers fared better in the crisis than younger ones.

⁹ More information on the EY 2012 is available under http://europa.eu/ey2012/ey2012_main.jsp?catId=971&langId=en.

¹⁰ See also the WHO definition: Active ageing is 'the process of optimising opportunities for health, participation and security in order to enhance quality of life as people age' (World Health Organisation, 2002). A Research Note on this subject was presented last year in the framework of the Social Situation Observatory; it analyses the magnitude of ageing across countries and various groups, with an emphasis on activity: http://www.socialsituation.eu/research-notes/SSO_RN6_Active_%20ageing_Final.pdf.

¹¹ Source: Eurostat. See also the main results of this Special Eurobarometer No 378 on 'Active ageing' on http://ec.europa.eu/public_opinion/archives/ebs/ebs_378_sum_en.pdf.

¹² Eurostat is marking the European Year by publishing the 'Statistical portrait of the European Union 2012'. This book contains statistics on topics such as demography, healthcare, pensions, volunteering and adult learning. See http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-EP-11-001. See also the brochure 'How to promote active ageing in Europe': <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=6480&type=2&furtherPubs=no>.

¹³ The Lisbon Strategy specifically stated that the overall aim was to raise the employment rate to as close to 70 % as possible by 2010. It also included a target to raise the average EU employment rate for older men and women aged 55-64 to 50 % by 2010 (hence the presentation of that age group in the employment section). This goal was reached in 2011.

In 2011, when the number of senior workers reached 29.5 million, they accounted for 13.8 % of the total, up 1.4 pps on 2008. The 4.1 pps rise on 2000 was mainly driven by Bulgaria, Hungary and Slovakia, where the proportion more than doubled. It declined in one Member State, though only very slightly: Romania. In the 2008-2011 period, the employment rate for senior workers continued to rise significantly (although somewhat slower until 2010), unlike that for other age groups: the employment rate fell by 1.5 pps to 64.3 % in the 15-64 population. In the three years to 2011, the employment rate for the 55-64 age group increased by 1.8 pps to 47.4 %, driven by a significant rise in female employment, up 3.4 pps to 40.2 %. At the same time, the employment rate for the male population aged 55-64 fell from 55.0 % in 2008 to 54.6 % in 2010, before increasing again to 55.2 % in 2011. The steady rise in the activity rate of senior workers was also supported in recent years by rising overall unemployment numbers. The rise in the unemployment rate for active Europeans aged 55-64 was not as marked as for other age groups in 2009 and 2010. Between 2008 and 2011, it doubled in six countries — Denmark, Ireland, Greece, Spain, Latvia and Lithuania — while eight countries recorded a doubling of the unemployment rate for prime age workers (aged 25-54). In 2011, the older workers unemployment rate stood at 6.8 %, up 1.7 pps on 2008, while it was 8.7 % (+2.6 pps) for the prime age population and 21.3 % (+5.7 pps) for youth.¹⁴

Increasing employment rates for older workers not only contributes towards ensuring the sustainability of pension systems, but also allows workers to accumulate more pension rights and therefore can help address risks of poverty and social exclusion in old age. These points were reiterated by the European Commission in the White Paper on Pensions in 2012, the 2012 Annual Growth Survey and most recently in the proposed country-specific recommendations.

Ageing in poverty or social exclusion

Almost 40 million people aged over 50 in Europe were at risk of poverty or social exclusion in 2010. 23 million of them were aged 50 to 64, and 17 million were over 65. In 2010, the risk of poverty or social exclusion was 23.9 % in the 50-64 age group, slightly above the EU average (23.5 %), and 19.8 % for the those aged 65 or over. The risk of poverty or social exclusion is especially high in RO, LV and BG. On the other hand, the risk is lowest in SE, DK, CZ and the NL (15 % or less). The risk of monetary poverty for 50-64 year olds is below the national average in most Member States except LT. For people over 65, the picture is very different, as this age group is facing a higher risk of poverty than the rest of the population in many Member States, namely BG, PT, UK, CY, MT, BE, DK, FI, SE, SI and AT. However, monetary poverty indicators do not take into account housing costs,¹⁵ and might therefore, in some cases, present an overly high estimate of the extent of monetary poverty among the 65+ group in so far as they own their houses and do not have to spend part of their income on housing.¹⁶

The oldest among the elderly (aged 75 and over) tend to live on lower incomes and are consequently more exposed to the risk of poverty (18.0 %, as opposed to 16.4 % for the whole EU population). This reflects, in particular, lower payments from pension systems developed in the 1950s and 1960s. It can also be attributed to lower accrued pension entitlements and incomplete careers (especially among women, who predominate in the older age group from a demographic point of view).

Conclusion and way forward

The statistics presented above show how important it is to involve older people more in society, while keeping them active longer. Progress has been significant in that respect, over recent years. As reported by the forthcoming Policy Brief on Senior Entrepreneurship,¹⁷ entrepreneurship could be one of many policy tools used to maintain or increase the labour market attachment of older people, in addition to promoting volunteering for instance.¹⁸ Business start-ups by older people can enable them to remain active participants in society by utilising their skills and experience. Entrepreneurship can also help supplement retirement income with additional earnings.

¹⁴ See also labour market outlook details in the first section of this Quarterly Review for a more prospective insight.

¹⁵ The inclusion (or not) of housing cost has sparked much debate in recent years and will probably still do so in the future. The conclusion of the SPC Indicator subgroup was not to include it. Taking rents into account is a difficult exercise, especially at the European level. Real estate prices are so heterogeneous across geographical zones that they could introduce more bias than they correct.

¹⁶ See European Commission (2010) 'Joint report on social protection and social inclusion'.

¹⁷ In the framework of the OECD/LEED — EU's Entrepreneurial Activities in Europe project. More information on http://www.oecd.org/document/60/0,3746,en_2649_34417_49308796_1_1_1_1,00.html.

¹⁸ See Quarterly Review of June 2011, featuring a Special Focus on this issue.

Underlying labour market and social developments

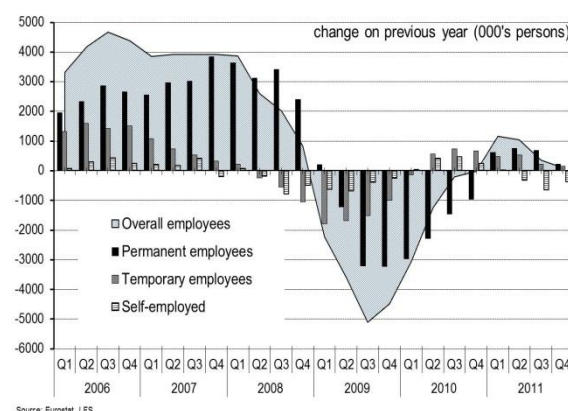
Employment patterns

The number of permanent and temporary contracts declined in the second half of 2011 while self-employment contracted

At European aggregate level, the number of workers with permanent and temporary contracts has risen slightly over the year to 2011 q4 by respectively + 0.15% or 220 000 employees for permanent contracts and + 0.6% or 150 000 employees for temporary contracts (see Chart 28). The second half of 2011 was not favourable to either type of contract, gradually curbing the total employment. With three consecutive quarters of contraction up to the last quarter of 2011, self-employment has been reduced with a yearly drop in 2011 q4 by 1.1% or 370 000 self-employed persons.

Compared with three years ago the gap in permanent employment amounts to 4 million persons and accounts for 90% of the total fall in European employment. Among Member States the picture is mixed, with a reduction in the number of employees on permanent contracts in fourteen Member States and in the number of self-employed persons in sixteen countries over the year to 2011 q4. Conversely, the number of workers with temporary contracts has grown in seventeen EU countries.

Chart 28: Employees in permanent and temporary work and self-employment (15-64) (1 000 persons), 2006-2011

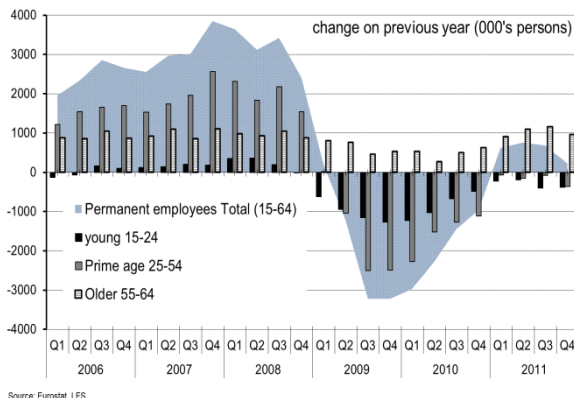


More permanent jobs for older, fewer for young people

The number of older workers with permanent jobs has been increasing steadily over the last few years. Signs of an ageing workforce, there were 960 000 additional older workers with permanent jobs (+4.7%) over the year to 2011 q4 (see Chart 29), and, from a medium-term perspective, the number of older workers in permanent jobs has also increased considerably, by 4.1 million compared to five years ago. On the other hand, the chance for young workers to be on permanent contracts is steadily diminishing.

The number of young workers on permanent contracts has been continuously decreasing since the middle of 2008 and accounts for a drop by 2 million. Yet this downward trend has softened in 2011, with a yearly drop in 2011 q4 by 3.6%, after -4.3% and -10.2% in the previous years. For prime age workers too, the decline in permanent employment has abated in 2011 with a yearly drop by 0.3% accounting for 350 000 employed persons, after the previous slump when 3.6 million permanent jobs were lost in the two years up to the last quarter of 2010.

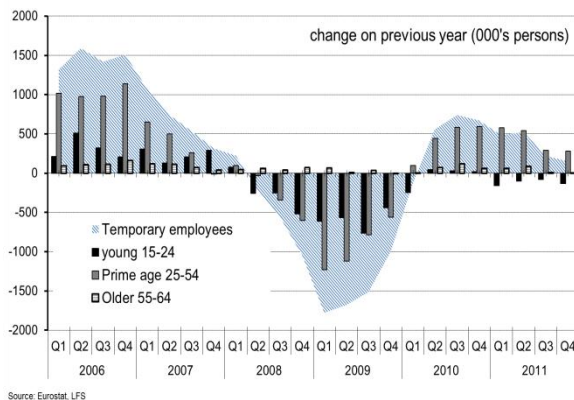
Chart 29: Permanent employment by age group in the EU, 2006-2011



Temporary employment is moderately growing for prime age workers

For prime age employees, temporary jobs have helped to cushion the fall in employment in 2010 and sustained the moderate employment growth in the first part of 2011. Over the year to the last quarter of 2011, temporary jobs for prime age workers were rising by 1.8%, accounting for 280 000 employed persons (see Chart 30), recording a second consecutive growth period after +4% in 2010.

Chart 30: Temporary employment by age group in the EU, 2006-2011



The number of temporary contracts is decreasing for young people, but not as fast as that of permanent contracts

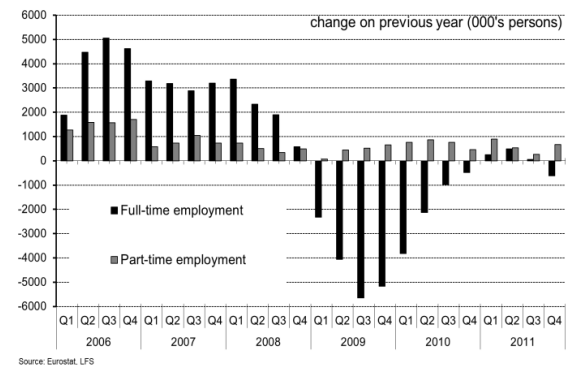
The number of young people on temporary contracts has decreased in 2011 by 1.7% after stabilisation in 2010 (+0.3%). When compared with three years ago, there are half a million fewer young people on temporary contracts in the EU (down by 7%), yet this drop was lower than the drop in permanent contracts (-17.2%) over the same period. This is why the percentage of

young workers on temporary contracts has risen again in 2011 and has reached 42.5%.

Full-time work decreased for the third year in a row, while part-time was still growing

After a weak rebound in the first part of 2011, the number of full-time workers in the EU has fallen and a yearly drop was recorded in the last quarter of 2011, down by 620 000 (see Chart 31). With a third consecutive year of contraction, full-time employment has dramatically decreased by 6.2 million when compared with the last quarter of 2008. At EU aggregate level, part-time work remains the only driver of employment growth, with a rise by 680 000 part-time jobs over the year to the last quarter of 2011. From a medium-term perspective, part-time work remains on a positive trend with constant growth over the past years representing 4.7 million (+13.5%) supplementary part-time jobs when compared with the last quarter of 2005. Consequently the share of workers among total employees working part-time has constantly risen over the past years and reached 18.9% in the last quarter of 2011.

Chart 31: Change in the number of part-time and full-time employees (1000 persons) in the EU, 2006-2011

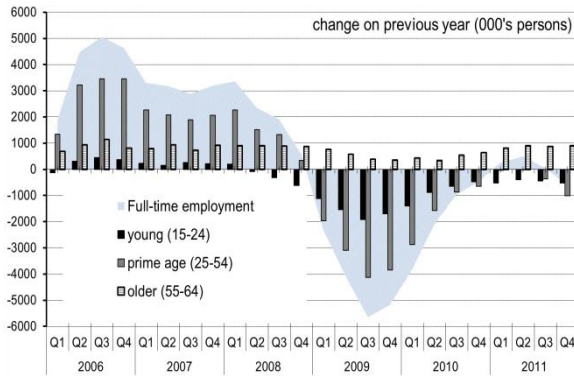


Growth in full-time jobs among older workers is sustained while it remains negative for young and prime age workers

The number of full-time jobs for young workers in the EU has declined continuously over the past four years, with a drop by 20% accounting for 3.3 million when compared with the last quarter of 2007. For prime age workers, the reduction of full-time jobs has been proportionally less steep, with a loss by 3.7% accounting for more than 5 million full-time jobs when compared with four years ago. Besides, full-time employment for prime age workers stabilised in the first part of 2011 before

turning downwards. Finally, older workers are the only age group for which full-time work has continued to grow in 2011 (up by 4.1% in 2011 q4, y-o-y) and over recent years (see Chart 32).

Chart 32: Change in the number of full-time workers by age group in the EU, 2006-2011

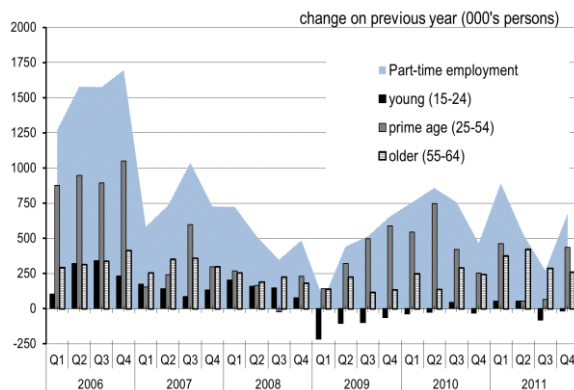


Source: Eurostat, LFS

Part-time jobs are increasing among prime age and older workers

The number of part-time workers has constantly grown over the last six years under review for those in the categories of prime age (except in 2008 q3) and elderly. The increase in the number of part-time jobs for prime age reaches 1.6% (or 430 000 workers) in 2011 q4 (y-o-y), close to the previous year's growth. The number of young people employed in part-time jobs shows a moderate yearly fall by 0.8% in the last quarter of 2011. However, the prevalence of part-time work among young people has increased over the past year — by 4.2 pp to 29.8% over the four years to 2011 q4 — but only because there was a sharper fall in full-time employment than in part-time employment.

Chart 33: Change in the number of part-time workers by age group in the EU, 2006-2011



Source: Eurostat, LFS

Vacancies: jobs starters and leavers

Starting and leaving jobs

The share of people starting new jobs or leaving them has stabilised

In the EU, the share of people starting new jobs in the last quarter of 2011 has stabilised in comparison to the previous year. At the same time, the share of people having recently left their job also stabilised in 2011 q4, after increasing in two consecutive quarters. The present trend of these two indicators could result in a stabilisation of employment and a change in unemployment in the coming months at EU aggregate level.¹⁹

The possibility of starting a new job remains lower than before 2009 and the probability of ending a job is higher

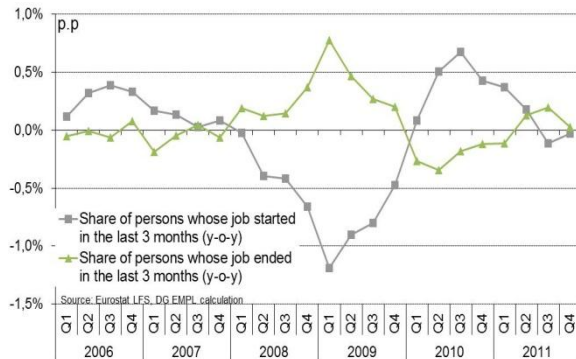
In 2011, the number of people starting a new job²⁰ is still 8% lower compared to the annual average for the years 2005 to 2008. This accounts for a gap of 1 million people starting a new job during the year 2011 in comparison to the average for 2005-2008. Besides, when compared to the same period, the number of people ending a job is 14% higher in 2011, indicating that there are 850 000 more people ending a job.²¹ This means that at EU aggregate level, since 2009, the chances of starting a new job have decreased and the likelihood of a job ending has increased compared to the period 2005 to 2008.

¹⁹ People starting a job could have been previously in work (and thus simply changing jobs: employment to employment flows), unemployed (unemployment to employment flows) or 'Not in the Labour Force' (inactivity to employment flows).

²⁰ During the last three months (including 3 months).

²¹ During the last three months (including 3 months).

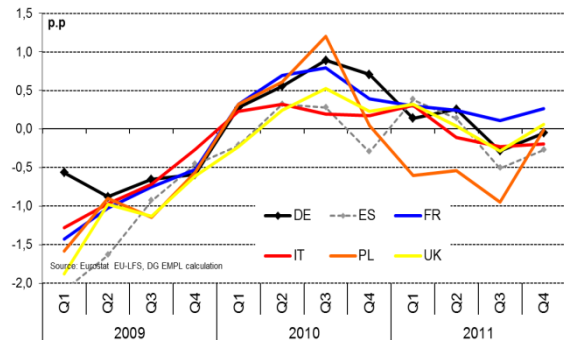
Chart 34: Persons whose job started or ended in the last three months in the EU-27, as a share of total employment, y-o-y changes, 2006-2011 (percentage points)



In most Member States, the share of employed persons with a new job fell again in the last quarter of 2011

Even if the numbers of people with a new job (as a percentage of the total number of people in work) stabilised at EU level in 2011 q4, the proportion of new starters has decreased in 19 Member States and even worsened in fifteen Member States compared to the previous quarter. Among the largest Member States, the share of new starters has increased in the last quarter of 2011 in France by 0.3 pp and the in the United Kingdom by 0.1 pp. In the other large Member States, the proportion of people starting a new job has decreased in Germany (down by 0.1 pp), Italy (down by 0.2 pp) and Spain (down by 0.3 pp) (see Chart 35). In Poland, the share has stabilized after three consecutive falls. As for the percentage of those ending a job, the situation is more balanced, with an increase in 14 Member States.

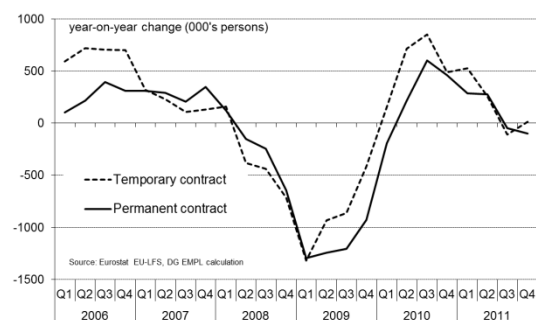
Chart 35: Persons whose job started in the last three months in the large Member States, as a share of total employment, y-o-y changes, 2009-2011 (percentage points)



Fewer people are starting jobs, whether on a temporary or permanent contract

In the EU as a whole, temporary contracts accounted for 62 % of all new jobs in 2011 q4, up by 1 pps compared to a year earlier. Spain had the highest percentage of new job starters on a temporary contract — 89 % in 2011 q4 - which represents a year-on-year increase of 1.7 pp. Romania, with 18.6 % in 2011 q4, had the lowest rate (up by 0.2 pp). The overall stabilisation of the share of new job starters in 2011 q4 is made up of a slight decrease in new starters with permanent contracts and a stabilisation in temporary contracts (see Chart 36).

Chart 36: persons whose job started in the last three months in the EU, year on year change (000's persons), 2006-2011



Vacancies and labour shortages

Vacancies slightly lower in the first quarter

In the first quarter of 2012, the EU job vacancy rate²² was slightly lower than a year ago (1.5%). This decline in vacancies makes a more typical match to the rise in unemployment, contrary to developments in previous quarters. In most larger Member States, a slight decline year-on-year was observed. A minority of Member States, including Sweden and Finland, saw an increase (see Table 28 in Annex 1).

In the second quarter of 2012, the labour shortage indicator, an alternative indicator derived from EU business surveys results,²³ returned to its level of the second half of 2011 (close to 6½%), after a dip to 5.7% in the first quarter. So an increasing number of employers in industry are again pointing to labour as a factor restraining production. Compared to the second half of 2011, there are large rises in the Netherlands, the United Kingdom and some Eastern European Member States (Bulgaria, Latvia, Hungary, Slovenia and Slovakia). More Member States saw a decline over that period, with large drops in, amongst others, Germany, France and Sweden.

Hiring activity losing steam, slowdown of temporary agency work activity confirmed

According to the third-quarter 2012 Manpower Employment Outlook Survey,²⁴ hiring activity is expected to slow from last year at this time in two-thirds of the countries and territories surveyed. The survey reveals few clear signs of notable traction in the labour market, and employers are evidently adopting an intermittent hiring approach in response to economic uncertainty both at home and abroad. Bucking this trend, Indian employers post one of their most optimistic forecasts on record, and US job prospects continue to improve. On the other hand, the German labour market is expected to lose steam in the quarter ahead after defying the declining trend in Europe for more than a year.

²² Source: Eurostat, Job vacancy statistics (jvs_q). As the data are non-seasonally adjusted, only year-on-year comparisons are meaningful. See also the quarterly publication "European Vacancy Monitor" (<http://ec.europa.eu/social/main.jsp?catId=955&langId=en>)

²³ Source: Eurostat, ei_bsin_q_r2. As the labour shortage indicator is seasonally adjusted, a quarter-on-quarter comparison is meaningful.

²⁴ Source: <http://www.manpowergroup.com/press/meos.cfm>.

As stressed by Caden's latest Employment Outlook Analysis,²⁵ Germany's outlook weakens quickly, while employment opportunities in permanent jobs have declined across the EU. This trend is not expected to come to an end anytime soon. Even the past growth of part-time employment has plateaued and increases in labour demand tend to be temporary.

Worldwide, companies are seen to hire in a start-stop mode with no real consistency. The ongoing concerns and uncertainty in Europe continue to weigh on the minds of employers in the global labour market and four consecutive quarters of softening in Germany reflect this trend. While the US outlook represents two straight years of steady improvement, though without any meaningful job creation yet, employer hiring expectations are weakest in Greece, Ireland, Spain, Italy and Hungary.

The Monster Employment Index Europe²⁶ posted a year-over-year growth in on-line hiring activity of 6% in May, unchanged since April. For the second month in a row, Germany recorded a growth of 19%, while the Netherlands posted the greatest decline, down 21%. Overall growth at EU level is driven by the sector of environment, architecture, urbanism, with opportunities increasing by 23%. On the other hand, public sector, defence community continues to exhibit the steepest annual decline, down by 6%.

Latest data from Eurociett²⁷ confirm the slowdown in temporary agency work's growth, which is a leading indicator of developments in the labour market. For the third month in a row, the number of hours worked in this sector experienced negative growth in Europe, down by 3.3% in March 2012 compared with the same month last year. The figures from March are however not as negative as those displayed in February 2012. Germany continues to exhibit positive growth (+1.2% y-o-y in March 2012), while growth was negative in most surveyed countries. The decrease seen in the industry in France, Belgium and the Netherlands was smaller than in previous months.

²⁵ Source: Caden Corporation, "Employment Outlook Analysis", Third Quarter 2012 (with input from Verso Economics).

²⁶ Source: <http://www.monster.com>.

²⁷ For further information on Eurociett, visit the website at: www.eurociett.eu. Overall Europe data include EU and Switzerland.

> **Special Focus: Increased South-North mobility due to divergence of labour market conditions across EU countries?**

In the EU, it is often considered that cross-border labour mobility is too limited to play a significant role as an adjustment mechanism to reduce disequilibria on the labour markets. Despite the possibilities provided by EU rules on the free movement of workers, and comprehensive policies to support mobility, only around 3% of EU citizens of working-age (15-64) currently reside in another Member State than their own. This overall low level of mobility (compared in particular to the US or other OECD countries²⁸) has increased somewhat following the enlargements of 2004 and 2007. However, several indicators point to a decrease in intra-EU mobility flows since 2008 due both to the fall in labour demand subsequent to the 2008-09 economic crisis and to the gradual weakening of the impact of the enlargements²⁹.

While post-enlargement mobility has been the subject of many reports recently, this Special Focus addresses the issue of cross-border mobility between EU Member States, in times of crisis. Against the background of the growing divergence in labour market conditions across EU-15 Member States (and especially between Germany, the Netherlands, Austria on the one hand, and Spain, Greece and Portugal on the other), the question rises to what extent labour mobility is acting as a factor of labour market adjustment³⁰. The main aim of this Special focus is to provide some few figures on recent trends in labour mobility from Southern to Northern Member States, in particular to Germany for which recent and reliable data are available.

Due to the debt crisis and the protracted economic recession, unemployment has reached very high levels in countries such as Spain, Greece, Ireland and Portugal (see statistical annex). The situation is particularly worrying as far as young people are concerned. On the other hand, unemployment rates remain much lower in countries such as Austria, Luxembourg, the Netherlands and Germany, countries that experience a rise in the number of job vacancies³¹, some of which could be filled by skilled workers from other EU countries.

In that context, the issue of a rise in the mobility of workers from Southern Member States to other countries (both EU Member States and also third countries) has been the subject of many articles in the press, referring to individual cases of people who want to move in order to find work and make use of their qualifications. Others have pointed to the growing interest of employers in countries in Northern Europe (such as Germany or more recently Austria) in potential workforce from countries affected by high unemployment (Spain in particular).

EURES, the co-operation network between the European Commission and the Public Employment Services of the EEA Member States, is providing information, advice and recruitment/placement services for the benefit of workers and employers³². New EURES measures to support cross-border mobility include a reinforced bilateral collaboration between the German and Spanish PES to support mobile Spanish jobseekers to find a job in Germany. Finally, the European Commission launched a pilot project under the title 'Your First EURES Job'³³ in order to help young Europeans to find a job abroad and fill an existing vacancy by providing tailor-made assistance to jobseekers and employers.

While many articles have quoted anecdotal evidence on the rising number of citizens from South Europe countries wanting to move abroad (such as the number of Spanish citizens learning German at the Goethe Institute, up from 6 500 in 2010 to 9 000 in 2011), most articles do not provide any reliable evidence of whether such mobility has actually occurred.

Mobility intentions

According to the Eurobarometer on 'Youth on the Move', mobility intentions in 2011 were quite high among young people (15-35) from Southern European countries and Ireland (Table 2). More than two thirds of young people from Ireland and Spain said that they would be willing to

²⁸ See OECD, Economic surveys – European Union, 2012, figure 2.1 page 64.

²⁹ See for instance 2011 Employment and Social developments in Europe, chapter 6, section 2.4 and 2.5

³⁰ This has been discussed in several papers in 2011, in particular: Deutsche Bank, Labour mobility in the Euro area, DB Research, September 2011.

³¹ Germany is the country having the highest job vacancy rate in the EU (3.0% in 2011Q4 according to Eurostat) and also the largest number of job vacancies published on the EURES website (422 000 in June 2012), followed by UK (358 000).

³² On the EURES Portal (<http://ec.europa.eu/eures/home.jsp?lang=en>) there are currently (June 2012) more than 1 280 000 job vacancies and 870 000 CVs.

³³ See <http://ec.europa.eu/social/main.jsp?catId=993>.

work in another European country in the future. Only a few Nordic countries (where labour mobility is traditionally high) and Bulgaria and Romania³⁴ recorded higher mobility intentions. However, this survey only shows the situation in 2011 and deals specifically with young people, who are generally more likely to move than prime-age and older workers.

Table 2: Young people's willingness to work in another European country in the future, in % of all respondents aged 15-35 (2011)

Country	Yes, for a limited time	Yes for the long term	Total
Spain	36	32	67
Ireland	39	28	67
Greece	27	37	63
Portugal	32	25	57
European average*	28	25	53

Source: Eurobarometer on Youth on the Move (2011). The question was: "Would you be willing / would you like to work in another European country in the future?" *Note: the European average is calculated among the 31 countries covered by the survey, namely the 27 EU Member States + Norway, Iceland, Croatia and Turkey.

Another Eurobarometer survey on the internal market³⁵ asked the whole population about their mobility intentions in 2009 and 2011. As expected, the share of the adult population that would consider moving to work in another Member State (Table 3) is lower than that among young people. The main finding is the decrease in mobility intentions between the 2009 and 2011 waves (from 35% to 28% at EU level³⁶). While this may be due partly to differences in the method used (face-to-face interviews in 2011, as compared to phone interviews in 2009), the fall in mobility intentions for countries recording very high unemployment, such as Southern European countries and Ireland, may nevertheless be surprising. However, they are still above (or close to) the EU average (except in Portugal), despite the traditionally low mobility in these countries over the past decade. Moreover, the fact that the crisis and its impact on labour market developments (fall of labour demand) affected most EU Member States during 2009-10 may explain why people are generally less willing to move abroad. Finally, moving abroad requires savings and the actual people who move are not necessarily the unemployed persons – but rather employed persons with career projects who have put some savings aside in order to start an experience abroad, with secure job prospects.

Table 3: Willingness to work in another European country in the future, in % of all working-age respondents (2011)

Country	2009	2011	Change (in p.p.)
Spain	44	32	-12
Ireland	49	38	-11
Greece	39	27	-12
Portugal	35	20	-15
EU-27 average	35	28	-7

Source: EB 363 (2011) and EB 263 (2009)

Mobility intentions indicated by surveys are much higher than the actual proportion of persons moving abroad (OECD estimated annual cross border mobility between EU countries at around 0.35% in 2010³⁷). Therefore, while Eurobarometer surveys may provide interesting insights into differences between countries and trend in mobility intentions over time, they do not bring any valuable information on the number of those who are actually likely to move abroad for work. Therefore, it can be interesting to consider practical steps such as posting a CV on-line on the EURES website.

³⁴ Due to their relatively recent accession to the EU and the high differences in GDP per capita and wages with many other Member States, see 2011 Employment and Social developments in Europe, chapter 6, section 3.2.

³⁵ Eurobarometer 263 and 363 on 'Internal Market: Awareness, Perceptions and Impacts' carried out respectively in February-March 2009 and in February-March 2011.

³⁶ It should be noted that this share of Europeans wanting to move is higher than the one recorded in another EB survey conducted in 2009 on geographical and labour mobility (17%). This may be explained by the question asked in 2009 which was more likely to lead to lower results because being probably more 'committing' (Do you envisage to work in a country outside (OUR COUNTRY) at some time in the future?) compared to the one asked in the EB surveys conducted in 2009 and 2011 and quoted above (Would you be willing / would you like to work in another European country in the future?).

³⁷ See OECD, Economic surveys – European Union, 2012, p.64.

Statistics on the number of CVs submitted on the EURES portal (Table 4) show that Greece and Spain have seen a very strong increase during the last two years, compared for instance to Poland. In June 2011, more than 47% of all registered jobseekers in EURES CV Online (408 000 out of a total of 867 000) come from the four Southern European countries: Spain, Italy, Portugal and Greece.

Table 4: Number of jobseekers registered in EURES CV Online, by country of residence, in thousands

Countries	June 2012	June 2010	Change (in %)
1 Spain	209.0	81.3	157
2 Italy	109.3	63.4	72
3 Romania	63.5	na	na
4 Portugal	60.2	na	na
5 Poland	48.1	30.5	58
6 Germany	37.1	na	na
7 France	32.2	na	na
8 Greece	29.4	8.7	238

Source: EURES portal (data extracted from the website <http://ec.europa.eu/eures>)

Evidence from emigration statistics

Apart from the data on mobility intentions, there has been, until now, no clear evidence about whether the severe labour market crisis in Southern European countries (and the divergence with other EU countries) has actually led to an increase in the mobility of workers from South to North. From a statistical perspective, the tools to provide an answer to this question are limited; this is because EU migration statistics are much more efficient in monitoring flows from third-countries than intra-EU flows³⁸, and because the inevitable delay in obtaining data does not allow a full and timely view on the situation. Nevertheless, it might be interesting to consider emigration flows from Southern European countries (and also from Ireland) in order to monitor how emigration has changed, who the emigrants are and where they go. A further question of interest is whether or not there are increased flows to non-EU countries, as sometimes suggested by press reports.

Table 5: Emigration flows from selected countries, in thousands, 2007-2010

Countries	2007	2008	2009	2010	Change 2009-2010	
					in thousand	in %
Ireland	42.5	60.2	65.3	73.7	+8.4	+12.9
Greece	:	:	:	120.0	:	:
Spain	227.0	266.5	323.6	403.0	+79.4	+24.5
Portugal	26.8	20.4	16.9	23.8	+6.9	+40.6
Other EU Member States*			1,029.4	1,031.7	+2.3	+0.2

Source: Eurostat migration statistics (*migr_emi2*). Note: *The aggregate 'other EU Member States' is made of the other EU Member States for which data is available for both years 2009 and 2010, i.e.: the other 23 EU Member States minus BE, BG, FR, CY, NL, PL and RO.

Table 6: Emigration from selected Member States in 2010, by nationality (in thousands and in % of total emigration)

Countries	Nationals	EU citizens	among which :	Non-EU citizens	among which :
Ireland	30.6 (42%)	34,6 (47%)	PL (15%), LT (5%), UK (4%)	8.5 (12%)	China (1.5%)
Greece	43.3 (36%)	25,6 (21%)	n/a	51.1 (43%)	n/a
Spain	37.0 (9%)	82,6 (20%)	RO (8%)	283.4 (70%)	Morocco (13%), Ecuador (6%), Bolivia (6%)
Portugal	22.1 (93%)	0,3 (1%)	n/a	1.4 (6%)	n/a

Source: Eurostat migration statistics (*migr_emi1ctz*). Data broken down by individual nationality are not available for EL and PT.

³⁸ See for instance 2011 Employment and Social developments in Europe review, chapter 6, annex 1.

According to Eurostat statistics, there has been a steep rise in emigration from these countries in 2010, which has been much higher than for the other EU Member States³⁹ (Table 5). However, not all emigrants are nationals leaving their country to migrate abroad. Part of the rising emigration consists of migrants returning to their countries of origin, as a result of the crisis and the worsening of labour market conditions, and not emigration by nationals of the country (see Table 6). This is particularly the case in Spain where, in 2010, only 9% of the emigrants are Spanish nationals leaving their country, whereas 70% are third-country nationals (70%), mainly from Latin America and Africa. The remaining share (20%) consists of other EU nationals (in particular Romanians). In Greece, around 36% of the emigrants are Greek nationals going abroad. In the case of Ireland, 42% of emigrants during 2010 were Irish nationals (compared to only 28% in 2008), while 47% are EU nationals, from Central and Eastern European Member States in particular, most probably returning to their countries of origin. Finally, in Portugal, 93% of the emigrants in 2010 are Portuguese nationals migrating abroad.

Table 7: Destination country of emigrants during 2010 (in thousands and in % of total emigration)

Countries	EU countries	among which :	Non-EU countries	among which :
Ireland	42.6 (58%)	UK (19%), PL(10%), FR (5%), DE (4%)	31.0 (42%)	Australia (18%)
Greece	62.2 (52%)	n/a	57.8 (48%)	n/a
Spain	123.0 (31%)	RO(8%) FR (4%) UK (3%) DE (3%)	280.0 (69%)	Morocco (12%), Bolivia (6%), Ecuador (6%), Colombia (5%)
Portugal	19.4 (82%)	n/a	4.3 (18%)	n/a

Source: Eurostat migration statistics (*migr_emi3nxt*). Data broken down by individual next country of residence are not available for EL and PT.

As far as the destination countries are concerned, Table 7 shows that the majority of emigrants from Portugal (82%), Greece (52%) and Ireland (58%) went to other EU Member States, while this share is much lower for Spain (31%). These percentages depend on the relative composition of nationals and foreigners in the emigrant population (Table 6) which seems to show that most nationals leaving their country go to other EU countries and not to non-EU countries. In the case of Ireland, there was however, in 2010, a high level of migration to non-EU countries, in particular to Australia.

Considering only outflows of nationals, Chart 37 shows that their emigration rate has not increased in 2010 compared to 2008, except in the case of Ireland (for Greece 2008 figures are not available). In 2010, the emigration rate among nationals ranges from 0.1% in Spain and 0.2% in Portugal to 0.4% in Greece and 0.8% in Ireland.

Only emigration figures are presented here. However, it is clear that immigration to countries such as Spain and Ireland (which had been considerable during the 2000's) fell strongly in 2009-10⁴⁰ because of the economic recession that affected those countries. This resulted in a sharp decrease in net migration (Ireland recorded a negative net migration during 2009 for the first time since the mid-90's). This adjustment via migration (increasing emigration and decreasing immigration) has helped Spain and Ireland to contain (to a certain extent) their unemployment rates⁴¹. However, in the first years of the crisis, this adjustment occurred mainly via the change in migration from third countries⁴².

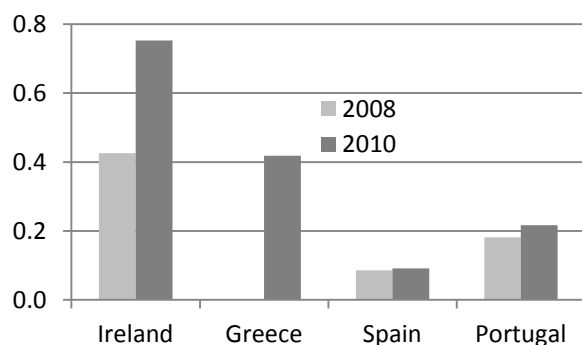
³⁹ The stagnation of emigration from other EU Member States (by 0.2%) indicated in Table 5 hides heterogeneous variations with sharp increases of emigration flows from Baltic countries and Sweden and sharp decreases of emigration from Germany and the UK.

⁴⁰ See OECD, International Migration Outlook, 2011.

⁴¹ In its 2011 paper (quoted above), the Deutsche Bank estimated that unemployment rates in Ireland and Spain would have been higher by respectively 3.5 pps and 1.7 pp, if net migration would have been in 2008-09 similar to the level recorded in 2006-07. These quite high figures may reflect the strong hypothesis made by the authors, namely that any additional immigrant who would have come (or emigrant who would not have left) would have been unemployed.

⁴² In Ireland and Spain, this adjustment also occurred through decreased inflows and increased outflows (return migration) of mobile workers from Central and Eastern European Member States, see 2011 Employment and Social developments in Europe review, chapter 6, and OECD, Free Movement of Workers and Labour Market Adjustment, 2012, chapter 2.

Chart 37: Emigration rate of nationals from selected countries (in % of total population)



Source: Eurostat migration statistics (*migr_emi1ctz*). For Greece data not available in 2008.

Emigration to the US and Australia: some recent evidence

In order to monitor the change in migration from EU Member States to non-EU countries it may be more reliable to use immigration statistics of major destination countries (such as US, Canada, Australia). This section briefly presents the US and Australian examples.

In the case of the US, it is better to consider data on temporary movers (or “non-immigrant”) as most immigrants arrive on temporary visas before getting a permanent visa while those who do arrive directly on permanent visas are predominantly family immigrants or refugees. The most relevant and reliable indicator for our purpose seems to be the statistics from the US State Department on the temporary visas⁴³ that are employment-related, broken down by nationality (see Table 8).

A first remark is that temporary migration from EU to the US has declined overall compared to 2000-08 (it is not the case for students visa, not included here). It can be put in relation with the economic recession that strongly affected the US in 2008-09, resulting in a drop of labour demand⁴⁴. Indeed, as the two first types of visa (in Table 8) are employer-sponsored, migration from EU is driven as much as labour demand in the US as labour supply from EU countries. However in 2011 flows have somewhat recovered compared to 2009. Moreover, the drop is less pronounced for citizens from the Southern European countries and Ireland. As far as intra-company transferees are concerned, the larger increases are recorded from Ireland and Spain. Finally the last mixed category also saw an increase from Spain – though this trend seems to have begun before the recession. Overall the temporary migration figures from the EU Member States to the US seem quite limited, especially in the case of Portugal and Greece. Nevertheless there is a positive trend in the case of Spain and Ireland.

⁴³ Admissions data are also available from the DHS (Department of Homeland Security) but they tend to count entries and not individuals and people can therefore be counted twice if they enter, leave and enter again. Data on temporary visas (from the State Department) are not perfect since people may receive a visa but never migrate but this bias is, according to several sources, less severe.

⁴⁴ See also: X. Hu and M. Sumption, Scientists, Managers and Tourists: The Changing Shape of European Mobility to the United States, MPI, 2011 (<http://www.migrationpolicy.org/pubs/EuropeanMigration.pdf>).

Table 8: Number of temporary visas issued by the US, by type of visa and selected nationalities

EU Member State	H1B: employer-sponsored work visa				L1: Intra-company transferees				J1: Cultural exchange workers*			
	2000-08	2009	2010	2011	2000-08	2009	2010	2011	2000-08	2009	2010	2011
Germany	2,533	1,523	1,639	1,627	3,110	2,233	2,454	2,311	23,442	23,427	23,123	22,588
UK	5,915	2,901	3,553	3,660	6,957	5,554	5,717	5,902	18,231	16,485	16,142	16,637
France	2,602	1,662	1,951	2,069	2,211	2,012	2,064	2,337	11,267	12,049	12,424	12,995
Ireland	701	454	616	671	762	591	744	1,154	9,549	6,731	7,361	9,320
Spain	998	776	809	962	596	709	899	1,078	4,551	5,130	5,589	6,199
Italy	1,076	867	1,068	1,095	689	779	790	964	4,118	5,079	5,431	5,611
Greece	340	289	293	334	53	52	56	66	630	640	656	697
Portugal	159	127	187	192	97	136	213	199	551	702	711	695
Other EU	4,778	2,919	3,084	3,234	3,521	3,057	3,255	3,745	55,876	31,074	33,851	38,190
Total EU	19,102	11,518	13,200	13,844	17,995	15,123	16,192	17,756	128,215	101,317	105,288	112,932

Source: US State Department. *J1-cultural exchange is a mixed category of students and (mostly) workers coming temporarily for "cultural exchange" that span all skill levels (from summer jobs to university research positions). Germany, France and UK are included in this table as they are the top represented nationalities for these 3 types of visas.

In the case of Australia, the number of visas granted to EU citizens for economic purposes (for both permanent and temporary stays) has increased over the last three years compared to 2000-08. Compared to the US, this is partly explained by the fact that Australia weathered well the global economic crisis (weaker GDP growth in 2009 but no recession). Table 9 shows the primary role of UK and Ireland in visa grants, for obvious linguistic reasons, followed by Germany and France. The main finding is the strong increase in the case of Irish citizens: the number of permanent skilled migrants was multiplied by 3 between 2000-08 and 2010-2011 and the number of skilled temporary residents by 2.7 over the same period. It is the largest increase among EU citizens. Residents from Southern European Member States only play a minor role in global flows from EU to Australia – though their share in the EU total increased from 1.7% in 2001-08 to 3.4% in 2010-11 for permanent migrants and from 3.3% to 4.5% in the same period for skilled temporary residents. In 2010-11, 639 permanent and 1697 temporary visas for employment purposes were granted to citizens from Southern European Member States, compared to respectively 277 and 852 over the period 2001-08 (annual average).

Table 9: Permanent and temporary economic EU migrants to Australia, by nationality (based on the number of visas grants)

Citizenship	Permanent migrants ('skill stream')				Skilled temporary residents			
	Average 2001-08	2008-09	2009-10	2010-11	Average 2001-08	2008-09	2009-10	2010-11
UK	13,003	16,071	13,029	12,947	16,562	21,484	16,015	21,883
Ireland	808	1,428	1,776	2,425	2,142	3,161	3,420	5,835
Germany	596	1,016	992	925	1,901	2,496	1,761	2,167
France	267	435	485	620	1,299	1,960	1,768	2,121
Southern European MS	277	494	452	639	852	1,596	1,194	1,697
<i>Among which :</i>								
<i>Italy</i>	160	312	270	408	519	877	698	940
<i>Spain</i>	33	67	70	98	189	458	357	572
<i>Portugal</i>	65	84	91	121	103	220	98	125
<i>Greece</i>	21	31	21	12	40	41	41	60
Other EU Member States	1,250	1,557	1,484	1,417	2,915	3,788	3,124	3,920
All EU Member States	16,201	21,001	18,218	18,973	25,671	34,485	27,282	37,623

Source: Australian Department of Immigration and Citizenship. Notes: Statistics on permanent migrants are based on the outcomes of the Australian Migration Programme ('skill' stream, as opposed to 'family' stream) for the working-age (15-64) individuals. 'Skilled temporary residents' is only one of the categories of workers residing temporarily in Australia. Other categories not included here are: working holiday makers, short-time business visitors and other temporary residents (e.g.: sport, visiting academic, diplomatic,...). The periods mentioned refers to 'financial years' (for instance 2008-2009 covers 1 July 2008 to 30 June 2009).

Recently mobile citizens from South-Europe countries, according to the EU-Labour Force Survey

While Eurostat migration statistics are limited to flows until 2010, EU-LFS data, although based on a sample, may be used to describe more recent trends (2011) in intra-EU mobility by focusing on the number of the EU citizens recently arrived⁴⁵ in an EU Member State other than their own. This analysis is conducted by nationality and focuses on the economically active population (rather than on all citizens). Comparing 2011 to 2008 (see Table 10), there has been a clear drop in overall intra-EU mobility flows (-34%) due both to the fall in labour demand subsequent to the 2008-09 economic crisis and to the gradual weakening of the impact of the 2004 and 2007 enlargements⁴⁶ (see the fall in mobility of Polish and Romanian citizens). On the contrary the number of recent movers increased in the case of Greek (+25%), Irish (+15%) and Spanish (+7%) nationals, even if their numbers remain quite limited in comparison to other nationalities (e.g.: Polish and Romanians).

Table 10: Number of recently arrived (less than 3 years) economically active EU mobile citizens, by nationality, in thousands

Nationality	2008	2011	Change in %
Spanish	28.8	30.8	7
Greek	14.3	17.8	25
Italian	66.2	68.2	3
Portuguese	52.4	35.6	-32
Irish	21.5	24.6	15
Polish	444.6	168.8	-62
Romanian	263.0	168.3	-36
Others	572.8	459.1	-20
All	1463.5	973.2	-34

Source: DG EMPL calculations based on Eurostat EU-LFS

In order to identify the main destination countries, it is necessary (in order to have statistically reliable figures) to group together citizens from the four Southern European countries. The UK appears as the first destination country in both 2008 and 2011 - but the most dynamic destination countries are Germany and Belgium (Table 11).

In 2011, the share of highly-educated workers is much higher among mobile citizens from South Europe countries (except Portugal) than among those coming from EU-8 and EU-2 countries⁴⁷. Moreover, it is noteworthy that the share of highly-educated workers has in fact increased overall (from 27 to 40%), due mainly to the drop of mobility among low and medium skilled workers, in reaction to the sharp decline in labour demand for those occupations since 2008 (for example in construction sector). This explains in part the decrease in flows among Portuguese (in Table 10), as this is group of mobile workers for which the lower level of education used to play a large role (60% in 2008).

Table 11: Distribution by destination country of the recently arrived (less than 3 years) economically active EU mobile citizens from Southern European Member States, in thousands

Destination country	2008	2011	Change in %
U.K.	43.4	41.5	-4.3
Germany	25.4	33.1	30.6
France	28.1	22.1	-21.6
Belgium	19.1	24.2	26.5
Spain	25.6	11.4	-55.5
Other EU Member States	19.0	18.0	-5.0

Source: DG EMPL calculations based on Eurostat EU-LFS. Southern European countries include Spain, Greece, Portugal and Italy.

⁴⁵ The recently arrived in 2011 are those who arrived since 2008 (start of the economic crisis) and in 2008, those who arrived since 2005, namely in a period of quite high GDP and employment growth.

⁴⁶ 2011 Employment and Social developments in Europe, chapter 6, section 2.5.

⁴⁷ EU-8 countries are the eight Member States from Central and Eastern Europe that joined the EU in 2004 (CZ, EE, LT, LV, HU, PL, SI, SK) while EU-2 refers to BG and RO.

Table 12: Distribution by level of education of the recently arrived (less than 3 years) economically active EU mobile citizens, by nationality, in % of total

Level of education	Portugal		Spain, Italy and Greece		EU-8 countries		EU-2 countries		All nationalities	
	2008	2011	2008	2011	2008	2011	2008	2011	2008	2011
Low	60	41	17	20	18	23	35	30	22	21
Medium	26	32	32	28	64	49	51	45	51	38
High	14	27	51	52	18	28	14	24	27	40

Source: DG EMPL calculations based on Eurostat EU-LFS. Portugal is distinguished for the three other South Europe countries due to the specific patterns of its mobile workers in terms of level of education.

How many have come to Germany? Some national figures

Germany is an important destination country for which recent and reliable national figures are available. It presents the particular feature that labour demand has increased during the past few years (particularly for high-skilled workers) which has led to expectations of increased mobility from other EU Member States.

The German statistical institute (Destatis) recently released⁴⁸ preliminary figures on migration flows that occurred during 2011 (Table 13). According to these data, 958 000 people immigrated to Germany in 2011 (+160 000 or +20% compared to 2010), resulting in a net migration of around 279 000 people⁴⁹. Such a high level of immigration was last recorded in 1996. The increase in the inflows came mainly from EU countries with an overall figure of 542 000 (+ 138 000 or 34%). The rise has been quite strong from Greece (+11 000 or +90%) and Spain (+7 000 or +52%), but also from EU-8 countries (+75 000 or +43%), who joined the EU in 2004 and for which restrictions to labour market access ceased to apply in May 2011, particularly from Poland (+49 000) and Hungary (+12 000). Major inflows were also recorded from Bulgaria and Romania, with a global influx of 146 000 (an increase of 33 000 or +29%). The rise in the inflows from other EU countries has been much more limited (+7%).

These figures confirm the strong increase (in relative terms) in the number of EU citizens residing in Germany, in particular from South-Europe countries affected by the crisis, but even more substantially from Central and Eastern European Member States.

Data from the German public employment service (Bundesagentur für Arbeit) are another source of information that, contrary to migration statistics, refer directly to persons in employment, and so provide a better indicator as far as labour mobility is concerned. These statistics are recent (February 2012) and based on social security, therefore not biased by measurement issues (migration statistics, based for many Member States on population registers, can be influenced by the registration requirements). These data can be used to identify recent changes in the number of nationals from South-Europe countries being employed in Germany (Table 14).

⁴⁸ Press release of 16 May 2012 (<https://www.destatis.de>).

⁴⁹ It should be noted that those figures are based on the definition of migrants as applied by the German statistical institute (persons who become resident in Germany for at least 3 months) and that they should not be compared to statistics from Eurostat (that uses the harmonised definition agreed at EU level of a migrant being a resident for at least one year). Consequently, figures from Destatis are higher as they include short-term residents.

Table 13: Immigration flows in Germany from selected countries, in thousands (2008-2011)

Nationalities of the emigrants	2008	2009	2010	2011	Change in 2010-11	
					in thousands	in %
Total (excluding Germans)	573.8	606.3	683.5	841.7	158.2	23
EU Member States	339.3	353.5	404.5	542.2	137.7	34
South Europe Member States	43.4	49.1	57.1	82.8	25.7	45
<i>among which :</i>						
<i>Spain</i>	9.5	11.7	13.6	20.7	7.1	52
<i>Greece</i>	8.3	8.7	12.5	23.8	11.3	90
<i>Portugal</i>	5.8	6.6	6.4	8.2	1.8	28
<i>Italy</i>	19.8	22.1	24.5	30.2	5.6	23
EU-8 countries	166.7	162.6	175.4	250.0	74.6	43
<i>among which :</i>						
<i>Poland</i>	119.2	111.0	114.7	163.4	48.7	42
<i>Hungary</i>	25.1	25.3	29.2	41.1	11.9	41
EU-2 countries	70.6	84.3	113.0	146.0	33.1	29
Other EU Member States	58.6	57.4	59.0	63.3	4.3	7

Source: Destatis, Figures for 2011 are provisional

Table 14: Foreigners employed in Germany, for selected nationalities (social security data), in thousands

Workers having the nationality of :	Employees contributing to social security (excluding mini-jobs)				All employees*			
	June 2008	June 2011	Change (in th.)	Change (in %)	Feb. 2011	Feb 2012	Change (in th.)	Change (in %)
Southern European Member States	344.9	361.4	16.4	4.8	409.2	431.5	22.3	5.5
<i>among which :</i>								
<i>Portugal</i>	41.8	44.6	2.7	6.5	50.1	52.3	2.3	4.5
<i>Spain</i>	34	36.3	2.3	6.7	39.8	43.5	3.7	9.4
<i>Greece</i>	88.9	91.2	2.3	2.6	104.4	112.8	8.4	8.1
<i>Italy</i>	180.2	189.3	9.1	5	214.9	222.9	8	3.7
EU-8 countries	137.3	197	59.8	43.5	195.1	283.1	88	45.1
EU-2 countries	42	70.6	28.6	68	n/a	n/a	n/a	n/a
Other EU Member States	208.5	212.5	3.9	1.9	n/a	n/a	n/a	n/a
Total (including Germans)	27457.7	28381.3	923.6	3.4	33010.2	33570.0	559.8	1.7

Source: Bundesagentur für Arbeit, February 2012 figures are preliminary. *'All employees' include mini-jobs but not civil servants (or self-employed workers)

In February 2012, around 430 000 (or 1.3 % of total employment of more than 33 million) are nationals of Greece, Portugal, Italy or Spain. Compared to the previous year, the number of persons in employment from these four countries increased by 22 000 (or +5.5 %, which was higher than the +1.7% overall increase of employment in Germany). The rise is particularly strong among Spaniards (+9.4%) and Greeks (+8.1%). Nevertheless, the increase has been much stronger among citizens from Central and Eastern European countries, due to the end of the transitional arrangements since May 2011 and also due to the rise of mobility intentions, for instance among Hungarians⁵⁰.

⁵⁰ See http://www.tarki.hu/hu/news/2012/kitekint/20120523_migracio.html. This recent survey shows that the share of Hungarians envisaging emigrating is the highest in the last 20 years: every fifth Hungarian adult is planning to go abroad for work for a shorter or longer period or even leave the country permanently. This represents a 50% increase compared to 2010.

Overall, these social security data confirm that the number of workers in Germany coming from South-Europe countries (hit by the crisis) rose strongly⁵¹ in relative terms. However, the net increase during 2011 by 22 000 is insignificant (0.03%) compared to the total active population of around 59 million in South-Europe countries.

Conclusions

According to Eurostat migration statistics, there has been an increase in 2010 in emigration from those EU countries affected by a high unemployment rate. However, most of the emigrants were in fact migrants returning to their countries of origin (inside or outside the EU) and only Ireland recorded in that year a marked increase in emigration among nationals. Nevertheless, recent EU-LFS figures for 2011 seem to indicate that other countries such as Spain and Greece experienced an increase in the number of nationals moving to other EU Member States. This contrasts with an overall drop in intra-EU mobility since 2008, in relation with a declining labour demand and a weakening of the impact of the 2004 and 2007 enlargements.

Specific figures for Germany show a strong increase (in relative terms) in the number of South-Europe countries' workers moving to Germany. However, the figures in absolute terms remain below the flows from Central and Eastern European countries and limited compared to the overall labour force. This leads to the conclusion that, until now, large disparities in unemployment rates such as between Southern European countries and Germany impacted only moderately on mobility flows⁵².

From the perspective of the South-Europe countries, intra-EU mobility can relieve part of the labour market pressure, but only to a very limited extent, when one considers the scale of the current flows. However, if current youth and long-term unemployment in those countries were to persist or to become worse in the medium term, mobility to North Europe and non-EU countries could increase far more (to levels not reached since the post-war decades).

The share of tertiary educated persons is relatively high among intra-EU movers from South Europe Member States, and many articles pointed to the risk of those countries losing the most educated and dynamic part of their workforce. However, considering the size of the highly educated section of the labour force in South Europe countries, the current levels of mobility are too low to generate a phenomenon of 'brain drain'⁵³.

Finally, the current Special Focus is only a first attempt, based on the limited statistics available, to monitor whether there has been a recent increase in intra-EU mobility between EU countries. The figures presented here should be interpreted with caution, as most of them exclude short-term mobile workers. More data will be needed in the future, particularly on other potential destination countries (Austria, Belgium or the Netherlands). Taking into account the difficulty of monitoring intra-EU mobility flows, the use of administrative data (such as the social security data presented here for Germany) can provide considerable added value.

Overall, migration to non-EU countries seems limited. There is a rising trend in the case of Australia, especially from Ireland, but more data would be needed to better measure the phenomenon for other destination countries.

⁵¹ A weakness of this data is that one does not know when those in employment arrived in the country and whether the rise in 2011 is entirely due to recent cross-border mobility flows. However, as the number of nationals of South-Europe countries (residing in Germany) going out of unemployment is limited compared to the rise of those employed (according to figures from Bundesagentur für Arbeit), it is clear that the rise described above is due to increased inflows in the country.

⁵² This was already the prediction made by the Deutsche Bank in Labour mobility in the Euro area, DB Research, September 2011.

⁵³ On the basis of raw calculations (based on EU-LFS data) it seems that the annual outflows of high-skilled nationals from South Europe countries represent not more than 0.5% of the total number of economically active high-skilled persons in those countries (with higher figures from Greece than from Spain). This does not take into account return mobility. Finally, when assessing the overall impact of outflows of skilled workers, the temporary nature of mobility and the potential gains among the movers in terms of experience shall also be taken into account.

Productivity, labour costs and hours worked

Labour productivity weakened noticeably in some Member States

During the first quarter of 2012, overall labour productivity growth⁵⁴ was weak in the European Union, as some Member States recorded noticeable falls in their labour productivity. See Table 29 (Annex 1).

Italy and Malta shrank for the third consecutive quarter on labour productivity: Italy listed a decrease by -0.7%, while Malta recorded a decline by -2.3%, which is the strongest fall across Member States for more than a year.

Following a small drop in the previous quarter, labour productivity in Austria and the Netherlands strengthened its downward trend, falling by respectively -1.0% and -1.3%.

In the Czech Republic, Germany and Hungary, productivity dropped for the first time since the fourth quarter of 2009, down by respectively -0.9%, -0.3% and -0.5%. In the United Kingdom, productivity growth was also negatively affected, albeit to a lower extent, down by -0.1%. In Poland, productivity growth decelerated somewhat after a long period of sustained growth, but it remained positive (up by 1.9%).

On the whole, the fall in labour productivity is not surprising, as the stagnation in output prevents the workforce to be used to its fullest potential (the phenomenon of "labour hoarding" at the beginning of a slump).

After having recorded negative growth in the last quarter of 2011, labour productivity regained momentum in Finland and Sweden, up by respectively 0.7 and 0.8%. In Spain productivity growth remained robust listing for the second consecutive quarter an increase of 3.3%, while in Portugal a growth rate of 2.0% is recorded.

The strongest productivity growth was listed in Lithuania (up by 4.6%), followed by

Latvia (up by 4.0% compared with the first quarter in 2011).⁵⁵

.... while labour cost growth remained subdued ...

In most Member States - for which data are available - growth in nominal compensation per employee progressed more or less at the same pace in the first quarter of 2012 as observed in the last quarter of 2011. See Table 30 (Annex 1).

A noticeable exception is Finland where nominal compensation per employee grew by 5.6% - if compared with the first quarter of 2011. In the Czech Republic and Latvia nominal compensation per employee increased at a strong pace of respectively 3.8% and 4.0%.

Nevertheless, several Member States listed increases in nominal compensation per employee well below 2.0% i.e. Spain (0.7%), Italy (0.3%), the Netherlands (1.0%), Slovenia (1.4%) and Slovakia (1.8%).

...so that nominal unit labour cost growth strengthened in some Member States but remained low in others ...

Hungary chalked up the strongest increase in its nominal unit labour cost, primarily reflecting a dip in its productivity growth in combination with strengthening labour cost growth. The Czech Republic and Finland recorded also sharp increases, up by respectively 4.7% and 4.9%, following strong increases in labour costs, while the United Kingdom listed strong growth of 3.6%, mainly due to weaker productivity growth. See Table 31.

In the Netherlands, and to a lesser extent in Germany, the low growth rates observed in the recent past were reversed to robust growth rates of respectively 2.4 and 2.6%.

Spain recorded for the 9th consecutive quarter a fall in its nominal unit labour cost, down by -2.5%, reflecting continued strong productivity growth and moderate nominal wage growth. Slovakia continued also its downward trend that started a year earlier, down by 0.6%.

⁵⁴ I.e. productivity measured as GDP in constant prices per person employed. Growth rates refer to changes compared with the same quarter in the previous year.

⁵⁵ Comparison of data for Latvia over a longer time span is limited by a structural break in the data in the first quarter of 2011 following a revision of employment statistics in compliance with the population and housing census results. See <http://www.csb.gov.lv/en/notikumi/revision-employment-statistics-2011-compliance-population-and-housing-census-34521.html>.

... while real unit labour cost regained upward momentum in some Member States.

Spain and Slovakia recorded for the 9th consecutive quarter a decrease in their real unit labour cost, down by respectively -3.0% and -2.0%. The real unit labour cost measures the increase in the real wage relative to productivity growth, or the labour income share. Decreases in the real unit labour cost have the potential to decrease domestic demand, depending on the difference between the marginal propensity to spend out of, respectively, labour and capital income. See Table 32.

In Finland a period of 8 consecutive quarters of decline in the real unit labour cost was ended as the real unit labour cost increased by 1.8% in the first quarter of 2012. This turn-around reflects to a large extent the strong rise in the nominal compensation per employee.

In Germany real unit cost growth continued to strengthen, albeit in a moderate way - up from 1.1% in the last quarter of 2011 to 1.3% in the first quarter of 2012.

The Czech Republic recorded the strongest rise in its real unit labour cost, up by 2.6%, to a large extent due to a fall in labour productivity growth.

Wage differences across Member States are strong

The earlier described growth developments mask the differences in level that still exist across Member States.

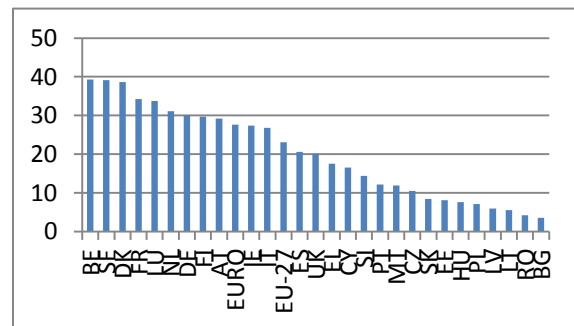
Chart 38 shows the level of labour cost per hour for each Member States in 2011.⁵⁶ At the top end Belgium, Sweden and Denmark list hourly labour cost close to 40 euro per hour, while at the lower end Bulgaria and Romania record labour costs less than 5 euro per hour.

Chart 39 shows the level of productivity per hours worked as a percent of EU27 productivity for the year 2010. By far the highest productivity is to be found in Luxembourg, followed by Belgium and the Netherlands at about 135% of the EU27 average. At the lower end Bulgaria and Romania list productivity levels at about 42%.

Hours worked stabilized somewhat

For the Member States for which data are available, it can be concluded that the hours worked of the full time employed persons decreased slightly in all Member States, except Portugal, during the first quarter of 2012, if compared with the first quarter of 2011. By contrast, changes in hours worked by part time employed persons was unevenly spread across Member States with increases recorded in Denmark, Lithuania and Malta, and decreases in Estonia, Spain, Latvia, Portugal and Slovenia.

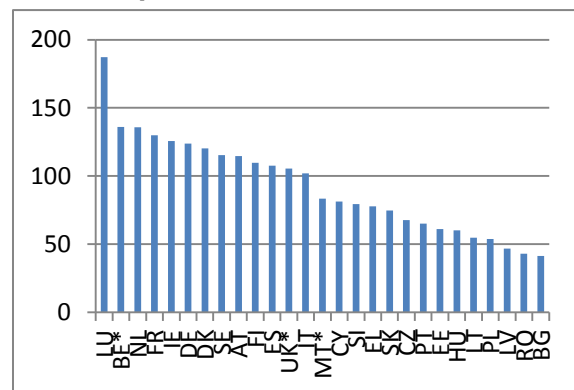
Chart 38: Labour cost per hour in euros in 2011 (for enterprises with 10 or more employees)



Source: Eurostat - see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Labour_cost_index -

Note: 2010 observations for EL and RO

Chart 39: Labour productivity (percentage of EU27 total) in 2010



Source: Eurostat, National Accounts, variable (nama_aux_lp)

Note: Percentage of EU27 total (based on Purchasing Power Standards (PPS) per hours worked)

Note: * marks 2009 data

⁵⁶ Except for Greece and Romania for which the data refer to 2010.

Social inclusion trends

This section is a collection of short essays ("Special Focus") on different social topics, in particular in relation to the crisis. A regular quarterly reporting on social issues is limited because of the lack of timely social data - with frequency higher than annual -. The articles in this issue shed some light on the effects of the economic and labour market developments on social dimensions like homelessness and material deprivation, and on developments in the expenditure on social protection benefits. They explore social survey data (EU SILC), local and national sources (on homelessness as collected by FEANTSA), data from National Accounts, forecasts (European Commission Economic Forecast Spring 2012) and review publication by other institutions.

> **Special Focus: Homelessness**⁵⁷

Homelessness – a growing problem, but poorly captured by available data

An increasing number of people, who lost their job due to recession, are facing difficulties in paying rents or servicing their mortgages. The resulting homelessness is expected to become an important social issue over the coming years. In spite of acute lack of reliable EU-level data, the available evidence shows that foreign nationals and young people have been disproportionately affected. On the other hand, the austerity budget cuts are likely to diminish the capacity of the welfare state to alleviate homelessness.

Three out of four people in the EU think that homelessness has increased in their country over the previous three years⁵⁸. This perception is particularly strong in the Central and Eastern European Member States as well as in Spain and in Greece.

The scale of the problem is very difficult to fully assess as homeless people do not show in household surveys, which by their very design do not capture the extreme poverty of the homeless for the same reasons as they leave out the population staying in institutions, hospitals, camps, prisons etc. The currently available data, collected by various municipal, local or national organisations, are irregular, not based on common counting methods and are subject to seasonal variations. The data collection shall improve in the future as the Member States agreed in 2010 to supplement population censuses with estimates on the homeless population.

Homelessness is not easy to define as it covers a diversity of living situations and affects various groups of people. The European Federation of National Organisations Working with the Homeless (www.feantsa.org) has developed a typology of different categories of homelessness known as ETHOS, according to which the homeless can be:

1. people without a roof over their heads who sleep rough or in overnight shelters;
2. people without a home who, while they have a roof over their heads, are excluded from the legal rights of occupancy and do not have a place to pursue normal social relations (such as those living in hostels or temporary accommodation for the homeless, women living in refuge accommodation, migrants living in specific accommodation and people living in institutions);
3. people living in insecure housing, who do not have a secure tenancy and/or are threatened with eviction or are a victim of domestic violence;
4. people living in inadequate housing conditions (with friends or relatives, in squats, in caravans or illegal campsites, in conditions of extreme over-crowding and in other generally unsuitable places).

The crisis changed the profile of the homeless population. The traditional core consisting of people with long-standing social problems, mentally disturbed and drug addicts was joined by

⁵⁷ The following article draws upon the research by the Social Situation Observatory – The Network on Income Distribution and Living Conditions, in particular the research note 'Homelessness during the Crisis' (www.socialsituation.eu/research-notes/SSO%20RN8%20Homelessness_Final.pdf). All figures are quoted after this research note.

⁵⁸ Special Eurobarometer on Poverty and Social Exclusion no. 355 (wave 74.1) 2010, question 30.2.

new entrants: middle class people who suffered a sudden loss of income due to the crisis and resulting evictions. Also foreign nationals and young people were hit hard.

Recent developments in homelessness in the EU

Homelessness has grown nearly everywhere to some degree yet the downturn of similar depth translated in different scales of the problem depending on the counter-actions of the government and civil society. Social housing, mortgage restructuring, payment deferral, legal advice and strong partnership between government and charity organisations were in many cases able to mitigate the worst effects of the recession and contain homelessness.

Ireland has limited the repercussions of the real estate crash through dedicated actions against homelessness of the government, municipalities and charities. And so, most of the homeless surveyed in Dublin in 2010 reported they had become homeless mainly due to personal problems such as addiction rather than recession with only 5% reported being evicted. Still, repossessions are occurring at a rate of 1 per day. At the beginning of 2011, 45 000 households had mortgage arrears of over 90 days.

UK government introduced measures at the end of 2008 to make it easier for homeowners to defer mortgage payments if they faced a temporary or unexpected drop in income, with the express intention of reducing repossessions. Although repossessions increased from 40 000 in 2008 to 46 000 in 2009, this was far less than was initially expected (the Council of Mortgage Lenders had forecast a rise to 75 000 before the measures began to take effect), and in 2010, the number fell by almost a quarter to 36 000.

In Estonia, more and more families with children and people have been having recourse to homelessness services which cushioned the first crisis shock wave and provided accommodation to those in dire need, notably families with children. Yet in the longer run, the available social aid is proving insufficient to offset the high unemployment and persistent financial difficulties. Also, the poor insulation of the shelters, incurring high heating costs, has been subject to criticism.

On the other hand, in Latvia, where there is no strategy to reduce homelessness, the number of homeless people increased dramatically following the crisis.

Similarly in Hungary, many people lost their homes being unable to pay the rents or service their mortgages and no government scheme offered assistance. A survey of 2010 showed that 14% of respondents had lost their home because they had been unable to pay the rent or bills. Overall, 270 000 households in Hungary were over 3 months in arrears on servicing their housing debt in 2008.

In Spain, the number of evictions in Barcelona increased by 16% in 2008 as a consequence of the financial difficulties of tenants caused by the onset of recession. In 2010, there were 18 152 evictions, around 5 a day, and the number has remained at this level in 2011. Throughout Spain, around 200 000 families were under threat of eviction in autumn 2010, many of them migrants. A survey from Zaragoza of November 2010 revealed that 55% became homeless because they had lost their job, 20% because of financial problems and 18% due to a relationship break-up.

In Italy, the number of families unable to make mortgage payments had risen to an alarming level of one in four by the first quarter of 2011, suggesting a continuing rise in the number of evictions.

Homeless Foreigners

As foreign nationals (especially non-EU) often work in the informal economy, they have no access to unemployment benefits and social housing. No access to welfare benefits combined with expatriation makes migrants a group naturally vulnerable to homelessness.

Recent night counts in a number of Spanish cities indicate that migrants make up 50-75% of people living rough. Similarly some 63% of all those who are registered with the homeless network in Spain are migrants. The *Fundación Arrels*, for example, reported an increase of 20% from 2008 to the first part of 2010 in the numbers of migrants using their services in Catalonia. In addition, the crisis seems to have led to a deterioration of living conditions for many migrants who have remained in work. An investigation in 2010 revealed that African migrants employed in horticulture were paid half the minimum wage and were living in shacks without sanitation or

access to drinking water. The Red Cross co-ordinator in Almeria estimated that there were between 15 000 and 20 000 homeless migrants in this province alone, some 5 000 of them living in abandoned or makeshift houses and others sleeping rough.

In Italy, surveys also indicate that migrants represent a growing share of the homeless. A study by the Caritas Diocese found that the number of homeless people doubled in Pisa between 2000 and 2009 and that between 2006 and 2009, the number of foreign nationals among them increased by 55% as against a rise of 27% for Italian nationals. In Milan, 90% of people living in slums are reported to be migrants. Since the recent uprisings in North Africa, the number of people from abroad among the homeless has increased and their average age has fallen. At present, 77% of homeless people are foreign national in Naples and 73% in Bologna.

A growing number of migrants are requesting assistance. Some 78% of the new requests received at the Help Centre for homeless people in the Termini train station in Rome come from foreign nationals. A report from the National Observatory on Poverty and Solidarity added that of 76,794 requests, most were from male migrants, almost 60% of them under 40. Moreover, increasing numbers of minors from Afghanistan were seeking assistance, especially in Milan and Rome.

The previously fast growing Ireland attracted many foreign workers. The recession made the housing bubble burst and exposed construction workers to sudden layoffs and wage cuts. The recession hit migrant workers harder than the Irish workers with migrant workers experiencing an annual rate of job loss of nearly 20% in 2009, compared with one of 7% for Irish nationals. Many of Central and Eastern European nationals returned home under the government repatriation scheme. However a large number of those without adequate income to support them or unable to return to home have fallen into poverty and homelessness.

In the UK, many migrants from Central and Eastern Europe are also experiencing homelessness. Some 30% of those in Wales have experienced some form of homelessness, mostly poor or insecure housing on their arrival, but some were exploited by employment agencies that place them in poor accommodation and throw them out when the job is finished. In London, a significant part of the increase in the number sleeping rough is made up of Central and Eastern Europeans.

At the same time, migrants in Poland are also experiencing homelessness. The number of refugees who are homeless is estimated at between 1,400 and 2 120. Large family size, single motherhood and lack of adequate housing for families with many children all tend to increase their risk of homelessness. Single men have the greatest chance of avoiding homelessness since it is easier for them to find casual work in the informal economy.

Homeless youth

Young people are the second group that has been affected by homelessness because of the crisis, though less generally so than in the case of migrants. The most alarming tendency is the increase in children becoming homeless which is evident in a number of places, either because their family has been left homeless or because of a breakdown of family relationships due to the strain resulting from the crisis. Young people have been particularly affected by the reduction in employment since 2008, accounting for around a half of the overall decline between 2008 and 2010, and in many countries, many of them are not entitled to social benefits. Without the support of family or friends, some young people unable to find a job end up living in the streets and sleeping rough.

In Baden-Württemberg (Germany), the number of homeless under 25 reached a peak of 1 265 in 2009, 17% higher than in 2008. 264 young people were living in the street in Stuttgart and 12% of the homeless in Hamburg were under 25 in 2009 and 10% between the ages of 10 and 19. In Ireland, 785 children became homeless and in need of emergency accommodation in 2009, a quarter of them under 12. Most of the children concerned ended up in emergency hostels, residential services or emergency foster families. Many of them had previously been in state care and some had drug or alcohol addiction problems. Significant numbers were from violent homes.

Crisis and homelessness in Greece

In Greece, homeless people are not officially recognised as a group requiring assistance. Homelessness traditionally was taken care of within families. Only recently has it started being

seen as a major social problem as Greece spirals further into the crisis with unemployment touching 20%, wage reduction (minimum wage reduced by 22 % and by 32 % for the young) and cuts in social expenditure. 68% of the Greece's population living below the 'at-risk-of-poverty' rate (i.e. having an income below 60% of the national median) were spending over 40% of their income on rent or mortgage payments.

Aid organisations estimate Greece's homeless population to have risen by 25% between 2009 and 2011 to reach 20 000. Although half of the homeless in the country live in Athens and Piraeus, the phenomenon has risen in smaller cities such as Trikala, Heraklion and Chania, where it had been unknown. In the wake of the crisis, a new class of homeless is on the rise: people with high education, no psychological or addiction problems, formerly with middle class lifestyles, now unable to make ends meet following a job loss or bankruptcy.

At the same time, cuts in public spending and social services have severely hampered the capacity of support organisations. For example, 61 of the 85 staff at the *City of Athens Homeless Foundation* were laid off in November 2010. At the same time, a new shelter, begun in 2009 and intended to relieve congestion in the two existing hostels, has never opened because of the lack of staff. Also, the housing benefit was suspended in 2010, partly due to the reduced inflow of social contributions which had funded the scheme.

Conclusion

The absence of consolidated data on homelessness across the EU makes it is hard to assess the impact of the crisis on homelessness. The piecemeal data hints that homelessness has risen after the crisis. Also the profile of the homeless population has changed, the new homeless being more often migrants or educated and young people. The traditional core of the homeless (people suffering long term mental problems or addictions) was joined by new entrants: people who suffered a sudden loss of income due to the crisis. Some countries e.g. UK, Estonia or Ireland being hit hard by the crisis, managed to contain the spread of homelessness by effective assistance schemes.

The evidence also suggests that immigrants and young people have been disproportionately affected. The rise in homelessness has put extra pressure on aid organisations which are struggling with the increased demand for their assistance and with cutbacks in funding. The continuing austerity and the limited prospects for economic recovery are likely to make homeless a salient social problem of the coming years.

Table 15: A summary of the plight in selected EU countries

Country	Indicative numbers and estimates	Trends and socio-economic profile
Belgium	17 000 homeless in the country; without counting the illegal immigrants.	Brussels saw the number of its homeless increase between November 2008 and November 2010 from 1 771 to 1 944 (including illegal immigrants). In 2010, 33% of the Brussels homeless had no official ID and 9% were refugees. A 2010 country-wide survey of the homeless people and illegal immigrants showed that 83% of those surveyed spent nights in shelters. 70% had left school without any qualifications and only 20% of men and 5% of women had a formal job. 33% worked in the informal economy. 32% of homeless women were living with their children.
Finland	7 877 homeless people living alone in November 2010	Since 2006 the number of homeless families increased by 8% while the number of the homeless living alone dropped by 3%. 83% of the homeless are men, 18% less than 25 of age. The proportion of immigrants is rising: - 40% of homeless families in 2010 were immigrants (only 16% in 2007)
France	The Pierre Abbé Foundation estimates there are 133 000 homeless people in France. 2010 saw 11 670 forced evictions (10.1% more than 2009). In total there	Another estimate puts the number courts trials related to arrears to have increased by 5% between 2008 and 2009 to reach 106 938, a 10-year high

	160 000 trials under way due to rent arrears in 2010.	
Greece	20 000 homeless people in 2011 (25% increase since 2009).	Half of the homeless live in Athens and Piraeus (11 000 of whom 8 000 nationals). Aid organisations in deprived areas report doubling of food hand-outs between 2007 and 2011. Greek nationals made 60% of the recipients in 2011 and only 15% in 2009.
Hungary	8 075 homeless (38% rough sleepers) counted in Budapest in 2010.	A big rise from 2 539 in 1999, of whom only 3% were sleeping rough. A rise of 1 800 homeless persons between 2009 and 2010 in Budapest. 50% of the Budapest homeless had owned or rented a dwelling before becoming homeless.
Ireland	2 366 people received assistance from homeless services in Dublin in 2008. 9.2% of private residential mortgage accounts (70 911) were in arrears of over 90 days in December 2011. 133 properties were repossessed in 2011Q4 and 162 in 2011Q1.	The number of over-90-day arrears rose from 49 609 in 2011Q1 to 70 911 in 2011Q4. In November 2010, 70 people were found sleeping rough in Dublin, up from 60 in 2009. Just over twice as many men as women (68% of the total as against 32%) made use of the services and almost half had become homeless for the first time over the preceding three years. 5% were sleeping rough, just over half as many as in 2005 and 38% of these were non-Irish nationals as compared with only 9% in 2005. Half of those found sleeping rough in Dublin in 2010 were non-Irish nationals as against almost three-quarters in 2009
Italy	50–60 000 homeless in 2011. 6 000 in Rome in 2011, 2300 sleeping rough. ¼ households report payment difficulties.	90% of Milan slum dwellers are foreign nationals. 77% of the homeless in Naples and 73% in Bologna are foreign nationals. 78% of those seeking assistance at the Termini train station in Rome are foreign.
Latvia	2 597 people were sleeping in shelters in Riga in 2009	A rise 108% between 2007 and 2008 and + 52% between 2008 and 2009). 72% of those assisted being unemployed in 2009 as against 35% in 2008. Only 6% of the homeless were employed
Poland	39 187 homeless were registered to be using shelters in the winter 2009/2010.	Half of the homeless supported themselves by working, while the other half were in receipt of pension or benefits. Few (4%) had permanent jobs One local study (in Lublin) showed 10% being homeless due to eviction, 15% due to unemployment and 7% because of indebtedness.
Portugal	729 homeless were counted in Lisbon 2010.	19% more homeless aid recipients in 2010 than in 2009. Also the number supported for the first time was 23% higher. 84% Lisbon homeless were men, usually of working-age; 58% were born in Portugal. 68% without any qualifications. Only 8% were in work. 27% sleeping rough, 31% in shelters and 16% with friends or relatives
Spain	13 701 people were accommodated each day in the 755 shelters for homeless in 2010.	Madrid: 50% the homeless are foreign nationals. 78% are men, usually in their mid-40s. Seville: 253 rough sleepers (November 2010), 84% of them men and 59% foreign nationals. Barcelona: 62% of the 658 rough sleepers (2008) having foreign nationality.
UK	12 830 households in England and Wales are eligible for help due to homelessness.	In some areas more than 50% of people declare themselves in need of housing. Rent arrears or mortgage defaults were mainly the cause of them losing their homes. London: number of people sleeping rough was 3 000 in March 2007, 3 472 in March 2009 and 3 673 in March 2010. The Poles accounted for most of the increase.

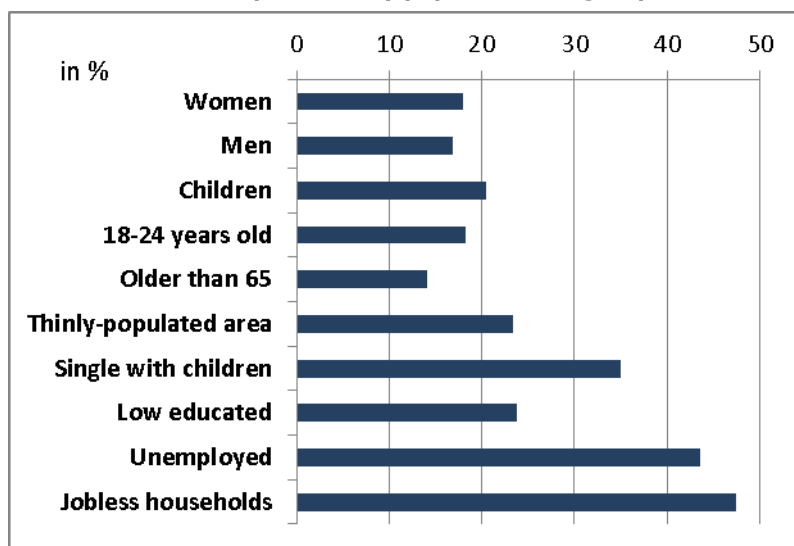
Note: All numbers are approximate. Data are unsuitable for comparisons. The data collection methods are not harmonised among countries.

> *Special Focus: Material deprivation on the rise*

According to the EU definition of poverty, as agreed by the Council of Ministers, the poor are 'persons whose resources are so small as to exclude them from the minimum acceptable way of life in the Member State in which they live'. In this context, the term 'resources' encompasses material, cultural and social aspects. Standard measures of poverty, such as the risk of poverty, are based on current income and essentially fit this definition. However, they do not reflect the availability of non-income resources. Material deprivation measures capture these aspects as well as the broader notion of 'inability to live a decent life'.

Material deprivation is measured as the accumulation of at least three enforced lacks of nine basic items. In all, **17.4 % of the EU population was materially deprived in 2010**. To some extent material deprivation rates reflect a country's level of development and are especially high in Bulgaria (56%), Romania (49%), Latvia (46%), Hungary (40%) and Lithuania (36%). Deprivation rates are at their lowest in Luxembourg (4%), Sweden (4%), Denmark (6%) and the Netherlands (7%). The populations more severely hit by material deprivation are the poorly educated, the unemployed, people living in thinly populated areas, and one-parent families (see Chart 40).

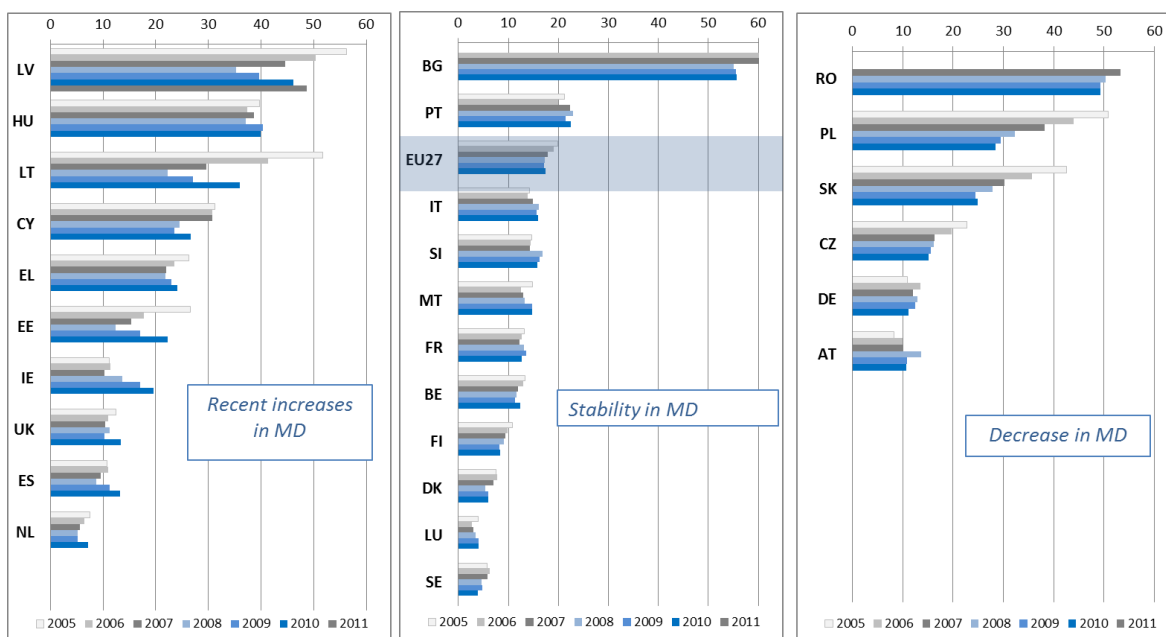
Chart 40: Material deprivation by population subgroups



Source: Eurostat, EU-SILC2010

Recently, between 2005 and 2009, material deprivation decreased in EU27 (from 19.9% to 17.1%, see Chart 40). The trend reversed after the crisis, and the material deprivation rate stabilised at 17.4%. **Between 2008 and 2010 there was a particularly dramatic increase in material deprivation in the Baltic States** (more than 10 pps), **in Ireland (+6 pps) and in Spain (+4.5 pps, see Chart 41)**. The additional increase to 49% recorded in Latvia for 2011 may well announce a worsening trend in these countries. Material deprivation has also increased, although to a lesser extent, in Hungary, Greece, Cyprus, the Netherlands and the UK (by 2 pps to 3 pps). In a number of other countries experiencing a multi-annual improvement in living conditions, the declining trend of material deprivation has continued (Czech Rep., Slovakia, Poland).

Chart 41: Trends in material deprivation, 2005-2011



Source: Eurostat, EU-SILC.

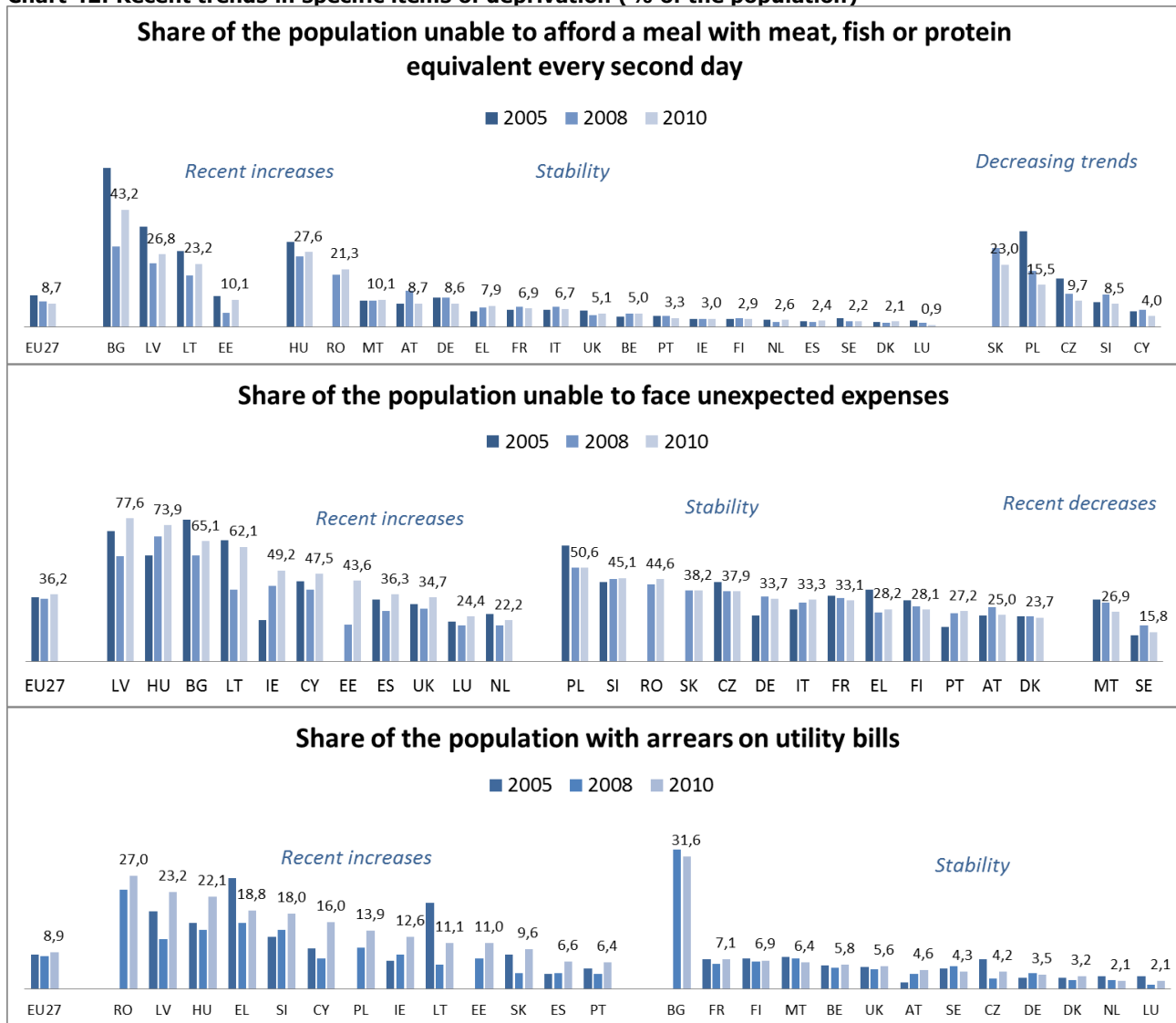
The impact of the crisis is most visible in specific aspects of deprivation

The deprivation components used to calculate material deprivation can be split into two groups: the 'economic strain' and 'durables'. The former includes items which are potentially more responsive to the crisis: 'pay the rent, mortgage or utility bills', 'keep the home adequately warm', 'face unexpected expenses', and 'eat meat or protein regularly' or 'go on holiday'. The rest of the items are less responsive to economic shocks (cannot afford to buy a television, a washing machine, a car or a telephone).

The share of people unable to afford a meal with meat or protein every second day has increased by 7 pps in Bulgaria and 4pp Romania since 2008, which could be explained by the sharp increase in meat prices during that period, especially in Bulgaria. However, a World Bank survey on household coping strategies during the crisis also highlights that 35% of households facing income losses in Bulgaria, and 60% in Romania reduced their food consumption to cope with the crisis.

The number of people unable to face unexpected expenses has increased significantly since 2008 in Estonia, Lithuania, Latvia, Cyprus, Bulgaria (see Chart 42). The share of people **unable to pay utility bills** has also risen dramatically since 2008 and 2010 in Cyprus, Latvia, Hungary, Slovenia, Slovakia, Ireland and Estonia.

Chart 42: Recent trends in specific items of deprivation (% of the population)



Source: Eurostat, EU SILC, 2009 ad hoc module.

Towards a new material deprivation indicator

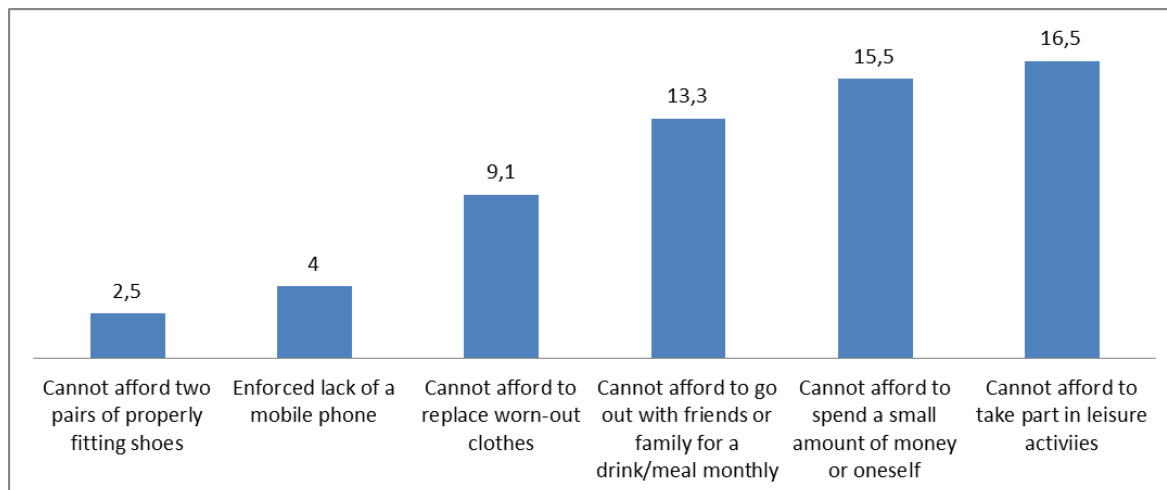
The current material deprivation indicator amounts to a big step forward in monitoring poverty and social exclusion at EU level, especially after the 2004 enlargement. However, it does have some limitations, mainly the small number of items included in the indicator (nine in all, restricted by the items available up to now in the core survey) and the weak relevance of some of these items (enforced lack of a TV set for example).

In 2009, some additional items were introduced into the core survey to explore the possibility of further improvements. This broader set of items has been analysed extensively with a view to identifying which ones can be used to improve the existing indicator. Strict tests applied to possible additional items revealed a common latent dimension of material deprivation, showing greater robustness than the current indicator. Results of this in-depth analysis are presented in the Eurostat working paper "Measuring material deprivation in the EU". The paper contains proposals for improved material deprivation indicators for the whole population and for children. However, because of regulatory and data-collection delays, it will be several years before an improved indicator can be made available at EU level.

Additional dimensions of deprivation: individual deprivation within households

The supplementary items collected via the 2009 additional questions brought a great deal of new information. For instance, data on individual deprivation within households were collected, although deprivation was only measured at household level in the current indicator. New individual items include: enforced lack of a mobile phone; the replacement of worn-out clothes by new ones; the possibility of meeting up with friends or family for a drink or a meal at least once a month; regular participation in a leisure activity such as sport, cinema or a concert; and spending a small amount of money each week on oneself. Although all these items provide additional information on the extent of deprivation, they cannot be compared over time with other items, as they were only collected in 2009.

Chart 43: Prevalence of additional individual deprivation (% of the population).



Source: Eurostat, EU SILC, 2009 ad hoc module

A total of 9 % of the EU population cannot afford to replace worn-out clothes by new ones. This share ranges from less than 3 % of the population in the Netherlands, Spain and Sweden, to around 30 % in Romania and Hungary and almost 50 % in Bulgaria. Moreover, 2.5 % of the whole population cannot afford two pairs of properly fitting shoes. This share ranges from 1 % or less in the UK, Finland, Austria, Luxembourg, Cyprus, Spain, Greece and Belgium, to 9 % in Latvia and Romania and 11 % in Bulgaria.

Apart from these items describing the most basic needs, some items describe dimensions which are closer to social participation and inclusion in the sense of the Council definition (see above). In this context ('resources ... so small as to exclude [poor] from the minimum acceptable way of life in the Member State in which they live') they include material, cultural and social aspects. Some questions provide relevant information: enforced lack of a mobile phone; ability to afford

a meal or a drink with friends or relatives once a month; participation in sport and leisure activities; and ability to spend a small amount of money on oneself each week.

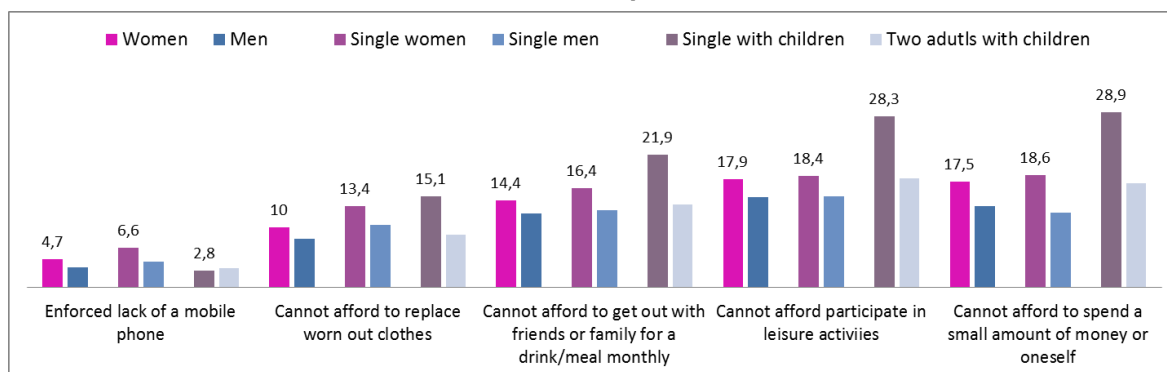
Furthermore, 4 % of the EU population reports an enforced lack of a mobile phone, ranging from 1 % or less in Sweden, Finland and the NL, up to 16 % in Bulgaria and 20 % in Romania. The wording of most survey questions on material deprivation distinguishes between preferences and affordability - hence the notion of enforced lack. Thus, the results also indicate that 82 % of the EU population is equipped with a mobile phone, whereas 14 % do not want to own one.

The results show that 13 % of the population cannot afford to go out for a drink or meal with friends or relatives at least once a month. This population ranges from 2-4 % in Czech Rep., Denmark, Cyprus, the NL and Finland, up to 40 % in Bulgaria and 50 % in Romania. Moreover, 16 % cannot afford to take part in leisure activities for financial reasons (from 4-6 % in Czech Rep., Denmark, Luxembourg and Finland to 40 % in Bulgaria and 50 % in Romania). Lastly, 15 % of the population cannot afford to spend a small amount of money on themselves once a week. This share ranges from 2 % in Finland up to 45 % in Bulgaria and Romania.

The gender dimension of material deprivation

Deprivation items collected at an individual level make it possible to throw more light on gender differences. Women are generally more deprived than men. The results show that 4.7 % of European women cannot afford a mobile phone, against 3.3 % of men. 10 % cannot afford to replace worn-out clothes, against 8 % of men; 14 % cannot afford to go out once a month with friends or relatives for a drink or a meal against 12 % of men; 18 % cannot take part in leisure activities for financial reasons (compared with 15 % of men). 17.5 % of women cannot afford to spend a small amount of money on themselves each week, as opposed to 13.5 % of men. All these shares are higher for singles, both male and female, with a similar gender gap. Finally, single-parent households, in most cases run by women, face higher deprivation rates than two-adult households with children (see Chart 44).

Chart 44: Gender differences for some individual deprivation items.



Source: Eurostat, EU SILC, 2009 ad hoc module

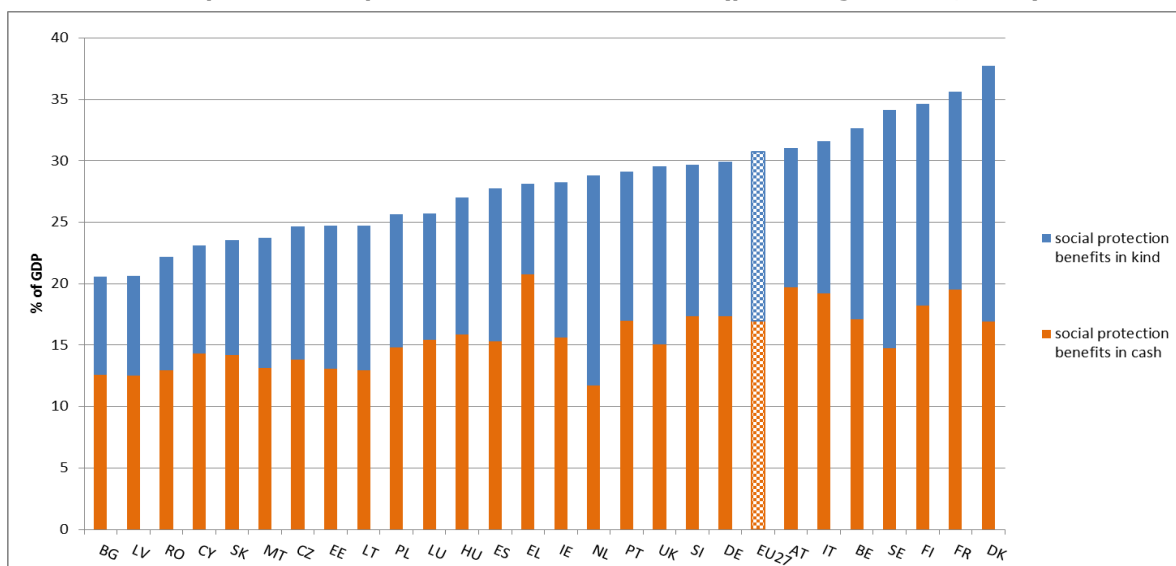
> *Special Focus: Social protection expenditure*

This special focus looks at the developments in social protection expenditure since the early stages of the great recession, based on actual data until 2010 and the latest forecasts up to 2012.⁵⁹ Special attention is paid to the composition of expenditure in terms of benefits provided in cash and in kind.

Expenditure on social protection benefits varied significantly among the EU Member States in 2010, ranging from less than 25 % of GDP in most new Member States to around 35 % of GDP in the Nordic Member States together with France and Belgium. In the whole EU on average, this expenditure reached 31 % of GDP.

Chart 45 shows the composition of social protection expenditure distinguishing between benefits provided in cash and those in the form of services or reimbursements (in kind). This clearly varies among the Member States. While at the EU level cash benefits slightly dominate (55 % of total social protection expenditure), they are much more important in Greece, Austria or Italy, for example, and much less important in such countries as the Netherlands, Sweden and Denmark (74 % in Greece and less than 45 % of total social protection expenditure in these three latter countries).

Chart 45: Social protection expenditure in cash and in kind (percentage of GDP, 2010)



Source: Eurostat, National accounts and European Commission Economic Forecast — Spring 2012.

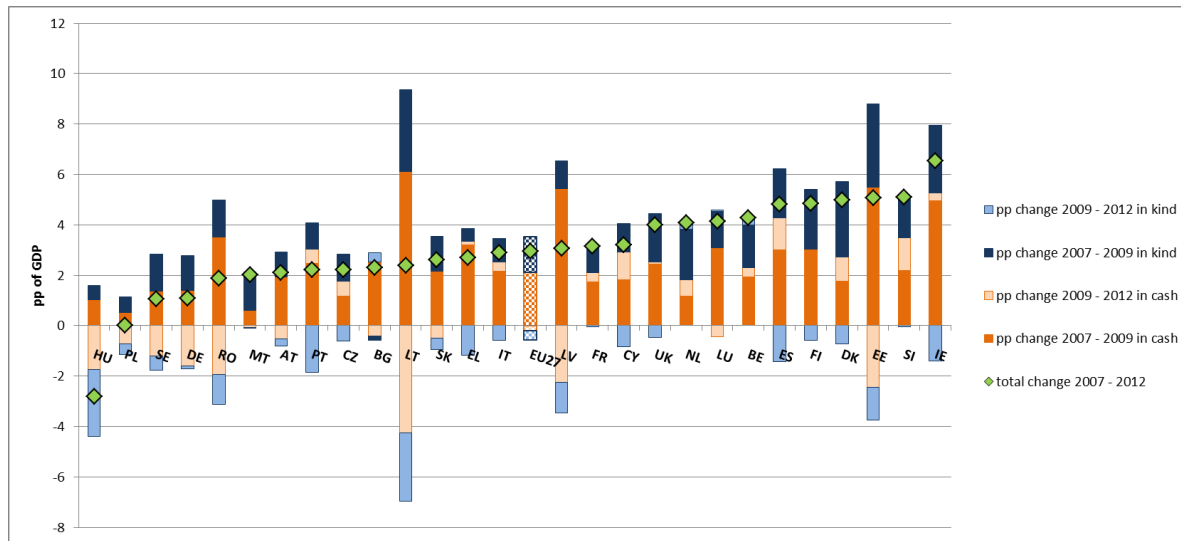
In the last five years, social protection spending has increased relative to GDP in the EU (by nearly 3 pps, see Chart 46). The expectation is that between 2007 and 2012 it will have increased in all Member States (by up to 6.5 pps of GDP in Ireland), except for Hungary, where it is forecast to have decreased by nearly 3 pps, and Poland, where it will have remained nearly stable.

However, these figures often mask larger variations in expenditure. If trends between 2007 and 2012 are divided into a period of growth (2007 – 2009) and a period of decline (2009 – 2012), this becomes very apparent.

During the first phase of the great recession, from 2007 to 2009, both kinds of social protection benefits increased relative to GDP in practically all Member States (the highest increases being seen in Lithuania, Estonia, Ireland and Latvia). The situation in the period 2009 – 2012 has been different: social protection benefits in kind fell relative to GDP in most Member States (by almost 3 pps of GDP in Lithuania and Hungary) while cash social protection benefits decreased relative to GDP in nearly half of the Member States (by as much as 2-4 pps of GDP in the Baltic States). Nevertheless, unlike Hungary, in the Baltic States these cuts in social protection expenditure were preceded by very significant increases.

⁵⁹ The Commission (DG ECFIN) assesses the outlook for social expenditure, taking into account government measures taken, demographics, the evolution of unemployment, social trends, etc.

Chart 46: Change (pp) in social protection expenditure (percentage of GDP, 2007 – 2012)



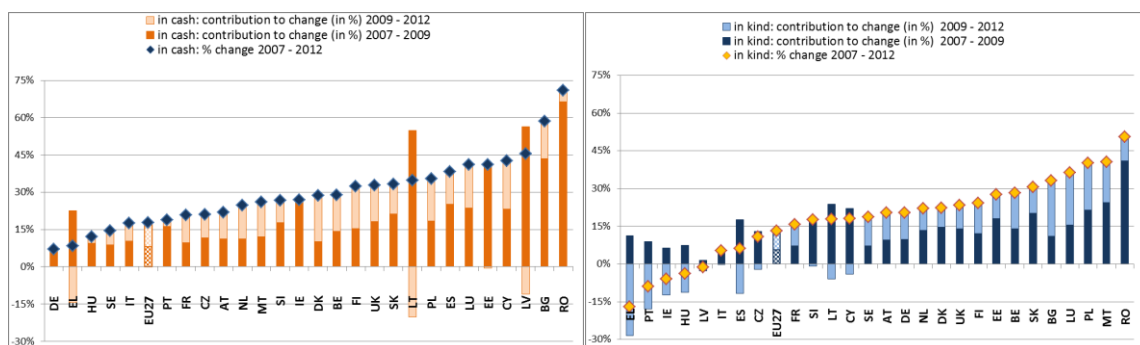
Source: Eurostat, National accounts and European Commission Economic Forecast — Spring 2012.

Note: data for years 2011 and 2012 are forecasts.

The picture provided by analysing trends in the size of social protection expenditure as a percentage of GDP might be influenced by two aspects: firstly, changes in GDP (used here as the denominator); secondly, as the level of spending is not shown, it is not clear how important a given percentage point change in spending is relative to this variable. Both these issues are explained and illustrated below.

Chart 47 presents spending trends in national currency. It illustrates that there has been much more variation in cash expenditure than is the case for in-kind benefits. Cash social protection benefits are expected to decrease in certain Member States between 2009 and 2012 but in all the countries the total change over the whole period 2007 – 2012 remains positive. On the other hand, spending on in-kind benefits decreased in five Member States during this whole period (Greece, Portugal, Ireland, Hungary and Latvia), in all cases due to the fall in expenditure during the second period from 2009 to 2012. Further analysis would be needed to understand what caused this decrease (reforms, cuts in expenditure, etc.).

Chart 47: Percentage change in social-protection spending (in national currency, 2007 – 2012)
Panel A — in cash Panel B — in kind



Source: Eurostat, National accounts and European Commission Economic Forecast — Spring 2012.

Note: data for years 2011 and 2012 are forecasts.

While the change in social protection spending in percentage points of GDP in Romania and Bulgaria is below the EU average in Chart 46, looking at the development of the expenditure in national currency provides a different picture. We can see in Chart 47 that these two Member States belong among the countries that have most increased their spending on both cash and in-kind benefits relative to the actual level of spending, which is in line with their need to build up their social protection systems.

Estonia is a very good example of a country where there seems to be a discrepancy (caused by the developments in GDP) between the percentage change in social protection expenditure in euros, as shown in Chart 47, and the percentage point change in social protection expenditure relative to GDP as shown in Chart 46. In the period 2009 – 2012, the expenditure on cash benefits remains nearly stable, while it increases for in-kind benefits. However, as Estonian GDP grows by nearly 12% in these three years, expenditure on cash benefits relative to GDP drops in Chart 46. Expenditure on in-kind benefits increases in this period and this together with a (larger) increase in GDP causes social protection expenditure on this type of benefits to actually decrease as a proportion of GDP, as can be seen in Chart 46.

There is a link between the size of social protection expenditure and the capacity of the system to sustain the disposable income of households. If selected EU Member States are grouped based on the size of the GDP shock in the period 2007 – 2009, we can see some similarities in the development of social protection expenditure as well as in the changes in gross household disposable income (GHDI) (see Chart 48).

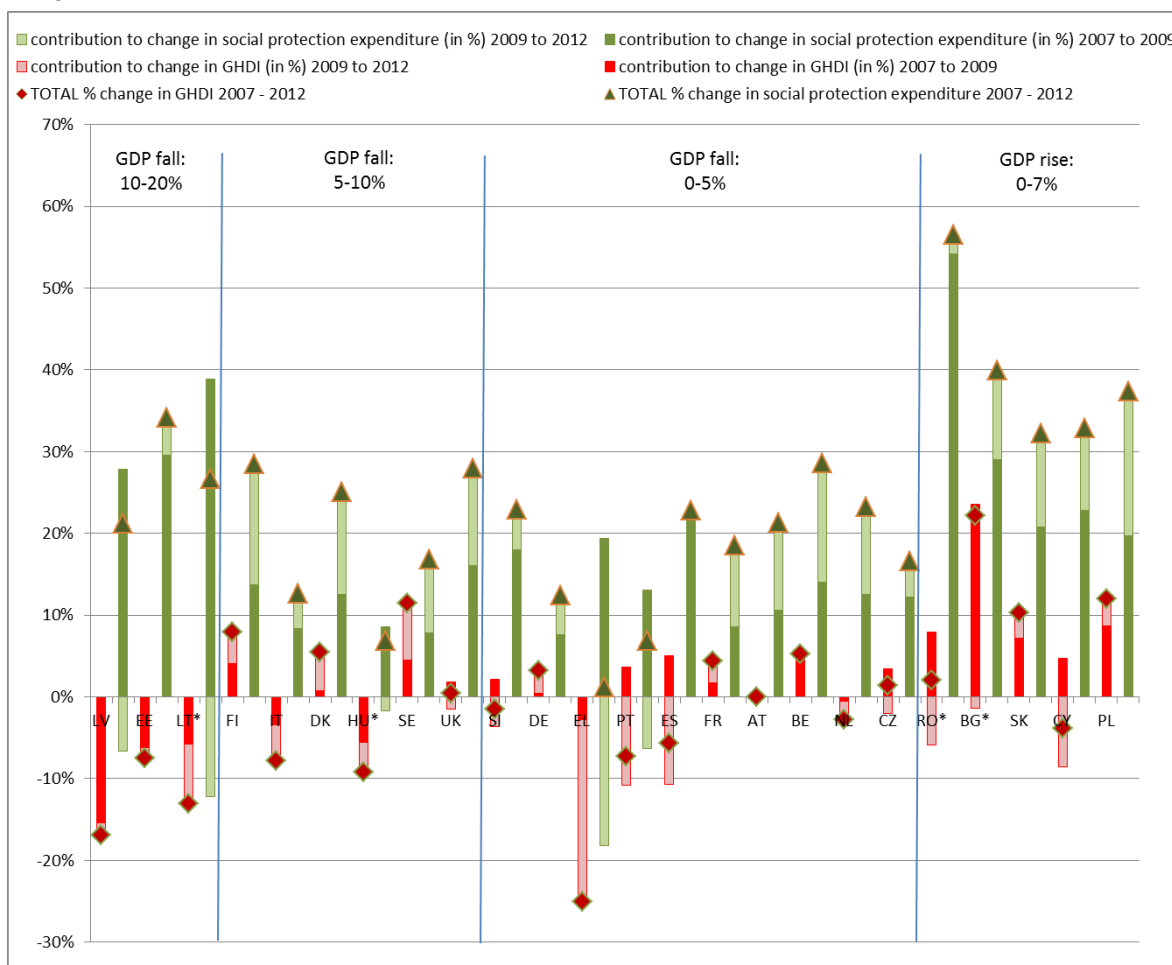
The Baltic States experienced the greatest GDP fall in 2007 – 2009, as much as 20%. During this period, social protection expenditure grew by nearly 30% in Latvia and Estonia, and by nearly 40% in Lithuania. However, in none of these countries was it sufficient to keep GHDI stable. Nevertheless, in this period in Lithuania and Estonia GHDI decreased significantly less than in Latvia. In the following period (2009 – 2012), the drop in GHDI is very similar in Latvia and Estonia, although Estonia is expected to further increase its social protection spending, while Latvia to cut it. According to the forecast, Lithuania will have decreased its social protection spending even more by 2012, which may cause GHDI to fall as well.

In countries where GDP decreased by 5 to 10% in 2007 – 2009, social protection expenditure grew in the same period (by 8-16%) and is expected to rise further by the end of 2012 (by 4-15%). Despite the size of the shock, GHDI increased during the first period in all three Nordic countries, suggesting that social spending did play its stabilising role. In Italy and Hungary, the relatively moderate rise in expenditure (below the EU average) was not sufficient to keep GHDI stable. By the end of 2012, social protection expenditure in the Nordic countries, as well as their GHDI, is expected to rise further, and in Italy the trend is also expected to remain the same (i.e. expenditure should rise, while GHDI should fall). In Hungary, both social protection expenditure and GHDI decreased in 2010. Expenditure is expected to show a further slight decrease by 2012, so a fall in GHDI might also occur. In the UK, the relatively important rise in expenditure over the whole period is expected to leave GHDI unchanged overall.

In the biggest group of countries shown in Chart 48, GDP fell by 0-5% between 2007 and 2009. Social protection spending increased in all of these countries in this first period and in nearly all of them GHDI remained stable or even increased. In the second period, social protection expenditure is expected to fall substantially in Greece (by 18%) and Portugal (by 6%) and to remain stable in Spain. GHDI is expected to decrease in the second period in all these southern Member States. In spite of a continued rise in social protection expenditure in countries such as Germany, France, Belgium, Austria, Slovenia, the Netherlands and the Czech Republic, it is forecast that by 2012 GHDI will have risen only in the first three countries mentioned above, stayed stable in Austria and actually decreased (by 2-4%) in the remaining Member States.

In all Member States where GDP grew in 2007 – 2009, social expenditure rose in this period and is expected to rise further by 2012. GHDI also grew in 2007 – 2009 and, unlike in Cyprus, it is expected to rise further in Slovakia and Poland by 2012. In Romania and Bulgaria, social protection expenditure grew in 2010 but GHDI decreased in both of them. Although expenditure is forecast to rise further by 2012, its impact on GHDI is uncertain.

Chart 48: Percentage change in gross household disposable income and social protection expenditure (national currencies, 2007 – 2012), countries grouped according to GDP shock in the period 2007 – 2009



Source: Eurostat, National accounts and European Commission Economic Forecast — Spring 2012.

Notes: 1) * — for Lithuania, Hungary, Romania and Bulgaria, data on GHD for 2011 and 2012 are missing. Therefore, for these countries developments are shown for periods 2007 – 2009 and 2009 – 2010 for both variables. 2) Data for years 2011 and 2012 are forecasts.

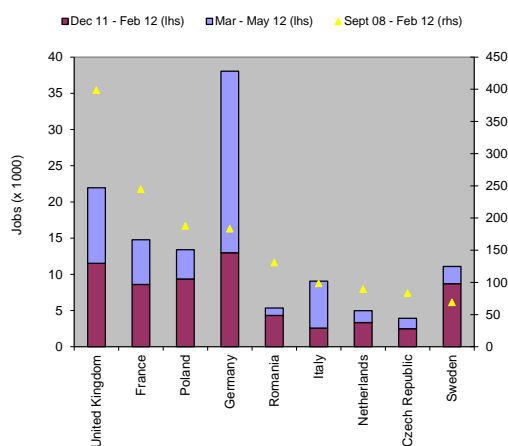
Impact of restructuring on employment

The European Restructuring Monitor (ERM) recorded a total of 310 cases of restructuring between 1 March 2012 and 31 May 2012.⁶⁰

Announced job losses continued to outnumber announced job gains...

These cases involved 74 967 announced job losses and 37 398 announced job gains.

Chart 49: Announced job losses for selected Member States



Source: Eurofound, ERM

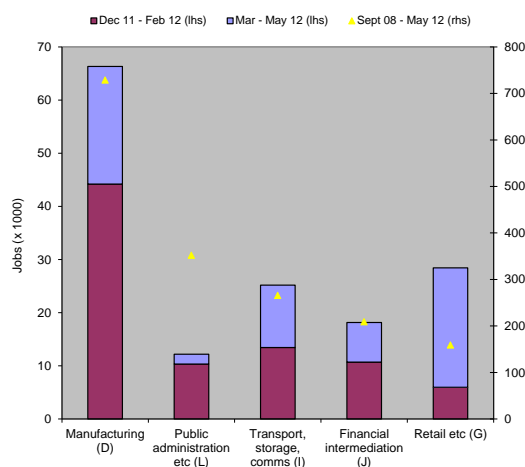
...with most of the recent job loss announcements relating to Germany

As shown on Chart 49, the member state with the largest announced job losses was by far Germany (25 064 jobs). Large job losses were also recorded in the UK (10 433 jobs), Italy (6 480 jobs), France (6 174 jobs) and Poland (4 033 jobs).

Retail and manufacturing were the sectors most affected by announced restructuring job losses...

Between March and May 2012, retail (22 456 jobs) and manufacturing (22 132 jobs) were the sectors the most affected by announced job losses. Other significantly affected sectors included transport, communications and storage (11 713), financial intermediation (7 444) and real estate and business activities (4 606). See Chart 50.

Chart 50: Announced job losses by sector for the EU



Source: Eurofound, ERM

In retail, the biggest case of announced job losses relates to the announcement of Schlegler, a major German family-owned drug store chain, which filed for insolvency. In March, the insolvency manager announced his restructuring plan for finding an investor which envisages the closing of about half of all chain stores and the cutting of 11 750 jobs out of a total of 25 250. Several losses in the sector have also been announced as Clinton Cards has been placed into administration and as a result 350 out of its 784 stores across the UK will be closed and 2 800 jobs will be lost. Further losses have also been announced at mail order company Neckermann which plans to cut 1 380 of 2 500 jobs in Germany, mainly due to reorganization from print media to e-commerce services.

In manufacturing, US Company First Solar, a manufacturer of solar panels, announced the restructuring of its German operations. The manufacturing plant at Frankfurt/Oder, eastern Germany, shall be closed by the end of the year resulting in 1 200 job cuts. Additionally, the European sales division located in Mainz will be restructured which will involve the shedding of a minimum of 100 posts. Several losses have also been announced in Italy as Safilo, a manufacturer of luxury eyewear, announced it is to cut 1 000 jobs. The same number of losses have been recorded at Belgian steel producer Carsid, member of the Duferco group, which announced the definitive closure of its plant in Marcinelle, Belgium, with the subsequent loss of 1 000 jobs. Another 3 000 jobs could be at risk indirectly through the closure.

In transport, communications and storage, German airline Lufthansa, announced in early May the cut of 2 500 administrative jobs in

⁶⁰ Data in this report are based on an extraction from the ERM database on June 8th 2012. Totals exclude World / EU cases in order to avoid double counting. As the database is continually updated in light of new information on recent cases, data reported here may not correspond exactly to later extractions. For more information, please visit the website: www.eurofound.europa.eu/emcc/erm/index.htm.

Germany. The job cuts are part of Lufthansa's SCORE program, which aims to rise the company's operating results. This announcement is part of a worldwide restructuring plan which envisages 3 500 job cuts among its administrative staff. British Airways has announced plans to cut 1 200 jobs at BMI following its takeover of the airline. The company has started consultation over how to integrate the remaining 1 500 jobs at Heathrow Airport. The redundancies will be located at the BMI head office at Castle Donington, Leicestershire, and at regional airports. Furthermore, Slovenske železnice the Slovenian state railway company, has announced up to 1 052 redundancies in 2012 and Compania Nationala Posta Romana Romanian Compania Posta Romana, the Romanian national provider of mailing services, announced a two phases restructuring plan. In the first phase 1 029 employees will be dismissed (mostly working in administration or management positions). The second phase of restructuring is planned for the following years and it is expected to affect about 5 500 employees.

Between March 2012 and May 2012, the largest restructuring cases involving job loss were in:

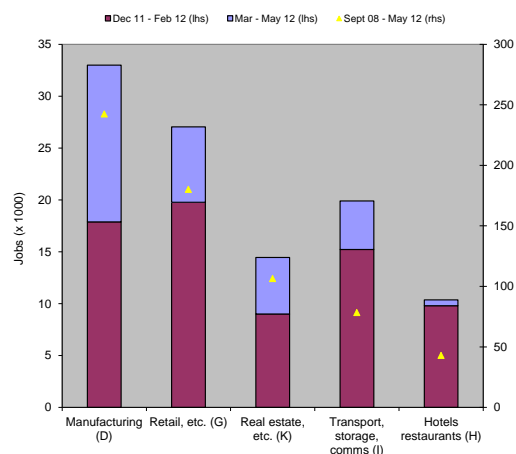
- Retail: (Schlecker, DE, 11 750 jobs), Clinton Cards (UK, 2 800 jobs), Auchan (FR, 1 600 jobs), Neckermann (DE, 1 380 jobs), IhrPlatz (DE, 908 jobs), Mothercare (730 jobs).
- Manufacturing: First Solar (DE, 1 300 jobs), Safilo (IT, 1 000 jobs), Carsid (BE, 1 000 jobs), Müller-Brot (DE, 800 jobs), Schüchen (DE, 740 jobs).
- Transport/communications: Lufthansa (DE, 2 500 jobs), BMI (UK, 1 200 jobs) Slovenske železnice (SL, 1 052 jobs), Compania Nationala Posta Romana (RO, 1 029 jobs), Spedition Schüchen International (DE, 750 jobs).
- Financial intermediation: WestLB (DE, 1 500 jobs) Banca Popolare dell' Emilia Romagna (Bper) (IT, 1 200 jobs), Bank Przemysłowo-Handlowy (BPH) (PL, 600 jobs), Bank Handlowy (PL, 590 jobs), CitiHandlowy (PL, 590 jobs).

...while manufacturing accounted for the majority of business expansion

As shown on Chart 51, manufacturing was the sector with by far the most announced new jobs (15 120 jobs), followed by retail (7 268 jobs), real estate and business activities (5 444 jobs) and transport, communications and storage (4 680 jobs). In manufacturing, Nokia Siemens Networks, a telecommunication

hardware company, announced it will be setting up a new business unit in Lisbon. The unit is to be operational by the end of 2012 and it will create 1 500 new jobs; most of these will be highly qualified jobs. Offshore Group Newcastle (OGN) has announced plans to create up to 1 000 new jobs in the UK. The company received a £ 640 000 government grant in order to build foundations for offshore wind farms in Wallsend, UK.

Chart 51: Announced job gains by sector for the EU



Source: Eurofound, ERM

Several new jobs have also been announced in auto-manufacturing as Jaguar Land Rover, a British car manufacturer owned by Indian Tata Motors, has announced it is to create 1 000 new jobs. The posts will include production operators, supervisors and engineers at the company's Halewood factory on Merseyside. More jobs have also been announced at German car parts manufacturer Continental Automotive Romania which announced a new recruitment drive which will result in the creation of 1 000 jobs by the end of 2012. Also car manufacturer Porsche is currently enlarging its workforce at its Leipzig plant from 950 to 1 950 in order to get prepared for the manufacturing of a new car model starting in 2013. Of these, 150 posts are already taken. Moreover, due to an unexpected high order situation, German car manufacturer Audi raised the figure of planned new posts from 1 200 (as announced in December 2011) to 2 000 (announced in April 2012). Additionally, 700 temporary agency workers shall get a permanent employment contract. The new jobs will be created in manufacturing and in technical development.

In retail, supermarket chain Auchan plans to create 3 200 new positions in the next two years in France, mainly by opening 50 drive through stores (where customers can pick up

their goods purchased online) and six new stores. At the same time Auchan expects to cut 1 600 positions at 117 French sites in order to increase its productivity. However the job cuts will be carried out through natural departures and non-renewal of fixed-term contracts. More new jobs have also been recorded as British supermarket chain Tesco announced plans to create 1 700 new jobs (mainly in new units) across Poland by the end of 2012. However Tesco also plans to cut 980 jobs in 420 units across Poland. Company representatives however claim that many of the dismissed employees will be offered new jobs. These dismissals are part of a larger reorganization programme at Tesco.

In transport communications and storage, Msc Crociere, a cruise ship company specialized in the Mediterranean cruise market, announced it is to create 2 000 new jobs by the end of May 2012, as it is releasing a new cruise ship, "Divina". More new jobs have also been announced at rail freight carrier PKP Cargo which announced plans to create 1 000 new jobs in Poland within the next four years. The company estimates that over this period about 4 000 employees will retire and they will also be replaced. The company is to hire mostly young people to rejuvenate the workforce - a grant program for the apprentices is to be a part of this strategy.

Between March and May 2012, the biggest cases involving job gains were:

- Manufacturing: Nokia Siemens Networks (PT, 1 500 jobs), Offshore Group Newcastle (OGN) (UK, 1 000 jobs), Land Rover (UK, 1 000 jobs), Continental Automotive (RO, 1 000 jobs), Porsche (DE, 950 jobs), Audi (DE, 800 jobs).
- Retail: Auchan (FR, 3 200 jobs), Tesco (PL, 1 700 jobs), Orifarm (CZ, 400 jobs), Makro (ES, 350 jobs).
- Transport/Communications: Msc Crociere (IT, 2 000 jobs), PKP Cargo (PL, 1 000 jobs), British Airways (UK, 400 jobs).
- Financial intermediation: Allianz France (FR, 1 000 jobs), State Street Corporation (PL, 9 600 jobs).

Sectoral trends⁶¹

Amid persisting economic uncertainty and as some predict another recession in manufacturing and services in the euro zone this year,⁶² three major sectors have followed very different trajectories in terms of employment since the 2008 crisis up until recently: industry, construction and wholesale and retail trade. The EU labour market crisis, which led the number of unemployed to increase by some 8.4 million in the four years to April 2012, hit sectors in various ways, given their degree of exposure to world trade.⁶³

Between the first quarter of 2008 and the first quarter of 2012, more than two jobs in 100 (2.3%) were gone in the EU. This ratio amounted to 9.0% in the industry, 15.4% in the construction sector and 2.2% in the trade sector. The analysis below presents some major trends observed recently in terms of employment in these sectors, and linked to changes in value added and output. Industry and construction are particularly vulnerable in the face of deteriorating economic conditions.

Employment numbers in the industry declined in the first quarter of 2012

After falling by 1.4% in the last quarter of 2011, Industry's value added remained unchanged in the first quarter of 2012 (+0.1%). Annual growth has been negative since the last quarter of 2011, after seven quarters of positive growth. In the face of the sector's receding economic activity, industrial employment growth, which timidly resumed in the fourth quarter of 2010, already stalled in the third and fourth quarters of 2011, as Chart 52 indicates. Industrial employment consequently declined again as from the third quarter of last year, down by -0.1% q-o-q, then by -0.2% in each of the two subsequent quarters.

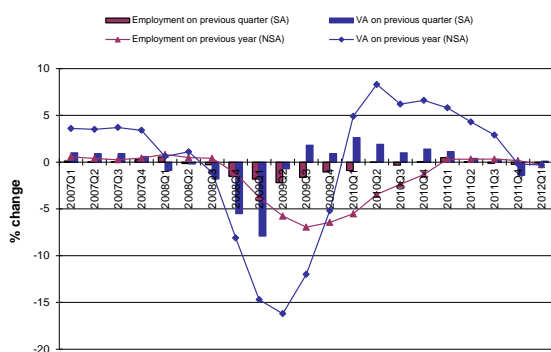
⁶¹ Eurostat publishes National Accounts' EU aggregates using the NACE Rev.2 classification including for employment. This sector-specific analysis follows that new classification. More detailed information on NACE Rev.2, as well as a correspondence table between NACE Rev.2 and the former NACE Rev.1.1 can be found on the Eurostat website (see: http://epp.eurostat.ec.europa.eu/portal/page/portal/nace_rev2/introduction). Attention, the Eurofound data on restructuring (ERM) are still presented according to the former NACE Rev.1.1. Note on data used in Charts 50-52 for 2012q1: for empl NSA: EU estimate without IE, UK; empl SA: EU est. without EL, IE, RO, UK; for VA NSA: EU est. without BE, BG, CZ, EE, IE, EL, IT, CY, LV, HU, PT, RO, SK; for VA SA: EU est. without BE, BG, CZ, EE, IE, EL, IT, CY, LV, HU, PT, RO, SK and SE.

⁶² See Markit Eurozone PMI Composite Output Index below.

⁶³ See also Box 3 on "Monitoring of sectoral employment".

Therefore, after a year in positive territory, the y-o-y change became negative again in the first quarter of 2012, down by -0.3%. The increases recorded in Lithuania (+6.4%), Latvia (+5.4%), Estonia (+4.2%), Romania (+4.1%), Austria (+2.4%) and Germany (+1.9%) were not sufficient to counterbalance the declines recorded in Greece (-13.5%), Cyprus (-4.7%), Portugal (-4.0%) and Spain (-3.6%). Given the too soft growth earlier last year, the number of jobs in the industry is still 9.0% below the level recorded four years ago, in the first quarter of 2008. In four countries, the gap is even bigger than 20%: Bulgaria, Greece, Spain and Latvia.

Chart 52: Change in industrial employment and value added in the EU



Source: Eurostat, national accounts.

In April 2012 compared with April 2011, industrial production dropped by 1.7% in the EU. Production of durable consumer goods dropped by 4.5%, while intermediate goods fell by 3.5% and non-durable consumer goods decreased by 3.4%. Over the same year, capital goods' production rose by 0.4% and production of energy grew by 1.3%. Among the Member States for which data are available, industrial production fell in eleven and rose in twelve. The largest decreases were registered in Italy (-9.2%), Spain (-8.3%) and Portugal (-7.6%), and the highest increases in Slovakia (+10.9%), Lithuania (+6.9%) and the Netherlands (+4.7%).

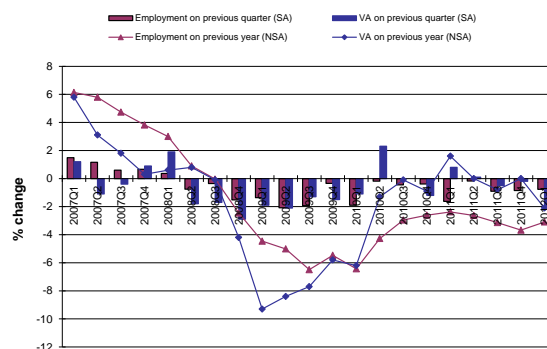
Ailing construction sector has been shedding jobs continuously for nearly four years...

After two and a half years of nearly continuous falls, the construction sector's value added had tentatively risen in 2010q2 (+2.3%), then more slightly last year, though not more than for a semester (1st half of 2011, see Chart 53). It then fell again, down by 2.2% in the first quarter of 2012 alone, i.e. the steepest fall recorded in nearly three years. Against this backdrop, the employment situation remains bleak in the construction sector, as it has fallen

continuously since the second quarter of 2008. Between the first quarter of 2008 and the same period of 2012, the sector lost 15.4% of its workforce at EU level.

Over the past four years, more than one job in two was lost in Ireland, Spain and Latvia, while more than one job in three was also shed in Bulgaria, Estonia, Greece and Lithuania. After improving slightly in the Baltic States until the third quarter of 2011, the situation deteriorated again recently. Over the year to the first quarter of 2012, the construction sector lost 20.8% of its workforce in Spain, 17.3% in Greece and more than 10% in Cyprus and Portugal. The construction sector lost, on average, 0.8% of its workforce at EU level, in the first quarter of 2012 alone, bringing the year-on-year change down to -3.1%.

Chart 53: Change in construction employment and value added in the EU



Source: Eurostat, national accounts.

In the construction sector, compared with April 2011, production in April 2012 dropped by 5.1% in the EU. Among the Member States for which data are available for April 2012, production in construction fell in nine and rose in five. The largest decreases were registered in Italy and Slovakia (both -15.1%), Spain (-14.6%), Portugal (-14.3%) and Slovenia (-14.1%), and the highest increases in Romania (+22.8%), Poland (+9.7%) and Sweden (+4.3%). Building construction declined by 4.6% in the EU, after -2.8% in March. Civil engineering decreased by 8.6%, after -7.8% respectively in the previous month.

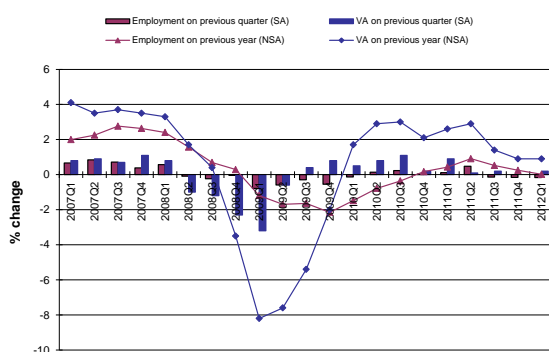
...while growth in employment in the retail and wholesale trade sector recently came to an end

Looking at the 2008q1 - 2012q1 period, employment in the trade sector shrank in the same proportion as total EU employment, down by 2.2%. Retail and wholesale trade did indeed not suffer the recession in the same

proportions as the industry and the construction sector did. It was hit on a much shorter period than the construction sector and much more moderately in terms of percentage of VA lost than the industry. As a consequence, the recovery, which also started in 2009q3 in the trade sector, was gradual but sustained, before tailing off in recent quarters, but still in positive territory. VA in the trade sector edged up by 0.2% in the first quarter of 2012, and annual growth was still 0.9% then.

However, just like EU total employment, the number of jobs in retail and wholesale trade started to decline again in the third quarter of last year, after rising for five quarters in a row (see Chart 54). Since 2011q3, it fell by 0.1 to 0.2% every quarter. After more than a year in positive territory, the y-o-y growth became non-existent (0%) in the first quarter of 2012, dragged down by steep declines in Greece (-9.8%), Portugal (-4.8%), Cyprus (-3.4%) and Spain (-2.7%), but supported by rises in Latvia (+3.7%), Romania (+3.1%) and Austria (+2.5%), just to quote the most significant changes.

Chart 54: Change in trade employment and value added in the EU



Source: Eurostat, national accounts.

In comparison with the falls in output seen in other major sectors, retail trade turnover in the EU held up fairly well through the downturn and recent declines have remained relatively limited. In April 2012, compared with April 2011, the volume of retail trade fell by 1.9% in the EU. "Food, drinks and tobacco" fell by 2.4%, while the non-food sector decreased by 0.7%. Among the Member States for which data are available, total retail trade fell in twelve and rose in nine. The largest decreases were observed in Spain (-9.6%), Portugal (-9.3%) and Malta (-4.6%), and the highest increases in Estonia (+8.5%), Latvia (+7.8%) and Romania (+3.4%).

Eurozone business activity is facing the worst downturn since mid-2009

The Markit Eurozone PMI Composite Output Index fell to a near three-year low in May.⁶⁴ The index fell for the fourth month in a row to 45.9, down from 46.7 in April, to signal the fastest rate of decline of private sector economic activity since June 2009. Output has fallen eight times in the past nine months. Activity fell at the fastest rates for seven months in services (and the second-fastest in 34 months), while manufacturing production dropped at the steepest rate since June 2009.

By country, Germany posted a marginal fall in combined manufacturing and services output, the first such contraction since last November and only the second in 34 months. The rate of decline in France accelerated to the fastest since April 2009. In the rest of the Eurozone the pace of contraction remained severe, and was the fastest since June 2009. Incoming new business in the Eurozone private sector declined for the tenth successive month in May. Moreover, the pace of contraction was the fastest over this sequence, and the strongest since June 2009. Manufacturers continued to post a steeper drop in new orders than their service sector counterparts. France posted a steeper drop in new business than Germany, while the rest of the Eurozone continued to see a stronger average rate of decline than the 'big-two'.

By sector, manufacturing and services registered broadly similar rates of contraction. Private sector employment in the Eurozone declined for the fifth successive month in May. The rate of job shedding was close to April's 26-month record, but modest overall. This reflected a return to workforce growth in Germany, albeit at a marginal rate. Jobs were cut for the third month running in France, and for the twelfth consecutive month outside the 'big-two' on average.

Eurozone service providers' expectations for activity over the coming year remained positive in May, albeit at a level well below the pre-crisis trend. The degree of business expectations picked up slightly from April's three-month low, but was still the second-weakest since January.

These findings confirm the lessons from the Economic Sentiment Indicator (see section on "Outlook" at page 11).

⁶⁴ According to the preliminary 'flash' reading released on 24 May 2012, which is based on around 85% of usual monthly replies. For further information on MARKIT, visit the website at: www.markiteconomics.com.

Box 2: Public sector and white jobs

This section reports on recent developments in public administration, defence, education, human health and social work activities (NACE sectors O, P and Q, Rev. 2). The state of play in the 'white jobs' sector is also covered briefly.

Significance of the public sector

According to national accounts, 14.8 million EU citizens were working in public administration in 2010, accounting for about 6.6 % of the EU's total labour force. In the ten years up to 2010, the workforce in public administration rose by only 1.4 %, whereas total EU employment increased by 5.5 %. While there was an increase in public administration staffing in most countries, particularly in Ireland (+33.8 %), Slovenia (+22.5 %), Cyprus (+18.5 %), Slovakia (+16.7 %) and Spain (+16.5 %), it declined significantly in Latvia (-12.6 %), Hungary (-12.4 %) and Sweden (-9.5 %), which recorded the biggest falls.

When education, health and other social work⁶⁵ are added, the total amounts to 51.9 million, i.e. 23.3 % of the EU's entire workforce, up 1.4 pps compared to 2000, while their overall share in the EU's GDP remained constant at 18.8 %. This rise is explained by the rapid expansion of the workforce, over the same ten-year period, in the sectors of education, health and other social work, up by +10.5 %, +18.0 % and +27.4 % respectively. Ageing is one explanation for the boom in health and social services.⁶⁶ Over the same period, the most spectacular growth in the number of health service jobs occurred in Ireland (+58.3 %), while the number of jobs in other social work more than tripled in Greece.

Recent developments in employment in the public sector

In the first quarter of 2011, after having weathered the crisis well until the end of 2010, with rising employment numbers, the 'public administration, defence, education, human health and social work activities' group of sectors experienced a sudden reversal in the trend, with employment declining by -0.1 % q-o-q, then -0.2 % during three consecutive quarters from 2011q1 until 2011q3, before stabilising somewhat until the first quarter of 2012. Year-on-year growth became negative in the second quarter of last year, down to as low as -0.6 % in the third and fourth quarters of 2011, then -0.1 % in the first quarter of 2012. By way of comparison, total employment, after five consecutive quarters of moderate rises, only started to fall again in the third quarter of 2011: -0.2 % in 2011q3 and -0.1 % in 2011q4.

Looking back over the last decade, employment in public administration stagnated somewhat in the 2000-2008 period (+0.8 %, against +7.9 % in the whole economy), but it held up fairly well during the crisis, and even edged up by +0.5 % from 2008 to 2010, while total employment dropped by -2.3 %. As pointed out in the 'Monitoring of sectoral employment' study,⁶⁷ job growth in the public sector over the recession period helped to compensate to some extent for job losses in other sectors, and thus prevent the overall number of employed from falling further.

Employment in education, health services and other social work even increased significantly during this critical period, by +2.0, +3.2 and +7.3 % respectively. Taking all these services into account, together with public administration, an increase of +2.8 % was reported, driven essentially by Belgium, Ireland, Spain, Cyprus, the Netherlands, Austria and Slovenia, where it rose by roughly 3 to 5 %. This relatively positive outcome can be partly explained by the swift measures taken at EU and national level during the crisis to avoid early exits, which enabled those sectors to withstand a recession of unprecedented magnitude. These measures were designed to help retain or hire workers, including widespread recourse to temporary short-time working arrangements and an expansion of public-sector employment in some countries, such as Ireland and Greece (see above). But their long-term impact is now being challenged by rising economic uncertainties and increasing public budget constraints.

⁶⁵ Short for 'Residential care activities and social work activities without accommodation' (NACE Rev. 2, categories 87 & 88).

⁶⁶ See Box 1 on active ageing for more details.

⁶⁷ See Box 3 below.

Focus on 'white jobs'

As highlighted in the framework of the Employment Package,⁶⁸ healthcare is a highly labour intensive activity and one of the largest sectors in the EU: in 2010 there were around 17,1 million jobs in the healthcare sector which accounted for 8% of all jobs in EU-27. The number of jobs in the sector increased by 21% between 2000 and 2010, accounting for 4 million new jobs. Even during the economic crisis, employment in the healthcare sector has continued to grow: while overall employment fell by 5 million people over the period 2008-2010, the healthcare sector increased its share of total employment by half a percentage point, creating more than 770 000 new jobs. The employment trend observed so far in the healthcare and social sector will continue. It will remain a growing sector according to the forthcoming CEDEFOP skills forecasts, even though employment growth will be more modest compared to 2000-2010. More than 1 million new jobs are expected to be created between 2010 and 2020. The growth rate in this sector is projected to be 5%, which is higher than EU average slightly above 3%. There will be about 7 million additional job openings between 2010 and 2020 due to replacement needs. Together with net employment change around 8 million of total job openings are projected. Most jobs will require highly qualified people (more than 5 million) while the need for medium qualified personnel will remain rather significant (around 3 million). Around 200 000 job openings will be for low qualified people.

However there are serious challenges facing the health workforce in the EU and many of these problems are common to all Member States:

- The shortage of health professionals is increasing as the health workforce is ageing, with insufficient new recruits to replace those that are retiring. The Commission estimates a potential shortfall of around 1 million healthcare workers by 2020, rising to 2 million if long-term care and ancillary professions are taken into account.
- Health professionals are unevenly distributed among Member States with a clear east-west asymmetry for doctors, nurses and dentists, but also between rural and urban areas within Member States. While all 27 Member States have experienced migration of health professionals, western and northern Member States are simultaneously receiving health professionals from other countries.⁶⁹
- There are difficulties in retaining staff in some health occupations due to demanding working conditions and relatively low pay.
- In addition, the emergence of new care patterns to cope with chronic conditions of the elderly and the rise in new technologies will require new skills and competences.

Restructuring trends

Recent developments in the ERM indicate that job losses have recently outweighed job creations in the public sector,⁷⁰ very significantly. Since January 2011, the ERM has recorded 175 116 job losses versus 11 850 job gains. Most of these job losses affect the public administration (NACE 75), with 164 658 announced redundancies. The level of reporting on restructuring in this sector is relatively high, the ERM reports 165 cases since January 2011 in total, 140 cases reporting job losses and 25 being cases of job creation.

Some recent developments in the sectors in detail:

- There are striking country differences, with some countries displaying a much higher level of restructuring activity than others:
 - Some countries are specifically hit by job destruction in this sector. More than half of all job loss cases (78 out of 140) were recorded in the United Kingdom, accounting for 52 890 of all job losses. This is followed by Greece (33 000 job losses), France (31 144 job losses)

⁶⁸ See Staff working document on "Commission staff working document on an action plan for the EU healthcare workforce (2012)" ("white jobs"): <http://ec.europa.eu/social/keyDocuments.jsp?policyArea=&type=0&country=0&year=0&advSearchKey=emplpackageswd&mode=advancedSubmit&langId=en&orderBy=docOrder>.

⁶⁹ Find more details in Gilles Dussault, Inês Fronteira and Jorge Cabral (2009) Instituto de Higiene e Medicina Tropical, Lisbon, Migration of health personnel in the WHO European Region.

⁷⁰ For the purpose of this summary, the public sector is defined as the NACE Rev.1.1 sectors 75, 80 and 85: Public Administration, Education and Health. However, NACE codes do not give indication whether the organisation conducting restructuring is a public or a private entity. Therefore, the numbers presented here can be only indicative for representing the public sector.

and the Netherlands (21 363 job losses).

- Job creation cases in the public sector are recorded for a few countries only. Poland records 5 cases of job creation concerning 5 636 new jobs – about half of all new public sector jobs across the entire EU. This is followed by France (7 cases with 2 440 announced job creations), Romania (4 cases with 890 announced job creations), United Kingdom (4 cases, 569 job creations) and Ireland (3 cases, 745 job creations).
- Naturally and given the nature of public sector restructuring, close to all job loss cases (134 out of 140) are cases of internal restructuring.
- The number of jobs affected per job destruction case is relatively high: On average 1 251 people are made redundant and 30 cases involve the loss of 1 000 jobs or more.
- Job losses (175 116)
 - Biggest single job loss cases were in the French public administration (30 401 job losses, internal restructuring, announced June 2011), the Greek Civil Service (30 000 job losses, internal restructuring, announced October 2011), the Dutch Ministry of Defence (12 000, internal restructuring, announced April 2011) and the UK Ministry of Defence (11 000, internal restructuring, announced April 2011).
- Job gains (11 850):
 - Biggest single job creation cases were in the Polish Police Force (5 100 job creations, announced January 2012) and the French Ministry of Justice (689 job creations, announced March 2011).

Outlook

Today, the key question is whether the relative resilience of public employment, evident until the end of 2010, has come to an end for good. According to the Commission's Spring 2012 European Economic Forecast, employment growth has turned negative in the EU, bringing the unemployment rate in the EU to above 10 % in early 2012. The overall deterioration masks substantial cross-country and cross-sector differences. Unlike in 2009, strained public budgets and reductions in public sector staffing are likely to weigh further on overall employment prospects, especially in the more vulnerable countries, as the need for public sector consolidation is generally higher in deficit than in surplus countries. With an ageing population and the rising demand for healthcare, the healthcare sector, on the other hand, will remain a key driver for providing jobs in the years to come. In order to mobilise labour for growth, i.e. to create jobs and ensure a job-rich recovery, the Commission considers that Member States should, *inter alia*, give particular priority to developing initiatives that facilitate the development of sectors with the highest employment potential, including in the low-carbon, resource-efficient economy ('green jobs'), the health and social sectors ('white jobs') and in the digital economy.⁷¹

⁷¹ See more details in the Employment Package.

Box 3: Monitoring of sectoral employment

This recent study⁷², carried out by the Vienna Institute for International Economic Studies and Applica, consists in a comprehensive collection and a long-term analysis of key sectoral data with a view to identifying and monitoring employment developments by sector, as well as sectoral inter-dependencies. The analysis also aims at highlighting more recent developments, such as the impact of the recent crisis. This was analysed for a representative set of sectors, paying special attention to Flexicurity, skills, outsourcing and restructuring, labour productivity, technological change, etc.

The recent economic downturn

The decline in GDP during the recession has been concentrated in manufacturing and construction and triggered significant declines in basic services. The decline in manufacturing production was particularly strong in Germany, while in Spain and Ireland as well as the Baltic States there was a pronounced decline in construction, which had expanded markedly in these countries over the years preceding the recession. Just as in previous economic downturns in the EU, this recession has hit investment goods industries (including construction) much harder than consumer goods industries, essentially because investment can be postponed in a way that consumption cannot. The effect on employment of the downturn differed markedly among sectors and countries according to the strength of the measures adopted both by employers and governments to preserve jobs, but also according to expectations about the pace and scale of recovery and the sustainability of the previous pattern of growth. Although average hours worked declined significantly in manufacturing during the worst period of the recession in 2009, supported by measures to preserve jobs in many countries, since then there has been a widespread increase, reflecting the reluctance of employers to take on workers in the context of a hesitant recovery and the uncertainty of longer-term prospects.

Employment trends in selected sectors

Employment is strongly related to changes in value added, though an increase in value added tends to be partly met by productivity growth as well as by employing more people. Similarly, a fall in value added tends to be associated with a decline in productivity growth as well as a decline in employment, though lags in adjustment may delay the latter. The relationship between employment and real wages tends to be significant in manufacturing, where increases in real wages tend to reduce the growth of employment; this is not the case in services. In the UK, as in the US, real wages tend to adjust more quickly to changes in labour demand than in Germany and France, suggesting that labour markets are more flexible in the former two countries. There is an inverse relationship between average hours worked and the number employed, indicating in general that the more hours people work, the smaller the number employed and vice versa, so that adjustments in working time has an important effect on jobs. Investment in ICT has positive and significant effects on employment in manufacturing, probably working through improvements in productivity. The opposite is the case in services, suggesting that the increasing use of ICT tends to reduce employment. After a shock, it takes up to three years for employment to return to trend levels in France, Spain, Belgium and the Netherlands. In the other countries, the pace of adjustment is faster, at only one-and-a-half to two years on average.

Changes in the composition of employment

Over the period from 2007 to 2010, the share of jobs filled by women continued to increase across the EU. This, however, reflects the large job losses in manufacturing and construction where few women are employed. In most sectors, even in services, the share of jobs filled by women declined. The share of jobs filled by workers aged 55 and over has increased in most parts of the EU over the past ten years, reflecting a tendency for older people to remain longer in work. This continued to be the case over the recession period, unlike during previous periods of economic downturn when early retirement has been a major means of reducing work forces. The main group hit by the present crisis are the young below the age of 25.

⁷² The full report, its annex and summary (available in English, French and German) can be downloaded via the "employment and social analysis" page under <http://ec.europa.eu/social/main.jsp?catId=113&langId=en> (then scroll down to "Thematic analysis" and select "Sectoral employment"). The annex contains a wealth of data by country and sector, presented in "fiches".

Sectoral interdependencies

For each job created by an increase in final demand in a particular sector, there are between 1.4 and 2.3 additional jobs created in the economy as a whole. Employment multipliers are highest in manufacturing (especially in chemicals, electrical equipment and transport equipment) and are lowest in services, which need fewer inputs from other sectors. Domestic employment multipliers tend to have remained broadly unchanged over the past 15 years or so whereas international employment multipliers (the effect of growth in one country on employment in others) have increased markedly, reflecting the growing importance of production networks and international integration. Employment creation in services is mainly a domestic process, whereas within manufacturing, job creation takes place internationally (particularly in textiles, chemicals and electrical equipment and transport equipment). Growth of demand in the EU tends to lead to significant employment creation in other countries, reflecting the increase in imports that it results in. This is particularly so with respect to electrical equipment, textiles and chemicals, though it is also the case for each of those that growth of demand increases employment not only in the Member State in which it occurs but also in other parts of the EU.

Measures taken to support employment and challenges ahead

Measures to counter the effect of the recession on employment were implemented in all Member States. However, those were mainly general; relatively few responses were sector-specific, such as car scrapping schemes, which were introduced in a number of countries, and cuts in value added tax on hotels and restaurants (in Ireland and France). However there has been a decentralization of pay bargaining to company level in a number of sectors in some countries (such as in basic metals or chemicals in Germany). Many countries introduced expansionary fiscal policies to stimulate demand as well as short-time working arrangements (mainly concentrated in manufacturing). In a number of countries, there has been an expansion of training and work experience programmes, recruitment incentive schemes for employers hiring new workers, support to business start-ups, measures to increase access to credit, pay freezes and more flexible working arrangements, all designed to increase employment. There is little sign of the crisis which first hit the EU economies in 2008 coming to an end and growth is forecast to be sluggish across the EU over the next two years. In this context, the rate of net job creation is likely to remain low and unemployment to remain high in most parts of the EU and, in particular, in the construction industry and manufacturing sectors most affected by the recession. Even in the longer-term, the prospects for any significant increase in employment in the manufacturing sectors are limited by the 'overhang' of productivity built up over the crisis.

On the evidence of the years preceding the onset of the recession and of what has happened since, Italy and Spain are likely to experience slower growth of manufacturing in the future, together with France. This has implications for the balanced growth of the EU economy. There is likely to be a continuing shift of manufacturing from the EU15 (older Member States) to the EU12 (newer Member States), especially of engineering industries, though there are sign of production beginning to shift out of the EU12 to lower wage economies. This is part of the continuing process of globalisation, the logic of which is that labour-intensive activities will gradually become concentrated in low-wage countries, which means that the focus of policy needs to be on measures to encourage a shift to higher value-added activities rather than on trying to prevent the relocation of traditional industries. There is also likely to be a continuing shift in the composition of employment towards higher level jobs – to managers and professional – and away from skilled and semi-skilled manual workers, in particular. As in the past, this is likely to be common to all sectors. This shift will be accompanied by a growing share of jobs being taken by those with tertiary qualifications, though how far this will reflect job requirements as opposed to more young people coming on to the labour market with such qualifications is an open question.

Whether manufacturing sectors in which growth is likely to be slow or negative will be able to attract the increasing numbers of tertiary-educated people entering the labour market on which their long-term competitiveness is likely to depend is questionable. The Flexicurity approach to labour market policy, which has been advocated for some time at EU level, is being pursued by employers and is reflected in a shift to fixed-term and part-time jobs across the Union but is not being accompanied by a parallel strengthening of government support for workers should they lose their jobs. Instead, social support systems are under threat of being cut back as part of fiscal consolidation measures.

Longer-term trends and segmentation in EU labour markets

This section, which is based, *inter alia*, on the annual Labour Force Survey results for 2011, takes a long-term view of the changes on the European labour markets over the period 2000 – 2011, in the light of the impact of the 2008 – 2010 crisis, the slight improvements recorded in 2011 and the more recent deterioration of the labour market. The analysis focuses on three key elements: (i) employment, with respect to the Europe 2020 target, (ii) (in)activity as a driving force behind employment and unemployment, and (iii) labour market segmentation as a growing structural issue.

EU labour market in the years to 2011 in international perspective

According to the European Commission's Economic Forecast⁷³ of Spring 2012, following the contraction in output in late 2011 the EU economy is currently estimated to be in a mild recession. This follows the sharp recession seen between the autumn of 2008 and mid-2009, which resulted in an exceptionally serious decline in GDP in 2009 (-4.3%). The short-lived but fairly significant recovery seen in 2010 (+2.0%) and in 2011 (+1.5%) was not enough to make up for the ground lost since 2008. The United States, after facing tremendous difficulties on the economic front in 2008 and 2009 (with a GDP of -3.5% in that year), have seen a much faster recovery since then: +3.0% in 2010 and +1.7% in 2011. In Japan, the rapid growth in 2010 (+4.4%), after a -5.5% decline in 2009, was followed by a further decline in 2011 (-0.7%).

Together with an expected acceleration in global growth, the recovery is forecast to set in slowly from the second half of 2012. The projection for this year is for real GDP to stagnate in the EU, and to contract by -0.3% in the Euro area. For 2013, growth is forecast at 1.3% in the EU and 1.0% in the Euro area. Unemployment is expected to remain high at 10% in the EU, and at 11% in the Euro area during the forecasting period. The economic situation differs considerably from one Member State to another. According to the latest European Commission Economic Forecast, employment in the EU is expected to decline

by 0.2% in 2012 and to pick up by 0.2% in 2013.

In this very uncertain context, employment growth turned negative by the end of 2011, pushing the unemployment rate in the EU to above 10% in early 2012. Employment fluctuations in the EU only partly reflect the ups and downs of the economy, and are subject to a certain lag. Employment, after shrinking by 1.8% in 2009 and 0.5% in 2010 for the working-age population (15-64), grew by a modest 0.3% in 2011. Over the whole of the period 2008 – 2011, the employed population shrank by 2.0%, although this percentage is still limited compared to the declines of -4.4 and -4.7% recorded by the US and Japan respectively. Likewise, in the four years to April 2012, the number of unemployed in the EU rose by 51.6%, compared to 63.6% in the US. These contrasts between the EU and its counterparts in terms of labour market performances are partly explained by the widespread use of internal flexibility and the short-time working arrangements adopted by some EU Member States early in the crisis, which had the effect of reducing working hours rather than cutting jobs. This may also have subsequently softened the impact of the recovery on employment.

The overall deterioration masks substantial differences across countries where the rising employment levels and gradually declining unemployment in some countries, such as Germany, Belgium, Austria, Luxembourg and Malta, stand in sharp contrast to the rapid deterioration in labour market performance in vulnerable Member States, most of which are situated at the periphery of the Union, such as Spain, Greece, Ireland, Bulgaria and Latvia. Leading indicators suggest a weak outlook for the EU labour market, with the recession set to increase unemployment in the near term. Unlike in 2009, strained public budgets and reductions in public sector staffing⁷⁴ are likely to weigh further on overall employment prospects. In 2013, the subdued recovery and positive effects of labour market reforms are expected to translate into a slight increase in employment in the EU.

Employment rates for the working-age population picked up in the EU and Japan in 2011 (both +0.2 pp, +0.1 pp in the Euro area), while continuing to fall in the US (-0.1 pp) (see Chart 55). Compared with 2008, the picture is as follows: the employment rate fell by -4.2 pps in the US, but by a more

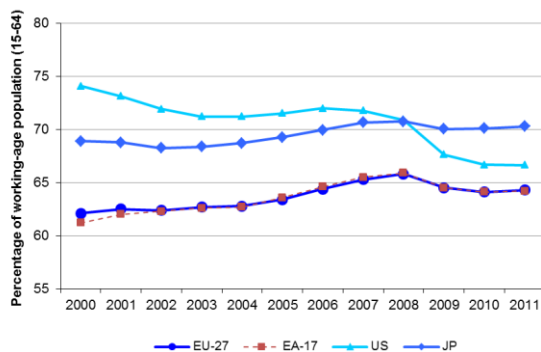
⁷³See

http://ec.europa.eu/economy_finance/publications/european_economy/2012/pdf/ee-2012-1_en.pdf for more details.

⁷⁴ See Box 2 on the public sector.

limited -1.5 pps in the EU and -0.5 pp in Japan.

Chart 55: Employment rates in the EU, USA and Japan, working-age population (15-64), 2000 - 2011

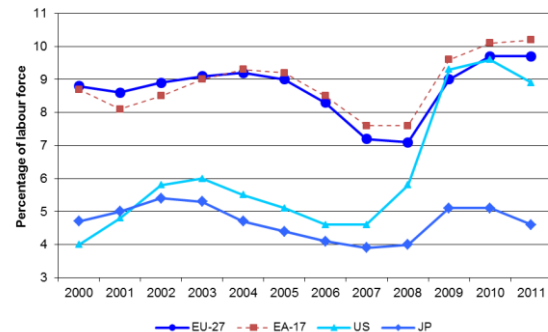


Source: Eurostat, EU LFS, and OECD.

In the four years to April 2012, the number of unemployed in the EU rose by 51.6%, reaching the figure of 8.4 million people (in spite of the relative fall of -0.7 million recorded between March 2010 and March 2011), as against 63.6% in the US (4.9 million people affected). However, the unemployment rate has started to decline consistently in the US, dropping by 0.9 pp in the twelve months to April 2012, to 8.2%, whereas it continued to grow in the EU, by 0.8 pp to 10.3%.

The annual figures (Chart 56) present a very clear picture. The 23.0 million persons unemployed in the EU in 2011 accounted for 9.7% of its total labour force (15.8 million and 10.2% in the Euro area). This rate was unchanged compared to 2010, but up 2.6 pps compared to 2008, which was the lowest rate recorded in the decade (7.1%). Although the increase in unemployment has been much stronger in the US since 2007, in both absolute and relative terms, there was a significant decline in 2011, of -0.7 pp to 8.9%. In Japan, too, the decline in the past year was considerable: -0.5 pp to 4.6%.

Chart 56: Unemployment rates in the EU, USA and Japan, 15-74 age group, 2000 - 2011



Source: Eurostat, EU LFS, and OECD.

Trends in EU employment performance

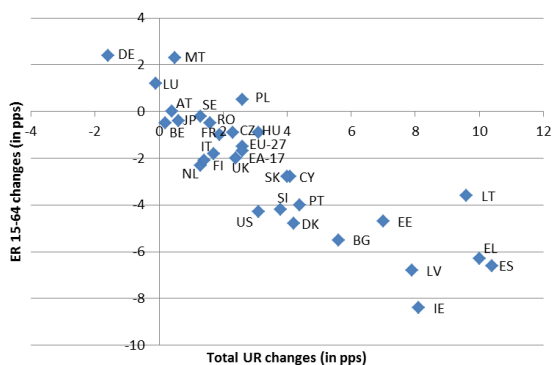
Changes in the unemployment and employment rates

Looking further into the trends in the employment and unemployment rates in EU countries from 2008 to 2011, the effect of the economic slowdown and persisting uncertainties on the labour markets was very pronounced. The employment rate for 15-64 year-olds, i.e. the working-age population, fell in all but five Member States, while unemployment rate (among 15-74 year-olds) rose in all but two. The situation in the Baltic States remains worrying despite recent improvements. It has worsened significantly in Spain, Greece and Ireland, in terms of both rises in unemployment and contractions in employment. Not surprisingly, looking at the performances of the 27 Member States, there is a negative relationship between those two developments. The statistical correlation is significantly negative (-87%, see Chart 57).

While the unemployment rate fell in Germany (-1.6 pps) and Luxembourg (-0.1 pp) between 2008 and 2011, it rose in all the other Member States, and most significantly in Spain and Greece, by more than 10 pps, and in Bulgaria, Ireland and the Baltic States, by more than 5 pps. As far as the employment rate is concerned, besides Germany and Luxembourg, which posted rises of respectively 2.4 and 1.2 pps, Malta made significant progress (+2.3 pps), Poland showed moderate progress (+0.5 pp) and Austria's employment rate remained unchanged over the same period. Employment levels in all the other Member States declined, in some cases very

significantly (i.e. by more than 5 pps), namely in Bulgaria, Ireland, Greece, Spain and Latvia.

Chart 57: Changes in unemployment rates (UR) and employment rates (ER) from 2008 to 2011



Source: Eurostat, EU LFS and DG EMPL calculations.

Between 2008 and 2011, France, Italy and the UK saw their employment rate decline by 1 to 2 pps, although their unemployment rate rose by 1.7 to 2.4 pps. By way of comparison, while the unemployment rate in the EU rose by an average of 2.6 pps, the US saw a rise of 3.1 pps and Japan 0.6 pp. As far as employment rates are concerned, the EU average was down by 1.5 pps; there were also sharp falls in the US, down 4.3 pps, and moderate falls in Japan, down 0.4 pp.

Focus on the Europe 2020 employment rate targets for the 20-64 age group

The following analysis is relevant to the recent Commission proposals on the European Semester.⁷⁵ Compared to 2010, the EU employment rate for the 20 – 64 age group did not increase in 2011, remaining static at 68.6%, which is still significantly below the pre-crisis level of 70.3% (in 2008). As only marginal increases are expected for 2012 and 2013, a considerable effort will be required to reach the Europe 2020 target. This means that the employment rate will have to increase by more than 6 pps in order to reach the target of 75% proposed by the European Commission in March 2010.

Europe's workforce is shrinking as a result of demographic change, with the risk that a smaller workforce will have to support a growing number of dependents. The EU must therefore increase its overall employment rate. The employment rate is particularly low for

women (62.3% against 75% for men aged 20-64 in 2011) and older workers, aged 55-64 (47.4% against 60% in the US and 65% in Japan).⁷⁶ Therefore, in order to reach the employment rate target of 75% of the Europe 2020 Strategy⁷⁷, it is crucial that participation rates are increased for relevant groups such as women, the young, older people, the low-skilled and legal migrants.

Despite this common commitment to a figure of 75% for the EU-27 as a whole, the targets for national employment rates that were announced by Member States in 2011 range from 62.9% in Malta to 80% in Denmark, the Netherlands and Sweden⁷⁸ (see Chart 58 and Table 16). The choice of the national targets has important implications in terms of achieving the overall EU employment target. If all the Member States were to achieve their stated national target for 2020 or attain the lower value of their target range, the average employment rate for the EU would be 73.7%. Alternatively, if all the Member States were to achieve precisely their stated national target for 2020 or reach the upper value of their target range, the EU average employment rate would be 74.0%. In other words, based on present national employment rate targets, the EU as a whole would fall short of the 75% target by 1.0-1.3 pps.

Chart 58 illustrates the national employment rates achieved by Member States in 2011 for the population aged 20 to 64, in decreasing order, with respect to their Europe 2020 national targets. Sweden dominates that ranking, with 80.0% in 2011, followed by the Netherlands (77.0%), Germany (76.3%), Denmark (75.7%) and Austria (75.2%), which are all above 75%. The countries posting the lowest employment rates in 2011 for that age group are Greece (59.9%), Hungary (60.7%), Italy (61.2%), Malta (61.5%) and Spain (61.6%), all below the 62.5% threshold in 2011. For those countries - Austria, Cyprus, Ireland and Italy - whose target was specified in the form of a range, that corresponds to the mean of the range. The progress still to be achieved by all those countries is further discussed below (see comments on Table 16).

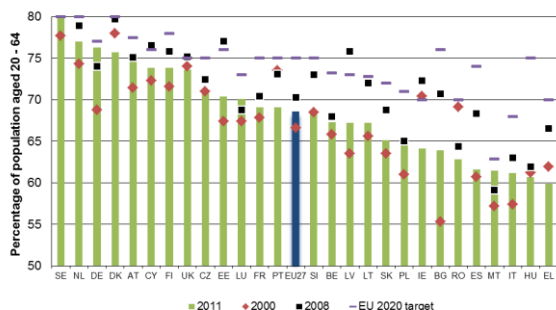
⁷⁶ See analysis below Table 2 and also Box 1 on Active ageing.

⁷⁷ See more information under http://ec.europa.eu/europe2020/index_en.htm

⁷⁸ Austria, Cyprus, Ireland and Italy have proposed a target range instead of a point target, while Sweden has defined a national employment rate target of "well over 80%" and the UK has not set any national target.

⁷⁵ See also the Working Paper on "Analytical support in the setting of EU employment rate targets for 2020": <http://ec.europa.eu/social/BlobServlet?docId=7758&langId=en>.

Chart 58: Employment rate developments in Member States between 2000 and 2011 with respect to EU 2020 national targets



Source: Eurostat, EU LFS.

Note: Data for RO from 2002 instead of 2000.

It should be recalled however that, despite the fall in employment rates brought about by the crisis, substantial progress has been made in EU labour markets since 2000. Until the crisis broke out, the number of people aged 15 or over in employment had increased by 18.8 million between 2000 and 2008. Even after the impact of the crisis, the 2011 figure was still 14.6 million higher than in 2000.

Between 2000 and 2008, all Member States except Portugal and Romania posted rises in their employment rates for the 20-64 year-olds. Conversely, in the period 2008 – 2011, all Member States - except Germany (+2.3 pps), Malta (+2.4 pps), Luxembourg (+1.3 pps) and Austria (+0.1 pp) - saw significant decreases, as highlighted by Chart 58; overall decline at EU level was -1.7 pps. The most significant falls were in Latvia (-8.6 pps), Ireland (-8.2 pps), Spain, Greece, Bulgaria and Estonia (-6.6 to -6.8 pps). The same chart shows the persistent and sometimes widening gap recorded by some countries between their employment rate and the target to be achieved by 2020. Since 2008 the gap has widened in 23 Member States.

Scenario for 2012 – 2020...

In only one year, comparing the 2011 achievements with the situation in 2010, the gap increased in eleven Member States, decreased in fourteen and remained unchanged in two. The most significant falls in the employment rate in 2011 (more than 1 pps) were noted in Greece (-4.1 pps), Slovenia, Cyprus, Bulgaria and Portugal, while the most significant rises were seen in the Baltic States (+2.2 to +3.7 pps), Germany, Sweden and Malta (+1.3 to +1.4 pps). See Table 16, second column. At EU level, in order to achieve the 75% headline target, of the

estimated 17.6 million jobs that had to be created between 2010 and 2020, 16.7 million jobs would still need to be created by 2020 within the 20-64 age group, given the gain of 0.9 million jobs (+0.4%) in 2011. Employment did not grow enough in 2011 to compensate for the growth of the population (+0.3%). The employment rate therefore remained unchanged compared to 2010, at 68.6%. Substantial efforts are still needed in order to achieve the goal set for 2020, according to which employment is required to grow by 0.9% per annum on average between 2011 and 2020, whereas no major improvement is expected in either 2012 or 2013.

However, with reference to the targets set by each Member State, the implicit pace will be limited to 0.7-0.8% per year, corresponding to 13.5 million jobs⁷⁹ to be created within nine years. It should be noted that, with virtually no employment growth in 2012-2013 by the latest forecast, these jobs should be created in only seven years. Anyhow, this figure will still be some 3.2 million short of the increase that is needed in order to achieve the 75% EU headline target, as the implicit aggregate target resulting from the national targets is only 73.7 to 74%, depending on the achievements in those countries which defined their targets in the form of a range. The last column of Table 16 shows the average growth in annual employment that is needed from 2012 in every Member State, in order to meet their national employment rate target by 2020. These percentages take into account the demographic forecasts for 2020⁸⁰, the employment figures in 2011 and the national employment rate target for 2020.

Still, these targets remain challenging for most Member States, as the gap ranges from 2.1% in Spain (against 1.7% in 2010), 1.9% in Hungary, 1.6% in Luxembourg and Greece (against only 0.7% a year earlier), 1.3% in Italy, 1.2% in Belgium, 1.1% in Cyprus, 1.0% in Ireland and Slovakia, to 0.5% or less in Germany (0.0%), the Czech Republic, Estonia, Latvia, Malta (0.0%), the Netherlands, Austria, Poland, Finland, Sweden and the UK⁸¹. In the

⁷⁹ This amount, which corresponds to the national targets (and the mean of the ranges for those countries where targets were defined as ranges) accounts for 82% of the net total number of jobs created from 2000 to 2011 in the EU in the 20-64 age group (+16.5 million).

⁸⁰ The population is projected to decline by 3.6 million in the 20-64 age group between 2011 and 2020, i.e. -1.2%.

⁸¹ Sweden has defined a national employment rate target of "well over 80%". For calculation purposes, 80.0% was taken into account. The UK has not set a national employment rate target. However, the UK is included in the EU-27 calculation on the hypothetical assumption that its ER target for 2020 would be in line with the EU-27 headline target, at 75.0%.



latter group of countries, demographic changes play a significant role. In Sweden, although the target employment rate of 80% was reached in 2011, after a rise of 1.3 pps compared to 2010, employment should increase by 0.3% per year until 2020, in order to compensate for the growing population. And this turns out to be a minimum, if demographic projections were to be confirmed and given the objective of the Swedish government to achieve an employment rate of "well over 80%" by the end of the decade.

Progress achieved by individual groups

Some subgroups have been more affected than others by the contraction in employment during the recent recession, as confirmed by EU LFS annual data. This followed the significant improvements recorded in most subgroups until 2008 – with the notable exception of young men, for whom the employment rate fell slightly between 2000 and 2008 – in the context of implementation of the Lisbon Strategy. Table 17 presents the year-on-year changes in employment rates over recent years, broken down by age, gender, education level and nationality. Male workers were immediately affected by the economic slowdown from late 2008 onwards, while the effect on women was much more gradual.

Between 2008 and 2011 the employment rate for men aged 20 to 64 fell by 2.9 pps, as the deterioration hit male employment earlier, owing to the slowdown from the end of 2008 in male-oriented sectors such as manufacturing industry and construction, as against only 0.5 pp for women. The same applies to the working-age population as a whole (15–64, with -2.6 pps for men, as against -0.4 pp for women). That trend does not appear to have been completely reversed yet, given that from 2010 to 2011 the employment rate for men aged 20 to 64 edged down by -0.1 pp, while that for women rose by 0.2 pp. The gap between women and men is the narrowest it has ever been since 2000, as it shrank from 18.5 pps then to 12.7 pps in 2011. However, the crisis did not have a significant effect on the tendency of the female employment rate to catch up.

The employment rate for women, in spite of this trend, remains lower than that for men, in all of the age groups analysed. For young

women, though, while the decline in 2009 was more moderate than for young men (-1.5 pps instead of -3.2 pps), it speeded up between 2009 and 2010 (-1.1 pps against -0.9 pp). In the next period, 2010–2011, the changes were more or less even (-0.4 compared to -0.5 pp). Interestingly, during the crisis, the employment rate for women aged 55 to 64 continued to rise by 3.4 pps between 2008 and 2011. At 40.2% in 2011, it was 12.8 pps higher than in 2000, which was the fastest rise recorded among the subgroups under review.

The situation for men is less positive. The most marked decline in the employment rate was recorded among young men, where it totalled -4.6 pps between 2008 and 2011 and -0.5 pp between 2010 and 2011 alone. At 35.7% last year, this rate was 5.1 pps lower than in 2000. Conversely, the employment rate for men aged 55 to 64 actually showed moderate growth, up by 0.2 pp in the three years to 2011, underpinned by a significant rise of 0.6 pp between 2010 and 2011. At 55.2%, it is 8.1 pps higher than in 2000, which is probably indicative of the relatively positive effect that the Lisbon Strategy has had on that particular group.

Table 17 analyses two other categories: nationality and level of education. The groups which were hit hardest by the crisis were foreigners, especially non-EU nationals, on the one hand, and the low-educated on the other hand. While the declines between 2009 and 2010 were fairly comparable as between nationals and non-nationals, the situation for non-EU nationals deteriorated significantly in 2011, as their employment rate fell by 0.5 pp, against a rise of 0.1 pp for nationals. During the period 2008 – 2011, while nationals and citizens from other EU countries saw their employment rate decline in the same proportions as the EU average, the employment rate of non-EU nationals collapsed by 4.8 pps, owing to the steep decline recorded in 2009 (-3.8 pps, against -1.2 pps for nationals and -1.9 pps for other EU citizens). While employment rates for all skill levels declined between 2008 and 2011, the rate for low-skilled workers fell by 3.5 pps, whereas the falls for medium-skilled and high-skilled workers were more moderate, down by -1.9 and -1.7 pps respectively, in line with the EU average.

Table 16: Employment rates in EU Member States in 2011 and progress needed in order to meet the Europe 2020 employment target

(age group: 20 - 64)						
	Employment rate in 2011 (%)	Employment rate progress on 2010 (pps)	Employment rate national target for 2020 (%)	Current gap to national target for 2020 (pps)	Jobs in 2011 (x 1 000)	Employment average annual growth needed 2011 - 2020 (%)
BE	67.3	-0.3	73.2	5.9	4 427	1.2
BG	63.9	-1.5	76.0	12.1	2 897	0.7
CZ	70.9	0.5	75.0	4.1	4 806	0.1
DK	75.7	-0.1	80.0	4.3	2 474	0.6
DE	76.3	1.4	77.0	0.7	37 855	0.0
EE	70.4	3.7	76.0	5.6	584	0.1
IE	64.1	-0.9	69.0 - 71.0	5.9*	1 737	1.0*
EL	59.9	-4.1	70.0	10.1	3 999	1.6
ES	61.6	-0.9	74.0	12.4	17 830	2.1
FR	69.1	0.0	75.0	5.9	25 179	0.8
IT	61.2	0.1	67.0 - 69.0	6.8*	22 465	1.3*
CY	73.8	-1.6	75.0 - 77.0	2.2*	362	1.1*
LV	67.2	2.2	73.0	5.8	945	0.2
LT	67.2	2.8	72.8	5.6	1 338	0.7
LU	70.1	-0.6	73.0	2.9	221	1.6
HU	60.7	0.3	75.0	14.3	3 768	1.9
MT	61.5	1.4	62.9	1.4	161	0.0
NL	77.0	0.2	80.0	3.0	7 703	0.3
AT	75.2	0.3	77.0 - 78.0	2.3*	3 885	0.5*
PL	64.8	0.2	71.0	6.2	15 769	0.5
PT	69.1	-1.4	75.0	5.9	4 519	0.8
RO	62.8	-0.5	70.0	7.2	8 655	0.7
SI	68.4	-1.9	75.0	6.6	902	0.9
SK	65.1	0.5	72.0	6.9	2 332	1.0
FI	73.8	0.8	78.0	4.2	2 361	0.2
SE	80.0	1.3	80.0**	0.0	4 405	0.3
UK	73.6	0.0	-	1.4***	27 214	0.5***
EU27 nat. target-based	68.6	0.0	73.7 - 74.0	5.3	208 789	0.7-0.8
EU27 headline	68.6	0.0	75.0	6.4	208 789	0.9

Sources: Eurostat, EU LFS, demographic projections, DG EMPL own calculations.

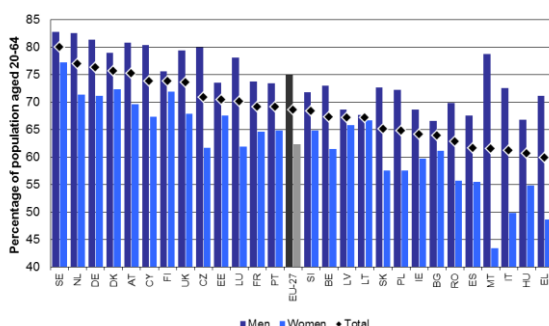
Note: (*) IE; IT; CY; AT: taking the mean of the range into account. (**) SE has defined a national employment rate target of "well over 80%". For calculation purposes, 80.0% was taken into account. (***) The UK has not set a national employment rate target. However, the UK is included in the EU-27 calculation on the hypothetical assumption that its ER target for 2020 would be in line with the EU-27 headline target, at 75.0%.

Table 17: Employment rate trends between 2000 and 2011

		2000 (% of pop.)	2008 (% of pop.)	2010 (% of pop.)	2011 (% of pop.)	Total change 2000-2011 (pps)	Total change 2008-2011 (pps)	Total change 2010-2011 (pps)
Total	20-64	66.6	70.3	68.6	68.6	2.0	-1.7	0.0
	15-64	62.2	65.8	64.1	64.3	2.1	-1.5	0.2
Gender	Men (20-64)	75.8	77.9	75.1	75.0	-0.8	-2.9	-0.1
	Women (20-64)	57.3	62.8	62.1	62.3	5.0	-0.5	0.2
	Men (15-64)	70.7	72.7	70.1	70.1	-0.6	-2.6	0.0
	Women (15-64)	53.6	58.9	58.2	58.5	4.9	-0.4	0.3
	Gender and other age groups	Men 15-24	40.8	40.3	36.2	35.7	-5.1	-4.6	-0.5
	Men 55-64	47.1	55.0	54.6	55.2	8.1	0.2	0.6
	Women 15-24	34.1	34.4	31.8	31.4	-2.7	-3.0	-0.4
	Women 55-64	27.4	36.8	38.6	40.2	12.8	3.4	1.6
Nationality (20-64)	Nationals	69.7	70.7	69.0	69.1	-0.6	-1.6	0.1
	Other EU nat.	n.	72.3	70.2	70.6	n.	-1.7	0.4
	Non-EU nat.	n.	62.8	58.5	58.0	n.	-4.8	-0.5
Education level (20-64)	Low	54.9	56.5	53.4	53	-1.9	-3.5	-0.4
	Medium	69.7	71.8	69.9	69.9	0.2	-1.9	0.0
	High	82.5	83.8	82.4	82.1	-0.4	-1.7	-0.3

Source: Eurostat, EU LFS.

Focusing on the situation in 2011, Chart 59 shows the relative performance of Member States in 2011 with regard to employment rates by gender, for the 20–64 age group. In all 27 Member States, the male employment rate is higher than the female employment rate, without exception. Sweden clearly tops the list for both the female and male employment rates, at 77.2% and 82.8% respectively, followed by the Netherlands for men (82.6%) and Denmark for women (72.4%). At the bottom, Greece's average employment rate stood at only 59.9%, and its female employment rate was down to 48.6%, EU's second lowest figure, compared to Malta (43.3%). The lowest employment rate for men in 2011 (66.6%) was found in Bulgaria, while its overall employment rate was 63.9%.

Chart 59: Employment rates for Member States by gender, 2011


Source: Eurostat, EU LFS.

Despite significant and continuous improvements since 2000, the gender gap in terms of employment rate is still considerable,

at 12.7% in the EU in 2011 (18.5 pps in 2000, as mentioned above). The biggest gap between male and female employment rates was recorded in Malta (35.4 pps), followed by Italy (22.7 pps) and Greece (22.5 pps), all countries at the bottom of the ranking. The smallest gaps were noted in Lithuania (1.0 pps), Latvia (2.9 pps) and Finland (3.7 pps).

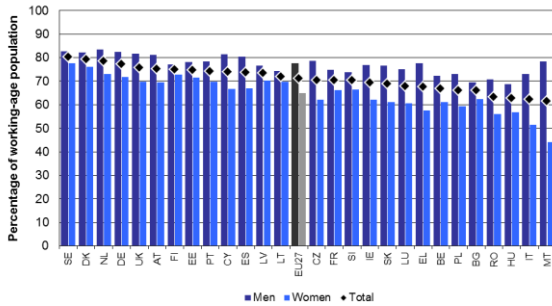
Assessing the extent of the inactivity risk

In 2011, 71.2% of the working-age population (15–64) in the EU was active on the labour market, i.e. either employed or unemployed; the actual figure was up 0.2 pp on 2010 and 0.4 pp on 2008. The growing numbers of unemployed more than offset the decline in employment over recent years. Major rises were seen during those three years in Lithuania (+3.6 pps), Malta (+2.7 pps), Poland (+2.3 pps) and Germany (+1.3 pps), while significant falls were recorded in Ireland (-2.6 pps), Bulgaria (-1.8 pps) and Slovenia (-1.5 pps).

In 2011, participation rates ranged from as high as 80.2% in Sweden and 79.3% in Denmark, to as low as 61.6% in Malta. Sixteen Member States reported rates above 70%, while Italy, Hungary, Malta and Romania recorded less than 65%. In comparison to 2000, an overall improvement of 2.7 pps was recorded, mostly thanks to increases in employment in the years to 2008, and rising unemployment in the subsequent period. During those eleven years, the most significant increases were to be found in Spain (+8.6 pps), Germany and Latvia (both

+6.2 pps), Estonia and Cyprus (both +5.1 pps), whereas there was a major decline in Romania (-6.3 pps).

Chart 60: Activity rates for Member States by gender, working-age population (15-64), 2011



Source: Eurostat, EU LFS.

Chart 60 shows the activity rates in the individual Member States, highlighting the gap between men and women. In every EU country, the male activity rate is higher than that for women. In 2011, the average gap at EU level was 12.7 pps, with 77.6% of men active, against 64.9% of women – a gap which has consistently narrowed in recent years (it was 17.0 pps in 2000). Gender gaps vary substantially between countries, from a high of 34.4 pps in Malta to a low of 4.5 in Finland. Other major gaps were recorded in Italy

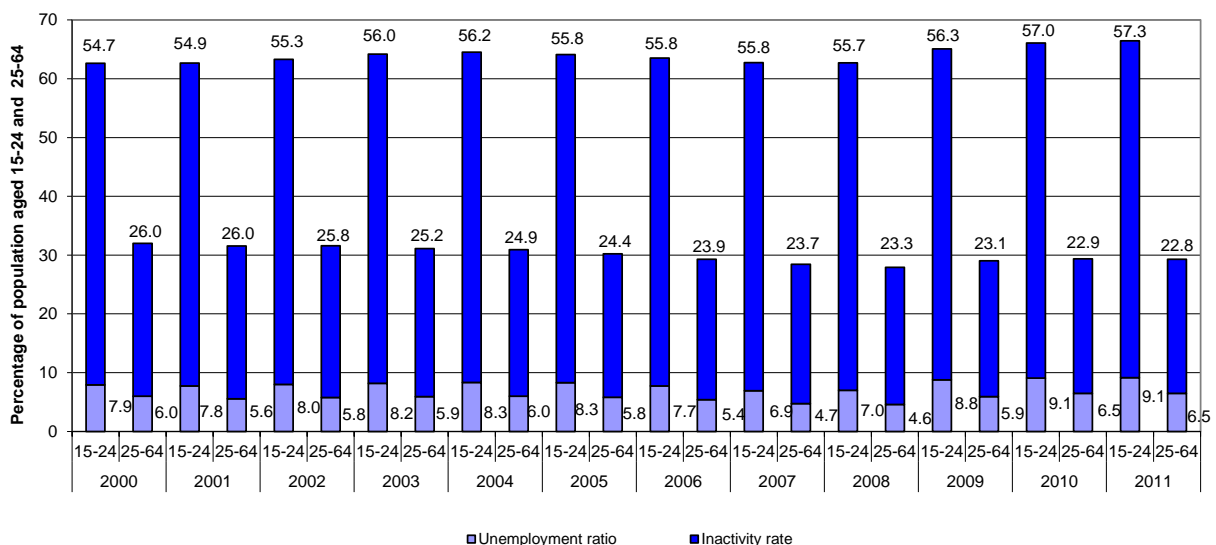
(21.6 pps), Greece (20.2 pps) and the Czech Republic (16.5 pps).

Apparent halt in the rise of inactivity, except for youth

Chart 61 presents, the unemployment ratio and the inactivity rate as a percentage of the EU population, in the period 2000–2011, both for young people aged 15-24, and for people aged 25 to 64. These figures compare the respective number of unemployed and of inactive people to the total population for a given age group. As far as young people are concerned, it can be observed that, while the youth unemployment ratio rose from 7.0 % to 9.1%, between 2008 and 2011, the inactivity rate also rose quite significantly from 55.7 % to 57.3 % (up 1.6 pps), which mirrors among other things an increasing trend towards prolonging studies.

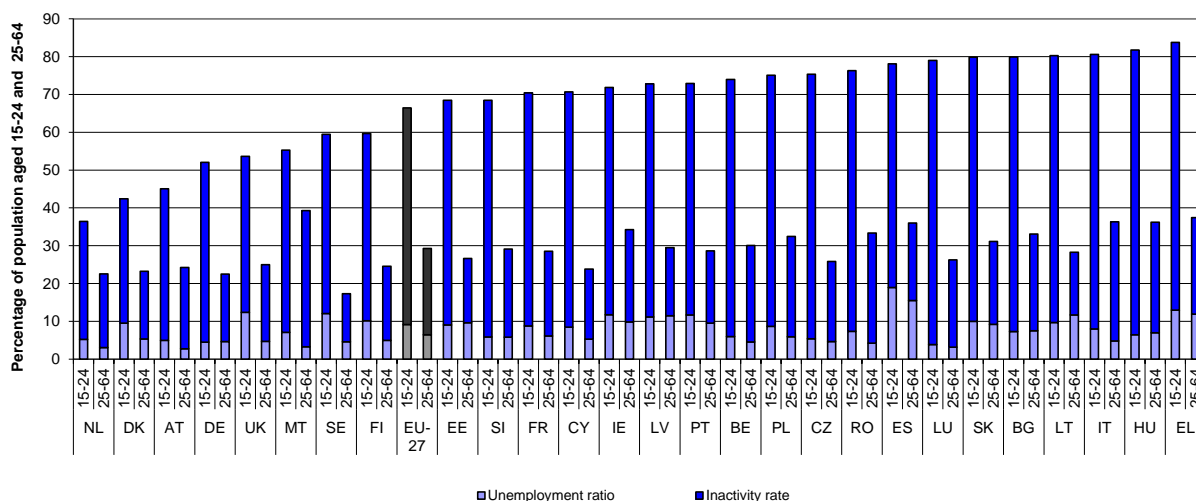
While the unemployment ratio for people aged 25 to 64 also increased from 4.6 % to 6.5%, the inactivity rate edged down from 23.3 % to 22.8 % in the same three-year period, in line with the continued progress of the activity rate recorded over the decade, in particular for women (see above). The recent economic uncertainties do not seem to have resulted in any noticeable trend of withdrawal from the labour market or discouragement of adults. However, this conclusion may not hold true in all countries, in particular for young people.

Chart 61: Unemployment and inactivity as a percentage of population in the EU, 2000-2011



Source: Eurostat, EU LFS, DG EMPL calculations.

Chart 62: Unemployment and inactivity as a percentage of young and adult population in the Member States, 2011



Source: Eurostat, EU LFS, DG EMPL calculations.

Chart 62 presents the specific situation in each Member State in 2011. Taking these two dimensions into account, Greece clearly tops the ranking for the young, given the continuous increase in youth unemployment over the past 2.5 years, at 83.8% (70.8% inactivity rate + 13.0% unemployment ratio), while Malta is in first place for adults, at 39.3% (36.0% + 3.3%). The Netherlands are at the bottom of the list for young people, at 36.4% (31.2% + 5.2%), and Sweden are at the bottom for adults, with 17.3% (12.7% + 4.6%).

While unemployment hit young citizens from Spain, Greece, Ireland, the Baltic States, Bulgaria and Cyprus the most between 2008 and 2011, with youth unemployment rates more than doubling in a majority of these countries, young people were also hit hard by the rise in inactivity rates in Ireland (+12.6 pps), Spain (+6.8 pps), Slovenia (+5.5 pps) and Denmark (+5.1 pps) over that period, while the EU average rose by 1.6 pps. At the same time, in those countries, inactivity rates of adults did not increase to the same extent. They even fell significantly in Spain (-2.1 pps), while the EU average was down by 0.5 pp.

One of the hard cores of inactivity: youth neither in education nor in employment or training (NEET)⁸²

As the labour market situation has not improved recently, especially for young people, problems affecting youth remain a major concern. High youth unemployment and inactivity, combined with ever more difficult school-to-work transitions in a period of persisting uncertainty, inevitably create long-term risks of detachment from the labour market.

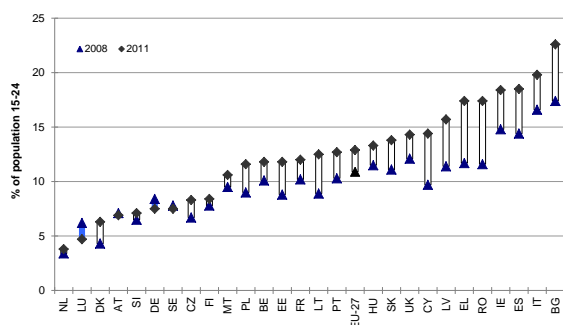
The analysis illustrated by Chart 61 may give the impression that the recent increase in inactivity among young people has remained limited and is mainly explained by a trend of prolonging studies. This would not be negative per se, in particular as long as education and training could improve their future labour market opportunities. This hypothesis tends however to be challenged by the trend in the share of young people neither in education nor in employment or training (NEET) among young people (15–24).

While this group had been shrinking up until 2008, on average in the EU, it started to grow again in subsequent quarters. At EU level, with some 7.5 million young people in a NEET

⁸² On this issue, see also Eurofound's "Young people and 'NEETs' in Europe": <http://www.eurofound.europa.eu/emcc/labourmarket/youth.htm>. This analysis aims at investigating the current situation of young people in Europe, focusing specifically on NEETs, and to understand the economic and social consequences of their disengagement from the labour market and education.

status (see section on Youth at page 17), the share of 15 to 24 year olds, neither in education nor in employment, after receding from 13.2% in 2000 to 10.9% in 2007-2008, rose again by 2.0 pps to 12.9% in the three years to 2011 (up 0.1 pp on 2010). This is more than the rise in inactivity (+1.6 pps over the same three-year period).

Chart 63: NEETs in the EU Member States, 2008-2011



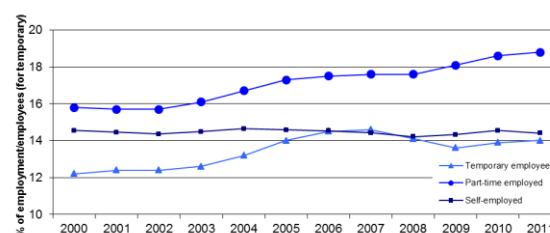
Source: Eurostat, EU LFS.

Chart 63 presents the changes by Member State in the share of NEETs in that three-year period. The most dramatic rises were recorded in Romania (+5.8 pps), Greece (+5.7), Bulgaria (+5.2), Cyprus (+4.7), Latvia (+4.3) and Spain (+4.1). Bulgaria still clearly dominates this ranking in 2011, with more than one young person in five (22.6%) classified as NEET, followed by Italy (19.8%), Spain (18.5%), Ireland (18.4%), Romania and Greece (both at 17.4%). At the bottom of the ranking come the Netherlands (3.8%, +0.4 pp on 2008), Luxembourg (4.7%, -1.5 pps), Denmark (6.3%, +2.0 pps), Austria (6.9%, -0.2 pp), Slovenia (7.1%, +0.6 pp), Germany (7.5%, -0.9 pp) and Sweden (7.5%, -0.3 pp).

Segmentation of the EU labour markets

This sub-section analyses the longer-term segmentation trends in EU labour markets, which are considered to be a key structural phenomenon.

Chart 64: Part-time and temporary contracts and self-employment in the EU, working-age population (15-64), 2000-2011



Source: Eurostat, EU LFS.

In the context of the Europe 2020 Strategy and the Flexicurity approach,⁸³ the European Union is committed to reducing the segmentation of the labour markets, and this tends to affect young people in particular.⁸⁴

Chart 64 shows the trend in the share of temporary employees, i.e. employees working under fixed-term contracts, part-time workers and the self-employed, in the total employment⁸⁵ of the working-age population (15-64) over the period 2000-2011. The use of temporary contracts has grown fairly steadily during the period 2000 - 2007, and has also proved to be the most sensitive segment in the crisis context, as the section analysing employment patterns has repeatedly highlighted. The share of temporary employees in the total number of employees rose from 12.2% in 2000 to 14.6% in 2007, before falling to 14.1% and 13.6% in the two subsequent years, and picking up again to 13.9-14.0% in 2010-2011.

Part-time employment accounted for a significant share of the overall expansion in employment in the EU since 2000. There was a continuous rise in the number of part-time workers as a percentage of total employment, from 15.7% in 2002 to 18.8% in 2011. The expansion of part-time work was clear from

⁸³ For further information on Flexicurity, see Box 4 below and <http://ec.europa.eu/social/main.jsp?catId=102&langId=en>.

⁸⁴ On this issue, report to Flagship Initiatives 'Youth on the Move' and 'An Agenda for New Skills and Jobs'.

⁸⁵ For temporary contracts (fixed-term employees), the percentage is calculated with regard to the total number of employees.

2008, increasing by 1.2 pps until 2011, from 17.6%. During the period when total employment contracted between 2008 and 2010, and the number of full-time workers shrank by 6.2 million, the number of part-timers was up by 1.1 million. This trend affected both young adult women and men, as opposed to young people, who were affected by a decline in both full-time and part-time work. Nearly 94% of the 632 000 jobs created in the 15-64 age group in 2011 were on part-time contracts.

As far as the self-employed are concerned, their share during the decade remained relatively stable, at around 14.5%, although it actually rose slightly during the crisis, from 14.2% in 2008 to 14.5% in 2010, before edging down to 14.4% the following year. While the situation differs markedly from country to country (> 20% in Italy and Greece and < 10% in Denmark, Estonia, Lithuania, Luxembourg and Sweden), there were also significant contrasts between women and men and even more significant differences between young people and adults. Women account for less than one-third of all self-employed persons (30.8% in 2011), although their share has been rising consistently since 2000 (+2.0 pps since then). 9.7% of women in employment were self-employed in 2011, compared to 18.3% for men. At 4.1% in 2011, however, the self-employment rate among young people, is less than one-third of the overall rate,.

These contrasts are also seen in temporary work and part-time labour, as the following analyses show.

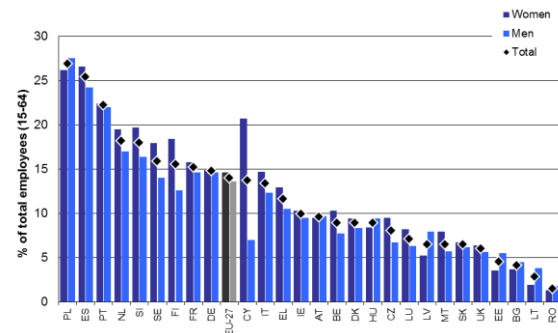
Temporary work

In 2011, the number of working-age employees holding a temporary contract was up by 1.4% compared with the previous year, while the total number of paid employees rose by only 0.5%. Despite this gap, the same number of countries –eighteen – were actually concerned by an increase in the number of temporary workers and by an increase in the number of employees holding a permanent contract in the same year.

The highest share of temporary workers in 2011 (26.9%) was recorded in Poland, followed by Spain (25.4%), Portugal (22.2%) and the Netherlands (18.2%), as highlighted by Chart 65. Temporary work is virtually non-existent (less than 5%) in Romania (1.5%), Lithuania (2.8%), Bulgaria (4.1%) and Estonia (4.5%). Women are slightly over-represented in temporary work, with rates of 14.6%

compared to 13.6% for men within an average of 14.0% in the EU in 2011. This gap is the smallest in the past decade, equal to that recorded in 2005 (1.0 pps). It was 1.7 pps in 2009 and 1.2 pps in 2010.

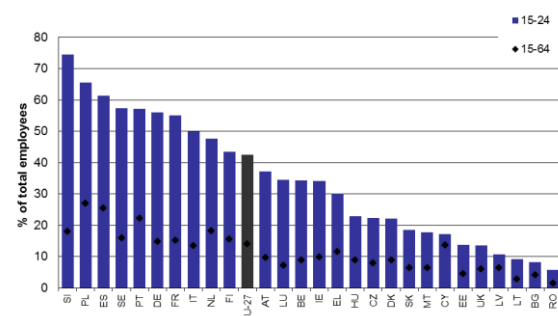
Chart 65: Temporary employment in Member States by gender, 2011



Source: Eurostat, EU LFS.

At national level, the widest gap recorded in 2011 was recorded in Cyprus (13.7 pps), where 20.7% of female employees aged between 15 and 64 were temporary workers, as compared to only 7.0% of male employees. Finland also reported a significant gap (5.8 pps). There were only eight Member States where the share of temporary workers amongst men slightly exceeded the number for women: Poland, Austria, Hungary, Latvia, Estonia, Bulgaria, Lithuania and Romania. Latvia was the country where men scored significantly higher than women (2.7 pps).

Chart 66: Temporary employment in Member States for young and working-age workers (15-64), 2011



Source: Eurostat, EU LFS.

As Chart 66 shows, young people are strongly over-represented in temporary work. In 2011, some 42.5% of young employees were on temporary contracts, i.e. a rate three times higher than the average of 14.0% recorded for

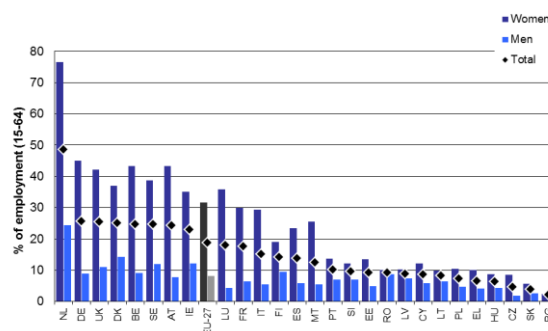
the working-age employees in the EU. Only two countries (Cyprus with 1.3 and Latvia with 1.6) posted a ratio lower than 2, while in Luxembourg and Slovenia the ratio was higher than 4: 34.5% compared to 7.1% in the former and 74.5% compared to 18.0% in the latter. Consequently, Slovenia (in fifth position in the overall ranking of Chart 65), tops the ranking for young people with nearly 75%, followed by Poland (65.6%), Spain (61.4%), Sweden (57.3%), Portugal (57.2%) and Germany (56.0%). The lowest percentages (under 10%) for young employees were recorded in Romania (5.8%), Bulgaria (8.3%) and Lithuania (9.1%).

Temporary work displays a marked age profile, which is particularly concentrated among the youngest members of the labour force. Only around the age of 30 does the share of temporary contracts attain the overall EU average.⁸⁶ Involuntary fixed-term contracts account for a significant share of the total number of temporary jobs, as most temporary contracts are not chosen by the workers (roughly 60% in the 15-64 age group). This is an interesting indicator of segmentation, as highlighted in Box 4.

Part-time work

As mentioned above, roughly 94% of the 632 000 jobs created in the 15-64 age group in 2011 were on part-time contracts. Part-time work is generally mentioned as a common feature of female employment. Indeed, in every Member State, the percentage of women working part-time is higher than for men, as Chart 67 shows. The gap is significant at EU level, as the average ratio between those two percentages was 3.9 in 2011: 31.6% for women as against 8.1% for men. The highest ratios are found in Luxembourg (8.3), Austria (5.6) and Germany (5.0). Conversely, those percentages are virtually equal in Romania and Bulgaria (both at 1.2).

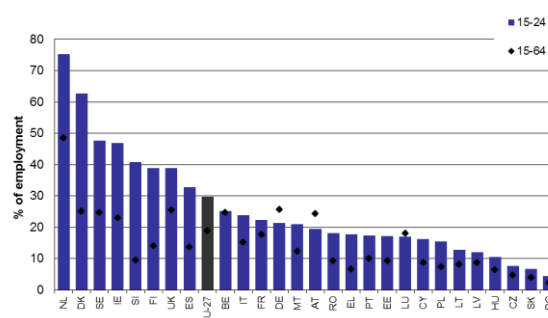
Chart 67: Part-time employment in Member States by gender, 2011



Source: Eurostat, EU LFS.

In 2011, part-time workers as a percentage of part-time workers in total employment for people aged 15 to 64 was by far the highest (48.5%) in the Netherlands, where 76.5% of women in employment work part-time, as against 24.3% of men. This overall rate is nearly twice that of the countries which rank second and third - namely Germany and the UK, with 25.7% and 25.5% respectively. Denmark, Belgium, Sweden, Austria and Ireland come next, with rates between 25.1% and 22.9%.

Chart 68: Part-time employment in Member States for young and working-age workers (15-64), 2011



Source: Eurostat, EU LFS.

There are significant variations in the percentages between age groups. As Chart 68 shows, there is a higher percentage of young employees working part-time than the percentage of all workers aged 15 to 64. This applies in every Member State except Germany, Austria and Luxembourg, where part-time working is more common for prime-age workers. In Belgium, young and prime-age workers work part-time in the same proportions, i.e. one-quarter. At EU level, the percentage for young people is 29.7%, against 18.8% overall.

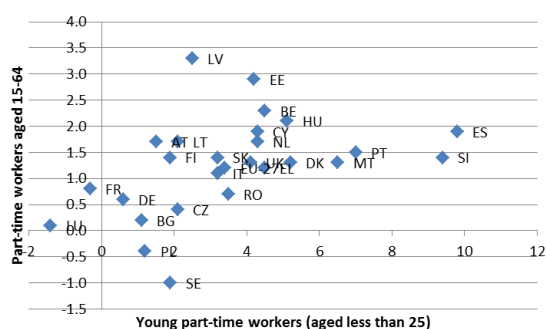
⁸⁶ See EU Employment and Social Situation Quarterly Review - edition of September 2011 for more details: <http://ec.europa.eu/social/BlobServlet?docId=7118&langId=en>.

This confirms that young workers continue to be hired on part-time contracts to a greater extent than older workers. This ranking for young part-time workers is dominated by the Netherlands (75.2%) and Denmark (62.6%), followed by Sweden (47.6%) and Ireland (46.8%). Bulgaria (4.4%), Slovakia (6.7%), the Czech Republic (7.6%) and Hungary (10.5%) occupy the bottom of the table.

Unlike temporary work, the upward trend in part-time employment was not interrupted during the recession, and this expansion even accelerated from 2008 onwards, as Chart 64 shows, whereas full-time employment fell dramatically until 2010, before stabilising in 2011. Chart 69 focuses on that three-year period and plots the changes in the share of part-time workers among the employed aged 15 to 64 against those in the share of part-timers among young workers.

Both of these shares climbed in every Member State in the EU, except in Luxembourg and France on the one hand, where the percentage of young workers working on part-time contract fell by respectively 1.4 pps and 0.3 pp, and in Sweden and Poland on the other hand, where the share of part-time workers aged 15 to 64 fell by 1.0 and 0.4 pp respectively.

Chart 69: Changes in percentage of part-time workers in Member States for young and all workers, 2008-2011 (in pps)



Source: Eurostat, EU LFS and DG EMPL calculations.

Note: IE not mentioned due to outlying values: 20.2% - 4.8%

Part-time workers as a percentage of those in total employment for people aged 15 to 64 rose by an average of 1.2 pps between 2008 and 2011 at EU level, to 18.8%, and by 3.4 pps for the young to 29.7%. The most significant increases were recorded in Ireland (+20.2 pps for young people and +4.8 pps overall), Spain (+9.8 and +1.9), Slovenia (+9.4 and +1.4), Portugal (+7.0 and +1.5) and Malta (+6.5 and +1.3). Most countries recorded increases of between 2 and 6 pps for

young people and 1 to 2.5 pps overall during the three years in question. The increase in the percentage of part-time workers was nearly three times higher on average for young people than overall.

Involuntary part-time

Part-time work has made significant progress across the EU in recent years, as the preceding analysis has shown. This raises the issue of whether or not workers are happy with this situation. Table 18 presents the share of part-time workers as a percentage of the employed population, by gender, and focuses on the specific situation of part-time workers under 25 years of age.

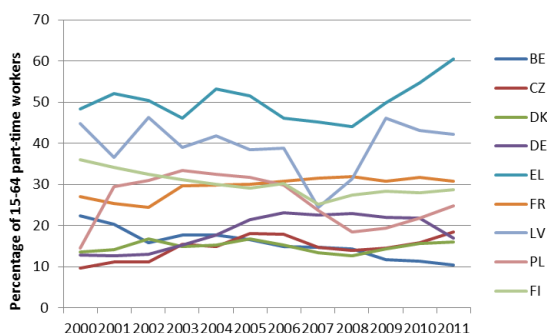
The EU average, presented as a guide, shows that - overall - the proportion of men who are working part-time against their will is higher than for women, while the proportion of employed men working part-time is nearly four times lower than that for women. In 2011, the highest percentages of involuntary male part-timers were in Italy (69.1%), Greece (68.8%) and Spain (65.8%), followed by Romania (64.5%). Those countries where dissatisfaction with the part-time status is higher than the average tend to post higher percentages of IPT than in 2010, which applies equally to women.

As far as female part-timers are concerned, the top three countries in 2011 were Greece (55.5%), Bulgaria (55.3%) and Spain (52.2%). The percentage of involuntary part-time workers among the young is slightly higher than that for those aged 15 to 64. Although the data are not complete, they do suggest that the highest percentages are to be found in those same countries, where more than half of young part-timers were reluctant to work full-time, i.e. Italy, Romania, Greece, Cyprus and Spain.

Due to the small size of the sample and uncertainties concerning some of the data, Chart 70 focuses on a selection of Member States for which data are consistently available and reliable over the period under review. This chart shows the changes in the percentage of involuntary part-time between 2000 and 2011, for part-time workers aged 15 to 64. Although this percentage rose from 2000 to 2011 in all the countries analysed, except Belgium (-11.9 pps), Finland (-7.2 pps) and Latvia (-2.7 pps), the picture for the period 2008-2011 is somewhat different and rather mixed. While significant rises were recorded in Greece (+16.4 pps), Latvia (+10.7 pps), Poland (+6.3 pps), the Czech Republic (+4.5 pps), Denmark (+3.4 pps) and Finland (+1.3 pps)

during that period, there were visible improvements in a few countries, as the percentage of involuntary part-time fell in Germany (-6.0 pps), Belgium (-4.0 pps) and France (-1.2 pps).

Chart 70: Involuntary part-time work in selected Member States, working-age part-time workers (15-64), 2000-2011



Source: Eurostat, EU LFS and DG EMPL calculations.

These trends were broadly confirmed between 2010 and 2011. However, this mixed picture fails to provide us with any clear conclusion. However, declining percentages of involuntary part-time work can be read as a sign that, in some countries, and sometimes in a context of persistently uncertain labour market conditions, workers are more inclined to accept working part-time as a valuable opportunity. On the other hand, increasing percentages in countries where there is a dire labour market situation, such as Greece, may be seen as a sign that, although part-time work has not made many inroads lately, more and more part-time workers do not regard underemployment as an acceptable option.

Conclusion

Employment growth has turned negative towards the end of 2011, pushing up the unemployment rate in the EU to above 10 % in early 2012. Employment for the working-age population grew by a modest 0.3 % in 2011, after shrinking by 1.8 % in 2009 and 0.5 % in 2010. Since 2008, the aggregate employment rate for the 20-64 age group declined by 1.7 pps; in 2011 it remained stuck at 68.8 %, more than 6 pps short of the Europe 2020 objective.

To reach the 75 % target set at EU level, some 17 million jobs should be created by 2020, requiring an annual increase of the EU's workforce by 0.9 % on average. However, taking the national targets as a reference, the number of jobs in the EU are expected to be increased by only 0.7-0.8 % per annum on average until 2020, which involves the creation of roughly 13.5 million jobs, while the developments expected in the labour market for 2012 and 2013 raise little hope of any significant progress soon.

However, the sluggish labour market has not led to any significant increase in inactivity, except for youth, where the category of NEET (not in employment, education or training) continued to rise in 2011. Men, young people, non-nationals and the low-skilled are still the groups most affected by deteriorating labour market conditions. A further issue of concern is the increasing precariousness of young people, as they are more affected than other age groups by part-time work – including involuntary part-time work – and temporary work, which were the main segments of job growth in 2011 and point to an increasing segmentation of the labour market.

Table 18: Part-time (PT) work and percentage of involuntary part-time (IPT) workers in EU Member States by gender and focus on the young, 2011

	15 - 64 in 2011:						15 - 24 in 2011:	
	Men (% of empl)	Men IPT (% of PT)	Women (% of empl)	Women IPT (% of PT)	Total 15 - 64 (% of empl)	Total IPT (% of PT)	15 - 24 (% of empl)	Young IPT (% of PT)
EU-27	8,1	36,5	31,6	23,1	18,8	26,1	29,7	28,0
BE	9,2	16,4	43,3	8,9	24,7	10,4	25,2	24,1
BG	2,0	60,5	2,4	55,3	2,2	57,6	4,4	n.
CZ	1,8	17,3	8,5	18,9	4,7	18,5	7,6	20,8
DK	14,2	13,7	37,0	17,1	25,1	16,1	62,6	8,7
DE	9,0	28,4	45,1	14,7	25,7	17,0	21,4	15,7
EE	5,0	n.	13,5	21,9	9,3	22,0	17,1	n.
IE	12,2	57,4	35,1	30,4	22,9	37,7	46,8	34,2
EL	4,2	68,8	10,0	55,5	6,6	60,5	17,7	59,0
ES	5,9	65,8	23,4	52,2	13,7	55,5	32,7	51,0
FR	6,5	36,4	29,9	29,6	17,6	30,8	22,3	45,2
IT	5,5	69,1	29,3	50,6	15,2	54,5	23,9	70,0
CY	5,9	60,7	12,1	43,2	8,7	49,6	16,3	55,4
LV	7,3	42,9	10,3	41,5	8,8	42,1	12,1	n.
LT	6,5	41,1	9,8	35,2	8,2	37,5	12,8	n.
LU	4,3	n.	35,9	8,9	18,0	9,9	17,0	n.
HU	4,4	43,9	8,8	36,8	6,4	39,4	10,5	49,0
MT	5,4	n.	25,5	12,6	12,4	16,1	21,0	28,3
NL	24,3	9,4	76,5	6,5	48,5	7,2	75,2	7,2
AT	7,8	15,1	43,4	9,1	24,3	10,1	19,5	14,0
PL	4,7	24,2	10,4	25,2	7,3	24,8	15,4	25,4
PT	7,0	40,0	13,7	49,1	10,1	45,8	17,4	42,5
RO	8,7	64,5	10,1	40,6	9,3	53,0	18,2	62,7
SI	7,1	6,7	12,2	8,9	9,5	8,0	40,8	3,7
SK	2,6	28,0	5,6	22,2	3,9	24,4	6,7	39,8
FI	9,4	26,2	19,0	30,1	14,1	28,8	38,8	25,3
SE	12,0	28,2	38,7	27,2	24,7	27,5	47,6	43,1
UK	11,0	35,5	42,2	13,8	25,5	18,8	38,8	27,7

Source: Eurostat, EU LFS and DG EMPL calculations

Note: These data are only indicative.

Box 4: Segmentation and Flexicurity

Flexicurity is a balanced approach used to fight segmentation

Segmentation has certainly played a role in the rapid rise in unemployment since the crisis started, specifically in Spain and Portugal (see Chart 71). Segmentation resulted in the existence of a large temporary workforce with weaker transition possibilities to permanent jobs (see Chart 72).

This box summarises the findings of two recent assessments of EU Member States' flexicurity implementation during the crisis,⁸⁷ with a focus on tackling segmentation.

Eurofound analyses whether and how flexicurity is implemented in EU Member States, also during times of economic difficulties. Specific attention is given to the second phase of flexicurity by identifying more than 230 public and social partner based instruments that combine in themselves an element of flexibility and security, and hence feed into the national flexicurity system (even when not labelled as such). Due to methodological limitations only isolated policy instruments were assessed, rather than considering overall national flexicurity systems.

Among the flexicurity instruments assessed (along the commonly applied 'flexicurity matrix'), labour cost flexibility (employment subsidies or support of training costs) is the most prevalent flexibility dimension, followed by external flexibility (outplacement and reintegration support for dismissed workers). The most common security dimension is income security, followed by employment security. The most widespread flexicurity objective is the creation of new and retention of existing jobs, followed by encouraging transitions. The instruments aimed at the job retention objective include the short-time working and temporary lay-off arrangements. The creation of better jobs as well as social protection is least tackled. More than 90% of the analysed instruments target more than one objective, whereby various combinations of flexicurity policies together with lifelong-learning are widespread.

How have flexicurity policies helped to reduce the negative effects of segmentation? Analysing labour market segmentation is difficult as it cannot be observed directly. A fixed-term contract is not necessarily an unfavourable contract for every worker, who may use it as a stepping stone, or it may well match his or her preferences. Using involuntary fixed-term contracts as an indicator provides a better insight regarding segmentation and over-use of fixed-term contracts. Southern and Eastern European Member States are often characterised by high levels of involuntary fixed-term workers, suggesting segmented labour markets.

Disparities in employment protection rights for permanent and fixed-term contracts have been identified as a key source of segmentation. During the crisis, a number of Member States started reviewing their labour laws to reduce protection for permanent contracts with a view to making hiring more attractive for employers. The latter has been particularly the case in some countries of the Southern and Eastern European Member States.

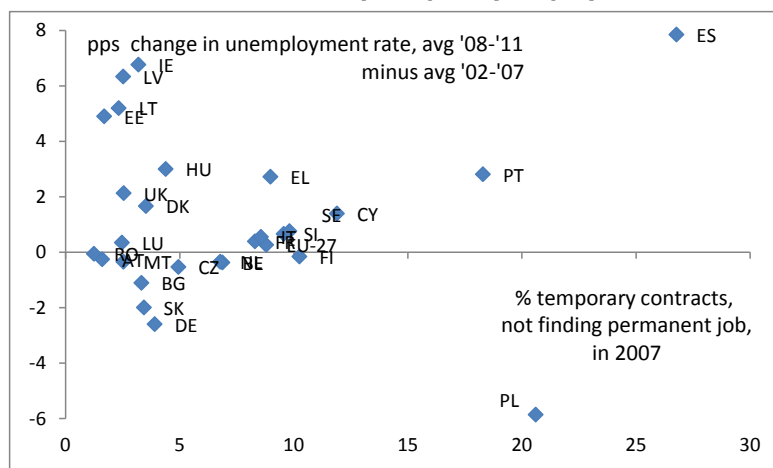
As said above, all analysed instruments combine flexibility and security element(s). Measures combining employment security and external flexibility seem to be most prevalent. This includes measures that aim at replacing traditional job protection by measures enhancing the employability of outsiders of the labour market while easing hiring and lay-off procedures and costs for the employers, backed up by active labour market policies.

A second set of measures entails external flexibility being combined with job security, which, at a first glance, might appear contradictory. These measures often contain elements to facilitate hiring and laying off, which is combined with incentives for employees to maintain their existing jobs. Most of these measures are related to new regulations on types of employment contracts in terms of their duration. Prominent examples are regulations obliging companies to provide workers with an open-ended contract after repeated use of fixed-term contracts or after a certain period of time has elapsed, thereby contributing to decreasing segmentation.

⁸⁷ European Commission (2012), Staff Working Document "Open, dynamic and inclusive labour markets" accompanying the Commission Communication "Towards a job-rich recovery", <http://ec.europa.eu/social/BlobServlet?docId=7627&langId=en> and Eurofound (2012), "The second phase of flexicurity: an analysis of practices and policies in the Member States", <http://www.eurofound.europa.eu/publications/htmlfiles/ef1183.htm>.

The Commission's Employment Package⁸⁸ recommends that further reforms should include measured and balanced reforms in employment protection legislation in order to remedy segmentation or to halt the excessive use of non-standard contracts and the abuse of bogus self-employment. More generally, all types of contractual arrangements should give jobholders access to a core set of rights from the signature of the contract, including access to lifelong learning, social protection, and monetary protection in the case of termination without fault.

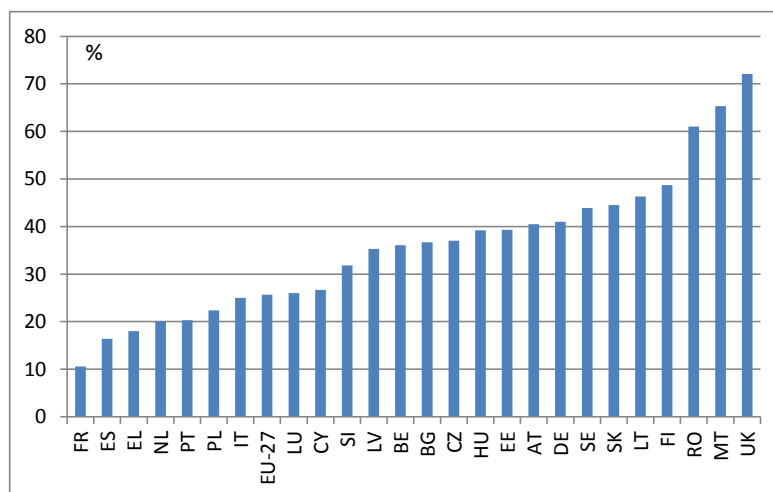
Chart 71: Share of involuntary temporary employment and rise in unemployment, 2007-2011



Note: "% temporary contracts, not finding permanent job" is calculated as the share of temporary jobs times the share of answers "could not find permanent job" in the question on the main reason for the temporary employment. Estonia: 2005

Source: Own calculations based on Eurostat, *lfsa_etpga* and *lfsa_etgar*

Chart 72: Annual transition rate from temporary to permanent jobs, 2010



Note: No data for Denmark and Ireland. Data for Estonia, Cyprus, Malta, Portugal and Slovakia are 2009.

Source: Eurostat, *Labour transitions by type of contract [ilc_lvh132]*

⁸⁸ European Commission (2012), Commission Communication "Towards a job-rich recovery", <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/380&format=HTML&aged=0&language=EN&guiLanguage=en>.

Latest developments in selected Member States

This section provides an overview of recent developments and forecasts at Member State level.⁸⁹ This issue focuses on the situation on the labour market and the social situation in Austria, Germany, Hungary, Ireland, Poland, Slovakia, Spain, Sweden and the United Kingdom. Priority has been given to the most recent reports and forecasts (dating from April to June 2012) from reliable sources at country level, supplemented by relevant data from Eurostat.

Austria

In 2011 Austria saw GDP growth of 3.1%, reflecting the strong surge in investment in 2010 and 2011, whilst the last quarters of 2011 and the first quarter of 2012 only saw 0-0.2% quarter-on-quarter growth.

Employment levels grew by 1.8% between the first quarters of 2011 and 2012. However, the overall level masks differences between population groups. Whilst the employment rate did not change year-on-year to the fourth quarter of 2011, older workers' (aged 55-64) employment rates declined during the same period by 0.8 percentage points (p.p.) and women aged between 20 and 64 saw their employment rates decline by 0.3 p.p.

The growth in overall employment levels was driven by increases in all sectors, except the public sector. The increasing trend in agriculture also came to a halt towards the end of 2011.

The share of part-time employment continued to increase, from 23.8% in the fourth quarter in 2008 to 25.1% for the same quarter in 2011. Employment growth for part-time jobs was 1.4% from the fourth quarter in 2010 to the same quarter in 2011, compared to employment growth of 0.4% for full-time jobs. Over the same period, the share of temporary contracts has remained stable. The job vacancy rate declined by 0.3 p.p. year-on-year to the first quarter in 2012.

In April 2012, the seasonally adjusted unemployment rate stood at 3.9%,

significantly below the EU average of 10.3%. Since the end of 2010, the unemployment rate for women has been higher than for men (4.2%, compared to 3.5% in April 2012). However, both genders have experienced decreased rates in recent months.

Different age groups were affected differently between the fourth quarters in 2010 and 2011: the unemployment rate increased from 7.4% to 8.8% for those aged 15-24 and from 2.1% to 3.4% for those aged 55-64, whilst those aged 25-54 experienced a 0.1 p.p. decrease. The situation improved most for those workers aged between 30 and 34 (a 1.5 p.p. decrease in their unemployment rate).

Long-term unemployment stayed constant and low in Austria between the fourth quarters of 2010 and 2011. When broken down by age groups, the situation improved substantially for young people (aged between 15 and 24), with a decrease of 5.6 percentage points. However, for older workers (aged between 50 and 64), the rate increased by 4.5 percentage points.

The proportion of the population at risk of poverty or social exclusion stood at 16.6 % in 2010 (one of the lowest rates in the EU, compared to an EU average of 23.4 %). Throughout the crisis Austria has witnessed only a small increase in the share of the population in jobless households (between 2008 and 2010 there was a 0.2 p.p. increase for both children and adults in this situation). This is also a reflection of the moderate increase in unemployment levels even at the peak of the recession.

Real unit labour costs saw year-on-year declines in 2010 and 2011, until the final quarter of 2011 (as a result of wage negotiations in October), mirroring trends in labour productivity. As real wages have been squeezed due to rising inflation, this has had an impact on consumer confidence: whilst unemployment expectations remain positive, consumer confidence, expectations about the general economic situation and the financial situation over the next 12 months have been negative since summer 2011. The prospects for the Austrian economy are not wholly positive: due to sluggish private consumption, economic growth is set to weaken in 2012 and 2013 (with GDP growth projected to reach 0.8% and 1.7% respectively).

⁸⁹ This section aims at presenting a more in-depth picture of the recent developments in selected Member States. All small to average-sized Member States are reviewed once a year, while larger Member States (Germany, Spain, France, Italy, Poland and the UK) are covered twice a year, on a rotating basis.

Germany

Following an unprecedented GDP contraction of 5.1% in 2009 amid the international crisis, GDP growth has been strong and positive during 2010 and 2011 (at 3.7% and 3% respectively). This has been reflected in continued employment growth: employment levels grew by 0.5% in the first quarter of 2012 compared to the previous quarter and by 1.5% if compared to the previous year. This growth has been driven by all sectors.

Since the second quarter of 2010, employment rates have been increasing for all age-groups: Employment rates for those aged 20-64 stood at 77% in the fourth quarter of 2011 (82.2% for men and 71.4% for women).

Employment growth has been more pronounced in part-time jobs than in full-time jobs (the year-on-year increase to the fourth quarter of 2011 was 4.6% for part-time employment, compared to 2.3% for full-time jobs). The share of part-time employment continued to increase (by 0.5 percentage points between from the fourth quarter in 2010 to the same quarter in 2011) and is substantially higher than in the EU average (26.4% in Germany compared to 19.6% for the EU as a whole). The level of involuntary part-time work however decreased in 2011 by nearly 5 p.p. to 16.3%. The share of temporary employees increased slightly to 15.2% (year-on-year change to the fourth quarter in 2011); the rates observed do not differ substantially to those prior to the crisis.

The German unemployment rate has continued to fall, reaching 5.4% in April 2012 (5.1% for women and 5.8% for men). The unemployment rate for those aged under 25 has also continued to fall, reaching 7.9% in April 2012. However, whilst the unemployment rate of non-EU nationals has been reduced in recent years, it still remains considerably higher than that of nationals (12.8% compared to 4.8% in the fourth quarter of 2011).

Before the crisis, Germany experienced long-term unemployment rates above the EU average. These rates have been consistently falling, reaching 2.6% in the fourth quarter of 2011, well below the EU average of 4.3% for the same period. However, the long-term unemployment rate as a % of unemployment reveals that Germany is performing worse than the EU average in this area (47.5% for Germany

compared to 43.5% for the EU as a whole in the fourth quarter of 2011). When broken down for the age-group of 50-64, this rate has increased year-on-year to 64% (from 61.4%), compared to an EU average of 56.1%.

After decreases in 2010 to mid-2011, real unit labour costs saw year-on-year increases from the second quarter of 2011 onwards and a number of sectoral agreements have included wage increases.

The "at risk of poverty or social exclusion rate" for unemployed people aged above 18 increased to 85% in 2010 (from a level of 62.2% in 2005). This rate is also substantially higher for non-EU nationals compared to German nationals (41.8% compared to 19% in 2010). Between 2005 and 2010, the at-risk-of-poverty rate (a component of the "at risk of poverty or social exclusion rate") increased for the unemployed from 40.6% to 70.3%. This is a consequence of the increasing share of long-term unemployed under the unemployed and the low benefits in the basic income scheme for needy jobseekers. For the same time period, severe material deprivation increased from 18.2% to 26.9% for those unemployed.

In-work poverty increased from 4.8% to 7.2% between 2005 and 2010, whilst the EU average decreased from 9.3% to 8.5%. Those on temporary contracts have witnessed a doubling of the in-work poverty rate (from 8.4% in 2005 to 16% in 2010).

The outlook for Germany is slightly dampened compared to the previous periods, with consumer confidence indicators being generally mildly negative since September 2011. For 2012, GDP growth is forecast at 0.7%, with a modest increase to 1.7% by 2013. The first quarter in 2012 however saw a 0.5% quarter-on-quarter increase, equivalent to a 1.2 year-on-year increase in seasonally adjusted terms.

According to the latest Manpower Employment Outlook Survey, the number of employers who intend to add to their payrolls in the third quarter of 2012 falls to 10% in Germany, while 7% plan to trim payrolls. Germany's seasonally adjusted Net Employment Outlook stands at +1% for the coming three months, i.e. the lowest level since 2009, after a decline of 5 p.p. in comparison to the previous quarter and a more considerable decline of 11 p.p. year-on-year. However, this survey also reveals

that more than eight out of ten employers intend to keep their current workforce intact.

Hungary

A recession is on the horizon for Hungary as it experienced a 1.5% year-on-year decline of its GDP between the first quarters in 2011 and 2012, due to a deterioration of the external environment, squeezed domestic demand and policy uncertainties.

The unemployment rate declined from 11.2 to 10.9% between 2010 and 2011. However, the first quarter in 2012 saw a 0.2 percentage point (p.p.) increase compared to the previous quarter. The rates are virtually identical for men and women, but differ between age groups: those aged between 15 and 24 experienced unemployment rates of 26.3% in the fourth quarter in 2011 (a 1.1 p.p. increase compared to the same quarter in 2010) and those aged between 55 and 64 experienced a 0.5 p.p. increase over the same period.

The low-skilled are particularly at risk of unemployment in Hungary: their unemployment rate stood at 24.1% in the fourth quarter in 2011, compared to an EU average of 16.9%. Long-term unemployment, however, has been declining since its peak in the second half of 2010. In the fourth quarter in 2011 it stood at 4.9%, still higher than the EU average of 4.3%.

Employment growth turned negative at the end of 2011 and this trend is worsening: employment declined by 1.2% in the first quarter of 2012. Much of the previous growth was due to increases in professional and administrative activities and in agriculture (y-o-y increases of 10.2 and 6.9 in the third and fourth quarters of 2011 respectively), though all sectors have been recovering since 2011.

The employment rate increased from 60.7% to 61.4% between the fourth quarters in 2010 and 2011. The increase was felt more strongly for men than for women (1 p.p. change for men, 0.3 p.p. for women).

Labour productivity has seen year-on-year increases in nearly all quarters since early 2010 and real unit labour costs have been declining since the start of the crisis (with an exception in the first quarter of 2011).

The share of part-time employment remains considerably lower than the EU average, but it should be noted that it is on the rise

(from 4.9% in the fourth quarter in 2008 to 6.9% in the same quarter in 2011). This trend also applies to involuntary part-time work. Indeed, recent gains in employment levels have mainly been achieved through an increase in part-time employment. Temporary contracts, however, have declined by 1 p.p. between the fourth quarters of 2010 and 2011.

The population at risk of poverty or social exclusion increased during the crisis from 28.2% in 2008 to 29.9% in 2010. These rates remain above the EU average (by over 6 p.p.). The risks are particularly prevalent for the young and for single parents (in 2010 the rate for single parents stood at 55.1%).

The share of the population living in jobless households was higher in Hungary than for the EU average, both for adults (aged 18-59) and for children (aged 0-17). In particular, the share of children living in jobless households has increased from 14.1% to 16.1% between 2005 and 2010.

Regarding in-work poverty, Hungary is faring better than the EU average (5.3% for Hungary, compared to 8.5% for the EU in 2010), but the opposite is true when the rate is broken down to cover those in part-time work. Severe material deprivation is an area of concern for Hungary: the rate stood at 21.6% in 2010, compared to an EU average of 8.1%.

The prospects for Hungary are not overwhelmingly positive: both economic sentiment indicators and consumer expectations were pointing downwards in the first months of 2012. For 2012 the annual forecast is a decline of GDP by 0.3%. However, in 2013, growth is set to return at a modest rate of 1%.

Ireland

The Irish economy returned to growth in 2011 after three years of contraction, with GDP increasing by 0.7%. This positive annual growth was achieved despite Ireland in fact re-entering recession in the last quarter (q-o-q GDP growth of -0.2%), due mainly to a slowdown in export-driven growth. Nevertheless the decline was less pronounced than in the previous quarter (-1.1%). The overall picture for 2011 masks the continued divergence between the export-oriented and domestic sectors. Indeed, while net exports added strongly to growth, domestic demand continued to contract, as household balance-sheet

adjustment continued, and both fiscal consolidation and contracting employment reduced disposable incomes.

Employment increased by a seasonally adjusted 0.6% in the last quarter of 2011, only the second quarter of employment expansion since the crisis but following a 1.2% decline in the third quarter. This fourth quarter growth came from export-oriented sectors such as IT, tourism and manufacturing (notably of pharmaceuticals and medical devices). The employment rate appears to have broadly stabilised at slightly above 59% and, at 59.3% in the last quarter, was essentially unchanged from a year before.

Unemployment has fallen slightly in recent months, having peaked at 311 000 in November of last year. By April it was down to around 300 000, driven by noticeable falls in youth unemployment, possibly driven by increasing emigration among young people as well as greater participation in further and higher education. As a result the overall unemployment rate declined to 14.2%, down from its recent peak of 14.7%, and reflecting similar improvements for both men and women over the last six months. At some 4 percentage points above the EU average it nevertheless remains among the highest in the EU, with only 4 other Member States reporting a higher figure. Despite the recent sharp fall in youth unemployment, the unemployment rate for young people remains high (27.5% in April) and some 5 percentage points above the EU average. The NEET rate (at 18.9% in 2010), which shot up after the crisis, has become one of the highest in the EU.

Long term unemployment has continued to rise through to the final quarter of last year, when it stood at 9.1%, well above the average EU rate of 4.3%. The increase compared to the situation before the crisis (when the rate was around 1.5%) has been dramatic, reflecting especially marked rises among men, and shows no sign yet of levelling off.

The Irish Government recently announced a number of policy initiatives to address both the supply and demand side of the labour market. Firstly, to address demand, an Action Plan for Jobs containing more than 275 distinct actions such as a new Development Capital Scheme aimed at addressing a funding gap for high-growth indigenous companies, the restructuring of the enterprise agencies in order to better

target supports towards indigenous businesses, an extension of the corporation tax exemption for start-up companies, and a Micro Finance fund to generate up to €100 million in extra lending for micro-businesses, was announced in February 2012. The plan targets the addition of 100 000 new jobs by 2016 and to have 2 million people in work by 2020. Ireland estimates that achieving this goal will bring it to within range of its EU 2020 employment rate target, at 70.1%. On the supply side, the government has outlined reforms to its activation system to tackle unemployment. In February 2012 it launched 'Pathways to Work', setting out how the government intends to introduce a better approach to providing supports for the unemployed.

According to SILC 2010 data, the social situation in Ireland continued to deteriorate noticeably in 2010. The share of adults living in households where no-one works rose by 2 percentage points in 2010 to 14.6%, much worse than the average rise for the EU. This is also reflected in administrative data which indicates a noticeable increase in 2010 in unemployment benefit recipients due to the crisis, while beneficiaries of social assistance decreased. Poverty, as indicated by the at-risk-of poverty rate, rose to 16.1%, despite a sharp drop in the poverty threshold. Only older people have not been affected by rising poverty (their situation has in fact improved in relative terms), while young adults have seen the strongest rise. Even so, poverty rates in general remain below corresponding rates for the EU as a whole, reflecting increases to rates of payment in the social protection system prior to 2008 which led to significant decreases in poverty rates during those years. Severe material deprivation is also on the rise, jumping to 7.5% in 2010 from 6.1% the previous year, although once again the rates remain below the EU average. However, severe material deprivation among children (those aged under 18) is becoming a concern, with the rate rising sharply and now exceeding the EU average.

The population at risk of poverty or social exclusion, which combines developments in joblessness, severe material deprivation and poverty, rose substantially in 2010, from 25.7% the year before to 29.9%, with children and young adults the worst affected while in contrast the rate dropped for the over-64 age group.

The rise in the number of people experiencing consistent poverty (the Irish EU2020 target uses the consistent poverty indicator, a national measure which tracks the overlap between those at-risk-of-poverty and basic deprivation) of almost 50% since 2008 prompted the Irish Government to announce a revised poverty target under the EU2020 process. The original target of eliminating consistent poverty by 2016 was based on a 2008 baseline figure of 186 000. However, the economic crisis increased the number to 277 000 by 2010, and the revised target commits the government to reducing the rate to 4% by 2016 and 2% by 2020, thus lifting 200 000 people out of poverty.

Looking ahead, real GDP growth of 0.5% is forecast for 2012. While the broader employment situation is improving, agreed reductions in public sector employment and firm-specific developments in the financial sector are expected to lead to a further 0.6% employment contraction for 2012 as a whole, and with the unemployment rate remaining broadly unchanged.

Poland

Supported by positive trends in the Polish economy, the situation in the labour market has remained favourable, though somewhat ambiguous: employment is expanding but, simultaneously, unemployment is spreading. Poverty and social exclusion declined, though they remain challenging.

Contrary to the fragile situation in many EU countries, the Polish economy has continued to register stable growth. GDP has expanded, though at the slower rate of 1.3-0.8% per quarter, for the last two years. Economic output posted annual growth of 3.6 % in the first quarter of 2012, supported by all components of domestic demand and net exports.

In this context, the labour market has continued to expand. At 16.2 million in the first quarter of 2012, total employment was an extraordinary 2.5% higher than a year earlier, driven by job creation in industry and construction. Given that part-time employment is uncommon in Poland (8%), recovery has been led by full-time workers, while marking a halt to temporary adjustments – a rise in permanent posts more than offset losses of temporary ones in the second half of 2011. Temporary contracts in Poland reflect deep segmentation. More than a quarter of employees (3.4 million) hold temporary

contracts, the highest share in the EU, and among them 60% want but could not find a permanent post, often accepting lower wages.

Despite improvements in employment, unemployment rose slightly in 2011 and stagnated this year. Unemployment affected 9.9% of the labour force, including 870 000 women (10.7%) and 910 000 men (9.3%) in April 2012. Contrary to that, according to the Central Statistical Office (GUS), the number of registered unemployed went back up to 2.07 million in April, with the registered unemployment rate, at 12.9%, higher than a year earlier. At the same time, employers registered 75 000 new job offers and the stock of vacancies totalled 42 500 (both figures around 4-5% lower than a year earlier).

The deterioration has a severe impact on the unemployed. The long-term unemployment rate picked up 1.6 pps during the three years to the end of 2011 to 3.8%. Expenditure on the unemployed remained at a very low level and the poverty rate among the unemployed increased significantly, from under 40% in 2008 to 45% in 2010.

This rise in unemployment in 2011 in large part resulted from many inactive persons entering the labour market and older people remaining active for longer (the activity rate was up 2.5 pps to 40.4%). Despite progress in employment and positive trends in activity (the activity rate (20-64) edging up to 71.9%), the employment rate (20-64) for Poland, at just 64.9%, still lags far behind the 71% Europe 2020 target for Poland.

The labour market for young people has stabilised, though it remains challenging. The youth unemployment rate fell to 25.4%, above the EU average (22.4%). Among young employees, two-thirds of young employees hold a temporary contract. On positive side, the National Bank of Poland reports that even if it is not obvious that atypical forms of work are stepping-stones, they improve the chances of getting a permanent job compared to unemployment or inactivity. Overall, by the end of last year, the share of young people not in education, training or employment (NEET) had risen to nearly 12%. Promoting higher education should break this negative tendency. However, the risks will remain high for the 30% of children who live in poverty and social exclusion.

According to GUS, annual nominal growth in salaries and wages moderated to 3.4% in April in the enterprise sector and stood 5.2% in the budgetary sector, resulting in slightly negative real growth. Low wages contributed to high in-work poverty of 11.4% in 2010 (compared to 8.4% in the EU).

Although the social situation has been improving consistently, in 2010, 27.8% of Poles still lived at risk of poverty and social exclusion (i.e. faced at least one of the situations: monetary poverty, severe material deprivation, living in jobless households). The ability to improve the situation might be hampered by weaker prospects for the economy and the labour market.

According to the Commission's Spring European Economic Forecast, following the slowdown in the EU, real GDP growth will slow down to 2.7% and 2.6% in 2012-2013. This will limit employment growth to a sluggish but positive 0.3% and 0.4% in 2012-2013. The unemployment rate will stay broadly stable at 9.8% in 2012, before a marginal decline to 9.6% in 2013.

Slovakia

Developments in Slovakia have been mixed recently. The economy has been growing more than in most other EU countries. However, the employment rate has decreased and unemployment has remained high. The situation remains challenging for groups such as young people, low-skilled workers and the Roma.

According to Eurostat, Slovakia's GDP grew by 3.3% in 2011, more than twice the EU average. In the first quarter of 2012, GDP increased by 3.1% compared to a year ago and by 0.8% compared to the fourth quarter of 2011.

In the first quarter of 2012, employment still stood at 2.2 million, slightly lower than the peak in the third quarter of 2011, but higher than in the previous quarter.

After peaking in the third quarter of 2011, the employment rate for those aged 20-64 decreased to 65.1% in the fourth quarter of 2011, the same as one year earlier. This was driven by a decrease in employment rates for both men and women by 0.5 pp compared to the previous quarter. This meant that Slovakia was even further away from achieving its Europe 2020 target of an overall employment rate of 72%.

Employment growth has been based on an increase in the number of temporary workers; the number of permanent workers even decreased. The number of temporary workers rose by 15% compared to the previous year, reaching its highest level since the beginning of 2007. However, the growth in part-time employment has been losing momentum. The share of part-time workers decreased to 4.1% in the fourth quarter of 2011, still less than a quarter of the EU average.

The unemployment rate remained stable at 14% in the first quarter of 2012, which was the highest figure since the end of 2010 and also nearly 4 pps higher than the EU average. The share of the long-term unemployed in total unemployment reached 67.7%, 0.5 pp lower than one year earlier, the trend being more favourable for women than for men. Although converging slightly towards the EU average, the difference still remains very high (24 pps).

The labour market for young people has remained very challenging. The youth unemployment rate was 36.4% in the first quarter of 2012, reaching its highest level in recent years and diverging further from the EU average of 22.4%. However, the share of unemployed Slovak youth among the total young population was not far from the EU average (10.5% vs 9.3%, respectively), and the share of young people neither in employment nor in education or training (NEET) was also not very far from the EU average, reaching 14.1% in 2010, up by 3 pps on 2008.

The unemployment rates of high- and middle-skilled workers were in line with the EU averages. However, the unemployment rate of low-skilled workers reached 45.1% in the last quarter of 2011, the highest since the beginning of 2010, diverging further from the EU average of 16.9%.

The fall in labour productivity observed in 2010 stopped in 2011 and in the last quarter of 2011 and first quarter of 2012 it was 2.5% higher than one year earlier. On the other hand, real unit labour costs were in every quarter of 2011 lower than in the same period of the previous year.

Overall, poverty and social exclusion is less pronounced in Slovakia than in the EU as a whole. The share of the population at risk of poverty or social exclusion increased to 20.6% in 2010, the same level as observed in 2008. However, it remained below the EU average of 23.5%. Most at risk were those

under 18 (25.3%) and least at risk were those over 65 (16.7%). The share of adults at risk of poverty or social exclusion was relatively low among the high-skilled (8.7%, the highest figure since 2007 but 2 pps lower than the EU average). For middle-skilled workers, the share was also 2 pps below the EU average (19.1%). It was highest for the low-skilled (34.9%, the highest level since 2005 and 2 pps higher than the EU average). Households most at risk of poverty or social exclusion were those comprising a single adult with dependent children (nearly 52% of such households fell into this category).

According to the Commission's spring 2012 forecast, Slovakia's GDP growth is projected to slow down to 1.8% in 2012, but to rebound in 2013 to 2.9%. As regards labour market indicators, the European Commission expects 0.5% employment growth and a 13.2% unemployment rate in 2012. While a slight decrease in social protection expenditure is forecast for 2012, gross household disposable income is projected to increase marginally.

Spain

Spain is undergoing a deep structural adjustment. In the last quarter of 2011, the country entered recession, driven by a larger-than-expected deterioration in the labour market, lower public expenditure, and deteriorating credit conditions, while the euro-area sovereign-debt crisis intensified and external demand weakened.

The new Popular Party government, elected in November 2011, placed considerable emphasis on implementing a wide-ranging fiscal adjustment programme in an attempt to reach an end-of-year deficit of 5.3% of GDP in 2012 and 3% in 2013 (against current 8.5%). The 2012 budget implemented strong spending cuts, including pensions, healthcare and education. The scale of austerity at a time of recession could have the effect of hampering economic growth. Furthermore, significant labour market reforms such as modifying the two-tier structure of the labour market and decentralising the collective bargaining system are underway.

The Spanish economy went through a sharp adjustment in 2008-2009, and it started to stabilise in the early 2010. In 2011, real GDP grew modestly by 0.7% on the year before, however it is expected to contract by 1.8% in 2012 and by 0.3% in 2013. The breakdown of GDP by demand components

indicates that the contraction in the fourth quarter of 2011 was mainly driven by weak domestic demand as a result of simultaneous contraction of private consumption, public consumption and gross fixed capital formation. The positive effect of net exports on aggregate demand will be dampened by an expected fall in external demand, especially from the Euro area, which is Spain's main export market.

Increases in unit labour costs started to become moderate already in 2009, and since 2010 there has been a marked trend of decrease. Nominal unit labour costs declined by 2.6% (2010) and 1.9% (2011), and according to the European Commission spring forecast, they are expected to decrease further by 1.8% in 2012. This would allow Spain to improve its export market share and reduce the high external deficit. Declining unit labour costs are due to slower wage growth.

Employment started to decrease in Spain earlier than in other Member States, and it had declined by around 15% (3 million) between first quarter of 2008 and first quarter of 2012. The number of persons employed stood at 17.940 million in the first quarter of 2012, which represents a decrease of 212 000 persons employed on the previous quarter. It remains around 4% below the level in the same quarter of the previous year. Employment in all sectors declined both on a quarter-on-quarter and year-on-year basis. The decline was highest in construction, 7.5% on the previous quarter and 20% on the same quarter 2011. According to the Commission spring forecast, in light of the economic recession, employment is expected to decline further in 2012 (2% in 2011 and 3.7% in 2013). As a consequence, the employment rate (20-64) is still declining. At 60.7 % in the last quarter of 2011, it was down by 1.8 pps on the same period the year before.

The Spanish unemployment rate, by and large following the EU average up to 2007, has been on the rise since then, affecting both women and men. The highest in the EU, it reached a new record high of 23.8 % in the first quarter of 2012 (EU average is 10%), which is 16 pps higher than in 2007. According to the European Commission spring forecast, the unemployment rate is expected to rise further, to 24.4% in 2012 and to 25% in 2013. The youth unemployment rate, on the rise for the past five years, broke new records reaching 51% in the first quarter of 2012 against an EU

average of 22%. The long-term unemployment rate, which started to increase in 2008 from a level well below the EU average, more than quintupled to 10 % in the first quarter of 2012, which is now more than double the current EU average (4.3%). And long-term unemployment currently affects around 43% of the unemployed.

In line with the contraction of employment and rising unemployment, poverty and social exclusion, started to increase in 2009. In 2010, some 25.5% of the population were at risk of poverty or social exclusion, including 30% of children. The share of people living in jobless households broadly doubled between 2007 and 2010: from 6.2% to almost 12. Material deprivation picked up significantly from 2.5% in 2008 to 4% two years later. In-work poverty has steadily increased since 2006, from 10% to 12.7% in 2010, the third highest level in the EU.

Sweden

Unemployment remains a challenge despite strong growth, especially for migrants, the long-term unemployed, the low-skilled and young people.

Sweden's economy grew by 3.9% in 2011, despite a 1% contraction in the last quarter. This was twice the EU average, but less than the growth of 6.2% in 2010. Growth of 0.8% in the first quarter of 2012, which was supported by domestic demand, brought year-on-year (y-o-y) growth from 1.2% to 1.5%.

Employment growth slowed down in the beginning of 2012 from 1.6% to 0.7% (y-o-y). Still, Sweden is well on its way to reaching its national target by 2020 of having an employment rate well above 80% for the 20-64 age-group. The rate stood at 79.9% at the end of 2011 (+0.8 pps y-o-y). The increase in employment was primarily in temporary work.

The unemployment rate stabilised at 7.5% in 2011, down by almost 1.0 pp from 2010. In 2012q1 it stood at 7.4%. Yet it has been above the equilibrium rate (6.5%) since 2009 and will not drop to this level before 2016 according to National Institute of Economic Research (NIER). The Institute warns against the negative impact of prolonged high unemployment on potential GDP due to the depreciation of skills. This is even more pertinent given the 6 pps increase, since 2008, in the proportion of

long-term unemployed in the total figure. Their share was 19 % in 2011q4 (-1.1 pps y-o-y).

Despite a general improvement during 2011, the labour market situation of vulnerable groups, especially migrants (i.e. non-EU nationals), the low-skilled and young adults, remains challenging. The unemployment rate for migrants was 29.7% in 2011q4 (+3.7 pps y-o-y). Their employment rate was more than 20 pps lower than the total, and even fell (-1.7 pps y-o-y). Every second migrant was exposed to the risk of poverty or exclusion. Since non-EU nationals have become a substantial part of the Swedish labour market in recent years, their integration in the labour market is vital, also for improving the general employment rate. The low-skilled faced similar difficulties: high unemployment (14%), high risk of poverty or social exclusion (24.5%) and low employment (38.5%). The European Commission recently recommended that Sweden take further measures to improve the position of vulnerable groups by applying effective active labour market policy (ALMP) measures, encouraging wage flexibility, notably at the lower end of the wage scale, and reviewing selected aspects of employment protection legislation.

Another vulnerable group are the young, whose unemployment fell in the year to 2012q1 (by -0.3 pps to 22.8 %). If students are excluded, the rate almost halves. Sweden's youth labour market, similar to other Nordic countries and the Netherlands, is characterised by a high proportion of students among the young unemployed. ALMP measures and education reforms seem relevant and credible, with the exception of the VAT reduction for restaurants and catering services. The NEET rate in 2011 returned to its 2007 level (7.5 %), after peaking in 2009 (9.6%).

Labour productivity declined in 2011 and turned negative in the last quarter (-0.5% y-o-y). By stabilising labour costs at 2.9% (y-o-y), unit labour cost growth picked up in the second half of 2011 (up to 0.8% from 0.4% in the third quarter (y-o-y)). Labour productivity in 2011 was roughly at the same level as in 2006. According to NIER, this was due to low investment as a result of the recession and uncertainty as well as increasing labour force participation and employment, due partly to economic policy.

Most of the poverty and social exclusion measures in Sweden are better than the EU

average and they improved further in 2010. The overall at-risk-of-poverty or exclusion rate, which bottomed out at 13.9% in 2007 and then increased until 2009, began decreasing, reaching 15% in 2010. The poverty rate dropped to 12.9% (from 13.3% in 2009), but remained around 2 pps higher than in 2007. The material deprivation rate, one of the lowest in the EU, declined to 1.3% (from 1.6% in 2009 and 2.2% in 2007).

However, the social risks for certain groups intensified between 2007 and 2010, especially for migrants, elderly (women) and the low skilled. Their combined at-risk-of-poverty or exclusion rate increased by 8.2 pps, 5.5 pps (8.6 pps for women) and 3.9 pps respectively. The proportion of elderly living in poverty for more than three years in 2010 was triple that in 2007 (double for children). The Swedish Government aims to reduce social exclusion through stronger labour market integration. This excludes older people and is not effective for many groups, such as single parents with children.

The Commission forecast modest growth of 0.3% GDP this year. Growth is expected to accelerate in 2013 to 2.1%. Yet unemployment is likely to stay high (7.7%), due to current low capacity utilisation; this corresponds to national forecasts. The Manpower Employment Outlook Survey for 2012q3 is also less optimistic. The net employment outlook for Sweden is +6%, down by 3 pp compared with the last quarter (-4 pps y-o-y).

United Kingdom

Economic growth in the UK was weak and uneven over 2011, with GDP growth of 0.7% for the year as a whole. The strong third quarter growth (0.6%), which followed a contraction of 0.1% in the second quarter, fizzled out quickly and by the first quarter of 2012 the UK had re-entered recession (q-o-q GDP growth of -0.3%, similar to that of the previous quarter).

The main cause of weakness in 2011 was household consumption, which contracted for four consecutive quarters between the final quarter of 2010 and the third quarter of 2011. As a result real gross disposable household income declined by 1.2% in 2011 compared to the previous year. Investment, which had been expected to contribute positively to growth, actually fell by 0.6% in the final quarter of 2011 and by 1.2% over the year. In contrast, net exports were the

main source of growth in 2011, contributing 1% to GDP growth.

Employment growth was again rather subdued over 2011, averaging 0.4% for the year as a whole, and remained so in the first quarter of 2012 with quarter-on-quarter growth also at a seasonally adjusted 0.4%. The employment rate (15-64) declined year-on-year in the second half of 2011 and at 69.6% in the last quarter remained below the 70% mark, as it had been over the rest of the year, but still some 5 percentage points above the EU average (64.3%).

While having remained quite steady at just below 8% since 2009 despite public sector job cuts and weak growth, the unemployment rate finally started to rise again in the second half of 2011 after public sector employment fell by more than 4% in 2011 as a whole and an apparent revision of firms' labour hoarding decisions. By the end of 2011 the unemployment rate had increased to 8.3%, the highest rate since 1995, but has edged down subsequently over early 2012 to 8.1% by February. It still remains some 2 percentage points below the EU average. Underlying recent trends have been rather different for men and women, as the male unemployment rate has been declining (down by 0.4 pps) since autumn 2011 while for women it has remained rather static.

Total unemployment has edged down over early 2012 to a seasonally adjusted 2.56 million, while youth unemployment has recently fallen back below the 1 million mark. Despite the recent fall in youth unemployment, the unemployment rate for young people remains historically high (21.7% in February) and broadly in line with the EU average, but this means a larger gap compared to the 25+ adult group in the UK. The NEET rate has risen markedly since the mid-2000s, and stood at 13.7% in 2010, just above the EU average of 12.8%.

Long term unemployment, which rose from below 1.5% before the economic crisis hit to over 2.5% in early 2010, has remained fairly stable since with the rate recorded at 2.7% in the last quarter of 2011 (some 1.5 pps below the EU average). Long term unemployment remains higher among men (3.2%) than women (2.1%), but while it seems to have stabilised for men it is still edging up for women.

According to the latest EU SILC data, the social situation in the UK continued to deteriorate in 2010. The share of adults living in households where no-one works edged up to 11.9% (above the EU average of 10.4%), and the share in households with very low work intensity to 13.1% (considerably above the EU average of 10.0%). Poverty, as indicated by the at-risk-of poverty rate, declined slightly in 2010 to 17.1%, following a sharp decline the previous year from 18.7% to 17.3%, while the underlying poverty threshold rose slightly in 2010 in contrast to the marked falls in 2008 and 2009.

All age groups except young adults aged 18-24 saw poverty rates either decline or remain stable in 2010. The worsening situation for young adults was also reflected in a sharp rise in the persistent poverty rate for this age group, which rose to 12.5% in 2010, up from 7.0% the previous year. However, poverty rates in the UK for most age groups remain broadly similar to corresponding rates for the EU as a whole.

In contrast to the decline in the relative poverty indicator in the UK, the rate of severe material deprivation jumped to 4.8% in 2010 from 3.3% the previous year, although it remains well below the EU average (8.1%). However, severe material deprivation rose by a sharp 3 percentage points among children, a much stronger rise than for adults aged 18-64 and older people. Reflecting the developments in the above social indicators, the population at risk of poverty or social exclusion rose to 23.1% in 2010, up from 22.0% the year before and marking a stronger rise than for the EU as a whole, with children and young adults the worst affected.

The UK has seen a very substantial increase in income inequality that began in the mid-1970s, continued through the 1990s, and started again rising since 2005. In 2010, the Gini coefficient stood at 33 (EU-27: 30.5) while the s80/s20 income share ratio was 5.4 (EU27: 5). Income inequality has considerable impacts on people's life chances because in the UK there is a much stronger correlation between educational achievement and socio-economic background than in most other EU countries. Apart from increasing job polarisation and changes to the tax-benefits system, one driver for the rising inequalities has been the education system which appears to have become more polarised, with an increasing proportion of young

people attending university but also a high share with low qualification levels.

The latest spring 2012 Commission economic forecast reports that the overall economic outlook for 2012 remains uncertain but, in anticipation of stronger real wages improving household consumption growth towards the end of the year and more stability in the UK's export markets, GDP growth is expected to remain positive, although still subdued, at 0.5% in 2012. Forward looking indicators imply that private sector employment remains sluggish, with employment growth forecast to remain at a subdued 0.4% for 2012. The unemployment rate is therefore likely to increase slightly in 2012, to peak at 8.5% before edging back to 8.4% in 2013.

Annex 1: Selected statistics

Table 19: Real GDP growth

	% change on previous quarter					% change on previous year				
	2011				2012	2011				2012
	q1	q2	q3	q4	q1	q1	q2	q3	q4	q1
BE	1.0	0.3	0.0	-0.1	0.3	3.1	2.3	1.3	1.0	0.7
BG	0.4	0.3	0.1	0.1	0.0	2.1	2.7	1.9	0.3	0.9
CZ	0.5	0.3	0.0	-0.2	-0.8	3.1	2.1	1.4	0.3	-0.4
DK	0.4	0.3	-0.1	-0.2	0.3	1.9	1.6	0.1	0.4	0.2
DE	1.3	0.3	0.6	-0.2	0.5	5.0	3.0	2.6	1.5	1.7
EE	1.6	1.8	1.4	0.1	0.3	9.5	8.4	8.5	4.5	3.6
IE	0.7	3.8	-2.6	0.1	:	-0.7	3.8	1.0	1.8	:
EL	0.2	:	:	:	:	-8.0	-7.3	-5.0	-7.5	-6.5
ES	0.4	0.2	0.0	-0.3	-0.3	0.9	1.1	1.1	-0.2	-0.3
FR	0.9	0.0	0.3	0.1	0.0	2.6	1.9	1.3	1.0	0.7
IT	0.1	0.3	-0.2	-0.7	-0.8	1.3	1.3	0.3	-1.1	-1.1
CY	0.3	0.0	-0.8	-0.3	-0.4	1.6	1.5	-0.3	-0.8	-1.6
LV	1.2	1.9	1.4	1.0	1.1	3.5	5.6	6.6	5.7	6.9
LT	1.6	1.5	1.2	0.8	0.8	5.9	6.5	6.7	4.4	3.9
LU	0.2	-0.6	1.0	0.2	:	2.8	0.7	2.0	0.8	:
HU	1.4	-0.2	0.0	0.0	-1.2	2.6	1.4	1.4	1.4	-0.7
MT	0.5	0.1	0.2	-0.7	-0.1	2.9	3.1	2.5	-0.1	:
NL	0.7	0.1	-0.4	-0.7	-0.2	2.7	1.6	1.1	-0.6	-1.1
AT	0.8	0.5	0.0	-0.1	0.3	4.8	4.2	2.4	0.7	2.0
PL	1.2	1.1	0.9	1.0	0.8	4.2	4.6	4.2	4.3	3.6
PT	-0.7	-0.2	-0.6	-1.3	-0.1	-0.6	-1.2	-1.9	-2.6	:
RO	1.2	0.2	1.0	-0.2	-0.1	1.7	1.4	4.4	1.9	0.3
SI	-0.4	-0.1	-0.3	-0.6	0.2	2.1	0.7	-0.5	-2.8	-0.2
SK	0.9	0.8	0.7	0.8	0.7	3.4	3.5	3.0	3.4	3.0
FI	0.3	-0.1	1.0	0.0	0.8	5.3	2.0	3.4	1.2	1.8
SE	0.4	1.1	0.7	-1.0	0.8	6.3	4.5	4.1	1.0	1.9
UK	0.2	-0.1	0.6	-0.3	-0.3	-0.1	2.5	-0.1	0.4	:
EJ27	0.7	0.2	0.2	-0.3	0.0	2.3	2.0	1.3	0.6	0.3

Source: Eurostat, national accounts. Seasonally adjusted and adjusted data by working days

Table 20: Employment growth

	% change on previous quarter					% change on previous year				
	2011				2012	2011				2012
	q1	q2	q3	q4	q1	q1	q2	q3	q4	q1
BE	0.4	0.4	0.1	0.2	0.0	1.5	1.6	1.4	1.0	0.7
BG	-1.2	-0.7	-0.9	0.3	-0.6	-5.0	-4.5	-5.0	-2.3	-1.6
CZ	-0.1	0.2	0.3	-0.3	-0.1	0.4	0.3	0.1	0.0	0.1
DK	-0.2	0.1	0.0	-0.3	-0.3	-0.5	-0.5	-0.3	-0.4	-0.6
DE	0.3	0.4	0.3	0.3	0.5	1.3	1.3	1.3	1.4	1.5
EE	2.9	1.0	1.9	-1.0	1.3	6.5	7.7	8.9	4.8	3.2
IE	-0.5	0.1	-0.9	0.5	:	-2.8	-2.0	-2.5	-0.8	:
EL	:	:	:	:	:	-4.7	-6.1	-7.6	-8.5	-8.7
ES	-0.5	-0.2	-1.2	-1.0	-1.2	-1.6	-1.3	-2.2	-3.0	-3.7
FR	0.2	0.2	0.0	-0.1	0.0	0.4	0.6	0.5	0.3	0.1
IT	0.1	0.4	-0.3	-0.2	-0.6	0.1	0.6	0.7	-0.2	-0.8
CY	0.5	-0.3	-0.3	-0.4	-0.9	1.1	0.9	0.4	-0.3	-2.2
LV	-9.6	1.1	0.0	0.9	-0.7	-8.5	-7.9	-8.5	-7.6	1.8
LT	0.5	1.7	-1.9	0.7	-0.8	0.9	4.3	2.0	0.9	1.9
LU	:	:	:	:	:	:	:	:	:	:
HU	-0.4	0.1	0.3	-0.1	-1.2	0.3	0.1	0.5	0.3	-1.1
MT	1.3	0.5	0.9	-0.4	0.9	2.4	1.9	3.0	2.4	1.9
NL	-0.1	0.1	0.1	-0.2	0.2	0.4	0.4	0.4	0.1	0.2
AT	0.2	0.4	0.3	0.4	0.6	1.5	1.5	1.5	1.3	1.8
PL	-0.2	0.4	0.3	0.3	0.8	1.9	1.0	0.4	0.6	2.5
PT	0.1	-0.1	-0.4	-2.6	-1.1	-1.6	-0.8	-0.7	-3.1	-4.2
RO	:	:	:	:	:	-0.5	-0.1	0.8	1.5	2.5
SI	-0.5	-0.2	-0.3	-0.2	-0.1	-2.1	-1.8	-1.7	-1.3	-0.8
SK	0.7	0.3	0.3	0.0	0.2	2.3	2.3	1.7	0.9	0.6
FI	0.6	1.0	-0.3	0.3	-0.1	0.5	1.4	1.2	1.6	1.0
SE	0.8	0.3	0.3	0.1	0.0	2.8	2.4	2.1	1.5	0.8
UK	0.4	0.1	-0.7	0.2	0.4	1.4	0.8	-0.4	0.0	0.0
EJ27	0.1	0.2	-0.2	-0.1	0.0	0.4	0.4	0.1	0.0	-0.1

Source: Eurostat, national accounts. Seasonally adjusted and adjusted data by working days.

Note: : not available; national concept for UK and LU.

Table 21: Temporary employees as a percentage of the total number of employees (%) (lfsq_etpga)

	2010q4	2011q1	2011q2	2011q3	2011q4	2011q4 change on previous year (pps)
BE	8.7	9.3	8.8	8.5	9.1	0.4
BG	4.0	3.0	4.1	5.2	3.9	-0.1
CZ	8.3	7.5	8.0	8.4	8.0	-0.3
DK	8.5	8.5	9.2	8.9	8.9	0.4
DE	15.1	14.3	14.7	14.9	15.3	0.2
EE	3.5	3.6	4.7	5.2	4.4	0.9
IE	9.4	9.6	10.2	10.2	9.7	0.3
EL	12.3	11.3	11.9	12.3	10.8	-1.5
ES	24.9	24.8	25.6	26.1	25.0	0.1
FR	14.9	14.5	15.3	15.9	15.0	0.1
IT	13.2	12.5	13.7	13.6	13.6	0.4
CY	13.4	12.9	14.0	13.8	13.9	0.5
LV	7.4	6.0	7.4	7.3	5.3	-2.1
LT	2.3	1.8	3.6	3.3	2.5	0.2
LU	7.3	7.2	6.4	6.1	8.7	1.4
HU	9.8	8.0	9.2	9.7	8.8	-1.0
MT	6.0	7.0	5.2	7.1	6.8	0.8
NL	17.9	17.6	18.0	18.6	18.8	0.9
AT	9.4	9.2	9.0	10.5	9.5	0.1
PL	27.7	25.9	27.0	27.4	27.2	-0.5
PT	22.6	22.1	22.8	22.7	21.2	-1.4
RO	1.2	1.4	1.9	1.8	1.1	-0.1
SI	16.5	16.0	17.5	19.1	19.2	2.7
SK	6.0	5.9	6.6	6.5	6.8	0.8
FI	14.6	13.8	16.7	17.4	14.1	-0.5
SE	15.1	14.5	16.3	17.5	15.4	0.3
UK	6.0	5.9	6.1	6.0	6.1	0.1
EU27	14.0	13.5	14.2	14.4	14.1	0.1
Men	13.5	12.9	13.6	14.1	13.6	0.1
Women	14.6	14.1	14.7	14.8	14.6	0.0

Source: Eurostat, EU LFS. Data non-seasonally adjusted.
(from 15 to 64 years)

Table 22: Part-time employment as a percentage of the total employment (%) (lfsq_eppga) (share of employees)

	2010q4	2011q1	2011q2	2011q3	2011q4	2011q4 change on previous year (pps)
BE	24.2	25.4	25.1	23.6	24.8	0.6
BG	2.2	2.1	2.3	2.1	2.1	-0.1
CZ	5.0	4.9	4.7	4.6	4.5	-0.5
DK	25.0	25.8	25.6	24.5	24.5	-0.5
DE	25.2	25.9	25.9	25.7	25.5	0.3
EE	9.9	10.4	9.5	8.5	8.8	-1.1
IE	22.7	23.2	22.7	22.9	22.9	0.2
EL	6.3	6.5	6.2	6.6	6.9	0.6
ES	13.3	14.0	14.0	13.1	13.7	0.4
FR	17.6	17.7	17.8	17.2	17.8	0.2
IT	15.1	15.0	15.3	14.8	15.9	0.8
CY	8.7	9.4	8.6	8.0	8.9	0.2
LV	9.5	9.1	8.5	8.5	9.1	-0.4
LT	7.9	8.3	7.7	8.0	8.7	0.8
LU	16.8	18.4	18.1	18.1	17.5	0.7
HU	5.7	5.9	6.5	6.7	6.5	0.8
MT	11.5	12.7	12.0	12.9	12.0	0.5
NL	48.3	48.5	48.5	48.3	48.8	0.5
AT	24.1	24.5	24.4	24.0	24.4	0.3
PL	7.5	7.5	7.2	7.0	7.3	-0.2
PT	8.5	10.6	9.7	10.0	10.3	1.8
RO	9.3	9.4	9.4	9.5	9.1	-0.2
SI	9.9	9.1	9.1	9.9	9.7	-0.2
SK	3.7	3.9	4.0	4.0	3.9	0.2
FI	14.5	14.9	13.6	13.0	14.8	0.3
SE	25.4	25.3	24.9	23.7	24.9	-0.5
UK	25.7	25.6	25.6	25.2	25.6	-0.1
EU27	18.6	18.9	18.8	18.5	18.9	0.3
Men	7.9	8.1	8.1	7.9	8.1	0.2
Women	31.4	31.8	31.6	31.1	31.7	0.3

Source: Eurostat, EU LFS. Data non-seasonally adjusted.
(from 15 to 64 years)

Table 23: Employment rates 15-64 (lfsq_ergan)

	2010q4	2011q1	2011q2	2011q3	2011q4	2011q4 change on previous year (pps)
BE	62.7	61.3	62.5	61.7	62.2	-0.5
BG	59.0	57.3	58.2	59.9	58.7	-0.3
CZ	65.5	65.0	65.7	66.1	66.1	0.6
DK	73.0	72.6	73.3	73.8	72.9	-0.1
DE	71.7	71.5	72.5	72.8	73.3	1.6
EE	63.6	63.2	64.3	67.2	65.8	2.2
IE	59.4	58.9	59.5	59.1	59.3	-0.1
EL	58.3	56.9	56.4	55.4	53.5	-4.8
ES	58.4	57.7	58.3	57.9	56.8	-1.6
FR	63.5	63.4	64.0	64.2	63.6	0.1
IT	57.0	56.8	57.3	56.9	56.9	-0.1
CY	70.1	68.8	69.0	67.6	66.9	-3.2
LV	60.1	60.2	61.4	62.7	62.9	2.8
LT	59.2	59.1	60.8	61.4	61.6	2.4
LU	65.3	65.7	63.8	65.0	64.0	-1.3
HU	55.8	54.6	55.8	56.4	56.5	0.7
MT	56.2	57.4	57.3	58.1	57.3	1.1
NL	74.9	74.4	74.7	75.1	75.3	0.4
AT	72.3	71.1	72.1	73.0	72.3	0.0
PL	59.6	58.9	59.7	60.2	59.9	0.3
PT	65.2	64.6	64.8	64.5	62.9	-2.3
RO	57.9	58.0	58.8	59.1	57.9	0.0
SI	65.7	63.7	64.4	65.1	64.4	-1.3
SK	59.3	59.0	59.6	59.9	59.5	0.2
FI	67.6	67.1	70.1	70.3	68.6	1.0
SE	72.9	72.7	74.5	75.4	73.8	0.9
UK	69.7	69.4	69.4	69.5	69.6	-0.1
EU27	64.2	63.8	64.5	64.6	64.3	0.1
Men	70.2	69.5	70.2	70.5	70.0	-0.2
Womer	58.2	58.1	58.7	58.7	58.5	0.3

Source: Eurostat, EU LFS. Data non-seasonally adjusted.

Table 24: Employment rates 20-64

	2010q4	2011q1	2011q2	2011q3	2011q4	2011q4 change on previous year (pps)
BE	68.3	66.6	68.0	66.9	67.6	-0.7
BG	64.7	62.6	63.4	65.4	64.1	-0.6
CZ	70.8	70.2	70.9	71.2	71.1	0.3
DK	75.7	75.0	75.8	76.3	75.8	0.1
DE	75.3	75.2	76.4	76.6	77.0	1.7
EE	69.5	68.4	69.6	72.4	71.2	1.7
IE	64.2	63.8	64.4	63.9	64.3	0.1
EL	62.7	61.3	60.9	59.7	57.6	-5.1
ES	62.5	61.7	62.3	61.7	60.7	-1.8
FR	68.9	68.8	69.4	69.4	68.9	0.0
IT	61.2	60.9	61.5	61.1	61.1	-0.1
CY	75.8	74.7	74.9	73.1	72.6	-3.2
LV	65.8	65.6	67.0	68.0	68.4	2.6
LT	65.9	65.5	67.3	67.9	68.0	2.1
LU	70.7	71.1	69.3	70.4	69.6	-1.1
HU	60.7	59.5	60.7	61.3	61.4	0.7
MT	60.4	61.9	61.4	61.4	61.3	0.9
NL	77.1	76.7	76.8	77.0	77.5	0.4
AT	75.3	74.2	75.5	75.7	75.3	0.0
PL	64.8	64.1	64.9	65.3	64.9	0.1
PT	70.2	69.5	69.8	69.3	67.7	-2.5
RO	62.3	62.5	63.1	63.3	62.3	0.0
SI	69.9	67.8	68.6	68.6	68.5	-1.4
SK	65.1	64.6	65.2	65.6	65.1	0.0
FI	72.8	72.3	74.4	74.7	73.8	1.0
SE	79.1	78.9	80.3	80.9	79.9	0.8
UK	73.7	73.6	73.6	73.6	73.5	-0.2
EU27	68.6	68.2	68.9	68.9	68.6	0.0
Men	75.2	74.5	75.3	75.4	74.9	-0.3
Womer	62.1	61.9	62.5	62.4	62.3	0.2

Source: Eurostat, EU LFS. Data non-seasonally adjusted.

Table 25: Unemployment rates

	2011 Apr	2011 Nov	2011 Dec	2012 Jan	2012 Feb	2012 Mar	2012 Apr	2012 Apr change on previous month (pps)	2012 Apr change on previous year (pps)
BE	7.1	7.2	7.2	7.3	7.3	7.3	7.4	0.1	0.3
BG	11.2	11.6	11.8	12.1	12.4	12.5	12.6	0.1	1.4
CZ	6.9	6.6	6.7	6.7	6.8	6.7	6.6	-0.1	-0.3
DK	7.3	7.8	7.7	7.4	7.6	7.6	7.6	0.0	0.3
DE	6.1	5.6	5.6	5.6	5.5	5.5	5.4	-0.1	-0.7
EE	13.1	11.6	11.6	10.8	10.8	10.8	:	:	:
IE	14.2	14.7	14.7	14.6	14.5	14.4	14.2	-0.2	0.0
EL	16.1	20.6	21.1	21.3	21.4	21.9	:	:	:
ES	20.7	23.0	23.2	23.5	23.8	24.1	24.3	0.2	3.6
FR	9.6	9.8	9.9	10.0	10.1	10.1	10.2	0.1	0.6
IT	8.0	9.2	9.3	9.5	9.8	10.1	10.2	0.1	2.2
CY	7.1	9.3	9.5	9.6	9.8	10.0	10.1	0.1	3.0
LV	17.1	15.5	15.5	15.2	15.2	15.2	:	:	:
LT	16.0	14.1	13.9	13.7	13.6	13.6	13.8	0.2	-2.2
LU	4.7	4.8	5.1	5.1	5.2	5.2	5.2	0.0	0.5
HU	10.9	10.8	10.9	11.2	11.0	11.0	10.7	-0.3	-0.2
MT	6.8	6.5	6.5	6.2	6.0	5.8	5.7	-0.1	-1.1
NL	4.2	4.9	4.9	5.0	4.9	5.0	5.2	0.2	1.0
AT	4.2	4.3	4.1	4.1	4.1	4.0	3.9	-0.1	-0.3
PL	9.5	10.0	10.0	9.9	10.0	9.9	9.9	0.0	0.4
PT	12.6	14.1	14.6	14.7	14.8	15.1	15.2	0.1	2.6
RO	7.6	7.6	7.5	7.3	7.1	7.2	7.4	0.2	-0.2
SI	8.0	8.7	8.7	8.7	8.7	8.6	8.7	0.1	0.7
SK	13.2	14.1	14.1	14.1	14.0	13.9	13.7	-0.2	0.5
FI	7.9	7.6	7.6	7.6	7.6	7.6	7.6	0.0	-0.3
SE	7.4	7.4	7.5	7.6	7.5	7.3	7.3	0.0	-0.1
UK	7.8	8.3	8.3	8.2	8.1	:	:	:	:
EU27	9.5	10.0	10.0	10.1	10.1	10.2	10.3	0.1	0.8
Men	9.4	9.9	10.0	10.0	10.1	10.2	10.2	0.0	0.8
Women	9.6	10.1	10.1	10.2	10.2	10.3	10.3	0.0	0.7

Source: Eurostat, EU LFS. Seasonally adjusted Data

Note: : not available

Table 26: Youth unemployment rates

	2011 Apr	2011 Nov	2011 Dec	2012 Jan	2012 Feb	2012 Mar	2012 Apr	2012 Apr change on previous month (pps)	2012 Apr change on previous year (pps)
BE	18.8	17.7	17.4	17.3	17.3	17.5	17.8	0.3	-1.0
BG	26.5	28.7	29.5	31.0	31.9	32.4	32.3	-0.1	5.8
CZ	18.3	18.4	18.6	19.0	19.4	19.4	20.3	0.9	2.0
DK	13.5	14.5	14.1	14.4	15.2	15.7	15.6	-0.1	2.1
DE	8.9	8.2	8.1	8.1	8.0	8.0	7.9	-0.1	-1.0
EE	22.1	24.8	24.8	22.3	22.3	22.3	:	:	:
IE	29.0	30.2	30.7	30.9	30.3	29.0	27.5	-1.5	-1.5
EL	42.8	50.1	50.9	52.0	52.2	52.1	:	:	:
ES	45.0	49.0	49.6	50.3	50.9	51.1	51.5	0.4	6.5
FR	23.2	22.8	22.6	22.0	21.7	21.7	22.0	0.3	-1.2
IT	27.3	32.4	32.1	33.2	33.9	35.9	35.2	-0.7	7.9
CY	20.8	26.7	26.7	28.5	28.5	28.5	:	:	:
LV	31.9	28.6	28.6	28.1	28.1	28.1	:	:	:
LT	33.6	32.4	32.2	31.7	30.9	29.9	27.3	-2.6	-6.3
LU	14.9	15.8	16.8	16.7	17.0	17.4	17.3	-0.1	2.4
HU	25.2	26.5	27.0	28.3	27.7	28.0	26.8	-1.2	1.6
MT	13.5	13.6	13.8	13.3	12.5	11.6	10.4	-1.2	-3.1
NL	6.9	8.6	8.6	9.0	9.4	9.3	9.4	0.1	2.5
AT	8.4	8.7	8.4	8.8	8.5	8.9	8.9	0.0	0.5
PL	25.3	26.9	26.7	26.5	26.3	26.1	25.4	-0.7	0.1
PT	28.5	34.3	34.9	35.0	35.2	35.9	36.6	0.7	8.1
RO	23.4	24.8	24.8	:	:	:	:	:	:
SI	14.4	16.5	16.5	16.6	16.6	16.6	:	:	:
SK	32.3	34.4	34.8	35.7	36.5	37.0	39.3	2.3	7.0
FI	20.3	19.9	19.9	19.8	19.6	19.5	19.5	0.0	-0.8
SE	22.1	23.2	22.9	22.4	23.4	22.7	21.9	-0.8	-0.2
UK	19.9	21.9	22.1	21.9	21.7	:	:	:	:
EU27	20.9	22.3	22.2	22.3	22.3	22.5	22.4	-0.1	1.5
Men	21.3	22.9	22.8	23.0	22.9	23.2	23.2	0.0	1.9
Women	20.4	21.6	21.4	21.4	21.6	21.6	21.6	0.0	1.2

Source: Eurostat, EU LFS. Seasonally adjusted Data

Note: : not available

Table 27: Long-term unemployment rates

	2010q4	2011q1	2011q2	2011q3	2011q4	2011q4 change on previous year (pps)
BE	3.9	3.5	3.2	3.8	3.4	-0.5
BG	5.9	6.3	6.3	6.2	6.4	0.5
CZ	3.0	2.9	2.6	2.7	2.8	-0.2
DK	1.7	1.9	2.0	1.7	1.8	0.1
DE	3.2	3.2	2.9	2.8	2.6	-0.6
EE	6.6	8.1	7.3	6.3	6.7	0.1
IE	7.9	8.2	8.2	8.8	9.1	1.2
EL	6.5	7.1	8.0	9.1	10.8	4.3
ES	8.2	8.6	8.6	8.9	9.9	1.7
FR	3.9	4.0	3.8	4.0	4.2	0.3
IT	4.2	4.3	4.2	4.1	4.9	0.7
CY	1.4	1.3	1.2	1.8	2.2	0.8
LV	9.3	9.5	8.8	7.9	7.4	-1.9
LT	8.5	8.7	8.0	8.0	7.1	-1.4
LU	1.6	1.1	1.8	1.4	1.4	-0.2
HU	5.6	5.6	5.4	5.1	4.9	-0.7
MT	3.3	3.3	2.9	2.7	3.2	-0.1
NL	1.3	1.5	1.5	1.4	1.6	0.3
AT	1.1	1.2	1.1	0.9	1.1	0.0
PL	3.3	3.5	3.5	3.6	3.8	0.5
PT	6.5	6.1	6.3	5.9	6.7	0.2
RO	2.6	3.0	3.0	3.0	3.4	0.8
SI	3.6	3.8	3.5	3.3	3.9	0.3
SK	9.5	9.5	9.1	8.7	9.5	0.0
FI	2.2	1.8	1.7	1.7	1.8	-0.4
SE	1.5	1.6	1.4	1.3	1.3	-0.2
UK	2.6	2.7	2.6	2.7	2.7	0.1
EU27	4.0	4.1	4.0	4.1	4.3	0.3
Men	4.1	4.2	4.0	4.1	4.3	0.2
Womer	4.0	4.1	4.0	4.1	4.3	0.3

Source: Eurostat, EU LFS. Data non-seasonally adjusted.

Table 28: Job vacancy rates

	10q2	10q3	10q4	11q1	11q2	11q3	11q4	12q1	11q2 ch. on prev. year (pps)	11q3 ch. on prev. year (pps)	11q4 ch. on prev. year (pps)	12q1 ch. on prev. year (pps)
BE	1.8	1.5	1.6	1.6	1.9	2.1	1.6	:	0.1	0.6	0.0	:
BG	0.7	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.1	-0.1	0.0	0.0
CZ	0.8	0.9	0.8	0.8	0.9	1.0	0.9	0.9	0.1	0.1	0.1	0.1
DK	1.3	1.2	1.1	1.4	1.3	1.1	1.0	:	0.0	-0.1	-0.1	:
DE	2.0	2.1	2.6	2.7	2.5	2.5	3.0	2.6	0.5	0.4	0.4	-0.1
EE	1.1	1.2	1.0	1.2	1.3	1.6	1.3	1.4	0.2	0.4	0.3	0.2
IE	0.6	0.5	0.6	0.7	0.6	0.6	0.7	:	0.0	0.1	0.1	:
EL	1.6	1.1	0.7	2.9	1.4	1.0	:	:	-0.2	-0.1	:	:
ES	1.4	1.1	1.1	1.1	1.1	1.0	0.8	0.8	-0.3	-0.1	-0.3	-0.3
FR	0.4	0.4	0.6	0.7	0.7	0.7	0.7	0.7	0.3	0.3	0.1	0.0
IT	0.7	0.7	0.6	0.9	0.9	0.7	0.6	:	0.2	0.0	0.0	:
CY	1.9	1.7	1.1	1.6	1.5	0.9	0.5	0.8	-0.4	-0.8	-0.6	-0.8
LV	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.2	0.1	0.1	0.0
LT	0.6	0.8	0.6	0.9	0.8	1.1	0.6	0.9	0.2	0.3	0.0	0.0
LU	0.5	0.7	0.7	0.8	1.0	0.8	0.6	0.8	0.5	0.1	-0.1	0.0
HU	1.0	0.9	1.0	1.2	1.1	1.1	1.0	1.1	0.1	0.2	0.0	-0.1
MT	3.5	2.9	3.2	2.4	3.6	2.9	2.6	3.3	0.1	0.0	-0.6	0.9
NL	1.6	1.5	1.6	1.7	1.8	1.6	1.5	1.5	0.2	0.1	-0.1	-0.2
AT	1.7	2.1	2.2	2.3	2.1	1.9	1.8	2.0	0.4	-0.2	-0.4	-0.3
PL	0.6	0.6	0.5	0.7	0.6	0.5	0.4	:	0.0	-0.1	-0.1	:
PT	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	-0.1	0.0	0.0	0.1
RO	0.6	0.6	0.5	0.7	0.7	0.7	0.5	0.6	0.1	0.1	0.0	-0.1
SI	0.7	0.7	0.7	0.8	0.8	1.0	0.8	0.8	0.1	0.3	0.1	0.0
SK	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.1	0.0	0.0	0.0
FI	2.1	1.7	1.4	2.7	2.3	1.8	1.6	3.3	0.2	0.1	0.2	0.6
SE	1.4	1.2	1.2	1.6	1.8	1.4	1.3	1.8	0.4	0.2	0.1	0.2
UK	1.8	1.7	1.8	1.7	1.7	1.8	1.7	1.6	-0.1	0.1	-0.1	-0.1
EU27	1.4	1.3	1.5	1.6	1.5	1.5	1.5	1.5	0.1	0.2	0.0	-0.1

Source: Eurostat, Job vacancy statistics. Data non-seasonally adjusted.

NACE: B-S (Industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies). DK, EL, IT: cover only sections B to N. FR, PT: does not include section O. FR, IT, MT: includes only business units with 10 or more employees

Table 29: Labour productivity per person employed

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011				2012	2011				2012
				q1	q2	q3	q4		q1	q2	q3	q4		q1
EU-27	-2,6	2,6	1,3	0,6	0,0	:	:	:	2,0	1,3	:	:	:
EURO	-2,6	2,4	1,3	0,6	-0,2	:	:	:	2,1	1,2	:	:	:
BE	-2,6	1,4	0,5	0,6	-0,1	-0,1	-0,2	:	1,4	0,6	0,4	0,2	:
BG	-2,9	5,3	6,1	1,7	1,2	1,1	0,1	:	8,2	6,4	6,3	4,2	:
CZ	-3,5	4,5	1,4	0,7	0,1	-0,3	0,1	-0,7	2,4	1,7	1,1	0,5	-0,9
DK	-2,7	3,6	1,5	0,6	0,2	-0,1	0,1	0,7	2,7	1,9	0,3	0,9	0,9
DE	-5,2	3,2	1,6	1,0	-0,1	0,3	-0,5	0,0	3,2	1,6	1,3	0,7	-0,3
EE	-4,7	7,4	0,6	-0,1	0,6	-0,9	0,8	:	2,7	0,4	-0,8	0,3	:
IE	1,2	4,0	:	1,7	1,0	-0,1	-0,7	:	2,9	4,0	2,5	1,9	:
EL	-3,0	-1,7	-0,2	2,4	:	:	:	:	-0,5	:	:	:	:
ES	3,2	2,6	2,8	0,9	0,4	1,2	0,8	0,8	2,6	2,2	3,0	3,3	3,3
FR	-1,9	1,7	1,2	0,7	-0,3	0,2	0,2	0,1	1,9	1,1	1,0	0,9	0,2
IT	-3,9	2,5	0,1	0,0	-0,1	0,1	-0,5	-0,2	1,2	0,4	-0,3	-0,5	-0,7
CY	-1,3	1,1	-0,1	-0,2	0,3	-0,5	0,1	0,5	0,2	0,6	-0,6	-0,3	0,4
LV	-5,3	4,7	14,8	12,0	0,8	1,4	0,1	1,8	13,5	14,2	15,6	14,6	4,2
LT	-8,6	6,9	3,8	1,1	-0,2	3,2	0,1	1,6	4,4	2,3	4,5	4,2	4,6
LU	-6,2	0,8	-1,1	-0,5	-1,6	0,4	-0,2	:	0,3	-2,1	-0,9	-1,9	:
HU	-4,2	0,9	1,3	1,8	-0,3	-0,3	0,1	0,0	1,6	1,4	1,0	1,2	-0,5
MT	-2,4	-0,1	-0,4	-0,9	-0,4	-0,7	-0,2	-1,0	0,6	0,5	-0,8	-2,2	-2,3
NL	-2,8	2,0	0,9	0,8	0,0	-0,6	-0,5	-0,3	1,8	1,5	0,8	-0,2	-1,3
AT	-3,0	1,4	1,5	0,6	0,1	-0,3	-0,5	-0,3	2,6	2,4	1,0	-0,1	-1,0
PL	1,2	3,4	3,3	1,4	0,6	0,5	0,7	0,0	3,0	3,7	3,2	3,2	1,9
PT	-0,3	3,0	-0,1	-0,8	-0,1	-0,2	1,3	1,1	1,0	-0,3	-1,2	0,2	2,0
RO	-4,7	-0,2	2,0	:	:	:	:	:	:	:	:	:	:
SI	-6,3	4,0	1,6	0,1	0,2	0,0	-0,4	0,2	3,9	2,5	1,5	-0,2	0,0
SK	-3,0	5,8	1,5	0,1	0,5	0,5	0,8	0,6	1,6	1,3	1,4	2,0	2,4
FI	-5,9	4,9	1,7	-0,3	-1,1	1,3	-0,4	0,9	4,9	0,5	2,1	-0,5	0,7
SE	-2,7	5,0	1,7	-0,5	0,8	0,4	-1,1	0,7	3,2	2,4	1,9	-0,4	0,8
UK	-2,8	1,9	0,2	-0,2	-0,1	1,2	-0,5	-0,7	0,2	-0,5	0,6	0,4	-0,1

Source: Eurostat (code: nama_aux_lp and namq_aux_lp)

Note: provisional values for IE, EL and PL; forecast annual 2011 value for EU12, EURO; break in series for LV in 2011Q1

Table 30: Nominal compensation per employee

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011				2012	2011				2012
				q1	q2	q3	q4		q1	q2	q3	q4		q1
EU-27	..	..	..	..	..	..	..	..	..	..	..	..	..
EURO	1,4	1,6	2,3	0,9	0,6	0,2	0,5	..	2,2	2,3	2,3	2,2	..
BE	1,1	1,4	3,0	1,1	0,1	1,6	0,4	..	2,9	2,5	3,5	3,2	..
BG**	9,4	11,2	7,3	-6,2	6,0	-1,5	9,8	..	3,5	7,4	10,5	7,5	..
CZ**	-1,2	3,7	2,5	1,3	0,4	0,7	-0,3	3,0	2,8	3,0	2,1	2,1	3,8
DK	2,8	2,6	1,7	1,0	0,0	0,4	1,1	0,7	2,0	1,2	1,3	2,5	2,2
DE*	0,0	2,0	3,0	1,4	0,9	0,0	0,5	0,9	2,9	3,4	2,9	2,8	2,3
EE	-3,4	1,4	1,5	-0,8	1,5	0,2	3,2	..	1,1	1,0	-0,5	4,2	..
IE*	-1,2	-3,2	1,9	0,9	0,7	1,4	-1,0	..	1,2	1,2	3,1	2,0	..
EL	4,0	-3,3	-3,2	-0,4	..	..	..	..	-5,7	..	..	..	..
ES	4,5	-0,1	0,8	0,2	0,5	0,5	-0,4	0,1	0,6	0,5	1,4	0,8	0,7
FR*	1,7	2,3	2,9	0,9	0,8	0,6	0,8	0,6	2,5	2,8	2,9	3,2	2,8
IT*	-0,1	2,0	1,1	0,7	0,0	-1,0	1,0	0,3	1,5	1,2	1,0	0,7	0,3
CY**	2,5	2,5	2,0	..	..	..	..	..	1,9	2,1	2,0	2,0	1,7
LV	-12,7	-5,5	17,2	12,6	0,7	2,0	0,8	0,4	16,5	18,0	17,8	16,6	4,0
LT	-9,9	-0,9	3,6	3,5	-0,9	3,0	1,7	..	1,8	1,1	3,6	7,4	..
LU*	1,8	2,5	2,0	-12,6	1,5	-1,6	16,5	..	3,9	1,6	1,1	1,6	..
HU	-1,4	-2,3	5,8	7,6	0,1	0,6	-3,3	..	4,3	7,4	7,0	4,8	..
MT**	3,3	-0,5	0,4	-1,3	0,5	-2,4	3,8	..	0,8	1,5	-1,2	0,5	..
NL*	2,2	1,1	1,5	0,3	0,0	0,5	0,3	0,2	2,3	1,2	1,4	1,1	1,0
AT*	1,7	1,4	2,3	0,7	0,7	0,6	0,6	0,7	2,1	2,4	2,5	2,6	2,5
PL*	3,5	5,7	4,3	1,2	0,7	1,6	0,1	..	3,9	4,5	5,3	3,7	..
PT**	2,8	1,4	-0,8	-18,4	10,6	-5,0	16,0	..	0,3	-1,2	-1,5	-0,5	..
RO**	-1,9	7,6	3,7	-30,4	16,0	9,2	14,2	-29,3	3,2	3,4	7,6	0,7	2,3
SI	1,8	4,3	2,0	0,3	0,3	0,3	0,3	0,5	3,4	2,3	1,7	1,2	1,4
SK*	3,6	4,4	0,9	0,0	0,2	0,7	-0,7	1,6	1,7	0,7	1,1	0,2	1,8
FI	2,3	3,5	2,6	-0,6	0,3	1,3	1,0	3,0	3,8	2,4	2,3	2,0	5,6
SE**	1,6	3,0	0,8	-3,5	5,1	-3,1	1,8	-0,7	1,0	0,9	1,5	0,0	2,8
UK	2,7	3,6	1,9	0,1	0,6	2,3	0,7	-0,1	-0,4	0,6	3,1	3,8	3,5

Source: ECB Statistical Data Warehouse

Note: Member States with * not working day adjusted, Member States with ** neither seasonally nor working day adjusted

Table 31: Nominal unit labour cost

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011				2012	2011				2012
				q1	q2	q3	q4		q1	q2	q3	q4		q1
EU-27	1,4	0,6	0,9	0,5	0,0	:	:	:	0,8	0,6	:	:	:
EURO	4,1	-0,8	0,8	0,3	0,8	:	:	:	0,2	1,3	:	:	:
BE	3,8	0,0	2,5	0,5	0,3	1,6	0,6	:	1,5	1,9	3,1	3,1	:
BG	12,7	5,6	1,1	:	:	:	:	:	:	:	:	:	:
CZ	2,4	-0,7	0,2	0,7	0,4	1,0	-0,5	3,8	0,4	1,3	0,9	1,6	4,7
DK	5,7	-1,0	0,3	0,4	-0,2	0,4	1,0	0,1	-0,7	-0,7	0,9	1,6	1,3
DE	5,5	-1,1	1,4	0,4	1,0	-0,3	1,0	0,9	-0,3	1,8	1,6	2,1	2,6
EE	1,4	-5,6	0,8	-0,6	0,8	1,2	2,5	:	-1,5	0,5	0,4	3,8	:
IE	-2,4	-6,9	-2,9	-0,7	-0,3	1,6	-0,4	:	-1,7	-2,6	0,5	0,1	:
EL	7,2	-1,7	-3,0	-2,8	:	:	:	:	-5,2	:	:	:	:
ES	1,3	-2,6	-1,9	-0,7	0,1	-0,7	-1,2	-0,7	-2,0	-1,6	-1,6	-2,4	-2,5
FR	3,7	0,6	1,6	0,2	1,1	0,3	0,7	0,5	0,6	1,7	1,9	2,3	2,6
IT	4,0	-0,5	1,0	0,7	0,1	-1,1	1,5	0,5	0,3	0,8	1,3	1,2	1,0
CY	6,7	-1,3	2,0	0,4	0,2	1,0	0,6	0,0	1,9	1,8	2,3	2,2	1,7
LV	-7,9	-9,8	2,1	0,5	-0,1	0,6	0,8	-1,4	2,6	3,4	1,9	1,7	-0,2
LT	-1,4	-7,3	-0,2	2,3	-0,7	-0,1	1,6	3,7	-2,5	-1,1	-0,9	3,1	4,6
LU	8,6	1,7	3,2	0,8	0,9	0,3	1,5	:	3,5	4,0	2,0	3,4	:
HU	2,9	-3,2	3,8	6,1	-0,5	0,5	-3,0	8,2	2,8	5,2	4,5	3,0	5,0
MT	5,9	-0,4	0,8	1,6	-0,1	0,5	1,1	1,7	0,9	1,2	0,0	3,0	3,2
NL	5,2	-0,8	0,6	-0,5	0,0	1,1	0,8	0,5	0,5	-0,2	0,5	1,4	2,4
AT	4,9	0,0	0,8	0,1	0,6	0,9	1,1	1,0	-0,5	0,0	1,5	2,7	3,6
PL	2,2	1,3	1,8	-0,2	0,0	1,1	-0,6	:	0,9	0,7	2,1	0,4	:
PT	3,1	-1,5	-0,7	0,4	-0,3	-0,1	-0,7	:	-0,8	-0,9	-0,4	-0,6	:
RO	2,9	7,9	1,7	:	:	:	:	:	:	:	:	:	:
SI	8,7	0,3	0,4	0,3	0,1	0,3	0,7	0,3	-0,5	-0,1	0,2	1,4	1,4
SK	6,9	-1,3	-0,6	-0,2	-0,3	0,2	-1,5	1,0	0,2	-0,6	-0,3	-1,8	-0,6
FI	8,7	-1,3	1,0	-0,3	1,4	0,0	1,4	2,1	-1,1	1,9	0,2	2,5	4,9
SE	4,4	-1,9	-0,8	:	:	:	:	:	:	:	:	:	:
UK	5,7	1,7	1,6	0,3	0,8	1,1	1,2	0,6	-0,6	1,1	2,4	3,3	3,6

Source: Eurostat (code nama_aux_ulc and namq_aux_ulc)

Note: provisional values for IE, EL, PT and PL; forecast annual 2011 value for EU12, EURO; break in series for LV in 2011Q1

Table 32: Real unit labour cost

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011				2012	2011				2012
				q1	q2	q3	q4		q1	q2	q3	q4		q1
EU-27	2,9	-1,7	-0,6	-0,2	0,1	:	:	:	-1,5	-0,7	:	:	:
EURO	3,2	-1,5	-0,4	-0,2	0,4	:	:	:	-0,9	0,0	:	:	:
BE	2,6	-1,7	0,6	0,1	0,0	1,4	0,3	:	-1,2	-0,1	1,6	1,6	:
BG	8,1	2,7	-3,7	:	:	:	:	:	:	:	:	:	:
CZ	0,5	1,0	0,9	1,5	0,2	0,4	-1,2	3,2	2,1	2,8	1,5	0,8	2,6
DK	4,6	-4,7	-0,5	0,1	0,4	0,8	-0,1	-0,8	-2,6	-1,6	1,0	1,1	0,2
DE	4,2	-1,7	0,6	0,3	0,5	-0,6	0,8	0,5	-0,6	0,9	0,7	1,1	1,3
EE	2,4	-6,6	-2,8	-1,2	-0,2	0,3	0,5	:	-4,5	-3,8	-2,4	-0,6	:
IE	1,7	-4,6	-2,1	-4,0	-0,1	1,5	0,4	:	-0,9	-0,5	1,5	-2,3	:
EL	4,3	-3,4	-4,5	-2,1	:	:	:	:	-5,6	:	:	:	:
ES	1,2	-3,0	-3,2	-1,1	-0,3	-0,9	-1,4	-0,4	-3,2	-3,2	-3,0	-3,6	-3,0
FR	3,0	-0,4	0,3	-0,1	0,7	0,0	0,2	0,2	-0,6	0,3	0,6	0,7	1,1
IT	1,9	-0,9	-0,3	-0,1	-0,2	-1,3	1,4	0,3	-0,9	-0,3	-0,1	-0,2	0,2
CY	6,6	-2,9	0,0	0,8	-1,2	0,9	-0,1	0,8	0,3	-0,7	0,1	0,5	0,5
LV	-6,7	-7,7	-3,2	-1,0	-2,2	-1,4	-0,3	-1,6	-1,3	-2,4	-4,0	-4,8	-5,3
LT	2,4	-9,1	-5,2	-0,6	-2,4	0,1	0,2	4,6	-6,0	-6,8	-5,1	-2,7	2,3
LU	8,4	-3,0	-1,4	0,4	0,5	-1,0	0,5	:	-3,1	-1,1	-2,0	0,4	:
HU	-0,6	-6,1	0,5	6,1	-1,4	-1,6	-4,1	9,1	0,2	2,1	1,1	-1,2	1,6
MT	3,3	-3,3	-1,5	0,6	0,7	-1,1	1,4	0,9	-1,6	-1,9	-2,6	1,6	1,8
NL	5,6	-2,1	-0,5	-0,8	0,1	0,6	0,4	0,8	-1,4	-1,0	-0,3	0,3	1,9
AT	3,8	-1,8	-1,1	-0,4	0,2	0,5	0,8	0,5	-2,6	-2,0	-0,3	1,1	2,0
PL	-1,4	-0,1	-1,4	-1,3	-0,4	0,3	-1,3	:	-2,3	-1,8	-1,2	-2,7	:
PT	2,2	-2,6	-1,3	-0,2	0,5	-0,8	-0,5	:	-1,8	-1,8	-0,7	-0,9	:
RO	-1,2	1,8	-5,9	:	:	:	:	:	:	:	:	:	:
SI	5,6	1,4	-0,4	-0,9	0,0	-0,1	-0,1	0,7	-0,8	-0,6	-0,8	-1,1	0,4
SK	8,2	-1,8	-2,2	-0,5	-1,0	0,0	-1,9	1,0	-1,4	-2,5	-1,5	-3,5	-2,0
FI	7,2	-1,8	-2,5	-1,9	0,2	-0,3	0,9	1,0	-3,6	-2,5	-3,5	-1,1	1,8
SE	2,3	-2,9	-1,7	:	:	:	:	:	:	:	:	:	:
UK	4,0	-1,2	-0,7	-0,5	0,4	0,7	0,3	0,2	-2,7	-1,3	0,1	1,0	1,6

Source: Eurostat (code nama_aux_ulc and namq_aux_ulc)

Note: provisional values for IE, EL, PT and PL; forecast annual 2011 value for EU12, EURO; break in series for LV in 2011Q1

Table 33: Weekly working hours

	Weekly working time of full-time employed persons								Weekly working time of part-time employed persons							
	Level			Level					Level			Level				
	2009	2010	2011	2011				2012	2009	2010	2011	2011				2012
			q1	q2	q3	q4	q1				q1	q2	q3	q4	q1	
EU-27	40,7	40,8	40,8	41,0	40,6	41,3	40,5	:	19,9	20,1	0,0	19,9	19,9	20,3	19,9	:
EURO	40,5	40,8	40,8	41,0	40,5	41,3	40,4	:	19,8	20,0	0,0	19,9	19,7	20,1	19,8	:
BE	40,8	41,2	41,4	41,5	41,6	41,5	40,9	:	23,0	23,3	0,0	23,5	22,6	22,9	22,9	:
BG	40,7	40,9	40,6	40,7	40,3	40,8	40,8	:	20,3	20,7	0,0	20,4	20,8	20,1	20,8	:
CZ	41,6	41,6	41,4	42,2	42,1	40,7	40,3	:	21,6	21,0	0,0	21,4	21,0	21,3	20,8	:
DK	39,1	39,5	39,8	40,2	39,4	40,5	39,5	40,0	19,8	19,9	0,0	19,5	19,6	20,2	19,2	19,7
DE	41,4	41,7	41,8	42,1	41,3	42,1	41,8	:	18,1	18,3	0,0	18,2	17,9	18,3	18,3	:
EE	39,5	40,5	40,6	40,9	40,1	41,3	40,2	40,3	21,2	21,3	0,0	20,5	20,8	22,3	20,6	19,9
IE	39,5	39,6	39,7	39,7	39,7	40,4	39,1	:	18,7	18,6	0,0	18,4	18,7	19,1	18,7	:
EL	42,1	42,3	42,4	41,7	42,3	43,2	42,5	:	19,6	20,0	0,0	19,4	19,8	20,3	20,0	:
ES	40,7	40,7	40,7	41,0	40,5	41,2	40,0	40,8	18,5	18,4	0,0	18,5	18,6	19,1	18,1	18,1
FR	39,4	39,8	39,8	40,5	39,4	40,1	39,3	:	22,4	22,5	0,0	22,8	22,4	22,8	22,0	:
IT	39,9	40,1	39,9	39,9	40,0	40,5	39,3	:	21,0	21,3	0,0	21,0	21,2	21,8	21,1	:
CY	40,2	40,7	40,7	40,1	40,3	41,7	40,9	:	19,6	19,3	0,0	18,8	19,0	19,5	19,0	:
LV	40,6	40,2	40,3	40,4	40,2	40,8	39,9	40,2	21,6	21,4	0,0	20,8	22,0	21,5	21,1	20,4
LT	39,9	39,8	39,9	39,7	40,0	40,1	39,8	39,5	23,4	22,5	0,0	21,3	22,4	22,8	22,1	21,6
LU	41,4	41,4	41,3	41,3	41,5	41,5	41,0	:	20,5	20,9	0,0	21,5	22,1	22,2	21,8	:
HU	40,5	40,5	40,3	40,1	40,1	40,7	40,3	:	23,7	23,9	0,0	23,3	22,8	23,7	23,2	:
MT	41,0	40,5	40,3	41,0	40,1	39,9	40,4	40,7	20,9	20,6	0,0	19,8	21,4	21,1	20,6	21,1
NL	41,0	41,2	41,4	41,3	40,9	41,7	41,9	:	20,7	20,8	0,0	20,9	20,6	21,7	21,1	:
AT	42,0	41,9	42,1	42,7	41,7	42,6	41,3	:	20,0	20,0	0,0	20,0	19,8	20,3	19,8	:
PL	41,4	41,3	41,1	40,8	40,9	42,3	40,2	:	20,8	20,8	0,0	20,6	21,0	21,8	20,3	:
PT	40,4	40,5	41,3	41,6	40,7	42,2	40,7	41,8	18,6	18,6	0,0	16,2	16,1	16,2	15,5	15,9
RO	40,7	40,7	40,7	39,9	41,2	41,5	40,3	:	27,4	27,2	0,0	23,6	27,4	28,0	25,4	:
SI	41,3	41,2	40,7	40,6	40,4	41,3	40,7	40,2	19,4	18,8	0,0	18,7	18,8	20,3	19,0	18,0
SK	39,9	40,3	40,4	40,9	40,4	40,0	40,2	:	22,0	20,1	0,0	19,0	18,7	18,5	18,8	:
FI	38,6	39,0	39,0	39,0	38,4	40,1	38,6	:	19,7	20,3	0,0	19,6	20,2	21,4	20,3	:
SE	39,2	39,9	39,8	40,1	38,5	40,7	40,0	:	23,4	24,0	0,0	23,6	23,4	24,3	23,7	:
UK	41,0	41,1	41,1	41,3	40,6	41,3	41,1	:	18,4	18,5	0,0	18,5	18,4	18,7	18,4	:

Source: Eurostat (code: lfsq_ewhan2 and fsa_ewhais)

Note: break in series for PT in 2011Q1 and LV for 2012Q1.

Annex 2: Selected research

This section presents some relevant recent research results at EU level. European Research Framework Programmes FP6 or FP7 and European bodies or agencies closely linked with employment and social affairs contribute to this achievement. This section is certainly not exhaustive. Degree of completion of the research projects as well as direct relevance to the issues developed in this report are the main criteria used for the selection of the presented results.

- Benchmarking employability of young graduates

A new European benchmark on the employability of young graduates, developed by the Joint Research Centre in collaboration with the Directorate-General for Education and Culture, has been adopted by the Council of the European Union in May 2012. This benchmark will be the reference level of European average performance on the share of employed graduates from education and training. It will help monitor progress towards EU's 2020 targets, which envisage an average of at least 82% of graduates (20-34 year old) being employed no more than three years after they have completed education

See:

http://ec.europa.eu/dgs/jrc/index.cfm?id=1410&obj_id=14870&dt_code=NWS&lang=en&ori=HLN

- Young people and 'NEETs' in Europe

Eurofound has explored the situation of young people who are part of the NEET group: 'not in employment, education or training'. The research was carried out by Eurofound's Employment and Competitiveness unit, using the capacity of the Network of European Observatories. The aim was to investigate the current situation of young people in Europe, focusing specifically on those who are not in employment, education or training, and to understand the economic and social consequences of their disengagement from the labour market and education. The preliminary results of the research are presented in this short document.

See: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1235.htm>

- Employment trends and policies for older workers in the recession

This Eurofound report summarises available data on recent employment trends for older workers in the EU27 as well as the results of organisation case studies and overviews on developments in workplace age management undertaken by Eurofound in 2011. The first section uses Eurostat data to provide a statistical portrait of the main trends in relation to labour market participation of older workers. The second section provides pointers on how age management policy has developed at company and national level before, during and after the Great Recession.

See: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1235.htm>

- The second phase of flexicurity: an analysis of practices and policies in the Member States

Flexicurity is a strategy intended to enhance both flexibility and security in the labour market and has been on the agenda of public and policy discussions across Europe since the 1990s. In light of the recent economic crisis, the question has arisen whether flexicurity, which was developed in times of good economic and labour market performance, would also work in 'bad weather'. This research project aims to investigate the implementation of flexicurity across the European Union by analysing a large number of public and social partner-based instruments that combine an element of flexibility and security. This research should contribute to making the somewhat ambiguous concept of flexicurity more tangible, by providing numerous examples of how flexicurity can be realised.

A Eurofound publication.

See: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1183.htm>

- Eurofound Fifth European Working Conditions survey - 2010

Fieldwork for the 5th European Working Conditions Survey was carried out between January and June of 2010. The questionnaire covered issues of precarious employment, leadership styles and worker participation as well as the general job context, working time, work organisation, pay, work-related health risks, cognitive and psychosocial factors, work-life balance and access to training. A number of questions were included to capture the impact of the economic downturn on working conditions.

See: <http://www.eurofound.europa.eu/surveys/ewcs/2010/index.htm>

- Building on skills forecasts — Comparing methods and applications (Conference proceedings)

A CEDEFOP publication based on contributions to an international expert conference organised in February 2011, which brought together a forum of more than 60 researchers and experts in labour-market analysis. This inspiring and constructive event aimed at sharing the latest insights on how Cedefop's forecasting results are used at national level, and what other (innovative) activities are taking place in individual Member States. The publication helps to identify the challenges and offer solutions to skills and labour-market forecasting in general and to Cedefop projections in particular; it also discusses various national approaches, methods and results and their comparisons. It provides sound evidence and suggests innovative ways of thinking about future skills needs and supply.

See: <http://www.cedefop.europa.eu/EN/publications/20014.aspx>

- Experiencing the economic crisis in the EU: Changes in living standards, deprivation and trust

Results from the European Quality of Life Survey (EQLS) show comparisons over time of different dimensions of people's quality of life, including their standard of living. A combined review of indicators from the EQLS and those obtained from the Eurobarometer (for 2009 and 2010) highlights the fact that, on the whole, the economic and financial crisis has led to a decline in quality of life. This is more apparent for those living in countries most affected by the crisis. Vulnerable groups such as the unemployed, the elderly and the retired, as well as people suffering financial difficulties, have experienced a considerable drop in their well-being following the crisis.

A Eurofound publication.

See: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1207.htm>

- Looking beyond the crisis: An appeal for economic cooperation

As Europe continues to battle with the impact of the global financial crisis, policy makers are hard-pressed to respond in a way that will put the economy on a more secure footing in the future. The POLHIA research project is supporting this effort with in-depth analysis of the financial crisis and concrete recommendations for European policy makers. While parts of the research are quite technical, the project has succeeded in producing a series of documents that are accessible to the non-specialist and provide fascinating insights into the roots of the crisis. Moreover, the researchers have proposed a series of policy measures which they feel could be instrumental in preventing a similar crisis in the long run.

POLHIA - Monetary, fiscal and structural policies with heterogeneous agents (duration: 1/11/2008 – 31/10/2011). A FP7 project

See: <http://www6.unicatt.it/dotnetnuke/polhia/Publications/PolicyBriefs.aspx>

- Taking entrepreneurship to the next level

Achieving smart, sustainable, inclusive growth – the main priorities of Europe's 2020 strategy – requires innovative forms of entrepreneurship. One form expected to play an important role in Europe's economic development is knowledge-intensive entrepreneurship (KIE). Findings from the AEGIS research project suggest KIE should be regarded as one potential means to obtain economic growth and societal well-being. Among the project's main messages, public policy for knowledge-intensive entrepreneurship should be systemic, include socio-economic incentives as

well as individual ones, stimulate knowledge competencies and reflect that KIE involves the application of knowledge to new activities.

AEGIS - Advancing knowledge-intensive entrepreneurship and innovation for economic growth and social well-being in Europe (duration: 1/1/2009 – 30/9/2012). A FP7 project

See: <http://www.aegis-fp7.eu/>

- Putting knowledge to work: The innovation challenge

How should Europe go about managing the transition to a knowledge-based economy? What challenges are associated with this task in the context of EU enlargement and economic globalisation? What will the creation of a knowledge-based economy mean for the EU's Member States, its companies and its citizens? These were among the key questions explored by the DIME network of excellence. Covering a broad range of public policy issues, the network was particularly strong in the field of innovation, one of several policy areas in which DIME produced concrete policy recommendations. Recommendations for policy makers were offered in areas as higher education, cohesion and knowledge-intensive entrepreneurship -

DIME - Dynamics of Institution and Markets in Europe (duration: 1/5/2005 – 30/4/2011). A FP6 project

See: http://final.dime-eu.org/files/Hekkert_Alkemade_Negro_C5.pdf

- SMILE – Shining a spotlight on European sustainability

This project looking closely at the way sustainability is measured has identified instances where objectives in different policy areas, such as economic and environmental development, can sometimes work against each other, resulting in a compromise having to be made. In light of its findings, the SMILE research project has produced a set of recommendations for how to improve sustainability targets in Europe. Governments need to have ways to monitor social, economic and environmental change, and to assess whether these changes are sustainable or not, i.e. can be maintained without risking damage to that or any other sector in the long term. 'Indicators' are characteristics of a population or environment that can be easily measured and which can give an impression of how successful or sustainable a change is. For example, important social development indicators include household saving rates and the number of people at risk of poverty. But how much do existing sustainability indicators tell us? Using a range of case studies, the SMILE researchers developed a toolkit to test the range of economic, social and environmental indicators available to policy makers. In doing so, they highlighted where some objectives may be achieved at the expense others, giving a false impression of sustainability.

SMILE - Synergies in multi-scale inter-linkages of eco-social systems (duration: 1/1/2008 – 30/6/2011). A FP7 project

See: <http://www.smile-fp7.eu/>

- Active inclusion of young people with health problems or disabilities

This Eurofound study examines the situation of young people with health problems or disabilities in 11 countries (Denmark, Finland, France, Germany, Ireland, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom) and at EU level, with an emphasis on assessing the implementation of active inclusion policy at national level.

See: <http://www.eurofound.europa.eu/publications/htmlfiles/ef12261.htm>

- Both respect and tolerance needed for intercultural cohesion in Europe

Tolerance between culturally different communities is a seemingly implicit ideal in achieving social cohesion in a multicultural European society. However, the RESPECT research project highlights how in many instances, the reality of tolerance does not live up to these expectations with regard to access to public spaces for minority groups. The researchers call for an updated social policy to foster deep-rooted respect as well as tolerance, which can be achieved by promoting equal social and political standing. The RESPECT project has found that despite pro-integration policies, discrimination is still widely experienced by minority groups across European cities, which challenges some of the EU's fundamental values. The RESPECT project investigated the concept of tolerance in three specific European case studies: the marginalisation of Roma communities; the building of mosques in Europe; and urban regeneration policies in areas inhabited by minority groups.

RESPECT – Towards a 'topography' of tolerance and equal respect. A comparative study of policies for the distribution of public spaces in culturally diverse societies (duration: 1/1/2010 – 31/12/2011). A FP7 project.

See: <http://respect.iusspavia.it/>

- Family-friendly policies needed as women are still the major carers in society

The increased involvement of women in the European workforce, while in tune with the Europe 2020 agenda to raise employment, and reduce poverty and social exclusion, results in a greater burden on women since they are also mainly responsible for child and elder care. Family-friendly measures to allow for reconciliation, including those to enable fathers to increase their share of caring roles, should be encouraged. The WORKCARESYNERGIES support action brought together research findings from twenty EU Framework Programme research projects on topics such as family policy, female equality and empowerment, 'flexicurity' and social cohesion. It highlighted specific themes to aid policy making. The WORKCARESYNERGIES dissemination project was a very successful two-way transfer of knowledge from the EU to local level, enabling examples from other EU countries to be used as benchmarks.

WORKCARE SYNERGIES - Dissemination of Synthesized Framework Programme Research Findings (duration: 1/1/2010 – 31/12/11). A FP7 project

See: <http://workcaresynergies.eu/links/>

- European Social Survey (ESS)

The European Social Survey (the ESS) is an academically-driven social survey designed to chart and explain the interaction between Europe's changing institutions and the attitudes, beliefs and behaviour patterns of its diverse populations. Following the first release of data from Round 5 of the ESS in October 2011, the Core Scientific Team announces that the second edition of data from Round 5 has now been released. This edition includes data from 26 countries (Croatia, Cyprus, Greece, Ireland, Slovakia, the Ukraine - and from the first edition - Belgium, Bulgaria, Czech Republic, Denmark Estonia, Finland, France, Germany, Hungary, Israel, Netherlands, Norway, Poland, Portugal, Russian Federation, Slovenia, Spain, Sweden, Switzerland and United Kingdom) and is available to download from the ESS Data website (<http://ess.nsd.uib.no/>) or for online analysis using NESSTAR. Round 5 included rotating modules on 'Trust in the Police and Courts' and 'Work, family and well-being: the implications of economic recession'.

See: <http://www.europeansocialsurvey.org/>