



# EU Employment and Social Situation

## Quarterly Review

*December 2012*

With special focus on gender pay gap, the latest trends in poverty and social exclusion and recent findings from the 2012 European Quality of Life Survey



This Quarterly Review 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 (see [codes] mentioned under the charts, to be used with the Eurostat data search engine: [http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)), reports and survey data from the Commission's Directorate-General for Economic and Financial Affairs, national and sectoral statistics and articles from respected press sources. The Review has also benefited from contributions from public and private employment services. The sections on restructuring trends, based on ERM data, were prepared by the European Foundation for the Improvement of Living and Working Conditions (Eurofound).

Employment and social analysis portal: <http://ec.europa.eu/social/main.jsp?catId=113&langId=en>

Contact: [empl-analysis@ec.europa.eu](mailto:empl-analysis@ec.europa.eu)

Neither the European Commission nor any person acting on behalf of the Commission may be held responsible for the use that may be made of the information contained in this publication.

***Europe Direct is a service to help you find answers  
to your questions about the European Union***

**Freephone number (\*):  
00 800 6 7 8 9 10 11**

(\*) Certain mobile telephone operators do not allow access to 00 800 numbers or these calls may be billed.

More information on the European Union is available on the Internet (<http://europa.eu>).

Cataloguing data as well as an abstract can be found at the end of this publication.

Luxembourg: Publications Office of the European Union, 2013

ISBN 978-92-79-28115-0

ISSN 1977-8317

doi: 10.2767/93534

© European Union, 2013

Reproduction is authorised provided the source is acknowledged.

## Table of Contents

<b>Introduction .....</b>	<b>8</b>
<b>Macroeconomic and employment context and outlook .....</b>	<b>8</b>
Context .....	8
Outlook .....	10
<b>Recent labour market and social trends .....</b>	<b>12</b>
Employment.....	12
Unemployment.....	13
Long-term unemployment.....	15
Inactivity and discouragement.....	17
Youth .....	17
Other selected groups .....	21
Financial situation of households.....	23
Box 1: Situation in Portugal .....	26
<b>Underlying labour market and social developments .....</b>	<b>27</b>
Employment patterns .....	27
Vacancies: jobs starters and leavers .....	28
Vacancies, labour shortages and hiring activity.....	29
Productivity, labour costs and hours worked.....	31
> Special Focus: the gender pay gap in the wake of the crisis .....	33
Social inclusion trends.....	39
> Special Focus: Latest trends in poverty and exclusion - six million more Europeans at risk since 2008 .....	39
> Special Focus: The results of the latest European Quality of Life Survey .....	44
Sectoral trends.....	50
> Sectoral Focus: Health and Social Services in the EU – Recent Developments ....	53
Impact of restructuring on employment.....	58
<b>Annex 1: Selected statistics.....</b>	<b>63</b>
<b>Annex 2: Selected research .....</b>	<b>73</b>



## Executive summary

The EU Employment and Social Situation Quarterly Review provides an overview of developments in the European labour market and the social situation in the EU, based on the latest available data. Against the backdrop of **persistent difficulties on the labour markets**, marked by ever higher unemployment at EU level, and rising **divergence** across Member States, the number of **people at risk of poverty or social exclusion** in the EU now accounts for nearly one-fourth of the EU population.

In the third quarter of 2012, output of goods and services, driven by exports, public and private consumption, was not high enough to prevent the EU economy from contracting compared with the third quarter of last year. In the EU, **GDP shrank by about 0.5% over the year**. The economic activity in more than half of the Member States continued to fall, with a significant slow-down in Romania, the Netherlands, Finland, Slovenia and the Czech Republic. In the countries registering growth, the rate of growth remained more or less the same, with the Baltic countries growing by more than 3.3%. Among larger Member States, the economy continued to grow in Germany, France and Poland, whereas it shrank further in Italy, Spain and the United Kingdom.

**Dragged down by falls in the levels of temporary and full-time employment**, and despite some positive developments in part-time jobs, overall employment has continued to decline. **Employment** at EU level remains stubbornly weak. It has been **trending down again since mid-2011**. Over the year to the third quarter 2012, employment fell more steeply in the euro area (-0.7%) than in the EU as a whole (-0.5%, down 1.1 million). In the third quarter of this year, it fell again by 0.2%. The steepest declines since last year were recorded in Greece (-8.9%), Lithuania (-5.5%), Spain and Portugal (both -4.1%), hardly compensated by rises in Latvia (+3.4%), Luxembourg, the UK, Malta and Estonia (+2.1 to +1.2%). **Most Member States** – 19 out of the 24 for which data is available – **recorded an employment level below that of four years ago** (EU: -2.4%).

In this bleak context, the EU **job-finding rate has declined further**, from an already low level, while the risk of becoming unemployed has increased. The job-finding rate decreased to 12.1% in the second quarter of 2012, from 12.5% in the previous quarter, reaching a record low. Four years ago it stood at about 20%. In addition, the risk for employed people to lose their job also increased slightly in the second quarter, with the job-loss rate at 3.5%.

The **number of unemployed** in the EU has continued to rise over recent months, increasing by 3.5 million (or 15.7%) since March 2011 and reaching a **new high of more than 26 million** (or **10.7%** of the active population), by November 2012. Unemployment trends remain less favourable in the euro area than in the EU as a whole. Moreover, **divergence** between EU Member States in terms of unemployment rates **has continued to widen**, with an all-time record gap of 22.1 percentage points (pps) now being observed between the Member State with the lowest rate of unemployment (Austria, 4.5%) and that with the highest (Spain, 26.6%).

Young people remain the first victims of the lack of jobs, with the **youth unemployment rate reaching a new peak** in November 2012, at **23.7%**, up by 1.5 pps over the year, a rise essentially driven by a **dramatic decline for young people in temporary and full-time jobs**. Most Member States have to cope with rising youth unemployment. As a consequence the EU employment rate for youth went down by 0.7 pp to 32.8% over the year to the second quarter of 2012. **Growing long-term unemployment and non-productive inactivity for youth** pose serious risks for the young generation, which materialise particularly in the rising number of young people who are neither in employment nor in education and training (**NEET**), and which now account for nearly 13% of the population aged 15 to 24.

On the positive side, overall inactivity rates kept falling in the EU over the year to the second quarter of 2012, in particular in those Member States with the highest rates. The **decline in inactivity** was **mainly driven by continued rises in female participation**, although inactivity also started to decline among men. Nevertheless, there are **signs of increasing discouragement** among the remaining population of inactive people, as employment prospects deteriorate. EU long-term unemployment continues its by now three-year upward trend. By the second quarter of 2012, the number of people who had been unemployed for more than a year

had increased by 14.3% (or 1.35 million people) compared to the same quarter of 2011 to reach a total of close to 11 million and accounting for 4.6% of the active population.

In the second quarter of 2012, while the inactivity rate of **older working age people** (55-64) declined further compared to a year ago, while their unemployment rate increased only moderately. They nevertheless remain **particularly vulnerable to long-term unemployment** and still exhibit relatively low levels of labour market participation. In that respect, the **employment gap between nationals and non-EU nationals increased further over the year** to the second quarter of 2012.

Owing to *-inter alia-* the very difficult labour market situation, the **number of Europeans at risk of poverty or social exclusion increased by six million between 2008 and 2011, affecting now 24.2% of the population**, as reported by the latest EU-SILC data (see Special Focus at page 39). Large cross-country disparities are emerging, due to differentials in household income growth. The **most affected groups are working-age adults**. Their situation has deteriorated due to increasing joblessness and in-work poverty. As a consequence, the situation of children has also deteriorated in a majority of Member States.

The **share of the EU population reporting their households are experiencing financial distress has risen worryingly sharply** in recent months, reaching yet another historical high. Sharp rises in financial distress have now permeated across all income groups, with middle-income households now experiencing the same marked rises that had been observed earlier in 2012 for the bottom and top quartiles. Over the last year the increase in financial distress has been particularly sharp in Italy, while Bulgaria, Greece, Ireland, Portugal and Spain also recorded marked rises.

Likewise, the third European Quality of Life Survey makes evident a **decrease in both objective living standards and in perceived quality of life between 2007 and 2011/2012**, with the effects of the crisis particularly visible for the lowest income quartile. There has been a general and marked decline in optimism, trust in government and employment security, accompanied by decreases in happiness and life satisfaction in a few Member States, especially those experiencing the greatest economic difficulties. The financial situation of households, measured by the ability to make ends meet and perceived changes over the past year, together with material deprivation, has worsened visibly across the EU (see Special Focus at page 44).

**Labour productivity growth contracted further** in several Member States, while growth in nominal compensation per employee remained subdued so that on balance nominal unit labour cost growth remained fairly moderate in most Member States – nevertheless, in Ireland the downward trend in nominal unit labour cost growth since the onset of the crisis came to an end. **The labour income share continued to decrease at a notable rate in several Member States**, especially in Spain and Slovakia.

The unadjusted **gender pay gap in the EU declined between 2008 and 2010** on average, from 17.3% to 16.2%. This decline appears to be a side effect of the crisis on the **composition of the workforce**, with male-dominated sectors losing ground relatively more than female-dominated ones and more men accepting part-time and temporary jobs. There has also been a larger increase in higher educated female employment compared to males between 2008 and 2010. While the improvement in the gender pay gap is thus largely driven by composition effects and therefore not necessarily long-term, the faster increase in **women's average educational attainment** may contribute to a more permanent decline in the gender pay gap, as long as women are channelled towards the high-earning, skilled occupations with the highest future labour demand (see Special Focus at page 33).

**Confidence stands at a very low level**. As a result, the economic outlook is bleak, with unemployment remaining at a very high level and **no significant improvement being forecast before 2014**. Recently, the job vacancy rate and the labour shortage indicator both declined, reflecting the weak economic situation and outlook. Employment expectations in industry have stabilised over the past months in the EU, although pessimism prevails in the majority of Member States. Over the four years to the third quarter of 2012, more than 2% of jobs disappeared in the EU across all sectors, although the intensity of job losses varied between 9.3% in industry and 15.6% in construction on the one hand, and 1.8% in the trade sector on the other hand.

According to the European Restructuring Monitor, **announced restructuring-related job losses continued to outnumber announced job gains**, by 148 000 against 46 000. Most of the recent job loss announcements are related to Greece. Manufacturing industry still features the highest number of both announced job gains and losses.

This edition of the Quarterly Review takes a closer look at the labour market and social situation in **Portugal**. In addition to the regular analysis of sectoral trends, a focus on the **health and social services sector in the EU** is also presented (see page 53), supplemented by a more in-depth analysis, attached to the Review (see "[Special Supplement](#)"). The health and social work sector has been an important driver of employment growth in the European economy over the last decade, in particular for women and older workers, and has helped to stabilise employment growth in the crisis. Not only do SSGI help people to live in dignity and enjoy their fundamental rights, but also to fulfil their potential and to take part in society.

**Table 1: Latest labour market trends**

	2011q3	2011q4	2012q1	2012q2	2012q3
<b>Real GDP</b>					
(% change on previous quarter, SA)	0.2	-0.3	-0.1	-0.2	0.1
(% change on previous year, SA)	1.4	0.8	0.1	-0.3	-0.4
<b>Employment growth</b>					
(% change on previous quarter, SA)	-0.1	-0.1	-0.2	0.1	-0.2
(% change on previous year, SA)	0.2	0.1	-0.3	-0.3	-0.5
<b>Employment rate</b>					
(% of working age population, NSA)	64.6	64.3	63.6	64.3	:
<b>Job vacancy rate</b>					
(% of vacant and occupied posts, NSA)	1.5	1.5	1.5	1.5	1.4
<b>Labour productivity</b>					
(% change on previous year, SA)	0.4	-0.2	0.1	-0.3	:
<b>Labour cost</b>					
(% change on previous year, SA)	2.6	2.8	1.5	2.5	2.4
<b>Long-term unemployment rate</b>					
(% Labour force, NSA)	4.1	4.3	4.5	4.6	:

	2012 Jul	2012 Aug	2012 Sep	2012 Oct	2012 Nov
<b>Unemployment rate (SA)</b>					
<b>Total</b> (% of labour force)	10.5	10.5	10.6	10.7	10.7
<b>Men</b>	10.4	10.5	10.6	10.7	10.8
<b>Women</b>	10.5	10.6	10.6	10.7	10.7
<b>Youth</b> (% of labour force aged 15-24)	22.8	23.0	23.2	23.5	23.7

Source: Eurostat, DG EMPL own calculations.

Note: SA = seasonally adjusted; NSA = non-seasonally adjusted.

## Introduction

The unemployment rate is still at its highest in the EU<sup>1</sup>, at 10.7% in November 2012 (11.8% in the euro area), and the situation for young people remains very worrying (unemployment rate at 23.7% in the EU), while the outlook for the coming months is poor. These developments have had a considerable impact on the living conditions of Europeans.

This Quarterly Review provides an in-depth overview of developments in the European labour market and the social situation in the EU, based on the latest available data.<sup>2</sup> 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, the impact of restructuring, 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, more specific topics are reported on within the Special Focus sections concerning: gender pay gap in the wake of the crisis, the latest trends in poverty and social exclusion and recent findings from the latest European Quality of Life Survey. Recent developments in Portugal,<sup>3</sup> as well as in the health and social services in the EU are also focused on. The latter analysis is also further developed in a Special Supplement. Finally, the two annexes present the latest labour market statistics and a selection of recently published and relevant research material.

<sup>1</sup> "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 or EA-17, etc.

<sup>2</sup> This report is based on data collected up until 20 December 2012. The only exception is the section on monthly unemployment, updated on 8 January 2013.

<sup>3</sup> Portugal is the only "programme country", having received financial support from the EU, ECB and IMF in recent years, which had not been covered in any of the previous editions of the Quarterly Review in 2012.

## Macroeconomic and employment context and outlook

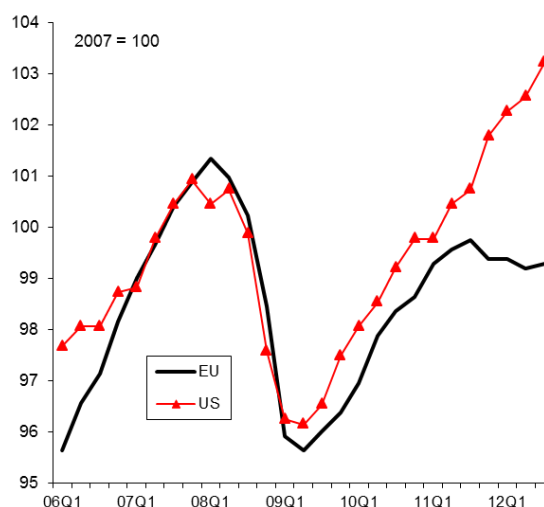
### Context

#### *The EU economy is shrinking*

In the EU, real GDP shrank by about 0.5% between the third quarter of 2011 and the third quarter of 2012 (see Chart 1). During this period, demand was compressed by a very low level of confidence and the negative effects of fiscal consolidation. Quarterly growth during the third quarter was marginally positive, at 0.1%.

The divergent movements in the US and EU unemployment rates over the last twelve months (respectively -1 pps and +0.8 pp, see Chart 2) reflect mainly the growth differential (real GDP changed by, respectively, roughly +2.5% and -0.5% year-on-year), as well as the falling labour participation rate in the US.

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



Source: Eurostat, National accounts, seasonally adjusted data [namq\_gdp\_k].

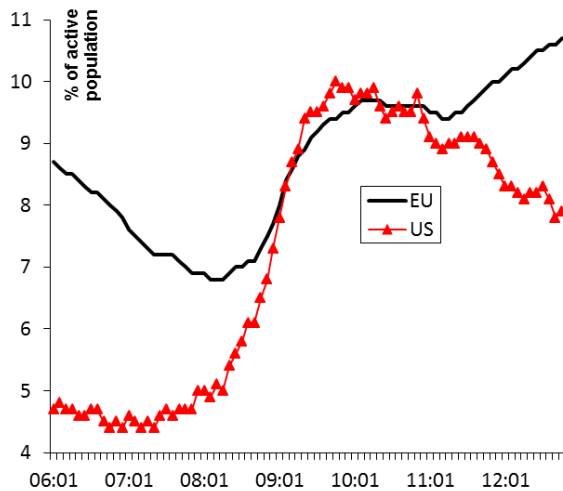
#### *Quarterly growth supported by exports, private consumption and services*

The third-quarter growth in the EU was the result of increased exports and domestic demand, with rising private consumption and stagnating government expenditures. The overall growth picture benefited from the growth of trade, transport and food



services, professional and support services, and art, while other services stagnated.

**Chart 2: Unemployment rates in the EU and the US**



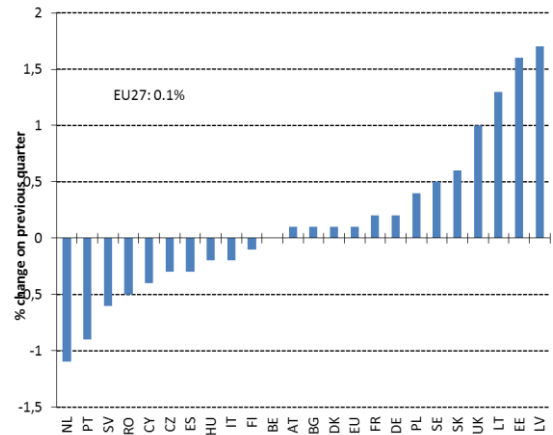
Source: Eurostat, National accounts, seasonally adjusted data [une\_rt\_m].

The decline affected agriculture, industry and construction. The construction sector contracted for the fifth consecutive quarter (-1.2% from -1.3% in the second quarter), while total industrial production and agriculture output decreased for the second quarter running.

#### *Further falls in Member States' GDP and employment and continued divergence*

Among the countries with negative growth during the third quarter, the economy of Spain contracted for the fourth consecutive quarter. Italy and Cyprus saw their economies shrink for the fifth quarter running, while Portugal's economy has been contracting for almost two years, since the last quarter of 2010. The growth rate turned negative in the Netherlands and Romania in the third quarter. Third-quarter economic activity did increase, though, mainly in the countries which were already growing in the second quarter of 2012. Growth rates accelerated in the Baltic countries and in Poland. The economies of Denmark, France and the United Kingdom started to grow in the three months up to September, while Belgium's activity stopped declining (see Chart 3).

**Chart 3: Third-quarter real GDP in EU Member States**



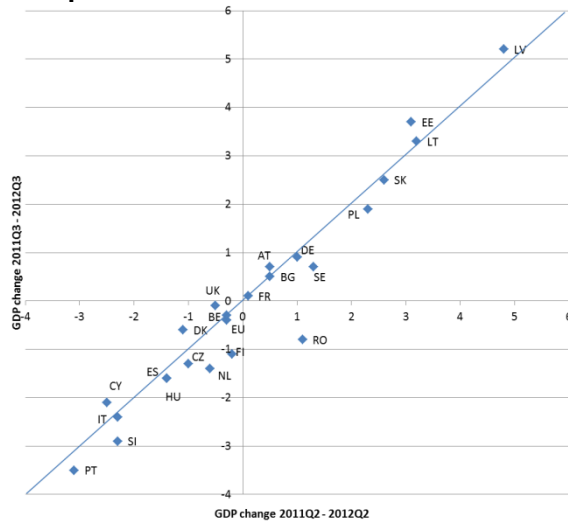
Source: Eurostat, National accounts, seasonally adjusted data, [namq\_gdp\_k].

Note: IE, EL, LU and MT data not available.

Over the year up to 2012 q3, the economies in more than half of the Member States continued to contract, while the rate of growth remained more or less the same in the growing ones (see Chart 4). There was a significant slow-down in Romania, the Netherlands, Slovenia, Finland, and the Czech Republic, with Romania's economy switching from growth to contraction. On the positive side, the Baltic countries continued to grow by more than 3.3%, with Estonia increasing its annual growth rate by 0.6 pp (to 3.7%) and Latvia by 0.4 pp (to 5.2%). Among the six largest countries, Germany and France continued to grow at more or less the same rate, whereas Poland's growth slowed in comparison to the y-o-y changes in the previous quarter. The situation deteriorated even further in the other three big Member States, Italy, Spain and the United Kingdom.

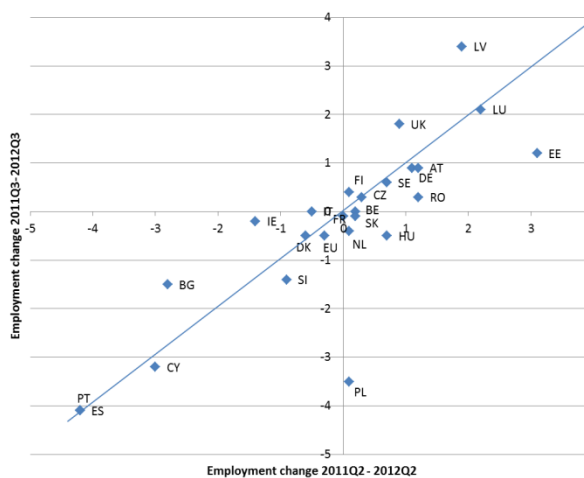
As in the case of GDP, employment growth diverged markedly among Member States (see Chart 5 and employment analysis below).

**Chart 4: Real GDP growth in EU Member States, yearly changes in the second and third quarter of 2012**



Source: Eurostat, National accounts, seasonally adjusted data, [namq\_gdp\_k].  
Note: IE, MT and LU data not available.

**Chart 5: Employment growth in EU Member States, yearly changes in the second and third quarter of 2012**



Source: Eurostat, National accounts, non-seasonally adjusted data, [namq\_nace10\_e].  
Note: EL, LT not shown, being a negative outlier; MT data not available for 2012 q3.

## Outlook

*Overall economic sentiment at very low level*

During autumn, the Commission's economic sentiment indicator fell to its lowest level in three years, with broad-based drops in all sectors. The sentiment indicator posted a significant increase from this very low level in November, but it evidently remains to be seen whether this would be a new turning point, or just a blip.

This development was mirrored in the euro-area Purchasing Managers Index (PMI) composite output index, which also rose significantly in November, from a 40-month low in October.

*Growth forecasts remain bleak*

In the Commission's autumn forecast, GDP is set to contract by 0.3% in the EU and 0.4% in the euro area in 2012. GDP growth for, respectively, 2013 and 2014 is projected at 0.4% and 1.6% in the EU and 0.1% and 1.4% in the euro area.

Unemployment is expected to remain very high, at about 11¾% in the euro area and about 10¾% in the EU in 2013 and 2014. The stability of unemployment when GDP grows by 10.5% (in 2014) is in line with estimations of Okun's law. In 2014, fairly significant increases in unemployment are foreseen in Italy, Cyprus and Slovenia, while growth would be insufficient to make a dent in unemployment in most continental euro-area Member States (and Finland and Denmark).

Recent forecasts by the IMF, the OECD and the ECB confirmed the bleak outlook. The OECD forecast is more negative than the Commission one on some of the vulnerable euro-area Member States (Greece, Portugal, Spain and Slovenia). Unemployment in Greece and Spain would reach 27% in 2014 in this forecast.

*Employment expectations in industry have stabilised over the past months in the EU, although pessimism remains in the majority of Member States.*

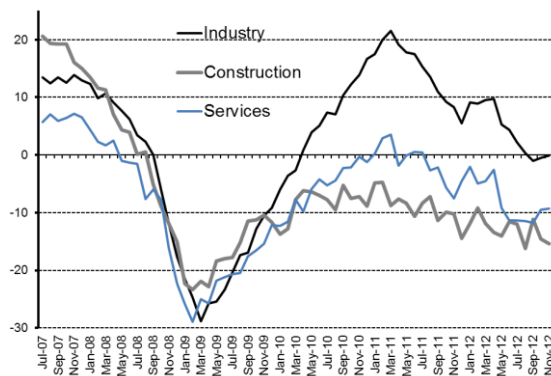
Employment prospects in industry in the EU have stopped decreasing and have been stabilising since the end of summer 2012 at a level close to the long-term average at EU aggregate level (see Chart 6). In November 2012, managers in the industrial sector remained rather pessimistic about employment prospects in 16 Member

States, and particularly in Cyprus, Greece and Sweden. On the other hand, industrial managers expect an increase in employment in Romania, Lithuania and the United Kingdom.

*Employment prospects for services are still poor and are particularly depressed in construction sectors*

Since late summer 2012, there has been a slight increase in the employment expectations of the services sector at European level. Nevertheless, employment prospects in services remain poor, as they are still below their long-term average in the EU and in most Member States. In November 2012 managers in the sector expected employment to decrease in 16 Member States, and in Greece, Slovenia, Finland and the Netherlands in particular.

**Chart 6: EU employment expectations (next 3 months) in industry and in the construction and services sectors (centred around long-term average)**



Source: ECFIN, DG EMPL calculation.

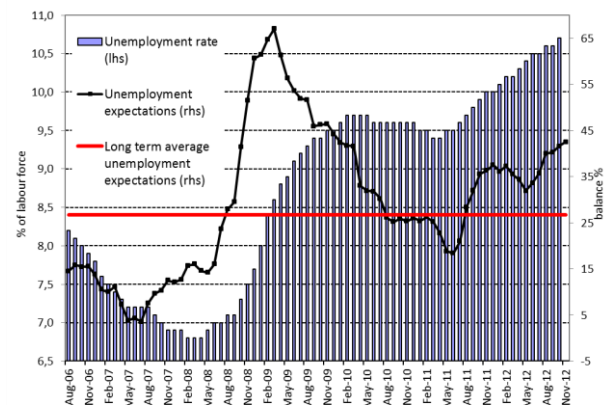
Sentiment concerning employment in construction at European aggregate level has remained persistently depressed over recent years (see Chart 6). In November 2012, managers in the construction sector expected employment to fall in 22 Member States, and especially in Spain, Portugal, the Netherlands and Greece. In only three countries (Germany, Luxembourg and Austria) do managers in the construction industry have a rather optimistic view on their employment.

*European consumers expect unemployment to increase in the coming months in most Member States*

Fears of increasing unemployment in the coming months worsened again in November 2012 (see Chart 7). In November 2012, consumers were pessimistic about

the unemployment outlook in 23 Member States, and especially in the Netherlands, Belgium, Finland, Spain, Portugal and Greece. Only four countries (Germany, Lithuania, Estonia and Latvia) remained fairly optimistic about unemployment trends in the coming months.

**Chart 7: Unemployment rate and consumers' unemployment expectations (next 12 months) for the EU**



Source: Eurostat, ECFIN. Data seasonally adjusted.

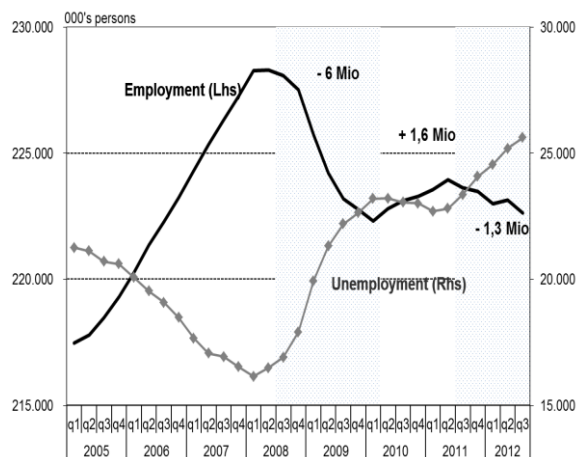
## Recent labour market and social trends

### Employment

*European employment remains weak and has been trending downwards since mid-2011; in the third quarter of this year it fell again by 0.2 %*

The number of people in employment in the EU has remained sluggish since mid-2011 and in 2012q3 it shrank by 0.2% (or 530 000 persons), wiping out the modest growth of the previous quarter (+0.1% in 2012q2). Since mid-2011, European employment has been trending down and, compared to the most recent peak in 2011q2, it has fallen by 0.6% or 1.3 million persons (see Chart 8).

**Chart 8: Employment and unemployment in the EU-27 (000 persons), 2005-2012**



Source: Eurostat, National accounts [namq\_aux\_pem] and EU-LFS [une\_nb\_m]; data seasonally adjusted.

*The employment contraction in the third quarter was more pronounced in the euro area*

In the third quarter, employment fell more steeply in the euro area than in the EU as a whole. Over the year to 2012q3, employment fell in the euro area by around 1.1 million (-0.7%), more steeply than in the EU (-0.5%).

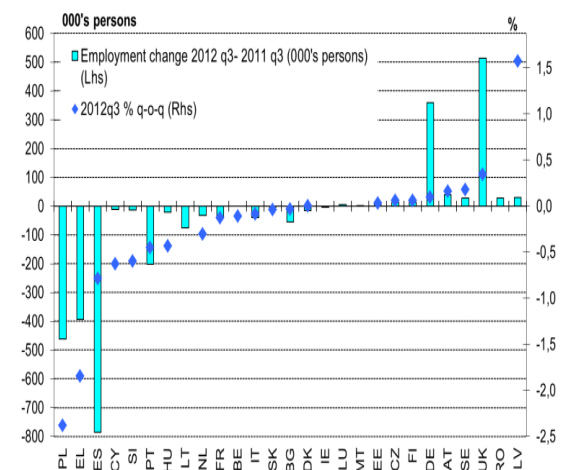
*Employment fell in most Member States in the third quarter*

In 2012q3, seven Member States recorded employment growth compared to the previous quarter, against eleven which saw

a contraction and remained stable in four<sup>4</sup>. The largest falls in 2012q3 were observed in Poland (-2.4%)<sup>5</sup>, Spain (-0.8%), Cyprus (-0.6%) and Slovenia (-0.6%). In contrast, employment was expanding in the Austria and Sweden, with growth in 2012q3 of 0.2%, in the United Kingdom (+0.3%) and in Latvia (+1.6%). Yet despite this acceleration, employment However, despite the marked employment recovery in Latvia, it remains 23% below the 2008 level.

*Employment is following a marked downward trend in some Member States, preventing aggregate European employment from picking up*

**Chart 9: Employment change in 2012q3 (yearly change, 000 persons) and quarterly change (% q-o-q) in the EU-27 Member States**



Source: Eurostat, National accounts [namq\_aux\_pem]; data seasonally adjusted for q-o-q; 2012q3 q-o-q change not available for EL, IE, LU, MT and RO.

Over the year to 2012q3, employment grew in nine Member States, fell in twelve and remained stable in two<sup>6</sup>. European employment has been marked by a severe drop in some Member States, in particular Greece (-395 000 persons, -8.9%), Spain (-785 000, -4.1%), Portugal (-200 000 persons, -4.1%), Cyprus (-12 000, -3.2%)

<sup>4</sup> Data available for 22 countries; employment change (q-o-q) in 2012q3 is not available for IE, EL, LU, MT and RO.

<sup>5</sup> The Polish statistical office has revised the employment data from the third quarter of 2012, based on the results of the latest census. For this reason 2012 q3 data are currently not comparable with data for earlier quarters.

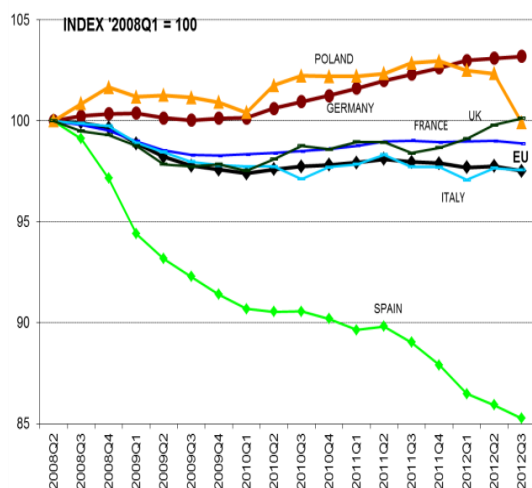
<sup>6</sup> Data available for 23 countries; employment change (y-o-y) in 2012q3 is not available in IE, LT, LU and MT.

and Poland (-460 000, -3.5%)<sup>7</sup> (see Chart 9). These employment losses concentrated in some Member States were not offset by employment gains in others, in particular Germany (+360 000, +0.9%), Austria (+40 000, +0.9%), the United Kingdom (+515 000, +1.8%) and Latvia (+30 000, +3.4%).

*Among the large Member States the situation is mixed*

The pattern is uneven among the large Member States. Germany continues to enjoy employment growth, albeit slowing to +0.1% in 2012q3 (see Chart 9). The UK benefited from a fourth consecutive quarter of rapid employment growth (+0.3% in 2012q3, after +0.7%) and employment in Poland gathered pace (+0.4% in 2012q3, after +0.1%). On the other hand, employment in France recorded a fall (-0.1% in 2012q3) after a fourth consecutive quarter of stagnation. Employment fell also in Italy (-0.1%) and again sharply in Spain (-0.8%), whereas in Poland the decline (-2.4%) is largely of statistical nature (see footnote 5). Also, in a longer-term perspective, since 2008, the employment situation in Spain has weighted most on the overall European trend (see Chart 10).

**Chart 10: Employment change since 2008q1 (index 2008Q1= 100) in selected Member States**



Source: Eurostat, National accounts [namq\_aux\_pem]; data seasonally adjusted.

*With Member States following different paths, the gaps are widening*

In all, 19 Member States had an employment level in 2012q3 below that of 2008q1, including Poland (-0.1%), France (-1.1%), Italy (-2.4%) and Spain (-14.7%) (see Chart 10). The largest drops during this four-year period were recorded in Latvia (-22.7%), Greece (-17.5%), Lithuania (-16.1%), Spain (-14.7%) and Ireland (-15.6%). Eight Member States show in 2012q3 an employment gain compared to 2008q1, among them Germany (+3.2%) and the United Kingdom (+0.1%). The largest employment gains during this period were observed in Luxembourg (+8.2%) and Malta (+6.0%). With Member States following different paths, the gaps between them in terms of employment performance are widening.

**Unemployment**

The number of people unemployed in the EU continued to rise in recent months, reaching a new record high above 26 million (26.061 million) in November 2012 (+0.6% compared to October 2012), corresponding to an unemployment rate of 10.7%. In the euro area, there were 18.8 million unemployed in November, accounting for 11.8% of the labour force. The continuous increase in unemployment in the EU in the 20 months to November 2012 has led to a second upsurge in unemployment, with close to 3.5 million more people out of work (+15.7%).

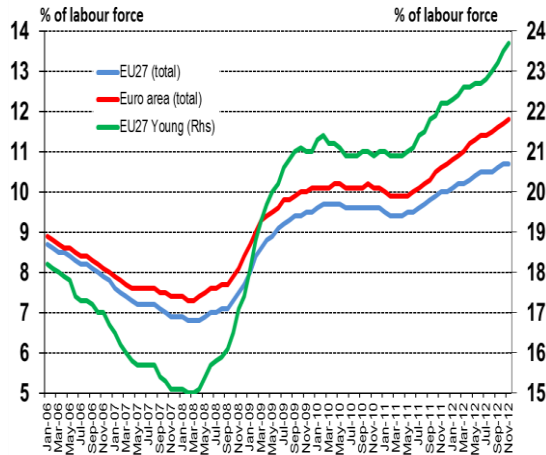
Unemployment trends remain more unfavourable in the euro area than in the EU. Moreover, different trajectories caused the divergence between EU Member States in terms of unemployment rates to widen. In November 2012, there was an upward unemployment trend in two-thirds of the Member States, with rates rising quickly in some countries.

Over recent months, the rate of unemployment of young people (those under 25) in the EU has accelerated and in November 2012, it reached 23.7%, an increase of 1.5 percentage points (pps) over the year, while the overall unemployment rate went up by 0.7 pp. See section on Youth at page 17.

<sup>7</sup> Break in 2012q3 for PL, data are not directly comparable, yet quarterly net change is presented.

*Steady increase in unemployment in the EU over the past 20 months, accelerating recently*

**Chart 11: Monthly unemployment rate in the EU-27 total and young people (15-24) and the euro area, Jan 06–Nov 12**

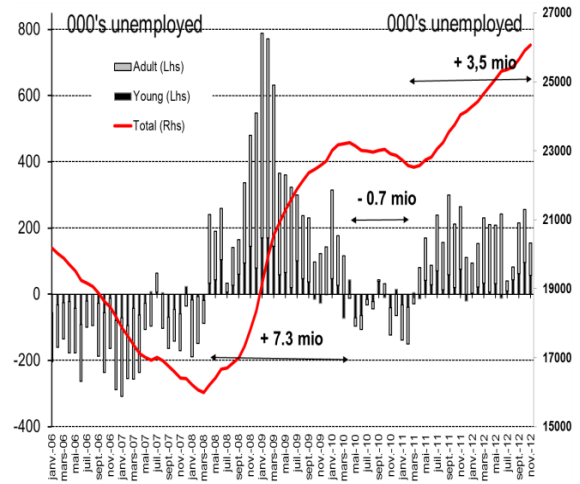


Source: Eurostat, Series on unemployment; data seasonally adjusted [une\_rt\_m].

In the 20 months to November 2012, the EU unemployment rate has risen continuously. As a result, the EU unemployment rate went up by 1.3 pps (see Chart 11) to 10.7%, representing 3.5 million more people out of work (+15.7%, see Chart 12). This second upsurge in unemployment, starting in April 2011 and affecting men slightly more than women (respectively +1.5 pps to 10.8% and +1.2 pps to 10.7%),<sup>8</sup> comes on top of the rise in unemployment during the financial crisis, when the 25 months between March 2008 and April 2010 saw 7.3 million more people losing their jobs in the EU (+45.4%).

<sup>8</sup> This is linked to the sectoral distribution of employment reductions, male-oriented sectors remaining the most affected by the crisis. See sectoral trends at page 50. See also Table 12 in Annex 1 for the UR gender breakdown.

**Chart 12: Monthly change in the number of young, adult and total unemployed and monthly number of unemployed in the EU, Jan 06–Nov 12**



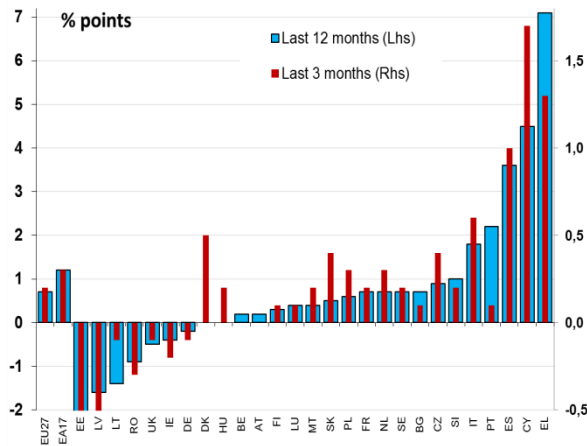
Source: Eurostat, Series on unemployment; data seasonally adjusted [une\_nb\_m].

After a moderate slowdown in summer 2012, the upward unemployment trend has been accelerating again since September 2012, with an average monthly increase in unemployment of close to 200 000 between September and November 2012, as against 60 000 in July and August 2012.

*The increase in European unemployment has been more concentrated in the euro area*

Between April 2011 and November 2012, 94 % of the newly unemployed in the EU occurred in the euro area (with 3.3 million newly unemployed). Consequently, the euro area unemployment rate has increased faster. Over the year to November 2012, the unemployment rate in the euro area went up by 1.2 pps to 11.7% compared with a rise of 0.7 pp in the EU (see Chart 13). Over the three months to November 2012, unemployment continued to rise faster in the euro area than in the EU as a whole, with unemployment rate up by 0.3 pp in the former, as against +0.2 pp in the latter.

**Chart 13: Change in unemployment rate (%) over the last 12 months and last three months to November 2012**



Source: Eurostat, Series on unemployment; data seasonally adjusted [une\_rt\_m].

Notes: Data for EL up to Sep 12; UK: Moving average Aug-Sep-Oct 12; EE and HU: Moving average Sep-Oct-Nov 12; BE, BG, FR, CZ, DK, IE, ES, FR, CY, LV, LT, LU, MT, PL, PT, SI, SK quarterly data up to 12Q3. Last 3-month change value for LV = -1.6. Last 3-month change value for EE = -0.6. Last 12-month change value for EE = -2.6.

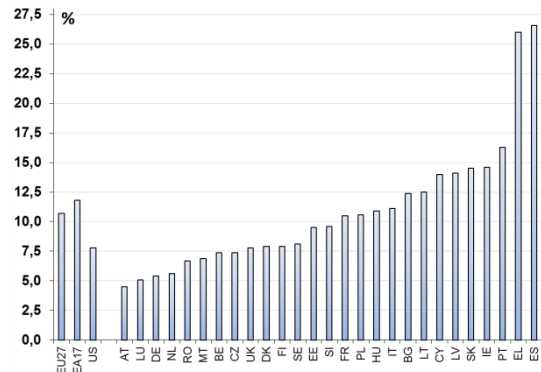
*Further widening gap between EU Member States, due to an upward unemployment trend in two-thirds of the Member States and to a rapid rise in some countries*

In the three months to November 2012,<sup>9</sup> unemployment was up in 18 Member States (see Chart 13). The highest rises were recorded in Cyprus (+1.7 pps to 14.0%), Greece (+1.3 pps by September 2012, to 26.0%), Spain (+1.0 pps to 26.6%), Italy (+0.6 pp to 11.1%) and Denmark (+0.5 pp to 7.9%). Over the same period, the unemployment rate remained stable in two countries and fell in a further seven. Over the three months to November 2012, the largest decreases were recorded in two Baltic countries - Latvia (-1.6 pps — up to September 2012 — to 14.1%), Estonia (-0.6 pp — up to October — to 9.5%), Romania (-0.3 pp to 6.7%) - and Ireland (-0.2 pp to 14.6%).

With diverging trajectories, the gap between EU Member States in terms of unemployment rates is continuing to widen. There is now an all-time record gap of 22.1 pps between the Member State with the lowest rate of unemployment (Austria,

4.5%) and that with the highest (Spain, 26.6%). As also highlighted in the Employment and Social Developments in Europe 2012 Review, *ESDE 2012*<sup>10</sup>, most of the divergence has occurred between euro area countries.

**Chart 14: Unemployment rates in the EU-27, euro area, US and the Member States October 2012**



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

*Unemployment rate rises have accelerated in four large Member States*

Among the large Member States, there was an acceleration in the increase in unemployment in the three months to November 2012 in Spain (+1.0 pp to 26.6%), Italy (+0.6 pp to 11.1%), Poland (+0.3 pp to 10.6%) and France (+0.2 pp to 10.5%). In Germany, the number of unemployed has been falling continuously over the past three years and during the three months to November 2012, it fell again by 0.1 pp to 5.4%. In the United Kingdom, the number of unemployed went down slightly to 7.8% in September 2012 (see Chart 13).

### Long-term unemployment

*EU-aggregate long-term unemployment continues its three-year upward trend*

By 2012q2, the number of people unemployed continuously for more than a year (long-term unemployed) had increased by 14.3% (or 1.35 million people) compared to the same quarter of the previous year to reach a total of close to 11 million (10.88 million) (see Chart 15). EU-aggregate long-term unemployment grew steadily for the third consecutive year (+0.6 pp year on year) to reach 4.6% of

<sup>9</sup> For EL and UK: September 2012; for EE and HU: October 2012; for LV: 2012q3.

<sup>10</sup> See the introductory chapter "Key features of the current European employment and social situation", section 1.1.

the active population in 2012q2 (see Chart 16). With this continuous rise, the proportion of those among the active population who have been unemployed for more than one year has reached its highest level in decades, both in the EU as a whole and in seven individual Member States.

**Chart 15: number of people unemployed for less than 12 months and for more than 12 months in the EU, 2005-2012**

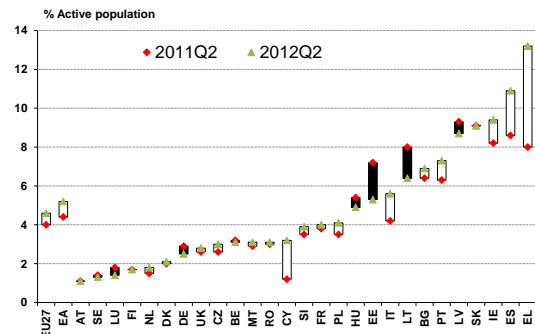


Source: Eurostat, LFS; data non-seasonally adjusted [lfsq\_ugad].

*Long-term unemployment is rising in the majority of the Member States, widening the divergence between Member States*

Starting from an already diverging pattern between Member States in 2011q2, the situation of the long-term unemployed has worsened again. Long-term unemployment rose in 16 Member States in the year to 2012q2 with particularly dramatic figures in Greece, where it rose to 13.2% (up by 5.2 pps); in Spain, at 10.9% (up by 2.3 pps); in Ireland, at 9.4% (up by 1.2 pps); in Portugal, at 7.3% (up by 1.0 pps); in Italy, at 5.6% (up by 1.4 pps); and in Cyprus, at 3.2% (up by 2.0 pps) (see Chart 16). In contrast, the situation of the long-term unemployed has improved in seven Member States, in particular in Germany, where it fell to 2.5% (down 0.4 pp), and in Sweden, at 1.3% (down 0.1 pp). Austria can boast the lowest long-term unemployment rate in the EU (1.1%). In comparison with their active populations, there are 10 times more long-term unemployed people in Spain and Greece than in Austria.

**Chart 16: Long-term unemployment rates for the EU, the euro area and the Member States in 2011q2 and 2012q2**



Source: Eurostat, LFS; data non-seasonally adjusted [une\_ltu\_q].

*Long-term unemployment is set to continue to rise due to growth in the number of recently unemployed people*

The number of short-term unemployed has also surged since mid-2011, with close to 1 million more newly unemployed in the EU in the year to 2012q2 (see Chart 15). This increase (+14.3%) is the sharpest since the increase seen during the financial crisis. The current unfavourable trend will inevitably lead to a further rise in long-term unemployment.

*Unemployment exit probability has declined; on average 40% of the unemployed in the EU are now likely to be out of work for more than one year*

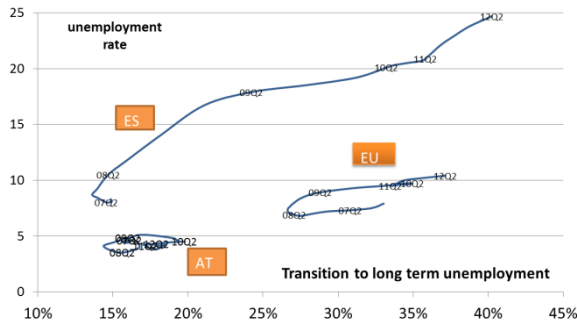
The chances of an unemployed person finding a job before becoming long-term unemployed fell in the first quarter of 2012. In fact there was an increase in the rate of transition to long-term unemployment,<sup>11</sup> which reached 37% (see Chart 17). This means that, under current labour market conditions, an average of two in five unemployed people in the EU will remain unemployed for more than one year. In some countries, labour market prospects have not worsened in recent years. In Austria the probability of being unemployed has remained low (below 5%), as has the probability of going on to be unemployed for more than a year (below 20%). At the other extreme, in Spain, with the current labour market conditions, 1 in 4 active people is unemployed and 2 in 5 of the

<sup>11</sup> The rate of transition to long-term unemployment is calculated as the number of persons unemployed for a duration of 12-24 months divided by the number of persons unemployed for less than 12 months one year earlier.



unemployed will become long-term unemployed.

**Chart 17: Unemployment rate and the rate of transition to long-term unemployment, 2006q4 to 2012q2 in the EU, Austria and Spain:**



Source: Eurostat, LFS; data non-seasonally adjusted [lfsq\_ugad].

## Inactivity and discouragement

### *Inactivity in the EU keeps falling...*

Despite the continuous increase in unemployment, inactivity keeps decreasing. The inactivity rate declined by a further 0.6 pp over the year to the second quarter of 2012 and it is now at 28.2 % (see Chart 18).

### *... with strong declines in the Member States in which the inactivity rate was high*

The decline in inactivity was concentrated in the Member States with the highest inactivity rate (above 35%), namely Romania, Hungary, Italy and Malta, as well as in the Netherlands which, on the contrary, is converging towards the low inactivity rate it had four year earlier (20.6% in the second quarter of 2008). Some Member States (Denmark, Germany, Portugal, Slovenia and Ireland) diverged from the general trend, with marginal increases in inactivity rates, or as in Cyprus and Belgium with a considerable increase in the rate (up by 1 and 0.4 pps, respectively).

Inactivity rates vary considerably across Member States (from 18.5 % in Sweden to 37.4 % in Malta), although divergences are less marked than at the beginning of the crisis.

### *The inactivity rate of men started declining*

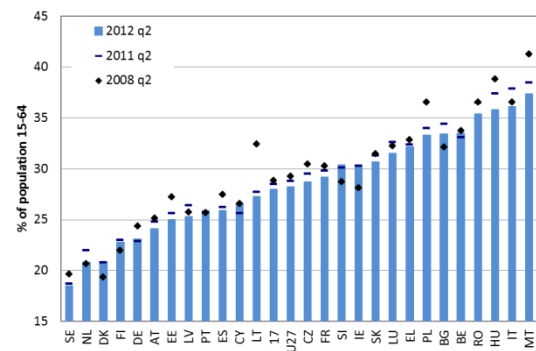
Female participation in the labour market continued to increase over the year to the second quarter of 2012 (inactivity fell by 0.8 pp) and also men started to participate more. Indeed, after a period of relative

stability the inactivity rate among men fell by 0.5 pp. The gender gap in activity rates declined by a further 0.3 pp (down to 12.4 %), confirming a general decline since the beginning of the crisis (it having been at 14 % in the second quarter of 2008).

### *Discouragement has been increasing among the smaller share of inactive people*

Unemployment and long-term unemployment have surged during the crisis (now affecting 10.7 % and 4.6 % of the active population, respectively) and have been accompanied by an increase in discouragement. In 2011, the share of inactive persons that did not believe there was a job available was up by 1.5 pps (to 5.2 %) compared to the onset of the crisis. The share of inactive persons who would like to work but who are not actively seeking employment increased over the year to the second quarter of 2012 by an additional 0.9 pp (it increased by 0.7 pp in 2011 and by 0.2 pp in 2010).

**Chart 18: Inactivity rates for EU Member States**



Source: Eurostat, LFS; data non-seasonally adjusted [lfsq\_inac].

## Youth

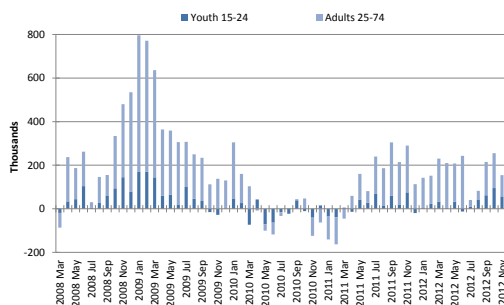
### *Youth unemployment is surging again, while employment remains depressed ...*

Over the year to the second quarter of 2012, employment declined by 3.7 % among young people (below the age of 25), but only by a more limited 0.4 % among the entire working-age population (15-64). Even more dramatic is the collapse of youth employment since the second quarter of 2008: -16.3 %, against -2.2 % in the entire working-age population. According to recent Eurostat estimates, youth unemployment has grown further over recent months, reaching 23.7 % in November 2012, up by

1.5 pps over the year, compared with 0.7 pp for the total population.

Youth unemployment began to climb again in May 2011 and grew at a sustained pace – with the exception of December 2011 and June 2012 –, peaking at 5.8 million in November 2012. Between June and November 2012, the number of unemployed young people rose by 266 000 (+4.8%, see Chart 19), while unemployment among adults aged 25 to 74 also continued to increase, albeit more slowly (+2.4%). Compared with the previous low point in April 2011, youth unemployment in November 2012 was up by a significant 636 000 (+12.3%), driven mostly by the increase in jobless young men (+13.4%).

**Chart 19: Changes in unemployment among young people and adults in the EU, 2008-2012**



Source: Eurostat, Series on unemployment; data seasonally adjusted [une\_nb\_m].

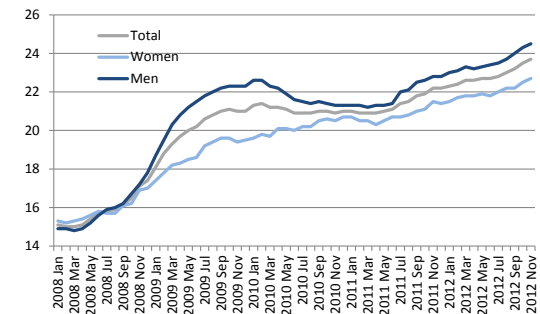
... affecting both young women and men

The downturn in 2008-2009 and the deterioration seen last year have worsened the labour market situation for young people. At 5.8 million in November 2012, youth unemployment in the EU went up by 44% (nearly 1.8 million) compared to the pre-crisis level (March 2008), driven by a sharper rise in unemployment among young men, up by 1 093 000 (+50.5%), than among young women (+ 691 000, i.e. +37.3%).

After remaining stable at around 21% between autumn 2009 and mid-2011, the youth unemployment rate has surged since autumn last year and passed the 23% mark in August 2012. It stood at 23.7% in November 2012, some 2.8 pps higher than the low recorded in February-April 2011. The rate now stands at 24.5% for young men (+1.7 pps over the year) and 22.7% for young women (+1.2 pps, see Chart 20).

The youth unemployment rate has always been around 2.5 times higher than the rate for adults (aged 25 to 74). While the adult unemployment rate stood at 9.3% in November 2012, i.e. 3.6 pps higher than its pre-crisis level of 5.7% in early 2008, the rate for young people (now 23.7%) was markedly up, by 8.7 pps from a low of around 15%.

**Chart 20: Youth unemployment rates for the EU by sex, 2008-2012**



Source: Eurostat, Series on unemployment; data seasonally adjusted [une\_rt\_m].

*Employment decline for young people was most dramatic in both temporary and full-time jobs*

As mentioned above, over the year to the second quarter of 2012, employment declined by 3.7% among young people, driven essentially by a fall in temporary contracts (-4.3% vs -2.7% for the 15-64 age group). The relative expansion of part-time jobs (+1.5%) was not sufficient to make up for the recorded drop in full-time employment (-6.1%).

More than 40% of young employees in the EU have temporary jobs, a figure that has increased during the downturn. In the second quarter of 2012, the percentage stood at 42%, up 2.5 pps on 2008q2, as against 13.9% for the entire working-age population. In the second quarter of 2012, there were 7.3 million temporary young employees, 950 000 (roughly 12%) fewer than four years earlier. However, permanent employment declined by 2.7 million (-19%) to 11.5 million over the same period.

In the second quarter of this year, more than 30% of young workers were on part-time contracts: the exact figure was 32%, up 0.9 pp on the first quarter of 2012 and 1.7 pps on the second quarter of last year. The corresponding figure had been below the 27% mark throughout 2008. In the second quarter of 2012, there were 6 million part-time young workers, the same

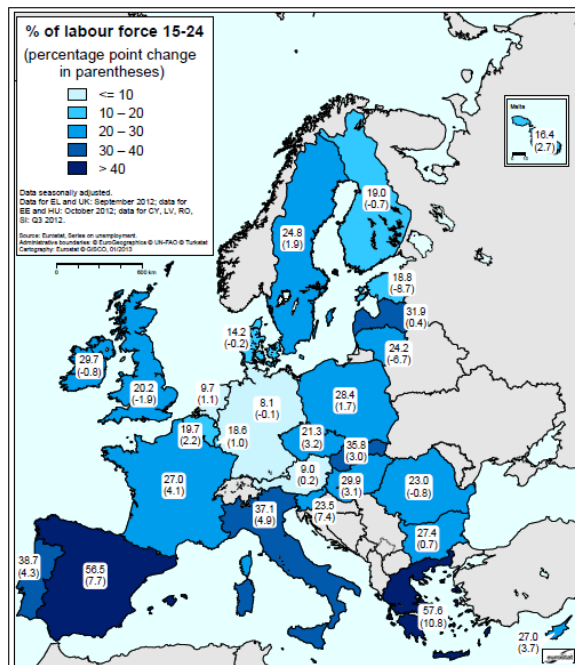
number as four years earlier, after having dropped to 5.7 million two years ago, but full-time employment declined by 3.7 million (-22.3%) to 12.7 million over the same four-year period. Over the year to the second quarter of 2012, the number of young part-timers crept up by 1.5%, while the number of young full-timers fell significantly, by 6.1%.

*Rising inactivity and unemployment have led to a declining youth employment rate*

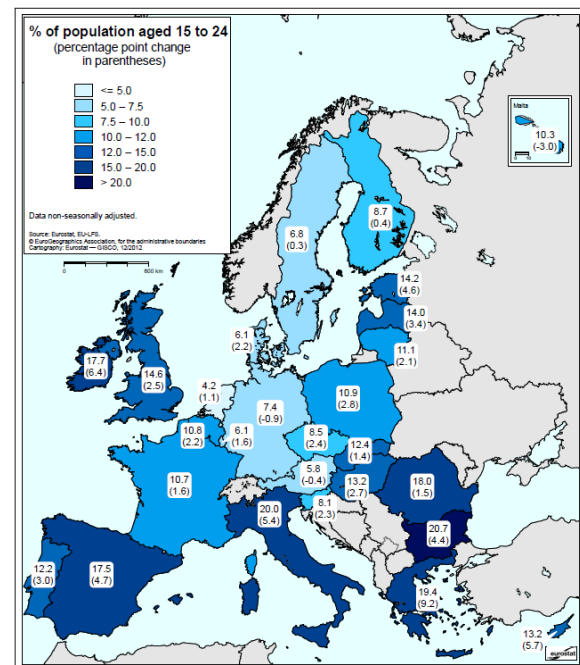
Reflecting overall job losses, the employment rate for young people fell by a

significant 4.5 pps to 32.8% over the four years to the second quarter of 2012. However, this decline was due not only to the surge in the unemployment rate (up by 6.6 pps to 23.7% in November 2012) but also largely to the rise in the inactivity rate (up by 1.7 pps to 57.8% in 2012q2) (see Chart 24). In the year to the second quarter of 2012, the youth employment rate fell by 0.7 pp, as against only 0.2 pp (to 64.3%) among the whole working-age population.

**Chart 21: Youth unemployment rates and year-on-year changes, November 2012**



**Chart 22: NEET rates in 2012q2 and changes since 2008q2**



*Most Member States have to cope with dramatically high youth unemployment*

As Chart 21 shows, the labour market situation for young people varies significantly across Member States. Over the last year, the youth unemployment rate increased in all but eight Member States. While Mediterranean countries (Greece, Spain, Slovenia, Italy, Portugal and France) recorded the highest year-on-year rises (more than 4 pps), the rate went down significantly in Estonia, Lithuania and the United Kingdom (by -8.7, -6.7 and -1.9 pps) and, to a lesser extent, Ireland, Romania and Finland (down by almost 1 pps).

Youth unemployment remains a serious problem in most countries, hitting historic highs in some. The youth unemployment rate is still over 15% in all but four countries (Germany, Austria, the Netherlands and Denmark). At another extreme, unemployment affects at least 30% of active young persons in Portugal, Italy, Slovakia and Latvia, as well as in Greece and Spain, where the number of young unemployed persons has even exceeded that of the young people in work for about one year (youth unemployment rate higher than 50%), with respectively 57.6% in September 2012 and 56.5% in November 2012.

### *Growing long-term unemployment and inactivity pose serious risks for the young generation*

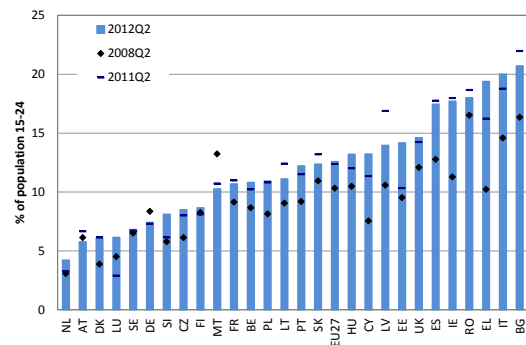
Following the large influx of young unemployed persons in 2008 and 2009, their long-term unemployment rate first plateaued at around 6% in 2010 through to mid-2011, up from 3.5% in 2008. After levelling out, the rate has worsened recently, rising to 7.2% in the first and second quarters of 2012 (see Chart 26). Consequently, nearly one in three young unemployed persons has been without a job for more than a year, compared with roughly 22% at the onset of the crisis.

The inactivity rate among young people remained virtually the same during 2011, at about 57.5%, up from 56% two years earlier, but then suddenly rose to roughly 58% in the first two quarters of 2012. To some extent, this increase was the result of discouragement. In the second quarter, 3% of inactive young people were actually seeking employment, the same share as in the second quarter of last year, but up by 0.7 pp on the previous quarter. At the same time, 11.9% wanted to work but were not seeking employment, a percentage close to pre-crisis levels, though. 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 around 90%.

### *The risks for young people in the EU lie in the rise in NEET, affecting the less educated in particular*

Given that so many young people are in education, inactivity as such should not be the major concern, but rather the proportion of young people who are neither in employment nor in education and training (NEET). In the second quarter of 2012, 12.6% of young people (7.1 million) fell into the NEET category, up sharply (by around 1.1 million) on the 10.3% registered four years earlier (see Chart 22 and Chart 23).

**Chart 23: NEET for EU Member States, 2008q2, 2011q2 and 2012q2**



Source: Eurostat, LFS; data non-seasonally adjusted [edat\_ifse\_20].

The NEET rate rose in all Member States during the four years to the second quarter of 2012, except in Malta (-3.0 pps), Germany (-0.9 pp) and Austria (-0.4 pp). The largest surges were seen at the periphery of the EU: Greece (+9.2 pps), Ireland (+6.4 pps), Cyprus (+5.7 pps), Italy (+5.4 pps), Spain (+4.7 pps) and the Baltic States of Estonia and Latvia (roughly +4 pps). Consequently, the NEET rate now varies more widely across Member States, ranging from around 5-6% in the Netherlands, Austria, Denmark and Luxembourg to around 20% in Bulgaria, Italy and Greece.

If the age group is enlarged to include persons up to the age of 29, the NEET rate is generally 1 or 2 pps higher than in the 15-24 age group. In 2011 on average, it reached 15.4%, against 12.9% among those aged under 25. In both age groups, the less educated<sup>12</sup> account for nearly half of the NEETs (47.3% for those aged less than 25, 42.9% in the 15-29 age group). According to a recent Eurofound estimate,<sup>13</sup> the economic cost of not integrating NEETs is estimated at over €150 billion, or 1.2% of GDP, in 2011 figures. Some countries, such as Bulgaria, Cyprus, Greece, Hungary, Ireland, Italy, Latvia and Poland, are paying 2% or more of their GDP.

<sup>12</sup> Pre-primary, primary and lower secondary education (ISCED levels 0-2).

<sup>13</sup> See also

<http://www.eurofound.europa.eu/emcc/labourmarket/youth.htm>. Full report: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1254.htm>

### *Youth employment: Commission proposes package of measures*

Youth unemployment remains "the most urgent social matter".<sup>14</sup> Fairness and equity means giving a chance to young people. Measures to help Member States tackle unacceptable levels of youth unemployment and social exclusion by giving young people offers of jobs, education and training have been proposed by the European Commission. Its **Youth Employment Package**,<sup>15</sup> launched on 5 December 2012, includes a proposed Recommendation to Member States on introducing the Youth Guarantee to ensure that all young people up to age 25 receive a quality offer of a job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed.

### *Other selected groups*

In the second quarter of 2012 the EU labour market situation deteriorated further compared to the previous year, in particular, for the low skilled. Although the labour market situation of youth and migrants remains the most difficult (with unemployment rates over 20%), the unemployment rate of prime age adults (25-54) and EU nationals also started to rise noticeably again.

In order to raise the overall employment rate in the EU (now at 68.7% for the 20-64 age group) to the EU2020 target of 75%, particular efforts are needed to boost the employability of older people aged 55-64 (whose ER is now at 48.9%), and of the low skilled (52.5%), migrants (56.7%) and women (62.6%) in the age group 20-64.

<sup>14</sup> This is how European Commission President Manuel Barroso had qualified the plight of youth unemployment, in his State of the Union address to the European Parliament in September 2011 (see also [http://ec.europa.eu/commission\\_2010-2014/president/state-union-2011/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/president/state-union-2011/index_en.htm)). See also other references (incl. to the Youth Opportunities Initiative) in the March 2012 issue of the Quarterly Review: <http://ec.europa.eu/social/main.jsp?langId=en&atId=89&newsId=1255&furtherNews=yes>

<sup>15</sup> More information at <http://ec.europa.eu/social/main.jsp?langId=en&atId=89&newsId=1731&furtherNews=yes> and <http://ec.europa.eu/social/youthemployment>

### *The exceptional decline in the inactivity rate of older workers did not worsen their relative unemployment rate*

Compared to other age groups, older people aged 55-64 have been the least affected by the downturn in the labour market in terms of unemployment, while their labour market attachment increased considerably.

Notwithstanding an exceptional decline in the inactivity rate of older people (aged 55-64) by 1.8 pps (down to 47.3%) (Chart 24), the unemployment rate increased by 0.6 pp over the last year (up to 7.3%, see Chart 25). The unemployment rate of older people nevertheless remains lower than for other age groups. Their long-term unemployment rate increased by 0.4 pp, and at 4.2% is now lower than for prime age adults (4.3%) (see Chart 26).

Over the last four years of overall labour market downturn, the position of older working age people has been better than for other age groups. Their unemployment rate increased by 2.3 pps with respect to an average of 3.4 pps, the inactivity rate declined by 4.5 pps with respect to an average decline of 1 pps, while their employment rate increased by 3.1 pps despite a general decline of 1.6 pps.

### *Older working age people still vulnerable to long-term unemployment and low labour market participation*

The relatively favourable labour market situation of older people hides two aspects that make them still vulnerable. First, almost 60% of older unemployed are long-term unemployed, while for young people (aged 15-24) the share is around half this at 32%. Second, the labour market participation of older people aged 55-64 remains low, at 48.9% in the second quarter of 2012 and well below what is needed to support reaching the Europe 2020 employment target.

### *The risk of poverty and social exclusion for older working age people is on the rise*

After a decline in the previous year, in 2011 the risk of poverty and social exclusion for older working age people increased as much as for other age groups. Around 25.7%<sup>16</sup> of people aged 55-64 in the EU are now classified as living in poverty and social exclusion, up by 0.8 pp on 2010. The share of 55-64 year-olds classified as income poor

<sup>16</sup> 2011 data on poverty and social exclusion do not include Ireland and Italy.

increased by 1.2 pps (up to 14.8 %) in 2011, while the share of severely materially deprived increased by 0.9 pp (up to 8.3 %).

*Migrants in the EU are increasingly unemployed or inactive ...*

After a small increase in 2011, the unemployment rate of non-EU nationals increased by 1.7 pps (up to 21.2 %) over the year to the second quarter of 2012 (see Chart 27). Their inactivity rate increased by an extraordinary 1.1 pps (up to 32 %), following a period of stability between 2010 and 2011. The increase in the inactivity and unemployment rates pushed the employment rate of non-EU nationals down to 53.5 % (-2.1 pps).

The 21.2% unemployment rate for migrants is still more than double the rate for nationals (9.6%). The gap in the unemployment rate between nationals and migrants was around 7-8 pps before the crisis, jumped to 11 pps immediately after and it is now at almost 12 pps. The inactivity rate gap had fluctuated around 2 pps before the crisis, it declined to 1.3 pps in the early phases of the crisis to slowly increase up to 3.8 pps in the second quarter of 2012. Since the beginning of the crisis, the increasing employment gap between nationals and migrants (11.3 pps in the second quarter of 2012, 6.5 pps in 2008 and around 9 pps until 2011) has been mainly explained by the surge in unemployment for migrants (see Chart 28).

*... and for a longer time*

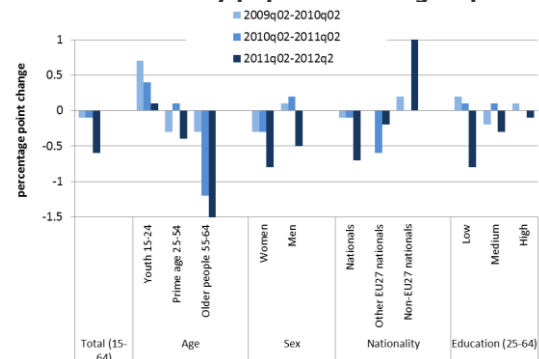
After a marked increase in the long-term unemployment rate from 2009 to 2010, non-EU nationals suffered a further increase over the year to the second quarter of 2012 (+1.1 pps). The long-term unemployment rate of migrants is now at 9.5 %, while the gap with nationals widened further. However, the share of unemployed migrants who have been without a job for more than one year (almost 45 %) remained broadly similar to that of nationals.

*The labour market situation of migrants has increasingly pushed them into poverty and social exclusion*

The risk of poverty or social exclusion among migrants increased sharply in 2011 up to 46.7 %, corresponding to an increase of almost 5 pps with respect to the previous year. The rapid deterioration of the social situation of migrants was mainly due to an increase in monetary poverty (+2.5 pps up

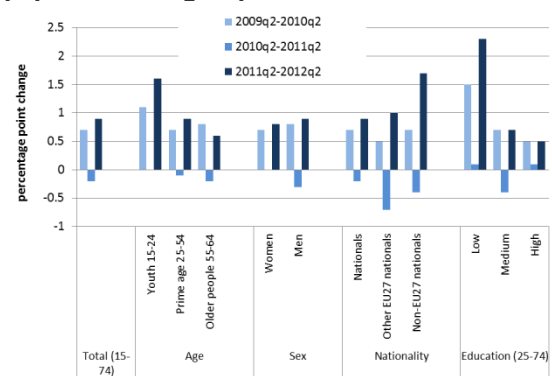
to 34.7 %), while severe material deprivation remained fairly stable (at 16 %). The share of migrants in a situation of poverty or social exclusion remains almost 60 % higher than that of nationals (at 28 % in 2011).

**Chart 24: year-on-year changes in inactivity rates for the EU by population subgroups**



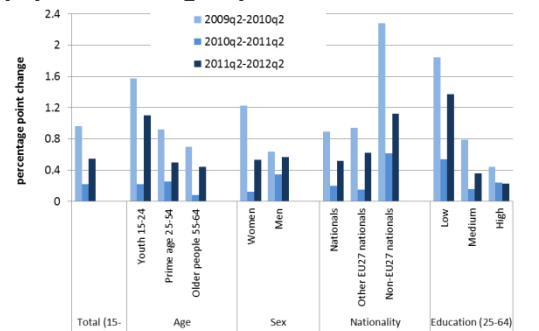
Source: Eurostat, LFS; data non-seasonally adjusted [lfsq\_inac].

**Chart 25: year-on-year changes in unemployment rates for the EU by population subgroups**



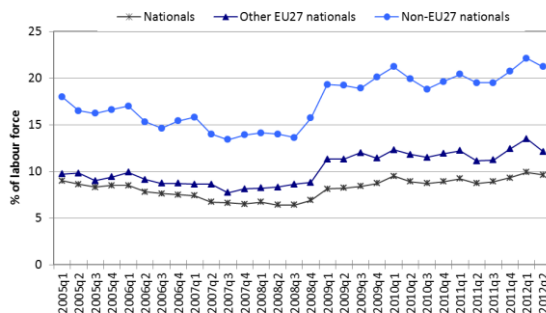
Source: Eurostat, LFS; data non-seasonally adjusted [lfsq\_organ] and [lfsq\_urgaed].

**Chart 26: year-on-year changes in long-term unemployment rates for the EU by population subgroups**



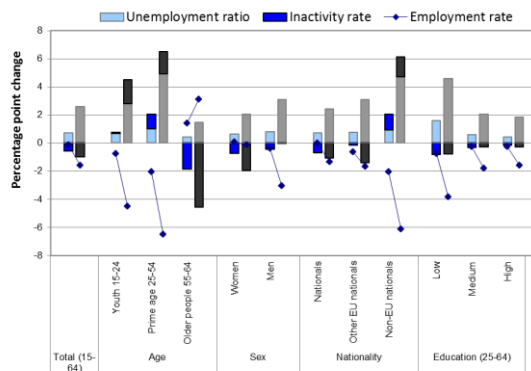
Source: Eurostat, LFS; data non-seasonally adjusted [une\_ltu\_q].

**Chart 27: Unemployment rates for the EU by nationality**



Source: Eurostat, LFS; data non-seasonally adjusted [lfsq\_urgan].

**Chart 28: Changes (year-on-year and three years to 2012q1) in employment rate broken down into changes in the unemployment ratio and inactivity rate for the EU by population groups**



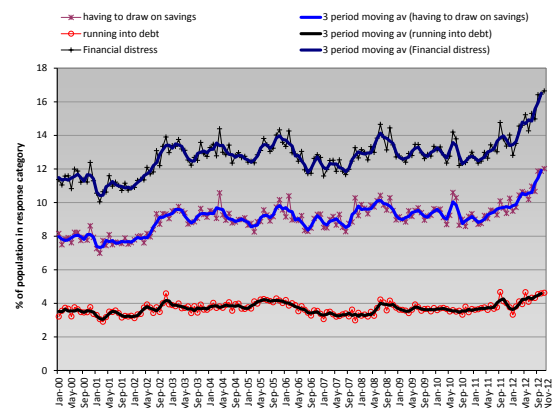
Source: Eurostat, LFS; data non-seasonally adjusted [lfsq\_emprt], [lfsq\_unemp] and [lfsq\_inac].  
Note: First bar - one-year change 2011q1-2012q1, second bar - four-year change 2008q1-2012q1

## 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 the EU population whose households 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 recent surveys indicate that the share of the EU population<sup>17</sup> reporting their households are experiencing financial distress<sup>18</sup> has risen worryingly sharply in recent months, reaching yet another new historical high<sup>19</sup> at levels well above those observed at any time in the previous decade (see Chart 29). The recent jump mainly reflects a sharp rise in the share of households having to draw on savings, which is at a level clearly well above that observed in late 2008, when the financial crisis was coming to a head in Europe.

**Chart 29: Share of EU population in households reporting financial difficulties (2000-2012)**



Source: Joint harmonised EU consumer surveys; data non-seasonally adjusted.

Sharp rises in financial distress have now permeated across all income groups. Over recent months middle income households

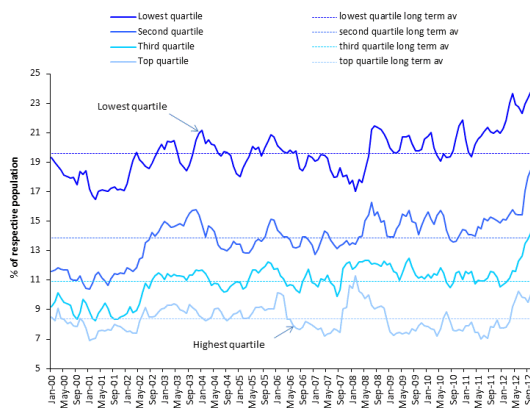
<sup>17</sup> The sample underlying the consumer surveys is representative of the adult population rather than households in a given country.

<sup>18</sup> The combined population shares reporting they are either having to draw on savings or are running into debt.

<sup>19</sup> The data series began in the mid-1980s.

have experienced the same marked rises in financial distress that had been observed earlier in 2012 for the bottom and top quartiles (see Chart 30). Underlying this is a very sharp rise in the population in households in the two middle quartiles having to draw on their savings. Consequently, while for the EU as a whole people in the lowest income quartile still experience the highest levels of financial distress, the gap to the middle income quartiles has reduced over recent months. In contrast, financial distress in the upper income quartiles has not changed very much since the middle of the year.

**Chart 30: Reported financial distress in EU households by income quartile of household (2000-2012)**



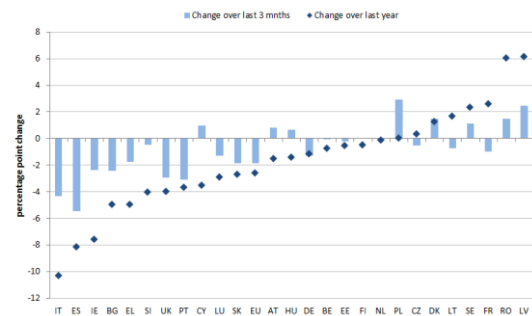
Source: Joint harmonised EU consumer surveys & DG EMPL calculations; data non-seasonally adjusted

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

The marked divergence in developments in household financial situations across individual Member States continues (see Chart 31). In around half of the countries the balance figures<sup>20</sup> on the financial situation in households have worsened noticeably over the last three months, particularly in Italy and Spain, while, in contrast, improvements were observed in several, most notably in Latvia and Poland. On an annual basis, over the year to October the balance of consumer opinion has clearly worsened in around two-thirds

of Member States, with the sharpest declines being recorded in Bulgaria, Greece, and above all, in Ireland, Italy and Spain. Only a few countries have witnessed improvements, namely Denmark, Sweden and France, but also Latvia, Lithuania and Romania, countries where the balance fell sharply after the 2008 economic crisis but where it has somewhat recovered subsequently.

**Chart 31: Change in the balance of consumer opinion on the current financial situation in their households across EU Member States (October 2012)**



Source: Joint EU harmonised consumer surveys & DG EMPL calculations; data seasonally adjusted  
Note: 3-month centred moving average figures.

Returning to financial distress, similar patterns as in the preceding balance figures are reflected in the overall yearly change in the financial distress indicator across Member States. Italy recorded a particularly sharp rise in financial distress (of over 13 pps), while Bulgaria, Greece, Ireland, Portugal and Spain also recorded marked rises of the order of 5 pps. In contrast the level of financial distress fell sharply in Latvia and Romania.

Focusing solely on households within the lowest income quartile group - normally those most likely to suffer from difficulties to cover their current expenditures - the share of people experiencing financial distress has increased over the last year in the vast majority of Member States (see Chart 32). Of particular note are the strong rises in financial distress among the lower income quartile households in Bulgaria, Ireland and Italy, all with year-on-year rises of the order of 15 pps. Only a few Member States have seen a fall in the share of lower income households reporting financial distress over the last year, most notably Latvia, Lithuania and Romania.

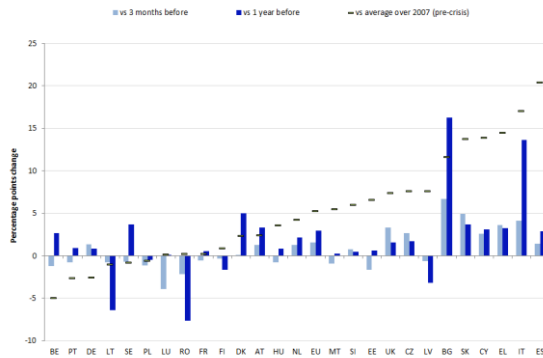
In a longer term perspective, comparison against the average level of financial distress among lowest quartile households over 2007 highlights their much worsened

<sup>20</sup> The overall balance for the consumer survey questions reported here is calculated according to the formula  $balance = (PP + \frac{1}{2} P) - (\frac{1}{2} M + MM)$ , 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.



situation especially in Spain, Italy, Greece, Cyprus and Slovakia compared to prior to the economic crisis, but also clearly illustrates how consumers in many Member States are still suffering from the aftereffects of the 2008 crisis. Comparison of changes in levels of financial distress for the lower quartile households with that for the overall population (see Chart 33) suggests that the poorer households have suffered relatively more from the effects of the crisis in most countries. However, it would appear that poorer households have been relatively protected in some Member States, most notably in Belgium, Greece, Hungary, Portugal and Romania.

**Chart 32: Change in population share in households in the lowest income quartile reporting financial distress across the EU (as at October 2012)**

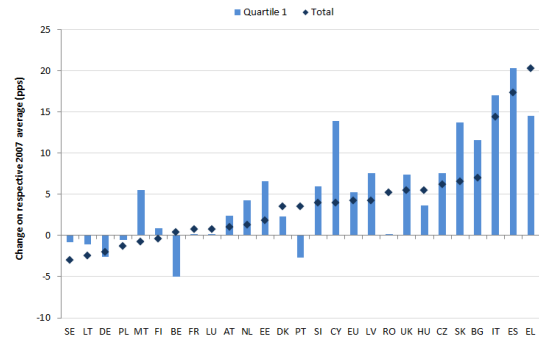


Source: Joint harmonised EU consumer surveys & DG EMPL calculations; data non-seasonally adjusted.

Note: Based on 3-month centred moving averages. Break in series for Ireland in 2009.

(figures for change vs 3 months before 8.5 pps, and one year 15.5 pps.

**Chart 33: Change in financial distress for the population in the lowest quartile and the total population versus their pre-crisis averages over 2007 (as at October 2012)**



Source: Joint harmonised EU consumer surveys & DG EMPL calculations; data non-seasonally adjusted.

Note: Based on 3-month centred moving averages.

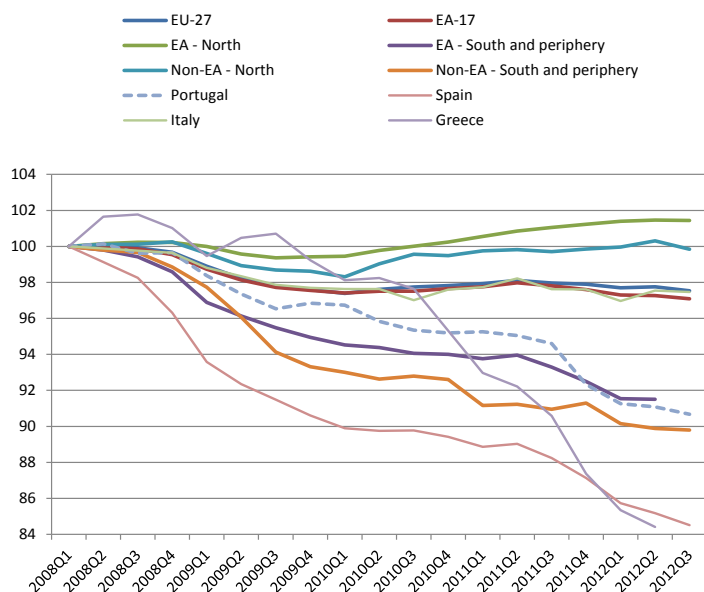
### Box 1: Situation in Portugal

This box provides a brief overview of recent socio-economic developments and forecasts in Portugal, a country that has received financial support from the EU, ECB and IMF in recent years. Against a backdrop of a deepening economic downturn, unemployment in Portugal is at its highest level ever and set to rise further in the coming months.

GDP shrank by 3.5% year-on-year in the third quarter, a deepening of the downturn compared to the previous quarter (when the decline was 3.1%). All components of domestic demand (private and government consumption) are very weak, with year-on-year decline of at least 4.5%. As a result, imports are 8% lower than a year ago, and net exports are the only factor contributing positively to growth. Exports are 1.5% higher than a year ago.

Owing to the difficult economic situation and outlook, consumer confidence is, as confidence in the services and construction sectors, close to its lowest level since 1990. Only industrial confidence has improved somewhat compared to 2009. Employment in the third quarter of 2012 was more than 4% below the year-ago level. As highlighted by Chart 34, the decline in employment figures was among the most significant falls in the EU, compared to other southern Member States and the rest of the euro area. Employment in Portugal has declined almost continuously for four years. Compared to the first quarter of 2008 set at 100, the employment level stood hardly above the 90 mark, mirroring the trend witnessed in southern and peripheral members of the euro area. Spain and Greece did worse, reaching around 85.

**Chart 34: Employment developments in Portugal and selected (groups of) Member States, 2008q1 – 2012q3, 2008q1 = 100**



Source: Eurostat, National accounts [namq\_aux\_pem] and LFS [lfsq\_egan] for Greece.

Notes: EA - North (AT, BE, DE, FI, FR, LU, NL); EA - South and periphery (EE, ES, EL, IE, IT, CY, MT, PT, SI, SK); Non-EA - North (CZ, DK, PL, SE, UK); Non-EA - South and periphery (BG, LV, LT, HU, RO). No data for RO. 2012q3 data not available for IE, LU and MT: 2011q4 was considered for IE, 2012q2 for LU and MT.

Reflecting the weakness in the labour market, both the job vacancy rate and the labour shortage indicator stand at very low level (in geographical and historical terms). In this context, the unemployment rate in Portugal registered a new historical record. It stood at 16.3% in October, i.e. the third highest rate in the EU, after Greece and Spain. This is an increase of 2.6 pps over October 2011, and of 7.8 pps over October 2008. Youth unemployment in Portugal is at its highest and also ranks third EU-wide — after Greece and Spain — at 39.1%, up 6.0 pps over the year and 19.8 pps since October 2008.

According to the Commission's autumn 2012 forecast, unemployment is set to rise further in the remainder of the year, averaging 15.5% of the labour force in 2012. In 2013, continued weak domestic demand (shrinking by a further 2.5%) is likely to weigh on employment (forecast to drop by a further 1.6%). As a result, the unemployment rate is expected to peak at above

16%, while the annual average for 2013 is projected at 16.4%. Employment gains are expected only in 2014, when the economy is set to gain traction due to accelerated export activity.

Among the euro-area Member States, Portugal has the third highest percentage of poor people. Almost 2.6 million people were at risk of poverty or social exclusion in 2011, accounting for 24.4% of the total population, 0.2 pp above the EU average (18.0% were at risk of poverty after social transfers; 8.3% were severely materially deprived; and 8.2% were living in households with very low work intensity). Nevertheless, the number has fallen compared to 2010 (25.3%) and 2008 (26%).

## Underlying labour market and social developments

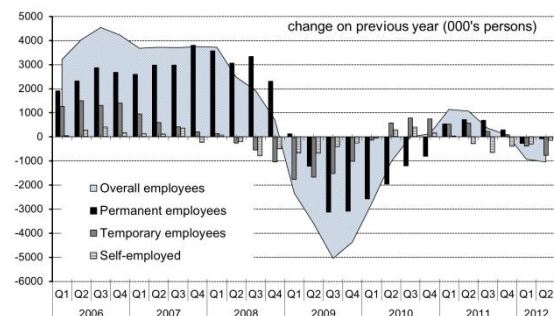
### Employment patterns

*In the second quarter of 2012, a drop in temporary employment was behind most of the total decline in employment*

Over the year to the first quarter of 2012 the number of workers in permanent and temporary employment at European aggregate level decreased by -0.06% (83 000 employees) and -3.2% (760 000 employees), respectively (see Chart 35). Since the second half of 2011 both types of employment have been declining, gradually reducing total employment. Self-employment has fallen too, dropping over the year to 2012q2 by 0.5% (150 000 people) after three consecutive quarters of contraction.

In the second quarter of 2012, the decline in temporary employment accelerated, and accounted for close to 80% of the total annual drop in employment. At the same time the decline in permanent and self-employment eased.

**Chart 35: Employees in permanent and temporary work, self-employment and total employment (15-64) (1 000 persons), 2006-2012, y-o-y change**

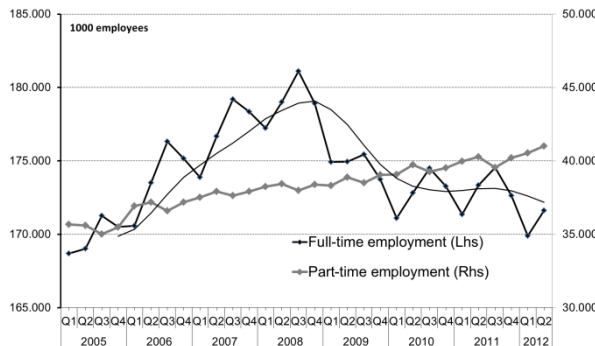


Source: Eurostat, Labour Force Survey, data non-seasonally adjusted [lfsq\_epgaed].

*Full-time employment is falling, driving down total employment, while part-time employment remains on a rising trend*

In the second quarter of 2012, the number of full-time workers in the EU recorded its largest annual drop since the financial crisis, falling by 1.72 million. The downward trend in full-time employment worsened in 2012q2 (-1% year-on-year) after a -0.9% fall in the previous quarter (see Chart 36). Seen over the medium term, full-time employment is in its fourth consecutive year of contraction, down by 7.4 million (-4.1%) since the second quarter of 2008.

**Chart 36: Number of part-time and full-time employees in the EU (1000 employees) in the EU, 2005-2012**



Source: Eurostat, Labour Force Survey, data non-seasonally adjusted [lfsq\_epgaed].

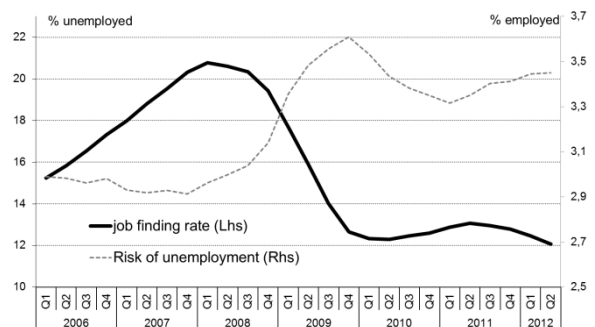
At EU aggregate level, the number of employees working part time has steadily grown, rising by 740 000 over the year to the second quarter of 2012. The increase is accelerating, with annual growth of +1.8 % in 2012q2 after +1.4 % in 2012q1. Over a longer-term perspective, there has been constant growth in recent years, with 2.6 million more part-time jobs since the second quarter of 2008, a rise of 6.7%. Consequently, part-time workers' share of total employees in the EU has risen constantly in recent years, reaching 19.3 % in the second quarter of 2012.

### Vacancies: jobs starters and leavers

*The EU job-finding rate has further decreased from an already low level, while the risk of unemployment has increased*

The job-finding rate in the EU, defined as the monthly ratio of the number of people starting a new job to those in unemployment,<sup>21</sup> decreased from 12.5 % in 2012q1 to 12.1 %<sup>22</sup> in 2012q2, its lowest level over the period under review (see Chart 37). This illustrates that it is increasingly hard for an unemployed person to find a job. In addition, the risk of employed people in the EU losing their job (risk of becoming unemployed<sup>23</sup>) remained relatively high at 3.5 % in 2012q2, up 0.1 pp compared to the previous quarter.

**Chart 37: Job-finding rate and risk of unemployment in the EU**



Source: Eurostat, LFS; DG EMPL calculation.

*Over the past three years, the chance of finding a job on the EU labour market has been relatively low, while the risk of an employed person losing their job has increased with the crisis*

The EU job-finding rate remained low over the past year, as compared to the pre-crisis period. It has now dropped to under 13 %, from an average of over 20 % four years ago (see Chart 37). The risk of becoming unemployed has remained high in the EU since 2009 and has now reached an average of 3.4 %, increasing from less than 3 % in 2006 and 2007.

<sup>21</sup> People starting a job include those previously in work and simply changing jobs (employment to employment flows), those unemployed (unemployment to employment flows) or those 'not in the labour force' (inactivity to employment flows).

<sup>22</sup> Average of the four quarters preceding 2012q2.

<sup>23</sup> Monthly ratio of the number of people leaving their job to the number of people in employment.

In the large Member States, except Germany, the job-finding rate decreased sharply in recent years and is still dropping in Spain, Italy and Poland, although it seems to have stabilised in France and the United Kingdom, albeit at a rather low level (see Chart 38). Germany, on the other hand, has seen a quasi-continuous increase in job prospects in recent years, as well as a decrease in the risk of unemployment.

**Chart 38: Job-finding rate and risk of unemployment in the large Member States, 2006-2012**



Source: Eurostat, LFS; DG EMPL calculation.

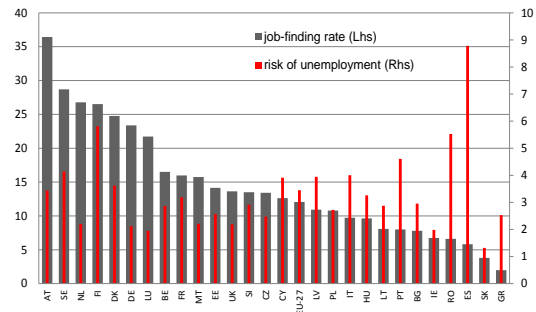
*Most Member States have seen labour market stagnation and low job creation in recent months*

The likelihood of finding a job fell sharply in 2009-2010 and in nineteen Member States decreased further in 2012q2, as compared to the previous quarter. In 2012q2, job finding prospects were highest in Austria (36.4%), Sweden (28.7%), the Netherlands (26.8%) and Finland (26.5%). In these four countries, under current labour market conditions, an unemployed person theoretically has more than a 1 in 4 chance of finding a job within one month. The job-finding rate was above 10% in ten countries, with the lowest rates in Spain (5.8%), Slovakia (3.8%) and Greece (2%).

*The risk of losing one's job is increasing in the majority of Member States, quite fast in some countries*

The ratio of the number of people leaving their job to the number of people employed increased in 2012q2 in fifteen Member States (see Chart 39), as compared to the previous quarter. In Cyprus, Greece, Hungary, Malta, Portugal, Romania and Spain the risk of unemployment has even surpassed the levels reached during the crisis.

**Chart 39: Job-finding rate and risk of unemployment in the EU and the Member States in 2012q2**



Source: Eurostat, LFS; DG EMPL calculation.

As recalled by Table 5 (at page 47), life satisfaction is closely linked to job security. Worsening job prospects has therefore had a negative impact on life satisfaction.

***Vacancies, labour shortages and hiring activity***

*The job vacancy rate fell in the third quarter*

In the third quarter of 2012, the EU job vacancy rate<sup>24</sup> fell compared to the year-ago level (1.4% against 1.5%). Year-on-year changes were small but negative in a majority of Member States. Only the Netherlands and Germany saw larger declines over this period (see Table 15 in Annex 1).

In December 2012, the European Commission published its first issue ever of the "Vacancy and recruitment report". Amongst others, the report shows that, notwithstanding a recovery in the number of vacancies in the EU, the pre-crisis levels of 2007 had not been reached by 2011.

In the fourth quarter of 2012, the labour shortage indicator, an alternative indicator derived from EU business surveys results<sup>25</sup>, fell 1 pps, to 4.5%, after it had hovered in the 5.5%-6.5% range since the start of 2011. In the fourth quarter, the indicator

<sup>24</sup> 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>.

<sup>25</sup> Source: Eurostat, [ei\_bsin\_q\_r2]. As the labour shortage indicator is seasonally adjusted, a quarter-on-quarter comparison is meaningful.

fell in most Member States, with large falls in the United Kingdom and Germany.

*Hiring activity remains low in most EU countries...*

The Monster Employment Index Europe<sup>26</sup>, gauging the online job posting activity, declined for the fourth month in a row, in annual terms, recording a 4% decrease in online hiring over the year to November 2012. Belgium and the United Kingdom are the only two regions to report annual growth, both up 1%. All other regions report reduced online recruitment activity compared to year-ago levels. Deceleration is confirmed in Germany, recording 5% decline in November, after a growth of 2% in October.

The sector of environment, architecture, urbanism recorded the seventh consecutive month as the top performing industry on a year-on-year basis, while transport, post, logistics has seen the sharpest reductions for the second consecutive month. Managers (+5%) see the greatest increase in demand year-over-year of all occupations, while elementary occupations (-16%) continues to report the weakest rates of annual growth for the sixth consecutive month.

According to the first-quarter 2013 Manpower Employment Outlook Survey,<sup>27</sup> the majority of employers in the global labour market are less confident about adding staff than they were at the start of 2012, suggesting a more difficult time ahead for job seekers. The weaker hiring sentiment is most evident across Europe, where employers in 13 of 24 countries are reporting negative outlooks for the first quarter, compared to eight countries just three months ago. Despite the uncertainty that prevails in Europe, the German labour market shows signs of resilience, as employers there report a similar forecast from three months ago. On the other hand, job prospects are expected to be weakest in Greece, Italy and Spain. The uncertainty in demand also extends to China, where employers report the weakest hiring plans in three years. Meanwhile, U.S. employers say they will hire at the same steady pace seen over the past six months.

According to Caden,<sup>28</sup> the employment outlook weakens in the first quarter of 2013, compared with one quarter ago. Considering the persistence of disheartening news and development, hiring intentions remain surprisingly resilient. Earlier in the crisis, China managed to maintain a strong performance with positive spill-over effects in the region and beyond. As China shows signs of softening, affecting German employers' hiring confidence, the US is finally showing clear evidence of a return to a healthy employment outlook at levels that has real potential to deliver job creation in this quarter and those ahead. Europe's uncertainties continue and improvement will have to wait until the region gets some help from the expected improvements in the US.

On the longer term, looking beyond the first quarter of 2013, Germany's employment outlook remains fragile until the US economy is on firmer grounds. In France, the economy is stagnant and the business environment continues to be unattractive. The government's reforms to tackle the country's lack of competitiveness are not considered to be 'enough' by investors or businesses. The employment outlook is weighed down by overly rigid labour markets and social charges on companies. The Spanish employment market remains extremely challenging. In decline since 2008, there is little prospect of improvement in the fourth quarter as almost all sectors continue to exhibit negative hiring intentions.

*... while EU's temporary agency work sector has receded for nine months in a row*

Latest data from Eurociett<sup>29</sup> confirm the decline in temporary agency work in the EU, which is a leading indicator of developments in the labour market. For the ninth month in a row, the industry has witnessed a year-on-year decrease in the number of hours worked. The agency work industry in Europe recorded a decline of 9.3% in September 2012, compared with the same period in 2011. The decrease of the industry in Italy (-11.6%), France (-11.5%) and Germany continues at high levels. Belgium (-6.9%) and the Netherlands (-4.0%) have seen smaller reductions over the same period.

<sup>26</sup> Source: <http://www.monster.com>.

<sup>27</sup> Source: <http://www.manpowergroup.com/press/meos.cfm>.

<sup>28</sup> Source: Caden Corporation, "Global Employment Outlook", First Quarter 2013.

<sup>29</sup> For further information on Eurociett, visit the website at: [www.eurociett.eu](http://www.eurociett.eu). Overall Europe data include EU and Switzerland.



## **Productivity, labour costs and hours worked**

*Labour productivity growth remained negative or very low in most Member States....*

Following notable decreases in labour productivity (per employed person) in the second quarter of 2012 (compared to the same quarter in 2011) several Member States (for which the data are available at the time of writing) continued to record a decrease in their labour productivity. See Table 16 in Annex 1.

Finland showed the strongest decrease, down from -0.3% in the second quarter of 2012 to a notable -1.6% decrease in the third quarter – comparing the quarter with the corresponding quarters in 2012. Nevertheless, this decrease was still smaller than the productivity loss recorded in the United Kingdom (down by -1.8% in the third quarter, compared to -1.4% in the second quarter) and Italy (down by -2.2%, compared to -1.6%).

Only Germany and Denmark could halt their decrease in productivity, while Belgium (-0.3% in the third quarter compared to -0.6 in the second quarter), Hungary (-1.1% compared to -2.0%) and Austria (-0.2% compared to -0.7%) recorded a slowdown in the pace of contraction.

Spain (+2.7%), Slovakia (+2.5%), Cyprus (+1.1%), Portugal (+0.6%), France (+0.3%) and Ireland (+0.2%) are the only Member States of the euro area that showed positive growth rates in each of the three quarters of 2012 – if compared with the same quarters in 2011<sup>30</sup>.

Among the Member States outside the euro area, only Poland (+4.5%) and Bulgaria (+2.2%) showed robust growth, while Lithuania (+9.5%) recorded exceptionally very strong productivity growth due to exceptional abundant harvests in agriculture and strong export growth in industry.

*...growth in nominal compensation per employee remained moderate...*

Growth in nominal compensation per employee remained modest in most Member States (for which the data are available at the time of writing) in the third quarter of 2012. See Table 17.

Italy (up from a negative growth rate of -0.7% in the second quarter to 0.1% in the third quarter) and Ireland (up from 1.4% to 2.3%) showed the strongest increase, while in Hungary (+4.5%), Austria (+3.5%) and Belgium (3.1%) nominal compensation per employee growth remained strong.

In Germany (2.5%) and France (2.0%) nominal compensation per employee growth remained close to the rates recorded in the second quarter.

Nominal compensation per employee decreased for the second quarter in a row in Spain (-0.3% in the third quarter compared to -0.2% in the second quarter) and Slovenia (-0.9% compared to -0.3%), while it decreased by -0.8% in Latvia, after recording a 1.0% rise in the second quarter.

Other Member States recorded some decrease in their growth rates, most notable Finland (down from 4.0% in the second quarter to 2.6% in the third quarter).

*...so that nominal unit labour cost developments differed somewhat across Member States ...*

Despite the weak productivity growth in most Member States, nominal unit labour cost (which is defined as nominal compensation per employee adjusted for productivity) grew overall at a weaker pace in the third quarter of 2012 than the second quarter of 2012 – if compared with the same quarters in 2011 (for the Member States for which the data are available at the time of writing). Nevertheless, some notable exceptions have been recorded. See Table 18.

In Ireland nominal unit labour cost growth (if compared with the same quarter in 2011) showed a strong increase (up from 0% in the second quarter of 2012 to 2.1% in the third quarter of 2012), while in Italy the acceleration was also notable (up from 0.9% to 2.3%). In both Member States this outcome was generated by lower labour productivity growth in combination with higher growth in nominal compensation per employee. In the case of Ireland this spike ended a downward trend in nominal unit labour cost that had commenced in the second quarter of 2009.

Spain recorded for the eleventh consecutive quarter a decrease in its nominal unit labour cost, reflecting strong productivity growth in

<sup>30</sup> No data on labour productivity in Greece are available for the last one and a half years.

combination with negative growth in nominal compensation.

Hungary (+5.6%) and Finland (+4.2%) continued their paths of strong growth, followed by Lithuania (+3.2%), Belgium (3.4%) and Austria (+3.7%), reflecting to a large extent nominal wage growth outstripping the rather low or even negative productivity growth.

In Germany nominal unit labour cost growth remained equal to the rate recorded in the previous quarter, i.e. 2.5%.

*...while the labour income share continued to decrease at a notable rate in several Member States, especially Spain and Slovakia*

In several Member States the real unit labour cost (which is defined as the nominal unit labour cost adjusted for prices and which is also a measure of the labour income share or wage share) continued its downward trend. See Table 19.

Spain and Slovakia recorded for the eleventh consecutive quarter a decrease in their real unit labour cost, down by respectively -3.5% and -2.3%. After 6 consecutive quarters of decreases, the real unit labour cost in Slovenia stalled. In Ireland the downward adjustment moderated further after having peaked in the fourth quarter of 2011, it recorded a drop of -1.0% in the third quarter. These decreases indicate that in these Member States prices grew at a much stronger pace than the nominal unit labour cost.

In Cyprus (-1.6%), Denmark (-1.4%) and France (-0.1%) there came a halt to the increases in the real unit labour cost recorded in the previous quarters.

Belgium (1.3%), the Czech Republic (1.5%) and Germany (1.1%) are the only Member States (for which the data are available) that showed robust growth in their real unit labour cost for more than a year.

#### *Hours worked weakened somewhat*

Data availability for hours worked in the third quarter of 2012 is rather limited. See Table 20.

The number of hours worked for both the full-time and the part-time workers was in the third quarter of 2012 lower than in the third quarter of 2011 in all most all Member States (for which the data are available at the time of writing).

Notable exceptions are Ireland and Latvia where both the number of hours worked of the full-time and part-time was higher in the third quarter of 2012 than in the third quarter of 2011.

In Sweden and Latvia the number of hours worked of the full-time employed persons in the third quarter of 2011 was the same as in the same quarter the year before, while the number of hours worked increased somewhat for the short time employed persons.



## > **Special Focus: the gender pay gap in the wake of the crisis**

The following section reviews recent trends in the gender pay gap at EU level during the crisis, reflecting factors such as sectoral trends, and skills-, education-, and age composition of the workforce. The recent release of the Structure of Earnings Survey 2010 offers a well-established basis for this analysis, as it provides new updated data for the year 2010 and thus allows an overview of several factors influencing the gender pay gap over a somewhat wider time span.<sup>31</sup>

### **Gender pay gap and its determinants**

*The unadjusted gender pay gap has several underlying causes*

The unadjusted gender pay gap (GPG) represents the difference between average gross hourly earnings of male and female employees expressed as a percentage of average gross hourly earnings of male employees.<sup>32</sup>

The unadjusted GPG may have several determinants. It has already been extensively analysed by Commission Services.<sup>33</sup> The 2002 Employment in Europe Review<sup>34</sup> for instance focused on decomposing the determinants of the gap, identifying gender segregation by sectors and occupations - with a higher concentration of women in low paying, and often perceived as low productivity sectors and occupations - and, in particular, relatively lower earnings of women in female-dominated sectors and occupations as the biggest contributors to the gap at EU-level. Meanwhile, the analysis pointed to the wide scope of factors influencing the GPG at Member State level (such as differences in female labour market participation as well as macroeconomic and institutional factors, including job classification and wage formation systems). The multi-faceted nature of the gap was also confirmed by the 2003 Commission Staff Working Paper<sup>35</sup>, reinforcing the need for a elaborated approach to analysing and addressing the issue.

Studies point to the traditional division of labour by gender in the family that results in women accumulating less labour market experience than men or having irregular or flatter careers. Further, because women expect to have shorter and more discontinuous working lives, they have less incentive to invest in market-oriented formal education and on-the-job training, and their resulting smaller human capital investments will lower their earnings relative to those of men.<sup>36</sup> And an additional element may be the over-representation of women in fixed-term jobs,<sup>37</sup> above all in part-time jobs.<sup>38</sup>

Moreover, stereotyping processes, which confine women and men to different parts of the labour market with different rewards – in short the undervaluing of women's work – are also adding to the pay gap. Female-dominated occupations have been shown to pay less than male-

---

<sup>31</sup> For comparability reasons, the year 2010 is going to be compared to 2008, as the new NACE Rev.2 classification of economic activities has been introduced by Eurostat for data since 2008.

<sup>32</sup> Source: Eurostat Structure of Earnings Survey. Size of enterprises: 10 employees or more. Gross hourly earnings include paid overtime and exclude non-regular payments. Part-time employees are also included. The GPG recorded by Eurostat covers all economic activities, except agriculture, fishing and public administration (NACE Rev. 2, Sections B to S, excluding O), and businesses with at least 10 employees. This indicator is 'unadjusted' because it does not account for individual characteristics that may explain part of the earnings gap, such as differences in education, age or labour market experience between men and women.

<sup>33</sup> Relevant work of DG Justice on the challenges, measurement, influential factors and policy implications of GPG can be found under: [http://ec.europa.eu/justice/gender-equality/document/index\\_en.htm#h2-7](http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7)

<sup>34</sup> European Commission (2002): Employment in Europe 2002; section on „Analysing gender pay gaps in the European Union“ p.35-45.

<sup>35</sup> European Commission (2003), Gender pay gaps in European labour markets, Measurement, analysis and policy implications, Working Paper of the Commission Services, DG Employment and Social Affairs, SEC(2003) 937.

<sup>36</sup> Blau, F-Kahn, L: Gender Differences in Pay: Journal of Economic Perspectives-Volume 14, Number 4-Fall 2000-P.75-99.

<sup>37</sup> See ESSQR September 2011 special focus on segmentation, and ESDE 2011 p. 147 which estimates the wage handicap of being employed in a temporary contract at 14%, all other things being equal.

<sup>38</sup> For instance part-timers in Europe are 6.25 times more likely to be low paid than full-timers, see Smith, M: The Gender Pay Gap in the EU: What policy responses? February, 2010. [ec.europa.eu/social/BlobServlet?docId=4653&langId=en](http://ec.europa.eu/social/BlobServlet?docId=4653&langId=en).

dominated ones, even when education is factored in.<sup>39</sup> The vertical segregation of women and men into different positions in organisational hierarchies, including through discriminatory processes, is also a contributing factor.<sup>40</sup>

Though not covered in the Eurostat measurement, it is generally supposed that the GPG will be smaller in the public sector, since the mechanism for setting pay is highly regulated and established in pay scales with few individual salary components. Female employment is heavily represented in the public sector.<sup>41</sup>

There is also evidence suggesting that high participation of women in the labour market tends to be associated with a wide GPG. One possible explanation is that, in Member States with overall low participation of women in the labour market, the women who are working are often those who can take home relatively high wages. By contrast, in countries with high female participation, women with low-pay perspectives also enter the labour market, for example under specific working-time arrangements.<sup>42</sup>

The effect of the crisis on the shifts in job structure has been analysed by the 2011 Employment and Social Development in Europe Report<sup>43</sup>. The analysis is pointing among others to changes in the distribution of men and women across job-wage quintiles, skill-quintiles, contract types, etc., all influential factors of the GPG.

### ***Evolution of the gender pay gap in post-crisis years***

In 2008, the GPG amounted to 17.3% on average in the EU, - ranging from 4.4% to 27.6% in different Member States - displaying gender inequalities on the labour markets. Promoting equality between men and women and combating the GPG are cornerstones of smart, sustainable and inclusive growth and thereby of utmost importance for the European Union. This forms part of the Europe 2020 Strategy<sup>44</sup> and the Strategy for equality between women and men 2010-2015.<sup>45</sup>

#### *The unadjusted gender pay gap decreased between 2008 and 2010...*

The GPG declined between 2008 and 2010 from 17.3% to 16.2% in the EU. This trend was seen in most Member States, with the largest drops recorded in Lithuania (-7 pps) and Poland (-6.9 pps). There are however some exceptions, for instance Latvia (3.7 pps) and Portugal (3.6 pps).

#### *... with several contributory factors*

Firstly, changes in the *sectoral composition of the workforce* could have caused the GPG calculated (Chart 40)<sup>46</sup> at EU level to diminish. Because of the crisis, the traditionally male-dominated sectors (manufacturing, construction) lost ground between 2008 and 2010,<sup>47</sup> and as manufacturing could be regarded as being especially associated with a high GPG, this could have caused the total GPG to become smaller. Nevertheless, education and health increased

<sup>39</sup> P. England et al. : Does bad pay cause occupations to feminize, Does feminization reduce pay, and How can we tell with longitudinal data? *Social Science Research* 36 (2007) 1237-1256.

<sup>40</sup> Smith, M: The Gender Pay Gap in the EU: What policy responses? February, 2010. [ec.europa.eu/social/BlobServlet?docId=4653&langId=en](http://ec.europa.eu/social/BlobServlet?docId=4653&langId=en).

<sup>41</sup> Council of the European Union, Brussels, 23 November 2010, 16516/10, ADD2.

<sup>42</sup> Eurostat, 2010: The unadjusted gender pay gap in the European Union, Invited paper for UNECE Work Session on Gender Statistics.

<sup>43</sup> European Commission (2011): Employment and Social Developments in Europe (ESDE) 2011, Chapter1.

<sup>44</sup> Brussels, 3.3.2010 COM(2010) 2020 final.

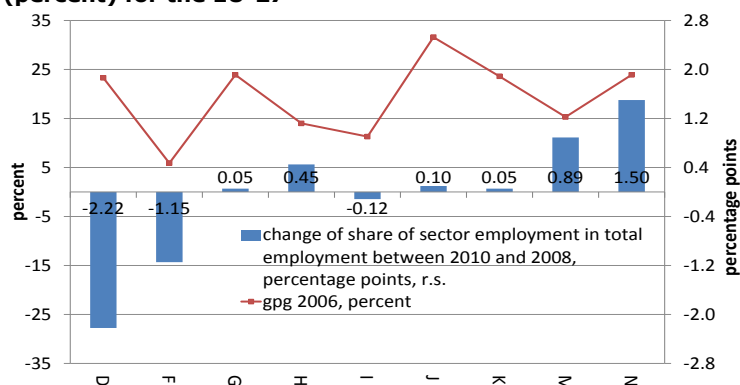
<sup>45</sup> Brussels, 21.9.2010 COM(2010) 491 final.

<sup>46</sup> See for instance Bettio, F et al: The impact of the economic crisis on the situation of women and men. Synthesis report (2012). The study also mentions sectoral segregation, uneven distribution of male and female workers among different sectors as potential cause: Private sectors suffered mainly from employment losses and within the private sector, moreover, men tend to earn well in the industries that suffered the highest employment losses, such as manufacturing, construction and branches of the financial sector.

<sup>47</sup> This explanation has also been put forward by Hurley, J-Storrie, D in the ESDE 2011 Review (p 43-49), European Commission (2011).

their share (albeit to a lesser extent), and here especially health has been associated with a large GPG.<sup>48</sup>

**Chart 40: Change in the ratio of employment within a particular sub-sector to total employment between 2008 and 2010 (percentage points) and the gender pay gap in sub-sectors in 2006 (percent) for the EU-27**

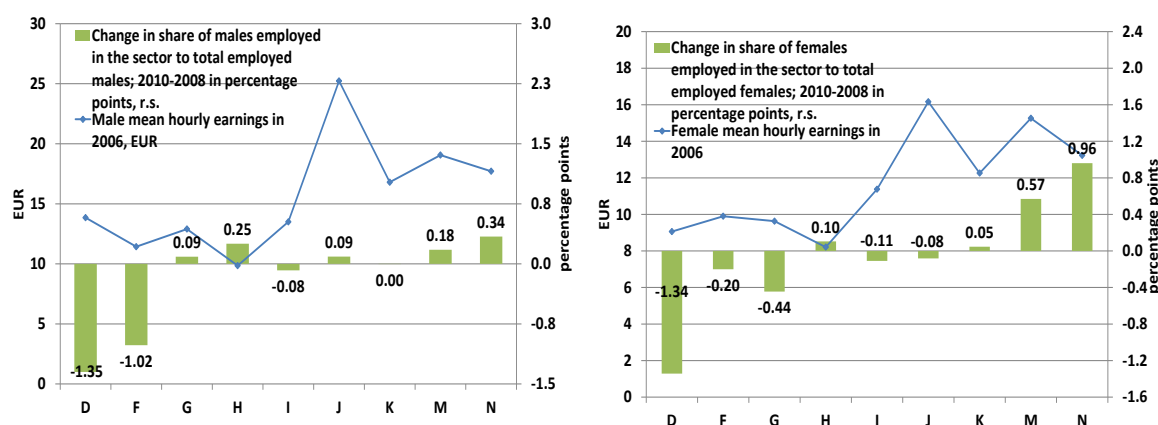


Source: Eurostat, Gender pay gap in unadjusted form in % - NACE Rev.1.1 (Structure of Earnings Survey methodology) (earn\_gr\_gpg); DG EMPL calculations based on Eurostat, Employment by sex, age and economic activity (from 2008, NACE rev.2) (1 000) [lfsa\_egan2].

Note: D=Manufacturing; F=Construction; G= Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; H=Hotels and restaurants; I=Transport, storage and communication; J=Financial intermediation; K=Real estate, renting and business activities; M=Education; N= Health and social work.

Nevertheless, as GPG is calculated on the basis of the difference between average gross hourly earnings of males and females, more conclusions can be drawn if the two groups are *taken separately*. In Chart 41 it can be seen that there have been quite similar tendencies in male and female employment (generally the same sectors have reduced and increased their employment share); nevertheless among females the sectors where women earn well (education, health) have increased their share more than among males (however among males, the relative share of the well-paying financial intermediation sector increased, while it decreased among females).

**Chart 41: Change in the ratio of male/female employment within a particular sub-sector to total male/female employment between 2008 and 2010 (percentage points) and the mean hourly earnings for males/females in sub-sectors in 2006 (Euro) for the EU-27**



Source: Eurostat, mean hourly earnings by economic activity, sex, age [earn\_ses06\_13]; DG EMPL calculations based on Eurostat, employment by sex, age and economic activity (from 2008, NACE rev.2) (1 000) [lfsa\_egan2].

<sup>48</sup> Data for GPG in sectors has been only available for 2006 for the EU-27 average, therefore the accuracy of conclusions is diminished; nevertheless, the data for 2006 gives an indication for magnitudes in GPG among sectors.

The change in the *composition of educational attainment* in the male and female workforce after 2008 could also have had an effect on the gender pay gap. Although the GPG tends to widen with the increase in educational attainment,<sup>49</sup> higher pay can be attributed to higher education levels. As seen in Table 2, the well-educated female workforce (tertiary education; ISCED levels 5-6) has increased its share among the female workforce in total (and also in displayed sub-sectors) relatively more than the male tertiary educated workforce has done among the total male workforce. Higher educated female employment increased more in nominal terms as well, by 7 % between 2008 and 2010, while the corresponding increase for males has been only 4%.<sup>50</sup> As higher salary is generally attributed to higher education levels, this change in composition could have caused the GPG as a whole to diminish, due to having boosted female average hourly pay and having moved the salary distribution towards higher salaries among females more relative to males.

**Table 2: Change in share of high-, medium- and low-skilled males and females in total male and female employment, between 2008 and 2010, percentage points**

	total	manufacturing	hotels& restaurants
high-skilled males	1.92	1.16	0.78
medium-skilled males	0.00	0.51	2.11
low-skilled males	-1.92	-1.67	-2.89
high-skilled females	2.41	1.90	1.79
medium-skilled females	-0.69	0.03	0.92
low-skilled females	-1.72	-1.93	-2.71

Source: DG EMPL calculations based on Eurostat, Employment by sex, age and highest level of education attained (1 000) [Ifsa\_egaed].

Note: High-skilled refers to ISCED 5-6, medium-skilled refers to ISCED 3-4, while low-skilled refers to ISCED 0-2 levels.

While the GPG tends also to widen with *age*,<sup>51</sup> increased age (experience) can be associated with higher salary levels (see for instance the right-hand graph of Chart 42 below, for 2006, for the female workforce). While young workers bore the brunt of the post-crisis adjustment, the number of senior workers increased, even more so among females (most probably as a result of increases in retirement age and fewer early retirement options as a result of austerity in Member States, which could have affected females more since they have lower exit ages). This could also cause the GPG to diminish.

*Part-time work* is associated with lower hourly wages than full-time work. In nominal terms, there has been a larger increase of male part-time workers than of females (7.8 % vs 1.6 %), while there has been a larger drop in full-time male employment than female (4.3 % vs 2.0 %). Also, the share of part-time working males increased in the total male workforce more than that of part-time working females among the female workforce between 2008 and 2010 (11.7 % vs 2.5 %). This could have caused the GPG to diminish. Moreover, new male part-time employment has been created primarily in lower-paid jobs in agriculture, food and beverages, and in building and landscape services, while over two thirds of female part-time employment growth is in higher-paid jobs – in education, health, and professional services.<sup>52</sup> The fact that the share of involuntary part-time employment increased more among males than females from 2008 to 2010 (among females, it increased from 23.3 % to 24.0 %, while among males it rose from

<sup>49</sup> See for instance Eurostat, 2010: The unadjusted gender pay gap in the European Union, Invited paper for UNECE Work Session on Gender Statistics.

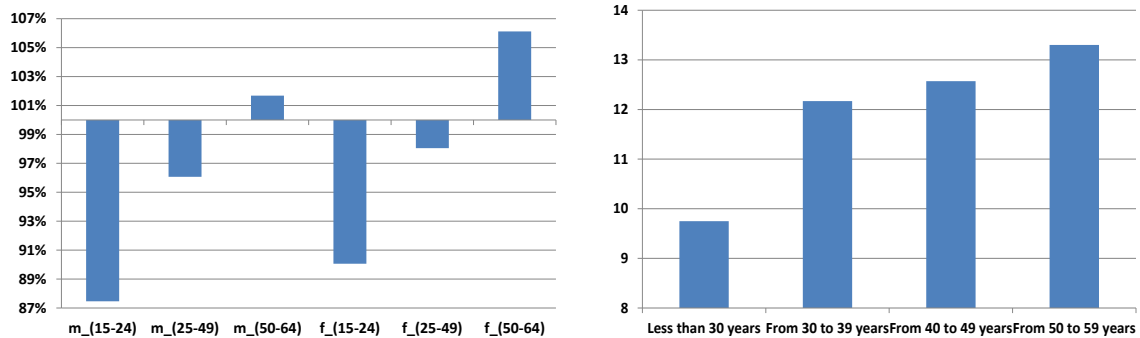
<sup>50</sup> For instance Hurley-Storrie find that almost all the employment growth in the top quintile in the EU-27 has gone to women between 2008q2 and 2010q2. This has resulted largely from the continued expansion of professional grade jobs in the health and education sectors (ESDE 2011, p.47).

<sup>51</sup> See for instance Plantenga, J-Remery, C: The gender pay gap. Origins and policy responses. Report by the EU expert group on Gender, Social Inclusion and Employment (EGGSIE) 2006.

<sup>52</sup> See ESDE 2011, p.51.

32.4% to 36.1%<sup>53</sup>) can also be an indication of the effect of the crisis (and employers' adjustment of working hours to avoid layoffs), and suggests that this trend is going to be reversed in the future.

**Chart 42: Change in the number of employed males and females for various age levels for the EU-27, between 2008 and 2010 (%), and mean hourly earnings among females according to age levels in 2006 (Euro)**



Source: Eurostat, Employment by sex, age and highest level of education attained (1 000) [lfsa\_egaed], Mean hourly earnings by economic activity, sex, age [earn\_ses06\_13].

Note: `m` refers to males, `f` refers to females, age groups in brackets.

*Temporary employment contracts* are also linked to lower salary prospects. While temporary employment has been fairly stable among males (13.3% in both 2008 and 2010), its share dropped among females between 2008 and 2010 (from 15.0% to 14.6%), which could cause the GPG to diminish further.<sup>54</sup> Finally, in 2010 relatively more employed women (74.4%) saw a transition towards *the same/higher employment status and pay* than employed men (71.4%), confirming the decrease in the GPG.<sup>55</sup>

Nevertheless, besides changes in composition in terms of education and age levels as a result of the crisis, there are some general positive trends visible in the *educational attainment of the female population*, probably also contributing to the decline in GPG. What Table 3 shows is that prime age women are more likely to have tertiary education than men. Also, although the share of both male and female high-skilled persons has been increasing in the prime age population in recent years, the increase has been particularly strong for females (11.4 pps between 2011 and 2003, compared to a 6.4 pps increase among men). In the senior population, there is also a shift away from low-skilled towards high-skilled, but this movement is more pronounced in the case of females compared to males. The fact that the average skills of males increase more slowly than those of females can create an underlying downward push on the GPG (regardless of the effects of the crisis). This downward push nevertheless should not be overstated as the fields of study and future skill needs will influence actual employment outcomes and pay levels. According to Cedefop,<sup>56</sup> most of the additional jobs expected up until 2020 are in knowledge and skill-intensive occupations, mainly high-level managerial, professional and technical jobs. As fewer women are graduating in engineering, science, green technology or ICTs<sup>57</sup> than men, it can diminish their employment (and thus pay) prospects.

<sup>53</sup> Source: Eurostat, Involuntary part-time employment as percentage of the total part-time employment, by sex and age (%) [lfsa\_eppgai].

<sup>54</sup> Source: Eurostat, Temporary employees as percentage of the total number of employees, by sex and age (%) [lfsa\_etpga].

<sup>55</sup> Source: Eurostat, Labour transitions by employment status and pay level - Changes in qualifications [ilc\_lvhl35].

<sup>56</sup> Cedefop, 2010: Skills supply and demand in Europe: medium-term forecast up to 2020.

<sup>57</sup> For instance according to Eurostat, in 2010, 13% of male graduates (ISCED level 5-6) have been in the fields of science, mathematics and computing compared to 6% of female graduates. The same figures for the field of engineering have been 15,3% and 2,3% respectively. (Source: Eurostat, Graduates in ISCED 3 to 6 by field of education and sex [educ\_grad5]).

**Table 3: Share of high-skilled and low-skilled prime age and senior males and females in total group of prime age and senior males and females in the EU-27 in selected years**

Share in the total age group of respective gender (population)	2003	2007	2008	2010	2011	change between 2003-2011 pps
male_high skilled_25-34	0.233	0.263	0.270	0.287	0.297	6.41
female_high skilled_25-34	0.272	0.334	0.346	0.373	0.386	11.38
male_low skilled_55-64	0.405	0.361	0.350	0.334	0.322	-8.22
female_low skilled_55-64	0.511	0.452	0.458	0.430	0.413	-9.80
male_high skilled_55-64	0.181	0.203	0.208	0.213	0.217	3.58
female_high skilled_55-64	0.112	0.142	0.156	0.171	0.179	6.64

Source: Eurostat, Population by education attainment level, sex and age groups (1 000) [edat\_lfs\_9901]. Note: high-skilled refers to ISCED 5-6, while low-skilled refers to ISCED 0-2 levels.

*The decline seems to be mainly of a temporary nature even though educational attainment can cause the GPG overall to diminish*

The gender pay gap is still persistent in the European Union. Although it has decreased by 1.1 pps between 2010 and 2008 on average, available data suggest that improvements in the GPG are mainly due to a sharper worsening of men's situation than women's as a result of the crisis. This seems to be confirmed by the adjustment of male-dominated sectors, by the reduction of young people's employment, which also tends to be relatively stronger among males, and also by the increase in part-time employment (and involuntary part-time employment) of males. At the same time, the well-educated workforce and senior workforce increased their shares more among females. These trends can however be reversed once the crisis is over; therefore, the evolution of the GPG has to be monitored continuously.

Nevertheless, a more permanent decrease in the GPG could be a result of women's average educational attainment increasing at a faster pace than that of males. If they are to benefit from this, however, it is important that women have the opportunity to obtain the skills and opportunities to work in those knowledge-intensive sectors that will see the largest increase in employment demand; this still requires considerable efforts aimed at promoting gender equality from early childhood education onwards.

## Social inclusion trends

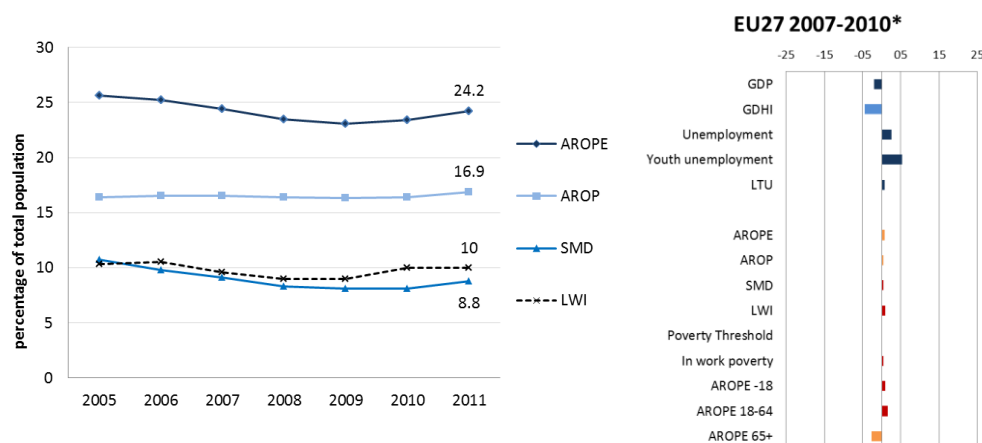
This section on social inclusion trends is a collection of short essays ("Special Focus") on different social topics, in particular in relation to the crisis. A regular quarterly reporting on social issues is limited because of the lack of timely social data with

frequency higher than annual. The articles in this issue shed some light on the latest trends in poverty and social exclusion, and also present the results of the latest European Quality of Life Survey.

### > Special Focus: Latest trends in poverty and exclusion - six million more Europeans at risk since 2008

The on-going crisis is weighing heavily on economic activity and employment in the EU. Unemployment is on the rise, domestic demand is contracting, and confidence is deteriorating. As a result, the number of Europeans at risk of poverty or social exclusion increased worryingly — by six million — between 2008 and 2012. The risk of poverty and social exclusion now affects 24.2 % of the population (see Chart 43 and Table 4). The most striking outcome of this latest trend is the rise in the risk of poverty and severe material deprivation, a direct consequence of the increase in unemployment and jobless households since the onset of the crisis.

**Chart 43: Developments in the risk of poverty or exclusion and its components in the EU**



Source: Eurostat, EU-SILC EU-LFS and National accounts

Note: Low work intensity indicator refers to the age group 0-59. 2011 figures are Eurostat estimates.

\* National accounts data refer to the 2007-2010 period, and EU-SILC data to the 2008-2011 period (similar reference periods).

### Growing divergence across Member States

Particularly worrying is the divergence between Member States. Large disparities are emerging, due to different labour market situations and the variable effectiveness of safety nets. Gross household disposable income is deteriorating sharply in some Member States, resulting in sizeable increases in poverty and exclusion at national level. The situation is especially worrying in Member States of the South and periphery that seem to be trapped in a vicious circle of recession, while most countries of Northern and Central Europe have so far shown greater resilience.

In southern Europe, Ireland and Hungary, household disposable income has declined markedly, due to the labour market deterioration combined with a weakening of the cushioning impact of social expenditure over time (see Employment and Social Developments in Europe 2012 Review, *ESDE 2012*, Chapter 3, European Commission and Chart 44 for examples from some Member States). In these countries, declining incomes have affected the living conditions of a large part of the population. The risk of poverty and social exclusion increased between 2008 and 2011. The risk of poverty has increased despite a decrease of the poverty threshold due to the general drop in the level of incomes. As a consequence of long-lasting poverty spells, material deprivation is increasing strongly in Greece, Italy and Hungary.

The social situation in the Baltic States is also a matter of concern. Household disposable income fell substantially in 2010, resulting in the poverty threshold falling markedly. Due to this technical development, the poverty rate even decreased slightly between 2008 and 2011, though this does not reflect any social improvement. As an illustration of the deteriorating social situation in these Member States, material deprivation and the number of jobless households have increased significantly. After 2010, the recovery in the economic and labour market situation has contributed to stabilising income levels, but long-term unemployment remains at high levels in the Baltic region.

In Bulgaria and Romania, wages and benefits have made a positive contribution since 2007 to income growth, resulting in higher poverty thresholds. However, the risk of poverty or social exclusion remains high. Material deprivation in particular has increased in Bulgaria after several years of decline, with noticeable increases in the share of people unable to afford a meal with meat, fish or protein equivalent every second day (which now exceeds 50 % of the population).

In Austria, the Czech Republic, the Netherlands, Slovenia and Slovakia, household disposable income remained stable or even increased slightly (in the Czech Republic and Slovakia) up to 2010 and 2011. The risk of poverty has remained stable in these Member States, despite higher poverty thresholds.

In Sweden, Finland, Denmark, the United Kingdom, France, Belgium, Germany and Poland, household disposable income has increased steadily during the crisis. Despite more joblessness in Belgium, Denmark, the United Kingdom, Finland and Sweden, poverty thresholds have kept increasing (markedly in the case of Poland, but also in Belgium, Sweden; and in Denmark and Finland to a lesser extent). This has translated into an increased risk of poverty, especially for the income bands just below the poverty threshold, i.e. in general poor people in work. Indeed, in-work poverty increased in Denmark. The United Kingdom was the only exception to this trend, with a 10 % fall in the risk of poverty threshold, resulting in a lower risk of poverty rate and hence of in-work poverty (see Chart 44).

**Table 4: Risk of poverty and social exclusion and its components – Recent trends**

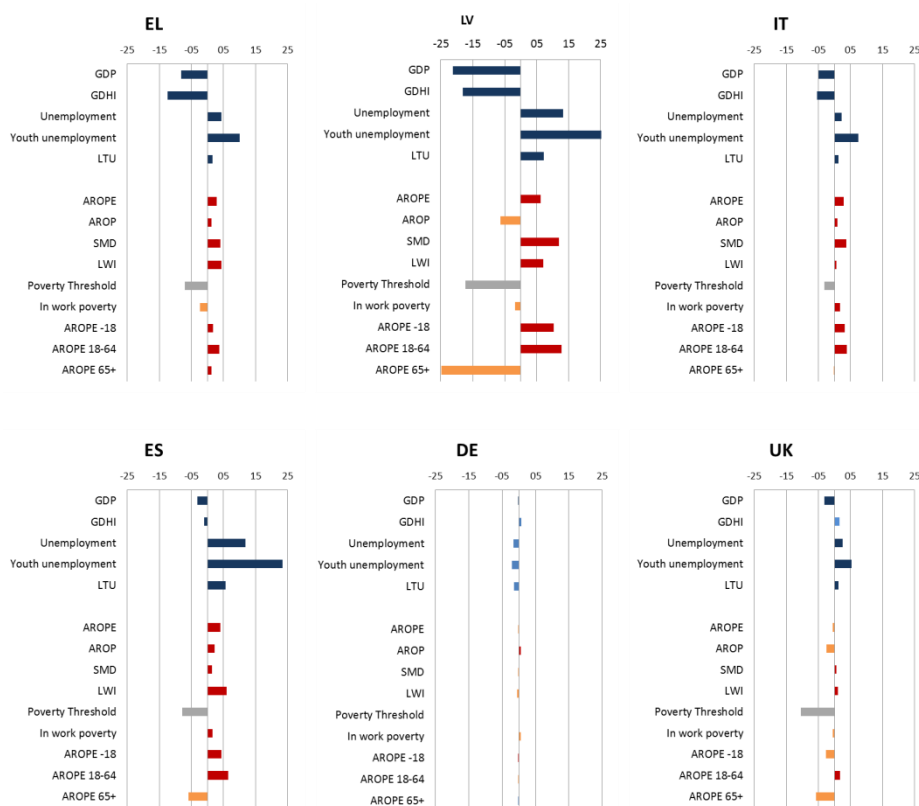
	AROE		AROP		SMD		Jobless Households		Change poverty threshold, 2008-2011* (%)
	2008	2011	2008	2011	2008	2011	2008	2011	
<b>EU27</b>	23.5	24.2	16.4	16.9	8.3	8.8	9	10	
<b>EL</b>	28.1	31	20.1	21.4	11.2	15.2	7.4	11.8	-7.0
<b>ES</b>	22.9	27	19.6	21.8	2.5	3.9	6.2	12.2	-7.9
<b>PT</b>	26	24.4	18.5	18	9.7	8.3	6.3	8.2	-0.7
<b>IT</b>	25.3	28.2	18.7	19.6	7.5	11.2	9.8	10.4	-3.1
<b>CY</b>	22.4	23.5	15.7	14.5	8.8	10.7	4.2	4.5	-0.1
<b>HU</b>	28.2	31	12.4	13.8	17.9	23.1	12	12.1	-0.2
<b>IE*</b>	23.7	29.9	15.5	16.1	5.5	7.5	13.6	22.9	-10.7
<b>EE</b>	21.8	23.1	19.5	17.5	4.9	8.7	5.3	9.9	-6.7
<b>LT</b>	27.6	33.4	20	20	12.3	18.5	5.1	12.3	-12.5
<b>LV</b>	33.8	40.1	25.6	19.3	19	30.9	5.1	12.2	-17.4
<b>BG</b>	38.2	49.1	21.4	22.3	41.2	43.6	8.1	11	17.9
<b>RO</b>	44.2	40.3	23.4	22.2	32.9	29.4	8.2	6.7	15.5
<b>AT</b>	18.6	16.9	12.4	12.6	6.4	3.9	7.8	8	6.1
<b>CZ</b>	15.3	15.3	9	9.8	6.8	6.1	7.2	6.6	7.5
<b>NL</b>	14.9	15.7	10.5	11	1.5	2.5	8.1	8.7	-0.4
<b>SI</b>	18.5	19.3	12.3	13.6	6.7	6.1	6.7	7.6	4.8
<b>SK</b>	20.6	20.6	10.9	13	11.8	10.6	5.2	7.6	24.4
<b>BE</b>	20.8	21	14.7	15.3	5.6	5.7	11.7	13.7	5.1
<b>DE</b>	20.1	19.9	15.2	15.8	5.5	5.3	11.6	11.1	0.2
<b>LU</b>	15.5	16.8	13.4	13.6	0.7	1.2	4.7	5.8	-1.3
<b>FR</b>	18.6	19.3	12.7	14	5.4	5.2	8.8	9.3	1.1
<b>UK</b>	23.2	22.7	18.7	16.2	4.5	5.1	10.4	11.5	-10.5
<b>PL</b>	30.5	27.2	16.9	17.7	17.7	13	7.9	6.9	15.2
<b>SE</b>	14.9	16.1	12.2	14	1.4	1.2	5.4	6.8	7.1
<b>FI</b>	17.4	17.9	13.6	13.7	3.5	3.2	7.3	9.8	3.3
<b>DK</b>	16.3	18.9	11.8	13	2	2.6	8.3	11.4	3.0
<b>MT</b>	19.6	21.4	15	15.4	4	6.3	8.2	8.3	1.4

Source: Eurostat, EU SILC.

Note: EU SILC 2008-2011, income year 2007-2010.



**Chart 44: Changes in selected macroeconomic and social inclusion indicators between 2008 and 2011 in selected Member States**



Source: Eurostat, EU SILC.

Note: EU SILC 2008-2011, income year 2007-2010. This graph illustrates the extent of GDP growth between 2007 and 2009 and its link with the changes in gross household disposable income. This helps to illustrate the extent to which safety nets have or have not contributed to cushioning the impact of the crisis. For example, in Latvia, GDP fell by 23 pp between 2007 and 2010, and GHDI by 18 pp. In the United-Kingdom, GDP fell, but there were no repercussions on GDHI, which increased slightly between 2007 and 2010.

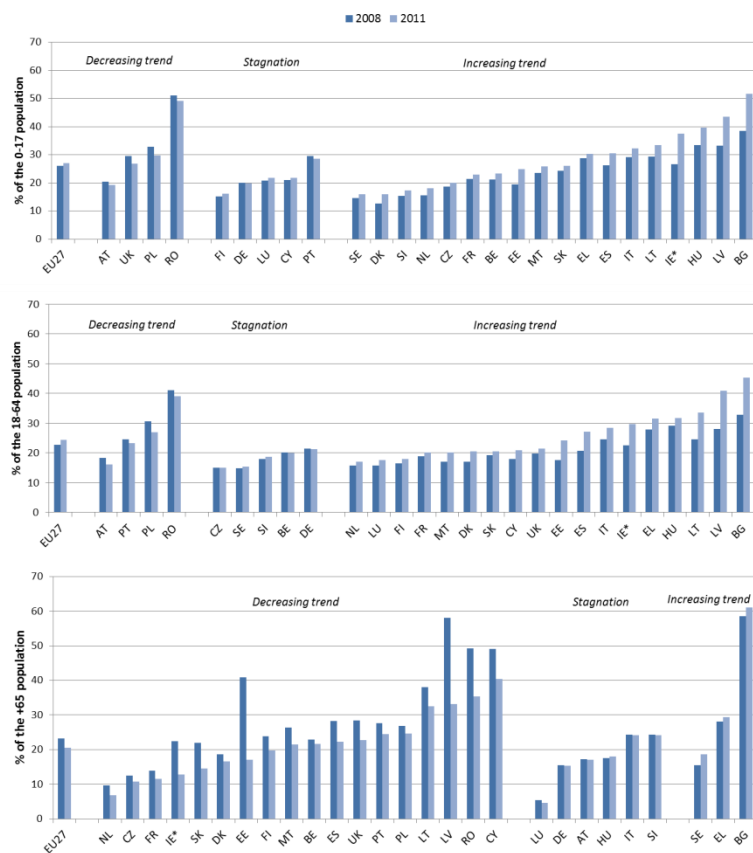
### *The crisis has not impacted uniformly across the whole population*

The risk of poverty or social exclusion has increased by 0.9 pp between 2008 and 2012. Child poverty has risen in 18 Member States since 2008, sometimes in a significant manner. The situation of children has seriously worsened in Ireland, Hungary, Latvia and Bulgaria (see Chart 45).

The situation of children is driven by the situation of working age adults. The working age population has been the one most directly hit by the crisis. Between 2008 and 2011, they experienced increases in the risk of poverty or social exclusion of 1.5 pps across the EU as a whole.

Lastly, poverty or social exclusion for the older age group has declined in most Member States between 2008 and 2011. The apparent improvement in the relative situation for the elderly reflects the fact that pensions have remained to a large extent unchanged during the crisis, and have in some cases brought pensioners' income above the poverty threshold due to the changes in the total income distribution while not altering in real terms their economic situation.

**Chart 45: Risk of poverty or social exclusion by age groups in 2008 and 2011**



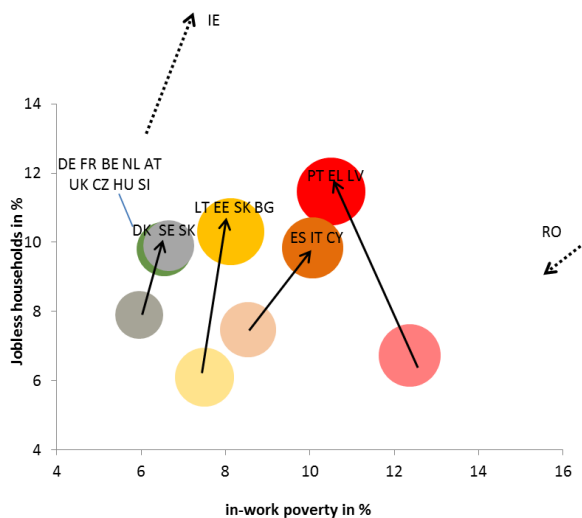
Source: Eurostat EU-SILC.

### Main drivers of working age adult poverty

The main drivers of working age adult poverty are joblessness and low incomes for those in the labour market. The role played by these drivers varies across Europe, as illustrated in Chart 46. In-work poverty and joblessness both increased between 2008 and 2011 in Spain, Italy and Cyprus. This was also the case in Lithuania, Estonia, Slovakia and Bulgaria, with an increase in joblessness, and in Ireland, where the level of jobless households is much higher than in other Member States. In Portugal, Greece and Latvia, jobless households have increased while in-work poverty has fallen slightly (see Chart 46). However, this decrease is related to changes in the poverty threshold in these countries, and to changes in the composition of the employed population.

As an illustration of the divergence across Europe, the changes are much smaller in Germany, France, Belgium, the Netherlands, Austria, Hungary and Slovenia. The level of joblessness and in-work poverty is comparable in these Member States to the levels prevailing in Sweden, Denmark and Slovakia, as the situation of working age adults deteriorated during the period in these Member States.

**Chart 46: Working age adult poverty: changes in in-work poverty and joblessness between 2008 and 2011**



Source: EU-SILC.

Note: Member States have been grouped on the basis of their trends in jobless households and in-work poverty between 2008 and 2011, and the overall level of these factors. Ireland and Romania appear as outliers as the levels were significantly different from the groups. The size of the bubbles represents the average risk of poverty or social exclusion for the 18-64 group at national level.

## > **Special Focus: The results of the latest European Quality of Life Survey**

### *Introduction<sup>58</sup>*

The European Quality of Life Survey (EQLS), developed by Eurofound, a European Union agency based in Dublin, explores issues pertinent to the lives of European citizens, such as employment, income, education, housing, family, health, work–life balance, life satisfaction and the perceived quality of society. The survey, first carried out in 2003, provides for an analysis of the relationship between subjective and objective measures, between reported attitudes and preferences on one side, and resources and living conditions on the other. The third survey (EQLS 2012), the subject of the analysis reported here and which was carried out in late 2011 and early 2012, gives a comprehensive picture of living conditions and the social situation in the EU, enabling a comparison of experiences and situations across Member States. Moreover, comparison between the second EQLS in 2007 and the third EQLS in 2011/2012 allows to capture the profound economic and social changes which have occurred so far in Europe since the crisis first hit. The EQLS not only contributes to monitoring the changes in society but also pinpoints emerging trends and concerns for the future and can therefore be a source of valuable policy advice.

### *Key messages from the EQLS 2012*

The EQLS documents large and persistent divisions in Europe, divisions that go well beyond monetary measures. Europe remains divided in terms of levels of subjective well-being, health, confidence for the future and trust in public institutions. For example, optimism about the future was expressed by fewer than 30% of people in Greece, Slovakia and Portugal, compared to over 80% in Denmark and Sweden.

The EQLS makes the realities behind the crisis more apparent, and shows substantial declines in subjective well-being, particularly in the Member States experiencing the biggest economic hardships.

Some of the key findings are as follows:

- People with low incomes face multiple deprivation: they report more problems with work–life balance, health and access to health services. Life satisfaction is associated with income but also consistently with poor health.
- Unemployment, especially long term unemployment, goes hand in hand with low subjective well-being and the feeling of exclusion and lower social trust.
- Struggling with debt, housing insecurity and the perceived risk of losing one's job is not limited to only low income groups. The perceived security of housing has declined, particularly among people who are repaying a mortgage.

As the survey shows, achieving a work-life balance is harder for full-time working women than men, reflecting women's greater care obligations with regard to children and the elderly. The survey also documents changing family patterns. An ever growing number of children are living in lone parent households, which are often disadvantaged in many areas of life.

The EQLS also shows that levels of satisfaction with one's personal situation remain higher than satisfaction with the quality of society. Trust in key public institutions, governments and parliaments has fallen across the European Union with the largest declines in the countries facing the most serious economic difficulties, such as Spain and Greece.

There is also an increased perception of rifts between racial and ethnic groups and tensions between the rich and poor. Such social tensions are especially evident among the most disadvantaged. This survey result could be seen as an early warning of growing potential for social disruption and the weakening of the social fabric of our societies.

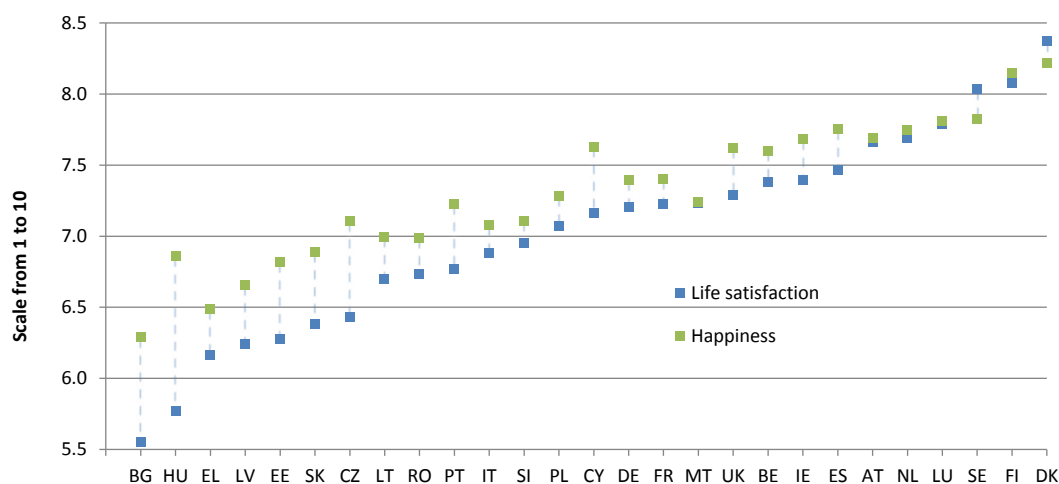
<sup>58</sup> The following text is based on the overview report from Eurofound's 3rd European Quality of Life Survey entitled "Quality of life in Europe: Impacts of the crisis" written by Robert Anderson, Hans Dubois, Tadas Leoncikas and Eszter Sandor. The overview report is available on Eurofound's EQLS website: <http://www.eurofound.europa.eu/surveys/eqls/2011/index.htm>.

### Detailed analysis

The EQLS measures subjective well-being through both cognitive indicators, such as overall satisfaction with life and satisfaction with various aspects of life (for example health, standard of living, family, etc.), as well as through measures of positive and negative feelings or moods, including happiness. It is important to differentiate between life satisfaction and happiness. Life satisfaction measures how people evaluate their life as a whole after taking all life circumstances into consideration – in a way it can be viewed as a person’s measure of their success in life. Happiness is a state of mind, incorporating both the existence of positive emotions and the absence of negative emotions, which means that someone can be happy without evaluating their life as good. Conversely, a person attributing a high level of satisfaction to their life can feel unhappy at the same time. Life experiences and objective circumstances, particularly negative experiences, such as unemployment, deprivation, illness and family breakdown can all have significant impact on life satisfaction while happiness is also influenced by an existing predisposition through personality.

Life satisfaction and happiness are highly correlated and show great variation across countries. The highest scores on both dimensions are registered in the Nordic countries, the lowest in Bulgaria, Hungary and Greece (see Chart 47).

**Chart 47: Life satisfaction and happiness by country**

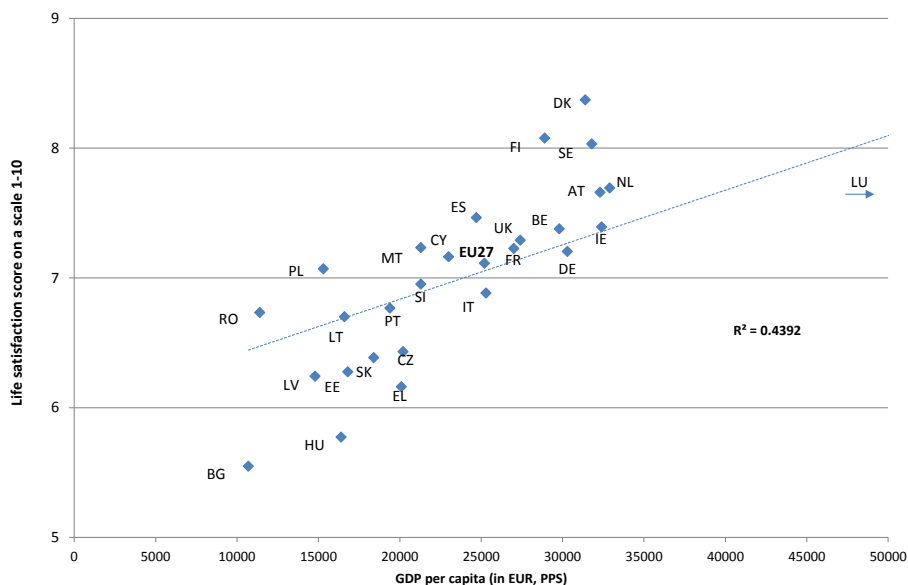


Source: EQLS 2012, for Life satisfaction Question 30; for Happiness Question 41.  
Note: scale 1-10, 1 representing “very dissatisfied” or “very unhappy”.

There seems to be only a moderate positive correlation between GDP and life satisfaction (see Chart 48). For example, people in Poland report significantly higher life satisfaction than people in Hungary despite similar levels of GDP per capita and people living in Romania report similar levels to people in Italy although per capita GDP in Romania is only half of that in Italy.

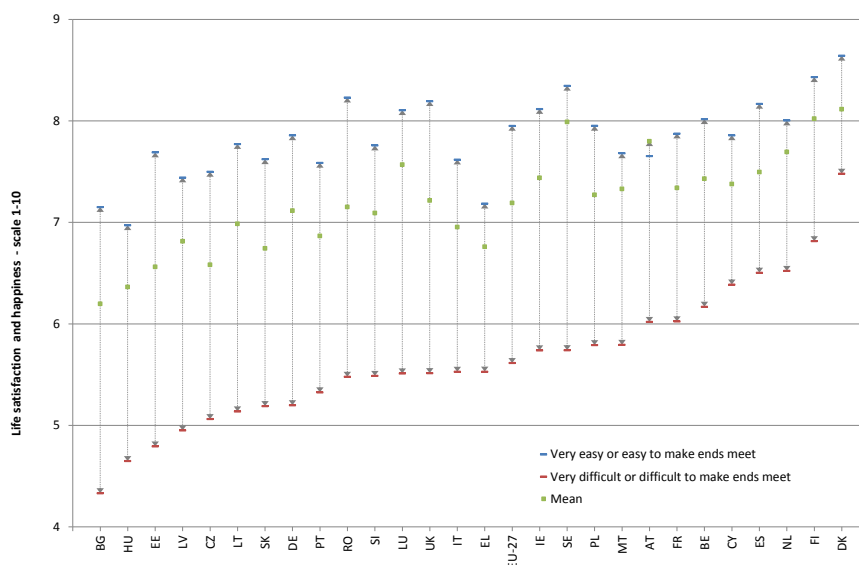
The household's financial situation has a significant relationship with life satisfaction. People in the highest income quartile score their life satisfaction on average 1.1 point higher than those in the lowest quartile. Another measure of economic situation of the households is the ability to make ends meet, which the EQLS measures on a six-point scale (see Chart 49). In general, the easier it is to make ends meet, the more satisfied people are with their life, with the groups struggling to make ends meet reporting the lowest level of satisfaction.

**Chart 48: Correlation between life satisfaction and GDP per capita**



Source: for life satisfaction: EQLS 2012, Question 30; for GDP per capita: Eurostat, 2011 [namq\_gdp\_c].

**Chart 49: Life satisfaction by ease of making ends meet**



Source: EQLS 2012 Question 58: A household may have different sources of income and more than one household member may contribute to it. Thinking of your household's total monthly income: is your household able to make ends meet?

The relationships between occupation and life satisfaction are not straightforward. One telling finding of the EQLS is, however, that people on a fixed term contract have the same level of life satisfaction as those on an unlimited permanent contract (7.4 average on the EU level) but only if they are contracted for a least 12 months. People on a shorter contract are less satisfied with their lives (score 6.9 on the EU level). Also the number of hours worked affects life satisfaction, both for women and men. The relationship is non-linear and shows an inverted U shape with substantial gender differences. Both men and women are most satisfied with their life when working between 21 and 34 hours per week, which is less than the average working hours resulting from the EQLS: 42 hours for men and 36 hours for women.

Life satisfaction is also closely linked to job security (see Table 5). The more likely people think they might be to lose their job in the next six months, the less they are satisfied with their life. In addition, when their job is insecure, people's life satisfaction remains low even if they think they could easily find a new job with the same salary if needed.

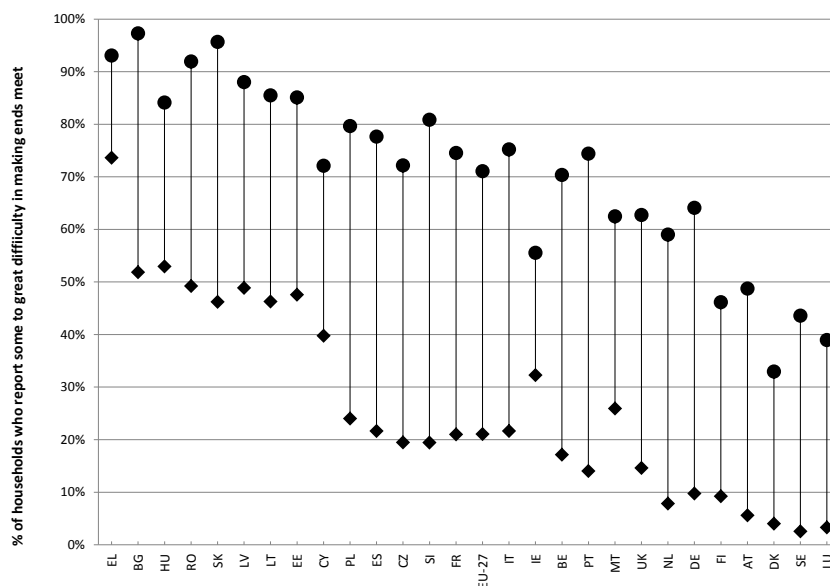
**Table 5: Life satisfaction, by level of perceived job insecurity and employability (scale of 1-10)**

Life satisfaction		Likelihood of finding new job				
		Very unlikely	Quite unlikely	Neither likely nor unlikely	Quite likely	Very likely
Likelihood of losing job	Very likely	6.1	6.5	6.3	6.7	6.8
	Quite likely	6.1	6.7	6.6	6.8	6.3
	Neither likely nor unlikely	6.8	6.8	6.8	7.3	7.2
	Quite unlikely	7.2	7.4	7.1	7.5	7.4
	Very unlikely	7.5	7.5	7.7	7.9	7.9

Source EQLS 2012: Question 15 How likely or unlikely do you think it is that you might lose your job in the next 6 months; for life satisfaction Question 30.

Another measure of financial well-being of the households is the ability to 'make ends meet'. When thinking about the household's total monthly income, 7% report 'great difficulty' making ends meet. There are large differences between Member States ranging from 22% in Greece to 1% in Finland.

**Chart 50: Difficulties making ends meet, by income quartile (%)**



Source: EQLS 2012.

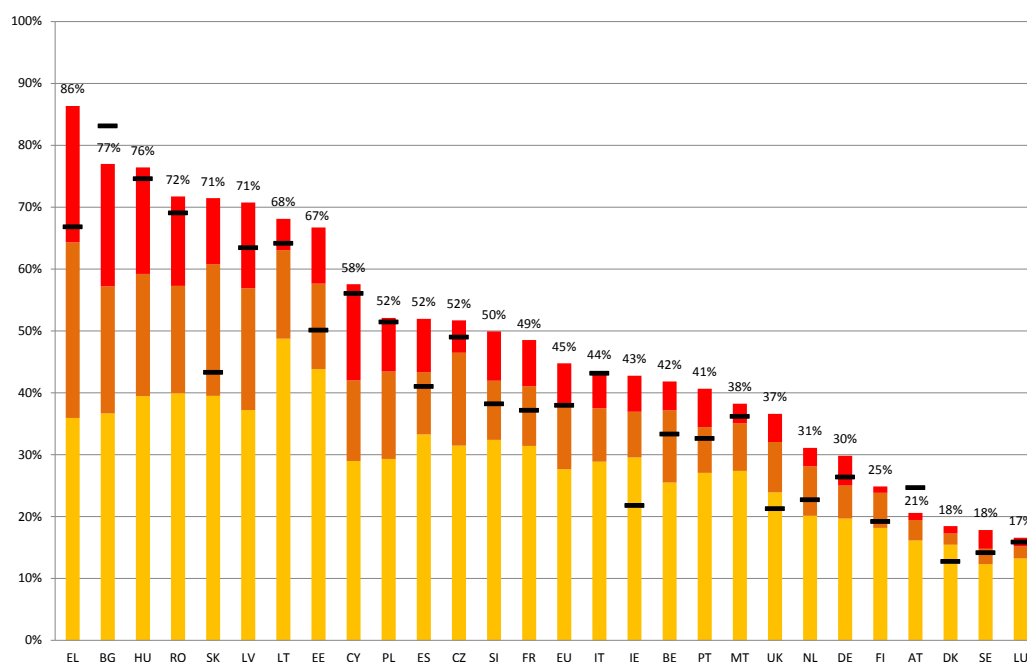
Note: Question 58: "A household may have different sources of income and more than one household member may contribute to it. Thinking of your household's total monthly income: is your household able to make ends meet....?" 1) Very easily; 2) Easily; 3) Fairly easily; 4) With some difficulty; 5) With difficulty; 6) With great difficulty.

There are larger proportions of the population who report lesser degrees of difficulties in making ends meet, with 10 % reporting 'difficulties' and 28% reporting 'some difficulties'. Overall, 45% of European report 'some' to 'great' difficulties making ends meet, ranging from 86% in Greece to 17% in Luxembourg. Apart from the differences between Member States, there are also

major differences between various population groups (see Chart 50). Nearly three-quarters (71%) of households in the lowest income quartile report having difficulties in making ends meet. Nevertheless, even among households in the highest income quartile, about one fifth (21%) report difficulties in making ends meet.

In almost all Member States, the proportion of people who reported 'some' to 'great' difficulties making ends meet in 2011 was higher than in 2007. Increases were well over 10% in eight Member States (Estonia, France, Greece, Ireland, Slovakia, Slovenia, Spain and the UK). Austria and Bulgaria showed a decrease while in Italy, Luxembourg and Poland the increases were minimal (see Chart 51).

**Chart 51: Difficulties making ends meet ('some' to 'great' difficulty) 2011 versus 2007 (%)**



Source: EQLS 2007 and 2012, Question 58 'A household may have different sources of income and more than one household member may contribute to it. Thinking of your household's total monthly income: is your household able to make ends meet ...?; 1) very easily; 2) easily; 3) fairly easily; 4) with some difficulty; 5) with great difficulty.'

Note: red = 'great difficulties'; orange = 'difficulties'; yellow = 'some difficulties' The data labels are the proportion of the population indicating 'some' to 'great difficulties' in 2011 and the black bars indicate this proportion for 2007.

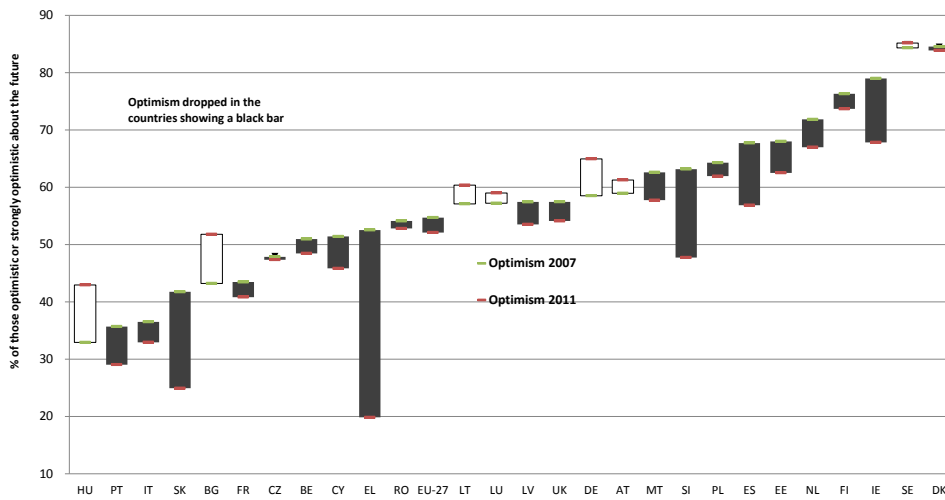
A sense of optimism is different from life satisfaction and correlates positively with the satisfaction with the economic situation in the country and the trust in government. The period between 2011 and 2007 saw marked drops in optimism in many Member States (see Chart 52).

### Concluding remarks

The distribution of opportunities and resources, as well as living conditions, differs systematically between social groups in all Member States. People with lower incomes are not only more likely to have experienced negative financial consequences in the previous 12 months and to report more difficulties in making ends meet, but they report more problems with work-life balance, poorer health and more problems with access to, and quality of, health services. People with lower incomes appear to have been affected relatively badly by the economic downturn and experience reduced satisfaction with family life and lower levels of satisfaction with health and happiness than they did in 2007.



**Chart 52: Change in optimism as measured in 2007 and in 2011**



Source: EQLS 2012 and 2007, Question 28-1 "I am optimistic about the future" - Please tell me whether you strongly agree, agree, neither agree or disagree, disagree or strongly disagree with this statement.

## Sectoral trends

In the face of persistently bleak economic circumstances, the three major sectors — industry, construction and wholesale and retail trade — have seen significantly different developments in terms of output, value added and employment.

Over the four years to the third quarter of 2012, a period when more than two jobs in 100 (2.4%) disappeared in the EU as a whole, this ratio amounted to 15.6% in construction and 9.3% in industry, on the one hand, and 1.8% in the wholesale and retail trade, on the other hand. Male-oriented sectors remain the most affected by the economic slowdown, while developments in manufacturing and services sectors' output are still depressed.<sup>59</sup>

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 deteriorating economic conditions, but trade too has recently shown consistent signs of stagnation.

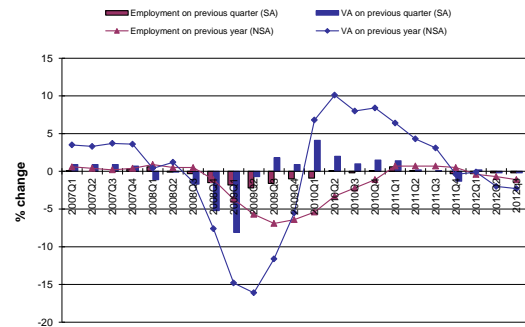
### *Value added and employment have both been down for a year in industry*

After falling by 1.3% in the last quarter of 2011, value added in industry remained stagnant in the first three quarters of 2012 (+0.2, -0.2 and -0.2% respectively). Annual growth has been negative for a year now (-2.3% in 2012 q3), after seven quarters of positive growth, as highlighted by Chart 53. In response to receding industrial activity, employment growth in industry, which tentatively resumed in the fourth quarter of 2010, stagnated in 2011q3 before falling again for four quarters, down by -0.3% q-o-q in 2011q4 to -0.2% in 2012 q3.

So after a year in positive territory, the y-o-y change turned negative again in the first quarter of 2012, down by -0.4%, then by -0.7% and -1.1% in the subsequent quarters. The year-on-year increases recorded in 2012q3 in Lithuania (+4.1%), Romania (+3.9%) and, to a lesser extent, Germany and Austria (+0.9% each) were not sufficient to make up for the tremendous declines recorded in Greece (-13.4%), Estonia (-6.5%), Portugal

(-6.2%) and Spain (-5.3%). With no more than soft growth last year, the number of jobs in industry was, in 2012 q3, still 9.3% below the level recorded four years earlier. In five countries, the gap stands at -20% or more: Greece, Ireland, Latvia, Lithuania and Spain.

**Chart 53: Change in industrial (except construction) employment and value added in the EU<sup>60</sup>**



Source: Eurostat, National accounts, [namq\_nace10\_k] and [namq\_nace10\_e].

In October 2012, compared with September 2012, seasonally adjusted industrial production fell by 1.0% in the EU, after falling by 2.1% a month earlier. On an annual basis, in October 2012 compared with October 2011, industrial production dropped by 3.6% in the euro area and by 3.1% in the EU as a whole. Production of durable consumer goods fell by 4.0% in the EU, intermediate goods by 4.1% and capital goods by 3.4%, while production of non-durable consumer goods decreased by 1.9%, EU-wide. Though production of energy grew by 0.4% in the euro area, it was down 0.9% in the EU as a whole. Of the Member States for which data are available, industrial production fell in thirteen and rose in ten. The largest decreases were registered in Ireland (-16.2%), Italy (-6.2%), Bulgaria (-4.2%), the Netherlands and Portugal (-3.9% each) and Germany (-3.8%), and the highest increases in Lithuania (+10.3%), Slovakia (+8.1%) and Malta (+4.5%).

### *Job shedding is still not contained in the construction sector ...*

With the exception of 2010q2 and 2011q1 value added in the construction sector has

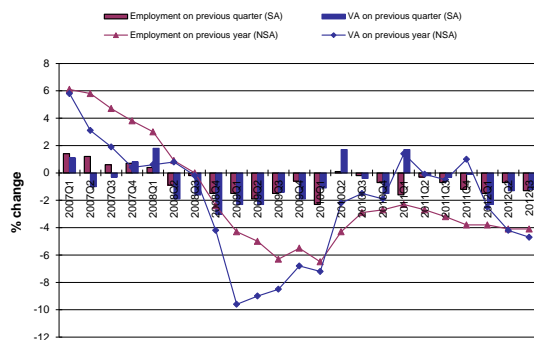
<sup>59</sup> See Markit Eurozone PMI Composite Output Index below.

<sup>60</sup> Note on data used in the three charts for 2012 q3: for empl NSA: EU estimate without IE, LU, MT, UK; empl SA: EU est. without IE, EL, LU, MT, RO, UK; for VA NSA: EU est. without EE, IE, IT, LU, PT, RO; for VA SA: EU est. without EE, IE, EL, IT, LU, PT, RO and SE.

fallen continuously for more than four years. Following three quarters of moderate declines, it fell sharply again in the first quarter of 2012, down by 2.3%, i.e. the steepest fall in nearly three years. It then declined by 1.3% and 1.2% in the second and third quarters of 2012 respectively, as shown by Chart 54. Against this backdrop, the employment situation in construction remains bleak. The declared workforce has fallen continuously since the second quarter of 2008, with the sole exception of 2010 q2, when it briefly stabilised. Between the third quarter of 2008 and the same period of 2012, the sector lost no less than 15.6% of its workforce at EU level.

Over the past four years, at least one construction job in two was lost in Ireland, Spain and Latvia, while at least one job in three was shed in Estonia, Greece and Lithuania. Over the year to the third quarter of 2012, the construction sector lost 15% or more of its workforce in Spain, Greece, Cyprus and Portugal. In the third quarter of 2012 the sector lost, on average, 1.3% of its workforce at EU level compared to the first quarter of this year, after a fall of 0.7% in the preceding quarter, bringing the year-on-year change down to -4.1%.

**Chart 54: Change in construction employment and value added in the EU**



Source: Eurostat, National accounts, [namq\_nace10\_k] and [namq\_nace10\_e].

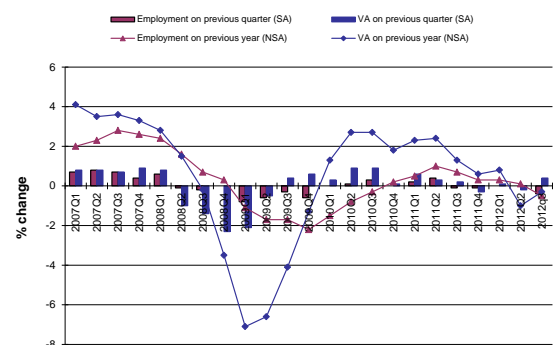
In the construction sector, seasonally adjusted production<sup>1</sup> fell by 1.6% in the euro area, while it rose by 1.6% in the EU in October 2012, compared with the previous month, according to Eurostat estimates. In September 2012, production had decreased by 1.3% and 1.6% respectively. Compared with October 2011, production in October 2012 dropped by 4.4% in the EU as a whole. Of the Member States for which data are available for October 2012, production in construction fell in twelve countries and rose in three over the year. The largest decreases were

registered in Portugal (-19.1%), Slovenia (-15.5%), Slovakia (-12.8%) and Italy (-12.1%); the increases were in Bulgaria (+5.7%), Spain (+3.4%) and Hungary (+1.3%). Over the same period, building construction declined by 4.5% in the EU, while civil engineering fell by 3.5%.

*...while the trade sector remains stubbornly hesitant*

Looking at the period 2008q3 to 2012 q3, employment in the retail and wholesale trade sector, which includes transport, accommodation and food service activities, shrank by 1.8%, i.e. just less than the decline in total EU employment (-2.4%). The retail and wholesale trade did not suffer the effects of the recession as the same way the industry and construction sectors did. It was hit over a much shorter period than the construction sector and much more moderately in terms of VA lost than industry. As a consequence the recovery, which started in 2009q3 in the trade sector, was gradual but sustained, though it subsequently tailed off and has fallen slightly in recent quarters. VA in the trade sector has been hesitant since 2011 q2, edging up and down by +0.3 to -0.3% on a quarterly basis. In the third quarter of 2012, it went up by 0.4% though, compared to the previous quarter, while annual change was -0.3% (from -1.0% in 2012 q2).

**Chart 55: Change in trade\* employment and value added in the EU**



Source: Eurostat, National accounts, [namq\_nace10\_k] and [namq\_nace10\_e].

Note: \* The trade sector comprises wholesale and retail trade, transport, accommodation and food service activities.

In this unsettled context, the number of jobs in retail and wholesale trade started, just like EU total employment did, to stagnate and decline again in the third quarter of last year, after rising for five quarters in a row. After two quarters of stability in q-o-q terms, trade employment

fell by 0.4% in 2012q3 (see Chart 55). After seven quarters in positive territory, the y-o-y growth turned negative (-0.5%) in the third quarter of 2012, dragged down by steep declines in Greece (-10.1%), Lithuania (-8.7%) and Spain (-4.2%), but supported by rises in Lithuania (+4.7%), Italy (+2.0%), Austria (+1.5%) and Finland (+1.4%), just to quote some significant changes.

Retail trade turnover in the EU is also affected by the sluggish economic situation. In October 2012, compared with October 2011, the retail sales index fell by 3.6% in the euro area and by 2.4% in the EU27. In the same period, 'Food, drinks and tobacco' fell by 2.3% in the EU, and the non-food sector decreased by 1.6%. Of the Member States for which data are available, total retail trade fell in eleven countries, rose in nine and remained stable in Romania. The largest decreases were observed in Spain (-11.5%), Portugal and Slovenia (-6.7% each) and Poland (-4.4%), and the highest increases in Latvia (+9.2%), Luxembourg (+7.0%) and Estonia (+6.4%).

*Eurozone downturn eases at the end of 2012 but output continues to fall in both the manufacturing and service sectors*

The Eurozone downturn eased further at the end of the 2012, as rates of contraction in economic output and new business slowed. At a nine-month high of 47.2 in December, the Markit Eurozone PMI Composite Output Index<sup>61</sup> was nonetheless weaker than the earlier flash estimate and below the 50.0 no-change mark for the eleventh successive month.

The average reading for the headline index over Q4 as a whole (46.5) was little changed from those recorded in Q3 (46.3) and Q2 (46.4), and below the annual average (47.2).

December saw output continue to fall in both the manufacturing and service sectors. Manufacturing remained the weaker performer, with production falling for the tenth straight month in tandem with weak demand from both domestic and export markets. Service providers reported a drop

in business activity for the eleventh month in a row, although the rate of contraction eased to the slowest since July 2012.

There was a welcome return to growth for Germany, where a solid expansion of services activity offset ongoing contraction at manufacturers. Ireland continued to report a marked rate of expansion. France, Italy and Spain all remained in recession, but there was at least some brighter news from these nations, with rates of contraction easing in all three in December.

Market conditions remained subdued at the end of 2012 in manufacturing and services combined, with the level of incoming new business contracting for the seventeenth straight month. Declines were reported by both manufacturers and service providers.

Ireland was the only nation to report an increase in new orders, although rates of reduction did ease in Germany and Spain. In a worrying development, the rate of decline in France and Italy both accelerated, to the sharpest since March 2009 and July 2012 respectively, which may put further pressure on the trend in headline activity in coming months.

Weak demand continued to result in available spare capacity in the Eurozone private sector, reflected in a further marked decrease in backlogs of work. However, the rate of depletion in outstanding business eased to its slowest since August.

Further job losses were implemented during December, with both manufacturers and service providers reporting further cuts to payroll numbers. In contrast to the broader trend, Ireland continued to report solid job creation in December. There were also signs of the German labour market stabilising, as a modest increase in service sector payrolls offset further jobs cuts at manufacturers. Employment fell again in France, Italy and Spain, with rates of loss broadly similar to November.

<sup>61</sup> The seasonally adjusted EU Productivity PMI® is a single-figure indicator of productivity, derived from Markit's national manufacturing and services PMI survey data. Readings above 50.0 signal an improvement in productivity compared with one month previously, and readings below 50.0 a deterioration. More information on: [www.markiteconomics.com](http://www.markiteconomics.com).

## > Sectoral Focus: Health and Social Services in the EU – Recent Developments

### *The role of health and social services in the European societies*

Health and social services<sup>62</sup> cover a wide variety of activities, including health care, social assistance services, employment and training services, childcare, social housing, long-term care for the elderly and for people with disabilities, and other services provided directly to people.<sup>63</sup> Social services play a vital preventive and socially cohesive role. They not only help people to live in dignity and enjoy their fundamental rights, but also to fulfil their potential and to take part in society. This role is all the more crucial in phases of economic recession, when these services become an important part of the safety net that helps to cushion the impact of the crisis and may even act a springboard, helping people affected by the crisis get a fresh start.<sup>64</sup> This text mainly looks at EU-level data. The [Special Supplement](#) provides a more in-depth country-level analysis.

### *Expenditure on health and social services*

Expenditure on social protection benefits in kind provides an estimate of spending on social services. It amounted to 10 % of GDP in 2010 in the EU, up from 8.8 % of GDP in 2005,<sup>65</sup> and is essentially composed of healthcare expenditure (which rose from 6.6 % of GDP in 2005 to 7.4 % of GDP in 2010, also reflecting the difficult economic situation over this period, see Chart 56). The second biggest item was directed to families with children. This spending rose significantly between 2005 and 2010, up by 0.2 pp to 0.8 % of GDP. Spending targeted on housing, the disabled and the elderly ranged from 0.4 % to 0.6 % of GDP in 2010. As for expenditure directed to the unemployed and social exclusion, it was only slightly higher than 0.1 % of GDP for both areas.<sup>66</sup>

The EU average, however, masks significant differences among Member States. In some cases, spending on benefits in kind has decreased as a share of GDP over recent years, which can translate into a reduced contribution of the health and social work sector to employment trends. An analysis of the effectiveness and efficiency of social protection spending is performed in the Economic and Social Developments in Europe 2012 report, while recent OECD work focuses on the redistributive impact of social protection expenditure in kind.<sup>67</sup>

### *A growing demand for health and social services*

The ageing of the European population is a key driver of the growing demand for social services such as healthcare and long-term care. Between 2000 and 2060, the population aged 65-79 is projected to grow from 59 million to 90 million (+53 %) in the EU, while the population aged 80+ is projected to grow from 16 million to 62 million (see Chart 57). In this context, as recalled in the June 2012 edition of the Quarterly Review,<sup>68</sup> the number of so-called "white

<sup>62</sup> For a description of social services see the Commission Communication 'Implementing the Community Lisbon programme: Social services of general interest in the European Union', COM(2006) 177 of 26 April 2006.

<sup>63</sup> The sector analysed in this text corresponds to Section Q of NACE Rev.2: 'Human health and social work activities'. A box on "Public sector and white jobs" was presented in the June 2012 edition of the Quarterly Review: <http://ec.europa.eu/social/BlobServlet?docId=7830&langId=en>

<sup>64</sup> See the paper 'How social services help mobilising the workforce and strengthening social cohesion – background information' prepared for the Ministerial Conference on Social Services 'Social Services – A Tool for Mobilising Workforce and Strengthening Social Cohesion' organised by the Czech EU Presidency in Prague on 22 and 23 April 2009.

<sup>65</sup> For broader information on social protection spending see the Economic and Social Developments in Europe 2012.

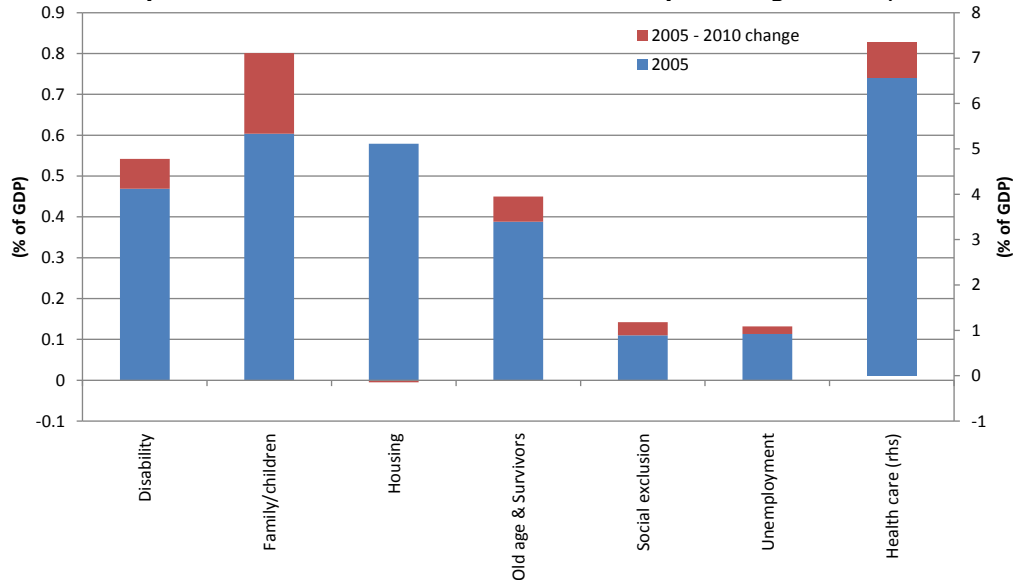
<sup>66</sup> Data on expenditure and employment in health and social services sector had been presented in the past in the first and second Biennial Reports on social services of general interest published in July 2008 and October 2010 (SEC(2010) 1284 of 22 October 2010 and SEC(2008) 2179 of 2 July 2008.).

<sup>67</sup> See Verbist, G., M. Förster and M. Vaalavuo (2012), 'The Impact of Publicly Provided Services on the Distribution of Resources: Review of New Results and Methods', OECD Social, Employment and Migration Working Papers, No 130, OECD Publishing. <http://dx.doi.org/10.1787/5k9:363c5szq-en>.

<sup>68</sup> See the box on "Public sector and white jobs" (<http://ec.europa.eu/social/BlobServlet?docId=7830&langId=en>).

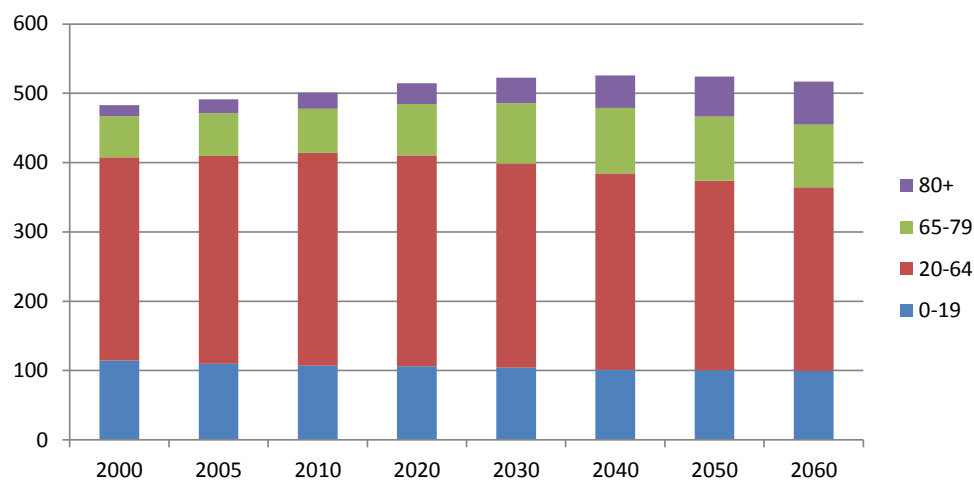
jobs", which increased by 21% between 2000 and 2010, accounting for 4 million new jobs, is set to rise further in the coming years: more than 1 million new jobs are expected to be created by 2020 and there might be about 7 million additional job openings due to replacement needs.

**Chart 56: Expenditure on benefits in kind in EU-27 as a percentage of GDP, 2005 – 2010**



Source: ESSPROS.

**Chart 57: Population structure by age groups in the EU-27, 2000-2060**



Source: Eurostat, LFS.

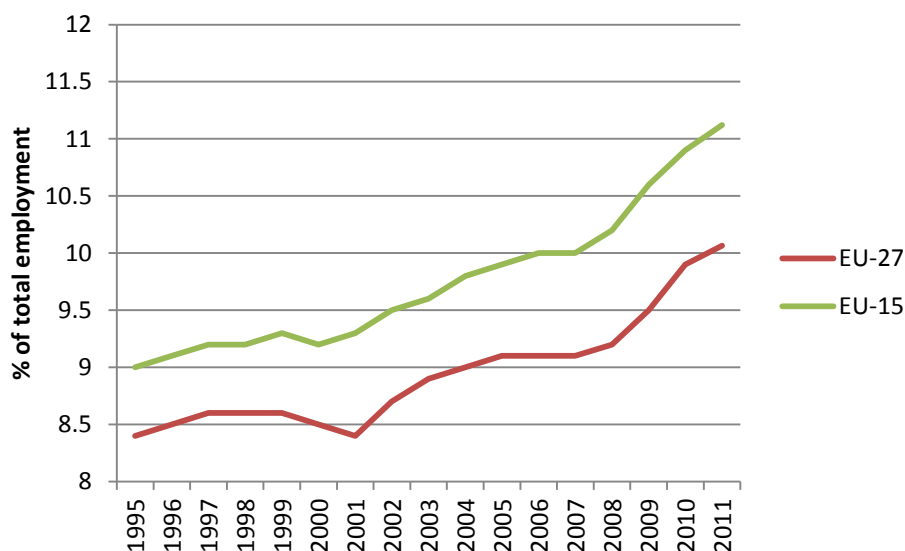
However, growth in demand for social services over the medium- to long-term will also reflect various trends in European economies and societies. These will include factors such as changes in gender roles and family structures, more flexible labour markets, technological change and globalisation, as well as trends in health status, especially for older people. As a result, demand for social services is becoming more complex: a growing number of people will need services adapted to their diverse needs and choices.

Finally, the need for social services has grown due to the current financial and economic crisis, as they have to help mitigate the impact of the crisis and support social and economic recovery.

### Health and social services as a driver of employment in Europe

The share of employment in health and social work, calculated as the number of persons employed in the sector relative to the number of workers in the whole economy, is growing significantly. It rose from 8.4% to 10.1% between 1995 and 2011 (in the EU-15 from 9% in 1995 to 11.1% in 2011, see Chart 58). Women are the majority of those employed in this sector: in the EU in 2011, 78% of workers were women, marginally below the proportion in 2008.

**Chart 58: Trend of employment in health and social work sector as a share of total employment, 1995 – 2011**

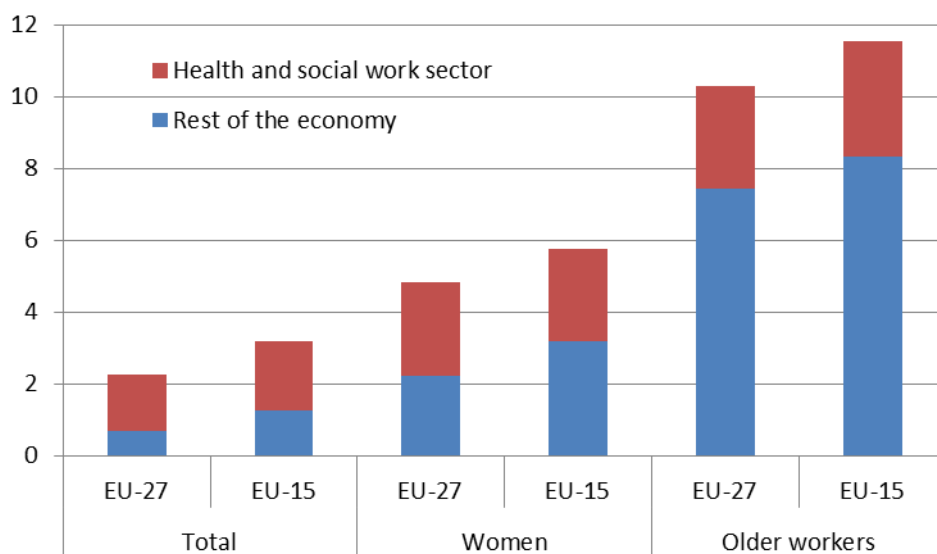


Source: Eurostat, National accounts.

Note: 2011 estimate based on LFS.

Health and social services made a big contribution to the increase in the total employment rate in the EU between 2000 and 2011 (see Chart 59). Out of an increase of 2.3 pps, 1.6 pps are explained by growth in employment in the health and social work sector (EU15: 1.9 pps out of 3.2 pps). For women and older workers, job growth in this sector accounts for 2.6 pps and 2.8 pps respectively of the rise in the total employment rate in the EU, of 4.8 pps for women and 10.3 pps for older workers.

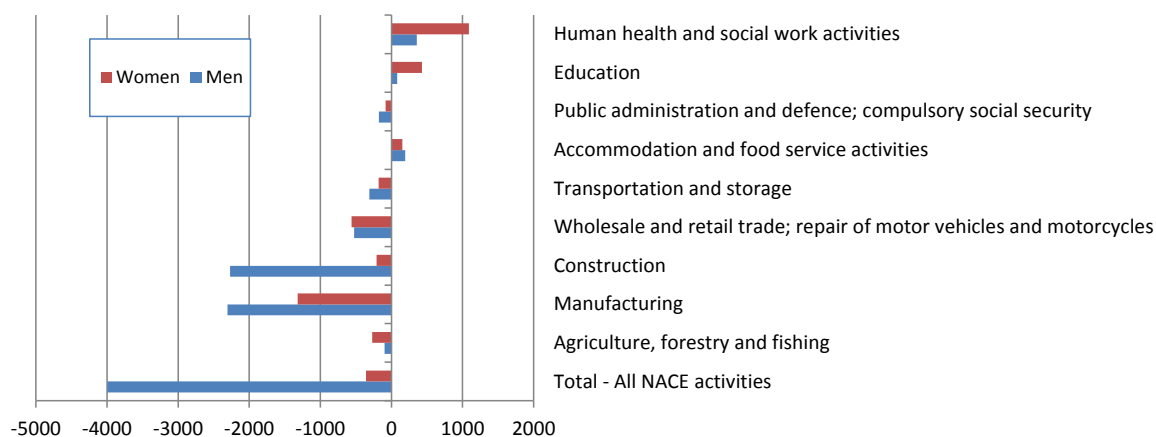
**Chart 59: Contributions to changes in the employment rate in percentage points, 2000 to 2011**



Source: Eurostat, LFS.

While employment declined steeply between 2008 and 2011 in the EU, losing a total of 4.4 million jobs in the age group 15-64 (4 million men and 400 000 women), human health and social work was among the very few sectors recording net job creation over that period (see Chart 60). More than 1.4 million jobs were created: 1.1 million for women (more than 75%) and 355 000 for men. That growth was continuous from 2008 to 2011. Without it, the total job loss at EU level would have been nearly 6 million, taking all sectors into account.

**Chart 60: Change in sectoral employment for the EU-27 from 2008 to 2011 (in thousands, with gender breakdown, age 15-64).**



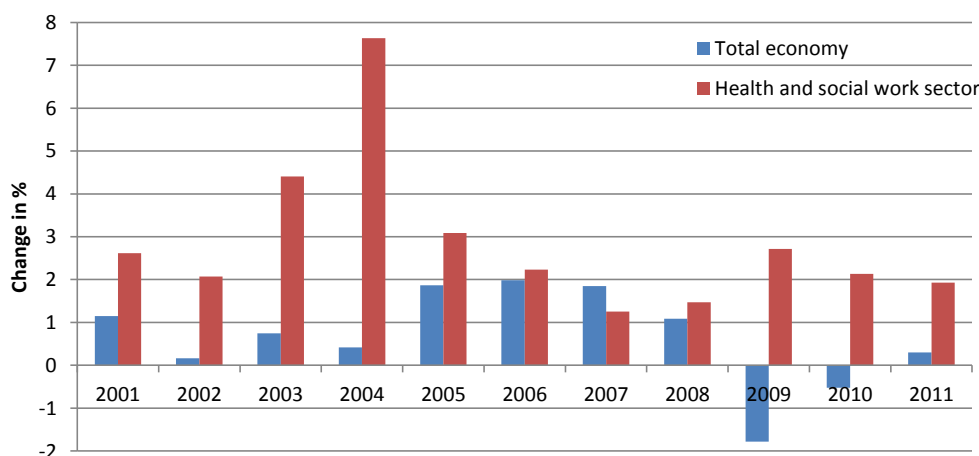
Source: Eurostat, National accounts.

#### Health and social services stabilised employment over the cycle

The share of the health and social work sector in total employment (see Chart 58) increased relatively strongly during 2001–2005, while overall economic and employment growth was weak, and then slowed in the following years, when economic and overall employment growth picked up (2006–2007).

During the economic crisis 2008–2011, growth of the share of this sector in total employment was high again. This was because the European economy as a whole saw declines in total employment, while employment in the health and social work sector rose significantly (by 2% annually on average over this period, as shown in Chart 61). Employment in this sector has been an important source of job growth in recent years and has been less cyclical than in the economy overall — two relevant findings in view of the current economic climate.

**Chart 61: Employment growth in the EU-27, 2001-2011**



Source: Eurostat, LFS.

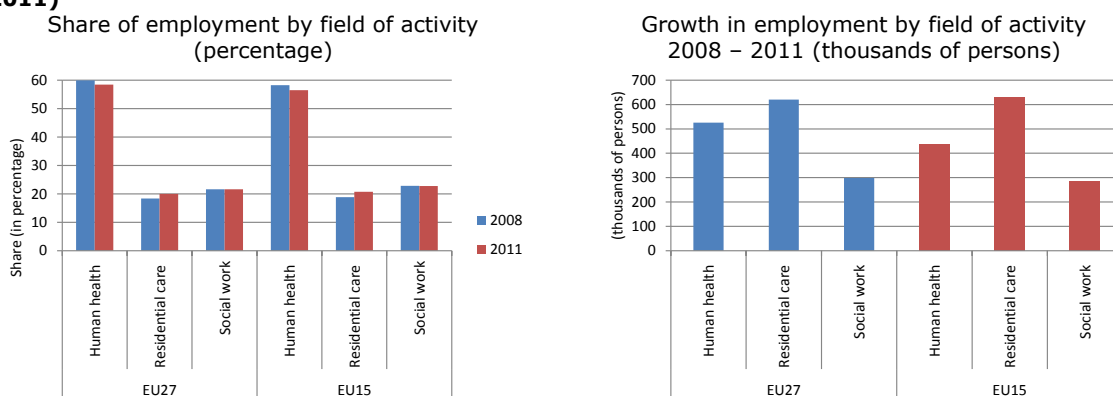


### Job dynamics of health and social services during the crisis

A breakdown of employment in the health and social work sector between human health, residential care and social work, shows a shift of employment between 2008 and 2011, from human health to mainly residential care (left panel, Chart 62). In that period, the share of employment in human health, the biggest field of activity within the sector, fell from 60% to about 58%, while for residential care, the share rose from 18% to 20%. The share of social work remained unchanged, at 22%.

The right panel of Chart 62 shows that residential care and human health turned out to be the driving force behind employment growth in the health and social work sector in the EU from 2008 to 2011.

**Chart 62: Share and absolute growth in health and social services by field of activity (2008 and 2011)**



Source: Eurostat, LFS.

### Jobs in social and health services: higher skills, higher prevalence of shift and night work

Workers in human health and social work have higher skills than on average. In 2011, 42% of health and social workers held a degree from tertiary or higher education, against 30% on average in the entire economy (see Chart 63). Conversely, the low-skilled (primary to lower-secondary education) accounted for only 15% in this sector, against 21% in the economy as a whole. On the other hand, the proportions of shift and night workers are higher in human health and social work than on average, respectively 28% vs 15% for shift work and 25% vs 15% for night work.

**Chart 63: Skill levels and working patterns in human health and social work activities, vs. total economy, 2011 (in percentage, age 15-64)**



Source: Eurostat, LFS.

## Impact of restructuring on employment

The European Restructuring Monitor (ERM) recorded a total of 425 cases of restructuring between 1 September 2012 and 30 November 2012.<sup>69</sup>

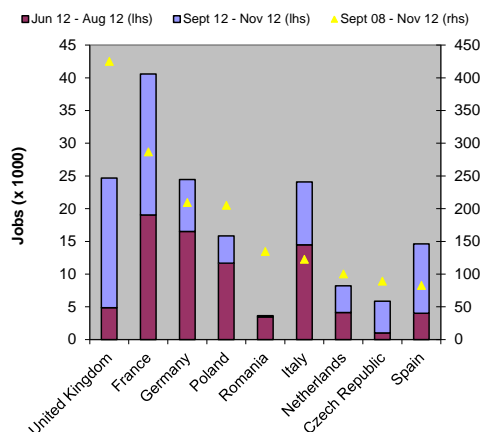
*Announced job losses continued to outnumber announced job gains...*

These cases involved 148 112 announced job losses and 46 330 announced job gains.

*...with most of the recent job loss announcements relating to Greece*

As shown on Chart 64, the Member State with the largest announced job losses was Greece (27 350 jobs). Large job losses were also recorded in France (21 545 jobs) and the United Kingdom (19 828 jobs), followed by Spain (10 594 jobs), Sweden (10 319 jobs) and Italy (9 619 jobs).

**Chart 64: Announced job losses for selected Member States**



Source: Eurofound, ERM.

*Manufacturing was the sector most affected by announced restructuring job losses...*

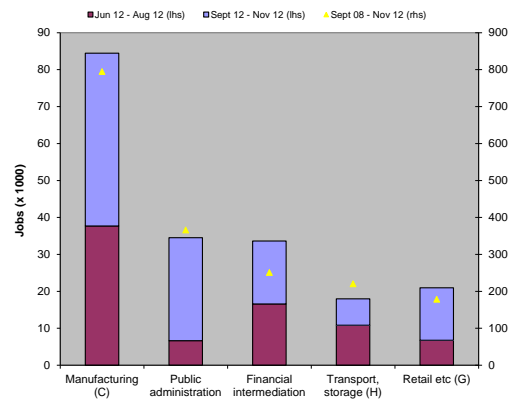
Between September and November 2012, manufacturing (46 760 jobs) was the sector the most affected by announced job losses, as highlighted by Chart 65. Other significantly affected sectors included public administration (27 860), information and

<sup>69</sup> Source: Eurofound. Data in this report are based on an extraction from the ERM database on December 10th 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](http://www.eurofound.europa.eu/emcc/erm/index.htm).

communication (20 921 jobs) and financial intermediation (17 017 jobs).

In manufacturing, the biggest case of announced job losses relates to the announcement of American car manufacturer Ford which announced the closure of its plant in Genk, in Eastern Belgium by the end of 2014. 4 300 people are directly affected by the closure of the Genk plant, and another 5 000 indirect jobs could go. During the quarter Ford has also announced plans to shut down its Southampton van factory and its Dagenham stamping plant in east London in 2013, resulting in the loss of 1 400 jobs. The company however stated it aims at implementing most of the job cuts through voluntary redundancies and re-deployment. Several losses have also been announced as ILVA, Italian-owned (Riva group) steel plant, is closing its steel cold-rolling facility at the plant located in Taranto which employs 11 500 employees. Recent scientific studies revealed high level of minerals, metals and carcinogenic dioxins in the Taranto area and as a consequence in August 2012 a court ordered the shutdown of the most contaminating furnaces, placing the members of the Riva family under house arrest. Subsequently, ILVA was given authorization from the State to continue operations on the condition that it cut emissions and cleaned up the plant. The plant has resumed limited activities and 5 000 workers were given paid leave until the government's decision is finalized. Furthermore, the company has been discussing with the unions a redundancy plan for 1 942 employees, on the grounds of severe crisis that has hit the steel industry.

**Chart 65: Announced job losses by sector for the EU**



Source: Eurofound, ERM.



Large job losses recorded during the quarter have also been recorded at Ericsson, the global provider of telecommunications equipment and services, which has decided to let go of 1 550 employees in Sweden with the aim to improve profitability. The jobs cuts will be distributed in the following way: 1 000 in Stockholm, 200 in Gothenburg, 40 in Borås, 50 in Karlskrona, 106 in Kumla, 120 in Linköping, 10 in Luleå, 15 in Lund, and 13 in Malmö. Individual workers will be notified by March 2013. Another large job losses announcement relates to French producer of telephone network equipment Alcatel-Lucent which announced its intention to cut 1 430 jobs, 15% of its workforce in France. The job cuts will be made within the framework of a worldwide restructuring plan announced affecting 5 490 employees worldwide. Since the merger with Lucent, Alcatel has already cut around 20 000 jobs worldwide. Finally, losses have also been recorded as Flextronics International notified the local labour office about the planned dismissal of 600 employees at its site in Zalaegerszeg. The announcement follows a previous wave of dismissals in December 2011 and spring 2012 affecting 1 600 employees at the Zalaegerszeg site.

In public administration the large number of announced job losses refers to the announcement of large dismissals in the Greek Public Sector. At least 2 000 civil servants in Greece will be put on one-year notice of dismissal with reduced wages by the end of 2012 and 25 000 more by the end of 2013. According to the terms of the memorandum set by Greece's lenders (IMF, ECB, EU) 15 000 civil servants were meant to be made redundant in 2012. However, the Administrative Reform Minister, who has been openly opposed to Troika's requests for mass dismissals, presented a Mobility plan (October 25th, 2012) to Greece's lenders. According to the plan, the public sector workforce will be initially reduced by 'reassigning' 2 000 employees by the end of 2012 to a 12 month 'standby' scheme with reduced salaries, starting from those who have breached the Civil Service Code of conduct. This essentially means that approximately 27 000 civil servants will be given 1-year notice, during which they will receive 75% of their wages and will then be permanently dismissed. According to the terms of the memorandum, public sector workforce is meant to be reduced by 150 000 by the end of 2015. Apart from the 5 000 employees that will be made

redundant per trimester, the rest are expected to leave the workforce through natural attrition. Other large losses in the sector follow the announcement of the National Army of the Czech Republic which announced a restructuring plan envisaging 1 500 job cuts in 2013 as a result of cost-cutting measures. The job cuts will affect mainly high-rank officers. According to the restructuring plan, over 500 military jobs and 1 000 civil jobs will be cut. The army also intends to continue its redundancy plan and abolish the Joint Force Command in Olomouc and Support Forces headquarters in Stará Boleslav. Overall, by the end of 2014 the military is due to be decreased by 1 900 posts.

In information and communication over half of the job losses reported in the quarter relate to telecommunication operators operating in France. Orange announced its employment forecast for 2013-2015 with an estimated 5 000 job losses. On one hand, the company expects to recruit around 4 000 employees on permanent contracts between 2013 and 2015. At the same time, 9 000 employees will leave the company through natural attrition. As a result, the workforce will decrease by 5 000 employees. According to the management, the staff decrease through retirement allows the company to adapt its workforce to the sharp competition within the sector since the arrival of a new low cost competitor, Free. Moreover, France Télécom announced its intention to recruit 4 000 employees by 2015, but as 9 000 will leave the company to retire in the same time period, the net employment effect will be a loss of 5 000 positions. Other losses reported include 2 000 job losses announced by former state-owned Irish telecommunications company Eircom to be implemented by June 2014 and 1 000 job cuts at Hellenic Telecommunications Organization (OTE), Greece's biggest telecommunications group which offers early retirement to 1 000 of its staff all over Greece.

In financial intermediation Bankia, the fourth largest bank in Spain, announced it will dismiss over 6 000 employees, 28% of its entire workforce. While, Intesa Sanpaolo, the Italian banking institute, announced a reorganisation plan envisaging 1 000 jobs by the end of June 2013. Belfius Bank confirmed plans to cut 920 jobs in Belgium. At the same time, the management announced its intention to hire 250 young employees by 2016. This recruitment will replace 470 employees who

are to retire by in the next 4 years. Overall, the workforce will be reduced by 670, over 10% of the total number of employees, while one in six will be affected by the restructuring. Moreover, financial services group OP-Pohjola has announced redundancies of up to 915 persons from its banking and insurance business in Finland. The group is starting negotiations with employee representatives on the cuts, which could include 700 dismissals and the outsourcing of additional 215 jobs.

Between September 2012 and November 2012, the largest restructuring cases involving job loss were in:

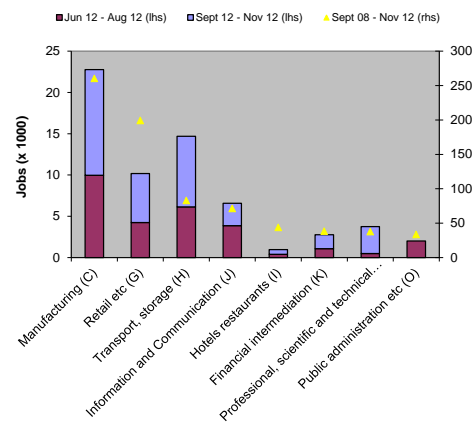
- **Manufacturing:** Ford (BE, 4 300 jobs), ILVA (IT, 1 942 jobs), Ericsson (SE, 1 550 jobs), Alcatel-Lucent (FR, 1 430 jobs), Ford (UK, 1 400 jobs) Flextronics International (HU, 600 jobs).
- **Public administration:** Greek public sector (EL, 25 000 jobs), Czech Republic National Army (CZ, 1 500 jobs).
- **Information and communication:** Orange (FR, 5 000 jobs), France Télécom (FR, 5 000 jobs), Eircom (IE, 2 000 jobs), Hellenic Telecommunications Organization (GR, 1 000 jobs).
- **Financial intermediation:** Bankia (ES, 6 000 jobs), Intesa Sanpaolo (IT, 1 000 jobs), Belfius (BE, 9 200 jobs), OP-Pohjola (FI, 915 jobs), Direct Line (UK, 891 jobs), APG (NL, 800 jobs)

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

Manufacturing was also the sector with the most announced new jobs (12 792 jobs), followed by transport and storage (8 550 jobs) and retail (5 943 jobs), as Chart 66 shows.

In manufacturing, the biggest case of job gains relates to the international high-technology group Safran, specialized in aerospace, defense and security, which announced its intention to recruit 3 000 employees in France in 2013. Safran will recruit a further 3 000 employees in Europe. About 75% of the recruitments will be engineers and managers for research and development. Large job gains in France have also been reported as Airbus announced the recruitment of 2 000 new employees in France. This is part of a wave of worldwide recruitment of approximately 4 000 new personnel.

**Chart 66: Announced job gains by sector for the EU**



Source: Eurofound, ERM.

Job gains have also been reported in Poland following the opening of TRW Automotive new factory, while the site currently employs 100 people, the company announced plans to create in total 700 jobs at the site. Furthermore new jobs have been announced at Enercon, a German manufacturer of wind power engines, which is creating 600 new positions at its subsidiary Kunsttechnologie Aurich (KTA).

In transport and storage sector, Amazon has announced plans to create up to 2 000 new jobs across the UK. The company has already opened a depot in Hemel Hempstead creating 600 new jobs and it plans to open two more depots. New jobs in the UK have also been announced at parcel delivery company DPD which has announced that it is to create around 1 500 new jobs. Also budget airline Ryanair has announced 1 000 new jobs at three of its bases in the North of England. Finally, retailer Marks & Spencer has announced plans to recruit more than 1 000 people to work at its new distribution centre in Castle Donington in Leicestershire. The centre is due to open in early 2013.

In the retail sector, the largest job gains relate to German drug store chain Rossmann who took on 2 000 former employees of the insolvent drug store chain Schlecker and its subsidiary IhrPlatz. Additionally, Rossmann took over all IhrPlatz apprentices. New jobs were also created in France: Japanese clothing retailer Uniqlo announced its intention to recruit 1 000 employees in 2013, while furniture retail network Bricoman announced plans to open new stores in 2013 and to recruit 400 new employees. In Italy Amazon Italia, the

Italian branch of online retailer Amazon, announced it is to open a new customer service centre in Cagliari in the second half of 2013. As a result 500 new jobs will be gradually created over a 5 year period.

Between September and November 2012, the biggest cases involving job gains were:

- Manufacturing: Safran (FR, 3 000 jobs), Airbus (FR, 2 000 jobs), TRW Automotive (PL, 700 jobs),

Kunststofftechnologie Aurich (DE, 600 jobs).

- Transport and storage: Amazon (UK, 2 000 jobs), DPD (UK, 1 500 jobs), Ryanair (UK, 1 000 jobs), Marks & Spencer (UK, 1 000 jobs). Pfenning (DE, 600 jobs).

- Retail: Rossmann (DE, 2 000 jobs), UNIQLO France (FR, 1 000 jobs), Amazon Italia (IT, 500 jobs), Bricoman (FR, 400 jobs).



## Annex 1: Selected statistics

**Table 6: Real GDP growth**

	% change on previous quarter					% change on previous year				
	2011		2012			2011		2012		
	q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
BE	0.0	-0.1	0.2	-0.5	0.0	1.4	0.9	0.4	-0.3	-0.3
BG	0.1	0.1	0.0	0.3	0.1	1.4	0.9	0.5	0.5	0.5
CZ	-0.1	0.0	-0.6	-0.4	-0.3	1.5	0.9	-0.5	-1.0	-1.3
DK	-0.4	-0.1	0.1	-0.7	0.1	-0.3	0.3	0.2	-1.1	-0.6
DE	0.4	-0.1	0.5	0.3	0.2	2.7	1.9	1.2	1.0	0.9
EE	1.0	0.8	0.3	0.9	1.6	8.3	6.2	4.0	3.1	3.7
IE	-0.2	0.6	:	:	:	0.8	2.9	:	:	:
EL	:	:	:	:	:	-4.0	-7.9	-6.7	-6.3	-6.9
ES	0.0	-0.5	-0.4	-0.4	-0.3	0.6	0.0	-0.7	-1.4	-1.6
FR	0.2	0.0	0.0	-0.1	0.2	1.5	1.1	0.2	0.1	0.1
IT	-0.1	-0.7	-0.8	-0.7	-0.2	0.4	-0.5	-1.3	-2.3	-2.4
CY	-0.8	-0.3	-0.6	-0.8	-0.4	-0.3	-0.8	-1.7	-2.5	-2.1
LV	1.2	1.0	1.2	1.3	1.7	6.0	5.9	5.6	4.8	5.2
LT	1.2	1.0	0.3	0.6	1.3	6.6	5.6	4.2	3.2	3.3
LU	0.7	-0.4	0.1	0.4	:	1.3	0.2	0.1	0.8	:
HU	0.1	0.1	-1.1	-0.4	-0.2	1.3	1.2	-1.3	-1.4	-1.6
MT	0.6	-0.7	-0.3	1.3	:	2.5	-0.5	-1.0	0.9	:
NL	-0.2	-0.7	0.1	0.1	-1.1	1.1	-0.4	-0.8	-0.6	-1.4
AT	0.0	0.1	0.3	0.1	0.1	2.1	1.0	0.7	0.5	0.7
PL	0.8	0.8	0.5	0.2	0.4	4.1	4.2	3.5	2.3	1.9
PT	-0.5	-1.6	-0.1	-1.0	-0.9	-1.8	-3.1	-2.3	-3.1	-3.5
RO	1.3	-0.2	-0.2	0.1	-0.5	3.4	2.3	0.9	1.1	-0.8
SI	0.0	-1.2	0.0	-1.1	-0.6	1.1	-1.0	-0.8	-2.3	-2.9
SK	0.7	0.8	0.5	0.6	0.6	3.1	3.2	2.9	2.6	2.5
FI	0.8	-0.4	0.6	-1.1	-0.1	3.1	1.0	1.4	-0.2	-1.1
SE	1.2	-1.1	0.5	0.7	0.5	4.0	1.2	1.3	1.3	0.7
UK	0.5	-0.4	-0.3	-0.4	1.0	0.6	0.7	-0.1	-0.5	-0.1
EU27	0.2	-0.3	-0.1	-0.2	0.1	1.4	0.8	0.1	-0.3	-0.4

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

**Table 7: Employment growth**

	% change on previous quarter					% change on previous year				
	0		2012			0		2012		
	q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
BE	0.2	0.3	-0.1	0.0	-0.1	1.3	1.1	0.7	0.2	0.0
BG	-0.9	0.3	-0.6	-1.3	0.0	-5.0	-2.3	-1.6	-2.8	-1.5
CZ	0.0	-0.3	0.2	0.2	0.1	0.2	0.1	0.2	0.3	0.3
DK	0.0	-0.3	-0.1	-0.2	0.0	-0.3	-0.4	-0.4	-0.6	-0.5
DE	0.3	0.3	0.4	0.1	0.1	1.3	1.3	1.4	1.1	0.9
EE	1.9	-1.0	1.3	0.9	0.0	8.9	4.8	3.2	3.1	1.2
IE	-1.2	0.4	:	:	:	-2.2	-0.5	:	:	:
EL	:	:	:	:	:	-6.3	-7.6	-8.8	-9.1	-8.9
ES	-0.9	-1.3	-1.6	-0.6	-0.8	-1.7	-2.4	-3.5	-4.2	-4.1
FR	0.0	-0.1	0.0	0.0	-0.1	0.5	0.3	0.2	0.0	-0.1
IT	-0.6	0.0	-0.7	0.6	-0.1	0.8	-0.3	-0.9	-0.5	0.0
CY	-0.3	-0.6	-1.3	-0.6	-0.6	0.5	-0.5	-2.4	-3.0	-3.2
LV	0.1	1.5	-0.7	1.0	1.6	-8.5	-7.6	1.8	1.9	3.4
LT	-1.9	0.7	-5.5	-0.6	-0.3	2.0	0.9	-6.5	-7.0	-5.5
LU	0.6	0.6	0.5	0.4	:	3.0	2.9	2.7	2.1	:
HU	0.7	0.1	-0.6	0.4	-0.4	0.6	0.4	0.1	0.7	-0.5
MT	1.0	-0.3	1.3	-0.3	:	3.0	2.4	2.6	1.6	:
NL	0.2	0.0	-0.1	0.0	-0.3	0.7	0.6	0.1	0.1	-0.4
AT	0.4	0.3	0.3	0.1	0.2	1.8	1.6	1.6	1.2	0.9
PL	0.5	0.1	-0.4	-0.2	-2.4	0.4	0.6	0.5	0.1	-3.5
PT	-0.5	-2.4	-1.2	-0.2	-0.4	-0.7	-3.1	-4.2	-4.2	-4.1
RO	:	:	:	:	:	0.8	1.5	2.5	1.2	0.3
SI	-0.3	-0.2	-0.1	-0.4	-0.6	-1.6	-1.2	-0.7	-0.9	-1.4
SK	0.3	-0.1	0.1	0.0	0.0	1.7	0.9	0.6	0.2	-0.1
FI	-0.3	0.5	-0.2	0.2	0.1	1.0	1.2	0.9	0.1	0.4
SE	0.3	0.1	0.1	0.2	0.2	2.1	1.5	0.8	0.7	0.6
UK	-0.6	0.3	0.4	0.7	0.3	-0.4	0.1	0.1	0.9	1.8
EU27	-0.1	-0.1	-0.2	0.1	-0.2	0.2	0.1	-0.3	-0.3	-0.5

Source: Eurostat, national accounts. Seasonally adjusted and adjusted data by working days for change on previous quarter

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

**Table 8: Temporary employees as a percentage of the total number of employees (%) (lfsq\_etpga)**

	2011q2	2011q3	2011q4	2012q1	2012q2	2012q2 change on previous year (pps)
<b>BE</b>	8.8	8.5	9.1	8.1	8.1	-0.7
<b>BG</b>	4.1	5.2	3.9	3.1	4.8	0.7
<b>CZ</b>	8.0	8.4	8.0	7.4	8.3	0.3
<b>DK</b>	9.2	8.9	8.9	8.7	8.6	-0.6
<b>DE</b>	14.7	14.9	15.3	13.9	13.8	-0.9
<b>EE</b>	4.7	5.2	4.4	3.0	3.1	-1.6
<b>IE</b>	10.4	10.5	10.1	10.4	10.3	-0.1
<b>EL</b>	11.9	12.3	10.8	9.7	9.9	-2.0
<b>ES</b>	25.6	26.1	25.0	23.8	23.7	-1.9
<b>FR</b>	15.3	15.9	15.0	14.5	15.3	0.0
<b>IT</b>	13.7	13.6	13.6	13.1	14.2	0.5
<b>CY</b>	14.5	14.3	14.4	13.4	15.3	0.8
<b>LV</b>	7.6	7.5	5.4	4.4	4.7	-2.9
<b>LT</b>	3.6	3.3	2.5	1.5	2.9	-0.7
<b>LU</b>	6.4	6.1	8.7	6.2	7.5	1.1
<b>HU</b>	9.2	9.7	8.8	8.0	9.6	0.4
<b>MT</b>	5.2	7.1	6.8	6.6	6.6	1.4
<b>NL</b>	18.0	18.6	18.8	18.6	19.1	1.1
<b>AT</b>	9.0	10.5	9.5	9.5	9.0	0.0
<b>PL</b>	27.0	27.4	27.2	26.6	27.5	0.5
<b>PT</b>	22.8	22.7	21.2	20.1	21.0	-1.8
<b>RO</b>	1.9	1.8	1.1	1.5	1.9	0.0
<b>SI</b>	17.5	19.1	19.2	18.0	16.7	-0.8
<b>SK</b>	6.6	6.5	6.8	6.9	6.9	0.3
<b>FI</b>	16.7	17.4	14.1	13.4	17.3	0.6
<b>SE</b>	16.3	17.5	15.4	14.2	15.8	-0.5
<b>UK</b>	6.1	6.0	6.1	5.9	6.1	0.0
<b>EU27</b>	14.2	14.5	14.1	13.4	13.9	-0.3
<b>Men</b>	13.6	14.1	13.6	12.8	13.3	-0.3
<b>Women</b>	14.8	14.9	14.6	13.9	14.4	-0.4

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

**Table 9: Part-time employment as a percentage of the total employment (%) (lfsq\_eppga) (share of employees)**

	2011q2	2011q3	2011q4	2012q1	2012q2	2012q2 change on previous year (pps)
<b>BE</b>	25.1	23.6	24.8	26.4	24.5	-0.6
<b>BG</b>	2.3	2.1	2.1	2.1	2.5	0.2
<b>CZ</b>	4.7	4.6	4.5	4.5	4.9	0.2
<b>DK</b>	25.6	24.5	24.5	26.4	25.5	-0.1
<b>DE</b>	25.9	25.7	25.5	25.8	25.8	-0.1
<b>EE</b>	9.5	8.5	8.8	9.2	9.7	0.2
<b>IE</b>	22.9	23.1	23.1	23.0	23.4	0.5
<b>EL</b>	6.2	6.6	6.9	7.0	7.2	1.0
<b>ES</b>	14.0	13.1	13.7	14.3	14.8	0.8
<b>FR</b>	17.8	17.2	17.9	17.9	17.9	0.1
<b>IT</b>	15.3	14.8	15.9	16.5	17.0	1.7
<b>CY</b>	8.9	8.2	9.1	9.7	9.4	0.5
<b>LV</b>	8.1	8.6	9.4	9.9	9.2	1.1
<b>LT</b>	7.7	8.0	8.7	9.4	8.5	0.8
<b>LU</b>	18.1	18.1	17.5	19.0	18.7	0.6
<b>HU</b>	6.5	6.7	6.5	6.3	6.5	0.0
<b>MT</b>	12.0	12.9	12.0	13.0	12.6	0.6
<b>NL</b>	48.5	48.3	48.8	49.0	49.1	0.6
<b>AT</b>	24.4	24.0	24.4	25.2	24.8	0.4
<b>PL</b>	7.2	7.0	7.3	7.4	7.2	0.0
<b>PT</b>	9.7	10.0	10.3	11.1	11.1	1.4
<b>RO</b>	9.4	9.5	9.1	9.0	9.5	0.1
<b>SI</b>	9.1	9.9	9.7	10.1	8.5	-0.6
<b>SK</b>	4.0	4.0	3.9	4.0	4.0	0.0
<b>FI</b>	13.6	13.0	14.8	14.4	13.9	0.3
<b>SE</b>	24.9	23.7	24.9	25.1	24.6	-0.3
<b>UK</b>	25.6	25.2	25.6	26.0	26.1	0.5
<b>EU27</b>	18.9	18.5	18.9	19.3	19.3	0.4
<b>Men</b>	8.1	7.9	8.1	8.4	8.5	0.4
<b>Women</b>	31.6	31.1	31.7	32.1	32.1	0.5

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



**Table 10: Employment rates 15-64 (lfsq\_ergan)**

	2011q2	2011q3	2011q4	2012q1	2012q2	2012q2 change on previous year (pps)
<b>BE</b>	62.5	61.7	62.2	61.5	61.8	-0.7
<b>BG</b>	58.2	59.9	58.7	56.9	58.3	0.1
<b>CZ</b>	65.7	66.1	66.1	65.6	66.5	0.8
<b>DK</b>	73.3	73.8	72.9	72.3	72.8	-0.5
<b>DE</b>	72.5	72.8	73.3	72.1	72.7	0.2
<b>EE</b>	64.3	67.2	65.8	66.0	67.1	2.8
<b>IE</b>	59.2	58.8	59.0	58.3	58.8	-0.4
<b>EL</b>	56.4	55.4	53.5	52.3	51.7	-4.7
<b>ES</b>	58.3	57.9	56.8	55.7	55.7	-2.6
<b>FR</b>	64.1	64.3	63.6	63.4	64.1	0.0
<b>IT</b>	57.3	56.9	56.9	56.5	57.1	-0.2
<b>CY</b>	68.6	67.1	66.4	64.7	64.9	-3.7
<b>LV</b>	60.5	61.7	62.0	61.2	62.4	1.9
<b>LT</b>	60.8	61.4	61.6	60.6	62.3	1.5
<b>LU</b>	63.8	65.0	64.0	64.6	65.8	2.0
<b>HU</b>	55.8	56.4	56.5	55.7	57.2	1.4
<b>MT</b>	57.3	58.1	57.3	58.6	58.5	1.2
<b>NL</b>	74.7	75.1	75.3	74.9	75.1	0.4
<b>AT</b>	72.1	73.0	72.3	71.4	72.6	0.5
<b>PL</b>	59.7	60.2	59.9	59.2	60.0	0.3
<b>PT</b>	64.8	64.5	62.9	62.2	62.5	-2.3
<b>RO</b>	58.8	59.1	57.9	58.0	60.0	1.2
<b>SI</b>	64.4	65.1	64.4	64.0	63.8	-0.6
<b>SK</b>	59.6	59.9	59.5	59.6	59.8	0.2
<b>FI</b>	70.1	70.3	68.6	67.9	70.4	0.3
<b>SE</b>	74.5	75.4	73.8	73.0	74.6	0.1
<b>UK</b>	69.4	69.5	69.6	69.4	69.8	0.4
<b>EU27</b>	64.4	64.6	64.3	63.6	64.3	-0.1
<b>Men</b>	70.2	70.5	70.0	69.1	69.9	-0.3
<b>Womer</b>	58.7	58.7	58.5	58.2	58.8	0.1

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

**Table 11: Employment rates 20-64**

	2011q2	2011q3	2011q4	2012q1	2012q2	2012q2 change on previous year (pps)
<b>BE</b>	66.6	68.0	66.9	67.6	67.0	0.4
<b>BG</b>	62.6	63.4	65.4	64.1	61.1	-1.5
<b>CZ</b>	70.2	70.9	71.2	71.1	70.6	0.4
<b>DK</b>	75.0	75.8	76.3	75.8	75.3	0.3
<b>DE</b>	75.2	76.4	76.6	77.0	75.9	0.7
<b>EE</b>	68.4	69.6	72.4	71.2	71.0	2.6
<b>IE</b>	63.8	64.4	63.9	64.3	63.5	-0.3
<b>EL</b>	61.3	60.9	59.7	57.6	56.4	-4.9
<b>ES</b>	61.7	62.3	61.7	60.7	59.6	-2.1
<b>FR</b>	68.9	69.5	69.5	69.0	68.8	-0.1
<b>IT</b>	60.9	61.5	61.1	61.1	60.7	-0.2
<b>CY</b>	74.7	74.9	73.1	72.6	70.3	-4.4
<b>LV</b>	65.6	67.0	68.0	68.4	66.2	0.6
<b>LT</b>	65.5	67.3	67.9	68.0	67.4	1.9
<b>LU</b>	71.1	69.3	70.4	69.6	70.3	-0.8
<b>HU</b>	59.5	60.7	61.3	61.4	60.6	1.1
<b>MT</b>	61.9	61.4	61.4	61.3	62.8	0.9
<b>NL</b>	76.7	76.8	77.0	77.5	77.2	0.5
<b>AT</b>	74.2	75.5	75.7	75.3	74.6	0.4
<b>PL</b>	64.1	64.9	65.3	64.9	64.2	0.1
<b>PT</b>	69.5	69.8	69.3	67.7	67.0	-2.5
<b>RO</b>	62.5	63.1	63.3	62.3	62.3	-0.2
<b>SI</b>	67.8	68.6	68.6	68.5	68.3	0.5
<b>SK</b>	64.6	65.2	65.6	65.1	64.9	0.3
<b>FI</b>	72.3	74.4	74.7	73.8	73.1	0.8
<b>SE</b>	78.9	80.3	80.9	79.9	79.1	0.2
<b>UK</b>	73.6	73.6	73.6	73.5	73.4	-0.2
<b>EU27</b>	68.2	68.9	68.9	68.6	68.0	-0.2
<b>Men</b>	75.3	75.4	74.9	74.0	74.8	-0.5
<b>Womer</b>	62.6	62.4	62.3	62.0	62.6	0.0

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

**Table 12: Unemployment rates**

	2011 nov	2012 jun	2012 jul	2012 aug	2012 sep	2012 oct	2012 nov	2012 nov change on previous month (pps)	2012 nov change on previous year (pps)
BE	7.2	7.5	7.4	7.4	7.4	7.4	7.4	0.0	0.2
BG	11.7	12.3	12.4	12.3	12.3	12.4	12.4	0.0	0.7
CZ	6.5	6.9	6.9	7.0	7.1	7.3	7.4	0.1	0.9
DK	7.9	7.9	7.7	7.4	7.4	7.7	7.9	0.2	0.0
DE	5.6	5.5	5.5	5.5	5.4	5.4	5.4	0.0	-0.2
EE	12.1	9.9	10.1	10.0	9.6	9.5	:	:	:
IE	15.0	14.8	14.8	14.8	14.8	14.7	14.6	-0.1	-0.4
EL	20.8	24.7	24.8	25.3	26.0	:	:	:	:
ES	23.0	25.0	25.4	25.6	25.9	26.2	26.6	0.4	3.6
FR	9.8	10.3	10.3	10.3	10.4	10.4	10.5	0.1	0.7
IT	9.3	10.6	10.5	10.5	10.8	11.1	11.1	0.0	1.8
CY	9.5	11.7	12.2	12.3	12.9	13.8	14.0	0.2	4.5
LV	15.5	15.7	14.1	14.1	14.1	:	:	:	:
LT	13.9	12.9	12.7	12.6	12.5	12.4	12.5	0.1	-1.4
LU	4.7	5.0	5.1	5.0	5.1	5.1	5.1	0.0	0.4
HU	10.8	10.8	10.7	10.7	10.8	10.9	:	:	:
MT	6.5	6.7	6.6	6.7	6.7	6.8	6.9	0.1	0.4
NL	4.9	5.1	5.3	5.3	5.4	5.5	5.6	0.1	0.7
AT	4.3	4.5	4.6	4.5	4.4	4.4	4.5	0.1	0.2
PL	10.0	10.1	10.2	10.3	10.3	10.5	10.6	0.1	0.6
PT	14.1	15.8	16.0	16.2	16.2	16.3	16.3	0.0	2.2
RO	7.6	7.3	7.1	7.0	7.0	6.9	6.7	-0.2	-0.9
SI	8.6	8.9	9.2	9.4	9.5	9.7	9.6	-0.1	1.0
SK	14.0	14.0	14.1	14.1	14.1	14.2	14.5	0.3	0.5
FI	7.6	7.7	7.8	7.8	7.8	7.8	7.9	0.1	0.3
SE	7.4	7.6	7.5	7.9	7.8	7.7	8.1	0.4	0.7
UK	8.3	7.9	7.8	7.8	7.8	:	:	:	:
EU27	10.0	10.5	10.5	10.5	10.6	10.7	10.7	0.0	0.7
Men	9.9	10.4	10.4	10.5	10.6	10.7	10.8	0.1	0.9
Women	10.1	10.5	10.5	10.6	10.6	10.7	10.7	0.0	0.6

Source: Eurostat, EU LFS. Seasonally adjusted Data

Note: : not available

**Table 13: Youth unemployment rates**

	2011 nov	2012 jun	2012 jul	2012 aug	2012 sep	2012 oct	2012 nov	2012 nov change on previous month (pps)	2012 nov change on previous year (pps)
BE	17.5	18.8	19.0	19.4	19.9	19.7	19.7	0.0	2.2
BG	26.7	28.4	27.8	26.6	26.1	26.8	27.4	0.6	0.7
CZ	18.1	19.4	19.4	19.3	19.9	20.9	21.3	0.4	3.2
DK	14.4	14.3	13.8	13.2	12.9	13.7	14.2	0.5	-0.2
DE	8.2	8.1	8.1	8.1	8.1	8.1	8.1	0.0	-0.1
EE	25.2	22.4	21.8	19.8	18.8	17.5	:	:	:
IE	30.5	31.2	30.9	30.7	30.1	29.9	29.7	-0.2	-0.8
EL	50.3	55.2	55.8	57.1	57.6	:	:	:	:
ES	48.8	53.0	53.6	54.1	54.6	55.8	56.5	0.7	7.7
FR	22.9	24.5	24.9	25.2	25.6	26.4	27.0	0.6	4.1
IT	32.2	33.6	34.7	34.5	35.9	36.5	37.1	0.6	4.9
CY	26.2	26.6	27.0	27.0	27.0	:	:	:	:
LV	28.6	29.3	31.9	31.9	31.9	:	:	:	:
LT	30.9	27.1	27.7	27.2	26.5	24.3	24.2	-0.1	-6.7
LU	17.6	17.8	18.1	17.9	18.1	18.6	18.6	0.0	1.0
HU	26.7	28.6	28.9	29.0	29.9	29.3	:	:	:
MT	13.7	15.5	15.5	16.0	15.9	16.5	16.4	-0.1	2.7
NL	8.6	9.3	9.2	9.4	9.7	9.8	9.7	-0.1	1.1
AT	8.8	8.7	9.1	9.3	8.9	8.7	9.0	0.3	0.2
PL	26.7	25.9	26.3	26.8	27.1	27.8	28.4	0.6	1.7
PT	34.4	38.5	39.0	39.2	38.9	39.0	38.7	-0.3	4.3
RO	24.8	23.0	23.0	23.0	23.0	:	:	:	:
SI	15.3	20.7	23.5	23.5	23.5	:	:	:	:
SK	32.8	33.8	34.4	34.8	34.7	35.3	35.8	0.5	3.0
FI	19.7	18.6	18.7	18.9	19.0	19.0	19.0	0.0	-0.7
SE	22.9	22.9	22.8	25.6	23.3	23.0	24.8	1.8	1.9
UK	22.0	20.9	20.4	20.5	20.2	:	:	:	:
EU27	22.2	22.7	22.8	23.0	23.2	23.5	23.7	0.2	1.5
Men	22.8	23.4	23.5	23.7	24.0	24.3	24.5	0.2	1.7
Women	21.5	21.8	22.0	22.2	22.2	22.5	22.7	0.2	1.2

Source: Eurostat, EU LFS. Seasonally adjusted Data

Note: : not available

**Table 14: Long-term unemployment rates**

	2011q2	2011q3	2011q4	2012q1	2012q2	2012q2 change on previous year (pps)
BE	3.2	3.8	3.4	3.2	3.1	-0.1
BG	6.4	6.2	6.4	6.9	6.9	0.5
CZ	2.6	2.6	2.7	3.1	3.0	0.4
DK	2.0	1.7	1.8	2.2	2.1	0.1
DE	2.9	2.8	2.6	2.7	2.5	-0.4
EE	7.2	6.5	6.7	6.8	5.3	-1.9
IE	8.2	8.8	9.1	9.6	9.4	1.2
EL	8.0	9.0	10.9	12.4	13.2	5.2
ES	8.6	8.9	9.9	10.3	10.9	2.3
FR	3.8	4.0	4.1	4.1	4.0	0.2
IT	4.2	4.1	4.9	5.3	5.6	1.4
CY	1.2	1.8	2.2	2.7	3.2	2.0
LV	9.3	8.3	7.7	8.5	8.7	-0.6
LT	8.0	8.0	7.1	7.3	6.4	-1.6
LU	1.8	1.4	1.4	1.8	1.4	-0.4
HU	5.4	5.1	4.9	5.0	4.9	-0.5
MT	2.9	2.7	3.2	3.0	3.1	0.2
NL	1.5	1.4	1.6	1.8	1.8	0.3
AT	1.1	0.9	1.1	1.0	1.1	0.0
PL	3.5	3.6	3.8	4.1	4.1	0.6
PT	6.3	5.9	6.7	6.9	7.3	1.0
RO	3.0	3.0	3.4	3.3	3.1	0.1
SI	3.5	3.3	3.9	3.8	3.9	0.4
SK	9.1	8.7	9.5	9.4	9.1	0.0
FI	1.7	1.7	1.8	1.8	1.7	0.0
SE	1.4	1.3	1.3	1.4	1.3	-0.1
UK	2.6	2.7	2.7	2.8	2.8	0.2
<b>EJ27</b>	<b>4.0</b>	<b>4.1</b>	<b>4.3</b>	<b>4.5</b>	<b>4.6</b>	<b>0.6</b>
<b>Men</b>	<b>4.0</b>	<b>4.1</b>	<b>4.3</b>	<b>4.5</b>	<b>4.6</b>	<b>0.6</b>
<b>Womer</b>	<b>4.0</b>	<b>4.1</b>	<b>4.3</b>	<b>4.5</b>	<b>4.6</b>	<b>0.6</b>

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

**Table 15: Job vacancy rates**

	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	12q2/11q <sub>2</sub>	12q3/11q <sub>3</sub>
BE	1.5	1.6	1.6	1.9	2.1	1.6	2.6	2.5	:	0.6	:
BG	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.0	0.0
CZ	0.9	0.8	0.8	0.9	1.0	0.9	0.9	1.0	1.1	0.1	0.1
DK	1.2	1.1	1.4	1.3	1.1	1.0	1.2	1.3	:	0.0	:
DE	2.1	2.6	2.7	2.5	2.5	3.0	2.6	2.7	2.3	0.2	-0.2
EE	1.2	1.0	1.2	1.3	1.6	1.3	1.4	1.6	:	0.3	:
IE	0.5	0.6	0.7	0.6	0.6	0.6	0.7	0.6	0.7	0.0	0.1
EL	1.1	0.7	2.9	1.4	1.0	0.8	2.0	2.7	:	1.3	:
ES	1.1	1.1	1.1	1.1	1.0	0.8	0.8	0.8	:	-0.3	:
FR	0.4	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.6	-0.1	-0.1
IT	0.6	0.6	0.9	0.9	0.7	0.6	0.7	0.5	:	-0.4	:
CY	1.7	1.1	1.6	1.5	0.9	0.5	0.8	0.9	:	-0.6	:
LV	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	:	0.0	:
LT	0.8	0.6	0.9	0.8	1.1	0.6	0.9	0.8	1.2	0.0	0.1
LU	0.7	0.7	0.8	1.0	0.8	0.6	0.8	0.8	:	-0.2	:
HU	0.9	1.0	1.2	1.1	1.1	1.0	1.1	1.0	:	-0.1	:
MT	2.9	3.2	2.7	3.6	3.0	2.8	3.4	3.3	:	-0.3	:
NL	1.5	1.6	1.7	1.8	1.6	1.5	1.5	1.5	1.3	-0.3	-0.3
AT	2.1	2.2	2.3	2.1	1.9	1.8	2.0	2.0	1.9	-0.1	0.0
PL	0.6	0.5	0.7	0.6	0.5	0.4	0.5	0.5	:	-0.1	:
PT	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	:	0.1	:
RO	0.6	0.5	0.7	0.7	0.7	0.5	0.6	0.6	0.6	-0.1	-0.1
SI	0.7	0.7	0.8	0.8	1.0	0.8	0.8	0.7	0.9	-0.1	-0.1
SK	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.0	0.0
FI	1.7	1.4	2.7	2.3	1.8	1.6	3.3	2.3	1.7	0.0	-0.1
SE	1.2	1.2	1.6	1.8	1.4	1.3	1.8	1.8	1.3	0.0	-0.1
UK	1.7	1.8	1.7	1.7	1.8	1.7	1.6	1.7	1.8	0.0	0.0
<b>EJ27</b>	<b>1.3</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.4</b>	<b>0.0</b>	<b>-0.1</b>

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 16: Labour productivity per person employed**

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011		2012			2011		2012		
				q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
<b>EU-27</b>	-2.6	2.6	1.2	0.4	-0.2	0.1	-0.3	:	1.2	0.7	0.3	-0.1	:
<b>EURO</b>	-2.6	2.5	1.2	0.2	-0.1	0.3	-0.2	:	1.0	0.7	0.4	0.2	:
<b>BE</b>	-2.6	1.7	0.4	-0.2	-0.3	0.4	-0.5	0.1	0.2	-0.2	-0.3	-0.6	-0.3
<b>BG</b>	-2.9	5.3	6.1	1.1	-0.2	0.6	1.7	0.2	6.4	3.5	2.5	3.1	2.2
<b>CZ</b>	-2.8	3.5	1.6	-0.1	0.3	-0.8	-0.6	-0.4	1.3	0.8	-0.6	-1.3	-1.5
<b>DK</b>	-3.4	3.9	1.5	-0.4	0.2	0.1	-0.5	0.1	0.0	0.7	0.5	-0.5	0.0
<b>DE</b>	-5.2	3.6	1.6	0.1	-0.5	0.1	0.2	0.1	1.3	0.6	-0.2	-0.1	0.0
<b>EE</b>	-4.5	8.5	1.2	-0.5	1.7	-1.1	-0.4	:	-0.3	1.3	0.5	-0.3	:
<b>IE</b>	2.9	3.6	3.6	0.9	0.1	-0.1	0.4	-0.2	3.0	3.6	2.6	1.4	0.2
<b>EL</b>	-2.5	-2.4	-1.6	:	:	:	:	:	:	:	:	:	:
<b>ES</b>	3.0	2.2	2.0	0.9	0.8	1.2	0.2	0.5	2.4	2.6	2.9	3.1	2.7
<b>FR</b>	-1.9	1.7	1.2	0.2	0.1	-0.1	-0.1	0.3	1.0	0.8	0.0	0.1	0.3
<b>IT</b>	-3.9	2.5	0.1	0.5	-0.7	-0.1	-1.3	-0.1	-0.2	-0.5	-0.5	-1.6	-2.2
<b>CY</b>	-1.3	1.3	0.0	-0.6	0.3	0.7	-0.2	0.2	-0.6	-0.3	0.6	0.3	1.1
<b>LV</b>	-5.3	4.0	14.8	1.1	-0.4	1.8	0.3	0.1	15.9	14.6	3.6	2.8	1.8
<b>LT</b>	-8.6	7.0	3.8	3.2	0.3	6.1	1.2	1.6	4.5	4.6	9.7	11.1	9.5
<b>LU</b>	-5.1	1.1	-1.2	0.2	-1.0	-0.4	0.0	:	-1.6	-2.7	-2.5	-1.3	:
<b>HU</b>	-4.4	0.6	1.2	-0.7	0.0	-0.6	-0.7	0.3	0.8	1.0	-1.6	-2.0	-1.1
<b>MT</b>	-2.1	1.0	-0.5	-0.4	-0.4	-1.5	1.6	:	-0.4	-2.6	-3.4	-0.8	:
<b>NL</b>	-3.0	2.0	0.3	-0.3	-0.7	0.2	0.1	-0.8	0.4	-1.0	-0.9	-0.7	-1.1
<b>AT</b>	-3.1	1.2	1.0	-0.5	-0.2	0.0	0.0	0.0	0.2	-0.5	-0.8	-0.7	-0.2
<b>PL</b>	1.2	3.4	3.3	0.3	0.7	0.9	0.3	2.8	3.5	3.4	3.2	2.3	4.9
<b>PT</b>	-0.3	3.0	-0.1	0.0	0.8	1.0	-0.8	-0.4	-1.0	-0.1	2.0	1.1	0.6
<b>RO</b>	-4.7	-0.2	2.0	:	:	:	:	:	:	:	:	:	:
<b>SI</b>	-6.1	3.5	2.2	0.2	-1.0	0.1	-0.7	0.0	2.7	0.2	-0.1	-1.3	-1.6
<b>SK</b>	-3.0	6.0	1.4	0.4	0.8	0.4	0.6	0.6	1.2	1.9	2.2	2.3	2.5
<b>FI</b>	-6.1	3.4	1.6	1.1	-0.9	0.8	-1.3	-0.2	2.1	-0.5	0.6	-0.3	-1.6
<b>SE</b>	-2.7	5.3	1.4	0.8	-1.2	0.4	0.5	0.3	1.9	-0.4	0.5	0.6	0.0
<b>UK</b>	-2.4	1.6	0.4	1.1	-0.6	-0.7	-1.1	0.6	1.0	0.6	-0.2	-1.4	-1.8

Source: Eurostat (variable nama\_aux\_lp and namq\_aux\_lp)

Note: provisional values for IE, EL and PL; break in series for LV in 2011Q1

**Table 17: Nominal compensation per employee**

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011		2012			2011		2012		
				q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
<b>EU-27</b>	-1.0	3.4	2.1	0.4	0.7	1.4	0.6	:	1.6	2.0	2.5	3.1	:
<b>EURO</b>	1.6	1.8	2.1	0.1	0.6	0.7	0.2	:	2.1	2.2	2.0	1.6	:
<b>BE</b>	1.3	1.3	3.1	1.1	0.6	1.1	0.8	0.5	3.5	3.2	3.2	3.7	3.1
<b>BG</b>	9.8	10.9	7.2	:	:	:	:	:	:	:	:	:	:
<b>CZ</b>	-0.6	3.5	2.7	0.8	0.0	2.1	-0.8	-0.3	2.3	2.4	3.7	2.0	1.0
<b>DK</b>	2.5	2.7	1.6	0.6	0.7	0.4	0.6	-0.4	1.4	2.3	1.6	2.4	1.4
<b>DE</b>	0.4	2.5	3.0	0.2	0.5	0.6	1.1	0.2	2.9	2.8	2.2	2.4	2.5
<b>EE</b>	-3.1	2.3	-0.2	0.0	2.7	0.7	2.3	:	-2.0	2.2	4.4	5.8	:
<b>IE</b>	-0.8	-2.9	0.4	0.4	-0.5	1.0	0.4	1.4	0.1	0.5	1.7	1.4	2.3
<b>EL</b>	3.7	-2.5	-3.4	:	:	:	:	:	:	:	:	:	:
<b>ES</b>	4.3	0.2	0.5	-0.1	0.8	0.6	-1.5	-0.2	0.8	1.2	1.2	-0.2	-0.3
<b>FR</b>	1.8	2.3	2.8	0.5	0.6	0.4	0.4	0.4	2.9	2.9	2.3	2.0	2.0
<b>IT</b>	0.1	2.0	1.0	-0.8	0.6	0.5	-0.9	0.0	1.0	0.7	0.6	-0.7	0.1
<b>CY</b>	2.6	2.7	3.3	1.1	0.3	0.0	0.3	0.3	3.4	3.0	2.5	1.9	1.1
<b>LV</b>	-13.2	-6.4	17.8	3.0	-0.2	-1.2	-0.6	1.2	23.4	17.6	2.3	1.0	-0.8
<b>LT</b>	-10.1	0.1	3.7	4.5	2.0	7.5	1.3	1.6	4.6	8.7	13.6	15.6	:
<b>LU</b>	2.2	2.7	2.1	0.5	1.4	-0.1	0.1	:	1.1	1.6	1.5	1.8	:
<b>HU</b>	-1.6	-0.3	3.0	0.1	-1.3	4.6	1.0	0.2	3.0	3.4	3.9	4.5	4.5
<b>MT</b>	3.7	-0.3	0.8	-0.5	1.0	0.5	0.5	:	-0.6	1.1	1.0	1.3	:
<b>NL</b>	2.3	1.2	1.5	0.7	-0.1	0.3	0.1	:	1.9	1.1	1.0	1.1	:
<b>AT</b>	1.9	1.2	1.9	0.4	0.7	0.9	0.9	0.9	1.8	2.1	2.5	3.0	3.5
<b>PL</b>	3.4	4.7	4.0	1.2	-0.1	1.6	0.4	:	5.0	3.5	4.5	3.2	:
<b>PT</b>	2.8	1.4	-0.8	-0.9	0.6	-0.2	-3.7	:	-1.1	-0.3	0.1	-4.1	:
<b>RO</b>	-1.8	7.7	3.7	:	:	:	:	:	:	:	:	:	:
<b>SI</b>	2.4	3.9	1.6	-0.3	-0.2	0.2	-0.8	0.4	1.4	0.5	0.5	-0.9	-0.3
<b>SK</b>	2.7	5.1	1.0	0.9	-1.2	0.4	1.8	0.4	1.4	0.4	0.5	2.0	1.5
<b>FI</b>	2.9	1.8	3.4	1.5	0.1	1.9	0.4	0.1	3.7	2.5	4.1	4.0	2.6
<b>SE</b>	1.7	2.9	0.9	:	:	:	:	:	:	:	:	:	:
<b>UK</b>	2.9	2.8	1.9	2.1	0.5	1.2	-0.3	:	3.0	3.4	4.2	3.5	:

Source: DG EMPL calculations on the basis of Eurostat (nama\_aux\_lp and namq\_aux\_lp, nama\_aux\_ulc and namq\_aux\_ulc)

**Table 18: Nominal unit labour cost**

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011		2012			2011		2012		
				q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
<b>EU-27</b>	1.6	0.8	0.9	0.0	0.9	1.3	0.9	:	0.4	1.3	2.2	3.2	:
<b>EURO</b>	4.2	-0.7	0.9	-0.1	0.7	0.4	0.4	:	1.1	1.5	1.6	1.4	:
<b>BE</b>	3.9	-0.4	2.7	1.3	0.9	0.7	1.3	0.4	3.3	3.4	3.5	4.3	3.4
<b>BG</b>	12.7	5.6	1.1	:	:	:	:	:	:	:	:	:	:
<b>CZ</b>	2.2	0.0	1.1	0.9	-0.3	2.9	-0.2	0.1	1.0	1.6	4.3	3.3	2.5
<b>DK</b>	5.9	-1.2	0.1	1.0	0.5	0.3	1.1	-0.5	1.4	1.6	1.1	2.9	1.4
<b>DE</b>	5.6	-1.1	1.4	0.1	1.0	0.5	0.9	0.1	1.6	2.2	2.4	2.5	2.5
<b>EE</b>	1.4	-6.2	-1.4	0.5	1.0	1.8	2.7	:	-1.7	0.9	3.9	6.1	:
<b>IE</b>	-3.7	-6.5	-3.2	-0.5	-0.6	1.1	0.0	1.6	-2.9	-3.1	-0.9	0.0	2.1
<b>EL</b>	6.2	-0.1	-1.8	:	:	:	:	:	:	:	:	:	:
<b>ES</b>	1.3	-2.0	-1.5	-1.0	0.0	-0.6	-1.7	-0.7	-1.6	-1.4	-1.7	-3.3	-3.0
<b>FR</b>	3.7	0.6	1.6	0.3	0.5	0.5	0.5	0.1	1.9	2.1	2.3	1.9	1.7
<b>IT</b>	4.0	-0.5	0.9	-1.3	1.3	0.6	0.4	0.1	1.2	1.2	1.1	0.9	2.3
<b>CY</b>	3.9	1.4	3.3	1.7	0.0	-0.7	0.5	0.1	4.0	3.3	1.9	1.6	0.0
<b>LV</b>	-7.9	-10.4	3.0	1.9	0.2	-3.0	-0.9	1.1	7.5	3.0	-1.3	-1.8	-2.6
<b>LT</b>	-1.5	-6.9	-0.1	1.3	1.7	1.4	0.1	0.0	0.1	4.1	3.9	4.5	3.2
<b>LU</b>	7.3	1.6	3.3	0.3	2.4	0.3	0.1	:	2.7	4.3	4.0	3.1	:
<b>HU</b>	2.8	-0.9	1.8	0.8	-1.3	5.2	1.7	-0.1	2.2	2.4	5.5	6.5	5.6
<b>MT</b>	5.8	-1.3	1.3	-0.1	1.4	2.0	-1.1	:	-0.2	3.7	4.4	2.1	:
<b>NL</b>	5.3	-0.8	1.2	1.0	0.6	0.1	0.0	:	1.5	2.1	1.9	1.8	:
<b>AT</b>	5.0	0.0	0.9	0.9	0.9	0.9	0.9	0.9	1.6	2.6	3.3	3.7	3.7
<b>PL</b>	2.2	1.3	0.7	0.9	-0.8	0.7	0.1	:	1.5	0.1	1.3	0.9	:
<b>PT</b>	3.1	-1.6	-0.7	-0.9	-0.2	-1.2	-2.9	:	-0.1	-0.2	-1.9	-5.2	:
<b>RO</b>	2.9	7.9	1.7	:	:	:	:	:	:	:	:	:	:
<b>SI</b>	8.5	0.4	-0.6	-0.5	0.8	0.1	-0.1	0.4	-1.3	0.3	0.6	0.4	1.3
<b>SK</b>	5.7	-0.9	-0.4	0.5	-2.0	0.0	1.2	-0.2	0.2	-1.5	-1.7	-0.3	-1.0
<b>FI</b>	9.0	-1.6	1.8	0.4	1.0	1.1	1.7	0.3	1.6	3.0	3.5	4.3	4.2
<b>SE</b>	4.4	-2.4	-0.5	:	:	:	:	:	:	:	:	:	:
<b>UK</b>	5.3	1.2	1.5	1.0	1.1	1.9	0.8	:	2.0	2.8	4.4	4.9	:

Source: Eurostat (variable nama\_aux\_ulc and namq\_aux\_ulc)

Note: provisional values for EL; break in series for LV in 2011Q1

**Table 19: Real unit labour cost**

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011		2012			2011		2012		
				q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
<b>EU-27</b>	3.2	-1.5	-0.6	-0.2	0.5	0.4	0.0	:	-0.4	0.1	0.8	0.7	:
<b>EURO</b>	3.2	-1.6	-0.3	-0.4	0.5	0.0	0.1	:	-0.1	0.1	0.3	0.2	:
<b>BE</b>	2.7	-2.3	0.6	0.9	0.5	-0.1	1.0	0.0	1.6	1.7	1.4	2.2	1.3
<b>BG</b>	8.1	2.7	-3.7	:	:	:	:	:	:	:	:	:	:
<b>CZ</b>	-0.1	1.4	1.9	0.5	-1.2	2.8	-0.3	0.2	1.9	0.5	2.6	1.9	1.5
<b>DK</b>	5.2	-5.1	-0.6	1.0	0.0	-0.8	0.7	-1.3	1.3	1.5	0.2	0.8	-1.4
<b>DE</b>	4.4	-2.0	0.6	-0.1	0.8	0.0	0.5	-0.3	0.7	1.3	1.2	1.3	1.1
<b>EE</b>	2.8	-6.8	-4.2	-0.1	-0.1	1.4	1.4	:	-3.6	-2.4	0.5	2.6	:
<b>IE</b>	1.0	-4.3	-3.4	-0.6	-0.6	-0.4	-0.9	0.8	-2.5	-6.2	-3.1	-2.5	-1.0
<b>EL</b>	3.8	-1.3	-2.9	:	:	:	:	:	:	:	:	:	:
<b>ES</b>	1.2	-2.4	-2.4	-1.0	-0.3	-0.4	-1.6	-1.1	-2.5	-2.2	-2.0	-3.4	-3.5
<b>FR</b>	3.0	-0.4	0.3	0.0	0.0	0.2	0.0	-0.3	0.6	0.6	0.8	0.2	-0.1
<b>IT</b>	1.9	-0.9	-0.3	-1.7	1.3	0.2	0.3	-0.3	-0.3	-0.3	0.0	-0.1	1.4
<b>CY</b>	3.8	-0.5	0.5	1.5	-0.7	0.9	-1.6	-0.2	0.9	0.6	0.7	0.1	-1.6
<b>LV</b>	-6.7	-9.2	-2.8	0.3	-0.7	-2.3	-1.9	-0.4	1.3	-3.1	-4.6	-4.5	-5.2
<b>LT</b>	2.0	-8.8	-5.3	1.8	1.1	1.4	-1.4	-1.0	-4.2	-0.4	3.4	2.9	0.0
<b>LU</b>	6.8	-5.6	-1.7	-0.6	0.2	-0.7	-0.5	:	-1.4	-1.0	-0.8	-1.5	:
<b>HU</b>	-0.7	-3.3	-1.3	-0.6	-2.5	7.1	0.0	-2.1	-0.9	-1.5	3.8	3.9	2.2
<b>MT</b>	3.4	-4.1	-0.9	-1.5	1.7	0.7	-0.9	:	-2.3	2.0	2.3	0.0	:
<b>NL</b>	5.2	-1.8	0.0	0.5	0.0	0.6	-0.3	:	0.5	0.5	1.1	0.8	:
<b>AT</b>	3.4	-1.6	-1.3	0.4	0.3	0.4	0.3	0.3	-0.7	0.3	1.1	1.4	1.3
<b>PL</b>	-1.4	-0.1	-2.3	0.0	-1.6	0.1	-0.8	:	-1.7	-3.0	-1.3	-2.3	:
<b>PT</b>	2.2	-2.6	-1.3	-1.7	-0.2	-1.6	-1.6	:	-0.3	-0.7	-2.2	-5.1	:
<b>RO</b>	-1.2	1.8	-5.9	:	:	:	:	:	:	:	:	:	:
<b>SI</b>	4.7	1.5	-1.6	-0.7	-0.3	0.4	-0.4	0.2	-2.3	-2.4	-0.5	-0.9	0.0
<b>SK</b>	7.0	-1.4	-2.0	0.4	-2.6	0.0	0.9	-0.7	-0.9	-3.3	-3.2	-1.3	-2.3
<b>FI</b>	7.4	-2.0	-1.3	0.0	0.6	0.0	0.7	0.1	-1.8	-0.1	0.7	1.3	1.4
<b>SE</b>	2.3	-3.2	-1.6	:	:	:	:	:	:	:	:	:	:
<b>UK</b>	3.9	-1.6	-1.2	1.0	0.2	1.6	-0.6	:	-0.5	0.4	2.8	2.1	:

Source: Eurostat (variable nama\_aux\_ulc and namq\_aux\_ulc)

Note: provisional values for EL; break in series for LV in 2011Q1

**Table 20: 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		
			q3	q4	q1	q2	q3				q3	q4	q1	q2	q3	
<b>EU-27</b>	40.7	40.8	40.8	41.3	40.5	40.8	40.2	:	19.9	20.1	20.0	20.3	19.9	19.9	19.8	:
<b>EURO</b>	40.5	40.8	40.8	41.3	40.4	40.9	40.0	:	19.8	20.0	19.9	20.1	19.8	19.9	19.6	:
<b>BE</b>	40.8	41.2	41.4	41.5	40.9	42.0	40.5	:	23.0	23.3	23.0	22.9	22.9	23.8	22.8	:
<b>BG</b>	40.7	40.9	40.6	40.8	40.8	40.8	40.1	:	20.3	20.7	20.5	20.1	20.8	19.7	19.9	:
<b>CZ</b>	41.6	41.6	41.4	40.7	40.3	42.0	40.7	40.3	21.6	21.0	21.1	21.3	20.8	21.2	20.4	20.6
<b>DK</b>	39.1	39.5	39.8	40.5	39.5	40.0	38.8	40.4	19.8	19.9	19.6	20.2	19.2	19.7	19.0	20.1
<b>DE</b>	41.4	41.7	41.8	42.1	41.8	41.9	41.0	:	18.1	18.3	18.2	18.3	18.3	18.3	18.0	:
<b>EE</b>	39.5	40.5	40.6	41.3	40.2	40.3	40.1	40.9	21.2	21.3	21.0	22.3	20.6	19.9	21.4	20.9
<b>IE</b>	39.5	39.6	39.7	40.4	39.1	39.4	39.5	40.5	18.7	18.6	18.7	19.1	18.7	18.4	18.9	19.7
<b>EL</b>	42.1	42.3	42.4	43.2	42.5	42.2	42.5	:	19.6	20.0	19.9	20.3	20.0	19.9	19.7	:
<b>ES</b>	40.7	40.7	40.7	41.2	40.0	40.8	40.3	41.2	18.5	18.4	18.5	19.1	18.1	18.1	18.1	18.7
<b>FR</b>	39.4	39.8	39.8	40.1	39.3	40.3	38.2	:	22.4	22.5	22.5	22.8	22.0	22.7	21.8	:
<b>IT</b>	39.9	40.1	39.9	40.5	39.3	39.4	39.5	:	21.0	21.3	21.3	21.8	21.1	20.9	20.9	:
<b>CY</b>	40.2	40.7	40.7	41.7	40.9	40.6	39.8	:	19.6	19.3	19.0	19.5	19.0	19.4	19.0	:
<b>LV</b>	40.6	40.2	40.3	40.7	40.0	40.2	40.0	40.7	21.6	21.4	21.3	21.6	21.0	20.4	20.8	22.1
<b>LT</b>	39.9	39.8	39.9	40.1	39.8	39.5	40.0	40.3	23.4	22.5	22.1	22.8	22.1	21.7	22.2	22.1
<b>LU</b>	41.4	41.4	41.3	41.5	41.0	41.7	41.5	:	20.5	20.9	21.9	22.2	21.8	22.7	21.7	:
<b>HU</b>	40.5	40.5	40.3	40.7	40.3	39.9	40.0	:	23.7	23.9	23.2	23.7	23.2	23.1	23.1	:
<b>MT</b>	41.0	40.5	40.3	39.9	40.4	40.7	40.2	:	20.9	20.6	20.7	21.1	20.6	21.1	18.3	:
<b>NL</b>	41.0	41.2	41.4	41.7	41.9	41.1	40.6	41.6	20.7	20.8	21.1	21.7	21.1	20.8	20.6	21.6
<b>AT</b>	42.0	41.9	42.1	42.6	41.3	42.2	40.9	:	20.0	20.0	19.9	20.3	19.8	20.0	19.7	:
<b>PL</b>	41.4	41.3	41.1	42.3	40.2	40.8	40.5	:	20.8	20.8	20.9	21.8	20.3	20.5	20.9	:
<b>PT</b>	40.4	40.5	41.3	42.2	40.7	41.8	40.9	42.2	18.6	18.6	16.0	16.2	15.5	15.9	15.8	16.1
<b>RO</b>	40.7	40.7	40.7	41.5	40.3	39.8	41.0	:	27.4	27.2	26.1	28.0	25.4	23.7	27.8	:
<b>SI</b>	41.3	41.2	40.7	41.3	40.7	40.2	39.6	:	19.4	18.8	19.2	20.3	19.0	18.0	18.8	:
<b>SK</b>	39.9	40.3	40.4	40.0	40.2	40.8	39.6	:	22.0	20.1	18.8	18.5	18.8	19.3	19.3	:
<b>FI</b>	38.6	39.0	39.0	40.1	38.6	39.2	37.8	:	19.7	20.3	20.3	21.4	20.3	19.7	20.2	:
<b>SE</b>	39.2	39.9	39.8	40.7	40.0	40.1	37.7	40.7	23.4	24.0	23.7	24.3	23.7	23.6	23.2	24.6
<b>UK</b>	41.0	41.1	41.1	41.3	41.1	41.3	41.0	:	18.4	18.5	18.5	18.7	18.4	18.4	18.5	:

Source: Eurostat (variable 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. The contents of this section do not necessarily reflect the position or opinion of the European Commission.

- Skills supply and demand in Europe - Methodological framework

Cedefop's medium-term skills forecasts have proven very popular. This publication presents the complex methodological framework used by Cedefop to forecast skills supply and demand and some current attempts to improve it. Cedefop's forecast is not intended to replace forecasting efforts in individual countries, but to share the knowledge acquired during the development of different systems and methods, and to highlight the results. This shared knowledge can help to improve the methods used in each country and to resolve outstanding issues. Cedefop's forecast can also inspire new forecasting initiatives.

*A European Centre for the Development of Vocational Training (CEDEFOP) publication.*

See: [http://www.cedefop.europa.eu/EN/Files/5525\\_en.pdf](http://www.cedefop.europa.eu/EN/Files/5525_en.pdf)

- Born global: The potential of job creation in new international businesses

Traditional theory about international business suggests that companies first establish a solid home market and go global only in later stages of their life cycle. However, this view is challenged by research that shows that some firms internationalise quickly after start-up – so-called 'born globals'. These firms are assumed to be strongly innovative and growth-oriented, and hence could well contribute to the economic and labour market recovery Europe is seeking after the global financial crisis. So far, little is known about the full economic potential of these companies and how best to support them. This study aims to close this knowledge gap by providing a summary of literature and secondary data to characterise born globals and pinpoint their main strengths and weaknesses as well as economic and labour market potential.

*A Eurofound publication*

See: <http://www.eurofound.europa.eu/publications/htmlfiles/ef1265.htm>

- New skills and jobs in Europe: Pathways towards full employment

In Europe 2020 employment strategy, and in particular its initiative 'An agenda for new skills and jobs', aims to support the full employment goal of the Lisbon Treaty. In a context of growing challenges for employment policies in Europe, this report questions current approaches and calls for increased policy learning amongst EU Member States. The report argues that there is room for improvement in employment in Europe and emphasizes the importance of improving access to education, developing more transversal skills and balancing job security and flexibility.

*A European Commission (DG RTD) publication.*

See: [http://ec.europa.eu/research/social-sciences/pdf/new-skils-and-jobs-in-europe\\_en.pdf](http://ec.europa.eu/research/social-sciences/pdf/new-skils-and-jobs-in-europe_en.pdf)

- Working towards sustainable development: Opportunities for decent work and social inclusion in a green economy

This joint International Labour Organization (ILO)/United Nations Environment Programme (UNEP) study shows that, if accompanied by the right policy mix, a green economy can also create more and better jobs, lift people out of poverty and promote social inclusion. It also demonstrates that employment and social inclusion must be an integral part of any sustainable development strategy. A green economy is necessary if sustainable development is to be realized. However, as this report emphasizes, a green economy can also, if accompanied by the right policy mix, create more and better jobs, lift people out of poverty and promote social inclusion. In fact, the growth model of the past few decades has been inefficient, not only economically, but also from environmental, employment and social perspectives. It overuses natural resources, is environmentally unsustainable and has failed to meet the aspirations of a large proportion of society seeking productive, decent work and

dignified lives. A new development model – one which puts people, fairness and the planet at the core of policy-making – is urgently needed, and is eminently achievable. More fundamentally, this report demonstrates that employment and social inclusion must be integral parts of any sustainable development strategy and must be included in policies that address climate change and ensure the preservation of the environment. In particular, the report assesses the sectoral, employment and income implications of the transition to a green economy. It highlights the necessary conditions, policy prescriptions and good practices required to ensure that the green economy is characterized by gains in job quality, reductions in poverty and improvements in social inclusion.

*An International Labour Organization (ILO)/United Nations Environment Programme (UNEP) study*

See: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_181836.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_181836.pdf)

- Trends in job quality in Europe

Using data from the fifth European Working Conditions Survey (EWCS), this study measures job quality in the 27 countries of the European Union, as well as seven additional countries in Europe that participated in the survey. The intention was to find an objective means of assessing the principle established in a number of EU directives that work should adapt to the workers. Increased understanding of the social costs of poor job quality has focused attention on physical and social environments at work. Prolonged life expectancy and the ageing of the population suggest that jobs will have to be of good quality if more workers are to be persuaded to work longer. The indices constructed for this study do not rely on subjective measurement such as preferences and attitudes, but are built on the self-reported features of jobs that are associated with workers' well-being.

*A Eurofound publication*

See: <http://www.eurofound.europa.eu/pubdocs/2012/28/en/1/EF1228EN.pdf>

- Nearly half of Europe's recently created jobs involve 'problematic working conditions'

Low-skill, low-wage sectors offering few opportunities for advancement accounted for 'about half' of new jobs in Europe between 2000 and 2007, an EU-funded research project has found. Legislative changes oriented around public responsibility could promote more favourable and sustainable labour configurations, the research suggests. Focusing on quality of work and life, the WALQING1 project investigated policies and conditions in job sectors that have undergone considerable expansion: waste collection, office cleaning, building (construction), mobile elderly care, and catering (in hotels and restaurants). Given that price competition is expected to continue triggering pressure on employment and working conditions, the researchers urge policymakers to develop approaches that support workers in risk-prone sectors. Arguably the most pressing challenge under current economic circumstances, the consortium concluded, is 'how to avoid policy approaches that give leeway, or even foster or produce, the rise in risk-prone jobs in the first place'. WALQING's findings, produced by a consortium representing eleven European countries, are laid out in a series of evidence-based, policy-oriented publications available on the project's website<sup>2</sup>.

*WALQING - Work and life quality in new and growing jobs – A FP7 project*

See: [www.walqing.eu](http://www.walqing.eu)

- Industrial relations and working conditions developments in Europe 2011

This annual review describes the developments in industrial relations and working conditions in 2011 in the EU Member States and Norway, at both national and EU level, with a focus on the economic situation and responses to it. The report describes the current economic situation in EU Member States and highlights relevant political and legislative developments in individual countries. It describes labour market trends in Europe and developments in career and employment security, health and well-being at work, skills development and work-life balance. It also examines changes in the organisation and role of social partners, developments in collective bargaining (at cross-sectoral, sectoral and company levels), working time, pay developments, social dialogue developments, industrial conflicts and company restructuring in 2011. At European level, the report summarises the main events over the course of 2011, charting trends in European social policy, employment legislation and social dialogue.

*A Eurofound publication*

See: <http://www.eurofound.europa.eu/pubdocs/2012/58/en/1/EF1258EN.pdf>

- Social inclusion of youth on the margins of society - Policy review of research results

If Europe wants to realise its full potential and provide jobs to 75 % of its working population it needs to use the talents and skills of all its citizens, in particular young people. The policy review 'Social inclusion of youth on the margins of society' looks into the lives and aspirations of young people who face severe or multiple forms of social exclusion, such as young migrants, young Roma, long-term unemployed, homeless youth and young people in public care. It analyses the causes and processes of their exclusion and focuses on policy solutions to break the individual and social glass-ceiling. This policy review summarises the evidence of a cluster of five youth-oriented research projects launched in 2008 and broadens the evidence basis for stimulating inclusive growth in the context of the Europe 2020 strategy and its flagship initiatives 'Youth on the move' and the 'European Platform against Poverty and Social Exclusion'.

*A European Commission (DG RTD) publication.*

See: [http://ec.europa.eu/research/social-sciences/pdf/social-inclusion-of-youth\\_en.pdf](http://ec.europa.eu/research/social-sciences/pdf/social-inclusion-of-youth_en.pdf)

- From education to working life - The labour market outcomes of vocational education and training

We know much about the effectiveness of education in general, but less about how the various types of education play out in the labour market. If we compare a graduate of vocational education with a graduate of general education, which of them is more likely to get a good job on graduation? Which of them is more likely to get a stable job, or get a job quickly? Will their wages rise in step, or does one fall behind? In this new report, Cedefop looks at labour market outcomes for young people in Europe and across countries. Using data from the EU Labour Force Survey (2009), it examines how the various levels and orientations of education affect employment prospects, the transition to work, job quality and wages. The findings of the report should be placed within a larger picture, taking into account the structural changes in EU labour markets and how they are expected to affect the demand for occupations in different sectors.

*A European Centre for the Development of Vocational Training (CEDEFOP) publication.*

See: [http://www.cedefop.europa.eu/EN/Files/3063\\_en.pdf](http://www.cedefop.europa.eu/EN/Files/3063_en.pdf)

- Policy-relevant findings from selected EU research projects (ASPA, MULTILINKS, REPRO) dealing with Demography and Ageing

This Policy Snapshot highlights Europe's demographic policy concerns in relation to findings from three EU-funded research projects on demography and ageing. The document features policy-relevant recommendations concerning active ageing, fertility sustainment and extended working life. Europe 2020 policy priorities are foregrounded. All research findings are drawn from projects in the Socio-economic Sciences and Humanities (SSH) theme of the European Commission's Seventh Framework Programme for Research (FP7).

*A policy snapshot by FLASH-IT, a FP7 project Facilitating Access to Socio-economic Research through Information and Communications Technology*

See: [www.flash-it.eu](http://www.flash-it.eu)

- Income from work after retirement in the EU

It is increasingly common for workers in the EU to take up paid work after retirement. This trend adds an important dimension to the current discourse on extending working lives. Facilitating work after retirement for those who want to work can contribute to sustainable pension systems. This study investigates retirees' motivations for seeking paid work and their opportunities for gaining employment. It examines the extent to which work after retirement is related to income adequacy among the retired population. It also explores the types of paid employment that retirees take up and identifies ways in which companies seek to recruit and retain retirees. The report concludes with recommendations for governments, employers and retirees.

*A Eurofound publication*

See: <http://www.eurofound.europa.eu/pubdocs/2012/59/en/2/EF1259EN.pdf>

- Working and ageing - The benefits of investing in an ageing workforce

Slowly but steadily, the attitude towards population ageing is changing in Europe. Early reports had described it as a demographic time bomb with negative consequences for economies and societies. But these changes are increasingly seen as harbingers of opportunity and the

emerging 'silver economy' as a driver of future growth. This publication, which marks the European Year 2012 for active ageing and solidarity between generations, contributes to the debate by providing new insights that are based on the latest research and best practices in Europe and the Member States. The evidence points towards the importance of demonstrating the benefits of learning to all stakeholders and developing the capacity of organisations to make the best of their employees' abilities at any age

*A European Centre for the Development of Vocational Training (CEDEFOP) publication.*

See: [http://www.cedefop.europa.eu/EN/Files/3064\\_en.pdf](http://www.cedefop.europa.eu/EN/Files/3064_en.pdf)

- Sustainable work and the ageing workforce

Achieving work environments that make work sustainable over a lifetime is a key facet of the promotion of longer working lives. This study - based on the fifth European Working Conditions Survey - considers the dimensions of work that have proved essential to the understanding of work sustainability: working conditions; physical and psychological health; the expressive dimension of work; reconciliation of working and non-working time; and socioeconomic conditions. It examines the influence of these factors on how older workers perceive the sustainability of their work, taking account of differences between workers in terms of age, occupation and gender. In addition, the working conditions of the ageing workforce across Member States of the European Union are compared.

*A Eurofound publication*

See: <http://www.eurofound.europa.eu/pubdocs/2012/66/en/1/EF1266EN.pdf>

- Intergenerational solidarity

The proportion of people aged 65 and over will rise from 17% to 30% of the EU population by 2060, while at the same time the working age population will decline. The European Commission estimates that most of the increase in public spending in the EU over the next 50 years will be on pensions, long-term care and healthcare. Foundation Findings provide pertinent background information and policy pointers for all actors and interested parties engaged in the current European debate on the future of social policy. The contents are based on Foundation research and reflect its autonomous and tripartite structure.

*A Eurofound publication*

See: <http://www.eurofound.europa.eu/pubdocs/2012/38/en/1/EF1238EN.pdf>

- European report on preventing elder maltreatment

Elder maltreatment is pervasive in all countries in the WHO European Region, and estimates suggest that at least 4 million people in the Region experience elder maltreatment in any one year. Most countries in the Region have an ageing population, and one third of the population is forecast to be 60 years and older in 2050, putting more people at risk of elder maltreatment. Elder maltreatment has far-reaching consequences for the mental and physical well-being of tens of millions of older people, and if left unchecked will result in their premature death. Estimates suggest that about 2500 older people may lose their lives annually from elder maltreatment. The report highlights the numerous biological, social, cultural, economic and environmental factors that interact to influence the risk and protective factors of being a victim or perpetrator of elder maltreatment. There is some evidence of effectiveness, and examples include psychological programmes for perpetrators and programmes designed to change attitudes towards older people, improve the mental health of caregivers and, in earlier life, to promote nurturing relationships and social skills learning. The evidence base needs to be strengthened, but much can be done by implementing interventions using an evaluative framework. Prevention and social justice for older people can only be achieved by mainstreaming this response into health and social policy. Surveys show that the public and policy-makers are increasingly concerned about the problem, and the policy response needs to be strengthened to meet this demand

*A World Health Organization (WHO) publication*

See: [http://www.euro.who.int/\\_\\_data/assets/pdf\\_file/0010/144676/e95110.pdf](http://www.euro.who.int/__data/assets/pdf_file/0010/144676/e95110.pdf)

- R&D Scoreboard: Despite crisis, top EU firms continue to invest in innovation

The new edition of the R&D Scoreboard, published by the Joint Research Centre (JRC) and the Directorate-General for Research and Innovation, shows that in the face of the continuing economic and financial crisis, major EU-based firms continue to rely on R&D for their competitive edge. They increased R&D investment by 8.9% in 2011, up from 6.1% in 2010. The increase nearly matches US firms (9%), beats the global average (7.6%) and is far

ahead of Japanese companies (1.7%). R&D-intensive sectors tended to show above average employment growth. These are key findings of the 2012 "EU Industrial R&D Investment Scoreboard" of the top 1500 global R&D investors. The global top 50 includes 15 EU companies, 18 US firms and 12 from Japan. Japanese car manufacturer Toyota tops the ranking, with Volkswagen the top EU company in third place (€7.2 billion invested).

See: [http://iri.jrc.ec.europa.eu/research/docs/2012/SB2012\\_final\\_draft.pdf](http://iri.jrc.ec.europa.eu/research/docs/2012/SB2012_final_draft.pdf)

- Work organisation and innovation

Innovations in work organisation have the potential to optimise production processes in companies and improve employees' overall experience of work. This report explores the links between innovations in work organisation – under the broader label of high performance work practices (HPWPs) – and the potential benefits for both employees and organisations. It draws on empirical evidence from case studies carried out in 13 Member States of the European Union where workplace innovations have resulted in positive outcomes.

A Eurofound publication

See: <http://www.eurofound.europa.eu/pubdocs/2012/72/en/1/EF1272EN.pdf>

- Learning and innovation in enterprises

What are the links between work organisation, workplace learning, training and innovation? How can our workplaces become good environments for learning and innovation? Are European companies applying any policies or public programmes that combine innovation and skills development? If so, how do these programmes operate? Covering the EU-27 plus Norway, this report looks at innovation and learning in enterprises and examines the role that training and learning-conducive work environments can play in making companies more innovative.

A European Centre for the Development of Vocational Training (CEDEFOP) publication.

See: [http://www.cedefop.europa.eu/EN/Files/5527\\_en.pdf](http://www.cedefop.europa.eu/EN/Files/5527_en.pdf)

- Liberalization and Privatization in the EU - Services of general interest and the roles of the public sector

This publication gives an overview of the liberalisation and privatisation process in services of general interest in Europe discussing its timing, rationale and drivers, as well as presenting different types of privatisation and the accompanying processes. Then, the publication focuses on the economic outcomes as regards the creation of competitive markets, quality of service, as well as impacts on employment and productivity in this sector. It concludes by drawing implications for the role of the public sector in a revitalised European Social Model.

Elke Loeffler, Dominik Sobczak and Frankie Hine-Hughes, edited by Multi Science Publishing Co Ltd, ISBN 978-1-907132384

- Earnings disparities and income inequality in CEE countries : an analysis of development and relationships

The potential provided by survey data for studying simultaneous changes in earnings disparities, inequality of household income, and the connections between them has thus far been underexploited. This paper presents various data on four Central and East European (CEE) countries, as well as some data on Austria and Germany for the sake of comparison. First, it compares the changes in both distributions over time since the communist period as reported in various sources to see how much disparities and inequality increased during the transition. Second, it presents the attempts that have been made so far to analyse the connections between the two distributions and examines how the relationship between personal and household earnings should be analysed and what we know about its development. Third, it presents the changing links between earned and disposable income in CEE countries, using Luxembourg Income Study data as a historical baseline and the Statistics on Income and Living Conditions (EU-SILC) data for the present time to determine how strong the association was and currently is, and how the countries differ in packaging family income. Various sources confirm that earnings disparities and income inequality rose at least to some degree in all four CEE countries after 1989. This is apparent in the individual countries in various phases of their transitions. In contrast, no increase occurred from 2004 to 2007, according to the EU-SILC surveys.

Jiří Večerník.- *Eastern European Economics* 2012, v. 50, n. 3, May-June, p. 27-48

- Fiscal Consolidation in Reformed and Unreformed Labour Markets: A Look at EU Countries

This paper estimates the impact of fiscal consolidation on unemployment and job market flows across EU countries using a recent database of consolidation episodes built on the basis of a "narrative" approach (Devries et al., 2011). Results show that the impact of fiscal consolidation on cyclical unemployment is temporary and significant mostly for expenditure measures. As expected, the impact of fiscal policy shocks on job separation rates is much stronger in low-EPL (Employment Protection legislation) countries, while high-EPL countries suffer from a stronger reduction in the rate at which new jobs are created. Since a reduced job-finding rate corresponds to a longer average duration of unemployment spells, fiscal policy shocks also tend to have a stronger impact on long-term unemployment if EPL is stricter. Results are broadly confirmed when using "top-down" fiscal consolidation measures based on adjusting budgetary data for the cycle.

*Alessandro Turrini*

See: <http://ftp.iza.org/pp47.pdf>

- Global Europe 2050

The Global Europe 2050 foresight report presents and quantifies three scenarios that identify the main pathways Europe could follow in the coming decades:

- the Nobody cares scenario where Europe is in a 'muddling through' process;
- the EU under threat where Europe is faced by an economic decline and protectionist reactions;
- the European Renaissance where the EU continues to enlarge and become stronger with more efficient innovation systems.

*A European Commission (DG RTD) publication.*

See: [http://ec.europa.eu/research/social-sciences/pdf/global-europe-2050-report\\_en.pdf](http://ec.europa.eu/research/social-sciences/pdf/global-europe-2050-report_en.pdf)

- Scientific support for financial stability

Since the beginning of the financial crisis the European Commission has made several propositions to help tackle two pressing challenges: the need to simultaneously restore financial stability and boost economic growth. The Joint Research Centre (JRC) develops scientific models and methods to assist the Commission and EU member states in taking informed policy decisions in these fields.

*A European Commission (DG JRC) publication.*

See: [http://ec.europa.eu/dgs/jrc/downloads/jrc\\_2012\\_financial\\_stability\\_scientific\\_support\\_en.pdf](http://ec.europa.eu/dgs/jrc/downloads/jrc_2012_financial_stability_scientific_support_en.pdf)

- European Quality of Life Survey 2012

The overview report examines a range of issues such as employment, income, housing and living conditions, family, health, work-life balance, life satisfaction and perceived quality of society. Further reports on subjective well-being, social inequalities, quality of society and public services, and trends in quality of life over the three survey waves will follow in 2013. Fieldwork for the third European Quality of Life Survey (EQLS) took place from the end of September 2011 to early February 2012 in the 27 European Union Member States.

*A Eurofound delivery*

See: <http://www.eurofound.europa.eu/surveys/eqls/2011/index.htm>

- Quality of life in Europe: Impacts of the crisis

What determines life satisfaction and happiness? How do we value our social situation and immediate surroundings? How has this changed with the economic crisis? For the third wave of the European Quality of Life survey, 35,500 Europeans in all EU Member States were interviewed, in an effort to gain insights to these questions. This overview report presents findings and trends and shows that the impacts of the recession are indeed noticeable and measurable in some areas, while in others there are more long-term developments to be observed. While overall life satisfaction levels have not changed much, optimism about the future and trust in institutions have declined markedly in those countries most affected by the downturn. And groups that were already vulnerable – the long-term unemployed, older people in central and eastern Europe and single parents – report the highest levels of material deprivation and dissatisfaction with their life situation.

*A Eurofound publication*

See: <http://www.eurofound.europa.eu/pubdocs/2012/64/en/1/EF1264EN.pdf>

European Commission

## **EU Employment and Social Situation Quarterly Review – December 2012**

Luxembourg: Publications Office of the European Union

2013 — 79 pp. — 21 × 29.7 cm

ISBN 978-92-79-28115-0

ISSN 1977-8317

doi: 10.2767/93534

### **Summary:**

According to this edition of the EU Employment and Social Situation Quarterly Review, difficulties on the labour markets remain persistent in a context of economic stagnation. They are marked by ever higher unemployment at EU level (10.7% in November 2012) and rising divergence across Member States, while the number of people at risk of poverty or social exclusion in the EU now accounts for nearly one-fourth of the EU population.

The share of the EU population reporting their households are experiencing financial distress has risen sharply in recent months, while living standards and the perceived quality of life have declined with the crisis. On the positive side, the unadjusted gender pay gap in the EU declined between 2008 and 2010.

This edition also analyses the specific situation in Portugal and in the health and social services sector in the EU, supplemented by a more in-depth analysis (see "Special Supplement").

This publication is available in electronic format in English.

KE-BH-13-001-EN-C

