



EUROPEAN COMMISSION

QUESTIONS AND ANSWERS

Brussels, 11 January 2013

Employment and Social Situation Quarterly Review: frequently asked questions

Which data are analysed?

The EU Employment and Social Situation Quarterly Review analyses labour market and social data from a wide combination of information sources, including Eurostat statistics, reports and survey data from the Commission services, national and sectoral statistics, articles from respected press sources and contributions from public and private employment services.

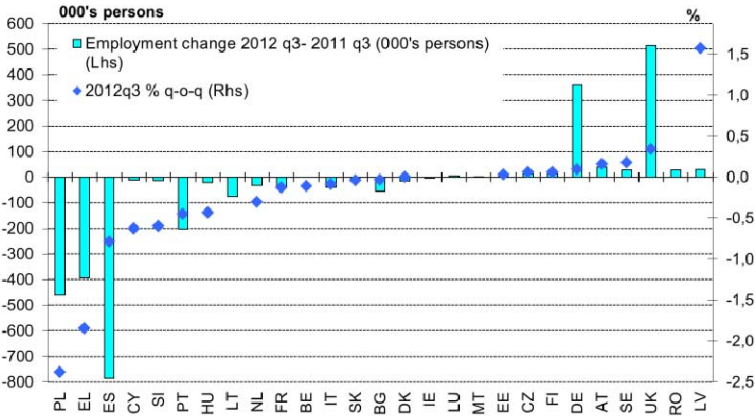
Additionally, the latest issue of the Review, covering the fourth quarter of 2012, takes a closer look at the labour market and social situation in Portugal. It also reports on the gender pay gap issue, the impact of fiscal consolidation on the employment and social situation in Europe, the latest trends in poverty and social exclusion and recent findings from the latest European Quality of Life Survey. Finally, annexed to the regular analysis of sectoral trends, a focus on the health and social services in the EU is presented, supplemented by a more in-depth analysis, attached to the Review (see "Special Supplement").

What is the current labour market situation and outlook?

In the EU, GDP shrank by about 0.5% over the year to the third quarter of 2012. 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. It has been trending down again since mid-2011. Over the year to the third quarter of 2012, employment fell by 0.5% in the EU, down by 0.2% in the third quarter alone (see detail by Member State at Chart 1).

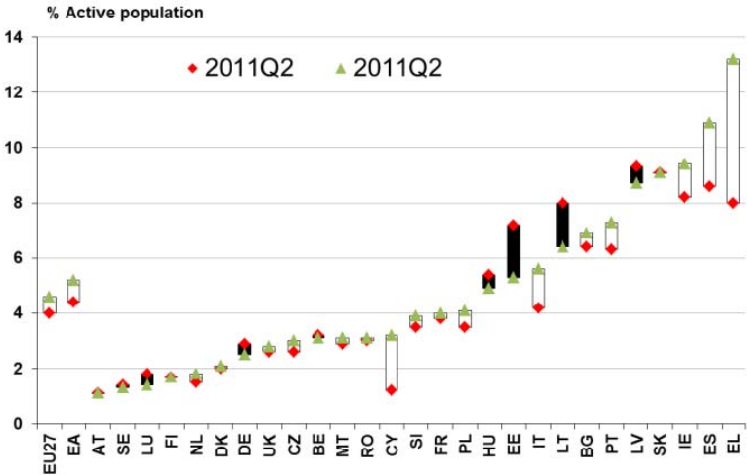
The number of unemployed in the EU has continued to rise over recent months, increasing by 3.5 million (or 15.7 %) since March 2011 and reaching a new record high of more than 26 million (or 10.7 % of the active population) by November 2012. Divergence between EU Member States has continued to widen, with an all-time record gap of 22.1 percentage points (pps) between the EU's lowest (Austria, with 4.5 %) and highest (Spain, with 26.6 %) unemployment rates. By the second quarter of 2012, the number of people who had been unemployed for more than a year (long-term unemployed) had increased by 14.3 % 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 (see Chart 2).

Chart 1: Employment change in Q3 2012 (yearly change, 000 persons) and quarterly change (% q-o-q) in the 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.

Chart 2: Long-term unemployment rates for the EU, the euro area and the Member States in Q2 2011 and Q2 2012



Source: Eurostat, LFS; data non-seasonally adjusted [une_ltu_q]

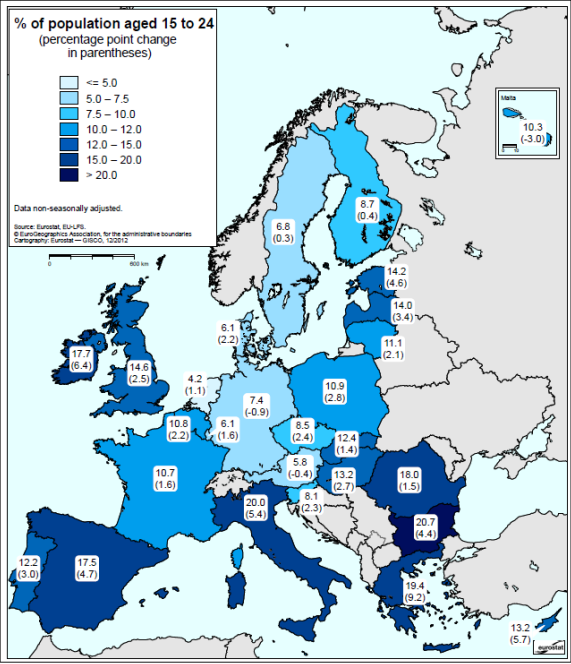
Confidence stands at a very low level. The economic outlook is, as a result, very bleak with unemployment remaining at a very high level, no significant improvement being forecast before 2014. Recently, the job vacancy rate and the labour shortage indicator both declined, reflecting the weak economic situation and outlook.

How is the situation of young people evolving?

Young people are 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. Most Member States have to cope with this trend of 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 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 (see developments by Member State over the past four years at Chart 3).

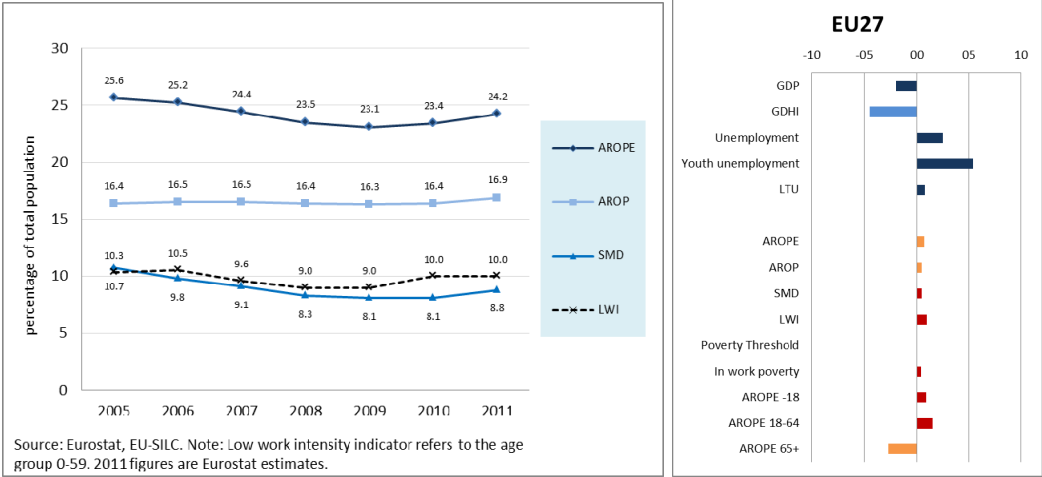
Chart 3: NEET rates in 2012q2 and changes since 2008q2



Are poverty and social exclusion gaining ground?

Yes they are. 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 (see Chart 4). 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.

Chart 4: Developments in the risk of poverty or exclusion and its components in the EU



Linked to these developments, the share of the EU population reporting their households are experiencing financial distress has risen worryingly sharply in recent months, reaching yet another new historical high. Sharp rises in financial distress have now permeated across all income groups, with middle-income households now experiencing the same marked rises in financial distress 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.

Has there been any recent improvement in the gender pay gap in the EU?

On the positive side, 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.

Full version of the Quarterly EU Labour Market Review, December 2012:

<http://ec.europa.eu/social/BlobServlet?docId=9319&langId=en>

Special supplement on "Social services of general interest":

<http://ec.europa.eu/social/BlobServlet?docId=9641&langId=en>

Employment and Social Analysis portal:

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