



EU Employment and Social Situation Quarterly Review

March 2013

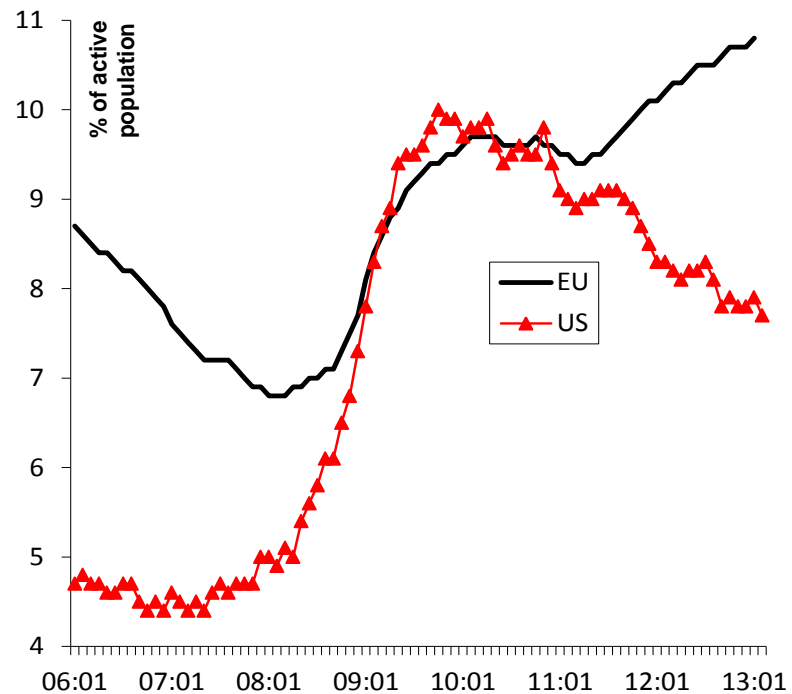
10 Key facts and figures

EMPL A1-A2

1. Labour market situation persistently deteriorating

- Employment at EU level has been trending down since mid-2011 (-0.2% in 2012q4)
- Positive developments only in part-time work
- Unemployment rose further in February, to 26.3 mln in EU, 10.9% of active pop. / 19.1 mln in EA, 12% of act. pop.
- Acceleration in the EA
- As opposed to the US, but careful with official statistics > rise in under-empl. PT workers and marginally-attached

Chart 1: Unemployment rates in the EU and the US

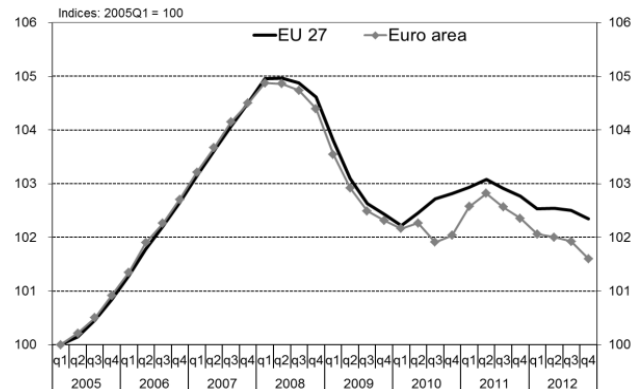


Source: Eurostat, National accounts. Seasonally adjusted data [une_rt_m].

1. Labour market situation persistently deteriorating (cont.)

- Decline more marked in the EA
- Steepest falls in EL, BG, CY, ES and PT (> 4% fall y-o-y)
- Net job losses biggest in construction (-15% since 2008)

Chart 2: Employment in the EU and the euro area, 2005-12



Source: Eurostat, National accounts [namq_aux_pem] and LFS [une_nb_m]. Data seasonally adjusted.

- Job-finding rate has decreased further to 11.7% in 2012q3
- Harder for unemployed people to find a job
- Job separation rate remained stable

Chart 3: Employment in the EU and the euro area, 2005-12

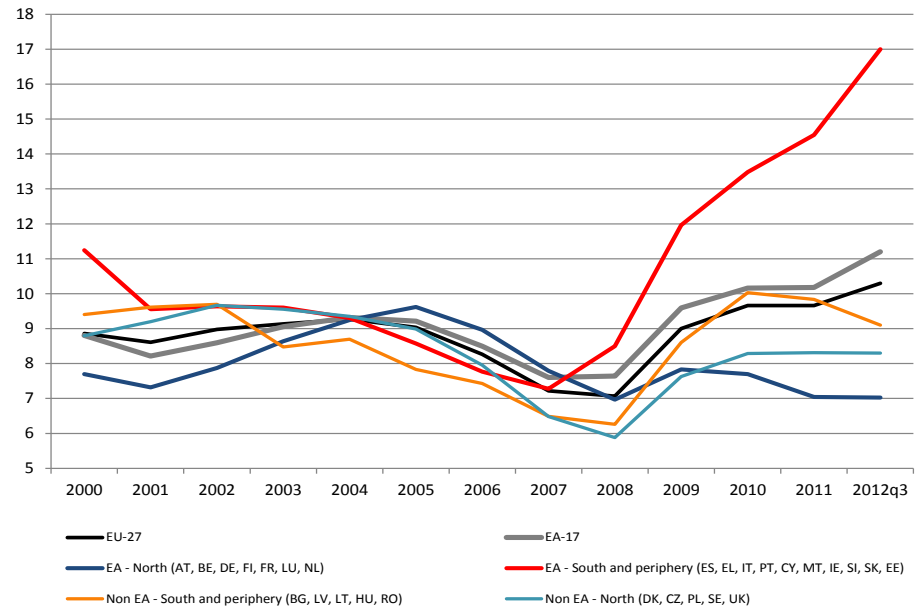


Source: Eurostat, LFS; DG EMPL calculation.

2. Divergence accelerating in the EA

- Divergence between the north and south/periphery of the EA in terms of UR accelerated since 2011.
- 7.5 pps in 2011
- 10 pps in 2012, between avg 17% in south/periph and 7% in the north
- Out of the EA, gap was only 0.8 pp in 2012q3

Chart 4: Diverging unemployment rates by groups of euro area (EA) and non-EA Member States since 2000



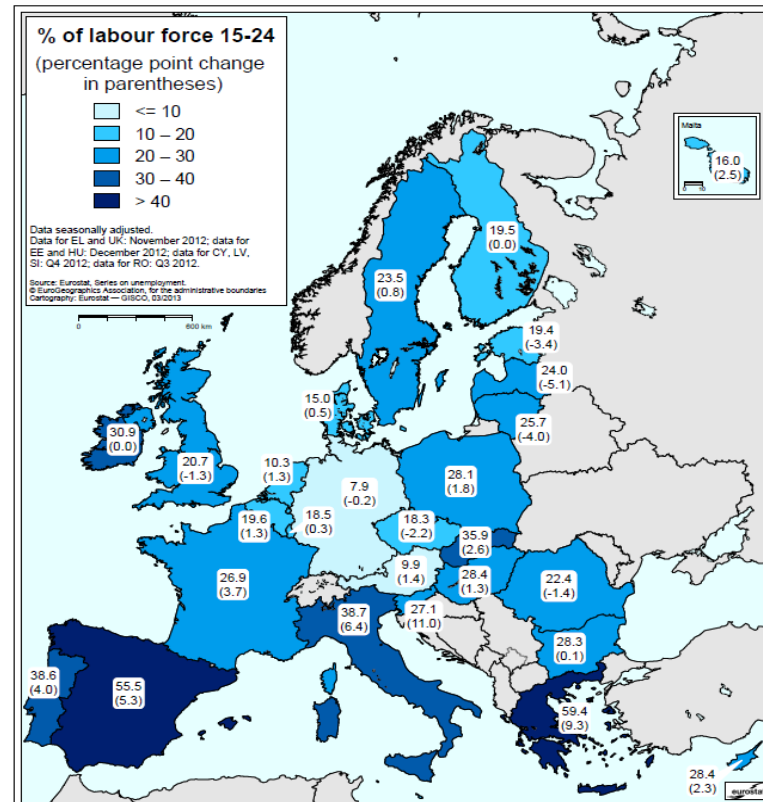
Source: Eurostat, LFS; DG EMPL calculation.

Notes: 2012 data available until 2012q3. Weighted average: aggregate unemployment rate = aggregate unemployment level / aggregate labour force.

3. Situation of youth remains grave

- Youth unemployment at a high: 23.5% in February
- Reaching extremes at the periphery of the EA / EU
- LT unemployment and inactivity gaining ground for young people: +0.8 pp to 7.1% of active youth in the year to 2012q3
- Serious risks for the young generation: 8 million NEETs aged less than 25

Chart 5: Youth unemployment rates and y-o-y changes, Jan' 2013

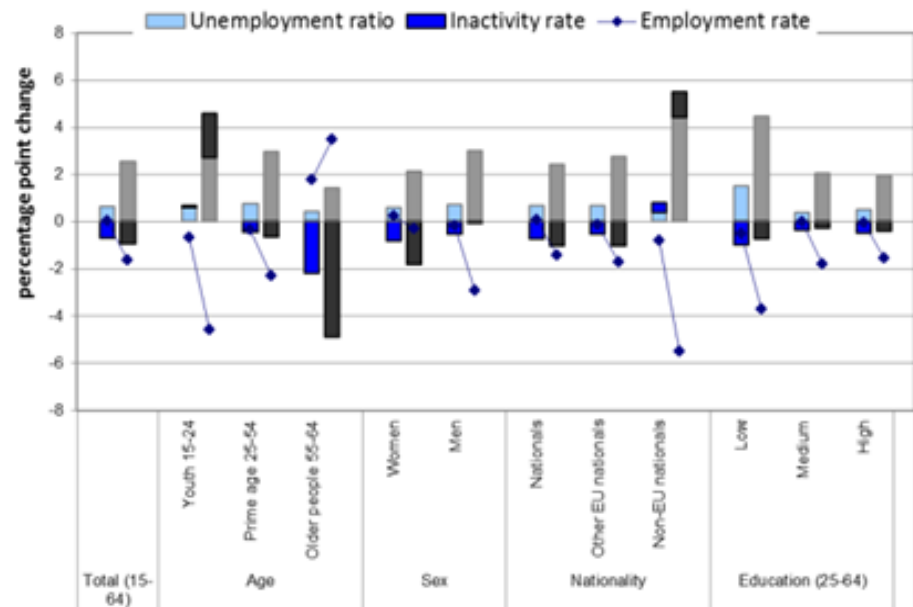


Source: Eurostat, Series on unemployment.

4. Employment rates are diverging

- Apparent relative stability in EU aggregate employment rate
- But this hides significant differences across MS: major declines in EL, PT, CY, ES > < rises in LV, LT, MT and LU
- Rise for women / fall for men
- Rise for prime-age adults / fall for youth...

Chart 6: Changes (year-on-year and four years to 2012q3) in employment rate broken down into changes in the unemployment ratio and inactivity rate for the EU by population groups



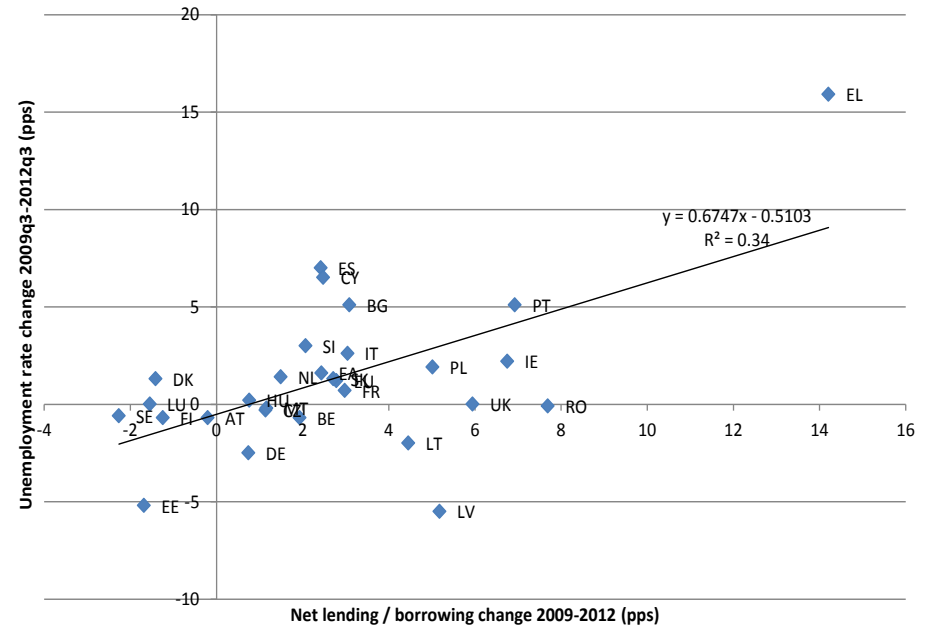
Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_emprt], [lfsq_unemp] and [lfsq_inac].

Note: First bar – one-year change 2011q3-2012q3, second bar – four-year change 2008q3-2012q3.

5(a). Negative impact of crisis and fiscal consolidation on unemployment

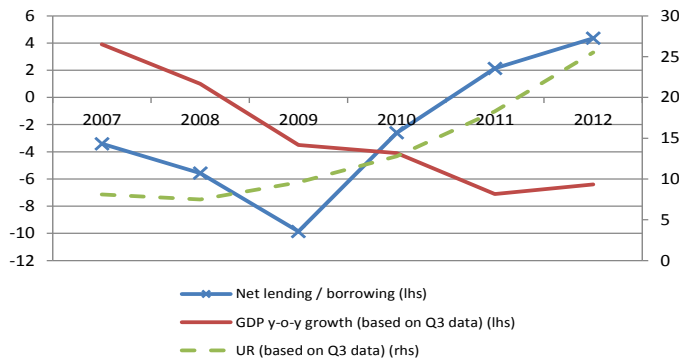
- Fiscal tightening has affected employment through both direct (public sector employment) and indirect (aggregate demand) channels
- Clear impact in EL and PT

Chart 7: Unemployment developments, compared to the cyclically adjusted primary balance of Member States, 2009–2012



Source: Ameco, UBLGBP series and Eurostat series on unemployment [une_rt_q].

Chart 8: Developments in cyclically adjusted primary balance (net lending/borrowing position), GDP growth and unemployment rate in Greece, 2007–2012, percentages

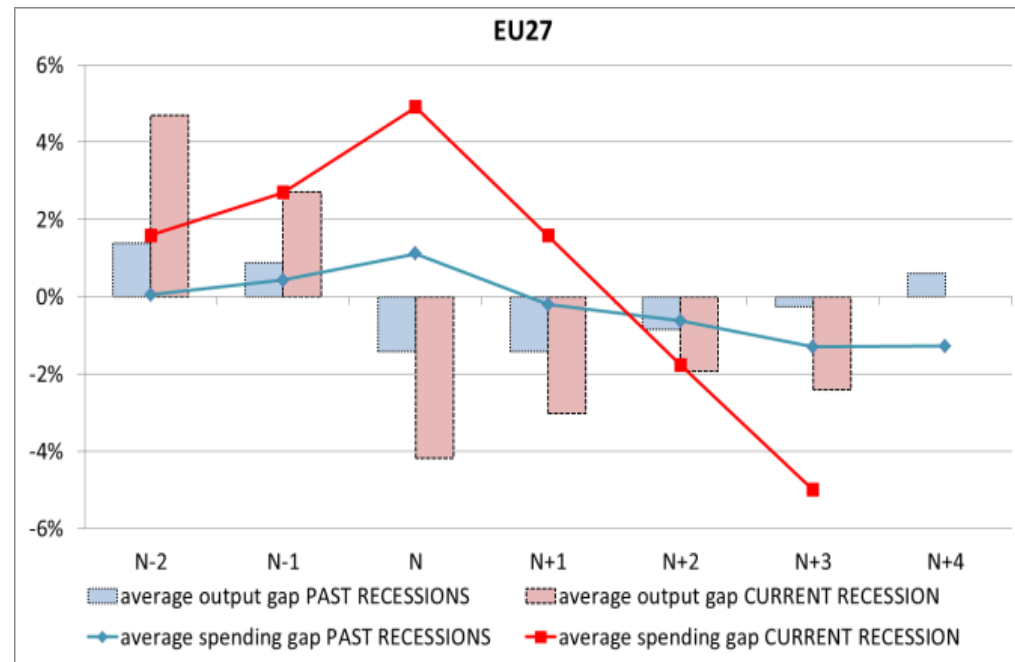


Source: Sources: Ameco, UBLGBP series and Eurostat series for GDP [namq_gdp_k] and unemployment [une_rt_q].

5(b). Reduction of social spending much stronger than in past recession

- A significant part of fiscal consolidation efforts weighed on social protection expenditure
- Social spending played a prominent role in compensating households' income losses in the early phase of the crisis (until 2009) >< impact weakening since mid-2010, negligible in 2012
- Reduction of social spending was much stronger than in past recessions

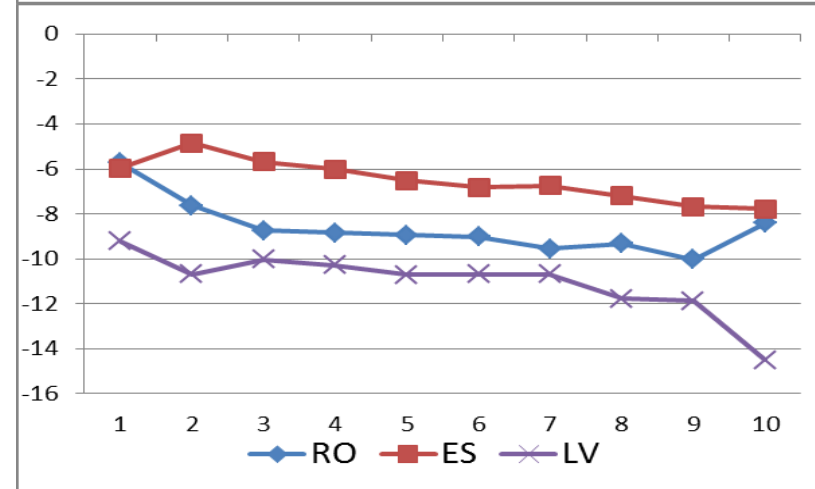
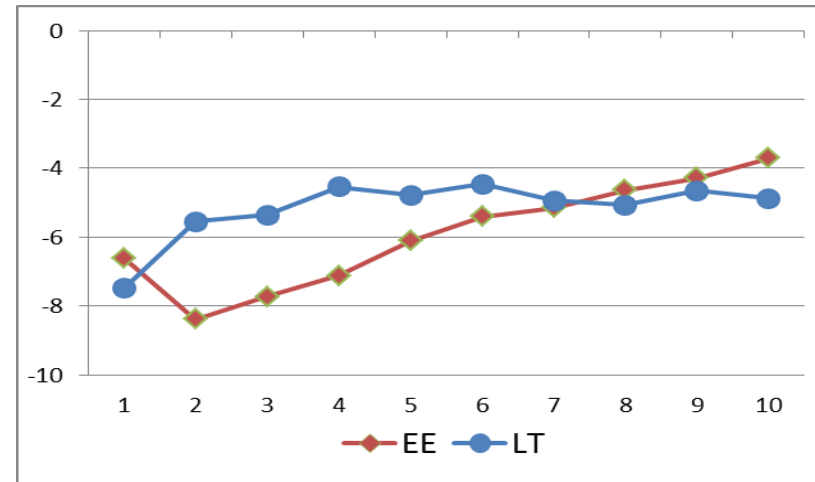
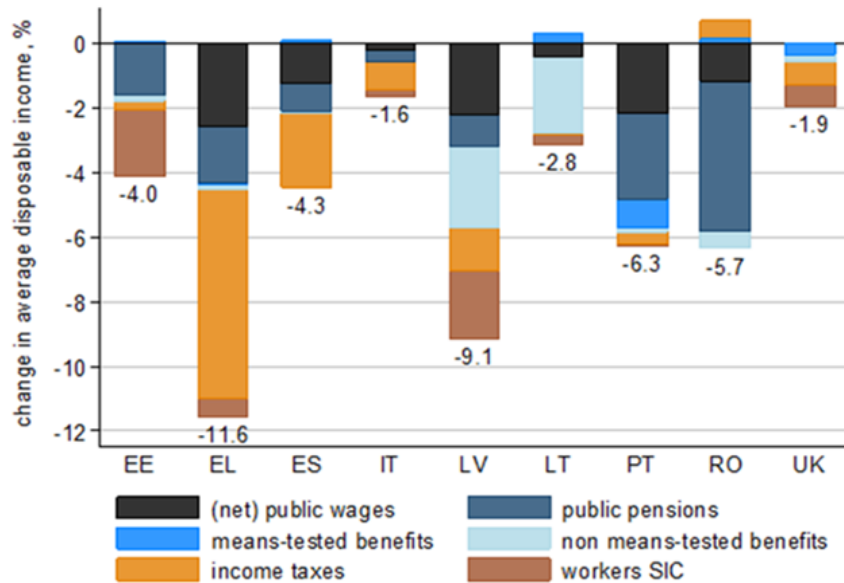
Chart 9: Deviation from the trend of public social expenditure and GDP output gap in current and past recessions EU27



Source: Eurostat, National accounts, DG EMPL calculations.

5(c). Negative impact of fiscal consolidation on household incomes

Chart 10: Contribution of different austerity measures to change in households incomes, overall (below) and at different points of the income distribution in selected Member States (right)

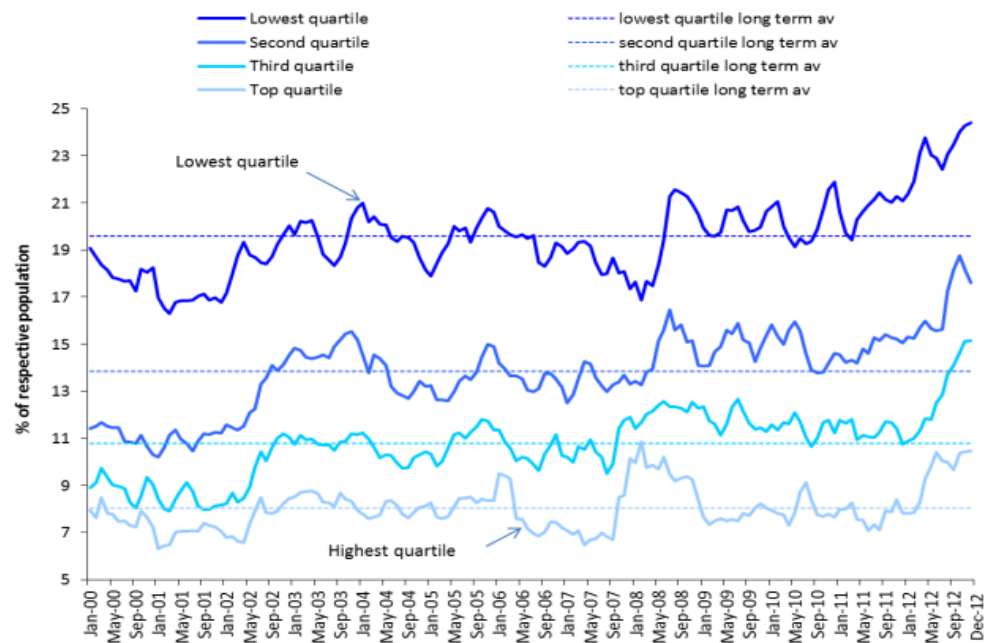


Source: EUROMOD (cumulated impact of austerity measures on households disposable incomes).

6. Households' financial distress well above long-term average

- Share of the EU pop. reporting financial distress remains well above levels observed anytime in the previous decade, in all income quartiles
- Although it has eased slightly in recent months
- Financial distress affects almost 25% of low-income households at EU level
- The share of people running into debt continues to rise steadily

Chart 11: Reported financial distress in EU households by income quartile of household (2000-2013)

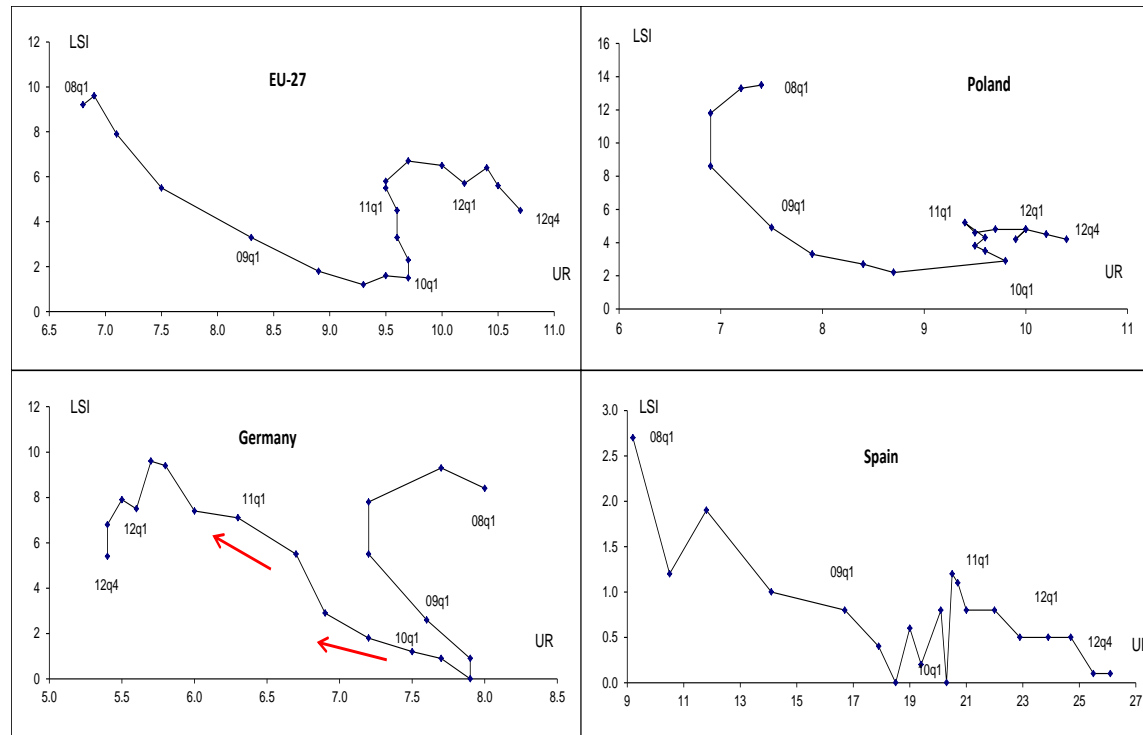


Source: Joint harmonised EU consumer surveys & DG EMPL calculations.

7. Contrasts in terms of LM matching

- Situation very diverse across the EU
- Increased mismatching between human capital offered and jobs available in EU-27, BG, FR, NL, PL
- Lower level of vacancies for a given UR only in DE, possibly BE and RO
- UR increased significantly while labour shortage low in EL, ES, IT, CY, PT and SI

Chart 12: Beveridge curve for the EU-27 & selected MS, 2008 - 2012



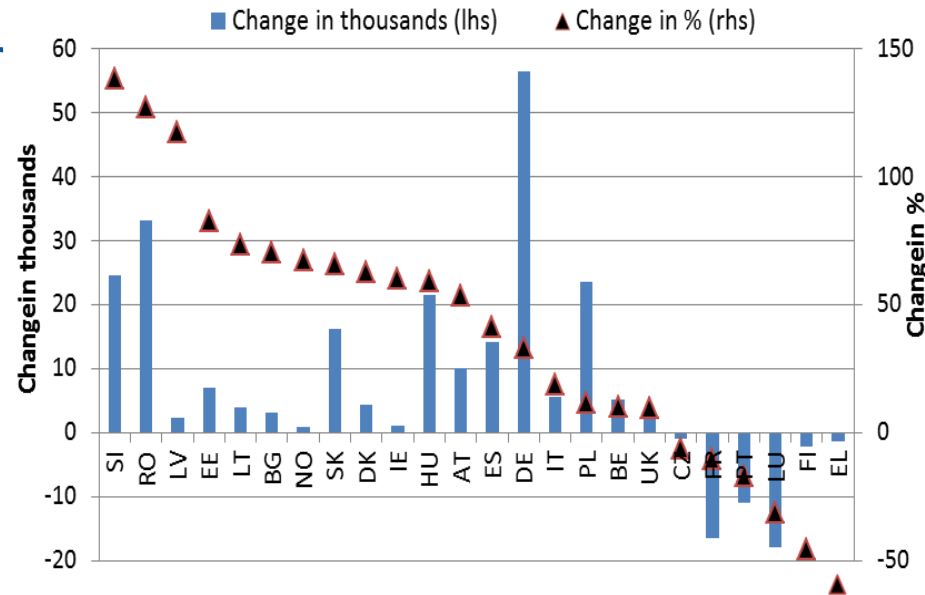
Source: Eurostat [une_rt_q] and [bsin_q_r2].

Note: UR = unemployment rate (%); LSI = labour shortage indicator, derived from EU business survey results (% of manufacturing firms pointing to labour shortage as a factor limiting production). No data for Ireland due to a lack of business survey results.

8. Posting of workers: on the rise

- "Portable document A1" can be used as a proxy for estimating trends in posting of workers
- Across EU countries, their number rose from 1 million in 2009 to 1.2 million in 2011
- Largest sending countries are Poland, Germany and France
- Largest destination country by far is Germany, followed by France, Belgium, the Netherlands and Austria
- Over 2009-11, the number of posted workers sent abroad has increased the most from Central and Eastern Europe Member States

Chart 13: Changes in the number of posted workers sent abroad over 2009-2011, by sending country (in thousands and in %)



Source: Administrative data from EU Member States, IS, LI and NO on PD A1.

9. Labour market outlook remains bleak

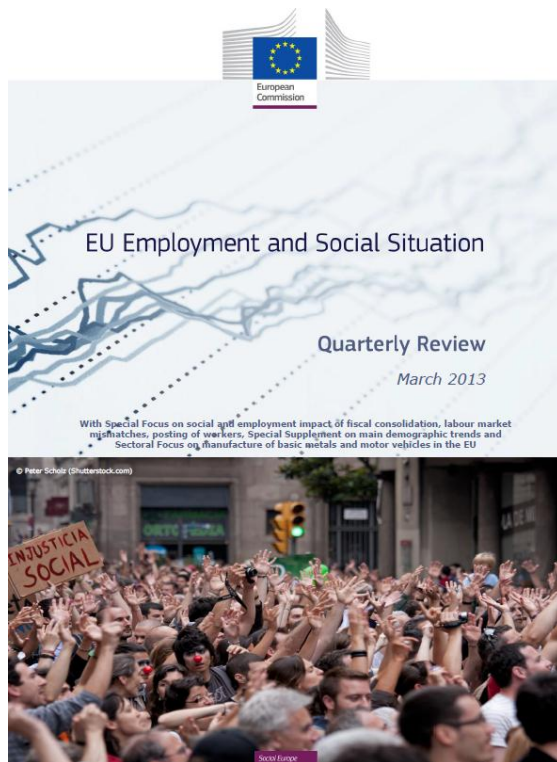
- As a result of GDP contraction in the last quarter of 2012, the employment outlook is very bleak
- Unemployment foreseen to remain at a very high level up until 2014
- These prospects are, however, not fully reflected in labour market players' recorded expectations:
 - Employment prospects in industry in the EU have remained slightly above their long-term average in recent months, showing that managers in this sector expect employment to stabilise, although prospects for services and construction remain particularly depressed
 - European consumers' expectations of unemployment are slightly less pessimistic, but remain significantly higher than their long-term average at EU aggregate level

10. Demographic trends: crisis has negatively affected fertility recovery

- Since 2009 fertility has stopped its recent recovery
- The mean age of women at childbirth has kept rising and has reached the 30-year threshold
- Life expectancy continued to increase and reached 77.4 years for men and 83.1 for women
- Migration has decreased from its 2007 peak but even in 2011 the EU posted a net increase of ½ million, that is 1 per thousand
- Citizenship acquisitions are higher, at almost one million

>> The challenges for EU labour markets from a shrinking and ageing workforce clearly remain!

Thank you for your attention!



Please consult our [website](#) to download the [report](#), the [press release](#), the [FAQ](#) and the [Special Supplement](#)

(URL:
<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1852&furtherNews=yes&preview=chJldmll d0VtcGxQb3J0YWwhMjAxMjAyMTU=>)