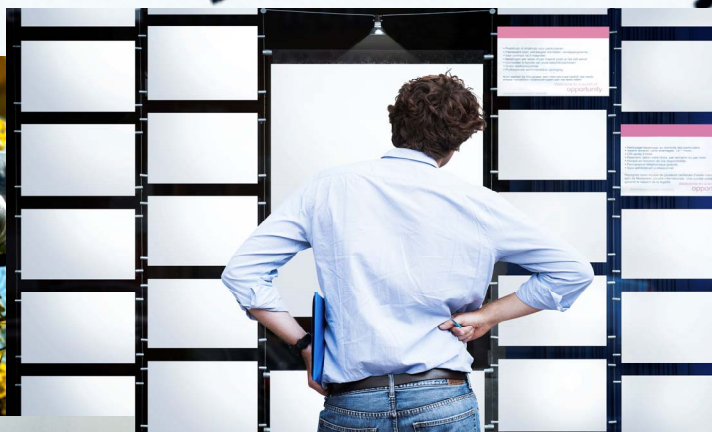
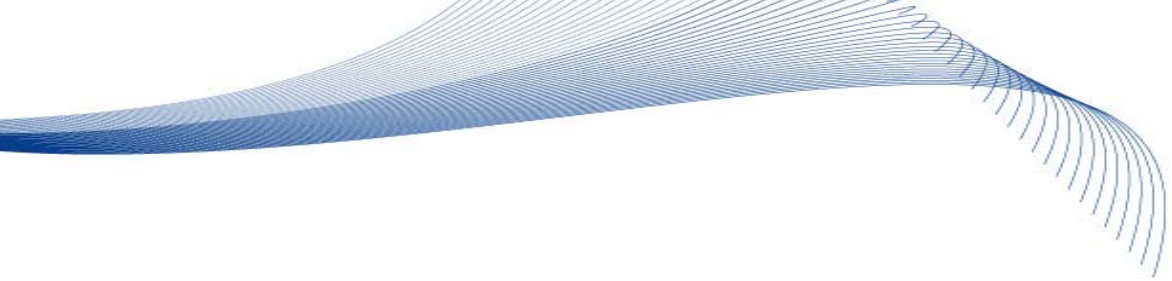


EU Employment and Social Situation

Quarterly Review

December 2011







CONTENTS

CONTENTS	3
HIGHLIGHTS	4
EXECUTIVE SUMMARY	5
INTRODUCTION	8
MACROECONOMIC AND EMPLOYMENT CONTEXT AND OUTLOOK	8
RECENT LABOUR MARKET AND SOCIAL TRENDS	11
EMPLOYMENT	11
UNEMPLOYMENT	12
INACTIVITY AND DISCOURAGEMENT	16
YOUTH	17
OTHER SELECTED GROUPS	19
UNDERLYING LABOUR MARKET DEVELOPMENTS	23
EMPLOYMENT PATTERNS	23
EMPLOYMENT DYNAMICS: NEW STARTERS AND NEW LEAVERS	25
LABOUR DEMAND	29
PRODUCTIVITY, LABOUR COSTS AND HOURS WORKED	32
<i>Special focus: Supplementary indicators to unemployment</i>	34
<i>Special focus: Labour market situation of migrants</i>	38
SECTORAL TRENDS	46
<i>Special focus: Energy sector</i>	51
SOCIAL IMPACT OF THE CRISIS AND AUSTERITY MEASURES	55
<i>Special focus: Social impact of the crisis</i>	55
<i>Special focus: Who is bearing the cost of austerity? A distributional analysis of six EU countries</i>	59
<i>Special focus: Monitoring the financial situation of households</i>	64
IMPACT OF RESTRUCTURING ON EMPLOYMENT	69
LATEST DEVELOPMENTS IN SELECTED MEMBER STATES	73
ANNEX 1: SELECTED STATISTICS	87
ANNEX 2: RESEARCH RESULTS	99

HIGHLIGHTS

	2010 q3	2010 q4	2011 q1	2011q2	2011q3
Real GDP					
(% change on previous quarter)	0.5	0.2	0.7	0.2	0.3
(% change on previous year)	2.2	1.9	2.4	1.7	1.3
Employment growth					
(% change on previous quarter)	0.1	0.0	0.0	0.1	-0.1
(% change on previous year)	-0.1	0.2	0.5	0.4	-0.1
Employment rate					
(% of working age population, non-seasonally adjusted)	64.6	64.2	63.8	64.5	:
Job vacancy rate					
(% of vacant and occupied posts, non-seasonally adjusted)	1.3	1.5	1.6	1.5	1.5
Labour productivity					
(% change on previous year)	2.3	1.7	2.0	1.4	:
Labour cost					
(% change on previous year)	0.6	1.2	1.5	0.7	:
Long-term unemployment rate					
(% labour force, non-seasonally adjusted)	3.8	4.0	4.1	4.0	:

	2010 Nov	2011 Aug	2011 Sep	2011 Oct	2011 Nov
Unemployment rate (seasonally adjusted)					
Total (% of labour force)	9.6	9.7	9.8	9.8	9.8
Men	9.5	9.5	9.6	9.7	9.7
Women	9.7	9.8	9.9	9.9	10.0
Youth (% of labour force aged 15-24)	21.0	21.5	21.8	22.0	22.3

- After a moderate recovery, European employment is down again in 2011 q3. With this negative trend since summer 2011, more Member States are recording an employment growth slowdown or decrease.
- With a new phase of steady increase since spring 2011, European unemployment has reached a historically high level cancelling out the previous moderate recovery.
- Youth unemployment has again rapidly risen and has reached an unprecedented high level.
- Unemployment duration is rising, producing increasingly persistent unemployment.
- Employment inflows are gradually decelerating, while employment outflows are again on the rise.
- Permanent jobs show moderate growth in most Member States, growth in temporary jobs is sustained.

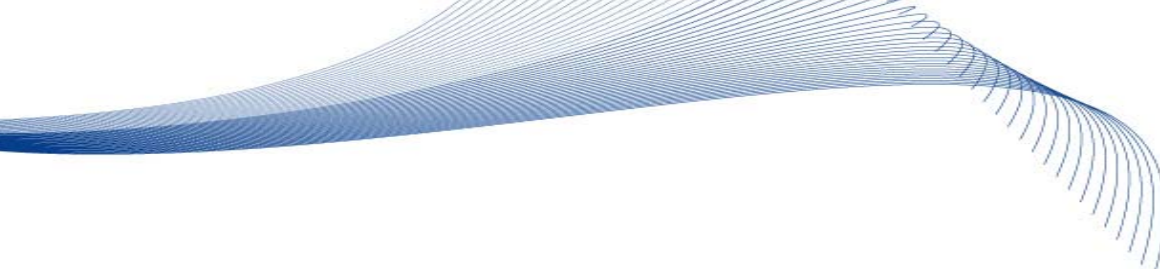
This quarterly monitoring report provides in-depth analysis of recent labour market developments. It is prepared by the Employment Analysis and Social Analysis Units in DG EMPL. A wide combination of information sources have been used to produce this report, including Eurostat statistics, reports and survey data from the Commission's Directorate-General for Economic and Financial Affairs, national and sectoral statistics, restructuring data from the European Restructuring Monitor (collected by the European Monitoring Centre on Change) and articles from respected press sources. The report has also benefited from contributions from public and private employment services. The section on restructuring trends was prepared by the European Foundation for the Improvement of Living and Working Conditions.

Contact: empl-a1-unit@ec.europa.eu and empl-a2-unit@ec.europa.eu.



EXECUTIVE SUMMARY

- The **EU economy grew modestly** in the third quarter of 2011, driven by an expansion of private consumption and external demand. The growth rate was 0.3 % quarter-on-quarter, while the annual growth rate declined to 1.4 % from 1.7 % in the previous quarter. Economic growth slowed down in most Member States, with quarter-on-quarter growth ranging from -0.8 % to +1.8 %. Seven countries managed to increase their performance compared with the previous three-month period. The greatest positive year-on-year changes in the third quarter were noted in the Baltic countries (over 5 %), while Greece posted the sharpest decline (-5.2 %). Whereas employment in the European Union moderately recovered during the year to the second quarter of 2011, but by less than a fifth of the jobs lost during the economic downturn, **European employment is again on a downward trend.**
- Among the **bigger Member States**, France's GDP rebounded by 0.4 % after slipping by 0.1 % in the previous period, whereas quarter-on-quarter growth in Germany and the UK picked up to 0.5 %, from respectively 0.3 % and 0.1 % in the second quarter. Employment increased in the third quarter compared with the second in Germany, Poland, Italy and France while it fell in the UK and Spain. On the negative side, the drop in the Greek GDP stands out (-5%). It is accompanied by a 7½% fall in employment. There are also declines in both variables in other **programme countries**, with a combination of a large GDP decline (-1¾%) and a small employment drop (-¾%) in Portugal, and the opposite in Ireland (respectively -¼% and -2½%).
- Within the overall negative employment trend since the Summer 2011, more Member States are recording an employment slowdown or decrease. **Unemployment**, steadily increasing since the Spring 2011, has now **reached a historically high level** (9.8 % in November 2011) cancelling out all the previous improvements. The moderate labour market recovery between the Spring 2010 and the Spring 2011 was not shared by all countries and, by the end of 2011, few countries are still seeing a downwards trend in unemployment and the recent worsening was particularly harsh in some Member States. **Men and women were equally hit by the recent unemployment rebound.** Unemployment rates for both groups increased by 0.4 pps since the end of 2010 to reach 9.7% for men and 10% for women in November 2011.
- These unfavourable labour market trends are likely to aggravate further the **adverse impacts of the crisis** that have led to income losses, rising poverty and financial distress among households. Among the population groups most affected by the crisis are young people, the long term unemployed, the migrants, lone parents and their children. Recent studies estimating the distributional **impact of austerity measures** show that they need to be carefully designed to avoid that the most vulnerable bear the brunt of the social impact of fiscal consolidation. These trends are analysed in several of the special focuses of this report.
- The severe rise in unemployment over the period 2008-2009 has continued to influence **long-term unemployment**. After bottoming out at 2.5 % in mid-2008, the long-term unemployment rate in the EU had risen to the high level of 4% by mid-2011, 0.2 percentage points (pps) higher than a year earlier. This means that 43 % of the unemployed persons were without a job for more than one year, compared to 40% a year before and only 33% in the second quarter of 2009. In line with overall unemployment, the increase affected mostly the Baltic States, Ireland and Spain, and now long-term unemployment affects more than 8 % of the labour force in Ireland, Latvia, Slovakia and Spain.
- The labour market recovery for youth did not last long and, after a year of stabilisation, unemployment again started to climb in May 2011, at a faster rate than among adults. This has exacerbated the **challenges of the youth labour market**. **Youth unemployment reached 5.6 million** in November, bringing the **rate to a new high of 22.3 %**, which was 1.3 pps more than the rate registered a year before, when unemployment bottomed. Over the course of the entire downturn, the unemployment rate for youth has risen by more than 7 pps from a low of around 15 % in spring 2008, and the share of **young people who are neither in employment, education or training (NEET) grew from less than 11 % to more than 13 %.**



- The **labour market situation of third-country nationals is difficult** in most Member States and the economic downturn has exacerbated the gap with nationals. A special focus section (see p. 38) shows that migrants working in the construction sector have been particularly affected but the main factor behind the fall in employment of migrants is their share in temporary contracts. Almost one (active) migrant out of five is unemployed and the share exceeds 30% among the young migrants. The on-average lower educational attainment of third-country nationals explains only partly their higher unemployment rate.

- In the year to the second quarter of 2011, the **unemployment rate for older people edged slightly down** to 6.7%, and it was up by just 1.7 pps on the low three years before. At the same time, their inactivity rate declined, partly due to a significant pick-up in the employment rate for older people by 1.2 pps, which however remains very low at 47.5%. The **labour market for the low-skilled** (aged 25-64) **stabilised** by mid-2011. However, this segment suffered the most pronounced, longest-lasting effects of the crisis. Over the last three years, the unemployment rate for the low-skilled increased from 9% to around 15 % and their employment rate dropped sharply, by 3 pps, to below 55 %. These trends contributed to a 1.6 pps increase of the risk of poverty and social exclusion of the low-skilled between 2009 and 2010 to reach 40%.

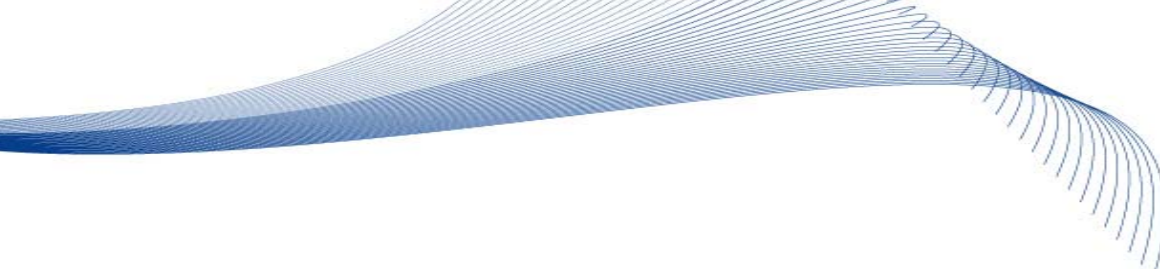
- Within overall weak employment growth, **job creation again became balanced with both permanent and temporary jobs** in the first two quarters of 2011. The young remain the most disadvantaged, since fewer and fewer young people hold a permanent job or a full-time job. In the same period, mirroring the present decline in employment and surge in unemployment, **employment inflows are gradually decelerating, while outflows are again on the rise**. In most Member States, the share of employed persons with a new job was still increasing in the second quarter of 2011, but at a slower pace, sometimes close to stabilisation. Most new job starters are on temporary contracts, i.e. 56 % on average in the EU. In 2010, about 26 % of those who were jobless in the previous year got a job. However, this is 4.6 pps less than in 2008. Conversely, 4.2 % of workers in 2009 became unemployed in 2010, i.e. 1.4 pps more than in the previous period. Here also, the situation varies greatly between Member States.

- In 2010, beside the 23 million unemployed in the EU, accounting for 9.7 % of its labour force, **another 19.2 million** (corresponding to 8 % of the active population) could be added under a broader perspective of unemployment. A special focus section covers those that **were underemployed or qualified as potential additional labour force in the EU**, while being inactive. The groups under consideration are on the one hand underemployed part-time workers and, on the other hand, people classified as inactive although either seeking work but not immediately available, or available for work but not seeking it. Their overall number increased by 1.6 million (+9.2 %) compared to 2008, essentially due to a rise in underemployment and in the number of persons available to work but not seeking it, both categories largely dominated by women. Similar developments have been seen in the USA. See special focus section on p. 34.

- In the third quarter of 2011, **labour productivity growth showed an uneven pattern across Member States**. Most strikingly was the strong rebound in the United Kingdom and the marked decrease in Denmark. In the other Member States productivity growth stagnated, or showed more moderate changes. At the same time, nominal labour cost growth remained moderate so that unit labour cost increases were limited.

- The 2010 data recently released reveals **signs of rising poverty in many Member States**, especially in the Baltic States, Spain and Ireland. A special focus section (see p. 55) shows that some population subgroups are severely hit, even in Member States apparently less impacted overall. Those suffering the most obvious effects of the crisis are those which were already at greater risk before the crisis and with weaker links to the labour market, namely young adults, families with children and especially single parents. As a result of the strong rise in unemployment, the share of children and working-age adults living in **jobless households** increased by 1 pps between 2008 and 2010 and by more than 6 pps in Ireland and Latvia. It now exceeds 12% in Latvia, Belgium, the UK and reaches 20% Ireland.

- The **effects of fiscal consolidation measures vary greatly across Member States**. A special focus section (see p. 59) features a recent analysis estimating the distributional impacts of the various types of austerity measures taken in six EU countries. It shows that measures affecting the disposable income (e.g. increases in income tax, cuts in benefits or in public sector pay) have been clearly regressive in Portugal and relatively proportional in Estonia and Spain. They have been mildly progressive in the UK (not yet taking account of more regressive measures to be implemented in the coming years) and strongly progressive in Greece and Ireland. However, once measures to increase VAT are taken into account, the impacts of



austerity policies are more regressive. Finally, methods still need to be developed to assess fully the impact of cuts in public services provision, that are likely to affect more strongly the most vulnerable populations.

- For the EU as a whole, a majority of people continue to declare that their **household financial situation** has deteriorated over the year, confirming the **downward trend observed since autumn 2010**. A special focus section (see p. 64) posits that this probably reflects the combined impact of higher inflation, rises in indirect taxes, low or stagnant wage growth and other austerity measures, which may increasingly constrain government room of manoeuvre to ease worsening household and consumer finances. Furthermore, the share of households experiencing financial difficulties across the EU has been steadily increasing since the beginning of 2011, particularly among the lower income quartile groups, while people running into debt are back up to around levels observed in late 2008. There is, nevertheless, quite marked divergence in developments in aggregate household financial situations across countries.

- In the recent period of slow recovery, **three major sectors**, which have all seen their value added rise over recent quarters, have followed **very different trajectories in terms of employment**. In the two years to the third quarter of 2010, while employment in the wholesale and retail trade fell by a limited 1.9 % in the EU, construction and the industrial sector were suffering much more, with both sectors losing roughly 8.5 % of their jobs. Employment in the industry and the trade sector has recovered partly since then, posting rises of respectively 0.5 and 0.4 % between the third quarter of 2010 and the third quarter of 2011. This was not the case in the construction sector, which still saw another decline of 2.4 %. Besides, the energy sector is the subject of a special focus (see p. 51). The crisis has had a **significant downward impact on both value added and employment in the energy sector across the EU**. But, interestingly, the number of jobs did not decline in the same proportions as the entire labour force did in the EU, supported by the **rapid expansion of the renewable energy** sector.

- The European Restructuring Monitor (ERM) recorded a total of 277 cases of restructuring between 1 September 2011 and 30 November 2011. **Announced job losses continued to outnumber announced job gains** with most of the recent job loss announcements relating to Italy and France. Manufacturing was the sector most affected by announced restructuring job losses, but it also accounted for the majority of business expansions and, therefore, job gains.

- European managers expect employment to shrink in the tertiary sector, while EU firms' employment expectations remain broadly optimistic in industry, but stubbornly pessimistic in construction. At the same time, EU consumers' fears of unemployment are still on the rise. While vacancies continue to grow in a context of rising unemployment, **hiring trends in the EU are somewhat mixed across Member States**, and talent shortages remain a real issue. Growth in on-line job demand is stable while growth in temporary agency work is slowing down dramatically.

- The Commission's Autumn European Economic Forecast projected annual average GDP growth in the EU at 0.6% in 2012 and 1.5% in 2013. The projected growth will not be sufficient for labour market improvements. Employment growth is expected to grind to a halt in 2012. As a result, **unemployment will not fall over the forecast horizon**, remaining at around 9.8% in the EU. Cross-country differences remain large.

This edition of the Quarterly Review takes a closer look at the labour markets and social situations in Austria, Cyprus, the Czech Republic, Luxembourg, Malta, the Netherlands, Poland, Slovakia and Spain.



Introduction

According to the [latest Monthly Labour Market Fact Sheet](#), released on 12 December, the number of people still looking for work in the EU¹ has returned to the peak recorded since the start of the crisis, at 9.8 % since September 2011, up by 0.4 pp on March 2011. Big unemployment hikes were recorded in Spain, Greece, Portugal and Cyprus, accompanied with more moderate rises in Italy, the UK, the Netherlands and Slovenia. On the other hand, falls were recorded in Germany, the Baltic States (from very high unemployment levels), Belgium, Bulgaria and a few other countries. Youth unemployment remains a key concern in the EU and has been growing again since spring 2011 to reach 5.6 million in November 2011, at an unprecedented rate of 22.3%.

This Quarterly Review provides a more in-depth overview of developments in the European labour market, including from a social perspective, based on the latest² available quarterly (and monthly) data. It summarises short-term trends in GDP and employment growth, changes in employment by sector and category of employment, unemployment, long-term unemployment and inactivity, with a focus on vulnerable groups, namely youth, migrants and low-skilled. The analysis also covers the latest trends in working hours, productivity and labour costs, developments in labour demand, and recent changes in economic sentiment and employment expectations.

Additionally, this Review presents the newly calculated indicators supplementing the unemployment rate, and the latest demographic trends and data on migrations. Recent social trends are also explored and that part focuses on the social impact of the crisis and of austerity measures, as well as on the financial situation of households. Finally, the situations in the energy sector and in nine selected Member States are analysed in greater detail.

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

² This report is based on data collected up until 20 December 2011. The only exception is the section on monthly unemployment, updated on 6 January 2012.

Macroeconomic and employment context and outlook

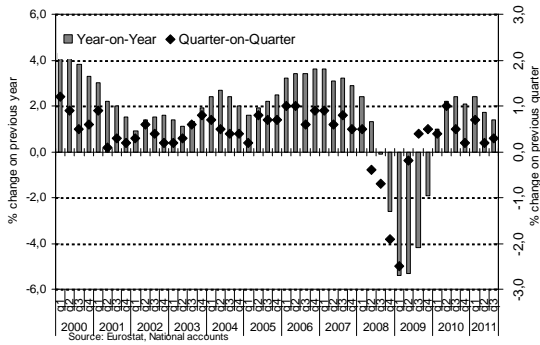
EU economy grows modestly

The EU's moderate recovery from the 2009 recession slowed down in the second and third quarters of 2011. The third quarter growth rate was 0.3% (see Chart 1), which is slightly more than the previous quarter's 0.2%. However, compared with the first quarter figure of 0.7% it is a substantial drop. The annual growth rate declined from 1.7% to 1.4%.

The third quarter growth was especially driven by an expansion of private consumption and external demand. Household final consumption expenditure grew by 0.2% — a partial recovery from stagnation and a 0.4% decline in the previous two quarters. Net exports were up by 0.3% in the three months up to the end of September 2011. This is slightly down on the +0.4% in the second quarter. Exports and imports both rose strongly, posting growth of 1.2% and 0.9% after 0.6% and 0.2% in the previous quarter. The third quarter outturn for gross fixed capital formation was 0.2%, half the rate of 0.4% in the previous three months. Public consumption quarter-on-quarter growth halved too, from 0.2% to 0.1%.

The main contributors to EU activity in the third quarter were the service sectors. Professional and support service activities expanded by 0.9% (up from 0.6% in the second quarter), along with administration and other public services, whose quarter-on-quarter growth was 0.4%, double the 0.2% recorded in the previous quarter. Industrial growth is on a steady downward trend in 2011. It was up by only 0.2% in the third quarter, after 0.5% in the second and 0.8% in the first quarter of 2011. The slow-down was particularly marked in manufacturing, where the growth rate fell to 0.2% (q3) from 0.9% (q2) and 1.7% (q1). Following two consecutive quarters of positive growth, the construction sector declined by 0.3%. In the service sectors, communication and financial services (NACE code J and K) growth picked up slightly. The third quarter growth rate in trade was the same as in the previous quarter and stood at 0.2%, whereas real estate activities stagnated.

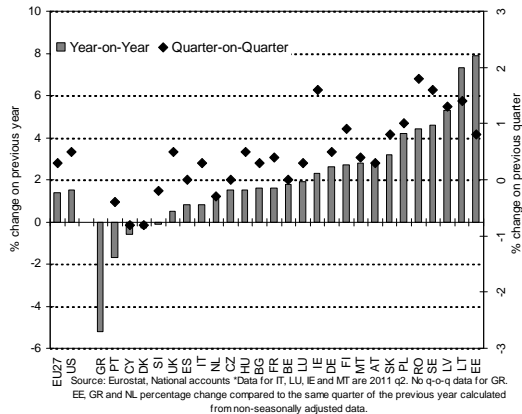
Chart 1: Quarterly growth rates of real GDP in EU



Slower economic growth in most Member States

Third quarter economic activity in the Member States was very varied, with growth rates ranging from -0.8 % to +1.8 % (Chart 2). While growth slowed down in the majority of countries, it accelerated in Romania, Sweden, Finland, Germany, Hungary, the United Kingdom and France.

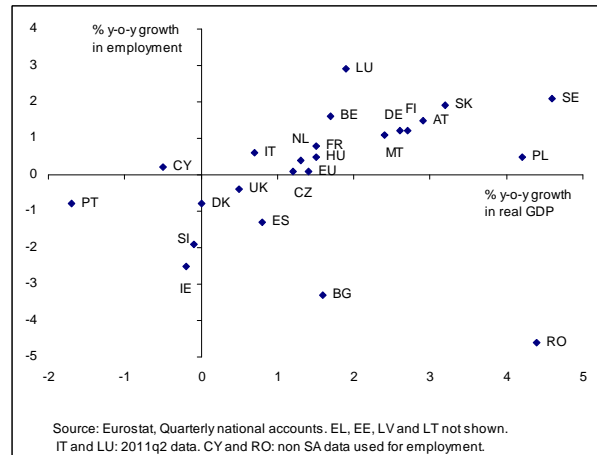
Chart 2: Real GDP in EU Member States and the US in 2011q3



Over the year up to 2011q3, real GDP and employment developments diverged markedly among Member States. The size of the divergence implies that outliers, such as the Baltic states on the positive side and Greece on the negative side are not shown in Chart 3.

On the positive side, the three Baltic states posted a very strong recovery in real GDP (of at least 6%), which led to an employment increase of 2 to 3% in Lithuania and Latvia, and 9% in Estonia. The very strong recovery was an evident counterpart to the very deep preceding dip.

Chart 3: Real GDP and employment in EU Member States: evolution over the year up to 2011q3



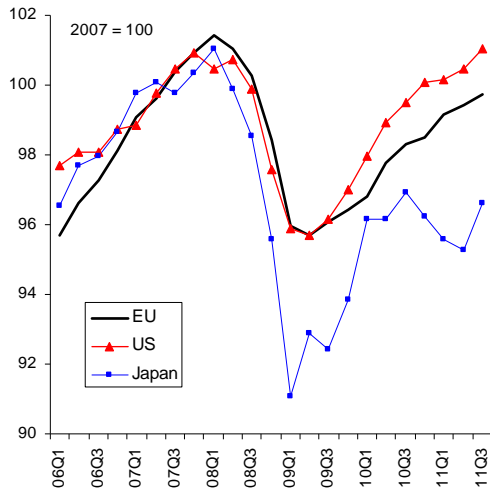
In a large group of Member States with a strong manufacturing base, GDP growth was significant but less employment intensive. This was the case in Sweden, Slovakia, Belgium, Austria, Finland, Germany, Malta, Poland and Luxembourg, where GDP growth was mostly in the range of 1¾- 4½%, compared to 1 - 2% for employment. They were followed by a group of average performing Member States (including France, Italy, the Netherlands and the United Kingdom), with a GDP increase in the range of ½ - 1½% and small employment increases from close to zero up to ¾% (although a ½% decline in employment in the United Kingdom).

On the negative side, the drop in the Greek GDP stands out (-5%). It is accompanied by a 7½% fall in employment. There are also declines in both variables in other programme countries, with a combination of a large GDP decline (-1¾%) and a small employment drop (-¾%) in Portugal, and the inverse in Ireland (respectively -¼% and -2½%). In Bulgaria and Romania, (very) substantial increases in GDP coexisted with large declines in employment, as productivity continued to catch up.

International environment not supportive

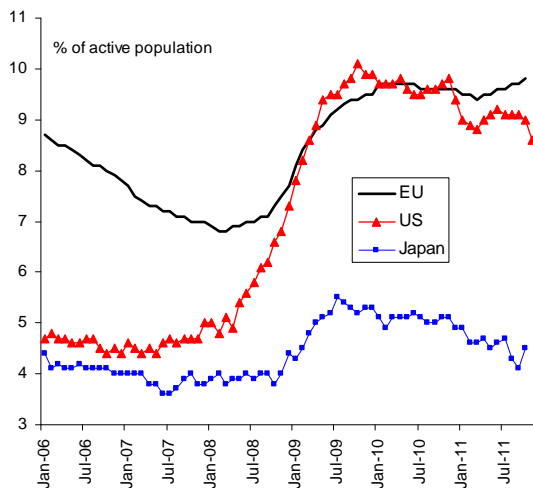
In the US, the recovery in GDP since early 2009 has been somewhat stronger (Chart 4). US GDP grew by 0.5% q-o-q (quarter-on-quarter) in 2011q3, which represented a significant acceleration from previous quarters. Nevertheless, the US labour market recovery has also been rather subdued. Employment, as measured by the non-farm payrolls, stood in the last quarter of 2011 at a level 4½% below its level four years ago, notwithstanding a 1¼% increase over the last four quarters.

Chart 4: GDP volumes in the EU, US and Japan



Source: Eurostat, national accounts.

Chart 5: Unemployment in the EU, US and Japan



Source: Eurostat, national accounts, U.S. Department of Labor and Statistics Bureau of Japan.

While the US unemployment rate hovered around 9% for most of 2011, it fell significantly to 8.6% in November, partly due to discouraged workers leaving the labour force (Chart 5). Japanese GDP increased by 1.4% q-o-q in 2011Q3, after three consecutive quarters on negative growth. Japanese GDP is still below the year-ago level. In a sign that the global economy is losing strength, year-on-year growth of world trade fell to 5.1% in 2011q3 while global leading indicators (the OECD's and the PMI) continued their decline. Even the fast-growing emerging economies of China and India saw a substantial growth deceleration in the third quarter. Brazil's GDP even shrank, while, on the contrary, the

Russian economy benefitted from high commodity prices.

Confidence indicators going down

The Commission's economic sentiment indicator fell substantially in the second half of the year, to 92.8 in November, from levels above the long-term average of 100 up to July. This evolution reflects continuous falls in all business surveys as well as the consumer survey. A similar story is told by the OECD leading indicators for the largest Member States, as well as the PMI indicators. The November composite PMI stood clearly below the zero-growth level of 50, at 47.

Recent forecasts expect stagnant labour markets

The Commission's Autumn European Economic Forecast projected annual average GDP growth in the EU at 0.6% in 2012 and 1.5% in 2013. For the euro area, the respective figures were 0.5% and 1.3%. The projected growth will not be sufficient for labour market improvements. Employment growth is expected to grind to a halt in 2012. As a result, unemployment will not fall over the forecast horizon (remaining at around 9¼% for EU 27 and 10% in the euro area). Cross-country differences remain large.

The OECD Economic Outlook³ was slightly more negative on the EU economy in 2012 (lower growth, higher unemployment). The OECD foresaw 2012 euro-area growth at 0.2%. Euro-area unemployment was projected to rise to an annual average of 10.3% in 2012, before reaching a turning point in 2013.

³ Released on 28 November 2011, while the Commission's autumn 2011 forecast was released on 10 November 2011.

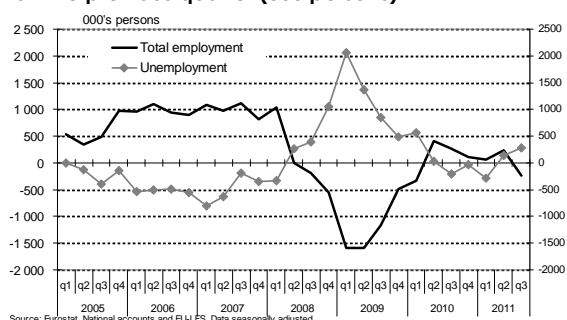
Recent labour market and social trends

Employment

EMPLOYMENT IN THE EU AND IN MEMBER STATES

After a moderate recovery, European employment is down again

Chart 6: Employment and unemployment in EU, change on the previous quarter (000 persons)



Source: Eurostat, National accounts and EU-LFS. Data seasonally adjusted

After dipping in 2010 q1, employment in the European Union grew, with a cumulative gain of around 1.1 million jobs over the five quarters to 2011 q2 (see chart 6). But this recovery amounted to less than a fifth of the jobs lost between 2008 q2 and 2010 q1 (down by 6 million, from 228 to 222 million). The slight recovery (up by 0.10 % on average per quarter) has stopped in 2011 q3 with a drop by 240 000 jobs (down by 0.11 %). Recent change in employment exacerbated the differences among Member states.

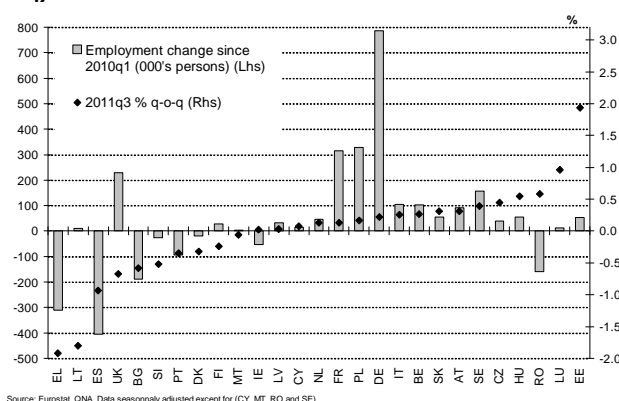
Negative trend in summer 2011, with more Member States recording employment slowdown or decrease

In 2011 q3, EU employment decrease (-0.11 %) has offset previous quarter growth (+0.10 % in 2011 q2). There still was an employment growth, sometimes close to stabilisation, in 14 Member States (see Chart 7) against 24 in the previous quarter. Among the large Member States, Germany and Poland both recorded a 0.2% rise in employment, while France recorded a slowdown with a +0.1% rise (after 0.3%), the United Kingdom experienced a sharp downturn (-0.7%), and Spain reported another decrease (-0.9%)⁴. Employment has slowed down in Belgium, Slovakia (both +0.3), Latvia (+0.0 %) or even decreased in Malta (-0.1 %), Finland (-0.2%), Portugal (-0.3 %), Denmark (-0.3%), Slovenia

⁴ Last data for Italy 2011 q2: +0.3 %.

(-0.5%), Bulgaria (-0.6 %), Lithuania (-1.8%) and Greece (-2%). However, there were accelerating rises in Estonia (+1.9 %), Hungary (+0.5 %), Sweden and Czech Republic (+0.4%).

Chart 7: Employment change (000's persons) since EU employment latest dip (2010 q1) and in 2011 q3 % (q-o-q) in the Member States



Source: Eurostat, QNA. Data seasonally adjusted except for (CY, MT, RO and SE)

Employment gains and losses since spring 2010 concentrated in some Member States

Since 2010 q1, 19 Member States have recorded increases in employment. But employment gains and losses have been uneven among them, with high concentrations in some. Germany contributed over half the EU's growth, with 790 000 more jobs (see Chart 7), and this trend continued in summer 2011 (+0.2% q-o-q). Other large Member States (except Spain) recorded cumulated rises in employment over the six quarters from 2010 q1 to 2011 q3: United Kingdom (+230 000), Poland (+330 000), France (+315 000) and Italy (+110 000, up to 2011 q2). Also recording rises were Sweden (160 000), Belgium (100 000), and Austria (90 000).

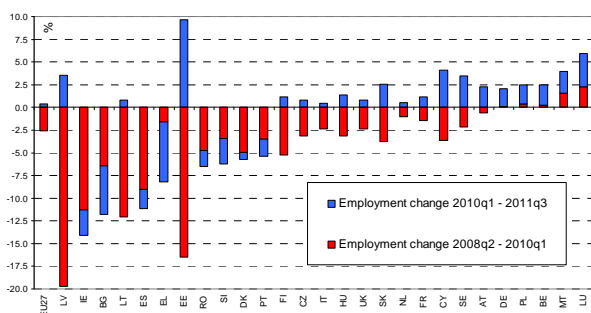
On the other hand, some Member States experienced marked job losses over the same period. Employment dropped sharply in Spain (30% of total EU job losses, 400 000 jobs lost) and Greece (20%, 310 000 jobs lost). Falls were recorded in Bulgaria (down 190 000 jobs), Romania (down 160 000 jobs), Portugal (down 90 000 jobs), Ireland (down 50 000 jobs), Slovenia (down 30 000 jobs) and Denmark (down 20 000 jobs).

Pre-crisis level of employment difficult to regain in most Member States.

In 2011 q3, EU employment stood 2.2% below the 2008 q2 level (down by 5 million). Regaining pre-crisis levels of employment appears to be more and more difficult in most Member States. Still, eight countries have more than offset job losses due to the crisis, and reported employment levels

higher than in 2008 q3: Luxembourg (+5.9%⁵), Malta (+3.9%), Poland (+2.5%), Belgium (+2.5%), Germany (+2.0%), Austria (+1.6%), Sweden (+1.3%) and Cyprus (+0.5%). The other 19 countries show a net loss in employment, with marked differences among them. Seven countries recorded a loss smaller than the EU average fall (-2.2 %): France (-0.3%), the Netherlands (-0.5%), Slovakia (-1.2%), the United Kingdom (-1.6%), Hungary (-1.7%) and Italy (-2.0%). Eleven countries lost more than 5% and six more 8%: Greece (-8.2%), Lithuania (-11.2%), Spain (-11.2%), Bulgaria (-11.7%), Ireland (-14.1%) and Latvia (-16.2%).

Chart 8: Employment change in 2008 q2 - 2010 q1 and in 2010 q1 - 2011 q3 in the Member States (%)



The Baltic States, despite having the fastest recovery in employment in the EU since the summer of 2010, are still far from pre-crisis levels, as are Ireland, Bulgaria, Spain and Greece (see Chart 8).

EMPLOYMENT RATE

Employment rate is rising for older workers, falling for the young

The slight growth in the EU employment rate over the year to 2011 q2 (+ 0.3 pp to 64.5%) masks a decrease for younger workers (down by 0.3 pp), stabilisation for prime age workers and an increase for older workers (up by 1.2 pps). Compared with three years ago, employment for older workers is 1.7 pps higher, while it has fallen for younger and prime age workers (down by 3.8 pps and 1.7 pps respectively) (see Chart 9).

Employment rate for men has stopped falling...

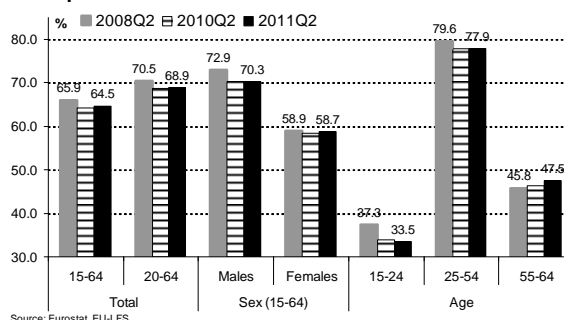
Yet, over the year to 2011 q2, the employment rate for men stabilised (up by 0.1 pp to 70.3%) , with a fall in unemployment compensating for an increase in inactivity and the rate for women

went up (by 0.4 to 58.7%, see Chart 9 and Chart 26).

...however, employment rate for men lost more ground over the crisis

Overall, proportionally worse hit by the economic downturn, the employment rate for men lost more ground than the rate for women. The rates are down by 2.6 pps for men and 0.2 pp for women, as compared with three years earlier. This relative stability in the employment rate observed for women resulted from a decrease in inactivity (the rate up by 1.2 pps) which compensated for an increase in unemployment (the unemployment-to-population ratio up by 1.4 pps). On the contrary, a significant fall in the employment rate for men (down by 2.6 pps) reflected mainly an increase in unemployment (the ratio up by 2.2 pps) as well as a slight deterioration in inactivity (up by 0.4 pp) (see Chart 26).

Chart 9: Employment rate (%), total (15-64, 20-64), by sex and age groups in the EU in 2011 q2, 2010 q2 and 2008 q2



Source: Eurostat, EU-LFS

Unemployment⁶

UNEMPLOYMENT IN THE EU AND IN THE MEMBER STATES

With a new phase of steady increase since spring 2011, European unemployment has reached an historically high level cancelling out the previous moderate recovery

Between April 2008 and April 2010, the number of unemployed people in the EU surged by around 7 million, reaching 23.3 million (see Chart 10), while at the same time the EU unemployment rate rose by 2.8 pps to 9.7%. A moderate recovery occurred in the subsequent months until March 2011, lowering the number of unemployed by around 700 thousands and the

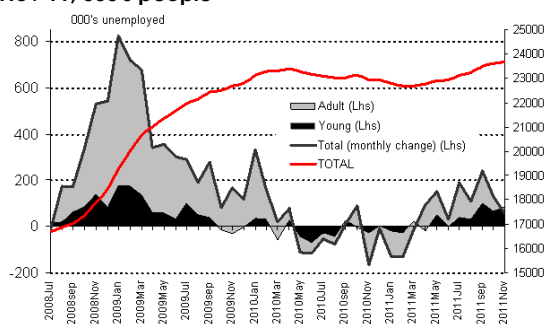
⁵ Last data for Luxembourg 2011 q2.

⁶ The analysis of monthly unemployment figures is based on newly released Eurostat, Series on unemployment, published on 6 January 2012.

unemployment rate by 0.3 pp (9.4% in March 2011). Since April 2011, the number of jobless has increased again 1 million and outweighed the previous amelioration.

With more than 23.5 million unemployed (16.3 million in the euro area) up 55000 on October 2011 and 723 000 on November 2010, unemployment has reached an historically high level at 9.8%.

Chart 10: Monthly change in the number of unemployed for youth (15-24), adult (25-74) and total and monthly unemployment average in the EU July 08–Nov 11, 000's people



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

Men and Women hit equally by the recent unemployment rebound

At EU aggregate level, men were proportionally worse hit than women by the Apr 2008 – Apr 2010 unemployment surge, representing two thirds of the new jobless. The following moderate unemployment decrease was almost entirely one-sided. Since spring 2011, the unemployment rebound has hit quite equally men (up by 500 thousands) and women (up by almost 520 thousands). Unemployment went up in November by 89 000 for women, and declined by 34 000 for men, (+428 000 women and +295 000 men compared to November 2011).

Overall, currently there are 4.5 million more unemployed men and 3.1 million more unemployed women than in spring 2008.

In terms of unemployment rate, that for men stood at 9.7% in November 2011 against 10.0% for women, both up 0.4 pp compared to their respective recent lows in spring 2011. Overall, the unemployment rate for men remains sharply up (by 3.4 pps) on its low of 6.3% at the beginning of 2008, while the rate for women has risen by a more limited 2.6 pps from its low of 7.4%. (see Chart 11).

The gender gap, which had been in favour of women between May 2009 and June 2010, is once again favouring men but is considerably less wide than before 2008, with 0.3 pp in November 2011 against 1.3 pps in 2007.

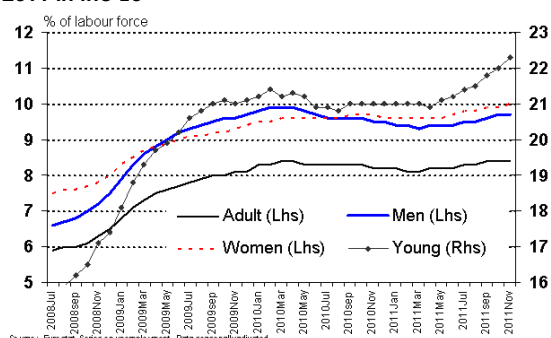
Youth unemployment has again rapidly risen and has reached an unprecedented high level

The youth (15-24) unemployment rate jumped rapidly from the beginning of 2008, rising from 15% in February 2008 to more than 21% in the beginning of 2010, before easing moderately and stabilising until spring 2011. Subsequently, the rate went up to an unprecedented high level of 22.3% in last November. The underlying number of young unemployed had risen by 380 thousands to 5.6 million. The rate in November was 0.3 pp higher than in October, and 1.3 pps up on year earlier. See more comments below (see Chart 20).

For adults (25-74), the unemployment rate increase since spring 2011 has similarly cancelled out the previous amelioration, reaching 8.4% in November 2011.

This new phase of unemployment increase has again disproportionately hit young people, since three out of ten new unemployed persons are young, at a time when youth is 10% of the total labour force. Consequently, the gap between young people and adults has widened again to 13.9 pps compared to 9.4 pps in 2007.

Chart 11: Monthly unemployment rate for young people (15-24), adults (25-74), male and female July 2008–Nov 2011 in the EU



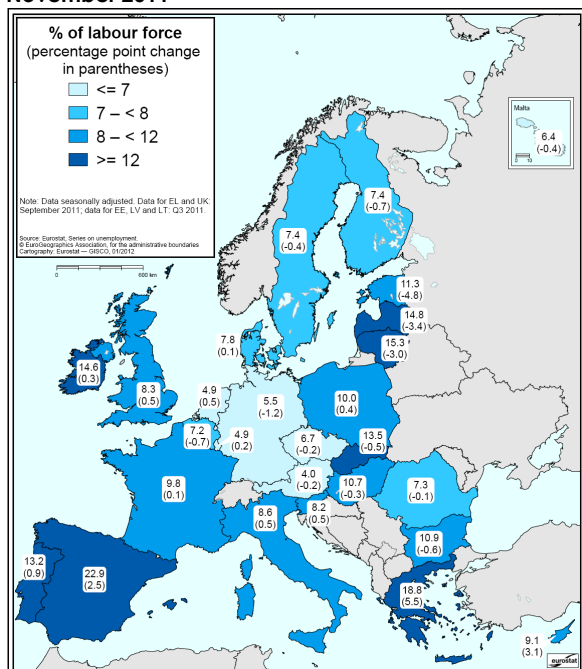
Source: Eurostat, Series on unemployment, Data seasonally adjusted.

The moderate recovery between spring 2010 and spring 2011 was not shared by all countries

During the sharp rise in unemployment between April 2008 and April 2010, the unemployment rate increased in all countries (except Germany), up by more than 10 pps in Spain and the Baltic States and up by 2.9 pps at EU level. The subsequent recovery until March 2011 benefited the Baltic States, Belgium (-1.5 pps), Sweden (-1.4 pps), Slovakia (-1.6 pps) and Germany (-1.1 pps), and eleven other Member States whose unemployment decrease ranged between -0.6 and -0.1 pp. But during the same period unemployment has gone on increasing in

Greece, Bulgaria, Slovenia, Spain, Ireland, Portugal and Cyprus.

Chart 12: Unemployment rates and changes, November 2011



EU's unemployment rate recently stabilised at its highest level, hiding very different situations across Member States

The EU unemployment rate remained historically high in November 2011, at 9.8%, i.e. the same rate since September 2011. This is 0.1 pp higher than the previous peak recorded over January-May 2010 (9.7 %) and 0.2 % higher than the level seen in November 2010.

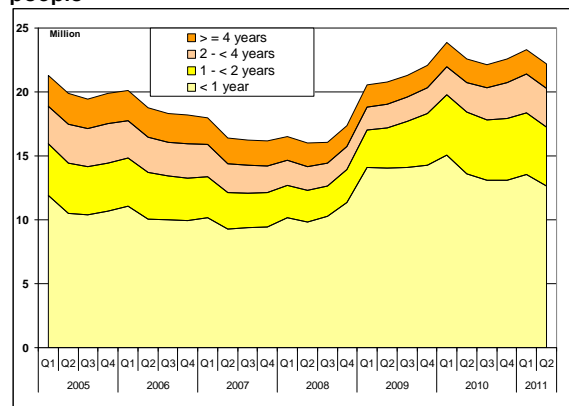
The picture remains very mixed across Member States, with those countries that saw their unemployment rate fall significantly over the preceding 12 months, such as Germany (to a low 5.5 %, i.e. roughly 2 pps below pre-crisis level and 1.2 pps below the level of November 2010), the Baltic States, Belgium, Finland and Bulgaria and those that registered marked rises, like Spain, Greece, Cyprus, Portugal and, to a lesser extent, Italy, the UK, the Netherlands and Slovenia. More recently, France also saw an increase, to 9.8 % in November 2011, up 0.2 pp on September. It is 0.1 pp up on November 2010 (see Chart 12) and roughly 2 pps above the pre-crisis level.

LONG-TERM UNEMPLOYMENT

Unemployment duration is rising, producing increasingly persistent unemployment...

The severe rise in unemployment over the period 2008-2009, has continued to feed into long-term unemployment. Whilst there has been little inflow into unemployment since 2010 and demand has not picked up, the share of the unemployed who remained without a job for more than one year started to swell from a third in the second quarter of 2009 to 43 % two years later. In the second quarter of 2011 close to 10 million people were unemployed for more than a year (see Chart 13). This structural feature of unemployment will make it more and more persistent and difficult to bring down.

Chart 13: Unemployment by duration; 2005 – 2011, 000's people

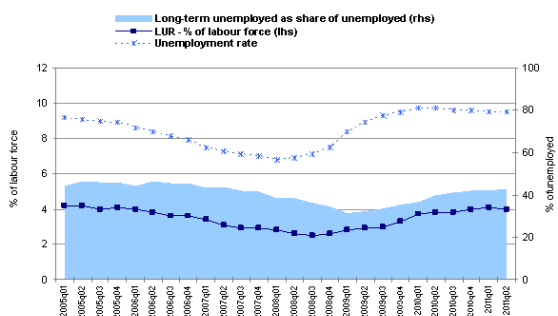


Source: Eurostat, LFS.

...and the long-term unemployment rate in the EU remains high...

After bottoming out in mid-2008 just after unemployment bottomed, the long-term unemployment rate in the EU has risen to the levels observed in mid-2000. At 4.0% in the second quarter of 2011, the long-term unemployment rate was still up 1.4 pps compared to the 2.6% recorded in the second quarter of 2008 (see Chart 14).

Chart 14 Unemployment and long-term unemployment rates in the EU, 2005-2011



Source: Eurostat, Series on unemployment and Labour Force Survey. Data on unemployment seasonally adjusted, data on long-term unemployment non-seasonally adjusted.

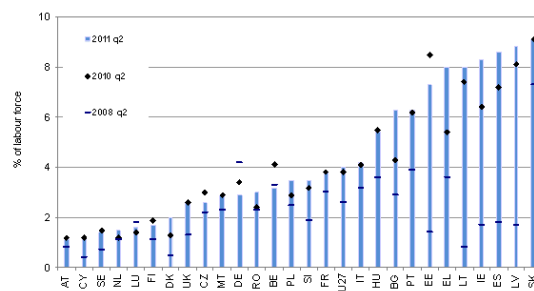
...and the long-term unemployment rates reached similarly high levels for women and men

More severe deterioration of the labour market for men than for women also resulted in a steeper increase in long-term unemployment among men (see Chart 15). However, by the second quarter of 2011, the annual increase had slowed to 0.3 pp for women and to a negligible 0.1 pp for men, from a significant 0.9 pp and 1.2 pps respectively in the first half of 2010. Overall, the long-term unemployment rate for women increased from its low of below 3% in 2008 to 4.0% in the second quarter of 2011, while for men it rose more steeply from the low of around 2.5% to 4.0%. The recent unfavourable developments in unemployment may soon intensify long-term unemployment, affecting both women and men.

Recent developments in long-term unemployment vary across Member States...

Nearly all Member States registered an acute increase in long-term unemployment over the three years to the second quarter of 2011. The long-term unemployment rate quintupled in Estonia, Ireland, Latvia and Spain and surged from a negligible less than 1% to 8% in Lithuania. However, like the unemployment rate, by mid-2011 the long-term rate had also shown signs of moderation in most Member States, with the year-on-year increases slowing down. Notable rises (of just 1.4-2.6 pps) were still seen in Bulgaria, Greece, Ireland and Spain, while most other Member States recorded either very moderate rises or declines.

Chart 15: Long-term unemployment rates for EU Member States, 2008q2, 2010q2 and 2011q2



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

... and long-term unemployment is a challenge in some Member States

As a result of three years of deterioration, the long-term unemployment rate now varies more markedly across Member States, ranging from around 1% in Austria and Cyprus to more than 8% in Ireland, Latvia, Slovakia and Spain (see Chart 15). More than half of the unemployed have been without a job for more than a year in these latter countries (except for Spain) but also in Bulgaria, Estonia, Italy, Lithuania and Portugal, while in Austria, Cyprus, Denmark, Finland and Sweden less than 30% of the unemployed have been without a job for more than one year.

Long-term unemployment in the EU may intensify, along with associated social consequences...

If the recent upturn in the unemployment trend continues, long-term unemployment might intensify. In line with the impact of increased unemployment, the increased risk of long-term unemployment may have more severe effects on most population segments. Long-term unemployment may result in serious problems for both the individuals affected and the overall economy. The negative effects in terms of loss of human capital, including skill depreciation and loss of motivation, and thus of future employability, career prospects and earnings can be significant. Moreover, long-term unemployment may often lead to eventual discouragement and exit from the labour market.

...including a high risk of poverty

Overall, long-term unemployment results in a high risk of poverty and associated social failure. Considering total unemployment, in 2010 just below 65% of the unemployed (aged 18+) in the EU were classed as living in poverty or social exclusion. They were having to cope with at least one of these three situations: monetary poverty (around 45%), material deprivation (23.5%)

and/or living in jobless households. These shares remained unchanged with respect to the previous year and are notably higher than for the employed, among whom just 12% lived in poverty and social exclusion. Remaining in long-term unemployment for several years may lead to the persistent risk of poverty and social exclusion. See Special Focus on the Social impact of the crisis.

Inactivity and discouragement

On the other hand, inactivity in the EU has not changed during the crisis...

The unfavourable labour market conditions, which increased unemployment and long-term unemployment, and the subsequent sluggish and currently uncertain recovery have not had an impact on inactivity in the EU as a whole. At EU level, the average inactivity rate has remained broadly stable since the crisis began, fluctuating marginally around the 30% level. However, this stability masks rather divergent developments in inactivity rates across the Member States and for specific sub-populations.

...although developments in inactivity rates between women and men differ

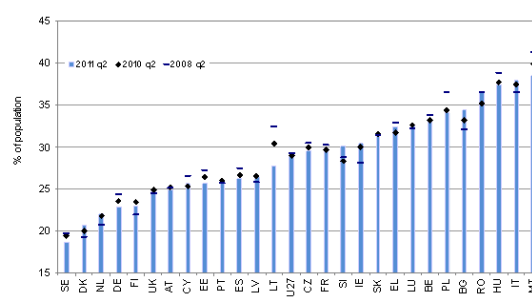
Trends in the inactivity of women and men had continued to diverge somewhat by mid-2011. Women have continued to decrease their inactivity in the labour market, with the inactivity rate, at 35.2%, down 0.3 pp over the year to the second quarter of 2010. On the other hand, the inactivity of men has remained more stable, with their inactivity rate, at 22.5%, in fact up 0.2 pp over a year earlier (see Chart 25).

The inactivity situation varies across Member States

Against a background of stability in inactivity at the EU level, some countries registered a decline in inactivity while in some Member States inactivity expanded. Lithuania, Malta and Poland, the latter two with the highest inactivity rates in the EU, were the most successful in getting people into the labour market over the last few years (the inactivity rate fell by 2.5 pps or more over the three years to mid-2011). On the other hand, Bulgaria and Ireland registered an increase of more than 2 pps over that period, while inactivity also picked up, though from a low level, in Denmark and the Netherlands, by just 1.7 pps over the two years to mid-2010.

The rise in inactivity in Bulgaria, but also in Slovenia and Romania, was notable in the year to the second quarter 2011 (up by more than 1 pps), while Lithuania and Malta registered the highest decline (by 2.7 and 1.4 pps respectively) (see Chart 16). Due to the structure of the labour market and the contrasting impact of the crisis, the inactivity rate varies significantly across Member States, ranging from just 20% in Denmark and Sweden to just below 40% in Hungary, Italy and Malta.

Chart 16: Inactivity rates for EU Member States, 2008q2, 2010q2 and 2011q2



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

Discouragement⁷ is spreading slightly

Every fifth inactive person wants to work. On the one hand, those who do seek employment accounted for 2.8% in the second quarter of 2011, slightly down from 3.3% three years before and unchanged from a year earlier. On the other hand, the share of inactive persons who would like to work but do not seek employment increased from around 15% to 15.8% over the same period, mainly during 2010.

Overall, discouragement has been increasing during the crisis. In 2010, 4.6% of inactive persons did not believe there was a job available, compared to 3.7% at the onset of the crisis in 2008. This phenomenon of detachment or discouragement is found across all population segments although, like unemployment and long-term unemployment, it is associated with more risks for vulnerable groups. The issue of discouragement and underemployment is tackled in more details in the Special Focus on Supplementary indicators to unemployment.

⁷ See also the analysis of the labour market segmentation in the September 2011 issue of the Employment and Social Situation Quarterly Review: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newSId=1080&furtherNews=yes>.

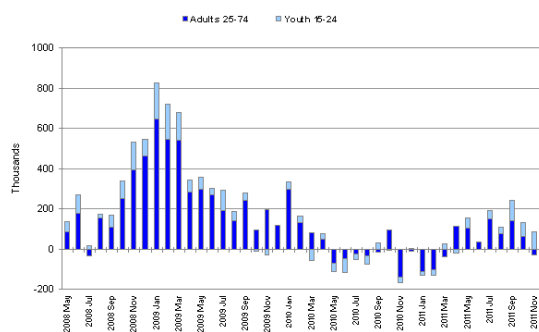
Youth

Unemployment in the EU among young people has increased since spring and faster than among adults...

Labour market recovery for youth did not last long and after a year of stabilisation unemployment again began to climb in May 2011, at a faster rate than for adults.

During the three months to November, youth unemployment increased by 225 000 (4.8%) while adult unemployment went up by 175 000 (1.0%). Compared to a year earlier, youth unemployment was up by nearly 355 000 (6.4%) in November 2011, driven by a marked increase in unemployment among both young women and men, while adult unemployment was up by 390 000 (or just 2.2%) (see Chart 17).

Chart 17: Changes in EU unemployment for youth and adults, 2005-2011



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

...and the unemployment rate for youth has been edging up...

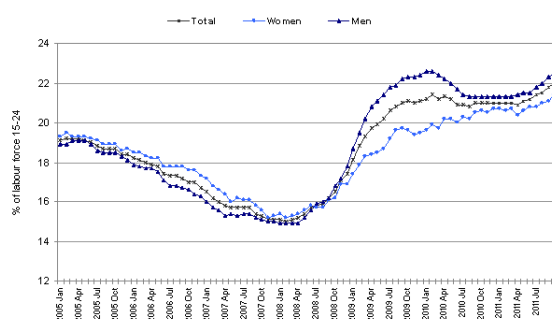
The youth unemployment rate, which remained broadly stable, at around 21%, between mid-2010 and mid-2011, started to rise in May. It surged by 1.4 pps (especially strongly during the last three months) to reach a new high of 22.3% in November (see Chart 18). The rate in November was 1.3 pps higher than the rate registered a year ago, when unemployment was at its recent low. Compared to that, the unemployment rate for adults increased by just 0.3 pp on its recent low in March 2011 to 8.4%, up just 0.2 pp compared to the level a year before.

Both young women and young men started to encounter a shortage of jobs at the same time: the unemployment rate for young men has increased since spring to 22.8% and that for young women climbed 21.7%.

...and unemployment affects a significant share of young people in the EU

The disadvantaged position of youth is less visible if unemployment is compared to the respective total population (not to the labour force). In the second quarter of 2011, 8.8% of all young people were unemployed, similar to the previous year. At the same time, 6.3% of adults were unemployed. The turning point in the unemployment-to-population ratio was not yet visible, but deterioration over recent months will certainly have raised that figure.

Chart 18: Youth unemployment rates for the EU by sex, 2005-2011



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

Youth unemployment increased in most Member States during recent months...

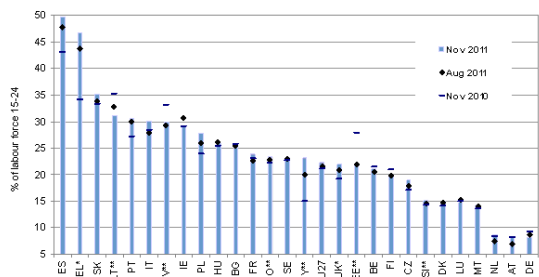
Hidden behind a significant deterioration at EU level, there lie diverging trends across Member States with regard to recent developments in youth unemployment (see Chart 19 and Chart 20). The youth unemployment rate rose in most of the Member States and decreased in just a few during the three months to November (or respective dates). The rate continued to rise notably — gaining around 2.3 pps — in Greece and Cyprus, and to edge up by a more modest 1.5 pps in Poland and Spain, but it also rose by around 1.5 pps in Austria and Italy. On the other hand, it continued to decline in Germany (0.5 pp) and Lithuania (1.7 pps to the third quarter) and also dropped in Ireland (1.3 pps) and Luxembourg (0.6 pp).

...and the youth unemployment rate is again higher than a year ago in most Member States

In line with various developments across Member States during recent months, the rate of unemployment among young people is higher than a year ago in most Member States. Cyprus and Spain recorded the highest year-on-year rises in the rate (more than 6 pps), while in Greece the rate jumped drastically, by 12.4 pps. The rates have reached alarming levels of nearly

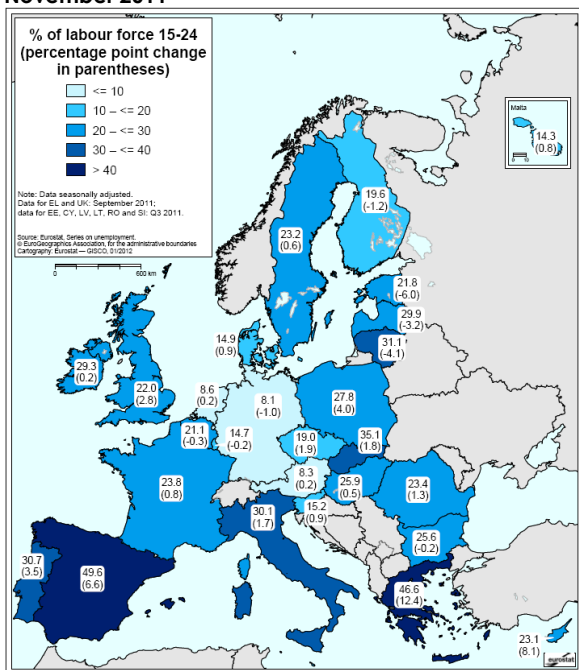
50 % in Greece (46.6 %) and Spain (49.6 %). On the other hand, the rate weakened in 8 Member States, most visibly in the Baltic States (down by 3-6 pp) over the third quarter of 2011.

Chart 19: Youth unemployment rate for EU Member States, November 2010, August 2011 and November 2011



Source: Eurostat, Series on unemployment. Data seasonally adjusted. Note: * EL, UK: annual change Sep 2010 - Sep 2011, three-monthly change Jun 2011 - Sep 2011; ** EE, CY, LV, LT, RO and SI: annual change 2010 q3 - 2011 q3, three-monthly change 2011 q2 - 2011 q3.

Chart 20: Youth unemployment rates and changes, November 2011



Inactivity among young people in the EU labour market continued to rise...

The inactivity of young people in the EU has continued to rise, although recently at a slower pace (see Chart 25) in the section on vulnerable groups). The large increase in the rate for young people during the crisis contrasts with developments in participation rates for other age groups, especially for older people, for whom the rate has decreased year-on-year at a roughly similar pace as before the crisis. In the second quarter of 2011, the inactivity rate for young

people, at 57.7%, was up by 0.4 pp compared to a year earlier.

...in part due to discouragement...

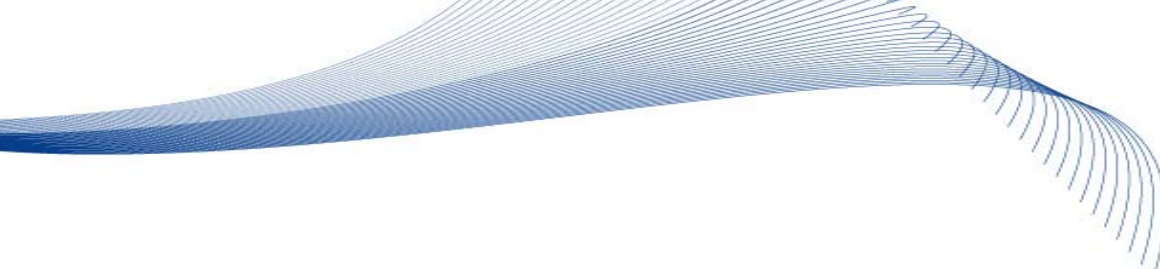
The increase in youth inactivity may partly result from discouragement. In the second quarter of 2011, among those who were inactive around 3% of young people were seeking employment (but were not classified as ILO unemployed), while around 12% wanted to work but were not seeking employment — both shares have not changed much over the 2010. In fact, the share of inactive youth who think that no work is available increased from 1.6% in 2009 to 1.8% in 2010.

...while inactivity due to education and training remains fairly constant

At the same time, the share of young persons who are inactive because of being in education and training, which is the main reason for inactivity, has remained broadly stable since 2005, at 87-88%. Given this high share, inactivity as such should not be a consideration, but it is young people who are neither in employment, education or training or employment (NEET) that constitute the most problematic group. In the second quarter of 2011, more than 13% of young people were neither in employment, education or training, slightly up on the second quarter of 2010. Indeed, in recent quarters (when the inactivity rate has increased by 0.4 - 0.7 pp year-on-year) the share of youth participating in education or training has remained broadly unchanged year-on-year (fluctuating around 66-67%).

The overall impact of the crisis on young people in the EU has been substantial ...

The marked deterioration in the labour market situation for young people during the crisis of 2008-2009 and the current downturn in the labour market, reflecting in part their high exposure to temporary work contracts, has exacerbated the challenges of youth unemployment. At 5.6 million, youth unemployment in the EU is up by nearly 40% (1.5 million) compared to the low of spring 2008. The period since spring 2008 can be divided into three phases: the initial years of 2008-2009 with a marked increase in unemployment among young men, a weak recovery in 2010-2011 when unemployment stabilised and any small unemployment increases were driven by women, and the period since May 2011 where both young women and men contributed to the unemployment rise. This marked increase overall was driven by a sharper rise in unemployment among young men, who



account for 60% (nearly 1 million) of the increase, while unemployment among young women expanded by 625 000.

...and unemployment affects more than one in every five young person active in the EU labour market...

The youth unemployment rate has been on average 2.5 times higher than the adult rate, but the downturn has only added to the structural problems young people face on the labour market. While the unemployment rate for adults, at 8.4% in November 2011, remains 2.7 pps higher than its low of 5.7% in early 2008, the rate for young people (currently 22.3%) is very sharply up, by more than 7 pps from a low of around 15%.

The disadvantaged position of youth is less visible if unemployment is compared to the respective total population (not to the labour force), though a discrepancy persists and the recent deterioration is not yet taken into account. In the second quarter of 2011, while 6.3% of all adults were unemployed, up 1.8 pps on its low of 4.3% in mid-2008, this share was 8.8% for young people, up 2.2 pps on its low of 6.6% three years earlier.

...and became a major challenge in nearly all Member States

The current labour market situation varies across Member States, and the youth unemployment has become a serious problem in several countries. The youth unemployment rate is now over 15% in all but six countries (Austria, Denmark, Germany, Luxembourg, Malta and the Netherlands) and is around 30% or more in Italy, Ireland, Latvia, Lithuania, Portugal and Slovakia. It is 46.6% in Greece and affects nearly half of the active young people in Spain (see Chart 19 and Chart 20).

Long-term unemployment among young people remains problematic in the EU...

The increase in the long-term unemployment rate for young people during the crisis was more noticeable than for other age groups, though the rise levelled out by mid-2011 (see Chart 24) in the section on vulnerable groups). In the second quarter of 2011, the long-term unemployment rate for young people was up by 0.2 pp compared to a year earlier, an increase lower than for adults but higher than for older people aged 55-64. Overall, the long-term unemployment rate for youth increased by 2.5 pps from its low of 3.6% in the second quarter of 2008 to 6.1% three years later, while the rate

for adults rose by 1.3 pps from 2.5% to 3.7% in the same period.

The recent unfavourable developments in unemployment for youth may soon intensify the long-term unemployment.

...and other aspects of the youth labour market in the EU are worrying, including young people not in education or employment

In the second quarter of 2011, the inactivity rate for young people, at 57.7%, was up 1.6 pps on the second quarter of 2008. Neither the share of young people seeking employment but not classified as ILO unemployed (around 3%) nor the proportion who would like to work but do not seek employment (around 12%) have changed much over 2010. However, the share of inactive youth who think that no work is available increased from 1.3% in 2008 to 1.8% in 2010.

Moreover, the share of young people who are neither in employment, education or training or employment (NEET), which is the most problematic group climbed from less than 11% to more than 13% in the same period of three years.

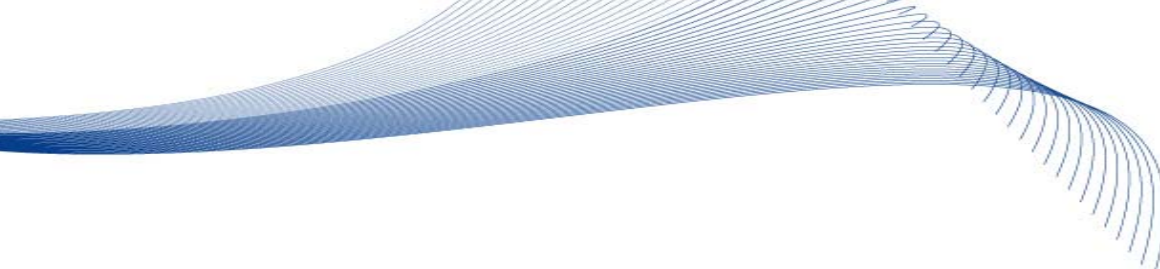
The surge in unemployment and the increase in inactivity over the three years to the second quarter of 2011 also resulted in a drop in the employment rate for youth to 33.6%, which was more severe than among adults (see Chart 26).

The severe deterioration of the EU labour market for young people may have serious social consequences...

The dramatic development since spring 2008 has been all the more worrying as there is ample research evidence to suggest that a period in unemployment during early adulthood has lasting negative effects in terms of both future employment and wage prospects. Moreover, increased unemployment can heighten the risk of long-term unemployment or detachment from the labour market. If the recent upturn in the unemployment trend continues, long-term unemployment, the proportion of young people not in education or training and other challenges might intensify.

Other selected groups

This section on vulnerable groups is based mostly on EU LFS data, which cover the period up to the second quarter of 2011, so recent signs of downturn in the EU labour market, visible in the unemployment statistics, are not reflected here.



By mid-2011, the situation on EU labour markets had stabilised for all population segments, including vulnerable groups, i.e. migrants and the low-skilled. The unemployment rate had fallen for almost all population segments, and some of the vulnerable groups may ultimately have been doing no worse than other groups.

Older people in the EU have remained least affected by the downturn ...

Compared to other age groups the labour market for older people (aged 55-64) has been least affected. They have increasingly stayed in the labour market even during the crisis.

On the year to the second quarter of 2011, the unemployment rate for older people, always lower than for young people and prime-age adults, edged down slightly by 0.2 pp to 6.7% (see Chart 23). Consequently, the increase in the long-term unemployment rate moderated to a negligible 0.1 pp (see Chart 23). A decline in the inactivity rate — by a significant 1.2 pps to just below 50% (see Chart 25), meant the employment rate for older people picked up significantly, by 1.2 pps (see Chart 26).

Overall, while three years of labour market downturn increased the unemployment rate for older people by just 1.7 pps, less than for other age groups, the inactivity rate continued its downward trend (down 2.7 pps) improving the employment rate by 1.7 pps.

...however efforts are needed to boost employment of older people and prevent long-term unemployment...

However, at least two issues have continued to make older people vulnerable. First, despite improvements, their employment rate remained very low - 47.5% in the second quarter of 2011, reflecting the low average exit age, at 61.4 in 2008-2009. Secondly, while the long-term unemployment rate was no higher than that for prime-age adults (at 3.8% by mid-2011), more than half of the unemployed aged 55-64 remained without a job for more than a year.

Moreover, the recent rise in unemployment in the EU labour market still has to be taken into account.

...to continue the downward trend in poverty and social exclusion among older people

Because the labour market for older people has deteriorated less than that for other age groups, poverty and social exclusion in this group has gone down and is the lowest among all age groups.

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

Unemployment of migrants in the EU stabilised by mid-2011, but the second half of 2011 may have changed the situation...

The Special Focus on the Labour market situation of migrants analyses the labour market issues for third-country nationals, including their employment rates, sectoral involvement, quality of jobs, activity/ inactivity and unemployment. Few facts are still to be briefed here.

Yet for the year to the second quarter of 2011, both unemployment and inactivity of non-EU nationals had gone down. Improvements raised the employment rate slightly (see Chart 26).

The labour market situation for third-country migrants has always been difficult and the economic downturn has exacerbated the challenges. Moreover, recent signs of downturn in the EU labour market still have to be taken into account and further deterioration is likely.

...overall, the situation of migrants in the labour market has deteriorated sharply with the downturn...

The unemployment rate for migrants remains more than double the rate for nationals. Nearly one active migrant in five is unemployed, up by around 6 pps on the level recorded three years earlier. The gap in the unemployment rate between non-EU nationals and nationals, which oscillated around the 7-8 pps level before the crisis, remained around 11 pps in 2011 (see Chart 21).

On the other hand, the inactivity rate for migrants, at around 31% in the second quarter of 2011, was up just 0.2 pp on the rate three years earlier (see Chart 25), and has remained close to the level of around 29% for nationals. Consequently, the surge in unemployment over the three years to the second quarter of 2011 almost entirely accounted for the drop in the

employment rate by 4.0 pps to around just 55% (see Chart 26).

...long-term unemployment of migrants has become especially alarming...

The long-term unemployment rate, which had deteriorated sharply during the crisis, remains particularly high for non-EU nationals. The recent increases were more modest, but still the rate had gone over 8% by the second quarter of 2011, up 3.7 pps), against 4.7% three years earlier. Since the crisis hit, foreigners from other EU Member State saw rises in their long-term unemployment rate similar to those for nationals (1.7 pps and 1.3 pps respectively) (see Chart 21).

...which impacts heavily on already high poverty and social exclusion for migrants

These negative trends aggravated the risk of poverty and social exclusion among migrants. Around 42% of adult migrants aged 18-64 in the EU were classified as living in poverty or social exclusion in 2010, up around 1.4 pps on 2009, and 3.2 pps above the low in 2008. They coped with at least one of the following situations: facing monetary poverty (a third); struggling with material deprivation (16%); and/or living in jobless households. These shares have been increasing over recent years, and are notably higher than for nationals, among whom just under 22% live in poverty and social exclusion.

Unemployment for the low-skilled in the EU also stabilised by mid-2011, but the second half of 2011 may have changed that...

A year-on-year rise in the unemployment rate for the low-skilled (aged 25-64) moderated to a negligible 0.1 pp between the second quarters of 2010 and 2011. However, recent signs of downturn in the EU labour market have to be taken into account and another deterioration may be expected.

Overall, the labour market for the low-skilled has deteriorated most severely as a result of the crisis...

The low-skilled seem to have suffered most from the repercussions of the crisis, and seen the most persistent deterioration in job prospects. Yet between the second quarters of 2009 and 2010 the increase in the unemployment rate was comparatively striking (see Chart 22).

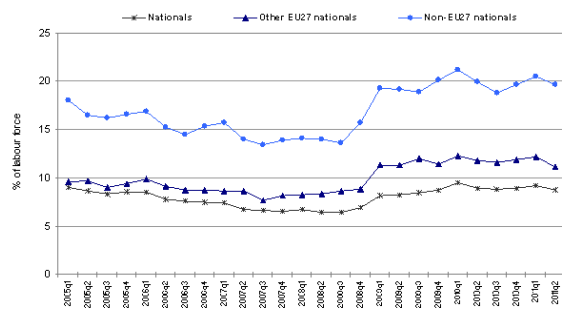
...and unemployment increased to nearly 15% of active low-skilled persons in the EU...

Standing at around 15% in the second quarter of 2011, the unemployment rate for the low-skilled remained well up on the level of below 9% recorded three years earlier, just before the crisis hit the labour market. Moreover, the gap in the unemployment rate between the low-skilled and the high-skilled widened to 9 pps. The low-skilled have experienced the most severe increase in their unemployment rate since the crisis first hit their labour market, with rates rising by just below 5 pps over the three years to the second quarter of 2011, compared to rises lower than 2 pps for the medium- and high-skilled respectively (see Chart 22).

...which had a negative effect on the employment rate for the low-skilled

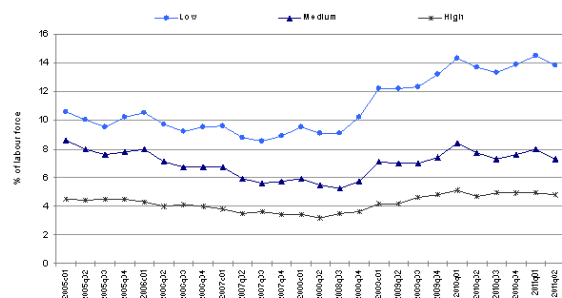
Overall, three years of downturn on the labour market raised the unemployment-to-population ratio by 3 pps to the second quarter of 2011. While inactivity remained stable, unemployment was the main reason for the fall in the employment rate for the low-skilled (aged 25-64), down by around 3 pps to below 55%. This segment of the population experienced the sharpest drop in the employment rate. (see Chart 26).

Chart 21: Unemployment rates for the EU by nationality



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

Chart 22: Unemployment rates for the EU by education level



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

Long-term unemployment, though slowing down, remains a problem for the low-skilled...

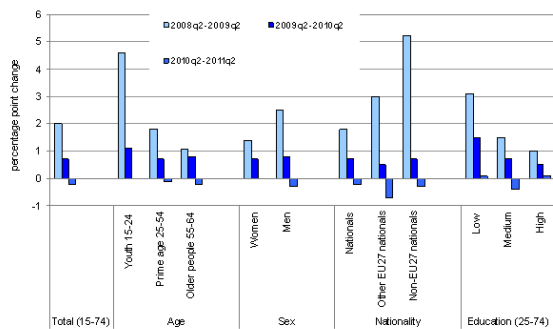
The long-term unemployment rate, which deteriorated markedly during the crisis, has remained particularly high for the low-skilled.

It reached 7.0% in the second quarter of 2011, 0.5 pp up on the previous year. In the three years to the second quarter of 2011, the long-term unemployment rate for the low-skilled rose by 2.8 pps, while that for the medium-skilled and the high-skilled went up by around 0.7 pp (see Chart 24).

...with a severe impact on already high poverty and social exclusion rates for the low-skilled

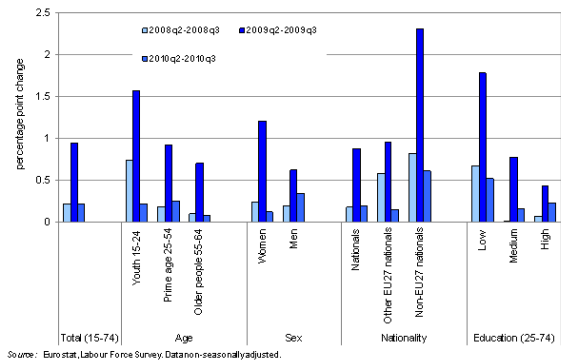
These negative developments aggravated the risk of poverty and social exclusion among the low-skilled. For 2010, nearly 40% of low-skilled workers aged 25-59 in the EU were classified as living in poverty or social exclusion, up around 1.6 pps on 2009. They coped with at least one of the following situations: facing monetary poverty (around a quarter), struggling with material deprivation (nearly 15%) and/or living in jobless households. These shares have been increasing over recent years, and are notably higher than for the high-skilled, among whom just under 10% live in poverty and social exclusion.

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



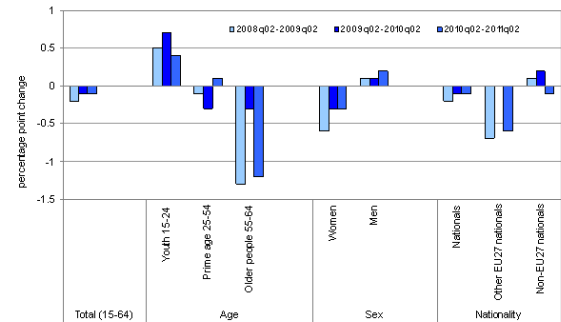
Source: Eurostat, Labour Force Survey, Data non-seasonally adjusted.

Chart 24: Year-on-year changes in long-term unemployment rates for the EU by population groups



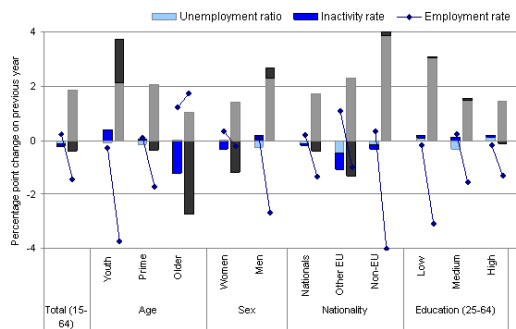
Source: Eurostat, Labour Force Survey, Data non-seasonally adjusted.

Chart 25: Year-on-year changes in inactivity rates for the EU by population groups



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

Chart 26: Changes (year-on-year and three years to 2011q2) in employment rate decomposed into change in unemployment ratio and inactivity rate for the EU by population groups



Source: Eurostat, Labour Force Survey, Data non-seasonally adjusted. First bar - one-year change 2010q2-2011q2, second bar - three-year change 2008q2-2011q2

Underlying labour market developments

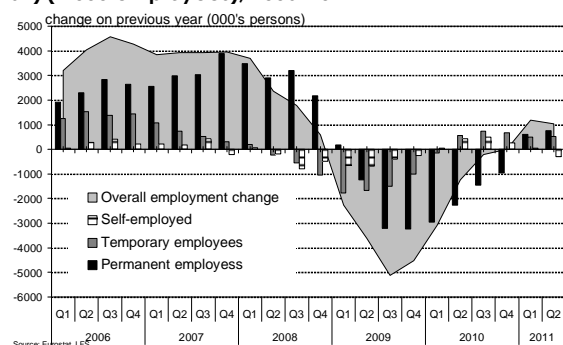
The general trends in employment mask significant differences across groups, Member States, sectors and types of employment. This section provides an insight into the dynamics underlying the slight overall improvement seen on the labour market until the second quarter of 2011, notably part-time and temporary work, working hours and labour costs. Employment dynamics are analysed in terms of new starters and leavers, and recent developments in some major sectors are presented. Two special focus sections also highlight a broader statistical approach to unemployment on the one hand, and the labour market situation of migrants on the other hand.

Employment patterns

Subdued growth rate for permanent jobs, ongoing increase for temporary jobs

The number of permanent jobs was up by 750 000 (+0.5%) in 2011 q2 (see chart 27) to 154 million, after a +0.4% rise the previous quarter. This increase remains subdued compared to pre-crisis years, when average growth for permanent jobs (between 2006 and 2008) was four times higher. At the same time, temporary jobs were up by 520 000 (+2.1%) to 25.4 million after 2% in 2011 q1, but self-employment fell by 0.9% (down by 310 000) to 33.9 million. The moderate annual increase in the number of people in employment in the EU in 2011 q2 (up by 0.5%), benefited from the rebound in permanent jobs (which accounted for 0.4 pp) and the increase in temporary jobs (which accounted for 0.2 pp), though there was a decrease in the number of those self-employed (-0.1 pp).

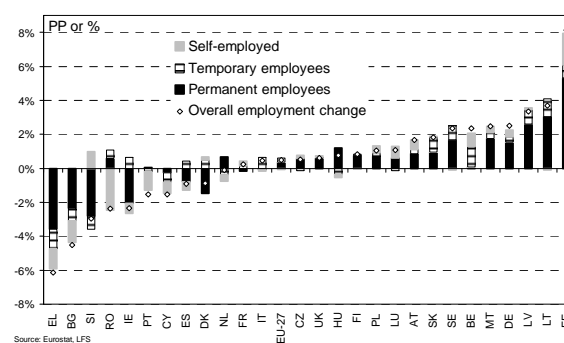
Chart 27: Year-on-year change in permanent, temporary, self employment and total employment (15-64) (1 000 employees), 2006-2011



Permanent jobs show moderate growth in most Member States, growth in temporary jobs sustained

Over the year to 2011 q2, there was growth in the number of permanent jobs in 18 countries (Chart 28). Growth was modest and under 2% in all countries except Baltic States. On the other hand, there was a fall in the number of permanent jobs elsewhere, by more than 2% in Ireland (-2.1%), Bulgaria (-2.4%), Slovenia (-2.8%) and Greece (-3.6%). Temporary jobs made a positive contribution to employment over the year to 2011 q2, in 18 Member States. Variations for temporary employment were less wide than for permanent jobs, ranging between -1.1% in Greece and +1.2% in Belgium, against -3.6% in Greece and +5.3% in Estonia.

Chart 28: Contribution to y-o-y employment change, 2011 q2, in Member States (percentage points of total employment)



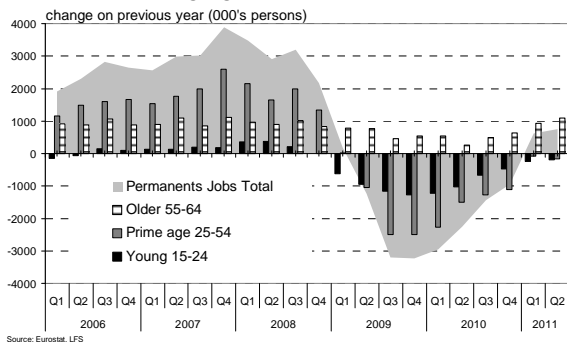
Fewer permanent jobs for young workers, more for older workers

The share of permanent jobs for older workers over the year to 2011 q2 grew by 5.6% (to 1.1 million), a trend confirmed in each quarter (see Chart 29). In a medium-term perspective, the number of older workers in permanent jobs has considerably increased, with 4 million more than six years ago, reaching 21 million in spring 2011.

There was a slight reduction in the number of permanent jobs for prime-age workers in 2011 q2, at -0.1%, close to stabilisation. Currently, 122.5 million people of prime age work on a permanent contract in the EU, 2.47 million (-2.2%) fewer than three years ago.

The number of young workers on temporary contracts was still decreasing in spring 2011, by 200 000 (-1.7%). The net loss (down by 1.7 million or -14%) for this age group is considerable when compared with three years earlier. The present trend remains negative, though less so over the first semester 2011.

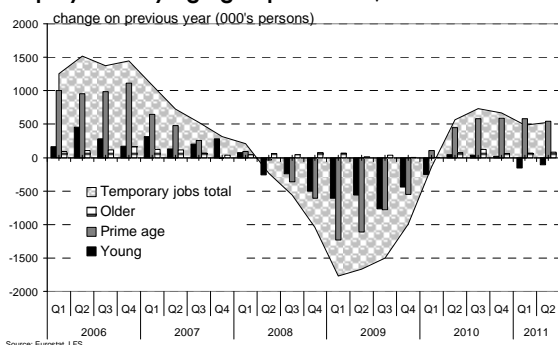
Chart 29: Year-on-year change in permanent employment by age group in the EU, 2006-2011



Number of young temporary workers down again for first semester 2011

First to decline during the 2008 crisis, with a year-on-year fall by 1.8 million in 2009 q1, temporary jobs have reacted sooner and the trend has been upward for the last five quarters (see Chart 30). Among temporary workers, young people are over-represented, with 30% of all temporary jobs. In fact, 40% of young workers are on temporary contracts. Young people have not benefited from the recovery in temporary work. Their position stabilised in 2010, then there were two consecutive quarters of decrease, in 2011 q1 and q2 (-2.1% and -1.3%). For prime-age employees, temporary jobs still remain the driver of employment growth, with an increase of 540 000 (up by 3.5%) over the year.

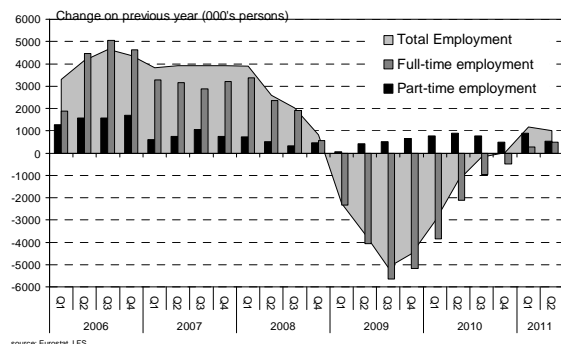
Chart 30: Year-on-year change in temporary employment by age group in the EU, 2006-2011



Part-time work still contributes more to moderate growth in employment than full time

In 2011 q2, when compared with a year earlier, the number of full-time employed grew by 490 000 (+0.3%) and the number of part-time workers by 530 000 (+1.3%). Part-time work remains the main contributor to the upward trend in employment and is developing faster than full-time. Still, full-time work recorded a positive year-on-year increase during the first semester of 2011 (chart 31).

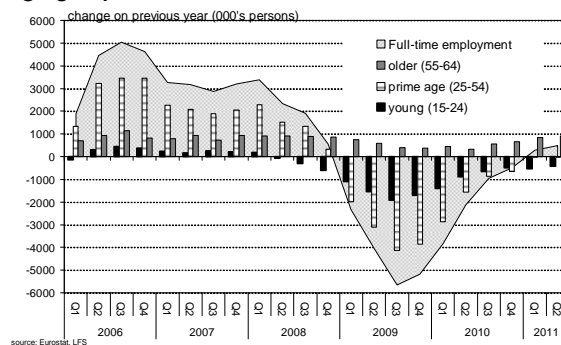
Chart 31: Change in the number of part-time, full-time, and total employed (1000 employees) in the EU, 2006-2011



Trend in full-time jobs down for young workers; accelerating upward trend for older workers

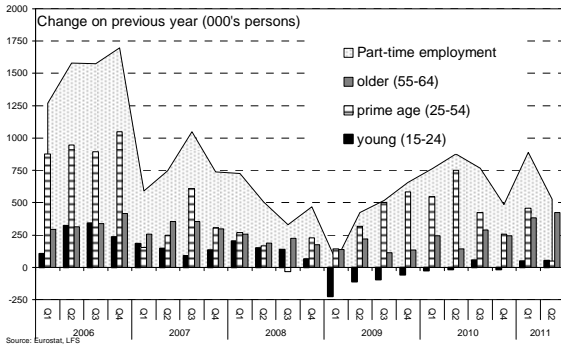
The number of full-time jobs for young workers in the EU remains on the decline (down by 410 000, -2.9% compared with 2010 q2). The cumulative fall for this age group has been particularly sharp (down by 2.8 million, -17%, compared with 2008 q2). The decrease in full-time jobs for prime-age workers gradually moderated in 2010, but remained flat in the first semester 2011 (+0.0%). The only age group for which full-time work has been increasing is for older workers over recent years. The total was up by 920 000 in 2011 q2 (+4.2%), as shown by Chart 32.

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



The increase in part-time work in 2011 q2 was accounted for mainly by older workers (80%). Part-time work represents around a fifth of the jobs for this age group, and the share is growing. Part-time work for prime-age people is close to stabilisation (up by 0.2%). The number of young people employed in part-time work increased very slightly by 50 000 (+0.9%) (see Chart 33), considerably lower than the decrease in full-time employment.

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



Employment dynamics: new starters and new leavers

Employment inflows are gradually decelerating, while employment outflows are again on the rise

In 2011 q2 and for the sixth consecutive quarter, the share of those employed in a new job in the EU⁸ was still increasing when compared with 2010 (up by 0.2 pp), yet the pace has gradually slowed down since summer 2010. The decelerating trend of this indicator means fewer and fewer people entering employment (see Chart 34).

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

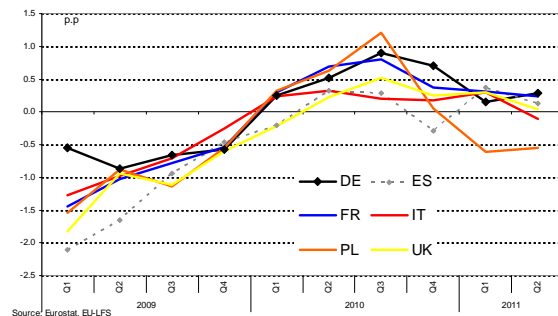


At the same time, the share of people newly out of employment (losing or leaving their jobs) was again on the rise in the second quarter of 2011 by 0.1 pp (year-on-year), after declining for five quarters at a decelerating rate. The present trend in employment outflows will likely result in increased unemployment or/and inactivity.

In most Member States, the share of employed persons with a new job was still increasing in 2011 q2, but at a slower pace sometimes close to stabilisation.

In 18 Member States, and in the figure for the EU as a whole, the share of job starters has increased but at a similarly decelerating pace. As far as the largest Member States are concerned, the pace has stepped up in Germany, to 0.3 pp in 2011 q2 from 0.1 pp the previous quarter (see Chart 35), while the trend has slowed down in Spain and France and stabilised in the United Kingdom (0.0 pp after 0.3 pp in the previous quarter). In Poland, the share of new starters shrank for the second consecutive quarter. More generally, the growth in the share of new starters has slowed down in 20 countries, suggesting no acceleration in employment change (except in Germany) in the months ahead. During the same time, the share of people newly out of employment has increased in 19 Member States.

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

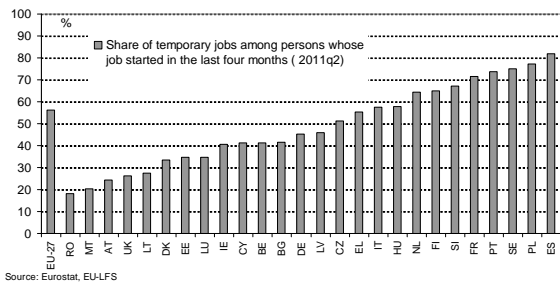


⁸ Among total employment in the previous quarter, i.e. the group to which they belonged four months earlier.

Most new job starters are on temporary contracts

In the EU as a whole, 56% of people who started a new job had a temporary contract in 2011 q2 (Chart 36). Spain has the highest rate for new job starters on a temporary contract (with 82%); Romania has the lowest rate, with 18%.

Chart 36: Share of temporary jobs⁹ among persons whose job started in the last four months in the EU Member States (2011 q2)

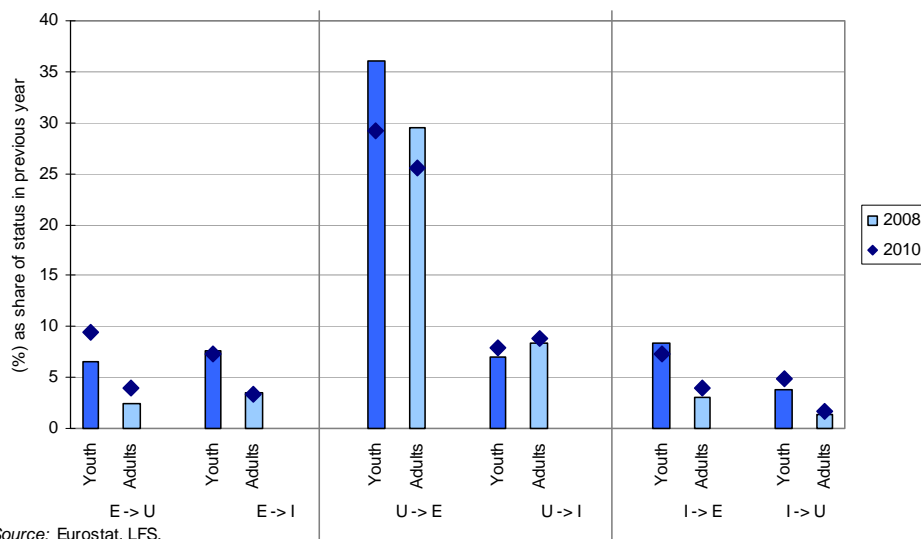


Box 1 gives some general indications concerning the transitions between labour market statuses and changes in occupations at EU level between 2008 and 2010.

⁹ Caveat: in some Member States, temporary contracts include probationary periods.

Box 1: Transitions on the labour market

Chart 37: Transitions between labour market statuses by age group for the EU, 2008 and 2010



Source: Eurostat, LFS.

Legend: E = employment; U = unemployment; I = inactivity

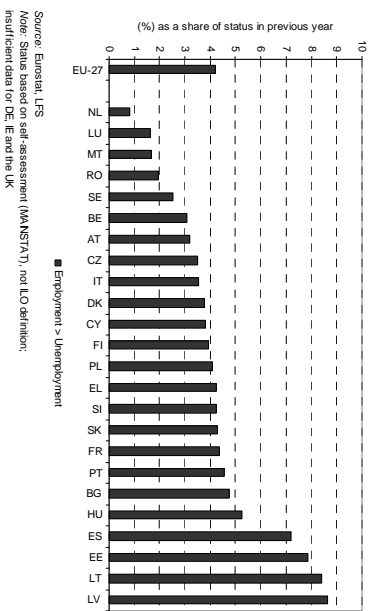
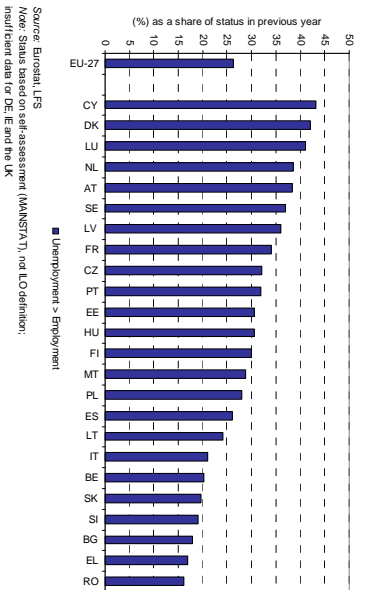
Note: Status based on self-assessment (MAINSTAT) not ILO definition.

As highlighted by Chart 37, in 2010, a relatively higher share of young people and adults, employed in the previous year, lost their jobs, in comparison with two years earlier. The recent crisis saw the labour market dynamics for youth worsen further, while that for adults did not improve. In 2010, 9.5% of the young who were employed in 2009 were recorded as unemployed in 2010, against 6.6% two years earlier. Conversely, a lower percentage of unemployed found a job in 2010, if compared with the situation in 2008. The transitions from and towards inactivity, on the other hand, did not change very significantly during the period reviewed, which tends to indicate that the flows between activity and inactivity have remained relatively constant between 2008 and 2010.

Chart 38(a) and Chart 38(b) give more details by country, for the entire population (youth and adults combined). Whereas more than 40 % of those Cypriots, Danes and Luxembourgers who were unemployed in 2009 found a job in 2010, compared with 26.2 % in the EU on average, this percentage stood at 20 % or less in Romania, Greece, Bulgaria, Slovenia, Slovakia and Belgium (see Chart 38(a)). The most significant falls (more than 10 pps) between 2008 and 2010 occurred in Estonia, Spain and Romania, while in the EU, the rate fell by 4.6 pps on average, to 26.2 %. This percentage rose in very few Member States and the only significant rise (more than 10 pps) was recorded in Luxembourg. Conversely, 8 % or more of persons having a job in the Baltic States in 2009 were unemployed in the following year. This share reached 7.2 % in Spain, 5.3 % in Hungary, 4.5 % in Portugal and 4.4 % in France, i.e. more than in the EU on average (4.2 % in 2010), but 2 % or less in the Netherlands, Luxembourg, Malta and Romania (see Chart 38(b)). The EU average percentage increased by 1.4 pps between 2008 and 2010, to 4.2 %. The most significant rises (more than 2 pps) were recorded in the Baltic States, in Greece and Denmark. The only fall was seen in Luxembourg (-0.2 pp).

As Chart 39 shows, in the three years to the second quarter of 2011, the fall in employment concerned all professions among the 15-24 age group, and all but service workers and shop and market sales workers among the adults aged 25 and more. The absolute variations are obviously larger for the latter, while the percentages of decline faced by the youth are, not surprisingly, more considerable. For the 15-24 population, the relative declines were most significant among legislators, senior officials and managers (-65.2 %), clerks (-40.9 %) and technicians and associate professionals (-34.0 %). Among adults, the largest relative declines happened with legislators, senior officials and managers (-43.3 %), plant and machine operators and assemblers (-24.4 %) and craft and related trades workers (-20.6 %).

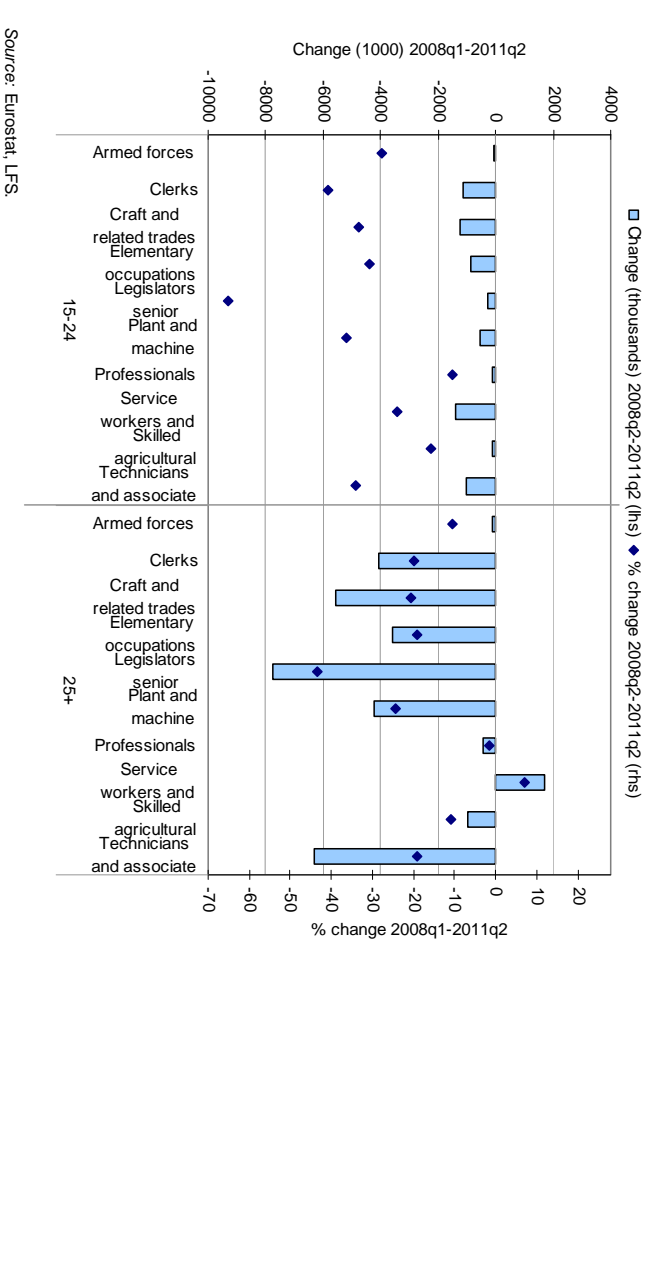
Chart 38(a) and 38(b): Transitions between labour market statuses in the Member States, 2010: respectively from unemployment to employment (a) and from employment to unemployment (b)



Source: Eurostat, LFS
 Note: Status based on self-assessment (MANSSTA), not ILO definition.
 Insufficient data for DE, IE and the UK

Source: Eurostat, LFS
 Note: Status based on self-assessment (MANSSTA), not ILO definition.
 Insufficient data for DE, IE and the UK

Chart 39: Changes in occupations for the EU, 2008q2 - 2011q2



Source: Eurostat, LFS.



Labour demand

BUSINESS SENTIMENT AND EXPECTATIONS

European managers expect employment to shrink in the tertiary sector

In November 2011, in most Member States, managers in the tertiary sector (services, retail trade, financial activities) were anticipating a contraction of their workforce in the months ahead (Chart 40).

Since summer 2011, employment expectations at European level in the services sector have been falling below their long-term average. In November they were again down in most Member States, with a sharp fall in the United Kingdom.

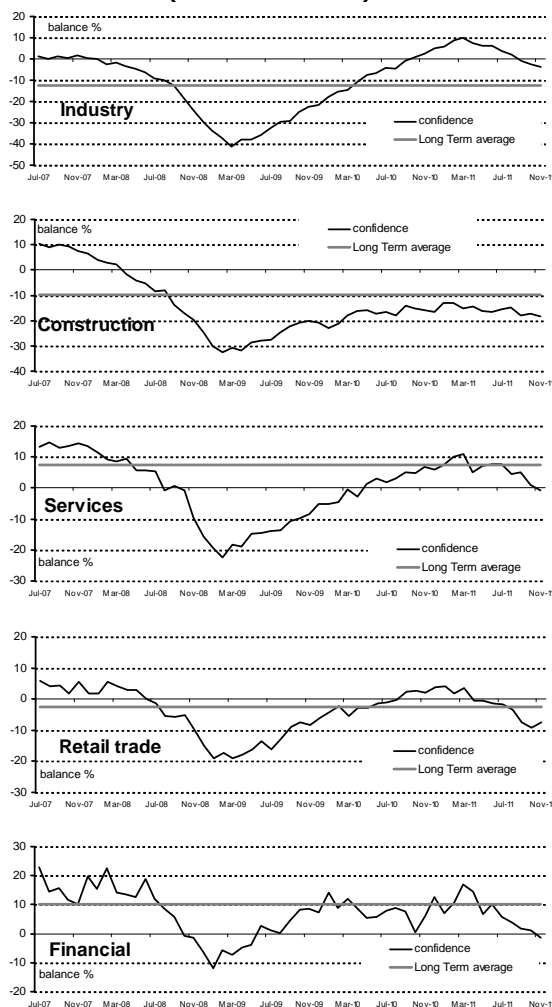
Employment prospects in the retail trade picked up slightly in November in most Member States, yet they remain broadly depressed. In the financial sector, employment expectations have fallen rapidly over the last few months.

EU firms' employment expectations remain broadly optimistic in industry, stubbornly pessimistic in construction

Compared to their long-term average, employment prospects in industry remain broadly optimistic in most Member States, despite having weakened over the past months, e.g. in Germany or France.

Sentiment about employment in construction at European aggregate level is still depressed, albeit less severely than in summer 2008. However, at Member State level, the outlook remains uneven, with an ongoing optimistic view in Germany and in Sweden. On the other hand, sentiment is unfavourably oriented in the United Kingdom and Italy and particularly pessimistic in Portugal, Spain and Greece.

Chart 40: Employment expectations in the EU by economic sector (Jul 2007-Nov 2011)



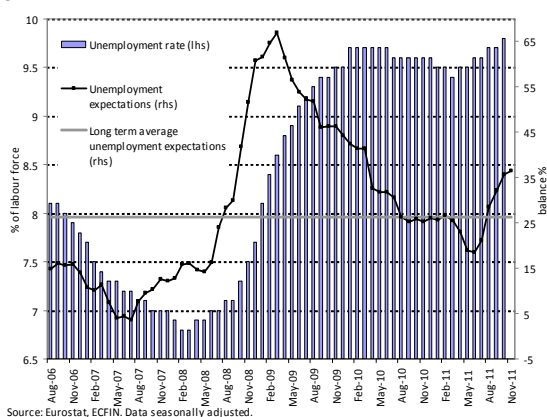
Source: European Commission, DG ECFIN.

CONSUMER SENTIMENT AND EXPECTATIONS

EU consumers' fears of unemployment still rising

In November, unemployment expectations over the next 12 months (see Chart 41) rose again. Following a dip in summer, more and more European consumers are anticipating an increase in unemployment.

Chart 41: Unemployment rate and expectations for the EU



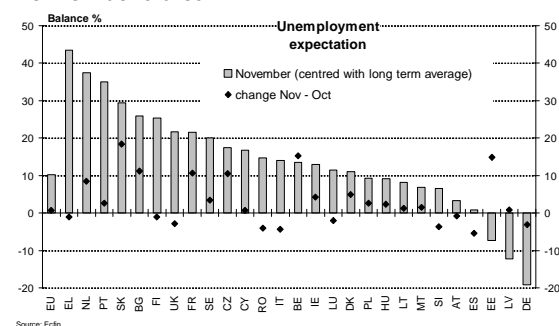
Widespread pessimistic view of unemployment prospects, sharp deterioration in some Member States

In a growing number of countries, unemployment expectations are above the long-term average, indicating a rather pessimistic view of unemployment prospects. In November only three countries remained broadly optimistic: Germany, Estonia and Latvia (see Chart 42).

Over the last few months, prospects have rapidly worsened in countries with a low unemployment rate (compared to other Member States). After anticipating a fall in unemployment in the first half of 2011, consumers are now expecting unemployment to rise in the Scandinavian Member States (Sweden, Finland and Denmark), the Netherlands, the Czech Republic, Austria and Belgium.

Except in Germany, unemployment is expected to worsen in the large Member States (the United Kingdom, France, Poland, Italy and Spain). Prospects remain particularly gloomy in Greece, Portugal, Slovakia and Cyprus.

Chart 42: Unemployment expectations for the EU and the Member States



JOB VACANCY IN THE EU

Vacancies continue to rise along unemployment

In the third quarter, the EU job vacancy rate¹⁰ continued to be above the year-ago level, at 1.5%, up 0.2 pp year-on-year. Member States with the largest rises included Germany, Estonia, Latvia, Lithuania, Luxembourg, Slovenia and Sweden. On the other hand, significant declines occurred in Spain, Cyprus and Austria.

A related measure is the labour shortage indicator. The indicator is derived from EU business surveys results¹¹. In each first month of a quarter, companies are asked which main factors are currently limiting production and labour shortage is one of the possible options offered. The indicator is the percentage of respondents choosing this option. The indicator is timely and harmonised among Member States. As a drawback, it covers only manufacturing. As the labour shortage indicator is seasonally adjusted, it allows for a short-term comparison. Notwithstanding the methodological differences, the correlation¹² between the EU job vacancy rate and the EU labour shortage indicator is 85%.

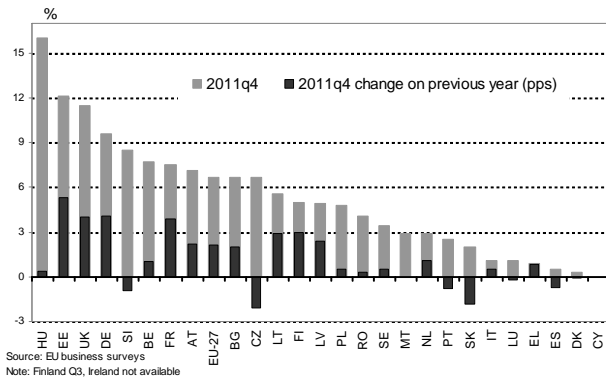
At the EU level, the labour shortage indicator has seen a steady increase, to 6.7% in 2011q4 (October), from 4.6% a year ago. Probably due the methodological differences, such as the sector coverage, the Member States with the largest movements match only partially those for the EU job vacancy rate. Above-EU-average rises are seen not only for Germany and the Baltic States, but also for France, Austria, Finland and the United Kingdom. Significant declines occurred in Spain, Portugal, Slovenia, Slovakia and the Czech Republic (Chart 43).

¹⁰ Source: Eurostat, Job vacancy statistics. Data non-seasonally adjusted. See also Table 15 in annex and the quarterly publication "European Vacancy Monitor" (EVM: <http://ec.europa.eu/social/main.jsp?catId=955&langId=en>).

¹¹ See also http://ec.europa.eu/economy_finance/db_indicators/surveys/method_guides/index_en.htm.

¹² Calculated over 2006Q1-2011Q3.

Chart 43: Labour shortage indicator by Member State



OTHER INDICATORS

Hiring trends in the EU

According to the December Manpower Employment Outlook Survey,¹³ hiring intentions in Germany continue to be optimistic with the strongest demand expected in the Finance and Business Services sector. And because German employers have not seen the expected inflow of skilled workers as a result of the new EU mobility legislation adopted in 2011 and the unemployment rate remains among the lowest in Europe, talent shortages remain a real issue. In fact, we're seeing our German clients increasingly hire our temporary associates as full-time, permanent staff. In Eastern Europe, with the exception of Slovenia, employer hiring plans weaken in six of the eight countries we survey, most notably in Hungary where 22% of employers are telling us they will cut staff in the quarter ahead.

Growth in on-line job demand is stable...

The Monster Employment Index Europe¹⁴ posted a yearly growth of 14 % in November, matching October's growth rate. Germany is the only country to exhibit strong annual growth of 30 %, followed by the UK (8 %). Conversely, Belgium, Italy and the Netherlands are now exhibiting declines. Engineering remains the best performing industry across Europe for the third consecutive month, while the public sector matches last month's rate of annual decline and remains the most negatively trending sector. The agency work industry in Europe grew by 4.7% in August 2011 compared with the same period in 2010. The sector has experienced seventeen

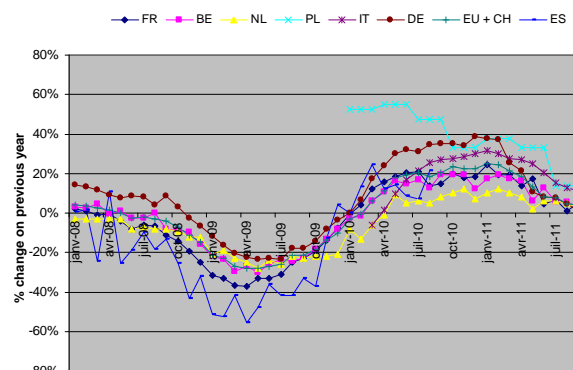
months of continuous growth, while the recovery in the sector's activity has continued at a slower pace recently.

...while growth in temporary agency work is slowing down dramatically

Recent data from Eurociett¹⁵ show a dramatic slowdown in temporary agency work's growth, which is a leading indicator of recovery in the labour market. The temporary agency work business grew more moderately in September 2011, up by 4.2% at European level, against 20.3% in September 2010 (see Chart 44). In terms of hours worked, Poland posted a 14.0 % increase over the year, followed by Italy (11.2 %). After the considerable rises recorded until the spring, the agency work business slowed down dramatically in Germany, Belgium, France and the Netherlands, which recorded annual growths of respectively 1.2, 3.3, 5 and 5 % in September.

The agency work industry's turnover displays a similar trend to hours worked with slowing growth. At national level, the highest growth was recorded in Sweden (+18% y-o-y in the third quarter of 2011), Poland (+16%) and France (+9% y-o-y in September). On the other hand, a slower development of the turnover was seen in Belgium and the Netherlands (respectively +6.6% and +4% y-o-y in September).

Chart 44: Year-on-year changes in hours worked invoiced by private employment agencies for selected Member States



Source: Eurociett

¹³ For further information on the Manpower Outlook, visit the website at: <http://www.manpower.com/press/meos.cfm>.

¹⁴ For further information on the Monster Employment Index, visit the website at: <http://about.monster.com/employment/index/17/45>.

¹⁵ For further information on Eurociett, visit the website at: www.eurociett.eu.

Productivity, labour costs and hours worked

Labour productivity growth in the EU as a whole stalled in the third quarter of 2011...

In the third quarter of 2011 labour productivity growth showed an uneven pattern across Member States. See Tables 16 and 17 in Annex 1 for more details.

Most strikingly was the strong rebound in labour productivity growth (per person employed) in the United Kingdom (up from an annual, seasonally and working time adjusted growth rate of -0.2% in the second quarter of 2010 to 0.9% in the third quarter), and the marked decrease in Denmark (down from 2.4% to 0.4%).

In Bulgaria labour productivity growth remained strong (5%), while Lithuania more than doubled its growth rate (up from 2.2% in the second quarter to 5.0% in the third quarter).

In the other Member States productivity growth stagnated, or showed more moderate changes.

In France and Sweden productivity growth (per person employed) was unchanged, at respectively 0.8 and 2.4%; though productivity per hour worked increased somewhat in both Member States – indicating a fall in hours worked per person employed.

After having recorded a sharp decrease in its productivity growth, Finland also recorded a fairly strong rebound, up from 0.4% in the second quarter to 1.5% in the third quarter.

In Spain productivity growth (per person employed) strengthened further (up from 1.5% to 2.1%), i.e. its 14th consecutive quarter of positive productivity growth. At the same time, labour productivity per hour worked decreased from 2.4% in the second quarter to 1.2% in the third quarter – indicating an increase in hours worked per person employed.

The Netherlands and Slovenia recorded productivity growth (per person employed) that was about 0.7 pp. below the rate listed in the second quarter, i.e. down from respectively 1.5% to 0.8% and from 2.6% to 1.9%. Nevertheless, the drop in productivity per hour worked was stronger in Slovenia (-1.3 pps) than in the Netherlands (-0.7 pp). In Belgium productivity growth came to a halt, down from 0.6% to 0%. In Poland productivity growth also slowed somewhat down, but it still posted a robust 3.6% growth rate.

In Germany labour productivity per employed person decreased slightly from 1.6% in the

second quarter to 1.4%, however productivity per hour worked increased from 0.9% to 1.1% in the third quarter. These diverging developments in productivity indicate that in Germany average working time per employee decreased.

All in all, the diverging growth patterns in two Member States that are least affected by the sovereign debt crisis, i.e. the United Kingdom and Denmark, and the divers pattern in the Member States of the euro area may suggest that so far productivity growth has experienced only a limited negative feedback from the solvency crisis.

...while nominal labour cost growth remained moderate...

In the United Kingdom wage growth strengthened remarkably, up from 0.2% in the second quarter to 2.8% in the third quarter. Denmark, France and Sweden also showed a higher growth rate in the third quarter – albeit at a more moderate pace. See Table 18 in Annex 1.

In Germany and Slovenia the wage cost grew at a noticeable lower pace than observed in the second quarter, i.e. down from respectively 3.3% to 2.7%, and from 2.3% to 1.6%.

In Spain there was for the third quarter in a row almost no growth in compensation per employee, while in the Netherlands and Finland the same growth was recorded as in the previous quarter.

In Latvia and Lithuania labour cost growth strengthened somewhat up from respectively 4.1% and 1.4% in the second quarter to 5.2% and 2.6% in the third quarter. In Estonia labour cost growth stopped.

...so that on balance the nominal unit labour cost increases were limited...

Denmark recorded the strongest increase in its nominal unit labour cost, up from -1.1% in the second quarter to 1.2% in the third quarter – primarily reflecting the strong 2.2 pps decrease in its productivity growth. See Table 19 in Annex 1.

The United Kingdom and Belgium also recorded noticeable increases in their unit labour cost, up from respectively 0.3 to 1.9% and from 1.8% to 3.1%. In the United Kingdom this up-tick was primarily driven by stronger wage growth, while in Belgium the increase was mainly caused by flattening productivity growth.

In Spain the unit labour cost strengthened its downward momentum: down from -1.6% to -2.1%, i.e. a decrease for the 7th consecutive quarter. In France unit labour cost growth strengthened moderately (up from 1.8% to 2.3%,

while in Germany the growth weakened somewhat (down from 1.6% to 1.3%). In Slovakia and Slovenia unit labour cost growth remained very weak.

In Lithuania the unit labour cost fell for the 9th consecutive quarter, primarily reflecting strong productivity growth, while in Estonia and Latvia the unit labour cost increased somewhat – primarily due to continued strong wage growth in Latvia and, despite negative labour cost growth, negative productivity growth in Estonia.

...and the drop in real wages relative to productivity continued in some Member States

Except for Belgium and Denmark, the profile of the change in real unit labour cost remained the same (in the Member States for which the data are available.) See Table 20 in Annex 1.

In France, the real unit labour cost continued its upward trend, up from 0.3% in the second quarter to 0.8% in the third quarter, while in Germany it listed a decrease from 0.8% in the second quarter to 0.3% in the third quarter.

In Denmark the increase in the real unit labour cost was strongest, up from -1.7% to 0.9% - which is in line with the high increase in the nominal unit labour cost and modest price increases.

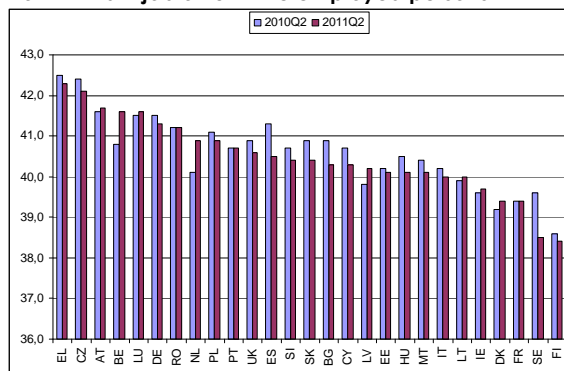
In Belgium the real unit labour cost posted for the first time since the third quarter of 2009 a positive growth rate (i.e. 0.8%).

Hours worked slowed down

All Member States, for which the data are available, -except Estonia - listed a lower average number of actual weekly hours of work in the third quarter of 2011 than in the third quarter of 2010 for full- as well as part-time workers. See Table 21 in Annex 1 for more details.

In most Member States the full-time employed workers worked, on average, more than 40 hours per week. In Greece full-time employed workers recorded the highest amount of weekly hours worked in the second quarter of 2011, while Finland and Sweden listed the lowest amount of hours worked. See Chart 45 which shows hours worked during the second quarter of 2010 and 2011 (i.e. the period for which a set of observations covering all Member States is available).

Chart 45: Average number of actual weekly hours of work in main job of full-time employed persons



Source: Eurostat (variable lfsq_ewhan2 – total)

SPECIAL FOCUS: SUPPLEMENTARY INDICATORS TO UNEMPLOYMENT

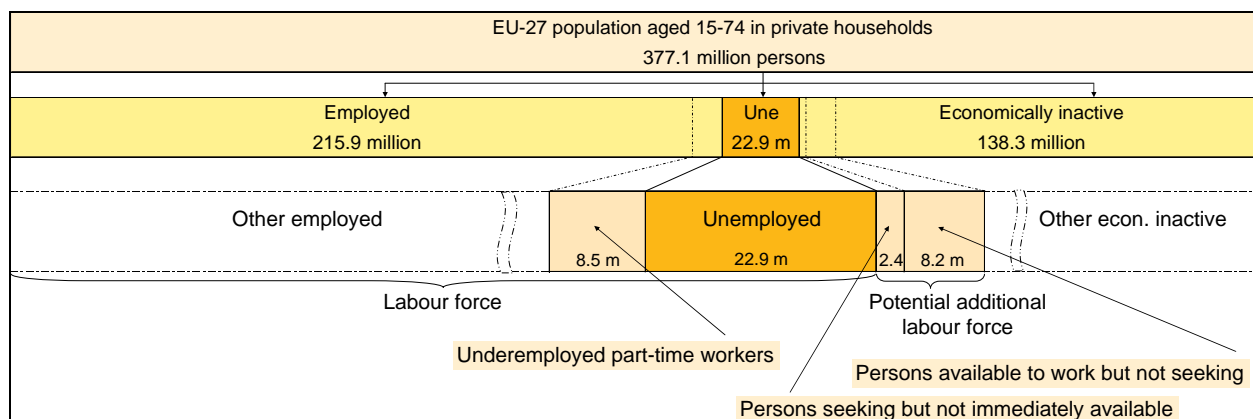
A broader measure of the impact of the crisis on the labour market: beyond unemployment¹⁶

In 2010, beside the 23 million unemployed in the EU, accounting for 9.7% of its labour force, another 19.2 million (corresponding to 8% of the active population) were underemployed or qualified as the potential additional labour force in the EU. The groups under consideration are on the one hand underemployed part-time workers and, on the other hand, people classified as inactive although either seeking work but not immediately available, or available for work but not seeking it. Their overall number increased by 1.6 million (+9.2%) compared to 2008, essentially due to a rise in underemployment and in the number of persons available to work but not seeking it. Similar developments have been seen in the USA.

Concepts and definitions

Since recently, new measures of labour market attachment have been calculated by Eurostat, in the form of three new annual indicators supplementing the unemployment rate. The new indicators cover (a) underemployed part-time workers, (b) persons seeking work but not immediately available and (c) persons available for work but not seeking it. These people do not fulfil all the criteria of the unemployment definition of the International Labour Organisation (ILO) and are therefore not classified as unemployed. They do however share some characteristics with the unemployed and therefore warrant being analysed in an effort to present a more comprehensive picture of the social impact of the crisis. The new indicators are presented as 'halos' around unemployment and compare to the ILO labour statuses in terms of their relative attachment to employment and the labour market (see Figure 1).

Figure 1: ILO labour statuses and new supplementary indicators, EU, age 15-74, 2010



Source: Eurostat.

(a) The first indicator, underemployed part-time workers, covers persons who, although employed, have insufficient volume of work, and are in this respect similar to unemployed persons. This indicator is defined as people employed part-time who want to work more hours and are available to do so. This definition includes in particular persons in involuntary part-time employment who want to have a full-time job in order to improve their income for instance.

The second and third indicators focus on persons outside the labour force, but not completely detached from the labour market. They are not considered as unemployed, but as inactive according to the ILO definitions. This category, covered by the second and third indicators, will be qualified in this section as the potential additional labour force.¹⁷

¹⁶ Main sources: Eurostat, LFS data and Statistics in Focus 56/2011: "8.5 million underemployed part-time workers in the EU in 2010"; and Statistics in Focus 57/2011: "New measures of labour market attachment". Link: http://epp.eurostat.ec.europa.eu/portal/page/portal/publications/collections/sif_dif

¹⁷ This terminology is not strictly comparable to the concept of people marginally attached to the labour market proposed by the US Department of Labor / Bureau of Labor Statistics, which qualifies the marginally attached as those who want a job and are available to work now but have looked for a job in the past year but not in the past month for a wide range of reasons that extend beyond

(b) The second indicator, persons seeking work but not immediately available, consists mostly of people who do not qualify as unemployed because of their limited availability to start in a new job, despite being jobseekers. Other smaller groups are included in this indicator for reasons of completeness, e.g. jobless people who have found a job they will start later.

(c) The third indicator, persons available for work but not seeking it, consists of people wanting to work and available to do so, but who are not recorded as unemployed because they are not actively looking for a job. This includes, among others, discouraged jobseekers and persons prevented from seeking work by personal or family circumstances.

Facts and figures

In 2010 there were 8.5 million underemployed part-time workers in the EU, i.e. 21% of the 41.3 million Europeans aged 15 to 74 who worked part-time in 2010, and the potential additional labour force accounted for 10.6 million people in the EU: 2.4 million jobless persons seeking a job but not immediately available for work and 8.2 million persons available for work but not seeking it. Altogether, a total of 19.2 million people aged 15 to 74 were underemployed or qualified as the potential additional labour force in 2010, equivalent to 8.0% of the labour force¹⁸ (3.6%, 1.0% and 3.5% for the three indicators, respectively). Taking the three categories together, the total number of underemployed and potential additional labour force increased from 17.6 to 19.2 million between 2008 and 2010, which corresponds, in terms of share of the EU labour force, to an increase of 0.6 pp. In terms of composition, the latter increase was due to the first and third category (+0.5 and +0.4% respectively), while the second category decreased (-0.2 pp).

By way of comparison, assuming that concepts used on both sides of the Atlantic are similar, in the USA, the first percentage, corresponding to underemployed part-time workers¹⁹, accounted for 5.6% of the US labour force in 2010, i.e. 8.9 million people, vs 3.4% in the EU²⁰. This is an increase by 1.9 pps on 2008 (against +0.4 pp in the EU). In the same period, the proportion of discouraged and marginally attached workers increased by 0.5 pp in the USA, to 1.5%, slightly above the change found among the potential additional labour force at EU level (+0.3 pp, to 3.3%).²¹

Table 1: Labour market indicators, including new supplementary indicators, EU, age 15-74, 2010 (in thousands)

	Employment	Underemployment or potential additional labour force				Unemployment	Inactive	Total 15-74 population
		Underemployed part-time workers	Potential additional labour force		Total underemployed and potential additional labour force			
			Persons seeking work but not imm. available	Persons available to work but not seeking				
Total	215,936.0	8,538.6	2,384.1	8,249.5	19,172.2	22,902.0	138,265.2	377,103.2
% of active population	90.4	3.6	1.0	3.5	8.0	9.6		
% change 2008-2010	-2.2	14.8	-14.9	12.8	9.2	38.0	-0.2	0.3
Males	117,926.1	2,701.2	1,045.2	3,446.3	7,192.7	12,543.0	55,782.2	186,251.3
Females	98,009.9	5,837.3	1,338.9	4,803.2	11,979.4	10,359.0	82,483.1	190,852.0

Source: Eurostat, LFS, DG EMPL own calculations.

In only two years, amid the crisis, while employment was falling by nearly 5 million (-2.2%) and unemployment was soaring by more than 6 million (+38.0%), the overall number of persons underemployed and potential additional labour force increased by 1.6 million (+9.2%) across the EU, as Table 1 indicates. This relative increase is due mainly to the rises in the numbers of underemployed and of the persons

discouragement over job prospects. The discouraged workers [U5 – U3] are those who want a job but have given up the search because they believe no jobs are available for them. Both categories can be broadly related to Eurostat's third category.

¹⁸ The sum of employment and unemployment.

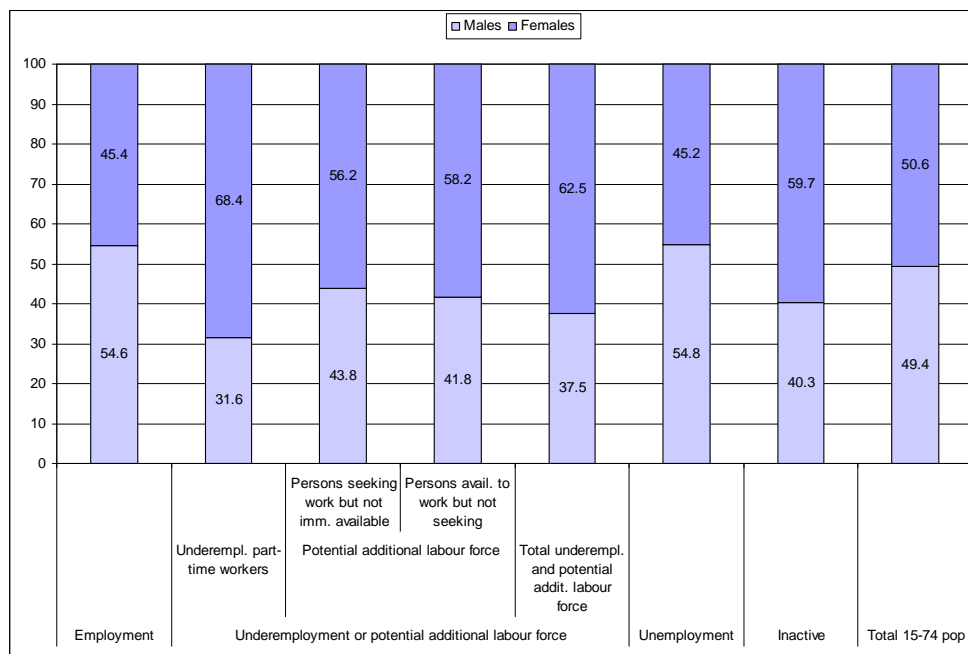
¹⁹ Source: US Department of Labor. This category [U6 – U5] corresponds to those working part time for economic reasons, such as slack demand for work at their firm, poor business conditions, or an inability to find a full-time job. Members of this last group, who usually work part time but who want full-time jobs and are available for full-time work, will be called underemployed in what follows.

²⁰ Contrary to the EU practice of expressing the share of marginally attached cc. potential additional labour force to the sole labour force, in the US their number is compared to the labour force extended to the marginally attached workers, which tends to slightly reduce the ratio.

²¹ Calculated under the same modalities (denominator: labour force extended to the marginally attached workers).

available for work but not seeking it (+14.8% and +12.8% respectively) while, quite expectedly, the number of persons seeking work but not immediately available declined (-14.9%).

Chart 46: Gender balance in active and inactive population, EU, age 15-74, 2010 (in percentages)

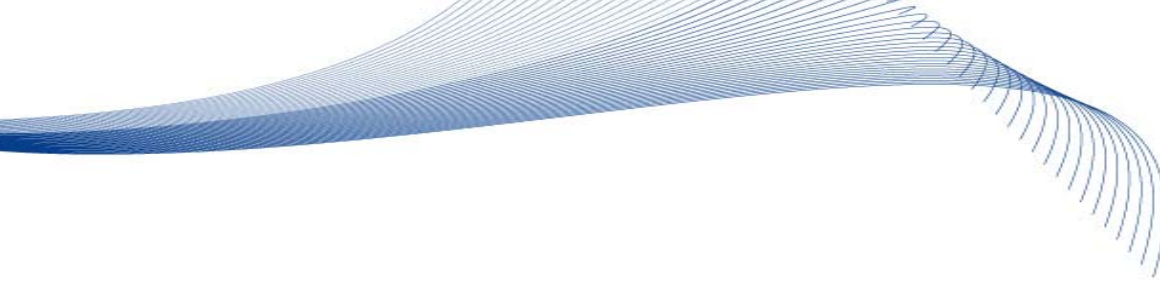


Source: Eurostat, LFS, DG EMPL own calculations.

The phenomenon is clearly dominated by women, as Chart 46 indicates. While roughly 45% of the active EU citizens aged 15 to 74, either in employment or unemployed, were women in 2010, their share amounted to 62.5% among the underemployed and the potential additional labour force. The predominance of women is strongest in the group of underemployed part-time workers. More than two thirds of them were women (68.4%) in the EU in 2010, namely 5.8 million women as compared to 2.7 million men. This imbalance mirrors the gender gap in part-time employment (whether underemployed or not), as 75.5% of all part-time workers in the EU in 2010 were women. However it is worth noting that while there are fewer men underemployed, in relative terms the share of part-time workers who are underemployed is higher among men (26.7%, i.e. 2.7 million out of 10.1 million) than among women (18.7%, i.e. 5.8 million out of 31.2 million). Women are also predominant among the potential additional labour force, and the percentage of women among persons available for work but not seeking it (58.2%) is similar to their share in the group of other economically inactive persons (59.7%).

However, interestingly, the gender gap was even bigger in 2008, when the impact of the crisis was still limited. Indeed, women then accounted for 65.4% of underemployed or the potential additional labour force, while the corresponding percentage for the underemployed part-time workers amounted to 71.5%. The crisis seems to have had a rebalancing effect on underemployment as, while the number of men in that situation increased by 1.1 million (+18.3%) in the two years to 2010, that of women rose by only 0.5 million (+4.4%). Through the crisis, the number of underemployed part-time workers and of persons available for work but not seeking it increased in higher proportions for men, while the number of persons seeking work but not immediately available fell less for men than for women. This corresponds to a global trend: in the reviewed period, men were bearing the brunt of the crisis, as can also be seen from soaring unemployment and plummeting employment figures in the male population.

In 2010, people aged from 25 to 54 made up 72% of all underemployed part-time workers, while younger persons aged 15-24 constituted 18% of that total and older persons comprised a much lower share. A simultaneous breakdown by age and sex reveals further differences in regard to underemployed part-time workers. The shares among women are highest for age groups 35-44 (28%) and 45-54 (27%). It may be that women at this age still have children so young that they limit the mother's scope for involvement in the labour market. The shares are lower for younger women aged 25-34 (21%) and 15-24 (15%). Conversely the



shares among men are concentrated in the young age groups 15-24 and 25-34 (24% and 25% respectively), and decrease for older age groups.

As regards the indicator 'persons seeking work but not immediately available', the distributions for both women and men are skewed to the younger age groups, with the distribution for men being more strikingly so. More than half of the men and women in this group are less than 35 years old, as 31% of them are aged 15-24 and another 24% are aged 25-34. The downward trend continues in older age groups. Compared to the other indicators, the age distribution of 'persons available but not seeking' is more balanced: 23% of the total are young people aged 15-24, who are only slightly more represented than the age groups 25-34, 35-44 and 45-54 (all around 20%). 16% are aged 55-64 and only 3% are aged 65-74. A simultaneous breakdown by age and sex reveals some differences between women and men: among women the share is broadly similar for each of the ten-year age groups from 15 to 54 (all in the range between 19% and 23%), peaking among the 35-54 year olds before decreasing to 14% and 2% in the last two age groups 55-64 and 65-74. By contrast, among men the share is highest for the age group 15-24 (28%) and then stabilises between 15 and 19% for ages 25-64.

The education level attained has a significant impact on attachment to the labour market. In 2010, 31% of employed persons, not underemployed, were highly educated. This share ranges from only 13% for persons available but not seeking to 22% among underemployed part-time persons and stands at 17% for the unemployed. Foreigners²² are relatively more represented than nationals in the groups of underemployed part-time workers and persons seeking work but not immediately available. Foreigners accounted for 14% of the underemployed in 2010, whereas they constitute only 7% of the total population aged 15-74 in the EU. This indicates that proportionally more foreigners work in part-time jobs with fewer hours than they would like. Similarly, the share of foreigners among people seeking work but not immediately available was 12% in 2010, well ahead of their share in the population.

EU Member States report markedly different values for the three new indicators. Meaningful comparisons between countries of different sizes require them to be expressed in relative terms. Underemployed part-time work is highest in Germany and the United Kingdom (5.4% of the labour force in 2010, against 3.6% on average in the EU), followed by Latvia and Ireland (5.1% each). It is lowest in the Czech Republic (0.6%), Belgium and Bulgaria (0.8% each). The indicator 'persons seeking work but not immediately available' is highest in Finland (2.3% of the labour force), Sweden and Belgium (1.9% each) and lowest in Portugal (0.2%) and Hungary and Greece (0.3% each). The indicator 'persons available but not seeking' is highest in Italy (11.1% of the labour force) and Bulgaria (8.3%) and lowest in Belgium (0.7%).

Taking the three categories together, between 2008 and 2010, the total percentage of underemployed and potential additional labour force over the EU's labour force increased by 0.6 pp. The steepest rises were recorded in Latvia (+6.5 pps), Ireland (+6.2 pps), Luxembourg (+5.3 pps) and Bulgaria (+2.7 pps), essentially due to a sizeable increase in the number of underemployed part-time workers. Conversely, declines were only recorded in Germany (-1.8 pps) and Lithuania (-0.3 pp), where the fall in the number of persons seeking work but not immediately available was bigger than the rise in that of underemployed part-time workers. In most countries, the number of persons seeking work but not immediately available declined significantly in that same period. Their proportion on the total labour force rose significantly only in Ireland (+0.4 pp) and Cyprus (+0.3 pp).

These measures will be monitored on a more regular basis in future quarterly reviews.

²² Foreigners are defined here as non-nationals of the country where they live, i.e. either nationals from another EU Member State or non-EU nationals.



SPECIAL FOCUS: LABOUR MARKET SITUATION OF MIGRANTS

Already in the previous Employment and Social Situation Quarterly review we pointed out the difficult situation of 'third-country nationals'²³ on EU labour markets. The aim of this Special Focus is to analyse this pattern in greater depth, looking at the trend in recent years (thus covering the period of the economic downturn) and considering socio-demographic variables and the differences between EU Member States.

Third-country nationals in EU Member States

Some 20 million third-country nationals²⁴ live in the EU, thus making up 4.0% of the total population. Since they tend to be of working-age, their share of the labour force is slightly larger — 4.5% overall, but at least 10% in Cyprus, Estonia, Latvia and Spain.

More than three quarters (78.4%) of immigrants from outside the EU live in just five Member States: France, Germany, Italy, Spain and the United Kingdom. Roughly a third of the economically active third-country nationals have settled in their present country of residence within the past seven years. The figure is higher in Cyprus, Ireland, Sweden and the UK.²⁵

In the early years of this century, large numbers of immigrants arrived in the EU, but with the economic downturn in 2009, these numbers fell. This was the case in almost all Member States between 2008 and 2009 (Table 2) and especially in Germany and Spain. In addition to declining immigration, a rise in the flows of return migration to home countries has also been witnessed for many Member States, due to a particularly adverse labour market situation among third-country nationals. Nevertheless, net migration has remained positive in most Member States and the overall population of immigrants has continued to grow, though at a slower pace.²⁶

Statistics on migration flows during 2010 are not yet available but the increase (+5.6%) in the number of residence permits granted to third-country nationals in 2010 seems to indicate that migration flows from non-EU countries are picking up again, having fallen by 7.9% in 2009. The number of residence permits granted for job-related reasons has risen even more sharply: +24% in 2010, compared to -18% in 2009.

Employment rate

During the last quarter available (2011q2) the employment rate of third-country nationals was 55.6%, much below the level recorded for nationals (64.8%) and other EU nationals (68.7%). As Chart 47 shows, this was already true before 2008 but the economic downturn made the situation much worse. In the first year of the crisis, the employment rate for third-country nationals fell sharply — from almost 60% in 2008q2 to less than 56% one year later – a decrease of more than 4 pps. In comparison, over the same period the employment rate for nationals decreased by little more than 1 pps. Consequently, the gap between nationals and third-country nationals, which was already substantial before the economic downturn, has widened. In 2008q2 it was 6.5 pps: one year later it was around 9 pps, and since then it has fluctuated between 9 and 10 pps.

This widening of the gap has been seen in most Member States over the last three years (from 2008q2 to 2011q2). In the Nordic countries, Belgium, Germany and the Netherlands, the gap was already significant in 2008 and had widened to more than 20 pps by 2011q2 (see Chart 48). However, the sharpest increase (in pp terms) occurred in Hungary, Latvia, Poland and Portugal. Here, third-country nationals used to have higher employment rates than the nationals, but the situation has now reversed.

²³ By 'third-country nationals' we mean citizens of countries which are not EU Member States. This report focuses on the labour market situation of third-country nationals who live in the EU. Only a few graphs include data on people who are citizens of one EU country but live in another. For more data on the situation of people who move around within the EU, please refer to chapter 6 of the *Employment and Social Developments in Europe Review 2011*.

²⁴ When analysing the situation of migrants, it is sometimes preferable to define such people in terms of their 'country of birth' rather than their country of citizenship. However, Labour force survey data broken down by country of birth is not available for all Member States. That is why we have used citizenship as the criterion for our analysis.

²⁵ This indicator should be interpreted cautiously. Third-country nationals who settled in the EU a long time ago may have acquired citizenship of the EU country where they live. In that case they are no longer counted as third-country nationals in the statistics.

²⁶ OECD, *International Migration outlook 2011*, SOPEMI.

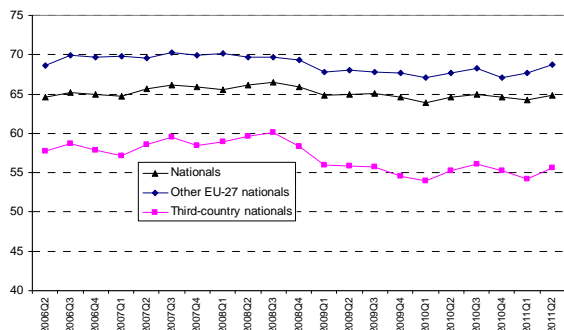
In 2008, third-country nationals also enjoyed higher employment rates than the nationals in most of the EU's southern Member States (Cyprus, Greece, Italy, Malta, and Spain) and in the Czech Republic. In all these countries (except Malta), the situation for third-country nationals has deteriorated. However, the gap in 2011 is still in their favour — except in Spain where it has reversed (from -2.5 pps in 2008q2 to +4.6 pps three years later). This is because in Spain the employment rate for third-country nationals declined very sharply (by 13.4 pps) during that period — from 67.2% to 53.8%.

Table 2: Third-country nationals: population (2010) and flows (2009), in Member States

Member States	Third-country nationals		Share of recent migrants (in %)	Immigration of third-country nationals		Emigration of third-country nationals	
	total (1000)	in % of total pop.		in 2009 (1000)	Change since 2008 (%)	in 2009 (1000)	Change since 2008 (%)
EU-27	20157.2	4.0	32.7	:	:	:	:
Belgium	337.7	3.1	52.7	:	:	:	:
Bulgaria	:	:	:	:	:	:	:
Czech Republic	287.4	2.7	50.2	38.4	-37.4	32	95.6
Denmark	214.3	3.9	40.8	16.3	-7.0	12	7.7
Germany	4584.7	5.6	13.4	140.3	-40.7	81	-65.5
Estonia	201.7	15.1	:	1.2	26.4	0	39.4
Ireland	75	1.7	55.9	6.5	-51.8	8	90.7
Greece	791.7	7.0	24.6	54.6	11.4	32	9.8
Spain	3335.7	7.3	46.9	324.5	-35.0	217	10.5
France	2451.4	3.8	24.8	:	:	:	:
Italy	2993.7	5.0	24.8	270.6	-4.6	14	18.7
Cyprus	43.8	5.5	84.3	:	:	:	:
Latvia	382.4	17.0	1.8	1.1	16.5	3	20.3
Lithuania	34.6	1.0	:	1.4	-45.6	5	64.0
Luxembourg	29.5	5.9	45.5	2.7	-5.5	1	-7.6
Hungary	81.1	0.8	(28.4)	11.3	-36.6	2	57.6
Malta	11.3	2.7	:	2.0	-38.8	1	21.7
Netherlands	341.3	2.1	20.9	34.6	-11.2	15	14.8
Austria	548	6.5	25.8	24.6	-37.1	17	-33.0
Poland	30.7	0.1	(29.9)	:	:	:	:
Portugal	363.1	3.4	43.3	10.3	-36.0	3	44.6
Romania	:	:	:	:	:	:	:
Slovenia	77.6	3.8	27.5	25.5	-1.6	14	116.0
Slovakia	24.2	0.4	:	7.6	-4.8	2	-5.8
Finland	98.5	1.8	53.9	11.3	-8.2	2	-26.9
Sweden	324.7	3.5	65.4	56.6	7.7	7	-17.2
United Kingdom	2445.1	3.9	57.4	303.1	-1.4	119	-16.1

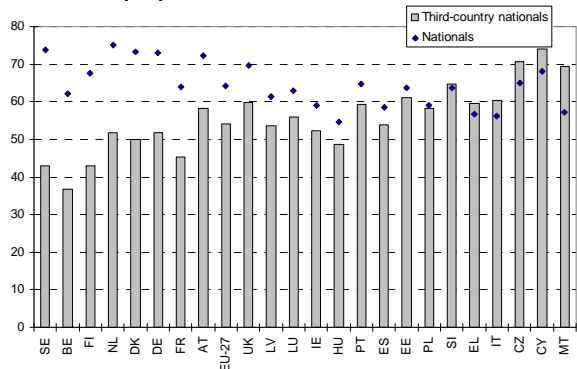
Source: Eurostat migration statistics, except share of recent migrants which comes from EU LFS, 2010. Note: ':' means figures not available. Figures shown in brackets are unreliable due to small sample size. The share of recent migrants is calculated as the ratio between the number who arrived in their current country of residence within the last seven years and the total number of third-country nationals.

Chart 47: Employment rates by group of citizenship in the EU (%)



Source: EU LFS

Chart 48: Employment rates of nationals and third-country nationals in Member States (2011q2), in %

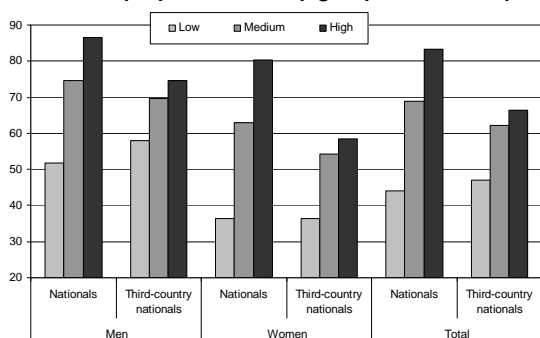


Source: EU LFS

Note: No data for BG, LT, RO, SK because of reliability limits. Figures for third-country nationals in MT and PL not very reliable due to small sample size.

EU-wide, the gap in the labour market situation for nationals and third-country nationals differs widely across education levels (Chart 49). Third-country nationals have higher employment rates than nationals in the low-educated category. For men in particular, the rate is more than 6 pps higher. In the medium-skilled category, however, third-country nationals tend to have lower rates (almost 7 pps lower) than nationals, and the gap is even wider (almost 17 pps) in the high-skilled group. This suggests that the skills of migrants residing in the EU are being very much under-used. In particular, female third-country nationals have particularly adverse labour market situation compared to female nationals at the medium-skill level (gap of 8.7 pps) and even more so at the high-skill level (gap of 21.8 pps).

Chart 49: Employment rates by group of citizenship, sex and education level in the EU (2011q2), in %



Source: EU LFS

These patterns were already established in 2008 before the economic downturn, but the gaps between third-country nationals and nationals have widened since then in almost all categories, and especially in medium- and high-skilled categories. Nationals have been affected mainly in the low-skilled category, where the employment rate fell by almost 4 pps between 2008q2 and 2011q2. (It fell by 2 pps in the medium-skilled group and by only 1.2 pps among high-skilled workers). Over the same period, third-country nationals have seen their employment rate decline in all skill categories. It fell by 4.2 pps among low-skilled workers, by 5.3 pps for the medium-skilled group and by 3.1 pps in the high-skilled category. Third-country nationals with medium-level skills have been particularly affected because many of them were working in industries hard hit by the economic downturn, such as construction and, to a lesser extent, manufacturing and wholesale and retail trade.

Trend of migrant employment at sectoral level

Table 3 shows the employment trend by group of citizenship in various sectors of the economy over the last three years. Overall, the decline in the absolute level of employment for third-country nationals (-2.3%) seems not much greater than the average (-1.6%). However, these figures should be seen in perspective: over this period the economically active population grew faster among third-country nationals (4.5%), than on average (1.1%). This partly explains the difficult situation for third-country nationals in terms of

employment and unemployment rate. The same is true of EU nationals living in another Member State than their own: their absolute level of employment has risen sharply despite the crisis (+10.8%) but less than the overall number of active EU mobile citizens over this period (+14.3%).

As mentioned above, one of the reasons why the economic downturn has had a stronger effect on third-country nationals is their distribution across sectors. The case of construction is typical: in 2008, construction accounted for 14.1% of the jobs taken by third-country nationals — almost double the percentage for nationals. Since then, employment in this sector has contracted by 12.8% on average and by 31.3% among third-country nationals.²⁷ Over the three-year period, third-country nationals accounted for around 16.5% of the labour market adjustment in this sector. As for the EU nationals living in another Member States, the decline of their employment level in the construction sector has been less marked (-4.7%).

Apart from construction, the sectoral distribution of employment of third-country nationals does not seem to have been the main reason why the economic downturn affected them so badly. The manufacturing sector has also played a large role in the decrease of employment of third-country nationals, but employment has comparatively decreased less for third-country nationals (-7.9%) than on average (-9.7%). In other sectors where employment has decreased overall (agriculture, public administration, wholesale and retail trade, transportation and storage), third-country nationals are rather under-represented. In the case of 'other service activities', the employment of third-country nationals has been more resilient than the average. Finally, third-country nationals are overrepresented in several sectors where overall employment has increased over the last three years. These include domestic services ('activities of households as employers'), accommodation and food service activities, and the activities of 'extraterritorial organisations'.

Table 3: Trend in the employment of third-country nationals in the EU (2008q2-2011q2) by sector

Sectors	Change in employment (in %) among :				Share of the sector in employment of T.C.N. (2008), in %		Specialisation ratio* for T.C.N. (2008)	Share of T.C.N. in total employment (2008), in %
	All groups of citizenship	Nationals	Other EU nationals	T.C.N.	2008	2011		
Construction	-12.8	-11.8	-4.7	-31.3	14.1	9.9	1.7	6.8
Manufacturing	-9.7	-10.0	-0.8	-7.9	15.9	15	0.9	3.7
Agriculture, forestry and fishing	-5.1	-6.1	29.8	29.8	2.3	3	0.4	1.8
Wholesale and retail trade; repair of motor vehicles and motorcycles	-3.5	-4.0	15.6	-0.1	12.9	13.2	0.9	3.6
Transportation and storage	-3.4	-3.6	6.5	-4.4	4.7	4.6	0.9	3.6
Other service activities	-3.1	-3.2	-3.2	-1.2	2.7	2.7	1.1	4.4
Public administration and defence; compulsory social security	-1.2	-1.3	16.0	-2.1	1.4	1.4	0.2	0.8
Financial and insurance activities	0.2	0.2	-11.5	9.9	1.4	1.6	0.5	2
Information and communication	0.8	0.7	10.9	-4.6	2.5	2.4	0.9	3.6
Arts, entertainment and recreation	1.7	0.9	2.0	26.1	1.1	1.4	0.7	2.8
Education	3.8	3.3	19.3	19	2.5	3.1	0.4	1.5
Activities of households as employers (...)	4	-2.8	28.9	8.7	8.2	9.1	7	28.1
Professional, scientific and technical activities	5.1	4.9	13.9	2.3	2.6	2.8	0.6	2.3
Accommodation and food service activities	5.6	4.3	19.0	7.5	11.2	12.3	2.6	10.6
Administrative and support service activities	6.6	7.2	15.8	-3.9	7.6	7.5	2.1	8.4
Human health and social work activities	7.9	7.3	31.1	9.6	7	7.8	0.7	3
Total (all sectors)	-1.6	-2.0	10.8	-2.3	100	100	1	4

Source: EU LFS

Note: The list includes NACE sectors (1-digit) which account for more than 1% of total employment. The total refers to the entire economy (all sectors). TCN = third-country nationals. * The 'specialisation ratio' is defined as the share of a given sector in the total employment of third-country nationals divided by the share of the same sector in the total employment of all citizenship groups. Thus a value higher than 1 indicates that third-country nationals are more likely to work in this sector than the average worker.

The sectoral nature of the impact of the economic downturn (in particular in construction) may have pushed some migrants to enter other, less cyclical sectors. This seems to have been the case in Spain, where the growth in employment in agriculture has been much larger for third-country nationals than on average. The same trend is seen in 'health and social work' and domestic services, though in these sectors

²⁷ This trend has been very much influenced by the situation in Spain, where the number of third-country nationals working in the construction sector fell from 446 000 in 2008 to less than 40% of that level (only 176 000) in 2011. Spain alone thus accounts for more than two thirds of the EU's total decline in the employment of third-country nationals in construction.

the new workers are not likely to be those previously employed in construction sector, as most of them are women.

According to some sources,²⁸ another effect of the economic downturn may have been a rise in self-employment among migrants. Third-country nationals' share of self-employment (as a percentage of their total employment) did rise slightly, from 9.5% in 2008 to 10.0% in 2010. However, this was due to a fall in the total number of employees rather than a rise in the number of self-employed. Nevertheless, in recent years there has indeed been an increase in the absolute number of self-employed third-country nationals in some EU countries, including France, Germany, Greece and the Netherlands.

Temporary vs indefinite duration contracts

An obvious factor in the vulnerability of third-country nationals during the recent economic downturn is the fact that many of them were on temporary contracts. Overall, 58% of the jobs that were lost during the first year of the crisis (2008q2 to 2009q2) were temporary contracts. In 2008, 26.5% of third-country nationals had temporary contracts — almost double the share among the nationals (13.6%). Moreover, third-country nationals accounted for 8% of all temporary contracts (compared to 4% of total employment). As Table 4 shows, during the year 2008q2 to 2009q2, more than 13% of the jobs held by third-country nationals on temporary contracts disappeared (compared to 5.5% for the nationals). These lost jobs represented around 17% of the labour market adjustment through the reduction in the number of temporary contracts in the EU (i.e. 280 000 out of the total of 1.6 million).

Since then, employment under temporary contracts has recovered for nationals (+4.2%) but much less so for third-country nationals (+1.9%). As a result, over the whole three-year period (2008q2 to 2011q2), the employment of third-country nationals under indefinite duration contracts stagnated (-0.4%) while temporary contracts declined sharply (-12%). For nationals, on the other hand, the number of jobs under both types of contract declined at a similar rate (respectively -2% and -1.5%).

Table 4: Employment trend broken down by type of contract and citizenship in the EU (in millions and %)

Group of citizenship	Type of contract	2008 Q2	2009 Q2	2011 Q2	Evolution 2008-2009 (in %)	Evolution 2009-2011 (in %)
Nationals	Indefinite duration	148	146.7	145	-0.9	-1.1
	Temporary	23.2	21.9	22.8	-5.5	4.2
Third-country nationals	Indefinite duration	5.9	5.9	5.9	0	-0.4
	Temporary	2.1	1.8	1.9	-13.3	1.9

Source: EU LFS

Over-qualification of migrant workers

As already shown in the *Employment in Europe 2008* report,²⁹ many third-country nationals employed in the EU are over-qualified for the job they have. At aggregate level, this can be measured roughly by comparing the current occupations of migrant workers with their level of education (as declared in the EU Labour force survey).

In 2010, 46.2% of highly-educated third-country nationals were overqualified, i.e.: working in medium- and low-skilled jobs, compared to around 20% among nationals.³⁰ Moreover, the share of highly-educated migrants 'strongly over-qualified', i.e. : employed in low-skilled occupations (defined as ISCO 9 or 'elementary occupations') increased since 2008, from 13.1% to 14.4% and is much above the share among nationals (only around 1%). In the case of third-country nationals having a medium level of education, the incidence of over-qualification (i.e.: their share in low-skilled occupations) increased from 24.1% in 2008 to 26.1% in 2010 – also much above the level among nationals (8%). Again, the decline in job opportunities during the economic downturn and the difficulties faced by migrants in finding a job may explain why more migrants are in occupations requiring skills below their level of education.

²⁸ IOM, *Migration and the economic crisis in the European Union: implications for policy*, 2010 (Independent Network of labour migration and integration experts, funded by DG EMPL).

²⁹ European Commission, *Employment in Europe 2008*, chapter 2, page 85.

³⁰ Over-qualification also affects EU nationals working in other Member States than their own, in particular those coming from the Eastern and Central Europe Member States, see chapter 6 of the *Employment and Social Developments in Europe Review 2011*.

Trend in (in)activity rates

Before focusing on the recent trends in unemployment for different citizenship groups, we need to look at the trend in activity/inactivity rates. Table 5 shows that, since the beginning of 2008, the activity rates for both nationals and third-country nationals have remained stable: there has been only a small increase for nationals (+0.4 pp) and a small decrease for third-country nationals (-0.2 pp). The falling employment rate for third-country nationals over the last three years (as described above) is therefore mainly due to a rise in unemployment — not in inactivity.

There are also differences in terms of age and gender. For both citizenship groups, the activity rate has risen slightly for women but declined slightly for men. This is probably because women have entered the labour market to compensate for job losses that tend to have affected men. This 'added worker' effect seems slightly greater among nationals than among third-country nationals. Looking at the age profile, the trends for young and prime-age people seem similar for both citizenship groups: the activity rate for young people has declined, while for prime-age people it has stagnated. The trends diverge when we come to people aged 55-64: their activity rate increased strongly for the nationals (+2.8 pps) while it decreased among third-country nationals (-0.4 pp). This, however, was a case of 'catching up', since nationals aged 55-64 had, in 2008, a much lower activity rate (almost 5 pps lower) than their third-country counterparts.

Table 5: Activity rates by group of citizenship, sex and age (in %)

Group of citizenship	Sex/Age	2008 Q2	2011 Q2	Difference 2011-2008 (in pp)
Nationals	Men	77.6	77.2	-0.4
	Women	63.8	65	1.2
	15-24	43.6	42.1	-1.5
	25-54	85.1	85.5	0.4
	55-64	48	50.7	2.8
	Total	70.7	71.1	0.4
Third-country nationals	Men	81.2	80.8	-0.4
	Women	57.4	57.9	0.6
	15-24	45.1	43.3	-1.9
	25-54	77.1	76.8	-0.3
	55-64	52.8	52.4	-0.4
	Total	69.4	69.2	-0.2

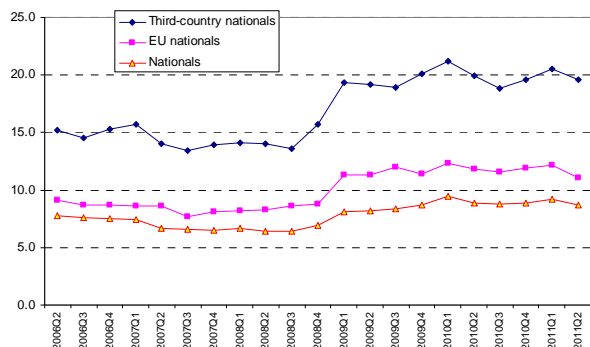
Source: EU LFS

Unemployment

Along with young and low-skilled people, third-country nationals have certainly been one of the groups most affected by the economic downturn. Chart 50 shows that their unemployment rate, already high in 2008q2 (14.0%), rose very quickly to reach 19.2% one year later, and has remained at high levels (around 19-21%) ever since.³¹ Unemployment increased much less for nationals (+1.8 pps during the first year) and from lower levels (6.4% in 2008q2). As a result, the gap between nationals and immigrants from outside the EU increased from 7.6 pps in 2008q2 to 11 pps one year later, and has remained around that level. Over the year (2010q2 to 2011q2), the unemployment rate has improved for both groups (-0.2 pp for nationals and -0.3 pp for third-country nationals). But this tiny improvement still leaves unemployment very high among third-country nationals, and does nothing to close the large gap between them and the nationals.

³¹ It should be borne in mind that the trend in the unemployment rate among third-country nationals does not show the full impact of the crisis. Many third-country nationals, having lost their job or experienced difficulties in finding a job, decided to leave the EU and return to their home country. They are therefore not accounted for in the statistics.

Chart 50: Unemployment rates by citizenship group(%)

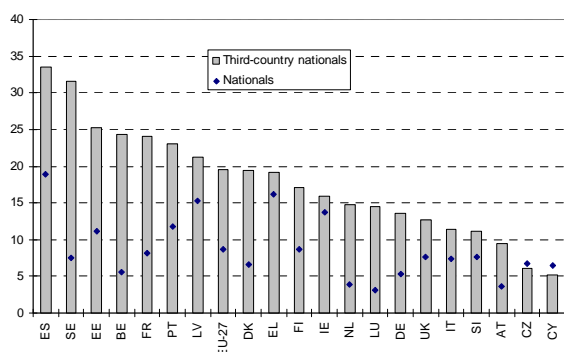


Source: EU LFS

In the last quarter for which figures are available (2011q2), the unemployment rate for third-country nationals exceeded 30% in Spain and Sweden and was 20-25% in Belgium, Estonia, France, Latvia and Portugal (Chart 51). Rates below 10% were found only in three countries, namely Austria, Cyprus and the Czech Republic. Unemployment rates were higher for third-country nationals than for nationals in all Member States (for which data were available) except Cyprus and the Czech Republic.

Over the last three years (between 2008q2 and 2011q2), the unemployment gap between nationals and third-country nationals has widened in 13 of the 20 EU Member States for which data are available. This is particularly the case in four of the five countries with the largest numbers of third-country nationals (France, Italy, Spain and the UK), Germany being the only exception.³² The gap has widened fastest in Denmark, Estonia, the Netherlands, Portugal, Spain and Sweden. However, there are also a few Member States where the unemployment gap has decreased over the last three years, notably Luxembourg and Finland but also, to a certain extent, the Czech Republic, Germany, Ireland and Slovenia.

Chart 51: Unemployment rates for nationals and third-country nationals (2011q2), in %



Source: EU LFS. Note: No data for BG, LT, HU, MT, PL, RO, SK because of reliability limits. Figures for third-country nationals in CZ, LU and SI are not very reliable, due to the small sample size.

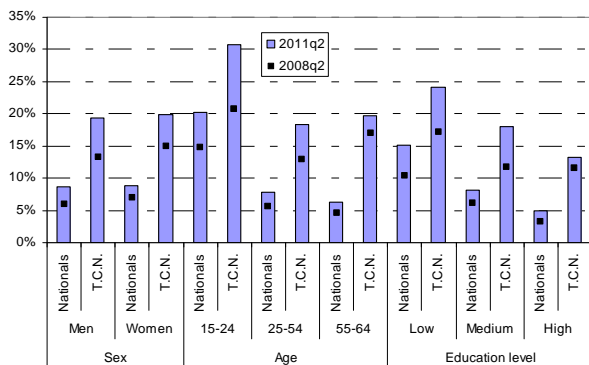
Because men and women tend to work in different sectors of the economy, unemployment rates originally increased more quickly for men than for women and this also applies to third-country nationals. Since the second half of 2010, the gender gap became again in favour of men and the less favourable trend of women's unemployment over the year (2010q2-2011q2) has been even more marked in the case of third-country nationals. Their unemployment rate fell by 0.8 pp for men but rose 0.3 pp for women, as Chart 52 shows.

Unemployment among young people (15-24) has reached very high levels in the last few years, both for nationals and third-country nationals. While the rate among third-country nationals has shown some signs of

³² This is because, in Germany, third-country nationals tend to work in sectors where employment has been resilient since 2008 such as accommodation and food service activities, wholesale and retail trade or administrative and support service activities.

improvement over the year (-0.6 pp) it remains extremely high: 30.7% of all (economically active) young migrants were unemployed during 2011q2.

Chart 52: Unemployment rates by group of citizenship, sex, age and education level, in the EU (in %)



Source: EU LFS. Note: T.C.N. refers to third-country nationals.

Third-country nationals in the EU have, on average, a lower level of educational attainment than nationals. As many as 43% of economically active third-country nationals have a low level of education, compared to 22% of the nationals. This partly explains their higher unemployment rates, but it is only one factor: Chart 52 shows that third-country nationals have higher unemployment levels than nationals whatever their skill level. According to the existing literature, the other factors at play here are difficulties in having third-country qualifications or experience recognized in the EU, lack of language proficiency, discrimination and lack of access to information or networks.

During the last quarter for which figures are available (2011q2), one low-skilled migrant out of four (24.1%) was unemployed, compared to 17.2% three years earlier. The rate had also strongly increased for the nationals — from 10.3% to 15.1% (almost 5 pps). Among high-skilled persons, the unemployment rate had risen much less: +1.6 pps for nationals and +1.8 pps for third-country nationals. Nevertheless, the gap between the two rates was still significant (8.5 pps). It is among medium-skilled workers that the impact of the economic downturn is significantly different for third-country nationals compared to nationals. Among these workers, the unemployment rate for third-country nationals has increased sharply (+6.4 pps) to reach 18.1%, while the rate for nationals has increased by only 2.0 pps. Consequently the gap between them has widened considerably — from 5.6 pps in 2008q2 to 10.0 pps three years later.

Sectoral trends³³

In the recent period of sluggish recovery, three major sectors, which have all seen their value added rise over recent quarters, have followed very different trajectories in terms of employment. In the two years to the third quarter of 2010, while employment in the wholesale and retail trade fell by a limited 1.9 % in the EU, construction and the industrial sector were suffering much more, with both sectors losing roughly 8.5 % of their jobs, while it fell by 2.3% in the EU economy as a whole. Employment in the industry and the trade sector has recovered partly since then, posting rises of respectively 0.5 and 0.4 % between the third quarter of 2010 and the third quarter of 2011 (-0.1% in the whole economy). This was not the case in the construction sector, which still saw another decline (-2.4%). The analysis below presents some major trends which have been observed recently in terms of employment in these sectors, and are linked to changes in value added and output. Additionally, the recent restructuring trends in the trade sector are presented at Box 2.

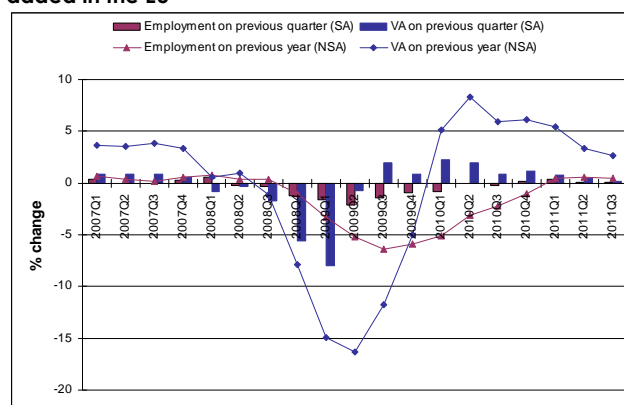
Employment growth in the industry stalled in the third quarter of 2011, while industrial output and value added remain unsettled...

EU's industry accounts for about 19 % of total EU value added (VA) and 16 % of its total labour force. From mid-2009 onwards, the VA in industry picked up gradually, following the dramatic shock of the global recession, which saw a collapse until the second quarter of 2009 (-16.3% from 2008q2 to 2009q2), as Chart 53 indicates. After the sizeable rises recorded between the third quarter of 2009 and the first quarter of 2011 (around +1 to 2 % per quarter), growth was more subdued in the second and third quarters of 2011 (respectively +0.5 % and +0.2 % on the quarter, in line with recent developments in the manufacturing industry). Visible rises were

recorded in Slovakia (+4.2 % in the third quarter of 2011) and Latvia (+2.2 %).

In this still fairly positive but increasingly uncertain context, industrial employment growth, which resumed in the fourth quarter of 2010, stalled in the third quarter of 2011 (+0.0%). In the same quarter, the annual growth was +0.5 %, equivalent to those recorded in the first and second quarters of 2011. The most significant annual growth figures were recorded in Malta (+10.5% from 2010q3 to 2011q3), Estonia (+9.1 %), Hungary and Slovakia (both +3.1%), Latvia (+2.1%) and Germany (+1.9%). On the other hand, substantial falls were seen in Greece (-11.2%), Cyprus (-3.6%) and Bulgaria (-2.1%).

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



Source: Eurostat, national accounts.

Note: NACE Rev.2; for empl NSA: EU estimate without UK; empl SA: EU estimate without EL, CY and UK³⁴

In October 2011 compared with September 2011, seasonally adjusted industrial production fell by 0.2% in the EU. Compared with October 2010, industrial production increased by 1.3%. In September production had decreased by 1.5% on the month. Between September and October 2011, production of energy fell by 0.6% in the EU. Intermediate goods decreased by 0.8%. Durable consumer goods dropped by 0.5%, while non-durable consumer goods grew by 0.3%. Likewise, capital goods rose by 0.9% in the EU. Among the Member States for which data are available, industrial production fell in fourteen, remained stable in France and rose in eight. The highest decreases were recorded in Greece (-4.4%), Lithuania (-3.7%), Luxembourg (-3.6%) and Slovenia (-2.3%), and the largest increases in Ireland (+6.6%), Estonia (+2.9%), Malta and Slovakia (both +0.9%).

³³ In its release on 15 December 2011, Eurostat published European aggregates using the **NACE Rev.2** classification for the first time for employment. Therefore it was decided to present this sectoral analysis following that new classification. This may explain some differences with the data presented in the September 2011 edition of the Quarterly Review. NACE is the statistical classification of economic activities in the European Community. Classifications have to be revised from time to time due to technological developments and structural changes of the economy. More detailed information on NACE Rev.2, as well as a correspondence table between NACE Rev.2 and the former NACE Rev.1.1 can be found on the Eurostat website (see: http://epp.eurostat.ec.europa.eu/portal/page/portal/nace_rev2/introduction). The ERM sections and the analysis of the energy sector continue to present data according to the previous version, NACE Rev.1.1.

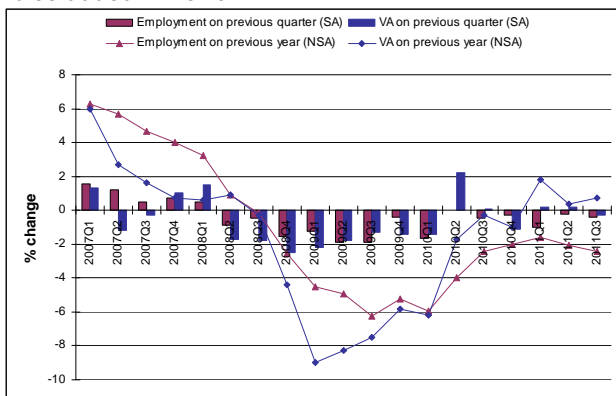
³⁴ SA = seasonally-adjusted; NSA = non seasonally-adjusted.

The recovery is still hesitant in the construction industry and the sector, still suffering the aftermath of the collapse of activity in several countries, continues to destroy jobs...

After two and a half years of nearly continuous falls between 2008q2 and 2010q4, with the sole exception of 2010q2, VA in the construction sector (about 6 % of total value added in the EU, vs. 7 % of total employment) tentatively and slightly picked up in the first and second quarters of 2011, both by +0.2 % on the quarter. This was followed by a decline in the third quarter (-0.3 %). This new fall was driven by declines in Bulgaria (-5.7%), Slovenia (-4.4%), Hungary (-3.6%), Cyprus and Portugal (both -3.2%). It was tempered by rises recorded in the Baltic States (respectively +16.2, +9.3 and +6.5% for Latvia, Estonia and Lithuania), Slovakia (+8.9%) and Poland (+3.4%). In annual terms, VA stabilised in the third and fourth quarters of 2010 and posted rises in the three subsequent quarters, up by 0.7 % in the third quarter of 2011 at EU level.

However, the employment situation is less encouraging, as it fell almost continuously from the second quarter of 2008 until the third quarter of 2011, with the exception of 2010q2 when it stabilised. Between 2008q3 and 2011q3, the sector lost 10.8 % of its jobs at EU level. In that period, more than one job in two was lost in Ireland and nearly or around 40 % were discarded in Greece, Spain, Latvia and Lithuania. While the situation is now improving in the Baltic States (+16.7% in Estonia from the second to the third quarter of 2011, +8.5% in Lithuania and +3.2% in Latvia), it is still deteriorating in Greece, Ireland, Spain, Hungary, Portugal and Slovenia, where declines in the third quarter of 2011 could approach 3 to 4%. The sector lost, on average, 0.4 % of its workforce at EU level, in the third quarter of 2011, as highlighted by Chart 54.

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



Source: Eurostat, national accounts.
 Note: NACE Rev.2; for empl NSA: EU estimate without UK; empl SA: EU estimate without EL, CY and UK

In the construction sector, seasonally adjusted production fell by 1.3% in the EU in October 2011, compared with the previous month, a steeper fall compared to the previous month (-1.1 % in September). Compared with October 2010, output in October 2011 decreased by 2.0% at EU level. In October 2011 compared with September 2011, and among the Member States for which data are available, construction output fell in seven, rose in four, and remained stable in the Czech Republic. The largest decreases were registered in Slovenia (-14.1%), Portugal (-9.7%), Poland and Romania (both -1.5%), and the highest increases in Sweden (+1.1%), the United Kingdom (+0.6%) and Germany (+0.4%). Building construction decreased by 1.4% on average in the EU, after -1.3% in September. Civil engineering fell by 1.4%, after -0.5% in the previous month.

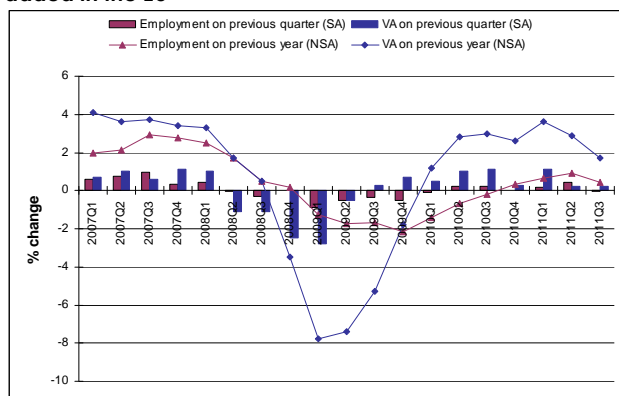
...while growth in the VA and employment of the trade sector is slowing down

Retail and wholesale trade, a labour-intensive sector (one job in four in the EU, for a contribution to total VA of less than one-fifth), did not suffer the recession in the same proportions as the industry and the construction sector did. The most significant falls recorded by the VA in trade in the downturn were noted in the fourth quarter of 2008 and first quarter of 2009, with declines deeper than 2.5 % quarter-on-quarter. On the other hand, the recovery, which started in 2009q3 in that sector. As Chart 55 clearly shows, the only rises equal to or higher than 1 % quarter-on-quarter were seen in the second and third quarters of 2010 and in the first quarter of 2011. In the second and third quarters of 2011, VA went up by 0.2 %, supported by Bulgaria (+4.8% in the third quarter of 2011), Slovakia (+4.2%), Latvia (+3.8%), Lithuania (+3.7%) and Finland (+1.6%), while it declined in the Czech Republic (-2.1%) and Denmark (-0.9%), only quoting the most significant changes.

Employment was also less affected in trade than in industry and construction, as it fell by only 1.9 % from 2008q3 to 2010q3, with the Baltic States recording two-digit falls, and Ireland and Spain falls of respectively 8.6 and 8.0 %. After nearly two years of decline, employment picked up in the second quarter of 2010, but very gradually. In the third quarter of 2011, it was 0.4 % higher than in 2010q3, while no significant progress was seen between 2011q2 and 2011q3 (+0.0%). The most significant year-on-year rises were recorded in Malta (+7.9%), Lithuania (+5.2%), Estonia (+4.9%) and Sweden (+2.0%), while falls were seen in Greece (-6.4%), Bulgaria (-2.3%), Slovenia (-1.7%) and Portugal (-1.4%).

Recent announcements of job losses and creations in the firms undergoing a restructuring process, within the wholesale and retail trade sector, are presented at Box 2.

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



Source: Eurostat, national accounts.

Note: NACE Rev.2; for empl NSA: EU estimate without UK; empl SA: EU estimate without EL, CY and UK

In comparison with the falls in output seen in other major sectors, retail trade turnover in the EU held up fairly well through the downturn. Between October 2010 and October 2011, the retail sales remained stable in the EU. After rather volatile monthly changes over recent months, the volume of retail trade improved in October 2011. Compared with September 2011, it grew by 0.4% in the EU, after falling by 0.3% in the previous month. Between September and October, "Food, drinks and tobacco" rose by 0.2% in the euro area and by 0.1% in the EU. The non food sector grew by 0.5% and 0.8% respectively. Among the Member States for which data are available, total retail trade rose in eleven and fell in ten. The largest increases were observed in Malta (+3.7%), Romania (+2.0%) and Poland (+1.4%), and the highest decreases in Portugal (-3.3%), Latvia (-2.9%) and Denmark (-2.0%).

Eurozone sees worst quarter for two and a half years despite rate of decline easing in December

The Markit Eurozone PMI Composite Output Index signalled contraction for the fourth successive month in December.³⁵ However, the index rose from 47.0 in November to 47.9, indicating an easing in the rate of decline for the second month in a row and the smallest fall in output for three months.

³⁵ According to the preliminary 'flash' reading released on 15 December 2011, which is based on around 85% of usual monthly replies. For further information on MARKIT, visit the website at: www.markiteconomics.com.

Despite the easing in the rate of decline, the average index reading for the final three months of 2011 was the weakest since the second quarter of 2009, and consistent with a marked contraction in the euro area economy. Manufacturing output fell for the fifth successive month, while services activity dropped for the fourth month. In both cases the rate of decline eased, reflecting slower contractions in new business. Measured overall, new work fell for the fifth consecutive month, though the rate of decline eased a little further from October's post-recession record. Manufacturing new orders fell particularly steeply again, dropping at a rate only slightly weaker than November's two-and-a-half year record. This was linked in part to a further marked fall in new export business. By country, Germany saw modest growth of output, reversing the decline seen in November. The rate of contraction in France slowed to a marginal pace. Both countries saw manufacturing output continue to fall, albeit at reduced rates. Elsewhere in the Eurozone activity fell sharply, declining at a rate only marginally weaker than November's two-and-a-half year record. This was led by an accelerated rate of decline in the service sector.

Expectations for growth over the coming year among service providers remained very weak by historical standards of the survey. Sentiment was identical to November, and up slightly on October, but still at a level not seen in the history of the survey prior to the collapse of Lehman's. The outlook in Germany was neutral, while improved optimism in France was offset by a steep drop in expectations elsewhere to the lowest since February 2009. At the composite level, backlogs of orders in the Eurozone fell for the sixth successive month. Although the rate of depletion eased compared with November, the pace remained steep by historical standards of the survey, especially in manufacturing, where goods producers reported the steepest fall in backlogs of work for two and a half years. Manufacturers reduced their inventories to match the reduced order book pipeline. Stocks of raw materials showed the largest fall since February 2010, while stocks of finished goods showed the largest decline since March.

Having slowed to near-stagnation in October and November, employment growth picked up in December but remained only very modest. The fastest rate of job creation for four months in services was offset by a marginal decline in the size of the manufacturing workforce for the second month running. Strong job creation in Germany and a robust increase in France contrasted with marked job losses in the rest of the Eurozone as a whole.

Box 2: Recent restructuring data on wholesale and retail trade sector³⁶

- Recent developments in the European Restructuring Monitor (ERM) indicate that in the wholesale and retail sector (NACE 50-51-52) job gains clearly outweigh job losses. Since January 2010 the ERM has recorded 34796 job losses and 68768 job gains. The number of cases recorded comes up to 207.
- Marginally more cases have been recorded in 2011 than in 2010 (113 against 94 cases). However, while in 2010 registered jobs gains clearly outnumbered job losses (37024 jobs created versus 12966 jobs lost), in 2011 the ERM recorded a drop to 31744 jobs gains and a raise to 21830 announced job losses within the retail sector.
- When looking at subsectors the greatest number of cases has been recorded in the retail trade sector (177 cases), while we have seen little restructuring movement in wholesale trade (23 cases) and sale, maintenance and repair of motor vehicles (7 cases) since January 2010.
- Some recent developments in the subsectors in detail:

Subsector I: Sale maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel (NACE 50):

- The ERM reports 7 cases in this subsector since January 2010.
- Job losses and job gains are balanced in this subsector with 420 announced job cuts and 430 announced job creations recorded. Generally, the numbers of affected jobs by the restructuring are very low in this sector. None of the cases includes more than 200 lost/ gained jobs.
- There are no country trends indicating that some countries might be more affected by restructuring in this subsector than others.
- Job losses (420):
 - Four cases indicate job losses in this sub-sector.
 - On July 8th, 2011 Toyota Deutschland announced to cut 40 jobs in Germany.
 - On the 20th of January 2011, Fouque, part of the car distributing CFAO group, announced 104 job losses in France.
 - On the 16th of July 2010, Prime Motors announced 150 job losses in Greece due to bankruptcy.
 - In the UK, Halfords announced the cut of 126 jobs due to relocation
- Job gains (430):
 - Three cases of job gains are reported in this sub-sector
 - In Portugal, Carclasse announced the creation of 100 jobs in March 2011.
 - On the 27th of August 2010 AAA Auto announced to create 200 jobs in the Czech Republic.
 - In January 2011 car repairer Delko announced to create 130 jobs in France.

Subsector II: Wholesale trade and commission trade, except of motor vehicles and motorcycles (NACE 51):

- The ERM reports 23 cases in this subsector since January 2010.
- The cases comprise the announcement of 2033 job losses in this subsector and 2725 announced job creations.
- Apart from one outlier – the Merkur group announced to cut 1080 job in Slovenia – the numbers of jobs lost/ created per case are generally low. On average ca. 180 jobs are announced to be created by job creation case and ca. 255 jobs are announced to be cut by job loss case.
- There are no clear country trends indicating that some countries might be more affected by restructuring in this subsector than others. However, Poland, France and Spain stand out as countries where most jobs were created in this sector, whereas
 - Job losses (2033):
 - Slovenia accounts for the greatest job cuts in this subsector. Here 1080 jobs were announced to be cut by the Merkur group.
 - Moreover, Germany reports the second highest number of job losses in this subsector with 428 jobs lost.
 - Job gains (2725):
 - Greatest job creation in this subsector can be seen in Poland with 930 announced job creations, France with 725 announced job creation and Spain with 520 announced job creations.
 - The high number of jobs created in Poland can be attributed to Castorama's expansion plans in Poland, announcing 580 alone.

Subsector III: Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods (NACE 52):

- The ERM reports 177 cases in this subsector since January 2010. Retail trade is for this reason the subsector with the greatest number of restructuring activities.

³⁶ Contrary to the analysis above, the ERM data are presented according to the NACE Rev.1.1 classification.

- 32343 job losses were announced in this subsector since January 2010, while 65613 announced job creations were recorded. In this subsector job gains clearly outweigh job losses.
- This subsector displays a different pattern of restructuring activities than the other two subsectors. Here, the announced restructuring activities involve a larger number of job creation/ job destruction cases which affect more than 500 people. On average job loss cases involve about 570 redundancies, while job creation cases announce on average the creation of ca. 550 jobs.
- There are some countries displaying distinctive patterns of restructuring activities in this sector.
 - o The ERM reports exclusive job creation in this subsector for Slovakia, Romania, Bulgaria, Czech Republic, Lithuania, Latvia, Estonia, Portugal and Finland with no or little job losses reported for these countries
 - o However, many countries are not following the general EU trend and display a clear greater number of job losses than job gains, e.g. France (2457 versus 1740), Austria (1200 versus 950), Greece (only 1800 job losses), Netherlands (only 700 job losses), Hungary (700 versus 300), Sweden (1420 versus 100).
 - o Other countries show a more varied picture with job losses balancing job creations in the sector, e.g., Spain or Germany.
 - o An interesting case is the UK with a much reported restructuring activity. The ERM reports for the UK alone 10036 announced job losses and 25317 job creations. The majority of announced job creations in the UK is by food retail chains accounting for 21267 job creations, while job cuts show a more varied picture.
- Job losses (32343):
 - o The highest level of job losses in this sub sector is recorded for the UK with 10036 announced job losses. With a great margin follows Poland with 3551 announced job losses as well as Spain (2355) and France (2457).
 - o The lowest level of job losses in this sub sector are recorded for Slovakia, Romania, Portugal, Lithuania, Latvia, Estonia and Bulgaria, where no job losses have been recorded in the ERM since January 2010.
- Job gains (65613):
 - o The highest level of job creations in this sub sector is recorded for the UK with 25317 announced new jobs. With a great margin follows Poland (5850), Romania (5850) and Ireland (4180).
 - o No job gains in this subsector are reported for the Netherlands, Greece and Finland.
- The countries with the highest job losses (UK, PL) are also the ones with the highest announced job gains.

A sample of some recent development in the subsectors in detail:

- Subsector I: Sale maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel (NACE 50)
 - o Most announced job losses were noted at Toyota Deutschland (DE, 40 job losses, announced July 2011) in recent months. Most announced job creations were recorded at Carclasse (PT, 100 job creations, announced March 2011) and Delko (FR, 130 job creations, announced January 2011).
- Subsector II: Wholesale trade and commission trade, except of motor vehicles and motorcycles (NACE 51)
 - o Most announced job losses in the reported time period were noted at Merkur (SI, 1080 job losses, announced October 2010). In more recent month most announced job losses were at Kaufhof (DE, 228 announced job losses, announced June 2011) and Advadis (PL, 150 announced job losses, announced September 2011).
 - o Most announced job creations in recent months were recorded at Selgros (PL, announced job creations 350, announced March 2011) and Castorama (PL, announced job creations 580 since 2011)
- Subsector III: Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods (NACE 52)
 - o Most announced job losses in the last month were at Focus (UK, 3100 job losses, announced August 2011), Ruch (PL, 2070 job losses, announced July 2011) and Praktiker (DE, 1400 job losses, announced November 2011).
 - o Most announced job creations in recent months were recorded at Sainsbury's (UK, announced job creations 6500, announced January 2011) and Jeromino Martins (PL, announced job creations 4000, announced in April 2011). When taking an EU-wide perspective, most jobs were created by Tesco (7117) and ASDA (13500 UK only) announced job creations since January 2010.



SPECIAL FOCUS: ENERGY SECTOR

This section reports on recent developments in the electricity, gas and water supply sectors (NACE 40, Rev.1.1), collectively referred to as the energy sector in the following analysis. A brief analysis of the state of play in terms of the renewable energy sector is also presented.

Importance of the sector and recent developments^a

The energy sector accounts for roughly 2 % of EU GDP and, with 1.75 million people working in the sector, for 0.8 % of total employment in the EU and roughly 3 % of the entire industrial workforce. The sector represents more than 1 % of the entire workforce in most Central and Eastern EU Member States, peaking at or above the 1.5 % mark in Bulgaria, Estonia, Lithuania, Poland and Romania. Conversely, in older or larger Member States, that percentage stands at only 0.5–0.7 %. The sector is particularly exposed to fluctuating oil prices on the international market and is marked, both in production and distribution, by a high level of concentration, although the number of SMEs has increased in recent years due to the full liberalisation of the sector in 2007.

The crisis has had a significant downward impact on both value added and employment in the energy sector across the EU. But, interestingly, its workforce did not decline in the same proportions as its value added. Between 2008 and 2010, while the latter fell by 3.3 % (i.e. more than the EU economy as a whole, -2.4 %), the former edged down by only 0.3 %, rather a small decline in comparison to the fall posted for the EU's total employment (-2.3 % in the same period), supported by the nascent renewable energy sector (see below). This rather positive picture hides a long established trend of concentration and downsizing in the energy sector. From 2000 to 2010, its workforce declined steadily – and particularly steeply from 2001 to 2004 – by 13.2 % within those ten years, from 2.02 to 1.75 million workers, while the EU's total employment was rising by 5.5 %. In the same period, value added in the sector did increase, by 12.4 %, given substantial progress in labour productivity. In contrast to that, the job growth in renewable energy has been positive. The number of direct jobs increased from 160 136 (2000) to 280 976 (2008). In the last two years it doubled to 568 002 (2010).^b

Employment situation in the sector and social outlook^c

The energy sector is the most carbon-intensive industry in the EU and needs to undergo major restructuring in the context of EU climate change policies. Given that the most polluting industries account for a relatively small share of total employment, the adjustment pressures will be concentrated on a small portion of the total workforce. The top emitting industries in the EU have some common characteristics in terms of employment, such as a high share of low-skilled and older workers. Furthermore, the workers are less mobile, both within their sector and outside it, which may increase the costs of adjustment. For instance, the share of workers in electricity (NACE 40) that move to another sector of occupation is less than 2 % and the job-to-job separation rate is around 4 %. Equivalent figures for agriculture and hotels and restaurants surpass 4 % and 16 % respectively. In contrast to that, two electricity sectors (NACE 40 and 23) occupy more highly skilled workers than the average economy. One of the reasons is implementation of various innovations in environmental technologies in recent years (renewable energy, energy efficiency, fuel efficiency and biotechnology). Women in the EU are underrepresented in the energy and water supply sector as a whole and also in renewable energies. This is mainly due to lower participation of women in technical and engineering education and training. In rural India for instance, where mainly women are trained as solar energy technicians, the corresponding share is much higher.

Recent developments in the European Restructuring Monitor (ERM)

Recent developments in the ERM indicate that the utility sector, here comprising electricity, gas and water supply (NACE 40-41), continues to be negatively impacted in the economic downturn. Since January 2010 the ERM has recorded nearly 10 times as many job cuts as job creations in the sector, displaying 22,580 announced job losses and only 2,470 announced job creations. The number of cases recorded in this time frame is 42.

The level of restructuring activities as measured in restructuring cases has stayed stable in 2010 and 2011. However, the scale of restructuring activities between both years has changed. While in 2010 the ERM reported 6246 announced job losses and 2,220 job creations, restructuring activities in the sector were more large-scale in 2011, when the ERM reported 16,443 job losses and only 250 job creations. The steep rise of the numbers of job losses can be mainly attributed to the energy service provider E.ON announcing 11,000 job losses across the EU in August 2011.

The restructuring in this sector is clearly dominated by the restructuring in the energy subsector (34 cases) and only few reported cases in the gas subsector (3 cases) and the water subsector (5 cases) since January 2010.

Some recent developments in the subsectors in detail:

Subsector I: Production and distribution of electricity (NACE 40.1)

The ERM reported 34 cases in this subsector since January 2010. Job losses clearly outweigh job creations. The ERM shows 21,003 job losses in this sector, which are compensated by only 1,770 job gains.

There are clearly some countries that are much stronger affected by restructuring in this subsector than others, with Romania, Germany and Poland being the most obvious cases.

Job losses (21,003):

- The average job losses in this sector are high, with ca. 750 jobs lost on average per restructuring case. 17 cases involved job losses of 250 jobs and over.
- Job losses have predominantly been reported for Romania, Germany and Poland. Together they make up for ca. 40% of job losses in the whole subsector.
- Romania has seen 3,110 jobs cut predominantly in the state-owned or state-controlled energy service companies **Electrocentrale**, **Electricitare CFR**, **Complexul Energetic**, **Termoelectrica** and **Electrica**. Equally affected is Germany with 3000 jobs cut since January 2010. The biggest job losses for Germany have been announced by **Vattenfall Europe** in February 2010 announcing 1,500 redundancies. Finally, in Poland 2100 jobs were cut in this subsector, with the greatest cuts (1,500) announced by **Tauron Polska Energia** in August 2010

Job gains (1,770):

- The scale of cases with job creation is smaller than those with job destruction. Only 6 cases of job gains were reported in this sub-sector since January 2010, of which only 2 announced the creation of more than 200 jobs.
- The greatest case of job creation was announced by **Elektrárne Mochovce** in March 2010 creating 1,000 jobs in Slovakia. The ERM reports two cases of job creation for the UK, with **Southern Electric** announcing the creation of 260 jobs and **Scottish and Southern (SSE)** announcing the creation of 100 jobs in 2010.
- No job creations in the sector have been reported by the ERM since mid-February 2011.

Subsector II: Manufacture of gas; distribution of gaseous fuels through mains (NACE 40.2):

The ERM reported three cases in this subsector since January 2010, two of them are cases of job creation. Both cases of job creations are reported for Ireland. In total 253 job cuts and 700 job gains were reported in this subsector.

Job losses (253):

- One case of job losses was recorded since January 2010. The Swiss group **Petroplus** announced in October 2010 to cut 253 jobs at its site in Reichstett, France.

Job gains (700):

- Two cases of job creation were announced for Ireland in this subsector. Both **Airtricity** and **Bord Gais** announced job gains in Mai 2010, stating to create 200 and 500 jobs respectively.

Subsector III: Water supply (NACE 40.3 and 41):

The ERM reported five cases in this subsector since January 2010, all of them being cases of job losses. 1324 jobs were announced to be cut in this subsector. The cuts affect Spain, the UK and Romania.

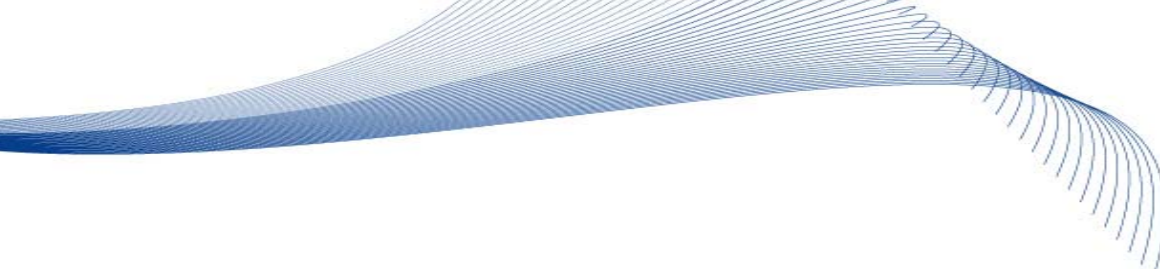
A sample of some recent development in the subsectors in detail:

As already stated the overwhelming majority of restructuring activities in this sector is reported in the subsector "production and distribution of electricity (NACE 40.1)". Since individual cases of company restructuring have already been outlined for Subsector II and III, the following gives an overview only for subsector I.

- Biggest job losses were announced by **E.ON** (EU, 11,000 job losses announced in August 2011). Other big job loss cases were **Tauron Polska Energia** (PL, 1,500 job losses announced August 2010) and **Vattenfall Europe** (DE, 1,500 job losses announced March 2010). Biggest cases of job creation were announced by **Elektrárne Mochovce** in March 2010 creating 1,000 jobs in Slovakia.

Prospects including in the renewable energy sector

On 4 March 2010, the European Commission selected 43 major energy projects for co-financing. These reflect the energy priorities of the EU and are expected to contribute significantly to economic recovery in the EU, while increasing the security of energy supply by creating cross-border infrastructure. € 2.3 billion will be granted over the next 18 months to these 31 gas pipeline and 12 electricity projects. It is the largest amount the EU has ever spent on energy infrastructure. The projects selected are crucial to creating a more integrated energy network in Europe ensuring flexible energy flows, better interconnection between Member States and the opening up of remoter parts, such as the three Baltic States, Ireland and Malta. These investments are designed to help stimulate employment and ensure the survival of many small businesses in the construction and services sectors, and to make energy supplies more reliable for millions of people, especially in the event of a supply crisis.



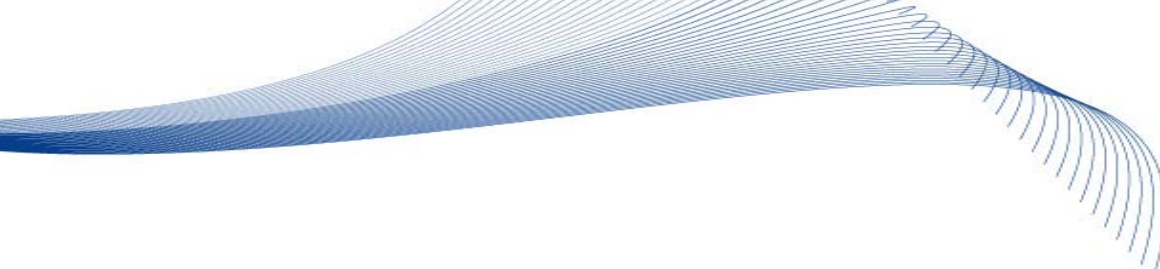
Besides, reflecting the need to achieve the 20-20-20 targets by 2020, the sector is increasingly influenced by the development of renewable energy sources, which should account for 21 % of total electricity consumption in 2011 across the EU, up from 13.8 % in 2000 (Eurostat). These developments are accompanied by recent EU policies that support these new sources of energy, as they are expected to give a significant boost to the economy and employment in the EU (the number of jobs in the sector could double by 2020). The share of low carbon technologies in the electricity mix is expected to increase from around 45 % today to around 60 % in 2020, including through meeting the renewable energy target, between 75 % and 80 % in 2030, and nearly 100 % in 2050.^d The use of renewable energy sources is seen as a key element in energy policy, reducing dependence on fuel from non-member countries, reducing emissions from carbon sources, and decoupling energy costs from oil prices. The second key element entails constraining demand, by promoting energy efficiency both within the energy sector itself and at end-use.

Solar, wind and biomass are the technologies progressing most rapidly. The first two are developed for electricity generation while the latter is predominantly for the heating sector. The main driver of the employment effects in the promotion of the renewable energy sector are the substantial investments required to upgrade the infrastructure — which will create jobs in construction and mechanical engineering — and their supply chains. Analysis undertaken for the Commission suggests that whilst annual capital investment in renewable energy today averages € 35 bn, this would need to rapidly double to € 70 bn to ensure we achieve renewable goals. However, according to the International Energy Agency (IEA), investments in renewable energies dropped by 14 % in Europe during the second semester of 2008 alone, and they decreased further in 2009 by 10 %, while increasing by more than 50 % in China.^e Given the public finance constraints it is important to increase private-sector investment. A previous analysis showed that, from a base of 1.4 million people across the EU, i.e. 0.7 % of the total EU workforce, the renewable energy sector would generate roughly 2.3 million jobs in 2020 under current policies, and 2.8 million jobs if ambitious policies were to be implemented, namely in the framework of the new directive on the promotion of the use of energy from renewable sources.^f

Recent empirical analysis of policies adopted in 2009 with a view to reaching the 2020 green targets, (i.e. four Eco-design implementing measures, the recast of the Energy Performance of Buildings Directive, Regulation on Labelling of Tyres and Regulation EURO 6 for heavy duty vehicles) confirmed the improvement in investments. It showed that these policies will have a rather limited impact on GDP and employment at the aggregate level. However, quite significant impacts are expected at sectoral and local levels. Other drivers affecting employment growth include the amount and way in which revenues (such as emission permits) are recycled, factor substitution (between labour, capital and energy due to higher carbon prices if emission permits are auctioned), and increases in the prices of energy goods (needed to recover the cost of the investment over a longer period). Nevertheless, once the new green infrastructure has been built the associated employment effects will peter out and job growth will mainly be determined by maintenance and replacement. Employment in energy transformation and supply sectors, such as manufactured fuels and gas distribution, is expected to fall in comparison to baseline, in line with reduced demand for (non-renewable) energy.^g

Outlook and skills needs^h

Recent statistical and documentary analyses concluded that the electricity (generation, transmission and distribution), gas (production, distribution and trade), waste (collection, treatment, disposal, recycling) and water (collection, treatment, supply, sewerage) sectors have a number of shared characteristics and face similar trends influencing employment and skills and knowledge needs. The sectors also differ, in degree of competition, privatisation, and incentive regulation, technologies and innovation. Similarly, important differences exist between Member States. The last fifteen years have been characterised by significant sector dynamics due to technological change, R&D and innovation.



In terms of skills needs, one of the main recommendations is to adapt and modernise vocational education and training (VET) and general education systems, on a national basis. In general most Member States at all levels of education tend to focus more than in the past on teaching soft skills, while in some Member States there is a call for conventional knowledge and the teaching of harder skills. This holds both for secondary education (relating to essential knowledge of foreign languages, mathematics, physics and chemistry) and for university education (too broad curricula). In order to seize future employment opportunities and to manage the labour market transitions, it is increasingly important to provide workers with relevant skills. It will be especially important to reduce deficits in management skills and technical, job-specific skills, many of which are related to science, technology, engineering and mathematics (sometimes referred to as STEM).ⁱ A more in-depth analysis of skills issues related to the green economy will be presented in one of the coming editions of the Quarterly Review.

a. Source: Eurostat, national accounts.

b. Source: forthcoming study by Ecorys for European Commission on The number of Jobs dependent on Environmental and Resource Efficiency Improvements. Industry (European Renewable Energy Council) reports similar figures of direct employment.

c. OECD, The jobs potential of a shift towards a low-carbon economy, forthcoming; ILO (2011) study Towards a greener economy: The social dimension, which resulted from a joint EC-ILO project 'Addressing European labour market and social challenges for a sustainable globalization'; ILO (2011) study Skills and Occupational Needs in Renewable Energy, which resulted from a joint EC-ILO project on 'Knowledge sharing in early identification of skill needs'.

d. A Roadmap for moving to a competitive low carbon economy in 2050, COM(2011) 112.

e. European Commission, Directorate-General for Energy, EU 27 key energy figures (http://ec.europa.eu/energy/observatory/eu_27_info/doc/key_figures.pdf).

f. See also http://ec.europa.eu/energy/renewables/studies/renewables_en.htm.

g. Cambridge Econometrics et al. (2011), Studies on sustainability issues – green jobs; trade and labour; study prepared for European Commission, DG Employment, social affairs and inclusion.

h. Comprehensive Sectoral Analysis Of Emerging Competences And Economic Activities In The European Union: Electricity, gas, water and waste; 13/07/2009 (<http://ec.europa.eu/social/main.jsp?langId=en&catId=782&newsId=554&furtherNews=yes>). .

i. Cambridge Econometrics et al. (2011), Studies on sustainability issues – green jobs; trade and labour; study prepared for European Commission, DG Employment, social affairs and inclusion; CEDEFOP (2010) Skills for green jobs; ILO (2011) Study Skills and Occupational Needs in Renewable Energy (ILO, 2011), which resulted from a joint EC-ILO project on 'Knowledge sharing in early identification of skill needs'.



Social impact of the crisis and austerity measures

This section is a collection of short essays on different social topics, in particular in relation to the crisis. A regular quarterly reporting on social issues is limited because of annual frequency and lack of timely social data. The articles will shed

some light on the effects of the economic and labour market developments on inequality, poverty, social climate and various other social dimensions. It will explore social survey data (EU SILC, EU LSF), social data (ESPROSS), labour market data (LMP), other surveys (Eurobarometer, Business and Consumer Surveys) and review publication by other institutions.

SPECIAL FOCUS: SOCIAL IMPACT OF THE CRISIS

The social impact of the crisis reinforces social polarisation

This focus provides an overview based on the latest EU-SILC data covering the social situation up to 2010. Following the leap in unemployment after the 2008 financial crisis, there are signs of rising poverty in many Member States. The impact is particularly worrying in the Baltic States. The crisis has also affected Spain and Ireland to a lesser extent. However even in Member States apparently less impacted at overall level, some population subgroups are severely hit. Those suffering of the most obvious effects of the crisis are those which were already at greater risk before the crisis, namely young adults, children, single parents.

Overall, the risk of poverty or social exclusion³⁷ in the European Union was stable in 2010 compared with 2008, affecting almost one European in four. As expected, the crisis has interrupted the downward trend observed at EU level since 2005. However, this stability hides diverging national trends. Since 2008, the risk of poverty or social exclusion has increased by 6 percentage points (pps) in Lithuania, 4 pps in Latvia, and by 2 pps or more in Spain, Ireland³⁸ and Denmark. On the other hand, the risk of poverty or social exclusion continued to decrease in Bulgaria, Romania and Poland, driven by a strong multi-annual decrease in severe material deprivation.

Signs of rising poverty in many Member States

The risk of poverty rate³⁹ in EU 27 was stable between 2008 and 2010. It increased by 1 pps or more in Denmark, Luxembourg, Slovakia and Spain between 2008 and 2010, and decreased by 4 pps in Latvia and Estonia, and by 2 pps in Romania and Ireland (chart 56)..

However, these trends must be considered with great caution. The risk of poverty refers to a relative threshold determined by the general level of income and its distribution over the whole population. This threshold may change from one year to another as individual incomes change suddenly, as has occurred since the beginning of the crisis in many countries.

This change is due to the fact that various sources of income are not all hit at the same time after an economic shock. Work incomes, wages and salaries, are the first to decrease as the situation on the labour market gets worse. Other sources of income, such as pensions and social benefits, do not adjust immediately. As work incomes decrease while others remain unchanged, there is distortion in the overall income distribution. The median income and therefore the poverty threshold fall. People with an income slightly below the poverty line may move above the line, though their situation has not changed, or has even got worse.

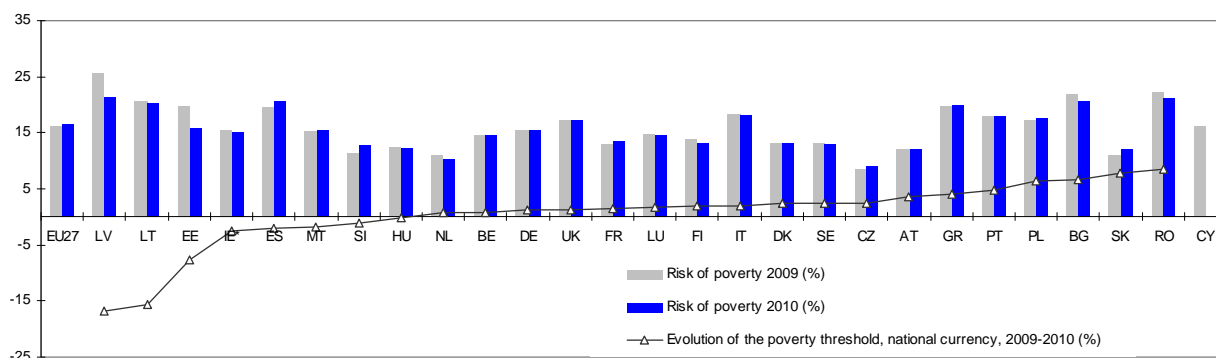
³⁷ People are considered at risk of poverty or social exclusion if they are at risk of poverty or experience severe material deprivation or live in jobless households. This indicator was agreed at EU level in June 2010, and Member States committed themselves to reducing the number of people at risk of poverty or social exclusion by 20 million by the year 2020.

³⁸ The annual income and activity status information in EU SILC refer to the situation of the previous year (reference year) in all countries. Data for Slovakia and Ireland refer, however, to a slightly different concept, as the reference time period is the current year for Slovakia and the last twelve months for Ireland. Other EU SILC variables, such as material deprivation, are referring to the current time period and do not suffer any delay. In this focus, the mentioned year make reference to the EU SILC year, and not the reference year. As Slovakia and Ireland data refer to a different time period, the comparison for both countries has been done on the basis 2007-2009 data, to make the reference year comparable with the rest of Europe.

³⁹ The risk of poverty rate is defined as the percentage of people who live in a household with an equivalised disposable income below 60% of the median income of their country. This is the agreed headline indicator endorsed by the European Council in 2001 to measure poverty at EU level.

Following this scenario, the poverty threshold dramatically decreased in the Baltic States between 2009 and 2010, falling by around 15pc in Lithuania and Latvia, and by 8pc in Estonia. Significant declines in the poverty threshold also occurred in Spain, Ireland, Slovenia and Malta. In such a context, decreases in the poverty rate do not mean that the situation of people improved compared to the previous year, and decreases in the poverty rate after a drop in the poverty threshold, as observed in Latvia and Estonia, are not to be considered as positive outcomes.

Chart 56: Risk of poverty in 2009 and 2010 (reference years 2008 and 2009) and the evolution of the poverty threshold



Source: Eurostat, EU SILC, DG EMPL calculation.

Signs of rising poverty are also showing up through 'severe material deprivation'. Between 2008 and 2010, severe material deprivation dramatically increased in Lithuania and Latvia (by more than 7 pps), and by 4 pps in Hungary and Estonia. It is worth noting that 'material deprivation', capturing a less serious degree of deprivation also increased in Ireland, the Netherlands, Spain, Greece, Malta, and the United Kingdom in addition to the above-mentioned countries. Severe material deprivation continued to decrease in Bulgaria, Poland and Romania.

The uneven impact of unemployment: exclusion from the labour market reinforces social polarisation

Beside these trends, the most severe impact of the crisis has been growing exclusion from the labour market. Between 2009 and 2010 (activity reference years 2008 and 2009), the share of persons living in jobless households (households with zero or very low work intensity) increased from 9% to 10% in the EU overall. The situation has significantly worsened with an increase of 1 pps or more in Bulgaria, Denmark, Estonia, Greece, Spain, France, Italy, Latvia, Lithuania, Portugal, Slovenia and Slovakia. In 2010, the share of people living in jobless households was equal to or above 10% in Belgium, Denmark, Germany, Ireland, Italy, Latvia, Hungary, and the United Kingdom.

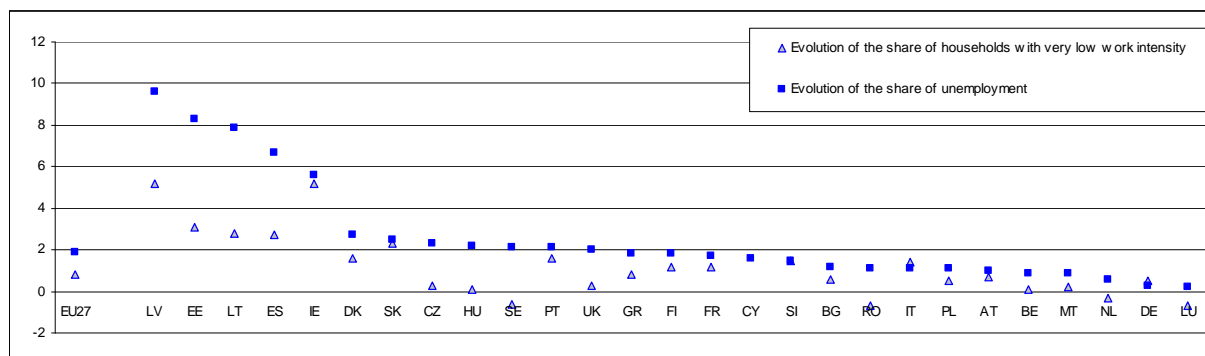
More recent data available through the Labour Force Survey (LFS) provide an alternative and more timely indicator for jobless households⁴⁰. They show that this trend has kept increasing during 2010, especially in the Baltic States (+5 pps or more between 2008 and 2010), Ireland (+6 pps), Spain (+4 pps) and Greece (+3 pps). The share of jobless households has also increased to a lower extent in Denmark, the Netherlands, Finland, Slovenia, Slovakia, Portugal and Bulgaria.

As expected, the share of jobless households increased together with unemployment. The strength of the correlation between both factors varies between countries. In particular it depends on the prevalence and economic vulnerability of single households (education and age) as well as the extent to which households with several working age adults are able to increase or maintain their level of work intensity (e.g. a second earner taking up work or deciding to work more). Chart 57 illustrates the relationship between the rise of unemployment and the rise of jobless households. In some countries experiencing high rises in unemployment (the Baltic States, Spain, the Czech republic, Slovenia, and the United Kingdom), the share

⁴⁰ The jobless household indicators available through the LFS and SILC slightly differ for methodological reasons. First, the LFS is a quarterly survey whereas SILC is annual. Moreover, the LFS asks for working status during a reference week while SILC data are computed on the information during a whole reference year. Lastly, activity status captured by LFS corresponds to the ILO definition while it is self-declared in SILC. For those reasons, both indicators might differ even if they are proxy of the same economic fact. Both are useful as the LFS jobless households indicator provides fresher information whereas the other indicator enables comparison at individual level with other poverty outcomes.

of people living in jobless households has increased to a much lower extent than unemployment. In other countries, the share of jobless households has increased in a similar proportion than unemployment. This can be due to unemployment mainly affecting workers living in the most vulnerable households such as single households (including lone parents), single breadwinner couples, or couples where both are employed in similar jobs with little capacity to increase work intensity. A recent paper from the Social Situation Observatory concludes that 'the increase in the relative number of people living in jobless or low work intensity households was larger in many countries than implied by the reduction in employment in itself'. The increase in low work intensity households hit those in lower paid jobs who were 'more likely to have experienced a decline in the work intensity of the household in which they live than those in higher paid jobs'.⁴¹

Chart 57: Evolution of the jobless households and unemployment rates, reference years 2008-2009 (in pps)



Sources: Eurostat EU SILC 2009 and 2010 and LFS 2008 and 2009.

Note: The LFS and SILC reference periods differ. The LFS reference period consists in the four weeks preceding the interview while the EU SILC is based on an activity calendar covering the previous year. As a consequence, LFS data for the year 2009 refer to the average situation of individuals during 2009 while SILC 2009 data on activity refer to the year 2008.

Increasing polarisation: groups at risk experience worsened situations

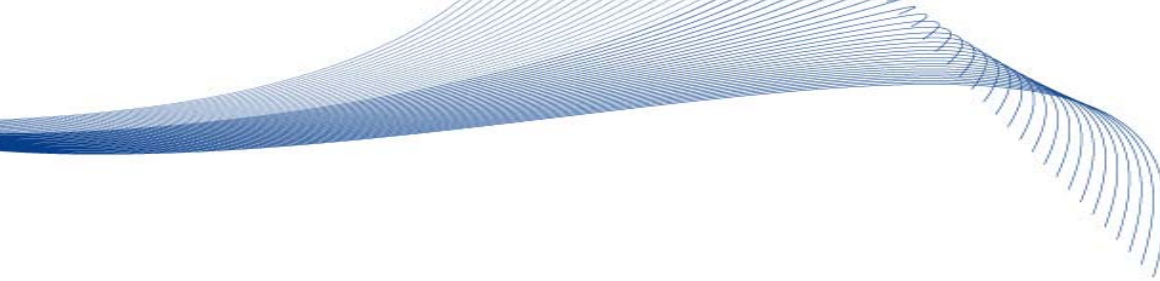
The crisis has not impacted uniformly the population. The situation has worsened for most subgroups already at risk before the crisis, resulting in an increased social polarisation. Even in countries where the overall risk of poverty or social exclusion has kept stable, some population subgroups are strongly impacted while other are protected. For example in the United Kingdom, the risk of poverty or social exclusion remained stable overall, but increased by 2 pps for young adults. On the contrary, it decreased by 4 pps for people above 60. In Germany, the risk of poverty or social exclusion remained stable overall, but increased by 1.6 pps for children.

The age gradient of the recent trends of the risk of poverty or social exclusion is mainly due to the sharp rise in unemployment. Working age adults were hit first, with a direct impact for children growing up in their households. Children, young adults and adults between 25 and 49 have experienced increases in their risk of poverty or social exclusion by 1 pps or more across EU, while those older than 50 have experienced decreasing poverty rates. The risk of poverty or social exclusion for people aged 25-49 has increased by more than 10 pps between 2008 and 2010 in Lithuania and Latvia, by 6 pps in Ireland, by 5 pps in Spain and Estonia. The impact on children is similar; their risk of poverty or social exclusion has grown by 9 pps in Latvia, 5 pps in Hungary, Lithuania, Estonia and Ireland, 3.5 pps in Spain and 2 pps in Belgium, Denmark and Germany.

Combining massive unemployment and low income, the generation of young adults has been severely hit. The risk of poverty or social exclusion for those aged 18-25 has increased by 12 pps between 2008 and 2010 in Latvia, 8 pps in Estonia, 7 pps in Lithuania and Malta by 6 pps in Denmark, and by 4 pps in Greece and Spain.

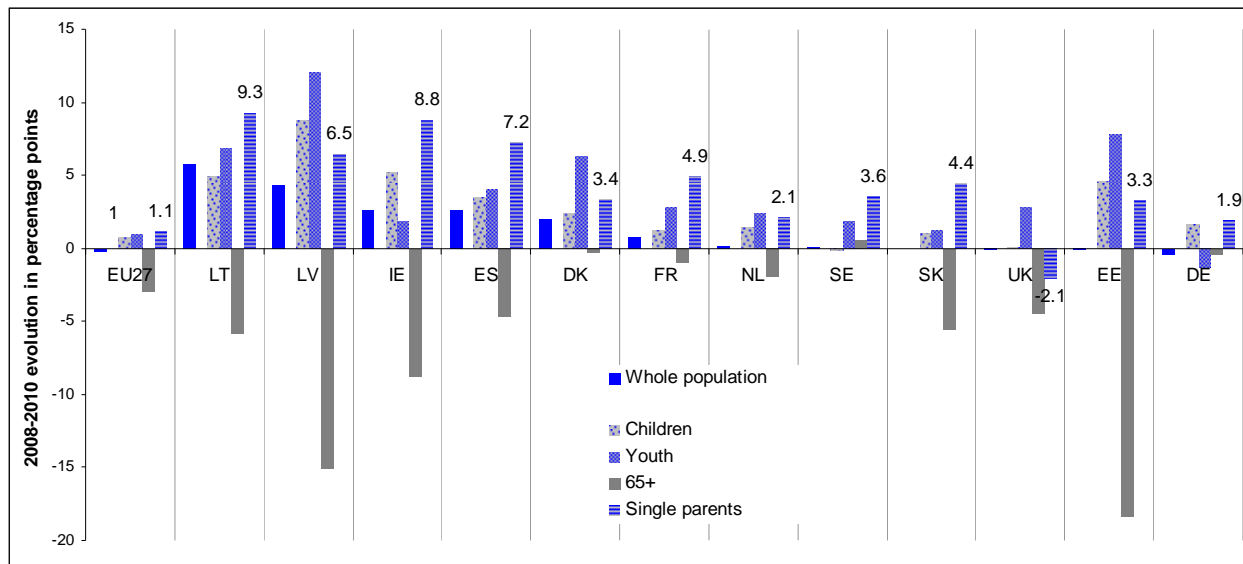
The situation of lone parents has also worsened since 2008. The risk of poverty or social exclusion for single adults with dependant children has increased by 9 pps in Ireland, Lithuania, by 7 pps in Spain and 6 pps in

⁴¹ 'The social effects of employment developments across the EU in the crisis', T. Ward and E. Ozdemir, Applica sprl, European Observatory of the Social Situation Income Distribution and Living Conditions, November 2011.



Italy, 5 pps in France, 4 pps in Sweden, Slovakia and 3 pps in Denmark. It has on the contrary sharply decreased in Romania, the Czech Republic, Portugal, Slovenia and Finland.

Chart 58: The uneven impact of the crisis: 2008-2010 evolution of the risk of poverty or social exclusion for some population groups at risk in selected Member States



Source: Eurostat EU SILC (ilc_peps)

SPECIAL FOCUS: WHO IS BEARING THE COST OF AUSTERITY? A DISTRIBUTIONAL ANALYSIS OF SIX EU COUNTRIES

Key points

- Evidence so far suggests that the effect of the economic crisis and austerity is leading to significant reductions in the level of household incomes but not to large increases in income inequality.
- Government choices over the nature of austerity policies have an effect that may mitigate or exacerbate the overall distributional effect of the crisis on household incomes. In some countries the changes made to taxes, cash benefits and public sector pay have had a progressive effect, in others a regressive one. In some countries households with children have seen their incomes fall further than others; in other countries it is older people who have lost more.
- The story is not yet over. Not only are the effects of public service cuts still to become clear but also new austerity measures affecting cash incomes are in the pipeline in a number of the countries examined here as well as in others across the EU.

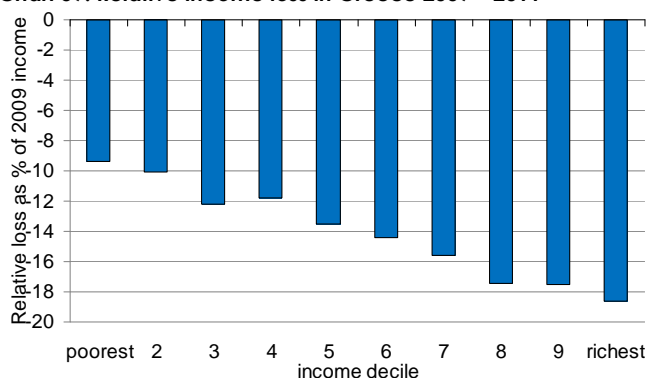
Introduction

The economic crisis which started in 2008 and the austerity measures to counter the subsequent government budget deficits are inevitably affecting income poverty and inequality. Until detailed data for the period become available, however, it will not be possible to establish the scale of this effect and the differences across countries. Even then, it will be difficult to distinguish the effect of the crisis and the policy responses to it from other factors. Here, we use the EUROMOD microsimulation model to simulate the impact of some of the measures in order to gain insight into their effects.

Effects on income of the crisis as a whole

For Greece the effects of the austerity measures 2009-2011 (changes in direct tax and social contributions, public sector pay cuts and cuts in pensions and other cash benefits) plus those due to the wider recession (reductions in wages/salaries in the private sector, self-employment earnings and other incomes, and increased unemployment) across the income distribution are shown in Chart 59.

Chart 59: Relative income loss in Greece 2009 – 2011



Source: EUROMOD

This shows how the cost of the crisis as a proportion of disposable income varies by level of income by between 9% and 19% with the upper income groups paying more than the average, so reducing the overall inequality of income distribution (by 2.6% in terms of the Gini coefficient).

Similar analysis estimating the change in the income distribution as a result of the economic crisis in Ireland and the UK has shown:

- In Ireland, taking account of changes in employment, earnings and direct tax and benefits 2008-2011, the share of the top decile group fell by 2 percentage points and inequality fell (Nolan et al., 2011).

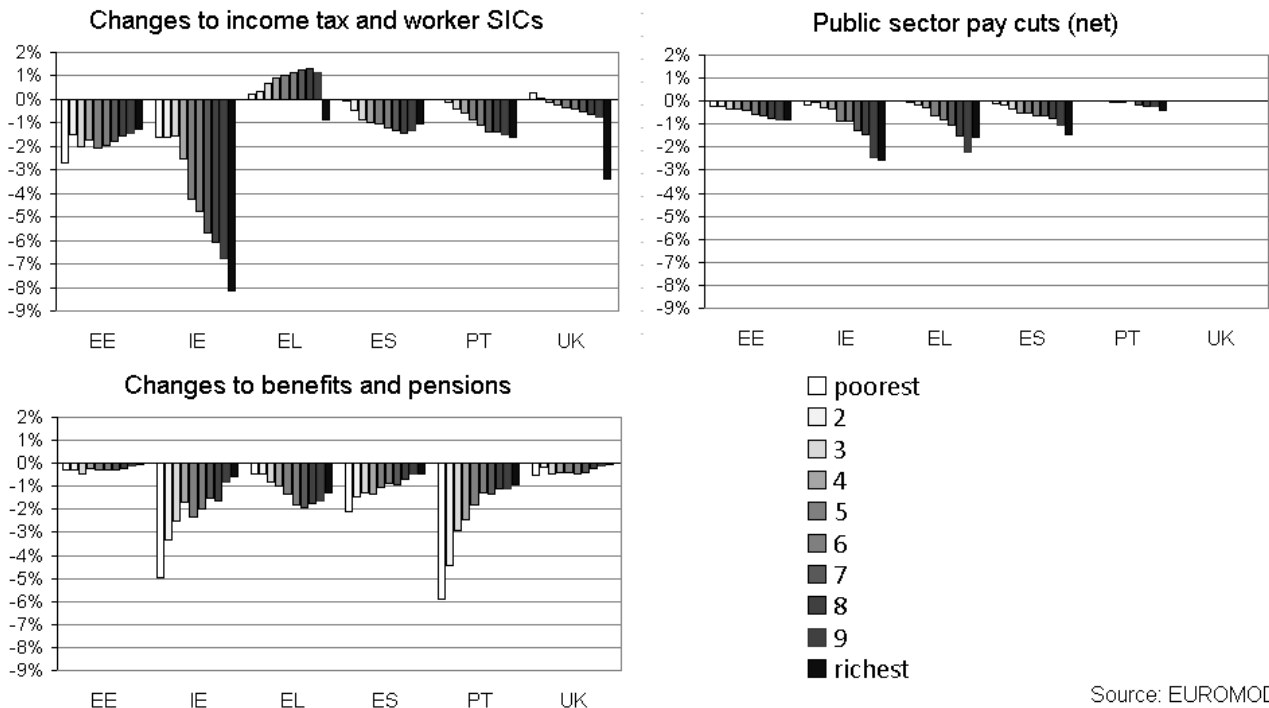
- In the UK, taking account of changes to market incomes, employment and direct taxes and benefits 2008/9-2010/11 inequality stayed fairly constant and the most notable effect was a drop in average incomes (Joyce and Sibieta, 2011).
- However, substantial increases in the cost of austerity to low income groups, and in income inequality, are predicted for the UK using projections to 2013 and beyond, as further tax-benefit changes take effect (Brewer et al., 2011).

Effects of changes to direct tax, cash benefits and public sector pay

It is important to separate out the role of austerity measures from the overall effect of the crisis on income distribution because governments have some choice in deciding which measures to use and who should pay. Analysis of the effects of the austerity packages introduced in six of the countries where attempts to reduce budgets deficit or the scale of the recession have been greatest shows that they have indeed chosen different policy mixes with different distributional implications. These countries are Estonia, Ireland, Greece, Spain, Portugal and the UK, and the austerity measures included are those introduced up to summer 2011.

Chart 60 shows the change in income across the distribution resulting from each of the types of policy measures that have a direct effect on household disposable income and hence income inequality (direct taxes and social contributions, cash benefits and pensions, and public sector pay). It indicates that, even for the same type of policy measure, the distributional impact can vary, depending on the specific changes introduced as well as the underlying income distribution.

Chart 60: Percentage change in household disposable income by type of measure and income level



Source: EUROMOD

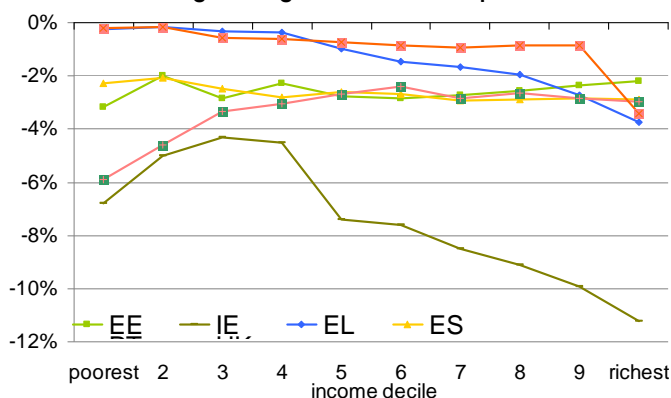
Changes to taxes and social contributions tend to affect those on high income the most. This is most clearly true in Ireland and the UK and less so in Portugal. The effect is greatest for those in the upper-middle of the distribution in Spain while in Estonia it is larger for people at the bottom and in the middle than at the top.

In Greece the choice of a progressive reform to the income tax schedule which involves cuts in taxes for those on middle incomes and increases only at the top (involving a small cut in revenue even if there had been no other changes) has served to mitigate the reduction in income from the crisis for those in the middle of the distribution.

Changes to public sector pay are broadly progressive. Changes to cash benefits and pensions tend to hit those on low income the hardest. This is especially so in Ireland and in Portugal but is not the case in Greece where the largest effect is in the middle of the distribution. Chart 61 shows the combined effect.

Except in Portugal and Estonia, high income households are affected more by public pay cuts, direct tax increases and cash benefit cuts than the bottom decile group. The distribution of the burden of these austerity measures on disposable income is clearly and strongly regressive in Portugal and relatively proportional in Estonia and Spain. It is mildly progressive in the UK, though with a big effect right at the top, also progressive in Ireland (although reductions for the lower middle income groups, where pensioners are concentrated, are smaller than for those in the bottom group), and clearly and strongly progressive in Greece.

Chart 61: Percentage change in household disposable income due to austerity measures by income level



Source: EUROMOD

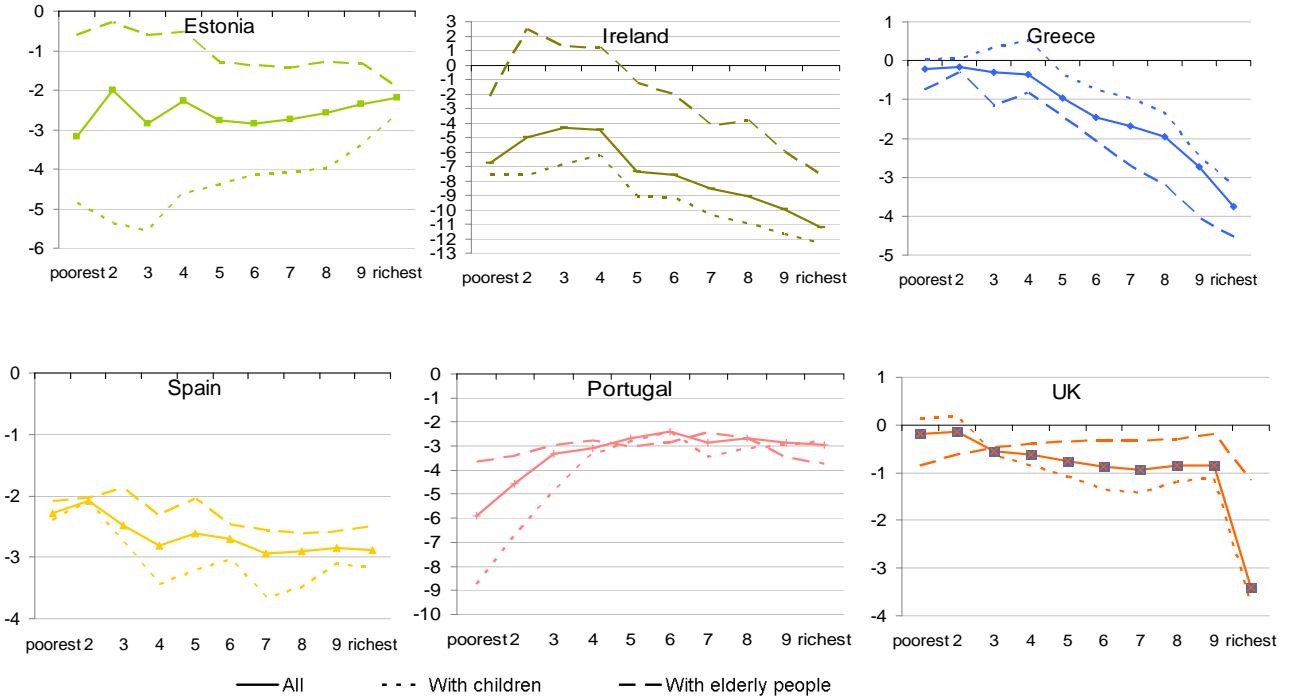
Except in Greece, the measures concerned fall less heavily on older people than on the population in general. This is particularly the case in Ireland and Estonia but not so for those with low incomes in the UK or for those with higher incomes in Portugal. In Greece, pensions are not protected and have been cut at each point of the income distribution.

In all countries, except Greece, the measures have a larger effect on households with children than those without. This applies particularly in Estonia as well as in Portugal at low levels of income. In the UK, counterbalancing increases in means-tested payments for children protect them from losses at the bottom of the distribution. In Greece households with children tend to face smaller reductions in their disposable income than others, right across the income distribution. The cost is also borne differentially by different types of households, as illustrated in Chart 62.

Other austerity measures: VAT increases

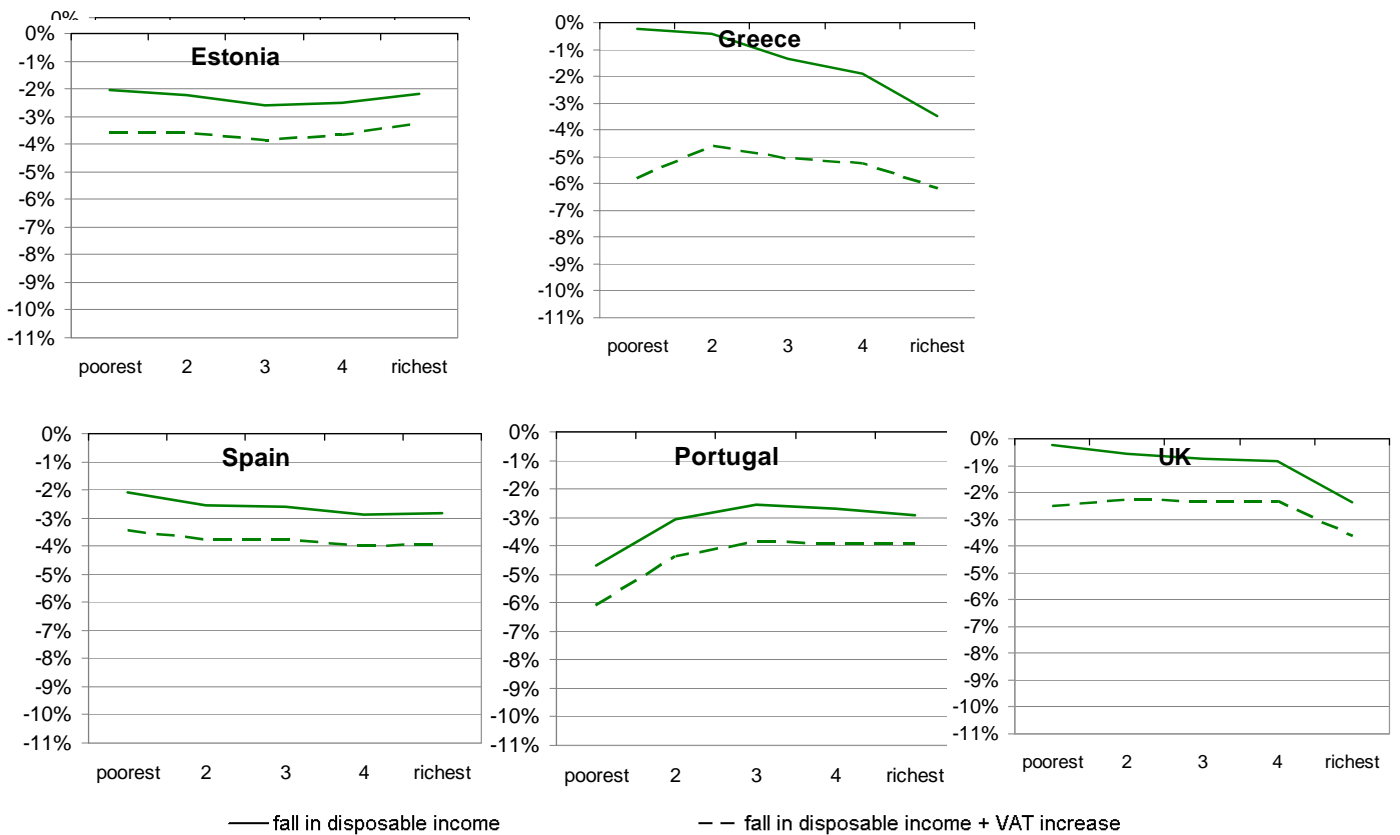
The additional effect of the extra indirect tax paid across the income distribution is shown, assuming no change in spending patterns. In all five countries where the standard rate of VAT was increased up to 2011 the combined distributional effect (dashed line) is more regressive (or less progressive) than the effect of changes in direct tax, benefits and public sector pay alone (solid line). The effect is particularly strong in Greece where the increase in VAT was largest and where (according to the data) household expenditure exceeds household income by a large margin for those at the bottom of the income distribution. Chart 63 shows how adding in the effect of increases in VAT changes the picture, markedly in some cases.

Chart 62: Percentage change in household disposable income due to austerity measures by income level and household type



Source: EUROMOD

Chart 63: Austerity measures as a percentage of household disposable income by income quintile: changes to income components and VAT increases



Source: EUROMOD



Final points and caveats

- The effects of cuts in public services have not been included in the analysis. They are likely to be relatively large and probably regressive but too little is known about their nature, timing and incidence to be able to assess their effects at this stage.
- For Greece, the size of the effect of austerity measures in relation to household disposable income (Chart 61) is much smaller than that of the crisis as a whole (Chart 59). There are two reasons for this: first, the analysis for Greece alone includes the effects of the late 2011 austerity measures as well as the 2010 austerity packages; secondly, the direct effects of the crisis (reductions in market incomes, increasing unemployment etc) which are excluded from the cross-country comparisons, are clearly substantial.
- When comparing across countries, we have limited the analysis to changes that have already been implemented (summer 2011) and have not included the effects of policies which, in Greece, Ireland and the UK, have been announced for later implementation. This is so as to be able to compare these three countries with the other countries where new austerity packages are being discussed and/or may be introduced at some point in time but are as yet unknown. Taking account of changes made over a longer period is likely to show a larger aggregate effect but not necessarily with the same distributional pattern. Analysis of the changes in the UK announced up to 2015 (rather than 2011 as in this analysis) shows a much more regressive picture than indicated here and one in which the number of people at risk of poverty is set to rise.

References:

Callan T., C. Leventi, H. Levy, M. Matsaganis, A. Paulus and H. Sutherland, 2011, "The distributional effects of austerity measures: a comparison of six EU countries" Research Note 2/2011 of the *European Observatory on the Social Situation and Demography*, European Commission. <http://www.socialsituation.eu/WebApp/ResearchNotes.aspx>

A revised version of: Matsaganis M. and C. Leventi, 2011, "The distributional impact of the crisis in Greece", EUROMOD WP No. EM3/11. <http://www.iser.essex.ac.uk/publications/working-papers/euromod/em3-11.pdf>

Papers by Nolan et al. and Joyce and Sibieta in Jenkins S.P., A. Brandolini, J. Micklewright and B. Nolan (eds.), 2011. "The Great Recession and the Distribution of Household Income", presented at XIII European Conference of the Fondazione Rodolfo De Benedetti, Palermo. http://www.frdp.org/upload/file/report_1_palermo.pdf

Brewer M., J. Browne and R. Joyce, 2011, Child and working-age poverty from 2010 to 2020, IFS Commentary C121. London: The Institute for Fiscal Studies. <http://www.ifs.org.uk/publications/5711>

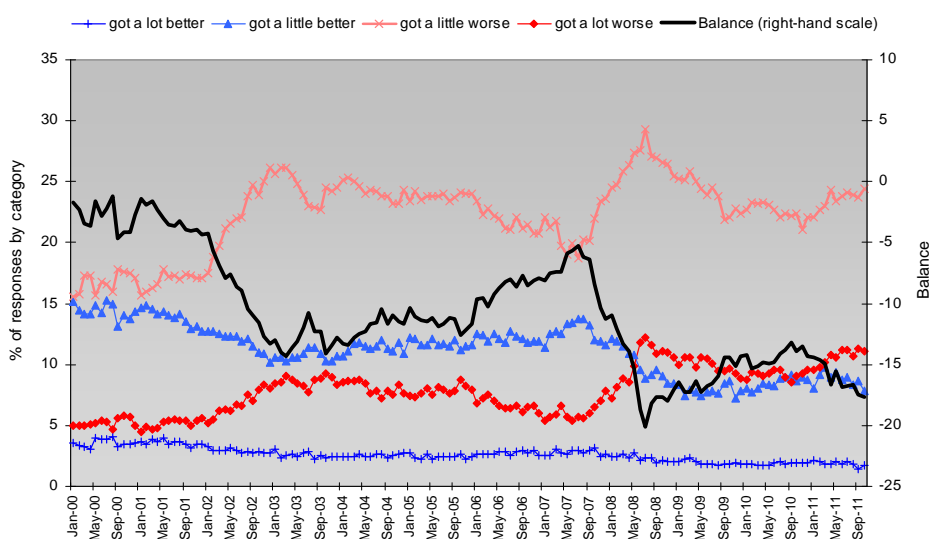
Authors: Holly Sutherland, Manos Matsaganis

SPECIAL FOCUS: MONITORING THE FINANCIAL SITUATION OF HOUSEHOLDS

Consumer surveys carried out under the joint harmonised EU programme of business and consumer surveys⁴² can provide – among other things – timely information on the financial situation experienced by households. In particular, the monthly question about the *current financial situation* allows to monitor the share of EU households which are facing financial difficulties in terms of having to draw on their savings or are running into debt in order to cover their current expenditures.

Results from this survey indicate that, for the EU population as a whole, views on how *household financial situations have developed*⁴³ over the year continue to deteriorate, continuing the downward trend observed since autumn 2010 (Chart 64). Since the trough observed in the summer of 2008, consumers' assessment of the change in their financial situation over the previous 12 months have recovered only partially, remaining well below the level of the cyclical peak in 2007. However, this already subdued recovery came to a halt in autumn 2010, and since then the indicator has been weakening again. This reflects an underlying rising trend in the share of households reporting that their financial situation had got a little or a lot worse over the previous 12 months. The share reporting the situation had got a lot worse is now almost back to around the levels observed in autumn 2008, when there was a sharp rise from mid-2007 to mid-2008 as the financial crisis accelerated and despite the subsequent gradual decline over the following two years through to autumn 2010. The more recent deterioration in household positions may reflect the combined impact of factors such as higher inflation (reflecting high energy and food commodity prices), rises in indirect taxes, low or stagnant wage growth and austerity measures, which may increasingly constrain government room for manoeuvre to ease worsening household and consumer finances.

Chart 64: Change in financial situation of households over the last 12 months (2000-2011)



Source: Joint harmonised EU consumer surveys
Note: Data not seasonally adjusted.

When focusing on the reported *current situation of households*, and in particular households' exposure to more negative financial situations – in terms of being able to cover expenses only by drawing on reserves or making new debts (which can be combined into an indicator of "financial distress"⁴⁴) – the share of households experiencing financial difficulties across the EU has been steadily increasing since the

⁴² For further information on the Business and Consumer Survey, visit the website at:

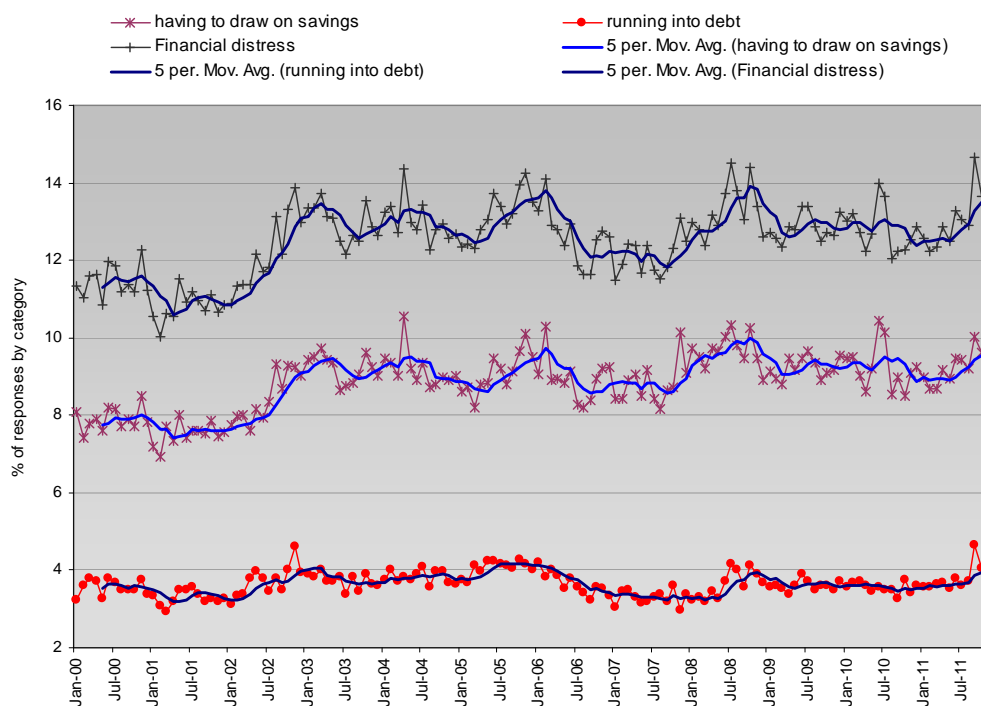
http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm.

⁴³ 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.

⁴⁴ The combined share of households reporting that they are either having to draw on savings or are running into debt.

beginning of 2011 (Chart 65). In particular, there has been a recent upturn in the share of households having to draw on savings, while people running into debt are back up to around levels observed in late 2008.

Chart 65: Share of households reporting financial difficulties (2000-2011)

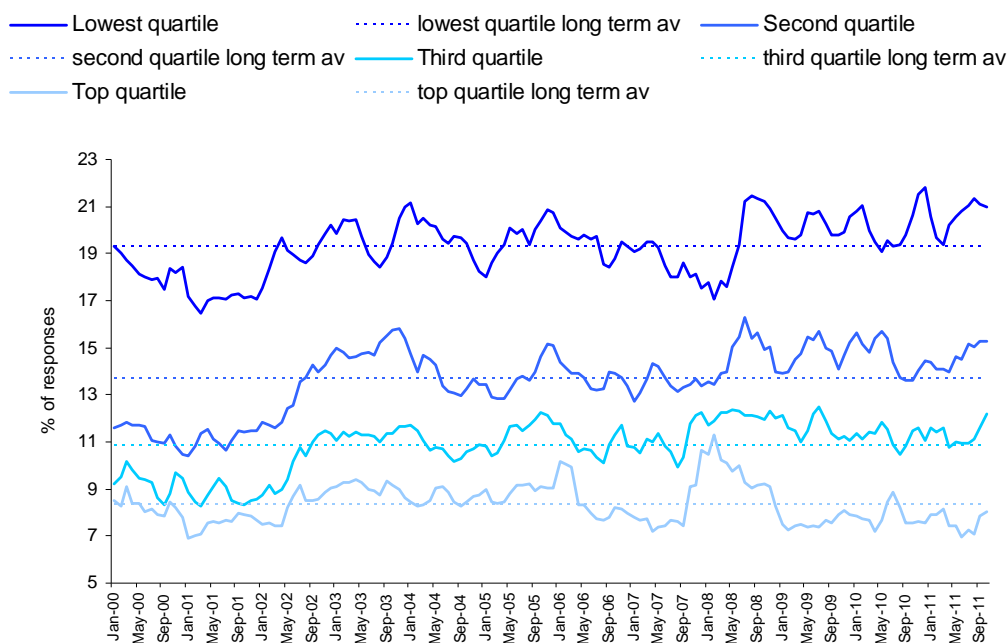


Source: Joint harmonised EU consumer surveys
 Note: Data not seasonally adjusted.

Focusing on developments in financial distress for households in different income quartiles, there has been a noticeable recent rise in financial difficulties across the two lower income groups since spring 2011, which may now also be starting to show for the upper income quartiles (Chart 66). Nevertheless, for the upper quartile the level of financial stress remains below its long term average (for the period since 2000), while for all other groups it is currently well above their respective long term averages.

Taking developments since the 2008 crisis as a whole, it is clear that the effect of the crisis has been somewhat different according to the level of household income. Higher income households reported earlier strongly rising levels of financial stress (from late 2007) while the lower income quartile households only started reporting significant rises from spring 2008. However, the upper quartile households have recovered more strongly and rapidly following the crisis. In particular, the upper quartile group saw financial stress levels fall below the long-term average already by early 2009 and there have broadly remained below subsequently. This may suggest that richer households have suffered relatively much less than the other quartiles from the lingering effects of rises in financial stress due to the crisis. The third-quartile group had also seen financial stress gradually fall to levels around the long term average before the recent upturn since the summer. In contrast, once the lower income quartile groups started to feel the heightened financial stress from the crisis they have generally continued to do so over the subsequent period, albeit following a rather volatile pattern. For both lower quartiles the financial strain indicator generally remained significantly above their respective long term averages for almost the entire period since late 2008.

Chart 66: Reported financial distress in households by income quartile of household (2000 – 2011)



Source: Joint harmonised EU consumer surveys & DG EMPL calculations.
 Note: 3 month centred moving average figures.

The underlying behaviour of the categories used to construct the financial stress indicator also reveals to some extent diverging responses according to income quartile (Chart 67). For the lowest quartile, the share of respondents reporting that the household is running into debt has been broadly rising since the onset of the crisis, while in the other quartiles the share does not exhibit any significant pattern (other than perhaps a slight decline from late 2008 onwards for the upper quartile).

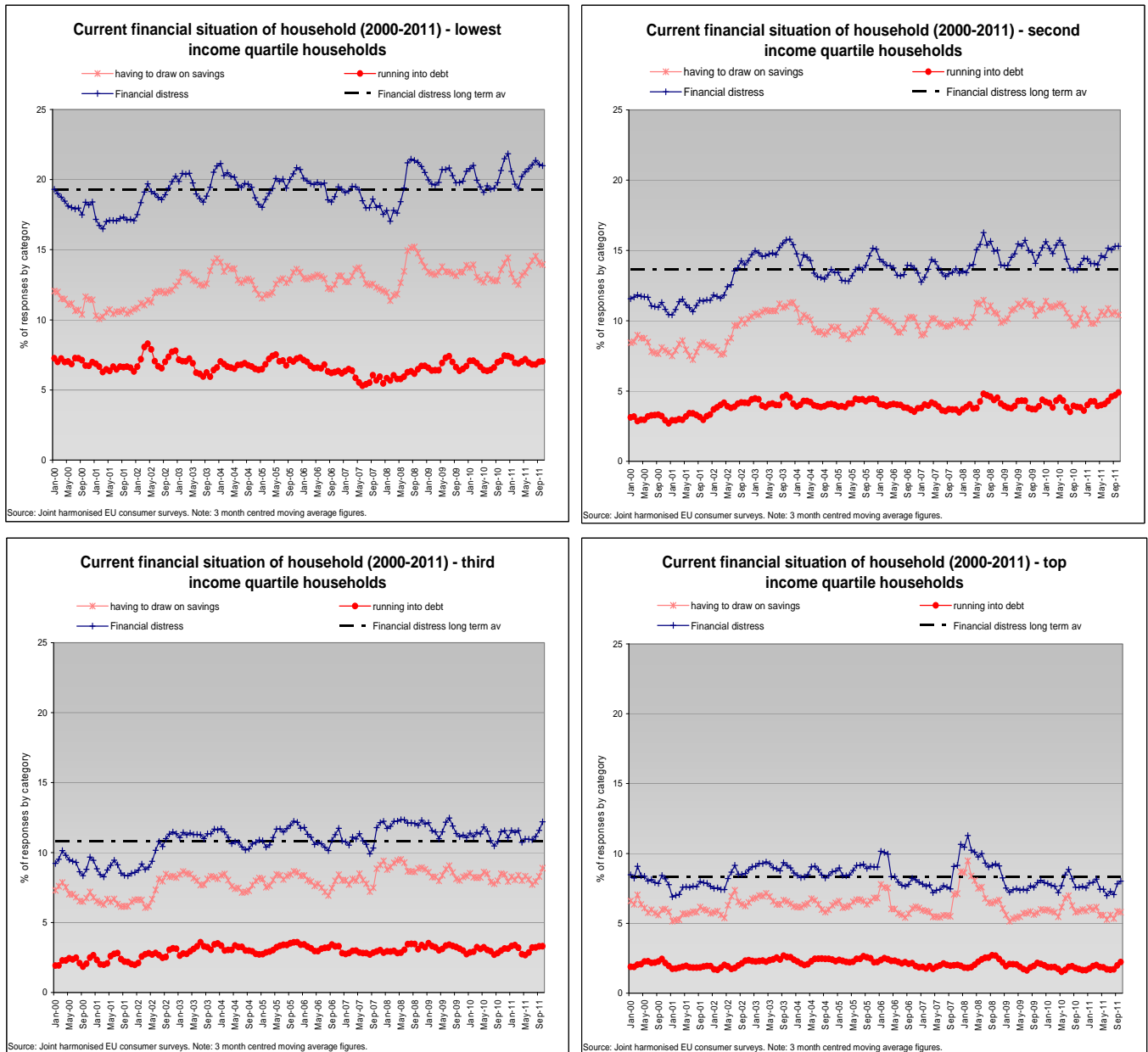
The situation in individual Member States

With regard to the balance figures on household financial situations for individual Member States (Chart 68), there is quite marked divergence in developments across countries, which is masked in the EU aggregate (for which individual country results may be compensating for each other).

Among the larger Member States, the balance of consumer opinion on the current household financial situation declined markedly following the onset of the crisis in Spain and the UK and has remained at suppressed levels subsequently with no signs yet of a sustained recovery. A similar pattern can be seen for Italy. In contrast, although France and Germany also saw drops in the balance at the onset of the crisis (which was relatively limited in the latter) these Member States have witnessed a strong recovery since the summer of 2008, to levels well above those even before the crisis. Nevertheless, recently there have been signs of the situation weakening in both countries.

Among southern Member States, Greece has experienced a very pronounced downward trend in the balance over the year. This indicates a strong deterioration in household financial situations in Greece, which is also mirrored to some extent by developments in Cyprus and in Portugal. Most of the core continental Member States have seen a downturn in the aggregate household financial situation in recent months, the exceptions being Belgium and the Netherlands. In the case of the latter two, however, a deterioration was observed in the first half of 2011. The recent deterioration has been most marked in France and Luxembourg, which have seen the marked recovery in household finances since the crisis now start to reverse.

Chart 67: Current financial situation of households by income quartile (2000 – 2011)



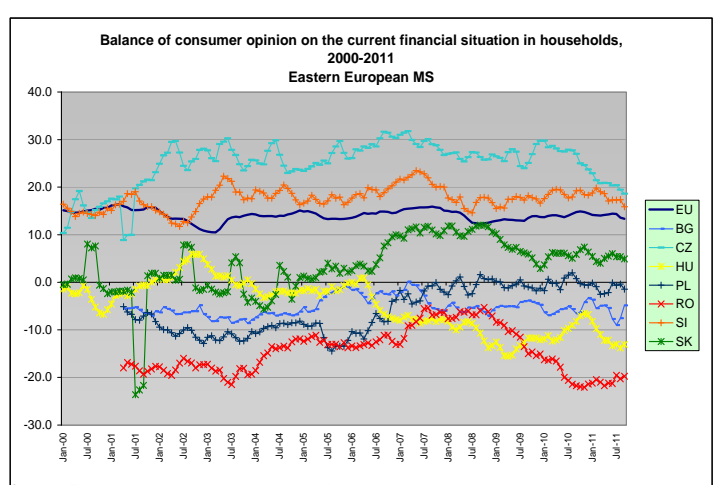
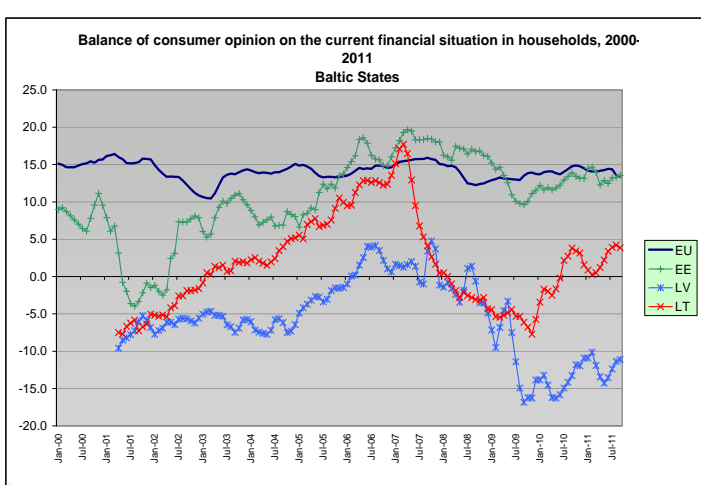
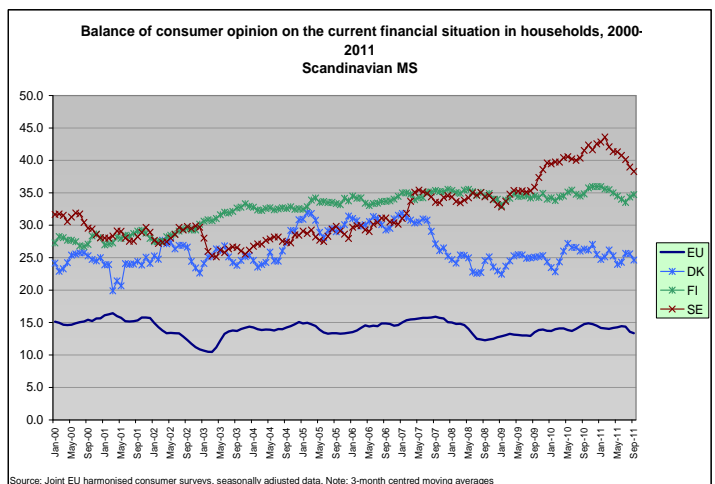
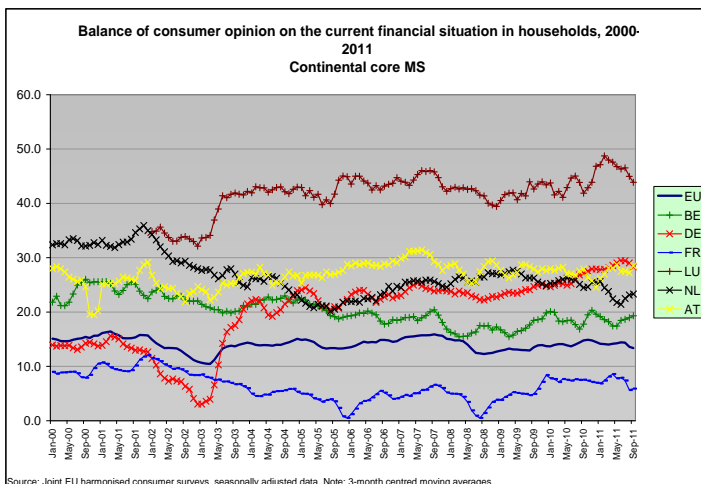
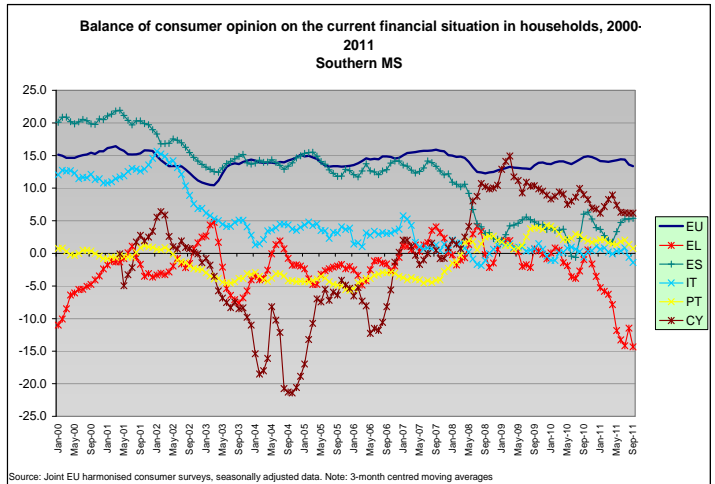
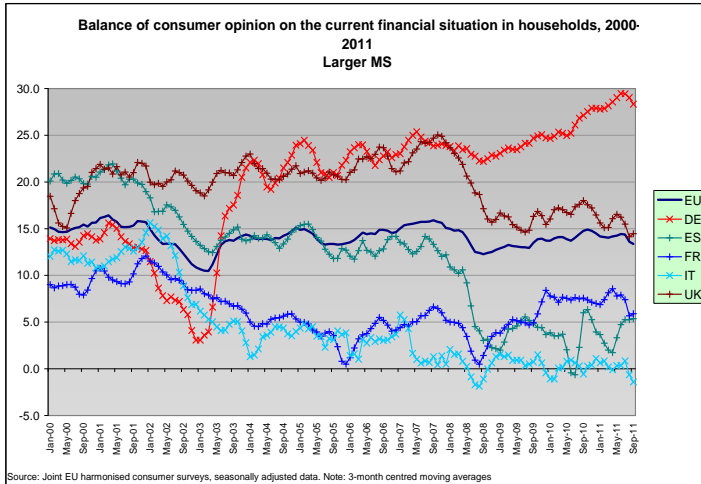
Among the Scandinavian Member States, developments had been remarkably positive in Sweden until early 2011. However, since then the aggregate household financial situation has worsened notably. Households in Finland do not seem to have seen any marked deterioration in the aggregate household situation due to the crisis. In contrast, Denmark experienced a marked decline in the balance as the crisis hit, followed by a rather faltering upturn afterwards, which has recently been fading away.

The three Baltic States all experienced quite dramatic declines in household financial situations from 2007 to late 2009, but all have witnessed a recovery over the last two years, with no obvious sign of any reversal in this trend.

In contrast, among the other eastern European Member States trends over 2011 have broadly been towards worsening household financial positions on aggregate, apart from a slight improvement in

Romania, and also in Bulgaria over recent months. The situation in the Czech Republic and Hungary has worsened quite sharply since 2010, and also more recently in Slovenia.

Chart 68: Balance of consumer opinion on the current financial situation of households by group of countries, 2000 - 2011



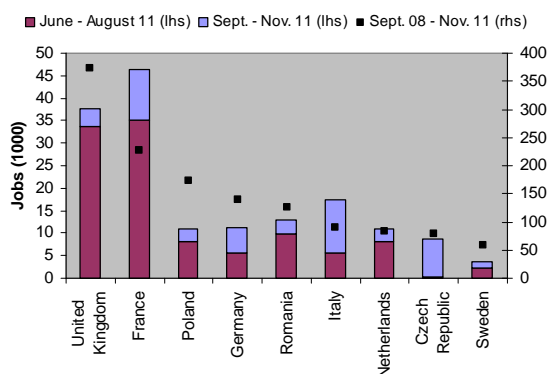
Impact of restructuring on employment

The European Restructuring Monitor (ERM) recorded a total of 277 cases of restructuring between 1 September 2011 and 30 November 2011.⁴⁵

Announced job losses continued to outnumber announced job gains

These cases involved 75,723 announced job losses and 32,276 announced job gains. The member states with the largest announced job losses were Italy (11,751 jobs) and France (11,172 jobs), followed by the Czech Republic (8,460 jobs), Greece (6,964 jobs) and Germany (5,647 jobs). Chart 69 puts these changes into perspective, over the longer period starting in September 2008.

Chart 69: Announced job losses for selected Member States



Source: Eurofound, ERM.

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

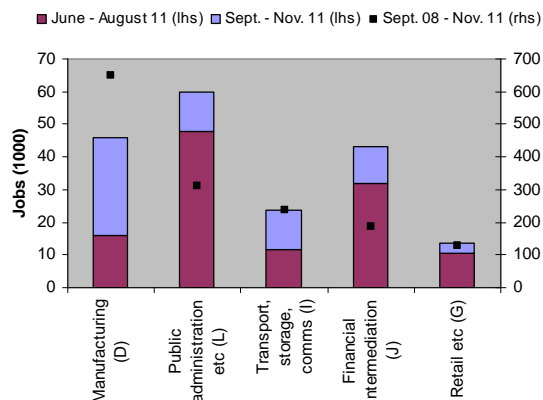
Between September and November 2011, manufacturing (29,978 jobs) was the sector the most affected by announced job losses, as shown on Chart 70. Other significantly affected sectors included public administration (12,279), transport and communications (11,882 jobs) and financial intermediation (10,913 jobs).

In **manufacturing**, the biggest case of announced job losses relates to **Nokia Romania** which announced in September 2011 its intention to close its factory in Jucu dismissing all 2,200

employees. The measure is part of an ample restructuring plan promoted at Nokia group level, which aims to concentrate activities in its Asian units. Nokia's plant in Jucu was opened in 2008 after the company announced its decision to close its German manufacturing plant in Bochum and to offshore large part of the production to a new plant in Jucu.

Other significant losses have been announced at French car manufacturer **PSA Peugeot-Citroën** which announced to its Central Works Councils that 1,900 jobs will be cut in France. This is part of a European restructuring plan announced on the 26th of October. PSA announced that it would make 4,300 job cuts in Europe in 2012, as part of a recovery plan to save 800 million euro in 2012. In France, PSA will make 1,900 permanent employees redundant (500 in R&D services, 1,000 in production and 400 in other divisions). More job cuts will occur through the termination of contracts with external providers and temporary workers. The greatest cuts in France are expected in R&D, with 2,100 job losses in total of which 500 jobs are located within the group and 1,600 at subcontractors. The company has announced it will try to avoid forced redundancies. There will be a voluntary departure plan with departure into retirement, a fostering of internal mobility and a decrease in the employment of temporary workers to increase employment opportunities for its internal workforce.

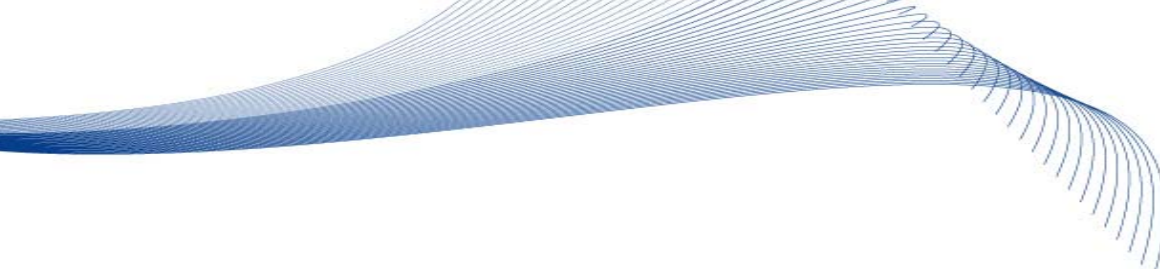
Chart 70: Announced job losses by sector for the EU



Source: Eurofound, ERM.

Further losses in the sector have been recorded as the Commercial Court of Lyon announced the liquidation of the independent newspaper publisher **Comareg** and its printer subsidiary **Hebdo Print**, resulting in 1,650 job cuts. The 1,150 employees of Comared and the 500 of Hebdoprint were dismissed by end of November.

⁴⁵ Data in this report are based on an extraction from the ERM database on December 5th 2011. 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.



More losses were recorded as Finnish electronics manufacturer **Elcoteq** declared bankruptcy in October and announced the closure of its plant in Pécs (Hungary) resulting in the dismissal of 1,515 workers. In 2010, the company had dismissed 680 employees. Several losses have also been recorded as South Korean conglomerate **Hansol**, which used to be one of the main subcontractors of Samsung in Slovakia producing display units for TVs and PC monitors, announced it closed its operations in Voderady. The closure resulted in 1,400 redundancies. Moreover, electronic component manufacturer **Freescale** announced that its Toulouse plant will be closed in June 2012 and as such its 821 employees will lose their jobs. Additionally, between 450 and 500 temporary workers are also affected by the closure. The company decided on the closure of the plant in 2009. Initial date for the closure was 1 January 2012 but due to an increase in demand of its customers who wanted to stock up on components before the closure, the closing date was postponed to June 2012.

In **public administration** large job losses were recorded as the **Czech government** announced its intentions to cut 8,000 jobs in 2012 across all **ministries, departments, government organizations and state institutions** in order to save public spending. The Ministry of Justice is the only department where no jobs cuts will occur; indeed about 545 new jobs are to be created there (Prison Service needs 345 officers and 200 civil workers). More losses in the sector relate to the restructuring of several **Greek public custom offices** which will lead to 3,000 job losses. The first step of the restructuring will be the integration of 14 customs offices and of dozens of smaller departments with the aim to reducing costs. These changes will occur in all 50 customs control's units in the country.

In **transport and communications**, the management of the state-owned **Bulgarian State Railways Holding** (BDZ Holding) announced in November its intention to lay off 2,000 administrative, repair and maintenance staff as part of larger cost-reduction measures. More losses in the sector have also been announced at the public transport sector division of the **region Campania**, in Italy, where the Campania Region and the local social partners have reached an agreement in order to support the public transport sector. Following the latest economic measures approved by the Italian government envisaging heavy financial cuts for public transport, the Campania region announced the need for around 2,000 job-cuts in the sector (out of around 14,000 employees). For this reason, the Campania Region and the social

partners reached an agreement that envisages economic incentives for voluntary dismissals and a regional fund with the aim of supporting public transport at local level. Other substantial losses have been recorded at **Telekomunikacja Polska** (TP- Polish Telecom) which announced a voluntary dismissals programme affecting 1,150 people in 2012. The cuts are part of a restructuring programme named "Social Agreement 2012-2013", which is a bilateral agreement between the company and local trade unions. The core point of this programme is the voluntary dismissals programme, which will be introduced on 1 January 2012. 1,150 people are expected to be affected by the programme in 2012 and as much in 2013. The programme is directed at people with a minimum six years of placement. The affected workers will receive a severance pay (from 4 to 15 months' wages). Moreover, people with a minimum of twenty years of placement will receive additional compensation worth 20,000 PLN (approx. 4,500 EUR).

Large losses have also been recorded as the commercial court of Bobigny, France, announced at the end of September the liquidation of freight transport group **Mory** that employed 5300 people and that was placed in receivership last June. Under the court decision the company was split in two companies who will take over its activities. Investment fund Caravelle took over the express transport activities, Mory Team, and it aims to preserve 2800 jobs out of a total of 3,500. In total the social plan affects over 800 Mory's employees and will be financed by public authorities.

In **financial intermediation** large losses have been recorded at Italian banking groups. **Unicredit**, a leading European bank based in Italy, announced in November it is to cut 5,200 jobs in Italy between 2011 and 2015. The job cuts are believed to be achieved mainly through incentives for taking-up early retirement and a turnover freeze. The previous reorganisation plan (business plan 2011-13) envisaged 3,000 job-cuts in Italy. Unicredit will start negotiations with the trade unions in order to find adequate measures to reduce the negative social effects caused by the plan. These cuts are part of the announcement of the new 2011-15 strategic plan. The plan is based on four pillars: (1) Balance sheet structure; (2) Simplification and cost management; (3) Business refocusing; and (4) Italy turnaround. According to the company, this plan is needed in order to cope with the effects of the overall slowdown of the global economic environment and with the European sovereign debt crisis. **Banca Nazionale del Lavoro** (BNL), an

Italian banking firm, announced it is to cut 1,000 jobs by the end of 2014. The new reorganisation plan also inhibits the opening of 40 of 50 new branches as previously announced. According to the bank, the curb of costs is mainly due to the recent worsening of the global financial and economic situation. In the next months, Bnl will start negotiations with trade unions in order to find adequate measures to reduce the negative social effects caused by the new reorganisation plan.

Substantial losses have also been announced at insurance company **Aviva**, which announced 950 redundancies across Ireland. It is understood that the company intends to focus job cuts at its Irish division and at its European business division, also based in Ireland, in what the company portrays as a cost-saving exercise. The redundancies are expected to take effect from March 2012. Furthermore, in October, Josef Ackermann, CEO of Deutsche Bank, announced that 500 jobs (out of over 10,000) will be cut within **Deutsche Bank's investment banking branch**.

Between September and November 2011, the largest restructuring cases involving job loss were in:

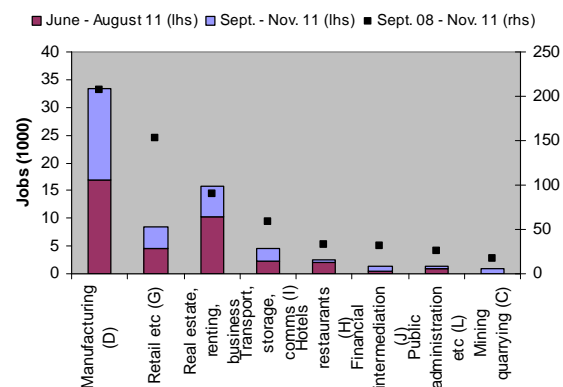
- **Manufacturing:** *Nokia* (RO, 2,200 jobs), *PSA Peugeot Citroën* (FR, 1,900 jobs), *Comareg* (FR, 1,650 jobs), *Elcoteq* (HU, 1,515 jobs), *Hansol* (SK, 1,400 jobs), *Freescale* (FR, 1,271 jobs).
- **Public Administration:** *Public Service of the Czech Republic* (CZ, 8,000 jobs), *Greek Customs Offices* (GR, 3,000 jobs), *Stockport Council* (UK, 471 jobs).
- **Financial intermediation:** *Unicredit* (IT, 5,200 jobs), *Bnl* (IT, 1,000 jobs), *Aviva* (IE, 950 jobs), *Deutsche Bank Investment Banking* (DE, 500 jobs).
- **Retail:** *Praktiker* (DE, 1,400 jobs), *Atlantic* (GR, 800 jobs).
- **Construction:** *Rdb* (IT, 600 jobs).

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

Of the 32,276 new jobs announced during September and November 2011, almost half new jobs were in manufacturing (16,609 jobs), as highlighted by Chart 71. Other significant job gains were in real estate/ business activities (5,589 jobs), retail (4,055 jobs) and transport and communications (2,262 jobs).

As in the previous quarter the ERM continues to record an expansion in car manufacturing. Japanese multinational car manufacturer **Toyota** announced plans to create 1500 new jobs at the company's Derbyshire (UK) plant. 500 people will be hired until mid-next year, while the remaining 1000 jobs are to be created over the next two years. This business expansion nonetheless follows the cutting of several hundred jobs at the Derbyshire plant over the last three years.

Chart 71: Announced job gains by sector for the EU



Source: Eurofound, ERM.

Car components manufacturer **Yazaki** announced it is to create 1,000 new jobs at its new production unit that will be opened in Caracal, Romania, while **Kia Motors Slovakia** has announced the expansion of its business in Žilina and the creation of 1,000 new jobs from January 2012. Moreover, as a result of the expected increase in sales by 17%, 900 new employees will be employed in Germany at the premises of **ZF Friedrichshafen**, a supplier for the automotive industry. Furthermore, at the end of November, car manufacturer **PSA Peugeot-Citroën** announced it is to recruit 500 employees at its plant of Trémery (Moselle) to work on a new generation of more fuel-efficient small gasoline engines. One half of the new positions will be proposed to employees of the group affected by the 1,900 job cuts already announced in November and described above.

Another large announcement in the sector relates to aircraft manufacturer **Airbus** which announced it is to hire 1,200 people at its production and research departments by the end of 2011.

In real estate/business activities, the largest case of job gains relates to the announcement of 1,000 new jobs to be created by 2013 at the residential properties firm **Deutsche Annington**. These jobs are reported to be created both by hiring 400 additional caretakers all over Germany and in two steps until 2013, by a joint venture with



B&O Messtechnik & Service company. More new jobs have also been recorded as the Group **Bull** announced it plans to recruit 500 employees in France; 25% of recruitments consist of young engineers. The group will recruit a total of 1,000 employees world-wide (including the 500 in France) as it did in 2010, and in particular in Poland (150 recruitments) and Brazil (100). More jobs in the sector have also been announced as computer software company **Adobe** has created 300 jobs when it opened its European headquarters in Maidenhead, UK, while real estate agency network **Solvimo** announced it would recruit 300 real estate agents before the end of 2011 at its 160 French agencies. Job gains have also been recorded as IT consultancy firm **Micropole** has announced its intention to recruit 300 employees in France by end of 2011. Micropole will also recruit 150 employees in other European countries (Belgium, Switzerland). In September, consultancy group **PricewaterhouseCoopers (PWC)** has announced it is seeking to recruit almost 300 people in Ireland. 250 of these will be part of its graduate recruitment programme, while the remainder positions will be filled by professionally qualified new recruits filling strategic roles across the firm.

Between September and November 2011, the biggest cases involving job gains were:

- Manufacturing: *Toyota* (UK, 1,500 jobs), *Airbus* (FR, 1,200 jobs), *Yazaki Romania* (RO, 1,000 jobs), *Kia Motors Slovakia* (SK, 1,000 jobs), *ZF Friedrichshafen* (DE, 900 jobs).
- Real Estate/Business activities: *Deutsche Annington* (DE, 1,000 jobs), *Bull* (FR, 500 jobs), *Adobe* (UK, 500 jobs), *Solvimo* (FR, 300 jobs), *Micropole* (FR, 300 jobs), *PricewaterhouseCoopers* (IE, 300 jobs).
- Retail: *Kingfisher* (UK, 1,100 jobs), *Carrefour Romania* (RO, 900 jobs), *Carrefour Romania* (RO, 350 jobs), *Globus* (CZ, 330 jobs).

Transport/Communications: *Amazon* (UK, 1,100 jobs), *Lufthansa* (BG, 350 jobs). *Magyar Posta* (HU, 272 jobs).

Latest developments in selected Member States⁴⁶

This section provides an overview of recent developments and forecasts at Member State level. This issue focuses on the situation on the labour market and the social situation in Austria, Cyprus, the Czech Republic, Luxembourg, Malta, the Netherlands, Poland, Slovakia and Spain. Priority has been given to the most recent reports and forecasts (dating from October 2011 to early January 2012) from reliable sources at country level, supplemented by relevant data from Eurostat.

AUSTRIA

Austria's economy, not hit as hard by the recession as other countries in Europe, has been recovering. Unemployment rates are improving, employment is growing and the proportion of the population at risk of poverty or social exclusion continues to be one of the lowest among Member States.

These trends are reflected in the social climate Eurobarometer published in October 2011, which indicates a relatively high score for Austria (ranking 7th in the EU) on citizens' evaluation of 'personal job situation' and a higher increase than the EU average. Austria also ranks highly on the evaluation of 'financial situation of own household' and 'economic situation of the country'. Austria tops the rankings on the evaluation of 'employment situation', with a significant increase from the previous year.

The Austrian GDP growth, averaging a 3.8% year-on-year change in the first three quarters of 2011, was mainly driven by manufacturing, as well as through increases in investment. This trend follows a 2.3% year-on-year increase in GDP in 2010. Although the Commission autumn forecast suggests 2.9% GDP growth in 2011, only 0.9% is forecast for 2012 because of predicted sluggish private consumption and less investment due to tighter financing conditions. According to the forecast, real wages have been squeezed since mid-2010 due to rising inflation, and this started to impact on consumer confidence in autumn 2011.

⁴⁶ This section aims at presenting a more in-depth picture of the recent developments in selected Member States. All small to average-sized Member States are reviewed once a year, while larger Member States (Germany, Spain, France, Italy, Poland and the UK) are covered twice a year, on a rotating basis.

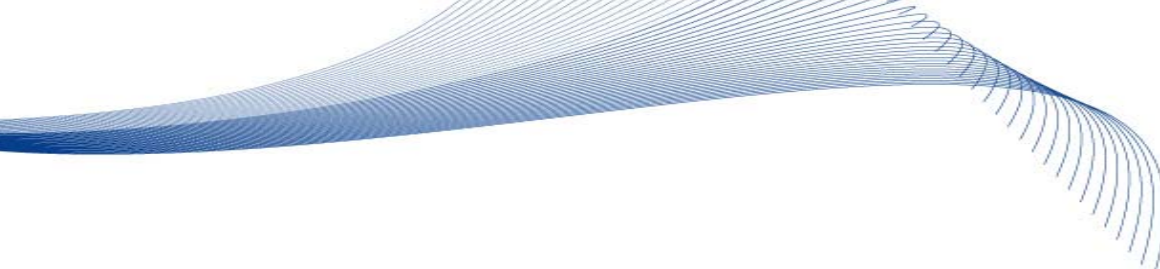
The unemployment rate in the third quarter of 2011 stood at 3.8%, down by 0.3 percentage point (pp) on the previous quarter and by 0.6 pp on the same quarter 2010. It is clearly the lowest unemployment rate in the EU, 0.6 pp below the Dutch rate, second lowest EU-wide. The female unemployment rate, at 4.0%, was only marginally down (0.1 pp) compared to the same quarter in the previous year, whilst for men a decrease from 4.7% to 3.7% was witnessed, bringing total unemployment down by 1.0 pps compared to a year earlier. The unemployment rate is now close to that seen in 2008 and lower than in years preceding the crisis. However, the most recent forecast suggests that unemployment levels will increase by 0.3 pp in 2012 (from 4.2% in 2011 to 4.5%), particularly as wage negotiations concluded in October are likely to result in an increase in unit labour costs, therefore stalling job creation whilst labour market participation rates will increase.

The improvements seen so far have been at least partially driven by employment growth, particularly in services and in industrial employment, as Austria has witnessed only three quarters of consecutive employment decline during the recession. The employment rate (20-64), one of the highest in the EU and close to the Europe 2020 target for Austria of 77-78%, stood at 75.5% in the second quarter of 2011, up from 75% in the previous year.

According to Eurofound (European Foundation for the Improvement of Living and Working Conditions), during the recession Austria experienced significant job loss in medium-paid jobs, little change in lowest-paid jobs and growth at the top⁴⁷. Female employment rates increased from 69.3% in the second quarter of 2010 to 69.7% in the second quarter of 2011 and male employment rates rose from 80.7% to 81.3%. Women's employment levels could increase further through increased budgets for childcare places: the Government has allocated a budget of EUR 10m in 2011 and EUR 15m annually from 2012 to 2014, with those amounts to be matched by the Länder.

The Manpower Employment Outlook Survey for the first quarter of 2012 suggests a softening of employer hiring intentions for the first three months of the new year. Once seasonal variations are removed from the data the Outlook stands at +3%, a decline of 3 pps on the

⁴⁷ See also the first annual review of Employment and Social Developments in Europe (ESDE) <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newslid=1137&furtherNews=yes> and report to Annex 2 for more references.



quarter, but a moderate improvement of 5 pps from the first quarter of 2011. Despite the positive—but modest—overall Outlook, many employers anticipate hiring will proceed at only a sluggish pace, with negative hiring intentions reported in six of ten industry sectors.

Austria is performing well compared to the EU average as regards youth unemployment. The youth unemployment rate stood at 7.3% in the third quarter of 2011, the lowest rate in the EU, compared to an EU average of 21.6%. These figures are also down by 3.0 pps from the peak in the third quarter of 2009 and down from 9.0% on a year-on-year basis. Likewise, the share of young people that were neither in employment, nor in education or training (NEET) remained stable in 2010, compared to 2008, at 7.1%, i.e. 5.7 pps below the EU average. Austria has committed itself to considerable investments in combating youth unemployment and these have contributed to the comparably low unemployment rates: training guarantees (apprenticeships) for young people (EUR 180m in 2011) and an action programme for the age group 19 to 24, providing guaranteed job or training measures within six months (EUR 120m in 2011).

Whilst youth employment figures are relatively positive, migrants (non-EU nationals) are a group particularly at risk, with an unemployment rate of 9.4% in the second quarter of 2011, albeit down from 10.8 in the previous year. Nonetheless, according to Eurofound, employment in the lowest paid jobs for foreign-born workers has increased in Austria, along with a corresponding decline in native employment in the same quintile. This is particularly the case in household and personal services, retail, food and beverages, and agriculture.

Long-term unemployment rates have not significantly changed throughout the crisis. In the second quarter of 2011, 1.1% of the labour force was reported as long-term unemployed. 'Long-term joblessness', however, increased by 29.6% between August 2008 and August 2011, with significantly higher growth rates for young people (+68.7%) and for foreigners (+69.4%).

As in most countries, throughout the recession atypical contracts have increased in Austria. There has been an increase in the number of people working part-time, peaking in the second quarter of 2011, but between the first and second quarters of 2011 the number of full-time workers also increased, following dips in the earlier part of the recession. 44% of women work part-time, compared to 7% of men. With regard

to types of contract, according to the Austrian Labour Force Survey 2010, 90.7% of employees have an open-ended contract. When disregarding apprenticeships, the share of temporary contracts goes down from 9.3% to 5.5%, according to the European Employment Observatory. With regard to in-work-poverty, Austria has made significant improvements, reducing the rate from 7.6% in 2003 to 4.9% in 2010, whilst the EU average still stands at 8.5%.

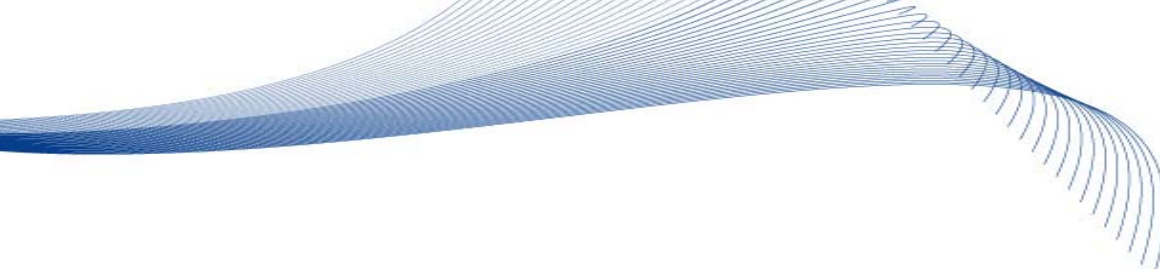
The proportion of the population at risk of poverty or social exclusion, one of the lowest among Member States, stood at 16.6% in 2010 (compared to an EU average of 23.4%). While the monetary poverty rate has remained stable at around 12%, the severe material deprivation rate declined from 6.4% in 2008 to 4.3% in 2010, though it is not clear what has driven this decline. Additionally, throughout the crisis Austria has witnessed only a small increase in the share of the population in jobless households (between 2008 and 2010 there was a 0.2 pp increase for both children and adults in this situation). This is also a reflection of the moderate increase in unemployment levels even at the peak of the recession.

CYPRUS

Cyprus' growth prospects are weak, employment rates, though high, are declining and unemployment rates are increasing.

Growth prospects in Cyprus looked moderately positive until July 2011 when an accident destroyed the Vassilikos electricity producing plant which accounted for half of Cyprus' total generating capacity. GDP contracted by 0.8% in the third quarter, and was down 0.6 pp on a year earlier. Exposure to worsening external conditions and tightening financial and fiscal conditions have since compounded the negative forecasts. The Commission autumn forecast indicates annual economic growth in 2011 to be only 0.3%. Growth is forecast to be nil in 2012 and a return to 1.8% growth is expected in 2013.

In this context, Cyprus was one of the last countries in Europe to experience employment decline during the recession but the weak economic outlook is expected to continue to adversely affect the Cypriot labour market. Employment dropped by 1% in two years to the second quarter of 2010, and recovered by 0.8% on a year to the second quarter of 2011, followed by a modest +0.2% rise in the third quarter though. According to Eurofound, during the recession Cyprus experienced 'polarising employment change', mainly due to



employment decline in the construction sector (these are jobs which tend to be middle-paying).

During the recession, Cyprus experienced an increase in the number of people working part-time and a reduction of employees in full-time employment. This trend is still ongoing, whilst the EU on average is experiencing again an increase in full-time employment over the past year (from the second quarter of 2010 to the second quarter of 2011). The number of temporary employees has fallen from the peak seen in the second quarter of 2010. The in-work poverty rate was increasing between 2007 and 2009 and catching up with the EU average.

The employment rate (20-64) in the second quarter of 2011 was, at 74.9%, down by 0.8 pp from the previous year, with women experiencing a 0.6 pp decline and men a 1.1 pp decline. The employment rate in Cyprus remains strongly above the EU average, by approximately 6.3 pps for men and 5.2 pps for women. It is within reach of the Europe 2020 target for Cyprus of 75-77%.

The Commission autumn forecast suggests that employment growth will average -1.0% in 2011, will slightly contract (-0.2%) in 2011, and will improve by a mere 0.4% only in 2013. Additionally, productivity growth is expected to remain sluggish and wage growth to be moderate (due to an unfavourable labour market and public wage restraint spillover effects into the private sector). This is also linked to the fact that Cyprus had a lower participation rate in education and training for all age groups in 2010 compared to the EU average.

The unemployment rate for Cyprus shows an overall increase from 7.2% to 8.1% between the second and third quarters of 2011, and an increase from 6.1% of the labour force in the third quarter of 2010, as reported by Eurostat, LFS. The number of people unemployed in Cyprus increased by 16% in the period between August 2010 and 2011. Women have seen their unemployment rate rise from 6.3% to 8.2% between Q3 2010 and Q3 2011, whilst the increase for men is similar (from 5.9% to 7.9%). By contrast, the EU average unemployment rate hardly increased between these periods, stabilising for men and rising marginally for women. The Commission autumn forecast for Cyprus suggests that unemployment will continue to increase through 2012 to an average of 7.5% and start to decline again in 2013 to 7.1%.

Youth unemployment rate however is worsening in Cyprus and has now caught up with the EU average: the 15-24 year-olds unemployment rate

increased from 15.0% to 23.1% between the third quarter of 2010 and that of 2011. Here divergent trends are visible for men and women: the unemployment rate for young men grew much faster in that period, from 14.0% to 23.6%, up by 9.6 pps, while it increased by 6.8 pps for young women, to 22.6%. Also worrying is the rise recorded in the share of young people that were neither in employment, nor in education or training (NEET). Compared to 2008, it went up by 2 pps, to 11.7% in 2010, closer to the EU average (12.8%).

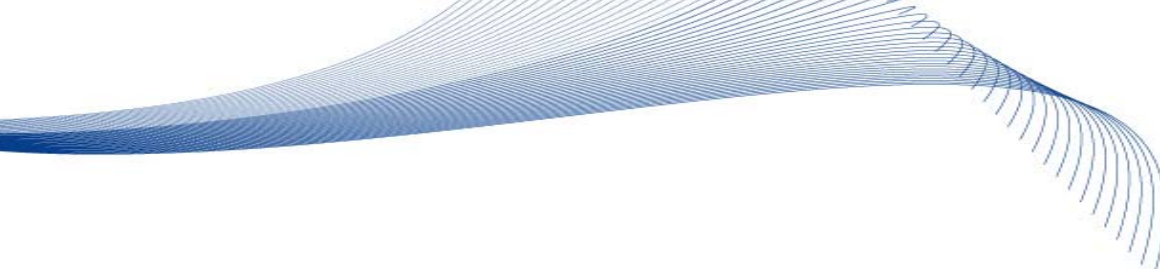
The unemployment rate of non-EU nationals has declined in the year to the second quarter of 2011 (from 6.2% to 5.1%) and at a faster rate than the EU average. Employment in the lowest paid jobs for foreign-born workers has increased in Cyprus, along with a corresponding decline in native employment. This is particularly the case in household and personal services, retail, food and beverages, and agriculture.

Long-term unemployment levels are relatively low in Cyprus at 1.2% in the second quarter of 2011 (compared to an EU average of 4%). But while Cyprus did not witness an increase in this rate between 2010 and 2011, it more than doubled in the second quarter of 2009.

The social climate Eurobarometer, published in October 2011 (with June 2011 data), indicates a relatively high score for Cyprus (ranking 9th in the EU) on citizens' evaluation of 'your life in general'. However, when answering the question on 'personal job situation', citizens are significantly less confident than a year ago and Cyprus is now below the EU average on this sentiment indicator. Cypriots' expectations also worsened significantly concerning the employment and economic situation in their country.

Citizens' evaluation of the provision for pensions in the social climate Eurobarometer compared to the previous year, but remains above the EU average. However, Cyprus was the only Member State to report a positive score for the situation now compared with that of five years ago on this topic. Dialogue on the restructuring of the public pensions system is currently under way and a series of measures of a temporary or permanent nature are already in force.

The percentage of the population at risk of poverty or exclusion in Cyprus stood at 22.2% in 2009, below the EU average of 23.1%, according to EU-SILC data. Severe material deprivation has been decreasing since 2005, while the percentage of people living in households with



low work intensity has been persistently lower than the EU average. However, the Cypriot population faces an unevenly distributed risk of poverty. While in 2009 the at-risk-of-poverty rates for children (0-17) and adults (18-64) were below the rates for the overall Cypriot population and the EU, the rate for the 65+ age group stood at 48.6%, the highest among the EU. To some extent, this can be attributed to the inadequate level of benefits for the elderly. The relative median income of people aged 65+ in relation to the age group 0-64 amounted to 59% (2009), far lower than in the EU (86%). However, particular features of the social and family structure in Cyprus, such as the widespread home ownership and home production and a low severe material deprivation rate for the 65+, need to be taken into account when assessing the situation of the elderly.

CZECH REPUBLIC

Developments in the Czech Republic have been positive recently. Economic growth has been relatively sustained and the labour market has been improving, with growth in employment rate and a decline in the unemployment rate.

The Czech Republic had GDP growth of 2.7 % in 2010, above the EU average. Economic growth remained well above the EU average also in 2011, though it slowed down to 1.5 % in the third quarter, compared to the same quarter a year ago. According to the Czech Statistical Office (CSO), in the third quarter of 2011, GDP did not grow compared to the second quarter. This is confirmed by the Commission autumn forecast, which states that GDP growth would slow down further for the rest of 2011.

According to the CSO, in the third quarter of 2011, employment reached 4.9 million, its highest level in the last two years. In comparison with a year earlier, employment increased by 17 000, or 0.3 %. This rise was mainly driven by the industrial sector, while the service sector saw a decline. Recent employment expansion followed contractions over 2009 and 2010. The employment rate for those aged 15-64 reached 66.1 % in the third quarter of 2011, rising by 0.6 pp compared to a year ago. The rise in the rate was significantly higher for women than for men (+1.0 pps and +0.3 pp, respectively). The employment rate for those aged 20-64, at 70.9 % in the second quarter of 2011, remains 4 pps short of the Europe 2020 target of 75 % for the Czech Republic.

Recent employment growth has been due to expansion of full-time and permanent work, while temporary contracts and part-time work declined over the year to the second quarter of 2011. The share of part-time workers, among the lowest in the EU, decreased slightly to 5.5 % (20 % for the EU). The gender difference for part-timers has remained significant: 2.5 % for men, 9.5 % for women. The share of temporary contracts stood at 8.5 %, well below the EU average of 14.2 %.

Unemployment has been slightly declining since the beginning of 2010. The unemployment rate reached 6.6 % in the third quarter of 2011, 0.3 pp lower than in the previous quarter, and 0.5 pp lower than a year earlier, relatively low compared to the EU average of 9.7 %. Nevertheless, it was still 2.3 pps above the level recorded in the third quarter of 2008 before the crisis hit the labour market.

Youth unemployment has not been recovering so well. However, the unemployment rate has edged down in the third quarter of 2011, from 18.7 % to 18.0 %, a level comparable to that of a year earlier, well below the EU average (21.6 % in the third quarter of 2011). Moreover, the share of young people that were neither in employment, nor in education or training (NEET) reached 8.8 % in 2010, the highest level since 2007 (6.9 %), though 4 pps lower than the EU average. This was mainly driven by the negative development among youth with higher education attained: the share of NEETs in this category reached 6.1%, which was 2.1 pps higher than in 2008, though lower than in 2005 and 2006.

The unemployment rate for middle- and high-skilled workers was at least 2 pps lower than the EU average in the second quarter of 2011 at 6.5 % and 2.7 % respectively. However, the unemployment rate for low-skilled workers reached 24.1 %, very high compared to the EU average of 15.9 %. The latter value was nearly 4 pps lower than in the first quarter of 2010 (when it reached its highest point since the beginning of 2007), but remained significantly higher than the 2007-2008 average of 19.6 %.

Despite employment contractions in 2009 and 2010, the social effects were subdued. The in-work poverty rate has been rather stable in the Czech Republic (3.7 % in 2010, the lowest among the Member States and less than half the EU average). The risk-of-poverty rate for part-time workers was double that for full-time workers, and the same was the case for temporary workers compared to permanent staff. It was nearly three times higher for middle-skilled workers than for

the high-skilled, and for the low-skilled compared with middle-skilled workers.

Recovery in the second half of 2010 was accompanied by a decline in the number of jobless households. The share of children living in households with no adult in work decreased to 7.8 % in 2010, and the share was even lower for adults living in jobless households, remaining stable at 6.7 %, according to the Labour Force Survey. Both these values were lower than in 2005 and 2006 and also lower than the EU average. In line with the recovery, the share of long-term unemployed continued to decrease in the second quarter of 2011, going down to 39 % after reaching its peak in the third quarter of 2010. The at-risk-of-poverty rate for the unemployed decreased significantly in 2010 (by 6.3 pps to 40.6 %) and thus went below the EU average.

Employment expansion has been in line with recent improvements in labour demand. In October 2011, the number of vacancies reached 39 000, according to the Ministry of Labour and Social Affairs of the Czech Republic (MLSA). This was higher than the 2010 average of 33 000, but still very far from the 2008 average of 142 000 vacant posts. According to Eurostat, since 2008, the number of vacancies in industry and in the construction sectors showed a particularly sharp drop, by more than 60 000 vacant posts.

According to the CSO, in the second quarter of 2011, gross average monthly wages were higher than a year ago in most sectors. The exceptions were professional, scientific and technical activities and public administration and defence. The highest gross average wage increases were seen in health and social work activities (+19 %), electricity, gas, steam and air conditioning supply (+16 %) and financial and insurance activities (+11 %).

There have as yet been no signs of the crisis having an impact on poverty. The share of the population at risk of poverty reached 9 % in 2010, significantly lower than the EU average of 16.4 %. Compared to 2009, the figure slightly increased, but was identical to that for 2008. Least at risk were the elderly (6.8 %) and most at risk were children (14.3 %). Their situation had been improving until 2008, but this positive trend was reversed by the crisis.

The share of adults at risk of poverty was relatively low for high-skilled people (2.5 %, the lowest figure since 2008). For the middle-skilled, the share was below the country average (6.9 %), but for the low-skilled, it was rather high (18.2 %). However, all the values were lower than the

respective EU averages. The share of the population experiencing severe material deprivation reached 6.2 % in 2010. This was slightly higher than in 2009, but more than 5 pps lower than in 2005. While the share was highest for children (8.6 %), it was lowest among those over 65 (4.3 %). Education level-wise, there were more than ten times as many low-skilled as high-skilled people in severe material deprivation (14.1 % and 1.2 %, respectively).

According to the Commission autumn forecast, GDP is projected to grow by 0.7 % in 2012 and by 1.7 % in 2013. The Czech Ministry of Finance remains slightly more positive about GDP growth for both 2012 and 2013. Concerning social transfers, the European Commission forecasts that these will rise by at least 3 % annually between 2011 and 2013.

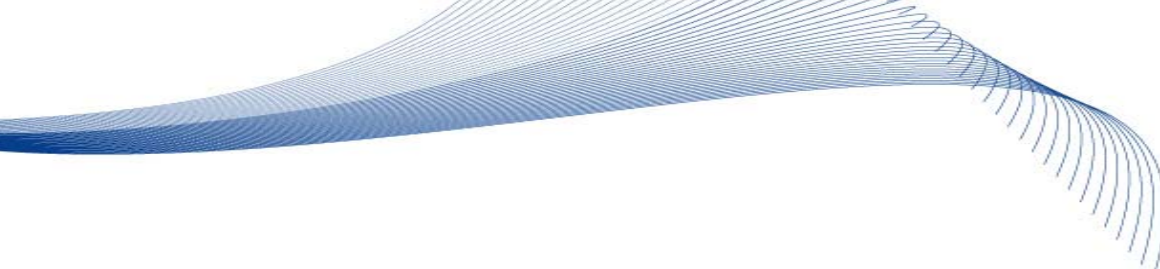
Concerning labour market indicators, for 2011 the European Commission expects 0.8 % employment growth and an unemployment rate of 6.8 %, whereas the Ministry of Finance figures are 0.4 % and 6.9 % respectively. According to the Manpower Employment Outlook Survey, the Czech Republic job seekers can expect to face a sluggish labor market in the January-March 2012 time frame according to employers who report a Net Employment Outlook of -4%. The Outlook is 5 pps weaker quarter-over-quarter, but improves by a single percentage point when compared to the first quarter of 2011. Negative hiring intentions are reported by employers in nine of ten industry sectors.

LUXEMBOURG

In Luxembourg, there was economic growth in 2010, but it is slowing down and unemployment is not declining anymore.

Luxembourg's GDP growth of 2.7% in 2010 was higher than in most Member States, but remained far below the 4.7% recorded on average between 2000 and 2007. In the second quarter of 2011, GDP increased by just 0.3% on the previous period and by 1.9% on the same quarter in 2010. The Commission autumn forecast sees GDP increasing at a slower rate of 1.6% in 2011 and at 1% in 2012, before rebounding in 2013.

Although employment growth slowed down as a result of the crisis, Luxembourg was one of three countries (with Germany and Poland) where it was positive (1% in 2009 and 1.8% in 2010). According to Luxembourg's Statistical Office (STATEC), employment continued to rise in the first half of 2011, largely due to the rise in



employment of non-resident workers. In the second quarter of 2011, the number of persons employed reached 368 000, 1% higher than in the previous quarter, and up 3% on a year earlier, the highest growth rate on a yearly basis since the onset of the crisis.

This year-on-year increase was driven by faster employment growth in services (3.3%) than in industry (1.6%), which is linked to the financial sector's leading role in the Luxembourg economy. Employment in the financial services sector rose by almost 3% over the period. Steel production, one of the leading industries in Luxembourg, has grown, but this has not prevented capacity reductions. According to the Commission's autumn forecast, employment is projected to grow by 2.9% in 2011, by 1.7% in 2012, then to increase slightly in 2013.

In line with growth in employment, the share of those living in jobless households declined in 2010, to 6.7%. However, according to the 2010 SILC data, the in-work poverty rate has increased steadily since 2007, and at 10.6% in 2010 is higher than the EU average of 8.5%. The strong financial sector contributes to very high median and average wages, so the share of people with an income below the 60%-median threshold is considerably higher than in other countries. The minimum wage, though the highest in the EU (€1758), is just enough to cover the poverty threshold. Particularly worrying is the in-work poverty rate for single parents (40%), the second highest in the EU. Similarly, the in-work poverty rate for temporary workers (20%) was the third highest in the EU and has been increasing since 2007. It is more than double that for permanent workers, which declined on the previous year.

Despite growth in employment, the employment rate for those aged 20-64 went down in the second quarter of 2011, by 0.8 pp on a year earlier, reaching 69.3%, due to declines in both female and male rates (-0.6 and -1.1 pps respectively), widening the gap with the Europe 2020 target of 73% for Luxembourg.

The employment rate for older workers, at 37.7% in the second quarter of 2011, was still relatively low and decreasing, down by almost 5 pps on the same quarter the previous year. The low participation rate of older workers is closely linked to the generosity of the pension system and the availability of favourable early retirement schemes. Recent concerns about the viability of the pension system have raised pressure for reforms. The share of old people at risk of persistent poverty has increased steadily since 2007, reaching 7% in 2009, almost closing the gap with the EU average (7.6%).

In spite of growing employment, unemployment was on the rise, though Luxembourg still has one of the lowest rates in the EU. The unemployment rate increased in the third quarter of 2011, to 5.0%, up by 0.3 pp on the previous quarter. Still, only Austria and the Netherlands have lower rates.

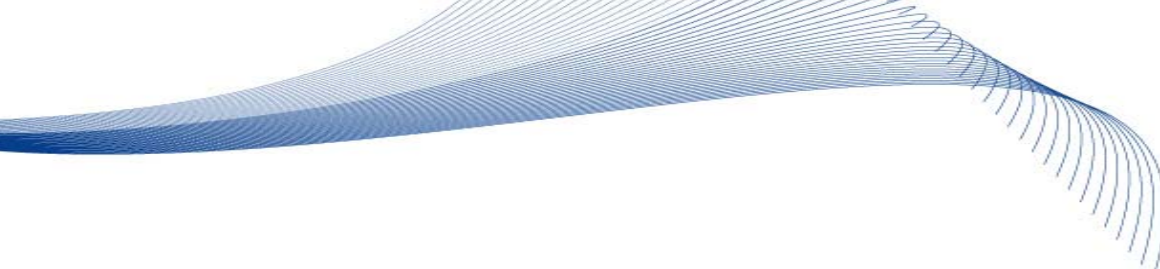
The youth unemployment rate, on a downward trend since a record high of 18.6% in the fourth quarter of 2008, rose again in the third quarter of 2011 (+0.7 pp on previous quarter), reaching 15.3%, which is still well below the EU average (21.6%). Regarding the in-work poverty rate for the young, this started from very high values in 2005 at 15.2%, more than one and a half times the EU average. The rate has steadily decreased since then, falling to 9% in 2010, below the EU average.

The share of young people who were neither in employment nor in education or training (NEET) decreased further in 2010 to 5%, less than half the EU average. In the second quarter of 2011, long-term unemployment went up slightly and returned to its end-2010 level of 1.6%, still well below the EU average (4%).

Unit labour costs have been rising since the beginning of the last decade. The European Commission forecasts that unit labour costs will rise further in 2011, by 3.9% on 2010. The automatic indexation of wages (2.5%), due in spring 2011, was postponed to 1 October 2011. With the rate of inflation forecast at over 3% for 2011, the next automatic indexation is expected in spring 2012, unless agreement is reached with social partners on a new postponement. Without a postponement, wages are expected to grow by 4.5% on average in 2012, pushing up unit labour costs. Debate continues over reforming the wage indexation system, with the possibility of limiting it to lower-paid workers.

Poverty and social exclusion rates in Luxembourg are among the lowest in the EU. According to EU SILC data, the percentage of people at risk of poverty or social exclusion has remained stable since 2005, at around 17%, well below the EU average (23.4%). This result is driven by exceptionally low severe material deprivation (0.5% versus 8.1% in the EU), while the poverty rate (at 14.5%) and the persistent at-risk-of-poverty rate (8.8%) are around the EU average.

The situation of children, young people and migrants is more challenging. Child poverty has been increasing over the period 2006-2009. However, the risk of severe material deprivation for children is much lower in Luxembourg than in



the EU on average (0.2% against 9.5%), and only 2.8% of children live in low-work-intensity households. Government has taken further steps to address the issue, and some decrease in the corresponding poverty rates were registered in 2010. Luxembourg has not set any national Europe 2020 poverty reduction targets.

The poverty situation of immigrants is considerably worse than that of nationals, although it has improved in recent years. The at-risk-of-poverty and social exclusion rate has steadily declined since 2006, reaching 18.6% for EU nationals and 38.6% for non-EU nationals in 2010.

MALTA

Malta's economy has been growing more than that of most EU countries, and the labour market has been improving. However, poverty indicators have given cause for concern, despite being better than the EU on the whole.

Malta had GDP growth of 2.7 % in 2010, significantly above the EU average. In the second quarter of 2011, GDP growth reached 2.8 % compared to the second quarter of 2010. However, according to the Commission autumn forecast, growth is expected to slow down to 2.1 % for 2011 as a whole. Developments in labour demand have not been very encouraging. The number of vacant posts in industry, construction and services reported by Eurostat declined in the first quarter of 2011, to reach 3 400, confirming a downward trend since the beginning of 2010.

Against that backdrop, in the second quarter of 2011, employment reached 168 000. According to the National Accounts, employment growth, after scoring high in the second quarter of 2011 (+1.9 % year-on-year), was modest in the subsequent quarter (+0.8 % y-o-y). As a result, the employment rate for those aged 20-64 reached 61.4 % in the second quarter of 2011, 1.7 pps higher than a year earlier. This increase was entirely driven by a rise in the employment rate for women (+3.6 pps, to 43.3 %), though this rate remained significantly lower than the EU average (62.6 %).

Part-time employment has contributed significantly to employment growth. The share of part-time workers rose to 13 % in the second quarter of 2011, still well below the EU average of 19.5 %. The gender gap was very significant: 6.7 % of men were working part-time, while a quarter of women did so.

The share of temporary contracts stood at 5.2 % in the second quarter of 2011, significantly below the EU average of 11.8 %. However, growth in the number of temporary employees has been faster than for employees on permanent contracts, reflecting faster adaptation of temporary employment to economic conditions.

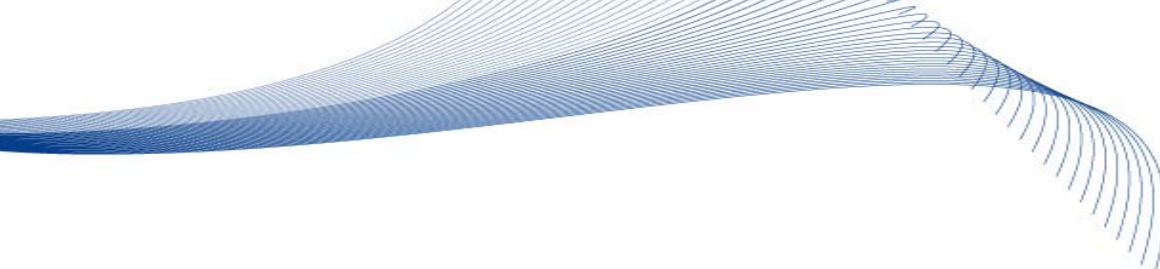
In line with increasing employment, overall unemployment has continued to drop since the beginning of 2010. The unemployment rate reached 6.4 % in the third quarter of 2011, down by 0.2 pp on the previous quarter. This was 0.7 pp lower than a year earlier and also relatively low compared with the EU average (9.7 %).

Youth unemployment stabilised at 14.0 % from the first quarter of 2011, up by 0.4 pp compared to the fourth quarter of 2010 and 0.9 pp to the third quarter of 2010. Nevertheless, it remained significantly below the EU average, around 21 % over the last two years. Moreover, the share of young people that were neither in employment, nor in education or training (NEET) fell slightly in 2010, reaching 9.6 %, down by 0.2 pp on 2009. This remains lower than the EU average (12.8 % in 2010). The unemployment rate for low-skilled workers reached 9.2 % in the second quarter of 2011, 0.6 pp higher than a year ago, but slightly lower than in the first quarter of 2011.

Even if employment was rather resilient during the crisis and was recovering well already in 2010, the social impact has been mixed. According to Eurostat, the in-work poverty rate has been increasing in Malta, reaching 5.9 % in 2010, though nearly 3 pps below the EU average (which has, however, remained rather stable). The rate has been rising especially due to the developments in the category of full-time workers. Working men were at-risk-of-poverty twice as often as working women, as men are more often single earners than women. The situation was similar regarding the level of education. Low-skilled workers were at double the risk of poverty faced by middle-skilled workers, and the latter faced three times the risk that high-skilled workers did.

On the other hand, the share of children living in households with no adult in work reached 9.5 % in 2010, and only 7.5 % of adults lived in jobless households, the lowest value since 2005, according to the Labour Force Survey. Both these values were lower than in the EU on average.

There are visible social risks for the unemployed. The at-risk-of-poverty rate of the unemployed significantly increased in 2010 (by 10.2 pps to 40.1 %) and thus approached the EU average.



On the other hand, the long-term unemployment rate remained unchanged compared to a year earlier, at 2.9 % of the labour force. The share of long-term unemployed decreased, though, to 44 % in the second quarter of 2011, approaching the EU average of 43 %.

Overall, poverty and social exclusion seem to have returned to the level seen in 2005, after some signs of improvement. The share of the population at risk of poverty reached 15.5 % in 2010, slightly below the EU average. The figure has been rising steadily since 2005, while the EU average has remained relatively stable. Most at risk were those aged under 18 (20.4 %) and over 65 (18.8 %). The share of adults at risk of poverty was relatively low for high- and middle-skilled people (5.3 % and 8.4 % respectively), though it reached the highest value since 2005. For the low-skilled, it was rather high (17.8 %). However, all the values were lower than the respective EU averages.

The share of the population with severe material deprivation reached 5.7 % in 2010. This was the highest value since 2005 and children were worst off. Education level-wise, there were five times more low-skilled than high-skilled people in severe material deprivation (7 % and 1.4 %, respectively) in 2010.

According to the Commission autumn forecast, GDP is projected to grow by 1.3 % in 2012 and by 2.0 % in 2013. Concerning social transfers, the European Commission forecasts an increase of at least 4 % annually between 2011 and 2013. Given that Malta has relatively very low social transfers, this is a positive development. However, its gross public debt is expected to exceed 70 % of GDP in 2012.

Concerning labour market indicators, in 2011 the European Commission expects 1 % employment growth and a 6.7 % unemployment rate. The outlook for 2012 is, however, slightly less optimistic: the Commission forecasts employment growth of 0.8 %, and a rise in the unemployment rate, to 6.8 %. In 2013, employment is set to grow more significantly — by 1.4 % — and the unemployment rate should decrease to 6.6 %.

NETHERLANDS

A period of stability seems to have come to an end for the Dutch labour market, with unemployment rising now, pushing up long-term unemployment and bringing along social risks.

After two years of recovery, the economy in the Netherlands contracted by 0.3% in the third

quarter of 2011, bringing year-on-year growth down to 1.1%. Domestic demand contributed 0.9 pp to GDP growth, while the net external contribution was 0.4 pp. Within domestic demand, private and public consumption shrank over the last four quarters, while investment was buoyant, growing by 4.7 % year-on-year.

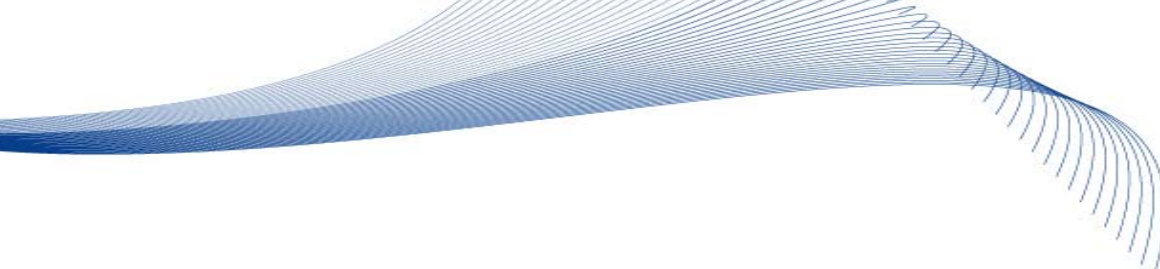
As domestic demand was subdued, employment growth was weak over recent quarters (+0.4% year-on-year in the third quarter of 2011). Services contributed positively to employment growth, while construction and manufacturing contracted.

The unemployment rate went up by 0.2 pp from the second to the third quarter of 2011, to 4.4%. This followed three quarters marked by declines and a stabilisation of the rate. This sudden rise is the result of weak employment growth and a fairly stable participation rate. The unemployment rate rose to 4.9% in November 2011. Since June 2011, the unemployment rate for women has been rising more than the rate for men. The youth unemployment rate dropped significantly, from 8.7% in the third quarter of 2010 to 7.6% a year later (8.6% in November). The share of young people not in employment and not in education or training is still far below the EU average, but is rising to 4.4% in 2010, from 4.1% in 2009.

While the overall unemployment rate is still among the lowest in the EU, the share of long-term unemployed has increased significantly, to 35% of total unemployment in 2011q2. The increase was particularly high for older workers and male workers in general.

In this context, the development of temporary employment, generally seen as a leading indicator for overall employment, does not suggest any imminent improvement in the labour market, as it was 3.2% below its level a year ago in the second quarter of 2011. The share of temporary contracts fell over 2010, but remains high, particularly for young workers (at 47% overall and 48.5% for young women workers). The simultaneous rise in unemployment and job vacancy rates (the latter since mid-2010) seems to suggest increased labour mismatches.

The overall employment rate was stable over 2010, at about 77% for the 20-64 age group, with an improvement for women (+0.5 pp to 71.3% in the year to the second quarter of 2011), against a deterioration for men (-0.6 pp to 82.3%). In the year up to the second quarter of 2011, the labour market participation of vulnerable groups developed in a mixed way. There were



improvements in the employment rate for older and low-skilled workers, to 55.6% and 62.6% respectively in the second quarter of 2011. On the negative side, the rate for non-EU workers fell abruptly to 50.5% in 2011q2.

Increases in compensation per employee were rather subdued (+1.2% between mid-2010 and mid-2011), while labour productivity rose somewhat faster, leading to a small decline in unit labour costs until mid-2011. In the third quarter of 2011, however, a drop in productivity, together with remarkably strong increases in compensation per employee, pushed unit labour costs again above the level of one year ago.

The recession and deterioration in the labour market have resulted in some social risks, visible in the SILC 2010 data. The share of the adult population living in jobless households increased to 7.2% (from 6% in 2009), though this is still well below the EU average of 10.4%. Also, the severe material deprivation rate, one of the lowest in the EU, went up to 2.3% (from 1.4% in 2009). On the other hand, the poverty rate went down slightly to 10.3%, while the in-work at-risk-of-poverty rate was fairly stable at 5.1% in 2010, both clearly lower than the EU average.

Aggregating and cancelling the effect of these three elements (joblessness, poverty and material deprivation), the at-risk-of-poverty or social exclusion rate remained stable at 15%. For the age groups 25-49 and 50-64, the rate in the Netherlands stands at about 15%, while it is well above 20% in the EU as a whole. The high employment rate and a well-developed social protection system help explain this difference. For the older age group, 65+, the at-risk-of-poverty or social exclusion rate is only 5.8% in the Netherlands, against 19.6% in the EU as a whole.

Overall uncertainty has increased following the sovereign debt crisis and the announced fiscal consolidation measures. Already, companies' employment expectations (according to ECFIN's business survey) have continuously worsened in most sectors since March 2011. Recent large-scale job cut announcements in the financial sector have further battered households' confidence.

The Manpower Employment Outlook Survey for the first quarter of 2012 points to Dutch employers expecting the hiring pace for the period of January through March 2012 to be modest. The Dutch Net Employment Outlook is +3%. This is 2 pps more than in the previous quarter, unchanged when compared to the first quarter of 2011. The Commission's autumn forecast

foresees very weak GDP growth in the Netherlands in the coming quarters. This would result in stagnating employment and a slight increase in unemployment, to 4.8% as the annual average in 2013. The more recent December forecast of the CPB Netherlands Bureau for Economic Policy Analysis, however, predicts a recession. In its view GDP will shrink by ½ percent in 2012, pushing the unemployment rate up to 5¼ percent.

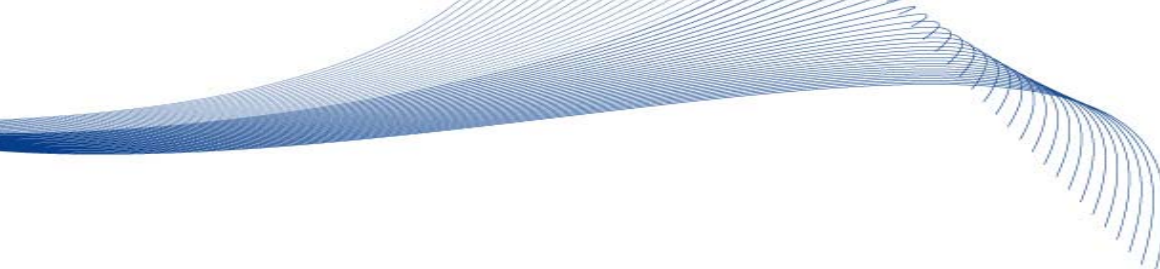
POLAND

Positive trends in the Polish economy have been accompanied by recovery in the labour market, with moderate growth in employment and stable unemployment, but a persistent segmentation. Poland is one of the few EU countries where poverty and social exclusion continued to decline over recent years.

Despite continuing uncertainty in the global economy and weakening in the outlook for business in many European countries, the Polish economy has continued to register stable growth. GDP expanded by a solid 0.9-1.3% per quarter for six quarters to the third quarter of 2011, so economic output in the third quarter still posted a 4.2% annual growth. However, according to the latest European Economic Forecast, quarterly growth will slow down significantly to 0.6% and 0.4% in the third and fourth quarters (3.7% and 3.2% year-on-year respectively).

Against that backdrop, the Polish labour market was continuing to stabilise by the third quarter of 2011. At 16.2 million, total employment was just 0.4% higher than a year earlier, while according to the Central Statistical Office (GUS), yearly growth was more robust, at around 2.5%, in the private sector (accounting for 5.5 million employed), driven by some areas of services and construction. Despite significant progress made by mid-2008 and the relative resilience of employment during the crisis, the employment rate for Poland has still lagged far behind that in most EU countries. The employment rate for those aged 20-64 has remained broadly stable, and at 64.9% in the second quarter of 2011 stood 6 pps below the Europe2020 target for Poland, 71%. To reach that target, progress is needed across all age groups.

More than a quarter of employees hold temporary contracts, the highest share in the EU. This raises concerns about the quality of employment in Poland, namely in terms of wage penalty and lower chances to find permanent



jobs for those holding a temporary contract, knowing that a large share of them did not choose to work temporarily. However, the strong expansion in temporary employment registered over 2010 has slowed down recently. At 3.4 million in the second quarter of 2011, the number of temporary employees was just 1% higher than a year earlier, an expansion rate similar to that for employees with permanent contracts. There are 1.26 million part-time workers in Poland, around 8%, one of the lowest rates in the EU, for which the average is 17%. That number of part-time employed decreased by 5% over the year to the second quarter of 2011, while full-time employment has been expanding since spring 2010.

The low share of part-time work may reflect comparatively low wages in Poland, though these continue to improve. According to the GUS, over the year to the first half of 2011, average nominal monthly gross wages and salaries rose by nearly 5%. Additionally, more recent GUS data indicate that in September, average monthly nominal gross wages and salaries in the private sector gained 5.2% over a year. Given a rise in inflation, this translated into moderate growth of 1.3% in real terms. Low wages, contribute to high in-work poverty of 11.4% in 2010 (compared to 8.4% in the EU).

Even if employment has continued to edge up somewhat, unemployment in Poland has increased slightly in 2011. The unemployment rate, at 9.7% in the third quarter (similar to the EU average) returned to the peak level registered at the beginning of 2010. Unemployment currently affects 885 000 women (10.8%) and 890 000 men (8.9%). However, according to GUS, the number of registered unemployed dropped from a peak of around 2.1 million at the beginning of 2011, to 1.869 million in October (though this was up by 7 100 on September 2010). The registered unemployment rate, at 11.8%, was similar to that recorded a year earlier. On the other hand, employers registered 54 500 job offers with the Public Employment Services in October 2011, 14 500 fewer than in September, while the job vacancy rate compiled by Eurostat has remained stable at a very low level of 0.6%. [see if there are revised figures on registered unemployment]

The labour market situation for young people has continued to deteriorate and remains challenging, though not as worrying as in some other Member States. The youth unemployment rate reached 26% in the third quarter of 2011, somewhat above the average for the EU (21.6%). On the other hand, only around 11% of young

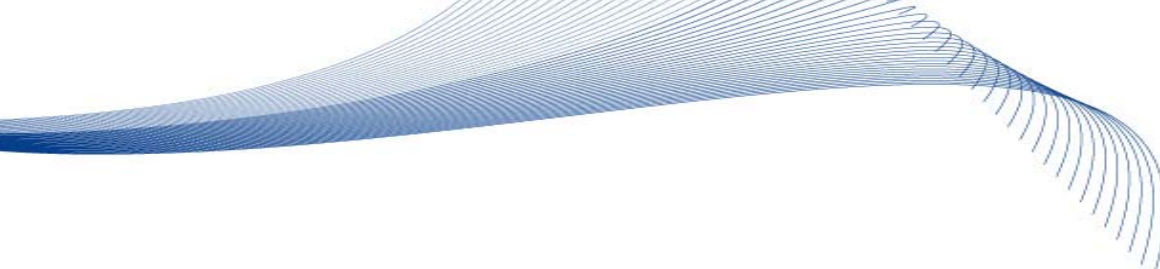
people are not in education, training or employment (NEET), compared to around 13% in the EU, though this is roughly 2 pps higher than the 9% recorded in 2008.

The negative impact of the crisis on the unemployed was increasingly felt in 2010. The long-term unemployment rate, though below the EU average, picked up 1.3 pps during the two years to the fourth quarter of 2010 and has remained broadly stable since then (3.2% in the second quarter of 2011). Moreover, while according to the Eurostat ESPROSS data, expenditure on unemployed remained at the same low level of 0.4% GDP over 2007-2009 (four times lower than the EU average of 1.7% for 2009), the poverty rate among the unemployed increased significantly from under 40% in 2008 to 45% in 2010 (close to the EU average).

Nevertheless, owing to prior economic growth and the resilience of the economy during the crisis, poverty indicators have edged down since 2005 and have not deteriorated as a result of the crisis. In 2010, 17.6% of Poles lived with less than 60% of the country's median equivalised income, a rate that has remained relatively stable over the last three years. The share of jobless households, which had dropped by a quarter between 2005 and 2008, also remained stable at around 10% during 2008-2010 (contrary to the slight upward trend in the EU between 2007 and 2010). Moreover, the severe material deprivation rate has been on a downward trend and halved compared to 2005, to 14.2% in 2010, but is still among the highest in the EU (average: 8.1%).

Results from the Household Budget Survey reported by GUS confirmed that in 2010 there was no change in poverty (measured by expenditure), adding that 5.7% of Poles lived in extreme poverty (ie, their expenditure did not allow them to satisfy needs that cannot be postponed; or, their consumption was below their biological needs), while statutory poverty (defined as the level that would legally entitle an applicant to be awarded support from the welfare system) dropped to 7.3%.

The social situation in Poland, though improving since 2005, remains challenging and the risk may intensify, amid fading optimism and weak prospects for the economy and labour market over the next two years. A survey on business tendencies, conducted in October 2011, indicated deterioration in economic sentiment, undermined by declining confidence in all sectors. These signs of pending slowdown, together with the expiry of the anti-crisis law, mean poorer job prospects.



Indeed, according to the Manpower Employment Outlook Survey released in December, Poland's employers are anticipating a moderating hiring pace in the first quarter of 2012 compared to the last months of 2011. The Net Employment Outlook stands at +3%, which is down 4 pps compared with the last quarter of 2011, and is the least optimistic report of employer hiring intentions since the survey was introduced in Poland in the second quarter of 2008. Of the 750 Polish employers surveyed, 14 % expect to add to their workforces in the coming quarter, 11 % plan reductions and 71 % expect no change in payrolls in the January-March time frame. Hiring prospects weaken by 2 pps year-over-year.

According to the Commission's Autumn European Economic Forecast, because of the impact of the global slowdown and turbulence in the financial markets, the Polish economy will expand by just 4% in 2011, will see further slowdown, to 2.5% in 2012, before a slow rebound to 2.8% in 2013. Employment is expected to grow by a more sluggish 1.0% in 2012, is set to stagnate with 0.2% growth in 2012, rebounding to just 0.4% in 2013. So the unemployment rate will stay broadly the same, at 9.3% in 2011, 9.2% in 2012, before moderating to 8.6% in 2013.

SLOVAKIA

Developments in Slovakia have been mixed recently. The economy has been growing more than most in the EU, and the labour market has been improving. However, the situation remains challenging for groups such as young people and low-skilled workers.

Slovakia posted one of the EU's strongest rebounds in GDP in 2010, reaching 4.2 %. Economic growth remained well above the EU average in 2011, though it slowed down in the third quarter. According to flash estimates by the Statistical Office of the Slovak Republic (SOSR), GDP increased by 0.8 % compared to the second quarter of 2011, while year-on-year growth was 3.2 %.

In the second quarter of 2011, employment reached 2.2 million, a peak for the last two years. In comparison with a year earlier, the number of people employed rose by 2.3 %, which was mainly driven by a rise in the number of employees, followed by a 1.7 % growth in the third quarter. This followed nearly two years of contractions between mid-2008 and mid-2010. The employment rate for those aged 20-64

reached 65.2 % in the second quarter of 2011, rising slightly compared to a year earlier. This increase was driven by rises in employment rates for both men and women, but has yet to bring the rate close to the Europe 2020 target for Slovakia, 72 %.

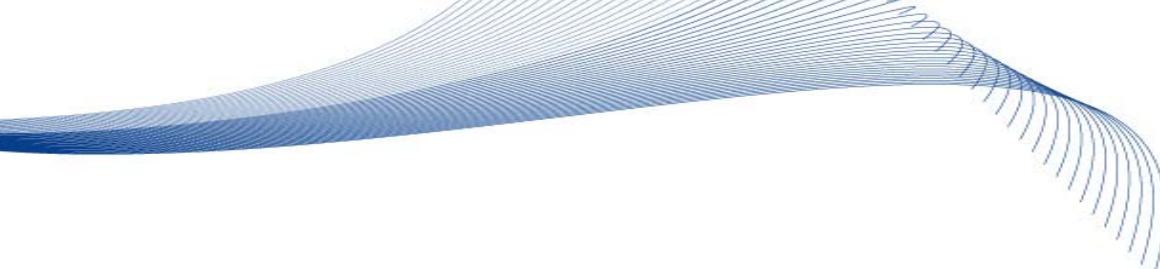
Growth in part-time employment has been losing momentum. The share of part-time workers stabilised at 4.2 % in the second quarter of 2011, still less than a quarter of the EU average. The share of women working part time was double that of men. Employment growth has been based mainly on an increase in temporary workers. This category expanded to 6.8 % in the second quarter of 2011, reaching the highest value since the beginning of 2007. However, this was still half the EU average.

The unemployment rate remained relatively stable over the 2011q1 – 2011q3 period, at about 13.4 % in the third quarter of 2011, down by 1 pps on the same period in 2010 and 1.3 pps below the peak at the beginning of 2010. However, it edged up slightly (+0.1 pp) between the second and third quarters of 2011, and remains significantly higher (by 3.7 pps) than the EU average. The rise in unemployment has increased long-term risks. The share of long-term unemployed reached 68.9 % in 2010, the highest level since the second half of 2008 and 26 pps higher than the EU average.

The labour market for young people remains challenging. The youth unemployment rate reached again its highest level since the beginning of 2010, at 33.7 % in the third quarter of 2011 (only 0.1 pp below the peak of 2010q3, while remaining roughly 10 pps higher than the EU average. Furthermore, the share of young people that were neither in employment, nor in education or training (NEET) reached 14.1 % in 2010, up by 3 pps on 2008, and 1.3 pps above the EU average.

In the second quarter of 2011, the unemployment rate for high-skilled workers decreased back to the EU average (5.3 %). Concerning middle-skilled workers, their unemployment rate fell to 13.1 %, reaching end-2009 values. This was, however, nearly 5 pps higher than the EU average. The unemployment rate for low-skilled workers reached 40.1 %, more than double the EU average of 15.9 %, but close to the 2008 average for Slovakia.

In the third quarter of 2011, the number of vacancies reported by the Labour offices reached 8 900. This was nearly half the 2008 average of 14 500 vacant posts.



According to SOSR, in September 2011, the average nominal monthly wage rose most in the information and communication sector (by 8.1 %) and slightly decreased in the sale and repair of motor vehicles and in the wholesale sectors. When wages for the second quarter of 2011 are compared to those for the same quarter three years ago, increases of around 15 % are seen in electricity, gas, steam and air conditioning supply, water supply; sewerage, waste management and remediation activities, financial and insurance activities and information and communication sectors. Wage rises above 10 % are also seen in health and social work activities, and the manufacturing, arts, entertainment, recreation and education sectors.

Employment contractions — more pronounced in 2009 and moderating in 2010 — have had negative social effects. The share of children living in households with no adult in work increased to 10.2 % in 2010, almost returning to the 2007 level. The share of adults living in jobless households rose less, to 9.2 %, according to the Labour Force Survey. Both these figures were slightly below the EU average. On the other hand, the in-work poverty rate increased slightly in 2010 (reaching 5.6 %) but was more than 3 pps lower than in 2005 or than the 2010 EU average. While in-work poverty rate has been decreasing for full-time and permanent workers, it has been increasing since 2006 for part-time and temporary workers.

Overall, poverty and social exclusion is less serious in Slovakia than in the EU as a whole. The share of the population at risk of poverty increased to 12 % in 2010, equalling the average in 2005-2006. However, it remained significantly below the EU average of 16.4 %. Most at risk were those under 18 (18.8 %) and least at risk were those over 65 (7.7 %). The share of adults at risk of poverty was relatively low for high-skilled people (4.3 %, the highest figure since 2006). For middle-skilled people, the share was below the average for the whole population (10.2 %) and for the low-skilled, it was rather high (20.2 %). However, all the values were lower than the respective EU averages.

The share of the population with severe material deprivation reached 11.4 % in 2010, remaining, as for the last three years, 3 pps above the EU average. In 2010, the value was slightly higher than in 2009, but more than 10 pps lower than in 2005. Since 2009, it has been highest for children. Education level-wise, there were nearly seven times as many low-skilled as high-skilled adults in severe material deprivation (23.6 % and 3.6 %, respectively).

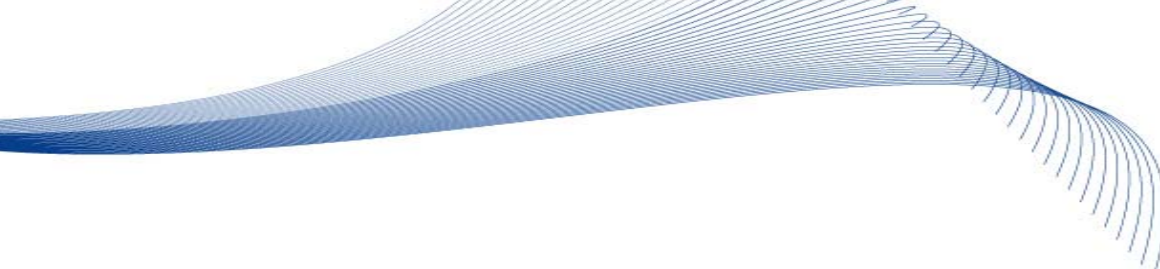
According to the Commission autumn forecast, Slovakia's GDP is projected to grow by 2.9 % in 2011. The Ministry of Finance and the National Bank of Slovakia also lowered their growth forecasts, though they remain more optimistic. Because of the deteriorating economic outlook for Slovakia's main trading partners, growth in 2012 is expected to drop to 1.1 % according to the Commission, while projections by Slovak institutions range between 3.4 % and 3.8 %. Concerning social transfers, the Commission estimates they will be 2 % lower in 2011 than in 2010, but that they will rise again in 2012 and 2013 (by 4 % and 5 %, respectively).

For labour market indicators, in 2011, the European Commission expects 1.6 % employment growth and a 13.2 % unemployment rate, whereas the Ministry of Finance figures are 1.5 % and 13 % respectively. In the Manpower Employment Outlook Survey, Slovakia's employers reported a modest Net Employment Outlook of +1 % for the first quarter of 2012, with 10 % of employers expecting to increase headcount, 9 % anticipating a decrease and 70 % expect no changes to staff levels. When compared with the previous quarter, employers report relatively stable hiring intentions. The outlook for the whole of 2012 is less encouraging: the Commission forecasts 0.1 % growth in employment, and an unemployment rate of 13.2 %, while the Ministry of Finance expects 0.3 % growth in employment and an unemployment rate of 12.6 %.

SPAIN

The Spanish labour market has been hit hard by the crisis. A sharp economic contraction, then a weak economic growth during the recovery period, and the ongoing adjustment in the construction sector largely explain the continuing surge in unemployment.

The Spanish economy declined sharply in 2008-2009, and it started to stabilise in early 2010. GDP grew by 0.4% in the first quarter of 2011, before stagnating in the two subsequent quarters: respectively +0.2 % and +0.0 % in the second and third quarters, keeping the annual growth at a moderate +0.8 %. According to the Commission autumn forecast, GDP will grow by around 0.7% in both 2011 and 2012, and then will gather some pace (1.4%) in 2013. The recovery, driven mainly by net exports, has been supported, for example, by declining labour costs. Rising unit labour costs started to moderate already in 2009, and since 2010 there has been a marked downward trend. Nominal unit labour costs declined by 2.6% in



2010, and according to the Commission autumn forecast, they are expected to decrease further by 0.8% in 2011. In real terms, the decrease is even more pronounced, which reflects the increase in inflation.

The crisis took a severe toll on employment, which started to decline in Spain earlier than in other Member States, and which had fallen by more than 10% (2.3 million) over the three years to the first quarter of 2011. It was only the second quarter of 2011 that saw some stabilisation, when the number of persons employed did not decline in comparison to the previous quarter. The level of employment however still remained 0.7% below that in the same quarter of the previous year. Worryingly, employment figures declined again in the third quarter of 2011, by a sharp -0.9%, bringing the year-on-year change to -1.5%. According to the Commission autumn forecast, in light of the slow economic growth, employment is expected to decline further in 2012, albeit at a slower pace (-0.4%), and to start slowly increasing in 2013.

As a consequence, the employment rate (20-64) is still declining. At 61.7% in the third quarter of 2011, it was down by 1.1 pps on the same period in 2010 and 6.6 pps below the level recorded three years ago. The gap with the Europe 2020 target of 74% keeps widening.

The two-tier structure of the Spanish labour market has been pinpointed as one of its main deficiencies. Employers could only appoint a worker on a temporary contract for a maximum of two years, at which point the worker has to be offered a permanent contract or be laid off. This produces constant churning of temporary workers with a consequent loss of motivation and skill accumulation, and potential effects on long-term unemployment. This raises concerns about the quality of employment in Spain, especially in terms of lower chances to find permanent jobs for those holding a temporary contract. Temporary employment in Spain is almost twice as high as the EU average, 25.5% against 14.2% respectively for the second quarter of 2011, and the second highest in the EU. It was, however, disproportionately affected by the crisis to allow adjustments in labour demand when its share declined from above 30% in 2007. A reform was passed on 26 August 2011, which will increase the above-mentioned period to four years.

The Spanish unemployment rate, by and large mirroring the EU average up to 2007, has been on the rise since then, affecting both women and men. The highest in the EU, it reached a new record high of 22.1% in the third quarter of 2011, more than double of the EU average and 14 pps

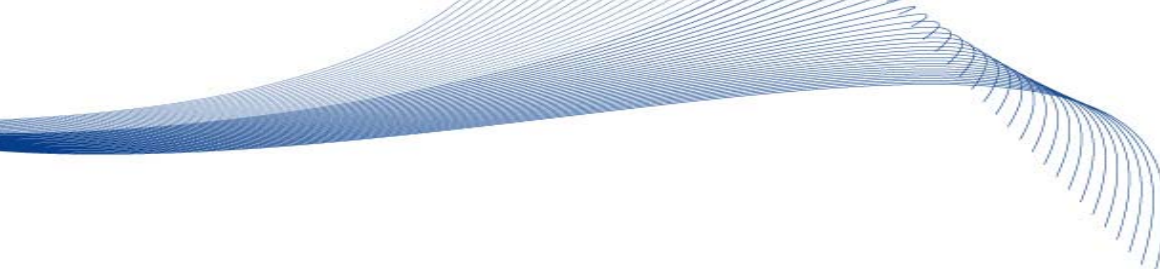
higher than in 2007. According to the Commission autumn forecast, in 2012 additional job shedding should put upward pressure on the unemployment rate, although this is likely to be limited by a decrease in the active population due to a sizeable net outflow of migrant workers. The forecast for 2011 and 2012 stands at 20.9%.

The youth unemployment rate, on the rise for four and a half years, broke new records reaching almost 48% in the third quarter of 2011, i.e. 2.7 times higher than at the beginning of 2007, when it stood at less than 18%. Combating the worryingly high levels of early school leaving (31.2%) has been identified as a prerequisite for addressing high youth unemployment rates and reducing the risk of poverty and social exclusion. The share of young people who are neither in employment nor in education or training started to increase in 2008, reaching 18% in 2010. This is considerably higher than the EU average.

High youth unemployment is particularly problematic as it can have long-term consequences. The long-term unemployment rate, which started to increase also in 2008 from a level well below the EU average, quintupled to 8.6% in the second quarter of 2011, which is double the current EU average. And long-term unemployment currently affects around 40% of the unemployed. Rising rates of long-term unemployment point to an increase in the structural component of unemployment.

In line with the contraction of employment and rising unemployment, poverty and social exclusion started to increase in 2009. In 2010, some 25.5% of the population were at risk of poverty or social exclusion, up 2 pps on the previous year, including 30% of children (up 4 pps). The share of people living in jobless households broadly doubled between 2007 and 2010: for adults from 6.2% to almost 12% and for children from 5.3% to 10.8%. The monetary poverty rate has remained considerably above the EU average (20.7% against 16.4%), in particular affecting 26.2% of children (up 2.5 pps), which is well above the EU average. The third element of the poverty and social exclusion indicator, severe material deprivation, went up significantly from 2.5% in 2008 to 4% two years later, and for children from 3.2% to 5.6%.

The poverty of the employed has been a challenge in Spain. In-work poverty has steadily increased since 2006, from 10% to 12.7% in 2010, the third highest level in the EU. Moreover, the in-work poverty rate for the young (14% in 2010) surpassed the EU average for the first time in 2009 and the gap increased further in the year after.



The Spanish in-work poverty rate for temporary workers was 13% in 2010, which is around the EU average; nevertheless, it is around four times higher than that for permanent workers and the figure should be interpreted against the background of a large pool of temporary workers as discussed above. The Spanish statutory minimum wage is the second lowest in the EU-15, although it has been increased four times since the beginning of 2008. Reforms are under way to decentralise the collective bargaining system.

As part of Spain's fiscal consolidation efforts in 2011, a personal income tax credit of €400 was withdrawn and certain subsidies such as housing subsidies and child-related tax deductions were phased out, which will have a disproportionate effect on the low-income groups.

Looking ahead, according to the latest Manpower Employment Outlook Survey, 81 % of Spanish employers do not foresee any changes in their workforces during the first quarter of 2012. And this is the good news given the uncertain business climate. Unfortunately, only 5 % of employers expect to increase their workforces compared to the 13 % who plan to reduce their first-quarter payrolls. Once seasonal variations are removed from the data, the Outlook stands at a disappointing -6 %, i.e. the fifteenth consecutive negative forecast reported by Spanish employers. The Outlook is therefore 5 pps lower than in the previous quarter and 4 pps down on the same period last year.

Annex 1: Selected statistics

Table 6: Real GDP growth

	% change on previous quarter					% change on previous year				
	2010		2011			2010		2011		
	q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
BE	0.4	0.5	0.9	0.4	-0.1	2.1	2.2	3.0	2.3	1.6
BG	0.7	0.5	0.5	0.3	0.3	0.3	3.1	1.5	2.2	2.3
CZ	0.7	0.6	0.6	0.2	-0.1	3.0	3.3	3.1	2.0	1.2
DK	1.3	-0.5	-0.1	1.2	-0.8	2.9	2.2	1.9	1.9	-0.2
DE	0.8	0.5	1.3	0.3	0.5	4.0	3.8	5.0	3.0	2.5
EE	1.3	2.1	3.0	1.7	1.2	4.5	6.0	9.5	8.4	8.5
IE	0.4	-1.4	1.8	1.4	-1.9	0.3	-0.2	0.2	2.1	-0.1
GR	-1.6	-2.8	0.2	:	:	-4.6	-8.6	-8.3	-7.4	-5.0
ES	0.1	0.2	0.4	0.2	0.0	0.0	0.2	1.0	0.8	0.7
FR	0.4	0.3	0.9	-0.1	0.4	1.7	1.3	2.4	1.7	1.4
IT	0.3	0.1	0.1	0.3	:	1.3	1.2	1.0	0.8	:
CY	1.0	0.3	-0.2	0.2	-0.7	2.1	2.3	1.6	1.4	-0.5
LV	0.9	0.9	1.2	2.1	1.7	3.5	3.6	3.5	5.6	6.6
LT	0.7	1.8	2.1	1.8	1.4	0.8	4.8	5.9	6.5	6.7
LU	0.4	1.0	0.2	0.3	:	2.4	4.1	2.9	1.9	:
HU	0.7	0.2	0.5	0.2	0.5	1.8	1.9	2.5	1.5	1.4
MT	0.3	2.0	-0.3	0.4	0.3	1.8	3.2	2.0	2.4	2.2
NL	0.3	0.6	0.7	0.2	-0.3	1.8	2.3	2.8	1.6	1.1
AT	1.5	1.1	0.9	0.5	0.3	3.6	2.6	5.3	4.0	2.7
PL	1.4	0.9	1.0	1.2	1.0	5.0	4.3	4.1	4.7	4.3
PT	0.2	-0.4	-0.6	-0.2	-0.6	1.1	1.1	-0.6	-1.0	:
RO	-0.6	0.5	1.2	0.9	1.8	-2.2	-0.6	1.7	1.4	4.4
SI	0.5	0.3	-0.1	0.0	-0.2	1.7	2.3	2.2	0.8	-0.5
SK	0.9	0.8	0.8	0.8	0.8	4.0	3.7	3.4	3.5	3.0
FI	0.1	1.5	0.2	0.1	0.9	3.3	5.6	5.0	1.9	2.7
SE	1.9	1.2	0.7	1.0	1.6	6.9	7.7	6.3	4.2	4.6
UK	0.6	-0.5	0.4	0.1	0.5	2.4	1.6	0.7	1.0	:
EU27	0.5	0.2	0.7	0.2	0.3	2.2	1.9	2.4	1.7	1.3

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

Table 7: Employment growth

	% change on previous quarter					% change on previous year				
	2010		2011			2010		2011		
	q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
BE	0.2	0.5	0.4	0.4	0.3	1.2	1.4	1.6	1.6	1.7
BG	-0.9	-0.8	-0.7	-1.2	-0.6	-5.2	-4.4	-3.5	-3.5	-3.2
CZ	0.4	-0.2	-0.2	0.1	0.4	-0.7	-0.7	0.3	0.1	0.1
DK	-0.1	-0.2	-0.2	-0.1	-0.3	-1.6	-0.7	-0.4	-0.5	-0.8
DE	0.3	0.3	0.4	0.3	0.2	0.8	1.0	1.4	1.3	1.2
EE	0.8	2.6	3.1	1.0	1.9	-4.1	0.7	6.5	7.7	8.9
IE	-0.9	-0.7	-0.5	0.0	-1.3	-3.7	-3.5	-2.8	-2.0	-2.5
GR	-0.7	-1.5	-2.2	:	:	-2.1	-2.9	-4.7	-6.1	-7.6
ES	-0.3	-0.2	-0.2	0.0	-0.9	-2.1	-1.6	-1.1	-0.7	-1.5
FR	0.2	0.2	0.2	0.3	0.1	0.5	0.7	0.8	0.9	0.8
IT	-0.1	0.5	0.0	0.3	:	-1.0	0.3	0.3	0.5	:
CY	:	:	:	:	:	0.0	1.2	0.3	0.8	0.2
LV	0.8	0.7	1.0	1.0	0.0	0.1	1.6	3.1	3.6	2.8
LT	0.2	1.2	1.3	1.5	-1.8	-5.1	-1.2	0.9	4.3	2.0
LU	0.6	0.6	0.8	0.9	:	2.2	2.4	2.6	3.0	:
HU	0.3	0.5	-0.9	0.3	0.5	1.6	2.1	0.3	0.1	0.5
MT	0.7	0.1	0.6	0.4	-0.1	2.3	2.0	2.4	1.9	0.8
NL	0.1	0.1	0.0	0.1	0.1	0.1	0.5	0.2	0.4	0.4
AT	0.3	0.5	0.3	0.4	0.3	1.2	1.6	1.5	1.5	1.5
PL	0.3	0.1	0.1	0.2	0.2	0.8	1.1	1.9	1.0	0.4
PT	-0.4	-0.5	0.0	0.1	-0.3	-1.2	-1.8	-1.6	-0.8	-0.8
RO	:	:	:	:	:	-1.9	-1.8	-2.7	-3.2	-4.6
SI	-0.5	-0.6	-0.4	-0.3	-0.5	-2.0	-2.3	-2.1	-1.8	-1.8
SK	0.5	0.5	0.8	0.4	0.3	-0.8	0.4	2.3	2.3	1.7
FI	0.1	-0.2	0.6	1.0	-0.2	-0.4	-0.1	0.5	1.3	1.3
SE	0.6	0.6	0.8	0.3	0.4	1.8	2.4	2.8	2.3	2.1
UK	0.5	-0.2	0.4	0.1	-0.7	1.0	0.7	1.4	0.8	-0.4
EU27	0.1	0.0	0.0	0.1	-0.1	-0.1	0.2	0.5	0.4	-0.1

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

Note: : not available

Table 8: Temporary employees as a percentage of the total number of employees

	2010q2	2010q3	2010q4	2011q1	2011q2	2011q2 change on previous year (pps)
AT	8.9	10.2	9.4	9.2	9.0	0.1
BE	7.5	8.3	8.7	9.3	8.8	1.3
BG	4.9	5.5	4.0	3.1	4.1	-0.8
CY	14.5	13.6	13.4	12.9	14.0	-0.5
CZ	8.9	9.1	8.9	8.0	8.5	-0.4
DE	14.5	14.9	15.0	14.2	14.6	0.1
DK	8.6	9.0	8.6	8.5	9.1	0.5
EE	4.2	4.2	3.4	3.6	4.7	0.5
ES	24.9	25.6	24.8	24.8	25.5	0.6
FI	16.8	17.1	14.7	14.0	16.8	0.0
FR	15.2	15.7	14.9	14.6	15.4	0.2
GR	12.8	13.1	12.3	11.2	11.9	-0.9
HU	9.8	10.4	9.8	8.0	9.2	-0.6
IE	9.2	10.1	9.4	9.7	10.2	1.0
IT	12.9	12.9	13.2	12.5	13.6	0.7
LT	2.6	3.1	2.3	1.8	3.6	1.0
LU	6.6	9.1	7.3	7.2	6.4	-0.2
LV	6.7	7.6	7.3	6.0	7.3	0.6
MT	5.0	6.5	6.1	7.0	5.2	0.2
NL	18.7	18.7	18.1	17.7	18.1	-0.6
PL	27.1	28.2	27.7	26.0	27.0	-0.1
PT	23.0	23.2	22.5	22.1	22.8	-0.2
RO	1.1	1.2	1.2	1.4	1.9	0.8
SE	16.2	17.3	15.5	15.0	16.7	0.5
SI	17.8	17.8	16.6	16.2	17.7	-0.1
SK	5.8	6.6	6.1	6.1	6.8	1.0
UK	6.2	6.3	6.2	6.0	6.3	0.1
EU27	14.0	14.4	14.1	13.5	14.2	0.2
Men	14.7	15.0	14.6	14.1	14.8	0.1
Women	13.4	13.9	13.6	13.0	13.7	0.3

Source: Eurostat, EU LFS. Data non-seasonally adjusted. (from 15 to 74 years)

Table 9: Part-time employment as a percentage of the total number of employees

	2010q2	2010q3	2010q4	2011q1	2011q2	2011q2 change on previous year (pps)
BE	24.1	22.7	24.2	25.4	25.1	1.0
BG	2.2	2.0	2.2	2.1	2.3	0.1
CZ	5.2	5.0	5.0	4.9	4.7	-0.5
DK	26.3	25.3	25.3	25.8	25.6	-0.7
DE	25.7	25.4	25.2	25.9	25.9	0.2
EE	10.4	8.9	9.9	10.4	9.5	-0.9
IE	21.6	21.9	22.7	23.2	22.7	1.1
GR	6.1	6.1	6.3	6.5	6.2	0.1
ES	13.4	12.7	13.3	14.0	14.0	0.6
FR	17.7	17.3	17.6	17.7	17.8	0.1
IT	14.8	14.5	15.1	15.0	15.3	0.5
CY	7.8	7.6	8.7	9.4	8.6	0.8
LV	8.9	8.3	9.5	9.1	8.5	-0.4
LT	7.7	6.5	7.9	8.3	7.7	0.0
LU	17.8	16.5	16.8	18.4	18.1	0.3
HU	5.3	5.6	5.7	5.9	6.5	1.2
MT	11.2	11.8	11.5	12.7	12.0	0.8
NL	48.5	48.4	48.3	48.5	48.5	0.0
AT	24.5	24.0	24.1	24.5	24.4	-0.1
PL	7.8	7.4	7.5	7.5	7.2	-0.6
PT	8.5	8.2	8.5	10.6	9.7	1.2
RO	10.5	10.3	9.3	9.4	9.4	-1.1
SI	10.5	10.4	9.9	9.1	9.1	-1.4
SK	4.0	4.1	3.7	3.9	4.0	0.0
FI	13.6	12.9	14.5	14.9	13.6	0.0
SE	25.4	24.4	25.4	25.3	24.9	-0.5
UK	25.7	25.8	25.7	25.6	25.6	-0.1
EU27	18.7	18.4	18.6	18.9	18.8	0.1
Men	7.9	7.9	7.9	8.1	8.1	0.2
Women	31.6	31.0	31.4	31.8	31.6	0.0

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

Table 10: Employment rates 15-64

	2010q2	2010q3	2010q4	2011q1	2011q2	2011q2 change on previous year (pps)
BE	61.5	62.0	62.7	61.3	62.5	1.0
BG	60.2	60.6	59.0	57.3	58.2	-2.0
CZ	64.9	65.4	65.5	65.0	65.7	0.8
DK	74.1	73.8	72.9	72.6	73.3	-0.8
DE	71.0	71.5	71.7	71.5	72.5	1.5
EE	59.5	62.1	63.6	63.2	64.3	4.8
IE	60.4	60.3	59.4	58.9	59.5	-0.9
GR	60.1	59.7	58.3	56.9	56.4	-3.7
ES	58.6	58.9	58.4	57.7	58.3	-0.3
FR	64.0	64.3	63.5	63.4	64.1	0.1
IT	57.2	56.7	57.0	56.8	57.3	0.1
CY	69.8	70.0	70.1	68.8	69.0	-0.8
LV	58.9	60.6	60.1	60.2	61.4	2.5
LT	56.7	58.5	59.2	59.1	60.8	4.1
LU	64.6	66.1	65.3	65.7	63.8	-0.8
HU	55.3	56.0	55.8	54.6	55.8	0.5
MT	56.0	56.7	56.2	57.4	57.3	1.3
NL	74.7	74.9	74.9	74.4	74.7	0.0
AT	71.4	72.6	72.3	71.1	72.1	0.7
PL	59.3	60.0	59.6	58.9	59.7	0.4
PT	65.7	65.5	65.2	64.6	64.8	-0.9
RO	60.1	60.2	57.9	58.0	58.8	-1.3
SI	66.5	66.3	65.7	63.7	64.4	-2.1
SK	58.6	59.2	59.3	59.0	59.6	1.0
FI	69.2	69.3	67.6	67.1	70.1	0.9
SE	72.9	74.1	72.9	72.7	74.5	1.6
UK	69.3	70.0	69.7	69.4	69.4	0.1
EU27	64.2	64.6	64.2	63.8	64.5	0.3
Men	70.2	70.7	70.2	69.5	70.3	0.1
Women	58.3	58.5	58.2	58.1	58.7	0.4

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

Table 11: Employment rates 20-64

	2010q2	2010q3	2010q4	2011q1	2011q2	2011q2 change on previous year (pps)
BE	67.1	67.4	68.3	66.6	68.0	0.9
BG	65.9	66.4	64.7	62.6	63.4	-2.5
CZ	70.4	70.8	70.8	70.2	70.9	0.5
DK	76.7	76.6	75.6	75.0	75.8	-0.9
DE	74.9	75.3	75.3	75.2	76.4	1.5
EE	65.0	67.9	69.5	68.4	69.6	4.6
IE	65.5	65.0	64.2	63.8	64.4	-1.1
GR	64.6	64.1	62.7	61.3	60.9	-3.7
ES	62.6	62.8	62.5	61.7	62.3	-0.3
FR	69.4	69.5	68.9	68.8	69.4	0.0
IT	61.5	60.9	61.2	60.9	61.5	0.0
CY	75.7	75.7	75.8	74.7	74.9	-0.8
LV	64.7	66.3	65.8	65.6	67.0	2.3
LT	63.2	65.2	65.9	65.5	67.3	4.1
LU	70.1	71.6	70.7	71.1	69.3	-0.8
HU	60.4	61.0	60.7	59.5	60.7	0.3
MT	59.7	60.3	60.4	61.9	61.4	1.7
NL	76.9	76.9	77.1	76.7	76.8	-0.1
AT	75.0	75.5	75.3	74.2	75.5	0.5
PL	64.6	65.3	64.8	64.1	64.9	0.3
PT	70.5	70.4	70.2	69.5	69.8	-0.7
RO	64.8	64.6	62.3	62.5	63.1	-1.7
SI	70.7	70.0	69.9	67.8	68.6	-2.1
SK	64.5	65.0	65.1	64.6	65.2	0.7
FI	73.7	73.9	72.8	72.3	74.4	0.7
SE	78.9	79.7	79.1	78.9	80.3	1.4
UK	73.4	74.0	73.7	73.6	73.6	0.2
EU27	68.7	68.9	68.6	68.2	68.9	0.2
Men	75.2	75.6	75.2	74.5	75.3	0.1
Women	62.3	62.3	62.1	61.9	62.5	0.2

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

Table 12: Unemployment rates

	2010 Nov	2011 Jun	2011 Jul	2011 Aug	2011 Sep	2011 Oct	2011 Nov	2011 Nov change on previous month (pps)	2011 Nov change on previous year (pps)
BE	7.9	7.2	7.3	7.4	7.4	7.3	7.2	-0.1	-0.7
BG	11.5	11.2	11.1	11.0	10.9	10.8	10.9	0.1	-0.6
CZ	6.9	6.8	6.7	6.6	6.5	6.6	6.7	0.1	-0.2
DK	7.7	7.5	7.4	7.5	7.6	7.7	7.8	0.1	0.1
DE	6.7	5.9	5.9	5.8	5.7	5.6	5.5	-0.1	-1.2
EE	14.6	12.7	11.3	11.3	11.3	:	:	:	:
IE	14.3	14.4	14.7	14.7	14.6	14.6	14.6	0.0	0.3
GR	14.0	17.3	17.9	18.4	18.8	:	:	:	:
ES	20.4	21.4	21.8	22.1	22.5	22.7	22.9	0.2	2.5
FR	9.7	9.7	9.7	9.6	9.6	9.7	9.8	0.1	0.1
IT	8.1	8.0	8.0	7.9	8.3	8.5	8.6	0.1	0.5
CY	6.0	7.4	7.7	8.0	8.4	8.8	9.1	0.3	3.1
LV	17.0	16.1	14.8	14.8	14.8	:	:	:	:
LT	17.3	15.6	15.3	15.3	15.3	:	:	:	:
LU	4.7	4.8	4.9	4.9	5.0	4.8	4.9	0.1	0.2
HU	11.0	11.0	10.9	10.9	10.8	10.8	10.7	-0.1	-0.3
MT	6.8	6.5	6.4	6.3	6.3	6.4	6.4	0.0	-0.4
NL	4.4	4.1	4.3	4.4	4.5	4.8	4.9	0.1	0.5
AT	4.2	3.9	3.7	3.7	3.9	4.1	4.0	-0.1	-0.2
PL	9.6	9.6	9.7	9.7	9.8	9.9	10.0	0.1	0.4
PT	12.3	12.5	12.6	12.6	12.8	13.0	13.2	0.2	0.9
RO	7.4	7.3	7.5	7.5	7.7	7.3	7.3	0.0	-0.1
SI	7.7	8.0	8.1	8.0	8.2	8.2	8.2	0.0	0.5
SK	14.0	13.3	13.3	13.4	13.4	13.5	13.5	0.0	-0.5
FI	8.1	7.8	7.7	7.7	7.6	7.5	7.4	-0.1	-0.7
SE	7.8	7.4	7.4	7.4	7.3	7.5	7.4	-0.1	-0.4
UK	7.7	8.0	8.1	8.3	8.3	:	:	:	:
EU27	9.6	9.5	9.6	9.7	9.8	9.8	9.8	0.0	0.2
Men	9.5	9.4	9.5	9.5	9.6	9.7	9.7	0.0	0.2
Women	9.7	9.7	9.8	9.8	9.9	9.9	10.0	0.1	0.3

Source: Eurostat, Series on unemployment. Seasonally adjusted Data
 Note: : not available

Table 13: Youth unemployment rates

	2010 Nov	2011 Jun	2011 Jul	2011 Aug	2011 Sep	2011 Oct	2011 Nov	2011 Nov change on previous month (pps)	2011 Nov change on previous year (pps)
BE	21.4	19.2	20.0	20.6	21.0	21.1	21.1	0.0	-0.3
BG	25.8	26.5	26.0	25.4	24.7	24.8	25.6	0.8	-0.2
CZ	17.1	18.7	18.1	17.9	18.1	18.6	19.0	0.4	1.9
DK	14.0	14.0	14.3	14.8	15.0	14.9	14.9	0.0	0.9
DE	9.1	8.8	8.7	8.6	8.5	8.3	8.1	-0.2	-1.0
EE	25.7	22.0	21.8	21.8	21.8	:	:	:	:
IE	29.1	29.6	29.8	30.6	29.2	29.2	29.3	0.1	0.2
GR	36.3	43.8	44.7	46.0	46.6	:	:	:	:
ES	43.0	46.3	47.3	47.7	48.3	49.0	49.6	0.6	6.6
FR	23.0	23.1	22.9	22.7	22.8	23.3	23.8	0.5	0.8
IT	28.4	27.5	27.4	27.8	29.2	29.2	30.1	0.9	1.7
CY	15.3	20.0	23.1	23.1	23.1	:	:	:	:
LV	30.8	29.3	29.9	29.9	29.9	:	:	:	:
LT	33.9	32.8	31.1	31.1	31.1	:	:	:	:
LU	14.9	14.7	15.4	15.3	15.3	14.4	14.7	0.3	-0.2
HU	25.4	25.7	25.9	26.1	26.1	26.1	25.9	-0.2	0.5
MT	13.5	14.0	14.1	14.1	13.9	14.1	14.3	0.2	0.8
NL	8.4	7.1	7.5	7.5	8.0	8.2	8.6	0.4	0.2
AT	8.1	7.8	7.5	6.9	7.5	8.7	8.3	-0.4	0.2
PL	23.8	25.2	25.6	26.0	26.4	27.2	27.8	0.6	4.0
PT	27.2	29.3	29.7	29.9	30.1	30.4	30.7	0.3	3.5
RO	23.3	22.8	23.4	23.4	23.4	:	:	:	:
SI	14.5	14.6	15.2	15.2	15.2	:	:	:	:
SK	33.3	33.0	33.4	33.8	33.9	34.5	35.1	0.6	1.8
FI	20.8	19.9	19.9	19.9	19.9	19.7	19.6	-0.1	-1.2
SE	22.6	22.9	21.6	23.0	22.2	22.3	23.2	0.9	0.6
UK	20.2	20.9	21.4	22.0	22.0	:	:	:	:
EU27	21.0	21.2	21.4	21.5	21.8	22.0	22.3	0.3	1.3
Men	21.3	21.5	21.8	22.0	22.3	22.5	22.8	0.3	1.5
Women	20.5	20.8	20.8	21.0	21.1	21.4	21.7	0.3	1.2

Source: Eurostat, Series on unemployment. Seasonally adjusted Data
 Note: : not available

Table 14: Long-term unemployment rate

	2010q2	2010q3	2010q4	2011q1	2011q2	2011q2 change on previous year (pps)
BE	4.1	4.2	3.9	3.5	3.2	-0.9
BG	4.3	4.5	5.9	6.3	6.3	2.0
CZ	3.0	3.1	3.0	2.9	2.6	-0.4
DK	1.3	1.5	1.6	1.9	2.0	0.7
DE	3.4	3.2	3.2	3.2	2.9	-0.5
EE	8.5	8.2	6.6	8.1	7.3	-1.2
IE	6.4	7.0	7.7	8.3	8.3	1.9
GR	5.4	5.7	6.5	7.1	8.0	2.6
ES	7.2	7.4	8.2	8.6	8.6	1.4
FR	3.8	4.0	4.0	4.1	3.8	0.0
IT	4.1	3.8	4.2	4.3	4.2	0.1
CY	1.2	1.3	1.4	1.3	1.2	0.0
LV	8.1	8.3	9.3	9.5	8.8	0.7
LT	7.4	7.5	8.5	8.7	8.0	0.6
LU	1.4	1.0	1.6	1.0	1.6	0.2
HU	5.5	5.7	5.6	5.6	5.4	-0.1
MT	2.9	3.4	3.3	3.3	2.9	0.0
NL	1.2	1.2	1.3	1.5	1.5	0.3
AT	1.2	1.1	1.1	1.2	1.1	-0.1
PL	2.9	3.0	3.3	3.5	3.5	0.6
PT	6.2	6.6	6.5	6.1	6.3	0.1
RO	2.4	2.6	2.6	3.0	3.0	0.6
SI	3.2	3.3	3.6	3.8	3.5	0.3
SK	9.1	9.4	9.5	9.5	9.1	0.0
FI	1.9	2.0	2.2	1.8	1.7	-0.2
SE	1.5	1.5	1.5	1.6	1.4	-0.1
UK	2.6	2.6	2.6	2.7	2.6	0.0
EU27	3.8	3.8	4.0	4.1	4.0	0.2
Men	3.9	3.9	4.1	4.2	4.0	0.1
Women	3.7	3.8	4.0	4.1	4.0	0.3

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

Table 15: Job Vacancy rate

	2009q4	2010q1	2010q2	2010q3	2010q4	2011q1	2011q2	2011q3	2010q4 change on previous year (pps)	2011q1 change on previous year (pps)	2011q2 change on previous year (pps)	2011q3 change on previous year (pps)
BE	:	1.8	1.8	1.5	1.6	1.6	:	:	:	-0.2	:	:
BG	0.7	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.1	0.0	0.1	-0.1
CZ	0.8	0.8	0.8	0.9	0.8	0.8	0.9	1.0	0.0	0.0	0.1	0.1
DK	:	1.2	1.3	1.4	1.2	1.4	1.3	:	:	0.2	0.0	:
DE	2.2	1.9	2.0	2.2	1.9	2.0	2.1	2.5	-0.3	0.1	0.1	0.3
EE	0.8	0.9	1.1	1.2	1.0	1.2	1.3	:	0.2	0.3	0.2	:
IE	0.3	0.4	0.6	0.5	0.6	0.7	0.6	:	0.3	0.3	0.0	:
GR	1.2	1.9	1.1	0.9	0.6	:	:	:	-0.6	:	:	:
ES	0.7	1.4	1.4	1.1	1.1	1.1	1.1	:	0.4	-0.3	-0.3	:
FR	:	:	:	:	:	:	:	:	:	:	:	:
IT	:	:	:	:	:	:	:	:	:	:	:	:
CY	:	1.7	1.9	1.7	1.1	1.6	1.5	:	:	-0.1	-0.4	:
LV	0.2	0.2	0.2	0.3	0.3	0.4	0.4	:	0.1	0.2	0.2	:
LT	0.4	0.6	0.6	0.8	0.6	0.9	0.8	1.1	0.2	0.3	0.2	0.3
LU	0.3	0.5	0.5	0.7	0.7	0.8	1.0	:	0.4	0.3	0.5	:
HU	0.9	1.1	1.0	0.9	1.0	1.2	1.1	:	0.1	0.1	0.1	:
MT	:	:	:	:	:	:	:	:	:	:	:	:
NL	1.5	1.5	1.6	1.5	1.6	1.7	1.8	1.6	0.1	0.2	0.2	0.1
AT	1.4	1.6	1.7	2.1	2.2	2.3	2.1	1.9	0.8	0.7	0.4	-0.2
PL	0.5	0.7	0.6	0.6	0.5	0.7	0.6	:	0.0	0.0	0.0	:
PT	0.4	0.4	0.5	0.5	0.4	0.4	0.4	:	0.0	0.0	-0.1	:
RO	0.5	0.7	0.6	0.6	0.5	0.7	0.7	0.7	0.0	0.0	0.1	0.1
SI	0.5	0.5	0.6	0.6	0.7	0.7	0.8	:	0.2	0.2	0.2	:
SK	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.0	0.0	0.1	0.0
FI	1.1	2.2	2.1	1.7	1.4	2.7	2.3	1.8	0.3	0.5	0.2	0.1
SE	0.8	1.1	1.4	1.2	1.2	1.6	1.8	1.4	0.4	0.5	0.4	0.2
UK	1.7	1.6	1.8	1.8	1.8	1.7	1.7	1.8	0.1	0.1	-0.1	0.0
EU27	1.2	1.3	1.4	1.3	1.5	1.6	1.5	1.5	0.3	0.3	0.1	0.2

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, IT: cover only sections B to N. FR, GR, 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				
	2008	2009	2010	2010		2011			2010		2011		
				q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
EU-27	-0,6	-2,5	2,4	0,4	0,2	0,6	0,1	:	2,4	1,9	2,0	1,3	:
EURO	-0,4	-2,4	2,3	0,5	0,2	0,7	-0,1	:	2,2	1,8	2,1	1,2	:
BE	-0,8	-2,7	1,4	0,2	0,0	0,4	0,0	-0,4	1,0	0,7	1,3	0,6	0,0
BG	3,5	-2,9	6,4	1,6	1,3	1,2	1,6	0,9	5,9	8,8	7,2	5,8	5,0
CZ	0,8	-3,5	4,5	0,3	0,8	0,8	0,1	-0,5	4,1	3,8	2,5	2,0	1,2
DK	-2,4	-2,7	3,6	1,4	-0,3	0,1	1,2	-0,5	4,6	2,8	2,4	2,4	0,4
DE	-0,1	-5,2	3,2	0,5	0,2	1,0	-0,1	0,3	3,2	2,7	3,2	1,6	1,4
EE	-3,8	-4,7	7,4	0,5	-0,5	-0,1	0,8	-0,7	9,6	5,4	2,8	0,6	-0,6
IE	-1,9	1,2	4,0	1,3	-0,7	2,3	1,3	:	3,9	3,5	3,1	4,3	:
EL	-0,9	-3,0	-1,7	-1,0	-1,3	2,4	:	:	-1,8	-4,3	-0,5	:	:
ES	1,1	3,2	2,6	0,4	0,5	0,6	0,1	1,0	2,3	2,3	2,2	1,5	2,1
FR	-0,6	-1,6	1,3	0,2	0,2	0,7	-0,3	0,3	1,2	0,7	1,4	0,8	0,8
IT	-1,4	-3,5	2,3	0,4	-0,4	0,2	0,0	:	2,0	1,2	0,8	0,2	:
CY	0,8	-1,2	1,4	:	:	:	:	:	:	:	:	:	:
LV	-4,2	-5,3	4,7	0,1	0,2	0,2	1,1	1,6	3,2	2,0	0,6	1,7	3,2
LT	3,6	-8,6	6,9	0,5	0,5	0,8	0,2	3,3	6,3	6,3	4,2	2,2	5,0
LU	-3,8	-6,2	0,8	-0,2	0,4	-0,5	-0,7	:	0,2	1,7	0,3	-1,0	:
HU	2,1	-4,0	1,0	0,4	-0,3	1,4	-0,1	0,0	1,0	0,6	1,3	1,5	1,0
MT	1,7	-2,4	0,4	-0,5	1,9	-0,9	0,0	0,3	-0,2	1,0	-0,2	0,5	1,3
NL	0,3	-2,8	2,0	0,2	0,5	0,7	0,0	-0,4	1,6	1,5	2,0	1,5	0,8
AT	-0,6	-3,0	1,4	1,2	0,5	0,6	0,2	0,0	2,0	1,9	2,8	2,5	1,3
PL	1,3	1,3	3,4	1,2	0,8	1,0	1,1	0,8	3,7	2,8	2,7	4,0	3,6
PT	-0,5	0,1	3,0	0,6	0,1	-0,6	-0,3	-0,2	2,4	2,8	1,1	-0,1	-1,0
RO	7,3	-4,9	-0,1	:	:	:	:	:	:	:	:	:	:
SI	1,0	-6,3	4,0	1,0	0,9	0,3	0,3	0,3	3,8	4,5	4,0	2,6	1,9
SK	2,9	-2,4	5,7	0,4	0,3	0,0	0,4	0,4	4,7	3,0	1,5	1,2	1,3
FI	-1,6	-4,9	5,1	0,0	1,7	-0,4	-0,9	1,1	3,8	5,5	4,5	0,4	1,5
SE	-1,5	-3,2	4,4	1,2	0,6	-0,1	0,7	1,2	4,8	4,6	3,0	2,4	2,4
UK	-1,8	-2,8	1,5	0,1	-0,3	0,0	0,0	1,2	1,6	0,6	0,2	-0,2	0,9

Source: Eurostat (variable nama_aux_lp and namq_aux_lp)

Note: provisional values for IE and EL

Table 17: Labour productivity per hour worked

	Annual % change			% change on previous quarter					% change on previous year				
	2008	2009	2010	2010		2011			2010		2011		
				q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
EU-27	-0,6	-1,0	1,7	:	:	:	:	:	:	:	:	:	:
EURO	-0,4	-0,8	1,5	0,4	0,3	0,4	0,4	:	1,3	1,5	1,6	1,5	:
BE	-1,3	-1,3	:	:	:	:	:	:	:	:	:	:	:
BG	3,4	-2,9	6,7	1,6	1,4	1,2	0,9	1,1	6,1	9,1	7,6	5,2	4,7
CZ	0,4	-1,6	2,7	3,3	-8,9	-0,9	1,8	2,7	7,0	-3,2	-5,5	-5,0	-5,7
DK	-2,5	-2,0	3,6	1,3	-0,2	-0,2	1,4	:	4,1	2,8	2,4	2,4	:
DE	-0,1	-2,5	1,4	0,1	-0,2	1,1	-0,1	0,3	1,0	1,2	1,9	0,9	1,1
EE	-2,4	2,3	4,7	1,4	-2,8	-1,9	1,6	-1,2	7,1	1,5	1,1	-1,8	-4,3
IE	-0,8	3,3	4,2	1,5	-0,6	2,1	1,8	:	4,1	3,7	3,9	4,9	:
EL	-1,5	-0,3	-2,7	:	:	:	:	:	:	:	:	:	:
ES	0,8	2,7	2,3	1,0	1,3	-1,4	1,6	-0,3	2,2	3,2	0,1	2,4	1,2
FR	-1,7	-0,2	1,7	0,3	0,2	0,5	-0,2	0,3	1,2	0,7	1,1	0,7	0,8
IT	-0,7	-1,8	2,0	0,4	0,1	0,1	0,2	:	1,9	1,6	1,5	0,8	:
CY	1,2	-0,4	1,4	:	:	:	:	:	:	:	:	:	:
LV	0,1	-2,4	5,5	-0,4	-0,2	-0,8	2,6	1,3	2,6	2,8	-1,2	1,1	2,9
LT	1,9	-6,5	5,8	-2,3	3,3	2,2	-0,8	4,8	3,2	5,5	4,2	2,3	9,7
LU	-3,8	-2,1	0,6	:	:	:	:	:	:	:	:	:	:
HU	2,1	-3,1	1,3	-1,4	-0,9	1,3	-1,2	1,8	1,7	-0,7	0,2	-2,2	1,0
MT	1,4	0,8	:	:	:	:	:	:	:	:	:	:	:
NL	0,1	-2,3	2,2	0,2	0,7	0,0	0,7	-0,4	2,1	2,9	1,9	1,6	0,9
AT	0,4	-0,5	2,1	1,3	0,7	0,5	0,3	0,2	3,1	2,8	3,3	2,8	1,7
PL	1,7	3,6	2,1	0,9	1,0	0,7	1,5	0,6	4,2	2,7	3,1	4,2	3,9
PT	0,2	-0,5	1,9	0,6	2,2	-1,8	0,6	0,3	0,8	3,6	0,5	1,6	1,3
RO	7,3	-5,1	-0,3	:	:	:	:	:	:	:	:	:	:
SI	0,1	-6,3	3,7	1,0	0,9	0,2	0,3	-0,2	4,0	4,4	3,5	2,4	1,1
SK	3,8	1,8	2,4	0,3	0,1	0,6	0,5	1,3	4,1	2,9	1,3	1,5	2,5
FI	-0,5	-3,8	3,8	1,0	0,7	-0,1	-1,5	2,0	4,7	5,2	4,7	0,0	1,0
SE	-1,8	-2,3	3,0	1,2	0,7	0,5	0,8	1,6	4,6	4,1	3,7	3,2	3,6
UK	-0,6	-2,5	:	:	:	:	:	:	:	:	:	:	:

Source: Eurostat (variable nama_aux_lp and namq_aux_lp)

Note: provisional values for IE and EL; BE, MT, UK estimated values

Table 18: Nominal compensation per employee

	Annual % change			% change on previous quarter					% change on previous year				
	2008	2009	2010	2010		2011			2010		2011		
				q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
EU-27	..	..	..	..	..	..	..	..	..	..	..	..	..
EURO	3,3	1,4	1,6	0,2	0,7	0,9	0,6	0,4	1,5	1,7	2,5	2,5	2,7
BE	3,6	1,1	1,4	0,8	0,6	1,3	-0,3	1,5	1,4	1,9	3,1	2,4	3,1
BG**	16,3	9,4	7,2	-3,5	11,5	-2,2	6,0	-1,5	3,7	5,8	7,1	11,6	13,9
CZ**	6,3	0,4	3,8	0,9	-0,1	1,1	0,6	..	6,3	5,1	2,5	2,5	..
DK	3,5	2,8	2,6	0,2	0,0	1,0	0,0	0,7	2,2	1,9	1,9	1,2	1,7
DE*	2,1	0,0	2,0	0,4	0,7	1,3	0,8	-0,2	2,1	2,4	2,9	3,3	2,7
EE	9,7	-3,4	1,4	1,7	-0,3	-0,8	0,6	0,3	3,0	2,9	1,2	1,2	-0,1
IE*	5,4	-1,2	-3,2	-0,3	-0,2	0,9	0,9	..	-1,8	-0,3	1,1	1,3	..
EL	7,0	2,2	-2,6	1,9	-2,7	-0,4	..	..	-2,3	-5,8	-5,7	..	..
ES	5,9	4,5	-0,1	-0,4	0,1	-0,1	0,3	-0,3	-0,7	-0,7	0,2	-0,1	0,0
FR*	2,6	1,5	2,0	0,3	0,8	0,9	0,6	0,8	1,8	1,8	2,4	2,6	3,1
IT*	3,0	-0,1	1,9	-0,8	1,3	0,9	0,7	..	1,6	1,9	2,7	2,0	..
CY**	2,4	3,2	2,6	0,0	11,5	..	..	..	2,9	2,4	..	..	..
LV	15,7	-12,7	-6,0	2,0	1,8	0,1	0,2	3,0	-4,0	3,7	3,3	4,1	5,2
LT	14,3	-9,9	-0,9	-1,4	0,3	2,3	0,2	-0,2	-1,5	2,7	1,1	1,4	2,6
LU*	2,2	1,8	2,5	-1,2	15,6	-12,5	1,5	..	2,4	3,5	3,7	1,5	..
HU	7,0	-2,2	-0,1	1,0	-1,7	8,1	..	..	-1,3	-2,9	4,4	..	..
MT**	4,5	2,7	-0,3	0,5	2,0	-2,2	0,9	1,4	1,6	0,2	0,1	1,1	2,0
NL*	3,3	2,2	1,1	0,3	0,7	0,2	0,0	0,3	1,2	1,5	2,3	1,2	1,2
AT*	3,2	1,7	1,4	0,5	0,6	0,7	0,6	0,5	1,5	1,9	2,2	2,4	2,5
PL*	8,9	3,5	8,4	1,9	1,8	1,6	-0,6	..	7,1	7,8	5,6	4,8	..
PT**	3,0	3,3	1,7	-4,6	14,9	-18,4	10,5	..	1,8	0,9	0,4	-1,1	..
RO**	..	-6,6	1,3	4,4	20,3	-29,8	30,0	8,9	-2,9	-2,8	3,2	14,5	19,6
SI	7,2	1,8	4,3	0,9	0,7	0,5	0,2	0,2	4,3	4,3	3,5	2,3	1,6
SK*	7,0	3,6	4,4	0,5	-1,7	2,5	-0,2	0,7	5,4	2,4	2,5	1,1	1,3
FI	4,4	2,3	3,5	1,4	1,1	0,7	0,3	1,4	3,7	4,1	5,0	3,6	3,6
SE**	1,5	1,3	2,7	-3,5	3,4	-3,6	5,1	-3,2	2,2	3,6	0,9	1,1	1,4
UK	1,7	2,7	3,3	-0,2	-0,3	0,3	0,3	2,5	2,7	0,6	-0,7	0,1	2,8

Source: ECB Statistical Data Warehouse

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

Table 19: Nominal unit labour cost

	Annual % change			% change on previous quarter					% change on previous year				
	2008	2009	2010	2010		2011			2010		2011		
				q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
EU-27	1,3	1,2	0,7	0,1	0,0	0,4	0,0	:	0,6	1,2	0,8	0,6	:
EURO	3,7	3,9	-0,7	-0,3	0,5	0,2	0,8	:	-0,7	-0,2	0,2	1,3	:
BE	4,5	3,9	0,0	0,6	0,6	0,9	-0,3	1,9	0,4	1,2	1,8	1,8	3,1
BG	12,5	12,7	0,8	:	:	:	:	:	:	:	:	:	:
CZ	3,4	2,4	-0,7	1,4	-1,2	0,1	0,3	1,2	1,4	-0,1	-0,2	0,6	0,4
DK	6,1	5,7	-1,0	-1,2	0,3	1,0	-1,2	1,2	-2,3	-0,9	-0,5	-1,1	1,2
DE	2,3	5,5	-1,1	-0,1	0,5	0,3	0,9	-0,4	-1,1	-0,3	-0,3	1,6	1,3
EE	14,1	1,4	-5,6	1,2	0,2	-0,7	-0,2	1,1	-6,0	-2,4	-1,5	0,6	0,5
IE	7,5	-2,4	-6,9	-1,6	0,5	-1,3	-0,5	:	-5,5	-3,7	-1,9	-2,9	:
EL	7,1	7,2	-1,7	2,9	-1,3	-2,8	:	:	-0,5	-1,6	-5,2	:	:
ES	4,8	1,3	-2,6	-0,7	-0,4	-0,7	0,2	-1,3	-2,9	-2,9	-1,9	-1,6	-2,1
FR	3,2	3,2	0,7	0,1	0,6	0,2	1,0	0,5	0,7	1,1	1,0	1,8	2,3
IT	4,5	3,6	-0,4	-1,3	1,7	0,8	0,6	:	-0,4	0,7	1,9	1,8	:
CY	1,4	3,7	1,6	:	:	:	:	:	:	:	:	:	:
LV	20,7	-7,9	-10,2	1,8	1,6	-0,1	-0,9	1,4	-7,0	1,7	2,6	2,3	1,9
LT	10,4	-1,4	-7,3	-1,9	-0,2	1,5	0,0	-3,4	-7,3	-3,4	-3,0	-0,7	-2,2
LU	6,2	8,6	1,7	1,4	0,5	0,8	0,0	:	2,1	1,9	3,4	2,7	:
HU	4,3	2,9	-3,2	0,6	-1,4	6,4	0,3	0,8	-2,4	-3,6	2,9	5,9	6,1
MT	2,7	5,2	-0,8	1,5	-2,4	1,5	-0,1	1,5	1,7	-0,9	0,7	0,4	0,5
NL	3,0	5,2	-0,8	0,1	0,2	-0,6	0,0	0,7	-0,4	0,0	0,3	-0,3	0,3
AT	3,8	4,9	0,0	-0,7	0,1	0,1	0,5	0,5	-0,5	0,0	-0,6	0,0	1,1
PL	7,5	2,2	2,3	0,7	1,0	0,7	-1,6	:	3,3	4,8	2,9	0,7	:
PT	3,5	3,3	-1,2	-0,8	-0,4	0,4	-0,2	:	-0,6	-1,8	-0,7	-1,0	:
RO	22,9	-2,0	1,7	:	:	:	:	:	:	:	:	:	:
SI	6,2	8,7	0,3	-0,1	-0,2	0,1	-0,1	0,0	0,4	-0,2	-0,5	-0,3	-0,2
SK	3,8	7,5	-1,3	0,1	-2,0	2,5	-0,6	0,3	0,6	-0,6	1,0	-0,1	0,0
FI	6,0	7,6	-1,5	1,4	-0,6	1,1	1,3	0,3	-0,1	-1,3	0,5	3,2	2,0
SE	3,1	4,6	-1,7	:	:	:	:	:	:	:	:	:	:
UK	3,6	5,7	1,7	-0,3	0,0	0,3	0,3	1,3	1,1	0,1	-0,9	0,3	1,9

Source: Eurostat (variable nama_aux_ulc and namaq_aux_ulc)

Note: provisional values for IE and EL

Table 20: Real unit labour cost

	Annual % change			% change on previous quarter					% change on previous year				
	2008	2009	2010	2011					2010				
				q3	q4	q1	q2	q3	q3	q4	q1	q2	q3
EU-27	1,0	2,8	-1,5	-0,7	0,2	-0,3	0,0	:	-1,7	-1,4	-1,6	-0,8	:
EURO	1,7	3,0	-1,4	-0,7	0,5	-0,2	0,4	:	-1,7	-1,1	-1,0	0,0	:
BE	2,3	2,6	-1,8	-0,2	0,0	0,4	-0,9	1,3	-1,6	-1,4	-1,0	-0,6	0,8
BG	3,7	8,1	-2,1	:	:	:	:	:	:	:	:	:	:
CZ	1,5	0,5	1,0	1,7	-0,5	0,1	0,3	0,7	2,2	2,3	0,8	1,6	0,5
DK	1,8	4,6	-4,7	-1,5	0,0	0,4	-0,6	1,1	-5,6	-3,9	-2,2	-1,7	0,9
DE	1,5	4,2	-1,7	-0,3	0,4	0,2	0,4	-0,7	-1,4	-0,6	-0,7	0,8	0,3
EE	8,3	2,4	-6,6	-1,0	-0,5	-1,0	-1,1	0,1	-8,4	-6,1	-4,6	-3,6	-2,6
IE	10,1	1,7	-4,6	-0,8	5,1	-4,5	0,0	:	-4,2	0,3	-0,9	-0,5	:
EL	2,2	4,3	-3,4	2,3	-0,8	-2,1	:	:	-3,7	-3,8	-5,6	:	:
ES	2,4	1,2	-3,0	-1,1	-0,8	-1,0	-0,3	-1,4	-3,6	-3,9	-3,2	-3,2	-3,5
FR	0,7	2,7	-0,1	-0,3	0,5	-0,4	0,6	0,2	-0,5	-0,1	-0,4	0,3	0,8
IT	2,0	1,5	-0,8	-1,9	2,1	0,1	0,6	:	-1,5	-0,1	0,2	0,8	:
CY	-3,1	3,6	-0,1	:	:	:	:	:	:	:	:	:	:
LV	6,9	-6,7	-8,2	-0,1	1,1	-1,3	-2,9	-0,7	-8,3	-0,5	-1,3	-3,3	-3,8
LT	0,6	2,4	-9,1	-2,6	1,5	-3,8	-1,5	-1,4	-12,7	-7,9	-6,8	-6,3	-5,2
LU	1,7	8,4	-3,0	-0,8	-0,9	0,4	-0,1	:	-3,2	-5,1	-3,0	-1,5	:
HU	-0,9	-0,6	-6,1	-0,8	-2,2	6,7	-0,1	-1,2	-6,3	-5,8	0,4	3,4	3,1
MT	0,2	2,5	-3,6	-0,9	-2,6	0,7	0,6	-0,1	-1,6	-3,5	-1,7	-2,2	-1,4
NL	0,9	5,6	-2,1	-0,2	-0,1	-0,8	-0,1	0,4	-2,4	-2,1	-1,6	-1,2	-0,6
AT	2,0	3,8	-1,8	-1,2	-0,4	-0,4	0,0	0,0	-2,3	-1,9	-2,6	-2,0	-0,8
PL	4,3	-1,5	0,9	0,6	0,1	-0,3	-1,9	:	2,2	2,8	-0,3	-1,6	:
PT	1,9	2,7	-2,3	-2,0	-0,3	-0,3	0,6	:	-2,2	-2,7	-1,8	-2,0	:
RO	6,6	-6,0	-2,7	:	:	:	:	:	:	:	:	:	:
SI	2,0	5,6	1,4	0,1	0,0	-0,6	-0,2	-0,4	1,4	1,2	-0,5	-0,6	-1,2
SK	0,9	8,8	-1,8	-0,8	-2,0	2,4	-1,5	0,0	-0,8	-1,7	-0,5	-1,9	-1,2
FI	3,7	5,8	-1,9	0,7	-1,2	-0,9	0,3	0,4	-1,4	-2,6	-2,4	-1,1	-1,5
SE	-0,1	2,8	-2,8	:	:	:	:	:	:	:	:	:	:
UK	0,5	4,0	-1,1	-0,8	-0,9	-0,2	-0,2	0,3	-1,4	-3,1	-3,2	-2,0	-0,9

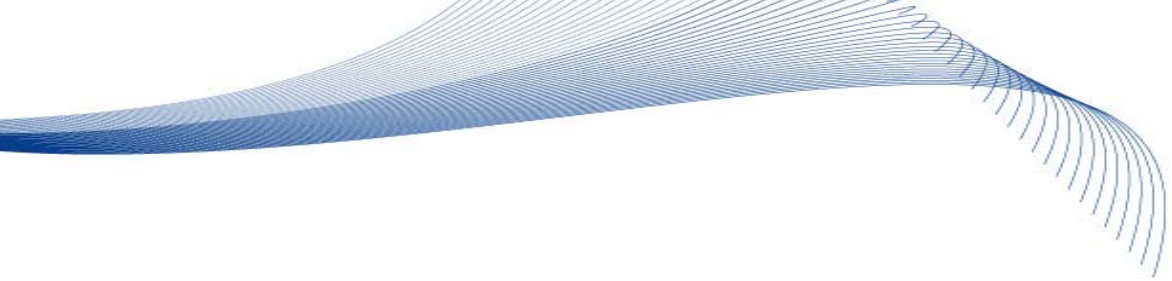
Source: Eurostat (variable nama_aux_ulc and nama_aux_ulc)

Note: provisional values for IE and EL

Table 21: Weekly working hours

	Weekly working time of full-time employed persons									Weekly working time of part-time employed persons						
	Level			Level			Level			Level						
	2008	2009	2010	2010		2011		2008	2009	2010	2010		2011			
			q3	q4	q1	q2	q3				q3	q4	q1	q2	q3	
EU-27	41,0	40,6	40,8	41,5	40,4	41,0	40,6	:	20,0	19,9	20,1	20,5	19,9	19,9	19,9	:
EURO	40,9	40,5	40,8	41,4	40,3	41,0	40,5	:	19,9	19,8	20,0	20,3	19,8	19,9	19,7	:
BE	40,8	40,8	41,2	41,4	41,0	41,5	41,6	:	22,9	23,0	23,3	23,5	22,9	23,5	22,6	:
BG	41,4	40,7	40,9	41,2	40,9	40,7	40,3	:	22,0	20,3	20,7	21,6	20,6	20,4	20,8	:
CZ	42,3	41,6	41,6	41,4	40,3	42,2	42,1	:	21,9	21,6	21,0	21,1	20,5	21,4	21,0	:
DK	39,1	39,1	39,5	40,6	39,1	40,2	39,4	40,5	20,0	19,8	19,8	20,5	19,6	19,5	19,6	20,2
DE	42,1	41,4	41,7	42,0	41,7	42,1	41,3	:	18,1	18,1	18,3	18,4	18,4	18,2	17,9	:
EE	40,6	39,5	40,5	41,1	40,3	40,9	40,1	41,3	20,4	21,2	21,3	21,0	21,1	20,5	20,8	22,3
IE	40,2	39,5	39,6	40,4	39,1	39,7	39,7	:	18,8	18,7	18,6	19,1	18,2	18,4	18,7	:
EL	42,2	42,1	42,3	43,5	42,0	41,7	42,3	:	19,9	19,6	20,0	20,8	20,1	19,4	19,8	:
ES	41,0	40,7	40,7	41,5	39,8	41,0	40,5	41,2	18,8	18,5	18,4	19,0	18,0	18,5	18,6	19,1
FR	39,5	39,3	39,8	40,4	39,1	40,5	39,4	40,1	22,7	22,4	22,5	22,8	22,1	22,8	22,4	22,8
IT	40,4	39,9	40,1	40,8	39,5	39,9	40,0	:	21,0	21,0	21,3	21,9	21,1	21,0	21,2	:
CY	40,5	40,2	40,7	41,7	41,0	40,1	40,3	41,7	19,7	19,6	19,3	20,1	19,7	18,8	19,0	19,5
LV	40,7	40,6	40,2	40,6	40,0	40,4	40,2	:	20,5	21,6	21,4	22,6	20,1	20,8	22,0	:
LT	40,3	39,9	39,8	40,2	39,8	39,7	40,0	40,1	23,3	23,4	22,5	22,6	21,7	21,3	22,4	22,8
LU	40,4	41,4	41,4	41,6	41,2	41,3	41,6	:	22,0	20,5	20,9	21,7	20,3	21,5	22,1	:
HU	40,7	40,5	40,5	40,6	40,5	40,1	40,1	:	23,8	23,7	23,9	24,1	24,3	23,3	22,8	:
MT	41,2	41,0	40,5	40,0	40,7	41,0	40,1	:	21,7	20,9	20,6	21,4	20,1	19,8	21,4	:
NL	41,1	41,0	41,2	41,7	41,8	41,3	40,9	41,7	20,6	20,7	20,8	21,6	20,9	20,9	20,6	21,7
AT	42,9	42,0	41,9	43,1	41,1	42,7	41,7	:	20,1	20,0	20,0	20,9	19,3	20,0	19,8	:
PL	41,8	41,4	41,3	42,8	40,4	40,8	40,9	:	21,0	20,8	20,8	21,7	20,3	20,6	21,0	:
PT	40,4	40,4	40,5	41,7	39,3	41,6	40,7	42,2	18,9	18,6	18,6	19,7	18,2	16,2	16,1	16,2
RO	41,0	40,7	40,7	41,4	40,5	39,9	41,2	:	27,0	27,4	27,2	28,9	26,2	23,6	27,4	:
SI	41,6	41,3	41,2	42,0	41,4	40,6	40,4	:	19,5	19,4	18,8	19,5	18,8	18,7	18,8	:
SK	40,4	39,9	40,3	40,3	39,9	40,9	40,4	:	20,8	22,0	20,1	19,7	19,0	19,0	18,7	:
FI	39,2	38,6	39,0	40,1	38,7	39,0	38,4	:	19,9	19,7	20,3	21,2	19,7	19,6	20,2	:
SE	39,6	39,2	39,9	40,9	39,8	40,1	38,5	40,7	23,5	23,4	24,0	24,8	23,9	23,6	23,4	24,3
UK	41,0	41,0	41,1	41,3	41,1	41,3	40,6	:	18,4	18,4	18,5	18,8	18,5	18,5	18,4	:

Source: Eurostat ([lfsq_ewhan2])





Annex 2: Research results

This section presents some relevant recent research results at EU level. European Research Framework Programmes FP6 or FP7 and International bodies or agencies closely linked with employment and social affairs contribute to this achievement. The main criteria used to compile this selection, which is not exhaustive, were the extent of progress made in the research projects, as well as direct relevance to the issues developed in this report.

- Towards more reliable measurements of poverty and social exclusion in Europe
The AMELI project compared poverty estimates for Europe, based on a range of available state-of-the-art poverty indicators, all calculated from data on income and living conditions in Europe collected during the extensive EU-SILC surveys². The researchers focused on poverty estimates for population subgroups on a regional scale, known as Small Area Estimation.
AMELI - Advanced methodology for European Laeken indicators (duration: 1/4/2008 – 31/3/2011 - A FP7 project.
See: <http://www.uni-trier.de/index.php?id=40263&L=2>
- Opportunities and barriers to active participation of older people in society
The ASPA research project studied organisational and public policies on recruiting and retaining older workers, and the influences behind organisational behaviour. It identified good practices among businesses and voluntary organisations that stimulate high participation rates among older adults and improve investment in knowledge and skills throughout people's lives.
ASPA - Activating senior potential in ageing Europe (duration: 1/2/2008 – 31/1/2011) - A FP7 project.
See: <http://www.aspa-eu.com>
- Revitalising the role of the city through cultural integration
Among the factors within a population's surroundings that can help or hinder cultural integration, the GEITONIES research project concludes that although the local neighbourhood is an important starting point to establish informal interethnic contact, there should be more responsibility for promoting integration at city, national and EU level to develop meaningful, long-term relations.
GEITONIES - Generating interethnic tolerance and neighbourhood integration in European urban spaces (duration: 1/5/2008 – 30/4/2011) - A FP7 project.
See: <http://geitonies.fl.ul.pt/>
- ESS - The European Social Survey : New release of data
ESS is a biennial multi-country survey covering over 30 countries. The first round was fielded in 2002/2003, the fifth in 2010/2011. The first edition of data and documentation for ESS round 5 was released 26.10.11. ESS round 5 includes rotating modules on the topics: "Work, Family and Well-being: The Implications of Economic Recession" (also fielded in ESS round 2) and "Trust in Criminal Justice: A Comparative European Analysis"
Funded by the European Research Framework Programmes as an infrastructure. See
http://www.europeansocialsurvey.org/index.php?option=com_content&view=article&id=23&Itemid=318
- Exploring leadership in vocational education and training
The success of current reforms in vocational education and training depends largely on the people responsible for transforming policy into practice. Cedefop's latest working paper argues that we need a better understanding of how leadership can help implement reforms and secure the quality of vocational education and training.
A recently released working paper by the European Centre for the Development of Vocational Training (Cedefop).
See http://www.cedefop.europa.eu/EN/Files/6113_en.pdf
- Trends in European education during the last decade
This issue of Statistics in Focus presents characteristics of European education and training systems between 2000 and 2009, from when children start in school, until they leave as young adults.
It emphasises major trends at each educational level in terms of enrolments, education expectancy, teacher characteristics and graduates



See http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-11-054/EN/KS-SF-11-054-EN.PDF

- Working together for youth employment - From education to the workplace: a global challenge
On 30 June 2011, a seminar on Youth and Employment was hosted by the Employment and Social Affairs Committee of the European Parliament, and jointly organised by four European agencies: Cedefop, ETF (European Training Foundation), EU-OSHA (European Agency for Safety and Health at Work) and Eurofound. The agencies highlighted the complementarity of their work by each presenting different aspects and perspectives related to youth employment in Europe and its neighbourhood countries. Topics included the transition from education to the workplace, guidance for young people at risk, safe and decent jobs for young people, the 'NEETs' phenomenon and its economic costs, the active inclusion of disadvantaged young people in employment and the global dimension of youth employment. Full speakers presentations are also available.

Author: Cedefop; ETF; EU-OSHA; Eurofound

See <http://www.eurofound.europa.eu/pubdocs/2011/85/en/1/EF1185EN.pdf>

- Addressing European labour market and social challenges for a sustainable globalization
The main purpose of the work is to ensure that policies evolve in a manner which addressed these challenges while harnessing effectively the opportunities presented via a more integrated global economy. Research was undertaken in principally two parts: "Building a Sustainable Job-Rich Recovery" examines the origins of the 2008 financial crisis and provides an overview of immediate policy responses across both developed and developing economies while "Towards a Greener Economy: The Social Dimensions" aims to promote understanding of the nature of the green economy and its implications for labour markets.

A joint EU Commission-ILO research.

See <http://www.ilo.org/public/english/bureau/inst/research/ecinst/index.htm>

- Knowledge sharing in early identification of skill needs

The overall objective of the programme is to enhance cooperation and knowledge sharing in the field of early identification of skill needs between the EC and the ILO for mutual benefit, so that both can add value to their own activities and existing research by drawing on state-of-the-art knowledge and good practices. In particular the programme strategy has two mutually supportive components: a comparative analysis of methods of identification of skill needs on the labour market in transition to the low carbon economy and a study of occupational and skill needs in two green sectors.

A joint EU Commission-ILO research.

See http://www.ilo.org/skills/projects/WCMS_140837/lang--en/index.htm

- Shifts in the job structure in Europe during the Great Recession

This report describes the impact of the 'great recession' on employment and the job structure in the EU. It finds that despite a net loss of over five million jobs between 2008–2010, employment continued to grow in top-paying jobs, largely in knowledge-intensive services and business services. Meanwhile, sharp losses in medium-paying jobs in construction and manufacturing led to employment shrinking in the middle of the wage spectrum. More jobs were lost to men than to women and employment levels of older workers grew while those of core-age and, in particular, younger workers declined. Part-time work expanded across the wage spectrum while levels of temporary employment began to recover quickly from 2009 onwards after having borne the brunt of the early-recession job losses.

A Eurofound publication .

See <http://www.eurofound.europa.eu/pubdocs/2011/41/en/1/EF1141EN.pdf>

- Divided We Stand: Why Inequality Keeps Rising

In the three decades prior to the recent economic downturn, wage gaps widened and household income inequality increased in a large majority of OECD countries. This occurred even when countries were going through a period of sustained economic and employment growth. This OECD report analyses the major underlying forces behind these developments. An Overview of Growing Income Inequalities in OECD Countries with a special focus on Inequality in Emerging Economies.

A OECD publication .

See http://www.oecd.org/document/51/0,3746,en_2649_33933_49147827_1_1_1_1,00.html