

# Labour Market Fact Sheet

July 2012

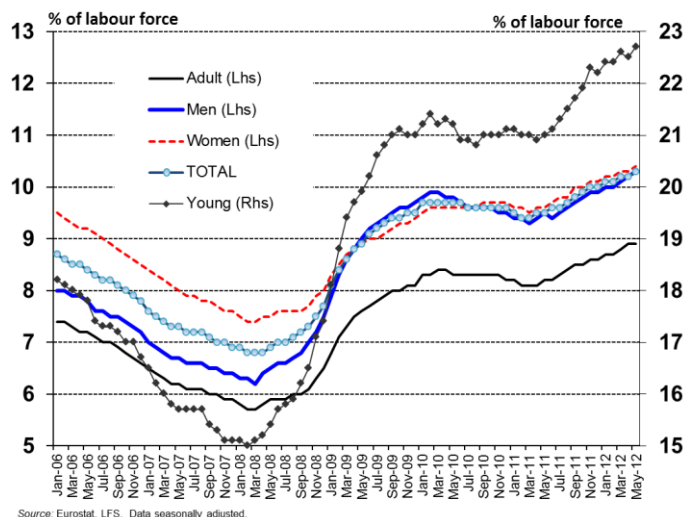
## CLOSE TO 25 MILLION PEOPLE UNEMPLOYED IN THE EU

The number of people unemployed in the EU continued to rise in May 2012, reaching a new high of 24.868 million. As a result, the unemployment rate rose by 0.1 percentage points in May, to 10.3%<sup>1</sup> in the EU and to 11.1% in the euro area. Unemployment in the EU has continued its steady increase over recent months, leading to more than 2.2 million more jobless people (+9.2%) over the past 15 months. The trend in unemployment is upward in the majority of the Member States. In May 2012, the unemployment rate for young people worsened still further, from an already high level, to reach 22.7%. Disparities between Member States are at a historical high, with three Member States (Germany, Austria and the Netherlands) recording an unemployment rate for young people in May 2012 of below 10%, while more than one young person in two wanting to work is unemployed in Greece and Spain.

### Overall summary:

- The unemployment rate continued to rise reaching 10.3% in the EU and to 11.1% in the euro area in May. This is a historically high level. Close to 25 million people are now unemployed in the EU.
- The unemployment rate for young people has worsened from an already high level to reach 22.7%. There are historically large disparities between Member States.
- In industry, EU firms' employment expectations have deteriorated. Pessimism persists as regards the employment outlook in services and construction.
- Pessimism amongst consumers over unemployment increased in most Member States in June 2012.

**Chart 1: Monthly unemployment rate (%) for young people (15-24), adults (25-74), male, female and total; Jan 06-May 12 in the EU**

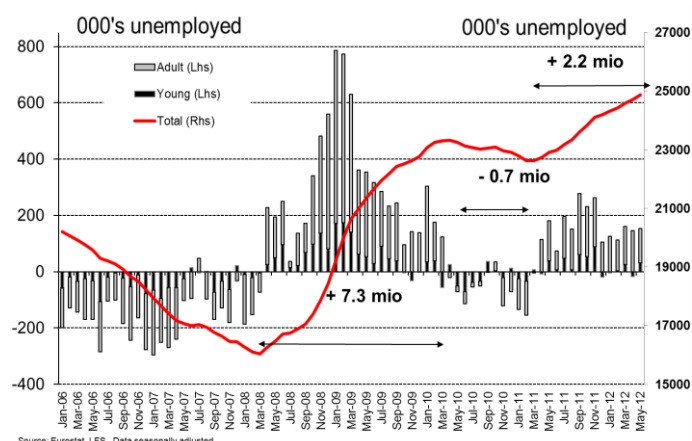


### Steady unemployment increase: more than 2.2 million more jobless people over last 15 months

Over the 15 months to May 2012, the EU unemployment rate remained on an upward trend, rising by one percentage point (Chart 1). Over the three months to May 2012, there was a rise of 0.3 pp to 10.3%. This means over 2.2 million more jobless people over the 15 months to May 2012 (Chart 2), and

440 000 more over the last three months. During the three months to May 2012, the sustained upward trend continued, with an average monthly growth of 150 000 persons. In the US, the unemployment rate picked up by 0.1 pp in May 2012 to 8.2%, but remains on a downward trend over the last 12 months with a decrease by 0.8 pp.

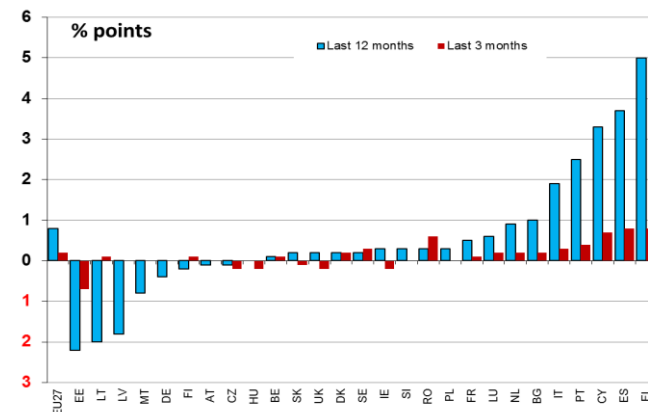
**Chart 2: Monthly change in the number of unemployed young people, adults and total and monthly number of unemployed in the EU Jan 06- May 12**



### Big diversity but the trend in unemployment is upward in the majority of Member States

In the three months to May 2012, the unemployment rate rose in 15 Member States (Chart 3). The highest rises were recorded in Spain (+0.8 pp to 24.6%), Greece (+0.8 pp — up to Mar 12 — to 21.9%), Cyprus (+0.7 pp to 10.8%), Romania (+0.6 pp to 7.7%), Portugal (+0.4 pp to 15.2%), Sweden (+0.3 pp to 7.8%) and Italy (+0.3 pp to 10.1%). Over the same period, the unemployment rate remained stable in six countries and fell in a further six Member States. Over the three months to May 2012, the most significant decrease was recorded in Estonia (-0.8 pp — up to Mar 12 — to 10.9%).

**Chart 3: Change in the unemployment rate (%) over the last 12 months and last 3 months to May 2012**



Source: Eurostat, Data seasonally adjusted. Data for EL up to Mar 12; For UK: Moving average Feb-Mar-Apr 12; For EE, LV quarterly data up to 2012 Q1

Among the other large Member States, a rise in the unemployment rate over the three months to May 2012 were recorded France (+0.1 pp to 10.1%), while the situation was stable in Germany (5.6%) and in Poland (9.9%) and there was a decrease in the United Kingdom (-0.2 pp — up to Mar 12 — to 8.1%). The gap between EU Member States in terms of their unemployment rates continues to widen. There is now a gap

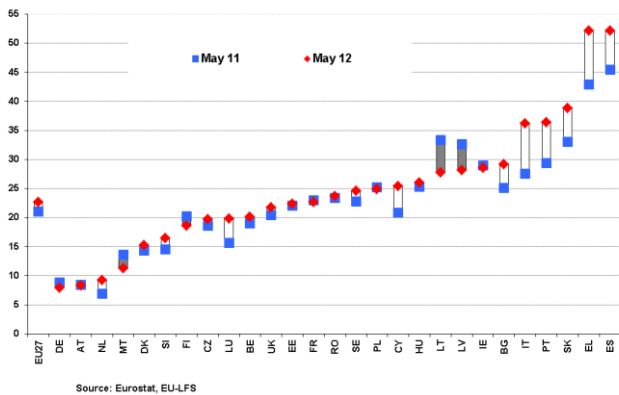
<sup>1</sup> Compared with the rate published in June 2012 monthly Labour Market Fact sheet, the April 2012 EU27 unemployment rate has been revised from 10.3% to 10.2% (Eurostat)

of 20.5 pp between the lowest (in Austria, 4.1%) and the highest (in Spain, 24.6%): the widest range seen over the past decade.

**Youth unemployment rate worsens still further from an already record high level to 22.7%**

In May 2012, the unemployment rate for young people worsened from an already high level to reach 22.7%. Over the year to May 2012, the youth unemployment rate rose more or less across the board in the EU, with an increase in 18 Member States (Chart 4). It is high in most Member States, exceeding 20% in 18 of them. The disparity between Member States is at a historical high, with three Member States recording a youth unemployment rate in May 2012 of less than 10%, namely Germany (7.9%), Austria (8.3%) and the Netherlands (9.2%), while at the other end of the scale youth unemployment is 52;1% in Greece (March 2012) and 52.1% in Spain.

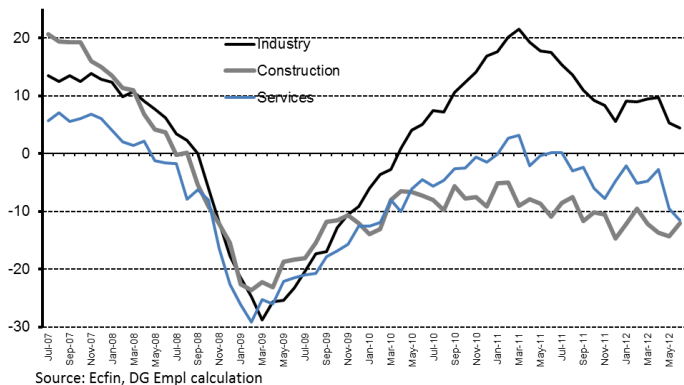
**Chart 4: Unemployment rate for young people (less than 25 years) in May 2011 and May 2012**



**EU industrial firms' employment expectations have deteriorated. Ongoing pessimism over employment in services and construction**

Employment prospects in industry decreased in June 2012 (Chart 5), more so in the euro area than in the EU as a whole. Nonetheless, they remain above their long-term average in both blocs (euro area and EU) and in 17 Member States.

**Chart 5: Employment expectations (next three months) in the EU in Industry, construction and services (centred with long term average)**

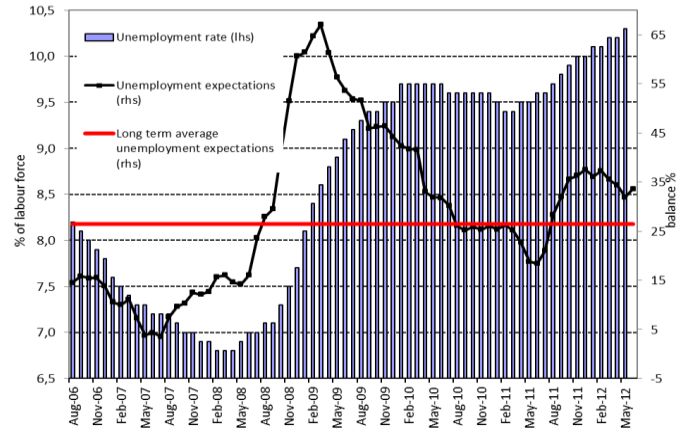


Sentiment about employment in the construction industry at European aggregate level has stayed stubbornly depressed over recent years, though it was up slightly in June 2012, and the situation is better than in summer 2008. Managers in the construction sector expect employment to decline in most Member States, especially in Portugal, Greece and Spain. Since summer 2011, employment expectations at European level in the services sector have remained below their long-term average. In June 2012, the outlook declined again in most Member States.

**Pessimism among consumers over unemployment in most Member States in June 2012**

Consumer pessimism about trends in unemployment in the coming months increased in June 2012 after easing over the previous four months (Chart 6). They expect unemployment to worsen in 21 Member States, especially in the Netherlands, Greece, Italy, Portugal and Cyprus. More optimistic expectations were recorded in Estonia, Germany and Latvia.

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



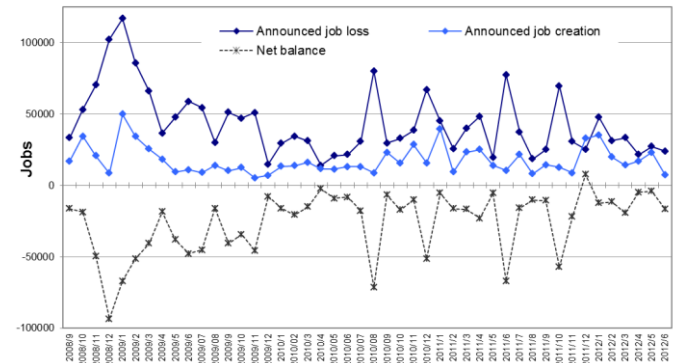
Source: Eurostat, ECFIN. Data seasonally adjusted.

**Agency work down in April 2012**

The agency work sector in Europe experienced negative growth in April 2012 compared with the same period in 2011 in France (- 8.5%), Italy (- 6.8%) and the Netherlands (- 2%), Germany continues to have slight growth (+0.1 % in April 2012 vs April 2011) (source: Eurociett).

**Restructuring activity has decreased in June 2012**

**Chart 7: announced job loss, announced job creation and net balance**



Source: European Monitoring Centre on Change, European restructuring monitor.

In June 2012, restructuring activity, reported by the European Restructuring Monitor (ERM)<sup>2</sup>, continued to decline (Chart 7). During the month, the ERM recorded only 23 962 restructuring-related announced job losses and 7 413 announced new jobs, in a total of 88 cases. The Member States with the largest announced job losses were Italy (5 118 jobs) and Finland (4 560 jobs), followed by Poland (2 552) and Germany (2 432). Manufacturing (10 811 jobs) was the sector the most affected by announced job losses followed by financial and insurance activities (5 218) and transportation and storage (3 146). Manufacturing (3 100 jobs), information and communication (1 070) and retail (1 040) accounted for over 2/3 of all of business expansion.

<sup>2</sup> The section on restructuring trends has been prepared by the European Foundation for the Improvement of Living and Working Conditions. <http://www.eurofound.europa.eu/>