



EU Employment and Social Situation

Quarterly Review

September 2013

Special edition: Annual Overview

This special edition of the regular Quarterly Review provides a more long-term overview and analysis of the key features of EU employment and social developments

This Quarterly Review provides in-depth analysis of recent labour market and social developments. It is prepared by the Employment Analysis and Social Analysis Units in DG EMPL. A wide combination of information sources have been used to produce this report, including Eurostat statistics (see [codes] mentioned under the charts, to be used with the Eurostat data search engine: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database), reports and survey data from the Commission's Directorate-General for Economic and Financial Affairs, national and sectoral statistics and articles from respected press sources. The Review has also benefited from contributions from public and private employment services.

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Executive summary

There are signs that an economic recovery in the European Union, even if fragile, is beginning to take hold as the ECB has been active, austerity measures have been adjusted and exports continue to increase, as world trade remains robust. Furthermore, unemployment growth, even for young people, has recently flattened; even in some of the worst hit countries (Spain, Portugal). Economic growth is unlikely to be sustained unless it is inclusive and job rich.

Labour market and social conditions remain extremely challenging in the EU. These challenges have been increasing until recently as the situation has worsened in many Member States and divergences between countries have been growing, especially within the Euro Area. The South and periphery of the EU have been particularly hard hit. Overall, the EU is struggling with high unemployment, low employment, rising poverty and social exclusion, and declining household incomes. This hits the Member States directly affected but also spills over onto those more resilient to the effects of the crisis through reduced aggregate demand, eroded confidence, and contagion via the financial markets. Divergence and spill-overs might threaten core objectives of the EMU: to benefit all its members by promoting economic convergence and to improve the lives of citizens in the Member States.

The EU, after resisting the first phase of the Great Recession better than most other OECD countries, has seen worse labour market performance since 2011: Unemployment has grown rather than fallen and employment rates have declined. Poverty since 2008 has also increased in the EU overall while it has moderately fallen in several OECD countries, but inequality has fallen a little in the EU while increasing in the USA and many other OECD countries.

Social protection expenditure rose on average by 12% in the OECD between 2007 and 2011 and as much as 20% in the USA and Korea. The rise was much more modest in the EU27 - 6% - with a significant decline after 2010. While far from uniform across Member States, overall public expenditure levels not only developed differently from other advanced countries, they also differed from previous recessions. One result is that the automatic stabiliser function of such expenditure was reduced, in some countries dramatically.

Competitiveness is being further challenged but 11 Member States are in the top 30 of the World Economic Forum's Global Competitiveness Index 2013-14: Finland, Germany, Sweden and the Netherlands occupy places 3, 4, 6 and 8. These are among those with the highest share of social expenditure as a percentage of GDP.

Weak labour markets saw long-term unemployment rising in most Member States and to an all-time high in the EU. Structural unemployment and mismatches between supply and demand of both the quality and quantity of labour has been growing. Net job destruction has been coinciding with an increase in precarious jobs even though the share of temporary contracts has fallen in the EU as they bore the brunt of the downturn. Part time, especially involuntary part-time, jobs have been increasing.

Activity rates have held up quite well as more women and older citizens seek employment. There are, however, signs that this may not continue as a growing share of long-term unemployed become discouraged and stop seeking to work. Young people have seen a decline in activity but this is mostly linked with staying in education. The increase in those not in employment, education or training (NEET) is essentially due to rising unemployment. But the threat to the future of many young people, with an EU average unemployment rate of 23% (and as high as 63% in Greece), remains acute. The upturn, even if sustained, in no way means policy to improve youth employment is not still acutely needed in many Member States.

Increasing hardship now sees 24.2% of the EU population at risk of poverty or exclusion. The biggest increase has been in those of working age as unemployment and jobless households have increased. There has also been a rise in in-work poverty, partly reflecting that those who remain in work have tended to work fewer hours or/and for lower wages. Children in such households have also seen increased poverty. A growing divergence is to be seen with 2/3 of Member States seeing increasing poverty, but 1/3 not.

The uneven impact of the crisis within countries has seen rising inequality with fiscal consolidation being most felt by the lower income groups hardest hit by job losses. Social expenditure, offsetting the recession in the first phase, was then reduced becoming pro-cyclical

with likely adverse effects continuing into the future. Sustainable growth will be all the more challenging.

Policy responses to confront the employment and social challenges and ensure a job-rich recovery are needed in four areas: investing in jobs and people; improving labour market functioning; increasing the effectiveness and efficiency of tax and benefit systems; and, constructing a genuine social dimension of the EMU.

Investing in jobs and people requires structural reforms and timely strategic investments aimed at job creation in key economic sectors and at human capital development. Policies are needed to improve job quality to ensure productivity rises and the EU can confront the challenges of globalisation demographic change, technological progress and greening of the economy. Policies should focus on children and young people, fighting poverty and long term unemployment. Labour markets should be made to work better though wages and productivity being more closely aligned, and skills mismatches and segmentation reduced. Addressing high and rising long-term unemployment requires tailored activation and personalised counselling combined with well-designed income support.

Enhancing the efficiency of tax and benefits systems and the reduction of undeclared work should create a potential for reduced taxation on labour and ensure that limited social resources are more efficiently spent, notably by strengthening their social investment orientation and ensuring access to cost-effective social protection over the life cycle. Pension reforms should continue ensuring both financial sustainability and adequacy. Healthcare expenditure can also be more efficient and long term care is of increasing importance.

Growing or unchecked divergence challenges the very basis of the EMU. A robust EMU needs better monitoring of employment and social trends to improve policy making, notably by taking better account of the expected employment and social consequences of macro-economic adjustment. In a longer-term perspective, elements of an EMU level automatic stabilization mechanism would be an essential component of a sustainable monetary union.

1 Key employment and social trends in the face of a long delayed and fragile recovery

An economic recovery in the European Union seems to be beginning; the ECB has been active, austerity measures have been adjusted and net exports continue to increase, as world trade remains robust. Furthermore, unemployment growth in the EU, even for young people, has recently flattened, and even in some of the worst hit countries (Spain, Portugal). But this recovery is fragile at best. Economic growth is unlikely to be sustained unless it is inclusive and job rich.

However, labour market and social conditions remain extremely challenging. The situation of many households remains serious, as poverty and social exclusion are on the rise in most Member States, affecting particularly the working age population and, by extension, children. Young people suffer increasingly from the labour market exclusion: nearly a quarter of economically active young in the EU are unemployed and their prospects remain bleak for 2013 at least. These challenges have been increasing until recently as the situation has worsened in many Member States and divergences between countries have been growing, especially within the Euro Area. The South and periphery of the EU have been particularly hard hit.

Poor performance hits the Member States directly affected but also spills over onto those more resilient to the effects of the crisis through reduced aggregate demand, and contagion via the financial markets. Divergence and spill-overs might threaten a core objective of the EMU: to benefit all its members by promoting economic convergence and to improve the lives of citizens in the Member States.

The Great Recession began in autumn 2008, much of the EU still is suffering its effects, but not all countries. The reasons for this are of key importance for policy makers. Analysis of this starts with the situation of the EU compared with some key global economies. It continues with looking at the key elements of the divergent employment and social balances or developments especially in the Euro area. The third and last section looks at the details of the employment and social situation in the EU.

1.1 The EU in the global context: how does it compare to its main partners?

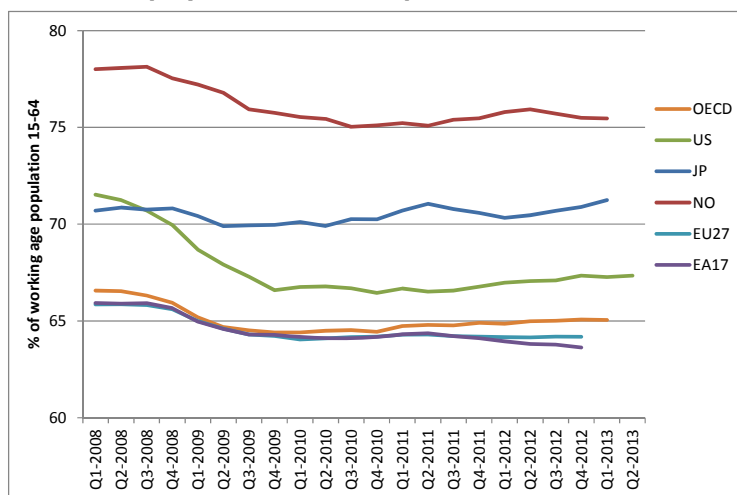
The effects of the prolonged crisis have adversely affected the EU labour markets, exacerbated poor social conditions, and weakened the public finances of member states. While similar trends are to some extent observed globally, the EU has performed worse on average in these areas in comparison to its partners. However, the generalized trends in the EU conceal significant heterogeneity between the outcomes in different Member States. Some member states weathered the initial crisis well compared to Europe's global partners and quickly recovered, and others have seen prolonged problems and systematically underperformed. This divergence in labour and social outcomes within the EU is linked to the national institutional and policy framework, as well as to their different economic structure. The following analysis provides an overview of trends in employment, social situations, welfare spending, and competitiveness in the EU vis-à-vis its global partners, highlighting the importance of institutional and policy design for labour market and social systems.

1.1.1 Employment trends and labour market resilience

The 2008 crisis had a substantial negative impact on labour markets across the world. Global unemployment peaked in 2009 at around 6.2 %, but subsequently dropped during 2010 and 2011 to 5.9 %. However, in 2012, the global unemployment rate increased again, if modestly, and is projected to reach approximately 6.0 % in 2013. The unemployment rate in the developed economies is forecast to be higher at 8.7 % in 2013¹.

During the post crisis period, the labour market performance in the EU was on average worse than that in other developed countries. Employment rates in the EU between 2008 and 2013 were lower than the OECD average, while unemployment rates were higher, continuing pre crisis trends.

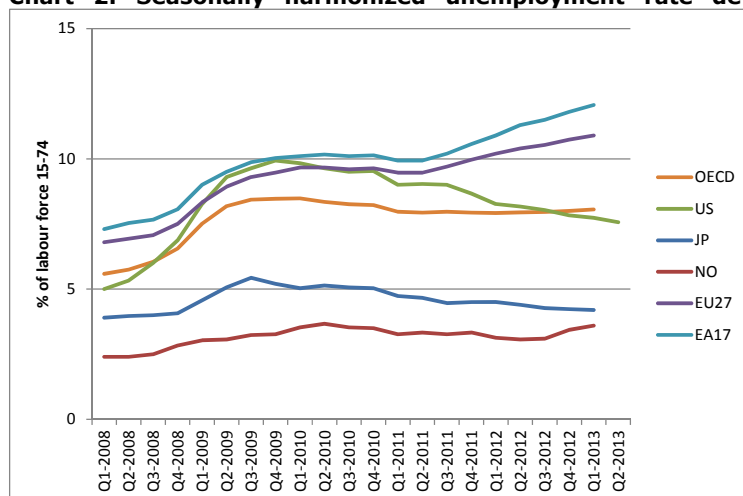
Chart 1: Employment rate developments in the EU and OECD



Source: OECD iLibrary Statistics

¹ ILO (2013), "Global Employment Trends 2013" Note: The data points are taken from the Facts and Figures and Summary pages on <http://www.ilo.org/global/research/global-reports/global-employment-trends/2013/lang--en/index.htm>.

Chart 2: Seasonally harmonized unemployment rate developments in the EU and OECD



Source: OECD iLibrary Statistics

However EU labour markets were relatively more resilient during the first years of the crisis, in particular in comparison to the US². This has been attributed to a lower exposure to shocks in the construction, real estate and financial sectors in some Member States (e.g. France, Germany), activation of short-time working schemes and similar actions undertaken by the social partners that helped decrease job losses (e.g. Germany, the Netherlands), and a continuing growth of labour market participation of older workers and women³.

During the latter years, the negative labour developments in the EU contrast with the moderate improvements that other OECD countries experienced. While labour markets in the EU recovered moderately during the second half of 2010, in 2011 employment started falling again. As a result, unemployment increased rapidly and reached a historic high of 26.5 million in 2013 (11.0%)⁴. The deterioration of the European labour markets was accompanied by negative GDP growth in both the EU27 and EA17 in 2011 and 2012 meanwhile the unemployment rate decreased in the US, in Japan and in Canada. The labour market improvements in those countries are partially explained by positive if low rates of GDP growth and in the case of the US, decreasing labour participation rates. However, estimations that link unemployment to GDP growth (Chart 9) also indicate that the labour market resilience of the Euro Zone decreased post-2011.

But while the overall employment outcomes in the EU are worse than those in other OECD countries during recent years, some Member States, such as Germany, Finland, Denmark, have consistently outperformed Europe's global partners. This testifies that the impact of the crisis varied substantially across the labour markets of different EU member states: labour market outcomes in the North and Center of the EA have been consistently better than those in its South and Periphery⁵. Furthermore, during the past two years, the EU27 outperformed the EU17 in terms of unemployment and employment rates.

Differences in the severity of the crisis in terms of lost GDP do not completely explain the divergence in labour market outcomes between the Member States. Countries that were affected by an international trade shock due to the decrease in world demand experienced smaller decreases in employment than those affected by internal (if nevertheless global crisis linked) shocks in the financial, construction, or real estate sectors. Other country-specific characteristics also had an impact on the severity of the output shock.

² Between 2008-Q1 and 2010-Q1, unemployment in the EU27 and EA17 increased by an average of 0.22 and 0.14 percentage for each percentage point decrease in GDP in the same quarter, while in the US – by 1.52 percentage points (Commission Calculations).

³ European Central Bank (2012), "Euro Area Labour Markets and the Crisis". See also European Commission *Industrial Relations in Europe 2010, and 2012*

⁴ European Commission (2013a), "EU Employment and Social Situation: June 2013".

⁵ For more details on this issue, see section 1.3 of this chapter.

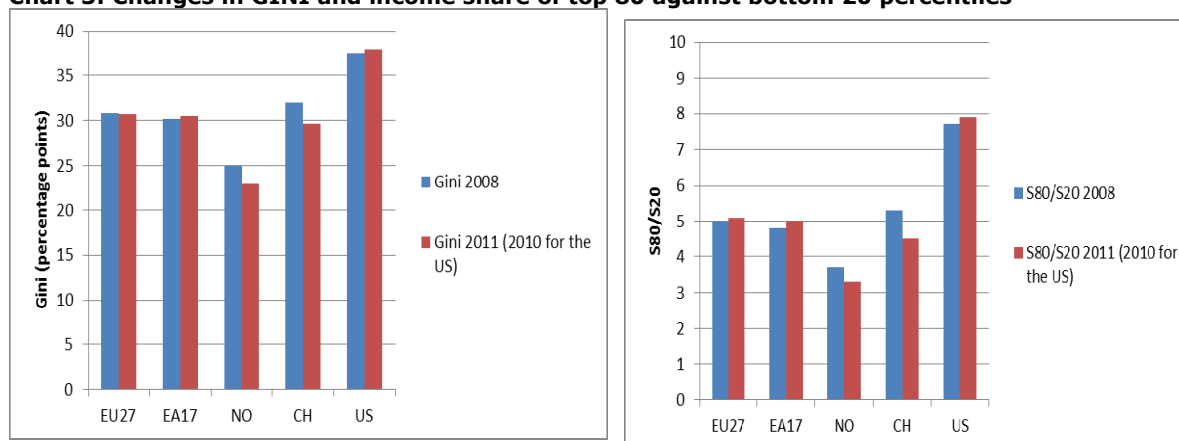
Research suggests a number of factors that might account for cross-country differences in labour market resilience⁶. Such factors include, among others, the degree of labour market segmentation, the share of temporary contracts in the labour market, the strictness of employment legislation protection, the use of active labour market policies, the average tax wedge, and the role of the social partners. The relative labour market resilience has been largely influenced by the institutional and policy environment which is thus a main determinant of the observed employment trends.

1.1.2 Inequality and poverty trends

Recent analysis⁷ highlights that income and wage inequalities have increased sharply across most OECD countries during the past three decades. While substantial differences between countries persist, in the great majority of cases the incomes of the top decile increased much faster than that of the bottom decile of the population. In addition, in traditionally low inequality countries such as the Central European and Nordic states inequality grew substantially post-2000, although it still remains below the OECD average. In comparison, in some traditionally high inequality countries, such as Greece and Turkey, it fell during the last years. The OECD report indicates that the increase in inequality is a result of a number of forces, including globalization and technological change and developments in policy and institutional features.

During the crisis, the income inequality in the EU as measured by the GINI index and the 80/20 quintile ratio did not rise significantly overall, but did see sizeable increases in a number of Member States, particularly in Southern Europe. Based on Eu-SILC data, between 2008 and 2011 the EU27 Gini decreased by 0.1 point, although for EA17 it increased with 0.3 gini points. Moderate increases in inequality as measured by the Gini were observed in the US as well - 0.4 Gini points during 2008-2010. The Gini coefficient, though, provides only a limited understanding of the developments in inequality since it does not display developments in different income quintiles. Still, another measure of inequality - the ratio of the income received by the top 20% of the population to that of the bottom 20% of the population - shows similar trends, a very slight increase, in the EU, Eurozone and the US during the crisis.

Chart 3: Changes in GINI and income share of top 80 against bottom 20 percentiles



Sources: Eurostat and OECD (for the US)

Note: GINI post taxes and transfers. Eurostat and OECD have a different methodology for calculating equalized household income, so data might not be directly comparable.

Significant heterogeneity in the inequality trends was observed between different Member States. The change in the GINI coefficient between 2008 and 2011 varied from decreases of over 2 pps for Romania, Latvia, and Netherlands to increases of 2.7 pps for Denmark and Spain.

⁶ See for example, OECD 2012b, "What Makes Labour Markets Resilient" or ECB 2012, "Euro Area Labour Markets During the Crisis"

⁷ OECD 2011: Divided We Stand: Why Inequality Keeps Rising; European Commission (2011): Employment and Social Developments in Europe - Annual Review 2011; GINI project: <http://www.gini-research.org/articles/home>

The average poverty rate after taxes and transfers poverty rate also increased moderately for the 21 OECD countries in the EU. In comparison, in the US the poverty rate actually decreased between 2008 and 2010 by 0.2 pp. However, the trends in the poverty rate should be treated carefully, as the poverty threshold is related to the general level of income, which might fluctuate largely between years. Trends in the poverty gap deprivation display more clearly the negative impact of the crisis. The poverty gap increased substantially for a number of countries between 2007 and 2010, with most notable increases observed in Slovakia, Spain, and Sweden.

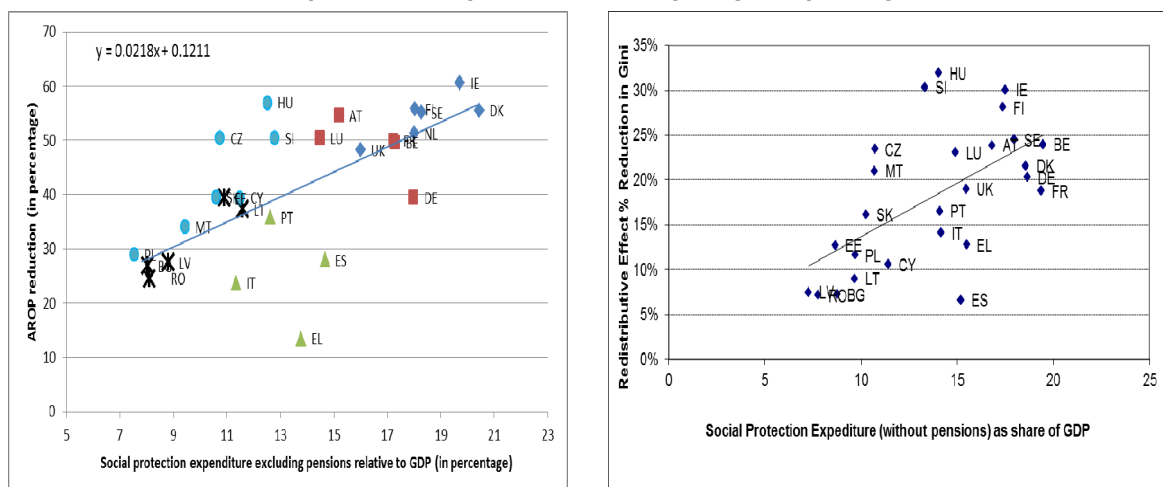
The variation of the trends in inequality and poverty in different EU Member States is partially explained by factors such as the labour market, social protection spending, and other policy and institutional features. The significant job losses during the crisis contributed strongly to the rising inequality and poverty rates. Thus, the institutional and policy features that improve labour market resilience (discussed in the previous section) have also played a major role in restricting the social effects of the output shock.

In addition, the effectiveness and efficiency of social protection spending play an important role in cushioning the effects of the crisis on inequality and poverty. Estimates by the ESDE 2011 indicate that the taxes and cash benefits decrease the GINI coefficient by 19% on average, and the P90/P10 ratio by 34%. However, there is large variation of the effect across Member States: GINI inequality in Hungary, Denmark, and Ireland is reduced by a third, while in Bulgaria, Romania, and Latvia the effect is below 10%. Again, social protection benefits, and in particular pensions, contribute substantially to poverty reduction in the EU. However, social protection spending in the Southern Member States, and the Baltic and South-Eastern Member States has a below average effectiveness in terms of reducing poverty, while the Nordic States are clearly above average.

The size of social protection spending is directly related to its effectiveness in tackling inequality and poverty. The austerity measures introduced to limit fast growing (and/or excessive) government budget deficits also affected income poverty and inequality. Although the scale of the effect is difficult to establish given the limited data available, a EUROMOD simulation carried out by Avram et al. (2012) partly illustrates the impact of austerity measures in nine EU countries. According to the simulation results, EL, LV, ES, and PT were particularly strongly affected, while the effect in LT, UK, and IT was more muted. As a result, there are substantial differences between the changes in income distribution across the sample of Member States. For example, the overall fiscal consolidation efforts resulted in a progressive redistribution of income in Spain, Latvia, and Romania, while in Greece and Portugal it affected most both the poorest and richest in the population.

Efficiency aspects are also important for poverty and inequality reduction. An indication of the potential efficiency gains comes from the observation that the same expenditure (as % of GDP, excluding pensions) reduces original GINI income inequality two or three times more in some Member States than others (e.g. Finland vs. Greece). In the same way, social protection spending which amounts to 14-15% of the GDP in Luxemburg and Austria reduces poverty much more than in Greece and Spain. Reducing spending inefficiency could therefore support Member States in preserving access to adequate social protection benefits, services, health and long term care and containing and reducing poverty. Finally, effectiveness of social spending in terms of poverty reduction in particular is also positively correlated with the degree of benefit coverage, the replacement rate, and the take-up rate.

Chart 4: Effects of social protection expenditure on inequality and poverty⁸



Source: ESSPROS and EU-SILC.

1.1.3 Government spending and the functioning of the economic stabilizers

Social protection expenditure has the triple role of protecting against social risks including redistributing income across generations and income groups, investing in social and human capital, and insuring individuals against individual misfortune as well as macroeconomic shocks. Thus, on one hand social protection expenditure can safeguard households against income shocks, prevent poverty and promote social equality. On the other hand, it contributes to short-term macroeconomic stabilization by dampening the effects of business cycles, typically by supporting aggregate demand. Estimates from ESDE 2012 indicate that unemployment expenditures in the 1995-2005 period increased on average by 6% for each percentage point decrease in the output gap; social exclusion, family, and housing expenditures by 2%; and pensions and health expenditures by around 1%-1.5%.

National governments in the euro area are restricted in their use of macroeconomic instruments such as interest and exchange rate setting by the common monetary policy. Thus, the stabilization function of public spending, both automatic and discretionary, should be even more central for mitigating the downturn, and then ensuring short-term recovery and long-term growth in the context of a recession. However, this function is also limited in the Euro Area by the legally binding public deficit and debt limits foreseen in the Stability and Growth Pact. The section below discusses how trends in social expenditure affected the functioning of the (automatic) stabilizers during the recession.

Public social protection expenditure in the EU is relatively high in comparison to its global partners. According to Commission services calculations, public social protection expenditure in the EU amounted to 25% of the GDP in 2005.⁹ In contrast, social protection expenditure in the World stood at 14% of the GDP: in the OECD it was slightly higher – 19% of the GDP, and in the US it reached 16%. Still, it should be noted that when taking into account mandatory and voluntary social expenditures in the estimations, the gap in social spending between the EU and the world decreases substantially. In particular, total public and private social spending in the EU was 28% of GDP in 2005 against 24% in the OECD and 26% in the US.

There are, however, substantial variation across Member States in spending patterns. Social protection spending in 2005 ranged from around 30% of GDP for France and Sweden to around 13% for Latvia and Lithuania. Also, while some countries have different levels of social spending relative to GDP, the actual spending per capita measured in purchasing power standard (PPS) terms might be the same. Finally, the composition of protection spending and how the benefits are provided (in cash or in kind) also varies across countries.

⁸ From ESDE 2012 (European Commission, 2013c) and ESDE 2011 (European Commission, 2012), poverty and inequality chapters.

⁹ Bontout & Lokajickova (2013)

While assessments of the working of automatic stabilizers may differ due e.g. to different benchmark as regards government budget (budget without stabilizers), research shows that public spending in the EU indeed translates to a substantial degree of output smoothing. For example, Dolls et al (2012) estimate that automatic stabilizers would absorb 23% of the effect of a proportional income shock and 32% of the effect of an unemployment shock on aggregate demand in the EU. Therefore, the degree of demand stabilization by tax and benefit system in the EU is comparable to the one in the US in the case of a proportional income shock (19% for US), but much higher in the case of an unemployment shock (again 19% for the US). However, Dolls et al. also show that there is a significant heterogeneity in the results across Member States: demand stabilization varies from 11.2% for Slovenia to 38.8% for Austria in the case of a proportional income shock and from 5.4% for Italy to 58.9% for Portugal in the case of an unemployment shock. These different results for Member States reflect a number of factors, including the degree to which individuals are liquidity constrained and the size of the government.

The effectiveness of automatic stabilizers can be partially discerned through the changes of public spending during the recession. Due to greater need of social support during the crisis, the real public social spending for OECD countries increased on average by 12% during 2007-2011 (OECD)¹⁰. In particular, in Chile, Estonia, Korea, and the United States they rose by 20% or more. Public social expenditures in the European Union during the same period grew very modestly in comparison – only by 6% in the EA17 and by 2% in the EU27.¹¹ This difference between the developments in the EU and the OECD partially reflects a different composition of social expenditures (e.g. larger share of unemployment benefits in public social expenditures in the OECD). It also captures some decline in volumes of social spending after 2010 in the EU. Large decreases were observed in particular in EL, ES, HU, IE, IT, LT, LV, PT and RO. An overall reduction of the tax and benefits contributions to gross household disposable income also occurred during this period. The increase of long-term unemployed relative to short-term unemployed persons in the EU contributed to these developments, since unemployment benefits for the long-term unemployed are usually lower. In addition, fiscal tightening in some of these countries, such as Greece, Portugal, Hungary, played a major role in the decrease in public social expenditures.

Changes to the tax and benefits systems and cuts in wages have led to significant reductions in the level of real household incomes, putting a heavy strain on the living standards of low income households in particular. The analysis shows that the design of measures is crucial to avoid that low income households are affected disproportionately.¹² Different fiscal consolidation packages impacted differently on high and low income households, with regressive impacts in a few countries, while it should be noted that the overall size of the adjustment does not appear to be linked to the redistributive orientation of its impact.

The developments in public social expenditure in the EU during the crisis not only differed from those in OECD countries, but also diverged from past trends. Recent results¹³ show that in the initial phase of the current recession, social expenditure reacted slightly more strongly to the economic cycle than in the past, but than in 2011 and 2012 the adjustment of social expenditure to changes in the output gap was well below the expected levels. It is not clear whether this significant downwards correction is a result of a temporary correction in the cycle of social protection in the crisis or a permanent adjustment of expenditures as a result of fiscal adjustment. Nevertheless, the decrease signifies a weakening of the automatic stabilization function of social protection systems in Europe, which could potentially endanger the economic recovery process. This issue is especially critical for those Member States in which the automatic stabilizers (should) play a strong role for maintaining demand, but where fiscal tightening required significant reductions in expenditures (e.g. Hungary, Portugal).

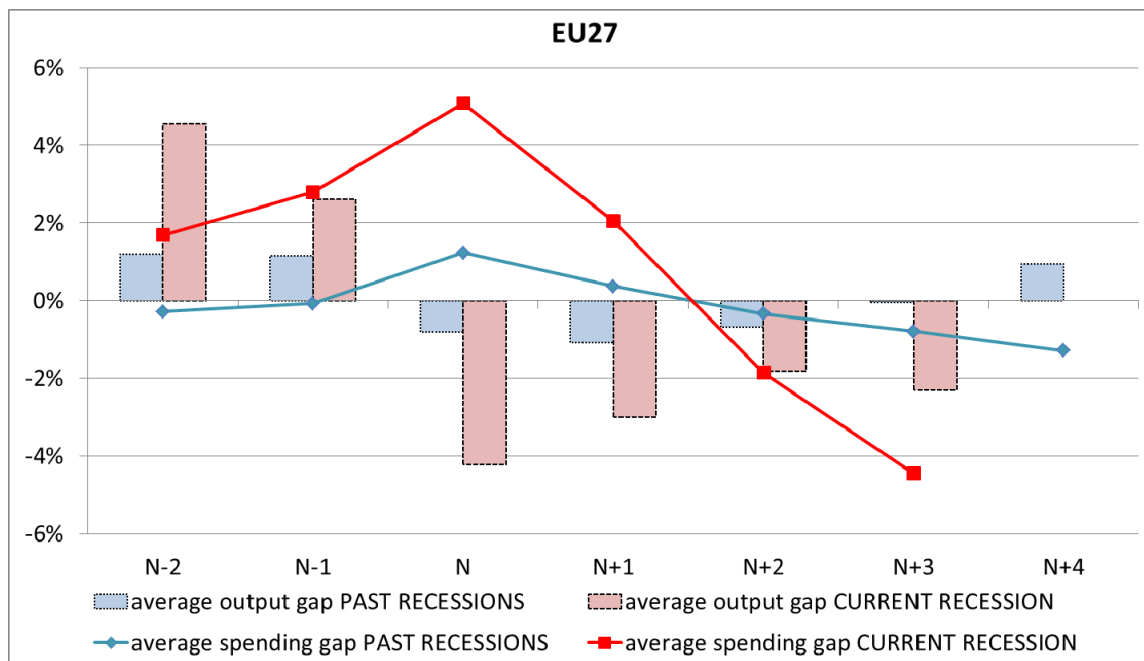
¹⁰ Adema, Fron and Ladaique (2011) and OECD (2012a)

¹¹ Bontout & Lokajickova (2013).

¹² EU Employment and Social Situation Quarterly Review – March 2013 (2013).

¹³ *ibid.*

Chart 5: Deviation from trend of public social expenditures and GDP in current crisis and past periods of below-par performance in EU27



Source: Eurostat, National Accounts and AMECO, DG EMPL calculations. In the current crisis, N is year 2009 in most countries. Reading notes: in the initial year of below-par performance in the current crisis, social expenditures were around 5% above their trend in Europe, while GDP was about 4% below its potential (output gap of -4%).¹⁴ Averages are unweighted country averages (since countries do not always experience a negative output gap the same year).

1.1.4 Competitiveness

Global competitiveness affects external demand, and thus is an important determinant of economic growth and prosperity. In the past two decades, Europe has compared favourably with its competitors, including the US and East Asia. The share of EU GDP that has directly or indirectly satisfied final demand in other regions in the world increased by 5 pps over the last 15 years and currently amounts to 15% of the overall GDP. Still, the long-term competitiveness of the European countries is endangered by a number of factors, including, slow productivity growth, internal imbalances, ageing populations, resource limitations, and climate change. The trends outlined in the sections below show that the crisis period compromised EU's competitiveness. A more effective and efficient use of resources, including labour, would be necessary to ensure EU's competitiveness and economic growth and jobs.

The World Economic Forum's Global Competitiveness Report¹⁵ ranks countries based on its own global competitiveness index which combines macro and macro-economic aspects. Competitiveness is defined as "the ability of countries to provide high levels of prospects to the citizens". For 2013-14 EU Member States held 11 of the top 30 positions with Finland, Germany, Sweden and the Netherlands at numbers 3, 4, 6 and 8. These very competitive countries were those which weathered the Great Recession the best (the USA fell from position 1 in 2008-9 to 7 in 2012-13, although is back to 5 in 2013-14). They are also those with relatively high shares of GDP going to social expenditure, thus demonstrating that high social expenditure is not necessarily detrimental to competitiveness, and is perhaps a contributory factor.

¹⁴ For more elements, see Bontout & Lokajickova (2013).

¹⁵ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

1.2 Employment and social divergences in the EMU

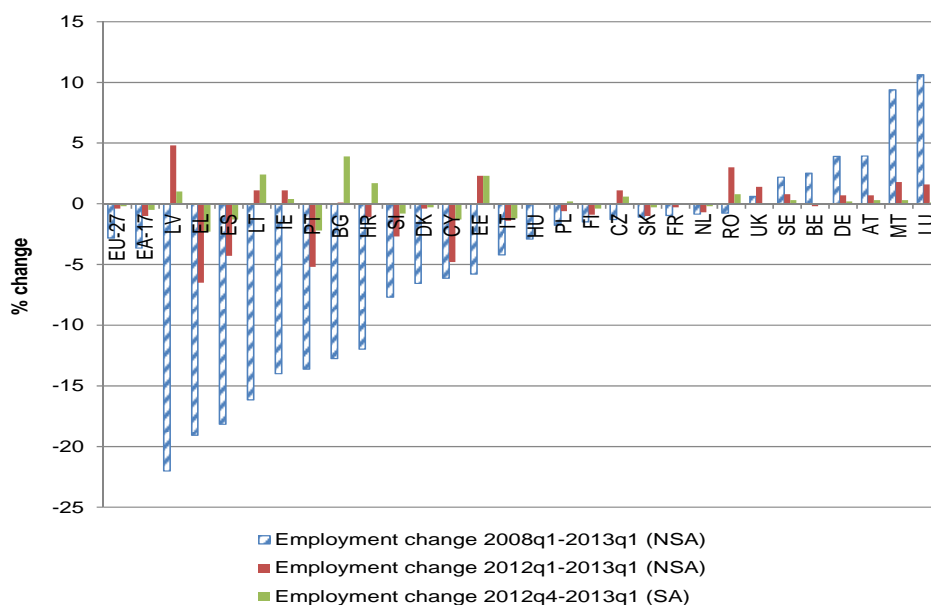
Prior to the Great Recession, the European Union saw convergence of most social and employment performance indicators. However, since 2008, most employment and social indicators point to a growing divergence between the southern and peripheral European countries, and the countries of Northern and Central Europe.

1.2.1 Divergences and risks of spill-overs

Across the EU, but particularly with the euro area, Member States have experienced widening gaps in terms of employment, income, poverty, inequalities, youth employment and many other vital aspects of social situation. Although many factors have influenced the overall economic performance of different Member States in the past years, much of the current divergence results from how labour markets and social systems reacted to the severe global downturn. The shockwaves from the crisis appear to have been asymmetric but the different institutional setups saw very different resistance to the generally experienced major shock from the initial financial crisis: countries with relatively un-segmented labour markets, solid industrial relations institutions and strong welfare systems have tended to fare better than those with highly segmented labour markets, strained labour relations and weak welfare provisions. The (in)ability to cope with the shock was frequently compounded by the initial high public debt and deficit levels, as well as the property markets situation, and subsequent developments followed by the reaction of financial markets.¹⁶

Chart 6 highlights the developments in employment numbers over the last five years and shows also more recent trends. Interestingly, the Baltic States, which suffered the most from the labour market crisis, have posted significant rises over recent quarters. Divergence is most striking between the North and core of the EA on the one hand, and the South and periphery of the EA on the other.

Chart 6: Developments in employment figures (number of persons) since 2008q1, by Member State



Source: Eurostat, national accounts [nama_nace10_e], DG EMPL calculations
Note: EU-28 not available; HR, RO q-o-q NSA.

¹⁶ For more information please consult the IZA/VEF Workshop paper "Labour markets and social inequalities in Europe: Should employment, wages and social protection policies be more coordinated at the EU level?" presented by G. Fischer and R. Strauss in Bonn, on July 11-12, 2013, http://www.iza.org/conference_files/EULaMaFuEm_2013/fischer_q2202.pdf. Theme of the Workshop: "A European Labour Market with Full Employment, More Income Security and Less Inequality in 2020".

The on-going economic crisis has led to growing divergence in employment and social outcomes between Member States. Data shows that divergence is far more marked among euro area countries (EA17) than in the rest of the EU. The gap that appeared between the unemployment rates for the "North" and the "South and periphery" of the euro area¹⁷, has been growing at an alarming pace since 2008, and now reaches 10.2 percentage points (pp), against 1.7 pp between the North and Periphery of non-EA.

The average unemployment rate reached 17.3 % in the south and periphery of the EA17, against 7.1 % for the north. In the mid-2000s, the currency union produced a convergence in unemployment rates across its Member States, partly because weak financial supervision and lower risk perception stemming from the launch of the currency union resulted in large capital flows into 'peripheral' countries. However, the financial crisis that erupted in 2008 has unleashed divergence at a much larger scale, partly due to the slow deleveraging process and the uncertainty around the recovery prospects of the 'periphery'.

When looking at other employment and social indicators, the divergence within the euro area is again larger than within the rest of the EU. The average rate of people neither in employment, education or training (NEETs) reached 22.4% in the south and periphery of the euro area, against 11.4% in the north, and the gap between the two areas keeps increasing, following a similar pattern to that of unemployment trends.

In the crisis, household incomes (as measured by the growth rate of real gross household disposable income¹⁸) in the North and central part of the Euro area kept increasing though at a reduced pace (except for the year 2010), while in the peripheral countries household income in real terms stagnated or declined after 2009. Fiscal tightening – concentrated in southern EA countries – has affected employment and changes to the tax and benefits systems and cuts in public sector wages have led to significant reductions in the level of real household incomes. This may have contributed to widening divergence further within the euro area.¹⁹ A more detailed analysis of the components of household disposable income allows illustrating the functioning of national automatic stabilisers during the period and shows that, indeed they have tended to be less effective and put under major strain in the peripheral countries, while they operated quite effectively in the North.

The crisis was also a turning point in the evolution of poverty and income inequalities. The risk of poverty among the working age population also increased more strongly in the South and periphery of the European Union than in the North. Before the crisis, inequalities were rising in the North of Europe, while they were declining from high levels in the South and periphery, partly thanks to the maturing of welfare systems in these countries. Since 2008, the data shows a strong increase in the differences of income inequalities between the core and the periphery.

In the south and periphery of the euro area, the combination of rising unemployment and long-term unemployment, falling incomes, increasing poverty, and increasing inequalities are negative signs about the labour market situation and the effectiveness of social protection and other fiscal policies, and also provide a warning about further economic and social problems ahead. These problems also require attention given the importance of inclusive labour markets and a cohesive society for long-term growth prospects and societal developments.

Employment and social divergences are a sign that the EU, and the EMU in particular, does not fulfil its fundamental objective to benefit all its members states by promoting economic convergence, and to improve the lives of all citizens. In addition, trends that severely undermine employment, social cohesion and human capital of individual member States affect competitiveness and sustainable growth of the whole EU. Socio-economic divergence is of even greater concern within the EMU given the limitations that currency union membership imposes to counteract an economic crisis, particularly when pre-existing levels of sovereign debt are high, and insufficient attention having been paid to external and internal macro imbalances.

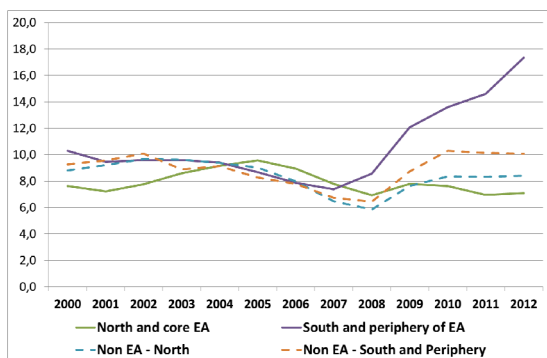
¹⁷ For the purpose of this analysis, the "North and core" of the Euro area includes Belgium, Germany, France, Luxembourg, Austria, the Netherlands and Finland; the South and periphery of the Euro area includes Greece, Spain, Italy, Portugal, Estonia, Ireland, Cyprus, Malta, Slovenia and Slovakia.

¹⁸ The growth rate of real gross household disposable income is an important indicator of aggregate demand and helps assessing to what extent policies are able to stabilise the social situation and household demand in cases of economic shocks.

¹⁹ See Quarterly Review of March 2013 (European Commission, 2013b) for more details.

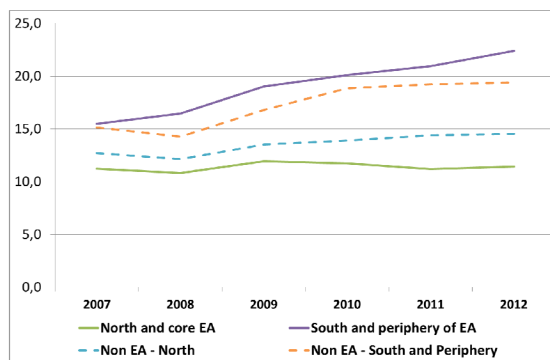
Divergences in employment and social trends within the euro area.

Chart 7: Unemployment rates by groups of euro area (EA) and non-EA Member States since 2000



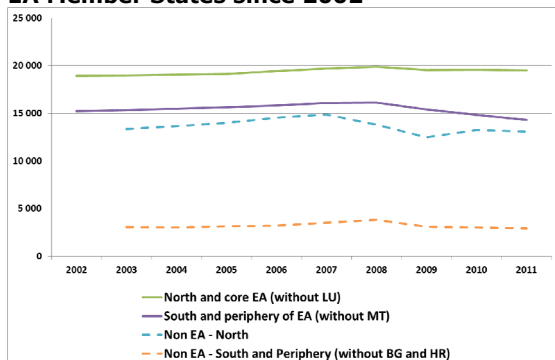
Source: Eurostat, LFS, DG EMPL calculations; weighted averages

Chart 8: NEET rates by groups of euro area (EA) and non-EA Member States since 2007



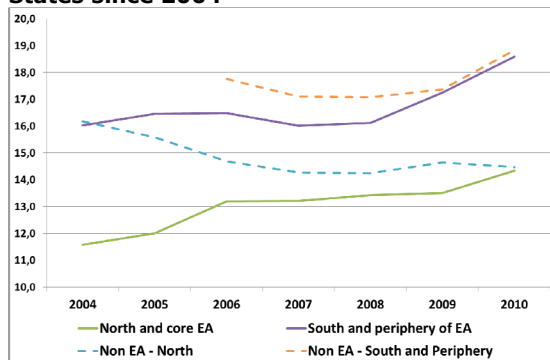
Source: Eurostat, statistics on education and training, DG EMPL calculations; weighted averages

Chart 9: Real gross household disposable income per capita by groups of EA and non-EA Member States since 2002



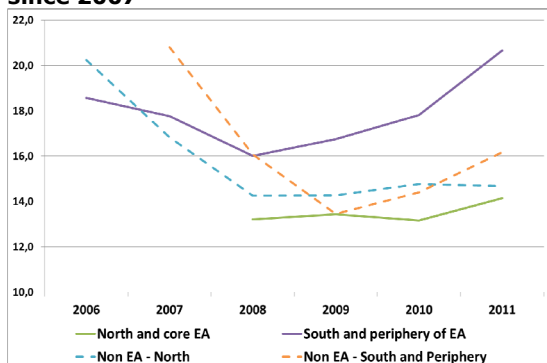
Source: Eurostat, National accounts, DG EMPL calculations; weighted averages

Chart 10: At-risk-of-poverty rates in working age by groups of EA and non-EA Member States since 2004



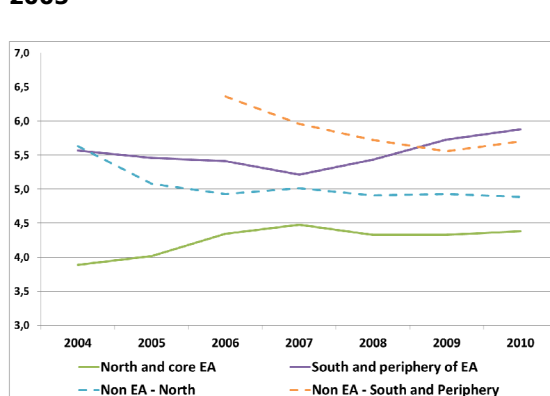
Source: Eurostat, EU-SILC, DG EMPL calculations; weighted averages - years refer to income year

Chart 11: Anchored poverty rates (2008) by groups of EA and non-EA Member States since 2007



Source: Eurostat, EU-SILC, DG EMPL calculations; weighted averages - years refer to income year

Chart 12: Inequality (S80/S20 measure) by groups of EA and non-EA Member States since 2005



Source: Eurostat, EU-SILC, DG EMPL calculations; weighted averages - years refer to income year

Definition of areas:

North and core of EA: AT, BE, DE, FI, FR, LU, NL; South and periphery of EA: EE, EL, ES, IE, IT, CY, MT, PT, SI, SK; Non EA – North: CZ, DK, PL, SE, UK; Non EA - South and Periphery: BG, HR, LV, LT, HU, RO

Given the high degree of economic interdependence among members of a monetary union, such employment and social crises are also likely to have impact beyond national borders. The theory of "spill-over effects" of fiscal measures and structural reforms²⁰ points to the fact that national situations or actions might generate macro-economic effects beyond national borders. A similar reasoning can be extended to the potential negative economic impact of employment and social developments beyond national borders. Literature suggests that the main channels through which severe employment and social problems spill over on other Member States are trade (within the Eurozone), international competitiveness, financial markets and loss of political legitimacy.

The first transmission mechanism – trade between euro-zone members – operates through a direct and immediate macro-economic effect. Higher unemployment implies weaker demand as unemployment benefits cover only a part of the lost wage and are limited in time and coverage of workers. Similarly, reductions in other social benefits lower the purchasing power of households (specifically of those with the higher propensity to consume) implying weaker demand. Weaker aggregate demand in one euro-area Member State affects – through intra-eurozone trade – demand in other euro-area Member State often to a large extent as many euro-area Member State send at least half their exports to the rest of the euro area. This effect is not specific to trade between members of a currency union, but will be stronger in a currency union given that it stimulates additional trade between its members. In addition, limitations on fiscal policy leverage applying to EMU members reinforce this transmission mechanism.²¹

The second transmission mechanism – competitiveness – leads to a medium-term macro-economic effect. High unemployment and poverty are eroding skills, discouraging labour market participation, thereby undermining the long-term growth potential of one euro-area Member State²², and in conjunction with internal trade, of the other euro-area Member States. Such lasting output effects of deterioration in human and physical capital caused by cyclical downturns are known as hysteresis.²³ Reductions in public budgets for education, active labour market policies or other "social investments" have a similar negative effect. A measure which bring fiscal rewards in the short-term but reduces the medium-term growth potential of an economy will lead to a less comfortable medium-term fiscal situation, due to lower growth. As the OECD puts it: "... GDP increases brought about by policies that increase labour utilisation are likely to have a greater effect in boosting fiscal sustainability" (OECD Economic Outlook, May 2013).

Third, high unemployment rates and severe social problems can lead to pressures on current and/or future public budgets perceived as unsustainable²⁴ and may contribute to contagion through the financial markets. Pressures on budgets that are perceived as unsustainable in one euro-area Member State can lead to a higher risk premium being asked on its government debt. Based on apparent similarities, financial markets might ask higher risk premia also on government debt of other euro-area Member States. In turn, these higher risk premia can force countries to switch-off automatic stabilisers, worsening growth prospects in other euro-area Member States.²⁵ In addition, while a worsening social situation may in the first instance be seen as a necessary price to pay for the adjustment, prolonged and severe social tensions may cast doubt on the ability of the government to re-establish fiscal health. Euro-area Member States experiencing an economic and social crisis and a high level of sovereign debt thus face a choice between sharp fiscal consolidation (with potentially adverse economic and social effects due to falling demand and hysteresis) and loss of access to re-financing possibilities.

Fourth, increasing social divergence within the EMU may affect the legitimacy of the European project. Vandenbroucke²⁶ argues that if the creation of the monetary union fails to benefit all of

²⁰ See e.g. B. van Aarle and K. Weyerstrass, eds., "Economic Spillovers, Structural Reforms and Policy Coordination in the Euro Area", Physica-Verlag, Heidelberg, 2008.

²¹ See for example ECB (2013), 'Intra-euro area trade linkages and external adjustment', Monthly Bulletin, January 2013.

²² See also Darvas, Z., 'The harmful impact of short-term troubles on long-term growth', posted at Bruegel.org, 16th May 2013).

²³ See e.g. J. B. DeLong and L. Summers, "Fiscal Policy in a Depressed Economy", Brookings Papers on Economic Activity, Spring 2012, http://www.brookings.edu/~lmedia/Projects/BPEA/Spring%202012/2012a_DeLong.pdf

²⁴ IMF (2012) 'Fiscal Monitor': "fiscal adjustments that are seen as unfair are unlikely to be sustainable". For an analysis of the differences in distributional impact of recent fiscal consolidation strategies across Member States, see European Commission, EU Employment and Social Developments Quarterly Review, June 2013.

²⁵ See e.g. De Grauwe, P. (2013), 'Design Failures in the Eurozone: Can they be fixed?', LSE 'Europe in Question' Papers, No. 57).

²⁶ F. Vandenbroucke, R. Diris and G. Verbist (2013) "Excessive social imbalances and performance of Welfare States in the EU"

its Members and appears to lead to divergence instead of convergence, "it can undermine the credibility of the European project both in the countries perceived as "losers" of the process and in countries perceived as the "winners"". In all countries, public opinions may increasingly lose trust in the European project either because in the South they perceive the constraints of the EMU as the cause of their trouble, or because in the North, people perceive Eurozone members facing social distress as "socially inefficient and economically uncompetitive". Governments will therefore be hampered in their capacity to take the deepening measures that are necessary to secure the well-functioning of the EMU.

1.2.2 Major employment and social problems in the EMU

In the section below the analysis focuses on problems that are likely to affect the sustainability of economic growth and to carry risks of spill-overs within members of the EMU in the medium to long term. The analysis concentrates on 5 indicators: rising unemployment rates, rising shares of young people not in education, employment or training (NEET), declining household disposable income, rising risk-of-poverty among the working age population and rising inequalities.

High and fast rising unemployment and falling real household disposable income signal income losses for significant parts of the population that have a direct effect on aggregate demand, in the country and the euro area as a whole. Rising inequalities has an indirect effect because of the lower propensity to consume of higher income groups. Long-term unemployment, a high share of young people not in employment, education or training (NEET) and rising poverty signal the under-utilisation and weakening of human capital, now and in the future (through hysteresis) which will undermine price and non-price competitiveness now and in the medium to long-term (including through a deterioration in skills and productivity); they also increase current and future pressures on public budgets expenditure and reduce revenues, thereby increasing the debt vulnerability of a country, undermining the return to fiscal sustainability with a risk of contagion on financial markets. High unemployment, falling incomes, poverty and rising inequalities can lead to eroding financial market confidence in the common currency and affect the legitimacy of the European project²⁷.

The charts below present the data for 4 euro-zone countries which experienced quite different trends before and after the crisis (Germany, Spain, France and Portugal). They help to illustrate how these five key indicators, supplemented by additional information on the labour market and the functioning of social policies can help identifying major employment and social problems.

It shows that the first signs of severe employment and social problems appeared in Spain in 2007, capturing early signals of the deterioration of the labour market and of the situation of young people. In 2008 and 2009, Spain witnessed rising inequalities and poverty, in addition to the strong deterioration of the labour market. Such signals need to be carefully interpreted in the light of additional information on the underlying institutional and economic factors. In the decade before the crisis, Portugal experienced a significant improvement of the educational level of its work force, which together with the expansion of safety nets led to a reduction of inequalities, starting from high levels. These positive developments were undermined by an increase in unemployment and long-term unemployment and a high degree of labour market segmentation, partly reflected in high and persistent levels of working age poverty. France and Germany resisted the crisis better than most Eurozone countries. However in France, unemployment increased significantly during the crisis and the French labour market remains segmented, with young people facing great difficulties finding a first and stable job.

Unemployment in Spain stopped improving in 2007 and increased strongly in 2008, one year before the rest of the Eurozone. Before the crisis, employment rates increased strongly, including for the low skilled, but the labour market remained very segmented, with moderate signs of improvements. Even if the share of involuntary temporary contracts started declining in 2006, it remained much higher than in the Eurozone, and transitions from temporary to permanent jobs started declining strongly in 2007, giving an early signal of the weakening of the labour market. The share of people wanting to work participating in activation measures

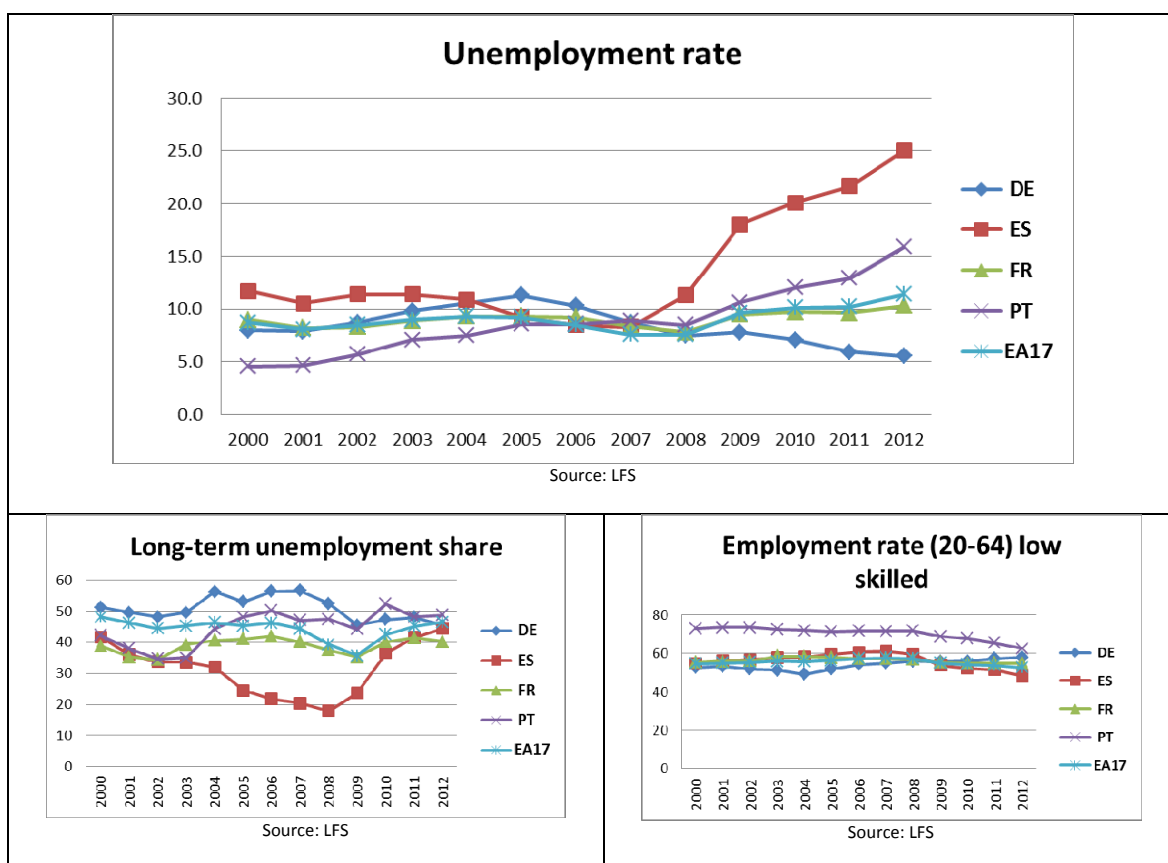
²⁷ IMF (2012) 'Fiscal Monitor': "fiscal adjustments that are seen as unfair are unlikely to be sustainable". For an analysis of the differences in distributional impact of recent fiscal consolidation strategies across Member States, see European Commission (2013a).

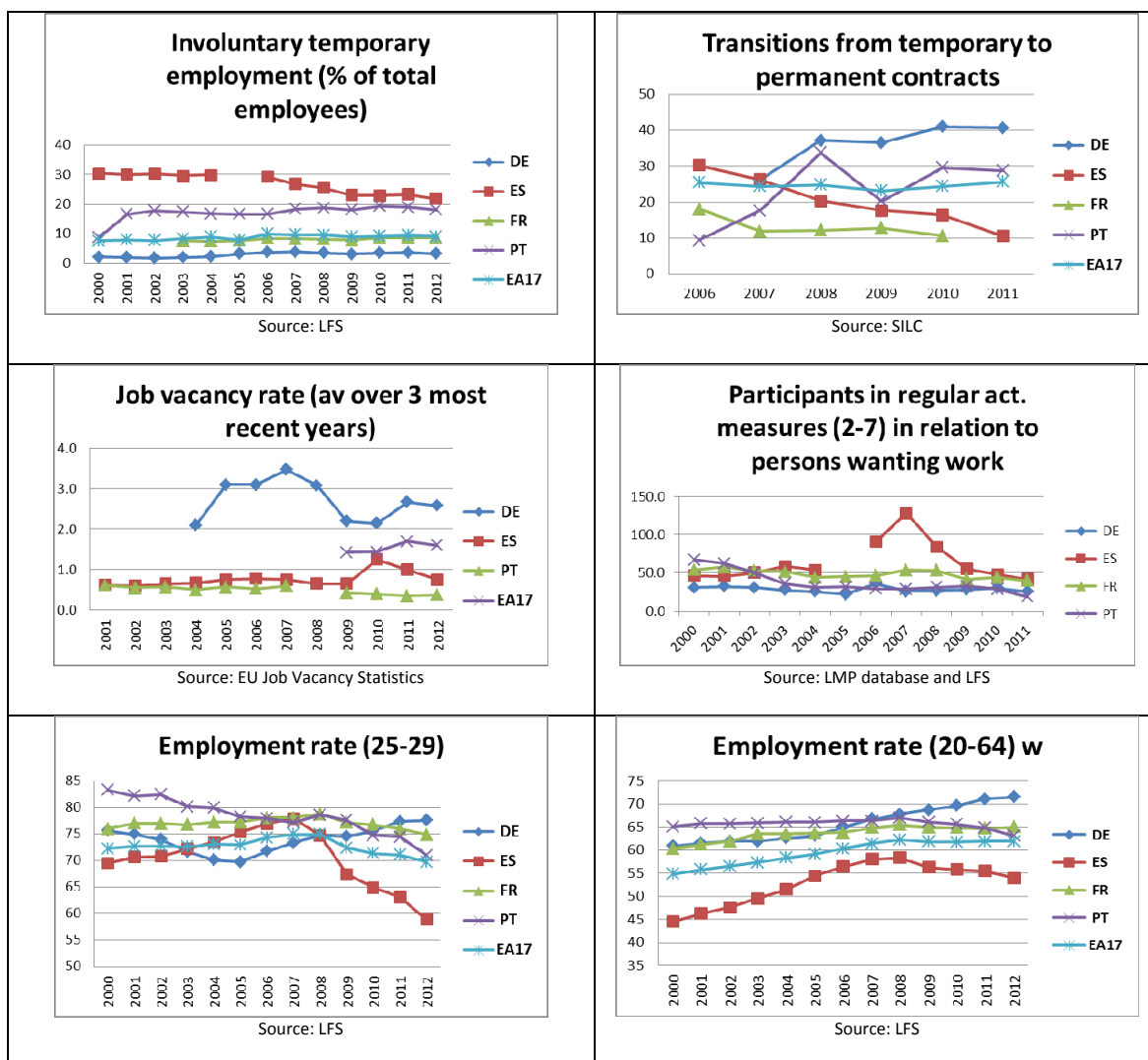
dropped dramatically during the crisis, despite the need for support of the increasing share of long-term unemployed. In Spain, the crisis interrupted the upward trend in the employment rate of women and young people (25-29), with possible lasting consequences for the mobilisation of human capital in this country.

In Portugal, unemployment and long-term unemployment were rising from low levels before the crisis, in a context of high employment rates. The crisis accelerated the decline in the relatively high employment rate of young people, which before the crisis was partly explained by higher participation in education, but should now draw attention to a risk of lost generation. The Portuguese labour market remains segmented with high shares of involuntary temporary contracts, but better chances to move to a permanent contract than in average in the Eurozone.

In France, unemployment rates are close to the Eurozone average. The long-term increase in the employment rates of young people and women was interrupted by the crisis. The labour market remains segmented with very low levels of transitions from temporary to permanent contracts.

Germany resisted the macro-economic shock much better than the rest of the Euro area and is characterised by a less segmented labour market, even if wage polarisation and a certain level of gender segregation are sources of rising labour market inequalities (see below). The employment rate of young people (25-29) and women kept increasing in the crisis.



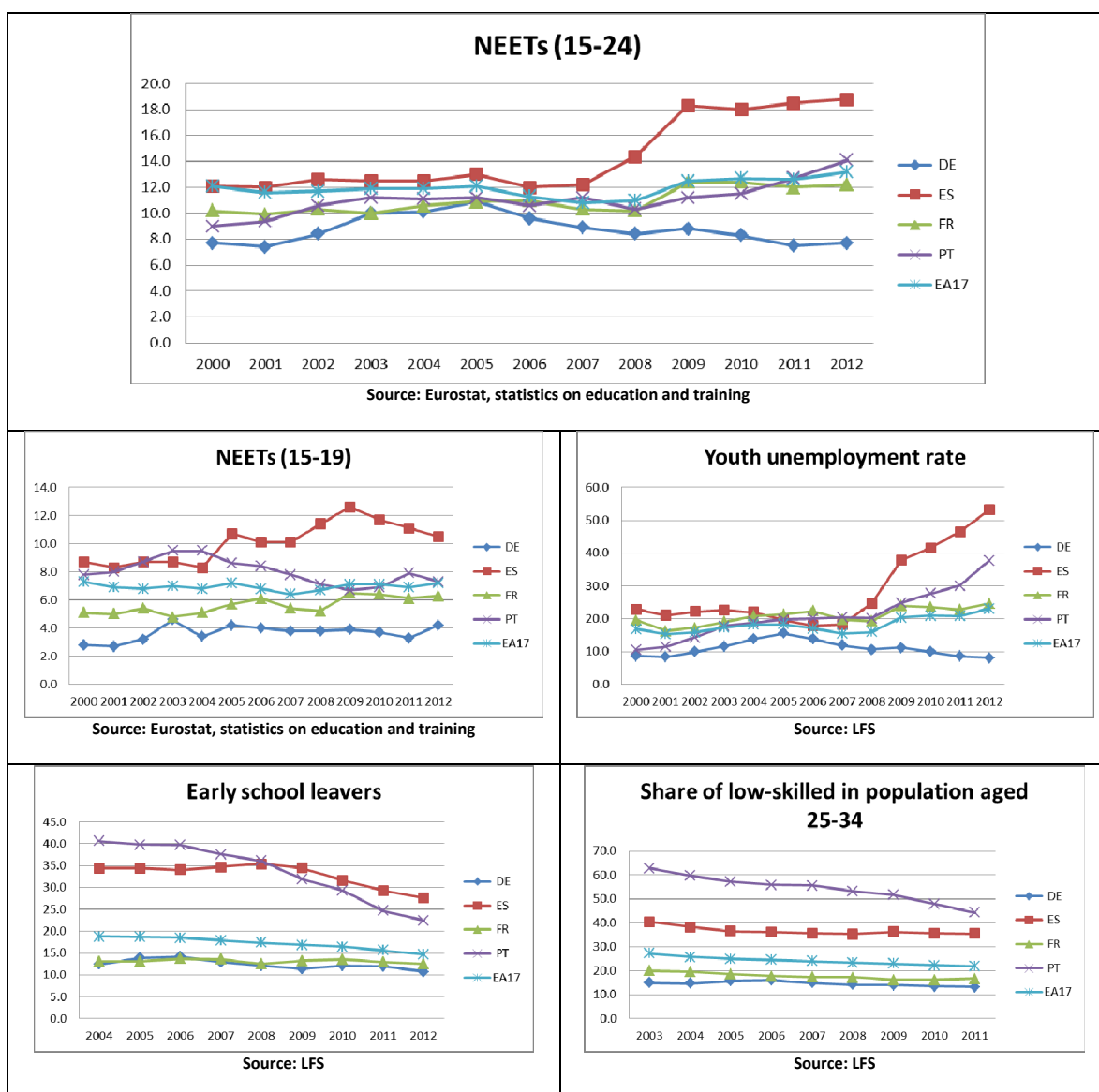


In Spain, the share of young people not in education or training (NEET) was at the same level as in the Eurozone and following the same trend until 2006, before increasing sharply in 2007, following the strong increase in youth unemployment. Before the crisis, the share of early school leavers among the 18-24 was one of the highest in the EU, and even slightly increased during the decade, contrary to the general declining trend observed in other EU countries. Poor performance of the education and vocational training system (also signalled by the higher and increasing share of NEETS among the youngest age group - 15-19) may have been compounded by attractive wages for the low skilled in some sectors of the economy prior to the crisis. High and increasing levels of early school leavers have a detrimental impact on the quality of human capital, both in the short and long term.

In Portugal, the significant improvement of the educational level of the work force observed since the mid-90s continued during the crisis. Since 2009, the increasing share of young people not employment, education or training was mainly driven by the rise of youth unemployment. However, the shares of early school leavers and of low skilled remain well above EU average, calling for sustained efforts to improve access to education and training in Portugal.

In France, the share of young people not in employment education of training remained stable at around 10% before the crisis. Since 2009, the share of NEETs rose to 12%, remaining just below the Eurozone average. Even if lower than average, the share of early school leavers was not reduced in a decade, contrary to the trend observed in the rest of the Eurozone, and the share of NEETs among the youngest population group (15-19) is on the rise.

In Germany, the educational attainment and the integration of youth on the labour market is significantly better than in the rest of the Euro area and has been improving since 2006.



A persistent decline in the real gross disposable income of households signals that declines in labour market incomes (wage income and income from self-employment) are not being offset by replacement income schemes (primarily unemployment benefits and pensions), with direct negative impacts on aggregate demand and the general living standards of populations. After a decade of growth, the contribution of labour market incomes to household incomes started declining in the 2nd quarter of 2008, but was compensated by the strong reaction of automatic stabilisers (AS) in all countries.

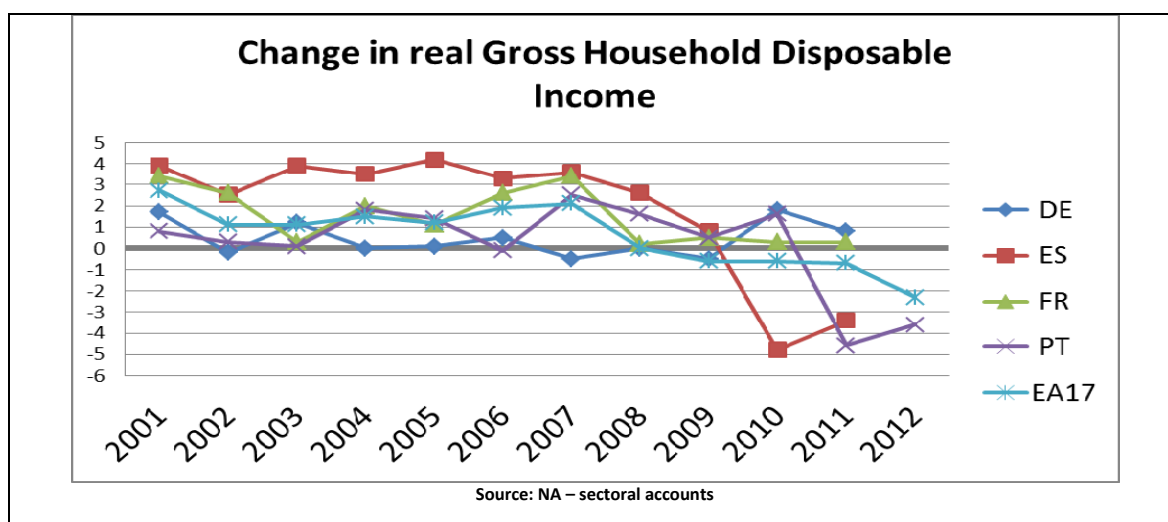
However, from 2010 onwards their impact weakened dramatically in Spain, despite the continuous deterioration of market incomes and household disposable income declined rapidly in this country, thereby undermining private consumption and aggregate demand. Between 2007 and 2009, the gross saving rate of households increased by around 10 percentage points, which was probably necessary to reduce excessive debt, but nevertheless cancelled out a significant part of the stabilisation effect of the tax benefit system on the economy. After 2009, saving rates dropped significantly reflecting the pressure of current incomes. The debt to income ratio

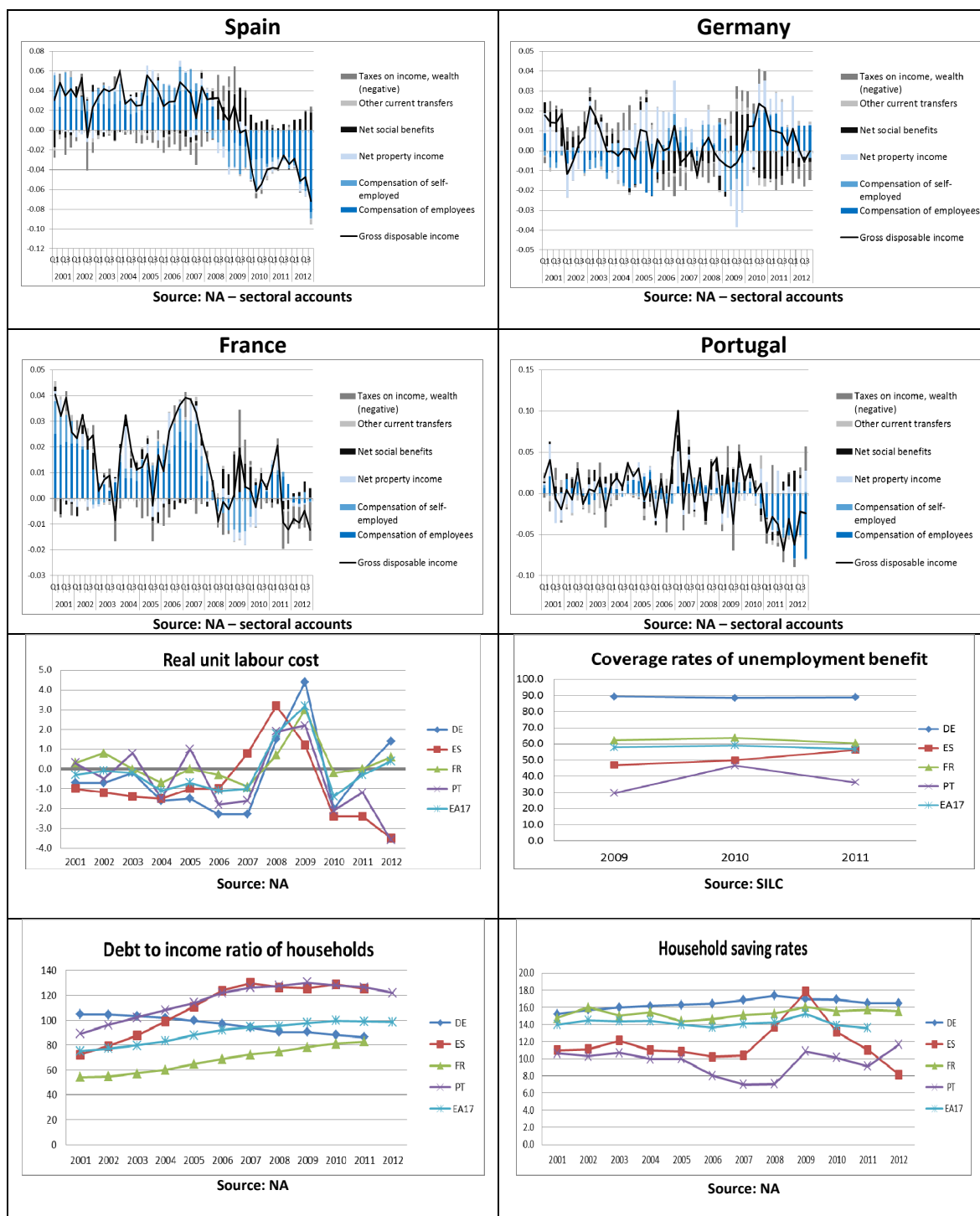
of households nearly doubled between 2000 and 2007, reaching 125% in 2007, and remained at that level reflecting the inability of households to reduce their debt level.

In Portugal, the decline in market incomes started at the end 2010, but were not offset by the automatic stabilizers, leading to a drop in gross household disposable income as of 2011. This partly reflects the weakness of safety nets in Portugal (despite recent improvements), still characterised by low level of coverage. The debt to income ratio of households increased sharply between 2000 and 2007, reaching 125% in 2007, and remained at that level reflecting the inability of households to reduce their debt level.

In France, the working of strong automatic stabilizers and a mild recovery of market incomes sustained gross household incomes until the end of 2011. However, in 2012 tax increases and very weak growth of market income led to a slight decline of household incomes.

In Germany, the growth of household incomes was much more moderate during the pre-crisis years and it remained positive until 2011 thanks to the working of automatic stabilizers and to the recovery of market incomes. In 2012, market incomes started declining slightly again, and this time the decline was not compensated by automatic stabilizers, leading to a decline of real incomes, which may undermine private demand in the medium term. During the period the debt to income ratio of households kept decreasing slowly while saving rates increased steadily.





Increases in the at-risk-of-poverty rate anchored at a point in time (2008) reflect the deterioration of the real income of the poor and the lack of effectiveness of social inclusion policies. Increases in the at-risk-of-poverty rate (especially if accompanied by stagnation or a decline in median income) reflect an increase in the number of people living on low income and constrained budgets. Poverty in working age signals a poor functioning of labour markets, characterised by segmentation and a polarisation between job rich and job poor households. This in turn reflects an underutilisation of human capital (people that are jobless or underemployed) as well as a situation of underinvestment in human capital (poor access of

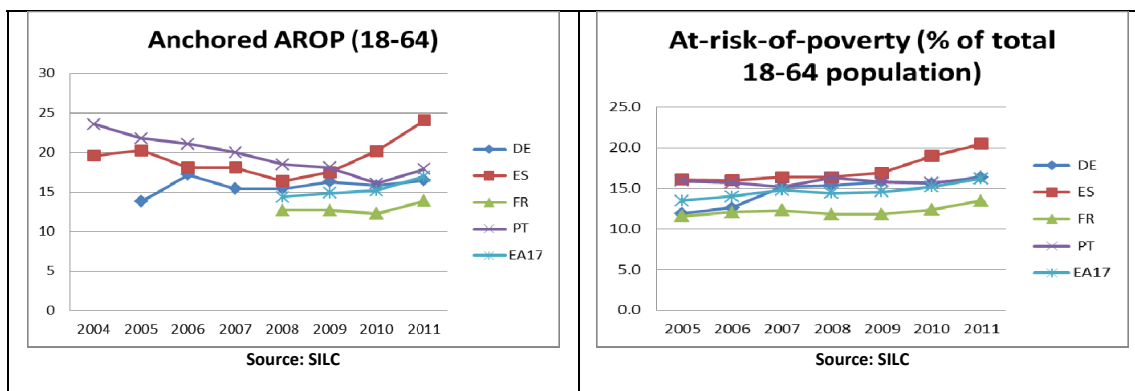
these people to LLL and up-skilling mechanisms). Working age poverty also strongly correlates with child poverty which showed quite strong diverging trends in the crisis.

In Spain, the downward trend in the anchored poverty was interrupted in the first year of the crisis, and it started increasing in 2008 (SILC ref 2009), the poverty gap increased already in 2007 (SILC ref 2008). Before the crisis, working age poverty stagnated (despite apparently favourable labour market conditions), and started increasing significantly in 2009 (SILC ref 2010) reflecting the impact of the crisis on workers. In 2006-07, in-work poverty started increasing, and child poverty remained at a high level despite the significant improvement in the overall income situation of households. This illustrates that the poorest households did not benefit from growth at the same pace as the rest of the population. The financial distress indicator has been on the rise since the early 2000, and accelerated from 2007, possibly reflecting households' difficulties in facing high debt levels in a deteriorating economic context. In Spain, the gap in access to health care between the poor and the rich had been significantly reduced, but increased significantly again during the crisis.

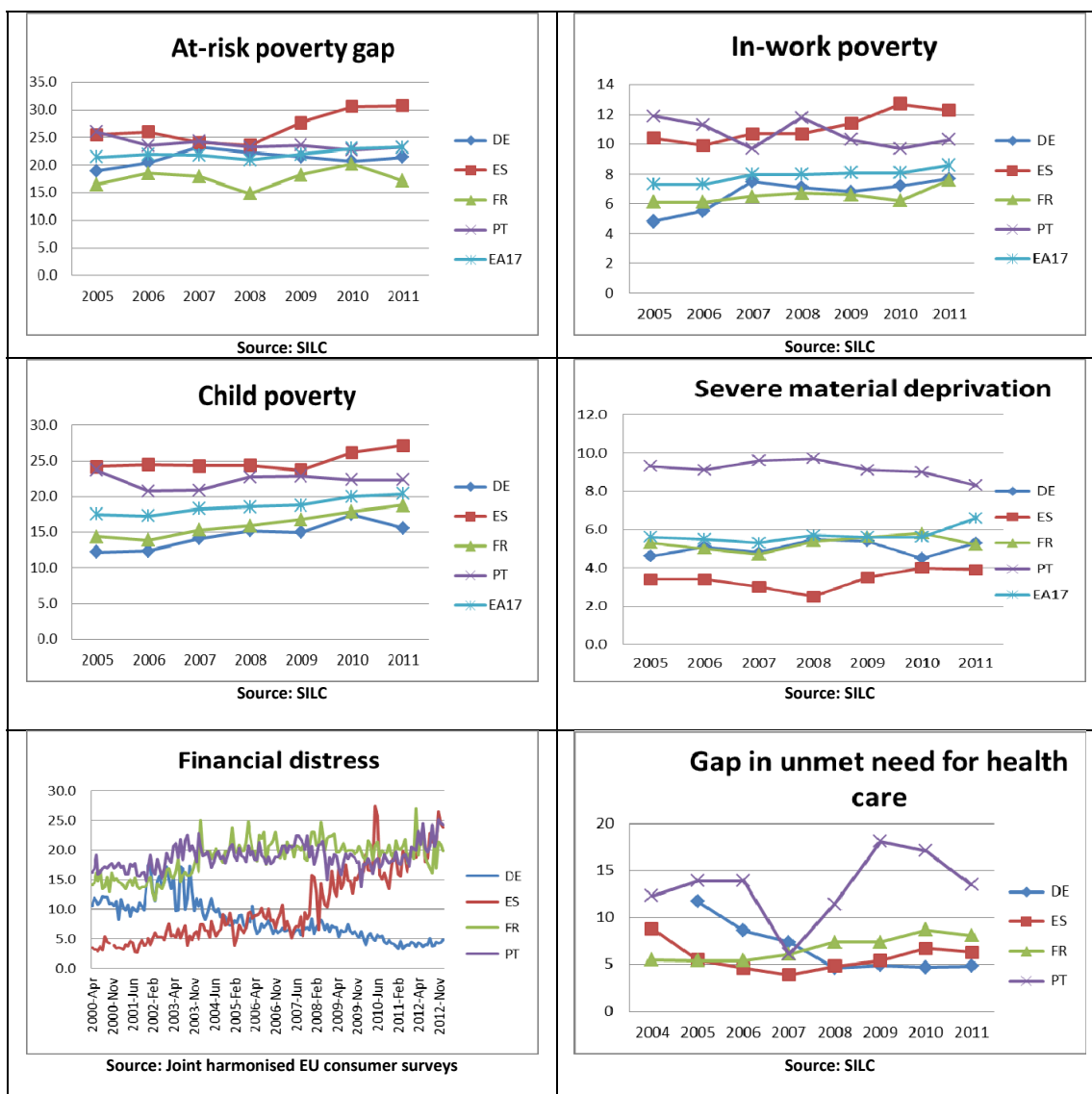
In Portugal, the downward trend in the anchored poverty was interrupted in 2009 (SILC ref 2010), and started increasing in 2010 (SILC ref 2011), reflecting the deterioration of overall living standards as of 2010-11 (see GHDI). Before and into the crisis, working age poverty remained at a high level, as well as child poverty, and is likely to increase further, as signalled by the significant increase of the financial distress indicator after 2011, thus reflecting the impact of worsen labour market conditions after 2010.

In France, working age poverty remains below average and has not increased significantly during the crisis. However, child poverty has been rising from 14% to 18% over the last 5 years, which could signal a weakening of the support to families in this country, with potential long term consequences on the quality of human capital.

In Germany, anchored poverty remained at the level of 2008 over the period reflecting a stable standard of living of households in this country before and after the crisis. Working age poverty However, child poverty increased significantly in this country, which can reflect the building up of a social imbalance²⁸ leading to the deterioration of human capital in the long run. In-work poverty also increased, which may reflect rising inequalities on the labour market.



²⁸ In their paper on social imbalances, Vandenbroucke et al. argue that "huge disparities in child poverty should be alarming since they signal problems that are relevant to the sustainability of the monetary union" both because comparatively high levels of child poverty reveal an "investment deficit that may be the cause and effect of underperforming labour markets and education systems". In "Excessive social imbalances and performance of Welfare States in the EU" by F. Vandenbroucke, R. Diris and G. Verbist (2013)



High and increasing levels of income inequalities indicate that the economic situation of a larger part of the population is deteriorating, affecting the low- and middle-income population, with correspondingly higher concentration of income and wealth in the most affluent segments of society²⁹. High levels of income inequalities can undermine sustainable growth by depressing aggregate demand or leading to unsustainable borrowing at the lower end of the income distribution where the propensity to consume is the greatest. High or rising inequalities impact on economic performance as a whole as they can result in a lack of opportunities for many people to fulfil their potential to contribute to the economy and society. Inequalities can also breed social resentment and weaken the legitimacy of political processes and institutions³⁰. Specific attention should be paid to excessive increases in earnings inequality (see below) which put a strain on public budgets by increasing the need for redistribution, with a given political preference for income equality.

The analysis of income inequalities should be complemented by a focus on unsustainable increases in labour market inequalities (e.g. earnings inequality), resulting from both wage polarisation and unequal distribution in the quantity of work (i.e. due to segmentation and job

²⁹ European Commission, Employment and social developments in Europe 2011, Ch 2.

³⁰ OECD, Why Inequalities keep rising, 2011.

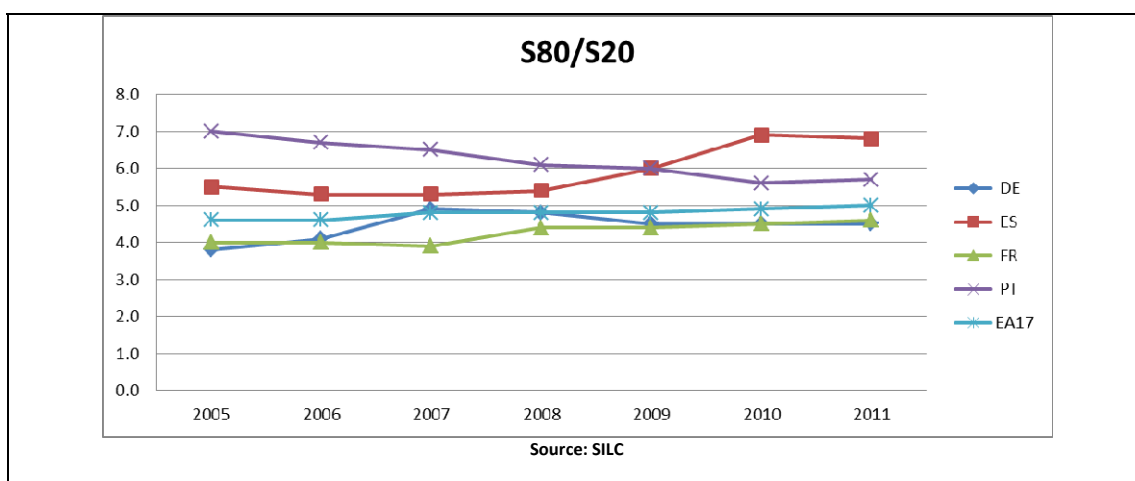
precariousness)³¹. This requires looking at indicators of in-work poverty, gender pay gap, involuntary temporary employment, involuntary part time work, as well as indicators reflecting labour market transitions towards better quality jobs (by type of contract or pay level). Information on jobless households illustrates the polarisation of jobs between job-rich and job-poor households, which has detrimental impacts on social cohesion and human capital both in the short and the long term (children living in jobless households). Inequality of opportunity to develop one's socio-economic potential, with its adverse impact on employability, productivity and competitiveness, can be compounded also by low performance of the education system, which can be gauged from data on the gaps in literacy scores (PISA).

In Spain, income inequalities started increasing in 2008. Before the crisis, the labour market was strongly segmented, with high shares of involuntary temporary contracts, and low and declining transitions rates from temporary to permanent contracts, illustrating that the labour market in this country provided temporary workers with little opportunity to progress towards better jobs, with stable earnings. In-work poverty started increasing in 2007.

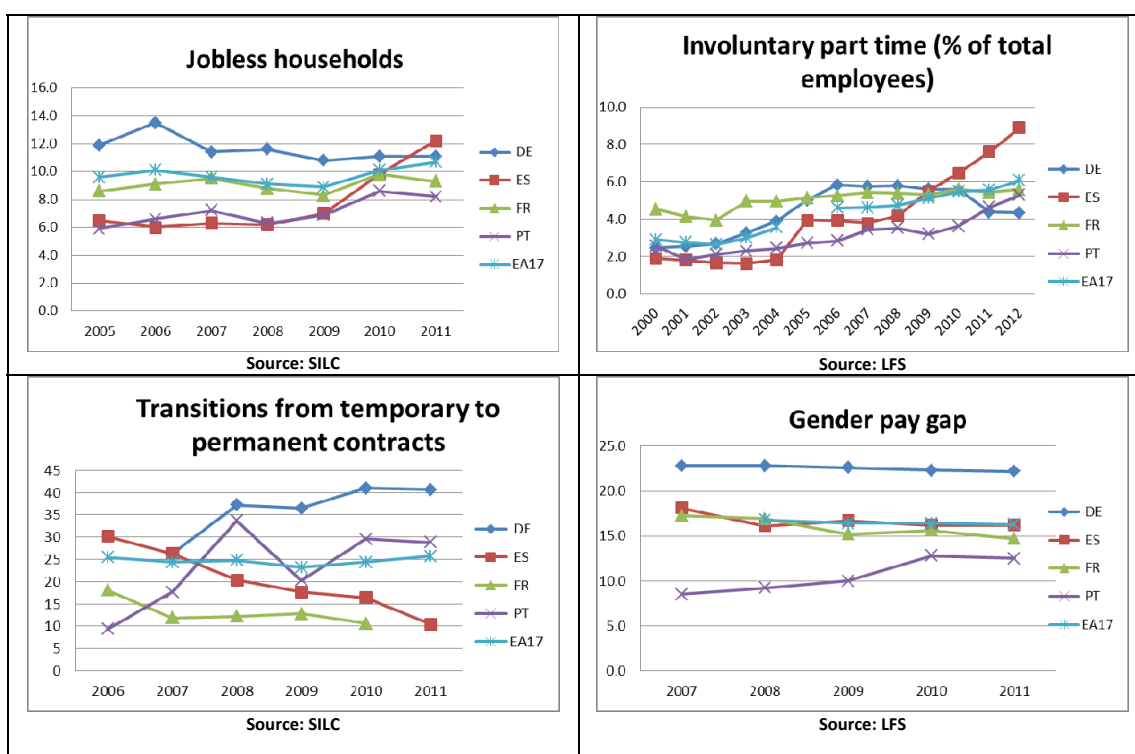
In Portugal, the downward trend in income inequality was interrupted in 2010 (SILc ref 2011) and remains higher than the EMU average. The increase in the gender pay gap, the increase in the share of involuntary part time, together with the decline of female employment rates calls for specific attention to the situation of women on the labour market.

In France, the level of inequalities is below average, but has been rising slightly in the crisis.

In Germany, income inequalities increased prior to the crisis from a low level, to reach the EMU average, and stabilised afterwards. Germany is still characterised by labour market inequalities, and notably a higher than average gender pay gap.



³¹ According to the OECD, the single most important driver of rising income inequalities over the last decades has been greater inequality in wages and salaries, which reflects the fact that earnings account for about three-quarters of total household incomes among the working-age population in most OECD countries. The earnings of the richest 10% of employees have taken off rapidly in most cases, with those top earners moving away from the middle earners faster than the lowest earners, hence extending the gap between the top and the increasingly squeezed middle-class. Greater earnings gains for workers with higher skills, driven by technological progress, increased prevalence of atypical labour contracts (especially part-time work), more low-paid people in work and declining coverage of collective-bargaining arrangements in many countries all contributed to a widening distribution of wages.



As illustrated above, when analysed together these 5 indicators provide a focused picture of the on-going key employment and social problems in the Member states. Some of the indicators could provide early signals of impending severe employment and social problems, if combined with the relevant information on underlying institutional and economic factors. Such an analysis could help improve policy making within the EMU, by taking better account of the expected employment and social consequences of macro-economic adjustment.

1.3 Challenging EU employment and social context

1.3.1 Protracted stagnation coming to an end?

GDP rose by 0.4% in the EU27 and by 0.3% in the Euro area during the second quarter of 2013 compared with the previous quarter. The highest GDP growth among Member States was in Portugal, Germany and Lithuania. Cyprus, Slovenia and Italy and the Netherlands registered the largest decreases. Within these overall growth rates, export rose 1.7% in the EU27 and 1.6% in the Euro area while imports increased by 1.2% and 1.4% respectively. External trade thus made a small positive balance in both the EU27 and euro area.³²

Current account adjustment in those Member States with large external imbalances prior to 2008 has pushed the Euro areas' current account into surplus. The Euro area now saw a surplus of 1.6% of GDP in early 2013. Ireland and Slovenia recorded substantial surpluses, Greece, Spain, Portugal and Italy have all seen substantial reductions of their deficits. In the (former) deficit countries, most of the adjustment has been due to imports falling substantially. Although competitiveness, as measured by Unit Labour Costs, has increased, there is as yet relatively little increase in exports. This is the case for Greece, Spain and Cyprus, although Portugal and Ireland do show significant increases in exports.

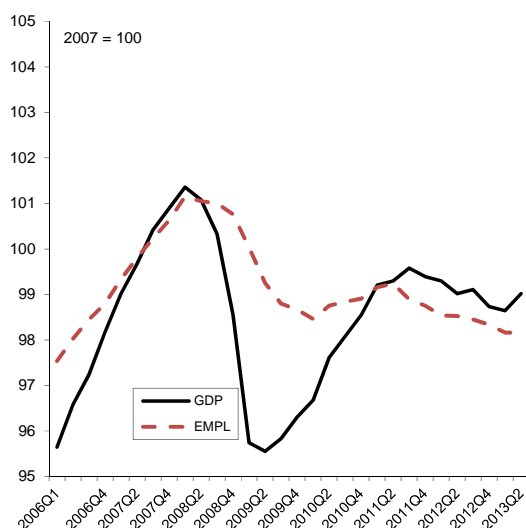
1.3.1.1 A double dip recession over last five years

Seen over a five year period, the EU economy has gone through a double dip recession (see Chart 8), negative growth was interrupted by a timid recovery in between the end of 2009 and

³² Eurostat Newsrelease 130/2013 - 4 September 2013

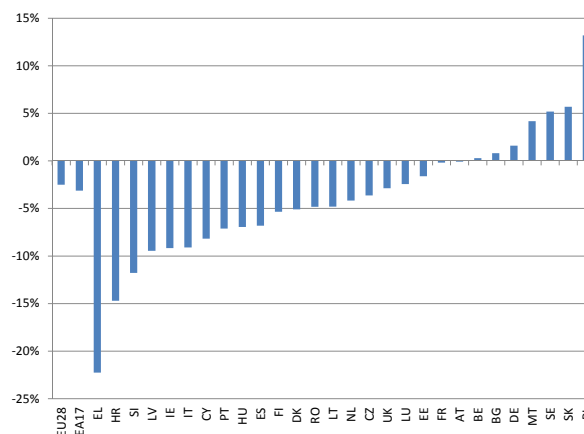
the beginning of 2011. Chart 9 depicts changes in real GDP since early 2008, which range from more than +10 % in Poland to -10% or more in Greece and Slovenia (as well as Croatia which joined the EU on 1st July 2013).

Chart 13: Real GDP volumes in the EU



Source: Eurostat, national accounts.
Seasonally adjusted data [namq_gdp_k and namq_aux_pem].

Chart 14: Change in GDP – Second quarter 2013 compared to second quarter 2008, in percentages



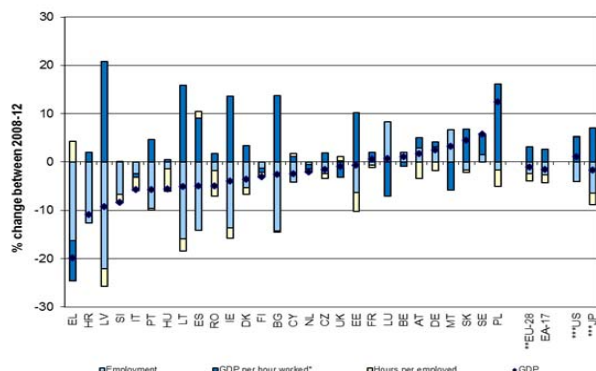
Source: Eurostat, National accounts [namq_gdp_k].
Note: Non seasonally-adjusted data; millions of national currency, chain-linked volumes, reference year 2005 (including 'euro fixed' series for euro area countries). IE, HR, IT, LU, PT: 2008q1-2013q1.

The depressed macro-economic situation translated into even more unfavourable employment trends, due to productivity developments which were only partly offset by reductions in hours worked during the first downturn in a few countries (notably Germany and Belgium, see Box 2). This can also be derived from Chart 6, comparing the respective falls of GDP and employment between the peak in early 2008 and the apparent bottom in mid-2013.

Box 2: Decomposition of growth into employment, hours worked and hourly productivity

Between 2008 and 2012, while GDP at EU-28 level receded by 1.1% (-1.6% at EA level), employment was hit harder (-2.4% in EU and -2.6% in EA, see Chart 15). On the other hand, hourly productivity made headway (+3.1% and +2.6% resp.) while the number of hours worked decreased more moderately (-1.6% in both areas). The latter phenomenon mainly stems from working-time reduction policies put in place in some countries (DE, AT, BE, etc.) in the first years of the crisis.

Chart 15: Change in GDP between 2008 and 2012 and underlying components



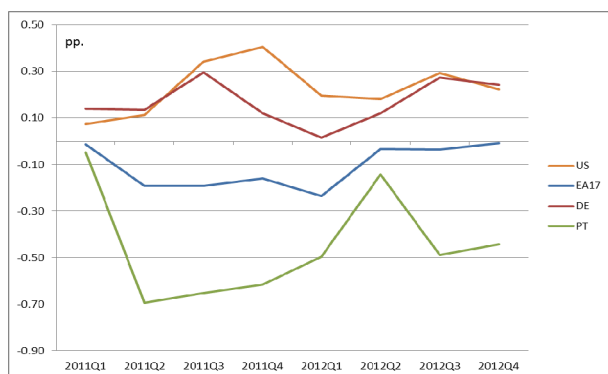
Source: Eurostat, National accounts and OECD, DG EMPL calculations.

Note: productivity per hour worked and number of hours: no data avail. for BE, HR, LU: GDP = GDP / employed x number of persons employed; no number of hours worked data available for MT; * for BE, HR, LU: productivity expressed in GDP per person employed; ** for GDP per hour worked and hours per employed: EU-27; *** US, JP: OECD data for 2008-11.

Over the four years to 2012, GDP growth was mainly driven by employment growth in Germany, Austria, Belgium, Luxembourg and Malta and by productivity gains in Poland, Sweden, Slovakia and France without major losses of employment. In countries which experienced severe falls in GDP (by more than 3%), these translated mostly into employment declines in Greece, Croatia, Latvia, Slovenia, Portugal, Lithuania, Spain, Ireland and Denmark. Strong reductions of employment were avoided by a decline in the number of hours worked per employed and/or in hourly productivity in Italy, Hungary and Romania. In the US, GDP growth between 2008 and 2011 was supported only by a growth in hourly productivity, while employment fell significantly and the number of hours worked per employed remained unchanged.³³

Similarly, estimations of Okun residuals indicate that during the past two years, unemployment seems to have increased less than expected in the US and Germany (see Chart 11). On the other hand, unemployment increased more than expected in the euro area, in which Portugal stands as a striking example.

Chart 16: Residuals of Okun estimations since 2011 (US, the euro area, Germany and Portugal)



Source: Commission services' estimations and OECD.

Note: Estimates calculated over 1998Q1 – 2007Q4.

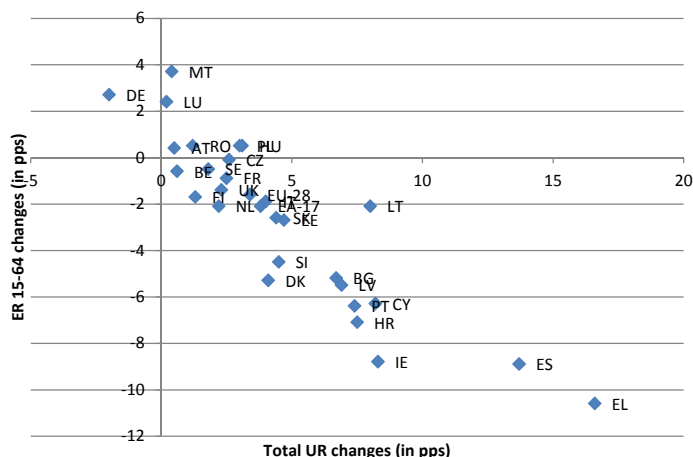
The decline in the US unemployment rate was helped by a fall in the participation rate to a historically low level, possibly due to worker discouragement. In the case of Germany, structural unemployment has probably declined as a result of the reforms of the last decade. On the other hand, in Portugal, the shedding of low-productivity labour triggered a disproportionately large increase in unemployment compared to the GDP evolution.

³³ For US, JP, OECD data were used. As productivity and hours worked data are missing for 2012, this piece of analysis is limited to the 2008-11 period.

1.3.1.2 Labour markets have been weak in most Member States: long-term unemployment climbing to all-time highs

In the four years to 2012, Greece, Spain, Ireland, Portugal, Croatia and Cyprus all experienced massive drops in employment and rises in unemployment rates (see Chart 17) while this was much more contained in the north and centre of EU / EA. Employment rates increased in Germany, Austria, Poland, Romania, Hungary, Luxembourg and Malta.

Chart 17: Changes in unemployment rates (UR) and employment rates (ER) from 2008 to 2012 in EU Member States, EU-28 and EA-17

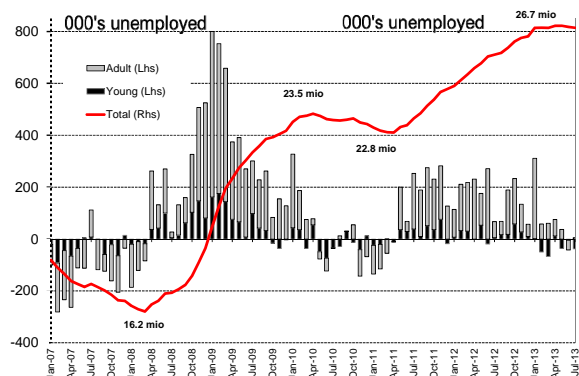


Source: Eurostat, LFS [une_rt_a] and [lfsa_ergan], DG EMPL calculations.

Unemployment rates have risen

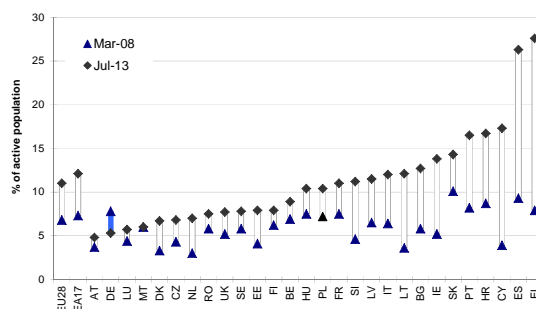
The overall picture for unemployment is one of severe deterioration since 2008, with a short-lived absorption in the year to mid-2011 and another aggravation since then. The number of unemployed in the EU has again risen in recent months, hitting a new historic high of 26.7 million in mid-2013 in the EU (see Chart 18).

Chart 18: Monthly change in youth, adult and total unemployment in the EU (Jan 07–Apr 13)



Source: Eurostat, series on unemployment [une_nb_m]. Data seasonally adjusted.

Chart 19: Unemployment rate development by Member State since the low of March 2008 and July 2013



Source: Eurostat, series on unemployment [une_rt_m]. Data seasonally adjusted.

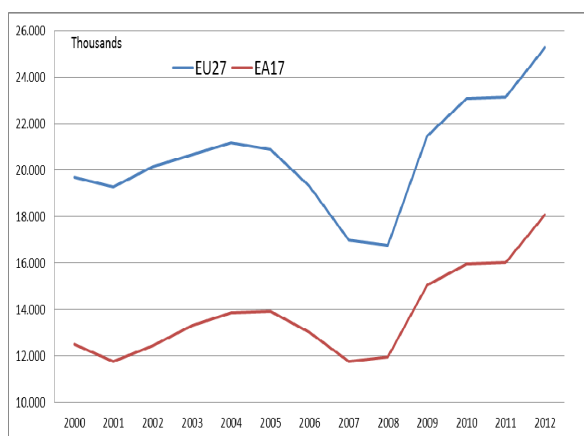
The second dip in output saw a steady increase in unemployment in the EU over the past two years, with 4 million more people out of work. The crisis, since the spring of 2008, has brought about 10.5 million additional unemployed in the EU. Since May 2013 they have accounted for 11.0 % of the active population, and for 12.1 % in the euro area (or 19.3 million), compared to less than 7% before the crisis. The increase over the last year has been slightly more

pronounced in the euro area (+0.7 pp) than in the EU (+0.4 pp) as a whole. Since the historic low recorded in March 2008, the highest increases were recorded in Greece (+19.7 pps to 27.6%), Spain (+17.0 pps to 26.3%), Cyprus (+13.4 pps to 17.3%), Croatia (8.0 pps to 16.7%) and Portugal (+8.3 pps to 16.5%, see Chart 14). Only one country saw the overall unemployment rate fall over the last five years: Germany (-2.5 pps, to 5.3% in July 2013).

Uninterrupted rise in long-term unemployment

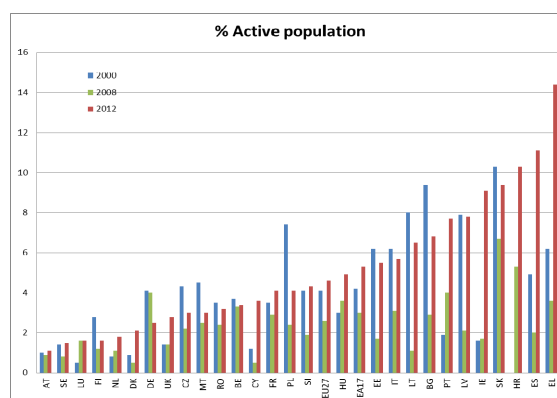
At the end of 2012, long-term unemployment reached an all-time high of 11.6 million in the EU, accounting for nearly 5% of the active population. The trend only stabilised during the short lived recovery of 2010, and has continued to rise since then. Since 2008 the number of long-term unemployed has doubled in the EU27 and in the EA17 (+ 8.6 million and +6.1 million respectively, see Chart 20), contrasting with the steep decline between 2005 and 2007 and the minor increase following the 2001-3 recession. Developments by Member State broadly reflect what can be seen in terms of overall unemployment (see Chart 21).

Chart 20: number of long-term unemployed people EU27 and EA17, annual average 2000-12



Source: Eurostat, LFS [une_ltu_a].

Chart 21: Long-term unemployment rates for the EU27, EA17 and each Member State 2000, 2008 and 2012



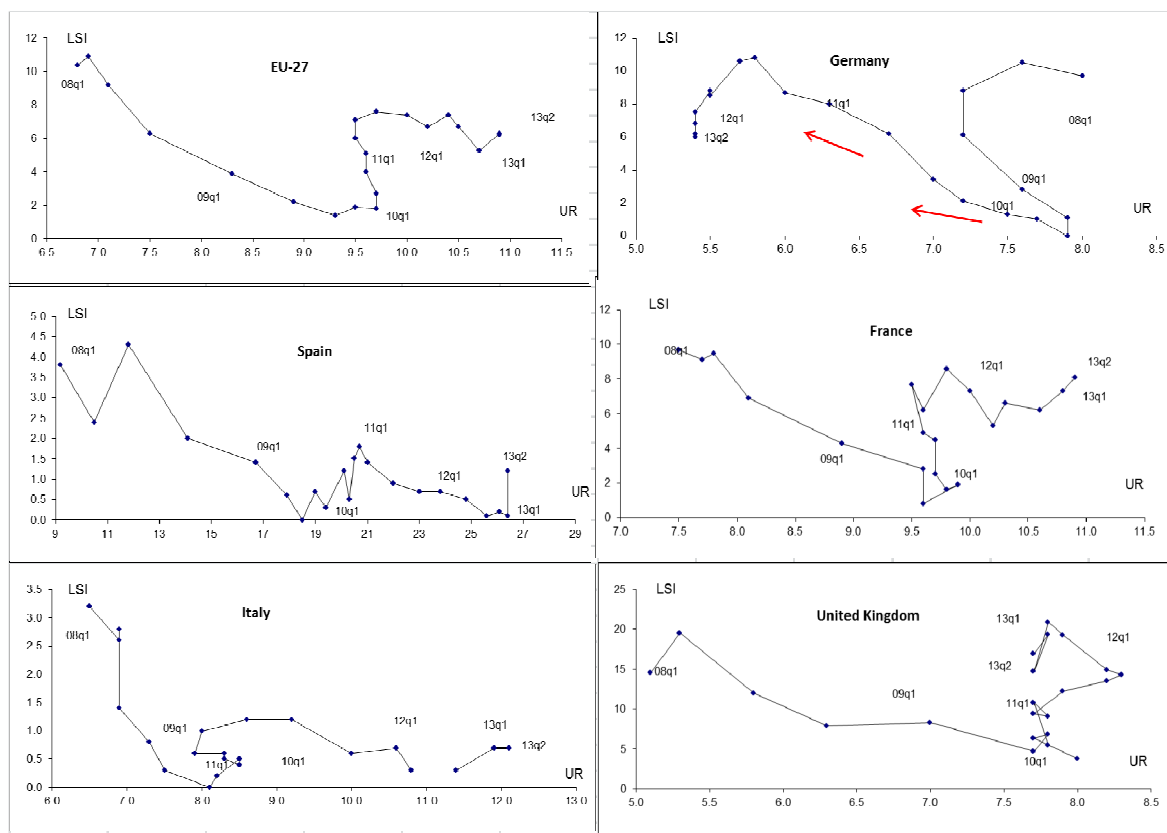
Source: Eurostat, LFS [une_ltu_a]. Data non-seasonally adjusted.

Signs of rising labour market mismatches: rising structural unemployment after the first downturn

Inferences on the changing structural nature of unemployment can be made on the basis of the Beveridge curve, which reveals labour market mismatches through a juxtaposition of unemployment rates and job vacancies³⁴. Shifts along the curve represent cyclical changes in the demand for labour, typically implying higher vacancies and lower unemployment in upturns and lower vacancies and higher unemployment in downturns. On the other hand, an increase or decrease in vacancies for a given rate of unemployment is indicative of structural changes: the former typically implies an increasing level of mismatch (described as a move of the curve outwards or to the right), and vice versa.

³⁴ An alternative indicator for the job vacancy rate is the labour shortage indicator. The indicator is derived from EU business surveys results. The indicator is seasonally adjusted and fully harmonised across Member States, but covers only manufacturing. See also http://ec.europa.eu/economy_finance/db_indicators/surveys/documents/userguide_en.pdf. See March 2013 issue of the EU Employment and Social Situation Quarterly Review (European Commission, 2013b) for more details.

Chart 22: Beveridge curve in the EU and the five largest Member States



Sources: Eurostat [une_rt_q] and [bsin_q_r2].

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

At the EU aggregate level, the unemployment-vacancy co-movement since early 2008 can be split into three different periods. Up to the first quarter of 2010, there was a continuous increase in the unemployment rate and a steady decrease in the labour shortage indicator, in a typical movement along the Beveridge curve in a recession.

From the first quarter of 2010 up to mid-2011, the unemployment rate remained fairly stable, while the labour shortage indicator increased significantly (see Chart 17). Such movement was indicative of labour market mismatches in a recovery, due to very diverse developments by sector (for example, construction boom and bust), insufficient labour mobility and a possibly inadequate skill supply (see also "The skill mismatch challenge in Europe", Chapter 6 in European Commission (2013c)³⁵).

Since mid-2011, the Beveridge curve again followed a more normal pattern. The unemployment rate went further up, while the labour shortage indicator remained stable. This movement suggests that the Beveridge curve has shifted outwards, pointing to a persistence of the mismatches during renewed labour market weakness.

In conclusion, the outwards movement of the Beveridge curve seems to have predominantly occurred in the period 2010-2011, suggesting that mismatches and structural unemployment mainly rose during the first downturn. Analysis of national Beveridge curves³⁶ shows that this was the case in Bulgaria, France, the Netherlands and Poland, but not in Member States with the highest rises in unemployment, whereas better matching and a leftward shift in the Beveridge curves was seen notably in Germany.

³⁵ European Commission (2013c), "Employment and Social Developments in Europe 2012" (ESDE 2012).

³⁶ See more details in March 2013 edition of ESSQR (European Commission, 2013b)

Continuing net job destruction and a growing share of precarious work...

Over the five years to the first quarter of 2013, 2.8 % of jobs disappeared in the EU across all sectors, although the intensity of net job losses was smaller in the second downturn (after Spring 2011) than during 2008-2009. Furthermore, manufacturing and construction were most hit during the first downturn, whereas services and the public sector saw heavier job losses during the second downturn. According to the European Restructuring Monitor (see box), announced job losses still outnumber job gains in the large majority of sectors.

Box: European Restructuring Monitor reveals continued net job destruction

In the twelve month period between 1 September 2012 and 31 August 2013, the European Restructuring Monitor (ERM) recorded a total of 1436 large-scale restructuring cases (ie. generally involving at least 100 job losses or job gains) at national, regional or local level, and 102 cross-national cases³⁷.

These restructurings involved approximately 391,000 announced job losses and 190,000 announced job gains. In every quarter since 2008q1, announced job losses in ERM cases have outnumbered job gains. The member state with the largest announced job losses was Germany (56,084). Large job losses were also recorded in France (54,384), the United Kingdom (43,770) and Spain (34,949). The country reporting the largest job gains was France (32,554).

The majority of announced job losses (67%) were attributable to internal restructuring and a quarter (25%) to bankruptcy or closure. The share of bankruptcy / closure-motivated job losses has been higher in 2012/13 than at any time in the last decade, including the trough years of the global financial crisis, 2008-9. On the other hand, levels of offshoring/outsourcing/relocation remain very subdued (4% of total job losses compared to 10% in 2006 and 2007).

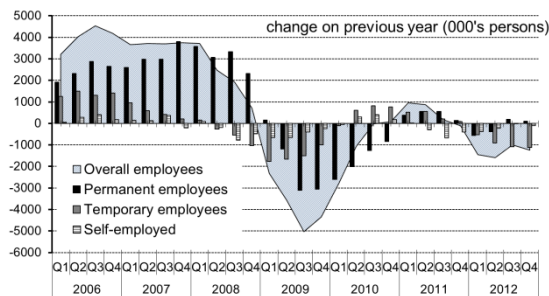
The main broad sector affected by restructuring job loss was manufacturing though this reflects in part the large firm bias of ERM based on case size thresholds. There were over 144,000 job losses reported in 471 manufacturing cases in the twelve month period. This represents 37% of total ERM-announced job losses. Other sectors accounting for a large share of job losses included financial services/insurance (17%) and information/communication services (11%).

Manufacturing also accounted for 30% of announced job gains in the twelve month period with the retail sector accounting for 13%. Within manufacturing, the car/transport equipment subsector was the locus of most restructuring activity (8% of all announced job loss and 13% of all job creation).

Of the small number of sectors (intermediate classification) in which overall restructuring job balance (announced job loss minus announced job gain) was positive, top of the list were accommodation and food service activities (NACE I, +13381), IT and information services (NACE JC, + 7322) and professional activities including legal, accounting, consulting, architectural and engineering services (NACE MA, +6919).

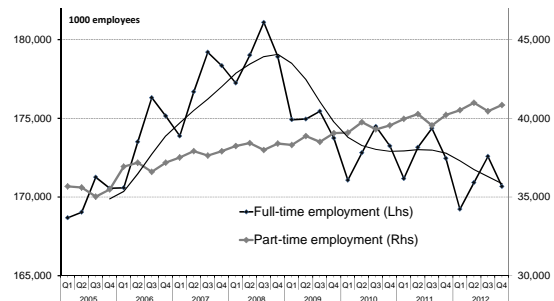
³⁷ Data are based on an extraction from the ERM restructuring events database on September 6th 2013 www.eurofound.europa.eu/emcc/erm/index.htm

Chart 23: Employees in permanent and temporary work, self-employment and total employment (15-64 years) (1 000 persons), 2006-2012, y-o-y change



Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_epgaed].

Chart 24: Number of part-time and full-time employees in the EU (1 000 employees), 2005-2012



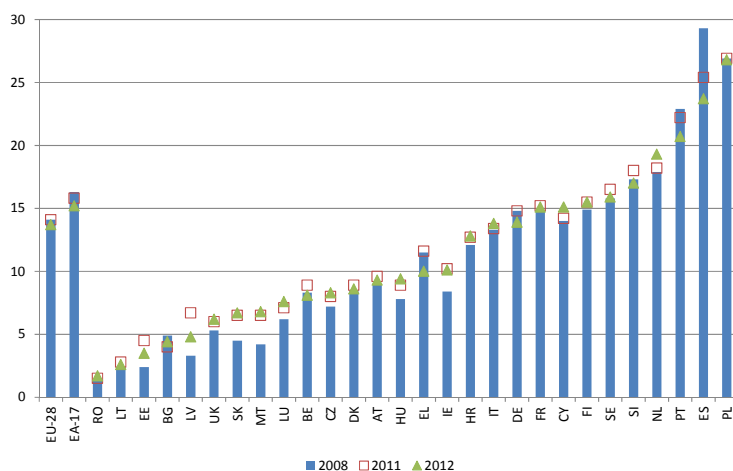
Source: Eurostat, LFS. Data non-seasonally adjusted [lfsq_epgaed].

The past five years have been detrimental for permanent employment, although the greatest burden of adjustment fell mainly on temporary jobs. The severity of the first downturn resulted in massive destruction of permanent jobs, on top of the non-renewal of temporary contracts. During the timid recovery in 2010 and the first part of 2011, continuing business uncertainty tempered the hiring of permanent employees in favour of temporary contracts (and self-employment), which were subsequently discontinued during the second downturn. In the year to the last quarter of 2012, temporary employment accounted mainly for the drop in employment, declining by 4.7 %, i.e. 1.1 million fewer employees (see Chart 16). The number of workers in permanent employment at European aggregate level recorded a close to zero yearly growth rate (+0.1 %) in 2012q4, representing a modest rise of 100 000 full-timers.

While the share of temporary employees has developed cyclically, following the ups and downs of the labour market, Chart 25 highlights the great divergence among MS in terms of percentage of employees holding a temporary contract in 2008-2012. In 2012, the share within the total number of employees was the highest in Poland, Spain, Portugal, the Netherlands and Slovenia, with rates of 17% or more. Shares were lowest in Romania, Lithuania, Estonia, Bulgaria and Latvia, below the 5% threshold. At EU-28 level, the percentage went down by 0.4 pps to 13.7% over the four years to 2012 (+0.4 pp since 2011 as well). It actually moderately increased in the majority of MS (20) between 2008-12, but this was not enough to offset the sharp falls recorded in 7 MS, most notably in Spain (-5.6 pps), Portugal (-2.2 pps) and Greece (-1.5 pps), countries badly affected by the crisis, where labour market adjustments continue to seriously hit that segment of the labour force. This might be true but at the same time several countries have received CSRs to make their labour markets more flexible and also some MS with a high level of temp employees have also high levels of security so we cannot conclude that high levels of temp employees is "bad" and low level ok.

The concern should rather rise around employees who hold temporary contracts involuntary. The majority of temporary employees in the EU (around 60%) cannot simply find a permanent job. This is a particular challenge in Spain and Portugal (the countries with the highest shares of temporary employment) where around 90% of temporary employees are involuntary. But also more than 80% of employees cannot find a permanent job in Member States with medium (i.e. Cyprus, the Czech Republic and Greece) and low (i.e. Romania and Slovakia) temporary employment. Chart 26 shows involuntary temporary work for a selection of MS.

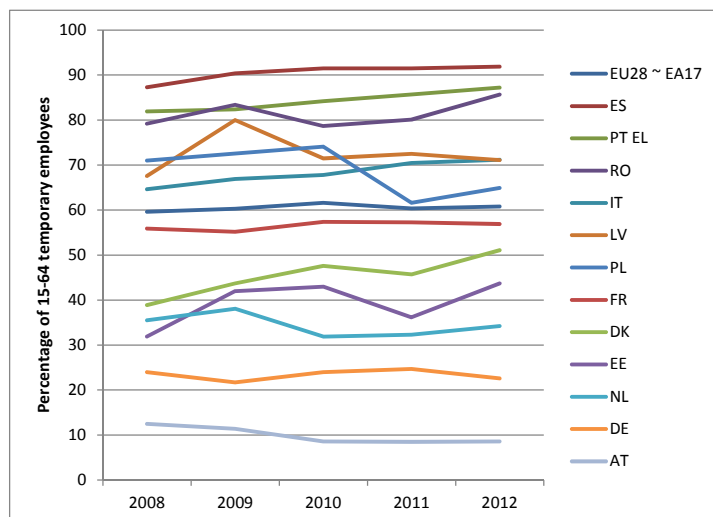
Chart 25: Temporary contracts in the Member States as a percentage of the total number of employees in 2008, 2011 and 2012, in the working-age group (15-64)



Source: Eurostat, LFS [lfsa_etpga].

Self-employment decreased by 0.4 % (or 115 000 self-employed) in the course of 2012. The crisis and credit tightening made it visibly more difficult to start up an own business.

Chart 26: Involuntary temporary work



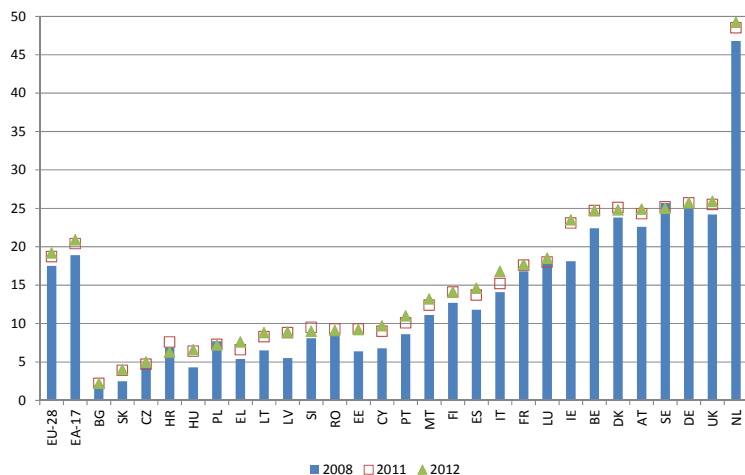
Source: Eurostat, LFS [lfsa_etgar].

Full-time employment falling but part-time rising...

When viewed over the medium term, full-time employment is in its fourth consecutive year of contraction, down by 8.3 million (-4.6 %) since the last quarter of 2008. After stabilising briefly during the first semester of 2011, the downward trend in full-time employment has continued (see Chart 17). Conversely, there has been steady growth in part time jobs in recent years, with 2.5 million more since the last quarter of 2008, a rise of 6.4 %. Chart 27 depicts the relative developments of part-time work in the Member States since 2008. In 2012, the share within total employment was the highest in the Netherlands (49.2%), followed by the UK, Germany, Sweden, Austria, Denmark and Belgium, all at roughly 25% or above. Shares were lowest in Bulgaria, Slovakia, the Czech Republic and Croatia, around 5% or below. At EU-28 level, the percentage went up by 1.7 pps to 19.2% over the four years to 2012 (+0.5 pp since 2011). It increased in all MS except in Croatia, Poland and Sweden. Major increases between 2008-12

were noted in Ireland (+5.4 pps), Latvia (+3.4 pps) and Cyprus (+2.9 pps), countries which have experienced very serious socio-economic difficulties over recent years.

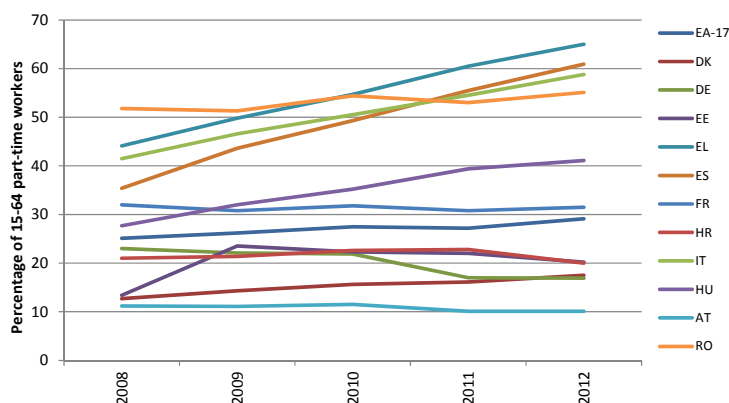
Chart 27: Part-time contracts in the Member States as a percentage of total employment in 2008, 2011 and 2012, in the working-age group (15-64)



Source: Eurostat, LFS [lfsa_eppga].

Part-time work has continued to develop through the crisis and made some labour markets more resilient. Reducing working time was considered a valid option by, both employers and workers in the first phase of the crisis and helped limit cuts in the labour force. However the long term acceptance of these contracts should not be taken for granted. Many part-time workers would like to work more hours. That is what Chart 28 shows for a selection of MS (for which data are available and reliable).

Chart 28: Involuntary part-time work



Source: Eurostat, LFS [lfsa_eppgai].

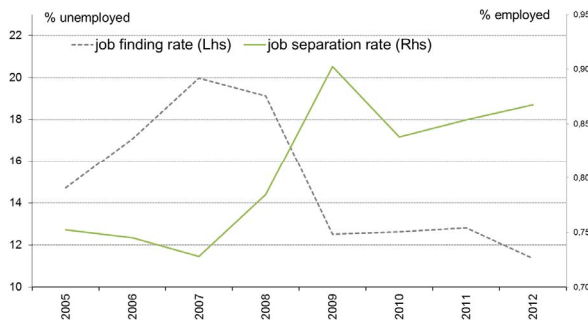
... and declining prospects of finding permanent work

The ratio between the number of people starting new jobs and those who are unemployed (the job-finding rate)³⁸ in the EU27 went up from 14.7% to 20% between 2005 and 2007. After 2008, this job finding rate in the EU27 fell back, to reach 11.4% in 2012 (see Chart 31). The ratio of the number of people who left their jobs to the number of people in employment, also

³⁸ Annual average of the monthly ratio of the number of people starting new jobs to those who are unemployed. People starting a job include those previously in work and those changing jobs (employment to employment flows), those previously unemployed (unemployment to employment flows) and those that had previously not been in the workforce (inactivity to employment flows).

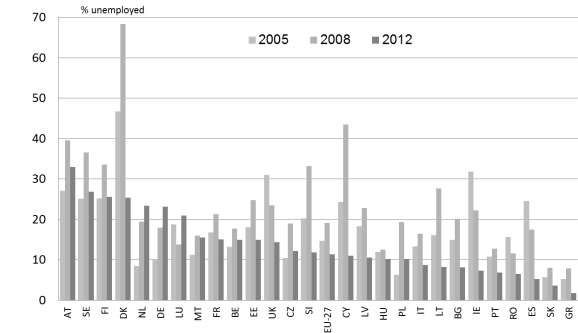
known as the job separation rate,³⁹ went up sharply after 2008 (by 0.12 pp) to reach 0.90 % in 2009. In 2012, this ratio stood at 0.87 % at EU27 aggregate level.

Chart 29: Job-finding rate and job separation rate in the EU27, annual average 2005-2012



Source: LFS; Eurostat; DG EMPL calculation.

Chart 30: Job-finding rate in the EU27 and in each Member State, annual average in 2005, 2008 and 2012



Source: LFS; Eurostat; DG EMPL calculation.

Between 2005 and 2008, the job finding rate rose in 22 Member states and fell in 5. The highest rises were recorded in Poland (+13 pps), Cyprus (+19 pps) and Denmark (+22 pps) and the sharpest falls were in Spain (-7 pps), the UK (-7 pps) and Ireland (-9.6 pps). From 2008 to 2012, the annual average of the job finding rate went down in 24 Member States and increased in only 3. As shown on Chart 30, the highest rises were recorded in Luxembourg (+7 pps), Germany (+5 pps) and the Netherlands (+4 pps), while Denmark (-43 pps), Cyprus (-32 pps) and Slovenia (-21 pps) saw the steepest falls.

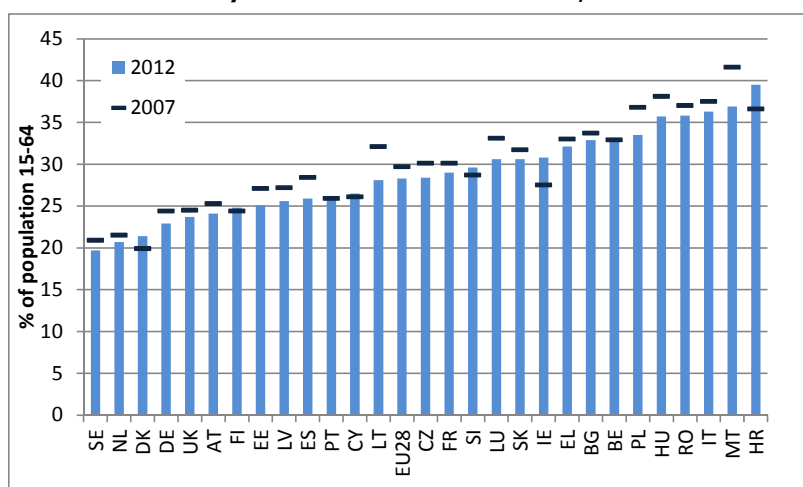
Labour market difficulties hardly affected labour market participation

Despite the crisis, the inactivity rate in the EU has further fallen to 28.3% in 2012, compared to nearly 30% before the crisis, notably because of increasing activity among older workers (nearly +5 pps from 2007 to 2012) and women (+2 pps). However, since the onset of the crisis an increase of the inactivity rate has been noted in Ireland (+3.3 pps), Croatia (+2.9 pps) and Denmark (+ 1.5 pps), and to a minor extent (by less than 1 pps) in Slovenia, Finland, Cyprus, Belgium and Portugal. In the former three countries the increase was accompanied by a decline in female participation.

Latest data available for the first quarter(s) of 2013 indicate that activity rates held up well in Greece, Spain and Italy, where they even exceeded the level from before the crisis, whereas in Portugal there was a slight decline of around 0.5 pps.

³⁹ Annual average of the monthly ratio of the number of people who leave their jobs to the number of people in employment.

Chart 31: Inactivity rates for EU Member States, 2007 and 2012



Source: Eurostat, LFS. [lfsa_argan].

As unemployment and job prospects have deteriorated, people tend to become increasingly discouraged. Among the inactive available to work, an increasing share – 3.7% of the active population, compared to 3.2% before the crisis – is not seeking work (because they believe there is no job available). Whereas this share has increased by 0.5 pp on average in the EU, representing an additional number of ca. 1.5 million people, the increase attained more than 1% in 10 countries since 2008, with a peak of 2.9% in Portugal. The phenomenon is widespread among women and young people, and, for the latter, visible in the NEET rate (see below).

All in all, and unlike the trend seen in the USA, there is only limited evidence that the persisting unfavourable labour markets, with high unemployment and low job finding rates, had a sizeable effect on activity rates.

1.3.1.3 Labour incomes coming further under pressure

Nominal labour cost decreased notably in Member States at the periphery of the euro area ...

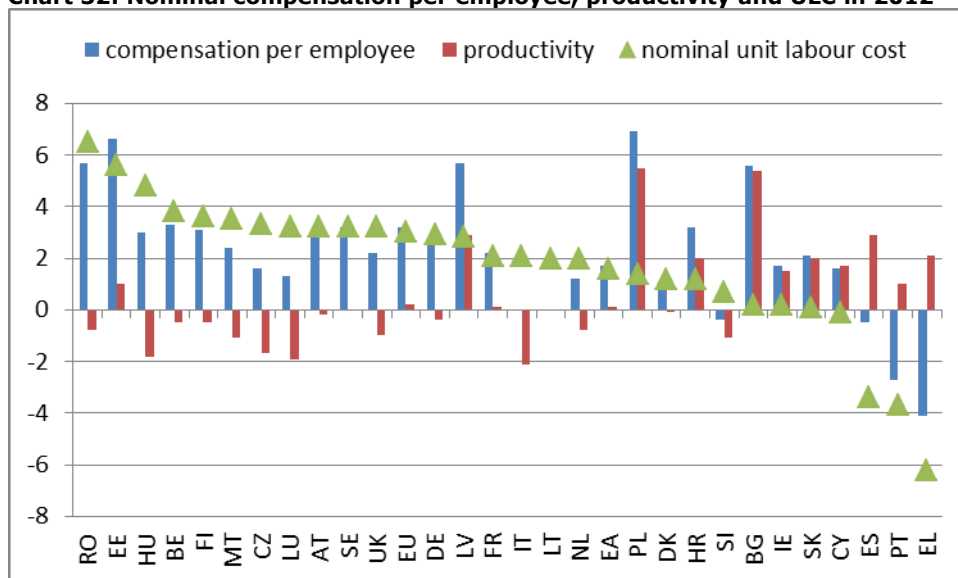
Labour cost developments (adjusted for productivity) in 2012 showed divergent trends between Member States with high or low unemployment, a trend which appeared to continue in the first half of 2013 – albeit at a lower pace.

In 2012, Greece (-4.2%)⁴⁰, Portugal (-2.7%), Spain (-0.5%) and Slovenia (-0.4%) recorded notable decreases in nominal compensation per employee, while the euro area Member States with a strong external position tabled strong growth (including Germany (+2.5%), Austria (+3.0%) and Finland (+3.1%)). See Chart 32.

Several Member States outside the euro area showed very strong growth (including Lithuania (+13.2%), Poland (6.9%), Estonia (+6.6%), Romania (+5.7%), Latvia (5.7%), and Bulgaria (5.6%)), while labour cost growth remained subdued in Denmark (1.1%) and the Czech Republic (1.6%).

⁴⁰ In Greece, this was accompanied by a sizable decrease in the minimum wage (-22% between the first half-year 2012 and 2013).

Chart 32: Nominal compensation per employee, productivity and ULC in 2012



Source: DG EMPL calculations based on Eurostat (nama_aux_lp and nama_aux_ulc)
Note: Nominal unit labour cost (ULC) is defined as compensation per employee adjusted for productivity per person employed

... while productivity growth in these Member States remained robust ...

At the same time, Spain (+2.9%), Greece (+2.1%), Ireland (+1.5%) and Portugal (+1%) showed strong labour productivity growth – albeit due to a much stronger decrease in employment than in output.

Nevertheless, labour productivity contracted in most other Member States of the euro area. The strongest decreases are recorded in Italy (-2.1%), Luxembourg (-1.9%), Slovenia (-1.1%), Malta (-1.1%), followed by the Netherlands (-0.8%), Finland (-0.5%), Belgium (-0.5%), Germany (-0.4%) and Austria (-0.2%). See Chart EM1.

Several Member States outside the euro area recorded very strong labour productivity growth (i.e. Lithuania (13.2%), Poland (6.9%), Estonia (6.6%), Romania (5.7%), Latvia (5.7%) and Bulgaria (5.6%)). However, productivity diminished in Hungary (-1.8%), the United Kingdom (-1.0%) and Romania (-0.8%).

... so that nominal unit costs started to converge within the euro area ...

In 2012 nominal unit labour costs (i.e. compensation per employee adjusted for labour productivity growth) decreased in Greece (-6.2%), Portugal (-3.7%) and Spain (-3.4%), while it remained stable in Ireland (+0.2%),

At the same time nominal unit labour cost grew at a robust rate in the core Member States of the euro area, notably Belgium (3.8%), Finland (3.6%), Luxembourg (3.2%), Austria (3.2%), Germany (2.9%) and France (2.1%).

Higher (perhaps explain what is understood by "higher") nominal unit labour cost is an important driver of cost-push inflationary pressures and may affect a Member State's international cost competitiveness (especially in a monetary union with irreversible fixed nominal exchange rates).

As such, the decreases in the nominal unit labour cost in the periphery and the increases in the core Member States of the euro area thus have the potential to promote adjustment in cost competitiveness and absorb the external imbalances accumulated in the past. [Box 3](#) puts these developments in 2012 in a broader context by comparing them with cumulative growth rates in the euro area over the 2001-12 period.

... but started to strengthen in several Member States outside the euro area

Several Member States that joined the EU in 2004 or later recorded unsustainable nominal unit labour cost growth, i.e. Romania (6.5%), Estonia (5.6%) and Hungary (4.8%). In these

Member States the strong increases are the outcome of strong growth in nominal compensation per employee in combination with very weak productivity growth - which was even negative in Romania (-0.8%) and Hungary (-1.8%).

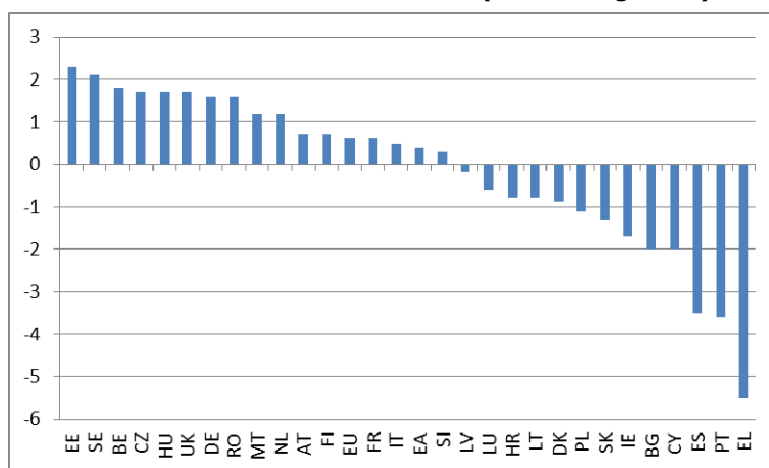
The labour income share decreased sharply in Greece, Portugal and Spain

Chart 33 shows annual growth rates of the real unit labour cost (RULC) in the EU in 2012. The real unit labour cost measures the discrepancy between real wages and labour productivity⁴¹. As such, the RULC is also a measure of the labour income share⁴², i.e. a rise in the real unit labour cost implies a rise in the labour income share.

Real compensation per employee⁴³ grew at a stronger pace than labour productivity in most EU Member States – inducing a rise in the real unit labour cost. Estonia (2.3%) and Sweden (2.1%) showed the strongest increase, followed by Belgium (1.8%), the Czech Republic (1.7%), Hungary (1.7%), the United Kingdom (1.7%), Germany (1.6%) and Romania (1.6%).

In strong contrast to these developments are the sharp falls in the Member States at the periphery of the euro area. Greece (-5.5%) recorded the sharpest decrease in its real unit labour cost, followed by Portugal (-3.6%) and Spain (-3.5%). In Cyprus and Bulgaria the decreases were also notable, both down by -2%.

Chart 33: Real unit labour cost in 2012 (annual % growth)



Source: DG EMPL calculations based on Eurostat (nama_aux_ulc)
 Note: Real unit labour cost (RULC) is nominal unit labour cost (ULC) adjusted for prices (i.e. the GDP deflator) – which is a measure of the discrepancy between real wages and productivity (on the supply side) and the labour income share (on the demand side).

⁴¹ I.e. the real unit labour cost is equal to the nominal unit labour cost adjusted for the GDP price deflator.

⁴² The capital income share is one minus the labour income share.

⁴³ I.e., nominal compensation per employee adjusted for GDP price deflator, which is a measure of gross earnings of workers.

Box 3: Asymmetric correction of divergent nominal unit labour cost developments in the euro area

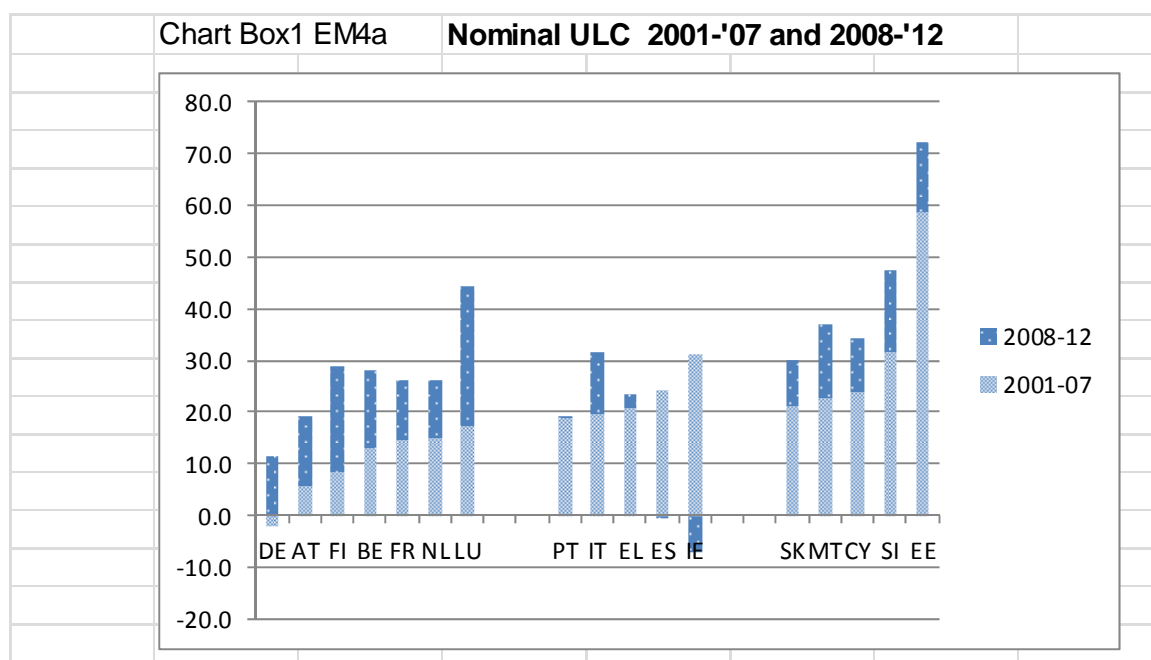
Sustained asymmetric correction (of divergent developments in nominal unit labour cost during the run-up to the crisis) was the driving force behind developments in the nominal unit labour cost of the Member States of the euro area in 2012. Chart 34 shows three groups of countries: the core countries the original euro area countries in the periphery; and the countries which joined after 2007.

Among the original members of the euro area Ireland listed the strongest cumulative nominal unit labour cost growth between 2001 and 2007 (31.1%) - followed by Spain (24.2%), Greece (20.7%), Italy (19.8%), Portugal (18.8%) and Luxembourg (17.5%) -, which all tabled cumulative growth in excess of a cumulative just below 2% per annum⁴⁴ . By contrast, several other Member States tabled very low nominal unit labour cost growth. In Germany (-2.2%) cumulative growth was even negative, while in Austria (5.8%) and Finland (8.3%). Furthermore, it was well below a cumulative growth of just below 2% per annum.

Since the onset of the crisis (i.e. the 2008-12 period) several members experienced rather low or negative nominal unit labour cost growth. Ireland tabled a decrease of -7.2%, and Spain a decrease of -0.25%, while Portugal showed a small increase of 0.6%. In Greece (+2.7%) the increase over the entire period was higher because it experienced rather high growth in 2008 (+5.1%) and 2009 (+6.2%), which has been reverted in a notable way since 2012 (-6.2%).

Some members of the euro area showed strong growth in their nominal unit labour costs over the 2008-12 period, especially Luxembourg (27.1%) and Finland (20.7%). In the others the cumulative growth was fairly in line with a just below 2% per annum growth rate - except Belgium (15.2%), Malta (14.4%), Estonia (13.5%) and Austria (13.4%).

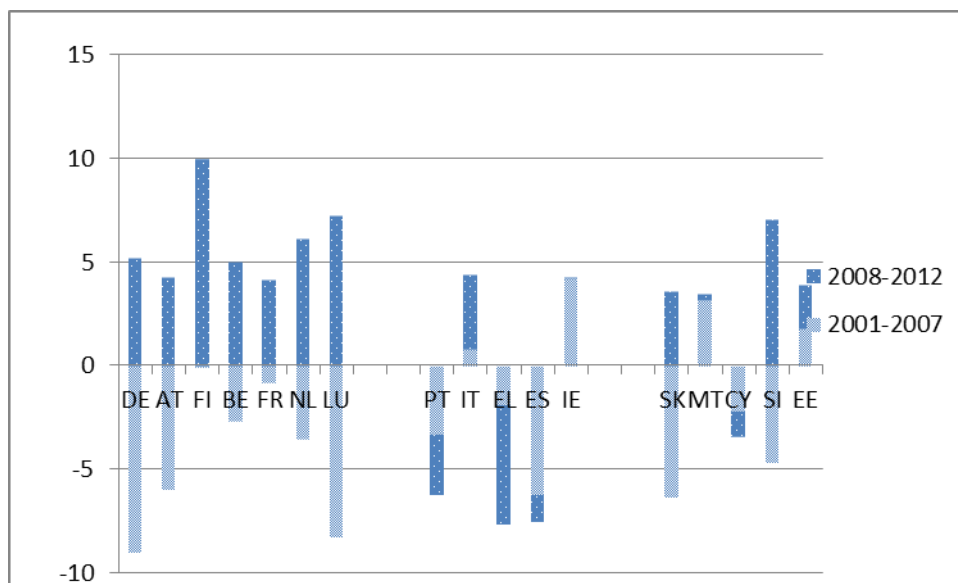
Chart 34: Nominal ULC 2001-2007 and 2008-2012



⁴⁴ Remember that the nominal unit labour cost is a measure of cost push inflationary pressures and that the ECB has set an inflation target of just below 2% per annum.

By contrast, after correction for inflation (which yields the real unit labour cost⁴⁵ - see Chart 35), the adjustment since the crisis appears to have affected clearly the "periphery" (with the exception of Italy), whereas real unit labour cost grew notably elsewhere (except in Cyprus). Countries in the periphery tended to be those that faced current account and external debt challenges. Nevertheless, this cumulative growth over the 2008-'12 period was primarily driven by sharp increases at the peak of the downturn (in 2008 and 2009) when output contracted at a much sharper pace than the total wage bill.

Chart 35: Real ULC 2001-'07 and 2008-'12



Source: DG EMPL calculations based on Eurostat (nama_aux_ulc)

Note: Real unit labour cost is equal to nominal unit labour cost adjusted for GDP deflator – which is also a measure of the labour income share.

1.3.2 The threat to the future of young people

Rising unemployment and falling employment

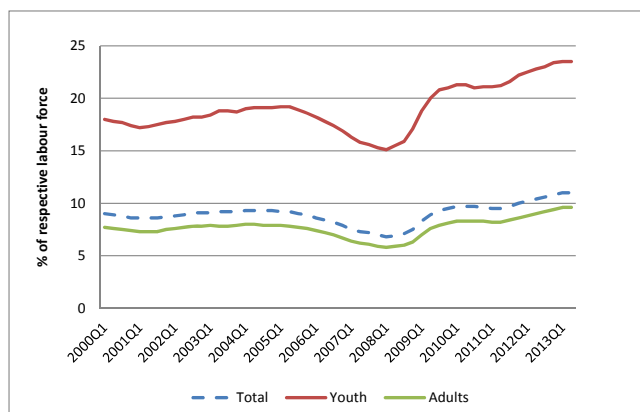
Chart 30 shows how rapidly the youth unemployment rate has developed since mid-2008, compared to that for adults. The former rose by 9.3 pps within five years to reach 24.2% in 2013q2, while the latter rose by 3.8 pps, to 9.6%.⁴⁶ This means that, with 5.5 million young unemployed (July 2013), close to one in four economically active young people cannot find a job in the EU.

Nevertheless the bulk of the unemployed is aged 25 and more; the absolute number of jobless young people increased markedly less than the number of jobless adults: between March 2008 (unemployment's historic low point in the EU) and July 2013, the number of jobless increased by 8.9 million or 74% among the 25+, while it rose by 1.5 million or 36% among the 15-24. This apparent paradox is explained by the fact young people are only a small part of the active population. In some ways the situation of youth is not well captured by unemployment rates, in view of the limited reference population (only the economically active young), and of the high risk of transitions from school into inactivity. Box 4 contains a more qualified analysis of both variables on the basis of ratios.

⁴⁵ The real unit labour cost is also a measure of the labour income share (or "wage share"): a rise in the real unit labour costs indicates a rise in the labour income share.

⁴⁶ See Eurostat's Statistics Explained with definitions of various concepts (unemployment rate, unemployment ratio, etc.): http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=Youth_unemployment.

Chart 36: Developments of unemployment rates since 2000 in the EU-28, total, adults (25-74) and young people (15-24), in percentage of active population

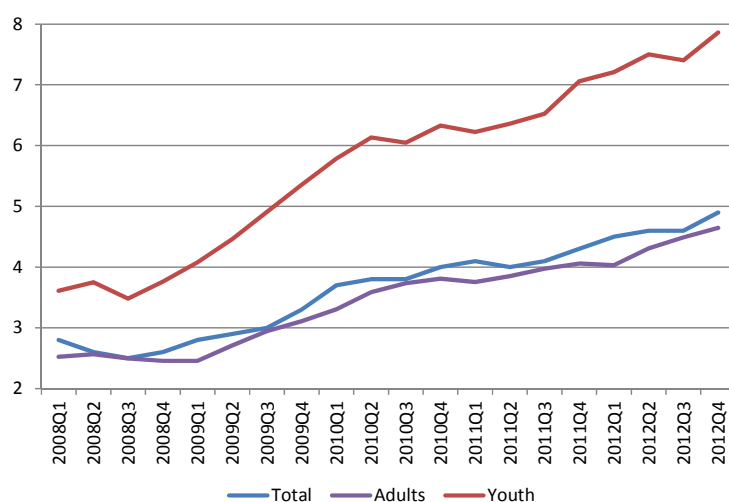


Source: Eurostat, series on unemployment [une_rt_q]. Data seasonally adjusted.

Likewise the long-term unemployment rate for youth has increased fast recently, as Chart 37 illustrates. LT unemployment rate accounted for 7.9% of active youth in 2012q4 (against 4.6% for adults and 4.9% in total), i.e. it more than doubled over the last five years while it went up by roughly 2 pps for adults.

There is a clear risk of labour market detachment for the young generation, as the proportion of long-term jobless has increased faster than the overall unemployment rate in that age group.

Chart 37: Developments of long-term unemployment rates since 2008 in the EU-28, total, adults (25-74) and young people (15-24), in percentage of active population

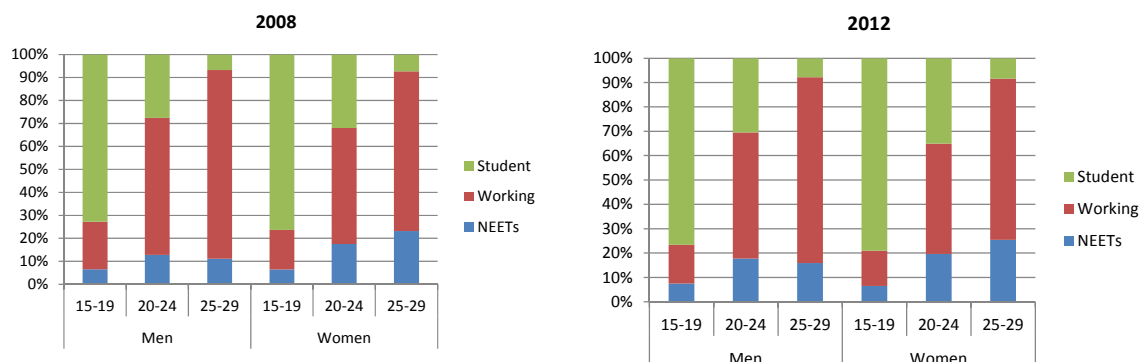


Source: Eurostat, series on unemployment [lfsq_upgal]. Data non-seasonally adjusted.

Risk of falling attachment to the labour market: the case of NEET

Given the high proportion of students among the young generation (close to 80% of the youngest age group, 15-19, and one-third of youngsters aged 20-24), low activity of youth as such should not be the major concern, but rather the proportion of young people who are neither in employment nor in education and training (NEET). Chart 38 gives an overview of the share of students, workers and NEETs by gender and sub-age group. Comparing the situation in 2008 and 2012, the proportion of students has indeed risen with the crisis across all sub-age groups, for both young women and men. So did the percentage of NEETs (see analysis below). On the other hand, the percentage of young workers fell substantially.

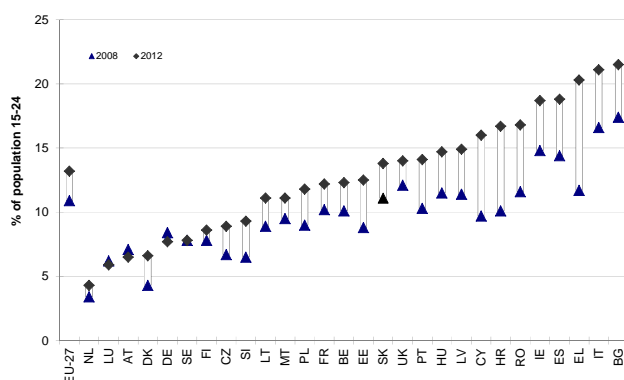
Chart 38: Share of students, workers and NEETs at EU-28 level, by gender and in various sub-age groups (15-19, 20-24 and 25-29)



Source: Eurostat [edat_lfse].

The share of young NEETs in the EU had been shrinking up until 2008, but has been growing again since then. In the four years to 2012, the NEET rate for young people aged 15 to 24 increased by 2.3 pps to 13.2% at EU-27 level (see Chart 39). The highest increases were recorded in Greece (+8.6 pps), Croatia (+6.6 pps), Cyprus (+6.3 pps) and Romania (+5.2 pps). The only -marginal- decreases were recorded in Germany, Austria and Luxembourg. The ranking of countries according to their NEET rates in 2012 is topped by Bulgaria, Italy and Greece, all above the 20% mark, followed by Spain, Ireland, Romania and Croatia. At the bottom of it can be found the NL, Luxembourg, Austria, Denmark and Germany.

Chart 39: Total NEET rate in the Member States for 15-24, in 2012 as compared to 2008



Source: Eurostat [edat_lfse_20].

Note: EU-28 aggregate not available.

Chart 40 highlights the fact that the NEET phenomenon is mainly due to an increase in unemployment, rather than in non-education linked inactivity. The latter is also referred to as “bad inactivity” (i.e. not actively looking for a job and not in education and training). Between 2008 and 2012, the unemployment component saw a rise of 2 pps to 6.9%,⁴⁷ while the rise was more contained for the inactivity component, up by 0.4 pp to 6.3%. This means that the same proportion of young people continue to look for jobs or to invest in education.⁴⁸ This overall quite reassuring observation hides major differences across MS: still significant hikes in youth inactivity were seen in Romania, Belgium, Croatia, Denmark and Italy. The only falls were recorded in Lithuania, Slovakia, Latvia, Austria and Spain. Major rises were seen in youth

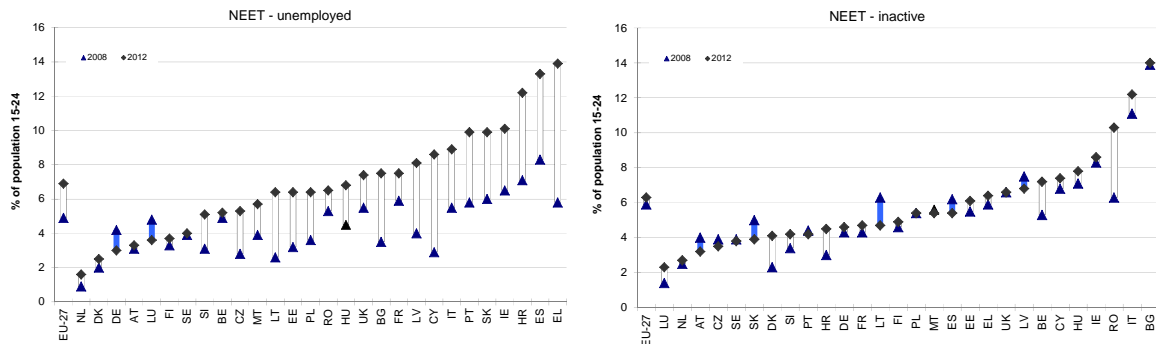
⁴⁷ This percentage is lower than the 9.8% of youth unemployment ratio referred to above, since these 6.9% represent those young unemployed people who are not registered in formal education, while the 9.8% may include students.

⁴⁸ See also

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=Participation_of_young_people_in_education_and_the_labour_market.

unemployment, as already mentioned before, the only two falls in unemployment ratios being noticed in Germany and Luxembourg.

Chart 40: NEET rate for 15-24 in the Member States: unemployed vs inactive

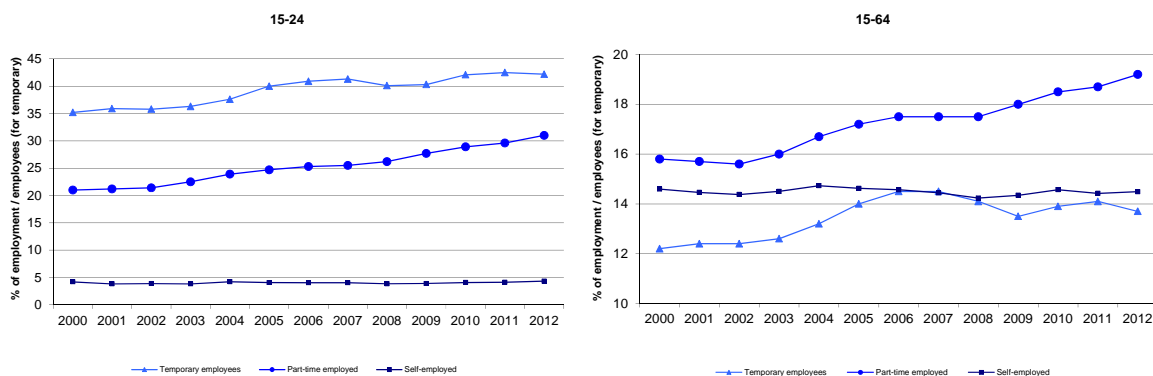


Source: Eurostat [edat_lfse_20].
Note: EU-28 aggregate not available.

A generation increasingly confronted with labour market segmentation...

The young generation is highly exposed to atypical (and often precarious) working conditions. This materialises in the percentage of young employees holding temporary contracts and the proportion of young workers (both paid employees and self-employed) working part-time. In 2012, 29% of young part-timers did not regard part-time work as their preferred option, against 23.2% five years earlier. Chart 41 compares the situation in the 15-24 age group with that in the entire working-age population (15-64) in terms of types of contracts since 2000 in the EU-28.

Chart 41: Part-time, temporary contracts and self-employment in the EU-28 since 2000, for young people (15-24) vs the whole working-age group (15-64)



Source: Eurostat, LFS [lfsa_etpga], [lfsa_eppga] and [lfsa_esgan2]. DG EMPL calculations.

In both age groups, the percentage of part-timers has increased for more than a decade but it has continued at a sustained pace since 2008. For young people, it went up by 4.8 pps to 31% in the four years to 2012, while it rose by 1.7 pps to 19.2% among the working-age workers. In 2000 these percentages stood respectively at 21 and 15.8%.

The proportion of temporary employees also tends to grow but this rather reflects the ups and downs of the economy. The percentage of young employees holding a temporary contract is close to the triple of the working-age average. In 2012 it amounted to 42.2% against 13.7%; they were, respectively, 35.2% and 12.2% in 2000. However, comparisons between Member States of young people with temporary contracts should be made with caution. Whereas in some Member States temporary contracts have a connotation of job insecurity and

precariousness, in others they include a significant portion of apprenticeship/training contracts, which can be regarded as effective stepping stones into regular and secure employment.⁴⁹

Starting up one's own business remains extremely difficult for young people. At less than 5%, the percentage of self-employed among young workers is about one-third of that for the entire working-age group. The crisis has not helped young entrepreneurs fulfil their entrepreneurial dreams (see also OECD report on inclusive entrepreneurship).

... especially among the less educated

Over the year to the fourth quarter of 2012, employment fell by 3.4% among young people. The less-educated have been hit hardest (-7.2%), while those with higher education have been spared (+6.7%).⁵⁰ The 3.4% fall was driven essentially by a drop in temporary contracts (-5.3%, against -2.2% for permanent jobs), and again, the impact was greatest for those with a lower level of education.

More than 40% of young employees in the EU are on temporary contracts, a figure that has increased during the downturn. In the fourth quarter of 2012, the percentage was 41.8%, up 2.1 pps on 2008q4, against 13.6% for the overall working-age population (-0.3 pp). In the fourth quarter of 2012, 7.2 million young people were on temporary contracts, 0.9 million (roughly 11.5%) fewer than four years earlier. The vast majority of them (86% in 2012q4) are low- to medium-educated (up to ISCED level 4). The Special Focus at page 21 highlights the fact that the great variation seen among Member States in terms of young people's employment developments could be partly due to the differences in labour market positions, including through the design of temporary contracts.

1.3.3 Longer-term impact on labour markets

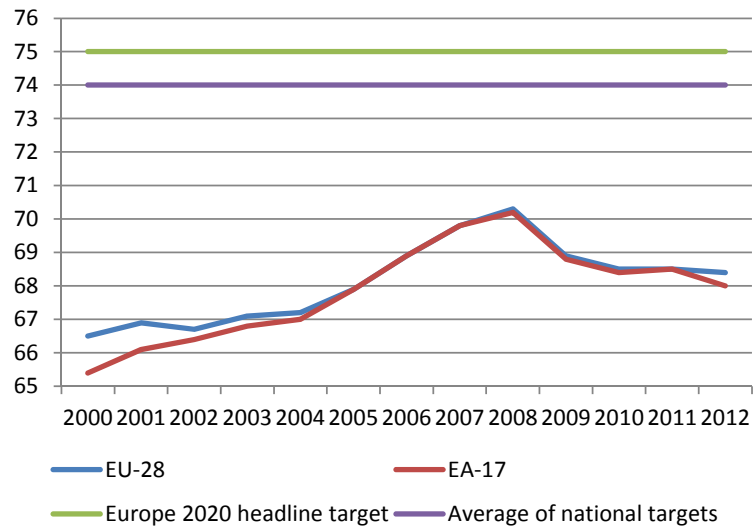
1.3.3.1 The crisis is challenging the Europe 2020 employment rate targets

The Europe 2020 employment rate headline target (75% by 2020 for the 20-64 age group) is becoming increasingly difficult to achieve, in view of the recent standstill and even loss of employment in the majority of Member States. As Chart 42 shows, whereas major progress was achieved until 2008 at both EU and euro area levels, a significant part of it has been wiped out by the on-going crisis. The gap with the Europe 2020 headline target went from 8.5 pps in 2000, down to 4.7 pps in 2008, and then increased again to 6.5 pps in 2009-11, and 6.6 pps in 2012

⁴⁹ See <http://ec.europa.eu/social/main.jsp?langId=en&catId=113&newsId=1923&furtherNews=yes> for more details.

⁵⁰ ISCED classification: Pre-primary, primary and lower secondary education (levels 0-2); upper secondary and post-secondary non-tertiary education (levels 3 and 4) and first and second stage of tertiary education (levels 5 and 6).

Chart 42: Developments of EU-28 and euro area employment rates with regard to Europe 2020 targets (20-64 age group)



Source: Eurostat, LFS [lfsa_ergan] and Europe 2020 objectives.
Note: ER for 2000 and 2001 are for EU-27 instead of EU-28.

Table 1: Employment rates in the EU Member States in 2012 and progress needed in order to meet the Europe 2020 employment target

(age group: 20 - 64)							
	Employment rate in 2012 (%)	Progress compared to 2011 (pps)	Employment rate in 2008 (%)	National target for 2020 (%)	Current gap to national target for 2020*	Expected annual population growth 2012 - 2020 (%)	Empl avg annual growth needed 2012 - 2020 (%)
BE	67.2	-0.1	68.0	73.2	6.0	0.2	1.2
BG	63.0	0.1	70.7	76.0	13.0	-1.0	1.3
CZ	71.5	0.6	72.4	75.0	3.5	-0.4	0.2
DK	75.4	-0.3	79.7	80.0	4.6	0.0	0.8
DE	76.7	0.4	74.0	77.0	0.3	-0.6	0.0
EE	72.1	1.7	77.0	76.0	3.9	-0.8	0.0
IE	63.7	-0.1	72.3	69.0 - 71.0	6.3	-0.2	1.0
EL	55.3	-4.6	66.5	70.0	14.7	-0.1	2.9
ES	59.3	-2.3	68.3	74.0	14.7	0.1	2.9
FR	69.3	0.1	70.4	75.0	5.7	-0.1	0.9
HR	55.4	-1.6	62.9	59.0	3.6	-	-
IT	61.0	-0.2	63.0	67.0 - 69.0	7.0	0.2	1.5
CY	70.2	-3.2	76.5	75.0 - 77.0	5.8	-0.1	0.9
LV	68.2	1.9	75.8	73.0	4.8	0.5	1.4
LT	68.7	1.7	72.0	72.8	4.1	1.0	1.7
LU	71.4	1.3	68.8	73.0	1.6	1.0	1.2
HU	62.1	1.4	61.9	75.0	12.9	-0.5	1.9
MT	63.1	1.6	59.1	62.9	-0.2	-0.7	0.0
NL	77.2	0.2	78.9	80.0	2.8	-0.1	0.3
AT	75.6	0.4	75.1	77.0 - 78.0	1.9	0.1	0.4
PL	64.7	-0.1	65.0	71.0	6.3	-0.7	0.5
PT	66.5	-2.6	73.1	75.0	8.5	0.2	1.7
RO	63.8	1.0	64.4	70.0	6.2	-0.6	0.6
SI	68.3	-0.1	73.0	75.0	6.7	-0.2	1.0
SK	65.1	0.0	68.8	72.0	6.9	0.0	1.3
FI	74.0	0.2	75.8	78.0	4.0	-0.4	0.3
SE	79.4	0.0	80.4	80.0	0.6	0.3	0.4
UK	74.2	0.6	75.2	-	0.8	0.3	0.4
EU-27 nat. target-based	68.5	-0.1	70.3	74.0	5.5	-0.1	0.75
EU-27 headline target	68.5	-0.1	70.3	75.0	6.5	-0.1	0.90

Source: Eurostat, LFS [lfsa_ergan], Europe 2020 objectives (see http://ec.europa.eu/europe2020/index_en.htm) and Europop 2010 demographic projections for 2020, DG EMPL calculations.

Note: IE; IT; CY; AT: taking the mean of the range into account. (***) SE has defined a national employment rate target of "well over 80 %"; for calculation purposes, 80.0 % was taken into account. (***) The UK has not set a national employment rate target. However, the UK is included in the EU-27 calculation on the hypothetical assumption that its ER target for 2020 would be in line with the EU-27 headline target, at 75.0 %. Demographic projections data missing for HR.

Just like in 2009 and 2010, 2012 was a year of decline for the EU overall employment rate. At both EU-27 and EU-28 levels it edged down by 0.1%, to resp. 68.5 and 68.4%. These are significantly below the pre-crisis levels of 70.3% (in 2008). In 2012, the gap with the national employment rate targets for 2020 increased in ten Member States, decreased in 15 and remained unchanged in two. The most significant falls (more than 2 pps) were seen in Greece, Cyprus, Portugal and Spain, while major rises (more than 1.5 pps) were seen in the Baltic States and Malta.

Compared with 2008, while the overall EU-28 employment rate for the 20-64 age group declined by 1.9 pps, it plummeted in Greece (-11.2 pps), Spain (-9.0 pps), Ireland (-8.6 pps), Bulgaria (-7.7 pps), Latvia (-7.6 pps), Croatia (-7.5 pps), Portugal (-6.6 pps) and Cyprus (-6.3 pps). The employment rates declined in all MS except in five: Malta (+4.0 pps), Germany (+2.7 pps), Luxembourg (+2.6 pps) and, to a lesser extent, in Austria (+0.5 pp) and Hungary (+0.2 pp).

Table 1 contains an updated projection of the employment growth needed in order to meet the national targets (see last column) and the EU headline target (75% by 2020, see last row), taking into account the demographic trends. According to these forecasts, an average annual growth in the number of jobs of about 0.75% would be required to achieve the national targets, with peaks of nearly 3% in Greece and Spain, and roughly 0.9% to reach the EU level headline target.⁵¹ The current number of employed in the EU-27 aged 20 to 64 – i.e. 209 million in 2012 – corresponds to a shortfall of between 13 and 16 million jobs by 2020, compared to the targets set at national level and EU level respectively.

To achieve this, it will be critical to enhance the Union's job creation potential in line with the Employment Package presented by the Commission in April 2012, and to encourage labour market participation of critical groups such as young people (already discussed under 1.2.2) women, older workers, migrants, whereby the fact of being low skilled raises an additional challenge (see Table 2).

Table 2: Employment rate trends between 2000 and 2012 in the EU-28, by sub-group

		2000* (% of pop.)	2008 (% of pop.)	2011 (% of pop.)	2012 (% of pop.)	Total change 2000-2012 (pps)	Total change 2008-2012 (pps)	Total change 2011-2012 (pps)
Total	20-64	66.5	70.3	68.5	68.4	1.9	-1.9	-0.1
	15-64	62.1	65.7	64.2	64.1	2.0	-1.6	-0.1
Gender	Men (20-64)	75.8	77.9	74.9	74.5	-1.3	-3.4	-0.4
	Women (20-64)	57.3	62.7	62.2	62.3	5.0	-0.4	0.1
	Men (15-64)	70.7	72.7	70.0	69.6	-1.1	-3.1	-0.4
	Women (15-64)	53.6	58.8	58.4	58.5	4.9	-0.3	0.1
	Men (55-64)	46.9	54.9	55.1	56.3	9.4	1.4	1.2
Other age groups	Women (55-64)	27.4	36.7	40.0	41.7	14.3	5.0	1.7
	15-24	37.0	37.3	33.5	32.8	-4.2	-4.5	-0.7
	20-24	53.6	54.8	49.5	48.4	-5.2	-6.4	-1.1
	25-54	76.0	79.4	77.6	77.2	1.2	-2.2	-0.4
Nationality (20-64)	55-64	36.8	45.5	47.3	48.8	12.0	3.3	1.5
	Nationals	69.7	70.6	69.0	68.9	-0.8	-1.7	-0.1
	Other EU nat.	n.	72.3	70.5	70.5	n.	-1.8	0.0
Education level (20-64)	Non-EU nat.	n.	62.8	58.0	56.9	n.	-5.9	-1.1
	Low	54.9	56.5	52.9	52.1	-2.8	-4.4	-0.8
	Medium	69.7	71.8	69.8	69.5	-0.2	-2.3	-0.3
	High	82.5	83.8	82.1	81.8	-0.7	-2.0	-0.3

Source: Eurostat, LFS [lfsa_eppga].

Note: * 2000: data for EU-27 instead of EU-28

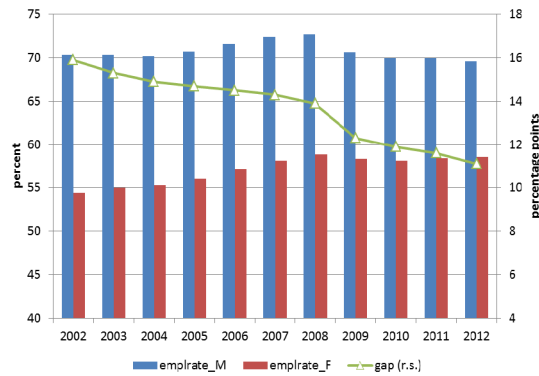
The following paragraphs address gender, age and nationality aspects of employment rate developments.

1.3.3.2 Continuing improvements in female employment

In 2012, the employment rate for women aged 20 to 64 stood at 62.3%, i.e. 5 pps above the level recorded in 2000 and only 0.4 pp below that of 2008, while for men it was 1.3 pps below the rate seen twelve years earlier and down by 3.4 pps compared to 2008. This is to be seen against the background of the continuous long-term increase in female labour market participation, and the strong impact of the first downturn on male dominated sectors and the resulting unemployment, leading to a narrowing of the unemployment gender gap (see Chart 44). Parenthood can have a major impact on female labour market participation; high female employment rates coincide in those countries with high childcare provision.

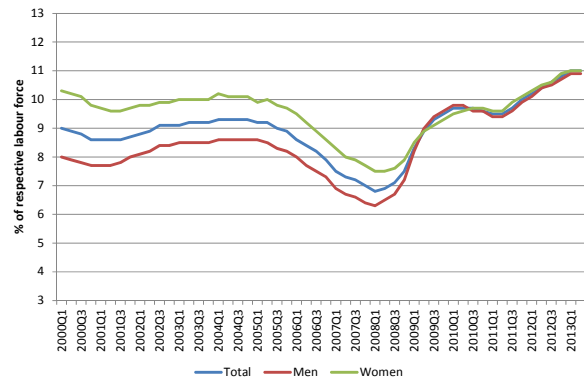
⁵¹ To that end, some 16 million jobs should be created by 2020 in the EU-27 (i.e. 2 million per year) to reach the 75% headline target. No population forecast available for Croatia.

Chart 43: Employment rate of men and women aged 15-64 and employment rate gap in the EU28



Source: Eurostat; Employment rates by sex, age and nationality (%) [Ifsa_ergan].
Note: M stands for males, F stands for females.

Chart 44: Developments of unemployment rates by gender, in percentage of total active population



Source: Eurostat, series on unemployment [une_rt_q]. Data seasonally adjusted.

Narrowing gender employment gaps often due to composition effects

The employment rate of females has been traditionally lagging behind that of males. Nevertheless, as shown on Chart 43, the gender gap between male and female employment rates in the EU28 has narrowed markedly during the first stage of the crisis (from 13.9% to 11.9% between 2008 and 2010) and contracted somewhat further during the second stage between 2011 and 2012 as well, to 11.1% in 2012. This is reflecting a relative larger drop in male employment rate between 2008 and 2012 (from 72.7% to 69.6%), while female employment rate almost rebound to its 2008 level of 58.8% in 2012 (it reached 58.5%) with a distinct rise compared to 2010 (58.1%)⁵².

Sectoral effects had a strong impact on the respective trends in male and female employment, both during the first and second phase of the recession (between 2011 and 2012).⁵³ Men have borne the brunt of employment fallout in both stages, especially thanks to their high share in manufacturing and construction, while the more subdued female employment adjustment has been largely concentrated in manufacturing and trade. For both sexes, there has been a rather pronounced decrease however in the public administration sector between 2011 and 2012 in parallel with the austerity measures taken in several Member States. Nevertheless, female employment has been increasing in both the health and education sectors⁵⁴ during both stages of the recession, probably contributing to the more subdued female employment adjustment in total. Nevertheless, in both the education and health sectors the employment growth has been more restrained in the second part of the crisis (between 2011 and 2012) indicating some effects of the enacted austerity measures (see Annex, Table 3 and Table 4).

However, the crisis has not only impacted on the gender composition of employment through sectoral effects. Some studies mentioned the possibility of an 'added worker effect' as a result of the crisis, whereby females in couples increased their employment and/or their working hours so as to counteract the job loss of their partners⁵⁵. Some indication to this is to look at the gap in the employment rates of adult males and females living in a couple. The employment rate gap between adults living in a couple (males-females) decreased noticeably between 2007 and 2010 from 20.4 pps to 17.6 pps and then further to 17 pps in 2012, giving some underpinning to the added worker effect. Nevertheless, the employment rate gap for single individuals also decreased (from 7.3 pps in 2007 to 5.6 pps in 2010 and then to 5.3 pps in 2012). In both cases

⁵² Nevertheless, the increase in female employment rate between 2010 and 2012 partly stems from the decrease in the working age population (age 15-64), that has contracted by almost 0.5 percentage point between 2010 and 2012.

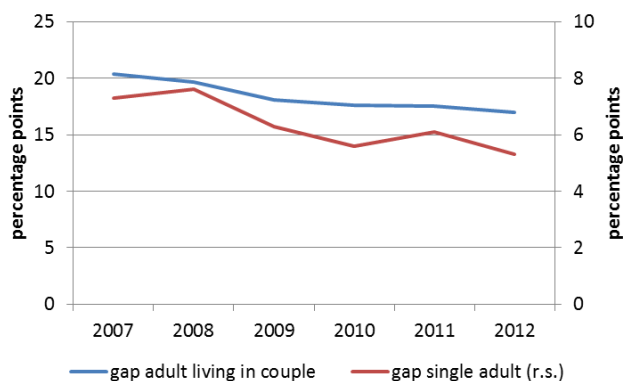
⁵³ Similarly, there were impacts on the gender pay gap (ref. to ESSQR of December 2012, European Commission, 2013e)

⁵⁴ See ESDE 2011 (European Commission, 2012) Chapter 1 p.47 arguing that almost all the employment growth in the top quintile in the EU-27 during the crisis has gone to women. This has resulted largely from the continued expansion of professional grade jobs in the health and education sectors.

⁵⁵ See for instance OECD: Closing the gender gap, p. 217. (OECD 2012b)

the decrease of the gap stem from decreasing male employment rate and increasing female employment rate between 2007 and 2012 suggesting that women by large have been more resistant to the crisis (see Chart 45).

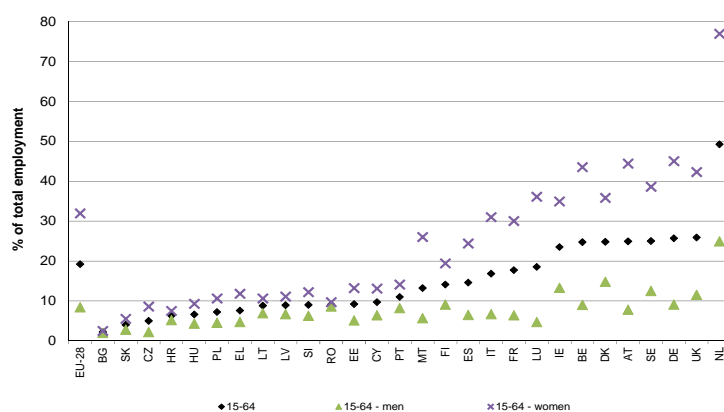
Chart 45: Employment rate gap between male and female adults living in a couple and male and female single adults in the EU28



Source: Eurostat, Employment rate by sex, age groups, highest level of education attained and household composition (%) [lfst_hheredy].

While gender employment gaps show narrowing tendency, female employment rate still lags behind male employment rate considerably, and this difference is even larger if one considers full-time equivalents (the gap in employment rates has been 11.1 pps in 2012, but it goes up to 21.2 pps once calculated on full-time equivalents, see Chart 47). This is stemming mainly from the fact that females are still concentrated in jobs associated with lower total hours worked, preliminary as they can be found excessively in part-time positions (in 2012, 8.4% of males has been on part-time among all employed versus 31.9% of females, see Chart 46 with the situation in every Member State). Though part-time or lower hours employment can solve the trade-off between inactivity and participation in certain stages of a person's life, such as parallel to studies, before retirement or when having care duties, it can lead to difficulties in transiting to full-time jobs on the longer term, implying negative consequences both from personal and societal perspective, moreover it can contribute to the reproduction of pre-determined gender roles⁵⁶.

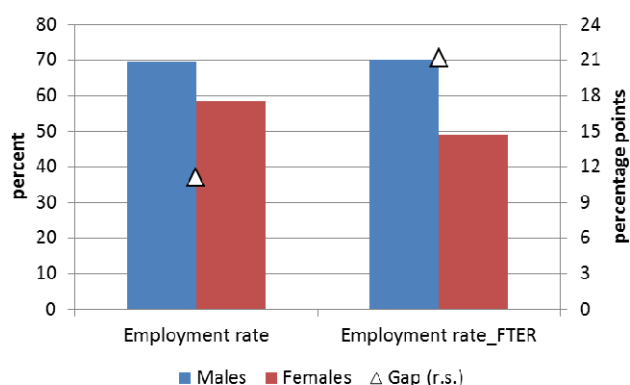
Chart 46: proportion of part-time workers by gender among the working-age group in 2012



Source: Eurostat, LFS [lfsa_eppga].

⁵⁶ On the drivers and implications of gender gaps in total hours worked see Employment and Social Developments in Europe – 2013 (forthcoming)

Chart 47: Employment rate gap and full-time equivalent employment rate gap in 2012 in the EU28



Source: Eurostat, Employment rates by sex, age and nationality (%) [lfsa_ergan]. Average number of usual weekly hours of work in main job, by sex, professional status, full-time/part-time and economic activity (from 2008 onwards, NACE Rev. 2) - hours [lfsa_ewhun2] DG EMPL calculations.

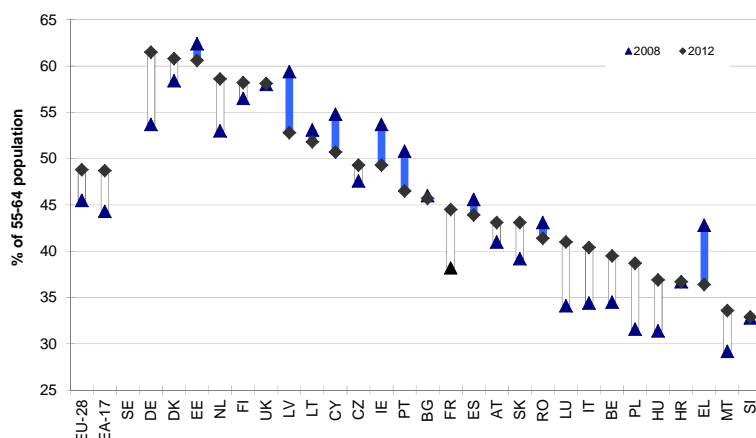
Note: FTER is calculated as the employment/population ratio, multiplied by the average usual hours worked per week per person in employment, then divided by 40. OECD (Closing the gender gap) OECD (2012).

See also Table 3 & in Annex 1.

1.3.3.3 Older workers' employment has weathered the crisis well

The EU employment rate of older workers increased to 48.8% in 2012, which is an increase by 12 pps since 2000 and by 3.3 pps since the beginning of the crisis. The increase since 2008 was the highest in Germany (+7.8 pps), but also substantial (5 pps or more) and gathering momentum in Poland, Luxembourg, France, Italy, the Netherlands and Hungary (see Chart 48). However, several member States, notably those hit most by the crisis (such as Greece, Ireland, Portugal and Spain), saw a decrease.

Chart 48: Employment rate development in the 55-64 age group by Member State between 2008 and 2012



Source: Eurostat, LFS [lfsa_ergan].

Reasons for this trend, which was already on-going before the crisis, include a continuing upward shift in the educational achievement levels and the female share of workers aged 55-64 along with the higher employment protection enjoyed by older workers, but also the impact of tax/benefit reforms restricting access to early retirement and encouraging longer working lives

and some changes in age management in work places and labour markets, and thus the effective retirement age. The six above-mentioned countries include the top four among the countries, where the financial incentives to continue work at older ages strongly improved most in recent years (Italy, the Netherlands, Germany and France).⁵⁷

1.3.3.4 New labour migration trends may soften labour market pressures in the short term...

The economic crisis that started in 2008 and its labour market repercussions seems to have impacted on migration flows in the EU at three different levels: lower migration from third-countries to the EU, increased migration from the EU to third-countries and changing patterns as far as migration within the EU (referred to as 'intra-EU mobility') is concerned.

Migration from third-countries to the EU on a declining trend

Overall, migration to the EU seems to be on a declining trend since the onset of the crisis (2008-2009), in contrast with the period preceding the crisis (2003-2007) when large flows were recorded⁵⁸. Latest Eurostat data indicates, for the EU as a whole, a decrease (-3.7%) in migration flows from third-countries in 2011, at 1.72 million compared to 1.78 million in 2010. During 2010, flows had somewhat recovered (+7.8%) compared to the low figure recorded in 2009 (1.65 million), year of the recession during which sharp drops in international migration flows occurred. In 2011, the UK reported the largest number of immigrants from outside the EU (362 900), followed by Spain (299 000), Italy (257 600), Germany (211 400) and France (152 900). These five Member States together accounted for almost three quarters (74.8%) of all immigrants coming from outside the EU.

Focusing only on flows of third-country nationals⁵⁹, the trend over 2009-2011⁶⁰ is one of strong increase in immigration of third-country nationals in Ireland (+5 700 or +87%), Luxembourg (+1 400 or +54%), Austria (+7 000 or +29%), Germany (+32 200 or +23%), Cyprus (+1 400 or +22%), Belgium (+10 400 or +19%) and Poland (+6 000 or +17%); moderate increase in the inflows towards the UK (+10 400 or +3%), Finland (+400 or +3%), France (+1 600, +2%) and Denmark (+200 or +1%); and declines in Sweden (- 6 200 or -11%), Italy (-30 100 or -11%), Hungary (-1 500 or -13%), Spain (-51 000 or -16%), Greece (-23 400 or -43%), Portugal (-5 100 or -50%), Slovenia (-16 700 or -66%) and the Czech Republic (-30 100 or -78%). Even if those migration flows also include flows for study, family or asylum purposes, they point to a declining number of economic migrants, in line with the economic and labour market developments observed in the destination countries since the onset of the crisis⁶¹. The declining number of economic migrants in many EU Member States is confirmed by the analysis of Eurostat statistics on (first) residence permits. The number of permits issued for remunerated activities has been divided by two between 2008 (750 000) and 2012 (378 000)⁶² and two categories of migrants (those coming for family reasons and the students) now outnumber the 'economic migrants'. Overall, net migration has remained positive in most Member States and the overall population of immigrants continued to grow, though at a slower pace⁶³. Moreover, employers did not stop recruiting migrant workers altogether and skills shortages continue to exist in both high- and low-skilled sectors⁶⁴.

⁵⁷ See OECD 2013 Employment Outlook (OECD, 2013b), Figure 1.10 on implicit tax rates.

⁵⁸ This is consistent with reports by the OECD (International Migration Outlook 2012 and 2013) and reports by the IOM (International Organization for Migration), in particular the IOM-LINET network, see www.labourmigration.eu/.

⁵⁹ The figures mentioned in the previous paragraph are based on immigration data by previous country of residence (Eurostat table *migr_imm5prv*). It means that they include not only third-country nationals but also nationals or EU nationals previously established in a non-EU country.

⁶⁰ For Belgium, Cyprus and Poland, the comparison is made over the period 2010-2011 as 2009 data is not available.

⁶¹ Moreover, if the comparison over time is made with the reference year 2008 (for which data for the pre-crisis period are available and comparable over time, though only for some countries) rather than 2009, the decline in immigration flows by third-country nationals to 2011 is even more pronounced for countries affected by the crisis such as Ireland (-1300 or -10%), Italy (-43 200 or -15%), Spain (-225 000 or -45%) and Portugal (-10 900 or -68%).

⁶² This data to the 22 Member States for which data is available for both years.

⁶³ European Commission, 2013f, Commission Staff Working Document Accompanying the document Communication from the Commission to the European Parliament and the Council 4th Annual Report on Immigration and Asylum (2012)

⁶⁴ IOM 2013, Policy Highlights, Summary of the research findings of the IOM Independent Network of Labour Migration and Integration Experts (LINET), available at: www.labourmigration.eu

Emerging patterns of outward migration from EU to non-EU countries

In the context of an economic crisis that affected the EU more strongly than other economic blocks, a rise in the number of workers leaving the EU for non-EU countries has often been reported by the media⁶⁵. There is evidence of an increase in the number of emigrants (from EU-27) to non-EU countries by more than 150 000 (or +14%) between 2010 and 2011 to 1.22 million. This follows a previous sharp rise from 2009 to 2010 by more than 250 000 or almost 31%.

However, this rather sharp rise needs to be seen in the light of two main factors. First, it was concentrated in a limited number of Member States: almost 90% of the net increase in migration to non-EU countries (between 2010 and 2011) was from six Member States (Spain, the UK, France, Ireland, Portugal and the Czech Republic). Spain alone accounted for 38% of the total⁶⁶. Secondly, much of the rise in migration to non-EU countries was among non-EU citizens (i.e. among returning migrants) rather than among nationals, with the exception of Ireland. This phenomenon is not new (many migrants do not stay in their destination countries and eventually go back to their countries of origin). But it has markedly increased since the onset of the crisis, especially in countries with high unemployment and where migrants have been disproportionately affected, such as Spain.

As for EU nationals leaving their country to settle in countries such as Canada, Australia and the USA, they mainly originate in Ireland, the UK, France and Germany. From Southern EU countries, there have been strong increase in % terms compared to the pre-crisis period but the overall migration remains very limited in absolute terms⁶⁷. Some media coverage has reported a rise in emigration from Southern EU countries rather to Latin America countries because of language proximity and cultural and historical links. However, until now, no sizeable trend can be detected in official statistics⁶⁸.

Increased intra-EU mobility reflecting labour market divergences within the EU⁶⁹ ...

Intra-EU mobility of workers seems to be increasingly driven by push factors, whereas pull factors dominated before and starts to have an adjusting role for the imbalances, in particular between countries/regions affected by a high unemployment rate and those counting a large number of unfilled vacancies.

Considering the recent trends in terms of flows, Chart 49 confirms, by measuring the number of economically active foreigners recently established, the further decline in the flows of third-country nationals (-9 % over 2010-2012) after the drop already recorded in 2008-2010 (-34 %). On the contrary, there was a rebound in intra-EU mobility (+22 % over 2010-2012), following the sharp decline at the onset of the crisis (-41 % between 2008 and 2010)⁷⁰.

There are, however, some variations according to the countries of origin, see Chart 50. At the onset of the crisis (2009-2010), mobility declined for all groups of EU nationals (compared to 2007-2008), with the exception of the Baltic countries (+8%), possibly due to the deep recession they faced. Then in 2011-12, mobility recovered somewhat for all groups (compared to 2009-2010) but rose particularly strongly from the southern Member States (+73%) from where it clearly exceeded pre-crisis levels. At individual country level, mobility flows during 2011-2012 were higher than in the pre-crisis period (2007-08) only in a small number of countries, all severely affected by the crisis: Greece (+170%), Spain (+107%), Ireland (+64%), Hungary (+58%), Latvia (+39%) and there is a relatively strong (positive)

⁶⁵ In terms of intentions, the Gallup World Poll confirmed this trend with a (slight) increase, among those interested in moving permanently to another country, of the non-EU countries in terms of preferred destination (*versus* EU countries), see European Commission, 2013a (p.38-39).

⁶⁶ Eurostat, emigration by next country of residence (table *migr_emi3nxt*)

⁶⁷ European Commission, 2013a (p.47-50)

⁶⁸ For instance, the figures published by the Brazilian Ministry for employment available on: www.portal.mte.gov.br concerning the number of European citizens working in Brazil are rather low in absolute terms (a few thousand people). See also OECD, IDB and OAS, *International Migration in the Americas*, SICREMI 2012.

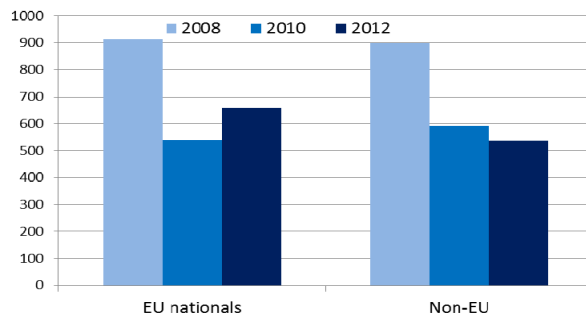
⁶⁹ Most of the information presented in this sub-section is derived from the Special Focus on 'Geographical mobility of workers' published in the June 2013 ESSQR (European Commission, 2013a). Note that most of the figures are based (unless otherwise notified) on EU-Labour force survey and DG EMPL calculations, see details in European Commission, 2013a.

⁷⁰ This was not only due to the fall in labour demand but also to the decline of the impact of the 2004 and 2007 enlargements on mobility: most of the intra-EU movers were originating in EU-12 countries and there has been a strong decline of mobility flows from the two largest origin countries, Poland and Romania.

correlation between the changes in the outflows of economically active persons to other Member States and the changes in unemployment levels in origin countries.⁷¹

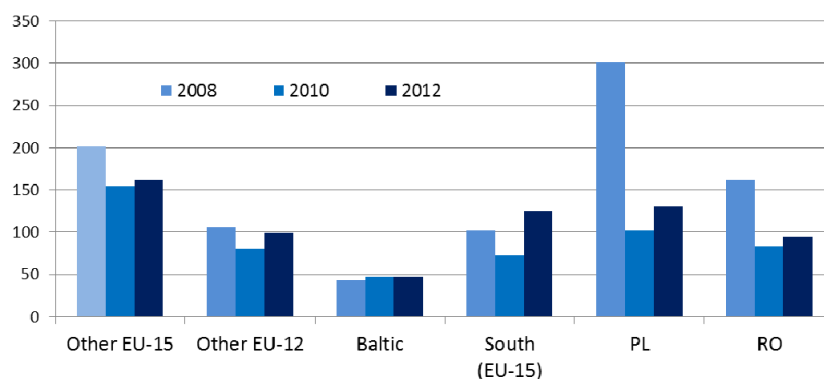
There have also been some changes in the destination countries, with a clear drop in the number of EU workers moving to Spain and Ireland, most likely due to the large fall in labour demand and, in parallel, a rise in the numbers going to Germany and Austria, driven by the relative availability of jobs compared to other destinations but also the end of transitional arrangements for EU-8 workers in 2011.

Chart 49: Economically active EU and non-EU foreigners, residing since < 2 years in an EU country (in thousands)



Source: DG EMPL calculations based on Eurostat LFS. Note: BE not included as a destination country due to problems with the variable 'Years of residence'.

Chart 50: Economically active EU foreigners, residing since < 2 years in an EU country, by group of origin countries (in thousands)



Source: DG EMPL calculations based on Eurostat LFS
Note: BE not included as a destination country due to problems with the variable 'Years of residence'.

... with possible consequences for labour market dynamism in the medium term

Overall, despite the strong increase in mobility from Southern Member States to other EU countries (e.g.: the UK and Germany) in relative terms, the absolute figures remain relatively low compared to the size of the labour force (and unemployed segment) in the Southern EU countries and also to the much larger mobility flows from the Eastern and Central EU Member States, which remain the main countries of origin of those moving within the EU⁷².

However, beyond the quantitative aspects, the skills level of the labour force should be brought into the picture. On the one hand, movers are typically young and well educated, which means that massive outflows tend to reduce the average skills level and to depress the employment

⁷¹ The coefficient of correlation (for the 18 Member States for which data are available) between the changes (between 2007-08 and 2011-12) in the outflows of economically active persons to other Member States and the changes (2008-2011) in the unemployment rate in the origin countries is 0.68% ($R^2=0.46$).

⁷² Overall, 56 % of recent intra-EU movers in 2011-2012 came from the EU-12 countries (the countries that joined the EU in 2004 and 2007) compared to 68 % in 2007-2008, while almost a fifth (19 %) came from southern European countries (compared to a low 11 % in 2007-2008).

opportunities for the remaining labour force (as shown in Table 2). For instance, in terms of skills, while around 30% of recent movers from EU-12 countries were (in 2012) highly educated (ISCED 5 or 6), this was the case for 59% of movers from southern Member States (and up to 78% for those from Spain, the highest rate in the EU), compared to around 41% in 2008. Moreover, the skills of intra-EU movers are not always used to their full potential: the over-qualification rate (i.e. the percentage of highly educated workers in occupations corresponding to medium (ISCO 4-8) or low (ISCO9) levels of education) is very high (around 50%) for recent movers from EU-12 countries, and, for recent movers from the South at rise (though still at a much lower level) from 26% in 2007-2008 to 33% in 2011-2012 (42% in the case of Spaniards).

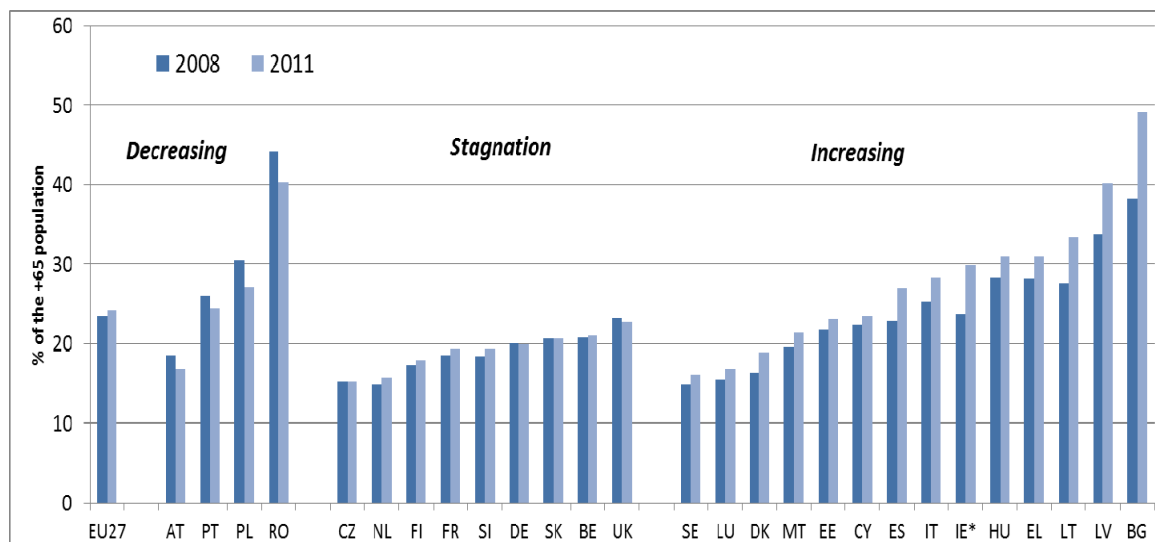
1.3.4 Further deterioration of poverty and inequality

The relative lack of timely data still does not allow for a full assessment of the poverty and inequality impacts of the protracted economic crisis. However, it appears increasingly clear that the most affected group has been the working age population. The most recent data also point to a severe deterioration of social trends in a number of countries⁷³.

1.3.4.1 Poverty and social exclusion on the rise, affecting primarily the working age population and children

Between the beginning of the crisis in 2008 and 2012 the number of Europeans at risk of poverty or social exclusion has increased by a worrying 6 million, now affecting 24.3% of the population. The most striking rise is in risk of poverty and severe material deprivation, which can be seen as a direct consequence of the increase in unemployment and jobless households since the onset of the crisis.

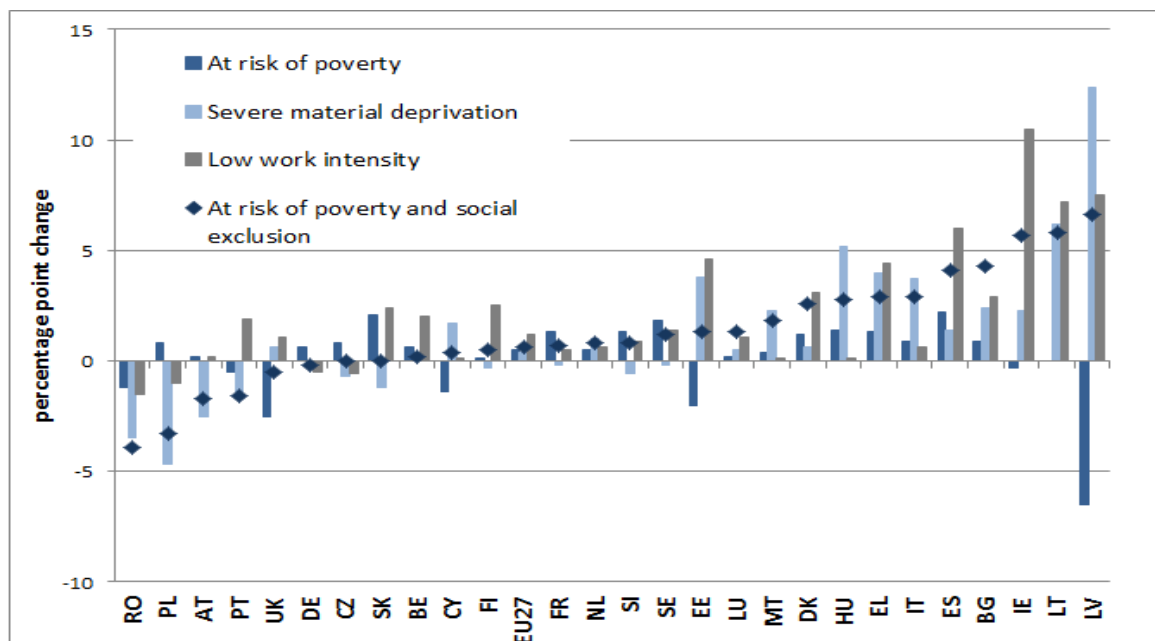
Chart 51: Population at risk of poverty and social exclusion in the EU and in the Member States



Source: Eurostat EU SILC

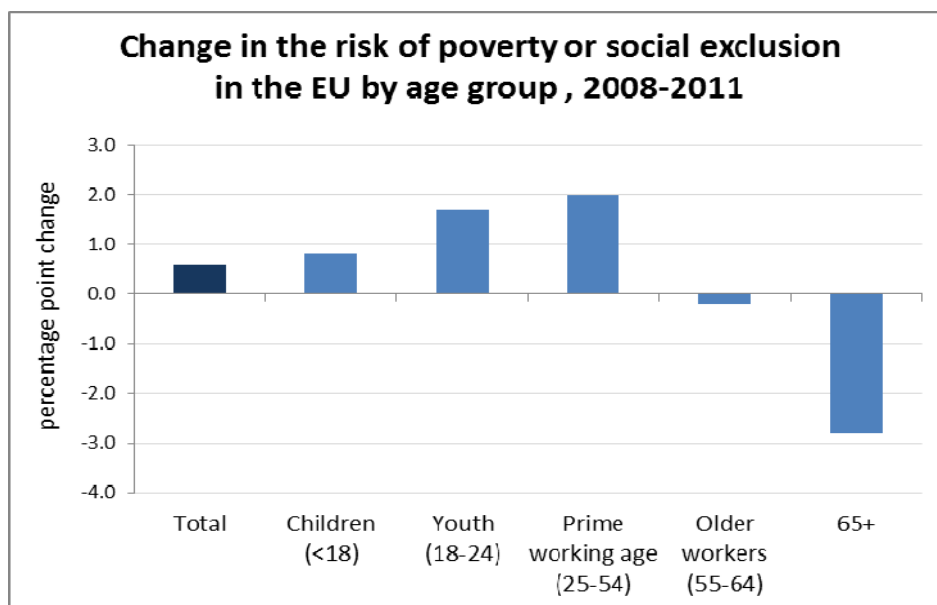
⁷³ For a more detailed analysis of the situation in 8 selected Member States, see Minty and Maquet-Engsted, 2013.

Chart 52a: Developments in the risk of poverty or social exclusion and its components in the EU and Member States, 2008-2011



Source: Eurostat, EU SILC

Chart 52b: Developments in the risk of poverty or social exclusion and its components in the EU and Member States, 2008-2011



Source: Eurostat, EU SILC

However, the crisis has not impacted uniformly across the Member States and their populations. Women face a higher risk of poverty or exclusion than men. The crisis has not aggravated this gap since prime age men have been most directly hit by the deterioration of labour market conditions. However, profiling of populations exposed to the risk of poverty show that women are more often represented in groups facing higher risks of persistent poverty, notably linked to inactivity and care responsibilities, which have long term impacts on future pension

entitlements. While inactivity rates have not increased so far as a consequence of the crisis, retrenchments or freezes in social spending, such as on family and child benefits or child care services, may hamper female participation and aggravate the situation of the most vulnerable women.

Older age group (65+) has been relatively less affected and the level of poverty or social exclusion for the elderly has in fact declined in most Member States between 2008 and 2011. Given the changes in the total income distribution, this relative improvement does not necessarily reflect a change in real terms in their economic situation but rather the fact that pensions have remained to a large extent unchanged during the crisis, and have in some cases brought pensioners' income above the poverty threshold. Women are still more affected by old-age poverty than men.

Conversely, the risk of poverty or social exclusion for children has increased faster (+0.9 pp between 2008-2011) than for the overall population (+0.7 pp). Child poverty has risen in 18 Member States since 2008, sometimes in a significant manner such as in Ireland, Hungary, Latvia and Bulgaria. The situation of children is mostly driven by the situation of working age adults, who were the one most directly hit by the crisis. Between 2008 and 2011, they experienced increases in the risk of poverty or social exclusion of 1.5 pps across the EU as a whole.

1.3.4.2 Poverty in working age: joblessness and in-work poverty

Poverty and social exclusion for the working age population increased significantly during the past years in 2/3 of EU Member States. 46.5 million people aged 18-64 live with less than 60% of the national median income in the EU28, 26 million cannot afford the necessities for a decent life and 30.5 live in a jobless household. All together and taking account of overlaps this represents nearly ¼ of the working age population. Material deprivation prevails in low GDP per capita countries, and jobless households are more numerous in countries with more developed social systems.

The two main drivers of poverty in working age are exclusion from the labour market and insufficient earnings for those who work (in-work poverty). They both increased in the crisis, in most countries as a result of rising unemployment and deterioration of the quality of jobs, in terms of pay, and quantity of work (increase in the share of part time and temporary jobs).

The serious problem of poverty in working age has certainly been exacerbated by the crisis, but was already present in the period of growth before the crisis, when employment rates significantly raised across Europe. At the time, the increased participation in the labour market of women as second earners and of older workers (notably through the availability of part-time work) had helped improving the income of many households. However, overall poverty rates were not significantly reduced. The main reasons were that the jobs created did not always reach the most excluded and did not always provide for decent living standards for those employed, as illustrated by persistently high levels of labour market exclusion and rising in-work poverty. In other words, the increases in employment rates observed in all EU countries before the crisis already coexisted alongside significant numbers of working poor and jobless households. These trends primarily resulted from labour market developments that had increased the gap between job rich and job poor individuals and households, as well as earnings and working condition disparities among workers. Therefore, before the crisis, under-employment and precarious forms of contracts only mitigated the positive impact of having only, about one third of the working age population in the EU out of work (unemployed or inactive).

After 2008 the share of jobless households increased in many countries, and increased sharply in countries most hit by the crisis (Ireland, Spain, Greece, the Baltic states). This indicator reflects one the most severe forms of labour market exclusion in which joblessness affect all household members.

In-work poverty also increased in most countries, including in Germany. The strong increase in Spain started before crisis, and structurally high levels persisted into the crisis in Greece. The recent stagnation/drop observed in these two countries may be due to the relatively favourable income position of those who stay in work compared to the large numbers out of work.

Chart 53: Developments in the share of people living in jobless/very low work intensity households across EU Member States, 2008-2011

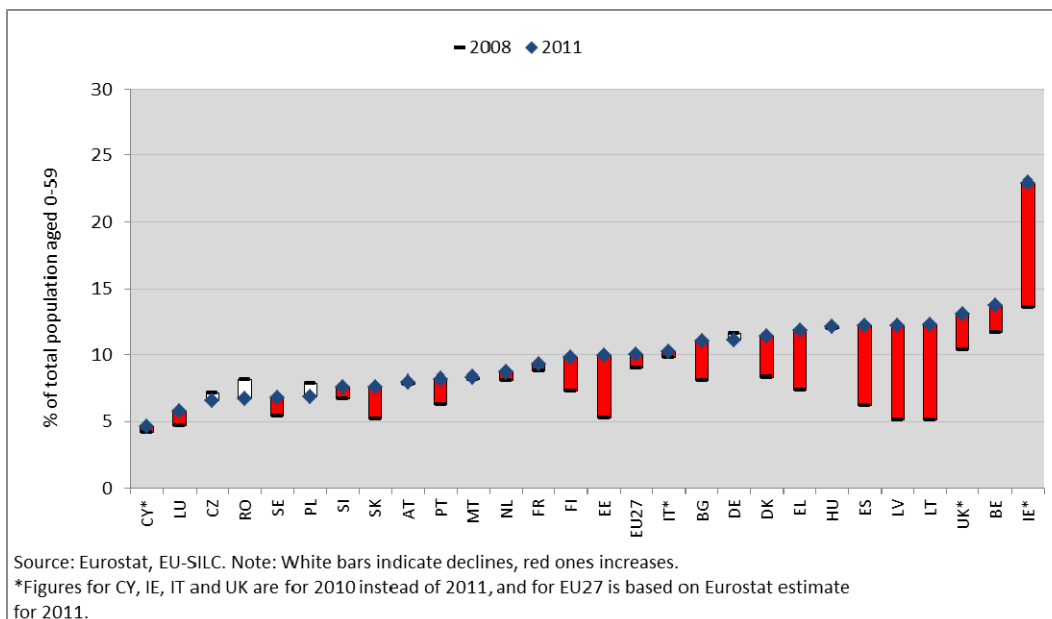
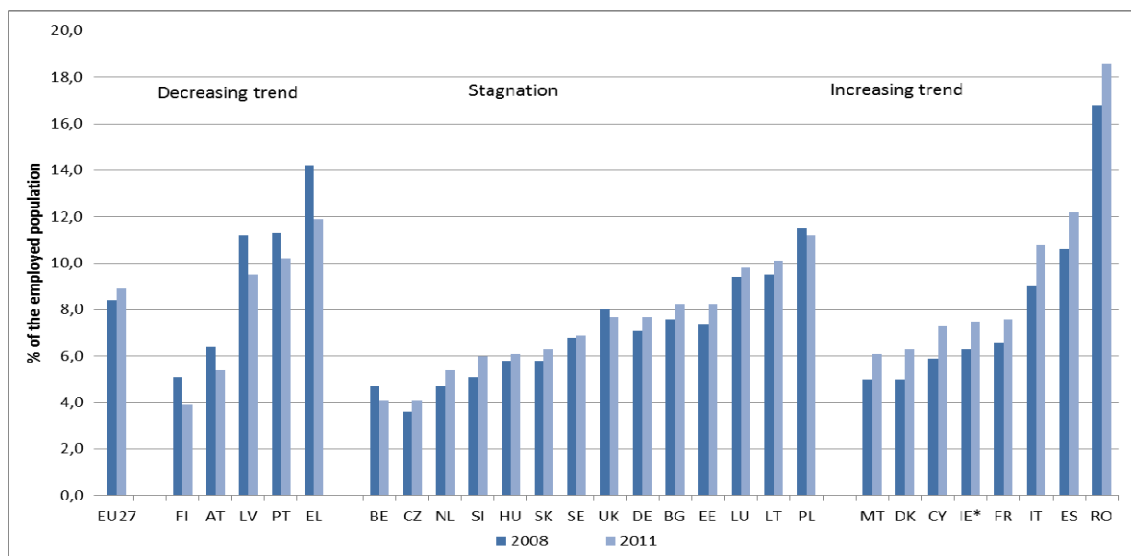


Chart 54: In-work poverty: at-risk-of-poverty rate of persons employed, change since 2008⁷⁴



1.3.5 Increased pressure on social spending

1.3.5.1 Signs of weakening of automatic stabilizers over time

There is strong evidence of the significant role that social spending played in sustaining gross household disposable income during the 2008-2009 recession in most EU countries.⁷⁵ In the eurozone, net social benefits and reduced taxes contributed positively to the change in gross

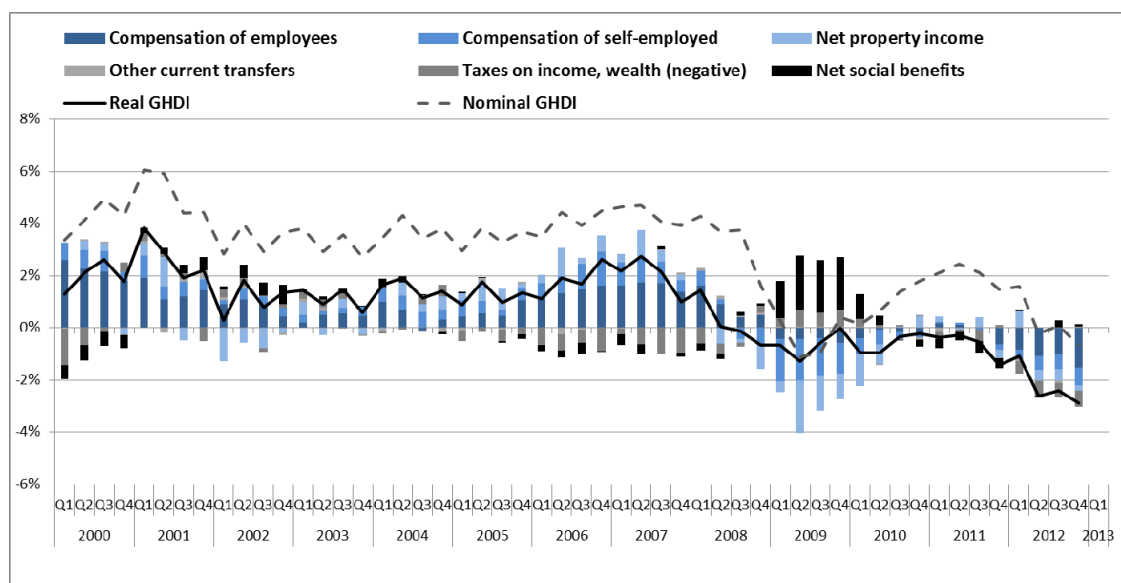
⁷⁴ The income reference period is a fixed 12-month period (such as the previous calendar or tax year) for all countries except the United Kingdom for which the income reference period is the current year of the survey and Ireland for which the survey is continuous and income is collected for the 12 months prior to the survey. 2010 values instead of 2011 for IE ; EU27 is based on Eurostat estimate for 2011.

⁷⁵ See European Commission (2012) *Employment and social developments in Europe 2011*

household disposable income (GHDI) during 2009 and in the first two quarters of 2010 (Chart 55).

However, at the end of 2010, the contribution of social benefits to the change in gross household income lessened and started being negative, up until the first quarter of 2013, despite the further deterioration of market incomes. This may have occurred because of the phasing-out of entitlements, along with some improvement in the economic outlook in some Member States, as well as because of fiscal consolidation measures that reduced the level or duration of benefits, or because eligibility rules excluded some beneficiaries from some schemes.⁷⁶

Chart 55: Contributions of components to the growth of nominal gross disposable income of households (GHDI) (eurozone)



Source: Eurostat – Sectoral accounts

1.3.5.2 The structure and evolution of social spending in the crisis, and their impact of effectiveness and efficiency

As comparative analysis presented in this and last year's ESDE shows, the size, structure, and design of social expenditure is key for its effectiveness. In particular, the empirical evidence indicates that Member States with similar levels of spending achieve markedly not only different economic outcomes (automatic stabilization), but also different social outcomes, such as income smoothing (typically for pensions or unemployment), poverty and inequality reduction or health outcomes. These findings suggest a substantial leeway for improvements in the efficiency of social spending.

In selecting a policy mix to improve the effectiveness and efficiency of social spending, the various dimensions of social outcomes should be taken in account, in parallel to a careful review of expenditure levels and benefit design. Typically, efficiency of social spending could be measured as the poverty reduction per given level of spending, but this measurement omits important other goals of social spending, such as income smoothing, labour market friendliness, health outcomes or housing outcomes. For instance, a country might appear efficient in terms of social spending when only poverty reduction is taken in account, e.g. Hungary, though with a weak performance in terms of labour market outcomes of women or similarly might appear very well performing in terms of labour market integration of older workers, though with relatively weak performance in terms of adequacy of pensions.

⁷⁶ See European Commission (2012) Employment and social developments in Europe 2012 key features.

The orientation of social expenditure matters for the efficiency and effectiveness of social protection. Indeed, social spending can be skewed towards a specific social function, which in turn can reveal potential efficiency gains (typically when outcomes are not in line with the emphasis given on expenditure for a specific social function) or conversely lower spending levels can reveal potential effectiveness gains (typically if outcomes appear relatively weak in comparison to the EU average).

In 2010, only a few countries actually showed a pattern of expenditures over functions very close to the EU average (EL, ES, FR, PT). In some MSs the orientation of social expenditures appears skewed towards pensions (with a high emphasis in PL, but a low emphasis in DE, DK, FI, IE and SE), while only in a few MSs towards health and disability (with a high emphasis in IE and HR and conversely low emphasis in CY and IT), these two functions representing more than three quarters of total spending. In a number of MSs the orientation of social expenditures appears skewed towards family expenditure (with a high emphasis in AT, BG, DK, EE, HU, LT and LU or conversely a low emphasis in NL and IT), while only for some MSs towards unemployment expenditure (with a high emphasis in AT, BE and LU and conversely low one in IT, SE and the UK) or social exclusion and housing expenditure (with a relatively high emphasis in CY, LT, NL and the UK or conversely low in IT and AT).

Furthermore, it appears that the dynamics of social expenditure in the first phase of the crisis (between 2007 and 2010) sometimes appeared unbalanced between social protection functions,⁷⁷ typically with stronger expenditure increases in areas of already high expenditure levels but low performance, or conversely low expenditure increases in areas of low performance and initial low expenditure levels. For instance, expenditure growth seems to have been skewed towards pensions in AT, IT, PL and PT and towards health and disability in DE, DK, IE and NL or towards family expenditure in LU and AT. Conversely expenditure growth seems to have been poorly balanced towards health in HU, LT and LV and towards family in CZ, ES and IT, as well as towards social exclusion and housing in BG, PL, HU, MT and SK and to a lesser extent towards pensions in IE and LT.

1.3.5.3 Old age poverty and the sustainability and adequacy of pensions

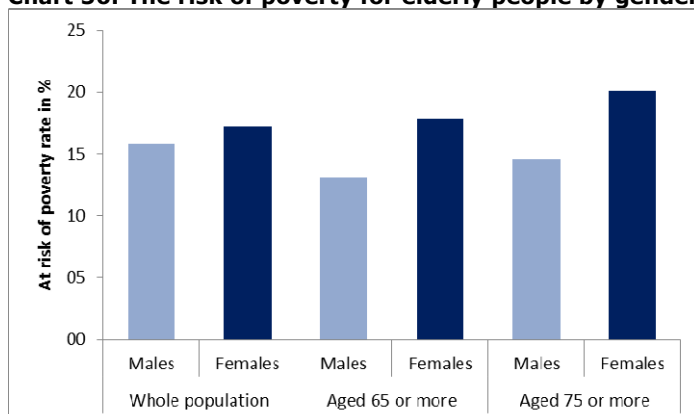
In half the Member States, the oldest generations (aged over 65) face a lower risk of poverty than the population as a whole. But the risk of poverty is relatively high for the elderly in Cyprus, Bulgaria, Greece, the United Kingdom, Slovenia, Spain, Belgium and Portugal. However, the at-risk-of-poverty rate does not take into account housing costs,⁷⁸ and might, in some cases, overestimate the extent of poverty among the elderly as they often own their own housing, so do not have mortgage repayments or rent to pay.

The gap between men and women facing poverty varies with age. It is clearly worse for people over 65 than it is for younger generations. Differences in life expectancy mean a rise in the number of widows and therefore single women. Because they have worked a lower number of years than men, older women often receive lower pensions, though in many Member States, survivor's pensions do give widows some protection from poverty.

⁷⁷ See forthcoming European Commission "Employment and Social Developments in Europe" 2013.

⁷⁸ Whether or not to include housing costs in the definition of income underpinning the risk of poverty rate has sparked much debate in past years and will probably continue to do so in the future. The conclusion of the SPC indicator subgroup was that such costs should not be included. Indeed, imputing rents is a difficult exercise, especially at the European level. Real estate prices are so heterogeneous across geographical zones that they could induce more bias than correcting it.

Chart 56: The risk of poverty for elderly people by gender, EU-27, 2011



Source: Eurostat, EU-SILC, 2011

Pensions represent a large share of the total public expenditure in Europe: currently they exceed 10% of GDP and are projected to rise to around 12.5% in 2060⁷⁹. While substantial differences in the share of public spending are found across the Union, most EU pension systems experience similar challenges due to ageing populations. Furthermore, the financial and economic crisis put further pressure on public budgets and made demographic changes harder to cope with. Therefore, while considerable progress has been made in reforming pension arrangements in the past decade, further adjustments in pension expenditures might be necessary for a number of Member States. However, pensions are also a main source of income for about a quarter of the EU population (about 124 million people)⁸⁰ and they also play an important role as an automatic stabilizer of demand during times of economic downturn. Hence, reforms would not only have to ensure long-term sustainability of the pensions systems, but also pension adequacy that is required for maintaining household incomes.

The recent reforms usually strengthened access to minimum and guaranteed pensions, but fully-earnings-related pensions have been to a large extent shifted to defined contribution designs. Such designs place the groups affected by labour market shortcomings at a disadvantage because their replacement rate is more tightly linked to earnings during professional life and their adequacy is usually modelled on calculations based on the typical retiree.

In addition, to preserve and improve adequacy, longer working lives may need to be combined with a greater emphasis on complementary retirement savings in pension provision. Tax and other financial incentives, as well as coordinated bargaining would play important roles in such measures. In addition, funded pension schemes are sensitive to economic downturns, as the recent crisis demonstrated. Many mandatory funded schemes were suspended, opened for a limited period, or reduced considerably in size. Thus, the regulatory framework and the design of private retirement schemes might need to be improved. The EU has already put two legislative instruments in place for this purpose: the Directive on the protection of employees in the event of insolvency of their employer and the Directive on the activities and supervision of Institutions for Occupational Retirement Provision (IORP).

1.3.5.4 Access to health care and long term care

On average, the healthcare coverage in Europe is good – only 3.2% of Europeans reported unmet medical needs in 2010⁸¹. However, there is substantial variation in the effective access to health care across Member States, as well as in gaps in access across socio-economic groups. For example, in Latvia the percentage of the population reporting unmet needs for care⁸²

⁷⁹ European Commission (2012n) "2012 Ageing Report"

⁸⁰ European Commission (2012q), White Paper on Pensions, Estimates based on Eurostat EU-SILC data for 2009. And ESDE 2012 Key Features (European Commission, 2013c).

⁸¹ European Commission (2013d): "Social Europe: Current Challenges and the Way Forward", p. 69. Estimates based on Eurostat EU-SILC 2010.

⁸² Self reported unmet need for health care is defined by Eurostat as the share of people declaring that they did not have access to a GP over the last twelve months either because it was too expensive, too long waiting list or too far to travel.

reaches 16.1%, while in Denmark, Spain, Slovenia, etc. this proportion is below 1%. Moreover, since 2008 some countries have reported increases in the proportion of unmet health needs. A potential reason for this increase would be the fiscal consolidation measures and budgetary cuts affecting the healthcare budgets in those countries⁸³.

Due to increasing life-expectancy, the number of Europeans aged 80+ and in particular risk of developing a need for long-term care (LTC) is expected to triple over the next five decades⁸⁴. While the exact effect of the demographic change on the need for LTC is not yet clear, it is envisaged that public spending on LTC in the EU27 will double between 2010 and 2060 (from 1.8% to 3.6%). At the same time, due to changes in the labour market and family structure, the pool of potential formal and informal carers is expected to shrink significantly. Furthermore, shortage of space, out-of-date infrastructure, lack of financial resources, and low standards for quality of delivery have been found to decrease the effectiveness of LTC in some countries⁸⁵.

⁸³ *ibid.*

⁸⁴ Social Investment Package, p. 3

⁸⁵ European Commission (2013d), p. 123.

2 Key areas for policy responses

Following 5 years of recession, too many Member States face at best low growth. While aggregate demand must increase to restore growth and jobs, structural reforms are necessary for these to be sustainable. Policy responses to confront the employment and social challenges and ensure a job-rich recovery are needed in four areas: investing in jobs and people; improving labour market functioning; increasing the effectiveness and efficiency of tax and benefit systems; and, constructing a genuine social dimension of the EMU.

2.1 Investing in jobs and people:

The economic and financial crisis has damaged severely the socio-economic situation in the EU, with potential permanent (scarring) effects on one of its main assets, namely the availability of high quality human capital.

In this situation, reforms and timely strategic investments aimed at job creation in key economic sectors and human capital development (children and youth are key targets, other groups should not be overlooked). They would enhance the current economic environment and help the EU emerge from the crisis with structurally stronger labour markets, social cohesion and productivity growth.

Such structural reforms and investments should carefully consider the limits of the public budgets and their timing, as their beneficial effects will manifest themselves only with a certain time delay.

2.1.1 A framework for job creation

New jobs opportunities driven by ...

The future job potential of the EU will be driven to a large extent by its ability to address the opportunities and challenges posed by globalization, technological progress, demographic change, and greening of the economy – giving rise to job creation in key areas such as the ICT, white, and green sectors.

Nevertheless, while these interlocked trend-developments are projected to contribute to job creation, they are also expected to destroy or transform existing jobs – whereby the benefits and costs will not necessarily be distributed in an equitable way across category of workers in the absence of adequate labour market policies.

As a consequence, in order to fully exploit the job-creating potential of the trend-developments described above and prevent potential negative effects, such as labour market polarization, further labour market reforms along flexicurity principles will be necessary. More particularly, such policies should focus on the further strengthening of active labour market policies, expansion of life-long learning programs, and modernisation of labour law and social security systems.

... globalisation ...

Further globalization is expected to continue to affect the job potential of the European Union through trade in goods and services and foreign direct investment (FDI), and to a lesser extent through migration.

It is estimated that the share of jobs in total employment due to foreign demand increased from 9.3% in 1995 to 11.6% in 2009.⁸⁶ In 2008 the employment share of foreign affiliates in manufacturing in the EU was 21%, in information and communication technologies 18%, and in administrative and support services 15%.⁸⁷

It is to be expected that in the future growth of international trade will lead overall to a higher share of workers that produces goods and services to meet foreign demand - thereby giving rise to a more efficient production process and higher overall productivity in the economy as a whole.

⁸⁶ Foster, N., R. Stehrer and M. Timmer (2013)

⁸⁷ European Commission 2012m 'European Competitiveness Report 2012'

Nevertheless, it is to be expected that international trade will affect job opportunities and wages of different groups of workers in dissimilar ways, especially when it concerns trade between developed and developing countries. Routine tasks with low or medium skill requirements risk to be outsourced to regions in the world with much lower unit labour costs, while only the non-routine tasks and tasks that require local knowledge or location will continue to be executed locally.

... technological progress ...

The successful economic application of technological progress and innovations will be a key in promoting smart, sustainable and inclusive growth in the EU. Such progress, especially economic activities in the information and communications technology (ICT) and key enabling technologies (KETs), would also serve as main catalysts of job creation.

By 2010, there were approximately 4.1 million ICT practitioner jobs filled on the European labour market and represented one of the few employment categories growing during the current economic crisis (at 3% per year)⁸⁸. In fact, the available jobs for ICT practitioners are growing faster than the qualified workers for those positions, and projections indicate that by 2015 there will be 700 000 unfilled ICT practitioners' vacancies.⁸⁹ Similarly, an important share of the future job potential in the EU will likely be created in response to the creation of advanced manufacturing technologies and the need to green the economy. As a result, there would also be a gap between the job vacancies and available employees in KET-s areas. For instance, estimates suggest that 400 000 jobs would be needed by 2015 in the area of nanotechnology, and 80 000 additional qualified experts would be needed in the area of photonics.⁹⁰

Exploitation of the ICT and KETs markets would also lead to job creation across the whole economy because they require construction, operation, and maintenance of infrastructure. ICT, and the Internet, in particular have additional multiplication effects on employment in the rest of the economy, as it provides a platform to develop new business opportunities reduces job search costs and lowers the cost to start a new business.

Nevertheless, the risk exists that different groups of workers would not benefit equally from new job opportunities. Indeed, it is to be expected that such job creation would advantage mostly high skilled workers and perhaps especially those in small and medium sized enterprises where much of the recent job growth has been. In addition, technological developments that contribute to the automation of routine work previously executed by low- and medium-skilled workers will be replaced by machines and processes and induce a shift in the job opportunities for low skilled towards non-routine low skilled work (such as cleaning, hair dressing, or gardening).

... demographic change ...

Demographic changes will also affect future job opportunities. More particularly, shifts in labour supply will reflect an (actively) ageing population, growing female labour market participation, an increasing proportion of single-person households, and (hopefully) increased job opportunities for the young.

These demographic trends and labour supply changes would, in turn, require the provision of new and expanded social services. Such services will reflect the higher need for, inter alia, long-term healthcare, other services for the elderly, and early childhood education and care (ECEC).

In this context, a sector that deserves particular attention is the healthcare sector ("white sector"). The healthcare sector is currently one of the biggest in the EU and increased by 21% between 2000-2010 to a total of 17.1 million jobs or 8% of all jobs⁹¹. Between 2010-2020, projections by CEDEFOP⁹² estimate that another 8 million jobs would be made available in the healthcare and service sector⁹³, due to the health sector growth and replacement needs and, that due to skills shortages and workplace conditions, there will be a gap between the available

⁸⁸ European Commission (2012h) "Exploiting the employment potential of ICTs"

⁸⁹ Empirica and IDC Europe (2009)

⁹⁰ OECD (2009b), "Nanotechnology" and KETs Working Group Report on Photonics (2011).

⁹¹ European Commission (2012e), "Action Plan for the EU Health Workforce", data based on Eurostat.

⁹² CEDEFOP (2012)

⁹³ Disaggregated data only for the health sector is not available.

and filled positions in the sector. In addition, the jobs openings in the health sector in the next decade would benefit mostly the high (5 million) and medium (3 million) skilled, while only 200 000 jobs would be available to the low skilled. These job openings would also likely contribute to higher female employment. However, the growth of health care jobs is intimately linked with public expenditure and thus choices on social investment and social innovation by governments.

... and greening of the economy ...

Finally, the transition to a low-carbon, resource-efficient and climate-resilient economy will generate a holistic transformation of how goods and services will be produced as well as new jobs - although its net effect on job creation would be more modest than the developments described above.

The overall employment in the ecological industries is estimated to be around 1% of the total EU employment and was projected to reach 3.4 million in 2012⁹⁴. The eco-sectors also displayed resilient growth during the crisis even though the overall investment in them dropped.

The growth of the green sector is expected to positively impact higher skilled workers who will be employed as specialists, as well as some low skilled ones who will be employed in infrastructure building and maintenance positions. How much medium-skilled and other lower-skilled workers would benefit from the growth in the green sectors would depend on the relative success of green industries and technologies and the ability of workers to preserve and develop new skills.

... provided the right framework conditions have been put in place and the crisis has ended.

Finally, in order to fulfil this job potential it will be necessary that vacancies get filled - which may be impeded in the face of an inadequate supply of skills.

Indeed, projections by CEDEFOP⁹⁵ indicate that all three key sectors described above would suffer from dearth of skilled workers by 2020. Thus, measures aligning labour market needs with education and easing the re-qualification of older workers will be needed.

There are already some EU-wide actions taken to address this problem for the health sector. They include the common multilingual classification of occupations qualifications and skills (ESCO) that is expected to provide resource for education and training of healthcare providers and the EU sector skills alliance in the healthcare sector, which will seek to investigate the feasibility of developing new sector-specific curricula and innovative teaching and training methods. Appropriate legislation would need to ensure the quality of jobs in the green sector and healthcare sector. In this way, they could become more attractive to under-represented groups and students.

Finally, the above described expected developments underline the need for social dialogue to temper possible adverse labour market outcomes.

2.1.2 A focus on human capital

The positive link between human capital and productivity, and therefore economic growth, has been clearly established by economic literature. It is, therefore, particularly worrying that the economic recession has had an especially strong negative impact on youth and children. More young people and children face poverty and exclusion, which imperils the development of those generations' human capital. The EU is at risk of creating a "lost generation" that might not be able to make use of its full potential in the society and economy. An insufficient level of human capital would affect individuals' employability, personal outcomes and wellbeing, as well as their productivity, and thereby economic output. Furthermore, the younger generations would be ill-equipped to bear the expected burden of growing public finance expenditures due to the trend of ageing population. Such developments would undermine the competitive advantage in the global markets that Europe derives from its highly skilled human capital and create significant barriers to long-term growth prospects. To avoid such a scenario, sufficient investment in human capital at an early age through provision of affordable and quality child care and education, as well as healthcare, facilitation of smooth transitions from education to labour market and support for career development of younger workers, is a policy imperative.

⁹⁴ Ecorys (2012)

⁹⁵ CEDEFOP (2012)

Investing in children

Children face higher risk of poverty (27.1% in 2011) and exclusion than the general population (24.2%)⁹⁶. The continuing rise in unemployment and falling wages has put strain on incomes of working-age households and thus contributed to the growing number of children at risk of poverty and exclusion during the crisis. At the same time, research shows that children who grow up in poverty and exclusion are more likely to perform worse in school, and suffer from worse overall health⁹⁷. They are in general terms less likely to realize their full potential later in life and have worse personal outcomes. Therefore, childhood poverty and exclusion creates a dual problem. In social terms, it contributes to the transmission of inequality and disadvantage across generations, while in economic terms, it represents a waste of potential human capital that could contribute to economic growth as well higher costs for the public budget resulting from worse outcomes such as poor health and unemployment.

Child poverty depends on a combination of low parental incomes and inadequate support to households. Thus, parental employment is the main safeguard against poverty. Families in which both parents have a job face a lower risk of poverty and exclusion. However, the incentives for second earners (often women) to join the workforce are often eroded by the tax wedge, loss of benefits, and cost of childcare. Moreover, while social expenditure targeting children can play a substantial role in reducing the costs for raising a child for poorer households, the impacts of child and family benefits vary substantially between Member States and their redistributive effect is very uneven.

In this context and considering the existing pressures on public budgets in many Member States, investment to reduce childhood poverty and social exclusion and increase human capital could take a number of different forms. For example, a tax design which reduces the disincentives to work for secondary workers can be a successful tool for increasing parent employment and thus reducing the risk of child poverty. Revising the structure of benefits and their design to increase their effectiveness and efficiency, such as by ensuring the progressive nature of family benefits across income quintiles, also has a potential to improve household and child outcomes. Improving access to quality healthcare for children is also important for improving individuals' future health status and as a result, their labour market participation. A preventative approach to child protection helps avoid high costs in the long-term, particularly by ensuring children without parental care have access to quality services.

Finally, expanding access to quality early childhood education and care (ECEC) could have a double benefit of improving labour market outcomes for secondary earners and developing children's skills from a young age. In particular, evidence shows that early education helps children unlock their potential by developing the social, cognitive, and emotional skills that enable future success and wellbeing. Unfortunately, many Member States lag behind the Barcelona targets for ECEC, particularly for the under 3 age group. Research also shows that children from disadvantaged backgrounds are less likely to access ECEC due to barriers, such as eligibility criteria, high costs and uneven geographical dispersion of ECEC services. Addressing this social gradient in access to ECEC could improve the effectiveness of public spending while reducing inequalities at an early age.

Combating youth and long-term unemployment

Youth were also strongly affected by the crisis through higher youth unemployment and increasingly difficult transition from education to employment. This situation remains dire, despite the fact that in recent decades the youth generation has been shrinking and becoming increasingly better educated. Youth are increasingly affected by the long-term unemployment and labour market segmentation. Unemployment at a young age has a number of negative consequences in the long-term. For example, those who experience unemployment when young are more likely to experience unemployment spells or to be in part-time and temporary employment later on as well as, to have lower future earnings. The negative effects can also be found in other areas, such as health status and life expectancy as well as their beliefs and political and civil participation. Therefore, youth unemployment does not only affect personal outcomes, but might also affect the society and economy through waste of potential human capital, and weaken social cohesion.

⁹⁶ European Commission (2012f), "Evidence on Demographic and Social Trends"

⁹⁷ See: OECD (2009a) "Doing Better for Children", UK National Equality Panel (2010), and Poulton et al. (2002).

As the youth are a heterogeneous group, measures that could directly improve their employment outcomes include, but are not limited to, the standard labour market measures (discussed in the section 2.2 below). Studies point to several areas where improvements could lead to better youth employment outcomes. In particular, most unemployed youth are those with lower skills and educational attainment (although the skill advantage has somewhat decreased during the crisis)⁹⁸. In addition, business surveys indicate higher level of dissatisfaction about the applicability of skills taught in educational institutions to the relevant businesses.⁹⁹ Finally, research demonstrates that young people with some vocational training or work experience (previous traineeships, etc.) have an easier time finding jobs after graduation.¹⁰⁰

The specific challenges of long-term unemployment, greatly compounded in recent years by the lingering economic crisis, affect groups of population beyond the youth, in particular the lower-skilled. Although renewed growth in aggregate demand and policy support for job creation described in the previous section are essential for combating long-term unemployment, successful integration of groups furthest away from the labour market requires effective and targeted support measures. These include early identification of short-term unemployed with an increased risk of slipping into long-term unemployment and subsequent provision of additional interventions, such as personal counselling and tailored activation programmes including re-training and up-skilling. Even though such targeted interventions tend to be more costly, their longer-term individual and societal benefits prevail, and their importance becomes pivotal at the moment when long-term unemployment threatens leaving permanent scars on the significant proportions of human capital stock in many EU countries.

Containing and reducing poverty

A combination of social and labour market inclusion policies, namely ensuring adequate livelihoods, implementing effective activation policies, and providing access to adequate services, is key to containing and reversing the recent increases in poverty and social exclusion of the working-age population. As the analysis presented in this review shows, these increases are linked to the growing share of jobless households and the challenge of in-work poverty. It is also evident¹⁰¹ that Member States with robust social protection system fared much better the economic crisis. Integrated policy strategies addressing these problems need to combine a number of essential ingredients, including designing and implementing simplified and adequate benefit systems with high take-up rates, reducing tax burden on labour, ensuring access to enabling services, tackling work disincentives, and providing pathway to employment through active labour market policies (including life-long learning, profiling, job counselling, training, subsidized employment, etc.) In-work poverty should be tackled through the tax and benefit system (such as use of earned income tax credits), as well as, through increasing household work intensity and setting adequate minimum wages. These aspects are further developed in the following sections.

2.2 Improving labour market functioning

2.2.1 Wages and productivity

Adjusting wages to reflect productivity is important for encouraging employment and emerging from the crisis. This should be the case for an adjustment in both directions: workers compensation might need to be adjusted down to encourage employment and enhance competitiveness if wages grew more than productivity, but, equally, wages should be increased when they have lagged significantly behind productivity developments in order to increase aggregate demand.

Due to the importance of aligning wages with productivity, developments in the nominal unit labour costs and the real effective exchange rates were included in the score board of the Macro-Imbalance procedure. Increases in the nominal unit labour cost over three years (which reflect increases in labour cost above productivity) that exceed 9% for the Euro zone states and

⁹⁸ European Commission (2012i), "Implementing the Youth Opportunities Initiative"

⁹⁹ Taken from ESDE 2012, p. 55 (European Commission, 2013c)

¹⁰⁰ European Commission (2012a), "A Comprehensive Overview on Traineeships agreements in Member States", European Commission (2012b), "Apprenticeship Supply in the Member States of the European Union", and Brennan et al. (2009).

¹⁰¹ Idem.

12% for the rest of the EU are used as an early signal for detecting emerging macroeconomic imbalances.

Further actions to reduce the mismatch between wages and productivity would require effective dialogue between social partners or between them and the government. There is a varying degree of wage coordination with respect to the government in the EU, most of which takes the form of minimum wages or wage indexation. During the past decade many EU states moved towards more decentralized wage bargaining.¹⁰² Although the evidence is mixed as to whether decentralisation of wage bargaining produces better outcomes in aligning wages with productivity, to be effective it would also require a high degree of coordination between actors and bargaining levels.

Minimum wages play an important role as a wage-setting mechanism. Twenty Member States have a national statutory minimum wage (the exceptions being Austria, Cyprus, Denmark, Finland, Germany, Italy, and Sweden). Minimum wages could be used as a general anchor for nominal wages and, by extension, prices. They set a floor for wage cuts and could prevent deflation, which is a significant risk during times of severe economic downturn when nominal interest rates are close to their lower boundary. However, minimum wages have further benefits. Evidence published in ESDE 2012 shows that minimum wages could help close the gender pay gap and boost wage equality, by maintaining an adequate living standard for the most vulnerable workers. Thus, minimum wages also foster social inclusion and social cohesion. In addition, by ensuring higher earnings to low income people who typically have higher propensity to spend, minimum wages could boost aggregate demand.

It is less clear, however, what effect minimum wages would have on the labour market. On the supply side, if they exceed the unemployment benefits and taxes on work, minimum wages could improve incentives for low income workers to join the labour force. This is particularly true if minimum wages are combined with other incentives, such as fiscal relief for low income and activation policies. Minimum wages could also induce low-skilled older workers to postpone retirement. On the other hand, minimum wages could also under some circumstances price low-skilled workers out of the market, although the evidence of such trend in the EU Member States, even in the period of a severe economic downturn, is limited (ESDE 2012).

2.2.2 Skills mismatches

Skill mismatch that is mostly related to structural imbalances between labour demand and supply at the EU level has been increasing. This has been demonstrated by the collapse in demand for low-skilled workers and the high numbers of better educated people who take jobs below their qualifications. Skill mismatch of such kind represents a waste of human capital and might create labour market frictions, increase inequality, and put pressure on public budgets. In addition, skill mismatches do not allow enterprises to achieve their full productive capacity and might reduce investment and growth in key innovative sectors. Thus, to ensure long-term GDP growth and competitiveness, skill mismatch should be addressed.

There are several types of skill mismatch: vertical qualification, horizontal qualification, skill mismatch, and skills obsolescence. Skill mismatch is affected by a number of factors, including sectoral restructuring and job quality, demographic and socio-demographic factors, labour market segmentation, and macroeconomic environment and institutions.

Older workers are proportionally more exposed to risk of skill obsolescence. In this context, life-long learning programs and trainings become important to sustain the skill level of older employees. Young people, in contrast, tend to be more over-qualified than other age groups. Additionally, while young workers tend to be formally overqualified for their jobs, their skills are less likely to match the demands of their jobs in comparison to those of older workers. For this reason, labour market outcomes of young workers are better in countries where students undertake traineeships or work placements as part of higher education studies or in countries with apprenticeships schemes. Thus, skill mismatch among the youth could be overcome by appropriate vocational education and training schemes.

Another group that tends to be disproportionately affected by skill mismatch is third country nationals, and especially women. According to Eurostat (2011) indicator of over-qualification, 36% of migrant women are found to be overqualified, as opposed to 30% of males. Such under-

¹⁰² OECD (2004) Employment Outlook.

utilization of the human capital potential of migrants is persistent and potentially resulting from non-recognition of qualifications obtained in the individuals' home countries.

Macroeconomic environment and labour market institutions are found to be important determinants of the degree of skill mismatch. One of the factors that appear to influence the likelihood of skill mismatch is the degree of labour market segmentation. Over-qualification among the youth is especially serious in the Mediterranean states, which are also known for a high degree of market segmentation. This could be because young workers, predominantly males, are more willing to take part-time or temporary jobs, which demand lower qualifications than what they possess. However, employees in irregular contracts are less likely to participate in life-long learning and training opportunities. Thus, they are at higher risk of experiencing skill deterioration and obsolescence in the long-term. Policies that are relevant to reducing labour market segmentation are discussed in the next section.

2.2.3 Labour market segmentation

Labour market segmentation is a significant structural problem in several Member States, including Spain, Portugal, Greece, and Poland. It can take the shape of low-wage traps, part-time traps, sectorial or occupational segregation, etc. and has resulted in the creation of a large workforce on temporary contracts with weak transition possibility to permanent jobs. Labour market segmentation is correlated with increases in unemployment in some countries (e.g. Spain and Portugal) and in particular to high youth unemployment as it pushes the young into jobs with reduced labour market protection. Moreover, labour market segmentation contributes to skill mismatch as outsiders get little training and has been found to increase the risk of social exclusion.

Although it is important for assessing its effects, the degree of labour market segmentation is difficult to measure because it cannot be observed directly. The share of temporary contracts is not a good indicator because in some countries temporary contracts are associated with apprenticeships, traineeships, and probation periods. Thus, a temporary job could be used as a stepping stone for a better career (as is the case for many contracts for instance in Germany, Austria, Netherlands or France). The share of involuntary fixed-term contracts or transition rates between temporary and permanent employment have been found better for approximating labour market segmentation. Indeed Southern and East European Member States, where labour market segmentation is more serious, have a higher share of involuntary temporary contracts and lower transition rates between irregular and regular work.

Another factor that has been linked to segmentation is differences in the coverage of labour market legislation. When permanent contracts are more heavily protected than temporary ones, a workforce based on temporary contracts is more easily expanded in times of economic boom and reduced in times of downturn. Therefore, employers might be induced to hire more temporary workers in order to have a better control of their workforce, labour expenditure, and output. Thus, reducing the gap between the employment protection of temporary and permanent jobs is expected to reduce labour market segmentation.

Flexicurity policies aiming at balancing flexibility and security can help reduce the negative outcomes from segmentation. Such an approach often combine measures to facilitate hiring and laying off procedures with incentives to employers to maintain existing jobs, such as the requirement for employers to provide workers with an open-end contract after several consecutive terms on a temporary one.

The Commission's Employment Package recommends reforms in employment protection and legislation that give all jobholders access to a core set of rights (access to lifelong learning, social protection, and monetary protection in the case of termination without fault) from the signature of the contract. Such measures, usually also combined with some form of active labour market policies, are expected to reduce the burden of unemployment on poverty and inequality, while simultaneously allowing easier job transitions for the whole workforce.

2.3 Modernising the European social model through structural reforms and better spending

Social policies are characterised by a three-pronged function: social investment, social protection, and stabilization of the economy. The social investment and social protection aspects of social policies serve to enhance and preserve people's current and future capabilities, thus allowing them to participate fully in society and the economy. The stabilization aspect helps to sustain short-term aggregate demand and economic activity. Therefore, social policies both contribute to a fairer and inclusive society and ensure economic growth.

However, the economic crisis put welfare systems under pressure and uncovered long-term structural issues in their design, creating an additional challenge for achieving the EU2020 goals of smart, sustainable, and inclusive growth. Thus, in order to avoid any lasting negative effects and emerge stronger from the crisis, reforms should ensure that social spending is both efficient and effective.

2.3.1 Fairer and employment-friendly tax systems

Taxation is the main source of funds for government spending for various programs. Reforms within the tax system have the potential to stimulate aggregate demand and growth. At the same time, such reforms will have effects both on employment and income distribution.

Revenue-neutral tax reforms can in general be carried out in two basic ways: by rebalancing the income tax across earning groups, and by shifting the burden from labour to a different tax base. General reductions in income taxes have been shown to be less effective than targeted ones (e.g. targeting the lower income group). Also, since the employment of people in the lower income group is affected by both taxes and benefits, both of those have to be re-evaluated simultaneously for best results. When combined with closing tax loopholes and reducing tax evasion, such reforms could sustain government revenue and simultaneously improve employment outcomes.

Rebalancing the income tax to place more weight on higher incomes has the potential of simultaneously achieving social and employment targets. While taxes on the higher incomes were reduced in past years to encourage employment, recent studies show that the substitution effect for after-tax income is actually quite small. Thus, higher taxes on higher incomes would not lead to significantly less labour input and the effect on employment would be small. Therefore a revenue-neutral shift towards taxing the rich more can boost demand while acting as an incentive for the poor to work more (by reducing the tax wedge). However, they might also have a negative effect on efficiency by creating a larger dead-weight loss due to the shrinking of the tax base.

Alternative tax bases that have been proposed include consumption (VAT) tax, green tax, or capital (property tax). Already several member states have increased VAT taxes during the recession, but only several of them succeeded to simultaneously reduce the income tax. A revenue-neutral shift to a VAT tax has the potential to increase employment, but the extent of this effect depends largely on country-specific factors. For example, the minimum wages and automatic stabilizers might attenuate the potential employment effect. Moreover, it has been shown that AT taxes actually have negative redistributive effects, as VAT taxes affect more heavily people who do not finance consumption out of income. Generally, increases in the standard VAT rates are expected to be less distortive than introduction of VAT on previously exempt goods or reduced VAT rates. In addition, the regressive effect of an increase in VAT tax rates, can be compensated by increasing the size and progressiveness of other taxes/benefits.

Another alternative tax shift has been proposed towards green taxes. Similarly to VAT taxes, such shift could boost employment and growth, but it might also have negative distributional consequences. Green taxes usually tax necessities (energy, transport), so they often fall more heavily on low income groups. However, the effects may depend on the definition of the tax base (e.g. fuel and vehicles vs. heating and commuting).

Finally, shifting taxes from labour to property also can have positive effects on the labour market. In addition, property taxes are a stable and immobile tax base, so taxes on it are more difficult to evade. However, in order to avoid negative distributional effects, the design of property tax should take in consideration the distribution of homeownership.

2.3.2 Effective and Efficient Social Spending

In a context of strong pressure on welfare budgets and while social protection systems have seen their stabilisation function weakened in the second phase of the crisis (2011-12), it appears even more to examine the effectiveness and efficiency of social protection expenditure. Moreover, long-term trends show that the countries with the highest welfare spending are not those with highest public debt, which highlights that higher levels of social expenditure are not detrimental to the sustainability of public finance (nor to competitiveness, as shown above). Nevertheless, these expenditure levels should indeed deliver the best outcomes (effectiveness), at the lowest cost and with maximised spill overs on employment and growth. In this respect, improving the effectiveness and the efficiency of social spending appears central to achieving the Europe 2020 goals.

Improvements would be especially necessary in countries where the effect of the crisis combined with austerity measures have strained public finances and can have compromised the functioning of the welfare state. In such cases, rebalancing of social expenditure rather than increases might be needed to improve social spending outcomes. For example, social spending in some Southern states (such as Italy, Greece, Spain, and Portugal) is often characterized both by the lowest poverty reduction impact (when excluding pensions), a weak demand stabilization impact and often relatively high expenditure on pensions. The structure of their social spending appears mainly oriented towards pensions and less towards enabling services that support the labour market participation of women (e.g. child care) and lead to lower employment rates (especially of mothers) or unemployment expenditure (benefits are also often less effective notably due to labour market segmentation and strict entitlement conditions). Therefore, potential reforms that improve the functioning of public spending could combine shifting spending from old age benefits towards other programs, such as extending unemployment benefits towards vulnerable (temporary and atypical) workers, or adjusting the design of the automatic stabilizer schemes to improve their responsiveness to the economic cycle. The effectiveness of these reforms in improving social outcomes and stabilizing aggregate demand would also obviously depend on their timely implementation.

Shifting the focus of social protection spending is not sufficient to increase its effectiveness and efficiency, however. Other reforms in the design of the welfare state might be necessary and in this respect, it seems essential to ensure a balance between adequacy objectives (such as poverty reduction or degree of income smoothing) and labour market friendliness (such as incentives, active support to take up a job, or adaptations of the effective retirement age to increases in life expectancy). For instance, in a context of weak labour market, policies that target inactivity (as well as the shadow economy) have the potential to increase taxes, reduce benefits and allow irregular workers to benefit from full social protection. This can be for instance achieved through the tax and benefit system by increasing the link between rights and contributions and by reducing the tax burden on low-skilled jobs. Reforming social benefit systems, so that they become means-tested, can also improve social outcomes (such as poverty but also access to services such as health) without necessarily increasing social spending. Means-tested social benefits generally more effectively protect the targeted groups, though there are also drawbacks like lower incentives, lower take-up and administration costs as compared to universal benefits (which can also have a combined strong redistributive impact through their financing side). Using ALMPs to make the labour market more resilient and reforming the welfare state to ensure the proper cyclical responses of the automatic stabilizers also could improve the sustainability of the systems.

In addition, choosing an appropriate mix between in-kind and cash benefits can simultaneously boost labour market participation, decrease inequality and stabilize household incomes. In-kind family benefits, such as childcare, are typically employment-friendly since they allow more women to remain on the labour market (both through more mothers working and more job openings in the child care sector). At the same time, they help reduce child poverty and inter-generational inequality by building human capital at an early age and securing household incomes. In comparison, family cash benefits allow for stronger short-term automatic stabilization, while they can also reduce workers' mobility and incentives to improve employment prospects.

Finally, improving the efficiency of education systems combined with encouraging R&D spending and innovation is also important for increasing human capital and boosting productivity. Some of the proposed reforms do not involve additional spending, but only redesign of the education

system: curricula reforms, promotion of vocational, scientific and technological education to be more responsive to the labour market needs, wider use of standardized exams, improving universities governance.

2.3.3 Sustainable and adequate pensions

As highlighted by the White Paper on Pensions (2012), a key component of ensuring the sustainability of pension systems would be encouraging longer working lives. Increasing the labour market participation of older workers would moreover improve labour utilisation and contribute to economic productivity. Reforms in pension system design that discourage early retirement and reward working longer could take several forms. Most reforms across the EU attempt to change the pension entitlement rules, for instance by linking the pensionable age to gains in life expectancy (adjusting it upwards in line with longevity developments).

Other types of reforms focus on restricting access to early retirement schemes and other exit pathways (e.g. disability schemes) or removing unwarranted mandatory retirement rules where they exist and increasing the flexibility of the retirement age after the minimum age. Finally, equalizing the pensionable age for women and men also has the potential to increase employment rates among older female workers.

It is important to ensure that improvements in sustainability of the pension systems are not detrimental for the adequacy of pension benefits¹⁰³.

Further legislative protection might also be needed to ensure the occupational pension entitlements of people who move across borders. Further adjustments of the pension incomes for people with intermittent employment history or for the working poor would also need to be enhanced in order to decrease the proportion of retirees at risk of poverty. Changing the modelling of the adequacy of pension systems to reflect different types of retirees with realistic career path could improve the pension outcomes for different sub-groups of retirees, notably for most women.

2.3.4 Healthcare and long-term care

Future healthcare reforms in Member States will need to address the efficient use of the healthcare budget with a view to ensuring the effective access to and coverage of healthcare. The policy measures to improve the long-term sustainability of their healthcare systems fall in two general categories: changes to expenditures or changes in financing. Reforms aimed at controlling expenditures include for example, an increased use of generic drugs, centralization of the medicine procurement system (so that hospitals can group and purchase medicines at a lower price), streamlining of clinical practice (setting clinical guidelines on the use of prescription and medical tests), or changes in the delivery of healthcare, such as hospitals reorganization, increase in outpatient care, strengthening of ambulatory services, and increased emphasis on primary care. Reforms in the source or procedure of financing of healthcare expenditures, such as co-payments or lowered reimbursements for patients, can decrease demand for health services while raising revenues, but they may also have a negative impact on low-income and vulnerable users. Exemptions from co-payments for individuals with low incomes and high needs can help alleviate their negative effects

To prevent possible negative effects of reforms aimed at increasing the efficiency of healthcare on healthcare provision and access, it is necessary to implement policy measures that sustain and improve healthcare outcomes, increase equity in health, and enhance patients' choice.

In the context of population ageing, measures that improve the efficiency of spending and effective delivery of long-term care will be necessary. More so than general healthcare, formal long-term care coverage varies between Member States. This variation also determines the level of public spending on LTC. Thus, the future capacity and cost of running LTC systems depend on the choice of LTC delivery approach. Different delivery models that vary by the source of delivery and source of financing bring about different benefits and drawbacks. For example, leaving LTC provision and financing to the families of recipients is cheaper in terms of public spending, but might have negative effects on labour market participation and increase undeclared work by immigrants. Conversely, publicly financed public provision or provision by private providers funded through social insurance ensure better risk-pooling for LTC, can allow

¹⁰³ Adequacy of pensions is usually measured across three dimensions: poverty protection, replacement rate of pre-retirement income, and how overall household incomes of older people compare with the population average

better quality monitoring, and lift the provision burden from families, but put higher pressure on public budgets. A middle-ground option consists in providing government support to family provision either in the form of economic support or legal protection and collective agreements to reconcile informal care duties with formal employment. Such a strategy also has the advantage of being cheaper than formal public provision and might meet some quality assurance and monitoring standards, but the direct and opportunity cost to families is still high.

Possible innovative solutions aimed at improving the efficiency of spending and effective delivery of LTC pursued by different Member States may include decentralization of different competencies (e.g. residential care, mental health care, psychiatric nursing homes), fostering integration of social and health services, and putting in place monitoring mechanisms of quality indicators for home care. Preventative healthcare and rehabilitation can also play a major role in limiting the need for LTC by decreasing the rate of chronic diseases and other disabilities.

2.4 Constructing a Social EMU to restore socio-economic convergence

Increasing divergence of employment and social trends threaten the core objectives of the EMU, that is to benefit all its members by promoting economic convergence and to improve the lives of citizens in the Member States. The Commission is currently working to address these issues by reviewing the design of the EMU. This is proposed in a blueprint outlining the short-, medium-, and long-term actions required to bring about a "genuine" Economic and Monetary Union.¹⁰⁴ This should include a strong social dimension. In particular, in the short-term a closer and more focused monitoring of employment and social trends could help better inform policy making in the EMU. In a longer-term perspective, it is also recognised that an EMU-wide shock absorption mechanism would be an essential component of a sustainable monetary union.

2.4.1 Monitoring and assessment

The divergences of employment and social trends within the Euro-area and beyond reflect severe problems and challenges that have been exacerbated by the incomplete design of the monetary union. They can have important implications for economic prosperity and political stability in the monetary union – and also the EU as a whole. Enhanced surveillance of such developments could be undertaken by monitoring a limited number of indicators allowing the early identification of major employment and social problems that need to be addressed, either because of their severity and/or because they risk generating negative spill-over effects and affecting the good functioning and undermining the objective of the monetary union.

Analysis of such a limited set of key employment and social indicators, like those presented in section 1.2.2 would therefore complement the identification of challenges that Member States face in their progress towards the Europe 2020 objectives, and could help detect potentially detrimental divergences in socio-economic fundamentals of the monetary union. The employment and social indicators should capture the phenomena for each country and identify the most serious problems and cases when the country diverges too strongly from the rest of the EMU. Such focused monitoring could help improve policy making within the EMU also by taking better account of the expected employment and social consequences of macro-economic adjustment.

2.4.2 EMU-wide automatic stabilisation

The Commission's "Blueprint for a deep and genuine economic and monetary union: Launching a European Debate" and the related European Council report¹⁰⁵ acknowledge that an EMU-wide shock absorption function is an essential component of a sustainable monetary union. Such a function could take the form of a supranational automatic stabiliser and would require Treaty change. Stabilisers smooth cyclical fluctuations, restraining booms and busts and alleviate the social impact of economic shocks in the Member States most affected by crises. Moreover, they help fiscal policy to focus on structural balances (as a significant cyclical part is taken away) and boost confidence in individual Member States, by moving part of the insurance function to the supranational level.

¹⁰⁴ European Commission 2012p

¹⁰⁵ See European Commission (2012b) and Van Rompuy (2012).

Such an absorption function could be linked to levels of unemployment in the different Member States. Using unemployment as the trigger it is possible to achieve large marginal stabilisation of the most affected economies in downturns for a reasonable size of the system. An EMU-wide unemployment insurance could also improve the labour attachment of some unemployed people, notably in Member States with currently low coverage of unemployment benefits. It would furthermore facilitate labour mobility thus strengthening growth prospects in Europe.

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4 Annex 1: Selected statistics

Table 3

NACE_R2_MALES	Employment share of branch in total employment in 2008	Change in branch employment (percentage points) 2010/2008	Weighted change in branch employment (percentage points) 2010/2008	Employment share of branch in total employment in 2011	Change in branch employment (percentage points) 2012/2011	Weighted change in branch employment (percentage points) 2012/2011	Change in branch employment (percentage points) 2012/2008	Weighted change in branch employment (percentage points) 2012/2008
Total - All NACE activities	100.0%	-3.47	-3.47	100.0%	-0.85	-0.85	-4.28	-4.28
Agriculture, forestry and fishing	5.2%	0.91	0.05	5.3%	0.5	0.03	-1.24	-0.07
Mining and quarrying	0.7%	-5.87	-0.04	0.6%	-0.5	0.00	-6.00	-0.04
Manufacturing	21.8%	-9.44	-2.06	20.6%	-1.7	-0.35	-10.47	-2.29
Electricity, gas, steam and air conditioning supply	1.0%	7.22	0.07	1.1%	-1.3	-0.01	5.19	0.05
Water supply; sewerage, waste management and remediation activities	1.1%	-0.82	-0.01	1.1%	1.2	0.01	4.65	0.05
Construction	13.9%	-10.57	-1.47	12.4%	-3.8	-0.48	-17.11	-2.38
Wholesale and retail trade; repair of motor vehicles and motorcycles	13.0%	-2.92	-0.38	13.0%	-0.3	-0.04	-3.87	-0.50
Transportation and storage	7.4%	-4.48	-0.33	7.3%	-0.9	-0.07	-4.61	-0.34
Accommodation and food service activities	3.4%	3.69	0.13	3.7%	1.1	0.04	5.93	0.20
Information and communication	3.4%	0.41	0.01	3.6%	2.2	0.08	4.32	0.15
Financial and insurance activities	2.6%	-0.11	0.00	2.7%	-1.2	-0.03	-0.57	-0.01
Real estate activities	0.7%	-3.59	-0.02	0.7%	2.5	0.02	2.99	0.02
Professional, scientific and technical activities	4.4%	2.72	0.12	4.8%	0.1	0.00	5.46	0.24
Administrative and support service activities	3.3%	6.01	0.20	3.7%	1.5	0.06	9.92	0.33
Public administration and defence; compulsory social security	7.0%	-1.19	-0.08	7.1%	-2.5	-0.18	-4.65	-0.33
Education	3.6%	1.15	0.04	3.8%	0.5	0.02	2.17	0.08
Human health and social work activities	3.7%	5.44	0.20	4.2%	1.3	0.05	9.39	0.35
Arts, entertainment and recreation	1.4%	1.26	0.02	1.5%	0.4	0.01	2.43	0.03
Other service activities	1.5%	-6.21	-0.09	1.5%	-0.7	-0.01	-5.91	-0.09
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0.2%	-10.84	-0.03	0.3%	-2.3	-0.01	-1.93	0.00
Activities of extraterritorial organisations and bodies	0.1%	15.82	0.01	0.1%	-11.6	-0.01	12.78	0.01
No response	0.4%	51.89	0.19	0.6%	4.0	0.03	69.16	0.26

Source: Eurostat Employment by sex, age and economic activity (from 2008 onwards, NACE Rev. 2) - 1 000 [lfsa_egan2]

Table 4:

NACE_R2_FEMALES	Employment share of branch in total employment in 2008	Change in branch employment (percentage points) 2010/2008	Weighted change in branch employment (percentage points) 2010/2008	Employment share of branch in total employment in 2011	Change in branch employment (percentage points) 2012/2011	Weighted change in branch employment (percentage points) 2012/2011	Change in branch employment (percentage points) 2012/2008	Weighted change in branch employment (percentage points) 2012/2008
Total - All NACE activities	100.0%	-0.90	-0.90	100.0%	-0.29	-0.29	-0.79	-0.79
Agriculture, forestry and fishing	4.0%	-3.45	-0.14	3.8%	-2.78	-0.10	-9.51	-0.38
Mining and quarrying	0.1%	-15.68	-0.02	0.1%	-1.89	0.00	-20.58	-0.03
Manufacturing	11.7%	-12.40	-1.45	10.4%	-1.39	-0.14	-13.14	-1.54
Electricity, gas, steam and air conditioning supply	0.3%	7.79	0.03	0.4%	5.81	0.02	17.26	0.06
Water supply; sewerage, waste management and remediation activities	0.3%	-0.16	0.00	0.3%	2.98	0.01	7.99	0.03
Construction	1.7%	-12.76	-0.22	1.5%	-2.85	-0.04	-15.41	-0.26
Wholesale and retail trade; repair of motor vehicles and motorcycles	15.7%	-3.72	-0.58	15.2%	-1.13	-0.17	-4.92	-0.77
Transportation and storage	2.6%	-4.83	-0.13	2.4%	-0.37	-0.01	-7.57	-0.20
Accommodation and food service activities	5.2%	1.20	0.06	5.4%	-0.66	-0.04	2.17	0.11
Information and communication	2.1%	-4.59	-0.09	2.0%	1.96	0.04	-1.75	-0.04
Financial and insurance activities	3.5%	-3.27	-0.11	3.4%	-0.28	-0.01	-2.38	-0.08
Real estate activities	0.8%	4.63	0.04	0.9%	-0.92	-0.01	5.14	0.04
Professional, scientific and technical activities	4.9%	1.84	0.09	5.1%	0.69	0.04	4.71	0.23
Administrative and support service activities	4.0%	2.25	0.09	4.2%	2.21	0.09	6.24	0.25
Public administration and defence; compulsory social security	7.3%	-0.07	-0.01	7.2%	-1.91	-0.14	-3.16	-0.23
Education	11.1%	4.12	0.46	11.6%	0.41	0.05	4.14	0.46
Human health and social work activities	16.7%	4.81	0.81	17.9%	0.84	0.15	7.52	1.26
Arts, entertainment and recreation	1.7%	-0.34	-0.01	1.7%	1.80	0.03	1.75	0.03
Other service activities	3.5%	0.29	0.01	3.5%	-1.16	-0.04	-1.80	-0.06
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	2.2%	4.23	0.09	2.4%	-0.66	-0.02	5.54	0.12
Activities of extraterritorial organisations and bodies	0.1%	7.52	0.01	0.1%	-3.99	0.00	7.39	0.01
No response	0.3%	56.81	0.18	0.5%	2.04	0.01	64.61	0.20

Source: Eurostat, Employment by sex, age and economic activity (from 2008 onwards, NACE Rev. 2) - 1 000 [lfsa_egan2]

Table 5: Real GDP growth [nama_gdp_k namq_gdp_k]

	Annual % change													% change on previous quarter				% change on previous year			
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012Q3	2012Q4	2013Q1	2013Q2	2012Q3	2012Q4	2013Q1	2013Q2
EU28	3.9	2.0	1.3	1.5	2.6	2.2	3.4	3.2	0.4	-4.5	2.0	1.6	-0.4	0.1	-0.4	0.0	0.4	-0.5	-0.7	-0.7	0.0
EA17	3.8	2.0	0.9	0.7	2.2	1.7	3.2	3.0	0.4	-4.4	2.0	1.5	-0.6	-0.1	-0.5	-0.2	0.3	-0.7	-1.0	-1.0	-0.5
BE	3.7	0.8	1.4	0.8	3.3	1.8	2.7	2.9	1.0	-2.8	2.4	1.8	-0.3	0.0	-0.1	0.0	0.1	-0.4	-0.5	-0.6	-0.1
BG	5.7	4.2	4.7	5.5	6.7	6.4	6.5	6.4	6.2	-5.5	0.4	1.8	0.8	0.1	0.1	0.1	-0.1	0.7	0.6	0.4	0.2
CZ	4.2	3.1	2.1	3.8	4.7	6.8	7.0	5.7	3.1	-4.5	2.5	1.8	-1.2	-0.3	-0.3	-1.3	0.6	-1.4	-1.6	-2.4	-1.3
DK	3.5	0.7	0.5	0.4	2.3	2.4	3.4	1.6	-0.8	-5.7	1.6	1.1	-0.4	0.9	-0.7	-0.2	0.5	0.0	-0.4	-0.8	0.5
DE	3.1	1.5	0.0	-0.4	1.2	0.7	3.7	3.3	1.1	-5.1	4.0	3.3	0.7	0.2	-0.5	0.0	0.7	0.9	0.3	-0.3	0.5
EE	9.7	6.3	6.6	7.8	6.3	8.9	10.1	7.5	-4.2	-14.1	3.3	8.3	3.2	1.4	0.6	-1.0	:	3.1	3.0	1.3	:
IE	10.7	5.3	5.6	3.9	4.4	5.9	5.4	5.4	-2.1	-5.5	-0.8	1.4	0.9	-1.0	-0.2	-0.6	:	-0.5	-1.0	-1.0	:
EL	4.5	4.2	3.4	5.9	4.4	2.3 b	5.5	3.5	-0.2 p	-3.1 p	-4.9 p	-7.1 p	-6.4 p	:	:	:	:	:	:	:	:
ES	5.0	3.7	2.7	3.1	3.3	3.6	4.1	3.5	0.9	-3.8	-0.2	0.1	-1.6	-0.4	-0.8	-0.4	-0.1	-1.7	-2.1	-2.0	-1.6
FR	3.7	1.8	0.9	0.9	2.5	1.8	2.5	2.3	-0.1	-3.1	1.7	2.0	0.0	0.2	-0.2	-0.2	0.5	0.0	-0.3	-0.5	0.3
HR	3.8	3.7	4.9	5.4	4.1	4.3	4.9	5.1	2.1	-6.9	-2.3	0.0 p	-2.0 p	-0.3	-0.4	0.0	:	-2.1	-2.0	-1.2	:
IT	3.7	1.9	0.5	0.0	1.7	0.9	2.2	1.7	-1.2	-5.5	1.7	0.4	-2.4	-0.3	-0.9	-0.6	-0.2	-2.6	-2.8	-2.3	-2.0
CY	5.0	4.0	2.1	1.9	4.2	3.9	4.1	5.1	3.6	-1.9	1.3	0.5	-2.4	-0.7	-1.3	-1.4	:	-2.3	-3.5	-4.3	:
LV	5.7	7.3	7.2	7.6	8.9	10.1	11.2	9.6	-3.3	-17.7	-0.9	5.5	5.6	1.7	1.4	1.4	:	5.4	5.8	6.0	:
LT	3.6	6.7	6.8	10.3	7.4	7.8	7.8	9.8	2.9	-14.8	1.5	5.9	3.7	1.5	0.7	1.3	0.7	3.8	3.1	4.2	4.2
LU	8.4	2.5	4.1	1.7	4.4	5.3	4.9	6.6	-0.7	-4.1	2.9	1.7	0.3	-0.2	2.2	-1.6	:	-0.3	1.6	1.0	:
HU	4.2	3.7	4.5	3.9	4.8	4.0	3.9	0.1	0.9	-6.8	1.3	1.6	-1.7	0.0	-0.5	0.6	0.1	-1.7	-2.5	-0.5	0.1
MT	:	0.0 p	2.4 p	0.7 p	-0.3 p	3.6 p	2.6 p	4.1 p	3.9 p	-2.8 p	3.2 p	1.8 p	1.0 p	0.6 p	0.1 p	0.0 p	:	1.8 p	1.7 p	1.7 p	:
NL	3.9	1.9	0.1	0.3	2.2	2.0	3.4	3.9	1.8	-3.7	1.5	0.9	-1.2	-0.9	-0.6	-0.4	-0.2	-1.4	-1.3	-1.4	-2.0
AT	3.7	0.9	1.7	0.9	2.6	2.4	3.7	3.7	1.4	-3.8	1.8	2.8	0.9	0.1	-0.1	0.1	0.2	0.8	0.7	0.2	0.2
PL	4.3	1.2	1.4	3.9	5.3	3.6	6.2	6.8	5.1	1.6	3.9	4.5	1.9	0.4	0.1	0.2	0.4	1.7	0.8	0.7	1.1
PT	3.9	2.0	0.8	-0.9	1.6	0.8	1.4	2.4	0.0	-2.9	1.9	-1.6	-3.2	-0.9	-1.8	-0.4	:	-3.6	-3.8	-4.0	:
RO	2.4	5.7	5.1	5.2	8.5	4.2	7.9	6.3	7.3	-6.6	-1.1	2.2	0.7	-0.5 p	1.0 p	0.4 p	0.5 p	-1.1 p	0.8 p	2.3 p	1.4 p
SI	4.3	2.9	3.8	2.9	4.4	4.0	5.8	7.0	3.4	-7.9	1.3	0.7	-2.5	-0.4	-1.0	-0.5	-0.3	-2.8	-3.2	-3.2	-2.2
SK	1.4	3.5	4.6	4.8	5.1	6.7	8.3	10.5	5.8	-4.9	4.4	3.2	2.0	0.2	0.1	0.2	0.3	1.9	1.0	0.8	0.8
FI	5.3	2.3	1.8	2.0	4.1	2.9	4.4	5.3	0.3	-8.5	3.4	2.7	-0.8	-0.3	-0.8	0.3	:	-1.6	-2.2	-2.1	:
SE	4.5	1.3	2.5	2.3	4.2	3.2	4.3	3.3	-0.6	-5.0	6.6	3.7	0.7	0.1	0.0	0.6	-0.1	0.3	1.5	1.6	0.6
UK	4.4	2.2	2.3	3.9	3.2	3.2	2.8	3.4	-0.8	-5.2	1.7	1.1	0.2	0.7	-0.2	0.3	0.7	0.1	0.0	0.3	1.5

Source: Eurostat, national accounts

Note: b break in time series ; p provisional

Table 6: Employment growth [namq_nace10_e nama_nace10_e]

	Annual % change													% change on previous quarter				% change on previous year			
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012Q3	2012Q4	2013Q1	2013Q2	2012Q3	2012Q4	2013Q1	2013Q2
EU28	:	0.9	0.4	0.4	0.6	1.0	1.6	1.8	1.0	-1.8	-0.5	0.3	-0.6	-0.1	-0.1	-0.2	0.0	-0.4	-0.4	-0.4	-0.4
EA17	:	1.4	0.7	0.5	0.8	1.0	1.6	1.8	0.8	-1.8	-0.5	0.3	-0.7	-0.1	-0.3	-0.4	-0.1	-0.6	-0.7	-1.0	-1.0
BE	2.0	1.4	-0.1	-0.1	1.0	1.4	1.1	1.7	1.8	-0.2	0.7	1.4	0.2	-0.1	0.0	-0.2	0.0	0.0	-0.2	-0.3	-0.3
BG	-2.4	-0.8	0.2	3.0	2.6	2.7	3.3	3.2	2.6	-2.6	-4.7	-3.4	-4.3	0.1	-0.3	0.0 _b	0.3	-2.2	-2.0	-1.2 _b	0.2
CZ	-0.8	-0.3	0.6	-0.8	-0.3	2.1	1.3	2.1	2.3	-1.8	-1.0	0.0	0.4	0.1	0.0	0.6	0.5	0.5	0.8	1.0	1.3
DK	0.5	0.9	0.0	-1.1	-0.6	1.0	2.1	2.8	1.7	-3.4	-2.4	-0.3	-0.3	0.2	-0.3	-0.1	0.4	-0.2	-0.4	-0.3	0.2
DE	1.7	0.3	-0.6	-0.9	0.3	-0.1	0.6	1.7	1.2	0.1	0.5	1.4	1.1	0.2	0.1	0.2	0.1	1.1	0.9	0.6	0.6
EE	-1.5	0.8	1.4	1.4	0.0	2.0	5.4	0.8	0.2	-10.0	-4.8	7.0	2.2	0.1	-0.9	2.3	1.5	1.2	1.2	2.3	3.0
IE	4.5	3.1	1.6	1.9	3.4	4.9	4.6	4.4	-0.6	-7.8	-4.1	-1.8	-0.6	0.2	0.7	0.5	0.5	-0.1	0.0	1.1	1.9
EL	:	0.1	2.3	1.2	2.4	3.0 _b	1.9	1.4	1.2 _p	-0.6 _p	-2.6 _p	-5.6 _p	-8.3 _p	-2.2	0.0	-2.3	0.1	-9.0	-6.5	-6.5	-4.3
ES	:	3.2	2.5	3.2	3.6	4.1	4.0	3.0	-0.1	-6.5	-2.2	-1.9	-4.2	-1.0	-1.2	-1.0	-0.5	-4.2	-4.4	-4.1	-3.6
FR	2.6	1.5	0.5	0.1	0.1	0.7	1.1	1.4	0.5	-1.3	0.1	0.6	0.0	-0.1	-0.1	0.0	0.0	-0.1	-0.2	-0.3	-0.3
HR	-0.5	0.5	0.8	3.9	1.5	0.7	3.9	3.5	1.1	-1.8	-5.1	-2.3	-3.9	:	:	:	:	:	:	:	:
IT	1.9	2.0	1.7	1.5	0.4	0.6	2.0	1.3	0.3	-1.6	-0.7	0.3	-0.3	0.3	-0.6	-1.2	-0.3	0.4	-0.1	-1.1	-1.8
CY	1.7	2.2	2.1	3.8	3.8	3.6	1.8	3.2	2.1	-0.4	-0.2	0.5	-4.1	-1.3	-1.5	-1.1	-2.1	-4.4	-5.0	-4.8	-5.8
LV	:	1.2 _b	2.9	1.9	1.2	1.6	4.9	3.6	0.9	-13.2	-4.8	-8.1 _b	2.6 _b	1.5	0.6	-0.3	-0.2	3.5	2.7	2.9	1.5
LT	:	-3.8	3.6	2.2	0.0	2.5	1.8	2.8	-0.7	-6.8	-5.1	2.0	-6.7	0.1	-0.8	1.7	0.8	3.3	1.7	2.0	1.8
LU	5.6	5.5	3.2	1.8	2.2	2.9	3.6	4.5	5.0	1.1	1.8	2.9	2.3	0.4	0.7	0.0	0.7	2.2	2.3	1.5	1.8
HU	1.0	-0.2	-0.1	0.0	-1.0	-0.3	0.4	0.7	-1.8	-2.5	0.7	0.4	0.1	-0.5	-0.1	0.0	:	-0.5	0.0	0.0	:
MT	-1.2	1.8	0.3	-0.4	0.4	1.6	1.2	2.4	2.5	-0.2	1.7	2.8	2.3	1.7	0.6	0.3	:	2.1	2.5	1.8	:
NL	2.2	2.1	0.5	-0.5	-0.9	0.5	1.7	2.6	1.5	-0.7	-0.4	0.7	-0.2	-0.1	-0.2	-0.3	-0.4	-0.3	-0.5	-0.9	-0.9
AT	1.0	0.7	-0.1	0.6	0.6	1.2	1.7	1.8	2.0	-0.7	1.0	1.7	1.3	0.2	0.1	0.1	0.2	1.1	0.9	0.6	0.6
PL	:	:	:	:	:	2.2	3.2	4.5	3.9	0.4	0.5	1.0	-3.4 _b	-0.6	-0.3	0.2	0.0	-3.3	-3.4	-0.9	-0.7
PT	2.1	1.8	0.6	-0.6	-0.1	-0.3	0.5	0.0	0.5	-2.6	-1.5	-1.5 _p	-4.2 _p	-0.6	-2.1	-2.2	0.8	-4.2	-4.3	-5.2	-4.1
RO	:	:	:	:	:	:	0.7	0.4	0.0	-2.0	-0.3	-1.1	1.5	:	:	:	:	:	:	:	:
SI	1.5	0.6	1.6	-0.3	0.4	-0.5	1.6	3.3	2.6	-1.8	-2.2	-1.6	-0.8	-0.7	-0.7	-0.8	-0.4	-1.0	-1.6	-2.6	-2.5
SK	-2.0	0.6	0.1	1.1	-0.2	1.6	2.1	2.1	3.2	-2.0	-1.5	1.8	0.1	-0.2	-0.4	-0.3	-0.4	-0.1	-0.6	-1.0	-1.2
FI	2.1	1.3	0.9	0.1	0.4	1.4	1.8	2.2	2.6	-2.6	-0.1	1.5	0.0	-0.1	-0.1	-0.4	0.1	0.0	-0.7	-0.9	-0.5
SE	2.5	2.1	0.0	-0.6	-0.7	0.3	1.7	2.3	0.9	-2.4	1.0	2.3	0.7	0.2	0.2	0.3	0.2	0.6	0.6	0.8	0.8
UK	1.2	0.8	0.8	0.9	1.1	1.0	0.9	0.7	0.7	-1.6	0.2	0.5	1.2	0.3	0.6	-0.1	0.2	1.8	2.1	1.5	1.0

Source: Eurostat, national accounts

Note: b break in time series ; p provisional

Table 7: Temporary employees as a percentage of the total number of employees [[lfsa_etpga lfsq_etpga]

	% of employees													2012Q3	2012Q4	2013Q1	2013Q2
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012				
EU28	:	:	12.4	12.6	13.2	14.0	14.5	14.5	14.1	13.5	13.9	14.1	13.7	14.0	13.6	:	:
EA17	15.0	14.8	14.6	14.5	15.0	16.0	16.7	16.6	16.3	15.4	15.6	15.8	15.2	15.6	15.1	:	:
BE	9.0	8.8	7.6	8.5	8.7	8.8	8.7	8.6	8.3	8.2	8.1	8.9	8.1	8.1	8.1	7.9	:
BG	:	6.8	6.0 ^u	6.3	8.0	6.3	6.1	5.1	4.9	4.6	4.4	4.0 ^b	4.4	5.5	4.3	4.6	:
CZ	7.2	7.3	7.5	8.5	8.8	7.9	8.0	7.8	7.2	7.5	8.2	8.0	8.3 ^b	8.9	8.7	8.1	:
DK	10.2	9.4	8.9	9.5	9.8	9.8	8.9	9.0	8.5	8.7	8.5	8.9	8.6	8.7	8.2	8.5	8.6
DE	12.8	12.4	12.0	12.2	12.5	14.3	14.6	14.7	14.8	14.6	14.7	14.8	13.9	14.0	14.1	13.7	:
EE	2.3	2.9	2.2	3.0	3.0	2.7	2.7	2.2	2.4	2.5	3.7	4.5	3.5	4.0	4.1	3.1	:
IE	5.3	4.6	4.9	4.6	3.4	3.7	6.0	8.0	8.4	8.8 ^b	9.6	10.2	10.1	10.3	9.6	9.6	:
EL	13.8	13.5	11.8	11.3	12.4	11.8	10.7	10.9	11.5	12.1	12.4	11.6	10.0	10.6	9.8	9.0	:
ES	32.4	32.1	32.1	31.8	32.1	33.4 ^b	34.1	31.7	29.3	25.5	25.0	25.4	23.7	24.1	23.0	22.1	:
FR	15.4	14.9	14.1	13.2	12.8	13.9	14.8	15.0	14.8	14.3	14.9	15.2	15.1	15.6	15.0	:	:
HR	:	:	10.0	11.3	12.4	12.3	12.9	12.6	12.1	11.6	12.3	12.7	12.8	14.1	11.7	11.7	:
IT	10.1	9.6	9.9	9.5	11.9 ^b	12.3	13.1	13.2	13.3	12.5	12.8	13.4	13.8	14.2	13.7	12.8	:
CY	10.7	10.8	9.1	12.6	13.1	14.0	13.2	13.3	14.0	13.8 ^b	14.0	14.2	15.1	15.7	16.0	14.2	:
LV	6.7	7.1	11.7	9.5	9.2	8.4	7.2	4.2	3.3	4.4	6.8	6.7 ^b	4.8	5.2	4.8	3.9	:
LT	3.8	6.6	7.6	8.1	6.6	5.6	4.5	3.5	2.4	2.3	2.4	2.8 ^b	2.6	3.3	2.6	1.6	3.2
LU	3.4	4.3	4.3	3.1	4.8	5.3	6.1	6.8	6.2	7.2	7.1	7.1	7.6	9.3	7.3	6.0	:
HU	6.8	7.5	7.3	7.6	6.9	7.0	6.7	7.3	7.8	8.4	9.6	8.9	9.4	10.2	9.9	8.5	:
MT	3.9	4.1	4.1	4.2	3.2	4.5	3.7	5.1	4.2	4.8	5.5	6.5	6.8	6.9	7.3	8.4	:
NL	13.8	14.3	14.2	14.4	14.4	15.4	16.4	17.9	17.9	18.0	18.3 ^b	18.2	19.3	19.7	19.8	19.6	:
AT	8.0	8.1	7.4	7.2	9.5 ^b	9.1	9.0	8.9	9.0	9.1	9.3	9.6	9.3	9.8	8.9	8.9	:
PL	5.6	11.9	15.4	18.9	22.5	25.6	27.3	28.2	26.9	26.4	27.2	26.9	26.8 ^b	26.7	26.5	26.3	:
PT	19.8	20.0	21.7	20.6	19.9	19.5	20.6	22.4	22.9	22.0	23.0	22.2 ^b	20.7	21.3	20.4	21.1	21.8
RO	2.9	3.0	0.9 ^b	2.1	2.8	2.4	1.8	1.6	1.3	1.0	1.1	1.5	1.7	1.9	1.5	1.4	:
SI	12.8	13.0	14.6	13.5	17.8	17.2	17.1	18.4	17.3	16.2	17.1	18.0	17.0	16.8	16.5	16.1	:
SK	4.0	4.9	4.6	4.7	5.3	4.9	5.0	5.0	4.5	4.3	5.6	6.5 ^b	6.7	6.8	6.3	6.6	:
FI	17.7	17.9	17.2	17.9	17.1	16.5	16.3	15.9	14.9	14.5	15.4	15.5	15.5	17.0	14.1	12.8	:
SE	14.3	15.5	15.3	15.6	15.5	15.7 ^b	17.0	17.2	15.8	14.9	16.0	16.5	15.9	17.0	15.1	14.7	16.6
UK	6.6	6.6	6.0	5.7	5.6	5.7	5.7	5.7	5.3	5.5	6.0	6.0	6.2	6.3	6.4	5.9	:

Source: Eurostat, LFS

Note: b break in time series, u unreliable

Table 8: Part-time employment as a percentage of the total employment [lfsa_eppga lfsq_eppga]

	% of employed													2012Q3	2012Q4	2013Q1	2013Q2
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012				
EU28	:	:	15.6	16.0	16.7	17.2	17.5	17.5	17.5	18.0	18.5	18.7	19.2	18.9	19.2	:	:
EA17	15.4	15.6	15.7	16.2	17.2	18.2	18.7	18.9	18.9	19.5	19.9	20.4	20.9	20.6	21.1	:	:
BE	20.6 ^u	18.4	19.3	20.4	21.5	21.7	22.0	21.9	22.4	23.2	23.7	24.7	24.7	23.6	24.4	25.3	:
BG	:	3.3	2.7	2.1	2.7	1.9	1.8	1.5	2.0	2.1	2.2	2.2 ^b	2.2	2.2	2.1	2.6	:
CZ	4.8	4.4	4.3	4.5	4.4	4.4	4.4	4.4	4.3	4.8	5.1	4.7	5.0 ^b	5.0	5.4	5.7	:
DK	21.4	19.6	20.0	20.3	21.9	21.5	23.0	23.0	23.8	25.2	25.6	25.1	24.8	24.0	23.4	24.7	25.4
DE	19.1	19.9	20.3	21.2	21.9	23.4	25.2	25.4	25.1	25.3	25.5	25.7	25.7	25.5	25.6	26.3	:
EE	6.3	6.8	6.0	6.7	6.9	6.6	6.7	7.2	6.4	9.4	9.8	9.3	9.2	8.6	9.2	10.1	:
IE	16.6	16.4	16.3	16.7	16.6	16.8 ^u	16.6	17.3	18.1	21.0 ^b	22.2	23.1	23.5	23.7	23.8	24.1	:
EL	4.4	3.9	4.2	3.9	4.5	4.8	5.5	5.4	5.4	5.8	6.2	6.6	7.6	7.7	8.3	8.5	:
ES	8.0	8.0	8.0	8.2	8.8	12.2 ^b	11.8	11.6	11.8	12.6	13.1	13.7	14.6	14.3	15.2	15.9	:
FR	16.8	16.3	16.1	16.8	16.9	17.1	17.1	17.2	16.8	17.2	17.6	17.6	17.7	17.3	17.6	:	:
HR	:	:	6.5	6.6	6.5	7.8	7.0	6.6	6.9	6.9	7.5	7.6	6.3	6.5	5.8	6.3	:
IT	8.7	8.9	8.5	8.5	12.4 ^b	12.7	13.1	13.4	14.1	14.1	14.8	15.2	16.8	16.5	17.2	17.8	:
CY	7.6	7.4	6.3	7.6	7.5	7.6	6.6	6.4	6.8	7.5 ^b	8.3	9.0	9.7	8.8	10.7	11.6	:
LV	10.5	9.2	8.6	9.4	9.8	7.6	5.8	5.6	5.5	8.4	9.3	8.8 ^b	8.9	8.9	7.8	7.0	:
LT	8.9	8.4	9.5	8.6	8.4	6.8	9.5	8.1	6.5	8.0	7.7	8.3 ^b	8.8	8.4	9.0	9.3	8.1
LU	11.2	11.3	11.6	13.4	16.3	17.4	17.1	17.8	17.9	17.6	17.5	18.0	18.5	17.6	18.9	18.5	:
HU	3.4 ^u	3.3	3.4	4.1	4.3	3.9	3.8	3.9	4.3	5.2	5.5	6.4	6.6	6.7	6.8	6.5	:
MT	6.1	7.1	8.4	8.9	7.8	9.4	9.7	10.6	11.1	10.7	11.7	12.4	13.2	13.9	13.3	13.6	:
NL	41.0	41.9	43.4	44.6	45.2	45.7	45.8	46.3	46.8	47.7	48.3 ^b	48.5	49.2	49.1	49.6	50.1	:
AT	16.7	16.9	18.7	18.3	20.0 ^b	20.8	21.3	21.8	22.6	23.7	24.3	24.3	24.9	24.4	25.0	25.7	:
PL	9.3	9.2	9.6	9.3	9.6	9.8	8.9	8.5	7.7	7.7	7.6	7.3	7.2 ^b	6.9	7.2	7.4	:
PT	8.1	8.2	8.4	8.8	8.1	8.2	8.1	8.8	8.6	8.4	8.4	10.1 ^b	11.0	10.9	11.0	11.0	11.3
RO	14.0	14.3	9.7 ^b	10.6	9.2	9.2	8.6	8.6	8.6	8.5	9.7	9.3	9.1	9.4	8.4	8.8	:
SI	5.3	5.3	5.8	5.8	8.3	7.8	8.0	8.1	8.1	9.5	10.3	9.5	9.0	8.3	9.3	8.8	:
SK	1.8	2.4	1.8	2.2	2.5	2.4	2.7	2.5	2.5	3.4	3.8	4.0 ^b	4.0	3.9	4.0	4.6	:
FI	11.9	11.6	12.1	12.5	12.8	13.3	13.5	13.4	12.7	13.3	13.9	14.1	14.1	13.4	14.8	14.7	:
SE	21.8	20.2	20.4	22.2	23.1	24.0 ^b	24.3	24.2	25.7	26.0	25.8	25.2	25.0	24.0	25.2	25.3	24.7
UK	24.4	24.4	24.5	25.0	25.1	24.2	24.3	24.2	24.2	25.0	25.7	25.5	25.9	25.8	25.7	25.7	:

Source: Eurostat, LFS

Note: b break in time series, u unreliable

Table 9: Employment rates 15-64 [lfsa_ergan lfsq_ergan]

	% op population 15-64													2012Q3	2012Q4	2013Q1	2013Q2
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012				
EU28	:	:	62.3	62.6	62.7	63.4	64.3	65.3	65.7	64.5	64.0	64.2	64.1	64.5	64.1	:	:
EA17	61.2	62.0	62.3	62.6	62.7	63.6	64.6	65.5	65.9	64.5	64.1	64.2	63.8	64.1	63.7	:	:
BE	60.9	59.7	59.7	59.3	60.5	61.1	61.0	62.0	62.4	61.6	62.0	61.9	61.8	62.1	61.9	61.3	62.0
BG	51.5	50.7	51.1	53.1	55.1	55.8	58.6	61.7	64.0	62.6	59.7	58.4 ^b	58.8	60.6	59.4	57.7	59.5
CZ	64.9	65.0	65.5	64.9	64.1	64.8	65.3	66.1	66.6	65.4	65.0	65.7	66.5 ^b	67.1	67.0	66.8	67.8
DK	76.4	75.9	76.4	75.1	76.0	75.9	77.4	77.0	77.9	75.3	73.3	73.1	72.6	72.8	72.4	72.0	73.0
DE	65.3	65.7	65.4	64.9	64.3	65.5	67.2	69.0	70.1	70.3	71.1	72.5	72.8	73.2	73.3	72.6	73.3
EE	60.3	60.8	61.7	62.3	62.9	64.4	68.1	69.4	69.8	63.5	61.0	65.1	67.1	68.1	67.2	67.0	69.0
IE	64.5	65.2	65.1	65.1	65.5	67.6	68.7	69.2	67.6	61.9 ^b	59.6	58.9	58.8	59.0	59.3	59.3	60.2
EL	56.6	56.5	57.7	58.9	59.6	60.1	61.0	61.4	61.9	61.2	59.6	55.6	51.3	51.0	50.2	49.1	49.6
ES	56.1	57.7	58.6	59.7	60.9	63.3 ^b	64.8	65.6	64.3	59.8	58.6	57.7	55.4	55.6	54.6	53.8	54.4
FR	61.7	62.7	62.9	63.9	63.3	63.7	63.6	64.3	64.8	64.0	63.9	63.9	63.9	64.4	63.8	:	:
HR	:	:	52.9	53.4	54.9	55.0	55.6	57.1	57.8	56.6	54.0	52.4	50.7	52.5	48.7	47.5	:
IT	53.4	54.5	55.4	56.1	57.7 ^b	57.6	58.4	58.7	58.7	57.5	56.9	56.9	56.8	56.9	56.5	55.5	55.7
CY	65.4	67.9	68.5	69.2	69.4	68.5	69.6	71.0	70.9	69.0 ^b	68.9	67.6	64.6	64.6	64.2	61.8	61.5
LV	57.4	58.9	60.5	61.7	62.2	63.3	66.3	68.3	68.6	60.9	59.3	60.8 ^b	63.1	64.4	64.1	64.1	64.8
LT	59.6	58.1	60.6	62.8	61.4	62.6	63.6	64.9	64.3	60.1	57.8	60.3 ^b	62.2	63.3	62.4	62.3	63.8
LU	62.7	63.0	63.6	62.2	62.5	63.6	63.6	64.2	63.4	65.2	65.2	64.6	65.8	66.6	66.4	65.3	65.4
HU	55.9	56.1	56.2	57.0	56.6	56.9	57.3	57.3	56.7	55.4	55.4	55.8	57.2	58.2	57.8	56.6	:
MT	54.5	54.7	55.0	54.6	53.4	53.9	53.6	54.6	55.3	55.0	56.1	57.6	59.0	59.6	59.5	59.7	60.5
NL	72.9	74.1	74.5	73.8	73.1	73.2	74.3	76.0	77.2	77.0	74.7 ^b	74.9	75.1	75.3	75.0	74.2	74.4
AT	67.9	67.8	68.1	68.2	66.5 ^b	68.6	70.2	71.4	72.1	71.6	71.7	72.1	72.5	73.6	72.4	71.1	72.5 ^b
PL	55.1	53.7	51.7	51.4	51.4	52.8	54.5	57.0	59.2	59.3	59.3	59.7	59.7 ^b	60.2	60.0	58.7	59.8
PT	68.2	68.9	69.2	68.2	68.0	67.5	67.9	67.8	68.2	66.3	65.6	64.2 ^b	61.8	62.0	60.5	59.7	60.8
RO	64.2	63.3	58.6 ^b	58.7	58.7	57.6	58.8	58.8	59.0	58.6	58.8	58.5	59.5	60.8	59.3	58.1	:
SI	62.7	63.6	64.3	62.5	65.6	66.0	66.6	67.8	68.6	67.5	66.2	64.4	64.1	64.3	64.2	62.4	63.0
SK	56.3	56.7	56.5	57.9	56.7	57.7	59.4	60.7	62.3	60.2	58.8	59.3 ^b	59.7	60.1	59.4	59.8	59.8
FI	68.1	69.1	69.1	68.7	68.3	68.4	69.3	70.3	71.1	68.7	68.1	69.0	69.4	70.7	68.5	67.4	70.3
SE	71.1	74.4	74.0	73.6	72.4	72.5 ^b	73.1	74.2	74.3	72.2	72.1	73.6	73.8	75.0	73.5	72.9	74.6
UK	71.0	71.3	71.2	71.4	71.5	71.7	71.6	71.5	71.5	69.9	69.5	69.5	70.1	70.5	70.8	70.2	:

Source: Eurostat, LFS

Note: b break in time series

Table 10: Employment rates 20-64 [lfsa_ergan lfsq_ergan]

	% op population 20-64													2012Q3	2012Q4	2013Q1	2013Q2
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012				
EU28	:	:	66.7	67.1	67.2	67.9	68.9	69.8	70.3	68.9	68.5	68.5	68.4	68.8	68.4	:	:
EA17	65.4	66.1	66.4	66.8	67.0	67.9	68.9	69.8	70.2	68.8	68.4	68.5	68.0	68.3	67.9	:	:
BE	66.3	64.9	64.7	64.5	65.8	66.5	66.5	67.7	68.0	67.1	67.6	67.3	67.2	67.4	67.2	66.7	67.5
BG	56.5	55.8	56.5	58.7	61.2	61.9	65.1	68.4	70.7	68.8	65.4	62.9 ^b	63.0	64.8	63.4	61.7	63.6
CZ	70.9	71.2	71.7	71.0	70.1	70.7	71.2	72.0	72.4	70.9	70.4	70.9 ^b	71.5	72.0	71.9	71.6	72.7
DK	77.9	78.2	78.3	77.4	78.1	78.0	79.4	79.0	79.7	77.5	75.8	75.7	75.4	75.6	75.3	75.0	76.0
DE	68.7	69.1	68.8	68.4	67.9	69.4	71.1	72.9	74.0	74.2	74.9	76.3	76.7	77.1	77.1	76.4	77.2
EE	67.4	67.7	69.1	69.4	70.3	72.0	75.8	76.8	77.0	69.9	66.7	70.4	72.1	73.0	72.1	72.1	74.1
IE	70.1	70.8	70.8	70.4	71.0	72.6	73.4	73.8	72.3	66.9 ^b	64.6	63.8	63.7	63.8	64.1	64.3	65.3
EL	62.1	61.7	62.7	63.8	64.4	64.6	65.7	66.0	66.5	65.8	64.0	59.9	55.3	54.9	54.1	53.0	53.5
ES	60.6	62.0	62.8	64.0	65.0	67.2 ^b	68.7	69.5	68.3	63.7	62.5	61.6	59.3	59.4	58.5	57.6	58.2
FR	67.4	68.4	68.6	69.7	69.1	69.4	69.3	69.8	70.4	69.4	69.2	69.2	69.3	69.6	69.3	:	:
HR	:	:	57.9	58.4	59.7	60.0	60.6	62.3	62.9	61.7	58.7	57.0	55.4	57.2	53.5	52.3	:
IT	57.1	58.2	59.2	60.1	61.6 ^b	61.6	62.5	62.8	63.0	61.7	61.1	61.2	61.0	61.0	60.8	59.7	59.8
CY	72.0	74.1	75.1	75.4	75.7	74.4	75.8	76.8	76.5	75.3 ^b	75.0	73.4	70.2	70.0	69.8	67.4	67.3
LV	63.4	65.4	67.2	68.7	69.3	70.3	73.5	75.2	75.8	67.1	65.0	66.3 ^b	68.1	69.7	69.3	68.8	69.4
LT	66.1	64.9	68.0	70.7	69.2	70.6	71.6	72.9	72.0	67.2	64.4	67.0 ^b	68.7	69.9	68.8	68.5	69.9
LU	67.5	67.6	68.4	67.2	67.7	69.0	69.1	69.6	68.8	70.4	70.7	70.1	71.4	72.1	71.7	70.7	70.7
HU	60.9	61.1	61.4	62.4	62.0	62.2	62.6	62.6	61.9	60.5	60.4	60.7	62.1	63.1	62.7	61.3	:
MT	57.5	57.6	58.2	57.8	57.3	57.9	57.6	58.5	59.2	58.8	60.1	61.5	63.1	63.3	63.9	64.1	64.5
NL	74.2	75.3	75.8	75.3	74.9	75.1	76.3	77.8	78.9	78.8	76.8 ^b	77.0	77.2	77.3	77.2	76.5	76.6
AT	70.7	70.7	70.9	71.3	69.6 ^b	71.7	73.2	74.4	75.1	74.7	74.9	75.2	75.6	76.4	75.5	74.4	75.9 ^b
PL	61.1	59.8	57.7	57.3	57.0	58.3	60.1	62.7	65.0	64.9	64.3 ^b	64.5	64.7	65.2	65.0	63.6	64.6
PT	73.4	74.0	74.1	73.1	72.7	72.3	72.7	72.6	73.1	71.2	70.5	69.1 ^b	66.5	66.6	65.1	64.3	65.3
RO	70.5	69.4	64.3 ^b	64.8	64.7	63.6	64.8	64.4	64.4	63.5	63.3	62.8	63.8	65.0	63.6	62.3	:
SI	68.5	69.4	70.0	68.1	71.0	71.1	71.5	72.4	73.0	71.9	70.3	68.4	68.3	68.3	68.5	66.4	67.1
SK	63.0	63.4	63.2	65.0	63.5	64.5	66.0	67.2	68.8	66.4	64.6	65.0 ^b	65.1	65.4	64.6	64.9	65.0
FI	72.3	73.3	73.2	72.9	72.5	73.0	73.9	74.8	75.8	73.5	73.0	73.8	74.0	74.9	73.3	72.3	74.4
SE	76.3	78.9	78.8	78.5	77.8	78.1 ^b	78.8	80.1	80.4	78.3	78.1	79.4	79.4	80.3	79.2	78.7	80.0
UK	73.9	74.3	74.3	74.7	74.9	75.2	75.2	75.2	75.2	73.9	73.6	73.6	74.2	74.4	74.8	74.3	:

Source: Eurostat, LFS

Note: b break in time series

Table 11: Unemployment rates [une_rt_a une_rt_q]

	% of active population													2012Q3	2012Q4	2013Q1	2013Q2
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012				
EU28	8.9	8.6	9.0	9.1	9.3	9.1	8.3	7.2	7.1	9.0	9.7	9.7	10.5	10.6	10.8	11.0	11.0
EA17	8.7	8.1	8.5	9.0	9.3	9.2	8.5	7.6	7.6	9.6	10.1	10.2	11.4	11.5	11.8	12.0	12.1
BE	6.9	6.6	7.5	8.2	8.4	8.5	8.3	7.5	7.0	7.9	8.3	7.2	7.6	7.6	8.0	8.4	8.7
BG	16.4	19.5	18.2	13.7	12.1	10.1	9.0	6.9	5.6	6.8	10.3	11.3	12.3	12.3	12.5	12.9	12.8
CZ	8.8	8.1	7.3	7.8	8.3	7.9	7.1	5.3	4.4	6.7	7.3	6.7	7.0	7.0	7.2	7.2	7.0
DK	4.3	4.5	4.6	5.4	5.5	4.8	3.9	3.8	3.4	6.0	7.5	7.6	7.5	7.4	7.3	7.1	6.8
DE	8.0	7.9	8.7	9.8	10.5	11.3	10.3	8.7	7.5	7.8	7.1	5.9	5.5	5.4	5.4	5.4	5.4
EE	13.6	12.6	10.3	10.1	9.7	7.9	5.9	4.6	5.5	13.8	16.9	12.5	10.2	10.0	9.8	9.3	8.0
IE	4.2	3.9	4.5	4.6	4.5	4.4	4.5	4.7	6.4	12.0	13.9	14.7	14.7	14.7	14.2	13.7	13.9
EL	11.2	10.7	10.3	9.7	10.5	9.9	8.9	8.3	7.7	9.5	12.6	17.7	24.3	25.4	26.1	26.6	.
ES	11.7	10.5	11.4	11.4	10.9	9.2	8.5	8.3	11.3	18.0	20.1	21.7	25.0	25.6	26.1	26.4	26.4
FR	9.0	8.2	8.3	8.9	9.3	9.3	9.2	8.4	7.8	9.5	9.7	9.6	10.3	10.3	10.6	10.8	10.9
HR	15.8	15.9	15.1	14.1	13.8	12.8	11.4	9.6	8.4	9.1	11.8	13.5	15.9	16.0	17.5	16.7	16.5
IT	10.0	9.0	8.5	8.4	8.0	7.7	6.8	6.1	6.7	7.8	8.4	8.4	10.7	10.8	11.4	11.9	12.1
CY	4.8	3.9	3.5	4.1	4.6	5.3	4.6	3.9	3.7	5.4	6.3	7.9	11.9	12.4	13.4	14.6	16.4
LV	13.7	12.9	12.8	11.3	11.2	9.6	7.3	6.5	8.0	18.2	19.8	16.2	15.1	14.5	13.9	12.6	11.5
LT	16.4	17.4 ^{de}	13.8 ^{de}	12.4 ^{de}	11.3 ^{de}	8.0 ^{de}	5.2 ^{de}	3.8 ^{de}	5.3 ^{de}	13.6 ^{de}	18.0 ^{de}	15.3	13.3	13.0	13.2	12.5	12.0
LU	2.2	1.9	2.6	3.8	5.0	4.6	4.6	4.2	4.9	5.1	4.6	4.8	5.1	5.1	5.2	5.4	5.6
HU	6.3	5.6	5.6	5.8	6.1	7.2	7.5	7.4	7.8	10.0	11.2	10.9	10.9	10.7	10.9	11.1	10.4
MT	6.7	7.6	7.4	7.7	7.2	7.3	6.9	6.5	6.0	6.9	6.9	6.5	6.4	6.3	6.4	6.3	6.1
NL	3.1	2.5	3.1	4.2	5.1	5.3	4.4	3.6	3.1	3.7	4.5	4.4	5.3	5.3	5.6	6.2	6.7
AT	3.6	3.6	4.2	4.3	4.9	5.2	4.8	4.4	3.8	4.8	4.4	4.2	4.3	4.5	4.6	4.9	.
PL	16.1	18.3	20.0	19.8	19.1	17.9	13.9	9.6	7.1	8.1	9.7	9.7	10.1	10.2	10.4	10.6	10.5
PT	4.5 ^e	4.6 ^e	5.7 ^e	7.1 ^e	7.5 ^e	8.6 ^e	8.6 ^e	8.9 ^e	8.5 ^e	10.6 ^e	12.0 ^e	12.9	15.9	16.2	17.0	17.6	17.0
RO	6.8	6.6	7.5	6.8	8.0	7.2	7.3	6.4	5.8	6.9	7.3	7.4	7.0	7.0	6.7	7.1	7.4
SI	6.7	6.2	6.3	6.7	6.3	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.9	9.4	9.5	10.6	11.2
SK	18.9	19.5	18.8	17.7	18.4	16.4	13.5	11.2	9.6	12.1	14.5	13.7	14.0	14.0	14.3	14.2	14.2
FI	9.8	9.1	9.1	9.0	8.8	8.4	7.7	6.9	6.4	8.2	8.4	7.8	7.7	7.8	7.9	8.1	8.0
SE	5.6	5.8 ^b	6.0	6.6	7.4	7.7	7.1	6.1	6.2	8.3	8.6	7.8	8.0	8.1	8.1	8.1	8.0
UK	5.4	5.0	5.1	5.0	4.7	4.8	5.4	5.3	5.6	7.6	7.8	8.0	7.9	7.8	7.7	7.8	.

Source: Eurostat, EU LFS

B break in time series; d definition differs, see metadata; e estimated

Table 12: Youth unemployment rates [une_rt_a une_rt_q]

	% of active population 15-24													2012Q3	2012Q4	2013Q1	2013Q2
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012				
EU28	17.7	17.4	18.0	18.7	19.1	18.9	17.6	15.8	15.8	20.1	21.1	21.5	23.0	23.0	23.4	23.5	23.5
EA17	16.8	15.3	15.9	17.3	18.2	18.3	17.0	15.5	16.0	20.3	20.9	20.8	23.1	23.4	23.8	24.0	23.9
BE	16.7	16.8	17.7	21.8	21.2	21.5	20.5	18.8	18.0	21.9	22.4	18.7	19.8	20.1	21.4	23.0	24.0
BG	33.7	38.3	35.2	26.6	24.3	21.0	18.3	14.1	11.9	15.1	21.8	25.0	28.1	26.7	28.0	27.3	26.2
CZ	17.0	16.6	16.0	17.6	20.4	19.3	17.5	10.7	9.9	16.6	18.3	18.1	19.5	19.2	19.5	19.1	18.7
DK	6.2	8.3	7.4	9.2	8.2	8.6	7.7	7.5	8.0	11.8	14.0	14.2	14.1	13.2	14.1	12.7	11.9
DE	8.7	8.4	9.9	11.6	13.8	15.6	13.8	11.9	10.6	11.2	9.9	8.6	8.1	8.0	8.0	7.8	7.7
EE	24.4	23.2	17.8	20.8	21.6	16.1	11.9	10.1	12.1	27.5	32.9	22.3	20.9	20.8	18.9	21.1	14.7
IE	6.7	7.2	8.4	8.7	8.7	8.6	8.7	9.1	13.3	24.0	27.6	29.1	30.4	30.4	28.9	28.3	28.2
EL	29.1	28.0	26.8	26.8	26.9	26.0	25.2	22.9	22.1	25.8	32.9	44.4	55.3	56.9	58.0	59.6	:
ES	22.9	21.0	22.2	22.6	22.0	19.7	17.9	18.2	24.6	37.8	41.6	46.4	53.2	54.3	55.1	55.4	55.7
FR	19.6	16.3	17.2	19.1	20.8	21.3	22.4	19.8	19.3	24.0	23.6	22.8	24.6	25.0	26.1	26.2	25.6
HR	37.0	40.1	35.5	34.7	32.8	31.9	28.8	24.0	21.9	25.1	32.6	36.1	43.0	44.6	49.1	51.9	55.4
IT	26.2	23.1	22.0	23.6	23.5	24.0	21.6	20.3	21.3	25.4	27.8	29.1	35.3	35.3	37.3	38.7	38.9
CY	9.9	8.2	8.0	8.8	10.2	13.9	10.0	10.2	9.0	13.8	16.6	22.4	27.8	28.1	31.8	35.1	37.9
LV	21.4	23.0	23.6	19.9	20.0	15.0	13.5	11.9	14.5	36.2	37.2	31.0	28.5	29.9	25.1	22.5	19.8
LT	30.0	31.1 ^{de}	22.9 ^{de}	24.7 ^{de}	22.1 ^{de}	14.9 ^{de}	8.6 ^{de}	6.8 ^{de}	12.2 ^{de}	29.0 ^{de}	35.3 ^{de}	32.2	26.4	26.1	24.2	21.2	22.6
LU	6.6	6.2	7.0	11.2	16.4	14.6	15.5	15.6	17.3	16.5	15.8	16.4	18.0	18.1	18.9	19.7	19.6
HU	11.9	11.0	11.9	13.2	15.5	19.4	19.1	18.1	19.9	26.5	26.6	26.1	28.1	29.2	28.8	29.6	27.7
MT	13.7	18.8	17.1	17.4	16.6	16.8	15.9	13.9	12.2	14.4	13.1	13.8	14.2	14.4	13.7	12.6	11.5
NL	6.1	5.0	5.4	7.3	9.0	9.4	7.5	7.0	6.3	7.7	8.7	7.6	9.5	9.5	9.8	10.4	10.8
AT	5.3	5.8	6.7	8.1	9.7	10.3	9.1	8.7	8.0	10.0	8.8	8.3	8.7	9.0	8.7	8.8	:
PL	35.1	39.5	42.5	41.9	39.6	36.9	29.8	21.6	17.2	20.6	23.7	25.8	26.5	26.4	27.6	27.4	27.0
PT	10.5 ^e	11.5 ^e	14.3 ^e	17.8 ^e	18.9 ^e	19.8 ^e	20.1 ^e	20.4 ^e	20.2 ^e	24.8 ^e	27.7 ^e	30.1	37.7	39.7	38.7	40.3	39.4
RO	17.2	17.6	21.0	19.5	21.0	19.7	21.0	20.1	18.6	20.8	22.1	23.7	22.7	22.4	22.2	23.1	:
SI	16.3	17.8	16.5	17.3	16.1	15.9	13.9	10.1	10.4	13.6	14.7	15.7	20.6	22.8	23.2	21.8	23.9
SK	37.3	39.6	38.1	33.8	33.4	30.4	27.0	20.6	19.3	27.6	33.9	33.7	34.0	34.0	35.2	34.1	34.6
FI	21.4	19.8	21.0	21.8	20.7	20.1	18.7	16.5	16.5	21.5	21.4	20.1	19.0	18.9	19.4	19.9	20.1
SE	10.5	15.0 ^b	16.4	17.4	20.4	22.6	21.5	19.2	20.2	25.0	24.8	22.8	23.7	24.1	24.1	24.2	23.8
UK	12.2	11.7	12.0	12.2	12.1	12.8	14.0	14.3	15.0	19.1	19.6	21.1	21.0	20.4	20.6	20.5	:

Source: Eurostat, EU LFS

B break in t definition differs, see metadata; e estimated

Table 13: Long-term unemployment rates [une_ltu_a une_ltu_q]

	% of active population													2012Q2	2012Q4	2013Q1	2013Q2
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012				
EU28	:	:	4.1	4.2	4.3	4.2	3.8	3.1	2.6	3.0	3.9	4.2	4.7	4.6	4.6	4.9	:
EA17	4.2	3.8	3.8	4.1	4.3	4.2	3.9	3.4	3.0	3.4	4.3	4.6	5.3	5.2	5.2	5.7	:
BE	3.7	3.2	3.7	3.7	4.1	4.4	4.2	3.8	3.3	3.5	4.1	3.5	3.4	3.1	3.3	3.8	3.9
BG	9.4	12.1	12.0	9.0	7.2	6.1	5.0	4.1	2.9	3.0	4.8	6.3	6.8	6.9	6.5	6.8	7.6
CZ	4.3	4.2	3.7	3.8	4.2	4.2	3.9	2.8	2.2	2.0	3.0	2.7	3.0	3.0	3.0	3.1	3.2
DK	0.9	0.9	0.9	1.1	1.2	1.1	0.8	0.6	0.5	0.6	1.5	1.8	2.1	2.1	2.0	2.1	1.9
DE	4.1	3.9	4.2	4.9	5.9	6.0 ^b	5.8	4.9	4.0	3.5	3.4	2.8	2.5	2.5	2.5	2.3	2.5
EE	6.2	6.1	5.4	4.6	5.1	4.2	2.8	2.3	1.7	3.8	7.7	7.1	5.5	5.3	5.1	4.8	4.8
IE	1.6	1.3	1.3	1.5	1.6	1.5	1.4	1.4	1.7	3.5	6.8	8.7	9.1	9.4	9.0	8.3	8.5
EL	6.2	5.5	5.3	5.3	5.6	5.1	4.8	4.1	3.6	3.9	5.7	8.8	14.4	13.5	15.0	16.7	17.5
ES	4.9	3.8	3.8	3.8	3.5	2.2 ^b	1.8	1.7	2.0	4.3	7.3	9.0	11.1	10.9	11.2	12.2	12.8
FR	3.5	2.9	2.9	3.5	3.8	3.8	3.9	3.4	2.9	3.4	3.9	4.0	4.1	4.0	4.1	4.3	:
HR	:	:	9.2	8.4	7.5	7.5	6.8	5.9	5.3	5.1	6.7	8.6	10.3	9.4	9.9	11.5	11.2
IT	6.2	5.6	5.0	4.9	4.0 ^b	3.9	3.4	2.9	3.1	3.5	4.1	4.4	5.7	5.6	5.3	6.4	7.1
CY	1.2	0.8	0.7	1.0	1.2	1.3	0.9	0.7	0.5	0.6	1.3	1.6	3.6	3.2	3.9	4.4	5.5
LV	7.9	7.3	5.8	4.7	4.9	4.4	2.7	1.7	2.1	4.9	8.9	8.8	7.8	8.7	6.4	7.5	6.9
LT	8.0	9.8	7.4	5.9	5.8	4.2	2.3	1.2	1.1	3.2	7.4	8.0	6.5	6.5	6.3	6.0	5.9
LU	0.5	0.5	0.7	1.0	1.0	1.2	1.4	1.2	1.6	1.2	1.3	1.4	1.5	1.4	1.0	1.9	1.9
HU	3.0	2.5	2.4	2.4	2.7	3.2	3.4	3.4	3.6	4.2	5.5	5.2	4.9	4.9	4.7	5.1	5.1
MT	4.5	3.7	3.3	3.2	3.4	3.5	2.9	2.7	2.5	3.0	3.2	3.0	3.0	3.1	3.2	2.8	2.9
NL	0.8	0.7	0.8	1.2	1.7	2.1	1.9	1.4	1.1	0.9	1.2 ^b	1.5	1.8	1.8	1.7	1.9	2.2
AT	1.0	0.9	1.1	1.1	1.4 ^b	1.3	1.3	1.2	0.9	1.0	1.1	1.1	1.1	1.1	1.2	1.1	1.1
PL	7.4	9.2	11.0	11.1	10.3	10.3	7.8	4.9	2.4	2.5	3.0	3.6	4.1	4.0	4.0	4.2	4.5
PT	1.9	1.7	2.0	2.5	3.3	4.1	4.3	4.2	4.0	4.7	6.3	6.2 ^b	7.7	7.3	8.0	8.8	9.5
RO	3.5	3.2	4.0 ^b	4.2	4.7	4.0	4.2	3.2	2.4	2.2	2.5	3.1	3.2	3.1	3.2	3.2	3.4
SI	4.1	3.7	3.5	3.5	3.2	3.1	2.9	2.2	1.9	1.8	3.2	3.6	4.3	3.9	4.6	4.7	5.2
SK	10.3	11.4	12.3	11.5	11.9	11.8	10.3	8.3	6.7	6.5	9.3	9.3	9.4	9.1	9.2	9.9	9.9
FI	2.8	2.5	2.3	2.3	2.1	2.2	1.9	1.6	1.2	1.4	2.0	1.7	1.6	1.7	1.5	1.6	1.8
SE	1.4	1.2	1.2	1.2	1.4	1.0 ^b	1.0	0.9	0.8	1.1	1.6	1.5	1.5	1.5	1.4	1.5	1.5
UK	1.4	1.3	1.1	1.1	1.0	1.0	1.2	1.3	1.4	1.9	2.5	2.7	2.7	2.7	2.8	2.7	2.8

Source: Eurostat, EU LFS

Note: b break in time series

Table 14: Job vacancy rates [jvs_q_nace2]

	%																	
	09q1	09q2	09q3	09q4	10q1	10q2	10q3	10q4	11q1	11q2	11q3	11q4	12q1	12q2	12q3	12q4	13q1	13q2
EU28	:	:	:	:	1.3	1.4	1.3	1.5	1.6	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4
EU27	1.4	1.4	1.3	1.2	1.3	1.4	1.3	1.5	1.6	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4
EA17	1.5	1.5	1.4	1.3	1.4	1.4	1.4	1.6	1.8	1.7	1.6	1.7	1.7	1.7	1.4	1.6	1.5	1.4
BE	:	:	:	:	1.8	1.8	1.5	1.6	1.6	1.9	2.1	1.6	2.6	2.5	2.6	2.0	2.0	:
BG	0.8	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.6	0.7	0.6
CZ	1.6	1.2	1.0	0.8	0.8	0.8	0.9	0.8	0.8	0.9	1.0	0.9	0.9	1.0	1.0	1.0	0.9	0.9
DK	:	:	:	:	1.2	1.3	1.2	1.1	1.4	1.3	1.1	1.0	1.2	1.3	1.2	1.1	1.2	:
DE	:	:	:	2.2	1.9	2.0	2.1	2.6	2.7	2.5	2.5	3.0	2.6	2.7	2.3	2.7	2.6	2.5
EE	1.0	0.8	1.0	0.8	0.9	1.1	1.2	1.0	1.2	1.3	1.6	1.3	1.4	1.6	1.5	1.3	1.3	:
IE	0.5	0.4	0.3	0.3	0.4	0.5	0.5	0.6	0.7	0.6	0.6	0.6	0.7	0.6	0.6	0.8	0.7	0.7
GR	2.2	2.0	1.5	1.2	1.9	1.1	0.9	0.6	1.7	0.9	0.7	0.5	1.1	0.9	0.3	0.4	:	:
ES	0.6	0.6	0.7	0.7	1.4	1.4	1.1	1.1	1.1	1.1	1.0	0.8	0.8	0.8	0.7	0.7	:	:
FR	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6
HR	:	:	:	:	0.9	0.9	0.9	0.9	0.9	1.4	1.3	1.1	1.8	1.3	0.6	0.6	1.5	:
IT	0.6	0.5	0.5	0.5	0.7	0.7	0.6	0.6	0.9	0.9	0.7	0.6	0.7	0.5	0.4	0.4	0.5	:
CY	:	:	:	:	1.7	1.9	1.7	1.1	1.6	1.5	0.9	0.5	0.8	0.9	0.4	0.4	0.2	0.8
LV	0.4	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	:
LT	0.6	0.5	0.5	0.4	0.6	0.6	0.8	0.6	0.9	0.8	1.1	0.6	0.9	0.8	1.2	0.7	0.8	0.8
LU	0.5	0.4	0.3	0.3	0.5	0.5	0.7	0.7	0.8	1.0	0.8	0.6	0.8	0.8	0.8	0.6	0.7	:
HU	1.0	0.9	0.8	0.9	1.2	1.1	1.0	1.0	1.3	1.1	1.1	1.0	1.1	1.0	1.0	1.0	1.3	:
MT	1.6	2.1	2.7	2.9	3.6	3.5	2.9	3.2	2.7	3.6	3.0	2.8	3.3	3.4	3.7	3.1	2.0	:
NL	1.9	1.7	1.6	1.5	1.5	1.6	1.5	1.6	1.7	1.8	1.6	1.5	1.5	1.5	1.3	1.2	1.2	1.2
AT	1.6	1.4	1.5	1.4	1.6	1.7	2.1	2.2	2.3	2.1	1.9	1.8	2.0	2.0	1.9	1.5	1.9	1.8
PL	0.7	0.7	0.6	0.5	0.7	0.6	0.6	0.5	0.7	0.6	0.5	0.4	0.5	0.5	0.4	0.3	0.4	:
PT	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.4	:
RO	1.3	0.9	0.8	0.5	0.7	0.6	0.6	0.5	0.7	0.7	0.7	0.5	0.6	0.6	0.6	0.6	0.7	0.7
SI	0.7	0.7	0.7	0.5	0.6	0.7	0.7	0.7	0.8	0.8	1.0	0.8	0.8	0.7	0.9	0.6	0.7	:
SK	1.2	1.0	0.9	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.8
FI	2.0	1.7	1.4	1.1	2.2	2.1	1.7	1.4	2.7	2.3	1.8	1.6	3.3	2.3	1.7	1.5	2.0	1.4
SE	0.9	0.9	0.7	0.8	1.1	1.4	1.2	1.2	1.6	1.8	1.4	1.3	1.8	1.8	1.3	1.2	1.7	1.6
UK	1.6	1.6	1.6	1.6	1.6	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.8	1.8	1.7	1.9

Source: Eurostat, Job vacancy statistics

 Notes: 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: does not include section O. FR, HR, IT, MT: includes only business units with 10 or more employees.

Table 15: Labour productivity per person employed

	Annual % change													% change on previous quarter				% change on previous year			
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012Q3	2012Q4	2013Q1	2013Q2	2012Q3	2012Q4	2013Q1	2013Q2
EU28	.	1.1	0.8	1.1	1.9	1.1	1.7	1.4	-0.6	-2.8	2.5	1.4	0.2	0.1	-0.3	0.1	0.4	0.0	-0.3	-0.3	0.3
EA17	1.1	0.6	0.2	0.2	1.4	0.7	1.6	1.2	-0.4	-2.6	2.4	1.3	0.0	0.0	-0.2	0.3	0.4	-0.1	-0.2	0.0	0.5
BE	1.6	-0.5	1.5	0.9	2.2	0.3	1.5	1.2	-0.8	-2.6	1.7	0.5	-0.5	0.0	-0.1	0.2	0.2	-0.5	-0.3	-0.3	0.3
BG	8.3	4.9	4.4	2.5	4.1	3.6	3.1	3.2	3.7	-3.8	4.4	4.1	3.4	0.0	0.3	0.1 b	-0.4	3.0	2.6	1.7 b	0.0
CZ	5.0	3.4	1.5	4.6	5.1	4.6	5.6	3.5	0.8	-2.8	3.5	1.9	-1.6	-0.4	-0.4	-1.9	0.2	-2.0	-2.4	-3.4	-2.6
DK	3.0	-0.2	0.4	1.5	2.9	1.4	1.3	-1.1	-2.4	-2.4	4.1	1.4	-0.1	0.7	-0.4	-0.1	0.2	0.2	0.0	-0.6	0.3
DE	1.3	1.2	0.6	0.5	0.9	0.8	3.1	1.5	-0.1	-5.2	3.5	1.9	-0.4	0.0	-0.6	-0.2	0.6	-0.2	-0.5	-1.0	-0.1
EE	11.3	5.4	5.1	6.3	6.4	6.7	4.5	6.6	-4.3	-4.5	7.7	2.4	1.7	1.2	1.4	-2.4	-1.6	2.1	2.8	-0.8	-1.5
IE	6.0	2.1	4.0	2.0	0.9	0.9	0.7	1.0	-1.5	2.6	3.4	3.3	1.5	-1.2	-0.8	-1.0	.	-0.4	-1.1	-2.1	.
EL	4.0	4.1	1.2	4.7	1.9	-0.7 b	3.5	2.1	-1.4 p	-2.5 p	-2.4 p	-1.6 p	2.1 p	.	.	.	.	.	.	.	.
ES	0.0	0.4	0.2	-0.1	-0.4	-0.5	0.1	0.4	1.0	2.9	2.0	2.0	2.7	0.6	0.4	0.6	0.4	2.7	2.5	2.2	2.1
FR	1.1	0.3	0.4	0.8	2.4	1.2	1.4	0.9	-0.6	-1.9	1.7	1.4	0.1	0.3	0.0	-0.1	0.5	0.2	-0.1	-0.2	0.6
HR	4.3	3.1	4.0	1.4	2.6	3.5	1.0	1.5	1.0	-5.2	3.0	2.4 p	2.0 p	.	.	.	.	.	.	.	.
IT	1.7	-0.2	-1.2	-1.5	1.3	0.4	0.2	0.4	-1.4	-3.9	2.5	0.1	-2.1	-0.6	-0.3	0.6	0.0	-2.9	-2.7	-1.3	-0.3
CY	3.3	1.8	0.0	-1.9	0.4	0.3	2.3	1.8	1.4	-1.5	1.5	0.1	1.7	0.5	0.0	-0.5	0.3	2.3	1.5	-0.1	0.1
LV	9.2	6.1 b	4.2	5.5	7.6	8.4	5.9	5.8	-4.2	-5.3	4.0	14.8 b	2.9 b	0.0	0.6	1.5	1.0	1.7	2.8	2.7	3.1
LT	7.9	10.9	3.1	7.9	7.4	5.2	5.9	6.8	3.6	-8.6	7.0	3.8	11.2	1.4	1.5	-0.4	-0.1	0.4	1.4	2.1	2.4
LU	2.7	-2.9	0.8	-0.1	2.1	2.3	1.3	2.0	-5.5	-5.1	1.1	-1.2	-1.9	-0.6	1.5	-1.6	.	-2.5	-0.6	-0.5	.
HU	3.2	3.9	4.6	3.9	5.8	4.3	3.4	-0.6	2.7	-4.4	0.6	1.2	-1.8	0.5	-0.5	0.6	.	-1.2	-2.4	-0.4	.
MT	.	-1.7	2.1	1.1	-0.7	2.0	1.4	1.7	1.4	-2.6	2.3	-1.2	-1.5	-1.1	-0.4	-0.9	0.5	-0.7	-1.0	-0.5	-1.9
NL	1.7	-0.1	-0.4	0.8	3.1	1.5	1.7	1.3	0.3	-3.0	1.9	0.2	-1.1	-0.8	-0.4	-0.1	0.2	-1.1	-0.8	-0.4	-1.1
AT	2.7	0.1	1.8	0.2	2.0	1.2	1.9	1.9	-0.5	-3.1	0.8	1.1	-0.4	-0.1	-0.2	-0.1	-0.1	-0.4	-0.3	-0.3	-0.5
PL	5.9	3.5	4.6	5.1	4.2	1.4	3.0	2.2	1.2	1.2	3.4	3.5	5.5 b	0.9	0.4	0.1	0.4	5.1	4.3	1.6	1.8
PT	1.8	0.2	0.2	-0.3	1.6	1.1	0.9	2.4	-0.5	-0.3	3.5	0.3 p	1.0 p	-0.3	0.2	1.8	0.3	0.6	0.5	1.1	2.0
RO	3.2	6.8	17.0	5.3	10.3	5.8	7.1	5.9	7.3	-4.7	-0.9	3.3	-0.8	.	.	.	.	.	.	.	.
SI	2.7	2.4	2.2	3.2	4.0	4.5	4.2	3.5	0.8	-6.2	3.5	2.4	-1.7	0.3	-0.3	0.3	0.0	-1.8	-1.6	-0.6	0.3
SK	3.4	2.9	4.5	3.7	5.3	5.0	6.1	8.2	2.4	-3.0	6.0	1.4	2.0	0.4	0.5	0.5	0.7	2.1	1.6	1.8	2.1
FI	3.2	0.9	0.9	2.0	3.7	1.5	2.5	3.1	-2.2	-6.1	3.4	1.2	-0.8	-0.2	-0.7	0.3	0.1	-1.6	-1.5	-1.9	-0.6
SE	2.0	-0.8	2.4	2.9	5.0	2.9	2.6	1.0	-1.5	-2.7	5.5	0.6	0.2	0.1	-0.4	0.0	-0.4	0.0	1.2	0.5	-0.6
UK	3.2	1.3	1.5	3.0	2.1	2.2	1.9	2.7	-1.5	-3.6	1.5	0.6	-1.0	0.4	-0.8	0.4	0.5	-1.6	-2.0	-1.2	0.5

Source: Eurostat (nama_aux_lp and namq_aux_lp)

Note: b break in time series ; p provisional

Table 16: Labour productivity per person employed

	Annual % change													% change on previous quarter				% change on previous year				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012Q3	2012Q4	2013Q1	2013Q2	2012Q3	2012Q4	2013Q1	2013Q2	
EU28
EA17	1.6	1.2	1.1	0.6	1.1	1.0	2.2	1.2	-0.1	-1.2	2.0	1.3	0.8	-0.3	0.2	0.7	-0.3	0.7	0.6	1.2	0.3	
BE
BG	10.2	4.2	4.4	3.1	2.6	3.9	3.4	3.1	1.3	-1.1	4.5	4.2	3.3	0.0	0.4	0.0	-0.5	2.8	2.7	1.5	-0.1	
CZ	4.8	7.8	1.6	5.2	4.4	4.6	6.7	4.4	0.4	-1.5	1.7	1.8	-0.1	1.2	-3.0	3.5	-2.0	0.7	-2.3	2.9	-0.5	
DK	2.0	-0.5	0.9	1.7	2.7	1.4	0.9	-0.2	-2.5	5.4	5.3	0.2	0.0	-0.3	-0.1	4.5	.	0.6	1.0	7.8	.	
DE	2.7	2.5	1.4	0.9	0.8	1.2	3.6	1.7	-0.1	-2.5	1.8	1.8	0.4	-0.4	0.1	0.0	-0.1	0.5	0.6	0.7	-0.5	
EE	.	5.9	5.0	6.1	5.8	6.0	5.0	6.8	-2.8	2.5	5.0	0.1	3.5	2.7	0.1	-1.1	-2.0	4.2	4.4	1.5	-0.4	
IE	6.5	2.6	5.1	2.9	1.6	0.5	1.0	1.8	-0.4	4.4	4.0	3.3	1.3	-1.6	-1.0	-0.4	.	-0.3	-1.8	-2.0	.	
EL	.	4.0	1.7	5.0	2.9	-1.3 b	5.0	3.5	3.0 p	-4.9 p	-3.3 p	-2.7 p	2.4 p	.	.	.	.	.	.	.	.
ES	0.1	0.1	0.4	0.7	0.5	0.6	0.9	1.3	0.7	2.4	1.9	1.6	3.5	-0.5	0.8	1.9	-1.5	3.4	2.5	3.8	0.7	
FR	3.5	0.9	3.0	1.0	0.5	1.5	2.9	0.1	-1.0	-0.6	1.2	1.2	0.2	0.3	0.0	-0.1	0.5	0.4	0.2	0.1	0.8	
HR
IT	2.5	0.8	-0.6	-1.2	1.3	0.8	0.4	0.3	-0.7	-2.2	2.4	0.1	-1.0	-1.1	0.6	0.9	-0.8	-2.3	-1.1	-0.5	-0.4	
CY	2.9	0.5	1.5	-1.5	2.4	1.9	1.4	2.3	1.9	-1.0	1.1	0.0	1.1	0.3	0.1	1.0	-1.4	1.6	1.2	1.3	0.0	
LV	.	6.5	6.3	6.2	9.3	6.6	6.9	7.2	0.1	-2.4	4.8	13.8 b	3.7 b	1.2	-0.6	0.8	0.3	3.1	3.3	2.5	1.7	
LT	1.2	11.8	4.8	8.9	6.0	1.7	6.7	5.7	1.9	-6.5	5.9	5.2	11.2	1.6	1.9	-0.1	-0.8	0.5	1.9	1.3	2.6	
LU	.	.	.	1.4	2.2	3.6	1.4	1.5	-6.3	-1.3	1.0	-1.0	.	.	.	.	.	.	.	.	.
HU	3.6	5.9	4.0	5.3	5.4	4.2	3.6	-0.3	2.6	-3.6	1.0	0.4	2.8	-0.5	6.0	-4.3	.	0.0	5.7	0.0	.	
MT	.	4.5 e	-0.4 e	2.5 e	8.9 e	-4.2 e	1.2 e	-0.3 e	-0.1 e	-4.9 e	3.5	-6.3	2.2	.	.	.	.	.	.	.	.
NL	1.8	0.7	0.7	1.4	3.3	2.0	1.8	1.6	0.1	-2.4	2.1	0.2	-1.2	-0.8	-0.9	-0.2	-0.4	-1.2	-1.4	-1.4	-2.3	
AT	2.7	0.9	1.9	0.7	1.6	2.2	3.3	2.2	0.5	-0.2	1.9	0.5	0.9	0.1	-0.1	0.1	0.2	0.8	0.7	0.4	0.3	
PL	-47.5	3.4	4.9	4.8	4.1	1.7	2.9	2.3	1.4	2.2	3.6	4.0	5.5 b	0.4 b	1.0 p	-0.2	0.4	4.9 b	4.8 p	2.0	1.7	
PT	1.3	1.1	0.7	0.0	1.3	1.1	1.4	1.7	0.2	-0.2	3.7	1.3 p	0.5 p	0.7	-1.9	3.9	-2.9	1.3	-0.4	3.9	-0.3	
RO	3.0	6.8	16.0	7.0	9.8	5.4	6.2	5.4	7.3	-4.2	-0.5	2.6	4.0	.	.	.	.	.	.	.	.
SI	.	3.2	0.8	3.0	3.2	6.9	6.1	4.3	-0.1	-0.2	2.8	3.9	-0.4	0.1	0.1	-0.1	0.8	-2.4	-0.8	-1.1	0.8	
SK	3.4	3.7	7.3	7.1	2.6	3.3	5.8	7.2	2.3	-2.3	4.4	2.2	2.4	0.6	0.1	1.8	0.3	2.9	1.2	4.3	2.7	
FI	4.0	2.0	1.3	2.4	3.4	2.0	2.9	3.2	-1.2	-5.2	3.2	1.2	-1.0	-0.4	-0.1	0.2	0.4	-2.2	-0.9	-0.2	0.2	
SE	3.4	0.6	3.9	3.8	3.4	2.9	2.9	0.2	-1.8	-2.2	3.9	0.6	1.2	0.1	-0.8	0.8	-1.1	0.4	0.6	2.0	-1.0	
UK	4.1	1.2	2.6	3.6	2.3	2.0	2.2	2.6	-1.2	-2.3	1.1	0.7	-1.8	-0.4	-0.5	0.0	0.4	-2.4	-2.6	-1.9	-0.5	

Source: Eurostat (nama_aux_lp and namq_aux_lp)

Note: b break in time series ; p provisional

Table 17: Nominal compensation per employee

	Annual % change													% change on previous quarter				% change on previous year			
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012Q3	2012Q4	2013Q1	2013Q2	2012Q3	2012Q4	2013Q1	2013Q2
EU28	:	3.3	2.7	0.9	3.1	2.4	2.8	3.2	0.7	-1.1	3.4	2.1	3.4	1.1	-0.3	-0.2	0.3	4.1	2.9	1.4	0.9
EA17	:	2.7	2.6	2.2	2.1	1.9	2.3	2.5	3.4	1.7	1.8	2.1	1.8	0.2	0.3	0.9	0.1	1.9	1.5	1.9	1.5
BE	2.0	3.7	3.8	1.9	1.6	1.7	3.5	3.4	3.6	1.3	1.4	3.1	3.3	0.4	0.4	0.2	1.0	3.2	3.0	2.1	2.1
BG	9.8	13.0	5.9	4.1	6.1	9.2	6.2	12.5	16.3	8.6	9.6	6.6	2.9	:	:	:	:	:	:	:	:
CZ	7.7	8.2	7.7	7.7	8.0	3.9	6.0	6.1	4.2	-0.6	3.1	2.4	1.6	-0.6	0.6	-1.8	0.3	0.2	0.9	-2.3	-1.5
DK	3.5	4.2	3.7	3.7	3.3	3.6	3.5	3.7	3.7	3.4	3.5	1.4	1.5	0.5	0.3	0.5	-0.1	1.8	1.4	1.1	1.2
DE	1.8	1.6	1.3	1.4	0.4	-0.1	1.1	0.7	2.2	0.4	2.4	2.9	2.7	0.3	0.6	0.2	0.5	2.7	2.9	2.2	1.7
EE	14.2	9.4	8.9	11.3	11.9	10.5	13.6	23.8	10.3	-3.0	2.7	0.6	5.9	2.2	3.0	-1.4	0.8	7.0	8.2	6.4	4.7
IE	7.6	7.7	5.3	6.4	5.1	5.5	4.3	5.5	5.3	-1.0	-3.6	0.0	0.8	0.1	-1.6	0.2	:	0.2	-1.5	-2.5	:
EL	:	3.8	11.4	6.2	4.1	3.7 b	2.4	4.7	3.7 p	3.7 p	-2.5 p	-3.4 p	-4.1 p	:	:	:	:	:	:	:	:
ES	:	3.6	3.3	2.6	2.1	2.8	3.2	4.5	6.6	4.3	0.2	1.0	-0.3	-0.4	-2.6	2.2	0.4	0.3	-3.0	-0.9	-0.3
FR	2.5	2.7	3.5	2.8	3.4	3.1	3.2	2.6	2.6	1.8	2.4	2.7	2.2	0.6	0.5	0.4	0.5	2.2	1.9	1.8	1.8
HR	6.6	1.5	9.4	6.7	4.2	5.4	3.2	5.6	6.8	1.4	1.9	3.1 p	3.2 p	:	:	:	:	:	:	:	:
IT	2.3	2.6	2.2	2.6	3.3	2.8	2.2	2.0	3.1	0.1	2.3	1.2	0.0	-0.1	0.6	1.5	-0.7	0.2	0.1	1.4	1.2
CY	5.9	3.7	4.8	7.8	2.4	1.9	3.2	3.0	3.2	2.6	2.5	3.3	1.6	0.0	0.4	-2.0	1.5	1.1	0.9	-1.4	-0.4
LV	:	4.5 b	2.9	10.7	14.0	23.7	22.3	33.5	16.5	-13.2	-6.4	16.9 b	5.8 b	1.1	1.0	1.9	2.5	5.0	4.0	3.9	6.6
LT	:	7.4	4.9	8.9	10.7	11.2	16.1	13.4	14.0	-10.1	0.1	3.7	13.2	0.8	1.7	0.6	1.8	2.0	1.8	1.7	4.9
LU	5.2	3.6	3.0	1.2	3.3	4.6	2.6	3.6	3.9	2.2	2.7	2.1	1.3	-0.6	2.6	0.0	:	0.3	1.9	2.0	:
HU	14.6	14.8	13.2	9.7	10.0	7.0	5.4	5.6	7.1	-1.6	-0.3	3.0	3.0	0.8	-1.2	1.6	:	3.8	1.8	1.7	:
MT	:	5.3 p	4.3 p	6.0 p	1.8 p	1.5 p	4.9 p	3.1 p	4.2 p	3.4 p	1.6 p	0.6 p	2.2 p	2.4	-0.2	-1.3	2.0	3.5	2.6	0.4	2.9
NL	4.6	4.9	4.4	3.3	3.3	1.1	2.3	2.9	3.3	2.3	1.2	1.3	1.7	0.5	0.3	0.8	:	2.0	1.9	2.3	:
AT	2.2	1.2	1.9	1.6	1.6	2.4	3.0	3.1	3.2	1.9	1.1	1.9	2.6	0.6	0.6	0.7	0.7	2.7	2.5	2.6	2.6
PL	:	:	:	:	:	1.7	2.0	4.8	8.7	3.4	4.7	4.0	6.9	1.3	0.3	1.4	:	5.9	5.2	3.8	:
PT	6.2	4.1	3.4	3.5	2.6	4.7	1.8	3.5	3.0	2.8	2.1	-0.6	-1.9	-0.8	2.8	0.8	-0.6	-1.8	-0.6	4.0	2.1
RO	:	:	:	:	:	:	12.0	21.1	30.2	-1.8	-3.3	4.2	5.7	:	:	:	:	:	:	:	:
SI	10.0	11.4	8.2	7.6	7.6	6.0	5.3	6.1	7.2	2.4	3.9	1.7	-0.9	0.3	0.0	0.2	0.3	-1.2	-1.0	-0.7	0.7
SK	12.9	5.6	8.7	7.7	7.9	8.9	7.8	8.7	6.8	2.7	5.1	1.0	2.1	0.0	1.0	1.4	-0.5	1.7	3.6	4.4	1.8
FI	3.8	4.5	1.7	2.8	3.6	3.7	2.8	3.6	4.5	2.9	1.8	3.2	3.6	0.0	0.6	0.2	1.2	2.5	3.1	1.1	1.9
SE	7.2	4.4	2.8	3.1	4.1	3.1	2.1	5.2	1.6	1.7	3.2	0.8	3.1	:	:	:	:	:	:	:	:
UK	5.5	5.1	2.7	4.8	4.1	3.6	5.3	4.7	1.7	2.6	3.2	2.0	1.9	0.4	-0.7	-0.5	2.7	1.3	-0.2	-1.7	1.9

Source: DG EMPL calculations based on Eurostat (nama_aux_lp, amq_aux_lp, nama_aux_ulc, amq_aux_ulc)

Note: b break in time series ; p provisional

Table 18: Nominal unit labour cost

	Annual % change													% change on previous quarter				% change on previous year			
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012Q3	2012Q4	2013Q1	2013Q2	2012Q3	2012Q4	2013Q1	2013Q2
EU28	:	2.2	1.9	-0.2	1.2	1.3	1.1	1.8	1.3	1.7	0.9	0.7	3.2	1.0	0.0	-0.3	-0.1	4.1	3.2	1.7	0.6
EA17	:	2.1	2.4	2.0	0.7	1.2	0.7	1.3	3.8	4.3	-0.6	0.8	1.8	0.2	0.5	0.6	-0.3	2.0	1.7	1.9	1.0
BE	0.4	4.2	2.3	1.0	-0.6	1.4	2.0	2.2	4.4	3.9	-0.3	2.6	3.8	0.4	0.5	0.0	0.8	3.7	3.3	2.4	1.8
BG	1.5	8.1	1.5	1.6	2.0	5.6	3.1	9.3	12.6	12.4	5.2	2.5	-0.5	:	:	:	:	:	:	:	:
CZ	2.7	4.8	6.2	3.1	2.9	-0.7	0.4	2.6	3.4	2.2	-0.4	0.5	3.2	-0.2	1.0	0.1	0.1	2.2	3.3	1.1	1.1
DK	0.5	4.4	3.3	2.2	0.4	2.2	2.2	4.8	6.1	5.8	-0.6	0.0	1.6	-0.2	0.7	0.6	-0.3	1.6	1.4	1.7	0.9
DE	0.5	0.4	0.7	0.9	-0.5	-0.9	-2.0	-0.8	2.3	5.6	-1.1	1.0	3.1	0.3	1.2	0.4	-0.1	2.9	3.4	3.2	1.8
EE	2.9	4.0	3.8	5.0	5.5	3.8	9.1	17.2	14.6	1.5	-5.0	-1.8	4.2	1.0	1.6	1.0	2.4	4.9	5.4	7.2	6.2
IE	1.6	5.6	1.3	4.4	4.2	4.6	3.6	4.5	6.8	-3.6	-7.0	-3.3	-0.7	1.3	-0.8	1.2	:	0.6	-0.4	-0.4	:
EL	:	-0.3	10.2	1.5	2.2	4.4 b	-1.1	2.6	5.1 p	6.2 p	-0.1 p	-1.8 p	-6.2 p	:	:	:	:	:	:	:	:
ES	:	3.2	3.1	2.7	2.5	3.3	3.1	4.1	5.6	1.4	-1.8	-1.0	-3.0	-1.0	-3.0	1.6	0.0	-2.4	-5.5	-3.1	-2.4
FR	1.4	2.4	3.1	2.0	1.0	1.9	1.8	1.7	3.2	3.7	0.7	1.3	2.1	0.3	0.5	0.5	0.0	2.0	2.0	2.0	1.2
HR	2.3	-1.6	5.4	5.3	1.6	1.9	2.2	4.1	5.8	6.6	-1.1	0.7 p	1.2 p	:	:	:	:	:	:	:	:
IT	0.6	2.8	3.4	4.1	2.0	2.4	2.0	1.6	4.5	4.0	-0.2	1.1	2.1	0.5	0.9	0.9	-0.7	3.1	2.8	2.7	1.5
CY	2.6	1.9	4.8	9.7	2.0	1.6	0.9	1.2	1.8	4.1	1.0	3.2	-0.1	-0.5	0.4	-1.5	1.2	-1.2	-0.6	-1.3	-0.5
LV	:	-1.6 b	-1.3	5.2	6.4	15.3	16.4	27.7	20.7	-7.9	-10.4	2.1 b	2.9 b	1.1	0.4	0.4	1.5	3.3	1.2	1.2	3.5
LT	:	-3.5	1.8	1.0	3.3	6.0	10.2	6.6	10.4	-1.5	-6.9	-0.1	2.0	-0.6	0.2	1.0	1.9	1.6	0.4	-0.4	2.5
LU	2.5	6.5	2.2	1.3	1.2	2.3	1.3	1.6	9.4	7.3	1.6	3.3	3.2	0.0	1.1	1.6	:	2.8	2.5	2.5	:
HU	11.4	10.9	8.6	5.8	4.2	2.7	2.0	6.2	4.4	2.8	-0.9	1.8	4.8	0.3	-0.7	1.0	:	5.0	4.2	2.1	:
MT	:	7.0	2.2	4.9	2.5	-0.5	3.5	1.4	2.8	6.0	-0.7	1.8	3.7	3.5	0.2	-0.4	1.5	4.2	3.6	0.9	4.8
NL	2.9	5.0	4.8	2.5	0.2	-0.4	0.6	1.6	3.0	5.3	-0.7	1.1	2.8	1.3	0.7	0.9	:	3.1	2.7	2.7	:
AT	-0.5	1.1	0.1	1.4	-0.4	1.2	1.1	1.2	3.7	5.0	0.3	0.8	3.0	0.7	0.8	0.8	0.8	3.1	2.8	2.9	3.1
PL	:	:	:	:	:	0.3	-1.0	2.6	7.5	2.2	1.3	0.5	1.4 f	0.4	-0.1	1.3	:	0.8	0.9	2.2	:
PT	4.4	3.9	3.2	3.8	1.0	3.6	0.9	1.1	3.5	3.1	-1.4	-0.9 p	-2.9 p	-0.5	2.6	-1.0	-0.9	-2.4	-1.1	2.9	0.1
RO	:	:	:	:	:	:	4.9	15.2	22.9	2.9	-2.4	0.9	6.5	:	:	:	:	:	:	:	:
SI	7.3	9.0	6.0	4.4	3.6	1.5	1.1	2.6	6.4	8.6	0.4	-0.7	0.8	0.0	0.3	-0.1	0.3	0.6	0.6	-0.1	0.4
SK	9.5	2.7	4.2	4.0	2.6	3.9	1.7	0.5	4.4	5.7	-0.9	-0.4	0.1	-0.4	0.5	0.9	-1.2	-0.4	2.0	2.6	-0.3
FI	0.6	3.6	0.8	0.8	-0.1	2.2	0.3	0.5	6.7	9.0	-1.6	2.0	4.4	0.2	1.3	-0.1	1.1	4.1	4.6	3.0	2.5
SE	5.2	5.2	0.4	0.2	-0.9	0.2	-0.5	4.2	3.1	4.4	-2.3	0.2	2.9	:	:	:	:	:	:	:	:
UK	2.3	3.8	1.2	1.8	2.0	1.4	3.4	2.0	3.2	6.2	1.7	1.4	2.9	0.0	0.1	-0.9	2.2	2.9	1.8	-0.5	1.4

Source: Eurostat (nama_aux_lp and namq_aux_lp)
 Note: b break in time series ; p provisional; f forecast

Table 19: Real unit labour cost

	Annual % change												% change on previous quarter				% change on previous year				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012Q3	2012Q4	2013Q1	2013Q2	2012Q3	2012Q4	2013Q1	2013Q2
EU28	:	0.1	-0.4	-0.4	-1.1	-0.9	-1.1	-0.9	1.1	3.2	-1.4	-0.7	0.7	-0.1	-0.1	0.0	-0.4	1.0	0.4	0.2	-0.5
EA17	:	-0.3	-0.1	-0.2	-1.1	-0.7	-1.1	-1.0	1.8	3.3	-1.4	-0.4	0.5	-0.1	0.1	0.1	-0.8	0.7	0.3	0.3	-0.7
BE	-1.5	2.2	0.3	-0.9	-2.7	-0.9	-0.4	-0.2	2.2	2.7	-2.3	0.6	1.8	-0.1	-0.3	-0.3	0.8	1.8	0.9	0.4	0.2
BG	-4.8	1.8	-3.0	-0.6	-2.1	-1.7	-3.5	0.1	3.8	7.7	2.4	-2.2	-2.6	:	:	:	:	:	:	:	:
CZ	1.3	0.2	3.5	2.2	-1.0	-0.4	-0.1	-0.7	1.5	-0.1	1.2	1.4	1.7	0.0	0.8	-1.1	0.1	1.0	2.7	-0.4	-0.3
DK	-2.4	1.9	1.0	0.6	-1.9	-0.7	0.1	2.4	1.8	5.1	-4.6	-0.7	-0.6	-0.6	0.2	0.5	-0.2	-1.3	-1.1	0.1	0.0
DE	1.2	-0.7	-0.7	-0.2	-1.6	-1.5	-2.3	-2.3	1.5	4.4	-2.1	-0.2	1.6	-0.2	0.8	-0.3	-1.0	1.3	1.6	1.1	-0.7
EE	-1.8	-2.3	-0.8	0.9	1.0	-2.1	0.3	5.0	8.7	1.3	-5.3	-4.7	0.9	0.3	0.9	-0.7	1.1	0.8	2.6	2.0	1.6
IE	-3.4	0.0	-3.8	0.8	1.9	2.0	0.2	3.2	10.0	1.3	-5.3	-4.6	-0.6	0.7	-0.3	2.8	:	-0.3	-1.8	0.7	:
EL	:	-3.4	6.5	-2.3	-0.7	2.5 b	-3.4	-0.7	0.3 p	3.8 p	-1.3 p	-2.9 p	-5.5 p	:	:	:	:	:	:	:	:
ES	:	-1.0	-1.2	-1.4	-1.5	-1.0	-1.0	0.8	3.2	1.3	-1.8	-1.0	-2.9	-1.1	-3.0	0.8	0.1	-2.6	-5.4	-3.9	-3.1
FR	-0.2	0.3	0.8	0.0	-0.7	0.0	-0.3	-0.9	0.7	3.0	-0.2	0.0	0.6	-0.1	0.2	-0.1	-0.4	0.4	0.6	0.2	-0.4
HR	-2.3	-5.5	1.8	1.2	-2.1	-1.4	-1.7	0.0	0.1	3.6	-1.9	-1.3 p	-0.8 p	:	:	:	:	:	:	:	:
IT	-1.3	0.0	0.2	0.9	-0.4	0.6	0.2	-0.7	2.0	1.9	-0.6	-0.2	0.5	0.4	0.5	0.4	-0.9	1.6	1.3	1.1	0.3
CY	-0.5	-2.0	3.6	4.6	-1.3	-1.4	-2.4	-3.0	-2.7	4.0	-0.9	0.5	-2.0	-0.3	0.3	-0.2	1.1	-3.3	-1.7	-2.1	1.0
LV	:	-3.5 b	-4.2	1.3	-0.5	4.7	4.6	5.8	6.9	-6.7	-9.2	-3.6 b	-0.2 b	-0.2	-0.3	0.9	1.8	0.5	-1.6	-1.5	2.1
LT	:	-3.1	1.5	1.8	0.8	-0.6	3.3	-1.9	0.7	2.0	-8.8	-5.3	-0.8	-1.1	-0.8	1.4	2.1	-1.7	-2.9	-2.8	1.5
LU	0.5	6.4	0.1	-4.4	-0.6	-2.4	-5.2	-2.0	8.9	6.8	-5.6	-1.7	-0.6	-0.5	-0.3	1.1	:	-1.0	-1.0	-0.5	:
HU	1.5	-0.4	0.1	0.4	-0.9	0.2	-1.4	0.7	-0.9	-0.7	-3.3	-1.3	1.7	-0.9	-1.1	0.1	:	1.9	1.7	-2.0	:
MT	-3.8	4.5	-0.4	1.7	1.1	-2.8	0.7	-1.5	-0.2	3.1	-3.5	-0.5	1.4	2.1	0.5	-0.9	1.3	1.7	1.0	-1.1	3.1
NL	-1.2	-0.1	0.9	0.3	-0.5	-2.8	-1.1	-0.2	0.9	5.2	-1.5	0.0	1.5	1.1	-0.4	0.4	:	2.1	1.2	1.0	:
AT	-1.4	-0.8	-1.1	0.3	-2.1	-0.8	-0.8	-0.8	2.0	3.4	-1.1	-1.3	1.3	0.1	0.1	0.4	0.4	1.2	0.7	0.6	1.0
PL	:	:	:	:	:	-2.3	-2.5	-1.3	4.3	-1.4	-0.1	-2.6	-1.1 f	0.1	-0.2	1.2	:	-1.7	-0.7	0.9	:
PT	1.2	0.3	-0.5	0.8	-1.5	1.0	-1.8	-1.6	1.9	2.2	-2.1	-1.0 p	-2.7 p	-1.5	2.0	-1.6	-0.8	-2.1	-1.7	2.1	-1.8
RO	:	:	:	:	:	:	-5.1	1.5	6.6	-1.2	-7.7	-3.1	1.6	:	:	:	:	:	:	:	:
SI	2.0	0.3	-1.5	-1.0	0.3	-0.2	-1.0	-1.6	2.1	5.1	1.5	-1.9	0.5	-0.1	-0.1	-0.3	-0.1	0.0	0.3	-0.9	-0.6
SK	0.1	-2.2	0.3	-1.2	-3.0	1.5	-1.2	-0.6	1.5	7.0	-1.4	-2.0	-1.3	-0.9	0.3	0.7	-1.8	-1.9	1.0	1.6	-1.7
FI	-1.9	0.6	-0.4	1.5	-0.5	1.7	-0.5	-2.4	3.7	7.4	-2.0	-0.7	1.5	-0.3	0.7	-0.2	0.4	1.2	1.3	1.1	0.6
SE	3.7	2.7	-1.1	-1.5	-1.2	-0.7	-2.4	1.4	-0.1	2.3	-3.1	-1.1	1.9	:	:	:	:	:	:	:	:
UK	1.5	1.5	-1.2	-0.4	-0.4	-0.6	0.5	-0.3	0.0	3.9	-1.4	-0.9	1.4	-0.4	-0.9	-1.5	2.5	2.1	0.0	-2.4	-0.4

Source: Eurostat (nama_aux_lp and namq_aux_lp)

Note: b break in time series ; p provisional; f forecast

Table 20: Weekly working time of full-time employed persons

	Level														2012Q3	2012Q4	2013Q1	2013Q2
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012					
EU28	:	:	40.9	40.9	41.2	41.4	41.2	41.2	41.0	40.7	40.8	40.8	40.7	41.3	40.4	:	:	
EA17	41.4	41.3	40.5	40.7	41.0	41.3	41.1	41.1	40.9	40.5	40.8	40.8	40.6	41.3	40.4	:	:	
BE	37.2	40.0	40.3	40.2	40.3	40.7	40.9	41.1	40.8	40.8	41.2	41.4	41.1	41.2	40.5	41.1	41.4	
BG	:	41.4	41.6	40.4	41.2	41.1	41.4	41.4	41.4	40.7	40.9	40.6 b	40.5	41.0	40.2	40.3	40.0	
CZ	44.0	42.2	42.2	42.3	43.0	42.7	42.4	42.3	42.3	41.6	41.6	41.4 b	41.1 b	40.3	41.2	40.7	40.2	
DK	37.9	38.0	38.8	37.9	37.9	39.4	39.5	39.3	39.1	39.1	39.5	39.8	39.6	40.4	39.3	38.8	39.5	
DE	42.8	42.8	42.5	42.1	42.3	42.7	42.2	42.3	42.1	41.4	41.7	41.8	41.6	42.1	41.5	41.4	41.1	
EE	41.8	41.8	41.6	41.2	41.5	41.4	41.3	41.3	40.6	39.5	40.5	40.6	40.3	40.9	39.7	39.4	40.1	
IE	42.7	42.1	41.4	41.0	40.7	40.4	40.8	40.5	40.2	39.4 b	39.6	39.7	39.8	40.5	39.7	39.6	40.0	
EL	43.0	43.0	42.9	43.0	43.1	43.0	42.7	42.4	42.2	42.1	42.3	42.4	42.6	43.3	42.5	42.2	:	
ES	40.3	40.1	40.3	39.5	40.3	41.4 b	41.3	41.1	41.0	40.7	40.7	40.7	40.6	41.2	40.1	40.3	41.2	
FR	41.4	41.0	40.4	39.6 b	39.5	39.6	39.6	39.6	39.5	39.4	39.8	39.8	39.6	40.5	39.6	:	:	
HR	:	:	42.3	42.4	42.2	41.9	41.9	41.8	41.5	41.2	41.3	41.1	40.7	41.4	40.0	40.5	:	
IT	40.6	40.7	37.0	40.4	41.0 b	40.6	40.4	40.6	40.4	39.9	40.1	39.9	39.5	40.2	39.1	39.4	39.4	
CY	41.0	40.2	39.7	39.8	40.3	41.0	40.7	40.4	40.5	40.2 b	40.7	40.7	40.9	41.8	41.4	40.5	39.6	
LV	44.6	45.2	44.3	43.9	43.1	43.1	42.6	41.8	40.7	40.6	40.2	40.3 b	40.1	40.7	39.6	39.9	39.6	
LT	41.0	40.5	40.2	39.3	39.3	39.4	39.8	40.0	40.3	39.9	39.8	39.9 b	39.8	40.3	39.4	39.5	39.9	
LU	41.5	40.9	40.9	40.5	41.5	41.3	40.8	40.8	40.4	41.4	41.4	41.3	41.8	41.7	42.1	41.0	41.6	
HU	41.0	41.4	41.4	40.9	41.5	41.0	40.9	40.7	40.7	40.5	40.5	40.3	39.6	40.3	38.4	39.1	:	
MT	42.6	35.8	41.5	40.0	41.5	41.2	40.6	41.0	41.2	41.0	40.5	40.3	40.4	40.3	40.2	39.5	:	
NL	40.2	40.3	39.1	39.8	39.3	40.9	41.3	41.3	41.1	41.0	41.2 b	41.4	41.3	41.6	42.0	40.6	:	
AT	42.7	42.6	42.5	42.4	43.7 b	43.3	43.3	43.1	42.9	42.0	41.9	42.1	41.7	42.5	41.4	41.7	40.8 b	
PL	42.7	42.1	42.6	42.5	42.8	42.5	42.3	42.2	41.8	41.4	41.3 b	41.1	41.0 b	42.6	40.2	40.5	40.5	
PT	41.0	41.0	40.7	39.9	41.1	40.8	40.7	40.5	40.4	40.4	40.5	41.3 b	41.5	42.2	41.1	40.8	41.5	
RO	41.4	41.3	42.0 b	42.0	42.0	41.5	41.1	41.1	41.0	40.7	40.7	40.7	40.5	41.2	40.1	39.5	:	
SI	42.4	41.4	42.0	41.7	42.0	42.5	41.7	41.8	41.6	41.3	41.2	40.7	40.6	41.6	40.9	40.7	:	
SK	41.1	41.5	41.1	41.0	41.2	41.5	40.7	40.8	40.4	39.9	40.3	40.4 b	40.4	40.7	40.4	40.3	40.4	
FI	38.9	38.5	39.0	38.2	38.8	39.5	39.3	39.2	39.2	38.6	39.0	39.0	38.7	40.1	38.1	38.3	:	
SE	40.5	37.8	38.3	37.3	37.9	39.8 b	39.7	39.6	39.6	39.2	39.9	39.7	39.6	40.7	40.0	39.1	38.2	
UK	41.8	41.9	41.6	41.4	41.3	41.3	41.3	41.3	41.0	41.0	41.1	41.1	41.3	41.6	41.3	40.9	:	

Source: Eurostat (lfsa_ewhais and lfsq_ewhais)

Note: b break in time series ; p provisional

Table 21: Weekly working time of part-time employed persons

	Level														2012Q3	2012Q4	2013Q1	2013Q2
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012					
EU28	:	:	20.0	20.1	19.8	20.0	20.1	20.0	20.0	19.9	20.1	20.0	20.0	20.4	19.9	:	:	
EA17	20.0	20.0	19.8	19.8	19.6	19.8	19.9	19.8	19.9	19.8	20.0	19.9	19.9	20.2	19.8	:	:	
BE	21.8	20.9	21.6	21.7	22.0	22.4	22.6	22.8	22.9	23.0	23.3	23.0	23.2	23.1	23.2	23.3	22.8	
BG	:	23.2	22.3	20.6	22.0	20.5	20.7	20.8	22.0	20.3	20.7	20.4 ^b	20.1	19.8	20.9	19.8	19.9	
CZ	24.6	24.2	22.9	23.0	23.2	23.0	22.5	21.9	21.9	21.6	21.0	21.1 ^b	20.7 ^b	20.6	20.5	20.1	20.5	
DK	19.5	20.1	18.6	19.0	18.8	19.0	19.0	20.2	20.1	19.8	19.9	19.6	19.4	20.1	18.9	19.1	19.4	
DE	18.2	18.1	17.9	17.9	17.9	18.1	18.1	18.1	18.1	18.1	18.3	18.2	18.3	18.5	18.3	18.3	18.2	
EE	21.3	22.2	21.6	21.4	21.8	21.0	21.7	20.8	20.4	21.2	21.3	21.0	20.5	20.9	19.8	19.3	19.9	
IE	18.6	18.8	18.7	18.4	18.4	18.4	18.8	18.8	18.8	18.7 ^b	18.5	18.7	19.0	19.7	18.9	18.6	19.1	
EL	21.6	21.5	21.1	20.7	20.6	20.9	20.7	20.2	19.9	19.6	20.0	19.9	20.0	20.3	20.0	19.7	:	
ES	17.6	17.6	17.9	17.5	17.9	18.9 ^b	18.8	18.8	18.8	18.5	18.4	18.5	18.1	18.7	17.7	17.7	18.0	
FR	23.2	23.5	23.1	22.6 ^b	22.6	22.7	22.7	22.8	22.7	22.4	22.5	22.5	22.5	23.1	22.4	:	:	
HR	:	:	21.0	20.5	20.7	20.6	20.1	19.0	19.4	19.2	18.9	19.4	19.0	19.0	17.5	18.8	:	
IT	23.4	23.5	21.4	22.8	20.4 ^b	20.7	21.6	21.0	21.0	21.0	21.3	21.3	21.0	21.4	20.8	20.6	20.6	
CY	20.3	19.7	20.0	19.4	19.7	19.8	19.6	19.3	19.7	19.7 ^b	19.4	19.0	19.4	20.6	18.9	18.2	18.4	
LV	24.8	23.1	24.6	24.8	23.5	22.6	21.9	21.6	20.5	21.6	21.4	21.3 ^b	21.0	22.1	21.0	20.4	21.1	
LT	20.9	22.5	22.6	21.2	22.7	21.4	23.5	23.2	23.3	23.4	22.5	22.1 ^b	21.8	22.1	21.1	21.1	22.0	
LU	21.2	20.9	20.8	20.3	21.0	21.1	21.5	21.6	22.0	20.5	20.9	21.9	22.1	22.5	21.7	20.5	22.2	
HU	23.2	24.1	24.3	23.7	24.1	23.0	23.4	23.4	23.8	23.7	23.9	23.2	22.9	23.2	22.2	22.3	:	
MT	24.5	19.3	21.5	22.0	31.4	20.5	21.2	21.0	21.7	20.9	20.6	20.7	20.5	20.7	21.8	21.0	:	
NL	18.2	18.4	19.0	19.4	19.5	20.0	20.3	20.3	20.6	20.7	20.8 ^b	21.1	21.0	21.6	21.0	20.5	:	
AT	22.9	22.9	22.8	22.4	20.4 ^b	20.6	20.5	20.1	20.1	20.0	20.0	19.9	20.1	20.8	20.0	20.3	19.7 ^b	
PL	21.8	22.3	22.1	22.3	21.4	21.4	21.2	21.2	21.0	20.8	20.8 ^b	20.9	20.9 ^b	21.9	20.3	20.6	21.0	
PT	19.9	20.0	19.6	19.4	19.0	19.1	18.9	19.0	18.9	18.6	18.6	16.0 ^b	15.8	16.1	15.5	15.4	16.0	
RO	29.3	30.1	30.4 ^b	31.1	29.2	28.0	27.9	27.5	27.0	27.4	27.2	26.1	26.4	28.6	25.1	24.2	:	
SI	19.8	19.0	18.9	18.8	17.9	18.2	18.5	19.0	19.5	19.4	18.8	19.2	19.3	20.9	19.8	18.2	:	
SK	23.3	23.4	22.8	21.8	21.9	21.1	21.2	21.3	20.8	22.0	20.1	18.8 ^b	19.4	19.9	19.2	19.0	19.0	
FI	20.6	20.2	20.4	20.5	20.8	20.5	20.6	20.5	19.9	19.7	20.3	20.3	20.0	20.7	19.3	18.6	:	
SE	22.9	21.6	21.8	21.8	22.2	24.6 ^b	24.4	24.5	23.5	23.4	23.8	23.6	23.6	24.5	23.6	23.2	23.0	
UK	17.8	18.1	18.1	18.1	18.2	18.5	18.4	18.4	18.4	18.4	18.5	18.5	18.7	18.9	18.8	18.5	:	

Source: Eurostat (lfsa_ewhais and lfsq_ewhais)

Note: b break in time series ; p provisional

Table 22: NEET rates

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU28*	13.0 b	12.8	12.6	11.7	10.9	10.9	12.4	12.8	12.9	13.2 p
EA17	11.9 b	11.9	12.1	11.3	10.8	11.0	12.5	12.7	12.6	13.2 p
BE	17.8	15.4 b	13.0	11.2	11.2	10.1	11.1	10.9	11.8	12.3
BG	29.0	26.4	25.1	22.2	19.1	17.4	19.5	21.8	21.8	21.5
CZ	13.7 b	13.7	13.3	9.2	6.9	6.7	8.5	8.8	8.3	8.9
DK	5.2 b	5.1	4.3	3.6	4.3 b	4.3	5.4	6.0	6.3	6.6
DE	10.0 d	10.1	10.9 b	9.6	8.9	8.4	8.8	8.3	7.5	7.7 p
EE	10.2	12.1	10.2	8.8	8.9	8.8	14.9	14.5	11.8	12.5
IE	11.7 b	11.9	10.9	10.1	10.7	14.8	18.4	19.2	18.8	18.7
EL	18.3 b	16.8	16.1	12.2	11.5	11.7	12.6	14.9	17.4	20.3
ES	12.5	12.5	13.0 b	12.0	12.2	14.4	18.3	18.0	18.5	18.8
FR	10.0 b	10.6	10.9	11.0	10.3	10.2	12.4	12.4	12.0	12.2
HR	18.0	17.1	16.7	14.2	11.3	10.1	11.9	14.9	15.7	16.7
IT	16.6	16.6	17.0	16.8	16.2	16.6	17.7	19.1	19.8	21.1
CY	8.9 b	9.4	19.5 b	10.7	9.0	9.7	9.9	11.7	14.6	16.0
LV	11.5	10.9	10.0	11.1	11.8	11.4	17.4	17.8	16.0 b	14.9
LT	10.3	10.9 b	8.6	8.2	7.0	8.9	12.4	13.5	11.5	11.1
LU	5.1 b	6.3	5.5	6.7	5.7	6.2	5.8 b	5.1	4.7	5.9 p
HU	12.6 b	12.7	12.9	12.4	11.3	11.5	13.4	12.4	13.3	14.7
MT	19.4 p	13.1 p	11.9 p	10.3 p	11.7 p	9.5 p	9.8 p	9.5 b	10.6	11.1
NL	5.1 b	5.3	5.3	4.0	3.5	3.4	4.1	4.3 b	3.8	4.3 p
AT	6.1 b	8.6 d	8.3	7.5	7.0	7.1	7.8	7.1	6.9	6.5
PL	16.7	15.0 b	13.9	12.6	10.6	9.0	10.1	10.8 p	11.6 p	11.8 p
PT	11.2	11.1 b	11.2	10.6	11.2	10.3	11.2	11.5	12.7	14.1
RO	20.3	19.8 b	16.8	14.8	13.3	11.6	13.9	16.4	17.4	16.8
SI	8.0 b	7.5	8.9	8.5	6.7	6.5	7.5	7.1	7.1	9.3
SK	18.2 b	17.9	15.8	14.4	12.5	11.1	12.5	14.1	13.8	13.8
FI	9.6 b	9.1	7.8	7.7	7.0	7.8	9.9	9.0 d	8.4	8.6
SE	6.8 d	7.6 d	10.5 d	9.3 b	7.5	7.8	9.6	7.7	7.5	7.8
UK	9.0 b	8.4	8.4	8.5	11.9 b	12.1	13.3	13.7	14.3	14.0

Source: Eurostat (edat_ifse_20)

Note: b break in time series ; p provisional; f forecast; d definition differs

Table 23: Real gross household disposable income per capita

	2003				2004				2005				2006				2007				2008				2009				2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EU28*	-0.3	-1.1	-0.4	-0.9	0.7	2.6	2.3	1.5	1.6	1.8	0.8	2.2	1.7	1.8	1.9	3.0	2.2	2.9	2.6	0.5	-0.7	-1.6	-1.9	-3.2	-4.2	-3.7	-2.8	-1.1	0.8	0.2	0.7	0.0	0.3	-0.5	-1.3	-1.3	-0.8	-0.9	0.3	-0.5
EA17	1.5	0.9	1.5	0.6	1.7	1.9	1.2	1.4	0.9	1.8	1.0	1.3	1.1	1.9	1.7	2.6	2.2	2.8	2.1	1.0	1.4	0.0	-0.1	-0.7	-0.7	-1.3	-0.6	0.0	-1.0	-1.0	-0.3	-0.2	-0.4	-0.3	-0.6	-1.4	-1.1	-2.6	-2.4	-2.9
BE	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
BG	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
CZ	4.1	2.0	5.9	3.1	2.1	4.5	1.3	3.1	5.1	3.4	4.4	3.6	4.0	3.9	5.2	6.4	6.6	4.3	2.9	0.9	0.3	-1.4	1.7	2.3	2.5	3.4	2.6	3.0	-0.8	0.1	0.3	0.9	-2.9	-1.4	-3.9	-2.8	-0.9	-0.9	-3.1	-1.1
DK	2.3	1.2	1.9	1.0	1.3	1.4	5.3	4.0	5.1	5.5	-1.8	-1.1	-1.8	7.7	-0.4	2.7	-0.3	-3.8	1.7	3.1	4.2	-0.6	-0.6	-3.5	0.5	-2.9	1.1	7.7	0.1	3.8	8.8	-3.2	3.0	2.8	-1.5	-3.3	-0.9	-3.7	-1.6	3.0
DE	2.2	1.7	0.9	0.0	0.0	-0.3	0.1	0.1	-0.5	1.1	0.9	-0.9	0.6	0.0	0.1	1.2	-0.6	-0.4	0.0	-1.3	0.2	0.7	-0.1	-0.5	-0.7	-0.9	-0.6	-0.1	1.2	1.2	2.4	2.2	1.0	1.0	0.9	0.3	1.1	0.1	-0.6	0.0
EE	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
IE	5.1	5.5	0.7	1.3	4.8	3.0	8.9	4.5	8.2	12.0	4.5	7.1	6.7	5.2	7.1	0.9	2.6	2.2	2.8	6.5	3.8	1.3	-0.6	5.5	-2.4	-3.5	-6.5	-7.0	-5.4	-2.6	-1.2	-4.5	-5.9	-4.2	-2.0	-1.4	4.1	0.0	-1.7	-0.1
EL	7.0	2.1	4.7	5.7	4.4	8.3	-0.8	1.2	-0.9	1.3	2.8	-0.6	1.3	4.5	1.6	11.3	5.2	20.3	5.3	-3.6	1.0	-16.0	6.1	1.8	2.7	-1.2	-4.6	-0.5	-0.5	-13.4	-14.4	-16.5	-16.3	-5.8	-5.7	-10.6	-8.3	-12.8	-11.9	-8.8
ES	3.4	4.2	3.9	4.3	6.0	2.7	3.2	2.5	2.5	5.5	4.8	3.9	2.4	2.9	2.9	4.9	4.3	3.7	1.2	4.4	3.1	3.2	3.3	1.7	0.9	2.6	-0.3	0.0	-3.6	-6.2	-5.5	-4.0	-3.8	-3.9	-2.5	-3.4	-2.9	-5.2	-4.8	-7.2
FR	0.3	0.7	0.9	-0.8	1.7	3.2	1.9	1.1	1.2	1.7	-0.3	1.7	1.1	2.6	3.2	3.6	3.9	3.8	3.3	2.3	1.5	0.6	-0.9	-0.1	-0.4	0.1	1.8	0.5	0.3	-0.3	0.8	0.4	1.1	2.1	-0.9	-1.2	-0.8	-0.9	-0.5	-1.2
HR	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
IT	0.9	-1.6	1.4	1.6	0.9	1.5	1.2	1.7	0.8	-0.4	-1.3	4.2	1.1	2.8	2.1	-0.5	1.8	1.8	1.6	-0.5	0.7	0.1	-1.4	-4.6	-3.1	-6.4	-3.2	-0.8	-2.3	-0.6	-0.8	0.2	0.2	-1.4	0.4	-1.4	-3.5	-5.9	-5.3	-5.7
CY	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
LV	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
LT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
LU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
HU	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
MT	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
AT	5.2	2.7	3.1	-2.0	3.3	2.6	1.3	2.9	3.7	8.4	2.1	-1.0	0.5	-0.8	4.6	8.4	1.5	7.4	1.2	0.5	2.8	-2.8	3.2	-2.8	2.2	0.8	0.7	-2.4	-5.0	-3.0	-2.8	10.0	-0.5	-0.8	3.0	-4.7	6.6	2.1	-3.9	-0.5
PL	-0.2	4.8	-0.3	-0.1	1.0	-0.4	-0.3	3.7	2.5	3.7	1.5	-1.1	6.0	4.4	6.1	2.8	5.6	3.8	6.1	0.6	2.6	5.8	3.5	4.9	-3.9	6.6	2.2	6.5	4.4	-0.9	2.0	2.7	-0.5	-0.2	2.7	2.2	-1.4	0.0	0.3	-1.9
PT	0.5	0.2	1.9	-2.2	0.9	1.9	0.7	3.7	2.0	3.0	-0.8	1.6	-3.0	1.7	-3.0	3.1	10.1	-2.0	4.0	-1.1	2.8	-2.9	3.3	4.3	-2.4	2.7	-3.8	4.9	1.3	3.5	0.1	1.1	-4.8	-2.9	-3.8	-7.0	-3.1	-6.3	-2.2	-2.5
RO	5.5	-8.1	0.9	4.6	12.6	10.2	30.1	24.1	13.9	9.3	-3.5	-2.3	5.5	4.1	7.3	16.8	20.4	25.8	11.3	4.9	-2.7	10.8	35.0	38.7	6.3	-5.7	-18.5	-18.3	-9.7	-3.6	-0.8	-8.3	-12.5	-14.8	1.5	3.0	3.6	11.5	-3.5	:
SI	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
SK	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
FI	3.3	1.5	4.2	6.2	5.3	12.3	0.9	2.4	-0.8	-0.2	3.9	2.9	5.7	2.2	1.8	2.5	5.1	3.9	4.7	3.9	-1.4	5.8	-0.6	4.6	3.1	-2.4	2.6	2.2	1.5	2.5	2.8	3.0	1.1	2.1	-0.3	-1.7	0.8	-0.1	0.4	-1.7
SE	1.1	-0.7	1.0	-0.1	1.5	0.2	1.3	1.8	0.9	5.1	0.2	2.4	2.7	4.0	3.2	3.4	5.7	7.6	3.7	3.0	1.6	4.8	1.8	-0.2	2.8	-0.2	2.7	3.9	0.0	0.6	2.2	2.1	4.0	4.5	3.6	1.5	2.4	1.4	2.7	4.7
UK	3.1	3.4	2.7	3.1	1.6	2.0	3.5	1.3	2.0	0.9	1.1	2.6	3.2	2.3	1.7	0.9	-1.4	0.6	1.9	2.3	2.3	1.0	-1.9	-0.6	-0.6	1.0	2.2	1.4	2.6	0.0	1.2	-0.2	-1.3	-0.3	-1.2	-0.7	0.6	2.6	2.4	2.1

Source: Eurostat (nasq_nf_tr)

Table 24: Anchored poverty rates (2008)

	2008	2009	2010	2011	2012
EU28	:	:	16.3 e	17.5 e	:
EA17	15.8	16.2	16.1	17.7	:
BE	14.7	13.1	13.0	13.5	:
BG	21.4	16.1	14.8	17.8	:
CZ	9.0	8.1	7.8	8.6	8.7
DK	11.8	13.1	12.6	12.2	:
DE	15.2	16.0	15.8	15.9	:
EE	19.5	18.9	19.7	23.9	:
IE	15.5	15.4	22.8	21.7	:
EL	20.1	18.9	18.0	24.9	:
ES	19.6	20.2	22.3	25.7	:
FR	12.7	12.7	12.3	13.9	:
IT	18.7	19.9	19.3	21.4	:
CY	15.9	16.3	16.2	14.4	:
LV	25.6	26.0	33.0	36.2	35.5
LT	20.0	18.6	28.4	30.8	:
LU	13.4	15.5	14.4	14.6	:
HU	12.4	11.8	13.7	14.7	14.0
MT	15.0	14.3	16.5	15.9	:
NL	10.5	10.6	10.0	11.0	:
AT	12.4	11.4	11.0	10.5	:
PL	16.9	13.7	13.0	11.9	:
PT	18.5	18.1	16.1	17.9	:
RO	23.4	18.2	16.2	17.9	:
SI	12.3	10.2	12.1	13.0	:
SK	10.9	7.8	7.3	7.0	:
FI	13.6	13.0	12.0	12.3	11.6
SE	12.2	11.7	11.2	11.6	:
UK	18.7	20.4	21.4	21.9	:

Source: Eurostat (ilc_li22b)

Note: e estimated

Table 25: S80/S20 income quintile

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU28*	:	:	:	:	:	:	:	5.0	5.1	:
EA17	:	5.0	4.6	4.6	4.8	4.8	4.8	4.9	5.0	:
BE	4.3	3.9	4.0	4.2	3.9	4.1	3.9	3.9	3.9	:
BG	3.6	4.0	3.7	5.1	7.0	6.5	5.9	5.9	6.5	:
CZ	:	:	3.7	3.5	3.5	3.4	3.5	3.5	3.5	3.5
DK	3.6	3.4	3.5	3.4	3.7	3.6	4.6	4.4	4.4	:
DE	:	:	3.8	4.1	4.9	4.8	4.5	4.5	4.5	:
EE	5.9	7.2	5.9	5.5	5.5	5.0	5.0	5.0	5.3	:
IE	4.9	4.9	5.0	4.9	4.8	4.4	4.2	5.3	4.6	:
EL	6.4	5.9	5.8	6.1	6.0	5.9	5.8	5.6	6.0	:
ES	5.1	5.1	5.5	5.3	5.3	5.4	6.0	6.9	6.8	:
FR	3.8	4.2	4.0	4.0	3.9	4.4 b	4.4	4.5	4.6	:
HR	4.6	4.8	4.7	4.4	4.5	4.5	4.3	5.6 b	5.4	:
IT	:	5.7	5.6	5.5	5.5	5.1	5.2	5.2	5.6	:
CY	4.1	:	4.3	4.3	4.4	4.3 b	4.4	4.5	4.3	:
LV	:	:	6.7	7.9	6.3	7.3	7.3	6.9	6.6 b	6.5
LT	:	:	6.9	6.3	5.9	5.9	6.3	7.3	5.8	:
LU	4.1	3.9	3.9	4.2	4.0	4.1	4.3	4.1	4.0	:
HU	3.3	:	4.0	5.5	3.7	3.6	3.5	3.4	3.9	4.0
MT	:	:	3.9	4.0	3.9	4.2	4.0	4.3	4.1	:
NL	4.0	:	4.0	3.8	4.0	4.0	4.0	3.7	3.8	:
AT	4.1	3.8	3.8	3.7	3.8	3.7	3.7	3.7	3.8	:
PL	:	:	6.6	5.6	5.3	5.1	5.0	5.0	5.0	:
PT	7.4	7.0	7.0	6.7	6.5	6.1	6.0	5.6	5.7	:
RO	4.6	4.8	4.9	5.3	7.8	7.0	6.7	6.0	6.2	:
SI	3.1	:	3.4	3.4	3.3	3.4	3.2	3.4	3.5	:
SK	:	:	3.9	4.1	3.5	3.4	3.6	3.8	3.8	:
FI	3.6	3.5	3.6	3.6	3.7	3.8	3.7	3.6	3.7	3.7
SE	:	3.3	3.3	3.6	3.3	3.5	3.7	3.5	3.6	:
UK	5.3	:	5.9	5.4	5.3	5.6	5.3	5.4	5.3	:

Source: Eurostat (ilc_di11)

Note: b break in time series

European Commission

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Summary:

There are signs of fragile economic recovery, but economic growth is unlikely to be sustained unless it is inclusive and job rich, especially while labour market and social conditions remain extremely challenging and divergence between countries is growing.

The EU is struggling with many challenges such as high unemployment, low employment, and labour mismatches, and increasing numbers of young people not in education, employment and training. Poverty and social exclusion has increased, following rise in jobless households and rise in in-work poverty, and household incomes declined.

Divergences between countries have been growing, especially within the Euro Area. The South and periphery of the EU have been particularly hard hit. But also more resilient Member States get affected by spill-overs through reduced aggregate demand, eroded confidence, and contagion via the financial markets. These might threaten core objectives of the EMU: to benefit all its members by promoting economic convergence and to improve the lives of citizens in the Member States

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