

OECD System of Unit Labour Cost and Related Indicators

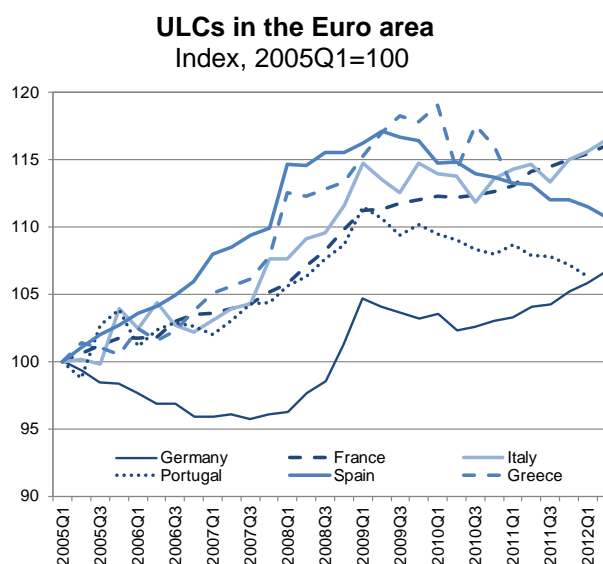
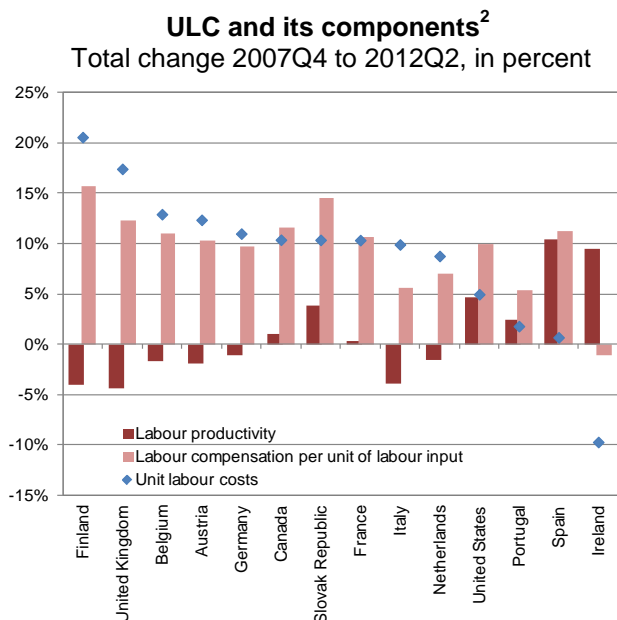
Unit labour costs for OECD area rose by 0.3% in the second quarter of 2012

Unit labour costs (ULCs) in the **OECD area** rose by 0.3% in the second quarter of 2012, driven by continued increases in labour compensation per unit of labour input.

In the **United States**, ULCs increased by 0.4% in the second quarter of 2012 (down from 1.2% in the previous quarter), with increases in labour productivity (0.2%) more than offset by increases in labour compensation per unit of labour input (0.7%). In the **euro area**, ULCs rose by 0.4% in the second quarter of 2012 (0.3% in the first quarter), with labour compensation per unit of labour input rising by 0.2% coupled with falling labour productivity by 0.2%. In the **United Kingdom**, strong increases in labour compensation and negative labour productivity growth continued to drive up ULCs.

Since the beginning of the financial crisis, unit labour costs (ULC) in the **euro area** have risen by about 9%, 3 percentage points higher than the OECD average. Rebalancing between **euro area** countries has in most cases been on the way since the beginning of 2009, however. In Ireland, Spain and Portugal, ULCs have continued to fall or remain moderate, mainly driven by labour productivity growth as a result of significant cuts in employment. In contrast, ULCs increased in Germany, France, Finland and Austria, driven by increased labour compensation and largely unchanged labour productivity growth.

Unit Labour Costs (ULC) in selected OECD countries¹
Seasonally adjusted, total economy



1. 2012Q2. based on early estimates of quarterly unit labour costs, 2012Q1 for Ireland and Portugal

2. The growth rate of unit labour cost is approximately equal to the difference between the growth rate of labour compensation per unit of labour input and labour productivity growth.

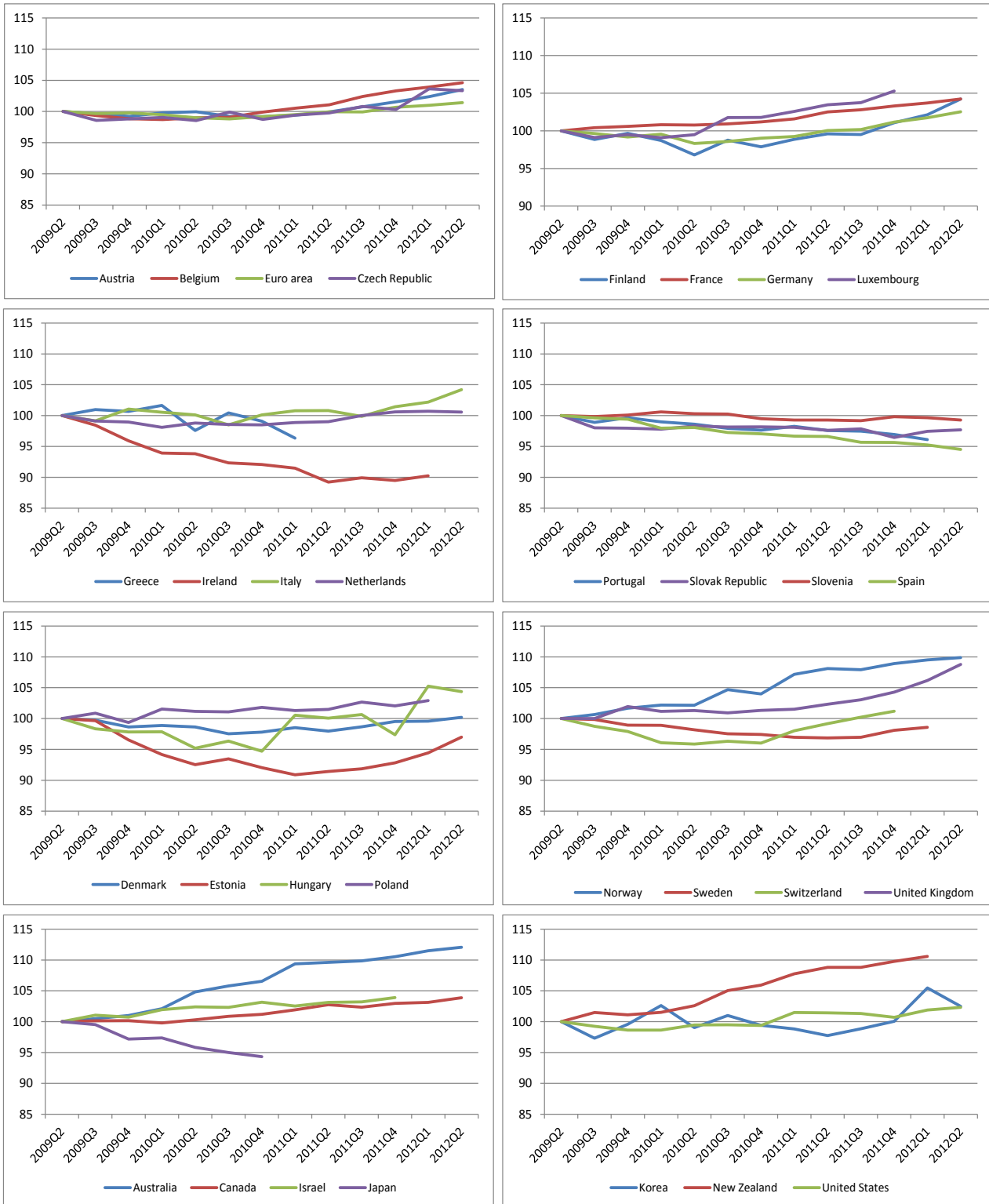
OECD System of Unit Labour Cost and Related Indicators

Early Estimates of Quarterly Unit Labour Costs 2009Q2-2012Q2
(Seasonally adjusted data, Quarter on Quarter changes, Total economy)

	2009			2010				2011				2012	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
OECD Total	-0.5	-0.5	-0.3	0.0	0.0	0.0	0.0	1.5	0.1	-0.2	0.1	0.8	0.3
Euro area	-0.1	-0.3	0.1	-0.3	-0.5	-0.2	0.4	0.3	0.5	0.0	0.7	0.3	0.4
Australia	-0.6	0.5	0.5	1.1	2.7	0.9	0.7	2.6	0.2	0.2	0.6	0.9	0.5
Austria	0.7	-0.4	-0.4	0.6	0.2	-0.8	0.0	0.2	0.5	0.8	0.8	0.8	1.1
Belgium	0.1	-0.6	-0.5	-0.1	0.3	0.1	0.8	0.6	0.5	1.3	0.9	0.6	0.7
Canada	0.7	0.1	0.0	-0.4	0.5	0.6	0.3	0.7	0.8	-0.4	0.6	0.2	0.7
Czech Republic	-1.1	-1.4	0.3	0.2	-0.5	1.4	-1.2	0.7	0.4	1.0	-0.5	3.3	-0.3
Denmark	1.7	-0.3	-1.1	0.2	-0.2	-1.1	0.3	0.7	-0.6	0.7	0.9	0.0	0.6
Estonia	-0.5	-0.4	-3.1	-2.4	-1.7	1.0	-1.5	-1.2	0.6	0.5	1.1	1.7	2.7
Finland	0.1	-1.1	0.8	-1.0	-1.9	2.0	-0.9	1.0	0.7	-0.1	1.6	1.1	2.0
France	0.1	0.4	0.2	0.2	0.0	0.2	0.2	0.4	0.9	0.3	0.5	0.4	0.5
Germany	-0.7	-0.4	-0.4	0.4	-1.2	0.3	0.4	0.2	0.8	0.1	1.0	0.6	0.8
Greece	1.5	1.0	-0.3	1.0	-4.0	2.9	-1.3	-2.8					
Hungary	-0.7	-1.7	-0.5	0.0	-2.7	1.2	-1.7	6.2	-0.5	0.6	-3.3	8.1	-0.9
Ireland	-3.3	-1.6	-2.6	-2.1	-0.1	-1.6	-0.3	-0.6	-2.5	0.8	-0.5	0.8	
Israel	0.3	1.1	-0.3	1.2	0.4	-0.1	0.8	-0.6	0.6	0.1	0.7		
Italy	-1.1	-0.8	1.9	-0.5	-0.4	-1.6	1.6	0.7	0.0	-0.9	1.6	0.7	2.0
Japan	-3.7	-0.5	-2.4	0.2	-1.6	-0.9	-0.7	3.0	0.0	-2.0	0.2	-1.2	-0.6
Korea	-4.7	-2.7	2.3	3.1	-3.5	2.0	-1.6	-0.6	-1.1	1.1	1.2	5.4	-2.8
Luxembourg	3.2	-0.9	0.4	-0.4	0.4	2.3	0.0	0.8	0.9	0.3	1.5		
Netherlands	1.3	-0.9	-0.1	-0.9	0.7	-0.2	-0.1	0.4	0.1	1.0	0.6	0.1	-0.1
New Zealand	-2.8	1.5	-0.4	0.4	1.1	2.4	0.8	1.7	1.0	0.0	0.9	0.7	
Norway	1.6	0.6	1.0	0.5	0.0	2.5	-0.7	3.1	0.9	-0.2	0.9	0.6	0.3
Poland	-0.3	0.9	-1.5	2.2	-0.4	-0.1	0.7	-0.5	0.2	1.2	-0.6	0.8	
Portugal	-0.8	-1.1	0.8	-0.7	-0.4	-0.7	-0.3	0.6	-0.7	-0.1	-0.6	-0.8	
Slovak Republic	-1.6	-2.0	0.0	-0.2	0.5	-0.1	0.0	-0.1	-0.5	0.3	-1.4	1.0	0.2
Slovenia	0.0	-0.2	0.2	0.5	-0.3	0.0	-0.8	-0.2	0.0	-0.1	0.7	-0.2	-0.4
Spain	0.8	-0.4	-0.2	-1.5	0.1	-0.8	-0.2	-0.4	0.0	-1.0	0.0	-0.4	-0.7
Sweden	-0.3	-0.2	-0.9	0.0	-0.7	-0.7	-0.1	-0.5	-0.1	0.1	1.2	0.5	
Switzerland	0.7	-1.3	-0.8	-1.9	-0.2	0.5	-0.3	2.1	1.2	1.1	1.0		
United Kingdom	1.9	0.0	1.9	-0.8	0.1	-0.4	0.4	0.2	0.8	0.7	1.2	1.8	2.4
United States	-0.2	-0.7	-0.6	0.0	0.9	0.0	-0.1	2.1	-0.1	-0.1	-0.6	1.2	0.4

OECD System of Unit Labour Cost and Related Indicators

Early Estimates of Quarterly Unit Labour Costs
(2009Q2=100, Seasonally adjusted, Total economy)



OECD System of Unit Labour Cost and Related Indicators

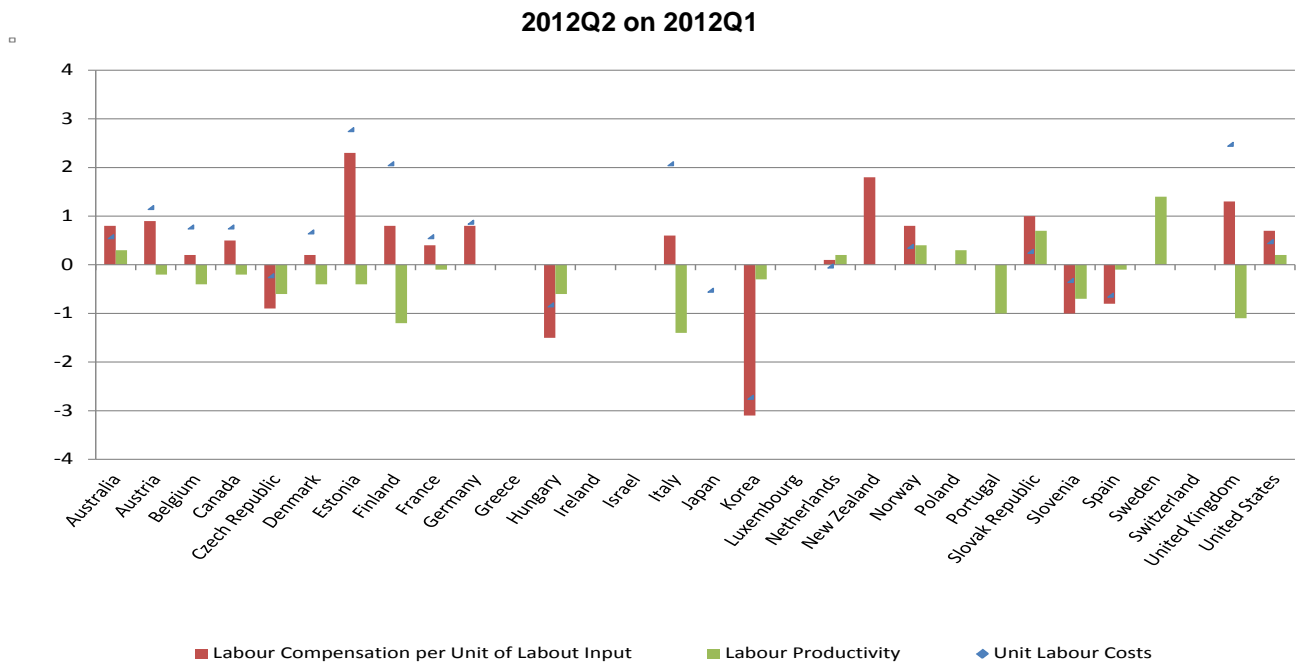
Early Estimates of Quarterly Unit Labour Costs, Labour Compensation per Unit of Labour Input, and Labour Productivity
(Seasonally adjusted, Quarter on Quarter changes, Total economy)

	Unit Labour Costs				Labour Compensation per unit of labour input				Labour Productivity			
	2011		2012		2011		2012		2011		2012	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
OECD Total	-0.2	0.1	0.8	0.3	0.3	0.2	0.9	0.3	0.5	0.1	0.1	0.0
Euro area	0.0	0.7	0.3	0.4	0.1	0.6	0.6	0.2	0.2	-0.1	0.3	-0.2
Australia	0.2	0.6	0.9	0.5	1.3	1.1	2.0	0.8	1.1	0.5	1.2	0.3
Austria	0.8	0.8	0.8	1.1	0.5	0.6	0.9	0.9	-0.4	-0.1	0.1	-0.2
Belgium	1.3	0.9	0.6	0.7	1.1	0.6	1.0	0.2	-0.2	-0.3	0.4	-0.4
Canada	-0.4	0.6	0.2	0.7	0.4	1.2	0.4	0.5	0.8	0.5	0.2	-0.2
Czech Republic	1.0	-0.5	3.3	-0.3	0.7	-0.3	2.8	-0.9	-0.3	0.1	-0.5	-0.6
Denmark	0.7	0.9	0.0	0.6	0.4	0.8	0.4	0.2	-0.3	-0.1	0.3	-0.4
Estonia	0.5	1.1	1.7	2.7	-0.1	2.8	0.7	2.3	-0.5	1.7	-1.1	-0.4
Finland	-0.1	1.6	1.1	2.0	1.2	0.4	2.2	0.8	1.3	-1.2	1.1	-1.2
France	0.3	0.5	0.4	0.5	0.5	0.6	0.4	0.4	0.2	0.1	0.0	-0.1
Germany	0.1	1.0	0.6	0.8	0.2	0.5	0.7	0.8	0.1	-0.4	0.1	0.0
Greece												
Hungary	0.6	-3.3	8.1	-0.9	0.1	-3.3	7.3	-1.5	-0.5	0.0	-0.7	-0.6
Ireland	0.8	-0.5	0.8		1.0	-0.3	1.0		0.2	0.2	0.1	
Israel	0.1	0.7			0.4	0.9			0.3	0.3		
Italy	-0.9	1.6	0.7	2.0	-0.8	1.0	0.5	0.6	0.1	-0.5	-0.2	-1.4
Japan	-2.0	0.2	-1.2	-0.6								
Korea	1.1	1.2	5.4	-2.8	1.8	1.0	5.8	-3.1	0.7	-0.2	0.4	-0.3
Luxembourg	0.3	1.5			0.7	1.3			0.4	-0.2		
Netherlands	1.0	0.6	0.1	-0.1	0.5	-0.1	0.4	0.1	-0.6	-0.6	0.3	0.2
New Zealand	0.0	0.9	0.7		0.5	1.1	1.2	1.8	0.5	0.2	0.5	
Norway	-0.2	0.9	0.6	0.3	0.5	1.1	1.5	0.8	0.7	0.2	0.9	0.4
Poland	1.2	-0.6	0.8		1.8	-0.2	1.5		0.6	0.4	0.7	0.3
Portugal	-0.1	-0.6	-0.8		-0.4	0.5	0.2		-0.3	1.1	1.1	-1.0
Slovak Republic	0.3	-1.4	1.0	0.2	0.7	-0.6	1.6	1.0	0.4	0.9	0.6	0.7
Slovenia	-0.1	0.7	-0.2	-0.4	0.1	-0.3	0.0	-1.0	0.2	-0.9	0.1	-0.7
Spain	-1.0	0.0	-0.4	-0.7	-0.1	0.7	0.8	-0.8	0.9	0.8	1.2	-0.1
Sweden	0.1	1.2	0.5		0.6	0.2	1.3		0.5	-1.0	0.8	1.4
Switzerland	1.1	1.0			0.6	0.5			-0.4	-0.4		
United Kingdom	0.7	1.2	1.8	2.4	1.9	0.6	1.0	1.3	1.2	-0.6	-0.8	-1.1
United States	-0.1	-0.6	1.2	0.4	0.1	-0.2	0.7	0.7	0.2	0.4	-0.5	0.2

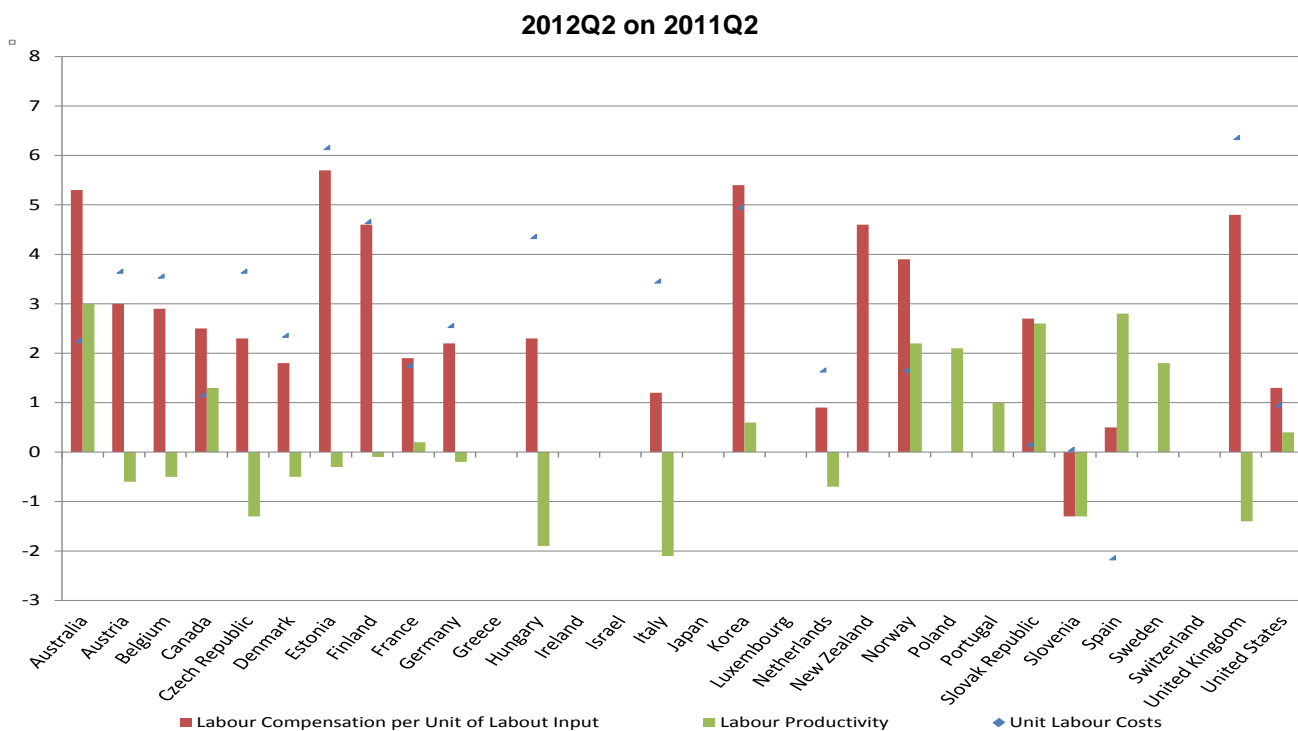
Note 1: Due to a break in Japanese labour market data between 2011Q1 and 2012Q2, no breakdown can be provided for Japan.

OECD System of Unit Labour Cost and Related Indicators

Early Estimates of Quarterly Unit Labour Costs
broken down by Labour Compensation per Unit of Labour Input and Labour Productivity
(Seasonally adjusted, Percentage change, Total economy)



Note: The growth rate of unit labour cost is approximately equal to the difference between the growth rate of labour compensation per unit of labour input and labour productivity growth.



OECD System of Unit Labour Cost and Related Indicators

Methodological Notes

Unit labour costs (ULCs) measure the average cost of labour per unit of output. They are calculated as the ratio of total labour costs to real output, or equivalently, as the ratio of average labour costs per employee to labour productivity (output per person employed). As such, ULCs provide the link between productivity and the cost of labour in producing output. An increase in ULCs indicates that growth in average employee compensation exceeds growth in labour productivity, which may create pressure on producer prices.

The OECD System of Unit Labour Cost Indicators compiles annual and quarterly ULCs and related indicators according to a specific methodology to ensure data are comparable across countries. This system is principally based on national accounts concepts and data, but also brings together a wide range of proxy sources for quarterly data. Two types of quarterly ULC series are available at the OECD: benchmarked ULCs and early estimates of quarterly (EEQ) ULCs.

EEQ ULCs are presented in this news release. EEQ ULCs provide timely information on total economy for thirty OECD Member countries, the Euro area and OECD total. EEQ ULCs for twenty-one EU member OECD countries and Euro area are provided by the ECB sourced from Eurostat and those for nine Non-EU member OECD countries and OECD total are compiled by the OECD following a methodology that is fully consistent with that used by the ECB. The compilation of the EEQ ULCs involves identifying suitable quarterly data of compensation of employees, number of employees and total employment, and constant price GDP by expenditure. In case of missing target variables, proxies are used as follows:

- For compensation of employees, gross wages and salaries are used for Korea and New Zealand.
- For employment and employees, data are collected from:
 - Labour force surveys: Australia, Canada, Japan, Korea, New Zealand, Switzerland, and USA;
 - Business surveys: Switzerland.

EEQ ULCs figures for the latest quarter in this press release cover only countries whose data are available at 75 days after the reference quarter, although EEQ ULCs are updated on a rolling basis and disseminated via <http://stats.oecd.org/Index.aspx>.

Benchmarked ULCs are less timely but more consistent with national accounts data and more detailed. Benchmarking ULCs are available for all OECD Member countries and the Euro area for total economy, manufacturing, industry, construction, trade transport & communication, financial and business services, market services and the business sector excluding agriculture. All benchmarked ULCs together with detailed methodological information and country data sources are freely available through the OECD System of Unit Labour Cost Indicators web portal at: <http://stats.oecd.org/mei/default.asp?rev=3>. Annual time series also include related series such as labour productivity, labour compensation per unit labour input, exchange rate adjusted ULC and labour income share ratios. The latter variables can differ from other data sources, such as the OECD Structural Analysis and Productivity Databases, due to statistical coverage, frequency of updates or other comparability issues.

Contacts:

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Next Press release: mid-December, 2012