

# Labour Market Fact Sheet

April 2011

## SLOW REVERSAL OF UNEMPLOYMENT TRENDS BUT CONFIDENCE IMPROVING

After remaining stable at 9.6% for twelve consecutive months, the EU27 unemployment rate has decreased by a modest 0.1 percentage points (pps) in February 2011 to 9.5%<sup>1</sup>. Over the last 12 months, the unemployment rate has decreased in thirteen Member States but increased in twelve, with changes ranging from -2.8 pps in Latvia to +3.9 pps in Greece.

### Overall summary of the situation:

- Unemployment in the EU fell slightly, but is stubbornly high in many of those countries with above-average unemployment, while it has a confirmed downward trend in half of the Member States
- Youth unemployment remains high (20.4% in EU27) and increased further in half of the Member States
- Firms expect to increase their employment in the next month, except in construction sector; this is confirmed by growing hiring activity
- Although restructuring activity is picking up again, the net impact on jobs is neutral

### The EU unemployment rate slightly eased in February, with the situation of men improving...

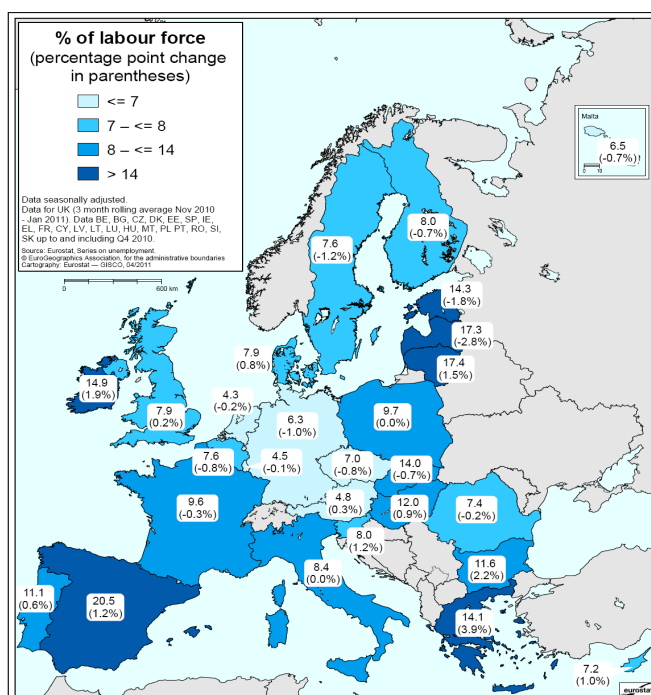
In February 2011, the unemployment rate slightly eased by a modest 0.1 pps to 9.5% at the EU27 level, after remaining stable for twelve months at 9.6%. It also edged down by 0.1 pps to 9.9% in the euro area. The unemployment rate is now back to the level of January 2010. Compared to the previous month, the unemployment rate remained stable in most Member States, but fell in seven countries and increased in four, including Spain. The overall number in unemployment continued to slowly decline in February, as it fell by 99 000 on January 2011, and 31 000 in comparison to February 2010, as a consequence of falls in both female unemployment (-36 000 unemployed on January) and male unemployment (-62 000 on January). Interestingly, given the fact that the male population was hit first and hardest by the crisis, in the year to February 2011, female unemployment continued to increase (+282 000), while male unemployment finally declined (-312 000).

### ... and a confirmed decreasing trend in some Member States...

This slight improvement at EU level can be explained by the falls recorded in the unemployment rates of thirteen countries. The Baltic countries, severely hit by the employment downturn, saw a significant improvement, as their unemployment rates dropped by 2.8 pps in Latvia, 1.8 pps in Estonia over the year (Chart 1) and, to a lesser extent, by 0.8 pps in Lithuania over the last three months. Countries with a lower than average unemployment rate are benefiting from an

improvement, too. Germany recorded a considerable fall of unemployment over the year (down by 390 000 persons), it also decreased in France (down by 76 000), Sweden (down by 55 000), Finland (down by 19 000), the Czech Republic (down by 41 000) and in Benelux countries.

Chart 1: Unemployment rates, February 2011 and unemployment rate changes February 2010-February 2011 in parentheses



On the other hand, unemployment is showing resilience in several countries with an already higher than average unemployment rate. It is the case, in particular, of Spain (up by 283 000), Greece (up by 196 000 over the period), Bulgaria (up by 71 000) and Ireland (up by 37 000). Spain still records the highest unemployment rate among Member States (20.5%), marked by a 0.1 pps increase in February.

### Youth unemployment remains still twice as high

The unemployment rate for youth decreased to 20.4% in February, down by 0.1 pps on January 2011 and by 0.5 pps over the year. This corresponds to a decrease of 45 000 unemployed aged less than 25 on January 2011 and 225 000 on February 2010. The youth unemployment rate stays markedly higher than that for the other age groups, with a 12 pps gap (the unemployment rate for the 25-74 was 8.3% in February 2011). It also appears more volatile than for other age groups. Over the most recent twelve months, youth employment has fallen by 9.7 pps in Latvia, to 31.0%, while it rose by 8.2 pps in Greece, to 36.1%. Generally, it fell in twelve countries while it increased in thirteen countries. Germany and the Netherlands still record the lowest youth unemployment

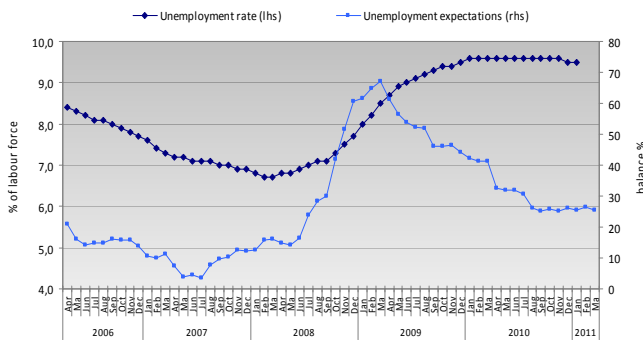
<sup>1</sup> Previously released LFS data had indicated the same decrease a month earlier, in January 2011, after 11 months of stability. Meanwhile, January figures have been restored to 9.6%.

rates (resp. 7.4 % and 7.9 %) and are witnessing a further improvement (resp. 2 pps and 1.4 pps over the year). Eighteen Member States have a youth unemployment rate above 20 %, including six above 30 %. Over the last six months, it has steadily increased in Bulgaria (up by 5.6 pps), Ireland (up by 3.5 pps), Greece (up by 2.6 pps), Hungary (up by 1.9 pps), in Poland and United Kingdom (both up by 1.6 %). It reached a new historical high in Spain with 43.5 %.

### Firms expect to increase their employment

In March, unemployment expectations of consumers remained broadly stable at the level of last year (Chart 2). The March business survey however indicates that firms expect to increase their employment in the next months in industry, services, retail trade and in the financial sector. Employment prospects are notably improving in industry and services since the beginning of the year, whereas the construction sector still expects a reduction in employment over the next months (Chart 3).

Chart 2: Unemployment rate and unemployment expectations over the 12 months ahead



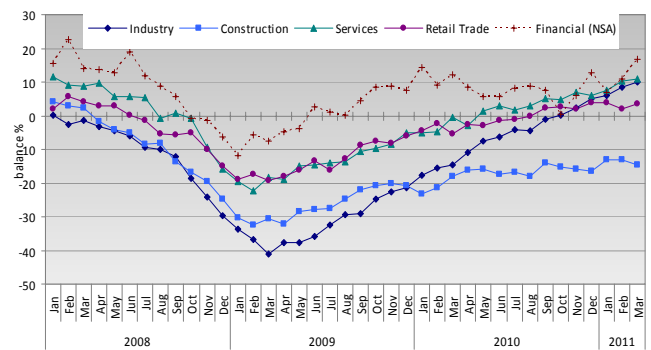
Source: Eurostat, IFS; Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted.

### Growing hiring activity reflects growing confidence...

According to Manpower, there is a growing hiring activity in some key European countries, like Germany, Poland, Belgium and Sweden. Despite the prospect of public sector spending cuts and uncertainty in the euro area, markets have continued to be resilient and global demand has remained strong. The employment outlook in Germany continues to be robust and is showing signs of spilling over to other European countries. According to Eurociett, the agency work industry in Europe grew by 25.2% in January 2011 compared with the same month in 2010. This marks the tenth consecutive month of growth for the sector. 37.8% more agency workers were employed in Germany in January 2011 compared with January 2010. The number of hours worked by agency

workers in Italy and France rose by respectively 31.5% and 24.5% during the same period.

Chart 3: Employment expectations over the 12 months ahead

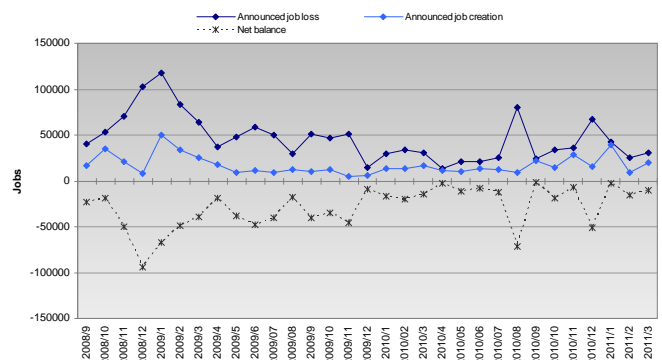


Source: Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted (except for financial sector)

### ... and restructuring activity is picking up again without significant net employment destruction

There was a slight increase in the restructuring activity reported on the European Restructuring Monitor (ERM) in March 2011 (Chart 4). During the month, the ERM registered a rise, compared to the previous month, in restructuring-related announced job losses (30 245 jobs) and a sharp increase in announced new jobs (20 154 jobs), in a total of 112 cases. The Member State with the largest announced job losses was France (10 626 jobs), followed by the UK (6 476 jobs), Slovakia (3 031 jobs), the Czech Republic (2 647 jobs) and Germany (2 237 jobs). Transport and communications (18 418 jobs) and manufacturing (4 578 jobs) were the sectors the most affected by announced job losses, while manufacturing (8 935 jobs) and real estate/ business activities (5 540 jobs) accounted for the majority of business expansion.

Chart 4: Restructuring trends



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

Key labour market indicators for the EU27 (age 15-74)

EU27 seasonally Adjusted data	Year (annual average)				Month			Monthly		Annual	
	2000	2008	2009	2010	2010 Feb	2011 Jan	2011 Feb	Number or pps	%	Number or pps	%
<b>Unemployment (1000)</b>	19 532	16 794	21 468	23 094	23 082	23 150	23 051	-99	-0.4	-31	-0.1
Males	9 748	8 684	11 800	12 633	12 793	12 543	12 481	-62	-0.5	-312	-2.4
Females	9 784	8 109	9 668	10 461	10 289	10 607	10 571	-36	-0.3	282	2.7
Less than 25	5 024	4 193	5 202	5 298	5 403	5 223	5 178	-45	-0.8	-225	-4.2
<b>Unemployment rate (%)</b>	8.7	7.0	8.9	9.6	9.6	9.6	9.5	-0.1	-	-0.1	-
Males	7.8	6.6	9.0	9.6	9.8	9.5	9.5	0.0	-	-0.3	-
Females	9.8	7.5	8.9	9.5	9.4	9.6	9.6	0.0	-	0.2	-
Less than 25	17.4	15.5	19.7	20.6	20.9	20.5	20.4	-0.1	-	-0.5	-

