

# Labour Market Fact Sheet

June 2011

## LABOUR MARKETS RECOVERING SLOWLY

The EU average unemployment rate has slightly decreased by 0.1 percentage point (pp) in April 2011, to 9.4%. Over the first quarter of 2011, it has remained stable at 9.5% despite a pick-up in economic activity by 0.8 % at the EU level. In the twelve months to April 2011, it receded by a moderate 0.3 pp, from 9.7% in April 2010.

### Overall summary of the situation:

- Unemployment in the EU as a whole seems to have begun a slow but sustained decrease after the peak in October 2010, with significant differences among Member States though.
- Youth unemployment remains high at 20.3% in the EU. While it is moderately decreasing overall, upward trends remain visible in eleven Member States.
- Hiring activity remains solid, especially in some central and eastern European countries, despite a slowdown in firm's expectations
- Restructuring activity continues to decline, with a very limited net impact on jobs

### The EU unemployment rate slightly eased in April...

In April 2011, the unemployment rate at the EU level slightly eased by 0.1 pp to 9.4%, after remaining stable for four months at 9.5%. On the other hand, in the Euro area, it remained unchanged in April at 9.9%. EU's overall unemployment seems to point to a steady, though very slow decrease after peaking at 9.7% in October 2010. Over the year to April 2011, the improvement at EU level (down by 0.3 pp) is explained by decreasing unemployment rates in seventeen Member States that offset the increases recorded in nine, with changes ranging from - 5.0 pps in Estonia to + 3.9 pps in Greece.

### ...but this benefits mostly those countries with an already lower than average unemployment rate...

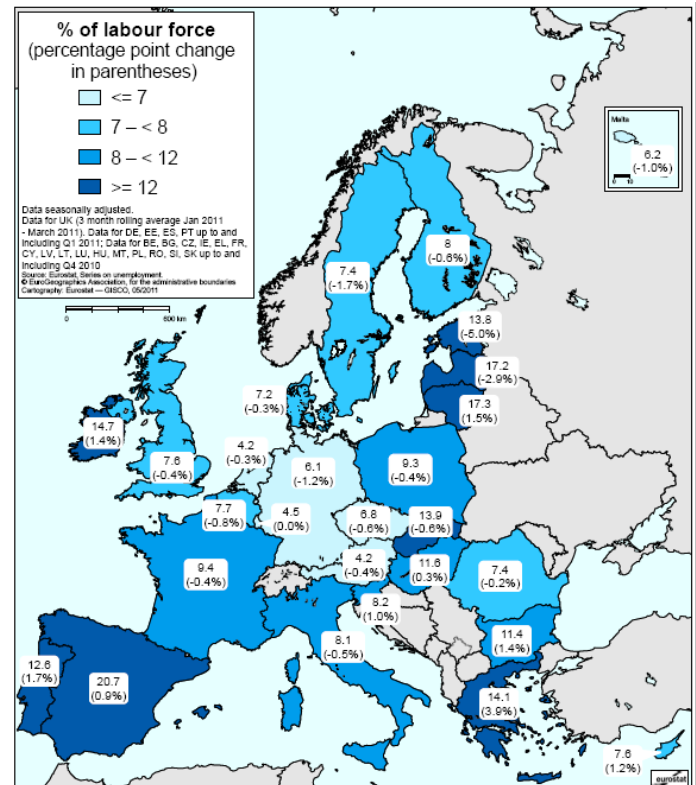
Among high-unemployment Member States, only Estonia and Latvia have recorded a significant improvement, as their unemployment rates dropped respectively by 5.0 pps and 2.9 pps over the year (Chart 1). In general, Member States with a lower than average unemployment rate are benefiting most from the recovery. Germany recorded a considerable fall of unemployment over the year (- 480000 persons), it also decreased in Italy (- 165000), France and the UK (approximately - 100000), Sweden (- 80000), Poland (- 62000), the Czech Republic (- 37000) and in the Benelux countries.

### ...while in others unemployment remains stubbornly high

On the other hand, unemployment is showing stubbornness in several countries with an already higher than average unemployment rate. Over the year to April 2011, the number of unemployed has increased in Spain (+ 200000), in Greece (+ 200000), in Portugal (+ 90000) and in Bulgaria (+ 40000). Spain still records the highest unemployment rate among Member States (20.7%), with

yet another 0.3 pp increase over the last four months.

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



### Gender gap again in favour of men

The overall number of unemployed in the EU continued to slowly shrink in April 2011, down by 165000 on March. This is the sixth consecutive month of decline. Men are benefiting more than women from this recent improvement. Over the year to April 2011, the number of unemployed men fell by 671000, while it went down by 31000 for women. Consequently, even if the absolute number of unemployed men is still above the number of unemployed women, in April 2011, the male unemployment rate was 9.3%, against 9.5% for women.

### Youth unemployment remains still twice as high with contrasted evolution among Member States

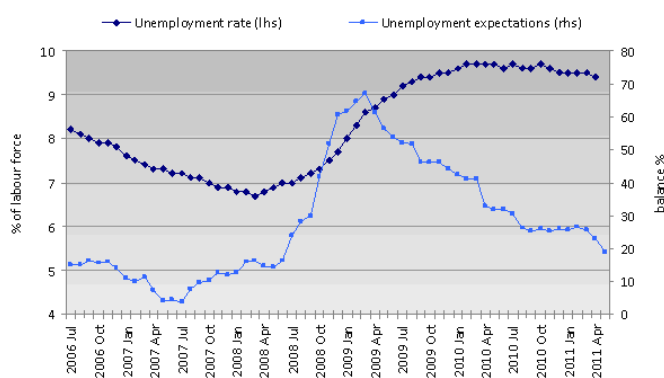
The unemployment rate for youth decreased to 20.3% in April 2011, down by 0.2 pp on March 2011 and by 0.9 pp over the year. This corresponds to a decrease of 93000 unemployed aged less than 25 on March 2011 and of 388000 on April 2010. The youth unemployment rate stays markedly higher than that for the prime age group as the unemployment rate for the 25-74 was 'only' 8.1% in April 2011. Across the Member States the gap ranges from 2 pps in Germany (5.9% vs 7.9%) to 25.9 pps in Spain (18.5% vs 44.4%). Over the year the youth unemployment rate has recorded an increase higher than 2 pps in nine Member States, in particular in Greece (+ 8.2 pps to

36.1%), Portugal and Bulgaria (more than 5 pps). On the other hand, the youth unemployment rate has recorded a decrease higher than 2 pps in six countries, in particular in Estonia (- 19.3 pps to 20.4%), Latvia (- 9.7 pps to 31%), Sweden (- 5.4 pps to 22%), Germany and the Netherlands (respectively - 2.7 pps and - 2.1 pps to 7.9% and 6.9%).

### Expectations mixed across consumers and firms

In May, unemployment expectations of consumers declined again (Chart 2). On the other hand, according to the May business survey, firms' employment expectations worsened slightly but remained on the positive side overall. Employment expectations declined especially in the construction and in the financial sector. Services were the only sector to register an increase. (Chart 3). This moderate slowdown could signal that labour market recovery is not completely robust yet.

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

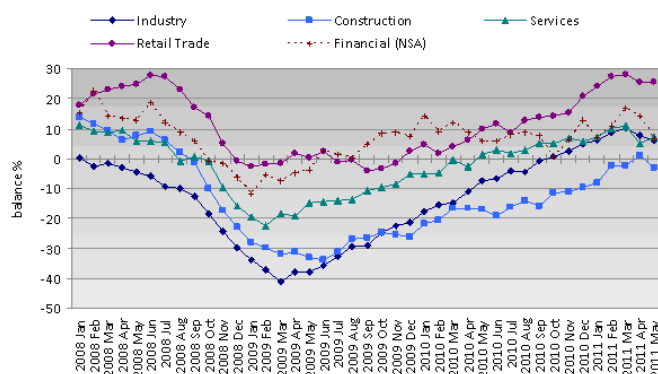


Source: Eurostat, Series on unemployment; Commission services (ECFIN), Business and consumer surveys.

### Marked hiring growth in some (eastern) Member States...

According to Eurociett, the agency work industry in Europe grew by 21.6% in the twelve months to March 2011, in terms of number of hours worked. This marks a year of growth in that sector, which serves as a leading business indicator across Europe in the recovery phase. While annual rises amounted to 27.6% in Italy, 25.7% in Germany and 19.5% in France, agency work in Poland posted an even faster growth, up by 37.8% in the year to the first quarter of 2011. Indeed, according to Manpower, there is a growing hiring activity in central and eastern European countries, where employers are more optimistic about adding staff in the second quarter of 2011 than they were in the previous quarter. Hiring activity is expected to be strongest in Bulgaria, Belgium and Poland and weakest in Greece and Spain.

Chart 3: Employment expectations over the 12 months ahead

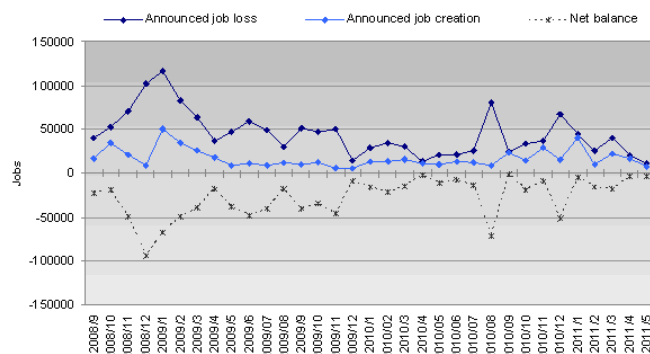


Source: Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted

### ... while restructuring activity continued to fall in May, with a very limited net impact on jobs

In May 2011 the European Restructuring Monitor (ERM) continued to report a decrease in restructuring activity (Chart 4). During the month, in a total of 59 cases, a decrease compared to previous months was registered, both in restructuring-related announced job losses (10958 jobs, down from 30245 in March and 16898 in April) and in announced new jobs (8127 jobs, down from 20154 and 12090 respectively), leaving the net employment destruction even closer to zero. The Member States with the largest announced job losses were Italy (3221 jobs) and the UK (2400 jobs), followed by Germany (1813 jobs), Slovenia (798 jobs) and Austria (720 jobs). Manufacturing (8980 jobs lost) was still by far the sector the most affected by announced job losses, followed by public administration (650 jobs) and other community and social activities (400 jobs). But manufacturing was also the sector accounting for the majority of job gains (4240 new jobs), followed by real estate/ business activities (2055 jobs).

Chart 4: Restructuring trends



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

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

EU27	Year (annual average)				Month (Seas. Adjusted data)			Monthly		Annual	
	2000	2008	2009	2010	2010 April	2011 March	2011 April	Number or pps.	%	Number or pps.	%
<b>Unemployment (1000)</b>	19.532	16.788	21.469	23.094	23.249	22.712	22.547	-165	-0.7	-702	-3.0
Males	9.748	8.681	11.801	12.634	12.821	12.248	12.150	-98	-0.8	-671	-5.2
Females	9.784	8.108	9.668	10.460	10.428	10.464	10.397	-67	-0.6	-31	-0.3
Less than 25	19.532	16.788	21.469	23.094	5.411	5.117	5.023	-94	-1.7	-388	-7.2
<b>Unemployment rate (%)</b>	8.7	7.1	9.0	9.6	9.7	9.5	9.4	-0.1	-	-0.3	-
Males	7.8	6.6	9.0	9.7	9.8	9.4	9.3	-0.1	-	-0.5	-
Females	9.8	7.6	8.9	9.6	9.6	9.6	9.5	-0.1	-	-0.1	-
Less than 25	17.4	15.7	20.0	20.9	21.2	20.5	20.3	-0.2	-	-0.9	-

