

EU Employment and Social Situation

Quarterly Review

September 2012

With special focus on LFS supplementary indicators to unemployment, ensuring sufficient income to lift children out of poverty, social climate across the EU and restructuring support instruments





This Quarterly Review provides in-depth analysis of recent labour market 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. The sections on restructuring trends, based on ERM data, were prepared by the European Foundation for the Improvement of Living and Working Conditions (Eurofound).

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Executive summary

The EU Employment and Social Situation Quarterly Review provides an overview of developments in the European labour market and the social situation in the EU, based on the latest available data. Against the backdrop of persistent **divergence** between the 27 labour markets and a strong tendency towards **polarisation, social risks are increasing**.

In the second quarter of 2012 employment remained broadly stable compared to the previous quarter in the EU (+0.1 %) and the Euro area (0.0 %), after three consecutive quarters of minor but constant decline (-0.1 % q-o-q in the EU, through 2011 q3 – 2012 q1), while the GDP recorded a minor contraction in the second quarter of 2012 (-0.1 % q-o-q in the EU, -0.2 % in the Euro area). However, **employment is subdued in comparison with 2011**: in the EU employment went down by 0.2 % over the year to the second quarter of 2012, while EU GDP was 0.3 % down compared to the second quarter of 2011. In the Euro area, declines were of 0.6 % and 0.5 % respectively.

The EU has been in recession or on the verge of it since late 2011 and the overall economic sentiment is at its lowest level in three years. In this context, **job-finding prospects remain poor** compared to pre-crisis years. The fall in economic activity stems from further decline in domestic demand, whereas increased exports cushioned it slightly. **Economic activity and employment declined further in Spain and Portugal. Greece, Bulgaria and Cyprus have seen fast declines in employment too.** Among the largest Member States, the economy continued to grow in Germany, France and Poland, whereas the economy of Italy, Spain and the United Kingdom saw a further contraction.

In this context, gross household disposable income declined in two-thirds of EU countries between 2009 and 2011, which explains why the **share of the EU population reporting their households are experiencing financial distress remains historically high**, having generally edged up further over recent months. Over the last year Italy has recorded a particularly sharp rise in overall financial distress followed by Greece, Ireland, Cyprus, Portugal and Spain. **Among households within the lowest income quartile the share of people experiencing financial distress has increased further in the majority of Member States.** However, richer households, relatively less affected so far, were more numerous to report having to draw on their savings over the last quarter.

Citizens of the countries affected by the steepest income declines are also generally more likely to have negative perceptions of their social situation, as the 2012 **Eurobarometer on Social Climate** shows (see p. 43). Since last year, significant improvements were noted in Latvia, France and Denmark, while serious declines were seen in Italy, Greece and Cyprus.

Child poverty is becoming an issue for a growing number of households. It results from the conjunction of insufficient earnings from parental work and inadequate support to households with children. The size and effectiveness of social expenditure dedicated to children vary considerably across the EU, pointing to potential efficiency gains in spending towards children. Affordable childcare, along with appropriate tax and benefit incentives, is a very important factor in allowing parents, and especially mothers, to work (see p. 38).

More worrying is the fact that **unemployment is still on the rise and has climbed above 25 million, a historically high level.** In July, 25.3 million people (10.4 % of the labour force) were out of work. The continuous increase in unemployment in the EU over the last 16 months to July 2012 put over **2.6 million more people out of work compared to March 2011** (+11.6 %). The unemployment rate rose in 17 Member States and **disparities have again widened**: there is now a gap of 20.6 percentage points (pps) between EU's lowest (Austria, with 4.5 %) and highest (Spain, with 25.1 %) unemployment rates, an all-time record since harmonised statistics exist.

As a consequence, **the number of long-term unemployed reached 10.7 million in the first quarter of 2012.** Long-term unemployment accounts for **4.5 % of the active population** (up by 0.4 pp over the year) at EU level and grew in the majority of Member States, reaching in some cases a historically high level, although the speed of the increase is gradually declining. **Long-term unemployment is expected to continue to grow**, owing to the recent surge in the number of recently unemployed people.



Youth unemployment, although it did not rise further over recent months, is still at a dramatic level with the **youth unemployment rate in the EU at 22.5 %** in July. Twelve Member States recorded rates above the 25 % mark, and only three remain under 10 %. The **gloomy outlook for the young** implies growing risks of long-term unemployment and lasting inactivity, as reflected by the rise in the number of young people neither in employment nor in education and training (**NEET**). Migrants in the EU suffered the most from rising unemployment, while older workers have increasingly stayed in the labour market, according to EU aggregates, even during the crisis.

Whereas labour market fluctuations until the first half of 2011 were driven mainly by temporary employment, currently all types of employment (whether permanent, temporary or self-employment) are suffering from the **weak labour demand**, with the **notable exception of part-time employment**. In the first quarter of 2012, the number of full-time workers in the EU recorded its largest annual drop since the financial crisis, falling by 1.45 million over the year, while the number of employees working part-time grew by 590 000.

New figures for 2011 shed light on the **broader impact on labour market conditions**. Beside the 23 million unemployed people the EU then counted, there were some 8.6 million underemployed part-time workers and the EU's potential additional labour force was estimated at 10.9 million people. The latter consists of a **'grey zone' between unemployment and inactivity**, including those seeking work but not immediately available for and those available for work but not seeking it anymore. The phenomenon has increased only moderately since 2008, contrary to trends observed in the US. Underemployment affects women in particular, while men have been hit harder by the crisis. (see p. 19).

Labour productivity growth in the EU continued to weaken during the second quarter of 2012, with sharp falls in Italy, Hungary and the United Kingdom. Nominal wage growth strengthened in some Member States, especially the United Kingdom and Finland, while it remained subdued in others such as Spain or negative in Slovenia. Greece continues its path of sharp decreases in nominal labour cost that started in the second quarter of 2010. **Nominal unit labour cost developments differed somewhat across Member States** with the United Kingdom posting strong growth, while Spain saw another decline. The real unit labour cost regained upward momentum in some Member States, in the UK in particular. Greece and Austria recorded the highest number of hours worked by full-time employed persons in the first quarter of 2012, while Finland, Italy and Ireland recorded the lowest number.

According to the European Restructuring Monitor, **announced restructuring-related job losses continued to outnumber announced job gains**, with most of the recent job loss announcements relating to Italy and the manufacturing sector. As restructuring is a permanent characteristic of economic development, but rarely realised in a smooth and painless process, a wide variety of **instruments to support companies and employees affected by restructuring** has been implemented across Europe. Eurofound published a **database** to give an overview of measures implemented in the Member States (see p. 50).

This edition of the Quarterly Review takes a closer look at the labour markets and social situations in **Belgium, Cyprus, the Czech Republic, France, Italy, Lithuania, Luxembourg and Poland**. Annexed to the regular analysis of sectoral trends, a focus on the **tourism and HoReCa sector** is presented. This sector generates roughly 3.5 % of the EU GDP, and employs more than **11 million people**, accounting for **5 % of the total labour force**. Employment in the tourism industry held up fairly well through the crisis, when compared to the collapse in value added (see p. 56).

Table 1: Latest labour market trends

	2011q2	2011q3	2011q4	2012q1	2012q2
Real GDP					
(% change on previous quarter, seasonally adjusted)	0.3	0.2	-0.3	0.0	-0.1
(% change on previous year, seasonally adjusted)	1.7	1.4	0.7	0.1	-0.3
Employment growth					
(% change on previous quarter, seasonally adjusted)	0.2	-0.1	-0.1	-0.1	0.1
(% change on previous year, seasonally adjusted)	0.5	0.2	0.0	-0.2	-0.2
Employment rate (15-64)					
(% of working age population, non-seasonally adjusted)	64.5	64.6	64.3	63.6	:
Job vacancy rate					
(% of vacant and occupied posts, non-seasonally adjusted)	1.5	1.5	1.5	1.5	:
Labour productivity					
(% change on previous year, seasonally adjusted)	1.2	1.2	0.8	0.3	:
Labour cost					
(% change on previous year, seasonally adjusted)	-0.7	-0.2	0.3	0.7	:
Long-term unemployment rate					
(% Labour force, non-seasonally adjusted)	4.0	4.1	4.3	4.5	:

	2012 Mar	2012 apr	2012 May	2012 Jun	2012 Jul
Unemployment rate (seasonally adjusted)					
Total (% of labour force)	10.2	10.3	10.4	10.4	10.4
Men	10.2	10.3	10.4	10.4	10.5
Women	10.3	10.3	10.4	10.4	10.4
Youth (% of labour force aged 15-24)	22.6	22.6	22.6	22.5	22.5

Source: Eurostat, DG EMPL own calculations.

Introduction

The unemployment rate is still at its highest in the EU¹, at 10.4% in July 2012 and the situation for young people remains very worrying (unemployment rate at 22.5%), while the outlook for the coming months is poor, as highlighted in the latest Labour Market Fact Sheet.²

This Quarterly Review provides an in-depth overview of developments in the European labour market and the social situation in the EU, based on the latest available data. It summarises short-term trends in GDP and employment growth, changes in employment by sector and category of employment, unemployment, long-term unemployment and inactivity, with a focus on vulnerable groups, namely youth, migrants and low-skilled. The analysis also covers the latest trends in working hours, productivity and labour costs, developments in employment patterns and vacancies, and recent changes in economic sentiment and employment expectations. It explores in detail the latest social inclusion trends, based on a wealth of indicators.

Additionally, more specific topics are reported on within the special focus sections concerning: Labour Force Survey (LFS) supplementary indicators to unemployment, ensuring sufficient income to lift children out of poverty, developments in the social climate across the EU and restructuring support instruments. Finally, overall restructuring trends are presented and the specific situations in the tourism and 'HoReCa' sector, as well as in eight selected Member States, are analysed in greater detail. The two annexes present the latest labour market statistics and a selection of recently published and relevant research material.

Macroeconomic and employment context and outlook

Context

Declining domestic demand and contracting sectors — except for public services, real estate, and financial and insurance activities

The second quarter contraction in the EU economy was the result of declining domestic demand although increased exports cushioned the fall. The decline affected most economic sectors and was especially marked in the construction sector, which contracted for the fourth consecutive quarter (-1.2% from -2.4% in the first quarter). Total industrial production decreased by -0.3% after increasing in the first three months by 0.2%.

Despite the economic contraction, the total number of people employed in the EU increased minimally in the second quarter of 2012, in comparison to the previous three months (+0.1%). The main source of employment growth was the service sector, with the notable exception of financial services and insurance.

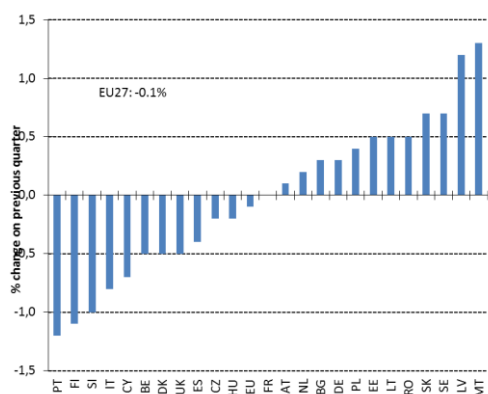
Further slowdown in Member States' GDP and employment growth, divergence continued

Among the countries with negative growth during the second quarter, the economies of the Czech Republic, Spain and the United Kingdom contracted for the third consecutive quarter, whereas Italy, Cyprus and Portugal saw their economies shrinking for fourth quarter running. The growth rate turned negative in Belgium, Denmark, Finland and Slovenia in the second quarter. Second quarter economic activity increased further, mainly in the countries which were growing already in the first three months of 2012 with exception of Malta (see Chart 1).

¹ "EU" refers to the aggregate value for the EU-27 (27 Member States). Other aggregates are clearly identified in the text, e.g. EU-15, Euro area or EA-17, etc.

² Find previous labour market monitoring publications (monthly and quarterly) on the Employment and Social Analysis web page:
<http://ec.europa.eu/social/main.jsp?catId=113&langId=en>.

Chart 1: Second quarter real GDP in EU Member States

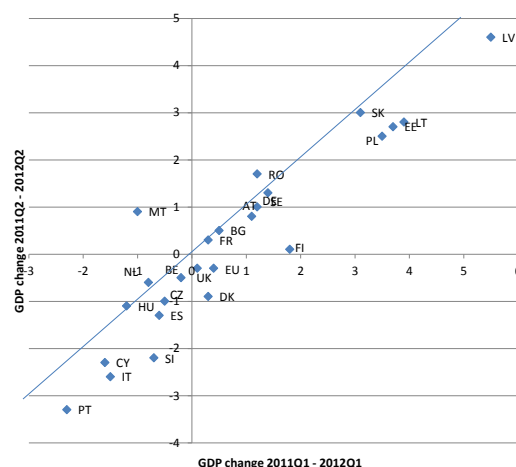


Source: Eurostat, National accounts, seasonally adjusted data, [namq_gdp_k]
Note: IE, EL and LU data not available.

Over the year up to 2012 q2, real GDP growth slowed down in most of the Member States (see Chart 2). Among the six largest countries, Germany and France continued to grow at more or less the same rate, whereas Poland's growth slowed in comparison to the y-o-y changes in the previous quarter. The situation deteriorated even further in the other three big Member States, Italy, Spain and the United Kingdom. Significant slow-down occurred in Finland and Denmark, with Denmark's economy switching from growth to contraction. Activities continued to decline in countries receiving financial support from the EU and/or the International Monetary Fund (IMF). On the positive side, Malta's growth turned positive, Romania increased its annual growth rate by 0.5 pp, and the Baltic States continued to grow by more than 2.5 %.

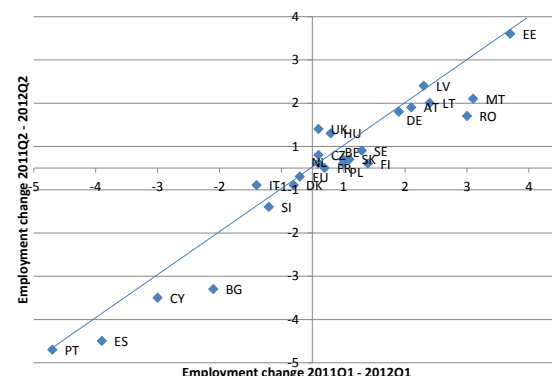
As in the case of GDP, employment growth slowed down and diverged markedly among Member States (see Chart 3 and employment analysis below).

Chart 2: Real GDP in EU Member States over the past two quarters (y-o-y)



Source: Eurostat, National accounts, seasonally adjusted data, [namq_gdp_k]
Note: IE, EL and LU data not available.

Chart 3: Employment change in EU Member States over the past two quarters (y-o-y)



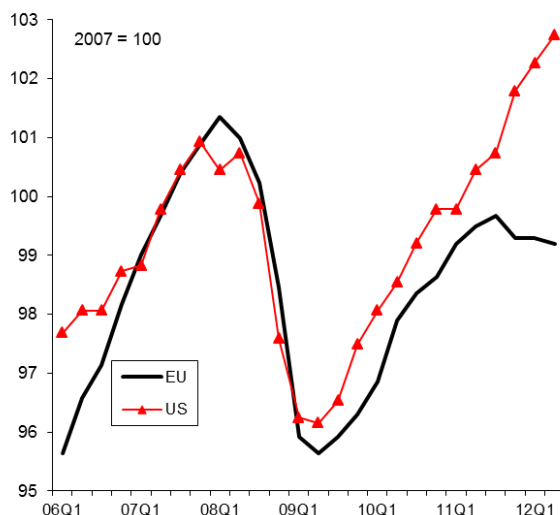
Source: Eurostat, National accounts, non-seasonally adjusted data, [namq_nace10_e]
Note: EL not shown being a negative outlier, IE and LU data not available for 2012 q2.

The EU is close to a recession

In the EU, real GDP shrank between the second quarter of 2011 and the second quarter of 2012 (see Chart 4). With two quarter-on-quarter declines in real GDP during the last three quarters, the EU is close to a recession. Weak economic growth reflected a weaker international environment, negative effects of fiscal consolidation and a further loss of confidence. The divergence between EU and US unemployment rates over the last twelve months (respectively plus and minus 0.8 pp, see Chart 5) reflects mainly the growth differential (real GDP changed by, respectively, -0.3 % and +2.3 % year-on-

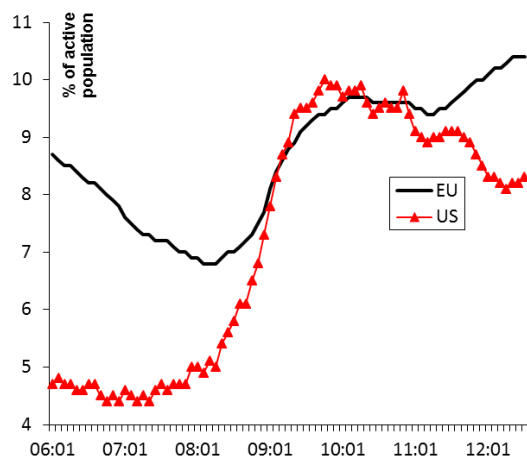
year), as well as the very low labour participation rate in the US.

Chart 4: Real GDP volumes in the EU and the US



Source: Eurostat, National accounts. Seasonally adjusted data, [namq_gdp_k].

Chart 5: Unemployment rates in the EU and the US



Source: Eurostat, National accounts. Seasonally adjusted data, [une_rt_m].

Outlook

Overall economic sentiment at its lowest level in three years

During summer, the Commission's economic sentiment indicator fell to its lowest level in three years, with broad-based drops in all sectors. These developments were mirrored in the

Eurozone Purchasing Managers Index (PMI) composite output index, which contracted for the seventh successive month in August. The PMI pointed to increasing signs of weakness coming out of Germany.

Bleak growth forecasts are downgraded further

Recently, both the European Central Bank (ECB) and the Organisation for Economic Cooperation and Development (OECD) released their quarterly forecasts. Both forecasts have a limited scope and do not include labour market variables. However, the further downgrades of already bleak previous forecasts do not bode well for labour market outcomes.

The ECB revised downwards its growth forecasts for both 2012 ($-\frac{1}{4}$ pp) and 2013 ($-\frac{1}{2}$ pp), which are marked by a continued weakness of consumption, due to the dire situation of households (see paragraph on financial situation of households below).

The OECD projected a slightly larger $\frac{1}{2}$ pp downgrade for its 2012 real GDP growth forecasts for Germany, France and Italy. The OECD flagged that, in the Euro area, weakness in the periphery is spilling over to the core.

Employment expectations in industry have deteriorated in the majority of Member States

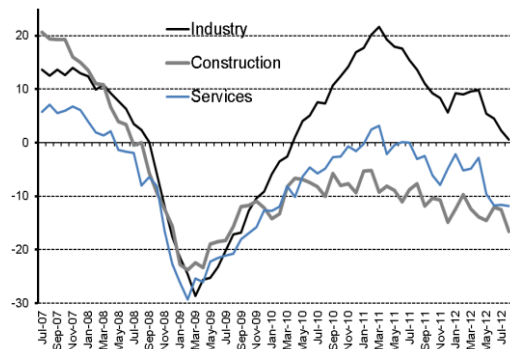
Employment prospects in industry have deteriorated since spring 2012, and in August 2012 were close to the long-term average at EU aggregate level (see Chart 6). In August 2012, managers in the industrial sector were rather pessimistic concerning employment prospects in 14 Member States, particularly in Spain, Greece and Italy. On the other hand, despite a recent deterioration, managers still expected an increase in employment in the United Kingdom, Germany and Poland.

Managers expect falling employment in the services and construction sectors

Sentiment concerning employment in construction at European aggregate level has stayed stubbornly depressed over recent years. In August 2012, managers in the construction sector expected employment to fall in 20 Member States, especially in Spain, Portugal and Greece. On the other hand, despite a deterioration in August 2012, sentiment remains rather optimistic in Germany and Latvia.

Since spring 2012, employment expectations in the services sector at European level have worsened markedly. In August 2012, the employment outlook again declined in most Member States. Managers in the sector now expect employment to fall in 19 Member States, particularly in Greece, the Netherlands, Slovenia and Cyprus.

Chart 6: EU employment expectations (next 3 months) in industry and in the construction and services sectors (centred with long-term average)

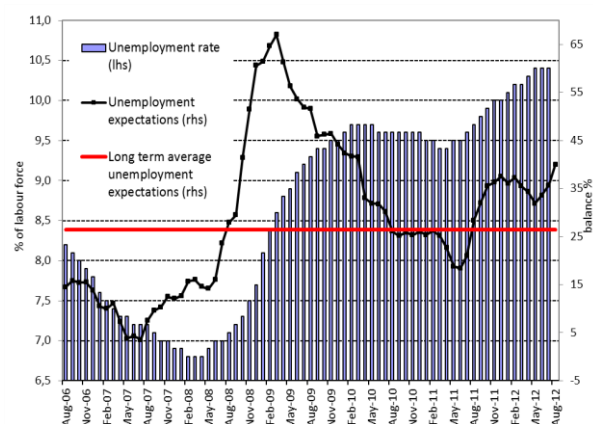


Source: ECFIN, DG EMPL calculation

Consumers' fears of unemployment worsened markedly in summer 2012 in most Member States

Fears of increasing unemployment in the coming months worsened markedly in summer 2012 (see Chart 7). In August 2012, consumers were pessimistic about the unemployment outlook in 24 Member States, especially in the Netherlands, Spain, Finland, Portugal and Italy. Only three countries remained fairly optimistic about unemployment trends in the coming months: Germany, Estonia and Latvia.

Chart 7: Unemployment rate and consumers' unemployment expectations (next 12 months) for the EU



Source: Eurostat, ECFIN. Data seasonally adjusted.

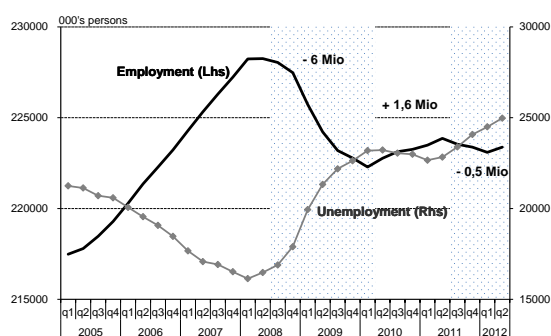
Recent labour market and social trends

Employment

The second quarter of 2012 saw minimal growth in the number of people employed, with a rise of just 0.1% for the EU

There was minimal growth in the number of people employed in the second quarter of 2012 (+ 0.1% q-o-q, equivalent to 280 000 persons). This follows falls in three consecutive quarters (-0.1% in 2012 q1, 2011 q4 and q3), with a drop of 770 000 people in jobs. The trend in the EU has been sluggish when not decreasing (see Chart 8).

Chart 8: Employment and unemployment in EU-27 (000 persons), 2005-2012³



Source: Eurostat, National accounts [namq_aux_pem] and EU-LFS [une_nb_m], Data seasonally adjusted

Trend more unfavourable in Eurozone than in EU-27

The trend for the Eurozone has been even less positive than for the EU-27. Over the year to the second quarter of 2012, employment has fallen by 915 000 (-0.6%), roughly three times faster than in the EU-27, which recorded a drop of 485 000 in the number of those employed (-0.2%).

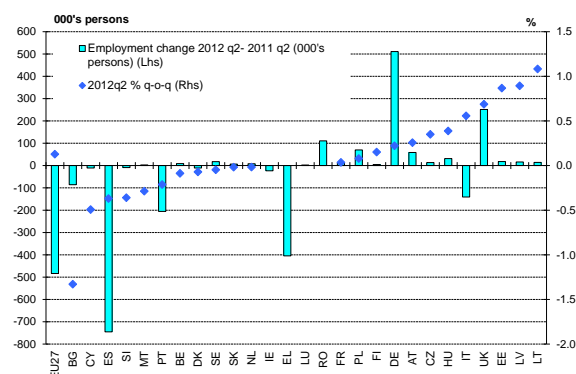
Most large Member States still in positive territory

On the positive side, there was no drop in employment among large Member States, with the exception of Spain (see Chart 9). Germany now has had two years of sustained employment growth, even if that growth is decelerating, with +0.2% in 2012 q2, after +0.4% in the previous quarter. The UK has enjoyed a third consecutive quarter of employment growth, with a strong +0.7% in 2012 q2, after

+0.4% in 2012 q1, probably as a result of the preparation for the Olympic Games. Italy recorded a marked rebound of +0.6% in 2012 q2, after a -0.6% drop in the previous quarter. France recorded a fourth consecutive quarter of stagnation (0.0%). After growth in 2011, employment in Poland is stagnating, edging up +0.1% in 2012 q2, after dipping -0.1% the previous quarter.

At first sight, the picture of the second quarter was rather encouraging since the balance between Member States with positive and negative employment growth (11 vs. 8) turned positive (in the previous quarter it was negative, 8 vs. 15).

Chart 9: Employment change in 2012 q2 (yearly change, 000's persons) and quarterly change (% q-o-q) in the EU and Member States



Source: Eurostat, QNA [namq_aux_pem], Data seasonally adjusted for q-o-q, 2012 q2 q-o-q change not available for EL, IE, LU and RO

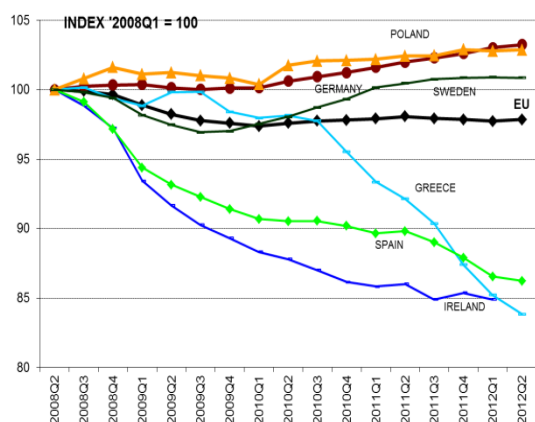
Marked downward trend persists in some Member States, widening disparities

Over the year to 2012 q2, employment growth in 16 Member States did not offset the contraction in eight others. Employment levels dropped markedly, particularly in Greece (-405 000 persons; -9.0%), Portugal (-205 000 persons; -4.2%), Spain (-745 000 persons; -4.0%), Cyprus (-11 000; -3.0%) and Bulgaria (-86 000 persons; -2.8%) (see Chart 9). These falls, concentrated in certain Member States, were not offset by gains in Germany (+510 000, +1.3%), the United Kingdom (+250 000, +0.9%), Poland (+70 000, +0.1%) and Austria (+60 000; -1.4%).

In the case of Greece and Spain, these annual employment losses extend the persistent downward trend observed since 2008, whereas in Ireland employment seems to stabilise (see Chart 10).

³ Lhs = left-hand scale; Rhs = right-hand scale.

Chart 10: Employment change since 2008 q1 (index 2008 q1 = 100) in selected Member States



Source: Eurostat, QNA [namq_aux_pem], Data seasonally adjusted

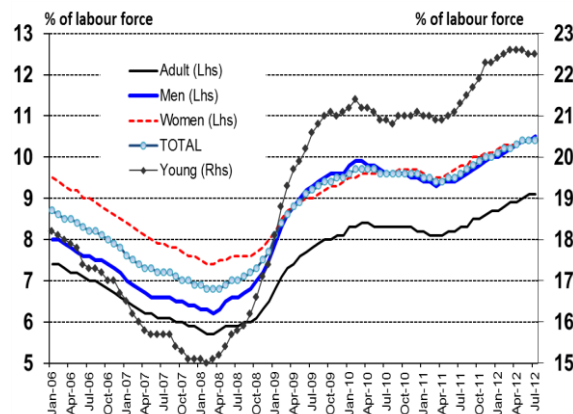
Unemployment

The number of people unemployed in the EU continued to grow in July 2012, reaching a new high of 25.254 million (+0.2% compared to June 2012), corresponding to an unemployment rate of 10.4%. The continuous increase in unemployment in the EU over the last 16 months to July 2012 has led to a second upsurge in unemployment, with over 2.6 million (+11.6%) more people out of work. Over the three months to July 2012, the unemployment trend remained worse in the Euro area than in the EU as a whole, rising by 0.2 pp to 11.3% as against +0.1 pp to 10.4%. The unemployment rate continues to increase in the majority of Member States. In the three months to July 2012, it rose in 17 Member States out of the 22 countries for which data is available, and disparities have again widened: the gap between Austrian and Spanish unemployment rates now stands at 20.6 percentage points (pps), i.e. the widest range ever seen over the past decade.

In July 2012, the unemployment rate for young people in the EU was 22.5%. The outlook for the young remains gloomy, with the unemployment rate continuing to increase over the last three months to July 2012 in 10 Member States. Only three countries posted a youth unemployment rate under 10%, while 12 recorded a rate above 25%.

The rise in EU unemployment over the past 16 months is somewhat slowing down

Chart 11: Monthly unemployment rate (%) for young people (15-24), adults (25-74), men, women and total, Jan 06–Jul 12 in the EU

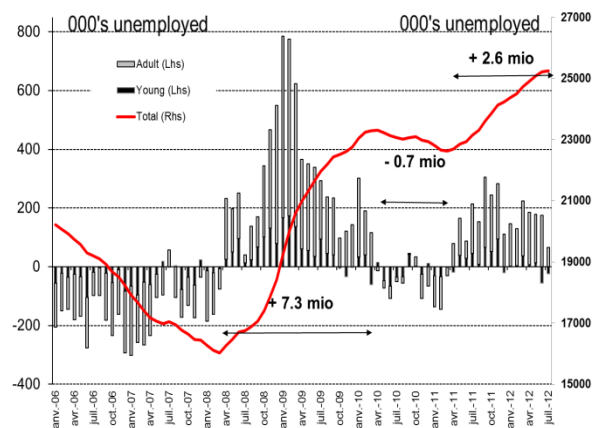


Source: Eurostat, LFS, Data seasonally adjusted [une_rt_m]

Over the last 16 months to July 2012, the EU unemployment rate grew again by 1 pps (see Chart 11) to 10.4%. Over 2.6 million more people were out of work as a result (+11.6%) (see Chart 12).

Over the three months to July 2012, the upward trend slowed moderately, with an average monthly rise of 115 000, as against 180 000 three months earlier. This second upsurge in unemployment follows the sharp increase during the financial crisis, which had led to 7.2 million more unemployed (+44.7%) in the EU within the 25 months between April 2008 and May 2010.

Chart 12: Monthly change in the number of young, adult and total unemployed and monthly number of unemployed in the EU, Jan 06–Jul 12

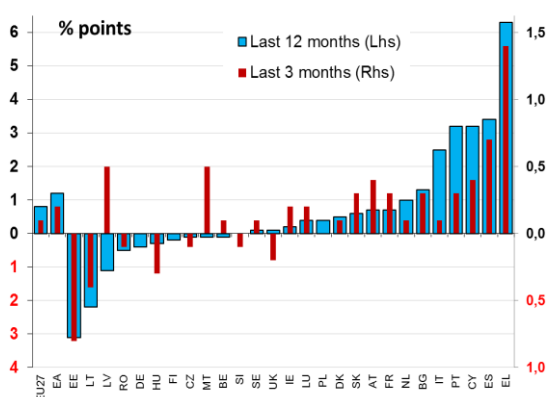


Source: Eurostat, LFS, Data seasonally adjusted [une_nb_m]

Over the past few months, unemployment increased more in the Euro area than in the EU as a whole

Between April 2011 and July 2012, the bulk of the increase in unemployment occurred in the Euro area (more than 2.4 million new unemployed), and the growth rate during the last three months nearly doubled the pace of growth in the EU as a whole (+0.2 pp to 11.3 % against +0.1 pp in the EU - see Chart 13).

Chart 13: Change in unemployment rate (%) over the last 12 months and last three months to July 2012



Source: Eurostat, Data seasonally adjusted [une_rt_m]. Data for EL up to May 12; UK: Moving average Apr-May-Jun 12; HU: Moving average May-Jun-Jul 12; BE, BG, CZ, IE, FR, CY, LU, MT, SI, SK quarterly data up to 2012 q1

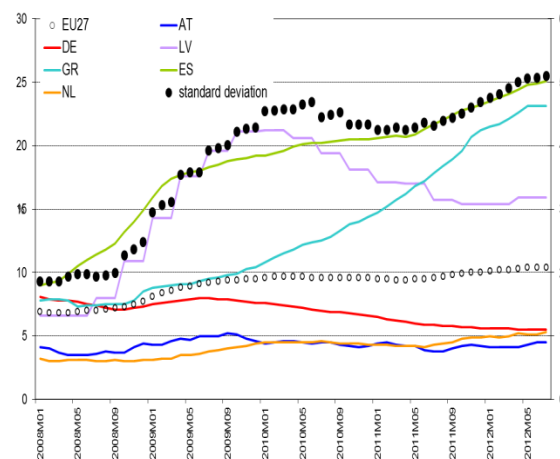
Still a widening gap between EU Member States...

The unemployment rate is continuing to increase in the majority of Member States. In the three months to July 2012, it rose in 17 Member States. The highest rises were recorded in Greece (+1.4 pps — up to 23.1%), Spain (+0.7 pp to 25.1%), Latvia (+0.5 pp — up to June 12 — to 15.9%) and Malta (+0.5 pp to 6.3%). Over the same period, the unemployment rate remained stable in three countries and fell in a further seven. Over the three months to July 2012, the largest decreases were recorded in Estonia (-0.8 pp — up to June 12 — to 10.1%), Lithuania (-0.4 pp to 13%) and Hungary (-0.3 pp — up to June 12 — to 10.8%).

The gap between EU Member States in terms of unemployment rates continues to widen. There is now a gap of 20.6 pps between EU's lowest (Austria, with 4.5 %) and highest (Spain, with 25.1 %) unemployment rates, an all-time record

since harmonised statistics exist (see Chart 14).

Chart 14: Unemployment rate in selected MS Jan 2008-July 2012 (Lhs) and standard deviation for EU MS (Rhs)

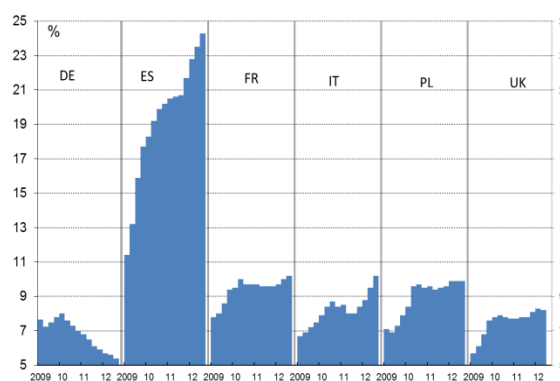


Source: Eurostat, LFS, Data seasonally adjusted [une_rt_m]

... and between the large Member States

Among the large Member States, rises in the unemployment rate over the three months to July 2012 were recorded in Spain (+0.7 pp to 25.1%), Italy (+0.1 pp to 10.7%) and France (+0.3 pp to 10.3%). The situation was stable in Germany (5.5%) and Poland (10.0%), and there was a decrease in the United Kingdom (-0.2 pp — up to May 12 — to 8.0%, see Chart 15).

Chart 15: unemployment rate (%) in the large Member States 2009-2012



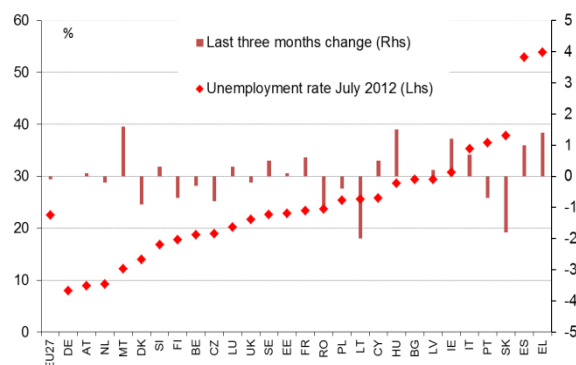
Source: Eurostat, LFS, Data seasonally adjusted [une_rt_m]

Youth unemployment is stabilizing in the EU at a high level (22.5 %) but still on the increase in a significant number of Member States

In July 2012, the unemployment rate for young people (under 25) in the EU

stabilized at a high level (22.5%). During the last three months to July 2012, the unemployment rate for young people stopped growing in some Member States, but still increased often from a high level in 12 Member States, particularly in Malta (up by 1.6 pps to 12.2%), Hungary (up by 1.5 pps – last three months up to June 2012 to 28.6%), Greece (up by 1.4 pps – last three months up to May 2012 – to 53.8%), Ireland (up by 1.2 pps to 30.7%) and Spain (up by 1.0 pps to 52.9%). Only three countries post a youth unemployment rate under 10%, while 12 countries have a rate that is over 25% (see Chart 16 and section on Youth below).

Chart 16: Unemployment rate for the 15-24 age group in July 2012 and change over the last three months to July 2012



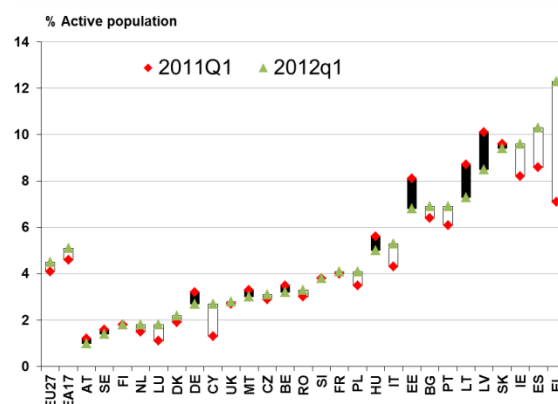
Source: Eurostat, LFS, Data seasonally adjusted [une_rt_m]

Long-term unemployment

Long-term unemployment continues to grow to historically high levels

In 2012 q1, long-term unemployment was still growing in the EU, by 0.4 pp to 4.5% of the active population (year on year) and in 15 Member States (see Chart 17). This new rise is less marked than the previous rise between 2009 q1 and 2011 q1, but it should be seen in the context of an already high level of long-term unemployment in the EU overall, as well as in a number of Member States. Consequently, the proportion of those among the active population who have been unemployed for more than one year has reached its highest level in the past decade, both in the EU (4.5%) as a whole and in seven individual Member States, namely in Greece (12.3%), Spain (10.3%), Ireland (9.6%), Portugal (6.9%), the UK (2.8%), Cyprus (2.7%) and Denmark (2.2%).

Chart 17: Long-term unemployment rates for EU, EA and in the Member States in 2011 q1 and 2012 q1



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

Growing divergence for long-term unemployed between Member States

Starting from an already diverging pattern between Member States in 2011 q1, the situation of the long-term unemployed has worsened again, rising in 15 Member States in 2012 q1 (year on year) and even more dramatically in Greece to 12.3% (up by 5.2 pps), in Spain to 10.3% (up by 1.7 pps), in Ireland to 9.6% (up by 1.4 pps), in Cyprus to 2.7% (up by 1.4 pps), in Italy to 5.3% (up by 1 pps) and in Portugal to 6.9% (up by 0.8 pps). On the other hand, the situation of the long-term unemployed has improved and their number has fallen by just over 3% of the active population in Germany to 2.7% (down 0.5 pp), in Sweden to 1.4% (down 0.2 pp) and in Austria to 1% (down 0.2 pp).

In four years the number of long-term unemployed has nearly doubled to 10.7 million

At EU aggregate level, the number of long-term unemployed (those who have been unemployed for more than 12 months) has increased continuously in recent years. The number of long-term unemployed reached 10.7 million in the first quarter of 2012 (see Chart 18); this is roughly twice the figure seen in mid-2008.

Chart 18: number of unemployed for less than 12 months and more than 12 months in the EU, 2005-2012



Source: Eurostat, Labour Force Survey (LFS), Data non-seasonally adjusted [lfsq_ugad]

However, compared to the surge of long-term unemployment in the US, the trend in the EU appears relatively moderate. Between 2008 and 2011, the incidence of long-term unemployment (i.e. the share of those people unemployed for more than one year among the unemployed) increased from 10.6% to 31.3% in 2011 in the US,⁴ compared to an increase from 37% to 42.9% in the EU.

Long-term unemployment will continue to grow due to the surge in the number of recently unemployed people

The number of short-term unemployed has also surged since mid-2011, with more than 1.8 million more people becoming unemployed in the EU in the three quarters to 2012 q1. This increase is the sharpest since the increase seen during the financial crisis and is unlikely to stop as long as the trend in unemployment is not reversed.

Unemployment-exit probability has declined, on average 40% of unemployed in the EU are likely to be out of work for more than one year.

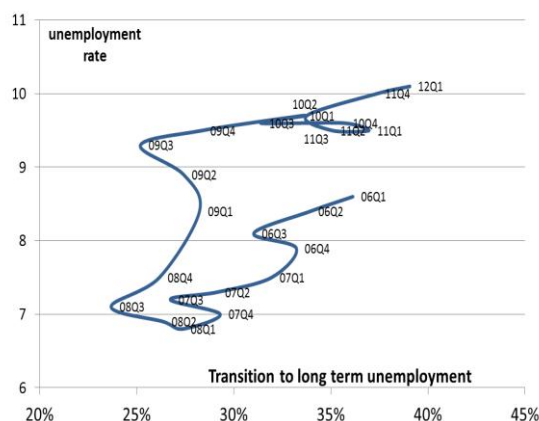
The chances of an unemployed person finding a job fell further in the first quarter of 2012. Indeed there was an increase in the rate of transition to long-term unemployment,⁵ which reached 40% (see

⁴ The Bureau of Labor Statistics publishes monthly details of the number of unemployed and the percentage distribution by duration up to 27 weeks; this is why we quote the number of unemployed for more than six months for 2012.

⁵ The rate of transition to long-term unemployment is calculated as the number of persons unemployed for a duration of 12-24 months divided by the number of persons unemployed for less than 12 months one year earlier.

Chart 19). This means that, under the present labour market conditions, two out of five unemployed persons in the EU on average will remain unemployed for more than one year.

Chart 19: Unemployment rate in the EU, and the rate of transition to long-term unemployment, 2006 q1 to 2012 q1



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

Inactivity and discouragement

Inactivity in the EU continues to decrease despite rising unemployment ...

The continuing deterioration in the labour market has not led so far to any increase in inactivity in the EU as a whole, despite the rising unemployment since spring of last year and the continued expansion in long-term unemployment. On the contrary, the inactivity rate — which has remained broadly stable since the crisis began, fluctuating marginally just below the 30% level — actually decreased over the year to the first quarter of 2012 (by a solid 0.5 pp to 28.7%). However, this apparently positive situation at EU level masks somewhat diverging developments in underlying inactivity rates for specific segments of the population and across the Member States.

... driven by a strong decline in inactivity among women

The continued fall in total inactivity in the EU has been driven by a decline in female inactivity. Despite unfavourable conditions, women have continued to gradually increase their participation in the labour market, with their inactivity rate falling below the 35% mark for the first time by the end of 2011. After two years of relatively modest declines over 2009 and 2010, the female inactivity rate went down

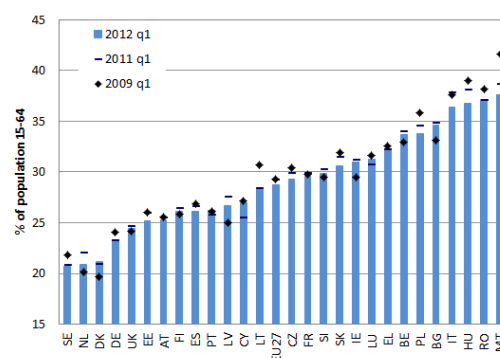
by a notable 0.7 pp over the year to the first quarter of 2012. In contrast, male inactivity has remained very stable since the crisis, with the rate edging down only marginally to 22.5% over the year to the first quarter. Although down from 15 pps in 2005 to 12.4% in the first quarter of 2012, the gender gap in inactivity rates nevertheless remains wide, pointing to the continued need for measures to facilitate female participation.

However, trends in inactivity vary across Member States

At individual Member State level recent trends in inactivity have been rather mixed (see Chart 20). In around half the Member States inactivity rates have fallen significantly over the last few years, most notably in Hungary, Lithuania and Poland (all with inactivity rates down by 2 pps or more over the three years to the first quarter of 2012), and above all Malta (down 4 pps). At the same time, inactivity rates are up noticeably compared to three years ago in a few Member States, most notably in Bulgaria, Denmark, Ireland and Latvia (all with rates up around 1.5 pps).

Focusing on developments over the last year, around half the Member States have managed to reduce inactivity noticeably, with Italy, Hungary, Malta and the Netherlands (all with inactivity rates down 1 pps or more) being the most successful at getting people onto the labour market. In contrast, detachment from the labour market deepened significantly only in very few countries, namely Cyprus, Luxembourg and Portugal. Although several countries (Italy, Hungary, Malta, Poland and Romania) with very high inactivity rates have managed to reduce these over recent years, rates still vary significantly across Member States: while only around 21% of people aged 15 to 64 are inactive in Denmark, the Netherlands and Sweden, at least 35% are inactive in Italy, Hungary, Malta and Romania.

Chart 20: Inactivity rates for EU Member States, 2009 q1, 2011 q1 and 2012 q1



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

Inactivity has been hiding increasing discouragement

Unemployment surged during the crisis and now affects 7.6% of the EU working age population (the unemployment-to-population ratio for the population aged 15 to 64). In addition, a further 5.4% of the working age population (around 20% of all inactive persons in this age group) actually want to work. On the one hand, those seeking employment (but not classified as ILO unemployed, since they are not immediately available for work) accounted for 2.6% of the inactive population in the first quarter of 2012, slightly up on three years before (2.4%) but unchanged from a year earlier. On the other hand, the share of inactive persons who would like to work but who are not actively seeking employment increased by nearly 2 pps from 15.1% to 16.8% in three years, notably over 2009 but also reflecting a rise of 0.6 pp over the latest year.

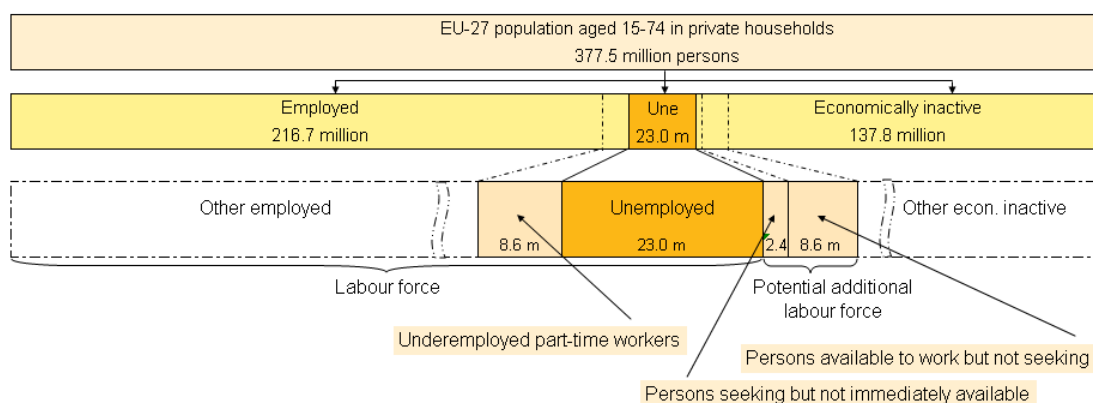
Overall, discouragement has been increasing during the crisis. In 2011, 5.2% of all inactive persons did not believe there was a job available, compared with only 3.7% at the onset of the crisis in 2008. This detachment or discouragement is found across all segments of the population, although, like unemployment and long-term unemployment, it tends to be associated more with vulnerable groups. See Special Focus on LFS supplementary indicators to unemployment below, for more details.

> Special Focus: LFS supplementary indicators to unemployment

A broader measure of the impact of the crisis on the labour market: beyond unemployment⁶

In 2011, beside the 23 million unemployed in the EU, accounting for 9.7 % of the active population aged 15 to 74, another 19.5 million (corresponding to 8.2 % of the same total) were underemployed or qualified as a potential additional labour force in the EU, according to the EU Labour Force Survey (LFS). The groups under consideration are, on the one hand, underemployed part-time workers and, on the other, those falling into the 'grey zone' between unemployment and inactivity, i.e. people classified as inactive although either seeking work but not immediately available, or available for work but not seeking it. These three indicators supplement the unemployment rate, thus providing a better, richer picture than the traditional labour status framework, which classifies people as employed, unemployed or economically inactive, i.e. in only three categories. The new indicators create 'halos' around unemployment as highlighted in Figure 1.⁷

Figure 1: ILO labour statuses and new supplementary indicators, EU, age 15-74, 2011



Source: Eurostat.

Their overall number increased by 2.0 million (+11.4 %) compared to 2008, essentially due to a rise in underemployment and in the number of persons available for work but not seeking it. Similar developments have been seen in the USA.

In 2011 the EU counted some 8.6 million underemployed part-time workers and its potential additional labour force is estimated at 10.9 million people

In 2011 there were 8.6 million underemployed part-time workers in the EU, i.e. 20.5 % of the 42 million Europeans aged 15 to 74 who worked part-time in 2011 and 3.6 % of the economically active population. For its part, the potential additional labour force accounted for 10.9 million people in the EU: 2.4 million jobless persons seeking a job but not immediately available for work and 8.6 million persons available for work but not seeking it (see Table 2). This number of 10.9 million shows how much the current labour force could grow if it included such people with a certain degree of labour market attachment.

⁶ This Special Focus is an update of the analysis presented in the Quarterly Review of December 2011. Main sources: Eurostat, LFS data (tables lfsi_sup_age_a and lfsa_pganws). See also Eurostat's 'Statistics explained: Underemployment and potential additional labour force statistics' (http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Underemployment_and_potential_additional_labour_force_statistics).

⁷ This concept is further analysed in Eurostat's 'Statistics explained: Underemployment and potential additional labour force statistics', featuring detailed definitions of all these concepts (http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Underemployment_and_potential_additional_labour_force_statistics). The supplementary indicators neither alter nor call in question the unemployment statistics standards used by Eurostat. Eurostat publishes unemployment statistics according to the ILO definition, the same definition used by statistical offices all around the world. Eurostat continues publishing unemployment statistics using the ILO definition and they remain the benchmark and headline indicators.

Table 2: Labour market indicators, including new supplementary indicators, EU, age 15-74, 2011 (in thousands)

	Employment	Underemployment or potential additional labour force				Unemployment	Inactive	Total 15-74 population
		Underemployed part-time workers	Potential additional labour force		Total underemployed and potential additional labour force			
			Persons seeking work but not imm. available for	Persons available to work but not seeking				
Total	216 685.1	8 595.7	2 383.4	8 565.5	19 544.6	23 044.8	137 807.1	377 537
% of active population	90.4	3.6	1.0	3.6	8.2	9.6		
% change 2008-2011	-1.9	15.8	-15.0	17.1	11.4	38.8	-0.5	0.4
Males	118 116.2	2 825.9	1 047.7	3 671.2	7 544.8	12 440.2	55 955.8	186 512.2
Females	98 568.9	5 769.8	1 335.6	4 894.3	11 999.7	10 604.6	81 851.4	191 024.9

Source: Eurostat, LFS, DG EMPL own calculations.

Altogether, a total of 19.5 million people aged 15 to 74 were underemployed or qualified as a potential additional labour force in 2011, equivalent to 8.2 % of the labour force (or 7.8 % of the labour force extended to include the potential additional labour force in the denominator).⁸

The phenomenon has increased moderately since 2008 compared to unemployment

This is an increase of 2 million since 2008, which corresponds, in terms of share of the EU labour force, to an increase of 0.8 pp. As far as the composition is concerned, this increase was due to the first and third category (both +0.5 pp), while the second category decreased (-0.2 pp). Looking at the absolute figures, in the same three-year period, given the persistently difficult economic situation with employment falling by 4.2 million (-1.9 %) and unemployment soaring by 6.4 million (+38.8 %), the overall increase of 2.0 million across the EU corresponded to a rise of 11.4 %, as Table 2 indicates. This relative increase is due mainly to the rises in the numbers of underemployed and persons available for work but not seeking it (+15.8 % and +17.1 %, respectively). Quite expectedly, however, the number of persons seeking work but not immediately available declined (-15.0 %).

From 2010 to 2011, while the active population aged 15 to 74 made some slight progress (employment: +0.4 %; unemployment: +0.6 %), the number of underemployed part-time workers rose by 0.7 % and the number of persons available for work but not seeking it soared by 3.8 %, in both cases driven by a rapid increase among men (+4.6 and +6.5 % respectively). The number of persons seeking work but not immediately available did not change.

North-western Europe seems most affected by underemployment and presents a significant potential additional labour force, while the EU – US gap reduced with the crisis

Among the EU Member States in 2011, underemployed part-time work was highest in Ireland (6.3 % of the labour force), followed by the United Kingdom (5.6 %) and Spain (5.3 %). It was lowest in the Czech Republic (0.5 %), Belgium and Bulgaria (0.8 % each). The indicator 'persons seeking work but not immediately available' was highest in Finland (2.4 % of the labour force), Sweden (2.0 %) and France (1.7 %) and lowest in the Czech Republic, Hungary and Estonia (0.3 % each). The indicator 'persons available but not seeking' was highest in Italy (11.6 % of the labour force) and Bulgaria (8.6 %) and lowest in the Czech Republic and France (1.1 % each).

By way of comparison, assuming that concepts used on both sides of the Atlantic are similar, the percentage of underemployed part-time workers⁹ was 5.5 % of the US labour force in 2011

⁸ Sum of employment and unemployment = economically active population. Note that in relative terms the three indicators have different interpretations. In particular, the relative figures for the last two indicators ('persons seeking work but not immediately available' and 'persons available but not seeking') are not shares because the numerator is not a subgroup of the denominator (persons in the numerator are not in the labour force, see Figure 1 above). In contrast, the indicator 'underemployed part-time workers' as a percentage of the labour force is an actual share because the numerator is a subgroup of the denominator.

⁹ Source: US Department of Labor. This category [U6 – U5] corresponds to those working part-time for economic reasons, such as slack demand for work at their firm, poor business conditions, or inability to find a full-time job. Members of this last group, who usually work part-time but want full-time jobs and are available for full-time work, are called underemployed in what follows.

vs 3.6% in the EU¹⁰ (see Table 3). This is an increase of 1.8 pps compared with 2008 (as against +0.5 pp in the EU). In the same period, the proportion of discouraged and marginally attached workers increased in the USA by 0.5 pp to 1.5%, well above the change in the potential additional labour force at EU level (+0.3 pp to 4.6%).¹¹ Altogether, unemployment in the EU plus the 'halos' around unemployment, comprising under-employed part-time workers (or marginally attached workers), and the potential additional labour force (or discouraged workers), stood in 2011 at 17.9% of the total labour force aged 15-74 in the EU, as against 15.9% in the USA. The crisis therefore has had a much bigger impact on the US labour market, as the EU-US gap has reduced since 2008, from 4 to 2 pps. It even fell to 0.5 pp in 2009, as the US labour market was hit first by the crisis.

Table 3: US and EU unemployment rates and supplementary indicators, age 15-74, 2008 – 2011 (in percentages of the total active population)

	2008	2009	2010	2011	Change 2008-11 (pps)
EU under-employed PT workers	3.1	3.4	3.6	3.6	0.5
EU potential additional labour force	4.3	4.3	4.5	4.6	0.3
EU unemployment rate	7.1	9.0	9.7	9.7	2.6
EU total 'halos'	14.5	16.7	17.8	17.9	3.4
US marginally attached workers	3.7	5.7	5.6	5.5	1.8
US discouraged workers	1.0	1.2	1.5	1.5	0.5
US unemployment rate	5.8	9.3	9.6	8.9	3.1
US total 'halos'	10.5	16.2	16.7	15.9	5.4

Sources: Eurostat, LFS and Bureau of Labor Statistics, Current Population Survey, DG EMPL own calculations.

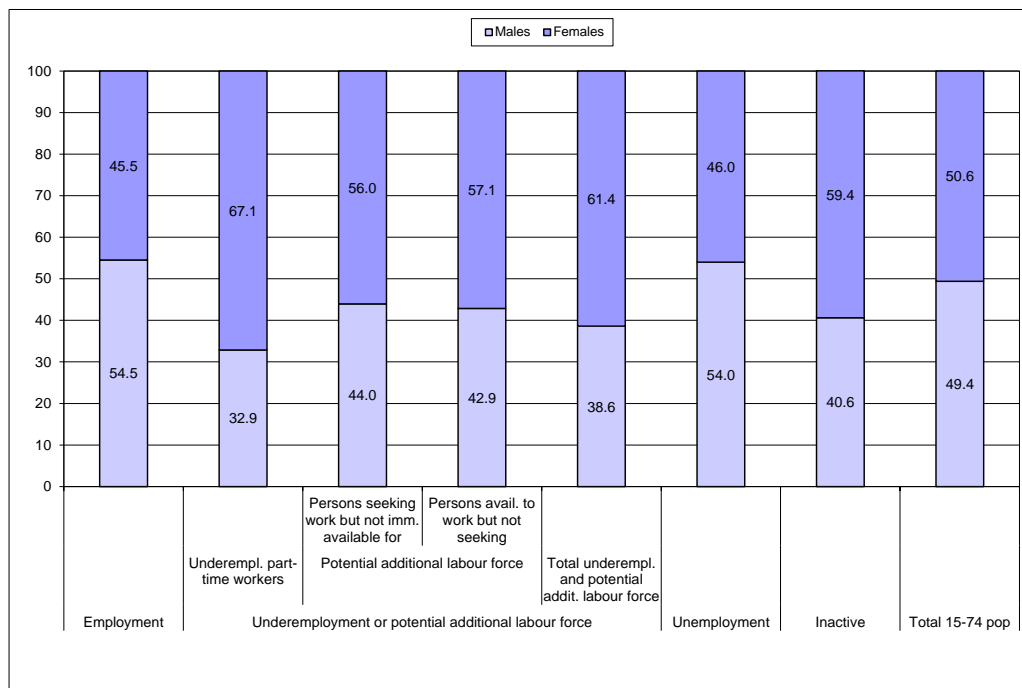
Women clearly dominate in particular the ranks of underemployed part-time workers, while men were more affected by rises during the three years to 2011

The phenomenon is clearly dominated by women, as Chart 21 indicates. While roughly 46% of active EU citizens aged 15 to 74, either in employment or unemployed, were women in 2011, their share was 61.4% among the underemployed and the potential additional labour force. The predominance of women is strongest in the group of underemployed part-time workers. More than two-thirds were women (67.1%) in the EU in 2011 — 5.8 million women as compared to 2.8 million men. This imbalance mirrors the gender gap in part-time employment (whether underemployed or not), as roughly three-quarters of all part-time workers in the EU in 2011 were women. However, it is worth noting that while fewer men are underemployed, the relative share of part-time workers who are underemployed is higher among men (27.0%, i.e. 2.8 million out of 10.5 million) than among women (18.3%, i.e. 5.8 million out of 31.6 million). Women are also predominant among the potential additional labour force, and the percentage of women among persons available for work but not seeking it (57.1%) is close to their share in the group of economically inactive persons (59.4%).

¹⁰ Contrary to the EU practice of expressing the share of marginally attached workers or the potential additional labour force in terms of the actual labour force, in the US their number is compared to the labour force plus the marginally attached workers, which tends to slightly reduce the ratio. The term 'potential additional labour force' is not strictly comparable to the concept of people marginally attached to the labour market as proposed by the US Department of Labor / Bureau of Labor Statistics, which defines the marginally attached as those who want a job, are available for work now and have looked for a job in the past year, but not in the past month for a wide range of reasons that extend beyond discouragement. Discouraged workers [U5 — U3] are those who want a job but have given up the search because they believe no jobs are available for them. Both categories can be broadly compared to Eurostat's third category.

¹¹ Calculated in the same way (denominator: active population aged 15 to 74).

Chart 21: Gender balance in the active and inactive population, EU, age 15-74, 2011 (in percentages)



Source: Eurostat, LFS, DG EMPL own calculations.

Interestingly, the gender gap was even bigger in 2008, when the impact of the crisis was still limited. Indeed, women then accounted for 65.4 % of the underemployed or the potential additional labour force, while the corresponding percentage for underemployed part-time workers was 71.5 %. The crisis seems to have had a rebalancing effect on underemployment, as the number of underemployed women rose by only 0.5 million (+8.6 %) while the number of men in that situation increased by 0.7 million (+33.6 %) in the three years to 2011. As a result of the crisis, the numbers of underemployed part-time workers and persons available for work but not seeking it increased more for men, while the number of persons seeking work but not immediately available fell less for men than for women. This corresponds to a global trend: in the period reviewed, men were bearing the brunt of the crisis, as can also be seen from the soaring unemployment and plummeting employment figures in the male population.

Age, educational attainment and nationality also have a significant impact

25-54 year-olds made up 71 % of all underemployed part-time workers, with younger persons (aged 15-24) accounting for 17 % and older persons having a much lower share (10 % aged 55-64 and 1 % 65-74). Out of the 8.6 million underemployed part-time workers in the EU in 2011, 1.5 million were indeed aged 15-24, 6.1 million were aged 25-54 and 1.0 million were aged 55-74. Persons seeking work but not immediately available had the following age distribution: 0.7 million were aged 15-24, 1.4 million were aged 25-54 and 0.3 million were aged 55-74. Finally, among the 8.6 million persons available for work but not seeking it, 1.9 million were aged 15-24, 5.0 million were aged 25-54 and 1.6 million aged 55-74. There were fewer people in the age group 55-74 in all indicators.

The educational level attained matters for labour force categories. 32 % of employed persons who are not underemployed are highly educated. This share is 24 % among underemployed part-time persons, higher than among the unemployed (18 %). A similar comparison of the share of low-educated people for these three groups confirms that underemployed part-time workers rank between other employed persons and unemployed persons. The share of highly educated people in the group 'persons seeking work but not immediately available' (21 %) is higher than among unemployed persons (18 %) and almost as high as the share among underemployed part-time workers (24 %). Finally, only 13 % of the group 'persons available but not seeking' are highly educated persons, the same as for other economically inactive persons. The respective shares of low-educated persons are also similar. Both groups are hence similar from the viewpoint of their composition by educational level.

Foreigners are relatively more represented than nationals in the groups of underemployed part-time workers and persons seeking work but not immediately available. Foreigners are defined here as non-nationals of the country where they live, i.e. either nationals of another EU Member State or non-EU nationals. Out of the 8.6 million underemployed part-time workers in the EU in 2011, 1.2 million were not nationals of the country where they lived. They accounted for 14 % of the underemployed but only 7 % of the total population aged 15-74 in the EU. This indicates that proportionally more foreigners work in part-time jobs with fewer hours than they would like to work, possibly pointing to their either having to accept those jobs or to their being more eager to work additional hours to earn more. Similarly, the share of foreigners among people seeking work but not immediately available is 12 %, significantly higher than their 7 % share of the total population.

Youth

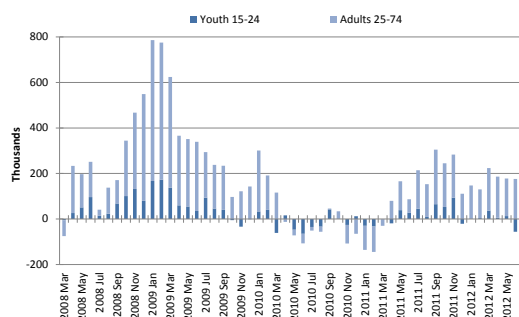
Youth employment is still declining while unemployment still poses serious problems ...

Over the year to the first quarter of 2012, employment declined by 3.7 % among young people (aged less than 25), but only by a more limited 0.4 % among the entire working-age population (15-64). According to recent Eurostat estimates, youth unemployment has grown further over recent months, reaching 22.5 % in July 2012, up by 1.2 pps over the year, compared with 0.8 pp for the entire working-age population.

Youth unemployment began to climb again in May 2011 and grew at a sustained pace until November, peaking at above 5.5 million. Signs of moderation then appeared in December of last year, as highlighted by Chart 22. Between November 2011 and July 2012, youth unemployment declined by 39 000 (-0.7 %), while unemployment among adults aged 25 to 74 continued to increase (+4.6 %). Even so, compared with the recent low in April 2011, youth unemployment in July 2012 was up by a significant 294 000 (+5.7 %), driven mostly by the increase in jobless young men.

The downturn in 2008-2009 and the deterioration seen last year have aggravated the labour market situation for youth. At close to 5.5 million in July 2012 (5.47 million), youth unemployment in the EU went up by 36 % (more than 1.4 million) compared with the low in spring 2008, driven by a sharper rise in unemployment among young men, up by roughly 900 000 (+41.5 %), than among young women (+550 000, i.e. +29.5 %).

Chart 22: Changes in unemployment among young people and adults in the EU, 2008-2012

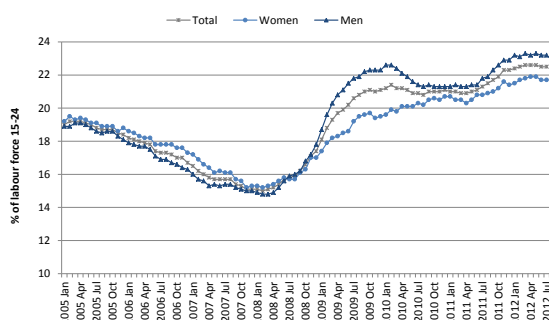


Source: Eurostat, Series on unemployment [une_nb_m]. Data seasonally adjusted.

... as the youth unemployment rate remains at its highest level

After remaining stable at around 21 % between the autumn of 2009 and mid-2011, the youth unemployment rate rose particularly strongly in the autumn of last year and passed the 22 % mark in November 2011. Although it has stabilised this year, at 22.5 % in July, the rate has remained 1.6 pps higher than the low point recorded in April 2011. The rate has increased to 23.2 % for young men and to 21.7 % for young women (see Chart 23).

Chart 23: Youth unemployment rates for the EU by sex, 2005-2012



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

The youth unemployment rate has always been around 2.5 times higher than the rate for adults. While the adult unemployment rate stood at 9.1% in July 2012, i.e. 3.4 pps higher than its low of 5.7% in early 2008, the rate for young people (now 22.5%) was markedly up, by 7.4 pps from a low of around 15%.

Employment decline for young people was most dramatic in permanent and full-time jobs

As mentioned above, over the year to the first quarter of 2012, employment declined by 3.7% among young people. The relative resilience or expansion of temporary and part-time jobs was not sufficient to make up for the falls recorded in permanent and full-time employment.

More than 40% of young employees in the EU have temporary jobs, a share that increased during the downturn. In the first quarter of 2012, the percentage stood at 40.6%, as against 13.1% for the entire working-age population. In the fourth quarter of 2011, there were 7.6 million temporary young employees, 550 000 (nearly 7%) fewer than three years earlier. However, permanent employment declined by 2.3 million (-16.2%) to 11.6 million over the same period.

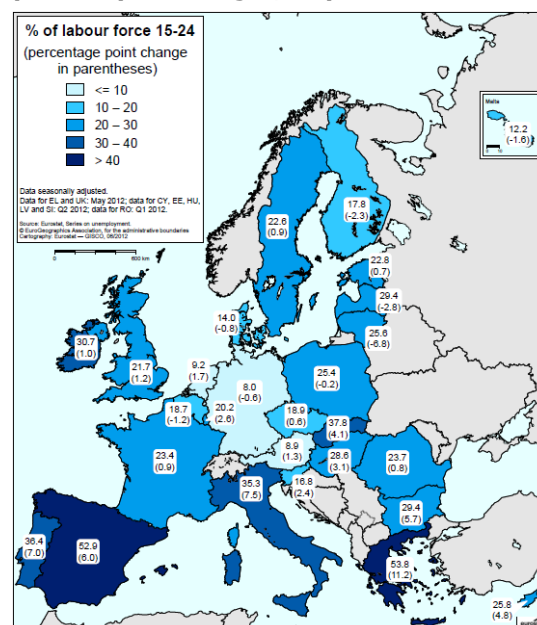
In the first quarter of this year, more than 30% of young workers worked part-time: 31.1%, up 1.3 pps on the fourth quarter of 2011 and 1 pps on the first quarter of last year. This share also increased during the downturn, from below the 27% mark through 2008. In the first quarter of 2012, there were 5.7 million part-time young workers, only 230 000 (-3.9%) fewer than four years earlier, but full-time employment declined by 3.6 million (-22.5%) to 12.7 million over the same period. Over the year

to the first quarter of 2012, the number of young part-timers edged down by 0.6%, while the number of young full-timers fell significantly, by 4.8%.

The employment rate for young people in the EU has declined

Reflecting losses in employment, the employment rate for young people fell by a significant 5.0 pps to 32.1% over the four years to the first quarter of 2012. However, this decline was the result of not only the surge in the unemployment rate (up by 3.0 pps to 9.5%) but also, to a large extent, the rise in the inactivity rate (up by 1.9 pps to 58.4%) (see Chart 30). In the year to the first quarter of 2012, the youth employment rate fell by 0.8 pp, as against only 0.2 pp (to 63.6%) among the whole working-age population.

Chart 24: Youth unemployment rates and year-on-year changes, July 2012



Youth unemployment remains a major challenge in most Member States

As Chart 24 shows, labour market developments for young people vary significantly across Member States. Over the last year, the youth unemployment rate increased in all but eight Member States. While southern countries (Greece, Italy, Portugal, Spain and Bulgaria) recorded the highest year-on-year rises (more than 5 pps), the rate went down significantly in Lithuania and Latvia (by -6.8 and -2.8 pps) as well as in Finland, Malta and Belgium (down by roughly 1 to 2 pps). Declines in

Denmark, Germany and Poland were more marginal (-0.8, -0.6 and -0.2 pp).

Youth unemployment remains a serious challenge in most countries, hitting historic highs in some. The youth unemployment rate is now over 15% in all but five countries (Germany, Austria, the Netherlands, Malta and Denmark). At the other extreme, unemployment affects more than 30% of active young persons in Slovakia, Portugal, Italy, and Ireland. In Greece and Spain, the number of the young unemployed has even exceeded that of the young employed for more than six months (youth unemployment rate higher than 50%).

Risks for young people in the EU are still intensifying, in terms of long-term unemployment and growing inactivity

The large influx of young unemployed in 2008 to 2009 eventually raised the long-term rate to around 6%. After levelling out, the rate then worsened recently to 7.2% in the first quarter of 2012, up from 3.5% four years earlier and 6.2% last year (see Chart 28). Consequently, nearly one in three young unemployed persons had been without a job for more than a year, compared with just 23% at the onset of the crisis.

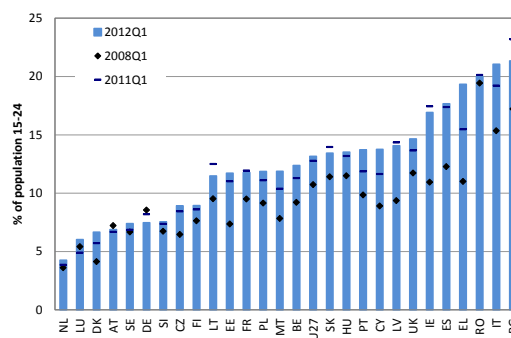
The inactivity rate among young people remained virtually the same during 2011, at about 57.5%, up from 56% two years earlier, but then suddenly rose to 58.4% in the first quarter of 2012. To some extent, this increase was the result of discouragement. In the same quarter, 2.4% of inactive young people were actually seeking employment, the same share as in the first quarter of last year, but up by 0.7 pp on the previous quarter. At the same time, 11.9% wanted to work but were not seeking employment, a percentage slightly below pre-crisis levels though. The share of inactive young persons who are out of the labour market due to education and training has remained broadly stable since 2005, at around 90%.

The risks for young people in the EU are reflected by the rise in NEET

Given the high share of young people in education, inactivity 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). In the first quarter of 2012, 13.2% of young people (7.5 million) fell into the NEET category, up sharply (by

around 1 million) on the 10.7% registered four years earlier (see Chart 25).

Chart 25: NEET for EU Member States, 2008 q1, 2011 q1 and 2012 q1



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

The NEET rate rose in all Member States during the four years to the first quarter of 2012, except Germany (-1.1 pps) and Austria (-0.3 pp). The largest surges were in Greece (+8.3 pps), Ireland (+6.0 pps), Italy (+5.7 pps) and Spain (+5.4 pps). Consequently, the NEET rate now varies more across Member States, ranging from around 5% in the Netherlands and Luxembourg to more than 20% in Bulgaria, Italy and Romania.

Social risks may intensify further given the sluggish labour market prospects for youth

Developments since spring 2008 have had serious social consequences, which may intensify further in the future if employment and wage prospects do not improve for the young generation. The postponed transition to the labour market and frequent periods of unemployment during early working life may have lasting adverse effects on those prospects. Looking at recent trends, however, it seems that long-term unemployment and detachment from the labour market and education or training might intensify further, leading to poverty and social exclusion, and other social challenges.

With nearly a quarter of young people looking for a job in the EU without finding one and many other youngsters working in precarious positions with very uncertain prospects, the risk is considerable of losing the productive talents of a whole generation of young people, as pointed out by President Barroso in his opening speech at the Employment Policy Conference "Jobs for

Europe" on 6 September 2012.¹² This issue certainly constitutes the most urgent social matter of our time.

Other selected groups

Compared to a year earlier, the situation on EU labour markets had deteriorated further for nearly all segments of the population by the first quarter of 2012¹³, with a particularly strong impact on some groups such as young adults, migrants and the low-skilled. This was reflected in both unemployment and long-term unemployment rates.

Efforts are needed to boost employability, especially among these vulnerable groups (but also among women) in order to raise the overall employment rate in the EU, which, at 68% for the 20-64 age group (and 63.6% for the 15-64 age group), has continued to fall far behind the EU 2020 target of 75%.

Older workers in the EU have increasingly stayed in the labour market, even during the crisis

In comparison to other age groups, older people aged 55-64 have been the least affected by the downturn in the labour market since the beginning of the crisis. This group has shown an increasing tendency to remain in the labour market, a trend which has even accelerated over the last year despite further deteriorating labour market conditions.

The unemployment rate for older people, which has always been lower than for youth and prime-age adults, did increase over the year to the first quarter of 2012, albeit at a slower pace in comparison with other groups, to 7.4% (see Chart 27). Consequently, the long-term unemployment rate rose by 0.3 pp to 4.3% (see Chart 28). A decline in the inactivity rate, by an extraordinary 1.4 pps to 48.3% (see Chart 29), nevertheless helped the employment rate for older workers to pick up significantly, by 1.1 pps (see Chart 30).

The longer term trend provides an even rosier picture for this group. Although the last four years, marked predominantly by

labour market downturn, increased the unemployment rate for older workers by 2.0 pps – less than for other age groups – the inactivity rate continued its downward trend (down 4.4 pps) and the employment rate improved by 3 pps.

Yet more efforts are needed in order to improve employment and prevent the long-term unemployment of older people...

However, there are at least two aspects that have continued to make older workers vulnerable. First, despite significant improvements, employment rates for those aged 55-64 remain low, at 47.8% in the first quarter of 2012, reflecting the low average exit age from the labour market, which stood at 61.4 in 2008-2009. Secondly, while the long-term unemployment rate is now similar to that for prime-age adults, more and more of those people aged 55-64 in unemployment (nearly 60%) have been without a job for more than a year.

...and to continue the fight against poverty and social exclusion among older people

Reflecting in part the softer deterioration of the labour market for this age group, the level of poverty and social exclusion for older people has fallen and is the lowest among all age groups.

In 2010, around 22% of people aged 55+ in the EU were classified as living in poverty or social exclusion, down some 1.5 pps on 2009. They faced at least one of the following three situations: monetary poverty (less than 14%), severe material deprivation (6.7%, down from 7.7% in 2009) and/or living in jobless households. These rates were similar to those for prime-age workers, of whom just under 22% were living in poverty and social exclusion. Unemployed older people faced a higher risk of poverty and social exclusion (more than 60%), but this rate is lower than that for the prime-age unemployed (66%).

Migrants in the EU once again suffered the most from rising unemployment...

Third-country migrants have always faced a more difficult situation on the labour market, and these problems have only been exacerbated further by the crisis.

After signs of stabilisation in 2010 and most of 2011, the unemployment rate of non-EU nationals began increasing again in late 2011, resulting in a rise of 1.7 pps over the year to the first quarter of 2012, while the inactivity rate remained unchanged. This

¹² More information on <http://ec.europa.eu/social/main.jsp?langId=en&catId=8&eventsId=641>.

¹³ This section on vulnerable groups is based for the most part on EU Labour Force Survey data, which cover the period up to the first quarter of 2012. The most recent developments in the EU labour market, which are visible in the unemployment statistics, are not yet fully reflected here.

deterioration in unemployment was accompanied by a fall of 1.2 pps in the employment rate (see Chart 30).

The unemployment rate for migrants remains more than double the rate for nationals and, at 22.1% in the first quarter of 2012, has increased by 8 pps on the level recorded four years earlier. The gap in unemployment rates between non-EU nationals and nationals, which had fluctuated around 7-8 pps before the crisis, has increased to over 12 pps (see Chart 26 and Chart 27). On the other hand, the inactivity rate for migrants, at 31.8% in the first quarter of 2012, was up only 0.4 pp on the rate of four years earlier. The gap with the inactivity rate for nationals, which stands at 28.7%, has widened to only 3.1 pps. Overall, therefore, it is the surge in unemployment of migrants over the four years to the first quarter of 2012 which accounts in large part for the almost 6 pps fall in their employment rate to 53.0% (see Chart 30).

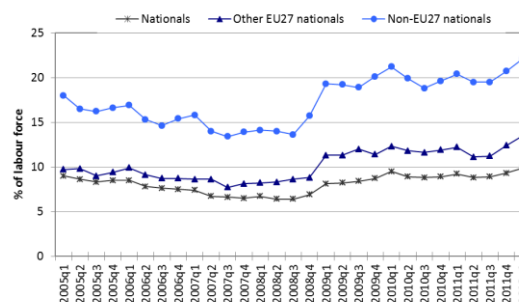
...while long-term unemployment of migrants has continued to expand...

The long-term unemployment rate, which had deteriorated sharply during the crisis, remains particularly high for non-EU nationals. It increased further after moderating in the first half of 2011, and had reached 9.3% by the first quarter of 2012, up from 5.2% three years earlier (see Chart 28). An increasing share of unemployed migrants (over 40%) have been without a job for more than a year, although this share has been broadly similar to that of nationals.

...and the deterioration has resulted in increased poverty and social exclusion for migrants

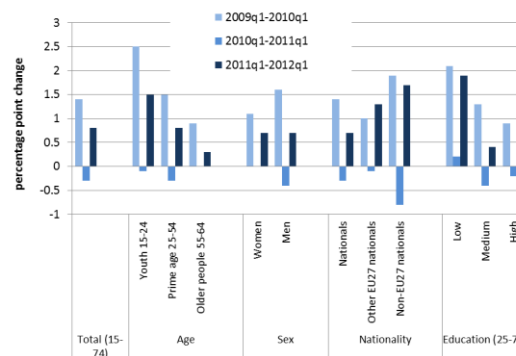
This deterioration has aggravated the risk of poverty and social exclusion among migrants. Around 42% of adult migrants aged 18-64 in the EU were classified as living in poverty or social exclusion in 2010, an increase of around 1.4 pps on 2009, and 3.2 pps above the low recorded in 2008. They faced at least one of the following situations: monetary poverty (one third), severe material deprivation (16%), and/or living in jobless households. These proportions have been increasing in recent years, and are notably higher than those for nationals, of whom just under 22% live in poverty and social exclusion.

Chart 26: Unemployment rates for the EU by nationality



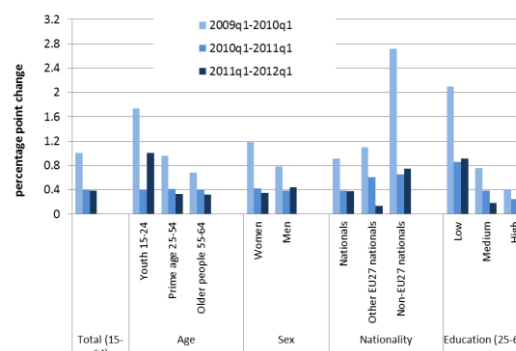
Source: Eurostat, LFS [lfsq_urgan]. Data non-seasonally adjusted.

Chart 27: Year-on-year changes in unemployment rates for the EU by population groups

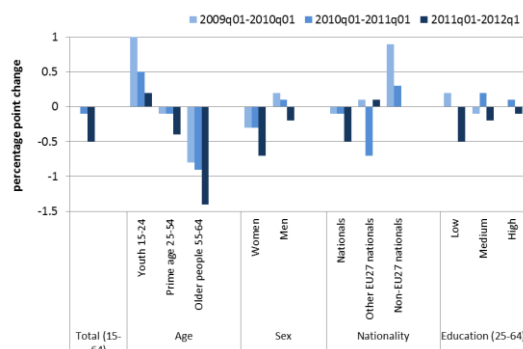


Source: Eurostat, LFS [lfsq_urgan and lfsq_urgaed]. Data non-seasonally adjusted.

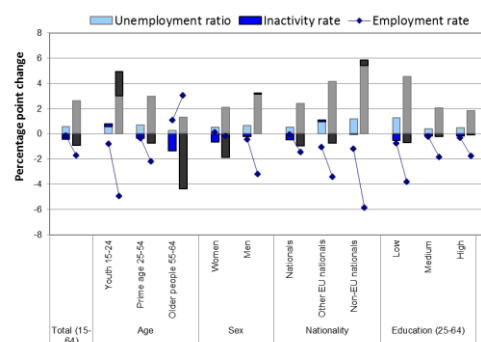
Chart 28: Year-on-year changes in long-term unemployment rates for the EU by population groups



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

Chart 29: Year-on-year changes in inactivity rates for the EU by population groups

Source: Eurostat, LFS [lfsq_argan and lfsq_argaed]. Data non-seasonally adjusted.

Chart 30: Changes (year-on-year and four years to 2012 q1) in employment rate broken down into changes in the unemployment ratio and inactivity rate for the EU by population groups

Source: Eurostat, LFS. Data non-seasonally adjusted. First bar - one-year change 2011q1-2012q1, second bar - four-year change 2008q1-2012q1

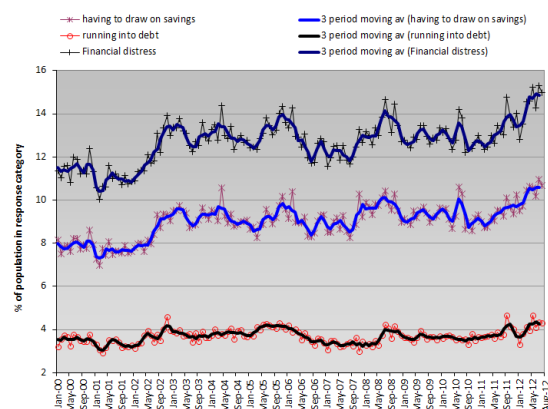
Financial situation of households

Consumer surveys carried out under the joint harmonised EU programme of business and consumer surveys can provide – among other things – timely information on the financial situation experienced by households. In particular, the monthly question about the *current financial situation* allows to monitor the share of the EU population whose households are facing financial difficulties in terms of having to draw on their savings or are running into debt in order to cover their current expenditures.

Results from the latest survey indicate that the share of the population¹⁴ reporting their

¹⁴ The sample underlying the consumer surveys is representative of the adult population rather than households in a given country.

households are experiencing financial distress¹⁵ across the EU remains historically high, following the sharp rise observed over early 2012 (see Chart 31). This reflects continued relatively high levels of reporting of both households running into debt and of households having to draw on savings. The trend in the prevalence of financial distress has generally edged up further over recent months, with the reported overall level in the EU now clearly well above that observed in late 2008, when the financial crisis was coming to a head in Europe, and hitting a new all-time high¹⁶ in July.

Chart 31: Share of EU population in households reporting financial difficulties (2000-2012)

Source: Joint harmonised EU consumer surveys. Note: Data are not seasonally adjusted.

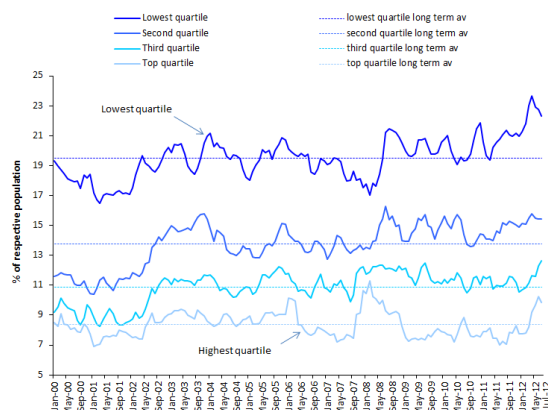
The effect of the crisis continues to be felt to differing degrees according to the level of income (see Chart 32). For the EU as a whole, people in the lowest income quartile are still experiencing high levels of financial distress, which increased sharply over early 2012 to levels well above the long-term average for the quartile, but recent figures suggest their situation may have improved somewhat over the very latest months (reflecting an underlying decline in the number of households having to draw on savings). In contrast, financial distress in the upper income quartiles has broadly continued to rise at a sharp pace in line with developments observed since the start of the year and in contrast to the low levels of financial stress observed for these quartiles over 2010 and 2011. Richer households seem to be affected more

¹⁵ The combined population shares reporting they are either having to draw on savings or are running into debt.

¹⁶ The data series began in the mid-1980s.

severely over the last quarter by the recent worsening of the financial and economic climate, with a sharp rise in the population in households in the two upper quartiles having to draw on their savings.

Chart 32: Reported financial distress in EU households by income quartile of household (2000-2012)



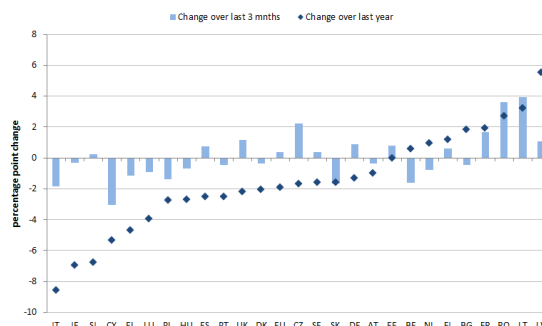
Source: Joint harmonised EU consumer surveys & DG EMPL calculations.

Note: 3 month centred moving average figures. Data are not seasonally adjusted. Long-term averages computed over 2000-2012.

There is still marked divergence in developments in household financial situations across individual Member States (see Chart 33). In around half of the countries the balance figures¹⁷ on consumer opinion on the financial situation in their households have worsened over the last three months, most notably in Cyprus, Slovakia, Italy and Belgium, but strong improvement were observed in the Czech Republic, Lithuania and Romania. Over the year to July, the balance of consumer opinion has worsened in around two-thirds of Member States, with the sharpest declines being recorded in Italy, Ireland, Slovenia, Cyprus and Greece. This contrasts with notable improvements in Latvia, Lithuania and Romania, countries where the balance fell sharply after the 2008 economic crisis but where it has somewhat recovered subsequently, unlike for example Spain and the UK.

¹⁷ The overall balance for the consumer survey questions reported here is calculated according to the formula $\text{balance} = (\text{PP} + \frac{1}{2} \text{P}) - (\frac{1}{2} \text{M} + \text{MM})$, where PP is the number of the most positive responses (e.g. got a lot better, we are saving a lot), P the no. of slightly positive responses (got a little better, we are saving a little), M the no. of slightly negative responses (e.g. got a little worse, we are having to draw on our savings), etc.

Chart 33: Change in the balance of consumer opinion on the current financial situation in their households across EU Member States (July 2012)



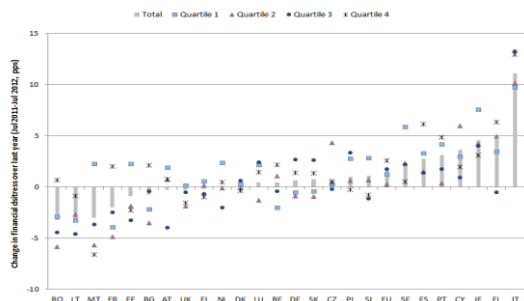
Source: Joint EU harmonised consumer surveys, DG EMPL calculations on 3-month centred moving average figures (data seasonally adjusted).

Similar patterns as in the preceding balance figures are reflected in the overall yearly change in the financial distress indicator across Member States, although the distribution of the change across quartiles varies across countries¹⁸ (see Chart 34). Italy recorded a particularly sharp rise in financial distress followed by Greece, Ireland, Cyprus, Portugal and Spain, with the upper quartile seeing the greatest impact of the rise in all except Cyprus and Ireland where the lower quartiles bore the brunt. Among the remaining Member States recording a noticeable rise overall, only in Slovenia and Sweden were the households in the lowest quartiles clearly most affected. Among those countries where the overall level of financial distress has declined over the year there has nevertheless been an increase among the lowest quartile households in Austria, Estonia and Malta, in contrast to Bulgaria and France where the upper quartile households were the ones to record a sizeable increase.

Focusing solely on households within the lowest income quartile group - normally those most likely to suffer from difficulties to cover their current expenditures - the share of people experiencing financial distress has increased over the last year in a majority of Member States (see Chart 35) although, in contrast, very recent trends over the last 3 months have mainly been positive.

¹⁸ Differences between totals and averages across quartiles (which are usually small in most countries) are due to the non-correction for selection bias (i.e. the imperfect representativeness of the results at the level of income breakdown). However, the results appear broadly consistent in most cases.

Chart 34: Change in population share in households in financial distress over the last year according to income quartile (as at July 2012)

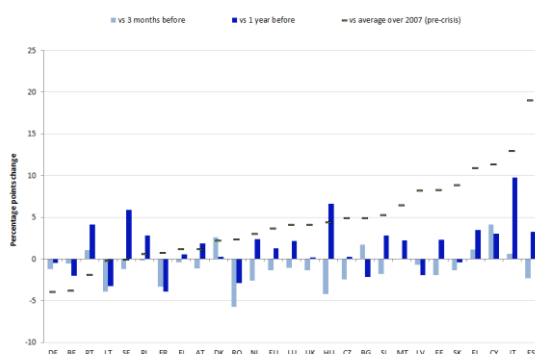


Source: Joint EU harmonised consumer surveys, DG EMPL calculations on 3-month centred moving average figures (data seasonally adjusted).

Note: Countries sorted according to change for total population

Of particular note is the rise in financial distress among the lower income quartile households in Italy, with a year-on-year rise of the order of 10 pps. Hungary and Sweden have also seen rises in excess of 5 pps over the last year, although developments in the last 3 months suggest things may be improving. Only a few Member States have seen a fall in the share of lower income households reporting financial distress over the last year, most notably France, Lithuania and Romania (all due to strong improvements over recent months), while the situation of such households in Germany and the UK has changed little.

Chart 35: Change in population share in households in the lowest income quartile reporting financial distress across the EU (as at July 2012)



Source: Joint harmonised EU consumer surveys & DG EMPL calculations.

Note: Based on 3 month centred moving averages. Data not seasonally adjusted. Break in series for Ireland in 2009 (figures for change vs 3 months before 1.3 pps, and one year 7.6 pps).

In a longer term perspective, comparison against the average level of financial

distress among lowest quartile households over 2007 highlights their much worsened situation especially in Spain, Italy, Cyprus and Greece compared to prior to the economic crisis, but also clearly illustrates how consumers in many Member States are still suffering from the 2008 crisis.

Underlying labour market and social developments

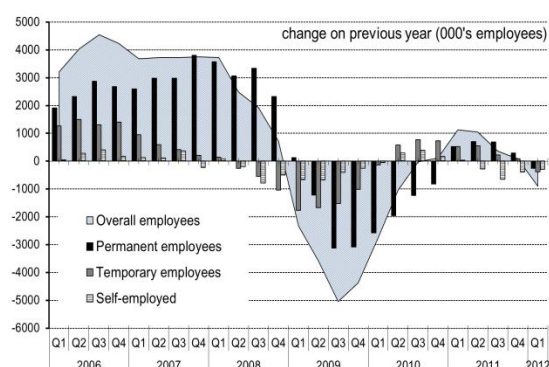
Employment patterns: types of contracts

In the first quarter of 2012, permanent and temporary employment declines contributed equally to a fall in total employment figures

At European aggregate level,¹⁹ the number of workers in permanent and temporary employment decreased over the year to the first quarter of 2012 by 0.17% (250 000 employees) and 1.7% (380 000 employees), respectively (see Chart 36). Since the second half of 2011 both types of employment have been declining, gradually reducing total employment figures. Self-employment has fallen too, dropping over the year to 2012 q1 by 0.9% (295 000 persons) after three consecutive quarters of contraction.

The declines in permanent and temporary employment and self-employment contributed equally to the yearly decrease in total employment in 2012 q1. In the different Member States, the picture is mixed, with a reduction in temporary employment in fourteen²⁰ and falling self-employment in seventeen countries over the year to 2012 q1. Conversely, the number of workers in permanent employment grew in fourteen EU countries.

Chart 36: Employees in permanent and temporary work, self-employment and total employment (15-64) (1 000 persons), 2006-2012, y-o-y change



Source: Eurostat, LFS, Data non-seasonally adjusted [lfsq_epgaed], Total EU-27 without NL

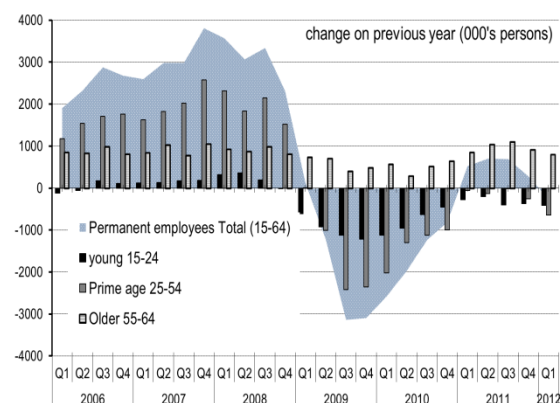
¹⁹ Data for NL was not available, EU aggregate level includes all Member States except NL.

²⁰ EU-27 countries except NL.

More older workers in permanent jobs; fewer younger workers

The number of older workers with permanent jobs has grown over the last few years, reflecting an ageing workforce. There were 805 000 additional workers aged 55 or more with permanent jobs (+4.0%) over the year to 2012 q1 (see Chart 37). From a medium-term perspective, the number of older workers in permanent jobs has also increased considerably, by 3 million compared to four years ago. On the other hand, the opportunities for young workers to acquire permanent jobs are steadily declining. The number of young workers in permanent employment has been continuously decreasing since mid-2008, dropping by a total of 2.4 million (-20.5%). This downward trend softened in the first part of 2011 before accelerating again. The number of workers aged under 25 in permanent jobs recorded a yearly drop of 4.2% in 2012 q1, representing 420 000 jobs. For prime-age workers too, the decline in permanent employment seemed to accelerate from the second half of 2011, with a yearly drop of 0.5% in the first quarter of 2012, corresponding to 640 000 jobs. Finally, the number of prime-age workers has constantly decreased more or less rapidly over the past three years, down by 2.7 million or 2.3%.

Chart 37: Permanent employment by age group in the EU, 2006-2011



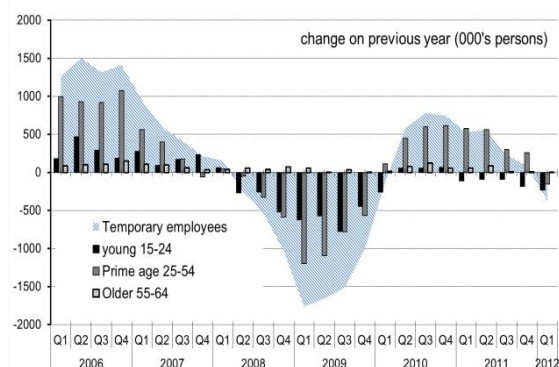
Source: Eurostat, LFS, Data non-seasonally adjusted [lfsq_epgaed], Total EU-27 without NL

Temporary employment down for young and prime-age workers

For prime-age employees, temporary jobs helped to cushion the fall in employment in 2010 and sustained the moderate

employment growth in the first part of 2011. Yet the number of prime-age workers in temporary jobs fell in the second part of 2011, and also dropping over the year to the first quarter of 2012. Temporary jobs for prime-age workers were also down by 1%, corresponding to 150 000 persons (see Chart 38).

Chart 38: Temporary employment by age group in the EU, 2006-2012



Source: Eurostat, LFS, Data non-seasonally adjusted [lfsq_epgaed], Total EU-27 without NL

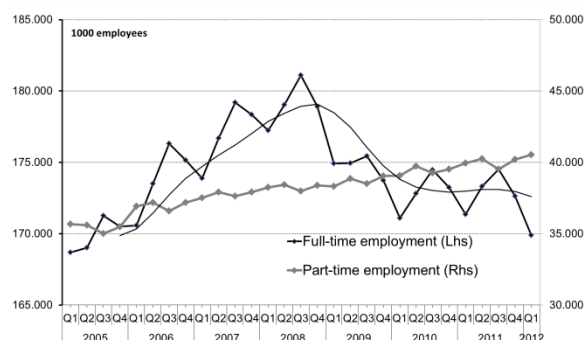
Temporary jobs are decreasing for young people, but the proportion of young people with such jobs is increasing

The number of young people with temporary jobs recorded a fifth consecutive quarterly decrease in 2012 q1, dropping by 3.5% (y-o-y), corresponding to 235 000 fewer young workers in temporary jobs. Yet this drop was less than the drop in permanent employment (-4.2%) over the same period. This is why the percentage of young workers in temporary jobs is rising.

Full-time employment is dropping, driving down total employment, while part-time employment continues to grow

In the first quarter of 2012, the number of full-time workers in the EU recorded its largest annual drop since the financial crisis, falling by 1.45 million over the year. The trend in full-time employment is downward, even accelerating in 2012 q1 (-0.8% y-o-y) after -0.4% in the previous quarter (see Chart 39). Seen over the medium term, full-time employment is in its fourth consecutive year of contraction, down by 7.3 million (-4.1%) compared with the first quarter of 2008.

Chart 39: Number of part-time and full-time employees in the EU (1000 employees) in the EU, 2005-2012

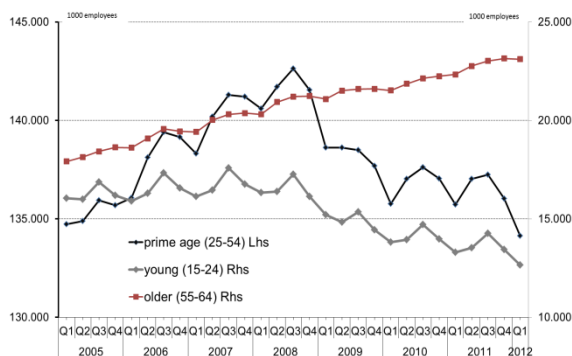


Source: Eurostat, LFS, Data non-seasonally adjusted [lfsq_epgaed]

At EU aggregate level, the number of employees working part-time has been growing continuously, rising by 590 000 over the year to the first quarter of 2012. The number remains on an upward trend, seeing an annual growth of +1.5% in 2012 q1 after +1.7% in 2011 q4. Over a longer-term perspective, there has been constant growth over recent years, with 4.9 million (+13.7%) more part-time jobs compared with the first quarter of 2005. Consequently, the share of part-time workers among total employees in the EU has constantly risen over recent years, reaching 19.3% in the first quarter of 2012.

The number of older workers working full-time continues to grow, while the figures are decreasing for young and prime-age workers

The number of young workers working full-time in the EU continues to decline, with an annual drop of 640 000 (-4.8%) in 2012 q1. Over the past four years, their number has fallen by 3.7 million (down by 22.5%) to 12.65 million in 2012 q1. The number of prime-age workers working full time also decreased by 1.58 million (-1.2%) over the year to 2012 q1. Older workers are the only age group where the numbers working full-time have increased in 2012 (up by 3.5% in 2012 q1, y-o-y) and over recent years (see Chart 40).

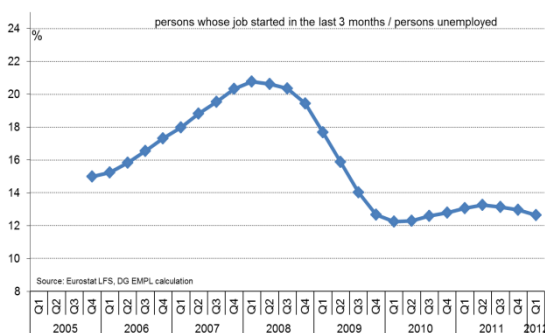
Chart 40: Number of full-time employees by age group in the EU, 2006-2012

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

Vacancies: jobs starters and leavers

Job-finding prospects remain poor compared to pre-crisis years and worsened in the first quarter of 2012 at EU level

The ratio of the number of people starting new jobs²¹ to unemployment is an indication of job-finding prospects; the higher the ratio, the higher the likelihood that an unemployed person will find a job. In the first quarter of 2012, the ratio of job starters to unemployment in the EU decreased to 12.6%²² from 12.9% in the previous quarter (see Chart 41).

Chart 41: ratio²³ of persons starting a job to unemployment in the EU-27 % 2005-2012

Source: Eurostat, LFS; DG EMPL calculation

Job-finding prospects, as assessed by the ratio of new job-starters to unemployment,

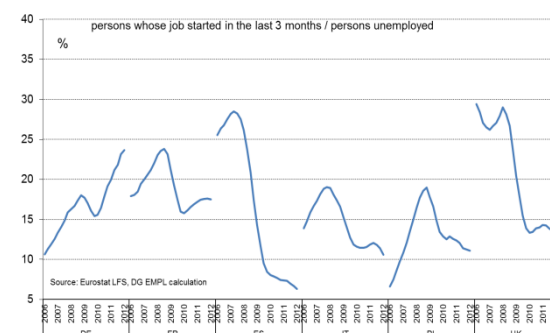
²¹ People starting a job could have been previously in work (and thus simply changing jobs: employment to employment flows), unemployed (unemployment to employment flows) or 'Not in the Labour Force' (inactivity to employment flows).

²² Average of the four quarters to 2012 q1.

²³ Monthly ratio.

remained at a low level over the past year in comparison to the pre-crisis period. On average, over the four quarters up to the first quarter of 2012, this ratio was under 13 %, whereas it averaged over 20 % in 2007 at EU level.

In most Member States, jobs are more difficult to find compared to pre-crisis years

Chart 42: Ratio of persons starting a job to unemployment in the large Member States 2006-2012

Source: Eurostat, LFS; DG EMPL calculation

At Member-State level, the ratio of recruitments to unemployment decreased in all Member States between 2008 q1 and 2012 q1, except in the Netherlands, Germany (see Chart 42) and Luxembourg. With fewer recruitments and increasing unemployment, the ratio of recruitments to unemployment more than halved between 2008 q1 and 2012 q1 in eleven Member States; namely, the Baltic States, Bulgaria, Cyprus, Denmark, Ireland, Greece, Slovenia, Spain and the United Kingdom.

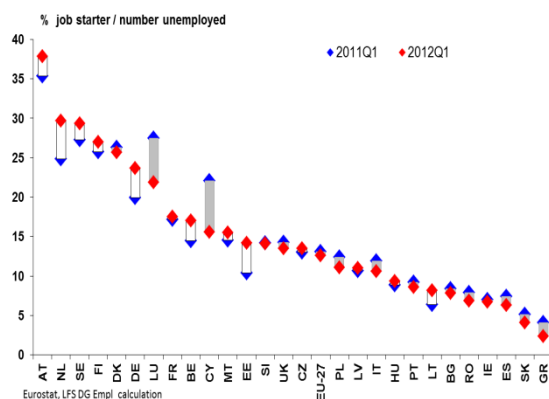
Among the large Member States, the likelihood of an unemployed person finding a job increased in the recent past in Germany and decreased more or less sharply in the other countries.

...and over recent quarters, the lack of dynamism has even worsened in the majority of the Member States

Despite a sharp fall in job-finding likelihood in 2009 and 2010, the ratio of hirings to unemployment again decreased in fourteen Member States in 2012 q1 when compared to 2011 q1 (see Chart 43). On the other hand, thirteen Member States improved their ratio of recruitments to unemployment, benefiting from a rise in recruitments, a fall in unemployment, or both; although, as stressed earlier, the chances of getting a job are significantly lower than in pre-crisis years in most

countries. In the first quarter of 2012, job-finding prospects were highest in Austria, the Netherlands, Sweden and Finland, countries which have also improved their ratio over the year.

Chart 43: Ratio of persons starting a job to unemployment (2011 q1 – 2012 q1) in the EU and individual Member States



Source: Eurostat, LFS; DG EMPL calculation

And the risk of ending one's job remains higher in most Member States than before the 2009 crisis

The ratio of the number of people ending their job²⁴ to the number of employed persons is an indication of the risk of ending a job. Over the four quarters ending with 2012 q1, the ratio of job-enders to employment was 3.4 % (see Chart 44) in the EU, whereas it had been under 3 % in 2006 and 2007. At Member-State level, the job-ending ratio was higher in 2012 q1 than in 2008 q1 in all Member States except Austria, Germany and Finland.

Chart 44: Ratio of persons ending a job to employment in the EU-27, in percent, 2005-2012



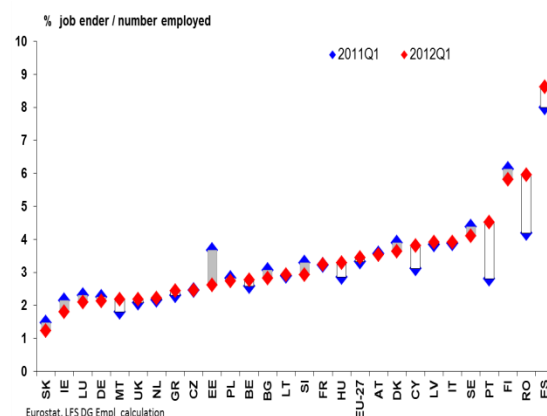
Source: Eurostat, LFS; DG EMPL calculation

²⁴ During the last three months (including 3 months).

The risk of losing one's job is still increasing in the majority of the Member States

The ratio of the number of persons ending their job to the number of employed persons increased in 2012 q1 when compared to 2011 q1 in fourteen Member States (see Chart 45), and even surpassed the level of 2010 q1, which represents the highest rate of job terminations in seven Member States.

Chart 45: Ratio of persons ending a job to employment (2011 q1 – 2012 q1) in the EU and the Member States



Source: Eurostat, LFS; DG EMPL calculation

Vacancies, labour shortages and hiring activity

Vacancies stabilised in the second quarter

In the second quarter of 2012, the EU job vacancy rate²⁵ was stable at the year-ago level (1.5 %). Year-on-year changes were small for most Member States, with somewhat larger declines in the Netherlands and some Southern Member States (Greece, Spain and Cyprus). Belgium, Germany and Sweden were pulling the EU average in the opposite direction (see Table 15 in Annex 1).

In the third quarter of 2012, the labour shortage indicator, an alternative indicator derived from EU business surveys results²⁶, fell 0.8 pp, to 5.5 %. It is difficult to discern a clear movement over the last five

²⁵ Source: Eurostat, Job vacancy statistics (jvs_q). As the data are non-seasonally adjusted, only year-on-year comparisons are meaningful. See also the quarterly publication "European Vacancy Monitor", <http://ec.europa.eu/social/main.jsp?catId=955&langId=en>.

²⁶ Source: Eurostat, ei_bsin_q_r2. As the labour shortage indicator is seasonally adjusted, a quarter-on-quarter comparison is meaningful.

quarters, during which the indicator has hovered in the 5.5%-6.5% range. In the third quarter, the largest drops were seen in Member States with a large manufacturing sector (Belgium, Germany, Sweden and some Eastern European Member States).

Hiring activity is depressed in most EU countries...

The Monster Employment Index Europe²⁷, gauging the online job posting activity, declined down by 1% in August, marking the first decline since April 2010. Germany (up 7%) is the only large country to report year-on-year growth, registering single digit growth for the first time in 25 months. With the exception of the UK, all other countries are showing year-on-year decline growth with the Netherlands (down 16%) and France (down 13%) posting double digit declines. Environment, architecture and urbanism continue to lead all industries by measure of annual growth for the fourth consecutive month, while management and consulting (down 6%) exhibit the sharpest annual decline.

According to the fourth-quarter 2012 Manpower Employment Outlook Survey,²⁸ across the Europe, Middle East and Africa (EMEA) region, fourth-quarter hiring expectations are positive in 13 of 24 countries with Net Employment Outlooks improving or remaining relatively stable from three months ago in 13 labour markets. On the other hand, in a year-over-year comparison, the hiring pace is expected to weaken in 15 markets. Opportunities for job seekers in the region are expected to be strongest in Turkey, Romania, Israel and Norway, and weakest in Greece and Italy. Despite the continued challenges in the Eurozone, the French, German but also the UK labour markets exhibit some resilience compared to three months ago. On the other hand, the data reveals a regional weakening trend across the manufacturing sector with hiring set to slow down from 12 months ago in 17 of 24 countries. This projected slowdown is most evident in Poland, where twice as many employers are expecting layoffs compared to three months ago.

According to Caden,²⁹ the outlook in Europe's largest economy, Germany, is improving very slightly, whilst the economy

faces huge challenges from the global slowdown and weakening export demand from Europe and China. The recovery in the US remains slow and as such is keeping demand for European goods sluggish. The hope that the US economy would pull Europe's economy remains elusive.

... while the decline in temporary agency work is confirmed

Latest data from Eurociett³⁰ confirm the decline in temporary agency work in the EU, which is a leading indicator of developments in the labour market. For the past six months, the number of hours worked in this sector receded, down by 5.1% in June 2012 compared with the same period of the previous year. Monthly reports from all surveyed countries confirmed the negative trend. The decrease of the industry in the Netherlands (-4.0%), Belgium (-9.9%) and Germany (-5.2%) were significantly larger than in previous months. In France, however, the size of the decrease in the market (-3.5%) was somewhat smaller than in recent months.

²⁷ Source: <http://www.monster.com>.

²⁸ Source: <http://www.manpowergroup.com/press/meos.cfm>.

²⁹ Source: Caden Corporation, "Global Employment Outlook", Fourth Quarter 2012.

³⁰ For further information on Eurociett, visit the website at: www.eurociett.eu. Overall Europe data include EU and Switzerland.

Productivity, labour costs and hours worked

Labour productivity growth in the European Union continued to weaken during the second quarter of 2012...

Several Member States (for which data is available) continued to experience a decrease in their labour productivity (measured as GDP per employed person) in the second quarter of 2012 (compared to the second quarter of 2011). See Table 16 in Annex 1.

Italy recorded the sharpest fall in productivity (-2.1 %), followed by Hungary (-1.9 %), the United Kingdom (-1.4 %), and the Czech Republic and Slovenia (both -1.3 %).

Italy and Malta are the only Member States (for which data is available) that recorded a decrease over four consecutive quarters. Nevertheless, in Malta the strong decrease in productivity recorded in the first quarter of 2012 (-3.4 %) slowed down notably in the second quarter (-0.8 %), while in Italy the decline strengthened from -0.8 % in the first quarter to -2.1 % in the second quarter.

All Member States that recorded a fall in labour productivity in the first quarter of 2012 listed an additional fall in labour productivity in the second quarter of 2012. In the Netherlands the decline in the second quarter was somewhat smaller than in the first quarter, while in Germany the productivity loss was 0.2 % in both quarters. Austria recorded for the third quarter in a row a fall in productivity of about 0.5 %.

Among the few Member States that had recorded a positive growth rate in the first quarter of 2012, Denmark, Slovenia and Finland registered a negative growth rate in the second quarter – listing rates that are more than 1 pps. smaller than the rates observed in the first quarter.

Only Bulgaria (+3.1), Slovakia (+2.6) and Sweden (+1.8) were able to list a higher positive growth rate in the second quarter than in the first quarter. Spain, Latvia and Lithuania also continued to show positive labour productivity growth – albeit at a somewhat lower rate than recorded in previous quarters. In France productivity growth remained just above zero (0.2 %), about the same as in the previous period.

...while nominal wage growth strengthened in some Member States it remained subdued in others ...

The United Kingdom and Finland chalked up notable increases in their compensation per employee, up by respectively 4.8 % and 4.6 %. These increases followed the already strong increases recorded in the first quarter of 2012, when wages increased by, respectively, 4.2 % and 4.6 %. See Table 17.

Bulgaria also listed a strong increase of 4.5 %, but in this Member State the growth rate confirmed the gradual deceleration in wage growth over the past year. By contrast, Romania recorded a 4 % growth rate after having listed very modest growth rates the two previous quarters.

Slovenia is the only Member State (for which data is available) that tabled a decrease in its nominal compensation per employee (down by 1.3 %). In Spain wages continued to grow at a very modest rate, up by 0.5 %, while in Italy wage growth regained its momentum, up by 1.2 % compared with 0.6 % in the previous quarter.

Germany and Denmark listed wage growth rates at about 2 %, while Belgium and Austria recorded growth rates of about 3 %. Except for Austria, these growth rates are similar to the ones recorded in the first quarter of 2011.

For the Member States for which no data are available for compensation per employee (which is the cost indicator underlying the unit labour cost) in the second quarter of 2012, a closer look at the hourly labour cost shows that, for instance, Greece listed a 8.9 % decrease in the first quarter of 2012. This sharp fall marks the eighth consecutive quarter of hourly labour cost decreases in Greece.

... so that nominal unit labour cost developments differed somewhat across Member States ...

In several Member States (for which data is available) the growth rate of the nominal unit labour cost (which is measured as nominal compensation per employee adjusted for productivity, and which is a measure of domestic cost-push pressures) was well below 2 % in the second quarter of 2012 (if compared to the second quarter of 2011), including Spain (-2.2 %), France (1.7 %), Latvia (0.3 %), the Netherlands

(1.6 %), Slovenia (0.0 %) and Slovakia (0.1 %). See Table 18.

Spain recorded for the 10th consecutive quarter a drop in its unit labour cost, down by -2.2 %. By contrast, Slovakia ended a steady decline over the previous 4 quarters by recording a modest 0.1 % increase.

Nominal unit labour costs growth in the United Kingdom spiked to 6.3 % in the second quarter of 2012, reinforcing the upward cost-push pressures that were already observed in the first quarter of 2012. This sharp increase reflects the 4.8 % increase in its nominal compensation per employee and the 1.4 fall in labour productivity.

In Malta the growth rate of the nominal unit labour cost fell from 4.4 % in the first quarter to 2.1 % in the second quarter, partly reflecting a softening in its negative productivity growth rate.

No data for EU or Euro area as a whole are available for the second quarter of 2012. Nevertheless, in the 4 quarters preceding the second quarter of 2012 unit labour cost growth in these areas was very modest, i.e. below 2 %. The available data seem to indicate that similar increases will be recorded for these areas in the second quarter.

... while the real unit labour cost regained upward momentum in some Member States

Most Member States for which data is available showed a rise in their real unit labour cost (which is equal to the nominal unit labour cost deflated by the GDP deflator and which measures the relation between productivity). See Table 19.

The United Kingdom listed the strongest increase (+3.7 %) which is in line with the strong decrease in labour productivity and strong wage growth.

Italy and the Czech Republic also recorded notable increases, albeit in the Czech Republic the growth rate decreased from 2.6 % in the first quarter to 2.2 % in the second quarter, while in Italy it increased from 0.1 % in the first quarter to 2.3 % in the second quarter.

Notable exceptions are Spain, Latvia, Slovenia and Slovakia. In Spain and Slovakia the real unit labour cost listed for the 10th consecutive quarter a negative growth rate, while it fell for the 5th consecutive quarter in Latvia and 7th consecutive quarter in Slovenia.

Hours worked stabilised somewhat

Data availability for the hours worked in the second quarter of 2012 is rather limited.

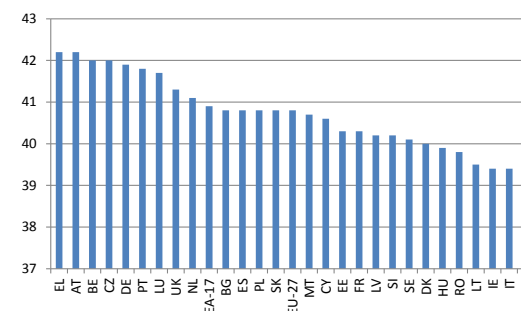
Hours worked by full-time employed persons varied between 39.2 weekly hours in Finland to 42.2 hours in Greece in the first quarter of 2012. Hours worked by part-time employed persons varied between 15.9 hours in Portugal to 23.8 hours in Belgium.

Chart 46 and Chart 47 illustrate the differences in hours worked across Member States in the first quarter of 2012.

Greece and Austria (both 42.2 hours) recorded the highest number of hours worked by full time employed persons, followed by Belgium and the Czech Republic (42.0 hours). Finland (39.2 hours), Italy and Ireland (both 39.4 hours) recorded the lowest number. See Chart 46.

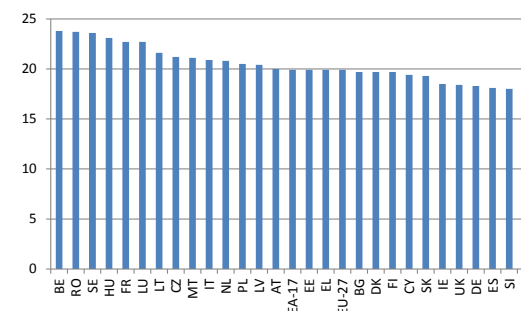
In Belgium (23.8 hours), Romania (23.7 hours) and Sweden (23.6 hours) the highest number of hours worked by part time workers was recorded, while the lowest number of hours worked were recorded in Portugal, Slovenia and Spain. See Chart 47.

Chart 46: Average number of actual weekly hours of work in main job, full-time



Source: Eurostat, LFS [Ifsa_ewhais]

Chart 47: Average number of actual weekly hours of work in main job, part-time



Source: Eurostat, LFS [Ifsa_ewhais]

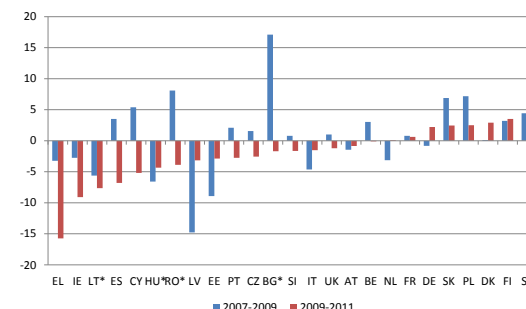
Social inclusion trends

The combination of job losses, reduced working hours, reduced activity among the self-employed, as well as instances of pay cuts or pay freezes had direct adverse effect on households financial situation. While during the first phase of the crisis, up to 2009, the working of automatic stabilisers and stimulus packages contributed to sustaining household incomes in most countries, the more recent macro data indicate the weakening of the role played by the tax and benefit system in protecting households income during the second phase of the great recession.

Gross household disposable incomes fell in two thirds of EU countries between 2009 and 2011. Within the EU, the situation diverged further between countries where the situation worsened and countries where household incomes continued to increase as economic activity took up and unemployment started declining (the Nordic countries, Germany, Poland). In most countries, protracted economic and labour market conditions and the need to engage in fiscal consolidation (cuts in benefits and increases in taxes) accentuated the expected weakening of automatic stabilizers over time (e.g. end of benefit entitlement, decline in benefit generosity). As a result, household incomes declined especially in those where the recession was prolonged. Between 2009 and 2011, GHDI dropped by

more than 4% in Cyprus, Spain, Hungary, Lithuania, and by 9% in Ireland and 15.7% in Greece (see Chart 48).

Chart 48: Change in gross household disposable income in the first and second phases of the crisis, in %



Source: Eurostat, LFS.

Note: LU and MT are missing; * = data is only available until 2010.

The following section on social inclusion trends is a collection of short essays ("Special Focus") on different social topics, in particular in relation to the crisis. A regular quarterly reporting on social issues is limited because of the lack of timely social data - with frequency higher than annual -. The articles in this issue shed some light on the effects of the economic and labour market developments on social dimensions, focusing on the effectiveness of child benefits and the social climate across the EU.

> Special Focus: Ensuring sufficient income to lift children out of poverty

Introduction: current situation and scope for action

Child poverty results of the conjunction of insufficient earnings from parental work and inadequate support to households with children. This section focuses on the role of tax and benefit systems in supporting families with children. Social expenditure dedicated to children varies a lot across the EU in effectiveness. On the other side, parental employment might be hampered by the cost of childcare, the tax and benefit system tax or low wages. These issues must be addressed in a holistic approach to prevent and tackle the long-term risk of child poverty.

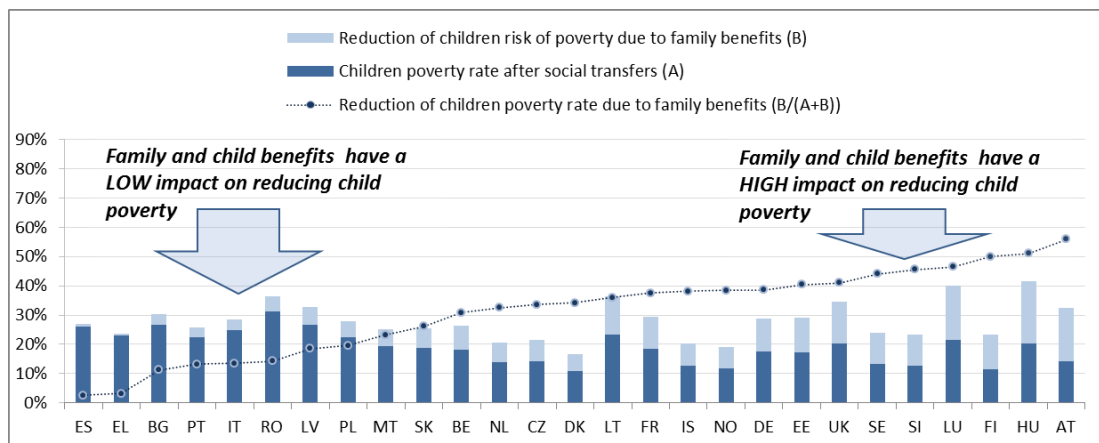
Social expenditure and child poverty reduction: size and design

In the EU in 2009, 28.4 % of GDP was spent on social protection, of which 2.3 % of GDP were earmarked as child/family benefits. Child benefits are the highest (relative to GDP) in Denmark, Luxembourg, Ireland, Finland and Sweden (3.2-4.2 % of GDP) and the lowest in Poland, Malta, the Netherlands and the Czech Republic (0.8-1.4 % of GDP).

Child benefits have a significant impact on reducing child poverty. Countries where family and child benefits are most effective at reducing child poverty are Austria, Hungary and Finland, where child poverty is almost halved by family and children benefits. At the opposite, family and children benefits do not reduce child poverty by more than 3 pps in Spain or Greece (see Chart 49).

Beyond child benefits, social protection as a whole has a significant impact on reducing child poverty. Countries most effective at reducing child poverty are Ireland (reduction of the share of children at risk of poverty by 32 %), Hungary (by 27 %) and the UK (by 24 %). Countries with the lowest child poverty rates are those in which families with children benefit a good deal from overall social transfers. Health care and unemployment benefits also play a significant and indirect role in alleviating child poverty.

Chart 49: Poverty reduction effect of family and child benefits for children aged 0-17



Source: EU-SILC UDB 2010, IE and CY not available.

Enhancing redistribution

The progressive nature of family benefits across income quintiles differs between EU Member States (see Chart 50³¹). Although in many EU Member States each income quintile receives a share of family benefits proportional to the relative share of children in population (Austria, Belgium, Czech Rep., Germany, Denmark, Finland, Hungary and Luxembourg), the distribution of family benefits is rather unfavourable to the poor in other Member States (Bulgaria, Estonia, Spain, Latvia, Lithuania and Romania). In these countries, the households belonging to the poorest quintiles receive less family benefits than their share of children. Lastly, in some countries, family benefits are favourable to the poor, i.e. the poorest quintiles of the population receive proportionally more family benefits than is their share of children (France¹, Malta, the NL, Poland, Portugal and the UK).

Parental work is a decisive parameter to alleviate child poverty

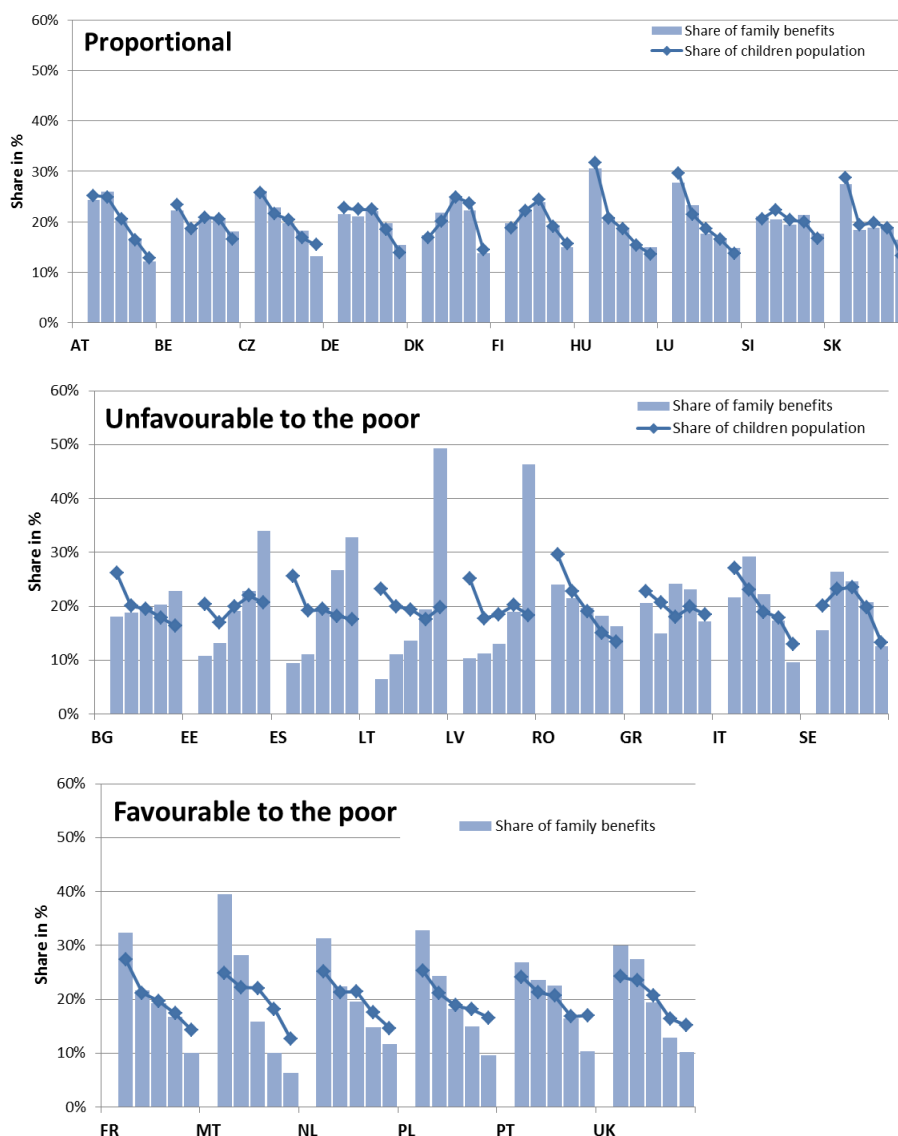
Parental employment is the main safeguard against child poverty. Household composition and the combined employment participation of all adults in the household result in various outcomes regarding the risk of poverty. In most countries, the one breadwinner family model does not really protect from poverty. The risk of poverty for individuals in households with low to medium work intensity (typically represented by the one-breadwinner family model) ranges between 15 % and 50 %.³² Families with dual earner couples are less likely to be at risk of poverty. In these families, income from work tend indeed to be higher and these households are also better protected during a crisis as a second earning can help families recover incomes lost during the economic shock. Lastly, lone parents and their children are particularly exposed to higher risk of in-work poverty and represent targets for focused action.

³¹ The performed calculations do not take account of tax breaks linked to the presence of children in the household, which in some countries matter a lot (e.g. "quotient familial" in France that is known to benefit middle and higher income families paying taxes).

³² See chapter 4 on in-work poverty in ESDE 2011:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1137&furtherNews=yes>

Chart 50: Distribution of family benefits of the child population by income groups

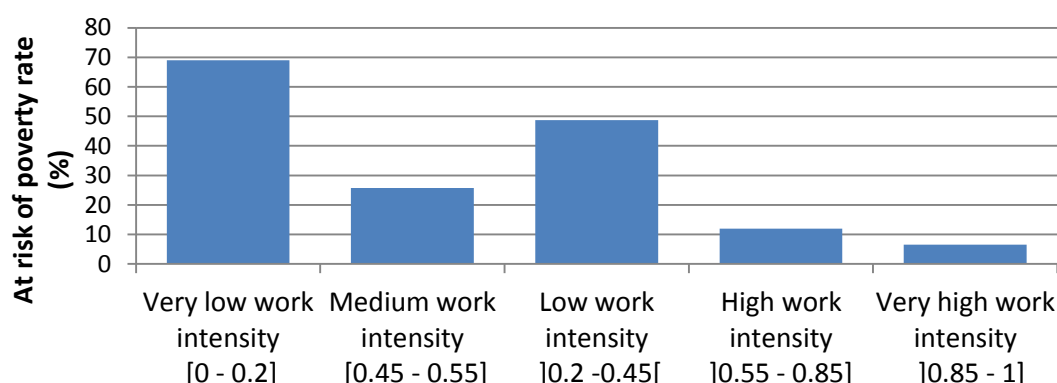


Source: EU-SILC UDB 2010, IE and CY not available.

The work intensity required to escape poverty depends on the design and level of support provided by the welfare system to families with children. It varies a lot between countries. In countries with broad child care provision (Nordic countries), the incidence of one earner couple is weak, and a greater share of lone parents are working. Countries with generous family allowances, but relatively weak child care provision (e.g. Germany) may alleviate poverty among one-earner families better but discourage second earner participation. In countries where both child care provision and family allowances are weak, children face higher risks of poverty.

Policies supporting these groups at risk include in-work benefits accounting for the household structure and composition (e.g. benefits for lone parents or big families, childcare benefits, etc.), enabling services and financial incentives for second earners to increase their employment participation, including for example, access to affordable childcare and care for the elderly, individual taxation, flexible working arrangements, financial support for non-parental care, lifelong learning and up-skilling, etc.

Chart 51: At-risk-of-poverty rate for children by level of work intensity of the household in 2009 (EU-27)



Source: EU SILC Eurostat [ilc_li06].

Note: the graph illustrates the at-risk-of-poverty rate for children living in a household with a given work intensity. Children living only with adults aged 60 and more are not included in the breakdown by work intensity. The horizontal axis indicates the work intensity of the household in which children live, e.g. '>= 0.30' means all households having a work intensity greater or equal to 0.30.

The role of child care and tax/benefit systems in Parental Labour market participation

The labour market participation of second earner results of a trade-off between the expected earnings, the taxes to be paid resulting of the increase in gains, the reduction of benefits and the cost of childcare. The combination of these parameters might hamper the expected income gain due to job take up.

An OECD study (OECD, 2011³³) shows across the countries net childcare costs are a critical factor for parents' employment decisions. Compared to a no childcare scenario, the financial reward from employment is substantially reduced by childcare costs (see Chart 51). At low earnings levels, childcare costs reduce the returns to lone parents by as much as 40 % by and for second earners by up to 50 %.

The study also demonstrates weak work incentives over a significant part of the female full time earnings distribution. Before childcare is considered, many mothers of young children working full time are unable to increase their family income by even 50%. Even those working full time at the median wage achieve only a 50% increase.

When childcare costs are included median earning mothers across the EU countries manage to increase their family income by only 40 %. A single mother has to command a full time wage in the top 40 % of the earning distribution and a second earner must be able to earn a wage in the top 25 % to achieve a 50 % increase in her family's income.

Weak or non-existent financial work incentives are found in a large number of countries, particularly for lone parents. In Bulgaria, the Czech Rep., Ireland, Latvia, Lithuania, Malta and Slovenia, lone parents with low prospective wages are better off staying at home and collecting welfare benefits than seeking employment. The cost of childcare acts as a major barrier to work and can be particularly influential in the determination of the net income gains for second earner.

Inactivity traps also exist in countries where childcare is much more affordable for low wage lone parents, such as in the Czech Rep. and Slovenia. When the payoff from employment is very low even without childcare, changes to childcare policies may not be sufficient to make work more financially attractive. Instead it may require rebalancing taxes and benefits to improve such work incentives.

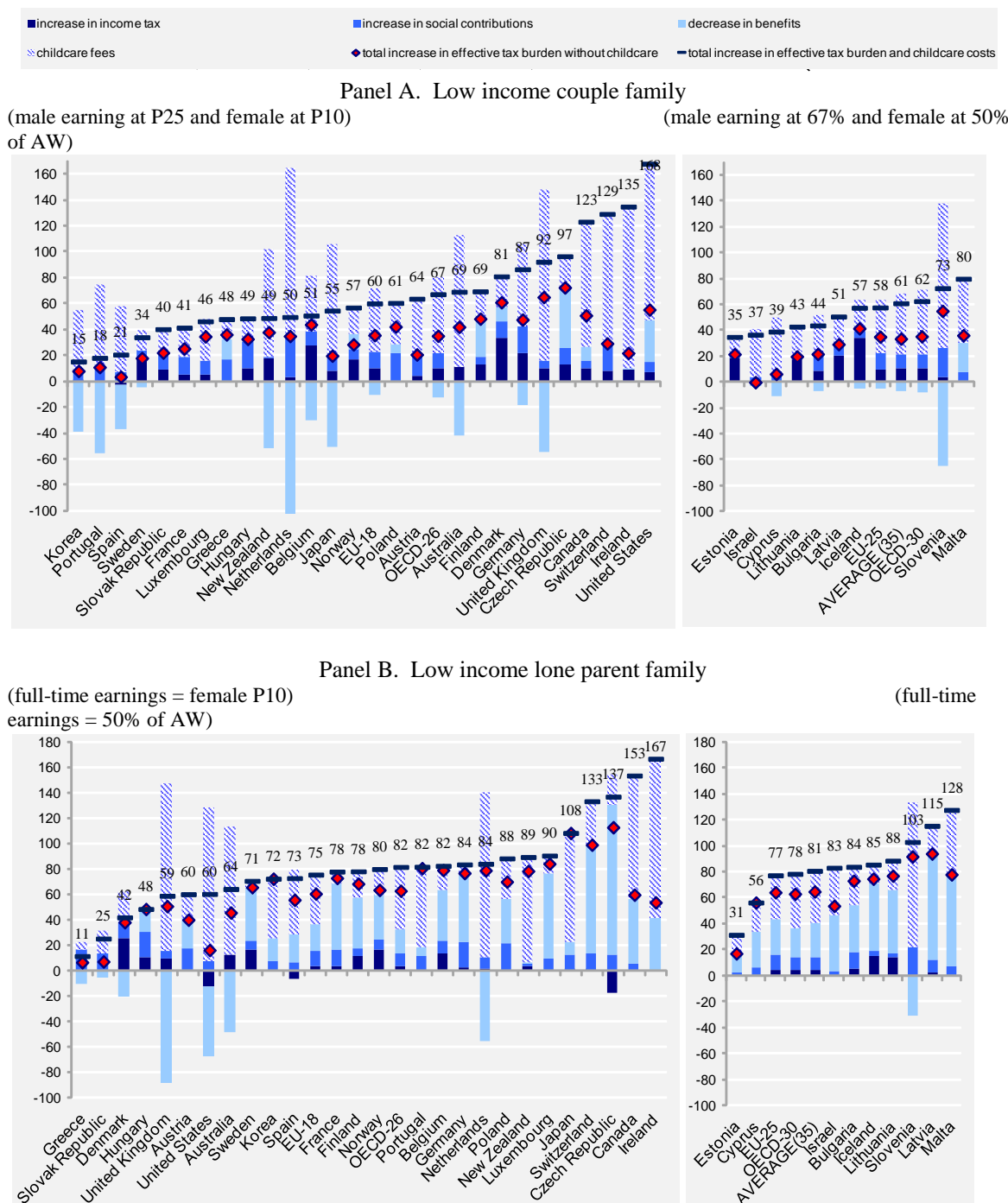
Existing barriers to employment participation of lone parents and second earners with low earning potential could be reduced by measures aimed at reducing the cost of childcare for low

³³ OECD (2011) Can parents afford to work? An update; The following text largely quotes the results of this study.

income families. The appropriate degree of targeting, however, depends on the relative priorities over a range of policy objectives. No simple set of policy prescriptions is appropriate for addressing the observed work incentive issues instead policy responses need to be multifaceted and carefully tailored to the situation in each country.

Chart 52 attempts to answer the question "What is gained from taking up low-paid employment?".

Chart 52: Childcare fees and change of taxes and benefits relative to earnings in new job for a woman taking up a low paid job as a second earner – after child care costs, and before child care cost



Source: EC/OECD tax-benefit model – in "Can parents afford to work?" (2011)

> *Special Focus: The social climate across the EU*

The Eurobarometer on social climate repeated every year since June 2009 monitors perceptions of the economic situation of households, the country and welfare state. The social climate survey can be useful in tracking the effects of the current crisis and could be regarded as a complement to the official socio-economic statistics such economic growth and unemployment.

Table 4 shows the social climate index³⁴ for the EU as a whole, and for each of the 27 Member States, both for the latest wave (EB 77.4) and for the last three waves: EB 72.1 (2009), EB 73.5 (2010) and EB 75.4 (2011).

The overall social climate index for the EU stands at -0.8 in 2012. This represents a decline from a score of -0.6 in 2011, and is slightly lower than the index of -0.7 recorded in both 2009 and 2010.

As in previous years the index varies considerably between countries. The highest indices are found in the Benelux and Nordic countries, along with Austria and Germany. The Netherlands and Denmark have the highest indices (2.8 in each case), followed by Luxembourg (2.7), Sweden (2.6), Austria (2.5), Germany (2.0) and Finland and Belgium (both 1.5).

Malta and the UK are the only other Member States with a positive index, although only marginally so (0.1 in each case). These same ten Member States have formed the top ten by overall social climate index in each of the four years of the survey.

The overall social climate index has improved in eight of these ten Member States since 2011 and declined slightly in two (Luxembourg and Austria). The biggest improvement can be seen in Denmark (+0.7), lifting it from fifth in the rankings in 2011 to equal first in 2012, and reversing a decline between 2009 and 2011. The second largest increase (+0.6) can be found in Germany, continuing a pattern of consistent and substantial improvement since 2009, which has seen the overall index increase from 0.3 to 2.0, comfortably the largest positive shift among the EU countries. The slight decline in Austria, from 2.7 in 2011 to 2.5 in 2012 sees it drop from second in the rankings in 2011 to fifth in 2012, although the index of 2.5 still represents a significant improvement since 2009 (1.6). Similarly, the index in Luxembourg, while declining from 2.8 in 2011 (ranked first) to 2.7 in 2012 (ranked third), is still higher than in 2009, when it was 2.3.

Southern and Eastern countries dominate the bottom of the overall social climate index table. Greece has been the lowest ranked Member State on this overall measure in three of the last four years (in 2010 it was second to Romania). The index in Greece has declined in each of the survey years since 2009, although the decline from -4.6 in 2011 to -5.8 in 2012 is much more marked than in previous years, a reflection perhaps of the increasing economic and political turbulence that the country has been experiencing.

³⁴ 26 622 respondents from 27 EU Member States (around 1 000 per country) were interviewed face to face in their homes between 2 and 17 June 2012 by TNS Opinion & Social. The respondents belonged to a representative sample of the population aged 15 and over.

Respondents are asked to express opinions in three temporal dimensions: current, future (predictions for the next 12 months) and past ("compared with 5 years ago"). The survey covers a total of 15 topics: satisfaction with the life in general and 14 specific areas which fall into three groups:

1. The first concerns the personal situation of the respondents including, with the area where they live, with their personal job situation and with the financial situation of their households.
2. The second covers the general situation of the country and includes the cost of living, the affordability of energy and of housing, the quality of public administration, and the general employment and economic situation.
3. The third focuses on social protection and social inclusion in the country and contains questions on health care provision, pensions, unemployment benefits, the way inequalities and poverty are addressed and relations between people from different cultural or religious backgrounds.

Some of the 15 topics in this survey are not new and belong to the standard long-term set of Eurobarometer questions: the financial situation of the household, personal job situation and the general economic situation on the country level. The life satisfaction question has been asked in Eurobarometers regularly since 1973.

The survey also asks a range of background variables – respondents' age, terminal education age, occupation, family situation and the ability to pay household bills. The background variables provide for linking of perceptions with the socio-demographic profile of the respondent. The full study from this survey can be found at the European Commission' public opinion website listed as the Special Eurobarometer No 391, Wave EB 77.4 (2012)

http://ec.europa.eu/public_opinion/whatsnew2012_en.htm.

This special focus, based on the aforementioned TNS report, is limited to the perceptions of the current situation. The current situation questions (life satisfaction and perception of the current situation in 14 areas are computed into a "Social Climate Index" Each measure receives a score between -10 and 10. The overall social climate index for each respondent is then calculated as the mean of the scores for each of the fifteen measures (one at Q1 and fourteen at Q2) and can assume values from -10 to +10.

Table 4: Overall social climate index – evaluation of the current situation (range from -10 to +10)

	2009 EB 72.1	2010 EB 73.5	2011 EB 75.4	2012 EB 77.4
EU27	-0.7	-0.7	-0.6	-0.8
NL	2.8	2.4	2.5	2.8
DK	2.8	2.4	2.1	2.8
LU	2.3	2.5	2.8	2.7
SE	1.8	2.3	2.2	2.6
AT	1.6	2.3	2.7	2.5
DE	0.3	0.7	1.4	2
FI	1.4	1.4	1.1	1.5
BE	1	0.8	1.2	1.5
MT	-0.2	0.2	-0.3	0.1
UK	0	0	-0.1	0.1
FR	-0.8	-0.8	-1.1	-0.4
EE	-0.4	0	-0.3	-0.4
CZ	-0.3	-0.1	-0.9	-0.6
SI	-0.5	-0.9	-1.3	-1.4
IE	-1.8	-1.4	-1.6	-1.5
SK	-1.6	-0.8	-1.7	-1.8
LV	-2.2	-2.3	-2.7	-1.9
ES	-1	-0.9	-1.6	-2.1
LT	-2.5	-3.1	-2.9	-2.4
PL	-1.3	-1.4	-1.7	-2.6
CY	-0.7	-0.8	-1.7	-2.9
BG	-3.6	-3.1	-3	-2.9
IT	-1.9	-1.8	-1.1	-3.1
PT	-2.3	-2.8	-2.7	-3.2
HU	-3.7	-3.4	-3.6	-3.8
RO	-2.4	-4.5	-4.4	-3.8
EL	-3.8	-4.3	-4.6	-5.8

Source: Eurobarometer.

Other southern European countries that are experiencing particularly difficult economic circumstances have also seen a decline in the social climate index, in particular Italy, which has seen the single largest decline of any of the 27 Member States, from -1.1 in 2011 to -3.1 in 2012, reversing an improvement of 0.7 point seen in 2011. This is reflected in a drop in Italy's ranking, from thirteenth equal in 2011 to twenty-third in 2012. In Cyprus the index has declined from -1.7 in 2011 to -2.9 in 2012, following a drop of 0.9 point between 2010 and 2011. In ranking terms, this deterioration has seen Cyprus drop from fourteenth in 2009 to equal twenty-first in 2012. The overall index has also decreased since 2011, although less markedly, in Portugal (from -2.7 to -3.2) and Spain (from -1.6 to -2.1).

Among the eastern European Member States, the biggest decline since 2011 can be observed in Poland (from -1.7 to -2.6), whilst the largest improvement found in Romania (from -4.4 to -3.8). Other countries which have seen a notable positive shift in overall perceptions since 2011 include Latvia (from -2.7 to -1.9), France (-1.1 to -0.4) and Lithuania (-2.9 to -2.4).

Table 5 shows how the overall social climate index at EU level varies by socio-demographic characteristics, for each of the four years.

Table 5: Overall social climate index by socio-economic characteristics

	EB 71.2	EB 73.5	EB 75.4	EB 77.4
EU27	-0.7	-0.7	-0.6	-0.8
Gender				
Male	-0.5	-0.5	-0.5	-0.6
Female	-0.8	-0.8	-0.8	-1
Age				
15-24	-0.1	-0.2	-0.3	-0.7
25-39	-0.8	-0.8	-0.8	-1
40-54	-0.9	-0.8	-0.7	-0.8
55 +	-0.5	-0.6	-0.5	-0.7
Education (end of)				
15-	-1.5	-1.5	-1.4	-1.8
16-19	-1	-1	-0.9	-1.1
20+	0.1	0.1	0.2	0.2
Still studying	0.6	0.3	0.4	0
Respondent occupation scale				
Self-employed	-0.6	-0.5	-0.8	-0.7
Managers	0.6	0.5	0.7	1.1
Other white collars	-0.5	-0.5	-0.1	-0.7
Manual workers	-0.8	-0.8	-0.8	-0.8
House persons	-0.9	-1.6	-1.8	-2
Unemployed	-2.9	-2.4	-2.9	-3.1
Retired	-0.6	-0.6	-0.5	-0.7
Students	0.6	0.3	0.4	0
Difficulties paying bills				
Most of the time	-3	-3.6	-3.3	-3.8
From time to time	-1.6	-1.7	-1.7	-2
Almost never	0.3	0.4	0.3	0.5

Source: Eurobarometer.

The most notable socio-demographic differences are related to occupation scale and economic circumstances as measured by people's perceptions of difficulty in paying bills.

There is a strong relationship between how difficult people say they are finding it to pay their household bills and their overall social climate index. Thus those who say that they almost never find it difficult to pay their bills have a positive index in 2012 of 0.5, compared with an index of -2.0 for those who struggle some of the time, and -3.8 for those who almost always have difficulty paying household bills. The index has worsened somewhat since 2011 for those who sometimes struggle to pay their bills (by 0.3 point) and for those who almost always struggle (by 0.5 point), whilst it has improved for those who almost never struggle (by 0.2 point).



In terms of occupation scale, the most marked difference can be seen between the perceptions of the unemployed and all other occupational groups. Those who are unemployed have an overall social climate index of -3.1 in 2012, compared with the EU average of -0.8.

Inactive persons have a somewhat lower index (-2.0) than all other groups with the exception of the unemployed, and have seen a year-on-year decline in the social climate index from -0.9 in 2009. Managers have the highest index (1.1, up from 0.7 in 2011), and are the only group with a positive score in 2012.

The overall social climate index is similar for each of the four age groups and has declined somewhat among each group since 2011. The most marked decline has been among young people aged 15-24, from -0.3 to -0.7. This follows on from smaller annual declines among this age group since 2009 when the index was -0.1 and was somewhat higher than the indices for each of the older age groups.

In terms of gender, men (-0.6) have a slightly higher index than women (-1.0), a consistent pattern since 2009. The index has declined slightly among both men and women since 2011.

In terms of age when leaving full-time education, those who left education at the age of 20 or older have the highest index (0.2) and those who left aged 15 or younger the lowest index (-1.8). The index has declined since 2011 among those who left education aged 15 or under (by 0.4 point), those who left aged 16-19 (by 0.2 point) and those still studying (by 0.4 point), but has remained unchanged among those who left education at the age of 20 or older.

Conclusion

The overall 2012 EU social climate, which summarises Europeans' views across the three dimensions of personal situation, the situation of the country and the sphere of the welfare state and society, has slightly declined, from -0.6 in 2011 to -0.8 in 2012. The index is now at a low point in the four year series, with indices of -0.7 recorded in 2009 and 2010. Nonetheless, the index, based on a scale from +10 to -10, still presents Europeans as a whole as being broadly neutral in their evaluation of the current situation. However, the EU average masks big differences between countries and different socio-demographic groups.

Impact of restructuring on employment

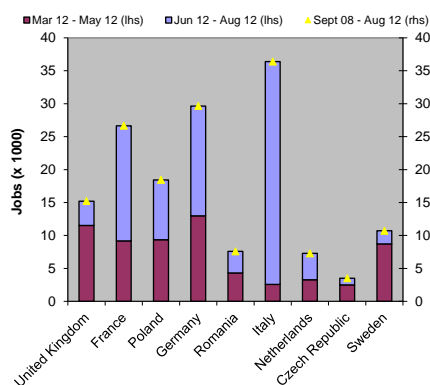
Restructuring trends

The European Restructuring Monitor (ERM) recorded a total of 274 cases of restructuring between 1 June 2012 and 31 August 2012.³⁵

Announced job losses continued to outnumber announced job gains...

These cases involved 112 978 announced job losses and 25 648 announced job gains.

Chart 53: Announced job losses for selected Member States



Source: Eurofound, ERM.

... with most of the recent job loss announcements relating to Italy

As shown on Chart 53, the Member State with the largest announced job losses was by far Italy (33 802 jobs). Large job losses were also recorded in France (17 471 jobs) and Germany (16 657 jobs), followed by Poland (9 068 jobs) and Finland (5 234 jobs).

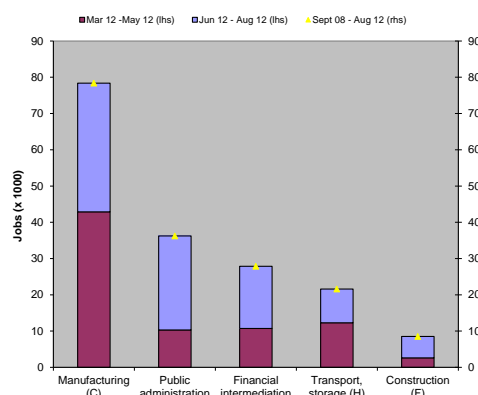
Manufacturing was the sector most affected by announced restructuring job losses...

Between June and August 2012, manufacturing (35 471 jobs) was the sector the most affected by announced job losses (see Chart 54). Other significantly affected sectors included public administration (25 900), financial intermediation (17 143 jobs) and transport and storage (9 263 jobs).

³⁵ Source: Eurofound. Data in this report are based on an extraction from the ERM database on September 5th 2012. Totals exclude World / EU cases in order to avoid double counting. As the database is continually updated in light of new information on recent cases, data reported here may not correspond exactly to later extractions. For more information, please visit the website: www.eurofound.europa.eu/emcc/erm/index.htm

In manufacturing, the biggest case of announced job losses relates to the announcement of car manufacturer PSA Peugeot-Citroën which has announced a reorganisation plan implying 8 000 job cuts in France. This will include the closure of the plant of Aulnay-sous-Bois (3 000 employees) and 1 400 job cuts in the plant of Rennes (Ile-et-Vilaine). All PSA units will be affected: the production plant of Poissy (Yvelines, 702 job cuts), the R&D site of Velizy (Yvelines, 684 job cuts), Sochaux (Doubs, 684), Paris (317), Mulhouse (Haut-Rhin, 273), the service activities by Poissy (Yveline, 192) and 13 other sites with less than 100 job cuts. Large losses have also been announced at Finnish mobile phone maker Nokia which in June has announced a worldwide restructuring plan envisaging 10 000 job losses by the end of 2013. Up to 3 700 redundancies should come from Nokia's operations in Finland, as the company announced the closure of its Salo plant and further redundancies in Oulu; while 730 jobs will be cut from Nokia's German operations. These losses come in addition to the 4 000 worldwide job losses announced in April 2012. Several losses have also been announced as German shipbuilder P+S Werften filed for insolvency on 22 August 2012, as the company faced a decline in demand and cancellations of orders. The bankruptcy affects about 2 000 jobs in Germany at sites in Stralsund and Wolgast. Another large scale of bankruptcy in Germany involves manufacturer of solar cells Sovello, which has gone bankrupt and therefore has announced the cut of all its 1 000 jobs in Bitterfeld, Germany.

Chart 54: Announced job losses by sector for the EU



Source: Eurofound, ERM.

In public administration almost all losses recorded in the quarter are due to one single case of announced job losses



affecting the Italian public sector. At the beginning of July 2012, the Italian government has announced a wide ranging spending review program for the public administration, which will affect approximately 24 000 workers in the next 2 years. The cuts will affect 11 000 workers in central public administration and 13 000 workers in local public administrations.

Of these losses, 8 000 affect workers who will reach the requisites for retirement in the next two years. Other losses in the quarter relate to the re-organization of the Irish Defence Forces envisaged by the Irish Defence Minister which will result in 500 redundancies. Losses have also been recorded at South Tyneside Council, in the UK, which envisages 350 job cuts over the next two years following cuts in central government funding. It is reported that the council has already cut 1 200 jobs since 2010 mainly through natural wastage and voluntary redundancies.

In financial intermediation several losses recorded during the quarter affected Italian banking groups: Italian Monte dei Paschi announced the closure of 400 branches and 4 600 job cuts as part of its 2012 - 2015 reorganization plan. Large losses have also been recorded at Ubi Banca, an Italian banking group announced it is to cut 1 500 jobs by the end of 2014 as part of a new reorganization plan. The bank had already announced 1 000 job losses in 2011 as part of its 2011-15 reorganization plan. Moreover, Banca popolare di Milano (Bpm), an Italian cooperative bank, announced it is to cut 700 jobs in the next three years as part of its 2012-2015 reorganisation plan. Several losses have also been announced at Sabadell, a Spanish banking group, which has announced its intention of applying for a redundancy procedure at its newly acquired bank Caja de Ahorros del Mediterráneo (CAM) which will affect 1 773 employees. The restructuring will result in the closure of 450 branches located across different cities. Large losses have also been envisaged at Dutch cooperative bank Rabobank which announced in July its intention to cut between 1 500 to 3 000 jobs in the coming four years. However Rabobank expects to implement the restructuring without forced dismissals.

In transport and storage the biggest case of announced job losses relates to the announcement of restructuring at Air France. The French airline has announced a restructuring plan "transform 2015" with

5 122 job cuts by December 2013. Air France expects 1 712 natural departures and aims to negotiate a departure plan for the remaining 3 410 other employees. The restructuring comes in a bid to increase the competitiveness of Air France by up to 20%, while reducing its workforce around 10% and implementing a freeze on salaries and promotions. The working time of pilots and cabin crew will increase from 530 to 655 hours of flight (730 hours on long distance) and the number of cabin crew members will decrease to one employee for 45 passengers. However Air France also announced to develop its low-cost company Transavia that will recruit 340 pilots. Further losses in the sector relate to the Polish railway operator Przewozy Regionalne which announced plans to close the Silesian unit headquartered in Katowice. About 1 800 employees will lose their job by the end of 2012. Other losses in the sector relate to the closure of CSTP, the public transport company operating in Salerno, Italy, resulting in 603 jobs; while Iarnród Éireann (Irish Rail), Ireland's state rail company, has announced up to 450 redundancies over the next four years as part of a cost containment programme aimed at reducing a deficit of €45.3m. Under the restructuring plan staff also faces cuts in sick leave entitlements, subsistence allowances, and overtime. Iarnród Éireann has opened a voluntary redundancy scheme aimed at achieving the 450 redundancies required over the next four years.

Between June 2012 and August 2012, the largest restructuring cases involving job loss were in:

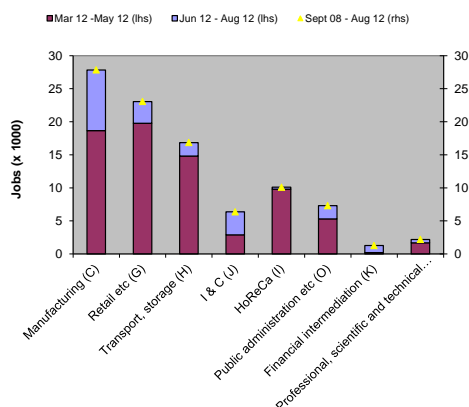
- **Manufacturing:** (PSA Peugeot-Citroën, FR, 8 000 jobs), Nokia (FI, 3 700 jobs), P+S Wertfen (DE, 2 000 jobs), Sovello (DE, 1 000 jobs), Nokia (DE, 730 jobs).
- **Public administration:** Italian public administration (IT, 24 000 jobs), Irish Defence Forces (IE, 500 jobs), South Tyneside Council (UK, 350 jobs).
- **Financial intermediation:** Monte dei Paschi (IT, 4 600 jobs), Sabadell (ES, 1 773 jobs), Ubi Banca (IT, 1 500 jobs), Rabobank (NL, 1 500 jobs), Ergo (DE, 1,350 jobs), Aviva (UK, 800 jobs), Banca Popolare DI Milano (IT, 700 jobs), DnB Nord (PL, 650 jobs), Banco Português de Negócios BPN (PT, 650 jobs).

- **Transport/storage:** *Air France* (FR, 5 122 jobs), *Przewozy Regionalne* (PL, 1 800 jobs) *CSTP* (IT, 603 jobs), *Iarnrod Eireann* (IE, 450 jobs).

... while manufacturing also accounted for the majority of business expansion

Manufacturing was the sector with by far the most announced new jobs (9 180 jobs), followed by information and communications (3 470 jobs) and retail (3 284 jobs), as highlighted by Chart 55.

Chart 55: Announced job gains by sector for the EU



Source: Eurofound, ERM.

In manufacturing, the biggest case of job gains relates to Sumitomo Electric Wiring Systems announcement of the opening of a new production unit in Caransebes, Romania, where 1 500 new jobs were created in July 2012. Several job creation in the quarter were recorded in the auto-manufacturing sector: Jaguar Land Rover has announced plans to create 1 100 new jobs in the West Midlands, UK, following a 19% rise in sales during the first half of the year comparing with 2011. Iveco, the truck maker owned by Fiat Industrial, announced it is to create 1 200 jobs at its plants in Madrid and Valladolid (Spain) by the end of 2016. Of these new jobs, more than 600 jobs will be created before the end of 2012. Furthermore, the Romanian division of Continental Automotive, a manufacturer of vehicle components, announced plans to hire 550 employees by April 2013. New jobs have also been announced at manufacturer of trams and underground trains Alstom Konstal, part of Alstom Group, which announced plans to increase employment at its unit in Chorzów, Poland, by creating 500

jobs by the end of March 2013. Moreover, 500 new jobs will be created at the Automotive Leather Company (ALC) new plant in Musachevo, Bulgaria which opened in June. The site produces luxury seats and interior for BMW cars.

In information and communications several job creation registered in the quarter relate to companies based in France. IT and software consultancy company Ausy has announced it is to recruit 1 200 employees by end of 2012 at its different sites in France (500 in the region Ile-de-France, 200 in the west regions, 200 in south-west, 150 in the south east, 60 in Rhône-Alpe region and 50 in the north and east). Ausy intends to recruit mainly engineers and 80 commercial and technical staff; 30% of the jobs on offer will be entry level positions. French IT company OVH has announced the recruitment of 500 new staff over the next three years to double its workforce as at the beginning of June OVH has opened a new data centre in Gravelines (Nord) that will employ 50 people, and the company announced it plans to open six new sites in Strasbourg, Paris, Lyon, Brest, Sophia-Antipolis (Nice) and Gent (Belgium). New jobs have also been announced at Amadeus France, provider of specialised solutions for the travelling industry, which has announced it is to recruit 400 employees in 2012, mostly engineers.

In the retail sector, Cora, a French-Belgian retail chain operating in Romania, announced plans to hire 900 new employees by the end of October 2012. The new staff will work in two newly opened stores of the company, one located in Bucharest (600 workplaces) and the other in Bacău (300 workplaces), in the North-East region of the country. New jobs in Romania have also been announced at Spanish fashion group Inditex, which announced it will recruit 400 people in 18 new stores until the end of 2012; while the multinational home products retailer Ikea will open a new store in Sabadell, Spain, by the end of 2012 which will result in 380 new jobs. Workers will be recruited for customer services activities (sale, restaurants, etc.) and logistic activities. Furthermore in June, wholesaler Selgros Cash & Carry opened a new supermarket in Gliwice, Poland where the company plans to create 350 new jobs.

Between June and August 2012, the biggest cases involving job gains were:

- **Public administration:** *Pôle Emploi* (FR, 2 000 jobs).

- Manufacturing: *Sumitomo Electric* (RO, 1 500 jobs), *Jaguar Land Rover* (UK, 1 100 jobs), *Iveco* (ES, 600 jobs), *Continental Automotive Romania* (RO, 550 jobs). *Alstom Konstal* (PL, 500 jobs), *ALC Automobile Leather Company* (BG, 500 jobs),
- Retail: *Cora Romania* (RO, 900 jobs), *Inditex* (RO, 400 jobs), *Ikea* (ES, 380 jobs), *Selgros* (PL, 350 jobs).
- Information and communications: *Ausy* (FR, 1 200 jobs), *OVH* (FR, 500 jobs), *Amadeus* (FR, 400 jobs).
- Education: *Ministry of Education* (FR 1 335 jobs).

> **Special Focus: Restructuring support instruments database**

As restructuring is a permanent characteristic of economic development, but rarely is realised in a smooth and painless process, across Europe a wide variety of instruments to support companies and employees affected by restructuring has been implemented. The European Foundation for the Improvement of Living and Working Conditions (Eurofound) made a database³⁶ available to give an overview of measures implemented in the Member States of the European Union and Norway that support the anticipation and management of change by providing assistance to companies and/or workers faced with restructuring.³⁷

Almost 400 instruments have been identified, categorised and compiled into an online database that is accessible free of charge. It provides information about the main characteristics of the measures, their coverage, funding, involved actors, outcome, strengths and weaknesses. The search function of the database provides the possibility of filtering the instruments by country, phase of restructuring as well as category of instrument, involved actors and funding sources.

Due to the substantial number and heterogeneity of relevant instruments, the database is not able to provide a comprehensive list of each and every measure available. Rather, it aims at giving an overview of different examples of 'what is done' and 'what can be done', thereby acting as a pool of ideas for public and private decision makers confronted with restructuring.

General Overview of Restructuring Support

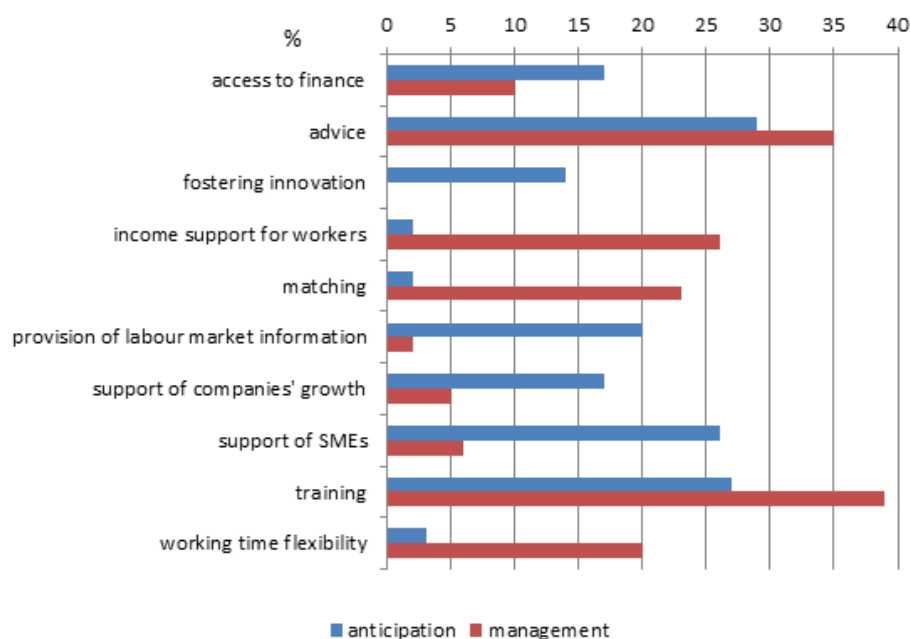
Two thirds of the instruments compiled in the database support the anticipation of change, and one third targets the management of change. The majority of identified instruments are not explicitly addressed at supporting restructuring, but are more general labour market or business support instruments that can 'only also' be applied in case of restructuring.

Instruments supporting the anticipation of change follow long-term objectives of fostering the economy, maintaining companies' competitiveness and adaptability to changing framework conditions. As a consequence, measures to support training at company level, advice for businesses in their growth phase (including access to finance or promoting innovation) are dominant among the identified instruments. In contrast to this, instruments to support the management of restructuring deal with the effects of restructuring. Consequently, income or training support as well as matching services to facilitate the transition to other jobs for workers affected by job loss due to restructuring are prevalent.

³⁶ <http://www.eurofound.europa.eu/emcc/erm/supportinstruments>

³⁷ <http://www.eurofound.europa.eu/publications/htmlfiles/ef1165.htm>

Chart 56: Top 10 categories of support instruments included in database on restructuring support instruments, by phase of restructuring they target, summer 2012



Source: Eurofound, ERM.

Remarks:

- Anticipation categories as % of all anticipation measures
- Management categories as % of all management measures
- Multiple categories possible per measure

The majority of restructuring support instruments compiled in Eurofound's database are provided by a cooperation of a various actors. In more than 80% of the instruments the national government is involved, mainly through funding. Other forms of involvement refer to the provision of a legal framework, technical support and expert knowledge.

Regional or local governments are involved in more than one third of the identified instruments. Compared to the national governments, they take a more operational role, e.g. by participating in the implementation of the measure, authorising the support.

In almost half of the measures social partners take part. Thereby, their main role is to discuss and negotiate the implementation and design of the measure. Otherwise, social partners are actively involved in the implementation and administration of support instruments.

The public employment service is active in more than one third of the instruments. Its role is in most of the cases the implementation of the services, including the administration of the scheme and provision of funding.

Other actors are involved in more than 70% of the identified measures. These might be state agencies, providers of education/training, consultancy services or research as well as financial institutions. Finally, also the involvement of the European Union is to be mentioned, providing funding for almost one fifth of the measures.

Characteristics of Support Instruments for the Anticipation of Change

More than 70 out of the about 260 identified instruments to support the anticipation of change deal with advice to expand or diversify enterprises. This often refers to 'information hubs' companies can approach to get some first recommendations about what to do or which more specialised services to contact. In other cases, operational advice is given, e.g. as regards marketing or networking in the field of innovation as well as internationalisation. Another field of advice refers to providing potential investors with information about growing companies looking for capital.

Training constitutes another important category of anticipation support, with the aim to adapt employees' skills to anticipated labour market changes. This is done by financial training support

or by providing workers with the legal entitlement to participate in training, with the employer being obliged to release them from work without terminating the employment contract.

Another dominant type of anticipation support refers to gathering data about foreseeable future economic and labour market trends as an orientation for decision making in companies. Across Europe, several monitoring instruments that are continuously updated could be identified. Furthermore, a number of one-off or irregularly conducted surveys with specific orientations was found.

More than 40 of the about 260 anticipation support measures foster companies' access to finance (e.g. grants, subsidies, favourable loans or loan guarantees) to facilitate growth, internationalisation or innovation.

Characteristics of Instruments to Support the Management of Restructuring

Also within the instruments facilitating the management of restructuring, training is the dominant type (50 out of the about 130 identified measures). They have a more reactive character and target those employees that are affected by working time reduction or dismissal caused by restructuring. Thereby, training is often combined with income support or matching services.

Advice in the field of management of restructuring tends to focus on the workforce rather than on enterprises. Employees in the threat of dismissal or having been made redundant are offered information about how to find a new job or are supported in application procedures. In several cases these go beyond 'standard' public employment services' activities by providing quicker or easier access.

Another important type of public or social partner based support concerning the management of restructuring is the income support for the affected workers. Two general types of instruments can be identified:

- Complementary income for temporary income loss due to reduced working hours (e.g. short-time working support)
- Financial support for those who become unemployed in the course of restructuring (e.g. more beneficial preretirement allowances or funds guaranteeing wage payments in case of insolvency)

Also in the management of restructuring, companies' access to finance is an important issue. Financial aids related to the management of restructuring target companies that are in difficulties, but show some potential of viability if temporarily backed by financial means. Consequently, applying companies have to prove their future potential, for example by identifying strategies to get out of the crisis. In several cases, the traditional approach of providing the company with liquid funds is combined with more unconventional instruments, such as management training on how to deal with financial issues or mediating between the firm and potential investors.

Final remarks

Almost 400 of examples of instruments to support the anticipation and management of restructuring have been compiled in Eurofound's database, and it can be assumed that many more exist across Europe. Nevertheless, many of them have not explicitly been designed to support restructuring, but can 'only also' be applied in such situations. In many European countries the system of public support instruments is multi-layered and complex and hence not very transparent. Particularly when companies and workers are confronted with a difficult situation, they may lack in time to undertake investigations regarding available support instruments. Consequently, a more institutionally set-up restructuring support system might be helpful. This does not mean that new measures are to be offered. Rather, the available instruments could be 'clustered' and jointly promoted. Also, employers' and employees' representatives as well as consultants could be made aware of the different support possibilities.

For the majority of identified instruments little is known within European sources about their effectiveness in terms of their contribution to restructuring results that are beneficial or at least acceptable for both, the company and its employees. As a consequence, more research to identify and communicate Good Practices or more transparency among existing evaluations would be beneficial to create synergy effects and exchange lessons learnt across Europe.

Sectoral trends

In the face of persisting economic uncertainty, the three major sectors of industry, construction and wholesale and retail trade have seen significantly different developments in terms of output, value added and employment.

Between the second quarter of 2008 and the second quarter of 2012, while more than two jobs in 100 (2.1 %) were gone in the EU as a whole, this ratio amounted to 9.1 % in the industry, 15.0 % in the construction sector and 1.5 % in the trade sector. More recently productivity has fallen consistently for five months in the manufacturing industry and in services.³⁸

The analysis below presents some major trends observed recently in terms of employment in these sectors, and linked to changes in value added and output. Industry and construction are particularly vulnerable in the face of deteriorating economic conditions, but trade has also recently shown consistent signs of stagnation.

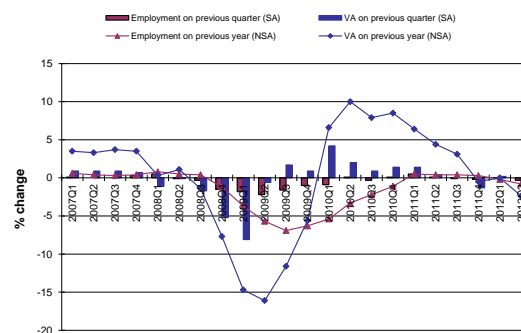
Employment in the industry has been down for a year

After falling by 1.3 % in the last quarter of 2011, industry's value added remained relatively stable in the first two quarters of 2012 (+0.2 and -0.3 % respectively). Annual growth has been absent or negative (-2.4 % in 2012 q2) since the last quarter of 2011, after seven quarters of positive growth, as highlighted by Chart 57. In the face of the sector's receding economic activity, industrial employment growth, which timidly resumed in the fourth quarter of 2010, stagnated and declined again for four quarters, down by -0.1 % q-o-q in 2011 q3 to -0.3 % in 2012 q2.

Therefore, after a year in positive territory, the y-o-y change became negative again in the first quarter of 2012, down by -0.2 %, then by -0.8 % in the second quarter. The increases recorded in 2012 q2 in Lithuania (+2.9 %), Latvia (+2.7 %), Finland and Romania (both +1.6 %), Austria (+1.5 %) and Germany (+1.4 %) were not sufficient to make up for the tremendous declines recorded in Greece (-12.7 %), Portugal (-6.1 %) and Spain (-5.5 %). Given the too soft growth earlier last year, the number of

jobs in the industry is still 9.1 % below the level recorded four years earlier, in the second quarter of 2008. In four countries, the gap is even bigger than 20 %: Estonia, Greece, Latvia and Spain.

Chart 57: Change in industrial (except construction) employment and value added in the EU³⁹



Source: Eurostat, national accounts, [namq_nace10_k] and [namq_nace10_e].

Although it picked up by 1.1 % compared to June 2012, in July 2012 EU's industrial production was still down by 1.5 % compared with July 2011. Over these last twelve months, production of durable consumer goods declined by 6.9 %, intermediate goods fell by 2.9 % and non-durable consumer goods decreased by 1.3 %. However capital goods rose by 0.1 %. Production of energy fell slightly, down by 0.2 %. Among the Member States for which data is available, industrial production fell in ten and rose in twelve. The largest decreases were registered in Estonia and Italy (both -7.3 %), Spain (-5.4 %) and Greece (-5.3 %), and the highest increases in Slovakia (+18.4 %), Latvia (+5.3 %) and Ireland (+5.1 %).

Construction is seeing further decline in terms of value added and workforce...

With the exception of 2010 q2 and 2011 q1 the construction sector's value added has fallen continuously for more than four years. Following three quarters of moderate declines, it fell sharply again as of the first quarter of 2012, down by 2.4 %, i.e. the steepest fall in three years. It then declined by 1.2 % in the second quarter of this year, as shown by Chart 58. Against this backdrop, the employment situation

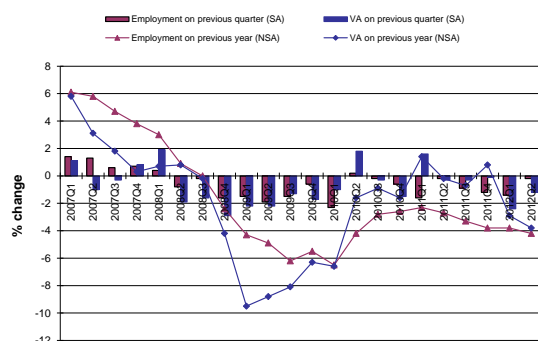
³⁸ See Markit Eurozone PMI Composite Output Index below.

³⁹ Note on data used in the three charts for 2012 q2: for empl NSA: EU estimate without IE; empl SA: EU est. without EL, IE, RO; for VA NSA: EU est. without BE, EE, IE, EL, IT, LV, HU, PT, RO, UK; for VA SA: EU est. without BE, CZ, EE, IE, EL, IT, LV, HU, PT and SE.

remains bleak in the construction sector, as declared workforce has fallen continuously since the second quarter of 2008, with the only exception of 2010 q2 when it briefly stabilised. Between the second quarter of 2008 and the same period of 2012, the sector lost no less than 15.0% of its workforce at EU level.

Over the past four years, more than one construction job in two was lost in Ireland, Spain and Latvia, while more than one job in three was also shed in Bulgaria, Estonia, Greece and Lithuania. Over the year to the first quarter of 2012, the construction sector lost close to 20% of its workforce in Spain and Greece, and nearly 15% in Cyprus and Portugal. In the second quarter of 2012 the construction sector lost, on average, 0.2% of its workforce at EU level, a softer decline than in the preceding quarters (-1.2 and -1.4% respectively), bringing the year-on-year change down to -4.2%.

Chart 58: Change in construction employment and value added in the EU



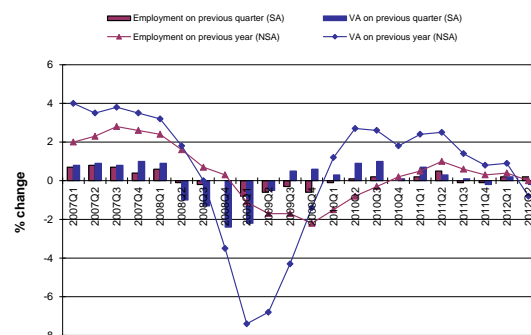
Source: Eurostat, national accounts, [namq_nace10_k] and [namq_nace10_e].

In the construction sector, seasonally adjusted production fell by 0.2% in the EU in July 2012, compared with the previous month, a moderate decline compared to the June figures (in June 2012, production had decreased by 1.4%). Compared with July 2011, production in July 2012 dropped by 6.1% at EU level and by 4.7% in the Euro area. Among the Member States for which data is available for July 2012, production in construction fell in twelve and rose in three, compared to July last year. The largest decreases were registered in Slovenia (-18.3%), Portugal (-18.2%), Spain (-16.1%) and Italy (-14.2%), and the increases in Hungary (+7.7%), Bulgaria (+3.0%) and Germany (+2.2%). Building construction declined by 5.4% in the EU, while civil engineering decreased by 8.0%.

...while stagnation in the trade sector is confirmed

Looking at the 2008 q2 – 2012 q2 period, employment in the retail and wholesale trade sector, to which transport, accommodation and food service activities belong,⁴⁰ shrank by 1.5%, i.e. slightly less than in the total EU employment (-2.1%). Retail and wholesale trade did indeed not suffer the recession in the same proportions as the industry and the construction sector did. It was hit on a much shorter period than the construction sector and much more moderately in terms of percentage of VA lost than the industry. As a consequence, the recovery, which also started in 2009 q3 in the trade sector, was gradual but sustained, before tailing off and slightly falling in recent quarters. VA in the trade sector has been hesitant since 2011 q3, edging up and down by +0.2 to -0.2%, as was the case in 2012 q2. In the second quarter of 2012, annual growth became negative for the first time since 2009 q4, down by 0.8%.

Chart 59: Change in trade* employment and value added in the EU



Source: Eurostat, national accounts, [namq_nace10_k] and [namq_nace10_e].

Note: * The trade sector consists in wholesale and retail trade, transport, accommodation and food service activities.

In this uncertain environment, just like EU total employment, the number of jobs in retail and wholesale trade started to decline again in the third quarter of last year, after rising for five quarters in a row. It then picked up by 0.2% in both 2012 q1 and 2012 q2 (see Chart 59). After 1.5 years in positive territory, the y-o-y growth became non-existent (0%) in the second quarter of 2012, dragged down by steep declines in Greece (-10.5%), Portugal (-3.8%), Spain (-3.7%) and Estonia (-3.2%), but supported by rises in Romania (+4.0%),

⁴⁰ See more details about the tourism and HoReCa sectors in the Sectoral focus below.

Malta (+3.4 %), Latvia (+3.3 %), Lithuania (+2.9 %) and Austria (+2.1 %), just to quote the most significant changes.

Retail trade turnover in the EU is also affected by the sluggish economic situation. In July 2012, compared with July 2011, the retail sales index fell by 1.7 % in the Euro area and by 0.2 % in the EU as a whole. "Food, drinks and tobacco" fell by 0.8 % in the EU. The non-food sector in particular increased by 1.2 % in the EU, supported by non-Euro area markets. Among the Member States for which data is available, total retail trade rose in twelve and fell in nine. The largest decreases were observed in Portugal (-7.6 %), Spain (-7.3 %) and Malta (-4.2 %), and the highest increases in Latvia (+10.3 %), Estonia (+6.5 %) and Lithuania (+5.7 %). Compared with June 2012, however, the volume of retail trade remained stable in the EU.

The productivity in both manufacturing and services continues to deteriorate overall in the Euro area

The Markit Eurozone PMI Composite Output Index⁴¹ registered 48.7 in August, little-changed from July's 48.6. The latest reading signalled a fifth successive monthly deterioration in output per employee, the longest sequence registered for 40 months.

Productivity fell in both manufacturing and services for the fifth consecutive month. The goods-producing sector continued to record the steeper pace of contraction, albeit the weakest since April. The rate of decline in services productivity was unchanged from July. Eurozone output per head declined for the twelfth time in 13 months in August. The rate of deterioration was little-changed from July, and weaker than those seen in May and June. Manufacturing and services registered broadly similar rates of decline.

Italy remained the worst-performing 'big-four' EU economy in August, registering a thirteenth successive monthly decline in output per head. Meanwhile, German productivity deteriorated for the fifth month running, while French output per head was unchanged since July. The UK private sector posted a marginal improvement in productivity, following a flat trend in July.

August data highlighted strengthening productivity trends in only six of the 23 monitored industries. Three sectors registered broadly stable trends. The four worst-performing sectors all posted steeper declines in productivity than in July. The strongest rate of deterioration was registered in the Luxury Consumer Goods sector. The pace of decline in output per head was the sharpest since the series started in January 1998. The second-fastest rate of deterioration in productivity was posted in the Telecoms sector, where the rate of decline was the joint-fastest on record. The longest current sequence of productivity decline was posted in the Autos sector, where output per head has fallen for the past 17 months. That said, the rate of deterioration in the latest survey period was the weakest since March.

On the other hand, the strongest rate of productivity growth was registered in the Healthcare sector. Moreover, the rate of growth was the fastest since February 2010. The next-best performing sector in July was Building Materials, where productivity improved for the ninth month running. That said, the rate of expansion in output per head was the slowest in three months.

⁴¹ The seasonally adjusted EU Productivity PMI® is a single-figure indicator of productivity, derived from Markit's national manufacturing and services PMI survey data. Readings above 50.0 signal an improvement in productivity compared with one month previously, and readings below 50.0 a deterioration. More information on: www.markiteconomics.com.

> Sectoral Focus: Tourism and HoReCa sector

Importance of the sector

Tourism is a key sector of the European economy. Europe is the world's top tourist destination. Every year, there are nearly 400 million international arrivals to the EU's 27 Member States — more than two-fifths of the global figure. In addition, EU residents make more than one billion holiday trips annually. In 2011 more than three out of four trips were domestic, while long, outbound trips accounted for half of all tourist expenditure.⁴²

The sector under review comprises a wide variety of services and involves many different stakeholders, both public and private. According to the National Accounts, the EU tourism industry⁴³ generates roughly 3.5 % of the EU's GDP, and employs more than 11 million people, accounting for 5 % of the total labour force, ranging from 1.9 % in Romania and 2.7 % in Lithuania, to 7 % in Greece and 10.9 % in Cyprus. When related sectors – indirect effects – are taken into account, these percentages — for tourism's estimated contribution to GDP creation and the total number of jobs generated — double.

Recent trends in the sector

According to the National Accounts, the three sectors — air transport; accommodation and food services; and travel agencies and tour operators — have been hit hard, with value added falling by 20.2 %, 3.4 % and 8.6 % respectively in 2009. This was due to the collapse in tourism expenditure, reflected in the sharp fall in the number of nights spent in hotels, and declining number of trips, caused by the most serious recession since World War II (the EU economy as a whole then shrank by 4.3 %). Notwithstanding, reductions in productivity, sometimes supported by governments' response to the crisis (e.g. lowering VAT rates on restaurants in some Member States), meant that job losses in these sectors were not of the same proportion, but considerable nevertheless: -2.9 %, -0.4 % and -3.1 % respectively for the year in question. (EU total labour force fell by 1.8 % in 2009). In the air transport sector, the effect on employment was largest (falls of more than 5 %) in Cyprus, Finland, France, Lithuania and Slovakia. In the accommodation and food services, Baltic States saw falls of at least 10 %, while major falls (more than 5 %) in the travel agencies and tour operators occurred in Cyprus, Hungary, Latvia and Sweden.

More recently, in 2011 that number even rose slightly — by 0.5 % — compared with 2010. Last year, the number of nights was even above the previous peak registered in 2007.⁴⁴ As reported by the European Travel Commission (ETC),⁴⁵ in the first half of 2012 European travel exhibited some resilience in the face of the weak and uncertain global economic environment. Air travel continues to show encouraging signs, with European airline passenger growth of around 6 % through mid-June and stronger load factors. While most major economies are slowing down, there has been no significant fall in tourism demand, although growth is slowing across Europe, especially in accommodation and food services. While central and eastern European destinations have performed well, a significant number of southern European destinations have recorded falls in hotel occupancy during the first half of the year. Overall, a drop-off in hotel occupancy rates in most European sub-regions is apparent.

With regard to the air passenger transport sector, the Association of European Airlines (AEA)⁴⁶ reported growth of 3.4 % in passenger numbers in the first six months of 2012, compared to last year. The AEA members saw a rise of almost six million, to 177.6 million. In terms of passenger-kilometres, growth was even greater at 5.5 %. This was double the increase in seat capacity, leading to an improvement in the passenger load factor of 2 pps — to 77.1 %. Part of the increase can be attributed to two factors which depressed traffic in the corresponding period in 2011 — the political turmoil in North Africa and the Japanese earthquake and its aftermath. Cross-border traffic within Europe increased by 3.8 % but domestic passenger traffic growth came to a standstill. Passenger traffic to South America registered strong growth, reflecting the

⁴² See Eurostat's Statistics in focus 28/2012, 'Tourism in Europe: Results for 2011':

http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-12-028/EN/KS-SF-12-028-EN.PDF.

⁴³ This includes the air transport sector, accommodation and food service activities, and travel agency, tour operator reservation service and related activities (NACE-Rev.2: 51, 55-56 and 79). National Accounts latest available data: 2009.

⁴⁴ See Eurostat's Statistics in focus 28/2012, 'Tourism in Europe: Results for 2011'.

⁴⁵ More information is available on: <http://www.etc.-corporate.org/market-intelligence/reports-and-studies.html>.

⁴⁶ More information is available on: <http://www.aea.be>.

economic boom of several countries in the region. According to the International Air Transport Association (IATA),⁴⁷ despite the recession in many European domestic markets, airlines from the region have been able to sustain growth in the long-haul market to regions where economic growth is stronger.

Restructuring in the tourism and HoReCa sector

The European Restructuring Monitor (ERM)⁴⁸ has recorded a moderate number of cases in the **air passenger transport sector** since January 2011. A closer look at these 39 recent cases in the ERM indicates that job creation has clearly outweighed job cuts in this sector, as 19 007 job creations were recorded against 6 190 job losses. Although there are fewer cases related to job losses, these tend to be larger in scale as shown below. One quarter of the announced job losses relate to cases of bankruptcy.

The largest case, in terms of announced job losses recorded since January 2011 in the sector, relates to the envisaged restructuring at Air France. The French airline has announced a restructuring plan 'Transform 2015' involving 5 122 job cuts by December 2013. Air France expects 1 712 natural departures and aims to negotiate a departure plan for the remaining 3 410 employees. The restructuring comes in a bid to increase the competitiveness of Air France by up to 20 %, while reducing its workforce around 10 % and implementing a freeze on salaries and promotions. One of the most high-profile restructuring cases in the sector in recent months has been the announcement in May 2012 by the German national carrier Lufthansa that it intends to cut 3 500 administrative posts worldwide over the coming three years, 2 500 of which will be in Germany. The company has cited increasing costs and intensified competition as the reasons for this decision. In February 2012, the Hungarian national airline group Malév went bankrupt, resulting in the dismissal of all 2 080 employees.

Low-cost airlines are also struggling to maintain market share or simply survive in this competitive sector. In Spain, around 2 600 jobs were lost at Spanair, mostly affecting pilots and cabin crew, due to the company filing for bankruptcy in January 2012. Three months later, the Italian budget airline Wind Jet announced its intention to discontinue its business activities, due to difficulties created by the economic crisis, with the loss of 504 jobs. On the other hand, in the UK, Virgin Atlantic announced it is to create 450 new jobs, while British Airlines has announced it is to create 400 new jobs. New jobs have also been announced by low-cost airline Ryanair, which has announced the opening of new routes which will create 250 new jobs in Lithuania, 250 jobs in Spain and 200 jobs in Hungary.

The ERM reporting on the **hotels, restaurants and catering sector** ('HoReCa') is generally low. Since January 2011, the ERM has recorded 36 cases. Recent developments in the ERM indicate that job creation clearly outweighs job cuts in this sector: the ERM recorded 13 965 new jobs against 2 995 job losses. The ERM reports particularly high restructuring activity in the HoReCa sector in the UK. Ten cases have been recorded for the UK alone, involving 600 job cuts and 6 760 job creations. The biggest single job-creation cases were Hilton Worldwide, a multinational hospitality group (WO, 8 000 job creations, announced November 2011), Subway, a restaurant chain (EU, 6 000 job creations, announced January 2012) and McDonald's (FR, 3 000 job creations, announced December 2012). Conversely, the biggest single job loss cases were Servirail, a catering company specialised in servicing trains (IT, 800 job losses, closure announced December 2011), Little Chef, a restaurant chain (UK, 500-600 job losses, closure announced January 2012) and the Ritz Paris, a luxury hotel (FR, 450 job losses, internal restructuring, October 2011).

ERM reporting on the **travel agencies and tour operators sector** is extremely low. Since January 2011, the ERM has recorded only 7 cases. Recent developments in the ERM indicate that job creation outweighs job cuts in this sector: the ERM recorded 1 314 job losses and 400 new jobs.

⁴⁷ Source: www.iata.org.

⁴⁸ Source: Eurofound, ERM. Global and EU-wide cases are excluded. For more information, please visit the website: www.eurofound.europa.eu/emcc/erm/index.htm

Outlook

The European tourism sector is still facing a number of challenges. In 2010, the Commission, in its Communication, 'Europe, the world's No 1 tourist destination — a new political framework for tourism in Europe'⁴⁹, called on operators in the sector to combine their efforts and to work within a consolidated political framework that takes account of the new EU priorities set out in the 'Europe 2020' strategy: 'Europe must remain the world's No 1 destination, able to capitalise on its territorial wealth and diversity'. With this communication, the Commission intends to encourage a coordinated approach for initiatives linked to tourism and define a new framework for action to increase its competitiveness and its capacity for sustainable growth. It therefore proposes a number of European or multinational initiatives aimed at achieving these objectives, drawing fully on the Union's competence in the field of tourism as established by the Lisbon Treaty.

With a record 467 million tourists travelling in the first half of 2012, international tourism remains firmly on track to reach one billion tourists by the end of the year, as pointed out by the UN World Tourism Organization.⁵⁰ Despite concerns over the global economy, international tourism demand continues to show resilience. The number of international tourists worldwide grew by 5 % between January and June 2012 compared to the same period in 2011. Although a slight slowdown in growth can be expected for the rest of the year, international arrivals are forecast to exceed one billion by the end of 2012. These developments are fairly positive and are certainly welcome for Europe, the most visited destination in the world - which enjoyed a 4 % increase in numbers of visitors over January–June 2012 -, at a time when countries are looking for sectors that can deliver on economic growth and job creation. Eastern European destinations in particular have strong tourism potential provided they offer conducive conditions.

⁴⁹ COM(2010) 352 final. See

http://ec.europa.eu/enterprise/sectors/tourism/files/communications/communication2010_en.pdf.

⁵⁰ More information is available on: www.unwto.org.

Latest developments in selected Member States

This section provides an overview of recent developments and forecasts at Member State level.⁵¹ This issue focuses on the situation on the labour market and the social situation in Belgium, Cyprus, the Czech Republic, France, Italy, Lithuania, Luxembourg and Poland. Priority has been given to the most recent data and forecasts (dating from July to September 2012) from Eurostat and other reliable sources at EU or country level.

Belgium

Although the Belgian labour market has proven fairly resilient, not all population subgroups are weathering the crisis equally well.

After meagre growth during the previous four quarters, GDP declined sharply, by 0.5%, quarter-on-quarter in the second quarter of 2012, due to a simultaneous drop in all key drivers of growth (consumption, investment and exports). In year-on-year terms, the change in GDP turned negative for the first time in three years.

Employment growth has decelerated substantially since the end of the 2011, with the year-on-year change down to 0.2% in the second quarter of 2012 (it exceeded 1% during 2011). Over the last four quarters, professional services and ICT were the fastest growing sectors. The Federal Planning Bureau points to the important role of the services voucher system in underpinning employment growth.

The unemployment rate has remained stable at a low level, just above 7%. Over the last 12 months, youth unemployment has even decreased by more than 1 pps. In July 2012 it stood at 18.7% (compared to 22.5% in the EU). The apparent positive evolution of youth unemployment will be qualified further.

Another positive development concerns long-term unemployment, which declined over the last four quarters (in terms of labour force as well as in terms of total unemployment). However, the rise in the

unemployment rate for migrants further widened the existing gap with the EU average (29.4% against 22.1% in the first quarter). Nevertheless, segmentation on the labour market in general seems less of a problem than on average in the EU, with comparatively low shares of involuntary temporary and part-time work (respectively 6.8% and 2.6% of the labour force in 2011, against 8.5% and 4.9% in the EU).

In line with weaker GDP growth, labour demand seems to falter since spring. The job vacancy rate jumped strongly to 2.7% in the first quarter (from 1.6% a year ago), but no second-quarter data are available yet. On the other hand, the labour shortage indicator fell significantly in the second and third quarter, while the recent Monster Employment Index continued to decline in year-on-year terms, reflecting broader economic uncertainty.

As a result of healthy employment growth until the start of 2012, the employment rate rose until the first quarter (to 67% for the 20-64 age group, against 66.6% a year ago). Specifically older workers (above 55) contributed to the increase, with a larger increase for men. The overall female employment rate stagnated at 61%, as increases for prime-age (25-54) and older workers (55-64) were dragged down by a dramatic decline in the employment rate for young females (15-24), by over 2 pps over the last four quarters.

Regarding youth, developments by gender diverge widely over the last four quarters up to the first quarter of this year. The male youth employment rate rose by 0.6 pp, while the inactivity rate declined 0.6 pp, leaving the unemployment rate stable. The female youth employment rate, by contrast, dropped sharply. The moderate 0.3 pp decline in the female youth unemployment rate (which drove down the total youth unemployment rate) was the result of a huge 2.5 pps increase in the inactivity rate.

Notwithstanding the resilience of the labour market, some social issues have to be flagged. First, a larger (than the EU average) share of the Belgian population is living in jobless households and the share continued to increase in 2011. The share is particularly high for adult women (14.4%).

The severe material deprivation rate moved upwards towards the EU average in 2010 (2011 data for net yet available), for all age categories, except older people (65+), which seem to remain well off.

⁵¹ This section aims at presenting a more in-depth picture of the recent developments in selected Member States. All small to average-sized Member States are reviewed once a year, while larger Member States (Germany, Spain, France, Italy, Poland and the UK) are covered twice a year, on a rotating basis.

Nevertheless, this age group is the only one for which the at-risk-of-poverty rate was higher than the EU average, pointing to an imbalance between income and wealth for this group.

Aggregating and cancelling the effects of these three elements (joblessness, material deprivation and poverty), the at-risk-of-poverty or social exclusion rate for adults (18+) fell slightly in 2010 and remained below the EU average. At the same time, specific groups stand out, with the rate rising strongly for youth (18-) and remaining above the EU average for older people (65+) and migrants.

Mainly due to the economy's close links to the German economy, economic sentiment in Belgium has shown some resilience so far. According to the business survey results for manufacturing and services, employment expectations are somewhat weak now.

The Federal Planning Bureau recently predicted that the Belgian economy would shrink marginally this year, before growing by 0.7 % in 2013. It predicted employment to start recovering early next year. Unemployment would increase only marginally over 2012-2013.

Cyprus

Growth prospects in Cyprus have become downcast since the middle of 2011 when GDP growth turned negative both on a quarter-to-quarter and year-on-year basis: over the year to the second quarter of 2012, GDP decreased by 2.3 %.

Similarly, employment growth turned negative, with a decrease of 3.0 % over the same period. Breaking employment developments down into sectors shows that the losses were concentrated in industry, construction, trade, transport, accommodation and food services.

The employment rate for those aged between 20 and 64 stood at 70.3 % in 2012 q1, down from 74.7 % in the same quarter the previous year. The female rate declined from 68.1 % to 65.5 %, whilst that of men suffered decline from 81.3 % to 75.6 %. The employment rate for those aged 55-64 declined from 56 % to 49.7 % over the same period.

The share of part-time employment was marginally on the rise, increasing by 0.4 pp between 2011 q1 and 2012 q1. Employment growth in part-time jobs stood

at 7 % between 2011 q1 and the same quarter in 2012, whilst the growth in full-time jobs was 1.3 %. Whilst considering this, the steep rise in involuntary part-time work between 2010 and 2011 (from 32.1 % to 45.1 %) should also be noted. The share of temporary contracts increased by 0.5 pp from 12.9 % to 13.4 % between 2011 q1 and 2012 q1.

In terms of wage developments, unit labour costs have been increasing by 1 % over the past year to 2012 q1, whilst labour productivity grew by 0.6 % for the same period.

Unemployment has been on the rise since the start of the crisis, with the seasonally adjusted unemployment rate reaching 10.9 % in July 2012 (10.4 % for women and 11.4 % for men), up by 3.2 pps on July 2011, i.e. the third fastest rise recorded in the EU, after Greece and Spain. Young people (aged under 25) continue to be hit the hardest by unemployment, with their rate standing at over 25 %. It is noteworthy that the difference in unemployment rates between those with medium and those with low educational attainment is not as large as witnessed in the EU as a whole (0.8 pp compared to 8.4 pps for the EU in 2012 q1).

Long-term unemployment, as a percentage of the labour force, has also been increasing to 2.7 %. This is a crisis-made problem: levels in 2007 stood at 0.8 %. The year-on-year change to 2012 q1 was 1.4 pps (with men experiencing a 1.9 pps and women a 0.9 pp increase). As a share of unemployed, long-term unemployment has now reached 24.5 % (2012 q1), up from 17.3 % in 2011 q1. This increase is largely affecting those aged between 15 and 49.

The proportion of the population at risk of poverty or social exclusion stood at 23.6 % in 2010, just above the EU average and increasing during the crisis. The share of the population living in a jobless household continues to increase, reaching 6.7 % for adults in 2011 (compared to 5.9 % in 2010) and 5.8 % for children (compared to 5.1 %). The at-risk-of-poverty rate for those people employed has increased by 0.9 pp between 2008 and 2010 but remains below the EU average.

The outlook for Cyprus remains bleak as the consumer confidence indicator continues to deteriorate, unemployment expectations are on the increase and expectations about the general economic situation are again

worsening compared to the first months in 2012.

Czech Republic

Since the end of 2011, the Czech economy has grown less than the EU as a whole, although both employment and unemployment have developed slightly better.

The Czech Republic experienced GDP growth of 1.7 % in 2011, slightly above the EU average. According to the Czech Statistical Office (CSO), GDP contracted by 1 % in the second quarter of 2012 compared to the same quarter in the previous year, which was worse than in the EU as a whole (where GDP fell by 0.3 %). Nevertheless, the Commission expects GDP growth in the Czech Republic to be similar in 2012 to the EU average, at 0 %.

According to the CSO, in the second quarter of 2012, following two quarters of decline, employment again increased, to 4.9 million persons. This was more than 10 000 higher than in the previous quarter and also than one year earlier. The main reason for this was an increase in the number of self-employed people without employees. In terms of sectors, employment particularly increased in services. The employment rate of those aged 15-64 reached 65.6 % in the first quarter of 2011, an increase of 0.6 pp compared to one year earlier.

Employment has expanded in line with recent improvements in labour demand. According to Eurostat, in the second quarter of 2012 the number of vacancies reached 41 000. This was the highest figure since three years earlier, but still much lower than the 2008 average of 135 000. Year-on-year, increases in labour productivity have been slowing down since 2010 and were negative in the first two quarters of 2012. Furthermore, in the last year there has been an increase in unit labour costs.

The number of unemployed increased to 351 000 in the second quarter of 2012, although when compared to the same quarter in the previous year it was slightly lower. However, the number of long-term unemployed increased significantly, raising the share of long-term unemployed to 44.3 % of all unemployed. According to Eurostat, the unemployment rate decreased to 6.7 % in the second quarter of 2012, which was lower by 0.1 pp than in the previous quarter and one year earlier, and

still relatively low compared to the EU average of 10.4 %.

Youth unemployment again deteriorated in the second quarter of 2012: the unemployment rate of young people reached 19.5 %, the highest value since the beginning of 2010. Nevertheless, it was still 3 pps lower than in the EU on average. In 2011, the share of young people who were neither in employment nor in education or training (NEET) decreased to 8.3 %, again falling below the 2009 value. This was contrary to the trend in the EU, where the share of NEETs increased to 12.9 %.

According to the 2011 Survey on Income and Living Conditions (SILC) that mostly refers to people's incomes in 2010, the social effects of economic and especially labour market developments were less positive. The share of the population at risk of poverty increased to 9.8 %, almost returning to the 2006 value, but was still one of the lowest rates in the EU. It was the highest for children (15 %) and the lowest for pensioners (below 7 %). The in-work poverty rate also increased (to 4 %), reaching its highest value. The share of the population experiencing severe material deprivation slightly decreased in 2011, returning to its 2009 value of 6.1 %, the lowest since 2005. In 2011 the share of adults living in jobless households remained stable and the share of children even decreased, reaching its lowest value since 2005, according to the Labour Force Survey.

The most recent data (July 2012) from the Joint harmonised EU consumer survey on the financial distress of households shows that, with the exception of the highest income quartile, the situation of Czech households has continued to deteriorate in the last two years, especially in the poorest quartile.

According to the European Commission's spring forecast, GDP is projected to grow by 1.5 % in 2013. The Czech Ministry of Finance is less optimistic, expecting GDP to grow by only 1 %. While the Commission forecasts that social transfers provided in cash will increase, those provided in kind are expected to decrease by 3 % in 2012 compared to the previous year and then to increase by less than 2 % in 2013 (compared to 2012).

As regards labour market indicators, for 2012 the European Commission expects a contraction of 0.1 % in employment and an

unemployment rate of 7.2%. The latter should remain the same in 2013, but employment is forecast to grow again in that year (by 0.2%). These expectations for 2012 are in line with the Manpower Employment Outlook Survey that concludes that Czech employers expect the labour market to stagnate in the fourth quarter of 2012.

France

There was a modest recovery in France in 2010 and the first half of 2011, with annual growth at 1.7% for both years. However, since mid-2011, in a context of global economic slowdown and failure to solve the EU sovereign debt crisis, France has slipped back into a moderate recession, driving the economy into a double-dip scenario.

The slowdown in the second quarter of 2011 led to a deterioration in the labour market situation during the third quarter of 2011. Compared to the activity rate, job destruction was even stronger during the second half of 2011 than following the crisis, according to the French Employment Ministry.

The unemployment rate stood at 9.5% in mid-2011 and kept rising to 10.3% in July 2012. All age groups have been affected, including the 25-49 group, where the 8.6% unemployment rate exceeds its 2009 peak. Unemployment is also increasing for the youngest people, as they are usually the most sensitive to economic change, be it up or down.

At the end of 2011, 42.3% of the unemployed were long-term unemployed (1.1 pps more than the previous year). The share of the long-term unemployed among the unemployed is higher for the older workers (58.6%) than for other age groups (42.4% for 25-49 year olds and 29.3% for 15-24 year olds).

The impact of the economic crisis on incomes has been felt since 2009, with a 0.4% decrease in constant price incomes in 2009 and 0.5% in 2010 compared to an average growth of 1.7% between 2004 and 2008. The nine deciles of income distribution, dividing the population into ten groups from the poorest to the richest, have all decreased. For the first time since 2004, the wealthiest deciles have decreased. The decrease is sharper for the poorest deciles, however. Only the richest 5% of the population experienced a rise in their incomes. According to the French statistical

office (Insee) these changes in income distribution led to a rise in inequalities.

The at-risk-of-poverty rate increased by 0.6 pp in 2010 and stands at 14.1%, the highest rate since 1997. The greatest increase in poverty has been experienced by children. Their risk of poverty increased by 1.9 pps in 2010 following a 0.4 increase in 2009, reaching 19.6%. Generally speaking, this increase is a result of the crisis, because the rise in unemployment hit working-age adults and therefore parents. The relative delay in the impact of the crisis, comparatively limited in 2009 but stronger in 2010, arises from a combination of two effects. On the one hand, two exceptional measures which helped to contain the effect of the crisis in 2009 were not renewed in 2010: €150 for beneficiaries of the 'Allocation de rentrée scolaire'; and €200 as a 'prime de solidarité active' (active solidarity bonus). On the other hand, family allowances increased in 2009 and stagnated in 2010.

In addition to these figures, a number of phenomena complete this gloomy picture. The increasing burden of housing costs also weighs more heavily on low-income households. Housing accounts for one-fourth of the household budget. According to the National Observatory of Poverty and Social Exclusion (ONPES), in the period 2008-2010 the share of households whose main residence costs (net outlay) are higher than 40% of their income increased from 7.3% to 8.4%. ONPES also reports that 3-4 million households in France are facing energy poverty and spend more than 10% of their income on energy costs).

Lastly, ONPES reports that the number of over-indebtedness files has increased sharply since 2008. While the number remained stable in 2005-2007, it gained 23.3% between, 2008 and 2011, with up to 232 500 files submitted. This mainly affects populations that accumulate economic and social hardships: heavy consumer credits to offset low income, isolation due to family break-up and alienation from the job market (unemployment, disablement or sickness). Excessive debt currently represents a major factor of persistence in, or entry into, a state of poverty and social exclusion.

Current expectations point to a significant slowdown in 2012 with annual growth at 0.5%. In 2013, real GDP growth is expected to increase to 1.3%, slightly above the average for the Euro area.

In 2012, economic forecasts anticipate that private consumption will not play its usual role as an engine for growth. Instead, it is investment which is to set the pace for overall economic recovery. With annual GDP growth of 0.5 %, the French economy is nevertheless forecast to be on a somewhat more dynamic path than most of the other euro-area Member States. In 2013 this moderately positive trend is expected to gain momentum gradually. Increased confidence of private households is forecast to allow for a decrease in the savings rate, and investment should gradually return to the pace seen in 2011.

In this context, employers surveyed by ManpowerGroup in France expect the pace of hiring to remain relatively stable in the fourth quarter of 2012. For the October-December 2012 period, 6 % of employers surveyed expect an increase in their workforce, 4 % expect a decrease in their payroll and 89 % do not foresee any changes.

Italy

For the second quarter of 2012, the estimates of the Italian National Statistical Office show the seasonally adjusted unemployment rising to reach 2.7 million, which represents an increase by 158 000 or 6.1 % on the previous quarter and an increase of 726 000 or 36.2 % on the previous year. The unemployment rate rose to 10.7 % in July 2012 (up by 0.5 pp on the previous quarter and 2.5 pps on the previous year. The unemployment rate increase is particularly worrying in the South (Mezzogiorno) from 13.1 % to 17.1 % and especially among men in that region (from 11.6 % to 16 %). The unemployment rate among non-Italians rose from 10.9 % to 13.6 % on the previous year.

The seasonally adjusted youth unemployment rate (15-24) reached 35.3 % in July, up 7.5 pps on the previous year, which probably explains why a growing number of young people have chosen to migrate to Germany or outside the EU to work. The share of the long-term unemployed (12 months or more) changed from 52.9 % in the second quarter of 2011 to 53.1 % in the second quarter of 2012.

Employment (non-seasonally adjusted) of the 15-64 year-olds stood at around 23 million which represents a decrease of 0.2 % or 48 000 on the previous year. This figure disguises a loss of 133 000 jobs among Italians and an increase of 85 000

jobs among non-Italians. In terms of gender, the employment of men fell by 199 000 (-1.5 %). This contrasted with an increase of women's employment by 151 000 (+1.6 %). The sectors most affected by the job losses were manufacturing and construction, particularly in the large and medium enterprises. Manufacturing lost 2.2 % of jobs (-104 000) since the second quarter of 2011. Construction lost 5.1 % (-98 000) jobs in the same period.

In the second quarter of this year, the employment rate for the 15-64 age group remained largely stable and decreased only slightly on the previous year (-0.3 pp) to 56.5 %. The employment rate among non-Italians experiences a new decrease from 63.5 % to 61.5 % on the previous year. The employment rate varies strongly among regions ranging from 65.1 % in the North (Settentrione) to 61.8 % in Central Italy to 44.2 % in the South (Mezzogiorno).

The segmentation of the labour market has aggravated with the loss of 439 000 (-2.3 %) of full-time jobs and the increase of 391 000 (+10.9 %) part-time jobs on the previous year. The share of part-time jobs in all jobs thus rose to achieve 17.3 %.

These labour market changes occurred against the backdrop of a stagnating economy. In the second quarter of 2012 the seasonally and calendar adjusted Gross Domestic Product (GDP) decreased by 0.8 % with respect to the previous quarter and by 2.6 % on the previous year.

In the second quarter 2012, the seasonally adjusted index of gross wages per full-time equivalent increased by 0.3 % compared to the previous quarter (+0.3 % in industry and +0.2 % in services). The unadjusted index rose by 0.8 % compared to the second quarter 2011 (+1.1 % in industry and +0.5 % in services).

The synthetic confidence climate index decreased in August from 86.5 to 86.0, after having recovered briefly from 85.3 which was the lowest score since 1996. These low scores contrast with the highs of 2009 (107.5 in August and 108.3 in September). The decrease can be explained mainly by the decrease of the personal climate and the future climate indices.

The hiring pace in Italy is once again expected to remain weak in the final quarter of 2012 with limited opportunities for job seekers, according to ManpowerGroup's fourth quarter Manpower

Employment Outlook Survey. Employer hiring intentions for the next three months have slipped to the sluggish levels of a year ago as Italy's Net Employment Outlook stands at -9 % once seasonal variations are removed from the data. As in the previous six quarters, the overall Net Employment Outlook is negative and the forecast represents a decline in employer hiring sentiment of 6 pps quarter-over-quarter and identical to the same period of 2011.

On 27 June 2012 Italy's parliament approved a labour market reform package proposed by the government of Mario Monti. The reforms based on flexicurity principles are designed to restore growth in the stagnating economy. It will be from now on easier for companies to dismiss employees, which should encourage companies to hire more people on permanent rather than temporary contracts. Further, the reform opens certain professions, notably lawyers, doctors, pharmacists and taxi drivers for more competition by easing their licensing systems.

Lithuania

Lithuania experienced strong economic growth in 2011 as domestic demand picked up, accompanied by a remarkable rebound in employment and decrease in unemployment since the second quarter of 2011.

In 2011, Lithuania registered 6 % GDP growth on the previous year as compared to only 1.5 % in 2010 and a strong output contraction of 15 % in 2009. The expanding trend continued further in 2012, though at a more moderate pace: in the second quarter of 2012, GDP increased by 0.5 % on the previous quarter and by 2.8 % on the same quarter in 2011. For 2012, the European Commission spring forecast estimates growth rate of 2.4 %, which is more than double the rate in 2011.

During the crisis, Lithuania together with the other two Baltic countries experienced a very sharp contraction in employment. Employment contracted in 2009 by almost 7 % and in 2010 by 5 %. It was only in 2011 that employment registered growth for the first time since the beginning of the crisis, 2 % up on 2010. In the second quarter of 2012 it grew by 1.5 % on the same quarter the year before reaching 1.4 million people employed. The employment growth was highest in industry (5.4 % growth on the same quarter the previous

year in industry excluding construction and 4 % growth in the construction sector). The two sectors which benefited from the strongest growth were ICT (26.5 % growth) and real estate activities (16 % growth). Employment in agriculture declined by 4 %, and it stayed relatively unchanged in the services sector.

The employment rate (for those aged 20-64) declined from a high of 73 % in 2007 to 64.4 % in 2010. In 2011, it reversed the trend and it started to increase reaching 67 %. In the first quarter of 2012, the employment rate was 67.4 %, which is around the EU average.

Unemployment has surged since the beginning of the crisis. The unemployment rate increased from a low of 4.3 % in 2007 to almost 18 % in 2010. It then started to decrease only in 2011, reaching 15.4 %. This downward trend prevailed also in 2012: in the second quarter of the year, the unemployment rate reached 13.3 %, down by 2 pps on the year before, affecting around 212 000 people.

The unemployment rate of the young also quintupled from 8 % in 2007 to 35 % in 2010. It then decreased to 33 % in 2011, the fourth-highest after Greece, Spain and Slovakia. In the second quarter of 2012 it reached 25 %, which is 8 pps lower than the year before, and it decreased 4 pps on the previous quarter this year. Long-term unemployment also quintupled in the period 2007-2010, rising from 1.4 % to 7.4 %. In 2011, it was still rising reaching 8 %, which is double the EU average and is among the highest levels in the EU (together with Ireland, Slovakia and the other two Baltic countries). Nevertheless, in the first quarter of 2012, it registered a slight decline of 1.5 pps on the same quarter of the previous year, reaching 7.3 %.

Unit labour costs have been decreasing since the beginning of 2009, declining by more than 7 % in 2010; real ULC registered a very sharp decline of 9 % in 2010. In 2011, both indicators continued to decline but more moderately. In the first quarter of 2012, the trend was reversed, nominal ULC registering a rise of 4 % and real ULC - 5 % rise on the previous quarter. Inflation is said to decelerate, from 4 % in 2011 to 3 % in 2012 according to the Commission's spring forecast.

Poverty and social exclusion in Lithuania are one of the highest in the EU. According to the most recent EU SILC data, the

percentage of people at risk of poverty or social exclusion was 33 % in 2010, which is the fourth-highest in the EU; the EU average stood at 23 %. The in-work poverty rate increased from 8 % in 2007 to 12.3 % in 2010, which is considerably above the EU average (8.4 %). The population groups at the highest risk of poverty or social exclusion are the same as in 2009 but the rates are higher - single parents with children (63.8 %), unemployed (55.6 %) and single adult households (46.8 %), especially younger households (53 %).

Luxembourg

Luxembourg's GDP growth of 2.7 % in 2010 was higher than in most Member States, but remained far below the 4.7 % recorded on average between 2000 and 2007. GDP growth decelerated further to 1.6 % in 2011. In the first quarter of 2012 GDP declined by 1.5 % on the previous quarter, and stayed at the same level as one year before. The forecast for 2012 is growth of slightly above 1 %. The HICP inflation reached 3.7 % in 2011 and is expected to slow down to 3 % in 2012 and 2 % in 2013.

Although employment growth decelerated as a result of the crisis, Luxembourg was one of three countries (with Germany and Poland) where it was positive (1 % in 2009 and 1.8 % in 2010). Employment continued to rise by 2.7 % in 2011, largely due to the rise in employment of non-resident workers, despite a slowdown towards the end of the year. In the first quarter of 2012 the number of persons employed reached 371 000, 0.5 % higher than in the previous quarter, and up 2 % on a year earlier, which represents a moderation in the growth rate as compared to the previous three quarters (2.7 % on average). According to the Commission 2012 spring forecast, employment is projected to increase by 1.7 % in 2011 and further by 2.2 % in 2013.

In the first quarter of 2012, the employment rate (20-64) stayed at the same level, around 70 % for the tenth consecutive quarter (having reached a peak of 71.6 % in the third quarter of 2010). The employment rate of older workers is still below the EU average (41 % against 48 %), though it slightly improved on the previous quarter, up by 3 pps.

Unemployment has been on a continuous rise since the second quarter of 2010 when it stood at 10 000 (seasonally adjusted), reaching 13 000 in the second quarter of 2012, though it still remains one of the

lowest in the EU. The unemployment rate also steadily increased in the same period, from 4.5 % to 5.3 %. The European Commission forecasts that the unemployment rate will reach 5.2 % for 2012 and almost 6 % in 2013. However, it still remains the second lowest after the Netherlands.

The youth unemployment rate, after a record high of 18.6 % in the first quarter of 2009, fell to 14.5 % in the first quarter of 2011, but then started to increase continuously. In the second quarter of 2012, it reached a new peak of 22.1 % (not seasonally adjusted) almost closing the gap with the EU average (22.6 %). This represents an increase of 6 pps on the same quarter the year before (16 %). In the first quarter of 2012, long-term unemployment went up slightly reaching 1.8 %, which is nevertheless well below the EU-average (4.5 %).

Unit labour costs have been increasing since the beginning of the last decade. In 2010, real ULC decreased for the first time by 3 %. The decreasing trend continued throughout the 2011, though more moderately: in 2011, ULC decreased on average by 1.5 %. Since the last quarter of 2011, the trend was reversed. In the first quarter of 2012, real ULC increased by 1.3 % on the same quarter of the previous year. For 2012, the European Commission estimates an average increase of almost 3 %.

Poverty and social exclusion in Luxembourg are one of the lowest in the EU. According to EU SILC data, the percentage of people at risk of poverty or social exclusion has remained stable since 2005, at around 17 %, and well below the EU average (23.4 %). The poverty situation of immigrants is considerably worse than that of nationals, although it has improved in recent years. The at-risk-of-poverty-and-social-exclusion rate has steadily declined since 2006, reaching 18.6 % for EU nationals and 38.6 % for non-EU nationals in 2010.

The share of people living in jobless households has declined in 2010 to 6.7 % from 7.3 % in the previous year, but then it went up again to 7.5 % in 2011. The in-work poverty rate has increased steadily since 2007, and at 10.6 % in 2010 it is higher than the EU average of 8.5 %. Particularly worrying is the in-work poverty rate of single parents (40 %), the second

highest in the EU. Similarly, the in-work poverty rate for temporary workers (20 %) was the third highest in the EU and it has been increasing since 2007. It is more than double that of permanent workers, which on the contrary, slightly declined on the previous year.

Poland

Poland's economy grew at the rate of 2.5 % in the second quarter of 2012 over the previous year, slowing in comparison with the growth of 3.5 % in the 1st quarter. The growth, which has remained positive through the crisis, has been accompanied by a relatively high level of inflation, reaching 4.3 % in June 2012 on the yearly basis. The domestic demand in the second quarter of 2012 remained stable (down just 0.2 pp on the year before).

The share of population at risk of poverty or social exclusion (as defined by the Europe 2020 target) remained at 27.8 % in 2010, unchanged from the year before. Although higher than the EU average of 23.4 %, this score represents a considerable improvement compared with 45.3 % in 2005. The share of households with low work intensity stood at 7.3 % in 2010, up 0.4 pp from the year before and down by staggering 6.9 pps since 2005. The at-risk-of-poverty rate also improved by 2.9 pps in the long-term compared with 2005. It became closer to the EU average of 16.4 % and stood at 17.6 % in 2010 which is 0.7 pp above the score from 2008, the best year so far. The severe material deprivation rate stood at 14.2 % in 2010, down by 0.8 pp on the year before. This means a reassuring improvement by 19.6 pps since 2005.

With 5.6 % of early school leavers in 2011, Poland is performing much better than the EU average of 13.5 % and the Europe 2020 target of 10 %. Poland is also close to reaching its national 2020 target of 4.5 % yet the score has been inching up again since the record low 5.0 % of 2007 and 2008.

The share of persons aged 30-34 with a completed tertiary education has risen from 22.7 % in 2005 to reach 36.9 % in 2011 meaning that Poland is above the EU average of 34.6 % and well on track to reach the 40 % Europe 2020 target.

The proportion of Polish households experiencing financial distress as measured by consumer surveys has remained just below the long-term average of 17.6 % of

households, yet it has been rising steadily since August 2009. The increase has been particularly pronounced in the lowest income quartile where as many as 28.6 % of households reported being forced either into debt or into drawing on savings. Despite the negative tendency, the share of the lowest quartile households in distress stays below the highs of 35-40 % experienced between the autumn of 2002 and the spring of 2006.

Poland has managed to improve substantially the employment rates of the persons aged 20-64 between 2005 and 2010: from 58 % to 64.8 %. It stood at 64.2 % in 2012 q1. The tendency remains positive despite the crisis. Poland remains below the EU average of 68 % and still far from the Europe 2020 target of 75 %. Also the target of 3 % of GDP being spent on research and development is still far away with the figure for 2010 standing at 0.74 %, an increase of just 0.17 pp since 2005.

In the 1st quarter of 2012, the employment rate in the age group 15-64 stood at 59.2 % (up 0.3 pp on the previous year and down 0.7 % on the previous quarter). The employment rate of older workers (55-64) stood at a low 36.9 % in the 1st quarter of 2012, down by 0.7 pp since the 4th quarter of 2012 and up by 1.4 pps on the previous year. The employment rate of older workers has been growing steadily over the past 10 years from 26.1 %.

The unemployment rate in the 2nd quarter has remained at 10 % and been at this level since the 4th quarter of 2011. This represents an increase of 0.5 pp over the previous year. There has been little disparity between the unemployment rate and dynamics between men and women. Youth unemployment remained high and stood at 25.6 % in the 2nd quarter of 2012 (down 0.3 pp on the previous quarter and up 0.6 pp on the previous year).

Long-term unemployment reached 4.1 % in the 1st quarter of 2012, which represents a 0.6 pp increase over the previous year and the highest value since the 4th quarter of 2007.

The inflow into the unemployment register was 179 500 in May 2012 and thus much lower than the 287,800 of January 2012. The outflow from unemployment has been stable – reaching 240 000 in April 2012 and 238 000 in June 2012.

In the 2nd quarter of 2012, the Polish consumer confidence index (values from -



100 to +100) did not change since the previous quarter and deteriorated from -26.3 to -29.3 on the year before.

Polish employers report sluggish hiring plans for the fourth quarter of this year, according to the latest Manpower Employment Outlook Survey. The seasonally adjusted Net Employment Outlook stands at -1 %. This is the weakest – and first negative – Outlook reported by Polish employers since the survey began in the second quarter of 2008. Of the 751 Polish employers surveyed, 12 % anticipate adding to their workforces in the coming quarter, 14 % plan reductions and 69 % expect no change.

Annex 1: Selected statistics

Table 6: Real GDP growth

	% change on previous quarter					% change on previous year				
	2011		2012			2011		2012		
	q2	q3	q4	q1	q2	q2	q3	q4	q1	q2
BE	0.2	0.0	-0.1	0.2	-0.5	2.0	1.4	0.9	0.4	-0.3
BG	0.3	0.1	0.1	0.0	0.3	2.1	1.4	0.9	0.5	0.5
CZ	0.3	0.0	-0.2	-0.6	-0.2	2.1	1.3	0.6	-0.5	-1.0
DK	0.7	-0.3	-0.3	0.3	-0.5	1.3	-0.2	0.1	0.3	-0.9
DE	0.5	0.4	-0.1	0.5	0.3	3.0	2.7	1.9	1.2	1.0
EE	1.4	1.4	0.7	0.2	0.5	8.4	8.6	6.1	3.7	2.7
IE	3.2	-1.1	0.7	-0.5	:	2.6	0.8	2.9	2.3	:
EL	:	:	:	:	:	:	:	:	:	:
ES	0.2	0.0	-0.5	-0.3	-0.4	0.5	0.6	0.0	-0.6	-1.3
FR	0.0	0.3	0.0	0.0	0.0	1.7	1.5	1.2	0.3	0.3
IT	0.3	-0.2	-0.7	-0.8	-0.8	1.0	0.4	-0.5	-1.5	-2.6
CY	0.0	-1.0	-0.3	-0.4	-0.7	1.4	-0.3	-0.8	-1.6	-2.3
LV	2.0	1.4	0.8	1.1	1.2	5.3	6.1	5.9	5.5	4.6
LT	1.5	1.2	0.8	0.3	0.5	6.5	6.7	5.2	3.9	2.8
LU	-0.3	1.7	0.1	-1.5	:	0.7	2.5	1.0	0.0	:
HU	-0.3	0.0	0.1	-1.0	-0.2	1.7	1.3	1.2	-1.2	-1.1
MT	-0.6	0.6	-0.7	-0.3	1.3	2.7	2.5	-0.5	-1.0	0.9
NL	0.0	-0.3	-0.6	0.2	0.2	1.6	1.1	-0.4	-0.8	-0.6
AT	0.4	0.0	0.2	0.5	0.1	3.6	2.1	1.2	1.1	0.8
PL	1.3	0.7	0.8	0.6	0.4	4.7	4.0	4.0	3.5	2.5
PT	-0.2	-0.6	-1.4	-0.1	-1.2	-1.1	-2.0	-3.0	-2.3	-3.3
RO	0.0	1.1	-0.1	0.1	0.5	1.3	3.2	2.2	1.2	1.7
SI	0.6	-0.2	-1.1	0.0	-1.0	1.6	1.0	-1.0	-0.7	-2.2
SK	0.9	0.7	0.8	0.7	0.7	3.4	3.2	3.3	3.1	3.0
FI	0.6	1.0	-0.7	0.9	-1.1	1.9	3.7	0.8	1.8	0.1
SE	0.9	1.0	-1.1	0.7	0.7	4.6	4.1	1.2	1.4	1.3
UK	-0.1	0.6	-0.4	-0.3	-0.5	0.5	0.5	0.6	-0.2	-0.5
EU27	0.3	0.2	-0.3	0.0	-0.1	1.7	1.4	0.7	0.1	-0.3

Source: Eurostat, national accounts. Seasonally adjusted and adjusted data by working days

Table 7: Employment growth

	% change on previous quarter					% change on previous year				
	2011		2012			2011		2012		
	q2	q3	q4	q1	q2	q2	q3	q4	q1	q2
BE	0.3	0.2	0.3	-0.2	-0.1	1.6	1.3	1.1	0.5	0.2
BG	-0.7	-0.9	0.3	-0.6	-1.3	-4.5	-5.0	-2.3	-1.6	-2.8
CZ	0.2	0.3	-0.3	-0.1	0.3	0.3	0.1	0.0	0.1	0.3
DK	0.0	0.0	-0.2	-0.1	-0.1	-0.5	-0.3	-0.3	-0.3	-0.4
DE	0.4	0.3	0.3	0.4	0.2	1.4	1.3	1.3	1.4	1.3
EE	1.0	1.9	-1.0	1.3	0.9	7.7	8.9	4.8	3.2	3.1
IE	0.2	-1.3	0.6	-0.6	:	-2.0	-2.5	-0.8	-1.1	:
EL	:	:	:	:	:	-6.1	-7.6	-8.5	-8.7	-9.0
ES	0.2	-0.9	-1.3	-1.5	-0.4	-0.8	-1.7	-2.4	-3.4	-4.0
FR	0.2	0.0	-0.1	0.0	0.0	0.6	0.5	0.3	0.2	0.0
IT	0.4	-0.3	-0.2	-0.6	0.6	0.7	0.8	-0.2	-0.9	-0.4
CY	-0.1	-0.4	-0.5	-1.4	-0.5	0.8	0.5	-0.5	-2.5	-3.0
LV	0.9	0.3	1.4	-0.7	0.9	-7.9	-8.5	-7.6	1.8	1.9
LT	1.7	-1.9	0.7	1.2	1.1	4.3	2.0	0.9	1.9	1.5
LU	:	:	:	:	:	:	:	:	:	:
HU	0.1	0.5	0.1	-0.3	0.4	0.1	0.5	0.3	0.3	0.8
MT	0.5	1.0	-0.3	1.3	-0.3	2.1	3.0	2.4	2.6	1.6
NL	0.0	0.2	0.0	-0.1	0.0	0.6	0.7	0.6	0.1	0.1
AT	0.4	0.4	0.4	0.4	0.3	1.7	1.8	1.6	1.6	1.4
PL	0.2	0.0	0.4	-0.1	0.1	1.0	0.4	0.6	0.5	0.1
PT	-0.2	-0.4	-2.5	-1.1	-0.2	-0.8	-0.7	-3.1	-4.2	-4.2
RO	:	:	:	:	:	-0.1	0.8	1.5	2.5	1.2
SI	-0.1	-0.3	-0.2	-0.1	-0.4	-1.6	-1.6	-1.2	-0.7	-0.9
SK	0.3	0.3	0.0	0.1	0.0	2.3	1.7	0.9	0.6	0.2
FI	0.8	-0.2	0.5	-0.2	0.2	1.4	1.0	1.2	0.9	0.1
SE	0.2	0.3	0.1	0.1	0.2	2.4	2.1	1.5	0.8	0.7
UK	0.0	-0.6	0.3	0.4	0.7	0.9	-0.4	0.1	0.1	0.9
EU27	0.2	-0.1	-0.1	-0.1	0.1	0.5	0.2	0.0	-0.2	-0.2

Source: Eurostat, national accounts. Seasonally adjusted and adjusted data by working days for change on previous quarter

Note: : not available; national concept for UK and LU

Table 8: Temporary employees as a percentage of the total number of employees (%) (lfsq_etpga)

	2011q1	2011q2	2011q3	2011q4	2012q1	2012q1 change on previous year (pps)
BE	9.3	8.8	8.5	9.1	8.1	-1.2
BG	3.0	4.1	5.2	3.9	3.1	0.1
CZ	7.5	8.0	8.4	8.0	7.4	-0.1
DK	8.5	9.2	8.9	8.9	8.7	0.2
DE	14.3	14.7	14.9	15.3	13.9	-0.4
EE	3.6	4.7	5.2	4.4	3.0	-0.6
IE	9.6	10.2	10.2	9.7	10.1	0.5
EL	11.3	11.9	12.3	10.8	9.7	-1.6
ES	24.8	25.6	26.1	25.0	23.8	-1.0
FR	14.5	15.3	15.9	15.0	14.5	0.0
IT	12.5	13.7	13.6	13.6	13.1	0.6
CY	12.9	14.0	13.8	13.9	13.4	0.5
LV	6.0	7.4	7.3	5.3	4.4	-1.6
LT	1.8	3.6	3.3	2.5	1.6	-0.2
LU	7.2	6.4	6.1	8.7	6.2	-1.0
HU	8.0	9.2	9.7	8.8	8.0	0.0
MT	7.0	5.2	7.1	6.8	6.6	-0.4
NL	17.6	18.0	18.6	18.8	:	:
AT	9.2	9.0	10.5	9.5	9.5	0.3
PL	25.9	27.0	27.4	27.2	26.6	0.7
PT	22.1	22.8	22.7	21.2	20.1	-2.0
RO	1.4	1.9	1.8	1.1	1.5	0.1
SI	16.0	17.5	19.1	19.2	18.0	2.0
SK	5.9	6.6	6.5	6.8	6.9	1.0
FI	13.8	16.7	17.4	14.1	13.4	-0.4
SE	14.5	16.3	17.5	15.4	14.2	-0.3
UK	5.9	6.1	6.0	6.1	5.9	0.0
EU27	13.5	14.2	14.4	14.1	13.1	-0.4
Men	12.9	13.6	14.1	13.6	12.6	-0.3
Women	14.1	14.7	14.8	14.6	13.7	-0.4

Source: Eurostat, EU LFS. Data non-seasonally adjusted.
(from 15 to 64 years)

Table 9: Part-time employment as a percentage of the total employment (%) (lfsq_eppga) (share of employees)

	2011q1	2011q2	2011q3	2011q4	2012q1	2012q1 change on previous year (pps)
BE	25.4	25.1	23.6	24.8	26.4	1.0
BG	2.1	2.3	2.1	2.1	2.1	0.0
CZ	4.9	4.7	4.6	4.5	4.5	-0.4
DK	25.8	25.6	24.5	24.5	26.4	0.6
DE	25.9	25.9	25.7	25.5	25.8	-0.1
EE	10.4	9.5	8.5	8.8	9.2	-1.2
IE	23.2	22.7	22.9	22.9	22.8	-0.4
EL	6.5	6.2	6.6	6.9	7.0	0.5
ES	14.0	14.0	13.1	13.7	14.3	0.3
FR	17.7	17.8	17.2	17.9	17.9	0.2
IT	15.0	15.3	14.8	15.9	16.5	1.5
CY	9.4	8.6	8.0	8.9	9.7	0.3
LV	9.1	8.5	8.5	9.1	9.9	0.8
LT	8.3	7.7	8.0	8.7	9.3	1.0
LU	18.4	18.1	18.1	17.5	19.0	0.6
HU	5.9	6.5	6.7	6.5	6.3	0.4
MT	12.7	12.0	12.9	12.0	13.0	0.3
NL	48.5	48.5	48.3	48.8	49.0	0.5
AT	24.5	24.4	24.0	24.4	25.2	0.7
PL	7.5	7.2	7.0	7.3	7.4	-0.1
PT	10.6	9.7	10.0	10.3	11.1	0.5
RO	9.4	9.4	9.5	9.1	9.0	-0.4
SI	9.1	9.1	9.9	9.7	10.1	1.0
SK	3.9	4.0	4.0	3.9	4.0	0.1
FI	14.9	13.6	13.0	14.8	14.4	-0.5
SE	25.3	24.9	23.7	24.9	25.1	-0.2
UK	25.6	25.6	25.2	25.6	26.0	0.4
EU27	18.9	18.9	18.5	18.9	19.3	0.4
Men	8.1	8.1	7.9	8.1	8.4	0.3
Women	31.8	31.6	31.1	31.7	32.1	0.3

Source: Eurostat, EU LFS. Data non-seasonally adjusted.
(from 15 to 64 years)

Table 10: Employment rates 15-64 (lfsq_ergan)

	2011q1	2011q2	2011q3	2011q4	2012q1	2012q1 change on previous year (pps)
BE	61.3	62.5	61.7	62.2	61.5	0.2
BG	57.3	58.2	59.9	58.7	56.9	-0.4
CZ	65.0	65.7	66.1	66.1	65.6	0.6
DK	72.6	73.3	73.8	72.9	72.3	-0.3
DE	71.5	72.5	72.8	73.3	72.1	0.6
EE	63.2	64.3	67.2	65.8	66.0	2.8
IE	58.9	59.5	59.1	59.3	58.6	-0.3
EL	56.9	56.4	55.4	53.5	52.3	-4.6
ES	57.7	58.3	57.9	56.8	55.7	-2.0
FR	63.4	64.1	64.3	63.6	63.4	0.0
IT	56.8	57.3	56.9	56.9	56.5	-0.3
CY	68.8	69.0	67.6	66.9	64.7	-4.1
LV	60.2	61.4	62.7	62.9	61.2	1.0
LT	59.1	60.8	61.4	61.6	61.2	2.1
LU	65.7	63.8	65.0	64.0	64.6	-1.1
HU	54.6	55.8	56.4	56.5	55.7	1.1
MT	57.4	57.3	58.1	57.3	58.6	1.2
NL	74.4	74.7	75.1	75.3	74.9	0.5
AT	71.1	72.1	73.0	72.3	71.4	0.3
PL	58.9	59.7	60.2	59.9	59.2	0.3
PT	64.6	64.8	64.5	62.9	62.2	-2.4
RO	58.0	58.8	59.1	57.9	58.0	0.0
SI	63.7	64.4	65.1	64.4	64.0	0.3
SK	59.0	59.6	59.9	59.5	59.6	0.6
FI	67.1	70.1	70.3	68.6	67.9	0.8
SE	72.7	74.5	75.4	73.8	73.0	0.3
UK	69.4	69.4	69.5	69.6	69.4	0.0
EU27	63.8	64.5	64.6	64.3	63.6	-0.2
Men	69.6	70.3	70.5	70.0	69.1	-0.5
Womer	58.1	58.7	58.7	58.5	58.2	0.1

Source: Eurostat, EU LFS. Data non-seasonally adjusted.

Table 11: Employment rates 20-64

	2011q1	2011q2	2011q3	2011q4	2012q1	2012q1 change on previous year (pps)
BE	66.6	68.0	66.9	67.6	67.0	0.4
BG	62.6	63.4	65.4	64.1	61.1	-1.5
CZ	70.2	70.9	71.2	71.1	70.6	0.4
DK	75.0	75.8	76.3	75.8	75.3	0.3
DE	75.2	76.4	76.6	77.0	75.9	0.7
EE	68.4	69.6	72.4	71.2	71.0	2.6
IE	63.8	64.4	63.9	64.3	63.5	-0.3
EL	61.3	60.9	59.7	57.6	56.4	-4.9
ES	61.7	62.3	61.7	60.7	59.6	-2.1
FR	68.9	69.5	69.5	69.0	68.8	-0.1
IT	60.9	61.5	61.1	61.1	60.7	-0.2
CY	74.7	74.9	73.1	72.6	70.3	-4.4
LV	65.6	67.0	68.0	68.4	66.2	0.6
LT	65.5	67.3	67.9	68.0	67.4	1.9
LU	71.1	69.3	70.4	69.6	70.3	-0.8
HU	59.5	60.7	61.3	61.4	60.6	1.1
MT	61.9	61.4	61.4	61.3	62.8	0.9
NL	76.7	76.8	77.0	77.5	77.2	0.5
AT	74.2	75.5	75.7	75.3	74.6	0.4
PL	64.1	64.9	65.3	64.9	64.2	0.1
PT	69.5	69.8	69.3	67.7	67.0	-2.5
RO	62.5	63.1	63.3	62.3	62.3	-0.2
SI	67.8	68.6	68.6	68.5	68.3	0.5
SK	64.6	65.2	65.6	65.1	64.9	0.3
FI	72.3	74.4	74.7	73.8	73.1	0.8
SE	78.9	80.3	80.9	79.9	79.1	0.2
UK	73.6	73.6	73.6	73.5	73.4	-0.2
EU27	68.2	68.9	68.9	68.6	68.0	-0.2
Men	74.5	75.3	75.4	74.9	74.0	-0.5
Womer	61.9	62.6	62.4	62.3	62.0	0.1

Source: Eurostat, EU LFS. Data non-seasonally adjusted.

Table 12: Unemployment rates

	2011 Jul	2012 Feb	2012 Mar	2012 apr	2012 May	2012 Jun	2012 Jul	2012 Jul change on previous month (pps)	2012 Jul change on previous year (pps)
BE	7.3	7.1	7.1	7.1	7.1	7.2	7.2	0.0	-0.1
BG	11.1	12.0	12.1	12.1	12.2	12.3	12.4	0.1	1.3
CZ	6.7	6.9	6.8	6.7	6.7	6.7	6.6	-0.1	-0.1
DK	7.4	7.6	7.7	7.8	8.0	8.0	7.9	-0.1	0.5
DE	5.9	5.6	5.6	5.5	5.5	5.5	5.5	0.0	-0.4
EE	11.4	10.9	10.9	10.1	10.1	10.1	:	:	:
IE	14.7	14.7	14.8	14.7	14.7	14.8	14.9	0.1	0.2
EL	17.8	21.7	22.0	22.7	23.5	24.4	:	:	:
ES	21.7	23.8	24.1	24.4	24.8	24.9	25.1	0.2	3.4
FR	9.6	10.0	10.0	10.0	10.1	10.2	10.3	0.1	0.7
IT	8.2	10.0	10.4	10.6	10.5	10.7	10.7	0.0	2.5
CY	7.7	10.0	10.3	10.5	10.7	10.6	10.9	0.3	3.2
LV	15.7	15.4	15.4	15.9	15.9	15.9	:	:	:
LT	15.2	13.6	13.6	13.4	13.3	13.2	13.0	-0.2	-2.2
LU	5.1	5.2	5.3	5.3	5.4	5.4	5.5	0.1	0.4
HU	11.0	11.1	11.1	11.1	11.0	10.8	:	:	:
MT	6.4	6.0	5.9	5.8	6.1	6.3	6.3	0.0	-0.1
NL	4.3	4.9	5.0	5.2	5.1	5.1	5.3	0.2	1.0
AT	3.8	4.1	4.1	4.1	4.3	4.5	4.5	0.0	0.7
PL	9.6	10.0	9.9	10.0	10.0	10.0	10.0	0.0	0.4
PT	12.5	14.8	15.1	15.4	15.5	15.7	15.7	0.0	3.2
RO	7.5	7.1	7.2	7.1	7.1	7.3	7.0	-0.3	-0.5
SI	8.1	8.2	8.0	8.2	8.2	8.2	8.1	-0.1	0.0
SK	13.4	13.7	13.7	13.7	13.7	13.8	14.0	0.2	0.6
FI	7.8	7.5	7.5	7.6	7.6	7.6	7.6	0.0	-0.2
SE	7.4	7.5	7.3	7.4	7.8	7.6	7.5	-0.1	0.1
UK	8.2	8.2	8.1	8.1	8.0	8.1	:	:	:
EU27	9.6	10.2	10.2	10.3	10.4	10.4	10.4	0.0	0.8
Men	9.5	10.1	10.2	10.3	10.4	10.4	10.5	0.1	1.0
Womer	9.8	10.3	10.3	10.3	10.4	10.4	10.4	0.0	0.6

Source: Eurostat, EU LFS. Seasonally adjusted Data

Note: : not available

Table 13: Youth unemployment rates

	2011 Jul	2012 Feb	2012 Mar	2012 apr	2012 May	2012 Jun	2012 Jul	2012 Jul change on previous month (pps)	2012 Jul change on previous year (pps)
BE	19.9	18.8	18.9	19.0	19.0	18.9	18.7	-0.2	-1.2
BG	23.7	29.0	29.6	29.4	29.1	29.5	29.4	-0.1	5.7
CZ	18.3	19.5	19.1	19.7	19.7	19.1	18.9	-0.2	0.6
DK	14.8	15.2	15.4	14.9	14.6	14.4	14.0	-0.4	-0.8
DE	8.6	8.0	8.0	8.0	8.0	8.0	8.0	0.0	-0.6
EE	22.0	22.7	22.7	22.8	22.8	22.8	:	:	:
IE	29.7	30.6	30.1	29.5	29.5	30.0	30.7	0.7	1.0
EL	44.5	52.4	52.2	53.3	54.3	55.4	:	:	:
ES	46.9	50.8	51.2	51.9	52.5	52.6	52.9	0.3	6.0
FR	22.5	23.1	23.0	22.8	22.9	23.1	23.4	0.3	0.9
IT	27.8	33.6	35.6	34.6	34.9	33.9	35.3	1.4	7.5
CY	23.1	25.3	25.3	25.8	25.8	25.8	:	:	:
LV	31.8	29.2	29.2	29.4	29.4	29.4	:	:	:
LT	32.4	30.9	29.9	27.6	26.4	25.9	25.6	-0.3	-6.8
LU	17.6	19.9	20.2	19.9	20.3	20.1	20.2	0.1	2.6
HU	25.8	27.1	27.1	27.5	28.5	28.6	:	:	:
MT	13.8	12.9	12.0	10.6	11.2	11.9	12.2	0.3	-1.6
NL	7.5	9.4	9.3	9.4	9.2	9.3	9.2	-0.1	1.7
AT	7.6	8.5	8.8	8.8	8.4	8.7	8.9	0.2	1.3
PL	25.6	26.3	26.0	25.8	25.6	25.4	25.4	0.0	-0.2
PT	29.4	35.0	35.9	37.1	37.4	37.6	36.4	-1.2	7.0
RO	23.8	23.7	23.7	:	:	:	:	:	:
SI	15.7	16.5	16.5	16.8	16.8	16.8	:	:	:
SK	33.7	34.3	34.4	39.6	38.6	37.4	37.8	0.4	4.1
FI	20.1	19.1	18.8	18.5	18.2	17.9	17.8	-0.1	-2.3
SE	21.9	23.4	22.9	22.2	24.6	22.9	22.8	-0.1	0.9
UK	21.4	21.9	21.9	21.9	21.7	21.6	:	:	:
EU27	21.3	22.5	22.6	22.6	22.6	22.5	22.5	0.0	1.2
Men	21.8	23.1	23.3	23.2	23.3	23.2	23.2	0.0	1.4
Womer	20.8	21.7	21.8	21.9	21.9	21.7	21.7	0.0	0.9

Source: Eurostat, EU LFS. Seasonally adjusted Data

Note: : not available

Table 14: Long-term unemployment rates

	2011q1	2011q2	2011q3	2011q4	2012q1	2012q1 change on previous year (pps)
BE	3.5	3.2	3.8	3.4	3.2	-0.3
BG	6.4	6.4	6.2	6.4	6.9	0.5
CZ	2.9	2.6	2.6	2.7	3.1	0.2
DK	1.9	2.0	1.7	1.8	2.2	0.3
DE	3.2	2.9	2.8	2.6	2.7	-0.5
EE	8.1	7.3	6.3	6.7	6.8	-1.3
IE	8.2	8.2	8.8	9.1	9.6	1.4
EL	7.1	8.0	9.0	10.9	12.3	5.2
ES	8.6	8.6	8.9	9.9	10.3	1.7
FR	4.0	3.8	4.0	4.2	4.1	0.1
IT	4.3	4.2	4.1	4.9	5.3	1.0
CY	1.3	1.2	1.8	2.2	2.7	1.4
LV	10.1	9.3	8.3	7.7	8.5	-1.6
LT	8.7	8.0	8.0	7.1	7.3	-1.4
LU	1.1	1.8	1.4	1.4	1.8	0.7
HU	5.6	5.4	5.1	4.9	5.0	-0.6
MT	3.3	2.9	2.7	3.2	3.0	-0.3
NL	1.5	1.5	1.4	1.6	1.8	0.3
AT	1.2	1.1	0.9	1.1	1.0	-0.2
PL	3.5	3.5	3.6	3.8	4.1	0.6
PT	6.1	6.3	5.9	6.7	6.9	0.8
RO	3.0	3.0	3.0	3.4	3.3	0.3
SI	3.8	3.5	3.3	3.9	3.8	0.0
SK	9.6	9.1	8.7	9.5	9.4	-0.2
FI	1.8	1.7	1.7	1.8	1.8	0.0
SE	1.6	1.4	1.3	1.3	1.4	-0.2
UK	2.7	2.6	2.7	2.7	2.8	0.1
EU27	4.1	4.0	4.1	4.3	4.5	0.4
Men	4.2	4.0	4.1	4.3	4.5	0.3
Women	4.1	4.0	4.1	4.3	4.5	0.4

Source: Eurostat, EU LFS. Data non-seasonally adjusted.

Table 15: Job vacancy rates

	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	12q1/11q1	12q2/11q2
BE	1.8	1.5	1.6	1.6	1.9	2.1	1.6	2.7	:	1.1	:
BG	0.7	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.0	0.0
CZ	0.8	0.9	0.8	0.8	0.9	1.0	0.9	0.9	1.0	0.1	0.1
DK	1.3	1.2	1.1	1.4	1.3	1.1	1.0	1.2	:	-0.2	:
DE	2.0	2.1	2.6	2.7	2.5	2.5	3.0	2.6	2.7	-0.1	0.2
EE	1.1	1.2	1.0	1.2	1.3	1.6	1.3	1.4	:	0.2	:
IE	0.5	0.5	0.6	0.7	0.6	0.6	0.6	0.7	:	0.0	:
EL	1.6	1.1	0.7	2.9	1.4	1.0	0.8	2.0	:	-0.9	:
ES	1.4	1.1	1.1	1.1	1.1	1.0	0.8	0.8	:	-0.3	:
FR	0.4	0.4	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.0	-0.1
IT	0.7	0.6	0.6	0.9	0.9	0.7	0.6	0.7	:	-0.2	:
CY	1.9	1.7	1.1	1.6	1.5	0.9	0.5	0.8	:	-0.8	:
LV	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.4	:	0.0	:
LT	0.6	0.8	0.6	0.9	0.8	1.1	0.6	0.9	:	0.0	:
LU	0.5	0.7	0.7	0.8	1.0	0.8	0.6	0.8	:	0.0	:
HU	1.0	0.9	1.0	1.2	1.1	1.1	1.0	1.1	:	-0.1	:
MT	3.5	2.9	3.2	2.4	3.6	2.9	2.6	3.3	:	0.9	:
NL	1.6	1.5	1.6	1.7	1.8	1.6	1.5	1.5	1.5	-0.2	-0.3
AT	1.7	2.1	2.2	2.3	2.1	1.9	1.8	2.0	2.0	-0.3	-0.1
PL	0.6	0.6	0.5	0.7	0.6	0.5	0.4	0.5	:	-0.2	:
PT	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	:	0.1	:
RO	0.6	0.6	0.5	0.7	0.7	0.7	0.5	0.6	0.6	-0.1	-0.1
SI	0.7	0.7	0.7	0.8	0.8	1.0	0.8	0.8	:	0.0	:
SK	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	:	0.0	:
FI	2.1	1.7	1.4	2.7	2.3	1.8	1.6	3.3	2.3	0.6	0.0
SE	1.4	1.2	1.2	1.6	1.8	1.4	1.3	1.8	:	0.2	:
UK	1.8	1.7	1.8	1.7	1.7	1.8	1.7	1.6	1.7	-0.1	0.0
EU27	1.4	1.3	1.5	1.6	1.5	1.5	1.5	1.5	1.5	-0.1	0.0

Source: Eurostat, Job vacancy statistics. Data non-seasonally adjusted. NACE: B-S (Industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies)). DK, EL, IT: cover only sections B to N. FR, PT: does not include section O. FR, IT, MT: includes only business units with 10 or more employees

Table 16: Labour productivity per person employed

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011			2012		2011			2012	
				q2	q3	q4	q1	q2	q2	q3	q4	q1	q2
EU-27	-2,6	2,6	1,3	0,1	0,4	-0,2	0,1	:	1,2	1,2	0,8	0,3	:
EURO	-2,6	2,6	1,3	0,1	0,3	-0,1	0,2	:	1,3	1,1	0,8	0,4	:
BE	-2,6	1,7	0,4	-0,2	-0,2	-0,3	0,4	-0,4	0,5	0,2	-0,2	-0,3	-0,5
BG	-2,9	5,3	6,1	1,0	1,1	-0,2	0,6	1,7	6,3	6,4	3,5	2,5	3,1
CZ	-3,5	4,5	1,4	0,1	-0,3	0,1	-0,5	-0,6	1,7	1,1	0,5	-0,6	-1,3
DK	-3,5	3,6	1,2	0,6	-0,3	-0,1	0,3	-0,4	1,9	0,1	0,4	0,6	-0,5
DE	-5,2	3,6	1,6	0,1	0,1	-0,4	0,1	0,0	1,6	1,3	0,6	-0,2	-0,2
EE	-4,5	8,5	1,2	0,9	-0,5	1,1	-1,0	:	0,3	-0,8	0,3	0,5	:
IE	1,2	4,0	2,8	3,0	0,2	0,2	0,1	:	4,8	3,3	3,9	3,4	:
EL	-3,0	-1,7	-0,2	:	:	:	:	:	:	:	:	:	:
ES	3,0	2,2	2,0	0,1	0,9	0,8	1,2	-0,1	1,3	2,4	2,6	2,9	2,8
FR	-1,9	1,7	1,2	-0,2	0,2	0,1	0,0	-0,1	1,1	1,0	0,9	0,1	0,2
IT	-3,9	2,5	0,1	-0,1	0,1	-0,5	-0,2	-1,4	0,4	-0,3	-0,5	-0,8	-2,1
CY	-1,3	1,1	0,0	0,2	-0,6	0,2	1,1	-0,2	0,5	-0,6	-0,2	0,9	0,5
LV	-5,3	4,7	14,8	0,9	1,1	-0,5	1,7	0,4	14,4	15,9	14,6	3,2	2,7
LT	-8,6	6,9	3,8	-0,2	3,2	0,1	-0,8	-0,6	2,3	4,5	4,2	2,2	1,8
LU	-6,2	0,8	-1,1	-1,1	1,1	-0,3	-1,9	:	-2,0	-0,3	-1,5	-2,3	:
HU	-4,2	0,9	1,3	-0,4	-0,5	0,0	-0,7	-0,6	1,5	0,9	1,1	-1,7	-1,9
MT	-2,1	1,0	-0,5	-1,1	-0,4	-0,4	-1,5	1,6	0,5	-0,4	-2,6	-3,4	-0,8
NL	-3,0	2,0	0,3	0,0	-0,6	-0,6	0,3	0,2	0,9	0,3	-1,0	-0,9	-0,7
AT	-3,1	1,2	1,0	0,0	-0,4	-0,1	0,1	-0,2	1,9	0,3	-0,4	-0,5	-0,6
PL	1,2	3,4	3,3	1,1	0,6	0,4	0,7	0,3	4,0	3,7	3,2	2,8	2,1
PT	-0,3	3,0	-0,1	0,0	-0,3	1,1	1,1	-1,0	-0,3	-1,2	0,0	1,9	1,0
RO	-4,7	-0,2	2,0	:	:	:	:	:	:	:	:	:	:
SI	-6,1	3,5	2,2	0,6	0,2	-0,9	0,1	-0,7	3,4	2,7	0,2	0,0	-1,3
SK	-3,0	5,8	1,5	0,5	0,4	0,9	0,6	0,7	1,3	1,3	2,0	2,4	2,6
FI	-6,1	3,4	1,6	-0,2	1,3	-1,2	1,1	-1,2	0,7	2,7	-0,7	1,0	-0,1
SE	-2,7	5,0	1,7	0,5	0,5	-1,0	0,8	1,4	2,4	1,8	-0,4	0,9	1,8
UK	-2,4	1,6	0,2	-0,1	1,2	-0,6	-0,8	-1,1	-0,3	0,9	0,5	-0,3	-1,4

Source: Eurostat (variable nama_aux_lp and namq_aux_lp)

Note: provisional values for IE, EL and PL; forecast annual 2011 value for EU12, EURO; break in series for LV in 2011Q1

Table 17: Nominal compensation per employee

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011		2012			2011		2012		
				q2	q3	q4	q1	q2	q2	q3	q4	q1	q2
EU-27	..	..	..	..	..	..	..	..	..	..	..	..	..
EURO	1,5	1,7	2,2	0,6	0,2	0,5	0,6	..	2,2	2,3	2,2	1,9	..
BE	1,1	1,4	3,1	0,4	1,1	0,6	1,0	0,2	2,6	3,5	3,2	3,1	2,9
BG**	9,4	11,2	7,3	6,0	-1,5	9,8	-8,8	6,0	7,4	10,5	7,5	4,6	4,5
CZ**	-1,2	3,7	2,5	0,4	0,7	-0,3	2,8	-0,9	3,0	2,1	2,1	3,6	2,3
DK	1,8	2,6	1,6	0,1	0,4	0,8	0,4	0,2	1,2	1,3	2,2	1,7	1,8
DE*	0,2	2,4	3,0	0,9	0,2	0,5	0,7	0,9	3,4	2,9	2,7	2,3	2,2
EE	-3,4	1,4	1,5	1,3	0,1	2,9	0,5	..	1,1	-0,4	3,8	4,9	..
IE*	-0,9	-3,1	0,2	0,4	1,0	-0,3	1,0	..	-0,4	0,6	0,9	2,0	..
EL	4,0	-3,3	-3,2	..	..	..	..	..	..	..	..	..	..
ES	4,3	0,2	0,5	0,0	-0,1	0,7	0,8	-0,8	-0,1	0,7	1,1	1,4	0,5
FR*	1,7	2,3	2,8	0,8	0,5	0,6	0,3	..	2,8	2,9	3,0	2,2	..
IT*	-0,1	2,0	1,1	-0,1	-0,8	1,0	0,5	0,6	1,1	1,1	0,8	0,6	1,2
CY**	2,5	2,5	2,0	..	..	..	..	..	2,2	1,8	2,2	1,7	..
LV	-12,7	-5,5	17,2	-0,3	3,4	-0,3	0,1	-0,3	16,9	21,8	15,4	2,9	2,9
LT	-9,9	-0,9	3,6	-0,9	3,0	1,7	3,5	-1,8	1,1	3,6	7,4	7,5	6,5
LU*	1,8	2,5	2,2	1,6	-1,7	16,7	-12,9	..	1,9	1,2	1,9	1,4	..
HU	-1,4	-2,3	5,2	-0,9	0,1	-3,3	7,3	-1,5	6,6	5,4	4,0	2,9	2,3
MT**	3,2	-0,4	0,7	0,4	-2,7	3,4	0,0	0,6	2,1	-0,9	0,6	1,1	1,2
NL*	2,1	1,3	1,5	0,1	0,4	-0,1	0,4	0,1	1,2	1,8	1,1	0,9	0,9
AT*	1,7	1,2	1,9	0,5	0,4	0,6	0,9	0,9	1,9	1,9	2,0	2,5	3,0
PL*	3,5	4,7	3,8	1,3	1,8	-0,2	1,5	..	4,4	5,3	3,5	4,5	..
PT**	2,8	1,4	-0,9	10,6	-5,0	15,8	-18,0	..	-1,2	-1,6	-0,7	-0,2	..
RO**	-1,9	7,6	3,7	16,0	9,2	14,2	-29,3	18,0	3,4	7,6	0,7	2,3	4,0
SI	1,8	3,9	1,6	0,7	0,1	-0,3	0,0	-1,0	2,3	1,6	0,5	0,4	-1,3
SK*	3,6	4,4	0,9	0,0	0,7	-0,6	1,6	1,0	0,6	1,0	0,2	1,8	2,7
FI	2,3	1,8	3,4	0,6	1,2	0,4	2,2	0,8	3,6	3,5	2,6	4,3	4,6
SE**	1,6	3,0	0,8	5,1	-3,1	1,8	-0,7	..	0,9	1,5	0,0	2,8	..
UK	2,8	2,8	1,8	0,7	1,9	0,6	1,0	1,3	0,7	3,0	3,5	4,2	4,8

Source: ECB Statistical Data Warehouse

Note: Member States with * not working day adjusted, Member States with ** neither seasonally nor working day adjusted

Table 18: Nominal unit labour cost

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011		2012			2011		2012		
				q2	q3	q4	q1	q2	q2	q3	q4	q1	q2
EU-27	1,6	0,7	0,9	0,0	0,1	0,9	1,1	:	0,7	0,6	1,5	2,1	:
EURO	4,2	-0,9	0,9	0,5	0,0	0,6	0,4	:	0,9	1,2	1,4	1,5	:
BE	3,8	-0,3	2,7	0,5	1,3	0,9	0,6	0,7	2,1	3,3	3,4	3,4	3,5
BG	12,7	5,6	1,1	:	:	:	:	:	:	:	:	:	:
CZ	2,4	-0,7	0,2	0,4	1,0	-0,5	3,3	-0,3	1,3	0,9	1,6	4,2	3,6
DK	5,6	-0,9	0,5	-0,6	0,7	0,9	0,0	0,6	-0,7	1,2	1,8	1,1	2,3
DE	5,6	-1,1	1,4	0,8	0,1	1,0	0,6	0,8	1,8	1,6	2,2	2,5	2,5
EE	1,4	-6,2	-1,4	0,4	0,6	1,8	1,5	:	0,8	0,4	3,5	4,3	:
IE	-2,4	-6,9	:	-2,5	0,8	-0,5	0,8	:	-4,9	-2,6	-2,8	-1,4	:
EL	7,2	-1,7	-3,0	:	:	:	:	:	:	:	:	:	:
ES	1,3	-2,0	-1,5	0,0	-1,0	0,0	-0,4	-0,7	-1,5	-1,6	-1,4	-1,5	-2,2
FR	3,7	0,6	1,6	0,9	0,3	0,5	0,4	0,5	1,7	1,9	2,1	2,1	1,7
IT	4,0	-0,5	1,0	0,0	-0,9	1,6	0,7	2,0	0,7	1,4	1,3	1,4	3,4
CY	6,7	-1,3	2,0	0,2	1,1	0,5	-0,2	:	1,8	2,2	2,1	1,6	:
LV	-7,9	-9,8	2,1	-1,2	2,2	0,3	-1,5	-0,6	2,2	5,0	0,8	-0,3	0,3
LT	-1,4	-7,3	-0,2	-0,7	-0,1	1,6	4,4	-1,2	-1,1	-0,9	3,1	5,2	4,6
LU	8,6	1,7	3,2	0,5	-0,5	2,0	1,8	:	4,0	1,4	3,4	3,8	:
HU	2,9	-3,2	3,8	-0,5	0,6	-3,3	8,1	-0,9	5,1	4,4	2,8	4,7	4,3
MT	5,8	-1,3	1,3	1,1	-0,1	1,4	2,0	-1,1	1,2	-0,2	3,7	4,4	2,1
NL	5,3	-0,8	1,2	0,1	1,0	0,6	0,1	-0,1	0,2	1,5	2,1	1,9	1,6
AT	5,0	0,0	0,9	0,5	0,8	0,8	0,8	1,1	0,0	1,6	2,4	3,0	3,6
PL	2,2	1,3	1,8	0,2	1,2	-0,6	0,8	:	0,3	1,6	0,3	1,6	:
PT	3,1	-1,5	-0,7	-0,7	-0,2	-0,4	-0,9	:	-1,1	-0,5	-0,7	-2,2	:
RO	2,9	7,9	1,7	:	:	:	:	:	:	:	:	:	:
SI	8,5	0,4	-0,6	0,0	-0,1	0,7	-0,2	-0,4	-1,0	-1,1	0,3	0,4	0,0
SK	6,9	-1,3	-0,6	-0,5	0,3	-1,4	1,0	0,2	-0,7	-0,3	-1,8	-0,6	0,1
FI	9,0	-1,6	1,8	0,7	-0,1	1,6	1,0	2,0	2,9	0,8	3,3	3,3	4,6
SE	4,4	-1,9	-0,8	:	:	:	:	:	:	:	:	:	:
UK	5,3	1,2	1,6	0,8	0,7	1,2	1,8	2,4	1,0	2,1	2,9	4,6	6,3

Source: Eurostat (variable nama_aux_ulc and namq_aux_ulc)

Note: provisional values for IE, EL, PT and PL; forecast annual 2011 value for EU12, EURO; break in series for LV in 2011Q1

Table 19: Real unit labour cost

	Annual % change			% change on previous quarter					% change on previous year				
	2009	2010	2011	2011		2012			2011		2012		
				q2	q3	q4	q1	q2	q2	q3	q4	q1	q2
EU-27	3,1	-1,6	-0,5	0,1	-0,1	0,5	0,1	:	-0,7	-0,2	0,3	0,7	:
EURO	3,2	-1,7	-0,3	0,1	-0,3	0,4	0,1	:	-0,3	0,0	0,1	0,3	:
BE	2,6	-2,3	0,6	0,1	0,9	0,5	-0,5	0,5	0,1	1,6	1,7	1,1	1,4
BG	8,1	2,7	-3,7	:	:	:	:	:	:	:	:	:	:
CZ	0,5	1,0	0,9	0,2	0,4	-1,2	3,3	-0,3	2,8	1,5	0,8	2,6	2,2
DK	4,5	-4,6	-0,4	-0,1	1,1	0,1	-1,0	0,2	-1,4	1,1	1,3	0,0	0,4
DE	4,4	-2,0	0,6	0,5	-0,1	0,8	0,1	0,4	0,8	0,7	1,3	1,4	1,3
EE	2,8	-6,8	-4,2	-0,1	-0,1	0,6	0,5	:	-3,8	-2,3	-0,5	0,9	:
IE	1,7	-4,6	:	-3,0	1,0	-1,2	-0,4	:	-4,3	-2,3	-5,9	-3,6	:
EL	4,3	-3,4	-4,5	:	:	:	:	:	:	:	:	:	:
ES	1,2	-2,4	-2,4	-0,2	-1,0	-0,3	-0,4	-0,7	-2,6	-2,5	-2,2	-1,9	-2,5
FR	3,0	-0,4	0,3	0,5	0,0	0,0	0,1	0,0	0,3	0,6	0,6	0,7	0,1
IT	1,9	-0,9	-0,3	-0,3	-1,2	1,4	0,2	1,8	-0,3	-0,1	-0,2	0,1	2,3
CY	6,6	-2,9	0,0	-1,4	1,0	-0,1	1,1	:	-0,7	-0,1	0,4	0,5	:
LV	-6,7	-7,7	-3,2	-2,9	0,5	-0,6	-0,9	-1,4	-3,7	-1,2	-5,4	-3,9	-2,4
LT	2,4	-9,1	-5,2	-2,4	0,1	0,2	4,9	-3,4	-6,8	-5,1	-2,7	2,7	1,7
LU	8,4	-3,0	-1,4	-0,1	-1,9	1,1	1,6	:	-1,0	-2,7	0,4	0,8	:
HU	-0,6	-6,1	0,5	-1,4	-1,6	-4,2	9,1	-1,9	2,0	1,0	-1,3	1,4	0,8
MT	3,4	-4,1	-0,9	1,4	-1,5	1,7	0,7	-0,9	-1,6	-2,3	2,0	2,3	0,0
NL	5,2	-1,8	0,0	0,1	0,5	0,0	0,5	-0,4	-0,5	0,5	0,5	1,1	0,5
AT	3,4	-1,6	-1,3	0,1	0,4	0,4	0,3	0,4	-2,2	-0,5	0,6	1,2	1,6
PL	-1,4	-0,1	-1,4	-0,2	0,2	-1,4	0,3	:	-2,1	-1,7	-2,9	-1,0	:
PT	2,2	-2,6	-1,4	0,1	-0,8	-0,3	-1,6	:	-2,0	-0,8	-1,0	-2,6	:
RO	-1,2	1,8	-5,9	:	:	:	:	:	:	:	:	:	:
SI	4,7	1,5	-1,6	0,1	-0,6	-0,4	0,1	-1,0	-1,4	-2,2	-2,4	-0,8	-1,9
SK	8,2	-1,8	-2,2	-1,3	0,1	-1,8	1,0	0,0	-2,6	-1,6	-3,4	-2,1	-0,8
FI	7,4	-2,0	-1,3	0,0	-0,1	0,8	0,1	0,9	-1,1	-1,9	0,1	0,8	1,7
SE	2,3	-2,9	-1,7	:	:	:	:	:	:	:	:	:	:
UK	3,9	-1,6	-1,0	0,4	0,5	0,5	1,0	1,6	-1,8	-0,5	0,7	2,5	3,7

Source: Eurostat (variable nama_aux_ulc and namq_aux_ulc)

Note: provisional values for IE, EL, PT and PL; forecast annual 2011 value for EU12, EURO; break in series for LV in 2011Q1

Table 20: Weekly working hours

	Weekly working time of full-time employed persons								Weekly working time of part-time employed persons							
	Level								Level							
	2009	2010	2011	q2	q3	q4	q1	q2	2009	2010	2011	q2	q3	q4	q1	q2
EU-27	40,7	40,8	40,8	40,6	41,3	40,5	40,8	:	19,9	20,1	20,0	19,9	20,3	19,9	19,9	:
EURO	40,5	40,8	40,8	40,5	41,3	40,4	40,9	:	19,8	20,0	19,9	19,7	20,1	19,8	19,9	:
BE	40,8	41,2	41,4	41,6	41,5	40,9	42,0	:	23,0	23,3	23,0	22,6	22,9	22,9	23,8	:
BG	40,7	40,9	40,6	40,3	40,8	40,8	40,8	:	20,3	20,7	20,5	20,8	20,1	20,8	19,7	:
CZ	41,6	41,6	41,4	42,1	40,7	40,3	42,0	:	21,6	21,0	21,1	21,0	21,3	20,8	21,2	:
DK	39,1	39,5	39,8	39,4	40,5	39,5	40,0	38,8	19,8	19,9	19,6	19,6	20,2	19,2	19,7	19,0
DE	41,4	41,7	41,8	41,3	42,1	41,8	41,9	:	18,1	18,3	18,2	17,9	18,3	18,3	18,3	:
EE	39,5	40,5	40,6	40,1	41,3	40,2	40,3	:	21,2	21,3	21,0	20,8	22,3	20,6	19,9	:
IE	39,5	39,6	39,7	39,7	40,4	39,1	39,4	:	18,7	18,6	18,7	18,7	19,1	18,7	18,5	:
EL	42,1	42,3	42,4	42,3	43,2	42,5	42,2	:	19,6	20,0	19,9	19,8	20,3	20,0	19,9	:
ES	40,7	40,7	40,7	40,5	41,2	40,0	40,8	40,3	18,5	18,4	18,5	18,6	19,1	18,1	18,1	18,1
FR	39,4	39,8	39,8	39,4	40,1	39,3	40,3	:	22,4	22,5	22,5	22,4	22,8	22,0	22,7	:
IT	39,9	40,1	39,9	40,0	40,5	39,3	39,4	39,5	21,0	21,3	21,3	21,2	21,8	21,1	20,9	20,9
CY	40,2	40,7	40,7	40,3	41,7	40,9	40,6	:	19,6	19,3	19,0	19,0	19,5	19,0	19,4	:
LV	40,6	40,2	40,3	40,2	40,8	39,9	40,2	:	21,6	21,4	21,4	22,0	21,5	21,1	20,4	:
LT	39,9	39,8	39,9	40,0	40,1	39,8	39,5	40,0	23,4	22,5	22,1	22,4	22,8	22,1	21,6	22,2
LU	41,4	41,4	41,3	41,5	41,5	41,0	41,7	:	20,5	20,9	21,9	22,1	22,2	21,8	22,7	:
HU	40,5	40,5	40,3	40,1	40,7	40,3	39,9	:	23,7	23,9	23,2	22,8	23,7	23,2	23,1	:
MT	41,0	40,5	40,3	40,1	39,9	40,4	40,7	:	20,9	20,6	20,7	21,4	21,1	20,6	21,1	:
NL	41,0	41,2	41,4	40,9	41,7	41,9	41,1	:	20,7	20,8	21,1	20,6	21,7	21,1	20,8	:
AT	42,0	41,9	42,1	41,7	42,6	41,3	42,2	:	20,0	20,0	19,9	19,8	20,3	19,8	20,0	:
PL	41,4	41,3	41,1	40,9	42,3	40,2	40,8	:	20,8	20,8	20,9	21,0	21,8	20,3	20,5	:
PT	40,4	40,5	41,3	40,7	42,2	40,7	41,8	40,9	18,6	18,6	16,0	16,1	16,2	15,5	15,9	15,8
RO	40,7	40,7	40,7	41,2	41,5	40,3	39,8	:	27,4	27,2	26,1	27,4	28,0	25,4	23,7	:
SI	41,3	41,2	40,7	40,4	41,3	40,7	40,2	:	19,4	18,8	19,2	18,8	20,3	19,0	18,0	:
SK	39,9	40,3	40,4	40,4	40,0	40,2	40,8	:	22,0	20,1	18,8	18,7	18,5	18,8	19,3	:
FI	38,6	39,0	39,0	38,4	40,1	38,6	39,2	:	19,7	20,3	20,3	20,2	21,4	20,3	19,7	:
SE	39,2	39,9	39,8	38,5	40,7	40,0	40,1	:	23,4	24,0	23,7	23,4	24,3	23,7	23,6	:
UK	41,0	41,1	41,1	40,6	41,3	41,1	41,3	:	18,4	18,5	18,5	18,4	18,7	18,4	18,4	:

Source: Eurostat (variable lfsq_ewhan2 and fsa_ewhais)

Note: break in series for PT in 2011Q1 and LV for 2012Q1.

Annex 2: Selected research

This section presents some relevant recent research results at EU level. European Research Framework Programmes FP6 or FP7 and European bodies or agencies closely linked with employment and social affairs contribute to this achievement. This section is certainly not exhaustive. Degree of completion of the research projects as well as direct relevance to the issues developed in this report are the main criteria used for the selection of the presented results.

- Trends in job quality in Europe

Using data from the fifth European Working Conditions Survey (EWCS), this study measures job quality in the 27 countries of the European Union, as well as seven additional countries in Europe that participated in the survey. The intention was to find an objective means of assessing the principle established in a number of EU directives that work should adapt to the workers. Increased understanding of the social costs of poor job quality has focused attention on physical and social environments at work. Prolonged life expectancy and the ageing of the population suggest that jobs will have to be of good quality if more workers are to be persuaded to work longer. The indices constructed for this study do not rely on subjective measurement such as preferences and attitudes, but are built on the self-reported features of jobs that are associated with workers' well-being.

A Eurofound publication.

See: <http://www.eurofound.europa.eu/pubdocs/2012/28/en/1/EF1228EN.pdf>

- Working conditions in the retail sector

This report examines trends in working conditions and employment status in the retail sector in the EU-27 countries and Norway between 2001 and 2010. The considerable expansion of the sector over the past 20 years or so is associated with a transformation in its competitive structure, greater use of technology and changes in the regulatory framework. Large companies now dominate at the expense of the numerous small and micro businesses that once characterised the sector in most countries. One result is a significant decline in the number of self-employed workers and a substantial increase in the number of part-time jobs (many held by women) and non-permanent contracts. These changes have affected career patterns and introduced new risks to employees' health, especially psychosocial ones. Recent initiatives by the social partners have aimed above all to regulate flexibility and working time arrangements, promote training, reduce the risk of robbery and enhance employee well-being.

A Eurofound publication.

See:

http://www.eurofound.europa.eu/ewco/studies/tn1109058s/index.htm?utm_source=homepage_item4&utm_medium=website&utm_campaign=ewcocarretail2012

- Youth in Europe: best days of their lives?

This issue of Foundation Focus looks at young people in Europe and particularly how they are affected by the economic crisis. Youth unemployment rates have always been higher than overall unemployment rates, but the crisis has had a dramatic effect on the job perspectives of young people. The growth of the cohort known as NEETs, those not in employment, education or training, is testament to this. There are initiatives to combat the situation, but with mixed results so far. Migration is an option, but does it help in the long run? And what about the working conditions of those who have a job? How easy is it to gain the experience and find training to move into more stable, permanent employment?

A Eurofound focus

See: <http://www.eurofound.europa.eu/pubdocs/2012/37/en/1/EF1237EN.pdf>

- Labour mobility within the EU: The impact of return migration

As a relatively new mobility pattern within the EU, the post-accession return migration of workers from Central and Eastern European (CEE) countries has recently begun to generate increasing interest among academics, experts and practitioners. The return migration of these workers grew in importance in the context of the global economic crisis as it was

believed that economic fluctuations across Europe might induce return migration of CEE nationals from the EU15 countries. This research aimed to contribute to a better understanding of return migration to CEE countries by generating new empirical evidence through an analysis of statistical data and literature and also through interviews with returnees, policymakers and experts on migration in the following four CEE countries: Hungary, Latvia, Poland and Romania

A Eurofound publication.

See: <http://www.eurofound.europa.eu/pubdocs/2012/43/en/1/EF1243EN.pdf>

- Eurofound publishes its annual update on pay developments in Europe 2011

Wage setting is at the core of industrial relations in all EU Member States and Norway, and within the context of the economic crisis, the debate on wage levels and wage setting mechanisms is back at the top of the agenda. A considerable decline in real pay rates across almost all countries and sectors was visible in last year's edition of Eurofound's annual update on pay developments. However, this year's report shows a clear break from the past, in which almost all countries saw higher agreed than real pay increases.

A Eurofound publication.

See: <http://bit.ly/QXb1xS>

- Wages and working conditions in the crisis

The economic and financial crisis of 2008–2010 has impacted on pay in most EU Member States leading to wage deceleration, pay freezes and sometimes pay cuts. The crisis hit vulnerable groups (low-skilled, young, migrants) particularly hard. Data from five key sectors (manufacturing, construction, accommodation and food services, financial services, public administration) reveal more crisis effects on employment than on wages. Cuts in low-paid and temporary jobs, or reductions in their hours, tended to be the first measure adopted while the 'wage cushion' often seen in higher-ranking jobs allowed cost savings through cuts in bonuses and other rewards. Cutting wages is also seen as detrimental to worker motivation and retention. Most responses taken were temporary with few trade-offs at company level between wages and other elements of the employment relationship.

A Eurofound publication.

See: <http://www.eurofound.europa.eu/docs/ewco/tn1203015s/tn1203015s.pdf>

- Pensions and productivity: The economic impact of an ageing population

The LEPAS research project has tackled the urgent need to better understand how an ageing population is likely to influence the economy and whether or not those changes will be sustainable. To do this, the project integrated a detailed biological representation of individual ageing into modern dynamic models of economic growth. Without this extra level of complexity, previous studies using simpler economic models may have been misleading, say the researchers. The main policy message from the project is that the current rate of ageing in the EU is economically unsustainable. Life expectancy is increasing but the retirement age is not, meaning that people are spending longer time in retirement, putting greater pressure on pension systems. An ageing population, where ageing is understood as the gradual deterioration of physical and mental health and abilities, is also likely to put greater pressure on national health services.

LEPAS – Long-run economic perspectives on an ageing society

See: <http://www.lepas-fp7.de/>

- Evaluation of the ESF support to Lifelong Learning

This study evaluates the use of the European Social Fund (ESF) to support lifelong learning (LLL) during the 2000-6 and 2007-13 programming periods. LLL encompasses a broad range of interventions in support for individuals that has a longer term objective of sustainable employment with ongoing and planned support aimed at enhancing skills, learning and employability. It focuses on three target groups: young job seekers (up to the age of 24), low skilled workers (those with qualifications up to ISCED level 2) and older workers (55 plus). The focus of the study has been on the economically active, ESF participants in work or actively seeking work. The study was based on ESF data sets, the European Union Labour Force Survey, reports and evaluations of ESF provision, and case study work in eight Member States: Austria, Italy, Lithuania, Netherlands, Poland, Spain, Sweden and the UK. Cedefop's work is cited.

A Ecorys report

See: <http://www.cedefop.europa.eu/EN/news/20397.aspx>

- Study on mobility developments in school education, vocational education and training, adult education and youth exchanges. Transnational mobility undertaken for learning purposes remains in many ways a curiously under-researched phenomenon. This study covers issues such as: how many people in Europe (young and old) go abroad for a period of time to acquire new skills, competences and knowledge; in what contexts does this take place; and how is this financed (and by whom)?. What is the precise rationale for these activities, how are they organized and outcomes recognized, and what is the nature of the interplay between the various programmes, schemes and initiatives? It focuses on learning mobility in mobility schemes outside the European action programmes (the Comenius, Grundtvig and Leonardo da Vinci strands of the Lifelong Learning Programme and the Youth in Action Programme), and it complements a similar study on mobility in higher education.

An ICON-INSTITUTE study.

See: <http://ec.europa.eu/education/documents/more-information/mobility-study-report.pdf>

- International qualifications: what they mean for citizen

A new Cedefop study opens a discussion on international qualifications: what they are, how they are managed, and how they may affect national qualifications and standards as well as the common EU tools for vocational education and training. Not all diplomas and certificates are awarded by public authorities within a national education and training system. International qualifications, awarded by social partner organisations or multinational companies, now cover fields as diverse as construction, ICT, welding, sports, transport, financial services and hairdressing. So what does this trend mean for education and training standards and for the wider recognition of qualifications? Cedefop's study aims to launch the discussion on international qualifications, whose reach and popularity affect two European initiatives: the European qualifications framework (EQF) and the European classification of skills/competences, qualifications and occupations (ESCO).

See: <http://www.cedefop.europa.eu/EN/news/20291.aspx>

- A fresh perspective on global trade: The World Input-Output Database

The WIOD research project has developed a new database that sheds light on the global value chains created by world trade. The database is intended to help analysts and policy makers assess the effects of globalisation on trade patterns, environmental pressures and socio-economic development around the world. Known as 'The World Input-Output Database', the public data source provides statistics on all 27 EU Member States and 13 other important countries (including the US, Japan and the BRIC states¹). The combined GDP of these 40 countries accounts for more than 85% of the world total. At the core of the database are harmonised supply and use tables coupled with bilateral trade data in goods and services. The data covers the period from 1995 to 2009.

WIOD – World input-output database: construction and applications, A FP7 project

See: <http://www.wiod.org/>

- The drive towards sustainable living by 2050

Modern European lifestyles still put too much pressure on natural resources and are unsustainable. The SPREAD Sustainable Lifestyles 2050 research project has made impressive progress towards building long-lasting bridges between different stakeholders in society – businesses, researchers, policy makers, civil society organisations (CSOs), non-governmental organisations (NGOs) and citizens – to achieve sustainable living across Europe by 2050. The aim of the project, which ends in December 2012, is to trigger policy at the regional, EU and international level, as well as providing inputs for the research agenda towards more sustainable living. In the next phase of the project, a roadmap of action strategies for individuals, businesses, civil society groups, researchers and policy makers will be established, based on four future scenarios for sustainable lifestyles in 2050¹, which were developed in recent months with the support of different experts and stakeholders.

SPREAD – Social platform identifying research and policy needs for sustainable lifestyles, A FP7 project.

See: <http://www.sustainable-lifestyles.eu/publications/publications.html>

- Insights into the knowledge economy

How is knowledge created in a globalised world, and how do firms use this knowledge to produce and market products? These two fundamental questions were at the centre of the SCIFI-GLOW research project, exploring links between knowledge sector organisation and the behaviour of markets and firms. SCIFI-GLOW yielded robust policy-relevant findings that could help guide further development of the knowledge economy. SCIFI-GLOW's research indicates that firms have an incentive to under-invest in research and development "in the hope of free-riding from the investments of other companies"⁵. Therefore, in order to stimulate R&D activity, policy makers are encouraged to intervene through various measures such as subsidies, tax credits or public procurement. Finally, with respect to the European Union's current crisis, the consortium's work suggests that more radical structural reforms are needed than those foreseen in the EU's Annual Growth Strategy 2012. SCIFI-GLOW's final policy report (May 2012) calls for "a much more explicit commitment to public knowledge investment"⁶ in order to stimulate smart growth. It also notes that the EU's inclusive growth priority "is probably most directly challenged by the sovereign debt crisis"⁷.

SCIFI-GLOW - Science, innovation, firms and markets in a globalized world, a FP7 project

See: <http://scifiglow.cepr.org/>

- Joint database on intangible assets

A ground-breaking international database on intangibles has been launched, giving analysts and policymakers an additional resource for assessing business activity. Two EU-funded research projects - INNODRIVE and COINVEST - played decisive roles in developing the database. Called INTAN-Invest, the joint database on intangibles provides harmonised estimates of macro intangible investment for 27 European Union Member States plus Norway and the US. INTAN-Invest is a publically accessible database that features downloadable files on nominal investment, net capital stocks, price deflators and other data. The intangible assets covered include: computerised information (software and databases); innovative property (R&D, design and product development in financial services); and economic competencies (market research, advertising, training and organisational capital).

See: <http://www.intan-invest.net/>