

EU Employment and Social Situation

Quarterly review

March 2011





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HIGHLIGHTS

	2009q4	2010 q1	2010 q2	2010 q3	2010 q4
Real GDP					
(% change on previous quarter)	0.3	0.4	1.0	0.5	0.2
(% change on previous year)	-2.2	0.6	2.0	2.2	2.1
Employment growth					
(% change on previous quarter)	-0.2	-0.1	0.2	0.1	0.1
(% change on previous year)	-2.1	-1.5	-0.7	-0.1	0.3
Employment rate					
(% of working age population, non-seasonally adjusted)	64.3	63.6	64.3	64.6	:
Job vacancy rate					
(% of vacant and occupied posts, non-seasonally adjusted)	1.3	1.3	1.4	1.4	1.5
Labour productivity					
(% change on previous year)	-0.1	2.1	2.6	2.3	1.9
Labour cost					
(% change on previous year)	2.2	2.6	1.7	1.3	1.9

	2010 Sep	2010 Oct	2010 Nov	2010 Dec	2011 Jan
Unemployment rate (seasonally adjusted)					
Total (% of labour force)	9.6	9.6	9.6	9.6	9.5
Youth (% of labour force aged 15-24)	20.5	20.7	20.8	20.7	20.6

- The deterioration in the EU labour market resulting from the economic crisis has been easing since mid last year. The EU has been out of recession since mid-2009, however recovery remains fragile; economic output growth slowed to 0.2 % in the fourth quarter. Most Member States had emerged from recession by the first quarter of 2010, including all larger Member States.
- Overall unemployment in the EU is slowly decreasing (the unemployment rate decreased slightly to 9.5 % in January) whereas youth unemployment remains high at 20.6 %. The marked overall impact of the crisis on unemployment among young people, migrants and the low-skilled is still evident, despite the fact that very recent developments have been relatively more positive for these groups.
- The unemployment rate for both women (9.5 %) and men (9.6 %) has remained very stable in recent months. Consequently the gender gap, which had been a fairly constant feature of the European labour market in favour of men until the crisis hit in 2008, and then of women until mid-2010, presently remains insignificant. Overall, men still account for almost two-thirds of the total increase in unemployment since March 2008.
- The severe rises in unemployment have also been feeding into long-term unemployment but this now appears to be stabilising, although corresponding rates have now reached a substantial 7 % or more in the Baltic States, Ireland, Slovakia and Spain.
- Employment has improved since the second quarter of 2010. However, the increases in employment are mainly due to part-time and temporary jobs. On the one hand, part-time employment has never stopped growing during the crisis and it contributed to cushioning the decrease in full-time employment. On the other hand, permanent contracts are still decreasing while temporary contracts started to gain some ground again as of the second quarter of 2010, especially for prime age workers. This reflects the usual role of temporary contracts as a leading indicator, but also casts doubts on the quality of the job recovery and on the uncertainties that face businesses.

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- The trend in these employment types masks substantial differences among age groups and countries. At EU level, the employment of older workers was supported by the resilience of full-time work and the contribution from part-time work. On the other hand, Young workers have seen the worst evolution, with a relatively large drop in full-time employment and a negative or zero contribution from part-time work. The majority of Member States have seen the number of part-time workers grow faster (year-on-year change in the third quarter of 2010 up in 18 countries) than the number of full-time workers (up in 9 countries). Yet the extent to which part-time work has helped to sustain the labour market differs among Member states.
 - In the decade before the crisis, most of European Member States have seen a reduction in mismatches between labour demand and labour supply. Currently, demand for labour is slowly improving after the crisis but there are some concerns of a rising mismatch between supply and demand which could lead to an increase in equilibrium unemployment after years of improved efficiency in matching unemployed to vacant jobs preceding the crisis. This can be in part explained by the fact that the sectors that are recovering quicker are not the ones that shed most jobs at the onset of the crisis, probably reflecting a shift in skill and sectoral needs during the crisis. A special focus shows some evidence for a possible shift using Beveridge curves, i.e. the relation between unemployment rate and job vacancy rate, in the Member States.
 - Year-on-year growth in hourly labour costs increased slightly to 1.9 % in the fourth quarter of 2010 in nominal terms, reflecting an increase in growth in wages and salaries to 2 %. Nominal labour cost growth remained moderate in most Member States and the impact on unit labour costs remained limited, thanks to an increase in labour productivity so that wage-induced inflationary pressures remained subdued in most Member States and companies' profit margins improved.
 - Economic recovery in the EU has been underpinned by improvements in industrial production since mid-2009. Likewise, new orders for industry and retail trade continue to grow and are significantly higher than one year ago. Conversely, the construction industry expanded in January but its activity remained lower than a year ago. The restructuring activity reported in the European Restructuring Monitor declined in the first two months of 2011, with recent indications of job creation in some sectors, including manufacturing and retail trade. A special focus in this review analyses the case of the construction sector, currently facing major structural changes and expected to finally recover this year.
 - The social impact of the crisis is still evident. A special section on the social climate reports that in many respects people did not feel any significant improvement in terms of the social situation in 2010 as compared to 2009, with the climate reported as being only slightly better.
 - Confidence on labour markets in the EU has continued to broadly improve, albeit at a slower pace and with divergences between Member States and sectors. According to the Interim European Commission forecasts, the EU economy, although still fragile, is recovering at a slightly faster pace than previously envisaged, but conditions are set to remain weak and divergent across Member States.
 - This edition of the Quarterly Labour Market Review takes a closer look at the labour market situations in Bulgaria, France, Germany, Hungary, Italy, Romania and the United Kingdom.

This quarterly monitoring report provides in-depth analysis of the recent labour market developments and 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, reports and survey data from the Commission's Directorate General for Economics and Finance, national and sectoral statistics, restructuring data from the European Restructuring Monitor (collected by the European Monitoring Centre on Change), and articles from respected press sources. The report has also benefited from contributions from public and private employment services. The section on restructuring trends has been prepared by the European Foundation for the Improvement of Living and Working Conditions. Contact: empl-a1-unit@ec.europa.eu

Introduction

According to the latest Monthly Labour Market Fact Sheets released in [February](#) and [March](#), unemployment in the EU has started to fall, and the labour market is showing signs of recovery in some EU countries. Nonetheless, given the slow economic recovery, there are fears that conditions will remain weak for some time.

This quarterly report provides a more in depth overview of developments in the European labour market, including from a social perspective, based on the latest available quarterly (and monthly) data. It summarises short-term trends in GDP and employment growth, changes in employment by sector and category of employment, working hours, trends in employment and unemployment rates (including for different subgroups), developments in labour demand and labour costs, and recent changes in economic sentiment and employment expectations.

Economic context

Economic activity in the EU is improving...

The EU has been out of recession for five consecutive quarters, since mid-2009, with global recovery supporting a revival in demand for EU goods and services. In 2010 economic activity grew by 2.1%, i.e. better than expected. Nevertheless, as the impact of temporary factors started to fade, the recovery has remained fragile; economic output grew by a robust 1% in the second quarter of 2010, but then slowed down to 0.5 in the third quarter and to 0.2% in the fourth quarter¹ (this slowdown, in part reflects the impact of the severe weather conditions in Northern Europe in that quarter) (Chart 1). Among the larger Member States, Poland and Germany have continued to lead the EU recovery (up respectively by 4% and 3.9% since mid-2009, while Spain is still lagging behind (0.2% in the fourth quarter) and the UK even showed a decrease by 0.6% in the fourth quarter. Growth over the quarter was positive in all the other Member States but in Greece over the third quarter (down by 1.3%), Portugal and Denmark (down by respectively 0.3% and 0.4%).

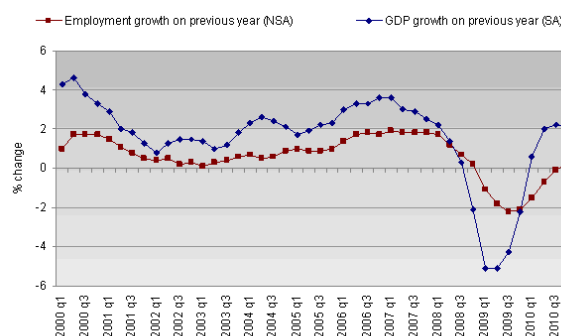
The improvement in GDP over the fourth quarter of 2010 resulted from increased external and domestic demand. Household final consumption expenditure increased by 0.3% in the EU (after +0.1% and +0.2% respectively in the previous quarter). Gross fixed capital formation declined by 0.8% in the EU27 (after -0.1% and +0.4%).

Exports grew by 1.8% and imports rose by 1.4%. The improvement in economic activity resulted mostly from strengthening of the industry sector, where output has been expanding since November 2009, while the construction sector continues to suffer severely from the crisis. Moreover, services, except for trade, transport and communication, recorded increased activity, although to a lesser extent than industry.

...consequently economic output is expanding compared to a year earlier

In 2009 the EU registered a decrease in economic activity of 4.2% but started to show an up-turn in mid-2009. Underlying that, economic activity was better than a year earlier in all the larger Member States, with Germany and Poland leading by a healthy yearly growth of 4% and 3.9% respectively (Chart 2). Growth over the year was particularly remarkable in Sweden (7.2%), Finland (5%), Lithuania (4.6%) and Slovakia (3.4%). Only Romania registered a negative growth over the year to the fourth quarter (down by 0.6%) and Ireland and Greece over the year to the third quarter (down by respectively 0.7% and 4.6%).

Chart 1: GDP and employment growth for the EU



Source: Eurostat, National accounts.

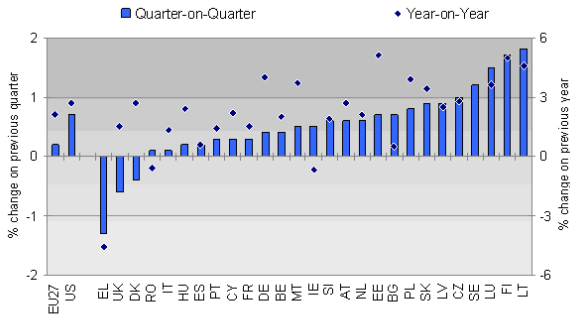
The improvement in GDP over a year to the fourth quarter of 2010 resulted from a healthy increase in exports (up by 11%) together with improved household expenditure and investments.

The US is on a stronger path while Japan was already weakening before the earthquake

In the US, economic output strengthened, picking up by 0.7% during the fourth quarter, benefiting from global recovery and increased demand for US goods and services, as well as from improved domestic demand driven by private consumption. On the other hand government expenditures decreased in the last

quarter of 2010. Overall, GDP growth revived to 2.7% on a year earlier (Chart 2).

Chart 2: GDP growth EU Member States and the US



Source: Eurostat, National accounts. Data seasonally adjusted. Note: *Data for BE, BG, CZ, IE, EE, EL, LU, LV, MT, PT are 2010 q3.

In Japan, where recovery had begun in the second quarter of last year, economic output lost momentum in the fourth quarter of 2010 and decreased by 0.3%. Exports decreased as well as investments and household consumption. As a result, year-on-year GDP growth eased to 2.6% in the fourth quarter, still well higher than the -1.8% recorded a year before. Japan now has to face the consequences of the earthquake which might add some downside risks to the outlook.

Labour market situation

Employment

EU labour market is slowly recovering, with employment slightly improving...

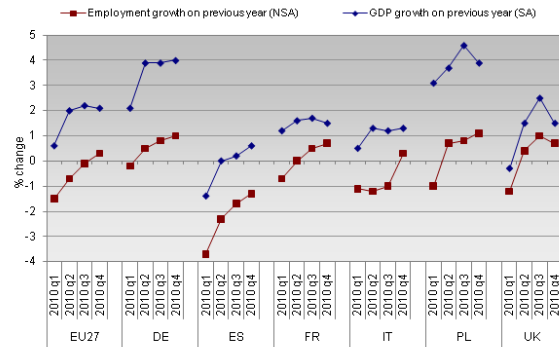
The deterioration in the EU labour market resulting from the recent economic crisis has stopped and employment is slowly recovering since the second quarter of 2010. Employment started to decline in the third quarter of 2008, already one quarter after the contraction in economic activity began, and reflecting the usual lagged response it is now slowly reacting to the economic recovery (Chart 1). The number of persons employed in the European Union increased by 0.1% in the third and the fourth quarter of 2010 compared with the previous quarters, according to national accounts estimates.

...however, employment in the third quarter of 2010 remains down compared to a year earlier

In a longer-term perspective, year-on-year employment growth started to improve at the end of 2009, after turning negative in the first quarter of 2009 and reaching a trough of -2.2% in the third quarter of 2009. The employment increased finally by 0.2% (equivalent to 400000)

in the second quarter of 2010 from a year earlier and closed to a seasonally adjusted 221.5 million (222.8 million non-seasonally adjusted) in the third quarter using LFS data.

Chart 3: GDP and employment growth in the larger Member States

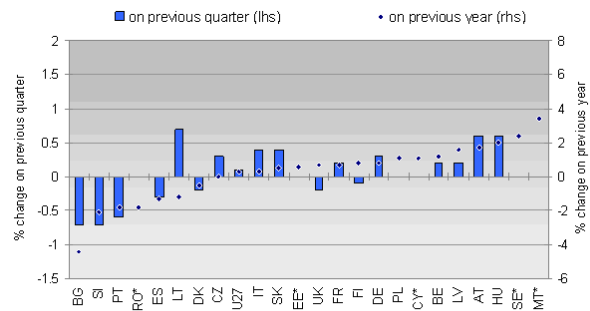


Source: Eurostat, National accounts.

Employment growth accelerated in most Member States in the fourth quarter of 2010...

During the fourth quarter of 2010, employment growth was positive in most of Member States, but employment declined in seven Member States among the 23 for which data are available (Chart 4). The decline generally eased compared to the previous quarters apart from Bulgaria where the year-on-year change was 4.4%. The overall impact of the crisis on the labour markets in Member States has been significant, most notably in Spain, Ireland and the Baltic States.

Chart 4: Employment growth for EU Member States



Source: Eurostat, National accounts. Note: * Quarterly data seasonally-adjusted not available for EE, LU, MT, RO and SE.

Among the larger Member States, employment fell in Spain (down by 0.3%) and in the UK (down by 0.2%), while it expanded in Germany (up by 0.2%), France (up by 0.2%) and Italy (up by 0.4%) (Chart 3). Among the other Member States, employment fell notably in Bulgaria and Slovenia (both down by 0.7%) and Portugal (down by 0.6%) and slightly in Denmark (down by 0.2%) and Finland (down by 0.1%). Baltic States saw a strong decreased in employment during the crisis, but in the fourth quarter of 2010,



employment in Latvia and Lithuania increased by 0.2% and 0.7% respectively. Employment grew also in Austria and Hungary (both up by 0.6%), Slovakia (up by 0.4%), Belgium and Czech Republic (up by 0.3%) (Chart 4).

Among the larger Member States, year-on-year employment growth (non seasonally adjusted) was negative only in Spain (down by 1.3%) while employment expanded in Germany by 1%, France by 0.7%, Italy by 0.3%, Poland by 1.1% and the UK by 0.7%. Among the remaining Member States, Bulgaria (down by 4.4%), Slovenia (down by 2.1%), Romania (down by 1.8%) and Portugal (down by 1.8%) recorded the steepest falls in employment over the year (of the order of 7-16%) (Table 3).

Services lead the recovery

The quarterly increase in employment has been mainly driven by an increase of employment in agriculture, hunting and fishing (up by 0.4%), trade, transport and communication services (up 0.2%), financial services (up by 0.3%) and other services (up by 0.2%) which offset a decrease in industry by 0.2%. Over the year 2010, services led the recovery in terms of employment growth while agriculture, industry and construction all continued to decrease.

European labour market proved resilient, but the recovery might be slow

The response to the economic downturn has been relatively moderate at EU level. The labour market in the EU has been seriously affected by the economic downturn and job losses have continued despite the fact that economic growth picked up again in the second half of 2009 (Chart 1 and 3). However, the total fall in employment has remained more moderate than the fall in economic activity in the EU as a whole and in most Member States. While economic output in the EU contracted by a substantial 5.3% between the peak in the first quarter of 2008 and the lowest value in the second quarter of 2009 and expanded since then, up to now employment has contracted by 2.8% (from the peak in the second quarter of 2008 to the trough in the first quarter of 2010, Chart 1).

Overall, the relative resilience of employment in the EU resulted partly from well functioning automatic stabilizers and the extensive recourse to short-time working arrangements or other measures to mitigate the employment impact of the crisis.

However, the institutional settings that allowed a moderate decrease in employment and to restrain the increase of unemployment might also slow down the recovery. For instance, the

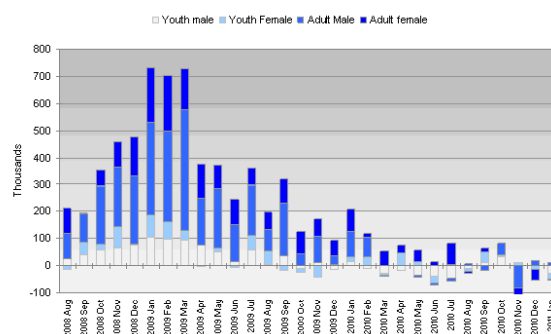
widespread use of short time working in many European Member States reduced working hours. Firms will probably seek to approach again the usual (pre-crisis) level of working hours before starting to hire again.

Unemployment

The EU unemployment rate decreased slightly in January after 11 months

Unemployment in the EU finally decreased in January. The unemployment rate for the EU, had been broadly increasing by 0.1 percentage points per month between May 2009 and February 2010, remained unchanged at 9.6% thereafter, and finally decreased slightly in January by 0.1 pps to 9.5%. The year-on-year gap closed to zero in January.

Chart 5: Changes in unemployment for the EU



Source: Eurostat. Series on unemployment. Data seasonally adjusted.

Unemployment decreased in January, but is still higher than one year ago

Unemployment decreased in January by 43 000 compared to the previous month (Chart 5). Seasonally adjusted unemployment now stands at 23 million (23.9 million non-seasonally adjusted), which means that it is up by 99 000 (or 0.4%) compared to the previous year's level, but is still 7.1 million (or 44%) higher than in March 2008, when unemployment in the EU was at a low.

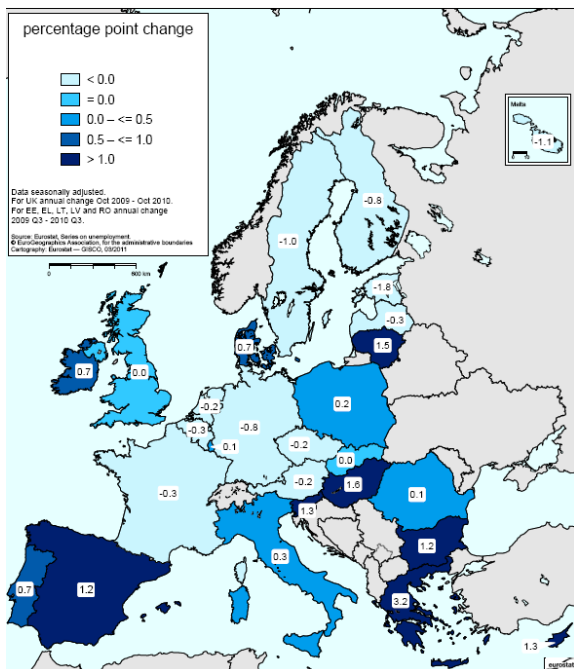
Unemployment had stabilised or declined in most Member States by January...

Unemployment had declined or stabilised in the majority of Member States by January, with the rate remaining stable or down on the previous month in 18 countries, while in the other Member States the rate of increase in unemployment had eased (charts 6 and 7)

Among the larger Member States, the unemployment remained stable in Spain, Italy,

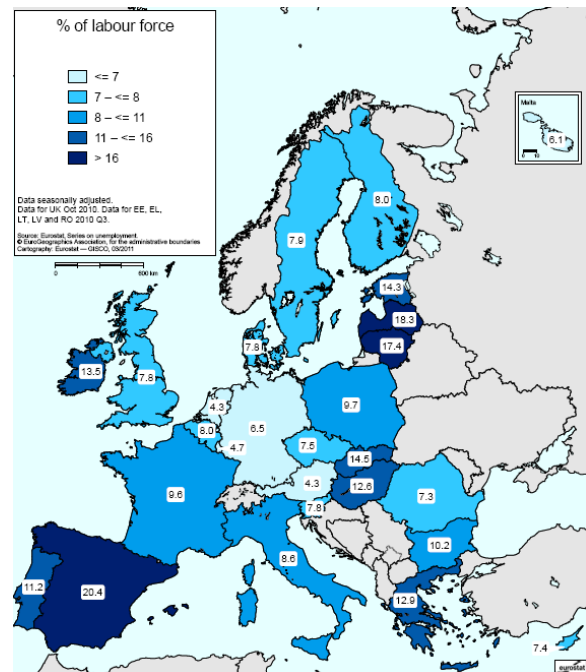
and Poland in January and in the UK in November

Chart 6: Unemployment rate changes
January 2009 - January 2011



it reached 9.7% (1.7 million unemployed), and in Italy 8.6% (2.1 million unemployed).

Chart 7: Unemployment rates, January 2011



and decreased by a further 0.1 pps in Germany and France. Among the other Member States, the unemployment rate decreased noticeably only in the Baltic countries after many months of steady increase (in third quarter Estonia down by 1.6 pps and Lithuania by 0.9 pps). Unemployment rate decreased also in the Czech Republic and Ireland by 0.2 pps and in Belgium, Denmark, Luxembourg, and Malta by 0.1 pps. On the other hand, unemployment rate increased most noticeably in Hungary by 0.8 pps.

...nevertheless, the unemployment rate remains higher than a year ago in half of the Member States

The unemployment rate in January was still higher than a year ago in half of the Member States, but the year-on-year differences have clearly been diminishing. In contrast, the year-on-year change was actually negative (i.e. with rates down compared to a year earlier) in 11 Member States, including France and Germany (see charts 6 and 7).

Of the larger Member States, only Spain recorded a steep year-on-year increase of 1.2 pps, with the rate in January reaching 20.4% (equivalent to 4.7 million unemployed), which was the highest jobless rate in the EU. In the year to November, the rate increased by a significant 0.2 pp in Poland and by 0.3 pps in Italy; in Poland

The rate decreased by 0.3 pps to 9.6% in France (2.9 million unemployed), which was the same rate as June 2009, and by a healthy 0.8 pps in Germany to 6.5% (equivalent to 2.8 million unemployed). Germany is now reporting its lowest unemployment rate in the past 17 years. The unemployment rate was stable over the year to September in the UK at 7.8% (2.4 million unemployed).

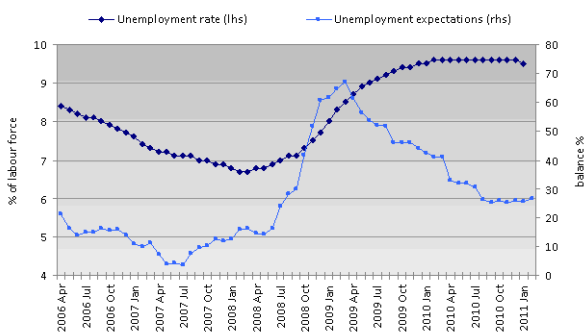
Among the remaining Member States, the sharpest rises in the unemployment rate over the year were in Greece by 3.2 pps, Hungary by 1.6 pps, Lithuania by 1.5, Slovenia by 1.3 pps and Cyprus by 1.3 pps, while the rate was down year-on-year in Austria, Latvia, Belgium, Finland, Sweden, Malta and Estonia (ranging from 0.2 to 1.8 pps). Overall, due to the crisis, unemployment rates have increased the most and are the highest (after Spain) in the Baltic States of Latvia (18.3%), Lithuania (17.4%) and Estonia (14.3%), but also in Ireland (13.5%) and Slovakia (14.5%). In contrast, they have increased the least and remain low in Austria and the Netherlands (the two countries with the lowest unemployment rate, at 4.3%), and Luxembourg at 4.7% (Charts 6 and 7).

EU consumers' fears of unemployment are broadly stable after easing over the second half of 2010



2011 has shown so far stable or better consumers' perceptions of the general economic outlook compared to the end of last year. Consumers' expectations for the labour market, which have broadly improved since April 2009 generally showed no change in the past eight months. After the most recent marked decline (by 4.2 points) in August 2010, fears of unemployment kept stable and improved a bit in February (Chart 8).

Chart 8: Unemployment rate and expectations for the EU



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

At EU level, the stagnation in the February unemployment outlook was driven by mixed performances in the larger Member States, with mild optimism in Italy, Spain and Poland, being balanced by the slight deterioration in France, Germany and the UK. Fears about unemployment have returned after nine consecutive months of improvements in Germany (up by 2 points in January) and worsened in France (up by 4 points) and the UK by 5 points. In February, worries about the unemployment situation receded slightly in Italy (by 3 points) after an increase in January, in Spain and in Poland (by 1 point).

While fears of unemployment at EU level have eased considerably over the past year and a half, unemployment has only started to stabilise since the spring of 2010 and decreased slightly in January. It remains to be seen when the effects of the recovery in economic activity – which has been picking up recently, but remains uncertain – and confidence will feed through more strongly to the labour market.

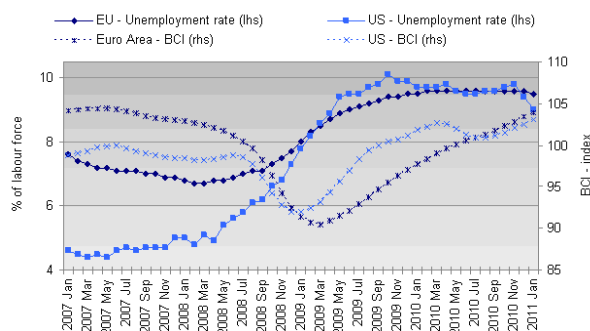
Developments in groups (male, female, youth, older and prime age workers, nationals, and non nationals) as well as long-term unemployment and inactivity are presented in details in the section "Recent Social Trends", page 25.

US unemployment fell to 8.9% in February, the fourth monthly decrease in a row

The US labour market initially benefited from a faster and stronger economic recovery and higher business confidence (BCI²) than in the EU since autumn 2009. However, over the last months confidence has waned, and now the BCI is higher in the EU than in the US. Since November 2010, the unemployment rate has started decreasing in the US where it dropped by 0.9 pps in four months

The number of unemployed persons changed little in February (13.7 million). The gap between the US and EU unemployment rates, which last year was 0.2 pps in favour of the EU, disappeared at the end of 2010 and it is now favourable to the US (Chart 9).

Chart 9: Unemployment rate and BCI for the EU and the US



Source: Eurostat, series on unemployment; OECD, Composite leading indicators. Data

Overall, the impact of the crisis on the labour market in the EU was more moderate than in the US. Unemployment in the US has more than doubled (up by around 120%) from the low of spring 2007, while in the EU it has increased by a more limited 46% compared to the low recorded in spring 2008. By February 2010 the unemployment rate in the EU had risen to 9.6%, up 2.9 pps compared to the low in March 2008, after which it stabilised and decreased in January to 9.5%; meanwhile, in the US it had increased by a more substantial 5.7 pps (to 10.1%) by October 2009, compared to May 2007, before falling to 9.6% by August 2010 and to 8.9% in February after rising temporarily to 9.8% in November.

Labour demand

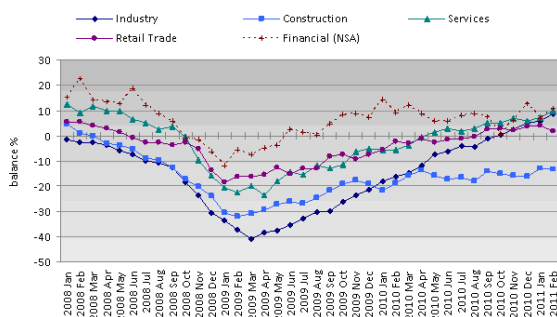
Firms' employment expectations in the EU have been broadly improving across most sectors since March 2009...

Since the spring of 2009, businesses have broadly reported relatively better expectations for employment for the months ahead across all

main sectors. However, while employment prospects in industry have followed a consistent upward trend for the past year and a half, repeated falls in the outlook for construction have continued this year and progress has recently been more sluggish in the service sectors³.

In February, employment expectations improved markedly in the financial sector (up by 4 points) and the industry sector (up by 2.8 points), in the services (up by 2.6 point). Employment expectations declined by 0.1 points in the construction sector and by 2.3 points in the retail sector (Chart 10).

Chart 10: Sectoral employment expectations for the EU



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

... and 2011 hiring plans indicate progress toward recovery

The March Manpower Employment Outlook Survey⁴ suggests job prospects in Europe remain modest. The second quarter data do point to some stability in the region with employer forecasts remaining stable or improving from three months ago in Germany, France, Poland and the UK, while Italy and Spain register negative expectations. With respect to the other Member States, hiring activity in the EU is expected to be particularly strong in Belgium and weak in Greece and Ireland. Despite continued mixed results across Europe, German employers are reporting their strongest hiring plans since early 2008. Meanwhile, although hiring intentions among U.S. employers increase, pointing to a more optimistic outlook for the second quarter of 2011.

Job vacancies increasing in the EU and in most of the Member States...

In the fourth quarter of 2010, the estimated job vacancy rate for the EU27 was 1.5%. Job vacancy rate increased compared to the previous quarter, by 0.1 pps, showing increasing unfilled demand. The JVR is significantly higher by 0.2 p.p. than a year before for the EU27.

The rate was higher than a year ago in most Member States for which data are available, with particularly high demand in Malta (3%) and Germany (2.6%). Among the larger Member States for which data are available, demand for new labour increased in Germany in the fourth quarter, where at 996 196, vacancies were up on the previous quarter (by a remarkable non-seasonally adjusted 182 000) and in Spain where they almost doubled over the year to nearly 143 000 (up 0.4 pps to 1.1%). In the UK, vacancies increased by 2 000 in the fourth quarter with the rate now at 1.8%, and at 479 000 they are up 15 000 on a year earlier. Job vacancies increased in France as well (up by 0.2 pps over the quarter to 1.6%) while they kept stable in Italy to 0.6%. The job vacancy rate is relatively high in Austria (2.2%) exceeds 1% in Cyprus (1.1%), the Netherlands (1.6%), Finland (1.4%) and Sweden (1.2%).

Official sources in Germany confirm the relative improvement in demand for labour in recent months. In Germany, the Federal Employment Agency's job index (BA-X⁵), which had been edging upwards for a year, rose by 6 points to reach 166 points in February. The BA-X has reached the peak, higher than the one reached in 2007. A substantial share of demand comes from temporary employment agencies; this branch generates more than one in three registered jobs on the primary labour market. In addition, sectors such as trade, healthcare, gastronomy as well as social businesses, are currently looking for staff. The quarterly representative enterprise surveys of the Institute of Employment Research find 996 000 vacancies during the fourth quarter of 2010 which are 200 000 or 25 per cent more than one year ago. Registered vacancies went up by 15 000 (seasonally adjusted) in February, after going up by 13 000 in January and by 11 000 in December.

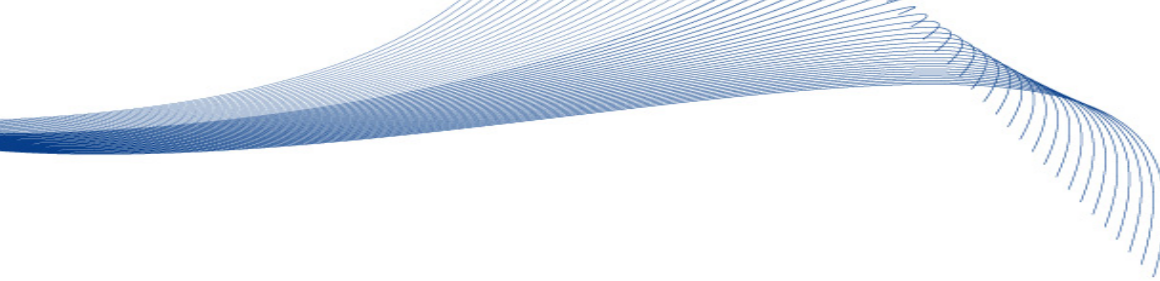
European online recruitment activity easing in February...

According to the Monster Employment Index⁶, online job demand increased by 4% in December compared to levels a year-earlier. In February, online job demand increased for mining, utilities and retail trade and actually declined for management, accommodation and food services, agriculture, real estate and public administration.

...while demand for temporary agency workers is higher than a year ago in all countries

Recent data from Eurociett⁷, covering November/December, continue to show an improvement in workplace activity via temporary work agencies, which is a leading indicator of

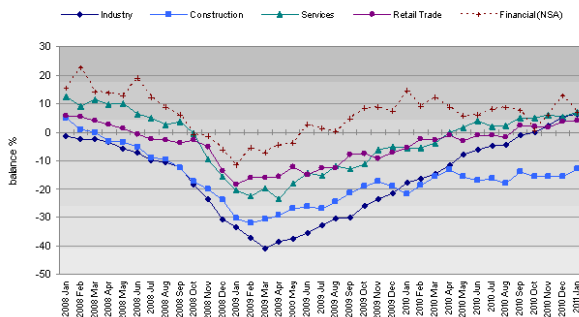




recovery in the labour market. The number of hours invoiced exceeds the levels recorded a year earlier in all countries reviewed ranging from 7% in the Netherlands, 12.3% in Belgium and 20.5% in France, to 30.2% in Italy, 33% in Poland and even 38.8% in Germany. In the EU countries reviewed, hours invoiced increased on average by 22.3% over the year (Chart 12).

Data from the UK show that although the number of available job vacancies reported by recruitment consultancies rose at faster rates in January.

Chart 11: Hours worked invoiced by private employment agencies for selected Member States



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

Manufacturing employment growing fast

While manufacturing workers are the fastest growing group of job finders in Europe, according to the latest [European Job Mobility Bulletin](#) the top 5 jobs are:

1. Finances and sales associated professionals: 11 800 vacancies in Germany, 2800 in Belgium, 2800 in France
2. Shop sales persons and demonstrators: 6 200 vacancies in Germany, 1 800 in Austria, 1 300 in France
3. Personal care and related workers: 21 600 vacancies in UK, 12 500 in Germany, 1 200 in France
4. Stall and market sales persons: 20 000 vacancies in UK, 4 000 in Belgium, 800 in Germany
5. Modern health associated professionals: 7 600 vacancies in Germany, 2 900 in Belgium, 500 in France

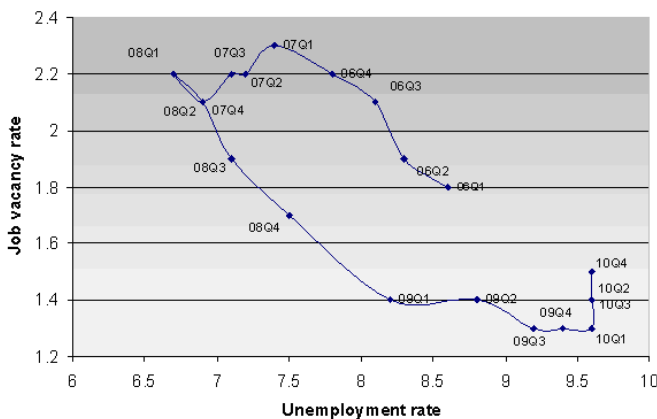
Further jobs with rising demand are: cashiers, tellers and related clerks, sales and marketing managers, as well as finance and administration department managers, housekeeping and restaurant services workers, office clerks with general clerical duties and electrical and electronic equipment mechanics and fitters.

SPECIAL FOCUS: EQUILIBRIUM UNEMPLOYMENT AND THE BEVERIDGE CURVE

Demand for labour is slowly improving but there are some concerns of a mismatch between supply and demand which could adversely impact on equilibrium unemployment. The equilibrium level of unemployment is affected by the matching process between workers and firms (Pissarides, 2000). Skills mismatches, labour mobility, the duration of unemployment benefits or employment protection legislation can influence the matching mechanisms and contribute to an increase of equilibrium unemployment.

Some evidence can be drawn by the Beveridge curve, the relationship which describes the pattern of unemployment rates and job vacancies. The curve is named after William Beveridge (1879-1963), a British economist, who plotted this empirical relationship first in the 1950s. Shifts along the curve represent cyclical changes in the demand for labour (higher vacancies, lower unemployment in upturns, lower vacancies, higher unemployment in downturns), whereas shifts of the curve towards left or right are indicative of structural changes. Nickell et al. (2003) show that the Beveridge curve shifted to the right, showing an increase in equilibrium unemployment, from the early 1960s to the mid-1980s while thereafter the Beveridge curve generally shifted to the left, showing a decrease in equilibrium unemployment. Before the crisis the EU and most of the Member States showed an increasing efficiency of the matching that can be visually seen by a clear shift to the left of the Beveridge curve, meaning a decrease in both unemployment rate and job vacancy rate (see chart in the box ad in the Annex II for the other Member States).

Chart 12: Beveridge curve for the EU



What will be the pattern after the current recession? It is too early to point to a clear trend, nevertheless it can be seen that over the last year both unemployment rates and job vacancy rates increased in the European Union (see chart. 12). This could be due to a mismatch between the skills of jobseekers and those skills required for the available jobs. In fact, the sectors that are recovering quicker are not the ones that shed most jobs at the onset of the crisis, probably reflecting a shift in skill and sectoral needs during the crisis. Moreover, the new jobs opened might also be in different regions compared to those shed during the crisis. This could represent simply a temporary shift, but could also become structural if actions are not taken to boost the employability of the unemployed.

The Beveridge curve for Spain (Chart 13), for instance, points to clear a shift outwards, signalling an increase in equilibrium unemployment. This is

Chart 13: Beveridge curve for Spain

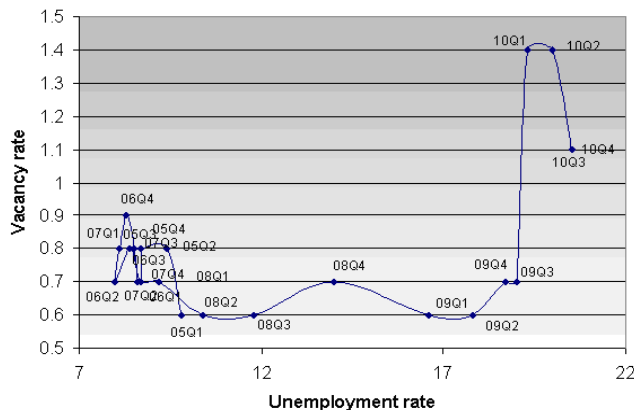
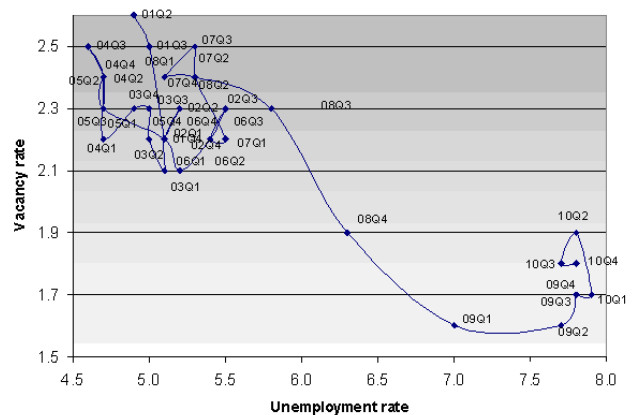


Chart 14: Beveridge curve for the UK



not surprising given that in Spain many low skilled workers were shed in the construction sector which is still not recovering from the crisis. Therefore, the new jobs that are created are not suitable for the workers who are currently looking for a job.

The same pattern can be seen for the UK (see chart 14). The Beveridge curve seems to be slightly shifting rightwards, thus raising some concerns about a rise of equilibrium unemployment.

On the other hand the Beveridge curve for Germany (see chart 15) points to another pattern, i.e. a shift leftwards, showing a decrease of equilibrium unemployment (note that since 2009 Q4 data are computed using another methodology). This might be due, inter alia, to the reforms undertaken in the last decade.

Poland (Chart 16) seems to have the same pattern as Germany: despite vacancy data are available for a shorter time period, the Beveridge curve shows a clear shift to the left until the end of 2008.

Chart 15: Beveridge curve for Germany

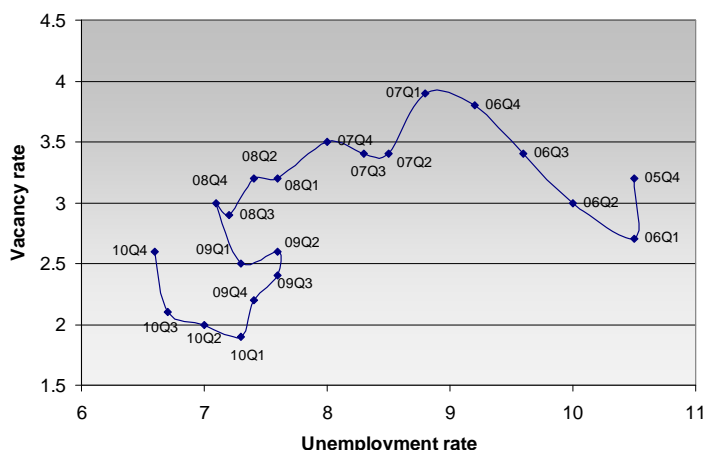
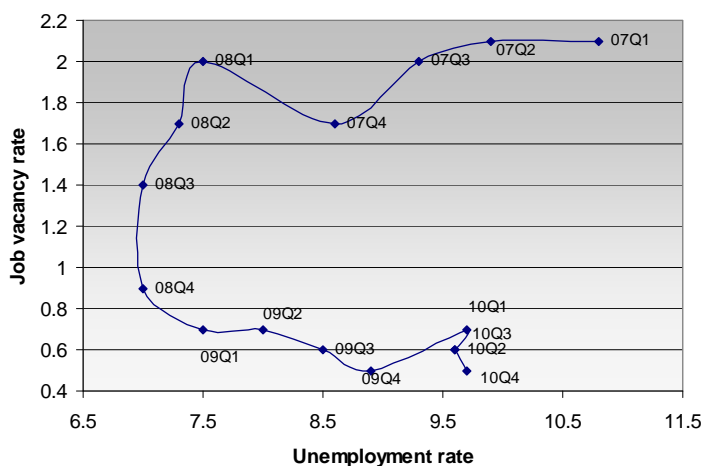


Chart 16: Beveridge curve for Poland



However, since the beginning of 2009 the curve might point to an outward shift pointing to an increase in equilibrium unemployment.

Katz and Krueger (1999) indeed show that the expansion of the temporary agency workers in the US coincided with a leftward shift of the Beveridge curve, indicating a possible improved efficiency in the matching of workers to job vacancies. This is likely to hold in the EU as well.

Search models as used by Mortensen and Pissarides (1994) predict that the rise in unemployment after an adverse shock will be faster than fall in unemployment following a positive shock. The reason for this asymmetry is that while an adverse shock results in an immediate increase in

job separations and thus a jump in unemployment, a positive shock only leads to a gradual fall in unemployment because the hiring process is time-consuming. As a consequence, the adjustment of the Beveridge curve to the before crisis pattern will also require more time.

Beveridge curves for the other Member States are in the Annex II. They show for most of the countries the same inwards trend before the crisis and an outwards pattern during the crisis

Labour markets developments

The general trends in employment mask significant differences across groups (but they are covered in more detail in the social trends section), Member States, sectors and types of employment. This section provides an insight into the dynamics underlying the slight overall improvement of the labour market outlook, notably in terms of part-time and temporary work, working hours and labour costs, and sectoral developments.

Employment patterns

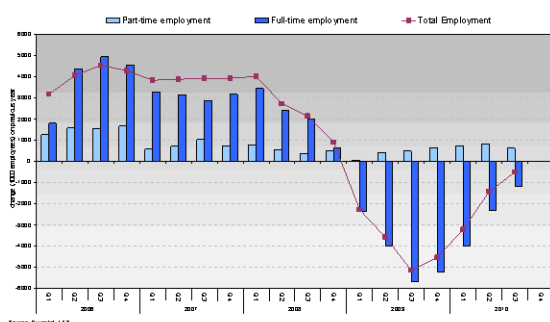
Part time working never stopped to increase...

Over the first three quarters of 2010, the positive contribution of part-time work to total employment increased, while the drop in the number of full-time workers gradually slowed. Consequently, the result was a decrease in total employment but at a lower pace.

...but substantial differences between youth...

At EU level, the number of part-time workers grew in 2009 (up by 419 thousand), but the drop in the number of full-time workers was ten times higher (down by 4.3 million). Over the first three quarters of 2010, part-time work continued to sustain the labour market, while the fall in the number of full-time workers gradually slowed. The number of employees working part-time grew further in autumn 2010, with a gain of 650 thousand workers compared with the same quarter in the previous year. This year-on-year change is close to the average increase recorded by part-time work since spring 2009, but nearly two times lower than the average pre-crisis growth (Chart 17).

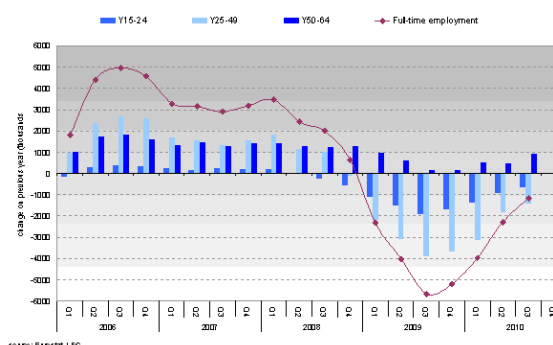
Chart 17: Part-time, full-time, total employment (1000 employees)



At the same time, the number of full-time workers fell again in autumn 2010, with a loss of around 1.15 million workers compared to the same

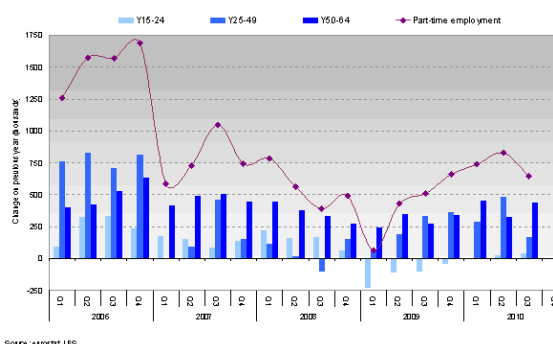
quarter in the previous year. However, the rate of the decrease bottomed out at the end of 2009 and has been continuously declining since. The positive contribution of part-time work has moderately cushioned the decrease in the employment rate over the past two years by around 0.1 to 0.3 pps each quarter.

Chart 18: Changes in the number of full time workers by age groups in the EU, 2006-2010



With the slowdown in the decrease for full-time employment, the contribution of part-time work to employment growth has become more significant. In the third quarter of 2010, total employment recorded a down by 0.2 pps loss, with the decrease in full-time work — down by 0.4 — being partly offset by the positive contribution of part-time work — up by 0.2. In 2010 q3, part-time employment represented 18.4% of total employment, compared with 18% in 2009 q3 and 17.4% in 2008 q3.

Chart 19: Changes in the number of part-time workers by age groups in the EU, 2006-2010



Young workers (15-24) have seen the worst evolution, with a relatively large drop in full-time workers and a negative or zero contribution from part-time work. In autumn 2010, only prime-age and older workers benefited from the recovery in part-time work. The drop in the number of young and prime-age full-time workers slowed continuously in 2010, while the number of older



full-time workers grew over the last quarters. Full-time employment continued to fall relatively faster for young workers than for prime-age workers. Conversely, the number of older full-time workers increased.

...and older workers

At EU level, the employment rate of older workers (50-64) was supported by the resilience of full-time work and the contribution from part-time work. In autumn 2010, the employment rate of older workers increased to 57.1%, compared with 56.6% one year before. Even in the wake of the downturn, the growth in the number of older full-time workers has remained positive. It has gradually increased since the end of 2009, with autumn 2010 seeing 900 thousand more workers compared with the previous year (Chart 15). Part-time work grew too for this age group during 2010. In autumn 2010, the pace of the increase was quite close to pre-crisis levels (up by 440 as against 500 on average in 2006) (Chart 16).

In autumn 2010, the employment rate of prime-age workers (25-49) was down 2.3 pps compared with two years previously (78.3% in 2010 q3, as against 78.8% in 2009 q3 and 80.6% in 2008 q3). The moderate growth in part-time work over the past two years (up by 500 thousand) could not offset the fall in the number of full-time workers (down by 5.35 million).

The fall in full-time prime-age employment was considerable at the end of 2009, but has since slowed down. In autumn 2010, the number of full-time prime-age workers fell by around 1400 thousand year-on-year. The growth in the number of part-time prime-age workers has remained positive since summer 2009, rising between 150 and 500 thousand each quarter. This has moderated the total employment drop for this age group (around 0.1 and 0.2 pps in the employment rate).

Young workers (15-24) have seen the worst evolution, with a relatively large drop in full-time employment and a negative or zero contribution from part-time work. Youth employment has fallen by 3.5 pps over the last two years (35.2% in 2010 q3 as against 38.7% in 2008 q3). The number of young workers in full-time employment plummeted dramatically in 2009. Even though this decrease has been progressively slowing since the end of 2009, it remains significant (660 thousand fewer in 2010 q3 compared to 2009 q3). Part-time work did not provide any relief for young workers. Indeed, the number of young part-time workers fell in 2009, and has been growing only very slowly since the beginning of 2010. The proportion of young persons (15-24) working part-time has increased faster than for

other age groups, due the smaller drop in part-time employment compared with full-time employment. The proportion of part-time workers has increased moderately among prime-age (25-49) and older workers (50-64).

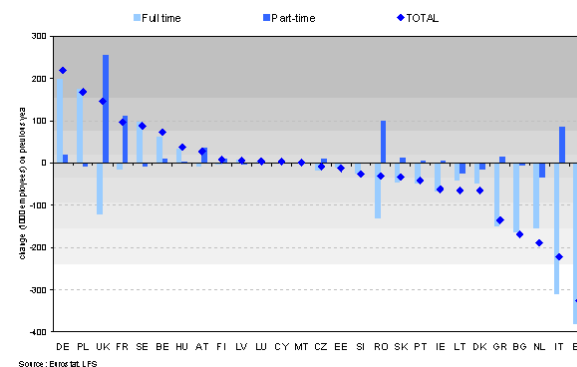
But also among among EU countries

Like the EU as a whole, the majority of Member States have seen the number of part-time workers grow faster (up in 18 countries, y-o-y change in 2010 q3) than the number of full-time workers (up in 9 countries). Yet the extent to which part-time work has helped to sustain the labour market differs among Member states.

Recent trends in part- and full-time work are uneven among EU countries: in 19 Member States, part-time employment grew in autumn 2010 compared with one year before, but the extent to which part-time work helped to sustain the labour market differed.

In nine countries, total employment benefited from a growth in full-time employment over the year: Sweden (up by 98000, +3%), Belgium (up by 63000, +1.9%), Poland (up by 177000, +1.2%), Luxembourg (up by 2500, +1.3%), Hungary (up by 34000, +1%), Germany (up by 200000, +0.7%), Latvia (up by 9500, +1.1%) and to a lesser extent Cyprus and Malta with 0.4% and 0.2%, respectively (Chart 20).

Chart 20: Change in part-time, full time and total employment in the EU Member States (2010 Q3 y-o-y)



In four countries, the increase in part-time workers drove the growth of total employment, with the inflow of part-time workers offsetting the decrease in full-time workers. In autumn 2010, the rebound in total employment is explained by the fact that the growth in the number of part-time workers over the year was higher than the decrease in the number of full-time workers in the United Kingdom (+ 260000 as against -120000), France (+100000 as against -150000), Finland (+36000 as against -9000) and Austria (+10000, -3000).



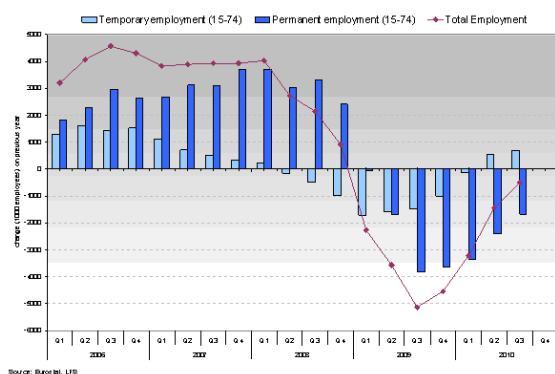
The other fourteen countries saw a drop in total employment to a greater or lesser extent. It was close to zero in the Czech Republic (-0.2%) and Romania (-0.3%), with substantial growth in part-time work in Romania over the year 2010. In Italy, the number of employed declined constantly (around -1%) over the year 2010.

Compared with one year previously, the number of both full-time workers and part-time workers fell in the Netherlands (down by 155000 and 32000) and Denmark (down by 50000 and 17000). These two countries have the highest employment rates in the EU, but saw employment fall in 2010. In Spain and Ireland, the sharp decrease in the number of full-time workers is slowing but is still affecting the labour market.

Temporary work leads the recovery

In autumn 2010, the number of temporary employees increased (up by 700 thousand compared with autumn 2009), while the number of workers in permanent jobs decreased (down by 1.7 million) (Chart 21).

Chart 21: Change in permanent and temporary employment (15-74) (1000 employees), 2006-2010



Young people (15-24) are still relatively more affected by the drop in permanent jobs and, unlike prime-age and older workers, are not benefiting from the growth in temporary work.

The fall in permanent jobs bottomed out at the end 2009 and has since slowed. Among age groups, this improvement is not shared equally, with a decrease in young permanent workers (down by 670 thousand) and prime-age permanent workers (around -2 million) and an increase in older permanent workers (+950 thousand).

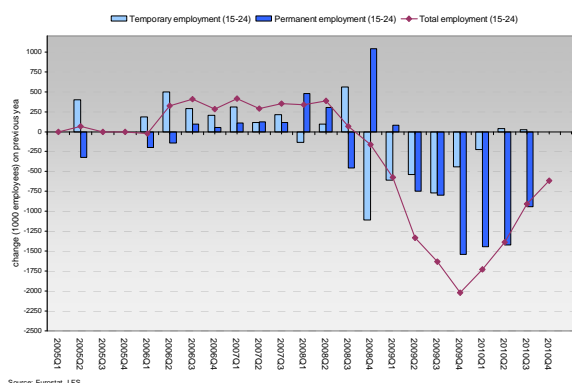
According to Boeri and Garibaldi (2007), the dualism between temporary and permanent contract has contributed to explain the relative improvement in the youth labour market before

the crisis. However, it also increases job losses during recessions and make them concentrated on young workers. Indeed, compared with autumn 2008, permanent jobs have fallen more for young workers (down by 14%), than for prime-age workers (down by 4%), while increasing for older workers (up by 2.5%) Moreover, temporary jobs usually suffer from a wage penalty which can be estimated around 14% in average in the EU (see Employment in Europe, Chapter 3 for further details)

At EU level, the number of persons (15-74) working under a temporary contract continued to grow in autumn 2010, with a gain of around 700 thousand (y-o-y change in 2010 q3), after rising by 550 thousand in summer 2010. This rebound occurred mid-2010 after an abrupt fall in 2009 (down by 1.4 million on average). However, the recovery is only half as fast as before the crisis: in 2006, the average quarterly growth (y-o-y) in temporary workers was around 1.4 million.

Among age groups, this rebound is not shared equally. Young temporary workers have been relatively more affected by the drop in temporary jobs and are seeing a muted and delayed rebound compared to other age groups, confirming again the worst scenario described in honeymoon effect. The youth labour market is deeply marked by the dramatic job losses in permanent contract jobs (down by 1.7 million in 2010 q3 compared with two years ago) and in temporary jobs (Chart 22),

Chart 22: Change in permanent, temporary and total employment (youth 15-24) (1000 employees), 2005-2010

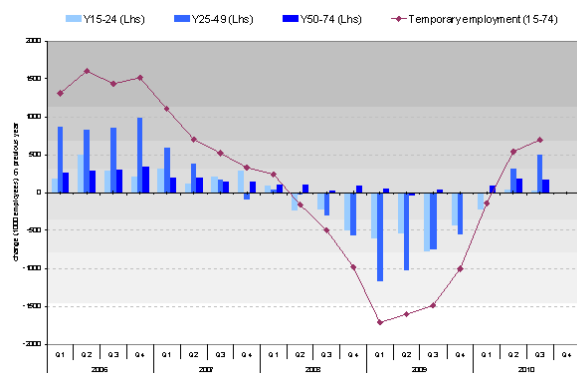


However, the share of young workers in temporary jobs has actually increased (43.6% in 2010 q3 as against 41.9% a year before), because the number of permanent jobs for young workers has fallen much more sharply than the number of temporary jobs (Chart 23).

For prime-age workers, the number of temporary jobs grew by 500 thousand in autumn 2010, after 320 thousand in summer 2010. Older workers (50-

74) have benefited relatively more from temporary jobs compared to other age groups. Indeed, after stabilisation in 2009, the number of older temporary workers gradually increased in 2010.

Chart 23: Change in temporary employment by age group in the EU, 2006-2010



Source: Eurostat, LIS

In the EU, the upward trend in temporary employment partly explained the stabilisation of the European labour market, but the development is uneven among Member States.

The abrupt decrease in temporary jobs in 2009 (down by 1.4 million, y-o-y change in 2009 q3) was exacerbated by the collapse in the number of temporary jobs in Spain (down by 900 thousand). Spain also recorded the highest drop over the first three quarters of 2010 (down by 100 thousand). In Italy, a similar sharp decrease in 2009 was followed by a moderate increase in 2010.

In countries with improved employment over the past quarter, the growth of temporary employment has explained to a large extent the stabilisation, as in Germany (up by 130 thousand), Poland (up by 170 thousand), the UK (up by 130 thousand), France (up by 125 thousand), Sweden (up by 50 thousand), Hungary (up by 44 thousand), Finland (up by 33 thousand), Latvia (up by 18 thousand), the Czech Republic (up by 16 thousand), Slovakia (up by 35 thousand) and Portugal (up by 42 thousand).

On the other hand, some countries have not seen any growth in temporary jobs. In autumn 2010 (y-o-y), the number of temporary workers fell in Denmark (down by 10 thousand), the Netherlands (down by 45 thousand), Greece, Bulgaria and Slovenia.

Productivity, labour costs and hours worked

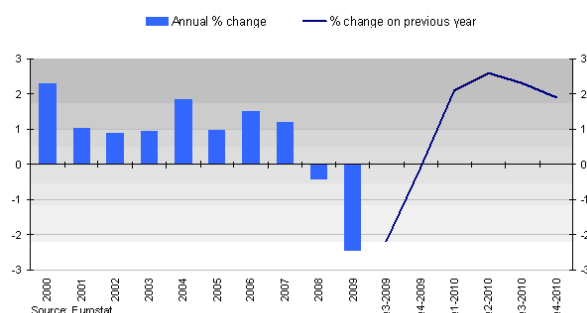
Thanks to a technical improvement in productivity⁹...

Labour productivity grew by 1.9% in the EU in the fourth quarter of 2010, compared to the corresponding period of the previous year, confirming the decline in labour productivity growth that has been observed in the third quarter of 2010 (Chart 24 and Table 13 in the Annex). In the euro area labour productivity rose by 1.8% after having grown year-on-year by 2.0 or more for three consecutive quarters.

The developments in labour productivity reflect a technical improvement since the third quarter of 2009, with an increase during the early quarters of the recovery since mid 2009 and a weakening as of the third quarter of 2010, due to a lagged response of employment growth to output growth.

The situation varied significantly between the extremes of Estonia (which recorded a year on year growth rate of 10.2% up to the third quarter of 2010), and Greece, which posted a negative productivity growth (-1.8% over the same period), prolonging the negative growth trend that started in the first quarter of 2009. This fall in productivity in Greece reflects a sharp fall in output due to a sharp drop in domestic demand (investment and private consumption in particular), and a comparatively small decrease in employment. Among the large EU Member States, Poland and Germany showed again the highest productivity growth rate in the third quarter of 2010 (by respectively 3.9% and 3.1%), although in the fourth quarter these growth rates reduced somewhat (Table 13 in the Annex).

Chart 24: Labour productivity in the EU

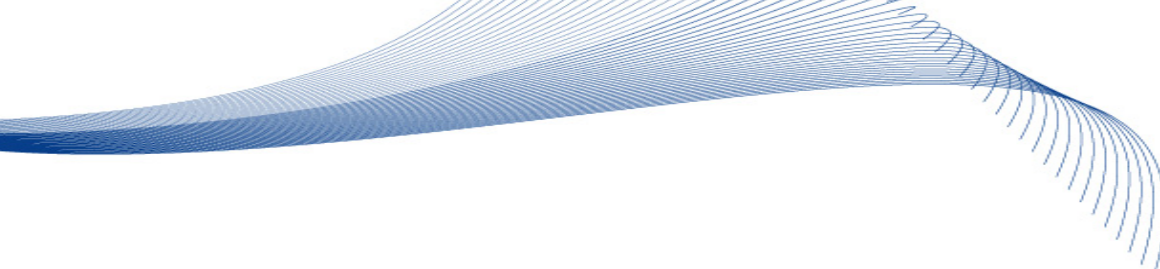


Source: Eurostat

...and moderate nominal hourly labour cost increases...

Year-on-year growth in hourly nominal labour costs was 1.9% in the EU in the fourth quarter of 2010, while it reached 1.5% in the euro area⁹ –





reflecting generally continuing weak labour-market conditions as well as the absence of perceived and expected inflationary pressure. (Table 14.1 in the Annex).

In the fourth quarter total labour cost growth was highest in Bulgaria and Romania with respectively 7.8% and 5.8% year-on-year growth. On the contrary, in Greece labour cost dropped by a noticeable 6.2% followed by Hungary (- 2.6%), which had recorded positive growth in the third quarter.

Of the large EU Member States, the largest growth for total labour cost is recorded for France and the UK where it grew by 3.0% and 2.9%, respectively. In Spain, labour costs increased by 0.7%, after having fallen by 0.1% the quarter before.

The main component of total labour costs is wages and salaries which were in line with the developments in total labour cost. Again, the strongest increases are to be found in Bulgaria and Romania at 9.8 and 5.9% respectively, while Greece showed a 6.0% decrease and Hungary posted a modest 0.2 decrease (Table 14.2 in the Annex).

...unit labour costs did not vary significantly

The nominal unit labour cost in the EU increased by 1.0% in the fourth quarter of 2010, compared to the same quarter in 2009¹⁰.

In the euro area unit labour cost growth was for the fourth consecutive quarter negative, indicating that nominal compensation per employee grew at a slower rate than labour productivity so that wage induced inflationary pressures remained subdued in most euro area countries and companies' profit margins improved. With the exception of France, the nominal unit labour cost growth was negative in all the euro area countries in the third quarter of 2010. However, in the fourth quarter the available data indicates that the unit labour cost growth was positive in Belgium, France and Italy (Table 15 in the Annex).

Of the non-euro area countries it should be noted that having reached its strongest decline in the fourth quarter of 2009 in Latvia and Lithuania and in the second quarter of 2010 in Estonia, unit labour cost growth continued its steady decline in the Baltic Member States, levelling off at a single-digit number in the third quarter, but subsequently reaching a positive value of 1.4% in Latvia in the fourth quarter. In Poland in the third quarter the unit labour cost increased by 1.8%, despite a 3.9% increase in labour productivity.

In real terms, unit labour cost¹¹ in the EU as a whole as well as in the euro area showed a negative growth rate during all the quarters of 2010, if compared with the corresponding periods the year before, indicating that the labour income share decreased over the period (Table 16 in the Annex).

Hours worked showed some progress

Weekly working time of full-time employees showed a fairly stable pattern over the year. In the EU, full-time employees worked on average 40.2 hours per week in the third quarter of 2010, similar to the number obtained a year before. In the euro area as a whole working time of full-time employees increased by 0.3% compared to the year before (Table 17 in the Annex).

In Latvia the fall in hours worked persisted, as it fell by 1.2%, reinforcing earlier recorded falls. The strongest increases are to be found in Estonia and Luxembourg where working hours increased by about 2% in the third quarter.

Part-time employees worked on average 20.5 hours per week in the EU, an uptake by 0.5 hours compared to the previous quarter. Working time of part-time workers increased or remained stable in the large EU Member States, except Spain where it fell by 1%, compared to the same quarter in the previous year. In the group of smaller countries, there was a remarkable fall in the hours worked in the Czech Republic, Estonia, Cyprus, and Slovakia, while it grew significantly in Luxembourg (Table 17 in the Annex).

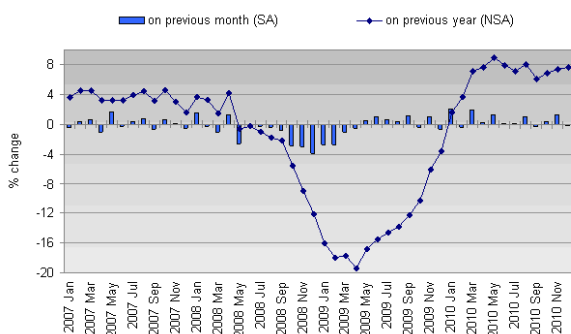
Sectoral Trends

Industrial output increased in January and remains significantly higher than a year ago...

Economic recovery in the EU has been underpinned by improvements in industrial production since mid-2009. After expanding over the second half of 2009, industrial output has broadly continued to increase in 2010. Industrial production rose by 0.6% in January (Chart 25) but it is still well below the peak recorded in 2008. The improvement in industrial production in the EU over the last year or so has resulted from mixed contributions of the larger Member States. Output increased slightly in Germany (up 0.1%) and more substantially in France (up 1.1%), Spain (up 1.4%), Poland (up 0.7%), the UK (up 0.7%) and it remained stable in the UK in October and it decreased in Italy by 1.5%. Among the other Member States industrial production rose most steeply in Malta (up 6%), Estonia (up 4.2%), Sweden (up 2.4%), Czech Republic (3.5) and Romania (up 1%).



Chart 25: Industry production for the EU



Source: Eurostat, Short-term business statistics.

The improvement in industrial production at EU level in November reflected higher output in durable and intermediate goods, but also a decrease in energy.

Year-on-year growth in EU industrial production, which turned positive in the beginning of 2010, strengthened significantly over the following months to its peak of 8.9% in May 2010, but slowed somewhat to 6.8% in January. Year-on-year growth was due to yearly expansion in all the larger Member States, and was particularly solid in Germany (up 11.1%) and Poland (up 8.3%).

The gross value added in industrial sectors has recovered since the first quarter of 2010. After the steep two-digit decline recorded through 2009, EU-average value added picked up strongly in all Member States, and particularly in the Baltic countries, Sweden, Germany, the Czech Republic and Slovakia, all posting two-digit rises between the fourth quarter of 2009 and the same quarter last year.

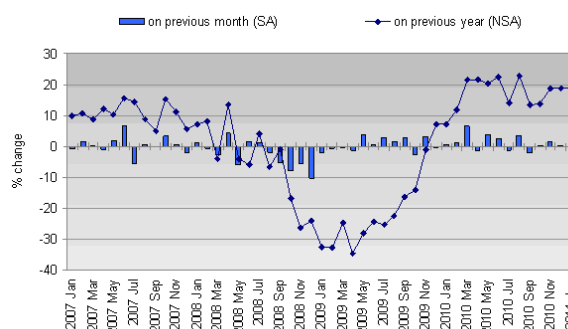
The employment situation is more mixed. Although the decline in the number of persons employed seems to be easing, it was still continuing in the two last quarters of 2010, bringing the total annual loss in 2010 at -1.1%, which is however lower than the roughly 6% decline still recorded a year earlier. Just a few countries recorded a positive change in the last quarter of last year: Germany (+0.1%), where employment in the industry had suffered relatively less in the crisis than the rest of the EU, Latvia (+4.5%), Slovakia (+1.8%) and Austria (+1.6%). Substantial declines were still recorded in Bulgaria (-5.7%), Slovenia (-3.5%), Denmark (-2.5%), France (-2.3%), Finland (-2.2%) and Spain (-2.1%).

...and new orders for industry increased in January...

New orders increased by 0.2% in January 2011 in the EU, after a rise of 2.9% in December. Excluding ships, railway & aerospace equipment, for which changes tend to be more volatile, industrial new orders increased by 1.9% January (Chart 26).

In January 2011 compared with January 2010, industrial new orders grew by 18.6%, while total industry excluding ships, railway & aerospace equipment rose by 21.1%.

Chart 26: Industrial new orders for the EU



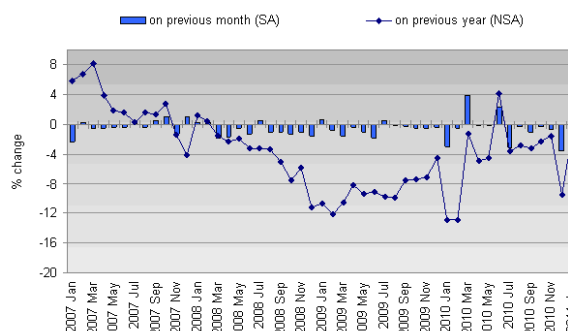
Source: Eurostat, Short-term business statistics.

Total manufacturing working on orders rose in all Member States for which data are available. The highest increases were recorded in Latvia (+75.9%), Estonia (+73.4%) and Lithuania (+43.6%), and the lowest in the United Kingdom (+1.0%), Ireland (+9.6%) and Poland (+10.0%).

The construction industry expanded in January but it remains lower than a year ago...

Although industry has experienced a steady recovery for more than a year now, production in the construction sector has not yet really picked up following more than two years of deterioration, with only three months of revival observed in 2010. Construction in January 2011 increased by 1% compared to the previous month (Chart 27).

Chart 27: Construction production for the EU



Source: Eurostat, Short-term business statistics.



The result for January reflected mixed performances across the larger Member States: on the one hand, construction continued to decline in Poland and the UK by 3.1%, 9.4% respectively and, on the other hand, there was a very strong rebound in Germany by 36.3% and France by 7.9%.

In the EU as a whole, year-on-year growth in construction output, which entered positive territory at last with a healthy 4.1% in June, dropped back into negative territory and was at -1.2% in January. This deterioration almost entirely reflected a steep fall in Spain (43.2%) while construction output was higher than a year earlier in France, Germany, Poland and the UK, up 5.3%, 55.4%, 11.1% and 5.6% respectively.

After the collapse recorded in 2008 and 2009, the gross value added is progressively stabilising in the construction sector. At EU level, the annual decline stabilised at -0.3% in the third quarter of last year and remained at that level in the subsequent quarter. This is an improvement compared to the close to 7% decline that was still seen in the first quarter of 2010. It has been driven mainly by Germany and Poland, and by small to medium-sized economies, including Finland, Sweden, Lithuania, Slovakia, Luxembourg and Belgium, while dramatic two-digit falls are still recorded in Ireland, Latvia, Slovenia, Romania and Greece.

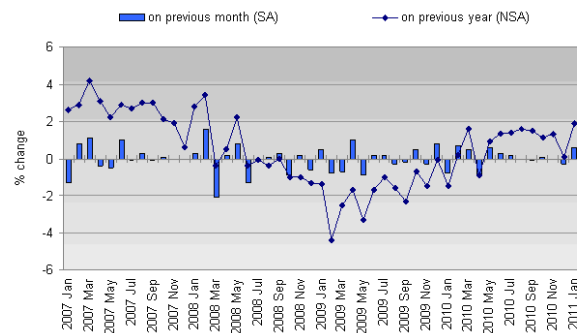
Employment figures are still on the decline in annual terms, although this has been moderately slowing down towards the end of 2010, as the q-o-q data show. In the fourth quarter of last year, employment in the sector was 2.3% lower than a year earlier in the whole EU. In the year to the fourth quarter of 2009, employment had declined by 5.5%. Employment in Germany has been consistently recovering through 2009 and 2010, while the other countries posting positive figures in the end of the period have only seen a recent and / or tentative recovery. It is the case of Latvia, Finland, Austria, the Czech Republic, Poland, Luxembourg and Belgium. Substantial two-digit declines are still witnessed in Ireland, Estonia, Lithuania, Spain, Greece and Slovenia. More information in the "Special Focus", page 22.

...while retail trade turnover increased in January

Compared with the sizeable falls in output seen in industry and construction, retail trade turnover in the EU held up fairly well at the height of the crisis between autumn 2008 and spring 2009, and has evolved more slowly since then, although monthly changes have always been quite volatile. Retail increased by 0.6% in January (Chart 28). Underlying the January result for the EU was a good performance among Member

States: among the larger Member States for which data are available, total retail trade increased in France (up 0.1%), Germany (up 1.4%), Poland (up 1.2%) and the UK (up 0.6%).

Chart 28: Retail trade turnover for the EU



Source: Eurostat, Short-term business statistics.

Year-on-year growth in turnover was 1.9% in November. Among the Member States for which data are available, total retail trade rose in nine and decreased in nine. The highest increases were observed in Poland (up by 13.1%), the United Kingdom (up by 5.6%) and France (up by 4.3%), and the largest decreases in Malta (down by 9.7%), Romania (down 5.8%) and Portugal (down by 5.4%). One may therefore expect employment in the retail trade sector to benefit from its recovery. Between 2008 and 2009, it had shrunk by 1.5% due to the recession.

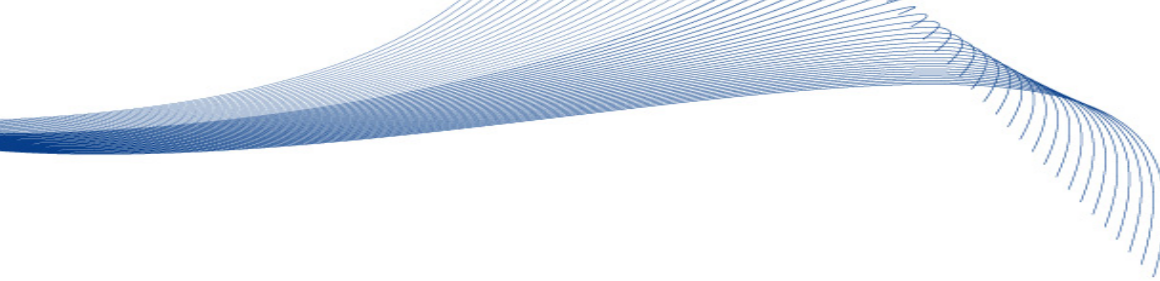
Eurozone growth highest since July 2006, led by marked expansions in Germany and France

As indicated by the Markit¹² composite purchasing managers' index (PMI), the recovery in the euro area accelerated in February. The final Markit Index grew to 58.2 in February. Output has risen in each of the past 17 months and it is historically consistent with GDP expanding at a quarterly rate of 0.2%.

Manufacturing output growth led the expansion

Growth was again led by manufacturing, where the rate of increase was the steepest in over ten-and-a-half years. Service sector business activity rose at the fastest pace since August 2007.

The big-two economies of Germany and France were still the main drivers of the recovery. Output growth remained at a near-record rate in Germany, and hit a six-month high in France. Rates of expansion were the fastest for around three-and-a-half years in both Italy and Ireland. Spain returned to expansion, as activity rose for the first time since last August. Domestic market strength remained the key factor explaining national growth differentials.



The total level of new business rose for the eighteenth month in a row during February, with the latest increase the sharpest since July 2007. France and Germany saw the strongest increases, with solid gains signalled at both manufacturers and service providers. Although Italy, Spain and Ireland saw improved trends in total new business, these were dominated by growth of new orders at manufacturers. Gains in new business were relatively modest in the Italian and Irish service sectors, while Spanish service providers reported a further drop in new business.

Employment rose for the tenth month successive month in February, as companies expanded

capacity in line with rising backlogs of work. Jobs growth hit a three-year high and was faster than the earlier flash estimate.

Employment rose in almost all of the nations covered. Germany saw a near record increase, while jobs growth was the quickest since April 2008 and November 2007 in France and Italy respectively. Spain and Greece (only manufacturing PMI data are collected for Greece) were the only countries to report job losses.



SPECIAL FOCUS: THE CONSTRUCTION SECTOR

Significance of the sector

The construction sector is estimated to account for roughly 5% of the EU's GDP, and nearly 10% when indirect effects are taken into account, according to the European Construction Industry Federation (FIEC). Nearly 8% of the EU's workforce – 30% of industrial employment – is employed in the construction sector (LFS data), and nearly 45 million workers depend, directly or indirectly, on that industry. According to FIEC, the sector comprises 3 million enterprises, 93% of which are micro-firms (with less than 10 employees). It can therefore claim to be the biggest industrial employer on our continent.

Recent developments and impact of the crisis

Construction has been badly affected by the crisis. According to Euroconstruct, 2009 was the worst year for construction in the entire decade. Total construction output fell by 8.8% in Euroconstruct's 19 member countries. A further decline of 3.3% on average is forecast for 2010. The high public deficits in Ireland, Spain and Portugal have forced further significant austerity measures, cuts in housing construction and public investment. On top of that, the lack of domestic demand, downscaling of public investment, avoidance of long-term commitments and reassessment of ongoing public projects led to lower performance in many other countries last year. By contrast, the best performers (Finland, Germany, Poland, United Kingdom, Sweden, Switzerland) have now started to benefit from growing domestic confidence and demand.

The impact on employment of the recent decline in construction activity was felt badly as of the fourth quarter of 2008. The crisis cost some 2 million jobs (or -11%) in the construction sector between the third quarter of 2008 and the same quarter of last year, accounting for 37% of the overall decline in EU employment figures in the period. Workers with temporary contracts were hit first and hardest. The countries affected the most include Spain (-750 000 jobs, or -31%) and the UK (-435 000 jobs, or -16%), but a real collapse took place in smaller Member States, including Ireland (-52%), Latvia (-47%), Lithuania (-44%) and Estonia (-33%). All these countries, with the exception of Ireland, have seen a slight recovery since the first quarter of 2010. (See also data at the paragraph on 'Sectoral trends')

As previously noted (see the March and December 2009 editions of the monthly labour market monitor), the predominance of SMEs in the sector, especially in private housing, means that most job losses do not exceed 100 and so are not included in the European Restructuring Monitor (ERM) data. As a result, little restructuring activity was reported in the ERM. In fact, since January 2010, the ERM has recorded just over 14 500 job losses and almost 3 500 new jobs in 46 cases.

Recent developments include large restructuring cases in the UK: the largest case was the announcement of the closure of the construction group Rok in November 2010, which will result in a total of 2 800 job losses across the UK.

The maintenance and repair company Connaught, which specialises in social housing contracts, went into administration in September 2010, resulting in a total of 1 400 job losses. Administrators hope that up to 600 of those made redundant can be hired by firms that bought eight contracts from Connaught, which has a debt of approximately £ 220 million.

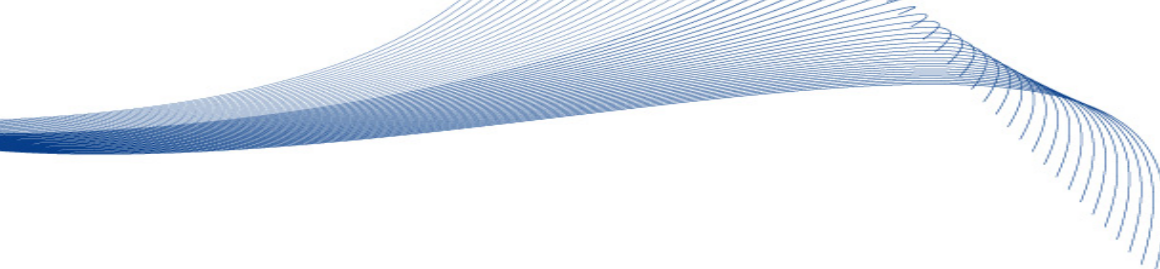
In December 2010, Tarmac Building Products announced plans to cut 550 jobs and close one of its divisions.

The entire Slovenian construction sector appears to be in difficulties: SCT group, the largest Slovenian construction company, entered bankruptcy proceedings in December 2010, resulting in the dismissal of 1 071 employees; Cestno Podjetje Maribor (CPM), a road construction company from Maribor employing 669 workers, filed for bankruptcy in February 2011; and Vegrad Group, one of the largest Slovenian construction companies, announced its bankruptcy in October 2010 and all 574 employees lost their jobs.

Other significant cases include the American builder Bechtel, the contractor for a new Transylvanian highway, which announced 2 233 dismissals in February 2010, affecting some 1 933 Romanian employees and approximately 300 foreign employees, and Doprastav Company, a Slovak construction company, which announced in July 2010 the shedding of 750 workers by the end of 2010.

A large share of the new jobs in recent months was announced by Swedish construction companies: in August 2010, the construction company NCC announced that it was to hire 800 people before the end of 2010. This is due to a sharp increase in orders. According to CEO Olle Ehlén, the company will hire across all areas of its business and all over Sweden.





During the same month, Swedish construction giant Skanska announced it will recruit about 500 workers for the construction of a new hospital in Stockholm. The SEK 14.5 billion (€1.53 billion) project is the largest in the history of the company, and will span the coming seven years and employ 2000 workers. Skanska aims to recruit specialists in the following areas: work environment, construction, project management, installations and purchasing. The process of recruiting the 500 workers started in summer 2010.

A subsidiary of Skanska is also responsible for new jobs in Slovakia: the construction company Skanska SK announced in December 2010 that it would create about 300 - 400 new jobs by the end of June 2011. Lithuania will also see a significant number of new jobs: in August 2010, the construction company Vetrana announced plans to create 400 new jobs in Visaginas. At the time of the announcement, the company was working on the Ignalina Nuclear Power Plant project, which is financially supported by the International Ignalina Decommissioning Support Fund. The project is managed by the European Bank for Reconstruction and Development and was to be finished by the end of 2010.

Outlook

Recent Eurostat data point to a possible stabilisation in construction output, after months of decline. In the construction sector, seasonally adjusted production rose by 1.0% in the EU in January 2011, compared with the previous month. Among the Member States for which data are available for January 2011, the highest increases in construction output were registered in Germany (+36.3%), France (+7.9%) and Slovenia (+3.8%), and the largest decreases in the United Kingdom (-9.4%), Romania (-6.4%) and Poland (-3.1%). Building construction rose by 2.6% in the EU, after declining by 4.7% in December 2010. Civil engineering increased by 4.7%, after falling by 7.9% in the previous month.

Among the Member States for which data are available for January 2011, construction output rose in seven and fell in six, compared to the same month last year. Compared with January 2010, output in January 2011 dropped by 'only' 1.2% (in December 2010, production had fallen by 3.5% over the year). The highest annual increases were registered in Germany (+55.4%), Poland (+11.1%) and Sweden (+10.0%), and the largest decreases in Spain (-43.2%), Slovenia (-17.1%) and Bulgaria (-12.4%). Building construction increased by 0.2% in the EU, after shrinking by 7.7% in December 2010, while civil engineering dropped by 9.8%, after declining by 18.0% in the previous month.

According to the latest country-by-country analysis carried out by the 19 Euroconstruct members, 2011 will be a year of change. A slight decline of about 0.1% on average will maintain construction markets at the level of the previous year. After three years of recession, construction market players have one more year to restructure before positioning for a very moderate recovery. By 2013, the total construction output of the Euroconstruct countries is still expected to be lower than in 2007 – €1341 bn (€1506 bn in 2007). Recovery is forecast to be uneven, with some countries remaining depressed, while activity is predicted to be significantly stronger in central and Eastern Europe than in Western Europe.

Among the three subsectors of the construction sector, civil engineering has proved to be the most stable during the crisis years and beyond. The predominance of transport infrastructure construction will decline with a shift towards energy and water construction. The potential threat of public expenditure cuts will negatively influence infrastructure in the Czech Republic, Ireland, Spain and the UK. The previously most severely hit subsector – residential construction – will barely recover from its poor position, though it is expected to grow by 1.9% in 2011. In 2013, its output is not predicted to reach the performance of 2008. According to forecasts, 60% of residential output will come from renovation activity in 2013. Non-residential construction is forecast to see the slowest recovery: output in 2013 will hardly reach the level of the early 2000s. Publicly financed hospital and school construction and renovation might suffer from shrinking resources. Small signs of recovery can be discerned in the commercial area.

Construction is a vital sector in the European economy, and the ten-year period between 2004 and 2013 is seeing important structural changes within the sector. A shift from new construction towards renovation and modernisation is being observed, resulting in almost 50% of total construction output now being planned for renovation. A growing share can be observed for the smaller countries in total construction output, including the central and eastern European and Scandinavian countries. The Czech Republic, Hungary, Poland and Slovakia will contribute 6.5% of the total in 2013, compared with 3% in the 1990s. The four Scandinavian countries will boost their share up to 9.3% over the ten years, from 6.9% in 2004. As a result of these structural changes, construction activity in individual countries and in Europe as a whole is expected to become a more balanced, less vulnerable sector in the European economy, while embracing new market requirements, such as efficient energy consumption, upgrading the built environment, housing replacement, new health utilities for an ageing population, buildings with lower CO₂ emissions, etc. These are expected to prompt the construction industry to turn itself into a higher-value and higher-quality sector. This will require new products, new technologies and new skills.



Impact of restructuring on employment

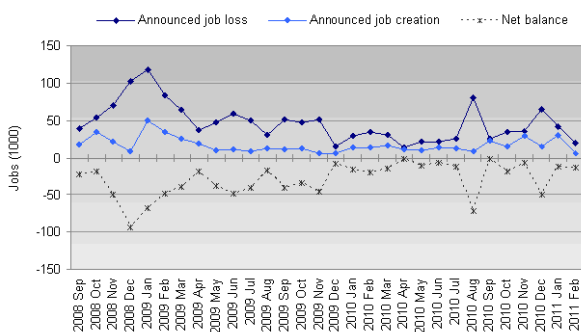
The European Restructuring Monitor (ERM)¹³ recorded a total of 205 cases of restructuring between 1 January 2011 and 28 February 2011.

Announced job losses continued to outnumber announced job gains

These cases involved 61 365 announced job losses and 35 576 announced job gains.

The Member States with the largest announced job losses were the UK (29 021 jobs) and Poland (17 167 jobs), followed by the Czech Republic (3 346 jobs), France (2 942 jobs) and Italy (1 588 jobs).

Chart 29: Announced job losses and creation for the EU



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

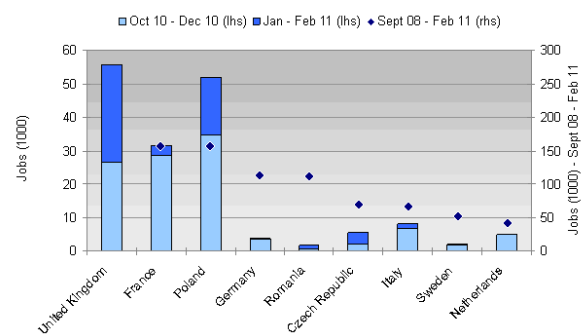
Public Administration and Manufacturing were the sectors most affected by announced restructuring job losses...

As in previous months, restructuring in public administration and in manufacturing accounted for the vast majority of announced job losses in the ERM. Since September 2008, the ERM has recorded 572 345 announced job losses in manufacturing and 215 446 announced job losses in public administration, together these two sectors accounted for over half of total announced job losses. Since the beginning of the year, the ERM recorded 27 002 announced job losses in public administration and 11 011 announced job losses in manufacturing. Other significantly affected sectors included Transport and Communications (10 655 jobs) and Mining and Quarrying (7 202 jobs).

In manufacturing, large job losses were announced in manufacturing companies operating in Poland. Bumar Group a leading Polish supplier and exporter of armament and military equipment announced it will cut 2 000 jobs by the end of 2012. The job cuts are a result of a restructuring programme, which was initiated after the recession, and which affects all

the company's factories in Poland. The programme is focused on closing or selling non-military production companies within the Bumar Group. The trade unions strongly opposed redundancies, but eventually a bilateral agreement between trade unions and the company was signed on 24 January 2011; redundant employees will receive a severance pay ranging from 4 000 to 10 000 EUR. On 3 February 2011 Sumitomo Electric Wiring Systems, an automotive components and wiring harnesses manufacturer, announced it will dismiss 950 production workers at its factory in Leszno as it plans to keep only the technical department where 50 people are employed. The cuts will be implemented by the end of June 2011. The company closed its factory in Rawicz in 2009, resulting in about 1 200 job losses. Zakład Zespólów Napędowych in Stalowa Wola, a bearing, gears and auto components elements manufacturer, announced that it will dismiss its entire workforce, resulting in 590 job losses. In December 2010 the company had declared bankruptcy. Other significant announced losses in the sector included 642 job losses at Comareg, a French free press subsidiary of the Groupe Hersant Média and 430 job losses in Spain, as Yamaha has announced that it will close its Barcelona plant in June 2011 and it will relocate its production activities to France. The company stated that efforts will be made to relocate as many workers as possible; possibly 100 workers will be transferred to the French plant, and the rest of workers, depending on the outcomes of the negotiations, may be relocated to other sites in Catalonia.

Chart 30: Announced job losses for selected Member States



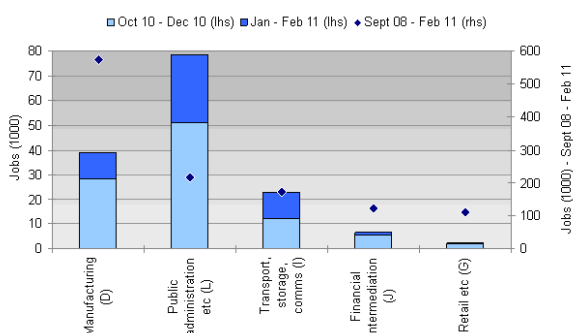
Source: European Monitoring Centre on Change, European restructuring monitor.

As in previous months, announcements of restructuring-related job losses continue in city council and local governments in the UK: following Government spending cuts city



councils and local governments have announced almost 27 000 announced job losses during January and February 2011. Manchester city council announced it plans to reduce its workforce by 17% as a result of a 25% drop in the level of central government funding. 2 000 jobs will be lost. The authority had planned to make job cuts by natural wastage, however as the funding cut was at twice the expected level it has announced that staff are being asked to consider voluntary redundancy and early retirement. Warwick city council announced it will cut 1 800 jobs, while Leeds council has announced plans to cut 1 500 jobs by end of March 2012 and Kent council has announced it will cut 1 500 jobs over the next 4 years. Other significant losses have been announced also at Hull city council (1 400 job losses), Liverpool city council (between 1 200 and 1 500 jobs), and at Hampshire county council (1 200 jobs). Outside the UK, other announced job losses in public administration relate to the announcement of 600 job cuts at Sociálna poisťovňa, Slovakia's Social Insurance Agency. The job cuts are part of a downsizing process started on 1 February 2011 and which will continue until 30 June 2011. Undervisningsministeriet, the Danish Ministry of Education, announced it will cut 75 full-time jobs out of a total of approximately 470 employees in a cost-saving restructuring effort. The head of the department will offer voluntary retirement schemes and possibilities for working fewer hours to employees.

Chart 31: Announced job losses by sector for the EU

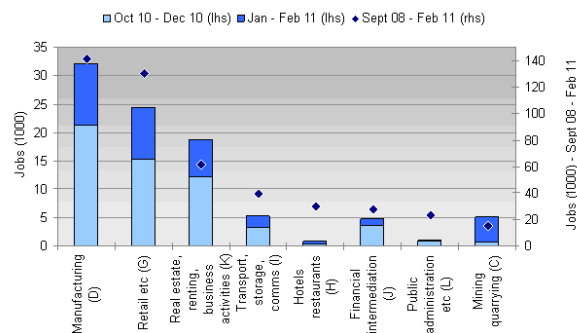


Source: European Monitoring Centre on Change, European restructuring monitor.

In the postal sector, the biggest case relates to Poczta Polska, the national postal operator, which announced a collective dismissal of 4 900 employees. The redundancies will be implemented between February and October 2011. Since 2009 Poczta Polska has been implementing a restructuring program; between 2009 and 2010, the Polish Post Office made 2 667 employees redundant. Other significant job losses relate to Czech postal company Česká

pošta which announced its cost-saving restructuring plan envisaging the loss of between 1 500 and 1 700 jobs throughout 2011. The company intends to restrict service delivery to 1 500 branches (mainly in rural areas) out of a total of 3 000, across the Czech Republic. In 2009, Czech Post (Česká pošta, s.p.) changed from a state-owned enterprise to a joint-stock company. In the transport sector, airline company Meridiana-Eurofly announced its plans to layoff 900 workers (out of around 2 000) in Italy. The job cuts will affect pilots, cabin assistants and ground staff; the collective dismissals procedures started at the beginning of February 2011. The layoffs are included in a reorganisation plan which envisages the outsourcing of some activities and rationalisation of routes. In the Communication sector, Romanian provider of mobile and home-phone services Romtelecom, which is part of the Deutsche Telekom group, announced its plans to dismiss between 1 000 and 1 400 employees in 2011. The job losses are blamed on the decline in revenues from its landline telephone services. Further losses have been announced by telecommunication company Talk Talk which announced plans to cut 580 administrative jobs in the UK. The announcement comes as the firm seeks to integrate three separate businesses it has recently acquired. The job cuts will affect staff in London, Warrington, south Manchester and Preston.

Chart 32: Announced job creation by sector for the EU



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

During the first months of 2011, large losses have been recorded in the Polish mining and quarrying sector. On 4 January 2011, the largest coal mining company in Europe, Kompania Węglowa announced a restructuring plan for 2011 which will result in 2 500 job losses across the country. The coal mining giant announced that 4 400 miners will leave the company through an early retirement scheme while 1 881 people will be recruited during 2011. Around 540 of the new recruits will be coal mining school graduates, who have a guarantee of employment; such



guarantees are usually the result of contracts signed between companies and schools. The new recruits will replace some of those leaving the company. This type of restructuring plan, when young graduates replace older workforce via natural attrition, is part of the new national employment strategy for 2010 - 2014. On 12 January 2011, management at the coal mine Halemba-Wirek announced it will cut 1 402 jobs and reduce its employment level from 4 382 to 2 980 by the end of 2011. According to the plan about 110 office workers will be directly dismissed, approximately 300 miners will retire while around 1,000 people will be transferred to other coal mines within the Kompania Węglowa Group. The cuts are a result of ongoing restructuring process within the Group. On 1 January 2011, coal mining company Katowicki Holding Węglowy launched a restructuring programme which will result in 700 job cuts by the end of 2011. Overall, the restructuring programme involves 1,400 job losses and 700 job creations. Around 1 000 employees will leave the company through an early retirement scheme while 400 decided to leave voluntarily. Meanwhile in the course of 2011 the company plans to partly replace ageing staff with 700 new employees. About 220 of them will be coal mining school graduates who have a guarantee of employment.

In January and February 2011, the largest restructuring cases involving job loss were in:

- Manufacturing: *Bumar* (PL, 2 000 jobs), *Sumitomo Electric Wiring Systems* (PL, 950 jobs).
- Public Administration: *Manchester city council* (UK, 2 000 jobs), *Warwickshire Council* (UK, 1,800 jobs), *Leeds council* (UK, 1 500 jobs), *Kent council* (UK, 1 500 jobs).
- Transport and Communications: *Poczta Polska* (PL, 4 900 jobs), *Czech Post* (CZ, 1 500 jobs), *Romtelecom* (RO, 1 000 jobs).
- Mining and Quarrying: *Kompania Wąglowa* (PL, 4 400 jobs), *Halemba-Wirek* (PL, 1 402 jobs), *Katowicki Holding Wąglowy* (PL, 1 400 jobs).

...while manufacturing and retail accounted for the majority of business expansion...

Of the 35 576 new jobs announced during January and February 2011, 10 600 new jobs were in manufacturing and 9 010 in retail; since September 2008, manufacturing (140 907 jobs) and retail (129 998 jobs) have been the sectors to

benefit the most from announced job creation. Together, they account for over half of all new announced jobs on ERM. Other significant new jobs were recorded in real estate/business activities (6 635 jobs), mining and quarrying (4 381 jobs) and in Transport and communications (2 130 jobs).

The largest case of announced new jobs in the period relates to supermarket chain Sainsbury's which continues expanding its operations and announced it will be creating 6 500 new jobs by the end of 2011 and 20 000 new jobs in the next three years. The new posts will be a mix of full and part time jobs across the UK.

The auto manufacturing sector is slowly showing signs of recovery and during the first two months of 2011 the ERM recorded almost 6 000 new jobs in the sector. Car maker Renault announced it intends to recruit 4 700 employees between 2011 and 2014. In 2011 alone, 2 400 employees will be recruited in France. The company will recruit 2 000 employees on permanent contracts and 2 700 young workers on apprenticeship and "contrats en alternance" (work/study training programmes). Meanwhile, the company has launched a voluntary redundancy scheme for those occupations regarded as physically demanding, which will involve 3 000 older workers. Of the 2 000 new employees to be recruited on permanent contracts, only 600 will be blue-collar workers, while the remaining 1 400 will be for white collar positions. In the UK, Jaguar-Land Rover announced it created 1 500 new jobs at its Halewood site during January 2011. The recruitment process has been completed in advance of opening the new line to produce the Evoque model.

In January and February, the biggest cases involving job gains were:

- Manufacturing: *Renault* (FR, 2 400 jobs), *Jaguar Land Rover* (UK 1 500 jobs), *Airbus* (UK, 750 jobs).
- Retail: *Sainsbury's* (UK, 6 500 jobs).
- Real Estate/Business activities: *Accenture* (FR, 1 400 jobs), *Deloitte* (FR, 1 000 jobs).
- Mining and Quarrying: *Kompania Wąglowa* (PL, 1 881 jobs), *Areva* (FR, 1 000 jobs), *Katowicki Holding Wąglowy* (PL, 700 jobs).
- Transport and Communications: *Fraport* (DE, 700 jobs).



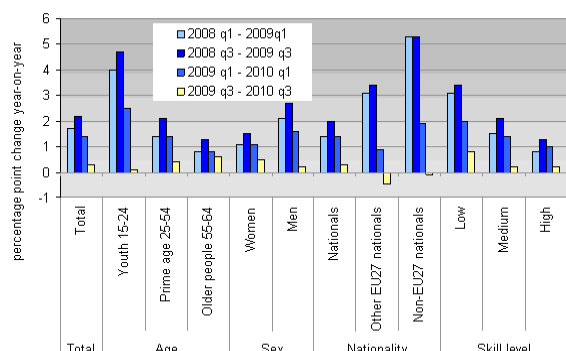
Recent social trends

Labour market developments for vulnerable groups

Even if unemployment has stabilised, the marked impact of the crisis on young people, migrants and the low-skilled is still evident...

Even if the overall trend points to a stabilisation in labour markets it remains the case that certain population subgroups continue to suffer more marked effects from the crisis than others. While the sharp deterioration in the EU labour market due to the recent financial and economic crisis has affected most population segments, the cumulative impact continues to be particularly severe on young people, migrants and the low-skilled. An increase in unemployment may make these groups particularly vulnerable to poverty.

Chart 33: Year-on-year changes in unemployment rates for the EU by population groups

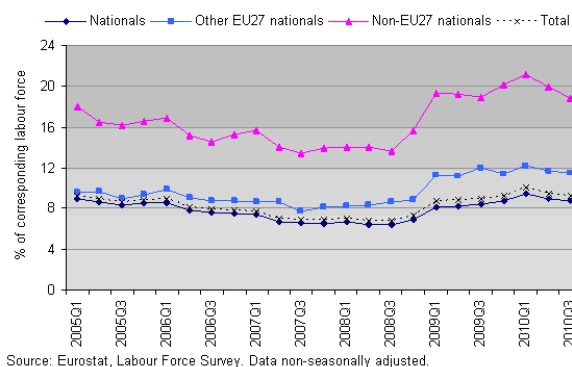


However, recent LFS results from the third quarter of 2010 show that some of these groups may finally be doing better in comparison to other groups (Chart 33). Unemployment has recently been rising less rapidly year-on-year among the young than among the prime working age and older workers age groups. Furthermore, rises have been much less pronounced than at the height of the crisis. For nationals of other EU Member States and for non-EU27 nationals, unemployment rates were actually down year-on-year in the third quarter of 2010, while for nationals the rate was higher. In contrast, the low-skilled continue to suffer sharper rises in the unemployment rate than the better qualified, although again rises have been much less pronounced than at the height of the crisis. Even if recent developments have been more positive for some of the more vulnerable groups identified above, the cumulative effect means that in reality the situation is still gloomy for these groups,

especially for migrants and young people (see later focus).

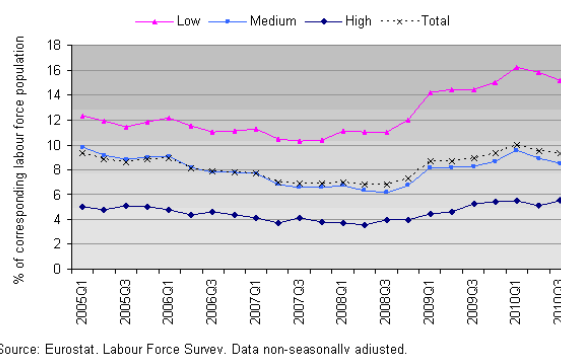
The unemployment rate remains particularly high for non-EU nationals, although it has declined relatively strongly in recent quarters. Despite having fallen over 2010 to just below 19% in the third quarter it remains well up on the level of 13.6% recorded in the third quarter of 2008, just before the crisis hit the labour market. Indeed, the gap in the unemployment rate between EU nationals and non-EU nationals, which hovered around the 7-8 pps mark before the crisis, peaked at 11.5 percentage points in the first quarter of 2010, and although moderating over the following two quarters, still remained slightly above 10 percentage points in the third quarter (Chart 34).

Chart 34: Unemployment rates for the EU by nationality



Since the crisis nationals of other EU Member States than the one in which they are resident have also seen stronger rises in the unemployment rate than nationals, although to a lesser extent than non-EU nationals. Compared to the third quarter of 2008, unemployment rates for nationals of other Member States were up 2.9 pps in the third quarter of 2010, for nationals by 2.3 pps, and for non-EU nationals by a much stronger 5.2 pps.

Chart 35: Unemployment rates in EU by education level



The low-skilled have also been hit particularly hard during the crisis, although, together with the

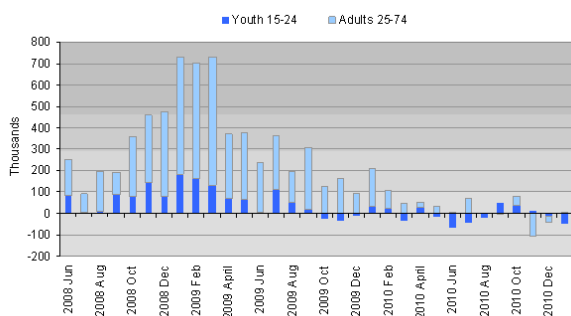
medium-skilled, their situation has improved somewhat over recent quarters while those for the high-skilled have remained broadly unchanged. Nevertheless, the low skilled have experienced a much larger increase in their unemployment rate since the crisis first impacted on the labour market, their rate rising 4.2 pps since the third quarter of 2008 compared to rises of 2.3 pps and 1.5 pps for the medium- and high-skilled respectively (Chart 35).

The situation for young people

Youth unemployment in the EU is edging down slightly, but activity rates for young people have also been falling...

The labour market for young people has improved only slightly over the last year. Youth unemployment was down by 92000 in January 2011 compared to a year earlier, driven by a marked fall in unemployment among young men, while that of adults was up by around 191000 (although this mainly reflects strong rises in early 2010 which have tapered off subsequently and even with declines in recent months). However, youth unemployment did increase noticeably again last September and October, before falling again in December and then January (Chart 36).

Chart 36: Unemployment changes for youth and adults



Source: Eurostat, series on unemployment. Data seasonally adjusted

The youth unemployment rate has broadly stabilised at just over 20% since autumn 2009, when it ceased its rapid rise, but shows no sign yet of starting to fall. Indeed, the rate remains practically unchanged (down only 0.1 pp) from one year earlier.

Furthermore, an important consideration is that participation rates among the young have continued to fall (see later section on activity rates), which results in the youth unemployment rate being lower than might otherwise have been the case and perhaps suggesting that many of the young unemployed have become discouraged and left the labour market.

...and the impact of the crisis on young people remains significant

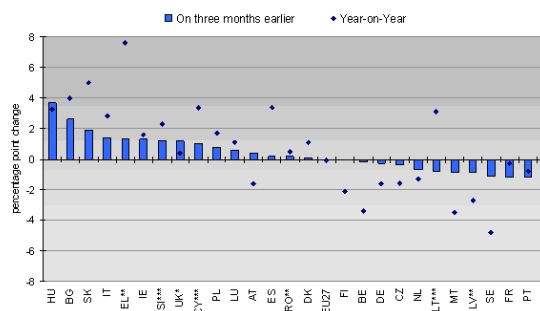
Despite the recent slight improvement in the unemployment situation for young people, at 5.3 million youth unemployment is still up by 32% (1.3 million) compared to the low of spring 2008. This marked increase was driven initially by a very sharp rise in unemployment among young men, who, despite recent improvements, still account for 62% (0.8 million) of the increase. However, in the last year, young women have borne the brunt of the increase, their unemployment level rising by 75000 while that of young men decreased by 168000.

The youth unemployment rate has always been a lot higher than the adult rate, but the relative situation of young people has become even worse as a result of the downturn. While, at 8.2% in January 2011, the unemployment rate for adults remains 2.5 pps higher than its low of 5.7% in early 2008, the rate for young people (now at 20.6%) is still up by a much sharper 5.9 pps from a low of 14.7%.

Youth unemployment stabilised or declined in half of the Member States over recent months...

Diverging trends are evident across Member States with regard to recent developments in youth unemployment (Chart 37).

Chart 37: Youth unemployment rate changes to January 2011



Source: Eurostat's series on unemployment. Data seasonally adjusted. Note: **UK: annual change Nov 2009 - Nov 2010, 3-monthly change Aug-Nov 2010. **EL, LV and RO: annual change 2009q3-2010q3, 3-monthly change estimated from quarterly change 2010q2-2010q3. ***CY, EE, LT, SI: annual change 2009q4-2010q3, 3-monthly change estimated from quarterly change 2010q3-

In around half of Member States the youth unemployment rate has declined over the last 3 months or at least stabilised, while in the other half it has continued to rise. Among the larger Member States, the rate rose in Spain (up 0.2 pps), Poland (up 0.8 pps) and more noticeably in Italy (up 1.4 pps) and the UK (up 1.2 pps), indicating a recent surge in youth unemployment in those countries, but declined in Germany (by 0.3 pps) and in France (by 1.2 pps). Among the remaining Member States, Bulgaria, Hungary and Slovakia have seen strong recent rises in their youth unemployment rates.

...but the high unemployment rate for young people remains a major challenge

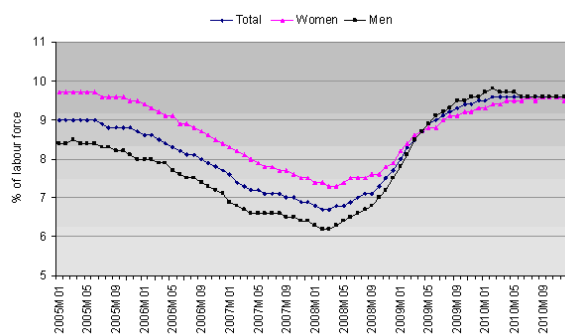
Despite the fact that the youth unemployment rate has been stable at EU level for over a year, the rate is higher than it was a year ago in the majority of Member States. In early 2011, among the larger Member States, Spain, Italy and Poland recorded the highest year-on-year rises in the rate (3.4, 2.8 and 1.7 pps respectively), while in France and the UK (over the year to November) the rate remained broadly stable, while it decreased noticeably in Germany (1.6 pps). Among the remaining Member States, the youth unemployment rate rose most steeply in Greece (up 7.6 pps over the year to the third quarter of 2010), Slovakia (up 5.0 pps) and Bulgaria (up 4.0 pps). In contrast, the rate was much lower than at the beginning of 2010 in Belgium, Malta, Sweden and especially Estonia.

As a result of the marked deterioration in the labour market situation for young people during the crisis, reflecting in part their high exposure to temporary work contracts, youth unemployment has become a serious problem in many Member States. Indeed, the young have borne the brunt of the decline in employment, especially in those Member states with strongly segmented labour markets, essentially as a reaction to the expansion in temporary work during the previous period of economic expansion. The youth unemployment rate is now over 10% in all but three countries (Austria, Germany and the Netherlands) and is at or over 30% in Greece, Hungary, Ireland, Italy, Latvia, Lithuania and Slovakia, and over 40% in Spain. This is all the more worrying as there is ample research evidence suggesting that a spell in unemployment during early adulthood has lasting negative effects both in terms of future employment and wage prospects, while concerns are being raised in certain circles over the potential risk of a "lost generation".

The gender perspective

Overall, the unemployment rate for both women (9.5%) and men (9.6%) has remained very stable in recent months, continuing the pattern established already since mid-2010 (Chart 38). Indeed, compared to a year earlier the rate for women was up only 0.2 pps in January 2011 while that for men was marginally down by 0.1 pps. Consequently the gender gap, which had been a fairly constant feature of the European labour market in favour of men until the crisis hit in 2008, and then of women until mid-2010, presently remains insignificant.

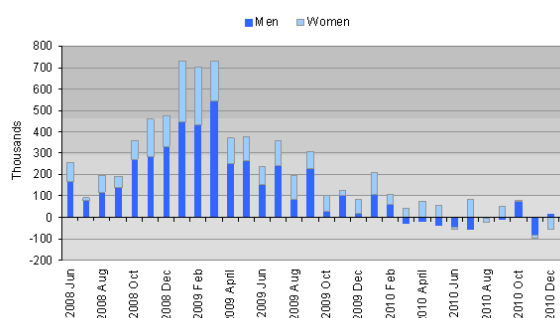
Chart 38: Unemployment rates for the EU by sex



Source: Eurostat, series on unemployment. Data seasonally adjusted.

In terms of changes in the underlying level of unemployment, the last three months have seen a consistent fall in overall unemployment, reflecting a decline in male unemployment of around 80 thousand and for women of around 95 thousand (Chart 39). Nevertheless, compared to a year earlier female unemployment in January 2011 was up by almost a quarter of a million while male unemployment was down almost 145 thousand. This reflects that although initially the crisis had a much more pronounced impact on sectors employing mainly men, such as construction and industry, it appears that those sectors started to recover faster, whereas more female-oriented sectors continued to be affected by declining employment until autumn 2010.

Chart 39: Changes in EU unemployment by sex



Source: Eurostat, series on unemployment. Data seasonally adjusted

Despite the relative stability in unemployment since early 2010, the strong initial rise in unemployment in the first two years following the crisis still mean there are around 2.6 million more women and 4.5 million more men in unemployment than at the pre-crisis trough in March 2008. Overall, men still account for almost two-thirds of the total increase in unemployment since March 2008. Consequently, the unemployment rate for men remains sharply up (by 3.4 pps) on its low of 6.2% in March 2008, whereas the rate for women has risen by a more

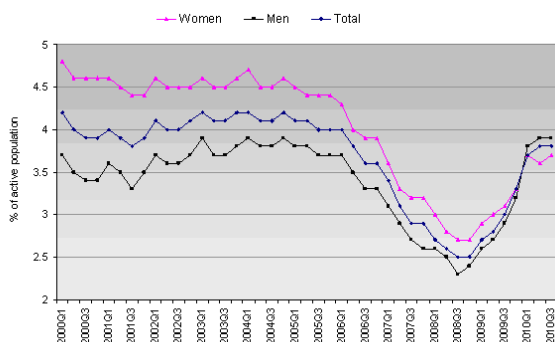
limited 2.2 pps from its low of 7.3% to the current 9.5%.

Long term unemployment and inactivity

The severe rises in unemployment have been feeding into long-term unemployment but this is now stabilising

The longer-term effects of sharply rising unemployment during the crisis have led to a dramatic rise in long-term unemployment back to around the levels observed in the early 2000s (Chart 40). Since it troughed at a low of 2.5% just before the crisis hit, the long-term unemployment rate in the EU has risen sharply over the second half of 2009 and early 2010, but, like the overall unemployment rate, has also shown signs of stabilising more recently. At 3.8% in the third quarter of 2010, it was broadly unchanged compared to the previous two quarters, although this equates to almost 40% of the unemployed having been unemployed for more than a year.

Chart 40: Long term unemployment rates in the EU by sex

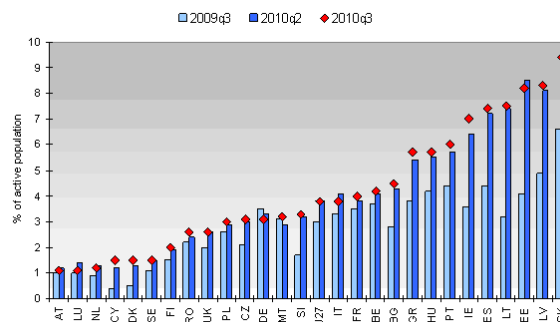


Source: Eurostat, EU LFS. Data non-seasonally adjusted

The apparent stabilising in the long-term unemployment rate is a feature also reflected across the vast majority of Member States, as indicated by rises in the third quarter generally being much lower than on average across the prior three quarters (Chart 41). Looking at annual changes, almost all Member States registered an increase in long-term unemployment over the year to the third quarter of 2010, the only exception being Germany (where it actually fell by 0.4 percentage points). The sharpest rises (of the order of 3-4 percentage points) were in the three Baltic States (Estonia, Latvia and Lithuania) and in Ireland and Spain. In contrast, only moderate rises have been recorded in several Member States, with particularly small rises in Austria, Luxembourg and Malta. As a result, long-term unemployment rates now vary very markedly across Member States, ranging from around 1% in Austria, Luxembourg and the

Netherlands to 7% or more in the Baltic States, Ireland, Slovakia and Spain.

Chart 41: Long-term unemployment rates in 2009q3, 2010q2 and 2010q3



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

Long-term unemployment may result in serious problems for the individuals affected as well as for the overall economy. The negative effects in terms of loss of human capital and thus on future employability, career prospects and earnings can be significant. Moreover, long-term unemployment is often a route leading to eventual exit from the labour market.

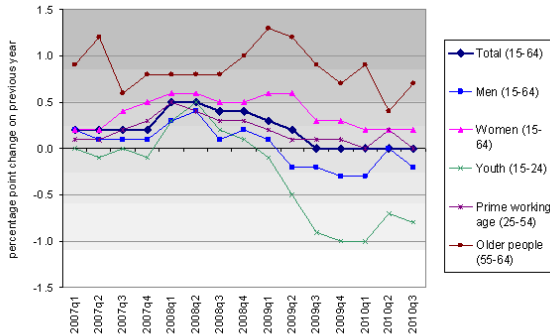
The activity rate is stable, but with wide variation in developments across gender and age groups

Over recent quarters the activity rate has remained very stable for the working age population as a whole. Furthermore, in spite of the difficult labour market conditions, at EU level the average activity rate has remained broadly unchanged since the crisis began, fluctuating marginally around the 71% level. However, this masks rather contrasting developments in activity rates for specific sub-populations.

The overall stability in activity rates reflects differing developments for men and women and across different age groups (Chart 42). For men participation rates have declined marginally year-on-year while for women they have continued to increase slightly, although the pace has been slowing in recent quarters. The most noticeable divergence, however, is between developments in participation rates for older people, for whom the rate has increased year-on-year at a roughly similar pace as before the crisis (although it has been slowing in recent quarters), while it has decreased noticeably for the young. In the third quarter of 2010, the activity rate for young people was down by 0.8 pps compared to a year earlier in contrast to a rise of 0.7 pps for older people. The trend for youth reflects in part recent year-on-year increases in the share of young people participating in education or training, although this does not seem to explain the majority of the decline in youth labour market participation rates

(since in recent quarters the share of youth participating in education or training is only up around 0.2-0.3 pps year-on-year).

Chart 42: Year-on-year change in activity rates in the EU by sex and age group



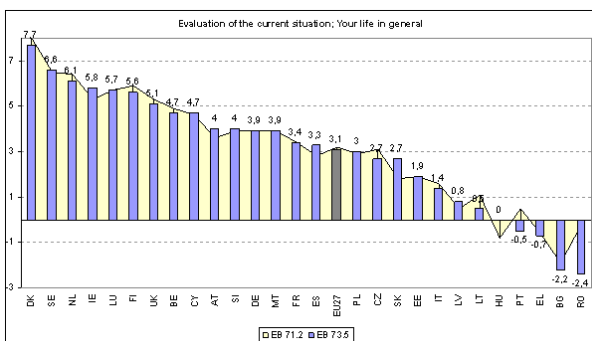
Source: Eurostat, EU LFS. Data non-seasonally adjusted.

The social climate

In many respects people saw the social situation as bad in 2010, but not quite as bad as in the previous year

The second "Social Climate" survey¹⁴ (Special Eurobarometer 349 (73.5)) carried out in 2010, provides an in-depth review of the social climate in the EU, covering the personal situation, the general situation and social protection and inclusion, with attention paid to the current situation, evaluations of the last five years, and expectations for the coming twelve months.

Chart 43: Life in general (current satisfaction in 2009 and 2010) (the index is explained in the methodological footnote¹)



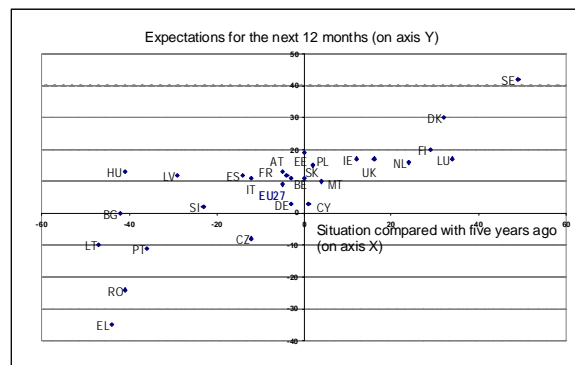
Results from this survey indicate that in many respects, people see the situations as bad – but overall not quite as bad as it has been at various points in the last few years (Chart 43). There is also a clear difference between the

¹ Methodological note: The assessments of the current situation were converted into a scale ranging from -10 to +10. The comparison to the situation from five years ago and the expectations for the future were converted into a scale ranging from -100 to +100.

problems faced by individuals and those faced by countries as a whole. Even though there are large differences across Europe in the perceptions of the personal, social and economic situation, there is some positivity in many Member States, even if respondents see the situation that the country as a whole faces as problematic.

In terms of satisfaction with life in general (Chart 44), countries scoring high in other similar surveys confirmed their high scores and displayed continued resilience to the crisis (Denmark, Sweden, the Netherlands, Ireland, Luxembourg and Finland). Notably in Ireland, severely hit by the crisis, the level of satisfaction recovered somewhat compared with 2009. Greece, rocked by solvency problems and social unrest, saw its satisfaction index deteriorate further. Satisfaction in Portugal also deteriorated further and entered negative territory. In contrast, Hungary, which recorded a negative index in the 2009 survey, saw a relative improvement as the index edged up to a zero balance. Bulgaria and Romania have the lowest indices, reflecting strongly negative levels of life satisfaction.

Chart 44: Life in general (situation compared to five years ago and expectations for the next 12 months)¹

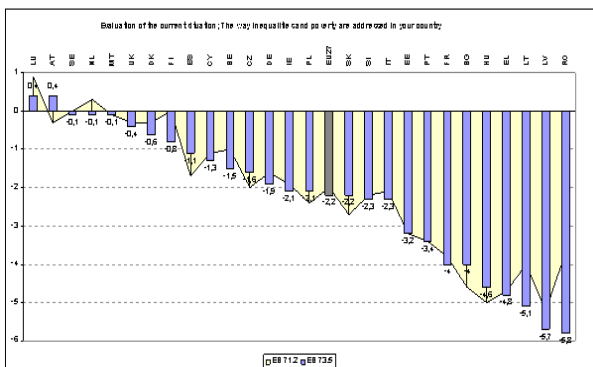


Comparisons with five years earlier capture the effects of the crisis and the satisfaction with overall developments over time (Chart 44). Negative assessments prevail. Citizens in countries which fare badly on overall life satisfaction typically declare that life was better five years earlier (e.g. Lithuania, Hungary and Bulgaria). On the other hand, countries with high evaluations of the current situation (Denmark, Sweden, the Netherlands and Luxembourg) also have high marks on the progress made over the past five years and record high hopes for more progress in the future.

On the personal job situation low scores were recorded across the whole of the EU, with negative scores in numerous countries. Interestingly, there are important differences in unemployment rates among the countries with

the lowest scores on the personal job situation at the time of the survey: Italy (8.4% unemployed), Portugal (11.1%), Lithuania (18.2%), Bulgaria (10.0%), Greece (12.2%), Hungary (11.2%) and Romania (7.1%). This may indicate the importance of other variables in explaining the overall satisfaction with the personal job situation. Improvements in Ireland, France and Slovakia, compared with 2009, are noteworthy.

Chart 45: The way inequalities and poverty are addressed (current satisfaction in 2009 and 2010)¹ above



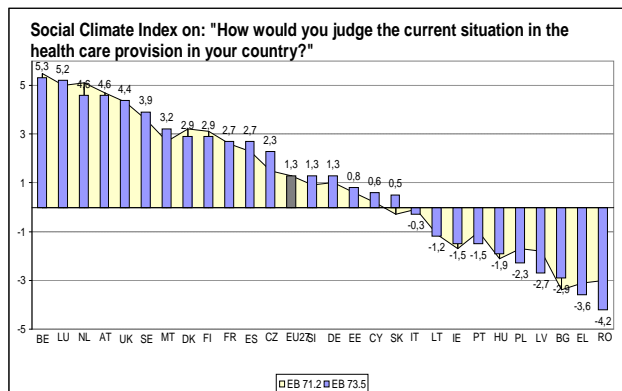
On how inequalities and poverty are addressed, a negative picture dominates. Only Luxembourg and Austria report positive, if low, indices for the current situation (Chart 45). The lowest-scoring countries are Hungary, Greece, Lithuania, Latvia and Romania, with Romania and Lithuania recording the steepest decreases on last year's results. The comparison between now and five years back could be regarded as a proxy measuring tendencies in perceived inequalities and a risk of social unrest. It is telling that 65% of Greeks and 60% of the French said that the way inequalities and poverty are addressed got worse over the previous five years. The same negative assessments in Hungary and Romania tell a different story. Public opinion improved in that respect in Hungary while it deteriorated from already very low levels in Romania.

The survey reveals deep dissatisfaction in numerous countries with the way public administrations are run. Worrying levels of dissatisfaction are reached in Greece (91% negative assessments) in Romania and Latvia (87%) and Portugal (77%). Also Italy, Ireland and Lithuania stand out on the negative side.

How people evaluate health care provision in their countries

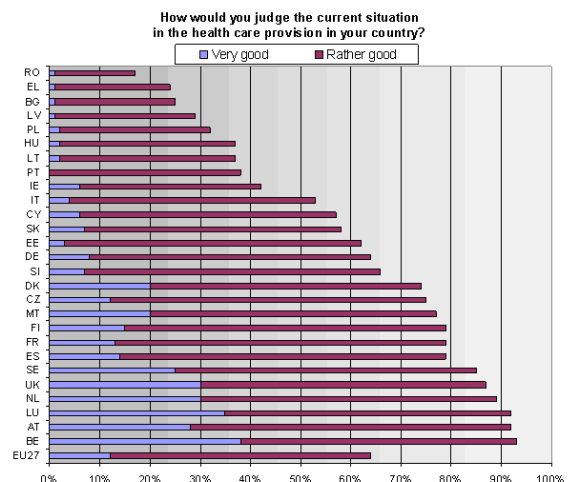
The Social Climate survey reveals a polarised picture of European's assessment of health care provision.

Chart 46: Social Climate Index for health care provision in 2009 and 2010¹ above



The satisfaction gap between countries is wide. Belgium, Luxembourg and Austria top the group of high income countries scoring very high on satisfaction with health services (Charts 46 and 47). In Belgium, for example, 93% of answers are positive. At the opposite end, 76% of Greeks and 80% of Romanians rate the health care provision in their countries as rather bad or very bad. These figures are accompanied by perceptions of change over time. As many as 72% of respondents in Romania and 63% in Greece think that health care provision has deteriorated compared to five years earlier (Chart 48).

Chart 47: The proportion of the respondents who rate the health care system positively

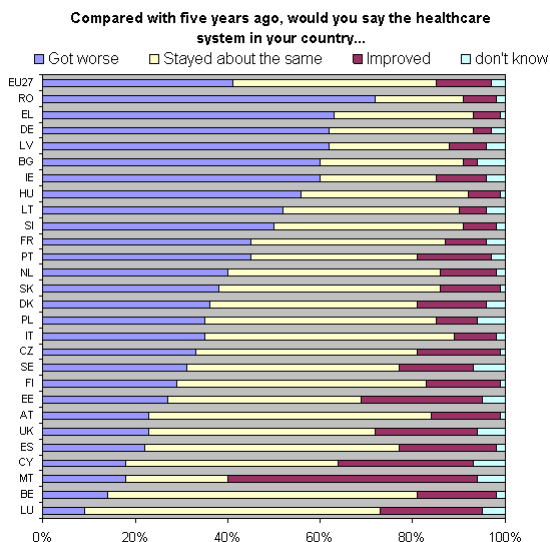


The Germans, who show a solid measure of satisfaction with health services now, see the situation as nevertheless having worsened over the last five years. Countries hit hard by the crisis tend to see the change in negative terms, e.g. Hungary, Ireland and Latvia.

Overall, the difference between 2010 and 2009 is not pronounced. Apart from slight drops in the Netherlands, Denmark and Finland, the most

worrying aspect appears to be the further slides observed in Greece, Romania, Latvia and Poland, countries which already in 2009 recorded extremely low scores.

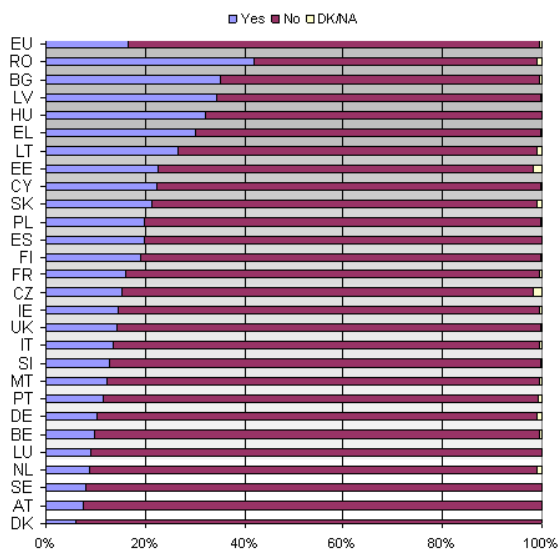
Chart 48: How the respondents see the health care system changing over five years



Perceptions of the crisis and poverty

The European Union has been monitoring the public opinion on the crisis and poverty through a telephone survey, first launched in July 2009 and repeated quarterly, later on. Below, we present the main findings of the 5th and latest wave of this survey, conducted in October 2010¹⁵.

Chart 49 Have respondents' households run out of money or pay ordinary bills, buy food or other daily consumer items in past 12 months? (Question 9)

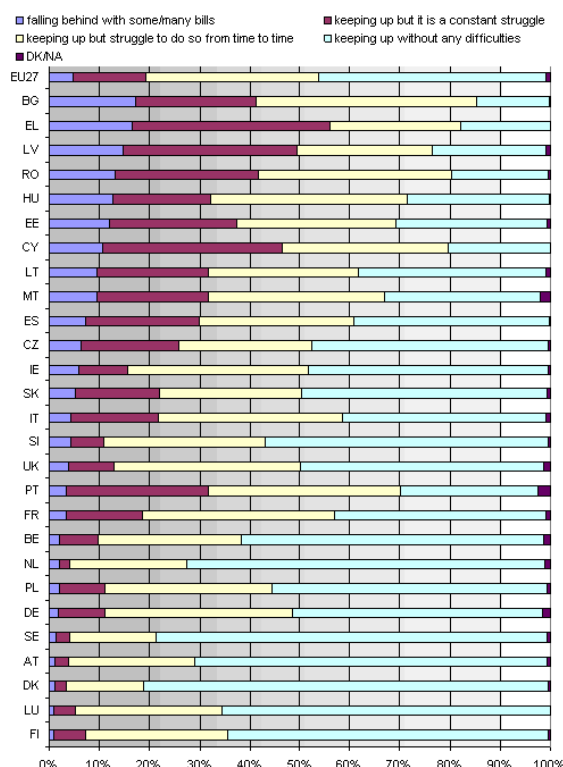


The two charts below show that a sizable proportion of respondents declared various forms

of financial distress such as running out of money to pay for the essentials and keeping up with bills and credit payments. The level of this distress is widely consistent with the Europe2020 poverty indicators.

The data for the less prosperous recent entrants to the EU, Romania and Bulgaria, as well as the countries severely hit by the crisis such as Latvia, Hungary or Greece show that around 30-40 % of the respondents are struggling financially, against the average of 17% for the whole EU.

Chart 50: Respondents' ability to keep up with household bills and credit commitments (Question 3)



Respondents' assessment of the risk of running out of money to pay for the essentials in the next 12 months could be understood as anxiety about one's financial plight. The following data paint a disturbing picture where e.g. as many as 50% the Romanians 44% of the Greeks fear difficulties in paying for the essential daily items.

A considerable proportion of respondents in numerous less prosperous countries claim that health care became less affordable. The interpretation of these answers is not straightforward because comparisons with previous waves show, that percentage of respondents making claiming that health care got less affordable has been stable. It is possible that the responses to this question are more a reflection of general anxiety and dissatisfaction

with healthcare provision rather than a picture of its affordability.

Chart 51: Level of risk that respondents would not be able to pay ordinary bills, buy food or other daily consumer items over the next 12 months (Question 8)

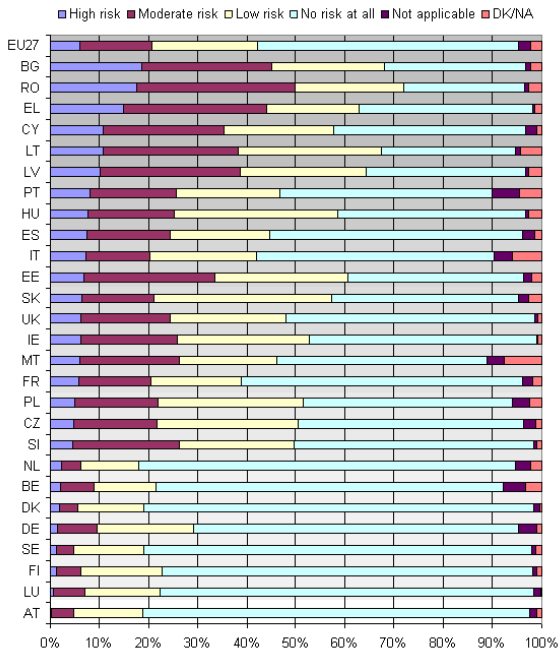
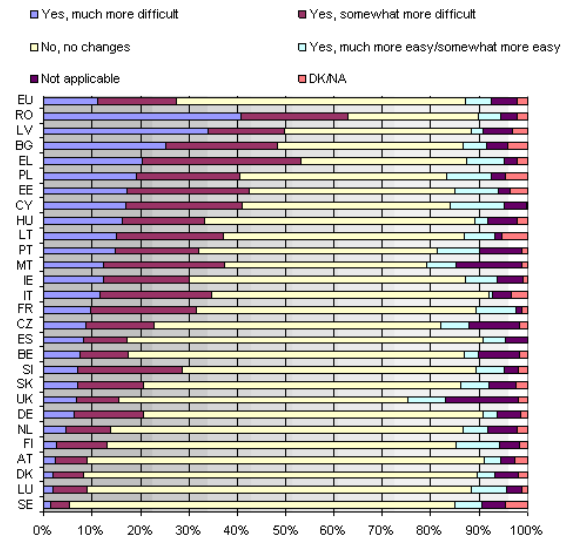


Chart 52: Perceived changes in the ability to afford healthcare for the family (Question 4)



Latest developments in selected Member States

This section provides an overview of recent developments and forecasts at Member State level. In this issue, the focus is on the labour market situations in Bulgaria, France, Germany, Hungary, Italy, Romania and the UK. Priority has been given to the most recent reports and forecasts (dating from January to March 2011) from reliable sources at country level, complemented by relevant data from Eurostat.

Bulgaria

Unemployment is expected to gradually stabilise in Bulgaria, around the 10% mark, although long-term unemployment is becoming problematic.

According to the results of the Labour Force Survey carried out by the National Statistical Institute (NSI) in the fourth quarter of 2010, the employment rate of citizens aged 15 – 64 years was 59%, down 2.2 pps on the same quarter of 2009. For men, the fall in the employment rate was considerably higher than for women — by 3.6 against 0.8 pps. Employment rates reached 61.7% for men and 56.4% for women.

In the fourth quarter of 2010, the total number of employed persons aged 15 and over was 3 million, accounting for 46.3% of the population in this age group. Compared to the same quarter of 2009, it was down by 147 900 or 4.7%. The share in the population fell by 1.9 pps. The fall in employment was higher for men than for women, down by 6.5 against 2.5%. Between the fourth quarters of 2009 and 2010, the number of employed with a low level of education (lower secondary or less) fell by the most (-17.7%) compared to the employed with a higher level of education (-3% for higher education and -1.6% for tertiary education).

In the fourth quarter of last year, the NSI recorded 382 400 unemployed persons. The unemployment rate reported by Eurostat was 10.2% in January 2011, up 0.1 pps on the previous month, up 1.2 pps on January last year and double the rate posted prior to the crisis (5.1% in November 2008). Nonetheless, this is moderate compared to pre-accession levels (nearly 20% in mid-2001). Unemployment rose faster for men than for women. In the twelve months to January 2011, the unemployment rate for men rose by 1.5 pps to 10.9% against 1.0 pps to 9.5% for women.

In the last quarter of 2010, the NSI recorded 70 400 young people unemployed (15 – 24 years of age). More than one in four young people were unemployed in January 2011 (25.2%, up

4.0 pps on January 2010). This is a record high in the recent period following the recession. In August 2008, the rate had not exceeded 11%.

The number of unemployed for less than a year increased by 18.3% between the fourth quarters of 2009 and 2010, reaching 182 600 in the fourth quarter of last year. The number of long-term unemployed people was 199 800, i.e. 52.2% of all unemployed. The long-term unemployment rate went up by 2.5 pps and accounted for 5.9% of the active population.

In its latest European Economic Forecast released at the end of last year, the Commission had predicted that GDP would stabilise as of last year at -0.1%, after the major fall in 2009 (-4.9%). GDP is then expected to rise in 2011 (+2.6%). The unemployment rate should stabilise below the 10% mark this year and continue to fall in 2012.

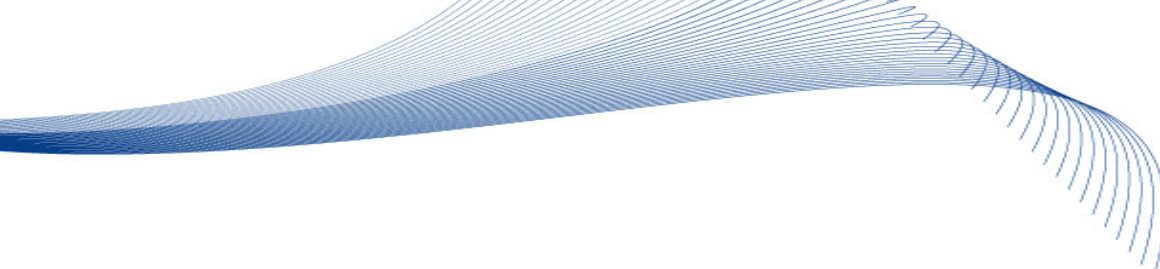
Germany

Germany has better resisted to the crisis than other Member States despite a comparable loss in output.

According to the Federal Statistical Office (Destatis), in the fourth quarter of 2010 there were about 41 million persons in employment whose place of residence was in Germany; this figure was up by 422 000 people or 1.0% on a year earlier. This is the highest level of employment ever recorded for a single quarter since German reunification. The development by economic sectors revealed different employment trends compared with the previous year. In absolute terms, the largest increases were again recorded in the service sector: +388 000 persons or +1.3% on the same quarter a year earlier. For the first time, more than 30 million people were employed in services. In construction, too, the positive trend continued in the fourth quarter of 2010 (+42 000 people or +1.9%). Moreover, for the first time in nearly two years, the number of persons in employment in industry (including energy) increased slightly on the previous year (+7 000 or +0.1%). This trend was confirmed in the subsequent months.

Germany's unemployment rate continues to fall. In January 2011 it was only 6.5%, i.e. down 0.1 pps on the previous month and 1.2 pps below the highest rate of 7.7% recorded during the crisis in June 2009. The unemployment rate currently recorded in Germany is the fifth lowest in the EU and indisputably the lowest among the larger Member States. The decline in unemployment





figures is due to women and men alike. Men were hit first and hardest by the downturn, but the gap with their female counterparts has gradually been bridged and in January 2011 their respective unemployment rates stood at 7.0 and 6.0%. Youth unemployment in Germany remains moderate. At 8.3%, the unemployment rate for those aged under 25 is the third lowest in the EU.

Recent figures provided by the Institute for Labour Market and Employment Research (IAB) on the unrealised demand for labour reached 996 000 in the fourth quarter of 2010, i.e. 200 000 or 25% more than a year earlier. The BA-X job index, which tracks the development of seasonally adjusted labour demand in the primary labour market, increased by 6 points to reach 166 points in the month to February 2011. This represented a rise of 46 points compared with the previous year. According to Eurociett and BZA, Germany - which accounts for 14.2% of the European agency work market - reported an increase of 38.8% in the total number of temporary agency workers in December 2010, compared with the same period in the previous year. As of May this year, the German and Austrian labour markets will be opened to all EU-8 countries when the transition period for countries that joined the EU in May 2004 expires. The authorities predict that around 100 000 job-seekers from newer Member States will enter the German labour market.

Real earnings, that is the price-adjusted gross monthly earnings of full-time employees, rose an average 1.5% in the fourth quarter of 2010 compared with the fourth quarter of 2009, as reported by Destatis. This was the second largest increase in real earnings in the past three years. Nominal earnings were up 3.0% in the fourth quarter of 2010 on the same quarter of the previous year, while consumer prices increased by 1.5% in the same period. Regarding the year 2010, the increase in real earnings amounted to 1.5% as well.

According to the European Commission's latest Economic Interim Forecast 2011, Germany continues to enjoy a robust and broad-based recovery, as its economy bounced back strongly from the recession, with real GDP having increased by 3.6% in 2010 after falling by 4.7% in 2009 - to achieve the highest growth rate since the early 1990s, driven by expanding exports. Catching-up effects after the crisis, increased public spending on infrastructure and rapidly increasing capacity utilisation led to a rebound in investment, while private consumption was supported by the robust performance of the labour market as evidenced by rising employment and number of hours worked. The

pace of economic expansion slowed somewhat in the second half of last year, with real GDP expanding by 0.7% in the third quarter and 0.4% q-o-q in the fourth quarter. A significant technical recovery is expected in the first quarter of 2011, reversing the latest development, and in the coming quarters, economic activity should continue to expand steadily, along with further gradual employment gains. Real GDP is projected to expand by 2.4% this year.

France

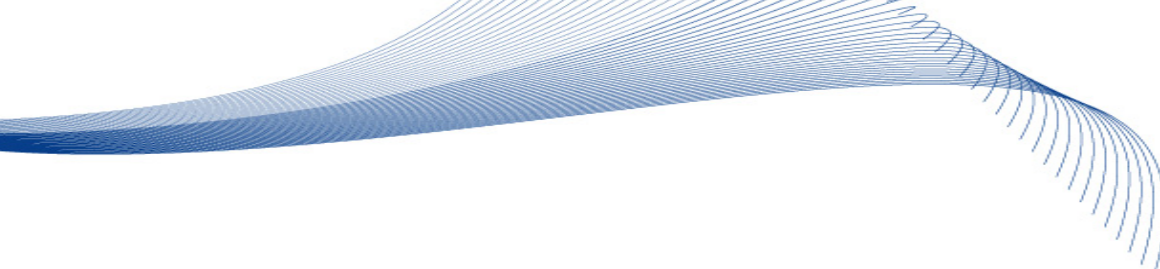
Supported by a modest economic recovery, the relative decline in unemployment in France is mainly driven by temporary labour.

According to the National Institute of Statistics and Economic Studies (Insee), after rising by 22 200 in the third quarter of 2010, the number of jobs in market sectors was up by 37 600 in the fourth quarter. Permanent contracts stabilised at 48.8% of the population aged 15-64, while temporary contracts increased by 0.2 pps on the previous quarter, to 6.8%. Employment increased by 0.2% quarter-on-quarter and by 0.8% year-on-year in those sectors. Consequently, the unemployment rate fell in the fourth quarter of 2010.

Recent LFS data confirm this positive trend in recent months. France's unemployment rate fell by 0.1 pps in January 2011 on the previous month to 9.6%. This is 0.3 pps lower than in January 2010 and 0.4 pps below the peak of 10% in November 2009. According to Pôle Emploi the number of jobseekers, which was about 2.7 million at the end of February 2011, is 1.3% higher than a year earlier and down only 0.1% on January. The number recorded then was also 0.1% lower than in December last year. This slight fall in unemployment has been equally shared between women and men. In the twelve months to January 2011, the unemployment rate reported by LFS fell by 0.3 pps for both women and men, to 9.7 and 9.5% respectively. The fall in unemployment was more significant for those under 25, as the unemployment rate fell by 1.0 pps in the month to January, to 23.2%, and was also 1.4 pps below the peak of November 2010. Although in annual terms this is only 0.3 pps below the level recorded in January 2010, this level remains worrying and is still 2.6 pps above the EU average.

Temporary agency work rose 20.1% in one year, according to Pôle Emploi. By the end of December, there were about 660 000 temporary agency workers in France. All professional activities recorded a substantial rise: +23.2% in managerial functions, +21.5% for skilled blue-





collar workers, +20.6% for the unskilled blue-collar workers and +13.2% for white-collar paid employees. Eurociett and Prisme reported a 16% increase in the interim sector's turnover. During the same period, the number of hours invoiced rose by 15.5%. By January 2011, the number of temporary agency workers had risen by 18.9% on average over the year, and the French agency work sector now accounts for 18.1% of the European agency work market.

According to Insee's business climate and turning point indicators, the French business climate remained stable in February. The indicator remained at 106, after a two-month increase, but is still above its long-term average. The business climate is only improving in the services sector. It remains favourable in industry and retail trade. In the building industry, business leaders are predicting a deterioration. At the same time, the turning point indicator has remained clearly in the favourable zone for the last 18 months, showing continuing signs of a future recovery.

Recovery is taking hold in France, as reported in the European Commission's latest Economic Interim Forecast 2011. Domestic demand - the country's traditional growth engine - contributed 1 pps to growth in 2010. Overall, GDP growth came out at 1.6% last year. The short-run prospects for activity appear favourable. Business climate indicators have shown a strong acceleration for the most recent months, particularly as regards industrial activity, but also services. All business climate indicators are now above their historical average and point to an acceleration, except in the construction sector. Exports are also set to benefit from strong growth in neighbouring countries, especially in Germany. Overall, GDP is expected to grow by 1.7% this year.

Italy

Despite a modest economic recovery, Italy's labour market is progressively picking up, supported by temporary labour and wage moderation.

The Italian National Institute of Statistics (Istat) estimates that 22.8 million persons were employed in January 2011. The unemployment remained unchanged in January for the third month running, at 8.6%, which was slightly below the peak of 8.7% recorded last October. It is still 0.3 pps higher than the level recorded in January last year (8.3%). This slight increase is attributable to men, as the male unemployment rate rose by 5 pps (to 7.8%) in the twelve months to January 2011, while the female unemployment rate

remained stable at 9.8%. When seasonal variations are taken into account, the number of people seeking work rose to 2.15 million in January, up 0.1% on December and up 2.8% on the figure for January 2010.

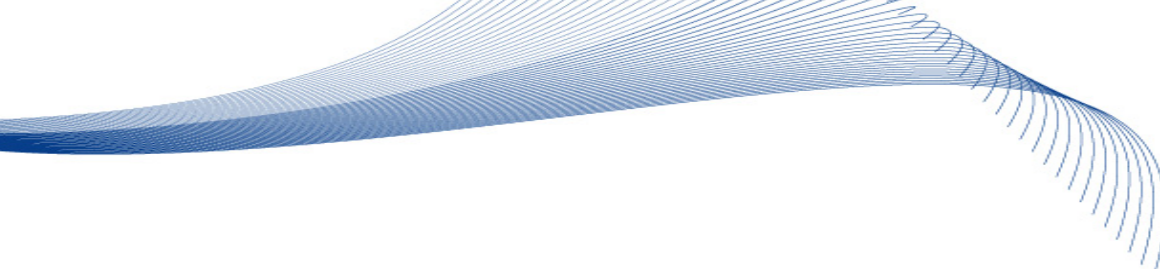
The jobless rate among the 15-24 age group hit a 7-year high at 29.4% in January 2011, up 0.5 pps on December 2010 and up 2.8 pps on January 2010. At 8.8 pps higher than the EU average, this is one of the highest rates in the EU. On the positive side, according to Eurociett and Assolavoro, the number of hours worked by temporary agency workers in Italy rose by 30.2% between December 2009 and December 2010. In December 2010 the seasonally adjusted employment index in large firms was unchanged (+0.1% in industry and unchanged in services) compared with November 2010; leaving aside workers benefiting from a short-time working allowance, it increased by 0.2% (+0.6% in industry and unchanged in services).

According to Istat, the job vacancy rate, i.e. the percentage ratio between vacancies and the sum of vacancies and occupied posts, was 0.6% in the fourth quarter of 2010 in the industry and services. This was 0.1 pps higher than in the fourth quarter of 2009.

As far as the seasonally adjusted index of gross average earnings per hour worked is concerned, the percentage change in the average of the last three months compared to the previous three months was +0.5% (+1.2% in industry and -0.3% in services). In the fourth quarter of 2010 the seasonally adjusted index of gross wages per full time equivalent rose by 0.6% compared to the previous quarter (0.7% in industry and 0.5% in services). The unadjusted index rose by 1.8% compared to the fourth quarter 2009 (2.2% in industry and 1.3% in services). The average percentage change in 2010 compared to the previous year was 2.9% (3.5% in industry and 2.4% in services).

According to the European Commission's latest Interim Economic Forecast 2011, the Italian economy is experiencing a moderate recovery after the severe output losses recorded during the 2008-09 crisis. In 2010 as a whole, real GDP expanded by 1.1% according to preliminary estimates (after falling by 5% in 2009). Supported by sustained global demand, exports are expected to continue driving the recovery through 2011. This is in line with business confidence indicators that point to healthy expansion in the manufacturing sector. Overall, GDP growth in 2011 is projected at the same rate as in 2010 (1.1%), while the labour market conditions are likely to remain weak for some





time, which in turn could dampen private consumption dynamics.

The Italian government is also preparing to deal with a predicted allegedly massive influx of immigrants from North Africa. The need to avoid a surge in undeclared work and to keep it under control has become more pressing, as it is already a major issue in the peninsula. With a view to tackling this transnational issue, coordination has been put in place by the governments of the six Mediterranean countries of the EU: Spain, France, Greece, Italy, Cyprus and Malta.

Hungary

Hungary's labour market is not expected to recover anytime soon, as the unemployment rate soared in January 2011, especially for young people.

According to the Hungarian Central Statistical Office (KSH), between November 2010 and January 2011, the average number of employed people in the age group 15–64 was 3.75 million, 26 000 more than the previous year and 48 000 less – primarily due to seasonal factors – than the three previous months (August – October 2010). The employment rate for this age group was 55.3%, up by 0.3 pps from the same period of the previous year. Male employment was 60.3%, against 50.5% for women.

The number of unemployed persons grew by 4% to 474 000 compared to last year. The KSH highlighted that, in this period, 16% of unemployed people were in the 15–24 age group, which is underrepresented in the labour market. The average duration of unemployment was 18.7 months, 2.3 months longer than the previous year.

More recently, Eurostat reported a substantial increase in unemployment from December 2010 to January 2011, as the overall rate climbed by 0.8 pps to 12.6%, which is an absolute record, although the EU's average unemployment rate fell slightly. The dramatic increase recorded in the twelve months to January (+1.6 pps) is the EU's second highest after Greece (+3.2 pps). Men suffered the most from this hike (+1.7 pps to 13.1%), compared to women (+1.4 pps, to 11.9%).

But young people are undoubtedly hit hardest by the phenomenon: +1.8 pps in the month and +3.3 pps over the year. For the first time, more than 30% of those aged under 25 are unemployed: 30.5% in January. In December, at 28.7%, the rate had already outstripped the previous high recorded in October 2009 of 28.4%.

Labour market recovery is in the focus of the Hungarian government's recently unveiled reform package including also austerity measures. Although crisis taxes will continue to be levied on the financial sector and other activities, to rein in the public deficit to 2.5% by next year, substantial reforms will be conducted on the pension system and the labour market. Hungary's recovery programme aims to boost employment growth through investment in health industries, tourism, infrastructure and green jobs.

In its latest European Economic Forecast, the Commission had predicted GDP picking up last year by +1.1%, after the dramatic fall seen in 2009 (-6.7%). This is likely to continue in 2011 (+2.8%). The unemployment rate should stabilise around 11% this year before slightly falling to 10.3% in 2012.

Romania

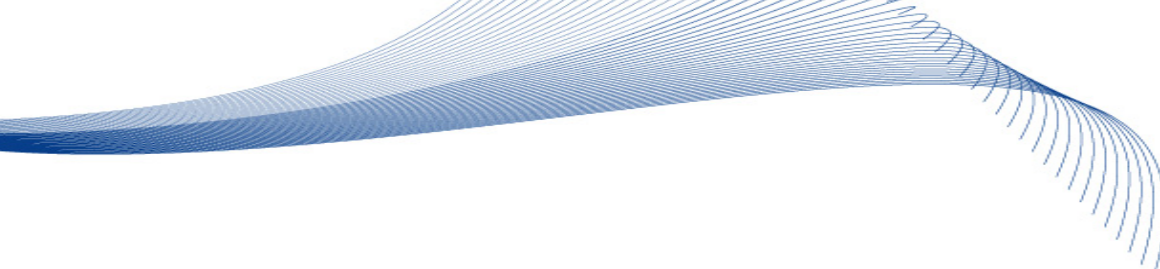
The modest recovery of Romania's economy is still nascent and fragile; its impact on employment might take some months before it can be felt.

According to Eurostat, Romania posted the eighth lowest unemployment rate in the EU, at only 7.3% in the third quarter of last year. This was up 0.1 pps on the same quarter of 2009 but 0.3 pps below the peak of the fourth quarter of 2009. An explanation for this relatively low rate is the major emigration flow in recent years. This is a consequence of another phenomenon: Romanians are amongst the worst paid Europeans, with a minimum wage of € 157 per month. According to EU statistics, only the Bulgarians have lower salaries (€ 123).

In 2009, the average number of employees was 4 774 300. A direct consequence of the economic crisis since the second half of 2008 was the fall in the average number of employees by 272 100 people in 2009 compared to the previous year. The net monthly average earning was 1 361 lei, 28.3% higher than in 1990, in real terms (expressed as compared to the change in consumer prices of the population).

Both genders have enjoyed a relative decline in unemployment. The unemployment rate for women fell from 6.8% in the fourth quarter of 2009 to 6.5% in the third quarter last year. For men, it fell from 8.2% to 7.9% in the same period. Youth unemployment is more worrying, as unemployment of young people aged under 25 has not eased yet and remains higher than the EU average, at 21.7% (up 0.5 pps on the third quarter of last year).





According to the National Institute of Statistics INSSE, in January 2011 gross industrial production fell by 3.7% compared to the previous month (-4.5% in manufacturing, but +2.3% in the energy sector) while industrial production adjusted by number of working days and seasonality was up 1% (+1.3% in manufacturing, +0.7% in the energy sector). Compared to the same month of the previous year, industrial production rose in both cases, by 11.9% and 10.6% respectively. Eurostat recently confirmed the recovery of Romania's economy, as the country's GDP picked up by 0.1% between the third and the fourth quarter last year, after falling by 0.7% in the previous period. The annual change was -0.6% against -2.1% in the previous quarter. This indicates a possible recovery on the labour market front.

In its latest European Economic Forecast, the Commission had forecast GDP picking up this year by +1.5%, after the dramatic declines seen in 2009 (-7.1%) and 2010 (-1.9%). The unemployment rate should stabilise at around 7.4 – 7.5% this year before slightly falling to 7% in 2012.

United Kingdom

The UK's unemployment rate peaked in the three months to January 2011, at 8%, and might be still increasing further in the coming months before easing by the end of the year.

According to the Office for National Statistics (ONS), the employment rate was broadly stable between November 2010 and January 2011 at 70.5%, with 29.16 million people employed. The number of employees and self-employed people who were working part-time fell by 43000 on the quarter to reach 7.91 million.

The unemployment rate was 8.0% on average between November 2010 and January 2011, up 0.1 pps on the quarter. The total number of unemployed people rose by 27000 over the quarter to reach 2.53 million, the highest figure on record since 1994. According to Eurostat's LFS data, the unemployment rate was 7.8% in November 2010. The unemployment rate for those aged between 16 and 24 increased by 0.8 pps on the quarter to reach 20.6% on average between November 2010 and January 2011. This was the highest figure on record, and corresponds to the EU average as the number of jobless young people approached the million mark. This trend gave rise to renewed concern that young people are bearing the brunt of weakness in the labour market.

As reported by the ONS, after rising by 2400 in the month to January 2011, the number of people claiming Jobseeker's Allowance (the claimant

count) fell by 10200 between January and February to reach 1.45 million. While the number of male claimants has fallen for thirteen consecutive months, the number of female claimants has increased for eight consecutive months. In November 2010, unemployment rates amounted to 8.4% for men and 7% for women. The former rose by 0.4 pps over the previous twelve months, while the latter fell by 0.4 pps.

The inactivity rate for those aged between 16 and 64 for the three months to January 2011 was 23.3%, up 0.1 pps on the quarter. The number of economically inactive people aged 16 to 64 increased by 43000 over the quarter to reach 9.33 million. The earnings annual growth rate for total pay (including bonuses) was 2.3% in the three months to January 2011, up from 1.8% for the three months to December. This increase in the annual growth rate for total pay in the whole economy was mainly driven by bonuses in the finance and business services sector.

According to Eurociett, permanent staff placements and temporary contract staff invoicing rose more rapidly in January. The latest increases were the most marked for six and seven months respectively. Recruitment consultants reported that increased staff appointments reflected a further rise in vacancy levels at employers. Overall demand for staff grew at the fastest pace since last June. Hourly rates of pay for short-term workers decreased marginally compared to the previous month. The availability of staff to fill permanent jobs remained broadly stable in January, following three months of growth. Temporary contract staff availability continued to show a marked improvement.

According to the European Commission's latest Economic Interim Forecast 2011, although the poor economic performance seen in the fourth quarter of last year (-0.6% of GDP) reduces the expected level of 2011 output slightly, growth prospects for the first half of 2011 are sustained, as snow-hit sectors return to normal and postponed construction activity catches up, resulting in an annual growth of 2% in GDP in 2011. Growth this year is likely to be driven by net exports and corporate investment, offsetting falling government consumption. On the other hand, many economists expect some further rise in unemployment, although the independent Office for Budget Responsibility believes that the rate will peak at 8.1% before starting to fall.

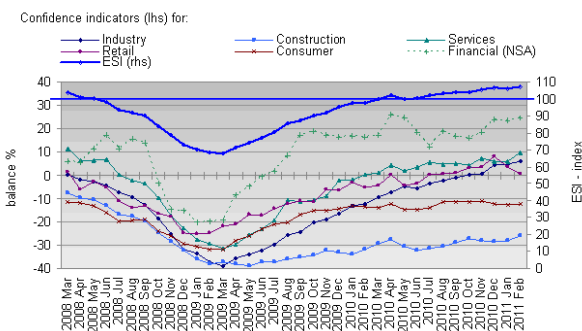


Outlook

Economic confidence in the EU, rises to a three-year high...

The EU Economic Sentiment Indicator (ESI) has generally been on an upward trend since April 2009, except for a short reverse last May. Despite the fact that recent progress has been appreciably slower than in 2009, the ESI reached a three-year high in February at 107.2, after a pause in January (Chart 53).

Chart 53: ESI and confidence for the EU



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

This significant increase at EU level in December was due to greater optimism in four of the larger Member States: Poland (+3.6 points) and the UK (+3.1 points) reported the most significant increase, followed by Spain (+2.2), Germany (+1.3) and the Netherlands (+1 point). Only France (-0.4) and Italy (-0.5) reported a fall. The ESI is now above its long-term average in six out of the seven largest Member States, with Spain still catching up.

A significant rise in sentiment in services was the main driver of the improvement. Confidence in industry and construction also contributed to the overall improvement, as well as confidence among euro area consumers. Sentiment in industry increased further by 1.1 points in the EU. The gain in confidence in this sector reflects sizeable improvements in both (domestic) order books and export order books.

Sentiment in services rose significantly in the EU (+3.6)). Managers were especially upbeat about the evolution of demand observed in the past months, while they were more cautious about expected demand. Sentiment in construction increased significantly as well, both in the EU (+2.1), although the indicator remains at very low levels in both regions. Sentiment in the retail sector weakened substantially in the EU (-2.8)). Confidence in financial services (not included in the ESI) improved significantly in the EU (+1.2),

mainly backed by improved demand expectations.

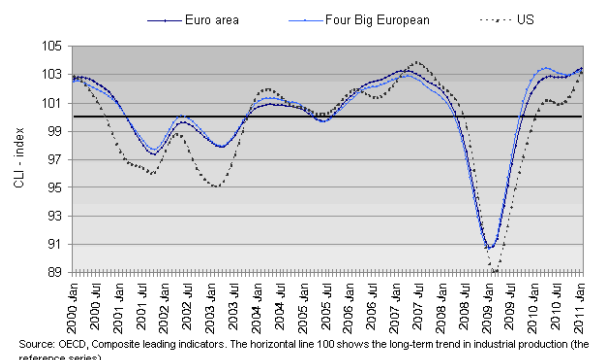
Confidence among consumers remained stable in the EU, mainly because of deterioration in UK consumers' assessment of the general economic situation and unemployment fears.

...while the OECD leading indicators for Europe point to an expansion

The OECD's Composite Leading Indicators (CLIs) for Europe, which started to pick up at the beginning of 2009, have exceeded their long-term average for a year now, although since last April they have levelled out. In January, the CLIs increased slightly in the euro area and in the three European major countries (France, Germany and the UK), thus regaining some momentum after a stabilisation in the middle of last year. Among the major European economies, only Italy is showing a moderate downturn. As these numbers are well above their long-term average, at 103.4 points, the recent upturn underlines signs of newly increasing economic expansion.

The CLIs for the US gained 0.6 points in January to stand at 103.2 points, signalling steady expansion. The Euro area posted a recovery of 1.4, the US a stronger 3.3 points and Japan of 5 points compared to a year earlier (Chart 54). However, the OECD indicator does not yet take into account the possible impact of the rising oil prices due to the turmoil in the Northern African countries and the earthquake in Japan.

Chart 54: Composite leading indicator for the EU and the US



Source: OECD, Composite leading indicators. The horizontal line 100 shows the long-term trend in industrial production (the reference series).



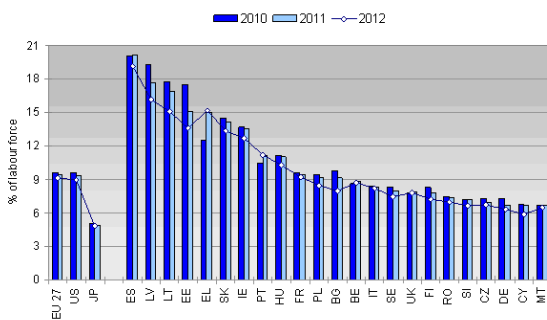
Commission interim forecasts show a faster pace of economic recovery but the situation remains fragile and labour markets weak...

According to the European Commission's Interim Spring Forecasts, the economic recovery in the EU continues to make headway. After a strong performance in the first half of 2010, real GDP growth for both the EU and the euro area slowed down in the second half of last year. The deceleration was expected and in line with a softening global growth and trade, which reflected the withdrawal of stimulus measures and the fading away of positive impulses from the inventory cycle. Nonetheless, the global economy, particularly the US and emerging markets, proved more dynamic in the fourth quarter than expected in the autumn. This is likely to have supported EU exports, providing a countervailing impulse to the adverse weather effects observed in the final part of the year in some Member States. Looking ahead, EU GDP growth in 2011 has been revised a little bit upwards (1.8% instead of 1.7%), but still lower than in 2010. Tensions in some financial and sovereign-bond markets in the EU and uncertainty linked to the turmoil in the southern Mediterranean countries and the earthquake in Japan add some risks to the outlook.

The expected pace of recovery remains uneven across Member States. Germany continues to benefit from the robust external environment and strong domestic demand dynamics, whereas significant adjustment challenges still weigh on activity in several other countries.

The pace of GDP growth in the EU is set to moderate into mid-2011, as the global economy goes through a temporary soft patch, dampening EU export growth. The outlook for labour markets is for a gradual but slow improvement over the forecast horizon. In the Autumn Forecasts, employment was projected to expand by a modest 0.4% in 2011 and 0.7% in 2012. The outlook for unemployment does not point to any major improvements in the coming months: the unemployment rate is set to stabilize at 9.6% in 2010 and is expected to decrease only slightly to 9.5% in 2011 and to 9.1% in 2012.

Chart 55: Forecast for the unemployment rate



Source: Commission services (ECFIN), 2010 Autumn economic forecast.

Annex I: Selected statistics

Table 2: Real GDP growth

	% change on previous quarter					% change on previous year				
	2009		2010			2009		2010		
	q4	q1	q2	q3	q4	q4	q1	q2	q3	q4
BE	0.4	0.1	1.1	0.4	0.5	-0.1	1.7	2.7	2.0	2.0
BG	-0.2	-0.5	0.5	0.7	2.1	-6.7	-0.8	-0.3	0.5	2.8
CZ	0.4	0.7	0.7	0.9	0.3	-3.2	1.1	2.3	2.7	2.6
DK	0.5	0.9	1.3	0.9	-0.4	-3.1	-0.8	2.9	3.6	2.7
DE	0.3	0.6	2.2	0.7	0.4	-2.0	2.1	3.9	3.9	4.0
EE	1.0	1.1	2.1	1.1	2.3	-9.1	-2.7	3.1	5.5	6.8
IE	-1.6	1.8	-1.2	0.6	:	-5.5	-1.0	-1.8	-0.4	:
GR	:	:	:	:	:	:	:	:	:	:
ES	-0.2	0.1	0.3	0.0	0.2	-3.0	-1.4	0.0	0.2	0.6
FR	0.6	0.3	0.6	0.3	0.3	-0.5	1.2	1.6	1.7	1.5
IT	0.0	0.5	0.5	0.3	0.1	-2.9	0.6	1.5	1.4	1.5
CY	-0.2	0.7	0.7	0.6	0.5	-2.7	-1.0	0.6	2.0	2.6
LV	0.1	0.2	0.6	1.6	1.1	-16.8	-5.3	-2.8	2.6	3.6
LT	-1.1	1.4	1.0	0.3	1.8	-14.4	-1.9	1.2	1.6	4.6
LU	1.3	-0.1	0.9	1.5	:	2.1	1.4	5.5	3.6	:
HU	0.1	1.4	0.1	0.5	0.2	-5.1	-0.6	0.8	2.2	2.3
MT	0.5	2.5	-0.3	0.5	1.1	-1.4	3.9	3.5	3.2	3.9
NL	0.4	0.4	1.0	0.1	0.6	-2.4	0.3	2.7	1.9	2.1
AT	0.4	0.2	1.0	1.1	0.8	-1.8	0.5	2.3	2.7	3.1
PL	1.5	0.6	1.1	1.2	0.8	2.9	3.1	3.7	4.6	3.9
PT	-0.1	1.0	0.2	0.3	-0.3	-1.0	1.7	1.3	1.4	1.2
RO	-1.4	-0.2	0.2	-0.7	0.1	-6.6	-2.1	-0.5	-2.1	-0.6
SI	0.0	-0.1	1.1	0.3	0.6	-6.2	-0.2	1.5	1.3	1.9
SK	1.4	0.7	0.9	0.9	0.9	-4.2	4.5	4.2	4.0	3.4
FI	-0.2	0.2	2.7	0.4	1.7	-5.5	0.1	4.1	3.0	5.0
SE	0.8	1.6	2.1	2.1	1.2	-1.6	2.6	4.4	6.8	7.2
UK	0.5	0.3	1.0	0.7	-0.6	-2.8	-0.3	1.5	2.5	1.5
EU27	0.3	0.4	1.0	0.5	0.2	-2.2	0.6	2.0	2.2	2.1

Source: Eurostat, national accounts. Seasonally adjusted and adjusted data by working days
Note: : not available

Table 3: Employment growth

	% change on previous quarter					% change on previous year				
	2009		2010			2009		2010		
	q4	q1	q2	q3	q4	q4	q1	q2	q3	q4
BE	0.0	0.3	0.5	0.2	0.2	-0.7	-0.2	0.5	1.0	1.2
BG	-1.8	-2.0	-1.6	-0.7	-0.7	-5.5	-7.3	-6.6	-5.2	-4.4
CZ	0.2	-0.7	0.0	0.4	0.3	-1.9	-2.1	-1.0	-0.1	0.0
DK	-1.1	-0.1	0.4	-0.5	-0.2	-5.1	-4.0	-2.3	-1.4	-0.5
DE	0.0	0.1	0.4	0.3	0.2	-0.3	-0.2	0.5	0.8	1.0
EE	-2.8	-1.6	0.4	0.0	1.7	-11.9	-9.9	-5.6	-4.1	0.6
IE	-1.1	-1.0	-0.5	-1.1	:	-8.2	-5.3	-4.1	-3.7	:
GR	-0.8	-0.7	-0.7	-0.7	:	-1.4	-1.7	-2.4	-3.0	:
ES	-0.7	-0.3	0.0	-0.8	-0.3	-6.0	-3.7	-2.3	-1.7	-1.3
FR	-0.1	0.1	0.2	0.2	0.2	-1.3	-0.7	0.0	0.5	0.7
IT	-0.4	0.1	-0.1	-0.1	0.4	-1.9	-1.1	-1.2	-1.0	0.3
CY	:	:	:	:	:	-1.5	-1.1	-0.5	0.8	1.1
LV	-1.2	-1.1	1.0	1.5	0.2	-14.7	-12.9	-6.7	0.1	1.6
LT	-2.7	-2.3	-0.1	0.5	0.7	-8.1	-7.3	-6.7	-5.1	-1.2
LU	0.6	0.5	0.9	0.0	:	0.2	0.8	1.7	2.0	:
HU	0.2	-0.2	0.8	0.6	0.6	-2.7	-2.2	-0.5	1.4	2.0
MT	:	:	:	:	:	-0.8	1.6	1.1	2.6	3.4
NL	0.0	-0.2	0.1	0.1	:	-1.6	-1.6	-0.6	-0.1	:
AT	0.1	0.3	0.3	0.3	0.6	-0.9	0.2	0.8	1.2	1.7
PL	-0.2	0.0	0.7	0.2	0.0	-0.9	-1.0	0.7	0.8	1.1
PT	0.1	-0.1	-0.6	-0.4	-0.6	-2.8	-1.7	-1.5	-1.2	-1.8
RO	:	:	:	:	:	-1.7	-1.4	-2.1	-1.9	-1.8
SI	-0.6	-0.5	-0.5	-0.4	-0.7	-3.5	-2.9	-2.1	-1.5	-2.1
SK	-0.8	-0.1	-0.2	0.4	0.4	-4.2	-3.0	-2.3	-0.7	0.5
FI	-0.4	0.5	0.3	0.2	-0.1	-4.0	-2.3	-0.4	0.5	0.8
SE	:	:	:	:	:	-2.1	-0.5	0.8	1.8	2.4
UK	0.0	-0.2	0.6	0.6	-0.2	-1.4	-1.2	0.4	1.0	0.7
EU27	-0.2	-0.1	0.2	0.1	0.1	-2.1	-1.5	-0.7	-0.1	0.3

Source: Eurostat, national accounts. Seasonally adjusted and adjusted data by working days
Note: : not available



Table 4: Share of employees with temporary contracts

	2009q3	2009q4	2010q1	2010q2	2010q3	2010q3 change on previous year (pps)
BE	8.1	8.4	8.0	7.5	8.3	0.2
BG	5.4	4.3	3.6	4.9	5.5	0.1
CZ	8.6	8.9	8.3	8.9	9.1	0.5
DK	9.2	8.7	8.0	8.6	9.0	-0.2
DE	14.6	14.7	14.2	14.5	14.9	0.3
EE	3.3	2.5	2.8	4.2	4.2	0.9
IE	9.2	8.7	8.6	9.2	10.1	0.9
GR	12.7	12.2	11.5	12.8	13.1	0.4
ES	25.9	25.1	24.4	24.9	25.6	-0.3
FR	15.1	14.2	14.3	15.3	15.7	0.6
IT	12.6	12.6	12.0	12.9	12.9	0.3
CY	14.0	13.1	12.5	14.5	13.6	-0.4
LV	5.5	5.2	5.6	6.7	7.5	2.0
LT	3.0	1.7	1.8	2.6	3.1	0.1
LU	8.3	7.7	5.3	6.6	9.1	0.8
HU	9.2	9.3	8.7	9.8	10.4	1.2
MT	5.5	4.7	5.1	5.0	6.5	1.0
NL	18.6	18.5	18.3	18.9	18.7	0.1
AT	9.8	9.1	8.8	8.9	10.2	0.4
PL	27.1	26.5	26.0	27.1	28.2	1.1
PT	22.0	22.7	23.2	23.0	23.2	1.2
RO	1.0	1.1	1.0	1.1	1.2	0.2
SI	17.5	17.1	16.8	17.8	17.8	0.3
SK	4.8	4.6	4.5	5.8	6.6	1.8
FI	15.7	13.5	13.2	16.8	17.1	1.4
SE	16.4	14.8	14.1	16.2	17.3	0.9
UK	5.8	5.8	5.7	6.2	6.3	0.5
EU27	14.0	13.7	13.3	14.0	14.4	0.4
Men	13.2	13.0	12.6	13.4	13.9	0.7
Women	14.8	14.5	14.2	14.7	15.0	0.2

Source: Eurostat, EU LFS. Data non-seasonally adjusted.
(from 15 to 74 years)

Table 5: Share of part-time employment

	2009q3	2009q4	2010q1	2010q2	2010q3	2010q3 change on previous year (pps)
BE	22.8	24.2	23.8	24.1	22.7	-0.1
BG	2.1	2.0	2.2	2.2	2.0	-0.1
CZ	4.8	5.0	5.3	5.2	5.0	0.2
DK	25.3	25.1	26.4	26.3	25.3	0.0
DE	25.4	25.4	25.5	25.7	25.3	-0.1
EE	9.1	8.4	9.9	10.4	8.9	-0.2
IE	20.9	21.6	21.5	21.6	21.9	1.0
GR	5.6	5.9	6.2	6.1	6.1	0.5
ES	12.1	13.1	13.2	13.4	12.7	0.6
FR	16.9	17.7	17.8	17.6	17.3	0.4
IT	14.0	14.1	14.8	14.8	14.5	0.5
CY	7.2	7.5	8.1	7.8	7.6	0.4
LV	8.8	8.9	10.6	8.9	8.3	-0.5
LT	7.9	8.1	8.6	7.7	6.5	-1.4
LU	16.5	16.2	18.8	17.8	16.5	0.0
HU	5.6	5.4	5.3	5.3	5.6	0.0
MT	11.0	10.7	12.1	11.1	11.8	0.8
NL	47.7	47.9	48.1	48.4	48.4	0.7
AT	23.2	23.7	24.5	24.5	24.0	0.8
PL	7.5	7.4	7.8	7.8	7.4	-0.1
PT	8.0	8.5	8.4	8.5	8.2	0.2
RO	9.2	8.4	8.8	10.5	10.3	1.1
SI	10.2	9.8	10.2	10.5	10.4	0.2
SK	3.5	3.2	3.3	4.0	4.1	0.6
FI	12.5	14.2	14.4	13.6	12.9	0.4
SE	25.1	26.5	26.0	25.4	24.4	-0.7
UK	25.0	25.3	25.5	25.7	25.8	0.8
EU27	18.0	18.4	18.6	18.7	18.4	0.4
Men	7.5	7.5	7.7	7.9	7.9	0.4
Women	30.7	31.3	31.6	31.6	31.0	0.3

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



Table 7: Employment rates 15-64

	2009q3	2009q4	2010q1	2010q2	2010q3	2010q3 change on previous year (pps)
BE	61.4	61.8	61.9	61.5	62.0	0.6
BG	63.1	61.2	58.8	60.2	60.6	-2.5
CZ	65.2	65.3	64.1	64.9	65.4	0.2
DK	76.3	74.2	73.0	74.1	73.8	-2.5
DE	71.0	71.6	70.2	71.0	71.5	0.5
EE	63.4	61.7	58.9	59.5	62.1	-1.3
IE	61.8	60.6	59.7	60.4	60.3	-1.5
GR	61.7	60.8	60.1	60.1	59.7	-2.0
ES	59.7	59.0	58.3	58.6	58.9	-0.8
FR	64.4	63.5	63.6	64.2	64.4	0.0
IT	57.5	57.1	56.6	57.2	56.7	-0.8
CY	70.0	70.0	68.8	69.8	70.0	0.0
LV	59.8	58.4	57.7	58.9	60.6	0.8
LT	60.4	58.7	56.8	56.7	58.5	-1.9
LU	65.8	64.8	64.8	64.6	66.1	0.3
HU	55.5	55.5	54.5	55.3	56.0	0.5
MT	55.1	54.9	55.3	55.9	56.8	1.7
NL	77.0	76.5	75.8	76.3	74.9	-2.1
AT	72.3	71.6	70.6	71.4	72.6	0.3
PL	59.9	59.4	58.2	59.3	60.0	0.1
PT	65.8	65.7	65.8	65.7	65.5	-0.3
RO	60.4	57.4	57.0	60.1	60.2	-0.2
SI	68.3	67.5	66.3	66.5	66.3	-2.0
SK	60.1	59.2	58.0	58.6	59.2	-0.9
FI	69.3	67.3	66.5	69.2	69.3	0.0
SE	72.9	71.3	71.0	72.9	74.1	1.2
UK	69.8	69.7	69.0	69.3	70.0	0.2
EU27	64.8	64.3	63.6	64.3	64.6	-0.2
Men	71.0	70.2	69.3	70.2	70.7	-0.3
Women	58.7	58.5	57.9	58.4	58.5	-0.2

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

Table 8: Employment rates 20-64

	2009q3	2009q4	2010q1	2010q2	2010q3	2010q3 change on previous year (pps)
BE	66.7	67.3	67.6	67.1	67.4	0.7
BG	69.5	67.5	64.6	65.9	66.4	-3.1
CZ	70.7	70.7	69.5	70.4	70.8	0.1
DK	78.5	76.5	75.5	76.7	76.6	-1.9
DE	74.7	75.4	74.1	74.9	75.3	0.6
EE	69.4	68.0	64.4	65.0	67.9	-1.5
IE	66.5	65.6	64.7	65.5	65.0	-1.5
GR	66.2	65.2	64.5	64.6	64.1	-2.1
ES	63.6	63.1	62.3	62.6	62.8	-0.8
FR	69.7	68.9	68.9	69.5	69.6	-0.1
IT	61.6	61.3	60.8	61.5	60.9	-0.7
CY	75.7	75.7	74.6	75.7	75.7	0.0
LV	65.6	64.6	63.2	64.7	66.3	0.7
LT	67.5	65.7	63.3	63.2	65.2	-2.3
LU	70.6	70.0	70.3	70.1	71.6	1.0
HU	60.5	60.5	59.5	60.4	61.0	0.5
MT	58.7	59.0	59.5	59.5	60.4	1.7
NL	78.7	78.5	77.9	78.3	77.0	-1.7
AT	75.1	74.7	73.7	75.0	75.5	0.4
PL	65.5	64.9	63.5	64.6	65.3	-0.2
PT	70.6	70.6	70.8	70.5	70.4	-0.2
RO	65.1	62.2	61.6	64.8	64.6	-0.5
SI	72.1	71.9	70.7	70.7	70.0	-2.1
SK	66.3	65.3	64.0	64.5	65.0	-1.3
FI	74.0	72.4	71.7	73.7	73.9	-0.1
SE	78.7	77.5	77.3	78.9	79.7	1.0
UK	73.8	73.8	73.2	73.4	74.0	0.2
EU27	69.2	68.8	68.0	68.8	68.9	-0.3
Men	76.0	75.3	74.3	75.2	75.6	-0.4
Women	62.5	62.4	61.8	62.3	62.3	-0.2

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



Table 9: Unemployment rates

	2010 Jan	2010 aug	2010 Sep	2010 Oct	2010 Nov	2010 Dec	2011 Jan	2011 Jan change on previous month (pps)	2011 Jan change on previous year (pps)
BE	8.3	8.4	8.3	8.3	8.2	8.1	8.0	-0.1	-0.3
BG	9.0	10.0	10.1	10.0	10.1	10.1	10.2	0.1	1.2
CZ	7.7	7.1	7.1	7.2	7.3	7.7	7.5	-0.2	-0.2
DK	7.1	7.4	7.6	7.7	7.8	7.9	8.2	0.3	1.1
DE	7.3	6.7	6.6	6.6	6.6	6.6	6.5	-0.1	-0.8
EE	18.9	15.9	15.9	14.3	14.3	14.3	:	:	:
IE	12.8	13.7	13.9	13.9	13.8	13.7	13.5	-0.2	0.7
GR	11.0	12.9	12.9	:	:	:	:	:	:
ES	19.2	20.5	20.6	20.6	20.5	20.4	20.4	0.0	1.2
FR	9.9	9.7	9.7	9.7	9.7	9.7	9.6	-0.1	-0.3
IT	8.3	8.4	8.5	8.7	8.6	8.6	8.6	0.0	0.3
CY	6.1	7.0	7.0	7.1	7.2	7.3	7.4	0.1	1.3
LV	20.0	18.3	18.3	:	:	:	:	:	:
LT	17.3	18.3	18.3	17.4	17.4	17.4	:	:	:
LU	4.6	4.7	4.7	4.7	4.8	4.8	4.7	-0.1	0.1
HU	11.0	11.1	11.2	11.4	11.5	11.8	12.6	0.8	1.6
MT	7.2	6.4	6.4	6.4	6.2	6.2	6.1	-0.1	-1.1
NL	4.5	4.5	4.4	4.4	4.4	4.3	4.3	0.0	-0.2
AT	4.5	4.4	4.3	4.2	4.2	4.2	4.3	0.1	-0.2
PL	9.5	9.6	9.6	9.7	9.7	9.7	9.7	0.0	0.2
PT	10.5	11.1	11.2	11.2	11.2	11.2	11.2	0.0	0.7
RO	7.3	7.3	7.3	:	:	:	:	:	:
SI	6.5	7.3	7.3	7.5	7.5	7.7	7.8	0.1	1.3
SK	14.5	14.4	14.5	14.5	14.5	14.5	14.5	0.0	0.0
FI	8.8	8.3	8.2	8.1	8.0	8.0	8.0	0.0	-0.8
SE	8.9	8.2	8.2	8.1	7.8	7.8	7.9	0.1	-1.0
UK	7.9	7.7	7.8	7.8	7.8	:	:	:	:
EU27	9.5	9.6	9.6	9.6	9.6	9.6	9.5	-0.1	0.0
Men	9.7	9.6	9.6	9.6	9.6	9.6	9.6	0.0	-0.1
Women	9.3	9.5	9.6	9.6	9.6	9.5	9.5	0.0	0.2

Source: Eurostat, EU LFS. Seasonally adjusted Data

Note: : not available

Table 10: Youth unemployment rates

	2010 Jan	2010 aug	2010 Sep	2010 Oct	2010 Nov	2010 Dec	2011 Jan	2011 Jan change on previous month (pps)	2011 Jan change on previous year (pps)
BE	23.8	21.2	20.9	20.6	20.5	20.3	20.4	0.1	-3.4
BG	21.2	22.2	22.4	22.6	23.3	23.8	25.2	1.4	4.0
CZ	19.5	17.9	18.0	18.3	18.4	18.3	17.9	-0.4	-1.6
DK	13.7	15.0	15.3	14.7	14.5	14.3	14.8	0.5	1.1
DE	9.9	8.6	8.3	8.6	8.5	8.5	8.3	-0.2	-1.6
EE	39.7	27.6	27.6	25.9	25.9	25.9	:	:	:
IE	27.4	27.0	27.3	27.7	28.2	28.9	29.0	0.1	1.6
GR	29.7	33.4	33.4	:	:	:	:	:	:
ES	39.7	42.3	42.7	42.9	43.1	43.0	43.1	0.1	3.4
FR	23.5	24.0	24.0	24.4	24.6	24.2	23.2	-1.0	-0.3
IT	26.6	26.9	28.3	28.0	28.9	28.9	29.4	0.5	2.8
CY	17.9	19.4	19.4	20.4	20.4	20.4	:	:	:
LV	39.3	33.3	33.3	:	:	:	:	:	:
LT	35.1	35.2	35.2	34.4	34.4	34.4	:	:	:
LU	16.3	17.0	16.7	16.8	17.6	18.0	17.4	-0.6	1.1
HU	27.2	26.2	26.0	26.8	27.5	28.7	30.5	1.8	3.3
MT	14.5	11.6	11.7	11.9	11.4	11.5	11.0	-0.5	-3.5
NL	9.1	8.8	8.6	8.5	8.4	8.2	7.8	-0.4	-1.3
AT	9.6	9.4	8.9	7.6	8.0	8.3	8.0	-0.3	-1.6
PL	23.2	23.7	24.0	24.1	24.0	24.4	24.9	0.5	1.7
PT	22.0	23.4	23.1	22.4	21.8	21.5	21.2	-0.3	-0.8
RO	21.1	21.7	21.7	:	:	:	:	:	:
SI	13.2	14.9	14.9	16.1	16.1	16.1	:	:	:
SK	32.7	34.2	34.8	35.8	36.5	37.2	37.7	0.5	5.0
FI	22.7	20.8	20.7	20.7	20.7	20.7	20.6	-0.1	-2.1
SE	27.4	24.8	24.6	23.7	22.8	24.2	22.6	-1.6	-4.8
UK	19.8	18.8	19.3	19.9	20.0	:	:	:	:
EU27	20.7	20.4	20.5	20.7	20.8	20.7	20.6	-0.1	-0.1
Men	19.0	19.6	19.9	20.1	20.1	20.1	19.9	-0.2	0.9
Women	22.2	21.0	21.1	21.2	21.3	21.3	21.1	-0.2	-1.1

Source: Eurostat, EU LFS. Seasonally adjusted Data

Note: : not available



Table 12: Job vacancy statistics

	2009q1	2009q2	2009q3	2009q4	2010 q1	2010 q2	2010 q3	2010 q4	2010 q1 change on previous year (pps)	2010 q2 change on previous year (pps)	2010 q3 change on previous year (pps)	2010 q4 change on previous year (pps)
BE	:	:	:	:	1.8	1.8	:	:	:	:	:	:
BG	0.8	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.0	0.0	0.1	0.1
CZ	1.6	1.2	1.0	0.8	0.8	0.8	0.9	0.8	-0.8	-0.4	-0.1	0.0
DK	:	:	:	:	1.3	1.3	1.4	1.2	:	:	:	:
DE	:	:	:	2.2	1.9	2.0	2.1	2.6	:	:	:	0.4
EE	1.0	0.8	1.0	0.8	0.9	1.1	1.2	1.0	-0.1	0.3	0.2	0.2
IE	0.5	0.4	0.3	0.3	0.4	0.6	0.5	0.6	-0.1	0.2	0.2	0.3
GR	2.2	2.0	1.5	1.2	1.9	1.1	0.9	:	-0.3	-0.9	-0.6	:
ES	0.6	0.6	0.7	0.7	1.4	1.4	1.1	1.1	0.8	0.8	0.4	0.4
FR	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.0	0.1	0.1	0.3
IT	0.6	0.5	0.5	0.5	0.7	0.7	0.6	0.6	0.1	0.2	0.1	0.1
CY	:	:	:	:	1.7	1.9	1.7	1.1	:	:	:	:
LV	0.4	0.3	0.2	0.2	0.2	0.2	0.3	0.3	-0.2	-0.1	0.1	0.1
LT	0.6	0.5	0.5	0.4	0.6	0.6	0.8	0.6	0.0	0.1	0.3	0.2
LU	0.6	0.4	0.4	0.4	0.5	0.5	0.7	0.7	-0.1	0.1	0.3	0.3
HU	1.0	0.9	0.8	0.9	1.1	1.0	0.9	1.0	0.1	0.1	0.1	0.1
MT	1.5	2.2	2.4	1.2	3.4	3.4	3.0	3.0	1.9	1.2	0.6	1.8
NL	1.9	1.7	1.5	1.5	1.4	1.6	1.5	1.6	-0.5	-0.1	0.0	0.1
AT	1.6	1.4	1.5	1.4	1.6	1.7	2.1	2.2	0.0	0.3	0.6	0.8
PL	0.7	0.7	0.6	0.5	0.7	0.6	0.6	0.5	0.0	-0.1	0.0	0.0
PT	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.4	-0.1	0.1	0.1	0.0
RO	1.3	0.9	0.8	0.5	0.7	0.6	0.6	0.5	-0.6	-0.3	-0.2	0.0
SI	0.7	0.6	0.6	0.5	0.5	0.6	0.6	0.7	-0.2	0.0	0.0	0.2
SK	1.2	1.0	0.9	0.8	0.8	0.7	0.8	0.8	-0.4	-0.3	-0.1	0.0
FI	2.0	1.7	1.4	1.1	2.2	2.1	1.7	1.4	0.2	0.4	0.3	0.3
SE	0.9	0.9	0.7	0.8	1.1	1.4	1.2	1.2	0.2	0.5	0.5	0.4
UK	1.6	1.6	1.7	1.7	1.7	1.9	1.8	1.8	0.1	0.3	0.1	0.1
EU27	1.4	1.4	1.3	1.3	1.3	1.4	1.4	1.5	-0.1	0.0	0.1	0.2

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, IT: cover only sections B to N. FR, GR, PT: does not include section O. FR, IT, MT: includes only business units with 10 or more employees



Table 13: Labour productivity

	Labour productivity														
	Annual % change			% change on previous quarter						% change on previous year					
	2007	2008	2009	2009 q3	q4	2010 q1	q2	q3	q4	2009 q3	q4	2010 q1	q2	q3	q4
EU-27	1.2	-0.4	-2.4	0.7	0.5	0.6	0.8	0.4	0.1	-2.2	-0.1	2.1	2.6	2.3	1.9
EURO	1.0	-0.3	-2.3	0.9	0.4	0.4	0.9	0.4	0.1	-1.8	0.0	2.1	2.6	2.0	1.8
BE	1.3	-0.7	-2.4	1.3	0.4	-0.3	0.6	0.2	0.2	-1.8	0.8	1.9	2.1	1.0	0.8
BG	3.2	3.5	-2.7	1.5	1.6	1.5	2.1	1.4	2.8	-2.3	-1.5	6.1	7.0	6.8	8.1
CZ	3.4	1.2	-3.0	1.0	0.2	1.4	0.7	0.5	0.0	-2.6	-1.3	3.2	3.3	2.8	2.6
DK	-1.2	-3.0	-2.1	1.7	1.6	1.0	0.9	1.4	-0.2	-2.2	2.1	3.4	5.3	5.0	3.1
DE	1.0	-0.4	-4.7	0.7	0.3	0.6	1.8	0.4	0.1	-4.2	-1.7	2.4	3.5	3.1	2.9
EE	6.2	-5.3	-4.3	0.1	2.7	2.6	2.9	1.6	:	-4.6	3.5	6.8	8.6	10.2	:
IE	1.9	-2.5	0.7	0.8	-0.6	2.9	-0.7	1.7	:	0.9	2.9	4.5	2.4	3.4	:
EL	2.5	1.1	-1.6	-0.5	-0.3	0.1	-1.0	-0.5	:	-2.2	-1.9	-1.1	-1.8	-1.8	:
ES	0.5	1.3	3.1	1.1	0.5	0.3	0.3	0.7	0.5	3.6	3.4	2.5	2.4	1.9	1.9
FR	0.9	-0.4	-1.4	0.4	0.7	0.1	0.4	0.1	0.2	-1.3	0.7	1.8	1.6	1.3	0.8
IT	0.2	-1.6	-3.6	1.0	0.5	0.5	0.7	0.4	-0.3	-3.1	-0.7	2.1	2.6	2.0	1.3
CY	1.8	0.8	-1.0	:	:	:	:	:	:	:	:	:	:	:	:
LV	6.1	-4.8	-5.2	1.8	1.4	1.4	-0.4	0.1	0.9	-3.5	-2.4	8.8	4.3	2.5	2.0
LT	6.8	3.7	-8.4	1.8	1.7	3.7	1.1	-0.2	1.2	-7.6	-6.2	6.2	8.5	6.5	5.9
LU	2.1	-3.1	-4.6	3.4	0.7	-0.5	0.0	1.4	:	-3.3	2.0	0.6	3.6	1.7	:
HU	1.1	2.1	-4.0	0.5	-0.1	1.6	-0.7	-0.1	-0.4	-3.4	-2.3	1.4	1.3	0.7	0.4
MT	1.2	2.6	-3.0	:	:	:	:	:	:	:	:	:	:	:	:
NL	1.3	0.4	-2.8	1.4	0.4	0.7	0.9	0.0	:	-2.3	-0.8	2.0	3.3	1.9	:
AT	1.9	0.4	-3.1	0.6	0.3	-0.1	0.7	0.8	0.2	-2.7	-0.8	0.1	1.5	1.6	1.5
PL	2.2	1.3	1.4	0.5	1.7	0.6	0.4	1.1	0.8	1.0	3.4	3.5	3.3	3.9	2.9
PT	2.4	-0.4	0.1	1.0	-0.2	1.1	0.8	0.8	0.3	0.9	2.0	3.5	2.8	2.6	3.0
RO	5.8	7.4	-5.4	:	:	:	:	:	:	:	:	:	:	:	:
SI	3.7	1.0	-6.3	1.3	0.7	0.4	1.6	0.7	1.3	-7.0	-3.2	2.6	4.0	3.4	4.1
SK	8.3	2.8	-2.2	2.5	2.2	0.8	1.1	0.5	0.5	-1.1	0.0	7.7	6.7	4.6	2.9
FI	3.1	-0.6	-5.6	2.4	0.2	-0.3	2.4	0.2	1.8	-5.4	-1.7	2.4	4.7	2.5	4.1
SE	1.0	-1.5	-3.4	:	:	:	:	:	:	:	:	:	:	:	:
UK	2.0	-0.8	-3.3	-0.2	0.5	0.5	0.4	0.1	-0.4	-3.7	-1.4	0.9	1.2	1.5	0.7

Source: Eurostat, labour productivity (namq_aux_lp). Data seasonally adjusted for change on previous quarter. Data working-day adjusted for change on previous year.

Note: Euro Area refers to Euro Area consisting of 16 Member States

Table 14.1: Labour cost index: Total labour costs

	Annual % change			% change on previous quarter						% change on previous year					
	2007	2008	2009	2009		2010				2009		2010			
				q3	q4	q1	q2	q3	q4	q3	q4	q1	q2	q3	q4
EU-27	:	:	:	0.6	0.4	0.1	0.7	0.2	0.9	3.0	2.2	2.6	1.7	1.3	1.9
EURO	:	:	:	0.6	0.2	0.4	0.4	0.1	0.7	3.0	1.9	1.9	1.5	1.0	1.5
BE	3.6	2.9	3.8	0.3	0.4	-0.7	0.7	:	:	4.4	2.0	0.2	0.6	:	:
BG	17.3	21.0	12.2	1.3	3.4	2.7	1.0	2.2	1.6	10.9	10.9	10.3	8.7	9.7	7.8
CZ	8.1	5.8	6.0	0.8	1.5	-3.7	2.6	3.6	1.7	6.0	5.4	-1.4	1.1	3.9	4.0
DK	3.5	3.9	3.8	0.4	0.4	1.7	0.5	0.5	0.5	2.5	1.9	2.8	3.0	3.2	3.2
DE	0.7	2.5	2.7	-0.2	0.2	0.4	0.4	-0.5	1.2	2.8	0.1	0.6	0.8	0.5	1.5
EE	20.5	15.1	-1.8	-2.1	-0.8	-1.7	1.9	-0.1	1.4	-4.1	-5.2	-5.7	-2.7	-0.8	1.4
IE	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EL	5.0	5.5	0.2	1.9	2.3	1.6	-5.5	-2.6	0.2	9.3	11.8	14.4	0.3	-4.2	-6.2
ES	4.8	4.8	4.7	0.7	0.6	-0.9	0.7	-0.7	1.7	4.8	4.2	1.7	1.0	-0.4	0.7
FR	:	:	1.3	0.8	0.9	0.5	1.4	0.1	1.0	1.4	1.4	3.0	3.6	2.9	3.0
IT	:	:	:	0.4	1.3	0.0	0.0	0.6	:	4.0	5.0	3.4	1.7	1.9	:
CY	3.6	6.0	4.3	0.3	0.5	0.6	-0.9	1.9	0.7	3.3	2.7	2.4	0.6	2.2	2.4
LV	31.7	22.2	-3.6	-2.5	-1.7	-2.0	1.2	1.6	-0.6	-2.4	-5.5	-6.2	-4.9	-0.9	0.1
LT	19.3	18.8	-4.5	-4.2	-1.4	-1.2	-0.4	0.9	1.1	-10.7	-10.8	-10.5	-7.0	-2.1	0.4
LU	3.1	3.2	3.9	-2.8	0.9	0.8	0.9	0.5	1.0	2.2	2.7	2.8	-0.2	3.2	3.2
HU	9.6	7.3	-0.8	-1.9	0.1	0.2	-0.3	0.8	-3.3	0.7	-1.1	-0.7	-1.9	0.8	-2.6
MT	2.3	0.7	-0.5	0.7	1.9	-1.3	0.5	0.5	0.6	2.1	2.4	0.4	1.7	1.6	0.4
NL	3.4	4.2	2.2	0.2	-0.1	0.4	1.3	0.2	0.1	1.6	0.9	1.1	1.9	1.9	2.1
AT	:	:	:	-0.6	1.2	-1.4	1.3	0.7	1.8	3.1	4.3	-0.5	0.4	1.8	2.3
PL	10.0	10.4	6.1	0.3	1.5	-1.5	1.7	-0.7	1.2	3.8	5.2	1.2	2.0	1.1	0.8
PT	4.8	2.5	2.4	1.7	-2.2	-0.3	2.1	0.4	1.7	4.8	0.8	0.2	1.3	0.0	3.9
RO	19.8	22.7	10.8	1.6	0.4	3.1	-0.1	2.7	0.1	10.6	6.2	7.0	5.0	6.1	5.8
SI	4.4	9.5	3.8	-0.2	-2.6	5.2	-2.0	0.4	0.9	2.5	-3.0	4.1	0.2	0.8	4.4
SK	7.4	5.1	3.3	-2.2	-0.5	2.3	0.2	1.1	0.8	0.8	-0.8	-0.9	-0.3	3.1	4.5
FI	6.2	4.5	4.1	:	:	:	:	:	:	:	:	:	:	:	:
SE	:	:	3.0	:	:	:	:	:	:	:	:	:	:	:	:
UK	4.6	4.6	0.0	0.7	0.5	-0.5	1.0	0.4	2.0	2.7	1.7	6.0	1.8	1.5	2.9

Source: Eurostat, labour cost statistics (lc_lci_r2_q). Data seasonally adjusted for change on previous quarter. Data working-day adjusted for change on previous year.

Note: Euro Area refers to Euro Area consisting of 16 Member States



Table 14.2: Labour cost index: wages and salaries

	Annual % change			% change on previous quarter						% change on previous year					
	2007	2008	2009	2009		2010				2009		2010			
				q3	q4	q1	q2	q3	q4	q3	q4	q1	q2	q3	q4
EU-27	:	:	:	0.6	0.4	0.0	0.8	0.2	1.1	2.9	2.1	2.7	1.7	1.3	2.0
EURO	:	:	:	0.6	0.1	0.4	0.4	0.1	0.6	2.9	1.7	1.8	1.4	0.9	1.4
BE	3.1	3.1	3.2	0.0	0.4	0.0	0.4	:	:	3.3	1.5	0.3	0.7	:	:
BG	19.6	23.1	13.9	1.4	3.4	3.2	1.7	2.4	2.1	12.6	12.8	10.8	10.0	11.2	9.8
CZ	7.6	6.9	5.8	0.9	1.6	-4.7	3.2	3.8	2.2	5.4	5.0	-2.0	0.9	3.7	4.3
DK	3.2	3.5	3.0	0.0	-0.8	3.6	0.5	0.9	0.4	1.4	-0.1	2.8	3.4	4.3	5.5
DE	1.8	3.1	2.4	-0.2	0.1	0.3	0.5	-0.6	1.1	2.6	-0.3	0.4	0.7	0.3	1.4
EE	20.5	14.7	-2.9	-1.9	-0.8	-1.2	1.9	0.0	1.0	-5.1	-5.7	-5.4	-2.0	-0.1	1.7
IE	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EL	4.3	5.4	0.2	2.8	1.7	1.4	-5.1	-1.8	-0.6	9.2	12.2	14.2	0.6	-3.9	-6.0
ES	4.9	4.8	4.1	0.6	0.5	0.1	0.4	-0.9	1.3	4.3	3.9	2.8	1.5	0.0	0.8
FR	:	:	1.2	0.7	0.8	0.5	1.3	0.0	0.9	1.2	1.4	2.8	3.4	2.6	2.7
IT	:	:	:	0.4	1.3	0.0	0.0	0.7	:	3.9	4.9	3.4	1.7	2.0	:
CY	3.9	6.0	3.9	0.3	0.7	0.1	-0.3	1.6	0.8	2.6	2.3	1.9	0.8	2.2	2.3
LV	31.8	22.0	-4.2	-2.4	-1.6	-0.3	0.5	0.9	0.2	-3.3	-6.4	-5.6	-3.7	-0.4	1.4
LT	19.1	18.9	-5.2	-3.4	-1.8	-0.6	0.0	0.6	0.9	-11.2	-11.3	-9.5	-5.6	-1.7	1.0
LU	3.3	3.6	4.4	-3.0	0.9	0.8	1.1	0.7	1.3	2.9	3.2	3.0	-0.3	3.6	4.0
HU	9.7	7.5	0.5	0.0	0.1	1.8	0.4	0.7	-3.1	3.5	1.5	3.4	2.4	3.1	-0.2
MT	2.5	1.0	-0.6	0.6	1.7	-1.4	0.7	0.6	0.6	2.0	2.2	0.4	1.6	1.6	0.4
NL	3.6	3.8	2.6	0.2	-0.2	0.2	1.4	0.1	-0.1	2.3	1.1	1.0	1.6	1.5	1.6
AT	:	:	:	-0.7	1.3	-1.4	1.3	0.7	1.7	2.4	3.8	-0.8	0.4	1.9	2.3
PL	9.9	10.4	5.5	0.1	0.4	1.0	1.9	-0.7	1.7	3.7	3.8	2.4	3.4	2.7	4.0
PT	5.1	2.7	2.4	1.9	-2.0	-0.6	2.2	0.2	2.1	4.8	1.0	0.0	1.3	-0.3	3.9
RO	21.8	23.8	9.5	1.6	0.4	3.1	-0.1	2.7	0.1	9.7	5.3	7.0	5.0	6.1	5.9
SI	5.3	11.2	5.4	-0.1	-2.5	4.8	-1.9	0.6	0.9	4.2	-1.9	4.1	0.2	0.8	4.3
SK	7.2	7.0	4.1	-2.0	-0.5	1.5	-0.2	2.4	0.8	1.8	-0.6	-1.2	-1.2	3.2	4.5
FI	6.7	5.1	4.8	:	:	:	:	:	:	:	:	:	:	:	:
SE	:	:	2.8	:	:	:	:	:	:	:	:	:	:	:	:
UK	5.1	4.5	0.3	0.6	0.6	-0.3	0.9	0.5	2.0	2.9	2.2	6.5	1.7	1.7	3.1

Source: Eurostat, labour cost statistics (lc_lci_r2_q). Data seasonally adjusted for change on previous quarter. Data working-day adjusted for change on previous year.

Note: Euro Area refers to Euro Area consisting of 16 Member States



Table 15: Nominal unit labour cost

	% change on previous year			% change on previous quarter						% change on previous year					
	2007	2008	2009	2009		2010				2009		2010			
				q3	q4	q1	q2	q3	q4	q3	q4	q1	q2	q3	q4
EU-27	2.1	1.0	1.2	0.2	-0.5	0.7	0.2	0.2	-0.1	1.0	0.0	1.0	0.6	0.6	1.0
EURO	1.5	3.6	3.8	-0.3	0.1	-0.1	-0.2	-0.3	0.4	3.2	1.5	-0.4	-0.4	-0.4	-0.1
BE	2.1	4.4	4.3	-0.3	-0.4	-0.5	0.5	0.3	0.8	4.1	0.3	-1.5	-0.7	-0.2	1.0
BG	9.3	12.5	13.5	:	:	:	:	:	:	:	:	:	:	:	:
CZ	2.9	5.1	3.5	-1.3	0.5	0.2	0.3	0.5	0.1	2.4	2.5	-2.3	-0.3	1.4	1.0
DK	4.8	6.8	4.7	-0.3	-1.6	0.4	-0.8	-0.5	0.3	5.0	-0.7	0.1	-2.4	-2.5	-0.7
DE	-0.1	2.4	5.2	-0.3	-0.1	0.5	-1.3	0.1	0.3	4.4	1.9	-0.5	-1.2	-0.8	-0.4
EE	17.4	16.2	1.2	-2.3	-4.8	-1.7	-1.7	-0.5	:	-0.2	-8.2	-9.7	-10.1	-8.5	:
IE	3.4	5.9	-0.6	0.2	0.3	-4.4	1.2	-3.0	:	0.2	-2.2	-5.6	-2.7	-5.8	:
EL	3.6	6.2	5.0	1.0	0.9	-6.6	3.5	1.1	:	3.8	3.3	-3.9	-1.4	-1.3	:
ES	4.0	4.9	0.8	-0.1	0.2	-0.7	-0.2	-1.2	-0.3	0.0	0.0	-0.9	-0.9	-1.9	-2.3
FR	1.5	2.9	3.0	0.3	0.1	0.5	0.2	0.2	0.3	2.6	1.3	0.8	1.1	1.0	1.2
IT	1.9	4.7	3.7	-0.6	0.3	0.2	0.5	-1.5	1.3	3.2	1.0	-0.6	0.3	-0.6	0.4
CY	1.1	1.5	4.3	:	:	:	:	:	:	:	:	:	:	:	:
LV	27.2	22.0	-7.0	-4.9	-7.9	-1.7	1.0	1.5	0.6	-12.9	-20.0	-18.8	-13.1	-7.2	1.4
LT	6.5	10.4	-2.8	-5.3	-5.9	5.2	-3.0	-1.6	-3.6	-8.6	-12.5	-10.9	-9.0	-5.6	-3.2
LU	1.6	5.4	6.7	-2.5	-0.8	0.0	0.8	0.6	:	5.5	0.7	0.7	-2.4	0.7	:
HU	5.6	4.8	1.9	-1.6	-0.4	4.2	-4.6	0.2	-1.6	0.2	-1.2	0.9	-2.6	-0.7	-1.9
MT	0.3	2.3	6.1	:	:	:	:	:	:	:	:	:	:	:	:
NL	1.6	2.9	5.2	-1.1	-0.2	-1.0	0.2	0.2	:	4.3	2.4	-1.1	-2.1	-0.8	:
AT	1.1	2.8	5.0	-0.4	-0.2	0.6	-0.5	-0.4	0.2	4.7	2.7	1.0	-0.5	-0.5	-0.1
PL	2.6	7.5	1.6	2.5	-0.6	1.6	0.4	0.3	:	5.9	-0.2	4.4	4.1	1.8	:
PT	1.2	3.8	3.5	:	:	:	:	:	:	:	:	:	:	:	:
RO	15.2	22.9	-1.3	:	:	:	:	:	:	:	:	:	:	:	:
SI	2.6	5.9	8.5	-0.7	0.3	1.0	-0.4	0.0	-0.7	8.7	5.0	0.2	0.2	0.8	-0.1
SK	0.2	4.0	7.5	-1.6	-2.4	0.6	-0.4	-0.8	0.7	6.4	4.4	-4.0	-3.7	-3.0	0.0
FI	0.5	5.8	7.8	-1.6	0.6	-0.1	-1.7	0.7	-0.9	7.7	4.0	-0.7	-2.9	-0.5	-2.0
SE	4.2	3.1	4.8	:	:	:	:	:	:	:	:	:	:	:	:
UK	3.0	2.3	6.1	0.5	1.0	1.5	-1.5	0.3	0.5	6.3	5.7	4.7	1.5	1.3	0.8

Source: Eurostat, nominal unit labour (costnamq_aux_ulc). Data seasonally adjusted for change on previous quarter. Data working-day adjusted for change on previous year.

Note: Euro Area refers to Euro Area consisting of 16 Member States



Table 16: Real unit labour cost

Real unit labour cost															
	% change on previous year			% change on previous quarter						% change on previous year					
	2007	2008	2009	2009		2010				2009		2010			
				q3	q4	q1	q2	q3	q4	q3	q4	q1	q2	q3	q4
EU-27	-0.7	0.8	2.8	-0.6	-0.2	-0.3	-0.6	-0.6	0.0	2.5	0.9	-1.1	-1.7	-1.8	-1.5
EURO	-0.9	1.5	2.8	-0.3	0.0	-0.3	-0.5	-0.6	0.4	2.4	1.1	-0.9	-1.2	-1.5	-1.1
BE	-0.2	2.4	3.2	-0.9	-0.6	-0.9	-0.1	-0.1	0.1	3.3	-0.7	-2.9	-2.4	-1.6	-1.0
BG	0.1	3.7	8.8	:	:	:	:	:	:	:	:	:	:	:	:
CZ	-0.5	3.2	1.0	-0.6	0.1	1.1	0.1	0.5	0.6	0.3	1.4	-0.7	0.7	1.9	2.4
DK	2.4	2.8	4.3	-1.9	-3.1	-0.1	-1.3	-1.0	-1.1	4.8	-1.5	-3.4	-6.2	-5.3	-3.4
DE	-1.9	1.3	3.7	-0.8	-0.1	0.4	-1.4	0.0	0.3	2.7	0.5	-1.5	-1.9	-1.1	-0.7
EE	6.2	8.4	1.2	-2.8	-6.2	0.9	-2.7	-3.5	:	1.2	-7.9	-9.3	-10.6	-11.2	:
IE	2.3	7.5	3.6	1.5	2.4	-4.5	-0.1	-2.7	:	4.1	5.2	-2.6	-0.8	-4.9	:
EL	0.5	2.8	3.7	0.4	0.1	-6.8	2.3	0.7	:	2.7	1.9	-5.5	-4.2	-3.9	:
ES	0.7	2.4	0.2	0.0	-0.1	-1.1	-0.3	-1.8	-0.6	0.0	-0.4	-1.5	-1.4	-3.2	-3.7
FR	-0.9	0.3	2.4	0.6	0.1	0.3	-0.1	-0.3	0.2	2.5	2.1	1.3	0.8	-0.1	0.1
IT	-0.6	1.8	1.4	-0.9	0.5	0.2	-0.1	-2.2	1.8	0.8	-0.3	-0.7	-0.3	-1.6	-0.3
CY	-3.4	-3.4	4.6	:	:	:	:	:	:	:	:	:	:	:	:
LV	5.8	6.6	-5.6	-2.7	-4.7	-3.5	1.1	0.5	0.2	-9.1	-16.0	-11.1	-9.5	-6.5	-1.8
LT	-1.8	0.5	0.9	-0.9	-6.4	3.9	-5.0	-3.5	-4.0	-0.8	-7.7	-8.4	-8.4	-10.8	-8.6
LU	-2.0	1.2	7.1	-2.4	-1.1	-1.4	-2.2	-1.0	:	5.3	2.6	-2.5	-7.0	-5.6	:
HU	-0.3	0.0	-2.4	-1.8	-2.6	5.1	-5.2	-2.0	-1.7	-5.1	-5.7	-1.6	-4.7	-4.8	-4.0
MT	-2.8	-0.4	3.5	:	:	:	:	:	:	:	:	:	:	:	:
NL	-0.2	0.6	5.3	-0.7	-0.5	-1.9	-0.5	0.0	:	5.1	3.9	-1.6	-3.5	-2.8	:
AT	-0.9	0.9	4.2	-0.7	-0.6	0.2	-0.9	-0.9	-0.3	3.8	1.6	-0.3	-2.0	-2.3	-2.0
PL	-1.3	4.3	-2.0	1.5	-0.3	1.0	-0.1	0.2	:	1.8	-2.4	2.5	2.1	0.8	:
PT	-1.6	1.8	3.4	:	:	:	:	:	:	:	:	:	:	:	:
RO	1.5	6.6	-5.2	:	:	:	:	:	:	:	:	:	:	:	:
SI	-1.5	1.8	5.1	-0.3	-0.2	0.8	-0.5	-0.3	-0.5	6.5	3.7	-0.4	-0.1	-0.2	-0.4
SK	-0.9	1.1	8.8	-1.6	-2.6	1.1	-1.1	-1.7	0.8	7.8	4.1	-3.2	-4.2	-4.2	-0.9
FI	-2.4	3.9	6.8	-0.9	-0.5	-1.5	-1.6	0.2	-1.9	7.6	3.7	-1.6	-4.4	-3.3	-4.7
SE	1.4	-0.1	2.9	:	:	:	:	:	:	:	:	:	:	:	:
UK	0.0	-0.7	4.6	-0.8	0.2	-0.2	-1.2	0.0	-0.6	4.5	4.5	1.4	-2.1	-1.3	-1.9

Source: Eurostat, nominal unit labour (costnamq_aux_ulc). Data seasonally adjusted for change on previous quarter. Data working-day adjusted for change on previous year.

Note: Euro Area refers to Euro Area consisting of 16 Member States

Table 17: Weekly working hours - level

	Weekly working hours of full-time employees									Weekly working hours of part-time employees								
	2007	Level		Level						2007	2008	2009	Level					
		2008	2009	2009	q3	q4	2010	q1	q2				q3	q4	2009	q3	q4	2010
EU-27	39.9	39.8	39.5	40.1	39.3	39.7	39.5	40.2	:	20.1	20.1	20.0	20.4	20.0	20.1	20.0	20.5	:
EURO	39.5	39.4	39.0	39.7	38.9	39.3	39.1	39.8	:	20.1	20.1	20.0	20.4	20.0	20.2	20.0	20.5	:
BE	38.4	38.3	38.3	38.6	38.3	39.3	38.2	38.8	:	23.1	23.1	23.3	23.7	23.3	24.1	23.2	23.6	:
BG	41.0	41.0	40.3	41.0	40.5	40.2	40.4	40.8	:	20.8	21.6	20.4	20.7	20.4	20.6	20.3	21.1	:
CZ	40.9	40.9	40.4	40.9	39.7	41.3	41.0	39.9	:	22.3	22.2	22.0	22.6	21.7	21.5	21.5	21.5	:
DK	38.3	38.2	38.2	39.3	38.2	38.6	38.3	39.6	38.2	20.2	20.2	20.0	21.4	19.7	19.6	19.7	20.6	19.6
DE	41.0	40.9	40.1	40.4	40.4	40.3	40.2	40.8	:	18.2	18.3	18.1	18.3	18.3	18.4	18.3	18.5	:
EE	41.1	40.4	39.3	40.1	39.1	40.4	40.0	40.9	:	20.9	20.7	21.5	23.0	20.6	23.5	20.4	20.9	:
IE	38.7	38.6	37.8	38.5	37.4	38.0	38.0	38.8	:	18.7	18.8	18.6	19.0	18.4	18.3	18.5	18.9	:
EL	39.9	39.8	39.6	40.9	39.2	38.8	39.8	40.7	:	20.2	20.0	20.0	20.6	20.3	20.0	20.4	21.3	:
ES	39.9	39.8	39.5	40.2	39.1	39.1	40.0	40.2	38.5	19.1	19.0	18.7	19.3	18.3	18.3	18.6	19.1	18.1
FR	37.6	37.8	37.6	38.4	37.4	38.7	37.6	38.4	:	22.9	22.7	22.4	23.0	22.3	23.0	22.1	22.9	:
IT	38.8	38.6	38.2	39.0	37.9	38.4	38.5	39.1	:	21.7	21.7	21.6	22.3	21.6	21.6	21.9	22.4	:
CY	39.0	39.3	39.1	40.9	38.9	38.6	39.7	40.7	:	20.3	20.6	20.9	22.6	20.6	19.7	20.4	21.2	:
LV	41.5	40.5	40.3	41.0	39.9	40.0	39.6	40.5	:	20.9	19.9	21.5	22.4	21.4	22.5	21.0	22.1	:
LT	39.9	40.1	39.7	39.8	39.7	39.5	39.7	40.0	39.7	22.2	21.9	22.1	21.9	21.2	21.0	21.7	21.7	20.6
LU	39.5	39.5	40.8	40.7	40.6	40.7	41.0	41.6	:	21.8	22.1	21.0	20.8	21.2	20.3	22.2	24.1	:
HU	40.3	40.4	40.2	40.2	40.1	40.3	40.2	40.2	:	23.6	24.2	23.9	23.9	23.9	23.6	24.1	24.3	:
MT	40.3	40.5	40.4	40.3	40.7	40.3	39.6	39.1	:	21.2	21.9	22.0	21.1	23.7	20.5	21.1	21.9	:
NL	39.5	39.5	39.4	39.8	40.0	39.5	38.1	40.0	:	20.5	20.8	20.9	21.7	21.0	20.7	20.4	21.8	:
AT	41.1	41.1	40.3	41.4	39.7	40.6	39.9	41.3	39.5	20.6	20.6	20.5	21.2	20.3	20.6	20.3	21.5	20.0
PL	41.0	40.7	40.4	41.5	39.5	40.9	40.0	41.4	:	22.6	21.9	21.8	22.7	21.5	21.8	21.6	22.7	:
PT	39.1	39.0	39.2	40.2	38.7	39.5	39.6	40.5	38.3	19.7	19.4	19.3	20.3	19.1	18.8	19.7	20.9	19.7
RO	41.7	41.6	41.3	41.5	41.2	41.2	41.4	41.4	:	25.3	24.7	23.6	24.9	23.1	25.8	25.2	25.4	:
SI	40.6	40.4	40.2	40.7	40.5	40.0	39.7	40.7	:	18.3	19.4	20.1	21.1	20.0	19.0	19.1	20.8	:
SK	40.0	39.7	39.1	39.4	39.3	39.2	40.0	39.3	:	21.4	20.8	22.0	21.4	21.2	21.1	20.6	19.7	:
FI	38.0	38.0	37.4	38.6	37.3	37.6	37.3	38.8	:	21.0	20.5	20.1	21.7	19.4	20.3	20.9	21.9	:
SE	38.6	38.7	38.3	39.8	38.3	38.6	38.5	40.0	38.9	25.1	23.9	23.8	24.8	23.6	23.9	24.1	25.4	24.2
UK	40.8	40.5	40.5	40.7	40.6	40.5	40.3	40.7	:	18.8	18.7	18.7	19.1	18.9	18.7	18.7	19.3	:

Source: Eurostat, EU LFS (lfsq_ewhan2). Data non-seasonal.

Note: Euro Area refers to Euro Area consisting of 16 Member States



Annex II: Beveridge curves for other EU Member States²

Chart A.1: Belgium

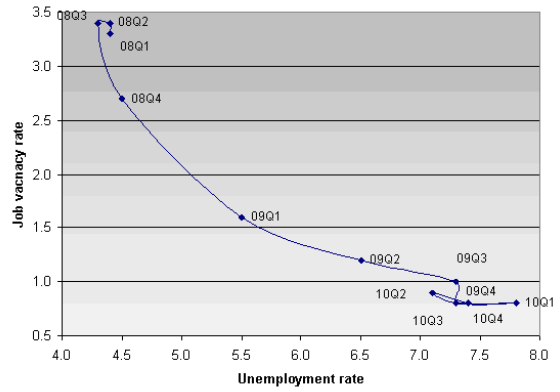
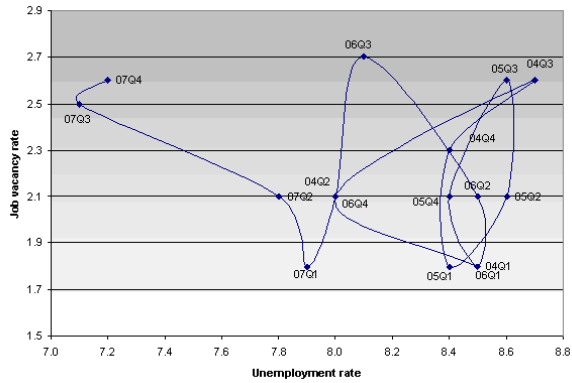


Chart A.4: Denmark

Chart A.2: Bulgaria

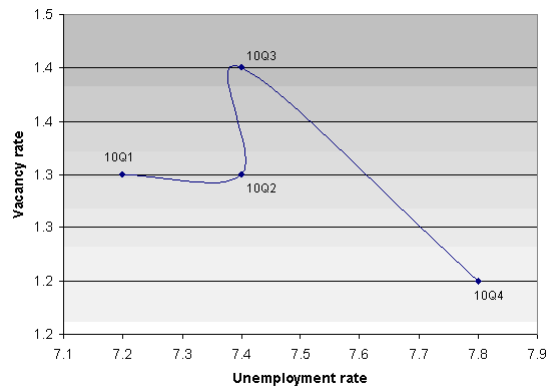
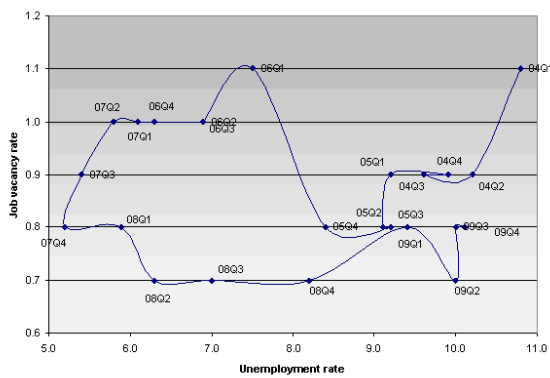
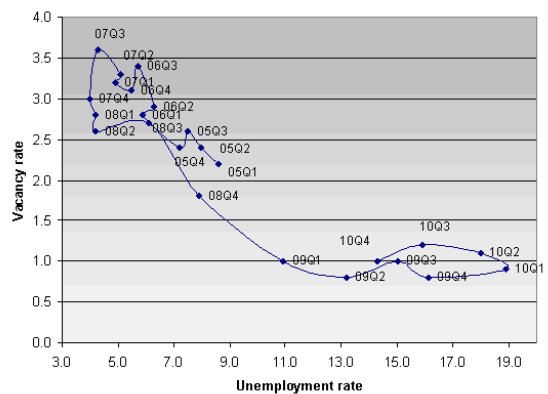


Chart A.5: Estonia

Chart A.3: Czech Republic



² For more information on Job Vacancy statistics methodology of collection, which varies from Member State to Member State please see http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/en/jvs_q_esms.htm



Chart A.6: Ireland

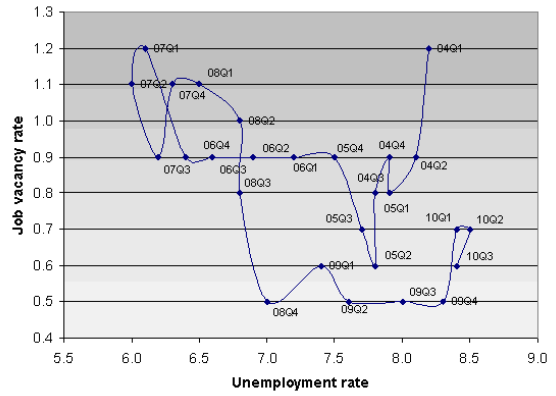
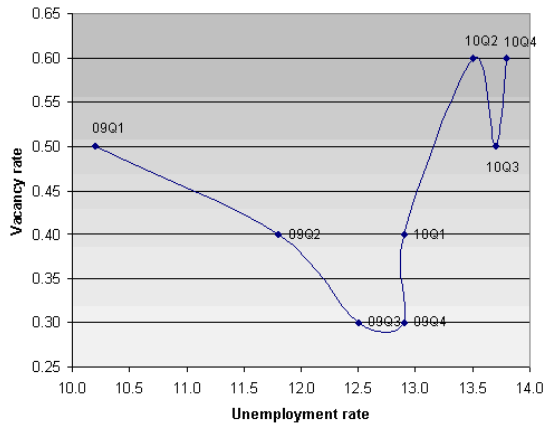


Chart A.7: Greece

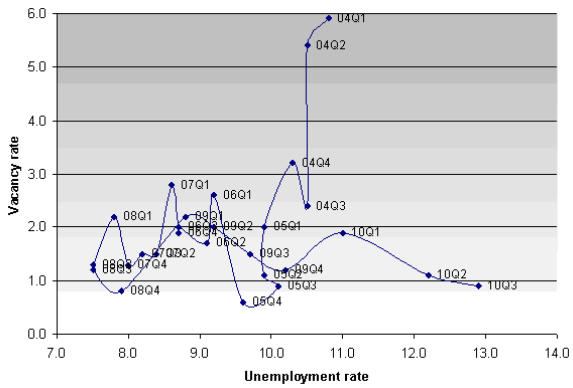


Chart A.10: Cyprus

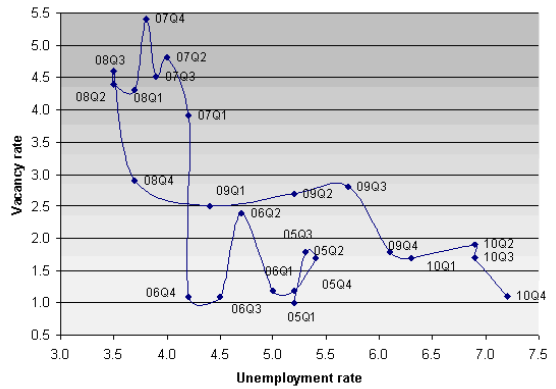


Chart A.8: France

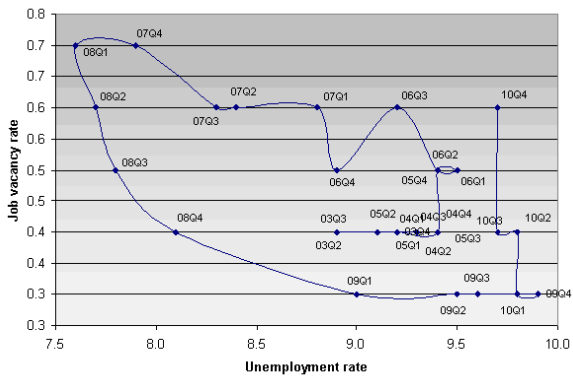


Chart A.11: Latvia

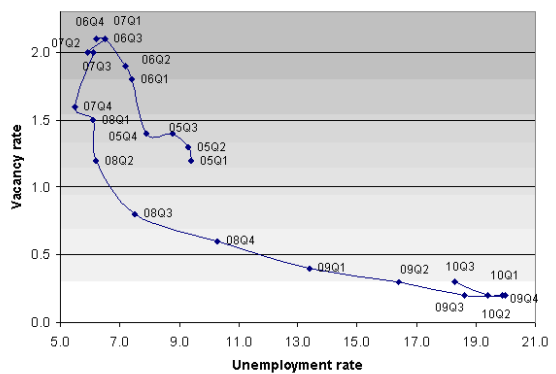


Chart A.9: Italy



Chart A.123: Lithuania

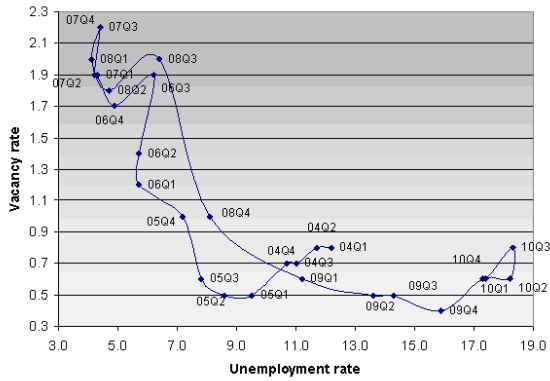


Chart A.15: Malta

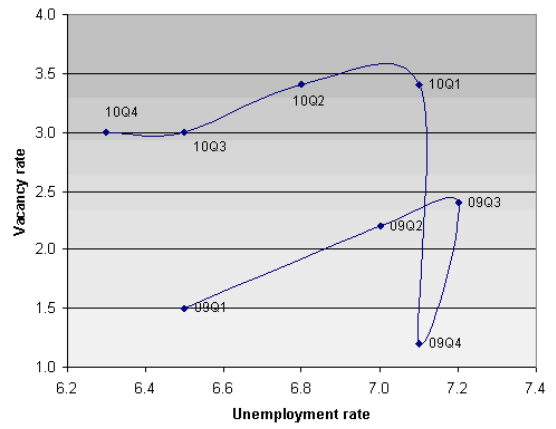


Chart A.13: Luxembourg

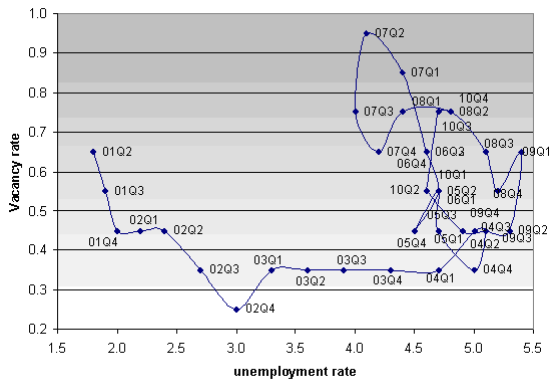


Chart A.16: Netherlands

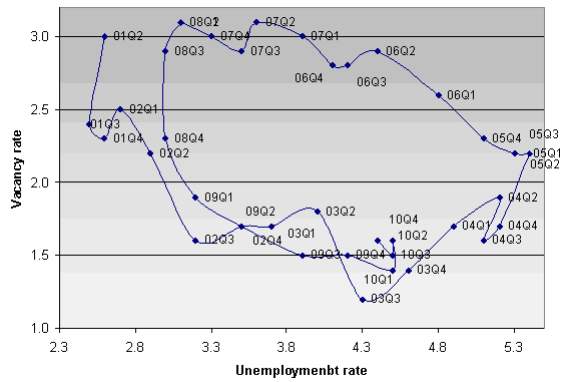


Chart A.14: Hungary

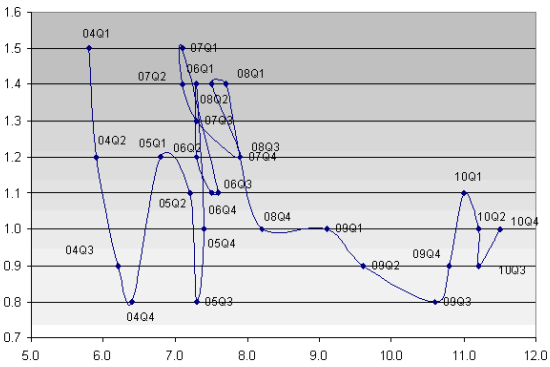


Chart A.18: Austria

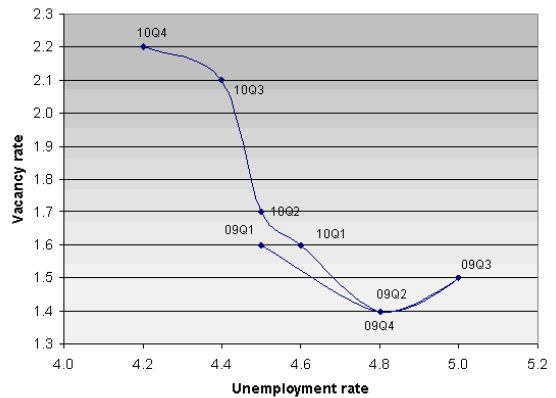


Chart A.16: Portugal

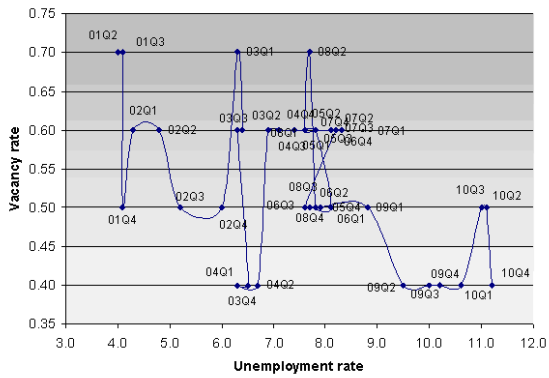


Chart A.16: Slovakia

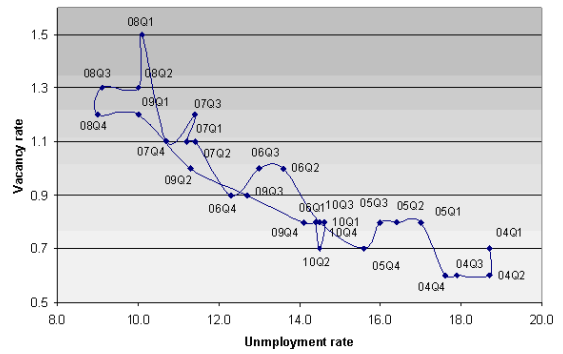


Chart A.16: Finland

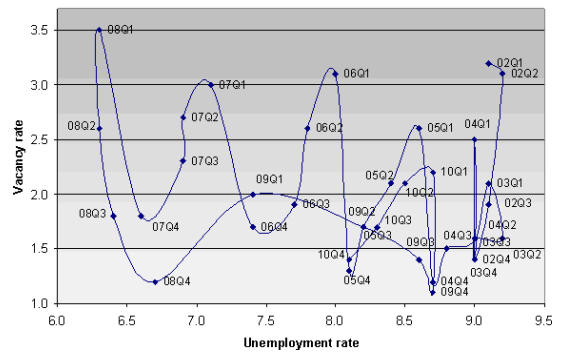


Chart A.16: Romania

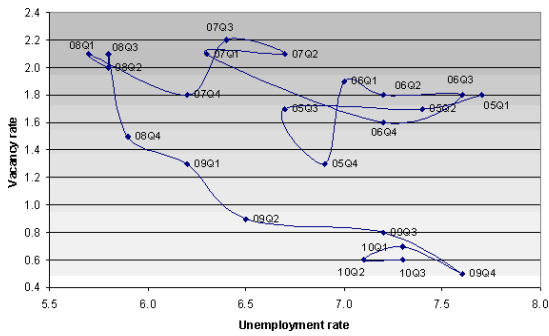


Chart A.16: Sweden

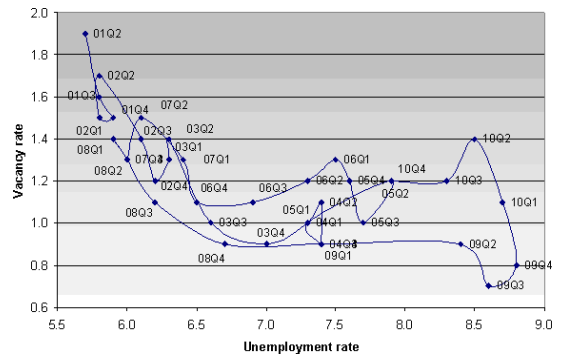
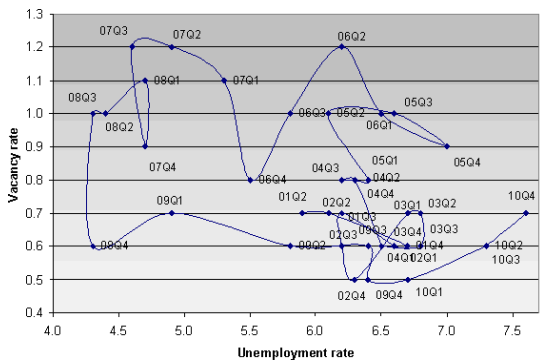


Chart A.16: Slovenia



¹ All figures referring to GDP are based on seasonally adjusted data.

² For more information on interpretation and comparability of OECD Composite Leading Indicators (CLI), please refer to the presentation section of the OECD CLI methodology document <http://www.oecd.org/dataoecd/26/39/41629509.pdf>
For more information on OECD, please visit the website: www.oecd.org

³ The change in classification of economic activities, implemented in the business survey in May, led to a break in series. The results for May are based on NACE rev 2, while data up to April 2010 are based on NACE rev 1. Internal checks indicated that the changeover affected the level, making interpretation more difficult. This level shift did not, on the whole, affect the direction of the change, but only its magnitude. The consumer confidence indicator and confidence in financial services are not subject to changeover.

For more information on the Business and Consumer Survey, please visit the website:
http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm

⁴ For more information on the Manpower Outlook, please visit the website: <http://www.manpower.com/press/meos.cfm>

⁵ The BA-X is the most up-to-date and comprehensive job index in Germany and is based on actual vacancies reported by businesses. It shows the trend for labour demand in Germany, including demand on the primary labour market. The seasonally adjusted index includes unsubsidised vacancies reported to the BA for 'regular' jobs covered by social security, reported jobs for freelancers and self-employed people and vacancies communicated by private placement agencies. Note: In July the Federal Employment Agency changed their reporting system of vacancies, recalculating the series for reported jobs and BA-X (e.g. the June figure of 536 000 has been re-estimated at 370 000).

⁶ For more information on the Monster Employment Index, please visit the website: <http://about-monster.com/employment/index/17/45>

⁷ For more information on Eurociett, please visit the website: www.eurociett.eu

⁸ The observed productivity growth was mainly due to a lagged response of employment growth to output growth, in which the decline in short time working and an increase in working time may have played a role.

⁹ Labour costs encompass employers' expenditure on personnel, i.e. employee compensation; vocational training costs; and other expenditure such as recruitment costs, expenditure on work clothes, and employment taxes regarded as labour costs minus any subsidies received. Employee compensation includes wages, salaries in cash and in kind, and employers' social security contributions.

¹⁰ The nominal unit labour cost is defined as the ratio between the compensation per employee and the GDP or gross value added per employment. Note that the variables used in the numerator (compensation, employees) refer to employed labour only, while those in the denominator (GDP, employment) refer to all labour, including self-employed.

¹¹ The real unit labour cost is obtained by dividing the nominal unit labour cost by the GDP deflator.

¹² For more information on MARKIT, please visit the website: <http://www.markiteconomics.com/MarkitFiles/Pages/About.aspx>

¹³ Data in this report are based on an extraction from the ERM database on March 4th, 2011. 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

¹⁴ The Eurobarometer on Social Climate is an annual European survey first launched in 2009. It collects views of around 1,000 people in each country of the European Union. Respondents are asked to assess (1) the current situation, (2) the situation compared to 5 years ago and (3) the prospects for the next year with regard to fifteen different areas of life. After having been repeated in June 2010, the Social Climate survey is heading for its third wave in June 2011.

The full report from the Special Eurobarometer 349 (73.5) on Social Climate, which presents a thorough analysis of the results, including detailed analyses by country and socio-demographic group, can be downloaded from: http://ec.europa.eu/public_opinion/archives/eb_special_359_340_en.htm

¹⁵ The information in this section comes from the Flash Eurobarometer EB 311 "Monitoring the social impact of the crisis: public perceptions in the European Union - Wave 5". The full report can be found here: http://ec.europa.eu/public_opinion/archives/flash_arch_314_300_en.htm

