

Labour Market Fact Sheet

March 2011

FIRST SIGNS OF DECREASING UNEMPLOYMENT

The unemployment rate has decreased by a small 0.1 percentage points (pps) in January after 11 month at the crisis peak. In the context of sluggish economic recovery, conditions are generally set to remain weak for some time, with potentially persistent unemployment.

Overall summary of the situation:

- GDP growth eased to 0.2% in the fourth quarter of 2010
- The unemployment rate decreases slightly by 0.1 pps in January, to 9.5%
- Youth unemployment remains high at 20.6% but easing (-0.1 pps on previous month)
- Reduced restructuring activity and stable confidence on labour markets

The economic recovery is fragile

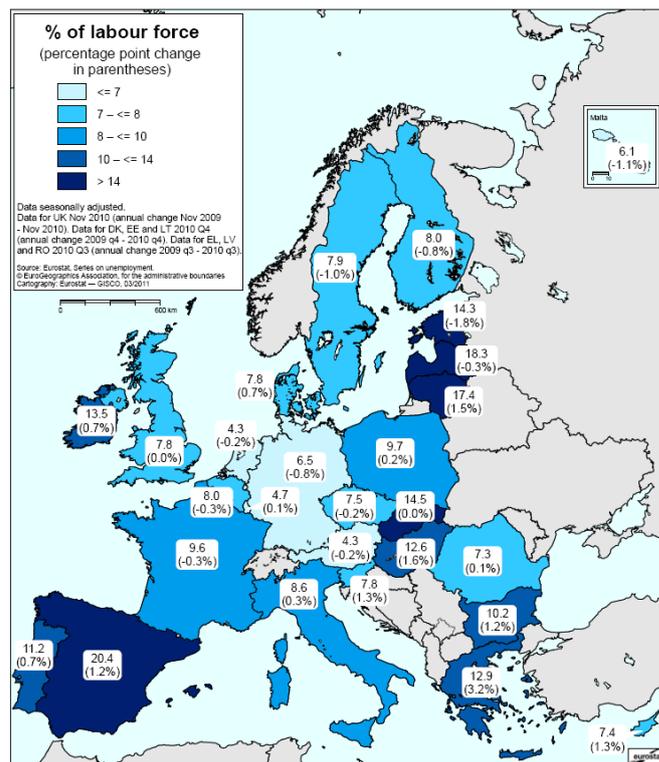
After a noticeable revival in the second quarter of 2010 growth moderated in the third quarter and eased further to 0.2% in the fourth quarter for a total annual growth of 2.1%. GDP growth is projected at 1.8% in 2011. However, GDP growth is uneven across countries: Lithuania, Bulgaria and Finland grew by respectively 1.8%, 1.7% and 1.7% in the fourth quarter of 2010, as compared to the third quarter, while output contracted by 1.4% in Greece, 0.6 % in the UK and 0.4% in Denmark. The deterioration in employment in the EU stopped last year, as employment expanded (by 0.1 %) for the first time in nearly two years in the second quarter and remained unchanged in the third quarter. Nevertheless, at 221.2 million, employment was still down by 399 000 (0.2 %) compared to a year earlier, and by 5.7 million relative to its peak in the second quarter of 2008 (down 2.4%). The situation is uneven across Member States: for instance, in the fourth quarter of 2010, the number of persons employed in Germany exceeded for the first time the 41 million mark (up 1% in a year), supported by the expansion in the services (+3.9%).

The EU unemployment rate has slightly decreased, with uneven developments among Member States...

In January 2011, the unemployment rate has slightly eased to 9.5 %, after remaining stable at a peak of 9.6 % since February 2010, but it is still higher than one year ago in half of the Member States, with quite uneven developments. Compared to the previous month, the unemployment rate trend appeared to stabilize in Spain, Slovakia and Ireland, and to begin a downward trend in the Baltic States. The Netherlands, Austria, Germany, Sweden and Finland are benefiting from a lower than average unemployment rate with a declining trend. On the other hand, Greece, Hungary, Bulgaria and Slovenia reveal an upwards trend. The unevenness reflects the very different labour market

situations in different Member States stemming from varied supply and demand factors, institutional set ups and especially to the extent to which real estate and banking have been affected.

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



...and the number of unemployed is still higher than a year ago in the EU

The number of unemployed fell by 43 000 in January, but it is still 99 000 higher than one year ago. Men have benefited more from the recent unemployment evolution: in January there were 144 000 fewer male unemployed than one year ago, while female unemployment has risen by 243 000 in one year. Over the year to January, unemployment fell particularly in Germany (down by 338 000), where it is now at its lowest level since 1992. Unemployment decreased also in France (down by 76 000), Sweden (down by 43 000), and in the Netherlands, Finland and Estonia (down by around 20 000 each). Conversely, unemployment increased particularly in Spain by 300 000 over the year. Unemployment increased also in Hungary (up by 83 000), Poland (up by 73 000) and Italy (up by 58 000).

Youth unemployment still very high

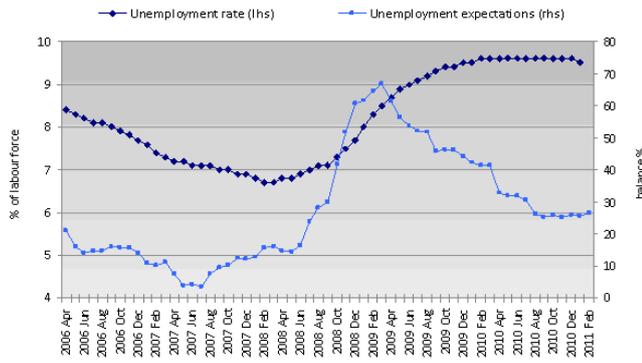
Youth unemployment decreased slightly in January 2011 (-0.1 pps on December 2010 and over the year) to 20.6 %. At EU level, the number of young unemployed has decreased (down by 92 000), benefiting mostly of

improvement in countries with an already low youth unemployment, in particular Germany and the Netherlands (down by 0.2 pps and 0.4 pps respectively in January). The unemployment rate decreased also in France by 1 pp. However, youth unemployment is still higher than one year ago in 15 countries, among which most notably Italy (up 2.8 pps), Poland (up 0.5 pps since December 2010 and 1.7 pps over the year), as well as Spain (up 3.4 over the year), Bulgaria (up 4 pps), Hungary (up 3.3 pps) and Slovakia (up 5 pps). Youth unemployment rate peaked in Spain (43.1%), Slovakia (37.7%) and Latvia (34.4%).

Employment and unemployment expectations stable

After the most recent marked decline in August, fears of unemployment remained broadly stable, 40 points below the peak recorded in March 2009 (chart 2). In February, employment expectations slightly improved in industry, and services, slightly dropped in retail trade but remained negative in the construction sector (chart 3). Expectations are highest in the financial sector as they increased again in February after the drop in January.

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



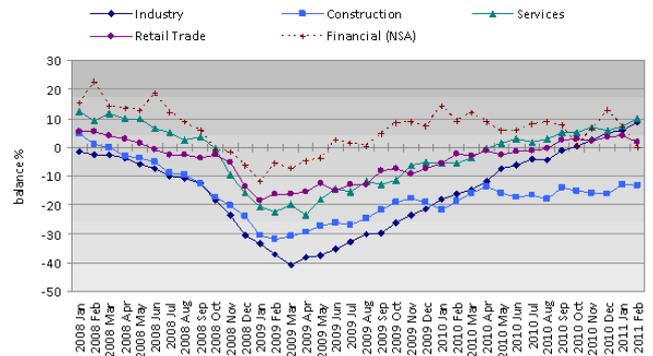
Source: Eurostat, Series on unemployment; Commission services (ECFIN), Business and consumer surveys.

Online and temporary labour demand high but easing...

According to the Monster Employment Index, online job demand in the EU increased by 6 % over the month in February and by 4% over the year, thus easing its progression. Recent data from Eurociett, covering up to December 2010, continue to show an improvement in workplace activity via temporary work agencies. 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 3: Employment expectations over the 12 months ahead

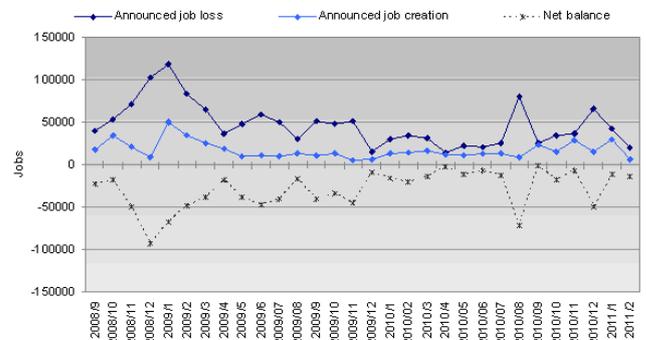


Source: Commission services (ECFIN), Business and consumer surveys. Data seasonally adjusted

... and reduced restructuring

There was reduced restructuring activity reported in the European Restructuring Monitor (ERM) in February 2011 (chart 4). During the month, the ERM registered a sharp decrease both in restructuring-related announced job losses (19 500 jobs) and in announced new jobs (5 742 jobs), in a total of 74 cases. The Member State with the largest announced job losses was the UK (13 181 jobs), followed by Poland (1 475 jobs), Italy (1 038 jobs) and France (959 jobs). Public administration (12 949 jobs) and manufacturing (3 648 jobs) were the sectors the most affected by announced job losses, while manufacturing (1 782 jobs), retail (1 480 jobs) and real estate/ business activities (1 150 jobs) accounted for the majority of business expansion.

Chart 4: Restructuring trends



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

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

EU27 seasonally Adjusted data	Year				Month			Monthly change		Annual change	
	2000	2008	2009	2010	2010 Jan	2010 Dec	2011 Jan	Number or pps	%	Number or pps	%
Unemployment (1000)	19.532	16.794	21.468	23.100	22.949	23.091	23.048	-43	-0,2	99	0,4
Males	9.748	8.684	11.800	12.655	12.717	12.590	12.573	-17	-0,1	-144	-1,1
Females	9.784	8.109	9.668	10.445	10.232	10.500	10.475	-25	-0,2	243	2,4
Less than 25	5.024	4.193	5.202	5.325	5.361	5.317	5.269	-48	-0,9	-92	-1,7
Unemployment rate (%)	8,7	7,0	8,9	9,6	9,5	9,6	9,5	-0,1	-	0,0	-
Males	7,8	6,6	9,0	9,6	9,7	9,6	9,6	0,0	-	-0,1	-
Females	9,8	7,5	8,8	9,5	9,3	9,5	9,5	0,0	-	0,2	-
Less than 25	18,2	15,4	18,3	19,7	20,7	20,7	20,6	-0,1	-	-0,1	-

