1. Mild recession, static employment

- Mild recession in the EU, weighing on employment: stuck after 2q of contraction

**Chart 1: Changes in real GDP and employment – with 1 quarter time lag – in MS (y-o-y)**

**Chart 2: Employment change in 2012 Q1 (yearly change, 000’s persons) and quarterly change (%, q-o-q) in the Member States**

Source: Eurostat, National accounts.
Note: IE, RO and UK not shown.
2. Rising unemployment in the EU

- Unemployment has grown continuously since March 2011: +2 million
- After a slight decrease in the March '10 – March '11 period (-0.7 million)
- Overall increase since 2008: +8.4 mio or +50%
- In the 3 months to April 2012 the rise slowed down
- Surging LTU: +72% in only three years

Chart 3: Monthly change in the number of unemployed young people, adults and total and monthly number of unemployed in the EU Jan 06– Apr 12

Source: Eurostat, LFS. Data seasonally adjusted.
Over the past year, UR has increased constantly (9.5 > 10.3%)  
Rise in 15 MS  
Youth hit hardest by the increase (20.9 > 22.4%)  
Female and male UR now at same level  
Conversely in the US the UR declined steadily over the past year
3. Increase in financial distress in the EU

- Sharp rise in households experiencing financial distress (exceeding 2008 level and representing new all-time high in series)

- Particularly marked worsening in lowest income quartile

Source: Commission Services, Business and Consumer Surveys.
4. Drifting away from Europe 2020 ER target (75%)

- ER at EU level for 20-64 fell in 2009-10 (-1.7 pps on 2008) and remained stuck at 68.6% in 2011, 6.4 pps short of target
- Gap increased in 11 MS, fell in 14 and didn't change in 2
- 17 million jobs should be created by 2020, i.e. an increase by 0.9% p.a. on avg
- Very challenging (min. +1% p.a. needed) for ES, EL, HU, IT, but also BE, LU, CY, IE, SK

Chart 6: Employment rate developments in Member States between 2000 and 2011 with respect to EU 2020 national targets

5. One bright spot: falling inactivity

- Inactivity in the EU has decreased, due to women
- Trends vary across MS
- But discouragement and NEETs on the rise

Chart 7: Inactivity rates for EU Member States, 2008q4, 2010q4 and 2011q4

Chart 8: NEETs in the EU Member States, 2008-2011

6. South-north labour mobility taking off but numbers still relatively small

- Mobility intentions in South countries are high (Eurobarometer, CVs in EURES)
- Labour mobility from South has increased recently, (except from PT) contrary to overall decline in EU
- but flows remain limited, compared to those from Eastern Europe and in % of labour force
- At current rate, intra-EU mobility can relieve only a minor part of the labour market pressures

Table 1: Number of recently arrived (less than 3 years) economically active EU mobile citizens, by nationality, in thousands

<table>
<thead>
<tr>
<th>Nationality</th>
<th>2008</th>
<th>2011</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spanish</td>
<td>29</td>
<td>31</td>
<td>7</td>
</tr>
<tr>
<td>Greek</td>
<td>14</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td>Italian</td>
<td>66</td>
<td>68</td>
<td>3</td>
</tr>
<tr>
<td>Portuguese</td>
<td>52</td>
<td>36</td>
<td>-32</td>
</tr>
<tr>
<td><strong>South Europe MS</strong></td>
<td><strong>162</strong></td>
<td><strong>152</strong></td>
<td><strong>-6</strong></td>
</tr>
<tr>
<td>Irish</td>
<td>21</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Polish</td>
<td>445</td>
<td>169</td>
<td>-62</td>
</tr>
<tr>
<td>Romanian</td>
<td>263</td>
<td>168</td>
<td>-36</td>
</tr>
<tr>
<td>Others</td>
<td>573</td>
<td>459</td>
<td>-20</td>
</tr>
<tr>
<td><strong>All EU citizens</strong></td>
<td><strong>1464</strong></td>
<td><strong>973</strong></td>
<td><strong>-34</strong></td>
</tr>
</tbody>
</table>

6(cont.). **South-north labour mobility: the example of Germany**

- In 2011, highest level of net migration since 1996, mainly from other EU MS.
- Compared with 2010, largest increases from South-Europe (+26%), EU-2 (+33%) and from EU-8 (+75%) due to end of transitional arrangements period in May 2011.
- Recent social security data enable to follow number of workers by nationality and confirm these trends:
  
  - Strong rise in workers from South-Europe, especially from ES and EL
  - But rise in absolute numbers limited (+22 th) compared to overall labour force and to increase from EU-8 (+88 th).

### Table 2: Employees in Germany, by nationality (in thousand)

<table>
<thead>
<tr>
<th>Workers having the nationality of:</th>
<th>Feb. 2011</th>
<th>Feb 2012</th>
<th>Changes in: thousand</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>50.1</td>
<td>52.3</td>
<td>2.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Spain</td>
<td>39.8</td>
<td>43.5</td>
<td>3.7</td>
<td>9.4</td>
</tr>
<tr>
<td>Greece</td>
<td>104.4</td>
<td>112.8</td>
<td>8.4</td>
<td>8.1</td>
</tr>
<tr>
<td>Italy</td>
<td>214.9</td>
<td>222.9</td>
<td>8</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Total South Europe</strong></td>
<td><strong>409.2</strong></td>
<td><strong>431.5</strong></td>
<td><strong>22.3</strong></td>
<td><strong>5.5</strong></td>
</tr>
<tr>
<td>EU-8 countries</td>
<td>195.1</td>
<td>283.1</td>
<td>88</td>
<td>45.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33010.2</strong></td>
<td><strong>33570.0</strong></td>
<td><strong>559.8</strong></td>
<td><strong>1.7</strong></td>
</tr>
</tbody>
</table>

Source: BA für Arbeit. Employees include mini-jobs but not civil servants (nor self-employed persons).
6 (cont.). Mobility to non-EU countries in 2011 - the cases of US and Australia

- Eurostat data indicate (for 2010) limited migration (among 'nationals') to non-EU countries, except from IE

- US data: overall migration to US from EU lower than last decade due to crisis – decline less pronounced for IE and South-Europe (but absolute figures are low)

- Australian data: increase of economic migration from most EU MS, in particular from IE (multiplied by 3) Rise also from South Europe, but overall low figures

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Permanent Avge 2001-08</th>
<th>Permanent 2010-11</th>
<th>Temporary Avge 2001-08</th>
<th>Temporary 2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>13,003</td>
<td>12,947</td>
<td>16,562</td>
<td>21,883</td>
</tr>
<tr>
<td>Ireland</td>
<td>808</td>
<td>2,425</td>
<td>2,142</td>
<td>5,835</td>
</tr>
<tr>
<td>Germany</td>
<td>596</td>
<td>925</td>
<td>1,901</td>
<td>2,167</td>
</tr>
<tr>
<td>France</td>
<td>267</td>
<td>620</td>
<td>1,299</td>
<td>2,121</td>
</tr>
<tr>
<td>South Europe MS</td>
<td>277</td>
<td>639</td>
<td>852</td>
<td>1,697</td>
</tr>
<tr>
<td>Other EU MS</td>
<td>1,250</td>
<td>1,417</td>
<td>2,915</td>
<td>3,920</td>
</tr>
<tr>
<td>All EU MS</td>
<td>16,201</td>
<td>18,973</td>
<td>25,671</td>
<td>37,623</td>
</tr>
</tbody>
</table>

Source: Number of visa grants (Australian Dptmt of Immigration)
7. Worsening of material deprivation in some Member States

- MD stable in the EU
- Rise in periphery (Baltic States, ES and IE)
- While decline in some MSs (CZ, SK, PL)
- Specific aspects of deprivation 'more responsive to the crisis' on the rise in some MS: meal with meat, utility bills...

Source: Eurostat, EU SILC.
8. Two phases of evolution in social spending - 2007-2012

- Social protection expenditure is expected to have grown relative to GDP between 2007 and 2012 in most MSs
- But 2007-2009 period of increase
- 2009-2012 period of decline, in particular in kind benefits

Chart 10: Developments in social protection expenditure relative to GDP (2007 – 2012, cash / in-kind benefits)

8 (cont.) ... and household income not stabilised in all countries

More developed welfare states (e.g. DK, DE) managed to sustain households' incomes.

- States with weaker/badly designed welfare states (IT, EL) did not always manage to sustain households' incomes.

Chart 11: Percentage change in gross household disposable income and social protection expenditure (national currencies, 2007 – 2012) in chosen Member States (grouped according to GDP shock in the period 2007 – 2009)

9. Homelessness intensified across the EU

- because sudden job loss or income drop in recession by many people
- with large group of new entrants into homelessness
- young people and foreign nationals disproportionately affected
- BUT some countries, e.g. UK, Ireland and Estonia managed to contain the spread of homelessness through effective assistance schemes
10. Diverse but rather gloomy labour market outlook...

- Sentiment indicators remain at low levels
  - While consumers are less pessimistic about unemployment trend in the coming months at EU level,
  - EU firms’ employment expectations have deteriorated.

- Recent forecasts paint a very similar outlook for the economy and the labour market in 2012 and 2013:
  - euro-area GDP would shrink a little in 2012 and recover to about 1% growth in 2013. EU GDP would be somewhat stronger (stable in '12; +1¼ % in '13).

- The Euro area unemployment rate would reach annual averages of about 11% in 2012-2013 (already seen in May 2012).
  - In these forecasts, Member States’ economies would continue to diverge.
... while public sector jobs being cut but white jobs growing (10 continued)

- public sector employment declining recently,
- employment in health and care growing rapidly

Chart 12: Changes in employment in public sector and health & care sector, 2006 – 2011; index 2006 = 100

Source: Eurostat, National accounts.
Note: data for 2011 not yet available for health and care sector.
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