

AT A GLANCE

Employment and Social Situation in the EU

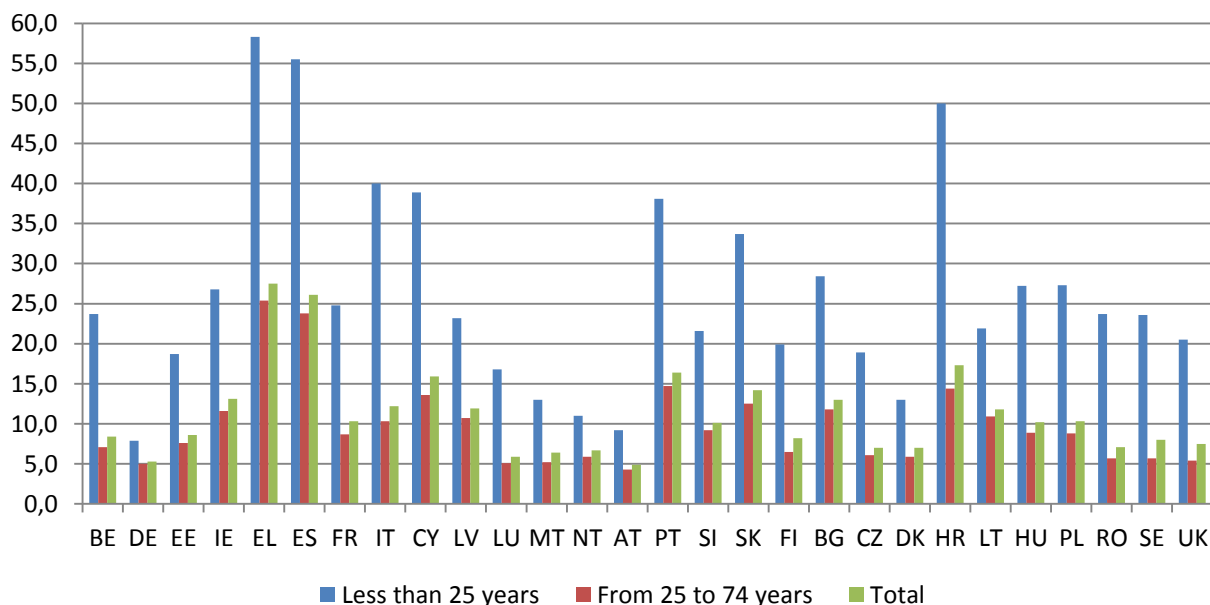
This note gives a short overview of the developments of employment and social situation in the European Union and in the euro area; it will be regularly updated, in particular after the release of new macroeconomic forecasts.

European Union's labour market is slowly and gradually recovering. For the first time, since 2011, GDP, employment and household incomes are growing; nevertheless, there are major sources of concern. Long-term unemployment has been increasing, unemployment is close to historically high levels and employment is still below the pre-crisis level. Despite recent improvements, further progress in labour market situation largely depends on a broader and sustained economic recovery.

Unemployment in the EU, based on latest yearly Eurostat data, reached a peak in 2013 (10.8%) after which it has gradually decreased but remains historically high as the estimates for 2014 foresee 10.3%. Similarly to the EU, euro area's unemployment rate is on a downward path since 2013 (11.9%) but it is declining at a slower pace. According to the Commission's projections, it will fall to 11.6% in 2014 and to 11.3% in 2015.

Wide disparity emerged between Member States, in particular between the core and the south as well as the periphery of the euro area. In past months, about two third of all EU Member States and euro area countries managed to reduce their unemployment levels; however, the rates of the countries that were most affected by the crisis including Greece, Spain, Cyprus and Portugal, remain considerably higher than the euro area average and have decreased only slowly. There is also growing concern that in these countries what was originally a cyclical increase in unemployment has become structural and therefore will be more difficult to reverse.

Unemployment rate in 2013 in EU Member States (% of population)



Source: [Eurostat](#) (extraction date: 06/10/2014)

Today, about 5.5 million young people are unemployed in the EU. **Youth unemployment** rate has constantly grown since 2009 and in 2013 it reached 23.5% in the EU and 24% in the euro zone. According to latest Eurostat quarterly data, this year, the increasing trend has finally stopped and the rate began to decline. EU's rate in the third quarter of 2014 is at 21.6% and the euro zone's is 23.3%. Despite the fact that there is an overall decreasing trend, significant differences exist between Member States, with youth unemployment rates ranging from about 10% or less in countries which were strong enough to resist labour market deterioration (Austria, Germany and Netherlands) to more than 50% in some countries which had to go through macro-economic adjustment programmes such as Greece and Spain.

Employment development in EU and EA

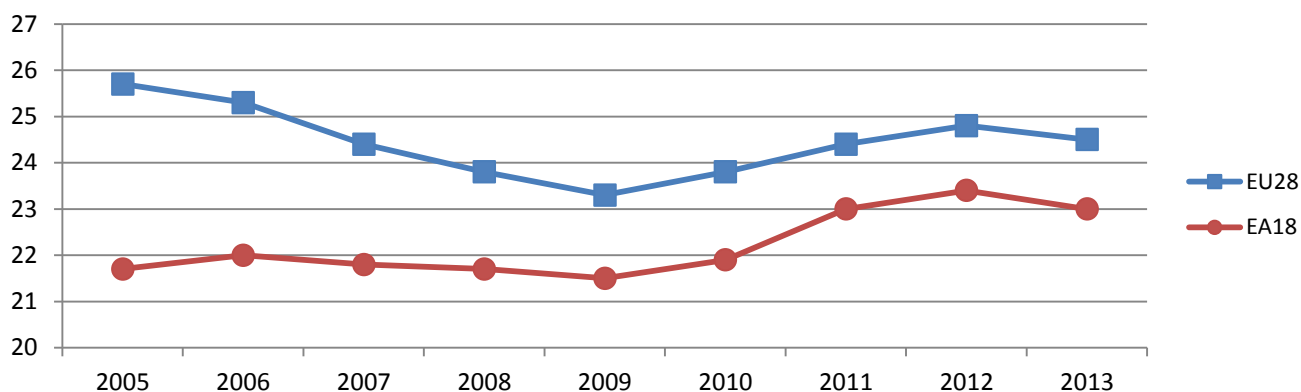
		2008	2009	2010	2011	2012	2013	2014(*)	2015(*)
Employment rate % of labour force	EU28	65.7	64.5	64.0	64.2	64.1	64.1	n.a.	n.a.
	EA18	65.9	64.5	64.1	64.3	63.8	63.5	n.a.	n.a.
Employment growth* % change on preceding year	EU28	1.0	-1.8	-0.8	0.1	-0.2	-0.4	0.7	0.6
	EA18	0.8	-1.9	-0.8	0.0	-0.7	-0.8	0.4	0.5
Unemployment rate % of labour force	EU28	7.0	8.9	9.6	9.6	10.4	10.8	10.3	10.0
	EA18	7.6	9.6	10.1	10.1	11.3	11.9	11.6	11.3
Youth unemployment % of youth labour force	EU28	15.8	20.1	21.1	21.5	23.0	23.5	n.a.	n.a.
	EA18	15.9	20.3	21.0	20.9	23.1	24.0	n.a.	n.a.

Source: [Eurostat](#) (extraction date: 18/11/2014); * [Commission Autumn Forecast 2014](#)

Since the beginning of the crisis, the increase in unemployment put significant downward pressure on real **wages** in many countries. Based on [OECD's employment outlook 2014](#), wage adjustments have played a part in helping the labour market withstand the cyclical downturn, containing job losses and promoting competitiveness. A slowdown in real wage growth occurred particularly in the euro area where it declined from an average annual growth rate of 2.1% at the start of the crisis to 0.1%.

According to Eurostat, the number of **people at risk of poverty and social exclusion** has been growing since 2009 (see graph below). In 2013, 24.5% or 122.6 million of EU's, while 23% or 75.5 million of euro area's population were facing low living standards due to lack of resources. Compared to 2008, the number of people at risk of poverty grew by more than 6 million in the EU and by about 4.9 million in the euro area. However, compared to 2012, the number began to decline in both the EU and the euro zone. It decreased by 0.3 and 0.4 percentage points respectively.

Risk of poverty and social exclusion in EU and EA (% of population)



Source: [Eurostat](#) (extraction date: 18/11/2014)

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