

A MILLION MORE UNEMPLOYED IN THE EU SINCE MARCH 2011

The EU unemployment rate remained at its historic high of 9.9% in December 2011, while staying unchanged at 10.4% in the euro area. Two-thirds of the Member States saw unemployment rising over the last three months under review, driving up EU unemployment to 23.8 million. Since March 2011, the EU unemployment rate has risen by 0.5 pp, the equivalent of 1.1 million more jobless. A different pattern has been seen in the US, where the unemployment rate is oriented downward since the end of 2010, down by 0.9 pp on December 2010, to 8.5% in December 2011.

Overall summary of the situation:

- The number of unemployed is still on the rise and reached 23.8 million in December, an increase by 1.1 million since March 2011.
- Youth unemployment has worsened over 2011 to an unprecedented level of 5.5 million and more than 10 million people were unemployed for more than a year.
- European consumers' expectations on unemployment remain generally pessimistic, while employment prospects remain gloomy in the tertiary sector and in construction.
- Growth is slowing down in both online hiring activity and temporary agency work, while renewed restructuring means more job losses.

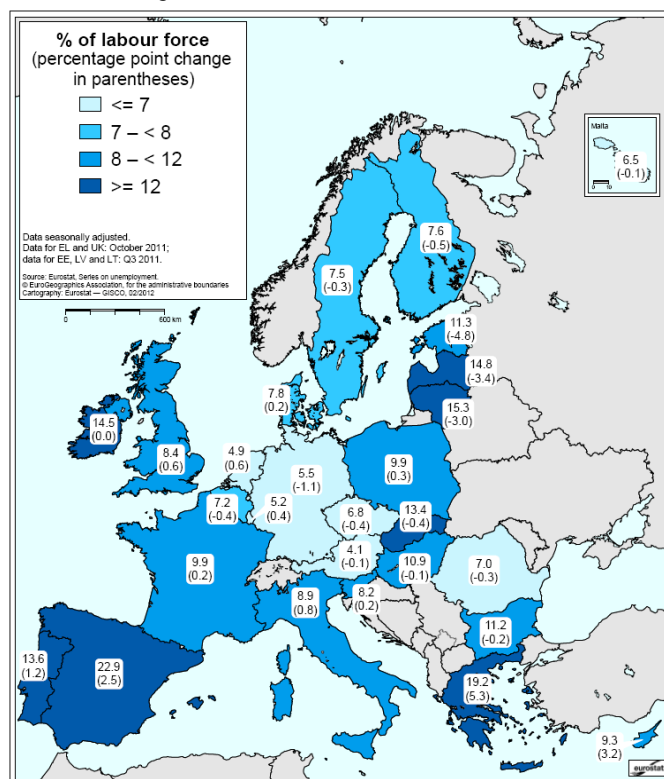
Only a few countries are still benefiting from a fall in unemployment...

Compared to one year before, the unemployment rate has decreased in fourteen countries (see Chart 1). However, since March 2011 there are clear signs that the downward trend has been reversed in the majority of countries. Only seven countries were still benefiting from a decline over the last three months: Germany (-0.3 pp to 5.5% over the three months to December), Romania (-0.7 pp to 7.0%), Belgium (-0.2 pp to 7.2%), Finland (-0.1 pp to 7.6%), Estonia (-1.4 pps to 11.3% over the last three months to September 2011), Latvia (-1.3 pps to 14.8%) and Lithuania (-0.3 pp to 15.3%).

...while a growing majority of Member States faces growing unemployment

Over the three months to December 2011, the number of unemployed increased in eighteen Member States. Most large Member States are affected: the UK (+100 000 in the three months to October 2011; +0.3 pp to 8.4%), Italy (+93 000 in the three months to December; +0.3 pp to 8.9%), Spain (+78 000; +0.5 pp to 22.9%), France (+63 000; +0.2 pp to 9.9%), but also Greece (+67 000 in the three months to October; +1.3 pps to 19.2%), Portugal (+44 000 in the three months to December; +0.8 pp to 13.6%), the Netherlands (+33 000; +0.4 pp to 4.9%) and Poland (+26 000; +0.1 pp to 9.9%). This was only partly compensated by the continued and substantial fall in unemployment in Germany (-115 000 from September to December 2011).

Chart 1: Unemployment rates, December 2011 and unemployment rate changes December 2010-December 2011 in brackets



Growing unemployment is hitting men hardest

Among the 1.1 million additional unemployed since March 2011, men were predominant (59%) compared to women (41%), mirroring the previous 2009 unemployment rise, which also affected men more, but the gap was even bigger at that time. In December 2011, the gender gap remains slightly in favour of men, who post a 9.8% unemployment rate, whereas it stands at 9.9% for women.

EU youth unemployment stays at a historic high

Youth unemployment remains very worrying, although its rate did not rise further in December 2011 compared to November, and stabilised at 22.1%, 1.1 pps up on December 2010 (21.0%). The unemployment rate for young women stood at 21.4% and for young men at 22.7% in December 2011. There were 5.5 million young people unemployed, an increase by 241 000 compared to the end of 2010. Huge contrasts persist between Member States: the youth unemployment rate is higher than 20% in about two-thirds of countries and close to 50% in Spain and Greece (resp. 48.7% and 47.2%), and another six posted unemployment rates roughly equal to or higher than 30%. Conversely, it is less than 10% in only three countries: Germany (7.8%), Austria (8.2%) and the Netherlands (8.6%).

The number of long-term unemployed increases further

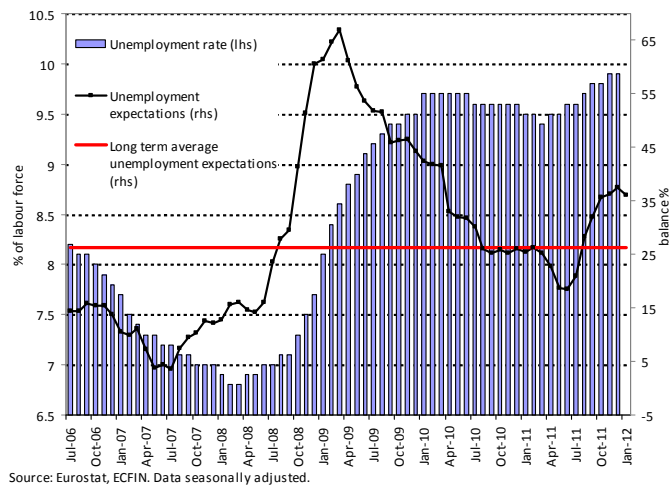
In the third quarter of 2011, 4.1% of the active population were long-term unemployed, accounting for more than 10.2 million and 43% of the total jobless people. The number of people unemployed for more than a year has

grown steadily for the last two years.

European consumers' expectations on unemployment remain generally pessimistic, while employment prospects remain gloomy in the tertiary sector and in construction

In January 2012, unemployment expectations (Chart 2) have slightly improved in the EU. Yet, European consumers remain pessimistic in most Member States, forecasting at best a stabilisation in the unemployment rise during the coming months. On the other hand, consumers in Germany, Estonia and Latvia are more optimistic and expect unemployment to fall. Among managers, employment expectations in industry for the next three months have improved and remain fairly optimistic in most Member States. In the construction and financial sectors, the outlook for employment has improved but remains under the long-term average. In services, managers have expressed a more positive view on employment than those in the retail trade (Chart 3).

Chart 2: Unemployment rate and unemployment expectations over the next 12 months in the EU

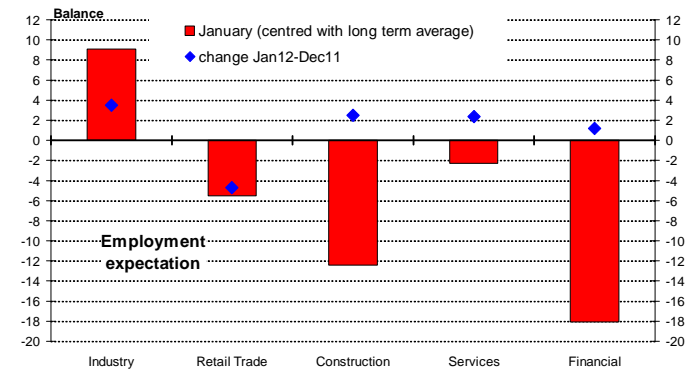


Growth in on-line job demand is declining while temporary agency work continues to slow down...

The Monster Employment Index Europe posted a year-over-year growth in online job demand of 9% in January, contrasting with the double-digit growth seen throughout 2011. Germany remains the only country to demonstrate strong annual growth of 30%. By contrast, the Netherlands, Italy, Belgium and France continue to report negative growth rates in January. Production, manufacturing, maintenance and repair matches the 22% growth rate of Engineering. These became the top two growth industries. Conversely, management and consulting, down 11%, posts the steepest annual decline in recruitment activity. The agency work industry in Europe grew, in terms of hours worked, by 1.1% in October 2011 compared with October 2010. The sector has experienced 19 months of continuous year-on-year growth. However, the latest data suggest that growth has substantially slowed down recently. This

mirrors the evolution in unemployment across the EU. Poland and Italy continue to exhibit strong growths (resp. +14.0% and +7.3% y-o-y in 2011q3 and in October). Growth lower than 1% were witnessed in Belgium (+0.3% in October), Germany (+0.3%) and France (+0.5%).

Chart 3: Employment expectations over the next three months in the EU

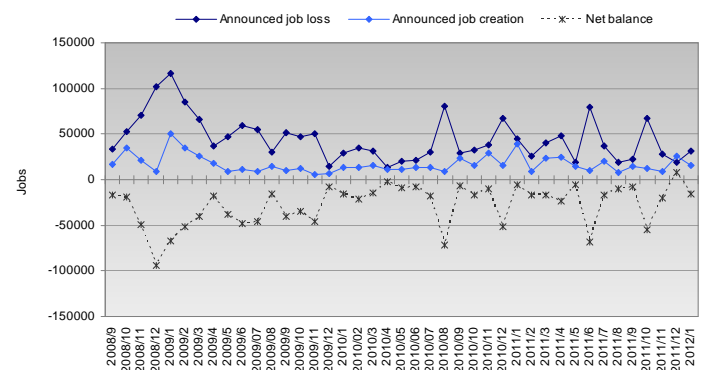


Source: Ecfm

...and renewed restructuring activity led to more job cuts

There was a slight increase in the restructuring activity reported on the European Restructuring Monitor (ERM) in January 2012, compared to the low point reached in December (Chart 4). During the month, the ERM recorded 31004 restructuring-related announced job losses and 15843 announced new jobs, i.e. a negative net balance of some -15161, in a total of 77 cases. The Member States with the largest announced job losses were Hungary (6919 jobs lost) and Germany (6100), followed by France (4039) and the United Kingdom (3187). Manufacturing (13109 jobs) was the sector the most affected by announced job losses. Other notably affected sectors include public administration (7977 jobs lost), financial intermediation (3925) and transport and communications (1679). Retail (5750) and manufacturing (5393) 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	Year (annual average)				Month (Seas. Adjusted data)			Monthly		Annual	
	2000	2008	2009	2010	2010 Dec	2011 Nov	2011 Dec	Number Or pps	%	Number Or pps	%
Unemployment (1000)	19528	16829	21525	23158	22893	23792	23816	24	0.1	923	4.0
Males	9733	8715	11852	12690	12407	12823	12899	76	0.6	492	4.0
Females	9795	8114	9674	10468	10486	10969	10917	-52	-0.5	431	4.1
Less than 25	4999	4217	5234	5333	5252	5508	5493	-15	-0.3	241	4.6
Unemployment rate (%)	8.7	7.1	9.0	9.7	9.5	9.9	9.9	0.0	-	0.4	-
Males	7.8	6.7	9.1	9.7	9.5	9.8	9.8	0.0	-	0.3	-
Females	9.8	7.6	9.0	9.6	9.6	10.0	9.9	-0.1	-	0.3	-
Less than 25	17.3	15.8	20.1	21.1	21.0	22.1	22.1	0.0	-	1.1	-