

EMPLOYMENT IN THE EURO AREA IN 2012

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Introduction

In the second half of 2011 a further period of declining activity ensued in the euro area, which continued and heightened in 2012 and bore down on employment and unemployment developments. According to the member countries' EPA (Labour Force Survey) figures, the number of employees declined by 0.8% on average last year, following the 0.3% increase recorded a year earlier; and the unemployment rate stood at 11.9% in Q4, the highest ever figure since the creation of the Monetary Union.

This article analyses developments in employment, the labour force and unemployment in the euro area in 2012, paying particular attention to those population segments marked by differential behaviour. In this connection, we use information distributed by the European Commission drawing on the Labour Force Survey data collated quarterly by the national statistics institutes of the euro area countries.

Employment

The downturn in employment dating back to 2011 Q4 became more acute in 2012, as a result of weaker economic activity against a background of heightening financial tensions and diminishing confidence. Net job destruction affected 1,350,000 people, with the worst performance in terms of employee numbers being recorded in Q1. As a result, over the year as a whole, the year-on-year decline stood at 0.8% (see Table 1).

The reduction in numbers employed was essentially due to the decline in dependent employment, which underwent its biggest adjustment while the number of self-employed fell by only 70,000. By type of contract, and as at the start of the crisis, the fall-off in dependent employment was concentrated in temporary employees. As a result, the improvements seen in temporary employment levels in 2010 and 2011 were more than offset, as almost one million jobs of this type disappeared. The temporary employment ratio fell by 0.6 pp to 15.1% in Q4. Permanent employment scarcely declined, posting a fall of 96,000 at the close of the year.

In terms of the length of the working day, the adjustment once again fell on full-time workers, whose numbers declined on average by 1.6% during the year, 1.3 pp more than a year earlier. By contrast, part-time employment continued to grow, albeit at a lesser pace than 12 months earlier. Accordingly, the part-time ratio stood in Q4 at 21.1%, 0.6 pp above the level recorded in 2011 Q4.

By sector of activity, the decline in employment was across the board, although it was concentrated in construction and in industry, where there was a similarly negative contribution to employment growth (see central panel in Chart 1). Of particular note is the performance of employment in non-market services; following the continuous increases recorded in the 2008-2009 crisis, this variable contracted in the second half of 2012. The decline is partly due to the adjustment in public-sector employment, essentially temporary employment. This adjustment took place in certain economies under financial assistance programmes and in others where major fiscal consolidation drives are under way (see lower panel in Chart 1).

Job destruction continued to affect males with greater intensity, while female employment lost some of the dynamism seen in 2011. The ongoing contraction in male employment,

EMPLOYMENT ACCORDING TO EU LFS
Year-on-year rate of change

TABLE 1

	2010	2011	2012	2010		2011				2012			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employment	-0.5	0.3	-0.8	-0.2	-0.2	0.3	0.6	0.3	-0.1	-0.7	-1.0	-0.8	-1.0
By sex:													
Male	-0.9	-0.1	-1.3	-0.5	-0.3	0.1	0.2	-0.1	-0.5	-1.2	-1.5	-1.2	-1.4
Female	-0.1	0.7	-0.3	0.2	0.0	0.5	1.1	0.8	0.5	0.0	-0.4	-0.2	-0.4
By age:													
15 to 24	-3.7	-1.7	-3.9	-3.3	-2.5	-2.2	-1.3	-1.2	-2.0	-2.9	-3.8	-4.2	-4.6
25 to 54	-0.9	-0.6	-1.7	-0.7	-0.8	-0.3	-0.3	-0.7	-1.0	-1.6	-1.8	-1.5	-1.7
55 to 64	2.9	3.6	3.1	3.6	3.1	3.5	4.0	3.7	3.4	3.0	2.9	3.3	3.0
By level of educational attainment:													
Basic studies	-1.7	-2.5	-2.7	-1.9	-1.5	-2.3	-2.5	-2.5	-2.6	-2.7	-2.7	-2.4	-3.0
Intermediate studies	0.7	0.6	-0.1	0.9	0.6	0.9	0.9	0.5	0.2	0.1	0.0	-0.2	-0.3
Higher education	2.2	3.1	3.1	2.1	1.8	2.4	2.9	3.5	3.4	2.9	3.4	3.1	3.0
By nationality:													
Nationals (a)	-0.6	0.3	-0.8	-0.3	-0.3	0.2	0.5	0.4	0.0	-0.7	-0.8	-0.8	-1.0
Foreigners	0.8	0.4	-1.2	2.8	2.6	1.6	1.8	-1.4	-0.5	-0.8	-3.2	-0.2	-0.7
By sector of activity (a):													
Agriculture	0.1	-3.1	-1.2	-0.6	-0.2	-3.2	-3.1	-2.9	-3.1	-2.1	0.5	-2.0	--
Industry	-3.2	0.4	-1.8	-2.3	-1.4	0.0	0.3	0.8	0.5	-1.2	-2.3	-2.0	--
Construction	-3.5	-4.0	-4.6	-2.1	-2.9	-2.8	-2.8	-4.6	-5.9	-5.4	-4.3	-4.3	--
Services	0.2	0.8	-0.1	0.4	0.2	0.6	1.2	0.9	0.6	0.0	-0.4	-0.1	--
Market services (c)	-0.4	0.7	-0.4	-0.2	-0.3	0.2	1.4	0.9	0.5	-0.3	-0.8	0.0	--
Non-market services (b)	1.1	0.9	0.1	1.2	0.9	1.2	0.9	0.8	0.6	0.4	0.2	-0.2	--
DEPENDENT EMPLOYEES	-0.7	0.5	-0.8	-0.3	-0.2	0.3	0.7	0.7	0.3	-0.5	-0.8	-0.8	-1.0
By duration of contract:													
Permanent	-1.0	0.2	-0.1	-0.7	-0.6	0.1	0.4	0.4	0.0	-0.2	-0.2	0.0	-0.1
Temporary	0.9	1.6	-4.2	1.8	1.9	1.5	2.2	1.6	1.1	-2.3	-4.1	-4.7	-5.5
By length of working day:													
Full-time	-1.1	-0.3	-1.6	-0.6	-0.4	-0.4	0.1	-0.1	-0.8	-1.3	-1.7	-1.5	-1.7
Part-time	1.7	2.5	2.0	1.8	0.9	2.8	2.5	2.1	2.7	1.8	1.9	2.3	2.0
SELF-EMPLOYED	0.6	-0.5	-0.5	1.0	0.5	0.2	0.2	-1.1	-1.4	-1.0	-0.9	0.0	-0.4
MEMORANDUM													
ITEM EURO AREA:													
Levels, as a %:													
Employment rate (16-64-year-olds)	64.2	64.3	63.8	64.4	64.2	63.8	64.5	64.5	64.2	63.5	64.0	64.1	63.7
Ratio of dependent employees to total numbers employed	84.6	84.7	84.8	84.6	84.7	84.5	84.6	84.9	85.0	84.6	84.7	84.8	84.9
Temporary employment ratio (c)	15.6	15.8	15.2	16.0	15.7	15.2	15.9	16.2	15.8	14.9	15.3	15.5	15.1
Part-time ratio (d)	19.9	20.4	20.9	19.7	20.0	20.4	20.4	20.0	20.5	20.9	21.0	20.7	21.1

SOURCES: Eurostat and Banco de España.

a Nationals from EU (EU-27) countries.

b The year-on-year rate of change for 2012 was calculated using the information for the first three quarters of the year, as data for the fourth quarter were not available as this Bulletin went to press.

c Market services include wholesale and retail trade, transport and storage, hotels and restaurants, information and communication, financial and insurance activities, real estate activities, professional, scientific and technical activities, and administrative and support service activities. Non-market services include other services.

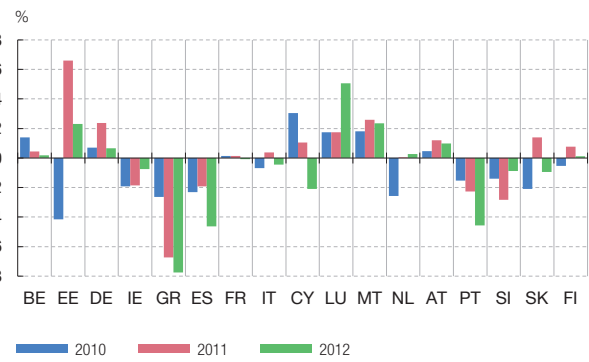
d As a percentage of dependent employees.

e As a percentage of numbers employed.

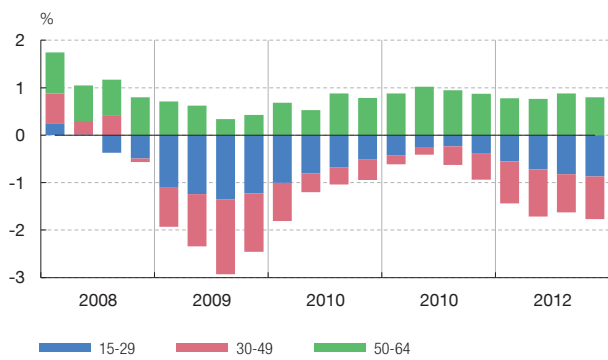
EMPLOYMENT AND GDP
Year-on-year rate



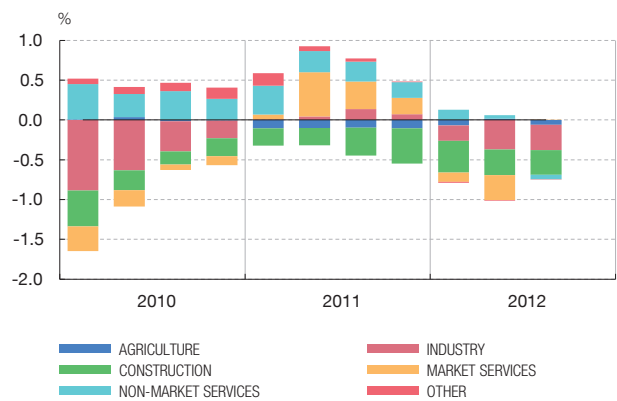
EMPLOYMENT BY COUNTRY
Year-on-year growth rate



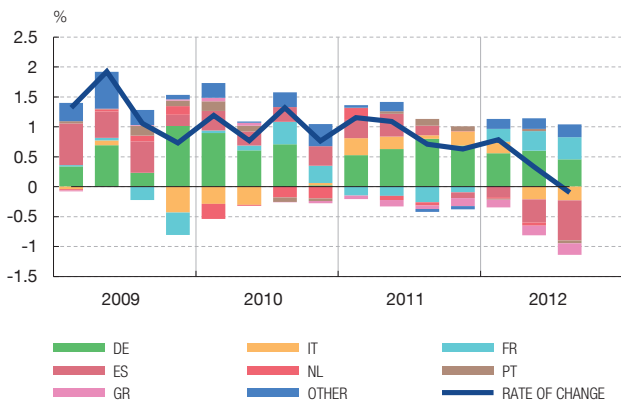
CONTRIBUTION TO YEAR-ON-YEAR EMPLOYMENT GROWTH,
BY AGE GROUP



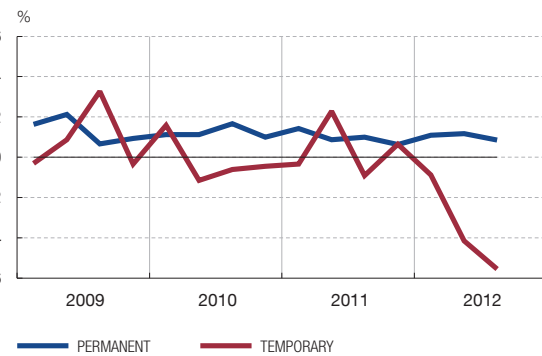
CONTRIBUTION TO YEAR-ON-YEAR EMPLOYMENT GROWTH,
BY SECTOR OF ACTIVITY



CONTRIBUTION TO YEAR-ON-YEAR PUBLIC-SECTOR EMPLOYMENT GROWTH,
BY COUNTRY



PUBLIC-SECTOR EMPLOYMENT
Year-on-year rate of change



SOURCES: Eurostat and Banco de España.

combined with the moderate changes in female employment over the course of the crisis, has narrowed the gap in employment rates by sex to its lowest level since the creation of Monetary Union. Thus, in Q4 the male employment rate stood at 69.2%, while the female rate was 58.1%, 3.6 pp and 0.4 pp down, respectively, on the end-2008 rates.

In terms of nationality, the fall in employment impacted both Community and non-Community workers, although the latter were more intensely affected.

By age group, and furthering the trend observed since the start of the crisis, the biggest contraction in employment was in the youngest cohort, followed by the group of workers aged 30-49 which, being the most numerous, had a contribution to the change in total employment similar to that of the youngest members of the labour force. Conversely, the eldest cohort continued to evidence the dynamism of previous years, arising from the impact of the recent reforms made in most countries aimed at raising the effective retirement age.

As regards level of educational attainment, the highest average rate of job destruction for the year (2.7%) was among the least skilled, while employees with a university education continued to show positive figures for yet another year. There were scarcely any changes in employment levels during the year among workers with intermediate studies.

Finally, in terms of countries, the contraction in employment was concentrated in Greece, Spain and Portugal. In France and Italy, employment fell at levels similar to those at end-2011, while in Germany it increased at a lesser pace than in previous years (see top panel of Chart 1).

The labour force

The labour force retained the buoyancy shown the previous year, increasing by 0.6% for the year on average, while the working-age population declined by 0.1%. As a result, the participation rate rose to 72% (see Table 2).

With regard to sex, the improvement in the participation rate was essentially due, as in previous years, to the increase in female participation, which increased over the year by 0.8 pp to 65.8%. In the case of males, their participation improved for the first time since 2008. For the year as a whole, their participation rate stood at 78.3%, a year-on-year increase of 0.2 pp (see Chart 2).

By nationality, the Community labour force played a notable role in the increase in the participation rate, with the working population of European origin increasing at a time of a slight decline in the working-age population. The participation rate of the non-Community population dipped as labour force numbers increased by a lesser proportion than the population aged 16-64 belonging to this group.

Turning to the breakdown by age, the decline in the participation rate of the youngest population cohort continued, falling to 56.4% for the year as a whole (0.4 pp down on the previous year). This was partly due to the extension of years in training, given the difficulties of entering the labour market. Conversely, the increase in the participation rate in the oldest cohort continued, rising by 1.6 pp to 63.6%. Likewise, the participation rate of the population aged 30-49 increased slightly to 87%.

Based on the level of educational attainment, the participation rate of all the population sub-groups posted increases, albeit more sharply among those with basic studies, where it stood at 65% of the end of the year.

Finally, the participation rate increased in most euro area countries, sharply so in Italy, France and the Netherlands, with the only notable exception being Germany, where it fell by 0.1 pp to 77.1% over the year as a whole.

Unemployment

Unemployment performed most adversely in 2012. Numbers unemployed exceeded 18.5 million at the end of the year, 2 million people more than 12 months earlier, and the unemployment rate stood in Q4 at levels never previously reached since the creation of the

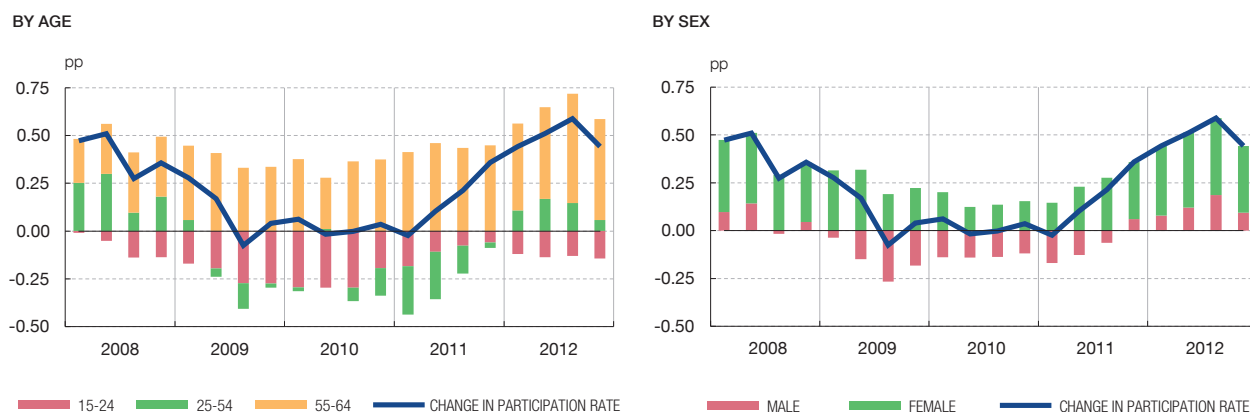
LABOUR FORCE PARTICIPATION RATE ACCORDING TO LFS

TABLE 2

	2010	2011	2012	2010		2011				2012			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
LABOUR FORCE													
16 to 64-year-olds													
YEAR-ON-YEAR RATE	0.1	0.4	0.6	0.1	0.0	0.1	0.3	0.5	0.5	0.5	0.6	0.7	0.4
EU (a)	0.0	0.3	0.6	0.0	-0.1	0.0	0.3	0.5	0.5	0.4	0.7	0.7	0.4
Non-EU	1.3	0.6	0.8	2.6	1.8	0.2	1.3	-0.2	1.3	1.9	-0.5	1.1	0.6
TOTAL POPULATION													
16-64-year-olds													
YEAR-ON-YEAR RATE	0.1	0.1	-0.1	0.1	0.0	0.1	0.2	0.2	0.0	-0.1	-0.1	-0.1	-0.2
EU	0.0	0.1	-0.2	0.1	-0.1	0.0	0.1	0.2	-0.1	-0.2	-0.2	-0.2	-0.3
Non-EU	1.3	0.9	1.3	1.6	1.2	1.0	1.0	0.2	1.4	1.7	1.2	1.4	1.0
LABOUR FORCE PARTICIPATION RATE	71.4	71.5	72.0	71.4	71.5	71.2	71.5	71.6	71.8	71.7	72.0	72.2	72.3
By sex:													
Male	78.2	78.1	78.3	78.3	78.1	77.9	78.1	78.2	78.3	78.0	78.3	78.6	78.4
Female	64.6	65.0	65.8	64.5	64.8	64.6	65.0	65.0	65.4	65.4	65.7	65.9	66.1
By age:													
From 15 to 24	57.1	56.8	56.4	57.5	56.9	56.3	56.5	57.5	56.8	56.1	56.3	57.0	56.3
From 25 to 54	86.6	86.6	87.0	86.4	86.7	86.5	86.7	86.3	86.9	86.9	87.1	86.8	87.1
From 55 to 64	61.0	62.0	63.6	61.1	61.4	61.4	62.0	62.1	62.6	62.8	63.5	63.9	64.2
By level of educational attainment:													
Basic studies	64.4	64.4	65.0	64.2	64.4	64.2	64.5	64.2	64.8	64.7	65.2	65.0	65.3
Intermediate studies	77.7	77.5	77.8	77.8	77.7	77.3	77.5	77.7	77.7	77.6	77.8	77.9	77.9
Higher education	86.9	87.0	87.3	86.6	86.8	87.1	87.3	86.7	87.1	87.2	87.4	87.2	87.4
By nationality:													
EU	71.5	71.7	72.3	71.5	71.6	71.4	71.6	71.8	72.0	71.9	72.3	72.4	72.5
Non-EU	69.1	68.9	68.5	69.2	69.0	68.4	69.4	68.9	68.9	68.5	68.2	68.7	68.7
By countries:													
Belgium	67.7	66.7	66.9	67.9	68.1	66.0	66.9	66.9	67.0	66.3	66.5	67.4	67.5
Estonia	73.8	74.7	74.9	73.7	73.8	74.2	74.4	75.7	74.4	74.8	75.0	75.5	74.2
Germany	76.6	77.2	77.1	76.7	76.8	76.8	77.1	77.4	77.6	76.7	76.9	77.4	77.4
Ireland	69.4	69.2	69.2	69.9	69.1	68.5	69.5	69.5	69.3	68.8	69.4	69.7	68.9
Greece	68.2	67.7	67.9	68.3	68.1	67.8	67.6	67.6	67.7	67.7	67.9	68.0	68.1
Spain	73.4	73.7	74.1	73.5	73.4	73.4	73.8	73.9	73.7	73.9	74.1	74.2	74.0
France	70.5	70.4	71.0	70.8	70.3	70.1	70.3	70.7	70.4	70.4	70.8	71.3	71.4
Italy	62.2	62.3	63.7	61.4	62.5	62.2	62.2	61.7	63.0	63.6	63.9	63.1	64.1
Cyprus	73.6	73.6	73.5	73.6	73.5	74.1	74.1	72.9	73.1	73.0	73.4	73.7	73.7
Luxembourg	68.2	68.0	69.4	68.8	68.4	69.3	67.4	67.9	67.2	68.7	68.5	70.6	69.9
Malta	60.4	61.6	63.1	61.0	60.5	61.4	61.6	62.0	61.4	62.4	62.6	63.9	63.6
Netherlands	78.2	78.4	79.3	78.3	78.2	78.0	78.0	78.4	79.1	79.1	79.2	79.4	79.5
Austria	75.1	75.3	75.9	76.0	75.5	74.5	75.2	75.9	75.5	74.7	75.9	77.0	75.8
Portugal	74.0	74.1	74.0	74.0	73.9	74.3	74.3	74.2	73.7	73.8	74.1	74.3	73.6
Slovenia	71.5	70.3	70.4	71.4	71.4	69.8	69.9	70.7	70.7	70.1	69.6	70.9	71.0
Slovakia	68.7	68.9	69.4	68.9	68.9	68.6	68.7	69.0	69.2	69.4	69.3	69.6	69.4
Finland	74.5	75.0	75.3	74.8	73.2	73.6	77.0	75.5	73.8	73.9	77.2	76.1	73.8

SOURCES: Eurostat and Banco de España.

a Nationals from EU (EU-27) countries.



SOURCES: Eurostat and Banco de España.

Monetary Union: 11.9% (see Table 3). This increase was driven by the fall in job creation, but also – albeit to a lesser extent – by the increase in the labour force.

Unemployment worsened in most euro area countries, albeit to differing degrees of intensity. In the countries most affected by the debt crisis (such as Greece, Spain, Italy, Portugal and Cyprus), unemployment increased significantly. This behaviour is in contrast to that in Germany and Luxembourg, whose unemployment rates fell (see Chart 3).

By sex, the rise in unemployment took the form of increases in the unemployment rate of both women and men, which stood respectively at 11.6% and 11.3% at end-2012. By age and level of educational attainment, there was notably little change in the unemployment rates of the oldest employees and of those with the highest level of education, despite the sizeable increase in the number of unemployed, since it was in these population groups that employment grew most sharply. The biggest increases in unemployment rates were among individuals in the 15-29-year-old group and those least skilled, where there were respective rises of 2 pp and 2.5 pp, respectively, to historically high levels that are practically double the unemployment rate for the total population (20% and 19.9%).

This strong increase in youth unemployment is particularly worrying when long-term unemployment is analysed. In 2012 it was in the youngest cohort in which the proportion of unemployed who had actively been seeking work for at least 12 months most increased, with the attendant figure at the close of the year standing at close to 40% (see right-hand panel of Chart 3).

By nationality, the number of unemployed grew by almost 2 million among the Community population, while among non-Community individuals it ended the year at slightly higher levels than those in 2011; as a result, the difference in the unemployment rate between both groups narrowed to 12.1 pp in Q4.

Conclusions

The year 2012 concluded with net job destruction that affected more than 1,300,000 people and with 2 million more unemployed, raising the unemployment rate to 11.9%, an unprecedented figure in the history of the Monetary Union. These figures serve only to exacerbate the already-delicate situation of the labour market, after more than 2 million jobs had been destroyed in the 2008-2009 recession.

UNEMPLOYMENT ACCORDING TO EU LFS

TABLE 3

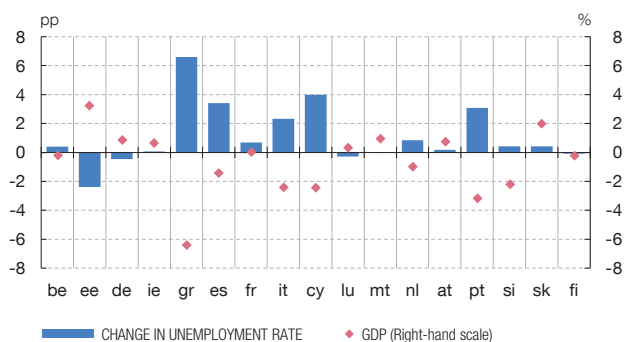
	2010	2011	2012	2010		2011				2012			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
UNEMPLOYMENT. YEAR-ON-YEAR RATE	6.1	0.9	12.8	3.0	1.8	-1.8	-2.2	1.8	5.9	10.6	14.8	13.9	12.2
UNEMPLOYMENT RATE	10.1	10.2	11.4	9.8	10.1	10.4	9.8	9.9	10.6	11.5	11.2	11.2	11.9
By sex:													
Male	10.0	10.0	11.3	9.5	9.8	10.3	9.6	9.6	10.4	11.4	11.1	11.0	11.7
Female	10.3	10.5	11.6	10.1	10.5	10.6	10.0	10.3	10.9	11.5	11.3	11.5	12.1
By age:													
From 15 to 24	17.0	17.1	19.1	16.6	16.9	17.5	16.5	16.8	17.7	18.9	18.5	18.9	20.0
From 25 to 54	8.8	8.9	10.2	8.4	8.8	9.1	8.5	8.6	9.4	10.3	9.9	9.9	10.6
From 55 to 64	7.3	7.3	8.1	6.9	7.3	7.5	7.1	7.0	7.5	8.0	8.0	7.9	8.3
By level of educational attainment:													
Basic studies	16.0	16.6	19.1	15.4	16.1	16.7	16.0	16.0	17.6	19.0	18.9	18.7	19.9
Intermediate studies	8.6	8.5	9.5	8.1	8.5	9.0	8.1	8.2	8.8	9.7	9.2	9.1	9.9
Higher education	5.9	6.1	6.9	6.0	6.0	6.0	5.8	6.1	6.4	6.7	6.6	7.0	7.2
By nationality (a):													
EU	9.5	9.5	10.7	9.2	9.4	9.8	9.1	9.3	9.9	10.7	10.5	10.6	11.2
Non-EU	21.0	21.2	22.8	19.7	20.9	21.6	20.5	20.7	22.2	23.6	22.7	21.7	23.2
By countries:													
Belgium	8.4	7.2	7.6	8.7	7.9	7.2	6.6	7.8	7.1	7.2	7.0	7.8	8.3
Estonia	17.3	12.8	10.4	15.7	13.8	14.7	13.6	11.2	11.5	11.8	10.5	9.8	9.4
Germany	7.2	6.0	5.6	6.8	6.6	6.8	6.0	5.8	5.5	6.0	5.5	5.5	5.3
Ireland	14.1	14.9	15.0	14.4	14.6	14.6	14.9	15.4	14.8	15.3	15.3	15.3	14.0
Greece	12.7	17.9	24.5	12.6	14.4	16.1	16.6	17.9	20.9	22.8	23.8	25.0	26.3
Spain	20.2	21.8	25.2	19.9	20.5	21.4	21.0	21.7	23.0	24.6	24.8	25.2	26.2
France	9.4	9.3	9.9	9.1	9.5	9.5	8.8	9.1	9.7	10.0	9.5	9.7	10.5
Italy	8.5	8.5	10.8	7.7	8.8	8.7	7.9	7.8	9.7	11.1	10.6	9.9	11.8
Cyprus	6.5	8.1	12.1	6.0	5.6	7.7	7.4	8.0	9.2	11.4	11.6	12.3	13.0
Luxembourg	4.4	5.0	5.2	3.9	4.6	5.3	5.3	4.4	4.8	5.9	4.0	5.7	5.1
Malta	7.0	6.5	6.5	6.9	6.9	6.5	6.9	6.2	6.6	6.1	6.6	6.7	6.5
Netherlands	4.5	4.4	5.3	4.3	4.3	4.6	4.2	4.2	4.8	5.3	5.1	5.2	5.6
Austria	4.5	4.2	4.4	4.5	4.1	4.6	4.1	3.7	4.3	4.4	4.3	4.4	4.5
Portugal	11.4	13.4	16.4	11.5	11.8	13.0	12.8	13.0	14.7	15.6	15.7	16.6	17.8
Slovenia	7.4	8.3	9.0	7.2	7.9	8.7	7.8	8.0	8.9	8.7	8.3	9.3	9.7
Slovakia	14.4	13.6	14.0	14.2	13.9	13.9	13.2	13.2	14.0	14.1	13.7	13.7	14.5
Finland	8.5	7.9	7.8	7.4	7.5	8.7	9.0	6.9	7.0	8.1	8.8	7.2	7.1
LONG-TERM UNEMPLOYMENT													
Incidence (b)	46.9	50.1	51.9	47.8	48.5	48.7	50.4	50.4	50.7	49.7	52.3	52.6	53.2
By sex:													
Male	47.3	50.5	52.4	48.4	49.6	48.8	50.7	51.2	51.3	49.8	52.7	53.2	53.8
Female	46.4	49.6	51.4	47.1	47.3	48.6	50.0	49.5	50.1	49.6	51.8	51.8	52.5
By age:													
From 15 to 24	34.9	36.7	39.3	35.0	36.1	35.8	36.8	36.4	38.0	38.6	39.8	38.9	39.8
From 25 to 54	48.4	51.9	53.5	49.6	50.0	50.3	52.4	52.5	52.3	50.7	53.9	54.6	55.0
From 55 to 64	61.8	64.7	65.7	62.9	63.5	64.1	64.1	65.6	65.2	64.8	65.0	66.3	66.9

SOURCES: Eurostat and Banco de España.

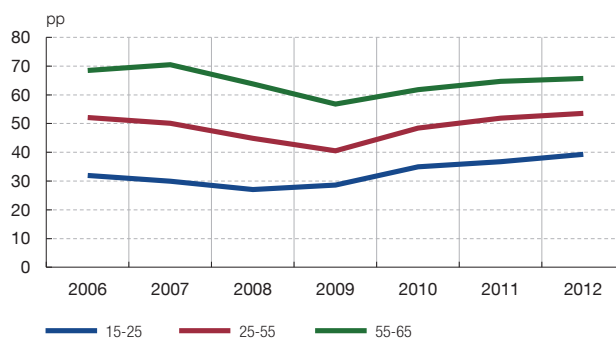
a Nationals from EU (EU-27) countries.

b Weight in total unemployed of those that have been in that situation for more than a year.

UNEMPLOYMENT AND GDP GROWTH, BY COUNTRY 2011-2012



LONG-TERM UNEMPLOYMENT, BY AGE (a)



SOURCES: Eurostat and Banco de España.

a Proportion of the unemployed in that situation for more than one year relative to total unemployed.

The downturn in employment in this new recession affected practically the same population groups and sectors of activity as in the previous one, particularly impacting youths, males, the less-skilled and employees in the construction sector and in industry. Conversely, one notable differential factor is the effect that this new crisis period is exerting on public-sector employment, where historical job destruction figures have been recorded. This adjustment, which is being instrumented chiefly through the reduction in temporary jobs, is led by the economies that are immersed in structural adjustment processes aimed at redressing imbalances built up in the past.

The decline in employment in the euro area in 2012 has once again fallen most acutely on the countries which most deeply felt the impact of the 2008-2009 recession. This highlights the fact that these economies' labour markets remain fragile and points to the need to accelerate the reforms they are pursuing.

15.4.2013