COUNCIL OF THE EUROPEAN UNION

Brussels, 3 July 2013

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FSTR	**70**
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COVER NOTE

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date of receipt:	1 July 2013
to:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
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Subject:	COMMISSION STAFF WORKING DOCUMENT accompanying the document (PART III/III) REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL Eighth progress report on economic, social and territorial cohesion The regional and urban dimension of the crisis

Delegations will find attached Commission document SWD(2013) 232 final (PART III/III).

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PART III/III

COMMISSION STAFF WORKING DOCUMENT
Accompanying the document

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL
Eighth progress report on economic, social and territorial cohesion
The regional and urban dimension of the crisis

{COM(2013) 471 final}

8. People aged 15 to 24 not in Employment, Education or Training (NEET), 2012

This indicator divides the number of people aged 15-24 that are not employed (both unemployed and inactive) and not involved in any education or training by the total number of people aged 15-24.

Why does this matter?

People not in employment, education or training age 15-24 are likely to be early school leavers and unlikely to have completed tertiary education. Europe 2020 aims to reduce the share of early school leavers and increase the share of tertiary educated by 2020. In addition, a high share of NEETs can indicate increasing resignation among young people and lack of trust in state institutions, a major threat to social cohesion.

How do the EU regions score?

Regional disparities in NEET rates among the EU-27 regions are pronounced – with differences up to 12 times between regions experiencing the highest and the lowest NEET rates.

The regions with the highest rates - with more than 1 out of 5 young people not in employment, education and training - can be found in Bulgaria and Romania (for reasons of higher inactivity), as well as Italy, Spain, and Greece (for reasons of higher unemployment).

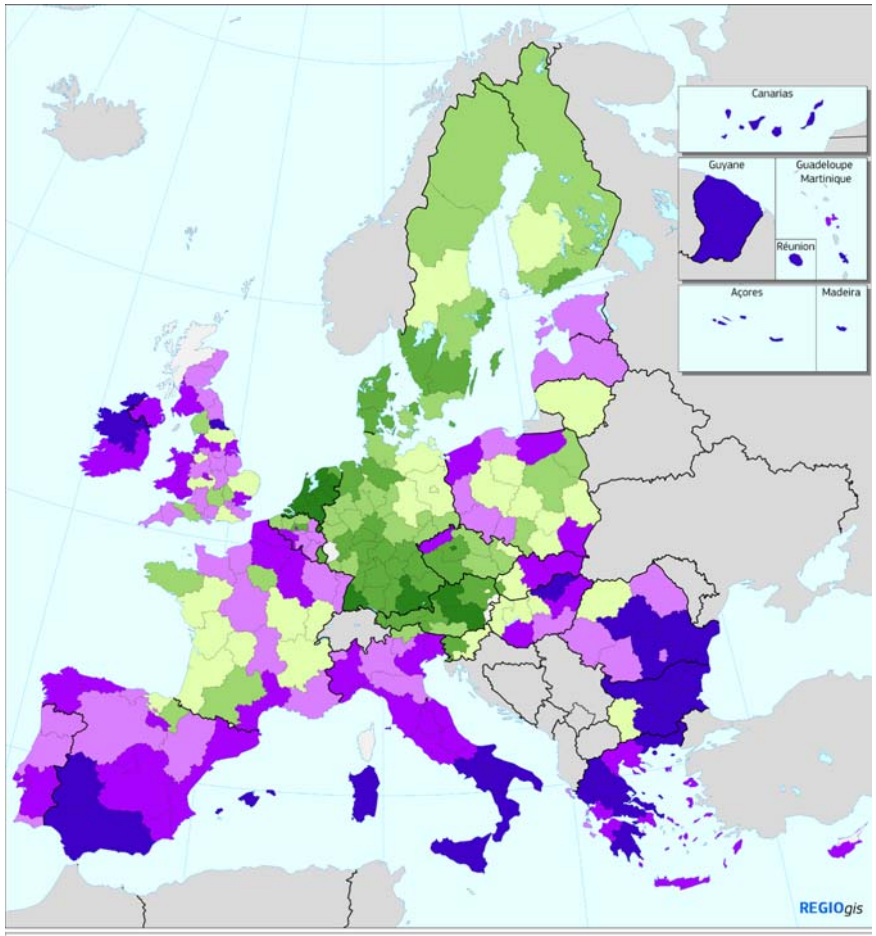
MS	Region	NEET, 2012
This table shows the ten regions with the highest NEET rate in 2012, in % of population aged 15-24		
BG	Severozapaden	36
IT	Sicilia	31
IT	Campania	30
IT	Calabria	30
FR	Réunion	29
EL	Peloponnisos	29
EL	Anatoliki Makedonia, Thraki	28
BG	Yugoiztochen	28
ES	Ciudad Autónoma de Ceuta	28
EL	Sterea Ellada	27

In contrast, only 6% of the regions (16 out of the 268 regions for which data were available) register NEET rates below 5%, mainly located in the Netherlands. Regions with the lowest NEETs rates are also located Austria, Germany and the Czech Republic (the city of Prague).

MS	Region	NEET rate, 2008-2012
This table shows the ten regions with the largest increase NEET rate between 2008 and 2012, in pp		
EL	Peloponnisos	14
IT	Valle d'Aosta/Vallée d'Aoste	14
EL	Anatoliki Makedonia, Thraki	13
BG	Severozapaden	12
RO	Centru	12
EL	Ipeiros	11
UK	East Yorkshire and Northern Lincolnshire	11
EL	Dytiki Makedonia	10
UK	Cumbria	10
BE	Prov. Limburg (BE)	9

Between 2008 and 2012 NEET rates increased in four out of five regions. The increase in NEET rates was particularly sharp for regions in Greece, Romania and Bulgaria with regional increases of 10 pp or more.

In contrast, NEET rates dropped in 51 regions, most of these are located in Germany, Sweden, Finland and Austria.



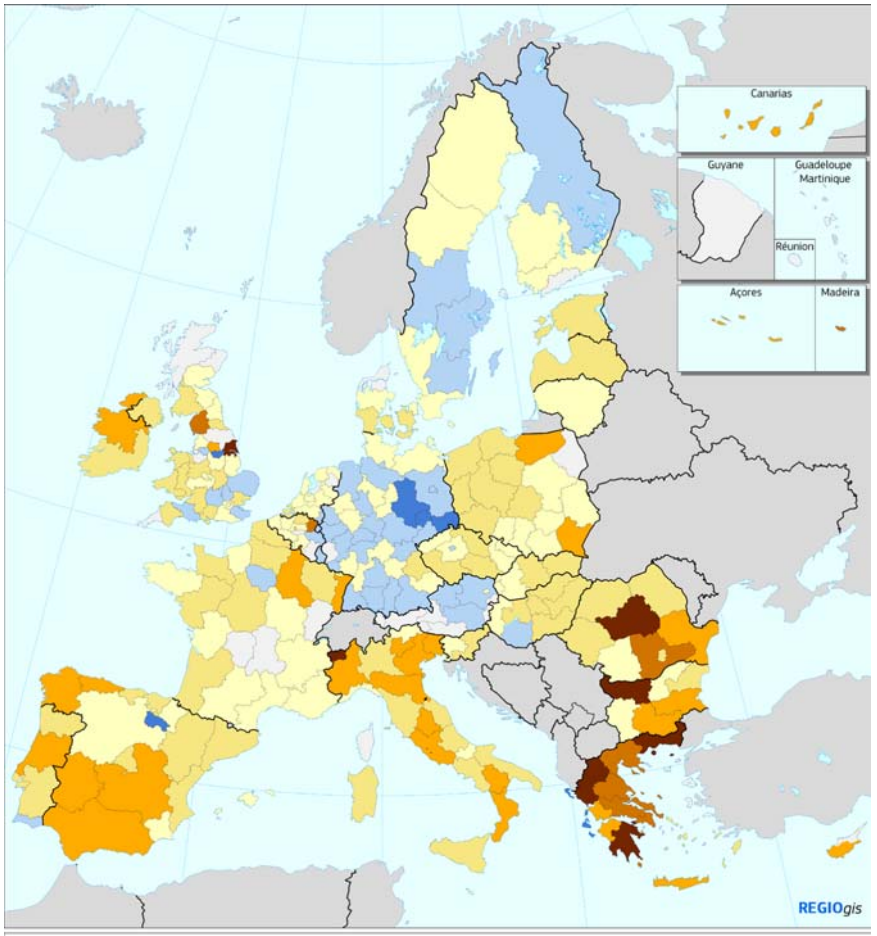
Population aged 15-24 not in employment, education or training (NEET), 2012

% of population, aged 15-24

< 5	12.5 - 15
5 - 7.5	15 - 20
7.5 - 10	> 20
10 - 12.5	no data

EU-27 = 13.2
Source: Eurostat

0 500 Km



Population aged 15-24 not in employment, education or training (NEET), change 2008-2012

Percentage points

<= -2.5	5.0 - 7.5
-2.5 - 0.0	7.5 - 10
0.0 - 2.5	> 10
2.5 - 5.0	no data

Source: Eurostat

0 500 Km

9. Net migration

Net migration is the difference between inward migration and emigration per thousand inhabitants. It is calculated by subtracting natural population change from total population change.

Why does this matter?

Migration can help to reduce regional disparities. In the receiving regions, it can boost employment and economic growth in by reducing labour shortages. The sending regions may witness a reduction of unemployment and an increase in money sent home by migrants (remittances). Rapid changes in total population, however, can lead to significant adjustment costs to increase or decrease public services.

How do the EU regions score?

	Convergence	Transition	RCE	EU
Net migration, 2007-2010 per 1000 inhabitants	0.4	4.8	3.2	2.4
Change in net migration, 2007-10 vs 2004-07 per 1000 inhab.	-0.6	-3.7	-1.3	-1.2

Net migration turned negative or slowed down in many parts of the EU as a result of the crisis. In the transition regions, net migration dropped from 8.5 to 4.8 per thousand inhabitants. Nevertheless, the transition regions still have the highest average net migration rate. Regional Competitiveness and Employment (RCE) regions come close with a rate of 3.2 and the convergence regions trail behind with a rate of 0.4.

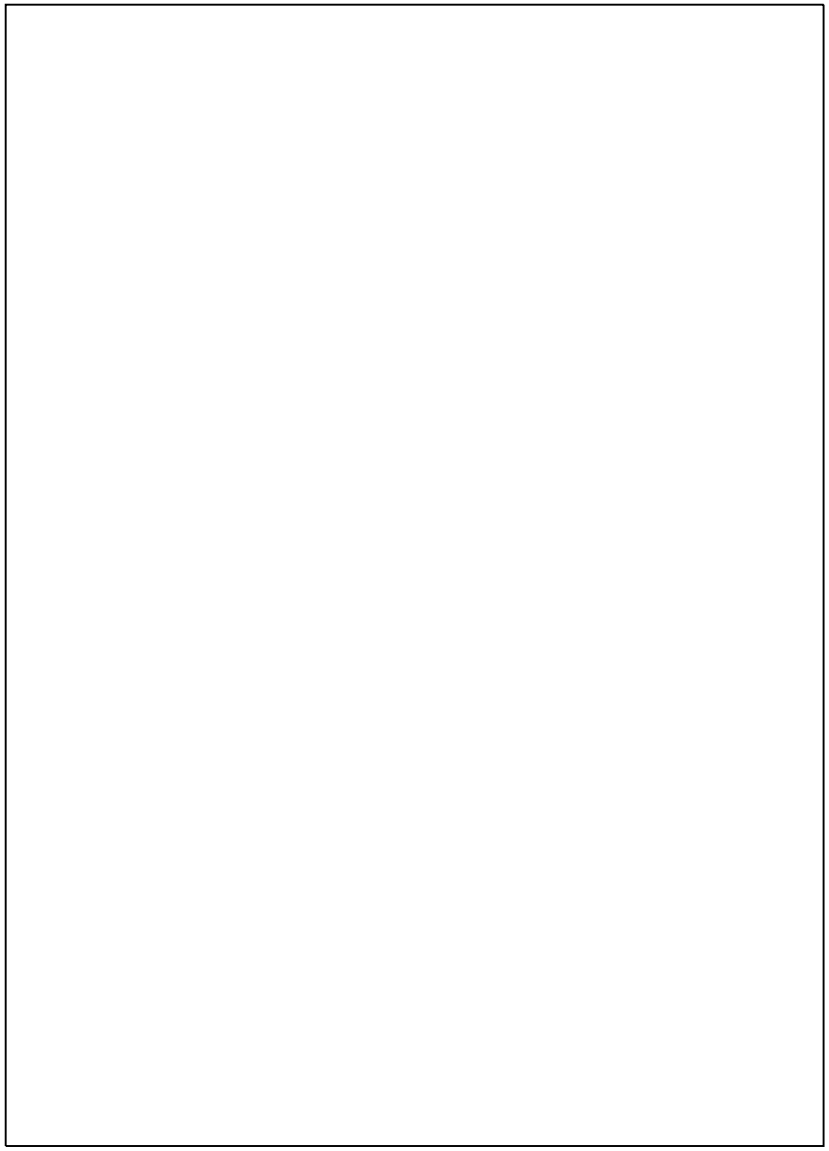
Country	Region	Net migration, 2007-10
This table shows the ten regions with the highest average net migration, in 2007-10, per thousand inhabitants		
CZ	Střední Čechy	16.3
LU	Luxembourg	14.1
ES	Illes Balears	13.2
ES	Castilla-La Mancha	12.6
CZ	Praha	12.6
BE	Région de Bruxelles-Capitale / Brussels Hoofdstedelijk Gewest	12.5
IT	Emilia-Romagna	12.4
IT	Umbria	11.5
ES	Melilla	11.4
ES	Región de Murcia	11.2

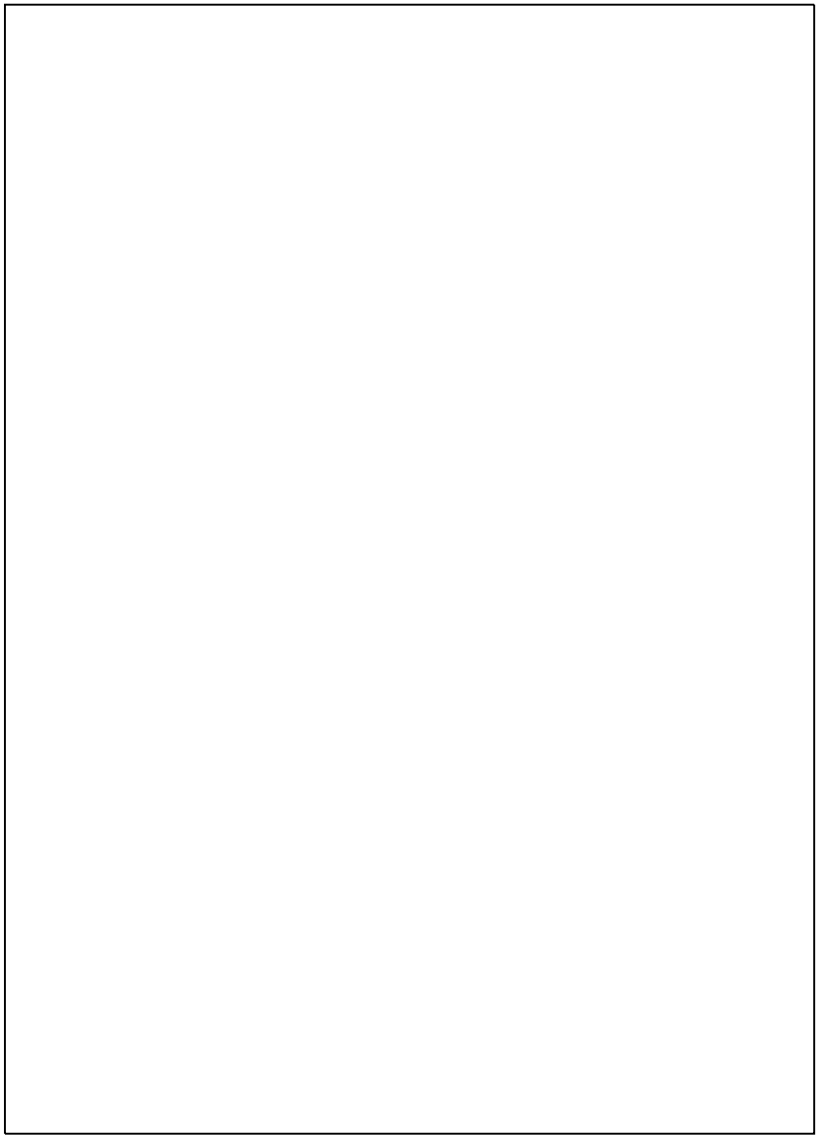
The regions with the highest net migration rates are a mixture of Eastern, Western and Southern regions, including three capital regions. In many Eastern Member States, the capital region has the highest net migration.

The crisis reduced migration in regions that experienced largest inflows of labour migrants in the pre-crisis period, such as in Spain and Ireland. Despite the large reductions of net migration, many Spanish regions still had some of the highest levels of net migration. In Greece, migration dropped or remained stable, but all Greek regions kept a positive net migration rate. As the crisis continues to unfold, the increasing differences in regional unemployment rates may still affect migration in the coming years.

Country	Region	Difference in net migration, 2007-10 vs 2004-07
This table shows the ten regions where average net migration decreased the fastest, between 2004-07 and 2007-10, in pro mille points		
ES	La Rioja	-14.8
ES	Comunidad Valenciana	-14.2
ES	Cataluña	-13.6
IE	Southern and Eastern	-13.4
CY	Κύπρος / Kypros	-12.2
ES	Illes Balears	-11.4
IE	Border, Midland and Western	-10.7
ES	Región de Murcia	-10.2
ES	Canarias	-9.5
ES	Comunidad de Madrid	-8.0

In Lithuania and Latvia, the crisis sped up the outflow with net migration rate moving from -2 to -8 and from -0.5 to -1.8 respectively. In contrast, in Estonia, net migration remained close to zero in both periods.





10. Living in a household with a very low work intensity, 2011

This indicator divides the number of people who are living in households with very low work intensity by the population aged 0 to 59. Very low work intensity means that the adult(s) worked less than 20% of their total work potential during the past year. Households composed only of children, of students aged less than 25 and/or people aged 60 or more are excluded.

Why does this matter?

The Europe 2020 strategy aims to reduce the number of people at risk of poverty or exclusion in the EU with at least 20 million by 2020. This includes persons living in a very low work intensity household.

How do the EU countries score?

The ten countries with the highest share include some which had a very impact of the crisis, such as Ireland, Latvia and Lithuania. It also includes several countries with a relatively low impact of the crisis such as Germany. In 2011, Cyprus and Luxemburg had the lowest shares (4.6%, 5.8% resp.)

Country	Persons living in very low work intensity household, 2011
This table shows the ten countries with the highest share of population aged 0-59 living in very low work intensity households	
Ireland*	22.9
Belgium	13.7
Latvia	12.6
Lithuania	12.3
Spain	12.2
Hungary	12.1
Greece	11.8
United Kingdom	11.5
Denmark	11.4
Germany	11.1
* 2010	

Figure 1 shows the shares in cities and in towns, suburbs and rural areas per country. In half of the MS, the share is higher in cities, typically in Western MS. In a quarter of the MS the shares are higher outside the cities, mostly in Central and Eastern MS. In the remaining MS, the shares in and outside cities is very similar.

At the EU level, the share only increased by 1 pp. The six MS with a very high impact of the crisis it increased most by between 4 and 9 pp. Ireland experienced the largest increase leading to a share of 23%. On the other hand, Romania and Poland reduced it (-1.5 pp and -1 pp resp).

Country	Change in share living in a very-low-work-intensity household, 2008-2011
This table shows the ten countries with biggest increase in the share of population aged 0-59 living in very low work intensity households, 2008-2011 in pp	
Ireland*	9.3
Latvia	7.5
Lithuania	7.2
Spain	6
Estonia	4.6
Greece	4.4
Denmark	3.1
Bulgaria	2.9
Finland	2.5
Slovakia	2.4
* 2008-2010	

The changes in and outside cities did not show a clear pattern (see Figure 2). In most countries the trend was similar in and outside cities. In Belgium and Sweden, very low work intensity in cities increased 3 pp more than outside cities. While in Bulgaria, Lithuania and Denmark very low work intensity increased by at least 3 pp more outside cities than inside. Overall, the pattern of urban advantage and disadvantage did not change due to the crisis.

Figure 1: Very low work intensity in- and out-side cities, 2011

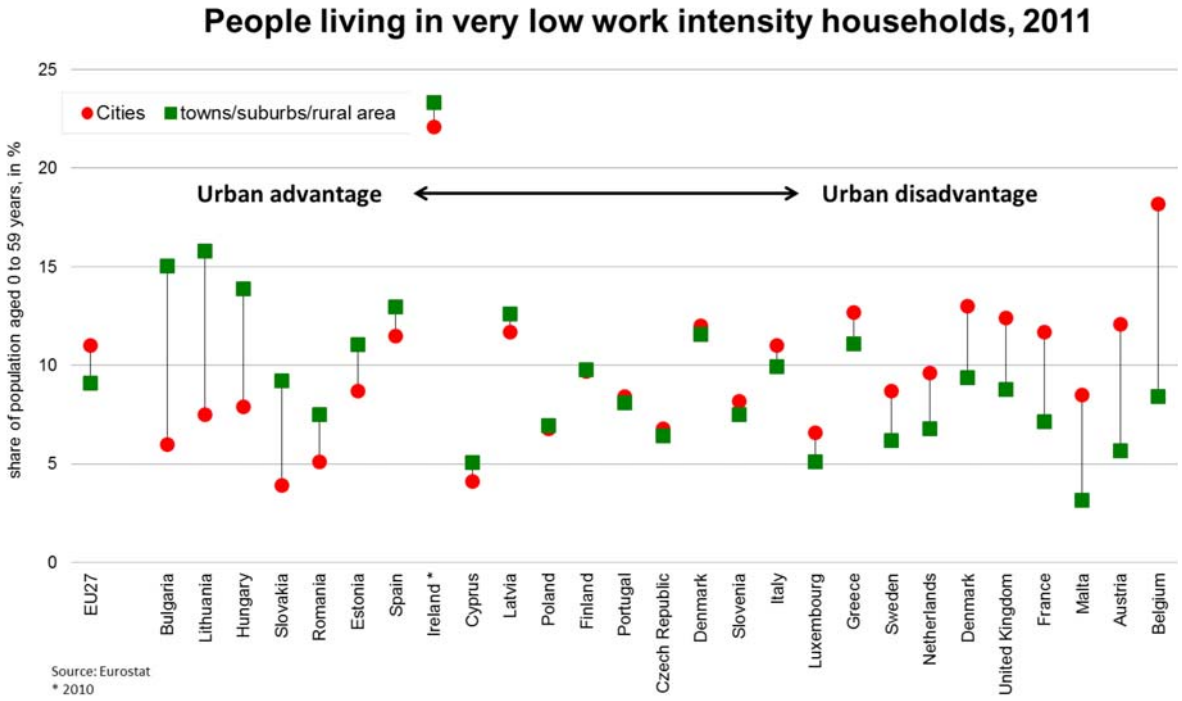
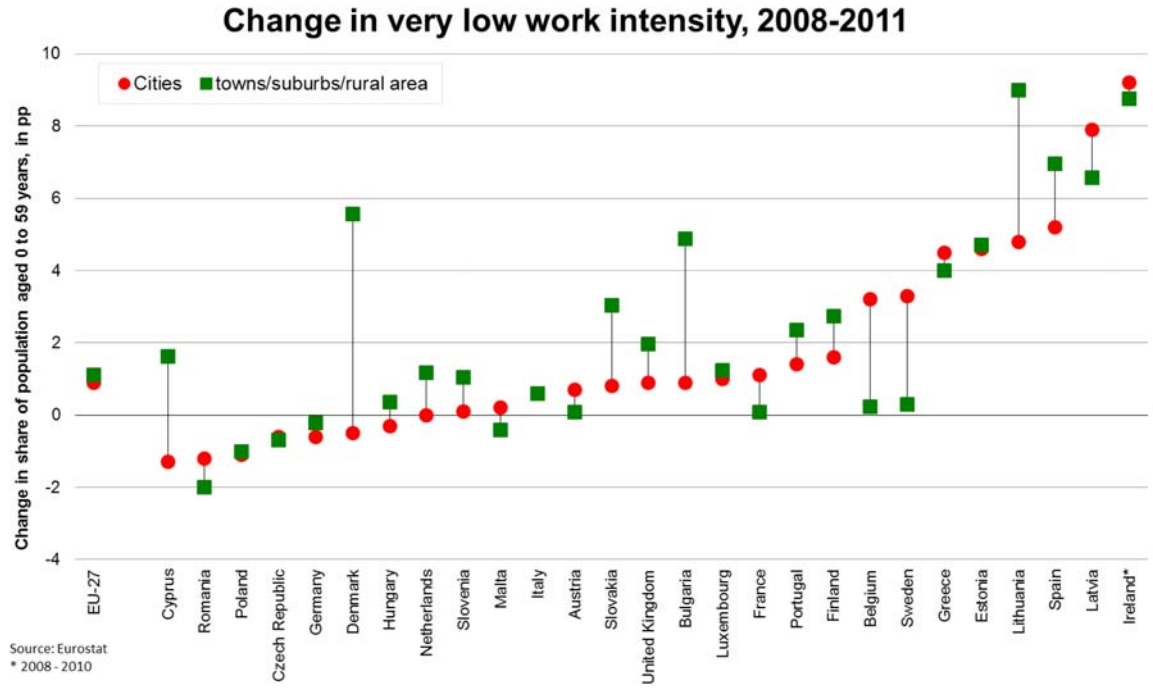


Figure 2: Change in very low work intensity in- and out-side cities, 2008-2011



11. GDP/head, 2010

This indicator measures the Gross Domestic Product (GDP) per head in Purchasing Power Standards. GDP is the total value of all goods and services produced. GDP/head is the level of output per inhabitant which is an indication of the average level of economic wealth generated per person. Purchasing Power Standards (PPS) eliminates differences in purchasing power due to different price levels between regions to facilitate comparisons.

Why does this matter?

In general, the level of GDP per head is closely related to global economic performance, in particular to production factor productivity and employment. Its change over time shows the pace of economic development.

MS	Region	GDP per head in PPS, EU-27=100
This table shows the ten regions with the highest GDP per head in PPS in 2010		
UK	Inner London*	328
LU	Luxembourg (Grand-Duché)*	266
BE	Bruxelles-Capitale / Brussels Hoofdstedelijk Gewest*	223
DE	Hamburg *	203
FR	Île de France	180
NL	Groningen **	180
SK	Bratislavský kraj	176
CZ	Praha	172
SE	Stockholm	168
AT	Wien *	165
* Overstated due to commuter inflow ** Overstated due to GVA from off-shore gas production		

How do the EU regions score?

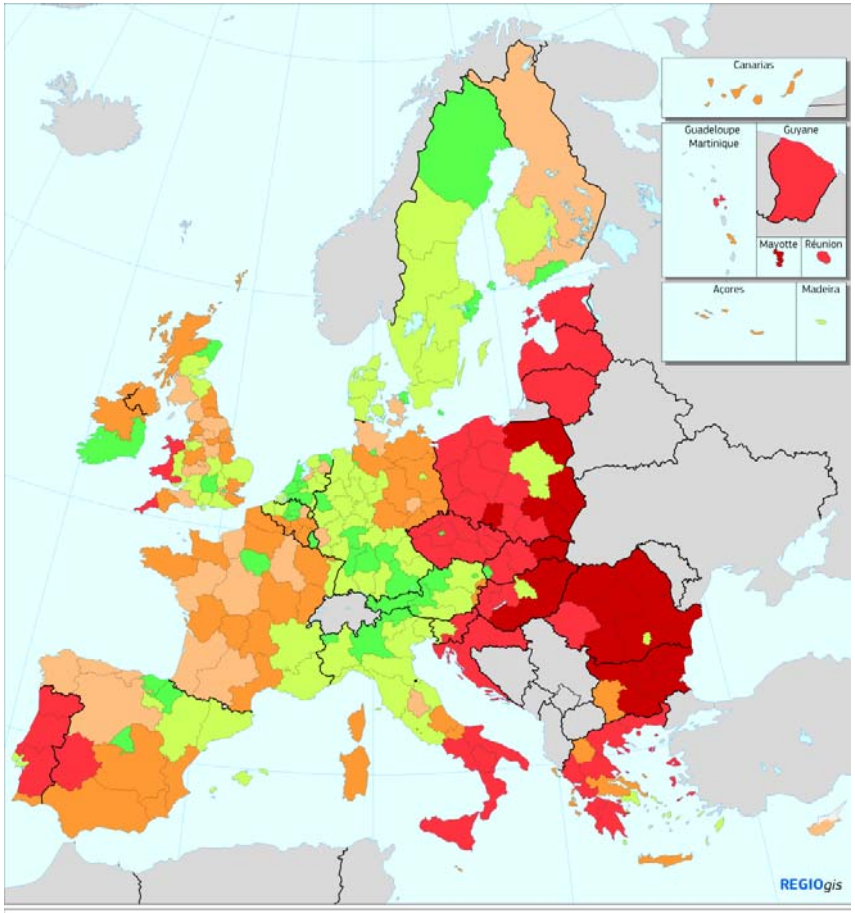
The GDP/head distribution highlights the very large gaps in economic output existing across regions and Member States of the European Union. In 2009, the GDP per head ranged from 331% of the EU average (Inner London, UK) to 27.3% (Severozapaden, Bulgaria). Between 2007 and 2009, ratio between the average of GDP per head in the top-20 and bottom-20 regions decreased from 4.9 to 4.6. The regions with the highest GDP per capita in 2009 are mainly capital regions and located in Western or Northern Europe.

MS	Region	GDP per head in PPS, 2000-2010
This table shows the ten regions with the biggest increase in GDP per head in PPS between 2000 and 2010, in difference in index points		
SK	Bratislavský kraj	67
RO	Bucureşti - Ilfov	54
BG	Yugozapaden	38
CZ	Praha	34
NL	Groningen	31
PL	Mazowieckie	28
RO	Vest	26
UK	Inner London	26
HU	Közép-Magyarország	24
LU	Luxembourg	22

The relatively high levels of GDP per head of capital regions can be in part explained by a large daily influx of commuters from neighbouring regions. At the other hand of the spectrum, the ten regions with the lowest GDP per capita are located in Bulgaria, Romania and Hungary.

Compared to the EU-27 average, between 2000 and 2010, GDP per head in PPS increased in particular in regions located in the Member States that joined the EU in 2004 and 2007. Also regions located in Eastern Germany and Spain recorded a positive performance. Instead, negative performances are recorded by regions located in Greece, Italy, France, the UK and southern Sweden and Finland.

Eight out of the top-10 regions in terms of GDP per head increases are capital regions. However, the region with the largest decrease is also a capital region: Brussels.



GDP per head (pps), 2010

Index, EU27 = 100

< 50	100 - 125
50 - 75	>= 125
75 - 90	no data
90 - 100	

Source: EUROSTAT

0 500 Km

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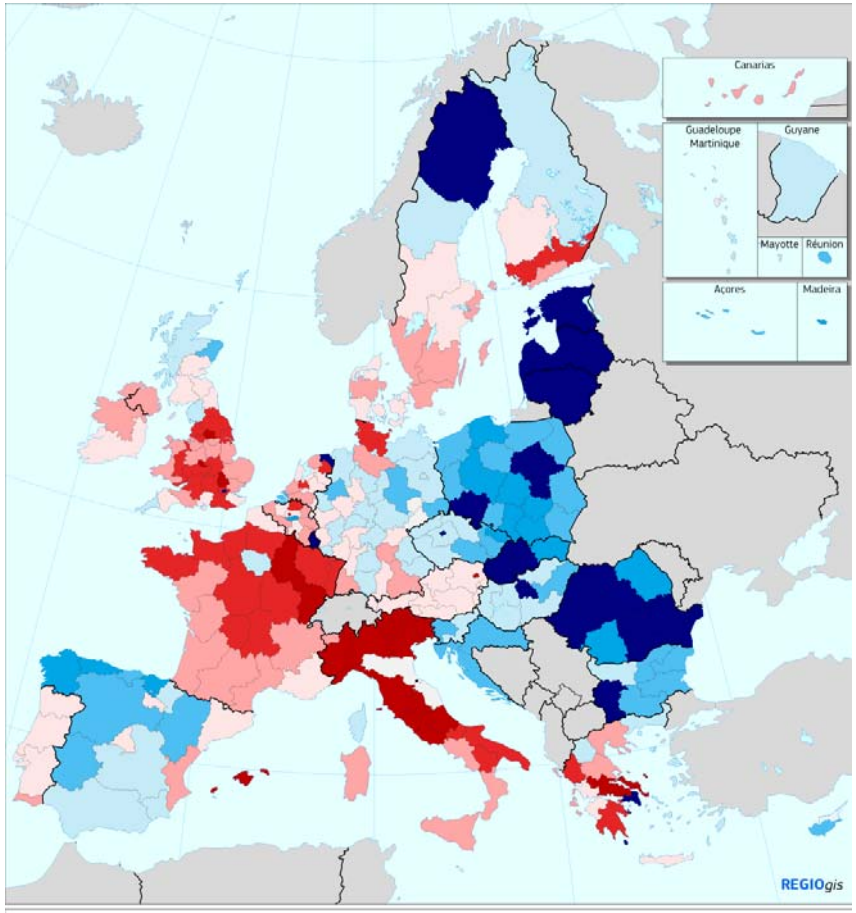

Change in GDP/head (pps), 2000-2010

Difference in index

< -15	5 - 10
-15 - -10	10 - 15
-10 - -5	> 15
-5 - 0	no data
0 - 5	

Source: EUROSTAT

0 500 Km

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