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From: Employment Committee

To: Permanent Representatives Committee / Council

Subject: EMCO Annual Employment Performance Report

With a view to the EPSCO Council on 23 October 2017, delegations will find attached the EMCO Annual Employment Performance Report.

EMCO Annual Employment Performance Report (accompanying the 2017 Employment Performance Monitor)**Executive Summary**

In line with the EPSCO Council's commitment to put its expertise on employment and labour market policies at the service of the **European Council** for a successful implementation of the Europe 2020 Strategy, the **Employment Committee** was mandated¹ to produce an "Employment Performance Monitor" (EPM), which serves two main objectives:

- Monitoring the progress towards the overall 2020 employment rate target and related national targets
- Identifying at a glance the key employment challenges (KECs) and good labour market outcomes (GLMOs) across the European Union and for each Member State respectively

This report presents the main findings from a detailed analysis of the 2017 EPM. In particular the EMCO Indicators Group (IG) analysed the EPM results to assess progress towards the EU-28 overall and national employment rate targets, as set in the Europe 2020 Strategy. The analysis integrates a forward-looking aspect, as it looks at the efforts required both at EU and national levels to reach the respective employment rate targets by 2020. In addition this report presents a thematic analysis of the EPM and provides a summary of the key employment challenges and good labour market outcomes across the EU. This contributes to the identification of the main thematic EU priorities for the coming year. The EPM dashboard has also allowed for the identification of employment trends emerging from the analysis of recent year-on-year (i.e. covering the period 2015 – 2016) as well as 3-year changes in indicators. The full analysis is presented in the sections below, but the main messages are presented in this section.

¹ See Council Doc. 14478/10

In 2016, the EU employment rate (20-64) increased by 0.9 percentage points compared to 2015 and stood at 71.0%, thereby surpassing the pre-crisis level of 70.3% in 2008. Despite this increase, significant disparities still exist between Member States, with six Member States showing employment rates notably below their corresponding pre-crisis levels². If the employment rate continues increasing at this pace, the EU would be broadly on course to meet the Europe 2020 employment rate target of 75%. However, the gap remains significant (a further increase of 4 percentage points is required) which points to a substantial challenge for Member States. The majority of them will require additional efforts to meet their national employment rate targets³.

EU Member States need to maintain an average annual employment growth of 1.2% to reach their national 2020 targets. In 2016 the employment growth at EU level was 1.5% and varied across Member States. The majority of Member States already achieved the minimum employment growth that, if maintained, would allow them to hit their targets in 2020. However, it remains to be seen whether they will be able to keep their current performance, given that employment growth is estimated to slow down in some Member States over the next two years.

The impact of demography on the efforts needed to reach the targets is worth underlining. Due to population decline, the majority of Member States will need lower annual employment growth compared to the pre-crisis period to reach their national targets. Moreover, six countries are expected to reach their 2020 target even if they experience negative employment growth, on the basis of their projected population figures.

In 2016 seven Member States had already achieved their national target and in all of them the employment rate increased compared to 2015. Moreover, all the Member States (with the exception of Luxembourg) which have not yet achieved their national targets have decreased the gap between their national target and the employment rate in 2016 as compared to 2015. The analysis in this report sets out in detail which Member States are on course to meet or surpass their national target, and those who are expected to fall short.

² 2008

³ It should be noted that, even if all national targets were met exactly, the EU would still fall short of the overall EU target of 75%.

The analysis in this report also identifies those labour market sub-groups where increased employment rates would have the highest potential impact on the overall national employment rate: women aged 30 – 54; women aged 55 – 64; men aged 30 – 54 and the low-skilled.

The overview of the EPM indicates the following thematic priorities for Member States going forward, based on the EPM's reading of both Key Employment Challenges (KECs) and Good Labour Market Outcomes (GLMOs) in individual Member States:

- 25 Member States have KECs in areas related to labour market participation [including of specific groups], and 19 also achieved GLMOs. Youth unemployment and NEETs, older workers, non-EU migrants, and low duration of working life all feature prominently.
- 21 Member States face KECs related to social security systems (e.g. unemployment benefits, low wage traps, unemployment traps), whilst 13 achieved GLMOs.
- 20 Member States face KECs related to education and training systems (mainly on educational outcomes depending on socio-economic background, low tertiary education attainment rate and early school leavers), whilst 11 had GLMOs.
- 17 Member States have KECs relating to skills and lifelong learning and 8 achieved GLMOs.
- 17 Member States face KEC in the area of work-life balance and 8 achieved GLMOs.
- 16 Member States face KECs in Active Labour Market Policies (ALMPs), focusing on long-term unemployment, public employment services, and general ALMP measures, whilst 4 had GLMOs.

Additionally, a smaller number of KECs was identified in the areas of job creation (11); labour market functioning (11); gender equality (14); wage-setting mechanisms and labour costs (6). Finally, the analysis for the period 2015 – 2016 identifies the following trends to watch.

Positive trends

- A substantial increase in the overall employment rate (in 13 MS) and in the employment rate of older workers (in 24 MS)
- A substantial increase in the job vacancy rate (in 19 MS)
- A substantial increase in the total employment (in 18 MS)
- A substantial decrease in the long term unemployment rate (12 MS)

Negative trends

- A substantial deterioration in the inactivity and part-time work due to personal and family responsibilities in a number of Member States (in 11 MS)
- A substantial deterioration in the nominal unit labour cost in a number of Member States (in 7 MS)
- A substantial increase in the at-risk-of-poverty rate of the unemployed (registered in 6 MS)

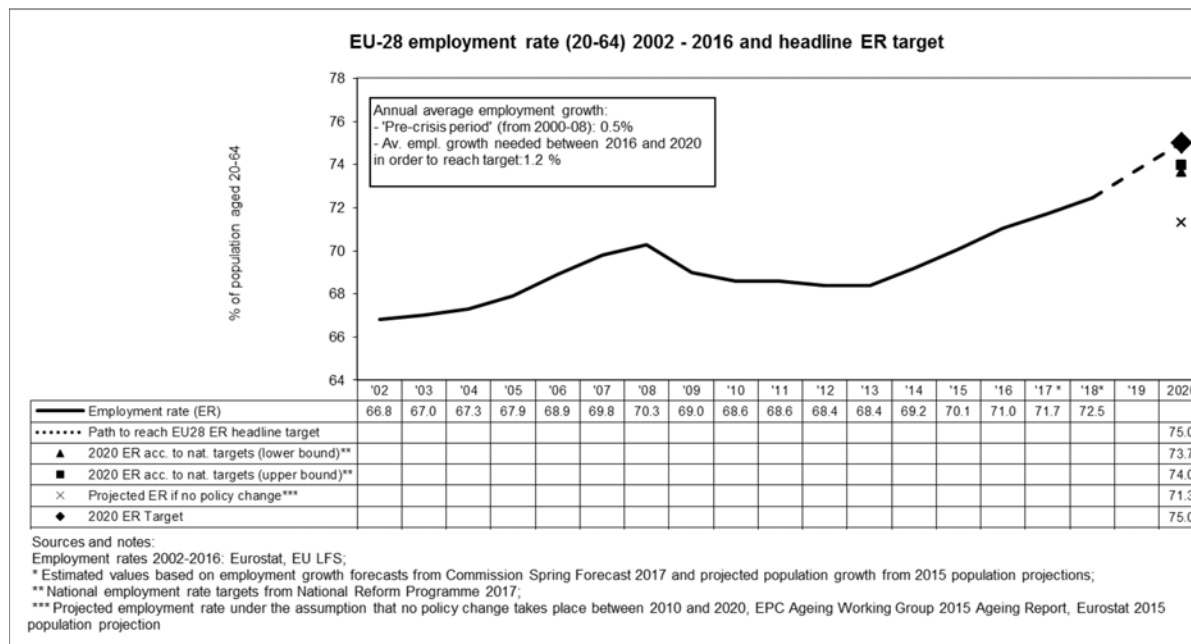
1. Progress towards the EU-28 employment rate headline target

The Europe 2020 Strategy set an EU-wide employment rate target of 75% for women and men aged 20 to 64 by 2020, which is translated into a set of national employment rate targets⁴. In 2016, the EU employment rate increased by 0.9 percentage points⁵ compared to 2015 and stood at 71.0% (see Figure 1), surpassing the pre-crisis level of 70.3% in 2008. Despite this increase, significant disparities still exist between Member States, with a number of Member States showing employment rates notably below their corresponding pre-crisis levels (Bulgaria, Cyprus, Greece, Spain, Croatia and Slovenia). Even though across the EU Member States are broadly on course to meet the Europe 2020 employment rate target, reaching the target remains challenging as a further increase of 4 percentage points is required.

⁴ In addition to national targets for the overall employment rate, some Member States have also set subsidiary targets for specific labour market groups, such as women, older workers, non-EU citizens, and young people.

⁵ According to recent Eurostat updated figures the increase was 1 p.p as the 2016 employment rate was revised to 71.1%

Figure 1: Progress towards the EU-28 employment rate headline target

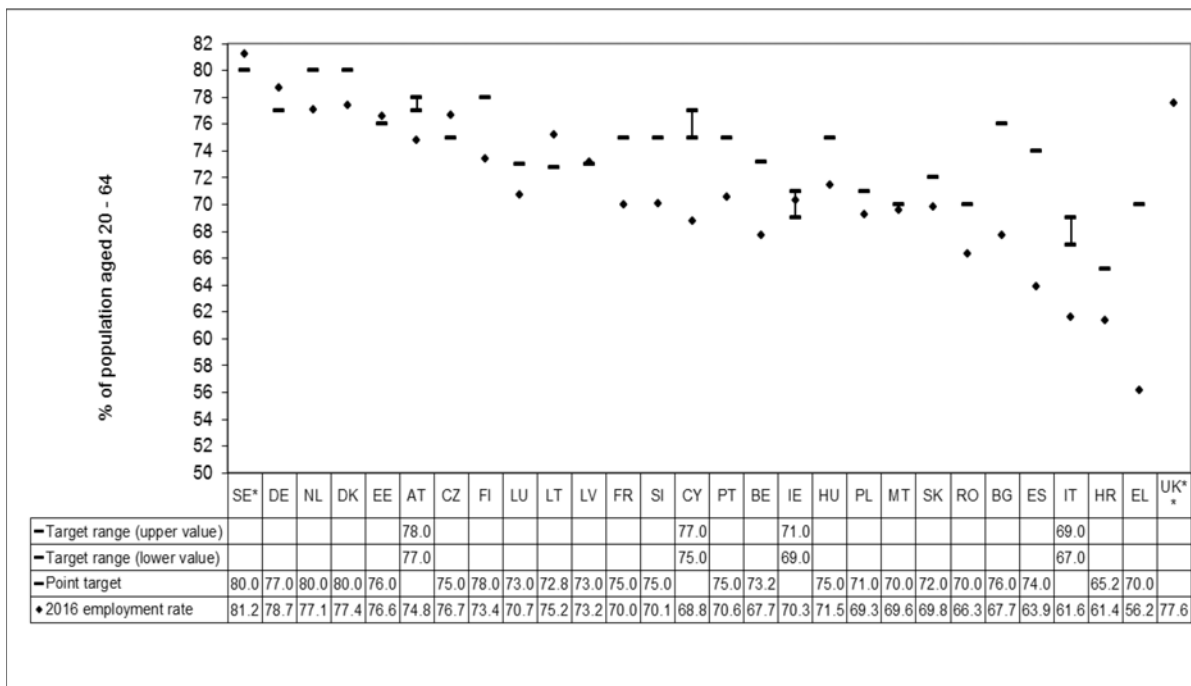


Source: EPM, Part 1, figure 1

The national 2020 employment rate targets (announced by Member States in 2011 through their National Reform Programmes or updated since then) range from 65.2% in Croatia to 80% in Denmark, the Netherlands and Sweden⁶ (see Figure 2). The choice and ambition of the national targets has important implications for reaching the overall EU employment target, given that if all the Member States were to achieve exactly their stated national targets for 2020, the EU average employment rate (20-64) would range between 73.9% and 74.2% (depending on whether lower or upper values are considered). This means that based on present national employment rate targets, the EU as a whole would fall short of the 75% target by 0.8-1.2 percentage points even if all national targets were achieved exactly.

⁶ The United Kingdom has not set a national target. In a few countries (Austria, Cyprus, Ireland and Italy), the national target is expressed as a range of values (i.e. with upper and lower values) instead of a point target.

Figure 2: National employment rate targets set by MS in their NRPs compared to employment rate 2016



Sources: National Reform Programmes 2017, EU Labour Force Survey for 2016 employment rate.

Note: I indicates a range for Member States national targets

* Sweden has defined a national employment rate target of "well over 80%".

** The United Kingdom has not set a national employment rate target.

a. Employment Growth needed to reach the Employment Target

In this section, we compare recent (2016) annual employment growth in Member States with the forecasted employment growth (for 2016 and 2017) according to the 2017 Commission spring forecasts and the minimum employment growth needed to reach the national EU2020 targets (Figure 3)⁷. Combining information on the annual employment growth in 2016 and the 2017 Commission spring forecasts of employment growth for 2017 and 2018 allows a comparison of the expected performance of Member States with the most recent developments, thus identifying those Member States which are expected to lose momentum and those that will gain traction in the next years. Specifically, employment growth is anticipated to pick up in Bulgaria, Croatia, Luxembourg, Latvia, Romania and Slovenia during the next two years, whereas it is projected to slow down in Germany, Denmark Czech Republic, Hungary, Austria, Slovakia and the UK.

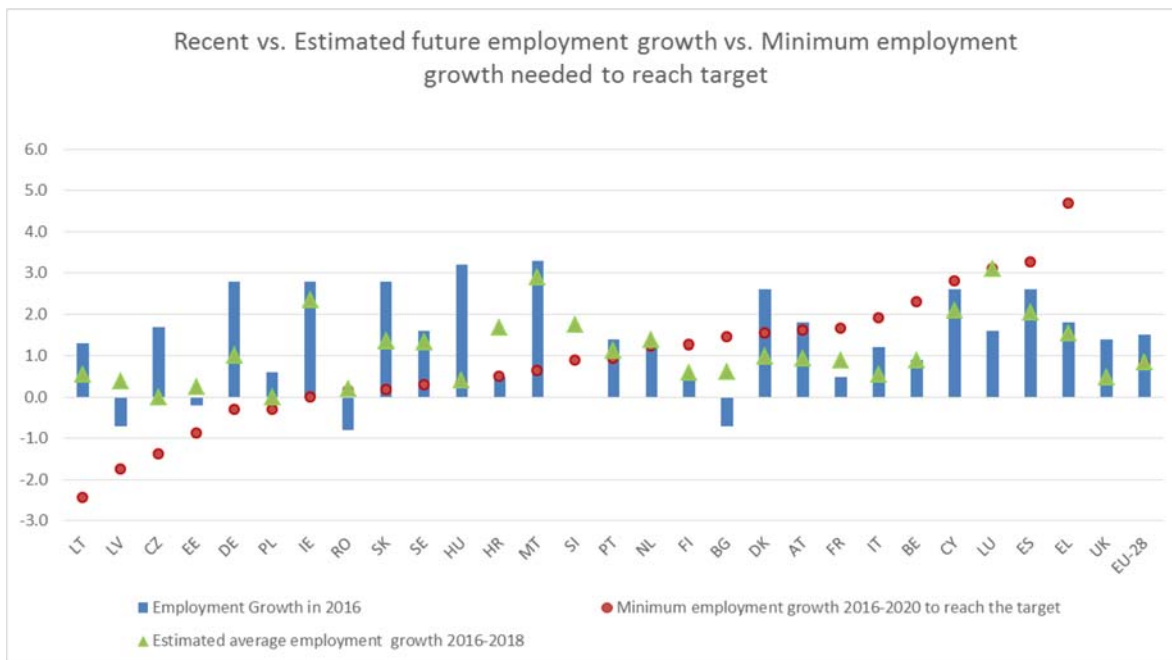
However, simply looking at estimated employment growth does not provide a full picture. Thus, the next step in the analysis is to compare recent and estimated future developments with the minimum employment growth required to reach the employment target⁸, which can be found in Table B1, in Annex B of the Employment Performance Monitor⁹.

⁷ A geometric average of the annual growth rate estimated for 2017 and for 2018 is used.

⁸ The minimum employment growth needed (that can be negative growth) ensures that the national target is at least reached, and that any higher growth will give a higher ER in 2020.

⁹ Table B1: National employment rate targets compared to current and projected 2020 employment rates (all age group 20-64), shows for all MS and the EU-28 the average annual employment growth during the "pre-crisis" period, the minimum annual employment growth needed in the period 2014-2020 in order to reach the national targets, the projected growth of working age population over 2010 – 2020, the EPC employment rate projections for 2020 ("no policy change scenario") and the difference (gap) between the national employment target and the EPC projected employment rate under "no policy change scenario" (percentage points).

Figure 3: Comparison of recent employment growth (in 2016) with estimated average (annual) employment growth over 2016-2018 and the minimum (annual) employment growth required to reach the national employment rate target



Source: Employment growth in 2016: JAF Indicator PA1.C1: Annual overall employment growth, calculated based on lfsi_grt_a. Estimated average annual employment growth 2016-2018: 2017 EU Commission's Spring Economic Forecast (employment growth), geometric average of 2017 and 2018 employment growth forecasts. Minimum employment growth 2016-2020 needed to reach target: EPM, Annex, table B 1

EU Member States need to maintain annual average employment growth of 1.2% to reach the national 2020 targets. The demographic change that will occur over the next years is important to consider when measuring the efforts needed to attain the national employment rate targets. In the EU-28 as a whole, the population aged 20-64 is set to decline slightly by 2020¹⁰. It is noteworthy that six countries (Czech Republic, Germany, Estonia, Latvia, Lithuania and Poland) are expected to reach their 2020 target even if there is negative employment growth, in view of their projected population figures (Figure 3).

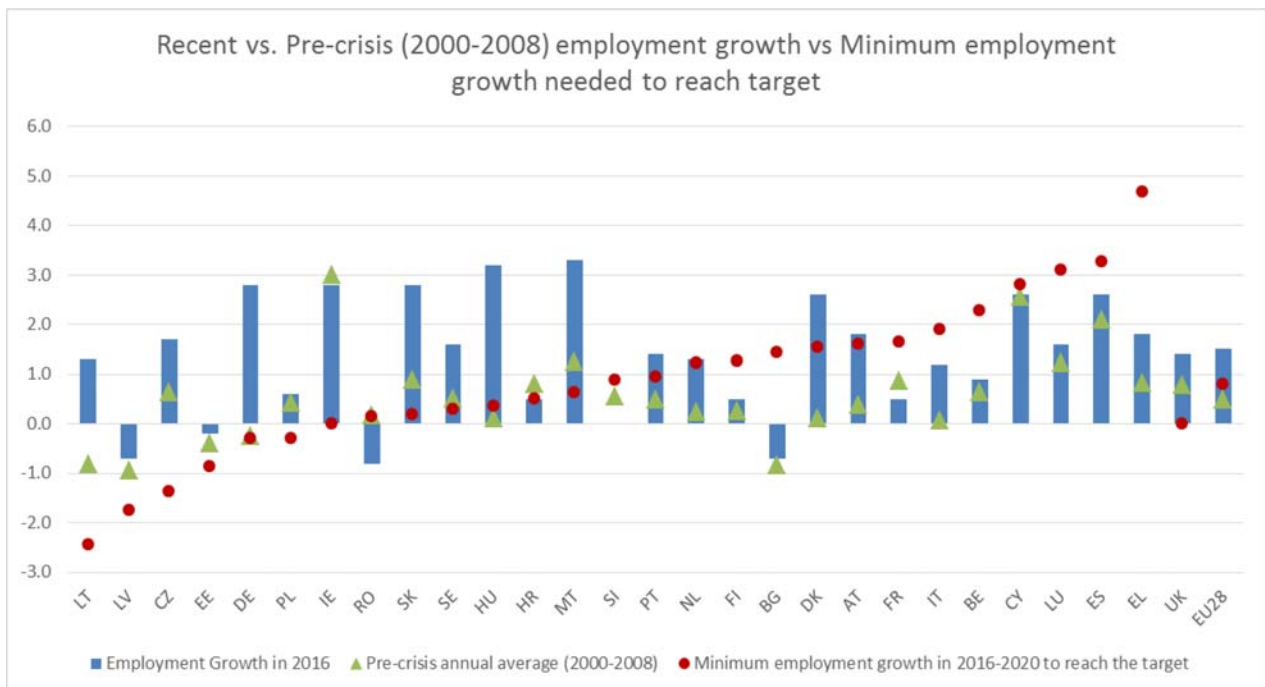
¹⁰ Estimated decrease by 1.5%

More than half of Member States had already achieved in 2016 the estimated minimum employment growth required to reach the employment target, however, it should be noted that this growth needs to be maintained over the next years in order to achieve the target by 2020. For a number of Member States (Belgium, Bulgaria, Greece, Finland, France, Luxembourg, Romania, and Slovenia) still considerable efforts are needed. In particular, more is needed in those countries where the minimum employment growth required to reach the target is significantly higher than the EU Commission Spring forecasts over 2017-2018, namely for Belgium, Greece, Spain and Italy.

Average annual employment growth previous to the economic crisis (2000-2008 period) is then compared to (1) recent employment growth and (2) the estimated minimum employment growth required to reach the employment target (Figure 4). In 2016 the majority of Member States achieved employment growth higher than or around the respective pre-crisis rate. However, for a number of Member States (Ireland, France, Croatia, Romania and Slovenia) recent employment growth still falls behind the corresponding pre-crisis levels.

Again, due to the population decline, the majority of Member States would need lower annual employment growth than in the pre-crisis period to reach their national targets by 2020. However, this is not the case for a number of Member States. In Belgium, Bulgaria, Denmark, Greece, Italy and Luxembourg the estimated annual employment growth needed to reach the 2020 national target is notably higher than corresponding pre-crisis growth.

Figure 4: Comparison of pre-crisis (2000-2008, annual average) with recent (2016) employment growth and the minimum employment growth required to reach the national employment rate target



Source: Employment growth in 2016: JAF Indicator PA1.C1: Annual overall employment growth, calculated based on lfsi_grt_a. Pre-crisis employment growth: EPM, Annex B, table B1. Minimum employment growth 2016-2020 needed to reach target: EPM, Annex B, table B1

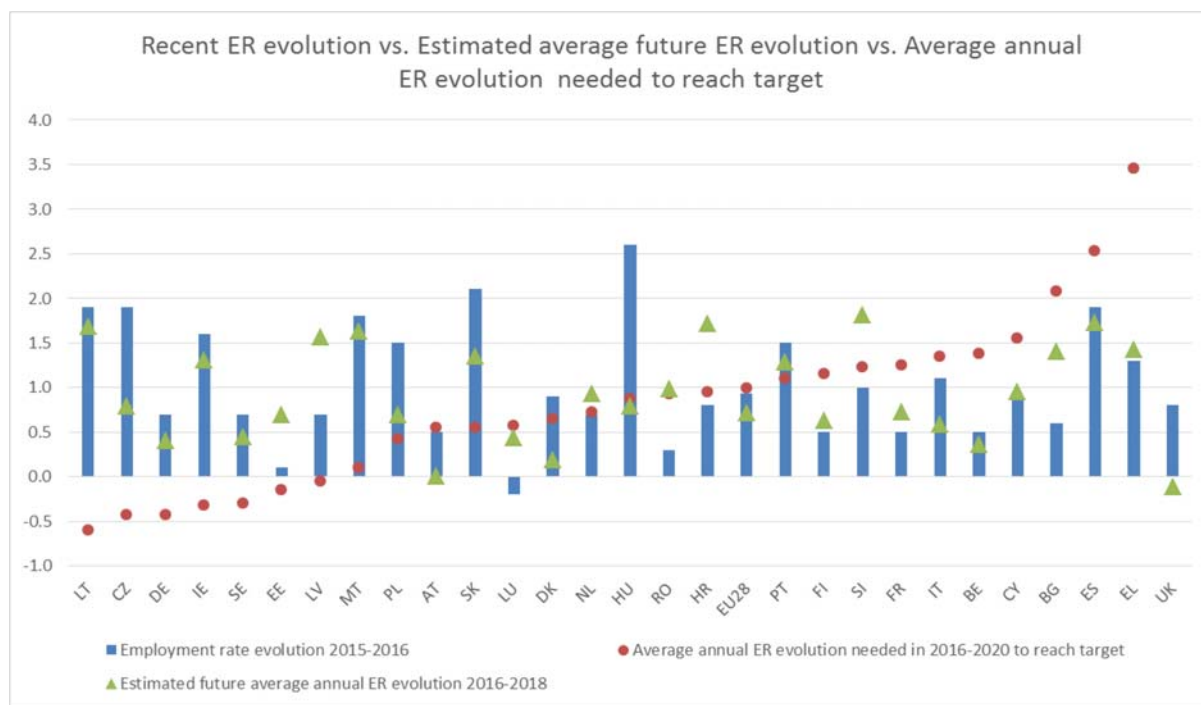
b. Employment rate (ER) evolution for reaching the Employment target

Considering trends in the evolution of employment rates directly, rather than employment growth, can provide complementary information on how well each Member State is performing with respect to its national 2020 employment rate target. This is achieved by comparing the change of the employment rate in the period 2015-2016 to the estimated average evolution of the employment rate in the period 2016 – 2018 and the estimated average change in the annual employment rate needed in the 2016-2020 period to reach the target in 2020 (Figure 5).

The results of the analysis indicate that for a number of Member States the estimated dynamics of employment rates for 2016-2018 are similar to those observed in 2015-2016. However, in the case of Czech Republic, Denmark, Hungary, Poland, Slovakia and the UK the employment rate is expected to move slower than in 2016. On the other hand it is expected to grow notably faster than in 2016 in Bulgaria, Croatia, Latvia and Slovenia.

Furthermore, many Member States will need their employment rate to grow at around the same rate or faster than in 2015-2016 to reach their national employment rate target by 2020, with the biggest efforts necessary in Belgium, Bulgaria, Greece, France and Luxembourg.

Figure 5: Comparison of the recent employment rate change (over 2014-2015) to the estimated annual employment rate evolution over 2015-2017 and the average annual evolution needed to reach the national employment rate target

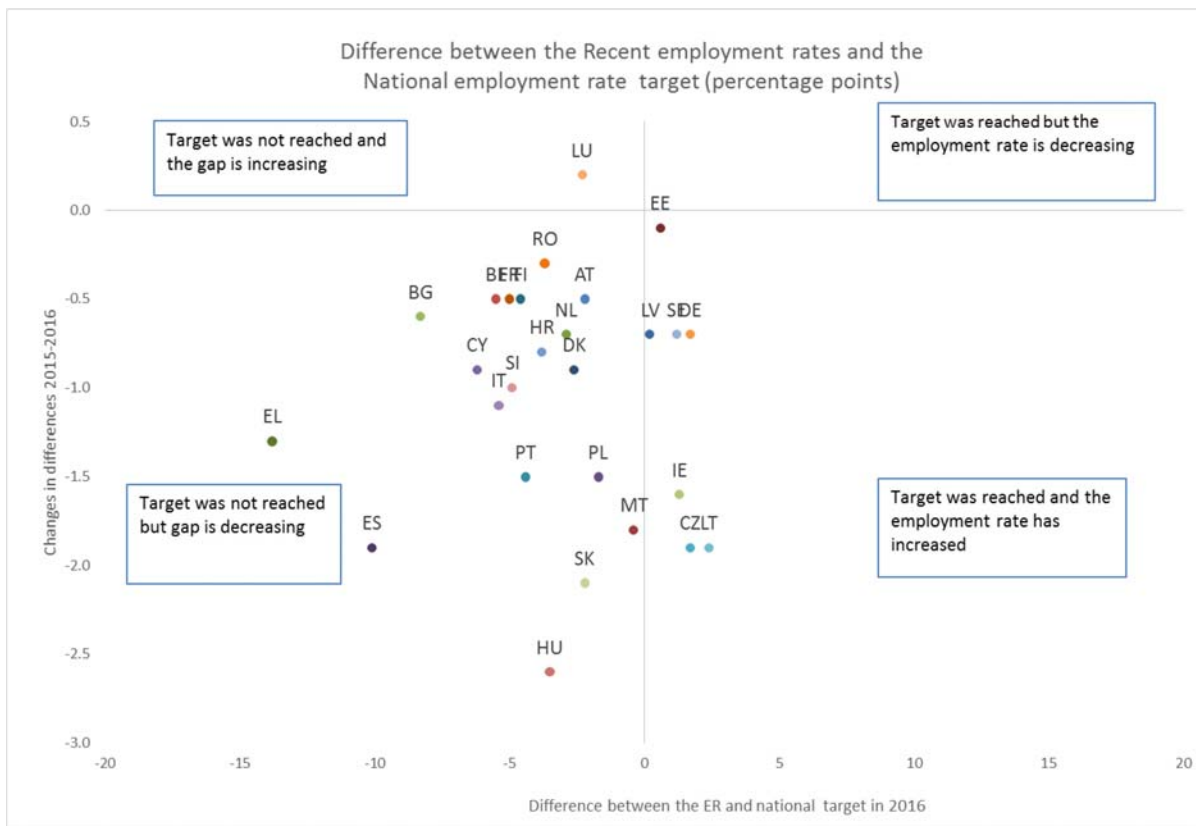


Source: Recent ER evolution – LFS. Estimated average annual employment rate evolution 2016-2018 and Estimated average annual employment rate evolution 2016-2020 needed to reach target: DG EMPL calculations on the basis of the 2016 EU Commission's Spring Economic Forecast (employment growth) and Eurostat Europop 2013 population projection.

A further step is to identify the Member States which are improving their prospects of reaching the national target by 2020. To this purpose, the difference between the national target and the employment rate observed in 2016 is computed. To evaluate the prospects of a Member State to reach its national target by 2020 this gap is compared with its change over the last year (2015-2016). This comparison can be better visualised through the scatterplot in Figure 6, which identifies the group of countries that are moving towards achieving their national employment rate target and those moving in the opposite direction. This also allows the identification of Member States which have already achieved their national target (whether they show positive or negative developments in their employment rate).

The results of the analysis indicate that the majority of Member States that did not achieve their national employment rate target in 2016 showed positive developments, by decreasing the gap between the national target and the employment rate as compared to 2015. However, this was not the case for Luxembourg where the respective gap increased. On the positive side, all the Member States which had already achieved their national employment rate target exhibited a further increase in their employment rates in 2016.

Figure 6: Comparison of the difference between the recent employment rates (2015) and the national employment rate targets with the change in this difference over the last year (2015-2016)



c. Untapped labour force potential

In order to make sufficient progress towards Europe 2020 employment rate targets, it is necessary to focus on increasing the employment of specific groups with lower than average performance (namely women, low-skilled workers (ISCED 0-2), young and older workers).

Table 1 looks at labour market sub-groups and identifies those with the highest potential impact on the overall national employment rate, in case group-specific employment rates would be increased (separately) to the highest levels observed in the EU (i.e. to the best performing Member State), taking into account their respective population share and current employment levels. Based on results from Table 1, the largest hypothetical gains are to be expected from boosting employment rates among the following groups: prime age women, women aged 55 to 64, prime age men, the low-skilled and, to a lesser extent, older men.

Table 1: Potential contribution of different labour market sub-groups to increase the overall national employment rate

MS	Which labour market sub-groups would have the highest impact on the overall national employment rate if their group-specific employment rate would be increased (taking into account their respective population share and current employment levels)? *															
	1=highest potential impact; 8 = lowest potential impact Shaded cells show the three groups with the highest potential impact															
	Men			Women			Low-skilled (20 - 64)	Non-EU28 nationals (20 - 64)								
Young (20 - 29)	Prime age (30-54)	Older (55-64)	Young (20 - 29)	Prime age (30-54)	Older (55-64)											
AT	8	0.3	5	1.5	2	2.5	7	0.4	6	1.2	1	3.8	4	1.6	3	1.9
BE	7	1.9	5	2.7	3	3.1	6	2.1	4	2.8	2	3.7	1	4.5	8	1.6
BG	7	1.8	2	4.0	6	2.2	5	2.4	4	2.6	3	2.7	1	4.4	:	0.1
CY	4	1.9	3	2.8	5	1.8	6	1.6	1	3.6	2	3.2	7	1.6	8	0.9
CZ	6	0.6	7	0.0	5	1.2	2	2.0	3	1.7	1	2.8	4	1.4	7	0.0
DE	8	0.5	4	1.0	6	0.7	7	0.5	2	1.4	3	1.4	5	0.8	1	1.7
DK	6	0.8	1	1.5	7	0.7	5	0.9	2	1.4	3	1.4	8	0.6	4	0.9
EE	8	0.0	1	1.6	4	1.4	5	1.3	3	1.4	6	0.8	7	0.3	2	1.5
ES	5	2.6	2	4.9	6	2.5	7	2.4	1	6.3	4	3.6	3	4.8	8	1.5
FI	6	1.3	1	2.6	2	2.2	5	1.3	4	1.5	7	1.1	3	1.5	8	0.7
FR	8	1.4	5	2.3	3	2.8	6	1.9	4	2.4	1	3.0	2	3.0	7	1.6
HR	7	2.4	2	4.8	5	3.3	6	3.0	4	3.9	1	5.1	3	4.2	8	0.1
EL	7	3.1	3	5.0	5	3.3	6	3.3	1	8.6	2	5.6	4	4.4	8	1.1
HU	7	1.3	6	1.6	5	2.2	4	2.3	2	2.5	1	3.9	3	2.4	8	0.0
IE	5	1.5	2	3.3	8	1.1	6	1.3	1	5.4	4	2.5	3	2.9	7	1.1
IT	6	2.9	5	3.3	7	2.0	4	3.5	1	7.5	3	4.1	2	5.4	8	1.2
LT	6	1.0	1	3.2	3	1.6	4	1.5	7	0.7	2	1.8	5	1.2	8	0.0
LU	7	1.2	8	0.9	2	3.3	5	1.5	3	2.7	1	3.6	4	1.7	6	1.4
LV	8	0.7	1	3.3	4	1.8	6	1.0	2	2.0	5	1.8	7	1.0	3	1.9
MT	8	0.1	7	0.3	4	2.0	6	0.3	1	7.0	:	5.5	3	4.0	5	0.3
NL	7	0.2	3	1.3	6	0.7	8	0.0	1	2.3	2	2.3	4	0.9	5	0.7
PL	7	1.1	4	2.1	3	2.4	6	1.9	2	2.9	1	4.3	5	2.1	8	0.0
PT	5	2.0	2	2.7	4	2.3	6	1.8	3	2.5	1	3.4	8	0.0	7	0.2
RO	7	1.2	6	2.0	4	2.5	5	2.3	1	4.4	2	4.3	3	2.8	:	:
SE	3	0.8	2	1.0	6	0.0	4	0.8	6	0.0	6	0.0	5	0.5	1	1.4
SI	6	1.2	5	1.6	2	4.1	4	1.8	7	0.8	1	4.9	3	2.4	8	0.3
SK	7	1.2	6	2.2	5	2.3	3	2.8	1	3.5	2	3.4	4	2.4	:	0.0
UK	8	0.0	3	1.1	4	0.8	6	0.6	1	2.2	2	1.7	7	0.5	5	0.7
EU	7	1.3	4	2.3	5	1.8	6	1.7	1	3.4	2	2.9	3	2.5	8	1.0

Source: DG Employment calculations using EU LFS, Eurostat 2015 population projections and national employment rate targets set in 2017 NRPs

* Note: Small figures in brackets document the underlying calculation. This calculation is based on the purely hypothetical simulation of how much the overall employment rate would increase if the employment rate of any of the labour-market sub-groups in this table would be at the level of the highest group specific employment rate currently observed amongst EU countries. This calculation must not be confused with what could be realistic employment growth and is not a benchmarking exercise. The sole purpose of this technique is to illustrate the weight of any of these sub-groups with respect to the the overall employment rate, given group specific population and employment shares.

2. Overview of Key Employment Challenges and Employment trends in the EU labour market

One of the main objectives of the Employment Performance Monitor (EPM) is to identify at a glance the key employment challenges (KECs) and good labour market outcomes (GLMOs) across the European Union and for each Member State respectively, which are derived through the assessment produced by the Joint Assessment Framework (JAF). Tables displaying a summary of key employment challenges and good labour market outcomes across the EU can be found in Part I of the EPM¹¹, whereas specific key employment challenges and good labour market outcomes for each Member State are presented in Part II¹². The EPM also includes a dashboard of key employment indicators (EPM dashboard¹³) which can be used to identify "trends to watch" and "positive recent trends" common to a number of Member States in the field of employment.

A summary overview of the findings from both of these sections of the EPM is presented in the sections below with the aim of providing an overall picture of the labour market situation in the EU, covering both structural challenges as well as overall recent trends.

a. Overview of key employment challenges and good labour market outcomes

This section provides a summary overview of the KECs and GLMOs across the EU, based on a horizontal reading of the information in the EPM. KECs are defined as major areas of underperformance that can signal structural problems, whereas GLMOs are defined as areas of good labour market performance.

¹¹ Tables 1 and 2

¹² Part II: Country Overviews, Table 3 for each MS

¹³ The EPM dashboard can be found in Annex C in the EPM

In the EU as a whole, readings of the EPM show that Member States face the following **key employment challenges** under the 10 JAF policy areas (Figure 7):

- Labour market participation (25 MS) which mainly relate to
 - Low and/or decreasing employment rate: overall (5 MS), women (3 MS), men (3 MS), older workers (10 MS), low skilled (8 MS) and non-EU migrants (8 MS)
 - High and/or increasing incidence of youth unemployment and/ or NEETs (11 MS)
 - Low duration of working life (6 MS)

- Labour market functioning, combatting segmentation (11 MS)
 - Inadequate employment protection legislations (1 MS)
 - High/increasing labour market segmentation (7 MS), Low transitions from temporary to permanent employment (2 MS)
 - High incidents of undeclared work (4 MS)

- Active Labour Market Policies (16 MS) which mainly relate to
 - Low level of ALMP expenditure/ Insufficient provision of well targeted tailored measures/ Insufficient functioning of public employment services (17 MS) and
 - High incidence of long-term unemployment (10 MS)

- Adequate and employment oriented social security systems (21 MS), which mainly relate to
 - Inadequate level and coverage of unemployment benefits/ High poverty and/or low wage traps/ High levels of at risk-of poverty (14 MS)
 - Disincentives for labour market participation in social security systems/ Disability pensions/ Unemployment traps (5 MS)

- Work-life balance (17 MS) which mainly relate to
 - Insufficient provision/uptake of high quality, affordable child and/or dependent care facilities (12 MS)
 - High incidence of inactivity and part-time work due to family obligations, high impact of parenthood on employment (11 MS)

- Job creation (11 MS) which mainly relate to
 - Negative employment growth/insufficient job creation (4 MS)
 - High tax wedge on labour (7 MS)

- Gender equality which mainly relate to (14 MS)
 - Gender gaps: employment (9 MS), pay (4 MS)
 - Disincentives for second earners (5 MS)

- Skill supply and productivity, lifelong learning (17 MS) which mainly relate to
 - Weaknesses with respect to educational attainment of the (adult) population (4 MS)
 - Low participation in lifelong learning/lack of an integrated lifelong learning strategy (11)
 - Skills mismatches/Insufficient forecasting skills system (10)
 - Public spending on human resources low/inefficient (3 MS)

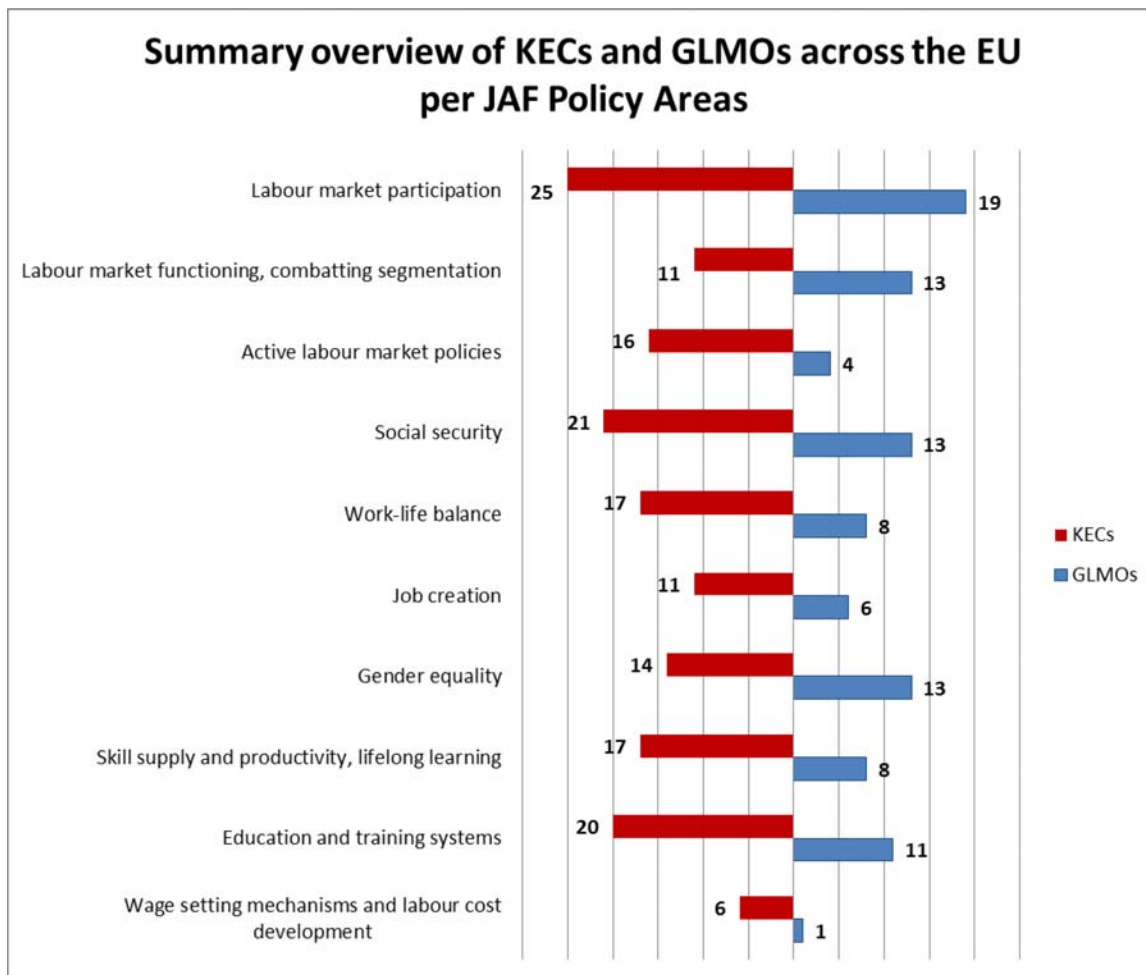
- Education and training systems which mainly relate to (20 MS)
 - High incidence of early school leaving (4 MS)
 - Low upper secondary education attainment (2 MS)
 - Low tertiary education attainment rate (4 MS)
 - Low attainment of basic skills (3 MS)
 - Educational outcomes depending on socio-economic and migrant background (9 MS)
 - Low participation in early education and care (2 MS)
 - Low attractiveness of vocational education and training (2 MS)
 - Low attractiveness of the teacher profession (2 MS)
 - Insufficient provision of education and training opportunities to meet labour market needs (4 MS)

- Wage setting mechanisms and labour cost development (6 MS)
 - Minimum wage setting (3 MS)
 - Labour cost developments not in line with productivity gains (4 MS)

On the contrary Member States demonstrated good **labour market outcomes** in the areas of

- Labour market participation (19 MS)
- Labour market functioning, combatting segmentation (13 MS)
- Active labour market policies (4 MS)
- Social security (13 MS)
- Work-life balance (8 MS)
- Job creation (6 MS)
- Gender Equality (13 MS)
- Skill supply and productivity, lifelong learning (8 MS)
- Education and training systems (11 MS)
- Wage setting mechanisms and labour cost development (1 MS)

Figure 7: Summary overview of KECs and GLMOs across the EU per JAF Policy Area



b. Review of the employment trends identified in the 2016 EPM dashboard

This section provides an overview of recent developments in the employment situation in the EU, based on the results from the latest edition of the EPM dashboard, a tool which uses the main indicators under the 10 JAF Policy Areas to identify common EU employment "trends to watch" and "positive recent trends"¹⁴ with the aim of identifying common labour market trends in the European Union.

In the EU as a whole the following main negative trends, or “trends to watch” are identified for the most recent period 2015-2016 (Figure 8):

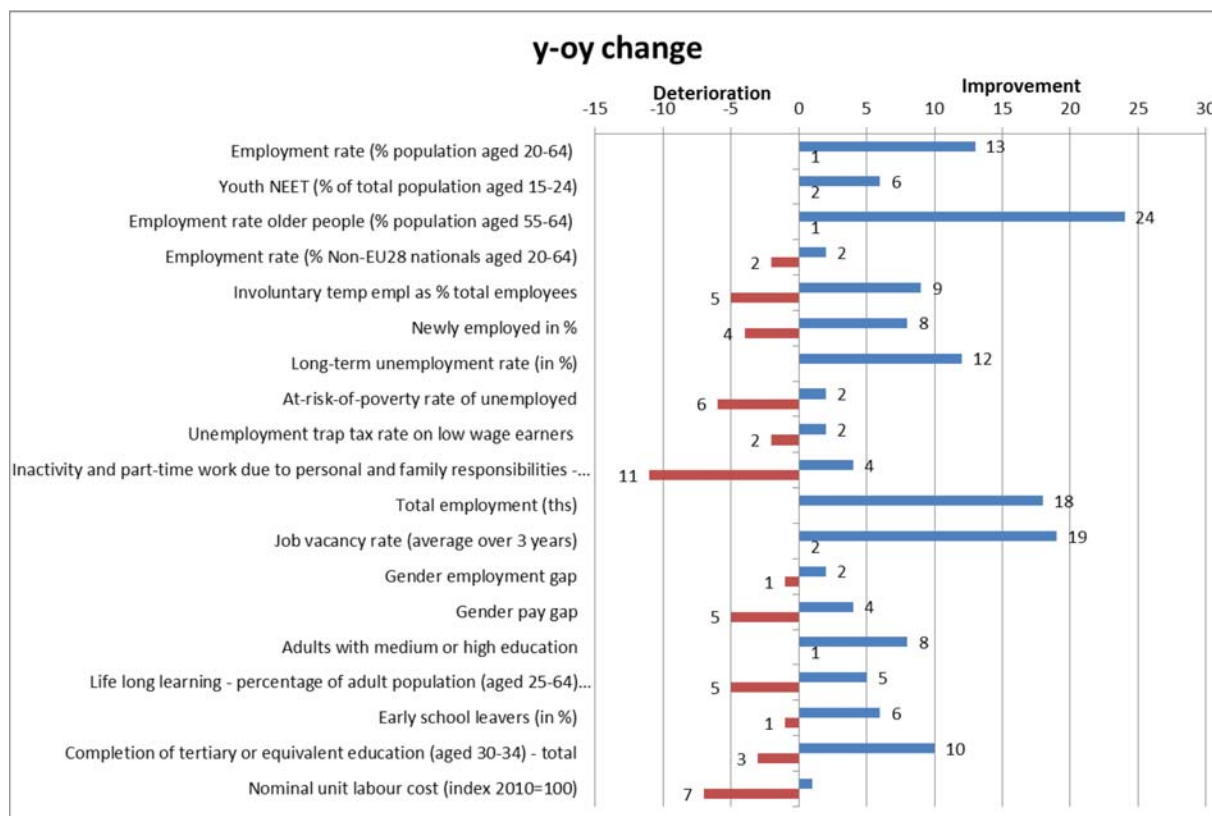
- A substantial deterioration in the **inactivity and part-time work due to personal and family responsibilities** in a number of Member States (in 11 MS), even though an improvement was observed in 4 MS.
- A substantial deterioration in the **nominal unit labour cost** in a number of Member States (in 7 MS)
- A substantial increase in the **at-risk-of-poverty rate of the unemployed** (registered in 6 MS), even though a decrease was observed in 2 MS

In contrast, positive developments in the labour market and social situation can be observed in the following areas:

- A substantial increase in the **overall employment rate** (in 13 MS) and in the **employment rate of older workers** (in 24 MS)
- A substantial increase in the **job vacancy rate** (in 19 MS)
- A substantial increase in the **total employment** (in 18 MS)
- A substantial decrease in the **long term unemployment rate** (12 MS)

¹⁴ Common trends are identified when around 1/3 of Member States show a notable deterioration/ improvement.

Figure 8: Employment trends to watch and areas of improvement for the period 2015-2016



Looking at the longer-term developments (over three years) the areas with the most substantial deterioration compared to 2013 are (Figure 9):

- A substantial increase in the **at-risk-of-poverty rate of the unemployed** (registered in 9 MS)
- A substantial deterioration in the **nominal unit labour cost** in a number of Member States (in 7 MS)

In contrast, positive developments can be observed in the following areas:

- A substantial increase in the **overall employment rate** (in 16 MS) and in the **employment rate of older workers** (in 23 MS)
- A substantial decrease in the **NEET rate** (registered in 17 MS)
- A substantial increase in the **job vacancy rate** (in 17 MS)
- A substantial improvement in the **completion of tertiary or equivalent education** for the age group of 30-34 (in 16 MS)
- A substantial increase in the **total employment** (in 16 MS)

Figure 9: Employment trends to watch and areas of improvement for the period 2013-2016

