

2002

The social situation in the European Union

- In brief -



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Introduction

Since the Lisbon summit, attention to social policy and its interplay with employment and economic policies has been greatly heightened in the EU policy debate. In the light of the European Social Agenda and the new processes on social inclusion and pensions, the periodic monitoring of the social situation in Europe offered by this publication takes on new importance.

Demographic and social trends, globalisation, transformations in the information and communication area and the resulting new economy are major driving forces raising new challenges and opportunities. The purpose of this report is to shed light on the resulting social developments and identify some implications for the key policy domains. By developing capabilities to better anticipate and manage change, both the economy and society can respond to these challenges.

This publication serves as an executive summary of the main Report. It is divided into 3 chapters. The first chapter provides an overview of the main social trends backed by the latest facts and figures at European level. The second chapter presents a brief analysis of trends in social protection expenditure over the last decade. Finally, the third chapter takes a closer look at this year's special theme of geographical mobility and, in particular, how the various types of mobility ranging from commuting to migration, interact with the social fabric of European society.

1 Key social developments

1.1 Population Dynamics

Population developments offer a good starting point for a portrait of the social situation.

Europeans live longer lives... Life expectancy both at birth and at retirement age is expected to continue to grow.

But fertility levels remain very low... Although fertility is no longer dropping to the extent it was a few years ago, fertility levels have remained very low and there is no indication that they will recover in the near future.

Consequently the EU population is ageing... As the number of young entrants drops and the larger age cohorts come of age the labour force is greying. When the baby boomers begin to retire from around 2010 the labour force is likely to shrink and the old age dependency ratio will suddenly increase. Today, elderly people represent 16% of the total population, equivalent to about 1/4 of the working age population (15-64 year olds). By 2010, the latter ratio is expected to rise to 27%. Meanwhile the number of 'very old' people aged 80 and over will increase by almost 50% over the next 15 years.

The overall size and growth of the EU population is changing. After centuries of continuous expansion *the end of European population growth is now in sight*. The majority of EU regions are likely to see their populations stagnating or declining before 2015. But, between countries, there will be large differences in the timing and intensity of these processes.

While the internal drivers of population growth are running out of steam, *international migration has rapidly gained importance as a factor in population growth* - in the last five years it has constituted 70% of the increase in the EU population. This phenomenon has acquired a new prominence with the prospect of an ageing and shrinking workforce.

Meanwhile households are becoming smaller... When it comes to changes in household and family patterns three trends deserve to be mentioned. The proportion of households composed of two or more adults and dependent children is gradually declining: from 52% in 1988 to 46% in 2000. The number of people living alone is increasing and the average size of households is getting smaller. While the share of dependent children living in lone parent families (primarily with their mother) continues to be relatively small it has increased significantly over the last 15 years - in 1998, 13% of all dependent children were living with one parent compared with just 8% in 1983. The first phase of living as a couple increasingly takes the form of cohabitation, as young people tend to postpone

marriage until they want to have children or feel certain that their relationship will last. In 2001, 33% of young people (under the age of 30) living in a couple were cohabiting.

Although these trends can be observed throughout the Union, the degree to which they assert themselves varies significantly between Member States.

1.2. Some aspects of living conditions

In recent years the living conditions of most EU citizens have benefited from strong and sustained economic growth and improvements in the employment situation. In 2000, around 166 million people were in employment in the Union, a rise of about 10 million since 1995, equal to an employment rate of 63.3%. Women have been the main component of employment growth. The total number of unemployed in the EU-15 dropped to about 14 million or 8.2% of the labour force, which is the lowest unemployment rate since 1992. Despite these favourable developments, unemployment remains too high; the risk of poverty and social exclusion still exists for a considerable part of the EU population. Moreover, the more recent less favourable economic developments raise further challenges in this area.

A brief look at three key aspects of living conditions which play an important role in the overall quality of citizen's everyday lives, - health, income and education - reveals that:

Health is improving but large social differences in health status persist

Europeans see their health as a crucial factor in their quality of life (see Social Situation in the European Union, 2001). Studies on the social determinants of health demonstrate that education, income, quality employment and decent housing have a positive correlation with good health. A number of studies point to large differences in health status between social groups and a widening gap in life expectancy between the richer and poorer members of society¹.

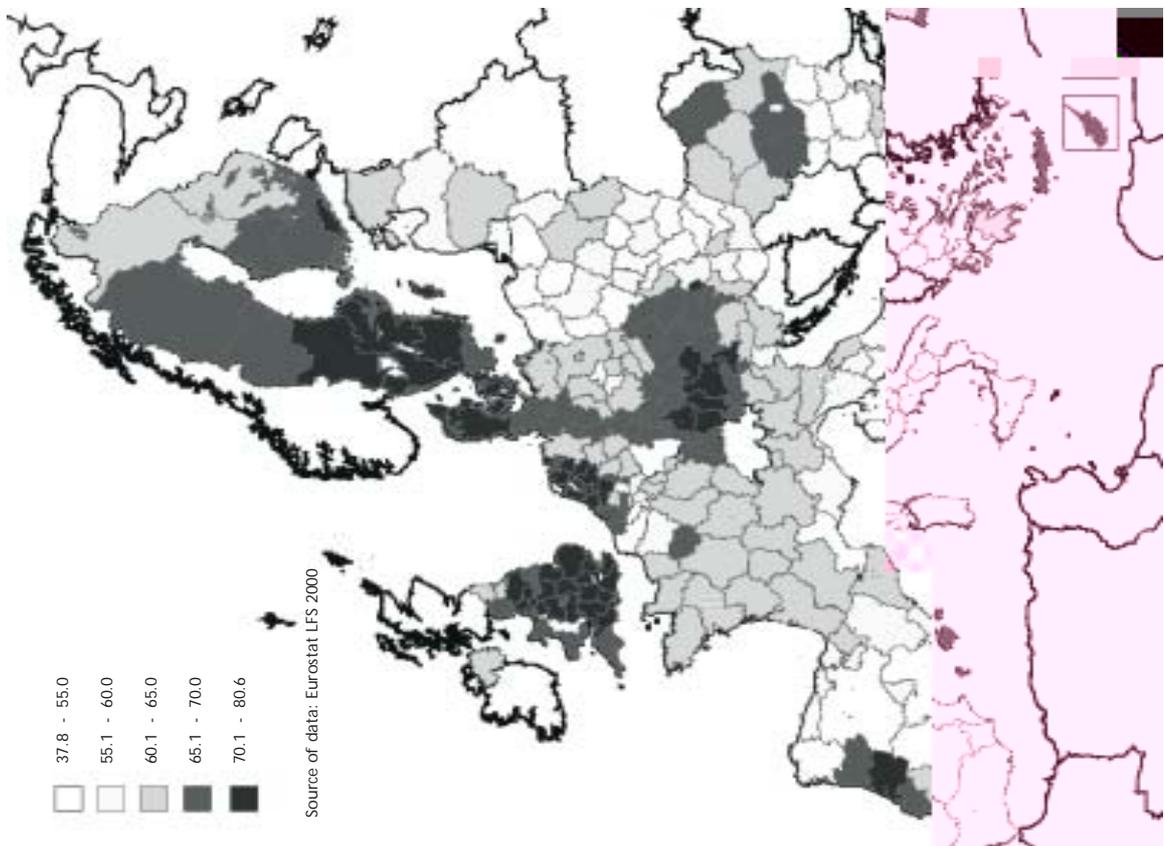
EU-wide, around 10% of adults (aged 16 and over) perceive their health to be 'bad' or 'very bad'. 68% feel that their health is 'good' or 'very good' while the remaining 22% describe it as 'fair'. The proportion of persons in the category '(very) bad' increases with age: almost one in four elderly people described their health as such. At all ages, women are more likely than men to rate their health as '(very) bad'. People in the lowest income quintile are also significantly more likely to report bad or very bad health (13%) than those in the highest (5%).

¹ See for example OECD, Regards sur la Santé, 2001. Preparing for an ageing world: the case for cross national research, NAS, 2001. World Health Report, 2000

Map 2 Progression in education: the decrease in the share of low education (difference between the shares of low education in the age groups 25-34 and 45-54), Year 2000



Map 1 Employment rate (15-64 age group) Year 2000



For both men and women, circulatory diseases are the major cause of death throughout the Union (except France). External causes of injury and poisoning prevail among the young (aged 15-34) but account for only a small proportion of those aged 55 and over. Cancer represents the major cause of death among those aged 45-64. For those aged 75 and over, circulatory diseases account for around half of all deaths.

Education: Access and attainment levels are improving but not for everyone

Educational attainment has improved significantly over the last thirty years, particularly among females. Today, more than 76% of people aged 25-29 have an upper secondary qualification. The improvement in educational level has been one of the major achievements of the last decades. In 2000, one out of five in the age group 45-54 and one out of four in the age group 25-34 had completed tertiary level education. Between the same two groups, the share of low educational achievement has declined from 41% to 26%. However, 20% of persons aged 18-24 still leave the education system with only lower secondary education at best.

Throughout the Union, the higher the educational level of adults, the greater the training opportunities afforded to them. EU-wide, 8% of the population aged 25-64 had participated in education/training (at some point during the last four weeks) in 2000. Such training activities seem to be more prevalent in the Nordic countries, the Netherlands and the United Kingdom. Older persons are much less likely to receive training than younger persons. Women are far better represented in training activities in Member States in the North than in Southern Member States.

Employment prospects at regional level: education plays a key role

During 1996-2000, throughout regions, employment increased strongly for workers with upper secondary and tertiary education, but it fell for lower educational levels. Different regions present a variety of prospects depending on the existing employment rate and progress in educational achievement. Maps 1 and 2 over the page show that some regions of Northern Spain, for example, with a relatively low employment rate, have made great progress in educational levels. There is therefore significant scope for Spain to increase its overall employment rate and provide better jobs for more qualified people. At the other end of the scale, Denmark has a very high employment rate and already a favourable educational mix within the population and therefore there is less scope for employment growth.

Income Distribution: The situation of Low Income Households remains unchanged

In 1998, the median equivalised net annual income was around 11,700 PPS (EU-15 population weighted arithmetic average). In most Member States, approximately 70% of income comes from work, around 25-30% from pensions and other social benefits, and the small remaining part from capital and other private sources.

Although social benefits do not constitute a large share of income, 73% of EU citizens benefit from such transfers, either directly or indirectly, through other household members.

At EU level, the bottom (poorest) 20% of the population received 8% of total income in 1998, while the top (richest) 20% received 39% of total income, i.e. 5.4 times as much. Member States with lower levels of average income tend to have higher levels of inequality. This gap between the most and least well-off persons is smallest in Denmark (2.7), Finland (3.0) and Sweden (3.4) but widest in the southern Member States, Belgium, the United Kingdom and Ireland.

In 1998 around 18% of EU citizens or 68 million people were at risk of poverty i.e. they had an equivalised income that was less than 60% of their respective national median. About half of these people had been in this situation for at least three consecutive years. Several types of households have higher than average levels of risk of poverty: single-parents with dependent children, young people living alone, old people living alone and women living alone.

An important cause of poverty and social exclusion is the lack of a job or low wages from employment. In 1998, the risk of poverty for persons living in households where no persons of working age were in employment was nearly 51% - around 2.3 times higher than when at least one person was working.

2 Trends in social protection expenditure and welfare

Social protection is a cornerstone of EU policies for combating poverty and strengthening social cohesion. Moreover, recent European Summits have emphasised that social protection is an integral part of economic development in the EU. This chapter combines an examination of developments in social protection expenditure with an analysis of the redistributive impact of social transfers and a study of the prevalence and size of social transfer receipts at household level².

Social protection has a considerable impact on the social situation

Social protection systems in the European Union involve substantial amounts of expenditure. In 1998 gross expenditure on social protection in the EU amounted to 27.7% of GDP. European social protection systems combine social insurance elements (redistribution between different life phases) with redistributive elements (redistribution between income groups) and they have a significant impact on the living conditions of a majority of EU citizens. Differences in tax/benefit structures and related policies among Member States affect the magnitude and character of this impact.

The majority of people across the Union live in a household that receives at least one type of social protection benefit³. In Greece, Italy and Spain the proportion ranges from 50% to 60% but in the rest of the EU the proportion of persons living in such households is between 80% and 95%.

Social benefits reduce the proportion of people at risk of poverty in all Member States ranging from a 5-15% reduction in Greece and Italy to more than 70% in Finland, with an EU average reduction of 31%.

Differences in social protection expenditure among Member States

The 1998 figure for gross expenditure on social protection in the EU is equivalent to spending per head of population of about 5600 Ecu (Ecu was changed to Euro in 1999). Taking account of differences in price levels between countries – i.e. measuring spending in terms of purchasing power standards (PPS) – expenditure varied from 8,600 PPS per head in Luxembourg and 7,100 PPS in Denmark to 3,100 PPS per head in Greece and Portugal. The EU average was about 5,500 PPS per head.

Thus, differences in social protection expenditure measured as PPS per head are still very wide among Member States. As seen in last year's report⁴, there is a fairly close relationship between expenditure on social protection and GDP per head. One should, however, remember that

differences in social protection expenditure are not necessarily indicative of real differences in the degree to which the well being of citizens or the development of an efficient economy is promoted. What matters is the precise character (e.g. the relative accent on active and passive measures) and effect of provisions (e.g. their net value and cost-effectiveness). Moreover, gross expenditure measures may give a distorted image of what goes on.

Gross versus net expenditure

Indeed, gross expenditure can be an imprecise indication of the amount of money actually being moved. Gross figures do not take account of taxes or social charges which may be levied on benefits and they exclude so-called 'tax expenditures', that is transfers made by means of tax concessions or allowances rather than directly through cash outlays.

EU-15 data on net social expenditure are not yet available. But for 1995 the OECD⁵ has estimated the scale of taxes and social charges levied on benefits and of tax expenditures for some countries in the EU. If one then looks at net instead of gross expenditure there is less variation between Member States than in the gross figures and a different ranking order of countries in terms of spending relative to GDP. It is particularly noteworthy that expenditure in Sweden is reduced to much the same level as in Germany (around 28^{1/2}% of GDP) and expenditure in Denmark and the Netherlands falls to below the level in the UK or Belgium.

If we take one step further and use ECHP data to look at social protection costs measured as net benefits in PPS per head at household level the ranking of Member States according to how much they spend is even further changed. In this case it is suddenly Belgium and Finland which emerge as the Member States spending the highest amount on social protection. Clearly one should be careful about ranking Member States according to their level of social protection expenditure and even more cautious about inferring the relative impact on citizens and the economy from expenditure data alone.

However, until data for net expenditure become available for EU-15 reporting on expenditure developments will have to rely on figures for gross expenditure.

Change in gross social expenditure, 1990-98

Movements in gross social protection expenditure as a share of GDP over the last decade reflect cyclical developments and a catching up effect on the part of some Member States.

2 The main source is the data compiled by Eurostat in the European System of Integrated Social Protection Statistics (ESSPROS).

3 European Community Household Panel 1997.

4 The Social Situation in the European Union, 2001: Section 2, pp 50-54.

5 Willem Adema, Net social expenditure, Labour Market and Social Policy Occasional Papers, No.39, OECD, 1999.

Gross expenditure on social protection in the Union increased less than GDP between the end of the economic recession in 1994 and 1998, when economic recovery was well under way.

The decline in social spending relative to GDP⁶ has been a common feature of most Member States over the period 1994 to 1998, just as the rise, which occurred over the preceding four years, was equally widespread.

Changes in gross social protection expenditure by function 1990-1998

From 1990-1998 one of the highest rates of expenditure growth occurred not in old-age pensions or health care, but in housing benefits. With a yearly growth rate at the EU level of nearly 5% in purchasing power terms over the 8-year period housing benefits stood out as the item with one of the largest increases. Growth was concentrated in the early part of the period and may reflect the increase in unemployment at the time.

Family benefits (including maternity allowances) was another high growth item with an increase of some 3.5% a year in purchasing power terms. Nevertheless, in four countries (the Netherlands, Austria, Finland and Sweden), spending on this item declined over the four years 1994 to 1998, in contrast to the growth of over 6% a year in Germany, Spain, Ireland and Luxembourg.

Expenditure on disability benefits also grew by around 3.5%. Again the increase was concentrated in the early part of the period, apart from in Greece and Ireland. Yet, in the Netherlands, it fell by 6% a year over the four years from 1994, reflecting the tightening of the system and the shift in responsibility for payment from the State to employers.

Spending on old-age benefits and health care/sickness both rose by around 2.5% a year in purchasing power terms over the 8-year period. In both cases, the growth rate was lower in the second half of the period. Nevertheless, in 7 of the 15 Member States expenditure rose by 3% a year or more in the four years from 1994 and in Greece and Portugal old-age benefits grew by more than 7% a year.

Finally, growth of spending on unemployment benefits in the Union averaged less than 1.5% a year.

The Redistributive effect of Social Protection Transfers

All Member States use their systems of social security and taxation⁷ to apply a correction to the income distribution created by the market. Looking at the redistributive effect of social protection and taxation, the findings are quite interesting. The contribution from social transfers (and taxes) to the reduction of market income inequality at household level appears to be substantial in all Member States despite the variations. These variations are related not only to the volume of social transfers but also to the degree to which they are targeted. The reduction of market inequality ranges from around 40% in Sweden, Finland and France to about 20% in Portugal. Moreover, we also find that the contribution from social protection benefits to the reduction of market inequality⁸ is significantly larger than the contribution from taxation and that this applies to all Member States.

Across Member States social protection is organised in different mixes of public and private and formal and informal provisions. Under the challenge of an ageing society the balance between these four components in the mixes is likely to change. As households are becoming smaller and both men and women are working the caring capacities of families will shrink and a larger proportion of welfare services will have to be delivered and financed in the formal sector. Similarly, as governments are trying to rebalance social insurance systems related to such items as pensions, invalidity and sickness benefit there is likely to be a certain move of tasks and costs from public systems to occupational and individual schemes.

In the future we can therefore expect expenditure data to cover a larger share of welfare services. At the same time it becomes crucial that all formal costs whether public, occupational or private are included in the expenditure data.

6 It is important to keep in mind that changes in the share of social protection spending in GDP do not necessarily reflect policy changes. To a large extent they may just mirror changes in the business cycle: When GDP expands the relative share drops though expenditure may be the same or to some degree even growing - and vice versa.

7 Attention is limited to income replacement and income supplementing social security benefits and to direct taxes and social insurance contributions. For reasons of data limitations indirect taxes (such as VAT and excise duty) and benefits, which are paid as reimbursement for specific costs (e.g. medical expenses) are left out of consideration.

8 Based on the calculation of the Gini coefficient.

3 The challenge of mobility and migration

The main two categories of geographical mobility examined in this section are migratory flows of EU citizens as well as those of third country nationals entering the EU.

The right to free movement is a fundamental right under the EC Treaty. European citizens have access to employment in any Member State, with an accompanying right of residence for themselves and their family members, and they must not be discriminated against on grounds of nationality. Free movement can mean moving to another Member State, or commuting daily or weekly across a national border.

Mobility is often examined within the context of employment policy, as one of the key elements for increasing flexibility and managing imbalances in the labour market. Continued job creation and fast changes in the demand for labour, particularly since 1997, have accentuated the need for labour mobility. At EU level the debate has been particularly relevant in the context of the European Employment Strategy. Labour mobility has both an occupational and a geographical dimension. While occupational job-to-job mobility and life-long training are by far the most important factors for the adjustment of the workforce to the new economic conditions, improved geographical mobility could play an important role in addressing labour market shortages and furthering economic development.

In addition to employment, geographical mobility has important social and cultural implications. In this context, migration deserves particular attention. The growing number of immigrants from third countries face a variety of socio-economic conditions which brings about new challenges for the host societies. However, immigrants also bring together different cultural backgrounds providing new opportunities for sharing knowledge and cross-fertilization of different cultures.

3.1 Mobility of EU Citizens

Despite the important progress made in removing obstacles to the free movement of people over the last decades in the EU, present levels of geographical mobility are very low compared to those observed in the 1950's and 60's. Today geographical mobility between Member States is estimated to range between 0.1 and 0.2 per cent of the total population per year. Moreover, it is only partly linked to employment. According to a Eurobarometer survey⁹, EU citizens do not change residence very often; 38 % of them, on average, have moved within the last ten years. But this European average masks significant differences between the Member

States, with a clear North-South (plus Ireland) divide. Moving to another house in the same city or village is the most common type of mobility, with other moves being less common as distance increases. Of all the people who changed residence at least once during the last ten years, 68% of them moved within the same city, town or village, but during these ten years less than 5% to another country within the European Union and around the same proportion to another country outside the EU. The main motive for moving house is for family/personal reasons (54%), followed by housing (18%) and work related reasons (15%). Research in the USA¹⁰ has reached similar conclusions when considering reasons to move, although mobility in the USA is substantially higher than in the EU.

Several reasons explain this decline of intra-European mobility over the last 3 decades. The southern regions, which were heavily affected by serious economic and social problems during the early post-war years, have since made spectacular progress in reducing the gap with their more prosperous European partners. Today, they offer their citizens relatively high standards of living conditions and social welfare.

The gradual transition from the early post-war paradigm of low skill, labour intensive production to today's knowledge based economy, beginning in the early '70s, may also have contributed to this drop in overall mobility and to a new focus on the migration of high skilled people.

Other important factors affecting EU mobility

Language continues to be one of the most important barriers for moving to another country. Forty seven per cent of Europeans claim to know only their mother tongue while a recent Eurobarometer survey reported that only 29% of European citizens would be willing to live in another EU country where the language is different from their native tongue. The likelihood that Europeans know a foreign language diminishes with age and increases with the level of education.

The potential loss of social networks also represents a barrier to migration. The absence of family networks, as well as social and cultural differences may be important obstacles for rebuilding those networks in the host community. Usually, people with higher education levels find it easier to rebuild their social networks.

The increasing participation of women in the labour market is often seen as another factor restricting geographical mobility, as moving often means having to find new jobs for two people with different professional careers.

9 Eurobarometer 54.2, 2001

10 "An overview of labour mobility in the United States" – F.W. Horvarth (U.S. Bureau of Labour Statistics).

The availability of affordable and good quality housing is another critical factor in decisions to move. Housing conditions across Europe have generally improved in recent decades. Most people even in the less wealthy Member States enjoy reasonable quality housing. However, housing expenditure has grown substantially in most Member States particularly for the less wealthy households. Moreover, despite massive construction of new housing the supply has tended to lag behind the growth in demand. Rising standards and the trend towards more but smaller households are among the factors which have made it increasingly difficult to balance supply and demand. In most urban areas there is a marked shortage of dwellings, in particular affordable housing of fair quality. The problems in finding an affordable and suitable residence in another region or country may play a negative role in people's decision to move. The reluctance of people to move house as evident from a recent Eurobarometer is clearly linked to some of the uncertainties and shortages which characterise the housing market in most of Europe.

Future trends affecting mobility

Europe is changing in terms of its population structure and behaviour, which has implications for future levels of geographical mobility. Unsurprisingly, the majority of young people have moved at least once during the last ten years (45% of those aged 15-24 and close to 60% of the 25-39 years olds) mainly for family, employment and education reasons. Young people are mainly attracted to the large urban areas where they enjoy more choice in terms of education, type of job and lifestyle. There is an important North-South divide in the Union in terms of timing and intensity of the moves¹¹, with young people in the South moving from their parents' place at a later stage. It is also worth noting that the overall level of mobility is likely be affected by the gradual decline in the size of the younger age group (15-29) due to the significant drop in fertility over the past 30 years. This group represented 23.2% of the EU population in 1990, 19.6% in 2000 and the Eurostat baseline scenario indicates a further reduction to 17.8% by 2010.

People with higher educational levels are the most mobile; indeed, for 11 Member States people living in a different Member State have higher educational levels than their compatriots in the home country. Higher educational levels and growing economic integration, together with improved policy co-ordination, will progressively enhance this mobility potential.

Mobility and regional concerns

Measures for regional development are particularly important both to prevent excesses in regional polarisation and to maximise the potential of geographical mobility. Over the last decades, there has been an important flow of people mainly moving from rural to urban areas. This has contributed to a process of regional polarisation.

Within the EU, there are 70 regions (approximately one in every three) where over 50% of the population lives in a "densely populated area"¹². These 70 regions make up 14.7% of the total territory of EU-15, and comprise 45.2 % of the EU-15 population. Large urban areas have experienced growth and rejuvenation of their population, while remote rural areas have been confronted by an acceleration of their population ageing and economic decline.

Current demographic projections indicate that this divergence between regions will keep growing, particularly in relation to the working age population. Between 2000 and 2015, at regional (Nuts2) level, the working age population in the 10 worst off regions is projected to decrease by 12%, while in the 10 better off, it would increase by 15 %.

Further to the implications for economic activity, this regional polarisation has affected the quality of living conditions. Sustained population decrease renders the delivery of public services (e.g. education, health) to those regions with low population more costly, while population concentrations in the large urban districts cause different but equally difficult problems such as traffic congestion, pollution etc.. It is therefore important to pay particular attention to the regional dimension in setting up policies to promote geographical mobility.

In considering the longer term mobility trends, fast technological change, particularly the expected progress in telecommunications and transport, may progressively reduce the importance of geographical mobility (compared to skills mobility) as a means for improving the allocation of human resources.

Migration and Enlargement

The next enlargement may contribute to higher cross-border mobility at an initial stage. The size of migration pressures will mainly depend on the income gaps and the differences in the labour market situation between the current and future Member States. It is worth noting that previous enlargements to Greece, Spain and Portugal did not bring about any increase of migratory

11 Some research suggests that this delay in leaving the parental home is related to the fact that young people in the South rely more on family support than in the North – see G. B. Sgritta - Family and Welfare systems in the transition to adulthood- European Observatory on the Social Situation, Demography and Family.

12 This is a contiguous set of local areas, each of which has a density superior to 500 inhabitants per square km, where the total population for the set is at least 50,000 inhabitants. The EU average density is 116 inhabitants per square km.

flows from these countries to other Member States. Moreover, given the economic and social progress made in these countries, they are now countries of destination for third country nationals.

3.2 Immigration from Third Countries

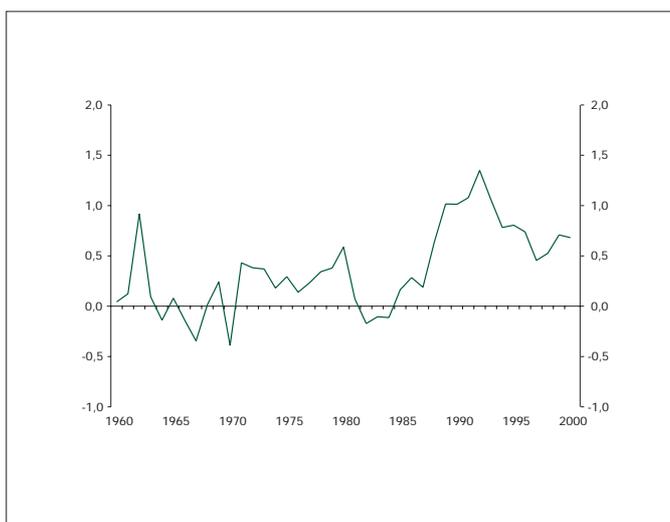
Third country immigrants entering the EU are another important form of mobility. An irregular pattern of growth in net migration has been observed over the last decades. The size and origin of immigrants vary considerably over time depending on the political and economic situation in different areas of the world. The growth has been particularly strong after the mid 80s when there was a significant inflow from Eastern Europe. Following this, the war in the former Yugoslavia and the unstable situation in the Balkans have generated an important wave of immigrants mainly coming from the former Yugoslavian Republics and Albania. There are also a considerable number of flows from other parts of the world, mainly from different areas of Asia and North Africa, related to a combination of economic, political and demographic factors.

Managing the flow of third country immigrants represents an increasingly important challenge for employment and social policy in the Member States and the Union as a whole. Although Europe has experienced inflows of highly skilled people in response to specific labour supply shortages, a large share of these migrants are young people with low qualifications. Push factors in the country of origin combine with a variety of pull factors of the host countries e.g. caused by labour shortages at regional level, the ageing of the labour force. Looking at the registered inflows of 1999, people from the former Yugoslavia were the most numerous, followed by Poles, people from Northern Africa, those from the former Soviet Union, and Turkey; but registered people represent only part of the full picture. A considerable number of people enter or stay within the EU illegally and carry out undeclared work, often in sectors and regions where the underground economy is more developed. Both illegal and legal immigrants are more vulnerable than national workers; they are often ready to make concessions concerning their wage and other work-related rights.

Participation in the labour market

Labour market participation varies a lot between different groups of migrants. For the EU citizens living in another Member State and for workers coming from the candidate countries in Central and Eastern Europe it is equal to or higher than the EU average. For some other groups of migrants employment rates are significantly lower, particularly among women coming from North Africa and Turkey. For the 15-24 age group, the average unemployment rate is 16% for EU nationals, 15% for nationals from Turkey, 14% for nationals from the other 12 candidate countries and 21 % for people from other countries.

Immigration is often seen as a factor that increases the flexibility of the labour market. However, this entails the risk of increasing the segregation of the labour market with an over-representation of third country nationals in poorer jobs. The great majority of employed third country nationals appear to hold jobs in the low-skill/low-pay end of the labour market. Female migrants tend to work in the hotel and restaurant sector and in domestic services. And this is not just an effect of the low average level of qualifications among third country nationals. Workers from the Central and Eastern European countries tend to hold jobs with a skill content which is lower than their average formal skill certification. Migrants' susceptibility to discrimination, exploitation and abuse is often exacerbated by language barriers, but also by lack of familiarity with local custom and culture and underdeveloped social networks. There are, however, several initiatives, such as inter-cultural mediators, which are developing in workplaces or in social and health services to increase the accessibility of these institutions.



In 1999, 13 million¹³ or 3.4% of the EU population were third country nationals- a 50% increase from 1985. The share was much higher in some central European Member States (Austria, 9.3% and Germany, 6.7%) and much lower in Spain and Italy¹⁴. The growing immigration from outside the Union is mainly concentrated in the economically thriving regions. Most large urban areas are becoming more multicultural and need to develop adequate strategies for the social and economic integration of newcomers and their families. Unlike EU citizens, third country nationals do not enjoy the right to free movement in the European Union.

Concluding remarks

In relation to intra-EU mobility, it has been seen that despite the important progress made in removing obstacles to the free movement of people over the last decades in the EU, present levels of geographical mobility are very low compared to those observed in the 1950's and 60's. To a great extent this has been the result of the spectacular progress of the less prosperous European regions in reducing the gap with their more prosperous partners. In the years to come, higher educational levels and growing economic integration, together with improved policy co-ordination could have a more visible contribution to intra-EU mobility. The European Commission in its Communication "New European Labour Markets, Open to All, with Access for All" has proposed a new strategy including concrete policy initiatives to ensure free movement of people and the openness of the New European Labour Markets. Developing these positive dynamics would require the active participation of all the stakeholders at EU, national and local levels. Particular attention is also needed to some specific barriers not directly linked with the labour market such as the relatively low record in learning foreign languages in several Member States and the growing difficulties in relation to housing in most economically booming regions and the trend towards regional polarisation observed in several regions across the EU.

In examining trends in geographical mobility, the flow of third country immigrants represents an increasingly important challenge for employment and social policy in the Member States and the Union as a whole. Most researchers agree that migration inflows will be a rather volatile but lasting phenomenon which increasingly deserves close attention from policy makers. The growing number of immigrants from third countries brings about both challenges and opportunities for European society. Participation in economic and social life constitutes the main route to integration for migrant groups and their families. In turn, successful integration of migrants in the host societies is important for their economic progress and social cohesion. Promoting integration requires targeted policy efforts towards both the immigrants and the host societies. The fight against discrimination is particularly important. Barriers to social participation - whether in the structures, capacities and attitudes of the receiving communities or in those of the arriving immigrants - reduces possibilities for integration and weakens social cohesion. Facilitating access to education for low-education immigrants and their offspring, promoting employment opportunities and removing barriers related to housing are among the key issues for immigrants.

Managing migrant inflows, fighting against illegal immigration and developing an optimal model of integration while respecting diversity are major challenges requiring the commitment of all the actors involved. At EU level, with the entry into force of the Treaty of Amsterdam on 1 May 1999, the policy on asylum, the free movement of persons, visa policy, rules governing the crossing of the

EU's external borders, immigration policy, the rights of nationals of third countries and the fight against illegal immigration are essential parts of the common and comprehensive asylum and immigration policy of the European Union. Further to this process of setting up the institutional and legislative framework, European social policy, provides a range of measures in employment, social inclusion, anti-discrimination, social protection and gender equality which support and strengthen policy efforts at national, regional and local levels.

Recent policy action related to mobility and migration

Various Community instruments developed in the **European Employment Strategy**¹⁵ support the efforts of Member States to enhance labour mobility and facilitate access to lifelong learning. The strategy to promote the development of **new European Labour Markets**¹⁶ was endorsed by the Stockholm European Council in March, 2001, with a particular emphasis on skills and mobility.

Several initiatives in the field of **social security**¹⁷ were proposed to improve effective co-ordination and to give more opportunities for workers and job seekers to make use of their right to free movement.

In the new **European Strategy to promote social inclusion**¹⁸, the National Action Plans of several Member States recognised the growing ethnic and cultural diversity and the higher risk of social exclusion for ethnic minorities and immigrants.

Common policies in the field of **immigration and asylum**¹⁹ are being built in line with the conclusions of the Tampere European Council (October 1999). In order to manage migrant flows successfully and to cut illegal migration, the Commission has proposed a co-ordinated approach integrating all aspects of the migratory system and strengthening the partnership with the countries of origin. This is complemented by vigorous²⁰ integration and anti-discrimination policies in the host countries, on the basis of Article 13 of the Amsterdam Treaty.

It is recognised that there are both pull and push factors which account for the immigration of third country nationals in the EU and that both must be taken into account in the development of appropriate policies to manage migration effectively. Labour market demand is a strong pull factor while poor living conditions and limited prospects for a better quality of life in the countries of origin are important push factors. Community development policy contributes in the long term to normalising migratory flows by supporting sustainable economic and social and environmental development and combating poverty and inequality in the regions from which migrants originate. Migration issues must also be taken into account in the development of EU external relations and trade policy in the context of an enhanced dialogue with countries of origin on the ways to manage migration flows and to maximise its benefits for all concerned.

15 Guidelines for Member States' employment policies for the year 2002 - COM(2001) 511 - Draft Joint Employment Report - COM(2001)438

16 New European Labour Market, Open to All with Access to All - COM(2001)116

17 COM(1997) 586

18 Joint Inclusion Report of the Council and the Commission, adopted by the Council on 3/12/2001

19 See scoreboard included in COM(2001)628

20 Implementation of the principle of equal treatment between persons irrespective of race or ethnic origin (Directive 2000/43/EC); Establishment of a general framework for equal treatment in employment and occupation (Directive 2000/78/EC).

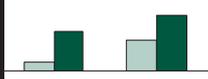
Annexes

Population

The number of elderly people aged 65 and over in the EU compared with only 34 million in 1960. Today, elderly people aged 65 and over are 24% of the total population or 24% of what is considered to be the working age population (15-64 year olds). By 2010, the number of elderly people is expected to rise to 27%. Over the next fifteen years, the number of 'very old' people aged 80 and over will rise by

EU 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
24	26	22	24	26	25	24	17	27	21	20	23	23	22	27	24
27	27	25	30	29	27	25	17	31	24	22	26	24	25	28	24

Percentage of the working age population (15-64)



Education outcomes

Attainment levels of the population have improved significantly over the last thirty years, particularly among females. Today, more than 76% of young people aged 25-29 in the Union have a upper secondary qualification. At the same time, however, 20% of persons aged 18-24 leave the education system with only lower secondary education at best.

Key indicator

Early school leavers not in further education or training (Share of the population aged 18-24 with less than upper secondary education (ISCED 0-2) and not in education or training)

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
2000	20*	12	12	15	17	28	13	19	29	17	17	11	43	10	8	:

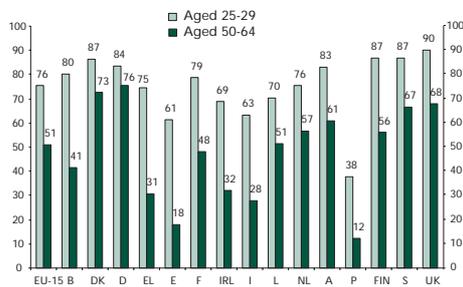
Population aged 18-24 by activity status (%), 2000

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
In education and employment	16	6	40	27	2	6	9	11	3	5	44	13	7	24	16	29
In education and not in employment	35	47	23	29	42	46	48	32	35	49	19	28	37	29	42	19
Not in education and in employment	34	36	31	33	34	35	30	42	31	39	32	51	46	33	34	39
Not in education and not in employment	15	11	6	11	22	14	14	14	32	7	5	8	10	13	8	13

Note: 1997 data for IRL and A.

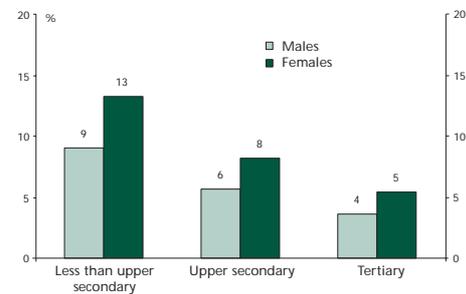
Source: Eurostat - European Union Labour Force Survey

Graph 6 Percentage of population that has completed at least upper secondary education, by age-group, 2000



Source: Eurostat - European Union Labour Force Survey. IRL: 1997 data.
Note: UK - GCSE 'O' levels are included under upper secondary (ISCED 3).

Graph 7 Unemployment rates of the population aged 25-59 by sex and level of education, EU-15, 2000



Source: Eurostat - European Union Labour Force Survey
Note: UK - GCSE 'O' levels are included under upper secondary (ISCED 3).

Lifelong learning

EU-wide, 8% of the population aged 25-64 participated in education/training (in the last four weeks) in 2000. Such training activities seem to be more prevalent in the Nordic countries, the Netherlands and the United Kingdom. Older persons are less likely to receive training than younger persons. Higher qualified persons are more likely than the low-qualified to participate in such training.

Key indicator

Lifelong learning (adult participation in education and training)

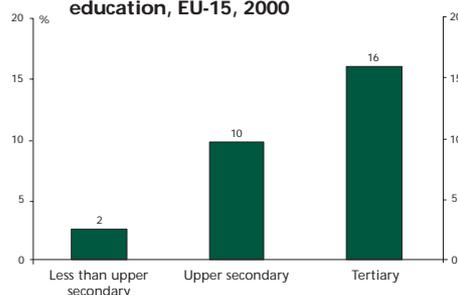
Percentage of population, aged 25-64, having participated in education or training in the last four weeks, 2000

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Total, 25-64	8	7	21	5	1	5	3*	5*	5	5	16	8*	3*	20	22	21
25-34	14	11	30	13	3	12	7	9	11	8	24	14	8	27	28	25
35-44	8	8	22	5	0	3	2	5	4	5	17	8	3	22	23	23
45-54	6	5	18	3	0	2	1	3	3	4	11	5	1	19	19	19
55-64	3	2	11	1	0	1	0	1	1	1	6	2	0	8	14	13

Note: IRL, A - 1997 data. F, P - see methodological notes.

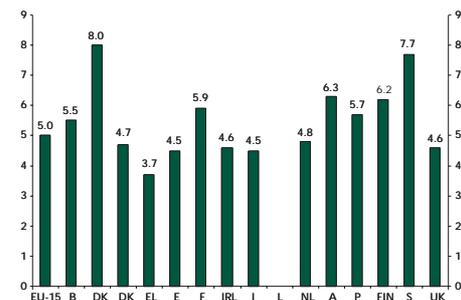
Source: Eurostat - European Union Labour Force Survey

Graph 8 Lifelong learning (Percentage of population, aged 25-64, having participated in education or training in the last four weeks) **by level of education, EU-15, 2000**



Notes: UK - GCSE 'O' levels are included under upper secondary (ISCED 3).
IRL, A - 1997 data. F, P - see methodological notes of the main Report.
Source: Eurostat - European Union Labour Force Survey

Graph 9 Total public expenditure on education as a percentage of GDP, 1999



Source: Eurostat - UOE (Unesco, OECD and Eurostat) questionnaires on education statistics

Employment

In 2000, an estimated 166 million people were in employment in the Union, a rise of more than 10 million since 1995. This represents annual growth of around 1.3% per annum. In 2000, employment increased by 1.7%. The employment rate for the population aged 15-64 stood at 63.2% in 2000.

Key indicator

Employment rate (Employed persons aged 15-64 as a share of the total population aged 15-64)	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
2000	63.2	60.5	76.3	:	55.7	54.8	62.0	65.2	53.7	:	72.9	68.2	68.3	67.3	70.8	71.5
1999	62.3	59.3	76.0	64.8	55.3	52.5	60.8	63.3	52.6	61.7	71.3	68.2	67.4	66.4	70.1	71.0

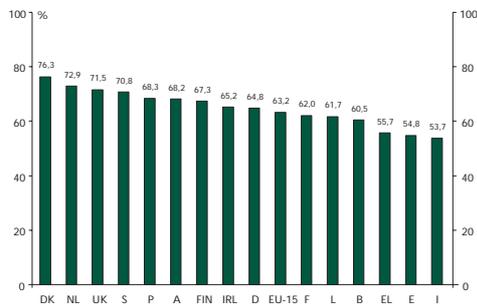
Trend in employment

Total employment 2000 (millions)	165.9	3.9	2.7	38.7	:	15.6	23.3	1.7	23.1	:	8.1	4.0	4.9	2.3	4.3	29.1
Total employment 1999 (millions)	163.2	3.9	2.7	38.1	3.9	15.2	22.8	1.6	22.7	0.2	7.9	4.0	4.8	2.2	4.2	28.9
Total employment 1995 (millions)	154.7	3.8	2.6	37.3	3.8	13.6	22.9	1.3	21.5	0.2	7.1	3.9	4.5	2.0	4.1	26.1
2000/1995 (% av. annual empl. growth)	1.4	0.8	1.0	0.7	0.7*	2.9	0.4	5.6	1.4	2.1*	2.6	0.6	1.9	2.3	0.8	2.2
2000/1999 (% annual empl. growth)	1.7	1.8	0.7	1.6	0.2*	3.1	2.4	4.7	1.6	2.2*	2.3	0.9	2.0	1.8	2.2	0.5

Note: EL and L on employment growth have 1999 data instead of 2000 data: figures refer to 1999/1995 and 1999/1998.

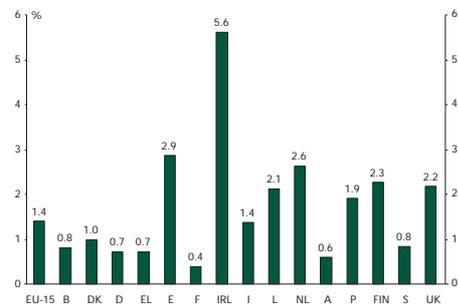
Source: Eurostat - Quarterly labour force data, European Union Labour Force Survey and National Accounts (ESA 95)

Graph 10 Employment rates (15-64 years), 2000



Source: Eurostat - Quarterly labour force data

Graph 11 Average annual employment growth, 1995-2000



Source: Eurostat - National Accounts (ESA 95)

Employment of older workers

During the last decade, the EU employment rate of 55-64 year-old men fell by around 3 percentage points to stand at 48% in 2000. The decline may be the result of a combination of job shortages, lower mobility and inadequate skills rather than the wish to retire early. In contrast, the comparable female rate rose by almost 4 points to reach 28% in 2000. Overall, 38% of the population aged 55-64 were in employment in 2000.

Key indicator

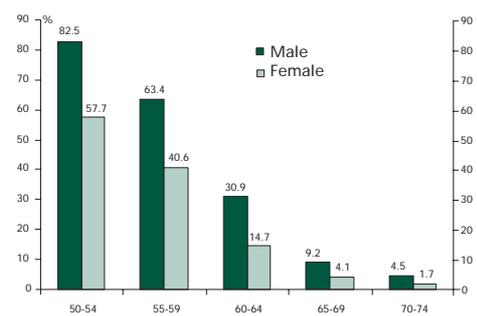
Employment rate of older workers (Employed older [aged 55-64] workers as a share of total population aged 55-64), 2000	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
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Total	37.5	25.0	54.6	37.4	39.0	36.6	29.3	45.1	27.3	27.2	37.9	29.2	51.7	41.2	64.3	50.5
Men	47.6	35.1	61.9	46.2	55.3	54.8	32.8	63.0	40.3	37.9	49.9	41.4	62.5	41.8	67.0	59.8
Women	27.7	15.4	46.2	28.7	24.4	19.9	26.0	27.1	15.2	16.8	25.8	17.8	42.3	40.7	61.7	41.4

Persons in employment aged 55-64, 2000 (1000)	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
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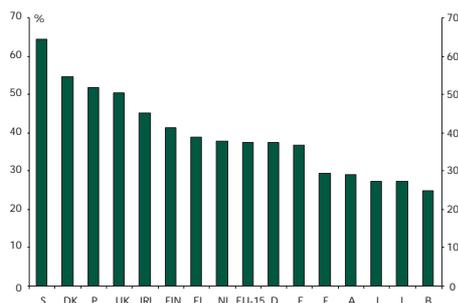
Source: Eurostat - comparable estimates based on the European Union Labour Force Survey

Graph 12 Employment rates by age-group and sex, EU-15, 2000



Source: Eurostat - European Union Labour Force Survey

Graph 13 Employment rates of older (aged 55-64) workers, 2000



Source: Eurostat - European Union Labour Force Survey

Unemployment

In 2000, the total number of unemployed in the European Union dropped to 14.2 million. This represents 8.2% of the labour force. This is the lowest rate since 1992. Between 1999 and 2000, Belgium, Spain and France recorded the largest fall in their unemployment rate although Spain continues to have the highest figure (14.1%). It decreased in all Member states, except in Luxembourg where it remained at a low 2.4%.

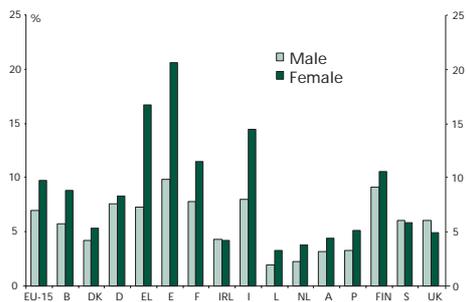
Key indicator

Unemployment rate

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
2000	8.2	7.0	4.7	7.9	11.1	14.1	9.5	4.2	10.5	2.4	3.0	3.7	4.1	9.8	5.9	5.5
1999	9.1	8.8	5.2	8.6	11.6	15.9	11.2	5.6	11.3	2.4	3.4	4	4.5	10.2	7.2	6.1
1994	11.1	10.0	8.2	8.4	8.9	24.2	12.3	14.3	11.1	3.2	7.1	3.8	6.9	16.6	9.4	9.6
Unemployment (in 1000s), 2000	14193.3	311.3	134.6	3132.5	492.6	2379.9	2455.0	73.6	2465.7	4.5	238.6	142.4	210.7	252.9	264.4	1630.4

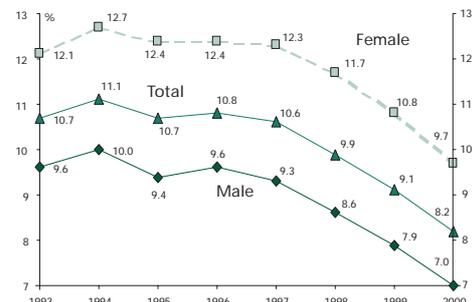
Source: Eurostat - comparable estimates based on the European Union Labour Force Survey.

Graph 14 Unemployment rates by sex, 2000



Source: Eurostat - comparable estimates based on the European Union Labour Force Survey

Graph 15 Trend in the unemployment rate by sex, EU-15, 1992-2000



Source: Eurostat - comparable estimates based on the European Union Labour Force Survey

Youth unemployment

EU-wide, 7.8% of young people (aged 15-24) were unemployed in 2000. The unemployment rate (as a percentage of the labour force) among young people was 16.2%. The differences between these two percentages vary significantly between countries. While the first figure shows that a relatively small proportion of young people is unemployed, the second one gives an indication as to the labour market situation for young people. For most countries, youth unemployment fell between 1999 and 2000, in line with the overall drop in unemployment.

Key indicator

Youth unemployment/population ratio

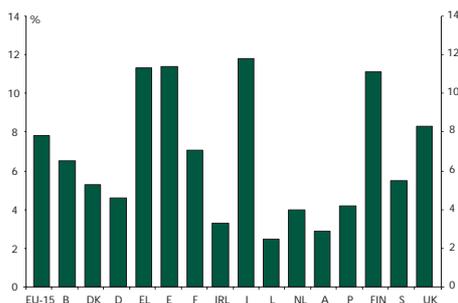
	EU 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
2000	7.8	6.5	5.3	4.6	11.3	11.4	7.1	3.3	11.8	2.5	4.0	2.9	4.2	11.1	5.5	8.3
1999	8.6	8.2	7.0	4.7	12.5	12.5	8.6	4.3	12.5	2.4	4.8	3.1	4.3	10.8	6.6	8.7
1994	10.7	8.8	7.8	4.8	10.2	19.4	10.8	10.7	12.6	3.3	7.0	3.5	6.8	15.5	11.7	11.2

Youth unemployment rate

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
2000, males and females	16.2	17.7	7.3	9.1	29.6	26.2	20.1	6.5	30.8	7.3	5.6	5.3	8.9	21.4	11.3	12.8
2000, males	14.9	15.1	7.0	9.8	22.2	20.6	18.1	6.1	27.2	6.5	4.6	4.8	6.8	21.1	10.7	13.8
2000, females	17.6	20.8	7.5	8.2	37.9	33.2	22.3	7.0	35.1	8.3	6.6	5.8	11.6	21.6	11.9	11.5
1999	17.9	23.7	9.6	9.1	31.3	29.5	24.3	8.4	32.7	7.1	7.2	5.3	9.0	21.4	13.6	13.2
1994	22.0	24.2	11.1	8.8	27.7	45.1	29.2	23.0	32.3	7.3	11.5	5.7	15.0	34.0	22.0	17.0

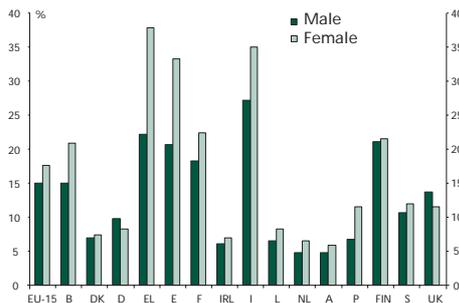
Source: Eurostat - comparable estimates based on the European Union Labour Force Survey.

Graph 16 Youth unemployment/population ratio (15-24 years), 2000



Source: Eurostat - comparable estimates based on the European Union Labour Force Survey

Graph 17 Youth unemployment rates (15-24 years) by sex, 2000



Source: Eurostat - comparable estimates based on the European Union Labour Force Survey

Long-term unemployment

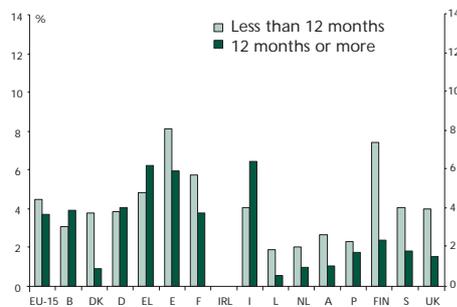
In 2000 3.6% of the EU-15 labour force were affected by long-term unemployment. Put another way, 44 % of unemployed people were jobless for at least one year. The long-term unemployment rate has fallen in recent years but remains about 6% in Greece, Spain and Italy. For young people between 15 and 24 years old, 8.4% (as a percentage of the labour force) were unemployed for at least six months.

Key indicator

	EU 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Long-term unemployment rate (12 months or more)																
2000	3.6	3.8	1.0	:	6.1	5.9	3.7	1.6	6.3	:	0.8	1.0	1.6	2.8	1.7	1.5
1999	4.2	4.9	1.2	4.4	6.5	7.3	4.4	2.6	6.7	0.7	1.2	1.1	1.7	3.0	2.2	1.7
1994	5.2	5.6	2.9	3.8	4.4	12.9	4.7	9.4	6.5	0.9	3.1	0.9	2.6	6.1	2.5	4.2
Persons unemployed for 12 months or more as a percentage of total unemployed																
2000	44	54	21	:	55	42	39	38	60	:	27	27	39	29	29	27
1999	46	56	23	51	56	46	39	46	59	29	35	28	38	29	31	28
1994	47	56	35	45	49	53	38	66	59	28	44	24	38	37	27	44
Youth long-term unemployment rate (6 months or more)																
2000	8.4	9.6	0.4	4.4	15.9	18.6	8.5	:	24.2	1.8	1.3	1.6	3.7	3.1	3.2	3.9
1999	9.5	14.0	1.6	4.8	18.5	21.4	8.8	:	25.6	3.1	5.9	1.7	4.8	2.6	3.7	4.3
1994	14.2	16.5	3.6	4.4	19.8	32.7	14.1	17.3	26.5	3.6	9.4	:	6.6	:	:	9.4
Young persons unemployed for 6 months or more as a percentage of total young unemployed																
2000	51.6	54.2	6.1	48.0	53.9	71.0	42.3	:	78.7	24.2	23.3	29.7	41.9	14.3	27.9	30.2
1999	53.1	59.1	15.9	52.4	72.6	59.2	36.3	:	78.3	:	82.0	31.3	53.7	12.5	27.1	32.3

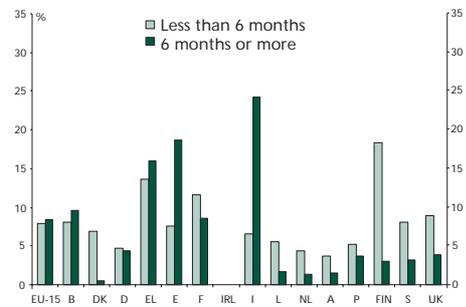
Source: Eurostat - comparable estimates based on the European Union Labour Force Survey.

Graph 18 Unemployment rates by duration, 2000



Source: Eurostat - comparable estimates based on the European Union Labour Force Survey

Graph 19 Youth unemployment rates by duration, 2000



Source: Eurostat - comparable estimates based on the European Union Labour Force Survey

Social protection expenditure

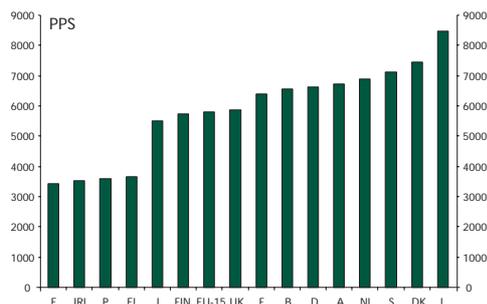
In 1999, EU social protection expenditure represented 27.6% of GDP (as in 1998), confirming the downward trend in this indicator observed since the peak of 28.8% in 1993. However, it still compares favourably with the 1990 level of 25.5%. There are considerable differences between Member States with quite a clear north/south divide. Despite these disparities, social protection expenditure is tending to converge with the largest increases in recent years being observed in the countries with the lowest levels of expenditure.

Key indicator

	EU 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Expenditure on social protection as a percentage of GDP																
1999	27.6	28.2	29.4	29.6	25.5	20.0	30.3	14.7	25.3	21.9	28.1	28.6	22.9	26.7	32.9	26.9
1993	28.8	29.5	31.9	28.4	22.0	24.0	30.7	20.2	26.4	23.9	33.6	28.9	20.7	34.6	38.6	29.1
1990	25.5	26.4	28.7	25.4	22.9	19.9	27.9	18.4	24.7	22.1	32.5	26.7	15.2	25.1	33.1	23.0

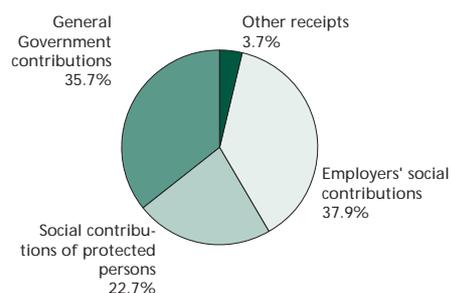
Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS).

Graph 20 Expenditure on social protection per head of population, 1999



Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS)

Graph 21 Social protection receipts by type as a percentage of total receipts, EU-15, 1999



Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS)

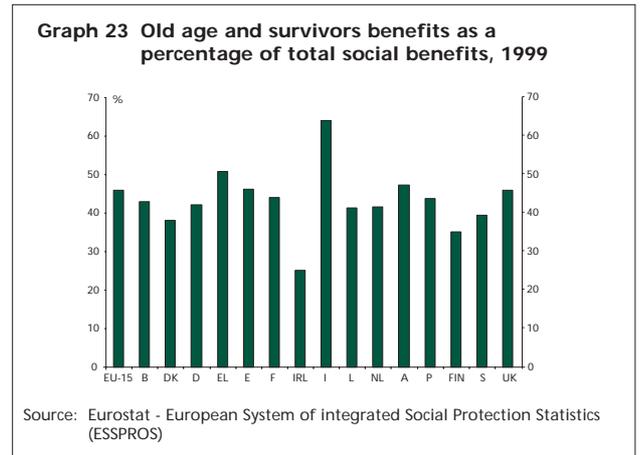
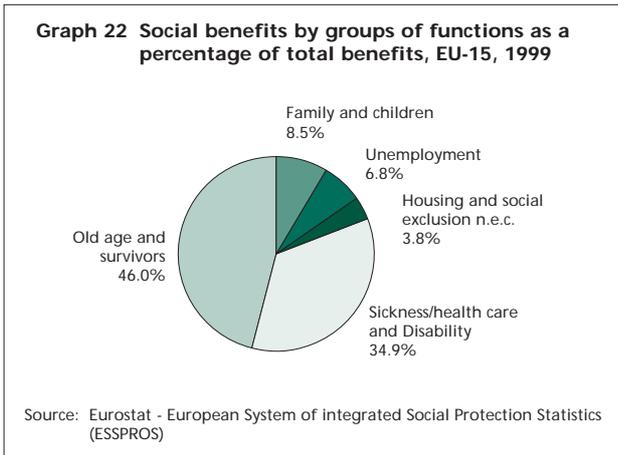
Old age benefits

In most Member States in 1999, the largest share of social protection expenditure was assigned to the old age and survivors functions. This was especially true of Italy (64.0% of total benefits against the EU average of 46.0%). EU-wide, benefits paid under the old-age and survivors functions rose by 25% in real terms per capita during the period 1990-1999. This growth is primarily explained by demography. Furthermore the retirement policy (notably early retirement) also influences the development of these benefits.

Key indicator

	EU 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Old age and survivors benefits as a percentage of total social benefits																
1999	46.0	43.0	38.0	42.1	50.7	46.2	44.2	25.2	64.0	41.4	41.5	47.4	43.7	35.1	39.5	46.1
1990	45.9	41.8	36.7	45.8	51.7	42.9	42.7	30.4	57.6	46.7	37.4	50.1	41.9	33.8	:	45.3

Source: Eurostat - European System of integrated Social Protection Statistics (ESSPROS).



Income distribution and regional cohesion

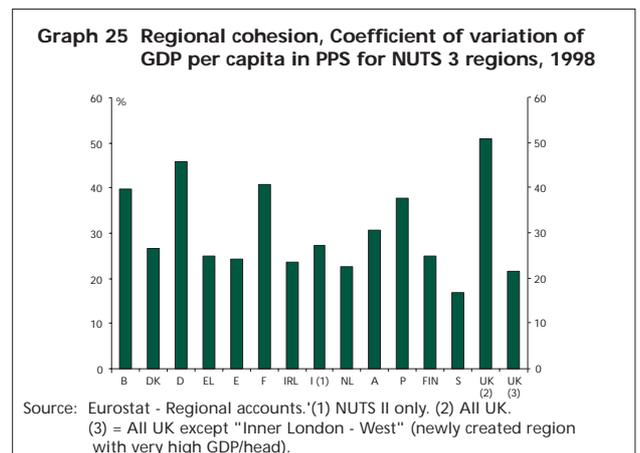
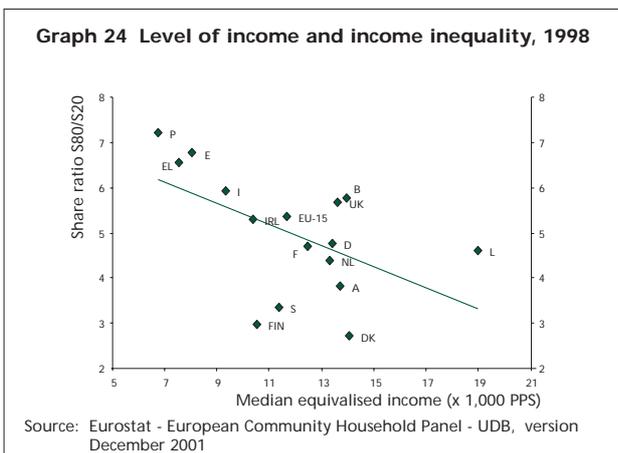
At EU level, the bottom (poorest) 20% of the population received 8% of total income in 1998, while the top (richest) 20% received 39% of total income, i.e. 5.4 times as much. This gap between the most and least well-off persons is smallest in Denmark (2.7), Finland (3.0, 1997) and Sweden (3.4). It is widest in the southern Member States, Belgium, the United Kingdom and Ireland.

Key indicator

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Distribution of income (S80/S20 ratio) (1)																
1998	5.4	5.8	2.7	4.8	6.5	6.8	4.7	5.3	5.9	4.6	4.4	3.8	7.2	3.0	3.4	5.7

(1) The share of entire national income received by the top 20% of the population to that of the bottom 20%. EU-15 estimate excludes L and FIN. L 1996 data, FIN 1997 data.

Source: Eurostat - European Community Household Panel - UDB version December 2001



Low income households

When looking at the total population, around 18% of EU citizens had an equivalised income that was less than 60% of their respective national median in 1998. This figure represents around 68 million people. Using 60% of the national median as a cut-off threshold, the proportion of people at risk of poverty was relatively higher (over 20%) in Greece and United Kingdom - and was relatively lower in Belgium, Germany, Luxembourg (1996), Netherlands, Austria and Sweden (10 to 16%). It was particularly low in Denmark (9%) and Finland (8%, 1997). Social benefits reduce the proportion of people at risk of poverty in all Member States but to very differing degrees: the reduction ranging from 5-15% in Greece and Italy to more than 70% in Finland, with an EU average reduction of 31%.

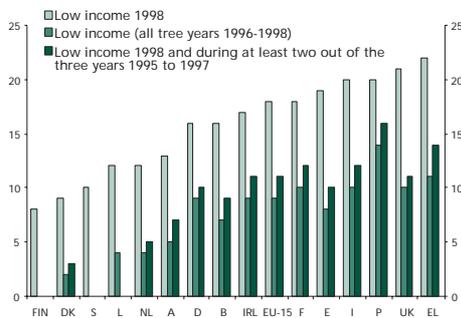
Key indicator

Risk of poverty rate before and after social transfers (Percentage of the population below the poverty line before and after social transfers. Poverty line defined as 60% of the median equivalised income (1), 1998)

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Before social benefits	26	28	26	24	23	25	28	33	23	26	21	25	27	27	30	33
After social benefits	18	16	9	16	22	19	18	17	20	12	12	13	20	8	10	21
National currency (NC) symbol	.	BEF	DKK	DEM	GRD	ESP	FRF	IEP	ITL	LUF	NLG	ATS	PTE	FMK	SEK	GBP
60% of median annual income (NC)	.	336484	79620	16820	1159200	654128	52290	4526	9627 (2)	463848	17064	120150	581876	43250	74220	5883
60% of median annual income (PPS)	7 010	8 381	8 443	8 040	4 526	4 838	7 495	6 242	5 591	11 409	8 004	8 224	4 035	6 324	6 834	8 170

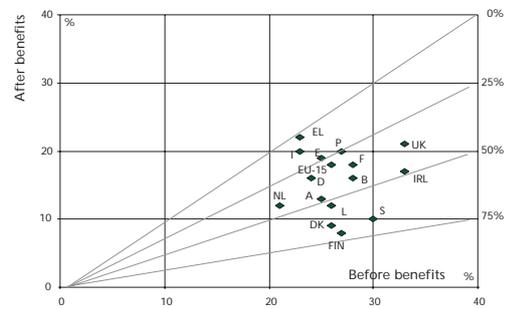
EU-15 estimate excludes L and FIN. (1) Pensions are included 'before' and 'after'. (2) I - data in 1000s.
Source: Eurostat - European Community Household Panel UDB, version December 2001. L 1996 instead of 1998. FIN 1997 instead of 1998.

Graph 26 Percentage of the population living in (persistent) risk of poverty, 1998



L 1996 instead of 1998. FIN 1997 instead of 1998.
Source: Eurostat - European Community Household Panel.

Graph 27 Risk of poverty rate before and after social transfers, 1998



Source: Eurostat - European Community Household Panel. L 1996 data. FIN 1997 data.

Jobless households and low wages

An important cause of poverty and social exclusion is the lack of a job or low wages from employment. In 1998, the 'at-risk-of-poverty' rate for persons living in households where no persons of working age are in employment was 51% - around 2.3 times as high as the rate where at least one person is working.

Key indicator

	EU 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
People in jobless households (Percentage of people living in households with no member in employment among all people living in households with at least one person belonging to the labour force) 2000	4.5	4.5	:	4.7	4.2	5.1	5.5	6.6	5.0	0.9	1.1	2.4	1.2	:	:	3.9

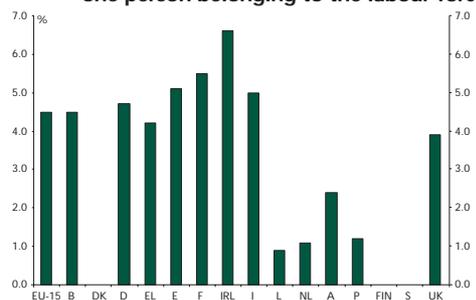
Source: Eurostat - European Union Labour Force Survey 2000. IRL - 1997 data.

Risk of poverty rates (%) among the persons living in households where ... of the working age persons are in employment, 1998

... none ...	51	50	25	56	41	52	55	63	45	:	:	45	49	28	:	49
... some -but not all- ...	22	9	6	23	23	18	26	9	26	:	:	14	23	5	:	21
... all ...	5	2	2	3	12	6	5	3	4	:	:	6	13	3	:	7

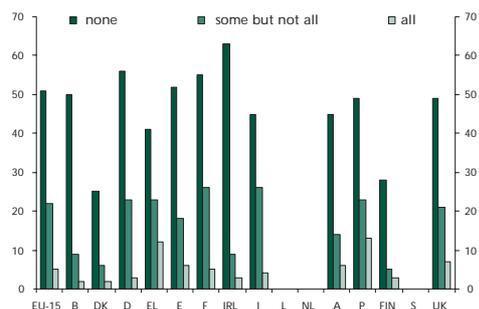
Source: Eurostat - European Community Household Panel UDB, version December 2001. FIN: 1997.

Graph 28 Percentage of people living in households with no member in employment among all people living in households with at least one person belonging to the labour force, 2000



Source: Eurostat - European Union Labour Force Survey

Graph 29 Risk of poverty rates among the persons living in households where ... of the working age persons are in employment, 1998



Source: Eurostat - European Community Household Panel UDB, version December 2001; FIN: 1997 data.

Women in decision making

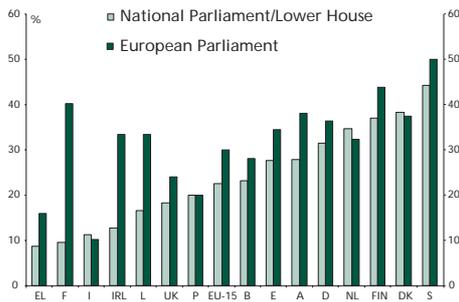
At the EU level, women's representation in the European Parliament has increased steadily with each election since 1984 and now reaches 30%. In national Parliaments women continue to be under-represented in all Member States as the percentages of seats occupied by women in these bodies range from 9% in Greece to 44% in Sweden.

Key indicator

	EU 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Female share in national Parliaments (or Lower House), spring 2001	23	23	38	32	9	28	10	13	11	17	35	28	20	37	44	18
Percentage of seats occupied by women in the European Parliament	30	28	38	36	16	34	40	33	10	33	32	38	20	44	50	24
Percentage of women in the national governments, spring 2001	25	22	43	39	13	18	29	22	14	29	36	31	10	39	50	33

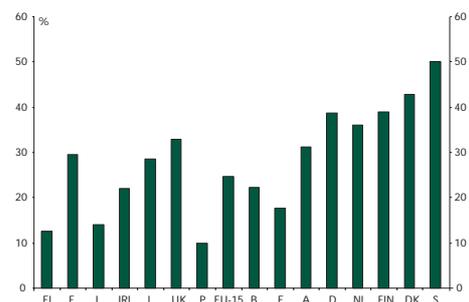
Source: European database - Women in decision making.

Graph 30 Percentage of seats occupied by women in Parliaments, 2001



Source: European database - Women in decision making

Graph 31 Percentage of women in the national governments, spring 2001



Source: European database - Women in decision making

Female employment

Between 1995 and 2000, the EU employment rate for males rose by more than 2 percentage points. Over the same period, the rate for females however rose by 4 points, thereby narrowing the gap between the sexes. Nevertheless, the rate for males (72.5%) remains considerably higher than that of females (54.0%). Female employment rates are highest in the three Nordic countries, United Kingdom and the Netherlands.

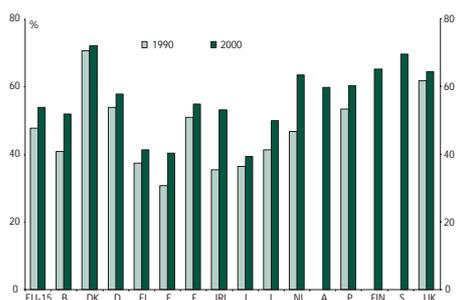
Key indicator

	EU 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Employment rate, 15-64 years, 2000																
Females	54.0	51.5	71.6	57.1*	41.2	40.3	55.1	54.1	39.6	48.6*	63.6	59.5	60.3	64.3	69.3	64.8
Males	72.5	69.5	80.8	72.4*	71.1	69.7	69.1	76.2	67.9	74.5*	82.1	76.9	76.5	70.2	72.3	78.1

*D, L: 1999 data

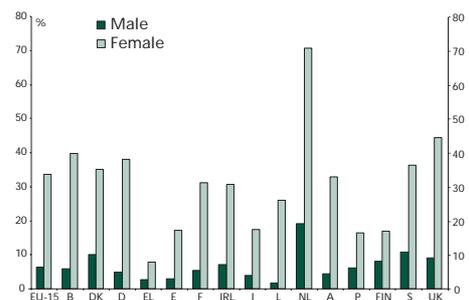
Source: Eurostat - comparable estimates based on the European Union Labour Force Survey.

Graph 32 Female employment rates (15-64 years), 1990 and 2000



Source: Eurostat - comparable estimates based on the European Union Labour Force Survey

Graph 33 Percentage of persons in employment working part-time, by sex, 2000



Source: Eurostat - European Union Labour Force Survey

Earnings of men and women

EU-wide, the average gross hourly earnings of women in 1998 were estimated at 16% less than the gross hourly earnings of men. The smallest differences are found in Portugal, Belgium, Italy and Denmark. The gap is narrowing but only slowly. The gap can partly be explained – there probably still remains some “pure” gender discrimination in pay.

Key indicator

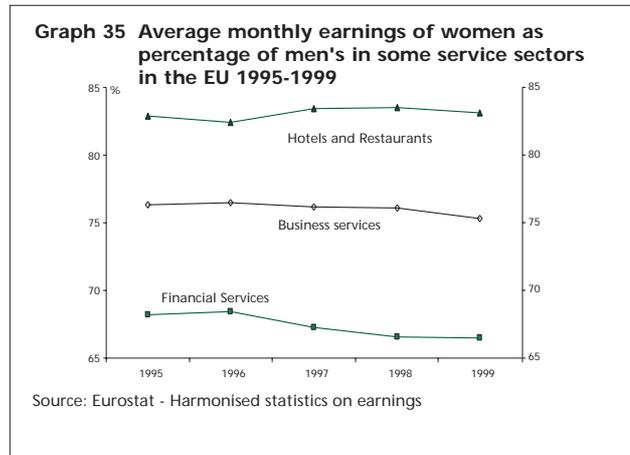
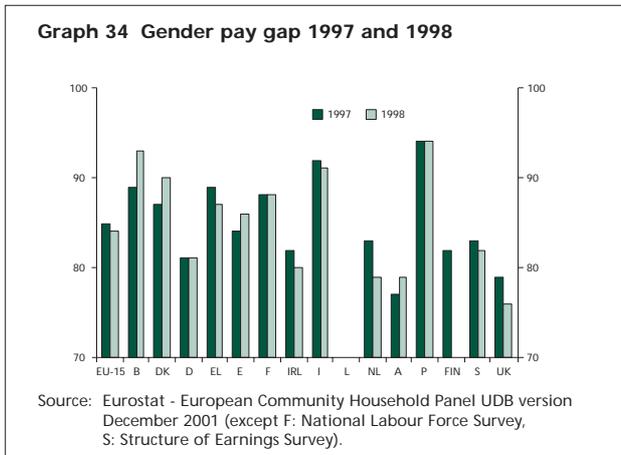
	EU 15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Gender pay gap (Average gross hourly earnings of women as % of average gross hourly earnings of men. The population consists of all paid employees aged 16-64 that are 'at work 15+ hours per week'.)																
1998	84	93	90	81	87	86	88	80	91	:	79	79	94	:	82	76
1997	85	89	87	81	89	84	88	82	92	:	83	77	94	82	83	79
1996	84	89	85	79	85	87	87	81	91	83	81	80	94	83	83	75
1995	83	88	85	79	83	86	87	81	92	82	79	78	95	:	85	74
1994	83	87	89	79	87	90	87	81	92	83	77	:	90	:	84	72

Source: Eurostat - European Community Household Panel UDB version December 2001 (except F: National Labour Force Survey, S: Structure of Earnings Survey.)

Average monthly earnings of women as a percentage of men's in some service sectors in the EU

	1995	1996	1997	1998	1999
Financial services	68.2	68.4	67.3	66.6	66.5
Hotels and restaurants	82.9	82.4	83.4	83.5	83.1
Business services	75.4	76.2	75.1	75.6	75.5

Sources: Eurostat - 1) Harmonised statistics on earnings 1999, 2) Statistics on the Structure of Earnings 1995. Data coverage within services varies from country to country.



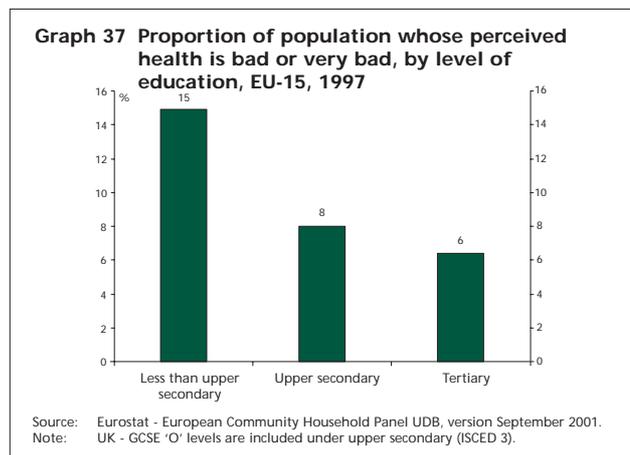
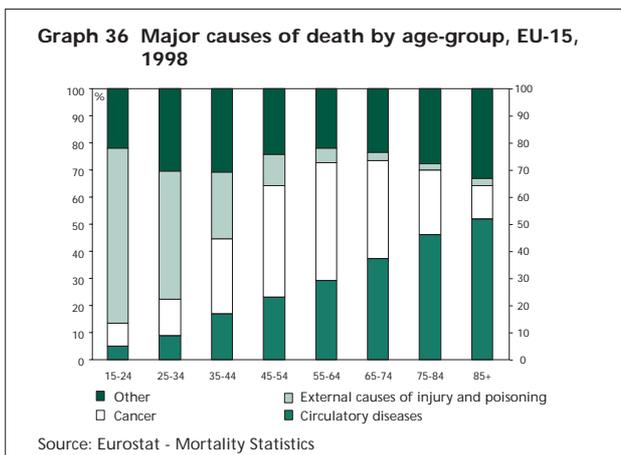
Life and health expectancies

Life expectancy continues to rise and now stands at 81 years for women and 75 for men. In all Member States, women live longer than men. EU-wide, women can expect to live to 66 and men to 63 years of age without any disability.

Key indicator

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Life expectancy at birth, 1999																
Males	74.6	74.3	74.0	74.5	75.5	75.3	74.9	73.5	75.5	73.7	75.2	74.4	71.7	73.7	77.1	74.8
Females	80.9	80.5	78.8	80.6	80.6	82.5	82.3	79.1	81.8	80.5	80.5	80.9	78.9	81.0	81.9	79.7
Disability-free life expectancy (at birth), 1996																
Males	63	65	62	63	67	65	60	64	67	61	63	62	59	56	:	61
Females	66	69	62	69	70	68	63	67	70	64	63	66	61	59	:	62

Source: Eurostat - Mortality Statistics and European Community Household Panel.



Accidents and work-related health problems

In 1998, around 4.1% of EU workers were victims of a working accident resulting in more than three days' absence, 6.4% including accidents with no absence from work or an absence up to 3 days. From 1994, the number of accidents at work with more than three days' absence decreased by 10% (the value of the index 1994 = 100 was 90 in 1998). During 1998-99 5.4% of employees per year suffered from work-related health problems. A total of around 500 million working days are lost every year as a result of accidents at work (150 million days lost) and work-related health problems (350 million days lost). Road transport fatalities have fallen by 44% since 1970 but there were still over 40 000 deaths on EU roads recorded in 2000.

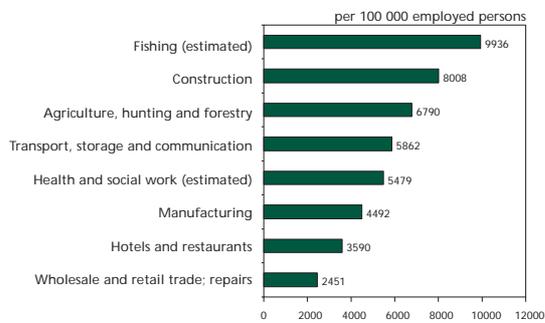
Key indicator

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Quality of work (serious accidents at work) Incidence rate (number per 100 000 persons in employment) based index of accidents at work resulting in more than 3 days' absence from work, 1998 - Index 1994 = 100 (1)																
Total	90	116	121	89	79	115	89	96	88	105	91	93	93	88	118	79
Age-group 18-24	74	137	111	97	64	118	97	100	94	110	96	115	:	94	111	74
Age-group 45-54	97	132	130	98	78	111	88	90	82	107	92	92	:	95	108	73

(1) Except IRL and A : 1996 = 100.

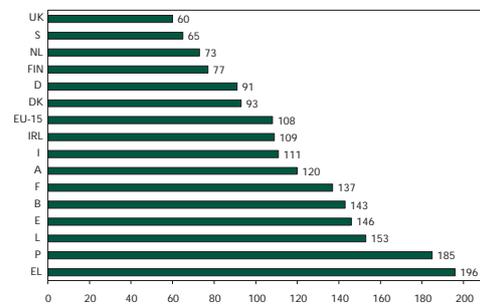
Source: Eurostat - European Statistics on Accidents at Work (ESAW)

Graph 38 Accidents at work by type of activity, EU-15, 1998



Source: Eurostat - European Statistics on Accidents at Work (ESAW)

Graph 39 Number of road traffic deaths per million population, 2000



Source: Eurostat - Transport Statistics. EL, IRL, I and L: estimates based on national sources.

Key social indicators per Member State

no.	Key indicator	Unit	Year	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
3	Old age dependency ratio	%	2000	24	26	22	24	26	25	24	17	27	21	20	23	23	22	27	24
4	Net migration rate per 1000 inhab.		2000	2.0	1.6	1.8	2.5	2.1	1.0	0.8	5.3	2.0	10.9	2.8	2.4	1.0	0.7	1.5	2.8
5	Early school-leavers not in further education or training	%	2000	20*	12	12	15	17	28	13	19°	29	17	17	11°	43	10	8	:
6	Lifelong learning (adult participation in education and training)	%	2000	8	7	21	5	1	5	3°	5°	5	5	16	8°	3°	20	22	21
7	Employment rate	%	2000	63.2	60.5	76.3	64.8°	55.7	54.8	62.0	65.2	53.7	61.7°	72.9	68.2	68.3	67.3	70.8	71.5
8	Employment rate of older workers	%	2000	37.5	25.0	54.6	37.4	39.0	36.6	29.3	45.1	27.3	27.2	37.9	29.2	51.7	41.2	64.3	50.5
9	Unemployment rate	%	2000	8.2	7.0	4.7	7.9	11.1	14.1	9.5	4.2	10.5	2.4	3.0	3.7	4.1	9.8	5.9	5.5
10	Youth unemployment/population ratio	%	2000	7.8	6.5	5.3	4.6	11.3	11.4	7.1	3.3	11.8	2.5	4.0	2.9	4.2	11.1	5.5	8.3
11	Long-term unemployment rate	%	2000	3.6	3.8	1.0	4.4	6.1	5.9	3.7	1.6	6.3	0.7	0.8	1.0	1.6	2.8	1.7	1.5
12	Social protection expenditure as a percentage of GDP	%	1999	27.6	28.2	29.4	29.6	25.5	20.0	30.3	14.7	25.3	21.9	28.1	28.6	22.9	26.7	32.9	26.9
13	Old age and survivors benefits as a percentage of total social benefits	%	1999	46.0	43.0	38.0	42.1	50.7	46.2	44.2	25.2	64.0	41.4	41.5	47.4	43.7	35.1	39.5	46.1
14	Distribution of income (S80/S20 ratio)	Ratio	1998	5.4	5.8	2.7	4.8	6.5	6.8	4.7	5.3	5.9	4.6	4.4	3.8	7.2	3.0	3.4	5.7
15a	Risk of poverty rate before social transfers	%	1998	26	28	26	24	23	25	28	33	23	26	21	25	27	27	30	33
15b	Risk of poverty rate after social transfers	%	1998	18	16	9	16	22	19	18	17	20	12	12	13	20	8	10	21
16	People in jobless households	%	2000	4.5	4.5	:	4.7	4.2	5.1	5.5	6.6	5.0	0.9	1.1	2.4	1.2	:	:	3.9
17	Female share in national Parliaments	%	2001	23	23	38	32	9	28	10	13	11	17	35	28	20	37	44	18
18	Female employment rate	%	2000	54.0	51.5	71.6	57.1*	41.2	40.3	55.1	54.1	39.6	48.6°	63.6	59.5	60.3	64.3	69.3	64.8
19	Gender pay gap	%	1998	84	93	90	81	87	86	88	80	91	83°	79	79	94	82°	82	76
20a	Life expectancy at birth - males	Years	1999	74.6	74.3	74.0	74.5	75.5	75.3	74.9	73.5	75.5	73.7	75.2	74.4	71.7	73.7	77.1	74.8
20b	Life expectancy at birth - females	Years	1999	80.9	80.5	78.8	80.6	80.6	82.5	82.3	79.1	81.8	80.5	80.5	80.9	78.9	81.0	81.9	79.7
20c	Disability-free life expectancy (at birth) - males	Years	1996	63	65	62	63	67	65	60	64	67	61	63	62	59	56	:	61
20d	Disability-free life expectancy (at birth) - females	Years	1996	66	69	62	69	70	68	63	67	70	64	63	66	61	59	:	62
21	Quality of work (serious accidents at work) Index points (1994 = 100)		1998	90	116	121	89	79	115	89	96°	88	105	91	93°	93	88	118	79

° = See comment in the corresponding portrait. The figure may be from another year or may have some other limitation.

Reading note for each key indicator

- 3 EU-wide, the number of persons aged 65 and over corresponded to 24% of what is considered to be the working age population (15-64 years) in 2000.
- 4 The net migration rate for the EU in 2000 was 2.0 per 1000 inhabitants.
- 5 In 2000, 20% of 18-24 year-olds in the EU had left the education system without completing a qualification beyond lower secondary schooling.
- 6 EU-wide, 8% of the population aged 25-64 participated in education/training (in the last four weeks) in 2000.
- 7 63.2% of the EU population aged 15-64 were in employment in 2000.
- 8 37.5% of the EU population aged 55-64 were in employment in 2000.
- 9 8.2% of the EU labour force (those at work and those seeking work) were unemployed in 2000.
- 10 7.8% of the EU population aged 15-24 were unemployed in 2000.
- 11 3.6% of the EU labour force (those at work and those seeking work) had been unemployed for at least one year in 2000.
- 12 In 1999, EU social protection expenditure represented 27.6% of Gross Domestic Product (GDP).
- 13 EU-wide, old-age and survivors benefits make up the largest item of social protection expenditure (46.0% of total benefits in 1999).
- 14 At EU level, the bottom (poorest) 20% of the population received only 8% of total income in 1998, while the top (richest) 20% received 39% of total income, i.e. 5.4 times as much.
- 15a EU-wide before social transfers, 26% of the population would have been living below the poverty line in 1998.
- 15b EU-wide after social transfers, 18% of the population were actually living below the poverty line in 1998.
- 16 EU-wide, 4.5% of people living in active households (i.e. at least one person belongs to the labour force) were living in jobless households in 2000, i.e. no member of the household was in employment.
- 17 EU-wide, 23% of the seats in the national Parliaments (or Lower House) were occupied by women in 2001.
- 18 54.0% of the EU female population aged 15-64 were in employment in 2000.
- 19 EU-wide, the average gross hourly earnings of women were 84% of the average gross hourly earnings of men in 1998. The population consists of all paid employees aged 16-64 that are 'at work 15+ hours per week'.
- 20a The average life expectancy at birth of a male citizen in the EU was 74.6 years in 1999.
- 20b The average life expectancy at birth of a female citizen in the EU was 80.9 years in 1999.
- 20c On average, a male citizen in the EU should live to 63 without disability (1996 data).
- 20d On average, a female citizen in the EU should live to 66 without disability (1996 data).
- 21 EU-wide there occurred 10 % (100-10=90) less working accidents (resulting in more than three days' absence) per 100 000 persons in employment in 1998 than in 1994.

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ES, DE, EN, FR, IT

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