

Macroeconomic trends and prospects

In its latest World economic outlook (April 2016), the IMF has again lowered global growth forecasts for the coming year.

Two factors cited for this more downbeat assessment are weak growth in developing economies, notably China, and 'political discord' in other major economies. This latter reference foregrounds a variety of developments: the UK referendum on EU membership in June, differences between EU Member States over migration, and national politics that are becoming more fragmented and polarised. Ireland and Spain have caretaker governments months after national elections.

The IMF's view is that political dysfunction is impacting on economic performance.

Nonetheless, aggregate labour market indicators in the EU continue to be positive. Year-on-year employment growth at 1% is near normal. Nearly six million new jobs have been created in the EU since the post-crisis trough in 2013. Unemployment rates continue to decline and are now lower than 9% in the EU28. Importantly, there is also a sign that indicators are improving for those most affected by the crisis.

Youth and long-term unemployment rates are declining, and growth has been above average in countries such as Ireland, Spain and the Baltic states.

The major restructuring story of the quarter – still unfolding – relates to the steel sector, where EU-based producers are succumbing to the pressures of weak international prices and a global supply glut with its origins in China. Possible closure of the Tata steel plants in the UK may cost tens of thousands of jobs.

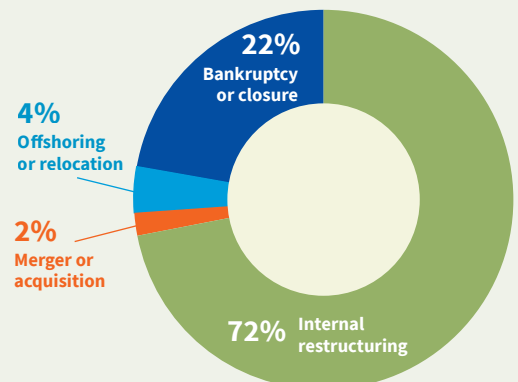
Job creation and job loss at a glance

The ERM recorded a total of 368 cases of restructuring between 1 January and 31 March 2016.

Of these, 166 were cases of announced restructuring involving job loss, and 193 were cases involving announced job creation; 2 cases involved both job loss and job creation. These cases comprised a total of 76,093 job losses and 62,784 job gains. (In addition, there were seven large transnational cases.)

Internal restructuring accounted for 72% of the announced job losses; this is a small decrease since the last quarter (76%). The proportion of announced job loss attributed to offshoring and relocation remained stable at 4%. In terms of geographical distribution, the UK recorded the greatest number of job losses (13,403 jobs), followed by Germany (11,544) and the Netherlands (10,450). Poland recorded the greatest number of job gains (10,073), followed by the Czech Republic (9,133) and the UK (6,840).

Reasons for announced losses



Note: Percentages refer to announced job losses.

2016 Q1	Announced job loss	Announced job gain
EU28 + Norway	76,093	62,784
EU28 + Norway, change on previous quarter	+ 25%	+ 29%
Big increases* by country	Greece ++, Netherlands ++, Denmark ++, Estonia ++, Belgium +	Austria ++, Czech Republic ++, Spain +, Ireland +, France +, Romania ++, Slovakia +
Big increases* by sector	Utilities (energy) +, Retail ++, Education ++, Professional services ++, Administration & support services +	Utilities (energy) ++, Accommodation & food services ++, Information & communication +

* Comparing the quarter to the four-quarter moving average; ++ =>100%; + =>50%; excludes country or sector if quarter average and 2015 Q4 <1,000 job losses or gains.

Source: ERM, January-March 2016

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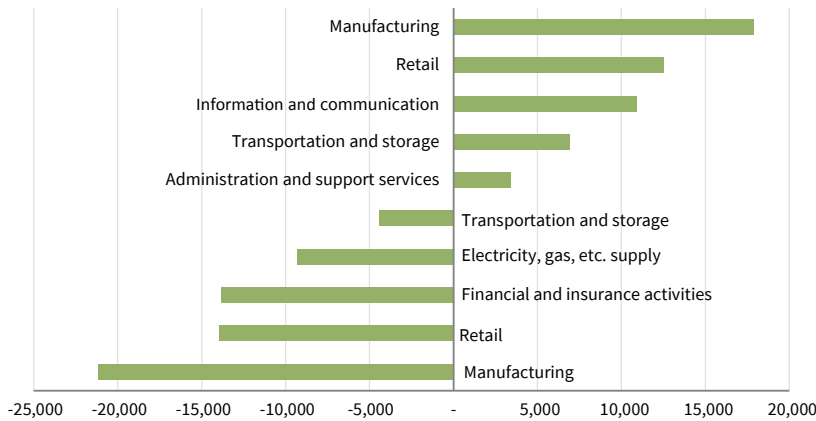
Job creation and job loss at a glance

Case in focus: Dutch retailer V&D closes with over 8,000 job losses

Sectoral distribution of job losses and gains

The figure plots the top NACE Rev. 2 one-digit sectors in terms of announced job loss and job creation, as reported to the ERM in first quarter of 2016. The manufacturing and retail sectors reported the most job losses (-21,193 and -13,982, respectively), but each sector also showed large increases in the number of jobs created (17,882 and 12,557, respectively). The financial services sector accounted for 22% of job losses, with 13,857 job cuts announced.

ERM - announced job losses and gains, top five sectors, Q1 2016



Announced job gains	
Manufacturing	17,882
Retail	12,557
Information and communication	10,920
Transportation and storage	6,902
Administration and support services	3,402

Announced job losses	
Transportation and storage	-4,433
Electricity, gas, etc. supply	-9,289
Financial and insurance activities	-13,857
Retail	-13,982
Manufacturing	-21,193

Top 5 cases of job loss and job creation

Date	Company	Job losses	Location	Sector	Type of restructuring
16/02/2016	V&D	8,000	Netherlands	Retail	Closure
15/01/2016	EDF	3,550	France	Utilities	Internal restructuring
03/02/2016	Unicredit	2,700	Italy	Financial services	Internal restructuring
06/03/2016	Npower	2,400	UK	Utilities	Internal restructuring
10/02/2016	NMBS-SNCB	2,293	Belgium	Transportation & storage	Internal restructuring

The biggest job loss recorded by the ERM in the first quarter of 2016 relates to the bankruptcy of Dutch retailer V&D. The closure affected not only employees of the company but also many contractors whose businesses were ancillary activities for V&D (see the 'Case in focus' below). In France, 3,550 jobs will be cut nationally by EDF, the utilities company. This

follows the end of the regulated tariffs for professional customers, which will impact EDF's market share by 30%. The utilities sector has seen job losses in the UK as well. Npower, a German-owned energy company, experienced difficulties with its billing system and lost 6%-7% of its UK customers in 2015; in early March 2016, it announced 2,400 job cuts. The

third-biggest case of job loss was in the banking sector in Italy, where Unicredit bank announced 2,700 job cuts. After negotiations, it was agreed that these would take the form of incentivised early dismissals, compensated in part by the recruitment of at least 500 people on new apprenticeship contracts.

Eurofound at 40

Over the past 40 years much has changed: life expectancy has increased; the employment rate of women has risen to about 63%; fertility rates have declined in most countries. Such changes have resulted in topics such as job quality, active ageing and long-term care emerging as key policy concerns today, requiring research and analysis of the highest order.

In parallel demand for reliable information on quality of life and work across Europe has grown dramatically over four decades. As the EU faces another new and challenging chapter and as Eurofound marks 40 years of contribution, the Agency's role has never been more relevant – continuing to strive to deliver timely, topical and accessible information and analysis to help policymakers shape a better future for us all.



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