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Hard to Enter: Young in SEE Labour Markets

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Youth in Southeast Europe: hard to gain a firm foothold in the labour market

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Growth, employment of the young, and policy choices

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Abstract

The background note is in two parts. We first review the evidence of persistently low employment and especially youth employment rates in Southeast Europe. Those cut across various characteristics of the young: gender, skills, occupation with worse outcomes for younger, female, unskilled, and less specialised occupations. We compare the SEE countries with some neighbours, with the Southern EU countries, and with Austria and the EU average to highlight both the persistence of bad labour market performance and the negative effect of the crisis. In the second part, we look into the macroeconomic reasons for bad employment record in this region and find that growth or rather decline of GDP has very strong effect on youth employment as has fiscal austerity. Those suggest policy interventions to secure macroeconomic stability, incentives for investment, and active labour market policies to support skill acquisition and the process of search for job.

Summary

Youth unemployment has become a matter of major concern during the financial and economic crisis in the European Union, with unemployment rates reaching over 50% in some Member States. The situation is even worse in the Southeast European countries, where youth unemployment accelerated up to 60% in e.g. Bosnia and Herzegovina and Kosovo.

Depressed labour markets have been characteristic of most of the Southeast European countries since the beginning of transition. Adult employment rates above 50% are rare due to the low participation rate of women and overall unemployment rates up to 30% are not unusual. The structure of employed and unemployed is also rather stable. Changes in the employment structure are mostly the consequence of the decline of industry and agriculture and the expansion of services, while unemployed are mostly those who have never had a job, the unskilled, women and specific minorities. Finally, due to depressed labour market conditions, mobility and migration are important for the Southeast European countries.

The labour market situation of young people is characterised by involuntary unemployment, underemployment and discouragement. Like overall unemployment, youth unemployment has been high and persistent in the Southeast European countries for years and has further deteriorated during the crisis. A major feature of youth unemployment is the high proportion of long-term unemployed. The majority of young people are left with precarious jobs (part-time, temporary) or informal sector employment leaving them excluded from benefit systems. Thus, for a high share of young people emigration is the way out.

The crisis has accentuated these long-term characteristics. The decline of overall employment has been rather strong in many countries, especially in Serbia and Croatia. It has also been general, not only across different sectors, but also affecting both the formally and informally employed. Thus, the crisis has added to the poor state of the labour markets through overall decline in demand. That probably includes reduced opportunities to emigrate and should appear in increased levels of unemployment among the migrants too.

We find that:

- activity rates of young people aged 15-24 years compare well with the EU 2 countries and Greece, but are lower than in Portugal and Spain and significantly below the EU average;*
- activity rates of the 25-29 years age cohort are, as in all benchmark countries, remarkably higher than those of the younger age group; Serbia and Macedonia are again similar to the EU-2, while Bosnia and Herzegovina and Montenegro exhibit the lowest values for this age group;*
- youth unemployment – along with overall unemployment – has been exceptionally high since the start of the transition and has further deteriorated in the wake of the financial and economic crisis; youth in Bosnia and Herzegovina and Kosovo is most affected, with unemployment rates of about 60%; Serbia and Macedonia, reporting over 50%, are similar to Greece and Spain;*

- *the gravity of the problem becomes apparent also by looking at the unemployment ratio of the young, exceeding those of the EU-2 and in most countries also those of Greece and Portugal;*
- *Macedonia has the highest NEET rate compared with the European Union, in Croatia it compares with Romania;*
- *young females have been facing a persistent wide gap of unemployment particularly in Serbia and in Bosnia and Herzegovina (up to 2010), following the same pattern as Greece and Portugal;*
- *young people with the lowest educational attainment are affected most by unemployment in Croatia and Macedonia, which is equally the case in EU-South, while in Serbia (similar to Romania) the incidence of unemployment is highest for those with tertiary education;*
- *youth unemployment is of a long-term nature, a problem which has aggravated during the crisis; in Macedonia it accounts for more than two thirds and in Croatia for 56%;*
- *young people are more likely than adults to work in the informal sector; since the outbreak of the crisis the share of informally employed young people has fallen more significantly than that of adults.*

In the context of these findings and the issues discussed, there are mainly three policy choices facing the policy-makers.

The first is how to design fiscal consolidation packages that are growth and employment friendly? In the context of limited space for monetary and exchange rate policies, though that space is hardly completely absent, the policy of fiscal devaluation seems attractive. Some cuts in public spending together with cuts in taxes could prove supportive of accelerated growth. It should support consumption and investments, both private and public.

The second is increased reliance on active labour market policies. If it is the case that skills and productivity increase the probability of employment, there should be large payoffs to well-designed policies of skill acquisition and to learning by doing. There is clearly a lot to be done in the region given that still mostly passive rather than active labour policies are the main instruments.

The third is the need for macroeconomic stability. Not so much due to the uncertainty that instability brings about, but mostly because it decreases efficiency due to lower incentives to specialise and excel in one's own profession. Decisions to invest in skills and to start up a business are long-term ones and high macroeconomic risks discourage them more than structural problems and persistent barriers in various markets. Macroeconomic stability is part of a strategy for growth that has been changing in recent years in this region, which is why there has to be some efficient connection between structural reforms and macroeconomic policies.

Youth in Southeast Europe: hard to gain a firm foothold in the labour market

Introduction

Youth unemployment has become a matter of major concern during the financial and economic crisis in the European Union, with unemployment rates reaching over 50% in some Member States. The situation is even worse in the Southeast European countries¹, where youth unemployment accelerated up to 60% in Bosnia and Herzegovina and in Kosovo.

Depressed labour markets have been characteristic of most of the Southeast European countries since the beginning of transition. Adult employment rates above 50% are rare due to the low participation rate of women and overall unemployment rates up to 30% are not unusual. The structure of employed and unemployed is also rather stable. Changes in the employment structure are mostly the consequence of the decline of industry and agriculture and the expansion of services, while unemployed are mostly those who have never had a job, the unskilled, women and specific minorities. Finally, due to depressed labour market conditions, mobility and migration are important for the Southeast European countries.

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This paper reviews the main indicators of the youth labour market in the Southeast European countries and compares the region with EU-2 countries as well as the EU-South.²

¹ Southeast European countries comprise here: Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Kosovo and Serbia.

² EU-2 includes Bulgaria and Romania. EU-South comprises Greece, Portugal and Spain.

Youth labour market

Employment

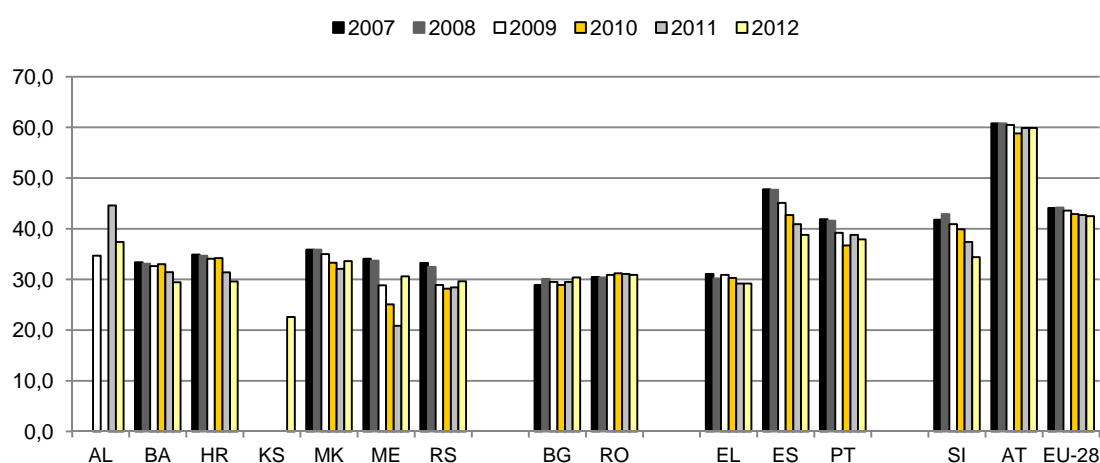
In 2012 about 275 thousand young people (15-24 years) were employed in the Southeast European countries, by 143 thousand or 34% less than in 2008. At the same time a similar number of young people were unemployed. This compares with the EU-South where the number of young people in employment and unemployment was equal in 2012, but employment cuts (by almost half) were more dramatic there than in Southeast Europe: for instance, in 2008 the number of young people employed in EU-South was 3.3 times higher than the number of unemployed; in the Southeast European countries it was 1.7 times higher.

Activity rates

The entire region is characterised by low activity rates overall and of the young. As shown in Figure 1, extremely low levels for the young are reported for Kosovo, while Bosnia and Herzegovina, Croatia, Montenegro and Serbia compare well with Bulgaria, Romania and Greece (recently). Albania and Macedonia have somewhat higher rates, resembling the pattern of Portugal. Since 2008 activity rates of the young have dropped in all Southeast European countries, with the strongest decline reported in Croatia (-5pp). In all other countries of the region the fall was less severe (minus 2-3pp) and was similar to the decline in Portugal, but lower than in Spain. By contrast, activity rates of the young population increased slightly in the EU-2.

Figure 1

Activity rates of young people, 15-24 years

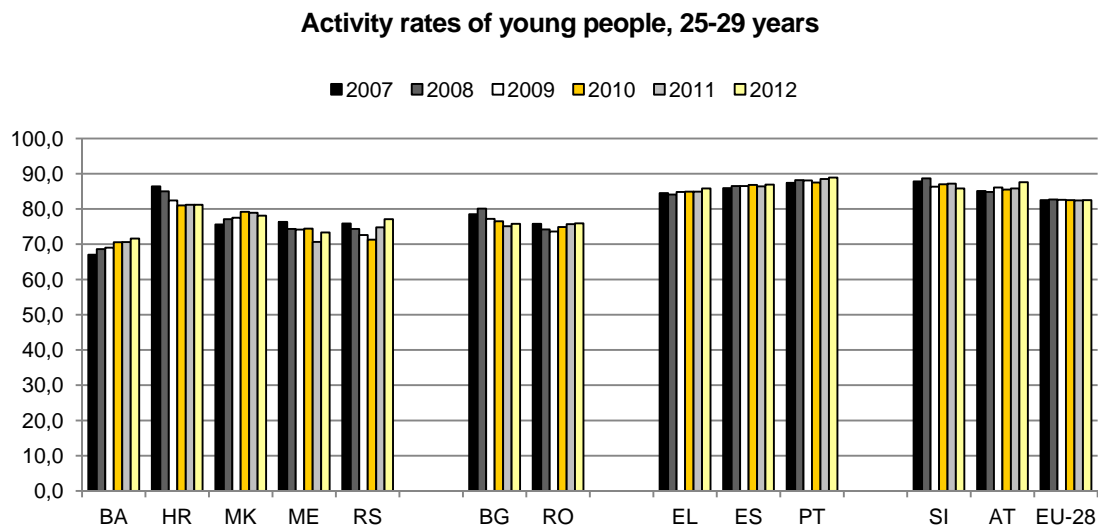


Source: Eurostat, national LFS and World Bank for Kosovo.

Labour market participation rates of young women are much lower than those of young men. Across the region, there is a gender disparity of around 14 percentage point between

young women and young men, with values close to 17 pp for Albania and Bosnia and Herzegovina. In comparison, in the EU-South countries this gap is between 3-4.5pp and in the EU-2 close to 10 pp.

Figure 2



Source: Eurostat, national LFS.

As shown in Figure 2, activity rates of the 25-29 age group are significantly higher than those for the younger age cohort and have either increased (Bosnia and Herzegovina, Montenegro and Serbia) or stagnated (Croatia and Macedonia) since 2008. This compares well with the developments in EU-2 and EU-South, where the activity rates of this age group have remained almost unchanged at high levels (slightly below 90%). This is an indication, that the effects of the crisis on the labour market participation of this age group have been very limited so far, which might be seen as a positive sign for prospects in the recovery (see also EC, 2010, p. 34). Overall, activity rates of the 25-29 years age cohort in Serbia and Macedonia are somewhat higher than those in the EU-2, while Croatia resembles the EU average. Bosnia and Herzegovina, Montenegro and probably so also Kosovo exhibit the lowest activity rates in the region for this age group.³ For further details on activity rates see Appendix Tables A1a-c.

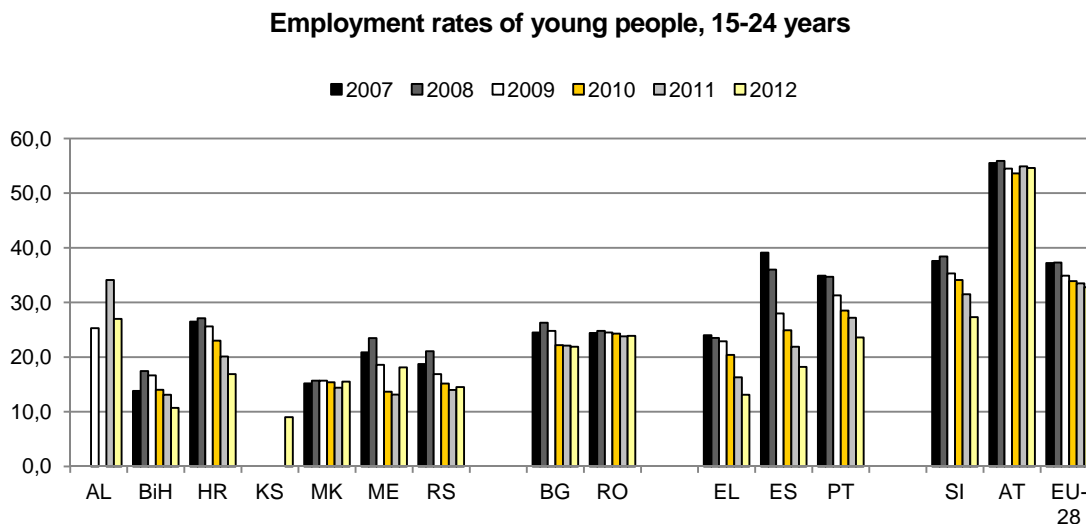
Employment rates

Apart from the extremely low employment rate (9%) reported for Kosovo, youth employment rates for the entire region are at about 17%, equal to Spain but below the employment rates for the EU-2 and only slightly more than half the EU-28 average – see Figure 3. With the exception of Croatia, the fall in employment rates was less severe in the South-east European countries than in EU-South, but more pronounced than in EU-2 and Slovenia. Declines were between 6.7pp in Bosnia and Herzegovina and Serbia and 5.3pp in

³ Data for Bosnia and Herzegovina refer to the 25-49 years age group.

Montenegro. Only in Macedonia has the youth employment rate remain stagnant at a low level since 2008. In the entire region young men have suffered more from declines than young females.

Figure 3



Source: Eurostat, national LFS and World Bank for Kosovo.

Employment rates are increasing with age. Available data show, however, that only in Croatia did employment rates of the 25-29 age group compare well with those in Bulgaria and were above the values obtained for Greece and Spain. As for the other three countries providing data, the employment rate for this age group was by almost 20pp lower than in the EU-2 in the case of Macedonia, by 15 pp in the case of Serbia and by 12pp in the case of Montenegro. It is interesting to note that since the outbreak of the crisis, employment rates have fallen more sharply for the 25-29 years age group than for the younger age cohort in Croatia, Serbia and Montenegro. This pattern holds also true for EU-2 and Greece. For further details on employment rates see Appendix Tables A2a-f.

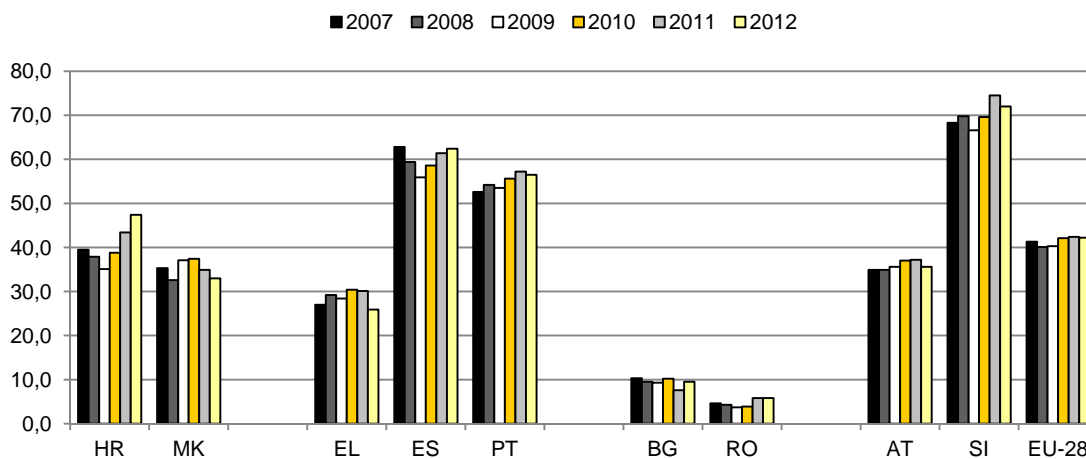
Non-standard forms of employment (temporary, part-time work) which have been increasingly used in the EU countries are not very common in Southeast Europe, but their share has gone up in the past couple of years. As illustrated in Figure 4, in Croatia the proportion of young workers aged 15-24 and having a temporary contract rose by 10 percentage points (to 47.4%) in the period 2008-2012, in Slovenia even 72% of the young people worked on a temporary basis in 2012 – one of the highest rates in the EU.⁴ This is in stark contrast to the EU-2 countries where temporary employment of young people does not play an important role. In Croatia the share of males working on a temporary contract is higher than that of females, comparing well with the EU-2, while Macedonia with its higher

⁴ There are also strong indications that temporary employment is high in Bosnia and Herzegovina. According to O'Higgins (2009) in 2006 63.1% of the young people between 15 and 19 years and 37% of those between 20 and 24 years had a temporary contract.

share of female temporary employment follows the pattern of Greece and Portugal. The rise in temporary employment is the outcome of the reforms pertaining to legislation on employment protection (i.e. hire-and-fire regulations) that e.g. Slovenia and Croatia have adopted over the past decade.

Figure 4

Temporary employees in % of total employees (15-24 years)



Source: Eurostat.

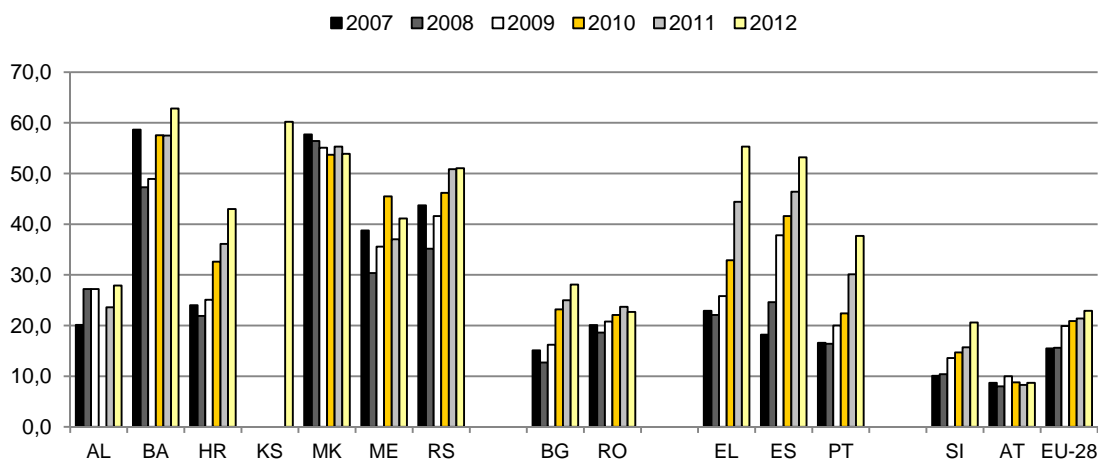
Information on employment of the young by occupation is available only for Croatia and Macedonia. In 2012 most young people in Croatia were employed as services and sales workers, in crafts, elementary occupations and as technicians. In Macedonia the highest portion of young people is still employed in elementary occupations, followed by services and sales and crafts. In Croatia job losses in the wake of the crisis occurred, as in the EU-South, mainly among craft and related trade workers, followed by workers in elementary occupations, clerical support and sales workers. In Macedonia it is primarily elementary occupations suffering from employment cuts.

Unemployment rates

In most Southeast European countries the unemployment rate of people under 25 years is more than double, in Croatia almost three times the overall rate (which itself is much higher than in other European countries). As in the European Union, youth unemployment is more responsive to the business cycle since young people work primarily in cyclically sensitive industries and are more often than other age groups engaged in temporary employment or have part-time contracts (Eurofound, 2012). In addition, they lack work experience or their skills do not match with the employers' demand. The high rates of 62% in Bosnia and Herzegovina, 60% in Kosovo and over 50% in Serbia and Macedonia (see Figure 5) indicate the quite critical situation facing young people on the Southeast European countries' labour markets.

Figure 5

Unemployment rates of young people, 15-24 years

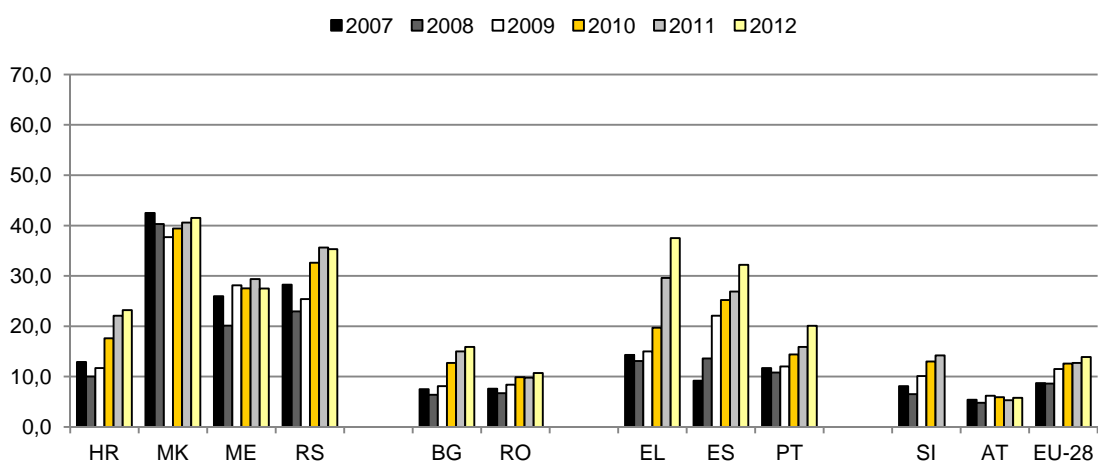


Source: Eurostat and national statistics.

As depicted in Figures 5 and 6, youth unemployment rates for the 25-29 years age group region are generally much lower than for the youngest age group (15-24 years). Gender gaps in youth unemployment are apparent, but differ across countries. Traditionally the incidence of unemployment has been higher for young females than for males in Croatia and Serbia, resembling the development pattern of Greece and Portugal. Serbia is the only country in Southeast Europe where the gender gap is high and persistent not only for the 15-24 years age group, but also in the 25-29 years age cohorts, which compares well with the EU-South. In Albania and Macedonia, following a similar pattern up to 2009/10, unemployment of young men surpassed the female rates with the onset of the crisis – this is what also happened in Spain. For further details on unemployment rates see Appendix Tables A3a-f.

Figure 6

Unemployment rates of young people, 15-29 years

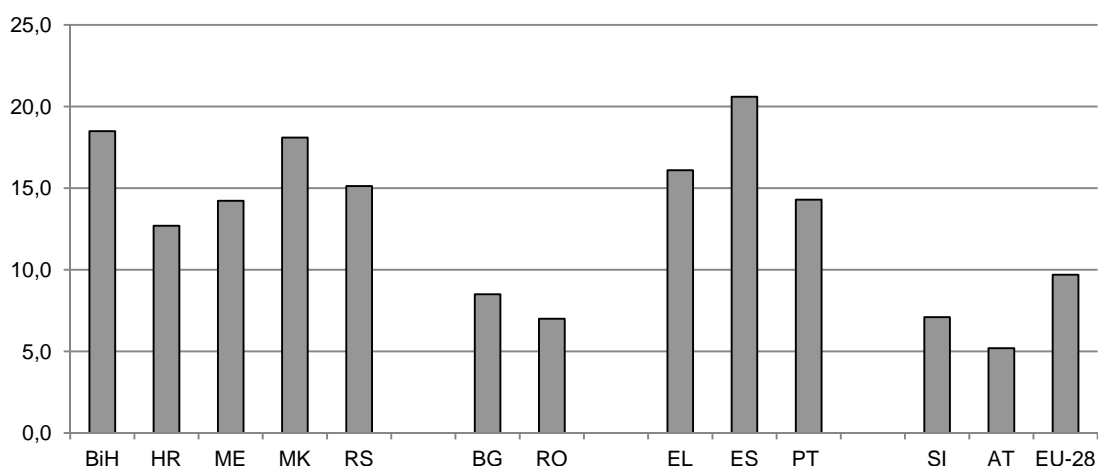


Source: Eurostat and national statistics.

The youth unemployment ratio offers another insight into youth unemployment since it takes into account also the share of the young people still enrolled in education (EC, 2012). In all Southeast European countries, unemployment affects a relatively large portion of the 15-24 years age group, with ratios of 18% in Bosnia and Herzegovina and Macedonia – exceeding the ratio in Greece and Portugal, but being below that of Spain (Figure 7). Ratios between 13% and 15% are observed in Croatia, Montenegro and Serbia (Portugal). Overall, the Southeast European countries exhibit ratios more than double those in Bulgaria, Romania and in Slovenia. In the entire region young unemployed people constitute relatively high proportions of the labour force and the population aged 15-24 years.

Figure 7

Unemployment ratio of young people, 15-24 years, 2012



Source: Eurostat and national LFS.

The difficulty among those aged 15-24 to find work is not only confined to the low-qualified but extends also to the more highly educated. The relationship between educational attainment and unemployment, in the sense that the higher the level of education, the lower the level of unemployment, holds true for Croatia and Macedonia and compares well with Bulgaria, Spain, Portugal and Slovenia. Serbia, by contrast, reports the highest youth unemployment rate for those with the highest level of education, which is similar to Romania and to some extent Portugal. Only in Bulgaria and Greece are young people with tertiary education the least affected by unemployment. In the majority of countries, however, youth unemployment is lowest for those having medium education (including all Southeast European countries for which data are available). With the onset of the crisis, unemployment rates grew most remarkably for those having primary education in all Southeast European countries, with the most striking increase in Croatia where the unemployment rate for this educational group jumped by 30 percentage points, coming next to the stark increases in Greece and Spain. Macedonia saw only a moderate rise for those with primary education and even declines for the medium- and high-educated; in Serbia the unemployment rate for young people with primary education increased by 19 percentage points. In general,

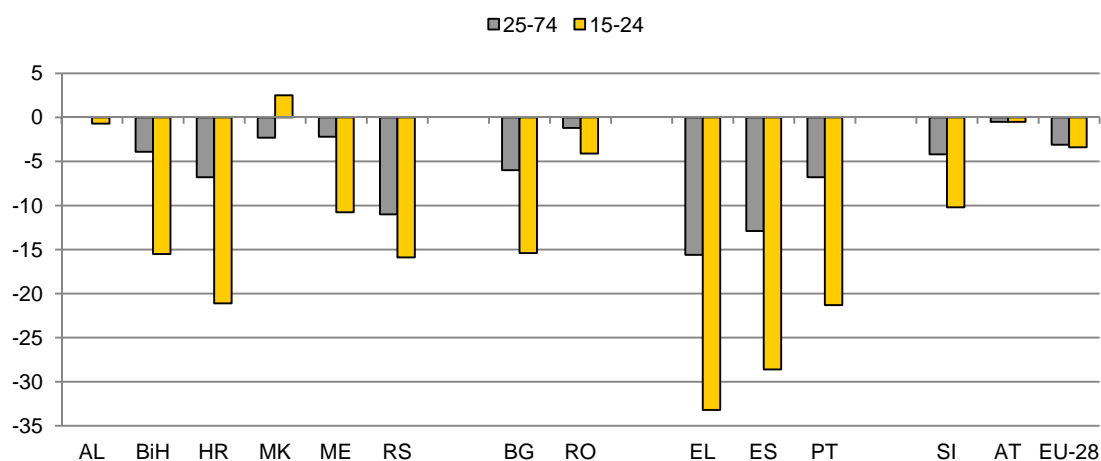
rises of the unemployment rate in all educational groups were much more pronounced in the EU-South than in the Southeast European countries.

When it comes to gender, low-educated young men are less affected by unemployment than young females in Croatia, similar to the situation in Slovenia and EU-South. This is in contrast to Macedonia and Romania, where young males are more affected. Unemployment rates for males with the highest educational attainment are in all countries lower than those of females.

The impact of the financial and economic crisis on youth unemployment has been severely felt in the Southeast European countries. As illustrated in Figure 8, with the exception of Macedonia the increases in the youth unemployment rates were significantly higher than for adults.

Figure 8

Percentage point change in youth and adult unemployment rates, 2008-2012



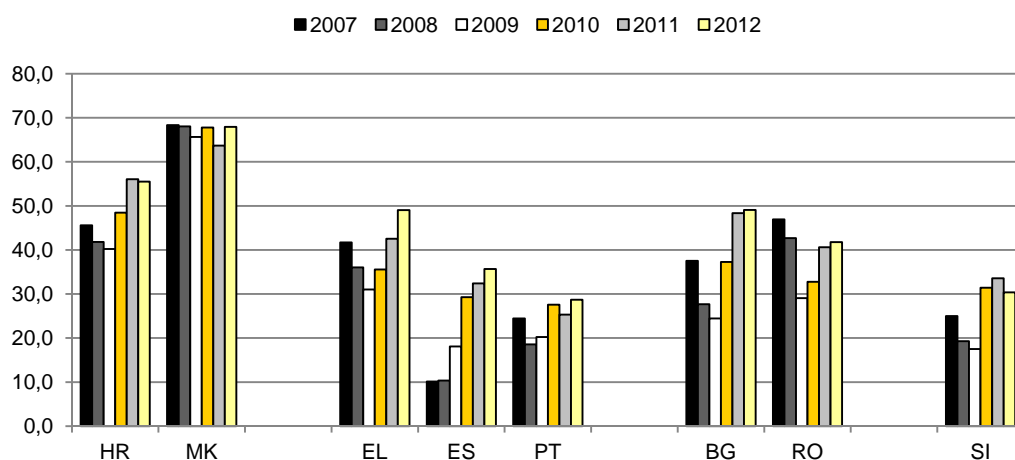
Note: An increase in unemployment is presented as negative change.

Source: Eurostat, national LFS and wiiw calculations.

Similar to overall long-term unemployment - which is significantly higher in Southeast Europe than in the European Union - long-term unemployment of the young declined in line with overall unemployment until 2008 and even in the first phase of the economic and financial crisis when unemployment started to rise. This can be explained by the fact that higher inflows into the pool of unemployed at the beginning of an economic downturn tend to reduce the average incidence of long-term unemployment. However, the longer the crisis was lasting, long-term unemployment started to increase again. In Macedonia long-term unemployment of the young accounted for about two thirds of total unemployment in the 15-25 years age group in 2012 and in Croatia for 55.5% (Figure 9). Both countries have suffered from much higher levels than the EU-2 and the Southern EU countries.

Figure 9

Long-term unemployment of young people, 15-24 years, in %



Source: Eurostat.

Neither in employment nor in education – NEET

Using the concept of NEETs – the share of persons neither in employment nor in education and training in the age group 15 to 24 years – reveals a more accurate picture of the vulnerability of young people in the labour market. The NEETs are a group consisting of ‘persons typically aged between 15 and 24 years who, regardless of their educational level, are disengaged from both work and education’ (Eurofound, 2012).

As illustrated in the Table below, NEET rates – after having declined from the beginning of the 2000s until the outbreak of the crisis – have increased in all countries thereafter. In Croatia and Macedonia – the only two countries in the region reporting NEET rates – the situation differed remarkably in 2012. In Croatia, reporting a NEET rate of 17%, the situation was better than in the EU-South, but above the value of Slovenia (9%). Macedonia – an outlier during the whole decade – showed the worst picture with a share of 25% of persons aged 15-24 who neither attended school or training measures nor were employed. This is even higher than the value obtained for Bulgaria, the worst performer in the EU. With regard to gender, in Macedonia, where the NEET rate for young females was much higher than for males up to 2009, the gap started to narrow thereafter and already in 2012 both sexes were equally affected. Also in Croatia, where NEET rates for young males were originally lower than for females, the trend reversed from 2009 onwards with the gap widening to close to 3 percentage points; the same applies to Spain.

Table 1

**Young people not in employment and not in any education and training,
in % points of NEET rates**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Croatia	18.0	17.1	16.7	14.2	11.3	10.1	11.9	14.9	15.7	16.7
Macedonia	.	.	.	41.3	33.1	30.7	27.7	25.5	25.2	24.8
Bulgaria	29.0	26.4	25.1	22.2	19.1	17.4	19.5	21.8	21.8	21.5
Romania	20.3	19.8	16.8	14.8	13.3	11.6	13.9	16.4	17.4	16.8
Greece	18.3	16.8	16.1	12.2	11.5	11.7	12.6	14.9	17.4	20.3
Spain	12.5	12.5	13.0	12.0	12.2	14.4	18.3	18.0	18.5	18.8
Portugal	11.2	11.1	11.2	10.6	11.2	10.3	11.2	11.5	12.7	14.1
Slovenia	8.0	7.5	8.9	8.5	6.7	6.5	7.5	7.1	7.1	9.3
Austria	6.1	8.6	8.3	7.5	7.0	7.1	7.8	7.1	6.9	6.5
EU-28	13.1	12.8	12.7	11.7	10.9	10.9	12.4	12.8	12.9	13.2

Source: Eurostat.

Informal sector employment

Young people are significantly more likely to work in the informal economy than adults (Arandarenko, 2010). Labour Force Survey data for Serbia show that in 2012, a share of 17.5% out of total employment was informal, while this ratio was 26.3% for the young age group (15-24 years). Young males are more affected by informal sector employment than females. The gender difference disappears however for the age groups up to 54 years, and becomes a female phenomenon thereafter. Since the outbreak of the crisis the informal sector employment in Serbia has fallen significantly. Overall, this proportion fell by 3.9 percentage points and for the young even by 5 percentage points. In Macedonia, the second country in the region reporting informal sector LFS data, the variation between total informal sector activities and those of the young are even more pronounced than in Serbia. In 2012 overall informal sector employed accounted for 22.5% of total employment, while the respective share for the young accounted for 41.8%. Almost two thirds were young men – similar to the overall share. Kjosev (2010) found that young people in Macedonia remain in the informal sector for quite a long time as the transition to the formal market is difficult. Major reasons for young people working informally are the lack of financial resources to continue school and helping their families. Though Macedonia was less affected by the crisis than Serbia, informal sector employment has dropped by almost 6 percentage points since 2008; longer times series on the development of informal sector employment of the young are not available.

Also in Bosnia and Herzegovina informal sector employment of the young is high. According to O'Higgins (2009) about three quarters of employed teenagers (15-19 years) and nearly half of young adults (20-24 years) work in the informal economy. In terms of gender, the incidence of informal sector employment is much higher for young females than for

men in the 15-19 years age cohort, but is reversed in the 20-24 years age group. Informal sector youth employment is found primarily in agriculture.

Conclusions

In Southeast Europe,

- activity rates of young people aged 15-24 years compare well with the EU-2 countries and Greece, but are lower than in Portugal and Spain and significantly below the EU average;
- activity rates of the 25-29 years age cohort are, as in all benchmark countries, remarkably higher than those of the younger age group; Serbia and Macedonia are again similar to the EU-2, while Bosnia and Herzegovina and Montenegro exhibit the lowest values for this age group;
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- young people are more likely than adults to work in the informal sector; since the outbreak of the crisis the share of informally employed young people has fallen more significantly than that of adults.

Growth, employment of the young, and policy choices

Introduction

Entering the labour market is difficult for the young in Southeast Europe. It has become even more difficult during the current crisis (on the impact of the crisis on this region see Gligorov et al., 2012). A stylised fact is that about one in two people below 30 years of age can expect to get employment.⁵ It is even worse in the 15 to 24 age group. Why is that?

Looking at long-term developments, labour markets have been depressed in this region in the past ten or even twenty years (wiiw, 2008). That suggests three possible reasons. One is a persistent austere policy mix, i.e. the mix of monetary and fiscal policies, getting even tighter during the crisis. Another is distorted relative prices, i.e. wages, interest rates, and exchange rates that affect competitiveness and investments. The third is a set of structural problems not only in the labour market but also in product and financial markets as well as in the markets for skills and education. We shall take these three issues in turn and then discuss policy choices with a view to addressing cyclical as well as structural problems.

Fiscal constraints

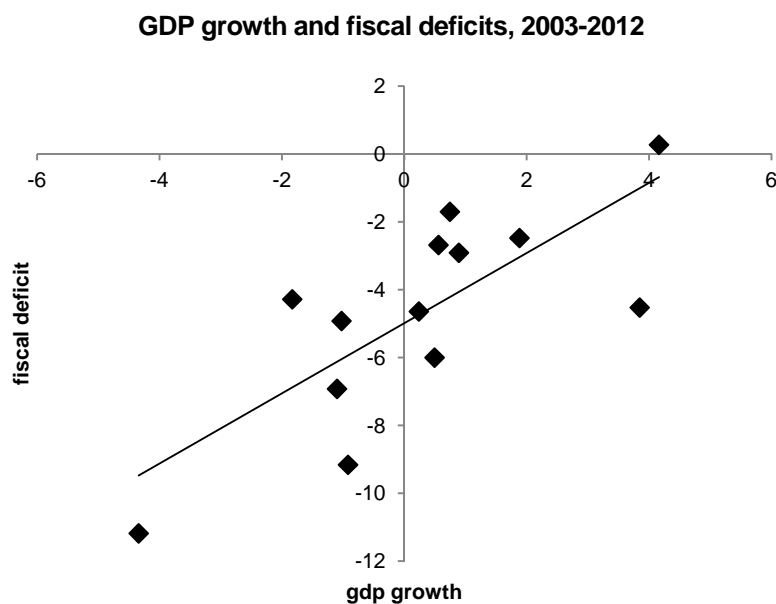
Putting aside the long-term macro constraints, there is no doubt that the prolonged crisis has had a dampening effect on the labour markets. Loss of employment has been significant and in some cases very large. In addition, the young have been disproportionately affected and not only in Southeast Europe but more generally (Matsumoto et al., 2012).

To illustrate the developments and the connections between GDP growth, fiscal deficits, and employment, total and youth, average growth rates over the crisis are related to fiscal deficits in Figure 10, which shows that worse growth performance is connected with higher fiscal deficits. The latter is one possible measure of fiscal pressure, i.e. the pressure to turn to fiscal consolidation in the short run. In Figures 11 and 12, GDP growth is related to overall change in employment and in the employment of young and there is a clear negative effect of the growth slowdown on employment, though more on that of the young (country by country graphs are in the Appendix, Figure A3; data for some countries and for some years are lacking).

⁵ I will mostly use data on the young in the age group 15 to 24. Qualitatively, the same analysis and conclusions apply to the age group 25 to 29, but data are lacking for a number of the countries. In any case, the latter group is facing high entry barriers into the labour market for basically the same reasons while policy instruments should be even more applicable to this group.

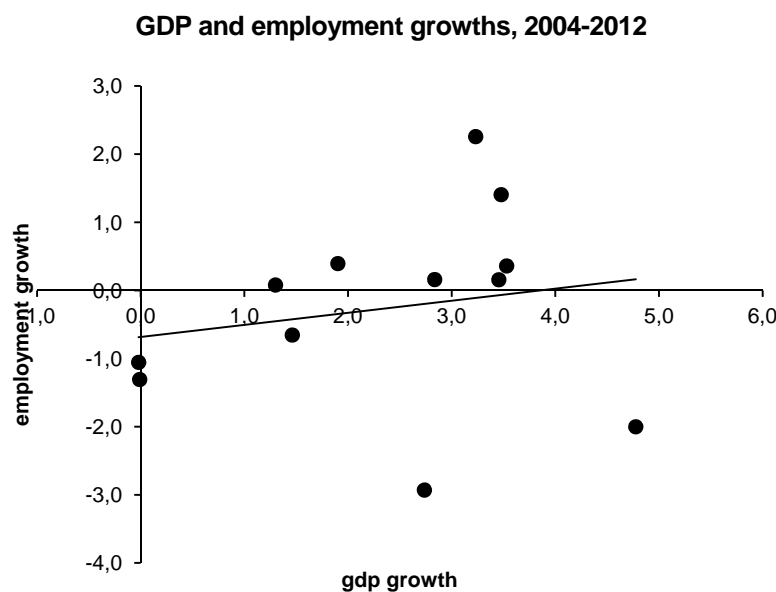
So, slow or negative growth tends to worsen fiscal balances and tends to lead to a significant drop in overall and in particular youth employment.

Figure 10



Source: Eurostat, wiw and national statistics.

Figure 11

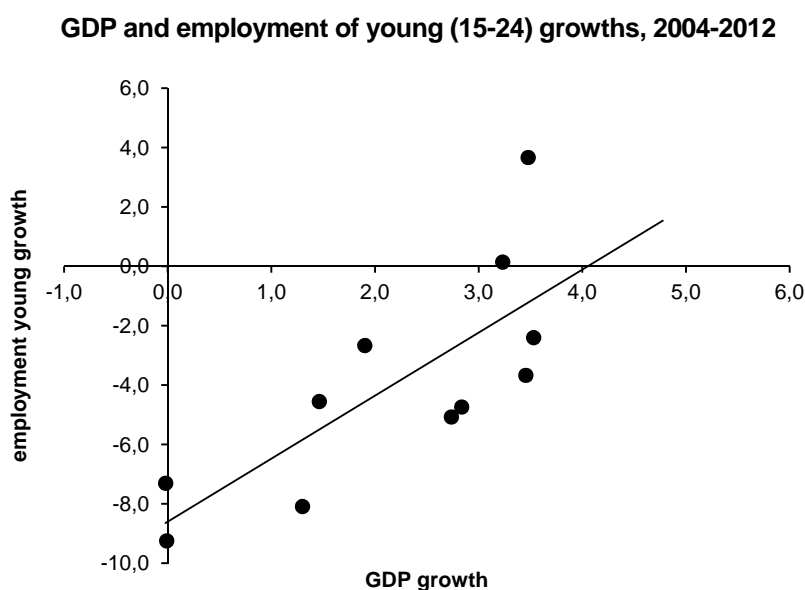


Source: Eurostat, wiw and national statistics.

This is largely a consequence of the decline in investment, perhaps especially public investment (Figure A1). It seems to be the case that public capital investments have the largest multiplier effect on growth, which means that decline in public investments will tend to affect employment strongly not just directly but through the negative effect on growth

(Cottarelli and Jaramilo, 2012; Abu Abbas et al., 2013; Gureson, 2013). In addition, they seem to be highly correlated with private investments, at least in this region (Gligorov et al., 2013). Other elements of fiscal policies have also contributed to the decline of employment and thus to the decreasing probability for new entrants into the labour market to find employment. Some of these policies have aimed at stabilising the existing employment, e.g. by discouraging labour shedding, while not much effort has gone into encouragement for new employment. In that sense, the growing pressure on fiscal policies, i.e. on the need for frontloaded fiscal consolidation, has influenced negatively employment of the young.

Figure 12



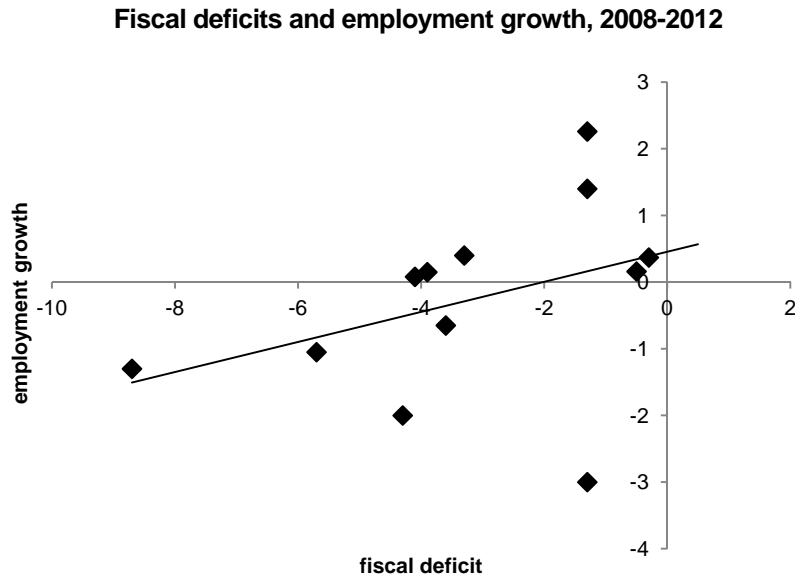
Source: Eurostat, wiiw and national statistics.

To see what these fiscal deficits mean for the pattern of public spending, the latter has also been related to employment, country by country (Figure A5 in the Appendix). Given that overall growth rates are either negative or quite low on average over the period of the crisis, the spending to GDP ratio should increase due to the working of automatic stabilisers. However, spending to GDP ratios have been more constant than increasing and have been declining in the past couple of years or so. That suggests that fiscal policy has been somewhat or quite restrictive even though deficits have tended to widen in recessions.

Not only have constraints on public spending led to declining employment, but tax policies too. Initially, public revenues declined more than GDP, which works as somewhat of a fiscal relaxation. This trend took a turn in the other direction, however, in some countries sooner, in others later and almost everywhere in about the past two years, and the trend of tax increases is continuing (in per cent of GDP, Figure A2). In fact, given worsening fiscal balances in many countries, further tax hikes are in the pipeline together with additional

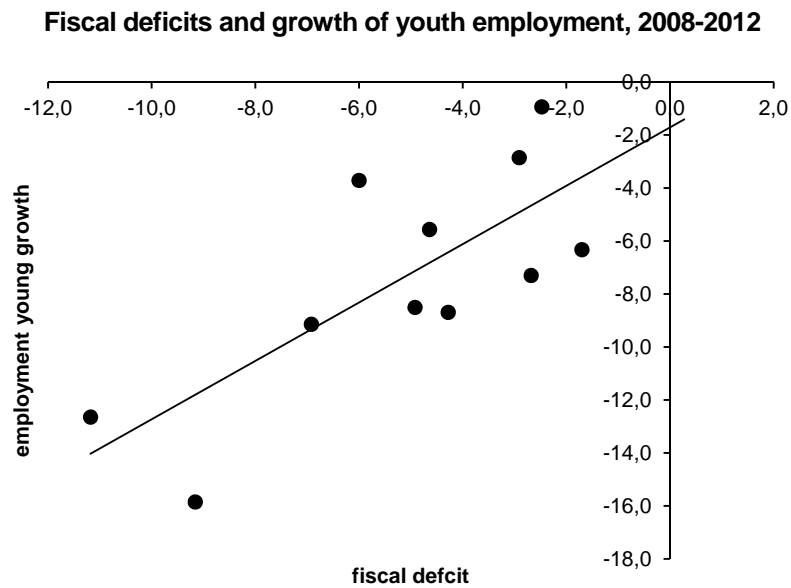
cuts in public spending. It is hard to assess the overall effects of fiscal consolidation measures on overall employment and on that of the young, but it clearly is negative.

Figure 13



Source: Eurostat, wiiw and national statistics.

Figure 14



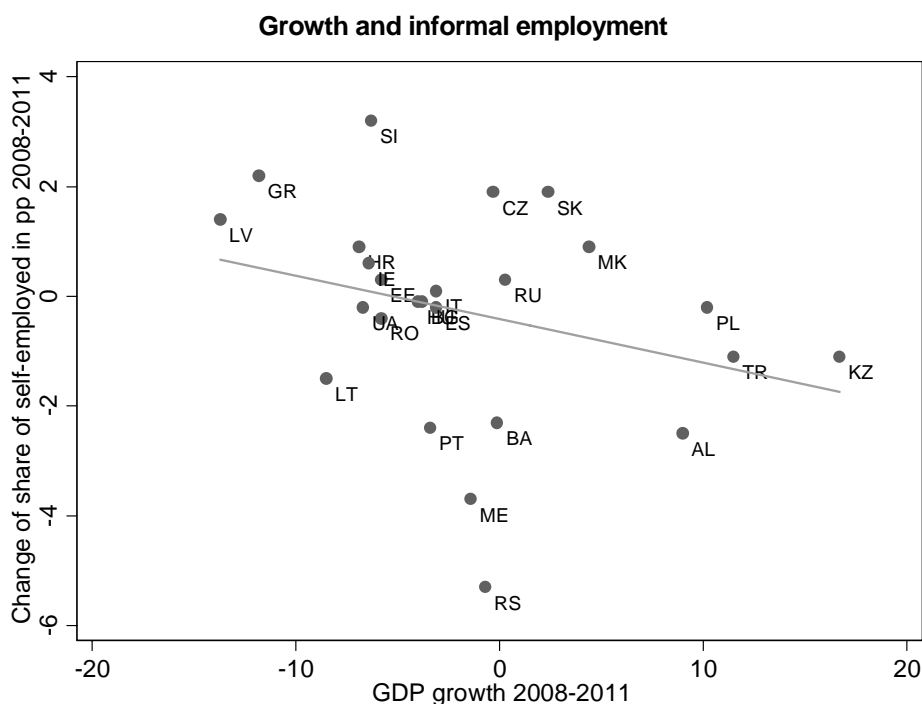
Source: Eurostat, wiiw and national statistics.

Additionally, the informal labour market has behaved pro-cyclically at least in a number of these countries. Though the statistics of the informal markets are not satisfactory, it turns out that the decline of employment is happening among those that are self-employed too.

That most likely affects the younger population more even though the data are lacking (it is to be expected that lower levels of employment among the young mean that they are more prone to look for work in the informal sector).

As seen in Figure 15, in a number of countries in Southeast Europe (e.g. Serbia, Montenegro, Bosnia and Herzegovina), informal employment has declined strongly in the early years of the crisis and the trend has for the most part continued. In some countries, the opposite development is detectable, though it does not seem as if informal employment provides for significant substitute for formal employment.

Figure 15



Source: Eurostat, wiiw and national statistics.

Relative prices

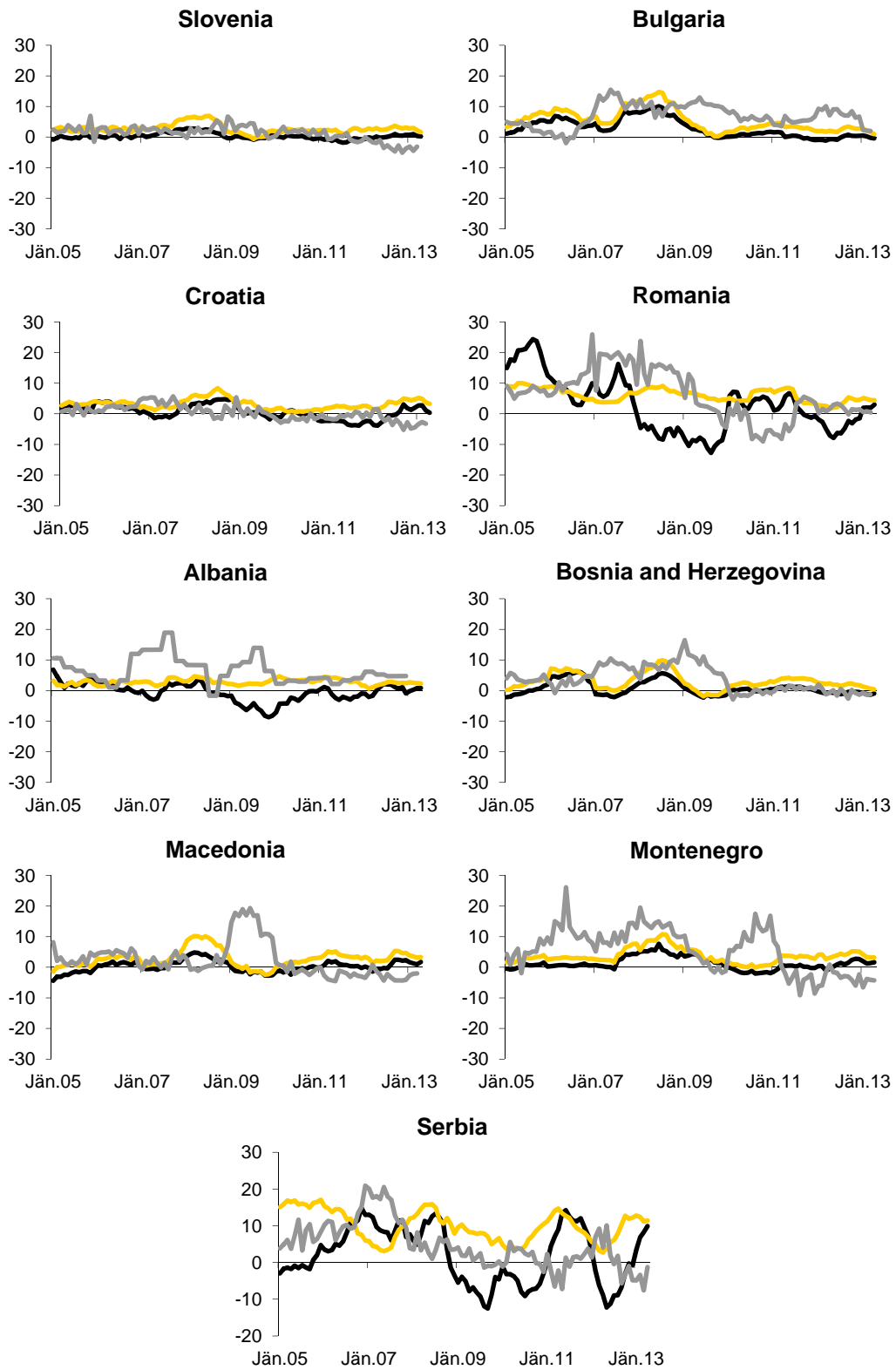
What has become clear during the crisis is that employment is more flexible than nominal wages. While real wages have declined in some cases, those have proved to be more resilient than employment (Figure 16 for the changes in real wages). This is not only characteristic of countries with fixed exchange rates, but also of those that implement inflation targeting or opt for devaluations. In general, countries in Southeast Europe suffer from high currency substitution and therefore tend to opt for one or another system of fixed exchange rates. Those produce different rates of inflation, but real wages tend to be sticky even in countries with somewhat elevated inflations.

Figure 16

Exchange rates, consumer prices and wages 2005-2013

change in % against preceding year

— Real exchange rates, EUR per NCU, CPI-deflated* — Consumer price inflation — Real gross monthly wages



Sources: Eurostat, Government Finance Statistics (IMF), National Ministries of Finance, National Banks.

If we compare the stability of real wages in the period of recession or stagnation with the decline of employment, it is clear that the burden of adjustment is on employment rather than on the relative price of labour. This is also important from the point of view of allocation of economic activities and thus of labour. In the regime of fixed exchange rates and sticky wages, there will be more investment and employment in the non-tradable sector rather than in the exporting one. Indeed, in terms of exports of goods, most of these countries are still rather closed. Therefore, expansion of employment in good times is mostly in services, which tend to suffer more during the bad times due to sharp decline of domestic consumption. In addition, there is greater flexibility of employment contracts in those sectors. That probably explains the sharp drop in employment though wages have proved resilient.

Apart from developments in the labour and product markets, there is also the additional negative contribution of the financial markets. Due to the growing share of non-performing loans in the banking assets, credits have become quite scarce, interest rates prohibitively high, while small and medium-sized enterprises have no access to the financial markets. This is why the loss of employment is stronger in these enterprises. Larger enterprises and the public sector have stopped hiring, but shed much less labour (details in Gligorov et al., 2013).

This increasing difficulty to set up new businesses is detrimental to the employment of the young. As demand for labour is limited due to fiscal consolidation and declining investments, both public and private, individual or small-size entrepreneurship cannot provide for a way out due to lack of financial resources. This may not be such a problem in some labour-intensive activities both low and high skilled, but those are facing a declining consumption and thus are hard to sustain. That adds to the problems that the young face in the labour and the financial markets.

Overall, low growth prospects and the increasing squeeze of public spending with a growing tax burden and sticky relative prices produce depressed labour markets that are exceptionally inhospitable to the young.

Structural issues

One message that comes out of the data is that productivity tends to grow fast in good times while it does not decline in bad times. A typical country would be Serbia, which has seen a secular decline in employment since the beginning of the 2000s irrespective of whether GDP tended to grow relatively fast or to decline or stagnate during the crisis. Indeed, the decline of employment accelerated during the crisis, which means that productivity has been increasing during the crisis too. This applies to most countries in the region more or less in the same way, though the magnitudes are different.

In addition, consistently, there is somewhat higher demand for skilled as opposed to unskilled labour; employment rates are high for skilled people and unemployment rates lower. For instance, in the age group 15 to 24, the average employment rate of the low-skilled in the sample of the Southeast European and comparator countries is around 14 per cent in the last five or so years, 31 per cent for medium-skilled, and 51 per cent for high-skilled. This is within the overall variability in employment that mostly correlates with growth.

Over time, there is some increase in the share of young people with higher skills, which may indicate that the young are receiving the market signal and are gradually investing more in education. This effect may be somewhat dulled by the opposite signal from the outside labour markets where often less skilled people tend to find jobs especially in boom years. Given that the relevant market for people in Southeast Europe is traditionally the world, it is hard to separate the incentives from the domestic and mostly depressed market and the outside market that might offer more opportunities for employment. This influence of the foreign labour markets may have been responsible for the sharp drop in the employment rate among the skilled people during the crisis years.

In this respect, the most interesting is the 25 to 29 age group. Low employment rates in this group suggest that there are significant barriers to entering into the labour market. This is not necessarily the consequence of low competition for wages and jobs. It is also not clear that there is a skill mismatch in this group. The expectation is that they on average have as good if not better an educational profile than the group of employed people as a whole. Finally, the young are more likely to be working on a temporary contract. Still, the probability of a person in that age group of finding a job is often around fifty per cent. Clearly, entry into the labour market is quite hard for first-time young job seekers.

The reason may be that there is a need for an initial investment when someone attempts to get an employment for the first time and that cost outweighs the expected productivity gain. This is often the complaint of the employers who cannot find people with the skills they need. This often suggests that the entrepreneurs are not ready to pay for the training on the job, which is more often than not required with most employees in their first job. The ease of firing that comes with the temporary employment contract may not outweigh completely the cost of learning by doing of the newly employed person. In fact, searching-by-doing, i.e. trying out one employee after another, may prove to be a rather costly way to hire.

This problem is compounded by the fact that usually there is a prolonged period between the end of education and the start of work as is the case if entry in the job market is rather difficult. In the interim, that is while looking for a job, skills tend to be lost. Most young people fall not only into the category of the unemployed, but also of long-term ones. This tends to increase the costs of learning on the job. The data suggest that increasingly time is

spent in prolonged education, which however creates another problem, which is connected with the lack of specialisation and the need to diversify.

What heightened macroeconomic risk, e.g. growth and employment variability, leads to is a strategy to diversify skills. The chances to get a job are better if a person can do a number of tasks rather than specialise in one of them. This strategy of diversification may lead to losses of efficiency, but may be rational from the point of view of the chances for employment (i.e. will increase the chances of employment and decrease the risk of protracted unemployment). In general, that means that a person will be looking for a job in which he or she is less productive but has a better chance of employment. Taken together, aggregating over all young persons, lack of specialisation can easily lead to less growth and development in the long run, and possibly to a lower level of overall employment.

Another effect of high macroeconomic risk is an elevated discount rate on future income and consumption. That may lead to lower overall national saving and thus increased reliance on foreign investments. Most countries in Southeast Europe have elevated foreign debts and substantial current account deficits mostly driven by even higher trade deficits. That reliance on foreign finance increases the macroeconomic risk and decreases efficiency, apart from constraining the available policy mix in good times and bad.

Finally, the resilience of real wages is related to instability, but that does not mean that increased flexibility, e.g. improved score in the EPL index, is without distributional consequences in the labour market. Earlier research (wiiw, 2008) has found that increase flexibility works differently for men and women: what is good for the former is bad for the latter and *vice versa*. This probably applies to the old vs. young and to skilled vs. unskilled; e.g. relying less on collective contracts may benefit younger workers while more widespread reliance on temporary employment may have negative effects on the chances of the young but not necessarily if they are skilled. In any event, increased macroeconomic stability will make it easier to design a more efficient labour market regulation.

These effects of persistent macroeconomic instability are mostly felt by the young, because of the choices they have to make whether to invest in skill acquisition, how much to specialise and whether to save rather than consume.

Policy choices

In the context of the issues discussed here, there are mainly three policy choices facing the policy-makers.

The first is how to design fiscal consolidation packages that are growth and employment friendly? In the context of limited space for monetary and exchange rate policies, though

that space is hardly completely absent, the policy of fiscal devaluation seems attractive (Fahri et al., 2013; IMF, 2013). Some cuts in public spending together with cuts in taxes could prove supportive of accelerated growth. It should support consumption and investments, both private and public.

The second is increased reliance on active labour market policies. If it is the case that skills and productivity increase the probability of employment, there should be large payoffs to well-designed policies of skill acquisition and to learning by doing. There is clearly a lot to be done in the region given that still mostly passive rather than active labour policies are the main instruments (Vidovic et al., 2012).

The third is the need for macroeconomic stability. Not so much due to the uncertainty that instability brings about, but mostly because it decreases efficiency due to lower incentives to specialise and excel in one's own profession. Decisions to invest in skills and to start up a business are long-term ones and high macroeconomic risks discourage them more than structural problems and persistent barriers in various markets. Macroeconomic stability is part of a strategy for growth that has been changing in recent years in this region, which is why there has to be some efficient connection between structural reforms and macroeconomic policies.

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Appendix

Table A1a

Acitivity rates of persons aged 15-24

Acitivity rates of persons aged 15-24, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	29.2	29.5	27.9	28.9	28.9	30.1	29.5	28.9	29.5	30.4
Croatia	38.4	40	38.1	35.9	34.9	34.7	34.1	34.2	31.4	29.6
Romania	33.9	36.1	31.2	30.6	30.5	30.4	30.9	31.2	31.1	30.9
Slovenia	33.8	39.3	40.5	40.6	41.8	42.9	40.9	39.9	37.4	34.4
Greece	35.2	37.3	33.7	32.4	31.1	30.2	30.9	30.3	29.2	29.2
Spain	44.0	44.7	47.7	48.2	47.8	47.7	45.1	42.7	40.9	38.8
Portugal	45.0	43.1	43.0	42.7	41.9	41.6	39.2	36.7	38.8	37.9
Albania	.	.	.	.	.	.	34.7	.	44.6	37.4
Bosnia and Herzegovina	.	.	.	33.3	33.4	33.1	32.6	33.0	31.4	29.4
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	35.8	35.9	35.9	35	33.3	32.1	33.6
Monetenegro	.	34.6	32.3	53.6	34.1	33.7	28.8	25.1	20.9	30.6
Serbia	.	37.0	35.8	37.4	33.3	32.5	28.9	28.2	28.4	29.6

Acitivity rates of persons aged 15-24, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	32.7	33.3	31.1	31.3	31.7	34.0	34.0	33.5	33.9	35.3
Croatia	43.0	45.2	43.0	39.9	39.9	40.7	40.3	40.2	37.1	34.1
Romania	38.8	40.4	35.9	35.1	35.9	35.9	35.9	36.2	35.4	35.3
Slovenia	38.3	43.1	44.5	44.4	47.6	47.7	45.4	44.4	42	38.1
Greece	38.9	40.5	37.0	36.1	34.7	34.3	34.4	33.4	31.8	31.2
Spain	48.9	49.6	52.3	52.2	52.1	51.5	48.3	45.1	42.6	40.2
Portugal	48.5	47.7	46.9	46.6	45.3	44.4	40.8	38.6	41.1	40.1
Albania	.	.	.	.	.	.	39.9	.	52.1	45.3
Bosnia and Herzegovina	.	.	.	40.2	40.7	39.8	40.4	39.5	38.6	37.9
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	42	43.8	43.3	43.4	42.2	39.9	40.5
Monetenegro	.	38.3	37.8	41.2	37.1	37.9	32.3	29.1	24.6	33.3
Serbia	.	40.9	40.8	43.9	37.9	37.6	33.0	28.6	33.2	36.6

Acitivity rates of persons aged 15-24, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	25.7	25.6	24.5	26.4	26.0	26.1	24.8	24.2	24.8	25.3
Croatia	33.6	34.7	32.9	31.6	29.5	28.3	27.1	27.6	25.0	24.3
Romania	29.0	31.7	26.5	25.9	24.9	24.7	25.8	26.1	26.7	26.2
Slovenia	28.9	35.4	36.3	36.4	35.4	37.4	35.8	34.8	32.3	30.0
Greece	31.4	34.1	30.4	28.7	27.6	26.1	27.4	27.2	26.6	27.2
Spain	38.9	39.6	42.9	43.9	43.3	43.7	41.7	40.1	39.1	37.4
Portugal	41.4	38.4	38.9	38.7	38.4	38.6	37.5	34.8	36.4	35.6
Albania	.	.	.	.	.	.	30.1	.	36.7	28.8
Bosnia and Herzegovina	.	.	.	26.1	25.8	25.6	24.4	25.7	23.2	21.1
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	29.3	27.5	28.1	26.2	24	23.9	26.2
Monetenegro	.	30.3	26.3	28.6	31.3	29.2	25.3	20.8	16.7	27.8
Serbia	.	33.3	30.6	30.1	27.7	27.1	24.5	21.9	20.7	21.8

Table A1b

Activity rates of persons aged 25-29

Activity rates of persons aged 25-29, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	73.7	74.7	73.1	76.2	78.5	80.1	77.2	76.5	75.1	75.8
Croatia	82.8	83.0	84.4	83.4	86.4	85.0	82.4	81.0	81.2	81.2
Romania	78.4	78.8	76.1	76.7	75.8	74.2	73.6	74.9	75.7	75.9
Slovenia	87.5	88.1	88.0	86.5	87.8	88.7	86.3	87.0	87.2	85.8
Greece	83.3	84.0	84.2	84.7	84.5	84.1	84.8	84.9	84.9	85.8
Spain	84.0	84.7	84.9	85.8	85.9	86.5	86.5	86.8	86.4	86.9
Portugal	87.4	86.9	87.8	87.7	87.4	88.2	88.1	87.5	88.5	88.9
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	74.8	75.6	77.1	77.5	79.2	78.9	78.1
Monetenegro	.	73.6	70.4	78.1	76.4	74.3	74.2	74.4	70.6	73.3
Serbia	.	78.2	76.3	75.1	75.9	74.3	72.6	71.3	74.8	77.1

Activity rates of persons aged 25-29, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	80.0	81.1	81.1	83.3	84.8	88.2	85.4	83.4	80.7	82.4
Croatia	88.1	91.3	90.1	86.3	90.9	90.0	86.0	82.5	84.3	85.9
Romania	84.0	85.5	82.6	82.5	80.8	79.2	79.2	81.0	81.2	82.2
Slovenia	89.2	90.3	89.6	89.5	90.6	91.1	89.5	89.7	88.8	88.5
Greece	91.5	92.7	91.2	91.0	91.0	90.7	90.4	90.6	89.7	89.4
Spain	88.9	89.4	89.9	90.5	90.6	90.1	89.7	89.1	89.2	90
Portugal	89.8	89.7	90.3	90.2	89.4	90.5	89.4	88.9	90.2	88.5
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	86.2	86.6	89.7	88.8	89.5	88.0	87.8
Monetenegro	.	85.2	82.1	85.1	86.9	80.1	81.2	79.5	72.9	77.0
Serbia	.	86.8	83.8	82.9	84.4	82.2	78.6	71.4	80.1	82.2

Activity rates of persons aged 25-29, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	66.9	68.0	64.4	68.6	71.3	70.5	67.9	68.6	69.1	68.7
Croatia	77.8	74.4	78.1	79.9	81.6	79.3	78.4	79.3	77.4	75.4
Romania	72.2	71.9	69.3	70.6	70.6	69.0	67.7	68.4	69.9	69.3
Slovenia	85.7	85.8	86.2	83.5	84.8	86.1	83.0	84.3	85.5	83.2
Greece	74.6	75.0	76.9	77.9	77.3	76.8	78.4	78.9	79.5	81.7
Spain	78.8	79.8	79.6	80.7	80.9	82.6	83.1	84.4	83.5	83.7
Portugal	85.0	84.0	85.3	85.2	85.4	85.8	86.7	86.0	86.7	89.2
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	62.9	64	63.7	65.5	68.2	69.4	68
Monetenegro	.	63.6	61.0	71.4	65.0	68.9	67.3	69.6	68.4	69.2
Serbia	.	69.5	68.6	66.8	66.8	65.4	66.0	64.5	68.2	70.6

Table A1c

Activity rates of persons aged 15-64

Activity rates of persons aged 15-64, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	61.7	62.8	62.1	64.5	66.3	67.8	67.2	66.5	65.9	67.1
Croatia	62.3	63.9	63.3	62.8	63.4	63.2	62.4	61.4	60.8	60.5
Romania	63.4	63.9	62.3	63.6	63.0	62.9	63.1	63.6	63.3	64.2
Slovenia	66.9	69.9	70.7	70.9	71.3	71.8	71.8	71.5	70.3	70.4
Greece	65.1	66.5	66.8	67.0	67	67.1	67.8	68.2	67.7	67.9
Spain	67.4	68.5	69.7	70.8	71.6	72.6	73.0	73.4	73.7	74.1
Portugal	72.9	72.8	73.4	73.9	74.1	74.2	73.7	74	74.1	73.9
Albania	.	.	.	.	65.2	61.9	61.9	62.3	68.5	65.5
Bosnia and Herzegovina	.	.	.	51.2	52.2	53.5	53.2	54.0	53.8	53.9
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	62.2	62.8	63.5	64.0	64.2	64.2	63.9
Monetenegro	.	60.2	58.9	58.4	62.3	61.2	60.3	59.3	57.3	59.0
Serbia	.	66.4	65.2	63.6	63.4	62.7	60.6	59.0	59.4	60.1

Activity rates of persons aged 15-64, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	66.3	67.2	67.0	68.8	70.6	72.5	72.0	70.8	69.9	71.0
Croatia	69.7	71.4	70.0	68.9	70.4	70.0	68.0	67.2	67.4	66.1
Romania	70.2	70.8	69.4	70.7	70.1	70.6	70.9	71.5	70.7	72.1
Slovenia	71.6	74.2	75.1	74.9	75.8	75.8	75.6	75.4	73.9	73.7
Greece	78.3	79.1	79.2	79.1	79.1	79.1	79.0	78.9	77.7	77.4
Spain	79.7	80.2	80.9	81.3	81.4	81.8	81.0	80.7	80.4	80.1
Portugal	79.4	79.1	79.0	79.5	79.4	79.5	78.5	78.2	78.5	77.9
Albania	.	.	.	.	74.4	72.1	73.3	.	.	.
Bosnia and Herzegovina	.	.	.	65.5	67.0	67.7	67.0	67.0	66.3	67.0
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	75	74.8	76.6	77.6	77.7	76.8	76.6
Monetenegro	.	69.1	66.2	67.7	70.3	69.5	68.4	67.1	63.8	65.9
Serbia	.	75.1	74.3	72.7	71.9	71.2	68.7	64.6	68.1	68.8

Activity rates of persons aged 15-64, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	57.1	58.4	57.3	60.2	62.1	63.1	62.5	62.3	61.9	63.2
Croatia	55.2	56.8	56.7	56.9	56.4	56.6	57	55.9	54.4	55.0
Romania	56.7	57.2	55.3	56.6	56.0	55.2	55.4	55.8	56.0	56.4
Slovenia	62.1	65.6	66.1	66.7	66.6	67.5	67.9	67.4	66.5	66.9
Greece	52.1	54.1	54.5	55.0	54.9	55.1	56.5	57.6	57.5	58.4
Spain	54.8	56.6	58.3	60.2	61.4	63.2	64.8	65.9	67.0	67.9
Portugal	66.6	66.7	67.9	68.4	68.8	68.9	69	69.9	69.8	70.1
Albania	.	.	.	.	56.2	52.8	51.8	.	.	.
Bosnia and Herzegovina	.	.	.	37.3	37.8	39.5	39.6	41.1	41.2	40.9
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	49.2	50.4	50.2	50	50.4	51.2	50.8
Monetenegro	.	51.5	51.8	49.8	54.2	53.0	52.4	51.7	50.9	52.1
Serbia	.	57.9	56.2	54.5	54.9	54.4	52.8	50.8	50.7	51.2

Table A2a

Employment rates of persons aged 15-24

Employment rates of persons aged 15-24, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	21.3	22.3	21.6	23.2	24.5	26.3	24.8	22.2	22.1	21.9
Croatia	24.7	26.9	25.8	25.5	26.5	27.1	25.6	23.0	20.1	16.9
Romania	27.3	28.0	24.9	24.0	24.4	24.8	24.5	24.3	23.8	23.9
Slovenia	28.6	33.8	34.1	35.0	37.6	38.4	35.3	34.1	31.5	27.3
Greece	26.2	27.4	25.0	24.2	24.0	23.5	22.9	20.4	16.3	13.1
Spain	34.2	34.7	38.3	39.5	39.1	36.0	28.0	24.9	21.9	18.2
Portugal	39.0	37.1	36.1	35.8	34.9	34.7	31.3	28.5	27.2	23.6
Albania	.	.	.	.	.	.	25.3	.	34.1	27.0
Bosnia and Herzegovina	.	.	.	12.5	13.8	17.4	16.7	14.0	13.1	10.7
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	14.4	15.2	15.7	15.7	15.4	14.4	15.5
Monetenegro	.	13.5	13.7	14.2	20.9	23.5	18.6	13.7	13.1	18.1
Serbia	.	19.2	18.7	19.5	18.7	21.1	16.9	15.2	14.0	14.5

Employment rates of persons aged 15-24, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	23.1	25.0	23.9	25.4	27.1	29.3	28.0	25.4	25.1	24.9
Croatia	28.5	31.9	30.0	29.1	31.6	33.2	31.0	27.7	23.9	19.7
Romania	31.4	30.3	28.2	27.3	28.3	29.1	28.3	28.1	27.0	27.4
Slovenia	33.3	38.3	38.1	39.2	43.2	43.0	39.1	37.6	35.7	30.4
Greece	31.9	32.9	30.1	29.7	29.2	28.5	27.7	24.5	19.6	16.1
Spain	39.5	40.0	43.5	44.4	44.2	39.3	29.4	25.6	22.1	18.4
Portugal	43.3	41.7	40.5	39.8	39.1	38.5	33.2	30.4	29.3	25.5
Albania	.	.	.	.	.	.	29.5	.	38.9	31.1
Bosnia and Herzegovina	.	.	.	15.7	18.1	22.0	21.5	17.7	16.7	14.1
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	17.2	18.6	19.2	20.6	19.5	17.7	18.1
Monetenegro	.	15.7	16.8	16.3	24.8	25.6	20.7	16.2	15.8	19.2
Serbia	.	22.0	22.5	25.0	22.5	26.0	20.0	18.5	16.3	19.1

Employment rates of persons aged 15-24, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	19.5	19.5	19.4	21.0	21.8	23.1	21.4	18.9	19.0	18.7
Croatia	20.7	21.7	21.3	21.8	21.1	20.6	19.4	17.9	15.8	13.6
Romania	23.2	25.7	21.6	20.6	20.2	20.2	20.6	20.4	20.4	20.2
Slovenia	23.6	29.1	29.8	30.3	31.4	33.2	31.0	30.0	26.9	23.7
Greece	20.3	22.0	19.8	18.7	18.7	18.5	18.1	16.2	12.9	10.0
Spain	28.6	29.2	32.8	34.4	33.8	32.5	26.5	24.2	21.8	18.0
Portugal	34.5	32.3	31.4	31.6	30.6	30.8	29.4	26.5	24.9	21.6
Albania	.	.	.	.	.	.	21.6	.	29.0	22.5
Bosnia and Herzegovina	.	.	.	9.1	9.3	12.3	11.5	10.2	9.3	7.4
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	11.4	11.5	12.0	10.6	11.2	10.8	12.6
Monetenegro	.	11.1	9.8	11.9	17.3	21.0	16.3	11.0	10.2	17.0
Serbia	.	16.5	14.8	13.4	14.3	15.9	13.5	11.5	8.9	9.4

Table A2b

Employment rates of persons aged 25-29

Employment rates of persons aged 25-29, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	61.2	64.3	65.1	68.3	72.6	75.0	71.0	66.8	63.9	63.7
Croatia	68.2	67.5	71.2	71.9	75.3	76.5	72.8	66.8	63.3	62.3
Romania	71.2	70.7	69.5	69.5	70.0	69.2	67.4	67.5	68.3	67.8
Slovenia	78.7	80.6	79.8	77.5	80.6	82.9	77.6	75.7	74.8	72.9
Greece	70.6	70.9	71.5	72.9	72.4	73.0	72.0	68.2	59.8	53.6
Spain	72.2	73.5	75.4	77.0	78.0	74.7	67.4	64.9	63.1	58.9
Portugal	80.2	80.0	78.3	78.0	77.2	78.7	77.6	74.8	74.5	71.0
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	41.3	43.5	46	48.3	47.9	46.8	45.7
Monetenegro	.	44.1	38.2	50.8	56.5	59.2	53.3	54.0	49.7	53.1
Serbia	.	56.9	49.9	52.4	54.4	57.3	54.2	48.0	48.1	49.9

Employment rates of persons aged 25-29, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	66.2	69.6	72.4	75.4	78.4	82.0	78.8	71.8	68.3	68.6
Croatia	74.2	75.5	77.6	76.1	80.8	83.6	78.6	68.1	66	65.5
Romania	75.2	75.5	75	73.6	73.9	72.8	71.2	72.5	72.8	72.5
Slovenia	81.5	84.0	82.2	82.8	85.8	86.7	81.5	78.3	77.2	77.7
Greece	81.0	82.4	82.1	82.2	81.3	81.7	79.5	75.7	66.3	57.7
Spain	79.7	80.3	81.7	83.3	83.7	77.9	68.5	65.7	64.5	59.4
Portugal	83.3	83.8	82.2	82.8	82.1	83.3	80.0	77.4	76.4	71.7
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	48.8	50.5	55.3	56	56.2	53.9	50.9
Monetenegro	.	59.5	49.8	55.8	64.1	63.9	59.0	58.6	51.3	55.7
Serbia	.	68.8	61.3	60.4	63.1	64.4	59.6	54.7	54.8	55.6

Employment rates of persons aged 25-29, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	55.6	58.6	57.1	60.8	66.0	66.7	62.1	61.0	59.1	58.5
Croatia	62.4	59.2	64.1	66.9	69.4	68.3	66.2	65.1	60.0	58.4
Romania	66.8	65.7	63.8	65.2	66.0	65.5	63.5	62.2	63.6	62.8
Slovenia	75.8	76.9	77.2	72.3	75.3	78.8	73.6	73.1	72.4	68.4
Greece	59.4	59.0	60.4	62.8	62.6	63.5	63.7	60.1	52.6	49.0
Spain	64.3	66.4	68.8	70.3	72.0	71.3	66.1	64.1	61.7	58.4
Portugal	77.1	76.0	74.2	73.1	72.3	73.9	75.1	72.2	72.5	70.3
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	33.3	36.1	36.2	40	39.2	39.4	40.2
Monetenegro	.	30.8	29.0	46.0	48.3	55.1	47.8	49.6	48.1	50.2
Serbia	.	45.1	38.3	44.0	45.2	49.2	48.2	39.8	40.0	42.7

Table A2c

Employment rates of persons aged 15-64

Employment rates of persons aged 15-64, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	53.1	55.1	55.8	58.6	61.7	64	62.6	59.7	58.4	58.8
Croatia	53.4	54.9	55	55.6	57.1	57.8	56.6	54	52.4	50.7
Romania	58.7	58.7	57.6	58.8	58.8	59	58.6	58.8	58.5	59.5
Slovenia	62.5	65.6	66.0	66.6	67.8	68.6	67.5	66.2	64.4	64.1
Greece	58.9	59.6	60.1	61.0	61.4	61.9	61.2	59.6	55.6	51.3
Spain	59.7	60.9	63.3	64.8	65.6	64.3	59.8	58.6	57.7	55.4
Portugal	68.2	68	67.5	67.9	67.8	68.2	66.3	65.6	64.2	61.8
Albania	.	.	.	.	56.4	53.7	53.4	53.5	58.7	56.3
Bosnia and Herzegovina	.	.	.	35.0	36.7	40.7	40.1	39.0	38.7	38.5
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	39.6	40.7	41.9	43.3	43.5	43.9	44
Monetenegro	.	43.3	41.0	41.0	50.2	50.8	48.8	47.6	45.9	47.4
Serbia	.	53.4	51.0	49.9	51.5	53.7	50.4	47.2	45.4	45.3

Employment rates of persons aged 15-64, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	56.7	58.7	60.0	62.8	66	68.5	66.9	63	61.2	61.3
Croatia	60.7	62.3	61.7	62	64.4	65.0	62.4	59.4	57.9	55.1
Romania	64.7	64.1	63.7	64.6	64.8	65.7	65.2	65.7	65	66.5
Slovenia	67.2	69.9	70.4	71.1	72.7	72.7	71	69.6	67.7	67.4
Greece	73.5	74	74.2	74.6	74.9	75	73.5	70.9	65.9	60.6
Spain	73.2	73.6	75.2	76.1	76.2	73.5	66.6	64.7	63.2	60.2
Portugal	75	74.4	73.4	73.9	73.8	74	71.1	70.1	68.1	64.9
Albania	.	.	.	.	63.6	63.0	64.3	.	.	.
Bosnia and Herzegovina	.	.	.	46.2	48.7	52.9	51.2	49.6	48.7	49.0
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	48.3	48.8	50.7	52.8	52.8	52.3	52.4
Monetenegro	.	52.5	48.7	47.8	57.8	58.3	55.9	54.3	51.2	53.3
Serbia	.	63.1	61.2	59.2	60.0	62.3	58.1	54.4	52.4	52.4

Employment rates of persons aged 15-64, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	49.5	51.6	51.7	54.6	57.6	59.5	58.3	56.4	55.6	56.3
Croatia	46.3	47.8	48.6	49.4	50	50.7	51	48.8	47	46.2
Romania	52.8	53.5	51.5	53	52.8	52.5	52	52	52.0	52.6
Slovenia	57.7	61.3	61.3	61.8	62.6	64.2	63.8	62.6	60.9	60.5
Greece	44.5	45.5	46.1	47.4	47.9	48.7	48.9	48.1	45.1	41.9
Spain	46.1	47.9	51.2	53.2	54.7	54.9	52.8	52.3	52.0	50.6
Portugal	61.5	61.7	61.7	62	61.9	62.5	61.6	61.1	60.4	58.7
Albania	.	.	.	.	49.3	45.6	43.6	.	.	.
Bosnia and Herzegovina	.	.	.	24.0	25.0	28.7	29.3	28.5	28.6	28.1
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	30.7	32.3	32.9	33.5	34	35.3	35.3
Monetenegro	.	34.3	33.3	34.8	42.5	43.5	41.6	41.0	40.7	41.4
Serbia	.	44.0	40.8	40.6	43.0	45.3	43.0	40.1	38.3	38.1

Table A2d

Employment rates of low-skilled persons (level 0-2) aged 15-24

Employment rates of low-skilled persons (level 0-2) aged 15-24, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	7.4	8.1	6.7	6.5	6.7	6.9	6.2	5.1	4.3	5.3
Croatia	7.2	7.5	5.7	4.5	5.3	4.6	3.4	3.4	3.3	2.1
Romania	19.8	18.8	16.6	15.9	16.5	15.9	16.5	17.7	16.3	16.9
Slovenia	7.7	13.2	14.0	14.9	16.4	17.9	16.4	17.1	13.3	9.6
Greece	18.6	18.0	17.2	18.2	17.6	16.9	15.8	12.6	9.7	7.7
Spain	38.6	38.7	41.1	42.1	41.7	37.0	27.2	23.4	20.7	16.8
Portugal	40.3	38.9	37.7	37.6	34.6	34.1	29.5	25.9	22.2	18.5
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	9.4	9.2	9.1	8.4	6.9	6.8	5.2
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	9.9	6.8	6.0	5.3	5.6

Employment rates of low-skilled persons (level 0-2) aged 15-24, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	8.8	10.0	8.2	8.6	8.3	8.1	8.0	6.6	5.4	6.2
Croatia	9.3	10.6	7.2	5.6	7.0	5.9	4.4	4.1	3.6	2.5
Romania	23.9	21.9	20.0	19.0	20.6	20.2	20.2	21.2	18.9	19.5
Slovenia	10.9	16.7	17.4	18.9	21.2	22.3	19.1	19.7	17.1	12.6
Greece	26.4	25.1	24.8	26.3	25.4	24.6	22.9	17.7	13.9	10.9
Spain	46.7	47.4	48.8	49.3	49.5	42.4	30.8	26.1	22.9	18.9
Portugal	46.3	44.8	42.8	42.4	40.1	39.2	33.2	29.4	25.9	22.1
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	12.9	13.2	12.7	12.7	8.8	9.4	7.1
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Employment rates of low-skilled persons (level 0-2) aged 15-24, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	5.8	6.0	5.0	4.2	4.9	5.5	4.4	3.5	3.1	4.3
Croatia	5.0	4.3	4.0	3.2	3.3	3.3	2.4	2.6	2.9	1.5
Romania	15.5	15.6	13.0	12.7	12.2	11.4	12.6	13.9	13.4	14.1
Slovenia	4.0	9.4	10.0	10.6	11.2	12.7	13.2	14.0	8.5	5.9
Greece	9.2	9.7	8.1	8.4	8.7	8.4	7.6	6.8	4.8	4.1
Spain	28.3	27.5	31.2	32.6	31.9	30.1	22.4	19.8	18.0	14.1
Portugal	33.3	31.3	31.5	31.5	27.9	27.8	25.0	21.9	17.7	13.9
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	6.1	5.3	5.4	4.1	5.1	4.3	3.2
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Table A2e

Employment rates of medium-skilled persons (level 3-4) aged 15-24

Employment rates of medium-skilled persons (level 3-4) aged 15-24, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	37.6	40.8	40.2	42.6	43.8	46.5	42.2	37.5	34.4	32.2
Croatia	36.2	38.1	37.2	37.9	38.3	40.0	38.2	33.4	29.4	25.3
Romania	36.6	38.4	34.3	32.7	31.8	32.4	30.5	29.4	29.4	29.4
Slovenia	43.4	50.2	48.1	48.9	51.2	51.3	47.3	45.4	43.5	38.2
Greece	31.1	32.9	28.8	26.5	26.5	25.7	26.4	24.8	19.6	14.7
Spain	29.3	31.2	37.3	39.3	38.6	37.2	30.5	27.0	22.8	18.4
Portugal	32.0	28.5	29.2	29.7	32.7	32.8	31.9	30.3	30.5	28.4
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	18.9	19.8	21.6	21.5	21.2	19.7	22.4
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	29.9	25.0	23.0	20.7	20.8

Employment rates of medium-skilled persons (level 3-4) aged 15-24, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	41.8	46.2	44.8	46.3	49.3	53.0	47.0	42.5	39.3	37.6
Croatia	42.3	44.3	43.6	43.5	46.0	49.0	46.2	40.2	35.0	30.1
Romania	41.3	40.1	37.7	36.6	36.1	37.5	35.2	34.1	34.1	34.8
Slovenia	50.9	57.4	54.0	53.5	57.5	57.2	52.9	50.3	49.3	42.4
Greece	36.0	38.1	33.1	31.0	31.0	30.0	30.5	29.5	23.6	18.7
Spain	32.2	32.8	41.5	42.9	42.0	40.2	31.0	27.5	22.5	17.3
Portugal	32.3	28.7	33.1	31.7	35.0	36.0	32.2	31.3	33.8	30.9
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	20.9	22.9	25.2	26.2	26.3	23.6	26.0
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Employment rates of medium-skilled persons (level 3-4) aged 15-24, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	33.3	35.2	35.4	38.8	38.3	39.8	36.6	31.9	28.9	26.4
Croatia	30.0	31.3	30.2	31.7	30.0	30.0	28.4	25.3	23.0	19.5
Romania	31.9	36.7	30.8	28.6	27.2	27.0	25.5	24.5	24.6	23.8
Slovenia	35.8	42.8	42.0	43.7	44.1	44.7	41.1	39.7	37.1	33.4
Greece	26.7	28.1	24.9	22.3	22.1	21.5	22.4	20.1	15.6	10.8
Spain	26.8	29.8	33.6	36.2	35.5	34.7	30.0	26.6	23.0	19.4
Portugal	31.8	28.4	26.2	28.1	30.7	30.1	31.6	29.3	27.6	26.2
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	16.5	16.0	17.5	15.9	15.0	15.1	18.2
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Table A2f

Employment rates of high-skilled persons (level 5-6) aged 15-24

Employment rates of high-skilled persons (level 5-6) aged 15-24, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	61.9	56.4	60.4	63.8	67.4	73.1	75.4	63.5	58.5	62.0
Croatia	52.5	54.1	57.9	56.5	64.9	57.5	58.2	56.2	40.5	37.4
Romania	71.3	73.9	61.2	57.6	63.4	61.9	56.4	44.8	42.5	39.7
Slovenia	69.6	68.4	68.1	69.0	79.4	68.6	71.8	60.0	53.9	53.7
Greece	54.8	56.4	53.2	56.0	56.6	61.5	56.1	47.8	44.5	41.5
Spain	51.6	51.7	56.0	57.6	58.8	56.3	48.5	45.6	41.2	38.1
Portugal	70.8	68.9	59.3	52.0	57.1	55.5	50.4	47.0	49.9	37.4
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	25.9	33.9	25.7	28.6	36.9	25.8	30.2
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	43.5	42.9	26.1	28.4	26.8

Employment rates of high-skilled persons (level 5-6) aged 15-24, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	.	.	57.8	68.3	68.4	75.7	79.3	62.1	61.5	62.2
Croatia	.	.	.	.	70.6	56.1	51.1	58.8	49.0	40.0
Romania	66.1	77.4	65.7	59.5	63.6	62.0	57.1	46.1	44.6	40.8
Slovenia	.	.	59.9	81.5	86.3	66.7	72.3	67.8	52.6	52.0
Greece	65.1	66.4	59.5	59.6	59.7	62.1	59.1	52.6	50.0	49.9
Spain	54.0	53.6	58.8	60.1	61.8	57.0	46.8	43.5	38.0	38.2
Portugal	71.6	72.2	56.6	46.5	57.8	46.2	39.2	40.1	44.3	31.2
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	26.5	34.4	20.2	40.0	47.3	29.3	32.7
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Employment rates of high-skilled persons (level 5-6) aged 15-24, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	62.4	60.7	61.6	61.7	66.8	71.5	73.7	64.1	57.1	61.9
Croatia	56.4	54.8	60.1	54.5	62.0	58.6	61.2	54.8	34.8	35.8
Romania	74.7	71.8	58.0	56.4	63.4	61.8	56.0	44.0	41.0	39.1
Slovenia	74.2	86.0	72.2	62.7	75.5	69.5	71.5	56.2	54.7	54.9
Greece	49.3	51.1	49.8	54.2	55.1	61.2	54.6	45.7	42.4	37.6
Spain	49.9	50.4	54.2	55.9	56.6	55.8	49.5	47.0	43.0	38.0
Portugal	70.5	67.7	59.9	53.8	56.8	59.4	56.5	51.2	52.6	40.8
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	25.5	33.7	28.0	21.7	29.9	23.7	29.0
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Table A3a

Unemployment rates of persons aged 15-24

Unemployment rates of persons aged 15-24, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	27.1	24.5	22.3	19.5	15.1	12.7	16.2	23.2	25.0	28.1
Croatia	35.8	32.8	32.3	28.9	24.0	21.9	25.1	32.6	36.1	43.0
Romania	19.5	22.3	20.2	21.4	20.1	18.6	20.8	22.1	23.7	22.7
Slovenia	15.3	14.0	15.9	13.9	10.1	10.4	13.6	14.7	15.7	20.6
Greece	25.7	26.5	26.0	25.2	22.9	22.1	25.8	32.9	44.4	55.3
Spain	22.3	22.4	19.7	17.9	18.2	24.6	37.8	41.6	46.4	53.2
Portugal	13.4	14.0	16.1	16.3	16.6	16.4	20.0	22.4	30.1	37.7
Albania	.	.	.	.	20.1	27.2	27.2	.	23.6	27.9
Bosnia and Herzegovina	.	.	.	62.4	58.6	47.3	48.9	57.6	57.5	62.8
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	59.7	57.7	56.4	55.1	53.7	55.3	53.9
Monetenegro	.	60.9	58.7	38.9	38.8	30.4	35.6	45.5	37.0	41.1
Serbia	.	48.2	47.7	47.8	43.7	35.2	41.6	46.2	50.9	51.1

Unemployment rates of persons aged 15-24, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	29.4	25.0	23.4	18.9	14.5	13.7	17.8	24.1	26.0	29.5
Croatia	33.8	29.5	30.2	27.2	20.9	18.5	23.1	31.1	35.6	42.3
Romania	19.2	25.1	21.6	22.3	21.1	18.8	21.2	22.3	23.7	22.3
Slovenia	13.1	11.2	14.5	11.6	9.4	9.9	13.8	15.2	15.0	20.3
Greece	18.0	18.8	18.7	17.7	15.7	17.0	19.4	26.7	38.5	48.4
Spain	19.1	19.3	16.7	15.0	15.2	23.7	39.1	43.2	48.2	54.4
Portugal	10.6	12.5	13.6	14.5	13.5	13.3	18.7	21.2	28.7	36.4
Albania	.	.	.	.	22.8	27.1	26.2	.	25.4	31.4
Bosnia and Herzegovina	.	.	.	59.8	55.4	44.7	46.7	55.3	56.8	62.8
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	58.9	57.4	55.7	52.7	53.9	55.5	55.2
Monetenegro	.	59.1	55.6	80.8	33.0	32.0	35.4	44.5	35.5	42.3
Serbia	.	46.1	44.9	43.1	40.7	31.0	39.3	35.2	50.8	47.9

Unemployment rates of persons aged 15-24, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	24.1	23.8	21	20.3	15.9	11.4	13.8	21.7	23.6	26.0
Croatia	38.5	37.3	35.1	31.1	28.5	27.2	28.4	35.1	36.8	44.3
Romania	20.0	18.7	18.4	20.2	18.7	18.3	20.1	21.8	23.8	23.2
Slovenia	18.4	17.7	17.8	16.8	11.2	11.3	13.4	13.8	16.8	21.0
Greece	35.2	35.6	34.8	34.7	32.1	28.9	33.9	40.6	51.5	63.2
Spain	26.4	26.4	23.4	21.6	21.9	25.8	36.4	39.8	44.4	51.8
Portugal	16.7	15.9	19.1	18.4	20.3	20.2	21.6	23.7	31.7	39.2
Albania	.	.	.	.	16.6	27.2	28.3	.	20.9	21.9
Bosnia and Herzegovina	.	.	.	66.7	62.3	51.9	52.9	62.3	60.0	62.8
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	60.9	58.2	57.4	59.4	53.3	54.8	51.8
Monetenegro	.	63.5	62.6	58.2	45.3	28.2	35.5	46.9	40.0	39.7
Serbia	.	50.5	51.7	55.5	48.3	41.3	44.9	47.5	57.1	57.0

Table A3b

Unemployment rates of persons aged 25-29

Unemployment rates of persons aged 25-29, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	17.0	14.0	11.0	10.3	7.5	6.4	8.1	12.7	15.0	15.9
Croatia	17.7	18.7	15.7	13.8	12.9	10.0	11.7	17.6	22.1	23.2
Romania	9.2	10.3	8.7	9.4	7.6	6.7	8.4	9.9	9.8	10.7
Slovenia	10.0	8.6	9.3	10.4	8.1	6.5	10.1	13.0	14.2	15.0
Greece	15.3	15.6	15.1	14.0	14.3	13.1	15.0	19.7	29.6	37.5
Spain	14.0	13.2	11.2	10.3	9.2	13.6	22.1	25.2	26.9	32.2
Portugal	8.3	8.0	10.9	11.1	11.7	10.8	12.0	14.4	15.9	20.1
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	44.8	42.5	40.3	37.7	39.4	40.6	41.5
Monetenegro	.	40.1	45.7	34.9	26.0	20.1	28.1	27.5	29.4	27.5
Serbia	.	27.2	34.6	30.2	28.3	23.0	25.4	32.6	35.6	35.3

Unemployment rates of persons aged 25-29, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	17.2	14.1	10.7	9.5	7.6	7.0	7.8	13.9	15.3	16.7
Croatia	15.8	17.3	13.8	11.8	11.1	7.1	8.6	17.4	21.8	23.7
Romania	10.4	11.7	9.3	10.8	8.5	8.1	10.1	10.5	10.3	11.9
Slovenia	8.7	7.0	8.3	7.5	5.4	4.8	8.9	12.8	13	12.3
Greece	11.5	11.2	9.9	9.7	10.7	9.9	12.1	16.4	26.1	35.4
Spain	10.4	10.2	9.1	8.0	7.6	13.5	23.6	26.3	27.7	33.9
Portugal	7.3	6.5	8.9	8.2	8.2	7.9	10.6	12.9	15.3	19.0
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	43.3	41.7	38.4	36.9	37.2	38.7	42
Monetenegro	.	30.2	39.4	34.4	26.2	20.2	27.3	26.3	29.1	27.6
Serbia	.	20.8	26.9	27.2	25.3	21.7	24.2	23.4	31.7	32.4

Unemployment rates of persons aged 25-29, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	16.8	13.8	11.2	11.3	7.5	5.4	8.5	11.1	14.6	14.9
Croatia	19.8	20.4	17.9	16.2	15.0	13.8	15.6	17.8	22.4	22.5
Romania	7.5	8.5	7.9	7.6	6.6	5.1	6.2	9.1	9.1	9.3
Slovenia	11.6	10.4	10.5	13.5	11.2	8.5	11.3	13.3	15.4	17.8
Greece	20.3	21.4	21.5	19.4	18.9	17.3	18.8	23.8	33.8	40.0
Spain	18.4	16.8	13.6	12.9	11.0	13.7	20.4	24	26.1	30.3
Portugal	9.3	9.5	13.0	14.2	15.3	13.9	13.5	16.0	16.5	21.2
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	47.0	43.6	43.2	39	42.5	43.2	40.9
Monetenegro	.	51.6	52.5	35.5	25.6	20.0	29.1	28.7	29.6	27.4
Serbia	.	35.1	44.2	34.1	32.3	24.8	27.0	38.3	41.4	39.5

Table A3c

Unemployment rates of persons aged 15-74

Unemployment rates of persons aged 15-74, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	13.8	12.1	10.1	9.0	6.9	5.6	6.8	10.2	11.3	12.3
Croatia	14.0	13.7	12.7	11.2	9.6	8.4	9.1	11.8	13.5	15.9
Romania	6.9	7.7	7.2	7.3	6.4	5.8	6.9	7.3	7.4	7.0
Slovenia	6.5	6.0	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.9
Greece	9.4	10.2	9.9	8.9	8.3	7.7	9.5	12.6	17.7	24.3
Spain	11.3	11.1	9.2	8.5	8.3	11.3	18.0	20.1	21.7	25.0
Portugal	6.2	6.4	7.7	7.8	8.1	7.7	9.6	11.0	12.9	15.9
Albania	.	.	.	.	13.5	13.0	13.8	14.2	14.3	13.9
Bosnia and Herzegovina	.	.	.	31.1	29.0	23.4	24.1	27.2	27.6	28.0
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	36.1	35	33.8	32.2	32	31.4	31
Monetenegro	.	27.7	30.3	29.6	19.3	17.2	19.3	19.6	19.7	19.7
Serbia	14.6	18.5	20.8	20.9	18.1	13.6	16.1	19.2	23.0	23.9

Unemployment rates of persons aged 15-74, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	14.3	12.4	10.3	8.7	6.5	5.5	7.0	10.9	12.3	13.5
Croatia	12.6	12.4	11.6	9.9	8.4	7.0	8.0	11.4	13.8	16.2
Romania	7.4	9.0	7.8	8.2	7.2	6.7	7.7	7.9	7.9	7.6
Slovenia	6.0	5.7	6.1	4.9	4.0	4.0	5.9	7.5	8.2	8.4
Greece	6.0	6.4	6.1	5.6	5.2	5.1	6.9	9.9	15.0	21.4
Spain	8.2	8.2	7.1	6.3	6.4	10.1	17.7	19.7	21.2	24.7
Portugal	5.3	5.7	6.8	6.6	6.7	6.6	9.0	10.0	12.7	16.0
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	28.9	26.7	21.4	23.1	25.6	26.1	26.4
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	35.3	34.6	33.5	31.8	31.9	31.8	31.5
Monetenegro	.	.	.	.	17.7	15.9	18.0	18.5	20.6	18.9
Serbia	13.8	15.1	16.8	17.9	15.8	11.9	14.8	18.4	22.4	23.2

Unemployment rates of persons aged 15-74, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	13.2	11.6	9.8	9.3	7.3	5.8	6.6	9.5	10.1	10.8
Croatia	15.7	15.4	13.9	12.8	11.2	10.1	10.3	12.3	13.2	15.6
Romania	6.4	6.2	6.4	6.1	5.4	4.7	5.8	6.5	6.8	6.4
Slovenia	7.0	6.4	7.1	7.2	5.9	4.8	5.8	7.1	8.2	9.4
Greece	14.3	15.9	15.3	13.6	12.8	11.4	13.2	16.2	21.4	28.1
Spain	15.9	15.2	12.2	11.6	10.9	13.0	18.4	20.5	22.2	25.4
Portugal	7.3	7.3	8.8	9.1	9.7	9.0	10.3	12.1	13.2	15.8
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	34.9	32.9	26.8	25.6	29.9	29.9	30.7
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	37.2	35.6	34.2	32.8	32.3	30.8	30.3
Monetenegro	.	.	.	.	21.5	17.9	20.5	20.7	20.0	20.3
Serbia	15.8	22.9	26.2	24.7	21.0	15.8	17.8	20.2	23.7	24.9

Table A3d

Unemployment rates of low-skilled persons (level 0-2) aged 15-24

Unemployment rates of low-skilled persons (level 0-2) aged 15-24, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	41.4	37.5	39.8	37.8	29.5	28.1	31.9	39.5	47.1	46.5
Croatia	42.2	37.4	29.0	40.5	29.5	32.5	42.2	46.2	52.7	61.5
Romania	15.3	20.9	16.3	19.7	18.6	20.3	19.4	15.8	18.7	16.3
Slovenia	26.1	18.0	20.6	17.2	13.2	10.9	18.9	19.7	24.8	29.6
Greece	20.3	22.9	19.4	21.7	17.8	19.0	22.3	31.2	43.2	50.7
Spain	23.3	23.2	21.8	19.8	20.4	29.7	44.7	49.6	53.2	59.9
Portugal	13.4	14.9	15.5	15.2	16.2	15.8	20.3	22.3	32.6	39.4
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	62.2	58.8	56.5	54.5	58.0	59.0	63.1
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	32.7	38.2	40.1	49.1	51.5

Unemployment rates of low-skilled persons (level 0-2) aged 15-24, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	43.7	35.6	39.7	34.2	28.1	29.9	30.0	39.6	47.9	49.9
Croatia	43.2	36.3	32.2	41.8	30.1	33.5	45.4	52.3	57.1	57.3
Romania	15.8	23.6	17.1	21.1	18.9	21.0	20.6	16.9	19.8	18.7
Slovenia	23.6	19.3	20.0	18.2	13.7	10.8	20.9	22.3	24.0	29.5
Greece	14.5	17.8	15.5	15.7	12.3	14.6	18.2	28.3	38.2	47.2
Spain	19.4	19.2	18.3	16.3	16.8	27.8	44.4	49.3	53.2	58.9
Portugal	10.3	12.5	13.6	14.1	13.6	13.4	18.8	21.3	31.2	37.8
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	58.5	56.4	53.8	49.1	62.0	58.0	64.8
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Unemployment rates of low-skilled persons (level 0-2) aged 15-24, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	37.3	40.5	40.1	44.4	32.0	25.1	35.3	39.4	45.8	40.4
Croatia	40.0	40.2	.	.	28.2	30.5	34.4	32.0	45.0	67.8
Romania	14.5	16.7	14.8	17.3	18.0	18.8	17.2	13.9	17.0	12.2
Slovenia	33.1	.	21.9	15.3	12.4	11.2	15.1	14.9	26.5	29.8
Greece	35.3	34.9	31.0	38.3	32.1	30.6	33.7	38.7	55.4	58.5
Spain	30.3	30.7	28.0	26.0	26.7	33.0	45.3	50.1	53.2	61.6
Portugal	18.0	18.9	18.6	17.1	20.3	19.7	22.6	23.8	34.9	42.4
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	67.9	63.8	61.7	65.7	48.9	60.9	58.6
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Table A3e

Unemployment rates of medium-skilled persons (level 3-4) aged 15-24

Unemployment rates of medium-skilled persons (level 3-4) aged 15-24, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	23.0	19.7	17.5	15.3	12.3	9.6	14.1	21.2	22.3	26.5
Croatia	34.8	31.9	33.0	27.4	23.2	20.6	23.7	31.8	34.5	42.1
Romania	22.8	24.0	22.5	22.0	21.0	17.5	20.9	24.6	25.4	25.1
Slovenia	13.8	13.2	14.8	12.9	9.4	10.0	12.3	12.9	13.3	18.6
Greece	28.0	27.4	27.6	26.1	23.7	23.3	26.5	31.4	43.8	58.0
Spain	22.0	21.0	17.2	16.1	16.6	19.6	31.1	34.3	41.5	49.7
Portugal	12.9	11.2	15.3	16.0	14.8	14.3	18.1	21.3	27.2	35.5
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	57.7	57.3	55.2	53.8	52.2	51.3	49.3
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	35.6	42.5	46.6	50.8	50.6

Unemployment rates of medium-skilled persons (level 3-4) aged 15-24, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	24.3	20.6	17.9	14.7	11.4	10.2	16.0	21.6	23.1	27.0
Croatia	31.8	28.2	30.2	25.5	19.8	16.8	21.0	29.8	34.3	42.1
Romania	21.6	27.2	24.4	22.9	22.4	17.5	21.3	25.0	25.7	24.2
Slovenia	11.1	8.7	12.9	9.7	8.3	9.3	11.6	12.8	12.4	18.1
Greece	20.9	19.7	21.0	19.3	17.8	18.6	20.5	25.4	38.7	50.9
Spain	20.3	19.6	13.9	13.2	13.8	17.7	31.3	34.4	41.7	52.6
Portugal	.	.	12.5	15.0	12.0	10.9	17.0	19.5	24.1	34.2
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	58.9	58.1	55.9	54.0	52.2	53.7	51.6
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Unemployment rates of medium-skilled persons (level 3-4) aged 15-24, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	21.3	18.5	16.9	16.2	13.4	8.8	11.1	20.6	21.2	25.7
Croatia	38.6	36.8	37.0	30.2	28.4	26.6	28.5	35.2	34.9	42.1
Romania	24.3	20.2	19.9	20.7	18.8	17.4	20.4	24.0	25.0	26.5
Slovenia	17.5	18.7	17.1	16.9	11.0	10.9	13.2	13.1	14.6	19.3
Greece	35.0	35.3	34.3	33.3	30.4	28.8	33.1	38.4	50.1	66.3
Spain	23.6	22.3	20.5	18.9	19.5	21.4	30.9	34.2	41.2	47.0
Portugal	14.4	.	17.9	16.8	17.4	17.6	19.1	23.0	30.4	36.7
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	55.9	56.0	54.0	53.5	52.4	45.9	44.7
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

Table A3f

Unemployment rates of high-skilled persons (level 5-6) aged 15-24

Unemployment rates of high-skilled persons (level 5-6) aged 15-24, total

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	.	.	.	.	.	.	.	.	18.9	.
Croatia	35.6	37.1	25.5	34.1	26.9	29.8	27.0	28.5	36.8	45.0
Romania	15.8	13.0	22.1	27.7	21.1	20.4	24.9	28.9	29.4	29.1
Slovenia	.	.	18.1	17.4	.	17.2	12.9	16.9	16.8	21.3
Greece	28.5	30.5	33.0	30.1	32.0	24.6	30.9	42.9	48.6	52.3
Spain	19.6	22.1	17.1	15.2	13.6	15.9	26.0	28.9	35.0	39.8
Portugal	.	.	24.3	29.0	25.9	27.3	24.5	26.1	29.0	39.1
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	66.9	56.4	67.2	64.5	53.2	67.3	61.8
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	43.6	30.6	64.0	57.6	56.1

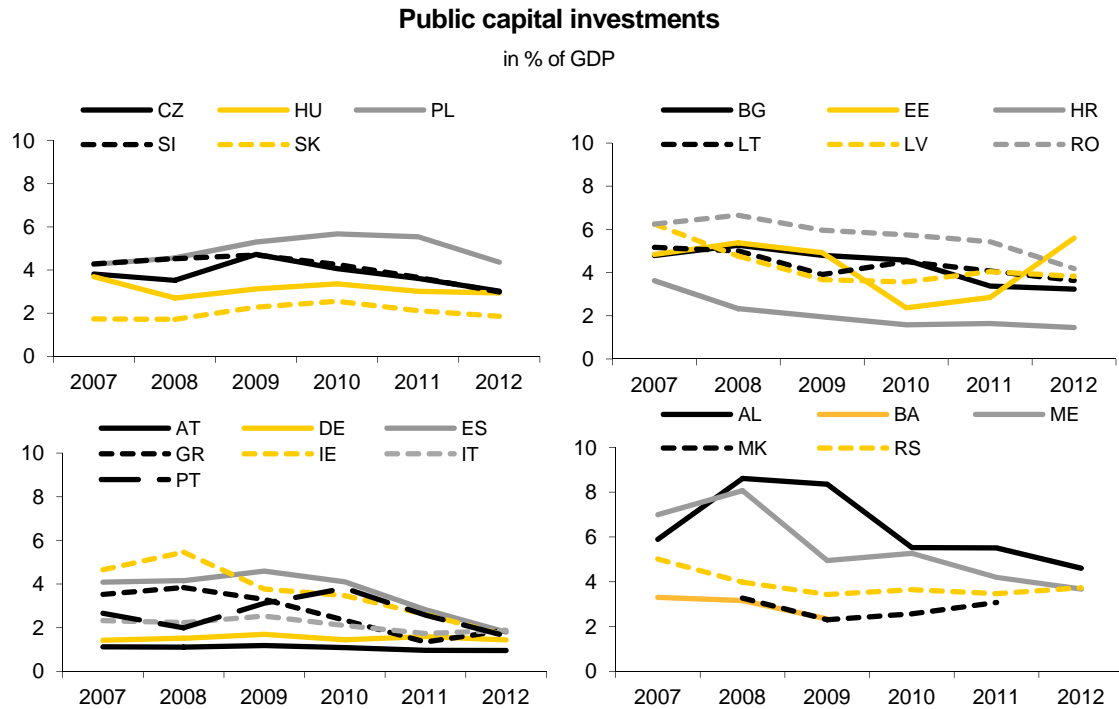
Unemployment rates of high-skilled persons (level 5-6) aged 15-24, male

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria
Croatia	27.9	.	.	.	.
Romania	25.2	.	.	.	.	.	25.0	26.8	24.4	23.8
Slovenia
Greece	.	15.2	15.5	17.6	20.4	17.9	16.6	28.4	38.3	34.8
Spain	15.9	19.7	14.6	12.1	10.8	14.4	25.8	30.1	37.2	38.0
Portugal	31.5	38.1
Albania
Bosnia and Herzegovina
Kosovo
Macedonia	.	.	.	64.8	53.8	72.0	52.4	43.5	63.6	59.7
Monetenegro
Serbia

Unemployment rates of high-skilled persons (level 5-6) aged 15-24, female

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bulgaria	.	.	.	.	.	.	.	.	.	.
Croatia	.	39.3	.	35.3	29.4	31.0	23.9	33.4	46.5	52.4
Romania	9.2	.	.	28.8	21.1	22.0	24.8	30.4	32.6	32.4
Slovenia	.	.	.	.	.	.	.	17.7	19.8	23.5
Greece	36.5	38.2	40.8	35.7	36.6	27.6	36.5	48.1	52.3	59.1
Spain	22.3	23.8	18.8	17.3	15.8	16.9	26.2	28.2	33.7	40.8
Portugal	.	.	23.9	29.9	28.1	27.3	23.9	25.1	28.0	39.5
Albania	.	.	.	.	.	.	.	.	.	.
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.
Kosovo	.	.	.	.	.	.	.	.	.	.
Macedonia	.	.	.	68.1	57.5	65.4	72.4	60.3	69.5	62.9
Monetenegro	.	.	.	.	.	.	.	.	.	.
Serbia	.	.	.	.	.	.	.	.	.	.

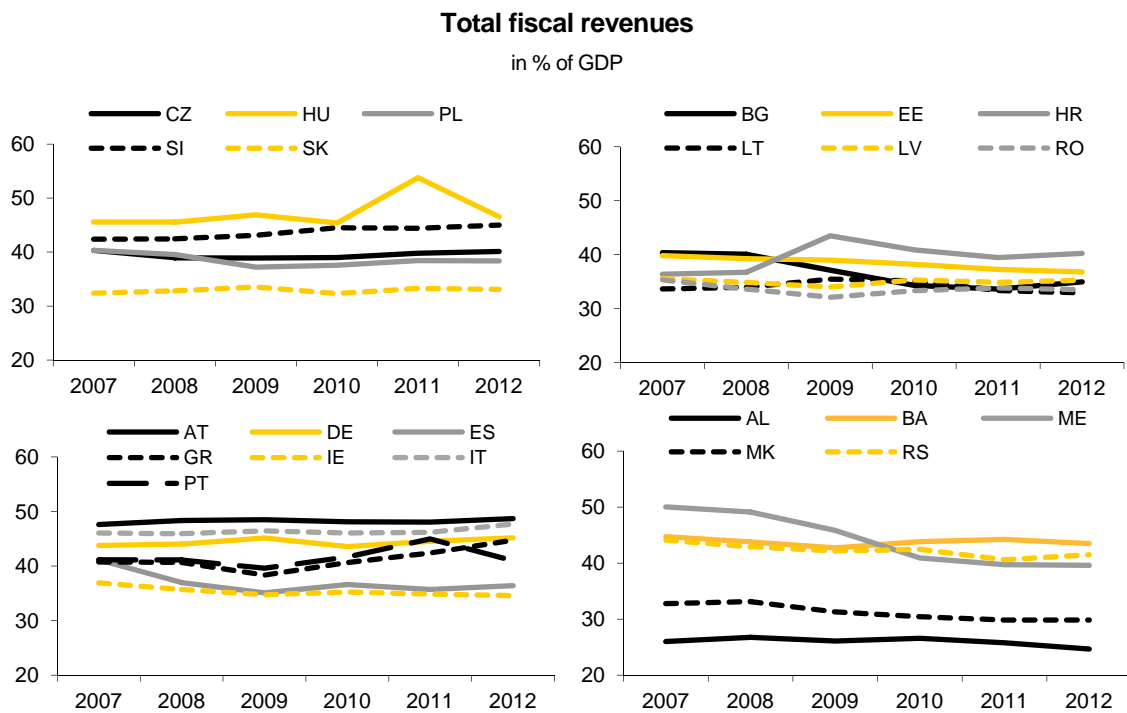
Figure A1



ESA'95 definition for all EU countries, national definition for the rest of the countries.

Sources: Eurostat, Government Finance Statistics (IMF), National Ministries of Finance, National Banks.

Figure A2



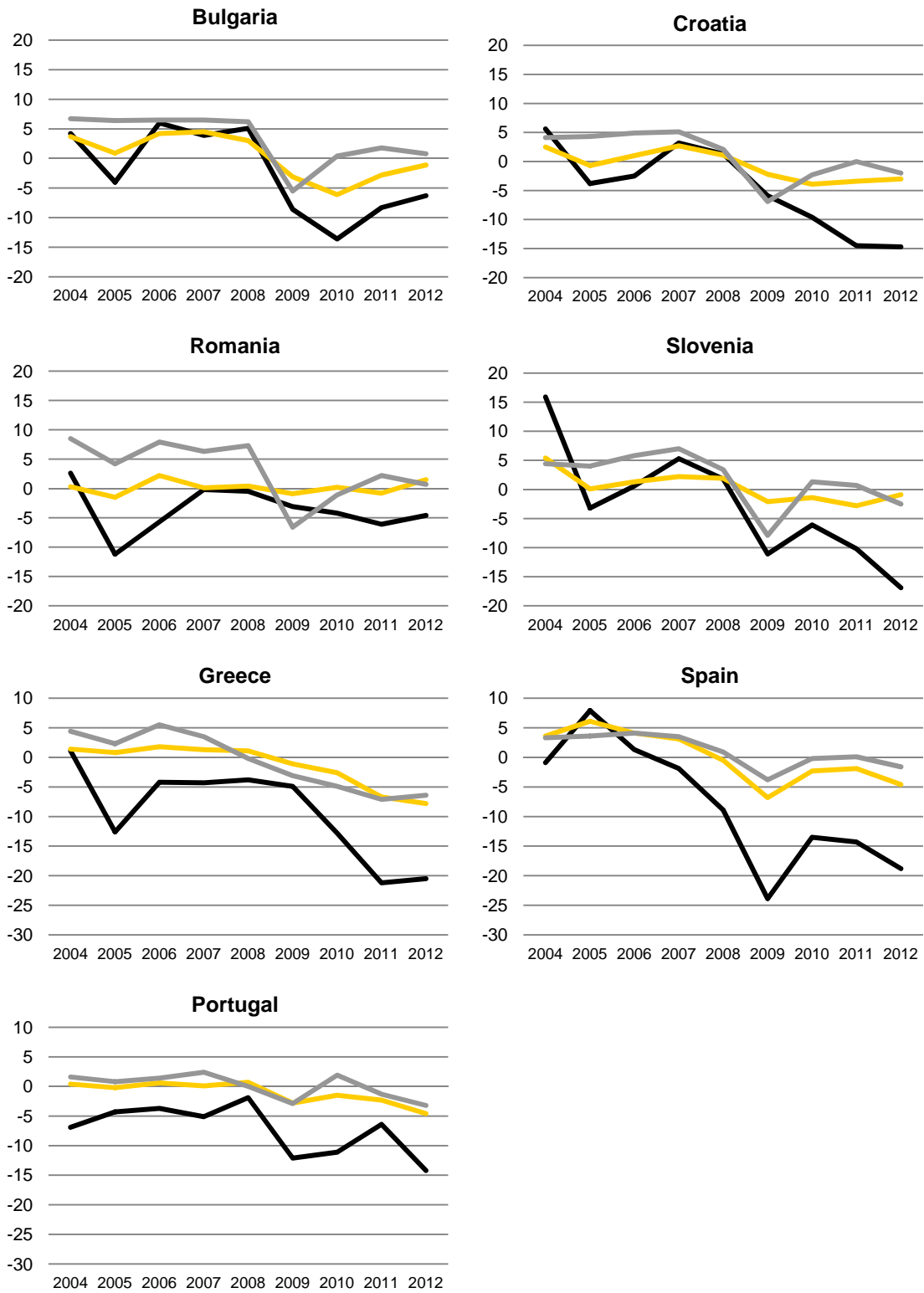
ESA'95 definition for all EU countries, national definition for the rest of the countries.

Sources: Eurostat, Government Finance Statistics (IMF), National Ministries of Finance, National Banks.

Figure A3

Employment growth and GDP growth

— Employment (15-24), growth in % — Employment (15-64), growth in % — GDP real growth in %



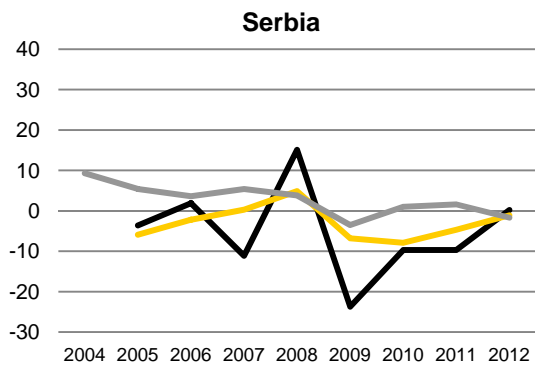
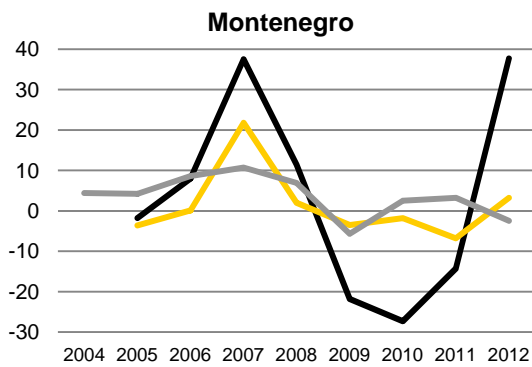
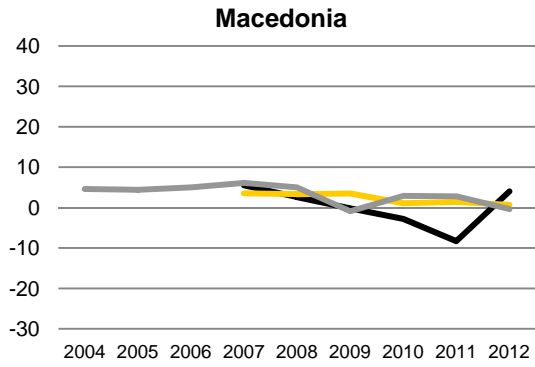
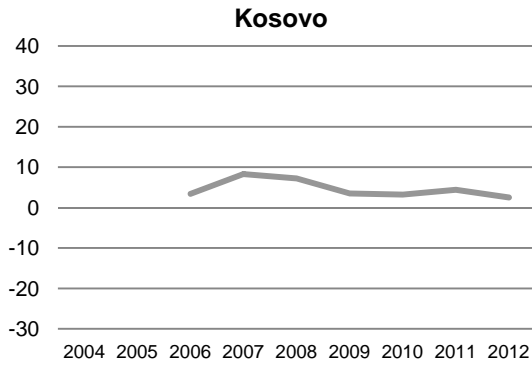
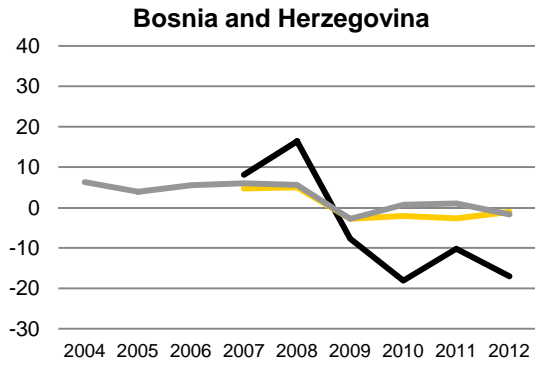
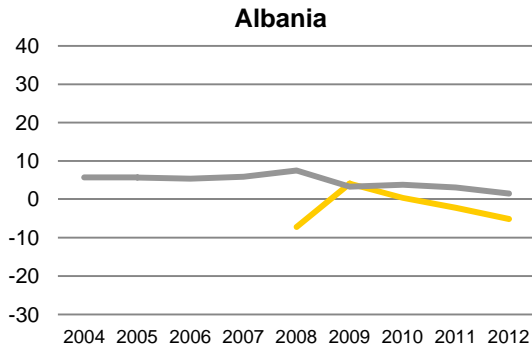
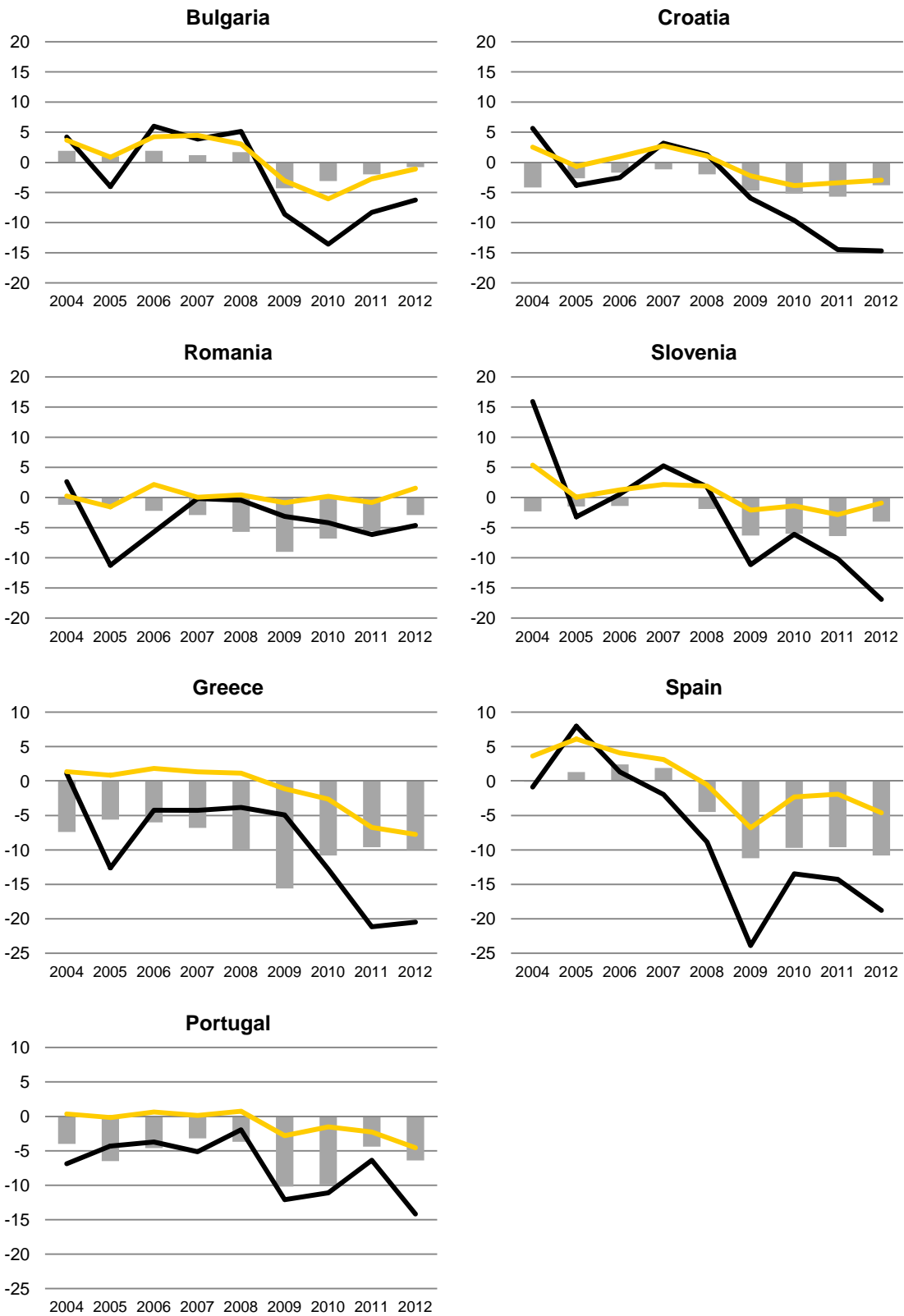


Figure A4

Employment growth and fiscal balance

— Employment (15-24), growth in % — Employment (15-64), growth in % ■ Fiscal balance in % of GDP



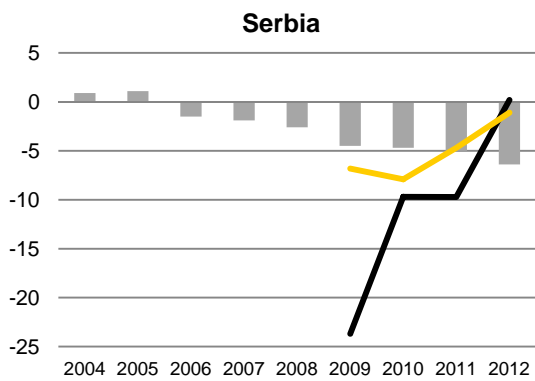
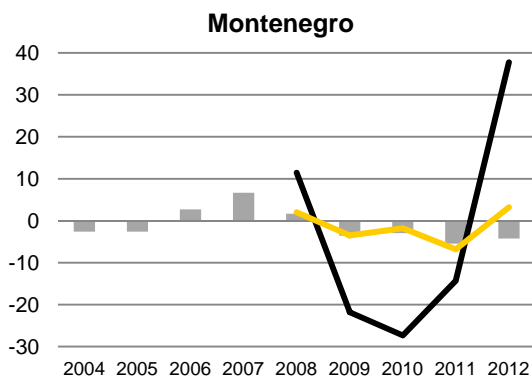
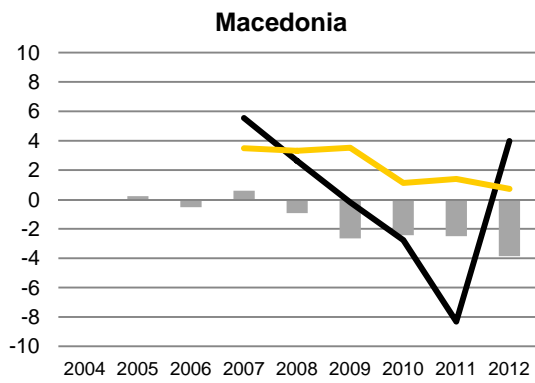
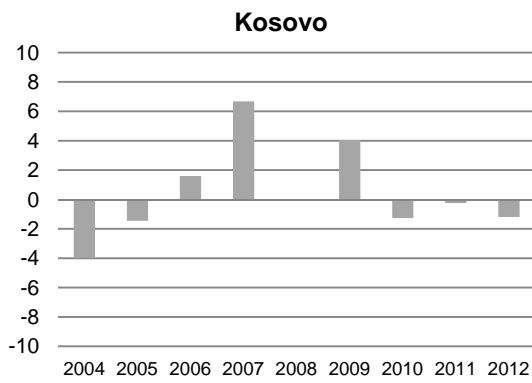
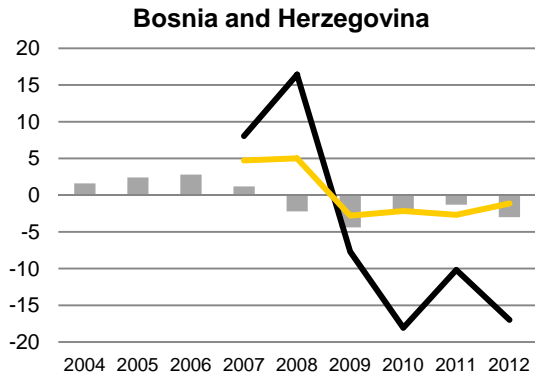
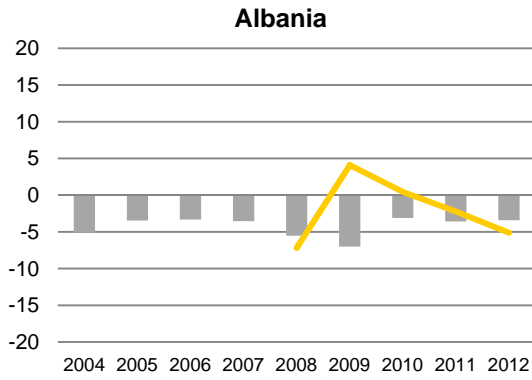


Figure A5

Employment rates and general government expenditure

— Employment rate (15-24), in % — Employment rate (15-64), in % ■ Expenditure, % of GDP

