

Jobless rate climbs to 8.6% in European Union

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The unemployment rate in the European Union pushed higher in April, the E.U. statistics office said Tuesday, indicating that nascent signs of economic recovery had yet to be felt in the continent's labor market.

The seasonally adjusted unemployment rate for the 16 nations in the euro area rose to 9.2 percent in April, the highest rate since September 1999, from 8.9 percent in March, according to the Eurostat agency. During the same month a year earlier, the rate was 7.3 percent.

For all 27 members of the E.U., the unemployment rate was 8.6 percent in April, up from 8.4 percent in March and 6.8 percent in April 2008.

Although there has been some evidence in recent weeks that the economic decline that intensified in Europe in the second half of last year is beginning to ease, economists note that the labor market lags behind many economic indicators and that unemployment commonly rises after a downturn.

"Although survey measures of hiring intentions have ticked up lately, they still point to very sharp falls in employment to come, suggesting that the labor market downturn has much further to run," said Jennifer McKeown, European economist at Capital Economics in London.

Among the E.U. members, the highest unemployment rates were seen in Spain, at 18.1 percent, and Latvia, with 17.4 percent. The lowest unemployment rate was 3.0 percent recorded in the Netherlands, followed by 4.2 percent in Austria.

The unemployment level in France was 8.9 percent, while it was 7.7 percent in Germany. Figures for Britain and Italy were not available. Unemployment stood at 8.9 percent in the United States in April.

The jobless rate has been creeping up despite the efforts of many European countries to use public funds to dissuade companies from permanently laying off workers.

France has a program known as "chômage partiel," meaning partial unemployment. It allows companies experiencing exceptional difficulties to draw on state funds to pay their workers 60 percent of minimum hourly wages during periods when they are temporarily laid off.

A number of companies have applied for the funds, especially in the auto and auto-supply sectors. In addition to implementing such a program, the automaker Peugeot Citroën is cutting workers' hours and implementing "voluntary" layoffs of 3,500 of its 108,000 employees.

Laurent Cicoella, a spokesman for the automaker, said the company could not provide an exact figure for those affected by chômage partiel as it "changes week to week," but he added the number has been falling.

Germany has a long tradition of workplace flexibility and a variety of instruments to help reduce working time; many are specifically framed as employment-saving measures. The federal "Kurzarbeit" system, meaning short work, provides a state-supported backup for companies reducing employees' hours outside the provisions of collective agreements.

The Federal Labor Office in Germany projects that it will spend about \$2.85 billion this year for more than a quarter of a million people who end up on Kurzarbeit. In comparison, the agency doled out about \$272 million last year.

Without such support, the jobless rate in some European countries would be significantly higher than it is, analysts said.

The April jobless rate for people younger than 25 was 18.5 percent in the euro area compared with 14.7 percent a year earlier, Eurostat said.

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