

ANALYSIS

3 November 2015

Prague Measured to Have the Lowest Long-Term Unemployment Rate of All Regions in the EU28

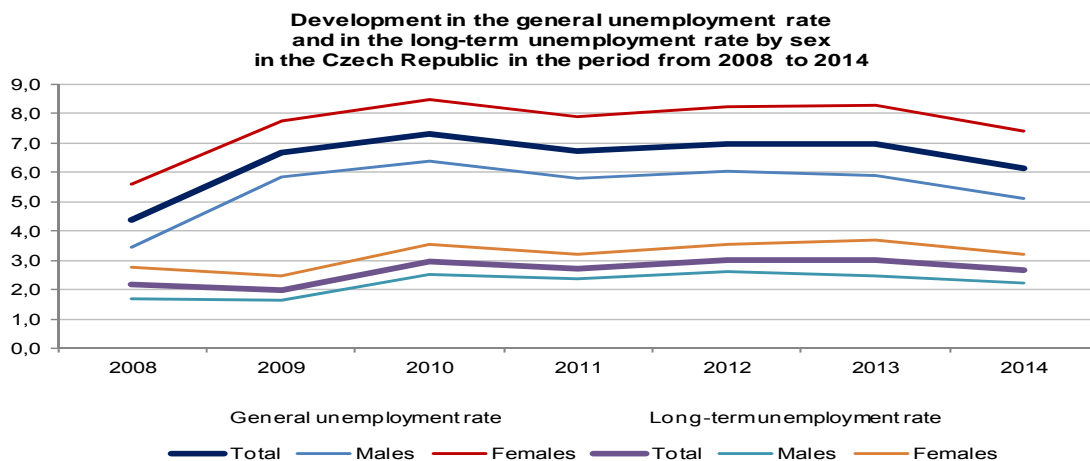
The recent growth of the Czech Republic economy has brought beneficial effects on the development of the long-term unemployment rate. In 2014 the share of the unemployed for over one year in the total labour force attained 2.7%, i.e. by 0.3 p. p. less than in 2013. Differences among regions of the Czech Republic have still remained high. In the EU28, however, the long-term unemployment rate in respective NUTS 2 areas is completely different.

Total unemployment development affects in a direct manner changes in the number of the long-term unemployed. The long-term unemployed, as defined for purposes of the Labour Force Sample Survey (LFSS), are all persons 15+ years of age, which has been unemployed for one year and longer, seek a job in an active manner, and are able to start in a job within a fortnight at the latest. Better conditions concerning long-term unemployment have been observed in the last two years. The number of such persons declined by 20 thousand to reach 141 thousand persons in 2014 and a declining trend continued in the course of this year (according to the latest available data the year-on-year decline in Q3 2015 was almost 12 thousand persons).

It is mostly females who suffer from long-term unemployment, 75 thousand females compared to 66 thousand males in 2014. In the last year, however, the number of such females decreased year-on-year more than the number of the long-term unemployed males.

The decrease in the number of the unemployed in the last two years also affected the trend of the long-term unemployment rate. The long-term unemployment rate, which is designed as a proportion of the number of the long-term unemployed to the sum of all working persons and all the unemployed in a given period, was 2.7% in 2014. In the first half of this year it further dropped to 2.5%, mainly in females, and so it has been nearing to its level in the years 2008 and 2009, respectively.

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Source: CZSO. Labour Force Sample Survey

A. Differences in the long-term unemployment rate between regions of the Czech Republic pertain

Finalised data for 2014 were employed in order to evaluate the long-term unemployment rate by respective aspects. For the year 2014, there are also comparable data on the long-term unemployment rate for all areas of the European Union (see below) available. In majority of regions of the Czech Republic the long-term unemployment rate fell below 3%, and in Prague even less than 1%. Conditions in the Karlovarský, Ústecký, Moravskoslezský, and Olomoucký Regions are rather complex with the long-term unemployment rate within the interval of 4.1% and 5.0%. The long-term unemployment rate in females has been higher than that of males in all regions, except for Prague and Jihomoravský Regions.

The long-term unemployment rate in regions of the Czech Republic in 2014

Territory	Percentage		
	Total	Males	Females
Czech Republic	2.7	2.2	3.2
Region			
Hl. m. Praha	0.8	0.9	0.8
Středočeský	1.9	1.7	2.2
Jihočeský	2.0	1.5	2.8
Plzeňský	2.5	1.6	3.7
Karlovarský	5.0	4.1	6.2
Ústecký	4.4	3.8	5.2
Liberecký	2.8	2.0	3.8
Královéhradecký	2.0	1.8	2.2
Pardubický	2.8	2.1	3.7
Vysočina	2.1	1.4	2.9
Jihomoravský	2.7	2.7	2.7
Olomoucký	4.1	3.2	5.3
Zlínský	1.8	1.5	2.2
Moravskoslezský	4.2	3.5	5.1

Source: CZSO. Labour Force Sample Survey

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B. The higher educational attainment the less troubles with unemployment

The long-term unemployment rate differs significantly by educational attainment of respondents. It is extremely high in persons with primary education (13.6%), and it is also above-average in the large group of persons with vocational training certificates (secondary education without A-level examination). This rate in the group of persons with A-level examination declines to 1.7% and in university graduates is even down to 0.8%. A higher long-term unemployment can be found in males in the group of persons with primary education. At the level of secondary education (ISCED 3), however, the long-term unemployment rate is clearly higher in females than in males; at the level of tertiary education the long-term unemployment rate is identically low in males and females.

The long-term unemployment rate by educational attainment in 2014

Indicator	Long-term unemployment rate		
	Total	Males	Females
Percentage			
ISCED 2011			
Educational attainment			
Primary education	13.6	14.5	12.8
Secondary education without A-level examination	3.2	2.4	4.8
Secondary education with A-level examination	1.7	1.3	2.1
Higher education	0.8	0.8	0.8

Source: CZSO. Labour Force Sample Survey

Considerations on the age of persons in jeopardy of long-term unemployment are frequent. It is surprising, to a certain extent, that the highest share of the persons unemployed for over one year is in the youngest groups of the productive age. The fact is, however, affected by the structure of the rate, which does not take into account great numbers of the young, who are still preparing in schools for their future jobs. The long-term unemployment rate decreases in the group of 25-29 years of age, whose majority already finished education, to reach 2.7%. The lowest value of the long-term unemployment rate can be found in the group of younger forties (2.2%). In the interval from 45 to 60 years the long-term unemployment rate falls below three per cent. Long term unemployment in the pre-retirement age is not substantially different from that in younger age groups yet has adverse effects on social position of these persons in terms of the amount of old-age pension and availability to support dependent persons within a broader family.

The long-term unemployment rate of males and females by age group in 2014

Age group	Long-term unemployment rate		
	Total	Males	Females
Percentage			
15+ years	2.7	2.2	3.2
Of which			
15 to 29 years	3.4	3.5	3.1
15 to 19 years	5.6	7.2	3.0
20 to 24 years	4.3	4.5	3.8
25 to 29 years	2.7	2.7	2.7

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30 to 44 years	2.6	1.9	3.4
30 to 34 years	3.0	2.5	3.9
35 to 39 years	2.5	1.9	3.2
40 to 44 years	2.2	1.2	3.4
45 to 59 years	2.7	2.2	3.3
45 to 49 years	2.6	1.9	3.3
50 to 54 years	2.7	2.4	3.1
55 to 59 years	2.8	2.4	3.3
60+ years	1.1	1.2	1.0
60 to 64 years	1.4	1.5	1.3
65+ years	0.3	0.1	0.4

Source: CZSO. Labour Force Sample Survey

In 2014 there were 141 thousand persons meeting the criterion to be classified as the long-term unemployed. Majority of them (107 thousand persons) worked for some time in the recent eight years. The number of persons, which have never worked or ceased to work more than eight years ago, was 34 thousand persons when grossed up to the whole population.

The highest number of the unemployed with some work experience in absolute figures was in the CZ-ISCO 08 main sections of 9 - elementary occupations (25 thousand) and 5 - service and sales workers (20 thousand). The numbers of the unemployed formerly working as craft and related trades workers, which is the main group 7, and as former plant and machine operators, and assemblers, which is the main group 8, both were close to 20 thousand persons. This just confirmed that, in relation to changes to activity and profession structure, numerous persons, which originally performed mostly blue-collar occupations (males) or worked in services and trade (females), have troubles to find their placement on the labour market. The numbers of the unemployed formerly working in other groups of occupations were very low and they accounted in total for a couple more than 30 thousand persons.

The number of the long-term unemployed with work experience in blue-collar occupations and in trade corresponds to the number of such persons by activity section of their formerly performed occupation. The long-term unemployed worked mostly in manufacturing (over 36 thousand persons), in trade businesses, and in construction. These three activity sections were homes of almost 60% positions of all the long-term unemployed with work experience. Changes to activity and occupation structure affected especially northern regions of the country where impacts of reductions or phase-outs in numerous economic activities were substantial (as in mining and quarrying, for instance).

C. Unemployment in the Czech Republic is one of the lowest in the European Union

If the Czech Republic demonstrated a relatively low long-term unemployment (2.7%), then its average of all Member States of the EU28 was almost doubled (5.1%) in 2014. The general unemployment of the 15+ years of age in the Czech Republic was the fifth lowest in the EU28; the long-term unemployment rate was the eighth lowest. The difference in ranking of the rates by value follows from the fact the share of the long-term unemployed in the total number of the

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unemployed in the Czech Republic is higher due a great decline in the number of short-time unemployed persons.

Greece, and also Spain, where even every fifth and eight economically active person is unemployed, respectively, form exceptions to the list of countries.

The general unemployment rate and long-term unemployment rate in countries of the EU28 in 2014

Territory	General unemployment rate		Long-term unemployment rate	
	%	Country ranking	%	Country ranking
EU28	10.2		5.1	
Belgium	8.5	13.	4.3	15.
Bulgaria	11.4	21.	6.9	21.
Czech Republic	6.1	5.	2.7	8.
Denmark	6.6	7.	1.7	4.
Germany	5.0	1.	2.2	6.
Estonia	7.4	9.	3.3	12.
Ireland	11.3	20.	6.7	20.
Greece	26.5	28.	19.5	28.
Spain	24.5	27.	12.9	27.
France	10.3	17.	4.4	16.
Croatia	17.3	26.	10.1	26.
Italy	12.7	22.	7.8	23.
Cyprus	16.1	25.	7.7	22.
Latvia	10.8	19.	4.7	17.
Lithuania	10.7	18.	4.8	18.
Luxembourg	6.0	4.	1.6	3.
Hungary	7.7	11.	3.7	13.
Malta	5.9	3.	2.7	9.
Netherlands	7.4	10.	3.0	11.
Austria	5.6	2.	1.5	1.
Poland	9.0	15.	3.8	14.
Portugal	14.1	24.	8.4	24.
Romania	6.8	8.	2.8	10.
Slovenia	9.7	16.	5.3	19.
Slovakia	13.2	23.	9.3	25.
Finland	8.7	14.	1.9	5.
Sweden	7.9	12.	1.5	2.
United Kingdom	6.1	6.	2.2	7.

Source: Eurostat, Labour Force Survey

D. It is especially areas in the South of the European Union that suffer from long-term unemployment

If we have stated in the introduction here that great differences in the long-term unemployment rate between regions pertain in the Czech Republic then these differences between areas within the whole European Union are substantially higher and more serious.

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Every year Eurostat publishes data on the long-term unemployment in areas at the territorial levels of NUTS 1 and NUTS 2 for all Member States of the EU28. From geographical point of view NUTS 2 territorial units comprise of NUTS 3 (that is regions in the case of the Czech Republic) or coincide with them. In the Czech Republic there are eight cohesion regions defined at territorial units of NUTS 2. In the EU28 there were 98 territorial units of NUTS 1 (it is the whole country in the case of the Czech Republic) and 276 areas of NUTS 2 as at 1 January 2015.

The CZSO selected all areas of NUTS 2, for which data were measured and also comply with trustworthiness criterion for the sake of comparison. In cases for which data were not measured for NUTS 2 yet there were available complete data for NUTS 1 such data were included into the selected sample. In other cases data for NUTS 1 were not taken into account. The total number of this way selected territorial units reached 265.

The span of long-term unemployment rates in the areas is extraordinary. It falls in the interval from 0.8% to 22.9% (including overseas territories of certain Member States). The Capital City of Prague, along with Oberbayern, Germany and Westösterreich, Austria, feature the lowest long-term unemployment rate of all the areas of the EU28. Prague and Oberbayern boast also the lowest general unemployment rate (2.5%).

Concerning respective Member States, ten of twenty cohesion regions with the lowest long-term unemployment rates are in Germany, four in the United Kingdom, three in Sweden, two in Austria, and one in the Czech Republic, due to Prague. From 265 included cohesion regions, the other areas of the Czech Republic were Central Bohemia ranked 64th, Southwest 80th, Northwest 92nd, then immediately Southeast 93rd. Central Moravia was evaluated to be 112th. Other cohesion regions of the Czech Republic featuring a higher long-term unemployment rate, being concrete Moravia-Silesia and Northeast, were 157th and 167th, respectively.

In numerous areas, namely in the South of Europe, there has been a dismal long-term unemployment rate. There are bad conditions in almost all areas of Greece, the way that ten Greek areas belong to the twenty most suffering areas of the whole EU28. There is high long-term unemployment in autonomous areas of Spain (Melilla and Ceuta), on the Canary Islands, in Andalusia and Castilla-La Mancha, in three overseas territories of France, and in Calabria and Sicily in Italy.

Twenty NUTS2 regions with the lowest and highest long-term unemployment rates in the EU28

The lowest long-term unemployment rate				The highest long-term unemployment rate			
NUTS2 territory	Country	%	Ranking	NUTS2 territory	Country	%	Ranking
Praha	CZ	0.8	1-3	Ciudad Autónoma de Ceuta (ES)	ES	22.9	1
Oberbayern	DE	0.8	1-3	Dytiki Ellada (NUTS 2010)	EL	22.1	2
Westösterreich	AT	0.8	1-3	Kentriki Makedonia (NUTS 2010)	EL	21.6	3
Freiburg	DE	0.9	4-5	Attiki	EL	21.1	4
Unterfranken	DE	0.9	4-5	Ipeiros (NUTS 2010)	EL	20.3	5
Tübingen	DE	1.0	6-10	Sterea Ellada (NUTS 2010)	EL	19.4	6-7

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Niederbayern	DE	1.0	6-10	Canarias	ES	19.4	6-7
Mittelfranken	DE	1.0	6-10	Ciudad Autónoma de Melilla (ES)	ES	18.9	8
Oberösterreich (NUTS 1)	AT	1.0	6-10	Thessalia (NUTS 2010)	EL	18.6	9
Herefordshire. Worcestershire and Warwickshire	UK	1.0	6-10	Réunion (NUTS 2010)	FR	17.7	10
Oberpfalz	DE	1.1	11-17	Andalucía	ES	17.4	11
Schwaben	DE	1.1	11-17	Peloponnisos (NUTS 2010)	EL	17.2	12
Småland med öarna	SE	1.1	11-17	Anatoliki Makedonia. Thraki (NUTS 2010)	EL	17.1	13
Övre Norrland	SE	1.1	11-17	Dytiki Makedonia (NUTS 2010)	EL	16.5	14
Berkshire. Buckinghamshire and Oxfordshire	UK	1.1	11-17	Guadeloupe (NUTS 2010)	FR	16.3	15
Surrey. East and West Sussex	UK	1.1	11-17	Castilla-la Mancha	ES	15.9	16-17
Hampshire and Isle of Wight	UK	1.1	11-17	Départements d'outre-mer (NUTS 2010)	FR	15.9	16-17
Stuttgart	DE	1.2	18-20	Calabria	IT	15.7	18
Karlsruhe	DE	1.2	18-20	Sicilia	IT	15.4	19
Mellersta Norland	SE	1.2	18-20	Kriti	EL	15.2	20

Source: Eurostat. Labour Force Survey

The long-term unemployment rate in 42 areas of the European Union has been higher than 10%. It poses a serious issue not merely to these areas yet to respective Member States and finally, of course, to the whole European Union. These areas include almost all areas in Greece (13), the same number of areas in Spain, and, furthermore, six Italian areas, five French areas (all of them are overseas territories), and both NUTS 2 areas in Croatia. The group also involves two areas in Slovakia, Central and East Slovakia. Surprisingly the area of the Brussels Capital also fell into the areas with over ten-percent-high long-term unemployment.

* * *

The issue of territorially structured long-term unemployment is really serious. It is necessary to realise social and economic conditions in numerous areas are even more severe because many of the respondents do not meet the criteria (searching job in an active manner, availability to start in a job within a fortnight) to be included into the unemployed and therefore they are classified as economically inactive.

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