Unemployment Still Rising in Europe

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New data from the European Union shows unemployment has risen to 8.9%, or 21.5 million people, but the rate of job losses is slowing

By Renata Goldirova

Jobs in the European Union continued to disappear in June, with unemployment reaching a four-year high and putting extra pressure of the bloc's coffers to help laid-off workers back into employment.

According to fresh data released by the EU's statistics office, Eurostat, on Friday (31 July), some 21.5 million people – or 8.9 percent – were out of work in the 27-nation EU in June. The figure was 9.4 percent in the 16-member euro area – the highest in 10 years.

Spain, hit hard by the collapse of its construction sector, recorded the highest jobless rates at 18.1 percent, followed by Baltic States, Latvia (17.2 percent) and Estonia (17 percent).

On the other hand, labour markets in the Netherlands and Austria seem to be in the best shape. The two countries have just 3.3 percent and 4.4 percent unemployed respectively.

The European Commission has tried to put a positive spin on the new unemployment numbers, saying that the pace of job losses in the EU as a whole is slowing down.

Compared with May, the number of people unemployed increased by 246,000. "This is much less than monthly increases that we recorded in previous months," commission spokesperson Amelia Torres told journalists (31 July).

She added that "the peak appeared to had been reached in March" when unemployment went up by 646,000.

Help from EU coffers

As a result, EU governments are more interested in drawing money from the Brussels-managed globalisation fund to finance costly measures in support of laid-off workers.

The European Commission has this year received nine applications concerning 11,872 redundancies and €76.8 million, while it dealt with five applications in 2008. "We expect more applications in the course of the year due to the crisis," the spokesperson Katharina von Schnurbein said (31 July).

Germany is set to be the latest beneficiary of the funding as more than 1,300 workers were sacked by the mobile phone producer Nokia (NOK) there.

The package of €5.5 million will cover half of costs of envisaged post-redundancy support.

"Germany successfully showed that there has been a decrease in EU market shares for mobile phones as well as an increase in mobile phone imports into the EU," Ms von Schnurbein said explaining the commission's latest decision.

The European globalisation fund, operating with an annual budget of €500 million, was set up in 2006 to help those who have lost jobs after companies shifted their production outside the 27-nation EU.

Later, the fund was made part of the bloc's toolbox to fight the economic and labour market crisis and from July this year, it is run under more flexible rules.

Brussels has, for example, lowered the limit of people made redundant in one affected company from 1,000 to 500. It will cover up to 65 percent of costs instead of half, while the aid can be spent within 24 months instead of one year.