

# Eurostat regional yearbook 2008





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## Preface

Dear reader,

I am pleased to present the 2008 edition of the Eurostat regional yearbook, which gives an overview of the most recent developments in the regions of the European Union, with its current 27 Member States, as well as in the candidate countries and EFTA countries.

We have again selected themes that we think will show you the most interesting facets of development in the economic, social and demographic fields in Europe's regions. We are also pleased to include a contribution from our colleagues at the Commission's Directorate-General for Regional Policy for the second year running. This time the chapter is about 'Sectoral productivity' and it examines how productivity in different business sectors differs between the EU's regions.

Regional policy programmes initiated last year under the EU's new cohesion policy are now well under way and we hope that this publication will give some flavour of the progress being made in regional cohesion throughout the EU. We have also included some of the most recent results from the Urban Audit exercise, a data collection that compiles a great deal of statistical information on Europe's cities.

We are progressively developing the range of regional indicators available and will hopefully be able to include these in our choice of topics in future editions, as data availability and quality allow.

I wish you a stimulating read.



Hervé Carré  
Director-General, Eurostat



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# Introduction





## Regional statistics give more detailed information

Eurostat, the statistical office of the European Communities, collects data on a range of different statistical topics, mainly from the 27 Member States of the European Union, but also from the three candidate countries (Croatia, the former Yugoslav Republic of Macedonia, and Turkey) and from the four EFTA countries (Iceland, Liechtenstein, Norway and Switzerland). The statistical data are often only collected at national level, but very many statistical fields also have statistics at regional level, which gives us a more complete picture.

This aim of this publication, the *Eurostat regional yearbook 2008*, is to give you detailed information on life in the European regions today. Looking at the regions of Europe under the magnifying glass allows the authors of the 13 different chapters to make an in-depth analysis of a large variety of statistical domains. We very much hope you will enjoy reading it!

The first chapter is about population statistics (demography), because population data form the basis for all other statistics. Many other statistical indicators are divided by the population figures, thus resulting in data with the unit expressed in terms of 'per inhabitant'. Therefore, we start the first chapter by presenting some basic facts about how the population is spread over the regions in Europe, providing birth and death rates, migration patterns and age distribution.

The second chapter, on urban statistics, is based on the Urban Audit data collection and it presents data on a range of different topics from all European capitals and from many other large European cities. As a large proportion of EU citizens live in these cities, it should be a topic that is interesting and directly relevant for many people.

The other chapters can be divided into four different themes.

The first concerns economic or financial indicators: gross domestic product (GDP), household accounts and structural business statistics. Economic cohesion is one of the main goals in EU policy and, one might say, the engine for all other policies. In particular the chapter on GDP gives a very good idea of the situation in the European Union today.

Labour market indicators form the second group of themes in this publication, containing a basic chapter on the labour market, and also introduc-

ing two totally new subjects for the *Eurostat regional yearbook*; sectoral productivity, written by a subject specialist from the Directorate-General for Regional Policy, and labour costs, where the regional differences in labour costs per hour are analysed.

The theme for the third group of chapters is more general and concerns the everyday life of most European citizens. Transport and tourism both focus on the mobility of people, while science, technology and innovation is often seen as one of the main cornerstones in the new Lisbon strategy for growth and jobs.

Well-being in general is the theme for the last two chapters; statistics on health are a welcome reappearance this year, focusing on the main causes of death and on the density of healthcare staff in the European regions; the chapter on agriculture this year concerns animal-rearing, mainly regarding pigs, sheep and cows.

## The NUTS classification

All statistics at regional level within the EU are based on the nomenclature of territorial units for statistics (NUTS). The NUTS classification has been used for regional statistics for many decades, and has always formed the basis for regional funding policy. It was only in 2003, though, that NUTS acquired a legal basis, when the NUTS regulation was adopted by the Parliament and the Council <sup>(1)</sup>.

Whenever new Member States join the EU, the NUTS regulation is of course amended to include the regional classification in those countries. This was the case in 2004, when the EU took in 10 new Member States, and in 2007 when it expanded to include Bulgaria and Romania.

The NUTS regulation provides for a review to be conducted every three years whereby the regional classification can be changed and adapted to new administrative boundaries or economic circumstances. In 2006, this exercise took place for the first time, and the results of these changes to the NUTS classification have now been valid since 1 January 2008. Most territorial changes are at NUTS level 3, affecting 11 countries, while four countries had changes made at NUTS level 2 and only one country at NUTS level 1.

The main changes in this latest revision of the NUTS classification are the following: Denmark introduced new NUTS 2 regions and revised the existing NUTS 3 regions following a substantial

<sup>(1)</sup> More information on the NUTS classification can be found on the Internet ([http://ec.europa.eu/eurostat/ramon/nuts/splash\\_regions.html](http://ec.europa.eu/eurostat/ramon/nuts/splash_regions.html)).



administrative regional reform. In one German region, Sachsen-Anhalt, three different NUTS 2 regions were merged into just one NUTS 2 region. Slovenia introduced two new NUTS 2 regions where it had only one previously. In the United Kingdom, more specifically in north-eastern Scotland, a boundary shift at both NUTS 2 and 3 levels had the effect of creating new regions. Sweden introduced NUTS 1 regions for the first time due to the size of the country. For more detailed information on the most recent NUTS changes, please consult the Eurostat website.

Since these NUTS changes were introduced only on 1 January 2008 and the statistical data for all the chapters had already been extracted by the beginning of this year, you will find that regional data, especially for Denmark and Slovenia, are missing or have been replaced with national values on many of the statistical maps. The regional data availability for these two countries will have hopefully improved for next year's publication.

As a rule regional data by NUTS 2 regions are displayed and analysed in the *Eurostat regional yearbook 2008*, but there is one exception. Regarding labour costs, Eurostat only collects data at NUTS level 1 and therefore in that chapter the data are based on NUTS 1 regions instead.

Please note that some of the Member States have a relatively small population and they are therefore not divided into more than one NUTS 2 region. Thus, for these countries the NUTS 2 value is exactly the same as the national value. Following the latest revision of the NUTS classification this now applies to six Member States (Estonia, Cyprus, Latvia, Lithuania, Luxembourg and Malta), one candidate country (the former Yugoslav Republic of Macedonia), and two EFTA countries (Iceland and Liechtenstein): in all these cases the whole country consists of one single NUTS 2 region.

A folding map accompanies this publication on the inside of the cover and it shows all the regions at NUTS level 2 in the 27 Member States of the European Union (EU-27) and the corresponding statistical regions at level 2 in the candidate and EFTA countries. In the annex you will find the

full list of codes and names of these regions. This will help you to locate a specific region geographically on the map.

## Coverage

The *Eurostat regional yearbook 2008* mainly contains statistics from the 27 Member States of the European Union, but when available also from the three candidate countries: Croatia, the former Yugoslav Republic of Macedonia, and Turkey; and from the four EFTA countries: Iceland, Liechtenstein, Norway and Switzerland.

Regions in the candidate countries and the EFTA countries are called statistical regions and they follow the same rules as the NUTS regions in the European Union, except that there is no legal base. Data from the candidate and EFTA countries are not yet available in the Eurostat database for some policy areas, but the data availability situation is constantly improving, and we hope to have even better coverage in the near future.

## More regional information

Under the theme 'General and regional statistics' on the Eurostat website you will find tables with statistics on both 'Regions' and the 'Urban Audit' with more detailed time series (some of them going back as far as 1970) and with more detailed statistics than contained in this yearbook. You will also find a number of indicators at NUTS level 3 (such as area, demography, gross domestic product and labour market data). This is important since some of the countries covered are not divided into NUTS 2 regions, as mentioned above.

For more detailed information on the contents of the regional and urban databases please consult the Eurostat publication *European regional and urban statistics — Reference guide — 2008 edition*, which you can download free of charge from the Eurostat website. The specific data used for producing the maps and other illustrations in this publication can also be found as Excel tables on the Eurostat website.

# Labour costs

8





## Introduction

The labour cost survey is one of the cornerstones of the existing system of major European structural surveys in the business sector. Eurostat has been collecting, processing and publishing regional labour-cost data by economic activity for more than 20 years.

Eurostat's website currently contains regional data on labour costs for the reference years 1996, 2000 and 2004. The user thus has access to detailed regional figures on labour costs (including/excluding apprentices), direct remuneration, employers' social security contributions, the structure of labour costs (as a percentage of total labour costs), the number of employees, the number of hours actually worked and paid per employee, and the number of statistical units.

Labour costs are a major part of the production costs for goods and services and correspond to the costs borne by the employer for employing staff. Although the costs of labour as a factor of production are not alone decisive for a business's choice of site, in terms of competition their importance alongside criteria such as productivity, availability of well-qualified specialist staff, tax conditions and the provision of infrastructure should not be underestimated. It is also important to know whether the regions whose level of labour costs is under consideration are home to predominantly knowledge-intensive, capital-intensive or labour-intensive industries.

In 2004 average labour costs across the EU-27 in businesses with 10 or more employees in manufacturing and market services (i.e. NACE sections C to K) amounted to EUR 20.58 per hour worked. There are considerable differences between the regions of Europe, however, with regard to the level and structure of labour costs.

## Hourly labour costs

Map 8.1 clearly shows the substantial regional differences in the level of labour costs per hour worked in manufacturing and market services. A north-south gradient and an east-west divide are relatively clear to see. With EUR 37.29 per hour, the region of Île-de-France has the highest average labour costs in the EU. This is 23 times as high as the average in Bulgaria, which has the lowest labour costs at EUR 1.61 per hour. The figures for the 10 regions with the highest average labour costs are as follows <sup>(6)</sup>: EUR 37.29 per hour for Île-de-France (FR), EUR 32.99 per

hour for Région de Bruxelles-Capitale/Brussels Hoofdstedelijk Gewest (BE), EUR 32.93 per hour for London (UK), EUR 32.06 per hour for Hessen (DE), EUR 31.77 per hour for Hamburg (DE), EUR 31.14 per hour for Denmark, EUR 31.08 per hour for Sweden, EUR 30.80 per hour for Baden-Württemberg (DE), EUR 30.04 per hour for the Grand-Duchy of Luxembourg and EUR 29.76 per hour for Région Wallonne (BE).

The lowest average labour costs, on the other hand, are found in the following 10 regions or countries, which are without exception in the newer Member States: Bulgaria, Romania, Latvia, Lithuania, Wschodni (PL), Północno-Zachodni (PL), Północny (PL), Slovakia, Półudniowo-Zachodni (PL) and Estonia. Here average labour costs are less than EUR 4.50 per hour.

Figure 8.1 allows a more differentiated view of regional labour costs by economic activity. This shows, for example, separate figures for the energy sector or for specialist service companies in the financial sector with relatively high labour costs, and for economic activities such as wholesale and retail trade or hotels and restaurants, which are known to have relatively low costs. The database offers further data on labour costs in an even more detailed breakdown of economic activities.

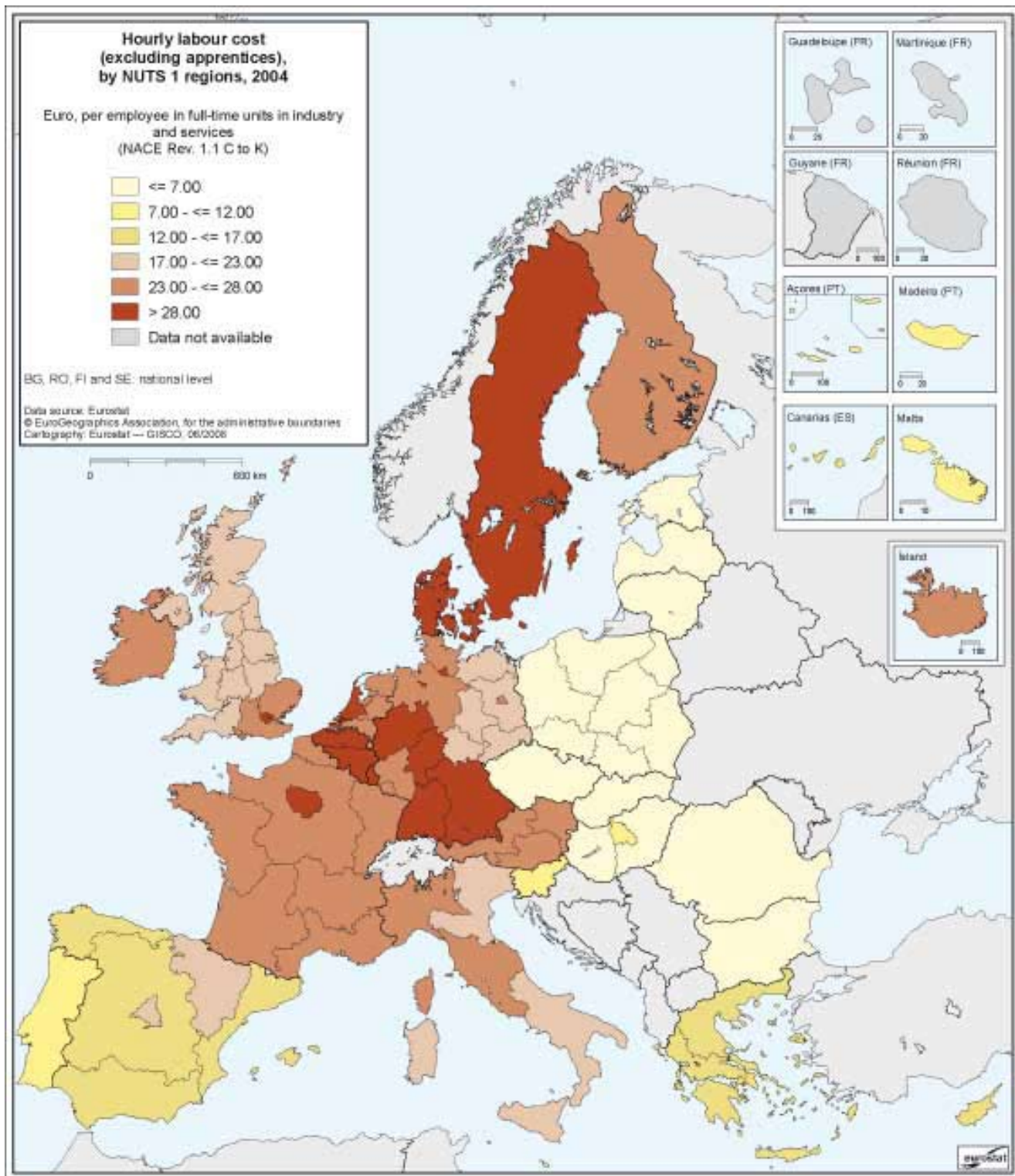
## Hours actually worked

Map 8.2 shows a regional comparison of the average hours actually worked per year in manufacturing industry and market services in the EU-27. In 2004 the average number of hours actually worked per employee (in full-time equivalents) was more than 1 875 in all regions of the United Kingdom and in Malta. The average hours worked per employee are lowest, at 1 650 or less, in all regions of France, in the three Belgian regions (Région Wallonne, Vlaams Gewest, Région de Bruxelles-Capitale/Brussels Hoofdstedelijk Gewest), in the Greek regions of Nisia Aigaiou and Kriti, in Finland and Denmark (where only national data are available) and in Baden-Württemberg in Germany. In this comparison the particular national legislative arrangements and habits concerning working time, which can also vary from one sector of activity to another (hotels and restaurants, transport, construction), must naturally not be forgotten. The average time worked is also affected by the prevailing economic situation (full order books on the one hand, or short-time working and plant closures on the other). In

<sup>(6)</sup> Labour-cost data for BG, RO, FI and SE are at present available only at national level.



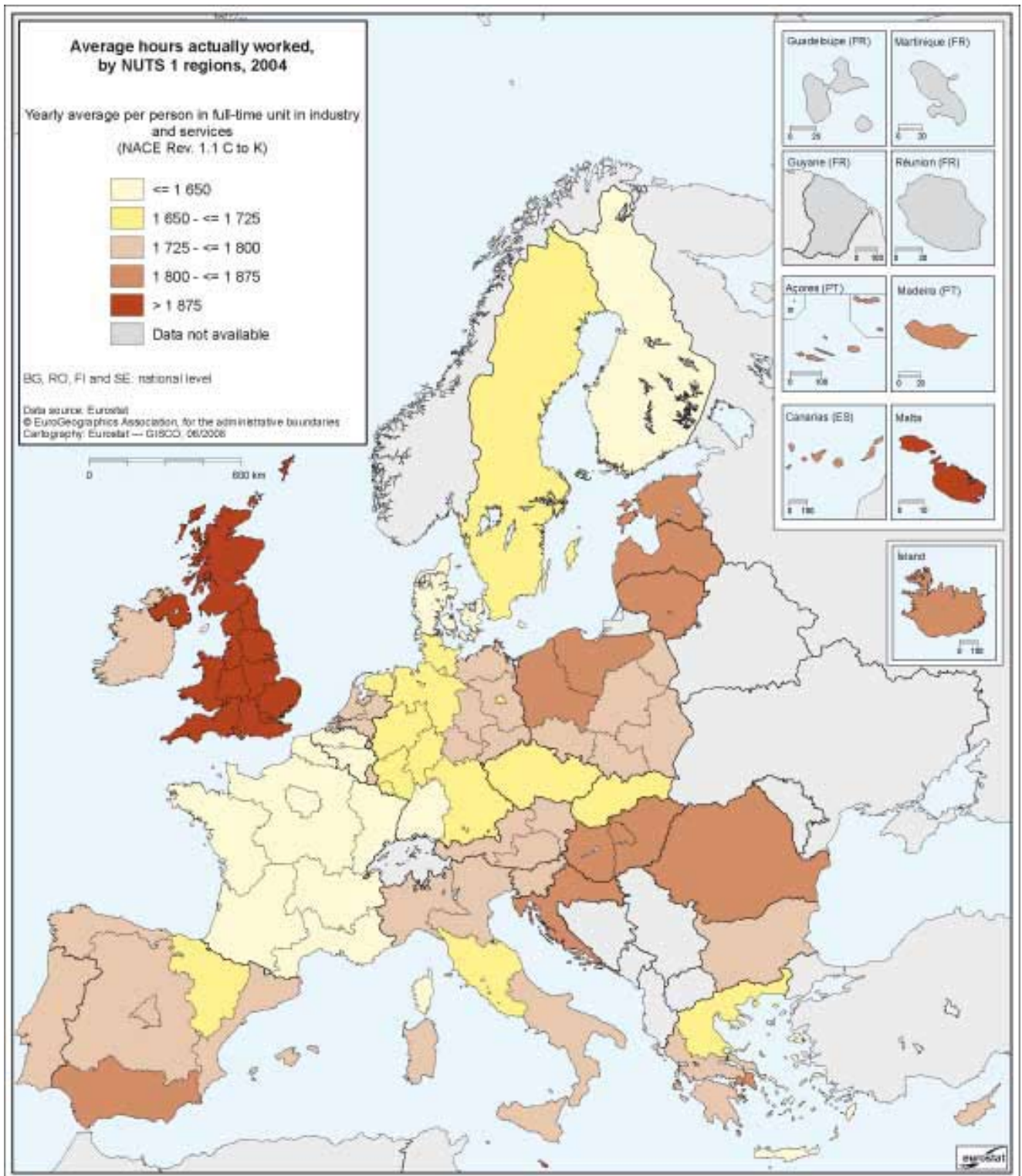
**Map 8.1:** Hourly labour cost (excluding apprentices), by NUTS 1 regions, 2004  
Euro, per employee in full-time units in industry and services (NACE Rev. 1.1 C to K)







**Map 8.2:** Average hours actually worked, by NUTS 1 regions, 2004  
 Yearly average per person in full-time unit in industry and services (NACE Rev. 1.1 C to K)



connection with the labour-cost survey the regional database offers users additional information on working time, such as the number of employees and the corresponding total number of hours actually worked and paid, broken down by full-time and part-time workers and in full-time equivalents. Here too the data are available at the level of the two-digit NACE divisions.

## Structure of labour costs

Map 8.3 gives an idea of the share of employers' actual social contributions in labour costs in industry and services in the various regions in 2004. This comparison too must be seen against the background of the particular national legislative arrangements and social-security models.

The 10 regions with the highest proportions include the two regions Vlaams Gewest (30.4 %) and

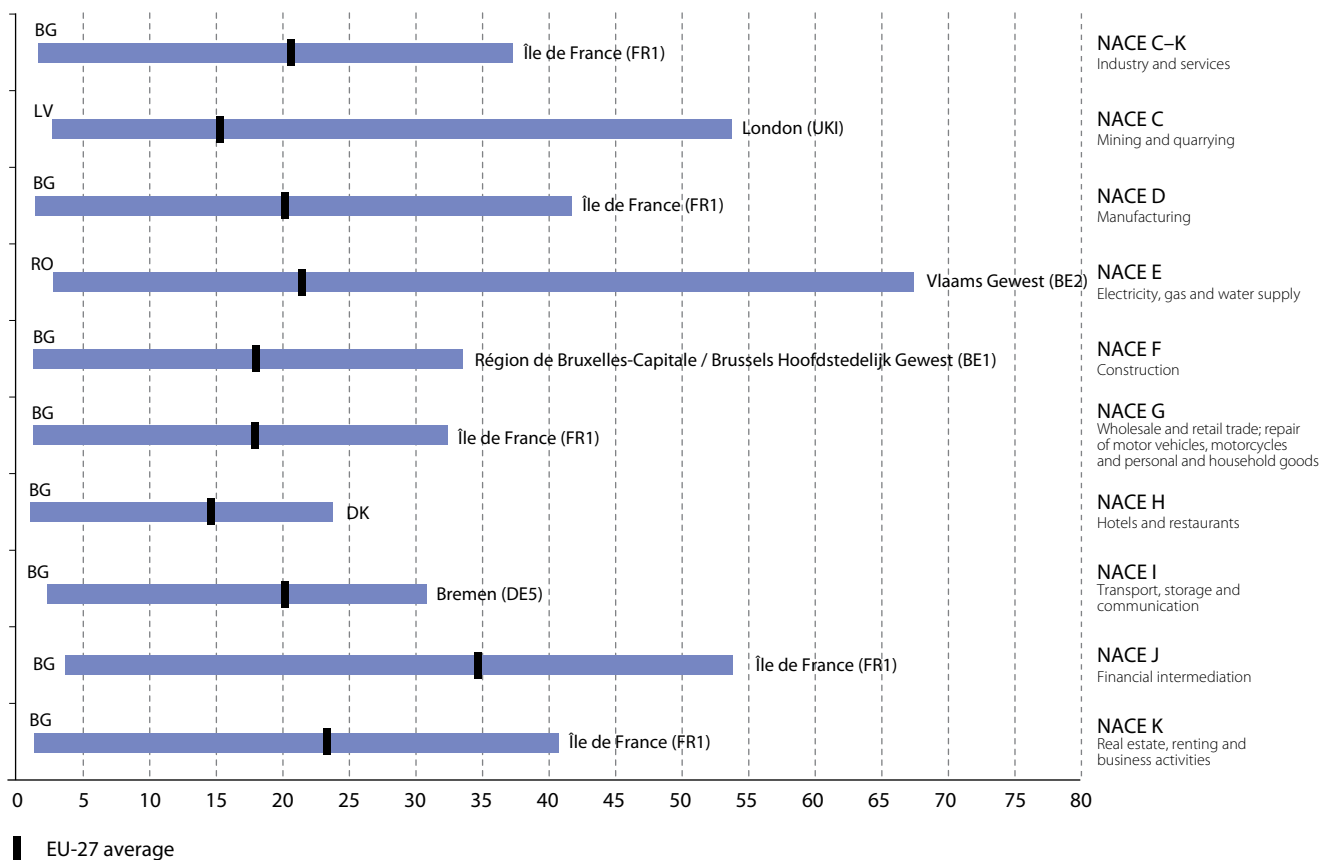
Région Wallonne (29.7 %) in Belgium, Sweden (29.3 %) and the Hungarian region of Dunántúl (27.9 %), followed by two regions in Italy (Nord-Ovest with 27.1 % and Nord-Est with 26.9 %) and finally the four French regions of Sud-Ouest (26.7 %), Nord — Pas-de-Calais (26.7 %), Est (26.6 %) and Centre-Est (26.5 %).

Among the 10 regions with the lowest shares of employers' actual social contributions in labour costs across the EU we find, besides four Polish regions, mainly the smaller Member States of the EU. The share of employers' actual social contributions in labour costs is thus lowest in Malta (6.2 %), Denmark (10.0 %), Slovenia (12.4 %), Ireland (12.8 %) and the Grand-Duchy of Luxembourg (13.1 %), followed by the region of Centralny in Poland (14.0 %), Cyprus (14.2 %), the capital region of London in the United Kingdom (14.8 %) and finally three Polish regions (Północny with

**Figure 8.1:** Regional divergences of hourly labour costs, 2004

EUR per hour

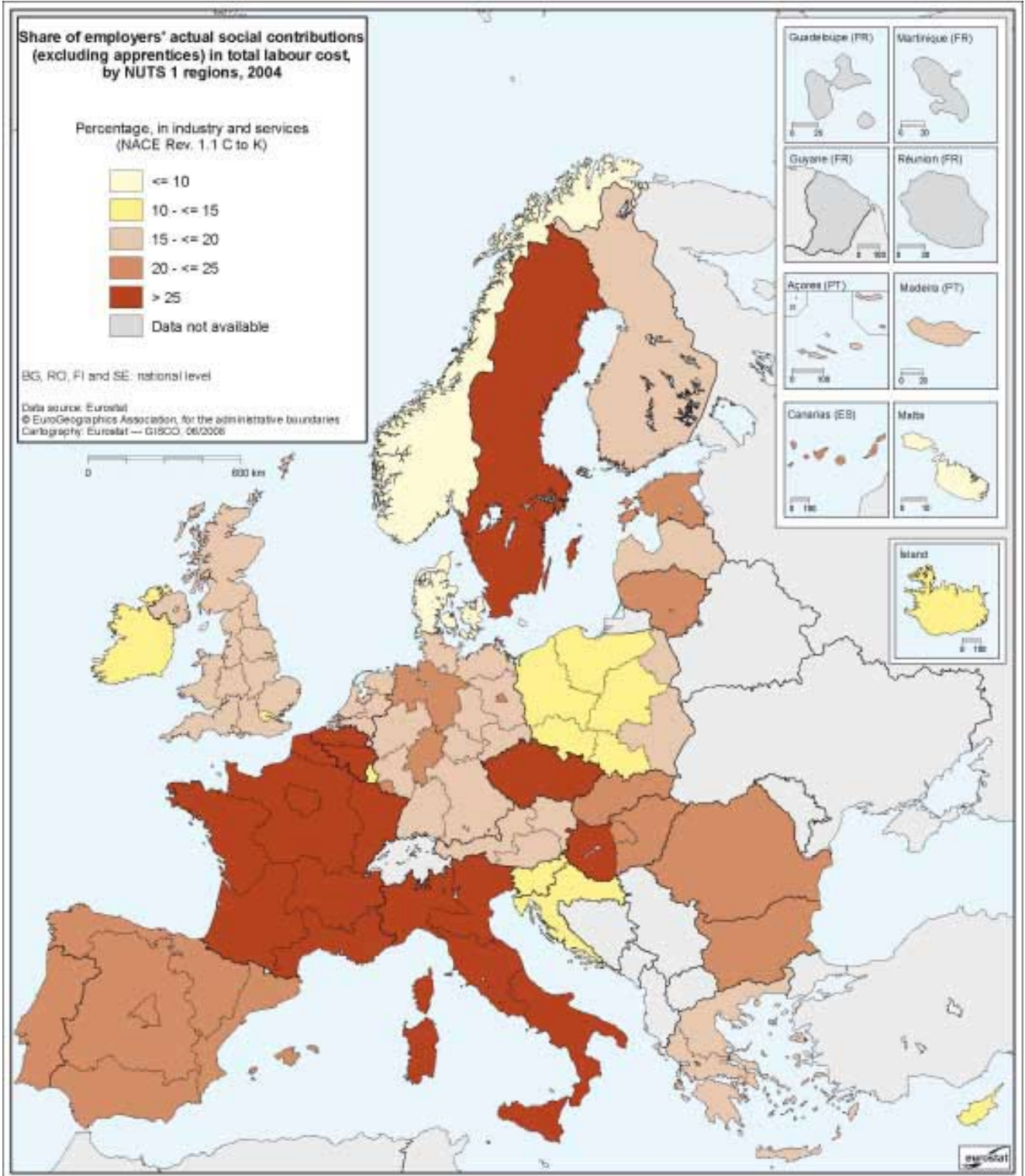
The graph shows the region with the lowest and the region with the highest hourly labour cost by economic activity



Notes: BG, RO, FI and SE: national level



**Map 8.3:** Share of employers' actual social contributions (excluding apprentices) in total labour cost, by NUTS 1 regions, 2004  
 Percentage, in industry and services (NACE Rev. 1.1 C to K)



14.9 %, Półudniowy with 14.9 % and Północno-Zachodni with 15.0 %).

It is also worth mentioning that Norway (6.0 %), Croatia (13.0 %) and Iceland (13.4 %) likewise fall within this lower band.

Anyone who wants to look more closely into the regional structure of labour costs will find information in the database on the following labour-cost components: wages and salaries (total), wages and salaries (excluding apprentices), direct remuneration, bonuses and allowances (excluding apprentices), payments to employees' saving schemes, payments for days not worked (excluding apprentices), wages and salaries in kind (excluding apprentices), gross wages and salaries of apprentices, employers' social contributions (total), the abovementioned employers' actual social

contributions (excluding apprentices), employers' imputed social contributions (excluding apprentices) and employers' social contributions for apprentices. The shares in labour costs of vocational training costs (excluding apprentices), other expenditure and employment-related taxes and subsidies can also be found in the database.

## Conclusion

The examples given above are intended merely to provide a few fragmentary glimpses of the area covered by the EU labour cost survey and therefore by no means exhaust the possibilities of data analysis by EU region in this field. In any case we hope they will encourage readers to explore Eurostat's website in search of further interesting discoveries.



## Methodological notes

The source for information on regional labour costs down to NUTS level 1 is the EU labour cost survey. This survey is conducted every four years in the Member States of the European Union on the basis of Council Regulation (EC) No 530/1999 and Commission Regulation (EC) No 1737/2005.

The survey's population comprises all businesses with 10 or more employees. Although in 2004 the scope of the survey was extended for the first time to the sectors M (Education), N (Health and social work) and O (Other community, social and personal service activities), we have confined ourselves here to sectors C to K, i.e. manufacturing and 'market' services, in the Statistical Classification of Economic Activities in the European Community (NACE Rev. 1.1).

The purpose of the survey is to measure the level and the structure of labour costs.

In the labour cost survey detailed information is sought for the calculation of the various components of labour costs. Besides wage components (e.g. direct remuneration, bonuses and allowances, payments to employees' saving schemes, payments for days not worked, wages and salaries in kind) these also include a multitude of social security contributions payable by the employer (statutory, under collective agreements, contractual or voluntary), together with employers' 'imputed' social contributions (e.g. guaranteed remuneration in the event of sickness or payments to employees leaving the business). Costs of vocational training and taxes and subsidies relating to the employment of staff are also recorded.

At the same time questions are asked on the number of full-time jobs and the number of hours worked and paid.

It should also be noted that for Bulgaria, Romania, Finland and Sweden data on labour costs were available only at national level. The same goes for a number of smaller Member States, where the NUTS 1 level corresponds to the whole country: Cyprus, the Czech Republic, Denmark, Estonia, Ireland, Latvia, Lithuania, Luxembourg, Malta, Slovakia and Slovenia. For France's overseas departments no labour-cost data are supplied.

Data for Iceland, Norway and Croatia (where the statistical region at Level 1 also corresponds to the whole country) are only partially available.

## Definitions

### Labour costs

Labour costs are the total expenditure borne by employers for the purpose of employing staff. This definition adopted by the Community closely follows the international definition laid down by the International Conference of Labour Statisticians (Geneva, 1966). These costs include compensation of employees (comprising wages and salaries in cash and in kind, and employers' social security contributions), vocational training costs, other expenditure (such as recruitment costs and expenditure on working clothes) and employment taxes regarded as labour costs minus any subsidies received. The costs for persons employed by temporary employment agencies are to be included in the sector of the agency which employs them (NACE Rev. 1.1, 74.50), not that of the business for which they actually work.

Besides average labour costs per hour worked, Eurostat also publishes average monthly labour costs and average annual labour costs. The figures are given for full-time workers, part-time workers and apprentices, and in full-time equivalents.

Average labour costs per hour are equal to total labour costs divided by the number of hours worked in the sector concerned.

### Hours worked

The number of hours actually worked is defined as the sum of all periods spent on direct and ancillary activities to produce goods and services.

The average number of hours worked corresponds to the number of hours the person normally works. This includes all hours worked including overtime, regardless of whether they were paid or not. It excludes the travel time between home and the place of work, and the main meal breaks (normally taken at midday).

### **Full-time equivalents**

The total number of employees comprises full-time workers, part-time workers and apprentices. Part-time workers have been converted to full-time equivalents on the basis of the hours worked. In the observations presented here, apprentices have been disregarded.

### **Employers' actual social contributions (excluding apprentices)**

These consist of payments made by employers for the benefit of their employees to insurers (social security funds and other privately funded schemes such as occupational pension schemes). These payments are in the form of statutory, collectively agreed, contractual or voluntary contributions in respect of insurance against social risks or needs. Employers' actual social contributions are attributed to the period during which the work is done.