

Second quarter 2007 compared to second quarter 2006

Euro area labour cost rose by 2.5%

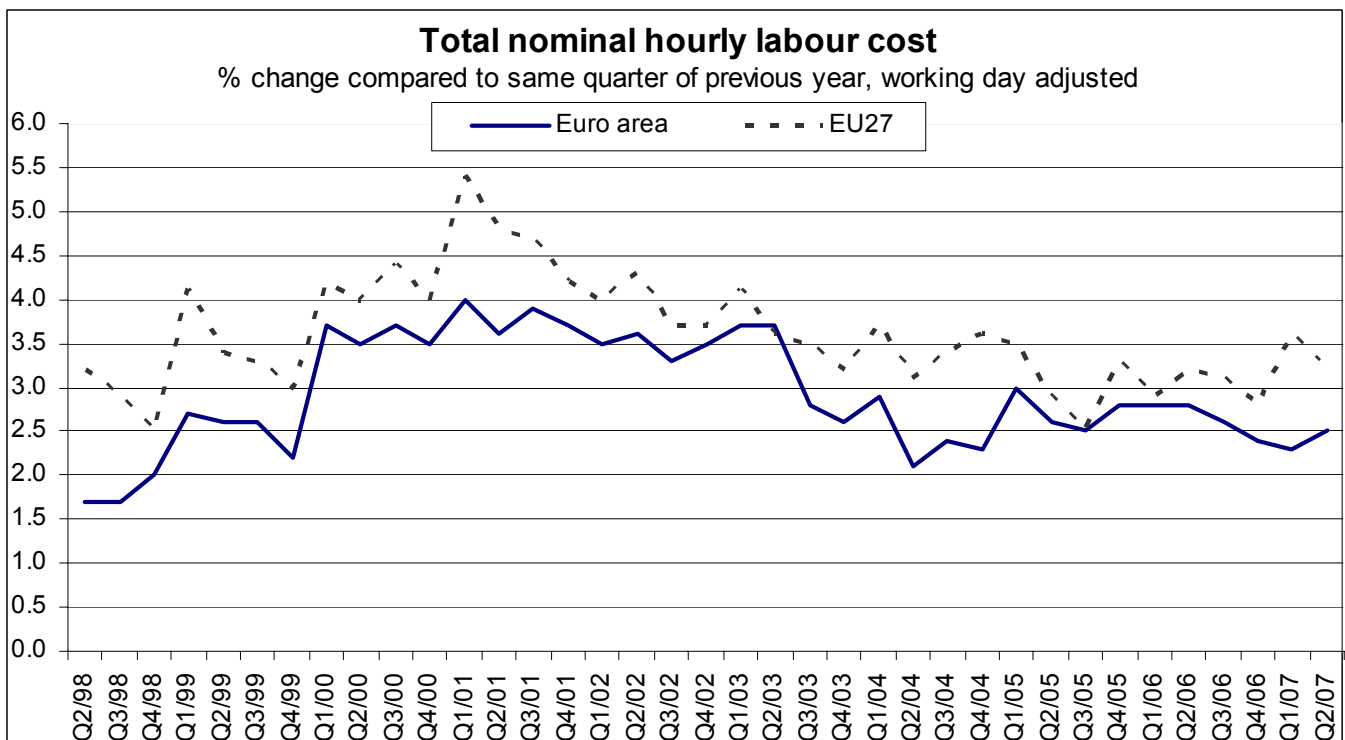
EU27 up by 3.2%

Total hourly labour costs in the **euro area**¹ (EA13) rose at an annual rate of 2.5% in nominal terms up to the second quarter of 2007, compared with 2.3% for the previous quarter². In the **EU27**¹, the annual rise was 3.2% up to the second quarter of 2007, compared with 3.6% for the previous quarter².

The two main components of labour costs are wages & salaries and non-wage costs. In the **euro area**, wages & salaries grew at an annual rate of 2.5% up to the second quarter of 2007, and non-wage costs by 1.8%, compared with 2.3% and 1.9% respectively for the first quarter of 2007. In the **EU27**, wages & salaries rose by 3.3% and the non-wage component by 2.5%. For the previous quarter the corresponding rates were 3.8% and 2.7%.

A breakdown by economic activity shows that in the **euro area** hourly labour costs rose at an annual rate of 2.7% in industry, 3.2% in construction and 2.2% in services up to the second quarter of 2007. In the **EU27**, labour costs grew by 3.2% in industry and by 3.3% in both construction and services.

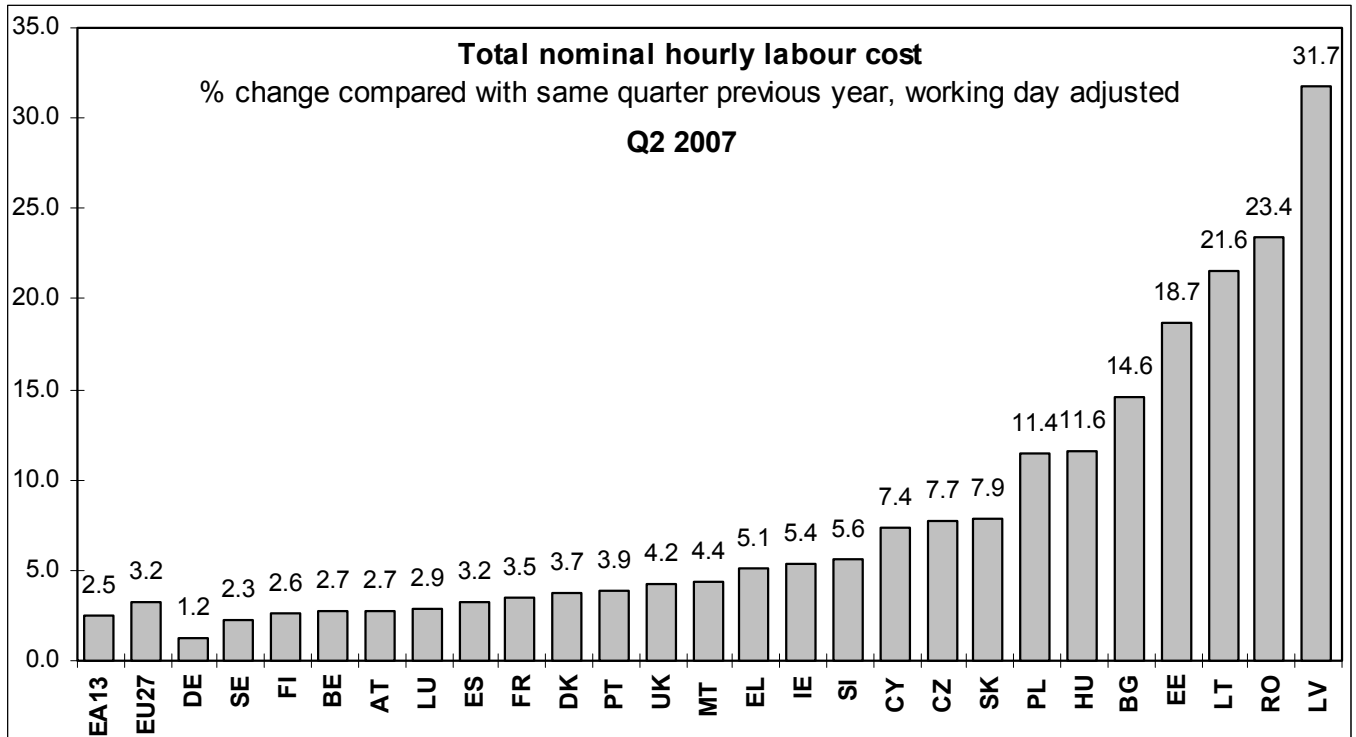
These figures come from **Eurostat, the Statistical Office of the European Communities**.



Member States

Among the Member States for which data are available for the second quarter of 2007 the smallest annual increases in hourly labour costs were observed in **Germany** (1.2%), **Sweden** (2.3%) and **Finland** (2.6%). The highest annual rises were registered in **Latvia** (31.7%), **Romania** (23.4%), **Lithuania** (21.6%) and **Estonia** (18.7%).

Annual growth in the wages & salaries component ranged from 0.3% in **Malta** to 31.6% in **Latvia**. The range for non-wage costs was from -0.8% in **Germany** to 30.3% in **Latvia**.



- From 1 January 2007 the euro area (EA13) consists of Belgium, Germany, Ireland, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Slovenia and Finland.
The EU27 includes Belgium (BE), Bulgaria (BG), the Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Ireland (IE), Greece (EL), Spain (ES), France (FR), Italy (IT), Cyprus (CY), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Malta (MT), the Netherlands (NL), Austria (AT), Poland (PL), Portugal (PT), Romania (RO), Slovenia (SI), Slovakia (SK), Finland (FI), Sweden (SE) and the United Kingdom (UK).
- Revised data. The estimate for the first quarter 2007, published in News Release 83/2007 of 14 June 2007, was +2.2% for the euro area and +3.7% for the EU27.
- The most recent detailed Irish data and the most recent Italian data are provisional and are treated as confidential. All these data have, however, been included in the calculation of aggregates for the euro area and the EU.

Labour Cost Index

The Labour Cost Index is a short-term indicator showing the development of hourly labour costs incurred by employers as a result of engaging the labour work force. The quarterly changes in employers' costs are measured for the total labour costs and its main components wages and salaries, and labour costs other than wages and salaries (non-wage costs).

Total Labour Cost (TOT) covers wage and non-wage costs less subsidies. It does not include vocational training costs or other expenditures such as recruitment costs, spending on working clothes, etc.

Wage and salary costs (WAG) includes direct remunerations, bonuses, and allowances paid by an employer in cash or in kind to an employee in return for work done, payments to employees saving schemes, payments for days not worked and remunerations in kind such as food, drink, fuel, company cars, etc.

Labour costs other than wages and salaries (OTH - non-wage cost) includes the employers' social contributions plus employment taxes regarded as labour costs less subsidies intended to refund part or all of the employer's cost of direct remuneration.

The labour cost index covers the following economic activities:

- Industry (NACE sectors C to E); C Mining and quarrying, D Manufacturing, E Electricity, gas, water supply.
- Construction (NACE sector F).
- Services (NACE sectors G to K); G Wholesale and retail trade, repair of motor vehicles, personal and household goods, H Hotels and restaurants, I Transport, storage, communication, J Financial intermediation, K Real estate, renting, business activities.

Data in the tables are shown as percentage changes compared to the same quarter a year earlier. To eliminate the effects of varying numbers of working days in the same quarters of different years (Easter and other moving holidays) these changes are presented in working day adjusted form. Indices are based on Regulation (EC) No 450/2003 of the European Parliament and of the Council concerning the European Union Labour Cost Index.

The data should not be considered as final as indices transmitted by Member States may be revised at a later date, in which case aggregates are recalculated.

Index levels and quarterly changes are available on the Eurostat internet site.

Other information

France: Hours worked are replaced by the contractual paid hours of full-time employees in enterprises of 10 and more employees.

Ireland: Irregular bonuses are not included in the measurement of labour costs.

Hungary: The source data relates to private enterprises employing at least 5 persons and government organizations of all size classes.

Finland: Data concerns only full-time employees; the quarterly change in labour costs since the first quarter 2005 has been measured by the change in earnings for regular working time.

Sweden: Irregular bonuses are not included in the measurement of labour costs. Data cover only the private sector.

Related statistical domains

Information on other earnings and labour cost indicators can be found on the Eurostat internet site under: Data / Population and social conditions / Labour market / Earnings and labour costs.

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Nominal hourly labour cost

% change compared to same quarter of previous year – working day adjusted

	Total (NACE sections C to K)														
	Q2 2006			Q3 2006			Q4 2006			Q1 2007			Q2 2007		
	TOTAL	WAGES	OTHER	TOTAL	WAGES	OTHER	TOTAL	WAGES	OTHER	TOTAL	WAGES	OTHER	TOTAL	WAGES	OTHER
EA13	2.8	2.9	2.4	2.6	2.7	2.4	2.4	2.4	2.1	2.3	2.3	1.9	2.5	2.5	1.8
EU27	3.2	3.3	2.6	3.1	3.4	2.2	2.8	3.0	2.3	3.6	3.8	2.7	3.2	3.3	2.5
BE	3.0	2.8	3.1	2.5	2.6	2.0	2.1	2.1	2.2	2.1	1.9	2.5	2.7	2.8	2.3
BG	4.4	8.9	-8.5	6.3	11.4	-9.0	4.7	10.0	-9.7	15.4	16.7	9.5	14.6	16.5	7.2
CZ	9.5	8.2	9.7	5.8	5.5	5.9	5.3	5.4	5.2	8.4	8.1	8.0	7.7	8.3	7.3
DK	3.0	2.3	8.2	3.0	2.3	7.4	2.8	2.2	7.2	3.1	2.7	5.8	3.7	3.4	5.8
DE	1.8	1.9	1.6	1.9	1.5	3.6	1.5	1.1	2.8	0.2	0.6	-1.2	1.2	1.9	-0.8
EE	16.3	17.3	16.0	17.2	17.1	16.1	18.2	18.9	16.7	21.0	21.2	20.4	18.7	18.7	18.4
IE	4.3	4.3	4.4	4.7	4.7	4.8	5.1	5.1	5.2	5.2	5.2	5.3	5.4	5.4	5.2
EL	9.7	9.9	9.2	10.0	11.4	10.9	3.5	3.7	6.1	10.0	9.3	10.9	5.1	5.7	3.2
ES	4.4	3.6	5.9	3.8	4.2	2.9	4.2	4.4	3.4	3.9	4.1	3.3	3.2	2.9	3.8
FR	3.5	3.8	3.0	3.2	3.4	2.8	3.3	3.5	2.9	3.8	4.0	3.6	3.5	3.6	3.3
IT³	2.9	4.0	1.3	c	c	c	c	c	c	c	c	c	c	c	c
CY	3.8	3.5	4.0	5.0	4.9	5.0	5.7	5.5	6.5	6.9	7.3	4.9	7.4	8.0	6.0
LV	22.8	23.2	21.4	23.6	24.0	23.3	27.3	26.8	26.1	32.4	32.9	33.0	31.7	31.6	30.3
LT	21.1	21.0	21.3	20.5	20.3	21.0	19.7	20.0	19.1	22.2	22.5	21.3	21.6	21.7	21.3
LU	2.7	2.9	1.3	3.0	3.2	1.4	1.3	1.5	-0.3	3.7	3.9	2.3	2.9	3.0	2.6
HU	7.7	8.7	4.5	9.0	9.9	6.1	11.8	12.1	10.5	9.0	9.2	8.1	11.6	12.0	10.7
MT	0.4	4.6	3.4	5.1	5.3	2.5	1.7	1.9	-1.4	1.4	1.4	1.7	4.4	0.3	0.9
NL	1.4	1.3	1.5	1.0	1.7	0.8	:	:	:	:	:	:	:	:	:
AT	2.6	3.1	0.8	2.6	3.9	0.7	0.8	2.0	0.5	2.4	2.3	1.2	2.7	2.9	1.9
PL	5.6	5.3	6.8	7.5	7.2	8.9	6.3	5.9	7.8	10.4	10.4	10.3	11.4	11.4	11.4
PT	0.9	0.3	3.2	-0.8	-1.1	0.6	3.1	2.8	4.6	3.5	3.3	4.2	3.9	3.7	4.9
RO	17.3	17.2	17.4	17.1	17.0	17.3	29.9	29.8	30.0	25.0	25.1	24.6	23.4	23.4	23.6
SI	7.6	8.4	4.0	3.3	4.1	-0.3	9.3	10.2	5.2	4.5	5.3	0.5	5.6	6.4	2.2
SK	6.0	6.8	3.6	8.3	8.8	7.0	8.6	8.8	7.9	5.9	6.1	5.5	7.9	7.8	8.0
FI	2.1	2.6	0.3	3.1	3.3	1.3	2.5	3.1	0.7	3.0	3.0	3.0	2.6	3.0	2.6
SE	1.7	3.1	-1.2	1.8	3.1	-1.0	2.0	3.2	-0.7	3.0	2.5	4.1	2.3	1.8	3.2
UK	3.7	3.8	3.4	4.1	4.7	0.3	3.0	3.2	1.8	6.4	6.7	4.4	4.2	4.3	3.8

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: Data not available

TOTAL = total nominal hourly labour cost

WAGES = wages and salaries

OTHER = non-wage costs

Nominal hourly labour cost by main economic activity branches
 % change compared to same quarter of previous year – working day adjusted

	Industry (NACE sections C to E)							Construction (NACE section F)					Services (NACE section G to K)								
	Q2/06	Q3/06	Q4/06	Q1/07	Q2 2007			Q2/06	Q3/06	Q4/06	Q1/07	Q2 2007			Q2/06	Q3/06	Q4/06	Q1/07	Q2 2007		
	TOT	TOT	TOT	TOT	TOT	WAG	OTH	TOT	TOT	TOT	TOT	TOT	WAG	OTH	TOT	TOT	TOT	TOT	TOT	WAG	OTH
EA13	4.0	3.7	2.8	2.3	2.7	2.9	1.6	1.6	1.9	2.2	2.0	3.2	3.1	3.0	2.3	2.0	2.2	2.2	2.2	2.2	1.7
EU27	4.3	4.0	3.1	3.3	3.2	3.4	2.4	3.1	3.1	2.8	3.5	3.3	3.3	3.1	2.6	2.7	2.8	3.7	3.3	3.3	2.6
BE	2.9	3.5	2.0	3.2	2.5	2.7	2.0	4.8	3.1	0.1	1.6	2.3	2.6	1.7	2.8	2.0	2.5	1.6	2.7	2.8	2.5
BG	2.9	6.6	5.3	16.4	14.7	16.5	7.1	0.9	0.5	2.0	14.3	20.2	20.8	18.2	6.5	7.0	4.5	14.7	13.5	15.7	5.4
CZ	10.5	5.8	6.1	9.5	6.7	7.8	6.4	10.2	7.0	5.9	8.2	6.5	6.6	7.1	8.3	5.6	4.3	7.3	8.9	9.2	8.1
DK	3.0	3.1	2.6	3.4	3.7	3.1	7.8	3.7	5.7	4.9	4.3	7.3	7.2	7.6	3.0	2.5	2.6	2.8	3.2	2.9	4.8
DE	4.7	4.9	2.8	0.5	2.4	3.2	-0.1	-2.5	-3.4	0.8	-2.9	1.4	2.1	-1.1	0.1	0.4	0.5	0.3	0.4	0.9	-1.3
EE	13.5	17.6	19.8	22.0	21.9	21.7	22.5	13.5	21.4	20.1	26.4	32.0	32.1	31.7	18.8	16.2	16.8	19.2	13.9	14.1	13.2
IE³	3.1	3.4	3.6	c	c	c	c	0.5	3.1	2.3	c	c	c	c	5.6	5.7	6.5	c	c	c	c
EL	3.8	5.2	4.2	15.2	8.9	8.5	10.6	-2.5	3.5	14.1	24.1	33.0	33.4	31.2	12.7	13.8	2.3	6.3	1.5	2.5	-2.2
ES	4.7	3.9	4.0	4.5	2.0	2.0	1.5	4.4	4.9	4.0	4.7	4.7	4.3	5.3	4.2	3.7	4.4	3.3	3.3	2.9	4.3
FR	3.8	3.1	3.2	3.2	3.4	3.5	3.2	2.5	2.6	3.1	3.3	2.9	2.8	2.9	3.6	3.3	3.4	4.2	3.7	3.8	3.4
IT³	4.1	c	c	c	c	c	c	3.7	c	c	c	c	c	c	1.8	c	c	c	c	c	c
CY	2.9	4.8	6.0	3.8	2.2	3.0	-2.9	0.9	6.2	8.5	1.1	1.3	3.5	-12.3	4.6	4.8	5.1	8.8	10.0	10.2	12.3
LV	22.1	24.1	25.4	34.7	32.4	32.8	28.7	33.7	33.9	37.0	38.1	37.4	37.2	37.1	21.8	22.1	26.9	30.5	30.5	30.3	30.1
LT	19.7	19.4	18.4	21.0	21.5	22.3	19.2	35.3	32.3	34.4	32.7	31.8	31.5	32.7	19.0	18.6	17.0	19.9	19.0	18.7	19.8
LU	4.8	2.7	2.4	2.6	3.1	3.0	2.5	2.5	2.7	1.5	2.3	3.3	3.4	3.1	2.3	3.2	1.0	4.1	2.9	3.0	2.6
HU	7.8	7.3	8.4	10.9	10.2	10.4	9.8	9.1	12.3	13.6	21.6	20.6	21.2	19.0	7.5	10.1	14.5	6.2	11.9	12.4	10.6
MT	-1.0	8.8	4.0	4.0	5.9	4.0	8.0	-2.0	-1.3	-2.6	-5.1	-3.7	-9.5	-1.4	1.6	3.9	1.0	0.8	4.6	-0.5	-2.2
NL	1.0	1.0	:	:	:	:	:	0.2	-0.1	:	:	:	:	:	1.7	1.2	:	:	:	:	:
AT	3.1	4.8	1.6	2.9	1.5	1.9	0.9	0.0	3.2	-3.2	0.8	1.9	2.2	1.0	2.6	1.1	1.0	2.4	3.6	3.5	2.7
PL	7.8	8.5	8.4	11.1	10.5	10.5	10.6	-2.3	12.5	18.5	12.4	15.3	15.3	15.3	4.9	5.7	2.2	9.2	11.7	11.7	11.5
PT	-1.2	-1.2	0.7	0.9	3.7	3.5	4.7	5.5	4.4	4.0	6.3	2.1	1.7	3.6	1.4	-1.4	4.6	4.6	4.4	4.2	5.2
RO	16.7	17.7	29.2	22.0	22.0	21.9	22.5	19.0	19.7	34.9	28.4	26.2	26.2	26.2	17.5	16.3	29.6	27.3	24.2	24.2	24.1
SI	8.2	1.3	7.0	1.8	6.4	6.9	3.7	8.6	13.3	13.5	9.3	6.0	6.7	2.6	6.6	3.9	10.8	6.0	5.0	5.9	0.9
SK	5.2	7.6	9.0	8.1	8.1	8.3	7.8	3.0	3.4	5.5	5.8	9.0	11.1	4.0	7.2	9.7	8.5	3.9	7.4	7.0	8.8
FI	2.6	3.2	2.5	3.1	3.1	3.4	3.1	3.4	4.2	2.4	3.1	3.1	3.7	3.1	1.4	2.7	2.5	2.8	2.1	2.6	2.1
SE	1.1	1.0	1.1	4.4	3.4	2.5	5.5	0.9	1.2	0.6	2.1	2.9	1.2	7.2	2.2	2.3	2.6	2.4	1.5	1.5	1.6
UK	4.6	3.8	1.1	3.9	2.1	2.0	3.1	8.8	5.5	2.3	6.2	1.1	1.3	-0.5	2.9	4.1	3.6	7.0	5.1	5.2	4.5

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TOT = total nominal hourly labour cost

WAG = wages and salaries

OTH = non-wage costs