

#### **Box 4**

### **Changes in the definition of unemployment in EU Member States**

Over the past few years Eurostat has made further progress towards harmonising the definition of unemployment used by Member States, on the basis of recommendations issued by the International Labour Organisation. As a result, a European Commission Regulation<sup>1</sup>, which was adopted in September 2000, is being implemented at the national level. This box briefly examines the main differences between the old and new definitions and the effects of the latter on the measurement of unemployment.

According to the old definition, the number of unemployed comprised all those persons above a specified age who were without work, i.e. not in paid employment or self-employment, and who were available for work at the time (available to start work within two weeks). Moreover, they had to have been seeking work by taking specific steps to obtain paid employment or self-employment during the four weeks preceding the interview. However, as it was left to the individual Member States to set the upper and lower age limits, to define the time that a person may work and still be considered unemployed, and to determine what would be regarded as active or passive steps to find employment, these concepts often gave rise to differences between Member States.

In order to reduce the existing differences in interpretation, the new definition specifies minimum and maximum ages, which have been set at 15 and 74 years. It also sets a precise upper limit for the length of time that a person may work and yet still be considered as unemployed. Under the new Regulation, this limit is now less than one hour's work per week, i.e. persons at work for an hour or more are considered as being employed. Moreover, the forms which actively seeking work can take have been specified. They include contacting a public or private employment agency, or contacting employers directly. However, in order to be accepted as an active step, such contact with the public employment office must be either to register the respondent's name in the employment office file for the first time, to investigate possible job vacancies or to include a suggestion of a job opportunity at the initiative of the employment office. This means that the renewal of a respondent's registration at a public employment office for administrative reasons alone will not be considered as an active step. Furthermore, clearer rules are defined for dealing with seasonal workers and lay-offs.

Implementation of the new definition will start from January 2001. However, it is likely to take at least two years for its full implementation in each Member State. This is caused by the fact that in some cases Member States will need to change their data collection surveys to include extra questions. For the same reason, it will not be possible to calculate historical data and a statistical break will appear in the series. The new definition of unemployment may reduce estimates of unemployment data in the euro area. However, the precise impact of the new definition on euro area unemployment data is not currently known. This implies that a close monitoring of developments will be required during the implementation period in order to separate actual developments from statistical effects.

*1 Commission Regulation (EC) No. 1897/2000 of 7 September 2000 implementing Council Regulation (EC) No. 577/98 on the organisation of a labour force sample survey in the Community concerning the operational definition of unemployment.*