

Macroeconomic trends and prospects

Economic recovery in the EU has some positive tailwinds at last. These come in three forms; reduced oil prices are a significant boon to the EU as it is a major net importer; the ECB's decision to adopt unconventional monetary policy options previously implemented in other developed economies (quantitative easing) appears to be providing positive stimulus; and this has contributed to lowering the value of the euro against other currencies, boosting demand for European exports. Forecast growth for 2015 in the most recent forecast from DG ECFIN was 1.7% in the EU (somewhat higher than the 1.3% achieved in 2014). Labour markets appear to be firmer than at any time since the global financial crisis: **aggregate unemployment in the EU28 has declined steadily to 9.8% since the third quarter of 2013 (225 KB PDF)**; unemployment rates were lower in 22 of the Member States in February 2015 compared to a year earlier; and job vacancy rates are increasing. Growth, however, remains reliant on consumer demand, with investment continuing to lag. The strange combination of booming stock markets, very loose monetary policy, deflation and below-par growth also suggests that episodes of financial instability cannot be discounted.

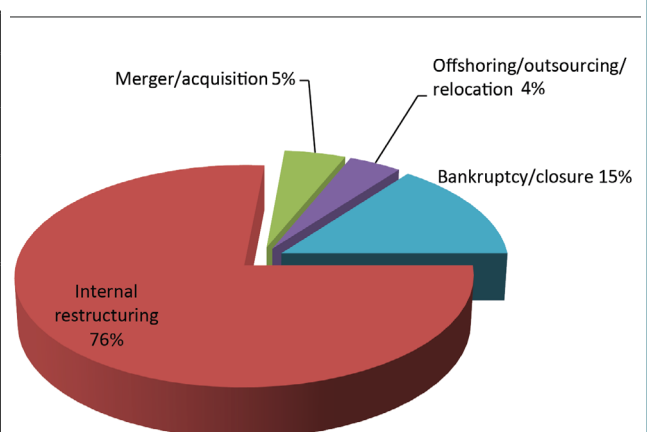
Job creation and job loss at a glance

The ERM recorded a total of 254 cases of restructuring between 1 January and 31 March 2015. Of these, 123 were cases of announced restructuring involving job loss and 129 were cases involving announced job creation; two cases involved both job loss and job creation. These cases comprised a total of 43,023 job losses and 61,448 announced job gains. Internal restructuring accounted for 76% of the announced job losses – seven percentage points higher than in the previous quarter. The proportion of job losses attributable to bankruptcy and closure stood at 15% of the total, merger and acquisition declined from 9% in the previous quarter to 5% in the first quarter of the year, whereas offshoring and relocation remained somewhat stable (4%). In this quarter, the announced job gains in the ERM outnumbered job losses, after two consecutive quarters showing the opposite trend. In terms of geographical distribution, Germany recorded the greatest number of announced job losses (8,847 jobs), followed closely by Poland (8,235 jobs). Other countries recording high number of job losses were the UK (5,859) and Sweden (4,533). Germany also recorded the highest number of job gains (16,035), followed by the UK (12,495), Portugal (7,325) and Poland (7,255).

2015 Q1	Announced job loss	Announced job gain
EU28	43,383	61,448
EU28 change	-46%	42%
Big increases* by country	Poland ++; Portugal +; Sweden +	Spain ++ ; Portugal ++; Germany ++; Bulgaria ++; Croatia+
Big increases* by sector	none	Transportation/storage ++; Real estate ++; Health ++; Financial services ++; Accommodation/food +

Note: * Comparing the quarter to the four-quarter moving average; ++ = >100%; + = >50%; excludes country or sector if quarter average and 2015 Q1 <1,000 job losses/gains.

Source: ERM, January–March 2015.



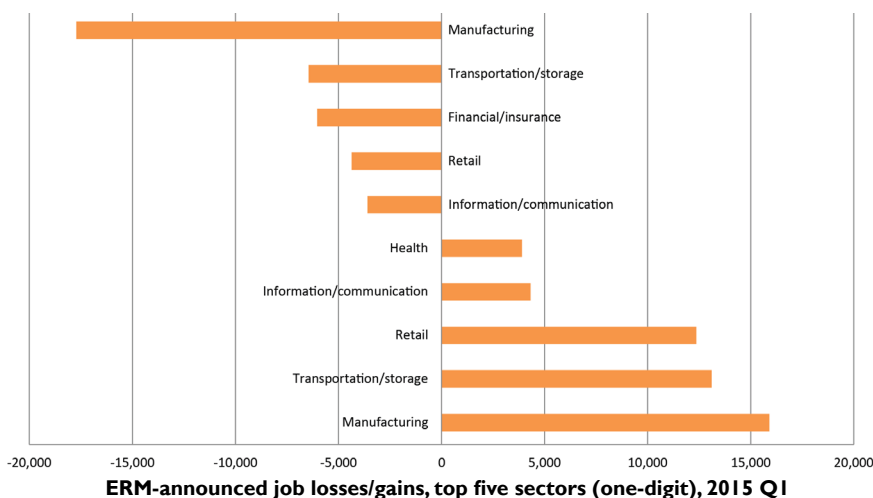
Note: Percentages refer to announced job losses.

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Sectoral distribution of job losses and gains

The figure plots the top NACE Rev.2 one-digit sectors in terms of announced job loss and job creation, as reported to the ERM in the first quarter of 2015. Manufacturing saw the most restructuring activity, accounting for 41% of all announced job losses and 26% of announced job gains. The transport and storage sector accounted for 15% of announced job losses and 21% of total job creation. A comparatively sizeable number of new jobs was also announced in retail, accounting for 20% of all job gains – twice the sector’s share of announced job loss during the quarter.



Announced job losses

Manufacturing	17,717
Transportation/storage	6,443
Financial/insurance	6,028
Retail	4,357
Information/communication	3,593

Announced job gains

Health	3,900
Information/communication	4,316
Retail	12,356
Transportation/storage	13,110
Manufacturing	15,905

Source: ERM, January–March 2015

Top 5 cases of job loss and job creation

Date	Company	Job losses	Location	Sector	Type of restructuring
13/01/2015	Poczta Polska	5,000	Poland	Transportation and storage	Internal restructuring
06/02/2015	Siemens	3,300	Germany	Manufacturing	Internal restructuring
11/03/2015	Ericsson	2,200	Sweden	Manufacturing	Internal restructuring
28/01/2015	Tesco	2,000	UK	Retail	Internal restructuring
04/03/2015	PKO BP	1,100	Poland	Financial services	Internal restructuring

The largest-scale restructuring event reported in the quarter was that of Polish national postal operator **Poczta Polska**, which announced a voluntary redundancy programme affecting 5,000 jobs across the country. According to trade unions, the number of dismissals may be much higher, totalling 8,000. Poczta Polska implemented a large employment reduction programme in 2013 with 4,000 announced job cuts. The second largest restructuring concerns German multinational **Siemens**, which announced the loss of 3,300 administrative jobs in Germany as part of a much larger restructuring programme affecting 7,800 jobs worldwide. Compulsory redundancies are ruled out under an ongoing deal with trade unions and the works council. Meanwhile, Swedish telecom company **Ericsson** announced 2,200 redundancies across various locations in Sweden, mainly affecting the research and development (R&D) and supply divisions, and to a lesser extent, sales and administration. Another 2,000 job losses were announced by UK hypermarket retail chain **Tesco** with the closure of 43 stores in the UK as part of wider efforts to cut costs. And, finally, a significant employment reduction was also announced by Polish commercial bank **PKO BP**, which is to cut over 1,000 jobs in 2015 in Poland.

Date	Company	Job gains	Location	Sector
22/01/2015	DHL Delivery	10,000	Germany	Transportation and storage
04/02/2015	Aldi	5,000	UK	Retail
11/03/2015	Audi	4,000	Germany	Manufacturing
03/02/2015	Ministério da Saúde	3,900	Portugal	Health/social work
09/01/2015	Carrefour	3,000	Spain	Retail

By far, the largest case of job gains in the quarter is that of **Deutsche Post DHL** announcing up to 10,000 jobs in Germany (see feature). The new hires will be employed by new regional firms created under the subsidiary **DHL Delivery** and their employment will be based on local collective agreements resulting in lower pay. The move was harshly criticised by the German postal and transport union. Recruitment drives were also announced by supermarket chains **Aldi** in the UK (5,000) and **Carrefour** in Spain (3,000). In the same quarter, car manufacturer **Audi** announced 4,000 new jobs in Germany as a result of increased revenues. The company has consistently increased staff numbers in Germany over the past three years, creating about 5,500 jobs. Another large instance of job creation was announced in Portugal by the **Ministério da Saúde** (Ministry of Health), which unveiled plans to hire around 2,000 nursing professionals and 1,900 doctors in health centres and hospitals in a bid to improve staffing levels in the National Health Service.



RESTRUCTURING SUPPORT MEASURES IN FOCUS

Supporting access to finance

Access to finance is a major challenge for European companies, in many cases exacerbated by credit restrictions after the global financial crisis. According to a [survey on access to finance published by the European Commission](#), smaller, younger and more innovative companies are often unable to secure the finance they need to realise the growth they have planned. At EU level, several initiatives aim at assisting companies to access finance, while at national level a variety of financial support instruments has been established to help companies prepare for business expansion, internationalisation and innovation.

As regards innovation, R&D or investments, several governments offer subsidies to businesses. An example is the [Bulgarian National Innovation Fund \(NIF\)](#), which offers grants for feasibility studies, innovation or further development of products, processes or services. Using a different approach, the [Estonian grant for the development of knowledge and skills in companies](#) cofinances training and participation in conferences for employees and managers as well as the use of counselling services, with the aim of improving companies' competitiveness.

Some of the national measures provide favourable credits to companies. In the framework of the [Go International Slovenia](#) programme, enterprises intending to establish export relations for the first time or to expand their international coverage get access to credits provided by a state-owned bank.

Other initiatives offer a loan guarantee for firms having difficulties in securing access to bank credits without such collateral. The [Italian SMEs guarantee fund](#), for example, guarantees up to 80% of the credit amount a small or medium-sized enterprise (SME) has negotiated with its bank (up to a limit of €2.5 million). Also addressing SMEs, the [Dutch growth facility](#) offers financial institutions a guarantee of up to 50% for risk capital related to business growth or business transfer.

In some countries, such as [Austria](#), [Germany](#), [Luxembourg](#) and [Spain](#), there exist platforms organised by the government or business organisations that match companies looking for investors with 'business angels' who provide both capital and their expertise, experience and contacts with networks.

(Continued overleaf)

CASE IN FOCUS

Job creation at Deutsche Post DHL

The first quarter has seen significant announced job creation at the German postal services organisation Deutsche Post DHL. In January 2015, the company announced that it intended to create up to 10,000 new jobs in Germany by 2020. The jobs will be created in its parcel delivery business, which is growing rapidly. The organisation estimates that a total of 25,000 new jobs could be created by 2025. Along with other former postal services monopolies around Europe, Deutsche Post has experienced a reduction in its letter delivery business but an expansion in parcel deliveries, due in particular to the rise of online retailing. However, the parcel delivery business is becoming increasingly competitive, with organisations such as online retailer Amazon also carrying out more of its own deliveries.

One specific aspect of the announcement relates to the employment terms being offered. The new jobs at Deutsche Post DHL will be created in the organisation's subsidiary DHL Delivery and the employees will not therefore be paid in accordance with the pay rates of Deutsche Post's in-house agreement, but rather in accordance with collectively agreed rates of pay for the logistics sector, which are lower. This development has been criticised by the trade union ver.di, which has accused Deutsche Post of side-stepping its in-house pay agreement. Deutsche Post has countered that its pay costs were too high and that, by doing this, it has enabled the creation of a large number of open-ended contracts. A company spokesperson stated that: parcel delivery is not sustainable under existing wage agreements; its personnel costs were around twice as high as those of its competitors; and attempts to negotiate more 'market-adjusted' rates with the union in house had so far failed.

Overall, the parcel delivery sector is experiencing considerable restructuring and growth, with the emergence of new multinationals. At present, Deutsche Post DHL is the world's largest logistics company, employing around 435,000 people worldwide, with a turnover of €55 billion in 2013. Recent developments include an announcement made in April 2015 by the US delivery company Fedex of a potential merger with the Dutch parcels delivery firm TNT Post, in order to deliver in Europe. TNT Post competes directly with Royal Mail in the UK, under the brand name Whistl.

The postal services sector has experienced a degree of industrial unrest in recent years. In 2009 and 2010, workers at Deutsche Post DHL organised a campaign in support of improvements to working conditions and

(Continued overleaf)



RESTRUCTURING SUPPORT MEASURES IN FOCUS**Supporting access to finance (contd)**

Similarly, initiatives exist to attract foreign investors to invest in promising national businesses. **CzechInvest – Investment and Business Development Agency**, for example, files applications for investment incentives with the relevant governing bodies in the Czech Republic and provides information on the national economic situation if foreign investors want to get involved in domestic companies.

Financial support instruments targeted at the management of change – to handle current restructuring events – seem to be less widespread. In **Cyprus, state guarantees for loans granted to businesses** facing financial problems are provided to state-owned enterprises in financial difficulties; these guarantees can ensure the long-term viability of businesses seeking access to finance. The **French national fund for the renewal of disadvantaged areas** provides funding for SMEs undergoing economic restructuring in their region.

More information on public and social-partner based measures supporting companies and employees in restructuring is available at **Eurofound's restructuring support instruments database**.

CASE IN FOCUS**Job creation at Deutsche Post DHL (contd)**

trade union recognition in the company's international locations, including a 'campaign for respect' and a global week of action. In the UK, Royal Mail announced in March 2014 its intention to cut 1,300 jobs in order to reduce costs. Royal Mail was privatised in October 2013 and is reported to have shed 50,000 jobs over 11 years in an attempt to adapt to new circumstances, such as a shift from letter to parcel deliveries. The company narrowly avoided strike action from postal workers at Christmas 2013, following a new agreement on pay and conditions.

CASE IN FOCUS**Job loss at Poczta Polska**

The biggest case of announced job loss in the first quarter also took place in the postal sector. In January, Poczta Polska, the Polish national postal operator, announced a new job reduction plan affecting about 5,000 workers. The redundancies are expected to be implemented by the end of 2015. While the conditions of the restructuring programme are still being negotiated with the local trade unions, it is thought likely that the job cuts will occur through voluntary measures. Union representatives have expressed fears that the job cuts envisaged could be as high as 8,000 and have said that strike action remains a possibility. According to previous announcements, the company shed 4,000 jobs in both 2013 and 2014. Poczta Polska employs around 78,000 workers across the country and while still wholly state-owned is considered likely to seek at least partial privatisation in coming years. As of 2013 and the final stage of EU postal liberalisation, Poczta Polska is in competition with other companies for all forms of postal delivery (letter, courier and bulk).

About the ERM

The European Restructuring Monitor (ERM) is a unique EU-wide dataset on larger-scale restructuring events. It monitors the announced employment effects of restructuring in the EU28 and Norway. The ERM is updated on a daily basis and data can be used for statistical analysis. It relies on reports in selected media titles (three to five per country). All announcements involving the reduction or creation of at least 100 jobs, or affecting 10% of the workforce in sites employing 250 people or more, are taken into account. Given that the ERM relies on selected media titles, its coverage of restructuring activity in each Member State is indicative and cannot be considered representative. Nevertheless, ERM data do generate a good picture of labour market restructuring, which is broadly consistent with data coming from more representative sources such as the European Union Labour Force Survey. The data for this report were extracted on 7 April 2015. As the ERM continually updates cases in light of new information on recent cases, data reported here may not correspond exactly to later extractions. For previous editions of the quarterly, more details of ERM data collection and other ERM-related publications, please refer to the **European Restructuring Monitor web page**

This issue is based on contributions from Sara Riso, John Hurley, Irene Mandl and Andrea Broughton (EU-level correspondent).

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