



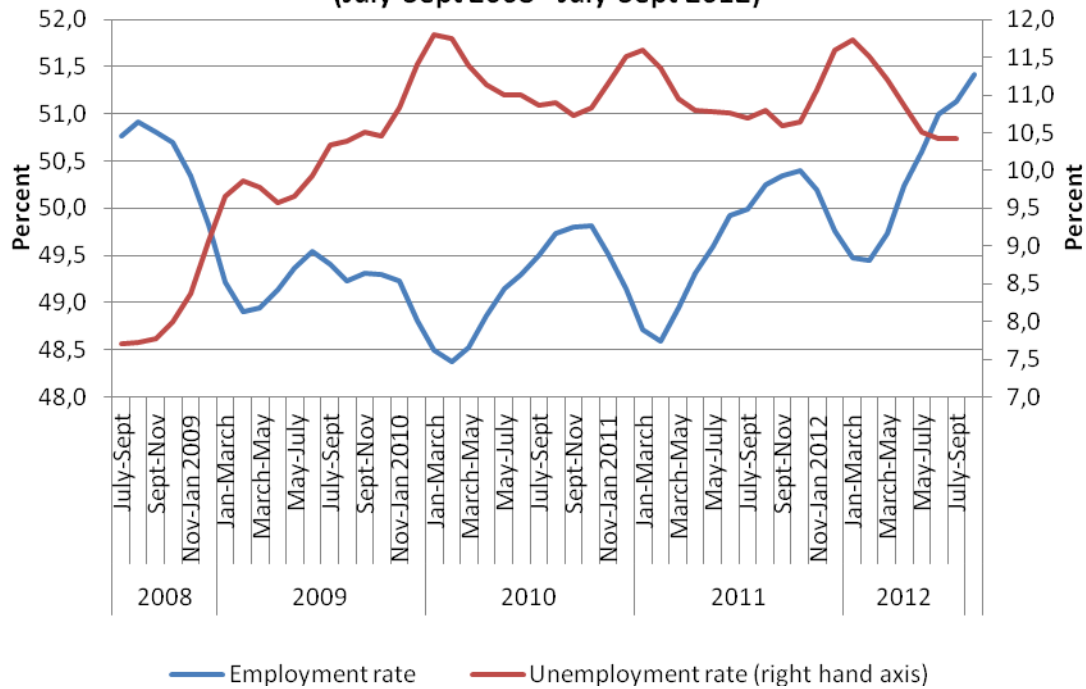
MINISTRY
FOR NATIONAL ECONOMY

Labour market trends continue to improve

In the third quarter of 2012 the number of employed people increased by almost 80 000 compared to the corresponding period of the previous year, and simultaneously the employment rate among those aged 15-74 years has reached the level of 51.4 percent which has been the best figure of the past ten years. The increase in employment has been the consequence of the labour market measures of the Government and the optimal organization of public employment schemes. Going forward, the Government adheres to its aim of introducing potent measures in order to sustain these positive tendencies in the field of public employment schemes and by stimulating hiring and investment in the private sector. The Job Protection Action Plan has been one of the instruments for fulfilling this purpose.

According to the latest labour market statistics of the Hungarian Central Statistical Office (KSH), in the period of **July-September 2012** the **upward trend in payroll numbers** which has been in place for more than two years **continued**, on the basis of year-on-year data. In the third quarter of 2012 the number of employed in the age bracket of 15-74 years was up by almost **80 thousand**, from 3 million 856 thousand one year ago to 3 million 935 thousand, which has been the most dynamic improvement for several years. Thus the number of employed exceeds the figure recorded 4 years ago, in the pre-crisis period of July-September 2008. The employment rate (among the population aged 15-74 years) increased to 51.4 percent which has been unprecedented in the past ten years.

**Change in labour market participation of those aged
15-74 years
(July-Sept 2008 - July-Sept 2012)**

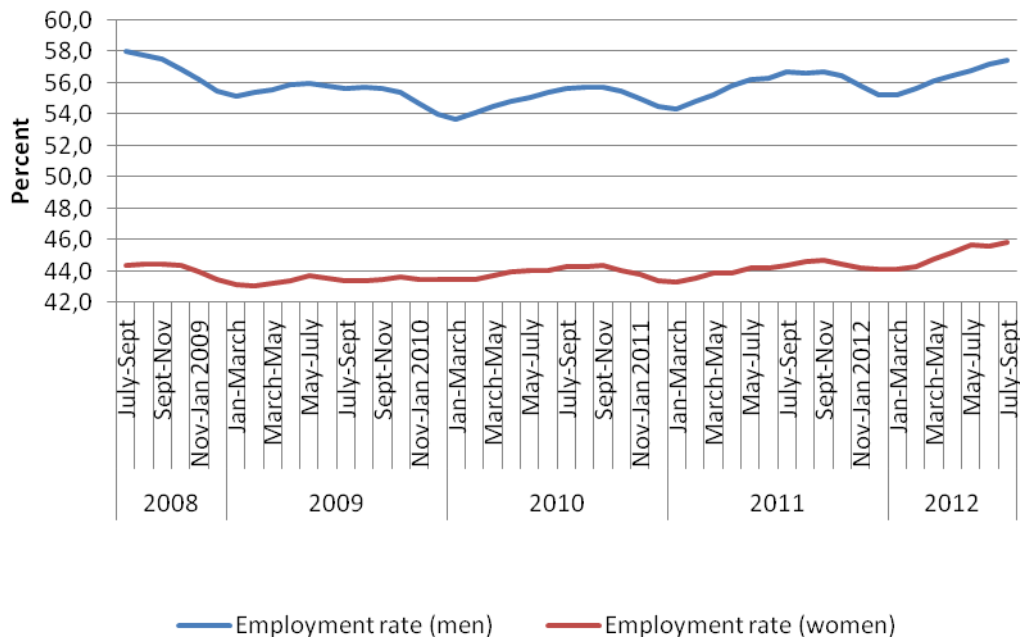


Source: KSH, NGM

Analyzing the gender aspect of employment, it can be inferred that **the rate of employment among men is substantially higher than that of women** (the difference averages about 12 percentage points), but compared to the levels prevalent four years ago **the gap between the indicators has narrowed**. In the third quarter of this year the employment rate among men aged 15-74 years increased by 0.8 percent compared to the corresponding period of the previous year, whereas that of women was up by an even greater figure of 1.5 percent.



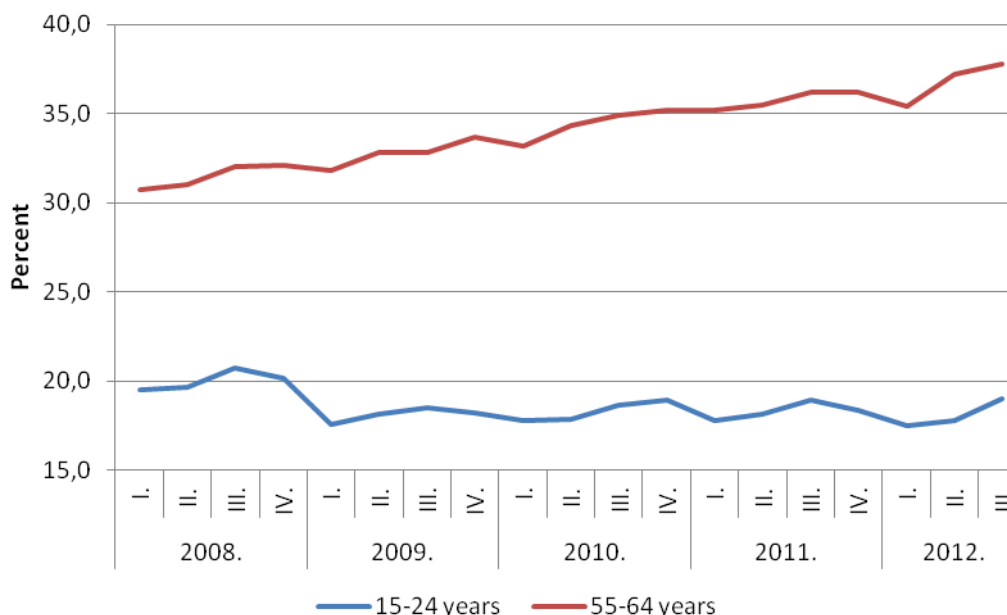
Change in the rate of employment among men and women aged 15-74 years (July-Sept 2008-July-Sept 2008)



Source: KSH, NGM

The number of employed people among those aged **15-24 years**, which has been a group in the focus of the **Job Protection Action Plan**, was 220 thousand in Q3 2012, and the **relevant employment rate of 19 percent is practically unchanged compared to the figure of one year ago** (18.9 percent). The low employment rate of this group is primarily attributable to the high number of students in tertiary education, but this indicator could be improved by aiding career-starters find a job. The **employment rate of older people aged 55-64 years** increased in the observed four-year period, and **in the third quarter of 2012 it was 1.6 percent higher compared to the level of one year ago**. Increasing the retirement age, abolishing early retirement schemes and revising disability pensions have all contributed to the increase, but the Government intends to further boost the labour market presence of this age group by employer subsidies.

Change in the employment rate of age groups in the focus of the Job Protection Action Plan



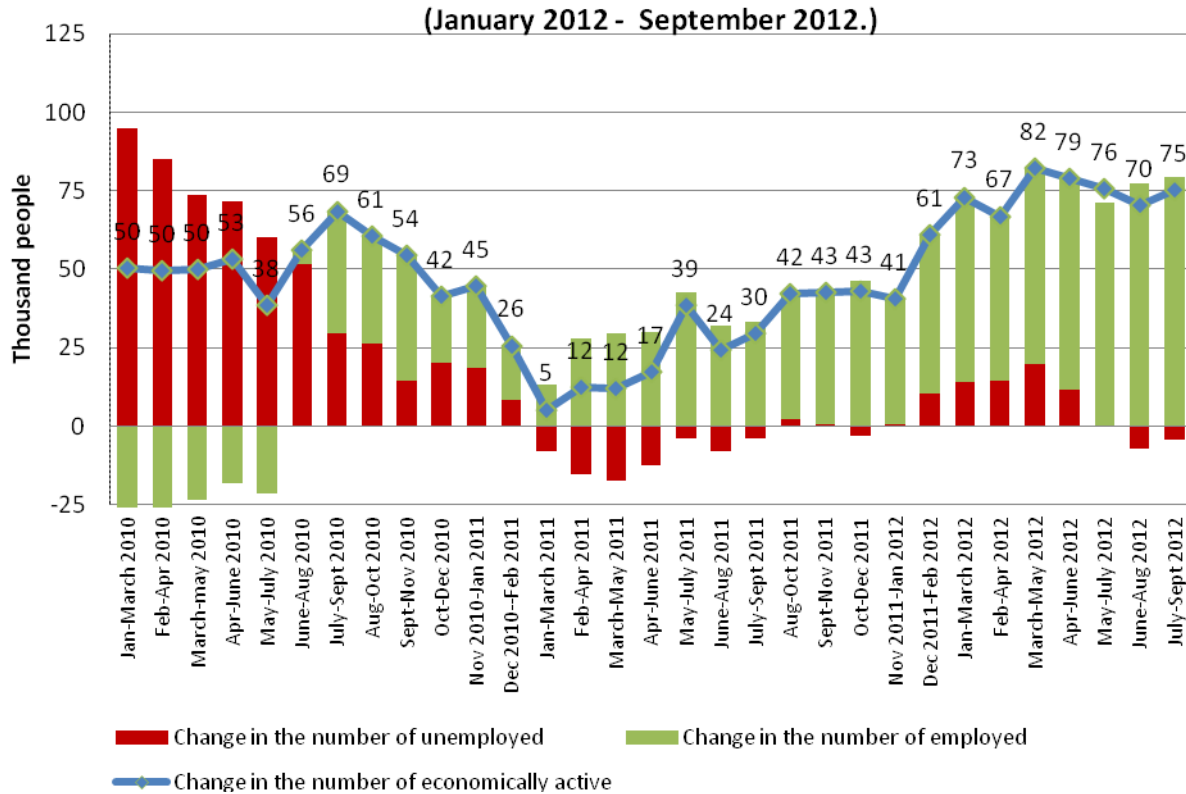
Source: KSH, NGM

The unemployment rate (among those aged 15-74 years) swelled significantly in 2008-2009, and it has also failed to approach pre-crisis levels in the past two years. However, in the latest period this indicator has seen substantial improvement, as it moderated to 10.4 percent in Q3 2012 which was only slightly higher than the figure of the corresponding period of 2009.

The number of economically active people has been also constantly on the rise. This is mainly the consequence of the upward employment trend, as that causes the unemployment rate to decrease. Among those aged 15-74 years the number of economically active people (activity rate or participation rate) was 57.4 percent in Q3 2012, which corresponds to an increase of 1.1 percentage points compared to the same period of 2011.



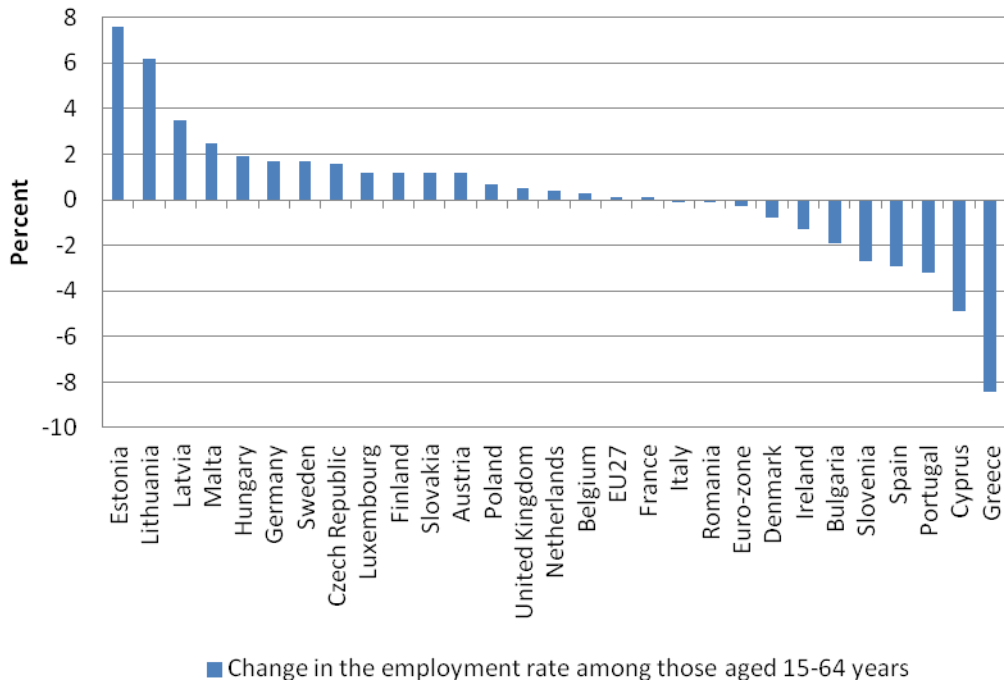
Change in the number of economically active population and other employment components compared to the base of previous year



Source: KSH, NGM

On the basis of Eurostat data, employment regarding the entire European Union in international comparison has not changed significantly in the past two years, the rate of employment among those aged 15-64 years was up by only 0.1 percent, while it decreased by 0.3 percent in the euro-zone. In Hungary this indicator improved from 55.3 percent in Q2 2010 to 57.2 percent in the same period of 2012, an increase of 1.9 percent. Consequently, **within the European Union Hungary belongs to those countries where the rate of employment increased to the greatest extent in the past two years.**

Change in employment rate (Q2 2010-Q2 2012)

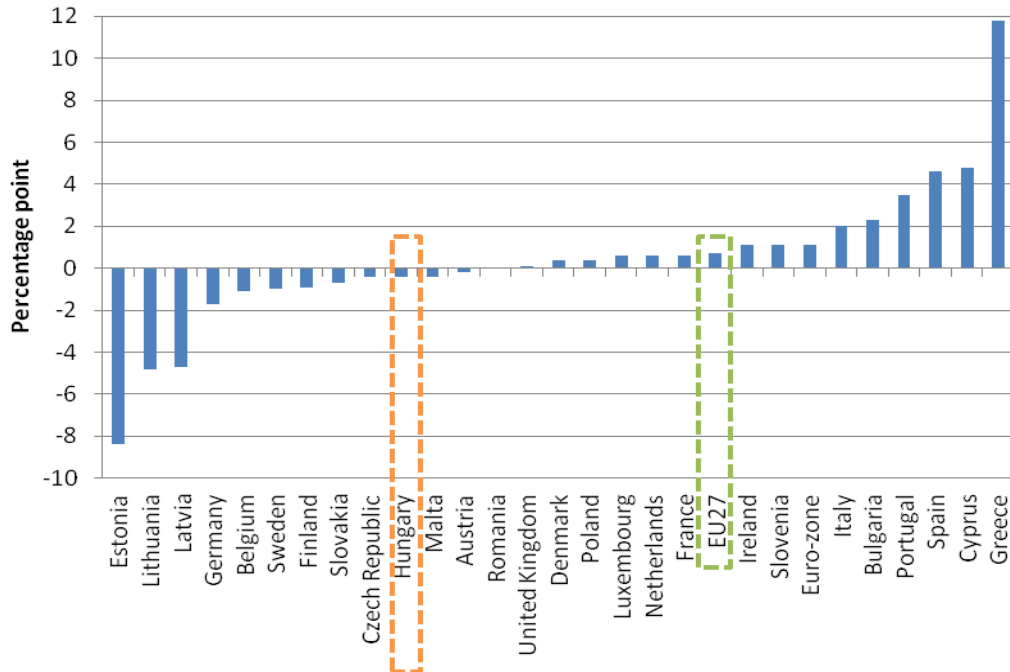


Source: Eurostat, NGM

Seasonally adjusted data by the Eurostat signal that unemployment rate regarding the entire EU edged up by 0.7 percent, while it was higher by 1.1 percent in the euro-zone in the observed period. In Hungary, according to the latest data for Q2 2012, the indicator decreased from 11.3 percent to 10.9 percent. **Thus Hungary** – albeit the improvement can be said to be moderate -- **belongs to those EU countries where unemployment could be restrained in the past two years.**



Change in unemployment rate (Q2 2010-Q2 2012)



Source: Eurostat, NGM

That **positive employment tendencies appear increasingly long-term and lasting proves how effective labour market measures of the Government have been.** Since the Government took office public employment schemes, the unemployment benefit system and the pension system have been overhauled, and the new Labour Code has greatly increased labour market flexibility. Public employment schemes have been a key element of the Government's economic policy aimed at labour market re-integration, and after earmarking 132.5bn HUF in 2012 to this end the Cabinet appropriates almost 150bn HUF for next year. As a proof of the positive impacts of public employment schemes, according to data by the Hungarian Interior Ministry, **almost 19 percent of public employment workers have managed to return to the labour market.** The **Job Protection Action Plan** of the Government also serves the goal of **sustaining positive labour market trends in spite of an unfavourable external market environment.**