

Brussels, 19th February 2007

Joint Report on Social Protection and Social Inclusion 2007

What is the Joint Report and what does it cover?

This year's report examines the first ever integrated national strategies on social inclusion, pensions, healthcare and long-term care. It reviews the main trends across the EU and at national level. The report includes country profiles identifying the key challenges in each Member State.

The EU's system of common objectives, assessment and reporting for social protection and inclusion – the 'open method of coordination' – operates in parallel with the strategy for growth and jobs. The Joint Report on Social Protection and Social Inclusion will be presented to EU leaders and will feed into the conclusions of the Spring Summit.

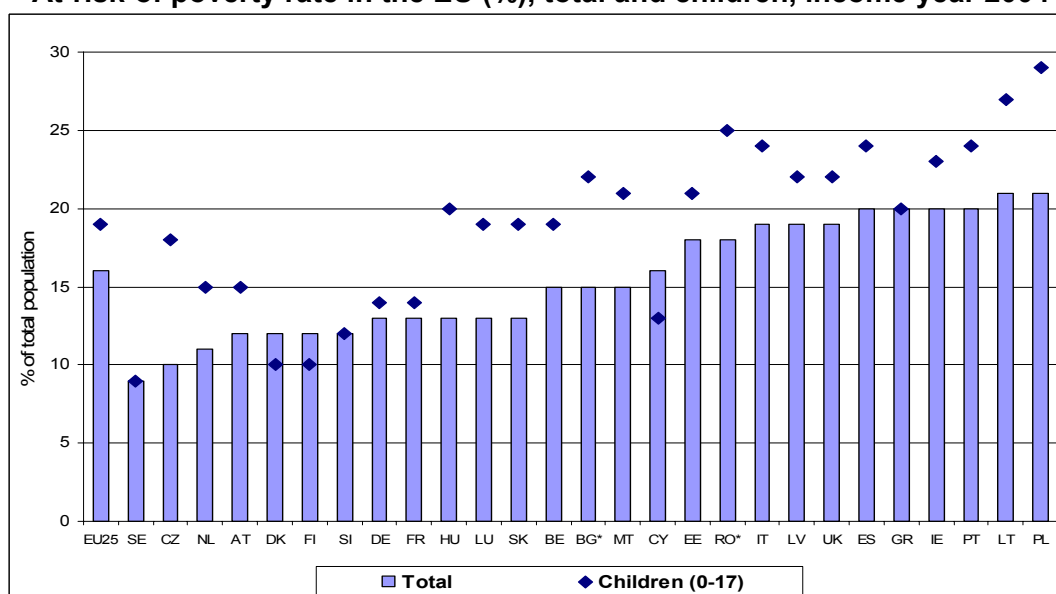
Social inclusion

How many Europeans live in poverty?

In 2004, 16% of EU-25 citizens lived under the poverty threshold defined as 60% of their country's median income, a situation likely to hamper their capacity to fully participate in society. This rate ranged from 9-10% in Sweden and the Czech Republic to 21% in Lithuania and Poland.

Children are often at greater risk-of-poverty than the rest of the population (19% in the EU-25). This is true in most countries except in the Nordic States, Greece and Cyprus.

At-risk-of poverty rate in the EU (%), total and children, income year 2004

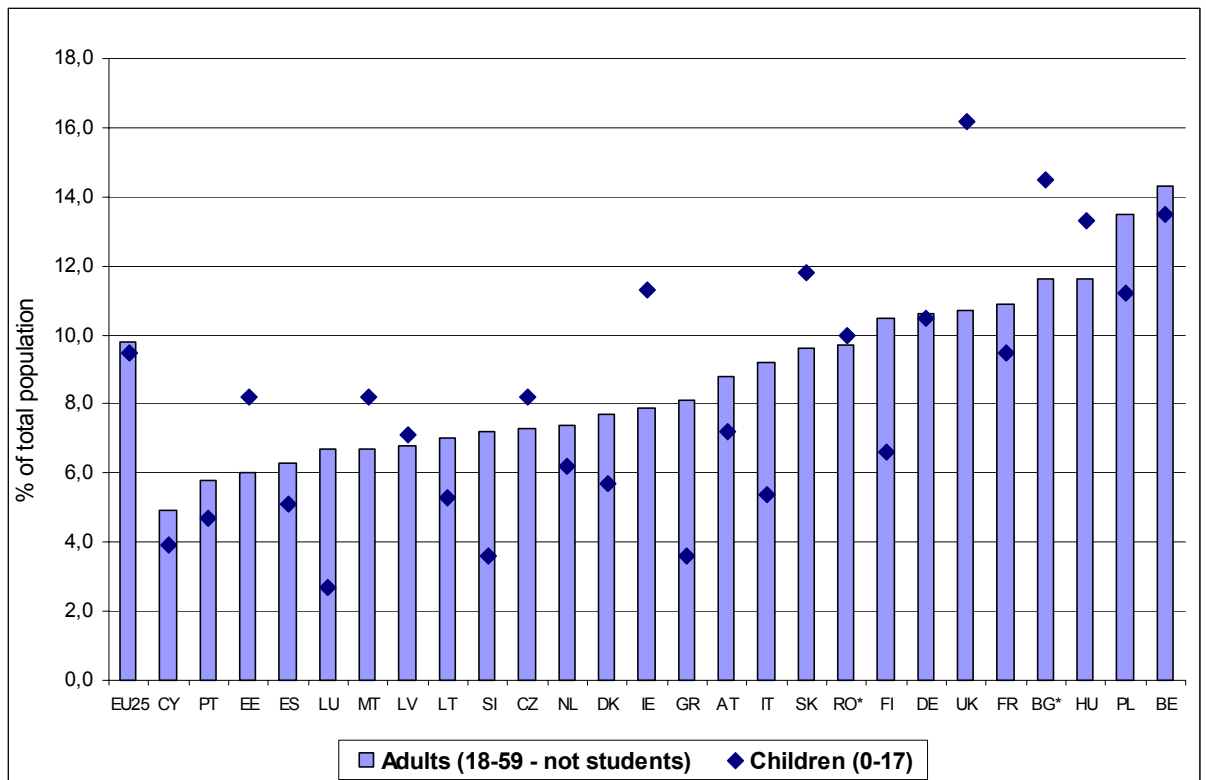


Source: SILC(2005) - income year 2004 (income year 2005 for IE and the UK); except for BG and RO - estimates based on the national Household Budget Survey

How many Europeans live in jobless households?

In 2006, almost 10% of EU25 working age adults (aged 18-59, and not students) lived in households where no one was working. This rate ranged from less than 5% in CY, LU and SI to more than 13% in PL and BE, a similar proportion of children lived in jobless households, 9.5% in the EU in 2006. However, families with children are more affected by joblessness in some countries than in others. The share of children living in jobless households varies greatly across Member States, and ranges from less than 3% in LU to 14% or more in BG and the UK Living in a household where no one works affects both children's current living conditions, and the conditions in which they develop by lack of an appropriate role model.

Adults and children living in jobless households, 2006

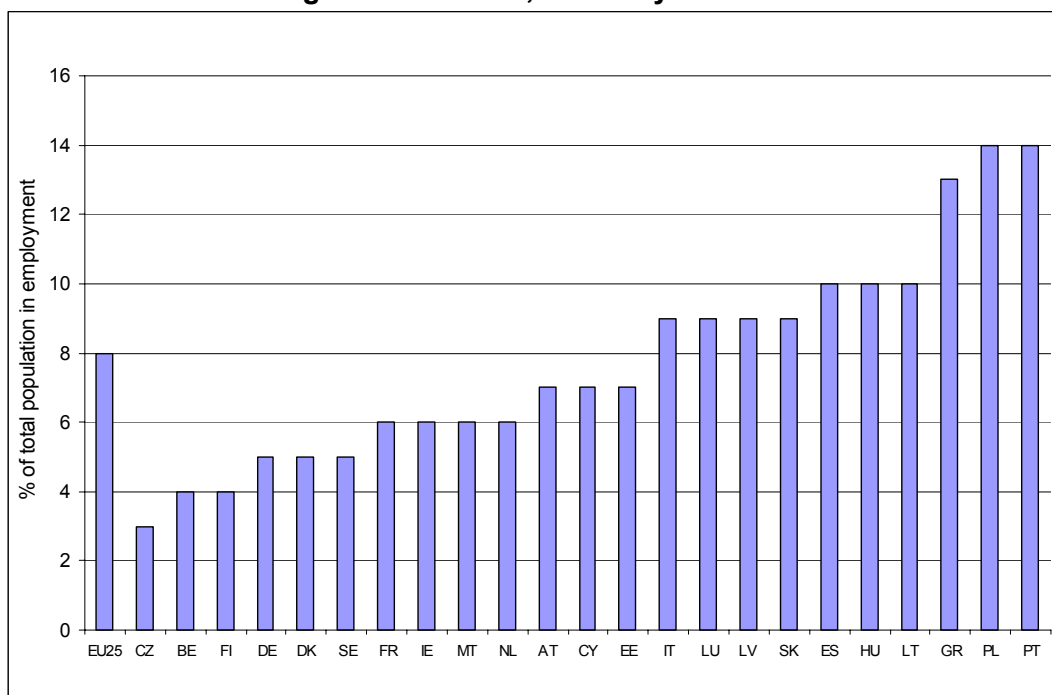


Source: Eurostat Labour Force Survey, spring results, data missing for SE

What about poverty among those in work?

Having a job does not always protect people from the risk-of-poverty. In 2004, 8% of EU-25 citizens in employment (aged 18 and over) lived under the poverty threshold, thereby facing difficulties in participating fully in society. This rate ranged from 5% or less in the CZ, DE and the Nordic countries to 13-14% in EL, PL and PT.

In work poverty: at-risk-of-poverty rate of people in employment aged 18 and over, income year 2004



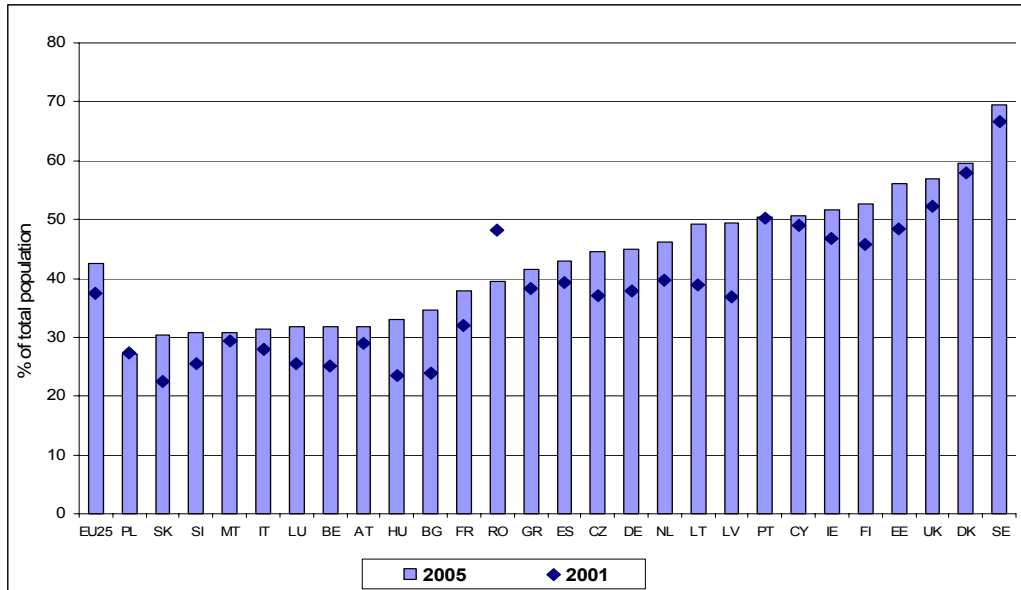
Source: SILC(2005) - income year 2004 (income year 2005 for IE) – data missing for BG, RO, SI, UK

Pensions

Why is employment important for pensions?

One of the ways to ensure both sustainability of pension systems and an adequate level of income for pensioners is by extending working lives. The Lisbon target is to reach 50% employment rate of older workers by 2010. In 2004 the employment rate of older workers for the EU 25 was 43% compared to 38% in 2001 and Sweden, Denmark, UK, Estonia, Finland, Ireland, Cyprus, Portugal have reached the 50%. However, the target is still far away for a group of countries where the employment rate of older workers is still around 30%.

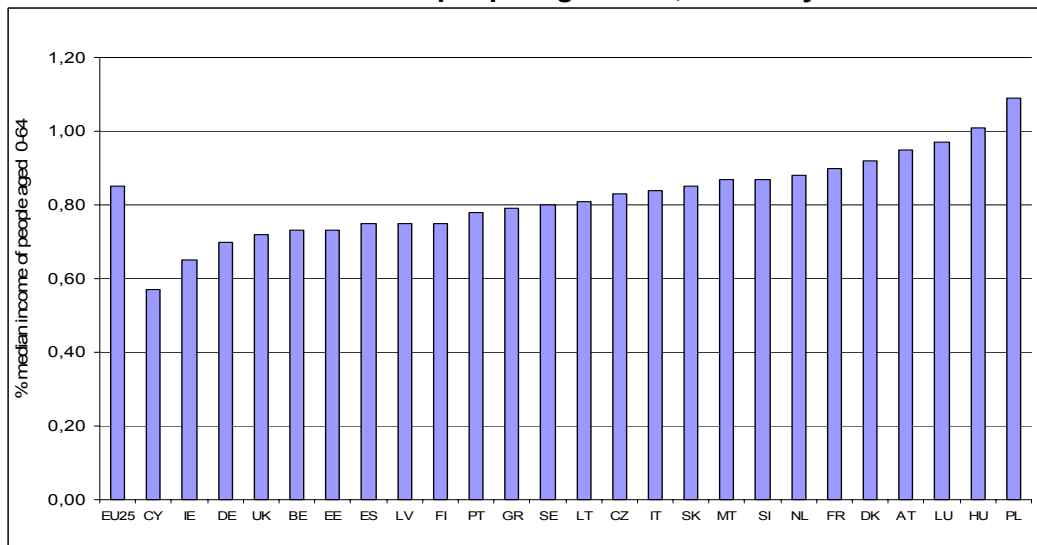
Employment rate of older workers (aged 55-64), 2005 and 2001



Source: Eurostat Labour Force Survey, annual averages

Currently pension systems have in general managed to achieve widespread elimination of poverty of older people, and people aged 65+ have an income which is around 85% of the income for younger people, ranging from 57% in Cyprus to more than 100% in Hungary and Poland.

Relative income of the elderly: Median equivalised income of people aged 65+ as a ratio of income of people aged 0-64, income year 2004



Source: Eurostat SILC(2005) - income year 2004; data missing for BG and RO

Recent reforms in many Member States though, have led to decreases in the average pension compared to the average wage of an average worker at a given retirement age (replacement rates). The stylised graph below illustrates how retirement income as a percentage of working income is composed today and how it could evolve in 2050: the share of income from public retirement provision falls, but this is compensated by private provision and working longer.

Evolution of retirement income, 2005 and 2050



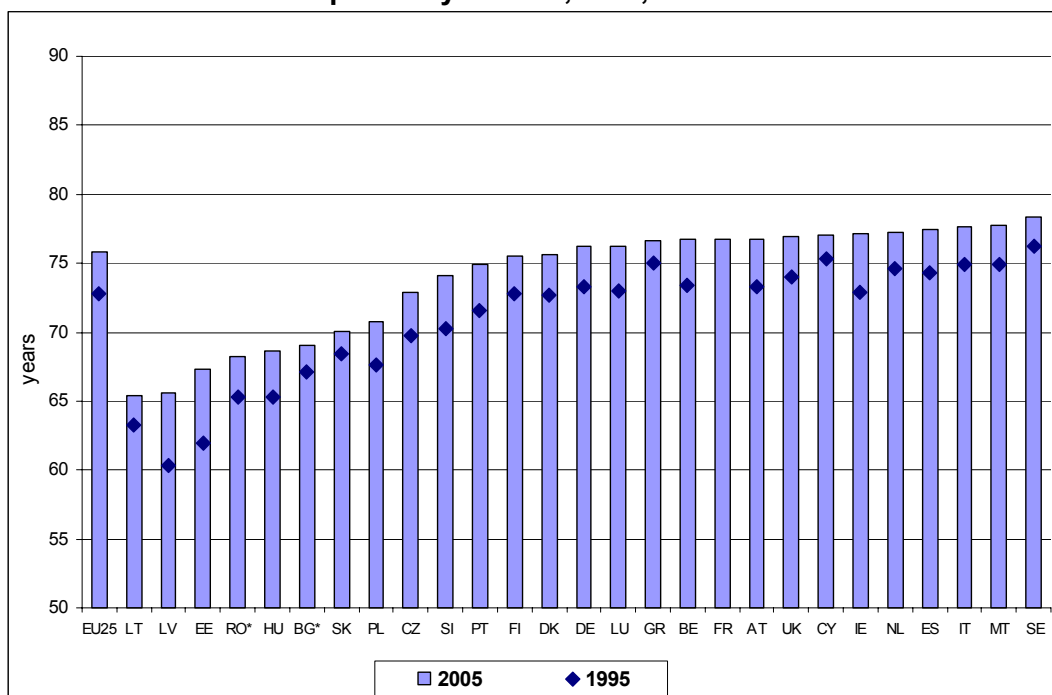
Source: Stylised illustration from results of the Indicators Subgroup of the social protection Committee on gross replacement rates

Health and long-term care

How does life expectancy vary across the EU?

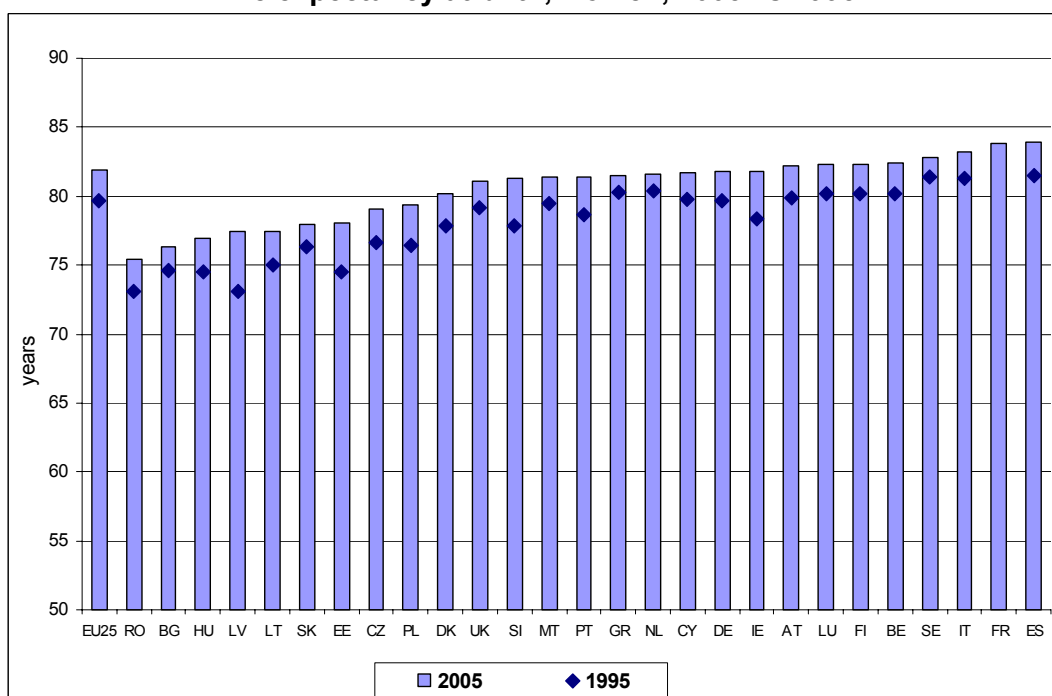
Life expectancy has increased spectacularly in the last half century. On average, life expectancy from 1995 to 2005 has increased by 3 years for men and 2 years for women. However, there are currently wide disparities in health outcomes across the EU, with men's life expectancies ranging from 65.4 (Lithuania) to 78.4 years (Sweden) and those of women from 75.4 (Romania) to 83.9 (Spain).

Life expectancy at birth, men, 2005 vs.1995



Source: Eurostat demographic data

Life expectancy at birth, women, 2005 vs.1995

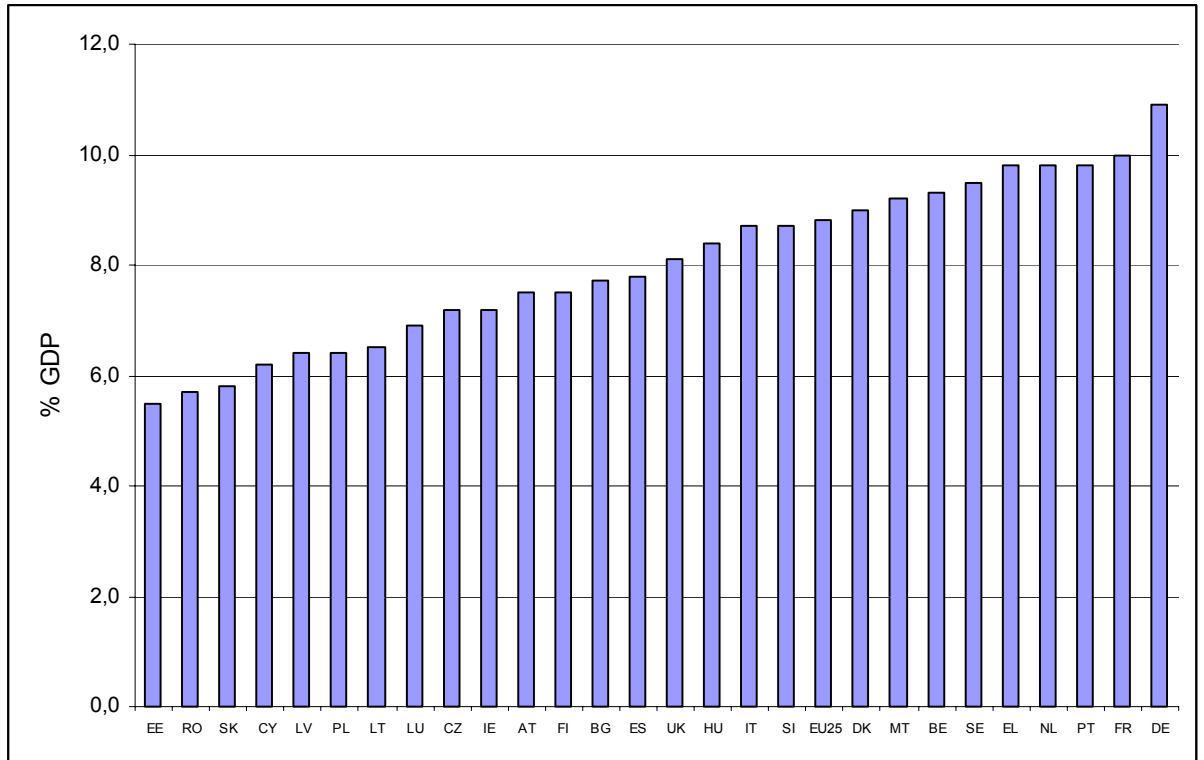


Source: Eurostat demographic data

What about resources allocated to healthcare?

Total healthcare expenditure in the EU ranges from 5.5% of GDP in Estonia to 10.9% in Germany – still well below the countries with the highest healthcare expenditure, the US, at 15.3%-, and in the EU it employs between 3 and 10% of the population. Total healthcare expenditure includes both public and private expenditure, including direct out of pocket payments by households. Private expenditure in the EU is about a quarter of overall expenditure.

Total healthcare expenditure as a % of GDP, 2004



Source: WHO

SOCIAL INCLUSION
Risk of poverty: at-risk-of poverty rate, income year 2004

	EU25	BE	BG*	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO*	SI	SK	FI	SE	UK
<i>All</i>	16	15	15	10	12	13	18	20	20	20	13	19	16	19	21	13	13	15	11	12	21	20	18	12p	13	12	9	19p
<i>Men</i>	15	14	13	10	12	12	17	19	18	19	12	17	15	18	20	13	14	14	11	11	21	20	18	11p	13	11	9	16p
<i>Women</i>	17	15	17	11	12	14	19	21	21	21	14	21	18	20	21	13	13	15	11	13	20	21	18	14p	13	13	10	19p
<i>Children (0-17)</i>	19	19	22	18	10	14	21	23	20	24	14	24	13	22	27	19	20	21	15	15	29	24	25	12p	19	10	9	22p
<i>Elderly (65+)</i>	19	21	16	5	18	15	20	33	28	29	16	23	51	21	17	7	6	15	5	14	7	28	17	20p	7	18	11	27p

Source: SILC(2005) - income year 2004 (income year 2005 for IE and UK); except for BG and RO - estimates based on the national Household Budget Survey; p: provisional

At-risk-of-poverty threshold: threshold under which a single person household is considered at-risk-of poverty, income year 2004

	EU	BE	BG*	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO*	SI	SK	FI	SE	UK
<i>Purchasing Power Standard</i>		9410	2033	4662	9581	9891	2869	9004	6518	7035	8720	8263	8787	2402	2341	16375	3379p	6498	9688	10562	2877	4993	1291	7047p	3118	8501	8582	10652p
<i>EURO</i>		9863	874	2539	13274	10274	1788	11227	5650	6347	9562	8633	7894	1322	1235	17087	2066p	4664	10189	10796	1520	4299	558	5278p	1698	10447	10381	11177p

Source: SILC(2005) - income year 2004 (income year 2005 for IE and UK); except for BG and RO - estimates based on the national Household Budget Survey; p: provisional

In work poverty: at-risk-of-poverty rate of people in employment, income year 2004

	EU25	BE	BG*	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO*	SI	SK	FI	SE	UK
<i>Working poor (18+)</i>	8	4	:	3	5	5	7	6	13	10	6	9	7	9	10	9	10	6	6	7	14	14	:	:	9	4	5	:

Source: SILC(2005) - income year 2004 (income year 2005 for IE)

Adults in jobless households: percentage of working age adults (aged 18-59) living in households where no one works, selected years

	EU25	BE	BG*	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO*	SI	SK	FI	SE	UK
<i>2001</i>	10.1e	13.8	17.3	7.9	:	9.7	11.0	8.8	8.8	7.4	10.3	10.8	4.9	12.8	10.0	6.7	13.2	7.8	6.9	7.9	13.8	4.3	8.7	8.2	10.0	:	:	11.2
<i>2004</i>	10.3i	13.7	13.7	8.0	8.5	11.1	9.5	8.6	8.5	7.3	10.8	9.1	5.0	7.8	8.1	7.1	11.9	8.6	8.0	8.8	15.8	5.3	11.1	7.5	10.8	11.0	:	11.0
<i>2006</i>	9.8e	14.3	11.6	7.3	7.7p	10.6	6.0	7.9	8.1	6.3	10.9	9.2	4.9	6.8	7.0	6.7p	11.6	6.7	7.4	8.8	13.5	5.8	9.7	7.2	9.6	10.5p	:	10.7

Source: Labour Force Survey, spring results; e: Eurostat estimate, b: break in series, p: provisional, i: change in survey characteristic that might affect trends

Children in jobless households: percentage of children (aged 0-17) living in households where no one works, selected years

	EU25	BE	BG*	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO*	SI	SK	FI	SE	UK
<i>2001</i>	9.5e	12.9	19.0	8.0	:	8.9	11.2	10.4	5.3	6.4	9.2	7.0	3.9	10.7	:	3.4	13.5	7.9	6.0	4.1	:	3.6	6.8	3.8	:	:	16.9	
<i>2004</i>	9.8i	13.2	15.6	9.0	6.0	10.9	9.6	11.8	4.5	6.3	9.6	5.7	2.6	7.2	6.5	3.4	13.2	9.2	7.0	5.6i	:	4.3	11.1	3.8	12.8	5.7	:	16.8
<i>2006</i>	9.5e	13.5	14.5	8.2	5.7p	10.5	8.2	11.3	3.6	5.1	9.5	5.4	3.9	7.1	5.3	2.7p	13.3	8.2	6.2	7.2	11.2	4.7	10.0	3.6	11.8	6.6p	:	16.2

Source: Eurostat Labour Force Survey, spring results; e: Eurostat estimate, b: break in series, p: provisional, i: change in survey characteristic that might affect trends

PENSIONS
Employment rate of older workers: Persons in employment in age groups 55 - 59 and 60 - 64 as a proportion of total population in the same age group

	EU25	BE	BG*	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO*	SI	SK	FI	SE	UK
<i>2001</i>	38	25	24	37	58	38	49	47	38	39	32	28	49	37	39	26	24	29	40	29	27	50	48	26	22	46	67	52
<i>2004</i>	41	30	33	43	60	42	52	50	39	41	37	30.5b	50	48	47	30	31	32	45	29b	26	50	37	29	27	51	69	56
<i>2005</i>	43	32	35	45	60	45b	56	52	42	43b	38	31	51	50	49	32	33	31	46	32	27	51	39	31	30	53	69.4b	57

Source: Eurostat Labour Force Survey, annual averages; e: Eurostat estimate, b: break in series, p: provisional, i: change in survey characteristic that might affect trends

Relative income of the elderly: Median equivalised income of people aged 65+ as a ratio of income of people aged 0-64, income year 2004

	EU25	BE	BG*	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO*	SI	SK	FI	SE	UK
<i>Total</i>	0.85	0.73	:	0.83	0.92	0.7	0.73	0.65	0.79	0.75	0.9	0.84	0.57	0.75	0.81	0.97	1.01	0.87	0.88	0.95	1.09	0.78	:	0.87p	0.85	0.75	0.8	0.72p
<i>M</i>	0.88	0.74	:	0.85	0.93	0.72	0.76	0.66	0.83	0.77	0.93	0.87	0.59	0.78	0.9	0.96	1.07	0.89	0.88	1.02	1.2	0.79	:	0.94p	0.9	0.81	0.87	0.74p
<i>W</i>	0.83	0.73	:	0.81	0.9	0.7	0.7	0.65	0.78	0.76	0.88	0.84	0.55	0.74	0.76	0.99	0.97	0.86	0.88	0.91	1.02	0.76	:	0.80p	0.82	0.71	0.75	0.71p

Source: Eurostat SILC(2005) - income year 2004

HEALTH AND LONG TERM CARE
Life expectancy at birth, selected years

	EU25	BE	BG*	CZ	DK	DE	EE	IE	GR	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO*	SI	SK	FI	SE	UK
<i>Men 1995</i>	72.8	73.4	67.1	69.7	72.7	73.3	61.9	72.9	75.0	74.3	:	74.9	75.3	60.3	63.3	73.0	65.3	74.9	74.6	73.3	67.6	71.6	65.3	70.3	68.4	72.8	76.2	74.0
<i>2000</i>	74.4 p	74.6	68.2	71.6	74.3	75.0	65.1	73.9	75.4	75.6	75.2	76.6	76.1	64.9	66.8	74.8	67.1	74.3	75.5	75.1	69.7	73.2	67.7	71.9	69.1	74.1	77.4	75.4
<i>2005</i>	75.8 p	76.7ps	69.0	72.9	75.6	76.2	67.3	77.1ps	76.6	77.4	76.7s	77.6	77.0	65.6	65.4	76.2ps	68.6	77.7	77.2	76.7	70.8	74.9	68.2	74.1	70.1	75.5	78.4	76.9
<i>Women 1995</i>	79.7	80.2	74.6	76.6	77.8	79.7	74.5	78.4	80.3	81.5	:	81.3	79.8	73.1	75.0	80.2	74.5	79.5	80.4	79.9	76.4	78.7	73.1	77.8	76.3	80.2	81.4	79.2
<i>2000</i>	80.8p	80.8	75.3	78.4	79.0	81.0	76.0	79.1	80.5	82.5	82.8	82.5	81.0	76.2	77.4	81.1	75.6	80.2	80.5	81.1	78.0	80.0	74.6	79.1	77.4	81.0	82.0	80.2
<i>2005</i>	81.9p	82.4ps	76.3	79.1	80.2	81.8	78.1	81.8ps	81.5	83.9	83.8s	83.2	81.7	77.4	77.4	82.3ps	76.9	81.4	81.6	82.2	79.4	81.4	75.4	81.3	77.9	82.3	82.8	81.1

Source: Eurostat demographic data, p: provisional, s: Eurostat estimate

Total health expenditure, % of GDP

	EU25	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
<i>2004</i>	8.8	9.3	7.7	7.2	9.0	10.9	5.5	7.2	9.8	7.8	10.0	8.7	6.2	6.4	6.5	6.9	8.4	9.2	9.8	7.5	6.4	9.8	5.7	8.7	5.8	7.5	9.5	8.1