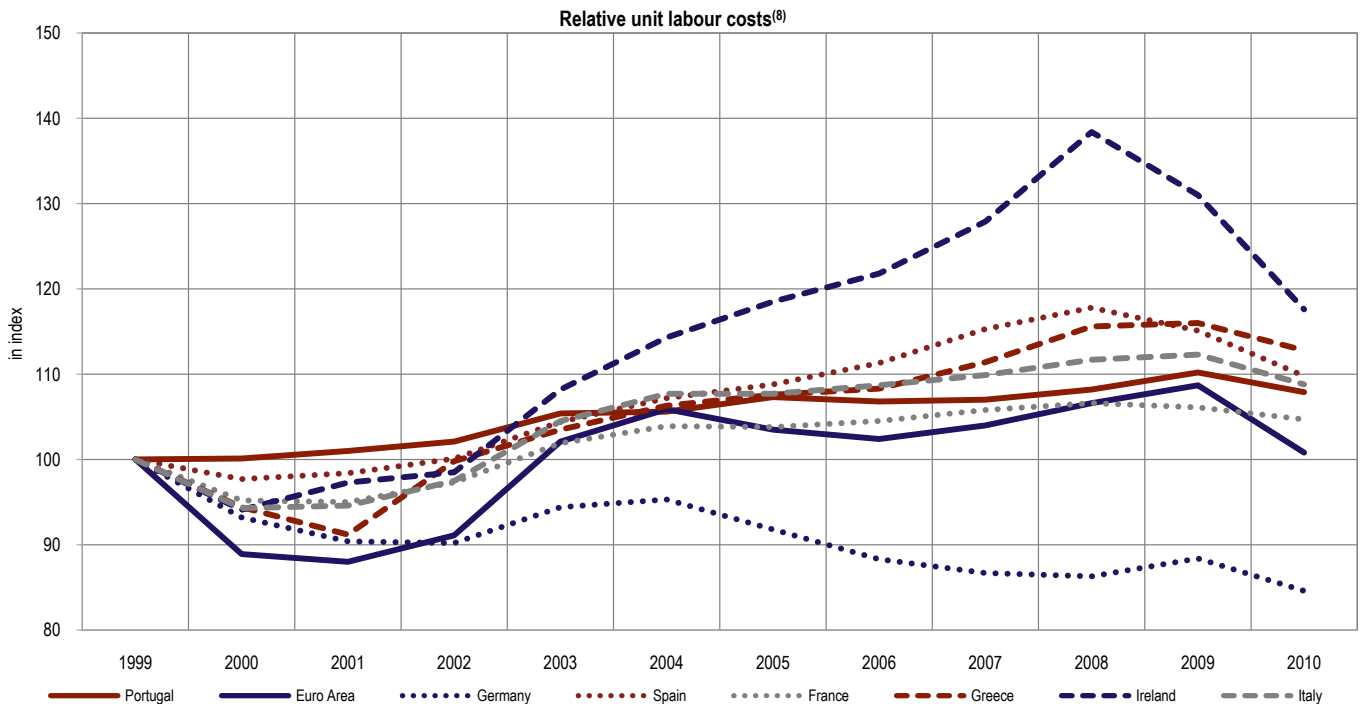


A.4. PRODUCTIVITY AND LABOUR COSTS

Sources: Banco de Portugal, Instituto Nacional de Estatística, Ministério da Economia e do Emprego, Instituto de Informática do Ministério da Solidariedade e Segurança Social, European Central Bank and Organisation for Economic Co-operation and Development.

	Portugal			Euro Area ⁽¹⁾			Differential		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
	(annual rate of change - a.r. - in percentages)						(in percentage points)		
	1	2	3	4	5	6	7	8	9
1 Compensation per employee ⁽²⁾	3.1	4.0	1.8	3.2	1.4	1.6	-0.1	2.6	0.2
2 Productivity ⁽³⁾	-0.5	-0.3	3.0	-0.5	-2.5	2.4	0.0	2.2	0.6
3 Unit labour costs ⁽⁴⁾	3.6	4.3	-1.1	3.8	4.0	-0.8	-0.2	0.3	-0.3

	Portugal								
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
	(rate of change ⁽⁵⁾ - in percentages)								
	1	2	3	4	5	6	7	8	9
4 Implicit average negotiated wage growth - Total excluding general government	2.2	0.2	0.9	1.0
5 Compensation of employees declared to Social Security - Total ⁽⁷⁾	(accumulated rate of change ⁽⁶⁾ - in percentages)								
6 Excluding banking sector	1.6	1.6	1.6	1.6	1.5	1.5	.	.	.



(1) Euro Area: fixed composition 17 countries. The annual series are computed on quarterly series working day adjusted.
 (2) Compensation per employee is calculated as the ratio of compensation of employees to employees. Compensation per employee is adjusted for the direct effects of the sale of tax credits by the general government in 2003. For more details see Box 6.1 "Budgetary effects of the temporary measures implemented from 2002 to 2004", Annual Report 2004, Banco de Portugal. In addition, the series on compensation per employee is based on data from the national accounts base 2006, applying the same methodology for the period prior to 2005. For more details see Box 2 "Relative unit labour costs in Portugal: methodological issues and developments in the last decade", Economic Bulletin Summer 2010, Banco de Portugal. Employment is measured as full time equivalent.
 (3) Productivity is calculated as the ratio of real GDP to total employment. Total employment is measured as full time equivalent.
 (4) Unit labour costs are calculated as the ratio of compensation per employee to productivity.
 (5) Rates for each month are based on the annual increase of the negotiated wages weighted by the number of workers covered.
 (6) Total compensation includes all types of payments to employees reported in the Compensations Management System of Instituto de Informática and identified in the Identification and Qualification System of the Social Security. The categories of compensations included are: permanent compensation, vacation and christmas subsidies and other types of compensation (namely bonuses, promotions, variable income and other subsidies). The Compensations Management database is permanently updated. Nevertheless, there are some reporting delays that affect mainly the last 4 months.
 (7) From January 2011 onwards, the series of total declared compensation to the Social Security reflects the mandatory transfer of banking sector companies to the general regime of Social Security. This transfer renders comparisons between 2010 and 2011 uninformative, as the covered populations differ significantly. Therefore, figures for 2011 are omitted from the table.
 (8) The series plotted refer to real effective exchange rates deflated by the relative unit labour costs. A positive change means an increase in the relative costs of exporting. For Portugal, this series is calculated vis-à-vis the main 21 trading partners (for more details see notes 2, 3 and 4). Figures for the Euro Area refer to a group of 20 trading partners. For Germany, Spain, France, Greece, Ireland and Italy, the series are calculated vis-à-vis the 16 other Euro Area countries and a group of 20 non-Euro Area trading partners.