Youth in Europe: Effects of COVID-19 on their economic and social situation

The full study analyses the effects of COVID-19 on youth unemployment, inactivity, work-based learning and mental health. The analysis is based on quantitative indicators and qualitative information from surveys and policy documents. It discusses the probability of long-term ‘scarring effects’, comparing the impact of the current crisis to that of the 2008/2009 global financial crisis and its aftermath.

Background

Economic downturns tend to harm young workers' labour market outcomes disproportionately, and the COVID-19 recession was no exception. COVID-19 magnified the negative effects on young workers who were more affected than other age groups due to a pandemic specific combination of labour market challenges. Young people tend to work in industries and occupations most affected by the pandemic such as retail, hospitality and tourism. They are more often employed on temporary contracts, which were badly hit at the onset of the pandemic. Moreover, young people were heavily affected by school closures and restrictions on training opportunities. They have also experienced very low levels of mental well-being.

The study addresses the following issues:

- The impact of the pandemic on youth unemployment and NEET rates;
- Differences in impact across EU Member States;
- The consequences for young people's education and social situation;
- Targeted measures to avoid a 'lockdown generation';
- The EU agenda to build back better; and
- Gaps to address in the recovery phase.

Key Findings

At the end of 2020, nearly 725,000 more young people aged 15-29 were not in employment, education or training (NEET) across the EU-27. In contrast to previous crises, the share of inactive NEETs increased twice as much as that of unemployed NEETs. So far, the progress made in recent years has not been entirely undone. Just before the onset of COVID-19 there were approximately 1.7 million fewer young NEETs than seven years before.

Youth employment, unemployment and inactivity developed in waves, reflecting lockdown and containment periods. New labour market entrants in the age group 15-24 account for a large share of the rise in joblessness. The EU-27 youth unemployment rate for the age-group 15-24 started to increase from 15 % in
March 2020, reached a peak of 18.5% in August 2020 and dropped again to 17% in June 2021. What is worrying is the fact that countries particularly hard hit during the financial crisis in 2008/2009 (e.g. Greece, Italy, Spain) have once again seen an above-average rise in youth unemployment.

There are still wide variations in the size of the NEET population - ranging from about 6% in the Netherlands to about 25% in Italy. The increase during the pandemic was above average in Greece and Italy but below average in Bulgaria and Spain - also countries with high NEET rates. The composition of the NEET population has also remained broadly the same. The short-term unemployed are still the largest NEET group in Nordic, western and continental EU countries while in southern Member States the largest NEET groups are the long-term unemployed and discouraged young people. In eastern European countries, young women caring for children or relatives still account for a large proportion. Persistence of NEET rates is particularly high in regions with a weak industrial ecosystem.

The consequences of COVID-19 on education vary greatly by educational level and background of learners. While university students are perceived as the least affected, students in vocational education and training (VET) faced a double disadvantage because of school closures and restrictions on work-based learning opportunities. Research has so far not been able to study the exact effects on student skills and knowledge due to a lack of comparable databases but there are general concerns about long-lasting scaring effects. The wide-ranging impacts of school closures have, inter alia, disproportionately affected the mental well-being of young people. The prevalence of symptoms of anxiety and depression has risen dramatically and remains high even since the partial re-opening of the economy.

Job losses and reduced working hours have led to large reductions in labour income among young workers. Indicators such as “at risk of poverty and social exclusion”, however, do not yet provide a clear picture of whether there will be a negative impact on their social situation in the long term. There are, however, fears that particularly young people from marginalised backgrounds will suffer the negative consequences of youth unemployment, poor educational outcomes and poor mental health in the longer run.

Nonetheless, the negative consequences of the COVID-19 crisis for young people's employment and social situation may be less severe than those of the global financial crisis because most EU countries have responded with targeted youth support measures at an early stage. Measures range from support to keep and find jobs to strengthening work-based learning opportunities to income support and prevention of social exclusion. Only a few Member States, however, have taken initiatives to improve mental health services for young people. To avoid a lost or "lockdown generation" it is therefore important to pay special attention to young people’s mental health in the recovery phase.

At EU level, a variety of initiatives and programmes are already addressing many of the challenges and funding for youth has become a priority in the EU budget. The reinforced Youth Guarantee (YG) - committed to ensure that young people under 30 receive a good quality offer of employment, continued education, training or apprenticeship - is a "key to address some important gaps the Youth Guarantee of 2013 has shown over time. To this end, national YG implementation plans should be aligned with national Resilience and Recovery Facility (RRF) plans and priorities identified in the context of the European Semester. This requires an improved monitoring at EU level.