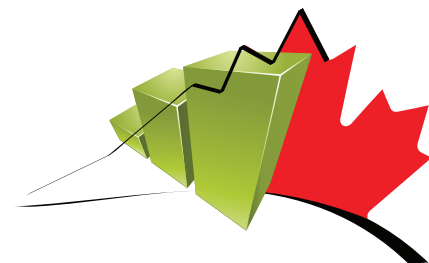


## Economic and Social Reports

# Youth unemployment in Canada, Germany, Ireland, and the United Kingdom in times of COVID-19



by Zechuan Deng, Rubab Arim, Golo Henseke, Ingrid Schoon, Hans Dietrich, Aisling Murray, Emer Smyth, and Véronique Dupéré

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# ***Youth unemployment in Canada, Germany, Ireland, and the United Kingdom in times of COVID-19***

*by Zechuan Deng, Rubab Arim, Golo Henseke, Ingrid Schoon, Hans Dietrich, Aisling Murray, Emer Smyth, and Véronique Dupéré*

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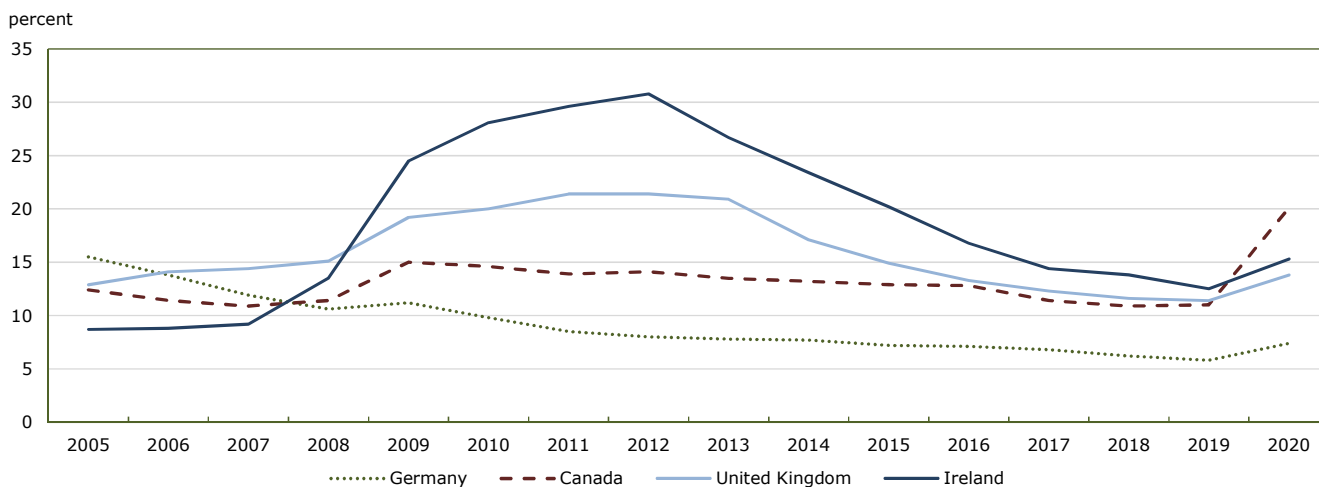
From the start of the COVID-19 pandemic, there were widespread concerns about young people's labour market prospects. The COVID-19 youth economic activity and health monitor<sup>1</sup> (YEAH) project at University College London (UCL) in collaboration with Statistics Canada and other institutes in Europe aimed to shed light in this area by examining the pandemic's impacts on the dynamics of youth employment and well-being. Indeed, very few countries managed to avoid a hit to their economy or young people's employment in the wake of COVID-19. The economic fallout from the pandemic has been as global as the health crisis itself. This spotlight article shows that despite economic and institutional differences<sup>2</sup>, youth unemployment<sup>3</sup> figures in Canada, Germany, Ireland, and the United Kingdom (UK) initially rose during the COVID-19 pandemic with peak levels in the summer of 2020, but have recovered since then.

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1. [COVID-19 youth economic activity and health monitor \(YEAH\) | IOE - Faculty of Education and Society - UCL – University College London](#)
  2. Countries differ with regard to the institutional structures and opportunities guiding the transition from school to work. Liberal transition regimes, predominant in countries such as Canada, the UK and Ireland, are characterized by a comprehensive education system and a largely deregulated labor market with a large segment of low-skilled and non-standard jobs. Employment-centered transition regimes, typical for Germany, are characterized by a selective education system, strong vocational training and close 'social partnerships' between local government, education systems, employers' organizations and trade unions. During the COVID-19 pandemic, young people in Germany and the UK were relatively well protected from the labour market consequences of the economic downturn. The success of Germany in keeping young people engaged in the labour market can potentially be explained by the strong linkages between education and the labour market (Schoon and Bynner 2019). Meanwhile in the UK, a new job retention program (HM Treasury 2020) might have helped to keep youth unemployment in check. In contrast, Canadian (and, to some extent, Irish) youth were comparatively worse off because of their relatively high concentration in jobs in food services, accommodations, and arts and recreation sectors that were hit hard because of the economic lockdowns (Morissette 2021).
  3. Youth unemployment rate is measured in the same way across four countries (i.e., the number of unemployed persons as a proportion of the total labour force). Youth refers to persons aged 15 to 24 in Canada, Germany and Ireland and persons aged 16 to 24 in the UK. To make data comparable over Brexit times, for the UK, data from the Office for National Statistics Labour Force Survey (ONS-LFS) are used instead of the European Labour Force Survey (EU-LFS) statistics published by Eurostat.

## During the 2010s prior to the COVID-19 pandemic, youth unemployment rates in Canada, Germany, Ireland, and the United Kingdom decreased steadily but this trend reversed in 2020

Chart 1 shows the annual unemployment rates among youth for Canada, Germany, Ireland, and the UK from 2005 to 2020. During the Great Recession (2007-2009), the annual youth unemployment rate in Canada, Ireland, and the UK increased, while it decreased in Germany. From 2013 to 2019, the annual youth unemployment rate in all of these countries decreased, although to a lesser extent in Canada and Germany. In 2019, one year before the onset of the COVID-19 pandemic, youth unemployment rates in Germany and the UK were at their lowest points since 2005 at 5.8% and 11.4%, respectively. In Canada, the youth unemployment rate was at 11.0% similar to its lowest rate in 2007 at 10.9%. By comparison, in Ireland, the youth unemployment rate was at 12.5%, which was higher than its lowest point in 2005 at 8.7%. In 2020, the first year of the pandemic, the annual youth unemployment rate increased in all four countries. Among them, Canada experienced a much steeper increase than Germany, Ireland, and the UK. In addition, the youth unemployment rate in Canada also increased to a greater extent in the 2020 pandemic year than during the Great Recession.

**Chart 1**  
Annual youth unemployment rates in Canada, Germany, Ireland, and the United Kingdom, 2005 to 2020



**Notes:** Youth refers to persons aged 15 to 24 in Canada, Germany and Ireland and persons aged 16 to 24 in the United Kingdom (UK). To data comparable over Brexit times, for the UK, data from the Office for National Statistics Labour Force Survey (ONS-LFS) are used instead of the European Labour Force Survey (EU-LFS) statistics published by Eurostat.  
**Sources:** Statistics Canada, Table 14-10-0327-01 Labour force characteristics by sex and detailed age group, annual; European Labour Force Survey (EU-LFS); UK Labour Force Survey (UK-LFS).

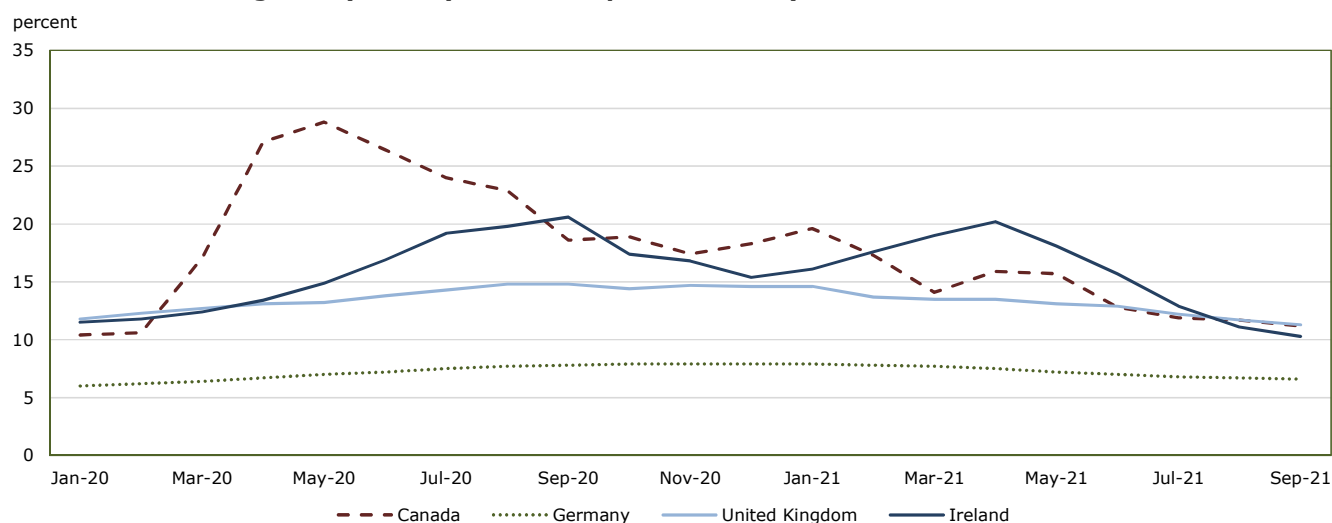
## After the initial shock of the COVID-19 pandemic, Canada faced a greater increase in the youth unemployment rate compared to Germany, Ireland, and the United Kingdom

Chart 2 shows the monthly youth unemployment rate for Canada, Germany, Ireland, and the UK between January 2020 and September 2021. From a monthly perspective, youth unemployment rates in Canada and Ireland started to rise immediately with the COVID-19 restrictions in March 2020. The monthly youth

unemployment rate in Germany and the UK also increased but not as sharply as in Canada and Ireland. Among the four countries, Canada had the largest increase in the monthly youth unemployment rate. From the beginning of the lockdowns in March 2020 to the peak of the monthly youth unemployment rate in May 2020, the unemployment rate of Canadian youth increased from 17.1% to 28.8%, representing an increase of 11.7 percentage points. For Germany, Ireland, and the UK, the monthly youth unemployment rate peaked in later months, and increased 1.5 percentage points in Germany, 8.2 percentage points in Ireland, and 2.1 percentage points in the UK, since March 2020.

Between February 2021 and May 2021 (“the third wave”), while Canada experienced a slight decline, Ireland experienced a slight increase in monthly youth unemployment rates, whereas Germany and the UK had almost no fluctuation.<sup>4</sup>

**Chart 2**  
**Monthly youth unemployment rates during the Covid-19 pandemic in Canada, Germany, Ireland, and the United Kingdom (January 2020 to September 2021)**



**Notes:** Youth refers to persons aged 15 to 24 in Canada, Germany, and Ireland and persons aged 16 to 24 in the United Kingdom (UK). To make data comparable over Brexit times, for the UK, data from the Office for National Statistics Labour Force Survey (ONS-LFS) are used instead of the European Labour Force Survey (EU-LFS) statistics published by Eurostat.

**Sources:** Statistics Canada, Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted and trend-cycle, last 5 months; Federal Employment Agency (BA), Germany; European Labour Force Survey (EU-LFS); UK Labour Force Survey (UK-LFS), seasonally adjusted, United Kingdom.

## More long-term unemployment among unemployed young people in Canada, Germany, and the United Kingdom since the COVID-19 pandemic

The COVID-19 pandemic also increased long-term unemployment risks among youth.<sup>5</sup> Since March 2020, the share of unemployed youth with more than 12 months of unemployment rose in Canada,

4. More recent data up to January 2022 show similar patterns in youth unemployment rates across these countries: during the Omicron-driven fourth wave, Canada and Ireland experienced greater increases in the youth unemployment rates compared to Germany and the UK.

5. For Germany and the UK, long-term unemployment is defined as being unemployed (i.e., out of work and actively seeking employment) for more than 12 months. For Canada, it is defined as being unemployed for 52 weeks or more. Ireland is excluded due to existing data gaps.

Germany, and the UK.<sup>6</sup> During the initial shock between March 2020 and September 2020, the proportion of long-term unemployment among youth in the UK (13.1%) was higher than in Germany (8.9%; see Dietrich et al. 2021) and Canada (2.9%) and also rose faster with a peak in September 2020 at 17.3% compared to 3.2% in Canada and 10.7% in Germany in the same month. However, between February 2021 and May 2021 (“the third wave”), compared to the other countries, Canada experienced a higher increase (7.3 percentage points) in the share of long-term unemployment among unemployed youth with a peak in May 2021 at 12.3% compared to 19.7% in the UK and 16.1% in Germany (2.1 and 2.2 percentage points, respectively). In the case of the latter, the overall recovery of youth unemployment figures went faster than that of long-term unemployed which resulted in higher relative long-term unemployment risks.

## Canada experienced a larger change in youth unemployment during the pandemic compared to other OECD countries

OECD (2022) data on youth unemployment rates for June 2019, 2020 and 2021 at the country-specific level offer further insights. In 2019, the year prior to the pandemic, Canada’s youth unemployment rate was 11.0%. The youth unemployment rate in the UK was similar at 11.4%, higher in Ireland at 13.5%, and lower in Germany at 5.7%.

In June 2020, the youth unemployment rate in Canada increased over 16 percentage points to 27.4%. Germany and the UK, where job retention programs were introduced, experienced increases of 1.6 and 2.4 percentage points, respectively. In comparison, Ireland experienced an increase of 3.4 percentage points. The increase in Canada’s youth unemployment rate was also greater than the increase observed for the OECD, where the estimated unemployment rate increased more than 6 percentage points, from 11.6% to 17.9%.

By summer 2021, youth unemployment rates largely recovered but remained elevated compared with their levels in 2019 across most of the OECD countries, and Canada was no exception to this trend. In Canada, the youth unemployment rate in June 2021 was 2.6 percentage points higher than in June 2019. The difference was lower for Germany and the UK at 1.2 and 1.5 percentage points, respectively, but slightly higher for Ireland at 2.2 percentage points.

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6. Sources: Statistics Canada. Table 14-10-0342-01 Duration of unemployment, monthly, seasonally adjusted; Federal Employment Agency (BA), Germany; European Labour Force Survey (EU-LFS); UK Labour Force Survey (UK-LFS), seasonally adjusted, United Kingdom.

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