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Youth employment: overview of EU measures

On the eve of the [European Youth Event in Strasbourg \(9-11 May\)](#), here is an overview of EU measures to help to tackle youth unemployment in the EU.

What is the current situation?

- Youth unemployment levels are alarming: almost 5.4 million young people under 25 are unemployed in the EU-28 (March 2014). This represents an unemployment rate of 22.8%, i.e. more than one in five young European job-seekers cannot find a job; in Greece and Spain it is more than one in two. And the average youth unemployment rate is more than twice as high as the rate for adults in most Member States (in March 2014 the overall unemployment rate in the 28 EU Member States was 10.5%).
- 7.5 million young people aged 15-24 are not employed, not in education and not in training (so-called NEETs).
- The gap between the countries with the highest and the lowest jobless rates for young people remains extremely high: there is a gap of more than 50 percentage points between Germany at 7.8% and Greece at 56.8%.
- Compared with last year (March 2013), youth unemployment decreased by 322,000 in the 28 EU Member States and by 166,000 in the euro area. The outlook is for a further stabilisation in 2014 and a modest decline in the unemployment rate in 2015 (to 10.1% in the EU and 11.4% in the euro area), with cross-country differences remaining very large.

What is the EU doing?

Investing in youth: the Youth Guarantee

The [Youth Guarantee](#) seeks to ensure that Member States offer all young people up to age 25 a quality job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. The Youth Guarantee is one of the most crucial and urgent structural reforms that Member States must introduce to address youth unemployment and to improve school to work transitions.

The logic of the Youth Guarantee is very simple – to ensure that young people are actively helped by public employment services to either find a job suited to their education, skills and experience or to acquire the education, skills and experience that employers are looking for and so are directly relevant to increasing their chances of finding a job in the future.

The Youth Guarantee is based on experience in Austria and Finland that show that investing in young people pays off. For example, the Finnish youth guarantee resulted in a reduction in unemployment amongst young people, with 83.5% successfully allocated a job, traineeship, apprenticeship or further education within three months of registering.

The [Youth Guarantee Recommendation](#) was formally adopted by the EU's Council of Ministers on 22 April 2013 (see [MEMO/13/152](#)) on the basis of a proposal made by the Commission in December 2012 (see [IP/12/1311](#) and [MEMO/12/938](#)) and was endorsed by the June 2013 European Council.

For many Member States, the implementation of the Youth Guarantee will require **structural reforms**. For example, **public employment services** must be able to ensure individual young people receive appropriate advice on job, education and training opportunities most relevant to their own situation. The Commission's June 2013 proposal for a Decision to help public employment services to maximise their effectiveness through closer cooperation can play a useful role here (see [IP/13/544](#), [STATEMENT/14/126](#)).

Another area requiring structural reforms concerns **vocational education and training systems**, where Member States must ensure that they give young people the skills that employers are looking for. In this respect, dialogue between trade unions, employers' organisations, educational establishments and public authorities on the structure and content of education and training courses can prove useful.

The Youth Guarantee does have a fiscal cost for Member States (the International Labour Organisation has estimated the cost of setting up Youth Guarantees in the eurozone at €21 billion per year). However, the costs of NOT acting are far higher. The [European Foundation for Living and Working Conditions](#) (Eurofound) has estimated the current economic loss in the EU of having 7.5 million young people out of work or education or training at over €150 billion every year (1.2% of EU GDP) in terms of benefits paid out and lost output.

This is in addition to the long-term costs of unemployment to the economy, to society and to the individuals concerned, such as increased risk of future unemployment and poverty.

The cost of doing nothing is therefore very high: the Youth Guarantee scheme is an investment. For the Commission, this is crucial expenditure for the EU to preserve its future growth potential. Significant EU financial support can help - most notably from the European Social Fund and in the context of the Youth Employment Initiative (see below). But to make the Youth Guarantee a reality, Member States also need to prioritise youth employment measures in their national budgets.

Financing the Youth Guarantee

The [European Social Fund](#) is by far the most important EU source of funding for making the Youth Guarantee a reality, providing more than €10 billion every year in the 2014-2020 period. It is important that Member States devote a significant proportion of their European Social Fund allocations for 2014-20 to implementing the Youth Guarantee.

To top-up available EU financial support to the regions where individuals struggle most with youth unemployment and inactivity, the Council and the European Parliament agreed to create a dedicated [Youth Employment Initiative \(YEI\)](#). YEI support will concentrate on **regions experiencing youth unemployment rates above 25%** and on **young people not in employment, education or training (NEETs)**. This will ensure that in parts of Europe where the challenges are most acute the level of support per young person is sufficient to make a real difference.

The YEI funding will comprise €3 billion from a specific new EU budget line dedicated to youth employment matched by at least €3 billion from the European Social Fund national allocations. This will amplify the support provided by the European Social Fund for the implementation of the Youth Guarantee by funding activities to directly help young people not in employment, education or training (NEETs) such as job provision, traineeships and apprenticeships, business start-up support, etc. The YEI will be programmed as part of the ESF 2014-20.

Member States will have to complement the YEI assistance with substantial additional ESF and national investments in structural reforms to modernise employment, social and education services for young persons, and by improving education access, quality and links to labour market demand.

Facilitating the transition from school to work

Effective vocational education and training systems, in particular those that include a strong work-based learning component, facilitate the transition of young people from education to work.

To complement the Youth Guarantee, the Commission has launched two specific initiatives to help young people in this transition:

- On the basis of a Commission proposal, the Council of Ministers adopted in March 2014 a [Quality Framework for Traineeships](#) to enable trainees to acquire high-quality work experience under safe and fair conditions, and to increase their chances of finding a good quality job (see [IP/14/236](#)).
- Launched in July 2013, the [European Alliance for Apprenticeships](#) brings together public authorities, businesses, social partners, vocational education and training providers, youth representatives, and other key actors in order to improve the quality and supply of apprenticeships across the EU and change mind-sets towards apprenticeship-type learning (see [IP/13/634](#)).

Boosting sectors with high job creation potential

An important part of EU action is about addressing skills mismatches and stepping up job creation, with a special focus on youth. The European Commission's April 2012 [Employment Package](#) identified the information and communications technology (ICT), the greening of the economy and healthcare as three areas with significant job-creation potential.

In the **information and communications technology** sector, up to 900,000 jobs could be unfilled in 2020 due to a lack of skilled professionals. The EU's **app sector** alone could employ 4.8 million people by 2018 (today the app economy employs 1.8 million) (see [IP/14/145](#)).

To address this skills gap, the Commission launched in March 2013 the [Grand Coalition for Digital Jobs](#), which brings together business and education providers, the public and private to tackle Europe's digital skills shortage (see [IP/13/182](#)).

Job growth in eco-industries has been strong throughout the crisis, with already more than 4.2 million people working in the field. This is expected to continue to increase while we transition to a more sustainable low-carbon economy that would drive demand for innovative products and technologies. The Commission is due to present a Communication before summer 2014 to help Member States and the EU to maximise the job creation potential of this transformation.

Mobility matters

EU surveys show that young people are the population group **most likely to be mobile** and vacancy trends reveal a growing **North-South divide in the EU labour market** (with a shortage of labour supply in the North and increased competition in the South). While moving abroad remains a personal choice, labour mobility can play an important role to alleviate unemployment in countries affected by the recession while helping to meet skills gaps and fill vacancies in other Member States.

The EU helps those willing to explore career opportunities abroad to do it by facilitating job-search in other countries. **EURES**, the pan European job search network, gives access to nearly 2 million job vacancies. The portal is being modernised to become a genuine EU-wide self-service employment tool, and the Commission has proposed new rules to strengthen EURES services to job-seekers and employers ([IP/14/26](#), [MEMO/14/22](#), [MEMO/14/23](#)).

Your first EURES job is a pilot job mobility scheme tailored made for young job seekers. Its objective is to find placements in other Member States for young people aged 18-30 who should be offered a minimum 6 months contract, with pay and conditions compliant with national labour law. It provides information, a job search function, recruitment and job placement support. It finances language courses or other training needs and travel expenses for young job applicants (for job interviews and job settlement in other EU countries). It also provides a contribution to an integration programme in the case of recruitment by an SME. Since 2013, the scheme has been extended to traineeship and apprenticeship placements.

With a budget of nearly €15 billion for the period 2014-2020 – 40% higher than for the period 2007-2013, **Erasmus+**, the EU's new programme for education, training, youth and sport ([MEMO/13/1008](#)) will enable around 4 million people, the majority under 25, to study, train or volunteer abroad and gain the international experience and skills greatly valued by employers. More than a million grants are specifically targeted at traineeships for students and apprentices. Erasmus+ will also fund new Knowledge Alliances and Sector Skills Alliances - partnerships between universities, vocational institutes and employers - to boost employability and entrepreneurship.

The strengthened **European Institute of Innovation and Technology** will contribute to youth employment by providing entrepreneurship training for students. It has already trained more than 1 000 students and contributed to the creation of more than 100 start-ups ([IP/14/149](#)).

Making it easier for students and workers to exercise their rights to free movement and equal treatment as they move within the European single market is instrumental to the establishment of **a genuine EU labour market**. The recent modernisation of the **Professional Qualifications** Directive, particularly expanding the use of electronic procedures, such as the European Professional Card, and organising the recognition of professional traineeships, is a further step in this direction ([MEMO/13/867](#)). So are new rules to **better protect EU mobile workers** against discrimination and help them overcome obstacles ([IP/14/421](#) and [MEMO/14/288](#)).

Focus on entrepreneurship

A number of other tailored opportunities are made available to young Europeans, with a particular focus on **unleashing entrepreneurial potential**. Under the [Erasmus for Young Entrepreneurs](#) programme, aspiring entrepreneurs take part in cross-border exchanges and confront business ideas with an experienced entrepreneur, with whom they stay and collaborate for a period of one to six months. In the context of the [Startup Europe](#) initiative for web and ICT entrepreneurs, university students are encouraged to start a business before they graduate, for instance. Such initiatives actively contribute to a change of mind-set in Europe. The Commission also supports the emergence of **crowd funding**, an alternative source of finance for young people with business ideas ([MEMO/14/240](#)) and is stimulating a stronger [social entrepreneurship](#) sector, in which young people can develop sustainable businesses that create social impact.

Under the new [Programme for Employment and Social Innovation \(EaSI\)](#) €920 million will be available for the 2014-2020 period to facilitate access to microcredits and encourage social entrepreneurship, as well as to support innovative social policies and promote labour mobility (see [IP/13/1212](#) and [MEMO/13/628](#)). A specific budget of around €100 million will be devoted to test new solutions for employment and social policies in critical areas such as youth employment or inclusion.

What are the results so far?

The groundwork has been done and the priority now is to accelerate implementation. Success will depend both on the political will of the Member States and the capacity of the private sector to create opportunities for young people. The EU will help to make things happen, by pinpointing the most critical reforms through the [Country-Specific Recommendations](#) issued as part of the EU's annual review of Member States' economic and social policies, disseminating best practice, channelling investment from the EU budget, and helping young people to take full advantage of the European Single Market.

- Every year the [European Social Fund](#) benefits **over 15 million people** by helping them to upgrade their skills, facilitating their integration into the labour market, combating social exclusion and poverty and enhancing the efficiency of public administrations.
- By the end of 2013 around **1.14 million young people** were helped with € 3.7 billion from the ESF resources re-allocated to specific actions for youth and €1.19 billion committed to projects in eight Member States with the highest levels of youth unemployment (Greece, Ireland, Italy, Latvia, Lithuania, Portugal, Slovakia and Spain).
- **More than 3 million students** have benefitted from EU Erasmus grants since the exchange scheme's launch in 1987. During the 2011-2012 academic year the programme enabled more than 250 000 Erasmus students to spend part of their higher education studies abroad or to take up a job placement with a foreign company to boost their employability.
- [47 organisations](#) including Google, Telefonica, SAP, Microsoft and Cisco, SMEs, education providers and NGOs have pledged commitments to the [Grand Coalition for Digital Jobs](#). As of April 2014, this had led to extra 5,000 new digital jobs being filled, more than 10,300 extra internships and apprenticeships and delivered training courses for more than 270,000 people; with a lot more pledges coming each week.

- Many European countries and regions have also set up their own [coalitions for digital jobs](#)
- [Erasmus for Young Entrepreneurs](#) supported since the beginning of the programme in 2009 around **1,700** successful business relationships between a new entrepreneur and an experienced host entrepreneur.
- Many countries used ESF investment to modernise education and strengthen vocational training. Social inclusion-oriented projects address the integration of young people from disadvantaged groups into the labour market or the education system.

For more information

[Youth employment website](#)

[Europe 2020 strategy](#)

[Economic governance](#)

[Eurostat](#)

[European Social Fund](#)

[EUROFOUND: European Foundation for Living and Working Conditions: Youth](#)

[Eurofound NEETs - characteristics, costs and policy responses in Europe](#)

[EURES jobs portal](#)

[Erasmus+](#)

[Erasmus for Young Entrepreneurs](#)

[Startup Europe](#)

[A Grand Coalition for Digital Jobs](#)

[European Alliance for Apprenticeships](#)

[Citizenship report 2013](#)

[Youth on the Move website](#)

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