



**Mapping youth unemployment
in the border regions of the Baltic Sea and Barents Regions**

ESTONIA

National report

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Executive summary

In the last economic crisis, Estonia was one of the countries where the situation in the labour market deteriorated the most. Unemployment skyrocketed, peaking in 2010 with historically high unemployment and low employment levels. Still, recovery has been among the fastest in the EU. Compared to the pre-crisis levels, however, the current indicators are still worse, e.g. unemployment is about twice as high and employment rate has not fully recovered either. Estonia is characterised today as a country with “jobless growth” - economy is growing due to increased efficiency and productivity.

The crisis affected even those people who were not currently on the labour market. As for those who were, the situation got relatively worse for the groups who had already been disadvantaged on the labour market as it was. For instance, people with low education levels, non-Estonians and the young suffered from an especially high risk of losing their job.

The employment rate has been gradually increasing since 2003, although experiencing some drawback in 2009–2010 and recovery in 2011–2013. The gap between the overall and youth employment rates is very large in Estonia. This is due to the fact that a lot of young working-age people are still studying.

The youth unemployment rate has followed a similar trend to the total unemployment rate. During the crisis the unemployment of youth increased from 10% (2008) to 33% (in 2010) and then fell back to 20% in 2012. Compared to the overall rates since 2003, youth unemployment has always been roughly twice as high. The reasons for a relatively high youth unemployment rate lie partly in the Estonian education system. For instance, in the Netherlands, Austria, Denmark and Germany, secondary education is mostly obtained in vocational schools (labelled as “double apprenticeship”), which means young people obtain practical training during internships and are better prepared for the labour market. It is the close relatedness of the education system and the labour market that does not let youth unemployment rise to very high levels.

During the 2000s, about 70% of the students who had completed primary education continued in secondary education, and about 30% continued in vocational schools. In 2010, the latter rate was 26%. What is worrying is that the current policy agendas aim at decreasing the number of secondary schools, with the implicit aim to increase the share of those going to vocational schools right after elementary education. But vocational school graduates, compared to general secondary education level graduates, have worse labour market outcomes – early and narrow specialisation is not suitable for the small and very flexible labour market of Estonia. Almost 2/3 of all vocational students in 2010/2011 entered into their programme after elementary school, and just 1/3 were in post-secondary vocational training.

Considering that young people and non-Estonians are two of the main risk groups in the Estonian labour market, it can be anticipated that the situation is especially bad for young non-Estonians. Compared to young Estonians, their unemployment rate was twice as high in 2011 – 33% and 16.8%, respectively. In addition, unemployment has decreased more quickly for young Estonians since 2010, even though the rates for both groups increased in the same pace during the recession.

Part-time employment is not very common in Estonia because of low income levels, but the share of it in total employment has increased since 2003 – from 6.7% to 9.2% in 2012. As for young people, the share of part-time employment is about twice as high as the overall share. Among 15 to 24-year-olds there is a considerably larger share of part-time workers among women than among men. Also, there is a notable increase in part-time employment since the crisis. According to the Estonian Labour Force Survey (ELFS) 2011, almost a fifth of part-time workers are working part-time because of studying.

A worrying subgroup of young people is constituted by those who are neither employed nor obtaining education (so-called NEET). In the boom years the NEET rate for 18 to 24-year-olds was roughly 11%, but the crisis almost doubled it. In 2009 and 2010, almost one out of every five people in that age group was neither employed nor in education or training. It is noteworthy that it is young women who have mostly had higher NEET rates compared to young men, while the magnitude of the difference depends on the year. According to Eurofound, the annual cost of the NEET group in Estonia is 1.5% of GDP, which is one of the worst in the EU and higher than the EU21 average of 1.1%. It is especially worrying as research has shown that unemployment at the beginning of the working life has a negative effect on future employment and earnings. For instance, a remarkable subgroup of NEET is 25 to 29-year-olds who have not continued their studies after elementary education – this is actually the age when dropping out of school reveals its strong effect on labour market status.

Even though the risk of being unemployed decreases as educational attainment increases, youth unemployment rates have increased for all education levels. However, people with tertiary education have better chances of finding employment and their unemployment spells are likely to be shorter. Women have a much higher share of attaining tertiary education compared to men. After elementary school, female students dominate in general secondary programmes and male students in vocational programmes. In addition, the share of young men in vocational secondary programmes is 67%, but in post-secondary ones it is just 40%.

Early leaving rates from education and training are roughly twice as high for males as for females, thus contributing to the lower education levels of men. Dropping out of vocational education has been significantly more frequent, reaching almost 20% in the recent years, whereas for tertiary education it has been roughly 15%. This is consistent with the higher dropout rates of men, as there are considerably more women in tertiary education. Consequently, male unemployment rates are higher than female unemployment rates.

The worsened labour market situation has definitely been an influential factor for migration patterns. Even though immigration numbers are small, there was a notable increase during the boom years both among the whole working-age population and the young. Most of them are returning Estonians and/or Estonian citizens, as the country is not very attractive as a destination country for EU or third-country nationals – the latter face a rather restrictive immigration policy. Emigration, on the other hand, has been much higher compared to immigration. The number of registered emigrants decreased during the boom, but has been increasing since the crisis – again, overall as well as among young people. However, a substantially larger number of emigrants have not registered their migration. Registered emigration between the censuses in 2000 and 2011 was roughly 30,000, but

unregistered emigration for the same period has been estimated to about 37,000 people. The vast majority of them are working-age population, and about 1/7 are aged 15–24.

Like all unemployed, the young can also use the national job mediation service that aims to match employers and employees. The Unemployment Insurance Fund (UIF) provides several measures for the unemployed: career counselling, work practice, labour market trainings, wage benefit (subsidised employment), work clubs, volunteering (promoting volunteer work) and unemployment benefits. There are no special programmes for the youth launched by the UIF.

In addition to the measures provided by the UIF, there are a couple of opportunities for young people to gain labour market experience while they are still in school. For students aged 13–18, there are short-term summer workplaces (called *malev*) coordinated by non-profit organisations or county governments. For secondary school students there is a programme for student companies coordinated by Junior Achievement.

In recent years a lot of attention has been paid to preventing early school leaving, for instance through counselling systems. In addition, there are measures to reintegrate dropouts back to school. Firstly, there is a programme for dropouts from vocational education (“KUTSE”). There are no financial incentives to go back to school, but additional study places are provided in the respective institutions for those who pick up their vocational studies again. Secondly, there is a programme for early school leavers from higher education (“TULE”). Thirdly, there is a measure for converting previous learning and work experience into study results as a part of a programme that one is starting/continuing. It is called APEL (Accreditation of Prior and Experiential Learning) and it is implemented both in higher and vocational education

Introduction

Tackling youth unemployment is a very important part of the EU agenda. Unemployment rates are considerably higher among the young (15 to 24-year-olds) compared to general unemployment; their chances of finding a job are lower and their jobs less stable. Yet at the same time there are about two million unfilled vacancies in the EU despite the crisis. To fulfil the EU target of a 75% employment rate for the working-age population, the situation of young people on the labour market needs to be improved considerably (European Commission 2013).

In the last economic crisis, Estonia was one of the countries where the situation in the labour market deteriorated the most. Unemployment skyrocketed, peaking in 2010 with historically high unemployment and low employment levels. Still, recovery has been among the fastest in the EU. Compared to the pre-crisis levels, however, the current indicators are still worse, e.g. unemployment is about twice as high and employment rate has not fully recovered either. Labour force participation rates, on the other hand, are higher now than they were in the boom years, as in the worsened economic situation the inactive people (e.g. students, housewives, etc.) probably feel inclined to enter the labour market as well, trying to contribute to their household's income.

Thus, the crisis influenced even those who were not currently on the labour market; from those who were, the situation was made even worse for the disadvantaged groups on the labour market. For instance, people with low education levels, non-Estonians, and the young suffered from an especially high risk of losing their jobs – even though it is generally hard for them to find employment as it is. This has brought a lot of attention to tackling the problem of unemployment preventively, i.e. through the education system and not just with offering active labour market measures.

Young people's disadvantaged position in the labour market is nothing new, as it is understandable why employers might prefer older employees with previous experience. This is what makes it especially important to properly prepare the youth for the labour market and create possibilities for them to improve their educational attainment. Continuing education is assumed to be one of the ways to absorb youth unemployment, but in Estonia this was not the case during the crisis, and a lot of young people ended up being neither in education nor employment (NEET).

The herein report gives an overview of the labour market trends of the young (15 to 24-year-olds) in Estonia through the past decade, at the same time comparing them with those of the whole working-age population. That includes both data related to employment/unemployment, education, migration, etc. as well as summarising relevant studies from the past years. Policy measures concerning youth unemployment, education and migration are also reviewed. Lastly, special attention is paid to the acutest issues (e.g. early school leaving, low education levels and NEET) and the difficulties in tackling them in the light of the situation and policies in Estonia.

1. Recent labour market trends

General trends in the labour market

Labour force participation rates have risen since 2003 for both sexes, and for the total working-age population as well as the young (see Table 1). However, the differences between the increase in men's and women's activity rates is significantly larger among the young. It could partly be related to the delay of having children among Estonian women, as well as the increase in part-time work among women (this will be described in more detail later on). However, the total rates for both the overall working-age population and the young have risen by roughly 5 percentage points since 2003.

Of course, considering that the activity rate of the total population was 74.9% and 41.7% for young people in 2012, the relative increase in labour force participation is considerably more significant among the young. Siimer & Malk (2010) report that the main reason for young people's inactivity is studying – in 2009 the share of those who stated studying was the primary reason for their inactivity was 87%, and before 2009 even a little higher – yet during the boom many students were motivated to seek employment instead.

Table 1. Labour force participation rates, 2003–2012 (%)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Working-age (15–64)										
Total	70.1	70.2	70.1	72.4	72.9	74.0	74.0	73.8	74.7	74.9
Males	75.3	74.5	73.6	75.8	77.5	78.3	77.6	76.8	78.1	78.5
Females	65.3	66.2	66.9	69.3	68.7	70.1	70.6	71.0	71.5	71.5
Youth (15–24)										
Total	36.2	36.4	34.6	35.9	38.3	41.4	39.9	38.3	40.6	41.7
Males	44.7	43.3	39.7	41.2	44.2	45.2	45.0	42.3	44.0	45.2
Females	27.7	29.4	29.5	30.6	32.3	37.5	34.7	34.3	37.1	38.2

Source: Eurostat (based on [lfsa_ipga])

The total employment rate, both for men and women, was rising from 2003 to 2008, as can be seen from Table 2. As the crisis hit, employment rates fell considerably in 2009 and 2010. However, even though men's employment rate (73.6%) was considerably higher than women's (66.3%) right before the crisis, it also went through a steeper fall in the coming two years. In 2010, men's employment was 61.5% and women's 60.6% – hardly a difference there compared to the pre-crisis rates. Also, that means that men's employment rate fell by 12.1 percentage points, whereas women's rate fell just 5.7 percentage points in the first two crisis years.

As for the youth (15 to 24-year-olds) employment, it displays similar overall trends (see Table 2): gradual rise from 2003–2008, followed by a fall in 2009–2010; also, young men's employment as well as the fall during the crisis being higher compared to the rates of young women. However, for young people the gap in men's and women's employment rates was closing up considerably in 2003–2008,

and did not significantly widen anymore during the crisis and throughout the general decline in employment rates.

As is apparent from Table 2, the gap between the overall and youth employment rates is very large. As noted above, this is due to the fact that a lot of young working age people are still studying. Thus, it cannot be deduced from these figures directly that finding employment is harder for young people. Unemployment rates, on the other hand, illustrate this problem rather clearly. For instance, in 2008, when the unemployment rate gradually started to rise, the employment rate was still increasing as well. In 2009, when the situation in the labour market worsened considerably, the employment rate of the young dropped, but the participation rate remained the same; hence, youth unemployment increased first and foremost due to the decrease in employment (Siimer & Malk 2010).

Table 2. Employment rates, 2003–2012 (%)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Working-age (15–64)										
Total	62.9	63.0	64.4	68.1	69.4	69.8	63.5	61.0	65.1	67.1
Males	67.2	66.4	67.0	71.0	73.2	73.6	64.1	61.5	67.7	69.7
Females	59.0	60.0	62.1	65.3	65.9	66.3	63.0	60.6	62.8	64.7
Youth (15–24)										
Total	29.3	27.2	29.1	31.6	34.5	36.4	28.9	25.7	31.5	33.0
Males	35.9	32.8	33.1	37.0	38.9	39.5	30.8	27.4	33.6	34.6
Females	22.7	21.6	25.1	26.1	30.0	33.2	27.0	24.0	29.4	31.3

Source: Eurostat [lfsi_emp_a]

Total unemployment fell from 10.1% in 2003 to a very low 4.6% in 2007, the last boom year (see Table 3). In 2008, it started slightly increasing, and in 2009 the rate rose sharply, being three times higher compared to 2007. Unemployment peaked in 2011 with 16.9% of the work force being unemployed, and from then on has been decreasing gradually, being 10.2% in 2012. Most years the unemployment rate of women has been up to a couple of percentage points lower compared to men, but in the crisis years 2009 and 2010 that difference was even around 5–6 percentage points. This could be explained with women being more prone to leave the active labour force in times when fewer jobs are available.

Table 3. Unemployment rates, 2003–2012 (%)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Working-age (15–64)										
Total	10.1	9.7	7.9	5.9	4.6	5.5	13.8	16.9	12.5	10.2
Males	10.3	10.4	8.9	6.1	5.4	5.7	16.9	19.5	13.1	11.0
Females	9.9	9.0	7.0	5.6	3.8	5.3	10.6	14.3	11.8	9.3
Youth (15–24)										
Total	20.8	21.6	16.1	11.9	10.1	12.1	27.5	32.9	22.3	20.9
Males	17.0	21.2	16.9	10.0	12.0	12.7	31.7	35.2	23.7	23.4
Females	26.3	22.3	15.0	14.6	7.3	11.3	22.0	30.0	20.7	18.0

Source: Eurostat [une_rt_a]

Compared to the overall rates since 2003, youth unemployment has all this time been roughly twice as high, as can be seen from Table 3. But the interplay of young men's and women's unemployment rates is different from that of the overall rates by sex. For instance, in 2003, young men's unemployment rate of 17% was only about 2/3 of the young women's rate, but in the following two years the rates were quite similar. In 2006, young women's unemployment was again notably higher, but since 2007 it has always been lower compared to young men, even though the magnitude of the difference has fluctuated.

Even though it is common that youth unemployment is two or three times the average unemployment, Estonia was still among the EU countries with the highest youth unemployment, following Spain and the other two Baltic countries. The reasons for differences in the youth unemployment rates lie in the countries' different mechanisms and institutions regarding the labour market opportunities of the young. For instance, in the Netherlands, Austria, Denmark and Germany, secondary education is mostly obtained in vocational schools, which means young people obtain practical training during internships and are better prepared for the labour market. It is the close relatedness of the education system and the labour market that does not let youth unemployment rise to very high levels (Siimer & Malk 2010). The high rates of youth unemployment in Estonia will probably persist in the coming years as, compared to previous years, larger numbers of young people are about to enter the labour market (Increasing the supply ... 2010).

The young, aged 15–24, who are just entering the labour market, are one of the main risk groups in the Estonian labour market, as is pointed out in many documents, including the programme "Increasing the supply of qualified labour force 2007–2013". Positively, the young unemployed are the only age group among whom the share of long-term unemployment is less than half (about 40% in 2010–2011). Even though the young become unemployed more often and their unemployment rate is significantly higher compared to other age groups, their periods of unemployment are shorter, which explains the smaller share of long-term unemployment (Ministry of Social Affairs 2012).

The main reason for the disadvantaged position of the young in the labour market is that they are just starting their work lives, with no previous experience and also no habit of working. Even graduates are often left aside in favour of more experienced employees, so it is no surprise that the situation is the worst for young people with low or just general education with no specialisation. Being unemployed when young also increases the probability of being unemployed in the future (Ministry of Social Affairs 2012).

Even though more than half (62% in 2009) of young people have some kind of work experience, it is still relatively short compared to older age groups, and mainly from blue-collar jobs. Also, they have less experience with the labour market altogether than the older age groups. Short-time unemployment for graduates is natural, considering it takes them a little time to get to know their opportunities and find their place in the labour market. It becomes considerably more problematic if the unemployment spell lasts for a long time. Unfortunately, the crisis decreased the share of short-term and, thus, increased the share of long-term unemployment. In 2009, 53% of the young unemployed had been looking for work for less than 6 months, and 27% more than 12 months – in 2008 those shares had been 63% and 24%, respectively (Siimer & Malk 2010).

It must be noted that registered unemployment in Estonia is lower than survey-based unemployment. This especially applies to young people, as they often still have parental support and

normally do not have the direct need to apply for help; but also because the financial benefits for those who are entering the labour market in the unemployed status are not motivating enough (Siimer & Malk 2010). Still, registered youth unemployment rose sharply during the crisis, as the young became more interested in the services provided. At the end of 2008, about 30% of all unemployed young people were also registered as such; within a year this share rose to 68%. In 2010, the share declined again, due to the fact that many students whose parents' economic situation worsened because of unemployment, started to look for a job. Thus, they transferred from being inactive to being unemployed (Siimer & Malk 2010).

Part-time employment is not very common in Estonia because of low income levels, but the share of it in total employment has increased since 2003 – from 6.7% to 9.2% in 2012 (see Table 4). There is a great difference between men and women, as for men, the share of part-time employment has been roughly 4–6%, while for women it has been quite steadily increasing from 8.5% to 13.2% over the last decade. Hence, the increase in the overall share of part-time employment is mainly due to women, and it can be assumed that the option of working part-time has also brought more women to the labour market, considering that in Estonia it is mostly mothers (not fathers) who need to reconcile work and childcare. At the same time, it can be noticed that with the crisis, there was a sharper increase in the total and men's shares of part-time employment, as decreasing the amount of working-time was a way for employers to cut costs in the situation where the demand for goods had decreased (Ministry of Social Affairs 2012).

As for young people, the share of part-time employment is about twice as high as the overall share (Table 4). There is a considerably larger share of part-time workers among women than among men for 15 to 24-year-olds; there is also a notable increase in part-time employment since the crisis. According to the Estonian Labour Force Survey (ELFS) 2011, almost a fifth of part-time workers are working part-time because of studying (Ministry of Social Affairs 2012).

Table 4. Share of part-time employment in total employment, 2003–2012 (%)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Working-age (15–64)										
Total	6.7	6.9	6.6	6.7	7.2	6.4	9.4	9.8	9.3	9.2
Males	5.0	4.4	4.2	3.7	3.8	3.5	6.1	6.2	5.0	5.1
Females	8.5	9.5	9.1	9.7	10.6	9.3	12.5	13.1	13.5	13.2
Youth (15–24)										
Total	:	:	13.9	13.0	13.8	12.9	17.6	21.2	17.1	18.6
Males	:	:	10.9	7.7	7.4	7.6	12.5	14.7	10.5	13.6
Females	:	:	17.8	20.6	22.4	19.3	23.6	28.9	24.8	24.2

Source: Eurostat [lfsa_eppga]. Data was not available for youth in 2003 and 2004.

A worrying subgroup of young people is constituted by those who are neither employed nor obtaining education (so-called NEET). In the boom years the rate for 18 to 24-year-olds¹ was roughly

¹ The age group of most interest here would be 17 to 24-year-olds, as compulsory education in Estonia lasts up to obtaining elementary education or turning 17. However, data was not available for this specific age group, which is why 18 to 24-year-olds have been presented here. Table A in Appendix displays the considerably lower NEET rates for 15 to 24-year-olds. Data for just 2006–2009 was available for 15 to 17-year-olds separately, but

11%, but the crisis almost doubled it (see Table 5). In 2009 and 2010, almost one out of every five people in that age group was neither employed nor in education or training. It is noteworthy that young women have mostly had somewhat higher NEET rates than men; the magnitude of the difference depends on the year. The two rates were similar from 2007 onwards and in 2010 women's rate was even slightly lower than men's. However, in 2012 the share of NEET, which was exactly the same for both sexes in the previous year, fell among young men, but rose among young women.

Table 5. Not in employment and not in any education and training (NEET rates), 2003–2012 (% of population aged 18–24)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	13.9	17.0	14.0	11.4	11.2	11.1	19.4	19.1	14.7	15.3
Males	12.6	13.4	11.3	8.3	10.7	10.8	19.5	19.8	14.7	13.8
Females	15.3	20.4	16.7	14.6	11.6	11.5	19.2	18.5	14.7	16.7

Source: Eurostat [edat_lfse_20]

Educational attainment

Even though the risk of being unemployed decreases as educational attainment increases, youth unemployment rates have increased for all education levels. However, people with tertiary education have better chances of finding employment and their unemployment spells are likely to be shorter. The magnitude of the impact of education on unemployment is in turn influenced by the economic situation (Ministry of Social Affairs 2012). During the crisis, unemployment has particularly increased among the less educated young people. For comparison, if the youth unemployment rate for primary education was 44.1% in 2009, then for secondary education it was just 24.8%. Together those two levels made up more than 95% of all young unemployed, whereas the share of those with tertiary education was marginal (Siimer & Malk 2010).

Regardless of the fact that a higher education level gives an advantage in the labour market, graduates from the crisis years of 2008–2011 were generally not more likely to continue their studies than graduates from the boom years of 2001–2007 (Unt 2012). As can be seen from Table 6, young people's participation rates in education have remained on rather similar levels since 2003. According to Unt (2012), people who obtained a Bachelor's degree were an exception and in fact were more likely to continue their studies in the crisis years. What is also apparent from Table 6 is that women's participation in education is higher compared to that of men's, with the difference being even 10 percentage points.

Table 6. Youth participation in education, 2003–2012 (% of population aged 15–24)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	63.0	62.5	63.0	63.7	63.0	62.1	60.8	60.7	62.1	62.1
Males	58.4	57.8	58.7	59.6	58.6	57.7	55.8	55.7	57.7	58.2

their NEET rates were just around 3%, confirming the suggestion that the problem is the most acute for those young people who have finished their compulsory education.

Females	67.8	67.3	67.4	68.0	67.5	66.6	66.0	66.0	66.6	66.2
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Source: Eurostat [educ_thpar]

Furthermore, women have a much higher share of attaining tertiary education compared to men. After elementary school, female students dominate in general secondary programmes and male students in vocational programmes. In addition, the share of young men in vocational secondary programmes is 67%, but in post-secondary ones it is just 40%. In tertiary education, women make up the majority – e.g. 58% in professional programmes, 59% in Bachelor’s programmes, 66% in Master’s programmes and 58% in Ph.D. studies (Unt 2012).

This is also illustrated by Table 7. Since 2003, the overall share, as well as shares for men and women with tertiary education, has been constantly increasing. It should be noted, however, that in addition to women’s rate being notably higher, it has also grown more during the last decade – if the rate for men has gone through a 4.3-percentage-point growth, being 23.7% in 2012, then women’s rate at the same time gained 8.7 percentage points, ending up with 39.2% in 2012. This is yet another paradox regarding women’s higher unemployment rates, as they seem to be more educated compared to men.

Table 7. Overall tertiary education attainment, 2003–2012 (% of population aged 15–64)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	25.2	25.7	27.4	27.2	27.3	28.1	29.8	29.7	31.0	31.8
Males	19.4	19.9	22.0	21.4	20.8	21.1	21.4	21.5	23.1	23.7
Females	30.5	31.0	32.4	32.6	33.2	34.5	37.6	37.3	38.4	39.2

Source: Eurostat [edat_lfse_07]

Simultaneously with the increasing share of tertiary education, the demand for high-skilled occupations (like professionals and managers) has increased as well. However, in several former Soviet countries, Estonia among others, the expansion of tertiary education has been faster than the growth in the need for such education (so-called occupational upskilling), possibly generating excess supply and devaluated degrees (Unt 2012). Even though higher education gives an advantage on the labour market, it cannot, of course, guarantee employment 100%. This is because structural unemployment is a big problem in Estonia and it affects all levels of education (Siimer & Malk 2010).

Table 8 illustrates the notable increase in the number of students in tertiary education (both first and second stage), and an even stronger decrease in the number of students in upper and post-secondary (non-tertiary) education. However, the magnitude of the changes differs by sex. For men, the decrease in secondary education is smaller and the increase in tertiary education is greater in absolute numbers – roughly 1,800 and 2,300, respectively, compared to women’s 6,200 and 1,200. That means that all in all, the number of young men in secondary or tertiary education has increased by almost 500 students, and the number of young women, respectively, has decreased by 5000. Still, as noted above, the rates of participation in education has remained more or less the same; but it has to be considered that the overall numbers of young people have decreased as well (for instance, in just one year, from 2010 to 2011, the age group of 15 to 24-year-olds decreased by around 8000, as noted by the Estonian Ministry of Social Affairs (2012).

Table 8. Number of students aged 15–29 in upper secondary and post-secondary non-tertiary education, and first and second stage of tertiary education, 2003–2011

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Secondary									
Total	65 393	66 122	68 530	67 915	66 715	62 941	60 411	59 614	57 337
Males	30 712	31 578	32 963	32 445	31 924	30 166	29 328	29 821	28 882
Females	34 681	34 544	35 567	35 470	34 791	32 775	31 083	29 793	28 455
Tertiary									
Total	51 568	52 469	53 163	53 367	53 747	53 692	54 272	55 158	55 094
Males	20 881	21 319	21 800	21 831	22 330	21 740	21 861	22 724	23 195
Females	30 687	31 150	31 363	31 536	31 417	31 952	32 411	32 434	31 899

Source: Eurostat [educ_enr11t]

One reason for low education levels is early leaving from education. It can be seen from Table 9 that since 2003, at least a tenth of students has quit their studies every year. The share was even higher in economically good years. Early leaving rates from education and training are roughly twice as high for males as for females, thus contributing to the lower education levels of men.

Table 9. Early leavers from education and training by sex, 2003–2012 (% of population aged 18–24)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	12.9	13.1	13.4	13.5	14.4	14.0	13.9	11.6	10.9	10.5
Males	17.0	18.6	17.1	19.8	21.7	19.8	18.4	15.2	13.1	14.0
Females	8.6	7.8	9.6	7.1	7.1	8.2	9.3	7.8	8.6	7.1

Source: Eurostat [edat_lfse_14]

As is seen from Table 10, dropping out of vocational education has been significantly more frequent compared to dropping out of tertiary education. This is in accordance with the higher dropout rates of men, as there are considerably more women in tertiary education.

Table 10. Dropout rates from vocational and higher education, 06/07–11/12 (% of students at the beginning of the school year)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Vocational education	20.3%	19.1%	17.9%	18.1%	19,5%	19,8%
Higher education	15.9%	16.5%	13.8%	15.3%	14.7%	15.6%

Source: Estonian Education Information System (EHIS)

Unt (2012) has examined a subsample of the Estonian Labour Force Survey (ELFS) data that includes young people who have completed primary, secondary or tertiary education within two years before the survey and have less than 5 years of work experience. She compared two cohorts – those whose graduation was during the economic boom and those for whom it was in recession times. It appears that around 90% of elementary school graduates continued education, regardless of the cohort. Roughly 5–7% became active in the labour market, half of whom became unemployed during the

recession. This group is also prone to become inactive, which indicates hidden unemployment (Unt 2012).

As for vocational education graduates, there were slightly more of those who continued their studies among the recession cohort than the boom cohort – 14% and 11%, respectively. At the same time 71% and 73%, respectively, entered the labour market. Among those people, the share of those who were employed differed considerably between the two cohorts – 60% for the boom cohort and 43% for the recession cohort (Unt 2012). Even though vocational schools have for a long time received a lot of criticism from employers for not managing to provide enough qualified labour, hiring of vocational graduates dropped in the crisis times as the majority of vocational students have chosen a programme related to manufacturing, construction, and accommodation and food services – the sectors which were hit the hardest by the crisis (Nestor 2011). On a positive note, the share of inactive young people who also do not study (NEET – not in employment or education) among vocational graduates has not increased (Unt 2012).

Out of general secondary education graduates, about half continued their studies in both cohorts. The share of the unemployed, however, was twice as high for the recession cohort. Still, similarly to vocational graduates, the share of NEET youth did not increase during the recession (Unt 2012).

Graduates from tertiary education who completed professional higher education programmes seem to be disadvantaged compared to other types of tertiary education. The share of unemployed among them in the recession cohort was about 20%, and somewhat lower for the boom cohort. The share of inactive persons was very low for both cohorts, implying perhaps the lack of opportunities to continue studying (which is the main reason for youth inactivity) (Unt 2012).

Looking at Bachelor's level graduates, a larger share of them decided to continue their studies in the recession times than in the boom times. This implies a lack of favourable job opportunities. Indeed those entering the labour market did not attain as high positions in recession times as they did in boom times (managerial and professional, as opposed to lower white-collar or blue-collar positions). Master's graduates mostly started working in managerial or professional positions after graduation, even though the share of those young people was less in the recession cohort. At the same time, the shares of unemployment and low-level positions remained quite the same. The acceptance of mid-level specialist jobs did, however, increase to some extent (Unt 2012).

Overall unemployment probability increased notably for vocational school graduates or graduates with a professional higher education. For elementary and secondary education graduates, the probability did not change much due to the overall small share of those graduates entering the labour market – most of them continued education. The education for Bachelor's and Master's level graduates seemed to be protecting them from a significantly increased unemployment probability (Unt 2012).

2. Measures and policies

Like all unemployed, the young can also use the job mediation service that aims to match employers and employees. Nurmela (2011) has noted that according to a lot of studies, aid in job search is one of the most successful and least costly active labour market measures, but at the same time it is not very successful in bringing young and/or long-term unemployed to the labour market.

There are also several other services² that are not specifically targeted, but still particularly useful for young people.

- Career counselling – advice for an unemployed (or soon to be made redundant) person who is looking for a job, to suggest educational and employment choices that correspond to the job seeker’s education, skills and personality. In addition, there are career information rooms in the offices of the Unemployment Insurance Fund (National Employment Agency) across Estonia, providing information about working and studying, and also general advice from career specialists. The career rooms are also available to those (young) people who have not registered as unemployed at the Unemployment Insurance Fund.
- Work practice – a service provided at an employer to give a job-seeker some practical work experience in order to enhance his/her knowledge and skills required for a job. Work practice can last up to 4 months and a scholarship is paid for it. The service is primarily targeted at young people without work experience, or those who wish to learn a new occupation.
- Labour market trainings – trainings about the labour market available for a job-seeker to acquire or enhance his/her occupational or other skills that facilitate finding a job. The training can last up to one year. For young people, this service is mainly provided in the case they have not found a job with their existing education and work experience. In addition, Nurmela (2011) notes the possibility to have field-related training costs compensated to a certain extent within the ESF programme “Increasing the supply of qualified labour 2007–2013”. However, as this requires the existence of previous vocational or occupational skills, it is not available to a large share of the young unemployed who have just a general education. In addition, short-term trainings are not too efficient in raising the competitiveness of low-educated youth or early school leavers.
- Wage benefit – financial benefit to employers for employing an unemployed person who has either been released from prison or has been unemployed for more than 12 months (long-term unemployment). As for 15 to 24-year-olds, wage benefit might be provided if the job-seeker has been registered as unemployed for at least 6 months. The benefit is paid for 3–6 months, depending on the length of the contract, and up to 50% of the wage, but no more than the current minimum wage.

² The information about counselling and labour market services has been checked to be up-to-date on 2/9/2013 on the web page of the Estonian Unemployment Insurance Fund. (<http://www.tootukassa.ee/index.php?id=11316> and <http://www.tootukassa.ee/index.php?id=11317>)

- Work clubs – groups that are intended for (young) people to get information about the labour market. Activities in the clubs include introducing occupations, watching educational films, learning to perform at a job interview, compose a CV and cover letter, etc.
- Volunteering – promoting volunteer work (through which work experience can be obtained) by paying a scholarship and compensating the transport costs related to volunteering and also mediating voluntary work places.
- Unemployment benefits – the benefit consists of two parts, the unemployment insurance benefit and the unemployment allowance, out of which the first one normally constitutes the most part. Yet, a lot of young people are not entitled to the unemployment insurance benefit as it requires one to have previously worked for at least a year. The unemployment allowance has milder requirements, as the applicant has to have either worked or studied for 180 days during the previous 12 months. Registering with the Unemployment Insurance Fund also provides a person with health insurance.

In addition to the measures provided by the Unemployment Insurance Office, there are a couple of opportunities for young people to gain labour market experience while they are still in school. For students aged 13–18, there are short-term summer workplaces (called *malev*) coordinated by non-profit organisations or county governments. For secondary school students, there is a programme for student companies coordinated by Junior Achievement. This not only gives young people work experience, but also prepares them to become entrepreneurs and create jobs in the future (Turk & Nurmela 2012).

Young people’s chances of finding work are also affected by labour market regulations – how easy it is for employers to replace old workers with new ones. In 2009, the new Employment Contracts Act was enforced which increased the flexibility of the labour market and made it easier for employers to hire and fire employees. This, on the one hand, increases the chances of young people being hired; yet, on the other hand does not guarantee that they will also keep the job – it might instead expose young people more to temporary and short-term jobs (Nurmela & Leetmaa 2010).

As early school leaving is seen as a crucial issue by the government, there are several measures intended to decrease the number of dropouts. For instance, as of 2010 teachers are legally obliged to contact parents in case of pupils’ absenteeism or truancy in order to minimise those instances (which in the long term could lead to early school leaving). Also, the different roles and responsibilities of the school, the municipality, the parents, and the student him-/herself were determined in the Basic Schools and Upper Secondary Schools Act. For non-natives, Estonian is already taught in pre-schools to facilitate their later studies. For children with special educational needs, customised measures have been designed. For children with a (financially) disadvantaged background, there are boarding school programmes. Lastly, an educational counselling system is being developed within an ESF programme to provide all students with study and pedagogical-psychological counselling, with the aim to prevent dropping out and increase the coping strategies and competitiveness of young people in the labour market as well as in daily life (Turk & Nurmela 2012).

In addition to preventing early school leaving, there are also measures to reintegrate dropouts back to school. Firstly, there is a programme for dropouts from vocational education (“KUTSE”). There are no financial incentives to go back to school, but additional study places are provided in the respective institutions for those who pick up their vocational studies again. Secondly, there is a programme for

early school leavers from higher education (“TULE”). Thirdly, there is a measure for converting previous learning and work experience into study results as a part of a programme that one is starting/continuing. It is called APEL (Accreditation of Prior and Experiential Learning) and it is implemented both in higher and vocational education (Turk & Nurmela 2012).

The measures to facilitate the transition from school to work are focused on matching the outputs of the education system to actual labour market needs. The problem seems to be greater in vocational education, which is why special attention is paid to popularising and improving the quality of vocational education. More cooperation has been achieved between employers and educators. Also, steps have been made to improve the career counselling and apprenticeship systems (Turk & Nurmela 2012). Though career counselling in unemployment offices as an active labour market measure seems to be functioning, the same cannot be said about career counselling in schools so far to help students make educational and career choices that would increase their competitiveness in the labour market (Turk & Nurmela 2012).

Best practices

Work camps (“malev”)

Work camps are aimed at school students during their summer holidays, and offer a chance to work and also spend leisure time together with other students. Work includes mostly unqualified tasks like picking berries, cleaning up parks and green areas, assisting in construction sites, etc. First and foremost they give the habit of working and an experience of working life. The work is paid and complies with the labour laws of Estonia. I.e. up to 15-year-olds may work a maximum of 4 hours per day, and older students up to 6 hours a day. There are two types of *malev*: inner city groups for 13 to 18-year-olds, where they only spend daytime at *malev* and go back home for the night; and outer city groups for 15 to 18-year-olds, where the group will be living and working in the countryside for a few weeks. The life in *malev* is supervised by group leaders – adults who have gone through special training (ÕM 2013).

Junior Achievement student companies

The student company programme by JA is meant to teach students in secondary education about entrepreneurship on the basis of learning-by-doing. Student companies are created as a part of economics and business studies in order to better acquire the principles of business activities, and to develop problem-solving skills and the ability of initiation in students. During the programme, a lot of theoretical conceptions are put into practice, demonstrating the importance of business education when making decisions in daily business activities. On the one hand, the experience from a student company is appreciated on the labour market where entrepreneurial and creative people come more and more in demand. On the other hand, it prepares students to actually become entrepreneurs and create work places for themselves as well as for others (Junior Achievement 2013).

The student company is registered by JA Estonia and is only allowed to operate under the supervision of a teacher/consultant with the appropriate training by JA Estonia. This person is responsible for the activities of the student company, but only students can actually belong to the company. The company is terminated at the end of the school year (Junior Achievement 2013).

The programme is built on the principles of operating a small enterprise. The students create their company, choose what to produce, and divide job positions and work tasks. In the beginning a business plan is composed, which is followed when operating the firm. Students produce their chosen products or provide services and the employees of the company “earn wages” as manufacturers, salespeople, managers, etc. Through that they acquire management and teamwork skills, as well as competence in decision-making as a manager or a shareholder. The activities of the company also include financial accounting and composing an annual report in the process of terminating the company (Junior Achievement 2013).

As the JA student company programme exists in other European countries as well, it also provides opportunities to compete for the title of the best student company in Estonia, which then gets to represent Estonia at the European student company championship. Also, quite a few student companies have continued their activities by becoming a real company or non-profit organisation (Junior Achievement 2013).

The Idea Lab at the University of Tartu

The Idea Lab is an environment where students from all faculties and all tertiary education levels can form interdisciplinary teams in order to apply existing knowledge to solve real-world challenges. The problems, challenges, and ideas for solutions come from companies, students, faculties, and citizens. In addition to students, scientists and entrepreneurs are involved in the activities of the Idea Lab. It was set up just a few years ago, but cooperation has already been started with universities in the USA, the UK, Finland, and Latvia in order to give students a multinational product development experience through virtual teams and 3 to 7-day training camps (TÜ ideelabor 2013a).

Idea Lab has developed an 11-week programme called Tramm11 where students from all faculties can form teams, test concepts, and build prototypes. The teams get access to co-working space, mentors, and university research facilities. In some cases a project may last longer than 11 weeks and the team may continue to work on the project at the Idea Lab after the end of the programme (TÜ ideelabor 2013a).

Additionally, there is an 11-month programme called Student Company, which is more focused on building and enhancing the business skills and entrepreneurial mindset of university students. The programme supports students who would like to establish or at least try out running their own company. Students are offered training, personal coaching and mentoring from Idea Lab. The process ends with a real or fictive closing of operations of the firm. This way, students learn about not only the starting and running of a company, but also closing down a firm. The aim of this programme is to provide a real start-up experience (TÜ ideelabor 2013b).

Idea Lab’s projects enhance the competences for product development in cooperation with companies and people from other disciplines. They improve the necessary skills for bringing a new product, service or solution to market. Idea Lab is encouraging teams to try out and use modern principles and tools for product development and project management (e.g. LEAN development, prototypes from paper, teams without managers, task management software, etc.). Equipped with such experience, university students will be much better partners and employees for companies in the future. Proactive mindset, time management, team building and management are valuable skills to every scientist, employee or entrepreneur.

TULE/KUTSE programmes for continuing education

TULE is a programme financed from the European Social Fund (ESF). It is meant for people who have dropped out of tertiary level education, offering them a chance to complete their studies. More specifically, it is targeting dropouts from the first and second cycles of tertiary education (of the 3+2 system). TULE is available for people who quit their studies between 1 Sept 2003 and 22 Sept 2009 and have completed at least half of their curriculum HTM (2013a).

The number of study places for different fields of education that are financed through the programme is determined by the overall division of the state-financed study places. The fields that are prioritised on national level are also preferred in TULE – natural and exact sciences, technology, health, and environmental sciences. The planned number of admitted students from 2010 to 2013 was 800, assuming they have half of the nominal duration of their studies ahead of them. On the account of some students having less than that left, more people could be admitted to the programme (HTM 2013a).

KUTSE is a similar programme for vocational education, also funded from the ESF. It has two main objectives. Firstly, to provide the chance for vocational dropouts (who have quit between 1 January 2000 and 1 Sept 2010) to complete their studies by creating additional study places in schools providing vocational and professional higher education. Secondly, the programme creates opportunities for adults to obtain vocational education. For that purpose, special study groups are created in schools providing vocational and professional higher education for adults who lack vocational and professional qualifications or who wish to obtain new qualifications, but who at the same time are unwilling to go to school together with young people. The overall aim is 400 people completing vocational studies in the programme (HTM 2013b).

In 2013, the programme included 369 students in 15 institutions. Study places have been created in 19 educational institutions so far; 93 for dropouts who chose to continue their studies and 442 for adults who want to obtain vocational education (HTM 2013c). Even though the numbers are good, they also convey that the programme has a stronger focus on adults than on young people, even though in the light of very high vocational dropout rates it might be preferred the other way around.

3. Migration

Immigration

Since 2004, immigration of 15 to 64-year-olds to Estonia has increased more than four times, reaching 3,400 in 2012 (see Table 11). The increase has been steady for men and women alike, even though there was a fallback for both in 2010. The share of male immigrants has fluctuated from 56% to 64%, being the highest in the boom years, which can be explained by a lot of men returning to Estonia as the labour market conditions were good due to a flourishing construction sector. As for 15 to 24-year-olds, there was a sevenfold increase from 2004 to 2009, but during the crisis years the number of young immigrants fell and stayed to a somewhat lower level, being less than 700 in 2012. The proportions of young male and female immigrants are more similar, especially in the second half of the period under observation (2009–2012), whereas in the first half women constituted more than half of them.

Table 11. Number of immigrants, 2004–2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Working-age (15–64)									
Total	837	1 107	1 757	3 001	3 009	3 255	2 292	2 998	3 412
Males	473	695	1 026	1 771	1 875	2078	1 412	1 799	2 019
Females	364	412	731	1 230	1 134	1177	880	1 199	1 393
Youth (15–24)									
Total	125	153	404	735	781	873	540	519	677
Males	56	65	171	344	414	432	286	261	350
Females	69	88	233	391	367	441	254	258	327

Source: Statistics Estonia [POR03]

Due to the geographical location, economic position and conservative immigration policy, Estonia is not a very attractive destination country for migrants, neither for the EU or third-country nationals (including refugees and asylum seekers) (Järv 2009). The free movement of labour applies to EU citizens, but towards third-country nationals, immigration policy is rather restrictive. To protect the Estonian labour market from cheap low-skilled labour force that could possibly replace local workers, there is an employment-based recruitment scheme in force, and the employer needs to prove there are no EU/EEA nationals to take up the job they are offering to the third-country immigrant. There is a minimum salary threshold (higher than the mean wage) to ensure the inflow of only qualified labour. In addition, there is an annual immigration quota of 0.1% of the population, but this is hardly ever filled (Maasing 2013). The system of recruiting highly qualified immigrants has received a lot of criticism from employers as being inflexible and inept (Maasing, Kaska & Valdaru 2010). The same goes for education migration – students from third countries have quite difficult conditions for obtaining a visa (there is no specific student visa), and after their studies they need to leave the country immediately, which means Estonia cannot benefit from those highly qualified workers (Maasing & Valdaru 2012).

A third of immigrants had Estonian citizenship in 2004–2006 and a little less than half in 2007–2009, but in 2010–2011 the number rose to even more than half (see Table B in Appendix). The share of immigrants with citizenship of other EU27 countries was generally between a quarter and a third until 2009, but declined to a marginal 2% by 2011. More than a third of those EU citizens had a Finnish citizenship. Out of third-country nationals, the share of Russian citizenship out of all the immigrants fell gradually from a fifth in 2004 to an eighth in 2007–2010, and then increased to a quarter in 2011; and the share of Ukrainian citizenship has been fluctuating between 3% and 7% until 2011.

As for 15 to 24-year-olds, a third had Estonian citizenship in 2004–2005 and 2007–2008, but both in 2006 and 2009 it fell down to a fifth. However, in 2010 almost half and in 2011 more than half of young immigrants had Estonian citizenship. Immigrants with citizenship of other EU27 countries grew from more than a quarter to roughly a half in the boom years, and gradually declined to almost none by 2011. In 2005–2006 a considerable part of them had a Finnish citizenship, but since then the share has constantly decreased to being marginal in 2011. The shares of immigrants with Russian or Ukrainian citizenship were very similar to the whole working-age population.³

The main reason for migrating to Estonia has been stated to be family ties (either creating or reuniting families) – this applied to about 70% of immigrants in 2008. The vast majority (90%) was planning to permanently stay in Estonia; only 4% stated they intend to stay for a short time. As could be expected, young people were more likely to want to leave Estonia again (Järv 2009).

Emigration

Emigration of the working age population was growing until 2006, but fell back notably (to less than 3,700) at the peak of the boom (see Table 12). Yet during the crisis years there has been a quick increase, especially in 2012, when emigration numbers skyrocketed to more than 8,800 people. The trends are similar for men and women. Youth emigration had, like immigration, similar patterns to the whole working-age population. During boom times, around 800 young people left Estonia, whereas in 2012 this number was close to 1,800. In addition to the movements in the indicator, another similarity is that a little more than half of the emigrants have been women; and among young people, this share has been even slightly bigger than for the whole working-age population (up to 59% in the last years of the period).

However, comparing these numbers with surveys on the emigration potential of the Estonian working-age population, it seems that men are more prone to leave Estonia – it might be that women are more dutiful with regard to registering their actual living place. In addition, women's reasons for migration are more often related to family than work. On the other hand, men who have gone to work abroad have returned to Estonia more frequently compared to women, for which reason they might have not considered it necessary to register themselves as living abroad (Veidemann 2010). In addition, data from population censuses in 2000 and 2011 indicates that registry-based emigration numbers are a serious underestimation of real emigration. Namely, the

³ Immigration by country of birth in both age groups was extremely similar to immigration by citizenship, except that the share of those born in Estonia was somewhat less and those born in Russia somewhat more compared to the respective citizenships. See Table C in Appendix for data comparison.

population of Estonia has declined by roughly 91,000 people during 2000–2011, and almost two-thirds of this is due to negative net migration (the rest being negative natural population growth). Experts have estimated that about 64,000 to 70,000 people have permanently left Estonia between the two censuses, among whom just 30,000 have registered their migration. In addition, some 25,000 Estonians are temporarily working abroad, most often in Finland (Tiit 2013).

Table 12. Number of emigrants, 2004–2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Working-age (15–64)									
Total	2 370	3 837	4 477	3 640	3 695	3 856	4 326	5 109	8 840
Males	1 139	1 767	2 049	1 743	1 708	1 696	2 058	2 399	4 063
Females	1 231	2 070	2 428	1 897	1 987	2 160	2 268	2 710	4 777
Youth (15–24)									
Total	528	870	986	814	830	778	885	1 124	1 788
Males	249	378	468	391	358	319	386	455	736
Females	279	492	518	423	472	459	499	669	1 052

Source: Statistics Estonia [POR03]

By far the most popular destination country is Finland, followed by Norway and Sweden (Veidemann 2010). Among young people the share of emigrants to Finland is somewhat less prevalent than in older age groups – about half of 15 to 29-year-olds. The UK and Germany are also among the more popular destinations for the young (Batueva *et al.* 2013), as well as Australia and USA which have increased their popularity (Veidemann 2010). This might be because of the languages are taught widely in Estonian schools, which makes it easier to settle in. Also, young people are more prone to go further, as they see emigration as a chance to widen their horizon, whereas for older people the geographical proximity of the destination country plays a bigger role (*Ibid.*).

The LFS 2009 as well as a study by the Ministry of Social Affairs found that close to 3% of the labour force was working abroad in 2009⁴. However, those emigrants now appear to have difficulties with finding a job abroad as well as returning to the Estonian labour market. 60% of those who have worked abroad in the past 5 years have returned to Estonia because they have lost their job, and only half of them have found employment in Estonia. This particularly concerns young people, as migrants are typically young, low-educated and low-experienced, and also working in sectors that are more influenced by economic cycles (construction, manufacturing, food and accommodation). (Veidemann 2010)

Comparing the studies on the migration potential of the working age population in 2006 and 2010, there has been a considerable increase in the share of the working age population who stated they wanted to work abroad and had also made preparations for that – in 2006 it was 3.9%, but in 2010 8.5% of the working age population. For young people the respective increase was from 9% to 18%. This is in accordance with the fact that the share of potential emigrants among students and among the unemployed is higher than their respective shares among the total working age population; also,

⁴ A problem here arises because the surveys that these results are based on might underestimate the number of people who permanently emigrate from Estonia, as those who stay abroad only temporarily can be more easily reached and questioned for the survey (Veidemann 2010).

the crisis particularly increased youth unemployment. Even though the majority of people do not intend to emigrate permanently, the share of those who do, has still somewhat increased (from 5% in 2006 to 13% in 2010) (Veidemann 2010).

At the same time the hope in finding a job has decreased due to worsened economic conditions both home and abroad. Men and young people have somewhat more confidence in finding a job to match their qualifications. Still, if in 2006 every fifth person would have agreed to take up a job that requires lower qualifications, then in 2010 it was every third. In addition, wage expectations have come down as well, even though people still expect to earn more abroad. Comparing expectations by sex, women seem to be more willing to accept a lower position or a lower wage (Veidemann 2010).

Net migration and policies

As is apparent from the data presented above, the total net migration of the working-age population has constantly been negative (see Table D in Appendix). The loss of working-age people due to migration has fluctuated significantly according to economic cycles. For instance, in the boom years men's net migration was even slightly positive. At all times, there has been a larger net loss of women than men. As for the young, the patterns are rather similar to those of the whole working-age population – connected to the fluctuations, and that young women's net migration has mostly been more negative than young men's. Only in 2006 and 2007, the loss in the number of young men was larger than for young women, even though the difference was not much.

Negative net migration is a major concern as it adds to the problem of an increasing dependency ratio⁵ – it is mostly young and working-age people who leave. Some efforts have been made to get Estonians and Estonian citizens who live abroad to return to their homeland – this is their statutory right. The Integration and Migration Foundation is financially supporting the return of Estonians and Estonian citizens who have been born in another country or have been living abroad for a long time (at least 10 years), but due to their socio-economic status are in need of financial aid in order to return to Estonia (MISA 2013b). In addition, in 2009 an integration programme of third-country nationals was launched as well, which includes language and citizenship studies, help in finding accommodation, daily procedures in the shop or bank, getting health and social services, etc (MISA 2013a). This is to target highly qualified immigrant labour force.

In 2010, the Estonian Chamber of Commerce and Industry launched a 3-year project to match Estonian employers and talented young Estonians (and Estonian citizens) who have gone abroad to study or work. In principal it is a free web database where employers in Estonia on the one hand and youth abroad on the other hand can sign up and search for a match for themselves (Talendid Koju 2013). During the three years of the project, there were altogether 27 matches, but also a lot of media attention and discussions about the immigration policy and attitudes towards immigrants in Estonia (Delfi 2012).

⁵ Dependency ratio is the ratio of those not in the labour force to those who are in the labour force.

4. Country-specific issues

A person's educational path can stop either because they choose not to continue at a higher educational level, or because of dropping out. Early school leaving for 18 to 24-year-olds in Estonia was 13.9%, a bit below the EU27 average of 14.4% in 2009. At the same time, the dropout rate of young men was 18.4%, which is notably more than the EU27 average of 16.3%. Tackling the problem has by now been given quite a lot of attention. Policy measures to reduce early school leaving include, e.g., teaching Estonian to non-Estonians already at an early age, developing counselling systems and applying customised approaches to children with special educational needs. Concurrently, the dropout rate in 2011 was 10.8% (Unt 2012). As the demand for labour during the economic booms facilitates quitting studies and starting to work, it is very important to pay attention to bringing young people back to the education system (Siimer & Malk 2010). This is what the programmes TULE and KUTSE have been designed for, and why they can be considered as best practices.

In the 2000s about 70% of students who had completed primary education continued in secondary education, and about 30% continued in vocational schools. In 2010, the latter rate was 26%. What is worrying is that the current policy agendas aim at decreasing the number of secondary schools, with the implicit aim to increase the share of those going to vocational schools right after elementary education. However, vocational school graduates, compared to general secondary education level graduates, have worse labour market outcomes – early and narrow specialisation is not suitable for the small and very flexible labour market of Estonia. Almost 2/3 of all vocational students in 2010/2011 entered into their programme after elementary school, and just 1/3 were in post-secondary vocational training (Unt 2012).

Instead of decreasing the number of secondary schools, as is the current agenda of the government, it should instead be made sure that every elementary school graduate would have a study place in secondary school as well as sufficient financial support, as ending their educational path very early has a tremendous negative impact on their labour market outcomes. The ministries for Education and for Social Affairs should cooperate and work out long-term solutions together, as right now the main emphasis is on short-term measures assisting in labour market entry (Unt 2012).

In Estonia, men's education levels are considerably lower than women's. As people with lower education levels are especially disadvantaged in the labour market, this contributes to the situation where the problem of unemployment is somewhat greater among young men than among young women. It appears that the largest share of unemployed young people is 15 to 24-year-old men without a secondary education. The crisis hit them especially hard as they were mostly employed in jobs which did not require high education or specific skills, like in the construction or manufacturing sectors which also suffered the most from a sharp decrease in the demand for labour. Furthermore, it is precisely those sectors that have gone and are going through significant technology changes, so the need for manpower decreases gradually also in the longer run, not only due to the economic downturn. Contrary to that, the demand for labour has not been influenced much in the public sector or the service sector, which employ a lot of women (Siimer & Malk 2010).

Considering that young people and non-Estonians are two of the main risk groups in the Estonian labour market, it can be anticipated that the situation is especially bad for young non-Estonians. Compared to young Estonians, their unemployment rate was twice as high in 2011 – 33% and 16.8%, respectively. In addition, unemployment has decreased more quickly for young Estonians since 2010, even though the rates for both groups increased in the same speed during recession (Ministry of Social Affairs 2012).

Adding to this the observation that young men's unemployment was worse than women's, it is no surprise that young non-Estonian men were in the worst situation in 2009, with an unemployment rate of 40.9%. Even though the increase in unemployment was the sharpest for young Estonian men – their rate in 2009 was 26.9%, which is considerably less compared to non-Estonians. The smallest increase in unemployment occurred among young Estonian women (Siimer & Malk 2010).

One explanation for the considerably higher rates of non-Estonians is language skills. Roughly 10% of the young unemployed cannot speak any Estonian at all, and about 14% can handle everyday situations, but this level might not be enough for managing in work life. Yet, three out of four unemployed young people have language skills that should not hinder them from finding work. In addition, shortages in language skills are a much smaller problem among young people, compared to other age groups among the unemployed (Siimer & Malk 2010). It is still important to note that a considerable part of those who do not speak Estonian become NEET, especially in their late youth – the 25–29 age group (Kasearu & Trumm 2012).

Regional unemployment is another significant problem in Estonia. This concerns the whole working age population, not only the young. Partially it is related to the disadvantaged situation of non-Estonians on the labour market. For instance, in the most North-Eastern county of Estonia, Ida-Virumaa, the population is mainly Russian-speaking, and the unemployment rates in that region are considerably higher compared to the Estonian average – 25.8% vs 16.9% in 2010 and 17.5% vs 10.2% in 2012⁶. Unfortunately there is no data available specifically on youth regional unemployment rates.

One downside of the schooling system in Estonia is that the compulsory schooling ends with either completing elementary education or turning 17 years old. After that there is no system to observe and target NEET youth, even though it is very important to induce those young people to continue their education as the risk of unemployment with just elementary education is very high (Unt 2012). If normally a part of unemployment during a recession is absorbed by education, it does not seem to be the case for Estonia, as on average young people were not studying more during the crisis. Concurrently the share of NEET doubled during the crisis and has not significantly fallen since (Unt 2012, Kasearu & Trumm 2012). In addition, as the share of young unemployed turning to the employment office is so low, a majority of NEET has no connections to institutions that would help them improve their labour market position (Unt 2012).

According to Eurofound, the annual cost of the NEET group in Estonia is 1.5% of GDP, which is one of the worst in the EU and higher than the EU21 average of 1.1%. It is especially worrying as research has shown that unemployment at the beginning of the working life has a negative effect on future employment and earnings (Unt 2012). For instance, a remarkable subgroup of NEET is 25 to 29-year-olds who have not continued their studies after elementary education – this is really the age when

⁶ Source: Statistics Estonia [ML442] Unemployment rate by county

dropping out of school reveals its strong effect on labour market status (Kasearu & Trumm 2012). However, there are virtually no special government measures targeted at NEETs, the focus is rather on tackling the overall unemployment problem (Unt 2012).

In a report on NEET youth, Turk & Nurmela (2012) have brought out how much concern different stakeholders have about different NEET subgroups. It appears that a lot of attention is given to those young people whose qualifications do not match the needs of the labour market. This appears to be a significant issue for policy-makers, employers and trade unions alike, as well as for media in general. Media and policy-makers are rather worried about young unemployed people in general, and employers and trade unions have demonstrated some concern with the issue. Early school leavers are a problem for all stakeholders, but especially concerned with them are policy-makers. Lastly, migrants and minority groups cause some problems to all stakeholders, but according to the report, there are no issues with subgroups such as young people in 'precarious' employment (e.g. temporary, part-time, mismatched), young disabled people, NEET with tertiary education, etc (Turk & Nurmela 2012).

Summary and conclusions

Estonian labour market suffered a lot from recent economic crises. Unemployment increased from 5.5% to almost 17% and employment fell from 70% to 61%. Looking at developments since 2003 it can be seen that the labour force participation has increased in general as well as among young people, but even more for women, and thus young women in particular. Employment rates increased until 2009, but fell due to the crisis, which also somewhat evened out the differences in male and female employment rates. For youth, the gap between men's and women's employment rates decreased substantially already during the boom years and remained less comparable to the whole working-age after the crisis. Unemployment rates were extremely low in 2007, but grew more than three times both for the working-age population and the young. At the same time youth unemployment has been roughly twice as high as the overall rates, for men and women alike. The share of part-time employment was steadily increasing before the crisis, mainly among women, but during the crisis there was a sharper increase in men's part-time employment as employers were trying to handle the decreased demand. That applies for young people as well, though for them the share of part-time employees has been higher than for the whole working-age population.

It is intrinsic for youth unemployment to be higher than general unemployment, but during the crisis, youth unemployment in Estonia got remarkably high compared to most other European countries. The young are one of the main risk groups on the Estonian labour market. The boom years lured a lot of young people out of the education system, as a relatively larger share of them either did not continue on the next education level or dropped out of their current studies. As the crisis hit, people with low education levels suffered the most, which also explains the exceptionally high unemployment of the young. Education is one of the main factors affecting the risk of unemployment, but young people are often also lacking work experience, which reinforces their disadvantaged position compared to older people.

One of the reasons for low education levels is early school leaving. Dropout rates in the economically good years and up to even 2009 were worryingly high, as every seventh 18 to 24-year-old left education early. For young men, the rates have constantly been roughly twice as high as for young women. Especially worrying are the dropout rates from vocational schools, reaching almost 20% in the recent years, whereas for tertiary education they have been roughly 15%. Women have better educational attainment than men, with higher participation rates in education and a constantly higher share of those with tertiary education. Related to the problems with education, the share of NEET youth almost doubled during the crisis. Now it has somewhat declined again, but it is still rather high, as around 15% of young people aged 18–24 were neither in employment nor in education in 2011–2012.

Proof of the importance of education is given by the share of tertiary education among the young unemployed – just 5% in 2009. Unemployment for young people with secondary level education was 25%, and for those with just elementary education even 44%. Still, opposed to what might have been expected, the education system did not seem to absorb youth unemployment too much during the crisis. Graduates from the crisis years were not particularly more likely to continue their studies compared to graduates from the economically good years.

The overall share of tertiary education has constantly been rising, but mostly due to women's participation in it. They are more likely to continue with general secondary and then tertiary education after elementary school, whereas men are the majority in vocational secondary programmes – often acquiring occupations which are the most dependant on economic fluctuations. However, graduates from post-secondary vocational programmes and professional tertiary programmes are in a relatively bad position as well, as the demand for their labour decreases substantially in a downturn, yet they also have fewer opportunities for continuing their studies. In contrast, Bachelor's level graduates were the ones whose unemployment was buffered by continuing their education. As for the Master's level, their unemployment probability hardly changed. Just like the Bachelor's level graduates who did enter into employment, a larger share of Master's graduates had to take on mid-level, not leading or professional positions, compared to the pre-crisis graduates.

The number of working age immigrants has been rising in the past decade, reaching 3,400 in 2012. At the same time the number of young immigrants was almost 700 – also a result of a remarkable growth. The crisis years decreased immigration for both groups. Emigration at the same time has also been growing since 2004, and though it declined overall as well as among youth in the boom years, it has been especially high for both groups in the past couple of years – over 8,800 for working-age population and almost 1,800 for the young in 2012. However, this migration data is registry-based. Expert estimations based on data from population censuses indicate that about 67,000 people have permanently left Estonia during the period 2000–2011. In any case net migration has been strongly negative throughout the period under observation. In addition to that it has been estimated that about 25,000 Estonians temporarily work abroad (mostly in Finland).

The migration potential of the working age population has considerably increased during the crisis, being 8.5% in 2010. For young people the potential is even higher – about 18% expressed a sure intention of emigrating. The share of those who plan to leave permanently has increased as well, possibly due to disappointment in the Estonian labour market that developed during the crisis. At the same time the view on foreign labour markets has darkened as well, as more people (compared to pre-crisis times) were willing to accept a job in a foreign country that was below their qualifications, and the expectations to wage were also lower.

A considerable share of immigrants has Estonian citizenship (i.e. they have been returning to homeland) but Russian, Ukrainian and Finnish citizenships are also among the more common ones. The share of EU citizens coming to Estonia has decreased to almost a zero in the after-crisis years, even though they have the free movement right. Immigration towards third-country nationals is significantly more restricted and controlled. Mostly it is the returning Estonians and Estonian citizens who are preferred as immigrants, and there is even financial support available for them, as well as a project of a web database trying to connect Estonian employers and Estonian “talents abroad”. Even though the project has not had a high success rate, it has drawn a lot of attention to the flaws of the Estonian immigration policy and attitudes towards immigrants, even if they are Estonians or Estonian citizens.

The country-specific issues related to youth unemployment in Estonia are largely deriving from the education system. Early school leaving has been quite a big problem, especially among young men. Their overall education level is lower, as they are more likely to choose vocational secondary education and less likely to acquire tertiary education. Yet graduates from vocational secondary

education have worse labour market outcomes than those who first complete general secondary education and then continue either in tertiary or vocational education. This is because the jobs they end up having are usually highly dependent on the economic cycle, and in addition becoming gradually more crowded out due to technological changes. So the problem is short-term as well as long-term.

Another risk group among the young are non-Estonians, particularly the ones with lower language skills. Their unemployment levels and the probability of becoming NEET are considerably higher compared to Estonians – and again, especially young non-Estonian men. Being NEET is not only a problem at a particular time period, but it also has effects on the later socio-economic status of those people. Of course it is not only the ones who do not speak Estonian who become NEET – there are other major risk factors such as not continuing their studies after completing elementary education. What worsens the situation is that there are no direct measures for tackling NEET, and they are also not reached by the services and help from the Unemployment Insurance Fund, as the overall rate of young people registering their unemployment has constantly been low – even in the crisis times.

In recent years, special attention has been given to dropping out of education. To prevent it, measures such as closer observation of absenteeism and truancy, improving the language skills of people who do not speak Estonian, developing counselling systems for students (so far career counselling has not been functioning too effectively), etc. have been imposed. At the same time it is worrying that the government intends to close down smaller secondary schools, making it more difficult for young people in periphery to continue their education. As for those who have dropped out, there are specific programmes for tertiary and vocational education that facilitate going back to school and finishing their studies.

In the Estonian labour market policy, there are hardly any measures that would be designed for young people specifically – and virtually none targeting just NEET – but they can still benefit from several services such as job mediation, career counselling, work practice, labour market trainings, work clubs, volunteering, unemployment benefits, and wage benefits that are paid to employers. The recently increased flexibility of the Estonian labour market arguably can also increase young people's chances of getting employed. Also, the corresponding of educational outputs to labour market needs has been brought into focus – to give young people more practical skills and experience. That goes for educational programmes and the apprenticeships integrated into them, as well as for active labour market measures that young people can use. An example of a good practice is the student company programme in secondary schools which gives young people some practical experience, not only for becoming an employee, but perhaps an employer who would create jobs for others as well.

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Appendix

Table A. Not in employment and not in any education and training (NEET rates), 2003–2012 (% of population aged 15–24)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	10.2	12.1	10.2	8.8	8.9	8.8	14.9	14.5	11.8	12.5
Males	9.6	9.8	8.2	6.6	8.6	8.2	14.9	15.0	11.9	11.7
Females	10.8	14.5	12.2	11.1	9.2	9.4	14.8	14.0	11.7	13.3

Source: Eurostat [edat_lfse_20]

Table B. Immigration by citizenship, 2004–2011 (% of all immigrants)

	2004	2005	2006	2007	2008	2009	2010	2011
All ages								
Estonian	31%	32%	33%	48%	47%	43%	57%	55%
EU-27 (excl. Estonian)	27%	31%	38%	29%	27%	27%	18%	2%
Finland	12%	13%	15%	9%	8%	8%	6%	0%
Russia	21%	16%	15%	12%	12%	13%	13%	25%
Ukraine	11%	9%	3%	5%	5%	6%	3%	7%
15–24-year-olds								
Estonian	32%	36%	21%	32%	33%	22%	47%	56%
EU-27 (excl. Estonian)	26%	29%	52%	45%	45%	49%	30%	1%
Finland	9%	16%	17%	10%	9%	9%	3%	0%
Russia	20%	16%	10%	9%	9%	9%	7%	21%
Ukraine	10%	3%	3%	5%	3%	4%	3%	6%

Source: Eurostat [migr_imm1ctz]

Note: Data for 15 to 64-year-olds was available only for 2010–2012, so all ages have been used here to make comparisons with the young. However, based on the data that was available for 15 to 64-year-olds, it was extremely similar to that describing all ages.

Table C. Immigration by country of birth, 2008–2011 (% of all immigrants)

	2008	2009	2010	2011
All ages				
Estonian	32%	32%	42%	42%
EU-27 (excl. Estonian)	30%	29%	21%	6%
Finland	9%	8%	6%	2%
Russia	18%	17%	19%	29%
Ukraine	5%	6%	5%	7%
15–24-year-olds				
Estonian	25%	18%	38%	45%
EU-27 (excl. Estonian)	44%	47%	29%	3%

Finland	9%	8%	3%	0%
Russia	14%	13%	14%	29%
Ukraine	3%	4%	4%	6%

Source: Eurostat [migr_imm3ctb]

Note: Data for 15 to 64-year-olds was available only for 2009 and partially 2011, so all ages have been used here to make comparisons with the young. However, based on the data that was available for 15 to 64-year-olds, it was extremely similar to that describing all ages.

Table D. Net migration, 2004–2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Working-age (15–64)									
Total	-1533	-2730	-2720	-639	-686	-601	-2034	-2111	-5428
Males	-666	-1072	-1023	28	167	382	-646	-600	-2044
Females	-867	-1658	-1697	-667	-853	-983	-1388	-1511	-3384
Youth (15–24)									
Total	-403	-717	-582	-79	-49	95	-345	-605	-1111
Males	-193	-313	-297	-47	56	113	-100	-194	-386
Females	-210	-404	-285	-32	-105	-18	-245	-411	-725

Source: Statistics Estonia [POR03]