

Sectoral impacts of the Covid-19 crisis

Growth seen only in knowledge-intensive industries and the public sector

The Covid-19 pandemic and the measures taken to contain its spread brought about closures of entire branches of the economy across the EU countries. Therefore, the early impact of this crisis on employment was very particular and, in the first instance, concentrated in the sectors that were purposefully shut down during the lockdown. However, the slowdown is likely to have a spill-over effect on other branches of the economy in the long run.

The biggest job losses during the first months of the Covid-19 pandemic were, not surprisingly, in the accommodation and food sectors. In the EU28 (with the exclusion of Germany and Malta due to a lack of data), this sector shrank by nearly 1.5 million jobs (Figure 2.12). For similar reasons, the transport and storage, wholesale and retail, and arts and entertainment sectors also experienced record levels of employment loss. An important finding

is that, despite various short-time work measures adopted in many countries, the manufacturing sector was similarly affected by a substantial decline in employment (by about one million jobs), breaking with the upward trend of recent years. Maintaining essential health services has been a priority and a necessity in the pandemic, and the healthcare sector thus continued to grow, albeit at a slower pace than the year before (see also Chapter 5 in this volume).

Two other sectors also continued to grow, with their net job creation at an even higher level in 2019-2020 compared to 2018-2019: the information and communication technologies (ICT) sector, and the professional, scientific and technical activities sector. In fact, these knowledge-intensive sectors were the sole bastions of job growth across most EU Member States (Figure 2.12). Nevertheless, those countries that were particularly affected by job losses in tourism-related activities (notably Spain, Italy, Bulgaria, Greece and Estonia) also recorded employment decline in ICT and professional activities.

Romania and Greece were the only countries to experience a growth in the wholesale and retail sector, and in Romania a sizeable part of lost employment was in the manufacturing sector.

Figure 2.12 Change in number of employed persons, by sector, EU28 (millions)



Source: Eurostat-LFS [lfsq_egan2]. Note: *Data for EU28 excluding Germany and Malta. Comparison of second quarters. Age group 15-64.

The accommodation and food sectors shrank by nearly **1.5 million jobs** as a result of the Covid-19 pandemic

Figure 2.13 Sectoral breakdown of total employment change in EU28, 2019_Q2-2020_Q2 (%)



Source: Eurostat-LFS [lfsq_egan2].

Notes: Age group 15-64. Values represent percentage of total employment change for each country; values below zero indicate a decline in number of employed in each sector and country, and values above zero indicate an increase. No data for Germany and Malta.

2. Labour market and social developments

3. The path to 'zero carbon' in a post-Covid world

4. Fair minimum wages and collective bargaining

5. Covid-19: a 'stress test' for workers' safety and health

6. Democracy at work in a pandemic

7. Foresight: the many possible post-pandemic futures