



Portugal: Forecast highlights

Between now and 2025:

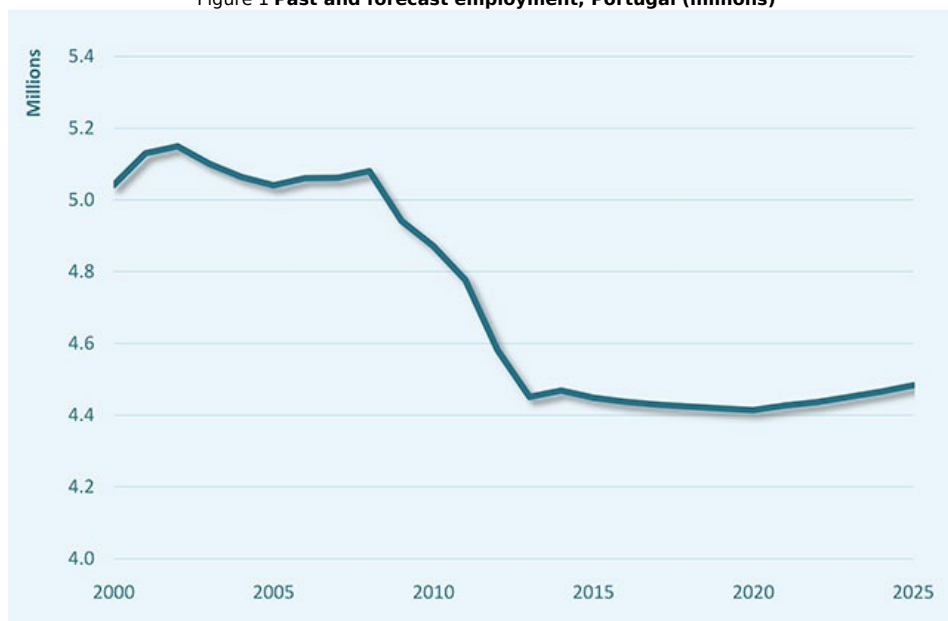
- Employment is forecast to increase slightly, but remain below its 2008 pre-crisis level.
- Most employment growth will be in business and other services.
- Most job opportunities, around 23%, will be for skilled agricultural, forestry and fishery workers.
- Around 33% of the labour force will have high-level qualifications, compared to 23.9% in 2013.

Following the economic crisis in 2008, Portugal's GDP started to recover in 2013. In 2013, Portugal's unemployment rate was 16%, well above the European Union (EU) average of 11%. The European Commission forecasts GDP growth for Portugal of 1.2% in 2015 and 1.7% in 2016.

Employment outlook

According to Cedefop's skill supply and demand forecasts ([see scenario assumptions](#)), economic growth will have only a limited effect on job growth in Portugal and employment is not expected to reach its 2008 pre-crisis level by 2025 (Figure 1). This is slower than employment growth forecast for the EU as a whole, where average employment is expected to reach its pre-crisis level in 2020.

Figure 1 Past and forecast employment, Portugal (millions)

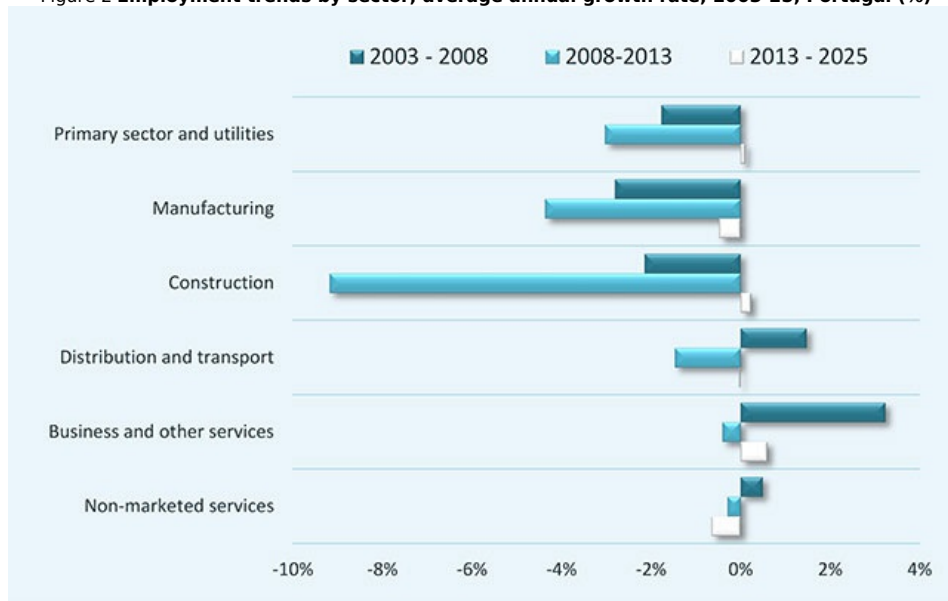


Source: Cedefop skills forecasts (2015)

Sector developments

The economic crisis reduced employment in all sectors, notably construction and manufacturing between 2008 and 2013 (Figure 2). Future employment growth in Portugal up to 2025 is forecast in business and other services and a small increase in construction. Employment in non-marketed (mainly public sector) services is forecast to continue to fall and in manufacturing, but at a much slower rate compared to 2008-13.

Figure 2 Employment trends by sector, average annual growth rate, 2003-25, Portugal (%)



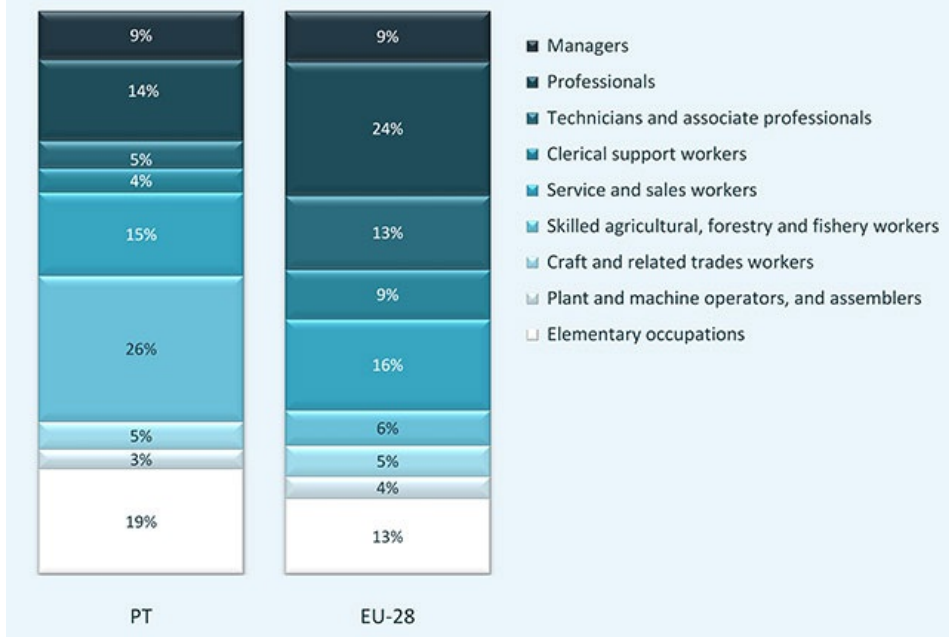
Source: Cedefop skills forecasts (2015)

Occupations and qualifications prospects

Cedefop's forecasts give insights on job opportunities between now and 2025 (Figure 3). Total job opportunities are the sum of newly created jobs (expansion demand) and job opportunities arising because of the need to replace people who either go on to other jobs or leave the labour market, for example due to retirement (replacement demand). Often, replacement demand provides more job opportunities than expansion demand, which means that there will still be job opportunities even if the overall level of employment falls. Slow employment growth and an ageing workforce means that between now and 2025, replacement demand in Portugal is forecast to provide almost all job opportunities.

In Portugal, most job opportunities, around 26%, will be for skilled agricultural, forestry and fishery workers, much higher than the 6% forecast for the EU as a whole (Figure 3). Most job opportunities for the EU as a whole are forecast for professionals (high level occupations in science, engineering healthcare, business and teaching), around 24%, much higher than the 14% forecast for Portugal.

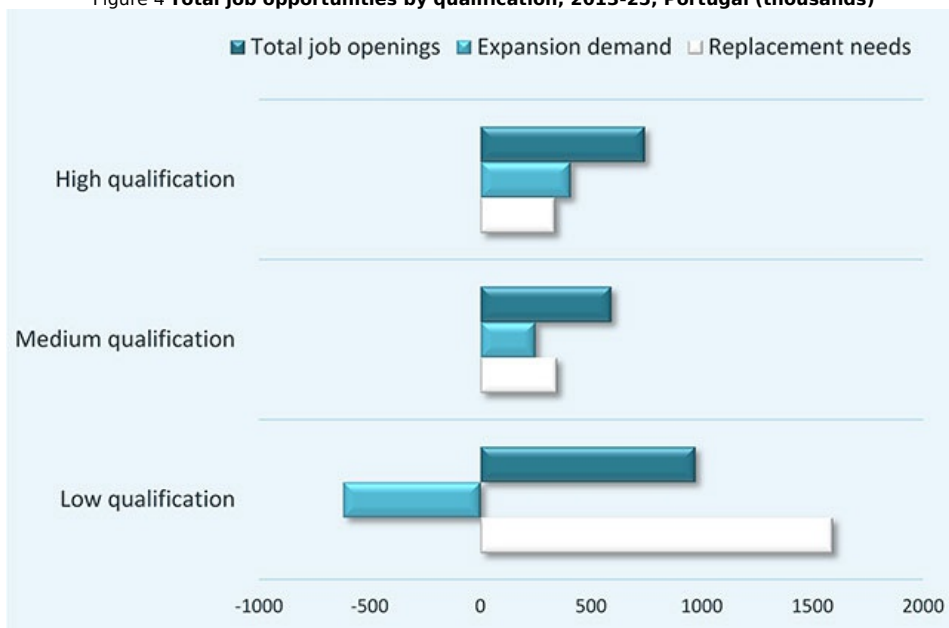
Figure 3 Distribution of total job opportunities by occupation, 2013-25, Portugal and the EU (%)



Source: Cedefop skills forecasts (2015)

Most job opportunities in Portugal, owing to replacement demand will require low-level qualifications (ISCED 97 levels 1 and 2) (Figure 4). However, there will also be significant numbers of job opportunities requiring high- (ISCED 97 levels 5 and 6) and medium-level qualifications (ISCED 97 levels 3 and 4).

Figure 4 Total job opportunities by qualification, 2013-25, Portugal (thousands)



Source: Cedefop skills forecasts (2015)

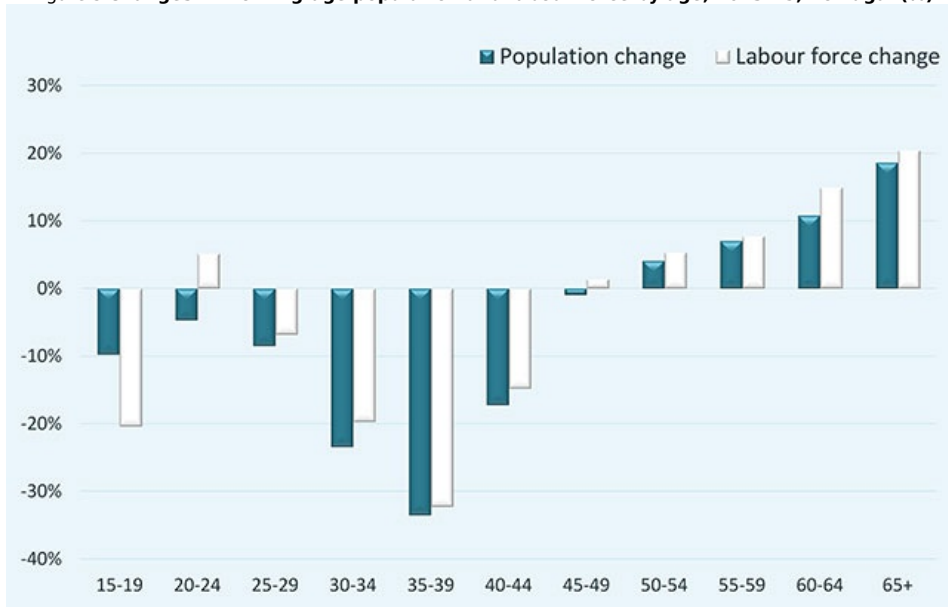
Labour force trends

Future labour supply trends depend mainly on demographics and the size of the working-age population (defined in the forecasts as people aged 15 and older), participation in the labour force (people in the working-age population either in or actively seeking work) and how quickly people acquire formal qualifications.

Eurostat's latest population forecast (Europop 2013) for Portugal reflects the current trends in fertility rates and net migration flows. Portugal's working-age population is projected to fall by more than 2% between now and 2025. Labour market participation is forecast to fall from 59% in 2013 to 57% in 2025, but remain above the EU forecast average of 55.5%.

Following the EU demographic trend, Portugal's population is getting older (Figure 5). The most significant increase in the population is among age groups aged over 60 years.

Figure 5 Changes in working-age population and labour force by age, 2013-25, Portugal (%)

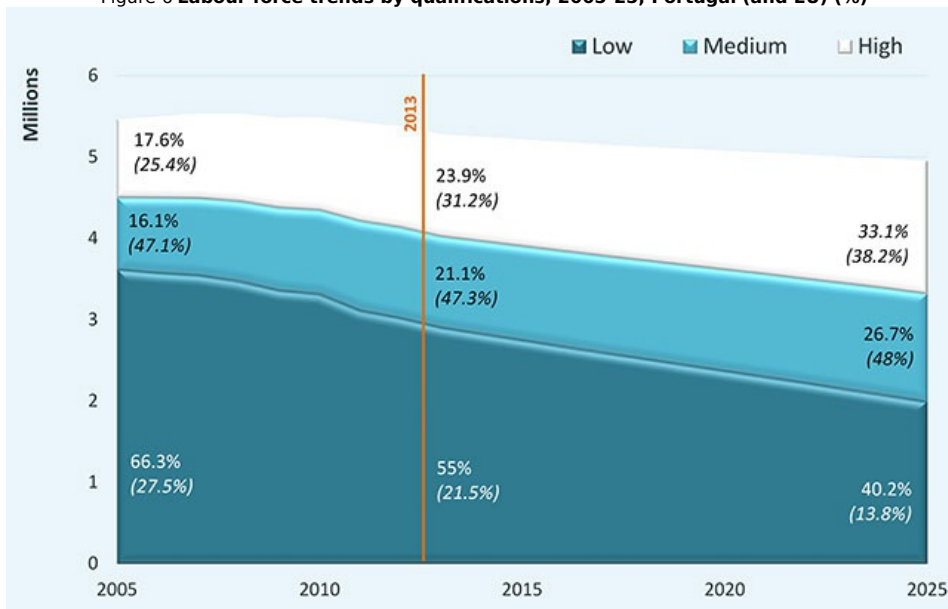


Source: Cedefop skills forecasts (2015)

Although older and smaller, Portugal's labour force is becoming more highly qualified (Figure 6). This is explained by older less-qualified people leaving and younger more highly-educated people entering the labour market. By 2025, the share of Portugal's labour force with high-level qualifications should rise to 33.1% compared to 23.9% in 2013 and 17.6% in 2005. People with medium-level qualifications in 2025 will account for 26.7% of the labour force compared to 21.1% in 2013. The share with low-level or no qualifications is forecast to fall from 55% in 2013 to 40.2% in 2025.

According to Cedefop's forecasts, by 2020, in Portugal around 41% of 30 to 34 year olds will have high level qualifications, meeting the EU's educational attainment benchmark of 40% by 2020. On current trends around 47% of 30 to 34 year olds in Portugal will have high-level qualifications by 2025.

Figure 6 Labour force trends by qualifications, 2005-25, Portugal (and EU) (%)



Source: Cedefop skills forecasts (2015)

In 2013, in Portugal, 19.2% of young people left the education and training system with a low-level qualification, above the national target of reducing this to less than 10% by 2020. In the EU, the average, in 2013, was 11.9%, still higher than its benchmark of less than 10% of young people leaving the education and training system with low-level qualifications by 2020.

Experts' view

Cedefop's forecasts and their assumptions are regularly discussed with national experts. **Cláudia Valente, researcher and board member of the CEPCEP a research centre at the Portuguese Catholic University** considers the forecasts' underlying assumptions and results plausible.

She adds that Portugal seems to be accelerating its transition to a more knowledge-intensive economy. As Cedefop's forecasts indicate that around two-thirds of all job opportunities between now and 2025 will require high-level and medium-level qualifications. While youth education levels have been rising rapidly and are expected to continue to improve, more effort is need to increase adult education and lifelong learning to help reduce numbers of people with low-

level qualifications. New and better jobs are needed for all young people, who face high unemployment. Many are leaving the country for better employment prospects. Boosting economic growth and job creation will remain the most demanding challenge for Portugal in the next decade.

Cedefop skills supply and demand forecasts' scenario

Cedefop skills supply and demand forecasts take account of global economic developments up to October 2014. Despite significant differences between countries, the forecasts generally assume that a modest economic recovery will slowly increase confidence in the EU, increasing investment, consumer spending and exports. Inflation stays in target range and interest rates low, while higher tax revenues help governments reduce debt.

The assumptions reflect the latest Eurostat population forecast (Europop 2013, published in spring 2014) and the short-term macroeconomic forecast produced by the European Commission in November 2014.

Cedefop's forecasts use harmonised data and methodology for all countries covered to allow cross-country comparisons. They do not substitute national forecasts. Total employment data correspond to those reported in national accounts.

Cedefop's latest skills demand and supply forecasts up to 2025 cover 28 EU Member States plus Iceland, Norway and Switzerland. Results are regularly updated and together with key assumptions and methodological developments are reviewed by national experts.

For the latest update and more detailed skills forecast data visit: www.cedefop.europa.eu/forecast

Published online on 29/04/2015
Last updated on 28/05/2015

Skills forecasts country report - Portugal

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