



Malta: Forecast highlights up to 2025

Between now and 2025:

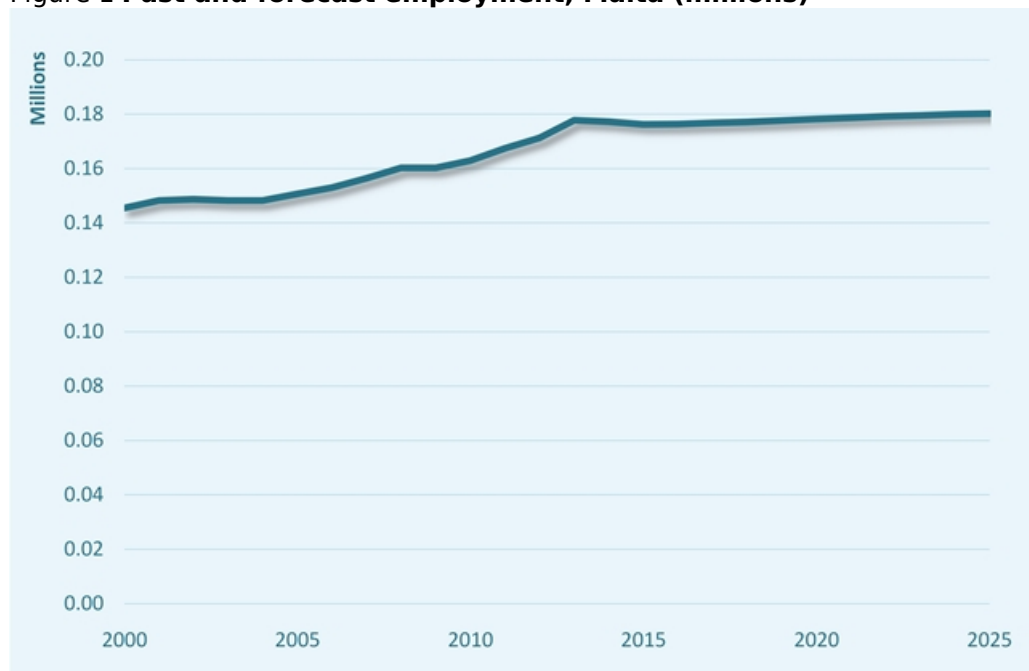
- Employment is forecast to be fairly stable, close to or slightly above its current level.
- Most employment growth will be in business and other services.
- Most job opportunities, around 26%, will be for professionals (mainly business and other professionals).
- Around 39% of the labour force will have high-level qualifications, compared to 28% in 2013.

The economic crisis which struck Europe in 2008 had only very limited impact on the economic and labour market trends in Malta. In 2013, Malta's unemployment rate was 6.5%, well below the EU average of 11%. The European Commission forecasts GDP growth for Malta of around 3% in 2015 and 2016.

Employment outlook

According to Cedefop's skills supply and demand forecasts ([see scenario assumptions](#)) further positive economic growth in Malta is expected to have only a limited effect on employment, which should be stable, staying close to or slightly above its current level between now and 2025. Employment in the EU as a whole is expected to reach its pre-crisis level in 2020 and continue to increase.

Figure 1 **Past and forecast employment, Malta (millions)**

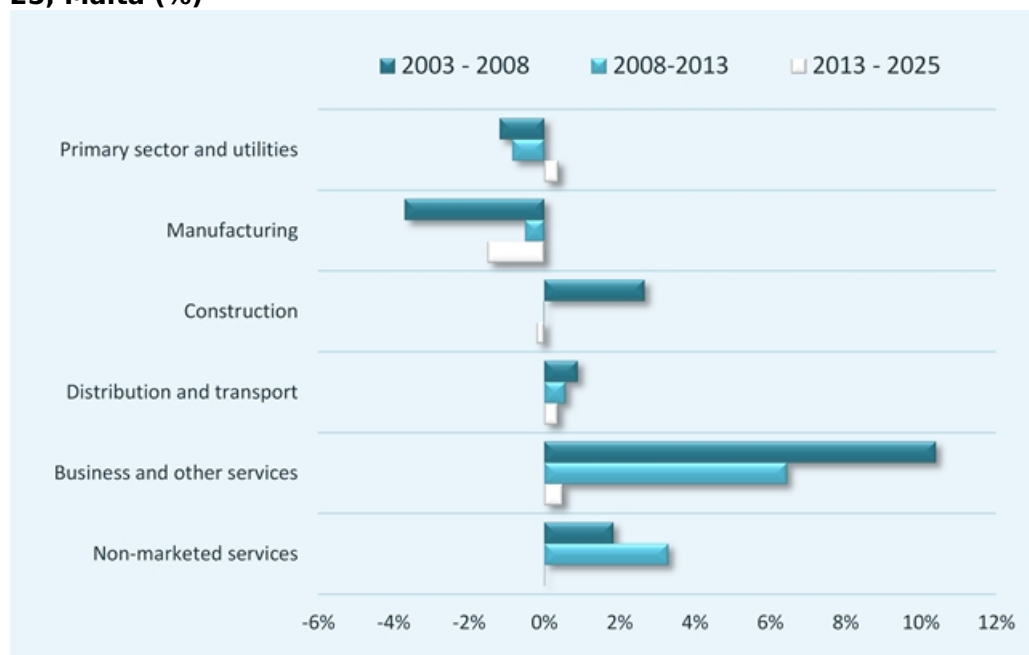


Source: Cedefop skills forecasts (2015)

Sector developments

Malta withstood the economic crisis relatively well, but employment still fell in the primary and manufacturing and construction sectors between 2008 and 2013 (Figure 2). In contrast, employment in business and other services as well as non-marketed (largely public sector) services increased substantially over the same period. Future employment growth in Malta, up to 2025, will be concentrated in business services, and the distribution and transport sectors, while, in the primary and manufacturing sectors employment will continue to fall.

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



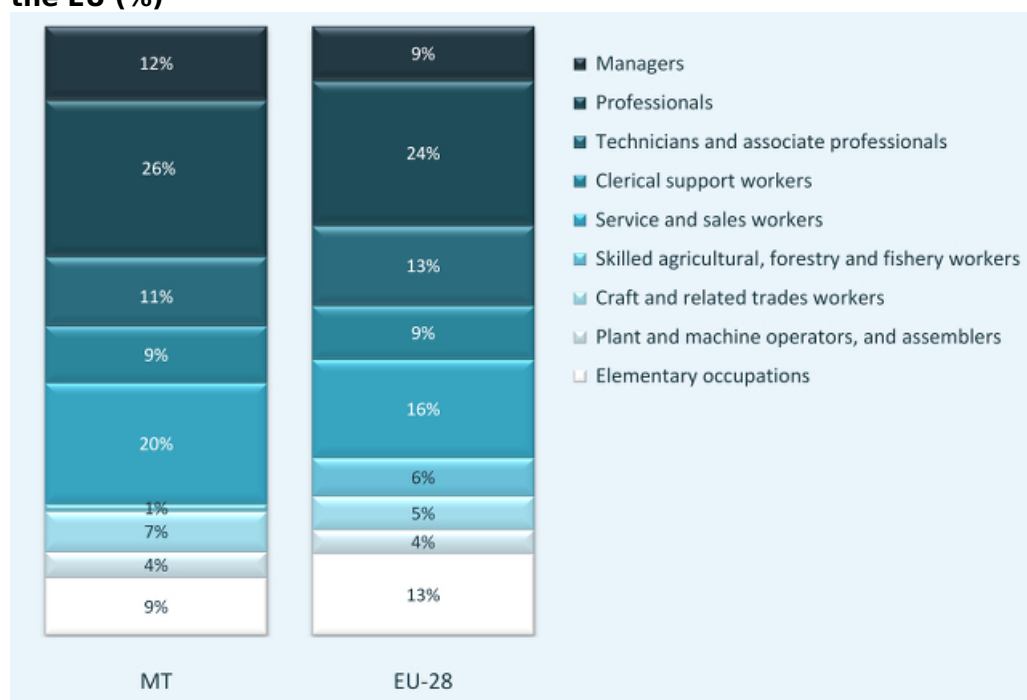
Source: Cedefop skills forecasts (2015)

Occupations and qualifications prospects

Cedefop's forecasts give insights on job opportunities between now and 2025. 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. Given the fairly low employment growth, trends in occupational mobility and a slowly ageing labour force, between now and 2025 almost all job opportunities in Malta are forecast to be due to replacement demand.

In Malta, most job opportunities, around 26%, will be for professionals (high level occupations in science, engineering healthcare, business and teaching), followed by service and sales workers with 20% (Figure 3). Shares of job opportunities in Malta for skilled agricultural and fisheries workers, around 1% and technicians and associate professionals (occupations applying scientific or artistic concepts, operational methods and regulations in engineering, healthcare, business and the public sector), around 9% are well below the EU averages for these occupational groups.

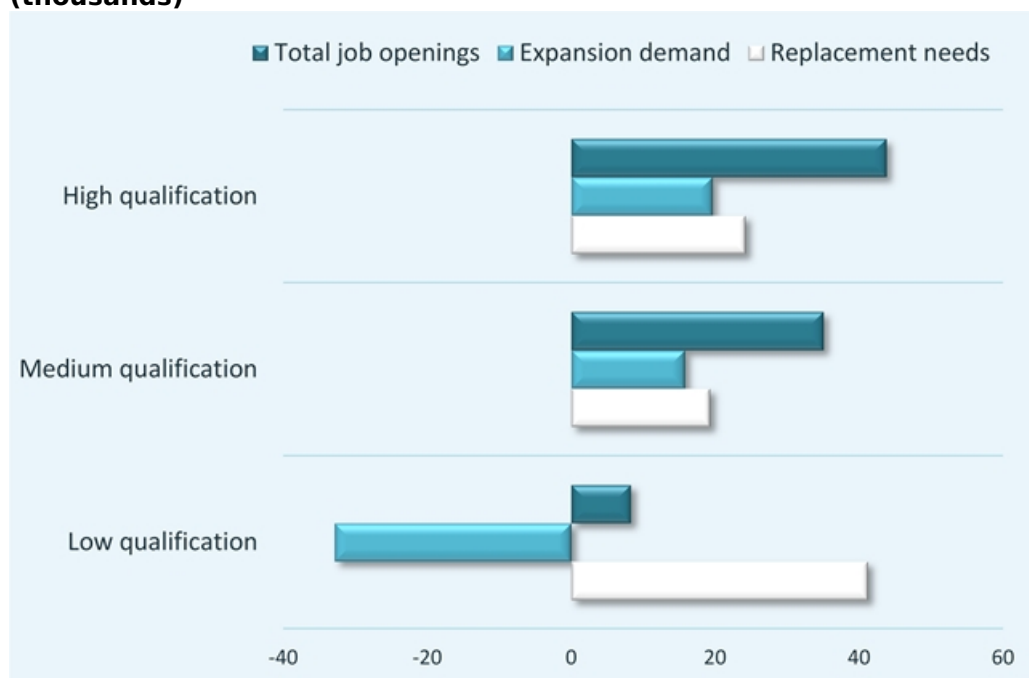
Figure 3 Total job openings by occupation between 2013-25, Malta and the EU (%)



Source: Cedefop skills forecasts (2015)

Most job opportunities in Malta will require high-level qualifications (ISCED 97 levels 5 and 6) (Figure 4). However, there will be significant proportions of job opportunities requiring medium-level qualifications (ISCED 97 levels 3 and 4).

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



Source: Cedefop skills forecasts (2015)

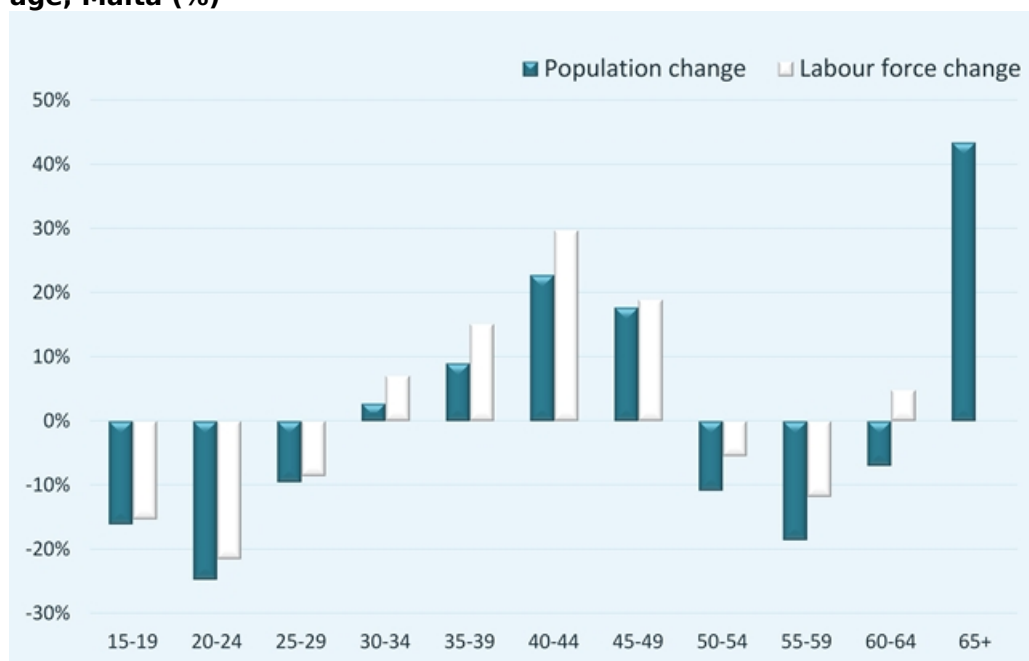
Labour force trends

Future labour supply trends depend mainly on demographics and the size of the working-age population (defined in the forecast as people over 15 years old), 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 projection (Europop 2013) for Malta reflects the current trends in fertility rates and net migration flows. The working-age population is projected to grow by about 5.5% between now and 2025. However, the overall participation rate will remain the same at around 50%, lower than the EU forecast average of 55.5%.

Following the EU demographic trend, Malta's population is getting older (Figure 5). However, unlike the EU as a whole where the proportion of people in the labour force of those aged over 45 years, in Malta the biggest increases in the labour force is for those aged between 30 and 49 years. The proportion of those aged between 50 and 64 years in the labour force is projected to fall.

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

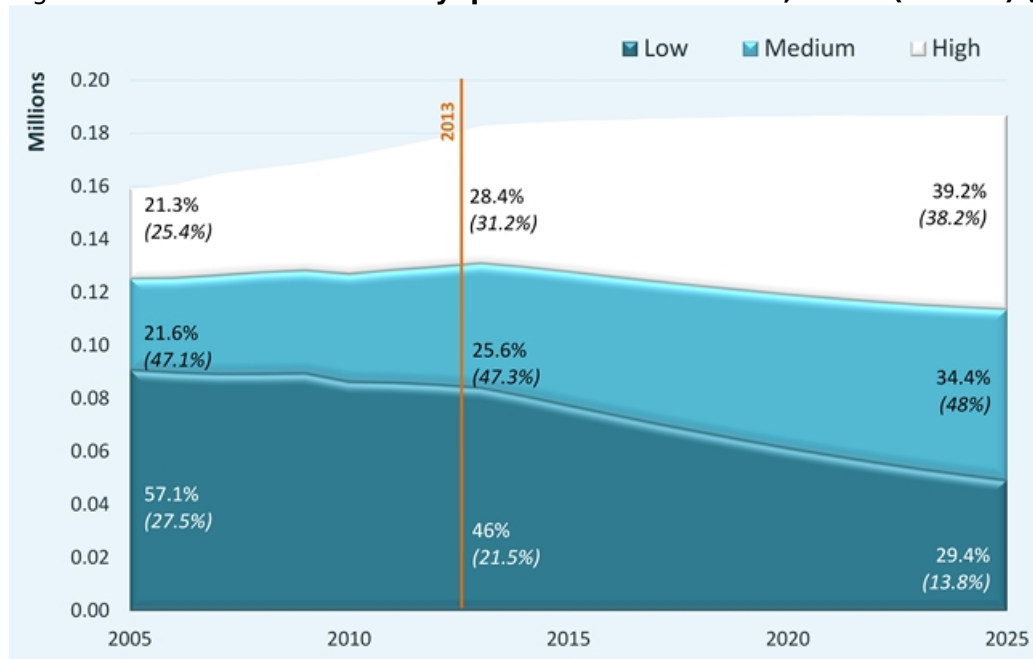


Source: Cedefop skills forecasts (2015)

Although a little older, Malta'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 the labour force with high-level qualifications should rise to 39.2% compared to 28.4% in 2013 and 21.3% in 2005. People with medium-level qualifications in 2025 will account for 34.4 % of the labour force, compared to 25.6% in 2013. The share with low-level or no qualifications is forecast to fall from 46% in 2013 to 29.4% in 2025.

According to Cedefop's forecasts, by 2020, in Malta, around 48% of 30 to 34 year olds will have high level qualifications, above the EU's educational attainment benchmark of 40% by 2020. On current trends more than 53 % of 30 to 34 year olds in Malta will have high-level qualifications by 2025.

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



Source: Cedefop skills forecasts (2015)

In Malta, in 2013, around 20.9% of young people left the education and training system with low-level qualifications, substantially higher than EU average of 12.7%. Both Malta and the EU need to do more to reach their benchmark of no more 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. **Felix Borg, Head of Division at Malta's Employment and Training Corporation** considers the forecasts' underlying assumptions and its results plausible.*

However, he adds that evaluating the latest European population projections is complicated as there is no national population forecast to serve as a reference point.

The underlying forecast of macroeconomic trends is considered to be broadly in line with Malta's national forecasts. However, Malta's macroeconomic forecasts are more optimistic, expecting faster economic growth and a bigger fall in unemployment.

Mr. Borg stresses that Malta has also introduced several measures to minimise the dependency of individuals on welfare benefits and to encourage participation in the labour market. For example, Malta plans to strengthen the Youth Guarantee scheme to ensure all young people between 16 and 24 years of age enter employment, education, or a vocational education and training. New benefit claimants under the age of 23, will be placed on the Youth Guarantee while existing claimants, under 23 years, will have four months to enter the Youth Guarantee.

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

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