



Italy: Forecast highlights up to 2025

Between now and 2025:

- Employment is forecast to reach its pre-crisis 2008 level by 2020 and continue to increase.
- Most employment growth will be in business and other services.
- Most job opportunities, around 22%, will be for professionals.
- Around 31% of the labour force will have high-level qualifications compared to 21% in 2013.

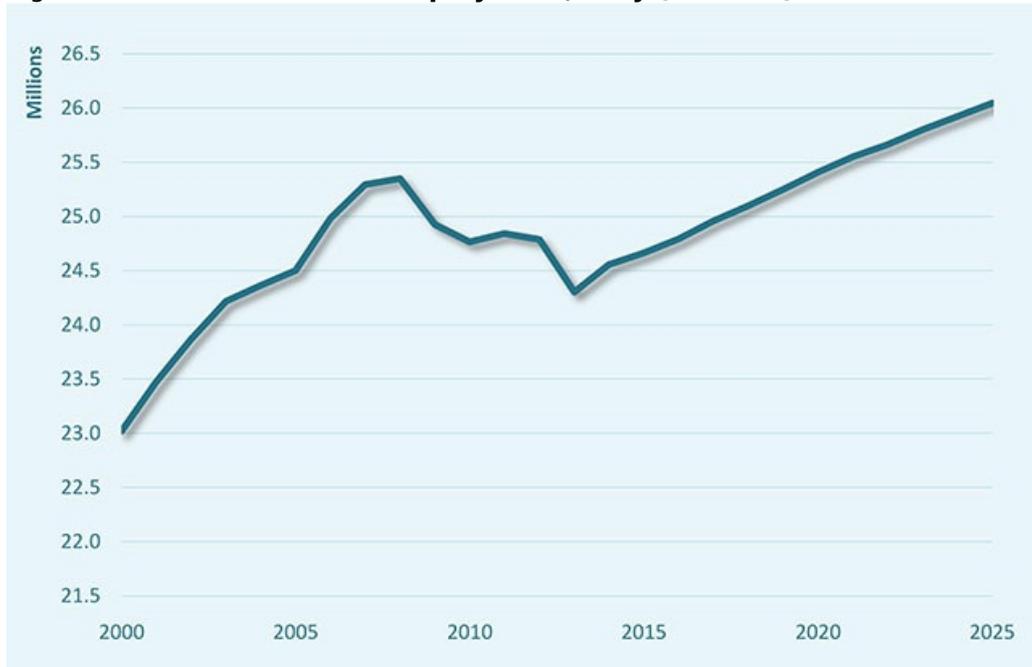
Following the economic crisis in 2008, Italy's GDP started to recover in 2010. In 2013, Italy's unemployment rate was 12.2%, above the European Union (EU) average of 11%. The European Commission forecasts GDP growth for Italy of 1.1% in 2015 and 1.6% in 2016.

Employment outlook

According to Cedefop's skills supply and demand forecasts ([see scenario assumptions](#)) economic growth will have positive effects on job growth in Italy and employment is expected to reach its 2008 pre-crisis level by 2020 (Figure 1) what is the same as the growth forecast for the EU as a whole.



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

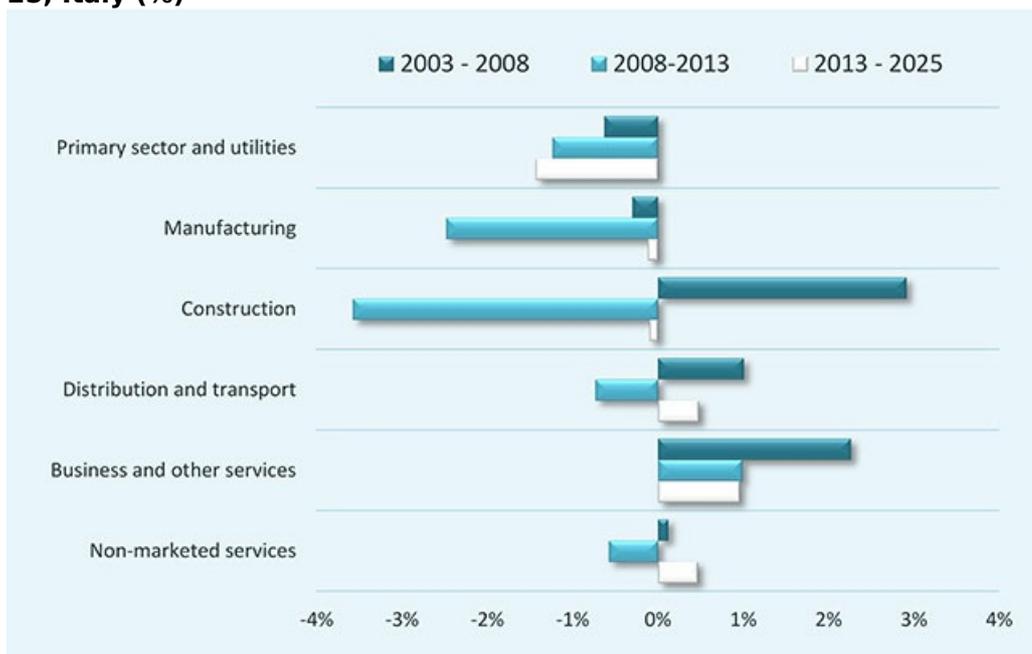


Source: Cedefop skills forecasts (2015)

Sector developments

The economic crisis reduced employment in almost all sectors, notably in manufacturing and construction between 2008 and 2013 (Figure 2). However, employment in business and other services continued to grow over the same period. Future employment growth in Italy up to 2025 will continue to be in business services, non-marketed (largely public sector) services, and distribution and transport. The employment share of the manufacturing and construction sectors is expected to be stable, but employment in the primary sector is forecast to continue to fall.

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



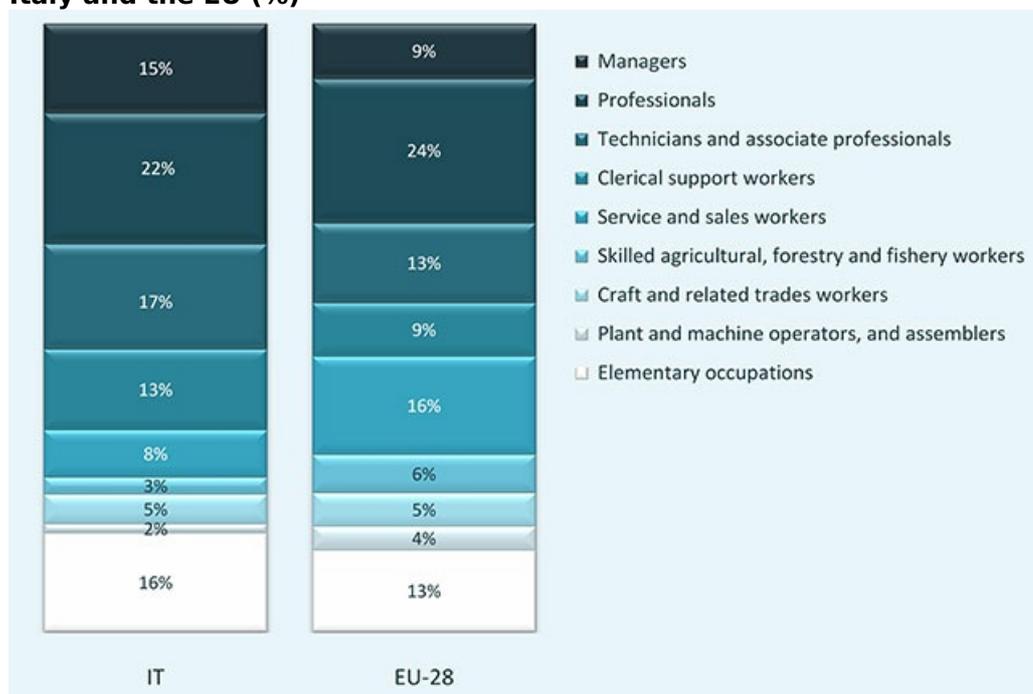
Source: Cedefop skills forecasts (2015)

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. Despite creating new jobs, Italy’s ageing workforce and occupational mobility means that, between now and 2025, replacement demand in Italy is forecast to provide almost six times more job opportunities than expansion demand.

In Italy, most job opportunities, around 22% will be for professionals (high level occupations in science, engineering healthcare, business and teaching), followed by around 17% for technicians and associate professionals (occupations applying scientific or artistic concepts, operational methods and regulations in engineering, healthcare, business and the public sector) (Figure 3). Job opportunities forecast for elementary occupations in Italy, around 16% is higher than the EU average of 13%, while the shares of job opportunities for plant and machine operators (2%) and skilled agriculture workers (3%) in Italy are well below the EU averages for these occupational groups.

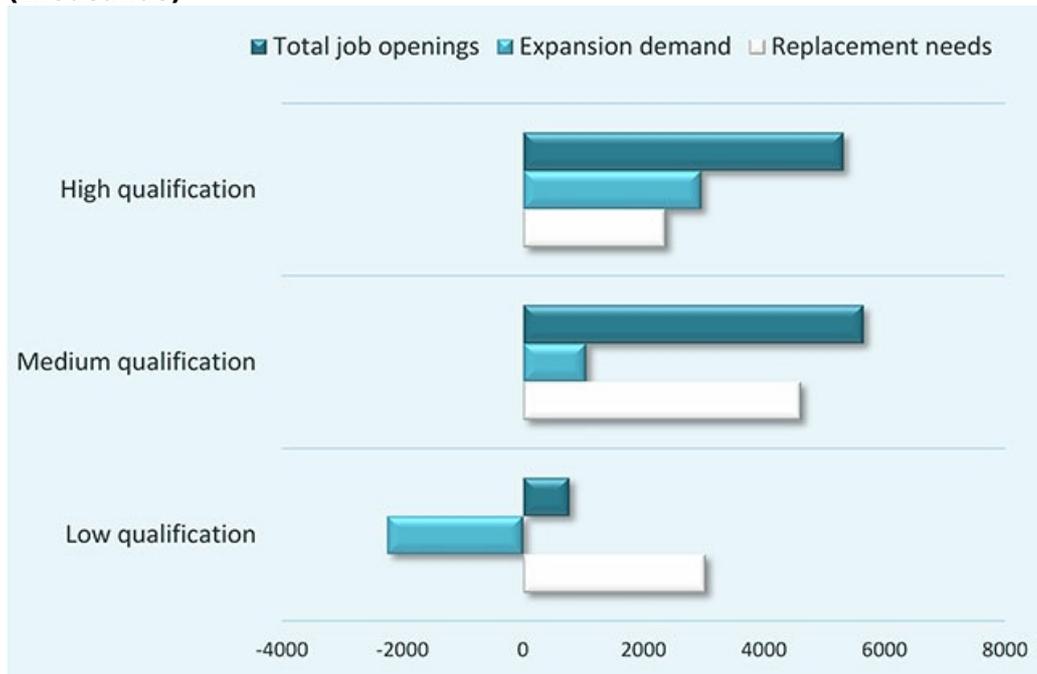
Figure 3 **Distribution of total job opportunities by occupation, 2013-25, Italy and the EU (%)**



Source: Cedefop skills forecasts (2015)

Most job opportunities in Italy will require medium-level qualifications (ISCED 97 level 3 and 4), due to high replacement demand. However, there will also be a significant number of job opportunities requiring high-level qualifications (ISCED 97 level 5 and 6) (Figure 4).

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



Source: Cedefop skills forecasts (2015)

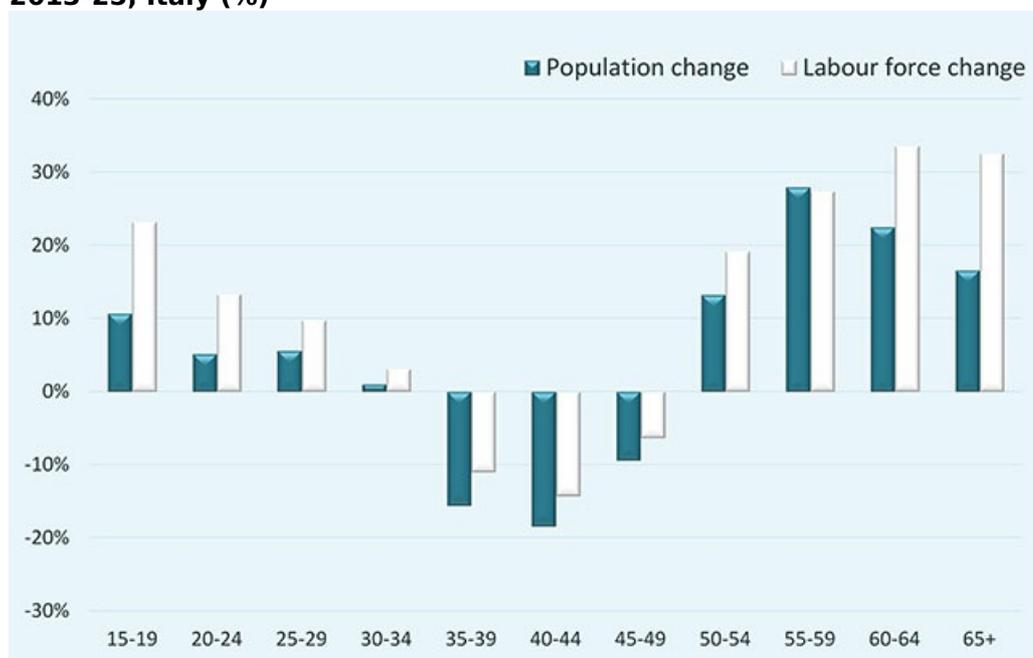
Labour force trends

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 projection (Europop 2013) for Italy reflects current trends in fertility rates and net migration flows. Italy’s working age population is projected to grow by about 6% between now and 2025. However, labour market participation in Italy is forecast to fall from 49.7 % in 2013 to 48.9 % in 2025, lower than the EU forecast average of 55.5%. The increase in working age population combined with the fall in participation rates means that the total labour force will grow by 4% between now and 2025.

Following the EU demographic trend, Italy’s population is getting older (Figure 5). Between now and 2025, although numbers of people aged 15 to 24 are expected to rise, the biggest increases in Italy’s labour force are projected in the age groups of 50 years and above. Numbers of people in the labour force aged between 30 and 49 are expected to fall substantially.

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

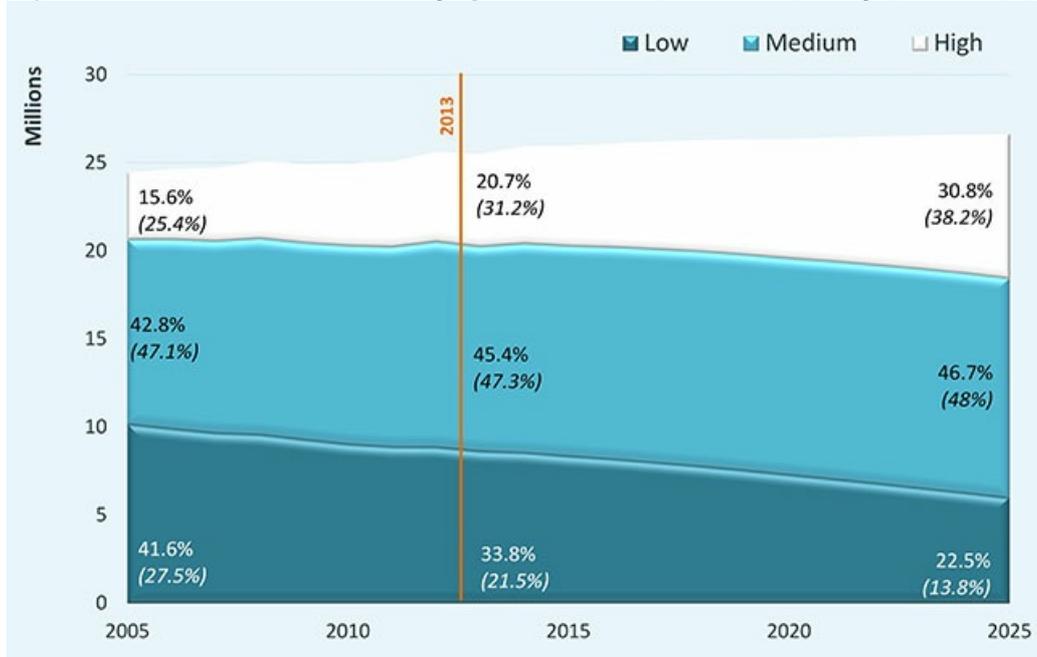


Source: Cedefop skills forecasts (2015)

Although older, Italy’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 Italy’s labour force with high-level qualifications is forecast to rise to 30.8% compared to 20.7% in 2013 and 15.6% in 2005. People with medium-level qualifications in 2025 will account for 46.7% of the labour force compared to 45.4 % in 2013. The share of the labour force with low-level or no qualifications is forecast to fall just below 22.5% in 2025.

According to Cedefop’s forecasts, by 2020, in Italy around 36% of 30 to 34 year olds will have high level qualifications. Although this is below the EU’s educational attainment benchmark of 40% it is significantly higher than the national target of 26%. On current trends around 45% of 30 to 34 year olds in Italy will have high-level qualifications by 2025.

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



Note: numbers in brackets represent shares for EU as a whole
 Source: Cedefop skills forecasts (2015)

In 2013, in Italy, around 17% of young people left the education and training system with low-level qualifications. Italy’s target is to reduce this to 16% by 2020. In the EU, the average in 2013 was 11.9%, still above 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. **Professor Emilo Colombo from the Department of Economics, University Milano-Bicocca**, considers the forecasts' underlying assumptions and results plausible.*

He adds that the growth in business and other services identified by the forecast may be mainly due to the growth of individual firms following recent legislative reforms.

Further labour market reforms are also expected to have a positive impact on employment rate, however how big the impact and its timing will finally be remains unclear at the moment.

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 the debts.

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 skill demand and supply forecasts up to 2025 cover the 28 EU Member States plus Iceland, Norway and Switzerland. Results are regularly updated and together with key assumptions and methodological developments are reviewed by a group of national experts.

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

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