LITHUANIA

country forecasts

SKILL SUPPLY AND DEMAND UP TO 2025

2015 edition

Lithuania: Forecast highlights up to 2025

Between now and 2025:

- Employment is forecast to rise, but remain below its 2008 pre-crisis level.
- Most employment growth will be in business and other services.
- Most job opportunities, around 27%, will be for professionals.
- Around 54% of the labour force will have high-level qualifications compared to 42.4% in 2013.

Following the economic crisis in 2008, Lithuania's GDP started to recover in 2010. In 2013, Lithuania's unemployment rate was 11.8%, close to the European Union (EU) average of 11%. The European Commission forecasts GDP growth for Lithuania of 3.1% in 2015 and 3.4% in 2016.

Employment outlook

According to Cedefop's skill supply and demand forecasts (see scenario assumptions), economic growth will have positive effects on job growth in Lithuania, however, 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, Lithuania (millions)**
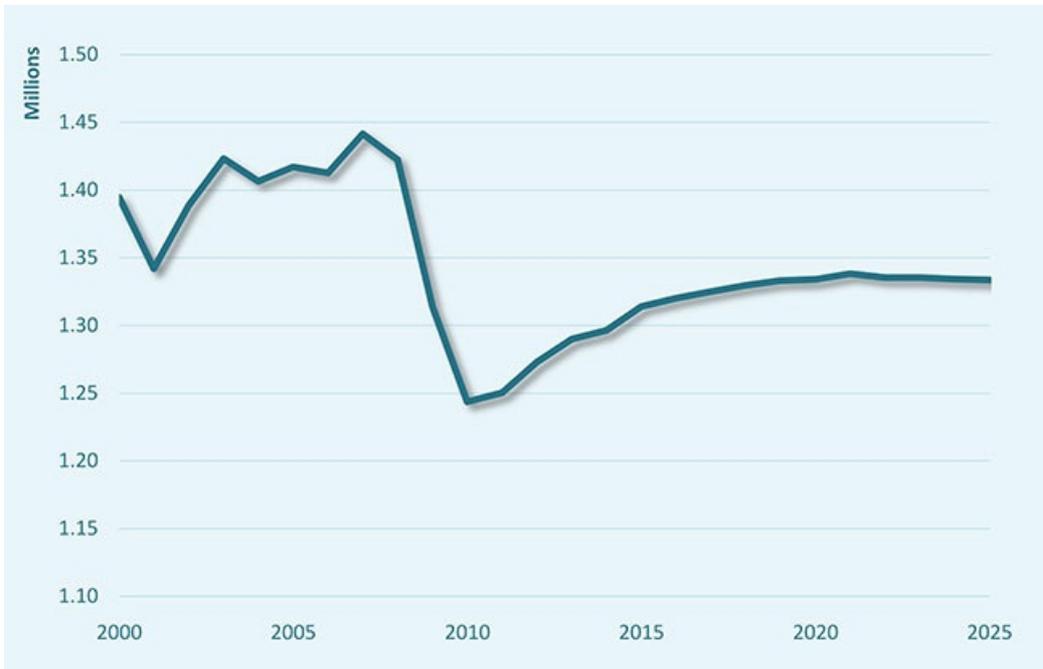
Source: Cedefop skills forecasts (2015)

Sector developments

The economic crisis reduced employment in almost all sectors, notably construction and manufacturing between 2008 and 2013 (Figure 2). However, employment in business and other services increased over the same period. Future employment growth in Lithuania up to 2025 will be in business and other services and non-marketed (mainly public sector) services. Other small increases are forecast for the primary and business and transport sectors. Employment in construction is forecast to continue to fall but at a much slower rate.

Figure 2 **Employment trends by sector, average annual growth rate, 2003-25, Lithuania (%)**
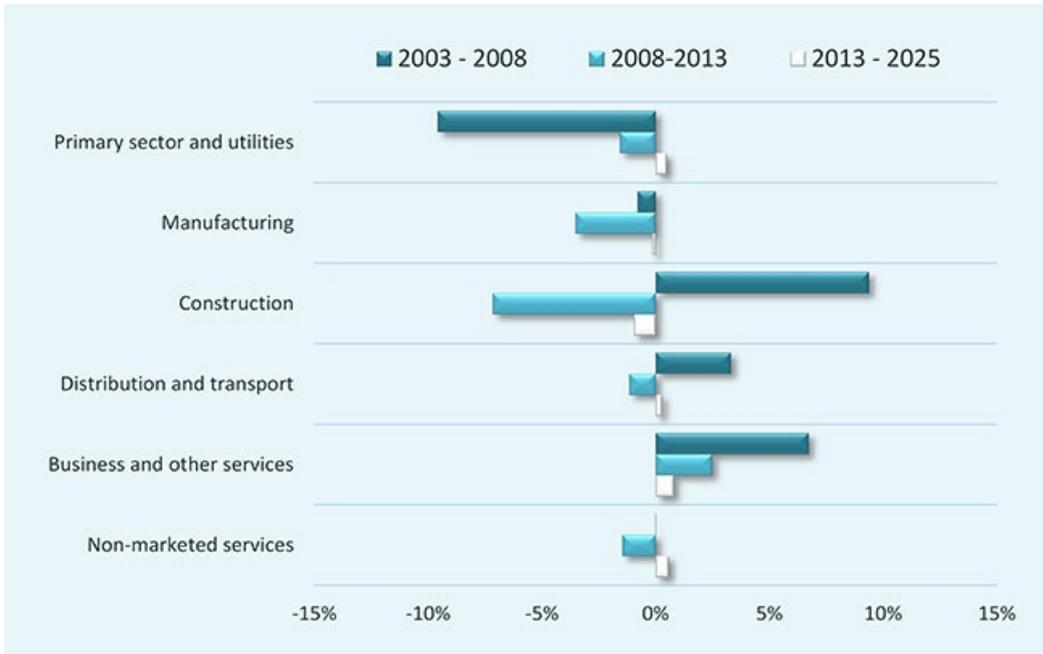
Occupations and qualifications prospects

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 Lithuania is forecast to provide almost all job opportunities.

In Lithuania, most job opportunities, around 27%, will be for professionals (high level occupations in science, engineering healthcare, business and teaching), followed by around 20% 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). The proportion of job opportunities for craft and related trades workers, in Lithuania, around 12%, is significantly higher than the 5% forecast for the EU as a whole.

Figure 3 **Distribution of total job opportunities by occupation, 2013-25, Lithuania EU (%)**
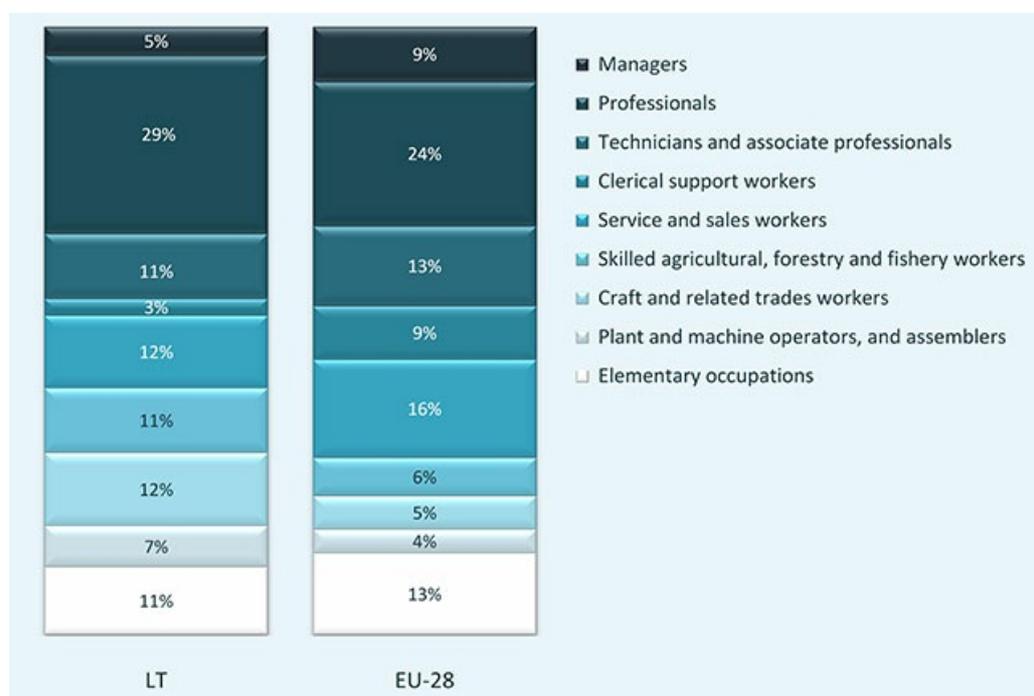
Source: Cedefop skills forecasts (2015)

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

Figure 4 **Total job opportunities by qualification, 2013-25, Lithuania (thousands)**
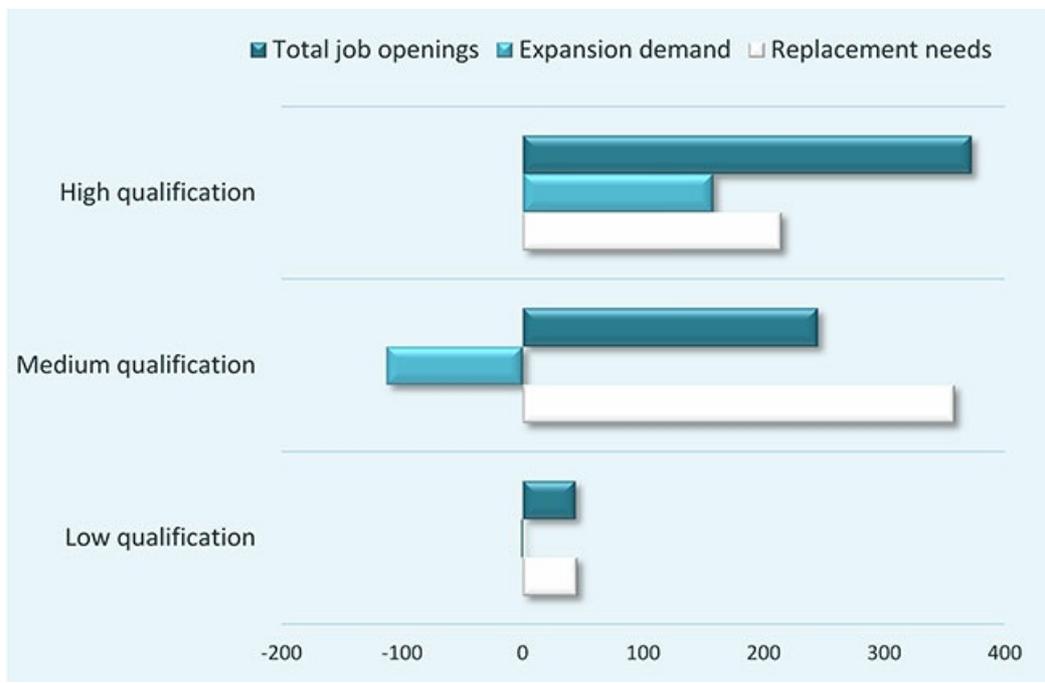
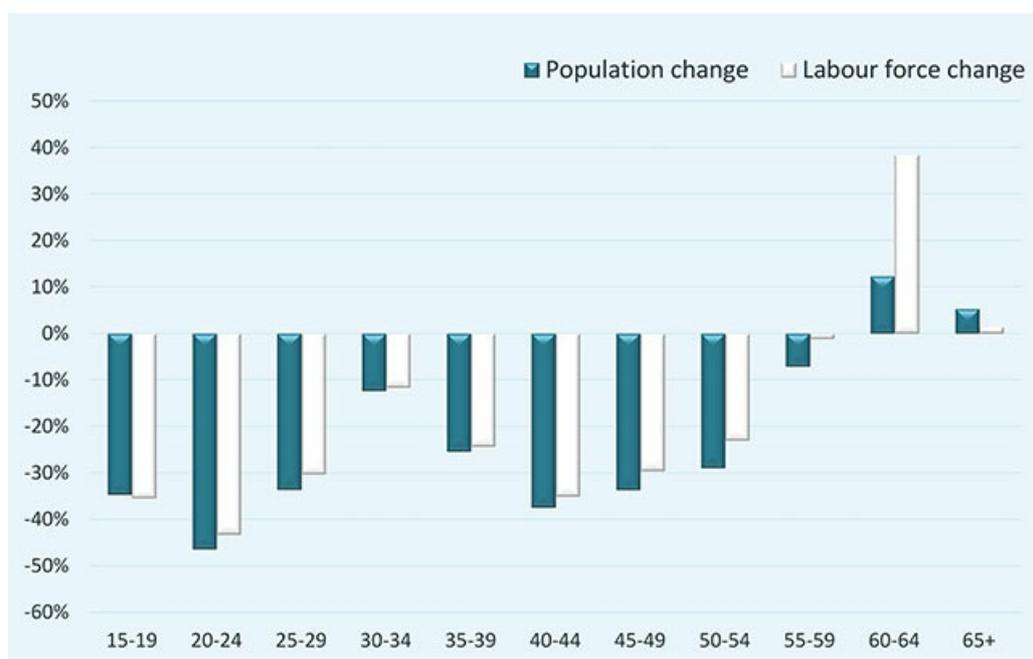Source: Cedefop skills forecasts (2015)

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 Lithuania reflects the current trends in fertility rates and net migration flows. Lithuania's working-age population is projected to fall by more than 19% between now and 2025. Labour market participation is forecast to fall from 58% in 2013 to 56% in 2025, but still remain above the EU forecast average of 55.5%.

Following the EU demographic trend, Lithuania's population is getting older (Figure 5). All age groups, except those aged over 60 are forecast to decline.

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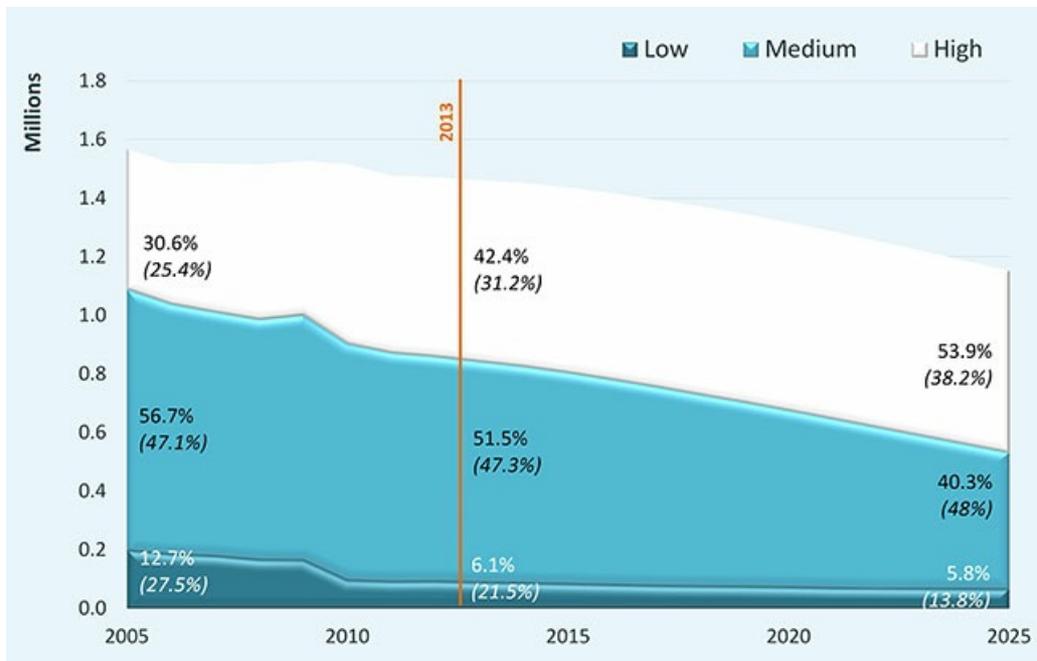

Source: Cedefop skills forecasts (2015)

Although older and smaller, Lithuania'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 Lithuania's labour force with high-level qualifications should rise to 53.9% compared to 42.4% in 2013 and 30.6% in 2005. People with medium-level qualifications in 2025 will account for 40.3% of the labour force compared to 51.5% in 2013. The share with low-level or no qualifications is forecast to fall from 6.1% to 5.8% in 2025.

According to Cedefop's forecasts, by 2020, in Lithuania around 68% of 30 to 34 year olds will have high level qualifications. This is significantly above the EU's educational attainment benchmark of 40% by 2020. On current trends around three quarters of 30 to 34 year olds in Lithuania will have high-level qualifications by 2025.

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

Source: Cedefop skills forecasts (2015)

In 2013, in Lithuania, 6.3% of young people left the education and training system with a low-level qualification, meeting the national target of reducing this to less than 9% 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, **Giedre Beleckiene, a freelance expert on the labour market trends and Zilvinas Martinaitis, Research manager at Visionary Analytics** *consider the forecasts' underlying assumptions and results plausible.*

They add that according to the pessimistic scenario of national projections (Population projections 2005-30, Vilnius 2004, Statistics Lithuania; http://osp.stat.gov.lt/services-portlet/pub-edition-file?id=5665*) Lithuania's population in 2030 will be 16% less than in 2005. The discrepancy is most likely due to different assumptions on fertility rates, life expectancy and emigration.*

There are also slight differences between the European Commission's macroeconomic forecast and the national forecast which foresees slightly lower GDP growth (2.5% in 2015 and 3.2% in 2016). The key difference is in the impact of the external challenges (such as Russian sanctions), which are difficult to predict and add uncertainty in the longer term forecasts.

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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