



Estonia: Forecast highlights up to 2025

Between now and 2025

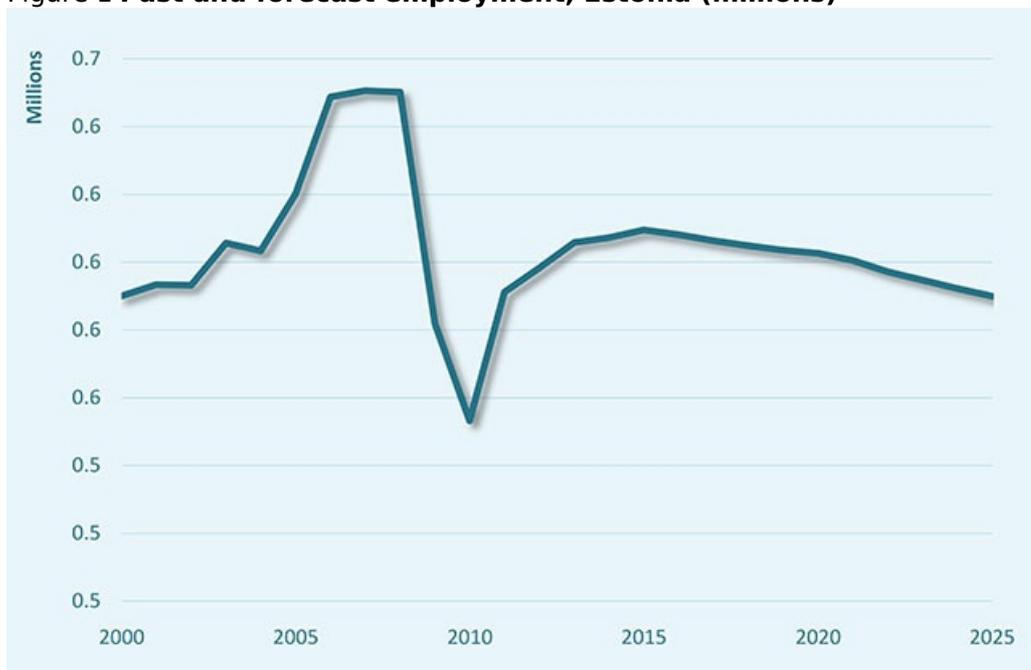
- Employment is forecast to rise but remain below its 2008 pre-crisis level.
- Most employment growth will be in business and other services.
- Most job opportunities, around 25%, will be for professionals.
- Around 47% of the labour force will have high-level qualifications compared to 40% in 2013.

Following the economic crisis in 2008, Estonia's GDP started to recover in 2010. In 2013, Estonia's unemployment rate was 8.6%, below the European Union (EU) average of 11%. The European Commission forecasts GDP growth for Estonia of 4.4% in 2015 and 5.6% in 2016.

Employment outlook

According to Cedefop's skills supply and demand forecasts ([see scenario assumptions](#)), strong economic growth is expected to have a limited effect on job growth in Estonia 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.

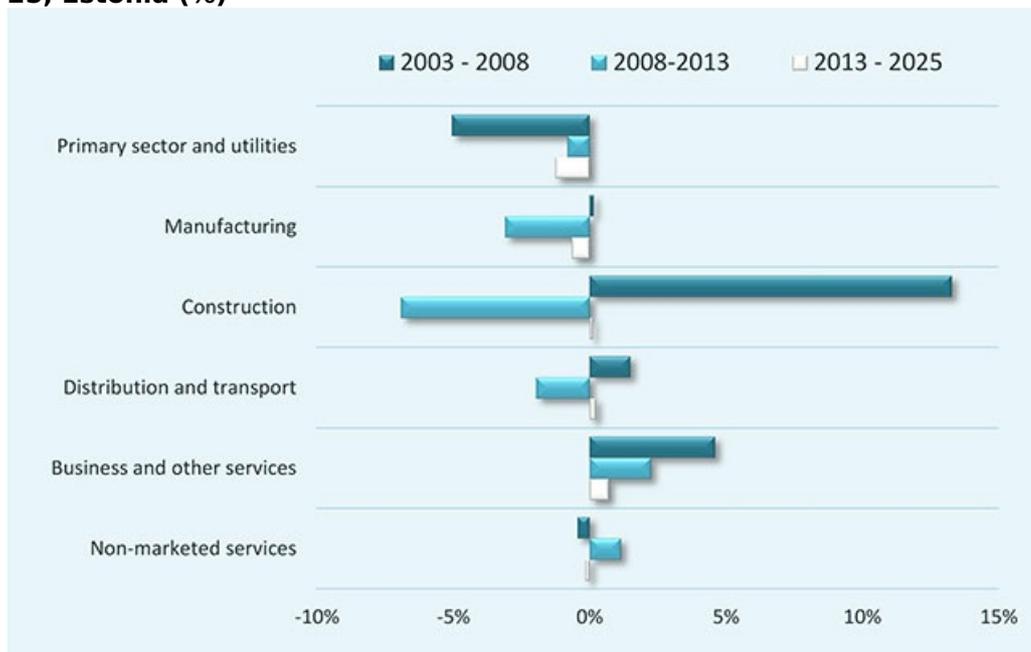
Figure 1 Past and forecast employment, Estonia (millions)



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 the primary sector, business and other services and non-marketed (mainly public sector) services increased over the same period. Future employment growth in Estonia up to 2025, although small, will be in business services, construction and distribution and transport. The employment share of the primary sector and manufacturing are forecast to fall slightly.

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



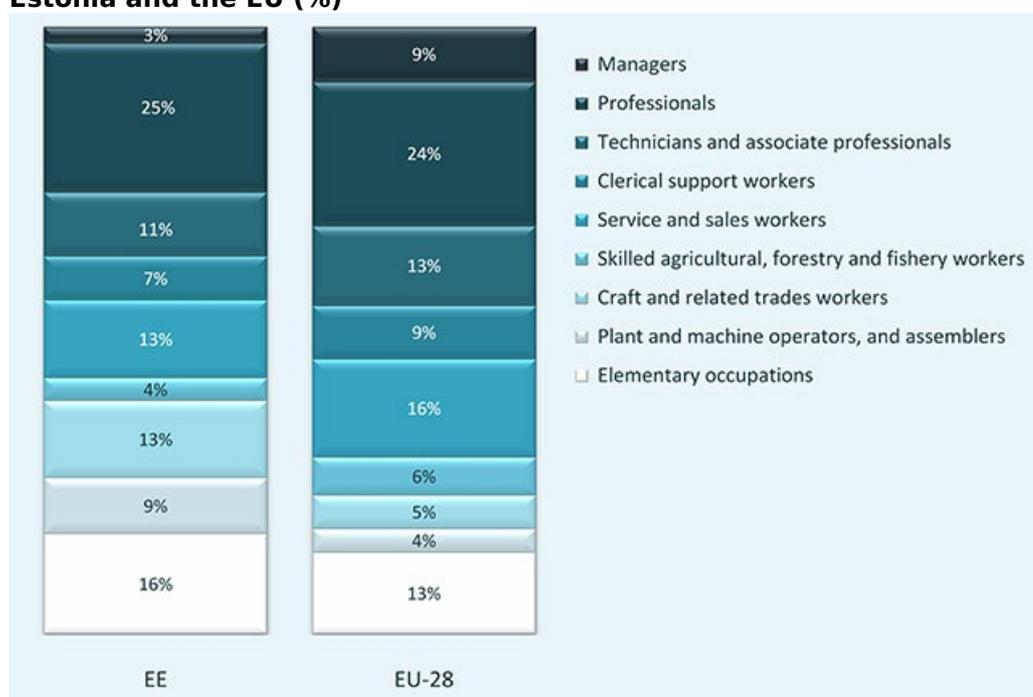
Source: Cedefop skills forecasts (2015)

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. Estonia’s contracting labour force means that between now and 2025, replacement demand will account for all job opportunities.

In Estonia, most job opportunities, around 25%, will be for professionals (high level occupations in science, engineering healthcare, business and teaching) (Figure 3). Job opportunities forecast for craft and related trades workers in Estonia, around 16%, is much higher than the EU average of 5%, while the share of job opportunities for technicians and associate professionals (occupations applying scientific or artistic concepts, operational methods and regulations in engineering, healthcare, business and the public sector), round 11%, is below the EU average of 13% for this occupational group.

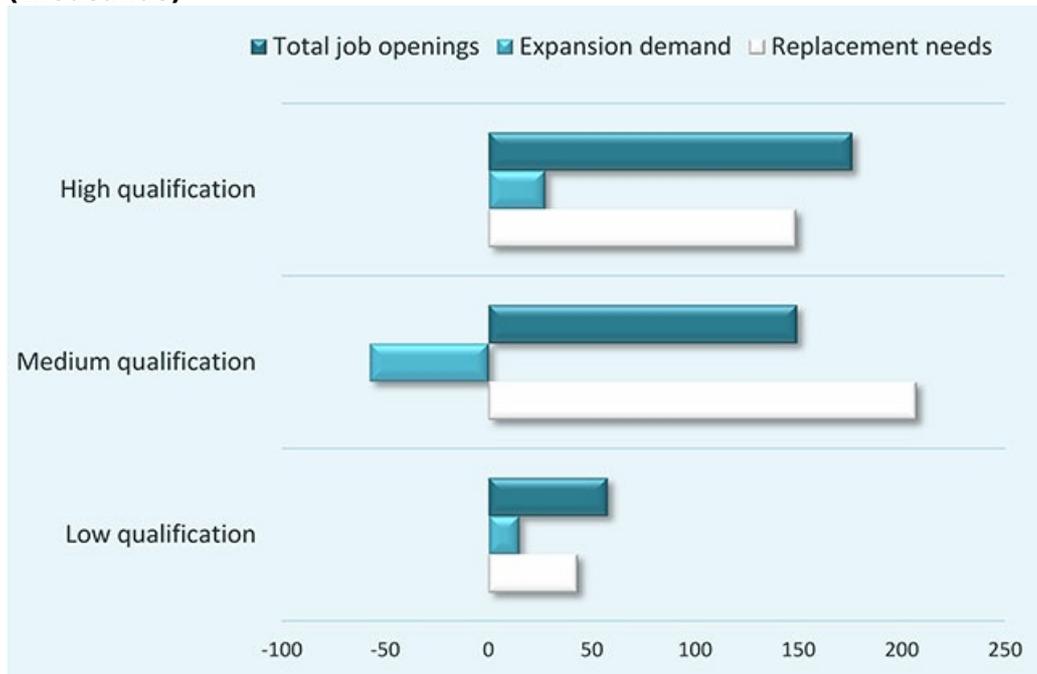
Figure 3 **Distribution of total job opportunities by occupation, 2013-25, Estonia and the EU (%)**



Source: Cedefop skills forecasts (2015)

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

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



Source: Cedefop skills forecasts (2015)

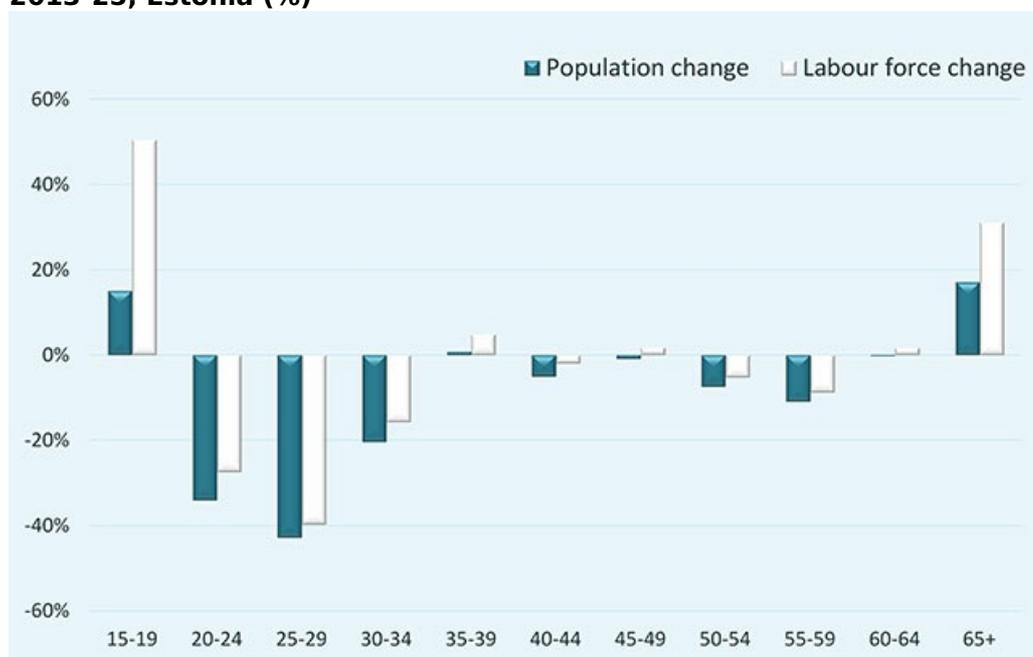
Labour force trends

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 Estonia reflects the current trends in fertility rates and net migration flows. Estonia’s working-age population is forecast to fall by about 5.5% between now and 2025. Labour market participation in Estonia is also projected to fall from 61% in 2013 to around 59% in 2025, still higher than the EU forecast average of 55.5%.

Following the EU demographic trend, Estonia’s population is getting older (Figure 5). Between now and 2025, although numbers of people aged 15 to 19 are expected to rise, a significant fall is forecast of those in the population and labour force aged between 20 and 59.

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

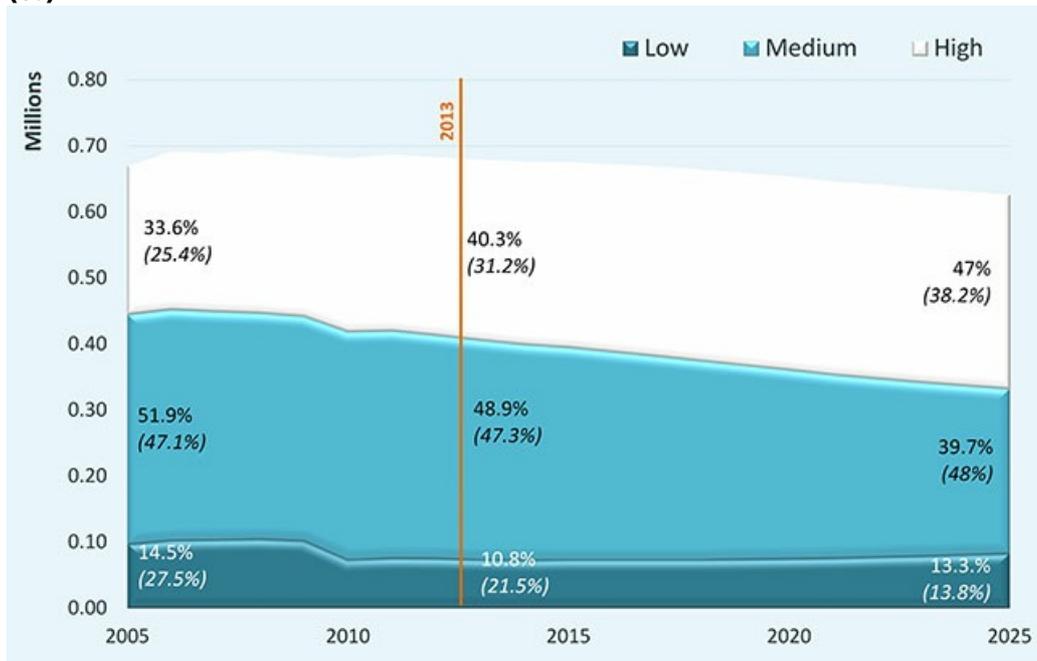


Source: Cedefop skills forecasts (2015)

Although older and smaller, Estonia’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 Estonia’s labour force with high-level qualifications is forecast to rise to 47% compared to 40% in 2013 and 34% in 2005. People with medium-level qualifications in 2025 will account for 39.7% of the labour force, compared to 48.9 % in 2013. The share of the labour force with low-level or no qualifications is forecast to be 13.3% in 2025, above the 10.9% in 2013.

According to Cedefop’s forecasts, by 2020, in Estonia, around 63% 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 around 73% of 30 to 34 year olds in Estonia will have high-level qualifications by 2025.

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



Source: Cedefop skills forecasts (2015)

In 2013, in Estonia, 9.7% of young people left the education and training system with low-level qualifications, close to the national target of reducing this to 9.5% 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. **Mario Lambing, expert on economic analysis at the Ministry of Economic Affairs and Communications** consider the forecasts' underlying assumptions and results plausible.*

However, he adds the underlying population projection (Europop 2013) for Estonia is too pessimistic. The national projection foresees lower net migration outflows of adult males.

The European Commission's forecast for economic growth is broadly in line with national forecasts. However, the national forecasts foresee more job opportunities for technicians and associate professionals and fewer in elementary occupations.

Mr Lambing also adds that rising demand for higher skills also requires people already in the labour force to improve their skills. This might increase the extent of skill mismatch on the labour market.

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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