



Luxembourg: Forecast highlights

Between now and 2025:

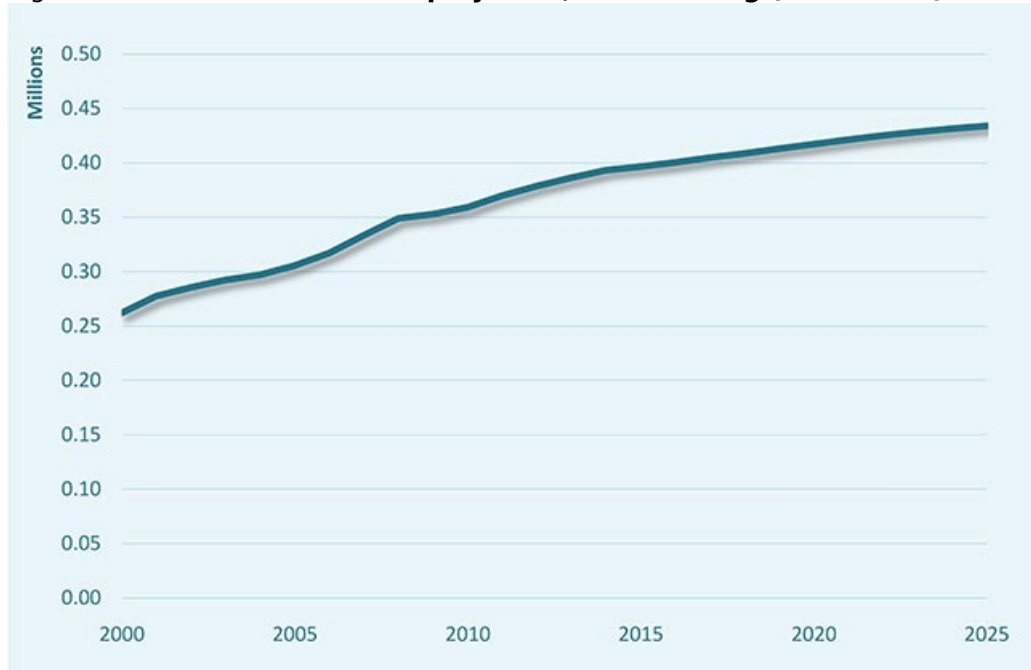
- Employment stalled following the 2008 economic crisis, but began to rise again in 2011 and is expected to continue to increase.
- Most employment growth will be in business and other services.
- Most job opportunities, around 44%, will be for professionals.
- Around 40% of the labour force will have high-level qualifications, compared to 38.8% in 2013.

Following the economic crisis in 2008, Luxembourg's GDP started to recover in 2012. In 2013, Luxembourg's unemployment rate was 5.9%, below the European Union (EU) average of around 11%. The European Commission forecasts GDP growth for Luxembourg of 2.4% in 2015 and 2.9% in 2016.

Employment outlook

According to Cedefop's skills supply and demand forecasts ([see scenario assumptions](#)) economic growth is expected to have positive effects on job growth in Luxembourg and employment, which stalled following the 2008 economic crisis but began to rise again in 2011 and is expected to continue to increase (Figure 1). In the EU as a whole the average employment fell in 2008 and is expected to reach its pre-crisis level only in 2020.

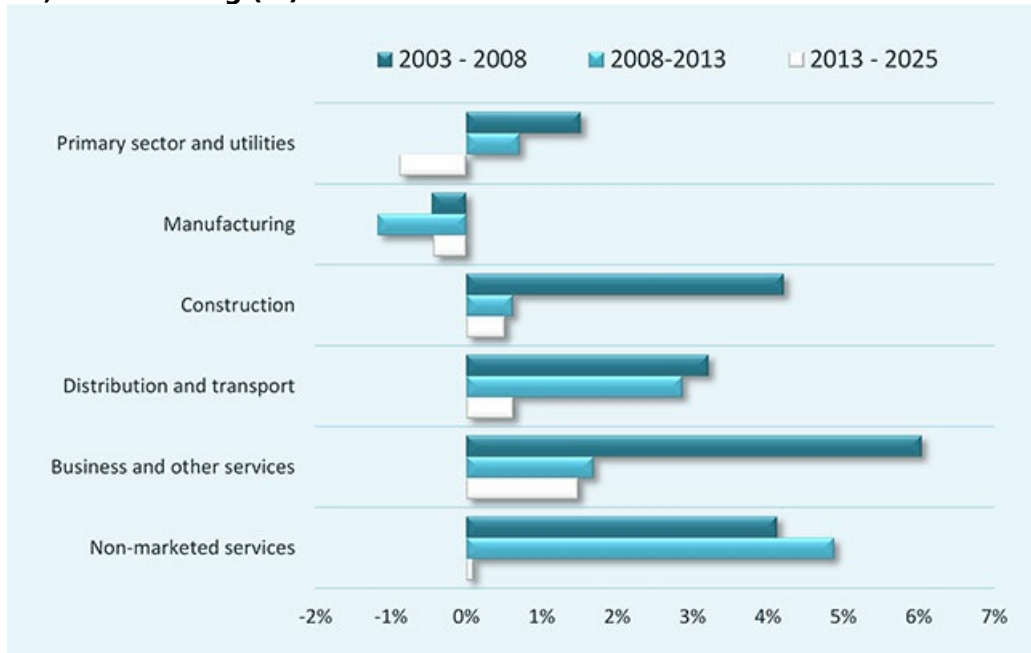
Figure 1 **Past and forecast employment, Luxembourg (thousands)**



Sector developments

Luxembourg withstood the economic crisis relatively well. Employment grew in all sectors except manufacturing between 2008 and 2013 (Figure 2). Most future job growth in Luxembourg up to 2025 will be in business and other services, with increases in construction and the distribution and transport sector. Jobs in non-marketed (mainly public sector) services should remain broadly stable, but employment in the primary and manufacturing sectors is forecast to fall.

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



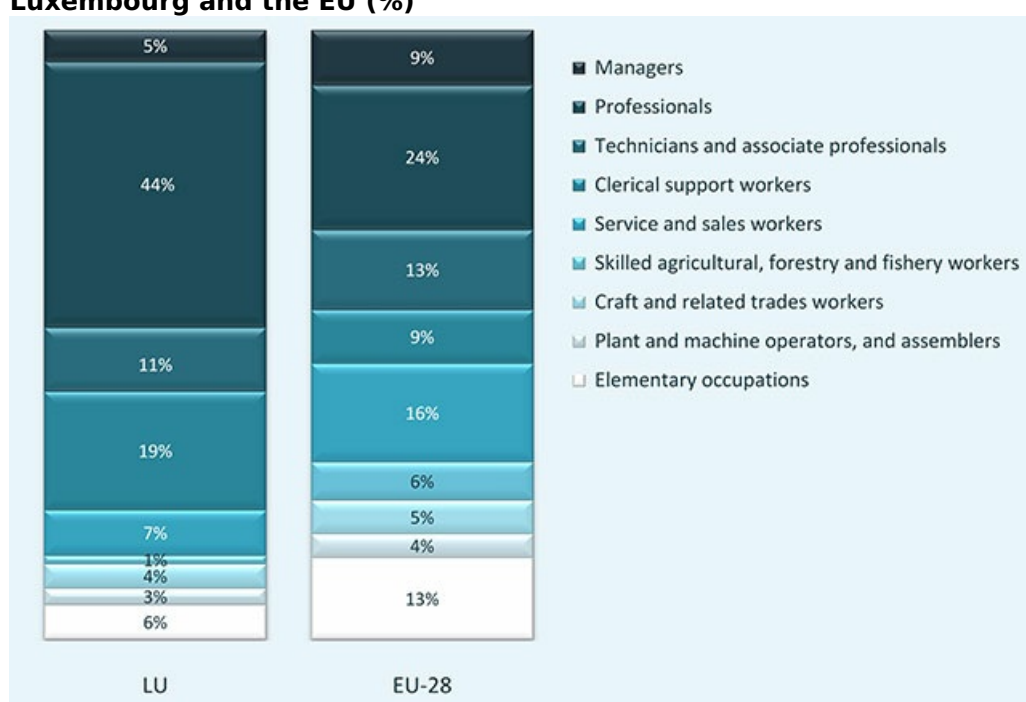
Source: Cedefop skills forecasts (2015)

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 its high rates of economic growth and relatively young labour force between now and 2025, replacement demand in Luxembourg is forecast to provide seven times more job opportunities than expansion demand.

In Luxembourg, most job opportunities, around 44%, will be for professionals (high level occupations in science, engineering healthcare, business and teaching), followed by around 19% for clerical support workers well above the EU averages of 24% and 9% respectively for these occupational groups (Figure 3).

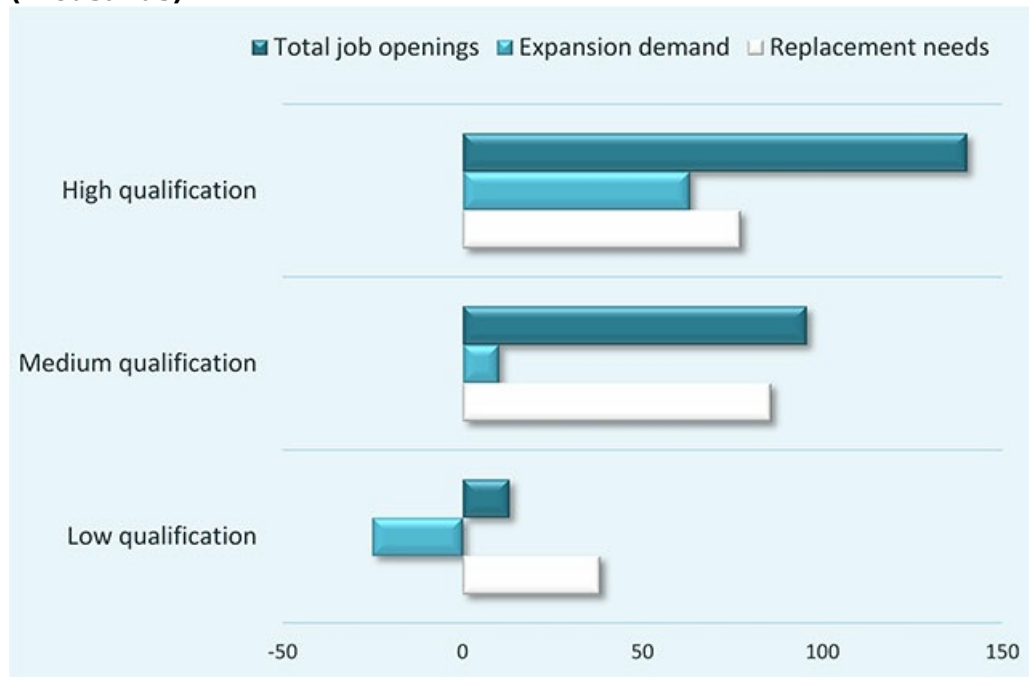
Figure 3 **Distribution of total job opportunities by occupation, 2013-2025, Luxembourg and the EU (%)**



Source: Cedefop skills forecasts (2015)

Most job opportunities in Luxembourg will require high-level qualifications (ISCED 97 levels 5 and 6) (Figure 4). However, due to 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, Luxembourg (thousands)**



Source: Cedefop skills forecasts (2015)

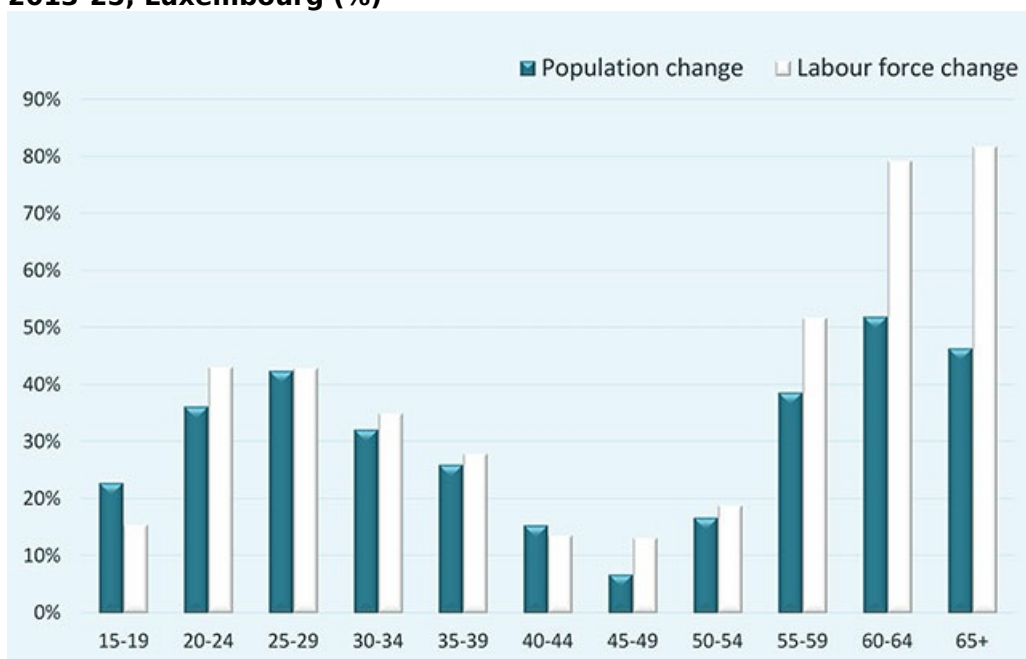
Labour force trends

Future labour supply trends depend mainly on demographics and the size of the working-age population (defined in the forecasts as people 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 Luxembourg reflects the current trends in fertility rates and net migration flows. Luxembourg's working-age population is forecast to grow by about 30% between now and 2025. Labour market participation in Luxembourg is forecast to remain at around 56% between now and 2025, close to the EU forecast average of 55.5%.

Unlike the EU demographic trend, Luxembourg's population is not ageing overall (Figure 5). Although between now and 2025, there will be significant increases in numbers of people in the labour force over 55 years old, this is balanced by an increase of people in all the younger age groups.

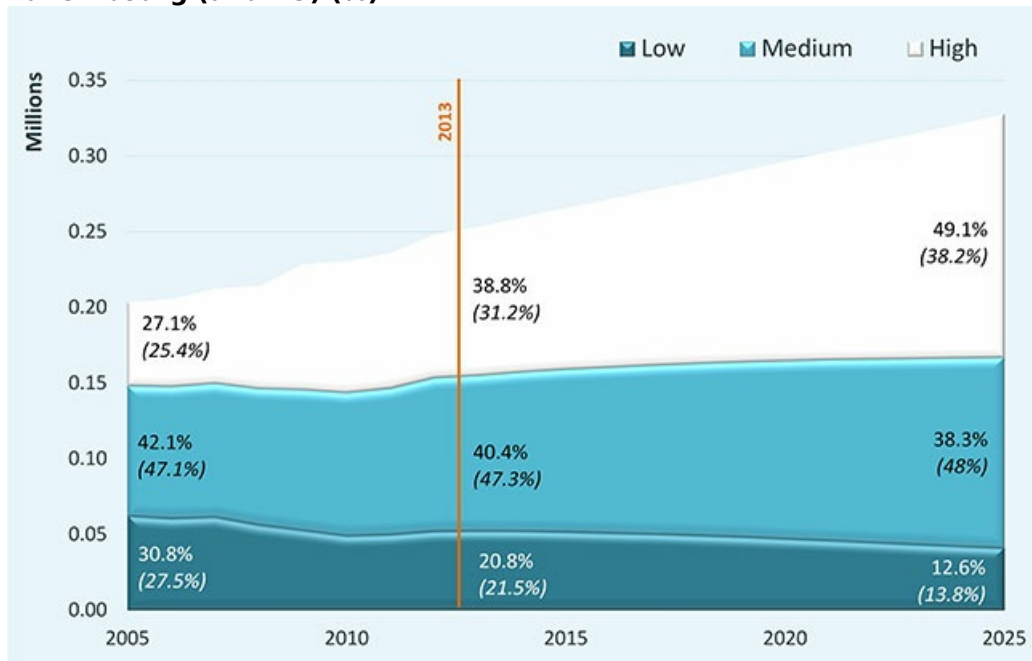
Figure 5 **Changes in working-age population and labour force by age, 2013-25, Luxembourg (%)**



Source: Cedefop skills forecasts (2015)

Luxembourg's labour force is becoming more highly qualified (Figure 6). This can be explained by older less qualified people leaving the labour market and young people staying on longer in education and training to improve their job prospects. By 2025, the share of Luxembourg's labour force with high-level qualifications will rise from about 39 % in 2013 to around 49 %. People with medium-level qualifications will account for around 38% of the work-force in 2025, compared to 40 % in 2013. The share with low-level or no qualifications is forecast to fall from 20% in 2013 to around 13% in 2025.

Figure 6 **Labour supply trends by qualifications, labour force age 15+, Luxembourg (and EU) (%)**



Source: Cedefop skills forecasts (2015)

According to Cedefop's forecasts, by 2020, in Luxembourg, around 64% of 30 to 34 year olds will have high level qualifications, significantly above the EU's educational attainment benchmark of 40% by 2020, but below the national target of 66 %. On current trends around 69% of 30 to 34 year olds in Luxembourg will have high-level qualifications by 2025.

In Luxembourg, in 2013 around 6% of young people left the education and training system with low-level qualifications meeting the EU target of reducing this to less than 10% by 2020. In the EU, the average in 2013 was 11.9%.

Experts' view

Cedefop's forecasts and their assumptions are regularly discussed with national experts. Unfortunately the feedback from experts for Luxembourg was not received.

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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