



CEDEFOP

European Centre for the Development
of Vocational Training

EN



2018 skills forecast

Cyprus



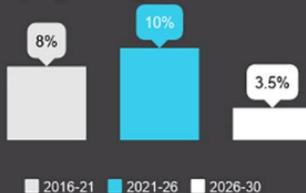
Key facts: Cyprus

462 231

Employment in 2030

21.3%
Increase from
2016 to 2030

% Employment growth 2016-2030



FASTEST GROWING SECTORS

Growth per year 2016-30

Manufacturing

1.9%



Non-marketed services

1.8%



HIGHEST DEMAND OCCUPATIONS

Total job openings 2016-30

38 000

Cleaners and helpers

29 000

Sales workers

26 000

Personal service workers

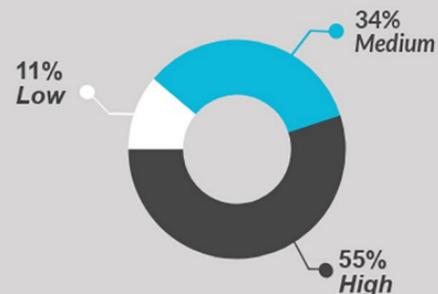
329 000

Total job openings, 2016-30



■ Replacement needs (70%) ■ New job openings (30%)

Total job openings by qualification level:



About **1 in 2** new job openings
will relate to high-skilled occupations

EU

Overview



Top growing sector
Business & other services



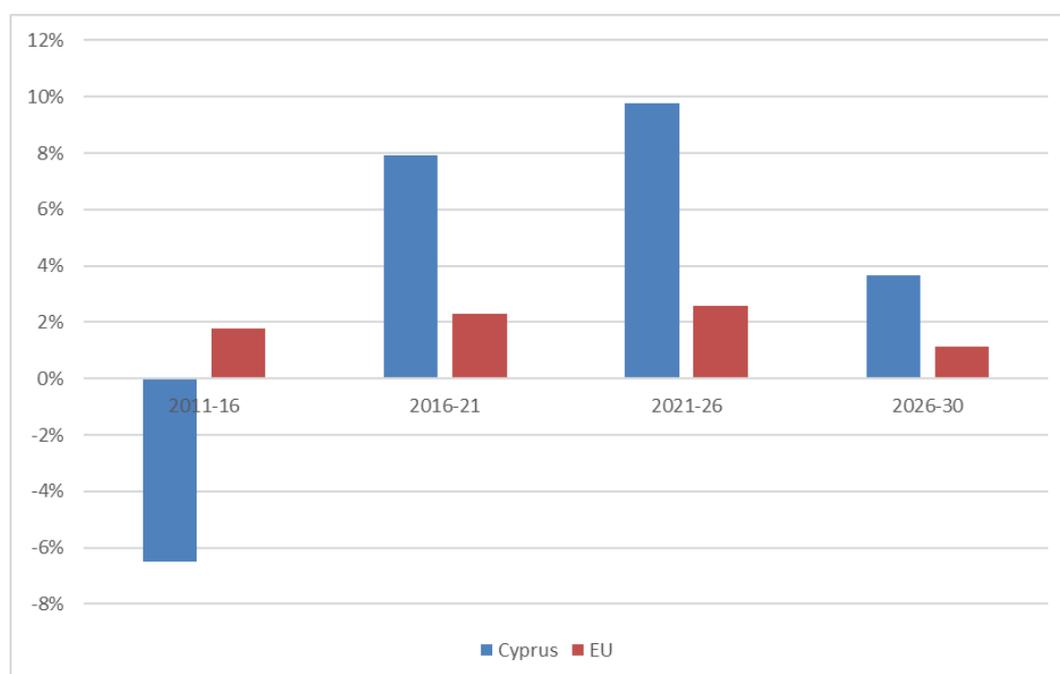
Top demand occupation
Business & administration associate
professionals

6%
Increase in
employment since
2016

1. Employment outlook

Following the employment decline of the years 2011-16, employment growth is expected for the subsequent periods, as shown in Figure 1. Overall, employment in Cyprus is expected to grow by about 9.8% in the period 2021-26, about three times the average of EU-28 growth rate (2.6%) in the same period. The total employment change for 2016-30, considering the changes in its period of the forecast, will be 21.3%, reaching similar levels of employment with Luxembourg in 2030.

Figure 1 Percentage employment growth in Cyprus and the EU-28, 2011-30



Source: Cedefop (2018 Skills Forecast)

2. Labour force overview

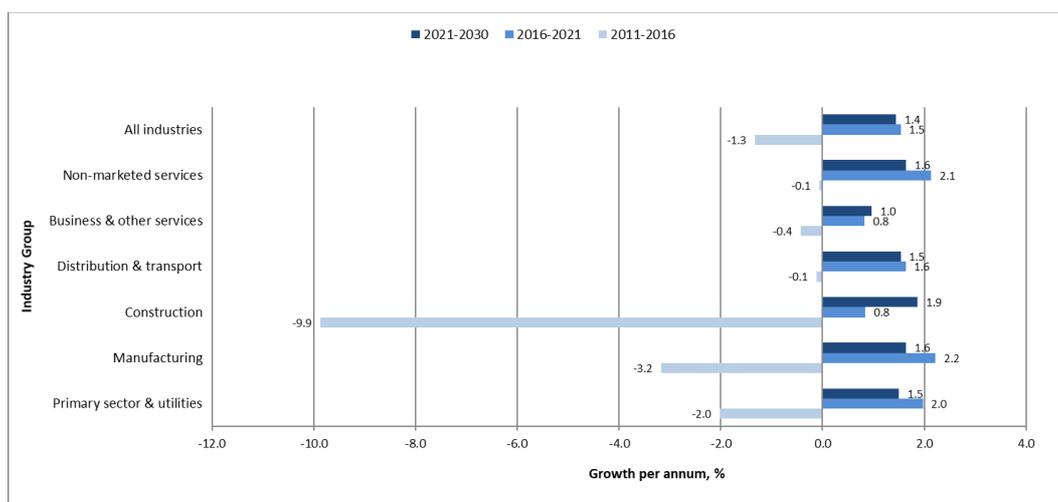
Cyprus's labour force is expected to experience a substantial increase by 11.5%, a growth that is similar to that expected for Denmark and Sweden over the period up to 2030. This comes along with a similar expansion of the working age population (11.4% over the same period), while the participation rate is expected to remain stable during the forecast period (holding close to 60% on average). This is the result of younger cohorts with high participation rates (aged 35-49),

that will have similar annual growth rates than those age groups with traditionally low participation rates (e.g. 60+). Hence, the average participation rate of Cyprus's labour force will show no change over 2016-30 period.

3. Sectoral employment trends

The decline in employment of the past period (2011-16) is changing towards growth in all broad sectors of economic activity, as shown in Figure 2. Sectors with the highest annual increases in employment are *manufacturing*, *non-marketed services* and *primary sector and utilities* (over the period 2016-21). After the strong employment downturn in 2011-16, *construction* is expected rebound with relatively speaking, the highest annual increase during 2021-30. Looking thoroughly the sub-sectors, a significant increase is expected in *engineering* (from 0% in 2011-16 to 7.9% in 2016-21 and 7.1% in 2021-30), in *education* as well as in *hotel and catering* (in 2016-30).

Figure 2 Employment growth by broad sector of economic activity, 2016-30



Source: Cedefop (2018 Skills Forecast)

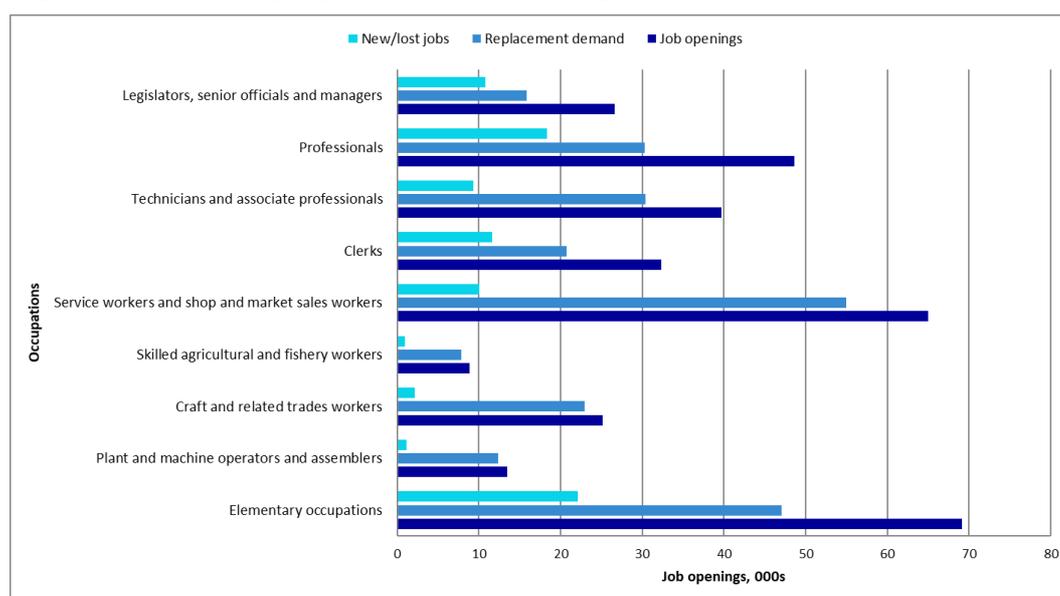
4. Job openings by occupational group

Cedefop skills forecasts estimate the total job openings by occupational group as the sum of net employment change and replacement needs. Net employment change refers to new jobs created due to the expansion of the employment in that sector or occupation. Replacement needs arise as the workforce leaves the occupation due to retirement or career changes. Replacement needs, generally, provide more job

opportunities than new jobs, meaning that significant job opportunities arise even in occupations declining in size (i.e. agricultural workers are a typical example, as ageing workers employed in the sector will need to be replaced).

Figure 3 shows the **total job openings** by broad occupational group over the period 2016-30. The number of job openings is determined by the amount of jobs lost/newly created and by the amount of jobs that in need of replacement workers following e.g. the retirement of older workers. Figure 3 demonstrates that most jobs will be created in Cyprus due to the need to replace workers leaving particular occupations. On top of this, all broad occupational groups are expected to grow in employment. Overall, most of the job opportunities will arise for *elementary occupations and service workers and market sales workers*, with around 69 and 65 thousand job openings respectively, creating almost 40% of the total job openings in Cyprus’s economy (compared to 27% for EU-28).

Figure 3 Job openings by broad occupational group, 2016-30



Source: Cedefop (2018 Skills Forecast)

At a more detailed occupational level while many **new jobs** will be created among *business and administration professionals*, the majority of **total job openings** will be created in occupations that are traditionally considered as low- or medium-skilled. These occupations are *cleaners and helpers, customer services clerks and general and keyboard clerks*. Within job openings (openings due to both jobs lost/created and replacement needs), the occupations that will contribute most in absolute terms to the Cypriot economy, are *cleaners and*

helpers, sales workers and personal service workers, again coming from the medium and low skilled spectrum.

5. Drivers of occupational change

Within the Cedefop skills forecasts, future employment growth (or decline) of occupations is further broken down by separating national economic components from regional industrial and economic effects, helping to interpret what is driving the change. From this perspective employment growth can be explained by three possible drivers: (a) overall trends of the economy (i.e. growth or decline), (b) shifts of employment between sectors and (c) changes in the occupational structure within sectors (i.e. factors making some occupations more important/ others).

The sectoral changes of the Cyprus economy and the shift towards *manufacturing, non-marketed services and hotel and catering* will benefit, and create new demand for, a number of typically low- and medium-skilled occupations such as *food preparation assistants* and *personal care workers*. Some high-skilled occupations, such as *teaching* and *health professionals*, will also benefit from these sectoral shifts.

On the other hand, the advances of technology and especially of ICT will have a negative impact on a number of occupational groups, including *numerical and material recording clerks* and *teaching professionals* (due to the expand of digital learning).

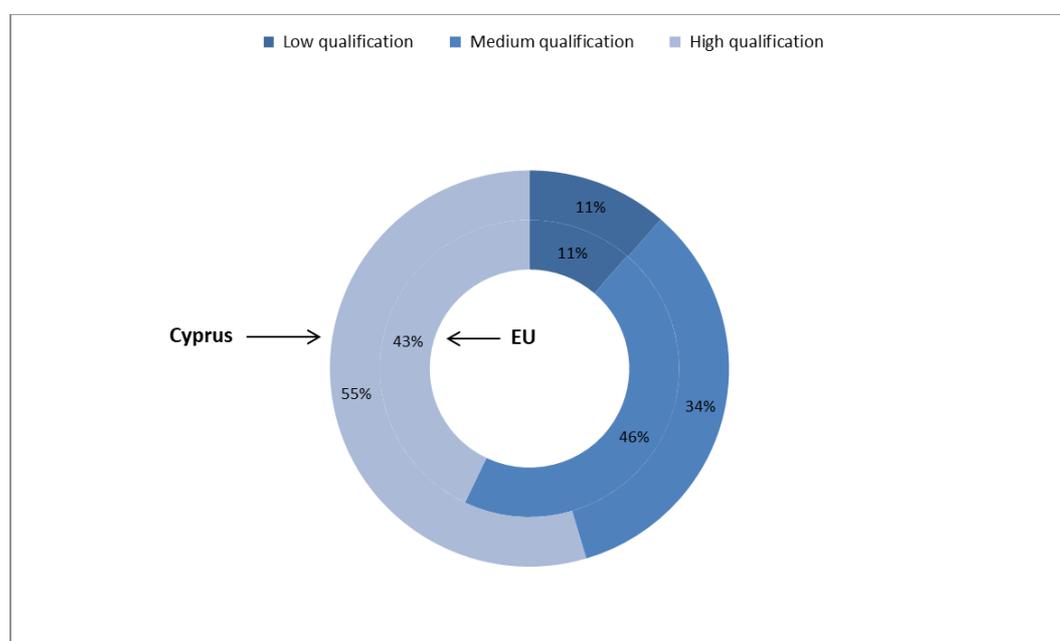
The final effect on occupational change will need to be considered together. For instance, as described above, among *teaching professionals* there will be both positive (sectoral change) and negative effects (within sector shifts); however in the case of this occupation, the positive are expected to outweigh negative results over the period up to 2030.

6. Demand for and supply of skills

Within the Cedefop skills forecasts, skills are proxied by the highest level of qualification held by individuals in the labour force and employment. Three levels are distinguished, high, medium, and low, which correspond to the official ISCED classification. The occupational group also offers an indication of the skill level required, as some occupations (e.g. professionals) typically require high-level skills, while some others (e.g. elementary) typically require only basic ones. Therefore, occupational groups are also linked to a skill level.

Figure 4 shows the shares of total job openings by qualifications needs. More than half of jobs, to be created over the period up to 2030, will require a high level of qualification and 34% of jobs will require a medium level of qualification. These shares differ from the EU-28 average, where the biggest demand is for jobs of a medium level of qualification. Job openings for low qualified are at 11% of the total job openings, a percentage equal to that of the EU-28 average.

Figure 4 Share of total job opening by level of qualification, 2016-30



Source: Cedefop (2018 Skills Forecast)

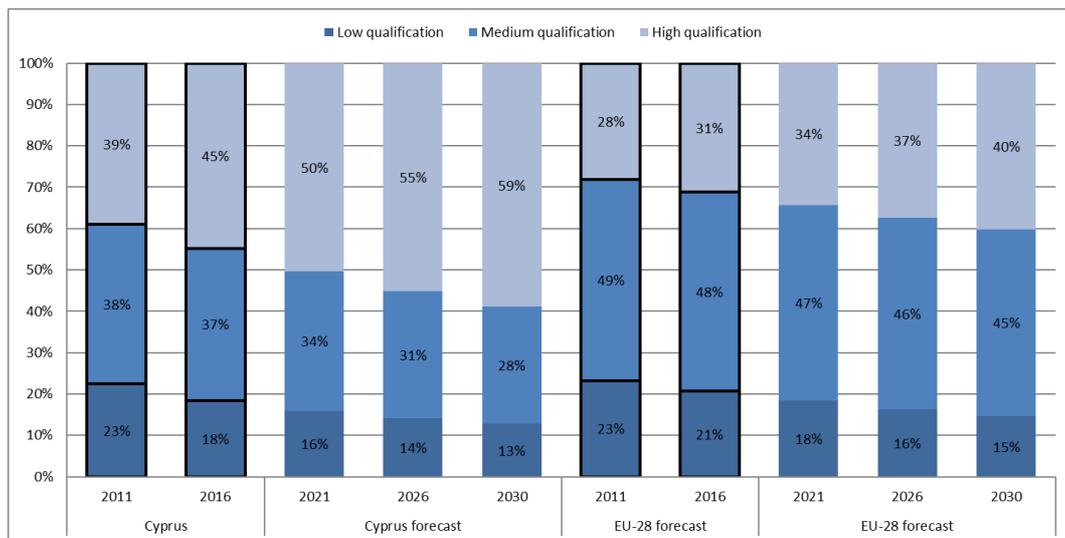
The future employment opportunities (total job openings) of high qualifications, are pushed also by an increasing demand for *business and administration associate professionals*. The largest numbers of job openings are

expected to occur for high qualified within the rather lower level jobs of *cleaners and helpers* and *personal service workers*. This would indicate a tendency towards underutilization of the qualifications.

Future labour supply trends depend on the size of the working age population (defined as aged 15 or older), the labour market participation rates, and the extent to which people acquire formal qualifications.

The percentages of people with high level qualifications are expected rise over the period up to 2030, while those for medium and low levels are expected to fall by 10 percentage points for each level. The share of low qualified in the labour force in 2030 will be reach the average EU-28 level (15%), while the share of medium qualified is expected to be lower than the EU-28 average (28% share in Cyprus versus the 45% of EU-28).

Figure 5 Labour force share by level of qualification, 2011-30



Source: Cedefop (2018 Skills Forecast)

The supply of high-qualified workers is expected to exceed the demand, while medium-qualified workers are expected to be in a shortage, a situation which could give rise to skills mismatch. The demand for low qualified workers is expected to broadly match the supply.

Cedefop methodology and scenarios

Cedefop skills forecasts offer quantitative projections of future trends in employment by sector of economic activity and occupational group. Future trends on the level of education of the population and the labour force are also estimated. Cedefop's forecasts use harmonised international data and a common methodological approach allowing cross-country comparisons about employment trends in sectors, occupations and qualifications. The forecasts and methodologies applied are validated by a group of national experts. These forecasts do not substitute national forecasts, which often use more detailed methodologies and data, while they also incorporate in-depth knowledge of a country's labour market.

The latest round of forecasts covers the period up to 2030. The forecasts take account of global economic developments up to May 2017. Despite cross-country differences, the EU economy as a whole is expected to show modest growth, after a better-than-expected performance in 2017. Over 2018 and 2019, the EU economy as a whole is expected to grow, albeit at a slower pace compared to 2017, supported by increased household expenditure and falling unemployment, although wage growth remains muted. Investment is also expected to pick up given favourable financing conditions and an improved economic outlook. The key assumptions of the baseline scenario incorporate the Eurostat population forecast available in 2017 (Europop 2015) ⁽¹⁾ and the short-term macroeconomic forecast produced by DG ECFIN in May 2017 ⁽²⁾.

For the latest update and access to more detailed Cedefop skills forecast data please visit:

<http://www.cedefop.europa.eu/el/events-and-projects/projects/forecasting-skill-demand-and-supply>



⁽¹⁾ <https://ec.europa.eu/eurostat/web/population-demography-migration-projections/population-projections-data>

⁽²⁾ https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2017-economic-forecast_it

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