



CEDEFOP

European Centre for the Development
of Vocational Training

Production of the new 2023 Skills Forecast

Session 1: Presentation of forecast assumptions



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Date: 18 October 2022

Agenda

18 October 2022

10:00-10:10	Welcome and introduction
10:10-10:30	Presentation of the assumptions
10:30-11:00	Plenary or Group discussions on the assumptions
11:00-11:15	Short presentation of the main results
11:15-11:25	Short break
11:25-12:00	Discussion within groups on the sectoral results
12:00-12:50	Discussion within groups on the occupation and replacement demand
12:50-13:00	Break/ Return to plenary session
13:00-13:25	Country groups reporting on group discussions
13:25-13.30	Concluding remarks and closing (Cedefop and CE)

Overview

- Introduction
- Population projections
- GDP growth
 - And what they include implicitly
- Policies
 - What we added from the European Green Deal

Overview of assumptions

Time horizon	Source of assumptions	What is in it
Short term	AMECO May 2022	Covid recovery
		Energy prices
		War in Ukraine
Long term	Ageing report	Declining population
	European Green Deal	Higher renewables
		More efficiency
		Environmental policies

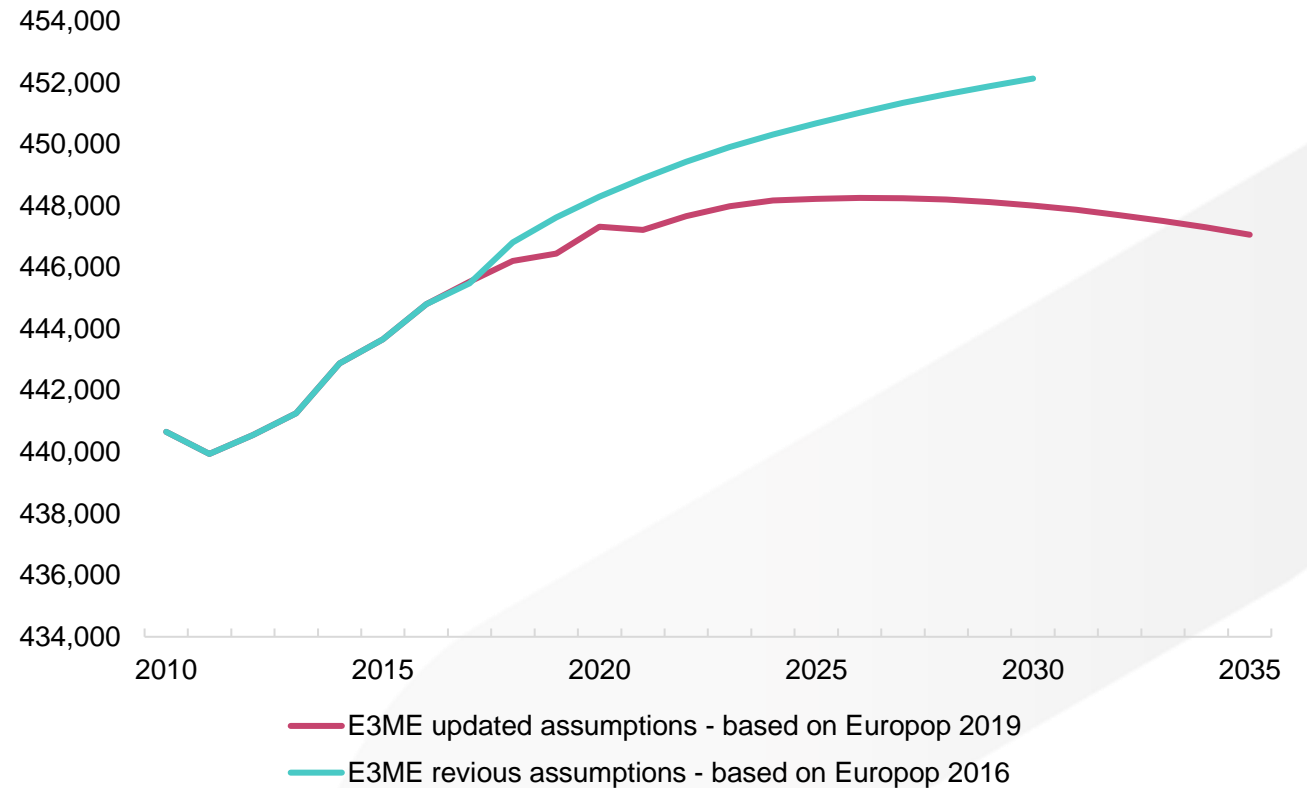
What are the assumptions for?

- Consistent view of the future European economy
- Explicitly or implicitly captures trends and policy developments
 - Implicit digitalisation, automation trends
 - Energy price assumptions
 - European Green Deal
- Used to inform labour market trends

Population projections

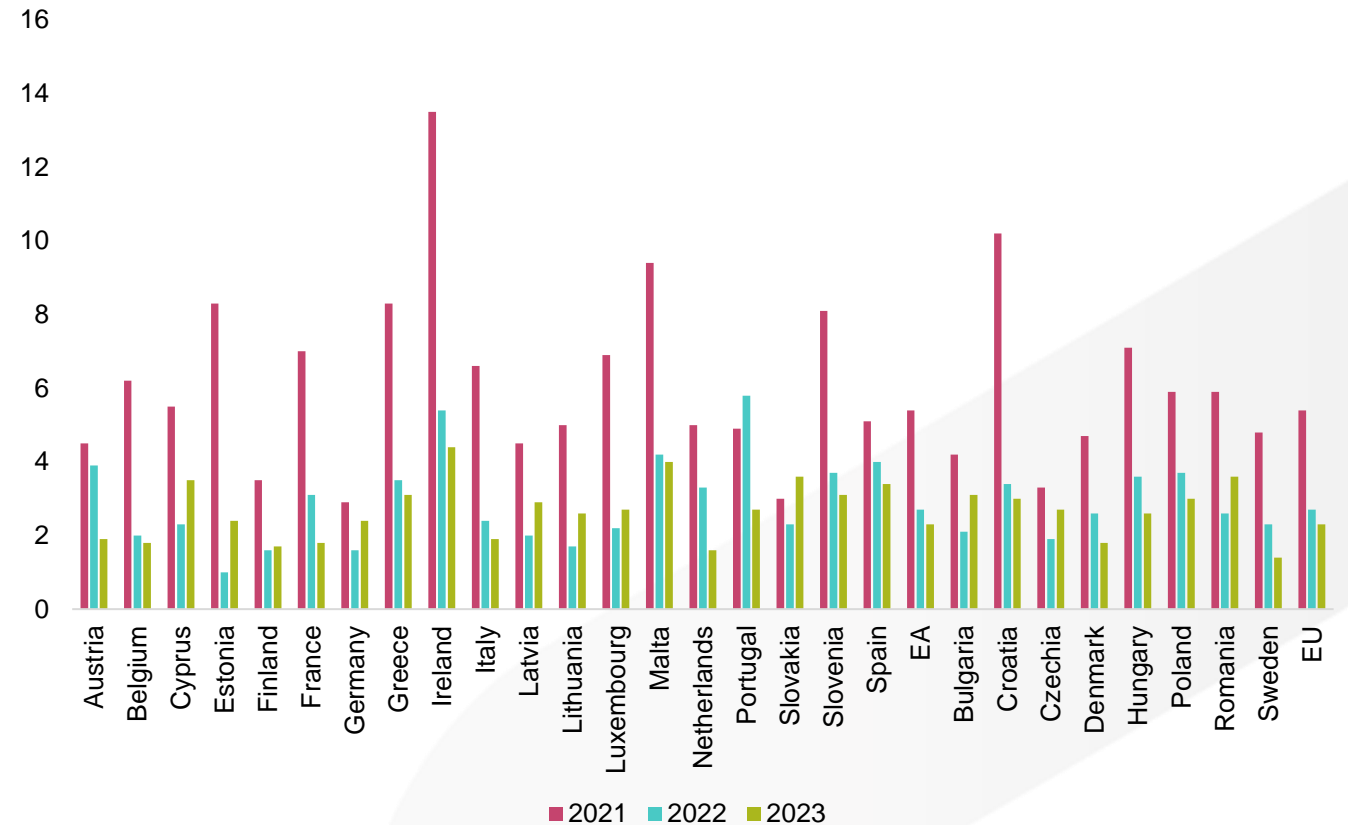
- Europop 2019
 - More pessimistic than previous projections
- Does not reflect current short-term migration trends resulting from the war in Ukraine
 - Are these going to be short-term?

■ EU27, population projections, '000



GDP – short term projections

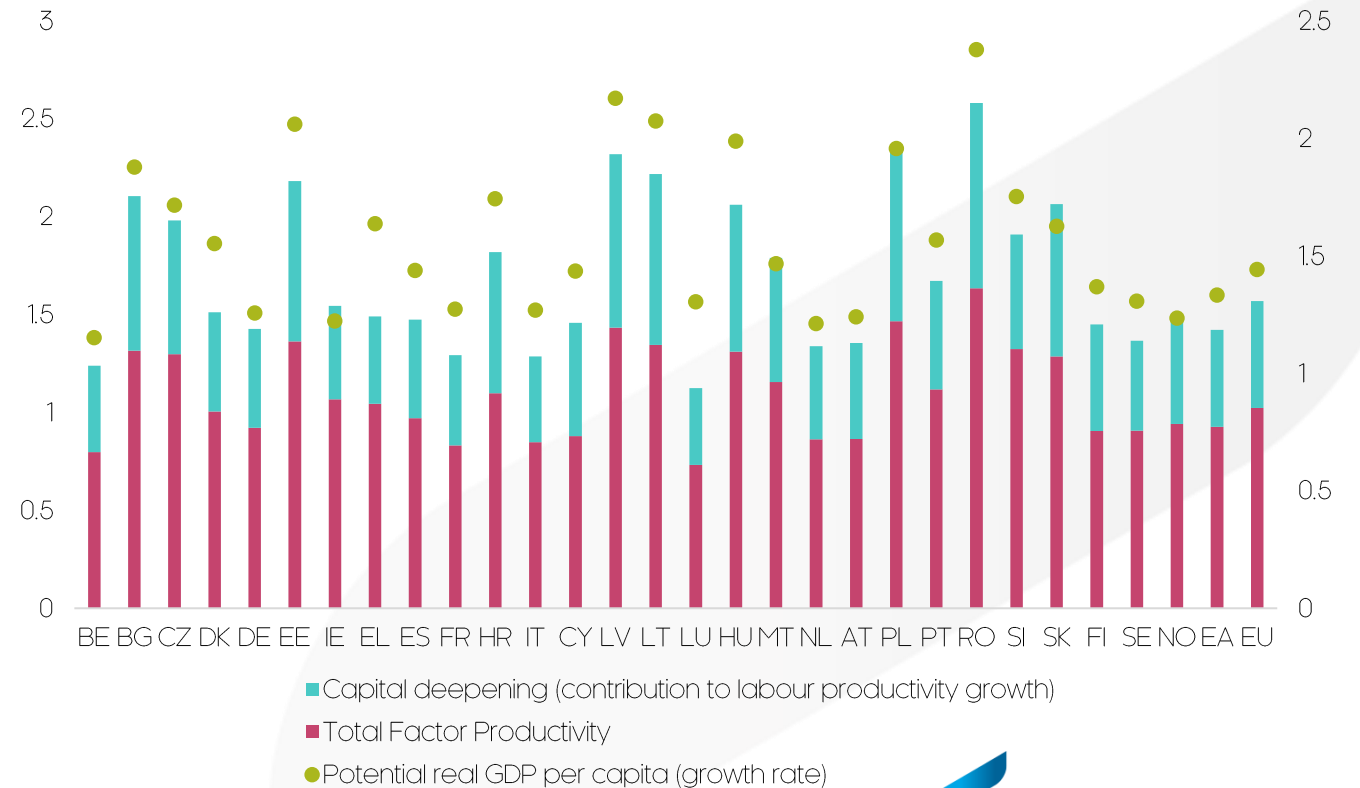
- AMECO 2022 Spring Forecast
- Trends for 2021-23
- Includes impact of higher energy prices and other inputs (e.g. agricultural commodities)



GDP growth – long term

2021 Aging report growth assumptions,
2019-70

- 2021 Aging Report
 - Consistent with long-term population projections
- Long term trends adjusted to reflect some EGD assumptions
 - This is discussed in the next slides



Additional assumptions

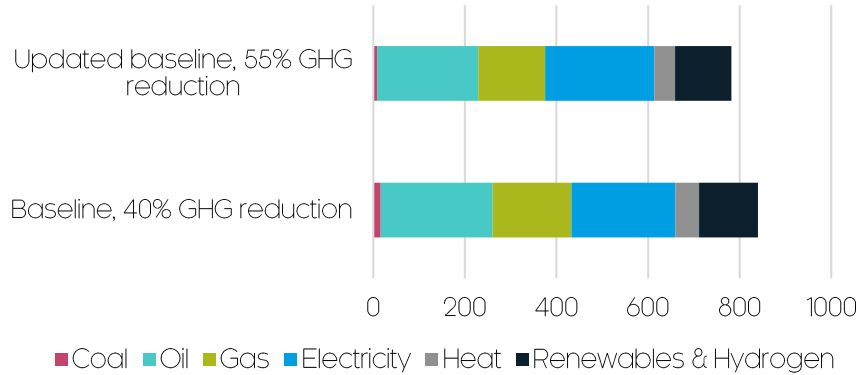
- Include part of the EGD
 - Policies and assumptions not reflected in GDP growth presented above
- Mainly focused on energy transition
 - Energy and environmental changes
 - Information already available from Impact Assessments
 - Does not include the changes to CAP and Horizon Europe, for example, as limited quantitative information available on their implementation
 - Outside model scope
- No changes to digitalisation and automation trends

What we have included from the EGD?

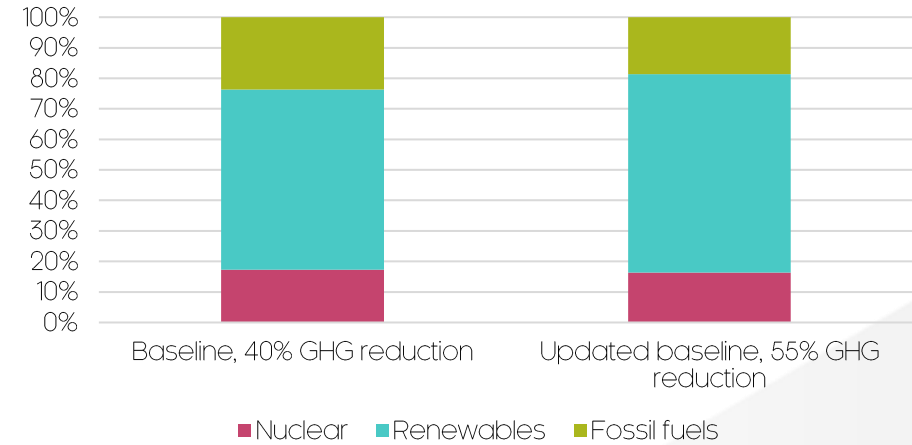
- Energy transition
 - Higher renewables
 - More energy efficiency
 - Investment expenditure required by the transition
- Some environmental policies
 - improved recycling rates
- Have not made any assumptions about financing of investment

The energy transition

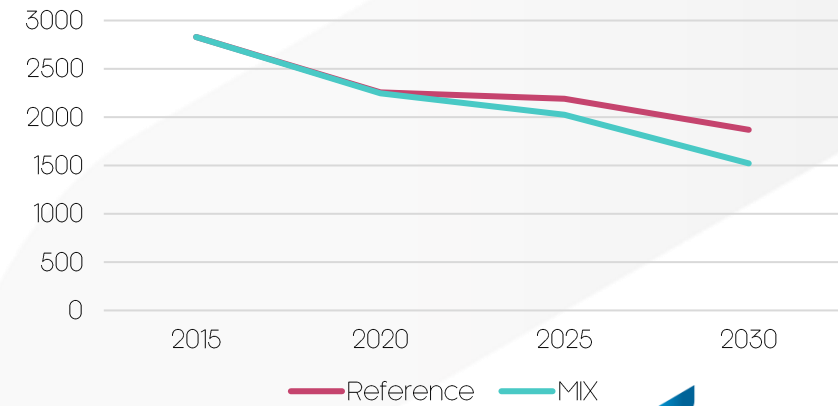
EU27, final energy demand 2030, mtoe



EU27 power generation allocation, 2030



EU27 domestic energy-related CO2 Emissions (MtCO2)

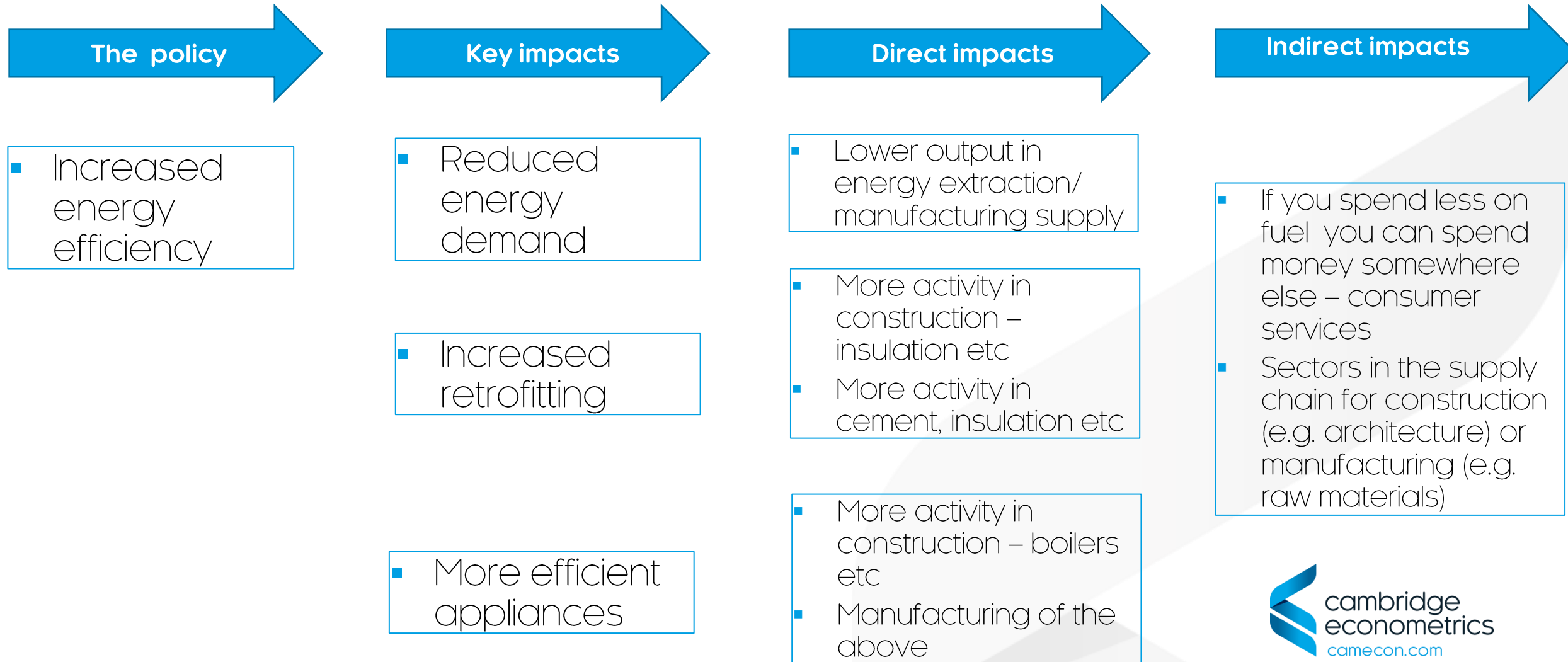


EU27	MIX-50		REG		MIX	
	Average 2021-2030	Average 2031-2050	Average 2021-2030	Average 2031-2050	Average 2021-2030	Average 2031-2050
Investments in power grid	2.2	33.3	6.9	32.2	7.7	30.2
Investments in power plants	6.0	68.0	13.6	59.0	14.4	62.1
Investments in boilers	1.4	-0.4	1.9	-0.8	1.8	-0.7
Investments in new fuels production and distribution	0.9	27.1	1.6	24.1	1.3	26.1
Total supply side investments	10.5	128.0	24.0	114.6	25.2	117.6
Industrial sector investments	2.5	4.7	2.5	6.0	3.4	4.4
Residential sector investments	15.4	19.6	61.4	55.2	38.8	37.2
Tertiary sector investments	10.2	24.5	14.1	20.5	14.5	23.8
Transport sector investments	10.2	29.4	12.3	38.8	11.3	31.2
Total demand side investments	38.3	78.2	90.2	120.5	68.0	96.6
Total demand side investments excl. transport	28.0	48.8	78.0	81.7	56.7	65.4
Total energy system investments	48.8	206.2	114.2	235.0	93.2	214.2
Total energy system investments excl. transport	38.5	176.8	102.0	196.3	81.8	183.0

What do these assumptions mean ?

- Increased investment expenditure to reflect transition
 - Manufacturing of RES technologies, construction, sectors in their supply chain
- Higher activity in electricity supply, lower in gas supply
- Lower activity in energy mining and fuel processing
 - Lower imports of fossil fuels
- Changes to household expenditure patterns
 - Less expenditure on energy, potential to spend more on other goods and services

An example of the policy impacts flow



General assumptions and questions for discussion

- Please discuss the adequacy of the AMECO (short-term) forecast for your country!
- How far are the population assumptions in the forecasting model in line with your country's development? Please flag deviations that you might find important.
- How far are the EU Green Deal assumptions, underlying the green deal outcomes, challenging for your country? In which sectors would you expect deviations/problems, if any?

Contact us

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“ In a world swamped with information and data, we provide clear insights based on rigorous and independent economic modelling and analysis. ”