



CEDEFOP

European Centre for the Development
of Vocational Training

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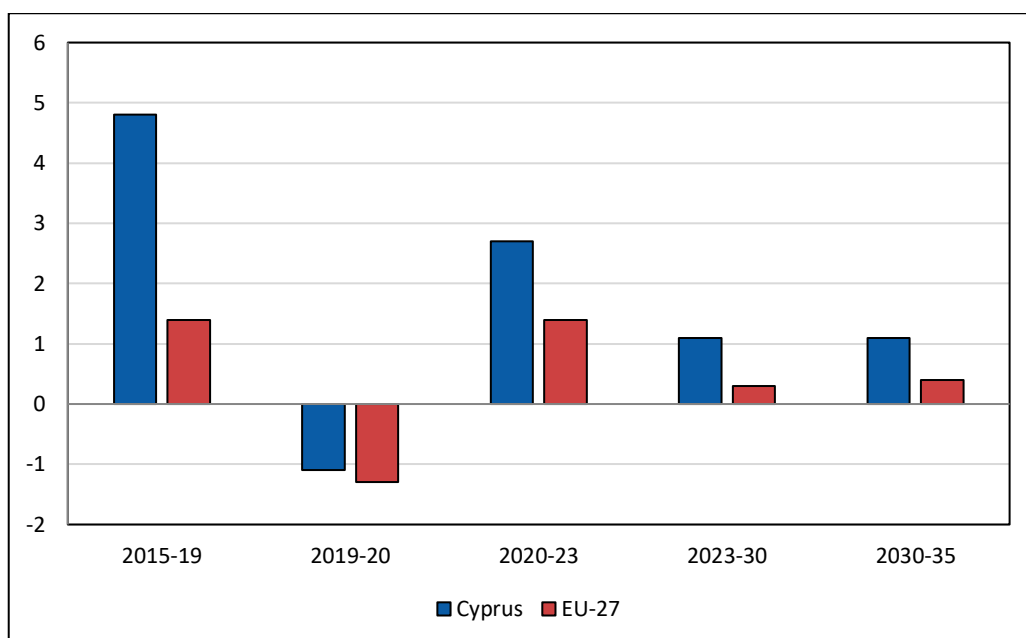
2025 skills forecast Cyprus



1. Employment outlook

Employment in Cyprus is forecast to grow much faster than the EU-27 average, albeit at much slower rates than seen in 2015-19. Figure 1 shows that employment in Cyprus grew much faster than the EU-27 average over 2015-19 and fell less sharply in 2020 as the Covid-19 pandemic hit. Employment in Cyprus is also estimated to have bounced back more strongly than the EU-27 over 2020-23. Across the forecast period, employment in Cyprus is forecast to grow by a little over 1% pa compared with growth of around 0.3% pa for the EU-27 as a whole.

Figure 1. **Annual percentage employment growth in Cyprus and the EU-27, 2015-35**



Source: Cedefop (2025 Skills Forecast).

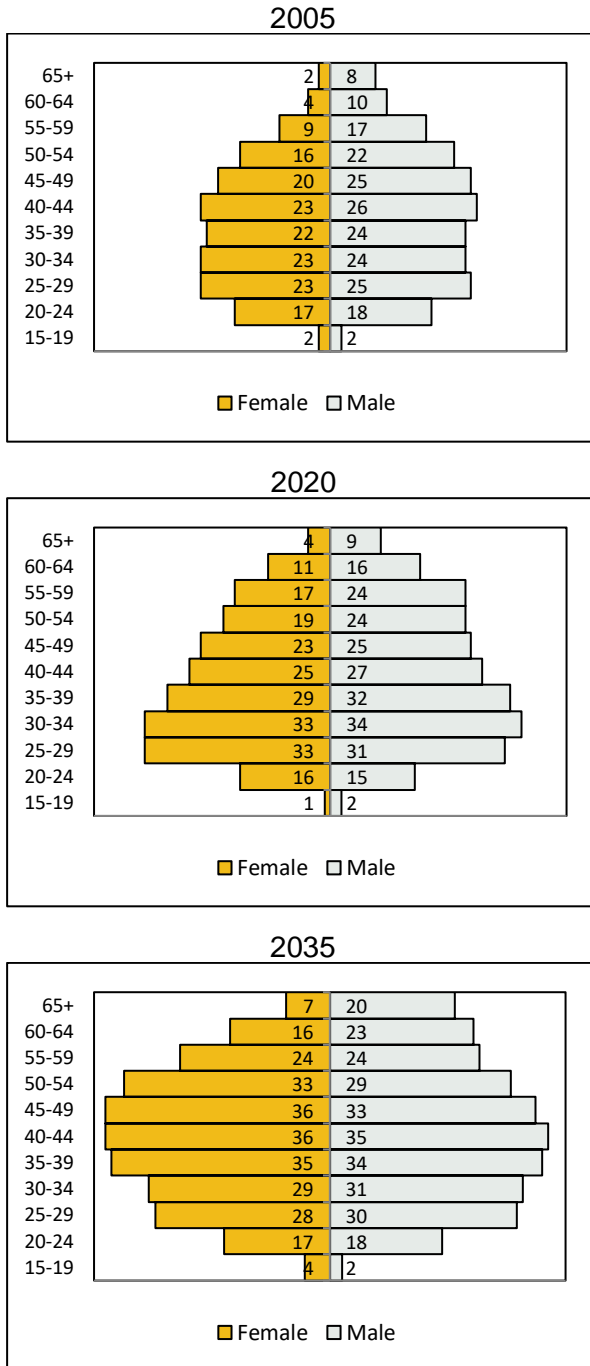
2. Labour force overview

Figure 2 shows the labour force by age group in Cyprus in 2005, 2020 and 2035. Changes in the labour force in Cyprus over the forecast period will continue to be driven by the ageing population and increasing participation rates in most age groups. The total labour force in Cyprus is projected to increase by just under 21% over 2020-35, compared to growth of 24% over the previous 15 years. This forecast is much faster than the expected increase in the labour force of just under 10% during 2020-35 for the EU-27 as a whole. The total participation rate in Cyprus is forecast to increase by 6 pp over 2020-35, compared with a 4 pp increase in the total rate for the EU-27. Total population is forecast to grow by just under 10% over 2020-35, compared with a growth of 27% over 2005-20.

The population aged 20-34 in Cyprus is forecast to decline sharply during 2020-35, while the population aged 40-54 and 65 and above is forecast to grow strongly, reflecting trends in the relevant younger cohorts in preceding periods.

The participation rates of all age groups in Cyprus are forecast to grow strongly over 2020-35, by 4 pp or above. The differences between male and female participation rates in Cyprus are not generally as great as the EU-27 average, but, like the EU-27 average, female participation rates in Cyprus are generally forecast to increase more than male rates, reflecting the fact that female participation rates, especially for the older age groups, have a lower starting point. Overall, the total participation rate for females is forecast to increase by 8 pp and for males to increase by 5 pp over 2020-35.

Figure 2. Distribution of the labour force (thousands), 2005-35

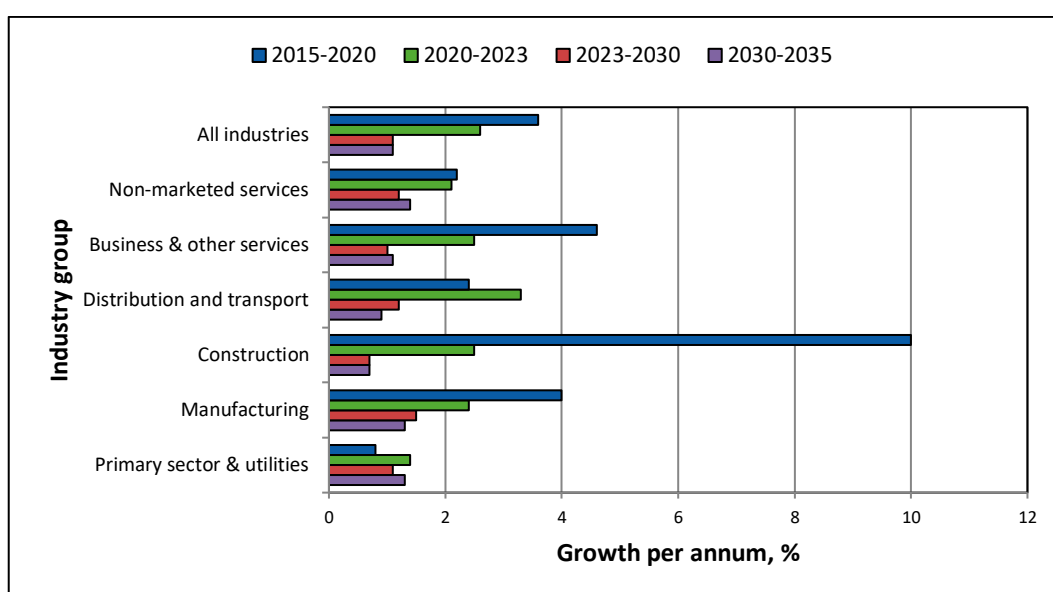


Source: Cedefop (2025 Skills Forecast).

3. Sectoral employment trends

Figure 3 shows annual average employment growth by broad sector in Cyprus between 2015 and 2035. All broad sectors in Cyprus are forecast to see an increase in employment over the forecast period, with *manufacturing* (1.5% pa) forecast to see the strongest growth over 2023-30. The remaining broad sectors are forecast to see employment growth of 0.7-1.2% pa over 2023-30.

Figure 3. **Employment growth by broad sector of economic activity, 2015-35**



Source: Cedefop (2025 Skills Forecast).

In terms of sub-sectors (i.e., below the level of the six broad sectors discussed above), the strong growth in employment in *Manufacturing* is forecast to come from strong growth in most sub-sectors, many of them very small. *Food, drink & tobacco* is the largest *manufacturing* sub-sector, accounting for just over 3% of total employment in Cyprus in 2020, and is forecast to grow by 1.5% pa. Within *business & other services*, employment is forecast to be driven by growth in *computer programming & information services*, *market research & other professional services*, *telecommunications*, *real estate activities* and *research & development*, all with forecast growth of 2% pa or more over 2023-30. The strong forecast growth in employment in *computer programming & information services* reflects the national strategy of Cyprus to promote the digital transformation of the economy and also the substantial number of ICT projects that are being implemented and planned in the near future mainly through the *Cyprus Recovery and Resilience*

Plan. Within *primary sector & utilities*, employment in the *water* and *electricity* sub-sectors is forecast to grow quite strongly over 2023-30, while the relatively large (accounting for 3.4% of total employment in Cyprus in 2020) *agriculture* sub-sector is forecast to grow by just under 1% pa over the same period. In non-marketed services, the large sub-sectors of *health* and *education* are forecast to see relatively strong growth in employment over 2023-30. The strong forecast growth in *health* reflects strategic objectives of Cyprus to strengthen the capacity and efficiency of the health sector with the main objective of dealing more effectively with possible future health crises, the ongoing ageing of the population as well as the effort to attract patients from abroad by taking advantage of the climatic conditions of Cyprus. The forecast growth in education reflects the government's policy to modernise the education system, enhance the quality of human resources, support the digital transformation of schools, enhance the digital skills of students and teachers, upgrade the content of education, upgrade the tertiary education institutions and address the skills mismatch between education and the labour market.

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 or lost due to the expansion or contraction of 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 4 shows the total job openings by broad occupational group over 2022-35. The number of job openings indicates the number of jobs that are required to be filled due to lost/newly created jobs and those that need replacement workers.

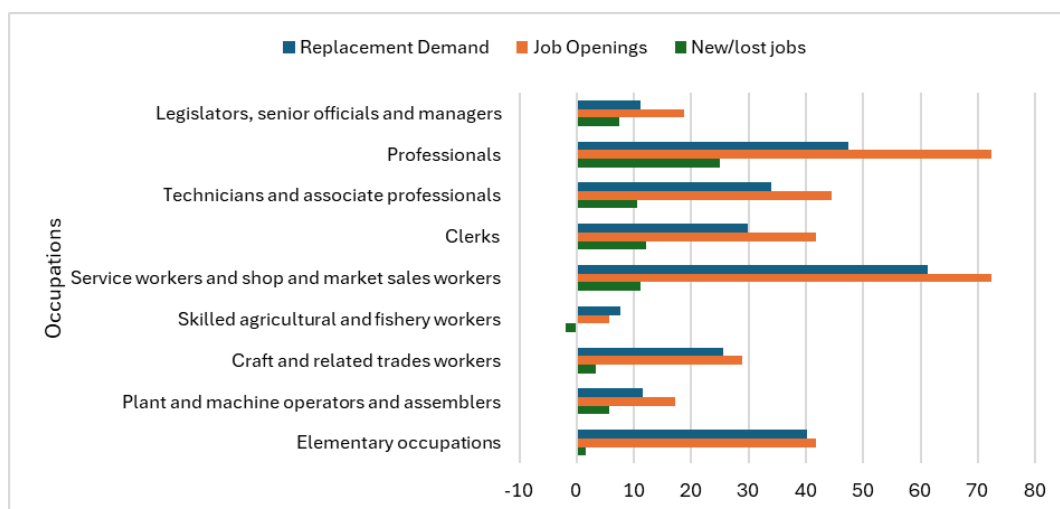
All broad occupations except *skilled agricultural and fishery workers* are forecast to see at least some increase in the number of jobs over the period, with *professionals, clerks* and *service workers and shop and market sales workers* seeing the largest expansion. Due to replacement demand, there will still be many job openings in other occupations. As is usually the case, replacement demand is projected to provide the greatest number of job openings across all broad

occupations, particularly for *professionals* and *service workers and shop and market sales workers*, which are projected to see the greatest number of job openings, followed by *technicians and associate professionals*.

Overall, the total number of jobs in Cyprus is forecast to increase by 76 000, while replacement demand is forecast to be 271 000, making the total number of job openings around 347 000.

At the more disaggregated level (and considering both new positions and replacements), most job openings are expected to be concentrated in skilled non-manual occupations such as *sales workers* and *personal service workers*, driven largely by replacement demand. This trend aligns with the anticipated growth in sectors like *accommodation & catering and wholesale & retail trade*. Among highly skilled non-manual occupations, the greatest number of job openings will be for *science & engineering professionals, teaching professionals, and health professionals*, driven by strong replacement demand. Conversely, the occupations experiencing the largest percentage decrease in employment – sometimes despite positive developments of important sectors of employment - include *market-oriented skilled agricultural workers, handicraft & printing workers, and managers in hospitality, retail, & other services*. Some skilled manual occupations, such as *building & related trades workers*, are expected to provide a significant number of job openings, mostly because of replacement needs in those occupations but also due to growth of the construction sector.

Figure 4. **Total job openings, 2022-35**



Source: Cedefop (2025 Skills Forecast).

5. Drivers of occupational change

Within the Cedefop skills forecast, 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 economic trends (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 than others).

The occupational composition of employment in Cyprus is primarily influenced by changes in the level of specialisation within occupations and, to a lesser extent, by changes in industry size. Stronger occupation-specific (specialisation) effects will lead to an increasing share of *chief executives, senior officials & legislators, production and specialised service managers, information and communications technology professionals* and *stationary plant & machine operators*. The strongest industry size effects are expected to be in *health professionals, Teaching professionals, information and communications technology professionals* (aligning with the digital transition goals of the EC) and *personal service workers*.

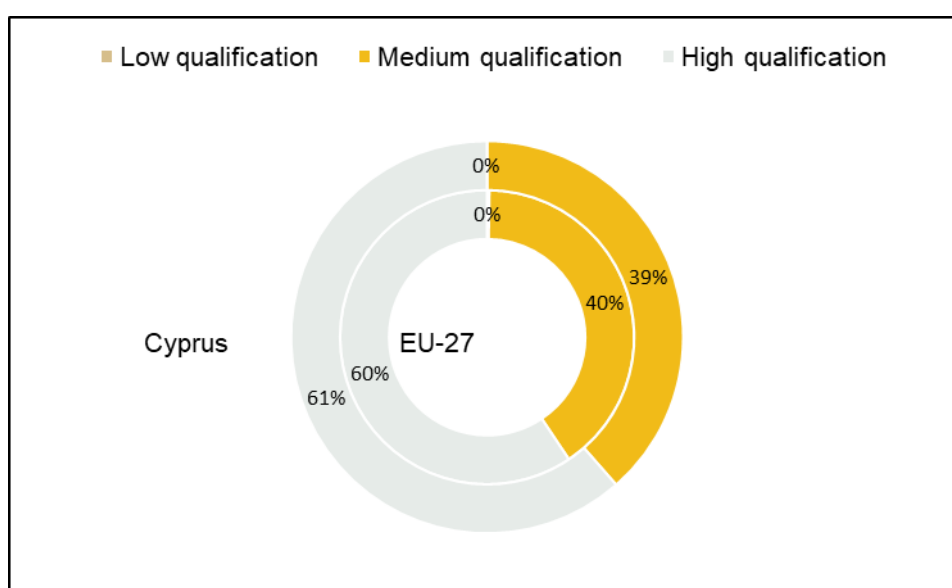
Therefore, the overall effect of occupational change depends on several factors that should be considered together. Increasing digitisation and moves toward a service-oriented economy, including within manufacturing, will lead to greater use of higher-level occupations at the expense of some medium and low-level occupations. All relevant lower-level occupations are expected to decrease, apart from cleaners, refuse, street & related service occupations.

6. Demand for and supply of skills

Within the Cedefop skills forecast, 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, corresponding to the official ISCED classification. The occupational group also indicates the skill level required, as some occupations (e.g. professionals) typically require high-level skills, while others (e.g. elementary) typically require only basic ones. Therefore, occupational groups are also linked to a skill level.

At the aggregate level, well over half (61%) of the total job openings expected to be created in Cyprus up to 2035 will require high-level qualifications, about the same as the EU-27 average (see Figure 5). Slightly less than two-fifths (39%) of total job openings will require medium-level qualifications, again almost equal to the EU-27 average. Therefore, at the aggregate level, none of the job openings in Cyprus are expected to require low-level qualifications, again the same as the EU-27 average.

Figure 5 Shares of total job openings by level of qualification, 2022-35



Source: Cedefop (2025 Skills Forecast).

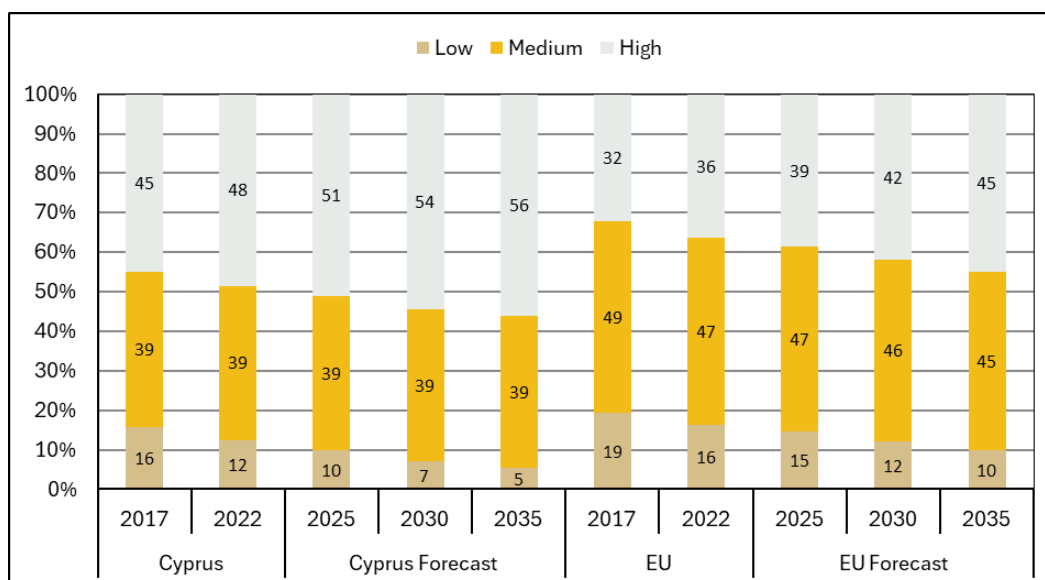
Cyprus's total requirement for high-level qualifications over 2022-35 is projected to be 215,000, for medium-level qualifications is 135 000, and for low-level qualifications is zero.

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

Cyprus is expected to experience significant changes in the shares of qualifications in the labour force from 2022 to 2035, as shown in Figure 6. The share of people with high-level qualifications in Cyprus is expected to increase to 56% by 2035, increasing its position as the largest qualification group in Cyprus. The share of the medium-qualified labour force is expected to remain stable at 39%. Those with low levels of qualification are expected to decrease to 5%. The proportion of the labour force with medium-level qualifications is expected to remain significantly lower than the EU-27 average.

By 2035, the supply of low- and medium-skill workers in Cyprus is expected to be lower than the demand, while the supply of high-skill workers is expected to exceed the demand for those qualifications.

Figure 6. Labour force by qualification level



Source: Cedefop (2025 Skills Forecast).

The **labour shortage index** is a method to summarise three elements of potential labour shortage: (1) employment growth, (2) replacement demand, and (3) Supply/Demand imbalance (FIOD). The outcomes at the occupation level are grouped into four quartiles: those with a low indication of shortage get the value 1, and those with the highest indication of shortage will get the value 4. The total outcome of the individual elements is a simple average of the elements. In Figure 67, the length of the bar gives the overall outcome, where higher levels indicate more shortage. The outcomes of the three elements are also given to quickly evaluate the influence of employment growth - replacement demand, and - supply-demand imbalances.

Cyprus faces labour market tightness, particularly among low- and medium-qualified workers, which is expected to persist throughout the forecast period. The labour shortage index, calculated at the ISCO 2-digit level and then aggregated to the ISCO 1-digit level, indicates significant disparities across different occupational groups.

The highest value of the labour shortage index in Cyprus is found among *Skilled agricultural and fishery workers*, with a value of 3. This is driven by the growth of the underlying occupations and their high replacement needs, represented by a quantile score of 1 for growth, 3 for replacement demand, and 4 for imbalances.

Among skilled manual occupations, the highest shortages are expected among plant and machine operators and assemblers (3-3-4), who exhibit significant employment growth and imbalances.

Among skilled non-manual occupations, the highest shortage is expected among Service workers and shop and market sales workers (3-3-3). This group faces high replacement demand, substantial employment growth, and notable imbalances.

Among high-skilled workers, Legal, social, and cultural professionals (3-2-2) and associate legal, social, and cultural professionals (3-3-1) face significant shortages. The shortage among professionals is driven by high employment growth and replacement demand, while associate professionals face slightly lower replacement demand but higher imbalances due to employing workers with intermediate qualification levels.

This information reflects Cyprus's current and forecast labour market dynamics, highlighting key areas of labour shortages and the underlying factors contributing to these trends.

Figure 7. **Labour Shortage Index, 2022-35**



Source: Cedefop (2025 Skills Forecast).

Cedefop methodology

The Cedefop Skills Forecast offers quantitative projections of future trends in employment, by sector of economic activity and occupational group. Future trends in the level of education of the population and the labour force are also estimated. Cedefop's forecast uses harmonised international data and a common methodological approach allowing cross-country comparisons between employment trends in sectors, occupations and qualifications. The forecast and methodology are validated by a group of national experts. The forecast does 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 the forecast covers the period up to 2035. The forecast takes account of global economic developments up to November 2023. The European Economy is expected to grow despite monetary tightening on phasing out of fiscal support.

The key assumptions of the baseline scenario incorporate the Eurostat population forecast available in June 2023 (Europop 2023) ⁽¹⁾, and the short-term macroeconomic forecast produced by DG ECFIN in November 2023 ⁽²⁾. The source of historical labour force data is the European Labour Force Survey, which in 2022 underwent important methodological changes, causing a break in the time series for several variables, including the labour force. Consequently, in many Member States, the participation rates in 2021 are noticeably above/below historical trends. Moreover, some Member States experienced significant revisions in the historical data series for sectoral employment from the National Accounts.

The Cedefop Skills forecast 2025 is consistent with the objectives set by the European Green Deal by incorporating suitable assumptions about additional investment, power sector technologies, energy balances, and carbon pricing.

Energy and commodity price forecasts from the World Bank and the IEA are used as inputs to the Cedefop Skills Forecast.

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

(2) https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2023-economic-forecast-modest-recovery-ahead-after-challenging-year_en

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>

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