



CEDEFOP

European Centre for the Development
of Vocational Training

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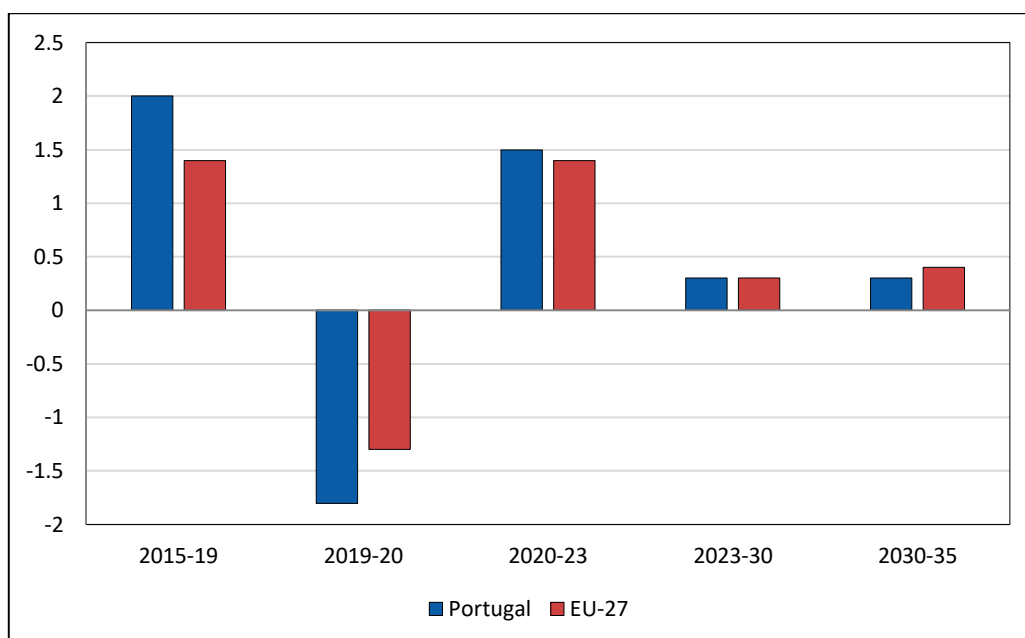
2025 skills forecast Portugal



1. Employment outlook

Employment in Portugal is forecast to grow at around the same rate as the EU-27, and much more slowly than growth seen over 2015-19. Figure 1 shows that employment in Portugal grew faster than the EU-27 average over 2015-19 but fell slightly more sharply in 2020 as the Covid-19 pandemic hit. Employment in Portugal is estimated to have bounced back at around the same rate as the EU-27 over 2020-23. Across the forecast period, employment in Portugal is forecast to grow at around the same rate as the EU-27, at 0.3% pa.

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



Source: Cedefop (2025 Skills Forecast).

2. Labour force overview

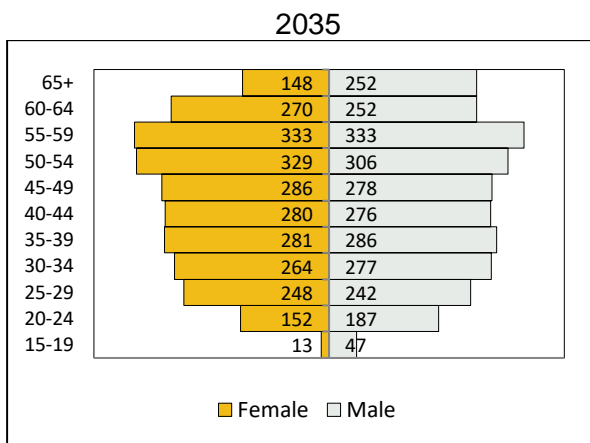
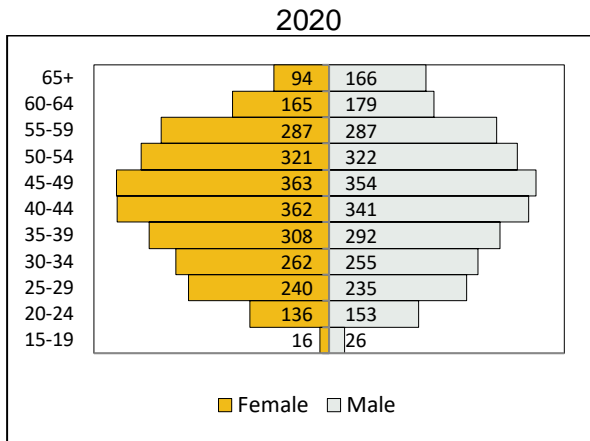
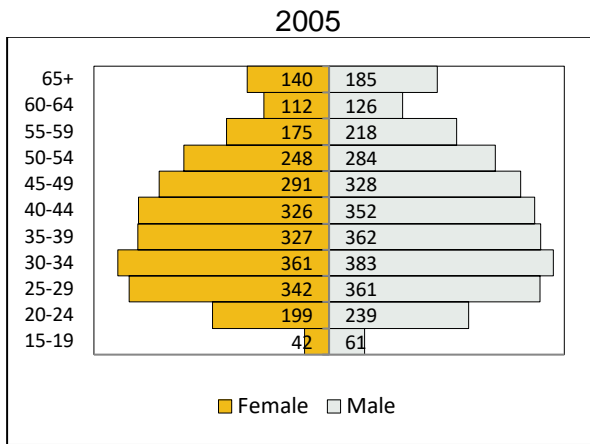
Figure 2 shows Portugal's labour force by age group in 2005, 2020 and 2035. Changes in the labour force in Portugal over the forecast period will be driven by the ageing and declining population and increasing participation rates in most age groups. The total labour force in Portugal is projected to increase by 3% over 2020-35, compared with a fall of around 5% over the previous 15 years. This compares with an expected increase in the labour force of just under 10% over 2020-35 for the EU-27. The total participation rate in Portugal is forecast to increase by 2 pp over 2020-35, compared with an increase of 4 pp in the total rate for the EU-27. The total population is forecast to see a slight fall over 2020-35, compared with growth of 1% over 2005-20.

The population in all age bands between 15 and 54 is forecast to decline or remain static during 2020-35, while the population aged 55 and over is forecast to grow, with especially strong growth for those aged 65 and over, reflecting trends in the relevant younger cohorts in preceding periods.

The participation rates of all age groups in Portugal are forecast to grow over 2020-35, with the strongest increase projected for the 20-24 (20 pp) and 60-64 (18 pp) age group.

As in the EU-27 as a whole, female participation rates in Portugal are generally forecast to increase more than male rates, although male rates for those aged 15-24 and 30-34 are projected to increase by more than female rates. The total participation rate both for males and for females is projected to increase by 2 pp over 2020-35.

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

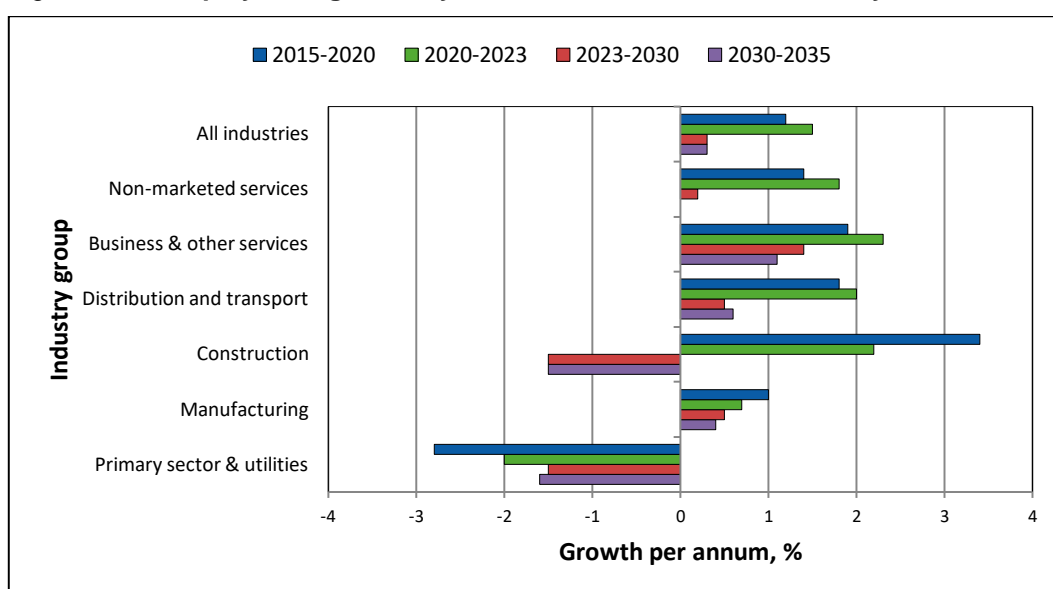


Source: Cedefop (2025 Skills Forecast).

3. Sectoral employment trends

Figure 3 shows the annual average employment growth by broad sector in Portugal between 2015 and 2035. Although total employment in Portugal is forecast to see fairly weak growth, the picture among the broad sectors is mixed. Employment growth is forecast to be fastest in *business & other services*, at around 1.4% pa over 2023-30, and both *distribution & transport* and *manufacturing* are forecast to see positive, albeit much weaker, growth of 0.5% pa over the same period. On the other hand, employment in *construction* and *primary sector & utilities* is forecast to fall quite strongly, by around 1.5% 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), employment growth in *business & other services* is forecast to be driven by growth in *computer programming & information services*, *administration & support services*, *arts & entertainment*, *legal, accounting & consulting services*, *architectural & engineering services* and *real estate activities*. Within the larger sub-sectors of *distribution & transport*, employment in *accommodation & catering* (accounting for 7% of employment in Portugal in 2020) is forecast to grow strongly over 2023-30, while employment in *wholesale & retail trade* (15% of employment) is forecast to grow only weakly over the same period. Most sub-sectors within *manufacturing*, which tend to be smaller than many of the other sub-sectors, are forecast to see positive growth in employment. The largest exception is *textiles &*

leathers (4% of employment), where employment is forecast to remain static. The fastest-growing larger sub-sectors are forecast to be *motor vehicles, food, drink & tobacco*, and *other manufacturing*. Within *primary sector & utilities*, employment in *agriculture*, which is by far the largest of these sub-sectors (8% of total employment in Portugal in 2020), is forecast to decline strongly over 2023-30.

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).

4. Job openings by occupational group

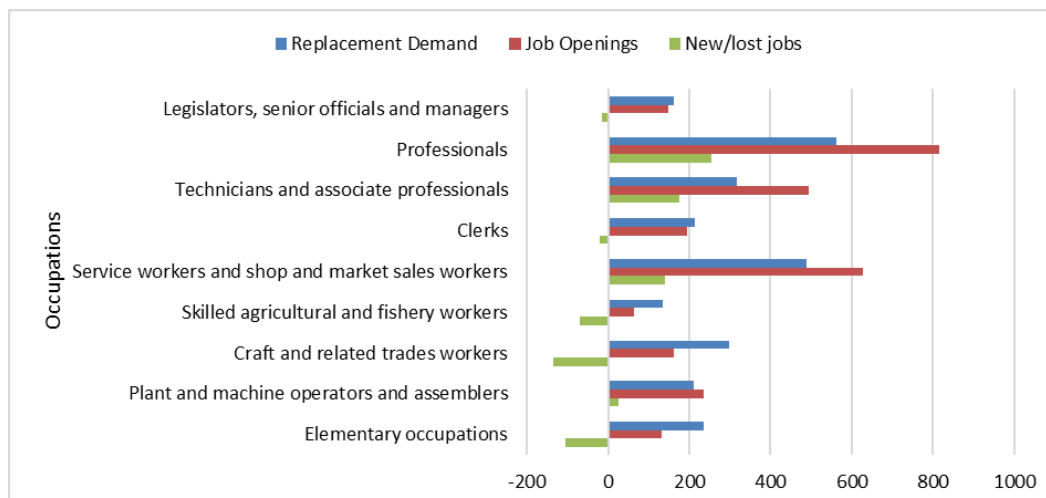
Figure 4 shows the total job openings by broad occupational group over 2022-35. The number of job openings indicates the number of jobs required to be filled due to lost/newly created jobs and those that need replacement workers.

In Portugal, around half of the broad occupations are expected to see at least some decrease in employment (most significantly, *craft and related trades workers* and *elementary occupations*), while the other half is forecast to create new jobs (e.g. *professionals*). Due to a very high replacement demand (total amounting to 2.6 million from 2022-2035), there will still be many job openings, and total job openings are expected to be positive for each occupation.

Professionals and *service workers and shop and market sales workers* are the two broad occupations expected to generate slightly more than half of job openings over the forecast period, accounting for 28% and 22% of total job openings, respectively.

At the more detailed level, most job openings (taking both new/lost jobs and replacement needs together) as a share of all job openings are expected to be in *business and administration associate professionals* (9%), *Sales workers*, and *personal care workers* (each 7%). Occupations expected to see a decline in the number of jobs, include *Building and related trades workers, excluding electricians* and *Food processing, wood working, garment and other craft and related trades*.

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).

An increasing specialisation in many sectors influences the occupational composition of employment in Portugal. This is reflected in stronger occupation-specific effects, leading for example to increasing shares of *Information and communications technology professionals* in the economy. These changes reflect changes in job organisation in many sectors and, in many cases, an increasing specialisation.

Along with these specialisations there is also a move towards managing these new work forms. High-skilled occupations that can benefit from this trend are, for example, *business and administration associate professionals*. Highly skilled *health associate professionals* benefit from the increase in the underlying health sector and occupational trends. In contrast, the sector-specific effect negatively influences the share of *health associate professionals* in general. *Personal care workers* with medium qualifications are expected to increase also both due to a

sector-specific and occupational effect – the same as, for example, medium-skilled *building and related trades workers*, excluding electricians or *metal, machinery and related trades workers*. The latter also gains importance among low skilled workers both due to occupational and sector effects, but still is expected to experience job losses due to job losses at the low qualification level in general.

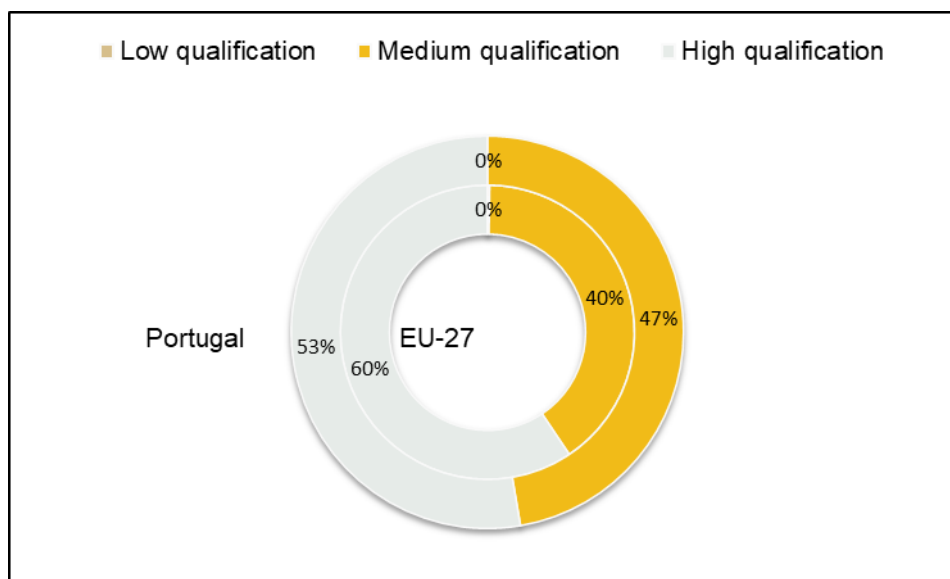
6. Demand for and supply of skills

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.

Almost half (47%) of the total job openings expected to be created in Portugal between now and 2035 will require medium-level qualifications, about 7 pp more than the EU-27 average (see Figure 5).

Slightly more than half (53%) of total job openings will require high-level qualifications, which is lower than expected on the EU-27 average (59%). Job openings for the low qualification level are forecast to play no significant role both in Portugal and in the EU-27 average.

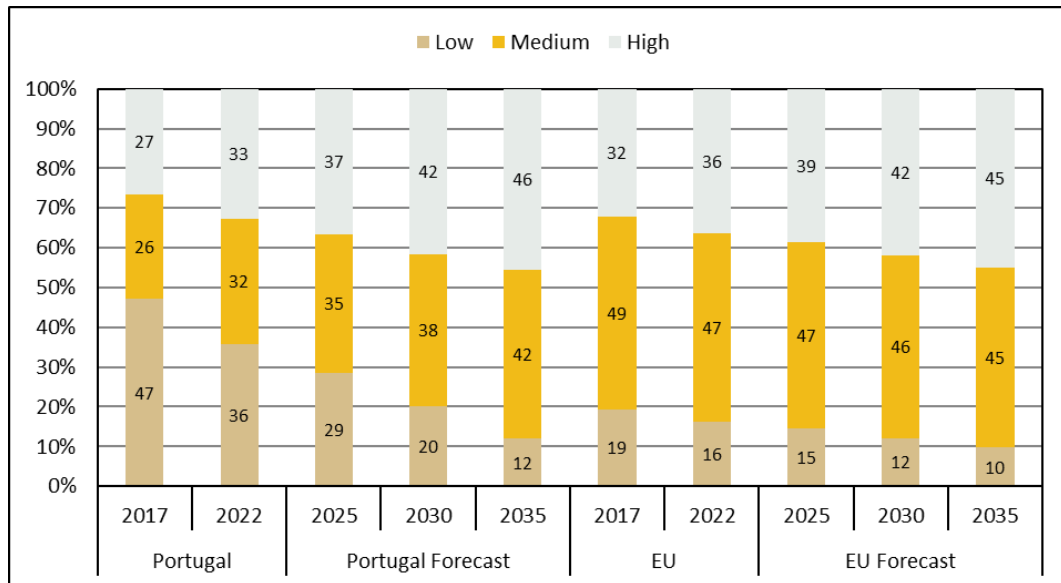
Figure 5. **Shares of total job openings by level of qualification, 2022-35**



Source: Cedefop (2025 Skills Forecast).

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.

Figure 6. **Labour force by qualification level**



Source: Cedefop (2025 Skills Forecast).

Portugal is expected to experience a strong push towards intermediate and higher level qualifications in the labour force over 2022-35, as seen in Figure 6. The share of people with high-level qualifications in Portugal is expected to increase to 46% by 2035. The share of the medium-qualified labour force is expected to increase by 10 ppt, reaching 42% in 2035. The share of persons with low levels of qualification is expected to decline to 12% due to changes in qualifications among the younger cohorts entering the labour market versus those leaving the labour market. In Portugal, the labour force's qualification structure is expected to closely resemble the EU-27 average in 2035.

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 6, 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.

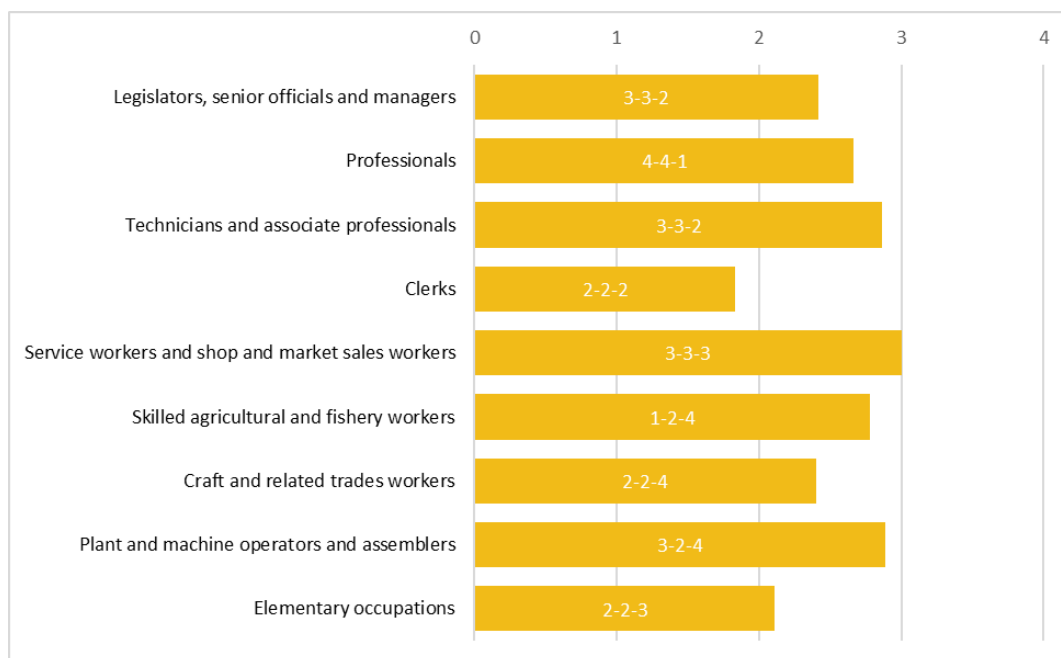
The labour shortage index is calculated at the ISCO 2-digit level and then aggregated to the ISCO 1-digit level (see Figure 7). Portugal is expected to experience some labour market tightness in high-skilled non-manual occupations (3-3-1), skilled manual occupations (2-2-4), and skilled non-manual occupations (3-3-2), and less so in *elementary occupations* (2-2-3).

The highest value of the labour shortage index can be found among *service workers and shop and market sales workers* (3-3-3). This is equally driven by the underlying occupations' growth, high replacement needs, and supply-demand imbalances. A similar shortage index but a different composition can be found among *technicians and associate professionals* (3-3-2) and *plant and machine operators and assemblers* (3-2-4). The latter is expected to be more strongly negatively affected by supply-demand imbalances, and have, however, in total, a slightly lower labour shortage index due to a lower impact of replacement demand on occupational skills shortages.

At the more-detailed ISCO 2-digit level, among skilled manual occupations, the highest shortages are expected among *Metal, machinery and related trades workers* (3-4-4), with the highest replacement demand and imbalances. The skilled non-manual occupation *personal service workers* (3-4-3) is characterised by a high replacement demand, resulting in a high expected labour shortage. No high-skilled non-manual occupation reaches a similarly high labour shortage index. However, *health associate professionals, business and administration associate professionals, and Legal, social, cultural and related associate professionals* (all 4-4-2) are expected to experience high labour shortages due to high employment growth and high replacement demand, but less so because of labour market imbalances. Occupations at the ISCO 2-digit level that belong to the elementary occupations group are forecast to be less prone to labour shortages in the period between 2022 to 2035. However, there is a certain risk for *labourers in mining*,

construction, manufacturing and transport due to replacement demand and supply-demand imbalances (2-3-3).

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 is 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:

www.cedefop.europa.eu/el/events-and-projects/projects/forecasting-skill-demand-and-supply

For more details, please contact Cedefop's Skills Forecast team at:
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