



CROATIA

SKILL SUPPLY AND DEMAND UP TO 2025
2015 edition

Between now and 2025:

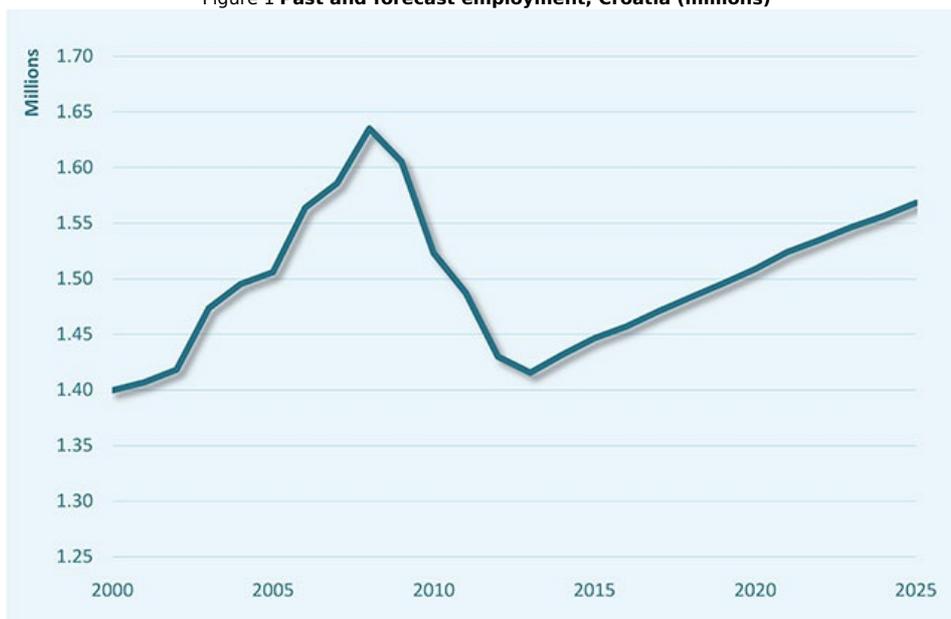
- Employment is forecast to rise steadily, but remain below its 2008 pre-crisis level.
- Most employment growth will be in business and other services and in construction.
- Most job opportunities, around 25% will be for professionals.
- Around 30% of the labour force will have high-level qualifications, compared to 26.5% in 2013.

Following the economic crisis in 2008, Croatia has seen five years of economic decline. In 2013, Croatia's unemployment rate was 17.2%, above the European Union (EU) average of 11%. The European Commission forecasts GDP growth for Croatia of 0.2% in 2015 and 1.1% in 2016.

Employment outlook

According to Cedefop's skills supply and demand forecasts [\(see scenario assumptions\)](#), economic growth will have positive effects on job growth in Croatia, however employment is not expected to reach its 2008 pre-crisis level by 2025 (Figure 1). This is slower than the employment growth forecast for the EU as a whole, where average employment is expected to reach its pre-crisis level in 2020.

Figure 1 Past and forecast employment, Croatia (millions)

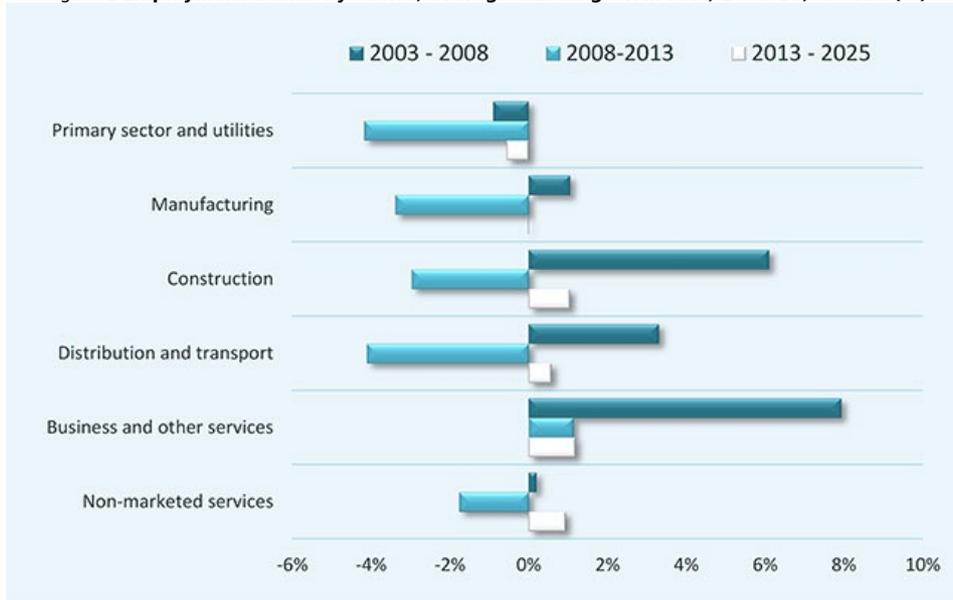


Source: Cedefop skills forecasts (2015)

Sector developments

The economic crisis reduced employment in all sectors, except business and other services between 2008 and 2013 (Figure 2). Future employment growth in Croatia up to 2025 will be in business and other services, as well as in construction, distribution and transport and non-marketed (mainly public sector) services. The employment share of manufacturing is expected to be broadly stable; however, in the primary sector employment will continue to fall, but at a much slower rate.

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



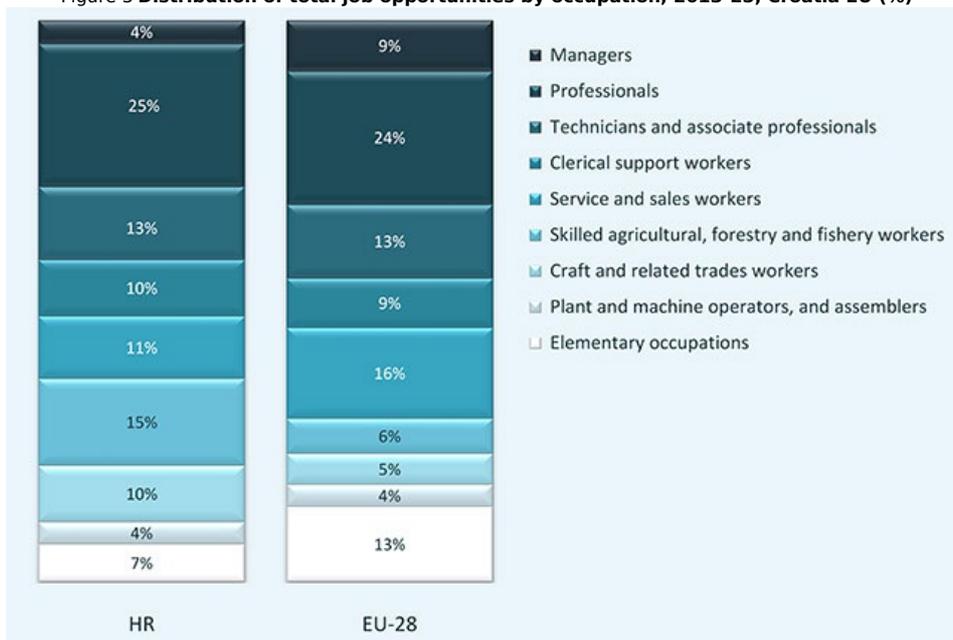
Source: Cedefop skills forecasts (2015)

Occupations and qualifications prospects

Cedefop's forecasts give insights on job opportunities between now and 2025 (Figure 3). 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 fairly high unemployment rate, which gives more scope for creating new jobs, between now and 2025, replacement demand in Croatia is forecast to provide about five times more job opportunities than expansion demand.

In Croatia, most job opportunities, around 25%, will be for professionals (high level occupations in science, engineering healthcare, business and teaching) (Figure 3). The proportion of job opportunities for craft and related trades workers, in Croatia (15%) is higher than the 5% forecast for the EU as a whole.

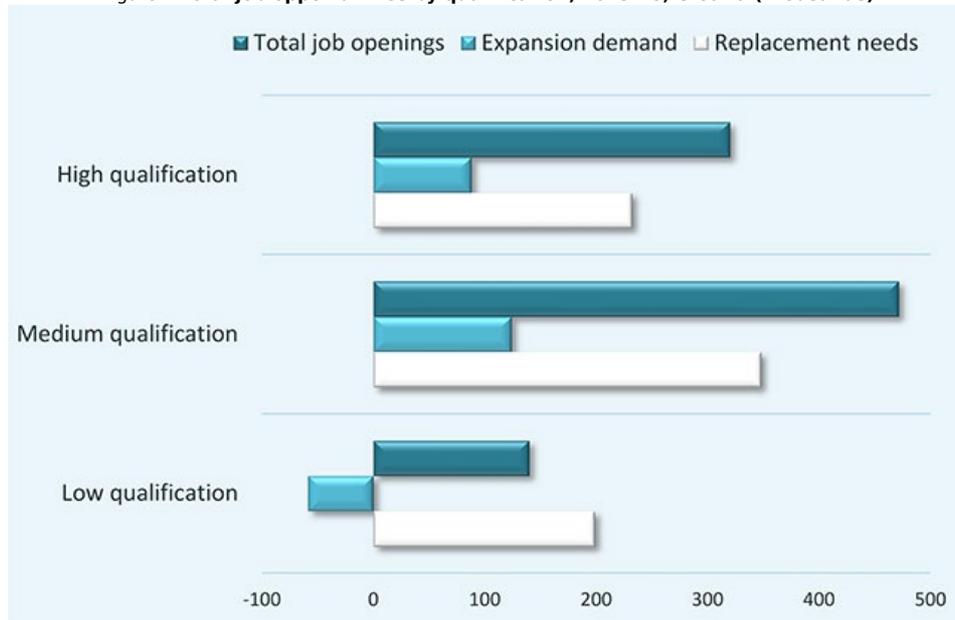
Figure 3 **Distribution of total job opportunities by occupation, 2013-25, Croatia EU (%)**



Source: Cedefop skills forecasts (2015)

Most job opportunities created through expansion and replacement demand in Croatia will require medium-level qualifications (ISCED 97 levels 3 and 4) (Figure 4). However, there will also be significant numbers of job opportunities requiring high-level qualifications (ISCED 97 levels 5 and 6).

Figure 4 **Total job opportunities by qualification, 2013-25, Croatia (thousands)**



Source: Cedefop skills forecasts (2015)

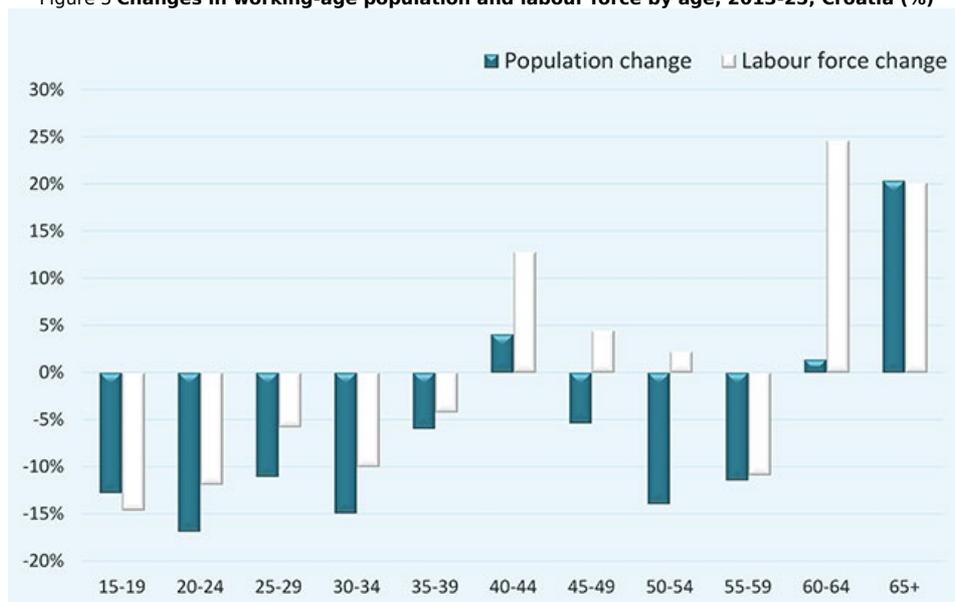
Labour force trends

Future labour supply trends depend mainly on demographics and the size of the working-age population (defined in the forecasts as people aged 15 and older), 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 forecast (Europop 2013) for Croatia reflects the current trends in fertility rates and net migration flows. Croatia’s working-age population is projected to fall by about 2.5% between now and 2025. Labour market participation is forecast to increase slightly from 51% in 2013 to 52% in 2025, lower than the EU forecast average of 55.5%.

Following the EU demographic trend, Croatia’s population is getting older (Figure 5). Population growth of is projected mainly in the age groups over 60 years and more, while all other age groups, except those aged between 40 and 44 are forecast to decline.

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



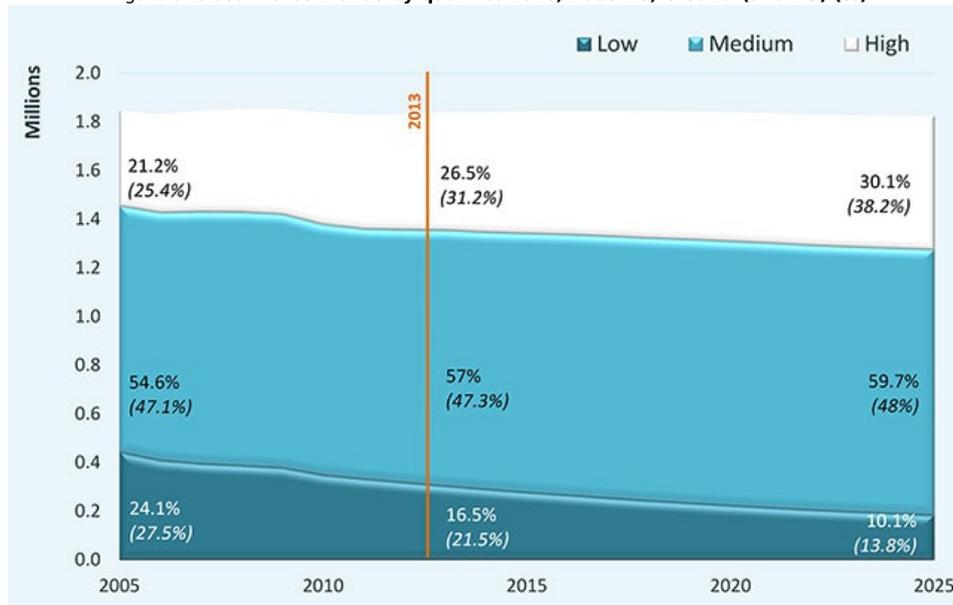
Source: Cedefop skills forecasts (2015)

Although older and smaller, Croatia’s labour force is becoming more highly qualified (Figure 6). This is explained by older less-qualified people leaving and younger more highly-educated people entering the labour market. By 2025, the share of Croatia’s labour force with high-level qualifications should rise to

30.1% compared to 26.5 % in 2013 and 21.2% in 2005. People with medium-level qualifications in 2025 will account for 59.7% of the labour force compared to 56.9% in 2013. The share with low-level or no qualifications is forecast to fall from 16.6% in 2013 to 10.2% in 2025.

According to Cedefop's forecasts, by 2020, in Croatia around 29% of 30 to 34 year olds will have high level qualifications. This is below the EU's educational attainment benchmark of 40% by 2020 and the national target of 35%. On current trends around 35% of 30 to 34 year olds in Croatia will have high-level qualifications by 2025.

Figure 6 Labour force trends by qualifications, 2005-25, Croatia (and EU) (%)



Note: Numbers in brackets represents the data for EU 28

Source: Cedefop skills forecasts (2015)

In 2013, in Croatia, 3.7% of young people left the education and training system with a low-level qualification, meeting the national target of reducing this to less than 4% by 2020. In the EU, the average, in 2013, was 11.9%, still higher than its benchmark of less than 10 % of young people leaving the education and training system with low-level qualifications by 2020.

Experts' view

Cedefop's forecasts and their assumptions are regularly discussed with national experts. **Danijel Nestic, Head of the Department for Labour market, human resources and social issues at the Institute of Economics and Marija Pavkov, Director of the Ekopid d.o.o.** consider the forecasts' underlying assumptions and results plausible.

They add that results realistically reflect current developments and trends in skills supply and demand at the national level. They consider such work as even more important as there is general lack of national projections in regard to skills supply and demand in all economic sectors for Croatia.

They add that the forecasts are broadly in line with national population projections. The European Commission's macroeconomic forecast for Croatia is also in line with various other forecasts, however, the official national macroeconomic forecast is more optimistic.

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

Skills forecasts country report – Croatia

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