Cyprus: Forecast highlights

Between now and 2025:

- Employment is forecast to rise steadily, but remain below its 2008 pre-crisis level.
- Most employment growth will be in distribution and transport.
- Most job opportunities, around 23%, will be for elementary occupations.
- Around 54% of the labour force will have high-level qualifications compared to 42% in 2013.

Initially, Cyprus withstood the economic crisis that began in 2008 relatively well, but experienced a major economic downturn in 2012. In 2013 Cyprus’ unemployment rate was 15.9%, above the European Union (EU) average of 11%. The European Commission forecasts GDP growth for Cyprus of 0.4% in 2015 and 1.6% 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 Cyprus, however employment is not expected to reach its 2008 pre-crisis level by 2015 (Figure 1). This is slower than employment growth forecast for the EU as a whole, where average employment is expected to reach its pre-crisis level in 2020.
Sector developments

The economic crisis reduced employment in almost all sectors, notably in manufacturing and construction between 2008 and 2013 (Figure 2). However, employment in business and other services and non-marketed (mainly public sector) services increased over the same period. Future employment growth in Cyprus up to 2025 will be in the distribution and transport sector and business and other services, with a small increase in manufacturing. Employment in the primary sector is forecast to continue to fall and to decline in non-marketed services.

Occupations and qualifications prospects

Cedefop’s forecasts give insights on job opportunities between now and 2025. 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. With its scope for reducing unemployment between now and 2025 replacement demand in Cyprus is forecast to provide about five times more job opportunities than expansion demand.

In Cyprus, most job opportunities, around 23%, will be for elementary occupations, followed by around 22% for professionals (high level occupations in science, engineering healthcare, business and teaching) (Figure 3). Job opportunities forecast for elementary occupations (about 23%) are significantly higher than the EU average of 13% for this occupational group.
Most job opportunities in Cyprus will require high-level qualifications (ISCED 97 levels 5 and 6) (Figure 4). However, because of replacement demand, overall, most job opportunities will require medium-level qualifications (ISCED 97 levels 3 and 4).

**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 projection (Europop 2013) for Cyprus reflects the current trends in fertility rates and net migration flows. Cyprus’ working-age population is projected to grow by around 4.5% between now and 2025. Labour market participation in Cyprus is forecast to remain stable at around 59% up to 2025, above the EU average forecast of 55.5%.

Following the EU demographic trend, the Cyprus’ population is getting older (Figure 5). Between now and 2025, numbers of people aged 15 to 34 are expected to decline, and all age groups over 35 years of age are projected to increase.
Although older, the Cyprus’ 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 the Cyprus’ labour force with high-level qualifications is forecast to rise to around 54% compared to less than 43% in 2013 and 33% in 2005. People with medium-level qualifications in 2025 will account for around 31% of the labour force compared to more than 37% in 2013. The share of the labour force with low-level or no qualifications is forecast to fall from 20% in 2013 to around 14% in 2025.

According to Cedefop’s forecasts, by 2020 in Cyprus, around 64% of 30 to 34 year-olds will have high level qualifications, well above the EU’s educational attainment benchmark of 40% by 2020 and the national target of 46%. On current trends, around 69% of 30 to 34 year-olds in Cyprus will have high-level qualifications by 2025.

In Cyprus, in 2013, 9.1% of young people left the education and training system with low-level qualifications, below the EU benchmark of reducing this to less than 10% by 2020. In the EU, the average, in 2013, was 11.9%.

**Experts’ view**

Cedefop’s forecasts and their assumptions are regularly discussed with national experts. Yiannis Mourouzides, Acting Director of Research and Planning at the Human Resource Development Authority of Cyprus, considers the forecasts’ underlying assumptions and results plausible.

He adds that, although there are no national demographic projections, there are some questions concerning underlying assumptions particularly on the fertility rate and the net migration rate in the Europop 2013 projection. The European Commission’s macroeconomic forecasts are in line with national.
forecasts.

National forecasts foresee higher employment growth compared to the Cedefop forecast. National forecasts see most jobs being in trade, hotel and catering, and business activities and most job opportunities for service and sales workers, elementary occupations, and professionals.

### 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.


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](http://www.cedefop.europa.eu/forecast)