



GERMANY

SKILL SUPPLY AND DEMAND UP TO 2025

2015 edition

Germany: Forecasts highlights up to 2025

Between now and 2025

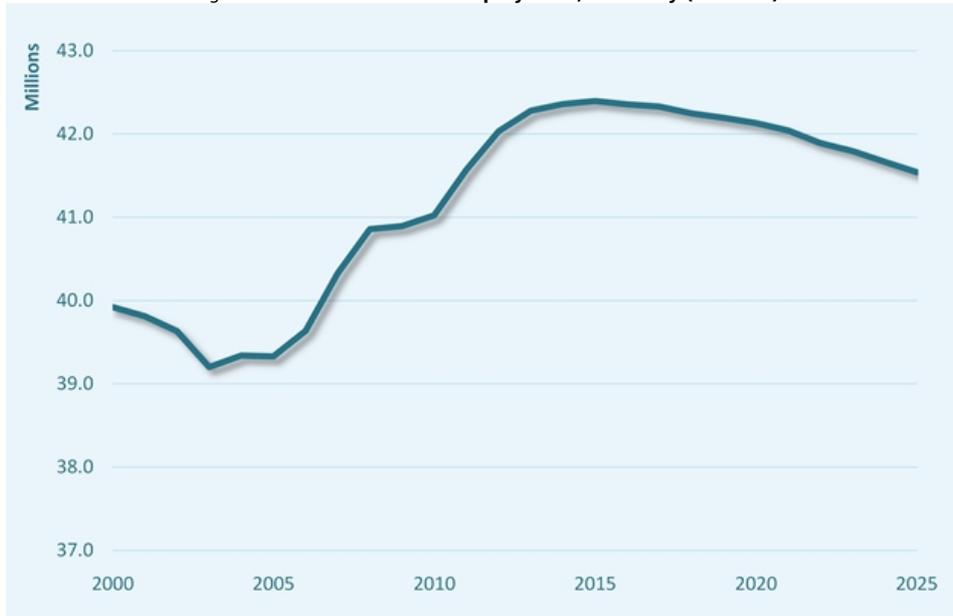
- Employment is forecast to fall from its 2014 peak.
- Most employment growth will be in business and other services.
- Most job opportunities, around 26%, will be for professionals.
- More than 27% of the labour force will have high-level qualifications, compared to 26% in 2013.

Following the economic crisis in 2008, Germany's GDP started to recover in 2011. In 2013, Germany's unemployment rate was 5.3%, well below the European Union (EU) average of 11%. The European Commission forecasts GDP growth for Germany of 1.1% in 2015 and 1.8% in 2016.

Employment outlook

According to Cedefop's skills supply and demand forecasts ([see scenario assumptions](#)), despite economic growth in Germany employment is expected to decline between now and 2025 (Figure 1). Employment in Germany passed its pre-crisis 2008 level in 2010. This is much faster than forecast employment growth for the EU as a whole, where average employment is expected to reach its pre-crisis level in 2020.

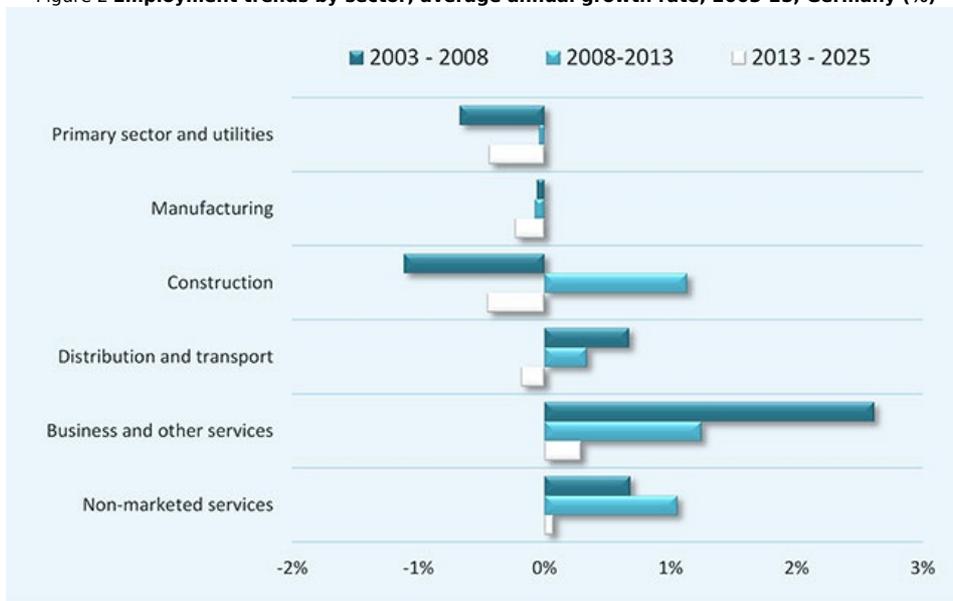
Figure 1 Past and forecast employment, Germany (millions)



Sector developments

Germany withstood the economic crisis relatively well. Between 2008 and 2013, employment in the primary and manufacturing sectors fell slightly, but in contrast to many other EU Member States employment in construction increased over the same period, as well as in the distribution and transport, business and other services, and non-marketed (mainly public sector) services (Figure 2). Future employment growth in Germany, up to 2025 although small will be concentrated in business and other services.

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



Source: Cedefop skills forecasts (2015)

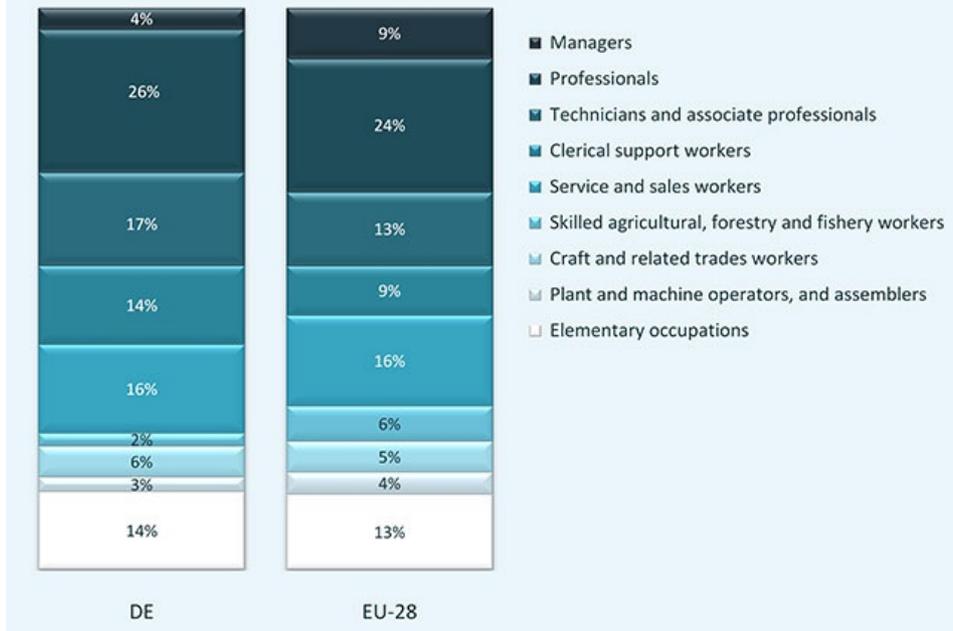
Occupations and qualifications prospects

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. Given expected trends in occupational mobility and its ageing labour force, between now and 2025, replacement demand in Germany is forecast to provide almost all job opportunities.

In Germany, most job opportunities, around 25%, will be for professionals (high level occupations in science, engineering healthcare, business and teaching), followed by around 17% for technicians and associate professionals (occupations applying scientific or artistic concepts, operational methods and regulations in engineering, healthcare, business and the public sector) (Figure 3). The 14% share of job opportunities for clerical support workers (workers who record, organise, store, compute and retrieve information, and perform several clerical duties in connection with money-handling operations, travel arrangements,

requests for information, and appointments) in Germany is also well above the EU average of 9% for this occupational group.

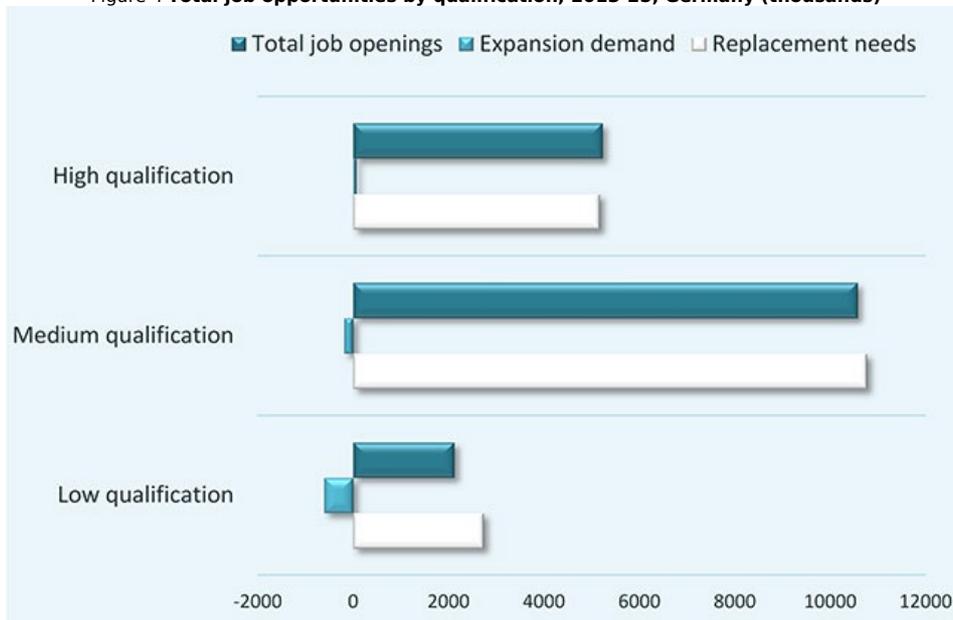
Figure 3 **Distribution of total job opportunities by occupation, 2013-25, Germany and the EU (%)**



Source: Cedefop skills forecasts (2015)

Most job opportunities in Germany will require medium-level qualifications (ISCED 97 levels 3 and 4) (Figure 4). However, there will be a significant number of job opportunities that will require high-level qualifications (ISCED 97 levels 5 and 6).

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



Source: Cedefop skills forecasts (2015)

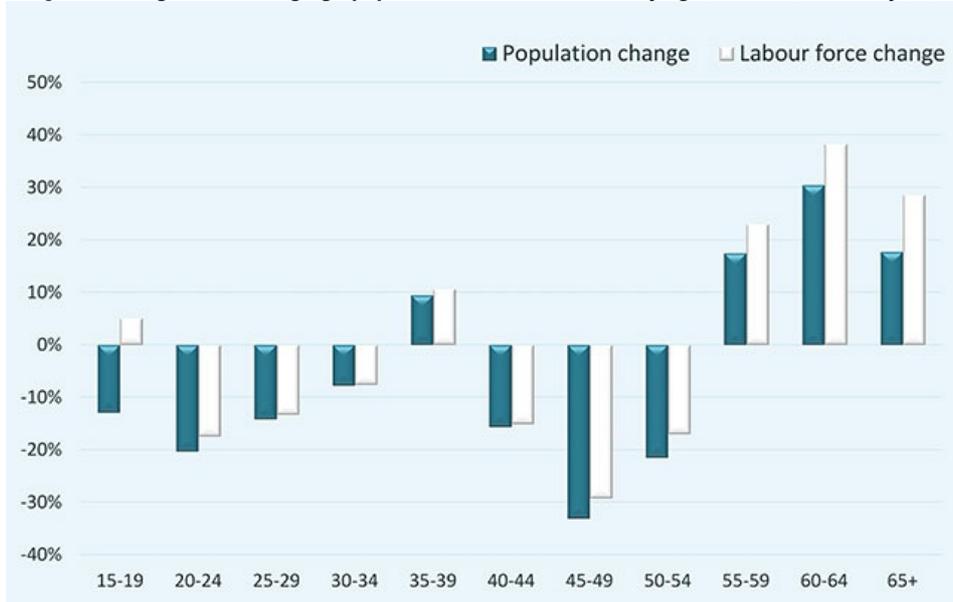
Labour force trends

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 projection (Europop 2013) for Germany reflects the current trends in fertility rates and net migration flows. German's working-age population is forecast to fall by about 2% between now and 2025. Labour market participation in Germany is also projected to fall from nearly 60% in 2013 to around 58% in 2025, but still higher than the EU forecast average of 55.5%.

Following the EU demographic trend, Germany's population is getting older (Figure 5). Population growth is projected mainly in the age groups over 55 years, while all other age groups, except those aged between 35 and 39 are forecast to decline.

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

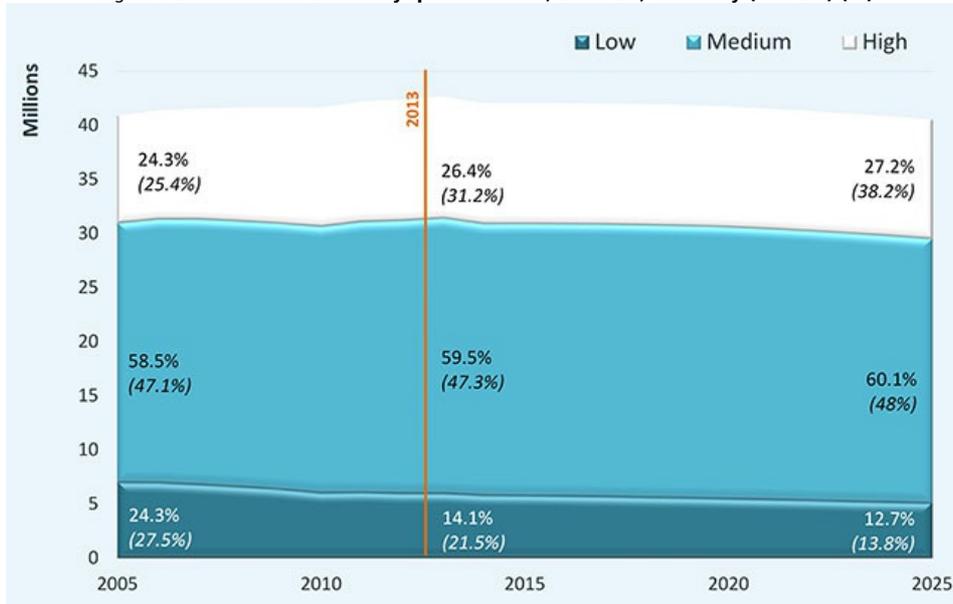


Source: Cedefop skills forecasts (2015)

Although older and smaller, Germany’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 Germany’s labour force with high-level qualifications should rise to 27.2% compared to 26.4% in 2013 and 24.3% in 2005. People with medium-level qualifications in 2025 will account for 60% of the labour force, similar to the level in 2013. The share with low-level or no qualifications is forecast to fall from 14.1% in 2013 to 12.7% in 2025.

According to Cedefop’s forecasts, by 2020, in Germany around 31% of 30 to 34 year-olds will have high level qualifications. This is below the EU’s educational attainment benchmark of 40% by 2020. On current trends around 32% of 30 to 34 year-olds in Germany will have high-level qualifications by 2025.

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



Source: Cedefop skills forecasts (2015)

In 2013, Germany, 9.9% of young people left the education and training system with a low-level qualification, reaching the national and 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. **Mr. Robert Helmrich and Mr. Tobias Maier from department of Qualification, Occupational Integration and Employment at Federal Institute for Vocational Training and Education (BIBB)**, consider the forecasts’ underlying assumptions and results plausible.

However, they add that national forecasts foresee faster growth in the supply of highly-qualified labour due to rising university entry rates.

There are also some small differences in the projection of females in young age groups. Such small difference especially in these specific age groups is not expected to affect the general patterns in the labour supply. The European Commission's economic forecasts are considered as more optimistic than national forecasts.

Also in their view, recent migration flows to Germany should compensate for demographic decline and consequently employment will not decline between now and 2025.

The calculation of job opportunities through expansion and replacement demand is a complex issue. It should not be assumed that all job opportunities will be open for young people and so do not give an indication of individual career opportunities.

When considering high-level qualification education attainment benchmark, it is necessary to note that Germany counts graduates from upper-secondary vocational schools (ISCED 4a) in the national higher education targets. This level is included in the band of medium-level qualifications in Cedefop's forecast. Consequently the national forecast for the share of 30-34 year olds with higher-level qualifications by 2020 is 42%, meeting the national target, compared to Cedefop's forecast of 27.6%.

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

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