

**country
forecasts**

HUNGARY

SKILL SUPPLY AND DEMAND UP TO 2025

2015 edition

Hungary: Forecast highlights

Between now and 2025:

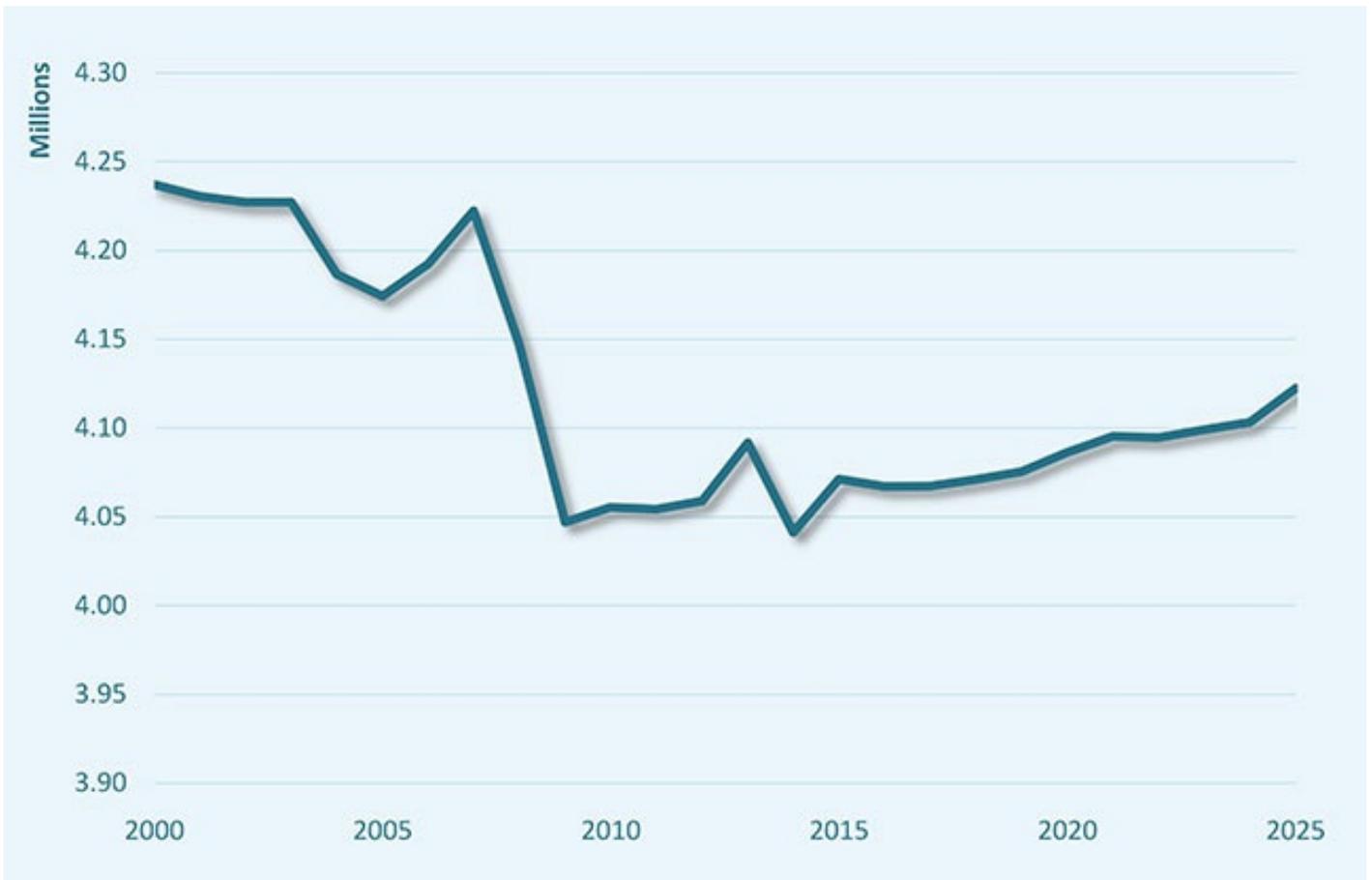
- Employment is expected to rise but remain below its 2008 pre-crisis level.
- Most employment growth will be in business and other services.
- Most job opportunities, around 26%, will be for professionals.
- Around 42% of the labour force will have high-level qualifications, compared to 29.7% in 2013.

Following the economic crisis in 2008, Hungary's GDP started to recover in 2010. In 2013, Hungary's unemployment rate was 10.2%, below the European Union (EU) average of around 11%. The European Commission forecasts GDP growth for Hungary of 2.5% in 2015 and 2% in 2016.

Employment outlook

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

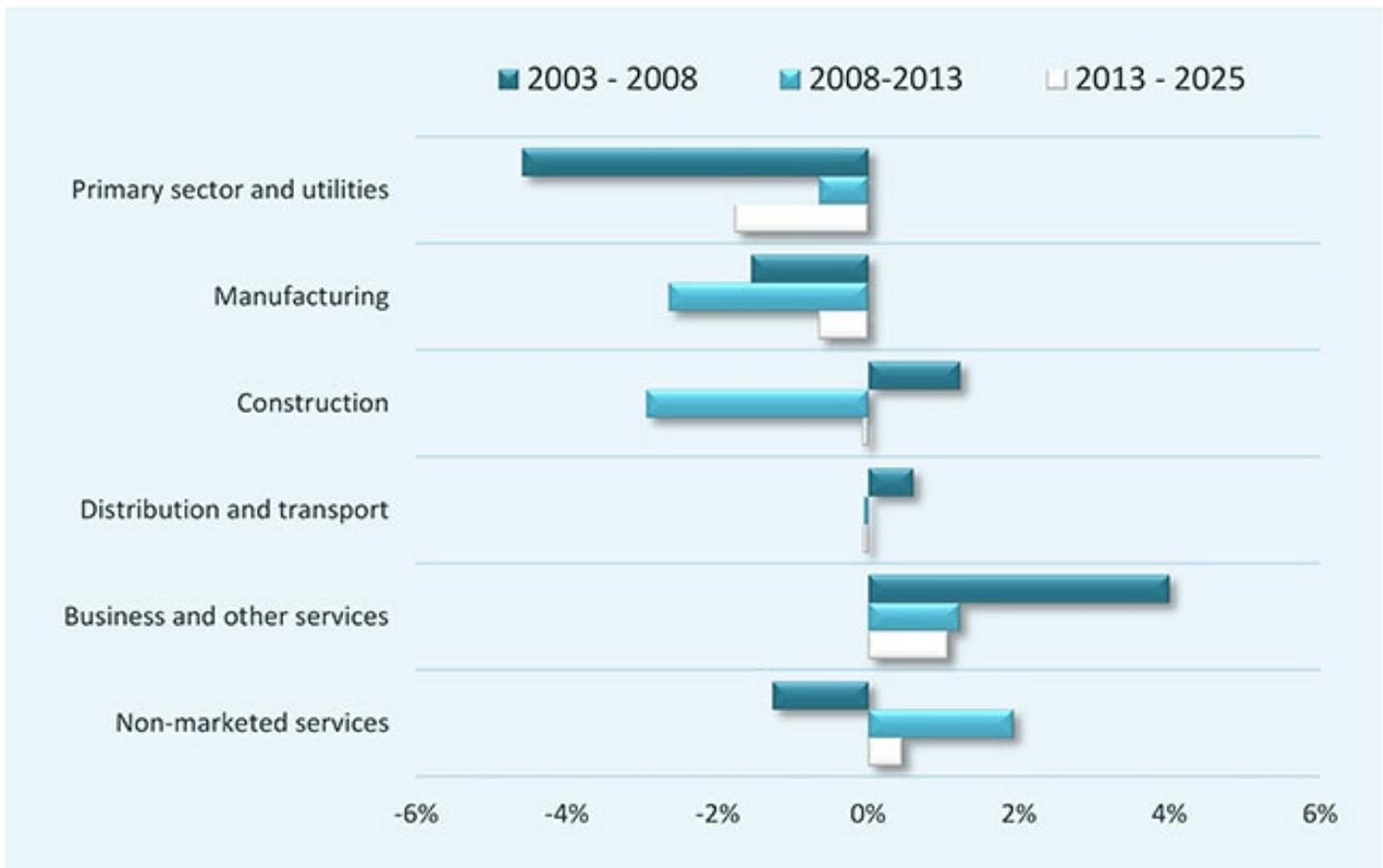
Figure 1 **Past and forecast employment, Hungary (millions)**



Sector developments

The economic crisis reduced employment mainly in construction and manufacturing, but also in the primary sector 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. Most future job growth in Hungary to 2025 will continue to be in business and other services and non-marketed services. Employment in the primary and manufacturing sectors is forecast to fall, but jobs in the distribution and transport sector should remain broadly stable.

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



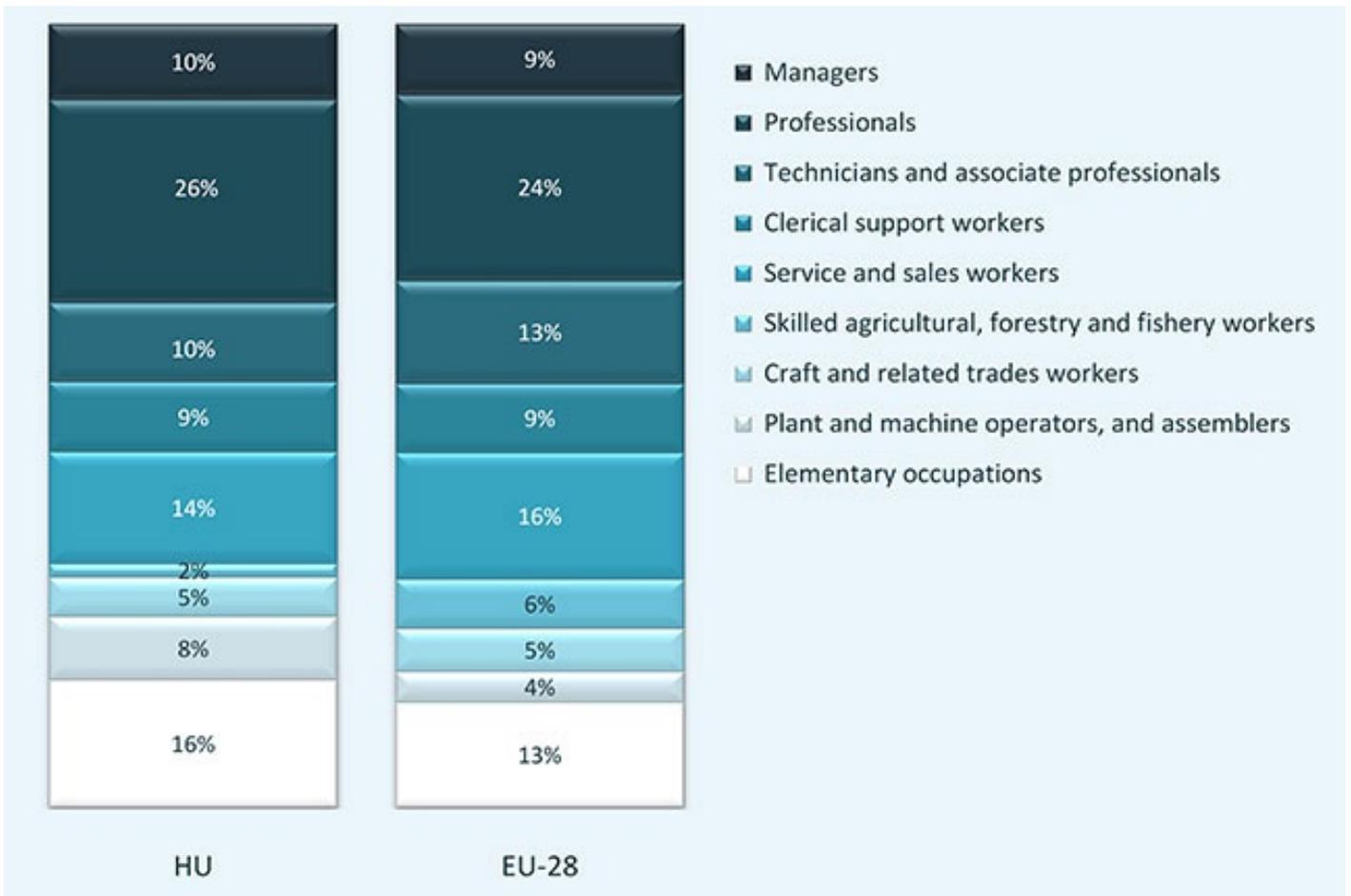
Source: Cedefop skills forecasts (2015)

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 its ageing labour force between now and 2025, replacement demand in Hungary is forecast to provide almost all job opportunities.

In Hungary, most job opportunities, around 26%, will be for professionals (high level occupations in science, engineering healthcare, business and teaching), followed by around 16% for elementary occupations (Figure 3).

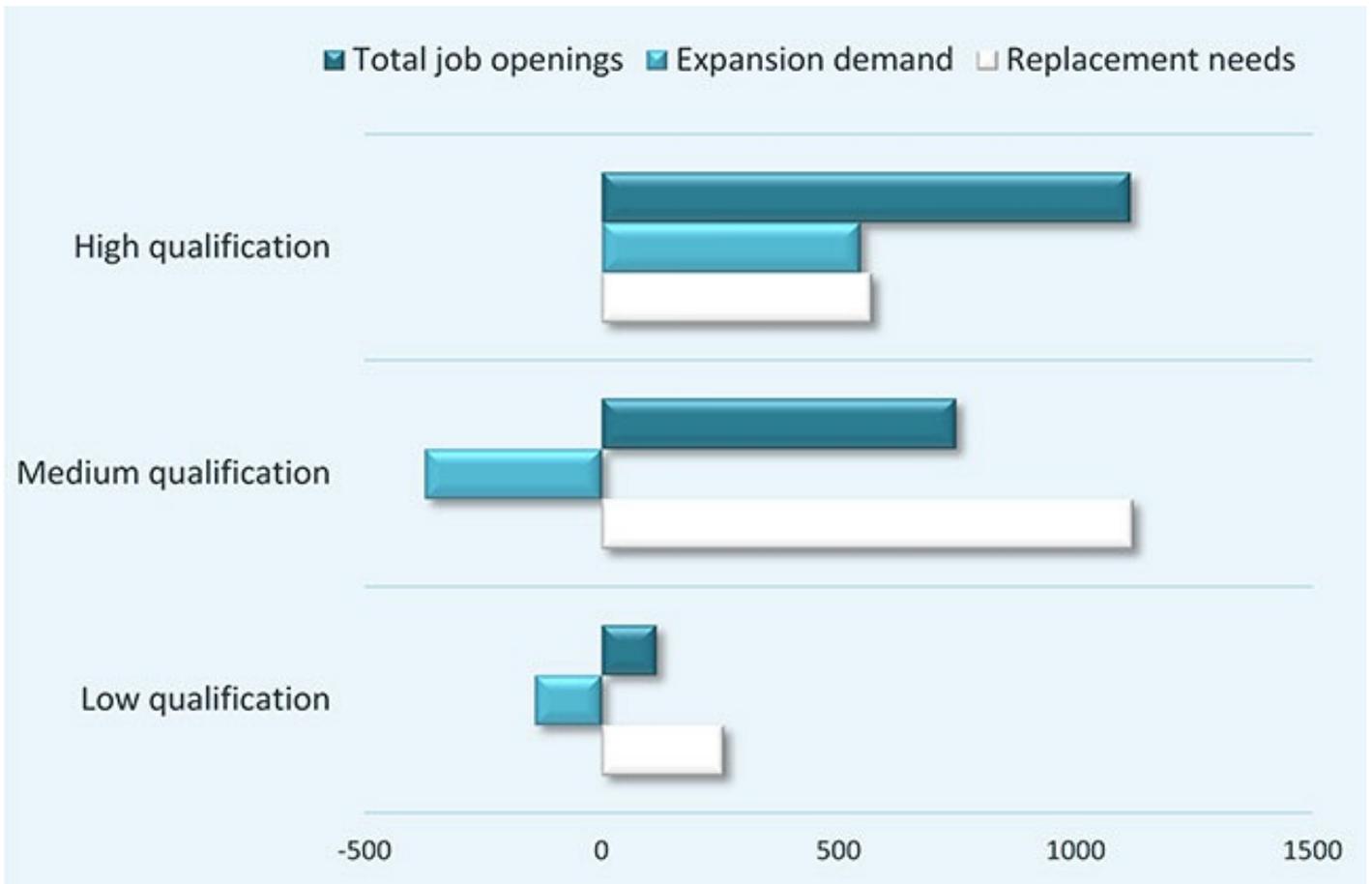
Figure 3 **Distribution of total job opportunities by occupation, 2013-2025, Hungary and the EU (%)**



Source: Cedefop skills forecasts (2015)

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

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



Source: Cedefop skills forecasts (2015)

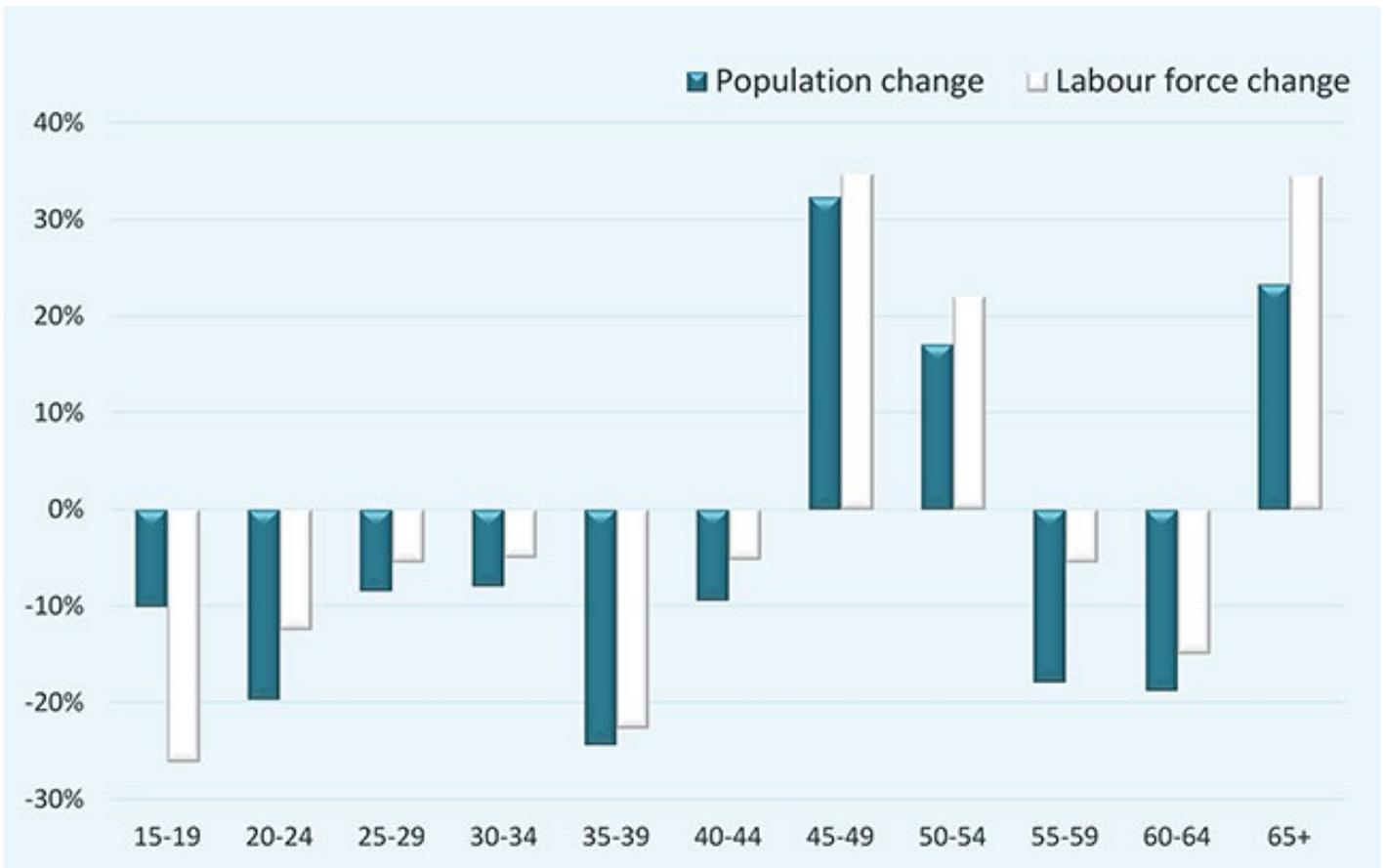
Labour force trends

Future labour supply trends depend mainly on demographics and the size of the working-age population (defined in the forecasts as people over 15 years old), 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 Hungary reflects the current trends in fertility rates and net migration flows. Hungary's working-age population is forecast to fall by about 1%-2% between now and 2025. Labour market participation in Hungary is forecast to remain at around 52% between now and 2025, below the EU forecast average of 55.5%.

Following the EU demographic trend, Hungary's population is also getting older (Figure 5). Between now and 2025, there will be a significant fall in numbers of people in the labour force aged between 15 and 44, with significant increases in numbers of people in the labour force over 45 years old.

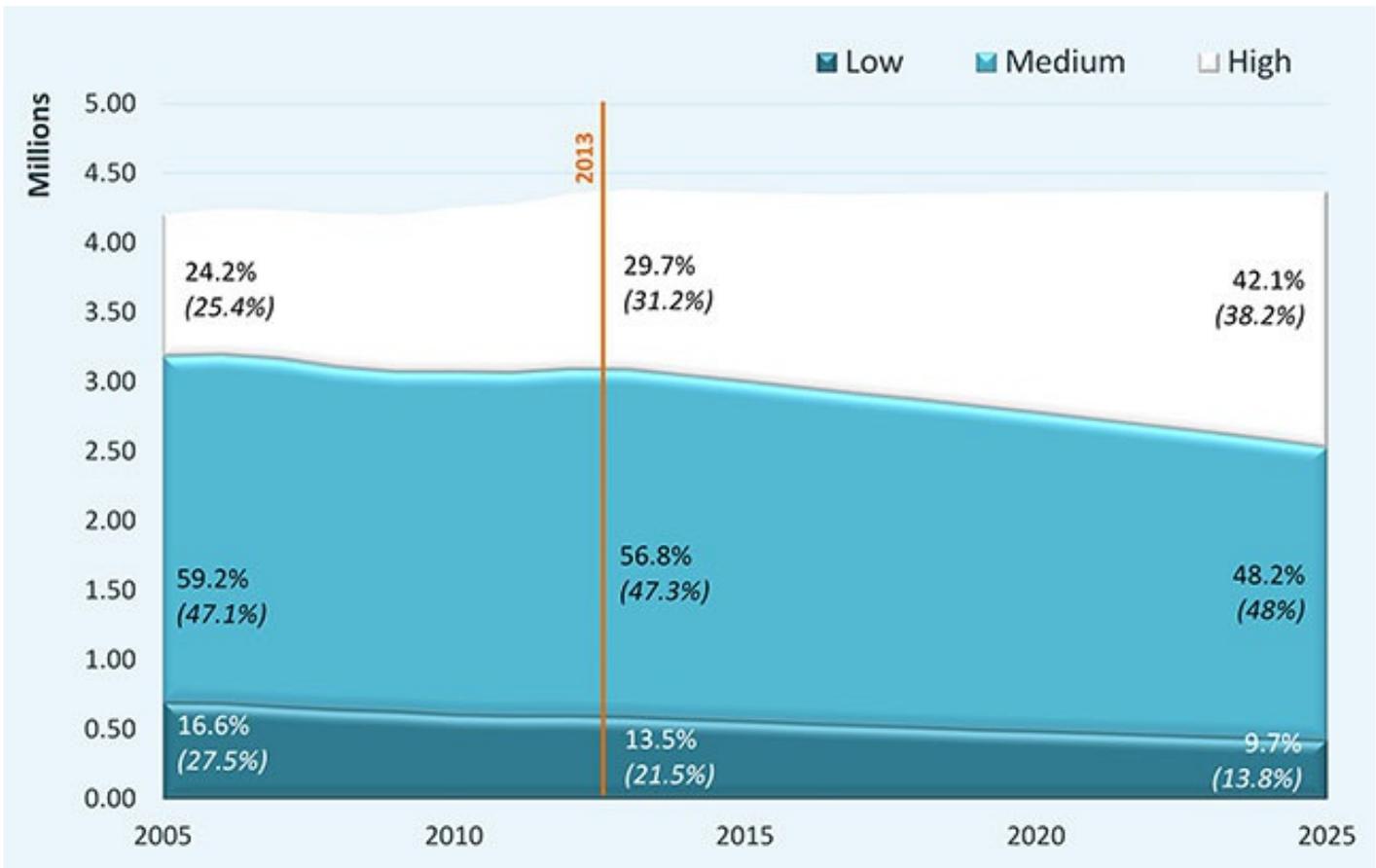
Figure 5 Changes in working-age population and labour force by age, 2013-25, Hungary (%)



Source: Cedefop skills forecasts (2015)

Hungary's labour force is becoming more highly qualified (Figure 6). This can be explained by older less qualified people leaving the labour market and young people staying on longer in education and training to improve their job prospects. By 2025, the share of Hungary's labour force with high-level qualifications will rise from about 30% in 2013 to around 42%. People with medium-level qualifications will account for around 48% of the work-force in 2025, compared to 57% in 2013. The share of people with low-level or no qualifications is forecast to fall from 13.5% in 2013 to just under 10% in 2025.

Figure 6 Labour supply trends by qualifications, labour force age 15+, Hungary (and EU) (%)



Source: Cedefop skills forecasts (2015)

According to Cedefop’s forecasts, by 2020 around 48% of 30 to 34 year olds will have high level qualifications, above the EU’s educational attainment benchmark of 40% by 2020. On current trends around 58% of 30 to 34 year olds in Hungary will have high-level qualifications by 2025.

In Hungary, in 2013 11.8% of young people left the education and training system with low-level qualifications, above the EU target of reducing this to less than 10% by 2020, but very close to the EU average in 2013 of 11.9%.

Experts’ view

Cedefop’s forecasts and their assumptions are regularly discussed with national experts. **Tamas Bako, Research fellow at Institute of Economics, Hungarian Academy of Sciences** considers the forecasts underlying assumptions and results plausible.

He considers as important to note that the recent increase in employment growth in Hungary is largely due to the extensive workfare programs. Those unemployed who participate in these workfare programs are counted as employed. He expressed also some concerns about Cedefop’s proportion of high-qualified people in the labour force which he considers as rather overestimated compared to national projections. However the national forecast focusses on the whole population and while Cedefop’s one brings results on the labour force (only a subset of population). Therefore the actual differences might not be so significant. Hungarian forecast assumes also for slower rates in acquiring high level education.

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 - Hungary

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