

Session 1: Presentation of new projections – main drivers of the forecast

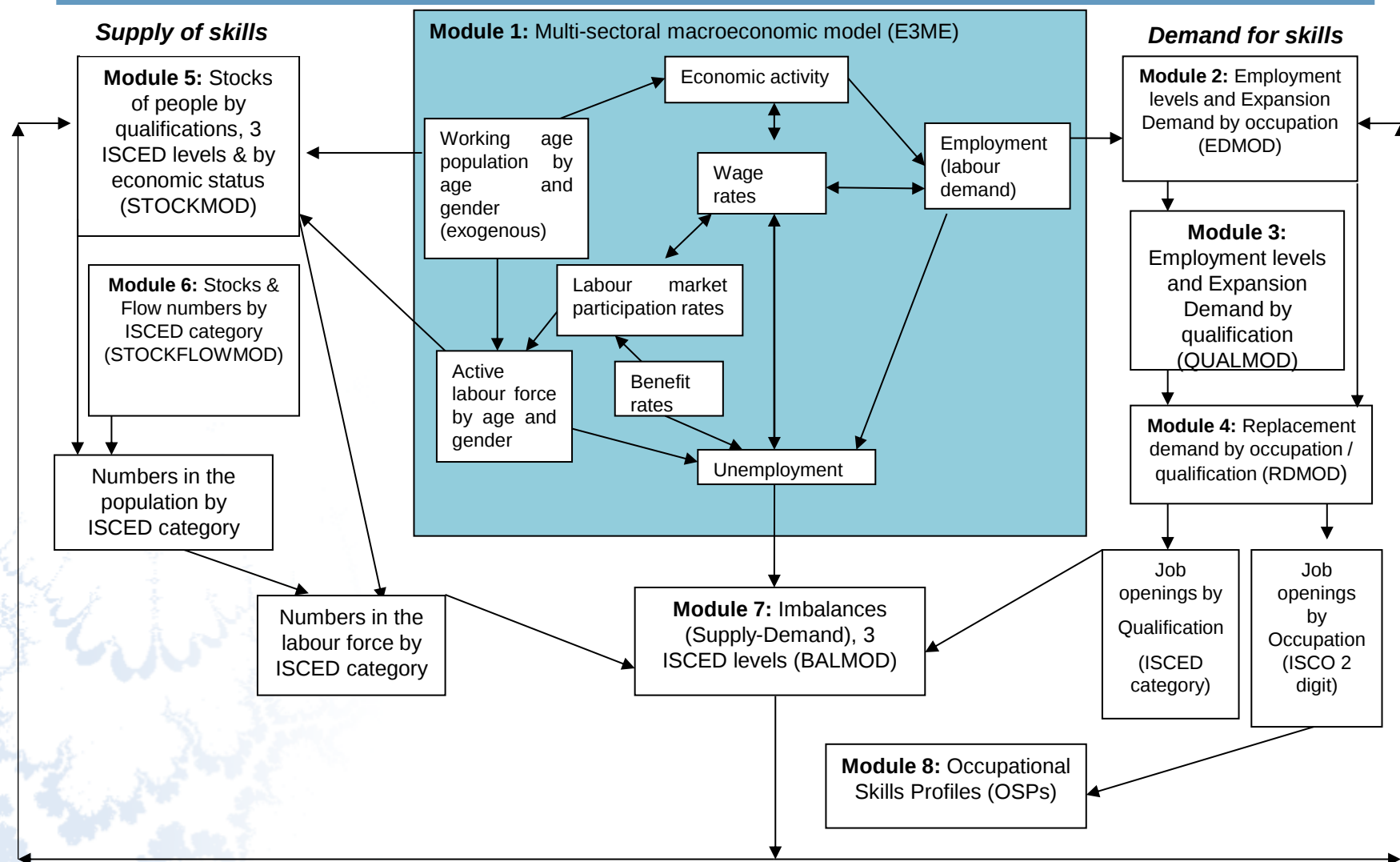
Presentation at *Skillsnet 2013 validation workshop*

Rachel Beaven, Cambridge Econometrics

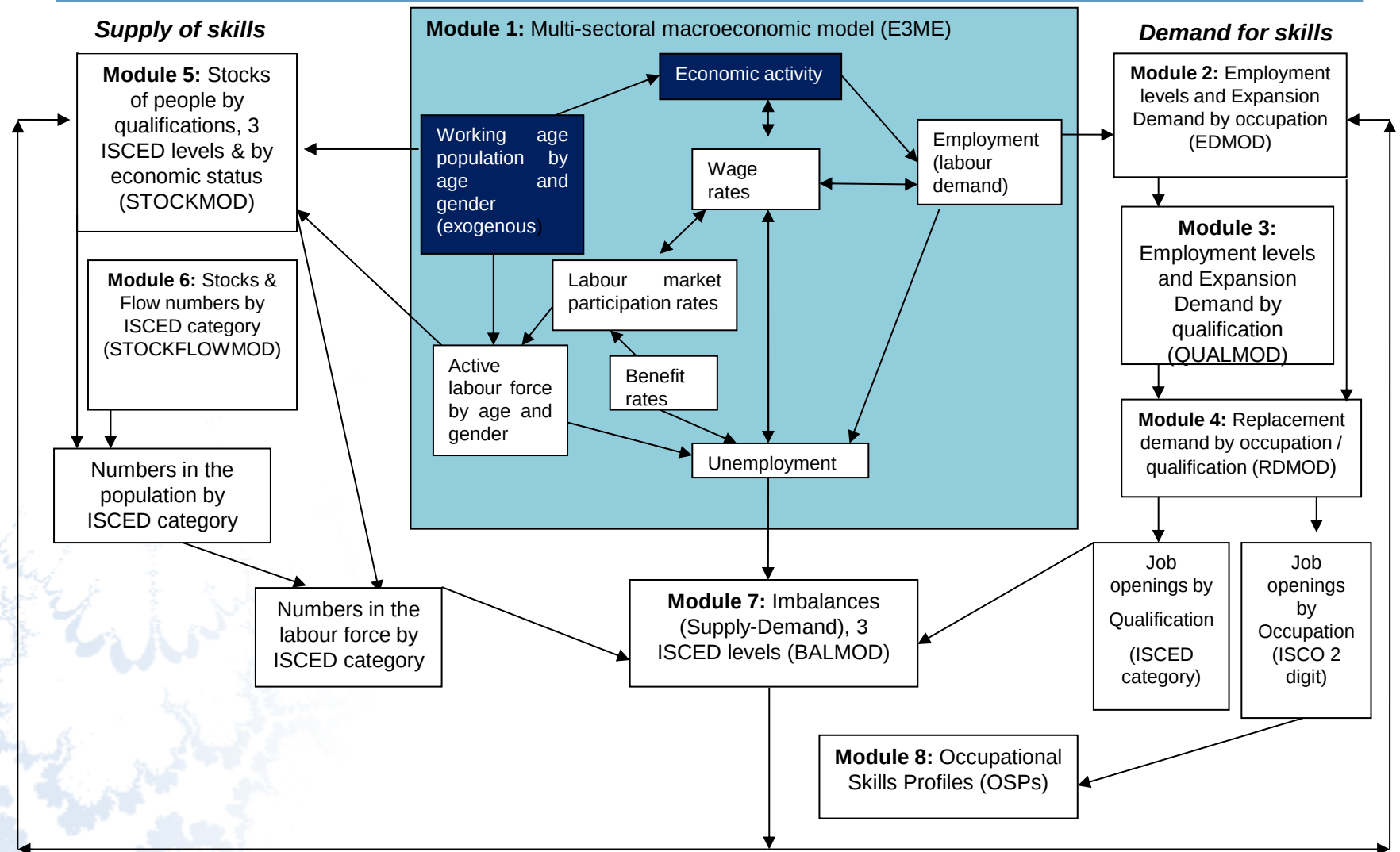
Overview

- Reminder of the modelling framework
- Main macroeconomic drivers and trends
- Main trends in industry sectors and in labour supply groups
- Summary

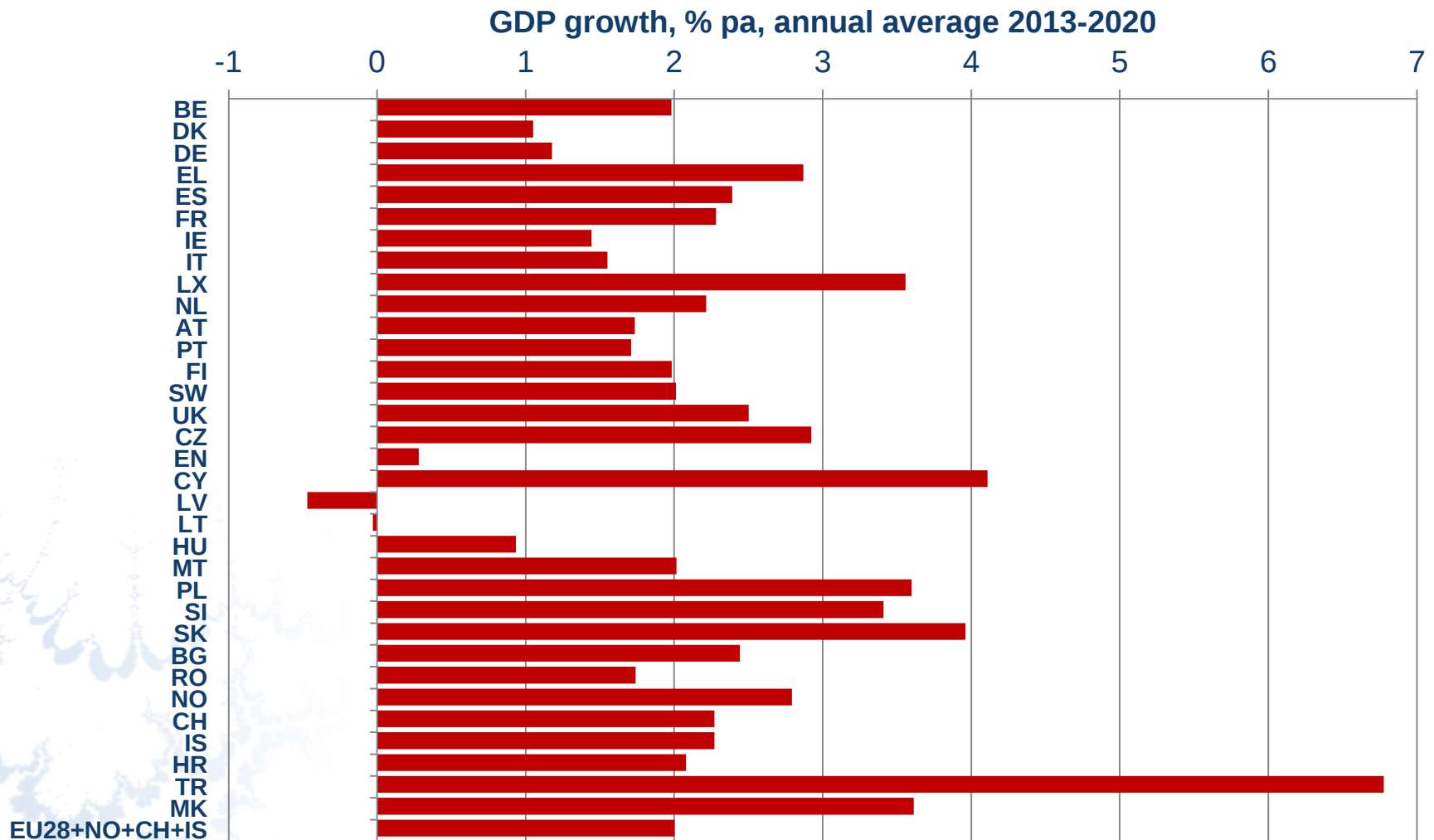
Modelling framework



Exogenous inputs to E3ME

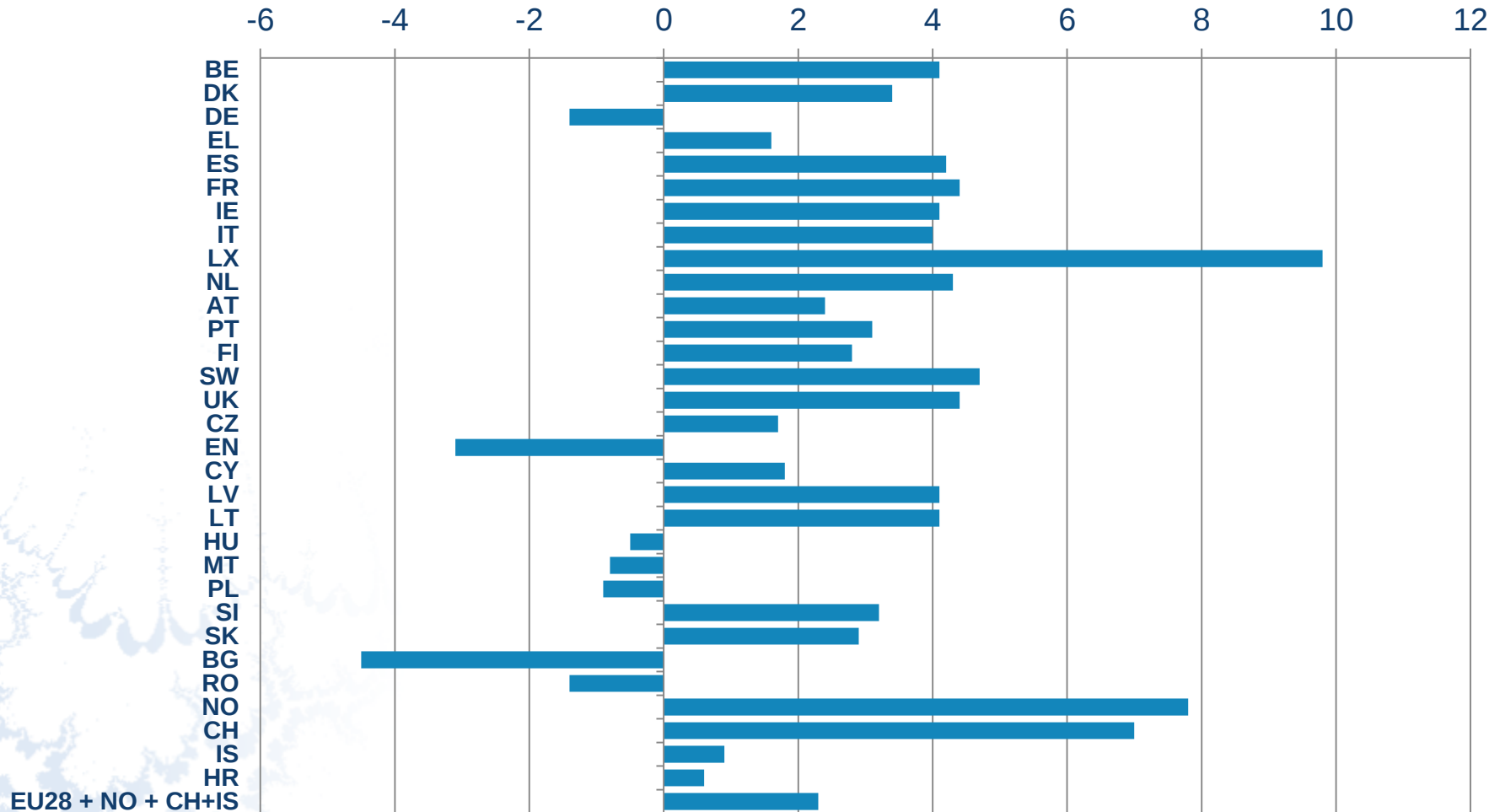


GDP growth is assumed to recover gradually in the medium-term

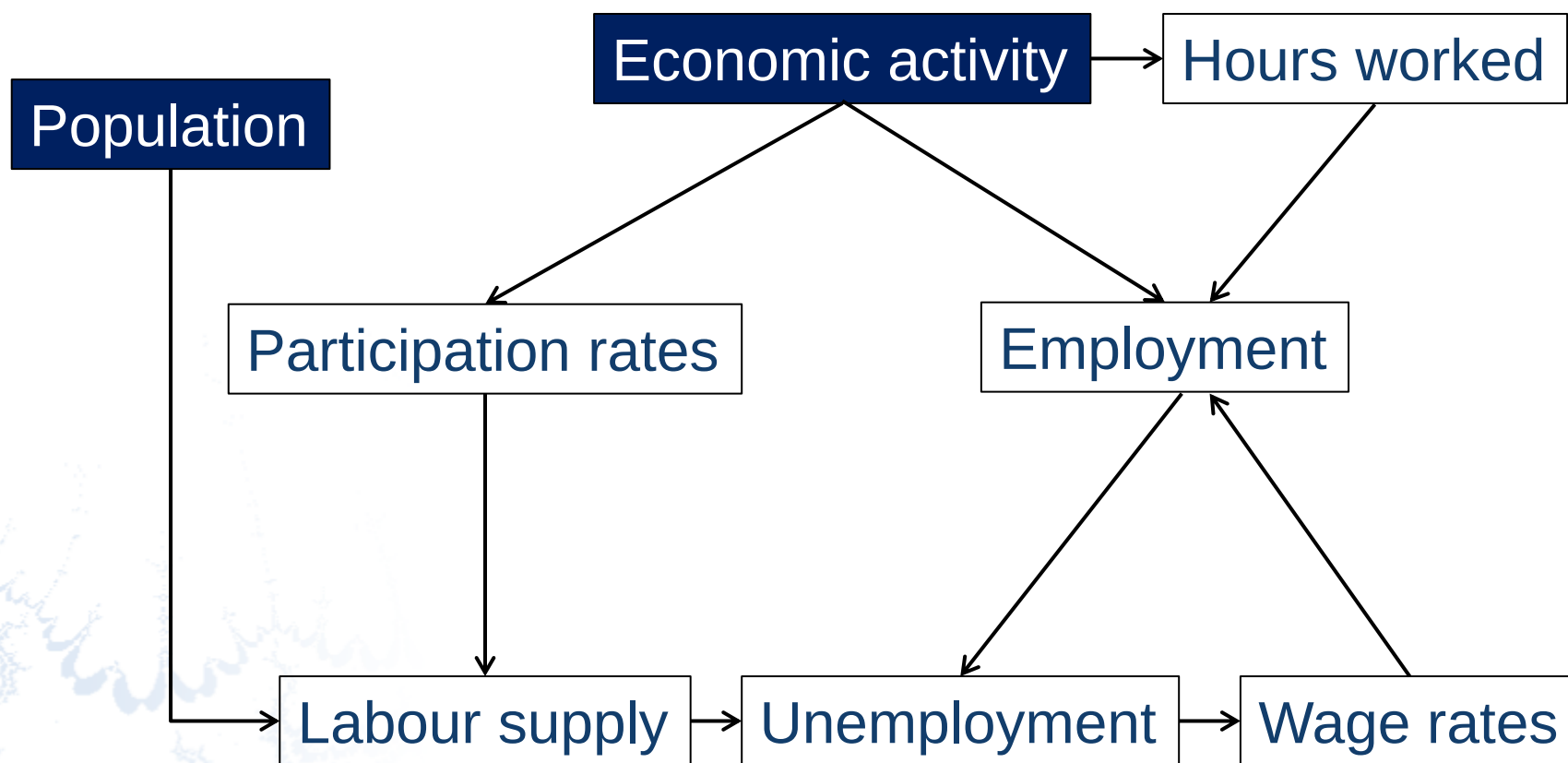


Working-age population is projected to grow in most countries in the medium term

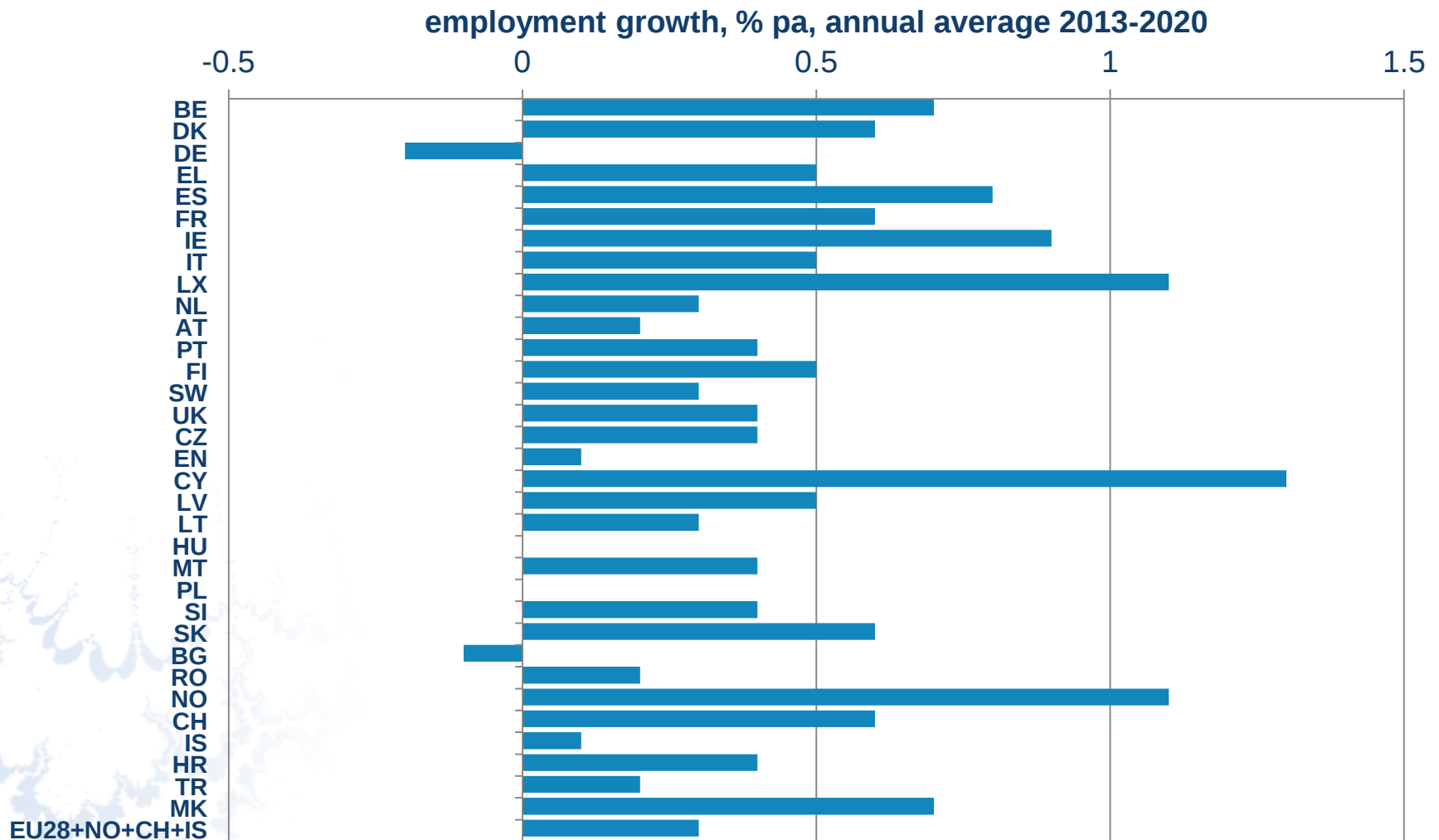
growth of working-age population, %, 2012-2020



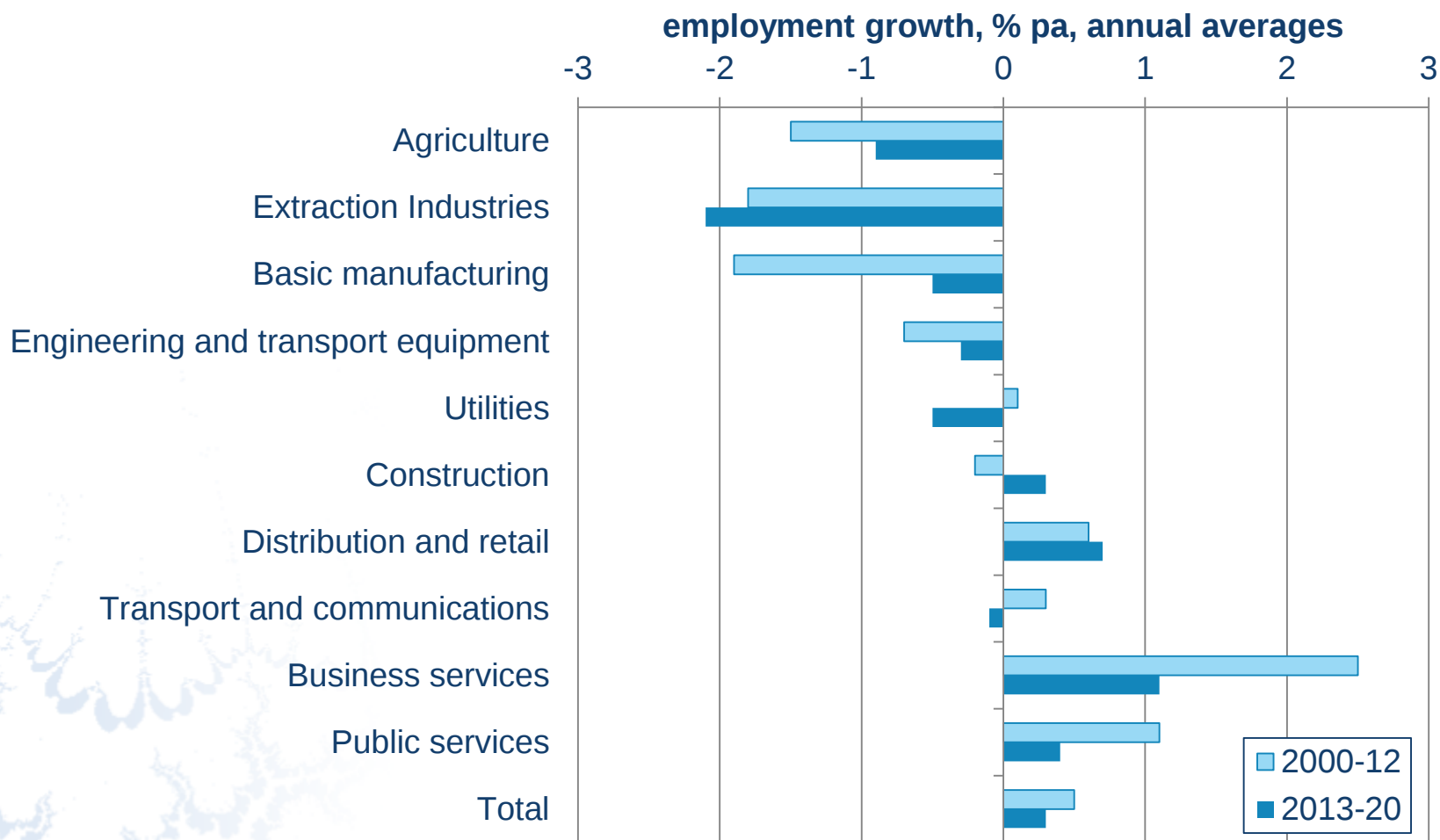
The labour market: endogenous links within E3ME



Only modest growth of employment is projected

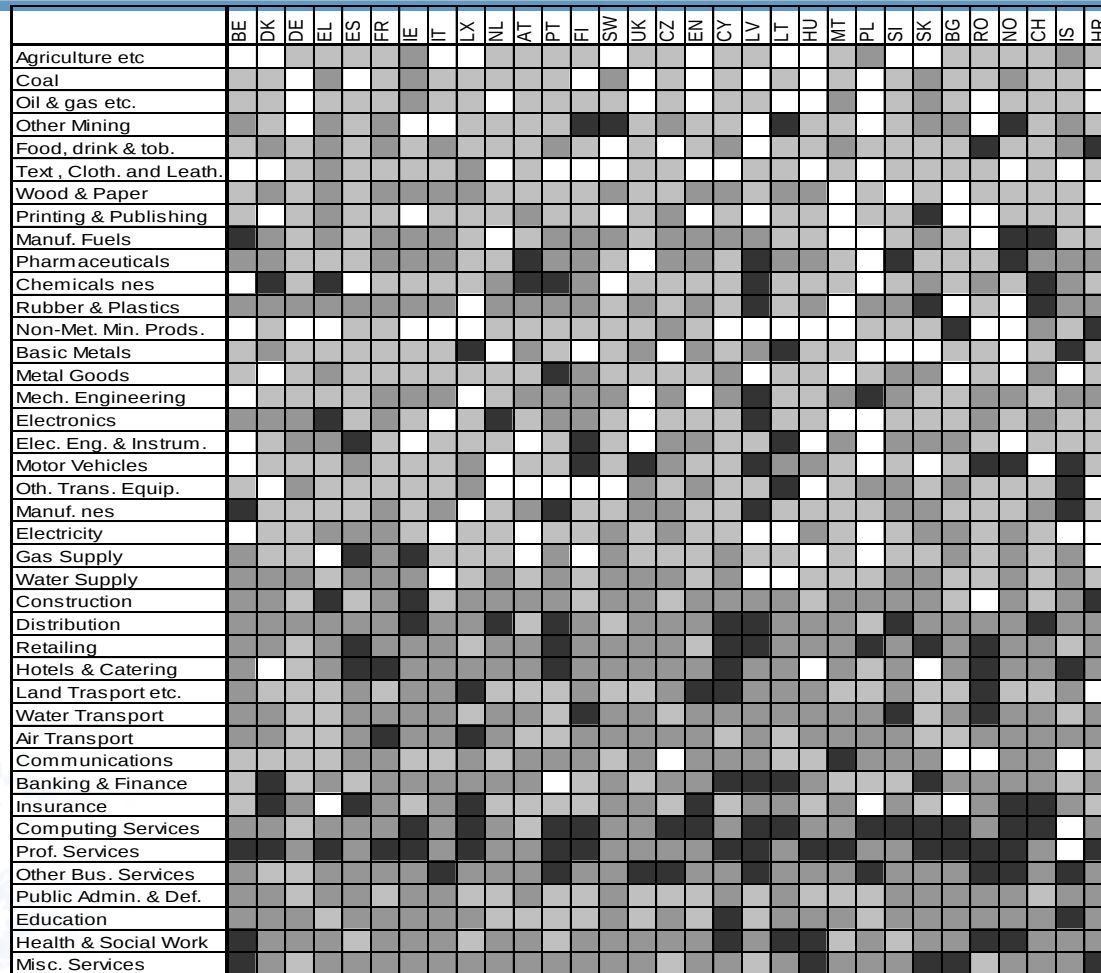


Service sectors will continue to support the fastest employment growth

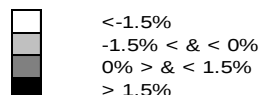


Note(s): For EU28 plus Norway, Switzerland and Iceland.

Austerity measures will curb employment growth in the public sector

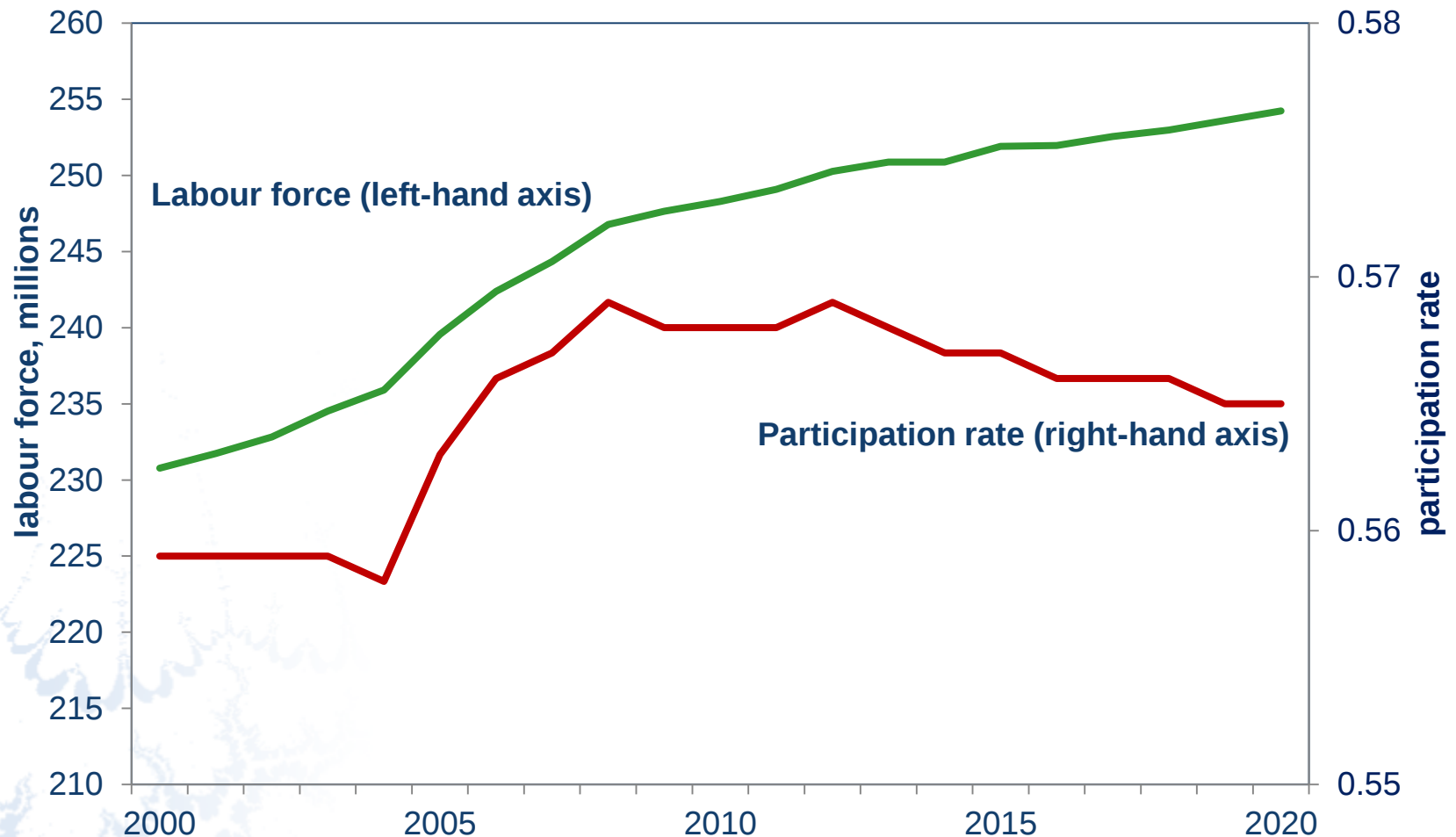


Note(s): For EU28 plus Norway, Switzerland and Iceland.



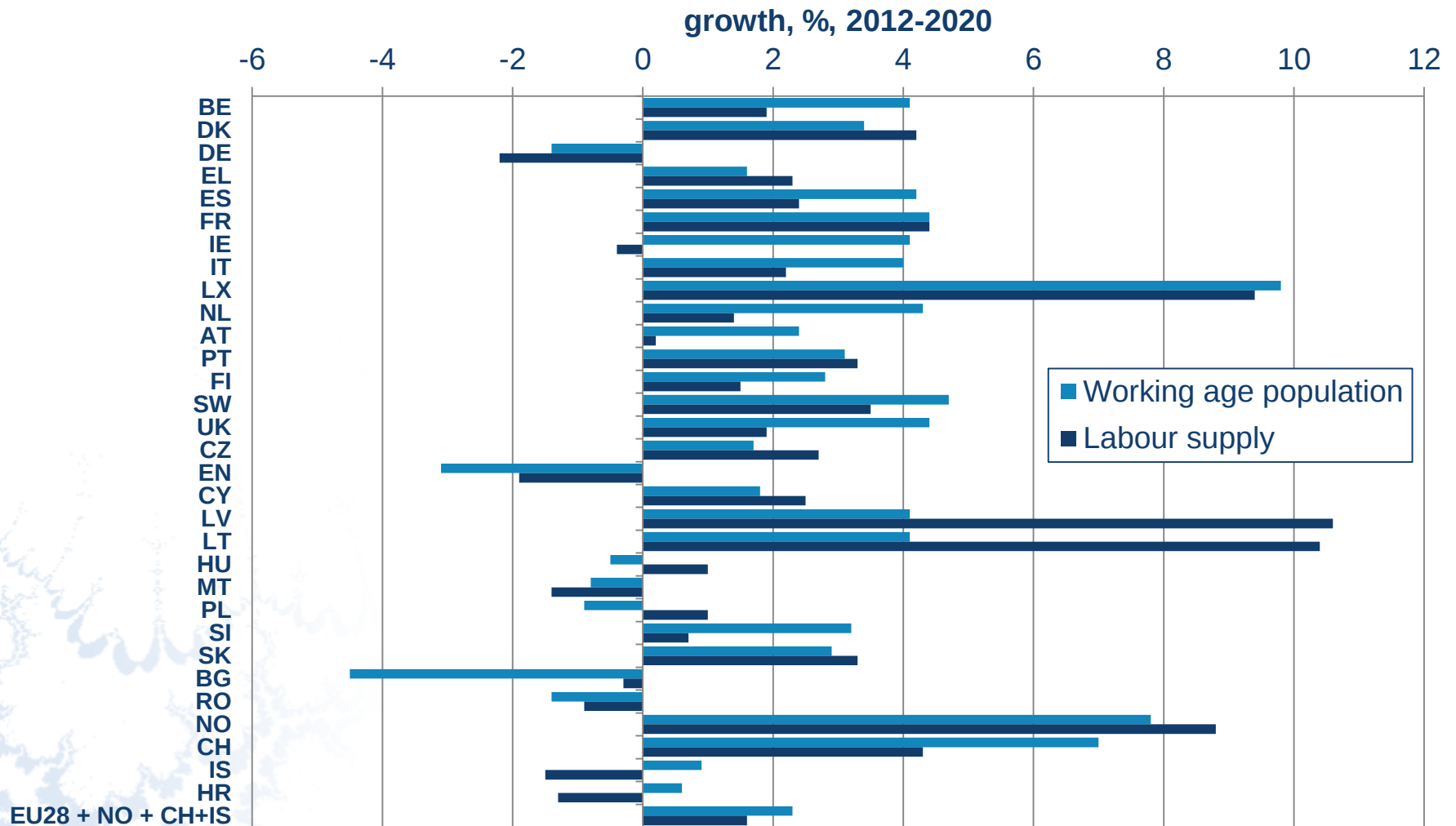
employment growth, % pa,
annual averages 2013-2020

Modest growth of the labour force will be due to higher working-age population

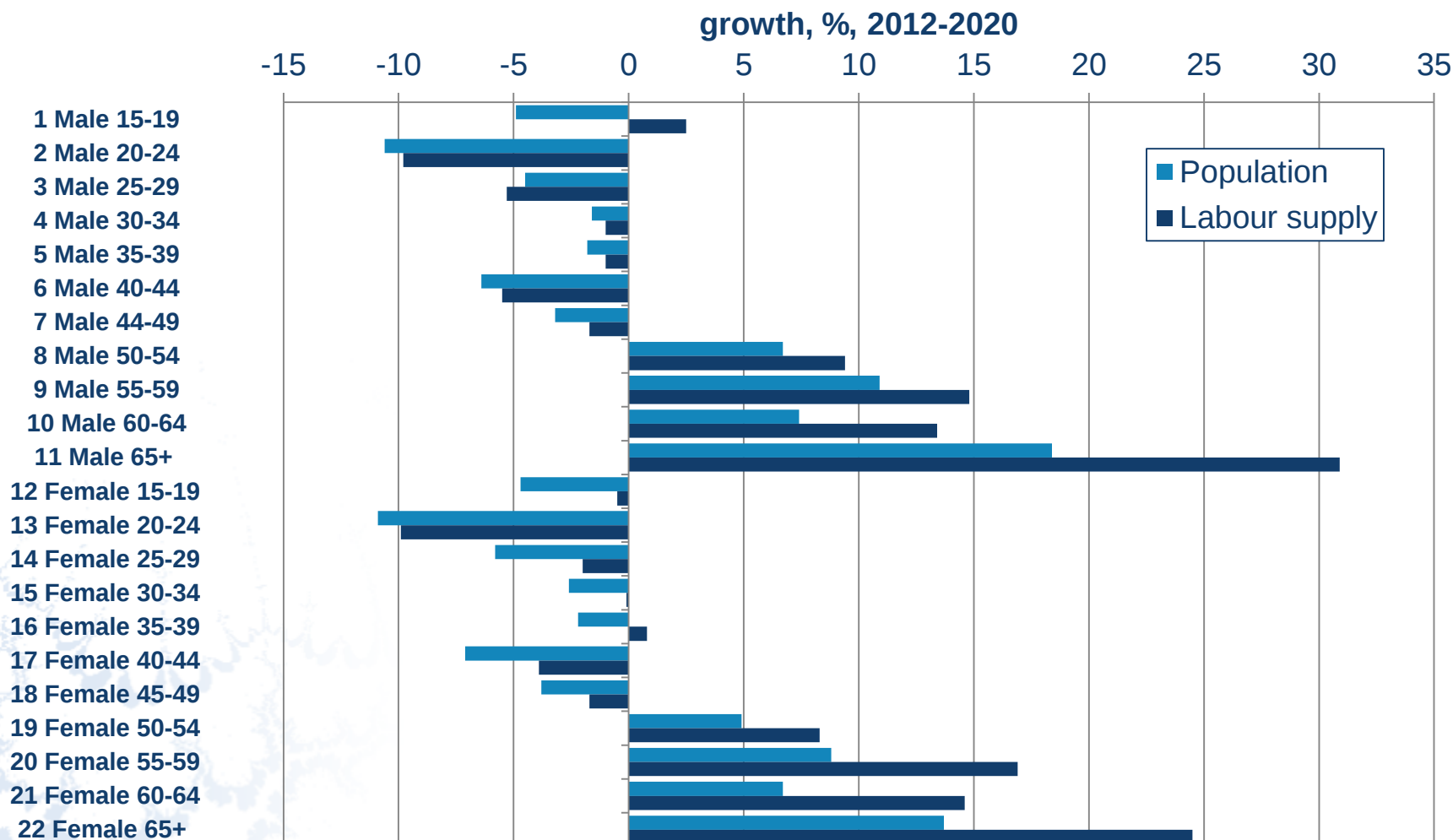


Note(s): For EU28 plus Norway, Switzerland and Iceland.

The labour force is expected to increase in most countries

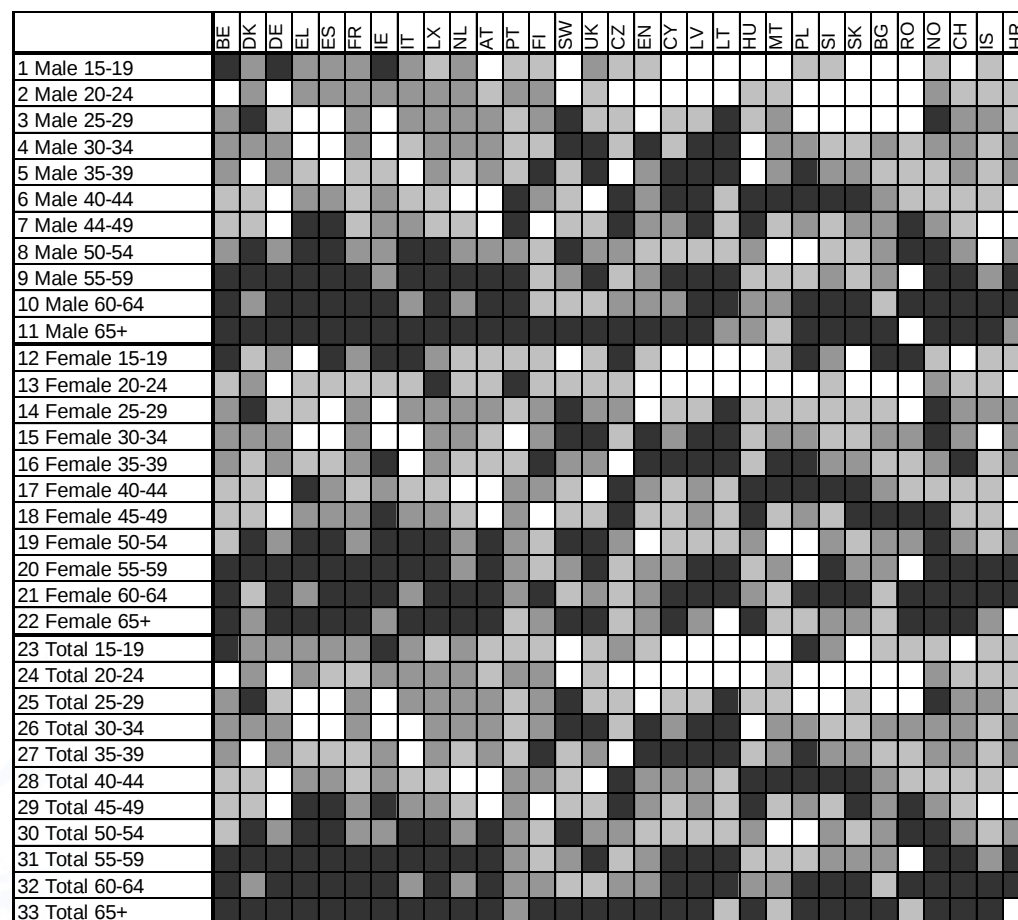


Participation rates of the older age groups are expected to increase



Note(s): For EU28 plus Norway, Switzerland and Iceland.

These trends in labour supply growth vary by country



Note(s): For EU28 plus Norway, Switzerland and Iceland.



< -1.5%
-1.5% < & < 0%
0% > & < 1.5%
> 1.5%

labour supply growth, %, 2013-2020

Key issues and drivers

Driver	Demand: employment trends	Supply: labour force trends
Government spending	✓	
Access to credit	✓	
Competitiveness & trade	✓	
Technology & innovation	✓	
Ageing population	✓	✓
Higher statutory retirement age		✓
Migration		✓
Education policy		✓
Gender equality		✓

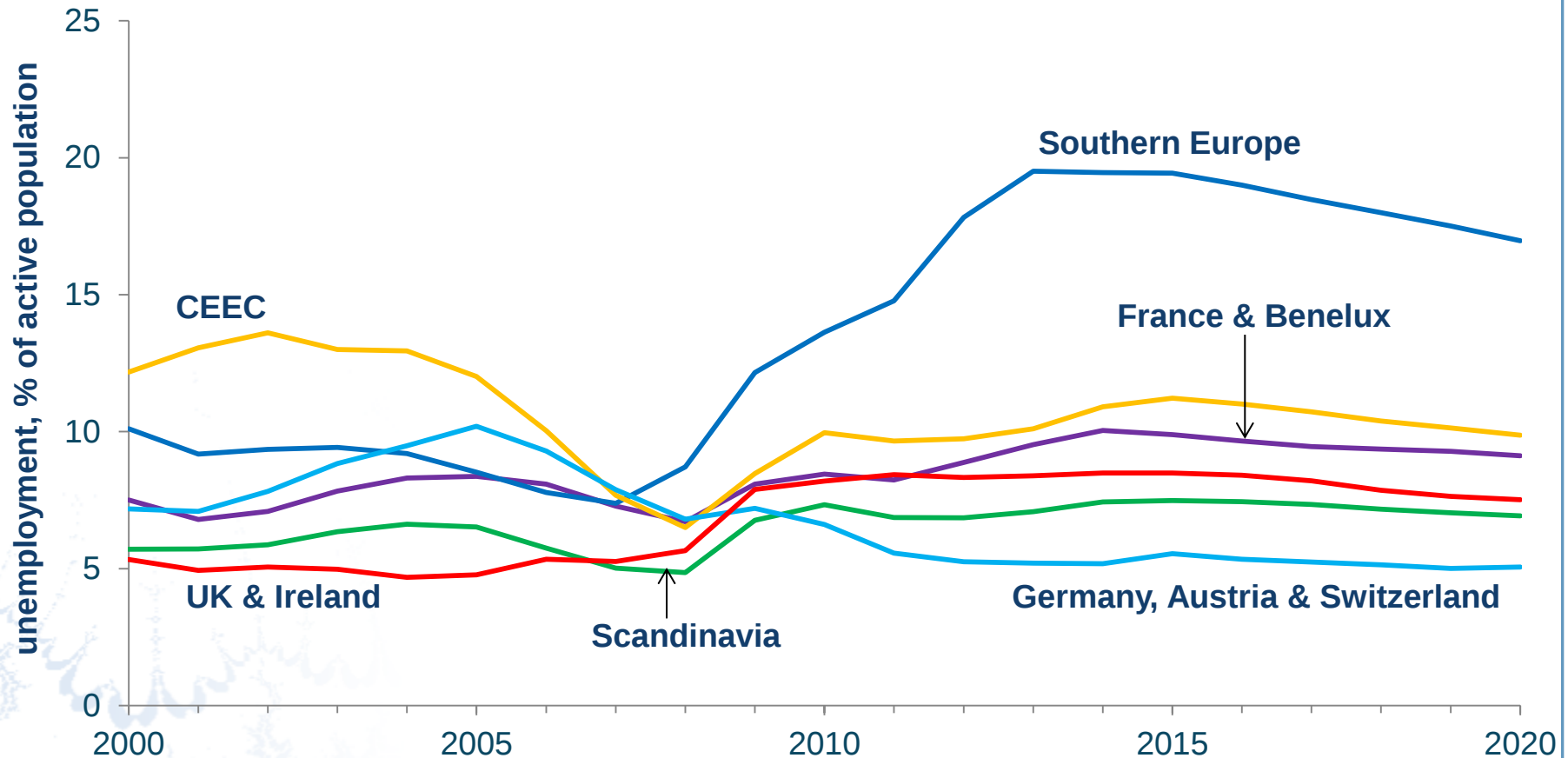
Summary

- A key uncertainty is the nature of recovery following the global financial crisis
 - the recession has been prolonged in some countries
 - in general, the recovery will be more gradual than previously forecast
- The projections are broadly consistent with trends previously forecast
 - weak or negative employment growth within the primary industries and stronger growth in services employment
 - ageing population
 - increasing participation amongst older age groups and women
 - decreasing participation of the young

For more information

- Cedefop skills forecasting
 - Rachel Beaven, rb@camecon.com
- E3ME model
 - www.e3me.com

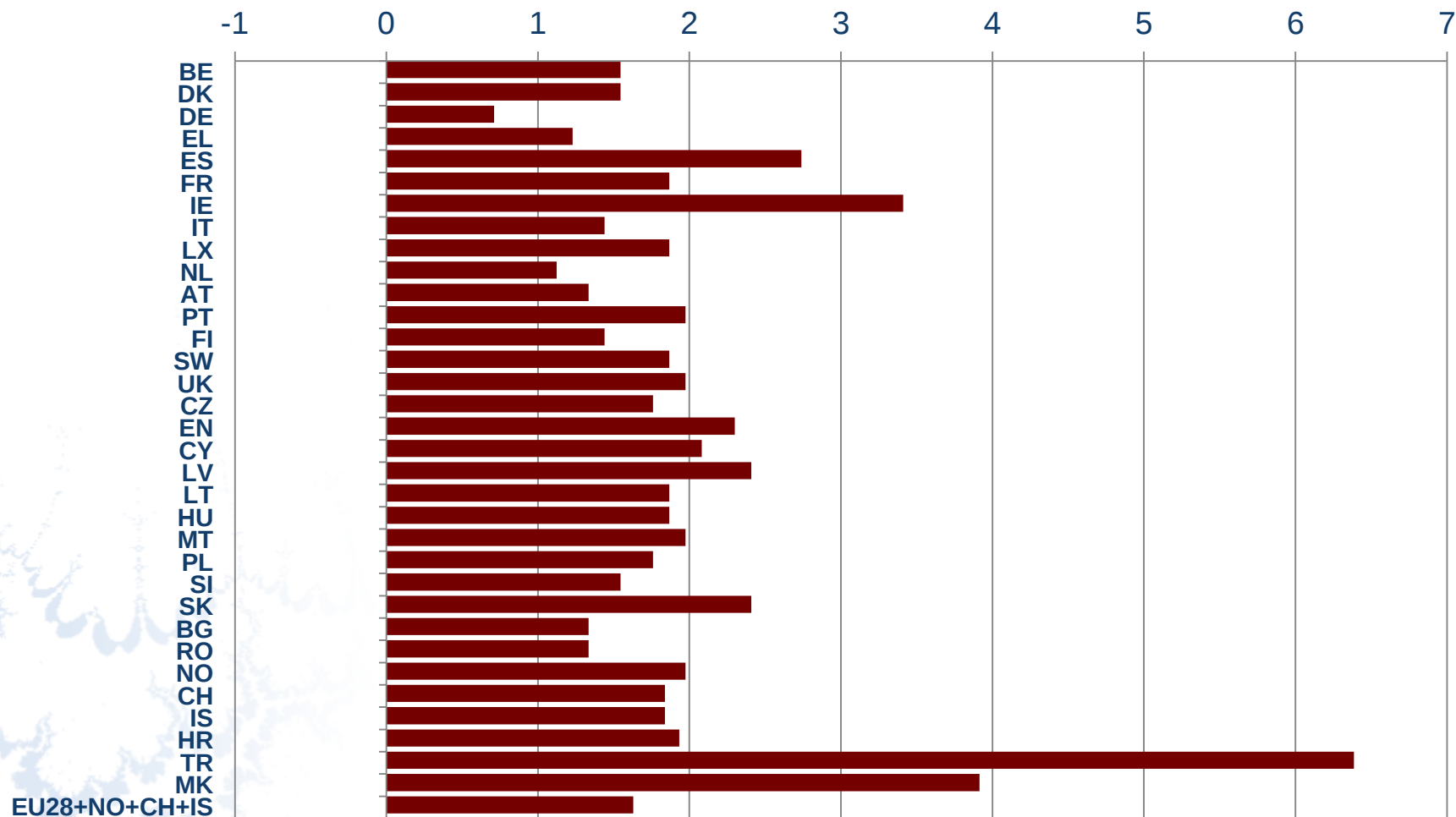
In many countries unemployment will remain higher than pre-recession rates



Note(s): Scandinavia is Denmark, Finland, Sweden and Norway; Benelux is Belgium, Luxembourg and the Netherlands; Southern Europe is Spain, Italy, Portugal, Greece, Malta and Cyprus; CEEC is Czech Republic, Slovakia, Poland, Hungary, Latvia, Lithuania, Estonia, Bulgaria, Romania and Slovenia.

GDP growth in the longer-term

GDP growth, % pa, annual average 2020-2025



Employment growth in the longer-term

