



CEDEFOP

European Centre for the Development
of Vocational Training



Country forecasts: short overviews of skill demand and supply trends up to 2020

Objectives

A **short overviews** on trends in skill demand and supply in **each EU Member State** providing:

1. comparable data and information based on Cedefop forecast highlighting main trends and differences
2. country contextual information (e.g. population, recent unemployment rate, etc.)
3. validation (and possibly an own assessment) from a country expert on national forecast results and trends identified

Country forecasts

Croatia

Skill supply and demand up to 2020

On 1 July 2013, Croatia became the European Union's (EU) 28th Member State. This article presents some key characteristics about Croatia's labour market. It looks at labour supply and demand to give some insights into the challenges and opportunities for people in Croatia. The analysis uses data from Cedefop's skills supply and demand forecasting project (Box 1), which enables comparisons to be made with other EU Member States.

Although generally similar to the EU, Croatia's labour market has some interesting differences. Croatia's labour force is slightly younger and has a higher proportion of people with medium-level and a lower proportion with low-level qualifications than the EU averages. By 2020, most job opportunities in Croatia should be in the distribution and transport and non-marketed services. Compared to the rest of the EU Croatia has a relatively high share of employment in agriculture and manufacturing.

Box 1 Skill supply and demand scenarios

Cedefop's latest skill demand and supply forecasts up to 2020 cover the 28 EU Member States plus Iceland, Norway and Switzerland. Three scenarios take account of global economic developments up to October 2012, the European Commission's short-term macroeconomic forecast and the latest Eurostat population projections. Each scenario's assumptions of are set out below.

Baseline scenario: used for the forecasts' main findings. It assumes that a modest economic recovery slowly increases confidence. Investment and consumer spending increase and export rises. Inflation remains within target range and interest rates low. Higher tax revenues help governments reduce debt.

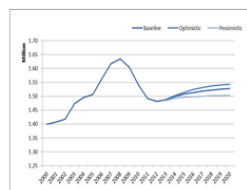
Optimistic scenario: a speedier economic recovery brings greater confidence. Higher rates of investment and consumer spending. Export demand is strong. Inflation rises, but interest rates remain low as higher tax revenue helps governments to balance budgets.

Pessimistic scenario: a prolonged economic slump lowers confidence. Investment and consumer spending are depressed. Export demand is fragile. Inflation falls and interest rates rise to avoid currency crises. Public debt problems add pressure to raise taxes and outspending.

Like the rest of Europe, Croatia enjoyed stable job growth between 2000 and 2008, which was followed by a period of job losses. According to Eurostat, in the second quarter of 2013, unemployment rate in Croatia stood at 16.4%.

Cedefop's baseline scenario (Box 1), used for the main findings, forecasts that employment in the EU overall will return to its pre-crisis 2008 level between 2017 and 2018. In contrast, even under Cedefop's optimistic scenario, employment will still be below its 2008 peak in 2020 (Figure 1).

Figure 1 Past and likely future employment, Croatia (millions)

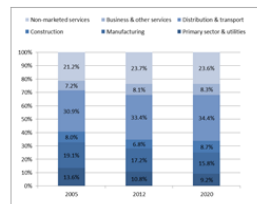


In 2012, most jobs in Croatia, some 33.4%, were in the distribution and transport sector (Figure 2), which includes hotels, catering, retailing and transportation.

Compared to the rest of the EU, employment in the primary sector (mainly agriculture) and manufacturing in Croatia was relatively high, providing more jobs than the business services sector which includes banking, finances and computing. The proportion of employment in business services in Croatia at 8.7% is very low compared to the EU average of around 23%.

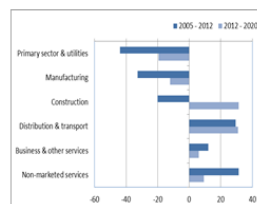
(*) For data on all countries see: <http://www.cedefop.europa.eu/en/about>
<http://www.cedefop.europa.eu/en/skills-demand-and-supply/skills-forecasts.aspx>
Forecast methodology is at: <http://www.cedefop.europa.eu/en/23000000/200912.aspx>

Figure 2 Employment structure by broad sector, Croatia (%)



Between now and 2020, Croatia should see a small decrease in jobs in the primary and manufacturing sectors, but an increase in jobs in construction and distribution and transport sectors (Figure 3).

Figure 3 Past and forecast future employment trends by sector, Croatia (thousands)

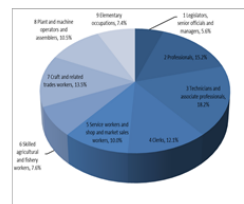


Croatia's occupational structure is similar to the rest of the EU labour market. The biggest occupational group, some 18.2% in 2012, was technicians and associate professionals. At 13.5% Croatia has the third highest proportion of craft and related trades workers in the EU (Figure 4). Employment in this occupational group is also forecast to grow between 2012 and 2020.

Over the same period, employment of professionals is also expected to rise, but the forecast points to fewer plant and machine operators and agricultural workers. While numbers of legislators, senior officials and managers are expected to rise in the EU overall, in

Croatia numbers of people in these occupations is expected to be fairly stable between now and 2020.

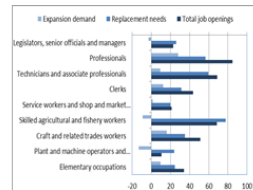
Figure 4 Occupational structure, Croatia, 2012 (%)



Total job opportunities include newly created jobs (expansion demand) and the need to replace people leaving jobs, for example, to retire (replacement demand). In Croatia, replacement demand is forecast to provide almost seven times more than newly created jobs up to the year 2020.

Between now and 2020, there will be job opportunities in all occupations (Figure 5). The importance of replacement demand is clearly visible for skilled agriculture workers. Although overall employment in this occupational group is expected to fall, due to the replacement needs it will provide the third highest number of overall job opportunities.

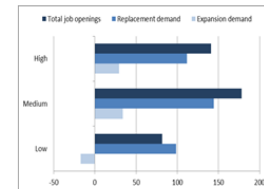
Figure 5 Total job opportunities by occupation in 2012-20, Croatia (thousands)



Employment trends across sectors and occupations show increasing demand for skills as measured by levels of qualification. Cedefop forecasts that newly created jobs will require mainly medium and highly

qualified workers (Figure 6). Replacement demand, however, will lead to around 81 000 job opportunities for low qualified workers.

Figure 6 Total job openings by qualification, 2012-20 Croatia (thousands)



In 2012, Croatia's working age population was 3.7 million people, and its labour force around two million. Future labour supply trends depend mainly on demographics, the participation rate and how quickly people acquire formal qualifications. By 2020, Croatia's working age population is expected to grow by around 22 000, of which around 12 000 will join the labour force.

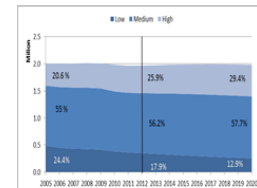
Compared to the EU average, Croatia's labour force is younger (Figure 7). The proportion people in the labour force aged between 25 to 39 years should increase in Croatia. In the EU as a whole numbers in this age group are expected to fall. However, the proportion of the Croatian labour force aged 50 years and above is forecast to be higher than the EU average in 2020.

Figure 7 Changes in population and labour force 2012-20 by age, Croatia (%)



In 2012, around 56.2% of the Croatian labour force, had medium-level qualifications (Figure 8) and this is expected to rise to 57.7% by 2020. The share of people with high-level qualifications should rise from 25.9% in 2012 to 29.4% in 2020, while the share of those with low-level qualifications is forecast to fall from 17.9% in 2012 to 12.9% in 2020.

Figure 8 Labour supply trends by qualifications, labour force age 15+, Croatia (%)



The forecasting results indicate that the EU will meet its educational attainment benchmark of at least 40% of 30 to 34 year-olds completing tertiary level education by 2020, while the share for Croatia is likely to remain below 30% for this age group. However, Croatia has already met the EU's benchmark for 2020 of having fewer than 10% of young people leaving school early.

Process

- Template to be designed by end 2013
- Country overview forecasts prepared early next year
- Accompanied by background report for each country
- Communication with national experts (spring 2014)
- Final validation in the workshop next year (May 2014)

Dissemination:

- available on Cedefop website
- targeted press releases to selected countries, MEPs, etc.
- possible use by the EC for the European semester or Annual growth survey