



Ministry of Economics
Republic of Latvia

MEDIUM AND LONG-TERM LABOUR MARKET FORECASTS 2024

13 June 2024

MEDIUM – AND LONG-TERM LABOR MARKET FORECASTS 2024



- Forecasts have been prepared for the medium-term period until 2030 and the long-term period until 2040
- Are based on the economic growth target scenario set out in Latvia's Economic Development Strategy - **aims to double Latvia's GDP by 2035**

The structural policy assumptions for the economic growth target scenario are set in Latvia's medium and long-term planning documents: *Latvia's sustainable development strategy «Latvia 2030»*; *Latvian National Development Plan 2021-2027*; *National Industrial Policy Guidelines 2021-2027*

- Provides broader evaluation of the current geopolitical situation's impact on the Latvian labor market
- Includes analysis of digitalization and AI development perspectives and effects on Latvian labour market
- According to the economic growth target scenario detailed demographic forecasts have been developed until 2060

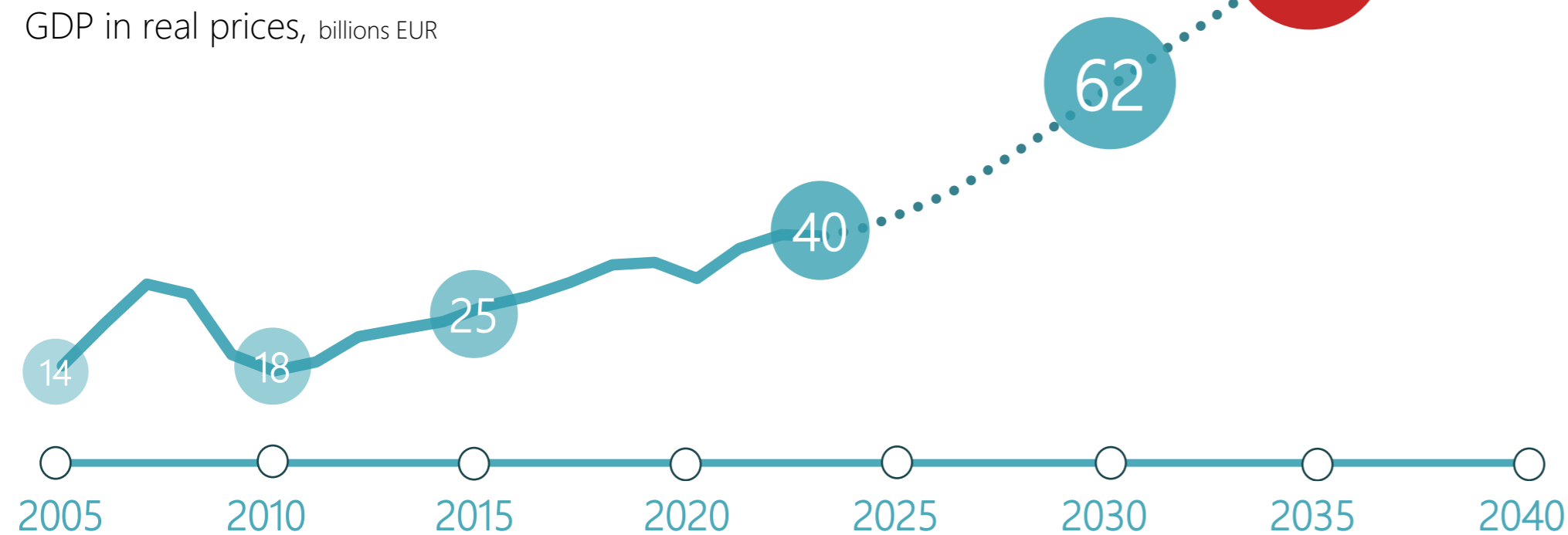
MoE labor market forecasts are one of the tools that enable early prediction of labor market mismatches in the future. They show potential labor market development trends and possible risks, while maintaining alignment with the current education system and the structure of educational offerings.

ECONOMIC GROWTH TARGET SCENARIO

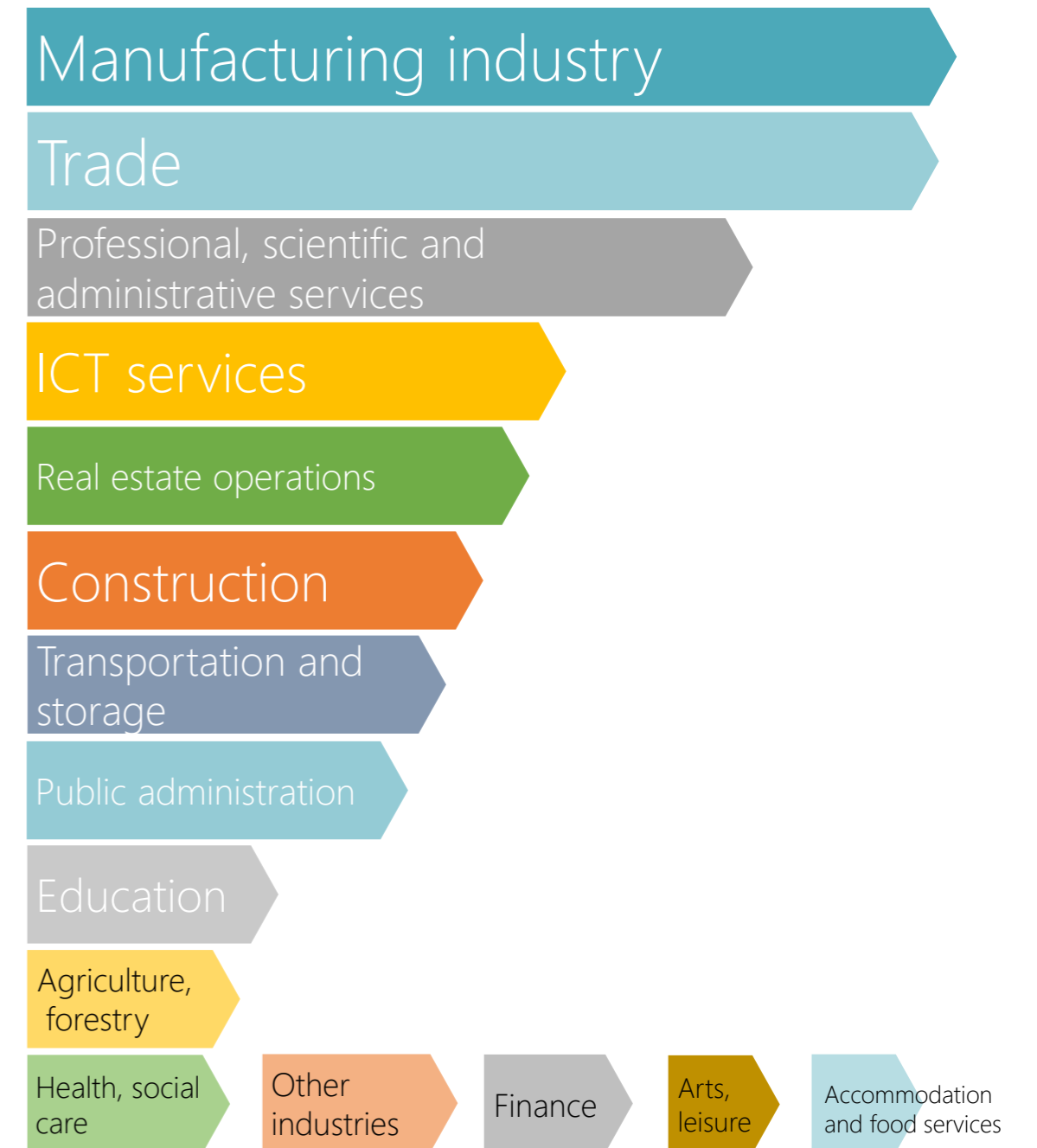
GOAL - TO DOUBLE LATVIA'S ECONOMY (GDP) BY 2035

	Export % of GDP	Private Investments % of GDP	R&D Expenditures % of GDP	Gross Wages EUR	Productivity at actual prices % of EU
2023	64	18	0,75	1537	60
2027	78	25	1,5	2000	72
2035	85	25	3,2	>3200	>95

GDP in real prices, billions EUR



Sectoral contribution to growth, 2040 vs 2023, in percentage points

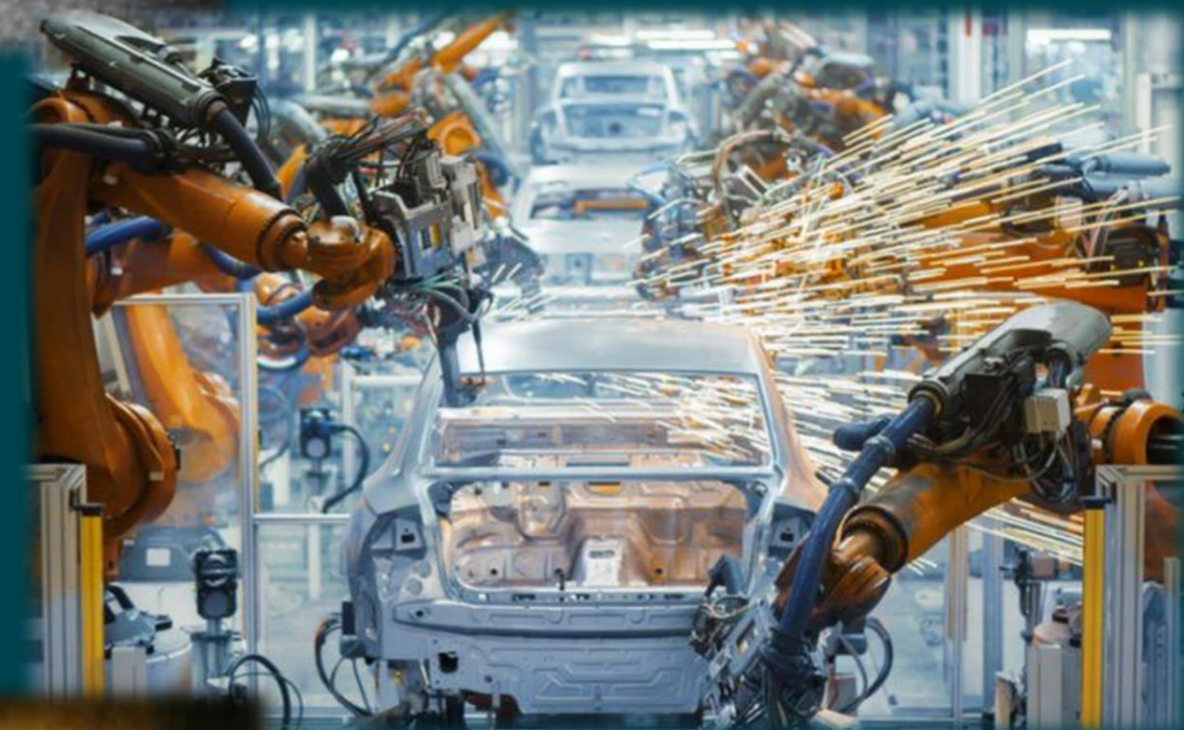


LABOUR DEMAND FORECASTS



Industrialisation

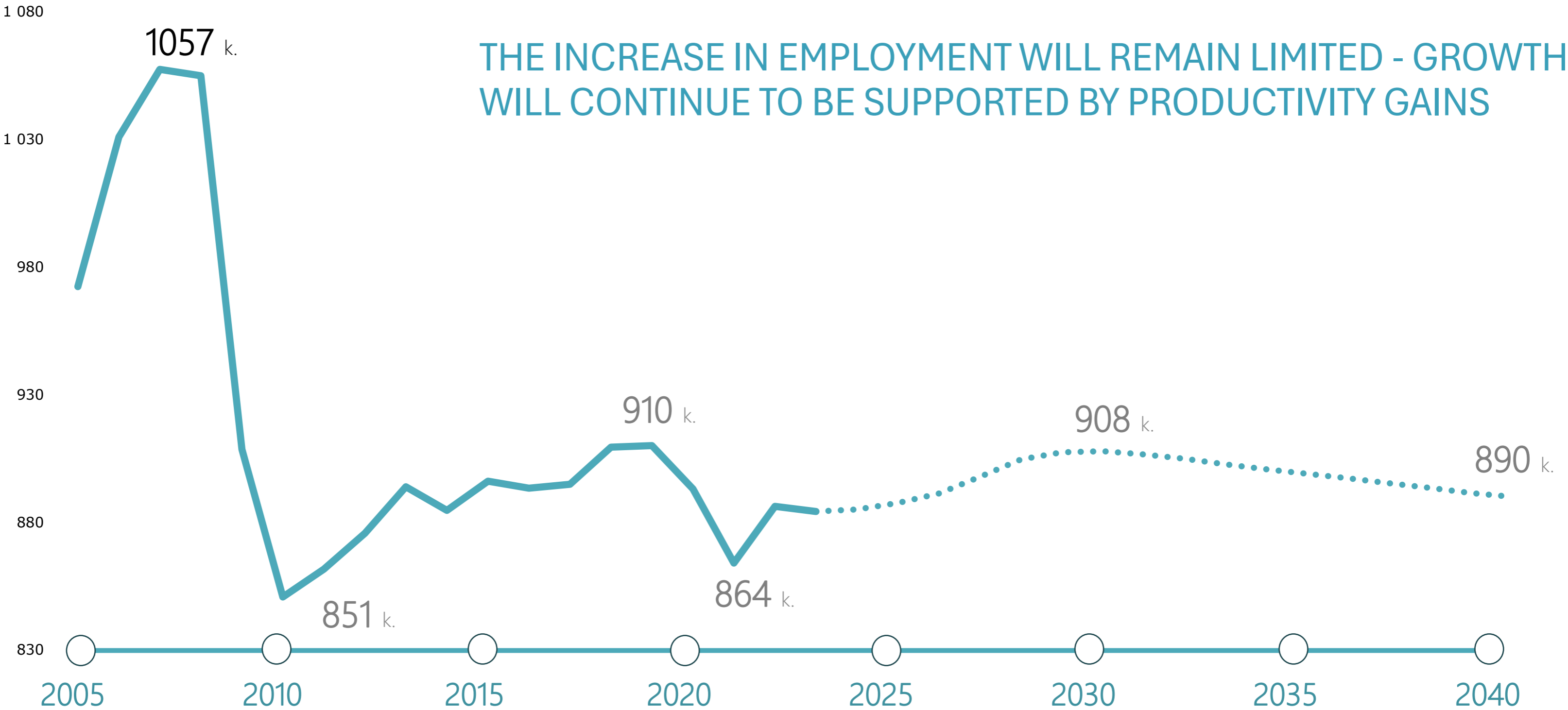
Robotization,
digitalisation



Artificial intelligence

TOTAL LABOR DEMAND

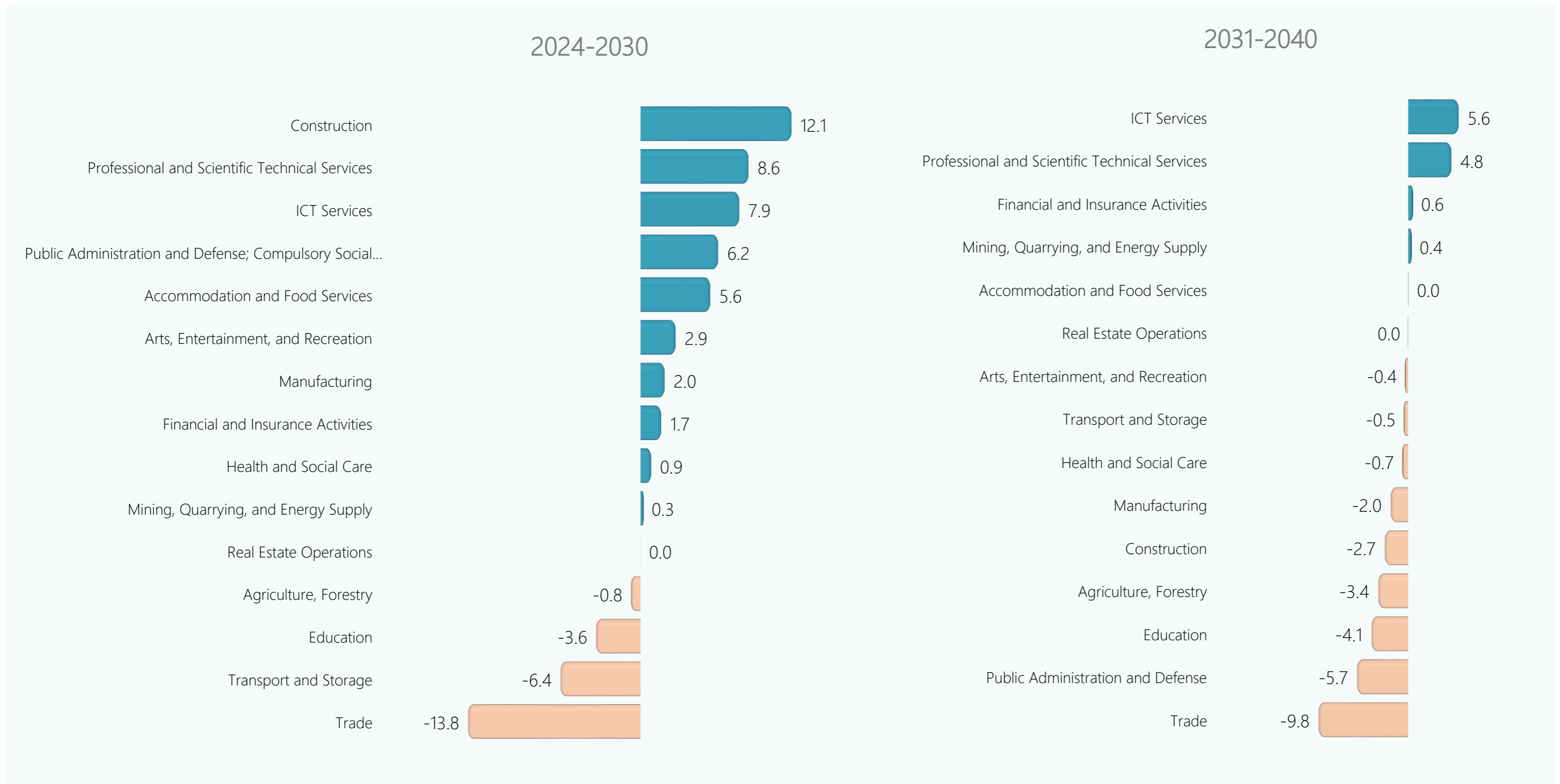
Number of employees, thousands.



Source: CSB, MoE forecasts (2024)

CHANGES IN LABOR DEMAND BY ECONOMIC SECTORS

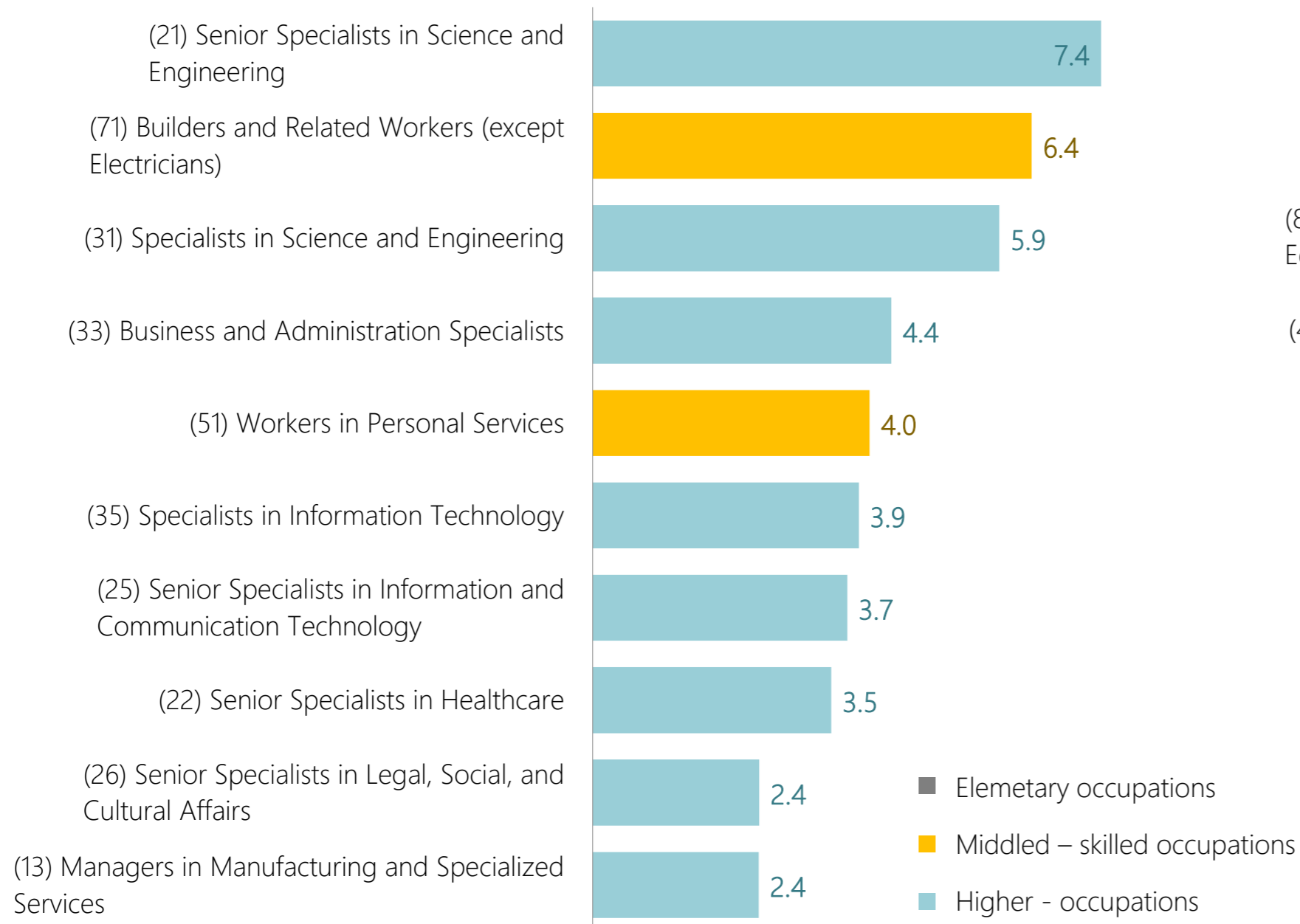
Changes in employment in economic sectors, thousands.



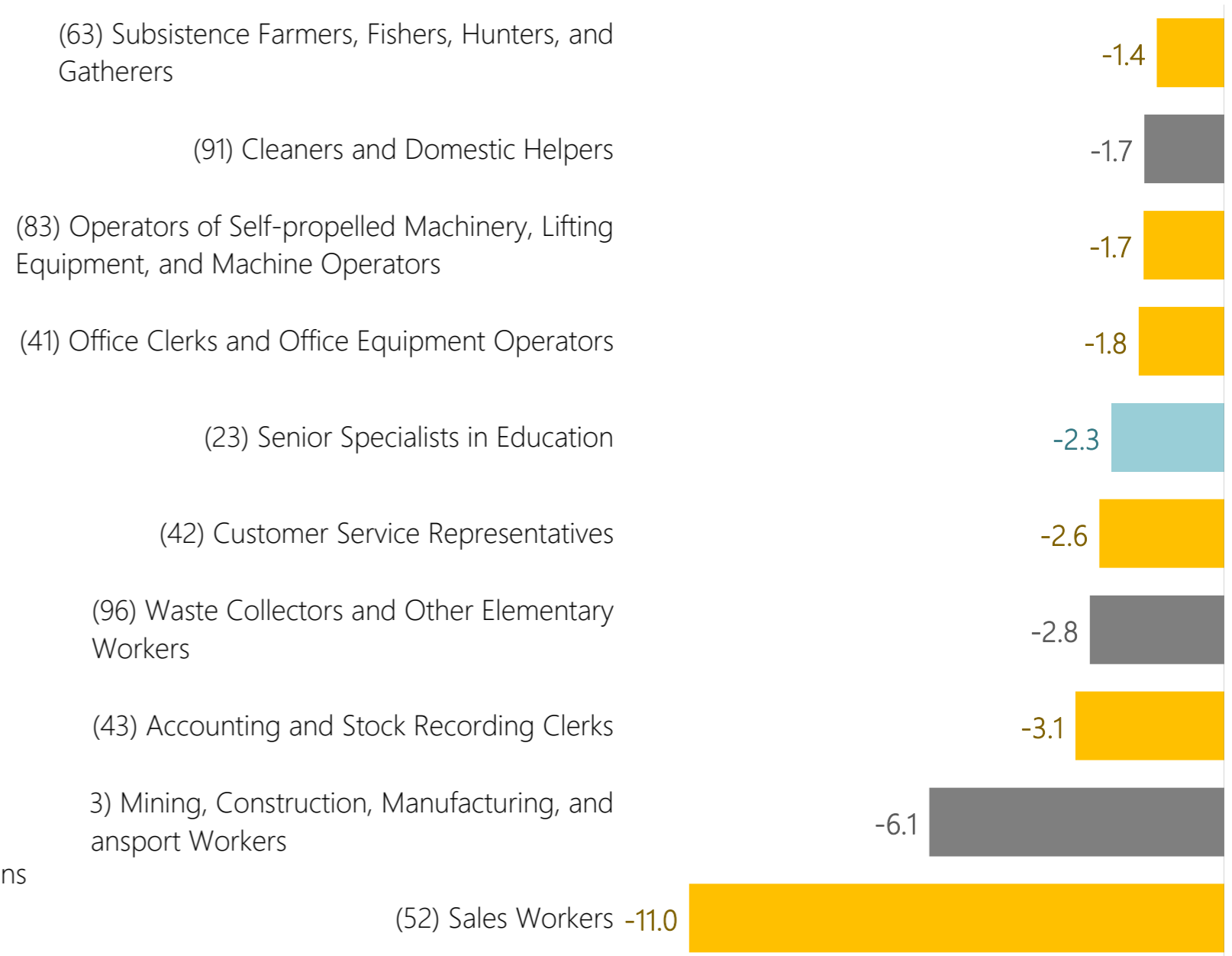
EXPECTED OCCUPATIONAL DEMAND CHANGE 2024-2030

Changes in the number of employed in occupational subgroups, 2030 compared to 2023, thousands.

TOP-10 occupations



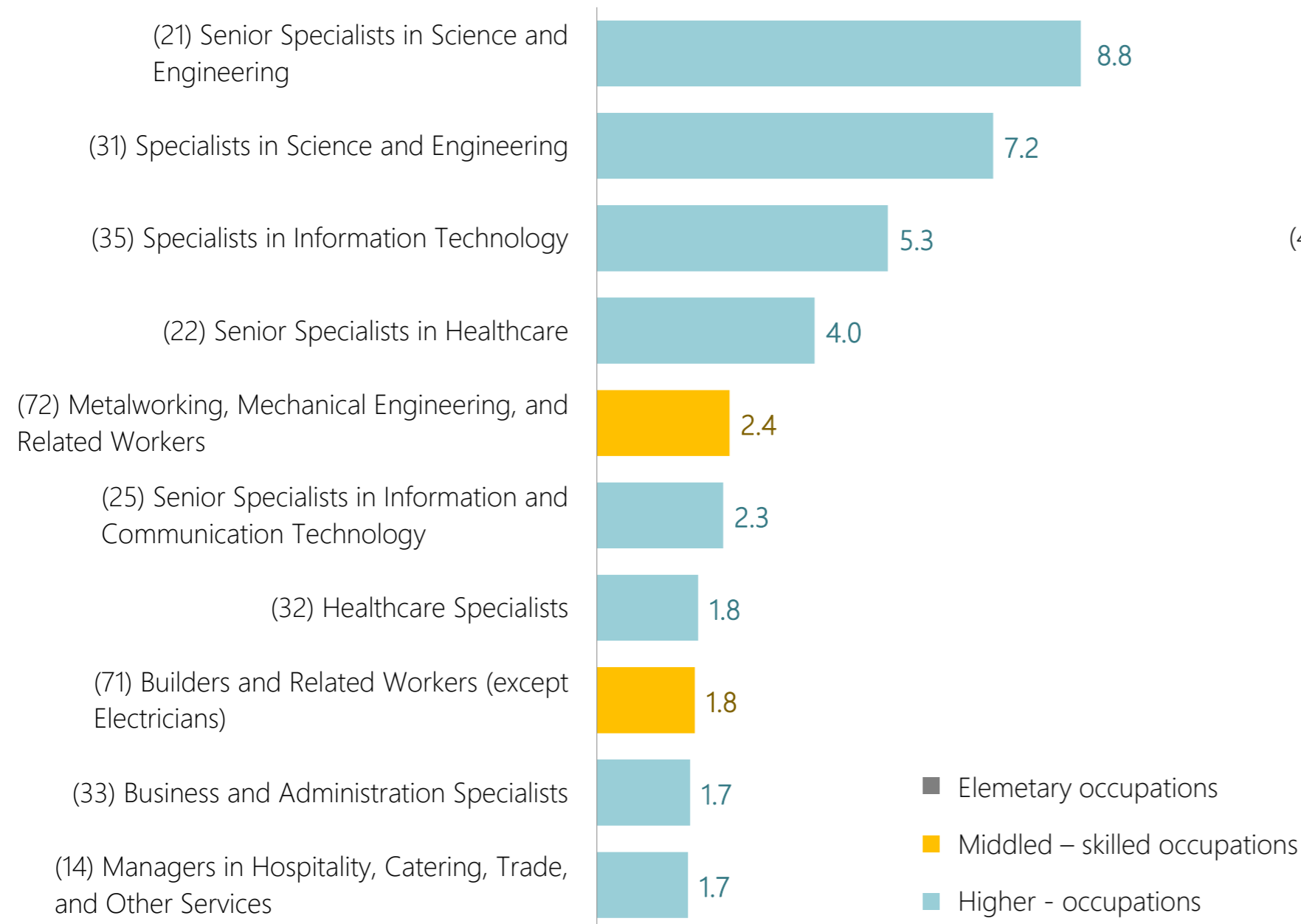
BOTTOM-10 occupations



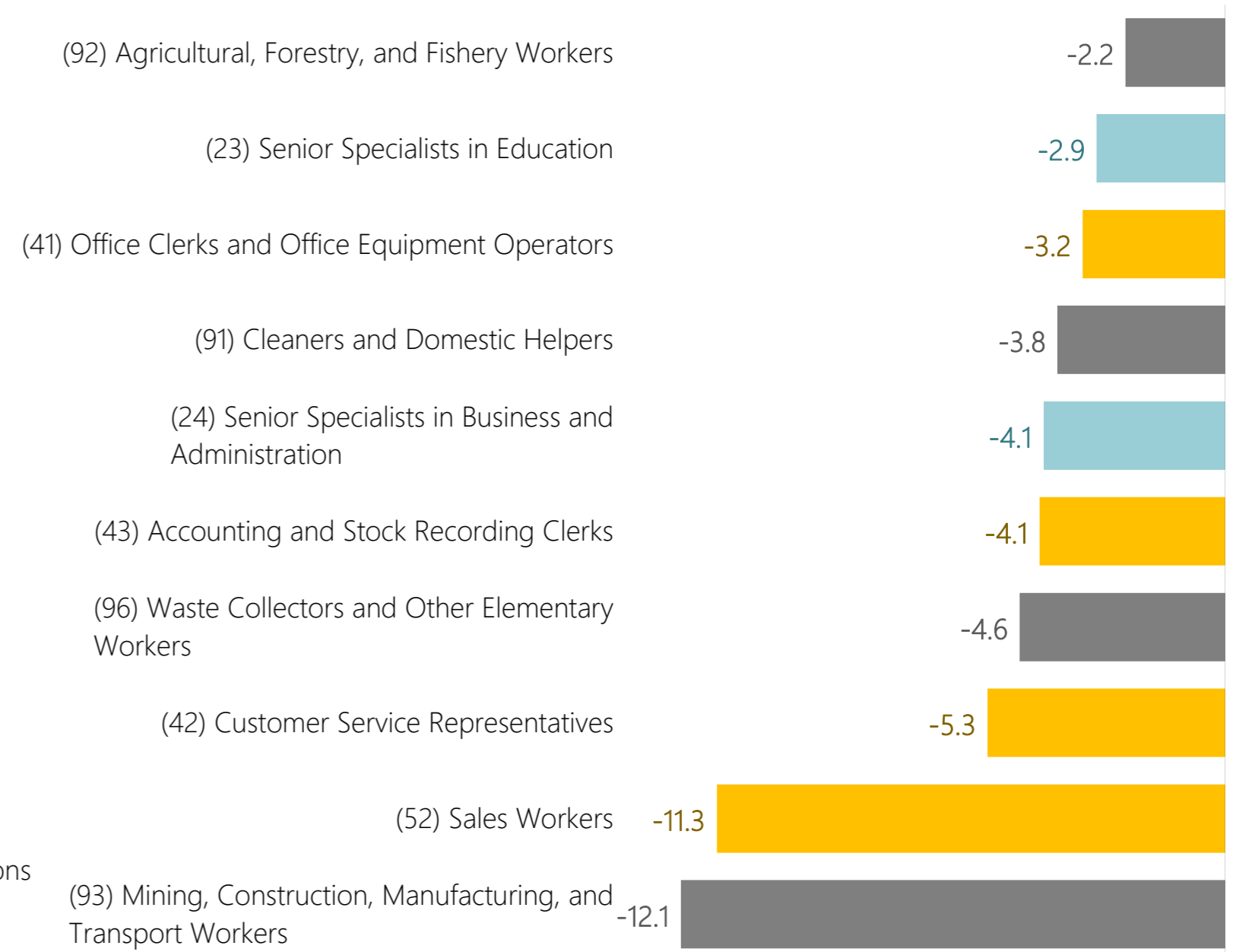
EXPECTED OCCUPATIONAL DEMAND CHANGE 2031-2040

Changes in the number of employed in occupational subgroups, 2040 compared to 2031, thousands.

TOP-10 occupations



BOTTOM-10 occupations

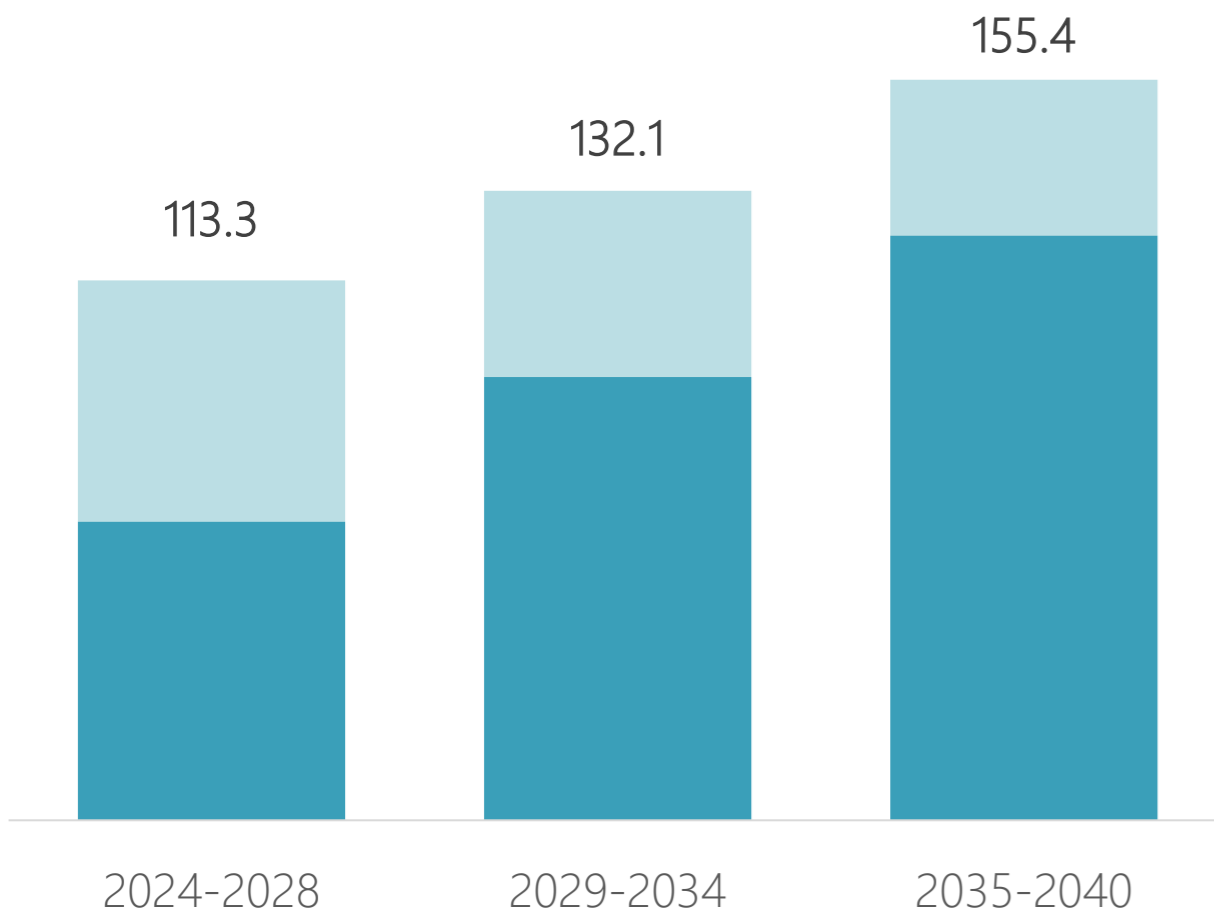


THE MAIN JOB OPPORTUNITIES WILL BE CREATED BY REPLACEMENT DEMAND

Total job opportunities/number of vacancies

in thousands

■ Replacement labor demand ■ New jobs



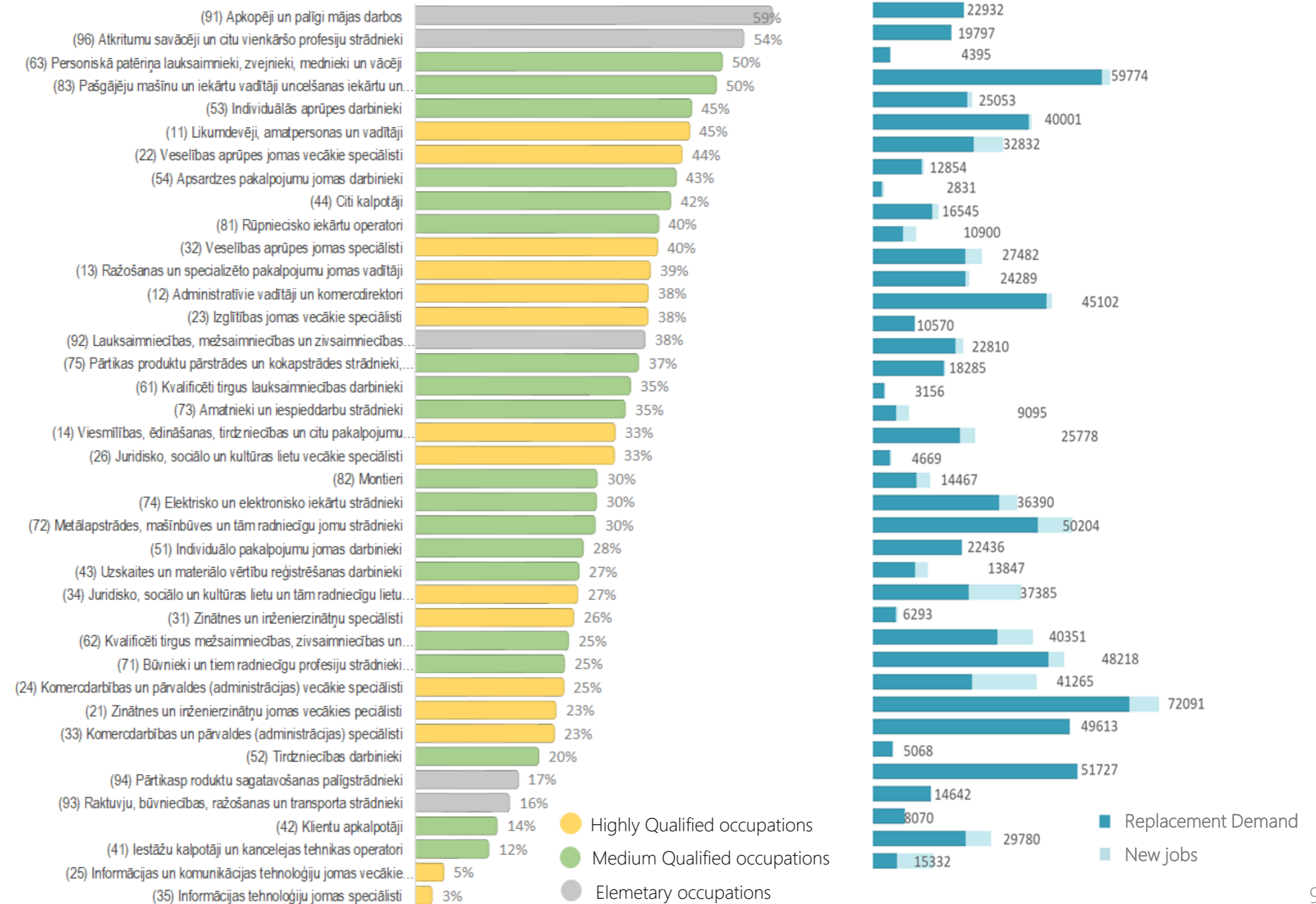
69% of all vacancies will be generated due to replacement demand

Source: MoE forecasts (2024)

Replacement labor demand by profession until 2040

% of the number of jobs in 2023

total job opportunities, thousand jobs

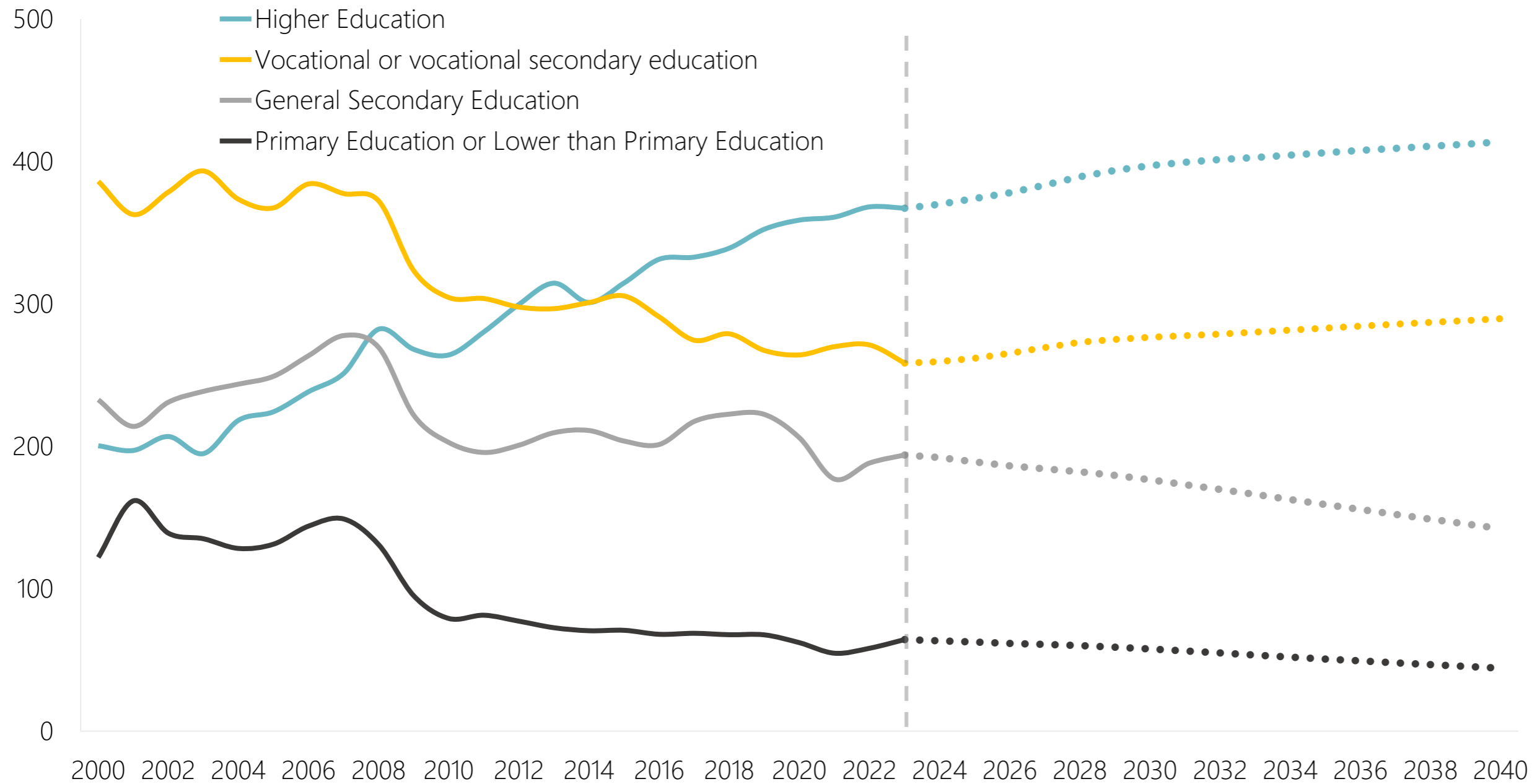


● Highly Qualified occupations
● Medium Qualified occupations
● Elementary occupations

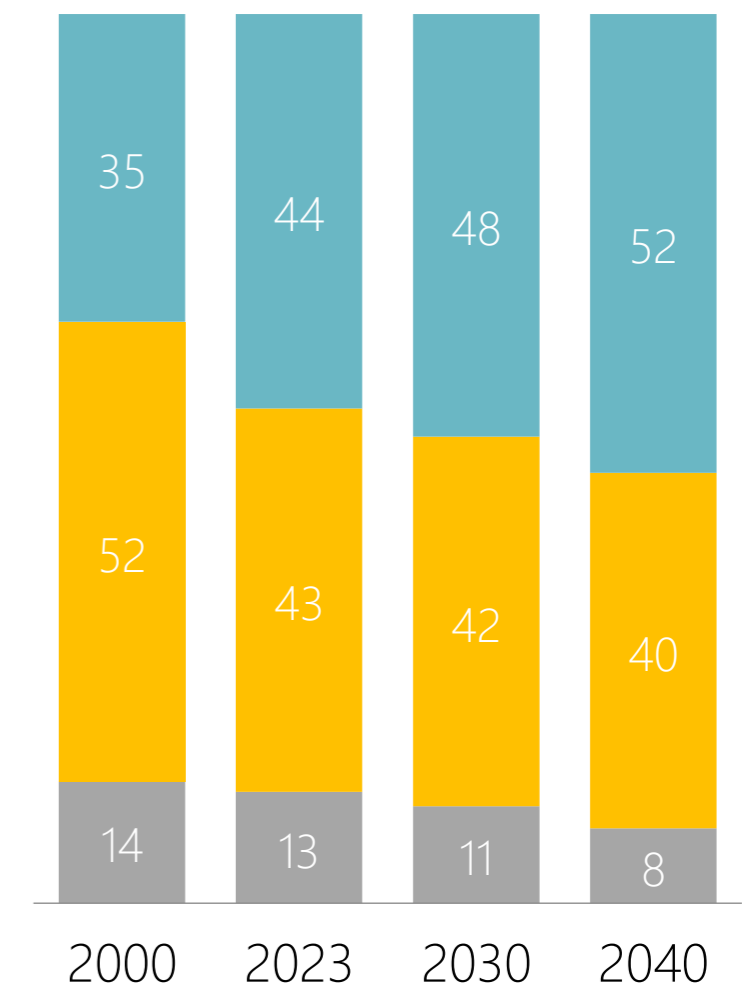
■ Replacement Demand
■ New jobs

THE DEMAND FOR A SKILLED WORKFORCE WITH HIGHER AND VOCATIONAL EDUCATION WILL INCREASE

Number of employed by education level, in thousands



Distribution of employed by qualification level of professions, in thousands

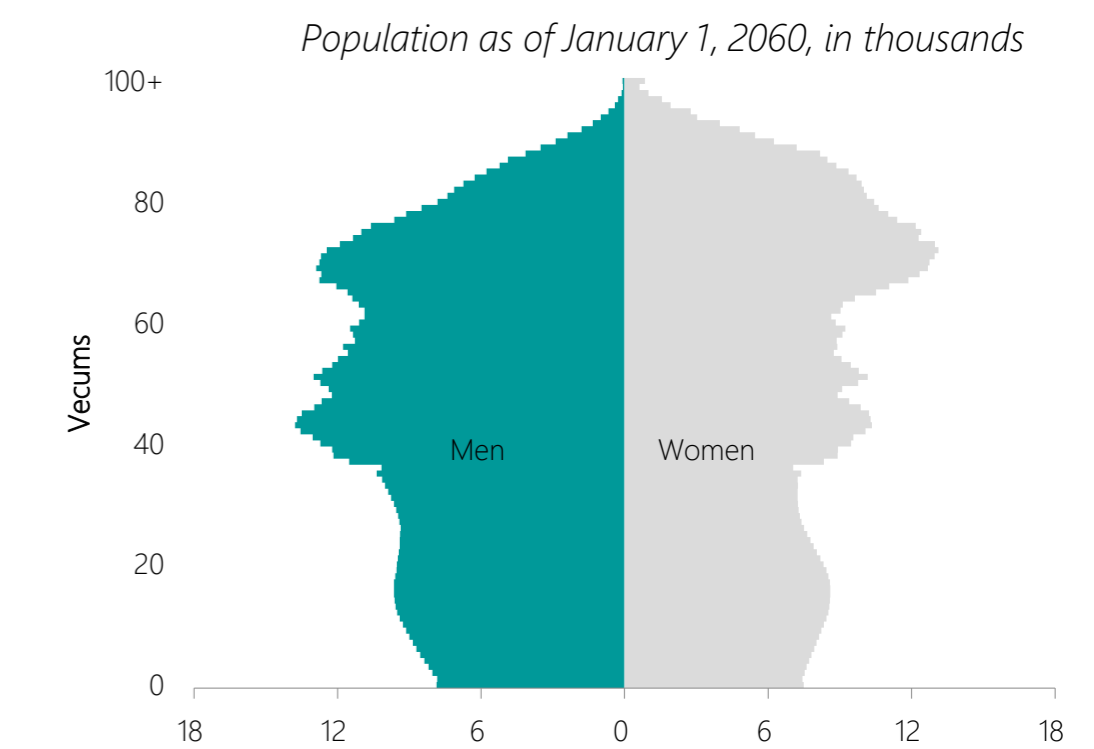
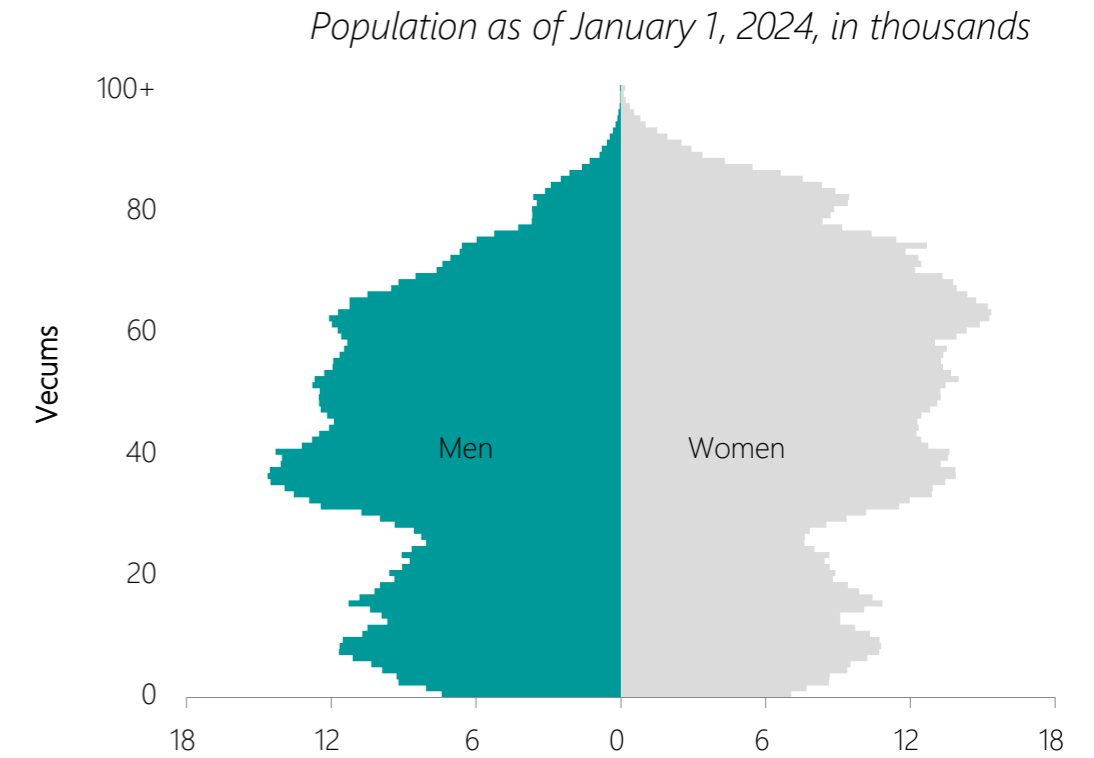
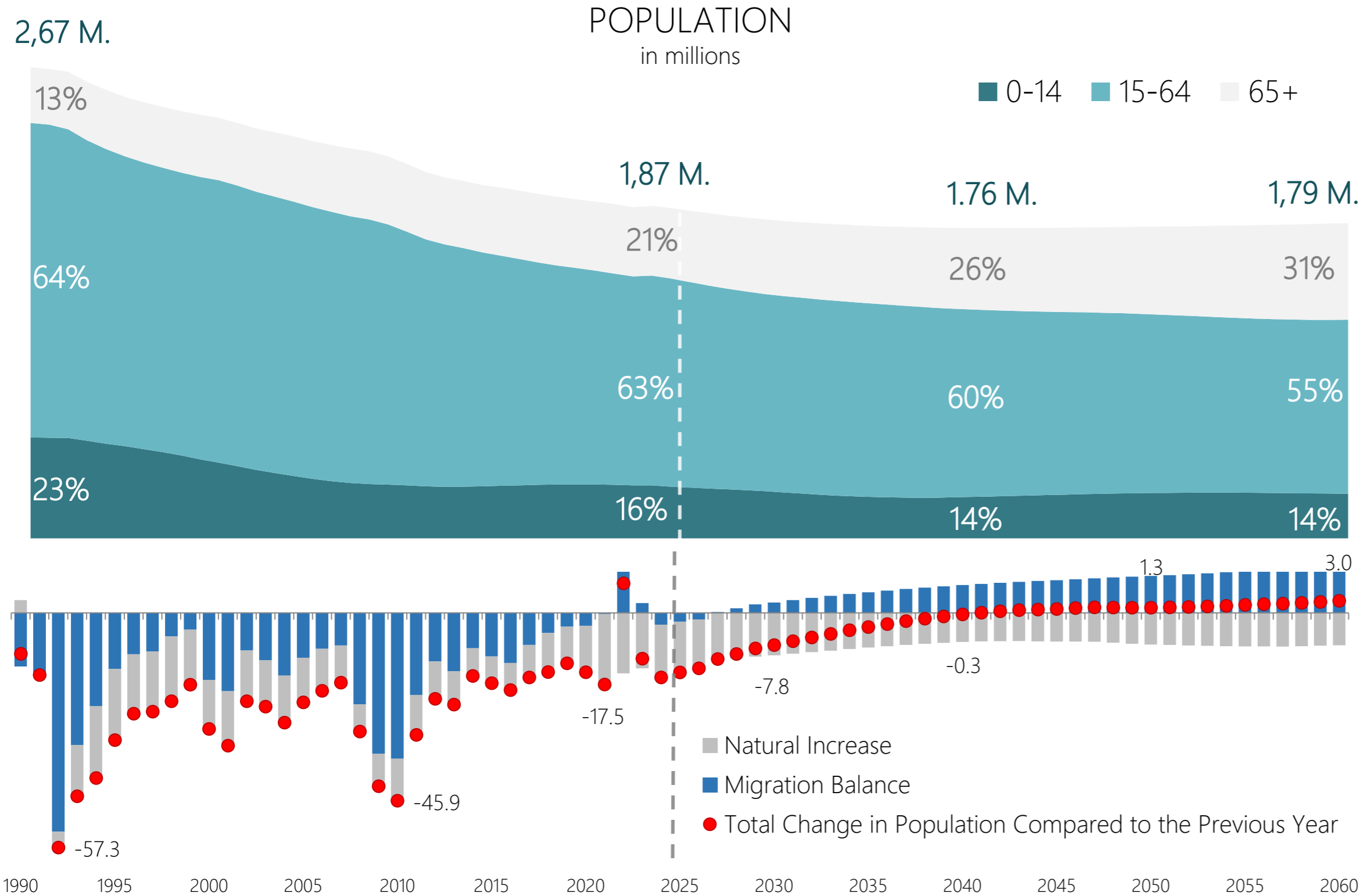


- High-skilled jobs
- Medium-skilled jobs
- Low-skilled jobs

LABOUR SUPPLY



DEMOGRAPHIC FORECASTS

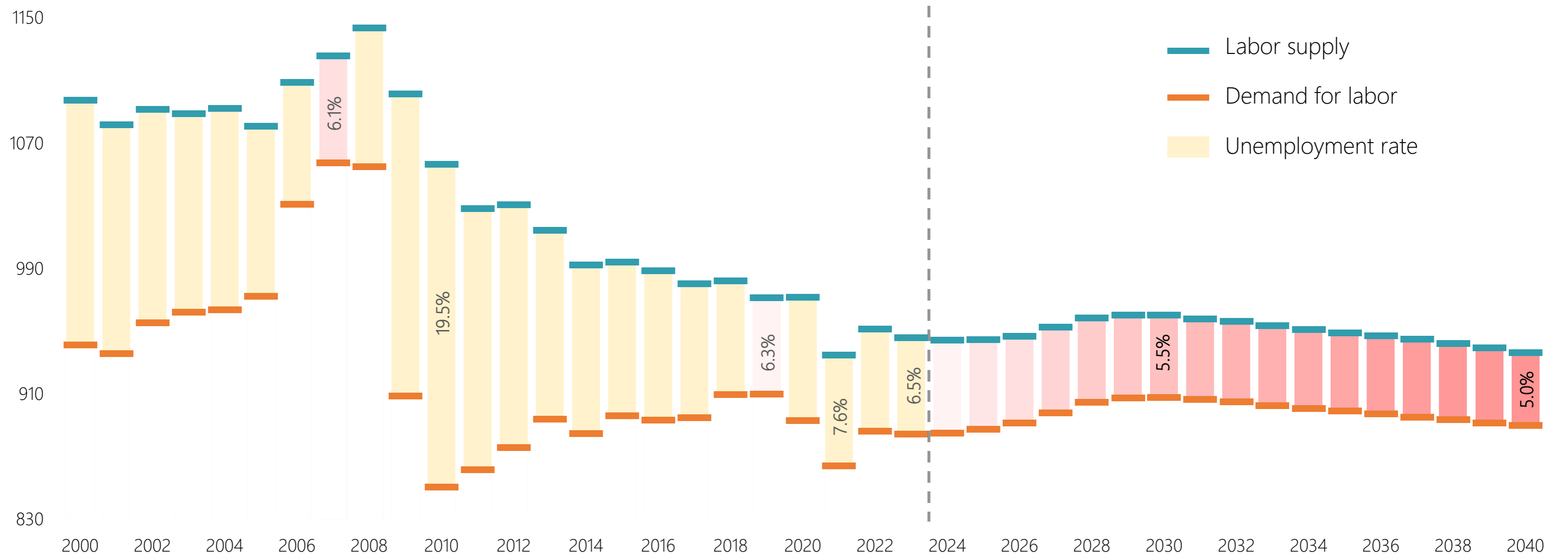


Source: Until 2023, fact (CSB); from 2024 onwards, Ministry of Economics assessment and forecasts (based on the economic growth target scenario).

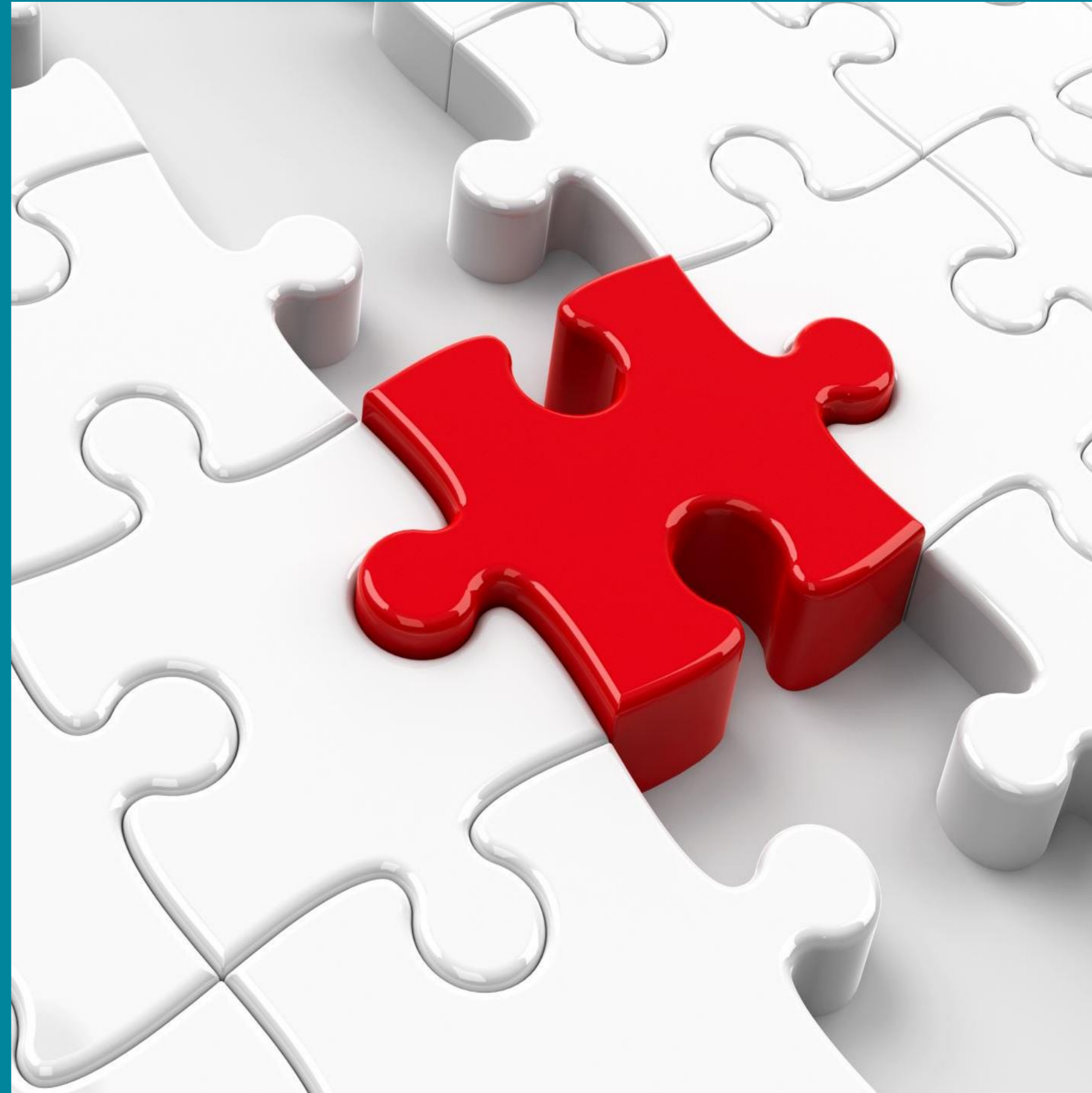
LABOR DEMAND AND SUPPLY

THE DECLINE IN THE WORKING-AGE POPULATION WILL CONTINUE TO MAINTAIN PRESSURE ON THE LABOR MARKET

Labor demand and supply, thousand; unemployment rate, percent

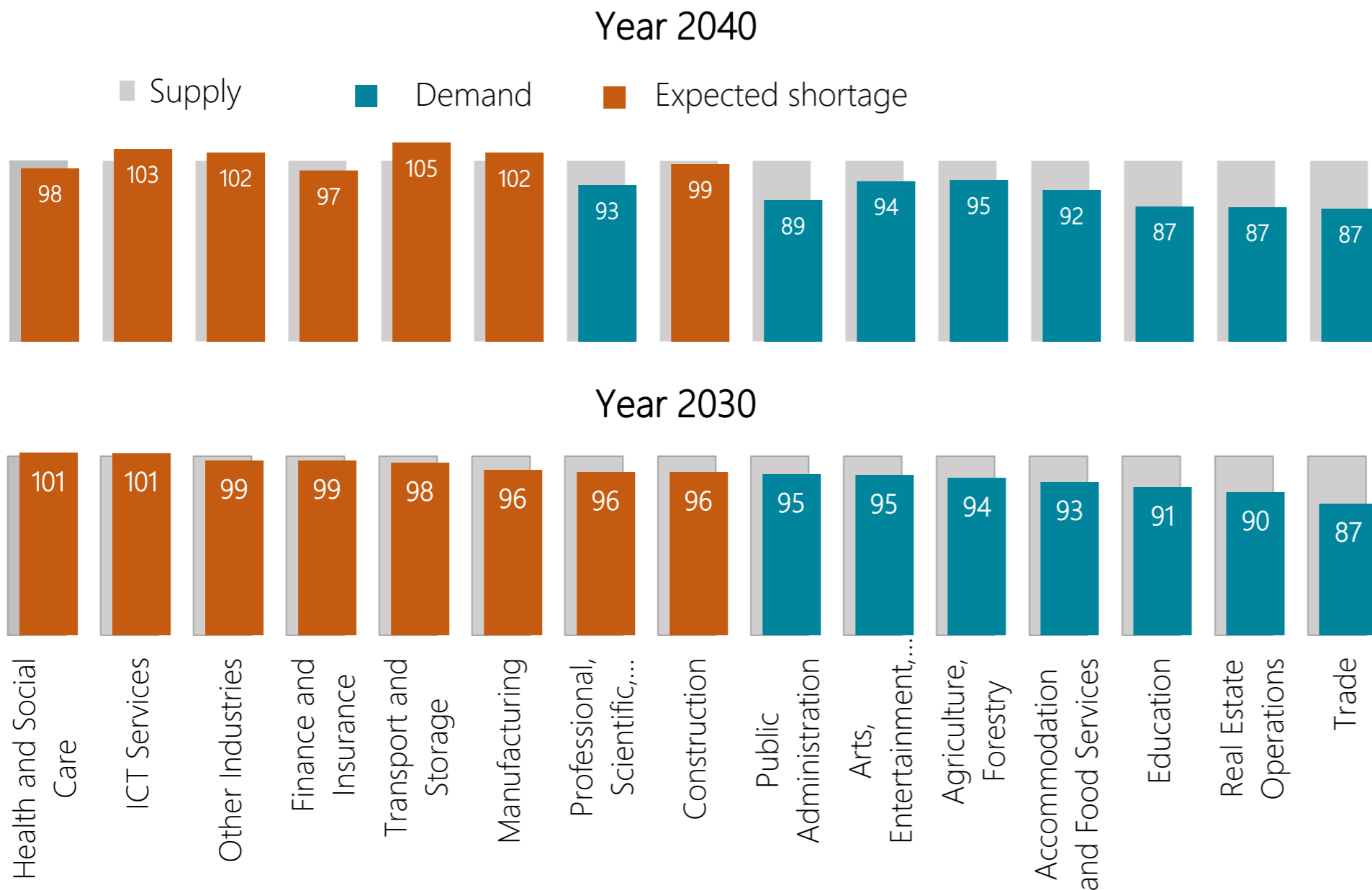


LABOR DEMAND
VS
SUPPLY

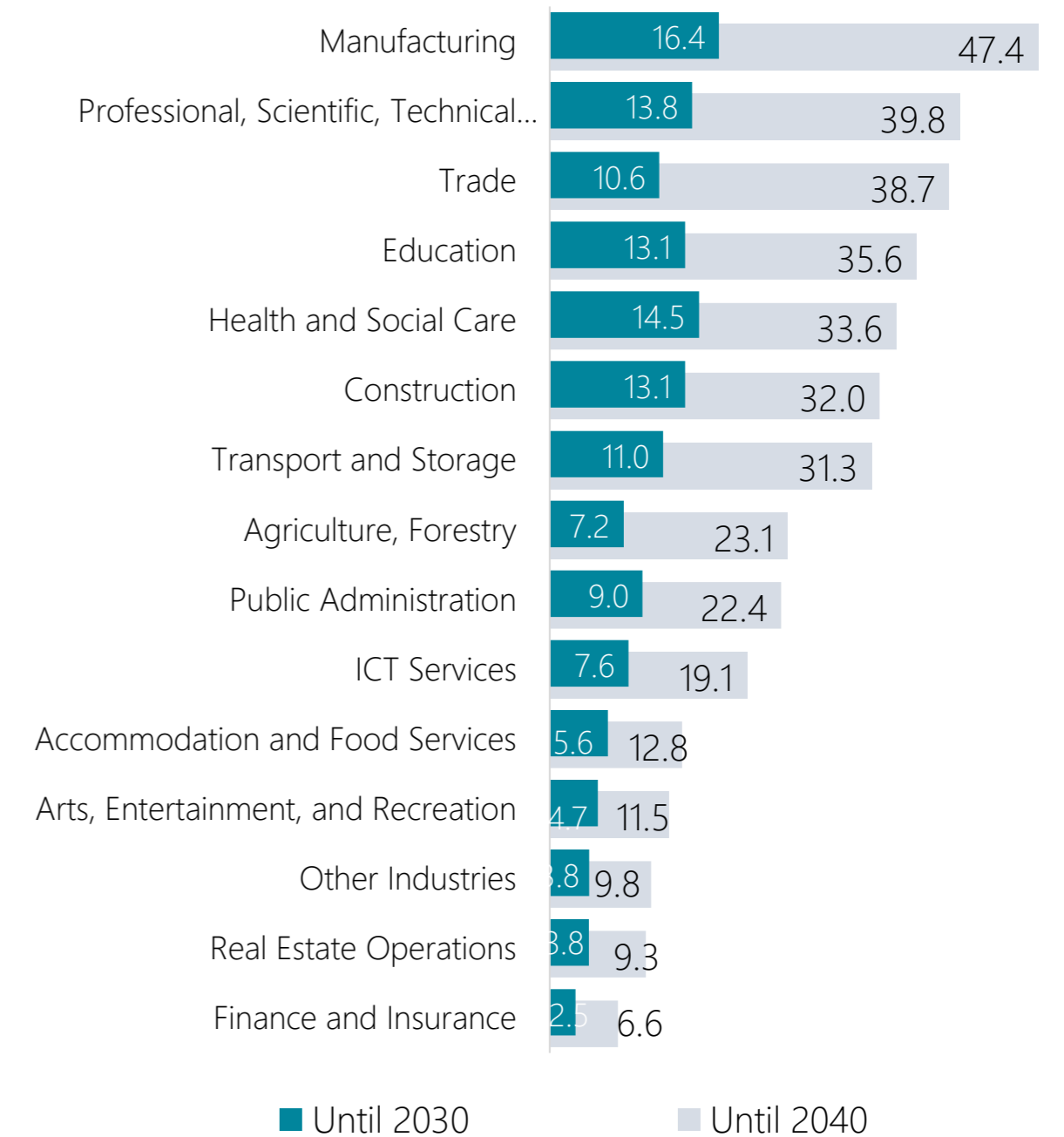


LABOR SHORTAGES AND EXPECTED NUMBER OF VACANCIES ACROSS SECTORS

Labor supply and demand ratio, demand versus supply
supply = 100, in percentage (if the indicator >100 – labor demand exceeds supply)



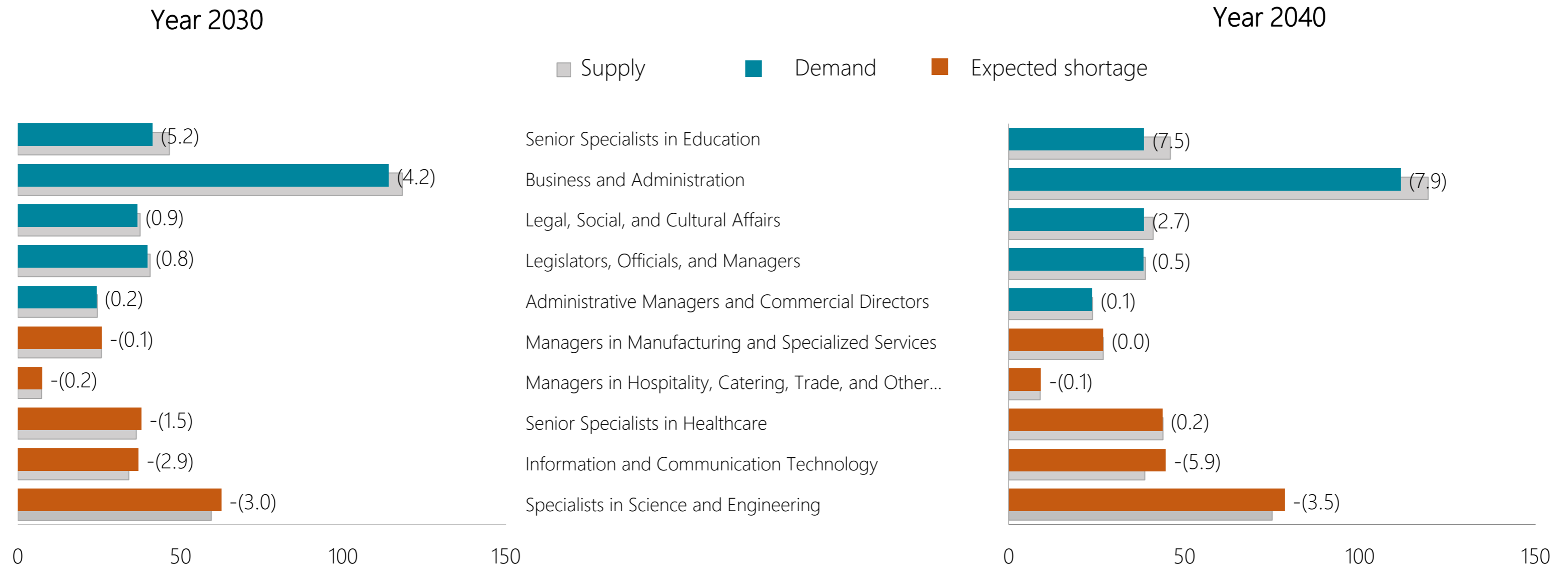
Expected number of vacancies by sector,
projected number of vacancies from 2022 onwards, thousands.



LABOUR DEMAND AND SUPPLY MISMATCHES IN HIGHER QUALIFICATION OCCUPATIONS

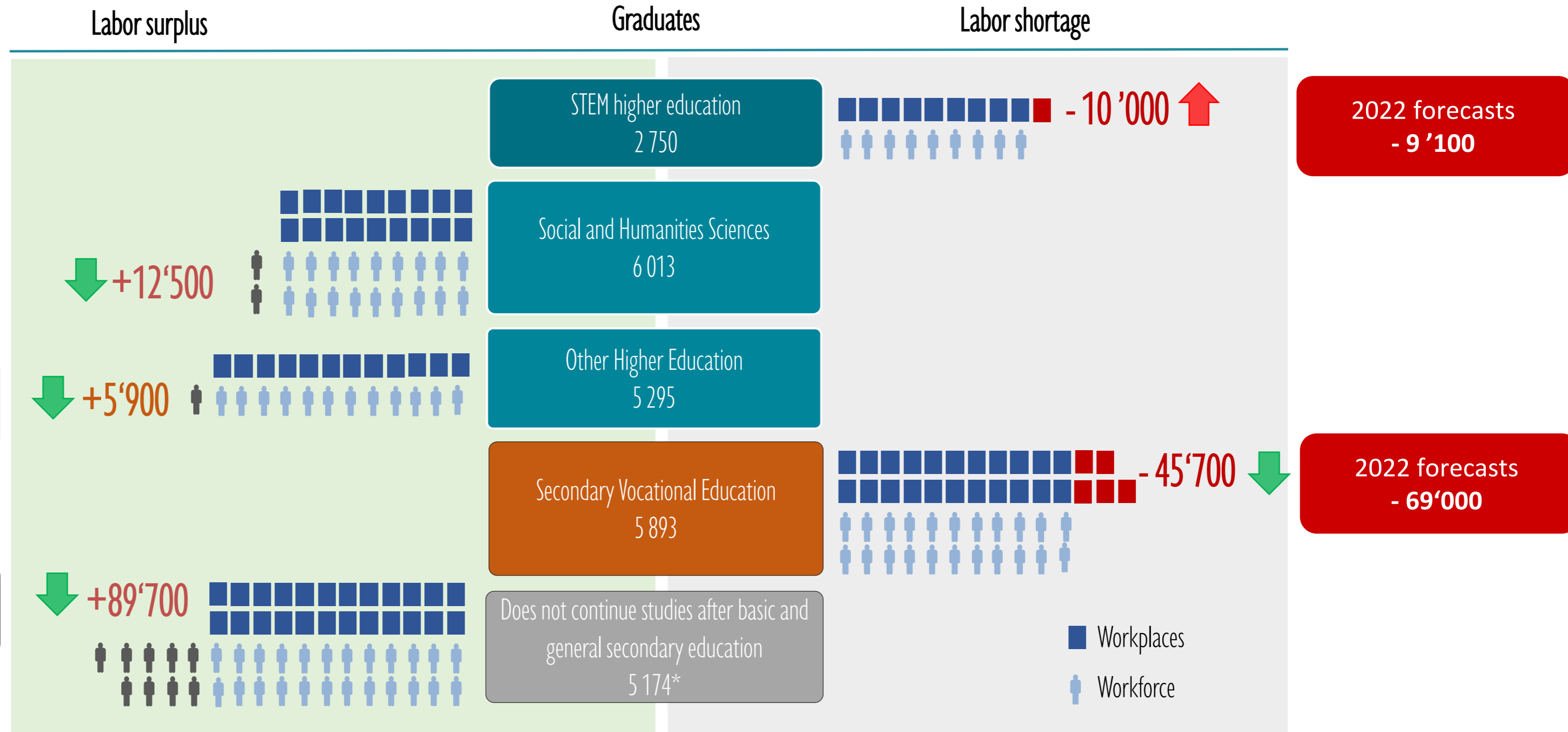
Matching of Labor Supply and Demand

Bottom axis – labor demand/supply, thousands, indicators in parentheses – difference between supply and demand, thousands.



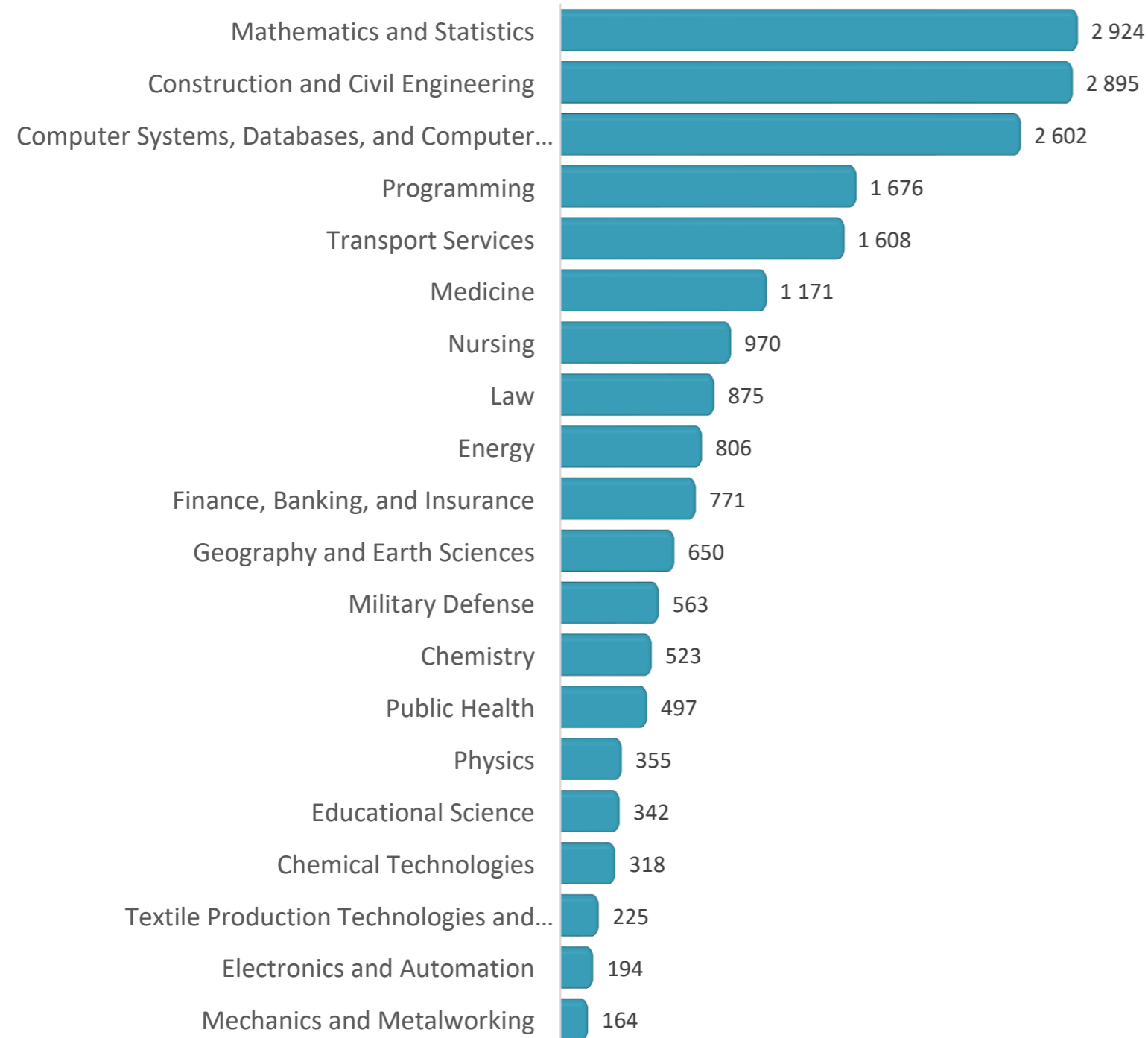
MISMATCHES BETWEEN EDUCATION SUPPLY AND DEMAND

Labor forecasts for 2030, graduates in 2023

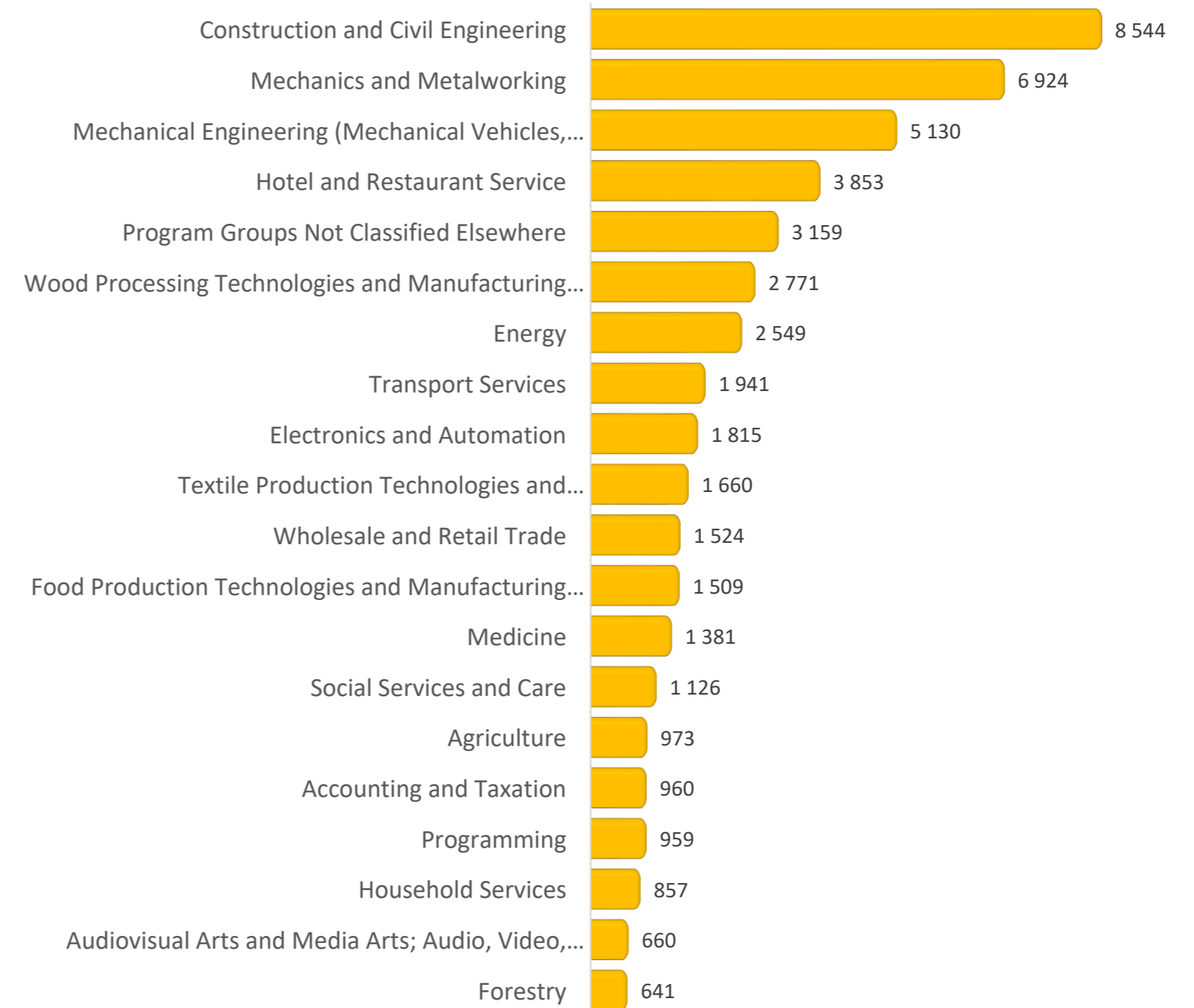


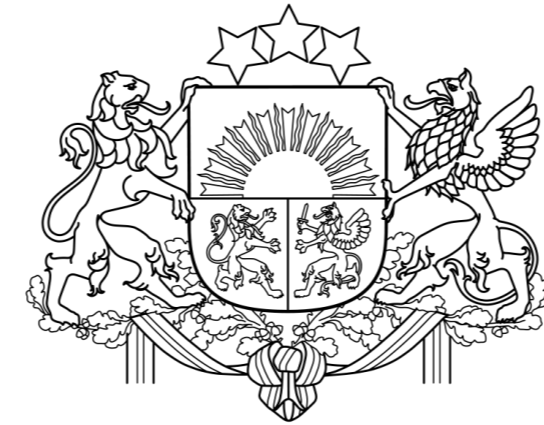
TOP 20 EDUCATION PROGRAM GROUPS WITH THE LARGEST PROJECTED LABOR SHORTAGE IN 2030*

Higher Education



Vocational Education and Professional Secondary Education





Ministry of Economics
Republic of Latvia



Thank you!




<https://prognozes.em.gov.lv/en>




 @EM_gov_lv,

   /ekonomikasministrija

 www.em.gov.lv

 55 Brīvības st, Rīga, LV-1519, Latvia

 +371 67013100

 pasts@em.gov.lv