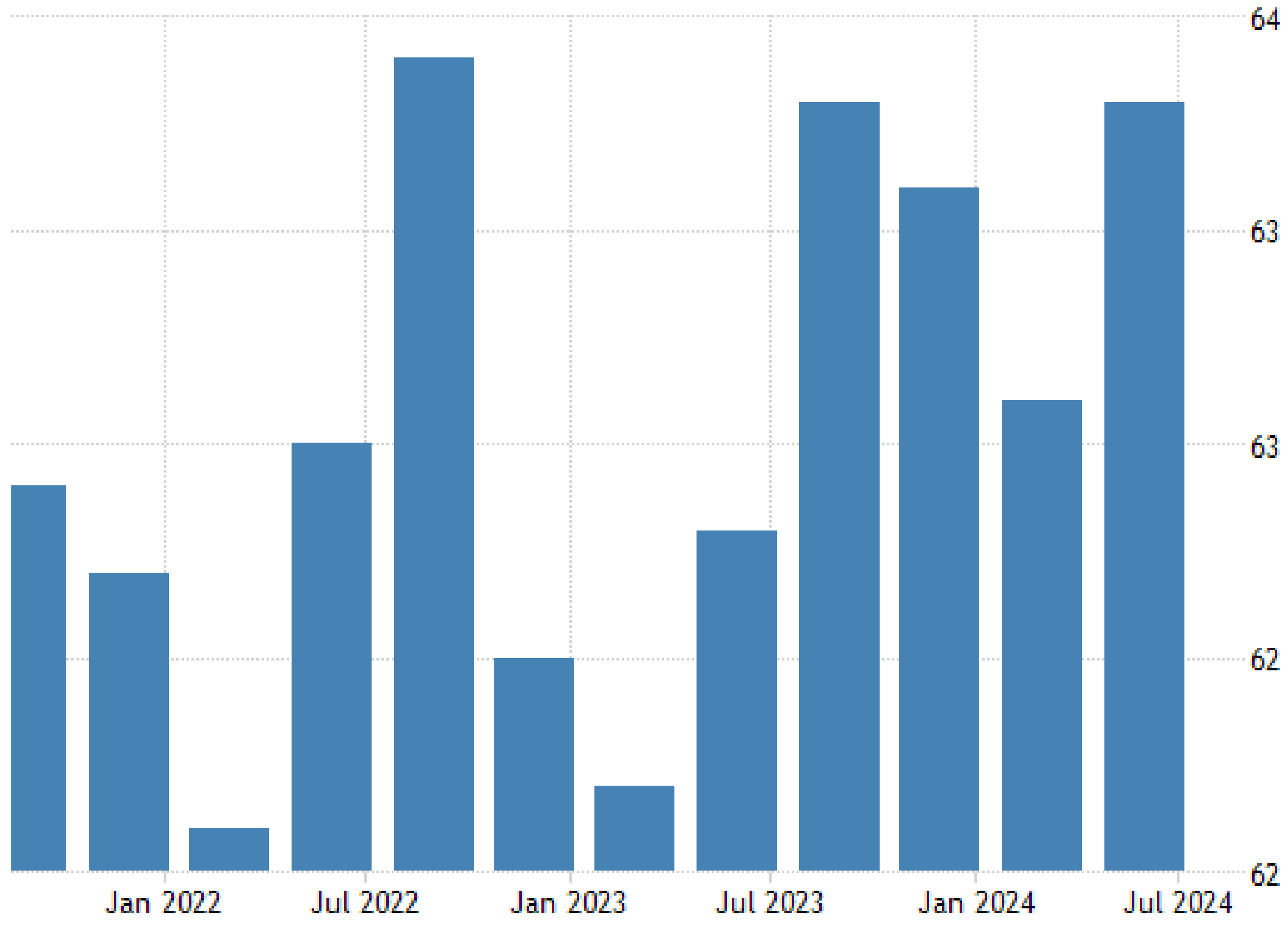
Labour market and unemployment in Lithuania

Gytariu progymnasium

Short overview of the labour market

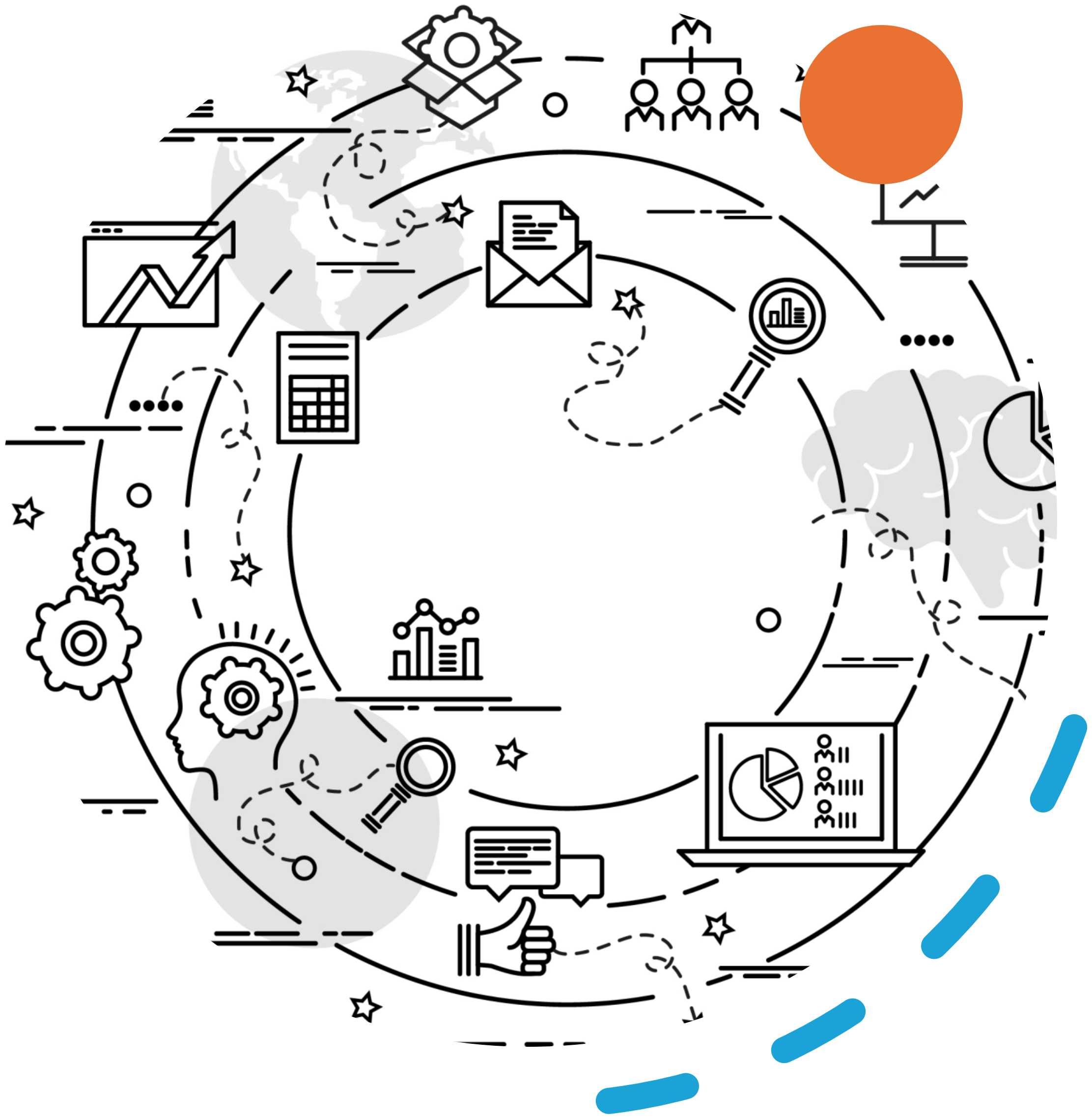
The unemployed accounted for 9.0% of the country's working age population. Compared to the situation a year ago (1 April 2022), the number of unemployed is down by 6.2% or 10 400 and the registered unemployment rate is by 0.7 percentage points lower.



- **Total population (2024) : ~2,8 mln.**

- **Labour force: 1,4 mln.**

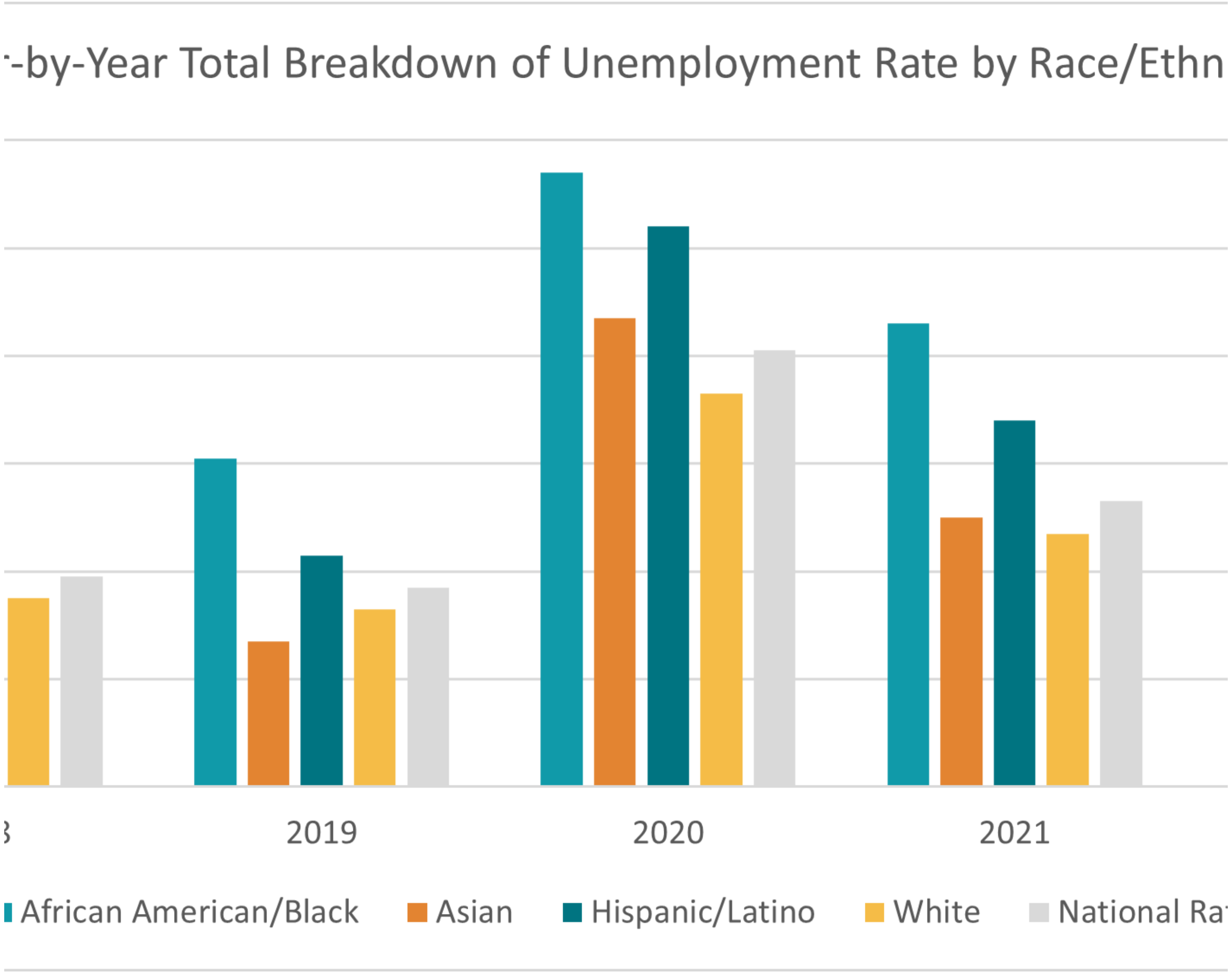
- **Labour force participation rate (2023): ~75%**



Effects of global events

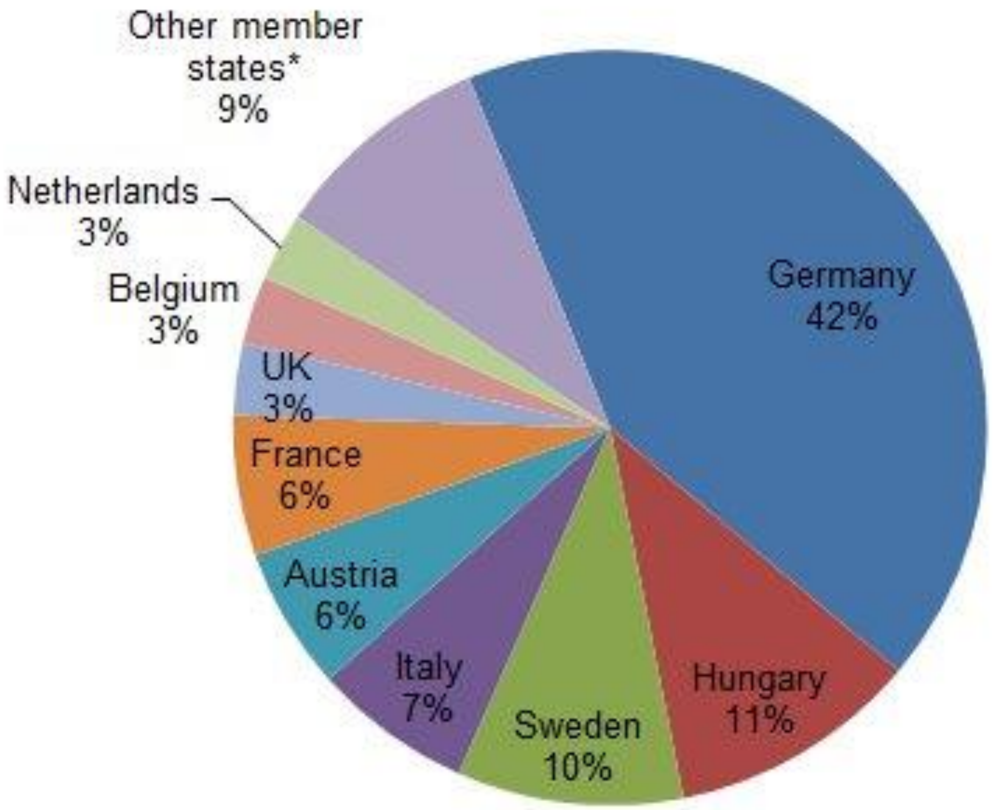
- **COVID-19 Pandemic:**
- Major hit to industries like tourism and retail
- Increased remote working and digitalization
- **Geopolitical Tensions (Russia-Ukraine Conflict):**
- Impact on export sectors and energy prices
- Increased government spending on social welfare to cushion vulnerable populations

- **Unemployment Rate (2024): ~6-7%**
- **Pre-pandemic Levels (2019): 6.4%**
- **Pandemic Impact (2020): 8.5%**



Impact of emigration

- High Emigration Rates: Thousands of Lithuanians, particularly young workers, have emigrated for better job opportunities, especially to Western Europe.
- Labour Shortage: Leading to difficulties in sectors such as healthcare, construction, and IT.
- Government Response: Initiatives to encourage return migration and attract foreign workers.



Factors influencing unemployment

- **Economic Growth**: GDP growth fluctuating between 2-4% annually, influencing job creation.
- **Demographic Decline**: Population ageing and emigration have reduced the labour supply.
- **Automation and Technological Changes**: Increasing demand for high-skilled jobs, while low-skilled jobs decline.
- **Education and Skill Gaps**: Mismatch between job market needs and workforce qualifications.

Future outlook for the Lithuanian labour market

Post-pandemic Recovery:

- Expected growth in high-tech, digital, and green industries Continued focus on retraining and upskilling.

Automation & AI:

- Could lead to displacement in traditional sectors, but also new opportunities in tech fields.

Demographic Challenges:

- Labour shortages may persist due to low birth rates and ongoing emigration.

European Union Funds:

- Potential for investment in innovation and workforce development.

- Lithuania's labour market is gradually stabilizing, but faces challenges due to emigration, skill mismatches, and global economic shifts.
- Government policies aim to boost employment and prepare for future changes, with an emphasis on upskilling and innovation.
- A sustainable approach to demographic challenges, technological advancement, and global integration will be key to future success.