

The economic consequences of ageing populations: projections for the EU27 Member States (2009 Ageing Report)

Report of the Economic Policy Committee and the European Commission (Directorate General for Economic and Financial Affairs)

Brussels, 29 April 2009



A unique collaboration

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- Projections for economic consequences of ageing and future public expenditure on pensions, health care, long-term care, education and unemployment transfers
- Repeat of projections carried out in 2001 and 2006
- Joint project of Economic Policy Committee (EPC) and Commission (DG ECFIN) to ensure comparability while reflecting the diversity of welfare systems across Member States



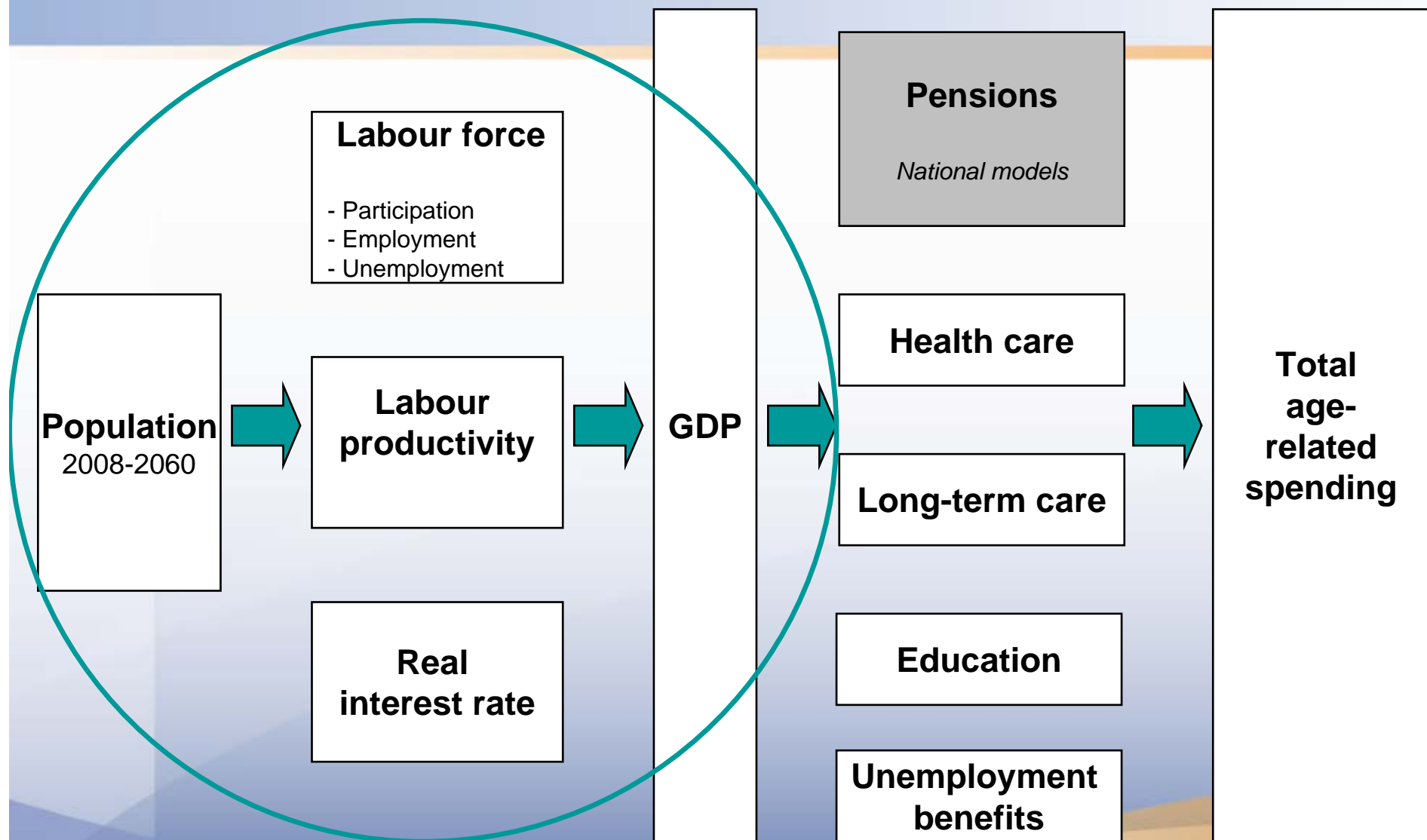
A special time

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- Crisis, uncertainty
- Link ageing policies with measures to fight the crisis
- Special crisis scenarios have been prepared
- Will continue to monitor situation and evaluate the relevance of projections



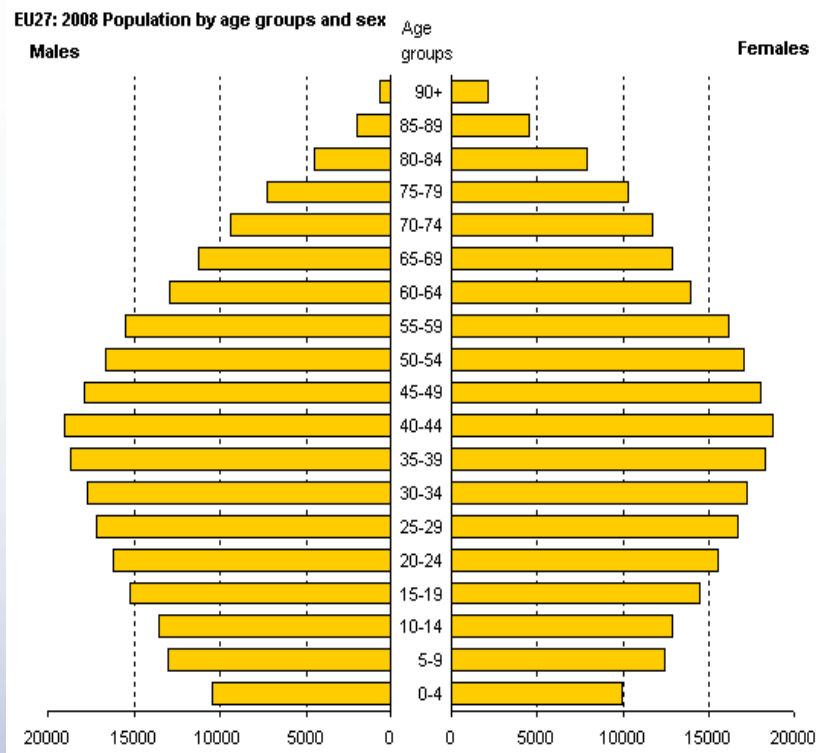
Overview of 2009 projection exercise



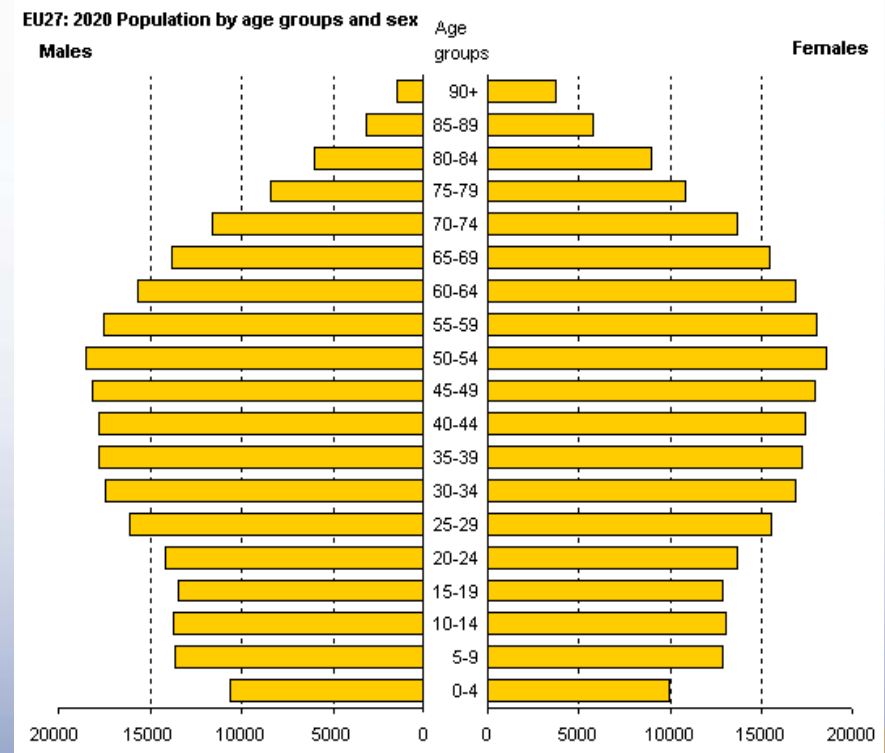
Population projections: EUROPOP2008

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2008



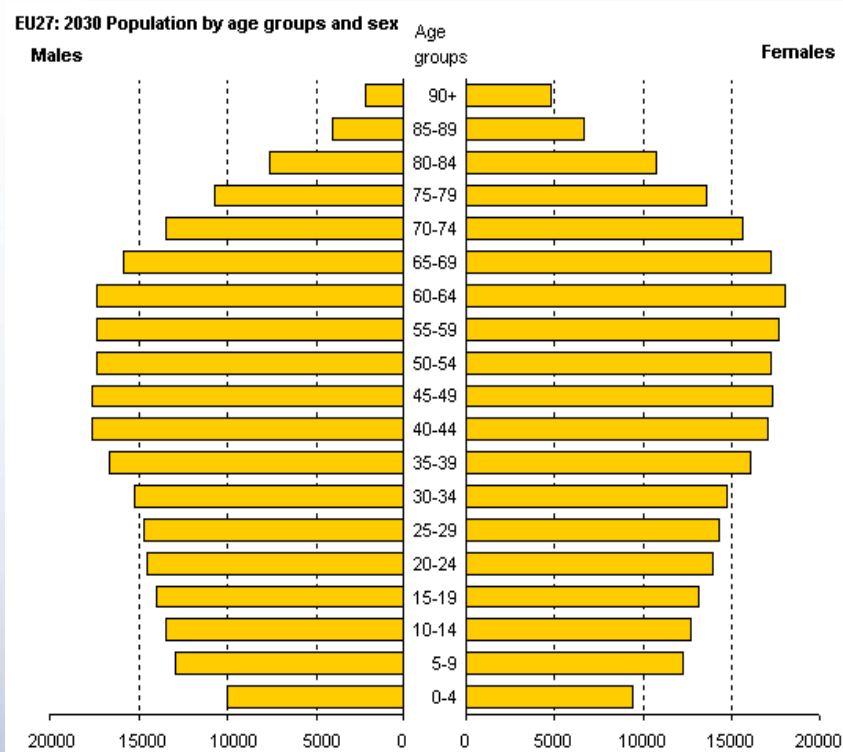
2020



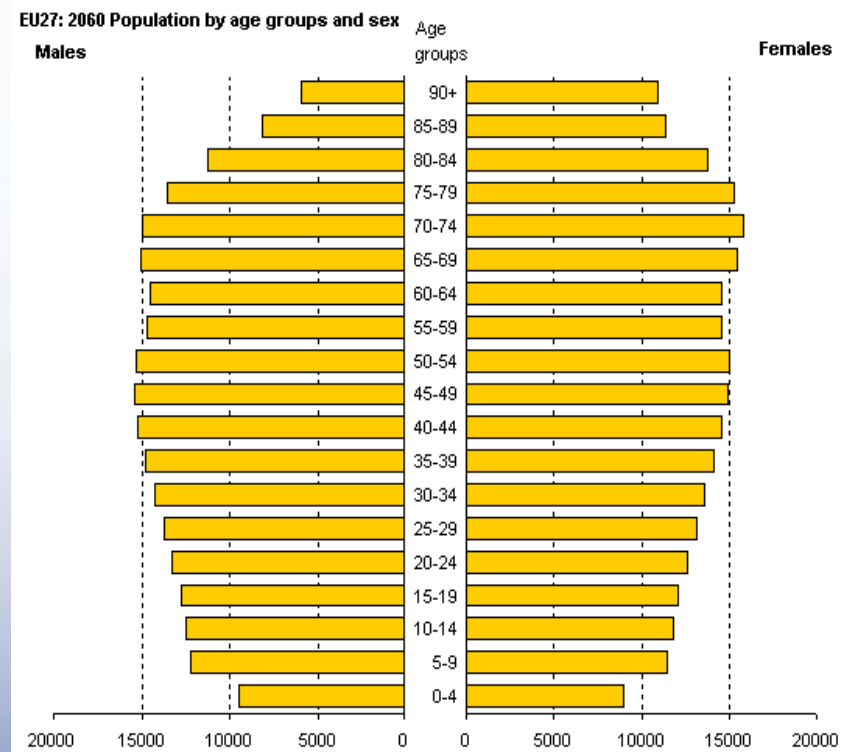
Population projections: EUROPOP2008

6

2030

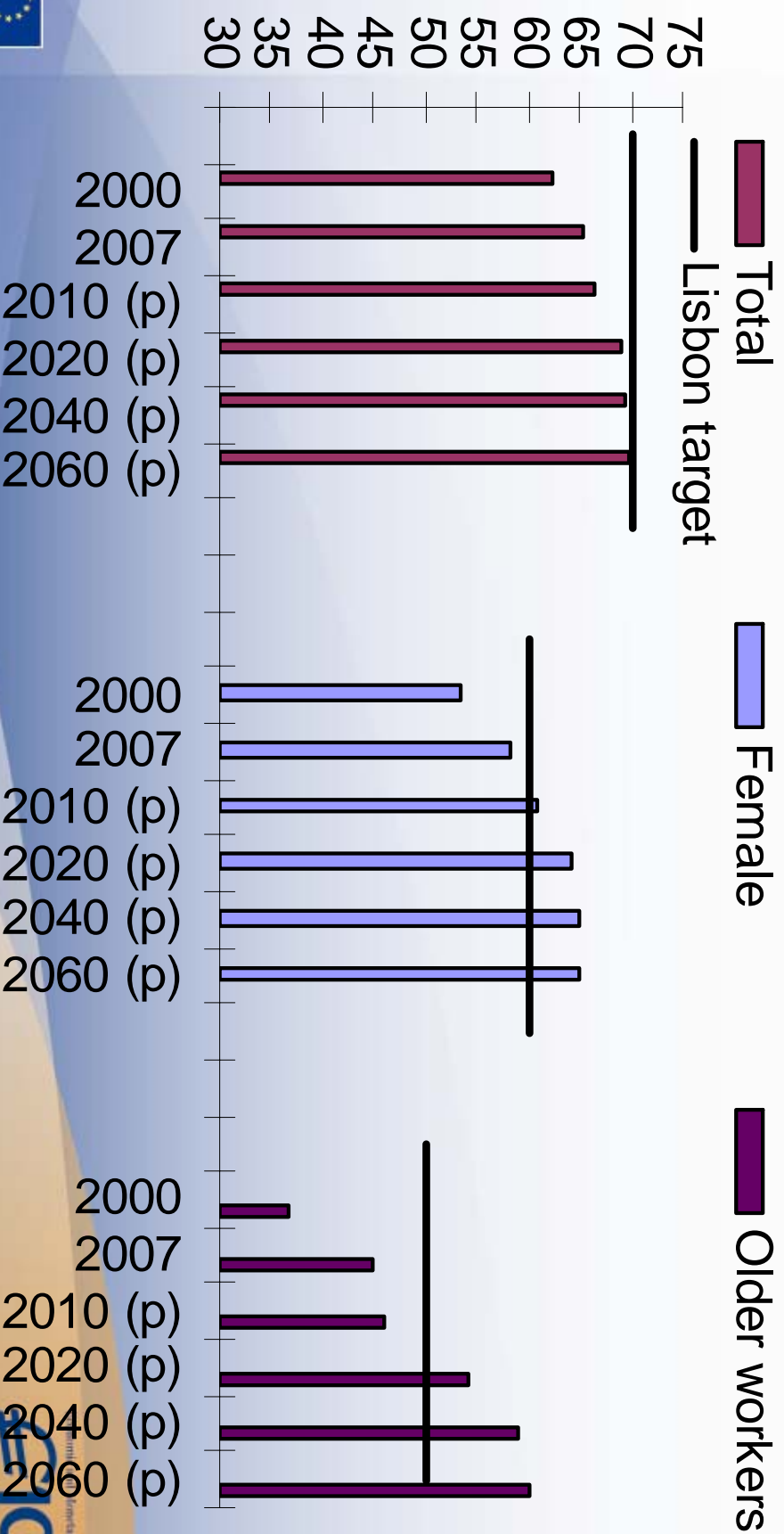


2060



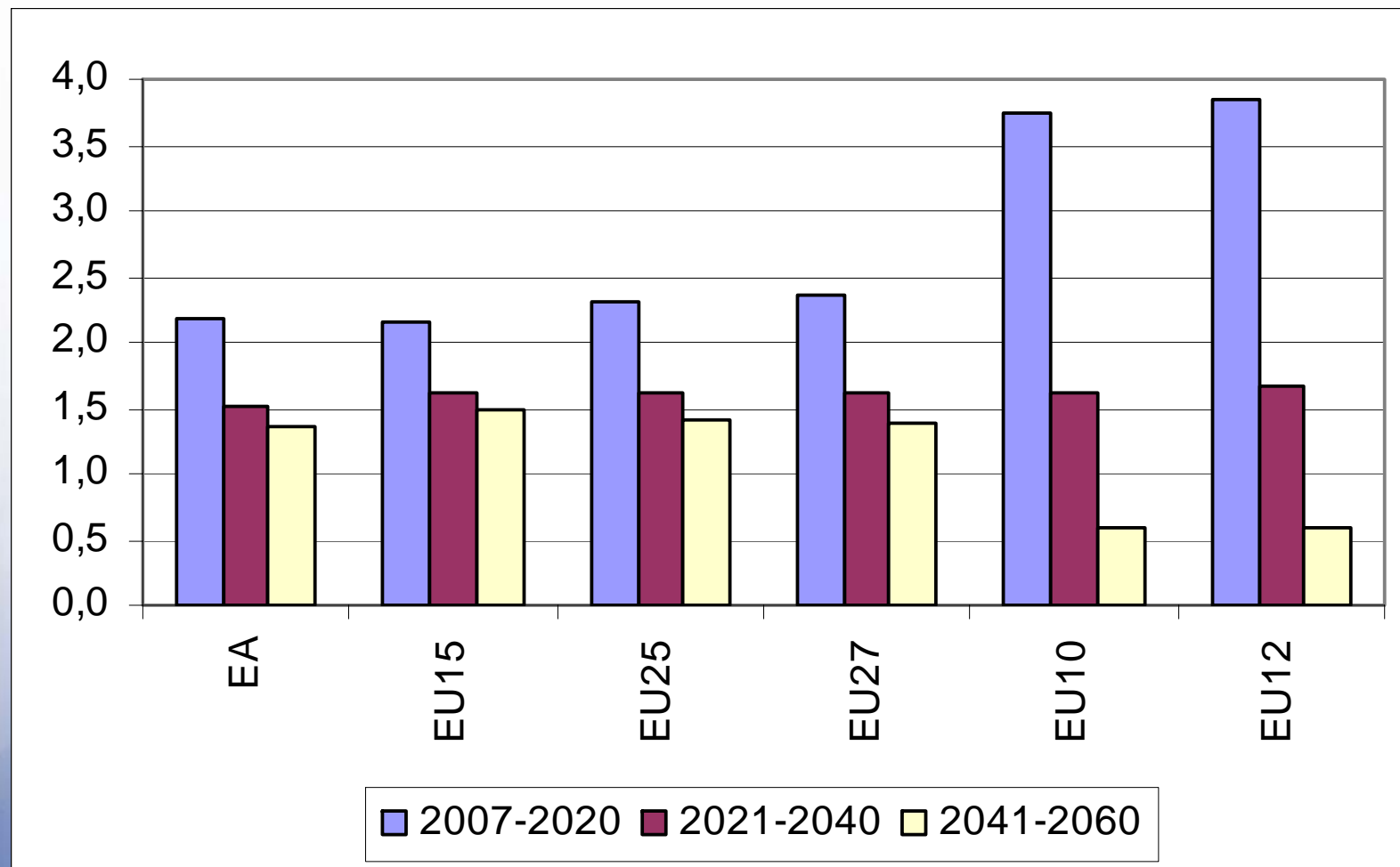
Projected employment rates and the Lisbon targets

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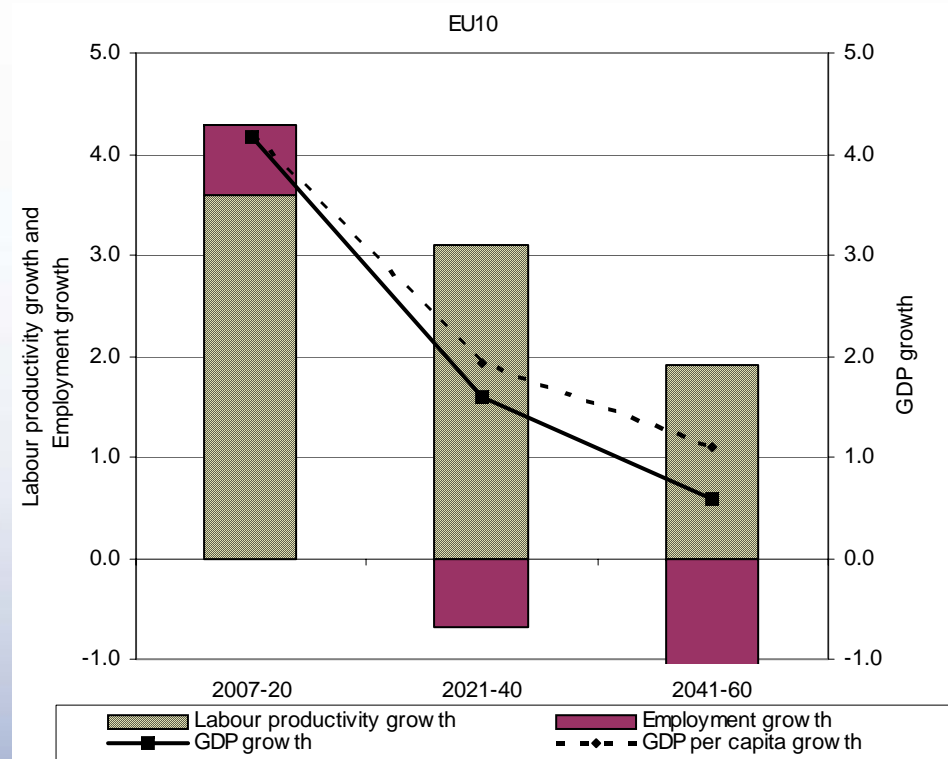
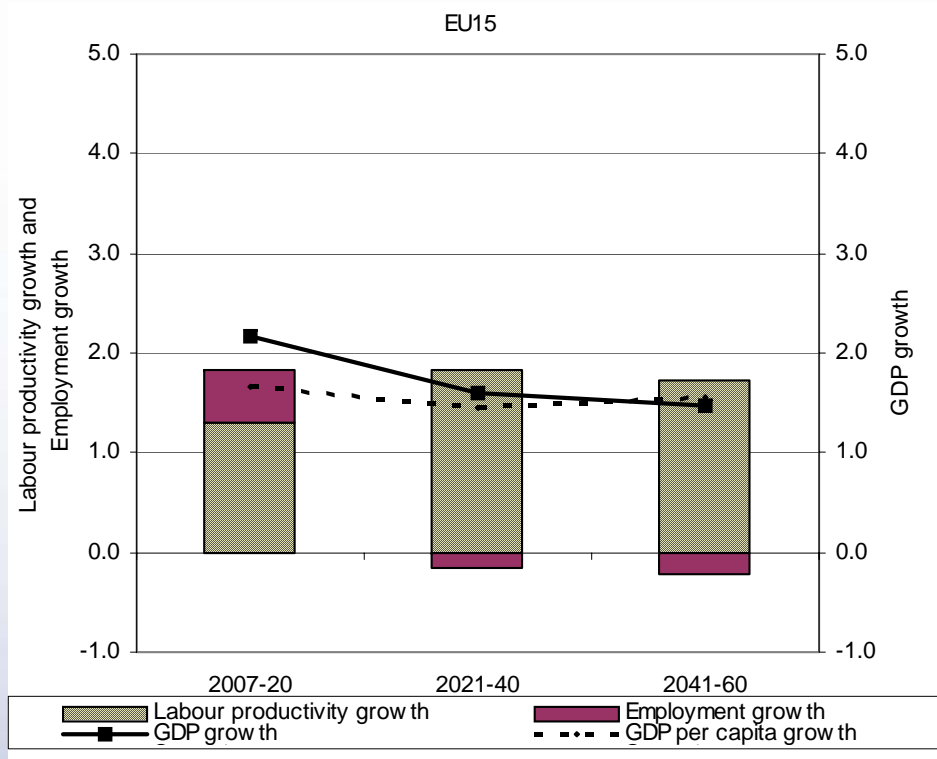
Potential growth rates decline due to shrinking working age populations

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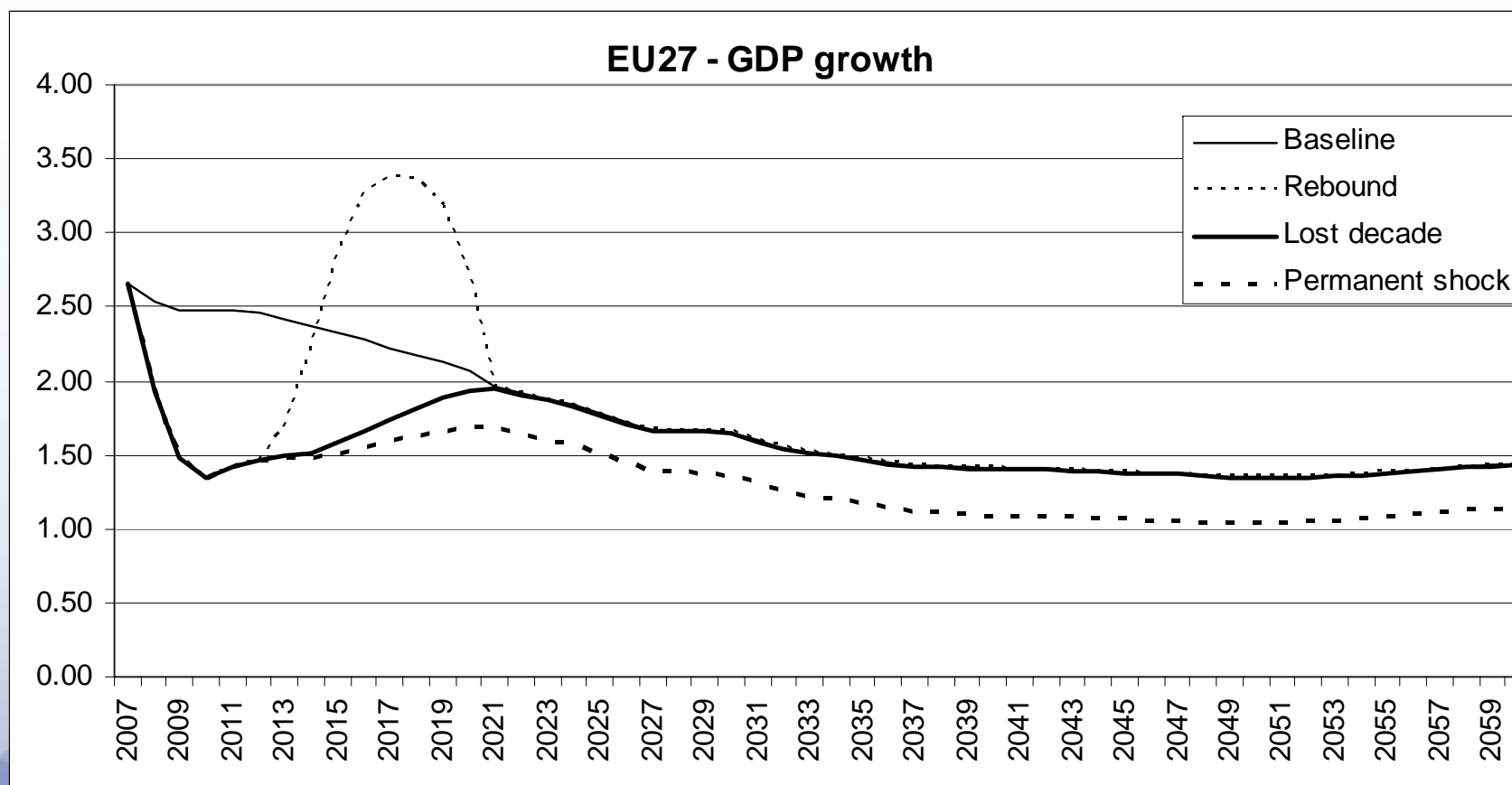
As potential GDP growth rates fall, productivity becomes the dominant source of growth

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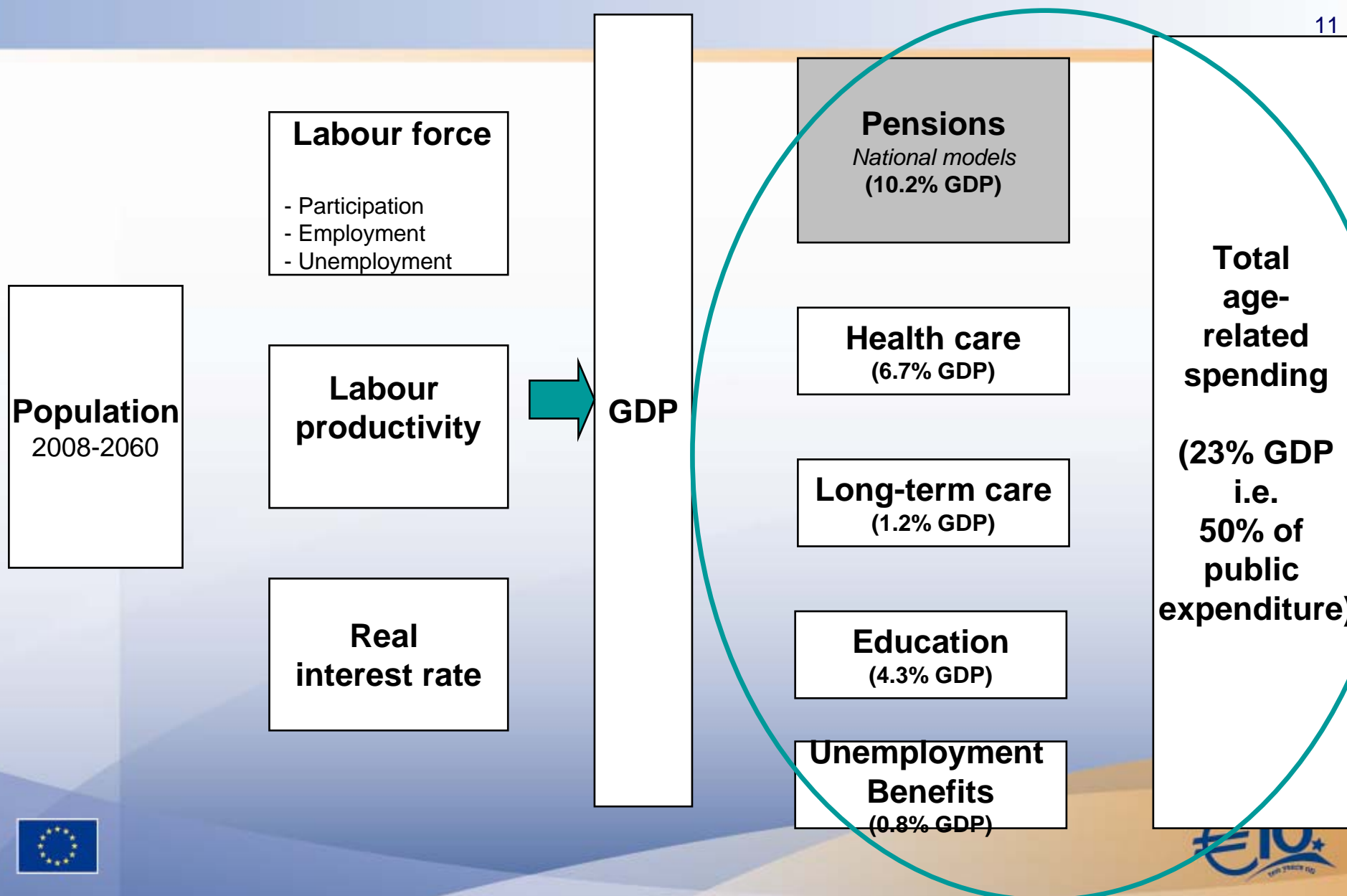
Crisis scenarios: potential GDP growth under different shocks

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Overview of 2009 projection exercise

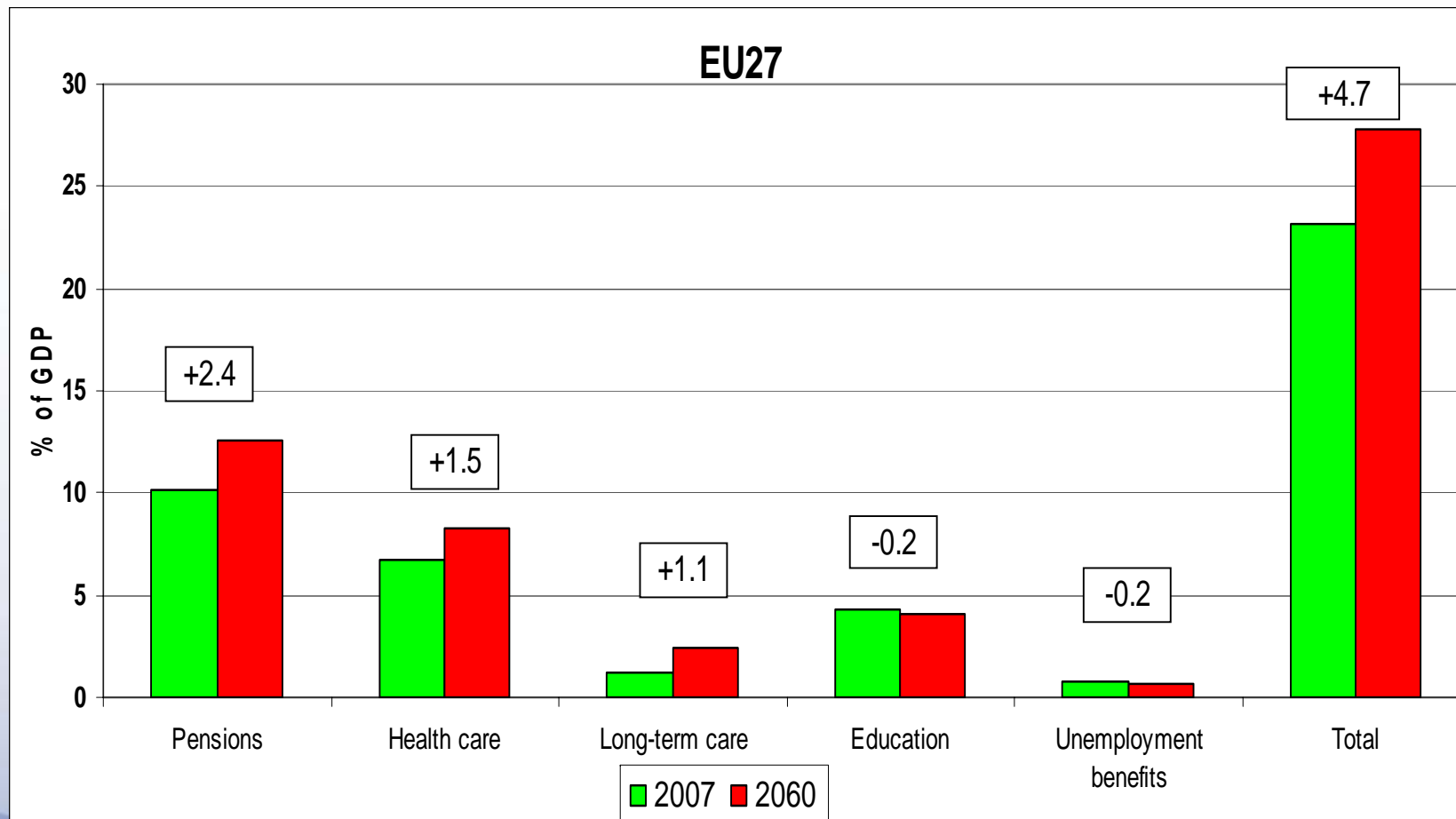
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The Cost of Ageing, EU27

(change in percentage points)

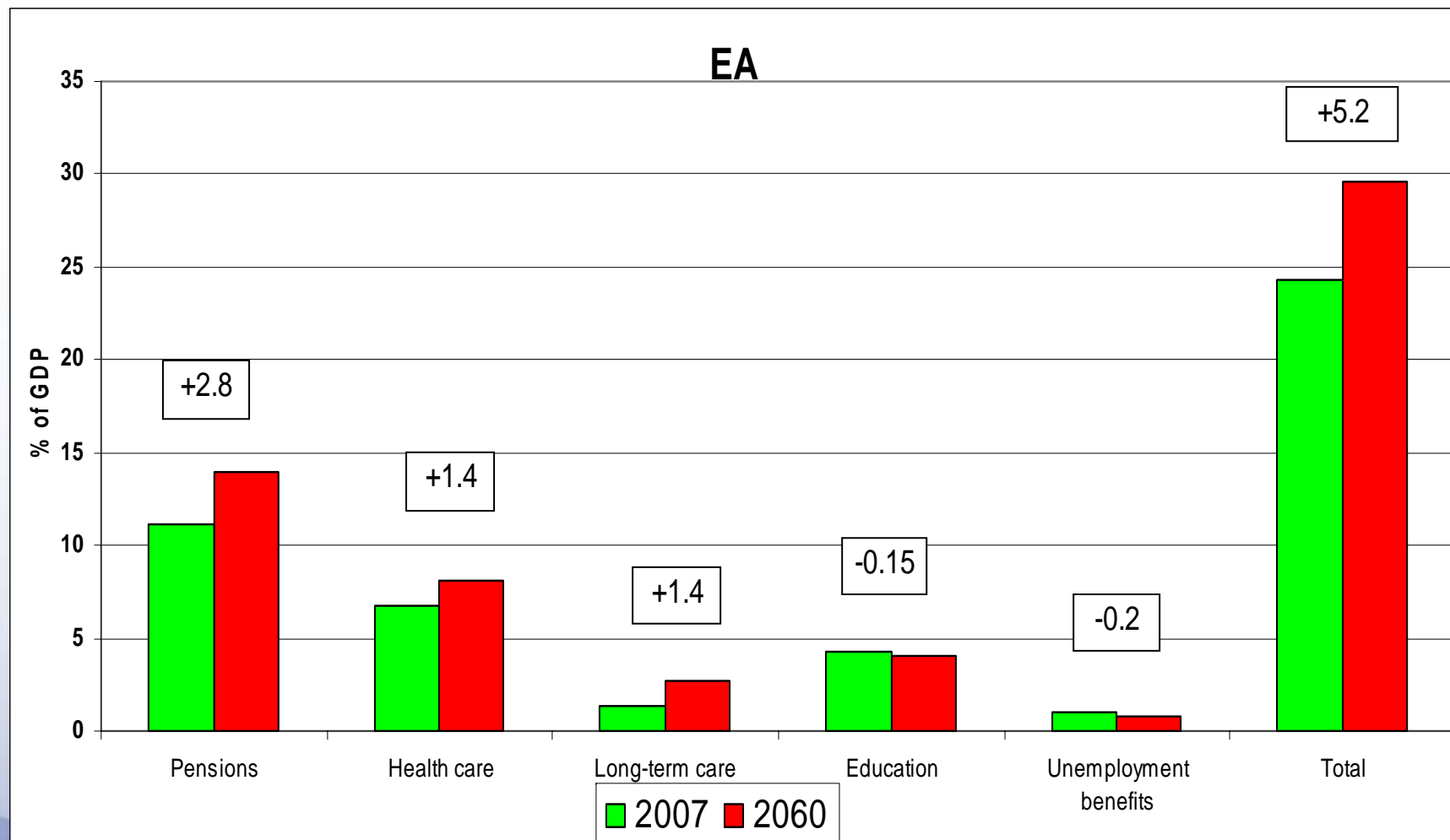
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The Cost of Ageing, Euro area

(change in percentage points)

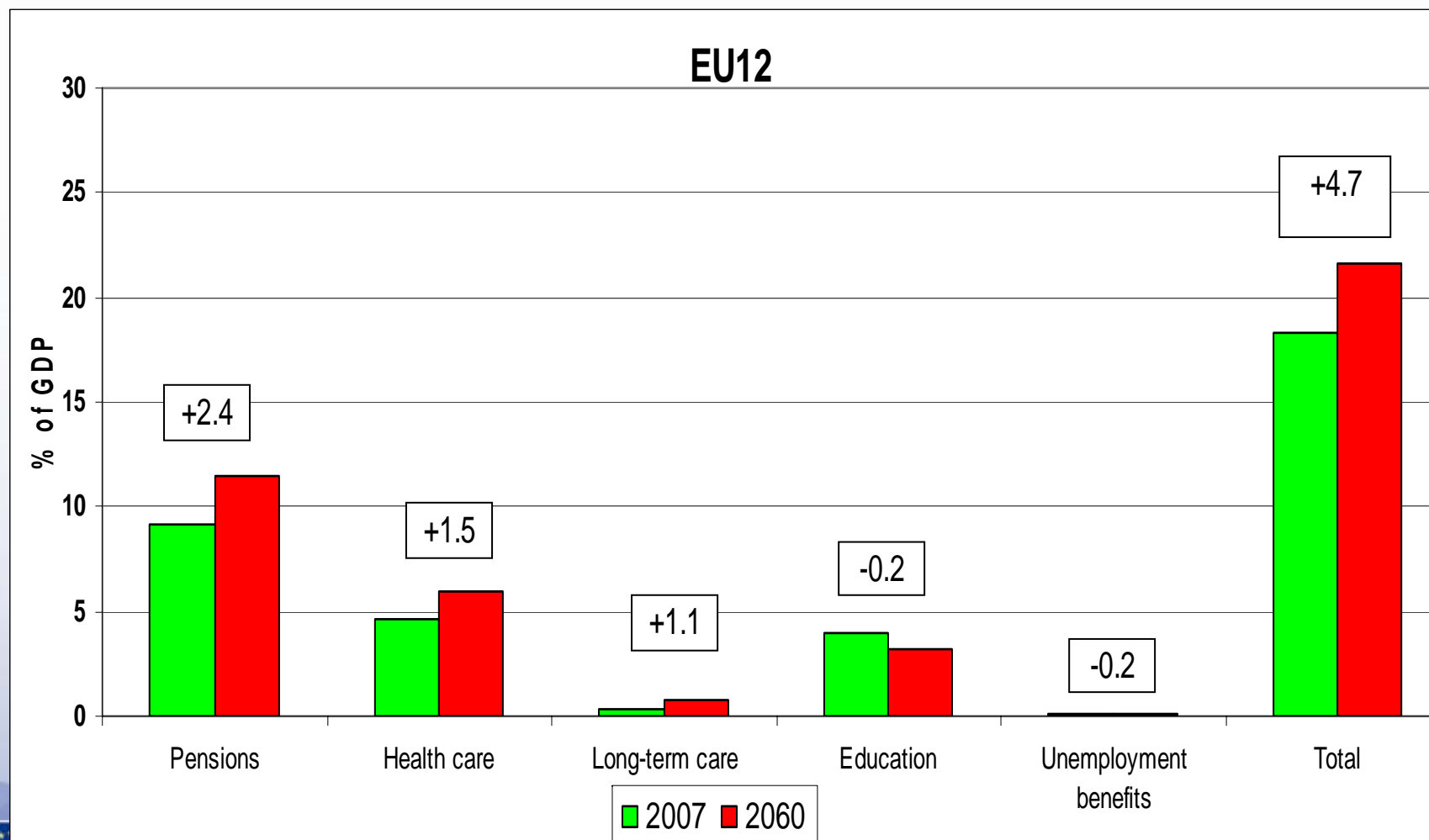
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The Cost of Ageing, EU12

(change in percentage points)

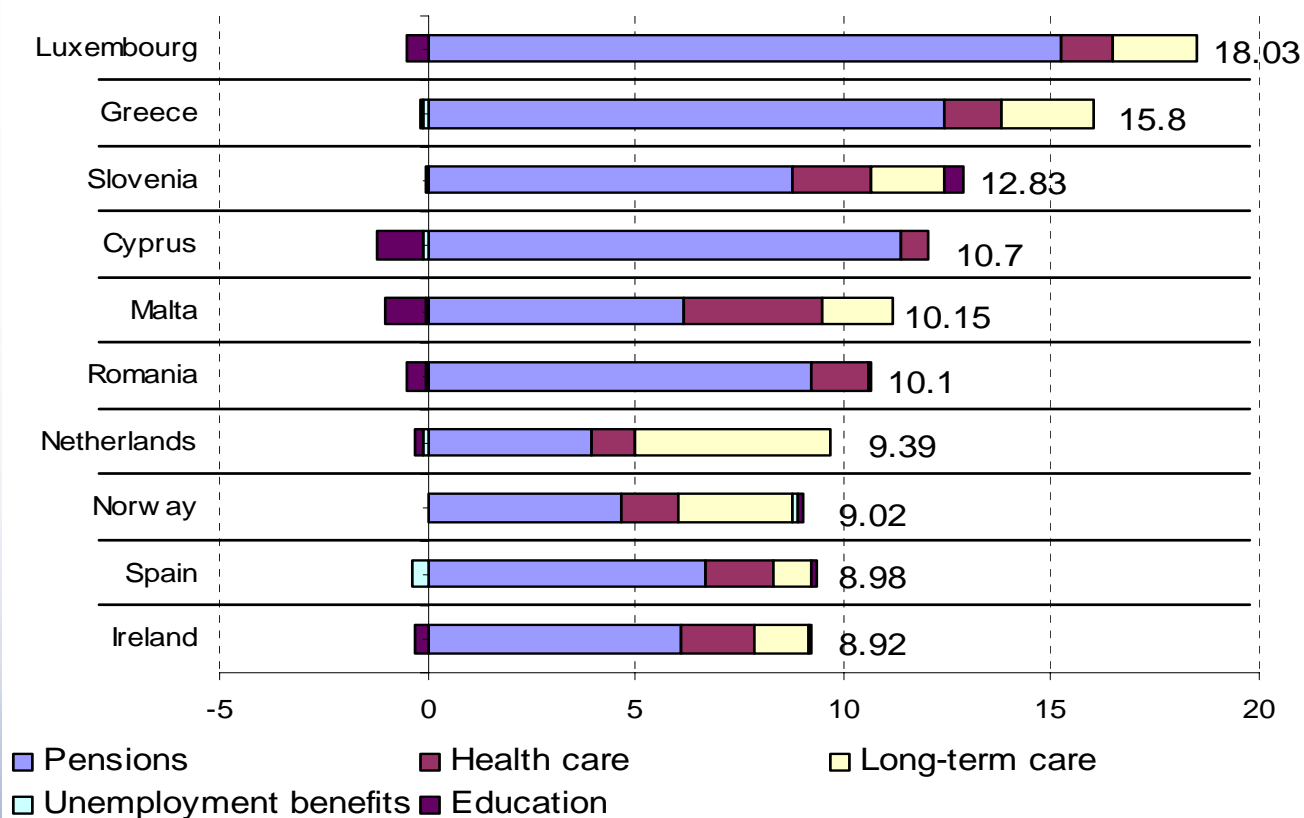
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The Cost of Ageing, variety in the EU (1)

15

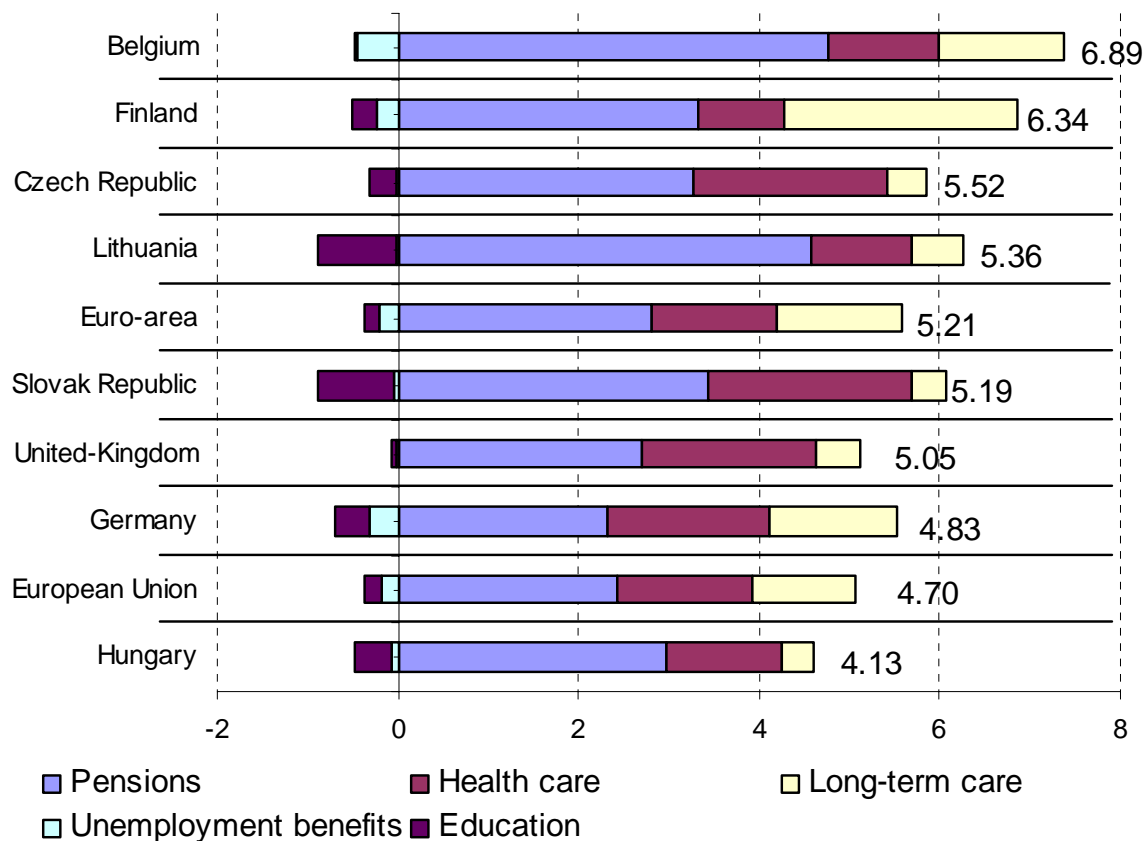
- **High** cost of ageing: increase of 7 p.p. of GDP or more, 2007-60



The Cost of Ageing, variety in the EU (2)

16

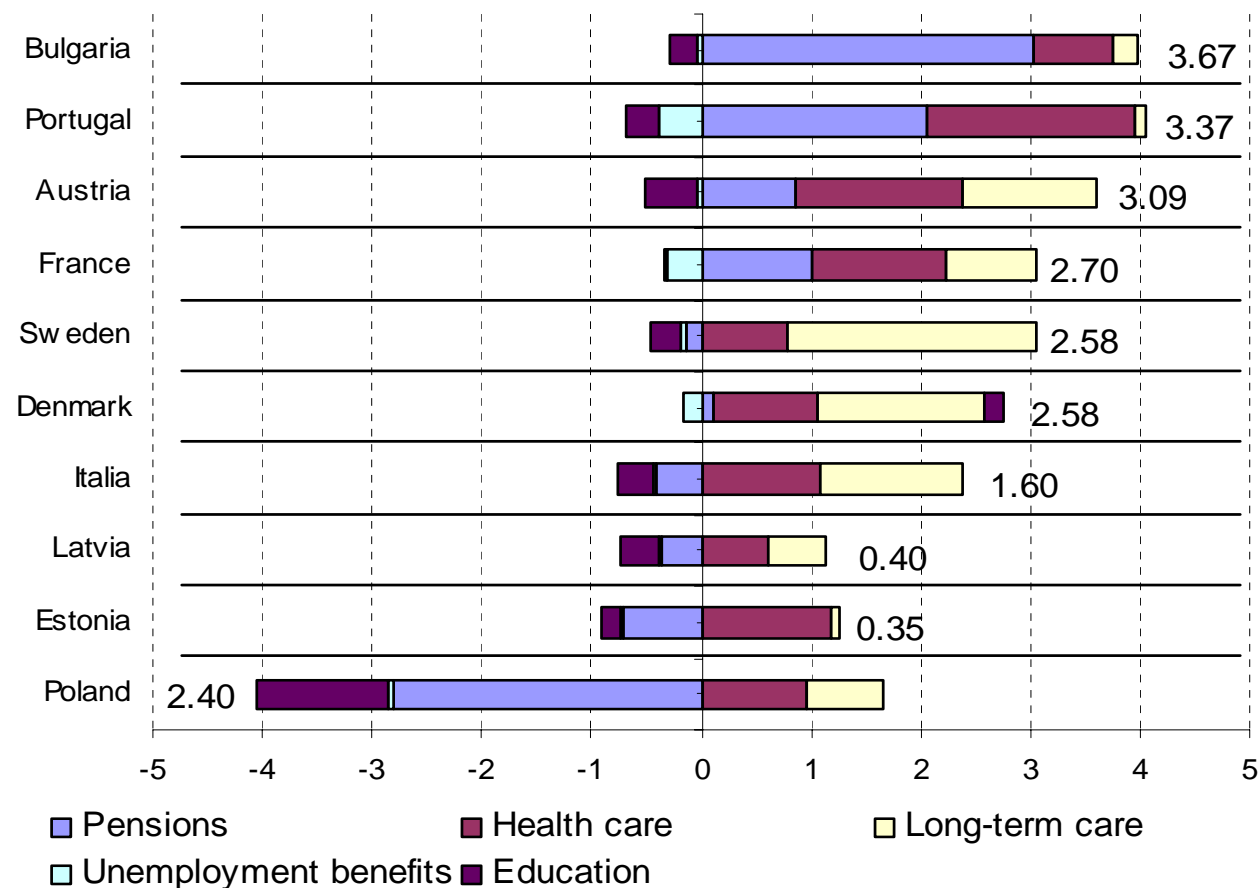
- **Medium**
cost of
ageing:
increase
between 4
and 7 p.p. of
GDP, 2007-
60



The Cost of Ageing, variety in the EU (3)

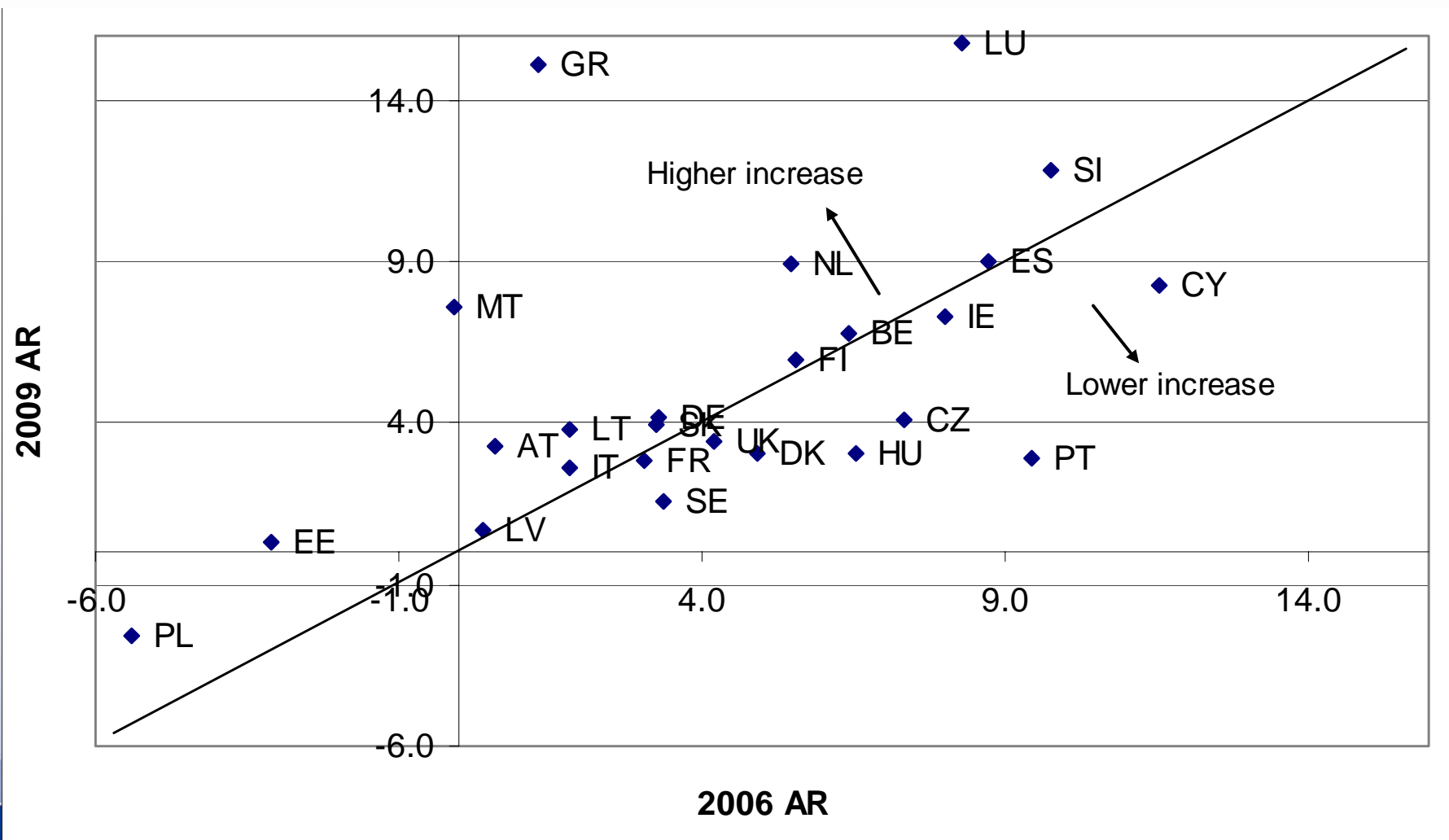
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- **Low**
cost of
ageing:
increase
of 4 p.p.
of GDP
or less,
2007-60



The Cost of Ageing compared; '09 vs. '06 projection

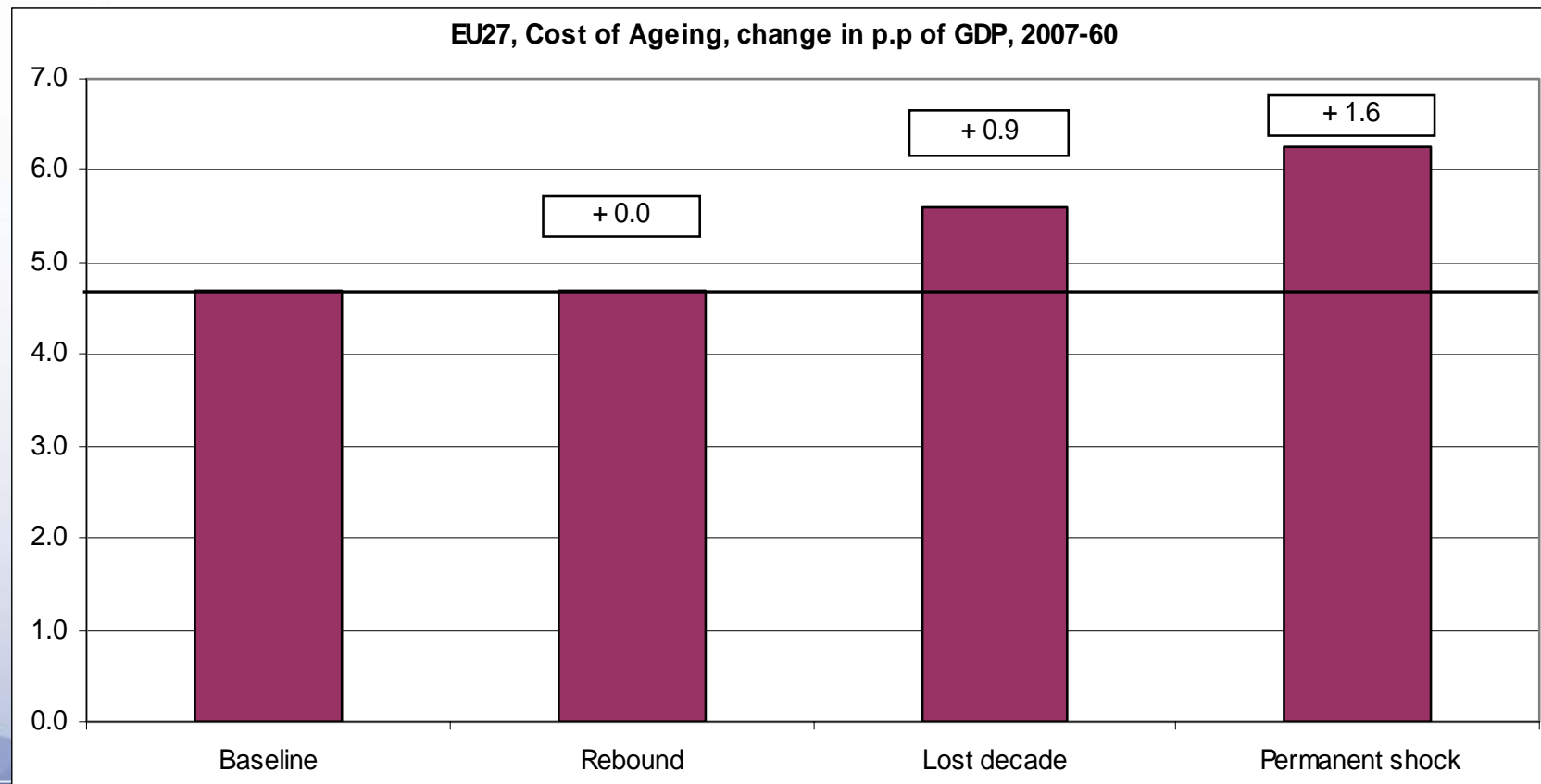
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Crisis scenarios:

potential budgetary impact of the economic and financial crisis

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Next steps

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- Commission will continue to monitor MSs in view of the crisis...
- Commission will prepare a «sustainability report» by end 2009
- Projections will form the basis for assessing fiscal sustainability in the Stability and Growth Pact
- And feed into Lisbon strategy and the open method of co-ordination on social protection (social OMC)



The full report can be found at DG ECFINs website:

- http://ec.europa.eu/economy_finance/analysis_structural_reforms/structural_reforms_223_en.htm

