

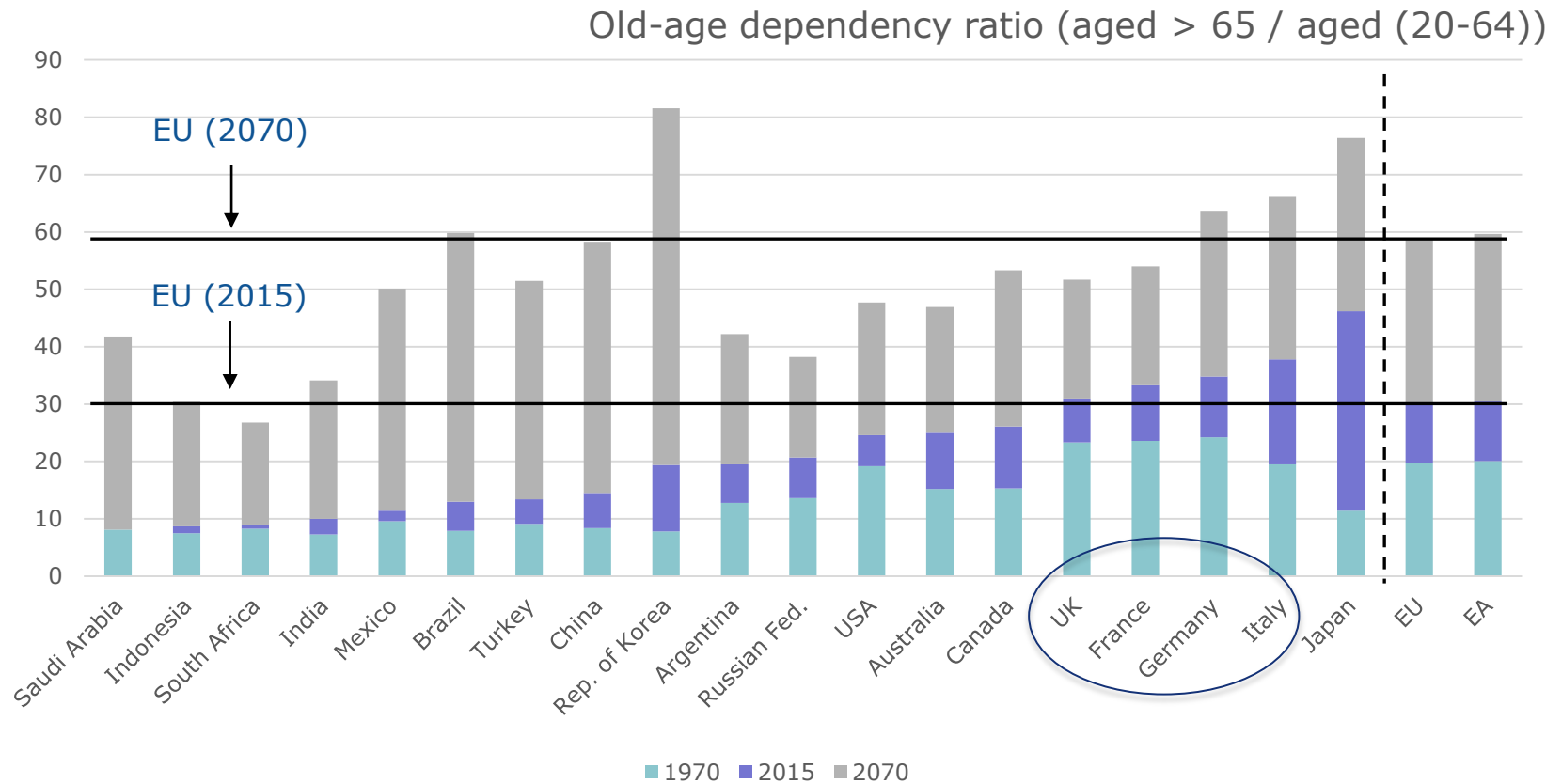


The fiscal challenges posed by population ageing

Marco Buti, European Commission

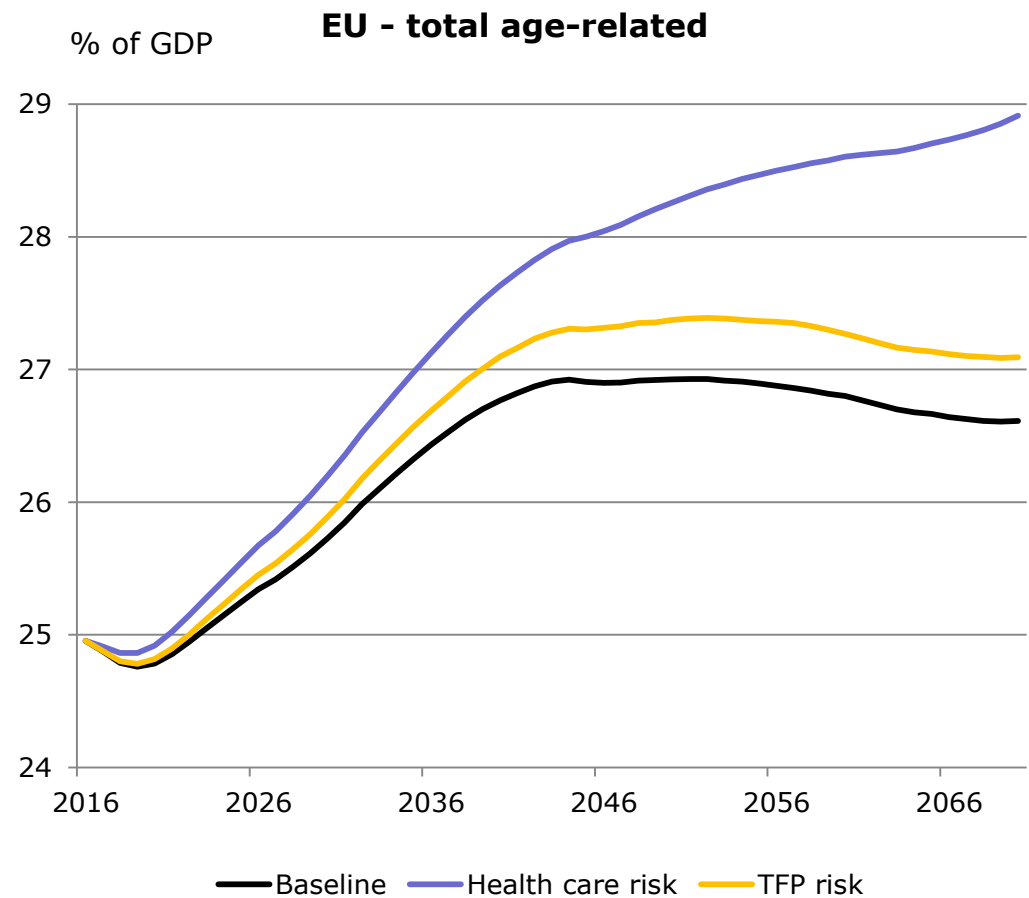
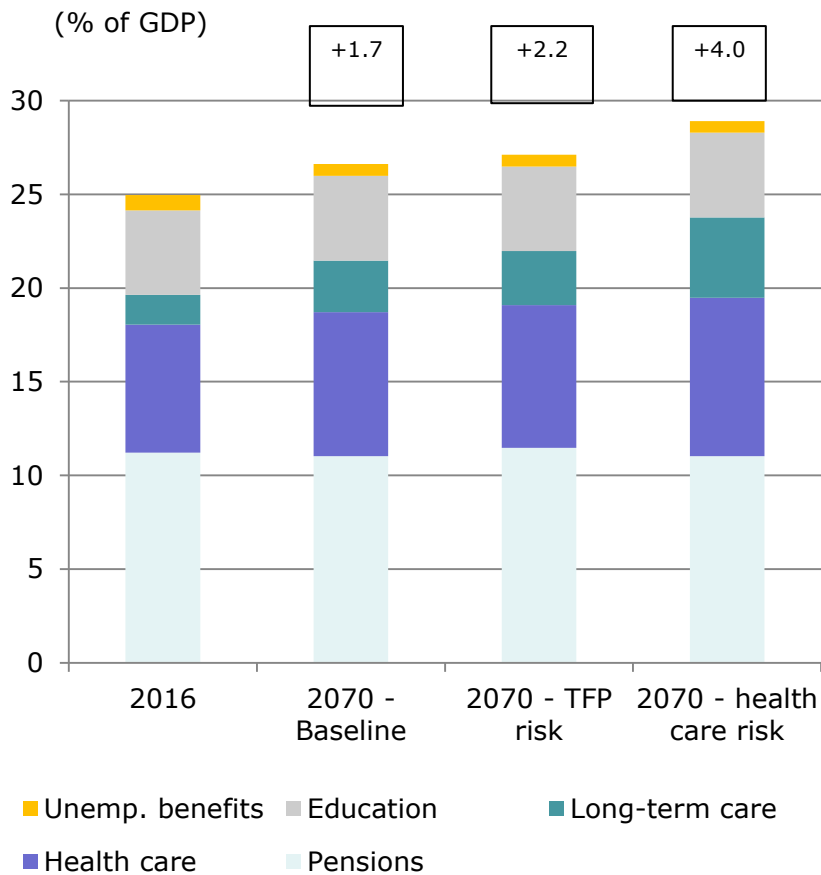
G20 Symposium: Demographic Changes and Macroeconomic Challenges
Tokyo, 17 January 2019

The ageing process is already advanced in the EU compared to other G20 countries



Total age-related expenditure in the EU

2018 Ageing Report

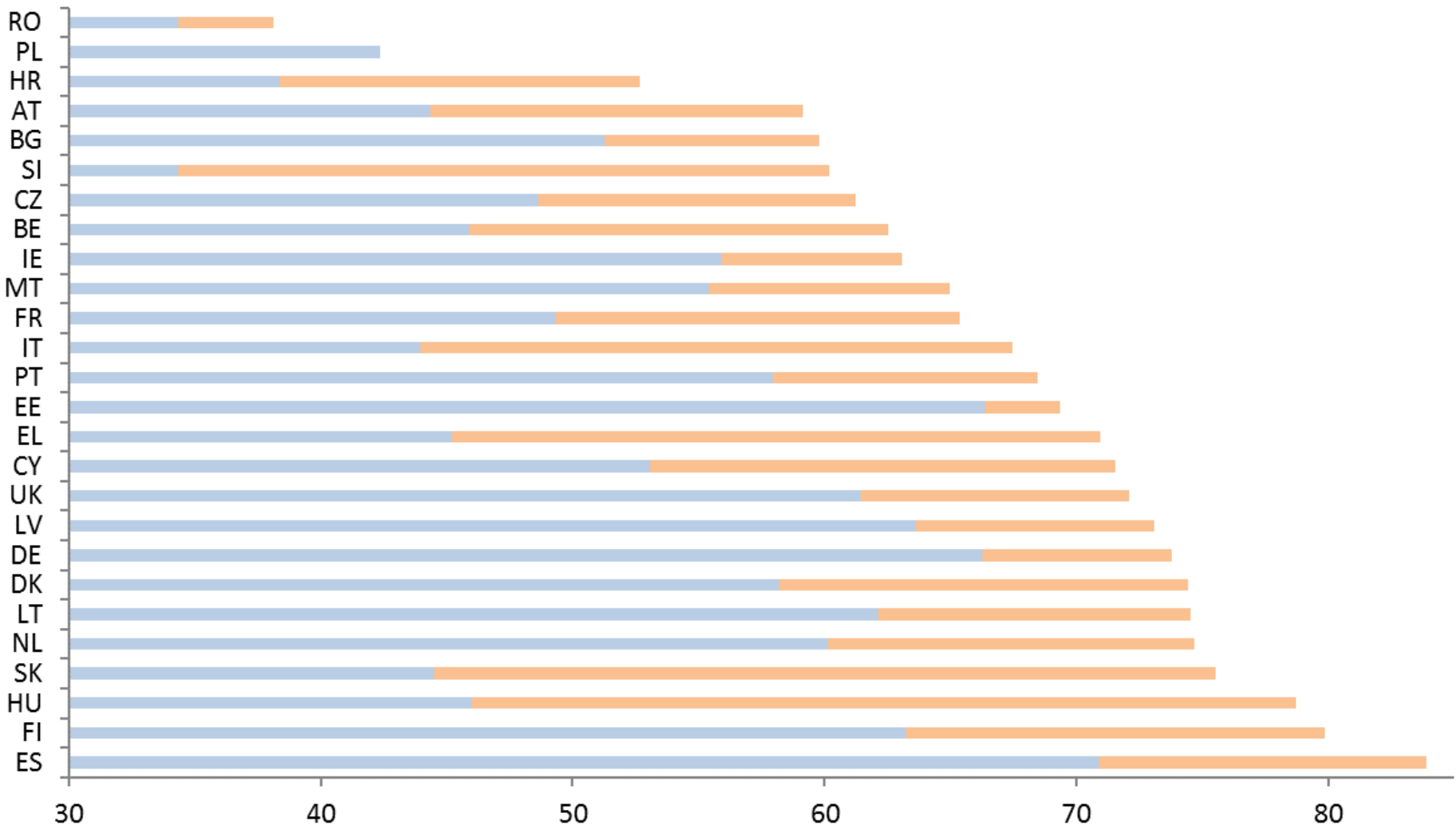


Reforms pay off

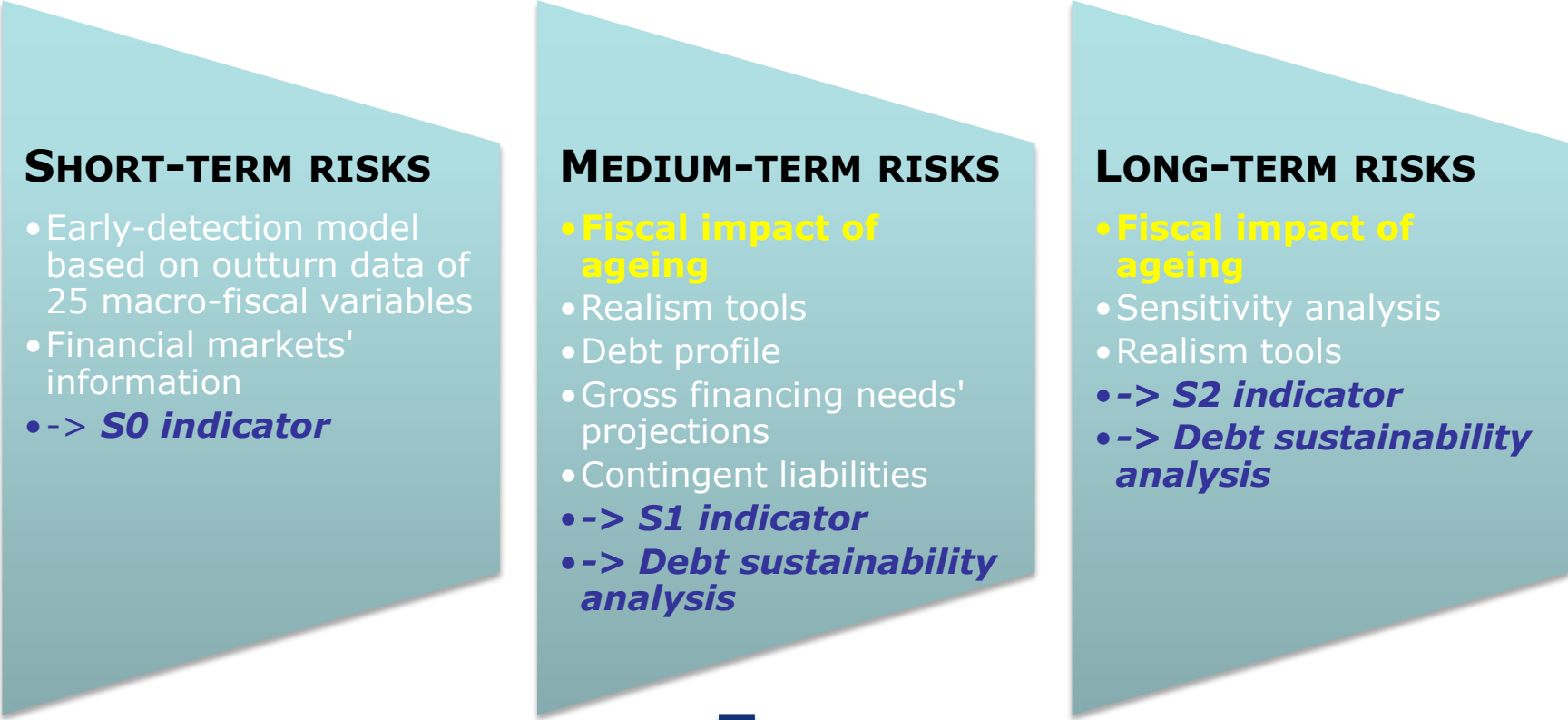


■ Participation rate in 2070 of persons aged 55-64 - no reform (%)
■ Participation rate in 2070 of persons aged 55-64 - impact of reform (%)

Women



How ageing costs are integrated in the EU economic policy coordination



SHORT-TERM RISKS

- Early-detection model based on outturn data of 25 macro-fiscal variables
- Financial markets' information
- -> ***S0 indicator***

MEDIUM-TERM RISKS

- **Fiscal impact of ageing**
- Realism tools
- Debt profile
- Gross financing needs' projections
- Contingent liabilities
- -> ***S1 indicator***
- -> ***Debt sustainability analysis***

LONG-TERM RISKS

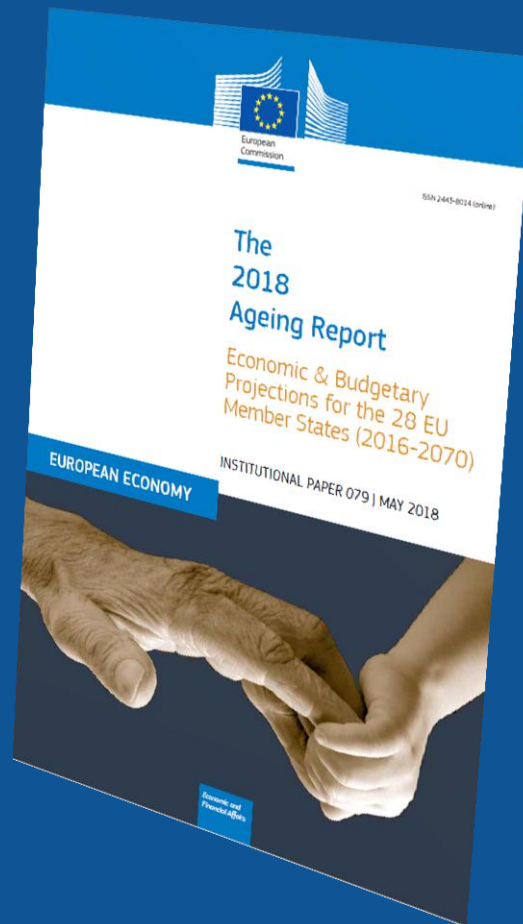
- **Fiscal impact of ageing**
- Sensitivity analysis
- Realism tools
- -> ***S2 indicator***
- -> ***Debt sustainability analysis***

Fiscal Sustainability Reports:
Overall risk classification by time dimension

EU suggestion for G20 work on ageing



- What are the externalities?
 - Impact on potential growth
 - Impact on labour supply (migration)
 - Political economy of reforms
 - Input: country-specific challenges on sustainability of social security systems
 - Output: exchange best practices and discuss policy options on demographic change
- Issue note on ageing discussed by Finance Ministers in June: underpinned by G20 members policies to ensure ownership



Thank you for your attention