

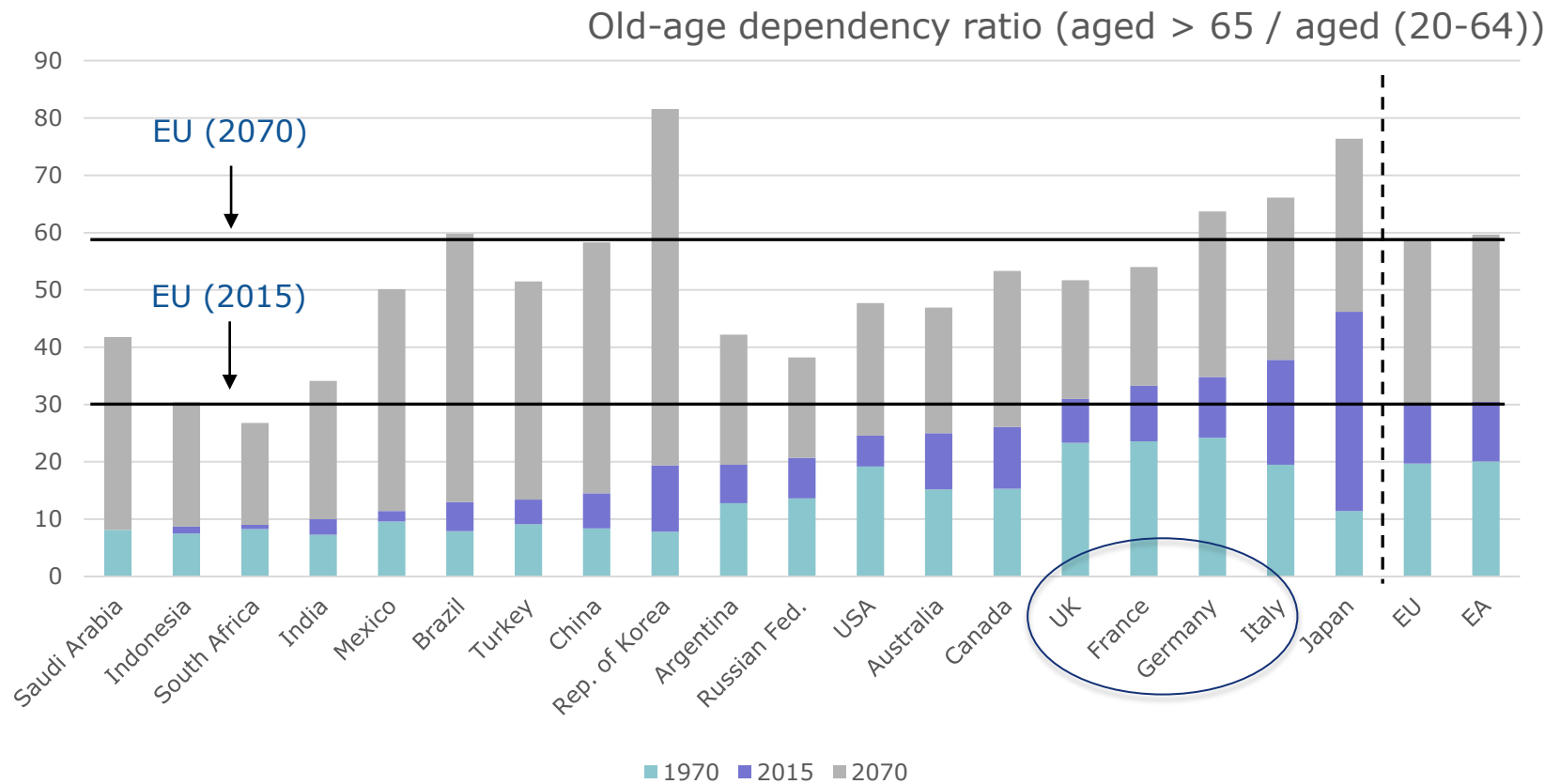


# The fiscal challenges posed by population ageing

**Marco Buti**, European Commission

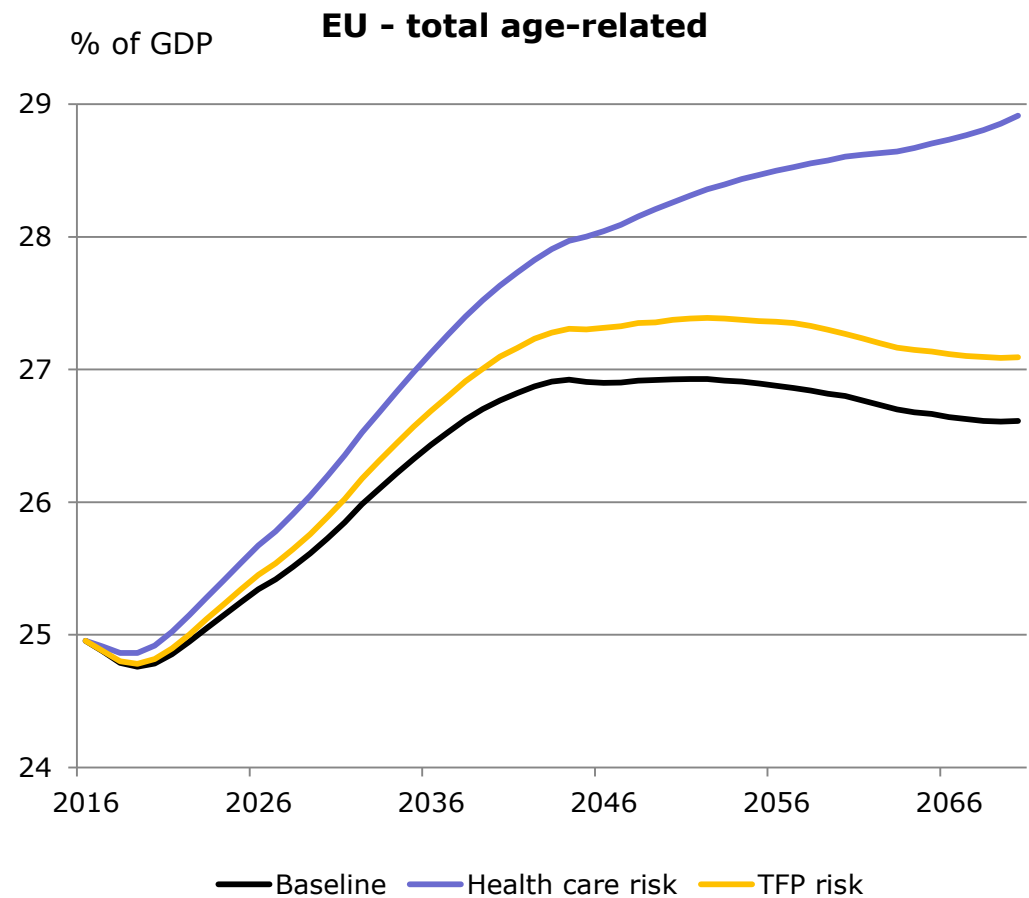
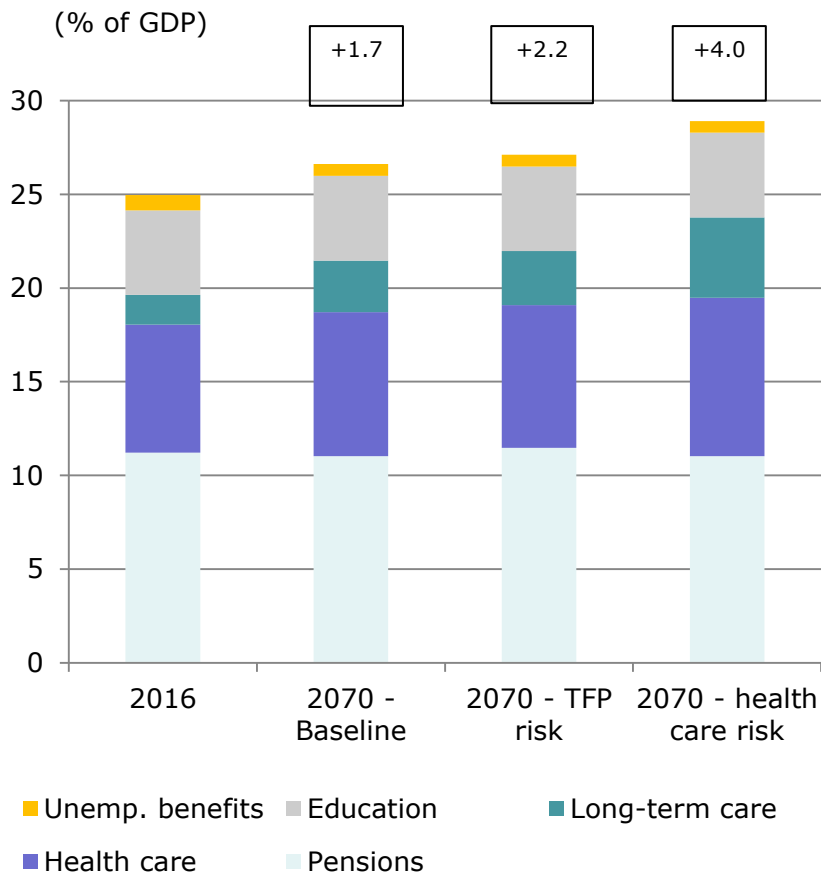
*G20 Symposium: Demographic Changes and Macroeconomic Challenges*  
Tokyo, 17 January 2019

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



# Total age-related expenditure in the EU

## 2018 Ageing Report

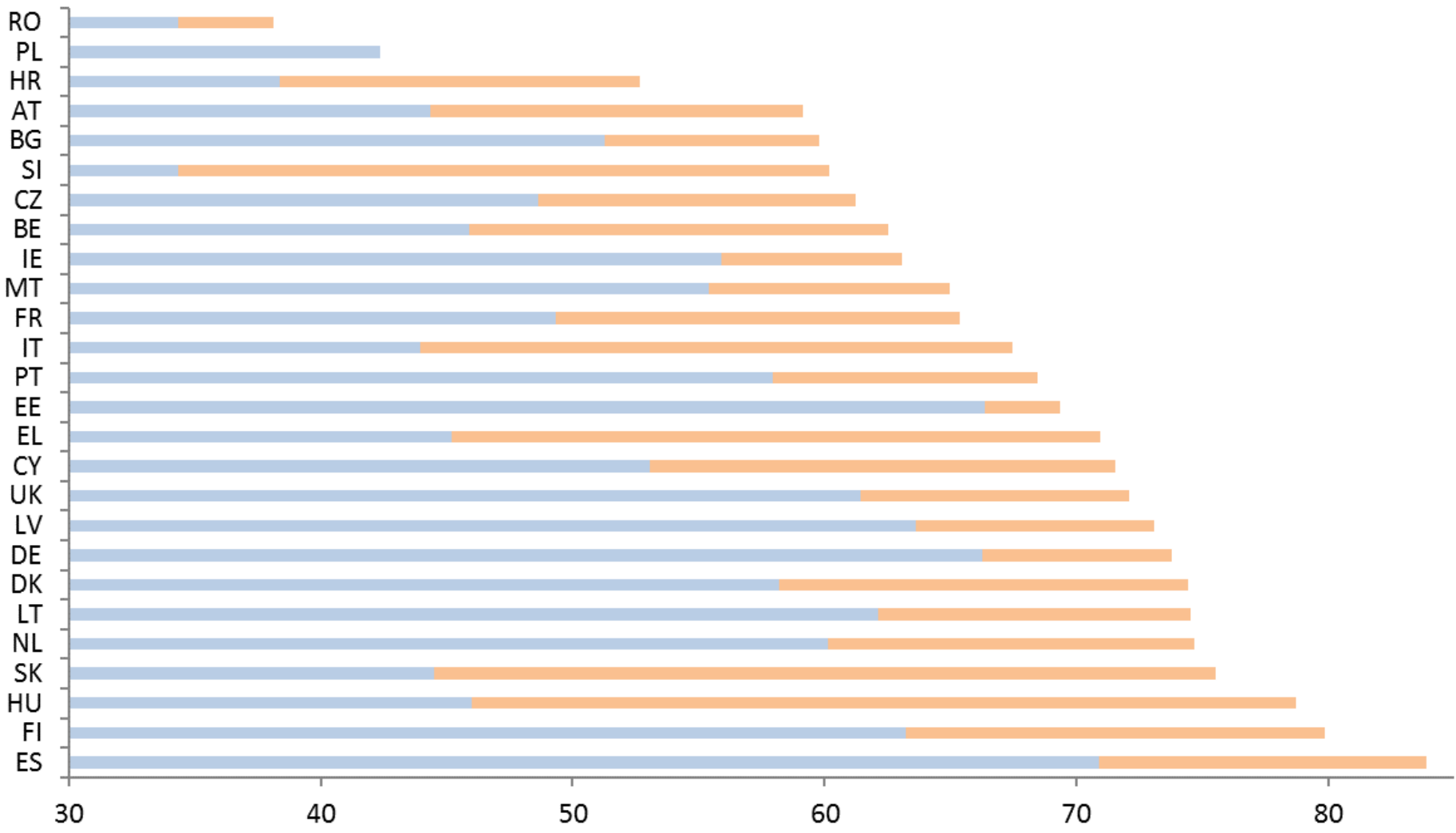


# Reforms pay off

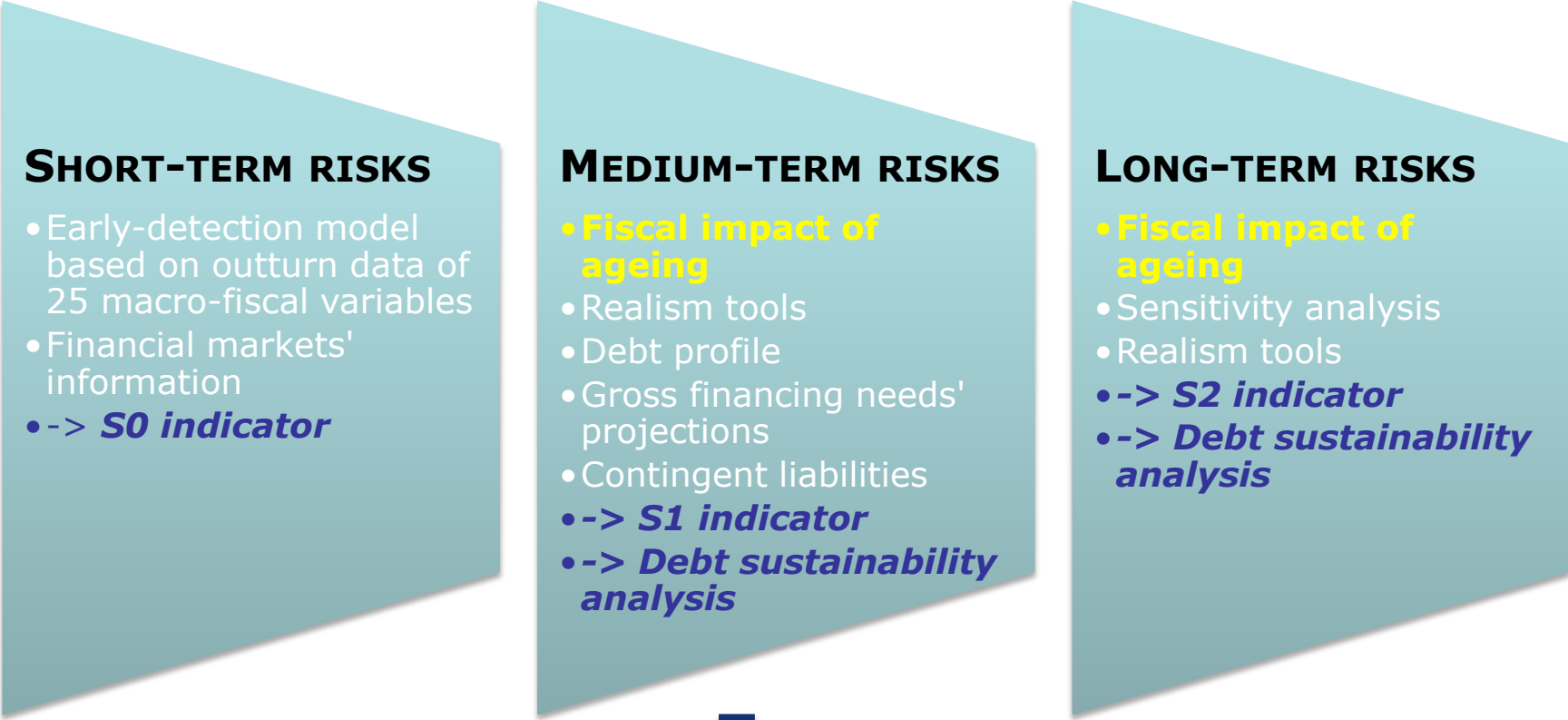


■ Participation rate in 2070 of persons aged 55-64 - no reform (%)  
■ Participation rate in 2070 of persons aged 55-64 - impact of reform (%)

*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

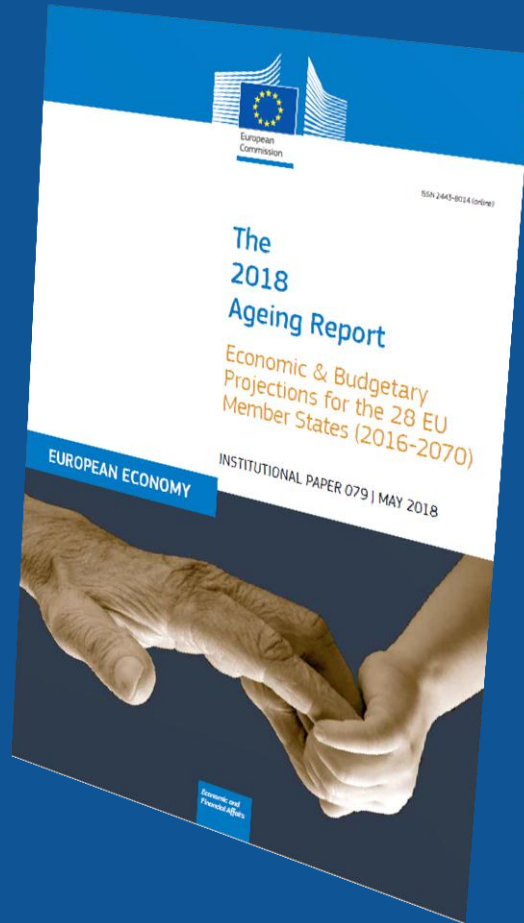
- **Fiscal impact of ageing**
- Sensitivity analysis
- Realism tools
- -> ***S2 indicator***
- -> ***Debt sustainability analysis***

**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**