
The European Union DG ECFIN & the Economic Policy Committee Launch 2012 Ageing Report



This May the EU Directorate General for Economic and Financial Affairs (DG ECFIN) and the Ageing Working Group (AWG) of the Economic Policy Committee launched the 4th edition of their Ageing Report. The paper projects the budgetary impact of the ageing population on the EU 27 Member States for the period of 2010 – 2060.

According to the report, life expectancy at birth for males is projected to increase by 7.9 years over the projection period - from 76.7 in 2010 to 84.6 in 2060. For females, life expectancy at birth is projected to increase by 6.5 years - from 82.5 in 2008 to 89.1 in 2060- implying a slight convergence of life expectancy between males and females.

Due to the expected dynamics of fertility, life expectancy and migration rates, the age structure of the EU population is projected to dramatically change in the coming decades. The population is projected to be slightly larger in 50 years time, but much older than it is now. In detail, 30 percent of EU citizens will be aged 65 or over. The EU population is projected to increase (from 501 million in 2010) up to 2040 by almost 5 percent, when it will peak (at 526 million). Thereafter, a steady decline occurs and the population shrinks by nearly 2 percent by 2060. Nonetheless, according to the projections, the population in 2060 will be slightly higher than in 2010, at 517 million.

The joint impact of those factors is projected as an increase in spending on healthcare from 7.1 percent of GDP in 2010 to 8.3 percent of GDP in 2060 for the EU27 (from 7.3% to 8.4% of GDP for the EA). According to the "AWG reference scenario" based on current policy settings, public spending on long-term care is projected to double, increasing from 1.8 percent of GDP in 2010 to 3.4 percent of GDP in 2060 in the EU as a whole (to 3.4 percent of GDP in the European Economic Area).

Alongside this report, the Council of the European Union has released its Council Conclusions on the sustainability of public finances in the light of ageing populations. It highlighted that healthcare and long-term care spending may increase up to 3.4 percent of GDP between 2010 and 2060. It therefore reaffirms the importance of reforming pension, healthcare and long-term care systems, in line with the objectives set out in Europe 2020.

However, the projections show a gap between individual Member States according to their policy efforts devoted. Furthermore, these scenarios are only a standardised tool for comparison. The underlying methodology for the report's projections is available as a supporting document to the report.

For more information, please visit: www.ephha.org

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