



## ECONOMIC POLICY COMMITTEE

THE PRESIDENT

### Speaking note for Christian Kastrop as Chair of session II at 2009 Brussels Economic Forum

I am honoured to chair this session of the Brussels Economic Forum, on the issue of ageing and long-term sustainability of public finances.

As Europeans keep getting older while fertility rates remain below the natural replacement rate, ageing populations will bring economic, budgetary and social challenges to our societies.

Confidence in our public finances can only be sustained through strategies which ensure that EU economies can adapt to changing demographic environment. This is true even more in the context of the current economic turmoil.

Crises management will bear a huge negative impact on public budgets which will not disappear soon. Debt levels will be much higher after the crises. Adding lower potential growth for some – longer ? – time will enlarge not only structural deficits but will widen the sustainability gap even more.

Developing an economic and fiscal “exit strategy” calls for a wide, open debate on how we should organise our societies in the future to maintain public finances on a sustainable path.

Ecofin Ministers have discussed this at their meeting last week in Brussels and principally confirmed their commitment to the existing three-pronged strategy for meeting the economic and budgetary consequences of ageing: reducing debt at a faster pace, raising employment rates and productivity and reforming pension, health care and long-term care systems.

But we are not in the same world any more. Delivery will be a rough road, politically and economically. And it will need a lot of expertise, institutional setting, political will and power in each EU country.

And we need mutual support. An important basis for a discussion and the common ground among 27 EU Member States and the Commission is the recently published "Ageing report", prepared by the Commission and the Economic Policy Committee. The report presents projections of the long-term budgetary impact of ageing in Europe which should provide a sound empirical basis for a discussion of the right policy approach in order to reach sustainable public finances.

I would propose to start off the session with a presentation of the main findings of the report – and who would be better placed to do so than the main authors of the report, **Henri Bogaert**, who has chaired the working group of EU member states on ageing; and **Gert-Jan Koopman**, head of the responsible Directorate in the European Commission.

We will then turn to a panel of discussants, all distinguished international experts on this issue. From the international organisations we have :

**Carlo Cottarelli**, Director at the Fiscal Affairs Department of the IMF;

**Robert Holzmann**, Sector Director of the Human Development Network at the World Bank; and

**Martine Durand**, Deputy Director at OECD. Finally, as Chairman of the Executive Board of one of the world's largest pension administration organisations - the APG Group – **Dick Sluimers** may contribute with a different perspective.

Sum-up of discussion:

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Tentative final remarks:

The EU can be proud of the consensus reached on the Ageing-Issue which is the product of some 10 years of work of COM and EPC. This is clearly an asset in the crises.

The sustainability of public finance has to be one cornerstone of all exit strategies and “lessons learned” from the crisis.