Demographic challenges and solidarity between the generations

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Demographic ageing, i.e. the increase in the proportion of older people, is the result of significant economic, social and medical progress giving Europeans the opportunity to live a long life in comfort and security that is without precedent in our history. However, as was stressed by the Heads of State and Government at their Hampton Court informal Summit in October 2005, it is also one of the main challenges that the EU will have to face in the years to come. This Communication responds to the concern raised at this Summit, and is a follow-up to the Commission's communication to the European

Council entitled "European values in the Globalised World" (COM(2005)0525) and the Commission's Green Paper on "Confronting demographic change: a new solidarity between the generations" (COM (2005)0094).

This paper examines how the EU can support its Member States as part of a long-term strategy, the implementation of which essentially depends on their willingness and competences. In so doing, it sets out the main factors, evaluates the various complex impacts and identifies the main courses of action at national, regional and local levels, as well as at European level. It concludes that we can take up the challenge of the ageing population if we create conditions in support of people who wish to realise their desire to have children and take full advantage of the opportunities offered by longer and more productive lives in better health.

The Commission feels that the ageing of European populations is the inevitable consequence of developments that are fundamentally positive: increased life expectancy, often in good health, and easier choice over whether and when to have children, in particular by increasingly educated women who enjoy easier access to the labour market. However, these far-reaching demographic and socioeconomic changes compel us to reform existing institutions, for reasons of both economic efficiency and social equity.

The EU's current policies are not viable in the long term, in that they do not address the expected decrease in the active population and the prospect of slippage in public finances. The source of the problem is not higher life expectancy as such, rather it is the inability of current policies to adapt to the new demographic order and the reluctance of businesses and citizens to change their expectations and attitudes, particularly in the context of labour market modernisation. In short, Member States are facing a problem of retirement rather than a problem of ageing. Of course, it falls above all to the Member States to formulate specific responses to the demographic challenge. Recent experience in this regard is encouraging, as the first retirement reforms have begun to bear fruit. The challenge is not insurmountable if good use is made of a brief window of opportunity of about ten years.

These reforms are also part of a European framework, already applied opportunely and tenaciously through the renewed Lisbon Strategy for Growth and Jobs, the Stability and Growth Pact, the Sustainable Development Strategy, cohesion policy, and the open method of coordination in the area of social protection and inclusion.

It is not now a question of introducing a new process of European coordination. These efforts must be continued, while at the same time adequate account should be taken of the multiple and complex facets of the demographic challenge. In this respect, this communication develops a reference framework at Community level for Member States' policies. The framework has set out five areas that respond to a common perspective of restored confidence:

- Promoting demographic renewal in Europe;
- Promoting employment in Europe: more jobs and longer working lives of better quality;
- A more productive and dynamic Europe;
- Receiving and integrating migrants in Europe;
- Sustainable public finances in Europe: guaranteeing adequate social security and equity between the generations.

Community and national policies need to be attuned to the demographic challenge described in this Communication. The Commission recommends that the sectoral Councils and the sectoral Committees in the European Parliament consider the impact of demographic change in the policy areas for which they are responsible.

Progress in the implementation of these initiatives will be the subject of the European Demographic Forum to be held every two years, for the first time in October 2006. The results of the initiatives announced in this communication between now and 2009 and the lessons of the Forum will form the subject of a chapter in the Annual Progress Report (Lisbon Process), which the Commission will devote every two years to the Union's state of preparedness for increasing life expectancy.