Basic information

2005/2147(INI) INI - Own-initiative procedure	Procedure completed
Demographic challenges and solidarity between the generations **Subject** 4.10.14 Demography	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
EMPL Employment and Social Affairs	BUSHILL-MATTHEWS Philip (PPE-DE)	20/04/2005

Committee for opinion	Rapporteur for opinion	Appointed
ENVI Environment, Public Health and Food Safety	ULMER Thomas (PPE-DE)	12/07/2005
FEMM Women's Rights and Gender Equality (Associated committee)	ESTRELA Edite (PSE)	07/09/2005

Council of the European Union

Council configuration	Meetings	Date
Employment, Social Policy, Health and Consumer Affairs	2699	2005-12-08

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	

Key events

Date	Event	Reference	Summary
08/09/2005	Committee referral announced in Parliament		
08/09/2005	Referral to associated committees announced in Parliament		
08/12/2005	Debate in Council		Summary
22/02/2006	Vote in committee		Summary
27/02/2006	Committee report tabled for plenary	A6-0041/2006	
23/03/2006	Decision by Parliament	T6-0115/2006	Summary

23/03/2006	Results of vote in Parliament		
23/03/2006	Debate in Parliament		
23/03/2006	End of procedure in Parliament		

Technical information	
Procedure reference	2005/2147(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/6/30075

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE365.084	08/12/2005	
Committee opinion	FEMM	PE364.752	23/01/2006	
Committee opinion	ENVI	PE364.781	24/01/2006	
Committee report tabled for plenary, single reading		A6-0041/2006	27/02/2006	
Text adopted by Parliament, single reading		T6-0115/2006	23/03/2006	Summary

European Commission

Document type	Reference	Date	Summary
Document attached to the procedure	COM(2005)0094	16/03/2005	Summary
Non-legislative basic document	COM(2006)0571	12/10/2006	Summary

Demographic challenges and solidarity between the generations

2005/2147(INI) - 08/12/2005

The Council held a policy debate on demography and human capital covering, in particular, the following issues:

- Member State and EU measures to increase the overall employment rate for people of working age and improving human capital support in order to underpin this work.

- Specific measures that Member States should pursue in order to maximise the employment opportunities of young people, older workers and disadvantage groups as well as barriers to raising the employment rates for these groups.

The debate followed the presentation of a Commission Communication “Confronting demographic change: a new solidarity between the generations” which was published in March 2005. Delegations referred to the following issues that need to be taken into account when seeking to achieve the objective of an increased overall employment rate:

- increasing the skills and qualifications of workers through lifelong learning;
- the notion of “making work pay”;
- ensuring an adequate management of migration flows;
- reconciling family life with professional life.

The outcome of the debate will serve as input to the Commission’s on-going work on the demographic challenge.

Demographic challenges and solidarity between the generations

2005/2147(INI) - 16/03/2005 - Document attached to the procedure

The Commission presents a Green Paper on “Confronting demographic change: a new solidarity between the generations”. It begins by pointing out that Europe is facing today unprecedented demographic change. The new Member States, with the exception of Cyprus and Malta, all saw falling populations. In many countries, immigration has become vital to ensure population growth. The fertility rate everywhere is below the threshold needed to renew the population (around 2.1 children per woman), and has even fallen below 1.5 children per woman in many Member States. Families do not find the environment in which they live conducive to child-rearing. If Europe is to reverse this demographic decline, families must be further encouraged by public policies that allow women and men to reconcile family life and work. Furthermore, the family will continue to play an important role in solidarity between the generations. The Union therefore needs to find out more about families in the various Member States, in particular with regard to employment and income in single-parent families, access to housing, social benefits and care for the elderly.

The Union’s population is set to grow just slightly up until 2025, thanks to immigration, before starting to drop. The report from the High Level Group chaired by Wim Kok emphasised the importance of the demographic challenge for the Lisbon Strategy: ageing could cause potential annual growth in GNP in Europe to fall from 2-2.25% today to 1.25% in 2040, with all that entails for entrepreneurship and initiative in our societies.

To meet this challenge, the Lisbon Agenda must be resolutely implemented, in particular those policies focusing on getting people into jobs - especially certain groups in the population such as women and both younger and older people – on innovation and increasing productivity. It is also necessary to continue modernising social protection systems, especially pensions, to ensure their social and economic sustainability and to enable them to cope with the effects of demographic ageing.

The Green Paper discusses the trends resulting in the demographic changes. These are continuing increases in longevity as a result of considerable progress made in health care and quality of life in Europe; the continuing growth in the number of workers over 60, and continuing low birth rates.

Family structures are changing: there are more “older workers” (55-64), elderly people (65-79) and very elderly people (80+), fewer children, young people and adults of working age. The bridges between the various stages of life have become more complex: this is particularly the case for young people, who are experiencing certain life events later (e.g. graduation, first job, first child). In a growing number of Member States, adapting to these trends has already become a political priority. Greater efforts are needed to integrate young people into the labour market and to support them as they pursue ‘non-linear’ careers, alternating between employment, study, unemployment and retraining or the updating of skills.

In the context of the Union’s new social agenda, a more in-depth debate is needed which respects the various powers of different levels of governance. Many issues associated with demographic change come within the exclusive competence of the Member States. But these are also urgent issues of common interest to which all the Member States need to respond. The fact is that the demographic dependency ratiowill rise from 49% in 2005 to 66% in 2030 . We will have to not only reach but to exceed the objective in the Lisbon Strategy – an employment rate of 70% – to compensate for the expected drop in the working age population: employment participation will have to increase, and the retirement age will have to continue to rise.

The Green Paper discusses the challenges of a low birthrate and the possible contribution of immigration. In order to develop solidarity between generations, it advocates a better integration of young people into economic life. It discusses a global approach to a working-life cycle: the number of young adults (25-39 years old) will begin to fall in 2005 and this trend is set to accelerate significantly after 2010 (-16% between 2010 and 2030). The number of 40-54 year olds will start to fall in 2010. In parallel, the number of people aged 55 and over will grow by 9.6% between 2005 and 2010, and by 15.5% between 2010 and 2030, before falling sharply in its turn. Companies will therefore have to rely increasingly on the experience and skills of older workers, whilst actively preparing those younger than 55 to replace them. In order to promote the transition to a knowledge society, EU policies promote the modernisation of work organisation, the definition of lifelong learning strategies, the quality of the working environment and “active ageing”, in particular raising the average retirement age.

The Green Paper also discusses solidarity with the very elderly. It points out that with life expectancy increasing all the time, our societies are witnessing the presence of an increasing number of very elderly persons (80+): +17.1% between 2005 and 2010, +57.1% between 2010 and 2030. On that timescale, very elderly people would number nearly 34.7 million, compared with approximately 18.8 million today. The proportion of people living alone, particularly women, will increase owing to female widowhood resulting from the difference in length of survival between the sexes. Retirement pensions for women are significantly less generous than for men. The Green Paper states that the coordination of national social protection policies is due to be extended to long-term care for the elderly in 2006, and asks how can this help to manage demographic change. It also asks whether a distinction should be drawn between retirement pensions and dependency allowances.

The Commission concludes that, in order to face up to demographic change, Europe should pursue three essential priorities:

-**Return to demographic growth:** We must discuss whether we want to give families, whatever their structure, their due place in European society? Thanks to the determined implementation of the Lisbon agenda (modernisation of social protection systems, increasing the rate of female employment and the employment of older workers), innovative measures to support the birth rate and judicious use of immigration, Europe can create new opportunities for investment, consumption and the creation of wealth.

-**Ensure a balance between the generations**, in the sharing of time throughout life, in the distribution of the benefits of growth, and in that of funding needs stemming from pensions and health-related expenditure.

-**Find new bridges between the stages of life**. Young people still find it difficult to get into employment. An increasing number of “young retirees” want to participate in social and economic life. Study time is getting longer and young working people want to spend time with their children. These changes alter the frontiers and the bridges between activity and inactivity.

Demographic challenges and solidarity between the generations

2005/2147(INI) - 12/10/2006

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.

Demographic challenges and solidarity between the generations

2005/2147(INI) - 23/03/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Philip **BUSHILL-MATTHEWS** (EPP-ED/UK) on demographic challenges and solidarity between the generations. Thereport was adopted by 448 votes in favour and 78 against, with 22 abstentions. (Please see the summary of 22/02/2006.) In addition to the points mentioned in that summary, Parliament raised the following issues:

- it was surprised that the Green Paper made only passing reference to the healthcare aspects of demographic change, and emphasised that, with an ageing population, the demand for health and long-term care services increased qualitatively and quantitatively. Investment in measures for the life-long prevention of illness was important for coming to terms with the human and financial aspects of demographic change;

- Parliament pointed out that infertility, and particularly male infertility, is on the rise, especially in highly industrialized areas. Parliament pointed out that in some European countries up to 15% of couples are now infertile, chemical pollution being one of the causes of infertility;

- Parliament urged Member States to promote tax measures to encourage a higher birth rate and drew attention to the fact that women, in particular young single mothers, should be guaranteed special protection and support following the birth of a child;

- Member States should identify equality of the sexes and a balance between work and private life as government priorities;

- mounting social security costs will require dynamic economic growth to finance them. Parliament observed that fiscal methods such as increasing taxes to fund social security are less sustainable in the long-term given the falling tax base and higher dependency ratio as well as the urgent need to stimulate entrepreneurship in Europe. It highlighted therefore the need for a holistic policy approach when considering social security reform. There is a need to develop beyond the concept of a 'welfare state', and more towards a 'welfare society' in which all stakeholders recognise that they too have responsibilities for looking after each other and that these responsibilities can be mutually reinforcing ;

- Parliament stated that it could not stress strongly enough the importance of access to education, skills development, technology and life long learning opportunities plus the promotion of a training culture that encourages participation by people of all ages, particularly those entering and re-entering the job market;

- it noted that EU legislation on age discrimination has so far been ineffective in achieving its aims and calls on the Member States to improve their efforts to implement existing EU anti-discrimination legislation in this field, in particular Directive 2000/78/EC on equal treatment in employment and occupation. Parliament also noted that the business case for retaining older workers needs to be made more strongly considering the potential of this group;

- on immigration, Parliament pointed out that policies which give immigration priority to skilled workers in order to strengthen EU economies also generate the direct opposite result of weakening the economies of those countries whence such skilled immigrants have come. It considered that Member States should recognise their responsibilities in this regard.

Finally, Parliament concluded that while the EU should continue to compare and contrast Member State performances, experiences and best practice in terms of dealing with the various challenges of demographic change, existing EU institutions are adequate for this purpose and no additional EU structures are required.