

Closing Remarks by the Honorable Taro Aso
Deputy Prime Minister, Minister of Finance,
Minister of State for Financial Services of Japan
G20 Symposium

“For a Better Future: Demographic Changes and Macroeconomic Challenges”

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Distinguished G20 Deputies,
Distinguished speakers and moderators,
Ladies and gentlemen,

Good afternoon, everyone.

This symposium on aging, “For a better future: demographic changes and macroeconomic challenges”, marks the opening of the Japanese G20 Presidency, together with the Deputies meeting this evening and yesterday’s seminar on innovation. Thank you very much for taking an active part in the symposium and making valuable contributions. Let me also express my gratitude to the Bank of Japan for organizing the event successfully.

You would all agree that aging is becoming an important policy issue across G20 economies for both advanced and emerging economies. Aging is not just about demographic changes. It has macroeconomic consequences, with its impact reaching across many fronts, such as growth, as well as fiscal, monetary, and financial policy aspects. Financial inclusion of the elderly may warrant special consideration as well.

Japan is at the forefront of aging in the international community. To give you an illustrative example, I happen to be one of the most senior finance ministers in the

G20 community. The old-age dependency ratio, which measures the ratio of population aged 65 and over to the population aged between 25 and 64, has reached over 50 percent in Japan in 2015 according to the United Nations' statistics. Back in 1980, it was only 17 percent – hence, a dramatic increase of more than 30 percentage points over the last three decades. While the elderly population is increasing rapidly in Japan, many of them are in healthy conditions and remain very active, like myself – implying an emergence of new opportunities.

Other countries in Asia, including China, Korea, Singapore, Thailand, and Vietnam, are rapidly catching up with Japan, some from a very low base. The same is true in Latin America, including Brazil, Chile, and Mexico. The majority of G20 economies are aging rapidly. According to the same United Nations' statistics, Saudi Arabia, which has the youngest population among the G20 economies now, is projected to see its old-age dependency ratio increase five-fold between 2015 and 2050, from 6 percent to 30 percent. This will be a big challenge.

For emerging and developing economies, where on-going urbanization tends to weaken the traditional support provided so far by the extended family, the challenge will be to expand social security systems in a fiscally sustainable manner. And for advanced economies, the challenge is to ensure the long-term sustainability of social security systems when many countries suffer from lower growth partly due to a shrinking labor force.

This is the reason why Japan, as the G20 President, has selected aging as one of the key policy agenda items this year. As a frontrunner of aging, Japan has been struggling – relentlessly – to find the best possible policy response to cope with the

challenges posed by aging. We are doing our best to maintain strong, sustainable, balanced, and inclusive growth, as aging continues to progress further.

Over the years, we have been taking wide-ranging policy measures to overcome the adverse impact of aging; we have been implementing various steps to enhance the long-term sustainability of our social security system to ensure the welfare of the elderly; our monetary and financial authorities are struggling through uncharted waters, as you have heard in today's symposium; we are also proactively deploying labor market policies to promote labor market participation especially among females and the elderly.

Aging is a big challenge for the international community, but at the same time, I am convinced that it can be transformed into an opportunity if we can come up with the right set of policies that are adapted to country-specific conditions.

Contributions by today's distinguished speakers and moderators, together with interventions by the G20 Deputies, seem to attest to my conviction. Aging provides incentives to invest more in labor-efficient innovative technologies, while boosting existing industries such as health care and pharmaceutical industries. Savings made by the working-age population to prepare for their retirement could provide the much-needed long-term financing in local currencies for quality infrastructure, boosting potential growth over the medium-term.

By sharing our experience across the G20 community in coping with the challenges posed by aging with some policy success stories along with those ending up as failures or insufficient efforts, we may be able to find a favorable path that is adapted to each country's specific context. In this regard, on behalf of the Japanese authorities and on my own behalf, let me express my deep appreciation to all the

speakers and moderators who came all the way to Tokyo to provide valuable inputs to the forthcoming G20 discussions on aging.

I hope today's discussions will contribute to deepen our understanding on the challenges and potential benefits that aging brings about, together with possible policy responses that are available to us.

Thank you very much for your continued strong support for the success of the G20.