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World will have 13 ‘super-aged’ nations by 2020

By Sarah O'Connor in London



The world will have 13 “super-aged” societies by 2020, up from just three today, according to a report that warns of ageing populations becoming a drag on global economic growth.

Moody’s, the rating agency, said the number of “super-aged” countries – where more than one in five of the population is 65 or older – would reach 13 in 2020 and 34 in 2030. Only Germany, Italy and Japan meet that definition today, it said.

Most of the countries set to join the “super-aged” club by 2020 are in Europe and include the Netherlands, France, Sweden, Portugal, Slovenia and Croatia. But by 2030 they will be joined

by a more diverse group including Hong Kong, Korea, the US, the UK and New Zealand.

In the meantime, more than 60 per cent of the countries rated by Moody’s will be “ageing” next year, where 7 per cent of the population is 65 or older.

The rating agency’s report highlights the shift under way in the global economy as a “demographic dividend” that has helped to drive growth starts to mutate into a “demographic tax”.

“Demographic transition, frequently considered a long-term problem, is upon us now and will significantly lower economic growth,” said Elena Duggar, a Moody’s vice-president and one of the authors of the report.

Moody’s said the global working-age population would grow only half as fast between 2015 and 2030 as during the previous 15 years. It said all countries except a handful in Africa would see their working-age populations either decline or grow more slowly over that period.

The “unprecedented pace” of population ageing would slow annual global economic growth by 0.4 per cent over the next five years and by 0.9 per cent between 2020 and 2025, it forecast.

The rise of the ‘super-aged’ society (% of population aged +65)

Country	2015	2030
Japan	26.4	30.7
Germany	21.4	28.2
Italy	21.7	26.8
South Korea	13	23.4
France	18.7	23.2
Switzerland	18.2	21.9
UK	18.1	21.7
US	14.7	20.1
Australia	15	19.2
China	9.5	16.2

The OECD, a Paris-based club of countries that promotes sustainable growth, warned about the issue last month when it predicted population ageing would help to slow global annual economic growth from an average 3.6 per cent in this decade to about 2.4 per cent between 2050 and 2060.

Some societies in Asia are forecast to age particularly rapidly. China will have six working-age adults per elderly person in 2020, but 4.2 in 2030 and 2.6 by 2050, Moody’s said. Hong Kong and Korea will have 3.8 and 4.6 working-age adults per elderly person in 2020, but 2.3 and 2.7, respectively, by 2030, and just 1.5 apiece by 2050.

There are ways countries can offset the economic effects of ageing, some of which were highlighted in the Moody’s report.

“Policy reforms in the medium term which improve labour participation rates, streamline migration, and improve financial flows can partially mitigate the impact of ageing on economic

growth,” said Madhavi Bokil, another of the report’s authors. “In the long term, innovation and technological progress that improves productivity have the potential to lessen the ... effects of the rapid demographic changes.”

