

Opening speech by the Chairman, Eduard Oswald - 30 April 2007

Good morning dear Colleagues, Ladies and Gentlemen,

I have pleasure in welcoming you here to the Europasaal in the German Bundestag. Unfortunately we cannot put the blinds fully up so your view outside is partially blocked, but I think we will have a chance to look out during our break. Welcome to you all. We had a wonderful introduction to our conference yesterday evening with a cultural programme which has left us all still feeling uplifted. The Conference of the Chairs of the Finance Committees of the Parliaments of the Member States of the European Union, the European Parliament and the Parliaments of EU Candidate Countries is devoted today to the subject of "Meeting the challenges of demographic change in the EU - Ensuring the future sustainability of public finances and the stability of the financial markets".

After a few preliminary remarks from me and words of greeting from the Chairman of the Finance Committee of the German Bundesrat, Dr. Helmut Linssen, whom I am very happy to welcome here beside me, we will receive further food for thought on the subject of our discussion from the Head of the Federal Chancellery, Federal Minister Dr. Thomas de Maizière who is, I think, at this moment probably still on the phone to Angela Merkel in America. We will also hear from our parliamentary state secretary at the Federal Ministry of Finance who will talk about what impact demographic changes will have and are already having for us as politicians responsible for finance policy and what issues we will have to engage with more intensively in the future.

Dear Guests and Colleagues: for the first time in the history of the EU the current German Presidency of the EU with the two following Presidencies of Portugal and Slovenia form what has been termed a Trio Presidency. And for our three countries, as well as for other countries, this is a great responsibility in a larger European Union. With the accession of Bulgaria and Romania, the EU has almost 500 million citizens, making it the world's largest internal market.

“Europe – succeeding together” is the motto of the current Presidency. I am therefore particularly delighted that our colleagues from Portugal, Bulgaria and Romania are with us here today. I am likewise very happy to welcome our colleagues from Austria, the Czech Republic, Cyprus, Denmark, Estonia, France, Greece, Italy, Lithuania, Luxembourg, the Netherlands, Poland, Spain, Sweden, the United Kingdom and the former Yugoslav Republic of Macedonia.

I must also mention, of course, my colleagues from the Finance Committee of the German Bundestag whom you had an opportunity to meet yesterday evening: the deputy chair of the Committee, Gabriele Frechen, the financial policy spokesman of the SPD parliamentary group, Jörg-Otto Spiller, the spokesman of the Allianc 90/The Greens parliamentary group on the Finance Committee, Dr. Gerhard Schick, and our colleague Manfred Kolbe from the CDU/CSU parliamentary group. Some people have had diary problems as tomorrow is a public holiday, but that should not stop us having fruitful discussions. We chose this date because many other parliamentary committees were also looking for dates, but I am pleased that despite the holiday tomorrow, so many people are here.

I would also like to extend my thanks to our Polish friends. This coming Thursday is also Poland’s national holiday marking the anniversary of the proclamation of Poland’s constitution. The fact that, notwithstanding this, you are here with us is an honour for us and demonstrates your shared commitment to and interest in Europe.

I hope you are also taking this opportunity to get to know our capital city and sample its many varied cultural offerings. I can assure you that Berlin is worth getting to know and I say this as someone who comes from Southern Germany from the Free State of Bavaria. Mr. Linssen is Minister in North Rhine-Westphalia. I come from Bavaria. To this extent we encompass Germany.

I have also been asked to convey to you greetings from Commissioner Almunia who also has responsibility for our subject today. Unfortunately he is unable to join us today but we are very pleased to receive his good wishes.

Dear Colleagues, we will be considering today the effects of demographic developments on the sustainability of public finances and the stability of the international financial markets. Over the coming decades demographic trends will confront the societies of the EU member states with complex challenges. On the one hand people's increasing life expectancy creates potential for the state, society and families. On the other hand the proportion of gainfully employed people in the overall population is declining. Fewer children and young people can mean less prosperity, less dynamism, less innovation and poorer quality of life.

Note that I say "can" not "must".

Against this background shaping demographic change is a key issue for our societies. We know the challenges but if we succeed today in intensifying the exchange of experiences on this subject at the level of the EU member states and parliaments, in asking how, for example, we can make better use of the potential and the empirical knowledge of the older generation for the benefit of the economy and society, and how we can provide more employment particularly for skilled young women, what we will be addressing above all are the opportunities of demographic change. The changes in age structure in our societies have been on the horizon for a long time; they are not happening overnight. This gives us a chance to adapt to the changes and take appropriate steps. We will all increasingly be asking ourselves – some more, some perhaps less depending on the starting situations and age structures in our home countries – how we can maintain social peace, prosperity and our own culture when each generation of children is roughly a third smaller than the generation of its parents, as is currently the case in Germany.

There is a twofold process at work here: population numbers are declining but people are living longer on a scale we have not seen before, and this can only be judged positively. This confronts those of us with responsibilities for financial policy with difficult and complex questions.

The greatest challenge will be providing social security for people of pension age. What contribution can we as financial policymakers make?

What must we do right now in order to safeguard the funding of public services in the future?

The fall in the number of people of working age means there are fewer people to fund public finances, to pay taxes and social contributions.

Ladies and Gentlemen, dear Colleagues, these are certainly questions to which we Europeans must find answers. But all countries, even the so-called emerging economies such as China and India which are experiencing very rapid economic development, will be affected by demographic changes in the foreseeable future.

The fact that we Europeans are facing these changes significantly earlier does not have to be a disadvantage, and perhaps non-European countries can benefit from our experiences and from the ways we find to solve the problems.

One thing of which I am certain is that in a time of progressive globalisation, the ramifications of demographic shifts warrant international and, in particular, European attention.

Our subject today is highly topical and will remain so for a long time: the G-20 already had this subject on its international agenda back in 2004 under Germany's Presidency when a G-20 seminar on demography and growth was held in Paris at the invitation of the French.

The European Commission has addressed the issue of Europe's demographic future in detail in a number of communications. I would mention only the Commission's communication issued on the occasion of the Meeting of the Heads of State and Government in October 2005 under the title "European values in the globalised world" and further communications issued at the end of last year on "The demographic future of Europe – from challenge to opportunity" and "The long-term sustainability of public finances in the European Union". The European Central Bank has also been active in this respect, as I gather from its monthly report for February 2007. And the ECOFIN Council, too, is tackling the challenges of demographic

changes for financial policy. A new report from the Commission is due out any time now – indeed it may well already be available .

Dear Colleagues: demographic change is a universal process, even if there are considerable differences in terms of its time frame between different countries in the European Union and the other regions of the world.

Our governments and we as representatives of the people bear the responsibility to ensure a just balance between the generations and should prevent any financial measures which create a disproportionate burden for future generations. Achieving such a shift in public opinion is ambitious, yet the consequences of demographic change which are becoming ever clearer leave us no alternative. Many of the necessary measures, certainly, will have to be implemented at national level. Yet there is a growing need for an increasingly global approach to these challenges in the light of the varying stages in the process of demographic change. Changes will affect above all the stability of the international financial system. Demographic changes do not alter the need for responsible and sustainable policies; rather, the political community, we in the parliaments, must take on this challenge for the future of our countries and tackle the consequences positively and proactively.

Dear Colleagues, as I bring my remarks to a close I have a few organisational details to mention. Nothing that is said or discussed here will be lost and you will all receive conference documentation which will include all the different contributions. A photographer will also be on hand for the same reason to make a full pictorial record of the conference.

I now call on my colleague Dr. Helmut Linssen, chairman of the Finance Committee of the German Bundesrat, to say a few words of welcome to you all. On a point of order I would also like to say that when we come to our discussion, please simply raise your hand if you wish to speak. We will then deal with these requests in order or as they relate to a particular paper. I now give the floor to Dr. Helmut Linssen.