



## Brussels 2008

6<sup>th</sup> June 2008

### **AMLAN ROY, Head of Global Demographics and Pensions Research at Credit Suisse, warns against fiscal unsustainability of governments' retiree promises**

Speaking at this year's annual conference of the British Council for Offices, "The State of the Art and the Art of the State", demographics expert Dr Amlan Roy told 600 senior representatives of the British property industry that world demographics were undergoing unprecedented change and that for the first time in history, people could typically expect to live 20-25 years post retirement. He highlighted that a combination of four policies: (i) flexible enabled retirement with abolition of mandatory retirement ages; (ii) increased female labour force participation; and (iii) selective immigration and (iv) outsourcing and off-shoring could help alleviate demographic pressures in aging countries.

Amlan Roy told delegates that in the 1970s and early 1980s, forty percent or more of France's population worked after the age of 60, while today only 15% continued to work. He also stated about 20% of older Europe's population is now above the age of 60, which is significantly higher than it was five decades ago.

Roy commented that demographics-related expenditures on pensions, healthcare and long-term care, pose major fiscal challenges for governments; therefore, governments should avoid making long-term promises to their aging populations that they cannot fulfill. He highlighted wide differences in labour force participation rates between men and women in G6 countries (USA, Germany, France, UK and Italy) urging both governments and companies to narrow the gap as a solution to both aging and rapid immigration.

He also cautioned against unfettered migration and called for a broader debate on immigration. The debate should focus on the existing skills gaps and the resulting short-term needs for migrant workers, he added. The immigration needs of countries should be considered in the context of the existing male-female economic activity rate differentials.

While most developed nations are now facing decreasing population pressures, some developing countries also going to face similar population decline. Using Russia as an example, Roy stated that Russia's projected population was expected to drop dramatically, and its life expectancy has also decreased faster than South Africa's in the 1990s.





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Finally, Roy highlighted six demographically advantaged sectors for investors: emerging markets, pharmaceuticals & biotech, financial services, infrastructure, natural resources and leisure & luxury.

### **ENDS**

#### **Notes to Editors:**

The BCO was founded in 1990 to provide a forum for discussion, debate and research about all the issues which affect the office sector. Its members include some of the country's leading agents, developers, architects, surveyors, financial institutions and public agencies.

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