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STATEMENT

by

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Agenda Item 4: General debate on national experience in population matters: the changing age structures of populations and their implications for development

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**Mr. Chairman,
Distinguished Delegates,**

As this is the first time for Hungary to take the floor during this session of the Commission, please allow me to congratulate you and the other members of the Bureau on your election. Hungary fully supports the statement made by Germany in its capacity as Presidency of the European Union on the theme of changing age structures of populations and their implications for development. I would like to share with you some national experiences of Hungary on this topic.

The examination of the relationship between the age-structure of the population and the development is a topical issue if one looks at the social and economic effects and consequences of demographic changes taking place recently and to be expected in the near future.

The age-pyramid of a country does not only contain and demonstrates the picture on the historical past but in a certain sense also determines the demographic future and the potential development of the given population. The Hungarian population during its history went through a course of development which was also typical for the majority of the European countries of today. During this process it has become from a population with a balanced age-structure, basically growing in number to a gradually ageing and later on a decreasing one.

The Hungarian population is a European country where the natural decrease started quite early, in the beginning of the 1980s and this process is still going on with changing intensity. The fertility rate fell below the reproduction level already in the late 1950s and since the middle of 60s the mortality conditions started to deteriorate while life expectancy has dropped. The population decrease took place simultaneously with a relatively young age-structure. In the last one and a half decade life expectancy at birth has significantly increased, but the fertility has sunk deeply below the replacement level. The ageing-process of the Hungarian population accelerated. The most obvious proof of this is the fact that in 1981 when the number of population began to decrease there were still 61 old people per 100 child-age population, while in the last few years the number and proportion of people aged 65 and over exceeded of those aged under 15 for the first time. There were 105 old inhabitants for every hundred child-age people on 1 January 2007.

Mr. Chairman,

From the beginning of the 1990s a double transitional process has taken place in Hungary: an economic-social transition on the one hand, and partly as a consequence of this another demographic transition which resulted in the sharp decline of child-bearing behaviour, on the other hand. Hungary, like the other transitional Central-East-European nations has fallen into the category of the countries having the lowest fertility in the world. The positive balance of international migration in the last decade mitigated the pace of population decrease significantly but it did not have much effect on the shaping of age-profile.

We expect a further increase in life expectancy, however, in the case of the fertility level an enduring change seems to be uncertain so the ageing of the population is continuing. International migration presumably cannot alter this process in substance.

The Hungarian government recognised the importance and timeliness of the force to act triggered by the demographic situation of the country. In this spirit it has initiated and started programmes whose aim was to reshape and update the employment, education, health care and the big social provider systems like social security and pension-system. We wish to achieve all of that by creating and upholding financial balance and in parallel with a dynamically growing economy. This is a long-run process that can only be successful if there is widespread social consensus behind it.

Mr. Chairman,

The most important tasks deriving from the changing age-structure of the population occur in connection with employment, social security and the pension-system. In Hungary a relatively low proportion of people of working age is present in the labour-force market. Increasing the rate of employment is one of the most important economic priorities and Hungary has substantial potentials in this field. This opportunity gives the best chance to ease and offset the expenses of social - and health care, as a consequence of the ageing of society.

We started to transform the pension system more than ten years ago. Its basic principle is that the former exclusively existing "pay-as-you-go" system should be replaced by another one which relies on multiple pillars and is based on a partly self-reliance type of insurance system. Around 30 per cent of the total population receives pension or some other kind of pension-like provisions. The real support ratio (i.e.: the proportion of employed compared to pensioners) is 1.3 to 1. This situation imposes an already serious burden on the actors of our economy but in the form of overall social expenses it also influences the entire Hungarian society. The accelerated ageing process of the population gives more and more impulse to the modernisation of our pension system.

Elevating the steadily low fertility rate and maintaining the positive migration balance can slow the ageing process. In the last three years - following a historical nadir - the value of the total fertility rate has climbed to 1.35 from 1.28. Nevertheless the level of actual fertility falls significantly behind the number of children preferred by the Hungarian families. Findings of surveys suggest that there is a divergence between the preferences, desires and plans regarding the number of children and actual fertility behaviour. Therefore we strive to create such a social and economic environment which enables parents and couples to have a family-size according their intentions.

The increasing positive balance of migration in the last decade eased substantially the pace of population decrease. A further net migration gain which can be maintained on the longer run can definitely play an important role in slowing down the extent of population decrease. The age-structure of the immigrants is younger than that of the native population, however, the age-composition of the total population cannot be significantly effected by the migration surplus in the future.

Mr. Chairman,

The countries, regions and continents of the world face different population-related concerns depending on which stage of the demographic transition they are in. The significance, weight and handling method can be different in various societies. The ageing of population is however such a world-phenomenon whose economic-social consequences every society has to face sooner or later. This is one of the most important challenges of the 21st century.

The diagnosis is known, though there is no uniformly applicable prescription for the therapy. When handling these problems one has to consider the social and cultural environment, historic past and level of economic development of the given country, region or continent. In order to achieve this, further cooperation and joint thinking need to be invoked. The present session affords this excellent opportunity for this. Hungary is open to listen to and learn other nations' experience and practice and it willingly cooperates with CPD and other international organisations, so as to find out the possible solutions.

Thank you, Mr. Chairman.