

LEVERAGING DEMOGRAPHIC CHANGE ACROSS COUNTRIES: POLICY PRIORITIES

GLOBAL MONITORING REPORT 2015/2016 -
WHAT DOES IT MEAN FOR OPERATIONS?
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WORLD BANK GROUP

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Key messages

Differences in demographic dynamics across countries change comparative advantages that underpin trade and returns to labor and capital

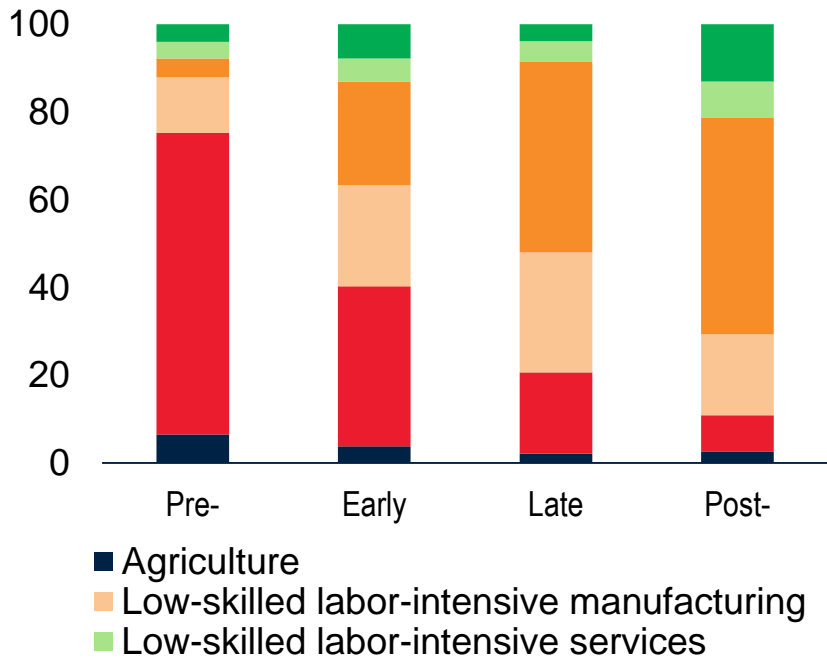
To increase benefits from diverging demographic patterns, countries need to implement policies to enhance trade in goods and services, and promote greater factor mobility

Leveraging greater globalization

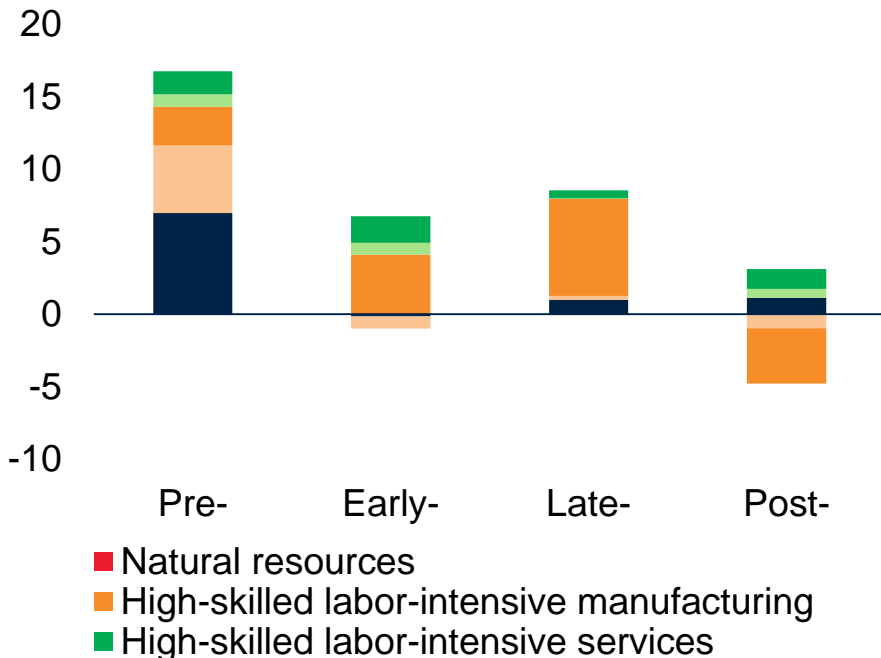
- Many policy priorities focused on harnessing or addressing demographic change within countries
- Scope for leveraging demographic differences between countries
 - Trade
 - Migration
 - Capital flows
- Channels are complementary
- Generally, migration more constrained than trade and capital flows

Labor-intensive imports can compensate the declining labor force in aging countries

Export shares, percent (2015)

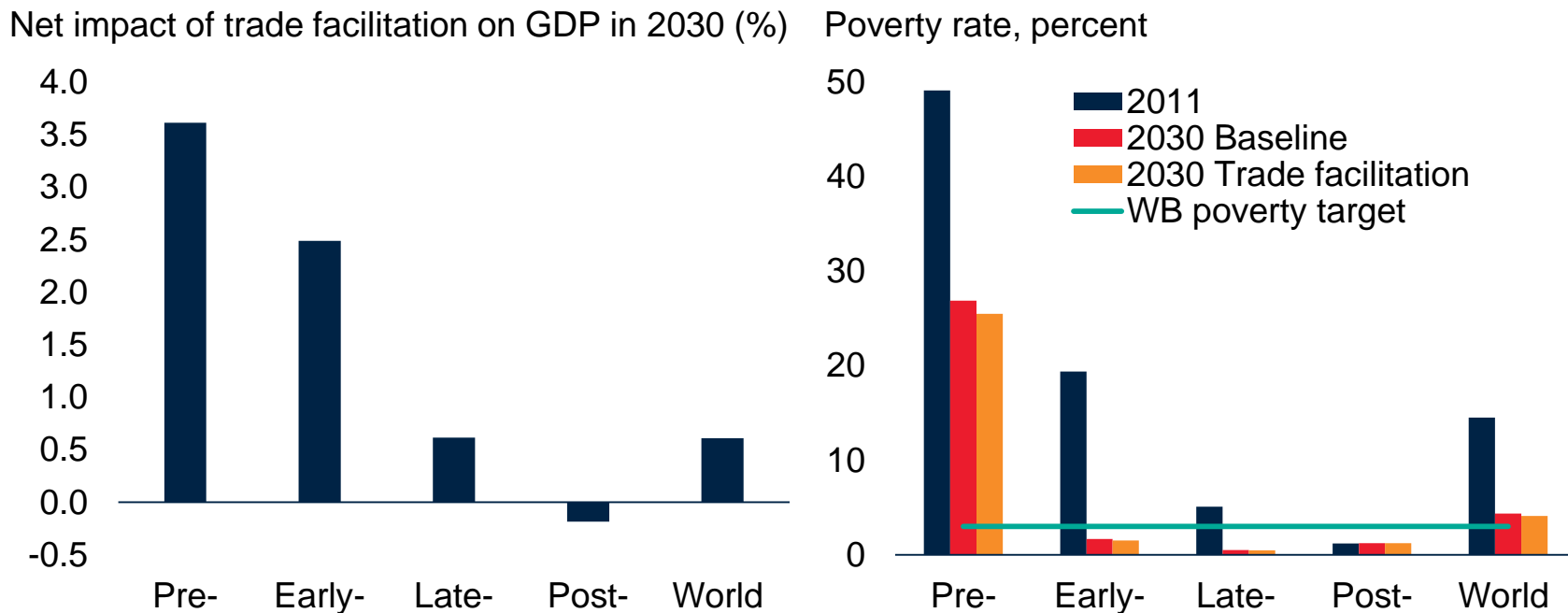


Changes in export shares, percent point (2015-2030)



Note: Pre-, Early-, Late-, and Post- refer to the four stages of demographic transition of countries, Linkage simulations.

Lowering trade costs can boost incomes and contribute to poverty reduction



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Policies to leverage trade

Support comparative advantage in labor-intensive products

- Streamline customs, border and transit performance
- Improve logistics and transport services
- Extend physical infrastructure
- Tackle tariff and nontariff barriers on goods trade

Promote foreign provision of education and promote life long learning

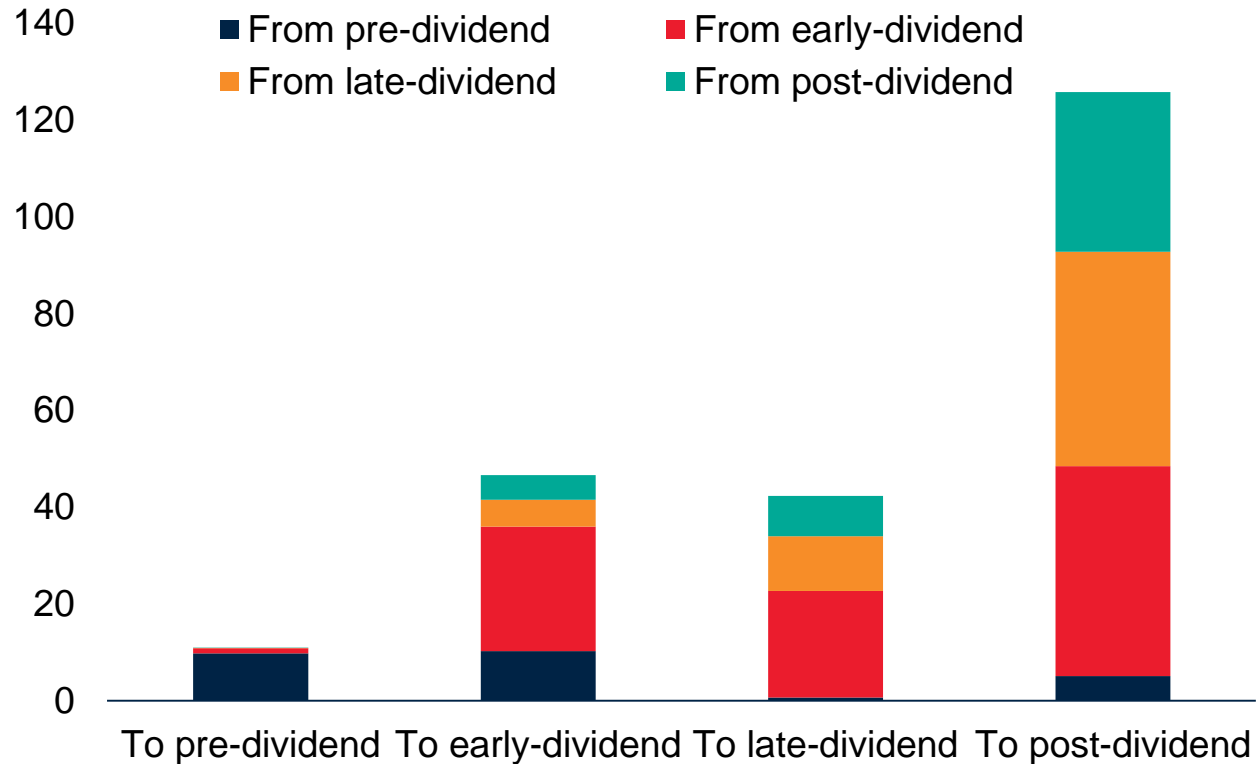
- Ease visa requirements students/academics
- Address qualification recognition issues
- Reduce limits on foreign ownership
- Transparent education regulations

Health services exports to aging countries

- Address restrictions on
 - a) physical presence of foreign suppliers;
 - b) foreign equity ceilings; and
 - c) barriers on cross-border movement of health care professionals.

Migrants mitigate the decline in working-age population

Migrant stock in millions in 2013



Policies to leverage migration

Promoting legal migration flows

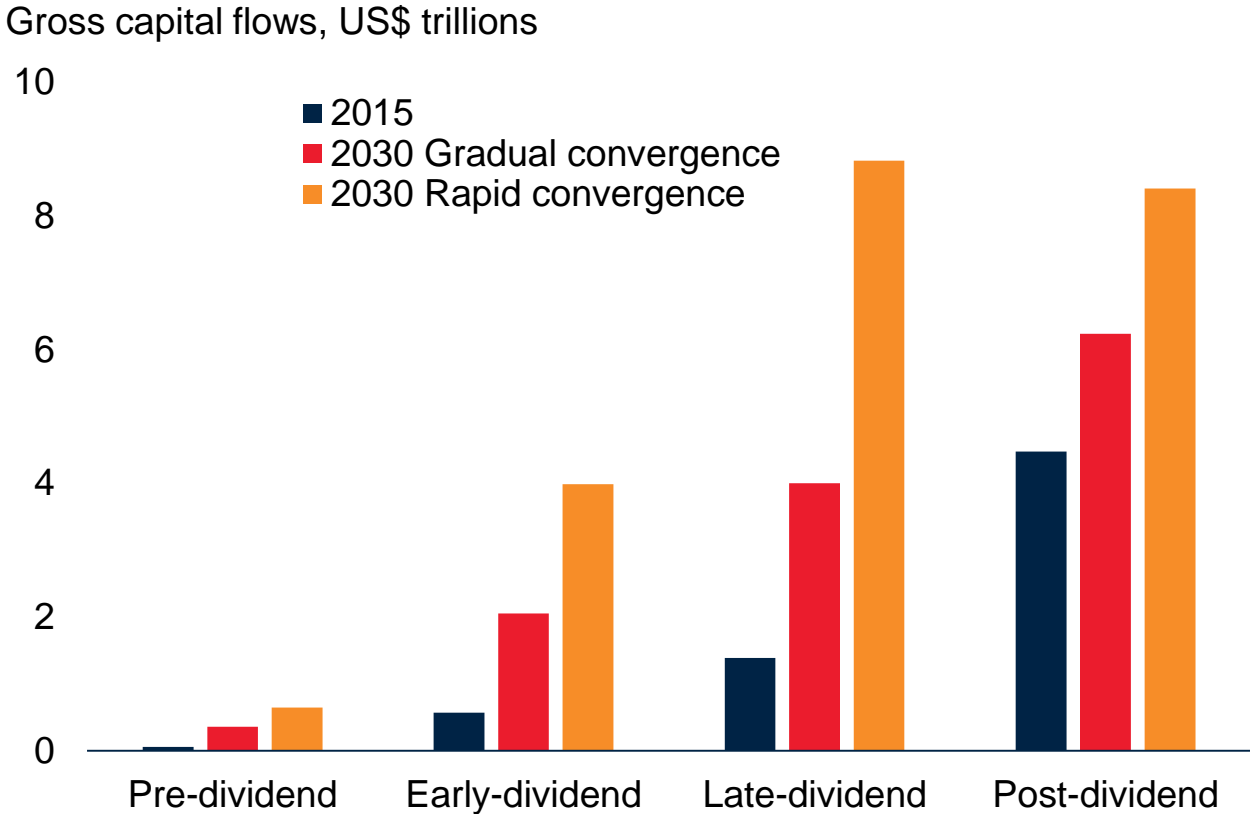
- Formulate clear migration policies
- Enforce minimum wage laws
- Provide adequate information to migrants on rights/obligations
- Facilitate contribution to and benefits from social protection/public services
- Sanction abusive firms

Reducing burden of brain drain in sending countries

- Develop comprehensive and targeted policies to retain and attract talent
- Encourage return migration

Younger countries may attract capital flows and increase capital intensity as older countries seek higher returns

Capital flows could be greater if quality of financial institutions in developing countries converge to that of developed countries



Policies to leverage capital flows

Attract capital to labor abundant countries

- Create favorable investment climate
- Strengthen macroeconomic stability, financial sector and governance
- Relax investment barriers at the domestic, regional and global level

Reduce challenges from capital flow volatility

- Introduce macroeconomic policies and regulations to build resilience
- Sound financial supervision
- Strong institutions

Support investment in younger countries

- Provide investment guarantees or technical assistance

Thank You

Global Monitoring Report 2015/2015

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Questions or comments?

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