



GRAGE

Grey and Green in Europe: elderly living in urban areas



This project has received funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie grant agreement No 645706

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Introduction

The deliverable aims at analysing potential synergies of cooperation with international partners of the EU, facing similar ageing and environmental challenges. Indeed, the WP6 is devoted to “Europe as a global actor”, so the intent of this report is to understand to what extent Europe can find in other countries opportunities to develop a fruitful trade and investment pattern. An interdisciplinary approach has been adopted by the researchers involved and industry inputs have also been included to complete the report.

CHAPTER 1

Comparing Europe and China: the choice of our focus

Europe has one of the largest elderly populations in the world, accounting for nearly 24% of the world total; over the next two decades, the on-going demographic shift could put a significant strain on the European economy, society and the sustainability of public finances. More liveable and efficient communities is a target to be reached in Europe, where the “silver hair” trends can become a challenging opportunity, from a social, economic and cultural perspective, as policies towards the “silver economy” adopted by some Member States can demonstrates.

Main threats to the European urban development model include demographic decline and the depletion of natural resources. A 0.6 % annual increase in urban areas, although apparently small, would lead to a doubling of the total amount of urban area in a little over a century.

Researchers have decided to focus the analysis of potential synergies for cooperation to China, which has been struggling from years with the demographic change, aging population and urban sprawl.

1.1 The demographic gap

As large territories with wide economic and social disparities, China and the European Union face many similar challenges and share similar goals in achieving more balanced regional development (http://ec.europa.eu/regional_policy/index_en.htm). Many of those challenges have to do with the ageing population trend. By 2050, the world will number 1.5 billion people aged 65 or older. The EU

will have nearly 34.7 million people over the age of 80 in 2030, compared to 18.8 million today. At present, China has the largest elderly population in the world, accounting for nearly 25% of the world total and nearly 50% in Asia; over the next two decades, the ageing problem will become even more serious and by 2030 China's elderly population will have doubled.

1.2 Urbanization and demography

Europe and China stand at very different stages of development and urbanisation. However, these regions share many commonalities, and there is significant scope for collaboration in the search for pathways to sustainable urban futures.

Europe expertise in tackling the challenge of urbanization and ageing could be leveraged to boost cooperation dialogue with China. Cooperation can have a series of returns for Europe, ranging from a more effective solution to a global challenge (sustainable cities and social systems) to the developing of business opportunities for European firms, offering solutions and products for smart/inclusive/ageing societies.

The EU-China Partnership on Urbanisation, signed by European Commission President José Manuel Barroso and Li Keqiang, Vice Premier of the People's Republic of China, on 3 May 2012 is a major step forward in the relationship between China and the EU.

Urbanisation provides significant opportunities but, at same time, has important environmental impacts. From an economic perspective, more density means more efficiency. But density in itself raises important questions about the environment's capacity to accommodate the concentration of waste and pollution (such as noise, water and air pollution) brought by density, as well as about the sustainable use of natural resources (such as land).

Cities have to manage a complex range of environmental issues: quality of air and water, waste, natural resources and energy. In the future, cities also have to secure food provision, especially in a context of shorter, more local, production-consumption chains (Cities of tomorrow, EU, 2011; Growing greener cities, FAO, 2010).

Tackling environmental negative externalities of the agglomeration is a challenge shared both by European and Chinese cities. Even if the speed and scale of urban development in China and related environmental issues are unique, experiences across the EU can provide useful lessons.

Similarly, EU countries can learn from the challenges and opportunities inherent in applying their experiences to the Chinese context.

An urban green growth is an opportunity to improve quality of life of city-dwellers, especially their health, also in the perspective of an active and healthy ageing. For example, amelioration of water and air quality have direct benefits on health, having green spaces is one of the most commonly mentioned age-friendly features (Global age-friendly cities: a guide, WHO, 2011).

At same time, greening cities is an opportunity to create jobs and attract firms and investment (Urbanisation and green growth in China, OECD, 2013).

The ageing process and the policies about ageing play a key role in the phenomenon of urbanization and of equitable and harmonious development of urban and rural societies, both in Europe and in China. In fact, the floating migration of young people, for work, study, in search for new opportunities, produces the double effect of elderly population migration in the cities and elderly population living apart in the rural areas.

On the one hand, the rapid growth of the Chinese cities during the last years was based on the idea of developing centres of production, more than centres of living and consumption. Cities are thought to be young and dynamic, but the demographic changes generated the paradox of an increasing number of older people resident in the cities. This gives rise to questions of urban health and of living independently and safe of ageing population in the cities.

On the other hand, the problem of older people living apart in rural areas is urgent, being the rural areas and the western parts of China the poorest and fastest ageing areas. Older people who live in rural areas often lack of family support, adequate healthcare system and access to the same services as residents in the cities do. These are the main causes of a dependent living.

The European countries faced similar events in the past, but also nowadays: the freedom of movement of European citizens encourages migration among the European States; moreover the economic crisis affects the phenomenon of migration both in and outside Europe. As a result, independence of ageing population takes a fundamental part in the economic and social development of Europe.

1.3 Protection of elderly people

The protection of ageing population and active ageing have become a key challenge of both European and Chinese Governments. The EU's commitment to the active ageing agenda is based on the values, as defined in the Treaties (see Lisbon Treaty art. 2 and 3, EU Charter of Fundamental Rights, art 21 and 25). Solidarity between generations is identified as a key value for the harmonious development of society and urbanization too (see The EU Contribution to Active Ageing and Solidarity between generations 09/08/2012). Solidarity between young and older people inspired programs such as Interreg IV C and Urbact II, about the improvement of quality of life of ageing population in cities, and programs such as Village Meeting Point, funded by the EAFRD, for the sustainability of older people in the rural areas.

EU competence on active ageing topic is not exclusive and the most relevant areas for active ageing remain a primary responsibility of the Member States. The policies and legislation of many national States on active ageing is yet at a embryonic state and it need further development.

As for China, legislation on active ageing is increased in the last years. In 2012 the Law of the People's Republic of China on Protection of the Rights and Interests of the Elderly 1996 was amended and a more comprehensive legislation on active ageing was enacted. The legislation concerns different topics, among which there are social security, economic support for elderly in urban areas, improvement of elderly quality of life in rural areas, but it has been very criticised as it is difficult to be enforceable and it states hard legal responsibility upon family members.

1.4 Healthcare and ageing

Europe has developed good examples of universal healthcare systems, but significant and dramatic changes that have taken place over the past two decades have led to a decrease in health expenditure and a decline in public assistance (Hope report, 2011). In particular, the Mediterranean welfare state model (Italy, Spain, Portugal, Greece), is characterized by a welfare state (Jelena Batić, 2011) involved in economic crisis.

Starting from this position, the main challenges faced by European countries are to improve public services, especially to a growing geriatric population, while concurrently decreasing healthcare spending.

Europe has vast experience in developing and operating universal healthcare systems. These systems manage policies and comprehensive solutions that range from prevention to long-term care assistance. European industries have reached a scale of efficiency, global competitiveness and sophisticated approaches to innovation in the pharmaceutical, equipment and para-pharmaceutical sectors.

On the other hand, China has embraced large reforms in the healthcare system to upgrade the quality and coverage of assistance provided to the Chinese people. Within this process, the universal healthcare system has been chosen as benchmark. Multiple strategies have been promoted on both the supply and demand sides.

Ageing population is impacting the need for healthcare reforms: the geriatric population requires appropriate, specific and long-term health care assistance, which costs significantly more than those services consumed by a comparatively younger population (Deloitte, 2010).

As a result of both internal and external factors, expenditure on healthcare in China is expected to increase from 4.7% of GDP to 6%-7% in the next few years.

A Europe-China partnership would be a win-win strategy. Potentially, Europe and China have complementarities that could help each other face their specific needs in the long run. In this scenario, China would benefit from gaining knowledge and expertise from European countries at different levels. From how to project and run a universal system; how to plan a specific care program for its ageing population; to the use of western medicine to cope with new and improved medical needs of the population.

1.5 Mobility and ageing: a key issue

In China, population ageing combines with the very rapid urbanization trend to dictate an even more urgent need for radical enhancement/adaptation of many urban infrastructures and services. Mobility of citizens is a major case in point. A key aspect when facing the demographic issue in Europe and in China is related to the need to ensure that adequate transport solutions are developed in both EU and Chinese cities, in order to guarantee that mobility of the elderly is not unduly constrained, in both qualitative and quantitative terms.



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It appears that the main obstacles to the mobility of an ageing population, both in China and in Europe, are related to (i) spatial and technological barriers, and (ii) impediments caused by a lack of mutual consideration, the hectic pace of traffic and the fear of hazards associated to public spaces. Both in Europe and in China, specific national policies and associated instruments (notably funding and prioritization) have been developed. Of course, typically, it can be expected that factors such as density, sprawl, climate, prevailing economic activities, modal split and others bear a major influence of the potential success of specific interventions.

In this specific domain, there is the need for policy interventions, both in Europe and in China, to:

- improve safety and security through surveillance technologies, drivers training and information and awareness campaigns;
- improve accessibility of transport services through urban infrastructure design and adapted land use development;
- increase motivation towards non motorized modes for older people through e.g. (i) urban design, (ii) targeted motivational programs, (iii) assess and publicize co-benefits of non motorized transport;
- promote the shift from private car to public transport
- improve travel information through media suitable for older people
- promote the wide range of technologies that can effectively assist the older traveler, such as e.g. cooperative driver, automated/semi-automated driving, in-vehicle information systems (IVIS), advanced driver assistance (ADAS) etc.
- develop driving screening and assessment tools and programs



CHAPTER 2

Understanding the Chinese context: general environment for developing silver industry in China

2.1 Potential Demand

Declining fertility rates and the prolonging of lifespan have led to a rapid increase of China's aging population. China national bureau of statistics data shows that by the end of 2016, Chinese people over the age of 65 has accounted for 10.8% of the total population, exceeding the international standard for aging society. It is predicted that by 2050, the elderly population in the world will reach 2 billion 20 million. The Chinese elderly population will reach 400 million, accounting for almost ¼ of the world's elderly population. The rising aging population will inevitably undermine the advantage of demographic dividends that China has enjoyed for economic development. With the decreasing working-age labor and rising wages, China has to face the challenge given the fact that it is getting old before getting rich.

Besides the economic effects, population aging imposes far-reaching influence on social development. It has been a tradition in China that most old people live with and are looked after by their children. However, with the change of family structure and social development, particularly as the one child policy continues, more and more families have to face the lack of "manpower" for taking care of the elderly. Along with the challenges brought by the aging population is the huge demand for the development of the elderly care industry or the so-called "silver industry and white economy".³

In October 2016, the National Office of the elderly, the Ministry of Civil Affairs and the Ministry of Finance jointly issued the results of the fourth sample survey on living conditions of the elderly in

³ The term 'silver economy' has been frequently used by European scholars in recent years. At the 'Silver Economy in Europe' Conference in Bonn, Germany, in February 2005, a declaration was drafted, which describes the 'silver economy' '...as an opportunity for quality of life, economic growth and competitiveness in Europe' (Silver Economy in Europe 2005: web document). The declaration argues that 'an appropriate innovative drive [in this sector] results in growth and new jobs, and in a global context increases Europe's competitiveness and that of the companies operating here.' (Silver Economy in Europe 2005: web document). In this research, silver industry (or silver economy) is defined as the industry/sector focusing on producing/providing the aged population oriented products/services. "White economy" refers to those products, services, and activities related to health care and care including dependent, disabled and the elderly.

rural and urban regions⁴. This was viewed as the most valuable and convincing basic data of the silver industry.

The analysis of the data reveals the current situation of the industry, and helps to understand the potential market in order to make the breakthrough. In 2015, among the elderly population nationwide, the proportion living in the urban areas accounted for 52%, and the rural areas accounted for 48%.

With the speeding urbanization, the growth of the elderly living in the urban region will exceed their peers in the rural region. Due to the differences between urban and rural areas, in terms of the disability adjusted life year, the medical care level and the social welfare level, the urban elderly population need to pay a considerably higher expense than their rural counterparts during the rest of their lives.

According to “China Report of The Development on Silver Industry (2014)”⁵, the consumption expenditure per capita of the elderly population reached 14764 CNY, exceeding 3 trillion CNY in general. From 2014 to 2050, the consumption potential of China’s elderly population will grow from 4 trillion CNY to 106 trillion CNY, and accounting proportion of GDP will increase from 8% to about 33%. China will also become the country with the most potential in global aging industry. The demands of the Chinese elderly population for social care, medical care, services and daily necessities call for a more rapid development of the silver industry and the implementation of relevant policies.

2.2 Government Support

China has enacted a series of policies to support the development of silver industry. Since the issue of the document “Advice on accelerating the development of old-age service industry” by the state council in 2013, the state has launched more than 30 follow-up policies and guidance for implementation.

⁴ Ministry of Civil Affairs of the People’s Republic of China <http://www.mca.gov.cn>

⁵ China Report of The Development on Silver Industry (2014), Blue Book of Aging, Social Sciences Academic Press (China).

This year was seen as the most fruitful period since the publication of the official policy, and this trend continued to last until the present. Only in 2016, the relevant policies and regulations exceeded 20, and by 2017, the number have reached 100 in total.⁶ Provinces and municipalities have also promulgated the implementation regulations in order to improve the investment environment and to meet the necessary demand of the silver industry. Attention has been put to three types of resources: “human”(manpower shortage), “finance” (source of funding) and “object” (land use), with efforts to optimize the allocation of resources and improve the resource efficiency.

In order to facilitate the implementation of the “Advice on accelerating the development of old-age service industry”, the Ministry of Land and Resources issued the “Guidance on land use for old-age service facilities”⁷. This document specified the relevant regulations of the aim of use and duration, the lease of land, revitalization of stock land and the use of collective land for construction and other aspects. It provided facility for the development of old-age industry from the perspective of land policy.

The government has offered guidance and support to private enterprises to participate in the old-age service sector from the aspects of allocating the social resources and designing national policies. In February 2015, the Ministry of Civil Affairs, Development and Reform Commission, the Ministry of Education, the Ministry of Finance and 10 other ministries jointly issued the “Advice on the implementation to encourage the participation of the private capital in the old-age service industry”⁸. It illustrated specific measures to facilitate the involvement of the private capital in the home-based and community-based care services. It also explained the relevant provisions and preferential policies to promote the integration of medical services, improve investment and financing environment, to implement preferential tax policies and to ensure the rights of land use.

In April 2015, the National Development and Reform Commission and the Ministry of Civil Affairs issued the “Notice to do a better job on the development of old-age industry”, which clearly stated

⁶ Zhai Zhen-wu, Chen Jia-jun, Li long: Aging in China: General Trends, New Characteristics and Corresponding Policies.

⁷ Shen Qiu-hong: Research on Population Aging in Our Country Present Situation and Countermeasure, Sci-tech innovation and Productivity, No.7 July. 2014, Total No.246.

⁸ Jiang Chunli: The analysis on status of the aging population in China and the strategy and measures should be taken during the “13 Five-Year” period, Globalization, No.8. 2016.



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to increase the government input in supporting the system building of the industry. The government should apply more than 50% of the lottery welfare fund to the old-age service sector. In February 2017, the Ministry of civil affairs of China promulgated the social old-age service construction of “Thirteenth Five Year” plan⁹. It stated that significant progress has been achieved during the last five years (2011-2015) and the aging industrial objectives have been basically realized. It also put forward the target to establish a multi-level old-age service system based on family, supported by the community and supplemented by the institutions. The market should be fully liberalized by supporting various market players to increase services and products by means of purchase services and equity cooperation. It also aimed to strengthen the protection of the rights and interests of the elderly and to promote the social custom to respect and help the seniors. In addition, the development of silver industry, as part of the “Healthy China” objective, has been raised to the national strategic level in the “Thirteenth Five Year” plan.

The intensive implementation of the national policies will undoubtedly play a positive role in promoting the development of the silver industry. The state has adopted a series of official documents to mobilized the participation of social forces in the old-age industry, to encourage the industrialization and innovation, to promote the innovation of the development and operation mode of the old-age real estate. All of these measures will act as a catalyst to facilitate the development of the relevant industries.

2.3 Economic Capacity

Historically, for developed countries such as Japan, the US and most European countries, the GDP per capita dividing the primary period and the fast-developing period of the silver industry was 10 thousand dollars, and China’s GDP per capital 2016 was around 8865 dollars. The steady and surging national economic development provides enough support for the primary stage of China’s silver industry, and it also implicates that the fast-developing stage will not take too long. The promising economic environment, along with the improved social insurance system, laid the foundation for the growing income and consumption capacity among the elderly. The statistics of the population and economic measurement indicates that from 2011 to 2050, the growth rate of

⁹ Complete report: http://www.gov.cn/zhengce/content/2017-03/06/content_5173930.htm, www.gov.cn

the aging consumption will surpass the population growth rate. The growth rate of the aging population will slow down after reaching its peak around 2035 while the consumption capacity of the elderly keeps on the rise. From 2014 to 2050, the consumption potential of China's elderly population will grow from 4 trillion CNY to 106 trillion CNY, and accounting proportion of GDP will increase from 8% to about 33%.¹⁰The significant growth proves that the silver industry will play a key role in the national economic development in the coming future and should be given high priority.

In addition to the consumption, wealth constitutes another important part of the elderly's economic capacity. In some urban regions, the real estate even accounts for 80% of the family wealth. Thanks to the reform in the 70s, most of the aging generation born in the 50s and 60s have their own houses/apartments. This enables the people over 60 years old to explore other means of economic support besides the traditional pensions. Especially for the elderly living in big cities, such as Beijing, Shanghai and Guangzhou, they are more open-minded with new types of aging products. With the help of relevant regulations and laws, along with the guidance and encouragement, house-for-pension and wealth-for pension schemes will gain impetus on the basics of these favorable conditions.

2.4 Challenges for EU companies to enter into Chinese market

China's surging aging population and increasingly active silver market have attracted more and more European enterprises and companies to carry out relevant businesses and set up aging institutions.

However, the trip in China has not been smooth. Before making the investment plunge in China, EU industry players must take into consideration of the challenges and issues. At present, China lacks a comprehensive legal framework governing senior real estate projects. Most legislation regulating housing projects is promulgated by local governments. Therefore, any foreign investor interested in participating in the market needs to address with the applicable rules, regulations and local practices.

¹⁰ Tim Wang, William Morris, Richard Brubaker: Sustainability insights: China's elderly, Collective Responsibility, October 2016

The Chinese government started to tighten the regulations on currency inflows since 2007. These restrictions have caused difficulties for foreign investors seeking to conduct real estate projects in China, as uncertainty about whether foreign currency can be brought in to invest can make it difficult for would-be foreign investors to capture attractive deals without the support of a local partner. Besides, the grant of land use rights also poses pressure on the investors. According to the law, the state owns all land, and corporate entities and individuals are only given the right to use the land for specific purposes for a set period of time.

Since senior housing remains largely underregulated at the national level, investors are not required to seek land zoned for a specific classification, but instead can acquire property zoned for commercial, residential, industrial and public use. The nature and type of land use determines the way in which the investor will structure the operational model. Therefore, it is necessary for the investors to understand the vital role of land use so as to prepare the project model.

Despite the challenge in the real estate market, the EU investors also face the frustrating situation in the senior financial sector. The pension system in China is different from that in Europe. The government takes the main responsibility in providing the basic pension, while the role of enterprises or individuals does not play very effectively. This limits the scales of financial investment and stands in the way to develop senior financial industry.

The lack of mature financial consulting services and institutions may also cause difficulties to develop relevant financial products. Without the help and guidance from local partners, it is a challenge for foreign investors to conduct comprehensive research on the real needs of potential clients before carrying out the investment. Furthermore, most of the elderly in China prefers saving money in the bank instead of taking the risk from the financial market. The traditional concept of managing financial affairs of the Chinese clients should also be taken into consideration by the foreign investors.

Unlike domestic counterparts, European investors are more inclined to operate the nursing homes, with a target in the high-end market. As high-end nursing homes for high-income elderly group, the high-quality services inevitably lead to higher fees than the normal ones. It seems that only a small portion of the elderly can afford it when they are getting old before getting rich.

The relatively high price of the European companies will narrow the clients, making their development even more difficult. Another challenge lies in the fact that Chinese traditional family concept is so much different with the European ideas. They usually ask for “take care of everything” services instead of just nursing services. The caring system in Europe is not highly appreciated by the Chinese and the methods are treated as irresponsible behavior. The lack of local nursing staff with professional training and educational background makes it even more difficult to run a nursing organization.

In general, the developed model of senior industry in Europe relies on the sound social system with regulations in fields of pension, medical insurance, nursing insurance and property tax. This enables them to estimate the investment returns and cycles. However, as China is still in the primary phase, the imperfect system will cause a series of problems. China lacks a policy system that provides support for investment and consumption in this area from the many aspects of venues, loans, taxation, and subsidies and encourages the inflow of private capital.

The comparatively long cycle in obtaining returns on the investment, and the unsatisfactory returns at the early and medium stages add to the difficulty in developing the industry, where the reluctance of manufacturers to produce and traders to sell is coupled by the inability of the consumers to buy such products. The challenges and difficulties are especially formidable in the financial and real estate fields, which should be considered carefully by the investors. It is very hard for any company chose to develop their business in China without knowing the preferential policies, or the relevant procedures for implementation.

The best way to face these challenges is to carry out strategic cooperation with Chinese local partners. It can be conducted in the form of shares to recruit partners, or entrust the Chinese companies with specific tasks such as operation or recruitment, and the EU companies handle the core technology and concept.



CHAPTER 3

Potential products and services for the elderly in urban areas

The silver industry can be classified into four categories: aging finance, aging products, aging services and aging real estate. The industry itself can be integrated with many other industries such as tourism, agriculture, health, and cultural industries.

The key point is to filter the possibilities and challenges to conduct the business in China. According to the Foreign Investment Catalogue released in 2017, the number of special administrative measures restricting foreign investment was reduced from 93 to 63, compared with 2005¹¹. Among the list of newly encouraged industries, technology and services have been put special incentives. When applying this guidance to the senior market in China, the potential field in the aging services seems more attractive and will gain support from the Chinese government in the next decade.

The current old-age service system in China is based on the family, community and the institutions, but the operational role at the present stage mainly refers to the institutions. Although the number of institutions in China has declined in 2007, it kept rising afterwards, which is particularly evident after 2010. Meanwhile, the number of beds in the aging institutions has maintained steady growth. Considering the rising number of the elderly population in the long run, along with the more frequent mobility of their children and the increase of empty-nesters, it is predicted that the need for aging institutions and caring will gain substantial growth. The private aging institutions plays a vital role in the development of the service industry.¹²

An underdeveloped network of aging services and related institutions is a problem for China, but it may also be an opportunity. Institutions are generally biased in favor of 'yesterday's' definition of a problem and yesterday's range of available solutions. Simply applying models of aging services from other nations, many designed decades ago, will not necessarily meet China's needs. Aging in China will require engineering new organizations that combine public and private providers, services and

¹¹ Alexander Chipman Koty and Zhou Qian, China's 2017 Foreign Investment Catalogue Opens Access to New Industries. China Briefing, 11 July, 2017.

¹² Lu huajie, Wang weijin, Xue weiling: Current situation, prospects and policy support of the development of China's silver industry, Urban Insight, No.4, 2013.

technologies. China's demographic imperative to do something now, without a real legacy of service providers wedded to established practices and technology, is an opportunity to invent a new business of aging.

What are the opportunities for creative public-private partnerships, technology and services to support the EU investors in Chinese market? Digital health care, health & wellness, touristic services are three fields that could draw upon China's existing capacity, a wide variety of EU companies, NGOs and technologies to carry out fruitful cooperation in the near-term.

3.1 Digital Health Care

As mobile and Internet-based technologies are developed and deployed to improve health care delivery for China's elderly population, the nation's digital health-care market will grow exponentially. The BCG Boston Consulting Group predicts that this market (measured by spending on digital health care) will expand from \$3 billion in 2014 to \$110 billion in 2020. Health care in China will be transformed. Every step will be affected: how patients are diagnosed, treated, and managed; how physicians and hospitals operate; how young generations take care of their parents when they work or live afar. All companies related with digital devices, social media, pharmaceutical and medtech, as well as drug distributors and retailers have the opportunity to shape the digital transformation of the health care market in China.¹³ The widespread adoption of new technologies such as mobile devices, cloud computing, and big-data analytics laid the sound foundation for the future development. In 2014, for instance, almost 40% of people in China were using a smartphone and spent 3 hours a day on the device. Combine that with the increasing availability of high-speed Internet access and big data, and companies will have the ability to offer digital solutions-everything from remote patient monitoring to drug purchasing using smartphones-to large swaths of the population in China. The adaptability and willingness of the elderly to embrace the Internet add to the possibility to extend this market.

The combination of the smart technology infrastructure with the public housing may facilitate the delivery of services that can be scaled across a province or the nation. Rethinking housing as a

¹³ Magen Xia, Lillian Poon, Michael Choy, and John Wong: China's Digital Health Care Revolution, BCG The Boston Consulting Group, September 2015

platform for technology-enabled services may optimize the integration of “intelligent” devices and services already on the market supporting safety, disease management, and social services. It is predicted that by 2018, the market of Internet of Things (IOT) will exceed the sum of the Tablet PC and mobile phone market. With the technological progress of the IOT, the next few years will witness explosive growth in the smart housing industry. The gradual maturity and popularity of the big-data, artificial intelligence and machine learning technologies will furthermore contribute to the construction of the smart housing.

For example, the search engine company Baidu is leveraging its core search business to offer health information to consumers and link consumers to online appointment booking and remote consultations. Baidu also now sells smart wearable device thorough its Dulife brand. In partnership with the Beijing government, Baidu is using the devices to track and analyze health information; the aim is to improve health service delivery in the city. Alibaba group, meanwhile, integrated several business divisions and core technologies (such as e-commerce, big date and cloud computing), which covered the hatching, capital, technology, production, sales and other key links to explore the potential market of smart housing. The Alibaba platform has attracted many household appliance enterprises such as AUX, Hisense, TCL, Media, SANYO to join in the Ali smart housing ecosystem.¹⁴

Social-media player Tencent is extending the reach of its Wechat social and payment platform into health care. According to Tencent Company, there were 1.8 million users above 60 years old on WeChat in 2015. The company rolled out Intelligent Health, an IT platform to provide hospitals with services such as online and mobile appointment booking and payments, in 2014. The social media application also helps the elderly to keep in touch with their family and friends more effectively than traditional methods, combining the functions of Facebook, WhatsApp and Instagram.¹⁵

¹⁴ Pang Tao, Zhu Yong: Report on development of China’s intelligent endowment industry 2015- Smart Elderly Housing Industry, Social sciences Academic Press (China), October 2015.

¹⁵ Seniors in China: Bringing the elderly online, a smart business move, Daxue Consulting, December 26, 2016.

3.2 Health & Wellness

Maintaining good dietary habits becomes more important with age. But, eating, and eating well, is a social activity. Older adults that live alone become less interested and, eventually less able, to prepare a nutritious meal. Working within the context of traditional Chinese cooking, food companies (e.g., Group Danaone, Nestle, General Mills) may find easy-to-prepare, easy to digest, high nutrition 'functional foods' be successful in China's fast-growing aging market. Managing chronic disease (particularly hypertension, diabetes, heart disease) in China, as in every other country, is critical to wellbeing across the lifespan as well as managing the personal and public cost of disability. Disease management services that focus on diet, physical activity, medication compliance, and behavior modification (e.g., smoking cessation) are expanding into developing economies and reaching disadvantaged elderly.

For example, Ping An Doctor App- Ping An Group's O2O health care service platform has realized the 7*24 connection between the network of doctors with the patients. It also provided customized daily health management and mental health care, which encouraged the users to pay more attention to their healthy lifestyle and do more exercises. The AnyCheck health management system developed by the E-Techno has provided disease management services to over 3 million, including a big proportion of the oversea customers. Telemedicine is now changing people's life from the medical needs and health care in China. Compared with the traditional wellbeing services, it has shown the advantage in the convenience and high effectiveness. According to the survey of the Ping An Doctor, 50.59% users log in their account everyday even when they are free of medical request. They use this app to know more health information or exchange experiences in the communicating space. The telemedicine service will be more indispensable in their daily life. NGOs, telecommunications companies and large health services providers could be valuable partners to connect urban elderly and caregivers with specialists within China and around the world.¹⁶

¹⁶ Janne Suokas: China could become innovation hub for elderly care, Bringing China Closer, April 19,2016 <https://gbtimes.com/china-could-become-innovation-hub-elderly-care>

3.3 Touristic Services

After retirement from the job market, more and more elderly are realizing the importance to find opportunities to engage in social activities. Among them, travelling has become one important way for the urban elderly to seek emotional support. In 2015, 13.1% of the elderly were certain about their travelling plans next year and 9.1% showed their willingness to travel. Most of these people are living in the urban areas, among whom 57.8% earned over 5000 CNY per month, and 31.3% earned over 7000 CNY per month. Compared with the young tourists, this group of the elderly are more capable to handle the time and money issues. With the support of the free schedule and considerable economic conditions, the elderly travel more frequently with higher consumption level. They prefer medium or long-term trips (travelling period over 3 days) and 2 times per year.¹⁷

However, most traditional tourism agencies are still trying to attract the elderly by the lower price, without paying much attention to develop the special routes for them. Only a few companies showed interests and launched their products to meet the needs of the elderly. The Railway CITS (China International Travel Services Limited) launched the “middle-aged travelling train” with the all-in-one-ticket system and 24-hour services. The online OTA also followed up. For instance, Ctrip launched the “Trip for mom and dad” products, which provided all necessary travelling arrangements for the elderly. At present, the tourism industry still lags far behind the rapid growth of the elderly population. With the stronger economic capacity and the change of their consuming perception, the elderly will for sure become the most potential consumers in the future.

¹⁷ The potential market of the silver tourism, Xinhua News, February 23, 2017

Conclusions

In general, China's silver industry is still in the early stages of development. At present, the development of the urgent needs of the elderly life care, long-term care, spiritual comfort, cultural and entertainment services are relatively slow. Compared with developed countries, China has not reached the stage of rapid development considering both the demand and GDP per capita. However, the current situation also indicates the upcoming rapid development in China.

The constant growth of the elderly, steady economic development and the policy support provide the macro favorable environment, while the changing family structures, the upgrading adaptability and the renewable concept have offered micro preparations for the stage to come. According to the National Committee on aging issues, it is predicted that the amount of China's silver industry will reach 8 trillion CNY by 2020 and 22 trillion CNY by 2030.

The future 10 to 15 years is viewed as the golden period for rapid development of China's silver industry. The potential huge market has attracted attention of both domestic and foreign companies and enterprises. They devoted their capital and energy in the insurance and real estate sectors, trying to grab the initiative and gain the priority of the market. However, many foreign enterprises were caught in the business difficulties as many domestic counterparts. Some of them had to face the embarrassing situation with low occupancy for a long period and the dilemma with the land policy in China.

Failing to be aware of China's unique situation, the international players did not show their competitive advantages.¹⁸ Different from other industries, the silver industry is related with a wide range of factors such as the market environment, policy support, cultural concept and humanity. Therefore, it cannot be simply copied or imitated from other developed countries. Different stages of development and national conditions will inevitably lead to different tracks. Instead of focusing on the medical qualifications, health insurance approval and housing regulations that normal institutions cannot solve, more attention should be paid to upgrade the quality of aging services with improved innovation and methods.

¹⁸ Wengmeng Feng: China's population at a historical turning point, China development report: demographic changes and policy adjustment, China development press, December, 2012.



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Aging in China is not just about the elderly. It is about the wellbeing of all people in China as well as its performance in the world economy. Changing demographics, lifestyles, and an institutional readiness for innovation are converging to create an extraordinary opportunity for business, aging services and ultimately China's people to build an "elder care services industry".

Market opportunities and the need for specific policies

Undoubtedly, China is witnessing the transformation towards an aging society. The current aging situation stimulates a huge demand for the development of the elderly care industry or the so-called "silver industry and white economy". With the considerable market worth of 3 trillion CNY, China will become the country with the most potentials in global aging industry.

The demands of the Chinese elderly population for social care, medical care, services, transportations and daily necessities attract the foreign businesses and global enterprises to tap the potential in China. Based on the latest statistics and surveys, this report analyzes the general environment and the potential fields of the aging-friendly products and services.

It intends to shed light on the favorable conditions and hampering factors for developing an EU-China cooperation, and define the fields which might offer the most relevant opportunities for trade and investments. EU policies should aim to favor bilateral cooperation with China, taking into consideration the potential synergies as highlighted in this report. Cooperation should be achieved not only within the general framework of trade and investment agreement (actually under negotiation), but in the promotion of:

- specific business settings to help the involvement of European firms, including SMEs, in the active ageing industry exchange with China. A specific session of the Help Desk for EU firms in China could be organized, also as part of EU funded projects. A stronger cooperation among institutions should be promoted as well, as in the case of the European Chamber of Commerce in China;
- research and innovation exchange schemes, involving both academic and non academic institutions to develop joint research and applied projects in Europe and in China where firms can find an easy ground for cooperation;
- specific European or national based training and education programs for both EU students and entrepreneurs, to be ready to face the challenges posed by trading and investing in



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China. Key challenges when doing business in China include cultural and language barriers, intellectual property protection, understanding of national and local regulation for import and technical standards.



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