

The 8<sup>th</sup> CJK Cooperation Dialogue  
CJK Cooperation in the Post Pandemic Era, Jan. 17, 2022

# **Policies and Institutions for Coping with Population Aging and Low Fertility in China, Japan and ROK**

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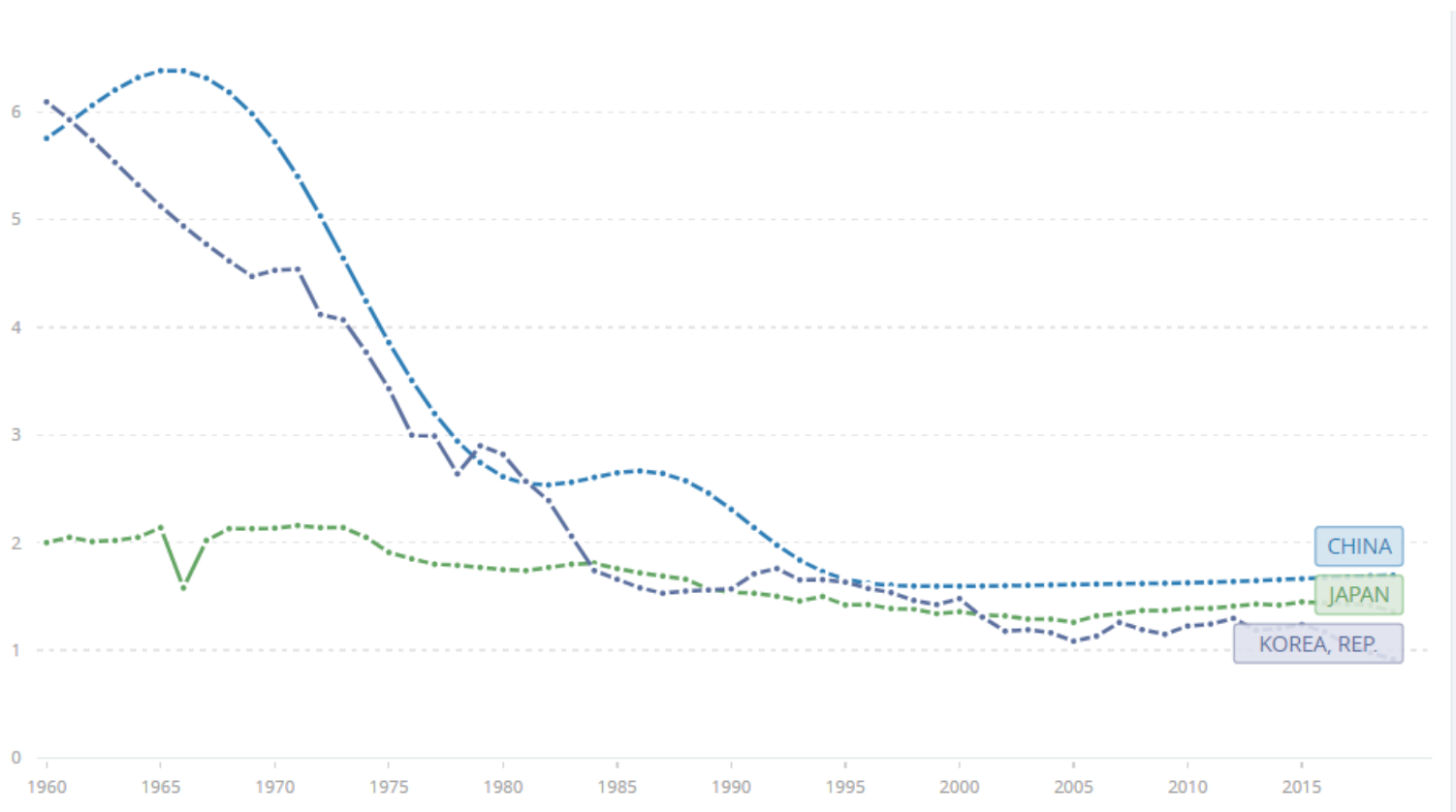
# I. Population Aging in CJK

- **UN Classification**
  - **Aging society : Over 65 years old : 7-14%**
  - **Aged society : 14-20%**
  - **Ultra-aged society : over 20%**
- **Aged population rate (Population Ages 65 and above) in 2020**
  - **Japan : 28.8% Ultra-aged Society**
  - **Korea : 16.5% Aged Society**
  - **China : 13.5% Aging society**

# Population Aging in CJK

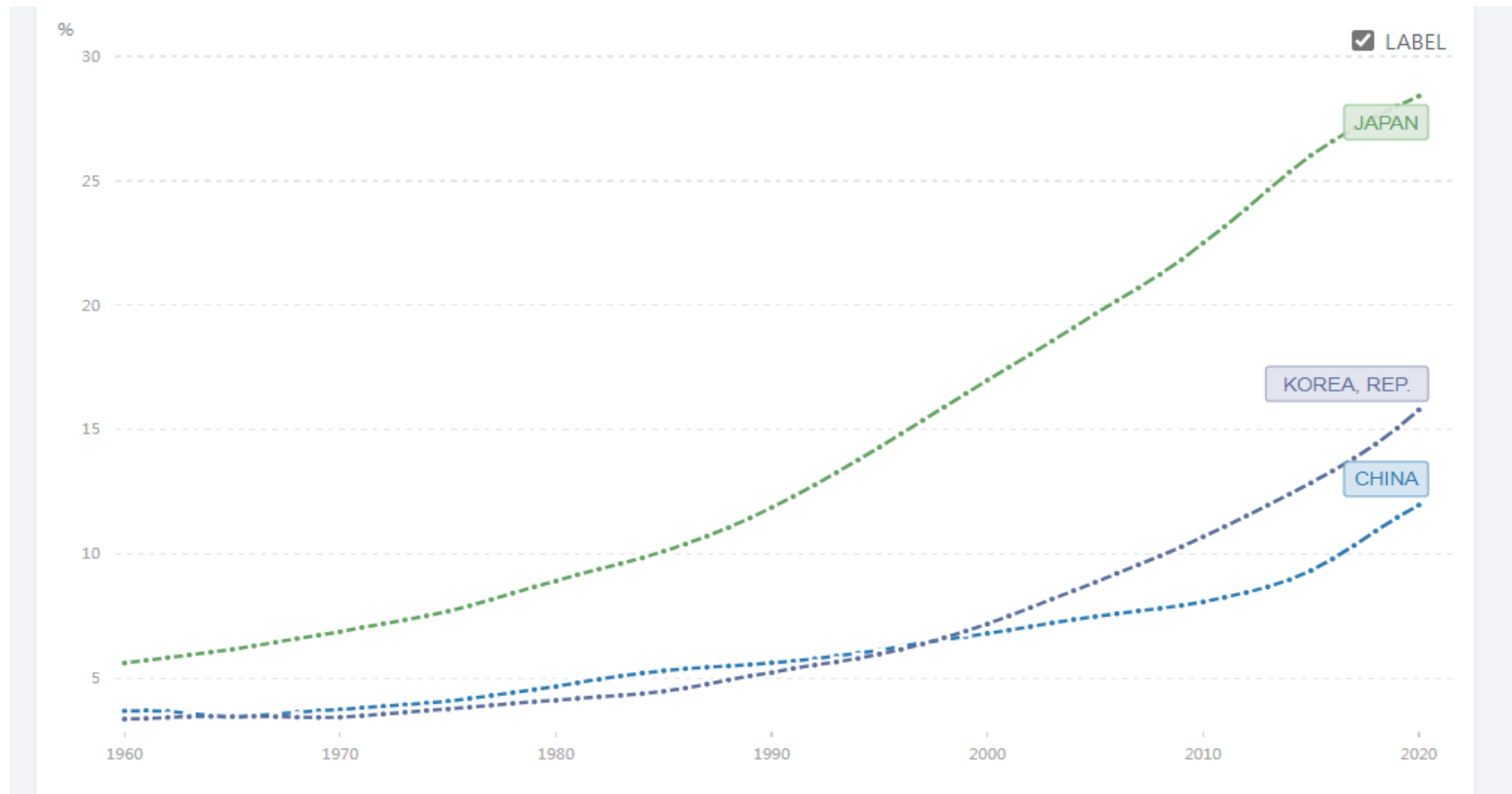
- **Productive Population rate (Ratio of Ages 15-64)**
  - Japan : 59.5%
  - Korea : 72.1%
  - China : 68.6%
- **Total Fertility Rate (2020)**
  - Japan : 1.34
  - Korea : 0.84
  - China : 1.70
- **High Speed of Aging, Aged and Ultra Aged Societies**
  - Japan : 24 years (Aging- Aged), 11 years (Aged-Ultra Aged)
  - China : 15 years(Aging- Aged), 10 years (Aged-Ultra Aged)
  - Korea : 17 years(Aging- Aged), 9 years (Aged-Ultra Aged)

# Total Fertility Rate in CKJ (1960-2019)



Source : The World Bank, database

# Population Ages 65 and above in CKJ (1960-2020)



Source : The World Bank, database

# Speed of Aging Society

Country		Year		No. of Years	No. of Years
	Aging Society 7%	Aged Society 14%	Ultra-Aged Society 20%	7%-14%	14%-20%
Japan	1970	1994	2005	24	11
Korea	2000	2017	2026	17	9
China	2001	2026	2036	15	10
U.S.	1942	2014	2032	72	18
U.K.	1929	1975	2028	46	53
France	1864	1979	2018	115	39

Source : UN and world bank data

# Total Fertility Rate

Year	Japan	Korea	China
1980	1.75	2.9	3.0
1985	1.76	2.2	2.5
1990	1.54	1.6	2.73
1995	1.42	1.7	1.90
2000	1.36	1.48	1.51
2005	1.26	1.09	1.55
2010	1.39	1.23	1.58
2015	1.45	1.24	1.60
2016	1.44	1.17	1.61
2017	1.43	1.05	1.61
2018	1.42	0.98	1.69
2019	1.36	0.92	1.70
2020	1.36	0.84	1.70

Source : Korean Statistical Information Service

# **II. Economic Impacts of Population Aging in CJK**

**1. Economic Growth**

**2. Fiscal Deficit and Government Debt**

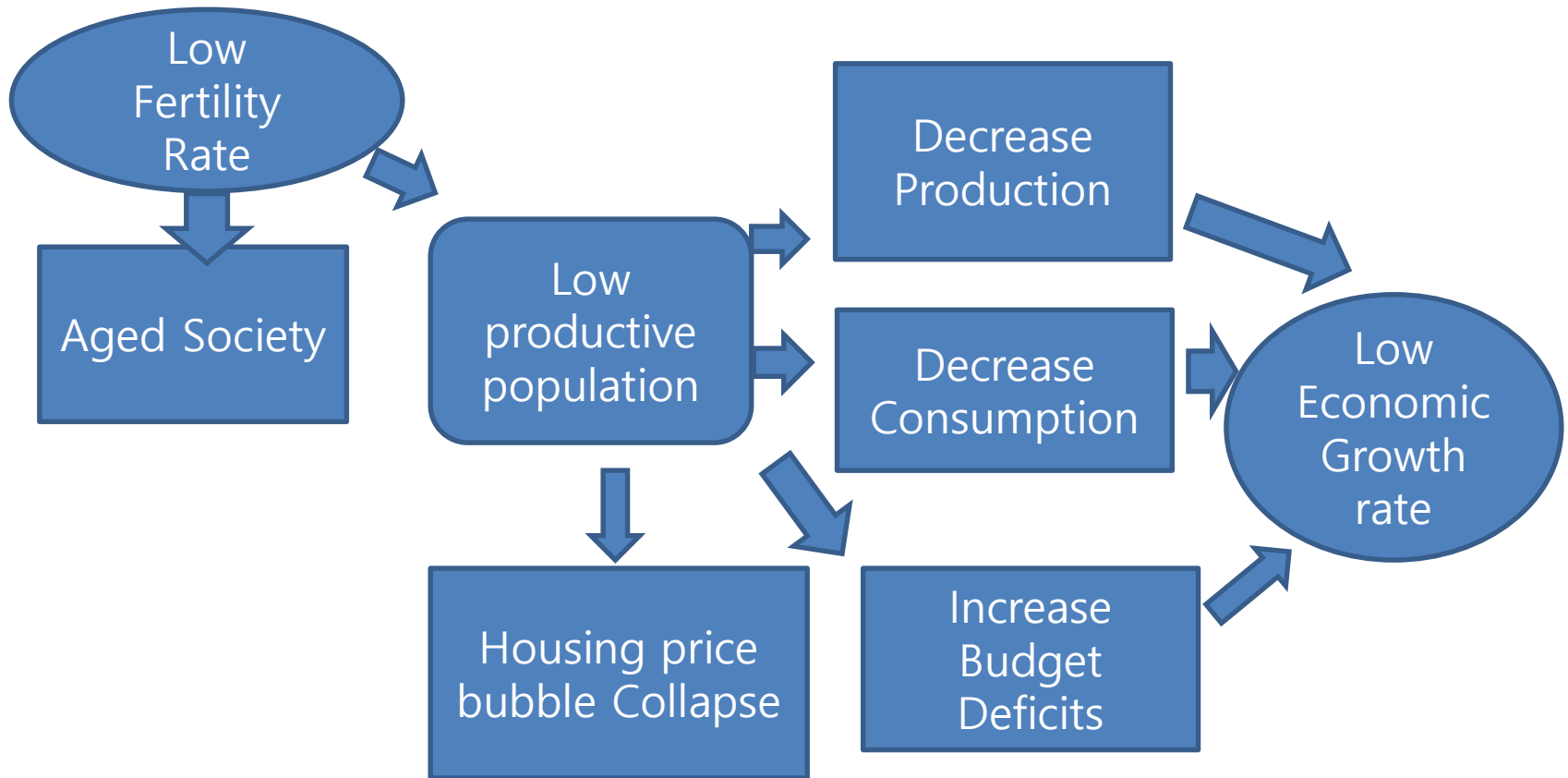
**3. Welfare Cost**



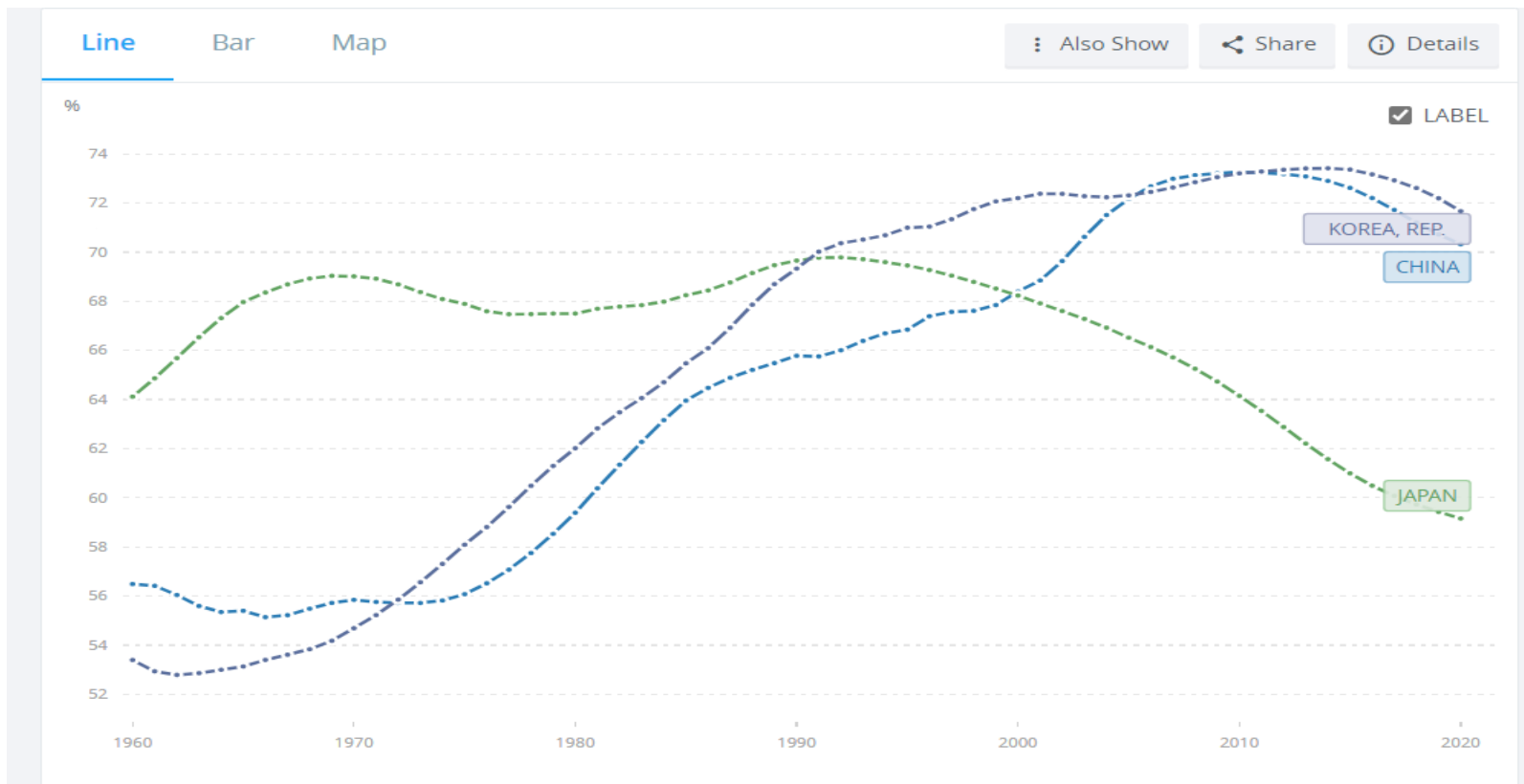
# 1. Economic Growth Rate

- **0.1% increase of the aged population could decrease 0.3% of economic growth rate in Korea (Recent research results)**
- **The OECD predicted that Korea's potential real GDP growth rate would be 0.8% in 2030, 1.1% in Japan and 2.1% in China.**

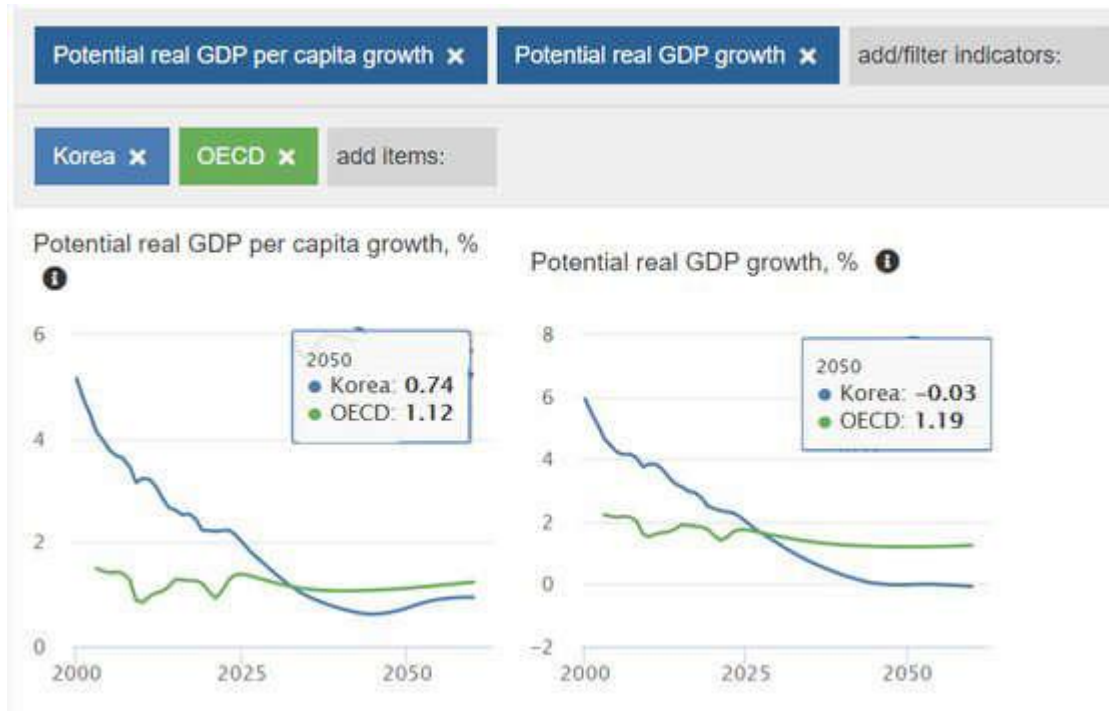
# Aged Populations and Economic Growth Rate



# Population Ages 15-64 (% of total population) (1960-2020)



# Potential Real GDP Growth Rate in Korea



## **2. Fiscal Deficits and Government Debt**

- Aged society will increase the welfare expenditure and reduce the tax revenue and finally increase budget deficits and government debt**
- Aged society will increase tax burden for the productive population group**

# Fiscal Deficits and Government Debt in CJK

- **Fiscal Deficits/GDP (IMF)**

**Japan : -13.9%**

**China : -4.2%**

**Korea : -6.1%**

## **Government Debt/GDP**

**Japan : 223%**

**China : 67%**

**Korea : 43%**

# (Government Debt/GDP) in Korea



# 3. Aged Dependency Ratio

- **Aged-Child Ratio (Ages 65 and over/Ages 0-14)**
  - Japan : 225.2
  - Korea : 129.3
  - China : 67.9
- **Aged Dependency Ratio(Ages 65 and over/Ages 15-64)**
  - Japan : 46.3
  - Korea : 20.5
  - China : 15.9



# Aged-Child Rate

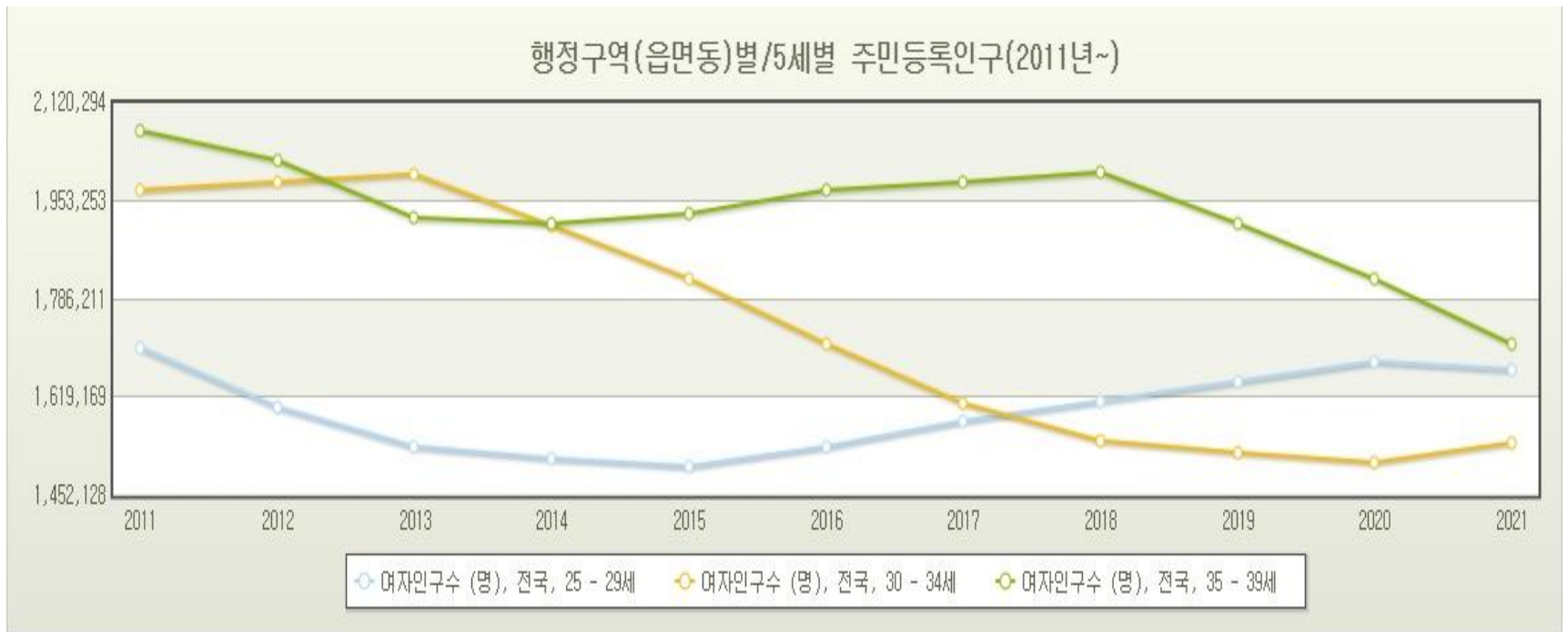


Source : Korean Statistical Information Service

# **III. Causes of Low Fertility Rate in Korea**

- Decrease in the woman population aged 30-39**
- Decrease in the marriage rate of women**
- Increase in the age of marriage for women : increase in the women's college enrolment (76.7% in 2020)**
- High housing price**

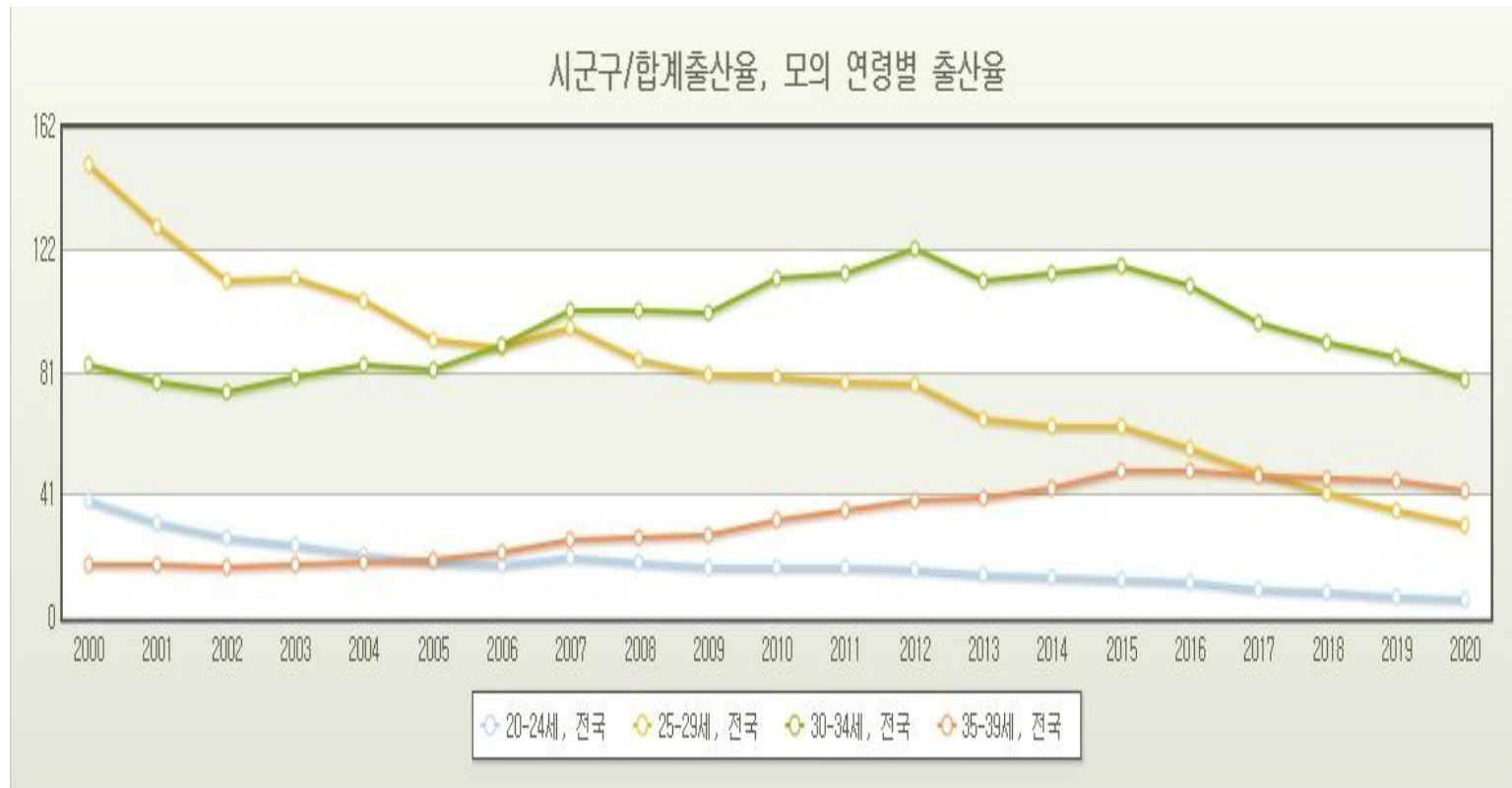
# Population(Women) by Ages in Korea



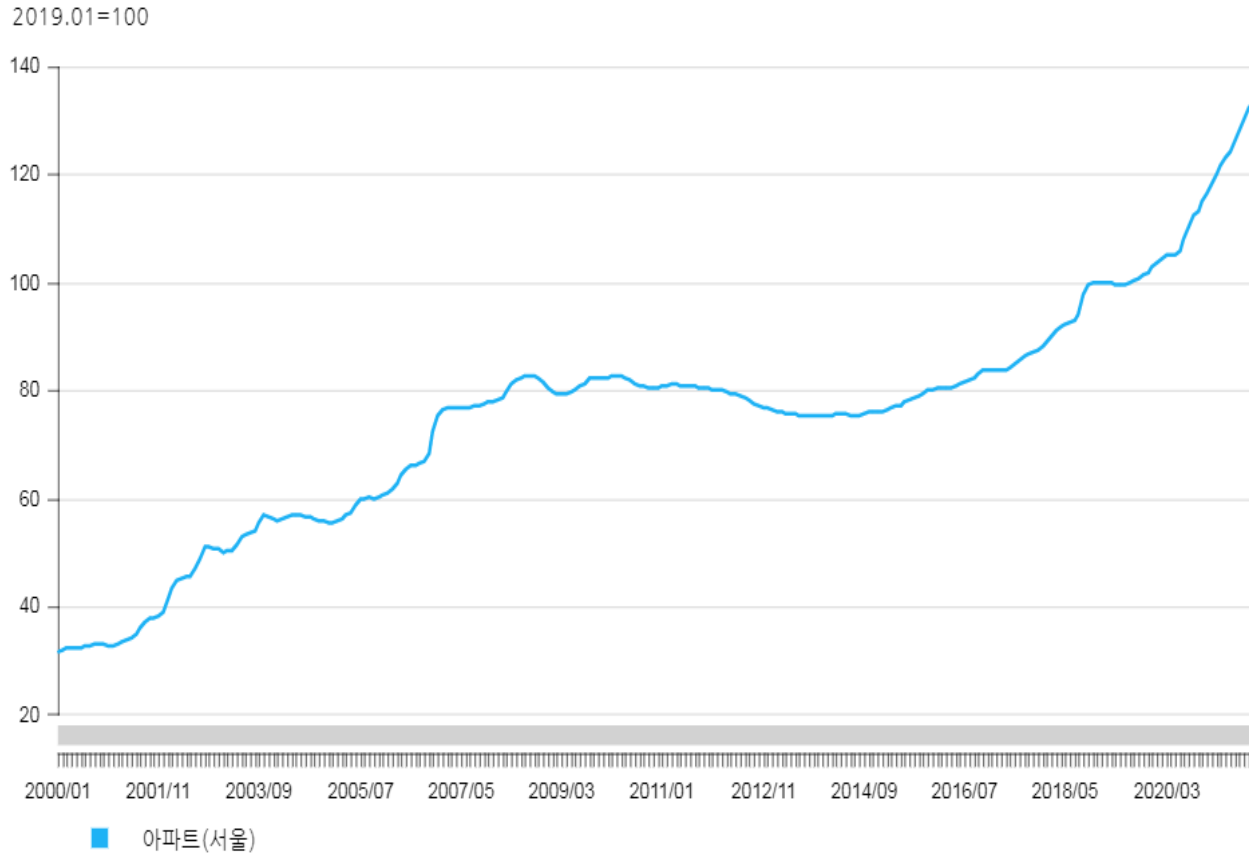
# Marriage Rate of Women in Korea



# Fertility Rate by Ages in Korea



# Trend of Housing Price in Seoul

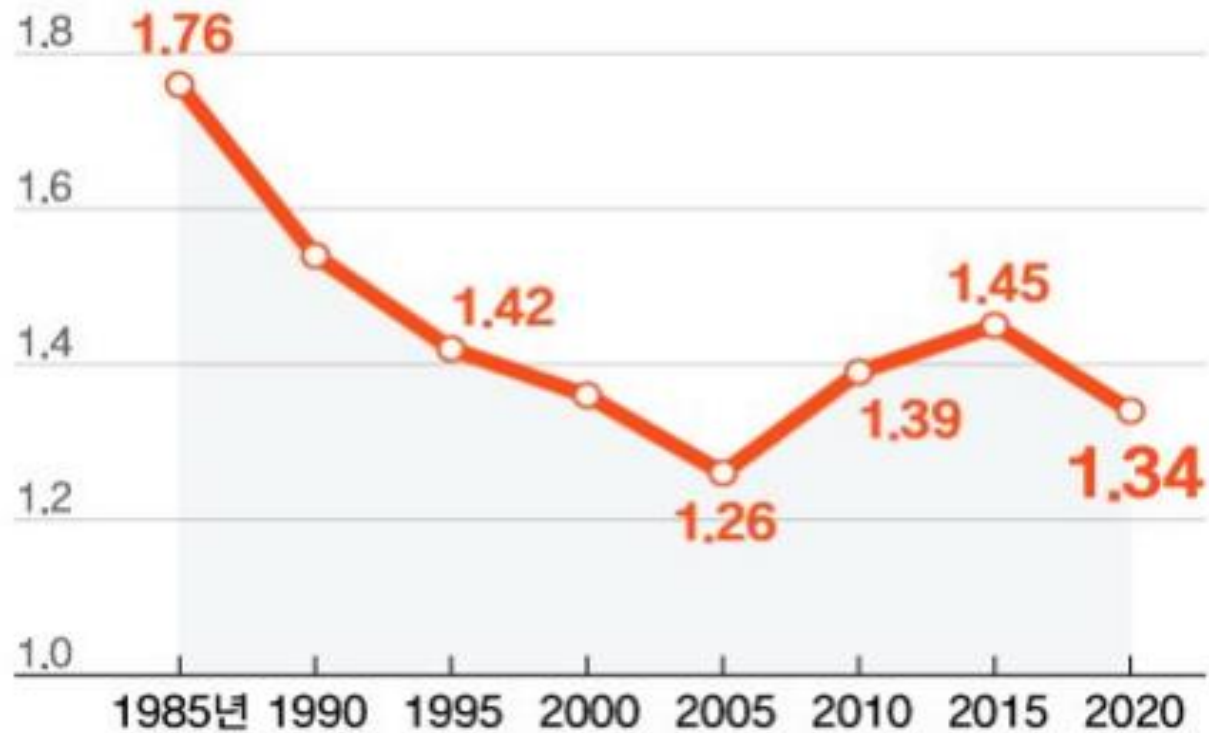


Source : Bank of Korea, Economic Statistics System

# **IV. Policies for Coping with Population Aging and Low Fertility**

- **China allows couples to have 3 children, up from 2 in 2021 to response to aging population**
- **Japan has increased the fertility rate from 1.26 in 2005 to 1.37, however it decreased to 1.34 in 2020**
- **Japan pays 100,000 yen(\$950) for under ages of 18 to increase fertility rate in 2021-2022**
- **Japan is considering applying health insurance for infertility treatment.**

# Fertility Rate in Japan



Source : World Bank



# Policies for Coping with Low Fertility in Korea

- Korea provides newborn care services for two months after childbirth.
- Korea pays 2 million won (\$1,800) at the time of childbirth and
- In Korea, a hospital voucher of 600,000 won(\$500) is provided at the time of childbirth
- Monthly childcare allowance of 300,000 won(\$250) is paid for two years after childbirth.
- In addition, a monthly child allowance of 100,000 won(\$80) is provided to children under the age of 8.

# **Policies for Coping with Population Aging in Korea**

- In Korea, an old-age pension of 300,000 won(\$250) per month is paid to seniors aged 65 and over in the bottom 70% of income brackets.**

# **Cooperation for Coping with Population Aging and Low Fertility**

- **Exchange the information on the impact of population aging and low fertility**
- **Exchange the information about the policies for coping with population aging and low fertility**

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