

Low Fertility Rate and Policy Responses in Korea

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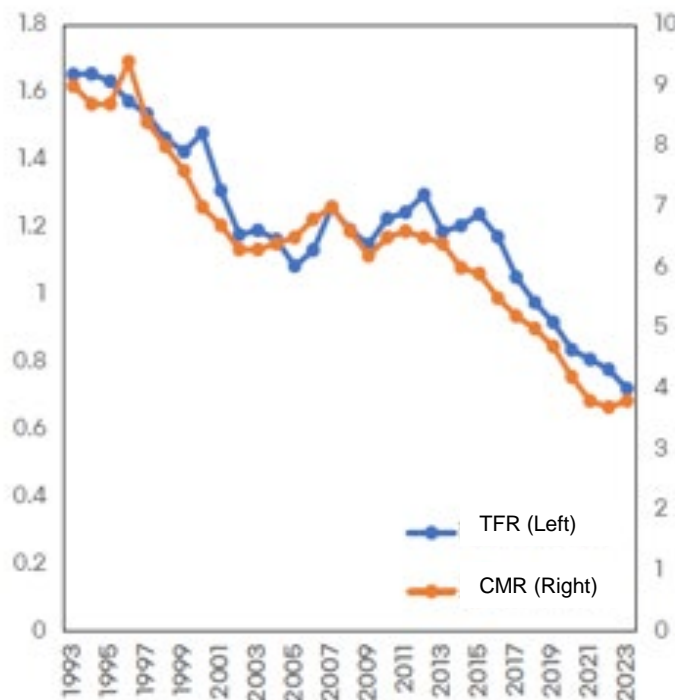
Population Projections for Korea



1) Dramatic Declines in Fertility Rate

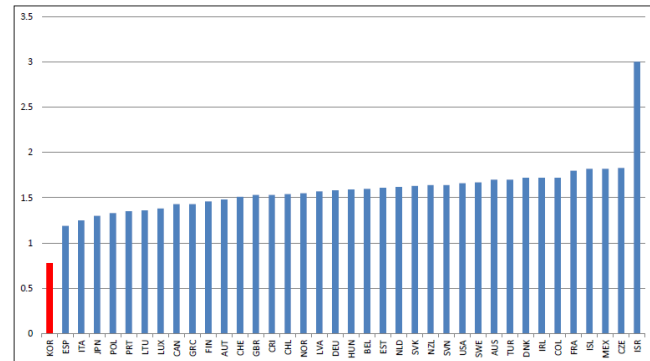
Korea's total fertility rate fell to a record low of **0.72 in 2023**, significantly below the averages of both OECD and non-OECD countries.

<Total fertility rate and Crude Marriage Rate (per 1,000 people)>

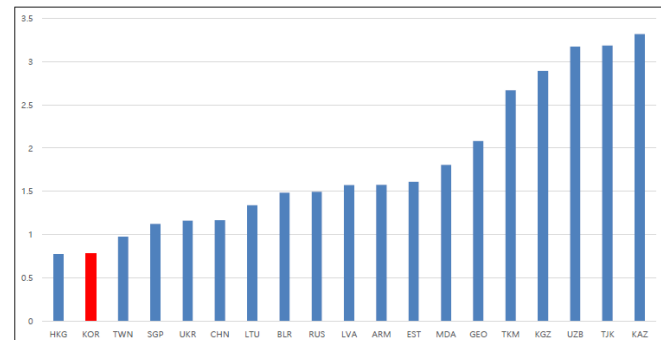


Data Source: Population and Housing Census, Statistics Korea.

<Total Fertility Rates for OECD Countries (2021/2022)>



<Total Fertility Rates for Non-OECD Countries (2021/2022)>

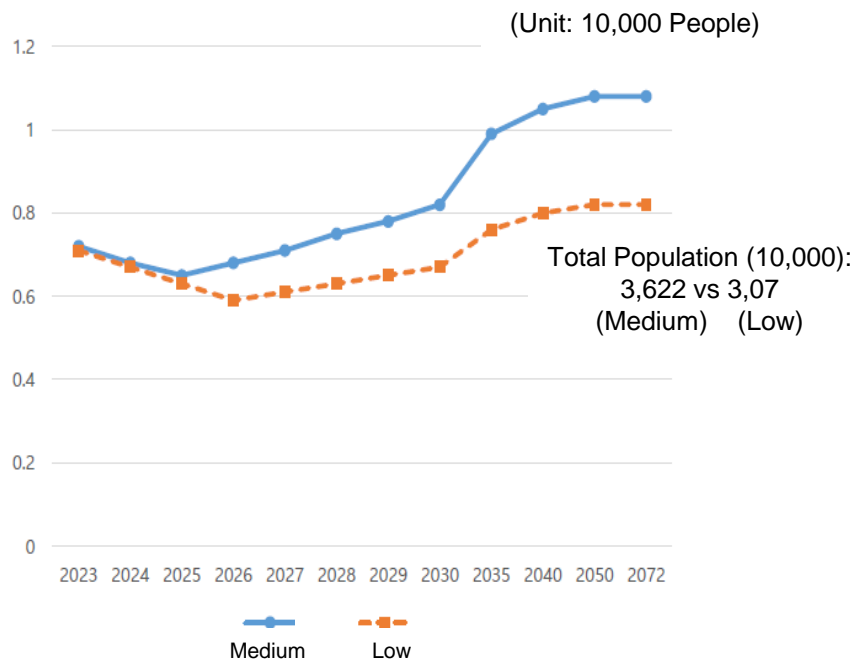


Data Source: OECD, World Bank, National Statistics of Republic of China(Taiwan)

* Korea's total fertility rate was 0.78 in 2022

2) Total Fertility Rate Projections (2022-2072)

The **Medium Projection** starts at 7.2 million in 2023, peaks at 11 million in 2050, and declines to 3.62 million by 2072, while the **Low Projection** drops more sharply to 3.02 million by 2072.



3) Estimated Population: 2022–2072 (Median Projection)

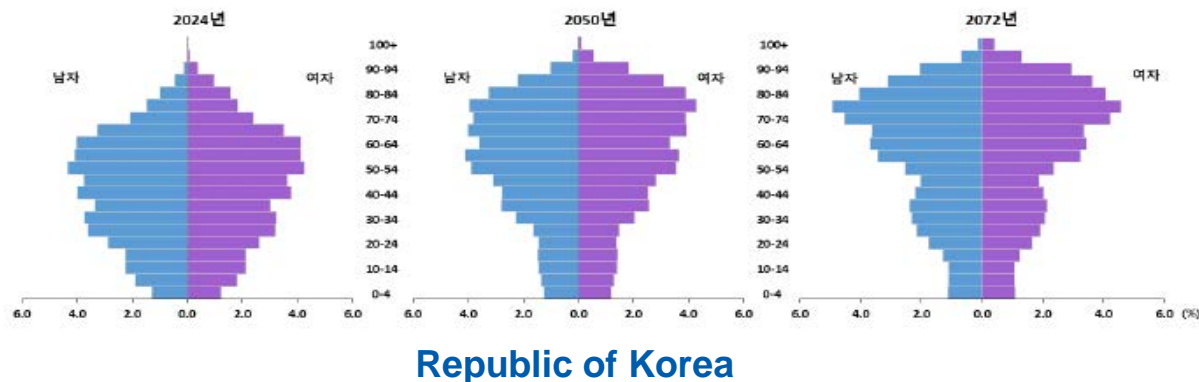
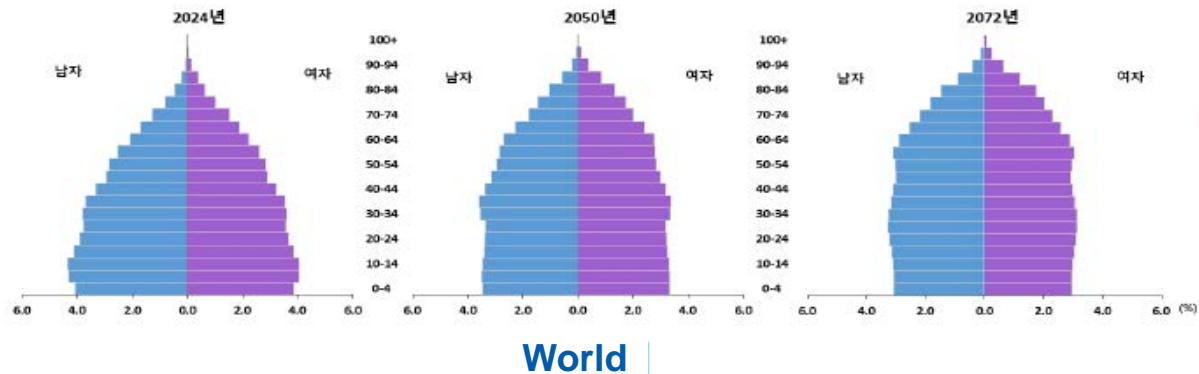
Over the next 50 years, ① **Korea's working-age population will shrink from 70.2% to 45.8%**, ② **the elderly will grow from 19.2% to 47.7%**, and ③ **the youth will decline from 10.6% to 6.6%**.

	2024	2040	2050	2072
Total Population (10,000 people)	5,175	5,006	4,711	3,622
Population Aged 15-64 (10,000 people)	3,633	2,903	2,445	1,658
Working-Age Population Ratio (%)	70.2	58	51.9	45.8
Youth Population (0-14 years) (10,000 people)	549	388	375	238
School-Age Population (6-21 years) (10,000 people)	715	412	425	278
Youth Population (19-34 years) (10,000 people)	1,044	722	511	450
Elderly Population (65+ years) (10,000 people)	994	1,715	1,891	1,727
Median Age (years)	46.1	54.6	58.1	63.4
Total Dependency Ratio (working-age population per 100 people)	42.5	72.4	92.7	118.5
Aging Index (youth population per 100 people)	181.2	442.2	504	726.8

Data Source: Population Projections for Korea (2022–2072), Statistics Korea.

4) Impact of Demographic Change

If this phenomenon continues, it is highly likely **to slow economic growth** due to an increased national welfare burden, **a shrinking working-age population**, and **reduced investment** caused by rapid societal aging.



Data Source: Statistics Korea.

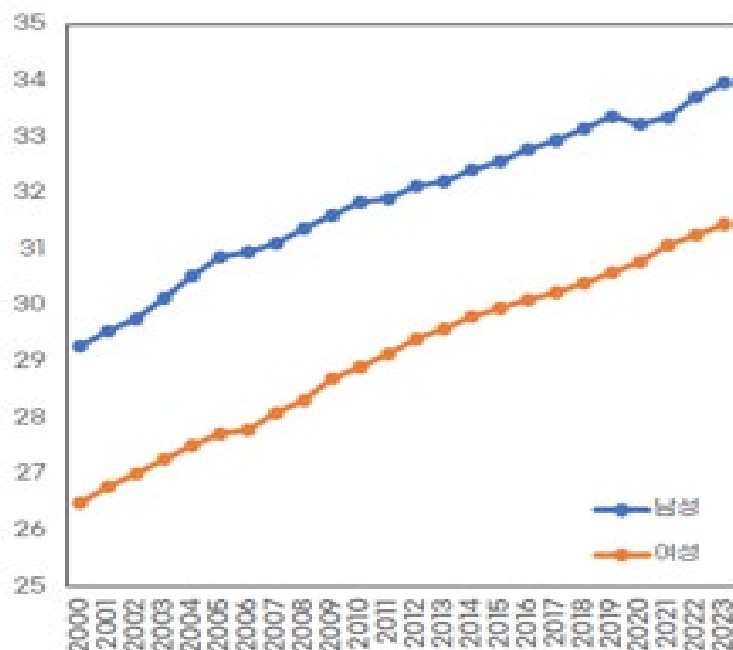
2 Factors Contributing to the Low Fertility Rate



Factors of Low Fertility Rate

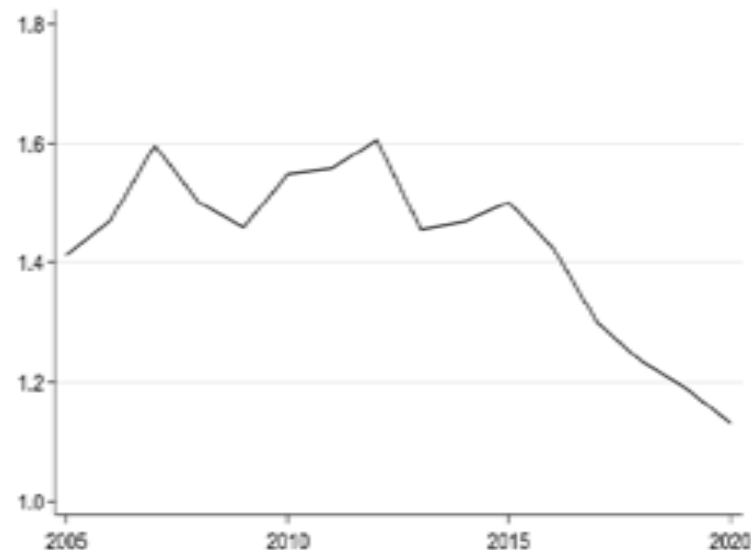
In Korea, where over **95%** of births occur within marriage, the sharp decline in birth rates is largely attributed to ① **a decreasing marriage rate** and ② **a lower fertility rate among married individuals**

< Average Age of First Marriage for Men and Women >



Data Source: Population and Housing Census, Statistics Korea.

< Total Fertility Rate of Married Individuals >



Data Source: Bongoh Kye et al. (2022)

Factors of Low Fertility Rate

It is **difficult to find the fundamental cause** of Korea's demographic challenges, but the government and academia are seeking **adaptation measures through a multidimensional manner**.

Cultural Norms

- Transformation from one of the poorest countries to a developed country in half a century.
- Different generations have distinct cultural norms, leading to intergenerational cultural clashes.
- Examples include highly educated young women balancing family and career, as well as differing perspectives on marital versus non-marital births.

Relative Income

- The timing of marriage and the number of children depend not on absolute income;
- but on the ability to achieve a life that meets one's expectations; however, future prospects remain increasingly negative.

Economic Growth / Contraction Period

- Korea has experienced changes that advanced countries underwent over 100 to 200 years, compressed into just a few decades.
- This has led to intensified labor market competition during the period of rapid economic growth until the early 1990s, followed by the emergence of a low-growth, shrinking society.

The Korean government established the Basic Act on a Low Birth Rate and Aging Society in 2005 to implement systematic responses to these demographic challenges.

3 Policy Response to Demographic Change



Aging Society and Population Policy

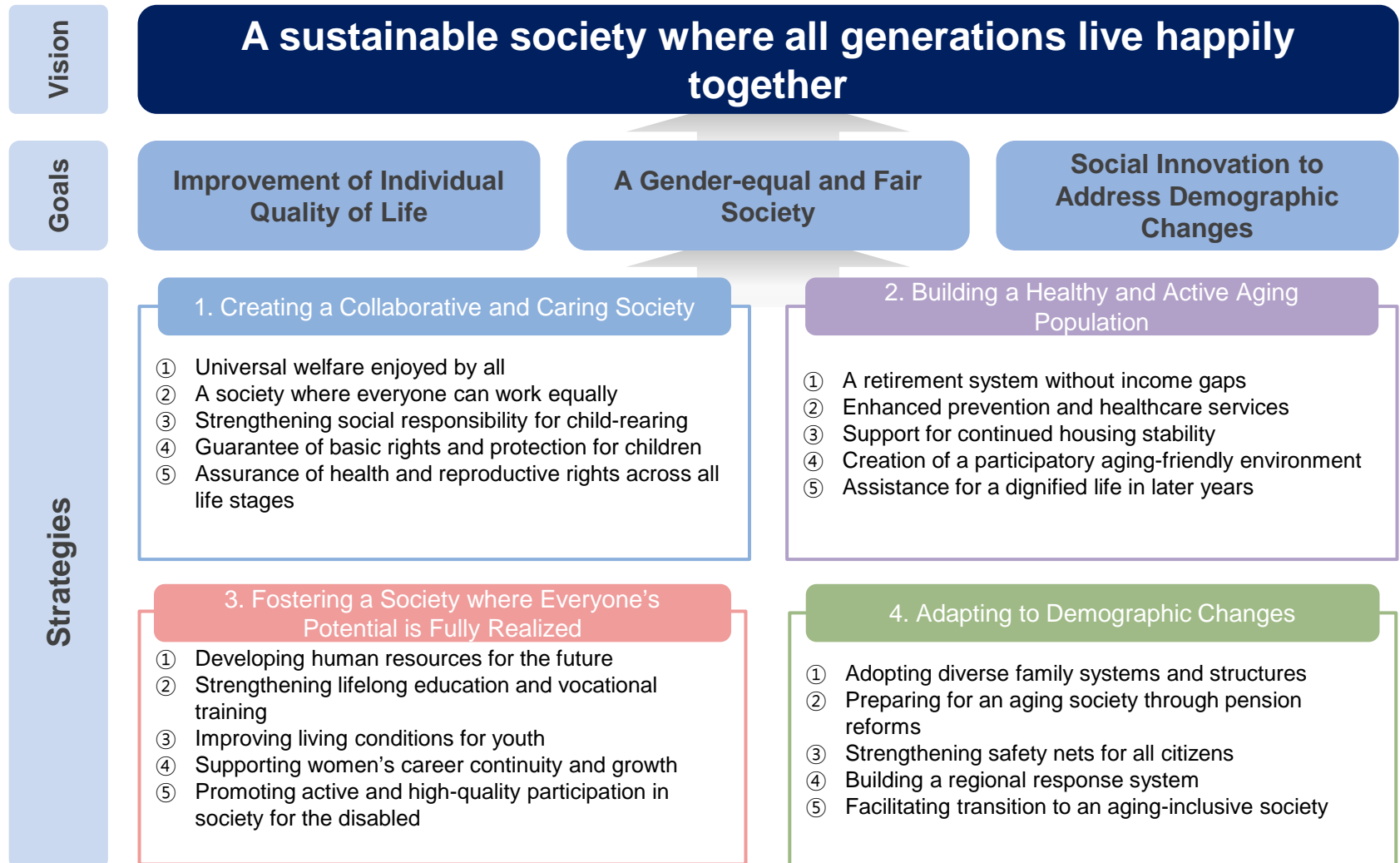


- **2004:** Formation of the Aging and Future Society Committee in February.
- **2005:** Enactment of the Basic Act on Low Birth Rate and Aging Society and the launch of the Low Birth Rate and Aging Society Committee.
- **2006:** Introduction of the 1st Basic Plan for Low Fertility and Aging Society.

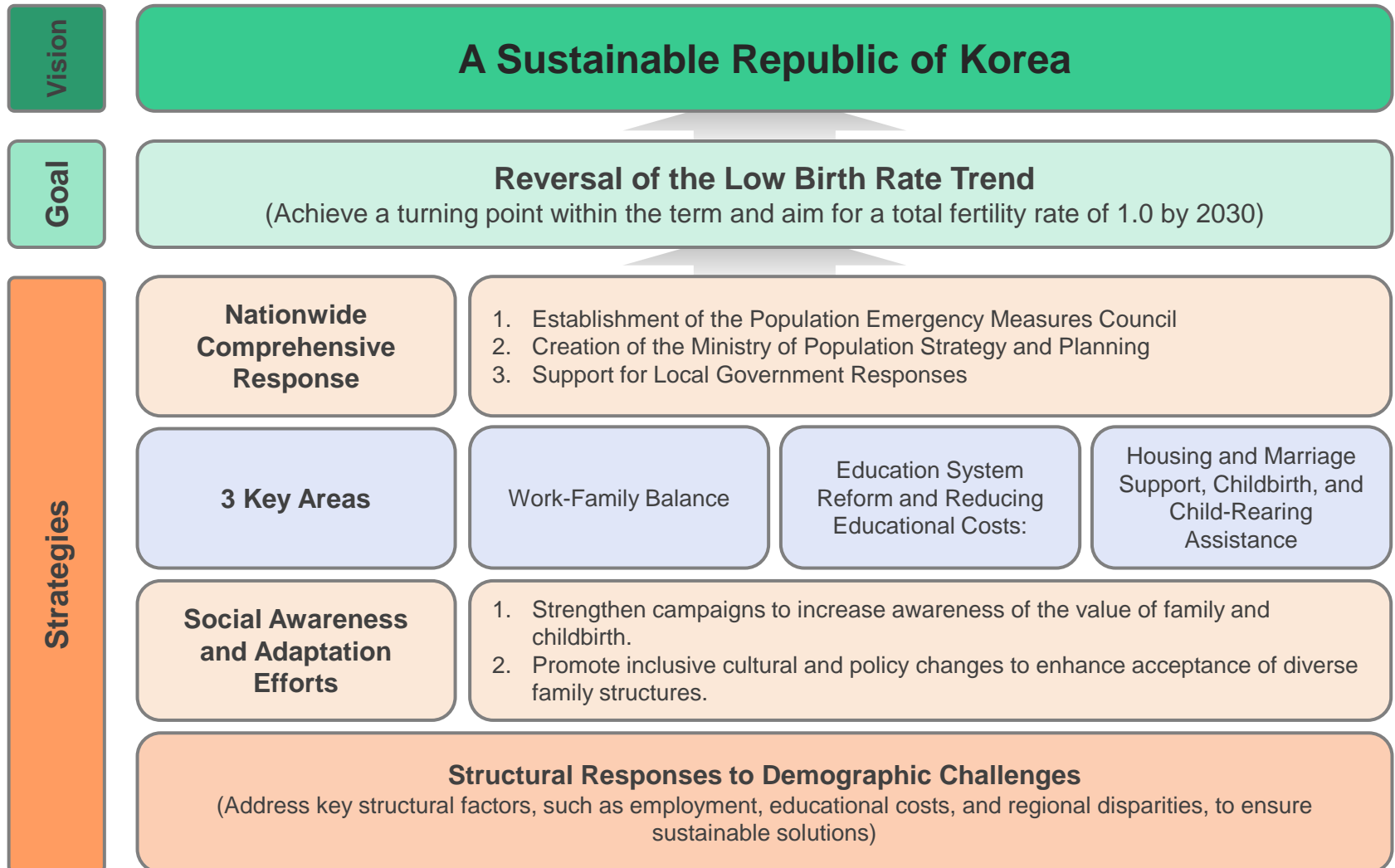
< FRAMEWORK ACT ON LOW BIRTH RATE IN AN AGING SOCIETY >

Chapter	Article	Contents
General Provisions		Purpose, Basic Principles, Definitions, Responsibilities of the State and Local Governments, Responsibilities of Citizens, Relationship to Other Statutes
Basic Direction of Policies on Low Birth Rates in an Aging Society	Measures against Low Birth Rates	Population Policies, Childbirth and Childcare, Improvement of Mother and Infant Health Care, Alleviation of Economic Burden
	Policies on Aging Society	Employment and Guarantee of Income, Enhancement of Health and Provision of Medical Services, Living Environment and Security, Encouragement of Leisure, Culture and Social Activities, Senior Citizens in Vulnerable Social Groups, Family Relations and Improvement of Intergenerational Understanding, Economy and Industry, Fostering of Age-Friendly Industries
Formulation and Implementation System of Policies on Low Birth Rates in Aging Society		Basic Plans on Low Birth Rates in Aging Society, Yearly Implementation Plans, Cooperation in Tasks, Committee on Low Birth Rates and Aging Society, Secretariat of Committee, Cooperation of Relevant Administrative Agencies, Reporting to National Assembly
Supplementary Provisions		Fostering Specialized Human Resources, Surveys and Research, Population Day, Activation of International Exchanges, Support

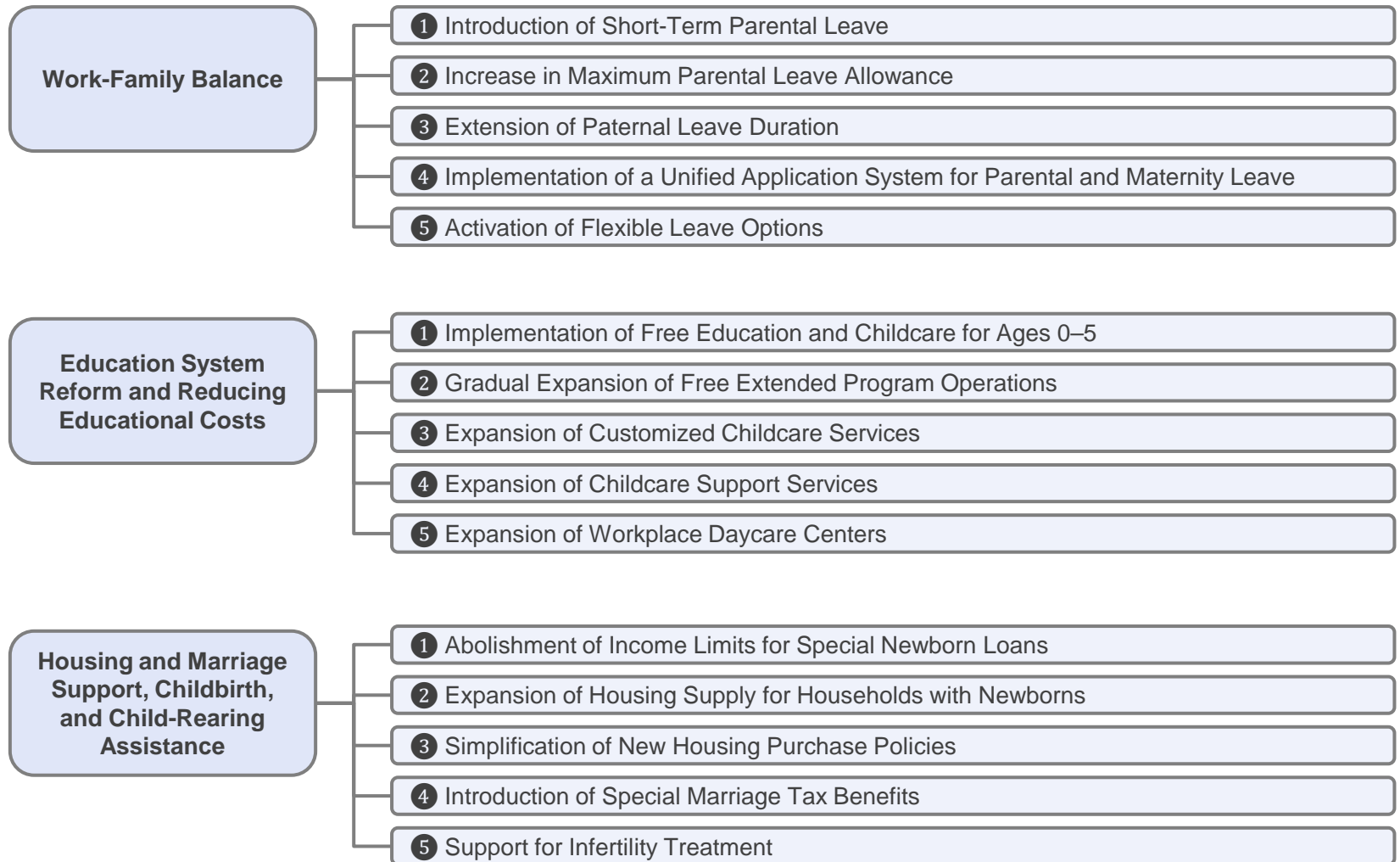
The 4th Basic Plan for Low Fertility and Aging Society (2021-2025)



Measures to Reverse the Decline in Birth Rates (June 19, 2024)



3 Key Areas and 15 Core Tasks



Next Step: Ministry of Population Strategy and Planning



Responsibilities

The ministry will oversee population policies, develop mid-to long-term strategies, and manage budget allocation to address low birth rates. It will also handle demographic issues, including workforce planning, immigration, and population aging.

Reporting structure

The ministry will operate under the deputy prime minister level, replacing the current Deputy Prime Minister for Social Affairs.

Functions

The ministry will assume responsibilities for demographic policies and national development strategies previously managed by the Ministry of Health and Welfare and the Ministry of Strategy and Finance. Welfare and the Ministry of Strategy and Finance.

Other changes

The Korean government also plans to reinstate the Minister of Political Affairs position to enhance communication with the National Assembly and political parties.

4 Challenges in Population Policy Implementation



Challenges of the Population Policy

Need to Secure Financial Resources

- To actively address the issue of the low birth rate, it is essential to secure stable financial resources.
- Contribute to the government and society by identifying financially sustainable policies to respond the challenges of the low birth rate.

**Review of the Introduction
of Special Accounting for
Low Birth Rate**

Adjustment of Existing Financial Resources

- It is necessary to identify existing projects with low relevance to the low birth rate issue and reallocate the budgetary resources to initiatives with higher policy effectiveness in addressing the low birth rate challenge.

**Budget Pre-Deliberation
System**

Center for Population Policy Evaluation

Key Responsibilities Overview

Evaluation	Existing System	Improvements and Expected Outcomes
In-depth Evaluation of Population Policies	(Newly Established)	Conduct quantitative evaluations for projects (or sectors) with significant impact Develop expenditure restructuring plans, including enhancing project performance and prioritizing investments within project sectors
Performance Evaluation of Central Government Initiatives	Collection and Analysis of Self-Evaluation Results	(No Change)
	(Newly Established)	(Implementation Plan Evaluation) Propose directions for improving performance indicators by considering their alignment with sector-specific policy tasks outlined in the master plan.
	(Newly Established)	(Performance Evaluation) Conduct performance-focused evaluations to enhance effectiveness and provide evaluation results to each ministry for integration into the following year's implementation plans and budget proposals.
Performance Evaluation of Local Government Initiatives	Collection and Analysis of Self-Evaluation Results at the Task Level	(No Change)
	(Newly Established)	(Performance Evaluation) Conduct thorough reviews of local governments' self-evaluation results and provide policy recommendations through expert groups.
	(Newly Established)	(Incentive Enhancement) Conduct a comprehensive analysis of implementation plans to identify top exemplary cases and provide incentives accordingly.
Evaluation of Mid- to Long-term Population Policies	(Newly Established)	(Public Awareness Survey) Analyze public awareness and perception of population policies at central and local government levels to enhance policy effectiveness.
	(Newly Established)	(Data-Driven Policy Monitoring) Monitor key performance indicators of population policies to analyze issues and propose policy improvement measures.