Low Fertility Rate and Policy Responses in Korea

2025. 1. 10.



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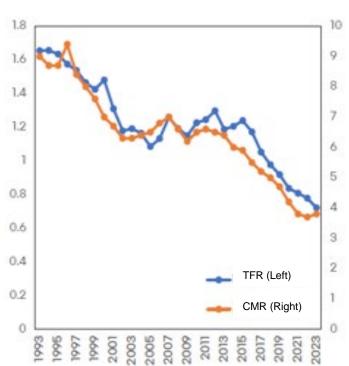
Population Projections for Korea



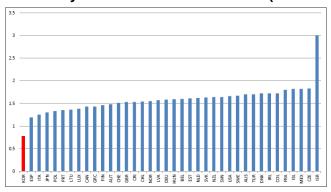
1) Dramatic Declines in Fertility Rate

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.

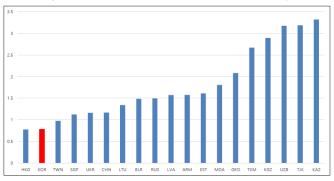
<Total fertility rate and Crude Marriage Rate (per 1,000 people)>



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



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



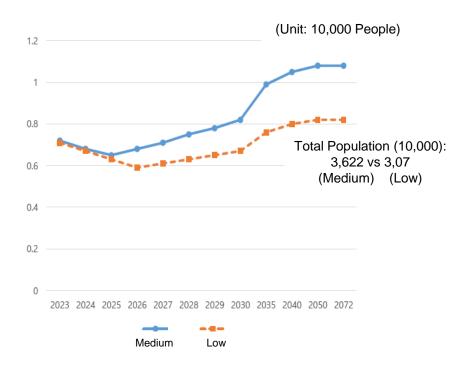
Data Source: Population and Housing Census, Statistics Korea.

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)

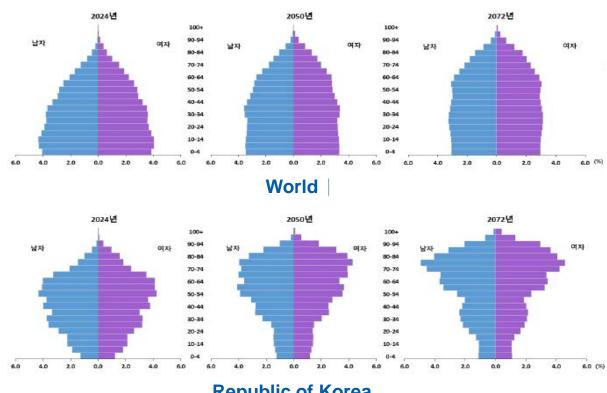
Over the next 50 years, ① Korea's working-age population will shrink from 70.2% to 45.8%, ② the elderly will grow from 19.2% to 47.7%, and ③ the youth will decline from 10.6% to 6.6%.

| | 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 an increased national welfare burden, a shrinking working-age population, and reduced investment caused by rapid societal aging.



Republic of Korea

Data Source: Statistics Korea.

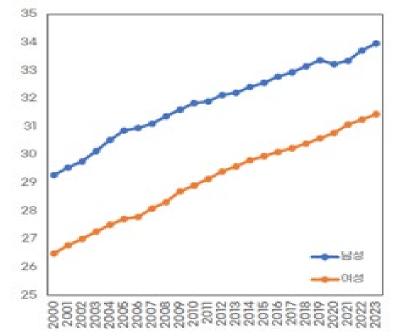
2 Factors Contributing to the Low Fertility Rate



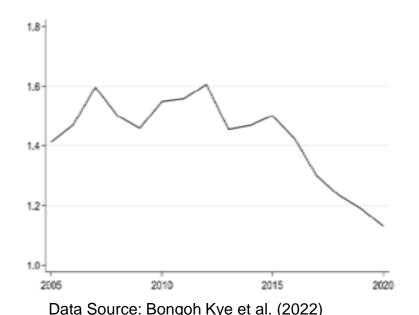
Factors of Low Fertility Rate

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 >



< Total Fertility Rate of Married Individuals >



Data Source: Population and Housing Census, Statistics Korea.

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 nonmarital 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.

Policy Response to Demographic Change



Aging Society and Population Policy









1st
Basic Plan for Low Fertility
and Aging Society

2nd
Basic Plan for Low Fertility
and Aging Society

3rd
Basic Plan for Low Fertility
and Aging Society

4th
Basic Plan for Low Fertility
and Aging Society

- > 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)

Vision

Goals

Improv

Improvement of Individual

Quality of Life

A Gender-equal and Fair Society

A sustainable society where all generations live happily

together

Social Innovation to Address Demographic Changes

1. Creating a Collaborative and Caring Society

- 1 Universal welfare enjoyed by all
- 2 A society where everyone can work equally
- 3 Strengthening social responsibility for child-rearing
- 4 Guarantee of basic rights and protection for children
- S Assurance of health and reproductive rights across all life stages

2. Building a Healthy and Active Aging Population

- A retirement system without income gaps
- ② Enhanced prevention and healthcare services
- 3 Support for continued housing stability
- ④ Creation of a participatory aging-friendly environment
- (5) Assistance for a dignified life in later years

Strategies

3. Fostering a Society where Everyone's Potential is Fully Realized

- Developing human resources for the future
- ② Strengthening lifelong education and vocational training
- ③ Improving living conditions for youth
- 4 Supporting women's career continuity and growth
- ⑤ Promoting active and high-quality participation in society for the disabled

4. Adapting to Demographic Changes

- ① Adopting diverse family systems and structures
- ② Preparing for an aging society through pension reforms
- 3 Strengthening safety nets for all citizens
- 4 Building a regional response system
- 5 Facilitating transition to an aging-inclusive society

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

Vision

A Sustainable Republic of Korea

Goal

Reversal of the Low Birth Rate Trend

(Achieve a turning point within the term and aim for a total fertility rate of 1.0 by 2030)

Nationwide Comprehensive Response 1. Establishment of the Population Emergency Measures Council

2. Creation of the Ministry of Population Strategy and Planning

3. Support for Local Government Responses

Strategies

3 Key Areas

Work-Family Balance

Education System
Reform and Reducing
Educational Costs:

Housing and Marriage Support, Childbirth, and Child-Rearing Assistance

Social Awareness and Adaptation Efforts

- Strengthen campaigns to increase awareness of the value of family and childbirth.
- 2. Promote inclusive cultural and policy changes to enhance acceptance of diverse family structures.

Structural Responses to Demographic Challenges

(Address key structural factors, such as employment, educational costs, and regional disparities, to ensure sustainable solutions)

3 Key Areas and 15 Core Tasks

Introduction of Short-Term Parental Leave 2 Increase in Maximum Parental Leave Allowance **Work-Family Balance** 3 Extension of Paternal Leave Duration 4 Implementation of a Unified Application System for Parental and Maternity Leave **5** Activation of Flexible Leave Options 1 Implementation of Free Education and Childcare for Ages 0-5 **Education System** 2 Gradual Expansion of Free Extended Program Operations **Reform and Reducing Educational Costs** 3 Expansion of Customized Childcare Services 4 Expansion of Childcare Support Services 5 Expansion of Workplace Daycare Centers 1 Abolishment of Income Limits for Special Newborn Loans **Housing and Marriage** Support, Childbirth, 2 Expansion of Housing Supply for Households with Newborns and Child-Rearing 3 Simplification of New Housing Purchase Policies Assistance 4 Introduction of Special Marriage Tax Benefits **5** Support for Infertility Treatment

Next Step: Ministry of Population Strategy and Planning



Responsibilities

The ministry will oversee population policies, develop midto 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.