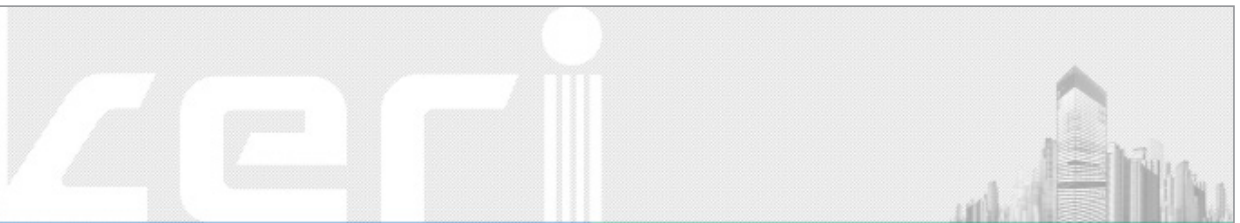


**Leading the Way,
Growing Together**

Shaping the Future Together
**: Lessons from Korea on Rethinking Policy
Paradigms for Fertility Recovery**

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KERI Korea Economic
Research Institute



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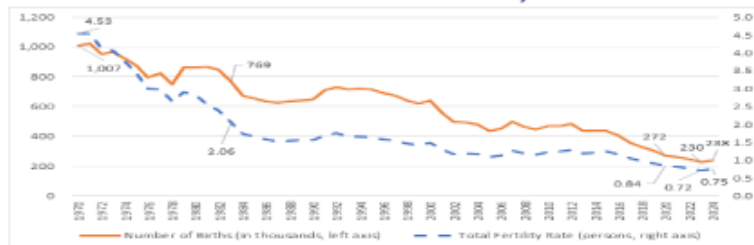
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Approximately Three-Quarters of Births Have Disappeared in Korea Compared to the 1970s

- **In the early 1970s, Korea recorded around 1 million births annually**
 - Since then, the number of births has shown fluctuations but has generally been on a downward trend.
 - In 1970, there were approximately 1 million births, and in 1991, the number was around 1.02 million.
- **The number of births in Korea in 2024 was approximately 240,000**
 - The steady decline in births since 1970 reached a new low of 238,000 in 2024.
 - This represents a reduction of about three-quarters compared to 1970.
- **The number of children aged 0 to 14 has also decreased by roughly 60%**
 - In 1970, the population of children aged 0 to 14 was about 13.71 million.
 - By 2024, this number had dropped to approximately 5.49 million – a decline of around 60%.

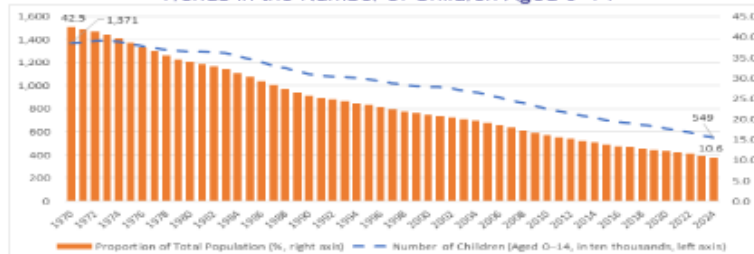


Trends in Births and Total Fertility Rate

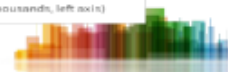


Source: KOSIS

Trends in the Number of Children Aged 0-14



Source: KOSIS



A Rebound in Korea's Total Fertility Rate in 2024?

- **In 2024, Korea's total fertility rate (TFR) rose slightly to 0.75.**
 - Since reaching 1.24 in 2015, the economy's TFR had continuously declined, reaching a record low of 0.72 in 2023.
 - The slight increase in 2024 marks the first rebound in nine years.
- **There is ongoing debate over the reasons behind this uptick**
 - Is it a temporary phenomenon driven by marriages and childbirths delays due to COVID-19 and other short-term factors?
 - Or is it an early sign of a more fundamental, long-term shift driven by changing social values and the effects of government policies?
- **Korea's population decline is expected to continue**
 - Korea still has the lowest fertility rate in the world
 - The rate remains far below the replacement fertility rate of 2.1

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The Correlation Between Marriage and Fertility Rates

- **One of the most notable features of the recent rebound in fertility rates is the increase in the number of marriages.**
 - Although the number of marriages had been declining steadily, the figure for 2023 surpassed that of 2021.
 - In 2024, the number of estimated marriages exceeded 220,000, marking an increase from the 2023 figure.
- **The rise in the number of marriages is a precursor to an increase in fertility rates.**
 - In Korea, as well as in other East Asian economies, births outside of marriage remain very rare, and there is a strong social norm that recognizes childbirth as legitimate only if it is within a marriage.
 - As of 2020, the proportion of births outside of marriage was only 2.5% in Korea and 2.4% in Japan, compared to the OECD average and EU average of 41.9%.

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The Correlation Between Marriage and Fertility Rates

- In Korea, there is a strong correlation between marriage rate and fertility rate.
 - An analysis using cross-regional data from 1993 to 2024 shows a high positive correlation (0.786, significant at the 1% level) between the crude marriage rate (number of marriages per 1,000 people) and the total fertility rate.
 - The correlation between the crude marriage rate from the previous year and the total fertility rate is even higher (0.797, also significant at the 1% level)



Comparison of Marriage Rates and Fertility Rates



Share of Births Outside of Marriage (%. 2020)



Policies that Encourage Marriage Need to be Strengthened

- **In Korea, marriage is effectively a prerequisite for childbirth**
 - Policies aimed at increasing the fertility rate – such as those supporting childcare and infertility treatment – will remain important.
 - New policies aimed at increasing the number of marriages and addressing delayed marriage issues need to be further strengthened.

- **Marriage support policies specific to age groups are necessary**
 - Among individuals aged 18–29 and 30–39, the main reasons that discourage marriage include unstable employment, housing insecurity, and the high cost of marriage.
 - For those aged 40–49, the primary discouraging factors to marriage include difficulties in finding a suitable partner and challenges in balancing work and family life.
 - Although marriage policies should be reinforced, it is essential to enhance their effectiveness by providing customized policy measures that address the distinct needs of each age group.



Factors Contributing to Negative Views on Marriage (%)



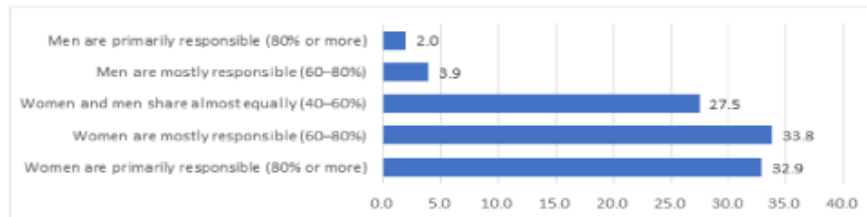
Source: KERI(2025)



The Role of Companies Is Crucial, but Their Circumstances Must Be Considered

- **Work–family balance is a central issue in both marriage and childbirth**
 - Women's participation in the labor market is increasing, as is their aspiration for career fulfillment.
 - However, childcare and housework have traditionally been considered the woman's responsibility, and such practices still persist today.

Division of Household Labor (%)



Source: KERI(2025)

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The Role of Companies Is Crucial, but Their Circumstances Must Be Considered

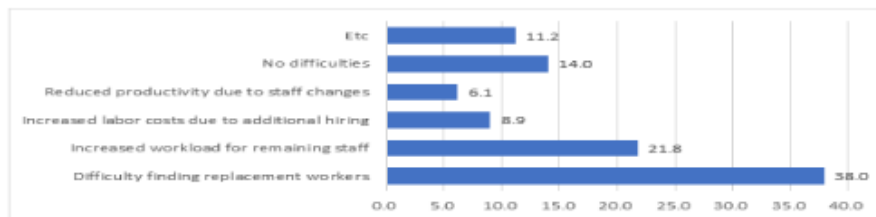
- **The growing attention on the role of companies in addressing low fertility**
 - The most critical issue for women in balancing work with marriage and childbirth is to establish a work–family balance.
 - Since the workplace is the primary setting for implementing work–family balance policies, the role of companies is seen as central to solving the low fertility crisis.
- **The role and extent of corporate engagement in promoting work–family balance vary significantly depending on each company's specific circumstances**
 - Large corporations have been proactive in establishing supportive measures such as parental leave, on-site childcare centers, childbirth incentives, and education subsidies for employees' children.
 - Small and medium-sized enterprises (SMEs) face practical challenges in implementing such systems.
 - It is difficult to hire substitute workers to cover for employees on parental leave.
 - The remaining staff members often have to take on additional workloads, making it difficult to fully utilize parental leave in practice.

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Challenges in Implementing Childbirth and Childcare Support Policies in the Workplace (%)



Source: KERI(2025)

Users of Paid Parental leave (Number of users/recipients per 100 live births)



Source: OECD

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Government Support and Regulatory Reform Are Essential : They need to address the demographic challenge while also boosting corporate productivity

- **Improving systems to secure substitute workers efficiently**
 - Develop structured pools of substitute workers tailored by occupation and region and strengthen linkages with private workforce platforms.
 - Provide partial wage subsidies for hiring substitute workers and simplify related administrative procedures.
 - Ease labor market regulations, such as the Act on the Protection, etc. of Temporary Agency Workers to allow companies to source temporary replacements through the market.
- **Promoting flexible work arrangements**
 - Extend the reference period for flexible and selective working hour systems to up to one year, aligning with the standards of major advanced economies.
 - Ease the implementation requirements by allowing agreements with employee representatives at the job or departmental level
- **Establishing incentives such as financial support and tax benefits to support the successful implementation of the system**

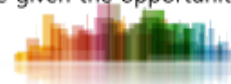
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Focusing Solely on Fertility Rates Has Become Meaningless, and Is a Failing Strategy

- **From the "3-po Generation" to the "N-po Generation" (*Po, meaning "letting go of" or "giving up")**
 - What is more concerning than the fertility rate itself is the difficult reality faced by the current generation.
 - Korean youth in their 20s and 30s were labeled the "3-po Generation" in the 2010s, a term referring to those who have given up on love, marriage, and childbirth.
 - Now, the term "N-po Generation" has emerged, reflecting the notion that they have had to abandon not only those three, but virtually all life opportunities—such as dreams, hope, homeownership, and relationships.
 - Young people are giving up on childbirth not because they don't want it, but because they are unable to realize their potential or build the life they desire.
- **The second principle of the International Conference on Population and Development (ICPD)**
 - The UN ICPD, held in Cairo, Egypt from September 5–13, 1994, outlined an important guiding principle: "Countries should ensure that all individuals are given the opportunity to make the most of their potential"

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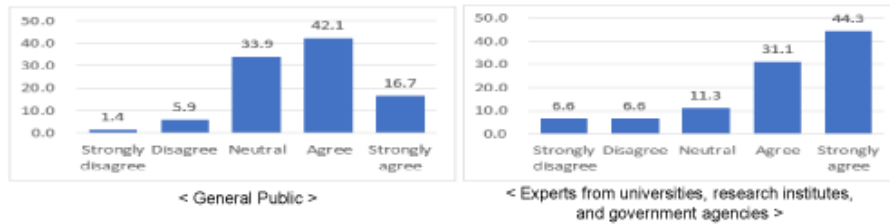
A Shift Toward a New Policy Paradigm for a Recovery in Fertility Rates

- **Building a "NOW" society where No One Is Wasted**
 - It is widely acknowledged that despite Korea's massive investment in fertility policies, their impact have been minimal.
 - Many experts point out that the declining fertility rate is a symptom of a failed economic and social institutional system.
 - Policy efforts should focus on building a "NOW" (No One is Wasted) society where individuals can fully realize their potential and no one is wasted in society.
 - Such a system would ultimately enhance individuals' quality of life, and as a result, the fertility rate would rise naturally over time.
- **Widespread support for a paradigm shift toward a NOW society**
 - Among the general public, 58.8% agree that there is a need for a paradigm shift in low birthrate policy, far outnumbering those who disagree – whose share is 7.3%.
 - Among experts, the consensus is stronger – 75.4% support the need for this transition.

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Perception Survey on the 'No One is Wasted (NOW)' Policy (%)



Source: KERI(2025)

- **Institutional reforms are urgently needed to establish a successful NOW society**
 - Lower labor market barriers : Enhance job matching services and support creation of quality jobs, particularly for vulnerable groups such as youth and women.
 - Strengthen the social safety net : Ensure that the socially disadvantaged are not left behind.
 - Provide individuals with opportunities to reach their full capabilities and potential : Expand access to personalized education and vocational training.

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A Shift Toward a New Policy Paradigm for a Recovery in Fertility Rates

- **Key roles of corporations in establishing a NOW society**
 - In a survey conducted among the general public and experts on the role of businesses in building a NOW society, both groups ranked the need for **flexible employment and work arrangements** as the highest priority.
 - **Job creation** was the next most frequently mentioned role, followed by **the utilization of diverse talent** and **the development of new technologies through innovation**.
- **Government's role in building a NOW society**
 - In the same survey, both the general public and experts were asked about the government's role in establishing a NOW society, and the most common response from both groups was the need to **build a solid legal and institutional foundation**.
 - This was followed by the need to **develop customized employment policies** and to **strengthen the social safety net and welfare system**.

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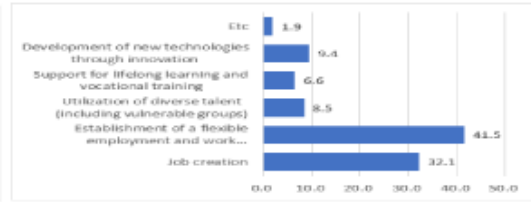
Toward a "No One is Wasted" (NOW) Society

Role of Corporations in building a NOW Society (%)



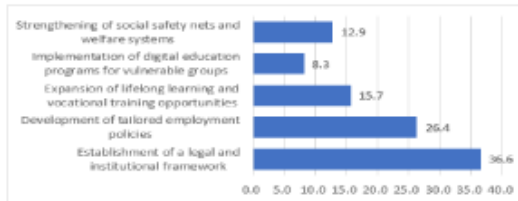
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Source: KERI(2025)



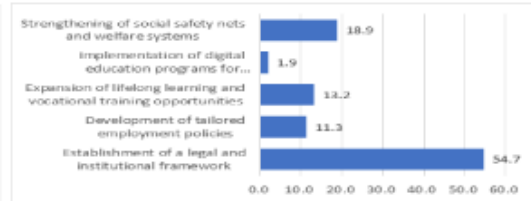
< Experts from universities, research institutes, and government agencies >

Role of Government in building a NOW Society (%)



< General Public >

Source: KERI(2025)



< Experts from universities, research institutes, and government agencies >

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Conclusion and APEC Cooperation Strategies

A New Policy Paradigm Is Needed to Overcome Low Fertility

- **As the global trend of low fertility intensifies, Korea continues to record the world's lowest fertility rates**
 - Given that Korea's total fertility rate is among the lowest in the world, its previous policy responses are widely regarded as insufficient.
- **To address the low fertility crisis, a shift in the policy paradigm is necessary**
 - While fertility-boosting policies remain in place, Korea must also strengthen efforts to boost marriage rates, considering its unique cultural norms regarding marriage and childbirth.
 - To enhance the role of companies in supporting work-family balance, government policy support should be designed so that implementation can enhance corporate productivity while also incentivizing corporate participation.
 - Ultimately, attention must be given to creating a NOW (No One is Wasted) society – where individuals can fully realize their potential and enjoy a high quality of life, making them both willing and able to have children.

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It Is Important for APEC Member Economies to Recognize Demographic Crisis as a Shared Challenge, and to Seek Solutions Together

- **One of the most urgent and common issues facing APEC member economies is demographic change from low birth rates**
 - Other APEC member economies are also recording low total fertility rates, such as Hong Kong, China (0.75 in 2023), Chinese Taipei (0.87 in 2023), Singapore (0.97 in 2023), and Japan (1.20 in 2023).
- **There is a need to recognize demographic change as a joint challenge and work together to seek solutions**
 - Identify and share successful cases of overcoming low fertility and population aging.
 - Establish joint research centers and promote collaborative projects.
 - Select areas of common interest among key discussion topics and initiate collective action among APEC member economies.
 - Gradually expand these efforts to strengthen cooperation among APEC member economies step by step.



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