



Commentaries on the Signature Project: "Addressing Labor Shortages Due to Low Birth Rates and Aging Population in the APEC Region"

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

Jin Sung Yoo

Senior Research Fellow, Korea Economic Research Institute (KERI) (Korea)

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SUMMARY

- In Korea and other East Asian economies the proportion of births outside of marriage is extremely low, and a societal norm exists that legitimizes childbirth only within marriage. Therefore, while existing policies aimed at promoting fertility through support for childcare and infertility treatments are important, it will be increasingly necessary to strengthen policies that address issues related to marriage and delayed marriage.
- Enhancing the role of businesses in work-life balance policies requires government support and institutional improvements. The government should promote reforms and incentive systems that not only help resolve the low fertility problem but also contribute to improving corporate productivity.
- If population policies continue to focus solely on fertility rate indicators, there is a high risk of repeated failure. Since the decline in fertility rates is a byproduct of failed economic and social systems, policy efforts must instead focus on building systems where individuals can fully realize their potential and where “no one is wasted” (NOW). A higher fertility rate will naturally follow once such a system is firmly established.

The vanishing children of Korea

In the early 1970s, Korea recorded approximately one million births annually, with a total fertility rate (TFR)¹ of around 4.5. The annual natural population increase exceeded 700,000 during this time. However, the number of births steadily declined thereafter, and the TFR fell alongside it. In 1983, Korea's TFR dropped below the replacement level of 2.1² for the first time and, by 2023, it had plummeted to 0.72. The number of births also dropped to approximately 230,000 in 2023. Compared to the one million annual births in the 1970s, about three-quarters of births have vanished.

¹ The average number of children a woman is expected to bear during her reproductive years (ages 15 to 49)

² The minimum total fertility rate required to maintain the current population level into the next generation

Korea experienced a slight rebound in the TFR in 2024. Since reaching 1.24 in 2015, the TFR had been on a continuous decline, bottoming out at 0.72 in 2023, but rose slightly to 0.75 in 2024. While this increase is not significant in scale, it is notable as the first rebound in nine years. Debates nonetheless continue as to whether this rebound is a temporary effect caused by delayed marriages and childbirths due to events such as COVID-19, or a sign of long-term structural change driven by shifting values and effective policies. This trend requires careful observation over time. Even with the rebound, Korea continues to have the one of the world's lowest fertility rates, far below the replacement level of 2.1, suggesting that the population decline will likely persist.

More marriages lead to higher birth rates

Among various possible factors contributing to this rebound, the most noticeable is the increase in the number of marriages. Although the number of marriages had been steadily declining, the number in 2023 surpassed that of 2021. It is estimated that the number of marriages exceeded 220,000 in 2024. An increase in marriages is often a precursor to a rise in fertility rates, as the two are closely related. In Korea and other East Asian societies, births outside of marriage are extremely rare, and there is a societal norm that recognizes childbirth only within marriage. According to OECD statistics, only 2.5% of births in Korea and 2.4% in Japan occurred outside of marriage in 2020, the lowest levels among surveyed economies (OECD and EU averages were approximately 41.9% and 41.1%, respectively). Thus, the correlation between marriage and childbirth in Korea is expected to be very high. In fact, an analysis³ of Korea's regional data from 1993 to 2024 revealed a strong positive correlation between the crude marriage rate (number of marriages per 1,000 people) and the TFR, with a correlation coefficient of 0.786. Furthermore, the positive correlation coefficient derived was found to be statistically highly reliable.⁴ When

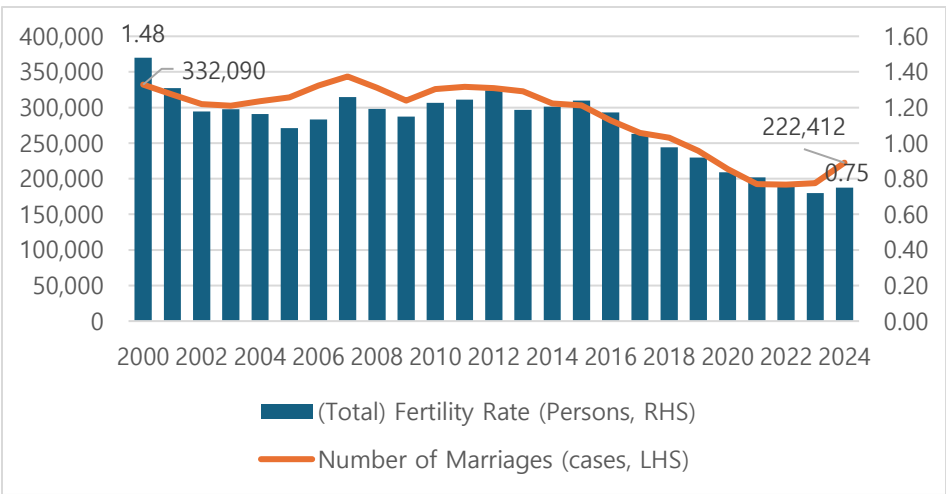
³ Calculated by the author using annual and regional data from Statistics Korea

⁴ The correlation coefficient is expressed as a number between -1 and 1, and the closer it is to 1, the more strongly the two variables move in the same direction. Therefore, a correlation coefficient of 0.786 can be considered a very strong positive correlation. In addition, the coefficient was found to be statistically significant at the 1% significance level.

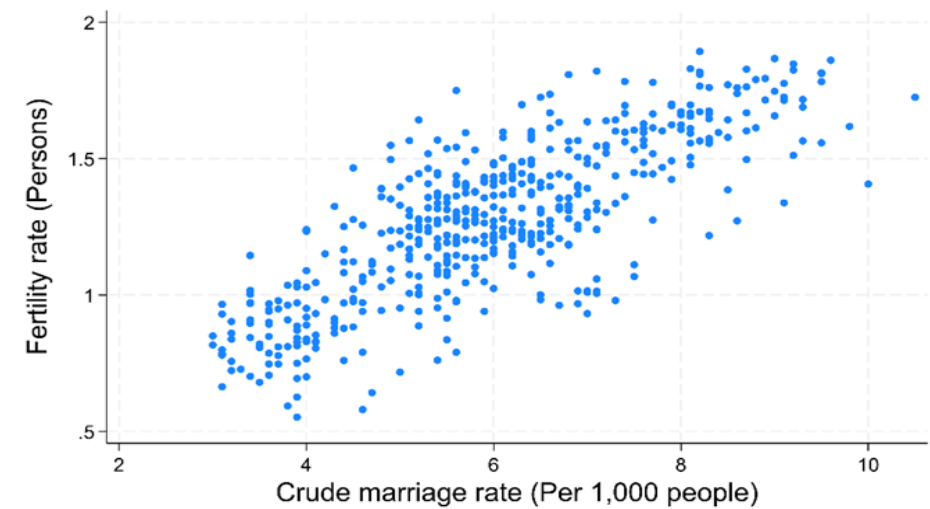
examining the correlation between the crude marriage rate of the previous year and the current TFR, the coefficient increased to 0.797.

Figure 1 Comparison of marriage rates and fertility rates

A. Number of marriages and fertility rates



B. Correlation between crude marriage rates and fertility rates



Sources: KOSIS, author's calculations

In Korea, marriage is virtually a prerequisite for childbirth. Therefore, while existing policies aimed at promoting fertility through support for childcare and infertility treatments are important, it will be increasingly necessary to strengthen policies that

address issues related to marriage and delayed marriage. To boost the marriage rate and address the trend of late marriages, policies tailored by age group are necessary. According to a 2025 survey by the Korea Economic Research Institute, the primary reasons for marriage skepticism among people in their 20s and 30s were unstable employment, housing costs, and marriage expenses. In contrast, people in their 40s and older cited difficulty finding a suitable partner. This indicates a need for age-specific marriage policy solutions.⁵

Enhancing corporate roles and policy tasks for work-family balance

Childcare in most Asian economies has traditionally been considered the mother's responsibility, and this practice continues today. In Korea, this is often referred to as the burden of "solo parenting" carried by women. However, as women's labor market participation and desire for meaningful work increase in modern society, work-family balance has become a central issue for both marriage and childbirth. Because such policies are primarily implemented in the workplace, the role of businesses is increasingly gaining attention.

The level of involvement and capability of businesses in supporting work-family balance varies greatly depending on company size and resources. Large corporations often implement various supportive policies such as parental leave, on-site childcare centers, childbirth incentives, and educational support for children. In contrast, small and medium-sized enterprises (SMEs) face real challenges in establishing these systems. For example, when an employee takes parental leave, it is often difficult to hire a replacement to cover his/her workload, making it necessary for remaining staff to take on additional duties and thus rendering the use of parental leave practically challenging. SMEs account for about 99% of all businesses and 81% of all workers in Korea. Therefore, creating a favorable environment for SMEs to adopt work-family balance measures is a crucial task. Furthermore, systemic improvements are needed to facilitate the use of various flexible

⁵ Yoo, J., D., Lim, and M., Yoo, "Two Lenses on Low Fertility and Population Aging: Perceptions of Experts and the General Public - A Survey-Based Study ", Korea Economic Research Institute, 2025.

work arrangements in large companies, enabling them to implement work-family balance policies more effectively.

In short, strong government support and institutional improvements are essential for enhancing the role of businesses in addressing the low birthrate issue. Additionally, policy directions should seek to improve systems and introduce incentive programs so that work-family balance policies not only help resolve the low birthrate problem but also contribute to improving corporate productivity. To support the smooth recruitment of substitute workers, the government should methodically organize pools of replacement workers by region and occupation and establish closer connections with private staffing platforms to facilitate quick matching. Additionally, institutional support such as subsidizing the labor costs of replacement workers and simplifying related administrative procedures is needed. Labor market regulations, such as those governing dispatch employment, should also be relaxed to allow for more flexible workforce arrangements. For the effective implementation of flexible work systems, the applicable period of flexible or selective work hours must be extended to one year, aligning with standards in other major developed economies. Also, the requirements for introducing flexible work arrangements should be relaxed to allow implementation when agreements are made with employee representatives at the job or department level.

Toward a “No One is Wasted” (NOW) society

According to many experts, focusing solely on the fertility rate itself in population policy has lost its effectiveness and is more likely to fail. More concerning than the birth rate itself is the reality faced by the current generation of young adults. Young Koreans in their 20s and 30s were once labeled the “3-po generation (the generation that gives up three things),” having given up on love, marriage, and childbirth. Now, the term “N-po Generation (the generation that gives up 'N' things)” has emerged, meaning that young people today feel they must give up nearly every opportunity in life, not just the original three. Many of them say there are so many things they cannot achieve within their lifetime that they end up giving up on various possibilities. Surveys of the N-po generation show that childbirth ranks low among the things they give up, meaning that it is because they are unable to realize their potential or achieve the life they desire that they ultimately give

up on having children.⁶

The second principle of the International Conference on Population and Development⁷ includes a vital message: “Countries should ensure that all individuals are given the opportunity to make the most of their potential.” Therefore, it is crucial that societies ensure that no one is wasted (NOW). NOW represents a new policy paradigm for restoring fertility rates by aiming to build societies in which individuals can fully realize their potential and feel both the desire and the ability to have children in an environment where quality of life is guaranteed.

As the global trends of low fertility and population aging continue, Korea is experiencing these changes more rapidly and with greater negative consequences. However, focusing population policy solely on boosting the fertility rate is likely to fail and lead to misguided decisions. The root cause of the declining fertility rate lies in the failure of economic and social systems. Therefore, policy efforts must focus on creating systems that allow individuals to reach their full potential, where no one is left behind. Ultimately, this approach will improve quality of life, and any increase in the fertility rate will follow naturally once such systems are in place.

To successfully promote a NOW society, related systems must be rapidly improved. First, barriers to labor market entry must be reduced through better job matching services for youth and women and support for the creation of quality jobs. Second, the social safety net must be reinforced by closing blind spots in the National Basic Livelihood Security System and expanding customized support for vulnerable populations. Third, tailored education and vocational training programs should be established for out-of-school youth, helping them develop their capabilities and realize

⁶ Gietel-Basten, Stuart, "Rethinking Korean Population Policy", The Impacts and Challenges of Low Birth Rates and Aging Populations, International Seminar, The Federation of Korean Industries (Korea Economic Research Institute), 2024.

⁷ Held under the auspices of the United Nations in Cairo, Egypt, from September 5 to 13, 1994, the conference stated in its second principle: “Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature. People are the most important and valuable resource of any nation. Countries should ensure that all individuals are given the opportunity to make the most of their potential. They have the right to an adequate standard of living for themselves and their families, including adequate food, clothing, housing, water and sanitation.”

their potential.⁸

Conclusion and APEC cooperation strategies

The low fertility trend is deepening globally, with Korea's TFR remaining among the lowest in the world. Despite the 280 trillion KRW spent over the past 16 years to address low fertility and population aging, the TFR has not improved significantly, indicating that current policies remain inadequate.

It is thus necessary to move away from conventional policy perspectives and seek a new paradigm for overcoming low fertility. While policies aimed at raising the fertility rate remain important, the strong link between marriage and childbirth in Korea's case suggests the need to strengthen policies aimed at increasing the marriage rate. Considering that the most important policy for increasing the birth rate is the work-family balance policy, it is also necessary to establish policy support measures that can enhance the role of businesses in the workplaces where these policies are implemented. These measures should help improve corporate productivity and increase incentives for companies to participate. Moreover, future policies should not focus solely on fertility metrics but rather aim to create a society where people can fully realize their potential and enjoy a high quality of life (i.e., a NOW society). In such a society, people will want to have children – and will be able to do so.

Although Korea's TFR remains among the lowest in the world, other APEC member economies 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) are also reporting very low fertility rates. The population changes driven by low fertility and aging are among the most urgent common challenges facing APEC member economies, especially in East Asia. Therefore, it is important for APEC members to recognize demographic shifts caused by low birth rates and aging as a shared issue and work together to find solutions.

This will necessitate identifying and sharing successful cases of overcoming low

⁸ Yoo, J., D., Lim, and M., Yoo, "Two Lenses on Low Fertility and Population Aging: Perceptions of Experts and the General Public - A Survey-Based Study ", Korea Economic Research Institute, 2025.

fertility and population aging, establishing joint research centers, and promoting collaborative projects so that APEC member economies can respond to these challenges together. Common areas of interest should be selected among key discussion topics to establish starting points for joint action among APEC members, and cooperation should be gradually expanded and strengthened.