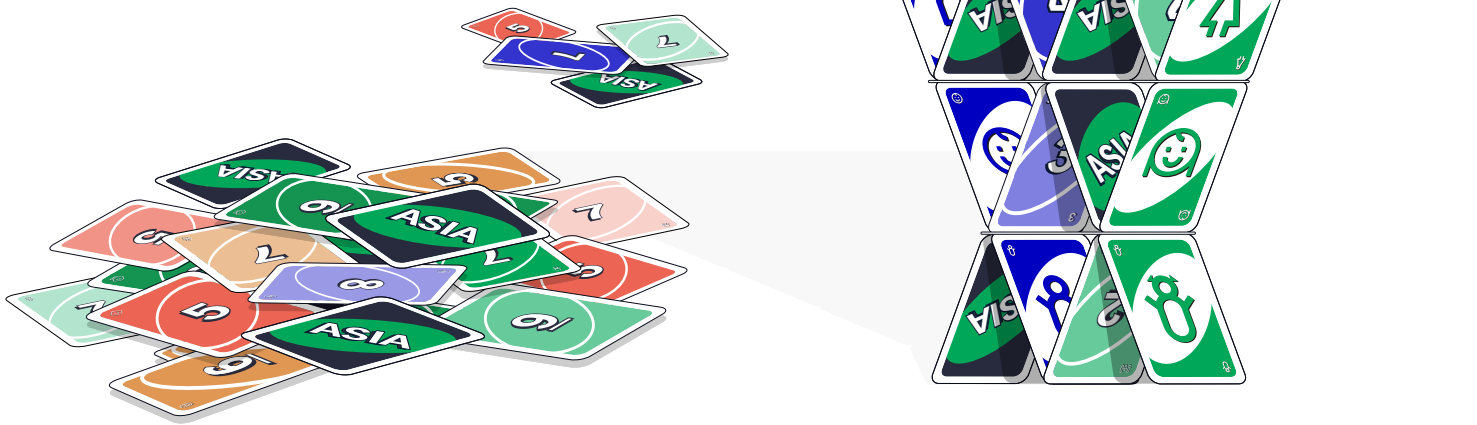


Why demographic change requires a new set of cards

Decreasing birth rates are shining a light on Asia's economic sustainability. In response, many governments are considering incentives to encourage larger families. These evolving policies will be vitally important, as the region looks to sustain a fast-greying population. Asia's demographic trends may be broadly consistent, but different factors are in play depending on the birth rates and population goals in individual countries or markets.



Here are some interesting demographic numbers.



-0.5 Japan

The need to reverse Japan's falling fertility rate

In 2020, there was another dip in Japan's fertility rate to 1.34 (around 0.5 below the government's target of 1.8 by 2025), which is among the lowest in the world. This ongoing weakness only adds to existing concerns about the damage this decline is having on the economy.



13% Thailand

Thailand's shrinking workforce

Thailand's population is ageing rapidly, and the trend shows no sign of abating. The number of people aged 65 or older is projected to rise from 13% at present to 31% in 2060. Should this increase prove accurate, it could cut 0.86% from the country's economic growth in the 2020s.



2=SGD 31,000 Singapore

Improved baby bonus in Singapore

Among the steps being taken in Singapore to halt a decreasing fertility rate is an increase in the baby bonus paid by the government on the birth of a second child. Eligible couples receive a cash gift and a development account that parents can match dollar for dollar. This account can be used to fund the child's education and healthcare expenses. The terms of these payments were enhanced to as much as SGD 31,000 in 2021 as an incentive for families to have two children.



12 million China

China now allows three-children families

Census data in China showed that around 12 million babies were born in 2020, a notable fall from 18 million in 2016. Of greater concern is the fact that it was the lowest number of births recorded since the 1960s. Some observers believe that the main deterrent is the high cost of raising children in cities. Nevertheless, some people have decided to give birth a second time, and a further policy change targets this group. In May 2021, China increased the permitted number of children to three.



2 India

India looking to limit childbirth rates

India's two most populous states have taken steps to ensure that families have no more than two children. In its largest state, Uttar Pradesh, where population density is more than double the country's average, the state government is proposing legislation that would mean couples with more than two children would be denied benefits or subsidies. What's more, they would be prevented from working for the local authority. A range of incentives is available to couples who sign up for sterilisation, including financial assistance to help buy or build a home.



3 Indonesia

Indonesia seeks birth reductions

Similarly, Indonesia also sees growth in its population. At present, the fertility rate is three children per woman. The government wants to bring that number down to an average of 2.1 by 2025. In response, the authorities are looking at measures that will reduce current numbers. These include family planning initiatives and improved contraception, as well as encouraging people to delay marriage until later in life.