

Population Ageing in East and North-East Asia and Its Implications for Sustainable Development

Introduction

The East and North-East Asian subregion is home to a large number of older persons. Within the Asia-Pacific region, ENEA accounted for 56% of all the older persons (65+ years) in 2010. In the world, East and North-East Asia (ENEA) accounted for 32%¹. In addition, the speed and scale of population ageing in ENEA is unprecedented in human history. For example, the percentage of older persons in France grew from 7% to 20% in approximately 150 years. However, the same demographic shift occurred in Japan in mere 40 years, and it is projected to occur in 35 and 30 years in China and the Republic of Korea respectively. The number of older persons in the subregion is expected to increase from 190 million in 2015 to more than 300 million in 2030. By 2030, which is the target year of the Sustainable Development Goals (SDGs), one in six persons in ENEA will be 65 years old and above.

Impact of population ageing on SDGs

Increase in inequality and relative poverty (SDGs 1, 5 and 10): Even though ENEA subregion has been ahead of other parts of the Asia-Pacific in reducing poverty rate and continues to be the economic powerhouse of the region and the world, the subregion is facing a number of new challenges of rising poverty and widening socio-economic inequalities among the elderly population. Poverty rate (relative poverty) among older persons 65 years and above in Japan is 19.4% and in the Republic of Korea is 49.6%, while OECD average is 12.4% in 2014.² In addition, it is worth noting that old-age poverty is disproportionately severe for women than men. In Japan, relative poverty is more rampant among elderly women than other population segments. Since there are more female elderly than male elderly in all of ENEA countries, feminization of

poverty in old age, calling for targeted policy responses, is a major issue.

Increasing pressure on public expenditure (SDGs 1 and 10, especially 1.3 and 10.4): The table below shows the projected increases in age-related spending for China, Japan and the Republic of Korea, comprising pension, healthcare, long-term care and unemployment benefits. It indicates that, by 2050, all three countries are likely to experience considerable increases in public expenditure to support the ageing population. Japan's pension spending at around 10% of GDP is already above the OECD average of 7.8% and will continue to grow over time. The greatest increase in age-related spending is expected in the Republic of Korea due to the rate and severity of change in its old-age support ratio.

	2010	2020 (f)	2030 (f)	2040 (f)	2050 (f)
China	5.4	7.6	10.5	12.7	15.1
Japan	18.2	19.2	19.3	20.4	21.3
Republic of Korea	6.6	9.9	15.0	21.2	27.4

(Source: Standard and Poors, 2013)³

It is necessary for governments to institute a sustainable pension system which provides viable pension benefits to all older persons. Instituting such a system with limited financial resources in the government is challenging enough, but amending an existing system is not any easier as it involves thorny questions of inequality between different generations, as well as a more philosophical /ideological question of who should support whom in a society. To cover the increasing cost, gradual tax hikes (e.g. in Value Added Tax and/or Income Tax) are being implemented in Japan. However, its long-term effects and

¹ These data, as well as all subsequent demographic data in this document, are calculated from the data available in the online database "World Population Prospects, the 2015 Revision" (<http://esa.un.org/unpd/wpp>), accessed on 12 August 2015.

² OECD (2015), "Pension at a Glance". Also see OECD Stats at stats.oecd.org.

³ Standard and Poors (2013), "Global Aging 2013: Rising to the Challenge"

to what extent it can help to make social protection schemes financially sustainable is still being debated.

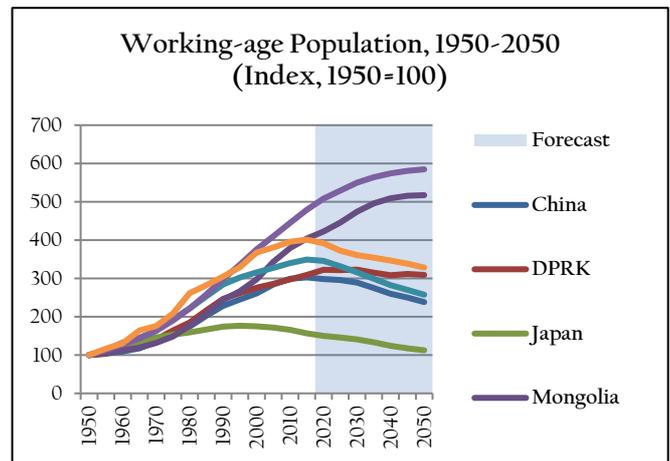
Vulnerability of older persons in emergencies/disasters (SDGs 1 and 11, especially 1.5 and 11.5): Asia-Pacific region is known for high incidences of natural disasters in the world, and the ENEA subregion is no exception. The disproportionate vulnerability of older persons in disasters has been well-known, and data from the 2011 Great East Japan Earthquake and Tsunami showed that 90% of a total of 1,263 deaths (among those who survived the tsunami) were of older persons aged 70 and above (in the 3 prefectures of Iwate, Miyagi, and Fukushima)⁴. Inclusion of older persons in DRR planning and evacuation drills is being implemented in certain communities/municipalities in Japan, and their experiences need to be shared with other disaster-prone communities in ENEA and beyond.

Unmet needs of long-term care of older persons (SDG 3): Longevity is a cause for celebration, but who should take care of older persons has become a pressing question for many ENEA countries. Children do not always live nearby their ageing parents, forcing the increase of elderly-only households and fuelling a number of social tensions. In Japan, there are increasing cases of a productive worker in the prime of his/her career having to quit work in order to take care of an ageing parent, due to the lack of reliable long-term care services/facilities. In Japan and the Republic of Korea, it has become a social phenomenon that older persons die alone without anyone else knowing and being discovered months after their deaths. ENEA governments have been exploring the optimal arrangement for taking care of the increasing older persons. The general understanding is that the responsibility cannot be borne by the government alone, and that the division of labour among government (central and local), family, and community (friends, acquaintances and volunteers living nearby) would be necessary. In China, since 2013, a law requires children to visit their ageing parents on a regular basis to take care of them. The exact model(s) for sharing the responsibility is still being explored at the national and community levels.

Heightened gender inequality in old age (SDG 5): First of all, population ageing aside, the ENEA subregion does poorly on gender equality in the world. In the Global Gender Gap Index 2015 produced by the World Economic Forum⁵, Mongolia comes at the highest ranking among the ENEA countries (no data for DPRK) at the 56th, followed

by Russia at 75th, China at 91st, Japan at 101st, and the Republic of Korea at 115th. Gender wage gap in the Republic of Korea and Japan are among the widest in OECD countries, and in many ENEA countries, political representation of women is low, as seen in the under-representation of women in the parliament. These markers of gender inequality carry their effects into the old age, resulting in economic and social vulnerability of older women, compared to older men. Effective policy responses are needed for gender equality in ENEA countries, in order to achieve SDG 5, taking into account that in all of ENEA countries, there are more older women than older men and that older women are disproportionately poorer than older men.

Shrinking labour force (SDG 8): As seen in the figure below, the subregional economies will start to have a declining working-age population after 2020, with the exception of Mongolia. In comparison, the working-age population in four ASEAN countries (Indonesia, Malaysia, Philippines and Thailand) will continue to grow until 2050.



(Source: UNDESA, Population Division)

One policy option is to increase the labour participation of women and older persons, and this is the direction Japan has taken. It enacted measures to increase women’s employment and laws for older persons to stay active in the labour force. However, their tangible effects on the economy and society are yet to be seen. In addition, data from Japan show that there are more older persons who are willing to work than the jobs available to them.

Studies from the Republic of Korea suggest that older persons would like to work in order to supplement their pension income, but finding economically viable work was not easy for them. Further policy responses to allow older persons to stay in the labour force, if they so choose, would be necessary.

⁴ Data from the “Final Report on the Disaster-related Deaths” by the Reconstruction Agency of Japan (21 August 2012) and “Mainichi Newspaper Japan” (22 August 2012), presented by Ms. Miyazaki, AAR Japan, at the Expert Group Meeting on DRR, held in Sendai on 30 September 2013. The 1,263 deaths were disaster-related deaths among those who survived the tsunami.

⁵ Based on national gender gaps on economic, political, education and health criteria. Available at <http://reports.weforum.org/global-gender-gap-report-2015>.

Lack of age-friendly living environment (SDGs II and 16): In order to ensure healthy life for older persons, not only long-term care, but also age-friendly living environment is necessary. This includes “hard” infrastructure and services such as transportation, building and housing design, product designs, and various assistive technologies/devices. “Soft” infrastructures, including avenues for older persons’ participation in social, economic, and political life, are just as indispensable for vibrant ageing societies. For age-friendly living environment, “ageism”, or age-based discrimination needs to be addressed. Negative image of ageing needs to be replaced by a positive one in recognition of the wisdom, dignity, productivity and other important contributions of older persons to society and individuals around them. An age-friendly, inclusive society would allow older persons to lead active lives, instead of reducing them to passive beneficiaries of social welfare.

Conclusion

If things go as they currently stand, the issues highlighted above will negatively affect the achievement of SDGs in the ENEA subregion. ENEA countries would need to firmly take into account the expected impacts of population ageing and start instituting effective *and innovative* policies at the earliest possible, as they are in a unique position in the world to pave the path towards sustainable development that no other societies in human history have previously done. Population ageing being the global trend and affecting every country in the world, ENEA countries’ experiences could offer useful suggestions for other countries in Asia-Pacific and in the world as they follow ENEA in their own population ageing processes.

The ENEA Policy Briefs aim at providing a subregional-level review on common challenges and opportunities, and generating forward-looking discussions among key stakeholders. The views and options expressed in the briefs are the author’s own and do not necessarily reflect the official policy of the UN. ESCAP East and North-East Asia Office welcomes proposals from officials and experts for the Briefs. For further information, please contact the Office (escap-sroenea-registry@un.org).

This issue is prepared by Li Zhou, Associate Social Affairs Officer, ESCAP East and North-East Asia Office, and issued without formal editing.



UNESCAP_ENEA



@UN_EastAsia



escap-sroenea-registry@un.org



<http://enea.unescap.org>

United Nations ESCAP
East and North-East Asia Office
7th Fl. G-Tower, Art center-daero
Yeonsu-gu, Incheon
Republic of Korea
Tel: +82-32-458-6600
Fax: +82-32-458-6699