



The Total Fertility Rate in 2020 and Its Policy Implications

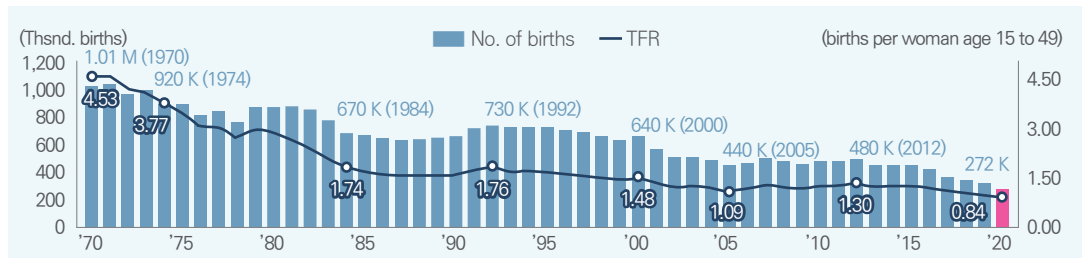
Analyst Kim Gyeongsoo

Population and Strategy Analysis Division, Economic Analysis Department

The Total Fertility Rate in 2020

- According to the *Preliminary Results of Birth and Death Statistics in 2020* released by Statistics Korea, the total fertility rate (TFR)¹⁾ was 0.84 and the total number of births was 272,000, both reaching an all-time record low.
 - The TFR dropped by 0.08 from the previous year's 0.92, staying under the 1.0 mark for the third consecutive year.
 - The number of total births fell by 30,300 from the previous year's 303,000 (-10%), by 134,000 from 2016, and by 199,000 from 2011.

[Figure 1] The Trend of the TFR and the Number of Birth by Year

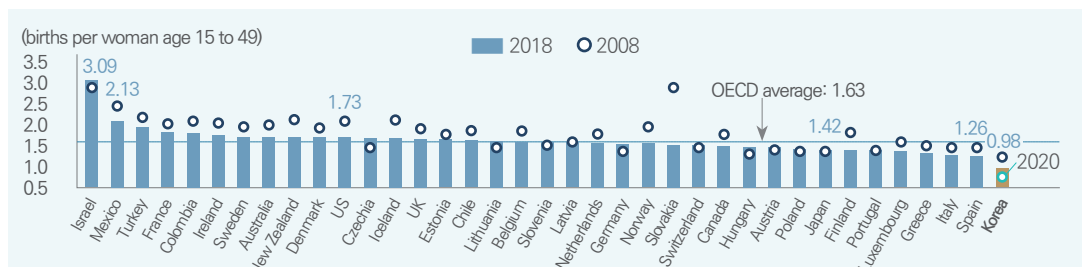


Note: The data for 2020 is preliminary.

Source: Statistics Korea, 2021. *Preliminary Results of Birth and Death Statistics in 2020*.

- Korea's TFR is the lowest among those of OECD member countries and is declining at the fastest rate.
 - It was 0.98 in 2018, leaving Korea the only OECD country under the 1.0 mark.
 - The Korean TFR decreased by 3.48 between 1970 and 2018, which was the second-largest drop among OECD countries following Mexico.

[Figure 2] Comparison of the TFRs of OECD Member Countries (2008, 2018)



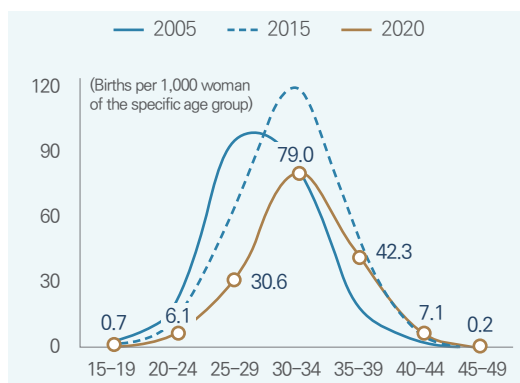
Source: Statistics Korea, 2021. *Preliminary Results of Birth and Death Statistics in 2020*.

1) The TFR represents the average number of children a woman aged 15 to 49 would potentially give birth to in her lifetime.

The Causes of the Persistent Lowest-low Fertility

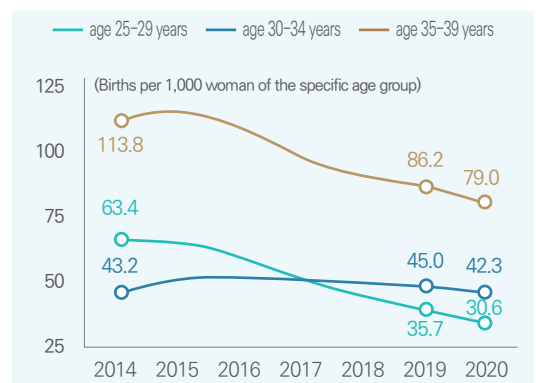
- There are three recently suggested causes of the persistent lowest-low fertility: demographic factors, socioeconomic factors, and changes in culture and values on marriage and childbirth.
 - (Demographic factors) People are getting married later in life and the age at first birth is increasing, pushing up the primary childbearing age. This has further pushed down the fertility rate of women at primary childbearing age and has caused a population decrease.²⁾
 - The mean age at first marriage in South Korea (2001 → 2019): Male median age 29.6 → 33.4, female median age 26.8 → 30.6
 - The age group of primary childbearers (2005 → 2015): 25–29 → 30–34
 - The fertility rate of women at primary childbearing age (30–34) (2014 → 2020): 113.8 → 79.0

[Figure 3] Age-Specific Fertility Rates (2005, 2015, 2020)



Source: Statistics Korea, 2021. Preliminary Results of Birth and Death Statistics in 2020.

[Figure 4] Fertility Rates of primary Age-Groups (2014–2020)



Source: Statistics Korea, 2021. Preliminary Results of Birth and Death Statistics in 2020.

- (Socioeconomic factors) Young people are delaying marriage due to increasing employment instability and housing prices and are postponing childbirth in the fear of career disruption caused by work-life imbalances and the lack of childcare infrastructure.³⁾
- (Changes in culture and values on marriage and childbirth) The overall fertility rate in Korea decreased because more young people prefer staying single and fewer people believe they need children.⁴⁾
 - The percentage of people who think marriage is important (2010 → 2020): 64.7% → 51.2%
 - The percentage of people in their 20s who think they need children (2018 → 2020): 51.5% → 47.5%

The Necessity of TFR Rebound

- The TFR rebound is pivotal for the sustainable growth of South Korea. Other countries that have experienced low fertility rates but have successfully made a rebound will be good references.
 - The size of a population is the most important input factor and production factor of mid- to long-term economic growth. The scale and timing of a population decrease may affect the country's economic growth rate.
 - If the TFR continues to drop, a sizable population decrease is inevitable in the future.
 - According to the NABO, the population of Korea is expected to decrease from 50.02 million in 2020 to 47.17 million in 2040, an overall decreased of 2.85 million in the scenario where the TFR becomes 0.73 by 2040.⁵⁾

2) National Assembly Budget Office, 2018. The Cause and Economic Impact of the Low Birth Rate in South Korea. *Analysis of Current Economic Issues, Vol. 94.*

3) The Presidential Committee on Ageing Society and Population Policy, 2020. *The Fourth Basic Plan on Low Fertility and Ageing Society: 2021–2025.*

4) Statistics Korea, 2021. *Social Indicators in Korea 2020.*

5) National Assembly Budget Office, 2021. Population Projections for Korea: 2020–2040. *Analysis of Current Economic Issues, Vol. 100.*

[Figure 5] The TFR Trend in Major OECD Member Countries and Their Main Policies

Country	The TFR Trend (births per woman age 15 to 49)	Main Policies
France	<p>1960 1970 1980 1990 2000 2010 2018</p> <ul style="list-style-type: none"> • Increased from 1.66 in 1994 to 2.02 in 2010. 	<p>Establishing gender equality infrastructure, embracing various family structures</p> <ul style="list-style-type: none"> • Since the mid-1970s, seven different family allowance programs have been created (childcare allowance, etc.). • Public spending on children and families has been expanded (To 4% of its 2009 GDP). • With the Civil Solidarity Pact (1999), unmarried couples living together can enjoy the same social security benefits as married couples. • Discrimination against non-marital children was outlawed in 2006.
Sweden	<p>1960 1970 1980 1990 2000 2010 2018</p> <ul style="list-style-type: none"> • Increased from 1.6 in 1980 to 2.14 in 1990. • Increased from 1.5 in 2000 to 1.98 in 2010. 	<p>Creating family policies to increase gender equality</p> <ul style="list-style-type: none"> • Parental Leave Insurance (1974): provides parents with 80% of their income for 12 months of leave-taking. • Reserved Paternity Leave (2002): Of the 480 days of parental leave afforded to families, 90 days are reserved for the dad. • Child allowance has been increased (from 10% of the average wage in 1965 to 15% in 1985) and large family supplement are now provided.
Germany	<p>1960 1970 1980 1990 2000 2010 2018</p> <ul style="list-style-type: none"> • Increased from 1.24 in 1994 to 1.59 in 2016. 	<p>Implementing comprehensive family policies since 2000</p> <ul style="list-style-type: none"> • Effective financial support for families and helping citizens secure enough time with their families. • Parental Leave Benefit (2007): grants 67% of double-income parents' previous income. • Expansion of nurseries and active immigration policy to attract professionals in general.
Japan	<p>1960 1970 1980 1990 2000 2010 2018</p> <ul style="list-style-type: none"> • Increased from 1.26 in 2005 to 1.45 in 2015. 	<p>Improving the environment for a better work-life balance (the Angel Plan (1995), the Vision for Children and Childcare plan (2010-2014))</p> <ul style="list-style-type: none"> • Quantitative expansion of childcare, parental/childcare/care leave systems, and child allowances. • Launching new child care services and expanding the programs.

Source: Reproduced by NABO using the OECD Family Database (2020).

Examples of a TFR Rebound in Foreign Countries

- **Many major OECD countries that experienced industrialization and aging society before Korea also saw a sudden drop in the TFR. However, since the 2000s, the rates are recovering (refer to Figure 5).**
 - In most countries, the TFR declined after industrialization. In some countries, however, the decline did not continue and made a rebound.
 - France and Sweden recorded the lowest TFRs in the 1990s (1.5–1.6), but the rates started to rebound and recovered to 1.7–2.0 in the 2000s.
 - Germany’s TFR went from 1.24 in 1994 to 1.59 in 2016, and that of Japan moved from 1.24 in 2005 to 1.46 in 2015.

- **France, Sweden, and Germany all witnessed the recovery of their TFRs thanks to bold family and immigration policies based on embracing various forms of families and pursuing practical gender equality.⁶⁾**
 - Since the 1970s, France has rolled out seven family allowances, expanded public spending on families (to 4% of its GDP), and provided equal social security benefits to unmarried couples living together and children born out of wedlock.
 - France has also embraced various family structures through the Civil Solidarity Pact (1999)
 - Sweden has implemented family policies that have reduced gender inequality, such as parental leave insurance (1974), reserved paternity leave (2002), and expanded child allowance payments and large family supplements.
 - The parental leave insurance grants parents who are on leave 80% of their salary for one year, and the reserved paternity leave reserves 90 days for the dad out of the 480 total parental leave days.
 - Since 2000, Germany has been providing comprehensive family policies such as effective financial supports and family time securement and has been attracting foreign professionals through active immigration policies.
 - The parental leave benefit (2007) grants 67% of double-income parents’ previous income.
 - More nurseries have been built since 2007.
 - The EU Guidelines for Easy Immigration for Highly-Educated People (2012) was implemented.
 - Japan is promoting policies to improve the work-life balance of its citizens.
 - With the Angel Plan (1995) and the Vision for Children and Childcare (2010–2014), Japan expanded day-care facilities. It has also developed parental/childcare/care leave and children allowances, and established and expanded childcare services.

Policy Implication

- **If family policies focus more on reducing gender inequality, fewer young people will delay or avoid marriage and childbirth, which are the fundamental causes of the recent low fertility rates.**
 - A population reduction is expected due to the ongoing lowest-low fertility. For sustainable growth, Korea needs to create policy measures to prevent a further TFR drop and turn the current trends around.
 - There is a faint possibility of a sudden population increase in the next 20–30 years when the babies that are being born now reach the primary childbearing age.
 - Countries with a recovered TFR were able to reverse the trends when their rates were at a record low because they actively carried out family policies that pursue gender equality and inclusivity.

6) Bae et al., 2019. *AIRI-BAI Research and Service Report*. Comparative Study on Major Countries' Policy Responses to Low Fertility.