

**JAPAN'S DEMOGRAPHIC TRANSITION:
AN UPDATE**

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Executive Summary

1. Japan's ageing population challenge is driven by two main demographic trends in Japan, namely, decline in birth rates and the longer average lifespan of the Japanese people.
2. Renowned Harvard Japanese historian Andrew Gordon argues that shrinking and older population may result in lower social security revenue, higher medical expenditure and its corresponding need for tax increases, cutbacks in spending and the slowing down of the economy with its manpower shortage.
3. Versatile market forces may see a re-adjustment in services and products provision for groups of elderly consumers. Many of them worked in a company for a few decades before they could enjoy good retirement benefits in the form of pensions, medical benefits, substantial savings and insurance coverage. They possess one of the world's largest pools of savings.
4. Industries that will benefit from this market include spectacles, senior diapers, bite size processed food, calorie and sodium controlled meals, nostalgic (Disneyland) industries, cosmetics, investments services, technological walking aids, tour packages, TV advertising and industries tailored to the needs of the elderly.
5. With less demographic pressure to distribute resources to a large pool of people, Japan has more relative space to focus on the quality rather than quantity of life. With a smaller population, Japan may also become more ecologically correct in terms of resource use.
6. One proposal to cope with an ageing population is to encourage the Japanese people to work beyond the retirement age or to introduce more women to work. Previously marginalised socioeconomic, gender and racial groups will have a bigger role to play in the economy.

7. Ageing demographics create economic pressures that encourage the influx of foreign migrants to make up for the shrinking labour force, especially in jobs known as the 3Ks (*kiken*, *kitanai* and *kitsui* or dangerous, dirty and demanding).
8. In addition to introducing more migrants, in his case study of Japanese manufacturing industry, Lopes dos Reis notes that robotic technologies and mechanisation have helped Japanese companies surmount the challenges of manpower shortage while retaining societal cohesion and avoiding the influx of migrants.
9. Government policy narratives in the extraordinary session of the Diet from 29 September 2014 to 6 December 2014 revealed important initiatives to tackle the ageing population issue.