

**CHINA'S POPULATION AGEING  
AND DECLINE: MEETING THE  
ECONOMIC AND SOCIAL  
CHALLENGES**

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## Executive Summary

1. China's population peaked in 2021. Its decline has since aroused new concerns about economic and social challenges brought about by the falling fertility, declining workforce and rising burden of elderly care.
2. Chief concerns are (i) the maintenance of reasonable growth to create resources to meet Chinese people's rising needs, expectations and aspirations; and (ii) the provision of opportunities and services to create an age-friendly society and ensure the wellbeing of the elderly population.
3. China's immediate response focused on fertility, announcing measures that *de facto* phased out the birth control policy. However, the country has fallen into a low fertility trap, with a total fertility rate of 1.2-1.3 for two decades. The policy adjustments are unlikely to rein in population decline in the coming decades.
4. Reflecting a heightened sense of urgency, the Fifth Plenary Session of the 19th Central Committee of the Chinese Communist Party in late October 2020, for the first time, affirmed it a national strategy to "proactively tackle population ageing".
5. While population decline is bad news for China's post-COVID recovery, which has been slower than anticipated, the impacts of demographic factors on socioeconomic development are far from deterministic. Some drivers of China's falling fertility and hence population ageing and decline, including educational expansion and urbanisation, are conducive to long-term growth.
6. China can also tap on the "longevity dividend" and reap the benefits of active and healthy ageing by raising the currently low retirement age of 50 for blue-collar women, 55 for white-collar men and 60 for men to 65 or even higher for those who want to stay employed.
7. Social challenges brought about by population ageing and decline are multifaceted and manifold. The more urgent ones include unmet demands for elderly care

services, the lack of integrated health care and social care, and the serious shortage of professional service workers.

8. Longer-term challenges include making the pension system more sustainable, tackling various ageing issues in the vast countryside, promoting senior citizens' economic and social participation, developing the silver economy, and building an age-friendly society.
9. China's policy responses prior to 2021 were hampered by its underestimation of the rapidity of population ageing and decline. It has to act quickly from now on with a stronger sense of urgency.
10. In a nutshell, China's future economy and society to a large extent will be shaped by how much it unleashes the productive potential of its healthier and more educated population and how well it learns from best available practices, harmonises economic and social policymaking and forges a close partnership between the government and society.