

# China Development Forum 2021

## *China on a New Journey of Modernisation*

15:35-16:35, 20 March 2021

### Parallel Session IV - Venue II

#### Tackling Low Birth Rates

##### Moderator

Zhang Yue, Hostess, CCTV

##### Speakers

Wang Jiexiu, Director, Policy Research Center, Ministry of Civil Affairs

Yuan Xin, Professor, Institute of Population and Development, School of Economics; Director, Research Center for Strategic Studies on Aging and Development, Nankai University

Sasai Tsukasa, Senior Researcher, National Institute of Population and Social Security Research, Japan

Ren Zeping, Chief Economist, Soochow Securities

Birthe Larsen, Academic Director, BIS Platform on Inequality, Department of Economics, Copenhagen Business School

##### Key points

- The low-birth-rate calls for attention to child welfare, and prioritizing child welfare can be a solution to low birth rates.
- Natural factors and policy are the main causes of low birth rates. Strengthening social security benefits and fertility policies can eliminate the negative impact of low birth rates.
- Recognizing the existing demographic dividend and exploring opportunities for a second demographic dividend will help improve human capital investment and expand labour resources, thereby promoting sustainable economic development.

##### Synopsis

A low birth rate means low fertility and an aging population, a situation that is accelerating in China. China's aging population and low birth rates are expected to remain stable in the next 30 years. All of the panellists noted that a high level of economic development, a highly competitive social environment, the rising cost of childbirth, and the social security system are the main factors contributing to low birth rates.

Affected by the above factors, the number of women of childbearing age in China is decreasing, leading to a constant drop in the number of new-borns. Although it is almost impossible to completely reverse low birth rates, all of the panellists agreed that their negative impacts can be mitigated through policy incentives.

Improving social security benefits is an important starting point, and the first element is emphasizing and improving child welfare. China's Civil Code and the amended *Law on the Protection of Minors* reflect that China, at its current stage, has started to pay attention to child welfare. However, to better cope with the problem of low birth rates, Wang Jiexiu said the child protection system will be improved in three respects: top-level design, the scope of welfare protection, and the level of welfare.

Meanwhile, families, communities and society need to work together to create a friendly environment to ensure the implementation of child welfare measures. Ren Zeping and Birthe Larsen also emphasized the importance of increasing spending on social security and improving the protection of women's employment rights and non-marital pregnancy rights, so as to alleviate pressure on women in society.

Moreover, it has become particularly important to open up fertility policy and strengthen policy support. Yuan Xin mentioned that China's population aging is accelerating in comparison with other countries. Although China released its Two-Child Policy in 2016, the actual results have been far below expectations. Lifting birth restrictions and granting birth control rights to each family (i.e. full implementation of the Three-Child Policy) can have a positive impact on low birth rates to some extent. In addition, strengthening fertility policy support is just as important.

According to the experiences of Sasai Tsukasa and Birthe Larsen, tax deductions for families and individuals, financial subsidies, and increasing the availability of childcare services are supportive birth policies and effective tools to help alleviate low birth rates. However, Sasai Tsukasa also mentioned that Japan's childcare service policies have extended women's working hours. Therefore, childcare policies and measures need to be well considered before implementation.

Addressing the issue from an economic perspective, Yuan Xin proposed exploring a new demographic dividend will be an important issue in the next 30 years amid low birth rates. Low birth rates and an aging population are the two fundamental issues of the future, and we should seek new demographic dividend opportunities while adapting to the situation.

China has established a working-age of 16, with women retiring at 55 and men at 60 years old. Although China's working-age population dividend is decreasing, its absolute value is still huge. At the current stage, with improved education and more vocational training, the overall quality of China's workforce has improved,

accumulating strong human capital even amid a decrease in the labour force. On the other hand, China has proposed plans to extend the retirement age, which can help achieve gender synchronization and further release a gender dividend.

The workforce can also be enlarged by bringing younger sections of the aging population back into the labour force. In the end, Birthe Larsen said, as AI technology develops and becomes mature, it will mitigate the direct impact of the demographic impact on the economy due to low birth rates.

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*Acknowledgement:* **Deloitte.**  
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