

## **POPULATION TRENDS POSE NEW CHALLENGES FOR ASIA – ADB REPORT**

**SINGAPORE (6 August 2002)** - In the coming years, some Asian countries – the People’s Republic of China (PRC), Japan, Republic of Korea and Singapore among them – are expected to experience declining populations.

This trend poses new challenges for Asia’s policy makers. How will economies increase productivity so that shrinking workforces can maintain expanding pools of retirees? How will society cope with the changing health and financial needs of an ageing population? What policy changes will be needed to adjust to these changing demographics? For example, should society extend the age of retirement to let a healthier older generation continue working? What will be the impact on pension and social security systems?

At the other end of the scale, countries such as the Philippines and Bangladesh continue to maintain high birth rates – with equally challenging implications for job creation, food security, and environmental stress. The majority of the region’s population growth is forecast to come from South Asia, which expects to add 570 million people in India, 200 million in Pakistan, and 130 million in Bangladesh over the next 50 years.

Asia’s population trends are analyzed in the theme chapter of *Key Indicators 2002*, which was released at a news conference in Singapore today. This is an annual publication published by the Manila-based Asian Development Bank (ADB).

The report raises intriguing questions. Given the opposing trends, how will young and populous countries interact with ageing countries with shrinking populations? What shape will future population policies take? After supporting family planning programs to reduce fertility rates, will policy makers develop programs to encourage larger families?

The ADB report’s overall message is encouraging. Population growth is slowing, life expectancy is rising, and infant mortality is dropping. Not all groups of countries are recording equal progress, however.

In the medium term, several countries will reap a demographic bonus associated with increases in the relative share of the economically active population and a decline in the share of economic dependents (i.e., the young and the elderly). If these larger work forces can be gainfully employed, the bonus can be parlayed into higher growth and government revenues for discretionary spending and investment.

Looming demographic challenges are linked to an ageing population in a number of countries, a sharp rise in urbanization, and the spread of the HIV/AIDS virus in selected countries in the region.

The report highlights the following trends:

- Earlier trends towards declining population growth rates in the Asia and Pacific Region continued during the years 1995 to 2000.
- The People’s Republic of China (PRC) has 39 percent of the region’s population and its lowest population growth rate. South Asia has 40 percent of the region’s population and one of the highest rates of population growth.

- The slowing down of population growth is due to rising levels of education, increased female participation in the work force, and greater use of contraceptives.
- There is encouraging progress in achieving gender equality in the region, but some areas are lagging behind. In South Asia, the gap between genders is narrowing all too slowly and projections of maternal and infant mortality rates remain alarming.
- Death rates are falling, due to better healthcare. Average life expectancy across the region increased by about 1 year over the past decade, with some countries— Republic of Korea, Hong Kong, China and Singapore – reaching levels of developed countries.
- Infant mortality rates are falling everywhere, most markedly in South Asia, where rates fell from 80 to 75 per 1000 births between 1990 and 2000. Wide disparities continue in maternal mortality rates, ranging from 368 maternal deaths per 100,000 live births in South Asia to 17 in the newly industrialized countries.
- Contraceptive prevalence rates are rising in most countries. Nearly 40 percent of married women in South Asia have access to reproductive health services. In PRC, the percentage has risen from 71 percent to 85 percent during the decade. PRC's drive to curb population growth has had a potentially destabilizing consequence. According to statistics based on the 2000 census, there are 117 boys born for every 100 girls.

The report highlights that ageing populations point to a need for long term healthcare, and new arrangements for old age pensions and social security schemes.

Urbanization is another significant trend. Unofficial estimates for PRC indicate that up to 120 million people have moved to the cities. A similar pattern can be observed in the industrializing countries of Southeast Asia.

Greater urbanization demands accelerated investment in urban infrastructure – housing, transportation, and water and sewerage services. To avoid deterioration in air quality, the national authorities face challenges in environmental protection. Governments will have to devote larger resources to provide for ageing populations. Countries with shrinking populations will need to review labor market policies.

The AIDS pandemic is also affecting population trends, notes the report. The Asia and Pacific region had more than 6.6 million people living with HIV at the end of 2001, including 1.1 million adults and children who were "newly infected" in 2001. AIDS killed 435,000 people in the region last year, according to a UNAIDS report. Countries in Southeast and South Asia (e.g., India and Nepal) are rife with conditions to propel AIDS from a killer disease that is still on the margin to a regional epidemic. Encouragingly, early action holds great promise in preventing the disease's spread. Experience in Cambodia and Thailand, in particular, shows that practical efforts to prevent transmission can be effective in stemming the spread of the disease.

For full details of *Key Indicators 2002*, an annual compendium of statistics on Asia's national accounts, foreign direct investment, and other key social and economic indicators, visit <http://www.adb.org>

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