

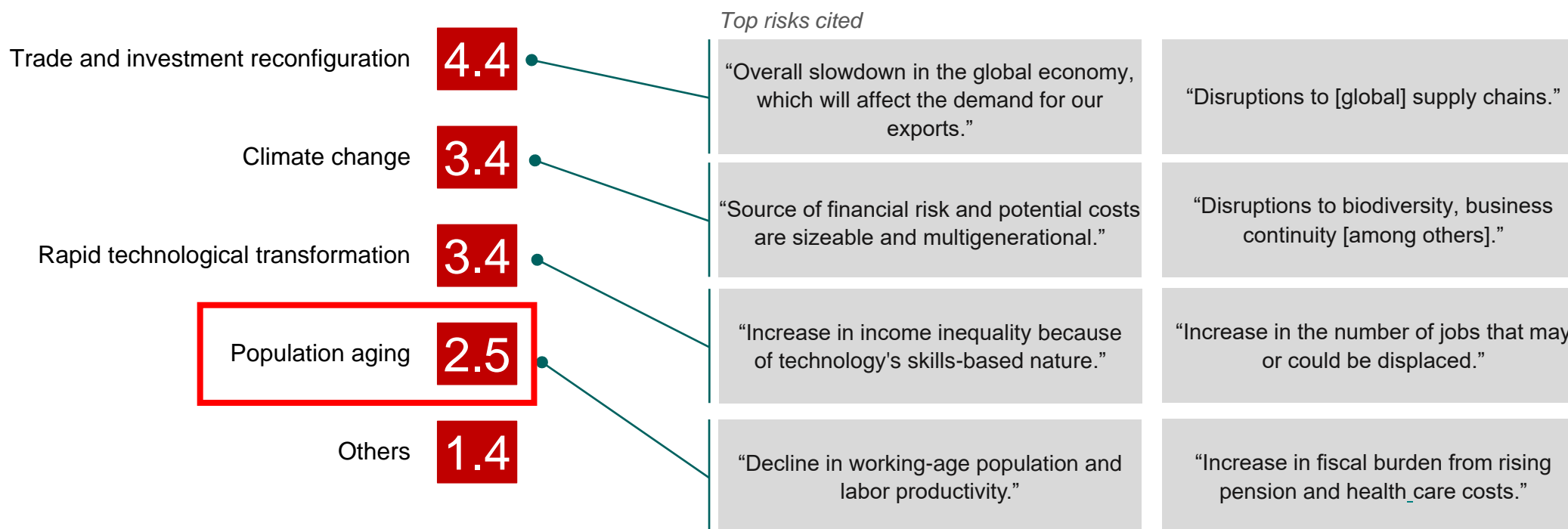


ASEAN+3: **Navigating Aging**

Allen Ng
Shanghai, 6 June 2024

While ASEAN+3 will remain a major driver of global growth, multiple structural challenges are complicating the path forward.

ASEAN+3 October 2023 Survey: Most Pressing Challenges to Long-Term Growth
(Score, most pressing = 5)

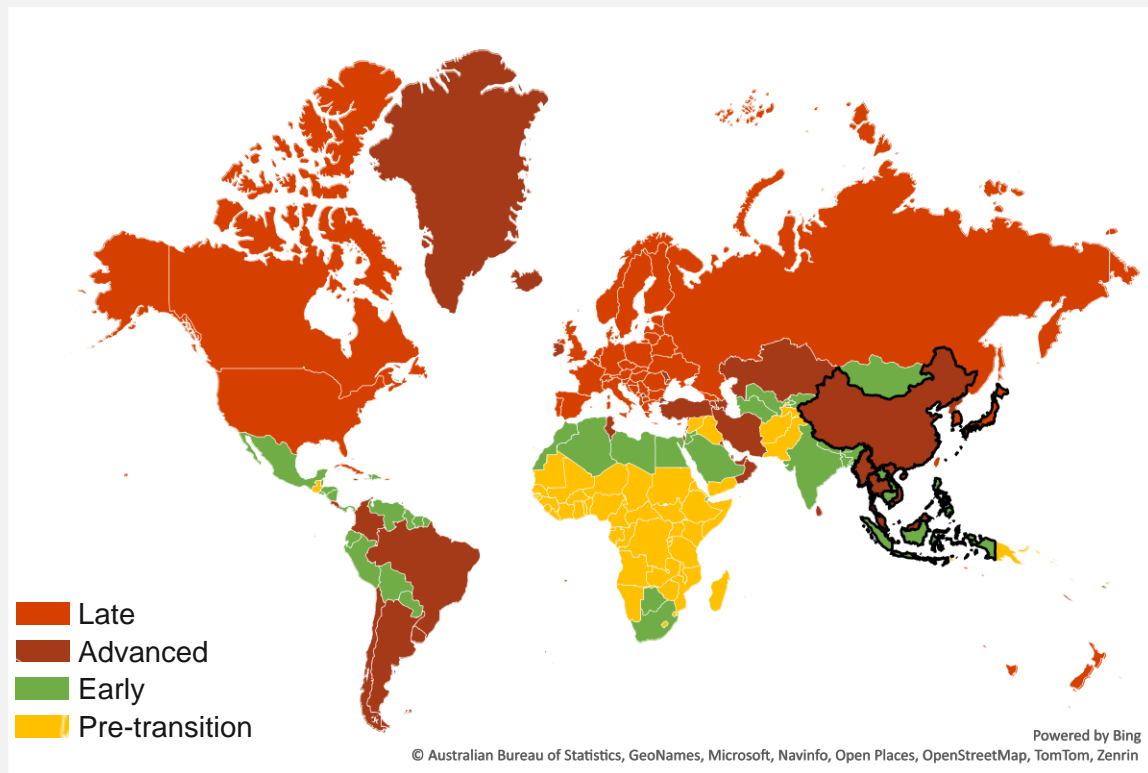


The ASEAN+3 region currently stands on the cusp of significant demographic shifts.

Ten of the region's 14 economies are in the advanced to late stages of the demographic transition

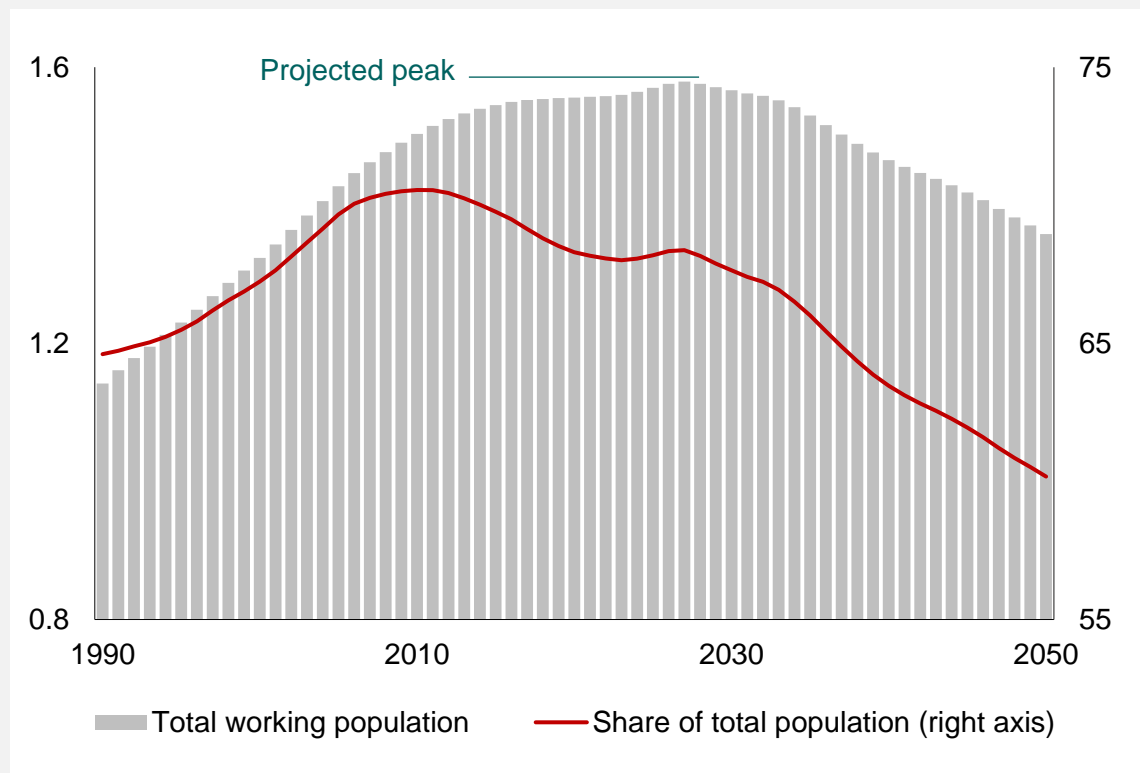
The region's total working population is projected to start shrinking by the second half of this decade

World: Stages in the Demographic Transition, 2021



Source: AMRO staff calculations following Amaglobeli and others (2019).

ASEAN+3: Working Age Population
(Billions of people; percent)



Source: United Nations Department of Economic and Social Affairs, Population Division; AMRO staff calculations.
Note: Figures after 2021 are UN estimates (medium variant).

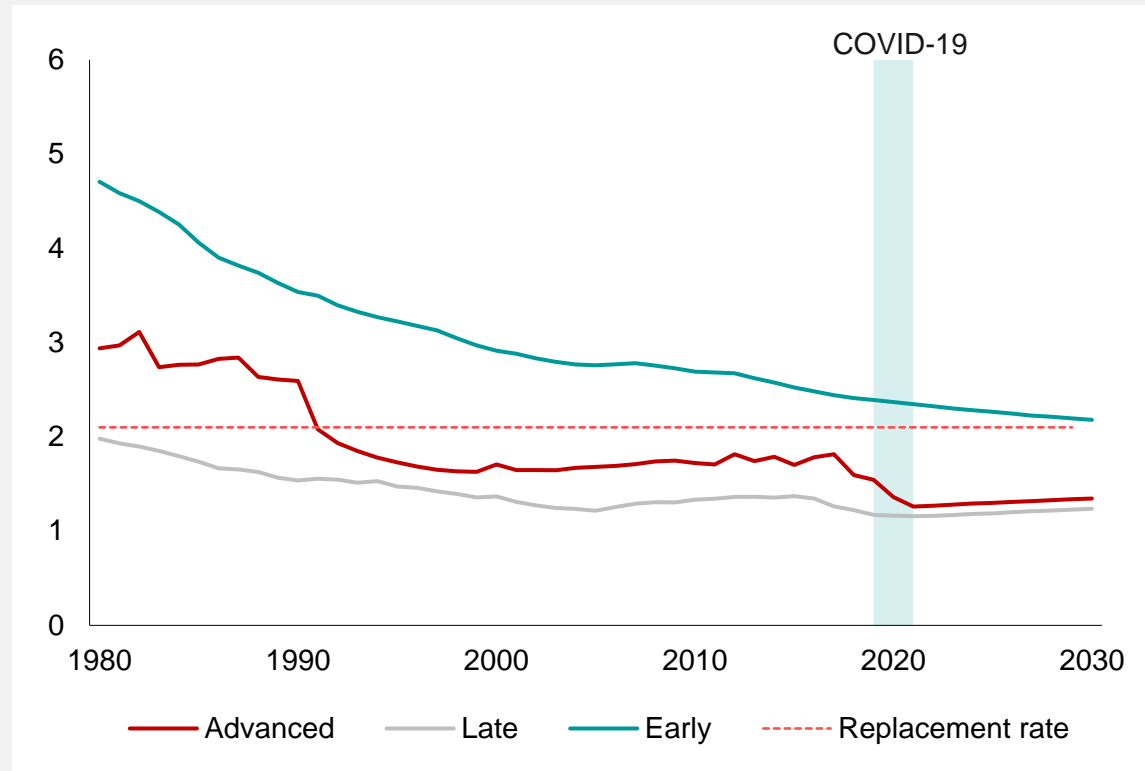
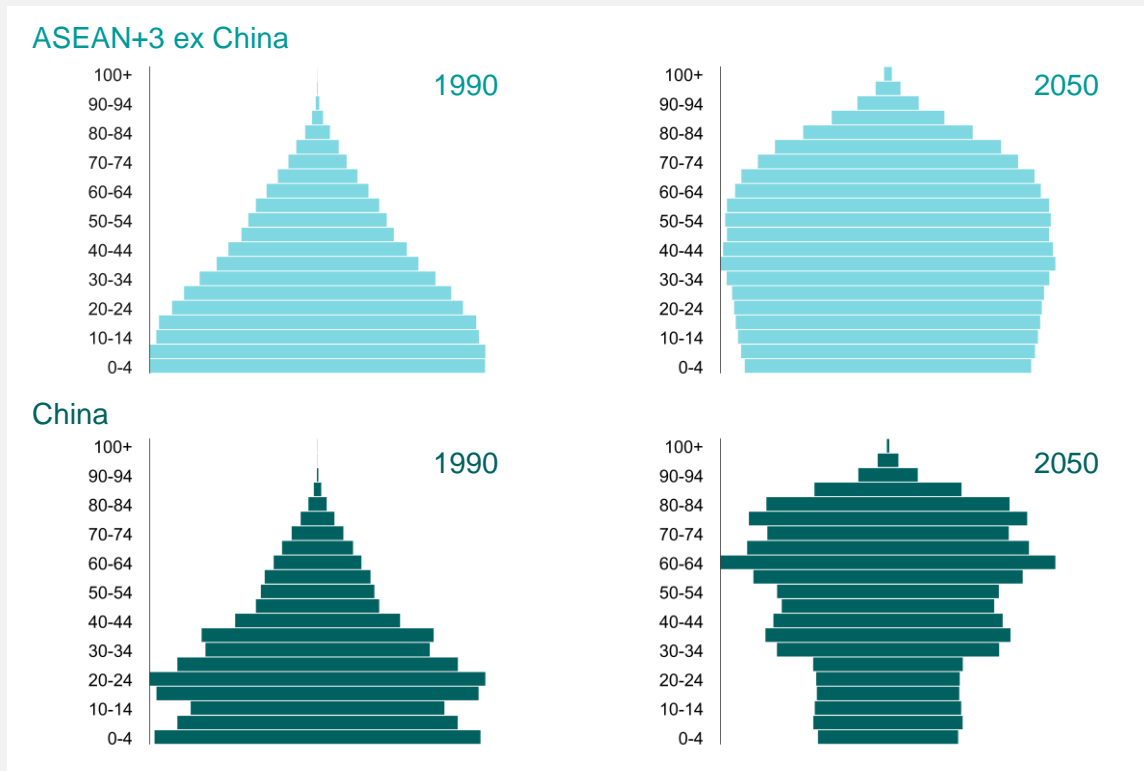
We are witnessing rising share of those aged 65 and above amid declining fertility rates...

ASEAN+3's population pyramids will gradually reshape into one that has a narrow base and wider toward the apex

The region's aggregate fertility rate, at 1.4 births per woman, is well-below the present replacement level

ASEAN+3: Population Pyramids
(Percent of total population)

ASEAN+3: Fertility Rates, by Demographic Group
(Live births per woman)



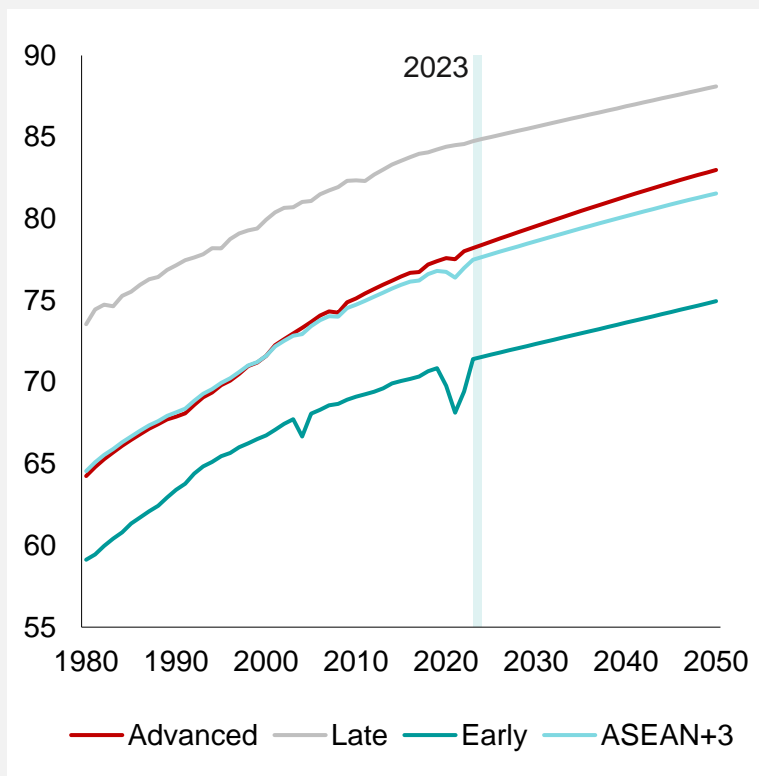
Source: United Nations Department of Economic and Social Affairs, Population Division; AMRO staff calculations.
Note: Figures after 2021 use UN estimates (medium variant).

Source: United Nations Department of Economic and Social Affairs, Population Division; AMRO staff calculations.
Note: Figures after 2021 use UN estimates (medium variant) and are population-weighted averages for each group.

...as well as more and more people who are living much longer.

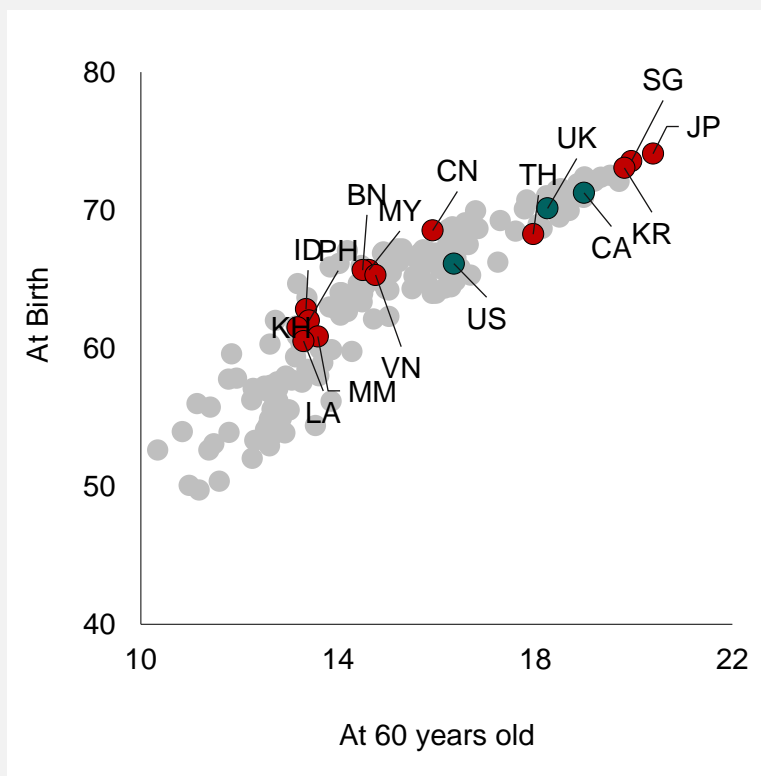
People in the region are also living much longer lives—necessitating a rethink of what “old” truly means.

ASEAN+3: Life Expectancy, by Demographic Group
(Number of years)



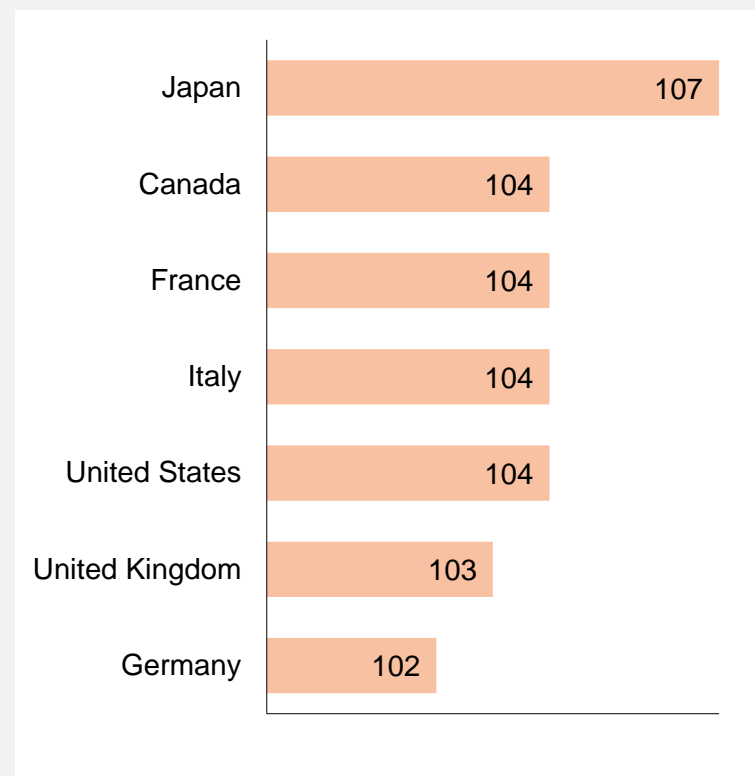
Source: United Nations Department of Economic and Social Affairs, Population Division; AMRO staff calculations.
Note: Figures after 2021 use UN estimates (medium variant) and are population-weighted averages for each group.

World: Healthy Life Expectancy, 2019
(Number of years)



Source: World Health Organization.
Note: Data refers to the average number of years that a person can expect to live in “full health” by taking into account years lived in less than full health due to disease and/or injury. Gray dots correspond to other economies.

Selected Economies: Oldest Age Likely to be Reached by Babies Born in 2007
(Number of years)



Source: World Economic Forum; Human Mortality Database, University of California (Berkeley); and Max Planck Institute for Demographic Research.
Note: Data refers to oldest age at which 50 percent of babies born in 2007 are predicted to still be alive.

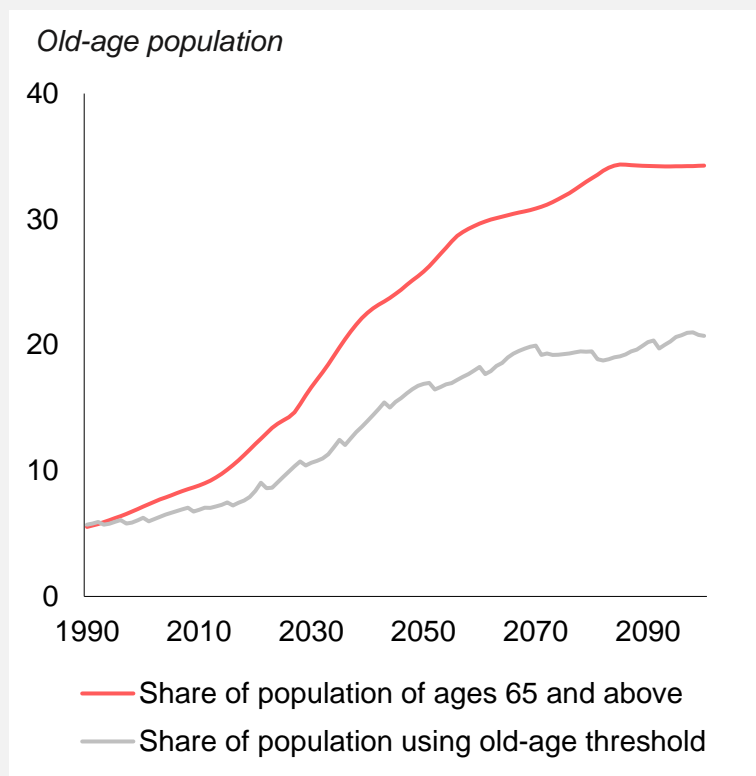
“...aging population often carries negative connotations, yet the fact that people live much longer today than before **should be celebrated as an incredible human achievement**, not just seen as a societal burden”

—Andrew Scott, professor at London Business School and author, *The Longevity Imperative* (2024) and *The 100-Year Life* (2016)

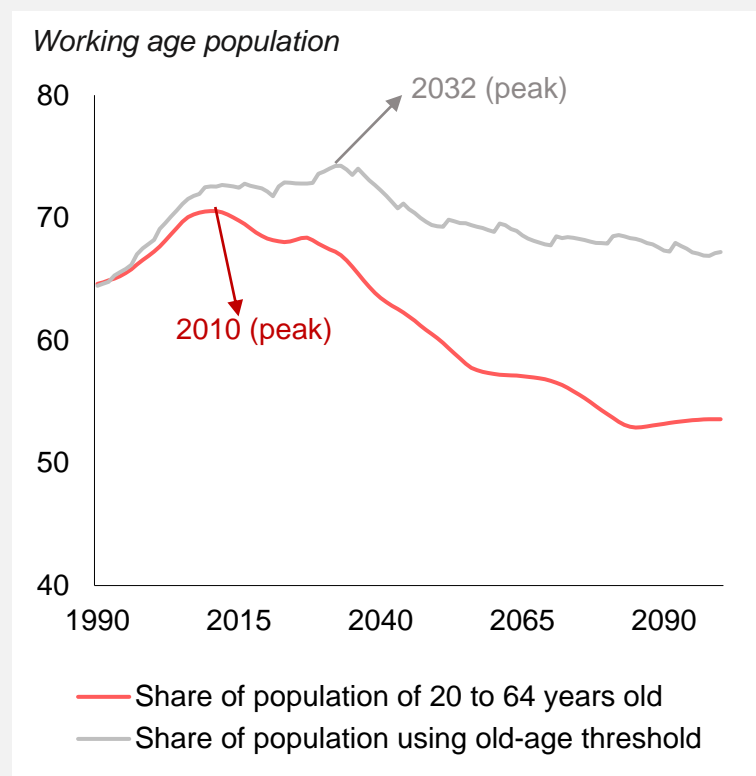
The challenge is for society to view aging not as a burden to cope with, but as a fundamental shift with opportunities to be harnessed.

By rethinking aging, ASEAN+3 can successfully turn the demographic dividend of the past to the longevity dividend of the future.

ASEAN+3: Prospective versus Retrospective Measures of Population (Percent of total population)

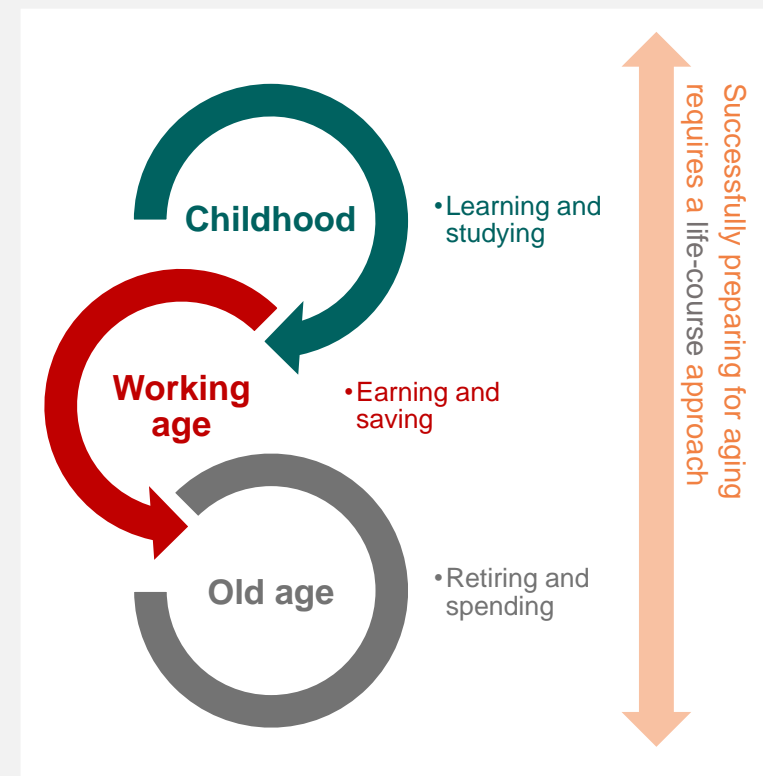


Source: United Nations Department of Economic and Social Affairs, Population Division; AMRO staff calculations.
Note: Figures after 2021 use UN estimates (medium variant).



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Rethinking Aging for ASEAN+3



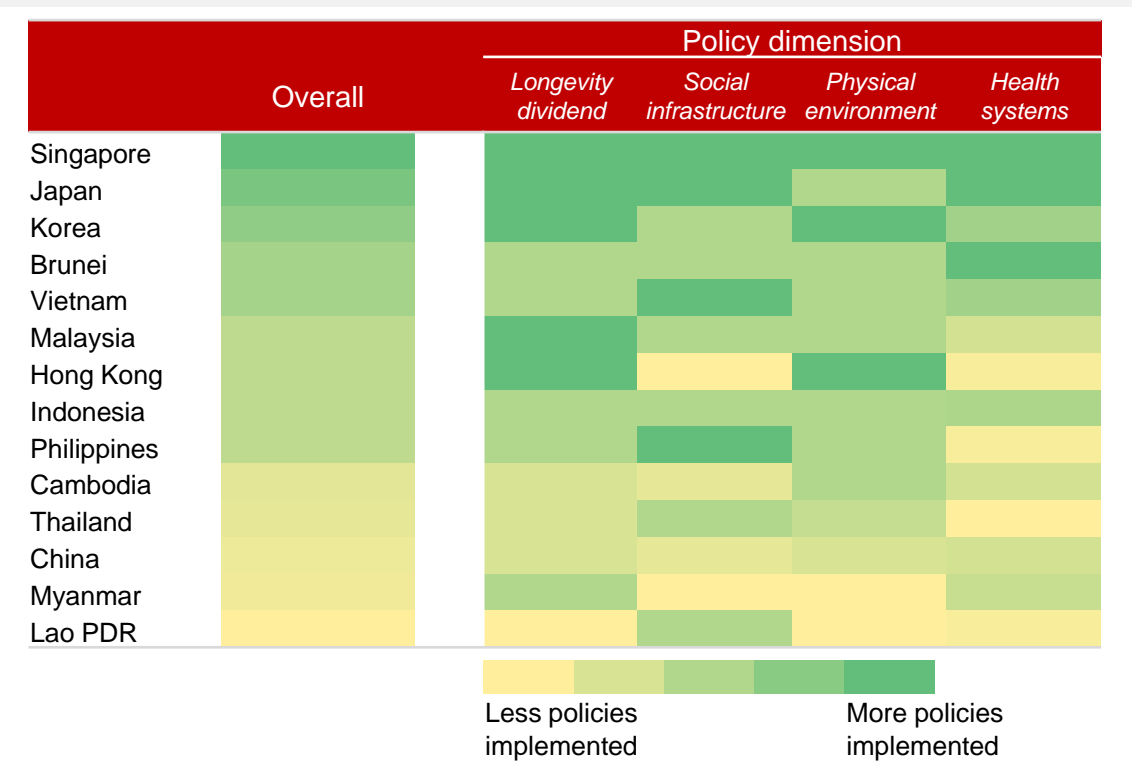
Source: AMRO staff.

Successfully responding to aging requires an approach that encompasses all aspects of public policy—and across various phases and facets of life.

Navigating the demographic transition requires urgent and timely action—even for the region’s younger populations

Policies and structures that allow for productive aging are crucial for the “longevity dividend” to materialize

ASEAN+3: Aging-Related Policy Responses
(Greener = more policies implemented)



Policy Considerations for ASEAN+3

Aging

- Facilitating policies and structures that will allow the population to age productively, from a full life cycle perspective
- Encouraging older workers, especially women, to (re)join the labor force
- Leveraging technology to complement human labor, or adopt higher automation
- Reforming pension systems to incorporate longer and healthier life expectancies
- Boosting international cooperation to facilitate higher labor mobility and knowledge-sharing

Source: AMRO staff, following policy recommendations by National Academy of Medicine (2022).
Note: Policies include those that are in the process of implementation, although these are given a lower weight compared to policies that are already implemented by the economy.

Source: AMRO staff.

“The current difficulties come not from the continued population aging itself, but from **the delayed response to it.**”

—Masaaki Shirakawa, former governor of the Bank of Japan

Thank you.



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