

Issue Paper

ASIA-PACIFIC IN TRANSITION: SECURITY CHALLENGES AND DEMOGRAPHIC CHANGE

Insights for a Resilient and Sustainable Future



An Analysis of Japanese Prime Minister Takaichi Sanae's
Taiwan-related Statement of 2025- Tsun-yen Wang, Associate Research Fellow, Institute
for National Defense and Security Research

There are no Buns in the Oven: Demographic Decline and the Future of
Population Growth in the APEC Region- Austin Chou, Assistant Research Fellow,
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Issue Paper

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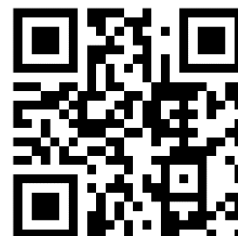
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1. Introduction

The Asia-Pacific region is experiencing a period of profound transformation characterized by both evolving security dynamics and long-term societal change. As strategic competition intensifies across the Indo-Pacific and demographic transitions reshape economic and social structures, policymakers are increasingly required to address challenges that are complex, interconnected, and enduring in nature. Understanding these developments is essential for governments seeking to enhance resilience and maintain stability in an increasingly uncertain environment.

The first article in this issue examines the regional implications of Japanese Prime Minister Sanae Takaichi's 2025 statement regarding a potential Taiwan contingency. Against the backdrop of growing cross-Strait tensions and shifting geopolitical realities, the article analyzes the strategic significance of Japan's evolving security posture and explores how Tokyo's interpretation of a Taiwan-related crisis may affect regional deterrence and stability. By placing the statement within the broader context of Japan's security legislation, regional power competition, and lessons drawn from contemporary conflicts, the article provides valuable insights into the changing security architecture of East Asia.

The second article turns to a different but equally consequential challenge facing the Asia-Pacific: demographic decline. With fertility rates falling below replacement levels across many APEC economies and populations aging at an unprecedented pace, governments are confronting mounting pressures on labor markets, social welfare systems, and long-term economic growth. Through an examination of demographic theories and policy responses in South Korea, Japan, and Taiwan, the article assesses both the limitations of efforts to reverse fertility decline and the growing importance of adaptation strategies.

Together, these contributions highlight the diverse forces shaping the future of the Asia-Pacific. Whether driven by geopolitical uncertainty or demographic transformation, the challenges discussed in this issue underscore the need for forward-looking policies capable of navigating a rapidly changing regional landscape.



2-1. An Analysis of Japanese Prime Minister Takaichi Sanae's Taiwan-related Statement of 2025

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The China-Japan relations have long remained at a low level. The second decade of this century witnessed tension running high though with exception of the year of 2018, when the then Prime Minister Abe Shinzo led a delegation to visit China. The third decade, which has so far witnessed governments successively led by Shinzo Abe, Yoshihide Suga, Fumio Kishida, Shigeru Ishiba and the incumbent Sanae Takaichi, has indicated few signs of improvement either. Since her inauguration last October (2025), Beijing has viewed Prime Minister Takaichi as a hardliner against China and kept cautious at her words and deeds. Unfortunately, the development of China-Japan relations after her taking office resembles nothing but a self-fulfilling prophecy.

Beijing's caution finally turned into anger, which erupted when Takaichi made a statement in response to Okada Katsuya of the oppositional Constitutional Democratic Party at Japan's Diet on November 7, 2025. Prime Minister Takaichi stated that "if Taiwan were to be blockaded by China with warships and force employed, it may be considered a 'Survival-Threatening Situation' (存立危機事態) for Japan. Japanese government will make a judgment based on information and circumstances of the contingency."

To Beijing's ears, Takaichi's words sounded tantamount to Japan's interference in China's "domestic politics." China's "punishments" for that have ranged from such "soft retaliation" as criticism by Chinese state media, to the hardline moves of Chinese's PLA fighter jets' pointing fire-control radar at Japan's F-15s.¹ Having failed to compel Takaichi to withdraw her words, Beijing probably will continue exerting pressure on Tokyo and worrying the international society over the growing hostility between these two regional powers.

1. Dzirhan Mahadzir, "Chinese Fighters Lock Radar on Japanese Fighters Monitoring PLAN Carrier Strike Group in Philippine Sea," USNI News, December 8, 2025, <https://news.usni.org/2025/12/08/chinese-fighters-lock-radar-on-japanese-fighters-monitoring-plan-carrier-strike-group-in-philippine-sea>.



Being the center of this diplomatic rivalry, Taiwan must understand the meaning of Takaichi's statement and analyze its significance. This article firstly analyzes the international background against which Takaichi related a Taiwan blockade scenario to Japan's "Survival-Threatening Situation." It then compares the Russia's invasion of Ukrainian and China's military attempt at Taiwan, highlighting the aggressor's attention to international reaction. The author argues that Takaichi's statement at the Diet may already have disrupted Beijing's calculation and war preparation.

Chinese long-standing aggressive presence behind the Takaichi statement

While Takaichi's statement was a mere response to parliamentary questioning from opposition lawmakers, it reflects her worry about Japan's deteriorating security environment in fact.

First, security concerns posed by China to Japan and other neighboring countries are growing and expanding. Chinese coast guard vessels have been frequently spotted in the waters around the Senkaku Islands (called "Diaoyutai Islands" in Taiwan), intermittently intruding into the territorial waters and contiguous zones claimed by Japan. Cases of Chinese military aircraft intruding into the airspace over the Islands were reported and have heightened tension.

Besides, the geographical proximity of Japan and Taiwan makes Japan believe that a Taiwan war will inevitably affect Japan. As China pressures Taiwan militarily, it worsens Japan's anxiety, and prompts Tokyo to heed the hostility across the Taiwan Straut. Japan's annual Defense White Paper has documented China's military coercion towards Taiwan and even explains steps China may take in an invasion of Taiwan.

Moreover, US factors into Japan's strategic calculation too. The Trump Administration is believed to be withdrawing strategically back to western hemisphere, as stated in US's National Security Strategy report (2025).² Japan as a US military fears a consequent decrease of US influence in the Indo-Pacific. Last year, US Defense Secretary Pete Hegseth's statement following a meeting with Japanese Defense Minister Gen Nakatani in Tokyo that "Japan would be on the frontlines of any contingency we might face in the western Pacific" also sparked controversy in Japan.³ Japan has been worrying that

2. *National Security Strategy of the United States*, White House, November 2025, https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf?utm_source=substack&utm_medium=email

3. "Hegseth says Japan on 'front lines' in western Pacific," *Asahi Shimbun*, March 31, 2025, <https://www.asahi.com/ajw/articles/15690464>



China may be encouraged by US's strategic retreat and act even more aggressively.

For Tokyo, the vacuum left by US's gradual retreat should be filled. In the face of Chinese threat looming large and US presence decreasing, Japan now started to consider playing a security role in the region in order to reduce its security risks. Takaichi's statement should be analyzed against this international backdrop.

The Strategic Implications of Takaichi's statement: Strategic Clarity

Although Takaichi did not reiterate late Prime Minister Shinzo Abe's statement "a Taiwan contingency is a Japan contingency", she obviously meant the same.

The concept of "Survival-Threatening Situation" that she mentioned in her statement stems from Japan's "Security-related Legislation," which was passed in 2015. The legislation defines several types of security situations such as "Armed Attack Situation" (武力攻撃事態), "Survival-Threatening Situation" and "Situations of Significant Influence" (重要影響事態).

- An "Armed Attack Situation" refers to a situation when Japan is under armed attack, in which Japan has the legal right to order Self-Defense Forces (SDF) to conduct "defense operations."
- Under a "Survival-Threatening Situation," Japan again has the legal right to deploy its Self-Defense Forces to protect "countries closely related to Japan."
- A "Situations of Significant Influence" refers to a contingency occurring in a country near Japan and has impacts on Japan. In this situation, Japanese government has no right to dispatch Self-Defense Forces. Even if US militarily intervenes, Japan can at most provide logistical support to US military instead of fighting alongside them.

The "countries closely related to Japan" is generally understood to be US. Japan's action under a "Survival-Threatening Situation" pertains to protection of US military, meaning "if US military is attacked, the Japan's Self-Defense Forces are supposed to protect it based on the right of collective self-defense."



Because the Japanese government has never specified those “countries closely related to Japan,” Taiwan could possibly be one of those. On one hand, If Taiwan is a “country closely related to Japan,” then Japan has the right to protect it. On the other hand, if the “country closely related to Japan” refers to US, then Japan is obligated to protect US military in the latter’s efforts to assist Taiwan. Both cases connote that Japan can legally get involved in a Taiwan contingency.

Whether or not Japan will react to a Taiwan contingency was long left undiscussed understandably for diplomatic considerations. However, Takaichi’s finally broke the silence and told the world that Japan does see a Taiwan contingency a situation concerning Japan and sending JSDF to respond is possible. In this sense, Takaichi’s statement represents adjustment in Japan’s stance on Taiwan, adding strategic clarity and reducing ambiguity.

Takaichi’s statement reflects Japan’s stance on coercion shifting

In a sense, Takashi’s statement should not be a surprise to the international society. A preliminary investigation by the author finds that before the year of 2023, Japanese government officials used to say Japan opposes “any unilateral attempt to change the status-quo ‘by force’.” However, “by force” was quietly replaced by “by force or coercion” roughly since 2023.

In other words, Japan lowered its threshold of intolerance for other countries’ actions. When an action is judged to be “coercion,” it crosses Japan’s red line. A Taiwan blockade undoubtedly constitutes a case of coercion and requires Japan’s opposition. If it constitutes a “Survival-Threatening Situation” for Japan, Japan has the right to oppose militarily. In this sense, Takaichi’s statement is no deviation from Japan’s foreign policy position; it is a mere iteration of Japan’s existing diplomatic stance: Japan does not tolerate coercive action, let alone the use of force (against other countries, including Taiwan).

“Deterrence” in Takaichi’s statement

Japan understands that once PLA is deployed and starts attacking Taiwan, it would be extremely difficult to intervene in a peaceful way. Thus, Japan must do its utmost to prevent it, ideally by deterring Chinese actions.



From the perspective of deterrence, one can appreciate the strategic significance of Japan's warships sailing through the Taiwan Strait. Since 2024, the Japanese government started sending Maritime Self-Defense Force (MSDF) frigates through the Strait, totaling three times so far: in June 2024, February and June of 2025. Before that, only vessels of the Japan Coast Guard (JCG) sailed the Taiwan Strait in the name of "taking shelter" from typhoons. By contrast, the sailing of MSDF vessels in Taiwan Strait represents a strong will of Japan, expressing disapproval to Chinese coercive actions, especially given the frequent military exercises PLA has conducted around Taiwan in the past two years.

If the observation above is correct, the PLA's repeated drills around Taiwan has produced a counter-effect. They worsened Japan's negative sentiment of China, raised Japan's sense of crisis, and prompted Tokyo to incorporate "anti-coercion" element into its strategic stance as mentioned above.

In addition, Takaichi's statement is a message not only to China and Taiwan but also to US. Indeed, Secretary Hegseth hoped that Japan stands on the frontline in any emergency in the Western Pacific. Nonetheless, his Japanese counterpart responded with the "One Theater" concept, connoting that "Japan should not be the only one! All regional and concerned nations should stand out!"⁴ By contrast, Takaichi's statement reads positive to Hegseth's call for Japan's leadership in regional security.

Russia's Ukraine invasion vs. China's Taiwan invasion

Takaichi's statement may become all the more significant when observed in comparison with the Ukrainian War.

China enjoys military, economic and demographic advantages over Taiwan. If it is a one-on-one fight, Taiwan is far from likely to win. The survival and existence of Taiwan in international society can be better understood only by international factors. The likelihood of intervention by other countries has probably complicated Beijing's calculation of militarily subjugating Taiwan.

In this regard, one may remember the photos of Putin's meetings with leaders of several countries at his long white table. No other subjects could have occupied Putin's mind than "likelihood of international intervention," which supposedly was among the questions that Putin posed to them. Although the answers have never been revealed, a reasonable guess is that those leaders did not threaten

4. Mizuki Sato, "Japan broaches 'one-theater' concept to U.S. for Indo-Pacific," *Asahi Shimbun*, April 15, 2025, <https://www.asahi.com/ajw/articles/15710761>



to intervene or try to discourage Putin from invading Ukraine. Reasonably enough, any explicit or implicit expression of opposition by one or more leaders of other countries could have forced Putin to hesitate, and the development of the war and the world could have been different.

Beijing will similarly get to know how other countries (especially neighbors) may react to its invasion of Taiwan. Now Takaichi offered Japan's answer, which suggests "You'll have Japan to reckon with even if you only blockade Taiwan." Beijing must have felt shocked, and it has continued till this day pressuring Takaichi to withdraw her words and changed Japan's stance. This is because a politically willing and militarily and economically resurgent neighbor is far from a factor that Beijing can ignore in his war calculation.

All in all, Beijing cannot afford a failure in a Taiwan war, and neither can Japan. Once Japan decides to stand with Taiwan and join the war, it will presumably fight at its utmost, and that will be the last thing that China wants to see on its road to Taiwan unification. In this sense, Takaichi's statement may have disrupted Beijing's calculation and thus has delayed (if not deterred) Beijing's war preparation. That should be the most praiseworthy significance of Takaichi's statement for Taiwan.



2-2. There are no Buns in the Oven: Demographic Decline and the Future of Population Growth in the APEC Region

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Introduction

In the 2025 APEC Collaborative Framework for Demographic Changes, APEC economic leaders acknowledged that declining birth rates, aging populations, and urbanization are bringing about “fundamental and long-term transformations” across the Asia-Pacific.¹ Across much of the region, fertility rates have fallen well below the OECD’s estimated replacement threshold of 2.1 births per woman, raising concerns over shrinking labor forces, rising dependency ratios, and growing fiscal pressure on healthcare and pension systems.² At the global level, the United Nations projects that world population will peak near the end of this century at roughly 10 billion before entering a period of decline.³ In demographic terms, the extraordinary population expansion of the past few centuries may ultimately give way to an equally consequential era of sustained contraction.

As figure 1 shows, economies such as South Korea, Japan, and Taiwan now face some of the lowest fertility rates globally, underscoring the scale of demographic transformation underway.

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1. APEC, “APEC Collaborative Framework for Demographic Changes,” <https://www.apec.org/meeting-papers/leaders-declarations/2025/2025-apec-leaders--gyeongju-declaration/apec-collaborative-framework-for-demographic-changes>.
 2. OECD, <https://www.oecd.org/en/data/indicators/fertility-rates.html>
 3. UN, “UN projects world population to peak within this century,” <https://www.un.org/en/UN-projects-world-population-to-peak-within-this-century>.



Fertility rate: births per woman

The total fertility rate¹ summarizes the total number of births a woman would have if she experienced the birth rates seen in women of each age group in one particular year across her childbearing years. Future projections are based on the UN's medium scenario².

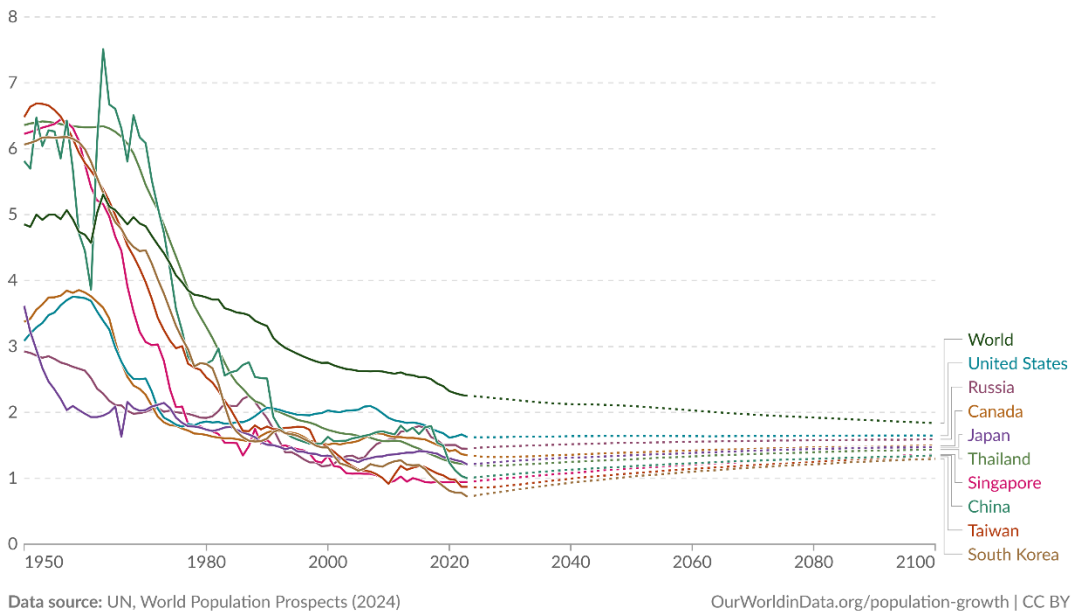


Figure 1. Births per woman of key APEC members who are significantly below the stable rate of 2.1.⁴

This paper examines how the Asia-Pacific arrived at this demographic crossroads by tracing major demographic theories and the structural forces associated with declining fertility. It then analyzes APEC member economy responses through a framework of “reversal” and “adaptation” policies. By comparing the experiences of South Korea, Japan, and Taiwan, this paper argues that demographic transition is not simply a cost-benefit calculus and that the historical lineage of demographic studies can provide insight into understanding just how little a single historical moment such as the one we are experiencing now means in the long-run.

A Shift in Discourse: From Population Bomb to Population Bust

In the academic history of population demographics, the dominant concern for much of modern thought was not population decline, but population expansion. From Thomas Malthus’s *An Essay on the Principle of Population* in the late eighteenth century to Paul Ehrlich’s 1968 work *The Population Bomb*,

4. UN, World Population Prospects (2024) - processed by Our World in Data. “Fertility rate - UN WPP” [dataset]. United Nations, “World Population Prospects”; United Nations, “World Population Prospects - Interim Update” [original data].



leading theorists warned that unchecked population growth would exceed humanity's capacity to sustain itself. Malthus argued that population growth would outpace food production, creating inevitable risks of famine and social crisis, while Ehrlich later shifted these concerns toward ecological collapse and environmental limits.

With the benefit of hindsight, however, many of these predictions proved overly deterministic. Population growth also expanded human capital, fostering technological innovation, industrialization, and major advances in agricultural productivity that dramatically increased global carrying capacity. What demographic history increasingly reveals is that population change is neither linear nor easily predictable. Technological, economic, cultural, and political transformations have repeatedly reshaped demographic outcomes in ways earlier theories failed to anticipate.

Yet this uncertainty does not diminish the very real short-term consequences associated with falling birth rates, aging populations, and shrinking labor forces. Rather, global discourse has gradually shifted from concerns over overpopulation and ecological sustainability toward growing recognition that some degree of population stability may be necessary to sustain economic growth, fiscal resilience, and social continuity in aging societies.

Understanding the Current Decline in Birth Rates

Modern fertility decline is often framed as a contemporary economic or cultural crisis, yet demographic economists such as Dean Spears and broader demographic transition scholarship suggest it is more accurately understood as the result of long-term structural transformations associated with modernization. Rather than stemming from a single cause, falling birth rates reflect interconnected shifts in mortality, economic development, urbanization, social norms, and labor systems.

Declining mortality and improved child survival reduced the historical need for large families as a form of demographic insurance, while industrialization and urbanization transformed children from economic assets into significant financial responsibilities. Rising costs associated with housing, education, healthcare, and childcare increasingly shifted reproductive decisions toward smaller family sizes. At the same time, changing social norms surrounding marriage, parenthood, and personal fulfillment contributed to the normalization of low fertility across advanced economies.

Women's labor force participation has also become central to understanding ultra-low fertility in developed societies. As more women pursue higher education and careers, fertility increasingly



depends on whether economies successfully reconcile work and family life through childcare systems, workplace flexibility, and evolving gender norms. In societies where these institutions fail to adapt, women often face disproportionate trade-offs between career advancement and parenthood.

Viewed through this framework, many APEC economies now sit at the intersection of nearly all the structural forces historically associated with declining fertility. Rapid economic development, urbanization, rising educational attainment, shifting labor markets, and the spread of social media have accelerated changes in cultural expectations surrounding family formation and childbearing. Together, these forces place much of the Asia-Pacific at the center of a broader demographic transition increasingly defined by sustained low birth rates.

APEC Member Economy Strategies

In response to declining birth rates, many APEC member economies that have fallen significantly below the replacement-level threshold of 2.1 births per woman have implemented increasingly comprehensive demographic strategies. These policy responses can broadly be categorized under a framework of reversal and adaptation. Reversal policies are aimed at directly increasing fertility through measures such as childcare support, housing assistance, family subsidies, parental leave expansion, and financial incentives for marriage and childbirth. Adaptation policies, by contrast, seek to mitigate the long-term economic and social consequences of demographic decline through labor market restructuring, pension reform, automation, healthcare modernization, and expanded social welfare systems. The following sections examine how these approaches have been implemented across APEC economies and evaluate their broader effectiveness and limitations.

Among APEC economies, South Korea represents one of the clearest examples of a state pursuing both reversal and adaptation policies simultaneously. Under the Fourth Basic Plan for Low Fertility and Aging Society (2021–2025), the government framed demographic decline not simply as a fertility issue, but as a broader structural challenge linked to labor conditions, housing insecurity, gender inequality, aging, and social welfare sustainability (Committee on Low Birth Rates and Aging Society).⁵ The plan's reversal-oriented policies focused heavily on reducing the economic and professional costs associated with family formation. These included expanded parental leave allowances, longer paternal leave duration, flexible work arrangements, free childcare and education for children aged 0–5, customized

5. Kim, P. (2025, January 10). The 4th basic plan for low fertility and aging society (2021-2025) [Conference presentation]. Policy Research Institute, Ministry of Finance Japan-Korea Institute of Public Finance Joint Seminar. https://www.mof.go.jp/pri/international_exchange/kouryu/fy2024/pri_kipf202501_3.pdf



childcare services, workplace daycare expansion, housing support for newly married couples and households with newborns, marriage-related tax incentives, and expanded infertility treatment assistance.

At the same time, South Korea’s strategy also incorporated significant adaptation measures designed to prepare for the long-term realities of an aging and potentially shrinking population. These included strengthening pension and retirement systems, expanding healthcare and eldercare protections, promoting lifelong education and workforce participation, and increasing investment in productivity-enhancing technologies and social safety nets. Despite the scale and breadth of these interventions, South Korea’s fertility rate has remained among the lowest globally.

Similar to South Korea, Japan has increasingly adopted a dual-track framework of reversal and adaptation policies in response to sustained demographic decline. Under former Prime Minister Fumio Kishida’s 2023 “different dimension” approach to declining birthrates, the Japanese government framed demographic decline as a national structural crisis tied not only to fertility, but also to labor systems, child welfare, economic insecurity, and long-term fiscal sustainability. Central to this strategy was the creation of the Children and Families Agency in 2023, alongside a substantial expansion of family-related spending aimed at supporting marriage, childbirth, and child-rearing.

Japan’s reversal-oriented policies focused heavily on reducing the direct financial and professional burdens associated with raising children. Measures included increasing the Childbirth Lump-Sum Allowance from ¥420,000 to ¥500,000, expanding child allowances, broadening childcare access, promoting flexible parental leave, and introducing the proposed “All Children’s Daycare System” to expand universal childcare availability. The Kishida administration also pledged to substantially increase national spending on child and family policies, framing the coming decade as Japan’s “last chance” to reverse declining fertility trends.⁶

At the same time, Japan has continued expanding adaptation-oriented policies designed to manage the long-term realities of population aging and workforce contraction. These include healthcare and pension restructuring, increasing elderly labor force participation, and promoting productivity-enhancing technologies through the broader Society 5.0 framework, which emphasizes AI, robotics,

6. Prime Minister’s Office of Japan, Statement.
https://japan.kantei.go.jp/ongoingtopics/policies_kishida/childsupport.html



automation, and digital transformation as tools for sustaining economic output amid demographic decline. Local governments have additionally experimented with work-life balance reforms and regional revitalization initiatives aimed at mitigating depopulation outside major urban centers. Despite these extensive interventions, Japan’s fertility rate has continued falling, reaching record lows in recent years.

Taiwan’s reversal-oriented demographic policies have increasingly focused on reducing the direct financial burden associated with childrearing under the National Child Care Policy 2.0 for Ages 0–6. The program substantially expanded monthly childcare allowances, raising childrearing subsidies to NT\$5,000 per month for the first child, NT\$6,000 for the second child, and NT\$7,000 for the third child and beyond. For children aged 0–2 enrolled in public or quasi-public childcare facilities, subsidies were increased to as much as NT\$7,000 and NT\$13,000 per month respectively, with additional support provided for larger families and lower-income households. Preschool tuition subsidies were also expanded, reducing monthly out-of-pocket childcare costs for many households to below NT\$3,000 per month under certain public and quasi-public programs.⁷

Additional pronatalist measures included expanded infertility treatment assistance under the government’s IVF subsidy program, which by 2026 provided up to NT\$150,000 for first-time applicants, alongside childbirth allowances increased to NT\$100,000 per child regardless of insurance enrollment status. Taiwan also expanded corporate childcare incentives, with employers eligible for subsidies of up to NT\$10,000 per employee annually for childcare allowances and up to NT\$1 million annually for workplace childcare facilities and related services.⁸

At the same time, Taiwan has increasingly emphasized adaptation-oriented policies designed to prepare for long-term demographic contraction and population aging. Central to this strategy is the Long-Term Care Plan 2.0 (2017–2026), which significantly expanded community-based eldercare services, home care networks, caregiver support systems, dementia care, and integrated healthcare accessibility in anticipation of Taiwan becoming a “super-aged society.” Parallel adaptation efforts have also focused on expanding migrant labor programs and investing heavily in productivity-enhancing sectors such as semiconductors, AI, digital healthcare, and smart manufacturing to offset the

7. Executive Yuan, News Release. <https://english.ey.gov.tw/News3/9E5540D592A5FECD/7b033800-d295-4a7a-8fba-dfbf617142d6>

8. Legislative Yuan, Press Release. <https://www.ly.gov.tw/Pages/Detail.aspx?nodeid=45579&pid=261346&utm>



economic effects of a shrinking workforce.⁹ Despite the scale of these interventions, Taiwan’s fertility rate remains among the world’s lowest.

Comparing South Korea, Japan and Taiwan

The experiences of South Korea, Japan, and Taiwan illustrate both the similarities and limitations of contemporary demographic policy responses across advanced APEC economies. All three economies have increasingly adopted a dual-track framework combining reversal policies, aimed at directly increasing fertility, with adaptation policies, designed to mitigate the economic and social consequences of aging and population decline. However, despite extensive financial commitments and policy expansion, all three continue to experience persistently low fertility rates, suggesting that structural demographic decline may be more resistant to policy intervention than initially anticipated.

Among the three, South Korea has implemented the most aggressive and expensive reversal-oriented strategy. Since the mid-2000s, the Korean government has spent over 380 trillion won (approximately US\$280 billion) on pronatalist policies under successive Basic Plans for Low Fertility and Aging Society. Yet despite this unprecedented level of spending, South Korea’s fertility rate continued falling—from approximately 1.08 in 2005 to around 0.72 in 2023, the lowest among OECD economies.

Japan has pursued a somewhat more balanced combination of reversal and adaptation policies over a longer timeframe. Beginning with the Angel Plans of the 1990s and continuing through Prime Minister Kishida’s 2023 “different dimension” demographic strategy, Japan expanded child allowances, increased the Childbirth Lump-Sum Allowance to ¥500,000, expanded daycare access, promoted parental leave reform, and created the Children and Families Agency to centralize family policy coordination. At the same time, Japan has become a global leader in adaptation strategies through its Society 5.0 framework, which emphasizes AI, robotics, automation, elderly workforce participation, and healthcare restructuring to sustain productivity amid demographic decline. Despite these interventions, Japan’s fertility rate continued falling from approximately 1.26 in 2005 to roughly 1.15 by 2024, with annual births dropping below 700,000 for the first time in modern history. Compared to South Korea, however, Japan’s adaptation policies appear more institutionally integrated and economically sustainable, reflecting greater acceptance that demographic contraction may need to be managed rather than fully reversed.

9. Executive Yuan, News Release. <https://english.ey.gov.tw/News3/9E5540D592A5FECD/7b033800-d295-4a7a-8fba-dfbf617142d6>



Taiwan presents a similar, though somewhat less financially expansive, case. Under initiatives such as the National Child Care Policy 2.0 for Ages 0–6, Taiwan expanded monthly childrearing allowances to as much as NT\$7,000 per month, reduced preschool tuition, expanded public childcare access, and increased infertility treatment subsidies. Concurrently, adaptation policies under the Long-Term Care Plan 2.0 expanded eldercare services, healthy aging programs, and healthcare infrastructure, while Taiwan increasingly emphasized technological competitiveness in semiconductors, AI, and smart manufacturing as mechanisms to offset labor force decline. Nevertheless, Taiwan’s fertility rate remained among the world’s lowest, declining from approximately 1.12 in 2005 to around 0.87 in 2024. Similar to South Korea and Japan, Taiwan’s experience suggests that financial support alone has had limited success in fundamentally altering reproductive behavior amid high housing costs, wage stagnation among younger generations, delayed marriage, and changing social norms surrounding family formation.

Viewed comparatively, all three economies demonstrate that reversal policies can alleviate some immediate financial burdens associated with childrearing, but have not succeeded in restoring fertility rates anywhere near replacement level. They also suggest that policies based on attempting to alter the cost-benefits of having children does not effectively promote childbirth. As a result, adaptation policies have become increasingly necessary in policy frameworks.

Conclusion

In conclusion, making sense of demographic change and attempting to meaningfully influence it through public policy remains an extraordinarily difficult task. From earlier fears of overpopulation to contemporary concerns surrounding sustained fertility decline, demographic history demonstrates how challenging long-term population trends are to accurately predict, interpret, or control. Ironically, one of the historical lessons may be the limits of intervention itself. Population dynamics have repeatedly evolved in ways that many leading theories failed to anticipate, often reshaped by technological innovation, economic transformation, and social adaptation.

As emerging technologies such as artificial intelligence, automation, and advanced healthcare continue to reduce labor dependency and transform eldercare systems, societies may increasingly adapt to demographic decline in ways previously unimaginable. While this does not diminish the very real short- and medium-term pressures associated with aging populations and shrinking workforces, it does suggest that demographic change may ultimately prove more manageable and more self-correcting



than many contemporary forecasts assume; and that we should not overly-sensationalize the issue or fall into panic.

The experiences of APEC economies do offer some insight for countries pursuing short-term solutions. First, decisions surrounding marriage and childbearing are deeply personal and individual, yet simultaneously shaped by broader cultural, economic, and social transformations that cannot simply be reversed through financial incentives alone. Current policies rooted primarily in cost-benefit assumptions may therefore fail to capture the more complex realities influencing whether younger generations choose to form families or have children.

Second, adaptation policies themselves present an inherent paradox. On one hand, measures such as expanded eldercare, healthcare systems, pension reform, automation, and labor restructuring are essential for maintaining economic stability and social resilience in aging societies. On the other hand, such policies may inadvertently increase the financial burden for future generations as elderly care programs increase government spending. These tensions reflect the difficult realities policymakers increasingly face across the Asia-Pacific. Yet recognizing these complexities is essential, not only for understanding the limits of demographic policy, but also for shaping more realistic and sustainable approaches to how societies frame, manage, and ultimately adapt to demographic transformation in the decades ahead.



3. Conclusion

The articles featured in this issue address two critical dimensions of transformation currently shaping the Asia-Pacific region: the evolution of the regional security environment and the far-reaching consequences of demographic change. While these topics may appear distinct, both reveal how governments are increasingly required to respond to structural challenges whose impacts will extend well beyond the present decade.

The analysis of Prime Minister Sanae Takaichi's Taiwan-related statement illustrates how regional security dynamics are entering a new phase. As strategic competition intensifies and concerns over stability in the Taiwan Strait continue to grow, regional actors are reassessing long-standing assumptions regarding deterrence, security cooperation, and crisis response. The article demonstrates that political signaling and strategic clarity have become increasingly important components of maintaining regional stability and influencing the calculations of potential adversaries.

At the same time, the discussion of demographic decline reminds us that many of the most significant challenges confronting APEC economies originate from within. Aging populations, shrinking workforces, and persistently low fertility rates are transforming economic structures and social systems throughout the region. The experiences of South Korea, Japan, and Taiwan suggest that demographic trends are shaped by deep-rooted social and economic forces that are often resistant to policy intervention, making adaptation as important as efforts at reversal.

Viewed together, the two articles underscore a broader theme: the future of the Asia-Pacific will be determined by how effectively societies manage both external pressures and internal transformations. Regional security developments will influence the stability necessary for continued prosperity, while demographic change will shape the economic and social foundations upon which that prosperity depends. As policymakers confront these interconnected challenges, informed analysis and long-term strategic thinking will remain essential to building a resilient and sustainable future for the region.



