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Demographic shifts in Asia and the Pacific: Policy insights from EU-ILO partner countries

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Key points

- Asia and the Pacific is undergoing rapid demographic change driven by population ageing, youth dynamics and migration, with major implications for labour markets, productivity and social protection. This brief summarizes discussions at the Regional Forum on Demographic Shifts and Future of Work, held in Bangkok on 29-30 January 2026.
- Across the nine EU-ILO partner countries[1], ageing is progressing at different speeds, increasing old-age dependency ratios, and placing pressure on labour supply, pensions and healthcare systems.
- Better labour market integration of young people is essential for inclusive economic development, especially through stronger school-to-work transitions, targeted skills development and closer alignment between education and employer demand.
- According to the discussion in the Forum, extending the working lives of older persons will require healthier ageing, continuous reskilling, as well as age-inclusive workplaces and policy reforms that make continued employment attractive for both workers and employers.
- Participants emphasized the need to adapt social protection systems by expanding coverage, safeguarding adequacy, improving portability, and ensuring sustainable financing amid ageing, informality and technological change.
- Participants also stressed that well-governed migration policies can help ease labour and skills shortages but should complement broader labour market strategies and remain grounded in rights- and standards-based approaches that benefit migrants as well as origin and destination countries.

Background

Asia and the Pacific is undergoing one of the most profound demographic transformations in the world. Rising life expectancy and falling fertility rates are accelerating population ageing in many countries, while the region also remains home to a large youth cohort and is a major hub for migration. These dynamics create both challenges and opportunities for employment, productivity and social protection.

Given the cross-cutting nature of these trends, there is a growing demand for policy coherence, practical solutions, and shared learning. Against this backdrop, the European Union-funded ILO project Managing a decent future of work together – Asia and the Pacific organized the Regional Forum on Demographic Shifts and the Future of Work, which brought together more than 80 participants from eight partner countries.

Held on 29-30 January 2026 in Bangkok, the Forum provided a platform for tripartite constituents, policymakers and researchers to exchange experiences, identify common priorities, and inform future project initiatives, including potential policy dialogues and joint research activities. These project activities will contribute to EU employment and social policy priorities and align with the work of the European Commission, notably DG EMPL, which monitors their policy implementation.

1 Australia, New Zealand, Japan, Republic of Korea, Singapore, Malaysia, Thailand, India and Palau.

Demographic change has major labour market and socio-economic implications

Partner countries are ageing at different speeds

The old-age dependency ratio, i.e., the number of people aged 65 and over relative to the working-age population, illustrates the pace of ageing. All the project's partner countries are facing rapidly ageing populations, although their respective paces and starting positions differ considerably (figure 1). India and Malaysia currently have the lowest ratios and this is projected to remain the case, but they are still expected to double over the next 25 years.

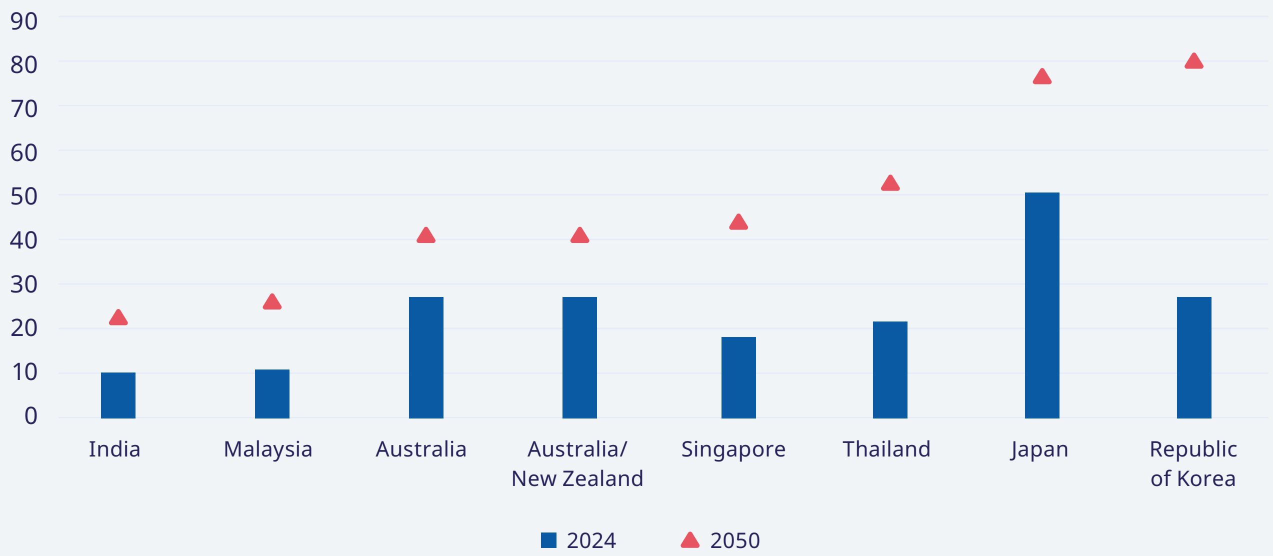
Japan and the Republic of Korea are already among the world's most aged societies, and their old-age dependency ratios are projected to rise further. In both countries, by 2050 the share of the population above 65 relative to the working-age population will be at, or close to, 80 per cent. Overall, all partner countries are expected to experience considerable increases in ageing-related pressure on labour markets and public finances.

In many respects, population ageing is a positive development as people across the region are living longer lives. Ageing, however, does bring forth a number of labour market challenges, including slowing labour force, driven largely by the growing cohort of older workers who typically have lower participation rates. As labour supply growth slows (or turns negative), it can lead to labour and skill shortages and thus constrain overall economic growth. As countries in the region age, there is renewed emphasis and urgency on measures to boost productivity and expand labour supply, including through migration and stronger labour market participation among young people, older workers and other under-represented groups.

Ageing also has significant implications for social protection. Aging will put fiscal pressures on social protection systems, notably pensions as shrinking labour forces constrain the contributory base upon which many systems depend. Current and future retirees will face increased uncertainty about the adequacy of their future pension entitlements.

Against this backdrop, discussions at the Forum focused on four inter-related themes: (i) youth employment, (ii) older workers, (iii) social protection and (iv) migration. While each theme and related discussion delved into the challenges as they relate to demographic shifts, emphasis was placed on moving beyond diagnosis to articulate through, mutual exchange and shared learning, practical solutions and policy options.

Old-age dependency ratio



Note: Population aged 65 and above to population aged 25-64
Source: World Population Prospect, 2024.

Potential measures to address labour market challenges amid demographic transition

Youth employment and the demographic dividend

Across Asia and the Pacific, young people remain a major demographic asset in the face of population ageing. Yet youth unemployment rates persistently exceed those of adults in the region. According to ILOSTAT data, youth unemployment in the region was estimated at 13.5 percent in 2025, compared to just 4.1 percent among all workers. Moreover, nearly more than one in four youth in the region are not in employment, education, nor training (NEET).

Improved labour market integration of youth is often constrained by, among others, a mismatch in the skills held by youth and those demanded by employers (and in some instances there is also a mismatch in expectations between youth and employers). Consequently, youth are often under-employed while employers struggle to adequately fill vacancies.

> Policy ensure that retaining older workers is both economically viable and socially responsible, reinforced where needed by legal obligations
>
> ▶ **June Namgoong, Korea Labor Institute**

During the forum, participants emphasized that leveraging the demographic dividend requires bridging the skill mismatch between education and industry needs through targeted vocational training. In India, the focus is on training youth in Artificial Intelligence (AI) and automation to fill global labour gaps, while countries like Japan and Malaysia face challenges with non-regular employment and underemployment among graduates.

Among other issues raised, an emerging concern in Singapore revolves around whether generative AI may create a "diamond-shaped" labour force where experienced, AI-enabled workers are prioritized, potentially crowding out younger entrants. Consequently, participants stressed the importance of robust school-to-work transitions and national dialogues to align skilling policies with technological shifts.

Extending the careers of older workers

As the population ages and older workers account for a growing share of total employment, labour force growth tends to slow. Yet many older workers would choose to work longer if barriers to continued labour market engagement, including discrimination and excessive pension-related financial penalties, were removed. A recent brief by the FOW-APAC Project related to the demographic shifts in the Republic of Korea highlighted that the share of individuals expressing a willingness to continue working ranges consistently between 70 and 80 per cent across different age cohorts.

To ensure societal sustainability as populations age, discussions centred on creating environments where older individuals can work for as long as possible through health lifespan extension and continuous reskilling. Japan is pioneering the use of technology, such as robots in nursing homes, to eliminate heavy physical labour, while the Republic of Korea is addressing the "income crevice" between mandatory retirement and pension eligibility.

Participants also noted that reskilling older populations is significantly more difficult than training youth, necessitating specialized solutions such as "fractional work" and a shift in narrative toward career longevity rather than a fixed retirement age. Ultimately, participants agreed that policy must make continued employment an economically attractive option for employers while supporting those who are not yet retirement ready.

Ensuring adequate social protection

Social protection is a fundamental right and an indispensable pillar of equitable and sustainable development, playing a critical role in supporting workers and their families throughout the life cycle. Social protection coverage has expanded significantly, reaching a milestone with more than half the world's population, 52.4 per cent, now covered by at least one benefit, with the share in Asia and the Pacific sitting at 53.6 per cent.

> Vocational training and other measures should help eliminate skills mismatches and support a stable, flexible labour market where people can find work throughout their working lives.
>
> **Nozomi Tomita, Director of ILO Office for Japan**

The demographic transition now underway and the concurrent growth of expenditures on pensions, healthcare and long-term care raise concerns about fiscal sustainability. Emerging and developing countries face the imperative of expanding coverage, particularly given large and persistent informal economies whereas higher-income countries confront the challenge of maintaining financial sustainability while safeguarding benefit adequacy. Addressing these challenges requires clarity on priority reforms and target groups, as well as deliberate integration of social protection within broader labour market and fiscal policy responses.

Participants emphasized that social protection systems will need to adapt by expanding coverage, improving portability and addressing gaps faced by vulnerable segments of the labour force, including migrant, informal and platform workers. A recurring priority, highlighted by the delegations from India and Thailand, is to ensure the portability of social protection benefit through coordination between countries, including the development of universal identification numbers for mobile and migrant workers.

Furthermore, there is a critical need to integrate informal and platform workers into formal social security frameworks to mitigate income insecurity exacerbated by AI and automation.

Ultimately, participants reaffirmed that social protection should be framed as a strategic long-term investment in labour market resilience, necessitating robust tripartite dialogues to establish fair burden-sharing and sustainable financing models.

> Countries are facing the dual challenge of building a comprehensive social protection system and adapting the system to rapid demographic aging
>
> **Kenichi Hirose, ILO Senior Social Protection Specialist, Regional Office for Asia and the Pacific**

Making migration work for migrants, countries of origin and countries of destination

A well-managed migration policy has the potential to assist partner countries in responding to demographic pressure and addressing labour and skill shortages, and thereby supporting growth, productivity and competitiveness in the longer term. This, however, should play a complementary role and be part of a more comprehensive and cohesive labour market strategy to address challenges arising from an ageing population.

In this regard, effective migration governance remains central to shaping positive outcomes for countries of origin and destination, as well as for migrants. Migration governance should be grounded in international labour standards and guided by a rights-based approach that is responsive to national contexts and the diverse circumstances of migrant workers.

Conclusion

The regional forum reaffirmed that responding effectively to challenges arising from demographic shifts requires a coherent, evidence-based, and integrated approach that link employment, skills, migration and social protection policy. While countries in Asia and the Pacific face different demographic trajectories and labour market conditions, population ageing is creating shared challenges for all. As population ageing reshapes labour supply across the region, supporting youth employment, extending the working lives of older persons where possible and desired, strengthening social protection, and ensuring well-governed migration policies can all play an important role in responding to emerging labour market pressures.

Looking ahead, continued regional exchange, targeted analysis, and technical support can help deepen understanding of these challenges and strengthen the design of integrated policy responses. Such efforts will be important to support inclusive and sustainable labour market outcomes in the context of demographic change.

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