



Silver Industry Booms; Baby Sector Busts

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Staff Reporter

Women perform in a dance competition for the elderly last week in Chunchon, Kangwon Province. / Yonhap
With a record-low birthrate, South Korea is expected to become an aged society in 2018. According to the United Nations, a population qualifies as aged when more than 14 percent of people are over 65. In 2018, 14.3 percent of Koreans will be over 65, according to the National Statistical Office (NSO).

The country will become a super-aged society, with more than 20 percent of the population over 65, in 2026, the NSO said.

According to 2005 figures released by the NSO last week, the aged population has reached 4.36 million, up 29.5 percent from five years ago.

Of the 234 administrative districts in the country, districts in which the elderly account for more than 20 percent of total inhabitants have increased from 29 in 2000 to 63 in 2005.

The number of infants decreased to 430,000 last year, down 200,000 from the number in 2000, according to the NSO report.

The birthrate last year was 1.08, the lowest rate among Organization of Economic Co-operation and Development member countries.

Changing Business Trends

The demographic trend is now forcing industry to make some changes.

Since the number of infants is rapidly decreasing, companies that provide products for babies are struggling. Many are exploring foreign markets and diversifying their businesses.

In contrast, companies whose products are aimed at seniors are booming.

Namyang Dairy Products Co., a leading company in the domestic dairy industry, decided to expand its field of business two years ago. It realized that it could not sustain its primary business _ making powdered milk for babies.

Consequently, the company started to market its high-quality powdered milk in Vietnam and China. It expanded into beverages and food, as well, to attract more customers.

Tong Yang Magic, a kitchen electronics and appliances company, said it decided in a recent stockholders meeting that it would shift its marketing toward seniors.

An company official said that since businesses catering to seniors have great growth potential, it would begin to focus on medical appliances and medical facilities.

Agabang, a manufacturer of clothes for infants, saw the looming business crisis in 2000.

Agabang decided to increase its exports to make up for the loss of domestic sales. Exports now constitute 30 percent of its sales.

An Agabang official said the company would actively target foreign markets such as the United States and China by developing high-quality brands.

Baby food makes up 18 percent of Maeil Dairy Group's total sales. To combat falling sales resulting from the falling birthrate, it decided to diversify.

It plunged into the cheese business in 2004, and it is trying hard to expand into the health products market.

According to Korea Institute for Health and Social Affairs, the domestic industry catering to seniors is to expand from 1.7 trillion won in 2000 to 4.1 trillion won in 2010.

Conglomerates have been actively involved in providing housing for the elderly. SK Engineering & Construction Co. has started to develop SK Grace Hill, a residence for seniors. It is equipped a swimming pool, sauna, and health equipment. It will also have a hospital specialized in care for the elderly.

Park Jae-hyung, a company official, said that along with the growing demand for ``silver towns'' for seniors, profits are expected to grow.

In its recent report aging and the low birthrate, the Korea International Trade Association stressed the need for fostering the Korean ``silver industry.''

The report emphasized the importance of benchmarking Japanese companies to learn consumption patterns and industry structure.

As the population ages, the demand for medical and health-related services is expected to grow, the Bank of Korea said in a recent report.

``We expect demand for medical and health-related services to increase as the country ages,'' the report said. ``The government is expected to weigh improving education and health-related services, giving more policy support to solving the problems of an aging society.''

The Bank of Korea has predicted that South Korea would face a shortage of up to 4.8 million workers in 2020 unless the country improves labor productivity. The bank expects the lackluster growth in labor productivity in the service sector to worsen problems related to the labor shortage.

It has suggested that the government create an environment in which more women and senior citizens can participate in economic activities.

Services for the Aging Population

Housing for the aged comes in the form of residential homes, nursing homes and other health care institutions. There are three types: free, low-price and private. Only low-income seniors are allowed to live in free or low-price housing.

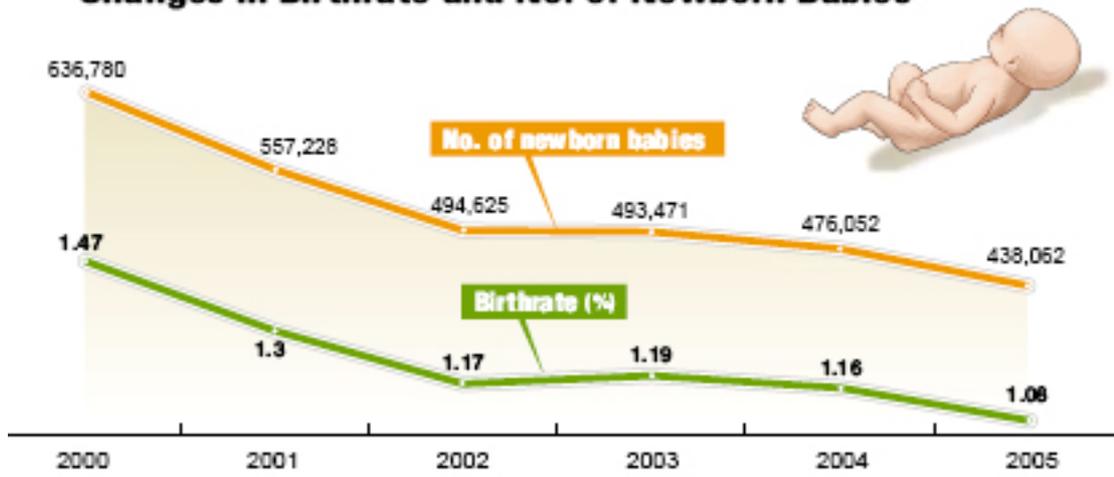
With more seniors living independently, the need for in-home services, meal services, bathing services and companion services has dramatically increased. These services are available for free to the seniors who get government assistance.

Under the Aged Employment Promotion Act, companies are required to fill 3 percent or more of their positions with workers 55 or older. The act stipulates 77 types of jobs, including selling bus tickets and cigarettes, and attending parking lots and public parks, for which seniors should be given first priority.

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Changes in Birthrate and No. of Newborn Babies



No. of Those Over 65 and Their Share of Population

