

Japan to boost child care spending to match Sweden ^[1]

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Author:

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Excerpts

Japan said Thursday it will increase its spending on child care to a level on par with countries like front-runner Sweden, doubling it from the current size by the early 2030s as the rapidly aging nation aims to reverse the declining birthrate.

Under a draft plan to realize "unparalleled" child-rearing support, the government will boost annual spending by around 3.5 trillion yen (\$25 billion) over the next three years through fiscal 2027, though the debt-ridden nation is yet to decide how to fund it.

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According to the Organization for Economic Cooperation and Development, the ratio of public spending on family benefits to gross domestic product was around 3.4 percent for Sweden in 2019, while it stood at 1.7 percent for Japan. Sweden and other European nations, however, have higher tax rates and higher social security contributions.

Kishida has said now is the last opportunity to reverse a downward trend in births before 2030, underscoring the pressing demographic challenges that cast a shadow over the longer-term growth outlook for Japan's economy.

After the number of newborns fell below 800,000 in 2022, it is expected to decrease further to 500,000 in 2070, according to the National Institute of Population and Social Security Research.

The country's population of around 125 million is forecast to slip below 100 million in 2056.

Region: Asia ^[3]

Tags: social policy ^[4]

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