

ALLIANZ RESEARCH

BOOM OR BUST?

THE COVID-19 CRISIS EMPHASIZES WIDER FERTILITY CHALLENGES

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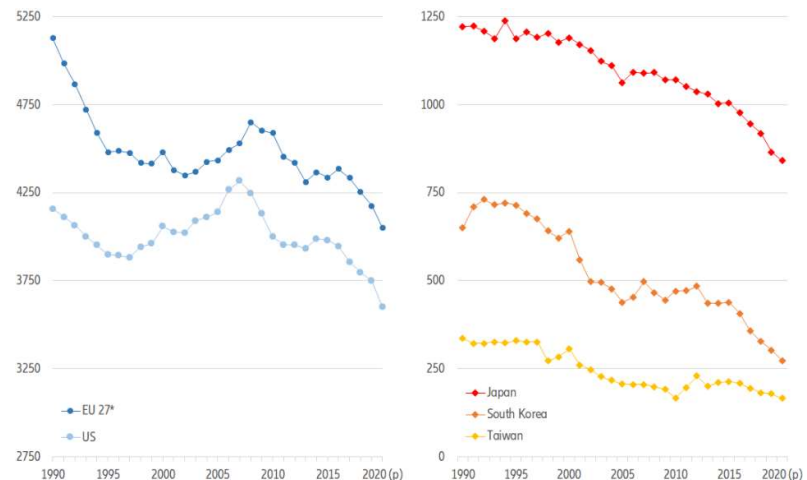
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The Covid-19 pandemic not only caused millions of premature deaths, but it had also an impact on the number of births. In high-income countries the number of live births declined to record lows in 2020 as pregnancies were postponed. With motherhood increasingly being delayed to later ages, the pandemic could therefore have lasting effects on demographic change, contributing further to the aging of societies.

In the EU,¹ the number of newborns declined by around -3% to 4.1mn in 2020 as most of the 27 member countries, except for Finland, Luxembourg and Malta, reported a decrease of the number of live births. The Baltic countries, Poland, Romania, Ireland and Spain witnessed the sharpest declines, ranging from -5.6% in Ireland and Spain to -10.6% in Romania. And in France, the number of live births fell below 700,000 for the first time since 1945.

On the other side of the Atlantic, the US recorded merely 3.6mn newborns in 2020, which was the lowest number since 1979². Japan, South Korea, and Taiwan also witnessed a further decline in the numbers of newborns (see Figure 1).

Figure 1: Record-low number of births in 2020, in thousands



Sources: Centers for Disease Control and Prevention, Eurostat, national statistical offices, Allianz Research.

¹ Based on preliminary data of 25 national statistical offices. For Greece and Cyprus no 2020 data was available.

² See Human Fertility Database, <https://www.humanfertility.org/cgi-bin/stff.ph> (accessed 15.06.2021).

These developments correspond with the observation that in times of economic crisis, rising unemployment rates and uncertainty, fertility plans are postponed. Government support programs to cushion a part of the financial impact of the Covid-19 pandemic could only ease the economic aspect. But the lockdowns that brought social life to a halt and caused many couples to postpone their planned weddings, restricted access to medical services, including assisted reproduction technologies, in order to relieve the burden on health systems, and the higher risk of pregnant women needing intensive care or invasive ventilation in case of a Covid-19 infection left many with a feeling of uncertainty that hindered them from starting a family or having another child.

However, while the Covid-19 pandemic amplified existing demographic trends in high-income countries and caused further declines in the number of newborns, the United Nations Population Fund estimates that as many as 1.4 million unplanned pregnancies have occurred in low- and middle-income countries, where women often only had limited access to family planning services as a result of the Covid-19 crisis.³

Boom or bust? For all those who hoped for a post-crisis baby boom to compensate for the declines in 2020, the crucial question is whether plans for having children have merely been postponed or whether they will be abandoned. In this respect, economic development and especially the decline of unemployment among the younger age groups play an important role as a stable relationship and a stable income are crucial factors in the decision to become parents⁴. However, the current economic recovery will not be reflected in the birth rates for nine months at the earliest.

The latest available data paints a mixed picture of the development of the number of births in the first months of 2021.⁵ While Germany reported the highest number of live births in the month of March since 1998 and a slightly higher overall number of births in the first three months of 2021 compared to the same period a year earlier⁶, in Portugal the number of newborns has continued to decline. In most other European countries, the birth numbers show some promising signs of stabilizing, with the number of newborns in the most recent reporting month higher than that seen in the same month last year. However, the accumulated numbers for the first three or four months are still below the levels of 2020. Only Austria, Croatia, Czechia, Denmark, Finland, the Netherlands and Switzerland recorded higher quarterly or four month figures than in 2020. In South Korea, Singapore and Taiwan, the quarterly and first five month figures are still below that of the previous year, too. But the latest available data also hint at a recovery in Singapore and Taiwan, where the numbers of births were higher in March and May, respectively, than in the same months in 2020.

³ See UNFPA (2021): One year into the pandemic, UNFPA estimates 12 million women have seen contraceptive interruptions, leading to 1.4 million unintended pregnancies, published on March 21, 2021, <https://www.unfpa.org/news/one-year-pandemic-unfpa-estimates-12-million-women-have-seen-contraceptive-interruptions> (accessed 15.06.2021)

⁴ However, recent data for the US shows that in regions with strong job growth the decline in birth rates was stronger than in economically stagnant places, as young women tend to postpone motherhood prioritizing education and career. See Tavernise, Sabrina et al. (2021): Why American women everywhere are delaying motherhood, in: The New York Times, online edition, June 16, 2021 <https://www.nytimes.com/2021/06/16/us/declining-birthrate-motherhood.html> (accessed 16.06.2021).

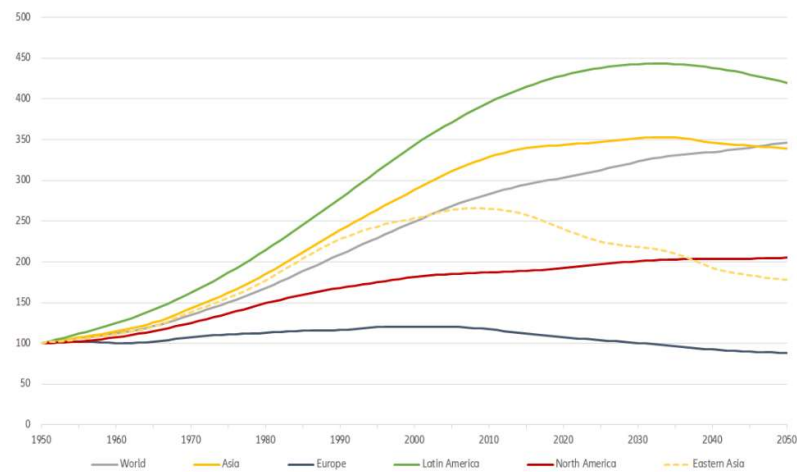
⁵ See Human Fertility Database, <https://www.humanfertility.org/cgi-bin/stff.ph> (accessed 15.06.2021).

⁶ See Statistisches Bundesamt (2021): Geburtenzahl im März 2021: Höchster Wert seit mehr als 20 Jahren, Pressemitteilung Nr. 280 vom 15. Juni 2021, Wiesbaden 15.06.2021.

Nevertheless it is still too early to give an outlook for the current year, especially considering the context of the second Covid-19 wave, which brought back economic uncertainty and lockdowns in the second half of 2020.

However, the decline is here to stay: The number of births also depends on the number of potential mothers, but in Europe and East Asia, the number of women of childbearing age has already started to fall, the consequence of lower birth rates since the 1970s. In Latin America, the peak is expected for 2030, however in Brazil, the largest economy in the region, the numbers are already expected to decline from 2025 onwards. In North America, the number of women aged between 15 and 49 is expected to increase further, though with lower growth rates than in the past (see Figure 2).

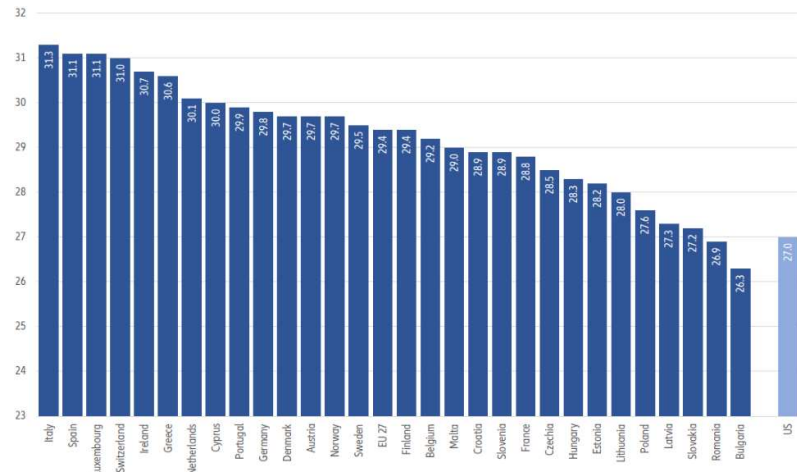
Figure 2: Women of childbearing age, Index 1950 = 100



Sources: UN, Department of Economic and Social Affairs (2019); Allianz Research.

Another decisive factor is the mean age of the mother at first birth. In 2019, it was an average 29.4 years in the EU, ranging from 26.3 years in Bulgaria to 31.3 in Italy. In the US, it had increased to 27.0 years (see Figure 3).

Figure 3: Average age of women at first birth 2019, in years



Sources: Eurostat, Centers for Disease Control and Prevention, Allianz Research.

However, the older mothers are at the birth of their first child, the higher is the risk that the desire for another child remains unfulfilled or is given up, as health risks for both mother and child increase with age. In this context, the decision to postpone pregnancy or have fewer children as a result of the pandemic⁷ could lead to lasting effects on demographic change, contributing further to the aging of societies.

⁷ See also Harper, Susan (2021): The impact of the Covid-19 pandemic on global population ageing, in: Journal of Population Ageing, published online May 22, 2021, <https://doi.org/10.1007/s12062-021-09330-w> (accessed 15.06.2021).

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