China’s Changed One-Child Policy Doesn’t Give Baby Boost

By LAURIE BURKITT
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BEIJING—China’s expected baby boom is turning out to be a bust.

Not as many married couples as expected are taking advantage of a loosening in China’s one-child policy that allows them to have two children if one spouse is an only child.

Around 804,000 couples applied by the end of September to have a second child, the National Health and Family Planning Commission said in a statement, dramatically short of the annual two million new births projected by health officials as a result of the policy shift announced last November.

The shortfall has wide implications for China—from investment by businesses to the country’s tightening labor supply and the vitality of its economy.

The commission said more couples may register in the coming months because the amended policy was rolled out in phases across the country starting in March and some women may have only recently become pregnant.

But the low figure highlights the demographic challenges facing China, where a
rapidly aging society and an array of new health issues are threatening the
country’s population growth, its future workforce and economic stability.

CHINA'S BABIES BY THE NUMBERS

Source: China’s National Health and
Family Planning Commission, Wang
Feng (UC Irvine/Fudan University)

- 11 million couples qualify under new rules to have a second baby
- Eight million estimated to add second baby by 2018
- Two million couples projected to apply for second baby in 2014
- 804,000 couples applied in the first nine months of 2014

News of the policy change last year brought a frenzy of anticipation from baby-related businesses, with shares of baby-formula producers and even piano makers jumping. Tutoring companies’ shares climbed on the assumption that urban families would fill their cribs and eventually classrooms.

The lack of interest from couples surprised even demographers who have long urged the government to act fast and dismantle the birthing policy altogether, to avoid a collapse in the labor pool.

The numbers are “way, way off the mark,” said Wang Feng, a demographer and professor at the University of California at Irvine and affiliated with Shanghai’s Fudan University.

Experts say a combination of factors, including a focus on higher education, bulging costs of living and increased employment migration, have damped the desire for an extra child.

China follows a pattern seen in other countries, especially ones with growing middle-class populations. Singapore, for example, offers incentives for babies; yet they often don’t outweigh the load of child-rearing.

An estimated 11 million Chinese couples are eligible to have additional children under the new rules, but less than 7% have opted for a new baby, Mr. Wang said. He has projected that eight million would apply over four years, with around two million submitting applications in the first year.

Married couples need to register with government family-planning authorities before they have a baby. Those who have a child without permission can face stiff fines. Many couples and single mothers have resorted to having their children overseas to avoid legal problems.

Last year’s amendment chipped away at a policy that, with some exceptions, has restricted families to a single child since its implementation in 1980. Intended to help raise living standards, the policy led to forced abortions and sterilization and meant that legions of single children now have no sibling to share the burden of caring for elderly parents.

Low birthrates means new workforce entrants are dwindling while the portion of the elderly is rising, prompting demographers to worry that the government is running out of time to change course. Between 2010 and 2030, China’s labor force is expected to lose 67 million workers, according to projections from the United Nations.
Health and family-planning officials said in the statement they are monitoring population changes to make future policy adjustments. A report from the official Xinhua News Agency this week said there are currently no plans for further policy relaxation.

Last year’s change mainly took aim at couples in cities, where family planning has been more strictly implemented than in rural regions. It drew cheers from many Chinese, who dislike the constraints on family size, as well as from demographers.

Companies such as diaper maker Kimberly Clark Corp., which sells Huggies in China, have said they were gearing up for the baby boom. Nestlé SA, which sells infant formula and Gerber baby food, is trying to strengthen its brand to build trust with new mothers, a spokesman said. “Regardless if there are 800,000 applications, there is still demand,” the spokesman said on Friday.

“If we have one more child, we will have more pressures.”

—Zhong Na

In a recent interview with The Wall Street Journal, pharmaceutical company Merck Serono's executives said they are investing in China's fertility industry, hoping to cater to many of the older women now eligible to have an additional child.

However, at the Reproductive Medical Center of Peking University Third Hospital new patients seeking a second child due to policy changes are a minute portion of overall patients, said Liu Ping, the clinic's deputy director.

Many women whose children are already 10 and older are reluctant to get pregnant again. “Having another child at this point would be too difficult,” Dr. Liu said.

Experts warned last year that new rules wouldn’t be enough to address inadequate population growth. Some experts say that even if the country repudiated all population controls this year, the labor force would likely still shrink.

The low number of applications runs counter to previously reported information from the country's family planners. Health officials announced earlier this year—as the relaxed policy was rolled out province by province—that couples had “embraced” the new policy and that hospitals were strained, facing shortages of bedding.

Yet many mothers like Zhong Na, who qualifies to have a second child under the new rules, have no plans to expand their families. Ms. Zhong, 36 years old and from Shanghai, said she has to turn her focus to caring for her parents, not a new tot. “If we have one more child, we will have more pressures,” she said.

—Kersten Zhang and Alyssa Abkowitz contributed to this article.