

# Changes in Japanese Policies for Accepting Foreign Workers for the Purpose of Compensating for Labor Shortage

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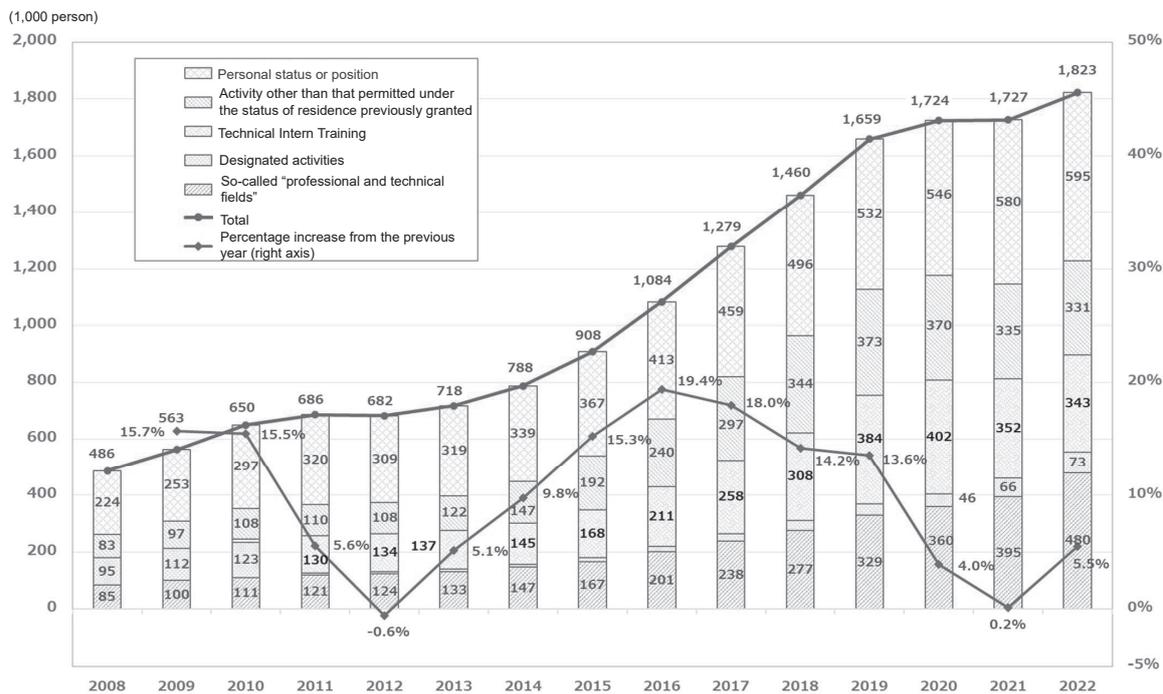
In April 2019, the Specified Skilled Worker System was launched with the aim of accepting foreign workers in order to compensate for serious labor shortage. The mechanism and the developments leading to the launch of this system are detailed in Hamaguchi (2019). One of the issues regarding the policies for accepting foreign workers that have still been under discussion is the positioning of the Technical Intern Training Program and whether or not to maintain this. The program, which originally aims to make international contributions through human resource development, substantially functions as a contact point for accepting foreign workers temporarily. It was not until April 2023 that a future vision became visible with regard to national policies for accepting foreign workers for compensating for labor shortage, from discussions at the Advisory Panel of Experts on Ideal Form of Technical Intern Training Program and Specified Skilled Worker established by the government. This article first overviews the current status of acceptance of foreign workers based on official statistics, then introduces the recommendations made by the Advisory Panel, explaining the meaning thereof and further making reference to the remaining problems.

## 1. Changes in the number of foreign workers

In Japan, all employers are required with file a notification to *Hello Work* (public employment security offices) on each occasion they hire a foreign national and a foreign employee resigns. Figure 1 shows changes in the number of foreign workers by

major status of residence based on the statistical data, “Situation of Notifications on ‘the Employment Status of Foreign Nationals,’” that the Ministry of Health, Labour and Welfare publishes every year. The number of foreign workers, which was approximately 486,000 in 2008, has increased rapidly since the mid-2010s. In recent years, the increase slowed due to the spread of COVID-19, but the number of foreign workers reached 1,823,000 in 2022, hitting a record high. The number doubled from that in 2015.

Looking at the recent trend in the number of foreign workers by status of residence, a decrease is observed in those with the status for “Technical Intern Training” and those who have obtained permission to engage in an “activity other than that permitted under the status of residence previously granted,” which includes part-time jobs that many foreign students engage in. The decrease in the number of those with these statuses of residence is considered to have been caused by strict restrictions on entry into Japan due to COVID-19. On the other hand, an increase has been observed in recent years as well in those permitted based on “personal status or position,” those permitted for so-called “professional and technical fields,” and those permitted for “designated activities.” Until 2010, the “designated activity” cases had included foreign nationals, corresponding to those in their second or third year of technical intern training as defined based on the current definition. Now, former students who are currently seeking jobs or other various foreign nationals are included, as are some Technical Intern Trainees who could not return home amid the



Source: Ministry of Health, Labour and Welfare, *Notification of the Situation of Employment Status of Foreign Workers* (2022).

Figure 1. Changes in the number of foreign workers by status of residence

pandemic but continued to stay in Japan by obtaining this status of residence. “Specified Skilled Workers,” which are detailed in the following section, are also included in the category of “professional and technical fields.” According to the aforementioned statistical data, the number of Specified Skilled Workers was 79,000 in 2022.

## 2. Current status of acceptance of specified skilled workers

The newly established status of residence “Specified Skilled Workers” has two categories. Specified Skilled Workers Type 1 are permitted to engage in work that requires a considerable level of knowledge or experience, and Specified Skilled Workers Type 2 are permitted to engage in work that requires expert skills. Specified Skilled Workers Type 1 are accepted in 12 specified industry fields,<sup>1</sup> while Specified Skilled Workers Type 2 are accepted in only two industry fields: construction and

shipbuilding and ship machinery.

According to the statistical data (preliminary figures) published by the Immigration Services Agency, which is an extra-ministerial bureau of the Ministry of Justice, as of the end of December 2022, 130,915 foreign nationals were registered as Specified Skilled Worker Type 1, and eight as Type 2 (Table 1). The total of 345,150 Specified Skilled Workers to be accepted (the maximum number in the coming five years) were projected upon the launch of the Specified Skilled Worker System. The number of Specified Skilled Workers at present is far below the projected number but has reached around one-third of that of Technical Intern Trainees.

The number of Specified Skilled Workers Type 1 is the largest in the field of manufacture of food and beverages, which accounts for one-third of the total, followed by the integrated field of machine parts and tooling, industrial machinery, and electric/electronics and information, then agriculture, nursing care, and construction.

Table 1. Number of Specified Skilled Workers Type 1 by specified industry field and by route of acceptance; as of the end of December 2022

	Total	Through Specified Skilled Worker Tests	Through satisfactory completion of Technical Intern Training	Through National Trade Skill Tests	Through completion of training at a training institution for Certified Care Workers	Through becoming an EPA Certified Care Worker Candidate
Total	130,915 100.0	34,078 26.0	96,356 73.6	207 0.2	1 0.0	273 0.2
Nursing care	16,081 100.0	12,999 80.8	2,808 17.5	—	1 0.0	273 1.7
Building cleaning management	1,867 100.0	507 27.2	1,360 72.8	—	—	—
Machine parts and tooling; industrial machinery, and electric/electronics and information	27,725 100.0	601 2.2	27,124 97.8	—	—	—
Construction	12,768 100.0	275 2.2	12,301 96.3	192 1.5	—	—
Shipbuilding and ship machinery	4,602 100.0	30 0.7	4,572 99.3	0 0.0	—	—
Automobile repair and maintenance	1,738 100.0	239 13.8	1,484 85.4	15 0.9	—	—
Aviation	167 100.0	167 100.0	0 0.0	—	—	—
Accommodation	206 100.0	199 96.6	7 3.4	—	—	—
Agriculture	16,459 100.0	4,491 27.3	11,968 72.7	—	—	—
Fishery and aquaculture	1,638 100.0	97 5.9	1,541 94.1	—	—	—
Manufacture of food and beverages	42,505 100.0	9,463 22.3	33,042 77.7	—	—	—
Food service	5,159 100.0	5,010 97.1	149 2.9	—	—	—

Source: Ministry of Justice, “Report on the Number of Specified Skilled Workers (Preliminary Figures).” [https://www.moj.go.jp/isa/policies/ssw/nyuukokukanri07\\_00215.html](https://www.moj.go.jp/isa/policies/ssw/nyuukokukanri07_00215.html) [in Japanese]

By route of acceptance, those accepted through “satisfactory completion of Technical Intern Training” accounted for 73.6%, and those accepted through “Specified Skilled Worker Tests” (referred to as “SSW Tests” hereafter) accounted for 26.0%. Technical Intern Trainees receive training for three years: the first year for the acquisition of skills and the second and third years for the enhancement of skills. The route through Technical Intern Training in Table 1 refers to cases where foreign nationals completed Technical Intern Training Type 2 or Type 3 and found jobs as a Specified Skilled Worker Type 1 in specified industry fields linked to individual job

categories for which they received technical intern training. The route through “SSW Tests” refers to cases where foreign nationals find jobs through passing tests conducted in individual specified industry fields. Those taking SSW Tests include foreign nationals who completed technical intern training but seek jobs in fields other than those for which they received training; foreign students who would like to find jobs in Japan after graduation; and foreign nationals who came to Japan for the first time as a Specified Skilled Worker Type 1 to find jobs.

Foreign nationals accepted through these two routes are roughly divided into three groups by

specific industry fields: (1) a group of foreign nationals, over 90% of whom were accepted through Technical Intern Training in the following fields: machine parts and tooling, industrial machinery, and electric/electronics and information; construction; shipbuilding and ship machinery, and fishery and aquaculture; (2) a group of foreign nationals, 70% to 80% of whom were accepted through Technical Intern Training in the following fields: building cleaning management; automobile repair and maintenance; agriculture, and manufacture of food and beverages, and (3) a group in which the percentage of those who were accepted through SSW Tests is higher in the following fields: nursing care; aviation; accommodation, and food service.

### **3. Renovating the Technical Intern Training Program? —Direction of future changes presented by the experts**

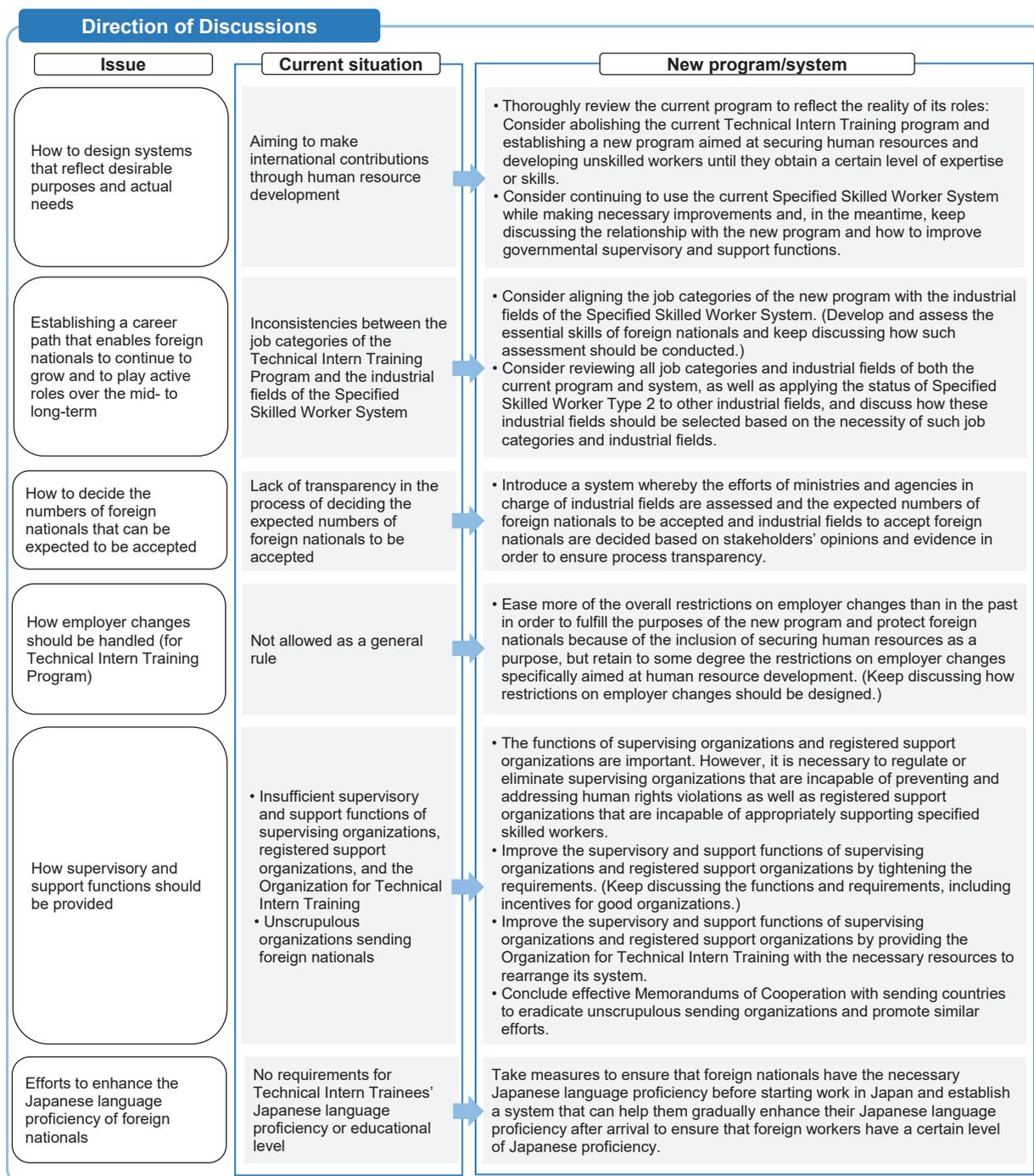
Pursuant to the supplementary provisions of the amended Immigration Control and Refugee Recognition Act of 2018, which provide for the Technical Intern Training Program and the Specified Skilled Worker System, the Advisory Panel of Experts has held meetings on ideal forms of the program and system since November 2022. At the panel, relevant data, trends in other countries, and the opinions of diverse stakeholders were introduced. This article introduces the content of the draft interim report published in April 2023, which was the latest material at the point of writing this article, and examines its meaning. As relevant ministries and agencies are to have further discussions based on the advisors' report, it should be noted that the following are not the government's final decisions.

Figure 2 shows the summary of the published draft interim report. The most important point here is that the Advisory Panel recommended abolishing the current Technical Intern Training Program and establishing a new program. This would change the Technical Intern Training Program on the one hand but still keep it the same on the other. The original nature of the Technical Intern Training Program was to develop human resources for the benefit of sending

countries, with the aim of increasing Japan's international contributions. In contrast, the new program aims to develop and secure human resources. Although the objective of developing human resources will be shared between the current program and the new program, the current program's objective of international contributions will be replaced with securing human resources by the new program. Particular attention should be paid to the fact that this substitution would officially place the new program under the Specified Skilled Worker System. Therefore, the Specified Skilled Worker System should be redesigned so that foreign workers trained under the new program can smoothly shift to the system. Additionally, encouraging foreign nationals to improve their Japanese language proficiency will be more important, as it will help them enhance their vocational skills and fit the needs of the Japanese labor market.

The government of Japan has taken a cautious stance on the acceptance of foreign nationals who engage in so-called "menial jobs." However, in reality, Japanese-Brazilians and other long-term residents have engaged in jobs that do not require specific skills or experience, and the Technical Intern Training Program has substantially served as a contact point for accepting those foreign nationals. The program has thus, for the last 30 years, provided labor to small- and medium-sized enterprises or some industries facing difficulties in hiring Japanese workers, or has been utilized as a special category of policy for securing non-regular employment where foreign workers' temporary retention at workplaces can be expected.

In contrast, the new program to be established is positioned as a contact point for accepting foreign workers for compensating for labor shortage. Under this program, many of the foreign workers coming to Japan for the first time will engage in jobs that they can do without specific skills. A certain number of employers will welcome this. At the same time, the new program, which also has the objective of developing human resources, is placed under the Specified Skilled Worker System and will encourage foreign workers to experience higher-level jobs



Source: Immigration Services Agency, "The draft interim report (summary)" of the Advisory Panel of Experts on Ideal Form of Technical Intern Training Program and Specified Skilled Worker System (materials for 7th meeting, April 28, 2023). <https://www.moj.go.jp/isa/content/001395223.pdf> [in Japanese].

Figure 2. Direction of discussions (draft)

instead of continuously engaging in jobs that do not require specific skills or experience. In short, so-called “menial jobs” are not everything but the first stepping stones for foreign workers’ future careers to come in Japan. Accordingly, the policy recommended by the experts is not completely in conflict with the stance that the government of Japan has taken so far.

In recent years, the Technical Intern Training Program has been under criticism and societal expectations that Japan “squarely” accepts foreign workers have increased. However, in one aspect, such expectations can serve as grounds for procuring foreign workers from overseas on a “just-in-time” basis. The fact that the recommended new program places importance on developing human resources in addition to securing human resources can possibly imply that the experts proposed that Japan should not adopt such a “procurement” method on a full scale.

The new program for accepting foreign workers is claimed to succeed the Technical Intern Training Program’s objective of developing human resources, but there is a concern that problems with the conventional program that have long been pointed out might be left unaddressed. Technical Intern Trainees cannot change workplaces while staying in Japan and are placed in a weaker position than employers, which has caused problems involving human rights infringement. The experts’ draft report permits foreign workers’ changes of employers to a certain degree under the new program and mentions the need for stricter regulations on intermediary organizations that supervise or offer support for Technical Intern Trainees and Specified Skilled Workers Type 1.

#### 4. Remaining problems

If the experts’ recommendations are fulfilled, the gateway will be developed for the framework for accepting foreign workers for the purpose of compensating for labor shortage. As a policy problem to be further discussed, this article picks up control of the “exit” for Specified Skilled Workers Type 1, or their shift to Specified Skilled Workers Type 2.

The period of stay for Specified Skilled Workers

Type 1 is up to 5 years in total. Therefore, as far as this status of residence is concerned, the Specified Skilled Worker System merely accepts foreign workers temporarily. However, the status of residence as a Specified Skilled Worker Type 2, which can be renewed, is established as a superordinate category. At present, the government considers accepting Specified Skilled Workers Type 2 in 11 fields, excluding the nursing care field, which has the higher status of residence of “nursing care.”<sup>2</sup> In order for Specified Skilled Workers Type 1 to shift to Specified Skilled Workers Type 2, it will be necessary to pass a SSW Test conducted respectively for each specified industry field. Making this requirement too strict or too loose will both undermine motivation for work of Specified Skilled Workers Type 1 and employers’ efforts for developing human resources.

Additionally, Specified Skilled Workers Type 2 are permitted to accompany their family members, unlike Technical Intern Trainees and Specified Skilled Workers Type 1. Therefore, another point in question is whether those workers and their spouses will be able to obtain income sufficient for forming and maintaining family lives in Japan. How to utilize and treat Specified Skilled Workers Type 1 varies by specified industry field and by company. The method of utilizing Specified Skilled Workers Type 2 will also vary in the same manner. This may depend on policies to be presented by ministries and agencies having jurisdiction over individual industry fields and independent efforts by companies accepting the workers.

When considering the conventional Technical Intern Training Program as a contact point for accepting foreign workers, its main feature is that it has functioned as a system to accept foreign workers in rotation. Many employers had considered Technical Intern Trainees as temporary labor, and Technical Intern Trainees had come to Japan for their future lives in their home country while expecting to earn money therefor, on the premise of returning home after completion of training. If Japanese policies for accepting foreign workers change, accompanying changes in behavior and awareness of Japanese employers and foreign workers are also

worth noting.

1. The number of specified industry fields was 14 when the system was launched but has decreased to 12 since the three fields of machine parts and tooling, industrial machinery, and electric/electronics and information, which are under the jurisdiction of the Ministry of Economy, Trade and Industry, were integrated and are treated as one field at present.
2. By Cabinet decision on June 9, 2023, after this article was

written, it became possible to accept foreign nationals of the Specified Skilled Workers Type 2 in 11 specified industrial fields, excluding the nursing care field.

#### Reference

Hamaguchi, Keiichiro. 2019. "How Have Japanese Policies Changed in Accepting Foreign Workers?" *Japan Labor Issues* 3, no. 14: 2–7. <https://www.jil.go.jp/english/jli/documents/2019/014-01.pdf>.

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