

# Country Report

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Japan

by

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**International Migration and Labor Market in Japan**  
**-Growing intra-regional trade, investment and migration-**

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**Summary**

1) The East Asian economies continue to expand, despite several shocks as the Iraq War and SARS, driven by intra-regional trade and investment. This development has been reinforced by strong growth of Chinese economy in the second half of the 2003.

2) The Japanese economy has recorded positive growth since the second half of 2002. The expectation for its recovery led to improvement of stock prices, which contributed to stabilization of financial sector. Outward direct investment to Asia, especially to China, continues to grow. Expansion of export to China and the other Asian economies as well as domestic capital formation especially in electronics industry has offset negative deflationary pressures. The deflation has not yet been overcome, as consumer price index has been declining for more than five years.

3) The labor market situation in Japan remain behind the recovery in its economy. The unemployment rate is still over 5 % and the number of unemployed amounts to around 3.5 million. However, employment adjustment in enterprises peaked already in the first half of 2003. Although real wages are still declining, there are signs of recovery such as increase in bonus payment in summer 2003.

4) International migration and migration policy in Japan have been characterized by some elements as ①the inflow of foreign nationals is increasing since 2002 after the drop in 2001 irrespective of some risks after the Iraq War and SARS, ②the number of foreign workers in Japan and those who acquired permanent resident status are increasing, ③the crimes of foreigners are growing, where more than half of them had been overstaying, ④problems of education and unemployment for foreign youths are becoming more serious, ⑤the number of students accepted by Japan reached its target of 100 thousand in 2003, ⑥the Japan Employers Federation published its intermediate report on foreign workers' policy and it stimulates further discussions, ⑦the consultation on movement of natural persons within the future framework of "Economic Partnership Agreement" especially with Thailand and the Philippines has started.

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## 1 Introduction

The purpose of this paper is to monitor recent development of labor market and international migration in Japan under the context of regional economic integration driven by foreign direct investment and international trade.

In addition, establishing schemes for institutional regional integration has become one of the most important policy topics in East Asian region.

In achieving this goal, several topics related to international migration in Japan should also be discussed. Therefore, problems of education and employment of foreign youths, crimes of foreigners their geographical concentration, growing number of students and its impact on policies and new report presented by Japan Employers' Federation on migration policies and its impact should be discussed.

I hope that this paper would be a basis of intra-regional discussion on formulating migration policy for the future and to realize fruitful international cooperation.

## 2 Development of the economy and the labor market

### (1) Economic Development in East Asia

**The East Asian economies continue to expand, despite several shocks as the Iraq War and SARS, driven by intra-regional trade. This development has been reinforced by the strong growth of Chinese economy in the second half of the 2003.**

Economic development of the East Asian economies has been accelerated in the second half of 2003 and it is forecasted that this positive development will continue in 2004. The negative economic impacts of the Iraq War and SARS on East Asian economies foreseen by several international organizations have proved to be overestimation. In particular, Chinese production restored quickly after overcoming SARS and growing trade between China and the other East Asian countries gives more positive effects.

Nevertheless, deflation pressures from China on Hong Kong China and Taipei China still seem to remain.

Among ASEAN countries, the diversities of economic growth are reflecting differences in expansion of exports and in acceptance of foreign direct investment. Vietnam and Thailand record higher GDP growth than the other ASEAN countries.

It should be pointed out that Singapore and Thailand are particularly active in negotiation on establishing bilateral free trade agreements (FTA).

The FTA of Singapore with New Zealand, Japan, Australia EFTA, Australia and USA have already taken effect. It also started negotiation with India, Canada and Mexico. Thailand started negotiation with Australia and Japan. In addition, Malaysia also showed positive attitude towards negotiation on bilateral FTA.

**Table1 Real GDP growth in East Asia**

	1998	1999	2000	2001	2002	2003(estd)	2004(proj)
Japan	-1.1	0.7	2.6	-0.3	0.3	2.0	1.4
Korea	-6.7	10.9	9.3	3.1	6.3	2.5	4.7
China	7.1	7.8	8.0	7.3	7.4	7.5	7.5
Hong Kong, China	-5.0	3.4	10.2	0.6	2.3	1.5	2.8
Chinese Taipei	4.6	5.4	5.9	-2.2	3.5	2.7	3.8
Singapore	-0.9	6.4	9.4	-2.4	2.2	0.5	4.2
Malaysia	-7.4	6.1	8.3	0.4	4.2	4.2	5.3
Thailand	-10.5	4.4	4.6	1.9	5.2	5.0	5.1
Indonesia	-13.1	0.8	4.9	3.4	3.7	3.5	4.0
The Philippines	5.8	3.4	6.0	3.0	4.4	4.0	4.0
Vietnam	5.8	4.8	6.8	6.9	7.0	6.0	7.0

Source: Asian Development Bank (2003) Estimates/projections: IMF (September 2003)

## (2) Recent economic situation in Japan

The Japanese economy has recorded positive growth since the second half of 2002. The expectation for its recovery led to improvement of stock prices, which contributed to stabilization of financial sector. Export expansion with China and the other Asian economies as well as domestic capital formation especially in electronics industry has offset negative deflationary pressures. The deflation has not yet been overcome, as consumer price index has been declining for more than five years.

Because of deflation, the Japanese economy has been shrinking in absolute terms since the second quarter of 2001 with the exception of the second quarter of 2003, while it has recorded positive growth in real terms since the third quarter of 2002.

Such recovery under deflation has been supported by growing exports to Asia especially to China and that to Europe because of evaluation of Euro. The surplus of current account has reached 4.0% of GDP.

In addition, the trend of declining domestic capital formation has come to an end at the first quarter of 2003. Since then, the expansion of investment in electronic sector for production of digital appliances for household and recovery of renewal investment has contributed to the active activity for domestic capital formation.

Outward foreign direct investment seemed to have declined in 2002.

However, it reflected large amount of outward investment in telecommunication in the previous year. The level of outward investment continue to be very high in 2002 and 2003. The outward investment to China grew by 20.8%, while that to ASEAN declined by 25.3%, while the outward investment to NIES is still bigger than that to China.

Inward direct investment has grown significantly in 2003, because inward investment from Switzerland and France increased and because the assets of foreign firms have been reevaluated at the occasion of their organizational integration.

**Table 2 Main economic indicators in Japan**

	1998	1999	2000	2001	2002	2003
Real GDP growth In % (1Q/2Q/3Q)	△1.1	0.7	2.8	0.4	△0.4	2.8/2.3/ 2.9
GDP actual figure In billion Yen	515,835	511,837	513,534	505,847	498,102	119,620 124,289 121,742
Exchange rate of Yen to US \$	130.90	113.91	107.77	121.53	125.31	118.83 118.44 115.57
Current Account 100million Yen	155,278	130,522	128,755	106,523	142,397	35,390 37,751 45,769
In GDP (%)	3.2	2.3	2.5	2.1	2.9	3.0/3.0/4.0
Inward FDI (FY) In million US\$	3,193	12,741	8,322	6,202	9,245	
Outward FDI (FY) In million US\$	24,153	22,743	31,558	38,088	32,301	
CPI	0.6	△0.3	△0.7	△0.7	△0.9	△0.2△0.3 △0.2
WPI	△1.5	△1.5	0.0	△2.3	△2.0	△0.6△0.9 △0.6
Money Supply (%)	4.0	3.6	2.1	2.8	3.3	1.9/1.6/1.3

Source: Cabinet Office, Bank of Japan

### (3) Labor market situation in Japan

The labor market situation in Japan remain behind the recovery in economy. The unemployment rate is still over 5 % and the number of unemployed amounts to over 3.0 million. However, employment adjustment in enterprises has peaked already in the first half of 2002. Although real wages are still declining, there are signs of recovery such as increase in bonus payment in summer 2003.

Labor market situation in Japan shows signs of improvement. Employment adjustment in enterprises has been reduced and total

employment has been recovering gradually since the second quarter of 2003. However, regular employment is still shrinking, while irregular employment is expanding.

Unemployment remain still 5% and the number of unemployment reached around 3.5 million. The youth unemployment rate between 15 and 24 years old amounts to around 10 % and the number of involuntary unemployed is still high.

The mismatch unemployment in the first quarter of 2003 amounted to 4.14% while cyclical unemployment 1.24% (MHLW 2003, Reference 21). As the background, growing number of long-term unemployed (supply side) and declining share of full-time regular employment in total vacancy (demand side) should be pointed out.

**Table 3 Main labor market indicators in Japan**

	1998	1999	2000	2001	2002	2003
Population 15 years old and over 10thousand	10,728	10,783	10,836	10,886	10,927	10,942/ 10,960/ 10,970
Labor Force (10 thousand)	6,793	6,779	6,766	6752	6,689	6,584/6,7 32/6,703
Employment (10 thousand)	6,514	6,462	6,446	6412	6,330	6,221/6,3 59/6,362
Employees (10 Thousand)	5,368	5,331	5,356	5,369	5,331	5,282/5,3 45/5,352
Foreign Workers (10 thousand)	67	67	71	74	76	
Foreign Workers% in employees	1.2	1.3	1.3	1.4	1.4	-
Employment Adjustment (D.I.)	25/28/ 30/32	34/31/ 28/26	25/23/ 20/21	23/26/ 25/29	31/27/ 25/23	22/22/ 19
Unemployed (10 thousand)	279	317	320	340	359	363/373/ 340
Unemp. ratio (%)	4.1	4.7	4.7	5.0	5.4	5.5/5.5/5. 1
Invol.Unemployed (10 thousand.)	85	102	102	106	151	153/146/ 149
Wages (%)	△1.3	△1.3	0.5	△1.1	△2.4	△ 0.7/1.1/ △1.2
Real Wages (%)	△2.0	△0.9	1.4	△0.4	△1.3	△0.4/1.3/ △0.8

Source: Ministry of General Coordination, Ministry of Health, Labour and Welfare

Real wages has been continuously declining, although special allowances (bonus payment) increased since June 2003 reflecting improvement of economic activities.

### 3 Trends and prospects of international migration in Japan

#### (1) Movement of foreign nationals

##### A) Inflow and outflow of foreign nationals to Japan

The inflow of foreigners has been increasing after the drop in 2001, although uncertainties still remained because of the outbreak of the Iraq War in March 2003.

The number of foreign nationals who entered Japan in 2002 excluding those who entered Japan with re-entry permit amounted to 4,646,240 which means an increase of 416,983 persons (+9.9%) in comparison with 2001 (4,229,257 persons).

At the same time, the number of foreign nationals who left Japan in 2002 excluding those who have re-entry permits was 4,514,936 persons (+442,495 persons, +10.9% in comparison with the previous year).

According to region / country of origin, 2,831,868 or 60.9 percent of new entrants came from Asia. The largest share was occupied by Republic of Korea (1,121,672 persons, +11.6% in comparison with 2001) followed by Taiwan (China)(848,283, +9.1%), US (667,296, +6.1%), Mainland China (272,894, +21.1%), United Kingdom (194,190, +12.0%), Hong Kong China (133,486, +85.3%), Philippines (120,812, +4.8%), Canada (117,360, +4.7%) and Germany (85,439 +7.4%), Singapore (74,289 + 10.7%), France (74,041, +4.6%) and Thailand (65,718 +13.8%).

The number of new entrants from Asia grew significantly (2,831,868 +13.2%) followed by North America (814,151 +7.5%) and Europe(750,207 +2.9%). (Table 4)

**Table 4 Immigration of foreigners by country or area(excluding re-entry)**

	1998	1999	2000	2001	2002
Korea	640,968	835,297	951,884	1,005,451	1,121,672
Taipei China	814,956	901,874	882,394	777,673	848,283
USA	605,719	634,216	661,564	628,731	667,296
China	152,046	156,507	190,380	225,357	272,894
U.K	162,132	161,392	169,053	173,396	194,190
Hong Kong, China	50,677	39,613	46,797	72,024	133,486
Philippines	75,161	84,767	104,324	115,318	120,812
Canada	95,105	94,739	106,501	112,069	117,360
Germany	78,906	79,565	80,082	79,516	85,439
Singapore	57,227	65,554	71,653	67,111	74,289
France	58,271	60,411	68,564	70,813	74,041
Thailand	40,174	48,384	56,011	57,761	65,718
Malaysia	37,085	47,917	57,501	54,165	59,269
Brazil	40,972	38,275	58,577	39,533	33,296
Others	758,414	711,110	751,118	750,339	778,195
Total	3,667,813	3,959,621	4,256,403	4,229,257	4,646,240

Source: Ministry of Justice

The increase in the numbers of foreigners entering Japan can be observed in the status of residences "Temporary Visitor" "Entertainer", "College student" and "Pre-college-student" while "Spouse/Child of Japanese national" decreased in 2002.

According to the status of residence, "Temporary Visitors" occupy 92.6% (4,302,429, +424,359, +10.9% in comparison with 2001), which reflected remarkable increase of tourists especially for "World Cup Korea-Japan" from May to July 2002.

Among new entrants as tourist visa holder (2,365,982 persons), Taipei China occupy 735,526 (31.0%), 577,946 (24.4%) by Korea and 254,567 (10.8%) by USA.

New entrants with working status (excluding the status of residence of "Diplomat", "Official" and status prescribed in the Annexed Table II) amounted to 145,097 persons (+3,143 persons; +2.2%). The increase was mainly attributable to "Entertainer"(123,322 persons; +5,483, +4.7%).

The number of new entrants as "College student" and "Pre-college student" continuously increased, while that of "trainees" showed a slight decrease

In contrast, the inflow of "Spouse /Child of Japanese national" and "Long-term stayers" showed continuous decrease (Table5)

The other way of getting legal status in Japan is refugee recognition. While the number of application for refugees status was 250 in 2002, the number of approved refugees was 14. Out of those who were not approved, 40 persons were granted special admission to stay on humanitarian reasons.

In comparison with 1998, the number of applicants increased by 117 persons and that of approved decreased by 2 persons. The number of those who got special permission decreased by 2 persons (Ministry of Justice 2003b pp70~71).

**Table 5 Inflow of foreigners by status of residence**

Status of Residence	1998	1999	2000	2001	2002
Diplomat	8,313	8,305	9,408	8,692	9,339
Official	8,164	9,824	11,767	12,220	14,060
* Professor	1,429	1,513	1,941	2,024	1,966
Artist	136	159	167	211	220
Religious Activity	1,231	1,229	1,199	1,105	946
Journalist	145	180	231	166	351
Investor/ Manager	1,212	974	863	681	566
Legal/accountant service	7	4	3	5	1
Medical Service	2	4	1	0	4
Researcher	1,229	1,147	1,036	793	782
Instructor	3,318	3,203	3,323	3,296	3,337
Engineer	5,699	3,670	3,396	3,308	2,759
Specialist in Humanities	7,150	6,510	7,039	6,945	6,151
Intra-corporate transferee	3,531	3,765	3,876	3,463	2,900
Entertainer	73,778	82,305	103,264	117,839	123,322
Skilled Labor	3,024	3,375	3,529	2,118	1,792
Subtotal	101,891	108,038	129,868	141,954	145,097
Cultural activities	3,733	3,693	3,210	3,138	3,084
Temporary visitor	3,402,358	3,677,732	3,910,624	3,878,070	4,302,429
College student	13,478	14,446	19,503	23,416	24,730
Pre-college student	14,540	19,426	22,404	23,932	25,948
Trainee	49,797	47,985	54,049	59,064	58,534
Dependent	16,134	16,695	17,617	16,364	13,888
Designated activities	2,979	2,934	4,364	4,772	4,890
Spouse/Child of Japanese	24,572	26,737	33,167	27,461	20,857
Spouse/Child of Perm resident	352	341	389	494	473
Long-term resident	21,501	23,465	40,033	29,729	22,905
Total	3,667,813	3,959,621	4,256,403	4,229,257	4,646,240

Source: Ministry of Justice

## B) Foreign population in Japan

The number of registered foreign nationals (or those who stay more than 90 days) has been continuously growing for the past 34 years and reached 1.85 million (1.5% of total population) in 2002. Especially noteworthy is the growing number of foreigners with permanent resident status as well as those with status of residence for working.

In 2002 the number of registered nationals amounted to 1,851,758 persons, which is by 4.1 % more than in 2001 (+73,296 persons). The share of registered foreign nationals in the total population is the highest record (1.45% of the estimated total population 127,435,350 on 1<sup>st</sup> of October 2002).

The registered foreign nationals according to nationality are occupied by Korea (625,422 persons), followed by China (including Taiwan, 424,282), Brazil (268,332), the Philippines (169,359) etc.

According to regions, 1,371,171 persons or 74.0 percent of the total

foreign nationals are from Asia and 334,602 persons or 18.1 percent from South America.

According to status of residence, permanent resident (including special permanent resident stipulated in the Special Law for those nationals who lost the Japanese nationality and their descendents by the San Francisco Peace Treaty in 1952) stands for 713,775 (+28,922 persons, +4.2%). The number of special permanent residents is still in the declining tendency, while the other permanent residents increases.

Anyway, it should be stressed that the growing number of foreigners with permanent resident status reflects 1) growing number of foreigners who are residing in Japan for longer duration since middle of 1990s and 2) deregulation in Immigration and Refugee Recognition Act for foreign residents to get permanent resident status.

Those who hold status of residence for working amounted to 179,639 (+10,856 persons or +6.4%). Except foreigners with "Religious activities", all foreigners with the status of residence for working increased in 2002. The foreigners especially increased are those with "Humanities and International service" (+3,635), "Entertainer" (+2,898), "Engineer" (+1,278) and "Intra-corporate-transferee" (+1010).

Detailed explanation will be made in the section "Employment of Foreigners" below.

**Table 6 Number of registered foreign nationals according to status of resident**

Status of resident	1998	1999	2000	2001	2002
Status of resident with the objective of working ※	118,996	125,726	154,748	168,783	179,639
Cultural activities	3,756	3,803	3,397	2,954	2,812
Short term stay	59,815	59,633	68,045	69,741	72,399
College student	59,648	64,646	76,980	93,614	110,415
Pre-college student	30,691	34,541	37,781	41,766	47,198
Trainee	27,108	26,630	36,199	38,169	39,067
Dependent	65,675	68,679	72,878	78,847	83,075
Designated activities	19,634	24,053	30,496	38,990	47,706
Spouse/Child of Japanese	264,844	270,775	279,625	280,436	271,719
Spouse/Child of Perm resident	6,219	6,410	6,685	7,047	7,576
Long-term resident	211,275	215,347	237,607	244,460	243,451
Permanent residents	93,364	113,038	145,336	184,071	223,875
Special Permanent resident	533,396	522,677	512,269	500,782	489,900
Not yet granted	9,297	10,217	11,467	13,488	15,379
Temporary asylum	39	34	32	32	32
Others	8,359	9,904	12,899	15,282	17,515
Total	1,512,116	1,556,113	1,686,444	1,748,462	1,851,758

**Table 7 Registered foreigners with the status of permanent resident**

	1998	1999	2000	2001	2002
China	31,591	37,960	48,809	58,778	70,599
S/N Korea	26,425	28,766	31,955	34,624	37,121
Philippines	10,617	14,884	20,933	26,967	32,796
Brazil	2,644	4,592	9,062	20,277	31,203
Peru	3,209	4,756	7,496	11,059	13,975
USA	4,562	5,063	5,826	6,636	7,348
Vietnam	3,187	3,903	4,637	5,306	5,799
Thailand	908	1,313	2,015	2,833	3,913
UK	1,198	1,342	1,618	1,839	2,074
India	799	907	1,079	1,205	1,387
Others	8,224	9,552	11,906	14,547	17,660
Total	93,364	113,038	145,336	184,071	223,875

Source: Ministry of Justice

### C) Illegal influx or landing, overstay and illegal working

#### (a) Trends in violation of Immigration Laws by foreigners

Although the estimated number of overstayers in total decreased from January 2001 to January 2003, the number of overstayers who come especially from Indonesia, and Sri Lanka is continuously increasing.

In Japan, the number of foreign nationals who overstay has been estimated twice a year, in principle, from 1992 except in 2000, when the estimates were published once by the Ministry of Justice.

This estimation is made by computing those who are staying over their entitled period through matching embarkation card and disembarkation card.

The most recent estimate of overstayers on 1. January 2003 amounts to 220,552, which showed decrease by 3,515 persons (-1.6%) in comparison with the previous year. The figure has been continuously decreasing from those on 1. May 1993 (298,646 overstayers).

By nationality, Koreans (49,874 -9.6%) occupy the most share, followed by the Philippines (30,100 +1.5%), China (29,676, +7.6%), Thailand (15,693 -7.3%), Malaysia (9,442, -6.5%), Taipei China (9,126, +2.4%), Peru (7,322 -5.4%), Indonesia (6,546, +2.3%), Sri Lanka (3,909, +4.8%) and Myanmar (3,890 -6.9%) etc.

**Table 8 Estimated number of overstayers by country of origin**

	Jan 1999	Jan. 2000	Jan. 2001	Jan 2002	Jan 2003	Change 2003/2002
Total	271,048	251,697	232,121	224,067	220,552	△1.6%
Korea	62,577	60,693	56,023	55,164	49,874	△9.6%
Philippines	40,420	36,379	31,666	29,649	30,100	1.5%
China	34,800	32,896	30,975	27,582	29,676	7.6%
Thailand	30,065	23,503	19,500	16,925	15,693	△7.3%
Malaysia	9,989	9,701	9,651	10,097	9,442	△6.5%
Taipei China	9,437	9,243	8,849	8,990	9,126	1.5%
Peru	10,320	9,158	8,502	7,744	7,322	△5.4%
Indonesia	4,930	4,947	5,315	6,393	6,546	2.4%
Sri Lanka	3,734	3,907	3,489	3,730	3,909	4.8%
Myanmar	5,487	4,986	4,473	4,177	3,890	△6.9%
Others	59,289	56,284	53,678	53,616	54,974	2.5%

Source: Ministry of Justice

By status of residence, "Temporary visitor" occupies the largest share (70.5%), followed by "Entertainer", "pre-college student", "Student" and "Trainees". The incidence of overstay is the highest in the case of "Pre-college student" (20.7% in comparison with the number of residents) or "Entertainer"(20.2%) followed by "trainee"(8.7%) and "College student"(4.9%) etc. (JITCO 2003 p21)

**Table 9 Estimated number of Overstayers by status of residence**

	Jan 1998	Jan. 1999	Jan. 2000	Jan 2001	Jan 2002	Jan 2003
Total	276,810	271,048	251,697	232,121	224,067	220,552
Temporary visitor	206,620	206,193	189,847	173,051	163,271	155,498
Entertainer	13,917	13,610	12,552	11,029	11,154	11,770
Pre-college student	15,083	12,931	11,359	10,025	9,953	9,779
Student	6,824	5,914	5,100	4,401	4,442	5,450
Trainee	3,099	3,115	3,055	3,004	3,264	3,409
Others	31,267	29,285	29,784	30,611	31,983	34,646

Source: Ministry of Justice

At the same time, the indictment of foreigners who had violated the Immigration Laws has been over forty thousand annually except in 2002. Among the foreigners who violated immigration laws and regulations, 33,508 (-10,682, -24.2%) were illegal workers.

Illegal influx was very high in number in 2001 (8,952. -, 2.5%). On the one hand, the illegal influx by airplane decreased (6,299, -7.7%), on the other hand, those by ship increased again (2,653, +12.5%).

As for the home countries of illegal workers, Korea (8,400, 25.9%), China (7,080, -12.9%), the Philippines (4,071, -45.1%), Thailand (2,800, -28.2%) are main source countries.

**Table 10 Illegal influx, landing, overstay and working**

	1998	1999	2000	2001	2002
Total	48,493	55,167	51,469	40,764	41,935
Illegal influx	7,472	9,337	9,186	8,952	8,388
Illegal landing	719	831	748	826	798
Undesignated Activities	310	335	473	594	850
Overstay	39,835	44,403	40,756	30,063	31,520
Violation of law	157	261	296	329	388
Illegal working	40,535	46,258	44,190	33,508	32,364

Source: Ministry of Justice

**Table 11 Illegal influx to Japan**

	1998	1999	2000	2001	2002
Total	7,472	9,337	9,186	8,952	8,388
By airplane	4,916	6,281	6,828	6,299	6,201
By ship	2,556	3,056	2,358	2,653	2,187

Source: Ministry of Justice

According to the National Police Agency, those who were indicted because of violation of employment laws and regulations (Including employment sanctions in the case of violation of Immigration Control and Refugees Recognition Act) amounted to 375 cases with 437 persons in 2001, which is an increase by 33 cases and 58 persons (NPA 2002).

Indictment of illegal intermediaries totalled to 15 persons. Foreign workers employed in establishment with violations related to employment totalled to 1,176 persons (+143 persons, +32.3 % in comparison with the previous year). The nationalities of such foreign employees are mainly Chinese (420 persons), Korean (285 persons), Thai (136 persons) and Filipinos (109 persons) etc. (NPA, 2002)

#### **(b) Relationship between crimes and overstay of foreigners**

**Illegally staying foreigners including foreigners who landed illegally and those who are overstaying represent 51.9% of crimes committed by foreigners. This ratio is also high in cases of prostitution (48.2 %) and drug abuse (45.1%) in 2002.**

As for general crimes related to foreigners, total number of indicted foreigners with general crimes amounted to 34,746 cases (+6,983 cases in comparison with the previous year) and 16,212 persons (+1,552 persons) in 2002.

The number of foreigners who seem to have been cracked down by the

authority are mainly Chinese (40.0%), Brazilian (7.3%) and Korean (10.7%) etc.

The number of foreigners who committed evil crimes (murder, raid, robber and arson) decreased (353 persons, namely -50 persons in comparison with 2001).

Concerning drug abuse related to foreigners, there were 841 (-38 persons). According to country of origin, Iran (237 persons), Brazil (164 persons) and the Philippines (104 persons) are main nationalities according to the National Police Agency (NPA 2003, pp20~21).

As for prostitution, there were 220 cases (-206 cases) and 168 persons (unchanged) who were indicted. According to country of origin, Columbia (50 persons), Thailand (44 persons), China (41 persons), Taipei China (17 persons), Korea (11 persons) are main nationalities, according to the National Police Agency (NPA 2003, p18~19).

The share of illegal stayers in the foreigners who committed crimes amounts to 51.9% in 2002.

**Table 12 Crimes of foreigners**

	1998	1999	2000	2001	2002
Foreign Nationals committed crimes in total (A)	13,418	13,436	12,711	14,660	16,212
Illegal stayers (B)	8,224	7,837	6,828	7,435	8,417
(B)/(A)	61.3	58.3	53.7	50.7	51.9
Foreign National committed crimes of criminal law (C)	5,382	5,963	6,329	7,168	7,690
Illegal stayers (D)	1,302	1,529	1,603	1,379	1,403
(D)/(C)	22.3	25.6	25.3	18.5	18.2
Cases of foreigners committed crime in total (E)	21,689	25,135	22,947	18,199	24,258
Cases of foreign youths committed crimes of criminal law (F)	1,878	2,160	1,350	1,813	1,934
(F)/(E)	8.6	8.6	5.9	10.0	8.0

Source: National Police Agency

The geographical concentration of crimes in total and crimes by youth gives us more implications. The number of crimes in total concentrates on Chubu, Kanto and Tokyo, while the number of crimes by youth is more concentrated on Chubu than Kanto and Tokyo

This figure suggests that the high number of crimes by foreign

nationals has different background in Chubu area, Kanto area or Tokyo. The measures taken by Tokyo Metropolitan government and the Conference of municipalities with high density of foreigners should be mentioned in the Chapter 5.

**Table 13 Geographical distribution of crimes (Criminal Law) by foreign nationals**

	Total	Hokk- aido	Toh o-ku	To- Kyo	Kan- To	Chubu	Kin- Ki	Chu goku	Shi- Koku	Kyu- Shu
Total	24,258	166	517	4,025	5,793	10,265	2,377	461	151	503
Youth	1,934	4	19	136	546	872	297	35	4	21

Source; National Police Agency (2003)

### **(c) Legalizing the status of illegal foreign residents**

Overstayed foreigners, whose legal status was recognized with the “Special Permission of Stay” by the Minister of Justice in the course of deportation procedure from humanitarian reasons and so on, amounted to over five thousand persons for the past three years.

Many of them seem to have obtained the status of residence “Spouse or child of a Japanese national”. The growing number of “Special Permission of Stay” by the Minister of Justice may have also contributed to reduction in the number of overstayers, while worsening of labor market situation is a main reason of such reduction.

**Table 14 Number of special permission to stay by the Minister of Justice**

Year	1998	1999	2000	2001	2002
Number	2,497	4,318	6,930	5,306	6,995
Korea	325	653	1,337	1,110	1,198
China	423	511	789	566	802
Others	1,749	3,154	4,804	3,640	4,955

Source: Ministry of Justice

## **(2) Employment of foreign workers**

### **A) Basic framework of accepting foreign workers (Iguchi, 2001a, 2002a)**

The framework of accepting foreign workers is stipulated in the Economic Plan and Employment Counter Measures Plan Concrete measures to accept foreigners are prescribed in Immigration Control and Refugees Recognition Act.

According to the basic principle of the Government of Japan, Japan will promote acceptance of those foreigners who possess technology and knowledge, while the acceptance of unskilled foreign workers should be

**carefully examined.**

The plans prescribe basic policy accepting foreign workers, while the Immigration laws and regulations prescribe concrete criteria and measures.

The present plans are called as "Ideal Socio-economy and Policies for Economic Rebirth" and the "9<sup>th</sup> Employment Counter Measures Plan". They were decided by the Cabinet in July /August 1999. These plans should be valid for about ten years.

The Immigration Control and Refugees Recognition Act classifies two categories of foreigners: the Annex Table 1 prescribes those statuses of residence of foreigners, whose activities are stipulated in the table. The Annex Table prescribes those status of residence, which are identified according to their relation with Japanese nationals.

Using the term of the author, the Act prescribes categories of foreigners who are permitted to enter Japan by way of the "Positive list". The Japanese Act does not have any "Labor market testing" or "Numerical quotas". This may be merit as well as demerit of the system of the Japanese immigration control (Iguchi 1997).

According to the author's interpretation, the Government's basic policy is applied only to the Annex table 1 of the Act. For example, the second and third generation of the ex-emigrants from Japan are not regulated by the basic principle. That is to say, as the Japanese-Brazilians who are Japanese descendants of the third generation are able to take the status of residence "Long-term stayer" as prescribed in the Annex table 2. Therefore, according to the author's view, Japanese-Brazilians are able to work in unskilled jobs in Japan without contradiction with the basic principle.

## **B) Present situation of foreign workers**

**According to the estimate by the Ministry of Health, Labour and Welfare, the total number of foreign workers (excluding those with permanent resident status) in Japan amounts to 760 thousand in 2002, which marked the highest record. Even where new entrants decreased with a certain status of residence, the number of residents with such a status of residence increased because of longer stay.**

If you compare the Table 3 (new entrants: flow data) and Table 6 (residents: stock data), even when new entrants decreased, the number of residents of certain status of residence increased. This phenomenon can be observed in the statuses of residence "Investor and manager", "Engineer", "Humanity and International Services" and "Skilled Labor" and so forth.

In addition, we should be careful that this estimate includes undocumented foreign workers while foreign workers with permanent

resident status are excluded. When foreigners get permanent resident status, they will disappear from the estimated number of foreign workers.

**First, those who have residence status for work purposes is in increasing tendency and they marked a highest record of 179.6 thousand in 2002.**

The number of such workers has increased by 9.1%, mainly because foreigners with status of residence “Humanities and international services” (+3,635, +8.9%), “Entertainers” (+2,898, +5.2%), “Engineer” (+1,278, +6.6%) and, “Intra-corporate transferee” (+1,010, 10.2%). This is not always because of growing influx, but because of longer stay in Japan.

Actually, in every category of legal foreign workers except “Journalist”, “Medical services” and “Religious activities”, the number of foreign workers are increasing.

**Second, the number of part-time working by college students and pre-college students contributed to the rapid increase of foreign workers. The number of working students reached around 83.3 thousand in 2002.**

The number of college students and those who prepare for entrance exam for college has been increasing rapidly for the past three years mainly due to departure of Chinese youths who wish to study in Japan (Iguchi 2003).

As the majority of them would like to study on private basis, they should have to work and pay for the school fees and living cost. The number of permission for non-designated activities by foreign students and pre-college students is also growing remarkably. This has contributed to the rapid increase of part-time workers as foreign students. The responses of the Japanese Ministry of Education, Culture, Sports, Science and Technology should be described in Chapter 5.

**Table 15 Numbers of foreign workers in Japan (Estimates)**

* Status of Residence	1998	1999	2000	2001	2002
Professor	5,374	5,879	6,744	7,196	7,751
Artist	309	351	363	381	397
Religious Activity	4,910	4,962	4,976	4,948	4,858
Journalist	373	361	349	348	351
Investor/ Manager	5,112	5,440	5,694	5,906	5,956
Legal/accountant Service	59	77	95	99	111
Medical Service	111	114	95	95	114
Researcher	2,762	2,896	2,934	3,141	3,369
Instructor	7,941	8,079	8,375	9,068	9,715
Engineer	15,242	15,668	16,531	19,439	20,717
Specialist in Humanities	31,285	31,766	34,739	40,861	44,496
Intra-corporate Transferee	6,599	7,377	8,657	9,913	10,923
Entertainer	28,871	32,297	53,847	55,461	58,359
Skilled Labour	10,048	10,459	11,349	11,927	12,522
Subtotal	118,996	125,726	154,748	168,783	179,639
Designated activities	19,634	23,334	29,749	37,831	46,455
Part-time work of students	38,003	46,966	59,435	65,535	83,340
Worker of Japanese descendant	220,844	220,458	233,187	239,744	233,897
* Overstayer	271,048	251,697	232,121	224,047	220,552
* -	-	-	-	-	-
Grand total	660,000 + α	670,000 + α	710,000 + α	740,000+ α	760,000 + α

Source: Ministry of Health, Labour and Welfare

Note: \* stands for status of residence for the purpose of working.

\*\* stands for illegal foreign workers. .

**Third, the number of foreign workers with “designated activities” has been increasing, reflecting the number of Technical Intern Trainees in small and medium-sized enterprises as well as working holiday makers etc.**

The status of residence "designated activities" is issued to several kinds of foreigners with different activities. The majority of them are technical intern trainees. The others are working holiday makers, foreign student in internship program and house maid employed by diplomats and foreign executives.

Trainees consist of several types. The first type of the trainees are those who are transferred from the company in foreign countries (for example, Japanese affiliated company) to the company in Japan (for example a Japanese parent company or headquarter of Japanese multinationals) to learn about technology and skills and then go back to the affiliated company in their home country. The maximum number of trainee is equivalent to 5 % of total regular employees in the establishment, which

accept trainees. The second type of trainees are those who are sent from a company in a foreign country to an organization of small and medium sized companies in Japan and “On-the-job-training” should be implemented in small and medium sized companies which has membership of the organization.

The regulations on the second type was relaxed in August 1990 and the acceptance of trainees through this type has been facilitated in 1993, Technical Internship Training Program (TITP) was established.

Most of trainees in TITP are accepted as the second type of trainees and are allowed to change status of residence from “Trainee” to “Designated activities”. They are able to stay in principle two years and in some occupations three years.

**Fourth, the number of foreign workers of Japanese descendant (Nikkeijin,) has slightly decreased and they amounted to 233.9 thousand in 2002 (-2.4%). However, the number of Nikkeijin with permanent resident status increased by more than 10,000 in the same year.**

The Nikkeijin are the second and the third generation of the former emigrants from Japan, as well as their spouses, who are entitled to stay and work on an individual basis. They come not only from Latin America (mainly Brazil) but also from Asia (for example from China, the Philippines etc) and the other regions.

The number of Nikkeijin had been growing irrespective of long economic stagnation until 1998. It decreased in 1999 for the first time since 1990, reflecting severe restructuring in production sites, which has been implemented in 1998 and 1999. However, it has been observed in several areas in Japan that the Nikkeijin tended to settle with their growing number of children born in Japan.

According to the Ministry of Health, Labour and Welfare, internal mobility of Nikkeijin rose, as they had lost jobs as the result of recession in 2001. Because they are concentrating in several cities in Japan, their problems are becoming more and more intensified in such cities for the lack of language education, health insurance and networking among public authorities (Conference of Municipalities 2002).

It should be noted that more and more Nikkeijin adopt permanent resident status, while they do not abandon the wish to return to their home countries.

The youths problem of Nikkeijin is becoming more serious, as some part of them do not go to schools and they do not want to learn Japanese language. Such youngsters have no prospects to be integrated into working

life in Japan. Whether or not legal status for working should be given to the fourth generation of Nikkeijin is an open question.

### **C) Foreign workers according to the Reporting System**

The Reporting System of Employment of Foreigners, established in 1993, gives us indicative information on recent development on employment of foreign workers.

Be careful that the figure does not stand for the total number, but the employment situation of foreign workers whose establishments have some connections with the Public Employment Service Offices. The growth of the number does not necessarily mean increase of foreign workers, but it reflects improvement in cooperation from the side of enterprises, as the submission of the report is not obligatory.

According to the results of reports in June 2003, the total number of foreign workers amounted to 274,145 (+20.2% in comparison of the previous year).

The number is divided into two kinds of workers in terms of employment contract. Those foreigners who are directly employed are 157,247 workers (+11.3%) and those who are employed by subcontracting or dispatching companies are 116,898 workers (+34.8%).

The foreign workers directly employed increased in sectors like, information and communication (+26.6%), manufacturing (+14.6%), services (+14.2%), and whole and retail trade (+12.3%), but decreased in construction (-13.9%) and finance and insurance (-12.5%) etc.

Foreign workers directly employed in manufacturing sector occupies 60.2% percent of total foreign workers.

**In manufacturing sector, 25.8percent of the foreign workers directly employed are working in manufacturing of transport equipment, 18.3 percent in manufacturing of food and beverages, 10.8 percent in manufacturing of electrical machinery, transport equipment and their supplies.**

According to the size of establishment, foreign workers directly employed increased in establishment with less than five persons (+41.0%), in establishment with 500~999 persons (29.6%), 5-29 persons (+16.4%), while they decreased in establishment with 1,000 or more (-3.4%).

According to sex, the share of male is 57.4.percent and female 42.6 percent. But, attention should be paid that service sector is underrepresented in this report and female foreign workers may be much less than real number.

**Table 16. Employment of foreigners according to Reporting System**

	1997	1998	1999	2000	2001	2002	2003
Total							
Establishment	17,859	19,204	19,483	19,794	20,74	21,450	23,142
Foreign workers	185,214	189,814	191,472	207,093	221,807	227,984	274,145
%	100	100	100	100	100	100	100
Direct employment							
Establishment	15,702	16,948	17,36	17,571	18,484	19,197	20,642
Foreign workers	113,961	114,753	115,038	120,484	130,440	141,285	157,247
%	61.5	60.5	60.1	58.2	58.8	62.0	57.4
Subcontracting, Dispatching contract							
Establishment	3,529	3,729	3,677	3,854	3,935	3,972	4,655
Foreign workers	71,253	75,061	76,434	86,609	91,367	86,699	116,898
%	38.5	39.5	39.9	41.8	41.2	38.0	42.6

Source: Ministry of Health, Labour and Welfare

Note: Figure on June 1.

According to the regions of their country of origin, Latin America (38.9%) and North East Asia (36.0%) and South East Asia (13.2 %) are major sources.

**Increase of foreign workers is noticeable especially from North East Asia (+15.8%), and South East Asia (+16.7%), while North America (-4.9%) and Europe (-6.1%) decreases (-5.0%)**

Concerning status of residence, those who are able to work with a certain limitation of stay are 39,547 (18.%) and those who are able to work without limitation are 87,214 (52.9%). Students and pre-college students are 18,860 (12.0%) and Technical intern trainees 20,747, (21.2 %)

**Among the foreign workers reported, students and pre-college students increase rapidly (+42.1%) as well as Technical, intern trainees (+28.2%).**

According to occupation, manufacturing and production workers occupy 60.1percent (181,826), specialist, engineer and manager occupy 19.6 percent (27,622), salesman/cook /waiter or waitress/hostess 11.3 percent (15,897).

### **(3) Movement of Japanese nationals**

#### **A) Japanese nationals departed and residing overseas**

**In 2002, the number of Japanese who departed overseas reached 1.65 million persons, which means an increase by 1.9 percent from the previous year, as the result of the terrorist attack in the US on 11. September 2001.**

The number of Japanese nationals departed was 16,522,804 (+1.9% or +307,147 persons) in 2002. However, the purposes of their visit cannot be grasped because the Immigration Bureau of the Ministry of Justice abolished embarkation card and disembarkation card for Japanese nationals from 2001.

**The number of Japanese nationals who are residing in foreign countries have been increasing since 1987 and marked a new record of 874 thousand in October 2002. In Asia, among long-term residents, those who are dispatched to affiliated companies in such countries continue to grow in 2002, while the number of researchers, students and their families has also been increasing. In large cities, the number of long-term residents increased in 2002 except in Jakarta and Kuala Lumpur. .**

The total number of Japanese nationals who are residing in foreign countries for three months or longer and who reported to Japanese embassies and consulates reached 873,641(+4.3%) in 2002, among which long-term residents were 587,936(+8.2%; share: 67.0%) and permanent residents were 285,703 (-2.6%; share 33.0%).

The development of long-term residents reflects principally the movement of intra-corporate transfer of Japanese businessmen and their families as well as students and researchers to respective regions.

In Asia, 187,952 Japanese nationals are residing, which is more than in the previous year by 8.1 percent. Among them, 180,362 Japanese nationals are long-term residents (+8.1%). In North-America, 352,358 (+1.4%) Japanese nationals are residing. Among them, 228,078 are long-term residents (+7.5%) In West Europe, 150,587(+7.1%) people are residing and 118,543 are long-term residents (+8.1%).

In large cities in Asia, Japanese nationals are living as long-term residents in 25,421 (23,938 in 2001) in Hong Kong, 19,660(22,210) Singapore, 18,903 (17,031) in Bangkok, 15,694 (10,133) in Shanghai, 8,783 (8,423) in Taipei, 7,120 (5,294) in Beijing, 6,893(6,466) in Seoul, 6,856 (6,951) in Jakarta, 6,296 in Manila (6,790) 5,349(5,569) in Kuala Lumpur and 1,363 (1,358) in Ho Chi Min (MOFA 2003).

**Table 17 Japanese nationals as long-term resident in main East Asian cities**

Cities	1998	1999	2000	2001	2002
Hong Kong	24,032	22,872	22,399	23,938	25,421
Singapore	24,595	23,295	22,074	22,210	19,660
Bangkok	17,616	16,252	16,345	17,131	18,903
Shanghai	5,811	6,311	8,358	10,133	15,694
Taipei	7,295	7,581	8,297	8,423	8,783
Beijing	4,704	4,735	4,805	5,294	7,210
Seoul	5,260	5,476	5,866	6,466	6,893
Jakarta	9,031	7,274	7,734	6,951	6,856
Manila	5,163	6,174	4,758*	6,790	6,296
Kuala Lumpur	5,719	5,529	5,475	5,569	5,349
Ho Chi Min	1,238	1,355	1,373	1,358	1,363

Source: Ministry of Foreign Affairs

\* In 2000, female long term residents in Manila decreased temporarily.

#### **4 Foreign direct investment, employment and traineeship programs**

##### **(1) Changes in Japanese FDI in Asia**

**Although Japanese foreign direct investment (FDI) to Asia increased by 4.3%, which is 25.3% of the total FDI. The flow of Japanese FDI to China exceeded that to ASEAN, but not that to NIES.**

In Fiscal 2002, FDI from Japan to Asia continue to expand especially to China FDI to China has exceeded that to ASEAN. However, FDI to NIES has been stronger than those to China In contrast, FDI from Japan to the developed countries declined (JETRO 2003, p25).

. FDI from Japan to Asia, Europe and North America has been characterized by strong investment in transport equipment. When we look at Asian countries in detail, NIES attracts companies of electronic devices and chemical products; ASEAN attracts those of automobile, steel and metal products, while China does especially those of textile and electric machines.

##### **(2) Changes in employment in Japanese affiliated companies**

**The employment in the Japanese affiliated companies was growing in China, Taipei China and the most of South East Asian countries with the exceptions of Korea, Malaysia, Chinese Taipei and Singapore in 2002**

In particular, the increase of employment was remarkable in China and Thailand as a large number of Japanese companies have relocated there.

In the other countries in Asia than China, the number of employees in Thailand, Indonesia and Vietnam are growing. In contrast to this,

Japanese corporate transferees sent to Asian countries remains almost unchanged when we compare those in 1998 and 2002.

**Table 18 Employees in Japanese affiliated companies**

	Oct.1998	Oct.1999	Oct.2000	Oct. 2001	Oct. 2002
Asia Total	1,880,492 (26,648)	1,962,572 (26,560)	2,064,795 (25,461)	2,220,483 (25,455)	2,224,931 (26,231)
Korea	79,963 (485)	79,365 (478)	79,974 (524)	77,181 (643)	72,437 (871)
China Mainland	466,979 (5,043)	530,705 (5,612)	566,728 (5,224)	639,100 (5,587)	683,914 (6,678)
Hong Kong China	139,010 (3,525)	136,526 (3,298)	144,259 (3,077)	109,648 (3,052)	111,344 (3,066)
Taipei China	121,550 (2,030)	115,435 (2,093)	107,912 (2,040)	111,925 (1,951)	102,756 (1,846)
Malaysia	219,254 (2,574)	212,630 (2,495)	226,431 (2,327)	258,280 (2,268)	229,776 (2,239)
Thailand	337,540 (4,917)	337,034 (4,682)	344,918 (4,451)	381,560 (4,380)	388,357 (4,322)
Indonesia	221,339 (2,284)	230,299 (2,251)	253,474 (2,335)	274,003 (2,191)	268,942 (2,105)
Singapore	79,450 (3,960)	76,634 (3,669)	78,315 (3,530)	83,246 (3,344)	77,508 (3,145)
Philippines	121,113 (1,188)	134,913 (1,261)	147,083 (1,235)	140,400 (1,315)	160,011 (1,231)
Vietnam	19,747 (323)	24,687 (329)	34,009 (348)	38,690 (339)	46,465 (359)

Source: *Toyokeizai Shinpo Sha*

Note: ( ) stands for Japanese employees dispatched from Japan.

The creation of employment and technology transfer through foreign direct investment still plays an important role in substituting labor importation from host countries. Therefore, it should be stressed again that foreign direct investment has much relevance to functioning of migration policies in East Asian region.

In the next sub-section, we examine functioning of foreign traineeship program which has many things to do with foreign direct investment.

## **(2) Movement of trainees and Technical Internship Training Program (TITP)**

The number of foreign trainees reached 58,534 which is almost the same level as in the previous year. About 90% of the trainees come from Asia, especially from China and several ASEAN countries.

Among foreign trainees, about 12,400 of them are accepted by the semi-governmental organizations like JICA, AOTS, OVTA, OISKA and ILO Association. More than 40 thousand foreign trainees are accepted by

private organizations, and most of which are supported by the JITCO (Japan International Train Cooperation Organization: Table 19). “Company alone” is estimated to be those companies in Japan which have affiliated companies in foreign countries.

**Table 19 Foreign Trainees according to types of accepting institutions**

Accepting Organizations	1998	1999	2000	2001	2002
Total	49,797	47,985	54,049	59,064	58,534
Government organizations	14,136	13,189	13,030	12,626	12,351
Private Institutions	26,075	25,631	31,898	37,423	39,724
With Support from JITCO					
Company alone	10,627	8,759	8,316	9,243	8,821
Association of SMEs	12,515	13,846	19,618	25,238	30,903
Not classified	2,933	3,016	3,959	2,942	—
Private Institutions with- Out support from JITCO	9,586	9,165	9,121	9,015	6,459

Source: JITCO (2003)

**Table 20 Acceptance of foreign trainees**

	1998	1999	2000	2001	2002	%
Total	49,797	47,985	54,049	59,064	58,534	100.0
Asia	44,460	42,456	49,142	53,967	53,690	91.7
Korea	553	696	592	435	344	0.6
China	22,372	22,041	27,839	32,894	34,754	59.4
Taipei China	499	299	335	204	328	0.6
Philippine	3,658	3,694	3,727	3,768	3,222	5.6
Thailand	4,625	2,998	2,974	3,184	2,739	4.7
Malaysia	1,645	1,358	1,285	1,163	947	1.6
Vietnam	2,136	2,108	2,757	3,238	3,034	5.2
Indonesia	5,972	5,926	6,231	5,817	4,925	8.4
India	637	697	649	479	464	0.8
Sri Lanka	392	476	479	456	449	0.8
Europe	980	902	854	1,021	1,090	1.9
Africa	1,587	1,764	1,573	1,603	1,416	2.4
North Am.	758	757	622	727	676	1.2
Latin Am	1,590	1,693	1,399	1,237	1,164	2.0
Oceania	372	346	374	427	399	0.7

Source: Ministry of Justice

Therefore, the movement of trainees to “Company alone” trainees are related to foreign direct investment from Japan to foreign countries especially in Asia and accept more than 8,000 trainees (if the trainees accepted without support from JITCO are those by “company alone”), the number of trainees through multinational corporations may reach 15 thousand trainees (Table .19)

Trainees by multinational corporations are very effective and not so

problematic as those accepted by organizations of small and medium sized enterprises. The other private organizations are those which have no affiliates in foreign companies. Therefore, about a half (about 28,000 trainees) of the trainees seem to be accepted by organizations of small and medium sized companies in Japan.

It is necessary to examine in which sectors foreign trainees are accepted. This question is also related to the question why trainees are accepted especially in small and medium sized enterprises under the long-lasting recession.

**Table 21 Trainees accepted by the support of JITCO according to sector (2002)**

Sector	Foreign trainees		Composition among total	Comparison with the last year
Total	39,724	(37,423)	100.0	+ 6.1
Textile and garment	11,480	(10,444)	28.9	+ 9.9
Food and drink	5,829	(5,026)	14.7	+16.0
Transport machinery	3,118	(3,092)	7.8	+ 0.8
Electric and electronic	2,794	(3,016)	7.0	-7.4
Construction	2,132	(2,254)	5.4	-5.4
Metal	1,950	(2,065)	4.9	-5.6
Agriculture	2,387	(1,804)	6.0	+32.3
Plastic	1,119	( 999)	2.8	+12.0
The other textile	874	( 874)	2.2	-8.4
Fine machinery	1,010	( 926)	2.5	+9.1
The others	7,031	(6,843)	17.7	+2.7

Source: JITCO Note: ( ) stands for the previous year.

In 2002, trainees in agriculture, food and drink etc. increased much faster than average in comparison with the previous year.

In agricultural sector, workforces getting older and it is becoming more and more difficult to assure younger manpower.

In textile industry, wage level is relatively low under severe price competition. In fact, the allowances for foreign trainees are low in textile industry.

In food and drink industry, working hours are some times late in the evening or early in the morning which make the employment in this sector unattractive for young workers, while price competition is becoming severer and improvement of wage level is also limited.

The relocation of industries, especially electric and electronic industry or transport machinery industry from Japan to China, may affect the numbers of foreign trainees in totally different ways: As direct investment

to China increases, acceptance of trainees may increase so as to train them before establishing new factories in China.

However, as production shifts gradually from Japan to China and “reverse imports” increases, production and employment especially in small and medium-sized industries may be negatively affected.

From such standpoints, determinants of trainees’ inflow under the context of globalization has been analyzed by Shu Guan (2004).

Among foreign trainees, those who passed the official skill testing are able to change their status of residence from “Trainee” to “Designated activities” so as to develop their skills as “Technical Intern Trainee” under employment contract. JITCO is the organization, which is responsible for the management of the Technical Internship Training Program (TITP).

Those trainees who changed the status of residence “Trainee” to “Designated activities” are in increasing tendency. The majority of the trainees come from China, Indonesia, Vietnam and the Philippines.

There have been abuses of TITP and political scandals in relation to private organizations which conducted recruitment and acceptance of TITP. Therefore, JITCO has been taking measures to improve and normalize management of traineeship programs.

**Table 22 Foreign trainees who have reportedly changed for technical intern trainees**

Fiscal Year	1998	1999	2000	2001	2002
China	6,023	5,861	7,905	10,169	13,888
Indonesia	2,744	2,369	1,854	3,061	2,219
Vietnam	952	615	817	1,134	1,238
Philippines	179	201	316	616	568
Thailand	25	35	16	119	93
Others	20	0	76	118	47
Total	9,943	9,081	10,984	15,217	18,058

Source: JITCO

According to the author’s view, fundamental reforms of internship programs are indispensable, because of ambiguous distinction between work and training, lack of transparency in calculation of management cost, growing number of overstay by trainees (Iguchi 2001).

The issues related to foreign trainees and TITP should be discussed again in Chapter 5.

## **5 Topics on migration policies**

The intention of this section is not to describe migration policy in a comprehensive manner, but to describe new, emerging topics, which have

important things to do with migration policy in Japan.

Therefore, the following points should be discussed: 1) Consultation which started between Japan and Thailand/ the Philippines on movement of natural persons in the future framework of bilateral economic Partnership Agreement (EPA) , 2) Policy discussions on education and employment of foreign youths as the second generation of foreigners of Japanese descendant, 3) policy changes for accepting foreign students after having achieved the target of accepting 100 thousand foreign students, 4) Measures taken by authorities to indict illegal foreign residents and to reduce crimes by foreigners, 5) report published by the Japanese Employers Federation, which is stimulating discussion on changes in migration policy.

### **(1) Consultation with Thailand and Philippines on EPA**

Japan started consultation with Thailand and the Philippines respectively in 2002 to prepare for negotiation on “Economic Partnership Agreement” which should take place in 2004.

The discussion on movement of natural persons who are necessary for providing services has been discussed in working groups, experts meetings respective countries.

Thailand requested Japan about acceptance of providers for medical service suppliers would be limited to those who had national qualifications of accepting country. Thailand expressed its interest in acceptance of service providers on a contract basis, while Japan stressed the risks for labor market and ask more attention to the problem of implementation.

The Philippines also requested acceptance of nurses, caregivers for the elderly. One question is how to enable people in Philippines to participate in schooling for nurses or caregivers under Japanese system. The differences of education system in both countries should be carefully examined.

In addition, meeting on movement of persons took place with the participation of experts from ASEAN +3 in May 2003.

### **(2) Education and employment of foreign youths**

Under the economic recession, not only the foreign workers of Japanese descendants but also their children are faced with difficulties in their work and in their life.

In November 2003, the Conference on Cities with high Density of Foreign Citizens (consisting of 15 cities) hold a seminar on education and employment of foreign youths. The participating cities should take more

initiatives to cope with the problems of foreign youths, who are not able to acquire enough knowledge and skills of Japanese language, as their parents do not decide whether they should return to their home country or live and work in Japan permanently. Many of the foreign youths have no vision on their own future occupation and they do not attend schools while their parents are working for dispatching or subcontracting undertakings until late. The growing crimes of the foreign youths especially in Chubu region are characterized by those by foreign youths.

It is expected that municipalities, schools, companies and NPOs should have to make more cooperation. The Government is now prepared to support vocational counseling for the foreign youths so as to give them more motivation and enable them to find adequate jobs.

### **(3) Policies for foreign students having accepted 10thousand students**

In Fiscal 2003, the goal for the Government of Japan, which was decided by the Cabinet in 1983, to accept 100 thousand foreign students have been finally achieved.

According to the Ministry of Education, Culture, Sports, Science and Technology (MEXT), the number of foreign students reached 103,958 persons (+ 14.6% in comparison with the previous year) in May 2003. 93.2% of the students come from Asia, especially from China (64.7%) and Korea (14.5%). (MEXT 2003)

However, the rapid increase of foreign students give rise to several problems. Some local universities which are not able to assure enough number of Japanese students tried to invite many foreign students, although the quality of education cannot be guaranteed. The increasing number of scholarship provided by the Government, the Prefectures, universities and private foundations could not catch up the speed of growing foreign students. The consequence may be that some foreign students who should have to finance their own expenses must work longer than stipulated, although their weekly working hours should not be more than 28 hours in principle.

The MEXT try is now prepared to change their course from accepting more foreign students to respecting quality of foreign students. The Ministry of Justice also tightened the procedure to screen those students who are qualified to study in Japan.

In addition, sending Japanese student overseas would be more encouraged, while acceptance of foreign students has reached very rational league.

#### **(4) Measures to reduce overstay and crimes of foreigners**

As we saw in the previous chapters, high number of crimes by foreigners is attracting public attention together with growing number of crimes by Japanese.

Especially, the concentration of foreign crimes to certain prefectures and municipalities like Tokyo and Aichi, has evoked many kinds of discussion.

Mr. Shintaro ISHUHARA, Governor of Tokyo Metropolitan Government, declared last year to reduce illegal foreign residents by halves through the measure to strengthen Tokyo Metropolitan Police and through hiring more policemen.

Tokyo Immigration Bureau, launched the largest crack-down in the down town of Tokyo in September 2003, to crack down 1,643 foreigners illegally residing or working in Japan. The Immigration Bureau, Ministry of Justice will strengthen their cooperation with Tokyo Metropolitan Police and Tokyo Metropolitan Government to strengthen their power to crack down those foreigners who are violating immigration laws and regulations (Ministry of Justice 2004, p51).

#### **(5) Report by the Japan Employers' Federation on migration policies**

In November 2003, the Japan Employers' Federation (Chairperson Mr. Hiroshi OKUDA, President of Toyota), released its intermediate report on migration policies in Japan, based on their own studies, interviews with experts and internal discussions (Japan Employers' Federation 2003).

The report stressed the need to realize dynamism through "diversity" of human resources. According to the report, the Government should implement migration policy with more consistency, the role of the Government and enterprises should be clarified and employment contract and personnel management in enterprises should be reformed. It also touches upon entry and work by foreigners of Japanese descendant, strengthening of education for foreign youths, improvement of social security for foreigners and services provided by municipalities. In addition, the report proposes to facilitate acceptance of foreign workers with special knowledge and technology and to enlarge acceptance of foreign students and its possibility for employment after graduating universities in Japan. Lastly, it also discusses on improvement of foreign traineeship / Technical Internship Training Programs.

The Rengo, one of the largest national center of trade unions, also started internal discussions on migration policies in December 2003.

The Japan Employers' Federation will finalize the report by the end of March 2004. It is expected that there will be more intensive discussions taking place at the

beginning of this year, although the Cabinet decision on the basic policy of the Government of Japan on the acceptance of foreign workers, stipulated in the economic plan and the basic employment measures plan, is still valid until 2010.

## **6 Conclusion**

The Japanese economy has been recovering under the circumstance of regional economic integration driven by foreign direct investment and international trade. International migration is also an important element of regional economic integration.

At the same time, with growing number of foreign residents with longer duration of stay in Japan, it has become clearer that the domestic laws and regulations are not always adequate for the situation of foreign residents.

Therefore, it should be stressed now to seek for more consistency between domestic policies in Japan and economic partnership in East Asia, when we discuss migration policies for the future of this region.

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