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Employment Measures and Relief for the Unemployed

The Japanese Government implements employment policies to respond to changes in economic and social conditions. High priority is assigned to measures designed to provide employment opportunities, prevent unemployment, and facilitate re-employment so that all workers can make maximal use of their abilities.

As an indicator of the direction of mid-term employment policies, in August 1999 the Cabinet approved the “Ninth Project for the Stabilization of Employment and Creation of New Employment Opportunities,” which will remain in effect until 2009. To respond accurately to structural changes in the labor market, the goals of the project are to stabilize employment and create new employment opportunities while motivating workers and enabling them to make effective use of their skills. To achieve those goals, a concerted effort will be made to promote the following comprehensive measures:

- (1) Stabilization of employment and the creation of new jobs in accurate response to changes in economic and industrial structures.
- (2) Along with the upgrading of workers’ skills, promoting human resource training to support socioeconomic development.
- (3) Aiming for the realization of a society in which people can make the most of their ambition and abilities.
- (4) Developing employment policies from a global perspective.

The Labor Situation 2005

The employment and unemployment situation for 2005 was boosted by the news in December that the jobs-to-applicants ratio exceeded 1.03 for the first

time in 13 years and three months since September 1992. The annual average for 2005 also rose by 0.12 points to stand at 0.95, in addition to which the overall unemployment rate in December fell to 4.4%, with the annual average marking a 0.3 percentage point decrease to rest also at 4.4%. This would suggest that the results of economic recovery and the effect of employment measures are bringing about improvements in the employment situation, although some difficulties still exist.

However, looking at the employment situation by region, although improvements were registered in all regions in the jobs-to-applicants ratio and total unemployment rate from 2004 to 2005, regional disparities in employment still remain. For example, there were regions in which the jobs-to-applicants ratio exceeded 1.0 and total unemployment stood between 3.0 to 3.5% (in the Tokai region, the average figures for 2005 were 1.41 and 3.2%, respectively, and for Hokuriku 1.06 and 3.3%). On the other hand, there were also regions where the jobs-to-applicants ratio stood between 0.5 and 0.6 and the unemployment rate was over 5% (in Hokkaido these figures were 0.57 and 5.3% respectively, for Kyushu they stood at 0.67 and 5.3% and in Tohoku at 0.68 and 5.0%)

Looking at employment by age in 2005, the jobs-to-applicants ratio for the 15 to 24 year age bracket rose for the first time since 2002 (1.46) to 1.49, and the total unemployment rate for this age bracket decreased year-on-year by 0.8 percentage points to 8.7%, the first time since 1998 (7.7%) it has dropped below 9%. However, given that the average unemployment rate for all ages stood at 4.4%, this high figure would suggest that employment mismatches continue to persist at a high level.

In addition, the jobs-to-applicants ratio for regular employees in December 2005 stood at 0.65 (primary figure), which, although a year-on-year increase of 0.07, still compares unfavorably to the overall jobs-to-applicants ratio (1.03).

Given these circumstances, the government has formulated the following measures:

- (1) Enhancement of support measures for local employment creation, based on the concept of regions where employment disparities exist engaging in self-help measures. Priority will be placed on regions where improvements in the employment situation are late in appearing and support will be implemented through selection by contest to municipalities which are engaging in projects that have a high employment creation effect, among other efforts.
- (2) In order to ensure to reverse the trend where the number of freeters (persons not in fixed or permanent unemployment) is increasing, in addition to promoting Regular Employment Plan for 250,000 Freeters efforts will also be made to provide specialized consultation services to young people, by expanding the “Wakamono Jiritsu Juku” (school of independence for youth) scheme which aims to enhance the desire and ability to work in young people, including those not in education, employment or training (NEETs). This will be further supplemented by the establishment of Regional Youth Support Stations which will form the core of a regional young persons support network, the creation of a structure to provide counseling services by trained personnel at the Public Employment Security Offices nationwide, and the

setting up of Internship Combined Vocational Training.

- (3) Revise and enhance services provided at the Public Employment Security Offices, including the provision of individualized services responding to need, such as a service aimed at persons specifically seeking employment as regular employees, etc.
- (4) Improve employment promotion measures aimed at the elderly, including the smooth enactment of the revised Elderly Persons Employment Security Law towards the creation of an environment in which anyone, at any age can continue to contribute to society, and can continue, if they so desire and are able to do so, until they reach at least the age when they become eligible for pension benefits.
- (5) Promotion of measures to promote employment of persons with disabilities, including enhancement of guidance to companies which have yet to comply the employment rate of persons with disabilities and the provision of comprehensive job consultation, etc.

It was also in 2005 that the total population of Japan started to decline. In an environment in which the working population is therefore declining, in order to ameliorate this decline and maintain and promote a vibrant society and economy, it will be important to ensure that all people with the desire and capability to do so can become supporters of society. To that end, measures to enhance the employment environment for the young, women and the elderly will continue to be advanced.

Measures for Elderly Workers

The rapid aging of Japan's population is a phenomenon as yet unobserved anywhere else in the world. And also in 2007, the baby boom generation will be entering its sixth decade. In terms of total population, approximately one person in three will be over 60 years of age, while in the labor force that ratio will be approximately one person in six (2015). To maintain socioeconomic vitality under these circumstances, it will be necessary for as many elderly as possible to take an active part in supporting society and the economy. To realize this in the future, we need to create a society in which motivated and able persons can continue to work, regardless of age.

Recognizing the above situation, in 2004 the government revised the Elderly Persons Employment Security Act, to ensure employment opportunities until 65 years of age, and to promote reemployment for the middle-aged and older working population, among other measures.

The revised Elderly Persons Employment Security Act aims to ensure stable employment opportunities for elderly persons by obligating employers to ensure employment opportunities to 65 through one of the following: raising retirement age; introducing a structure for continued employment; or abolishing retirement age. In addition, the Law aims to enhance measures to promote reemployment for middle-aged and older workers (45 to 65), and enhance measures to ensure temporary or short-term employment opportunities for retirees and other persons.

The revisions to the Act concerning promotion of reemployment for middle-aged and older workers and securing of employment opportunities up to the age of 65 went into effect from December 1, 2004 and April 1, 2006, respectively.

In accordance with the passage of the revised Act, from FY2005, the following measures for promoting employment in the elderly population have been prioritized.

Securing Employment for Persons Up to Age 65 to Benefit from Their Knowledge and Experience

Looking towards the smooth enactment of the Act, aid and guidance is being provided to employers by public employment security offices, which are engaged in awareness-raising activities.

From FY2005, in order to promote employment for persons up to age 65, the Project for the Employment of Older Persons Up to the Age of 65 has been implemented, which offers advice and guidance through business owners' associations concerning revisions to wage and personnel systems and the promotion of continuous employment structures.

In addition subsidies are being provided to promote the adoption of continuous employment practices, aimed at employers who have raised their retirement age, and introduced a system of continuous employment.

Assisting and Promoting the Reemployment of Middle-Aged and Older Workers

In order to promote the reemployment of middle-aged and older workers, guidance and awareness-raising activities are being provided, mainly at public employment security offices, concerning career consultations for middle-aged and older workers, job introduction and searching for candidates, and relaxing age restrictions for candidates.

In addition to guidance for the compilation of a job-seekers' manual being provided to business owners, they are also being provided with consultation services and assistance for the establishment of reemployment support measures, and subsidies are being provided to those who have already put such measures in place.

Regarding the reemployment of middle-aged workers, such as the heads of households, for whom reemployment is particularly urgent, reemployment support has been implemented in the form of active

promotion of trial employment with the aim that workers will be able to make the transition from trial employment to regular employment.

Promoting Diverse Work and Social Participation for the Elderly

In order to respond to diverse employment and job needs for people in advanced years Silver Human Resource Centers are being promoted, which provide local community-based work for elderly persons who desire to do temporary or short-term or other light jobs after their retirement. In addition, Silver Human Resource Center members are implementing various childcare support projects, including caring for infants and taking children to and from child-care facilities. Furthermore, in cooperation with business owners' associations and Public Employment Security Offices, at the Federation of Silver Human Resource Centers, Senior Work Programs are being carried out which sponsor skills training, group interviews, etc.,

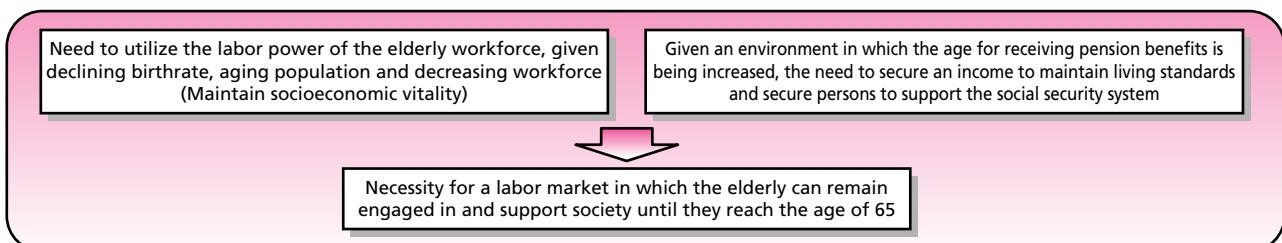
in an integrated manner. (As of the end of March 2005, there were a total of 1,820 Silver Human Resource Centers with approximately 770,000 members.)

Development of recruitment opportunities and job interview sessions designed to meet the diverse needs of the elderly are carried out in tandem with activities to inform business owners of the advantages of employing elderly workers. Such steps are implemented particularly in areas where there are large numbers of retired workers as part of the overall activities for establishment of a society where people can work even after 65 years of age.

Moreover, in the event that three or more persons over the age of 45 jointly launch a business together, support is being given to such middle-aged and elderly entrepreneurs who are using their experience to employ middle-aged and older persons, and establish and operate continuous employment politics, by subsidizing a part of the cost of the business launch.

V-1 Overview of the Act to Partially Amend the Act Concerning Stabilization of Employment of Older Persons (promulgated June 11, 2004)

【Background】



【Content of the Revision】

(1) Securing employment opportunities up to age 65

- ▶ Raising retirement age up to 65 and introducing systems for continuous employment are required.
- ▶ However, the system will be designed so that standards concerning workers subject to the continuous employment system through labor-management agreements might not be applied to all candidates.
- ▶ A certain period after the enactment of the revision shall be determined with an ordinance (three years for large companies and five years for SMEs) for the formulation of employment standards and regulations, rather than a labor-management agreement
- ▶ Age for introduction of the system for continuous employment shall be raised together with increase in age at which pensions are payable, rising incrementally until FY2013.

(2) Promoting reemployment of middle-aged and older workers

- ▶ Requirement that employers provide a reason for setting a maximum age when recruiting/hiring new workers.
- ▶ Requirement that if elderly workers are forced to retire because of circumstances within the employer's control, the employer must provide them with a document detailing their work achievements and skills

(3) Securing diverse employment opportunities

- ▶ Establish a special exception (granting permission) for labor dispatch projects that involve temporary, short-term and light work assignments provided by Silver Human Resource Centers.

【Date for Entry into Force】

(1) entered into force on 1 April 2006, and (2) and (3) entered into force on 1 December 2004.

V-2 System of Employment and Labor Measures for the Elderly

1. Securing employment opportunities up to age 65 in order to take advantage of workers knowledge and experience

- Raising retirement age and promotion of measures to introduce systems for continuous employment
 - Guidance, counseling and assistance to employers provided by public employment security offices
 - Revision of wages and human resource benefit systems in collaboration with local economic organizations and strengthening of guidance and assistance for advanced introduction of systems for continuous employment (projects for introduction of employment up to age 65)
 - Subsidy measures for employers who have raised retirement age and introduced systems for continuous employment (subsidies for establishment and promotion of continuous employment)

2. Assistance and promotion of re-employment of middle-aged and older workers

- Guidance and assistance to employers who provide support for re-employment of middle-aged and older workers who are forced to retire
 - Assistance measures implemented by employers for middle-aged and older workers who are scheduled to retire (provision of appropriate information and guidance with regard to the obligation imposed on employers to create and distribute job search support documents)
 - Subsidy measures for employers who provide re-employment assistance to workers scheduled to retire (labor mobility)
- Guidance and educational activities for relaxing of age restrictions when recruiting and employing workers.
- Employment counseling and job placement services at public employment security offices
- Promotion of projects for trial employment of middle-aged and older workers

3. Advancement of diverse employment and social participation of the elderly

- Promotion of projects by Silver Human Resource Centers
 - Promotion of local-community based projects for child-raising support, etc.
 - Senior Work Programs (skill training, group interviews and on-the-job training seminars implemented in cooperation with business owners' associations)
- Establishment of an environment where people can work even after 65 years of age
 - Educational activities that inform business owners of the advantages of employing people over 65 years of age, development of recruitment opportunities, implementation of job interview sessions (re-employment assistance projects for retired employees)
- Support for establishment of business by middle-aged and elderly persons
 - Provision of assistance for business establishment by three or more middle-aged and elderly persons (subsidies for creation of joint employment opportunities for elderly persons)

Employment Measures for Persons with Disabilities

Of the policies designed to support persons with disabilities, the following deal with support for employment measures: the Basic Programme for Persons with Disabilities (FY2003 to FY2012) was formulated in December 2002 and provides a basic direction for measures for disabled persons over a ten-year period. Based on that Programme the government has also formulated the Five-Year Plan for Implementation of Priority Measures (FY2003 to FY2007) which incorporates specific priority measures. In addition the Ministry of Health, Labour and Welfare formulated in March 2003 the Fundamental Policy for Employment Measures for Disabled Persons (FY2003 to FY2007). Specifically, the goal in the Five-Year Plan for Implementation of Priority Measures is to “aim to increase the number of persons with disabilities who can find jobs through Public Employment Security Office to 30,000 in one fiscal year by fiscal year of 2007, and the number of persons with disabilities who are hired as noted in the employment survey of persons with disabilities of fiscal year of 2008 to 600,000 through promotion of trial hiring, job coaches, and various grants and implementation of job training.” Towards the achievement of this goal employment measures for persons with disabilities are being actively advanced. Furthermore, in FY2005, the Act for Employment Promotion, etc., of the Disabled was partially revised and this revision is being smoothly implemented from April 2006 in line with the Act for Promotion of the Independence of Persons with Disabilities (see endnote).

Employment Quota System for Disabled Persons and Levy and Grant System for Employing Persons with Disabilities

The Act for Employment Promotion, etc. of the Disabled stipulates that quotas be established for the hiring of the physically and or intellectually disabled, specifying the percentage of a company’s workforce to be occupied by persons with disabilities. Business owners are required to hire persons with disabilities in numbers equivalent to or greater than the legally mandated quota.

From April 2006, pursuant to the amended Act, persons with mental disabilities (those holding a Health Welfare Handbook for Persons with Mental Disabilities) are included in the employment quotas of companies.

The current legal employment quotas are:

- Private corporations: 1.8%
- Special government corporations: 2.1%
- National and local public corporations: 2.1%
- Designated school boards: 2.0%

Public Employment Security Offices promote the employment of persons with disabilities by directing the following to submit a hiring plan: (1) business owners whose hiring practices fall significantly below the quota, (2) business owners who need to meet the quota by hiring a large number of persons with disabilities, and (3) business owners in the private sector who plan to hire a large number of workers in the future. A warning is issued to any business owner who does not implement a submitted plan.

The Levy and Grant System for Employing Persons with Disabilities was established to ease the economic burden on business owners who hire persons with disabilities, and to increase job opportunities for the disabled. Levies are collected from companies that fail to fulfill the employment quota, and distributed as bonuses to companies that employ more physically or intellectually disabled persons than the quota. A number of grants are also awarded to encourage the hiring of the disabled. By informing business owners of these requirements and dispensing grants, we seek to stabilize employment of persons with disabilities and maximize their employment opportunities.

Future Direction of Measures for the Employment of Disabled Workers

The number of disabled persons finding work through the Public Employment Security Offices has exceeded 38,000, recording growth for three consecutive years, and steady growth is also being seen in the private sector real employment rate which increased 0.03 percentage points to 1.49%. However, the number of disabled persons seeking work remains high at 150,000 people and given that only around 40% of

V-3 System of Employment Measures for Persons with Disabilities

Comprehensive promotion of employment measures for disabled persons, aiming at the realization of a society in which persons with disabilities and persons without can participate similarly in their places of employment, according to ability and aptitude.

Basic Plan for Persons with Disabilities and Five-Year Plan for Implementation of Priority Measures

The Fundamental Policy for Employment Measures for Disabled Persons

Comprehensive Promotion of Employment Measures for Persons with Disabilities

(1) Guidance and assistance for business owners

- **Employment quota system for disabled persons**
 - Stipulated employment rate
Private enterprise: General—1.8%, Special government corporations—2.1%
National, Local government: 2.1% (selected school boards—2.0%)
 - Guidance in fulfilling quotas through order to prepare “A Plan for Hiring Disabled Persons”
- **Support, etc. for employers through the system of levy and grant system for employing persons with disabilities.**
 - Adjustment of the imbalance of economic burden between employers by levy and grant system for employing persons with disabilities
 - Support for employers who improve facilities, equipment and so on for disabled employees; assign assistants; give consideration toward housing and transportation; and continue to employ persons who become disabled while on the job
 - Assistance in paying wages through bounty for the employment development for specified job applicants
- **Establishment of a system to support working at home by persons with disabilities**
 - Payment of special allowance to business owners who outsource jobs to persons with disabilities working at home
- **Provision of expertise regarding employment for persons with disabilities**
 - Provision of positive examples and employment administration expertise regarding employment for persons with disabilities

(2) Implementation of occupational rehabilitation based on the characteristics of each persons with disabilities

- Offer of advice, referrals, and guidance for adaptation to the workplace according to the needs of persons with disabilities, at Public Employment Security Offices
- Provision of specialized occupational rehabilitation services to persons with disabilities (e.g. performance evaluations) at vocational centers for persons with disabilities (operated by the Japan Organization for Employment of the Elderly and Persons with Disabilities)
 - Personal support by Job Coaches for adjustment in the workplace
- **Enhancement and strengthening of support through linking employment with welfare**
 - Advancing a shift from welfare-type jobs in local communities to ordinary employment
 - Promotion of integrated employment and lifestyle support
- **Promotion of development of diversified and effective vocational capabilities**
 - Promotion of vocational training at schools for development of vocational capabilities of persons with disabilities
 - Vocational training outsourced to various private institutions and other entities in local communities

(3) Education related to employment of persons with disabilities

- Creation of an opportunity for enterprises to employ persons with disabilities through trial employment
- Institution of a promotional month for the employment of persons with disabilities
- Cooperation with the disabled groups in public information and education activities

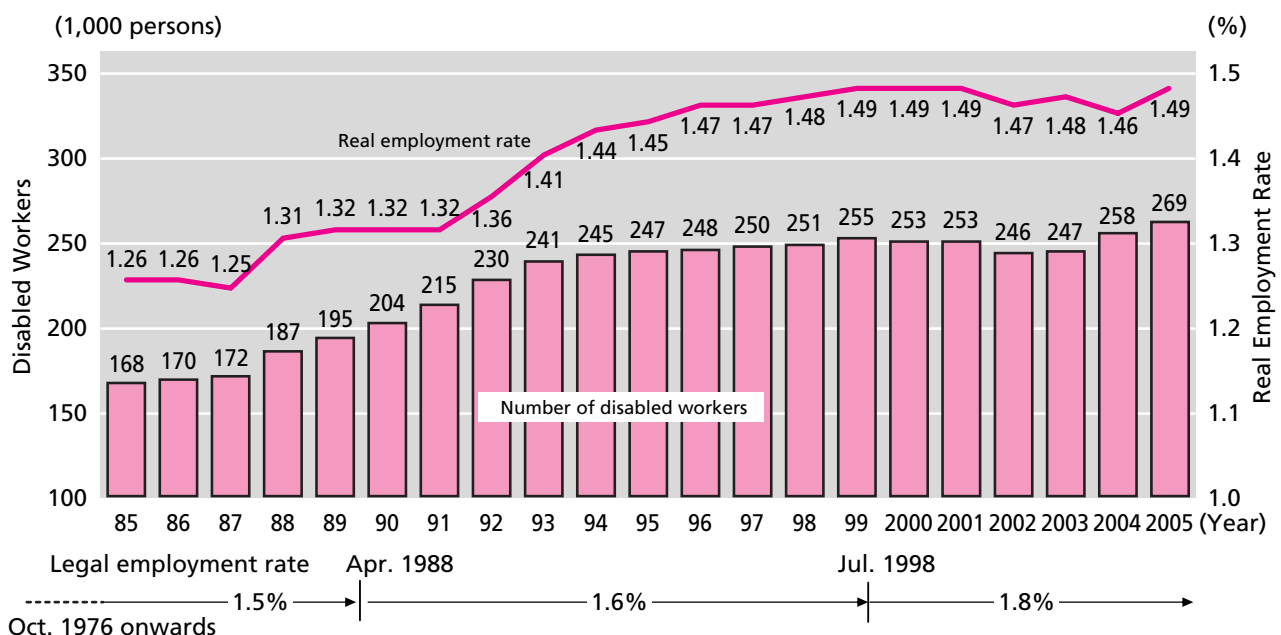
companies achieve their employment quotas for persons with disabilities, there is much room for continued improvement.

In FY2005, given the advancing participation in society of disabled persons and in order to promote independence in working lives for disabled persons given the heightened desire among disabled persons to seek work, the Act for Employment Promotion, etc., of the Disabled was revised. The revision makes the following changes to the Act: (1) strengthening of employment measures for persons with mental dis-

abilities through including persons with mental disabilities (those holding a Health and Welfare Handbook for Persons with Mental Disabilities) in the employment quota of companies, (2) employment opportunities for disabled persons are expanded through support for working from home, and (3) reinforcing of cooperation with welfare policies. Based on this revision the government aims to expand employment opportunities for disabled persons in order to support those who are already working and those who seek to work.

V-4 Employment Situation for Disabled Persons at Private Enterprise

Fluctuations in the employment rate and the disabled workers



Source: *Reports on Employment Situation for Disabled Persons*, Ministry of Health, Labour and Welfare

Notes: Figures for companies with employment obligations (those with more than 56 regular employees): are collective.

The collective totals are for the following disabled categories:

- to 1987 Physically disabled persons (double count for those with severe physical disabilities)
- 1988 to 1992 Physically disabled persons (double count for those with severe physical disabilities)
Persons with intellectual disabilities
- From 1993 Physically disabled persons (double count for those with severe physical disabilities)
Persons with intellectual disabilities (double count for those with severe disability)
Severely physically disabled persons as short-term workers
Severely intellectually disabled persons as short-term workers

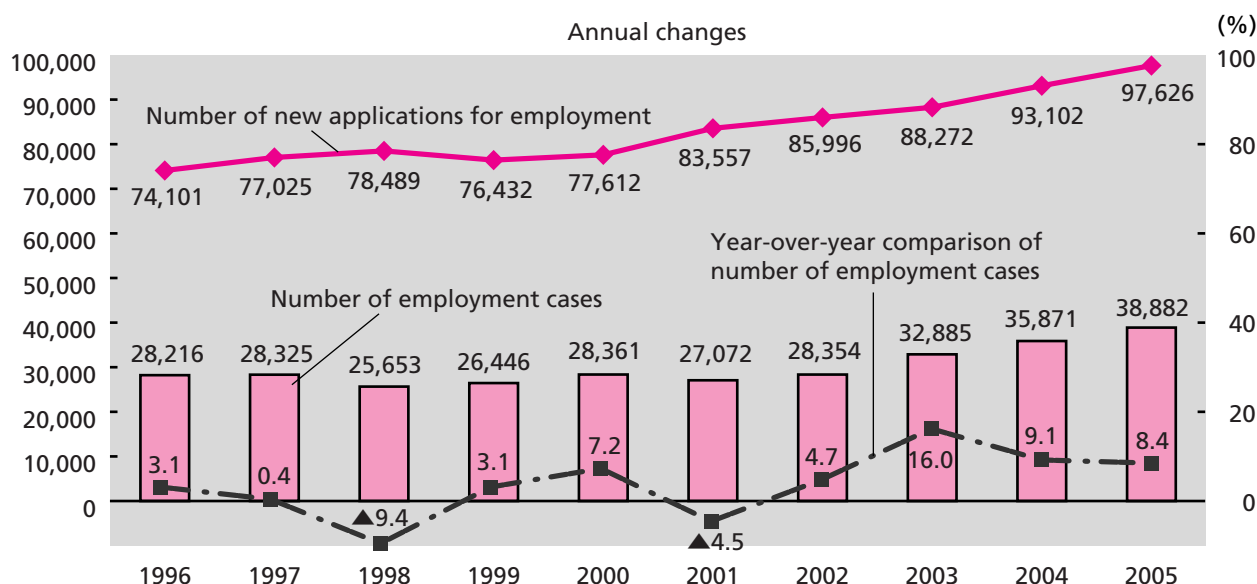
V-5 Situation of Employment Placement of Persons with Disabilities at Public Employment Security Offices

(Persons, %, % points)

Year	Number of new applications for employment		Number of valid applicants for employment		Number of employment cases		Employment rate	
		YoY		YoY		YoY		YoY
1998	78,489	1.9	115,848	12.8	25,653	△9.4	32.7	△4.1
1999	76,432	△2.6	126,254	9.0	26,446	3.1	34.6	1.9
2000	77,612	1.5	131,957	4.5	28,361	7.2	36.5	1.9
2001	83,557	7.7	143,777	9.0	27,072	△4.5	32.4	△4.1
2002	85,996	2.9	155,180	7.9	28,354	4.7	33.0	0.6
2003	88,272	2.6	153,544	△1.1	32,885	16.0	37.3	4.3
2004	93,182	5.6	153,984	0.3	35,871	9.1	38.5	1.2
2005	97,626	4.8	146,679	△4.7	38,882	8.4	39.8	1.3

Source: Employment Security Services Statistics, Ministry of Health, Labour and Welfare

V-6 Changes in the Number of Employment Cases and of New Applications for Employment



Source: Employment Security Services Statistics, Ministry of Health, Labour and Welfare

3 Employment Measures for the Youth

Against the backdrop of changes such as in the perception of the youth as regards work, as well as the changing personnel needs of corporations, the current employment environment surrounding the youth stands in a severe condition: While the unemployment rate is rising at the high rate of 8.7% (in 2005), at the same time the numbers continue to rise as compared to before for job hopping part-time worker-“freeters” who do not work as full-time employees but engaged instead in employment models such as part-time work and for people not in education, employment or training-numbering respectively at 2.01 million and 640,000 (in 2005). In addition to the obvious influence that the continued existence of this situation will have by causing a hindrance for young people themselves in accumulating occupational skills, it also holds major repercussions for the economy and social security of Japan in the future. Due to this, there is a need to swiftly undertake measures to meet the situation.

Strengthening and Promotion of the Youth Independence and Challenge Plan

Taking into account the present scenario of a rise in the number of freeters and young people who are not employed or are between jobs, the Youth Independence and Challenge Plan was formulated in June 2003, at the Strategy Council to Foster a Spirit of Independence and Challenge in Youth that comprises all concerned ministers. The objective of this was to stimulate the desire for working amongst the youth, while at the same time to also reverse the trend of the rise in the number of unemployed youth by promoting the occupational independence of all motivated young people.

The Action Plan for Youth Independence and Challenge was compiled in December 2004 in order to raise the effectiveness and efficiency of this plan. Based on this, the government has been collaborating closely with the Cabinet Office and relevant ministries and is in the process of promoting comprehen-

sive measures to raise both the motivation to work as well as the capabilities of the youth.

Specifically, the government is involved in the following types of initiatives:

- (1) Commissioning the organizing, etc. of seminars for employment and introducing work opportunities through collaborative effort with the Public Employment Security Offices at the One-Stop Service Centers for Youth (usually referred to as Job Cafés) that are set up through the proactive initiatives undertaken by the different local governments.
- (2) In order to support job attainment of unemployed youth, etc., starting especially with those with inadequate work experience, expertise or knowledge such as freeters or school/university graduates with no employment, the government is involved in trying to lessen the gap between the standards of abilities that are demanded by companies and the present conditions of the youth through the means of short-term trial employment, and, while ascertaining the aptitude and whether or not that work can be followed through, is implementing the Trial Employment Project for Youth to encourage a shift to regular employment after the completion of the trial employment.
- (3) Implementation of Japanese-style dual system of education that links on-the-job experiential training and classroom education.
- (4) Implementation of “Wakamono Jiritsu Juku” (school of independence for youth) that targets NEET and other youths to evoke and improve their confidence and motivation to work through a training camp involving vocational training, work experience, etc.
- (5) Regarding the employment problem of the youth, the government is promoting a National Campaign to Increase Young People’s Human Capabilities where the economic world, labor circles, education world, mass media, local commu-

nities, government, etc. come together to endeavor with the purpose of raising the interest of all the various segments of the society regarding the problem, to infuse a sense of significance to the youth regarding work and to raise their capabilities and motivation to work.

In addition to this, taking into account the situation wherein the number of freeters was increasing by approximately 100,000 every year, in May 2005 the government set the target to shift 200,000 freeters each year to regular employment, and has developed the Plan to Find Permanent Employment for 200,000 Freeters with the purpose of promoting all the employment support measures to maximum effectiveness. In FY2006, the target figure of the plan for shifting freeters to regular employment was raised from 200,000 to 250,000 based on the Action Plan for Youth Independence and Challenge revised version (Strategy Council to Foster a Spirit of Independence and Challenge in Youth, January 2006). Together with taking steps to enhance and strengthen employment support, the government will coordinate closely with municipal authorities, health and welfare agencies, educational institutions, etc. in order to raise the capabilities and motivation to work of the youth such as NEET, and will continue to take measures such as setting up Community Youth Support Station to support the occupational independence of youth such as the NEET.

In this manner the government will continue to promote the enhancement and strengthening of the measures for the employment of young workers with the purpose of resolving the employment problem facing the youth.

Major Employment Measures for the Youth in FY2005

(1) Providing support for job attainment and workplace commitment amongst new graduates and graduates with no employment.

1. Job attainment support for new graduates

- ① Support for fresh graduates from universities, etc.
 - * Providing job placement information, career counseling, job referral and job interview ses-

sion, etc. through the Comprehensive Support Centers for Student Employment and the Student Employment Centers, etc.

- ② Support for fresh junior high school and high school graduates or graduates who are not employed
 - * Promoting recruitment development, career counseling, and job referrals in collaboration with schools
 - * Supporting recruitment development, individual consultations, and work commitment through youth job supporters
- 2. Enhancing measures to promote workplace commitment

(2) Strengthening job attainment support for freeters, etc.

- 1. Specialized service information desks to improve confidence and the motivation to work
 - * Providing one-stop service centers for the youth
 - * Setting up career exchange plazas especially for the youth
- 2. Implementing hands-on skill development
 - * Promoting regular employment through trial employment project for youth
 - * Promoting a Japanese-style dual system, training by public parties, etc.
 - * Establishing intensive course on basic employment capacities
- 3. Promoting the Public Employment Security Offices operations that support freeters to obtain full-time employment

(3) Promoting employment awareness among the youth

- 1. Support for university students, etc.
 - * Conducting seminars, etc. aimed at career counselors at universities
 - * Promoting internship programs for university students, etc. in collaboration with economic organizations.
- 2. Support for elementary, junior high, and high school students
 - * Providing opportunities for job experience through such means as career search programs and junior internships

3. Develop employability strengthening projects (Job Passport Program) through non-compensated work experience, etc.

(4) Setting up one-stop service centers for the youth (re-mentioned)

Delegating employment support activities, etc. through plans made proactively by the youth to One-Stop Service Centers for the Youth (usually referred to as Job Cafés), and supporting parallel activities with the Public Employment Security Offices.

(5) Promoting the National Campaign to Increase Young People's Human Capabilities

Raise the interest of all the various segments of the society regarding the problem of youth employment, in addition to which the representatives from relevant people from different arenas such as the economic world, labor circles, education world, mass media and local communities, etc. come together with the purpose of raising the capabilities of the youth and their motivation to work and start a national campaign to strive for such endeavors as holding a conference at a national level as well as educational activities.

Basic Mindset on the Acceptance of Foreign Workers

The acceptance of foreign workers does not merely stop at being the acceptance of “labor power,” and leverages an immense amount of impact on the overall socioeconomics of the country, including not the least with the impact on the lives of citizens. In addition to this, the issue is also relevant to the core of the modalities of a nation, a fact that can be seen from the examples of the many developed nations which have a long history and experience of accepting such workers, and is a serious national issue that is capable of dominating the national political scene.

With regard to the issue of foreign workers as viewed from the perspective of the revitalization of the Japanese socioeconomy as well as further internationalization, the government should promote the acceptance of foreign workers in specialized and technical areas more proactively.

On the other hand, there also exists the sentiment that the acceptance of foreign workers, including unskilled workers, should be expanded taking into view the future decline in the labor force population. However, it is not appropriate to simply consider the acceptance of foreign workers as a means to counter the quantitative labor shortage. It is of foremost importance to create an environment wherein the workers within the country are able to flourish. It is possible to raise the labor force participation rate and reduce the decline rate of the labor force population by creating an employment environment that allows people such as the youth, senior citizens or women to be active. In addition to this, it is also considered possible to fill the gap created by the decline in the labor force by improving productivity through such means as technological innovations.

From the point of view of the impact on the domestic labor market, it is necessary to give adequate consideration to such issues as the fact that increasing the number of accepted foreign workers would result in a decrease in the employment oppor-

tunities available to senior citizens, women and young people within a scenario where a large number of unemployed people exist already, and a loss of the opportunity to leverage the latent capabilities of young people such as the part-timers called “freeters” or NEET (those not in education, employment or training).

In addition to this, the acceptance of foreign workers will be accompanied by “social costs” such as education of the children and kin of foreign workers, housing, and public security, etc. Who and how to solve such burden will certainly become a vital issue that has to deal with.

Whatever the case may be, the problem of accepting foreign workers remains a national issue that exerts a tremendous influence on the socioeconomy and life of the people of Japan, and needs to be discussed and studied comprehensively as well as cautiously while also adequately reflecting the views of all segments of the population.

Promoting the Employment Measures for Foreigners

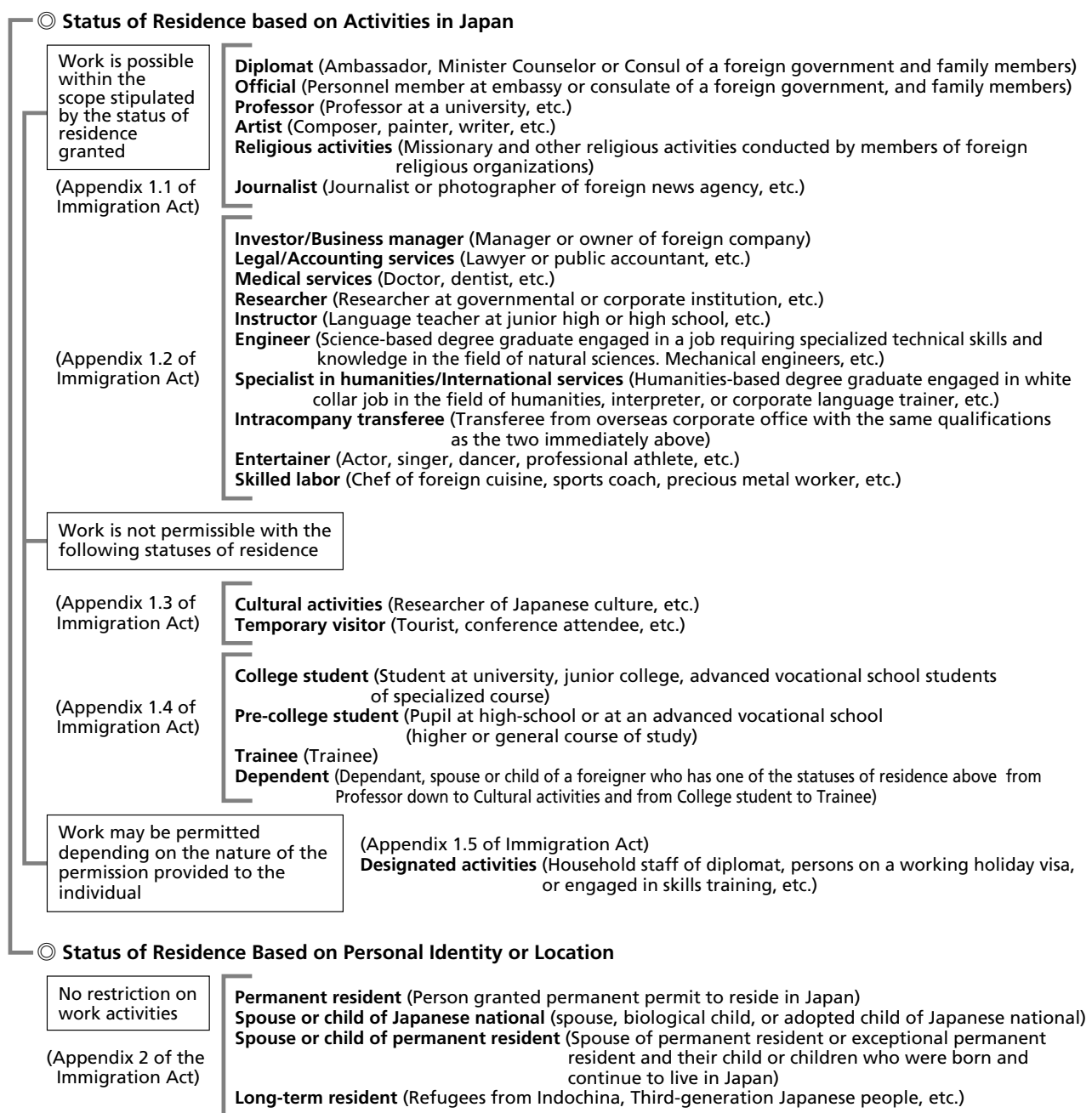
With the number of foreign workers in employment in Japan on an increase by the year, issues such as the proper acceptance of foreign workers, preventing illegal working, and securing the correct employment and labor conditions for foreigners who can work legitimately are gaining importance.

Taking this into account, in addition to making efforts to understand the business climate for the employment of foreign workers, the government is also making efforts towards job introduction and career counseling services to foreigners seeking employment through the Public Employment Security Offices, and in the further structuring and enhancement of the framework. In addition to this, it is also seeking to further enhance the training, assistance, etc. to employers in order to improve employment management.

Regarding measures to counter illegal working, in addition to strengthening coordination with the related administrative agencies, the government is also taking steps such as disseminating information

regarding the policies and systems etc. of Japan for accepting foreign workers in order to promote proper working within Japan.

V-7 Overview of Statuses of Residence for Foreigners



Notes: 1) "College student," and "Pre-college student" are statuses of residence that do not allow for employment, however, if the holder applies for permission to engage in activities other than those previously granted, it is possible to engage in work within a stipulated scope (Article 19.2 of the Immigration Act).

2) Although not a recognized status of residence under the Immigration Act, with regard to persons who have been granted permanent residence in Japan as "special permanent residents" according to the Special Act for Immigration Management of Persons who Discarded Their Japanese Nationality based on Peace Treaties signed with Japan, the rights of such people shall be the same as permanent residents, and there are no restrictions on work or period of stay.

3) Examples are listed within the parentheses for statuses of residence.

V-8 Measures for Foreign Workers

Overview

The Ninth Basic Plan for Employment Measures

① Understanding employment conditions of foreign workers

- Implementation of the System for Reporting on the Employment Situation of Foreigners (a system requiring employers to report about the employment situation of foreign workers once a year to Public Employment Security Office)

② Appropriate response to foreigner job applicants

- Employment Services Section for Foreign Workers (Established within 81 Public Employment Security Offices) Providing vocational counseling and referral to employment supported by interpreters
- Employment Services Centers for Foreign Workers (In Tokyo and Osaka)
Providing vocational counseling, referral to employment and employment information exclusively for foreign students and foreigners in professional or technical fields
- Nikkeijin Employment Service Centers (In Tokyo and Nagoya)
Providing vocational counseling, referral to employment and labour consultation to foreign workers of Japanese descent
- Nikkeijin Occupational Life Counseling Office (In Tochigi, Gunma, Chiba, Shizuoka and Osaka)
Providing vocational counseling, referral to employment and labour consultation to foreign workers of Japanese descent
- Japan-Brazil Employment Service Center (In Sao Paulo, Brazil)
Providing job information and vocational counseling to Japanese-descent Brazilians seeking jobs in Japan
- Providing employment guidance and implementing other programs to promote employment by non-attendant, jobless young people of Japanese descent

③ Awareness-raising guidance and employment management assistance to employers

- Instruction to employers to improve employment management
 - Dissemination of the Guidelines Concerning Employment and Working Conditions for Foreign Workers
 - Group guidance and information provision by conducting Foreign Worker Employment Management Seminars
 - Counseling and guidance for individual establishment by implementing the Foreign Worker Employment Management Adviser System
- One-Month Campaign on Foreign Workers' Affairs (June every year)

④ Promotion of legal employment

- Program to establish legal employment procedure
To prevent illegal employment, seminars are held in home countries of many illegal foreign workers, where Japan's policy and system about accepting foreigners are explained.
- Effective measures to cope with illegal employment
In cooperation with related administrative organizations including Measures for illegal Foreign Workers Council, etc.

Source: *Annual Reports on Health, Labour and Welfare*, 2006, Ministry of Health, Labour and Welfare

V-9 Number of New Entrant Workers to Japan According to Status of Residence (2005)

	Status of residence	Total number
Specialized and technical areas	Professor	2,253
	Artist	245
	Religious activities	846
	Journalist	248
	Investor/Business manager	604
	Legal/Accounting services	2
	Medical services	2
	Researcher	607
	Instructor	2,954
	Engineer	4,718
	Specialist in humanities/International services	6,366
	Intracompany transferee	4,184
	Entertainer	99,342
	Skilled labor	3,059
Statuses of residence not permitting work in principle	Subtotal	125,430
	Cultural activities	3,725
	Temporary visitor	5,748,380
	College student	23,384
	Pre-college student	18,090
	Trainee	83,319
Statuses of residence without restrictions on activities	Dependent	15,027
	Designated activities	16,958
	Spouse or child of Japanese national	24,026
	Spouse or child of permanent resident	990
	Long-term resident	33,756
	Total	6,093,085

Source: Immigration Bureau, Ministry of Justice

V-10 Number of Registered Foreigners According to Status of Residence (2005 year-end)

	Status of residence	Total number of registered foreigners
Foreign residents with work purpose (specialized and technical areas)	Professor	8,460
	Artist	448
	Religious activities	4,588
	Journalist	280
	Investor/Business manager	6,743
	Legal/Accounting services	126
	Medical services	146
	Researcher	2,494
	Instructor	9,499
	Engineer	29,044
	Specialist in humanities/International services	55,276
	Intracompany transferee	11,977
	Entertainer	36,376
	Skilled labor	15,112
Statuses of residence not permitting work in principle	Subtotal	180,369
	Cultural activities	2,949
	Temporary visitor	68,747
	College student	129,568
	Pre-college student	28,147
	Trainee	54,107
Statuses of residence without restrictions on activities	Dependent	86,055
	Designated activities	87,324
	Permanent resident	349,804
	Special permanent resident	451,909
	Spouse or child of Japanese national	259,656
	Spouse or child of permanent resident	11,066
	Long-term resident	256,639
	Others	36,119
	Total	2,011,555
Illegal foreign residents		207,229
Grand Total		2,218,784

Source: Immigration Bureau, Ministry of Justice

5 Public Job Introduction System

The basic purposes of Public Employment Security Offices, which are located in approximately 600 locations all over Japan (including branch offices), are to provide job seekers with the most suitable job opportunities according to their wishes and abilities and to introduce the most appropriate personnel to employers who are looking for employees.

The Public Employment Security Offices are connected online throughout Japan, and offer service using the Comprehensive Employment Information System to provide information about job vacancies and job searches immediately through computers.

In addition, in order to respond appropriately to the recently diversifying needs of users, we have strengthened our agencies by introducing service such as following measures and operations.

(1) Bank of Human Resources

The Public Employment Security Offices established 18 Banks of Human Resources in major cities to introduce able personnel to medium- and small-sized companies and to promote the employment of the elderly. The Bank of Human Resources deals primarily with administrative, professional, and technical positions.

(2) Part-time Job Bank

The Public Employment Security Offices established 109 Part-time Job Banks in convenient areas, such as station terminals in major cities, in order to offer comprehensive job introduction services for part-time employment.

(3) Mothers' Hello Work

The Public Employment Security Offices estab-

lished in FY2006 "Mothers' Hello Work," a new structure to replace the existing Hello Work to Support Combining Work and Family. Mothers' Hello Work provides comprehensive and thorough support to parents who wish to combine child rearing with early return to employment. Specific support measures include the following: establishment of a system that facilitates parents to bring children to their workplace, and provision of vocational guidance by experts and of information useful for child-rearing through cooperation with local authorities and other entities to parents who are prepared to start searching for jobs and wish to reenter employment immediately.

(4) Hello Work Plaza

The Public Employment Security Offices began establishing Hello Work Plazas in each prefecture in 1999 to help job seekers find employment.

Job seekers may easily and effectively find job information by using searchable devices for themselves at the Hello Work Plazas.

(5) Comprehensive Support Center for Student Employment, Student Employment Centers and Counseling Offices.

The Public Employment Security Offices established these institutions for the specific purpose of providing employment support to graduating students as well as unemployed graduates. These institutions offer employment counseling to provide not only a variety of employment information but also to offer supplemental assistance to job introduction services offered by universities and other institutions.

V-11 The Organization and Functions of the Public Employment Service Institutions (as of March 31, 2005)

The Public Employment Security Offices

Main offices (470 offices)

Branch offices (102 offices)

**Supplementary offices
(20 offices)**

- Employment counseling and assistance, job introduction (for the general public, the elderly, graduates, the disabled, day workers, etc.)
- Job instruction (providing employment information, implementing vocational aptitude tests, etc.), instruction about vocational training
- Instruction to improve employment management (providing and managing employment information, continued employment system for the elderly, employment of the disabled, securing personnel for small and medium-sized businesses, etc.)
- Providing information on employment, job seeking, and the labor market
- Business transactions concerning employment insurance (applicability and payment)
- Business transactions concerning subsidies

Institutions to provide specific services

**Bank of Human Resources
(18 Banks)**

The Bank of Human Resources introduces able personnel to small and medium-sized companies and promotes the employment of the elderly. The Bank of Human Resources focuses primarily on administrative, professional, and technical positions, offers job consultation, provides information, etc.

**Part-time Job Bank
(109 Banks)**

The Part-time Job Bank implements job introduction, job consultation, information sharing, and vocational training for the benefit of part-time workers.

**Mothers' Hello Work
(12 institutions)**

The Mothers' Hello Work implements job introduction, job consultation, information sharing, and other services to those who have the willingness and the ability to work, but cannot do so immediately because of responsibilities for child care, nursing care, and other duties.

**Hello Work Plaza
(47 institutions)**

Job seekers can find a wide range of job information by using searchable devices at the Hello Work Plaza.

**Comprehensive
Support Center
for Students Employment
(1 center),**

**Student Employment Centers
(6 centers),**

**Counseling Offices
(40 centers)**

These institutions implement job introduction, job counseling, information sharing, vocational aptitude tests, etc. for the benefit of newly graduating students as well as unemployed graduates.

Note: In addition to the institutions listed above, there are Local Region Employment Support Centers and Employment Service Centers for Foreigners.

6 Measures to Shorten Working Hours

Working Hours

During the era of rapid economic growth, annual working hours steadily declined due to a tight labor market and higher productivity. In the mid-1970s, this trend leveled off. Since the revised Labor Standards Act became effective in 1988, establishing a 40-hour workweek as the norm, working hours have continued to decrease.

In FY2004, scheduled working hours remained at 1,685 (a decrease of 21 hours over the previous fiscal year) while overtime working hours were 149 (an increase of 2 hours over the previous fiscal year), so that total working hours decreased by 19 to 1,834 hours.

However, taking a closer look at these figures shows that the percentage of people “working less than 35 hours per week” has increased from 18.2% in 1993, to 23.6% in 2004. In addition, that of “working more than 60 hours per week” has also increased from 10.6% in 1993 to 12.2% in 2004. Conversely the proportion of people “working more than 35 and less than 60 hours per week” has decreased, indicated that the so-called “polarization of working hours” is advancing. Furthermore, looking at the actual working hours of full time and part time workers shows that in 2004 each category worked 2,015 hours and 1,171 hours respectively, a proportion that has remained largely unchanged over ten years. The major cause for the overall reduction in scheduled working hours is largely as a result of the increase in persons with shorter working hours.

With regard to trends in paid holidays and vacation days, the usage rate is showing a declining trend, with workers using on average only 46.6% of their entitlement in FY2004. The average workers was entitled to 18.0 days paid annual leave, but generally used only 8.4 days.

In FY2004 91.2% of all workers worked a five-day week, but looking by type we see that only 60.4% of employers have totally adopted this system, with small and medium-sized businesses making par-

ticularly little progress in this direction.

Administration Efforts Concerning Working Hours

In economic plans and other policies, the government has adopted a goal of reducing working hours to a 1,800-working-hour year, and is making efforts to that end.

However, with intensifying competition and diversification of working styles, there has been an increase in both workers working long hours and those working short hours, meaning that a common goal for all workers will not be realizable. Furthermore, various new issues are arising with regard to working hours, including the worsening situation of health problems due to long working hours and difficulty in finding time for other activities, including childcare, nursing case or self-improvement activities, etc.

In order to respond to such issues the Act concerning Temporary Measures for the Promotion of Shorter Working Hours was amended to become the Act on Special Measures for Improvement of Working Time Arrangements. This amended act was entered into force on 1 April 2006.

The aim of this law is not merely to reduce working hours, but to improve working hours, paid holidays and vacation days in response to the diverse situations for workers and in consideration of the individual health and lifestyle of each worker.

The shortening of working hours will be promoted through efforts that place emphasis on workers taking their allocated annual paid leave and the dissemination of planned holiday systems, and measures to curb excessive out-of-hours working time.

The revised Labor Standards Act prescribes that legal working hours be gradually shortened in 1988.

Accordingly, all but exempt businesses would shift to a 40-hour work week beginning in April 1997.

The government has encouraged the adoption of the Variable Scheduling System (note 1) and the

Discretionary Scheduling System (note 2) in some sectors, to limit working hours to 40 per week.

Notes: 1) Variable Scheduling System

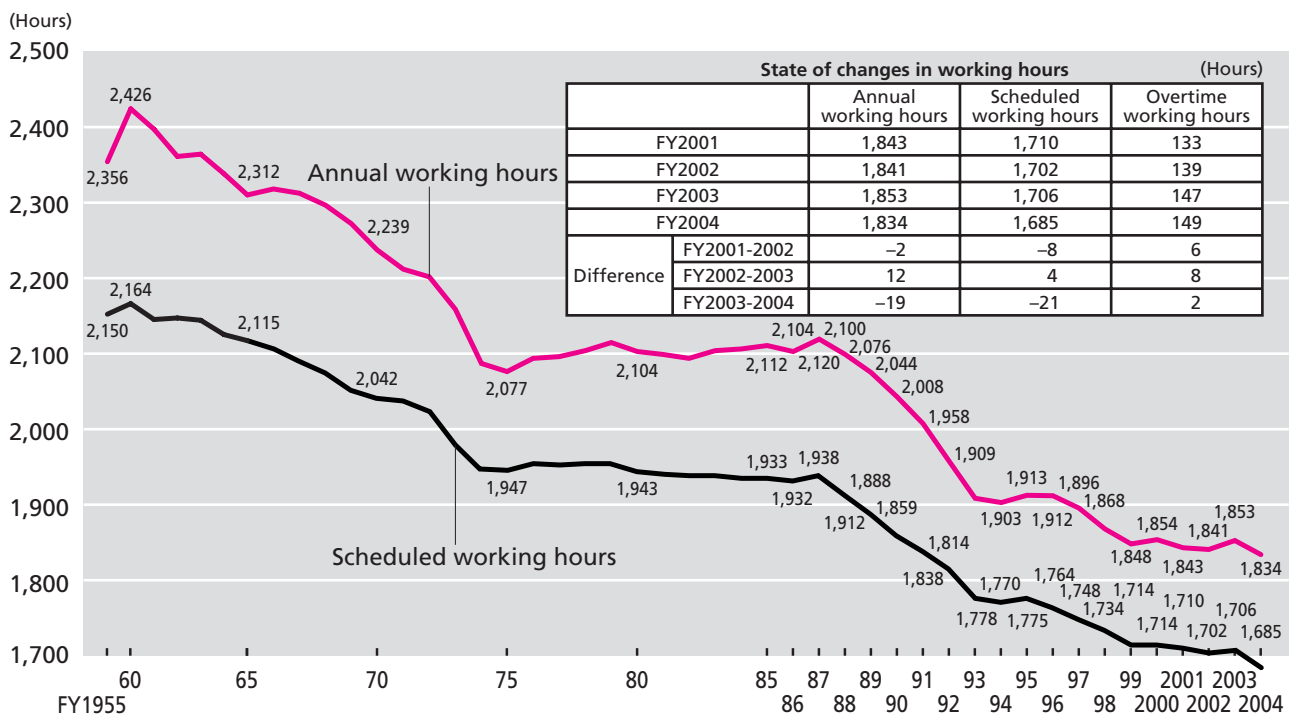
This system involves distributing working hours over a fixed time period, thus accommodating business priorities and ensuring that the total number of

hours worked per week does not exceed 40.

2) Discretionary Scheduling System

Working hours are determined in this system based on a collective agreement rather than setting a fixed schedule, when the duties in question require significant worker discretion. It can apply to both specialized work and creative work.

V-12 Shifts in Average Total Annual Working Hours per Worker (FY, finalized)



Source: *Monthly Survey of Labour Statistics*, Ministry of Health, Labour and Welfare

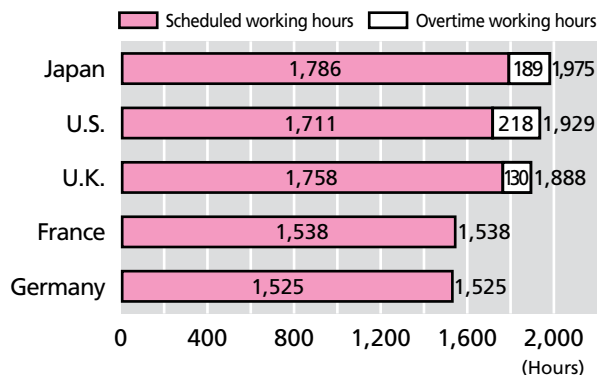
Notes: 1) This study was limited to businesses that employ more than 30 workers.

2) Figures were obtained by multiplying monthly averages by 12 and round off to unit.

3) Overtime working hours were obtained by subtracting prescribed scheduled working hours from annual working hours.

4) Figures from FY1983 and earlier were obtained by adding up all monthly figures.

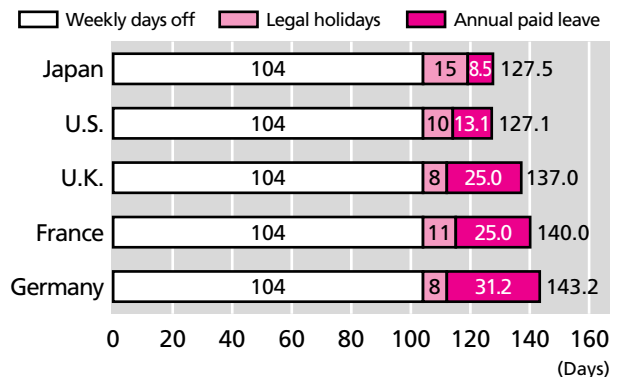
V-13 International Comparison of Annual Working Hours (workers in the manufacturing industry: 2003)



Sources: Estimates were made by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Health, Labour and Welfare, based on reports issued by the EU and the other nations listed above.

Note: Figures for Germany and France were total annual working hours.

V-14 International Comparison of Annual Holidays



Sources: Working Conditions. Estimates based on statistics from the EU and reports from other nations, compiled by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Health, Labour and Welfare.

Notes: 1) "Weekly days off" refers to company-prescribed weekly days off, e.g., Saturday and Sunday, under the assumption that employees are allowed two days off per week.

2) "Annual paid leave" refers to the number of vacation days granted to employees. Figures for some countries were estimated by the Working Hours Division. Figures for Japan represent the number of vacation days granted.

3) Survey dates for annual paid leave are as follows.

Japan	2004
U.S.	1997
U.K.	2001
France	1992
Germany	1996

7 The Minimum Wage System

The Minimum Wage Act

With the enactment of the Minimum Wage Act, drafted to improve working conditions and guarantee a minimum wage to low-paid workers, Japan's minimum wage system came into being in 1959. The law also sought to promote the sound development of the national economy by raising the quality of the labor force and fostering fair competition among companies.

Setting Minimum Wages

Minimum wages are determined in Japan through (1) Minimum Wages Councils, composed of members representing labor, management, and the public interest, that set minimum wages subsequent to research and deliberation; and (2) local minimum wages set by collective agreements.

The majority of minimum wages are set as described in (1) above (296 cases). Only two cases have been set in accordance with (2).

When minimum wages are determined by (1) above, details such as how much the minimum wage should be, and how widely it should be applied, will be decided based on discussion by a Minimum Wages Council composed of members representing labor, management, and the public interest.

In its deliberations, a Minimum Wages Council will examine statistical data to ascertain the current wages earned by workers under consideration for a particular minimum wage. Its members also visit and inspect workplaces to investigate prevailing working conditions and wages. They ask workers and their employers for their opinions. The Council makes a decision after considering the local cost of living, starting salaries paid to new graduates, any collective agreement on minimum wage, the distribution of workers along the wage scale, and the effects of setting a minimum wage.

Since FY1978, the Central Minimum Wages Council has been providing guidelines to prefectural Minimum Wages Councils for minimum wage described below increases to ensure national unifor-

mity. The local councils, in turn, use the guidelines to revise minimum wages to accord with the local situation.

Types of Minimum Wage

Minimum Wages Councils rule on two types of minimum wage-local and industry-specific minimum wages.

One local minimum wage is determined for each prefecture, regardless of the type of industry or occupation. Usually, the minimum wage in a given prefecture applies to all workers in all workplaces in that prefecture, and to all employers who have one or more workers.

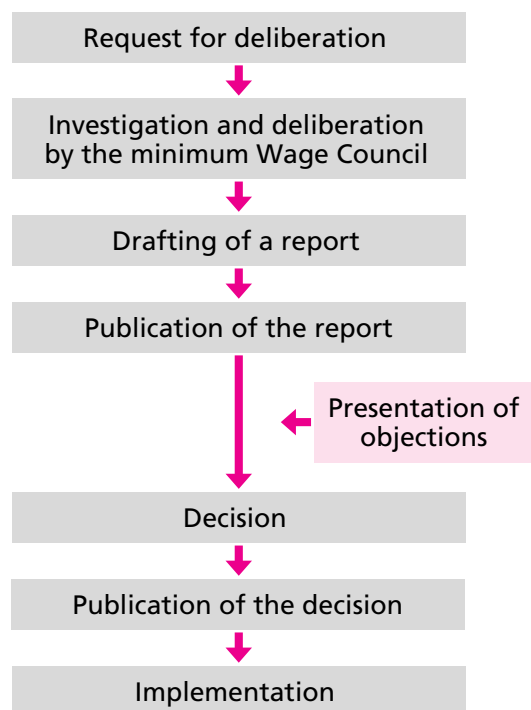
There are two types of industry-specific minimum wages: prefectural and national. The prefectural industry-specific wage is determined by prefectural labor authorities for certain industries, while the national industry-specific minimum wage applies nationwide. Both are limited to particular industries, as the terms imply.

Minimum Wages vs. Actual Wages

The current minimum wages are determined at the Local Minimum Wages Council, based on the guidelines on wage increase amount issued by the Central Minimum Wages Council, and by comprehensively calculating three elements: workers' cost of living, wages earned by other workers engaged in similar employment, and employers' ability to pay. Currently, regional minimum wages are all set only by hour. However, industrial minimum wages may be divided into those set by hour alone or by both day and hour.

Of the minimum wages set as mentioned above, minimum wages set only by hour apply to all workers. Minimum daily wages set both by day and hour apply mainly to workers who are paid according to methods other than by the hour (e.g. day or month), and minimum hourly wages apply mainly to workers who are paid by the hour.

V-15 Methods Used to Set Minimum Wages (minimum wages set through minimum wage council investigation and deliberation)



V-16 Minimum Wages (weighted national average)

(As of March 31, 2006; yen)

	Hourly rate
Minimum wage by prefecture	668
Minimum wage by industry	761

8 Industrial Safety and Health

Occupational Accidents

Though industrial accidents have steadily been decreasing in a long run, there are still approximately 540,000 cases annually.

The number of deaths in these cases was 1,620 in FY2002, a decrease of 8 compared with FY2003, resulting in the seventh consecutive year with fewer than 2000 deaths.

According to the results of periodical health screening test, more than 40% of all workers have some positive-findings. It is also observed that there are more than 60% of workers who feel some kind of stress on their job.

Present Conditions and Issues in Industrial Safety and Health Measures

Since 1958, the Ministry of Labour has implemented nine 5-year plans to prevent industrial accidents. In accordance with the Tenth Industrial Accident Prevention Plan (2003-2007), we are striving toward the following goals:

- (1) Eradication of fatal accidents at the workplace
- (2) Assuring safety and health in small and medium-scale enterprises
- (3) Promotion of health security measures responding to the increase, etc. of work-related physical and mental burden
- (4) Development of managerial methods for safety and health to decrease risks
- (5) Response to the diversification of employment formats and fluctuation of employment

Workers' Compensation Insurance System

This government insurance system pays the necessary insurance benefits to workers to give them

prompt and equitable protection against injury, illness, disability, death, etc. resulting from employment or commutation. The system also provides welfare services to injured workers to promote their smooth return to society (see V-17).

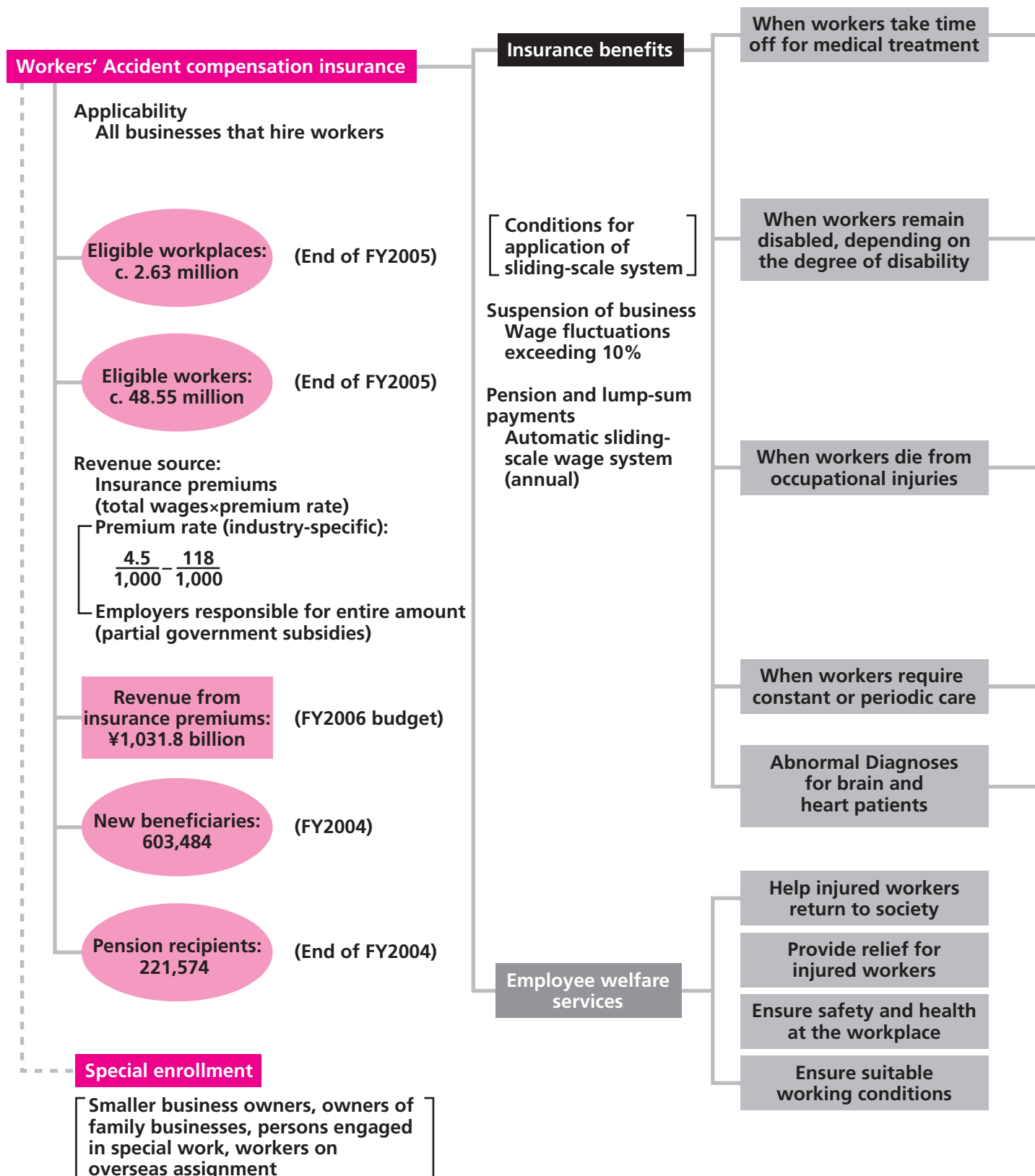
(1) Eligibility

Any business that employs workers may participate in the Workers' Compensation Insurance System, excluding government employees (except local government part-time workers engaged in bluecollar labor) and seamen who are eligible for the Mariners Act. Certain businesses engaged in agriculture, forestry or fishery, and employing five or fewer workers may be eligible on a temporary basis. Additionally, special enrollment may be granted to smaller business owners and their family employees, sole proprietorships, and workers dispatched on overseas assignments. In those cases, they are entitled to receive benefits for injuries sustained at the workplace and, in some circumstances, for injuries sustained while commuting to or from the workplace.

(2) Insurance Premiums and the Burden of Expenses

Employers are required to pay insurance premiums, which are calculated by multiplying total payable wages by the accident rate determined for each business category (5/1,000-129/1,000). Companies larger than a specific size may participate in a so-called merit system, whereby premium rates or total premium (excluding those related to accidents occurring while in commute or benefits for a second physical exam) are based on relevant accident rates at each company.

V-17 Outline of Workers' Compensation Insurance System



Compensation for medical expenses	[All medical expenses]	
Compensation for missed work	[60% of standard benefits per day of work missed, beginning on the fourth day of absence]	+ Additional special benefits * Special benefits for missed work * Special lump-sum payments * Special pensions
Compensation for illnesses or injuries (pension)	[Payment ranging from 245 (Class 3) to 313 (Class 1) days' worth of pension at standard daily rate to those who have not recovered from illnesses or injuries after 18 months of treatment]	
Compensation for disabilities (pension)	[Payment ranging from 131 (Class 7) to 313 (Class 1) days' worth of pension at standard daily rate]	
Compensation for disabilities (lump sum)	[Payment ranging from 56 (Class 14) to 503 (Class 8) days' worth of pension at standard daily rate]	
Compensation to survivors (pension)	[Payment ranging from 153 days to 245 days' worth of pension at standard daily rate, according to number of survivors]	
Compensation to survivors (lump sum)	[Lump-sum payment amounting to 1,000 days' worth of standard pension to survivors not eligible for pensions]	
Compensation to Funeral expenses (Full payment)	[¥315,000 + 30 days of standard compensation (minimum compensation: 60 days' worth at standard daily rate)]	
Compensation for nursing care	[Up to ¥104,970 for constant care and ¥52,490 for occasional care, per month]	
Payment for a second medical exam	[Second exam to ascertain cardio vascular or heart condition and special health guidance by a doctor]	

(Provision of artificial limbs, establishment and administration of industrial accident hospitals)

(Special benefits for injured workers; benefits to defray the cost of educating injured workers' children)

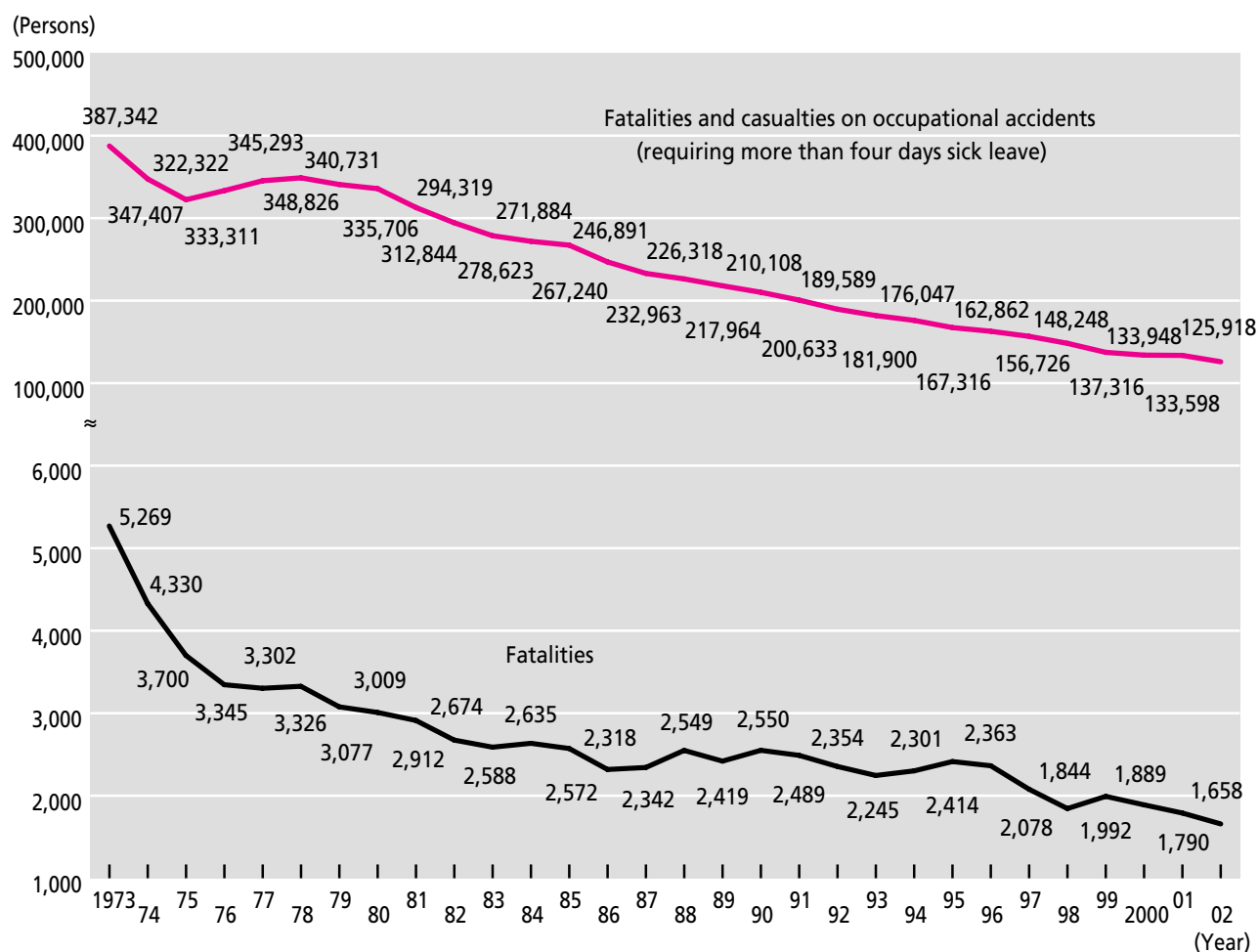
(Implementation of measures for preventing accidents at the workplace and promoting occupational medicine)

(Compensation for unpaid wages)

Source: Ministry of Health, Labour and Welfare

- Notes: 1) Standard daily rate is calculated by dividing total wages paid to a worker during the three calendar months preceding the injury by the number of calendar days in that period. (minimum compensation: ¥4,080).
- 2) Minimum and maximum standard daily rates for pensions and long-term (18 months) medical treatment are determined according to age group.
- 3) There are merit systems that increase or decrease health care rate (amount of insurance premium) according to the balance of industrial accident insurance for each business (40% for persons occupied in continual businesses, and among businesses for a definite term, 40% for persons occupied in construction business and 35% for persons occupied in logging business).

V-18 Changes in Reported Cases of Occupational Accidents



Sources: Research done by Labour Standards Bureau, Ministry of Health, Labour and Welfare

9 Gender Equal Employment Policies

Japan is presently faced with a scenario wherein a rapid decline in the birth rate and progressive ageing is leading to the advent of a society with a declining population. Given this scenario, it has become a vital issue to create an environment for employment where workers can leverage their abilities to the fullest without facing discrimination on account of gender and where motherhood is given due respect.

Based on this, the Equal Employment Subcommittee of Labour Policy Council began a discussion in September 2004 as part of the measures to further promote equal employment opportunities between men and women, resulting in a series of proposals presented to the Minister of Health, Labour and Welfare in December 2005 regarding future measures for ensuring equality of employment opportunities between men and women.

The Ministry of Health, Labour and Welfare submitted to the Diet a bill for Partial Amendments of the Equal Employment Opportunity Act, containing among other things, the (1) strengthening of antidiscrimination regulations, including a ban against indirect discrimination, (2) strengthening of regulations against the unfair treatment of workers for reasons such as pregnancy or childbirth, (3) strengthening of an employee's commitment towards preventing sexual harassment, and (4) the relaxation of regulations regarding the underground (pit) work done by women.

The act will be enforced in April 2007.

As part of the effort to ensure the implementation of the Equal Employment Opportunity Act, the Equal Employment Offices of the prefectural labour bureaus that have been set up within the prefectural governments as local agencies of the Ministry of Health, Labour and Welfare conduct the following services:

- (1) Active dissemination of information regarding the Equal Employment Opportunity Act, and consultation regarding discriminatory treatment against women employees as regards recruitment, hiring, assignment, promotions, education and training, uniform welfare packages, mandatory retirement, voluntary withdrawal from the workforce or dismissal, as well as sexual harassment at the workplace.
- (2) Advice, guidance and recommendations by the head of the Prefectural Labour Bureaus for the speedy resolution of individual disputes between women employees and employers, as well as mediation by the Equal Opportunity Mediation Commission.
- (3) Proactive guidance etc. based on the Equal Opportunity Act for the thorough enforcement of equal treatment between male and female employees as well as assessment of the actual conditions regarding a corporation's employment management.

In addition to the above, in order to promote positive action by corporations to remove the actual gaps that exist between men and women employees due to a system of employment management that is rooted in customary practices and fixed perceptions regarding the division of roles and responsibilities, the government has been involved, in addition to providing information through the means of corporate awards and seminars, in creating the Positive Action Promotion Council in collaboration with the employers' associations in order to promote proactive and voluntary action by employer organizations to deal with positive action.

It is believed that the rapid progression of the declining birth rate will have a substantial impact on Japan's future society and economy, such as by reducing the labor force population and affecting social security programs.

Measures have been taken to cope with the declining birth rate from various angles, but these have not yet brought about a change in the downward trend. Although the number of children accepted at day-care centers has increased, there are still on the waiting list. In addition, efforts have not been made enough for reconsidering the way people work, such as deep-rooted tendencies like giving priority to one's workplace and working long hours.

For this reason, in June 2004 the Japanese Government formulated the Promotion of Measures Against Declining Birth Rate, which serves as comprehensive set of policy guidelines for responding to the declining birth rate. This was done in order to forcefully advance various kinds of measures so as to alter the trend toward a declining birth rate. Based on this outline in December of the same year the government also formulated the Child and Child Rearing Support Plan as a concrete implementation plan for its priority policies.

This plan addresses, as one of its priority issues, support for balancing work and family as well as reconsiderations of the way people work. It focuses on a variety of policies with the aim of realizing a desirable society with an outlook of roughly 10 years into the future.

Moreover, in order to work towards supporting the development of the next generation intensively and systematically, the "Act for Promote Measures to support the Development of the Next Generation" were

fully brought into effect beginning in April 2005. The Act stipulates setting a framework for local public entities, enterprises, and other such organizations formulate action plans regarding support for the development of the next generation. On the basis of this Act, efforts for supporting the development of the next generation are being made at local public entities, enterprises, and the like.

Furthermore, in order to further advance support for efforts like balancing work and childrearing, a bill to amend the Child Care and Family Care Leave Act was enacted in December 2004 and has been in effect since April 2005. The bill was formulated with contents such as expanding the workers subject to child care and family care leave, extending the period for child care leave, easing restrictions on acquiring family care leave multiple times, and establishing a system for nursing leave.

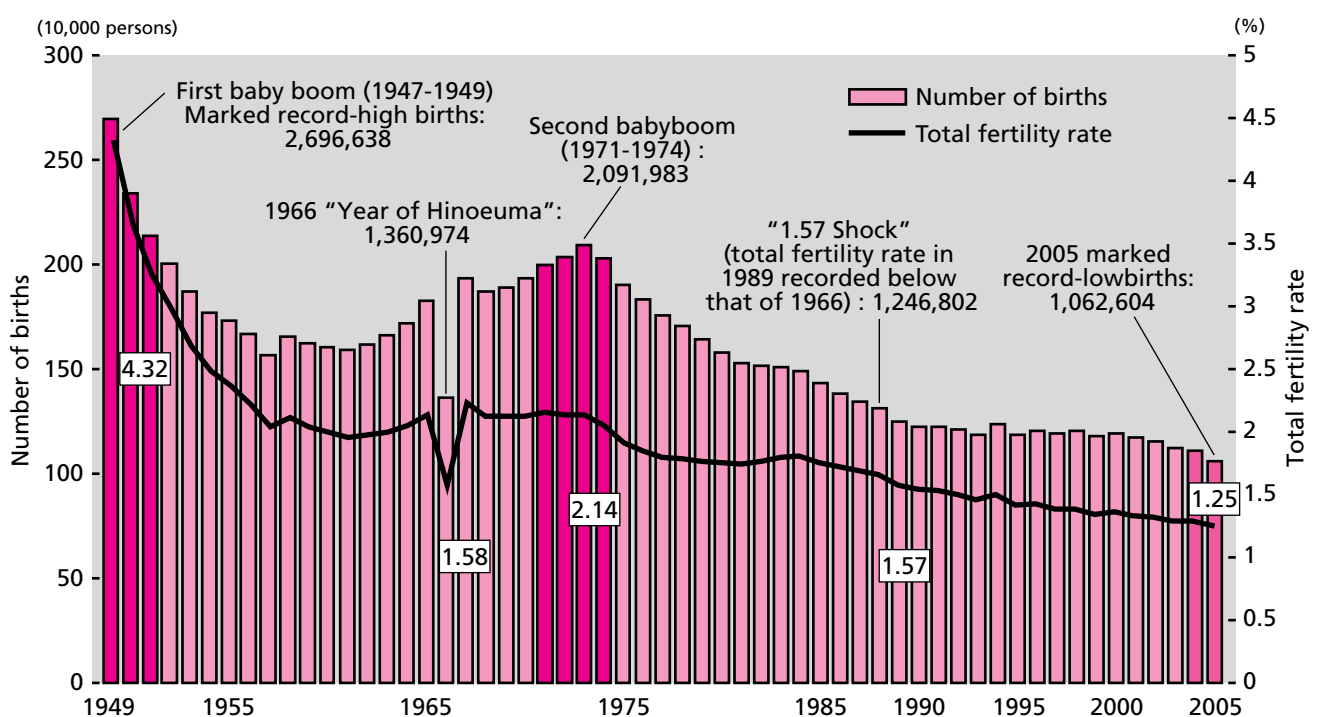
The MHLW is aiming for the attainment of a society in which everyone who so wishes can work with peace of mind while performing activities such as childrearing. In addition to thoroughly publicizing the Child Care and Family Care Leave Act, the MHLW is engaged in activities such as supporting the formulation and implementation of action plans by enterprises based on the Next Generation Act, implementing various subsidy measures for enterprises striving to support balancing work and family, and further popularizing and facilitating "family friendly enterprises" where one can engage in a flexible manner of working that gives consideration to balancing work and family. Through these, the Ministry is striving to create an environment in which it is easy to balance both work and family.

V-19 Aspects of the Society We Should Aim for in the Child and Child Rearing Support Plan (excerpt)

Item	Target Value	FY2005	FY2004
Percentage of men taking child care leave	10%	0.50%	0.56%
Percentage of women taking child care leave	80%	72.3%	70.6%
Diffusion rate of measures such as work hour reduction until the child starts attending primary school	25%	16.3%	10.5%

Note: The figure for FY2004 and FY2005 are based on the *Basic Survey on Employment for Women*, Ministry of Health, Labour and Welfare.

V-20 Annual Trend of Number of Births and Total Fertility Rate



Source: *Vital Statistics*, Ministry of Health, Labour and Welfare

Notes: 1) Total fertility rate is the total rate of women's fertility of each age between 15-49 and indicates the assumed number of children a woman of each categorized age will give birth in all her life.

2) "Hinoeuma" is one of the sign in the Oriental zodiac. It is superstitiously believed that females born to this sign will create evil and many people avoided to give birth on this year.

1. Current Status of Part-time Workers

The number of part-time workers has been on a significant rise in these past few years. At 12.37 million, the figure for such part-time workers (those working for under 35 hours per week) reached as much as approximately a quarter of the total working population in 2004. With this increase in numbers, part-time workers have, over time, taken over such core responsibilities as management positions, and have come to become indispensable from the point of view of corporate management in their role as an important working force that supports the Japanese economy.

However, a look at the benefits provided to part-time employees shows that under present conditions there has been inadequate improvement of the employment management for this category, which is indicated by such facts as the trend of a widening gap in wages as compared to full-time employees.

Viewed from the perspective of the need for seeking out the necessary labour force within the scenario of a society that is faced with a declining population, it is expected that the significance of a part-time model of working, which makes is comfortable even for women or senior citizens to be employed, will continue to grow in leaps and bounds in the future as well. Taking this development into account, it has become a critical issue to position part-time work as an appealing model of employment that allows for an effective utilization of the abilities of part-time workers by removing unreasonable disparities in employment benefits as compared to full-time employees.

2. Current Measures for Part-time Workers

(1) Guidelines for part-time work

The government has set down the Guidelines for Part-time Work on the basis of the Part-Time Work Act with the objective of improving the employment benefits of part-time workers. The guidelines cite measures that ought to be undertaken by employers regarding part-time workers, such as approaching the idea of employment ben-

efits (equal compensation) while taking into account such factors as the actual work conditions and the balance with full-time employees, putting into place the conditions for changing the status to full-time employee, and implementing provisions for promoting dialogue between labor and management.

As part of a tangible approach towards balancing the benefits with full-time employees, the guidelines stipulate that employers should incorporate the following types of approaches: 1) With respect to the part-time workers who are involved in the same work as the full-time workers and for whom the system and practice of the utilization of human resources, etc. are not substantially different from those of full-time employees, measures—such as using the same decision-making method (e.g. using the same pay scale or aligning the standards for the issuing, appraisal or ability-rating of wages)—should be taken to secure balance with regular workers 2) With respect to the part-time workers who are involved in the same work as the full-time workers but for whom the system and practice of the utilization of human resources, etc. are different from those of full-time employees, efforts should be exerted to secure balance with regular workers by taking such steps as setting up a mechanism for compensating with benefits in accordance with their enthusiasm, ability, experience, performance, etc..

(2) Tangible Efforts by the Government towards Providing “Balanced Treatment”

The government has been undertaking a series of measures with the objective of spreading and instilling the idea of a “balanced treatment” of full-time and part-time workers as stipulated in the Guidelines for Part-time Work across the society so that the idea becomes true.

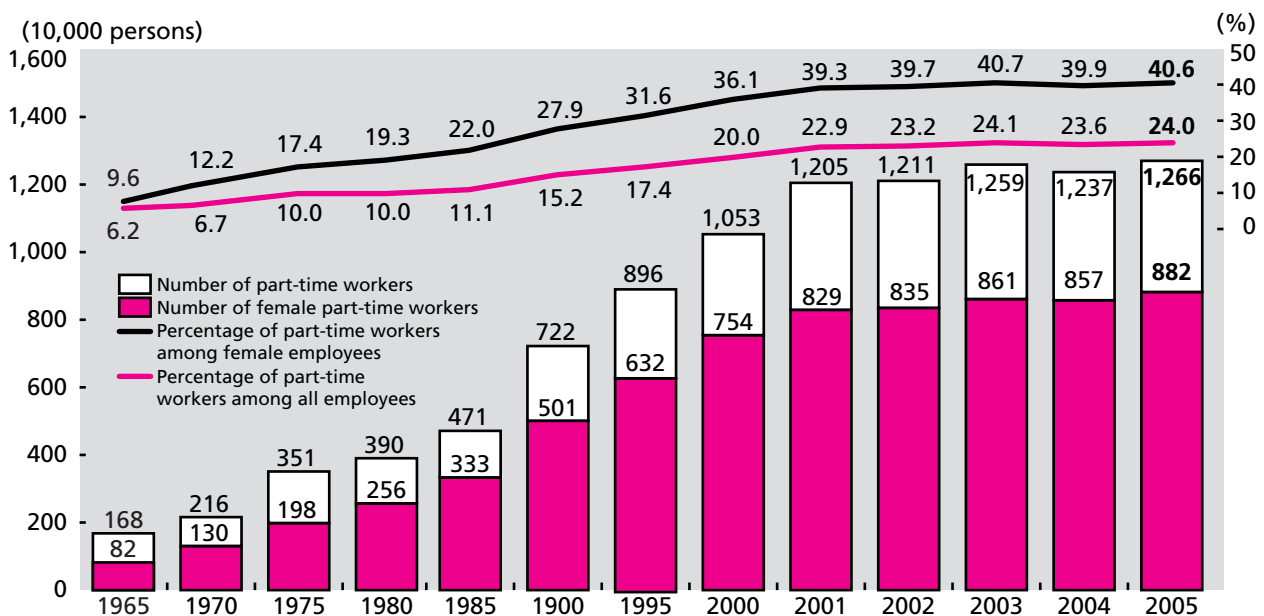
First, the Equal Employment Offices of the prefectural labour bureaus organize efforts such as 1) holding briefing sessions for employers with the

purpose of instilling the objectives of the Part-time Work Act and the Guidelines for Part-time Work and 2) recommending the appointment of “part time employment managers” for each workplace where the employers employ ten or more part-time workers for managing issues concerning obtaining the correct working conditions for part-time workers and for improving their employment management.

In addition to this, the government is also involved in such activities as 1) providing subsidies to employers that promote the improvement of benefits provided to part-time workers, 2) providing information and consulting sessions

through advisors, 3) supporting the review of the benefits system through such measures as the dispatch of personnel management experts (consultants on equal treatment practices) or the holding of conferences for employers and 4) an online “self-diagnosis” system where the employer can check for himself/herself whether it has made adequate efforts towards providing balanced treatment. These government efforts are made through the Japan Institute of Workers’ Evolution, a designated corporation found under the Part-time Work Act, in order to support employers who are undertaking efforts towards establishing balanced treatment.

V-21 Changes in the Number and Percentage of Part-time Workers (people who work less than 35 hours per week) in Industries besides Agriculture and Forestry



Source: Labour Force Survey, Statistics Bureau, Ministry of Internal Affairs and Communications

Notes: Excludes employees on leave.

Percentage of women among part-time workers 69.7%

Percentage of part-time workers among female employees 40.6%

Percentage of part-time workers among all employees 24.0%

12 Public Vocational Training Policies

The term “public vocational training,” in a narrow sense, refers to vocational training conducted at public human resources development facilities. However, more broadly, public vocational training includes the disbursement of subsidies to defray educational expenses, and is based on the following three policies:

- (1) Providing vocational training at public human resources development facilities (the narrow definition of public vocational training).
- (2) Encouraging employers and employer associations in the private sector to offer vocational training by awarding subsidies, disseminating information, and providing consulting services.
- (3) Motivating workers to acquire skills voluntarily by granting subsidies and providing informational and consulting services.

Table V-23 shows the ways in which public vocational training has been implemented in Japan. Graduates from school are offered mainly long-term training lasting one to two years, while unemployed workers receive mostly training of six months or less and employed workers primarily receive short-term training of only a few days. By act, vocational training is offered to those changing occupations (and currently unemployed) and the physically disabled free of charge, but the cost of texts and other materials is borne by trainees. Some training courses for those changing occupations (and currently unemployed) are entrusted to private sector education and training institutions. Training subjects taught at public human resources development facilities are mostly vocational and technical subjects for industries such as manufacturing and construction, but among the training commissioned to the private sector, courses are established in various subjects like computers and social welfare. Short-term vocational training for the employed is implemented based on the needs of employers or employers’ associations of the region.

The Polytechnic University, a public vocational capacity development university, provides training

and education to cultivate public vocational training instructors and develops textbooks for that purpose.

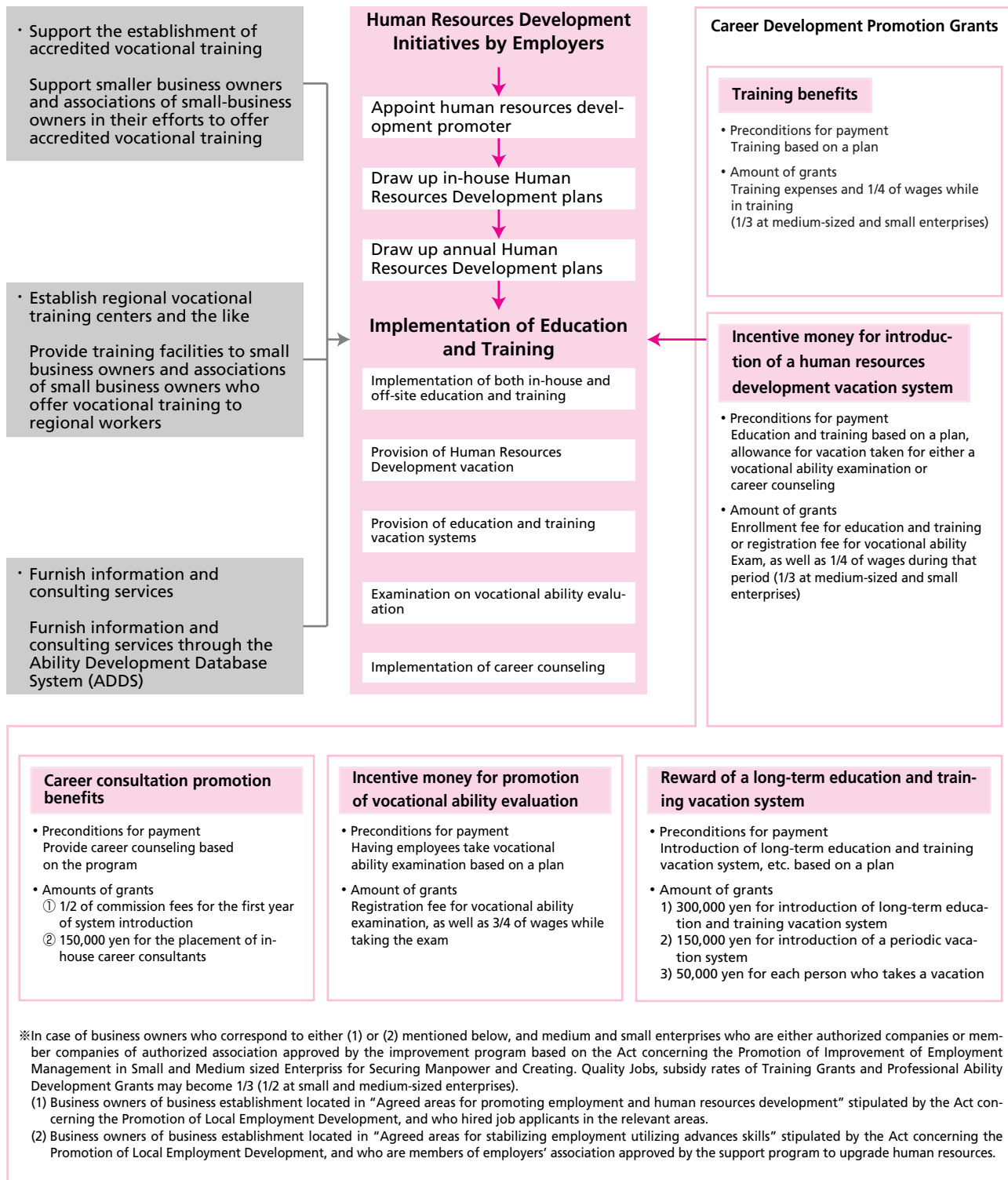
Furthermore, among the facilities illustrated in Table V-23 is the Lifelong Human Resources Development Center, which acts as a central base facility for the human resource development of white-collar workers.

Steps taken to promote education and training in the private sector are outlined in Figure V-22. Career development promotion grants appearing therein is intended to promote effective career development for employees within the organization. Employers will be subsidized to cover part of the wages and expenses associated with the conduction of educational and training activities they provide, based on a plan created within the business, for the workers employed there. The financial resources for Career development promotion grants come from a separate body established under the employment insurance umbrella and, being funds collected universally from business owners, shall be returned (again, universally) to Employers in the form of subsidies for education and training.

In terms of support for self-education, there is the Education and training grants system introduced in December 1998. This is for workers who have been enrolled in employment insurance for at least three years, and provides assistance to the amount of 40% of class expenses with a maximum of 200,000 yen (and in the case of an employment insurance period of at least three years and less than five years, assistance of 20% with a maximum of 100,000 yen) paid by workers who attended and completed education or training designated by the Minister of Health, Labour and Welfare.

As of October 2005, eligible courses numbered 8,807 at 2,552 facilities, and it has become possible to receive benefits for many courses, such as in computers and bookkeeping, as well as preparation for a variety of certifications. Furthermore, starting in April 2002, we are trying to launch the construction

V-22 Outline of Self-education and Training in the Private Sector



V-23 Status on Implementation of Public Vocational Training

1. Number of public human resource development facilities (As of 1 April 2005):	288
National (Employment and Human Resources Development Organization of Japan, EHRD):	73
Polytechnic University:	1
Prefectural facilities:	194
Municipal facilities:	1
Human Resources Development Centers for the Disabled	19

2. Status and Program of Implementation of Public Vocational Training

(Persons)

Type of training/provider	FY2003 result	FY2004 result	FY2005 plan
For unemployed workers	182,763	191,321	228,329
outsourced	100,609	128,088	153,854
EHRD	135,558	140,733	156,441
outsourced	75,245	94,380	114,946
Prefectural	47,205	50,588	71,888
outsourced	25,364	33,708	38,908
For employed workers	161,345	174,675	213,830
EHRD	95,464	113,217	123,800
Prefectural	65,881	61,458	90,030
For graduates from school	24,206	23,655	36,170
EHRD	7,490	7,599	6,980
Prefectural	16,716	16,056	29,190
Total	368,314	389,651	478,329
EHRD	238,512	261,549	287,221
Prefectural	129,802	128,102	191,108

Note: Figures in FY2004 results and FY2005 programs for commissioned trainings and for graduates respectively include the number of people receiving the Dual Program with outsourced Trainings and the Dual Program with Specialized/Regular Courses.

Short-term IT training (outsourced)	222,436	—	—
EHRD	207,257	—	—
Prefectural	15,179	—	—

(Persons)

Training for the disabled	FY2003 result	FY2004 result	FY2005 plan
For unemployed workers (in-house)	1,895	2,099	3,250
For unemployed workers (outsourced)	454	3,110	6,000
For employed workers	488	450	1,000
Total	2,837	5,659	10,250

Source: Ministry of Health, Labour and Welfare

of a new system for human resources training-Pushing ahead with Leading Efforts to Create a human resources superpower-with cooperation, etc. of industry, academia, and the government.

In addition, the Comprehensive Employment Measures were laid down in September 2001; the three main Programs are creation of employment opportunities by fostering the development of new markets and new industries, corrections in employment mismatches, and improvement of the employment safety net. On the development of professional ability, certain measures have already been put into effect. For example, the promotion of professional capacity development, making use of all educational and training resources such as private education and

training institutions, universities and graduate schools, business owners and non-profit organizations. Another measure is the placement at public employment security offices of advisors to support development of abilities. These advisors will do such things as provide consultation for job seekers on capacity development connected with the job search process, based on understanding their work experience and aptitude. Additionally, there will be placement of further advisors who clarify the abilities required to provide such services to job seekers as consultation support operations for the promotion of information disclosure on the required professional ability.