# **Country Report**

Japan

by

Yasushi Iguchi

Professor Faculty of Economics Kwansei Gakuin University

# **International Migration and Labor Market in Japan**

-With the economy improving and the Japanese population declining-

#### (Summary)

- This paper intends to explore the recent development of the economy, labor market and international migration in Japan taking into consideration of regional integration in East Asia.
- The Japanese economy has almost overcome structural problems after the collapse of the bubble. economy. The economic growth is stronger and regular employment begins to grow. However, it will take time until working conditions of Japanese as well as foreign workers might be substantially improved. In the meantime, the Japanese population must have declined in 2005, while the total population depends on net migration.
- Recently, Japan is experiencing enormous pressure of intraregional migration in East Asia, partly because the international tourism has been activated and de facto regional economic integration is taking place. The new entries of foreign nationals have reached over 5.5 million. As the result of tightening of regulations, in particular entertainers, pre-college students and college students did not grow so much, while foreign trainees continue to grow substantially. Above all, the Technical Intern Traineeship Program is managed on the basis of bilateral arrangements. Overall, legal foreign inhabitants may have reached 2 million in 2005.
- The number of foreign workers in Japan is growing rapidly, when we make estimation of foreign workers including those who obtained ordinary permanent residents statuses. It has reached 900 thousand (800 thousand without ordinary permanent residents). Especially noteworthy is that foreign students, who graduated from Japanese universities and changed status of residence for working, has reached 5 thousand persons per annum.
- As the National Police Agency and the Immigration Bureau are conducting intensive measures to prevent terrorism and to reduce overstaying foreigners for the past several years, the number of violations of immigration laws and regulations reached 55 thousand in 2004. With criminal sanctions against trafficking and measures to protect victims of traffickers, the number of crack-downs of traffickers seems to be growing.
- Recently, foreigners of Japanese descendant, mainly from Latin America, are faced with more and more difficult problems like unstable employment and low wages, no coverage by social security and dropping out of foreign children from schools and anxieties for the

- future. The Congress of Municipalities with High Density of Foreign Citizens is intensively discussing measures to improve their situation and made official requests for regulatory reforms to the Cabinet Office.
- 7 In 2005, many kinds of discussions concerning migration policies took place and some of them will continue in 2006. For example, The Third Plan of Immigration Control was decided by the Ministry of Justice (March 2005), The Japan Vision of 21<sup>st</sup> Century was adopted by the Congress on Economic and Fiscal Affairs under Prime Minister Koizumi (April 2005), The Ministerial Meeting on Measures against Crimes (June 2005) decided tightening of measures against terrorism, The Research Committee on Employment Policies in the Ministry of Health Labor and Welfare issued a report on labor supply projections until 2030, The Second Report by the Congress on Regulatory Reform and Market Liberalization proposed measures for regulatory reform in the field of The Ministry of Internal Affairs and Communication established a migration policy, study group on multicultural Society and it will publish a final report by the end of March 2006.
- Now that the Japanese economy is regaining its power and labor market situation is gradually improving with the Japanese population declining, it is the time to change migration policy from reactive to proactive. The first priority for migration policy may be to reorganize the legal system on entry, stay and work in corresponding to the fact that the growing number of foreigners are staying for long-term or with permanent residence status in municipalities. The second priority may be to formulate strategies for East Asia to develop human resources and to facilitate movement of persons. It is an important task for the member countries of the "East Asia Community" to create effective cooperation in this field.

# International Migration and Labor Market in Japan -With the economy improving and the Japanese population declining(2006 Japan Report)

#### 1. Introduction

At the beginning of 2006, the Japanese economy has almost overcome the problems of "non-performing loans", "excessive production capacity" as well as "excessive employment" and is integrating itself to the East Asian economy, although deflation has not come to an end.

At the same time, Japan is experiencing enormous pressures of intraregional migration in East Asia for the past two years, while Japanese population has begun to decline gradually from 2005. It is a new experience for Japan that development of total population might be dependent upon international migration.

Under such circumstances, we should ask ourselves whether the Japanese migration policy and the legal system concerned are able to cope with the changing environment in Japan as well as in East Asia.

Therefore, we would like to identify in this paper 1) the changes in economy, population and labor market, 2) the trends in international migration in Japan and problems to be solved, and to review, 3) the policy discussions and implementation of new measures related to international migration in Japan. Finally, I would hope to formulate a few tasks for the future of Japan as well as East Asia.

#### Part I the Japanese economy, population and labor market

### 1. Development of the economy: Stronger real GDP growth over 2%

Irrespective of soaring oil prices, the Japanese economy seems to have achieved over 2% real GDP growth in 2005. In fact, the intra-regional trade has been maintained at very high level and outward direct investment has rebounded. Because of high corporate profits and changes in enterprise strategy, domestic investment is also improving. The surplus of current account has been much larger than that of trade and service account, because the transfer of income from Japanese affiliated companies abroad has become so important. The balance of inward to outward direct investment has improved in comparison with those in the first half of 1990s. In terms of consumer price index, deflation may be coming to an end in the near future. The Bank of Japan is looking for the timing to close "Policy of Quantitative Easing", while the Government of Japan is very cautious about changing the present stance of fiscal policy.

Table 1. Main economic indicator in Japan

	2000	2001	2002	2003	2004	2005
Real GDP growth	(2.8)	(0.4)	0.1	1.8	2.3	1.4/ 2.6/ 2.9
In % (1Q/2Q/3Q)						
GDP actual figure	( 511,462)	(505,847)	(498,276)	(497,642)		532,096r/538,570
In billion Yen			503,865	512,817	524,622	/539,916
Exchange rate of Yen to	107.77	121.53	125.31	115.93	108.17	Dec. 2005 118.64
US\$						
Current Account (CA)	12,876	10,652	14,140	15,766	18,618	Nov. 2005 14,182
Trade and service account	74,298	32,120	64,690	83,5543	101,961	Nov. 2005 5,437
C.A. In GDP (%)	(2.5)	(2.1)	(2.9)	3.1	3.6	
Inward FDI (FY)	8,277	6,202	9,245	6,238	7,805	Unpublished
In million US\$						
Outward FDI (FY)	31,558	38,088	32,301	28,801	30,958	Unpublished
In million US\$						
СРІ	0.7	0.7	0.9	0.3	0.0	Dec. 2005 0.6
WPI	0.0	2.3	2.0	0.8	1.3	Dec. 2005 2.2
Money Supply (M2)	2.1	2.8	3.3	1.7	1.9	Nov. 2005 4.6

**Source:** Cabinet Office, Bank of Japan Ministry of Finance

**Note:** Concerning GDP and current account, ( ) is based on the price in 1995. The new figures of GDP are based on the price in 2000.

# 2. Demographic Change: Population growth may depend on net migration

In the first half of the 2005, the natural increase of Japanese population has become negative for the first time since the end of the World War II. This is almost one year earlier than expected by the National Institute of Population and Social Security (IPSS).

This is a consequence of declining fertility ratio, namely from 2.10 in 1975 to 1.29 in 2004. The demographic composition shows that population of 65 years old and older will be growing by 7 % and the population of 15 to 24 years old will be declining 12% in five years. From 2007, the baby-boom generation will be retiring at 62 or 63 years old and industries should have to pay more attention to intergenerational transfer of technology and knowledge.

It is not clear whether the total population in Japan in 2005 has really declined. If there was net inflow of, for example, 130 thousand foreign populations, no shrink did take place as the IPSS had forecasted. The naturalization of foreigners seems to be as many as 17,000 per year and it does not influence much on the trends in Japanese population.

Table 2. Main population indicators in Japan (:estimates)

Tubio at ividini populus	2000	2001	2002	2003	2004	2005
Total population	126,926	127,291	127,435	127,619	127,687	(127,773)
Japanese population	125,386	125,908	126,008	126,139	126,176	126,155
Natural increase of Japanese population	228	200	171	109	82	10
Net migration of Japanese and foreign nationals	22	146	51	68	132	(130)
The number of less than 15 years old	14.58	14.36	14.20	14.03	13.89	13.7 p
The number of 65 years old and older	17.36	19.97	18.54	19.05	19.89	20.2 p
Total fertility ratio	1.36	1.36	1.32	1.29	1.29	-
Naturalization(net)	17,411	16,515	14,320	17,618	16,336P	-

**Source**: Cabinet Office, Bank of Japan p: provisional

#### 3. Labour Marker development: Improving employment and wages

Labour market shows several signs of recovery in 2005-2006 period. First, employment growth has become stronger with regular full time employment growth at the end of 2005. Second, employment adjustment at enterprises has been gradually declining for the past two years. Third, the downward trend of wages has changed with increasing special allowances (bonus) in 2005. Fourth, labour force has turned from its downward trend because of rising labour force participation rate. Finally, unemployment rate fell down to 4.4% with the number of unemployed decreased to less than three million.

Growing regular fulltime employment and wage increase are important backgrounds for more active private consumption and continuous recovery of domestic economy.

However, it is still uncertain whether the improvement of labour market might continue. Under the circumstances of deflation since the middle of 1990s, enterprises have been trying to reduce labour cost and to reduce regular fulltime employment.

It would take more time until working condition for Japanese workers as well as foreign workers might be improving.

Table 3. Main labour market indicators in Japan

	2000	2001	2002	2003	2004		2005
Dl-41 15							
Population 15 years	10,836	10,886	10,927	0,962	10,990		Y 11,007
old/over (10thousand)							
Labour Force	6,766	6752	6,689	6,666	6,642		Y 6,650
(10 thousand)							
Employment	6,446	6412	6,330	6,316	6,329		Y 6,356
(10 thousand)							
Employees (10	5,356	5,369	5,331	5,335	5,355		Y 5,393
Thousand)							
Regular Full timer	1.2	1.3	2.5	2.3	1.0	Y0.5	Dec 1.1
Part timer	3.1	3.5	6.6	6.2	5.7	Y0.6	Dec 1.0
Foreign Workers	71	74	76	79	80		-
(10 thousand)							
Foreign Workers% in	1.3	1.4	1.5	1.5	1.5		-
employees							
Employment	25/23/	23/26/	31/27/	22/22/	14/14/13/		1Q 11
Adjustment (D.I.)	20/21	25/29	25/23	19/17	12		
Unemployed	320	340	359	350	313		Y 294
(10 thousand)							
Unemployment rate	4.7	5.0	5.4	5.3	4.7		Y 4.4
(%)		_					
Involuntarily Unemp	102	106	151	146	118		Y 100
Loyed (10 thousand)	_						
Wages (%)	0.1	1.5	2.9	0.7	0.7	Y 0.6	¥334,886
Real Wages (%)	1.0	0.7	1.9	0.4	0.7		Nov 0.9

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

# Part II International Migration in Japan

# 1. Entry of foreign nationals to Japan -the largest inflow over 5.5 million-

The inflow of foreigners (excluding re-entries) increased drastically in 2004 (+18.9%) and this trend continued in 2005, because the fears of terrorism or SARS faded away. The increase is extraordinary in the intra-regional migration (in Asia 22.9%).

The number of foreign nationals who entered Japan in 2004 excluding those who entered Japan with re-entry permit amounted to 5,508,926 (in 2003, 4,633,892) persons, which

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

	2000	2001	2002	2003	2004
Korea	951,884	1,005,451	1,121,672	1,293,809	1,419,786
Chinese Taipei	882,394	777,673	848,283	760,322	1,051,022
USA	661,564	628,731	667,296	596,494	695,337
Mainland China	190,380	225,357	272,894	276,297	411,124
U.K	169,053	173,396	194,190	176,940	190,346
Hong Kong, China	46,797	72,024	133,486	160,322	222,866
U.K	169,053	173,396	194,190	176,940	190,346
Philippines	104,324	115,318	120,812	131,834	147,817
Canada	106,501	112,069	117,360	112,744	127,308
Thailand	56,011	57,761	65,718	73,661	97,797
Germany	80,082	79,516	85,439	85,190	96,941
Singapore	71,653	67,111	74,289	74,522	86,989
France	68,564	70,813	74,041	72,910	81,923
Malaysia	57,501	54,165	59,269	60,357	64,952
Brazil	58,577	39,533	33,296	41,101	41,764
Others	751,118	750,339	778,195	894,329	962,519
Total	4,256,403	4,229,257	4,646,240	4,633,892	5,508,926

**Source:** Ministry of Justice

means an increase by 18.9%.

At the same time, the number of foreign nationals who left Japan in 2003 excluding those who have re-entry permits was 5,374,288(in 2003, 4,483,516) persons (+19.9%).

According to region / country of origin, 3,656,533(66.4%) (2,975,44,8, 64.2% in 2003) came from Asia. The largest share was occupied by Republic of Korea (1,419,786 persons +9.7% in comparison with 2003) followed Chinese Taipei (1,051.022 + 38.2%), US (695,337, +16.6%), Mainland China (411,124 +48.8%), Hong Kong China (222,866 +39.0%), United Kingdom (190,346 +7.6%), Philippines (147,817, +12.1%), Canada (127,308, +12.9%) Thailand (97,797 +32.8%), Germany (96,941, +13.8%), Singapore (86,989, +16.7%) and France (81,923, +12.4%).

The number of new entrants from Asia increased (3,656,533 +22.9%), followed by North America (843,341 -+16.9%) and Europe (724,872 +7.6%). (Table 4)

According to status of residence, "Spouse or Child of Permanent Resident" (+38.9%) "Skilled Labour" (+38.9%), "Cultural Activities" (+34.8%), "Engineer" (+32.7%) "Temporary Visitor" (+20.6%), and "Trainee" (+16.6%) showed strong increase, while "Pre-College Student" (-45.1%)

Table 5. Inflow of foreigners by status of residence

Sta	tus of Residence	2000	2001	2002	2003	2004
Dij	olomat	9,408	8,692	9,339	9,681	8,710
Of	ficial	11,767	12,220	14,060	13,552	12,633
*	Professor	1,941	2,024	1,966	2,303	2,339
	Artist	167	211	220	194	220
	Religious activities	1,199	1,105	946	927	946
	Journalist	231	166	351	241	351
	Investor/Business Manager	863	681	566	598	566
	Legal/Accounting Services	3	5	1	4	1
	Medical Services	1	0	4	0	4
	Researcher	1,036	793	782	647	782
	Instructor	3,323	3,296	3,337	3,272	3,337
	Engineer	3,396	3,308	2,759	2,643	2,759
	Specialist in Humanities	7,039	6,945	6,151	6,886	6,151
	Intra-corporate transferee	3,876	3,463	2,900	3,421	2,900
	Entertainer	103,264	117,839	123,322	133,103	123,322
	Skilled Labour	3,529	2,118	1,792	1,592	1,792
	Sub total	129,868	145,097	155,8311	145,097	145,570
Cu	ltural activities	3,210	3,138	3,084	3,108	4,191
Tei	nporary visitor	3,910,624	3,878,070	4,302,429	4,259,974	5,136,943
Co	llege student	19,503	23,416	24,730	25,460	21,958
Pre	e-college student	22,404	23,932	25,948	27,362	15,027
Tra	ninee	54,049	59,064	58,534	64,817	75,359
De	pendent	17,617	16,364	13,888	13,472	13,553
De	signated activities	4,364	4,772	4,890	5,876	6,478
Sp	ouse/Child of Japanese	33,167	27,461	20,857	23,398	23,083
Sp	ouse/Child of Perm resident	389	494	473	581	807
Lo	ng-term resident	40,033	29,729	22,905	30,780	31,307
To	ral	4,256,403	4,229,257	4,646,240	4,633, 892	5,508,926

**Source:** Ministry of Justice

and "College Student" (-13.8%) etc. decreased (Table 5).

Among the new entrants, "Temporary Visitors" occupy 93.2% (5,136,945 in 2004, 4259,974 in 2003, +20.6%). Among tourist visa holder (3,110,413 in 2004, 2,365,982 in 2003), Taipei China occupy 931,707 (735,526 in 2003) (30.0%) and 875,847 (577,946 in 2003) (28.2%)

from Korea and 294,597 (254,567 in 2003) (9.5%) from USA.

New entrants with working status (excluding the status of residence of "Diplomat", "Official" and status prescribed in the Annexed Table II) amounted to 158,877 (155,831 in 2003) (+3,046 persons; +2.0%). The moderate increase was mainly attributable to "Entertainer", "Engineer "and "Intra corporate transferee" etc.

The foreigners with "Long-term Resident" (31,307 in 2004 30,780 in 2003 + %) "Spouse or Child of Japanese National" (23,083 in 2004, 23,398 in 2003 - %) showed small changes. This may reflects the changing composition of Japanese-Brazilians coming to Japan.

The number of new entrants as "College student", and "Pre-college student" decreased by 13.8% or 45.1% respectively because of tightening of immigration procedures, while that of "trainees" increased by 16.3% (Table5).

The number of application for refugee's status was 426 in 2004 (336 in 2003), the number of approved refugees was 15 in 2004(10 in 2003). Out of those who were not approved, 9 persons in 2004 (16 persons in 2003) were granted special admission to stay on humanitarian reasons. Main countries of refugee application are Myanmar, Turkey and Bangladesh. The applicants from Africa increases but they are small in number. While Japan accepted 11,231 Indochina Refugees by the end of 2004, acceptance of family members of Vietnamese nationals as refugees was closed at the end of March 2004 (Fujii N. and Sasaki S. p4).

#### 2. Foreign population in Japan-Almost 2 million legal foreign inhabitants-

The number of registered foreign nationals (or those who stay more than 90 days) has been continuously growing for the past 36 years and reached 1.97 million (1.55% of total population, 3.1% increase from the previous year) in 2004. It may have outnumbered 2 million at the end of 2005.

Especially noteworthy is the growing number of foreigners with ordinary permanent resident status as well as those with status of residence for working. The former tendency reflects 1) growing number of foreigners are residing in Japan for longer duration since the middle of 1990s and 2) deregulation in Immigration and Refugee Recognition Act concerning requirements for permanent resident status.

In 2004 the number of registered nationals amounted to 1,973,747 (1,915,030 in 2003), which means increase by 3.1 %. The share of registered foreign nationals in the total population is the highest record (1.55% of the estimated total population 127,687 thousand on 1<sup>st</sup> of October 2004).

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

Status of resident	2000	2001	2002	2003	2004
Status of resident with the	154,748	168,783	179,639	185,556	192,124
objective of working					
Cultural activities	3,397	2,954	2,812	2,615	3,093
Short term stay	68,045	69,741	72,399	74,301	72,446
College student	76,980	93,614	110,415	125,597	129,873
Pre-college student	37,781	41,766	47,198	50,473	43,208
Trainee	36,199	38,169	39,067	44,463	54,317
Dependent	72,878	78,847	83,075	81,535	81,919
Designated activities	30,496	38,990	47,706	55,048	63,310
Spouse/Child of Japanese	279,625	280,436	271,719	262,778	257,292
Spouse/Child of Perm resident	6,685	7,047	7,576	8,519	9,417
Long-term resident	237,607	244,460	243,451	245,147	250,734
Permanent residents	145,336	184,071	223,875	267,011	312,964
Special Permanent resident	512,269	500,782	489,900	475,952	465,619
Not yet granted	11,467	13,488	15,379	16,628	18,236
Temporary asylum	32	32	32	30	31
Others	12,899	15,282	17,515	19,376	19,164
Total	1,686,444	1,748,462	1,851,758	1,915,030	1,973,747

Table 7. Registered foreigners with the status of ordinary permanent residence

	2000	2001	2002	2003	2004
China	48,809	58,778	70,599	83,321	96,642
S/N Korea	31,955	34,624	37,121	39,807	52,581
Philippines	20,933	26,967	32,796	39,733	47,407
Brazil	9,062	20,277	31,203	41,771	42,960
Peru	7,496	11,059	13,975	17,213	20,401
USA	5,826	6,636	7,348	8,149	9,064
Vietnam	4,637	5,306	5,799	6,237	6,697
Thailand	2,015	2,833	3,913	5,441	7,164
UK	1,618	1,839	2,074	2,329	2,583
India	1,079	1,205	1,387	1,525	1,737
Others	11,906	14,547	17,660	21,449	25,720
Total	145,336	184,071	223,875	267,011	312,964

**Source:** Ministry of Justice (Table 6/7)

The registered foreign nationals according to nationality are occupied by North and South Korea (607,419 in 2004 613,791 in 2003), followed by China (including Chinese Taipei, 487,570 in 2004, 462,398 in 2003), Brazil (286,557 or 274,000), the Philippines (199,394 or 185,237) etc.

According to regions, 1,464,360 or 74.2% (1,422,979 in 2003) of the total foreign nationals are from Asia and 358,211or 18.2% (343,635 in 2003) 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) decreased to 465,619 (475,952 in 2003). The number of special permanent residents is in the declining tendency.

In contrast to special permanent residents, the ordinary permanent residents (who have stayed in Japan legally at least ten years in principle, who have stayed in Japan at least five years for the spouses of Japanese Nationals etc.) increases year by year.

In 2004, the total number of the ordinary permanent migrants amounted to 312,964 (+17.2%, 267,011 in 2003). According to the countries of origin, China (96,647 in 2004, 83,321 in 2003), Brazil (52,581 or 41,771), Philippines (47,407 or 39,773), South and North Korea (42,960 or 39,807) and Peru (20,401 or 17,213). The permanent residents have no limitation to jobs in Japan and we should pay more attention to the ordinary permanent residents working in Japan.

### 3. Illegal influx/landing, overstay and working-crackdown intensified

In Japan, the number of foreign nationals who overstay has been estimated twice a year, in principle, from 1992 except in 2000. This estimation is made by matching embarkation card and disembarkation card presented by foreigners. The estimated number of overstaying foreigners in total decreased from May 1993 to January 2005.

The most recent estimate of overstaying foreigners on 1. January 2005 amounts to 207,299 (219,418 at the end of 2004). The figure has been continuously decreasing from those on 1. May 1993 (298,646 overstaying foreigners).

By nationality, Koreans (43,151, in 2004, 46,425, -4.3%) occupy the most share, followed by China (32,683, in 2004 33,522, -2.5%), the Philippines (30,619, in 2004 31,428 -2.6%), Thailand (12,787, in 2004, 14,334, -10.8%), Malaysia (7,431, in 2004, 8,476 -12.3%) and Indonesia ('7,169, in 2004 7,246 -1.1%) etc. By status of residence, "Temporary visitor" occupies the largest share (67.3%), followed by "Entertainer"(5.5%), "pre-college student"(4.1%), "College Student"(3.9%) and "Trainees"(1.8%).

Table 8. Estimated number of overstaying foreigners by country of origin

	Jan. 2000	Jan. 2001	Jan 2002	Jan 2003	Jan 2004	Jan 2005
Total	251,697	232,121	224,067	220,552	219,418	207,299
Korea	60,693	56,023	55,164	49,874	46,425	43,151
China	32,896	30,975	27,582	29,676	33,522	32,683
Philippines	36,379	31,666	29,649	30,100	31,428	30,619
Thailand	23,503	19,500	16,925	15,693	14,334	12,787
Indonesia	4,947	5,315	6,393	6,546	7,246	7,169
Taipei China	9,243	8,849	8,990	9,126	7,611	6,760
Peru	9,158	8,502	7,744	7,322	7,230	6,624
Brazil	3,266	3,587	3,697	3,865	4,728	4,905
Sri Lanka	3,907	3,489	3,730	3,909	4,242	4,209
Others	58,004	54,573	54,096	54,999	54,176	50,961

**Source:** Ministry of Justice

The incidence of overstay is the highest in the case of "Pre-college student" (19.7%: 18.9% in 2003) and "Entertainer" (17.5% or 18.5%) followed by "trainee" (6.7% or 8.9%) and "College student" (6.3% or 5.3. %). (JITCO 2005, p21)

The crack-down of foreigners who had violated the Immigration Laws and the other regulations has increased especially since 2004 as crack-down has been intensified. Among the foreigners who violated immigration laws and regulations in 2004, 43, 059 (34,325 in 2003) were illegal workers.

Illegal influx was very high in number in 2004 (11,217, in 2003, 9,251, +21.3 %.). Both illegal influx by airplane and tat by ship increased (7,848, +17.2% or 3,369 +31.8%). Main source countries has been China, the Philippines and Thailand for the past five years (Ministry of Justice 2005 p58).

The number of crimes committed by foreigner (criminal laws only. By foreigners excluding those who have permanent resident status) amounted to 32.087 cases with 8,898 persons n 2004, which was the highest record. (NPA 2006, pp96~97). 15.7% of such crimes were committed by overstaying foreigners. Especially noteworthy is that 38.0% of the evil crimes are carried out by overstaying foreigners (NPA 2005 p99).

The National Police Agency is now intensifying crack-down of trafficking from foreign countries and is trying to protect trafficked foreigners (mostly female) in cooperation with NGOs. In the first half of 2005, 29 people were cracked down including 12 brokers and 51 victims were rescued. The countries of origin of such victims were the Philippines, Thailand, Indonesia and Romania etc (Table 10).

Table 9. Estimated number of Overstaying foreigners by status of residence

	Jan. 2000	Jan. 2001	Jan. 2002	Jan. 2003	Jan. 2004	Jan. 2005
Total	251,697	232,121	224,067	220,552	219,418	207,299
Temporary visitor	189,847	173,051	163,271	155,498	150,326	139,417
Entertainer	12,552	11,029	11,154	11,770	11,974	11,319
Pre-college student	11,359	10,025	9,953	9,779	9,511	8,506
Student	5,100	4,401	4,442	5,450	6,672	8,173
Trainee	3,055	3,004	3,264	3,409	3,959	3,648
Others	29,784	30,611	31,983	34,646	36,976	36,236

**Source:** Ministry of Justice

Table 10. Illegal influx, landing, overstay and working

0	, 0,	•	0		
	2000	2001	2002	2003	2004
Total	51,469	40,764	41,935	45,910	55,351
Illegal influx	9,186	8,952	8,388	9,251	11,217
Illegal landing	748	826	798	777	992
Undesignated Activities	473	594	850	1,199	1,399
Overstay	40,756	30,063	31,520	34,266	41,175
Violation of laws	296	329	388	476	568
Illegal working	44,190	33,508	32,364	34,325	43,059

**Source:** Ministry of Justice

At the same time, growing number of overstaying foreigners, who have staying in Japan for more than ten years or who got married with Japanese, have been granted the legal status from humanitarian reasons. The number of "Special Permission of Stay" by the Minister of Justice in the course of deportation procedure from humanitarian reasons amounted to 13 thousand persons in 2004. Recently, overstaying children, who has long been staying in Japan and got Japanese education, have gotten such permissions. These contribute to declining number of overstaying foreigners (Table 11).

Table 11. Crack-down of trafficking

		2001	2002	2003	2004	2005 June	Total
Ca	ses	64	44	51	79	29(24)	267
Per	rsons	40	28	41	58	29(13)	196
Bro	okers	9	7	8	23	12(5)	59
7	Total Victims	65	55	83	77	51(16)	331
	Philippines	12	2	0	13	20(0)	47
	Thailand	39	40	21	48	17(15)	165
	Indonesia	4	0	3	0	4(0)	11
	Romania	0	0	0	0	4(0)	4
	Chinese Taipei	7	3	12	5	3(0)	30
	Korea	0	0	0	3	1(0)	4
	Columbia	3	6	43	5	0(1)	57

**Source:** National Police Agency ( ) stands for the first half of 2005

Table 12. Number of special permission to stay by the Minister of Justice

Year	2000	2001	2002	2003	2004
Number	6,930	5,306	6,995	10,327	13,239
Korea	1,337	1,110	1,198	1,671	2,212
China	789	566	802	1,464	2,057
Others	4,804	3,640	4,955	7,192	8,970

**Source:** Ministry of Justice

# 4. Employment of foreign workers - growing together with ordinary permanent residents

#### (1) Estimating total number foreign workers

According to the new estimation by the Ministry of Health, Labor and Welfare, the total number of foreign workers excluding those who have permanent resident status in Japan amounts to 800 thousand in 2004 (Table 6).

According to the estimation by the author, working foreigners with ordinary permanent status (excluding special permanent status) reached 870 thousand in 2004.

In order to obtain internationally comparable data on foreign workers including all of the permanent residents, it is necessary to make such estimates. The total number may amount at least to 1.04 million at the end of 2004 (Iguchi 2005b, p185).

#### (2) Situation of foreign workers

The present situation of foreign workers may be summarized as follows:

First, foreigners who have residence status for working purposes are in increasing tendency (192,299 in 2004), while the number of entertainers did not grow because of tightening of issuing visa in the Philippines.

However, as the foreign direct investment to Japan has increased especially since the late 1990s, foreigners with status of residence "Investor and manager" and "Intra-corporate transferee" have been gradually growing.

Irrespective of some withdrawals of some foreign affiliated companies from Japan in 2003, the sum of the foreigners with "Investors or manager" and "Intra-corporate transferee" reached almost 17 thousand in 2004.

In addition, foreign students who have got university degrees in Japan and changed their status of residents from "Student" to "Engineer" or "Specialist in Humanities" amounted to 5,264, which is the highest record (Table 5).

By sector, 30.6% of such foreigners are working in manufacturing, 19.3% are in commerce or foreign trade, 11.9% are in sectors related to computer and 8.8% are in education services etc. (Ministry of Justice 2005).

Second, the number of part-time working by college students and pre-college students were still increasing, while entries of college students and pre-college students have begun to decline. The number of working students reached 100 thousand in 2004.

It should be pointed out that the Government of Japan has already reached its goals to accept 100 thousand foreign students in 2003. The Ministry of Education and Technology is just targeting at higher quality of foreign students rather than their quantity.

According to the immigration regulation, foreign students with the status of residence "College student" may able to work part-time for 28 hours per week with the permission by the Local Immigration Bureau. Those with the status of residence "Pre-college students" may be able to work four hour per day also with the permission of the Local Immigration Bureau.

Third, the number of foreign workers with "designated activities" has been increasing (to 63.3 thousand in 2004, reflecting in particular the growing number of Technical Intern Trainees in small and medium-sized enterprises (see Annex 1). The number includes those who are working holiday-makers, foreign student who are engaged in internship and well as dependents of foreign workers.

Fourth, the number of foreign workers of Japanese descendant (Nikkeijin,) was almost unchanged and amounted to 231.4 thousand in 2004, while the number of Nikkeijin who obtained the ordinary permanent resident status has been increasing by more than 10,000 per year.

Table 13. Numbers of foreign workers in Japan (Estimates)

	Status of Residence	2000	2001	2002	2003	2004
	Professor	6,744	7,196	7,751	8,037	8,153
	Artist	363	381	397	386	401
	Religious Activity	4,976	4,948	4,858	4,732	4,699
	Journalist	349	348	351	294	292
	Investor/ Manager	5,694	5,906	5,956	6,135	6,396
	Legal/accountant Service	95	99	111	122	125
	Medical Service	95	95	114	110	117
	Researcher	2, 934	3,141	3,369	2,770	2,548
	Instructor	8,375	9,068	9,715	9,390	9,393
	Engineer	16,531	9,439	20,717	20,807	23,210
	Specialist in Humanities	34,739	40,861	44,496	44,943	47,682
	Intra-corporate	8,657	9,913	10,923	10,605	10,993
	Transferee					
	Entertainer	53,847	55,461	58,359	64,642	64,742
	Skilled Labour	11,349	11,927	12,522	12,583	13,373
	Subtotal	154,748	168,783	179,639	185,556	192,124
De	signated activities	29,749	37,831	46,455	53,503	63,310
Pa	rt-time work of students	59,435	65,535	83,340	98,006	106,406 *
Wo	rker of Japanese	220,844	220,458	233,187	239,744	231,393
des	scendant					
#	Overstaying foreigners	232,121	224,047	220,552	219,418	207,299
	Non-designated activities	unknown	unknown	unknown	unknown	unknown
Tot	al	710,000	740,000	760,000	790,000	800,000
		+	+	+	+	+
Or	dinary permanent	39,154	56,161	71,090	86,942	101,904*
res	idents					
Gr	and total	750,000	790,000	830,000	870,000	900,000*
	ource: Ministry of Health. L	+	+	+	+	+

**Source:** Ministry of Health, Labour and Welfare adjusted by the author **Note:** stands for status of residence for the purpose of working. # stands for illegal foreign workers. .

<sup>\*</sup>estimates by the author

Table 14. Foreign students whose status was changed for working purposes

	2000	2001	2002	2003	2004
Total	2,688	3,581	3,209	3,778	5,264
China	1,630	2,154	1.933	2,258	3,445
Korea	510	720	581	721	811
Chinese Taipei	106	135	127	139	179
Bangladesh	38	47	30	66	84
Thailand	32	29	42	53	60
Indonesia	30	39	47	40	59
United States	33	23	33	34	40
Malaysia	46	61	43	31	59
Sri Lanka	7	28	21	31	25
UK	16	20	17	27	12
Others	241	325	335	378	490

Source: Ministry of Justice

Recently, Nikkeijins from Latin America are faced with more difficult problems: 1) many of them are working for subcontracting or dispatching company and their wages and working conditions have not improved even with longer length of stay and work, 2) many of them are not covered by social security, usually because the employers (and Nikkeijin) do not want to pay such high social security contributions, 3) their children often drop out from primary or secondary schools, because they have difficulties not only in Japanese but also in his or her mother language. They do not have good prospects for studying and working (Iguchi 2005c, pp19~22).

#### (3) 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. We should 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 submission of the report is not obligatory.

According to the results of reports in June 2005, the total number of foreign workers amounted to 343,271 ( 312,402 in 2004).

Foreign workers who are directly employed and come from East Asia occupy 43.2 % (38.4% in 2004) and from Latin America 30.4% (35.8% in 2004). According to occupation, 55.9% of them work as production workers and 19.6% as specialist, engineer or managers.

According to the size of the company, 30.2% of them work for companies with 100-299 employees, 16.5% for companies with 1,000 employees and 15.2% for 50-99 employees. According to sex, the share of male is 54.3 percent and female 45.7 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.

Foreign workers employed by subcontracting or dispatching companies and working at a company in manufacturing sector occupies 90.8 percent of total foreign workers employed by such companies.

#### 5. Japanese nationals departed and residing overseas

In 2004, the number of Japanese who departed overseas reached 16.83 million (13.3 million in 2003) persons, which was a drastic increase by 26.6%, after the uncertainties of SARS and terrorism had faded away.

In Asia, among long-term residents, those who are dispatched to affiliated companies increased (366,541 persons, +7.4%) in 2004, while the number of researchers, students and their families also increased (161,196 persons, +7.6%).

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 961,307 in 2004 (911,062 in 2003), among which long-term residents were 659,003 (619,269 in 2003) and permanent residents were 302,304 (291,793 in 2003).

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 the respective regions.

The Japanese corporate transferees sent to Asian countries decreased slightly although number of local employees increased.

In Asia, 234,734 Japanese nationals were residing, which increased by 5.5% in comparison with the previous year (206,521 in 2003). Among them, 226,752 Japanese nationals are long-term residents (199,122 in 2003).

Only a few Japanese people are staying in Asia as permanent residents, with the exceptions of Hong Kong China and Singapore. In contrast, the ratio of Japanese nationals staying as permanent resident is much higher in North America and in Europe In North-America, 386,228 (369,639 in 2003) Japanese nationals are residing. Among them, 244,644 (240,033 in 2003) are long-term residents. In West Europe, 159,528 (152,833 in 2003) people are residing and 123,107 (119,293 in 2003) as long-term resident s (Iguchi 2005b, Table 3).

## 6. Development of Migration Policy

#### A. Policy discussions in the Government of Japan

In 2005, there have been different kinds of discussions in the Government of Japan concerning the future of migration policies.

- 1) The Third Plan of Immigration Control was decided by the Ministry of Justice (March 2005), which referred to the adaptation of immigration administration to the society with population decline.
- 2) The Japan Vision of 21<sup>st</sup> Century adopted by the Congress on Economic and Fiscal Affairs under Prime Minister Koizumi (April 2005), which stressed the necessity to permit foreigners with enough Japanese language skills and a certain qualification to work, while it pointed out that Japanese and foreign nationals should be able to make cooperation under the same rule and the same system in enterprise and in local community.
- 3) The Ministerial Meeting on Measures against Crimes (June 2005) agreed that the cabinet should take measures against terrorism as early as possible while it should also consider more effective way to assure lawful stay and work of foreigners in Japan.
- 4) The Research Committee on Employment Policies in the Ministry of Health Labor and Welfare published a report on labor supply projections until 2030. It argues that decline in labor supply would be moderate and that it is not necessary to accept more foreign workers other than the highly skilled, if employment policy measures are fully effective (July 2005).
- 5) The Second Report by the Congress on Regulatory Reform and Market Liberalization headed by Mr. Yoshihiko Miyauchi proposed effective information exchange between ministries through the common data-base, amendment of registration system for foreigners as well as strengthening responsibilities of employers. The Cabined decided to respect the report as much as possible (December 2005).
  - 6) The Ministry of Internal Affairs and Communication established a study group on multicultural society and it will publish a final report by the end of March 2006.

#### B. Policy measures taken by the Government

Based on the amendments of laws and regulations in 2004, 1) measures against overstaying has been introduced (higher fines, departure order system, 2) refugee recognition procedure was improved, 3) mutual recognition of IT specialist was extended, 4) foreign students who graduated from Japanese universities may have more job-search activities with "Temporary Stay", 5) college students and pre-college students was strictly controlled by their educational institutions etc.

In 2005, however, the following measures have been introduced in particular.

- 1) The National Police Agency as well as the Immigration Bureau, Ministry of Justice are trying to take measures such as with the new article in the criminal law to indict traffickers and with some amendments in Immigration Control and Refugee Recognition Act to allow trafficked victims to stay legally in Japan (in July 2005) as well as with more tightened requirements (at least two years of experience or special education) for foreign entertainers, who would like to enter Japan (February 2005), with the new technologies for immigration control, such as APICS (Advance Passenger Information System) (from January 2005) was introduced, and IC passports with biometrics (from March 2006) will be introduced as the measures against terrorism.
- 2) In addition, the joint action by the Tokyo Metropolitan Office and Tokyo Immigration Bureau to reduce overstaying foreigners by halves, has been intensively conducted. They strengthened investigations and made intensive crack-down of overstaying foreigners as well as employers who hired them.
- 3) The Labor Administration continued with "the Program of Employment Assistance for Japanese descendants" from April 2004 so as to promote employment of foreign youths in selected areas of Public Employment Security Offices. It also strengthened enforcement of the amended Workers' Dispatching Undertaking Law, which requires the licensed undertakings to observe social security laws and regulations for their employees, otherwise they would lose their license. The subcontracting undertakings might be regarded as worker's dispatching undertakings, if they meet the conditions stipulated in the criteria on the distinction between subcontracting and worker dispatching.

#### C Initiatives from Municipalities in cooperation with NGOs

The Congress of Municipalities with high Density of Foreign Citizens made follow-up of the "Toyota Declaration" (October 2004) and had the meeting in Yokkaichi City in Mie Prefecture to intensify their activities in cooperation with NGOs for "The Future of Foreign Children" (November 2005). It also presented official requests for regulatory reform to the Cabinet Office of the Government at the end of November 2005.

#### D Negotiation on the movement of Natural Persons within the framework of EPA

Negotiation started between Japan and ASEAN concerning Economic partnership Agreement (EPA) in April 2005. The negotiation on EPA between Japan and Malaysia was concluded and signed in December 2005.

However, there are no prospects for the moment for resuming negotiation with Korea. In addition, the agreement with the Philippines (as well as with Thailand) cannot be achieved either, because of different opinions on the number of nurses etc. accepted by Japan.

The two parties had already agreed upon "mutual respect for national qualification system". Those Filipinos who may able to work as nurses or care-givers for the elderly should acquire ability of Japanese language, have work experience and pass the Japanese national examination. After having passed examination, they may be able to work for three years and extend their duration of stay (Annex2). Nevertheless, it is very difficult for the two parties to reach an agreement on the numbers.

#### 7. Concluding remarks: New tasks of Migration Policy

I should have to remind you that the following remarks are just the author's views and not official views of any government agencies of Japan.

Now that the Japanese economy is regaining its power and labor market situation is gradually improving although the Japanese population is declining, it is the time to change the course of migration policy from reactive to proactive.

The first priority for migration policy may be to adjust the legal system on entry, stay and work in corresponding to the fact that the growing number of foreigners are staying for long-term or with permanent residence status in municipalities.

For example, language courses are important for migrants to work and live together in the Japanese society. At the same time, rights of migrants should be protected, while their duties should also be implemented. Such "Integration policy" is an essential infrastructure for proactive migration policy.

The second priority may be to formulate strategies for East Asia to develop human resources and to facilitate movement of persons. In realizing this, it is important to carefully enlarge the scope for acceptance of foreign workers in Japan.

At the same time, it is necessary to establish transparent rules for private sector to make fare competition in training and educating foreigners inland or abroad, so that some of them would be able to come and work lawfully in Japan (see Iguchi 2005d).

It should not be forgotten that risks arising from growing international migration should be carefully treated. Especially attracting attention are new measures against terrorism, crimes and epidemics.

It is also an important task for the member countries of the "East Asia Community" to create effective cooperation in the field of migration policy.

#### (References)

- Congress of Municipalities with High Density of Foreign Inhabitants (2004)
   Declaration in Toyota City, 29.Oct.2004
- Iguchi(2005a) "Determinants of Intra-Regional Migration and the Effects of Economic Partnership Agreement in East Asia", Korea Labor Institute, *Quarterly Journal on Labor Policy*, Vol2, No2, pp1-24
- Iguchi Y.(2005b) "Leading Role of Japan in Human Resources Development and Migration" in Japan Economic Research Center, *Japan's Economic Contributions to East Asia*, Dec 2005, pp179-194
- Iguchi Y. (2005c) "Foreign Workers-Prospects for Changing Course of Policies and Tasks of Legal System", in NIRA NIRA Policy Research, May 2005, Vol 18, No.5 pp17~22
- Iguchi Y.(2005d) "Possibilities and Limitations of Japanese Migration Policy in the context of Economic Partnership in East Asia", paper presented to the Experts Meeting on Migration and Development, at the Population Division, United Nations, on 7~9July 2005
- JETRO (2005), White Paper on Trade and Foreign Direct Investment.
- JITCO (2005), White Paper on JITCO 2005
- Ministry of Health, Labor and Welfare (MHLW) (2005a), *The Analysis of LaborEconomy*, Japan Institute of Labor.
- Ministry of Health, Labor and Welfare (MHLW) (2005b), Result of Reporting System on Employment of Foreign Workers. Tokyo
- Ministry of Heath Labor and Welfare (MHLW) (2005c) Tasks of Employment and Labor Policies under Population Decline by the study Committee on Employment Policy
- Ministry of Foreign Affaires (MOFA)(2005), Result of the Study on Japanese Nationals Overseas. Tokyo
- Ministry of Justice (MOJ) (2005a), Annual Report of Statistics on Legal Immigrants, Tokyo
- Ministry of Justice (MOJ) (2005b), *Immigration Control* 2005, Tokyo
- Ministry of Justice (MOJ) (2005c), White Paper on Crimes 2005 Tokyo
- National Police Agency(NPA) (2005) White Paper on Police, Printing Office, Ministry of Finance
- OECD (2004), Trends in International Migration, Paris.
- Shiho K. (2005) Determinants on Distribution of Foreign Workers- An Economic Analysis-, Journal of Economic Studies of Graduate School, Kwansei Gakuin University

#### Annex 1

# Technical Intern Traineeship Program as an Example of Bilateral Arrangement between Japan and Developing Countries-

#### Yasushi Iguchi

#### 1 Overview

Japan has been developing foreign traineeship programs and opened the ways for trainees to become Technical Intern Trainees who are able to work in Japan for three years in total.

This program has started since 1993 and targeted at technology transfer to developing countries based upon the principle of "rotation system" and bilateral arrangements.

Trainees should be accepted in principle with the quota of 5% of regular employees of a company, so as not to damage employment opportunity for Japanese. This channel has been particularly expanding in the 1990s between Japan and China, Indonesia and other countries in ASEAN.

In 2005, the accepted technical intern trainees amount to over 75 thousand. This program has been used by many small and medium sized enterprises to supplement declining entries of Japanese high school leavers, specially in sectors like garment and textile, food and drink, and transport machinery since the second half of 1990s(Iguchi 2005, Shiho 2005).

# 2 Acceptance of trainees: International Comparison

According to the newest immigration statistics in OECD countries, Japan is the largest host country of foreign trainees. Several years ago, Korea was the largest number of trainees, however, Korea introduced the employment permit system and the industrial trainee system will be replaced by the new system in the near future.

Table 1 International Comparison of Foreign Trainees' Inflow

Country	Japan	Germany	France	UK	Switzerland	USA	Korea
Name of	Foreign	Guest	Stagiere	Trainee	Stagiere	Industrial	Industrial
the	trainees and	Worker				Trainee	Trainee
program	technical	Scheme					
	internship						

Inflow	70,359	2,460	1,008	700	763	2,226	38,150
(year)	(2004)	(2004)	(2003)	(2003)	(2004)	(2004)	(2004)

Source: made by the author, in reliance on immigration statistics of the countries concerned.

It is noteworthy, that the acceptance of foreign trainees as well as Technical Intern Trainees is expanding rapidly these days.

There has been criticism that foreign trainees are abused as simple workers in Japan. However, it is not always fair. The first reason is that traineeship stems from the corporate transfer from affiliated companies in foreign countries to the headquarter in Japan. This kind of traineeship is very effective and it has nothing to do with abuse.

The second reason is that traineeship programs has been developed to the Technical Intern Traineeship Program (TITP), which is under the surveillance of the Japan International Training Cooperation Organization (JITCO). JITCO has been taking measures to realize proper management of trainees. JITCO concluded bilateral arrangements (R/D: Record of discussions) with government authorities in home countries of foreign trainees.

#### 3 Types of Traineeship Programs

Among foreign trainees, about 13,800 of them are accepted by the semi-governmental organizations like JICA, AOTS, OVTA, OISKA and ILO Association.

Around 8,000 trainees of "Company alone" can be regarded as those companies in Japan which have affiliated companies in foreign countries and accept trainees from such affiliated companies.

More than 40 thousand foreign trainees are accepted by private organizations, and most of which are supported by the JITCO (Japan International Training Cooperation Organization. In addition, there are about 10,000 foreign trainees coming to private institutions in Japan without support from the JITCO.

Table 2 Foreign Trainees according to types of accepting institutions

A	ccepting Organizations	2000	2001	2002	200 3	2004
Т	otal	54,049	59,064	58,534	64,817	75,359
Government organizations		13,030	12,626	12,351	13,473	13,817
Private Institutions		31,898	37,423	39,724	43,457	51,012
V	Vith Support from JITCO					
	Company alone	8,316	9,243	8,821	8,606	7,894
	Organization of SMC	19,618	25,238	30,903	34,851	43,118
	Recommended by JITCO	3,959	2,942	-	-	-
P	rivate Institutions with-	9,121	9,015	6,459	7,887	10,530

Out support from JITCO			

Source: JITCO (2003)

Note: Government organizations mean JICA, AOTS, JAVADA and ILO Association.

#### 4 Growing inflow of foreign trainees including TITP trainees

The inflow of foreign trainees achieved over 75 thousand in 2004. About 90% of the trainees come from Asia, especially from China and several ASEAN countries.

In 2004, acceptance of trainees in plastic, general machinery, steel and metal 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 makes the employment in this sector unattractive for young workers, while price competition is becoming severer and improvement of wage level is also limited.

Table 3 Acceptance of foreign trainees

	2000	2001	2002	2003	2004
Total	54,049	59,064	58,534	64,817	75,359
Asia	49,142	53,967	53,690	59,501	69,762
China	27,839	32,894	34,754	38,819	48,729
Indonesia	6,231	5,817	4,925	5,597	5,204
Vietnam	2,757	3,238	3,034	4,027	3,835
Philippine	3,727	3,768	3,222	3,618	3,635
Thailand	2,974	3,184	2,739	3,119	3,353
Malaysia	1,285	1,163	947	824	773
India	649	479	464	540	590
Sri Lanka	479	456	449	466	413

Source: Ministry of Justice

Table 4 Trainees accepted by the support of JITCO according to sector (2004)

	Foreign train	nees		
Sector			Composition	Comparison
			among total	with the last
				year
Total	51,012	(16,120)	100.0	17.4
Textile and garment	14,078	(4,392)	27.6	17.4
Food and drink	7,426	(2,124)	14.6	15.5
Electric and electronic	4,003	(777)	7.8	28.5
Transport machinery	3,561	(807)	7.0	▲0.9
Agriculture	3,444	(2,217)	6.8	24.4
Metal	2,881	(1,017)	5.6	23.4
Construction	2,722	(1,002)	5.3	23.0
Plastic	2,081	(621)	4.1	29.8
General machinery	1,368	(422)	2.7	33.9
Steel	1,174	(409)	2.3	16.9
The others	8.271	(2,332)	16.2	12.0

Source: JITCO Note: ( ) stands for the number of enterprises accepting trainees.

# 5 Changes of Status from Trainee to Technical Intern Trainee

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).

Table 5 Foreign trainees who have reportedly changed for technical intern trainees

Fiscal Year	2000	2001	2002	2003	2004
China	7,905	10,169	13,888	20,138	27,581
Indonesia	1,854	3,061	2,219	2,388	3,071
Vietnam	817	1,134	1,238	1,326	2,268
Philippines	316	616	568	680	1,379
Thailand	16	119	93	110	339
Others	76	118	47	31	

Total	10,984 -	15,217	18,058	27,233	34,816
-------	----------	--------	--------	--------	--------

Source: JITCO

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.

# 6 The procedure of TITP and the bilateral arrangements

The procedure of TITP is prescribed in the bilateral arrangement between JITCO and government organization of the home countries. The basic structure of the TITP is shown in the Graphic 1.

The bilateral arrangements are concluded with 15 countries: China, Indonesia, Vietnam, the Philippines, Thailand, Peru, Laos, Sri Lanka, India, Myanmar, Mongolia, Uzbekistan, Cambodia, Nepal and Bangladesh. Under such arrangements, sending organizations are acknowledged.

The management of TITP has been substantially improved since 1993. The run-away ratio of trainees in the TITP is only 1.4% in FY 2004. (The ratio of overstaying foreigners in the case of "Trainee" is 6.7% in 2004).

«Country concerned» <Japan> Record of Discussions **Exchange information** Governmental JITCO 1 Accepting Orgnizations Organization 2 Status of training in Japan 1 Sending Organizations / Companies Á and trainees Advice and assistance 2. Technical trends etc. in the country Request for including arrangement Advice and Training of Government's training assistance Offer recommendation Sending Training contract Accepting Organizations A Organizations Companies Dispatch of trainees Assignment Training offer of training Accepting Companies

Graphic 1 Mechanism of Technical Intern Traineeship Program

Source: JITCO

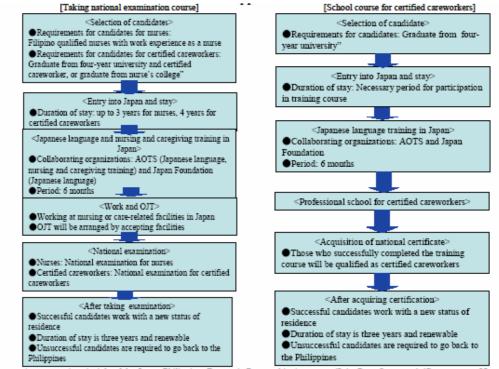
Table 6 Bilateral Arrangements of JITCO concerning Technical Internship Program

Country	Organization	R/D	R/D	Recognized
			Supple-	Sending
			mentary	Organization
China	(A) State Administration of Foreign Expert Affair	Dec 91	Sep 98	8
	(B) Sino-Japan Cooperation Organization of China	June 92	Nov 93	182
Indonesia	Department of Productivity Development, Ministry of	March 92	Nov 93	22
	Manpower and Transmigration			
Vietnam	Department of Overseas Labor, Invalid and Social Affairs	Sep 93	Jan 94	56
Philippines	Technical Education and Skills Development Authority,	Oct 92	Oct 93	36
	Department of Labor and Employment			
Thailand	Department of Employment, Ministry of Labor	March 94	March 94	21
Peru	Ageencia Peruana de Cooperation International	Jul 94	Jul 94	5
Laos	Department of International Cooperation, Ministry of	Feb 95	Feb 95	1
	Foreign Affairs			
Sri Lanka	Ministry of Vocational and Technical Training	Sep 95	Sep 95	2
India	Directorate General of Employment and Training, Ministry	Sep 96	Sep 96	6
	of Labor			
Myanmar	Department of Labour, Ministry of Labour	Sep 98	*	40
Mongolia	Labour Market Policy and Coordination Department,	Sep 98	Sep 98	9
	Ministry of Social Welfare and Labour			
Uzbekistan	Agency for Foreign Labour Migration Affairs, Ministry of	March 99	March 99	1
	Labour & Social Protection of Population			
Cambodia	Ministry of Labour and Vocational Training	Oct 03	Oct 03	4
Nepal	Ministry of Labour and Transport Management	Dec 03	Dec 03	1
Bangladesh	Ministry of Expatriates' Welfare & Overseas Employment	Jul 05	Jul 05	1

Source: JITCO \*under negotiation

#### ANNEX 2

Hosting scheme of Filipino nurses and care workers to Japan within the framework of the Japan-Philippines Economic Partnership Agreement (To be concluded)



Source: Agreements in principle of the Japan-Philippines Economic Partnership Agreement (Joint Press Statement) (Government of Japan, Government of the Philippines).