



Points to consider in designing foreign worker policy: what can be learned from the "failure of the West?"

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〈Summary〉

- ◆ Concern about immigration and foreign workers is currently growing worldwide. The proportion of immigrants in the total working population of developed countries has risen from around 7% to around 10% over the past 60 years. Against this backdrop, debate is intensifying in developed nations about the impact of immigration on their countries.
- ◆ In economic terms, immigration brings many positives on the macroeconomic side, but from a micro perspective, various adverse effects have been pointed out, such as disadvantages for those who are doing the same jobs that immigrants do. There is also the view that even though there may be huge macroeconomic benefits, there are also significant political risks. With that in the background, the World Bank has proposed that the acceptance of foreign workers be considered in terms of a matrix comprising on the one hand the "match" of the workers concerned, i.e., their ability to adapt to the country, and on the other hand their "motive," i.e., their desire to contribute to the country. Therefore, it suggests that accepting foreign workers calls for a fairly detailed policy response.
- ◆ Looking at the trend in the West, while there was once tolerance of the acceptance of immigrants, the situation has been changing recently. For example, growing scrutiny of foreign workers can be pointed to as background factors behind the election of President Trump in the U.S. and breakthroughs by far-right parties in Europe. Against this backdrop, OECD countries are moving toward selectivity and restrictions in the acceptance of immigrants.

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- ◆ In Japan, foreigners already make up around 3% of the population. This is lower than the OECD average, but the figure is projected to reach close to 10% by 2070. Given these circumstances, it will be important to resolve issues related to foreign workers while there is still time to spare. Specific issues include 1) a lack of lateral cooperation between the Immigration Services Agency and other government agencies, 2) the inability to attract human resources that score highly for both match for Japan and motive to come here, and 3) the fact that policies for promoting integration with foreigners already living in Japan are still only halfway developed.

- ◆ In view of the changes taking place in the West and the issues facing Japan, it will be important to (1) establish a control tower for policies related to foreigners and formulate comprehensive and strategic measures, (2) accept human resources who are a good match and have a strong motive to work in Japan, (3) pursue social integration policies, and (4) tackle illegal immigration in a way that is convincing to Japan's own citizens.

- ◆ With labor shortages becoming increasingly serious, the number of foreign workers in Japan is rising steadily, even though a system for accepting foreign workers has still not been properly established. This is an unfortunate situation for both Japanese and foreigners. For both groups to feel safe living here, it will be necessary to first establish such a system, and it needs to be fully borne in mind that failure to do so risks leading to divisions within the country like those that have emerged in the West. This means taking sufficient institutional measures without being hasty, and moving carefully so that both Japanese and foreigners can feel comfortable with the situation.

- **This is a English version of “外国人労働者政策を考えるポイントー「欧米の失敗」から何を学ぶかー” in JRI Viewpoint (The original version is available at <https://www.jri.co.jp/MediaLibrary/file/report/viewpoint/pdf/15385.pdf>)**

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1. Introduction

Concern about immigration and foreign workers is currently growing worldwide. According to the IMF, the number of people living outside their country of birth reached 270 million globally in 2019. Since 1990, the number of immigrants has increased by 120 million, and the share of immigrants in the world's population has hovered around 3% for the past six decades. In particular, the proportion of immigrants in the total working population of developed countries has risen from around 7% to around 10% over the past 60 years.

Developed countries in the West have generally been viewed as tolerant of immigrants. History also shows that Europe accepted large numbers of immigrants to secure a workforce for reconstruction after World War II. In addition, the U.S. was founded by immigrants, and originally placed no limits on the acceptance of foreigners as immigrants. They were also conscious that they were developed countries that cared about human rights, so they adopted a relatively tolerant stance toward accepting immigrants and refugees

In recent years, however, the situation has changed. For example, issues with immigration can be pointed to as a background factor behind the election of President Trump in the U.S. And in Europe, too, far-right parties have been gaining more parliamentary seats, partly due to fears that jobs will be lost to foreign workers and safety-related concerns. Since the 2015-16 refugee crisis in Europe, people there have taken a harsher view of foreign workers.

Furthermore, reflecting concerns that population compositions and national foundations will be transformed as the immigrant population increases, some perceive immigration as a "non-traditional security issue." In addition, it has become difficult to distinguish between refugees who should be protected on human rights grounds and other migrants who are just seeking work.

In Japan, foreigners already make up around 3% of the population. This is lower than the OECD average, but the figure is projected to reach close to 10% by 2070. Given these circumstances, it will be important to resolve issues related to foreign workers while there is still time to spare.

Therefore, this paper summarizes the political, economic, and social impacts of influxes of immigrants and foreign workers, and the action that Japan needs to take, taking into account the experiences and policies of the West.

2. Impact of accepting immigrants from an economic perspective and other viewpoints

Various studies have been conducted in economics on the acceptance of immigrants, and it is a topic of particularly great interest to international organizations.

From a macroeconomic point of view, the international movement of labor has a positive impact. For example, Clemens (2011), whom is often cited in this field, states that if workers were able to cross borders freely, global GDP would increase by 67-147%. In addition, a report by the IMF's Engler et al. (2020) shows that immigration boosts GDP in the short to medium term in developed countries. The report suggests that if appropriate policies are implemented, domestic and migrant workers can bring diversity in terms of skills to the labor market, and that these skills may complement each other and increase productivity. It has also been shown that even small productivity gains brought about by immigration boost the average incomes of domestic workers.

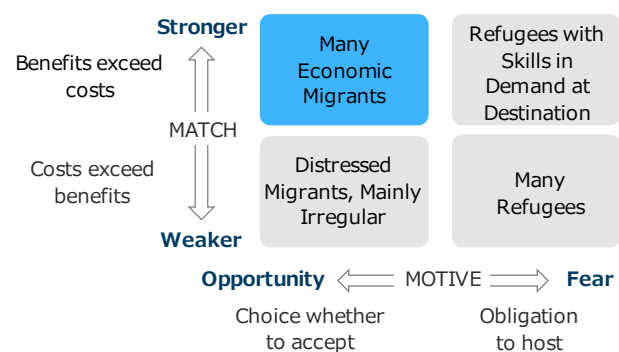
In this way, positive effects can be seen from a macroeconomic perspective, but it has been pointed out that there are various problems at the micro level. The aforementioned IMF report states that disadvantages accrue to people who are doing the same jobs that immigrants do, and that these disadvantages are especially evident in low-skilled jobs performed by individuals who do not have high levels of education.

Next, some have criticized as a cost the fiscal burden of social security such as medical and nursing care, as well as that of education. With this issue, however, the time aspect also needs to be considered. When immigrants arrive in developed countries, it is often the case that they are old enough to enter the labor force immediately and have already received a certain amount of education, so the fiscal burden is small. However, if they stay for a long time, they may start their own families, and eventually reach retirement age. In other words, costs related to education and social security increase over time.

It has also been pointed out that rising levels of immigration lead to political turmoil. Tomohara (2020) performs a simulation in which a huge migration of population from developing countries to developed countries occurs even with the lowest increase in GDP (60% increase). Specifically, the simulation sees 5.6 billion workers and their families migrate from developing countries. In this simulation, the population of developed countries is assumed to be 1.1 billion. Although this estimate can be considered extreme, it can be said that it highlights the risk that in a world with freedom of movement of labor, countries would be unrecognizable from before the influxes of population occurred.

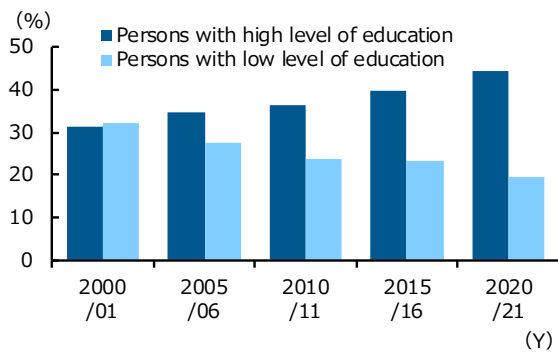
With various approaches to immigration being adopted, the World Development Report 2023 proposed that the acceptance of foreign workers be considered in terms of a matrix comprising on the one hand the "match" of the workers concerned, i.e., their ability to adapt to the country, and on the other hand their "motive," i.e., their desire to contribute to the country. Specifically, foreign workers are divided into four quadrants: high and low match and strong and weak motive. Based on this paradigm, it is generally assumed that there is a high degree of need on the destination country side to have people who are a good match and have a strong motive to relocate. Certainly, in that respect, the benefits of accepting immigrants would be expected to outweigh the costs. Although some researchers and others have criticized this as inviting elitism, the World Bank believes that the policies required for each of the four quadrants are different, and that the matrix should be used as a tool for policy optimization (Figure 1). Given that immigration is seen to carry with it both advantages and disadvantages, the general trend in OECD countries is to control who comes in and how long they are permitted to stay. Specifically, there has been a tendency to become more selective with immigrants, such as giving priority to highly educated or highly skilled workers (Figures 2 and 3), and there are also moves to curb the retention of immigrants, such as favoring the granting of fixed-term stays rather than permanent residency (Figure 4).

Figure 1. Match and Motive Matrix from the World Bank



Source: World Bank, "World Development Report 2023"

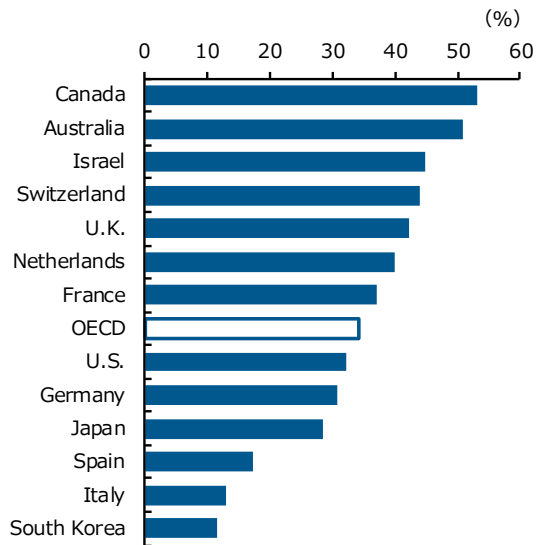
Figure 2. Academic Background of Foreign Workers in OECD Member States



Source: OECD "Database on Immigrants in OECD Countries (DIOC)"

Note: Share of foreign workers (working people aged 15 years or over who were born in a foreign country). Persons with a high level of education are level 5 or above and persons with a low level of education are level 2 or below under the ISCED (International Standard Classification of Education).

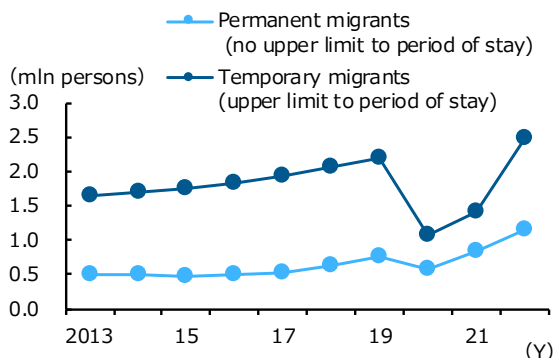
Figure 3. Share of Highly Skilled Workers in Foreign Workers



Source: OECD "Database on Immigrants in OECD Countries (DIOC)"

Note: 2015-16. Share of foreign workers (working people aged 15 years or over who were born in a foreign country). Highly skilled workers have or exceed the ISCO (International Standard Classification of Occupations) skill level.

Figure 4. No. of Labor Migrants Entering OECD Countries



Source: OECD "International Migration Outlook 2023"

3. The experiences of the West

As discussed above, Western countries have begun to take measures to limit and restrict immigration, but this has been influenced not only by the theoretical factors but also by the historical background. The following provides an overview of the experiences of the West:

(1) The experience of Europe

① Experiences from the post-World War II period to the European refugee crisis

Many of the countries that would come to comprise the EU countries were proactive in accepting foreign workers, partly because they faced labor shortages during the reconstruction period after World War II. Initially,

however, they intended to limit the stays of economic migrants. For example, in West Germany in the 1960s, the policy was to accept foreign workers from Turkey and other countries for limited periods of time. After their time was up, they would return to their homelands, with other workers hired to replace them (the so-called "rotation principle"). However, companies were reluctant to let go of workers who had acquired a certain level of experience, so many workers ended up staying, and bringing their families from their homelands to join them in West Germany (the rotation principle was abandoned in 1973). Western Europe also has a history of dealing with refugees. People fleeing from the communist bloc during the Cold War were sheltered temporarily, before being returned to their home countries. But later, exiles who did not want to return to their homelands for fear of being persecuted and purged were accepted permanently.

However, beginning in the 1970s, the economic situation in Europe deteriorated due to the oil crises and other factors. Unemployment rates rose sharply, and the need for foreign labor decreased. Furthermore, as a result of accepting large numbers of immigrants and refugees from countries with different cultures and religions, difficulties with social integration emerged, and although countries such as France and West Germany took measures to encourage immigrants to return to their home countries, little progress was made with the repatriation of immigrants once they had become settled. And since they were given the right to bring their families over under certain conditions, the number of immigrants continued to increase even after the restrictions were imposed. Countries thus altered course and began curbing the acceptance of immigrants. This led to the introduction of mechanisms for managing immigration, such as border controls and residence permits.

On the other hand, they remained proactive in accepting highly skilled human resources as well as workers for sectors with labor shortages. The EU Blue Card, which was introduced by the European Council in 2009, is not available to ordinary workers, as it is granted only to professionals. It is aimed at attracting talent to the EU who can raise the knowledge level of the workforce and fill voids caused by brain drains.

Going into the 2010s, the Syrian civil war broke out and quickly intensified, and large numbers of refugees (1 million per year) from Syria and North Africa flooded into Europe in 2015-16, resulting in the European refugee crisis. And in 2021, Belarusian President Lukashenko allowed refugees from Afghanistan and Syria to enter his country, before sending them into the EU, which caused turmoil on the EU side. It was a diplomatic tactic designed to exploit the commitment of Western countries to humanitarianism, and in recent years, international political scientists have described such moves as a new security issue, coining the term "weaponization of refugees."

Refugee numbers spiked again in 2023, with the number of people applying for asylum surpassing one million for the first time since the 2015-16 crisis. In that year the number of incoming migrants, including non-refugees from outside the EU, reached seven million if refugees from Ukraine are included. One reason that Europe has become selective in accepting foreign workers is that it has become difficult to distinguish between migrants coming for economic reasons on the one hand and refugees on the other.

② Social backlash and the political rise of the right-wing

The growing influx of migrants and refugees into Europe has heightened concerns among people about jobs being lost and public safety deteriorating. And in small countries where increases in immigration have been rapid, a sense of crisis has emerged, with people worried that the demographic compositions and national

foundations of their countries will change irreversibly. Furthermore, while European countries have made efforts to promote multicultural coexistence, there are many first- and even second-generation immigrants who do not speak the language of the country concerned. In Germany, for example, unemployment rates and school dropout rates among immigrants have been nearly double those of Germans for a long time. Given these circumstances, immigration cannot be said to have been a success overall, or as former German Chancellor Angela Merkel put it in 2004 and 2010, "Multiculturalism has failed."

Against the backdrop of this unease, dissatisfaction, and concern, far-right parties are on the rise across the globe. The rightward tilt has spread to Germany, Spain, and Portugal, which have been wary of the far-right due to historical circumstances, and to the Nordic countries, which have been tolerant of immigrants, and this is having a significant impact on political governance in these countries.

A similar trend is seen in the European Parliament, where right-wing populist parties are gaining influence. In the European Parliament elections in June this year, pro-integration parties took the majority of the seats, as they did in the previous election, but right-wing populist parties, which are opposed to integration, maintained a stable level of support after significantly increasing their seat count in the previous election.

③ Tighter restrictions on the acceptance of immigrants

In the wake of the European refugee crisis and in response to the changing political situation, Europe is moving to restrict the acceptance of foreign workers to a greater degree than in the past. As mentioned above, in addition to a growing tendency to limit incomers from outside the EU to highly skilled human resources, there is also a shift in direction to minimize the numbers of medium- and low-skilled workers coming from outside the EU and instead to target workers from Eastern European countries in the EU. In addition, reflecting on the lessons learned from foreigners who lack local language skills, Germany and France have begun to guarantee hundreds of hours of language classes for foreigners who plan to stay for the medium to long term. There is also a change in attitudes toward refugees. A new agreement signed in the EU in June 2024 saw the establishment of a list of dozens of countries whose citizens are barred from applying for asylum. Persons who have entered illegally cannot apply, nor can those from countries that have not seen serious ethnic discrimination or persecution in the past few years and those from countries from which persons have entered the EU for economic purposes. In this way, the EU has adopted a clear stance of refusing to accept as refugees migrants whose situations are different from those of genuine refugees. In Japan, there is no concept of rejecting applications from citizens of specific countries, so it could be said that the EU is stricter than Japan in dealing with refugees. Meanwhile, in the U.K. a bill was passed in April 2024 to forcibly relocate illegal migrants to Rwanda in Africa. The U.K. would provide economic aid to Rwanda, and under a bilateral agreement, would send refugees who had entered illegally to the country. Nordic countries have tightened conditions for accepting foreign workers, such as significantly raising the minimum wage for obtaining residence permits, and their immigration policies appear to be becoming increasingly selective.

There is a growing recognition that the issue of migration is an international one that involves a complex intermingling of various factors, and that it cannot be solved by the EU alone. As a result, cooperation from origin and transit countries is also starting to be sought.

(2) The experience of the U.S.

① Changes in immigration policy

The U.S. was founded by immigrants, and has accepted foreigners as immigrants ever since then. However, as the number of foreigners increased, from the 1880s onwards a shift toward selectivity and restrictions in the acceptance of immigrants occurred. The Immigration and Nationality Act of 1952 forms the basis of current immigration law. The Act established a system for prioritizing factors such as vocational ability in the allocation of visas, while upholding the existing National Origins Formula. A 1965 amendment of the Act prescribed various policies centered on legal immigration, and the basic framework was to bring in family members who had been separated by immigration and to recruit people with specific job skills.

Later, in 1986, the Immigration Reform and Control Act was passed. It would minimize new immigrants through measures such as tighter border controls, while granting legal status to illegal immigrants already in the U.S. provided they met certain conditions. It was an attempt to solve the immigration problem, but resulted in many immigrants bringing over their families from their home countries, and the immigrant population continued to rise rapidly.

In the 1990s, due in part to the economic recession, anxiety about losing jobs to foreign workers and dissatisfaction with foreigners' free-riding of the welfare system led to policies to restrict immigrants' eligibility for welfare and to tighten border security.

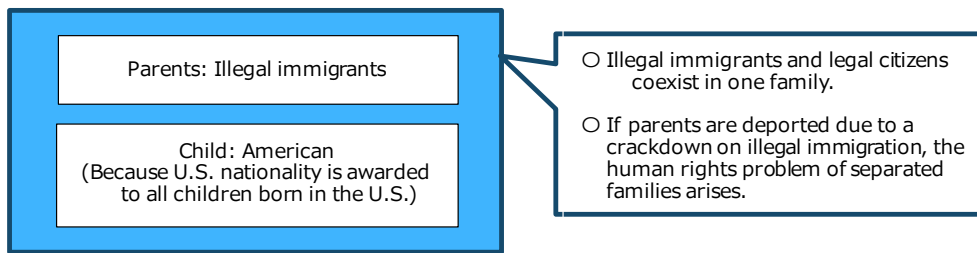
Later, the 9/11 terrorist attacks of 2001 led to an even stronger backlash against immigrants in the U.S. Under the Bush administration (2001-08), hardline policies such as tougher immigration controls and the rounding up illegal immigrants were implemented. And the Obama administration inherited this approach, though while policies such as large-scale deportation were continued, rights were expanded for foreigners already residing in the U.S.

The Trump administration, however, completely reversed the policy of gradually expanding the rights of immigrants, and also took hardline measures, such as initiating construction of a border wall, suspending entry to people from Muslim countries, and halving the number of refugees accepted.

As for the Biden administration, in anticipation of a surge in immigration with the departure of the Trump administration and the end of the pandemic, Vice President Kamala Harris was put in charge of immigration measures, but the internal divisions in the U.S. were deep and no noticeable results were achieved. In fact, the Biden administration introduced a smartphone-based immigration application system called CBP-1, but the aim of this was to make the immigration problem invisible, by dispelling the image of "asylum seekers flooding across the border." This was achieved by accepting applications remotely, and it was far from a fundamental solution.

So with U.S. immigration policy zigzagging back and forth like this, what has become more serious is the problem of mixed-status families (Figure 5). Children born in the U.S. are granted citizenship even if their parents are illegal immigrants, so many families are a mixture of citizens, legal immigrants, short-term stayers, and illegal immigrants. And if the latter are arrested, the family is separated. From a humanitarian point of view, some are of the opinion that the family should be allowed to stay in the U.S., but there is also strong opposition to increases in immigration, and this is one of the factors behind the divisions in the U.S.

Figure 5. Mixed-status Family Problem (Example)



Source: Prepared by JRI

② Divisions over immigration issues

Until the 2000s, liberal Democrats were willing to accept immigrants, while conservative Republicans wanted to secure foreign labor, so there was room for compromise between the two parties. However, the Trump administration has fanned people's discontent and aggravated the issue amid growing social disparities, budget deficits, and safety issues. As result, foreign workers have become scapegoats. This has deepened divisions in the country and also magnified the divide between Democrats and Republicans.

In addition, the U.S. has states and cities called "sanctuary cities" that are tolerant of illegal immigrants, affording various rights even to illegal immigrants. Places like New York City are examples of sanctuary cities, and in the spring of 2022, many immigrants were bussed to sanctuary cities from states such as Texas that have strict measures against illegal immigrants. Situations like this have also helped create divisions in the U.S.

The immigration problem also became a major issue in the recent presidential election. Mr. Trump won, and as he talked about deporting migrants throughout his campaign, he is expected to take a tough stance against immigrants. However, the U.S. economy is heavily dependent on immigrants not only to fill positions for highly-skilled engineers but also as essential workers, and there is a risk that a total suspension of immigration or large-scale deportations will disrupt the economy. The Trump administration is faced with the extremely thorny task of choosing between economic growth and responding to the views of disgruntled U.S. citizens.

③ Summary of the experiences of the West

In light of the above, it can be seen that the U.S. and Europe have followed a similar path. Specifically, governments at first actively accepted foreign workers due to reasons such as labor shortages, but as a result of accepting large numbers of foreign workers without being fully prepared to accept them, events such as economic downturns intensified the backlash against foreign workers. Even though they were initially accepted for limited periods of time, as a result of humanitarian factors and them bringing their families over, they came to live permanently in their destination countries, a process that occurred little by little over time. And with destination country citizens voicing various grievances, foreign workers become scapegoats for people's dissatisfaction. This led to a surge in support for far-right movements, and people became increasingly divided. And as a result of repeated ad hoc responses with each change of government between the right and the left, the problem became more serious. As a consequence, many countries have now come to see open border policies as failures, and pivoted to restricting the acceptance of immigrants. Specifically, they have tightened

crackdowns on illegal immigrants and become more selective in the acceptance of immigrants by limiting them to highly skilled workers.

Furthermore, the problem of refugees has been becoming more serious. As it becomes more difficult to distinguish between ordinary immigrants and refugees, countries in Europe and elsewhere are also facing a new security problem, namely, the "weaponization of refugees," whereby some nations use refugees as tools for applying diplomatic pressure.

4. Japan's current situation

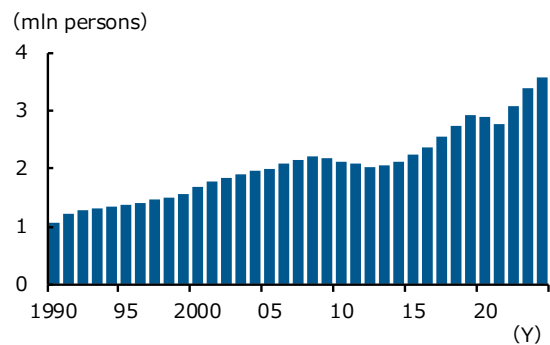
(1) Historical background etc.

Japan has only a short history of accepting immigrants, as for many years it was characterized by a small land area and a large population, so from the Meiji period it had been on the side of supplying migrants rather than accepting them. In recent years, as labor shortages have become more serious in some sectors, such as agriculture, the acceptance of non-highly skilled human resources has increased. Yet the country still has little experience in accepting immigrants.

The Japanese government defines immigration policy as "a policy of accepting a certain number of foreigners and their families relative to the population for an indefinite period," and has maintained a position of not adopting such an immigration policy. The main idea is that permission to stay indefinitely (i.e., granting a permanent residence permit) is not given at the time of entry, so the acceptance of workers is time-limited.

Despite this policy, the numbers of foreign residents and foreign workers have been rising steadily (Figures 6 and 7). In addition, the government has been actively accepting highly skilled human resources since around 1999, while suppressing the acceptance of so-called unskilled workers, who have not acquired a trade, as much as possible. Recently, however, the door to "unskilled workers," has been opening, despite the previously cautious stance, as the government has decided to "accept a wide range of foreign human resources who have a certain level of expertise and skills and can be immediately employed" (Figure 8).

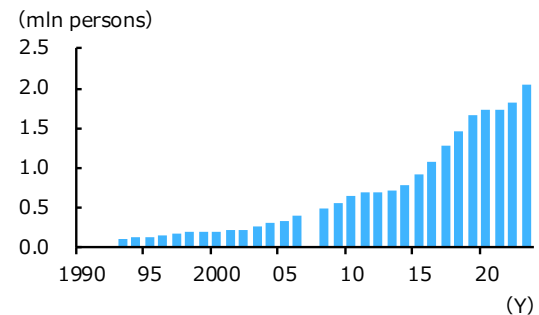
Figure 6. No. of Resident Foreigners



Source: Immigration Services Agency, "Statistics on Resident Foreigners," "Former Statistics on Registered Aliens"

Note: As of December 31 each year. For 2024, as of June 30.

Figure 7: No. of Foreign Workers



Source: Ministry of Health, Labour and Welfare, "Results of Reporting on Employment Status of Foreigners," "Summary of Status of Notifications of 'Employment Status of Foreigners'"

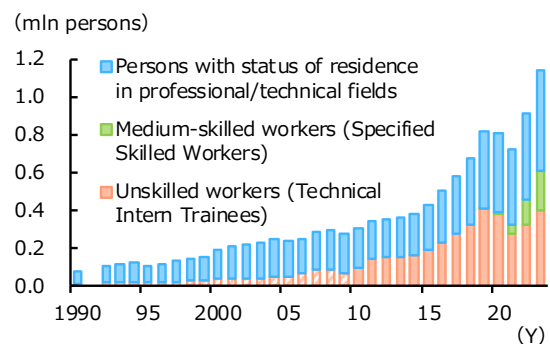
Note: As of June 1 for 1993-2006 and as of October 31 for 2008 and subsequent years. No survey was conducted in 1990-92 and 2007.

Figure 8. Government Stances on the Acceptance of Foreign Workers

	Highly Skilled Human Resources	Unskilled Workers
Sixth Basic Plan for Employment Measures (1988)	"The targeted employment of human resources with expertise, technical skills, or skills unique to foreigners ... will be accepted as much as possible "	"Regarding the acceptance of so-called unskilled workers, ... sufficient caution will be exercised "
Seventh Basic Plan for Employment Measures (1992)	"Workers in professional and technical fields will be accepted as much as possible "	"Regarding the acceptance of so-called unskilled workers, ... sufficient caution will be exercised based on the consensus opinion of citizens"
Eighth Basic Plan for Employment Measures (1995)	"Workers in professional and technical fields will be accepted as much as possible "	"Regarding the acceptance of so-called unskilled workers, ... sufficient caution will be exercised based on the consensus opinion of citizens"
Ninth Basic Plan for Employment Measures (1999)	"Foreign workers in professional and technical fields will be actively accepted "	"Regarding the acceptance of so-called unskilled workers, ... sufficient caution will be exercised based on the consensus opinion of citizens"
Basic Direction for Employment Policy (2008)	"The employment in Japan of foreigners in professional and technical fields will be actively promoted "	"Despite concerns about future labor shortages, ... the scope of acceptance of foreign workers will not be expanded in response"
Basic Direction for Employment Policy (2014)	"The utilization of highly skilled foreign human resources by companies will be actively promoted "	"Expansion of ... the scope of acceptance of foreign workers ... will require public debate "
Basic Policy on Employment Measures (2018)	"To complement the foreign human resources in traditional professional fields, a mechanism for accepting a wide range of foreign human resources with a certain level of expertise and skills and can be immediately employed will be established"	

Source: Ministry of Health, Labour and Welfare

In fact, recent trends show that increases in foreign workers are being driven by medium- and low-skilled workers (Figure 9). At the same time, the government continues to actively accept highly skilled human resources and international students, and is currently developing a new system that makes use of special zones. (Figures 10 and 11).

Figure 9: No. of Resident Foreigners (Status of Residence for Purpose of Work)


Source: Immigration Services Agency, "Statistics on Resident Foreigners," "Former Statistics on Registered Aliens"

Note: As of December 31 each year. No data for 1991. The hatched area shows "Trainees," the predecessor to Technical Intern Trainees. Strictly speaking, this was not a status of residence that permitted work, so it cannot be directly linked to the Technical Intern Trainee Program.

Figure 10. New System to Attract Highly Skilled Foreign Human Resources

Japan System for Special Highly-Skilled Professionals (J-Skip)	
Status of Residence	"Highly-Skilled Professional"
Requirements	1) Academic or career background above a certain level 2) Annual income of 20 million yen or more
Preferential Treatment	Preferential processing when entering Japan and completing procedures for residence, shorter period of residence required to apply for permanent residence, etc.

Japan System for Future Creation Individual Visa (J-Find)	
Status of Residence	"Designated Activities" (Notice No. 51)
Requirements	1) Within five years after graduating from a university ranked in the top 100 in the world 2) Able to support oneself financially for the time being
Preferential Treatment	If job hunting or preparing to launch a startup, permitted to stay for up to two years even without an employment contract

Source: Immigration Services Agency

Figure 11. Exceptional Measures for Residence in National Strategic Special Zones

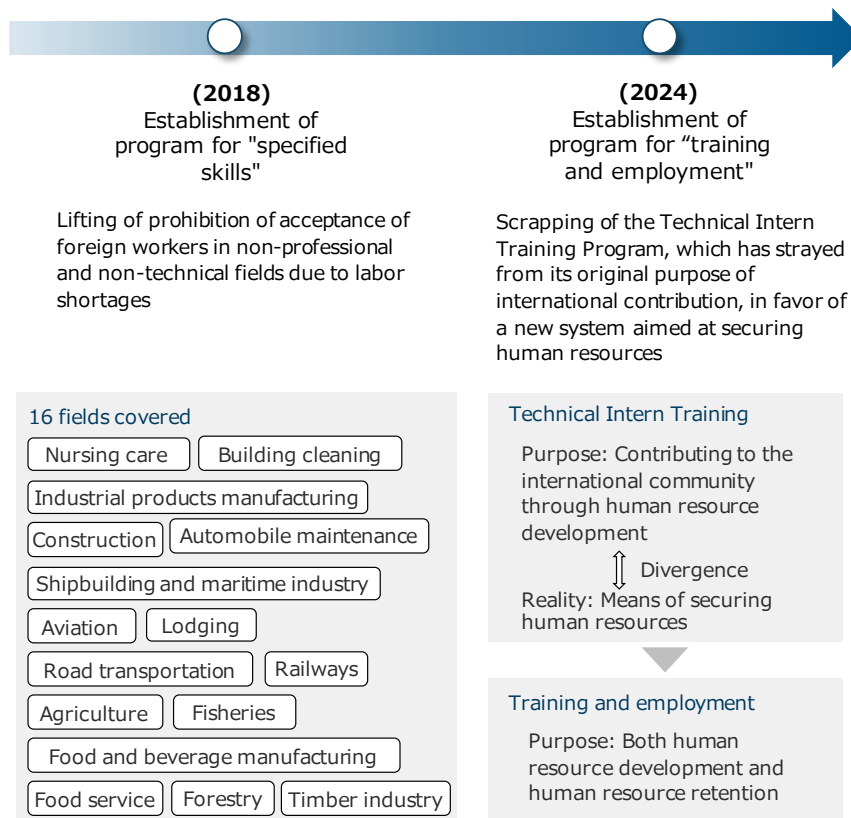
Details	
Foreign Domestic Workers	Permission of entry/residence of foreigners to be employed by companies that provide housekeeping services
Foreign Startup Founders	Relaxation of requirements for entry and securing a place of business for foreigners wishing to start a business in Japan
"Cool Japan" Foreign Human Resources	Promotion of acceptance of foreigners in fields related to "Cool Japan," e.g., creators
Foreign Farm Workers	Permission of entry/residence of foreigners to be employed by companies that provide agricultural services
Foreign Hairdressers	Conferral of status of residence to international students who have obtained a Japanese hairdresser's license, subject to certain conditions
Foreign Engineers	Expedition of examination of residence applications and clarification of period of such examination for engineers in industries related to IT/semiconductors

Source: Cabinet Office

In addition, in 2018, the concept of "specified skills" was established, with the aim of accepting people with medium-level skills in industrial fields where there are shortages of human resources. A Specified Skilled Worker (i) is expected to stay for up to five years, after which they will return to their home country. Passing a qualification test confers Specified Skilled Worker (ii) status, which allows the individual to bring their family with them. The upper limit on renewing status of residence (i.e., renewing one's visa) is also removed, and the individual is able to meet the requirements for long-term stay or permanent residency. Currently, the number of Specified Skilled Workers (ii) is still small, but it is expected to gradually increase in the future.

Furthermore, in 2024, the decision was made to establish a new program, "training and employment." It was created to replace the previous Technical Intern Training Program. The avowed purpose of the Technical Intern Training Program was to make an international contribution by inviting young people from overseas to acquire techniques and skills and take them back to their home countries, but in reality, it was a means of securing labor, and restrictions such as the inability of technical intern trainees to change employers was criticized as laying the foundations for and causing human rights and legal violations. There were also other problems, such as the technical intern trainees incurring heavy debts before entering Japan. In response to the criticisms, the system was overhauled (Figure 12). The training and employment program will officially start in 2027, and the three-year period until 2030 will be a transition period during which the Technical Intern Training Program will be phased out. So during this period, both programs will be in operation.

Figure 12: Establishment of Programs for "Specified Skills" and "Training and Employment"



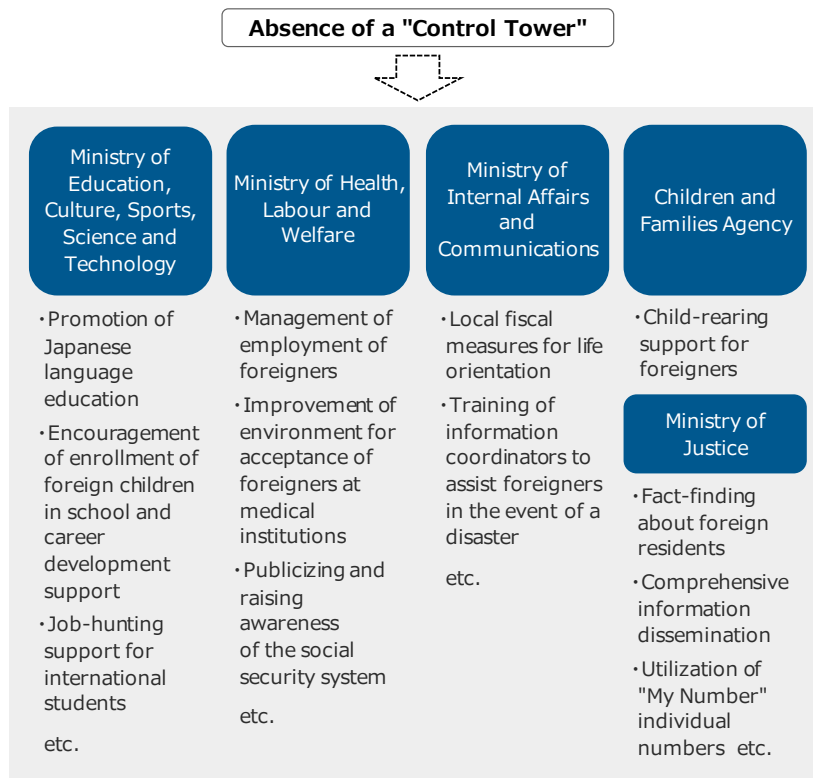
Source: Immigration Services Agency
 Note: Years are the years in which bills were passed.

As of the end of 2023, there were 3.41 million foreigners residing in Japan, accounting for 2.7% of the population, which is much lower than the OECD average of 10.4%. However, if the current influx continues, it is estimated that foreigners as a proportion of Japan's population will reach nearly 10% by 2070 (National Institute of Population and Social Security Research). Although this is a mechanical estimate, based on the number of foreigners increasing at a steady pace, a foreign population of 10% would represent a dramatic change that would have a major impact on Japan's demographic composition.

Against this backdrop, Japan needs to take action that reflects the various experiences, challenges, and failures of Western countries, which have been pioneers in accepting immigrants. In addition, while the Immigration Services Agency plays the central role in measures related to foreign workers in Japan, each ministry and agency has to perform operations related to foreigners, yet there is no control tower that comprehensively and strategically formulates and centrally manages measures for foreign workers (Figure 13). The current situation is that the acceptance of non-highly skilled human resources is gradually expanding without a control tower in place.

It can also be pointed out that there are not enough government statistics on foreigners. One example is employment data. Due to the small sample size, it is not possible to accurately grasp foreign workers' pay and conditions, which hinders the formulation of policies for providing employment support and improving their

Figure 13. Major Competent Authorities for Multicultural Coexistence Measures



Source: Ministerial Conference on Acceptance and Coexistence of Foreign Nationals, "Comprehensive Measures for Acceptance and Coexistence of Foreign Nationals (FY2024 revised)" and "Roadmap for the Realization of a Society of Harmonious Coexistence with Foreign Nationals"

treatment. And not only is there no control tower, but there is also a lack of basic principles and basic laws on policy for foreigners. It can be said that there is a critical deficiency of responses in terms of both mechanisms and systems.

Furthermore, it will be necessary to conclude bilateral agreements with countries that send large numbers of people to Japan. In the absence of such agreements, it is impossible to ask countries that are sending migrants to manage them. In the area of specified skills, bilateral agreements have been increasing, but the number of such deals is still only 16.

(2) Current situation with status of residence

Residence statuses that allow foreigners to work are as follows: 1) training and employment (former Technical Intern Training Program), 2) specified skills as workers in 16 fields, 3) highly skilled foreign human resources who are engineers and specialists with bachelor/masters degrees, and 4) other residence statuses such as international student that permit part-time work.

1) to 3) above are systems established by the national government, and to some extent, monitoring frameworks have been put in place. In addition, the government has actively welcomed highly skilled human

resources and international students. However, international competition for highly skilled human resources and international students is fierce, and at the moment, the U.S. is the only winner, with Europe and Japan struggling to entice top-flight talent. Therefore, with regard to 4), it has been pointed out that the number of international students who have not managed to master Japanese is increasing, and there are also issues that the government has not sufficiently grasped. To take classes at a vocational school or similar, it is necessary to have a Japanese ability of at least N1/N2 in the Japanese Language Proficiency Test, but it has been noted that more than half of the graduates of Japanese-language schools go on to vocational schools without passing N1/N2.

As for refugees, before the 2023 amendment of the Immigration Control Act, there were foreigners who avoided deportation by repeatedly applying for refugee status. There were also other problems, such as longer incarcerations in detention facilities and inadequate systems to ensure the protection of refugees and others. The 2023 amendment altered a provision of the previous Immigration Control Act that uniformly suspended deportation for anyone in the process of applying for recognition as a refugee. The new law allows for deportation even during that process of people applying for refugee status for the third or subsequent time, people who have been sentenced to prison for three years or more, terrorists, and so on. However, even those applying for refugee status for the third or subsequent time can avoid deportation as an exception if they present "evidence of substantial grounds" to be recognized as refugees or persons subject to supplementary protection. Similar changes in the law have become the norm overseas, with developed countries generally moving toward tighter rules on the acceptance of refugees.

(3) Current situation with social integration policy

Policies related to foreigners can be divided into two categories: immigration control and social integration policy (multicultural policy). Firstly, it is important to control the number of foreigners entering the country through border controls, but once people have been accepted as foreign workers, the promotion of social integration is essential.

In 2018, the government formulated "Comprehensive Measures for Acceptance and Coexistence of Foreign Nationals," and in 2022, it laid out the "Roadmap for the Realization of a Society of Harmonious Coexistence with Foreign Nationals," which sets out the type of inclusive society that Japan should aim to become and defines medium- to long-term issues. Yet these are both recent developments, and there is still room for improvement in terms of concrete measures. Furthermore, the problem of second- and third-generation immigrants who have been unable to integrate into their local community, a phenomenon also seen in the West, has been observed.

(4) Issues for Japan

Given the above-described situation, the following three issues for Japan can be pointed out: The first is that despite the existence of the Immigration Services Agency, there are other government agencies that have related operations, yet there is a lack of lateral cooperation and legislative provisions are inadequate. The second is that while Western countries are trying to accept only human resources with high degrees of match and motive,

Japan has dragged its feet on adopting such an approach, and the numbers of low- and medium-skilled workers are increasing little by little. The third is that since Japan has only a short history of policies for the integration of foreigners already in Japan, there is still a lot of room for improvement in terms of practical application. Because the number foreigners that have been accepted by Japan remains small, these problems have not yet become serious, yet it cannot be ruled out that social turmoil similar to that seen in the West will occur if the current situation continues. From this perspective, it will be necessary to start carrying out the reforms presented in the next chapter immediately, while there is still time available.

5. Policies that should be pursued

As Japan's birthrate continues to decline and the population ages, there are more and more voices pinning their hopes on foreign workers. Conversely, there has also been a great deal of hesitation about accepting foreign workers because there have been few foreign workers so far. Looking at the experiences of the West, immigration has not necessarily been successful, with the issue recently emerging as a factor in causing divisions. However, the circumstances of immigration in the West are often reported in Japan inaccurately or after the situation has changed, and they are sometimes handled in an ad hoc manner by the media, so it will be vital to correctly grasp the latest circumstances overseas.

The experiences of Western countries shows that if immigration is left unchecked, nations can fall into chaos, so immigrants are being accepted strategically and selectively. In addition, issues such as those with second-generation immigrants have highlighted the importance of social integration policies. Furthermore, countries are clamping down harder on illegal immigration. From this point of view, among the steps that Japan will need to take, it will be important to (1) establish a control tower for policies related to foreigners and formulate comprehensive and strategic measures, (2) accept human resources who are a good match and have a strong motive to work in Japan, (3) pursue social integration policies, and (4) tackle illegal immigration in a way that is convincing to Japan's own citizens.

(1) Establishment of a control tower for policies related to foreigners and formulation of comprehensive and strategic measures

Until now, there have been ministries and agencies in Japan that manage foreign workers, but there has been no department that functions as a control tower for comprehensively and strategically formulating policies related to foreign nationals and foreign workers and administering them in a centralized fashion. For this reason, despite there being various problems, only the symptoms are being treated, and this situation continues. It is necessary to establish, as soon as possible, an administrative organization that can strategically formulate and implement policies, so as to prepare a structure capable of proper administration. For example, a body that coordinates lateral cooperation in policy-making and implementation could be installed in the Cabinet Office.

Even if a control tower is created, it will not be effective without legislation, so basic principles and basic laws on policy for foreigners will need to be established.

(2) Acceptance of human resources who are a good match and have a strong motive to work in Japan

In recent years, immigration policies in the West have shifted to limit immigration to highly skilled workers. Considering that the acceptance of foreign workers in Japan is a response to labor shortages, it is desirable not only for Japan but also for foreign workers to follow the aforementioned World Bank matrix and focus on human resources who are a good match and have a strong motive to work in Japan. Put another way, Japan should prioritize the acceptance and domestic training of workers who can contribute to Japanese society and are enthusiastic about doing so.

From that perspective, workers who qualify as Specified Skilled Workers (ii), who possess more advanced skills than Specified Skilled Workers (i), are precisely the kind of talent deserving of long-term or permanent residence. Education should be available to help foreign workers move up from Specified Skilled Worker (i) to Specified Skilled Worker (ii) status.

Conversely, to avoid accepting individuals who are neither a good match nor have a strong motive, or encouraging them to return to their home countries, it will be necessary to clarify the current categories and criteria for accepting foreigners. Specifically, qualification requirements should be reviewed as needed, and proper steps will also need to be taken to find out about specified activities, as the government does not currently have a sufficient grasp of them.

It is also crucial to secure highly skilled human resources in order to promote growth and innovation in Japan. As competition for human resources intensifies internationally, it will be necessary to strengthen measures to attract highly skilled foreign human resources to Japan. To better attract international human resources, it is essential to improve the criteria for residence, permanent residence, and the environment in Japan, as well as to more actively communicate the appeal of the country. In attracting and utilizing highly skilled human resources, it is natural that a security clearance system should be applied in fields that handle sensitive information, so as to safeguard economic security.

However, brain drains are also a major problem. It is important to improve the treatment of not only foreign human resources but also Japan's top-flight talent, in order to prevent them from leaving the country.

(3) Pursuit of social integration policies

It is also crucial to ensure that foreigners already living in Japan can successfully integrate into Japanese society. For this to happen, it is vital that they acquire Japanese language proficiency. In European countries, too, providing immigrants with education to learn the destination country's language has become a pillar of integration policy. From the viewpoint of facilitating communication and promoting skill improvement, encouraging foreigners to master Japanese is imperative. However, it has been pointed out that more than half of Japanese-language school graduates go on to vocational schools without passing N1/N2 of the Japanese language proficiency test, even though this is essential for taking classes at vocational schools. In Europe, there is a great deal of emphasis on local language education, and Japan can learn a lot from this approach.

The Act on the Accrediting of Japanese-Language Institutes (to Ensure Appropriate and Reliable Implementation of Japanese-Language Education) came into effect in April 2024, imposing the requirement to steadily improve the quality of Japanese-language institutes and educators. In addition, it will be important to pay attention to the social integration of second- and third-generation immigrants, and in particular, it will be necessary, by strengthening Japanese language education, to create an environment in which they can successfully integrate into Japanese society.

(4) Tackling illegal immigration in a way that is convincing to Japan's own citizens

A glance at the situation in the West reveals that there is strong resistance to illegal immigration. And this discontent is one of the causes of major political turmoil, so it makes strict crackdowns on illegal immigrants and illegal workers essential. If illegal immigrants have families, the problem becomes even more serious. Recently, Western countries have been moving to clamp down harder on illegal immigrants. Japan also needs to take appropriate measures, while observing the situation in the West.

In addition, in dealing with illegal immigrants, it will be crucial to cooperate with the countries that send the migrants. Besides increasing the number of countries that have signed bilateral agreements concerning Specified Skilled Workers, it will also be necessary to conclude bilateral agreements relating to other types of visa.

6. Conclusion

Countries are struggling with how to handle foreign workers, and overall, when it comes to new arrivals, discussions are moving in the direction of targeting human resources who can adapt to the destination country, and ensuring that human resources who are already in the destination country can integrate smoothly. In other words, immigrants are only accepted to the extent that control by the host country is possible.

On the other hand, in Japan, the current situation is that labor shortages are becoming more serious, and that immigration is expanding little by little. Such circumstances are good for neither Japan nor the foreigners. For both groups to feel safe living here, it will be necessary to first establish a proper system, and it needs to be fully borne in mind that failure to do so risks leading to divisions within the country like those that have emerged in the West. This means taking sufficient institutional measures without being hasty, and moving cautiously.

There is a frequently quoted aphorism on the issue of immigration. As the late Swiss writer Max Frisch said, "We asked for workers and we got people instead." Countries invite people from abroad expecting them to provide low-wage, affordable labor. Yet they are human beings. Whether a person will be able to "match" Japan depends heavily on not only their personality but also on Japan's preparedness. This issue needs to be considered while keeping in mind that workers coming from abroad are human beings.

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