



日本商工会議所

The Japan Chamber of Commerce and Industry

The Japan Chamber of Commerce and Industry
(JCCI)
Explanatory Material
— Current Status of Labor Shortages and
Acceptance of Foreign Nationals —

March 29, 2019

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The Japan Chamber of Commerce and Industry

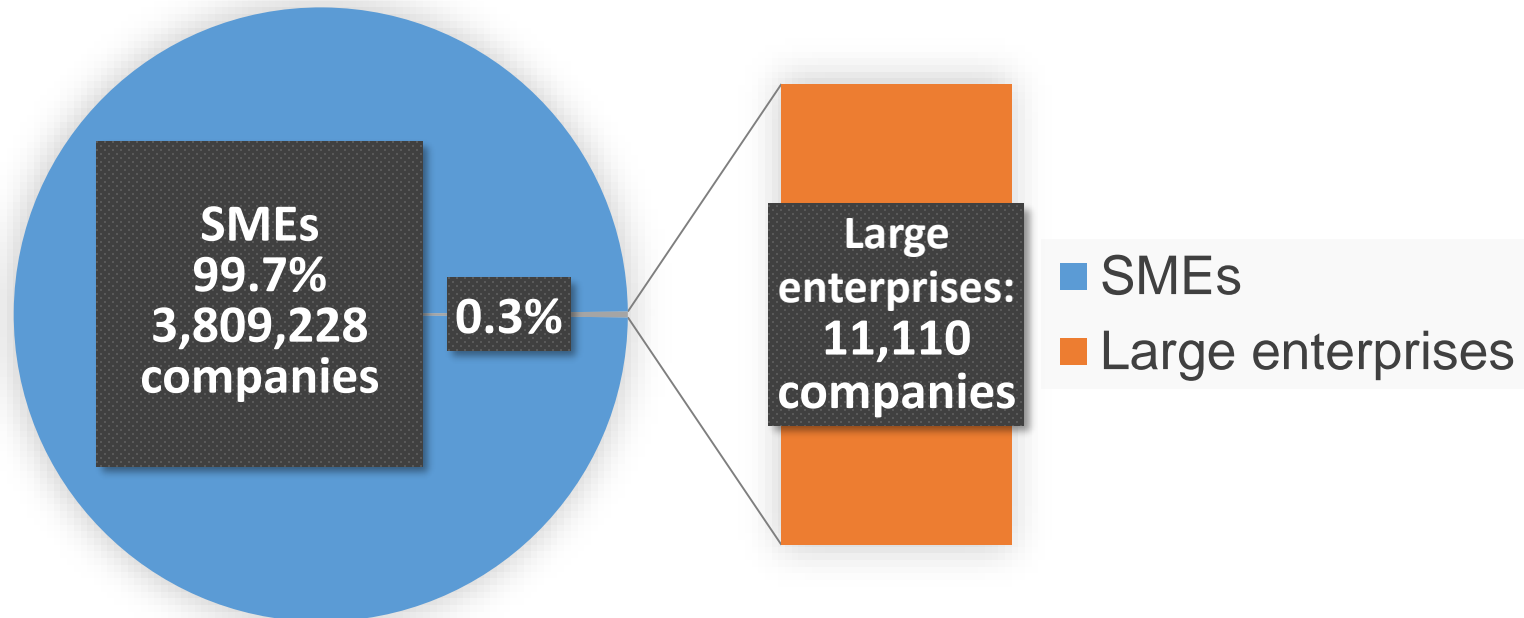
Agenda

- Labor shortage issues faced by small and medium-sized enterprises (SMEs)
- Composition of labor force in Japan
- Policy recommendations made by JCCEI pertaining to acceptance of foreign human resources
- Approach to “Specified skilled worker” as a new status of residence

SMEs in Japan (1)

- Japan is home to approx. 3.8 million enterprises, of which SMEs comprise approx. 99%.

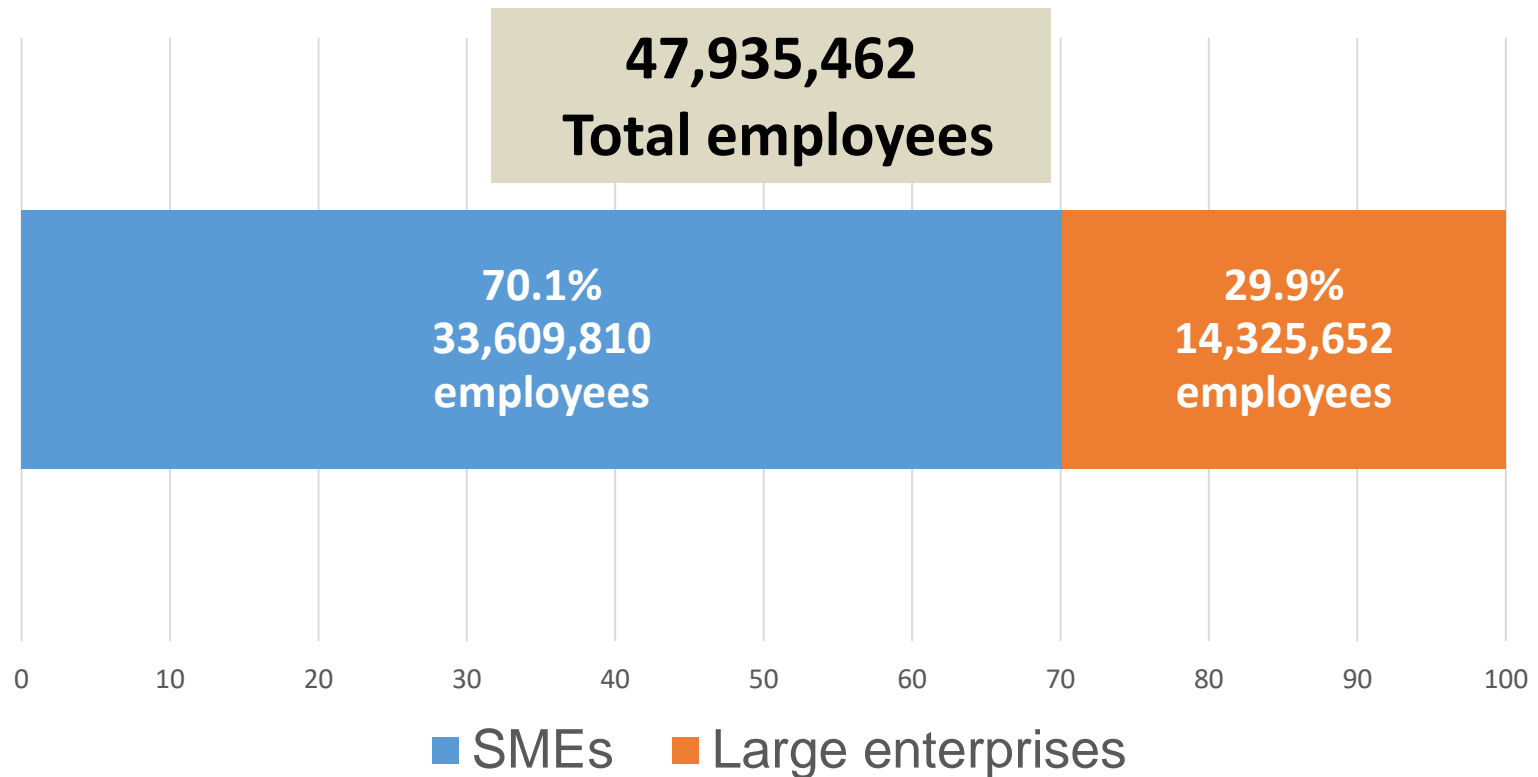
Total number of enterprises and breakdown by size



SMEs in Japan (2)

- There are approx. 48 million employees in Japan, of whom approx. 70% are employed by SMEs.

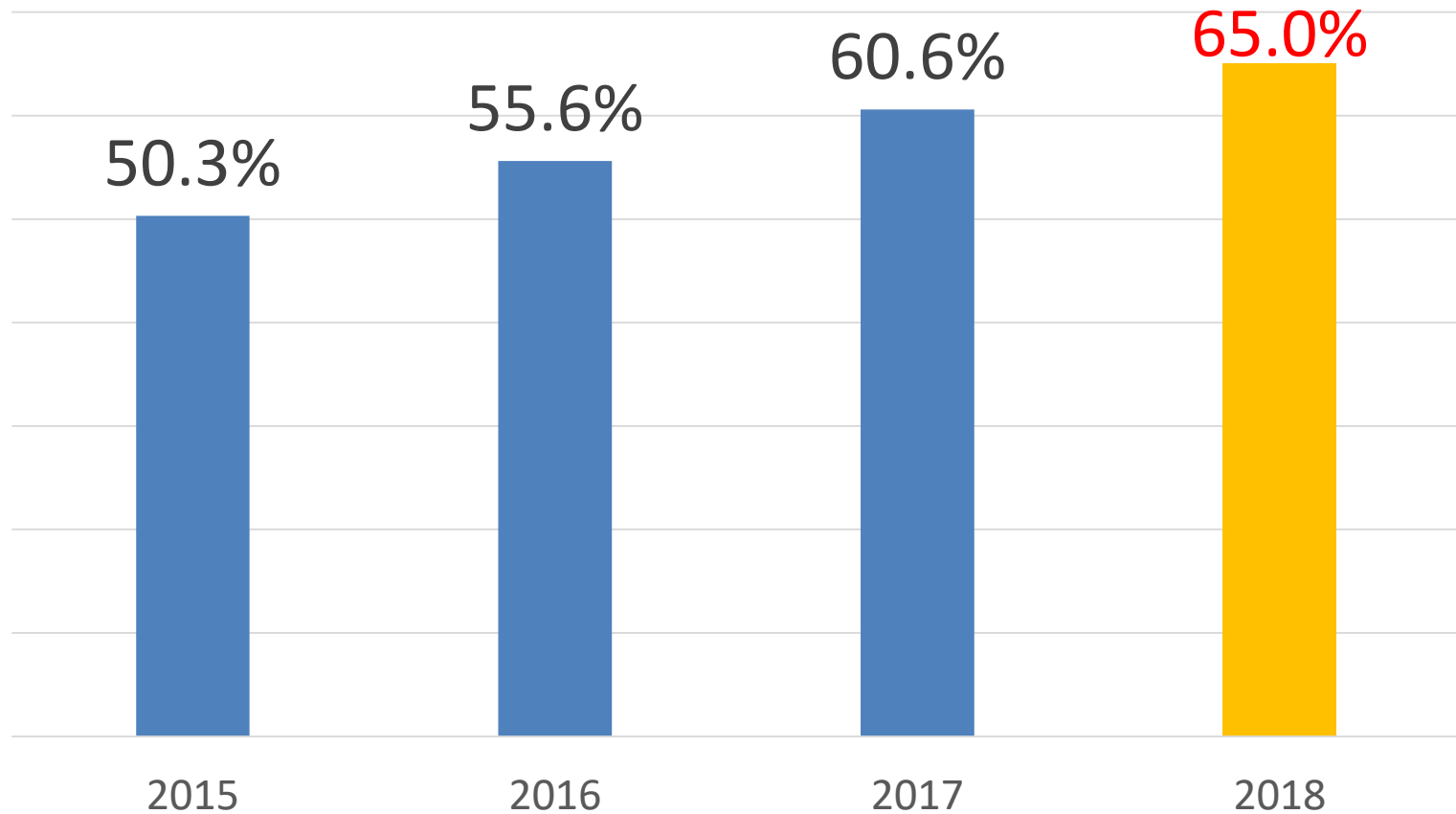
Breakdown of employees by employer size



Current Status of Labor Shortages

- Labor shortages at SMEs are becoming increasingly serious in recent years, with 65% of all SMEs respondents in a recent survey saying that they are short of labor. The most critical managerial issue for SMEs is labor shortage.

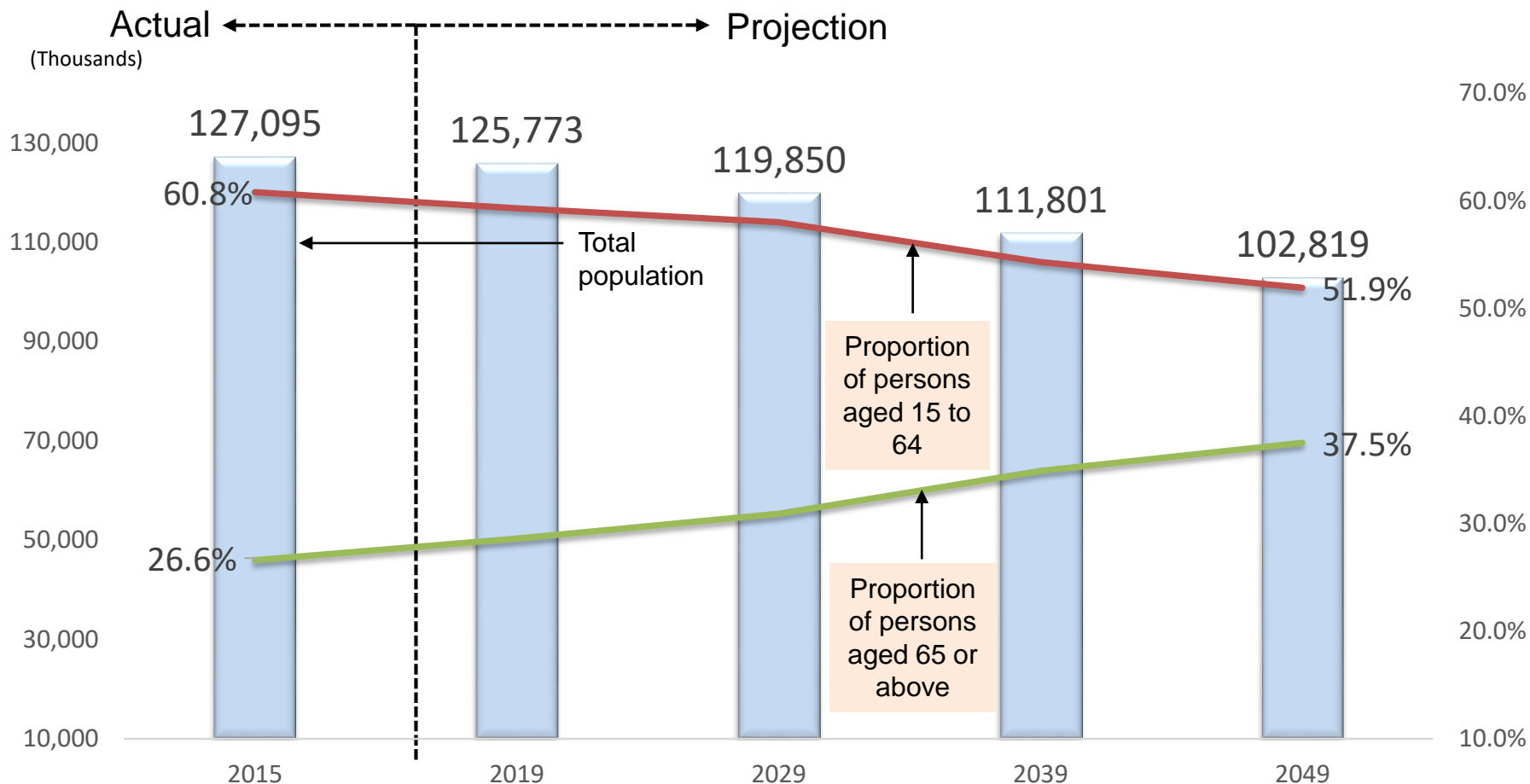
Percentage of SMEs experiencing labor shortages



Change in Population of Japan

Japan's population is on a declining trend. In the next 30 years, or by 2049, the country's population is projected to decrease by approx. 23 million from the present level. The proportion of the older population aged 65 or above is also expected to increase more than 10 percentage points, exceeding 37% of the total population.

Change in population of Japan (medium-fertility, medium-mortality)

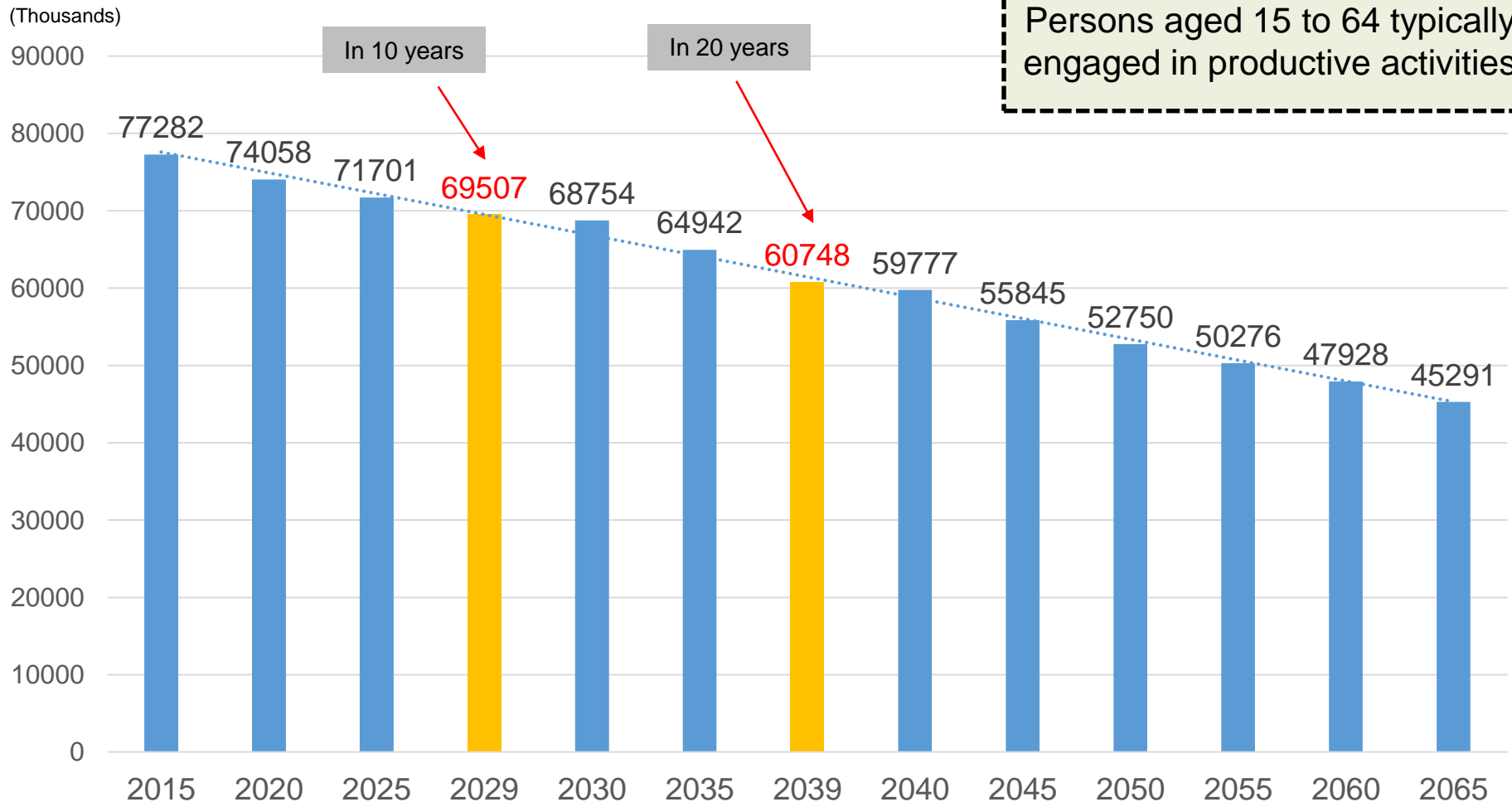


Change in Working-Age Population

- The working-age population is also decreasing as the total population declines. In the next decade, or by 2029, the working-age population is estimated to fall below 70 million, and in the next 20 years, or by 2039, to decrease to 60 million.

Change in working-age population (actual/projection)
(medium-fertility, medium-mortality)

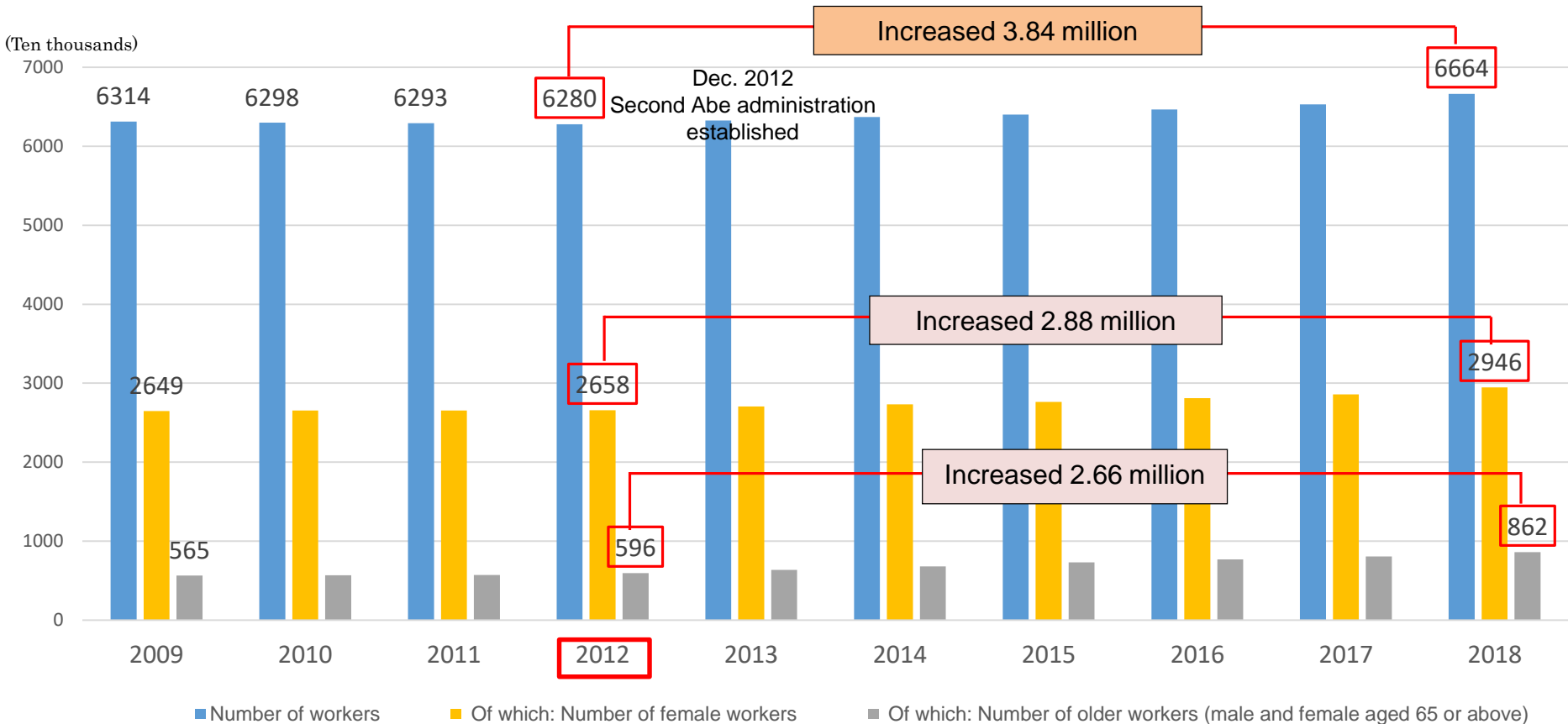
Working-age population:
Persons aged 15 to 64 typically
engaged in productive activities



Change in Number of Workers

- Given the decreasing working-age population, the Japanese government aims at maintaining the number of workers by promoting the employment of female and older workers. Driven partly by the positive effect of the so-called “Abenomics” policy adopted by the second Abe administration launched in 2012, the number of workers is on a growth trend.
- The number of workers reached 66.64 million in 2018, a record high level.

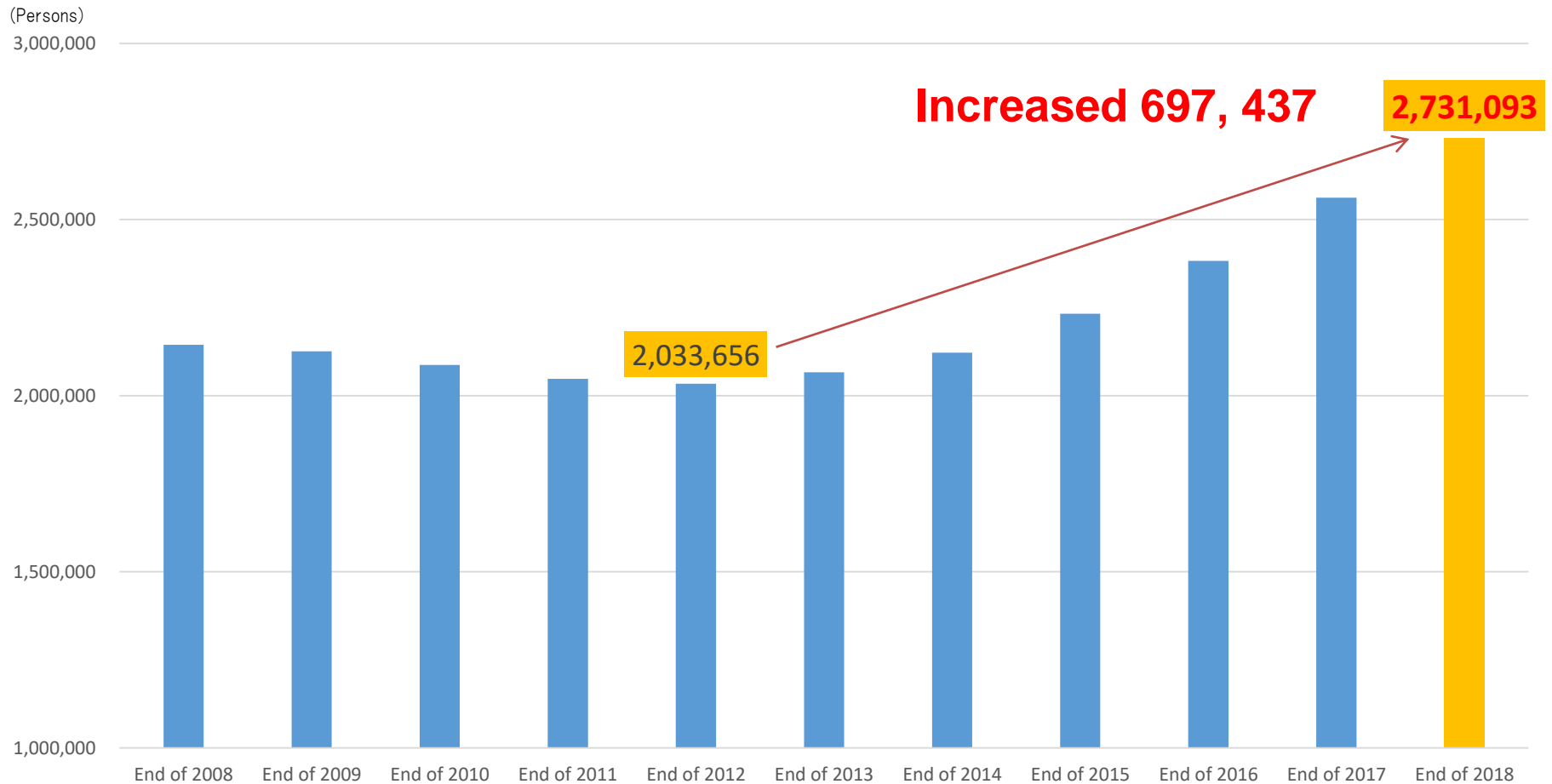
Change in number of workers (male & female, total of female, older persons {65 or above})



Change in Number of Foreign Residents

- As of the end of 2018, the number of foreign residents in Japan reached 2,731,093, mid to long-term residents and special permanent residents combined, a record high.

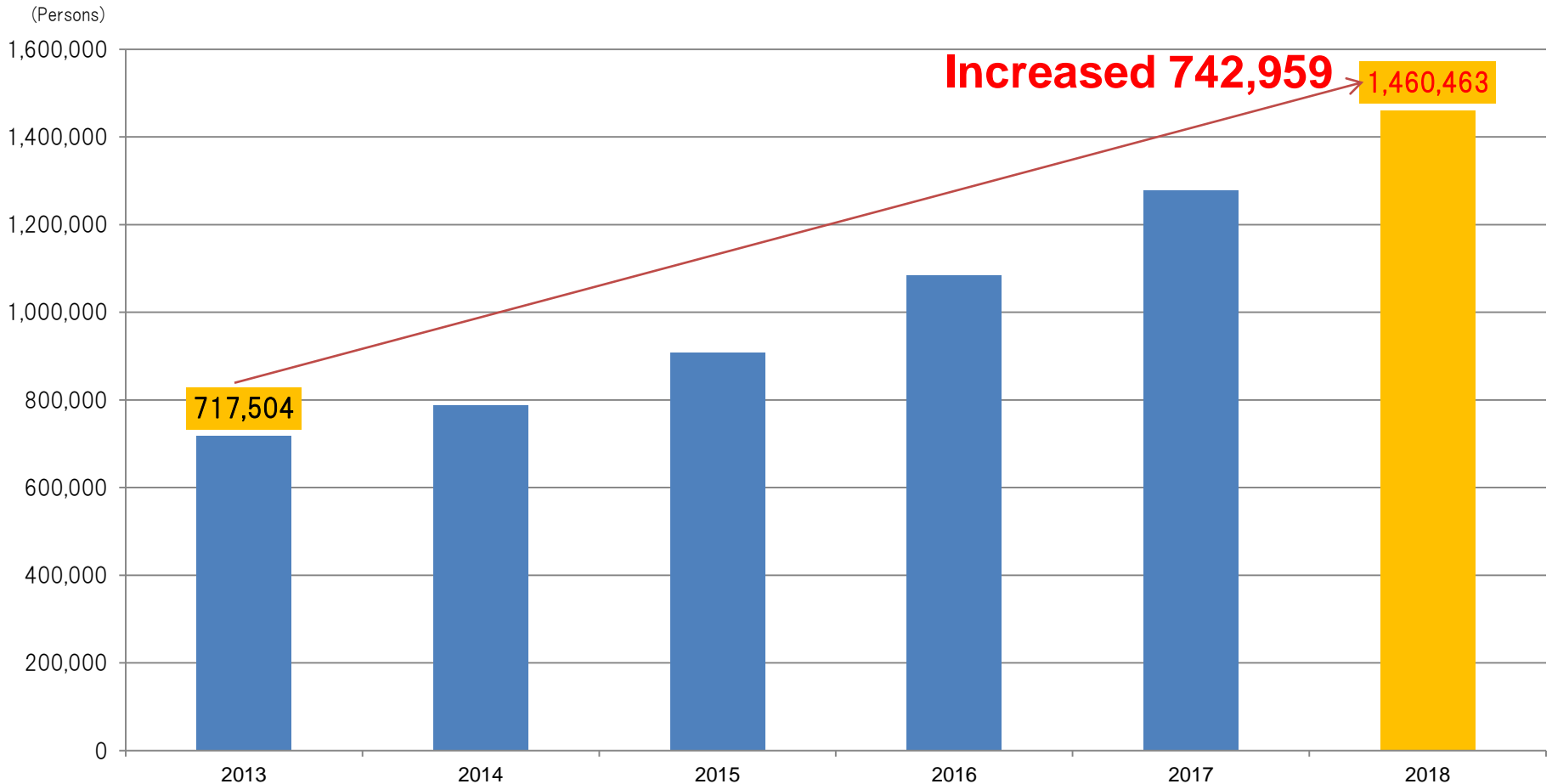
Change in number of foreign residents (2008 to end of 2018)



Change in Number of Foreign Workers

- Of foreign nationals residing in Japan, those who work in Japan reached 1,460,463 as of the end of October 2018, a record high, as was the number of foreign residents.

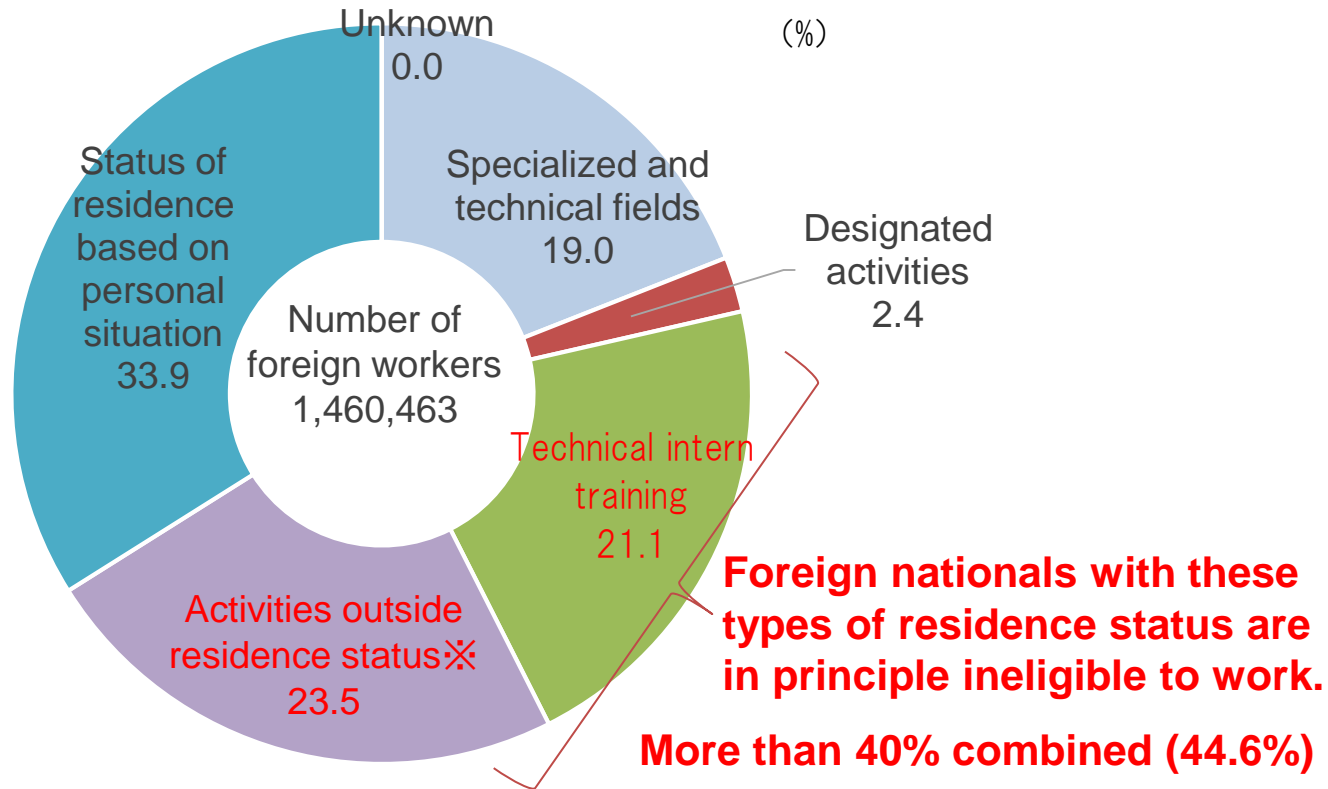
Change in number of foreign workers (2013 to 2018)



Breakdown of Foreign Workers by Status of Residence and Issues to Be Addressed

▪ The breakdown of foreign workers by residence status displays that more than 40% of all foreign workers engage in work despite being ineligible to work in principle under their residence status (e.g., “activities outside residence status” and “technical intern training”). The percentage is climbing every year.

Breakdown of foreign workers by status of residence

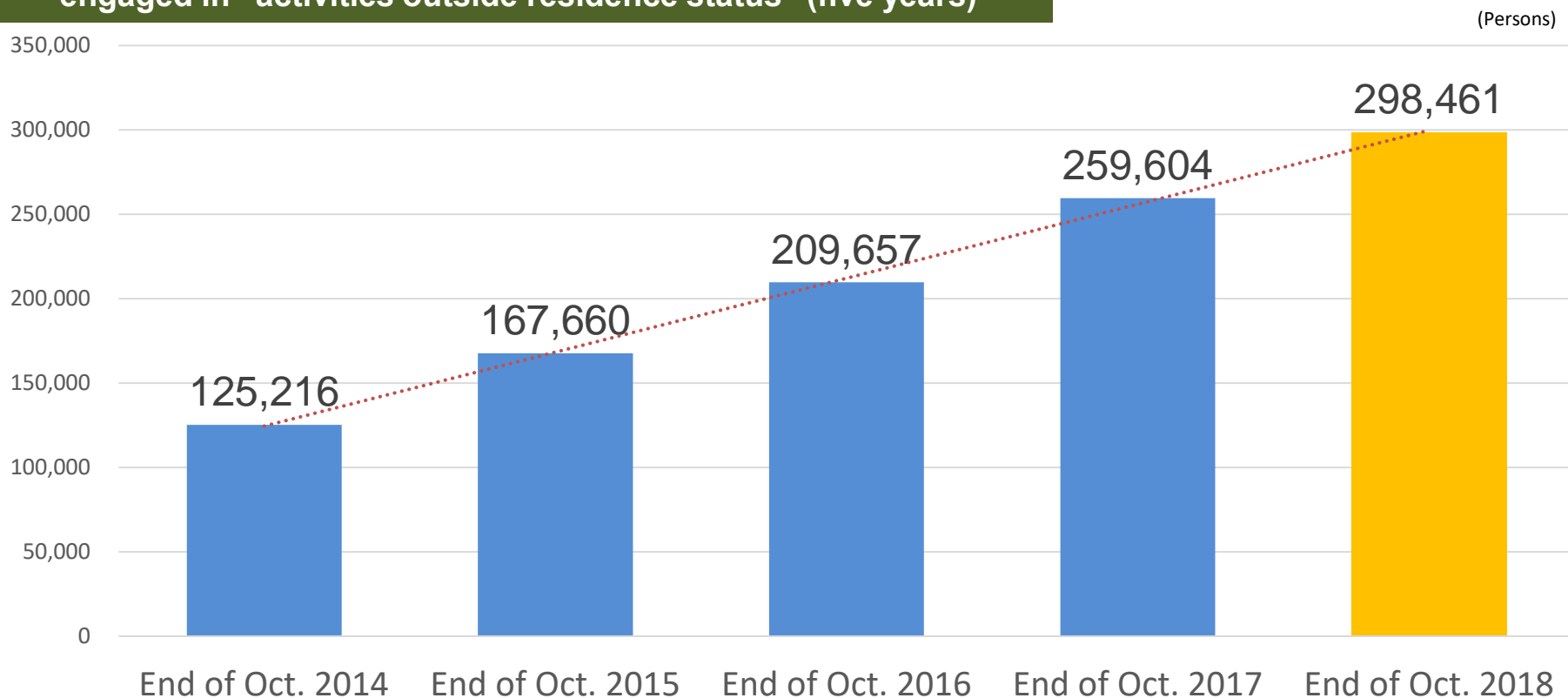


※Permission to Engage in an Activity Other Than Those Permitted by the Status of Residence Previously Granted

Change in Number of Foreign Nationals Engaged in Activities Outside Residence Status (mostly International students engaged in part-time jobs)

- International students in principle are not eligible to work, but the number of such students applying for eligibility to engage in “activities outside residence status※” in order to work part time has doubled in the past five years.

Number of International students among foreign nationals engaged in “activities outside residence status” (five years)

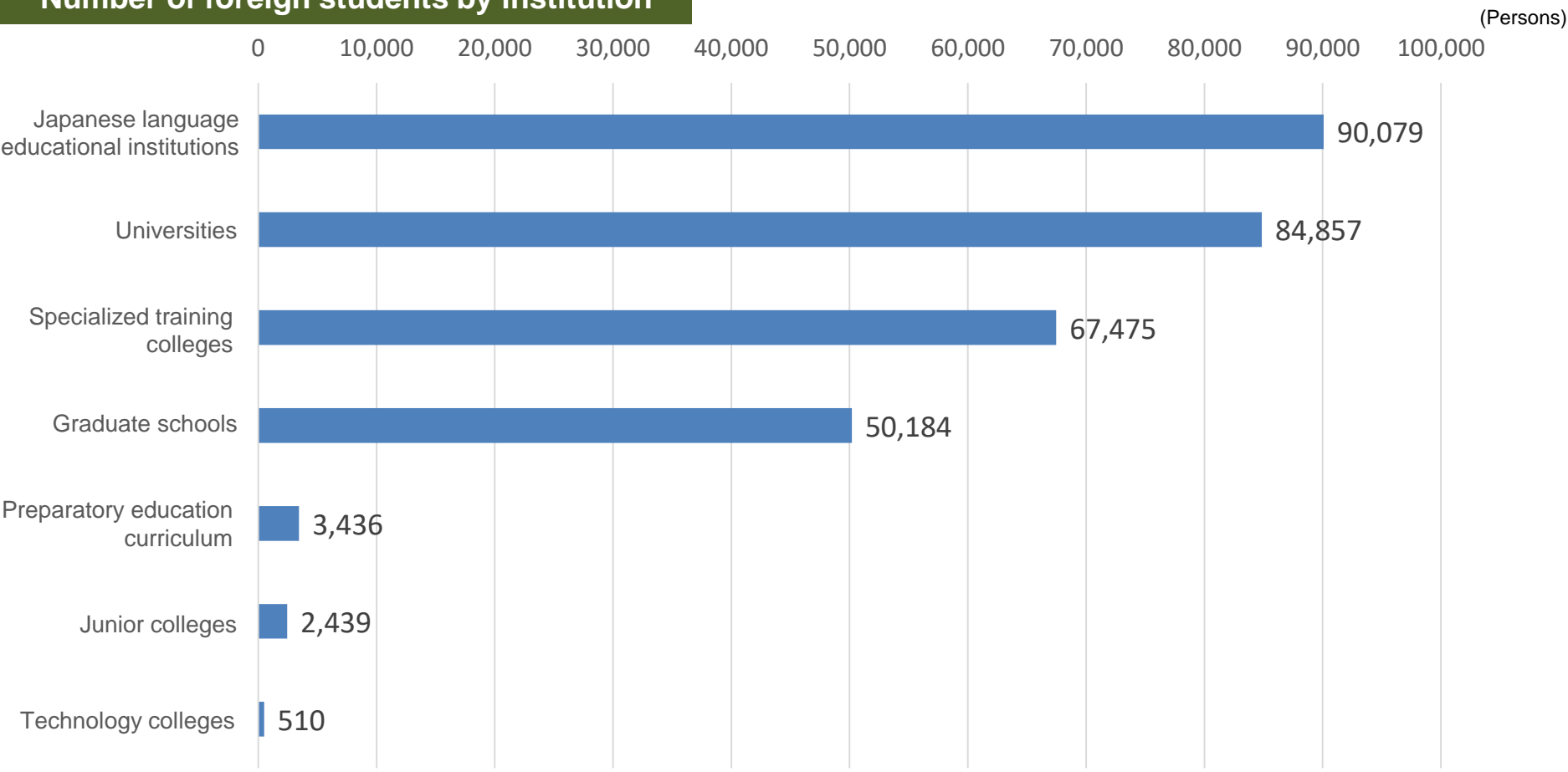


※Permission to Engage in an Activity Other Than Those Permitted by the Status of Residence Previously Granted

Number of Foreign Students in Japan

- Currently, 298,980 foreign students are enrolled in educational institutions in Japan.
- The largest proportion of the students, approx. 90,000, are enrolled in Japanese language educational institutions, followed by universities and specialized training colleges.

Number of foreign students by institution

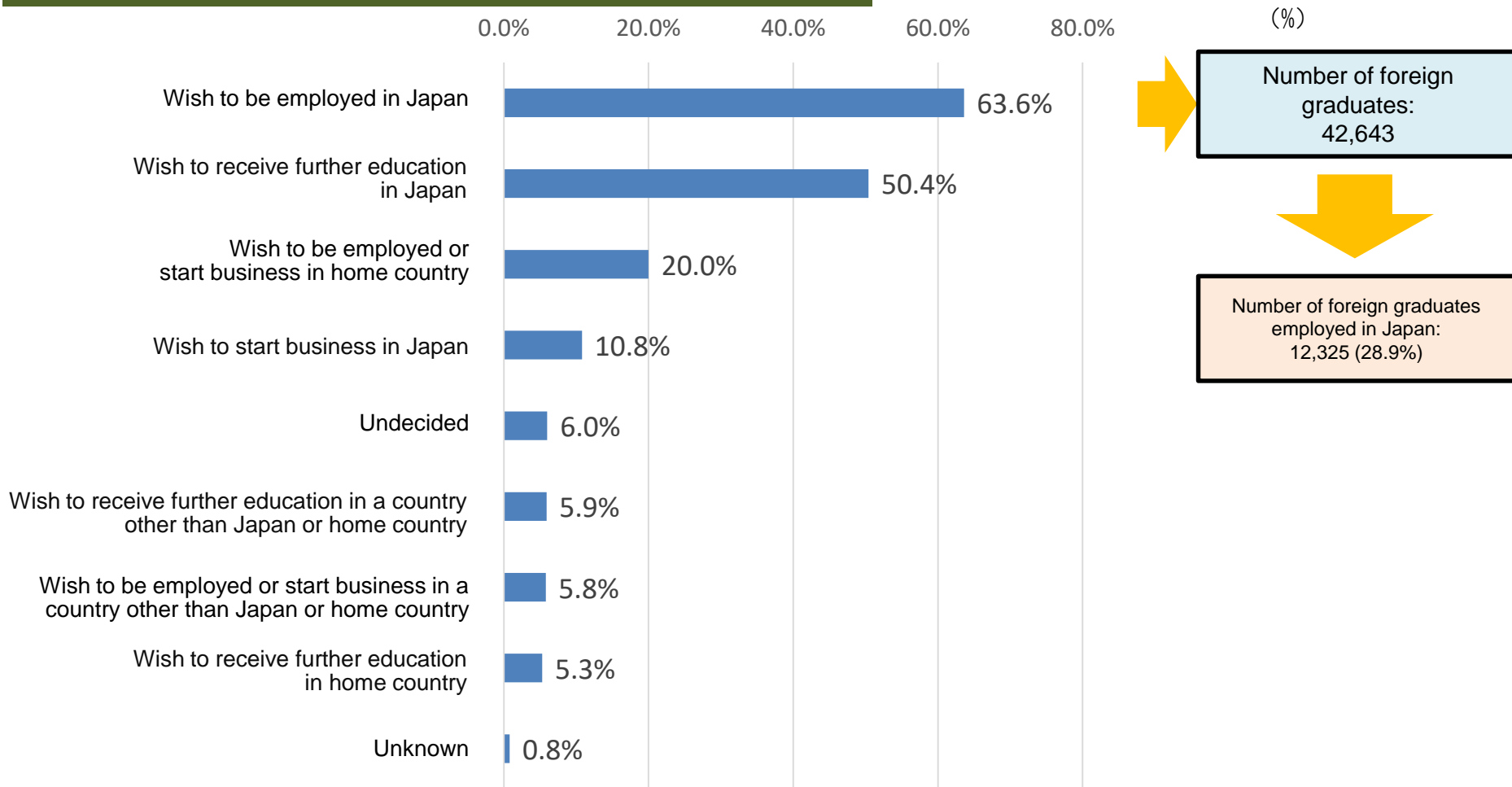


Source: FY2018 Survey results of foreign students enrolled in educational institutions in Japan, [Independent Administrative Institution Japan Student Services Organization](#)

Career Options of New Foreign Graduates

Of all foreign graduates of universities and other educational institutions in Japan, 63.6% desired to enter employment in Japan, but only 12,325 graduates (28.9%) were actually employed in Japan.

Career options of new foreign graduates



Policy Recommendations Made by JCCI on Accepting Foreign Human Resources

- JCCI consolidated its opinions about accepting foreign human resources over four occasions from 2017, and made requests to the government and relevant authorities.

1st round: Opinions about Japan's approach to accepting foreign human resources going forward —Establishment of a new acceptance policy to open up Japan to the world— Nov. 16, 2017

- We requested that the government establish a new system for accepting foreign workers not as immigrants but as human resources to make Japan a country open to the world.
- We requested that the government immediately examine and review the 18 types of residence status that permit working in order to proactively accept foreign human resources.

URL: <https://www.jcci.or.jp/cat298/2017/1116140614.html>

2nd round: Opinion about Japan's acceptance of foreign professional and technical fields —Creation of a new residence status, "intermediate skilled workers"— Apr. 26, 2018

- We requested that foreign human resources with a certain level of specialty and skills should be defined as "intermediate skilled workers" (tentative term), a new residence status should be created for applicable foreign nationals, and such foreign nationals should be proactively accepted in areas where labor shortages are seen.

URL: <https://www.jcci.or.jp/recommend/2018/0426110527.html>

3rd round: Opinion about the proposed outline of the amendment to the Immigration Control and Refugee Recognition Act and the proposed outline of the government's basic policy —To ensure that the new system will be beneficial for SMEs suffering from serious labor shortages— Oct. 25, 2018

- We requested that support be extended to SMEs employing foreign human resources, and that requirements set for them as well as their registration support organizations be relaxed and the scope of acceptance be expanded.

URL: <https://www.jcci.or.jp/news/jcci-news/2018/1025153503.html>

4th round: Opinion about the proposed ordinance of the Ministry of Justice pertaining to the new system for accepting foreign workers and the proposed amendment to the foreign worker employment management guidelines established by the Ministry of Health, Labour and Welfare Jan. 25, 2019

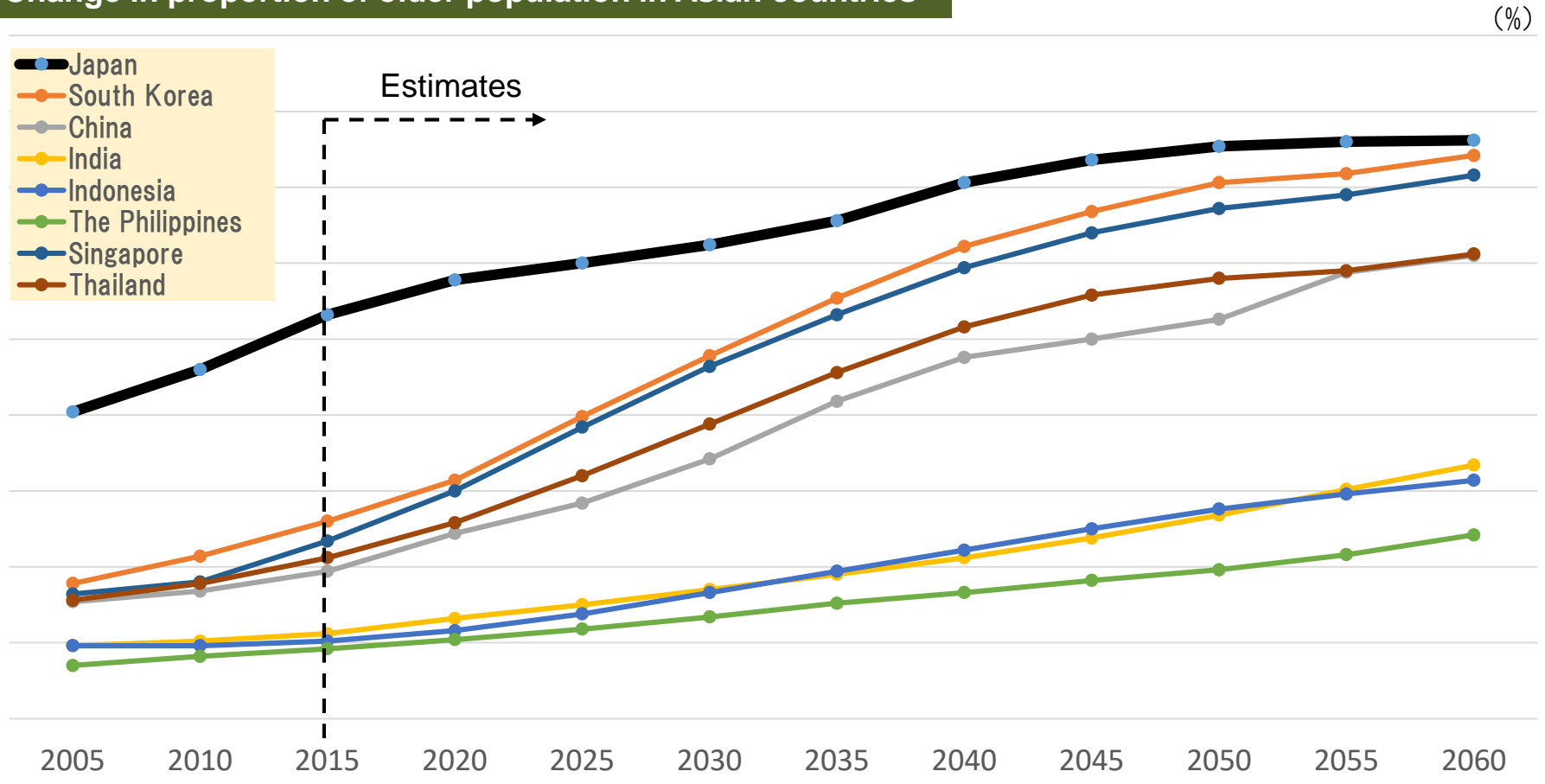
- We requested that requirements imposed on employers of foreign workers should be alleviated to avoid excessive burden on them and should take into consideration SMEs that accept foreign workers for the first time.

URL: <https://www.jcci.or.jp/news/jcci-news/2019/0125141439.html>

Proportion of Older Population in Japan and Other Asian Countries

As of 2015, the proportion of older population is by far the highest in Japan, but by 2060, the proportions in South Korea and Indonesia are estimated to rise to the same level as Japan.

Change in proportion of older population in Asian countries



Source: 2018 White paper on elderly society, Cabinet Office, Government of Japan; UN World Population Prospects: The 2017 Revision