

# Impacts of the Global Economic Crisis on Migrant Workers in Japan\*

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## Japan's Immigration Policy and Migrant Workers

This report assesses the impacts of the global economic crisis that broke out in the fall of 2008 on migrant workers in Japan. It also deals with the Japanese government's responses for addressing their needs in this economic turmoil.

Despite Japan's traditionally negative attitude towards accepting migrant workers, the number of foreign nationals holding jobs in this country has continually increased since the late 1980s, when Japan was experiencing an economic boom along with a rapid appreciation of its currency values. These attributes made Japan one of the most attractive destinations for migrant workers. Initially, foreign migrants, through regular or irregular channels, started to take up labor-intensive jobs in the manufacturing sectors. In later years, they also worked in other menial occupations, such as food processing and even agricultural activities, most of which were undesirable jobs to local workers of the younger generation. Concurrent with the favorable economic conditions of the late 1980s and the early 1990s, the government revised its Immigration Control Act. This caused some changes in the labor market composition in the country, explored as follows.

First, the revision of the Immigration Control Act in 1990 expanded the types of residential statuses available for foreign skilled workers. This revision and further relaxation of legal requirements from the 1990s to the present were consequences of the government's willingness to invite more talents from abroad for the sake of the national economy. Depending on how these workers are counted, the total number of documented foreign skilled workers who had stayed in Japan as of December 31, 2009 was expected to be approximately 130, 000.<sup>1</sup>

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<sup>1</sup> The figure is calculated by population size at the end of 2008 and the net migration of the same residential status during 2009. However, it should be noted that defining

Second, the 1990 revision and consequent deregulations of the immigration statuses led to the presence of foreign workers in labor-intensive jobs. This was possible through relaxation of legal requirements for the residential status “trainee” and gradual expansions of the job categories for “technical interns” to be described in the later section. Previous immigration control rules had strictly limited the approved sponsors of foreign trainees to government departments, non-profit public organizations, and major enterprises with a certain amount of international transactions and overseas branches. However, the 1990 revision and other ordinances issued by the Ministry of Justice removed certain legal constraints on small and medium-sized companies so that they were also entitled to accept foreign trainees, who are now considered as de-facto low-skilled temporary workers. The total number of new trainee arrivals in 2009 was 82,509. The major source country of trainees was China, accounting for 50,965 or 61.8% of the total new arrivals that year.

Third, the 1990 revision resulted in the emergence of a great number of ethnic Japanese workers called the Nikkei-jin workers, defined as the Japanese people overseas and their overseas descendents engaged currently in working away from home commonly referred to as “dekasegi” in Japan. Most of them belong to the residential status of “spouse or child of a Japanese national,” “long-term resident,” or “permanent resident.” Due to the 1990 revision, migrants up to the third generation of Nikkei-jin became entitled to work in Japan without legal constraints. The major source country of Nikkei-jin workers was Brazil, followed by Peru; together they accounted for approximately 360,000 workers at the time of the economic turmoil.

The following sections examine how the global economic crisis has impacted the number of migrant workers in Japan. It also reviews the diverse impacts among different working statuses given to foreign nationals. In addition, this report refers to the government policies reacting to migrant workers in today’s economic turmoil and shrinking employment opportunities.

Several quantitative data sources and indicators are available to analyze the employment situations of migrant workers in Japan. Among them, the “net migration” is the most relevant for this purpose. The net migration is the difference of inward and outward movements of foreign nationals under specific residential status in certain

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highly skilled foreign workers is problematic. This paper uses the narrowest definition, including the following residential statuses: “specialists in humanities and international services,” “engineer,” and “intra-company transferee.” They comprise a core part of the entire foreign skilled workers in Japan, and are easily swayed by economic conditions of times. See Tsukasaki 2008 (pp.31–44) and Akashi 2010 (pp.140–141) for more detailed explanations on the categorization of foreign skilled workers in Japan.

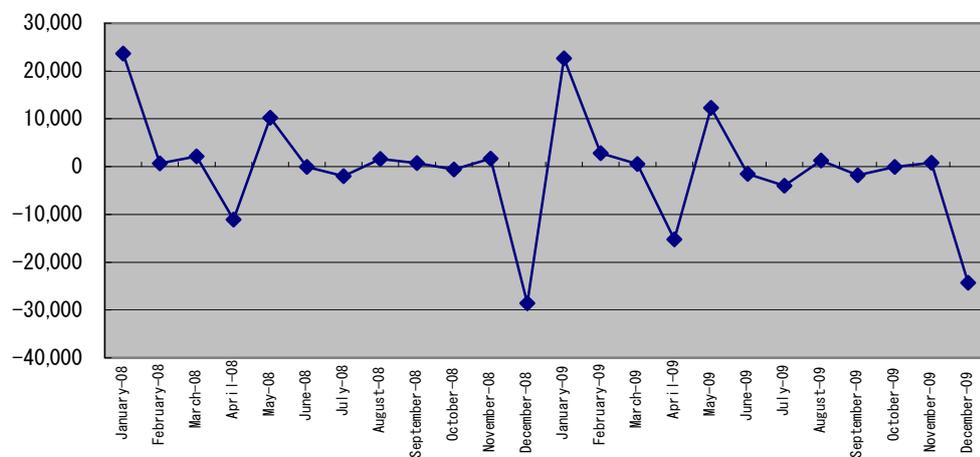
periods of time. This “flow data” is collected on a monthly basis by the Immigration Bureau of Japan. It shows a positive value when more people enter the country than leaving it, while a negative value refers to more people leaving the country than entering it. The report relies on this sort of data set and rationale to a certain degree for its inclusiveness and, most importantly, for its immediacy, which is necessary for the examination of the global economic crisis on migrant workers.

For example, the size of foreign nationals’ population is a “stock data” that is collected by each municipal government and compiled by the Immigration Bureau. However, it lacks data instancy and has certain limitations in its representation of the actual conditions of foreign workers. For a similar reason, data obtained from the national population census is problematic as it only covers data before the crisis. Employment situation reports for foreign nationals implemented by the Ministry of Health, Labour, and Welfare is another possible primary resource, but it also has similar difficulties in its data inclusiveness and perhaps, in its precision too.

### Skilled Workers

The Japanese government has recently been welcoming more foreign skilled workers, with the number of 2009 arrivals (new arrivals and re-entries) being about 280,000. China, the major source country, supplied 40% of the total foreign skilled workers, followed by Korea at 19%. Figure 1 shows the net migration from January 2008 to December 2009 indicating trends in the number of arrivals minus their departures, including those who obtained a re-entry permit.

Figure 1: Trends in the net migration of foreign skilled workers

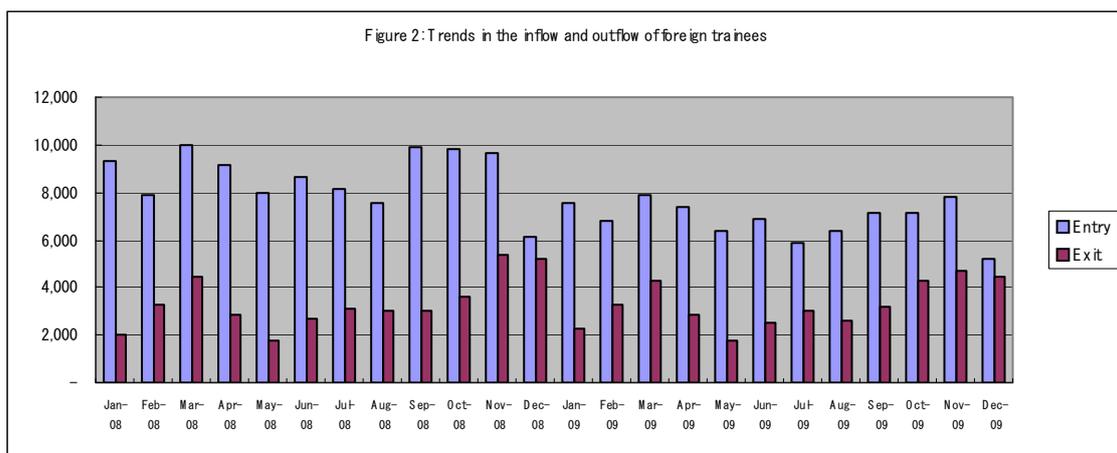


Source: *Official Statistics of Japan*: <http://www.e-stat.go.jp/> (Accessed on March 10, 2010)

From the above figure, it is clear that seasonal factors are at play as more of them arrive in January and May, while they generally leave in December and April. It implies that local enterprises' employment schedules affect monthly trends of arrivals and departures of skilled foreign workers. Aside from the seasonal fluctuation, the annual net migration in 2007, which is off the chart, had been 2,105. It was -1,466 in 2008, and observed a further rollback to -6,448 in 2009. It is assumed that the global economic crisis affected the net migration of foreign skilled workers, if not significantly, then in terms of absolute numbers.

### Trainees and Technical Interns

On the contrary, migrant workers in labor-intensive jobs have been severely influenced by the crisis in a negative way. "Trainees" is one of the major statuses representing them. According to the Immigration Bureau of Japan, the number of trainees newly arriving in Japan was in the range of 30,000 to 50,000 annually through most of the 1990s. However, this figure rose to approximately 54,000 in 2000. The number jumped up dramatically and reached 100,000 in 2007 and remained about the same in 2008. In 2009, however, the arrival of foreign trainees dropped to about 80,480. The largest number of trainees arrived from China, accounting for 53,876 of new arrivals in 2009, followed by Vietnam (4,890), and the Philippines (4,726). The net migration of trainees in 2008 was about 64,000. In 2009, it dropped to about 43,000<sup>2</sup>. Figure 2 shows the trends in the inflow and outflow of the foreign trainees on a monthly basis for the years 2008 and 2009.



Source: *Official Statistics of Japan*: <http://www.e-stat.go.jp/> (Accessed on March 10, 2010)

<sup>2</sup> *2009 Immigration Control*, Immigration Bureau of Japan, available at <http://www.moj.go.jp/NYUKAN/nyukan91.html/> (Accessed on March 10, 2010).

More accurate data are obtained from JITCO, Japan International Training Corporation Organization, which was founded in 1991 under the Japanese government. JITCO's purpose is to assist organizations in hosting foreign trainees on legal issues. According to the JITCO statistics (see figure 3), number of foreign trainees hosted by the Japanese organizations with the support of JITCO was 68,150 (30,652 male and 37,498 female). The number dropped slightly by -5% from the previous year in 2008. This reduction was more apparent in 2009 reaching -26.5% or 50,064 (19,866 male and 30,198 female). The crisis seems to have had more serious impacts on male migrants worker.

Figure 3: Number of foreign trainees supported by JITCO

	Total	Sex		Nationality					
		Male	Female	China	Indonesia	Philippine	Vietnam	Thailand	Others
<b>2005</b>	57,050	24,710	32,340	46,678	3,309	2,575	2,361	1,152	975
<b>2006</b>	68,304	30,754	37,550	55,811	3,636	3,083	2,795	1,658	1,321
<b>2007</b>	71,762	33,118	38,644	58,707	3,397	3,351	3,379	1,707	1,221
<b>2008</b>	68,150	30,652	37,498	54,889	3,213	3,533	3,765	1,650	1,100
<b>2009</b>	50,064	19,866	30,198	40,851	2,147	2,661	2,677	976	752

Source: *JITCO statistics*. Available at <http://www.jitco.or.jp/about/statistics.html/> (Accessed on May 5, 2010)

Another indicator of the impact of the global economic crisis on migrant workers in Japan is the number of foreign trainees that transferred to “technical intern” status. Technical Internship Training Programme (TITP) was created in 1993, which is an enhanced version of the existing trainee program under which foreign nationals are entitled to engage in on-the-job training for a limited period if they pass skill assessment tests at the end of the training program. Unlike foreign trainees, foreign technical interns are subjects to the Japanese labor regulations such as the Labor Standard Laws, making them “workers” in the legal sense. In fiscal year 2008, the number of people who were transferred from being “trainees” to “technical interns” is 63,747 (See figure 4).

Figure 4: Number of Trainees who switch to the Technical Internship Program

	Total	Sex		Nationality					
		Male	Female	China	Indonesia	Philippine	Vietnam	Thailand	Others
<b>2005FY</b>	40,993	16,615	24,378	34,095	2,193	2,640	1,491	369	205
<b>2006FY</b>	51,016	22,451	28,565	41,072	3,438	3,266	2,083	702	455
<b>2007FY</b>	60,177	28,684	31,493	47,168	3,590	4,664	3,048	1,150	557
<b>2008FY</b>	63,747	31,006	32,741	49,971	3,731	5,134	3,173	1,161	577
<b>2009 Apr. to 2010 Feb.</b>	52,133	23,502	28,631	41,223	2,678	4,004	2,953	819	456

Source: *JITCO statistics*. Available at <http://www.jitco.or.jp/about/statistics.html/> (Accessed on May 5, 2010)

According to the JITCO report, the number of applicants transferred to technical intern with the support of JITCO from April 2009 to February 2010 dropped to -10.0% from the same term last year indicating the first decrease since the program was initiated in 1993. As is indicated in Figure 5, the impacts vary among job occupations; technical interns in the construction and machinery/metal processing sectors being more severely affected by the crisis with -17.8% and -25.0% respectively. The total number of technical interns, however, is negligible when compared with the entire foreign workers population engaged in labor-intensive sectors.

Figure 5: Trainees to Technical Intern, Year-on-year rate by industries

	Compared with the previous fiscal year by industries (%)						
	Agriculture	Fishery	Construction	Food Manufacturing	Textiles Manufacturing	Machinery/Metal Manufacturing	Others
<b>2005FY</b>	50.1	-17.9	9.7	16.5	8.6	21.4	30.6
<b>2006FY</b>	21.1	8.6	47.8	26.3	5.5	41.0	33.5
<b>2007FY</b>	21.1	4.6	34.2	11.1	-1.3	26.7	33.7
<b>2008FY</b>	23.1	-8.8	12.2	7.1	-2.7	5.0	8.8

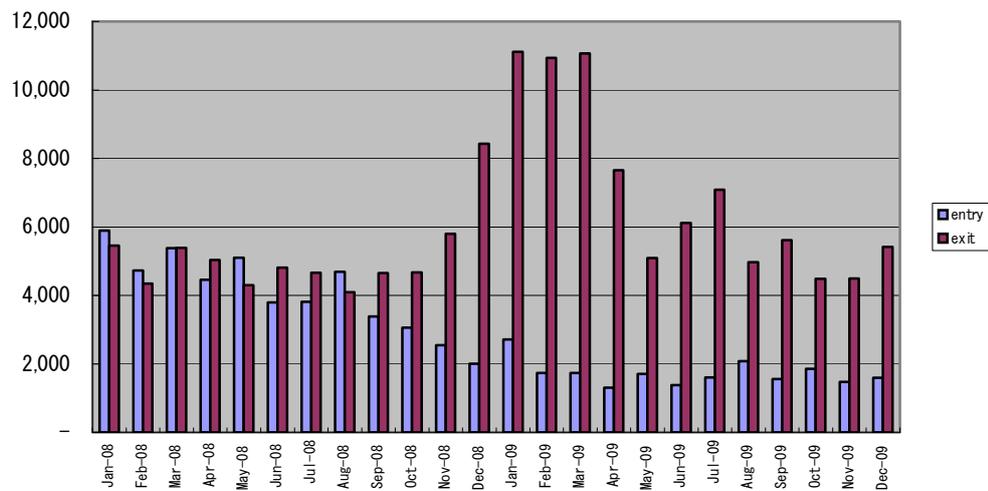
<b>2009 Apr. to 2010 Feb.</b>	18.2	18.4	-17.8	8.6	-6.6	-25.0	-12.3
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Source: *JITCO statistics*. Available at <http://www.jitco.or.jp/about/statistics.html/> (Accessed on May 5, 2010)

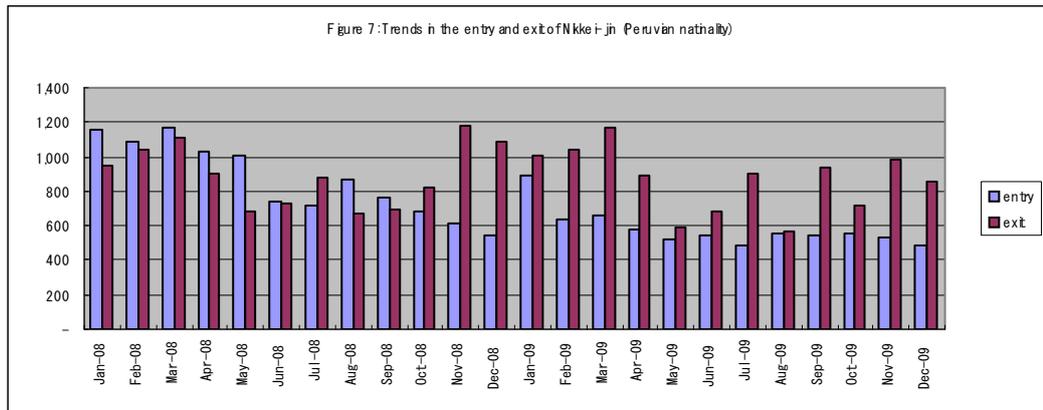
### Nikkei-jin workers

It is clearly evident that the global economic crisis has had a devastating impact on the employment opportunities of Nikkei-jin workers, the Japanese descendents of Latin Americans living in Japan temporarily or permanently for the purpose of employment. Figure 6 indicates the entry and exit numbers for Brazilian workers and Peruvian workers respectively whose main status is “spouses of Japanese nationals,” “long-term residents,” or “permanent residents.” For two years until August 2008, the number of Nikkei-jin workers entering and leaving Japan were almost equal. However, from September 2008 onward, the net migration has no longer been modest; from December 2008 to April 2009 alone, about 50,000 Brazilians left Japan leading to the reduction of the population size of Brazilians living in Japan. A similar trends can be observed in the figure 7 that shows large minus net-migration of the Nikkei-jin of Peruvian nationality since the last quarter of 2008. This is also the case for migrant workers from Peru, the second largest Nikkei-jin workers group; the net migration of Peruvians to Japan has been below zero from October 2008 up to present (See figure 7).

Figure 6: Trends in the entry and exit of Nikkei-jin (Brazilian nationality)



Source: *Official Statistics of Japan*: <http://www.e-stat.go.jp/> (Accessed on March 10, 2010)



Source: *Official Statistics of Japan*: <http://www.e-stat.go.jp/> (Accessed on March 10, 2010)

This trend has been more visible in the industrial/manufacturing areas such as Aichi, Shizuoka, and Gunma prefectures. According to the statistics on foreign residents collected by municipal governments, Aichi prefecture, where a number of Toyota subcontractors are located, saw a 14.7% decrease in the Brazilian population in 2009 over the previous year. In Shizuoka prefecture, where other major auto exporters such as Honda and Yamaha are located, the Brazilian population dropped by 17.6% compared with the previous year. The crisis also decreased the Brazilian population by 11.8% in Gunma prefecture where firms such as Subaru and Sanyo electricity have their subcontractors. In addition, recent researches have revealed that more than 40% Brazilian workers in the surveyed areas had lost their jobs in this recession, along with the shrinking of ethnic business and the closing of ethnic school of the Brazilian communities<sup>3</sup>.

There are several reasons why the crisis has acutely affected this group. First, it is natural that the number of Nikkei-jin workers has decreased as the economy has contracted. It is more obvious in case of Nikkei-jin workers due to a lack of explicit state policy objectives. Because of the absence of formal schemes accommodating the number of migrant workers, it is the labor markets, not government policies that fix the balance between the demands and supplies of laborers, and thus determine the size of the migrant workers' population in Japan. Consequently, migrant laborers are among the group of people most vulnerable to the deteriorating labor market conditions.

Second, a large number of Nikkei-jin workers left during this global economic hardship because they could not find new jobs once losing their original jobs. Before the

<sup>3</sup> For more details of the researches, see Braziljin Shurosha Kenkyukai 2009, Matsumiya 2010, Nisinaka 2009, Tanno 2009, Watanabe 2009

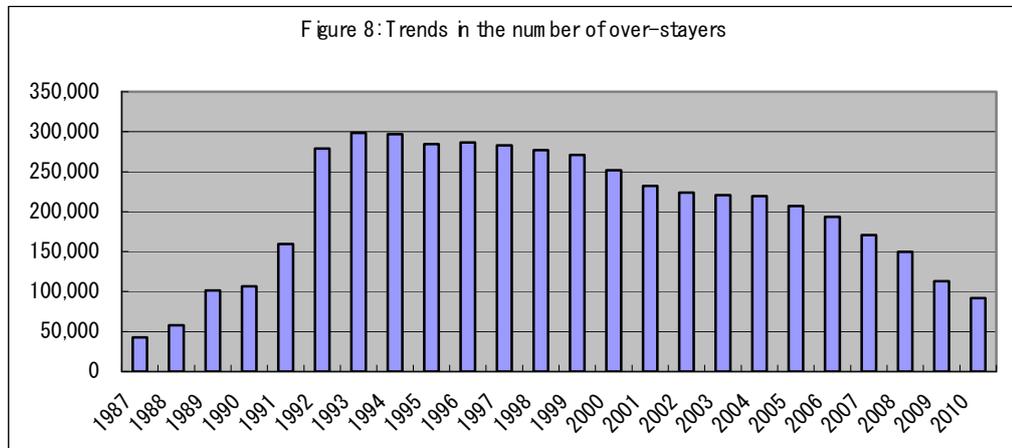
crisis, job recruiters sent Nikkei-jin workers to those job sites where less Japanese ability and skill attainments were required. Particularly since 2004, amendment of the Work Dispatch Law that permits dispatching businesses in a manufacturing sector, more factories replaced full-time employees with part-time workers through labor recruiters in order to decrease their total labor costs. This has also been effective in improving the flexibility of production processes. Migrant workers from Latin America are inevitably one of those workers to sustain this newly arranged “labor-portfolio.” In short, the global economic crisis led a number of job recruiters to bankruptcy, and consequently, generated many jobless Nikkei-jin workers. Job matching is only one of the roles provided by recruiters specialized for Nikkei-jin workers. They also assist in providing housing and education services, particularly to the children of Nikkei-jin worker, which has also made Nikkei-jin workers rely on them. Once large number of job recruiters disappeared from the market, unemployed Nikkei-jin workers started wandering on the streets or had no choice but to return to their origin countries.

Third, it is said that a large portion of Nikkei-jin workers were uninsured and unorganized. Some Nikkei-jin workers were not informed properly by their employers regarding their employment insurance and relevant social securities. Others were not assured of their employment for more than one year, which is a prerequisite for employment insurance. Quite a few were intentionally uninsured for the purpose of sending larger remittances to their home countries, or for enjoying higher consumption levels in Japan. These factors together have prevented Nikkei-jin workers from re-entering the job markets, and are left with no other choice but to leave Japan.

It should be noted that the global economic crisis has barely affected certain types of foreign nationals groups, at least in their numbers of the net migration and population size. For instance, as of January 2010, the number of over-stayed foreigners, most of them considered as irregular workers, was about 92,000 (see Figure 8). The largest five nationalities of over-stayers include Koreans (21,660), followed by Chinese (12,933), Filipinos (12,842), Taiwanese (4,889), and Thais (4,836). The population of over-stayers has been constantly decreasing since its peak in 1993 when it reached almost 300,000. In this case, rather than due to the global economic crisis, their numbers decreased due to the Japanese government’s stringent visa policy for specific sending countries in the late 1980s and a series of crackdowns on visa of over-stayers<sup>4</sup>.

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<sup>4</sup> “Foreign spouses” can be regarded as another major group which has been seemingly less influenced by the crisis. For example, in case of “Spouse and child of Japanese national,” a 2007–2009 statistics from the Philippines indicates that the scale of the net migration of the said status has reduced only slightly in Japan after the crisis. The net migration is 5,308 in 2007, 4,020 in 2008, and 1,923 in 2009. Calculated on the basis of data obtained from *Official*



Source: Immigration Bureau of Japan, Immigration Control (Various Years) and Press Release from the Ministry of Justice. Available at <http://www.moi.go.jp/PRESS/100309-3.html> (Accessed on March 10, 2010)

### Government Responses toward Migrant Workers in the Economic Turmoil

The Japanese government has taken several measures regarding the Nikkei-jin workers who were unable to avoid severe economic difficulties<sup>5</sup>. Starting in the fiscal year 2009, the Japanese government provided financial support to job placement centers within municipal governments to increase the number of translators and counselors to help Nikkei-jin workers gain re-employment. The number of foreign job seekers visiting job placement centers from November 2008 to January 2009 was 9,926. This number is 11 times larger when compared with the number in the same period of the previous year, although its effects are yet to be confirmed.

Another public measure offered by the government was employment skills training. This included learning the Japanese language and improving occupational skills in addition to promoting migrant workers' understanding of working conditions, employment practices, and the social securities system in Japan. The budgetary amount allotted for this in the fiscal year 2009 was 1.8 billion Japanese yen, equivalent to 12 million USD. This training program are expected to serve 5,000 foreign nationals and is

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*Statistic of Japan:* <http://www.e-stat.go.jp/> (Accessed on March 10, 2010).

<sup>5</sup> The core organization handling this issue is the Council for the Promotion of Measures for Foreign Residents that was established within the Cabinet Office in April 2009. To overview public measures for foreign residents, see *Promotion of Support Measures for Foreign Residents in Japan:* <http://www8.cao.go.jp/teiju-portal/eng/taisaku/index.html> (Accessed on March 10, 2010).

sponsored by the government and managed by JICE (Japan International Cooperation Center), which is a non-profit organization. Since the program was aimed exclusively at the Japanese descendants, supporting offices were first initiated in the cities of Ota, Hamamatsu, Toyohashi, and Minokamo, where a relatively large number of Nikkei-jin workers resided.

While encouraging unemployed Nikkei-jin workers, who continued living in Japan to acquire new jobs, the government also offered financial support to encourage them to return home. This voluntary return program provided 300,000 Japanese yen for unemployed Nikkei-jin workers and 200,000 Japanese yen for their dependents with the condition that applicants of this program may not come back to Japan for the purpose of employment for next three years from the time of their departure.

Between the program's inception in April 2009 and the end of February 2010, a total of 20,649 Nikkei-jin workers had applied, of which 19,107 were Brazilians, 850 were Peruvians, and 682 were with other nationalities. The city of Aichi accepted 5,604 applications followed by 4,437 in Shizuoka. Considering the entire population of nearly 400,000 Nikkei-jin workers in Japan, the effect of this program has been minimal, as only about 5% of the group has used it. However, in mid-January 2010, the government announced that this financial support would come to an end by March 31, 2010, so the number of claims for the financial support has risen. It seems that Nikkei-jin workers who had been waiting for an economic recovery have now rushed to receive the financial support to return<sup>6</sup>. It is certain that Nikkei-jin and other migrant workers in Japan have been forced to live in difficult circumstances, and would have remained here, had the global economic recession turned around.

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<sup>6</sup> *Chunichi Simbum* March 4, 2010. Available at <http://www.chunichi.co.jp/article/shizuoka/20100304/CK2010030402000177.html> (Accessed on March 10, 2010).

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