

# Shaping Japan's Policies on Regular Labour migration from ASEAN Nations towards strengthening Japan-ASEAN Cooperation

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**Abstract:** Japan and ASEAN have long been staunch allies in the region and Japan has been showing its unwavering support since the formation of ASEAN. In its 20<sup>th</sup> ASEAN-Japan summit in 2017, the chairman of the summit stated that ASEAN-Japan partnership is vital for maintaining regional peace, stability, and prosperity. During the summit, the leaders of Japan and ASEAN have clearly highlighted the importance of Japan-ASEAN cooperation for mutual development and regional development as a whole. Although the development of a country depends on multi-faceted inducers, from the demographical point of view, for economic development, Japan would highly depend on accepting regular labour population into its territory whereas, the development of ASEAN is dispensing their excessive labour population out of their territory. This paper, therefore, accentuates that labour migration from ASEAN to Japan would be paramount for mutual development and cooperation. Japan is one of the economically strongest countries on the Asian continent. Its economy was powerful from the 80s till 90s. After the economic bubble-bursts, Japan is still trying to get back to its pre-ninety stage, besides a plethora of challenges in the region. Demographically, there are many factors such as declining working-age population and rising elderly population resulted in the lower tax-based regime with increasing government expenditure for social security for the elderly population that contribute to the economic decline. From a macroeconomic perspective, lower productivity of goods and services, lower GDP growth rate, lower export rates in the past two decades have made the country's policymakers to consider absorbing more foreign labour population. However, current immigration, social integration, and social security policies of Japan are needed to be upgraded to absorb more foreign labours with a range of skills. From the context of ASEAN, Japan has a strong economic partnership and has several bilateral agreements, which includes migration provision. When considering the demography of ASEAN nations, it has a high potential for a working-age population of all skill levels, with the relatively high unemployment rate. It would, therefore, be mutual benefits for both ASEAN nations and Japan, if Japan could consider absorbing more labour population from ASEAN, particularly from Indonesia, Philippines, and Vietnam. Japan could also consider strengthening its economic partnership with other countries in ASEAN as well. It should not only upgrade its immigration policies for higher, medium, and lower-skilled migrant labours, but also upgrade its policies of social integration and social security for foreign migrant workers.

**Key Words:** Bubble burst, growth rate, demography, labour population, immigration policies, social integration

## I. Introduction

Japan is one of the economically strongest countries in the Asian continent, possesses membership in the OECD as well as G20 groups of nations. As all are aware, unfortunately, the country has gone through two decades of "economic decline" and that is called 'lost decades' (ADB, 2015). The causes for the economic decline have been stated by numerous academics and economic professionals for a long period of time, among which, demographic transition after the 1990s, is important to be considered. From the demographic context, ASEAN

member states show a sharp contrast to Japan, possess the high potential of the working-age population with the range of skills (ASEAN, 2016). In addition to this, Japan has long been a staunch ally for ASEAN nations, committing to assist their socioeconomic upgrading via various bilateral agreements. However, it is widely understood that the immigration and other social integration policies that Japan adapts, cause the country less attractive for other Asian highly skilled professional migrants (ADB, 2015; Kodama, 2015). Furthermore, when it comes to regular labour migration from ASEAN nations, Japan's policies on the medium as well as lower-skilled labour migration resulting in hindrance for both Japan and the ASEAN member states in their mutual development process. This paper attempts to highlight how the country could consider in shaping its policies on immigration, social integration for regular labours, particularly from the countries of ASEAN, to absorb more labour force for the country's future needs, by analysing (i) how demographic transition affected Japan's economic growth and how could it be solved from ASEAN demographic context, with special focus on **Indonesia, Philippines, and Vietnam** and (ii) how Japan could consider the initiation of **entry clearance for medium or unskilled migrant workers and their legal stay** for a limited period of time, (iii) how Japan could consider about shaping existing migration and other social policies to encourage more highly skilled migrant labour force. Hoping these suggestions could help Japan and the members of ASEAN nation to focus on this more in the future.

## II. Economic Growth

Basically, "economic growth" is meant by an increase in the production of goods and services and their consumption. Growth occurs when there is an increase in the multiplied product of population and per capita consumption, generally indicated by increasing real GDP or GNP (McKibbin, 1996). Academics and professionals clearly distinguish "economic growth" and "economic development". Haller (2012) pointed out that the "economic growth" is, in a limited sense, an increase of the national income per capita, and it involves the analysis, especially in quantitative terms, of this process, with a focus on the functional relations between the endogenous variables; in a wider sense, it involves the increase of the GDP, GNP and NI, therefore of the national wealth, including the production capacity, expressed in both absolute and relative size, per capita, encompassing also the structural modifications of economy.

### **The trend of Japan's Economic Growth since the 1990s:**

The trend of Japan's economic growth from the 1990s is briefly outlined by a few economic indicators, to show how the country has gone through two "decades of loss". The world knows that the Japanese economy has started to decline since the early 1990s, called "bubble burst". (Fukao, et.al., 2011; Tsutsui 2014; McKibbin 1996; ADB, 2015) pointed out, since 1991, the "burst of the economic bubble", Japan's economy and Total Factor Productivity has been growing very slowly (OECD, 2015). This has caused in increased unemployed workers; which Japan has never experienced before. As far as the economy of Japan is concerned, the export of machinery, automobiles, electronic items continue to be the most prominent spots in Japan's overall economic scenario, however, these comprise only a small proportion of Japan's overall big economy. World Bank (n.d) data shows although the economy of Japan, since then, has started to improve, in 2010 it has faced collapse during 2010-2011 and it has been fluctuating since then. In GDP growth and per capita GDP growth, started to decline from around 5% in 1990, reached 0% in 1993, and was fluctuating until the latter part of 2007, then showed a sharp decline, due to the "global economic recession". However, the country's resilience nature appeared in GDP growth at the mid-2009 and reached 4% in 2010 but declined to 0% again in 2011 and fluctuating thereafter. When considering the country's annual gross savings, it was around 32,5% in 1990 and started to decline thereafter. In 2007, it was 30% and started to decline thereafter. At the end of 2016, it was 27.5%. The important thing to notice that so far, the economy of Japan has not reached the level of pre-ninety eras.

As far as the GDP growth rates are concerned, from the onset of the 1990s, India and China occupy the first two among the largest economies in the world. Japan's GDP growth rate, exports of goods and services and annual GNI, appears to be well below among the nations concerned and the annual GDP growth has reached to 0% in

1993, 1999, 2002, 2001, and 2014 and even reached to -5% in 2008. As far as the annual growth rate of exports of goods and service are concerned, it has never been above 10% since 1990 and even reached 0% in 2001, 2008, and 2011. It is observed the annual growth rate of exports of goods and service showed a sharp decline in 2008 due to the “global economic recession” and reached 60% in 2009. However, in 2010, it reached around 70%, it started to decline again from 2011 and fluctuating since then. At the end of 2016, it was slightly above 20%.

#### Drivers for this trend:

The ADB (2015) suggested some of the drivers, which has caused meltdown of Japan’s economy such as (i) the behaviour of Japanese banks, (ii) the country’s fiscal policies (iii) Japan’s accumulating elderly population and declining working-age population (demography), (iv) higher appreciation of yen, (v) IS curve problem, (vi) transfers from the central government to local governments. Despite the above, some global economic experts argue that another vital cause for Japan’s economic collapse is the growing competition in the export market of goods and services by neighbouring India and China. From the onset of the 1990s, India has started opening its market to the wider world with free trade next to China, and therefore their good and services could be able to reach most countries in the world for relatively cheap prices. That caused Japan less competitive in the world market.

#### The Impact of Demographic transition on Japan’s economic growth:

As stated above, although there are many drivers, that have caused Japan’s economic bubble-burst since the 1990s, the demographic transition is one of the prime causes, which has caused severe labour scarcity in Japan. Let’s, therefore, take a look at the demographic transition of Japan.

#### Japan’s Declining Birth-rate:

Government of Japan (2016) stated that the population growth in Japan is driven only by a natural increase by birth, while social increase takes the comparatively minor role. It further stated that the decline in birth rate may be correlated with women’s rising age at childbirth. The average age of a woman at her first childbirth was 25.6 in 1970 and in 2015, it was 30.7. As far as the fertility rate is concerned, it has been in a downward trend, touching 2.00 after 1975. The record low birth rate was marked at 1.26 in 2005, and 1.46 in 2015.

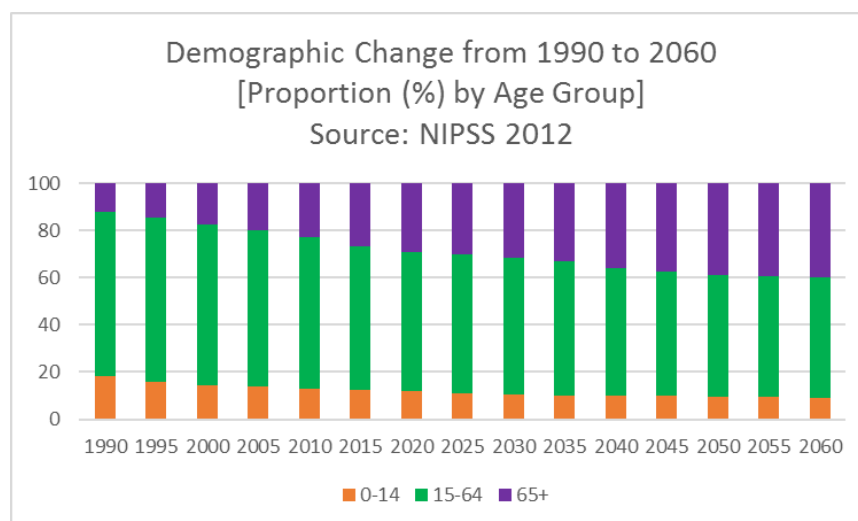
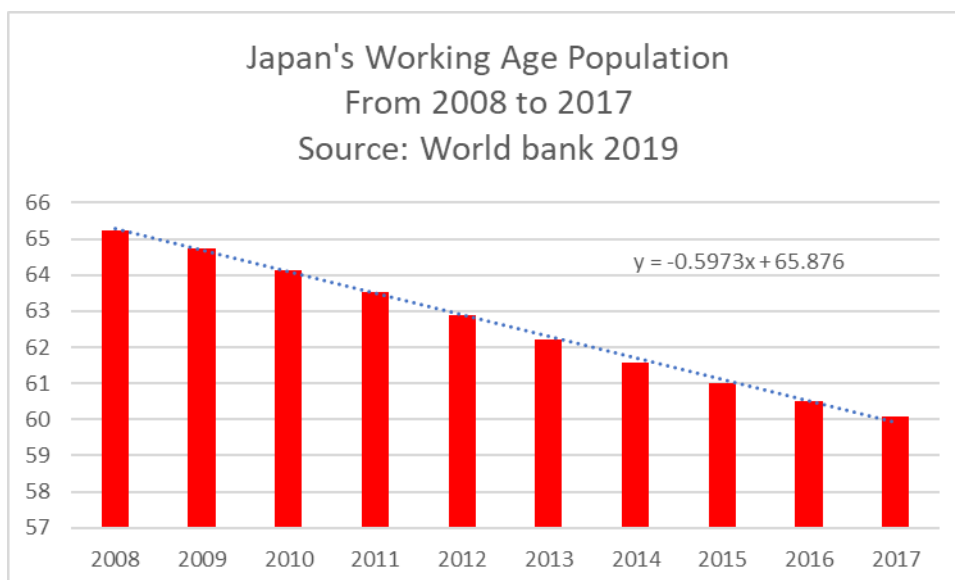


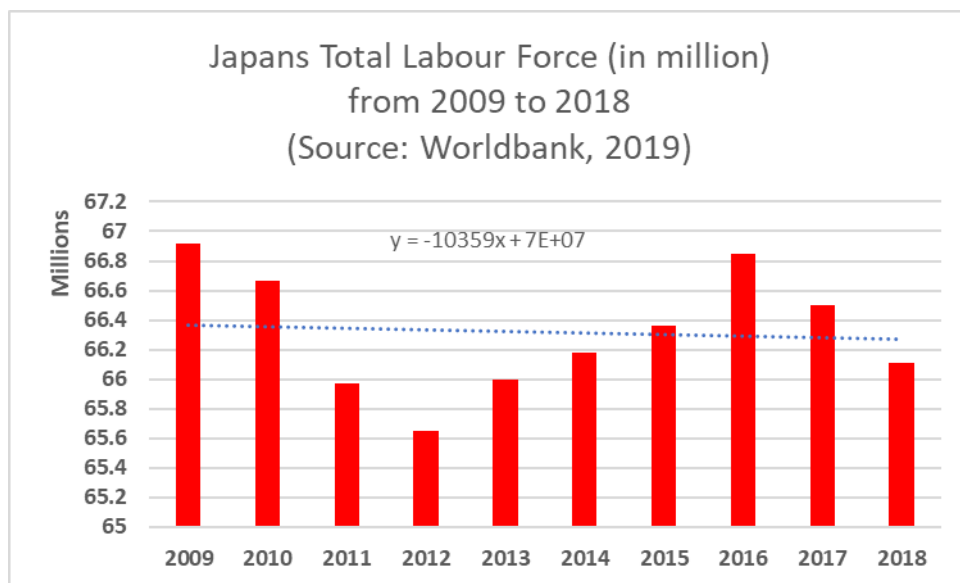
Fig 7: Japan’s demographic Change from 1990 to 2060 [Proportion (%) by Age Group]. Source: NIPPS, 2012

### Japan's Working Age Population:

The working-age population is called “productive” which supports a tax-based by contributing a fraction of their income to the treasury as well as contributing another fraction to their insurance and pension or provident fund scheme. In a country, the working-age population produces all productions and services and thereby get income. Japan facing hardship in solving the problem of shortage in the labour market (IMF, 2015; Sakuma, 2018). It further stated that according to the government forecasting, the country's labour force is expected to shrink further in coming decades. The figures state that the labour force is expected to shrink from 66.3million in 2010 to 56.8 million in 2030. Under such a case, real economic growth will remain at 0% and the rate of labour participation would decrease from 59.6% in 2010 to 54.3% in 2030. Even in a “positive scenario” with average growth at 2 per cent and the labour participation rate increasing to 60.1 per cent by 2030, the labour force would still decrease to 62.9 million. Menju (2017) noted that the working-age population has declined from its highest stage in 1997 (87 million) and the working-age population in 2015 was 76 million and it is expected to shrink further. Menju (2017) further noted that in the first half of 2017 business closures due to labour shortages were up by 290 per cent from four years ago. The economic impacts of the labour shortage are becoming apparent.



**Fig 8: Japan's Working Age Population (% of the Total Population) from 2008 to 2017. Source: World Bank 2019.**

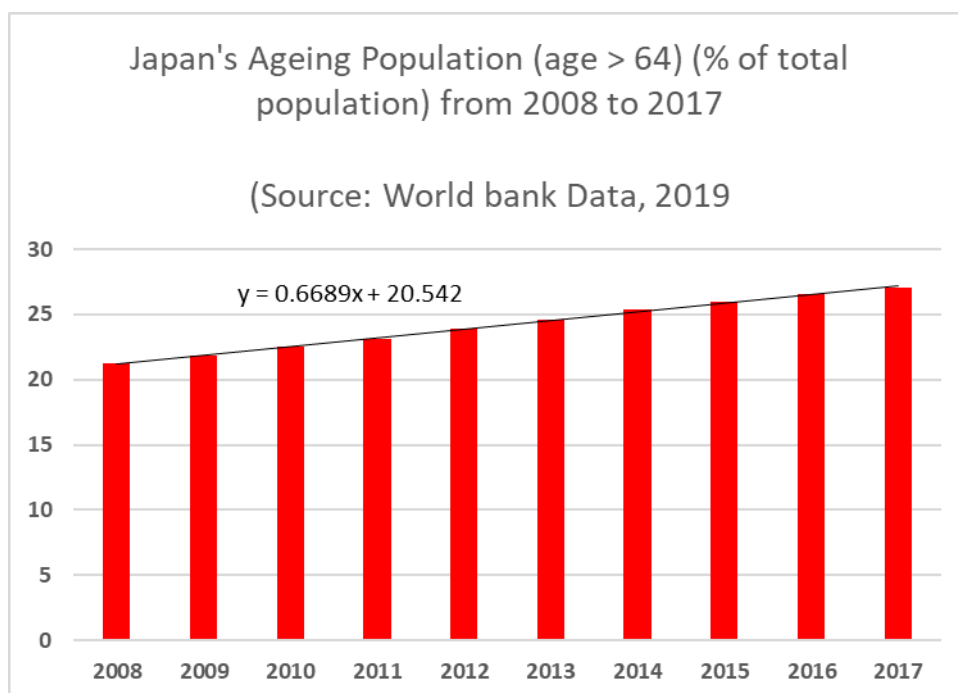


**Fig 9: Japan's labour force (in million) from 2009 to 2018. Source: World Bank, 2019**

Apparently, Japan's declining birth rate, coupled with declining labour force participation hamper economic growth both in the short term as well as long term. Like some other developed countries, Japan has been suffering for two decades by severe labour shortage (Sakuma, 2018). Even if the government changes its policy on the upper age limit for labour force participation (e.g. up to 65 years of age), or as Sakuma (2018) stated, even if the labour participation of elders could rise from 65 years to 74 years of age, the efficiency of the elderly labours' contribution to the GDP would be much lesser than the contribution of the younger working-age population to the GDP.

#### **Japan's Ageing Population:**

Japan's population is ageing steadfastly. Decades ago, Japan enjoyed "baby-bloom" after the prolonged war. But nowadays, Japan possesses a higher percentage of the ageing population compared to other developed nations. There is a huge gap between the working-age population and the ageing population, and the gap is expected to grow in the coming years (Green & Kadoya, 2013; Green, 2014).



**Fig 9: Trend of the Growth of Japan's Ageing Population (% of the Total Population) from 2008 to 2017.**  
Source: World Bank, 2019

#### **Economic Implications of Ageing Population of Japan:**

Katagari (2012) explained the economic implication of the ageing population through demand and supply side. When the ageing population grows, the working-age population to the total population will reduce and the per capita GDP growth will also reduce, as the labour productivity reduces (Katagari, 2012; Pillard-Borg & Holmgren, 2016). From a fiscal point of view, increasing older age population decreases the tax base of the government and increase its expenditure via pension and elderly care and other social security costs (Pillard-Borg & Holmgren, 2016). The effect of an ageing population can be seen in the labour market (Canon et al, 2015). Pettinger (2016) stressed that increasing older age population, coupled with the decreasing birth rate have caused many to worry about the impact of the ageing population in Japan, as a future generation will have to struggle to solve the problems of an increasing number of retired workers and pension and other social security costs.

Comprehensively, as Japan's national labour force participation is highly deficit due to the demographic transition, adding up of required labour force from external sources would be inextricable to the country's economic growth and development (Pillard-Borg & Holmgren, 2016).

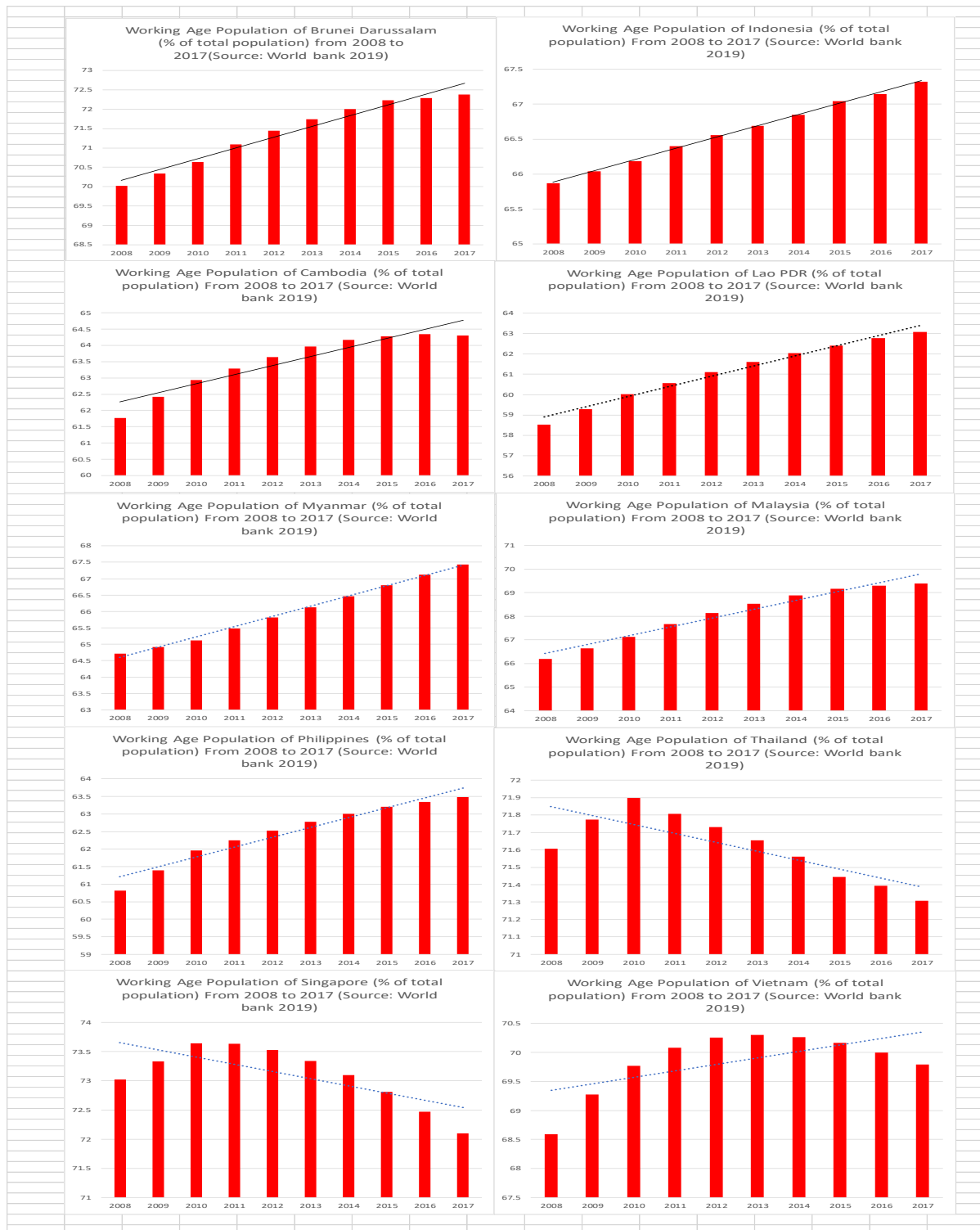
#### **Solving Japan's labour shortage will be crucial for sustainable growth:**

Curren (2017), as well as Sakuma (2018), stressed that the economy looks to be in its third-longest expansion phase on record, but consumption remains weak because wage growth is tepid despite tight labour market conditions, according to the paper on the economy and finances for fiscal 2017. As productivity in Japan remains lower than in other major developed economies, the government may consider promoting labour reform — cutting long work hours and eliminating unjustifiable discrimination between regular and nonregular workers. "Labour reform should primarily contribute to improving work-life balance, but it would also have a major economic impact," the report said (Belanger, 2017; Curren, 2017). Coca (2017) indicated that a recent study found that there are approximately 143 jobs for every 100 applicants in Japan; meanwhile, foreigners make up just 2 per cent of the Japanese population.

**Contrasting ASEAN-Japan Working Age Population:**

ASEAN comprises of ten countries such as Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam (ASEAN, 2017). As far the economic profile of the ASEAN member states is concerned, as per the UN classification, Brunei Darussalam and Singapore fall into the “higher-income country” category and Malaysia falls into the “upper-middle-income” category and the rest of the countries fall into the “lower-middle-income” category respectively (World Bank, n.d). ASEAN nations possess vast human capital. The World Economic Forum (2016) stated that since 1990, the ASEAN population has almost doubled, and in 2025, it is expected to reach 694 million.

As far as the working-age population is concerned, Japan and ASEAN’s lower-middle-income member states show sharp contrast. The ADB (2016) suggested how to fill the working-age population gap in Asia by stating countries such as Cambodia, Indonesia, the Lao People’s Democratic Republic, Myanmar, the Philippines, Thailand, and Viet Nam have relatively young populations with domestic labour demand inadequate for the growing labour supply (World Bank, n.d; ASEAN, 2017). Thus, these economies could deploy labour abroad. In contrast, developed but ageing economies like Japan; and Singapore are unable to meet labour demand with their dwindling workforce. Hence, these economies would benefit from immigrant labour.



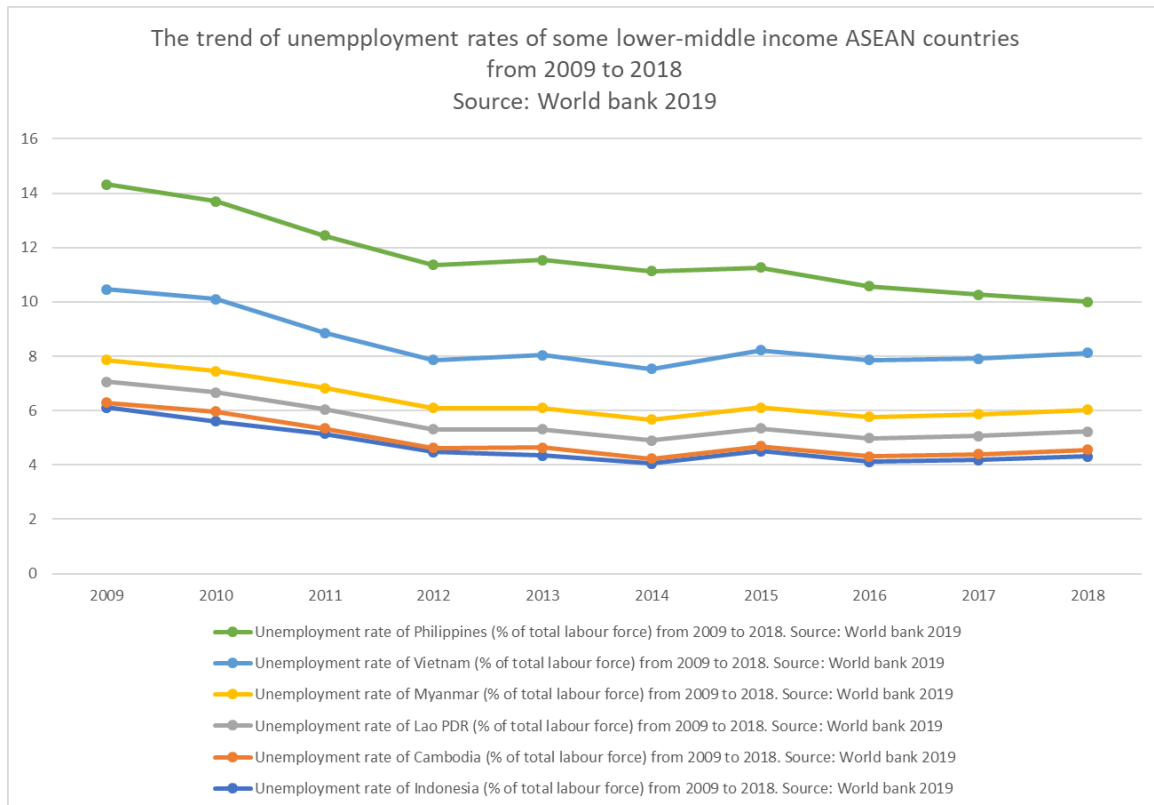
**Fig 10: Working Age Population (% of the Total Population) of ASEAN countries from 2008 to 2017. Source: UN, 2017**



**Working Age Population (% of the Total Population) of ASEAN countries from 2008 to 2017.**

The above graphical representation shows countries, excluding Thailand and Singapore, have the potential of the working-age population and it's been steadily increasing over the past decade. However, Brunei Darussalam can also be excluded from the surplus working-age population, as they are higher-income countries, need more working-age population. The other countries such as the Philippines, Vietnam, Indonesia, Myanmar, Malaysia, Lao PDR, and Cambodia have the potential to send abroad, their surplus working-age population.

**Unemployment States in Lower-Middle Income ASEAN Member States:**



**Fig 11: Decade-long Unemployment Rate of Lower-Middle Income ASEAN countries from 2009 to 2018. Source: World Bank 2019**

The above graphical illustration shows, among the lower-middle-income countries in the ASEAN, **Indonesia**, **Philippines**, and **Vietnam** are the most vulnerable countries, prone to the relatively higher unemployment rate in the ASEAN. From 2009, although the unemployment rate of the above countries has been declining, obviously, they are well above the average Asian unemployment rate.

**a. Vietnam’s Employment / Unemployment Nature in 2015- 2016:**

According to the findings of ILO (2016) labour force survey, in Vietnam, only 50.5% of youth workers could be able to get jobs with qualifications matching to those expected for the jobs in 2015. It was identified that 26% of youth were over-qualified to their jobs in 2015, whereas, under-educated youth workers were seemed problematic to the country, comprising of 23.5%. The youth unemployment rate in Vietnam increased from 2.8% in 2013 to 3.4% in 2015. However, it remained well below the regional youth unemployment rate for Southeast Asia and the Pacific (12.4%) in 2015. In Vietnam, the youth unemployment rate is increasing with the attainment of education. The unemployment of university graduates was 4.7%, compared with 3% of those, who

possess secondary level education. But the unemployment rate of youth with primary education is far higher than others (6.4%). The higher rate of unemployment was observed in 2015.

**b. Philippines' Employment / Unemployment Nature in 2015- 2016:**

Danish Trade Union (2016) highlighted that the Philippines is one of the ASEAN nations, suffering by the higher unemployment rate. It was 6.4% at the end of 2016. The unemployment rate is reducing very slowly among ASEAN nations for the past decade. The unemployment of youth is higher (16%) and the slightly higher gender gap in youth unemployment. Men (15%) and women (18%). The overall unemployment rate is well above the Southeast Asian average. There were 45.2 million workers in the country's total workforce in 2016. The country still experiencing higher unemployment to population ratio (61%) and youth (39%). There was a significant gender gap between men and women in the total workforce. Male and female employment to population ratio was 74% and 48% respectively. Lao

**c. Indonesia's Employment / Unemployment Nature in 2015- 2016:**

The report of ILO (2016) indicated that at the end of 2016, the unemployment rate of Indonesia was 5.6%, fallen from previous years. The unemployment rate for the age group 15-24 years has dropped significantly to 11.1% points, compared with the overall unemployment rate. The decrease is sharper for female 15-24 working-age population (15.7% points), compared to the overall average for the 15-24 years old. However, it noted that the current rate of unemployment among youth is still high compared to countries in the ASEAN region.

**Labour market conditions in ASEAN in 2016**

Country	Ease of finding skilled employees (7=easiest, 1=hardest)	Average monthly wage (US\$)	Workers occupy in vulnerable employment (%)
Cambodia	3.4	121	18.3
Indonesia	4.3	174	6.9
Lao PDR	3.1	119	10.1
Malaysia	5.3	609	-
Myanmar	2.4	-	-
Philippines	4.4	206	11.1
Singapore	4.8	3547	-
Thailand	3.8	357	8.3
Vietnam	3.4	151	6.9

**Fig 12: Labour market conditions in ASEAN in 2016, Source: WEF 2016**

From all the above figures, the conclusion can be made that among the ASEAN countries, Indonesia, Philippines, and Vietnam need urgent attention in solving their unemployment issues, due to booming working-age population in the past decade.

**Cooperation between Japan and the ASEAN:**

**ASEAN – Japan 10-Year Strategic Economic Cooperation Roadmap (2012 – 2022)**

The cooperation between Japan and ASEAN nations are built upon the principle of trade, investment, and development assistance since its initiation (Limskul, 2015). In 2016, ASEAN publication highlighted that the ASEAN and Japan has been enjoying a longstanding relation, where, Japan has been a major trading partner and investor. The relationship has prompted the framework for EPA agreement with Japan and SEAN. The EAP was signed in between Japan and ASEAN in 2003 to increase trade and investment flow between Japan and ASEAN via the establishment of FTA. The ASEAN further stated that it has been enhancing economic cooperation with Japan by various means. The report stressed that the ASEAN-Japan Strategic Economic Cooperation Roadmap was developed based on the principles of equality, mutual respect and benefit, common understanding, goodwill, friendly assistance, and support, into account the potentials of AMSs and Japan, and the willingness to achieve practical results for the realization of this Roadmap. ASEAN further stressed that it should establish ASEAN Economic Community (AEC) and Japan should cooperate to the establishment that body.

**Migration of highly skilled, medium-skilled, lower-skilled labours to Japan from the context of ASEAN, especially, Indonesia, Philippines, and Vietnam:**

**Economic Partnership Agreement (EPA):**

In general, EPA is an agreement between Japan and Indonesia; Japan and the Philippines, for strengthening socio-economic development in between these countries (Naiki, 2015). This agreement has been made for the mutual economic benefit. For the Philippines and Indonesia, sending labour force to Japan would reduce their unemployment problem as well as improving their incoming foreign remittance, whereas, for Japan, this would help to solve their labour shortage problem.

**a. Indonesian context:**

Naiki (2015) noted that under the EPAs agreement, considerable Indonesian higher-skilled workers such as nurses and care workers are absorbed into the Japanese work-force legally. Romadiati (2017) reported that over the past decades, a growing number of low-skilled and unskilled foreign workers have entered Japan and worked both legally and illegally. As far as the legal employment for Indonesian is concerned, the paper reported that most legal Indonesian workers can be found working in restaurants, pubs, and cafes as cooks and managers and as administrators and staff in international services. As legal full-time workers, they receive regular salaries and bonuses and are covered by health insurance and employee's pension insurance programs. There are also some legal Indonesian workers with relatively low skills. However, the majority of Indonesian semi and lower-skilled workers, who entered the country via a worker training program the Japanese government established in 1954 under temporary visas, work in Japan illegally.

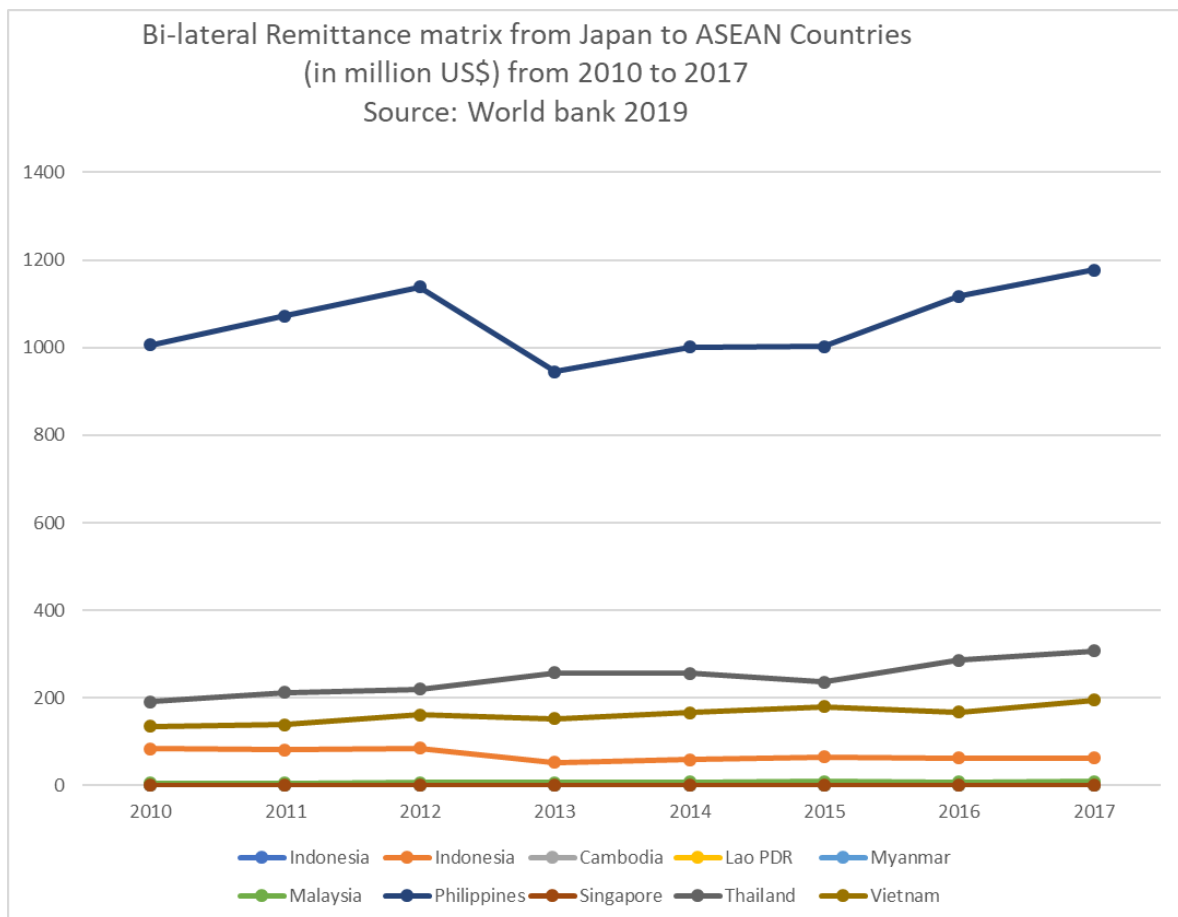
**b. Philippines context:**

Like Indonesia, Japan has a bilateral trade agreement with the Philippines known as the Economic Partnership Agreement (EPA), which include the supply of Philippine migrant workforce to Japan (Naiki, 2015). Naiki further noted that under the EPA, the considerable high skilled labour force is being absorbed by Japan as nurses, care workers. However, like Indonesian migrant workers, most Philippines semi and lower-skilled workers, who entered the country via a worker training program the Japanese government established in 1954 under temporary visas, work in Japan illegally.

**c. Vietnamese context:**

Belanger & Giang (2013) noted that in 2013 Vietnamese occupied one of Japan’s major workforce. Out of the total foreign workers, 16.3% were Vietnamese and among the total Vietnamese labour force, 10.1% female factory workers and 6.2% were male factory workers. Vietnam was the second largest labour supplier, next to China. Even in 2016, Vietnam occupied the second largest workforce supplier to Japan, comprising 16% of Japan’s total labour force.

**The Flow of Remittance from Japan to ASEAN Countries (in million US\$) from 2010 up to m2017 (World Bank, 2019)**



**Fig 13: The Flow of Remittance from Japan to ASEAN Countries from 2010 up to 2017. Source: World Bank 2019**

The above graphical representation narrates that in the past seven years, regular labour migration from different ASEAN countries to Japan varies greatly, with a higher number of labours with different levels of skills migrate from the Philippines annually. Among the other lower-middle-income ASEAN countries, Cambodia, Lao PDR, and Myanmar benefit from Japan either nothing or very small by overseas employment. Moreover, demographic transition and unemployment rate of the concerned lower income-countries in the past decade indicate that these countries are struggling by booming working-age population coupled with the higher unemployment rate.

Therefore, from the perspective of Japan-ASEAN cooperation, fulfilling Japan’s higher labour demand by utilising abundant labour potential in ASEAN lower-middle-income countries could strengthen Japan-ASEAN

partnership, which not only improves bi-lateral relations and development but also would be viewed as a necessity for regional peace and stabilization. This can only be achieved by reforming Japan's labour immigration policies regardless of the level of their skill.

### **Japan's Labour Immigration Policies from the 1990s:**

Japan, for a long time, has been a closed society, as opposed to the immigration of foreigners. The country has been under the perception of homogeneity, due to its insular culture and inaccessible island nation (Burgess, 2010). In addition, Paillard-Borg & Holmgren (2016) quoted that until recently, Japan has been clear on the principle of not accepting semi or unskilled foreign workers, as such, they could get acquire a long-term visa.

### **Changing trend in Japan's Immigration Policies:**

Although Japan had been a conservative country, restricted labour immigration, as Eaddy (2016) noted that a big transformation in Japan's migration policy was observed in the latter part of the 1990s. Since then, time to time, the country has been liberalising its labour immigration policies in order to meet its national labour demand in multifaceted sectors. Although Japan has started changing its policies on high-skilled immigration since 2017, offering them with permanent residency still lacks (Naviki, 2015; Rodionova, 2017), and the country has been struggling with lack of lower-skilled labour force (Curren, 2016).

### **Barriers for Labour Migration with all skill levels:**

However, there are multiple barriers that still prevent the country from absorbing all the required labour force. The policies of the country attract only high-skilled labours and offer them with all available facilities they require including longer or permanent stay, whereas the policies still discourage lower-skilled labour force that is vital for specific industries such as construction, agriculture, fishing and other lower-skilled jobs. Language barrier to the immigrants. Eaddy (2016) noted that Japan has had a system that accepts foreign workers who have specific qualifications of knowing the Japanese language and culture to fully assimilate to Japan. This policy specifically hindered foreign labours to be attracted to Japan (Yuki, 2017). Eaddy (2016) further noted that Japan's political circle has long been failed to address in public, the need for labour immigration and their immigration policies, that has caused lack of public support for immigration policy reform. Coca (2017) pointed out that lacking interest in labour law enforcement, labour brokers, and limited efforts to integrate migrant workers and their families also poses major challenges to labour immigration. As far as social integration of migrants with mainstream Japanese society is concerned, Eaddy (2016) pointed out that the country invites foreign workers only for a short period of time while ensuring them to return to their home country. Staying in Japan only for the short term prevents their children from entering the Japanese education stream for the long term. Human Rights Watch (2017) highlighted weak legal protections for migrant workers still resulted in abuses in 2016. These include illegal overtime, unpaid wages, dangerous working conditions, confiscation of passports, prohibitions on having cell phones and staying elsewhere overnight, forced return, and forced payments to send agencies in home countries in case the training period does not finish successfully. Human Rights Watch further mentioned that Japan does not have an anti-discrimination law to protect racial or ethnic minorities.

### **Suggestions for Japan's Immigration and Social Integration Policies Towards Enthusiastic Economic Development via ASEAN Perspective:**

Japan itself must choose either liberalizing migration and related social policies and reviving its pre-nineties 'economic-bubble' or otherwise, keep the country closed for more migrants and face further economic catastrophes. Hidenori (2005) suggested that Japan itself possesses two options. The first one is a small option that retards labour immigration with a shrinking working-age population, that leads the country towards the "economic disaster". The other one is a big option, that would subsidise the labour force loss with allowing immigrant labour force and supporting economic growth by maintaining Japan dynamic.

However, we must acknowledge the fact, it is inevitable for Japan to develop appropriate policy guidelines with the preference of keeping the country well away from potential serious security and crime scenario. However, Japan, that faces severe labour shortages in terms of lower, medium, and highly-skilled, could develop various policy options to try to ease them. Following suggestions could help the government of Japan in re-structuring its policies on immigration, social integration, and social security, which enable the government to absorb more labour force with diverse skill levels, provide them with better social integration and social security while making the country more economically prosperous.

**A. Structural Reform:**

- Establishing “Central Foreign Employment Bureau” at the national level, which could collect the national annual labour requirements for each sector. This bureau will act on behalf of all job providing firms, recruiting working from abroad for each firm via Japanese Embassies. The job firms may have to pay to the “Foreign Employment Bureau” for each worker it recruits.
- Strengthening Japan’s 2005 ‘Multicultural co-existence policy’, by focusing more by central government on how to integrate foreign societies / ethnic minorities into mainstream societies in the local administrative area.
- Strengthening and developing the capacity of local government authorities on immigrants’ reception, advising immigrants on a various day to day aspects of living, language training, provision of psycho-social activities, whenever needed, periodical recreation activities for immigrants with local communities.
- One major issue both Japanese employers and highly skilled migrants are concerned about is the language barrier (Morita, 2017). Japan should, therefore, encourage job providers to change their language of work from Japanese to English, so that more foreign workers can be attached to the job market.
- A hard look could be taken at the issuance of new work permits, and the transfer of existing work permits from one employer to another, to avoid fictitious job firms.
- In cases in which there are workers who would like to work at current wage levels but lack the needed skills, training workers and using active labour market policies.
- If it has not been already, could introduce a “health insurance policy” for each lower-skilled foreign worker and their family members.
- Implementing a comprehensive and uniformed qualification framework for performing skill accreditation for foreign workers.

**B. Legal Reform:**

- Japan could introduce a maximum of two years of immigration visa for lower-skilled workers such as construction workers, industrial labours, cleaners, care workers. Upon their arrival, their passports could be kept by the respective government authority until the end of their legal stay in the country, instead, the workers would be offered with some forms of biometric residence cards.
- Vigorous efforts could be made in Japan to seize and deport those who may have overstayed their visa duration as well as those who may have an illegal visa status.
- Japan could consider new penalties for runaways and those who are employing or sheltering runaway foreign workers. Anyone found harbouring or employing such workers would face a maximum penalty.

- Japan could consider loosening entry requirements in sectors with labour shortages using a sector-based, skill-based approach.
- Strengthening the Racial Discrimination Act, Foreign Workers Protection Act, etc. to protect foreign workers from potential abuses and discriminations.

**C. Reform in Partnership with ASEAN:**

- The government of Japan could consider an extension of “Economic Partnership Agreement (EPA) with Vietnam, to strengthen its socioeconomic relationship with Vietnam, which could facilitate the absorbance of the more Vietnamese labour force into the Japanese labour market.
- Strengthening economic partnership with other ASEAN nations such as Cambodia, Lao PDR, and Myanmar, if the situation becomes feasible.

**Conclusion**

This paper briefly explains the nature of the economic growth of Japan since the 1990s, and loss of two decades, Japan’s demographic transition and its adverse consequences on economic growth. A comparative study of the demographic transition of Japan and the countries of ASEAN, that highlights the human resource potential, Japan could utilize more from the ASEAN nations. Along with demographic nature, current employment, and unemployment nature of ASEAN nations have been outlined. Moreover, the nature of the elderly population in Japan and its economic consequences are briefly noted. The economic partnership between ASEAN and Japan is briefly explained with the special focus on the Economic Partnership Agreement with Japan and two ASEAN nations such as the Philippines and Indonesia. The remittance flow from Japan to the ASEAN nations shows the importance for the government of Japan to extend its economic partnership with more ASEAN nations. The immigration policies of Japan since are outlined to show how the country has been under pressure to keep its economic growth and stability, by introducing new legislation on immigration and social integration to attract more labour force from abroad. Further, the nature of social integration, with the special concern of education and human rights of foreign employees in the host community is outlined. The important factor to be considered is, while Japan is loosening its tighter immigration policies, it should also be concerned with the better social integration of immigrants with mainstream society. When considering social integration, more can be done at the local authority level. Finally, some suggestions have been outlined for better immigration and social integration of Japan.

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