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# Growth and Structural Changes of Foreign Workers in Japan: Economic Implications for Sri Lanka\*

Hettige Don Karunaratne\*\*

## Abstract

Although growth of foreign workers in Japan has been the lowest among the OECD countries, their structural changes in terms of country of origin, age, gender, profession, industry, size of the firm and types of works have significantly diversified during the past three decades. Total number of registered foreign workers in Japan increased from 260,000 in 1990 to 876,942 in 2003 by 237 percent. Out of this growth 86 percent was recorded by temporary workers. The share of Korean workers has been declining while workers came from China and other Asian countries have been increasing during the same period. Sri Lanka has been recording as one of the highest number of migrant sending countries to Japan during the past few years. The number of registered Sri Lankans in Japan increased from 1,206 people in 1990 to over 12,000 people in late 2006. By using available macro level data and sample survey of 100 Sri Lankan migrant workers in Japan this paper attempted to elaborate these relations.

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Findings of this paper can be summarized under the following four headings: (i) Almost 97 percent of Japanese entrepreneurs who employed Sri Lankan migrant workers are willing to employ only additional Sri Lankan employees due to their relatively low age level, higher average education level, good human relations, high commitment and fast catching-up in language and new technology (ii) Remittances made by Sri Lankan workers in Japan has been substantial and even higher than the contributions made by bi-lateral trade, investments and ODA flows to Sri Lanka. (iii) Remittances to Sri Lanka have led to increase regional inequalities due to persistence of disparities in government services, education facilities, educational attainments, information availability and migration networks across the regions. (iv). Sri Lanka needs to expand more Japanese language teaching programs and skill development programs in rural areas to maximize benefits from opportunities in Japan

## 1. Introduction

International human migration has been tremendously increasing and diversifying during the past few decades. According to estimated statistics, economically active number of international migrants increased from 81 million persons in 2000 to 191 million persons in 2005. Each year millions of men and women leave their homes in search of greater security for themselves, their families and future generations in terms income, education, escape from persecution, conflicts, repression, natural and human-made disasters, ecological degradation or other situations that engender their lives, freedom or livelihood. Today people are internationally migrating at unprecedented rate as permanent migrants, legal contract workers, irregular (illegal/undocumented) workers, students, spouses of employees or students, asylum seekers and refugees. As a result, international human migration has been influencing on

economics growth, employment and unemployment, movement of foreign currency, regional disparity and many other socio-economic variables in both host country and country of origin during the past few decades. For example, according to Annual Report of the IFAD 2007, 150 million migrant people in the world sent US\$ 300 billion remittances for their families in 2006. This amount is substantial and far higher than the Official Development Assistance (ODA) received by all developing countries. Furthermore, remittances received by Nepal, Bangladesh, and Sri Lanka accounted for 14.2 percent, 13.2 percent, and 13.0 percent of gross domestic products respectively in 2006. Even though, studies on economic impacts of international migration also have been growing during the past few decades, country specific studies are still not substantial. Specially, there is a dearth of studies on economic impacts of Sri Lankan migrant workers in Japan on Japanese and Sri Lankan economies. Therefore, this study attempts to fill this lacuna.

According to official documents and many researchers, modern history of growth of foreign born people in Japan started after the Meiji restoration occurred in 1868. (Tsuchida, 1998, p.77). Total number of foreigners in Japan increased from 78,000 in 1920 to 2.2 Million in 2006. The number of foreigners as a proportion of total population in Japan increased only from 0.67 percent in 1978 to 1.63 percent in 2006. The world highest value of this ratio was recorded by the Australia as 22.5 percent in the same year. In the United States it was 12 percent. According to these statistics, there has been a very slow growth rate of foreigners in Japan over a long period and their proportion to total population has been significantly low in comparison to many other developed countries. However, as pointed out by Take, "migration qualitatively affects all societies involved in the migration process, in particular that of the migrant receiving country, by contributing

to the maintenance of domestic political economy through supplying labour, and also by loosening the existing configuration and cohesion of society. Migration is also a matter greatly to the migrants themselves and the society of the migrant sending country.” (Take T., 2004: P.3) Therefore, it is worth to study structural changes of foreigners and their determinants in Japan during the past few decades.

Although growth of foreigners and foreign workers in Japan has been the lowest among the developed countries, their structural changes in terms of country of origin, gender, profession, industry and types of works have been significantly changing during the past two decades. For example total number of registered foreign workers in Japan increased from 260,000 in 1990 to 876,942 in 2003 by 237 percent. Out of that, 86 percent growth was recorded by temporary workers. The share of Korean workers in Japan has been declining while workers came from China and other Asian countries have been increasing during the same period. In this regard, Sri Lanka has been recording as one of the highest number of migrant sending countries to Japan during the past few years. The number of registered Sri Lankans in Japan increased from 1,206 people in 1990 to over 12,000 people in late 2006. Since this growth rate has been substantial, it is worth to investigate economic implications of migrant workers on the economy of Sri Lanka.

Sri Lanka has been a good case study to investigate magnitude, growth and structural changes, dimensions, causes and consequences of international labour migration since late 1970s (See Karunaratne, 2006 and 2007e, Korale, (2004), and Wickramasekara 2002, for more details). The is because the estimated number of Sri Lankan migrants from Sri Lanka increased to the level of 1.2 million persons or one out of every 20 persons in Sri Lanka by 2006. As a result international migrant works’ remittances to Sri Lanka increased by over 10 percent during the past 30 years.

According to Report of the United Nations International Fund for Agricultural Development (2007), Sri Lanka has received \$3.4 billion from its expatriate community as remittances in 2006. Private remittances of Sri Lanka grew by 17.0 per cent to US dollars 1,758 million during the first eight months of 2007, India with \$24.5 billion ranks tops among all the nations, while neighboring Pakistan received \$6.2 billion last year. Except income from garment industry, all other international financial sources such as Official Development Assistance (ODA), Foreign Direct Investment (FDI). Portfolio investment and earnings from tourism industry have been substantially lower than the remittances to Sri Lanka during the past few years. In this regards, International Monetary Fund (IMF) has found that the number of international migrants from Sri Lanka and their remittances to the economy has been less volatile than above-mentioned sources of international finance (Lueth et al, 2007). Eventhough less number of Sri Lankan migrants are appeared in Japan, they are financially better-off than people migrated to middle-east Asian countries. The monthly average income of the Sri Lankan people work in Japan believed to be at least 3 to 4 times higher than Sri Lankan migrants in Middle-east Asian countries. Therefore, Japanese labour market is considered as one of the well-paid places in the world by Sri Lankan migrants and as a result many people in Sri Lanka are willing to migrate to Japan. Thus, it is worth to analyze economic impacts of Sri Lanka migrant workers on the economy of Sri Lanka.

The construction of this paper is as follows. Section 2 presents description on growth and structural changes of foreigners in Japan. Section 3 presents analysis on growth and structural changes of foreign worker in Japan. Section 4 is devoted to present analysis on growth and structural in Sri Lankan migrant workers in Japan, while Section 5 presents

analysis on implications of growing Sri Lankan foreign workers in Japan on the economy of Sri Lanka. Finally, Section 6 is allocated to present concluding remarks.

## **2. Growth and Structural Changes of Foreigners in Japan**

Foreigners have reached Japan for various purposes in different magnitude and in varying periods during the past 14 decades. It is worth to study these waves of foreigners came to Japan and their implication on migrants, migrant sending countries and the economy and society of Japan. According to Mori (2001), modern history of foreigners in Japan can be divided into four main phases as; (i) pre-second World War period, (ii) post-war period (iii) a new stage, and (iv) after the amendment of the Immigration Law in August 1990. Especially foreigners' arrival in Japan started with the unprecedented growth in their numbers during the fourth stage. Majority of them were called as 'new comers'. It was the period from mid 1980s to until the implementation of new immigration controlling act in 1992. As shown in statistics given in Table 2.1, the registered number of foreigners in Japan increased from 0.78 million in 1980 to 1.28 million in 1992, by 64 percent. In average annual terms, there was a 5.3 percent growth of registered foreigners in Japan during this period. This was the highest growth period of registered foreigners in Japan. In addition, according to estimations of the Immigration Bureau of Japan, the number of irregular migrants (as measured only counting overstayers) has also increased from 106,497 people in 1990 to 298,646 people in 1993 by 180 percent within three years. In terms of average annual terms it was a 60 percent growth of irregular migrants. Needless to mention that, this number of irregular migrants was underestimated due to some people came

by using non-formal immigration procedures.

Therefore, by considering above facts, it is possible to assume that period from 1985-1992 as the highest number of foreigners recorded period in Japan. Several factors were influential to have this kind of unprecedented growth in number of foreigners living in Japan. These factors can be divided into various categories as (i) pull factors, (ii) push factors, (iii) structural problems and (iv) government policy issues relevant to their home countries and to Japan. Migrant in this period represents both from regular and irregular migrants. (See Karunaratne 2007e for more details)

However, the most important factors can be summarized as follows. First, internationalization of Japanese companies led to demand more and more foreign skilled workers during this period. By mid 1980s, number of multinational companies was emerged and their products became cheaper and popular in all over the world. Therefore, foreigners came to Japan were essentially employed in those internationalized firms. Second, as a result of bubble economy Japanese businesses expanded even within the domestic market at unprecedented rate during the early 1990s. In order to satisfy expanded labour demand, people came from western countries and America to work in Japan in growing numbers during this period. Third, after Plaza Accord in 1985, value of Yen appreciated with respect to major foreign currencies. As a result wage gap between Japan and other countries were increased. Then, both male and female workers from neighboring countries as well as European countries came to Japan. Fourth, sub-contracting system used by Japanese firms led to create more labour demand in small and medium sized enterprises also due to supply boom in large firms. Small firms tend to utilized unskilled laborers came from Korea, Thailand, Malaysia, Iran, Pakistan, Bangladesh, during this period. Majority of them were overstayers or came from outside the formal



Table 2.1 Registered Foreigners in Japan by Nationalities, 1920-2004

Year	Asia				Latin America			Africa	Europe	North America	Oceania	Total*
	Korea	China	Sri Lanka	Other	Total	Brazil	Other	Total				
1920	40,800	24,100										78,000
1930	419,000	44,100										478,000
1940	1,241,300	45,900										1,304,300
1947	598,500	32,900				100		100				639,600
1950	545,000	40,500				200		200				598,700
1955	577,700	43,900				400		400				641,500
1960	581,300	45,500		2,600	629,400	200		200				650,600
1965	583,500	49,400		4,600	637,500	400	300	700	100	9,000	700	666,000
1970	614,200	51,500		6,600	672,300	900	500	1,400	200	11,900	1,000	708,500
1975	647,200	48,800		10,900	706,900	1,400	1,200	2,600	400	14,500	23,700	751,800
1980	664,500	52,900		17,000	734,400	1,500	1,600	3,100	800	15,900	24,300	782,900
1985	683,300	74,900	509	31,500	790,209	2,000	2,100	4,100	1,100	19,500	31,800	850,600
1990	688,000	137,500	1,206	99,100	925,806	56,500	15,900	72,400	2,100	25,100	43,900	1,075,300
1995	666,400	223,000	2,794	149,800	1,041,994	176,400	46,700	223,100	5,200	33,300	51,400	1,362,400
2000	635,269	335,575	5,655	268,130	1,244,629	254,394	58,527	312,921	8,214	47,730	58,100	1,686,444
2001	632,405	381,225	6,467	291,352	1,311,449	265,962	63,548	329,510	8,876	51,497	60,492	1,778,462
2002	625,422	424,282	7,312	314,155	1,371,171	268,332	66,270	334,602	9,694	55,288	63,201	1,851,758
2003	613,791	462,396	7,985	338,807	1,422,979	274,700	68,935	343,635	10,060	57,163	63,271	1,915,030
2004	607,419	487,570	8,764	360,607	1,464,360	286,557	71,654	358,211	10,319	58,430	64,471	1,973,747

\* Including Unclassified Registered Foreigners

Source: Government of Japan, Japan Statistical Yearbook (Various Years).

<http://www.stat.go.jp/data/nenkan/zuhyou/y0214000.xls>

immigration process. This has been a major reason to increase number of irregular workers during this period. Fifth, slowdown of labour demand in Middle East Asian countries led to shift some foreign workers from those countries to Japan during this period. Since irregular migration occurs through premium charged by intermediate people and ability to pay by migrants, many male worker in Middle East Asian countries used their ability to pay to come to Japan. Even today, due to large salary gap between Middle East Asian countries and Japan, this root of migrants seems to operate in considerable numbers. Sixth, growing number of nuclear families and population ageing contributed to increase labour shortage in Japanese economy during this period. On the other hand, the importance of services sector increased due to maturing Japanese economy during this period. As a result, job opportunities in dirty, dangerous, and difficult (3D jobs) areas, substantially increased and since labour conditions of these jobs were poor, demand for irregular workers grew in substantial number during this period. Seventh, due to collapse of former socialist regime and started new phase of globalization, many Asian countries were introduced trade liberalization policies since late 1970s. Relaxation of immigration policies coupled with increased social development level in Asian countries like China, Thailand, Malaysia, Indonesia, and Sri Lanka let to increase labour supply for Japan during this period. This was a new factor in comparison to earlier periods. Due to popularity of nationalism, or socialist philosophy, immigration policies of many of those countries had been designed to restrict migrant workers until mid 1970s. Further, the number of people completed at least secondary level of education was limited, labour force participation rate was very low, majority of the people were associated with agriculture, rural infrastructure and their desires were limited. For example sending a female to work in outside home was

unbelievable phenomenon in Sri Lanka during 1950s. The situation was drastically changed by early 1980s. In addition, language difficulties, lack of information on employment opportunities in other countries, and limited transportation and communication facilities in those countries also led to send less number of migrants to Japan in 1950s and 1960s. After first Oil shock, in order to cater substantial growth in demand for labour in Middle-east Asian countries, many of the above-mentioned Asian countries amended their immigration laws to promote cross-boarder workers. Many developing countries considered labour migration as safety valve for unemployment and underemployment and as an important source of foreign exchange. Mean while at micro-level, number of people willing to work and capable to work in abroad has been increasing very rapidly due to expanded education opportunities, information availability and transportation facilities in those countries and changes occurred in consumption expenditure. Import liberalization of these countries led to diversify consumption demand, thereby to increase purchasing power. Therefore, widening wage gap between Japan and other Asian countries led to have significant number of migrant workers in Japan during 1985-1992 period.

As a result of collapse of the bubble economy, slowed down in domestic demand for labour and substantial increase of both regular and irregular migrants, Japan reviewed its immigration policies in late 1989 and implemented since June 1990. Current phase of foreigners in Japan started after this policy change. According to Athukorala (2006), the role of government policy particularly that of receiving countries, is important in explaining contemporary international migration. This was noted by Bhagwati (1983) as follows “migration flows are conditioned by immigration policies that serve as a filter between the desire to migrate and the movements that take place. It is not possible, therefore, to analyze

international migration without understanding the immigration control system in receiving countries” (Athukorala 2006; p.28).

Anyway as a result of immigration policy review in Japan in 1990, the growth of foreigners increased to a higher rate while diversifying structure of foreigners. The main purposes of this policy change can be identified as (i) to discourage unskilled (irregular) workers coming to Japan, (ii), to encourage Japanese descents in South America to return to Japan, (iii), to increase number of trainees to fulfill labour demand in Japanese firms, (iv). to increase number of foreign students and (v). to promote skilled migrants to Japan.

According to new immigration law implemented in 1990, for the purpose of speed and simplification of the landing procedure and control irregular migrants, the certificate of eligibility has been introduced for those who are seeking Visa from outside of Japan. This certificate is issued by the regional Immigration Bureau in Japan upon request made by the invitee of the relevant migrant (Guarantor person or organization). It should be submitted with relevant documents to the Embassy of Japan in migrants’ home country to receive Japanese visa. On the other hand, when irregular foreigner (undocumented) in Japan married with a Japanese spouse, he or she can apply for “special permission of stay” from the Ministry of Justice of Japan. In addition, immigration procedures for entrance, change of status, exist, and deportation from Japan was made clear. In addition to above-mentioned changes, visa categories were expanded to 23 types of status of foreigners under which activities and residential terms are restricted. Those categories are diplomats, officials, professors, artist, religious activities, Journalist, Investor and Business manager, legal and accounting services, researchers, instructor, engineer, specialist in humanities or international services, temporary visitors, and collage. The

former sixteen are work visas and the latter seven are non-work visas. Among these categories, foreigners coming under specialist in humanities or international services, temporary visitors, and collage can apply work permit from local branches of Immigration Bureau of Japan only for less than 28 hours per week during their eligible visa period. Furthermore, there are 4 types of stay-status under which activities are unrestricted. Among them, Quasi-permanent, spouse or child of a Japanese citizen and spouse or child of permanent resident require the renewal of residence period. Only permanent residents are unrestricted regarding both activity and residents (see Kondo, A. 2003; p.5 for more details).

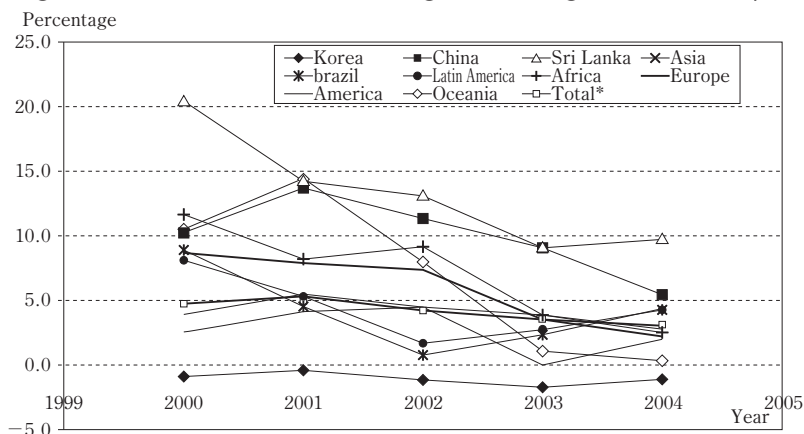
By taking pessimistic approach, Iguchi (2005), stated as “migration policy in Japan after 1990, have been characterized by some elements such as (i). the inflow of foreign nationals is increasing since 2002 after then drop in 2001 irrespective of some risks after the Iraq war and SARS, (ii). The number of foreign workers in Japan and those who acquired permanent resident status are increasing, (iii). The crimes of foreigners are growing, where more than half of them had been, overstaying, (iv). Problems of education and unemployment for foreign youths are being more serious, (v). the number of students accepted by Japan reached its target of 100 thousand in 2003. (vi) the Japan Employers Federation published its intermediate report on foreign workers’ policy and it stimulates further discussions, (iv) the consultation on movement of natural persons within the future framework of “Economic Partnership Agreement” especially with Thailand and the Philippines has stated.” (Iguchi, Y, 2005: p.339). Even though some of his points are valuable, there are many positive sides also in growing number of foreigners in Japan. Contrary, by taking balanced view and predicting two possible migration flows to Japan in future (as the smaller option and big option), Sakanaka, H (2005) provided very

comprehensive analysis on foreigners in Japan. Since he has been working as an immigration officer for about forty years in Japan, he could provide more realistic reasons for why foreigners are growing in Japan? According to him "Japan's population, which peaked at 128 million in 2004, is falling. If current trends continue, it will drop below 90 million within 50 years and fall by two-third to 40 million within 100 years." (Sakanaka, 2005, P2). As a result, not only changes take place in Japanese life styles but also greater responsibilities and commitments are essential to be made by citizens. As Sakanaka pointed out the "smaller option" for Japan (less foreigners) is the fate of Japan's rice field and forests, which are threatened by a serious shortage of young people ready to take over agriculture and forestry work from their parents. On the other hand, growing elderly care problem is also in front of Japan. Further, at present globalization is taking place in unprecedented speed by removing boundaries like European Union. Under that situation, Japan alone cannot maintain nation state policies due to pressure coming from other Asian countries. Furthermore, it is widely believed that development of information industry in United States of America, immensely benefited from skilled migrants to US from India and other developing countries. In this respect, even Japan has technology, capital and know-how at present, future direction of world is not predictable. One of the most important issues with respect to future Japan is how it will turn out to develop to catch the next leading industry in the world. As Aoki (1999) pointed out Japan has been one or two steps behind the United States in ICT industry. Therefore, it is important to promote foreign students and skilled migrants to the economy even though those two variables have shown declining trend during the past few years. As a result of these factors, Japan has to accept at least middle path rather than small option or larger option of number of international migrants. Since globalization is being taken place

and almost 181 million people (International Labour Organization, 2006) were living in other countries as migrants in 2005, Japan alone may not be possible to limit the number of migrants.

The total number of foreigners in Japan can be divided into two groups as: (i) foreigners registered in Immigration Bureau of Japan and, (ii) Irregular workers. Registered number of foreigners can be divided into various three sub-groups as, (a) permanent residents, (b) long-term residents and (c) temporary residents. First two categories of these three subgroups can be again divided into several sub-categories as old comers (*zainichi*-mainly descents of Koreans), new comers (people from Philippines, Thailand, Malaysians, Indonesians, Iran, & South Asian countries), Nikkei ijin (Japanese descents came from Brazil, Peru, and other Latin American countries). Temporary residents can be categorized as foreign trainees, foreign students and their spouses. Although statistics about all these groups and categories are accurately available from Ministry of Justice in Japan, statistics on irregular migrants are estimated by using only number of oversatyers by the Immigration Bureau of Japan. Since people arrive from non-immigration procedures like using boats, ships or any other methods are also considered as irregular workers, the number of them is underestimated. Therefore, it is difficult to see clear picture only by using available macro-level statistics on irregular migrants in Japan. Even our analysis is also, subjected to this limitation. However, by using available statistics, attempts can be made to explain growth and structural changes of foreigners in Japan as follows. As shown in data given in Table 2.1 above, the total number of registered foreigners in Japan increased from 1.28 million in 1992 to 1.97 million in 2004, by 54 percent. It was a 4.5 percent average annual growth rate. This growth rate was not only lowest among the OECD member countries, but also lower than it appeared in

Figure 6.3.1 Annual Growth Rate of Registered Foreign Nationals in Japan



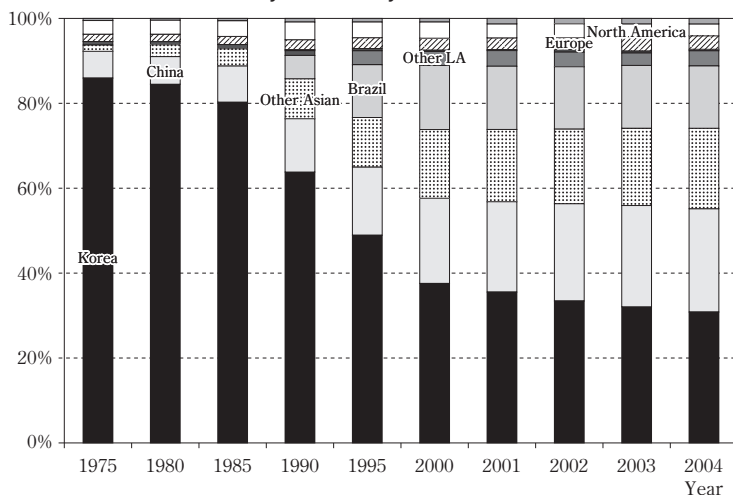
Japan during the 1985-1992(5.3 percent). Growth rate of the registered number of foreigners in Japan by (only for selected) countries and continents for recent years are plotted in Figure 6.3.1. Even though absolute number of foreigners in Japan has grown, average annual growth rate of foreigners in Japan has shown declining trend during this period. Factors like continued long economic recession, high unemployment rate, de-industrialization and declining number of foreign firms appeared in Japan, expansion of outsourcing activities of Japanese firms due to growing elderly workers and wage bill, strict immigration laws in Japan, growing number of opportunities in ICT industry in United States, and European Union, expansion of European Union, remarkable boom in education in America and EU, growth of purchasing power among students in Korea, china and Taiwan can be considered as reasons for this situation. Second, even absolute number of registered migrant from Sri Lanka has been very low level; the highest growth rate of it has been recording by Sri Lankans during the concerning period. Growing number of Sri Lankan students in



Japanese language schools and increasing trend of irregular Sri Lankan workers getting married with Japanese people and relatively high education background of Sri Lankan irregular workers leads to catch-up Japanese language within shorter period may have influenced to this situation. However, following the declining trend in growth rate of foreigners in Japan, growth rate of Sri Lankan registered people in Japan has also shown a declining trend. However, in terms from migrants from Sri Lanka in Japan represented only marginal share. As it was explained in karunaratne (2007e) many Sri Lankans have been migrating to Australia, New Zealand, and European countries during the recent past. The composition of registered foreigners in Japan by nationality for 1975-2004 period is shown in Figure 6.3.2. It has significantly changed during the past few decades. For example out of the total registered number of foreigners in Japan, Koreans represented 86.1 percent in 1975 and that has come down to 30 percent in 2004. This has been due to betterment of economic conditions in South Korea and migration of South Koreans to united State of America in recent past. Growth of new comers from other countries has also influenced to this situation. Contrary, percentage of Chinese in 1975 was 6.5 percent and that has increased to 24.7 percent in 2004.

Especially, the share of chinese people in the total registered foreigners in Japan doubled from 1990 to 2004. Growing number of employment of Chinese students in Japan and a substantial growth of Chinese students in Japanese universities has been influencing for this trend. Furthert more, shares of Nikkei Brazilians and other Asians in Japan has been significantly increasing while Europeans, North Americans and Africans share has marginally increasing during the past few years. As a result of the repatriation of Japanese descents form Latin American countries (chain migration) and growing number of skilled workers who obtained long-term

Figure 6.3.2 Composition of Registered foreigners in Japan  
by Nationality 1975-2004



Source: Government of Japan, Japan Statistical Year book (various Years)

resident visa, the number of permanent residence in Japan has doubled from 150,000 in 2000 to 310,000 in 2004. This trend was evaluated by Tezuka (2005) as follows. “Accompanying this trend, as shall be explained in greater detail below, are a plethora of problems involving not only employment, work, health care and social security, but also—concerning their children’s education—rapidly increasing school dropouts and crimes committed by juveniles. On the other hand, there is increasing acceptance of foreigners in a half-baked manner that fails to take into account the daily reality of the lives of those who settle in Japan more or less permanently” (Tezuka 2005, page 52). However, according to figure given in the page 54 of his article, it is possible to identify declining trend of arrested foreigners for crimes in Japan from 2003 to 2004. It was constant during the 1997-2000 period and marginally increased from 2000 to 2003. On the other hand, Japanese language education for this kind of foreigners and

their children has become an important issue in Japan since mid 1990s. Since Japan is new to them and their language problems and cultural differences leads to many misunderstandings in day today activities. Japanese society has been governed by not only rules and regulations, but also traditions, cultural believes, human networks and peculiar type of feelings, thinking and expression pattern. Since large number of population is living relatively small areas foreigners have accustom all these things within shorter period. This is really different from the permanent migration taking place to natural resources rich countries such as Australia and United State or Canada.

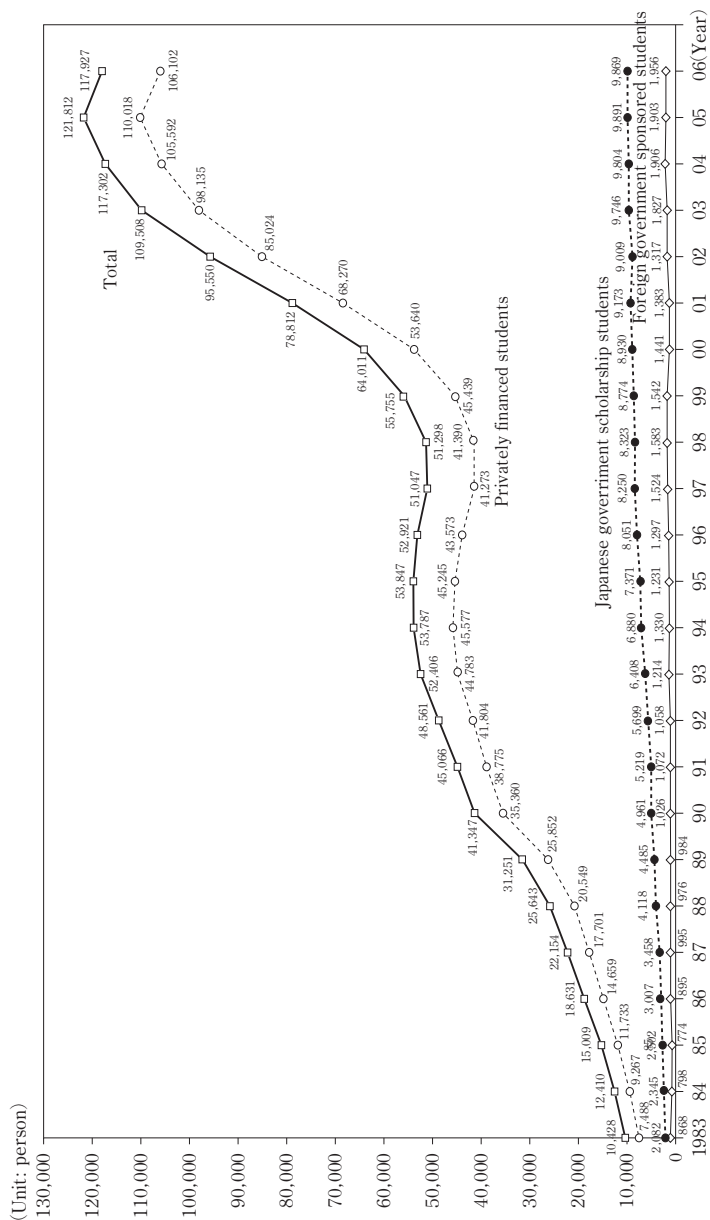
In order to fulfill growing labour shortage in domestic market, by using immigration law implemented from 1990, the Japanese government targeted Japanese descents in other countries, short-term foreign workers as trainees and to double the number of foreign students in early part of 21st century. Growth of these three categories caused to increase foreigners during the past few years. The growth of permanent residents has been partly due to growth of Japanese descents specially growth in Brazil. While keeping issues of foreign trainees to address in next section it is important to understand behavior of number of foreign students in Japan during the past few decades.

Figure 2.3 given below shows trends in total number of foreign students in Japan. One of the other most important features of the current phase of foreigners in Japan, has been the declining trend of foreign students in Japan. The number of foreign students in Japan recorded the highest number as 121, 872 students in 2005 and it was declined to 117, 927 in 2006. It was a 3.2 percent decline. However, the major reason for this phenomenon was 7.8 percent drop in the Chinese students in Japan from 2005 to 2006. Interestingly, it is the year where, number of Indian students

increase than the number of Chinese students in United State of America. This implies the necessity of diversification of Japanese universities for foreign students coming from other than neighbor countries by considering their curriculum and cost structure. However, according to the Ministry of Justice (August 2005) the number of foreign students in Japan who changed their immigration status to work-related visas rose annually 39.3 percent to 5264 people in 2004, The largest percentage, 64.9 percent obtained visas to work as interpreters and language teachers. In order to improve international competitiveness, firms are attempting to not only develop their human resources but also to attract foreign talents. This is common even for Japan. Therefore, in the 21st century, the world is characterized by international flows of goods, money and people, and even Japan cannot exist outside this sphere, which is why the number of foreigners living in Japan has been increasing. Aimed the liberalization of the international movement of people, due to many reasons like economic, political, security, cultural, and social issues that have emerged in recent years requiring firm institutional set up, government policies and international cooperation to address those issues

In order to provide wider analysis on registered number of foreigners, growth and composition by status of residents, supportive data is their Presented in Table 2.2 below. The number of foreigners in Japan has been increasing by around 3 percent per two years during the 1998-2004 period. The highest contribution made by Special Permanent Resident category has been shown declining trend due to death, returning back or migrating to other countries of Chinese and Koreans who brought to Japan during the pre-war and wartime period. Among the foreigners in Japan, number of permanent residents has been increasing in considerable rate and as a result their share grew from 6.2 percent in 1998 to 15.3 percent in 2004.

Figure 2.3 Trends in Number of Foreign Students in Japan by Source of Funds (as of each May 1)



Source: Japan Student Services Organization, JASSO, 2006.

[http://www.jasso.go.jp/statistics/intl\\_student/data06\\_e.html](http://www.jasso.go.jp/statistics/intl_student/data06_e.html)

This phenomenon was explained by Iguchi as “it should be stress that the growing number of foreigners with permanent resident status reflects (i) growing number of foreigners who are residing in Japan for longer duration since middle of 1990s and (ii) deregulation in immigration and Refugee Recognition Act for foreign residents to get permanent resident status.” (Iguchi, 2005: p. 348) In addition, growing number of special permanent resident status were granted for irregular migrants (due to getting married with Japanese) also caused to increase number of permanent residents while reducing number of irregular migrants. The share of dependents has been declining due to growth of other types of status while remaining somewhat constant number of dependents. This is a reflection of difficult domestic labour market conditions and strict process of dependency visa in Japan. Specially, trainees and students are not allowed to accompany dependents unless they receive enough amount of money to maintain their dependents. As shown in the Figure 2.3, the majority of foreign students have been depending on private finances and unless they obtain scholarship or certification of required earnings, they are not allowed to accompany their dependents to Japan.

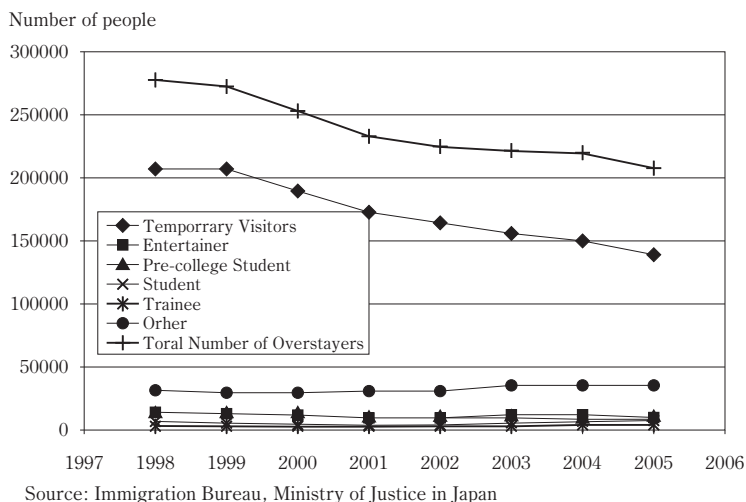
Apart from the above-mentioned registered foreigners in Japan, it is important to investigate about behavior of irregular migrants also. Estimated statistics on irregular migrants are available from Immigration Bureau of Japan. All irregular migrants has classified into two groups as overstayers and those who came from non-immigration procedures to Japan. Estimated published statistics are available only for the overstayers. By considering their status before becoming an overstayer, the total number of overstayers is classified into six groups as temporary visitors, entertainers, pre-college students, college student, trainee, and others. However, behavior of overall number of overstayers and migrants

Table 2.2 Number, Composition and Growth of Foreign Nationals in Japan by Status of Resident, 1998-2004

Status of Residents	Registered Number of Foreigners				Percentage Composition				Two Year Growth Rate		
	1998	2000	2002	2004	1998	2000	2002	2004	1998-2000	2000-2002	2002-2004
1. Special Permanent Residents	533396	512269	489900	465610	35.3	30.4	26.5	23.6	-4.0	-4.4	-5.0
2. Permanent Residents	93364	145336	223875	312964	6.2	8.6	12.1	15.9	9.7	15.3	18.2
2. Long-term Residents	211275	237607	243451	250734	14.0	14.1	13.1	12.7	4.9	1.1	1.5
3. Resident with the objective of working	118996	154748	179639	192124	7.9	9.2	9.7	9.7	6.7	4.9	2.5
4. Cultural activities	3756	3397	2812	3093	0.2	0.2	0.2	0.2	-0.1	-0.1	0.1
5. Short-term stay-Temporary Visitors	59815	68045	72399	72446	4.0	4.0	3.9	3.7	1.5	0.8	0.0
6. Students	90339	114761	157613	173081	6.0	6.8	8.5	8.8	4.6	8.4	3.2
7. Trainee	27108	36199	39067	54317	1.8	2.1	2.1	2.8	1.7	0.6	3.1
8. Dependents	356372	389684	410076	411938	23.6	23.1	22.1	20.9	6.2	4.0	0.4
9. Others	17695	24398	32926	37431	1.2	1.4	1.8	1.9	1.3	1.7	0.9
10. Total	1512116	1686444	1851758	1973738	100	100	100	100	3.3	3.2	2.5

Source: Immigration Bureau, Ministry of Justice in Japan

Figure 6.3.5 Estimated Number of Overstayers by Status of Residence in Japan



belonging to these categories are plotted in Figure 2.4.

As depicted in the Figure 2.4, the number of overstayers has been continuously decreasing from 276,810 people in 1998 to 139,417 people in 2005. It was a 32.5 percent decline for the entire Period. The Immigration bureau of Japan implemented five year plan to reduce number of irregular workers by 50 percent during the latter part of this period. It has seriously implemented by Japanese immigration authorities in recent past. Changes

Table 2.3 Number of cases of Violation of the Immigration Control Act by Ground for Deportation

Ground for Deportation	2000	2001	2002	2003	2004
1. Illegal Entry	9186	8952	8388	9251	11217
2. Illegal Landing	748	826	789	777	992
3. Activities other than those permitted	473	594	850	1199	1399
4. Overstay	40756	30063	31520	34266	41175
5. Criminal Offenses	296	329	388	417	568
6. Total Deportations	51459	40764	41935	45910	55351

Source: Immigration Control in Recent Years, (2006) Immigration Bureau, Ministry of Justice in Japan



in the number of cases of violation of the immigration control act by grounds for deportation during the 2000-2004 period is given in Table 2.3.

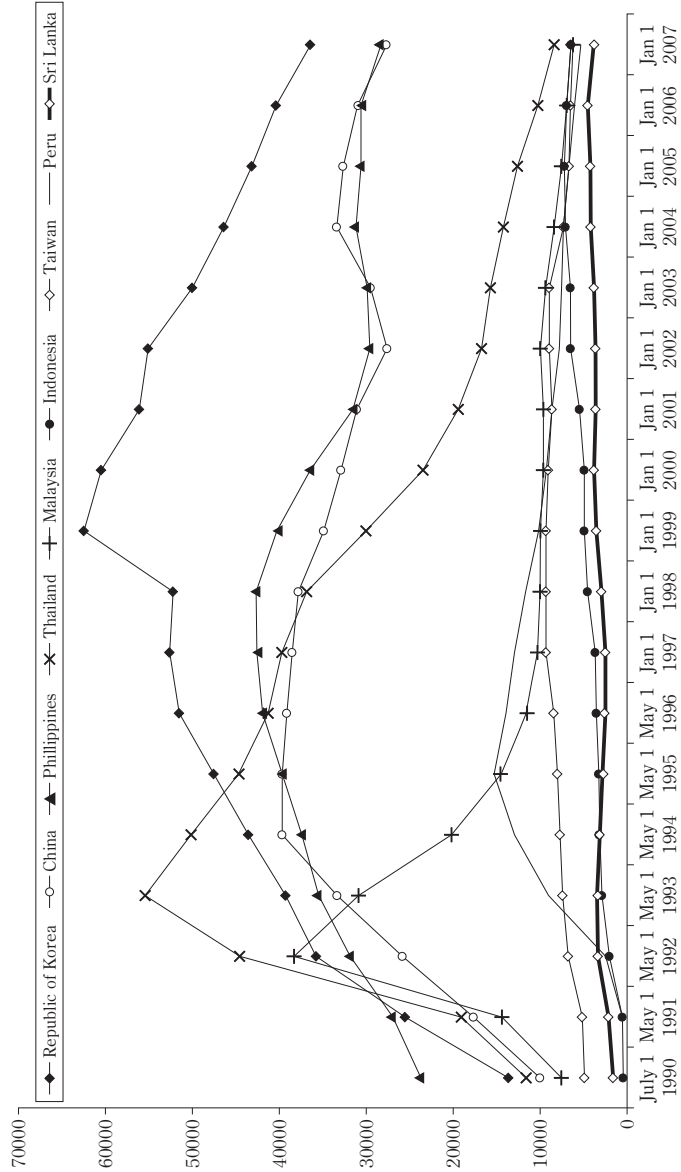
According to the statistics available from Immigration Bureau of Japan, the highest number of deportation from Japan occurred in 1993 as 70, 404 people. This number had been continuously declining during the 1994-2004 Period. In 2004, the largest number of people deported for the reason of overstaying (41,175 accounting for 74.4 percent of deportees), followed by illegal entry (20.3 percent) and then activities other than those who permitted by the status of residence previously granted (2.5 percent). For example, College students can obtain work permit from the Immigration Bureau of Japan for working purposes only for less than 28 hours per week. Those who work more than that are considered as irregular (undocumented/illegal) workers, and if they get caught to Immigration Bureau of Japan, they are subjected to deport after hearing reasons for that. However, this group represented only 473 people in 2000. it has increased to the level of 1, 399 people in 2004. They represented only 1 percent of total deportees in 2000 and 3 percent in 2004. Growing number of private finance students in different categories of education instructions in Japan has also influenced to this phenomenon. Nevertheless, the highest number of overstayers represented from the temporary visitors to Japan. Even within the deportations, the largest share has been continuously represented by the overstayers in Japan.

In addition to deportation, declining trend in the returning of overstayers occurred due to their personal decisions to return their home countries. Irregular workers specially who came to Japan from neighbor countries like South Korea, China, Taiwan Thailand and Malaysia have been returning to their home countries due to rapid economic development taking place in those countries in recent past. Trend of overstayers by their origin is

depicted in Figure 6.3.6. As shown in Figure 2.6, the highest number of overstayers in Japan has been associated with people who came from the Philippines in the early 1990s and that has gradually shifted to South Koreans from the mid 1990s. In 1990, among the overstayers migrants from the Philippines represented 22.4 percent and South Korea 13 percent. The value of this ratio changed as 16.2 percent and 21.3 percent respectively in 2007. Even though the total number of South Korean overstayers has been increasing from 1999, they represented the highest share over the long period. The proportion of South Koreans in the total overstayers was highest as 24.6 percent in 2002. However, it has been showing a declining trend thereafter. One of the common points between these two countries have been the high female share among the overstayers in Japan. The majority of overstayers who came from these two countries were female workers for the entertainment industry in Japan. Female share among the overstayers from the Philippines was over 65 percent throughout the entire period and 67 percent in 2007. Among the Koreans it was 64 percent during the entire period concerning. Female share among the overstayers who came from Thailand, and Malaysia, also was slightly higher than the male share throughout the period. Contrary, female share has been lower than the male share among the overstayers who came from China, Indonesia, Peru, Vietnam and South Asian Countries.

The number, composition and growth rate of visa overstayers in Japan by gender is presented in Table 2.4. As depicted by data given in Table 2.4, average annual growth rate of overstayers was 50 percent in 1991 and 74.5 percent in 1992. However, it has been declining since 1993 and reached the highest negative value as -11.8 percent in 2007 due to above-mentioned reasons. The declining nature in terms of gender has been very interesting. Male overstayers declining trend has been faster than the female

Figure 6.3.6 Estimated Number of Overstayers in Japan by Place of Origin



Source: Immigration Control in Recent Years, (2007) Immigration Bureau in Japan

overstayers in throughout the period. As a result of that, male share among the overstayers in Japan has declining from 62.8 percent in 1990 to 50.9 percent in 2007. Contrary, female share increased steadily from 37.2 percent in 1990 to 49.1 percent in 2007. In other words, almost half of overstayers in Japan represent females at present. Among the various factors influenced on this trend, economic recession occurred in late 1990s, changes in industrial structure, growth of females coming to Japanese education institutions, growing concern about security situation, are very important. With respect to gender differences of immigrants to come to Japan, Iguchi 2005 presented his arguments as “When we look at the entry and stay of foreigners according to nationality and sex, almost 80 percent of those from the Philippines are occupied by female, while 74 percent of those Thai nationals who stay in Japan are female. This may mean that certain networking exists between Japan and the Philippines or Thailand. On the contrary, the people from Bangladesh, Iran and India are dominated by men, which are reflecting cultural differences between countries.” (Iguchi 2005: p.11). Although his suspected percentage figures are very high, issues relevant to human networking and cultural differences are very important in case of gender in migration. For example, Sri Lankan females are widely visible in Middle-east countries as housemaids but very rare in Japan. Particularly, they are not much exposed to work in entertainment industry. As we seen in the last chapter, most of Sri Lankan females are migrating to Middle-east countries as housemaids due to considerable rural poverty in Sri Lanka. On the other hand, middle class females in urban Sri Lanka are reluctant to migrate to other countries.

The number of Sri Lankan overstayers and their proportions to total overstayers in Japan by gender is given in Table 2.5. Absolute number of Sri Lankan overstayers in Japan has been very low during the entire

Table 2.4 Number and Composition of Visa Overstayers in Japan by Gender

Year	Number of Overstayers			Percentage		Annual % Change		
	Male	Female	Total	Male	Female	Male	Female	Total
1990.7	66,851	39,646	106,497	62.8	37.2			
1991.5	106,518	53,310	159,828	66.6	33.4	37.2	12.8	50.1
1992.5	190,996	87,896	278,892	68.5	31.5	52.9	21.6	74.5
1993.5	192,114	106,532	298,646	64.3	35.7	0.4	6.7	7.1
1994.5	180,060	113,740	293,800	61.3	38.7	-4.0	2.4	-1.6
1995.5	168,532	118,172	286,704	58.8	41.2	-3.9	1.5	-2.4
1996.5	160,836	123,664	284,500	56.5	43.5	-2.7	1.9	-0.8
1997.1	155,939	127,047	282,986	55.1	44.9	-1.7	1.2	-0.5
1998.1	149,828	126,982	276,810	54.1	45.9	-2.2	0.0	-2.2
1999.1	145,225	125,823	271,048	53.6	46.4	-1.7	-0.4	-2.1
2000.1	134,082	117,615	251,697	53.3	46.7	-4.1	-3.0	-7.1
2001.1	123,825	108,296	232,121	53.3	46.7	-4.1	-3.7	-7.8
2002.1	118,122	105,945	224,067	52.7	47.3	-2.5	-1.0	-3.5
2003.1	115,114	105,438	220,552	52.2	47.8	-1.3	-0.2	-1.6
2004.1	113,066	106,352	219,418	51.5	48.5	-0.9	0.4	-0.5
2005.1	106,279	101,020	207,299	51.3	48.7	-3.1	-2.4	-5.5
2006.1	100,562	93,183	193,745	51.9	48.1	-2.8	-3.8	-6.5
2007.1	86,885	83,954	170,839	50.9	49.1	-7.1	-4.8	-11.8

Source: Immigration Bureau in Japan (2007) *Immigration Control in Recent Years*,

Table 2.5 Number of Sri Lankan Overstayers and Their Proportion to Total Overstayers, and Growth Rate by Gender

Year	Sri Lanka Overstayers							Total Overstayers	
	Males		Females		Total		Growth	Number	Growth
	Number	%	Number	%	Number	% of Overstayers in Japan	Rate %		Rate
2000	3377	86.4	530	13.57	3907	1.55		251697	%
2001	3022	86.6	467	13.38	3489	1.50	-10.7	232121	-7.78
2002	3242	86.9	488	13.08	3730	1.66	6.9	224067	-3.47
2003	3402	87.0	507	12.97	3909	1.77	4.8	220552	-1.57
2004	3684	86.8	558	13.15	4242	1.93	8.5	219418	-0.51
2005	3652	86.8	557	13.23	4209	2.03	-0.8	207299	-5.52
2006	4030	87.8	560	12.20	4590	2.32	9.1	197745	-4.61

Source: Immigration Bureau in Japan (2007) *Immigration Control in Recent Years*

period. According to estimations of the Immigration Bureau of Japan, Sri Lankans represented only 1.55 percent of total overstayers in 1990 and that has marginally increased to 2.3 percent in 2007. This may be due to expansion of human networks and several socio-economic factors. It is possible to assume following factors as main determinants of this trend. First, widening income gap between Japan and Sri Lanka due to devaluation of value of Rupee, make positive factor to migrate to Japan. The value of Japanese yen in terms of Sri Lankan Rupee has increased more than three times from mid 1990s. As a result of this trend, premium for paying to come to Japan has also followed by skyrocketing growth during the past decade. According to a survey conducted by the author in recent past, some people have paid around 1.2 million Rupees (approximately 130,000 yen) to come to Japan. As a result, migration networks have directed towards overstayers family members, relatives or close friends.

Second, as Karunaratne (2007e) correctly pointed out three, labour market problems in Sri Lanka caused to send people outside for searching employment opportunities. Third, worsening security situation and deepening political problems in Sri Lanka has created uncertainty during the past few years. The present migration trends will continue until finding permanent solution for on-going civil-war. However, Since Japan has not been entertaining status of refugees and asylum seekers in simple manner, this kind of migrants may not be a threat to Japan. Finally, according to estimations of the SLBFE in recent past, one person in every three minutes has been leaving from Sri Lanka to work in other countries. Even Japan is an exceptional country for Sri Lankans due to language and cultural differences, limited space availability and limited human networks, under the increasing premium and rising purchasing power of Sri Lankan migrants in other countries, it is little difficult to assume lowering number

of Sri Lankans in Japan. The trend of male-female share behavior of overstayers has not been common to Sri Lankan overstayers. As shown in data given in Table 2.6, Sri Lankan overstayers male share was constant around 87 percent and female share around 13 percent. The facts behind the 13 percent of females can be predicted as overstayers coming from the females migrating as language schools and inviting spouses of irregular migrants by paying high premium for people related to migration networks. In addition, constant number of females indicates that long-term nature of the Sri Lankan females in Japan.

Japan has been considered as a nation state, and promoting homogeneity in the society, only very limited number of foreigners have granted status of refugee or asylum seekers in Japan for a long period. For example according to statistics available from Immigration Bureau of Japan, the total number humanitarian permissions to stay in Japan has been limited to 284 people during the 1982-2004 period. There were 3544 applications for refugee status during the same period and out of that only 330 people granted the refugee status in Japan.

As identified from the above analysis, present situation of foreigners in Japan is a diversified, complicated one in comparison to historical situation or situation in western countries. Strategically, Japanese government changed the policy of immigration to attract Japanese descents from other countries and obtained more trainees and foreign students to fulfill the domestic labour shortage in the economy and discourage unskilled workers as well as females coming to entertaining industry. It was successful in terms of reduction in unskilled laborers into certain level, but created some problems like language difficulties, high school dropout ratio and high unemployment rate among young people came as the children of Japanese descents. On the other hand, growing income gap between neighbor

countries and increasing within Japan inequality has widened the migrant's networks at micro-level. Today Japanese labour market has become a high risk high premium situation for outsiders. Therefore, premium charges by operating networks has also increased into substantial level. Finally, even absolute number is less, permanent migrants and skilled migrants have been increasing due to changes in industrial structure and expanding duality in labour market as formal workers and non-formal workers.

### **3. Growth and Structural Changes of Foreign Workers in Japan**

The total number of foreign workers in Japan by level of their skills for selected year in 1990-2003 period is presented in Table 3.1. Even though, there were 1.9 million foreigners in Japan actual number of foreign workers were only just over 870,000 people in 2003. It was only a 1.4 percent of the total labour force (63,160,000 people) in Japan. Since unemployment rate was 5.4 percent of the Japanese economy in 2003, the total number of foreign workers can be assessed as less than one third of the total unemployed people in Japan. Therefore, in terms of aggregate numbers foreign workers are not at significant level in Japan. However, as stated in early part of this chapter, foreign workers are more important in some industries and areas in the economy and in international business relations. In addition, foreign workers quality and actions are highly influencing on the economy, society, culture, security situation and policy making in host country. In this regard, Japan is also not an exceptional country.

On the other hand, growth rate of foreign workers have been substantial in Japan during the entire period. As shown in Table 3.1, the number of foreign workers increased from around 260,000 in 1990 to around 877,000 in 2003. It was a 237 percent growth within 13 years. This means in annual



terms, number of foreign workers grew by 18.3 percent within this period. The composition of the total foreign workers growth rate is also given in last column in Table 3.1. As depicted in Table 3.1 highly skilled workers contributed to only 10 percent of the total growth of foreign workers in Japan. This can be considered as one of the main differences between USA, EU and Japan. USA and EU received enormous number of highly skilled people especially for information and communication industry, education and health services from developing countries and former socialist countries during the past decade. Further, USA could shift high skilled employment opportunities for some developing countries by using newly developed ICT technology. Contrary, Japan has received less number of skilled workers but shifted its production bases to developing countries through foreign direct investment projects during the past two decades. For example according to statistics available in *Toyo Keizai Shinpo Sha* (2005), employees in Japanese affiliated companies in Asian countries increased from 1.9 million in 1999 to 2.4 million in 2003. Employment generated in Japanese affiliated companies in China alone increased from 0.53 million to 0.83 million during the same period. Further, large number of experts from Japan has gone to Japanese FDI subsidiary firms in developing countries to transfer technology and develop skills of local people. Therefore, it is clear that de-industrialization occurred in Japan has also substantially contributed to reduce migrant workers in Japan. In addition, substitution of capital and technology for labour has also been taking place in Japan during this period. This has led to limit migrant workers coming to Japan. However, further expansion of services industry in terms of information and communication technology, entertainment, hotels, restaurants, education and health in the Japanese economy have led to increase demand for skilled foreign labour in recent years. Many of these

Table 3.1 Growth and Skill Composition of Foreign Workers in Japan (estimated)

<i>Category</i>	<i>Classification of Workers</i>	<i>1990</i>	<i>1995</i>	<i>2000</i>	<i>2002</i>	<i>2003</i>	<i>1990-2003 Growth Rate in-%</i>	<i>Share of Growth Rate-%</i>
A	Highly Skilled Workers	43823 (16.9)	64672 (10.5)	89552 (11.9)	108758 (13.1)	107831 (12.3)	146	10.4
		24110	23324	65196	70881	77725	222	8.7
B	Specific Skills	(9.3)	(3.8)	(8.7)	(8.5)	(8.9)		
		21138	15967	53847	58359	64642	206	7.1
A + B	Entertainer	(8.1)	(2.6)	(7.2)	(7.0)	(7.4)		
		<b>67,983</b>	<b>125,726</b>	<b>168,783</b>	<b>168,783</b>	<b>185,556</b>	<b>173</b>	<b>19.1</b>
C	<i>Status for Employment Purposes</i>	(26.2)	(20.4)	(22.5)	(20.3)	(21.2)		
		3,260	6,558	29,749	46,455	53,503	1541	8.1
	Designated Activities*	(1.3)	(1.1)	(4.0)	(5.6)	(6.1)		
		10,935	32,366	59,435	83,340	98,006	796	14.1
D	Part-time Work of Students	(4.2)	(5.2)	(7.9)	(10.0)	(11.2)		
		71,803	193,748	233,187	239,744	230,866	222	25.8
	Workers of Japanese Descents	(27.6)	(31.4)	(31.1)	(28.8)	(26.3)		
		106,497	284,744	233,187	232,121	220,552	107	18.5
	Overstaying Foreigners	(41.0)	(46.1)	(31.1)	(27.9)	(25.2)		
		189,255	510,858	513,080	555,205	548,300	190	58.2
	Low Skilled or Unskilled Activities	(72.8)	(82.7)	(68.5)	(66.8)	(62.5)		
		<b>260,000</b>	<b>600,000</b>	<b>710,000</b>	<b>760,000</b>	<b>790,000</b>	<b>204</b>	<b>85.9</b>
A+B+C+D	<i>Total Temporary Workers</i>	(100.0)	(97.2)	(94.8)	(91.4)	(90.1)		
		-	17,412	39,154	71,090	86,942	399	
E	Ordinary Permanent Resident workers		(2.8)	(5.2)	(8.6)	(9.9)		
A+B+C+D+E	<i>Total Number of Foreign Workers (+)</i>	<b>260,000</b>	<b>617,412</b>	<b>749,154</b>	<b>831,090</b>	<b>876,942</b>	<b>237</b>	<b>100.0</b>

\*Technical Intern, Intern ships, Working Holidays, housemaids of diplomats etc. ( ) shows percentage value from the total  
Source: Authors' calculations based on data obtained from Iguchi (2005).

were non-tradable services across the countries. Therefore, growth of foreign skilled migrants to Japan will take place in future at more rapid speed. For example according to statistics available from Ministry of Health and Welfare, demand for nurses in Japan increased from 21,000 in 1986 to 180,000 in 1999, and supposed to increase at a faster rate in next few years.

Further, educated youth in Japan has been reluctant to work in blue color employment opportunities in agriculture, fisheries, solid waste collection and all other 3 D (dirty, dangerous, difficult) related jobs. As a result of these reasons demand for foreign workers has been increasing rapidly during the past few years. Eventhough, these types of employment opportunities are non-skilled types actual migrant peoples are working in these However, the government of Japan stressed the important of mobilizing the highly skilled foreign workers related to trade in services during the Uruguay Round negotiations on the movement of natural persons and contributed to stand setting of such commitments. Two major actions were undertaken on this line after 1990s. First, Japan also promoted skilled labour migrants by granting working visa status for foreign students graduated from graduate schools of Japanese universities. The number of students who changed their status from student to working purposes after graduating from Japanese universities amounted to almost 3,700 people per year during the past five years. In addition, attempts were made to increase skilled foreigner both at micro and macro levels in Japan during the past decade. For example, once Japanese priminister openly requested from Indian specialists to come to Japan for work in information and communication technology related industries. Promotion of skilled migration from developing countries towards developed country is also not an easy task. This is because social cost incur in terms of education, health,

infrastructure development in a developed country is substantially higher than the developing country. Specially, when country is deviating from historical experiences, ethnicity, language, and culture, social cost of inviting skilled workers tend to increase. For example skilled workers in South Asian countries are more exposed to the western countries than to environment in Japan in terms of language and culture. If skill migration taking place from South Asia to Japan, basic question arising as who bears the social cost on Japanese language education, health system, and housing system, etc. Since skilled migrants mostly move with their dependents, social cost has been increasing during the past few decades. On the other hand the skill-specific workers are difficult to obtain from domestic labour markets of developing countries and sometimes it is impossible for Japanese to acquire certain skills only been in Japan. Therefore skilled worker problem has been remaining as untouched issue at macro-level policies.

As indicated in data given in Table 3.1, over 85 percent of growth of foreign workers has represented by temporary workers during the past couple of years. Specially, low-skilled and unskilled activities represented around 58 percent of the total growth of foreign workers during this period. In addition, workers of Japanese descents and overstaying foreigners also have recorded 25.8 percent and 18.5 percent contribution to the total foreign workers growth rate during the 1990-2003 period. It is important to remember that the growth of irregular workers have been higher than the number of overstayers due to various arrival methods of irregular workers. Tsuda (2005) explained this phenomenon as follows “In 1994, 6,295 foreigners were apprehended while attempting to enter Japan illegally and out of that 697 people were arrived by boats. Considering that this is only the very tip of the iceberg since a majority of such illegal entrants are probably not caught, we can only say that their numbers are substantial.

When these different types of illegal entrants are considered, the total number of illegal immigrants in Japan is probably in the 400,000 to 500,000 range.” (Tsuda 2005: p.5). Contrary, there is a belief in Japan that number of irregular migrants has been coming down from mid 1990s. After the collapse of bubble economy in early 1990s, Japan suffered from a long term recession until 2004. Two main economic problems remaining during that period were bad debts in financial sector and increasing labour cost in business organizations. As a result of long-terms employment practices and seniority wage system adopted for Japanese workers, many firms had to suffer with the growing number of elderly workers during this period. Japan had a baby boom in 1948, soon after returning of large number of young Japanese from their former colonies in neighboring Asian countries, namely Manchuria (china), Taiwan, Korea, Indonesia etc. The large number of babies born in later 1940s, became labour force counter parts in 1960s and after working more than 30 years, majority of them is supposed to retire in 2006-2008 period. As a result, many Japanese large firms had to suffer increasing labour cost during the period of 1995-2005. However, by using foreign labour as a cost reducing instrument, attempts were made to restructure automobile producing firms in Japan since later 1990s. For example automobile firms located in Shizuoka and Aichi prefectures started to recruit Japanese descends from South American countries (Nikkei Jin) in large numbers. As a result, the share of Japanese descends in total foreign workers increased from 27.6 percent in 1990 to 31.1 percent in 2000. As indicated by Higuchi (2005), “Brazilians are now the third largest group of foreign workers next to Koreans and Chinese.” According to statistics recorded by the Ministry of Justice in Japan, the total number of Japanese descends increased from 71, 803 people in 1990 to 230,886 people in 2003 by 222 percent. It was a 17.6 percent annual growth during the 13 years.

This unprecedented growth of Japanese descends occurred due to reasons like relaxation of immigration law in 1990s, growing number of restructuring Japanese firms, high unemployment and underemployment rates in Latin American countries, etc.

### 3.1. Regular Workers

According to types of their employment opportunities, foreign workers in Japan are often divided into two groups as direct employment and indirect employment. Data on these two groups of foreign workers in Japan is given in Table 3.2. Eventhough foreign workers in Japan as a percentage of

Table 3.2 Changes in Places of Business Hiring Foreign Workers and Numbers of Foreign Workers in Japan , 2004

Year	Direct employment		Indirect employment		Total		Foreign Workers as a % of Working Population in Japan
	Places of businesses	Number of Foreign Workers	Places of business	Number of Foreign Workers	Places of business	Number of Foreign Workers	
1993	11,624	96,528	NA	NA	11,624	96,528	0.4
1994	12,915	93,775	1352	36,255	14,267	130,030	0.4
1995	13,148	97,755	1,515	42,106	14,663	139,861	0.4
1996	14,053	103,044	1,704	51,739	15,757	154,783	0.4
1997	15,702	113,961	2,157	71,253	17,859	185,214	0.5
1998	16,948	114,753	2,256	75,061	19,204	189,814	0.5
1999	17,367	115,038	2,116	76,434	19,483	191,472	0.4
2000	17,571	120,484	2,223	86,609	19,794	207,093	0.5
2001	18,484	130,440	2,262	91,367	20,746	221,807	0.5
2002	19,197	141,285	2,253	86,699	21,450	227,984	0.6
2003	20,642	157,247	2,500	116,898	23,142	274,145	0.6
2004	22,127	179,966	2,551	132,436	24,678	312,402	0.7
2005	25,106	198,380	2,911	144,891	28,017	343,271	0.8

Note: With regard to indirect employment, because places of business who use both direct and indirect employment and those who use only indirect employment are included, the totals of places of business that use direct employment and those that use direct

Source: The Ministry of Health, Labour and Welfare in Japan,  
<http://www.mhlw.go.jp/english/database/db-l/foreigners04/xls/table17.xls>

working population in Japan doubled from 0.4 percent to 0.8 percent during the 12 years period, it's absolute value has been remaining as a very low figure during the entire period. However, total number of foreign workers in direct employment category increased from 96,528 people in 1993 to 198,380 people in 2005 by 107 percent. It was a 9 percent growth in average annual terms. In addition number of business organizations using foreign labour has also been increasing by 93 percent in Japan during 1994-2005 period. As of June 1, 2003 according to a survey of the Ministry of Health, Labour and Welfare, a total of 274,145 foreign nationals were working in Japan under contracts of direct employment (i.e. directly hired by their employers) or indirect employment (i.e. working for business establishments as dispatched or contract workers). Since the figure in 1994 was 130,030, it had more than doubled in less than ten years. Internationalization of Japanese firms, expansion of information and communication industry, growth of number of educational institutions, increasing number of foreign direct investment firms, expansion of foreign restaurants in Japan and growth of other services such as imported goods, air travel and tourism can be considered as major determinants of increasing number of foreign workers affiliated business organization and rapid growth of direct employment opportunities for foreign workers in Japan.

The number of firms utilized foreign workers as indirect employment has increased by 103 percent during 1994-2005 period. It was higher than the growth rate of number of firms utilizing foreign workers as direct employees. However, structure of firms employing foreign workers in terms of direct and indirect employment opportunities has not much changed during this period. Percentage figure of firms utilizing foreign workers as indirect workers remained around 10 percent during the entire

period. Contrary, number of indirect foreign workers grew at a rapid rate (258 percent) while number of direct foreign workers grew at comparatively lower rate (107 percent). As a result composition of foreign workers in terms of direct and indirect employment opportunities changed in significantly during 1993-2005 period. For example percentage of direct workers declined from 72 percent in 1994 to 57.8 percent in 2005, while percentage of indirect workers increased from 27.9 percent to 42.2 percent. This means, foreign workers have been attracted to relatively low cost employment opportunities and short-term periods during this period. This was happen due to growth of outsourcing activities and human resource mobilization firms in Japan during the same period. In order to reduce cost of production large scale Japanese firms have been practicing sub-contracting system over the long run under the system call Keiretsu. This system was merged after dissolution of Zaibatsu in pre-war Japan. Nevertheless, small and medium size enterprises suffered a sever labour shortage due to growing expansion and popularity of large firms in the economy and dual industrial structure in the Japanese economy. Under these circumstances foreign workers beame essential to Japanese SMEs. Majority of employees in SMEs are considered as indirect employments. Eventhough, history of human resources mobilization firms (jinzai Haken Kaisha) are not much longer in Japan, adaptation of western management techniques by many Japanese firms to reduce cost of production after the bubble bursts led to recruit more and more foreigners as indirect workers in Japan. Since best Japanese students graduating from popular school and universities in Japan have been attracting buy the large scale firms, SMEs and human resource mobilization firms attempted to recruit non-Japanese students graduating from Japanese educational institutions and some Japanese descends in other countries. The use of recruiting agencies for



labour migration is widely seen in Asia (Martin, P. 1996). Japanese descends returning to Japan was not an exceptional. According to Higuchi (2005), there are three types of labour recruiting agencies in Latin American countries as, pure travel agencies, recruiting agencies and brokers. Pure travel agencies were established in Latin American countries before the return migrant began to Japan. While they do not recruit workers to take to Japan, they sell air tickets to brokers. Number of all these three types of labour recruiting agencies increased rapidly since early 1990s. According to Tusda (2005), there are over 300,000 Latin American *Nikkei Jin* in Japan. They have recruited from Brazil, Peru, Bolivia, and Argentina. As indicated by the statistics given in survey of employment status of foreigners in Japan (conducted by the Ministry of Home Affairs, 2000) 98.3 percent of Brazilians and 97.9 percent of Peruvians work as employees while only 61.4 percent of Koreans and 86.9 percent of Chinese work as employees in Japan. In other words self employment activities are high among Koreans and Chinese while Japanese descends from Latin American countries are highly concentrated into large industries (automobile industry) and SMEs as employees. Therefore, share of Japanese descends returned from Latin American countries in direct and indirect employment opportunities for foreigners have been substantial and were increasing during the past two decades. The number and percentage of direct employed foreign workers in Japan by industry for year 2004 is presented in Table 3.3. Direct employment of foreigners has been highly concentrated into manufacturing industry in Japan. Over 57 percent of direct employed foreign workers were belonging to manufacturing industry in Japan. As indicated above recruitment of Japanese descents to automobile industry as factory workers and employment opportunities provided by sub-contracting SMEs in that sector led to have this type of

concentration among foreign workers. Distribution of direct employed foreign workers by number of employees (size of the firm) is given in Table 3.4. According to these statistics, direct employed foreign workers were very low in family businesses or small firms in Japan. Among the direct employed foreign workers only 13 percent of people engaged in less than 50 workers.

On the other hand majority of direct-employed foreign workers were affiliated to medium size enterprises (between 100-500 employees) which accounted 43.1 percent. Contrary, percentage of direct employed foreigners in large business organization (over 1000) was low. It was 15.5 percent due to utilization of Japanese decedents in automobile producing firms in Japan located in Shizuoka and Aichi prefectures in Japan

Table 3.3 Number and Percentage of Direct-employed Foreign Workers in Japan by Industry, 2004

Type of Industry	No. of people	Percentage of Total
1. Agriculture and Mining	878	0.5
2. Construction	2,054	1.1
3. Manufacturing	103,234	57.4
4. Electricity, Gas, Heat Supply, and Water	60	0.03
5. Information and Communications	3,569	2.0
6. Transport	4,722	2.6
7. Wholesale and Retail Trade	12,592	7.0
8. Finance and Insurance	2,051	1.1
9. Real Estate	434	0.2
10. Eating and Drinking Places, Accommodations	12,723	7.1
11. Medical Health Care and Welfare	1,133	0.6
12. Education, Learning Support	16,794	9.3
13. Compound Services	228	0.1
14. Services, N.E.C.	18,567	10.3
15. Other	927	0.5
16. Total	179,966	100.0

Source: Ministry of Health, labour and Welfare, Japan, (1 June 2004) Results of the Report on the Employment Conditions of Foreigners,  
<http://www.mhlw.go.jp/english/database/db-1/foreigners04/index.html>

Table 3.4. Number of Direct-employed Foreign Workers  
in Japan by Size of the Firm, 2004

Number of Employees	No. of people	Percentage of total
0 to 4 people	428	0.2
5 to 29 people	10,681	5.9
30 to 49 people	12,308	6.8
50 to 99 people	26,638	14.8
100 to 299 people	54,416	30.2
300 to 499 people	23,130	12.9
500 to 999 people	24,520	13.6
1000 or more	27,845	15.5
Total	179,966	100.0

Source: Ministry of Health, labour and Welfare, Japan, (1 June 2004)  
Results of the Report on the Employment Conditions of Foreigners,  
<http://www.mhlw.go.jp/english/database/db-1/foreigners04/index.html>

In order to provide comprehensive analysis on growth and structural changes in direct employed foreign workers in Japan, Table 3.5 summarizes longitudinal data by employees' gender, vocational level, status of residence, and region of origin in 1995, 2000 and 2004. Absolute number of direct employees and their percentages shares from total direct employed foreign workers have given in Table 3.5. As shown in statistics given in Table 3.5 male-female composition of direct employed foreign workers has considerably changed during 1995-2004 period. The growth rates of direct employed foreign workers significantly differ across the gender. Direct employed male workers grew by only 56 while female workers increased by 137.4 percent during the above mentioned period. As a result, in 1995, only 34.5 percent female direct employed foreign workers were in Japan and that has increased to 44.5 percent by 2004. One of the important reasons behind this phenomenon has been the growing number of entertainers in Japan. For example According to Immigration Bureau of Japan, the number of foreigners in visa status of entertainers was increased from 73,778 persons in 1998 to 133,103 persons in 2003. Needless to mention, that over

Table 3.5 Number and Structure of Direct-employed Foreign Workers in Japan by Gender, Vocation level, Status of Residence and Region of Origin in 1995, 2000 and 2004

Category	1995			2000			2004		
	No. of people	Percentage		No. of people	Percentage		No. of people	Percentage	
<b>by Gender</b>									
1. Men	64,062	65.5		74,925	62.2		99,946	55.5	
2. Women	33,693	34.5		45,559	37.8		80,020	44.5	
<b>By Vocational level</b>									
1. Specialized, technical, or management position	17,044	17.4		22,368	18.6		34,292	19.1	
2. Business or administration	3,848	3.9		5,001	4.2		7,413	4.1	
3. Sales, cooking, service, or reception	6,126	6.3		7,955	6.6		21,694	12.1	
4. Production workers	60,852	62.2		74,239	61.6		104,235	57.9	
5. Construction or civil engineering worker	1,512	1.5		1,697	1.4		1,687	0.9	
6. Transport labor	2,643	2.7		1,615	1.3		2,469	1.4	
7. Other	5,730	5.9		7,609	6.3		8,176	4.5	
<b>by Status of Residence</b>									
1. Employment possible in specialized or technical fields				29,027	24.1		34,143	19.0	
2. Of these, those having "skilled labor" or "specialist in humanities/international services"	88,849	90.9		-	-		20,432	11.4	
3. No limitations on employment				71,464	59.3		94,860	52.7	
4. Overseas study or school attendance (part-time job)	6,685	6.8		7,923	6.6		25,330	14.1	
5. Other	2,221	2.3		12,070	10.0		25,633	14.2	
<b>by Region of Origin</b>									
1. East Asia	17,685	18.1		33,003	27.4		69,078	38.4	
2. Southeast Asia	6,415	6.6		13,128	10.9		23,770	13.2	
3. Other Asia and Middle East	1,886	1.9		2,127	1.8		4,023	2.2	
4. North America	6,941	7.1		7,101	5.9		8,588	4.8	
5. Latin America	59,551	60.9		57,907	48.1		64,405	35.8	
6. Of these, persons having Japanese ancestry	58,150	59.5		51,380	42.6		57,301	31.8	
7. Europe	3,538	3.6		4,850	4.0		6,785	3.8	
8. Other	1,739	1.8		2,368	2.0		3,317	1.8	
Total	97,755	100.0		120,484	100.0		179,966	100.0	

Source: Ministry of Health, Labour and Welfare, Japan, (1 June 2004) Results of the Report on the Employment Conditions of Foreigners, <http://www.mhlw.go.jp/english/database/db-1/foreigners04/index.ht>

90 percent of entertainers have been females coming from Philippines and Thailand.

The vocational categories of direct employed foreign workers have also been changing during the 1995-2004 period. The largest share of direct employed foreign workers has been associated with the production sector in throughout the period. However, it was declined from 62.2 percent in 1995 to 57.9 percent in 2004. This has been a reflection of changes in industrial structure in Japan. Since late 1970s, production plants of many Japanese firms were shifted to Southeast Asian countries such as Malaysia, Thailand, Indonesia, and more recently towards Viet Nam, and China. As a result employment generation in production sector has been very low in Japan. Therefore, opportunities for foreigners to join as direct employees in manufacturing sector have been declining in Japan in recent years. On the other hand, direct foreign workers joined as specialized, technical, or management positions has marginally increased from 17.4 percent in 1995 to 19.1 percent in 2004. In addition, the highest growth of direct employed foreign workers was attached to vocational activities such as sales, cooking, service, or reception related works. While number of foreign workers belong to this category increased from 6,126 people from 1995 to 21,694 in 2004, its share in the total direct employed foreign workers increased from 6.3 percent in 1995 to 12.1 percent in 2004. As it was pointed out earlier, further expansion of services sector led to generate this situation in Japanese economy.

Employment statuses by residence of direct employed foreign workers have also been changing during the past few years. Specially, a substantial growth of foreign students as part-time workers could be visible from mid 1990s. While number of foreign students got permission to engage part-time working has increased from 6,685 students in 1995 to 25,330 students

in 2004, its share also increased from 6.8 percent to 14.1 percent in respective years. The several background reasons for this behavior have been the growing number of foreign students in Japan, increasing education cost, and use of part-time employment opportunities as cost cutting instrument by newly expanded services such as restaurants, hotels, and education institutions (language schools).

Direct employment of foreign workers in terms of their region of origin has also been changing during the concerning period. Direct employed foreign workers arrived from East Asian countries were only 17,685 (18%) in 1995, and that was increased to 69,078 (38.4%) in 2004. There has been a substantial growth in people came from Southeast Asian countries also during the same period. On the other hand, percentage share of direct foreign workers came from Latin American countries has been declining, while recording marginal growth in absolute numbers. The most important behavior has been associated with the Japanese ancestry came from Latin American countries. Their number has been marginally increasing from 59,551 people in 1995 to 64,405 in 2004, while share of them in the total direct employed foreigners has been continuously decreasing as 60.9 percent in 1995, 48.1 percent in 2000, and 35.8 percent in 2004. The two main reasons for this tendency have been growing number of human resource mobilizing firms in Japan and increasing number of *Nikkei Jin* working as contract workers under those firms. Many of these people came to work in production plants in large scale firms (especially for automobile industry) at initial stage and later-on majority of them recruited through human resource mobilizing firms to reduce the escalating labour cost in such firms.

The number of business palaces hiring foreign employees as indirect workers and total number of indirect foreign workers in Japan by industrial

classification of types on industry and scale of the firm is given in Table 3.6. The largest number and share of indirect employment opportunities provided for foreign workers in 2004 was the manufacturing sector. The Indirect employment opportunities were provided by 3,901 business places and total number of workers were 121,076 (91.4 percent) in manufacturing sector. Reasons like internationalization of Japanese firms, growing

Table 3.6 Number of Places of Business Hiring Foreign Laborers and Number of Foreign Laborers (Indirect Employment) by Industry and Size of Place of Business in Japan-2004

Industrial Structure	Places of Business		Foreign Workers		Average No. of Foreign
	No. of places of business	Percentage	No. of people	Percentage	Workers per place of business
<b>By Industry</b>					
1. Agriculture	7	0.1	52	0.0	7.4
2. Construction	56	1.1	400	0.3	7.1
3. Manufacturing	3,901	76.0	121,076	91.4	31.0
4. Electricity, Gas, Heat Supply, and Water	2	0.0	8	0.0	4.0
5. Information and Communications	180	3.5	1,119	0.8	6.2
6. Transport	140	2.7	3,962	3.0	28.3
7. Wholesale and Retail Trade	173	3.4	1,305	1.0	7.5
8. Finance and Insurance	40	0.8	433	0.3	10.8
9. Real Estate	6	0.1	79	0.1	13.2
10. Eating and Drinking Places, Accommodations	108	2.1	1,012	0.8	9.4
11. Medical Health Care and Welfare	34	0.7	130	0.1	3.8
12. Education, Learning Support	217	4.2	814	0.6	3.8
13. Compound Services	4	0.1	44	0.0	11.0
14. Services, N.E.C.	267	5	2,002	2	10
Total	5,135	100.0	132,436	100.0	25.8
<b>By Size of Place of Business</b>					
<b>Size of the firm--Number of Employees</b>					
0 to 4 people	17	0.3	77	0.1	4.5
5 to 29 people	320	6.2	2,327	1.8	7.3
30 to 49 people	670	13.0	6,656	5.0	9.9
50 to 99 people	1,445	28.1	20,521	15.5	14.2
100 to 299 people	1,739	33.9	45,753	34.5	26.3
300 to 499 people	437	8.5	21,351	16.1	48.9
500 to 999 people	308	6.0	18,370	13.9	59.6
1,000 or more	199	3.9	17,381	13.1	87.3

Source: Ministry of Health, labour and Welfare, Japan, (1 June 2004) Results of the Report on the Employment Conditions of Foreigners, <http://www.mhlw.go.jp/english/database/db-l/foreigners04/index>

competition in the world market, cost-cutting approach adopted by Japanese firms, have been influencing for this phenomenon. Further, manufacturing sector recorded highest average number of foreign workers per business place as 31 people per place.

However transportation industry also showed significant proportion of indirect employed number of foreign workers in the same year. In terms of the size of the businesses used foreigners as indirect workers medium size enterprises (33.9 percent) represented the largest share, while average number of workers per business place has been raising with the increasing size of the firm.

### **3.2. Irregular Workers in Japan**

The most debated type of foreign works in Japan is the irregular workers. Eventhough, their presence have been visible through hidden measures such as number of overstayers, number of volunteers' coming to Immigration Bureau to return their countries, number of apprehended people, and number of deported people, exact figures on irregular workers have not been maintained by any authority in Japan. Therefore analysis on irregular workers has been undertaken by approximation or estimation of figures or using only micro-level sample surveys conducted by migration scholars. As a result, many of the existing studies represent only about tip of the iceberg of irregular workers in Japan.

According to available statistics on approximated measures, official publications, and studies undertaken by migration scholars, irregular workers growth momentum started since mid 1980s and reached the peak around 1993. Irregular workers have been appeared in Japan due to factors like, close nature of its unskilled labour market, expanding wage gap between Japan and other developing countries, growing elderly population



and declining working elderly population, increasing labour cost, drastic decline in labour shortages in SME sector due to various problems in Japan, changing attitudes of Japanese people, education expansion in Japan, activities of labour brokers, and existing large number of unemployed and underemployed population in neighbor countries such as china, Indonesia, and Viet Nam, growing affordability of migrant workers in closer countries, geographical location and problems in implementation of immigrant laws in Japan. This section is devoted to study about these factors.

As explained by Iguchi (2005), Japan has been closing its labour market in principle to the unskilled foreigners due to five reasons, namely, (1). their entries may be damaging labour market of the old aged, (2). they may create segmentation of labour market, hinder improvement of working conditions and changes in industrial structure, (3). they may be easily unemployed during an economic recession, (4). they may entail more social cost (such as education, medical care, welfare and housing etc), (5). bring about “brain waste” and difficulties for foreigners themselves. (Iguchi, 2005) Japanese policy makers have adopted various methods to increase share of labour income in the total income. Even for poverty reduction philosophy of Japan is totally different than the South Asians. Poverty reduction strategies in Japan have focused to generate sustainable income sources to the poor people. Therefore, promotion of employment activities of elderly people, retired persons, disabled people, homeless people and part-time working among females and students in Japan have been taking place over the long run. As a result human security level has been very high in Japan throughout the post war period. Needless to mention that hourly wage rate paid for those economically or socially exclusive above-mentioned types of workers has been slightly lower than the formal

employees in Japanese firms. Further, when value of bonuses, retirement benefits and social insurance has been considered income of those groups is substantially different than the workers in formal sector in Japan. As a result, there has been increasing fear about opening up of unskilled jobs to foreign workers. If Japan open up labour market for unskilled workers possible negative impacts are higher than the positive impacts. Among the negative impacts, increasing domestic unemployment among economically and socially excluded Japanese groups, increasing criminal activities of unskilled workers and increasing social cost at least in terms of housing and health services for those foreign workers are often sighted in migration studies. Therefore, Japan has been reluctant to open up unskilled labour market for foreigners.

However, according to Tsuda (2007), it is difficult to control number of foreign workers in Japanese economy due to following reasons: (1) shortage of unskilled labour in Japan, (2) continuous decline in birth rate (3) the rapid ageing of the population (4). The number of women in Japan's labour force participation has already expanded (5) mechanization and labour saving techniques have utilized to maximum level (6) the growth rate of Japanese FDI has coming down (7), dramatic increase indirect employment opportunities (8), shortage of part-time workers (9) cost-cutting approach adopted by firms (10) declining number of overstayers and increasing number of trainees and students, etc. As a result of these factors, Japan has to rethink about irregular workers and utilization of foreign labour in suitable forms.

### **3.3. Foreign Trainees and Technical Interns**

Foreign trainees and technical interns has been another category of foreign workers associated with Japanese firms since early 1990s. Since

Japanese government has been actively promoting short-term labour migration rather than long-term residents, immigration laws relevant to foreign trainees has changed in several times during the past decade. Traditionally, foreign workers trainee programs were restricted to official agencies and large business organizations. The original purpose of the training program is to have them acquire skills and technology, and despite the similar nature of trainees' activities to that of work firms accepting trainees were not allowed under the system of pay wage or other remuneration to trainees. Thus, trainees were paid allowances. Those allowances were substantially lower than the wage level which would have been paid if they were actual workers.

Shortly after the revised immigration law was implemented in 1990, the Ministry of justice modified the traditional trainee program to enable small and medium sized companies to participate in it as well. The main purposes of this policy change were to address issues of emerging labour shortages in SME sector, increasing labour cost in Japanese firms, loosening international competition and as a counter measure to unexpected growth in irregular foreign workers came to Japan since mid 1980s. For this purposes, since early 1990s, about 40,000 trainees per year have been admitted annually to Japan, mostly drawn from china, Thailand, and the Philippines. Three main issues were emerged with the growing number of trainees in Japan. First, certain proportion of trainees became irregular workers after finishing their training period. Second, despite criticisms, the number of firms which could not manage their businesses satisfactorily without foreign workers increased. Third, both locally and internationally many people started to criticize payment system and labour conditions of trainee programs.

In order to address these issues, with the help of four other ministries, the Ministry of Labour (currently the Ministry of Health, labour and

Welfare), established third sector institution in 1991, and extended to an independent institute in 1993, as the Japan International Training Cooperation Organization (JITCO). The main purpose of this institution is to match demand and supply of short-term training and labour requirements. JITCO took the lead in launching a technical internship program designed to address criticism that the controversial training program had been used to allow firms to use trainees as low paid workers. According to this new programs, trainees are allowed to work for minimum of three years under the residential status of special activities, if their skill levels have achieved a certain standard for certain period after completion of the internship program. This internship program was assessed by Kuwahara (2005) as “a device to maintain the official policy of not accepting unskilled labor from abroad, while letting foreigners, in practice, work as such.” (p.39). Defects of this internship program has been identified by Kuwahara (2005) as (1). Some employers began to use trainees at factories and other production sites simply by paying “training allowances” (2) even though trainees had to face some difficulties they could not raise their issues due to fears of their future. (3).trainees and their mother countries expected this program to be as a method of employment generation in Japan. (4) many users of training programs were SMEs in Japan and some of them are incapable of providing satisfactory training programs by themselves but are faced with serious labour shortages. (5), foreign workers involved are keenly interested to work in Japan. As a result of this fifth character, many workers and countries willingly accepted trainee programs in diversified areas such as fishery processing, textiles, metal processing, agriculture and services sector. Table 2.7 provides data on growth and composition of trainees in Japan 2001-2005 period. As indicated data given in that table total number of people invited under the trainees programs reached

748,679 people. However, out of the total number of trainees arrived, more than 50 percent represented by Chinese during the entire period. Several possible reasons behind this situation can be summarized as existing labour surplus, high unemployment rate and low wage level in China, growing importance of Japanese technology for Chinese enterprises, liberalization of trade and investment opportunities in China, strong networks among Chinese people outside China, and desires of Japanese SMEs to enter Chinese markets. Indonesia, Philippines and Thailand also represented a sizable share in foreign trainees sending to Japan.

Table 3.7 Number of Newly-entered Trainees (including JITCO Supported Trainees)

Country	2001	2002	2003	2004	2005	Total	% share
						1992-2005	1992-2005
P.R.China	32,894	34,754	38,319	48,729	55,156	382,849	51.1
Indonesia	5,817	4,925	5,597	5,204	4,788	70,328	9.4
Viet Nam	3,238	3,034	4,028	3,835	4,371	30,394	4.1
Philippines	3,768	3,222	3,618	3,635	4,311	51,414	6.9
Thailand	3,184	2,739	3,119	3,353	3,645	50,308	6.7
Peru	212	202	280	232	176	3,185	0.4
Laos	244	263	289	297	290	2,138	0.3
Sri Lanka	456	449	466	413	374	6,301	0.8
India	479	464	540	590	709	7,998	1.1
Myanmar	198	237	177	168	314	2,078	0.3
Mongolia	294	224	227	295	352	2,366	0.3
Uzbekistan	90	111	148	153	153	852	0.1
Cambodia	261	221	268	381	385	2,380	0.3
Nepal	164	175	36	32	54	2,288	0.3
Bangladesh	216	312	269	293	316	2,418	0.3
Others	7,549	7,202	7,436	7,749	7,925	131,382	17.5
Total	59,064	58,534	64,817	75,359	83,319	748,679	100.0

Source: Ministry of Justice, ANNUAL REPORT OF STATISTICS ON LEGAL MIGRANTS (2000-2005 ed.)

[http://www.jasso.go.jp/statistics/intl\\_student/data06\\_e.html](http://www.jasso.go.jp/statistics/intl_student/data06_e.html)

Two other notable features observed in the data given in above Table are the substantial increase of Indians came under this trainee programs and slight declining trends of number of trainees came from Sri Lanka.

However, by considering deficiencies in present trainee system Japanese government has taken policy decision to review training programs in near future.

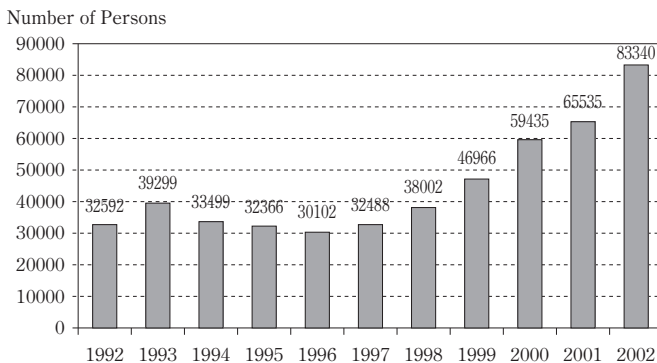
### **3.4. Foreign Students as Part-time Workers**

As understood from our analysis in previous section, the number of foreign students tremendously increased from 12,410 in 1984 to 121,812 in 2005. Meanwhile, there was an enormous growth in privately financed foreign students from 9,267 in 1984 to 110,018 students in 2005. This means when foreign students increased by 8.8 times private finance students grew by 10.9 times. Both variables have been smoothly increasing during the concerning period. Therefore, it is inevitably growing number of foreign students have been undertaking part-time works during the past two decades in Japan. Under the existing laws and regulations all foreign students are not allowed to undertake part-time works without obtaining permission from the Immigration Bureau of Japan. Upon request by individual foreign student, the Immigration Bureau of Japan provides part-time working permission as maximum 28 hours per week. The number of students who obtained such type of permission is plotted in Figure 3.1. As depicted in that figure, the number of students obtained permission to engaged in part-time working has been increasing from 32,592 in 1992 to 83,340 in 2002 by 2.6 times. In terms of average annual growth rate it was over 10 percent growth.

If students working without permission also included to above statistics, the number is fairly high. Eventhough, it is prohibited to engage in part-time working without permission from Immigration Bureau, it is assumed that, there has been a large proportion of foreign students who undertake such activities in Japan. Similarly, even after getting permission, some

students have been engaging more than 28 hours of working per week. There has not been a system to cross-check their number of working hours per week or number of firms they work. As a result, a proportion of foreign students have been working in longer hours and more than one firm to earn money. This has been due to main factors like increasing cost of education, increasing housing cost, substantially high living costs in comparison to of majority of foreign students sending countries, widening entertainment opportunities for younger generation in Japan and changing exchange rates among Japan and foreign student sending countries.

Figure 3.1 Trends in Foreign Students Who Engage in Part-time Working (unit: persons)



Note: "Part-time Work" refers to the number of foreign residents with a student visa who received "permission to Engage in Activity other than that permitted under the Status of Residence Previously Granted." From immigration Bureau.

Source: Immigration Bureau, The Ministry of Justice

There were around 757 higher education institutions in Japan in March 2007. Out of that Majority of higher education institutions are privately owned institutions and their charges are very high. Eevnthough majority of foreign students attempts enter national universities and highly ranked private universities, there is a huge competition for that. As a result of failing that they enter into ordinary private universities in Japan. In terms

of foreign student number the top five universities were the university of Tokyo (2,197), Waseda University (2,190), Ritsumeikan Asia Pacific University (1,984), Osaka Sangyo university (1,353), and Kyoto University (1,223) in 2006. However, among these Waseda, Ritsumeikan, and Osaka Sangyo University are privately owned universities in Japan. Education fees charged by private universities in Japan are substantially higher than the national or public universities. Another reason to enter into private universities has been the growing number of new types of courses in private universities to attract local and foreign students. After enrolling to a private university foreign students have to pay huge amount of cost in every year or semester. For this purpose foreign students engage in part-time working activities.

Another important area of cost of foreign students is the housing cost in Japan. It is considered as one of the most important item of living cost structure in Japan. According to statistics available in Japan Students Organization Website, housing cost of foreign students have entirely paid or subsidized by government, public corporations and educational institutions accounted only for 23.5 percent of foreign students in 2006. In other words, out of total foreign students 76.5 percent had to pay housing cost by themselves either using money they brought from their home countries or earned in Japan. As a result, growing number of part-time workers among foreign students was inevitable. The Number, percentage share and growth rates of foreign students of the highest ten sending-countries by nationality is presented in Table 3.8. As shown in statistics given in that Table, the largest share of foreign students in Japan was recorded from neighbor countries to Japan such as China (63%), Korea (13.5%), Taiwan (3.6%). For this phenomenon, not only closeness in terms of location, but also close historical and cultural relationships between those countries and



Japan also has influenced.

Table 3.8 Number, Growth and Percentage of Foreign Students in Japan by Nationality

Country/region	Number of students		% Share in total		% Growth rate
	2005	2006	2005	2006	2005-2006
1. China	80,592	74,292	66.2	63.0	-7.8
2. Republic of Korea	15,606	15,974	12.8	13.5	2.4
3. Taiwan	4,134	4,211	3.4	3.6	1.9
4. Malaysia	2,114	2,156	1.7	1.8	2.0
5. Vietnam	1,745	2,119	1.4	1.8	21.4
6. U.S.A.	1,646	1,790	1.4	1.5	8.7
7. Thailand	1,734	1,734	1.4	1.5	0.0
8. Indonesia	1,488	1,553	1.2	1.3	4.4
9. Bangladesh	1,331	1,456	1.1	1.2	9.4
10. Sri Lanka	907	1,143	0.7	1.0	26.0
All countries	121,812	117,927	100.0	100.0	-3.2

[http://www.jasso.go.jp/statistics/intl\\_student/data06\\_e.html](http://www.jasso.go.jp/statistics/intl_student/data06_e.html)

However, there were two interesting features associated with growth of foreign students in Japan in 2006. First, the highest growth of foreign students was associated with the students came from Sri Lanka. The number of Sri Lankan foreign students in Japan was increased by 20 percent in 2006. This is a remarkable growth and may have influenced to record highest growth of Sri Lankan migrants in Japan in the relevant year. Eventhough there were 1,143 new Sri Lankan students in 2006, only very small number of people came under Japanese scholarships. Majority of Sri Lankan students came as private financed students to Japanese language schools. Therefore, part-time working has been the only source to finance their cost in Japan. Second, the number of Chinese students coming to Japan has declined by 7.8 percent. One of the main reasons behind this situation was due to increasing purchasing power of Chinese students to afford education services in USA and other Western countries.

The occupational classification of student workers has been indicating a

significant bias towards the so called 3D jobs. As indicated by Mori (1996), Majority of foreign students (49.2) are engaged in part-time works as waiters/waitresses, dishwashers, store clerks, cooks, and delivers. Another 15.7 percent of part-time student workers engaged in labourers, and cleaners. In addition 14.8 percent engaged in working activities as interpreters and language teachers, while 9.6 percent worked as clerks and rest of the 10.7 percent in other areas. The structure of average hourly wage rate paid for these foreign students is presented in Table 3.9. As reflected in statistics given that Table, students who engaged in part-time workers as waiters/waitresses, dishwashers, store clerks, cooks, delivers, clerical works and labourers received less than 1,200 Yen per hour. Which means if one foreign student (legally) engaged as part-time worker in those categories, his or her maximum monthly average income ( $28 \times 4 \times 1,200$ ) is equivalent to 134,400 yen. As it was explained in earlier sections, around 49.2 percent of foreign students has been working as part-time workers by receiving average monthly income of less than 134,400 yen. Eventhough, the Japanese government scholarship paid for foreign students in various categories (pre-collage, collage and post graduate students) has been higher than the earnings of part-time working in Japan, their number was small.

Table 3.9 Average Hourly Wage paid for Foreign Students

Wage Rate in Yen	Category of Employment
Less than 799	Labourers
800-999	Clerical workers
1,000-1,199	Other services, waiters/waitresses. Dishwashers, cook assistants, deliverers
1,200-1,499	Salesmen, host/hostesses, longshoremen
1,500-1,999	Language teachers, entertainers, interpreters, guides
2,000 and over	Managers

Source: Mori (1996)

According to data given in Figure 3.1, only 9,869 (of 8.4%) foreign students received Japanese government scholarship in 2006. Which means close to 90 percent of foreign students were dependent private scholarships and on part-time working in Japan and around half of them worked for 134,400 monthly average incomes. In one hand, corporate sector or private sector scholarships in Japan are highly concentrated into national universities and reputed private universities. Therefore, enrolment for national universities and reputed private universities are highly competitive for foreign students. On the other hand finding a employment placement in Japan relatively easy for foreign students graduating from such universities. Therefore, majority of the foreign students who convert their status to working Visa in Japan have graduated from reputed universities in Japan. It is worth to investigate foreign student living condition in Japan also in this kind of study. On this line Mori (1996) provided a comprehensive analysis and major points of that can be summarized as follows:

- (1). Less than 150,000 yen averaged monthly per student income was received by over 45 percent of students. Only 22.2 percent of students received over 200,000 yen average monthly income in the same year.
- (2). Among the students received less than 150,000 per student, income from part-time working represented to 49.6 percent of their income and rest of that represented by scholarship (21.8%), allowances from home (24.4%), other income (4.2%).
- (3). The expenditure structure of the average monthly income of 100,000-149,000 yen, foreign students was as follows. (i) The highest expenditure was recorded for housing (26.2%), followed by school fees (25.4%) and food expenditure (25.4%). (ii). Other study related expenses (6.6%), Commuting (4.9%), Recreation (5.7%), and (iii). only savings

(3.3%) were represented a low value. However, savings recorded as 10.2 percent of income of the Japanese government scholarship holders.

However, apart from the above mentioned expenses, social insurance charges and medical health expenses for those who have accompanied their spouse to Japan have also been important expenditure items. Even though, spouses are not allowed to work, majority of spouses of foreign students have been working not only for the purpose of earning money, but also to learn Japanese language, receive special training skills or to spend daytime in interesting manner. In this context, city office, student centers, and volunteers in the relevant areas provide enormous services to foreign students in Japan.

### **3.5. Other part-time Working Foreigners**

Other part-time foreign workers in Japan consisted from spouses of diplomatic, contract workers and student workers. However, this group is not legally entitled for working or to receive work permits. In practically, majority of them engage part-time works. If they are not employed, their kids are not getting chance to enter kindle gardens. This because, according to existing Japanese laws, in order to enroll a child to kindle garden mother and further both should engaged in employment activities. However, statistics regarding this group is not separated in official or survey statistics.

## **4. Growth and Structural Changes in Sri Lankan Migrant Workers in Japan**

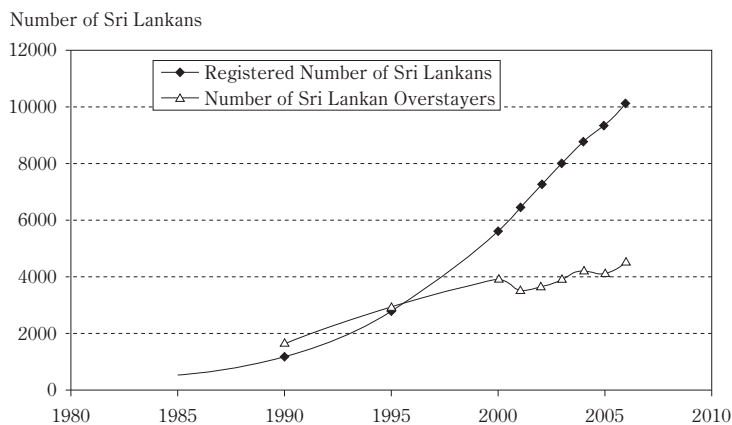
Registered number of Sri Lankans and number of Sri Lankan overstayers in Japan during the past two and half decades are depicted in Figure 4.1. Registered number of Sri Lankans in Japan increased from 509 persons in

1985 to 10,100 persons in 2006. It has grown by 18 percent during 21 years. During this period, the total number of foreigners in Japan increased from 0.85 million to 2.2 million by 16 percent. Therefore, even though absolute number of Sri Lankans in Japan has been very low; their growth rate has been faster than the other foreigners in Japan.

Table 4.1 provides data on total number of Sri Lankans in Japan and number of Sri Lankan irregular workers in Japan in comparison to total numbers in Japan. The total number of Sri Lankans in Japan reached 12,847 while total number of foreigners reached 2.2 million in 2005. Therefore, Sri Lankans still represents only 0.59 percent of total number of foreigners in Japan. On the other hand, the total number of Sri Lankan irregular workers estimated through overstayers reached the figure of 4,300 people in 2006.

As it was explained in detailed in chapter six, there are four types of migrant workers in Japan, namely, (i) legal full time workers who obtained permanent resident status or working visa in Japan, (ii) legal contract

Figure 7.2.1 Sri Lankan Migrants in Japan, 1985-2006



Source: Immigration Bureau of Japan (2007) *Immigration Control in Recent Years*

Table 4.1 Total Number of Sri Lankans in Japan, Sri Lankan Irregular Workers and their Proportion to Total Numbers in Japan-2005

Types of Migrants	Foreigners from All Countries	Number of Sri Lankans	Percentage of Sri Lankans
Registered Foreigners	2,180,976	12,847	0.59
Irregular Workers	207,229	4,209	2.03
Total Number of Foreigners	2,388,205	17,056	0.71

Source: Immigration Bureau of Japan (2007) *Immigration Control in Recent Years*

workers, (iii) part-time workers such as students, spouses of registered workers, and (iv) irregular workers who represent illegal entry, illegal stay, activities other than defined in the visa status or overstayers. Sri Lankan migrant workers in Japan are also belonging to these four categories. A detailed classification of migrant workers in Japan and Sri Lankan migrant workers in Japan by their status if resident, types of work, and profession is presented in Table 4.2. As shown in Table 4.2 the total number of Sri Lankan people in Japan was 12,847 in 2006. This figure was accounted to only 0.6 percent of the total number of foreigners in Japan. All these foreign workers in Japan can be divided into three groups and contribution of Sri Lankan migrant workers to each group can be analyzed as follows:

#### **(1) Professionals and skilled workers;**

This group consists from professors, artists, people undertaking religious activities, journalist, investors, business managers, legal and accounting professionals, medical service, researchers, instructors, engineers, specialist in humanities, international services, intra-company transferee, entertainers, and skilled laborers. In 2006, 2.2 million foreigners were in Japan and out of that only 192,124 migrants were accounted to this category. In other words, out of total number of foreigners in Japan only

8.8 percent of people represented above mention professional working categories. However, out of total number of Sri Lankan migrants in Japan (12,847 people) only (687 people) 5.3 percent represented professional and skilled workers. On the other hand, out of total number of professionals and skilled workers in Japan, Sri Lankan professionals and skilled workers represented only 0.4 percent. Therefore, it is possible to identify low share of professionals and skilled workers among Sri Lankan migrants in Japan and that has been remaining at lower rate in comparison to total number of foreigners coming under the category of professionals and skilled workers in Japan.

As explained by Karunaratne (2007e) Sri Lankan professionals and educated people have been migrating to North America, Western Europe and Australia and New Zealand for a longer period. Further, skilled workers in the field of mason, carpenter, and electrician in construction industry of Sri Lanka have been migrating to Middle-east Asian oil-exporting countries since later 1970s. Furthermore, skilled migrant workers in the field of cutters, machine operators, supervisors, and designers in garment industry of Sri Lanka have been mainly migrating to newly industrialized countries such as Singapore, Malaysia, Thailand, Hong Kong, and South Korea. In addition, the number of Sri Lankan students migrated Western Europe, North America, Australia and New Zealand were also at significant rate since 1960s. As a result of these reasons, Japan has not been served as important labour market or skill generation place for Sri Lankan migrants for a longer period. In addition, language barrier has been one of the main reasons for less number of Sri Lankan professionals and skilled workers in Japan. Types of industries and employment opportunities available for foreigners in Japan have also been influenced to this situation. Only limited number of Sri Lankan students migrated to

Table 4.2 Number of Foreign Workers, and Sri Lankan Workers in Japan by purpose of Work, 2006

Status of Resident	Number of Migrant workers from All countries in Japan	Number of Sri Lankan Migrant Workers in Japan	Sri Lankan migrant workers as % of Total Foreign workers in Japan
Professor	8153	39	0.5
Artist	401	0	0.0
Religious activities	4699	26	0.6
Journalist	292	0	0.0
Investor/ Business manager	6396	61	1.0
Legal /Accounting service	125	0	0.0
Medical service	117	1	0.9
Researcher	2548	15	0.6
Instructor	9393	2	0.0
Engineer	23210	104	0.4
Specialist in Humanities/ International services	47682	284	0.6
Intra-company Transferee	10993	28	0.3
Entertainer	64742	0	0.0
Skilled Labour	13373	127	0.9
Sub-total	192124	687	0.4
<b>Working not Permitted</b>			
Cultural Activities	3093	25	0.8
Temporary Visitor	72446	2952	4.1
Collage Student	129873	931	0.7
Pre-college student	43208	974	2.3
Trainee	54317	228	0.4
Dependent	81919	787	1.0
Designated Activities	63310	185	0.3
<b>No registration on Working</b>			
Permanent Resident	312964	649	0.2
Special permanent Resident	465619	2	0.0
Spouse or child of Japanese National	257292	580	0.2
Spouse or child of permanent Resident	9417	35	0.4
Long term Resident	250734	84	0.0
Others	37431	519	1.4
Sub-total	1973747	8638	0.4
Illegal workers	207229	4209	2.0
<b>Total</b>	<b>2180976</b>	<b>12847</b>	<b>0.6</b>

Source: Immigration Bureau of Japan (2007) *Immigration Control in Recent Years*



Japan during until 1990s. However, as explained in chapter six, growth rate of Sri Lankan professionals and skilled workers in Japan has been significant in recent past. Further, Japan has been deported growing number of irregular workers in recent past. Therefore, professional structure of Sri Lankan migrant workers in Japan is expected to change in near future.

## **(2). Working Not Permitted**

In Japan, working is not permitted for foreigners in visa categories of cultural activities, temporary visitors, college students, pre-college students, trainees, dependents, designated activities. Out of these categories, college students and pre-college students can obtain permission to work from immigration bureau upon request made. They are allowed to work maximum 28 hours per week. Although temporary visitors are not allowed to work in Japan, majority of Sri Lankan temporary visitors engage in vehicle spare part collection activities or other business activities relevant to vehicle exportation to Sri Lanka. Majority of all other Sri Lankan migrants coming under the sub-categories of working is not permitted in Japan. However majority of them are engage in part-time working activities in informal sector or agricultural activities. People engage in these activities also can be considered as irregular migrant workers due to poor working conditions in these activities in comparison to formal government employees or employees in the large scale private sector. Low wages, temporary nature, no retirement benefits, poor working conditions, and mostly 3D (Dirty, Difficult, Danger) types are some of the characteristics of jobs they undertake in Japan.

Among these sub-groups the case of trainees has been publicly debated in recent past in Japan. News papers and television channels quite openly reported on misuse of trainees by entrepreneurs or misbehavior of trainees

to earn money from Japan. According to Japanese authorities, the main purpose of trainee system is to provide technical know how and industrial training for foreigners. However, majority of foreigners coming under the trainee system are from developing countries like Peoples Republic of China, Indonesia, Sri Lanka, Viet Nam, etc. Since average income gap between these countries and Japan is very wide trainees personal objective has not been only receiving know how or industrial training. Trainees are aware that they have only limited time period to stay in Japan. Therefore, majority of them are tiring to maximize economic benefits within the given time period. As a result trainees are willing to work longer hours for cheap wages in the same place or seeking to work in other places. These problems are now well aware in Japan and as a result of that, there has been a public opinion that trainee system should be reviewed. Japanese government is now considering these facts.

### **(3). No Registration on Working**

In Japan, employment data on permanent residents, special permanent residents, spouse or child of Japanese nationals, spouse or child of permanent residents, long term residents are not reported by the Immigration Bureau of Japan. Employment data on permanent residents are sometimes included in employment surveys, but they do not differentiate these people from the Japanese people. However, number of Sri Lankan migrants in Japan coming under this category is not much sizable in comparison to above-mentioned two categories.

### **(4) Recent Trends of Sri Lankan Irregular Migrant Workers in Japan**

Trends of total number of irregular workers and Sri Lankan irregular workers in Japan by gender are shown in Table 4.3.

**Table 4.3 Total Number of irregular Workers and Sri Lankan Irregular Workers in Japan by Gender**

Item/Year	2000	2001	2002	2003	2004	2005	2006
Total Number of Irregular	251,697	232,121	224,067	220,552	219,418	207,299	197,745
Sri Lankan Irregular Workers	3,907	3,489	3,730	3,909	4,242	4,209	4,590
% of Sri Lankan Irregular Workers	1.6	1.5	1.7	1.8	1.9	2.0	2.3
Male	3,377	3,022	3,242	3,402	3,684	3,652	4,030
% Males	1.3	1.3	1.4	1.5	1.7	1.8	2.0
Female	530	467	488	507	558	557	560
% of Females	0.2	0.2	0.2	0.2	0.3	0.3	0.3

Source: Ministry of Justice, Japan

There has been a clear declining trend of total number of irregular workers in Japan during 2000-2006 period. For example, the total number of irregular workers was 251,697 people in 2000 and this number has declined to 197,745 people by 2006. Which means the total number of irregular migrant workers declined by 53, 952 people (or by 21.4 percent) from 2000 to 2006. In contrast, the number of Sri Lankan irregular migrant workers in Japan has been increasing during this period. The total number of Sri Lankan irregular migrant workers increased from 3,907 people in 2000 to 4,590 people in 2006. As a result, the share of Sri Lankan irregular migrant workers in the total irregular migrant workers in Japan has increased from 1.6 percent in 2000 to 2.3 percent in 2006. However, there has been a gender wise difference in the growth rate. The number of Sri Lankan male irregular migrant workers grew faster than the female irregular migrant workers during this period.

## **5. Socio-economic Characteristics of Sri Lankan Migrant Workers in Japan: A Survey-based Analysis**

Socio-economic characteristics of Sri Lankan migrants in Japan are summarized in Table 5.1 below. These findings are based of sample survey

conducted by the author during the period of April 2006 to March 2007 in Tokyo, Yokohama, Saitama, Tsukuba, Chiba Gunma prefecture and Nagoya city in Japan. Totally 200 questioners were distributed among Sri Lankans in Japan. Author himself interviewed over 50 Sri Lankans in Japan to obtain the accurate data. Questioners were distributed in Sinhala language. Major findings can be summarized as follows.

(i). The average age of a Sri Lankan migrant in Japan was 31.4 years. Since present trend of Sri Lankan migrants in Japan was started in mid 1980s, their average age is lower than the “old comers” and “*Nikkei*” people in Japan.

(ii). Gender wise distribution of Sri Lankan migrant workers shows male biasness. According to our survey, 92 percent of Sri Lankan migrants in Japan represent males while female share was only 8 percent. This is a totally different picture in comparison to migrants from the Philippines in Japan. Females domination has been visible among philippiros in Japan.

(iii). According to civil status of Sri Lankan migrant workers majority of (52 %) are married. 20% of them living with kids in Japan. Only 2% of people are divorced.

(iv). Almost half of the Sri Lankan migrants in Japan has received educated up to high school. In addition to that, around 15% of them are having university degrees or postgraduate qualifications.

(v). Among the Sri Lankan migrants in Japan 33 percent of people have obtained professional qualification or experience in their job. This is because, people who migrate to Japan should pay high premium for migrant brokers and as a result it is difficult to enter poor people to the labour market in Japan. Majority of Sri Lankan migrant workers in Japan has working or business experience in some other countries also. Some people have migrated to Middle-east Asian countries, Singapore, Malaysia, or

Table 5.1 Characteristics of Sri Lankan Migrant Workers in Japan

1. Average Age		31.4
		<b>Percentage</b>
2. Gender	Male	92
	Female	8
	Total	100
3. Civil Statues	Single	48
	Married	52
	Which of	
	No Kids	18
	Have kids (in Japan)	20
	Have Kids (in Sri Lanka)	12
	Divorced	2
	Total	100
4. Educational Qualifications	Primary	5
	Secondary	31
	Tertiary	49
	Bachelors or higher	15
		100
5. Professional qualifications/experience		33
6. Region of Origin in Sri Lanka	By Province	
	Western	41
	North Western	17
	Central	12
	Southern	14
	North central	9
	Sabaragamuwa	3
	Uva	3
	Eastern	1
	Nothern	0

Total sample number

100

Source: Survey conducted by the Author

South Korea to earn money and thereafter they have migrated to Japan by using money that earn from those Cowntries. At present some people pay around 1.2 million Sri Lankan Rupees to migrate to Japan.

(vi). Human networks such as family relation, class mate or friendship is also very important determinant of Sri Lankan migrants in Japan. There are

some Sri Lankan families over 8 members of their family are in Japan.

(vii). In terms of region of origin, 41 percent of Sri Lankan migrants in Japan has migrated from Western Province of Sri Lanka. This can be considered as one of the reasons behind the growing Provincial inequalities in Sri Lanka. Majority of foreign workers from Sri Lanka represents western province people. As a result, remittances for Western Province have been substantial. However, in case of Japan, Sri Lankans migrated from North Western Province, Central Province and Southern Province are also significant. As a result of large number of migrants sending in these provinces, construction activities, vehicle trade activities (specially selling used cars and vehicle parts) have been decentralized in Sri Lanka. For example, apart from the Colombo, cities like Kurunagala, and Kandy have shown substantial growth in vehicle trade activities during the past two decades. One of the main reasons behind that was increasing number of Sri Lankan migrant workers going to Japan from those cities.

One of the most interesting findings of our survey was the answers given to the question on “whether your owner would like to employ one additional Sri Lankan worker to your employed place”. Almost 97 percent of Sri Lankan workers replied that their employers willing to employ one more Sri Lankan worker due to their relatively low age level, higher average education level, good human relations, high commitment and fast catching-up in language and new technology. Since majority of Sri Lankans in Japan are Sinhalese and Buddhist people, they are very much adjusted to Japanese language and culture within shorter period. Mother languages of Sinhalese have come from ancient North Indian languages call Pali and Sanskrit. Those languages are very rich to catch any sound in the world and as a result Sinhalese people easily catch any language relatively short time and use it same as the native speakers. This has been one of the main

reasons to attract Sri Lankans to Japanese workplaces. In addition, loyalty and commitment to work also high among the Sri Lankan workers in Japan. These are the main reasons to increase Sri Lankan migrant workers in Japan.

## **6. Sri Lankan Workers in Japan: Implication for the Economy of Sri Lanka**

Usually, migrant workers contribute to their home countries by reducing unemployment burden, reducing poverty, generating foreign currency, increasing foreign savings, advancing technological know-how (after returning) as well as providing information and background to increase more number of migrant workers in latter years. These are kind of direct influences of international labour migration. In addition, indirect influences on growth and structural changes in other macroeconomic and socio-economic variables are also important. Since migration influence every aspect of life of migrants and their families, relatives, societies they came and societies they live, it is essential to focus one or two areas to provide deeper analysis. In this regard, this paper focuses on two main influential areas, namely, foreign currency earning (remittances) and regional development in Sri Lanka.

Eventhough total number of Sri Lankan migrants is low in Japan both in comparison to total number of foreigners in Japan and total number Sri Lankan migrant workers in other countries, their contribution to remittances seems to be substantial. There are two main reasons behind this situation (i) relatively high income received in Japan in comparison to Sri Lankan workers in Middle east Asian countries, (average wage in Japan is 3 to 4 times higher than the average wage in Middle-east Asian countries) (ii) substantial devaluation of value of rupee with respect to

Japanese yen in recent past. (i.e. 1 Sri Lankan Rupee = 0.70 in year 2000 and almost 1 yen in year 2006.) As understood in the above analysis at least 12,000 Sri Lankan workers (out of 16,500 total Sri Lankans in Japan in 2007) are in Japan and if they send at least 100,000 yen to Sri Lanka per month (assuming that they earn more than 200,000 yen per month: this was confirmed through findings of our sample survey), their contribution to remittances has increased to a substantial figure. This has led to increase remittances to Sri Lanka in recent past. As shown in the Table 6.1 migrant remittances to Sri Lanka showed high ratio to GDP in 2006. As a result remittances have become more important than the trading goods and services in international markets, Official Development Assistance (ODA), Foreign Direct Investment, and Portfolio investment. Further, one of the studies conducted by the IMF (2007) emphasized relatively high stability of remittances in comparison to other foreign financing methods in Sri Lanka.

Apart from the contribution for growth in GDP, domestic consumption,

Table 6.1 Migrant Workers' Remittances in South Asia, 2006

Country	Remittances in US \$ million	Remittances as % of GDP
Bangladesh	8,108	13.2
India	24,504	2.8
Nepal	1,135	14.2
Pakistan	6,242	4.8
Sri Lanka	3,428	12.8

Source: United Nations International Fund for Agricultural Development 2007

savings, investment and other macroeconomic variables, one of the most important features associated with significant growth in remittances to Sri Lanka has been the widening income inequality and widening regional inequalities. There has been many studies showing growing nature of income inequality in Sri Lanka during the recent past (see, Bhalla and Glewwe 1986, Karunaratne 2000, and 2001, and many others). On the



other hand, growing importance of regional inequality in Sri Lanka has also pointed out by many researchers in recent past. (see Karunaratne 2007 a, 2007b, RCFSES 2003/4, HIES 2007, and many others) It is possible to identify remittances as one of the main contributors for both these phenomenon in Sri Lanka since mid 1980s. As shown in the Figure 6.1, micro-level income receivers' income data indicates clear variance of importance of remittances among different provinces in Sri Lanka. Percentage of remittances in income receivers income was higher than the average level of 4 percent in the Western province and North Western provinces in Sri Lanka. Some districts in these two provinces like Colombo, Gampha, Kurunagala have recorded highest level of living standards in Sri Lanka. As a result education level, information availability and access to migration net-works are higher in these districts than the rural districts such as Monaragala, Polonaruwa, and Hambantota. In order to explore relationship between migration and living slandered in various districts, annual registered number of international migrants, poverty head count ratio and unemployment rate by districts are plotted in Figure 6.3.

Figure 6.1 Percentage of Transfer Income from Abroad in Total Income by Province in Sri Lanka, 2004

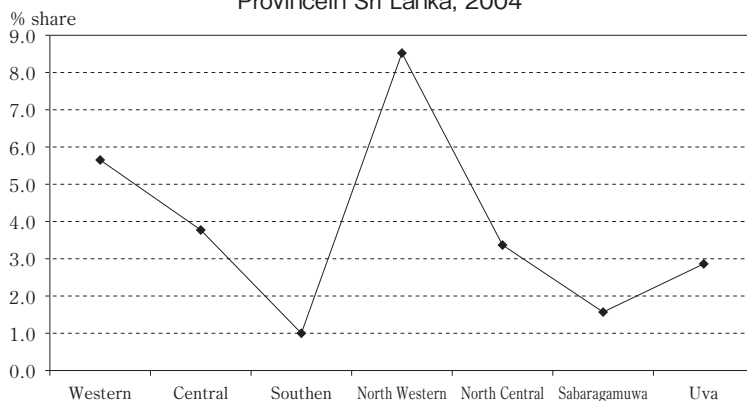
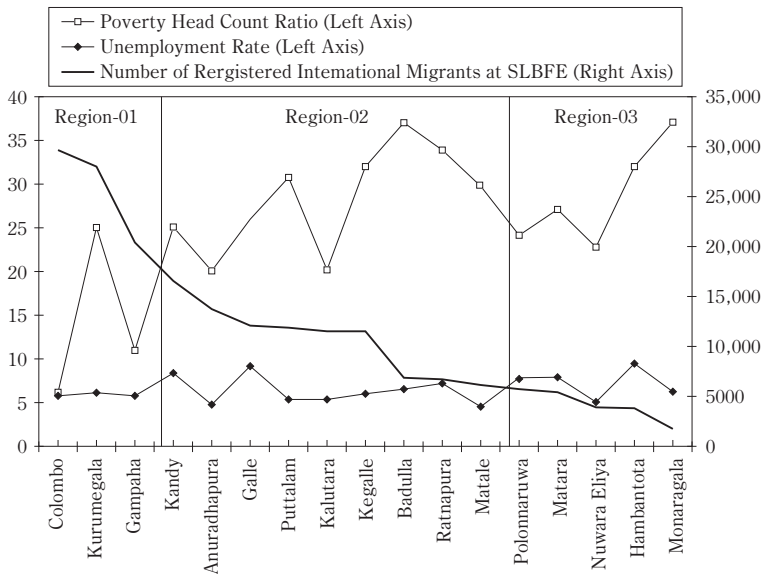


Figure 6.3 International Labour Migration, Poverty and Unemployment Rate in Sri Lanka by Districts, 2006



According to information given in Figure 6.3, all these districts can be divided into three categories.

(1) Region 1 recorded over 20,000 annual number of international migrants and indicated lowest poverty rate and unemployment rate in Sri Lanka

(2) Region 2 recorded over 5,000 annual number of international migrants and indicated relatively high poverty rate and unemployment rate in Sri Lanka

(3) Region 3 recorded less than 5,000 annual number of international migrants and indicated highest poverty rate and unemployment rate in Sri Lanka.

The above-mentioned analysis led to identify following two relationships in Sri Lanka:

- (i). Lower the poverty rate and lower the unemployment rate, higher number of people participate in international migration.
- (ii). Higher the poverty rate and higher the unemployment rate, less number of people engaged in international migration.

Possible reasons for the above relationship are education level differences, information availability differences, differences of institutional facilities in different districts. Apart from these relations, migration itself act as information flow to determine the number of migrants in latter periods. Therefore, it is important to reduce regional gap of educational attainments, informational availability and institutional facilities at district and provincial level to avoid growth in regional inequality in Sri Lanka.

## 6. Concluding Remarks

This paper attempted to study (i) growth and structural changes in foreigners and foreign workers in Japan, (ii) Growth and structural changes in Sri Lankan migrants in Japan, (iii). Implications of Sri Lankan migrant workers in Japan on the economy of Sri Lanka and finally (iv), their influence on remittances and regional inequality in Sri Lanka. Total number of foreigners in Japan increased from 78,000 in 1920 to 2.2 Million in 2006. The number of foreigners as a proportion of total population in Japan increased only from 0.67 percent in 1978 to 1.63 percent in 2006. There has been a very slow growth rate of foreigners in Japan over a long period and their proportion to total population has been significantly low in comparison to many other developed countries. Modern history of foreigners in Japan can be divided into four main phases as; (i) pre-second World War period, (ii) post-war period, (iii) new stage, and (iv) after the amendment of the Immigration Law in August 1990. Main purposes of the

new migration policy implemented since 1990 were as (i) to discourage unskilled (irregular) workers coming to Japan (ii) to encourage Japanese descents in South America to return to Japan (iii) to increase number of trainees to fulfill labour demand in Japanese firms, (iv) to increase number of foreign students and (v) to promote skilled migrants to Japan. After implementation of this new policy package, a growing number of Japanese descends from Latin American countries, trainees from neighbor countries and foreign student workers were observed, while the number if irregular workers has been declining.

On the other hand, to the number of Sri Lankan migrants in Japan increased from in 1985 to over 16,000 in 2007. Intre meantime, Registered number of Sri Lankan migrants in Japan increased to the level over 12,000 and diversified as permanent migrants, contract workers, students and trainees.

Since majority of them were in low average age, male workers, high educated level, fast catching up level in terms of language and technology, hand working and good human relations both with Sri Lankans and Japanese, their earnings were three or four times higher than the Sri Lankan migrants in Middle-east countries. As a result, their remittances contributed to generate foreign currency even higher than the earnings from bi-lateral trade flows, ODA flows and FDI flows from Japan to Sri Lanka. Our in-depth analysis of this paper led to identify the following two relationships among number if international migrants, poverty head-count ratio and unemployment rate in District level in Sri Lanka as:(i) Lower the poverty rate and unemployment rate, higher number of people participate in international migration.(ii) Higher the poverty rate and the unemployment rate, less number of people engaged in international migration in Sri Lanka. While growing amount of remittances has

contributed to increase in GDP, consumption, savings, investments in Sri Lanka, it has also contributed to increase regional disparities in the economy. Some of the reasons behind this situation have been the widening educational attainment, information availability, and institutional support differences across the provinces and districts in Sri Lanka.

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