

## Will the Acceptance of Foreigners Advance in Japan?

Japan is facing serious population decline. According to the medium-fertility, medium-mortality projections in *Population Projections for Japan* released by the National Institute of Population and Social Security Research in April last year, even without incorporating the present decrease in the fertility rate, the population of Japanese nationals will shrink to 77.61 million in 2070, which is a decline of 45.79 million from 2020. On the other hand, the population of foreign nationals is projected to increase to 9.39 million (an increase of 6.64 million from 2020), upholding the total population. These projections are adopted for the actuarial valuation, which provides the outlook for the future pension system, and there is a sense that they are otherwise used as a premise for depicting the future vision of Japan.

While the population of foreign nationals in the above projections excludes the impact of the Covid-19 pandemic from the 2016–2020 figures and is set mechanically in some sense, to begin with there are doubts about whether the image of having foreign nationals account for 10.8% of the total population around 50 years from now is realistic. Also, if the country actually expects to realize it, how it plans to implement ingenious measures to smoothly accept foreign nationals will be a very important issue because it will greatly change the population composition from the present conditions.

To examine the future outlook, let us first confirm the conditions of the influx of foreign nationals to date. The figure presents the transition of the number of foreign residents since 2010. According to this, there were 3.41 million foreign residents at the end of 2023. The number of foreign residents increased by around 1.6 times over 13 years, and now accounts for 2.7% of the total population. What is remarkable in particular is

that there have been great changes in the number of foreign residents by home country. While China remains number one (820,000 persons), Vietnam, which ranked seventh in 2010, is now in second place (570,000 persons) with an increase of 530,000 persons over 13 years. Conversely, the number of foreign residents from South Korea, which is number three (410,000 persons), has declined. The Philippines is at number four (320,000 persons) and Brazil is number five (210,000 persons), and these top five countries account for nearly 70% of the total. The number from Western nations is small with merely 60,000 from the US, which accounts for the largest number among the Western countries.

The number of people entering from Southeast Asian nations has been conspicuously high in recent years, and this is because of the intensive acceptance of Technical Intern Trainees (400,000 persons at the end of 2023) and Specified Skilled Worker foreign residents (210,000 persons at the end of 2023). Looking at the breakdown, at the end of 2015 nearly 50% were from China, but at the end of 2023 more than 80% (520,000 persons) were from the four countries of Vietnam, which accounted for around 50%, Indonesia, the Philippines, and Myanmar (see Table). The number of international students from Southeast Asia is also increasing.

Regarding the future, given factors such as the strong orientation toward Japan in Southeast Asia among individuals with high academic achievement, a reasonable increase in entries can be expected for the time being. However, stable entries may not necessarily continue over the medium to long term. The wage gap between Southeast Asian countries and Japan is steadily narrowing, and moreover the competition over securing foreigners is intensifying among countries worldwide. Japan is not just watching and waiting. The country carried out legal amendment centered on abol-

ishing the Technical Intern Training Program, which was noted to have various problems, and replacing it with the Employment for Skill Development program, with the goal of both upholding human resources development and securing human resources, and expanded the Specified Skilled Worker system. However, the revised legislation is to take effect within three years from the date of promulgation (June 21), and it is likely to take some time until it comes into effect.

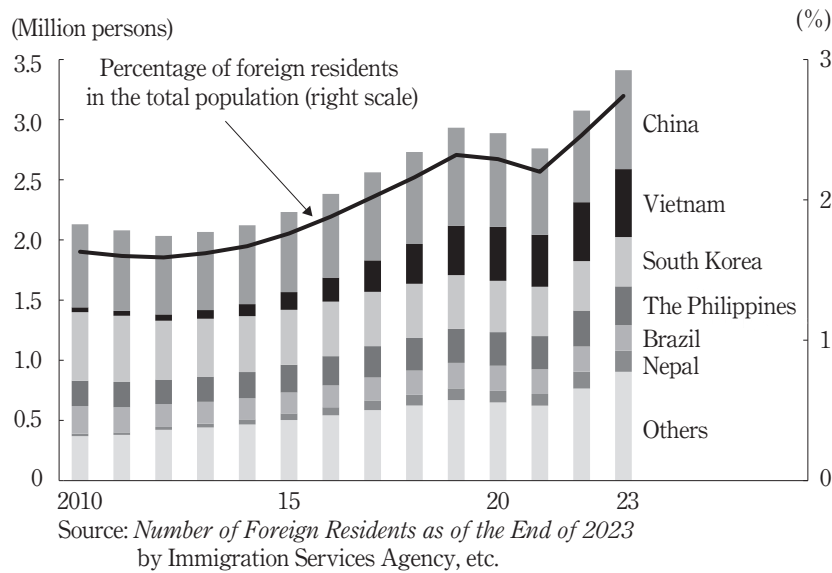
Furthermore, Japan has a well-established reputation as lacking a foreigner-friendly work environment, as symbolized by a shortage of personnel who are fluent in English and the insufficient international experience of its managerial personnel, and it is uncertain that foreigners including those with high-level skills

will choose Japan. Various improvements to the working environment and work styles are urgently needed.

Meanwhile, in the acceptance of foreign nationals, it is important to note that an influx of foreigners is causing social unrest in Western countries. The question is whether Japan, which is suffering an intensifying labor shortage, can learn from the experience of Western countries.

In the September Liberal Democratic Party presidential election, many candidates stressed the development of a labor market with high mobility, but considerations of labor market reform must to include the approach to accepting foreign nationals. We strongly hope the Ishiba administration to take action promptly.

**Figure: Transition of the Number of Foreign Residents**



**Table: Transition of the Number of Technical Intern Trainees and Specified Skilled Worker Foreign Residents by Home Country**

(Unit: Thousand persons)

	2010	2015	2020	2023
Vietnam	8	58	218	314
Indonesia	6	15	36	108
The Philippines	6	18	33	57
China	78	89	66	42
Myanmar	0	2	15	38
Others	2	13	26	53
<b>Total</b>	<b>100</b>	<b>193</b>	<b>394</b>	<b>613</b>

Source: Number of Foreign Residents as of the End of 2023 by Immigration Services Agency, etc.