

# Japan's Sharply Declining Population & Immigration Policy



Author Toshihiko Menju

By Toshihiko Menju

## An Era of Declining Population

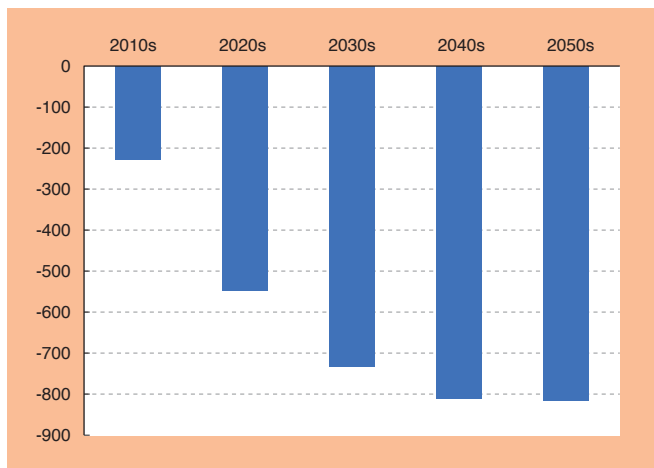
The decline in the population of Japan has in the past been known for its moderation. But since the 2020s, Japan has been seeing an accelerated period of decline in its population. As shown in *Chart 1*, according to the “Population Projections for Japan” (2017) by the National Institute of Population and Social Security Research, Japan’s population decline for the 2020s is estimated to be 5.48 million people, and 7.32 million people in the 2030s.

According to “Population Projections” (confirmed figure in September 2022) by the Ministry of Internal Affairs and Communications, the total population was 124.63 million people, with a year-on-year decline of 730,000 people. This is larger than the population of Tokushima Prefecture, which is 44th among Japan’s 47 prefectures. The population decline is predicted to accelerate at a speed whereby a small-sized prefecture will perish every year.

Furthermore, the coronavirus pandemic has made the declining population and declining birth rate more serious. On Sept. 16, 2022, the Ministry of Health, Labour and Welfare released the “Overview of Vital Statistics” (confirmed figures) for 2021. The number of births was 811,622, down by 29,213 from the previous year, and the total fertility rate was at 1.30, down from 1.33 in the previous year.

CHART 1

### Population change forecast every 10 years (unit: 10,000 people)



Source: “Population Projection for Japan” by the National Institute of Population and Social Security Research (2017)

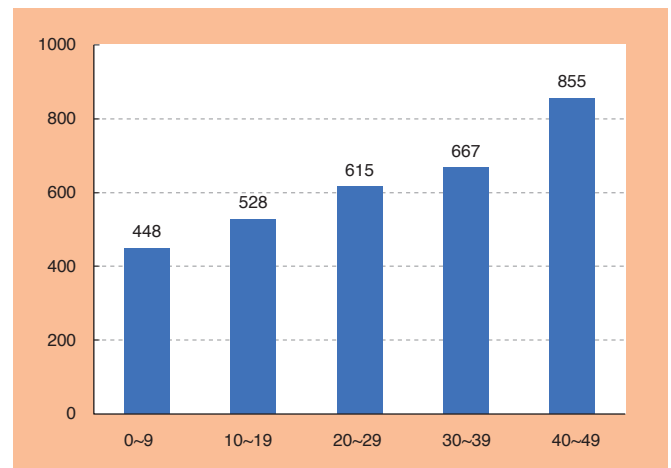
In November 2022, the Japan Research Institute published its forecast for the number of births (Japanese) for 2022 at around 770,000, down 5.1% from the previous year. Since 2016, the number of births has been declining at an annual rate of 3.5%, but the rate of decline for 2022 has exceeded this. While the number of births in 2015 exceeded 1 million, the rate of decline has exceeded 20% in a mere seven years, and this speed is alarming.

In 2023, the administration of Prime Minister Fumio Kishida announced that it will implement unprecedented countermeasures against the falling birth rate, but can a positive impact be expected? Various administrations in the past have also placed countermeasures against the falling birth rate as an important policy and various projects have been carried out, but in the end the population level was never maintained, let alone increased.

*Chart 2* shows the population of Japanese women by age groups. The younger the generation, the less populated they are, and as time progresses, the population able to give birth to children declines. This means that even if the birth rate can be raised, the number of children will not increase that easily. Even if unprecedented countermeasures against the falling birth rate were to be effective for a certain period of time, putting a stop to population decline in the mid to long term is impossible.

CHART 2

### Female population by age (unit: 10,000 people, as of December 2022)



Source: Created by the author based on “Population Projection for Japan” by the National Institute of Population and Social Security Research (2017)

## Increase in Foreign Residents

As the population decline accelerates, the number of foreign residents has been rising. *Chart 3* shows the rise in the number of foreign residents and the population decline of the Japanese. By the end of 2019, the number of foreign residents reached 2.93 million, which is roughly equivalent to the population of Hiroshima Prefecture. The increase in 2019 alone was 202,044 people.

In contrast, the population decline of the Japanese has been rapidly progressing with no sign of stopping. The chart shows that the increase in foreign residents has been rising as though it is automatically complementing the decline in the Japanese population. As the aging society progresses, the decline in total population indicates a decline in the younger working generation, and it can be seen that foreign residents have been increasing to make up for that.

Since the spring of 2022 the immigration process for entry to Japan has been relaxed due to the calming down of the coronavirus pandemic, and the number of foreign nationals living in Japan has begun to increase, and is expected to continue increasing to compensate for a certain percentage of the decline in the Japanese population. If it does not increase, labor shortages and the declining population may place the sustainability of society itself in peril.

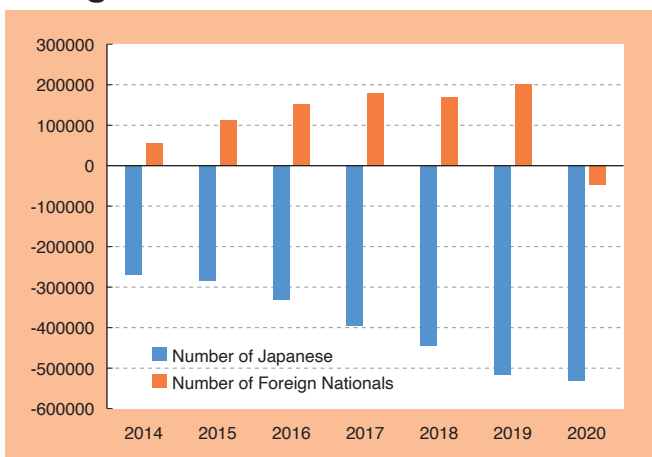
## Number of Foreign Residents Under the Pandemic

With restrictions on entry under the coronavirus pandemic, the number of foreign residents, recorded at 2,933,137 at the end of 2019, declined, with the number being 2,887,116 at the end of 2020 and 2,760,635 at the end of 2021. But with the easing of entry restrictions, the number of foreign residents quickly increased by over 200,000 in half a year, reaching a record 2,961,969 in June 2022.

According to the “Employment Situations of Foreigners” by the Ministry of Health, Labour and Welfare, the total number of foreign

CHART 3

### Increase & decrease of Japanese & foreign residents



Source: Japanese Ministry of Health, Labour and Welfare, statistics table in Vital Statistics Monthly Report (approximate number). Immigration Services Agency of Japan, number of foreign residents as of end of 2020.

workers in October 2021, two years after the coronavirus pandemic started, compared to October 2019 right before the pandemic, was surprisingly up at 1,727,221 from 1,658,804. While the number of technical interns and exchange students who are important part-time workers in Japan declined with entry restrictions, foreign workers with the “status of residence based on civil status” (permanent residents and spouses of Japanese) and the “status of residence for specialized and technical fields” (engineers, specialists in humanities and international services, and highly professional personnel) increased as a result.

By industry sector, while employment of foreign workers in “wholesale and retail”, “construction”, and “medical and welfare” has increased, the number of employees in “manufacturing” dropped, followed by the construction industry and food services industry seeing a drop in the number of foreign workers. While there are differences by sector, the majority of domestic industries were faced with grave labor shortages requiring them to rely on foreign workers even in circumstances where entry to Japan from overseas was very restricted.

## Impoverished Foreign Residents Due to Pandemic

While reliance on foreign residents heightened, many of them faced poverty under the coronavirus pandemic. The Japan Center for International Exchange (JCIE), with which I am affiliated, implemented the “Supporting Youth of Diverse Roots and an Inclusive Society” initiative by utilizing the dormant deposits system to fund seven non-profit organizations supporting youths with foreign roots from April 2020. Since 2021, the JCIE has funded 12 non-profit organizations supporting impoverished foreign nationals and has continuously conducted meetings with each of these organization to understand their situations.

One of the premises of emergency humanitarian assistance programs of the government is that the government’s immigration restriction measures have resulted in many foreign nationals being unable to return home. It has caused a situation where technical interns and ordinary foreign nationals have been forced into being laid off with the coronavirus pandemic, facing difficulties returning home and living in poverty. The government responded by providing a “designated activities” status of residence which allows them to work, and as a result the number of workers with designated activities status of residence has increased to 65,928, 1.6 times compared to two years ago. But the number of foreign nationals who are unable to easily change their status of residence or who are unable to find new jobs despite being able to change status has increased.

In addition, information on the novel coronavirus infections has not been correctly communicated amongst foreign nationals who remained in Japan due to language issues and lack of understanding of the Japanese system, resulting in outbreaks of clusters within the community of foreign nationals and delays in their getting vaccinated. The government put out various measures to support people, including foreign residents, who have been affected by the coronavirus pandemic, such as a “cash benefit payment”, but information for

foreign residents was not fully disseminated, and even after it was, they faced difficulties with the application process in Japanese.

Furthermore, industries hard-hit by the pandemic were seen cutting pay, with unpaid wages or dismissals of foreign workers resulting in a surge of the impoverished. The Anti-Poverty Campaign Network, which is an NPO working to address Japan's poverty issues, has collected an "Anti-Poverty Emergency Mutual Support Fund" from citizens, and of the total support money of approximately 60 million yen, 67% was provided to foreign nationals residing in Japan. Such an example tells the story of how so many foreign residents fell to poverty.

### Lack of Policies in Heisei Era

The reason why many foreign residents faced poverty under the coronavirus was their unstable working conditions. According to the Basic Survey on Wage Structures, despite being employed for more than five years, foreign nationals make up 36% of non-regular employees, twice the 16% total which includes Japanese.

The number of foreign residents gradually increased during the Heisei Era. Looking at the trend, the number of foreign residents in 1989 was 980,000, with 69% of them being from the Korean Peninsula. By 2018, this number had reached 2.73 million, while those from the Korean Peninsula remained at 18%, and nationalities had become more diverse.

In the meantime, however, the government did not change its notion of foreign nationals as just being temporary visitors, and as a result foreign nationals themselves also did not make clear decisions on whether to reside permanently, and so remained in limbo when their stay was prolonged.

In reality, foreign residents were settling down in Japan, but during the Heisei Era, the government, society and businesses considered them as temporary visitors. In terms of employment, businesses considered them being adjusting valves for the economy. As a result, even today the ratio of non-regular employees among foreign workers is high, and with a high ratio of dispatched and contracted work at 19.2% (Employment Situations of Foreigners by the Ministry of Health, Labour and Welfare, 2022), their employment situation is highly unstable.

Moreover, since permanent residency was not assumed, the Japanese language proficiency (especially reading and writing) of foreign residents is low, and support for Japanese language learning from the government is weak and has relied on volunteers.

With reference to Japanese Latin Americans, not only the second generation but the third generation is already being born in Japan, but their education is also lagging and the percentage of high-school enrollment for youths with foreign roots is thought to be around 40% (estimated by the Hitachi Foundation).

Japan, which faced shortage of labor during the bubble economy, established a permanent status of residence for Japanese Latin Americans in 1990, but the government that stuck to its stance of not adopting an immigration policy did not implement Japanese language education for foreign nationals, including the Japanese Latin

Americans, nor did it respond fully to the education of children with foreign nationalities.

Unstable employment, lack of proficiency in the Japanese language and lack of academic skills in children are mutually linked, and it is thought that the period without a policy extending to 30 years has made the issue more complex and allowed it to worsen.

### Change in Policies

Much of the poverty of foreign residents under the coronavirus pandemic can be attributed to the lack of policy in the past. Finally, the government revised the Immigration Control and Refugee Recognition Act in 2019 and established a status of residence for specified skilled workers to accept foreign nationals as workers in blue-collar fields. Since then, the government has essentially begun implementing immigration policies.

At the end of 2018, establishment of "specified skills" as a status of residence was passed in the Diet, and at the same time the Immigration Services Agency of Japan was established. The Agency works with local governments to gradually strengthen the support system for foreign residents such as conducting residency management, as well as establishing a Foreign Residents Support Center.

More important are the "Comprehensive Measures for the Acceptance and Coexistence of Foreign Human Resources". This is a collation of policies and programs by the government to support foreign residents which is revised every year, and in the 2022 revised version, 218 programs were implemented by the various ministries, such as Japanese language education, information services for foreign nationals and infrastructure building for an inclusive society. These policies and programs, by international standards, are none other than immigration policies.

Furthermore, the Ministry of Health, Labour and Welfare started a regional acceptance and settling down program for foreign personnel from 2020. As the phrase "settling down" indicates, it is a program designed to help foreign nationals continuing to live in regional societies in Japan, and for all intents and purposes it can be considered an immigration promotion program. This program mainly aims at inviting people living in other countries to Japan with the status of residence for specified skills. The government is expected to implement recruitment of participating companies as well as matching with overseas personnel (local interviews, etc.), and conduct support for employment retention. Prefectures are also expected to host local seminars for participating companies, providing support for foreign nationals to settle down, and work has already begun in five regions (Hokkaido, Gunma Prefecture, Fukui Prefecture, Gifu Prefecture and Kagoshima Prefecture).

Japanese language education policies by the government began in 2007 with the establishment of a Japanese Language Education Subcommittee within the Council for Cultural Affairs at the Agency for Cultural Affairs. This subcommittee led and put together a standard curriculum plan for Japanese language education targeted at "foreign nationals as habitants", not exchange students or short-term

residents. In addition, by duplicating the European language education system, a “Reference frame for Japanese language education” was compiled, and the next step has been to set up a national qualification system for Japanese language teachers. What pushed this is the “Law to promote Japanese language education” in 2019, and at this stage, while it is centered around volunteers, programs to install regional Japanese language classes across Japan have been actively expanded.

In the report “Ways for Japanese language education in local communities”, which was approved by the Japanese Language Working Group of the Council for Cultural Affairs in November 2022, a future direction for Japanese language education is clearly mentioned. It asks for all prefectures and local municipalities to develop guidelines for Japanese language education, and can be viewed as Japanese language education for foreign nationals becoming a policy to be conducted by local governments together with the national government.

Furthermore, this report specified achievement levels of Japanese language proficiency for foreign nationals. The set goal is B level (B1, B2) in the “Reference frame for Japanese language education”. There are six levels of reference for Japanese language education from A1 (very first step) to C2 (most advanced). B level is said to indicate “being able to conduct everyday life with a command of communication in Japanese as a self-sufficient language user”.

As a more important policy change, in June 2022 a Cabinet decision was made on a “Roadmap to achieve an inclusive society with foreign nationals”. This roadmap says that “for a vision of an inclusive society that Japan should aim for, and to achieve this goal, the government will formulate a roadmap that will indicate mid- to long-term challenges and concrete measures for the period until fiscal 2026, and the government will make concerted efforts to further promote developing an environment that enables achieving an inclusive society with foreign nationals.”

This roadmap raises three visions of an inclusive society: (1) a society where foreign nationals are included, and a society where all are safe and secure, (2) a society where foreign nationals participate, and is diverse and vibrant, and (3) a society where human rights are respected without discrimination and prejudice.

Mid- to long-term challenges are further raised as: (1) addressing programs such as Japanese language education, (2) dissemination of information to foreign nationals and strengthening consultation systems and other systems for foreign nationals, (3) support for varying life stages and life cycles, and (4) programs to develop infrastructure for an inclusive society (raising awareness amongst the Japanese, education, enhancement of data, etc.)

## Need to Articulate Immigration Policies

Looking at the aforementioned changes in policies, it can be perceived that actual steering towards accepting immigrants has already taken place. But this alone is not enough. This is because most Japanese people do not know of this policy change. As seen previously, Japan has, for all intents and purposes, actually embarked on immigration policies. It has only begun recently and it is far from a

satisfactory level, but a deepening of these policies is being steadily aimed for.

The first thing the government must do now is to make this fact clearly known both within and outside Japan. There is a need to break from the current situation that can be described as a stealth immigration policy. That is to say, instead of the euphemistic expression of “co-existing with foreign nationals” or “habitants”, the government needs to clearly state that foreign nationals are indispensable to maintain our society in the future, and that it has embarked on policies to support them. In other words, the government should state that foreign nationals who reside and are active in Japan, or immigrants, should be welcomed.

On accepting Ukrainian refugees, the government has changed its traditional careful stance by 180 degrees. Prime Minister Kishida’s remarks on actively accepting them has triggered municipalities, private companies and NPOs who had been willing to support them but hesitant to implement measures up until then, to all at once begin supporting activities across Japan.

With actual immigration policies beginning now, what is most required of the government is the same kind of announcement effect, and such comments will lead to changes in the mentality of the people as well as how the world looks at Japan. Of course, ultimately, full scale system-building will be required by establishing a Basic Act for Foreign Residents (Immigration Law) and an Immigration Agency, but this will take years. As worldwide competition for human resources is already underway, the government needs to publicly state that “Japan is already changing.”

With the Japanese economy in long-term stagnation, recent trends in the weak yen have made working in Japan far less attractive. For Japan to become “a chosen country”, working to quickly resolve various challenges facing foreign residents already living in Japan is essential, as well as adequately addressing issues such as labor and Japanese language education for foreigners. In addition, there is also a need to concentrate efforts on Japanese language education and school education for children who are born in Japan with foreign roots, who can be viewed as second-generation immigrants, as well as for children who are sent from overseas. It is necessary to implement various policies for children with foreign roots to achieve the same level of academic skills as Japanese children as quickly as possible.

With the recent weak yen, there have been media stories about young people who have permanent jobs in Japan leaving and relocating to Australia or Canada. Before becoming a host country for immigrants, Japan should be concerned about possibly becoming a country that sends out migrants, and should fully work to accept foreign nationals as well as aim to build a society where both Japanese and foreign youths can actively participate. **JS**

Toshihiro Menju is managing director of the Japan Center for International Exchange (JCIE).

He holds a Master’s degree in Public Administration from Evergreen State College in Washington, US. After serving 10 years with the Hyogo prefectural government, he joined JCIE in 1988 and has overseen a variety of programs. A member of the Council for Cultural Affairs on Japanese language education for foreigners, he is the author of several books on migrants including *Immigrants Open the Future of Japan* and *Depopulation – Japan Needs Immigrants*.