

**Second Set of Proposals for Acceptance of Foreign Residents
in Japan:
Clear Policies as Investment in our Future**

December 2016

Foreign Residents Policy Study Group

The Outlook Foundation

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I. Initiative Nippon Project

As declining population aggravates our aging society and regional revitalization draws increasing attention as an important social issue, the Outlook Foundation has launched and promoted the Initiative Nippon project with the perception that acceptance of foreign residents is an important and pressing issue.

(1) Launch of Foreign Residents Policy Study Group and issue of proposals

The Foundation launched the Foreign Residents Study Group in January 2015 and has continued vigorous discussions. One of our focal points is acceptance of foreigners and their families who wish to live in Japan for work or study for three month or more. On November 30, 2015, we issued policy proposals titled “Proposals for Government on Foreign Residents Policy: Acceptance of Foreign Residents in Japan—Creating a New, Visionary Japan through Phased Establishment of a Mechanism”.

Our first set of proposals are summarized below:

- Provide accurate, factual information on the current situation of foreign resident acceptance. Immediately initiate discussion involving a range of our population to enhance understanding among Japanese people.
- Begin accepting foreign residents on a trial base and expand in phases. Improve the system in the trial phase, based on current training programs for foreign workers, economic partnerships, or National Strategic Special Zones.
- Establish a “soft landing” system to help foreigners fit into Japanese society. For example, improve the Japanese language education system, require foreign residents to acquire a certain level of Japanese language skills and cultural understanding, and offer skills development opportunities.
- Clarify responsibilities of municipal governments and NPOs and establish a comprehensive collaboration system. Develop specialists as mediators between Japanese and foreigners.

We presented the above proposals (hereafter “the first set of proposals”) to the Deputy Chief Cabinet Secretary and requested him to launch a Council for Comprehensive Study on Foreign Resident Issues (tentative name) as a driving force for foreign resident policies.

(2) Regional meetings

To further develop the contents of the first set of proposals, the Outlook Foundation focused on studying local situations and challenges by visiting different regions across Japan. We organized meetings in regions which currently face challenges in accepting growing numbers of foreign residents or which are suffering labor shortages and have increasingly high hope for acceptance of foreign workers. We exchanged information with municipal leaders, NOPs, academic experts, local business operators and foreign residents. We also invited media observers.

We held six meetings at Semboku/ Ogata (Akita), Shinjuku (Tokyo), Hamamatsu (Shizuoka), Aichi, Toyooka (Hyogo) and Omura (Nagasaki).

(3) Tokyo Round

On November 12, 2016, the Outlook Foundation held its Tokyo Round to summarize viewpoints we obtained in our regional discussions and define a proposed direction for Japan.

The meeting was opened by Kozo Yamamoto, Minister of State for Regional Revitalization and Regulation Reform, followed by a keynote lecture by Kazuyuki Furuya, Assistant Chief Cabinet Secretary on the government’s basic policy on acceptance of foreign residents. We then held a panel discussion with municipal leaders such as Semboku Mayor Mitsuhiro Kadowaki and Ogata Mayor Hiroto Takahashi, government officials, regional business representatives, educators and NPOs.

The need for national consensus on acceptance of foreign residents has been discussed in “Japan Revitalization Strategy 2016” published by the national government. It was highly significant that we discussed this topic with central and regional governments and business and academic stakeholders at this meeting.

II. Opinions Presented at Regional Meetings and Tokyo Round

Our regional meetings and Tokyo Round revealed that many regions see the depopulation and labor shortage across the country as a pressing issue causing social and economic decline in their communities. At the same time, in such regions, the number of foreign residents is already increasing, and expectations for their economic and social contributions are gradually rising.

Serious problems of the growing labor shortage were presented at the meeting: small business operators cannot attract Japanese graduates and some restaurant operations are in danger of closure. Despite government efforts to expand inbound tourism, hotels cannot accept reservations for available rooms because of manpower shortage.

Rural regions suffering demographic aging expressed their wish for foreigners to become involved in their community and farm management. They asked for more liberal acceptance of foreign settlers to ensure sustainability of their depopulating communities. Some expected the National Strategic Special Zone to be a breakthrough for accepting foreign specialists and other workers as permanent residents.

While some expressed their concern that unrestricted acceptance could interfere with productivity improvement, others said timely measures must be taken to prevent regional societies from failing.

The government's current training program for foreign workers is based on the premise that it fills the labor gap only temporarily, so both trainees and companies are inadequately incentivized for focused, long-term human resource development. Many meeting participants pointed out the gap between the system and the actual situation, as companies are not allowed to employ their trainees after developing their skills. Yet this program is virtually the only way to accept foreign workers today. Some said that we should support ongoing reform of this program to increase its effectivity.

One of the factors that weaken the current training program is the involvement of pernicious intermediaries. One of the participants said it is necessary to exclude bad brokers and make good ones more identifiable.

A common perception formed through these discussions is that we need to accept foreigners not simply as workers but also as members of our society and construct a system to help them realize their full potential.

It was also pointed out that the current policies, not designed for permanent residency, are causing challenges for foreigners living in Japan: problems with language, labor conditions, housing environment, and education of their children. Especially for Japanese-Brazilian children, an increasing number of whom are born in Japan, we need to provide an appropriate educational environment; the greatest problem is that it is not always clear who is responsible for providing their education. Cooperation and discussion among national and municipal governments, industries, and academia are needed.

Our current system for accepting foreign workers is based on the premise that they must return to their native countries after a certain period of time. Another view presented at the meeting was that this "reflux" system should be changed to a "permanent residence" system which allows foreigners to live in Japan for a longer period.

While some municipalities, NPOs and Japanese language schools are actively supporting foreign residents, these limited efforts have only limited effects. Immediate, comprehensive government policies for acceptance of foreign residents were strongly demanded at the meetings.

III. Proposals

Based on the outcomes of the Initiative Nippon project, the Outlook Foundation presents our second set of proposals as follows.

- (1) The government should establish clear policies for acceptance of foreign residents.**

The voices we heard most frequently at our regional meetings were those expecting the government to take the initiative in establishing comprehensive policies and promulgating principles for acceptance of foreign residents based on the premise of longer-term settlement.

Current government policy prioritizes temporary filling of Japan's labor shortage and makes no clear statement on acceptance of foreign residents. Many consider that this has encouraged inappropriate application of training programs and student exchanges, which has led to illegal employment.

Lack of clear principles has also caused growing concern about a possible increase in foreigners staying in Japan without conforming to regulations, such as absconding trainees and illegal overstays.

Particularly in education, absence of clear policy is causing serious confusion. Municipalities are making a range of efforts in the education of foreign children, but their policies are inconsistent. Municipalities are also facing challenges such as shortage of teachers, especially experienced ones, lack of cooperation between prefectures and cities, and inadequate financial resources. As a consequence, an increasing number of children are having difficulties fitting into either their home countries or Japan, a condition called "doubly limited".

Local governments are facing very serious situations they can no longer solve with individual judgments and actions. To develop optimal responses, it is essential for the national government to issue unified policies, become actively involved, and share responsibility with municipalities for preventing or solving problems.

Japan should establish a system in which foreigners can work legitimately in a range of professional fields. To dispel social concerns for the future, it is extremely important to allow those who meet requirements to remain in Japan for extended periods.

(2) A principle to accept foreigners as residents should be established.

Aside from tourists and visitors with short-term purposes, foreigners who come to Japan to work or study (with or without their families) should become residents in Japan from the day of arrival.

However, current government policies guide the treatment of foreigners only as workers, not as residents. They are based on a "reflux" system in which we accept foreign workers as needed and require them to return home after a set period. There has never been a policy discussion about a "permanent residence" system which does not necessarily require them to leave Japan. The responsibility of providing education for necessary language skills and providing an adequate living environment have been left entirely up to

municipalities and private companies, which has resulted in inconsistent systems and services across the country.

It is now essential to discuss policies based on a permanent residence system. The government can prioritize sectors based on its policies of the moment and on those which truly need augmentation with a foreign workforce. However, we strongly believe that the government must demonstrate measures to create solid foundations and systems to support and sustain foreign residents in Japanese society.

The government should conceive a clear and comprehensive vision of how to treat foreigners as permanent residents and develop the specific policies to implement that vision.

(3) The government should clearly assume overall responsibility for providing Japanese language education.

If we decide to accept foreign workers as permanent residents, the government should ensure and finance language education essential for their wellbeing. Especially for children of compulsory education age, Japanese language education should be mandatory regardless of their nationality, and they should have the opportunity to learn Japanese to a level assuring a viable life in Japan. Even if they choose education in their own language, acquiring the minimal Japanese skills required for communication should be obligatory.

In regions with longer histories of accepting foreign residents, we are witnessing children suffering “doubly limited” difficulties: limited skills in both their native language and Japanese. Such education failures will inevitably develop into a serious issue for Japanese society in the near future. The government should immediately exercise leadership in establishing a solid language education system to remedy this situation.

We should also encourage adult foreign workers permanently living in Japan to acquire a sufficient level of Japanese, for example by making it a requirement of residence.

Following countries like Germany, we should consider both guaranteeing opportunities for language education and mandating enrollment for a specific period. In addition to daily conversation, required language skills should include understanding of social security, medical and other terms associated with life in Japan. In sum, the government should comprehensively review the current language education system.

(4) Local communication facilities for Japanese and foreign residents should be established.

To solve communication problems that foreign residents might face in Japan, we should provide local facilities for communication with Japanese residents: foreigners could learn local customs and etiquette from their Japanese neighbors, have an opportunity for language learning, and exchange information with Japanese residents. Japanese residents

should take an active role in these activities, invite foreign residents to their community associations, and offer volunteer opportunities.

In addition to providing foreign resident services, these facilities should assume a role in developing awareness for Japanese residents and improve international communication skills for younger generations. Further, we would expect them to serve as resources for foreigners to develop skills and businesses utilizing national, multi-cultural and global networks.

We should also encourage foreign residents to offer advice to newcomers and foster sound development of foreign communities.

The facilities should offer a system for exercising multicultural power that develops the potential of regional societies and a win-win relationship between foreign and Japanese residents as well as among foreign residents.

(5) A Foreign Residents Policy Committee (tentative name) under Future Investment Meeting or other organizations should be established.

When the national government promulgates clear principles for accepting foreign residents, it is expected to need a central body to establish and implement its policies. In the past, some economic organizations have proposed that the government create an entity such as a Foreigners Agency (tentative name). In the future, we expect discussion toward a new integrative ministry or agency.

A government committee involving both public and private sectors should be formed to discuss a comprehensive foreign resident policy in detail and draw up fundamental policies.

For example, it is recommended to immediately establish a Foreign Resident Policy Committee (tentative name) under the government's Future Investment Meeting or Council for Regulatory Reform.

IV. Acceptance of Foreign Residents as Investment in our Future

Today the issues of immigrants and refugees are under severe scrutiny globally. In the United States, President Donald Trump's strict views on undocumented immigrants aided his election. In the United Kingdom, a referendum chose Brexit, and immigration was one of the main points of issue. In other European countries, rightwing parties are gaining power with anti-alien platforms.

However, in Japan, where rapid demographic aging and depopulation are seen, a more liberal acceptance of foreigners is an important and inevitable challenge. While we should indisputably also take other measures, such as a greater utilization of women and older members of our society, the promotion of a "dynamic engagement of all citizens" policy, and regional revitalization, it is also undeniable that those will not be enough to solve our future manpower shortage.

In fact, we should take advantage of the current global situation and create a strategy for attracting the capable foreigners that our country needs. Globally, Japan is becoming less attractive because of its persistent economic stagnation. We should immediately start discussing our policies for determining and attracting desirable foreigners without jeopardizing the employment of Japanese.

Some regional reports laud foreign entrepreneurs and active volunteer workers. Participants at our regional meetings manifested the welcoming nature of Japanese regional societies, contrary to their exclusive image.

We should proactively welcome foreigners who can be a new driving force for our society and take advantage of social changes to inspire Japanese citizens and revitalize local communities. Now is the time to welcome foreign residents as an investment in our future based on our traditional generosity and tolerance.

Foreign Residents Policy Study Group

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The Foreign Residents Policy Study Group was formed as a part of the Outlook Foundation by citizens who share an interest in the foreign resident issue. These proposals put forward are based on the group's discussions and do not represent the opinions of organizations or groups to which its members belong.

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