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Economic Migration in the UK and Japan *Examining the Roles of Labour Shortages, Automation, Migration Policy and Demographic Aging*

Ceren Ozgen, Gracia Liu-Farrer, Matt Cole and
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Economic Migration in the UK and Japan

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Contents

Acknowledgements	2
Introduction	5
Immigration	6
Labour Shortages	11
Automation	13
Conclusion	14
Areas for Future Research	15
References	17
Appendix	18
Japanese Migration Policy	18
UK Immigration Policy	20

Introduction

The UK and Japanese economies face a number of common challenges in the form of weak economic growth, adverse demographic trends and labour shortages. While migration into the UK has grown steadily since WWII, migration into Japan has historically been very low but has increased rapidly since the 1990s due to the growing need for labour and a series of corresponding immigration policy changes.

Relative to other advanced economies, the Japanese economy has performed relatively poorly in recent years with the 'lost decade' of low growth in the 1990s becoming known as the 'lost 20 years' due to a similar slow growth performance in the 2000s. Perhaps more worryingly, there has been little sign of significant recovery following the 2008 financial crisis.

Japan's rapidly aging population is increasingly believed to be constraining economic growth and hence the country's unique demographic trends have attracted growing attention from policy makers in recent years. Japan is the world's oldest nation in terms of the median age of the population. In 2018, over 28% of its population was over the age of 65. At the same time, at 1.42 in 2018, it has one of the lowest fertility rates in the world. Japan's population started to decline as early as in the mid-2000s and it is estimated that by 2065 Japan will have lost 30-35% of its population. Furthermore, the proportion of seniors (65+) will rise to about 38-41% (*National Institute of Population and Social Security Research: National Population Projection*). A key challenge for Japan is therefore how to fill the shortage of labour estimated to be 1.21m workers in 2017 but projected to rise to 6.44m by 2030.¹ Since the 1980s, Japanese government has made a series of immigration policy reform to allow different categories of foreign labour to enter. By the end of 2018, the foreign mid-to-long term resident population reached 2.73 million.²

Until the financial crisis of 2008/9 the UK enjoyed economic growth. The UK economy recovered steadily following the financial crisis but year-on-year growth has been declining since 2014 and particularly since 2017. Uncertainty surrounding Brexit is a likely factor here. In contrast to Japan, immigration levels in the UK have increased steadily since the late 1940s. It is important here to note that studies of immigration to the UK sometimes use 'country of birth' and sometimes use 'nationality' to define immigrants. In 2018 the non-British population (i.e. those with a non-UK nationality) stood at 6.2m individuals, while the non-UK born population was 9.4 million.³ (Due to drawing on different sources of evidence it is not possible to standardise on a single definition for the purpose of this paper.) Likewise in the literature there are reference to immigrants and to migrant workers (the latter may return to their country of origin in the short-/ medium-/ or longer-term). However, the likely end to the free movement of labour from the EU following Brexit raises the very real prospect of significant labour shortages in the UK.⁴ The UK is also subject to similar demographic trends as Japan, albeit in a more moderate form. In 2017 the proportion of the UK population over the age of 65 was 18.2%, up from 15.9% in 2007.

¹ According to a 2018 joint survey by Persol Research and Consulting and Chuo University.

² Japan Ministry of Justice statistics report the number of foreign residents. Naturalized immigrants are not counted in the statistics. At the same time, this number excludes those who were born in Japan but do not have Japanese nationality.

³ <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/ukpopulationbycountryofbirthandnationality/july2017tojune2018>

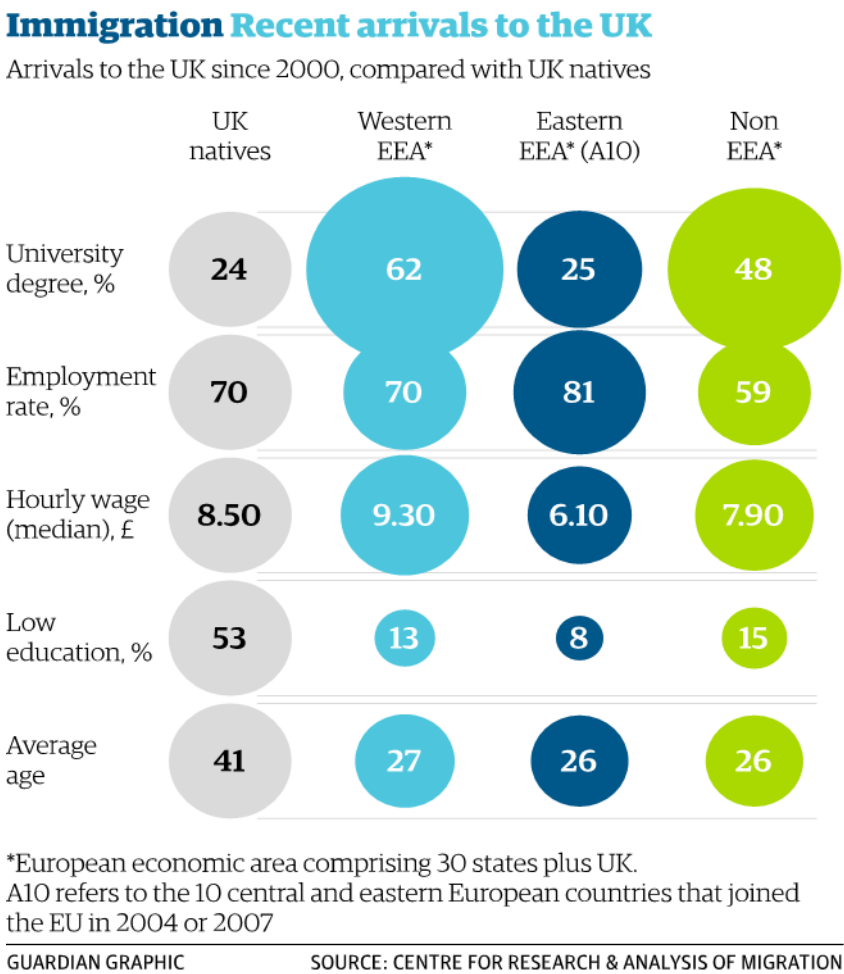
⁴ <https://www.cipd.co.uk/news-views/brexit-hub/workforce-trends>

In this framework paper we examine the nature and extent of immigration to the UK and Japan, patterns of labour shortages in both economies, and the extent to which automation is likely to address these shortages. We then outline future research areas, which will examine the complex interrelationships between migration, labour shortages and automation.

Immigration

While parts of the UK media have portrayed immigration into the UK as a significant threat to jobs and wages, recent evidence suggests this is unlikely to be the case, at least for migration from the European Economic Area (EEA). The 2018 Migrant Advisory Committee (MAC) report on EEA Migration to the UK⁵ found that such migration has had little or no impact on employment, unemployment or wages for UK-born workers and has had a small beneficial impact on productivity and innovation. EEA migration may have had a small negative impact on low-skilled jobs through substitution but the evidence suggests that EEA migrants pay more in tax than they receive in benefits. Overall, the report concludes that high-skilled immigrants have been a significant benefit to the UK.

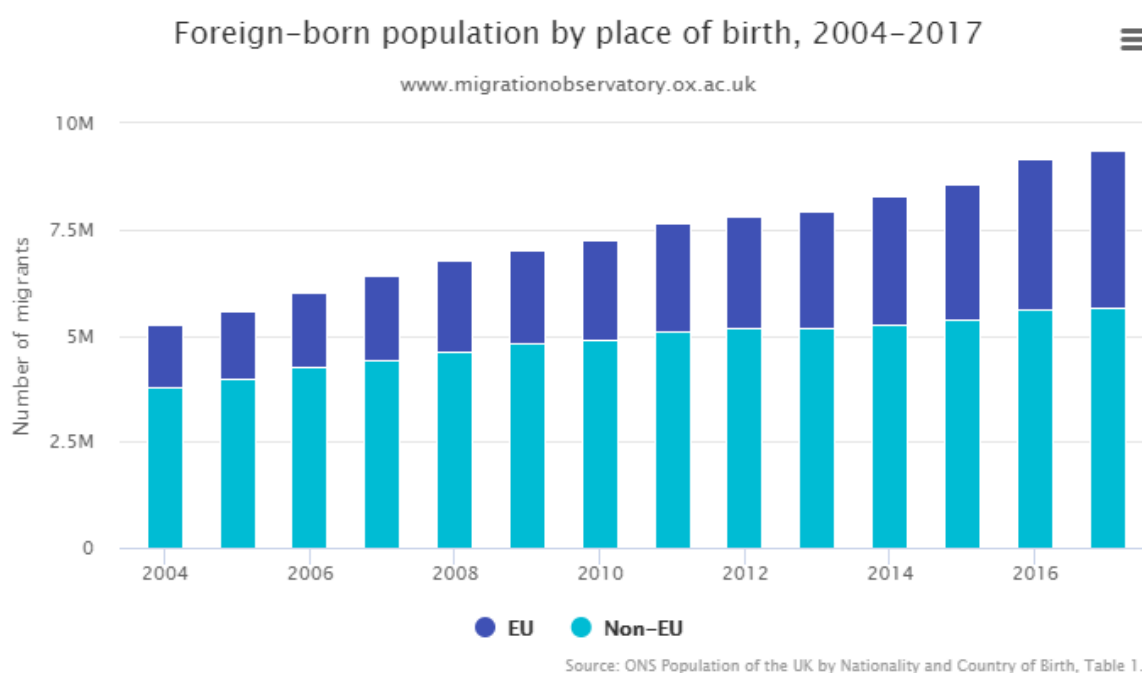
Figure 1a. Immigration: recent arrivals to the UK by selected characteristics



⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741926/Final_EEA_report.PDF

In part these findings reflect the fact that the UK has been a major recipient of high skilled migration. Indeed, 2014 data shows that London had a greater number of high skilled migrants than New York, a city renowned for its high levels of immigration.⁶ Figure 1a provides more information on the education levels of UK immigrants. Figure 1b shows the foreign-born population of the UK for the period 2004 to 2017, distinguishing between EU and non-EU places of birth, showing the largest contributor to the increase being people born in the EU.

Figure 1b. Foreign-born population in the UK by place of birth



Turning to Japan, Figure 2 provides the total population of foreign residents (2.73 million by the end of 2018). While the foreign resident population temporarily reduced right after the 2008 financial crisis and 2011 Great East Japan Earthquake, it has in the most recent years been increasing rapidly.

Figure 3 shows the total number of foreign nationals in the labour force. Since 2017, it has been mandatory for Japanese employers who employ foreign workers to report to the Ministry of Health, Labour and Welfare (MHLW) including both part-time and full time workers, regardless of whether they carry work visas or not (e.g. PRs, spouses to Japanese foreigners, students). According to these statistics, by Oct. 2018, 216,348 firms in Japan employed 1,460,463 foreign workers. This means that over half of the foreign residents are in the workforce and this number has been increasing steadily over time (Figure 3). From 2008 to 2018, the number of foreign workers increased threefold.⁷

⁶ <https://www.pwc.co.uk/legal/pdf/facing-facts-the-impact-of-migrants-on-london-its-workforce-and-economy.pdf>

⁷ The number comes from employers' reports. MHLW made the reporting foreign workers mandatory after 2017 for employers. So the figures before 2017 might be under reported.

Figure 2. Foreign-born population in Japan (2000-2018)

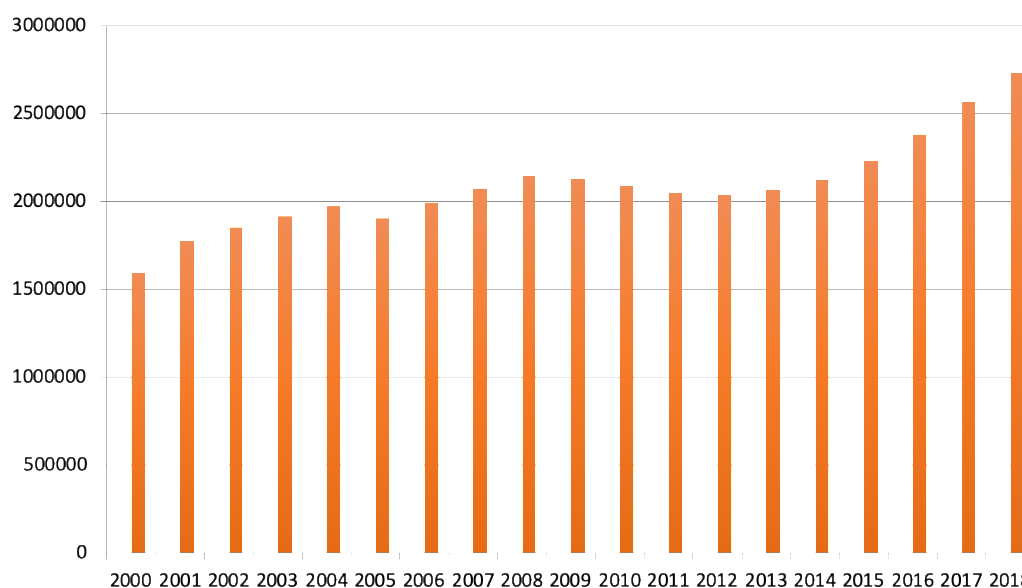
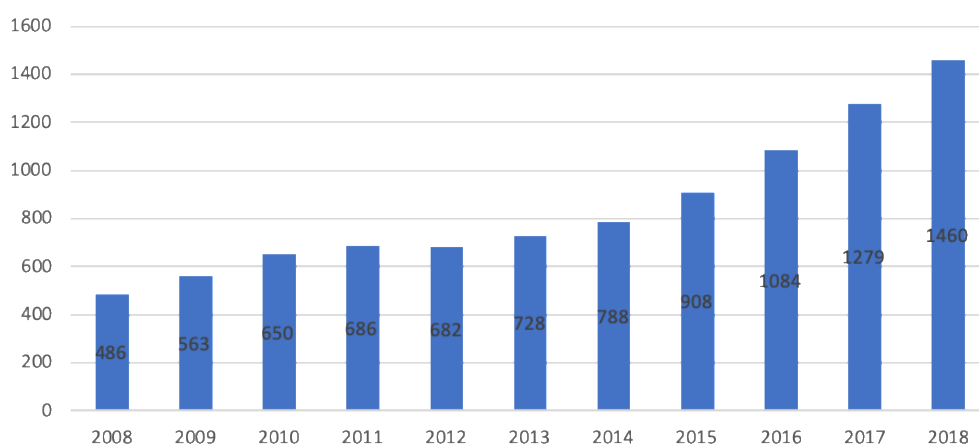


Figure 3. The number of foreign workers in Japan's workforce (2008-2018)

The trend of foreign workers in Japan's workforce (2008-2018)



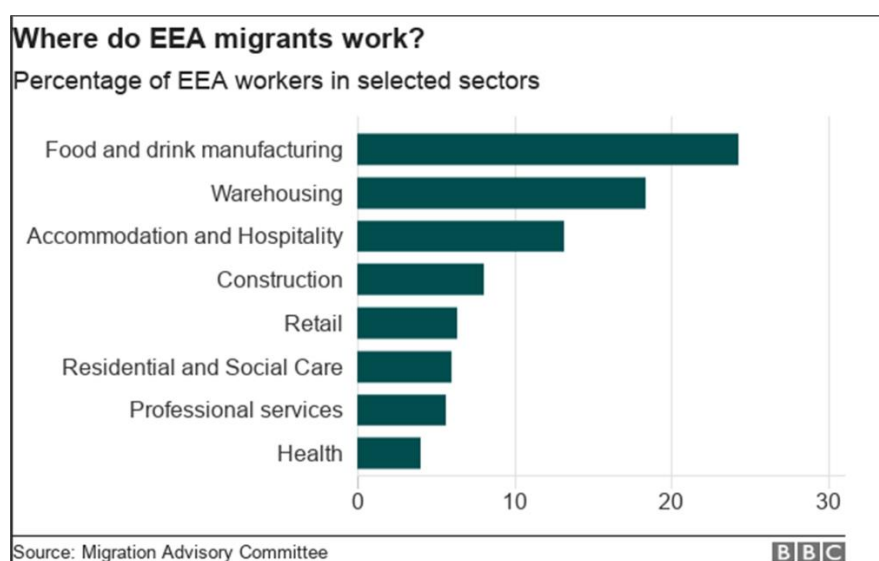
Source: MHLW 2018. <https://www.mhlw.go.jp/content/11655000/000472892.pdf>

In the UK, the distribution of immigrant workers varies by sector and by occupation. In 2016, 11% of the UK labour market was non-UK nationals (7% EU nationals and 4% non-EU nationals). The highest shares of migrants are in Manufacture of Food & Beverages, Warehousing and the Accommodation & Hospitality sectors. Occupationally, non-UK nationals tend to have a bi-modal distribution being concentrated at the upper and lower ends of the occupational hierarchy. Non-UK nationals play a key role in reducing the average age of the workforce and help to address the ageing UK workforce.

Numbers of non-UK nationals differ by industry sectors. For instance, they form 14% of the Wholesale and Retail Trade, Hotels and Restaurants sector, 12% of the Financial and Business Services sector. 15% of UK nationals were employed in jobs they were deemed to be over-educated for compared with

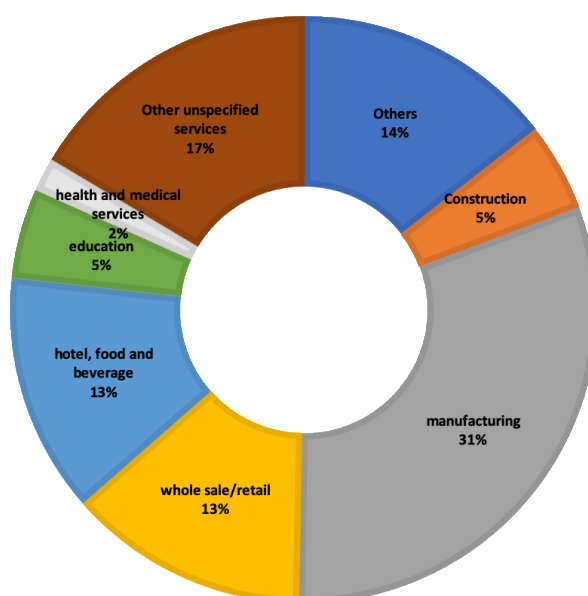
almost 40% of non-UK nationals. Figure 5 indicates in which sectors workers from the European Economic Area (EEA) work.

Figure 4. EEA Migrants in the UK by Sector, 2016⁸



In Japan, at 2%, foreign workers are still a small share of the total labour force. These workers concentrate in several industries—manufacturing (29.7% of the total foreign labour force), accommodation, food and beverage services (12.7%), wholesale and retail services (12.7%), and other unspecified services (15.8%). Figure 5 shows the distribution of foreign workers across sectors.

Figure 5. Distribution of foreign workers across sectors in Japan



Note: (Total number of foreign workers: 1,460,463)

Source: MHLW 2018. <https://www.mhlw.go.jp/content/11655000/000472892.pdf>

⁸ See <https://www.bbc.co.uk/news/business-45720390> and <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

Table 1 provides the number of foreign workers in Japan by firm size. It shows that over half of the foreign workforce is employed in firms with fewer than 100 employees, with over 1/3 of them employed in those smaller than 30 employees. According to the MHLW, these small firms are the fastest growing employers of foreign workers. The other feature that is shown here is the ratio of dispatched or contracted foreign workers. Dispatched (*Hakken*) and contracted (*Ukeoi*) workers are not directly employed by the companies they work in. Dispatched workers are employed by staffing firms or temp agencies and sent to work in client companies. The latter are either employed by staffing companies and sent to clients to complete certain projects, or individuals who are hired for projects. In 2018, over one fifth of foreign workers are in such non-direct forms of employment. This is significantly higher than native Japanese population. The Japanese nationals who work as dispatched workers, for example, are at 1.36 million, about 2.4% of the total Japanese workforce in private sectors.

Table 1: Foreign workers by firm size and employment patterns.

Firm size	No. of foreign workers	No. dispatched/contracted workers	Ratio of dispatched/contracted workers	Percentage
<30	506,777	85,782	16.9%	34.7%
30-99	266,351	62,164	23.3%	18.2%
100-499	327,966	91,125	27.8%	22.5%
>500	297,238	66,192	22.3%	20.4%
Unknown	62,131	4,207	6.8%	4.3%
Total	1,460,463	309,470	21.2%	100%

Source: MHLW, (Employment Situations of Foreigners): https://www.mhlw.go.jp/stf/newpage_03337.html

While migrants to the UK are disproportionately high-skilled, in Japan the majority of foreign workers are not, despite the government's selective migration policy. This shows the effect of the 'side doors' for labour entry whereby lower skilled workers are allowed entry via certain specific channels (the return of ethnic Japanese from South America, technical internships and the recruitment of international students). ⁹ Only 19.0% of the total foreign workforce holds the visas in technical, professional and specialist categories. In comparison, technical interns counted 21.1%. Nearly all of them were in agriculture, manufacturing (60%) and construction (15%). 23.5% of individuals who work outside of their assigned visa categories (e.g. international students) almost certainly work in irregular employments, mostly in service industries.

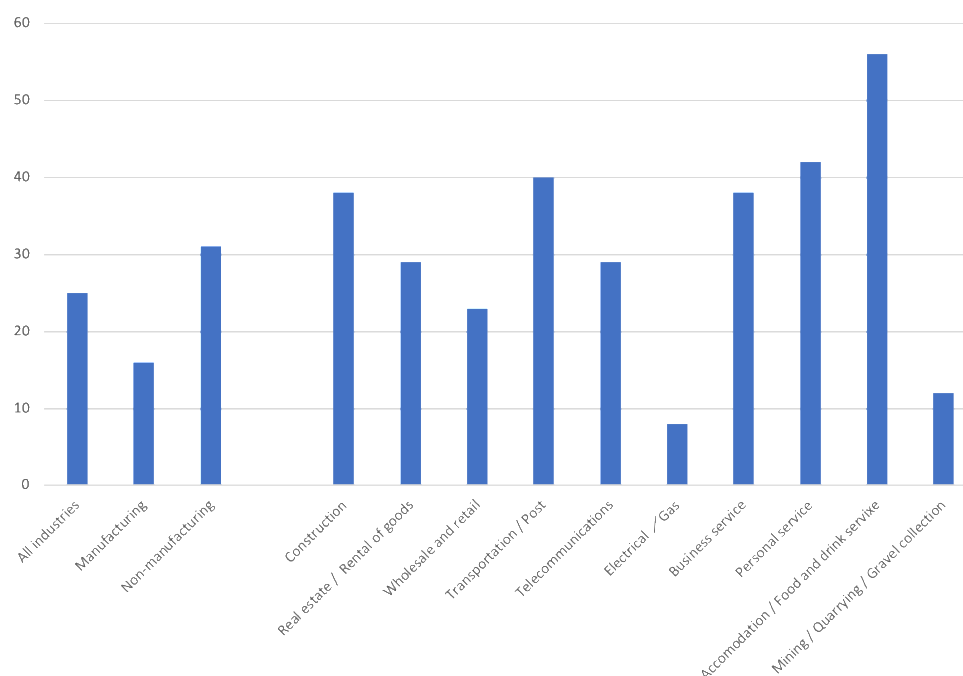
⁹ See Appendix for more information.

Labour Shortages

Japan's aging population has resulted in significant labour shortages since the 1990s. In August 2018 the job vacancy ratio—the number of vacancies vs the number of applicants—was 1.63, which means that for each job applicant 1.63 jobs were available. In addition, the total unemployment rate was as low as 2.4%. The labour shortage is particularly pronounced in small and medium sized firms. According to the “College Graduates Job Opening Survey” of 4,504 Japanese companies in 2016, the job vacancy ratio was 4.16 among companies with fewer than 300 employees (Recruit Work Institute)¹⁰. It essentially means that three quarters of job vacancies were unfilled.

While every industry in Japan reports a labour shortage (around 25%, see Figure 6), the non-manufacturing sector experiences greater shortages (close to 31%) than the manufacturing sector (around 16%). The industries that are in a dire need of labour are hospitality, food and beverage services (56%) and person services (e.g. care work, 40%).

Figure 6. Labour Shortages by Sector, March 2017



Source: Business Labour Trend 2017.5, Japan Institute of Labour
<https://www.jil.go.jp/kokunai/blt/backnumber/2017/05/073.pdf>

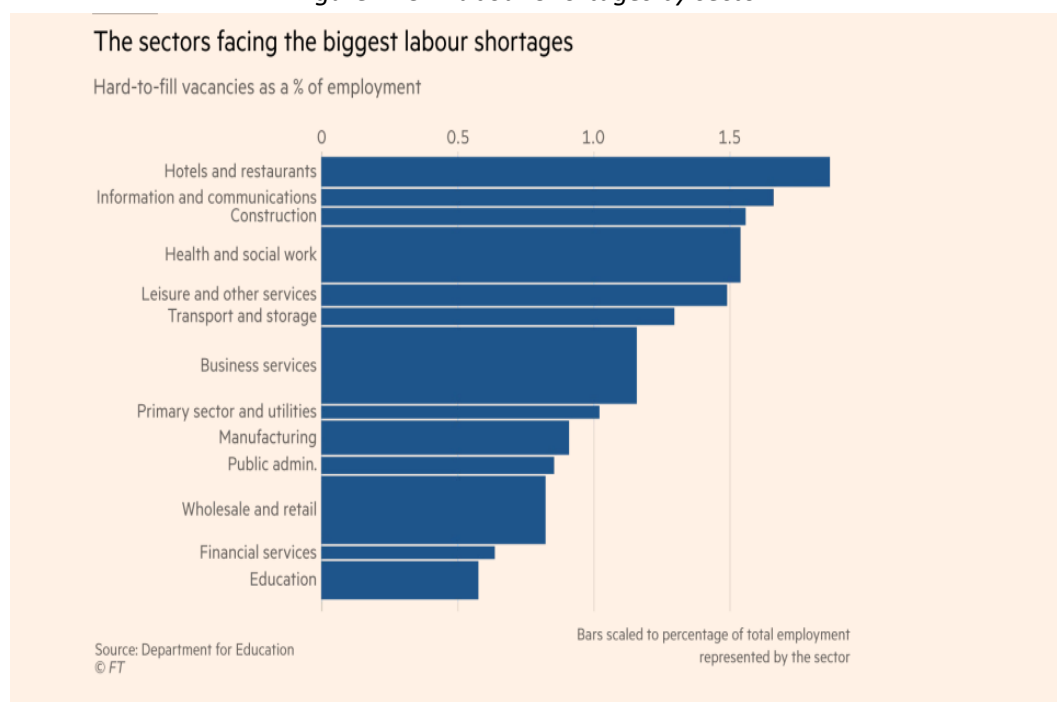
A key source of information on labour and skill shortages in the UK is the Employer Skills Survey. This Survey examines employer demand for skills, skills shortages and training within firms. It is particularly relevant to better understand skills mismatch in the UK, and the skills challenges that employers face within their workforces and when recruiting and their resulting actions. The most up-to-date information is based on survey responses from over 87,000 employers. Time series data is available

¹⁰ Dai 33-kai Rikurūto Wākusu Daisotsu kyūjin bairitsu chōsa. 2017-nensotsu (Comprehensive 33th Recruit Works survey on proportionate of college graduate job-seekers to open jobs. 2017 graduating cohort)” (http://www.works-i.com/pdf/160421_kyuuuin.pdf) *Rikurūto Wākusu Kenkyūjō*.

for 2011, 2013 and 2015 in addition to 2017. 22% of all vacancies in the UK at the time of the 2017 Employer Skills survey were skill-shortage vacancies, a similar proportion to 2015. Whilst the proportion of employers with skill-shortage vacancies was unchanged from 2015 at 6%, in volume terms the number of such vacancies has increased by 8%, from 209,000 to 226,000 (similar to the increase in overall vacancy numbers). In international terms, employers in the UK are particularly likely to look to recruit (including recruitment of migrant workers) than to train.

In the UK, labour shortages in many sectors are a due to a combination of the current immigration regime, economic attractiveness of the UK labour market vis-à-vis the labour markets of origin countries and other potential destinations (and challenges and uncertainty associated with Brexit) and demographic aging. While the UK unemployment rate recently hit a 44-year low, some sectors in particular are still experiencing increasing difficulty hiring suitable workers. Figure 7 provides the results of a 2018 Financial Times report, which identified the sectors that faced the greatest difficulty hiring staff.¹¹ Among all UK industries **Accommodation and Food Services**, and in particular chefs, had the highest vacancy rate according to the Financial Times report. Approximately half the workers in this sector are aged fewer than 30 and there are far fewer 18 to 24-year-olds entering the jobs market because of a dip in the UK birth rate around the millennium. The Chief Executive of Hospitality UK stated “It’s what makes Brexit . . . so worrying for hospitality because it’s not skill shortages, not a failure to upskill our workers, simply a shortage of bodies available.” Other sectors report similar concerns.

Figure 7. UK Labour Shortages by sector¹²



¹¹ <https://www.ft.com/content/36baacce-ddd0-11e8-9f04-38d397e6661c>

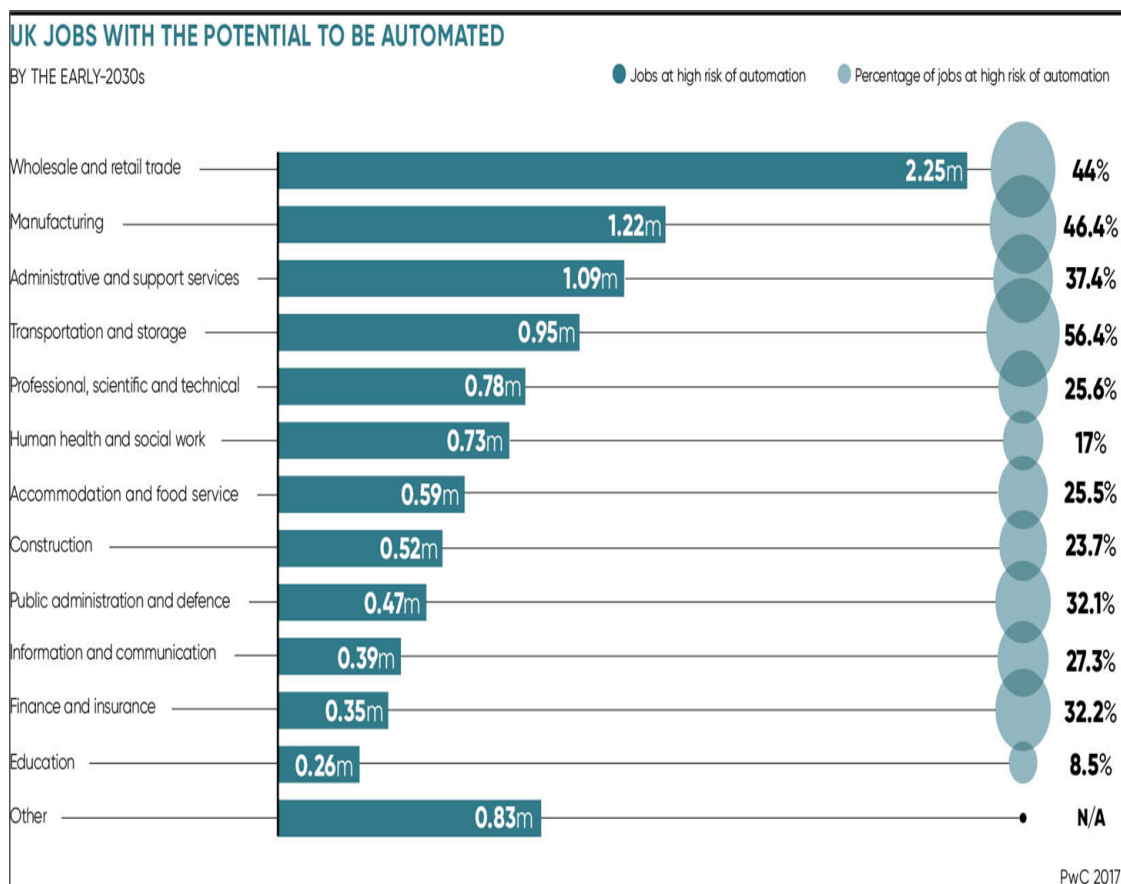
¹² <https://www.ft.com/content/36baacce-ddd0-11e8-9f04-38d397e6661c>

Automation

Prior to the recent growth of immigration in Japan, automation played a prominent role as a means to address labour shortages. While Japan uses the most robots in the world, the increase in robotic use has been slower in Japan than in other nations and regions, such as the US and EU.¹³

If immigration levels into the UK do indeed fall (as expected) then automation may also need to play a key role in the UK economy. As recent research indicates, automation on the one hand creates opportunities and new types of jobs in economies; on the other hand it replaces the existing jobs through offshoring and routinisation (Author *et al.* 2015). An important challenge with automation replacing jobs or aiding to labour shortages is that the cost of technology adaptation should be profitable compared to employing workers. Moreover, many firms would need skilled workers who embody the necessary skills in order to facilitate the technological adaptation of the firms. These inevitable transitions likely to further deepen the current and future labour shortages in both countries. Figure 8 indicates which UK jobs face the greatest threat from automation.

Figure 8. UK Jobs and their Potential to be Automated¹⁴



¹³ Ranking of countries who use the most amount of robots.

<https://www.mofa.go.jp/mofaj/kids/ranking/robot.html>

¹⁴ <https://www.pwc.co.uk/economic-services/assets/international-impact-of-automation-feb-2018.pdf>

In Japan, according to a research by Nomura Research Institute, 49% of the jobs can be potentially computerized. The sectors that can most likely be replaced by AI and robotic are manufacturing of different kinds, delivery services, accounting services and other administrative services, in other words, standardisable services. However, most personal services, such as medical, health and care work, and professionals that involve judgments are less likely to be replaced by AI or robots. Moreover, the report points out that such estimates are theoretical. Technological capability does not equal to actual implementation. Their actual usage depends on social acceptance and the applicability of the machines.¹⁵ Currently, the sectors that have demonstrated significant labour shortages are agriculture, construction, hospitality services, personal services and food and beverage industry. In these sectors, although robotic technology has been developing, its potential use is limited. Moreover, the financial investment and infrastructure for using robotic technologies are prohibitive for small businesses to consider using them.

In short, given the nature of labour shortages in Japan, the costs involved in automation and the lack of infrastructure for using the technology, there is no indication that foreign labour will be replaced, or the need for it reduced, by automation.

Given the challenges and opportunities that come with technological developments, the requirements for new skills, the adaptation of existing labour to skill requirements and the skill shortages emerging from potential mismatches of required skills all warrant further investigation. Technology, productivity and demographic change are critical research areas for any comparative research between Japan and the UK.

Conclusion

Post-war Japan and UK have had very different approaches towards immigration. Japan had for a long time rejected immigration and, when it started to accept migrants, implemented a very restrictive labour migration policy. While the UK has had steady immigration from former colonies and other European countries since the 1940s, Immigration was not a significant phenomenon in Japan until the 1990s.

As a result of different historical development, the two countries diverge in the following ways:

The share of and dependency on a foreign labour force

The share of foreign nationals in the labour force is much larger in the UK than in Japan. Consequently, the UK economy's dependency on foreign labour started much earlier and is much stronger. However, Japan's labour shortage resulting from rapid ageing and population decline has made immigration an unavoidable solution. As a result of policy reforms, the foreign resident population and foreign nationals' presence in Japan's labour force has been increasing. Many sectors, such as agriculture, hospitality, manufacturing, have become increasingly dependent on labour.

¹⁵ See https://www.mhlw.go.jp/file/05-Shingikai-12602000-Seisakutoukatsukan-Sanjikanshitsu_Roudouseisakutantou/0000186905.pdf

The composition of the foreign labour force

The UK has more so-called “highly skilled” migrants, albeit the bi-modal distribution of migrant workers means that non-UK workers are also important in low-skilled jobs. Despite Japan’s liberal policies aiming at attracting and retaining highly skilled migrants, a larger share of foreign workers concentrate in menial or service labour, such as manufacturing, agriculture, food and beverages, and retail services.

Similarity: patterns of labour shortage and the (ir)replaceability of automation

However, despite the differences, UK and Japan show similar patterns of labour shortage. The sectors that demonstrate the most need for migrant labour are in food and beverages, hospitality and personal services, and health and care. Both countries strive to enhance the levels of automation to supplement the labour force. However, the sectors that show the acute labour shortage are also the sectors that are less replaceable by automation, at least with the current technology. The discrepancy between labour shortages and the automatable labour indicate that migrant labour will continue to play a significant role in both countries’ economies.

Areas for Future Research

Providing a greater understanding of the role of migrant workers and automation in addressing skills and labour shortages

The existing academic and policy literature lacks a detailed analysis of labour shortages in both Japan and the UK. There is little discussion of how such shortages are measured, in which sectors and occupations are shortages greatest, how they have changed over time and the contribution of demographic change to labour shortages? This important background information will inform future research questions addressing labour/skill shortages and migration.

It would appear that Japan’s growing experience of migration and its impact on the Japanese labour market could benefit from the identification of labour market ‘learning points’ from the UK immigration experience. A review of the rationale of recent immigration policy in the UK from a labour market perspective may prove useful, considering both EU (free movement while the UK is a member state of the EU) and non-EEA migration, which is subject to managed migration, mainly of skilled workers. It could focus on **the approach to skilled migration** (and assessment of approaches used). This might include the approach taken by the UK’s Migration Advisory Committee to defining the Shortage Occupation List (SOL) – i.e. the ‘top down’ (from analyses of key secondary data sources) and ‘bottom up’ (from feedback from employers and other interested stakeholders) combined approach to assess whether jobs are ‘skilled’, in ‘shortage’ and whether it is ‘sensible’ to fill them via immigration. The current SOL comprises mainly professional occupations in science, engineering and medicine plus a number of skilled trades occupations.¹⁶ Based on evidence from the Migration Advisory Committee on the labour market, productivity and investment impacts of migration from the European Economic

¹⁶ See <https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-k-shortage-occupation-list> and https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/806331/28_05_2019_Full_Review_SOL_Final_Report_1159.pdf

Area to the UK,¹⁷ in December 2018 the UK Government published an Immigration White Paper setting out a skills-based immigration system post Brexit¹⁸, encompassing high and intermediate level skills.

Similarly, Japan's labour migration policy is generally selective and restrictive. It selects individuals based on their skill-levels, measured by proxies such as education and professional experiences. It restricts the import of low-skilled and unskilled labour but does allow some through certain 'side door' channels as previously mentioned. From April 2019 Japan started to officially accept blue-collar workers with "specified skills."

By assessing the UK's approach to managing migration in this manner it may be possible to identify the extent to which Japan's nascent immigration policies may benefit from it.

It has become clear that a more detailed understanding on whether both migration and automation are potential solutions to the issue of labour shortages within certain sectors is relevant for Japan and the UK. Indeed, those UK sectors that appear to be suffering the most from labour shortages tend to be relatively low-skilled sectors which, in some cases at least, are often stated as being the sectors that are most dependent on migration (and hence most at risk of post-Brexit reductions in immigration e.g. fruit picking, hotels and restaurants) or most at risk of automation (e.g. retail), as Figure 9 has indicated. More research though is needed on other potential labour market impacts of automation and migration, including on wages.

The role of migrant workers in different sectors and occupations

It is already known that migrant workers in the UK and Japan are differentially distributed by sector and by occupation. What is less well known is the extent to which immigrants are reducing the average age of the workforce and whether they are at least partially compensating for the UK and Japan's ageing populations. There would therefore appear to be scope to undertake a detailed examination of the age profile of different industries and occupations and the role that migrant workers play in reducing the average age of certain sectors and occupations.

Little attention has also been paid to the types of jobs taken by migrants. For many years concerns have been expressed that immigrants are likely to be employed in so-called 3D occupations ('Dirty, Dangerous, Demeaning'). Indeed, a number of studies, almost exclusively of the US, suggest that immigrants are disproportionately represented within occupations that are more physically demanding and that have higher rates of workplace injuries.¹⁹ No such studies exist for the UK or Japan but anecdotal evidence would appear to be broadly consistent with the US experience.²⁰

Finally, as the populations of Japan and the UK age, the care sector becomes increasingly important. To date, little focus has been placed on this sector and on the role that migrant workers play in caring for an ageing population in the UK and Japan. An interesting perspective is the familial / societal / economic framing of caring in the two countries and the role of the migrant workforce in care. There is also scope to examine the role played by automation within the care system. In Japan, the care

¹⁷ See

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766465/The-UKs-future-skills-based-immigration-system-print-ready.pdf

¹⁸ See

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766465/The-UKs-future-skills-based-immigration-system-print-ready.pdf

¹⁹ See for example Zavodny (2015).

²⁰ <http://www.hse.gov.uk/research/rrpdf/rr502.pdf>

sector is one sector that has pioneered the use of robots. However, researchers point out that both care workers and senior clients reject the use of robotic assistants. Moreover, contrary to expectations the actual use of automation might *increase* the demand for foreign labour. For example, according to James Wright (2018), the use of care robots in senior care facilities reduces the needs for language communication and routinizes some of the care work, making foreign care workers' entry into Japanese facilities possible. The care sector may therefore provide an interesting case study to explore the interactions between immigration, automation and an aging society.

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Appendix

Japanese Migration Policy

Highly skilled workers as desired immigrants

Japan's 1989's Immigration Control and Refugee Recognition Act (ICRRA) marks the beginning of a large scale labour import. It designates 14 visa categories for work-related immigration, from Professor, Engineer, Specialist in Humanities and International Services to Skilled Labour. Except for "Skilled Labour", of which 90 percent are chefs of foreign cuisines, other work visas are issued to migrants who hold a bachelor's degree or above, have received a job offer from a company or business in Japan related to their degree area, and are expected to receive a salary comparable to that of locals. Since most companies require fluency in the Japanese language, the majority of these skilled migrants have been former international students who graduated from Japanese universities (Oishi 2014). By the end of 2018, there were around 340,000 individuals specifically in these skilled categories. Most of them came from Asian countries such as China, Korea and India (MOJ 2019).

According to Oishi (forthcoming), skill migration policy initiative began at the turn of the century in response to ICT development and the accelerating global competition for global talent. Observing policy efforts by other advanced industrial countries to attract highly skilled migrants, Japanese government initiated the 'E-Japan Strategy II' in 2003, which aimed to enhance the country's ICT environment and competitiveness by bringing in 30,000 ICT workers from overseas by 2005 (Cabinet Office, 2003). Since the mid-2000s, population ageing has also become a prominent factor behind the development of skilled migration policies. In 2011, the East Japan Great Earthquake and the Fukushima disaster added an additional layer of incentives to the development of new skilled migration policies because of the exodus of skilled migrants and international students. In 2012, the Points-Based Preferential Immigration Treatment for Highly Skilled Foreign Professionals was established, making Japan one of the most liberal countries in terms of skilled migration policy. Individuals who meet the criteria of the point system enjoy privileges such as bringing in parents, caregivers, and a resident requirement as short as 1 year to qualify for permanent residency.

Side doors for menial and "low skilled" labour

Though Japanese government shuns the import of migrant workers in primary and secondary industries, it needs to deal with the labour shortage in these sectors. Responding to the demand for menial and simple labour, "side doors" were opened to recruit foreign workers. The major side doors are 1) the return of ethnic Japanese from Brazil and Peru—the so-called *Nikkei*, 2) Technical internship and training program, and 3) the recruitment of international students.

Most ethnic Japanese South Americans came to Japan as "long-term residents." This visa category was created through the 1989 ICRRA, and is a visa granted to the descendants of Japanese nationals (up to the third generation) and their families, legal guardians of children of Japanese nationals (e.g., divorced spouses of Japanese nationals who have custody of the children), or other individuals considered eligible by the Ministry of Justice (MOJ 1990). Though technically not a category specifically for laborers, the creation of "long-term resident" status was aimed toward opening a channel for ethnic Japanese to work in Japan to supplement the country's shrinking manufacturing labor force (Yamanaka 1995, 2000). Working with temporary work agencies in Japan, many Brazilian travel agencies actively

recruited Nikkei people. Prospective migrants were presented with a long list of job openings to choose from in various places in Japan. The travel agencies would take care of the documents for immigration, including the proof of one's blood relation to Japanese (grand)parents. Meanwhile, the Japanese temp agencies were responsible for placing laborers in workplaces, arranging housing, and providing Japanese language support and transportation (Watanabe 1996; Tanno 2003, 2006; Sasaki 2013). As a consequence of this very structured migration channel, ethnic South Americans, regardless of their educational backgrounds and professional experience, through the legal category of long-term resident, were directly placed on shop floors in Japan's manufacturing sector.

Another channel that has imported a large amount of de facto labour is the category of Trainee and Technical Interns. Although a designated technical training program, the Technical Internship and Training Program (TITP), has been used as a channel for importing cheap labor into Japan. Until 2010, people who were brought in through this program were called "Trainees" (*kenshūsei*). In 2010, a new title "Technical Intern" (*ginō jishūsei*) was created to refer to the type of labourer who goes through a short training session and is thereafter officially recognized as a worker. "Trainees," on the other hand, now refers exclusively to those who enter for the purpose of training, usually through the sponsorship of either the Japan International Cooperation Association (JICA) or local governments. In 2018, only 1,522 people fell in this visa category. In comparison, the number of Technical Interns was 285,776. Though an important presence in Japan's manufacturing, fishing, and agricultural sectors, technical interns are legally restricted from changing jobs or applying for other types of visa.

International students, though not considered workers, have become an important source of cheap labour (Liu-Farrer 2011). Since 1983, when Japan instituted the Plan to Accept 100 Thousand International Students, waves of international students of various nationalities arrived in Japan, making "student" visa one of the most accessible entry categories. In 2008, the Japanese government started a more ambitious plan to recruit three hundred thousand international students by 2020. Students have continued to make up the largest entry category of long-term migrants. Between 1984 and 2018, Japan accepted over 1.3 million overseas students, mostly from neighbouring Asian countries. Because a student visa permits off-campus work during the school year and can be changed to a work visa when a student finds professional employment, international education has become a channel for both unskilled labor during school and skilled workers thereafter, making it a "side door" for labour import.

Widening the front door of immigration

Japan has been rapidly widening its immigration gates through various policy reforms. The total number of migrants in Japan hit the record high of 2.73 million in 2018 (MOJ 2019a). While they still comprise only two percent of the population, their presence has been on the rise: the percentage of migrants in the workforce increased threefold in 16 prefectures in 2009-2018. Every single prefecture experienced an increase in migrant workforce (*Nihon Keizai Shimbun* 2018). The most prominent policy shift in Japan took place in 2018 when the government announced that it would drastically open its labour market to 'new categories of migrants,' including those without tertiary education (Cabinet Office 2018a: 50). In the next five years, the country will admit up to 345,150 migrants under a new visa titled 'Specified Skilled Workers No.1 visa' (SSW-1 hereafter) in 14 occupational sectors, including agriculture, elder care, construction, hospitality and shipbuilding (Cabinet Office 2018b), which used to be considered 'unskilled' in previous migration schemes. Moreover, a path to permanent residency

and family reunification became available for SSW-1 visa holders who demonstrate their advanced skill levels through the industry's skill tests (Cabinet Office 2018c).

UK Immigration Policy

In broad terms, a number of immigration regimes are evident over the period from 1945 in the UK²¹:

- 1945-1962: a liberal immigration regime characterised by unrestricted access
- early 1960s to late 1980s: increasing restriction and immigration control
- late 1980s to mid/late 1990s: an increasing pre-occupation with asylum
- late 1990s to 2005: a 'grudgingly opening door'
- from the middle of first decade of 2000s: official attitude of 'Making Migration work for Britain' alongside a large-scale inflow of migrants from the enlarged European Union (EU).

From 2016 onwards the immigration debate has been increasingly dominated by concerns about the impact of Brexit.

Current immigration policy can be traced back to 2008 with the introduction of a points based system. The Home Office has responsibility for UK immigration policy. The independent Migration Advisory Committee (MAC) provides economics-based advice to government on migration issues. It has been involved in virtually every significant labour market migration policy decision since 2008.

In current UK policy there is an important distinction between European Union (EU) and non-EU labour. The key features of current UK labour immigration policy²² are:

1. EU citizens coming to work in the UK are eligible to take up employment in any job²³ - as a member of the EU the UK is not able to use any kind of Visa system to control migration from other EU member states²⁴
2. Citizens of countries outside the EU are subject to immigration control (they do not have the right to enter the UK to live, work or study unless they are granted a visa).²⁵ There is a points-based work permit system (PBS) for non-EU citizens.

Hence there is an important distinction between EU and non-EU labour. There is an underlying assumption in current immigration policy that migrant workers from the EU can help in addressing skill shortages in the UK and for low-skilled jobs can play a role in addressing labour shortages/ providing flexible labour where there is an inadequate supply of UK labour. These assumptions are being challenged in ongoing debates about the shape of UK immigration policy in the after-Brexit period.

²¹ Green A. and Skeldon R. (2013) 'Shifting categories of belonging in the United Kingdom Census: Changing definitions of migration, labour market access and experience' in Pries L. (ed.) *Shifting Boundaries of Belonging and New Migration Dynamics in Europe and China*, Palgrave Macmillan, Basingstoke, 107-135.

²² There are particular regulations regarding asylum seekers and refugees but these are not considered here.

²³ Free movement of labour was one of the founding principles of the Treaty establishing the European Economic Community in 1957.

²⁴ Citizens of 26 of the other EU member states plus those of European Free Trade Association (EFTA) nations (Iceland, Norway, Switzerland and Liechtenstein) can travel to the UK and enter without a visa with the intention to live, and have a right to work in the UK – see https://www.expatica.com/uk/visas-and-permits/a-guide-to-uk-immigration-policy-for-euefta-citizens-and-their-family_1029503.html

²⁵ Visas for work, study or family are usually valid for a fixed amount of time. Depending on the category, some visa holders can legally extend their stay in the UK by applying for 'Further Leave to Remain' or by applying to settle indefinitely.

Since 2008 the UK has seen phased implementation of a Points Based System (PBS) designed to meet UK skills needs – with an emphasis on highly skilled individuals to contribute to UK growth and prosperity and skilled workers (with a job offer) to fill specific gaps in the UK workforce; (the PBS has replaced work permits and an array of other work and study routes to the UK). The PBS was introduced with five tiers:

- Tier One – for highly-skilled migrants²⁶
- Tier Two – for skilled workers
- Tier Three – for low-skilled temporary workers; (this Tier has never been implemented)
- Tier Four – student migration²⁷
- Tier Five – youth mobility and other schemes

People from outside the European Economic Area (EEA) wishing to come to work in the UK have few alternative options outside of the PBS.

At the time of writing in October 2019, there is free movement for EEA citizens to the UK. In December 2018 the UK Government published a White Paper outlining proposals for a post-Brexit immigration system.²⁸ It proposed a single UK immigration system for EEA and non-EEA nationals that prioritises higher-skilled immigration. The White Paper proposes no route specifically for low-skilled workers. However, it recognises that some employers will find it difficult to adapt immediately to this change. As a transitional measure to strike a balance between the flexibility required by businesses and protecting against labour abuse, the introduction of a route for temporary workers (at all skills levels) is proposed, featuring:

- a *maximum stay of 12 months* in the UK, followed by a *12-month ‘cooling off’ period*;
- *workers may move between employers*, with no employer sponsorship required; and
- no access to public funds or rights to extend stay, switch to other routes, or bring dependents.

The end of free movement and the proposals set out above imply an expansion in scale and strategic importance of a managed migration system.

²⁶ Following a series of changes, this tier has been restricted to investors and those with ‘exceptional talent’.

²⁷ Non-EU citizens wishing to come to study must be sponsored by an educational institution in order to get a visa. There is no limit on the number of students that can come to the UK from outside the EU to study. An average of 235,000 student visas was granted each year in the last ten years. A record is kept of all of those admitted to the UK and since April 2015 those who depart (except for those arriving/departing via Ireland).

²⁸ HM Government (2018) The UK’s future skills-based immigration system, *CM 9722*, London.