

Institutional Reforms of Japan's Immigration Policy and an Analysis of Influencing Factors

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Abstract. Against the backdrop of an aging population, a deepening birthrate and increasing global labor mobility, Japan's traditional positioning as a "non-immigrant country" is facing practical challenges. This study examines the institutional evolution of Japan's immigration policy since the end of World War II, employing literature review and policy analysis, and investigates the driving factors behind its adjustments across three dimensions: economic demand, political structure, and global competition. The results demonstrate that Japan's immigration policy shows clear traits of gradual reform, with institutional adjustments mainly driven by labor shortages and demographic pressures. The evolution of the Technical Intern Training system, the Specified Skilled Worker system, and the "training and achievement" system reflects Japan's limited openness based on maintaining the existing policy narrative. The study believes that Japan's immigration policy has played a positive role in alleviating labor shortages, but it has also brought problems such as labor market stratification and social integration. In the future, Japan needs to optimize the system between protecting the rights and interests of foreign workers and improving social integration mechanisms.

Keywords: Japanese immigration policy, Institutional change, Population aging, Labor shortages, Social integration

1. Introduction

During a long time, Japan had been seen as an "inclassical immigration country" with its strictly immigrant management. However, after peaking at the beginning of the 2000's, Japan's population has continued to decline. According to statistics, Japan's total population has decreased from about 124 million to about 122 million, and the population over the age of 65 accounts for close to 30% [1]. The combination of population reduction and aging trends has resulted in the continuous contraction of the labor force supply, and has exerted structural pressure on economic development and the social security system. In this context, the Japanese government gradually adjusted its immigration policy, and began to introduce foreign labor at the institutional level. Importantly, this change stems not from a genuine liberalization of immigration, but from demographic and economic pressures. Thus, this paper explores the institutional changes in Japan's immigration policy, investigating its evolution, driving mechanisms, and impacts on the labor market and social structure. Through a review of existing literature and relevant policy documents, it considers

institutional change, economic factors, political mechanisms, and globalization. This study may deepen the understanding of the adjustment logic underlying Japan's immigration policy from the perspective of institutional change, and provide a reference for the analysis of the functional transformation of immigration policy.

2. The institutional change of Japan's immigration policy

2.1. Evolution of immigration policy and key reforms

The evolution of Japan's immigration policy is marked by gradual adjustments within the existing institutional framework, progressing from strict restrictions to limited introductions, and eventually to institutional relaxation. From World War II to the 1980s, Japan established an alien management system centered on the Law on Entry and Exit Management and Refugee Cognizance, which focused on short-term stay and strict entry control. Since the establishment of its population management system based on the San Francisco Peace Treaty in 1952, Japan has continuously exercised strict control over the foreign population. Although the quota restriction was removed in 1965, the overall policy direction has not changed substantially [2]. In the 1990s, with the adjustment of economic structure and changes in the labor market, Japan experienced limited loosening within the existing institutional framework. Established in 1993 in the name of "technology transfer" and "international cooperation," the skilled internship system has gradually become an important source of labor. Some studies have noted that it reduces labor import through the rhetoric of development aid [3]. In the 21st century, Japan has implemented institutional reforms in response to demographic aging and escalating labor shortages. The 2018 revision of the Entry and Exit Management and Refugee Recognition Act and the establishment of a "specific skills" system have enabled the more stable and institutionalized introduction of foreign labor in relevant industries, allowing for long-term stays in certain types.

2.2. Dynamics and consequences of immigration policy

In the past ten years, Japan's immigration policy has shifted from a short-term labor import scheme to a structured, long-term foreign labor system. After the revision of the Entry and Exit Management and Refugee Recognition Act in 2018, Japan has formed a multi-tiered policy framework with highly qualified personnel and specific skills systems as the core, supplemented by a skilled internship system as the supplement. Though the government avoids using the term "immigration policy," from the perspective of institutional operation and labor market structure, foreign workers have become an important supporting force. In terms of institutional structure, Japan has developed a policy system of stratified introduction, in which the high talent system selects highly skilled personnel in terms of educational background, income, and research ability through a point system, the specific skill system expands the scope of employment for middle-skilled workers in construction, nursing, and agriculture, and the skill apprenticeship system continuously provides low-skilled workers with low-skilled skills. As of June 2024, there are approximately 425,714 skilled interns on duty and this is an important source of labor in certain labor-intensive industries [4]. In the process of system operation, the skill internship system gradually exposes problems in labor conditions, wages and management, and is accompanied by disappearance and illegal turnover. In response to related challenges, the Japanese government announced plans to replace the Technical Intern Training Program with a "Training and Employment" system in 2024, scheduled for implementation in 2027. The new system emphasizes labor training and supply, and modifies the

existing framework by integrating with the Specified Skilled Worker system and easing employment restrictions [5].

3. Key factors and driving mechanisms affecting Japan's immigration policy

3.1. Economic demand and social change as drivers

Demographic changes and labor supply contraction constitute the core economic drivers of Japan's immigration policy adjustment, and their roles are mainly reflected in three levels: labor supply, industrial pressure and institutional response. In terms of labor supply, since the 90s of the 20th century, Japan's aging population has continued to deepen, and the working-age population has been decreasing. In recent years, the number of births has been about 687,000, the number of deaths has been about 1.6 million, the natural population has decreased by nearly 1 million, the proportion of the population over 65 years old is close to 30%, and the labor supply has continued to shrink and become a long-term constraint. At the industrial level, labor shortages are manifested in the increase in employment pressure on enterprises, especially in industries such as manufacturing, construction, agriculture and nursing, the willingness of local labor to participate has decreased, and enterprises have gradually shifted to the introduction of foreign labor to maintain production, and the scale of Japan's foreign labor force has also increased from about 780,000 in 2014 to more than 2.3 million in 2024, mainly in labor-intensive industries. In terms of institutional response, the Japanese government follows a hierarchical approach from its position as a "non-immigrant country." It attracts high-skilled talent through a points-based system while relying on the Technical Intern Training Program and the Specified Skilled Worker system to supplement the low- and medium-skilled labor force [6]. In the process of system operation, the path of high skill and low skill is gradually differentiated, with the former being limited in scale and the latter becoming the main source but accompanied by problems like labor conditions and mobility restrictions, thus accumulating institutional contradictions while alleviating labor shortages [7].

3.2. The role of political system and policy orientation

The formation and adjustment of Japan's immigration policy are deeply constrained by the political structure, and its institutional characteristics are mainly reflected in three aspects: political party division, administrative dominance and path dependence. Specifically, the split at the party level weakens the possibility of a unified position on immigration policy. Differences within the ruling party regarding the expansion of labor force entry versus the maintenance of social stability, coupled with the lack of unified support from opposition parties, hinder the formation of a stable parliamentary consensus on immigration. And Yuki Takaya notes that there are "obvious divisions of opinion with the opposition parties" in Japanese parliamentary politics, and this structural feature constrains the institutionalization of immigration policy [8]. In addition, Japan's immigration policy has long been administratively dominant. "The management of foreigners is primarily overseen by the immigration administration, whose policy logic emphasizes entry and exit controls and the maintenance of social order, rather than regulation of the labor market. This institutional arrangement has long included foreign labor issues in the scope of administration, rather than developing into an independent socio-economic policy issue. Besides, the continuous operation of the existing system forms obvious path dependence. Once a system has achieved a minimum degree of political consensus, its subsequent adjustments are often repaired within the original framework rather than reconstructed as a whole. For example, although the technical intern training system has

long been criticized, the policy response is mainly in the form of system revision and alternative arrangements rather than radical transformation, a process that reflects the gradual nature of Japan's immigration policy.

3.3. The influence of globalization and international competition

Amid globalization, cross-border labor mobility and heightened competition for international talent represent a major external driver of Japan's immigration policy adjustments. Regarding competition for high-skilled talent, global pressures have directly prompted Japan to adjust its talent recruitment system. In this regard, David Chiavacci pointed out that the world has entered the "global war for talent" stage, and developed countries are attracting international talent through visa facilitation, permanent residence incentives and tax incentives [9]. In this context, Japan has participated in competition through measures such as the high talent points system and the "Japanese version of the green channel", but its attractiveness to high-skilled talents is still limited due to structural factors such as the language environment and the corporate system. In East Asia, transnational labor mobility has strengthened, gradually incorporating Japan into the regional labor market. As a result, laborers from Vietnam, the Philippines, China, and Indonesia continue to enter Japan, establishing it as an important regional labor hub. In this process, external labor supply provides Japan with a stable source and promotes its expansion of the absorption of low- and middle-skilled foreign labor within the existing institutional framework. Furthermore, at the level of international norms and public opinion, the technical intern system has long been criticized by the international community in terms of human rights protection, working conditions and wages, resulting in continuous external pressure. Under this pressure, the Japanese Diet passed relevant laws in 2024 to abolish the system and establish a "training for work" system to respond to international norms and adjust the existing system.

4. The impact and feedback of Japan's immigration policy

4.1. Economic effects on the labor market

From the perspective of the labor market, the impact of Japan's immigration policy is mainly reflected in the reshaping of the labor supply structure, industrial operation mode and competition for high-skilled talents. At the level of labor supply, the introduction of foreign labor has alleviated Japan's long-standing labor shortage to a certain extent. As the working-age population continues to decline, the government has expanded access to foreign labor through specific skills and other systems, so that it can form a stable supply in industries such as manufacturing, construction, nursing and catering. By the end of 2023, there were more than 3.2 million foreigners living in Japan, mainly in labor-intensive industries. The change reflects a pronounced "complementary effect," in which foreign workers occupy positions that cannot be filled by local labor, thereby ensuring the continuity of basic production and services.

At the level of industrial structure, the entry of foreign labor not only alleviates the pressure of employment, but also strengthens the structural stratification of the labor market. Taking the manufacturing industry as an example, the number of foreign workers has increased significantly in the past decade and has become an important support for local small and medium-sized enterprises to maintain production. However, this dependence has also delayed the technological upgrading and industrial transformation of enterprises to a certain extent, so that some industries maintain the development path driven by low-cost labor, showing a tendency of "low-end lock-in." At the level of

high-skilled talents, the influence of immigration policy is primarily observed in innovation and international competitiveness. With the development of information technology and the digital economy, Japan's demand for software engineers and ICT talents continues to increase, but the growth of local supply is limited, and the gap in technical jobs has persisted for a long time. Although the government attracts high-skilled talents through the high-level talent visa and points system, its effect is relatively limited, which is not only related to the internal training and long-term employment system of enterprises, but also limited by the language environment and institutional attractiveness, thus limiting its ability to enhance industrial competitiveness through the "innovation effect".

4.2. Societal impact on structural change

The impact of Japan's immigration policy at the social level is mainly reflected in three aspects: social pluralism, social integration and regional restructuring. At the social structure level, the continuous increase in the foreign population has promoted Japan's transformation from a relatively monolithic social structure to a pluralistic one. The growing influx of workers and residents from countries like China, Vietnam, and the Philippines has gradually diversified Japan's social and cultural composition. In this process, some local governments began to treat foreign residents as long-term residents and supported their social participation through language education and public services, reflecting the adjustment of social structure from "temporary imports" to "coexistence models" [10]. At the level of social integration, there is a clear tension between institutional expansion and social identity. Despite the widespread economic demand for foreign labor, there are still institutional constraints in social security, career development, and public recognition. This coexistence of "economic absorption and social exclusion" puts foreign workers in a marginal position in the social structure and increases the difficulty of long-term integration. At the regional structural level, the spatial distribution of foreign labor exacerbates social stratification and regional differences. Meanwhile, big cities leverage their educational and industrial advantages to attract international students and high-skilled talent, forming a highly international social environment, whereas local areas rely more on skilled and labor-based immigrants to sustain industrial operations. This difference has reshaped Japan's regional social structure to a certain extent, making different regions show a trend of differentiation in terms of labor composition and social form.

5. Conclusion

This paper analyzes the institutional changes of Japan's immigration policy and its influencing factors. The study shows that Japan's immigration policy has not shifted to the traditional immigrant country model, but has made a gradual response to demographic changes and external competitive pressures under the framework of a "non-immigrant country." In terms of driving mechanism, the contraction of labor supply constitutes the basic driving force, the political structure determines the gradualness of policy adjustment, and global competition and international norms further strengthen the direction of institutional change. In terms of policy effect, immigration policy has not only alleviated labor shortages, but brought problems such as labor market stratification and insufficient social integration. Consequently, Japan's immigration policy is expected to follow a limited path of openness, with its success hinging on balancing institutional development and social integration. This provides an important benchmark for analyzing the immigration strategies of East Asian countries amid global population movements.

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