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Report Name: Foreign Farm Labor's Role Growing in Japan

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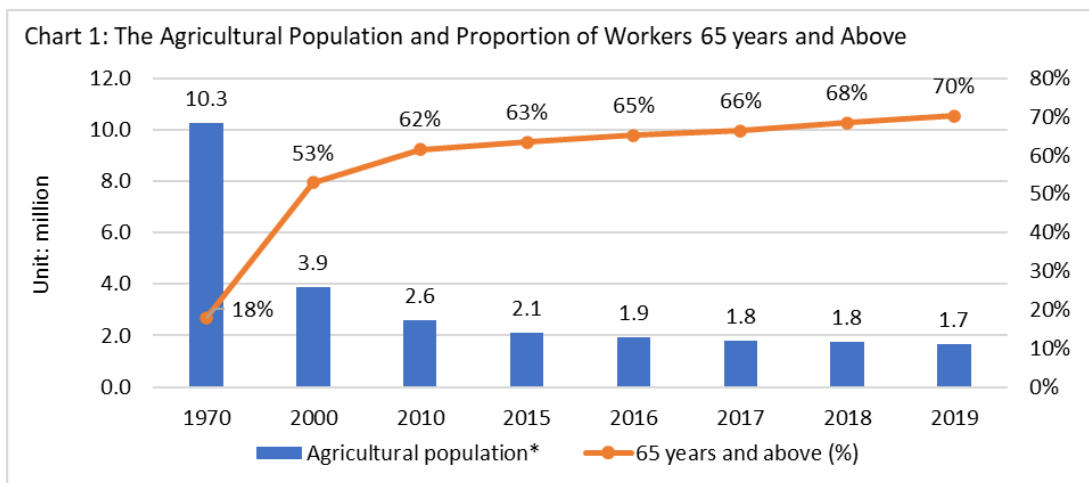
Report Highlights:

As Japan's agricultural workforce continues a decades-long decline, farm owners are increasingly looking for alternative sources of labor, including from abroad. In the past 10 years, the percentage of foreign farm workers as a share of the total agricultural population has increased fourfold from 0.5 percent to two percent. Most of these workers gain employment through the Technical Intern Training Program which is limited to five years. A separate visa program was recently made available, but high barriers to entry have limited participation. Although foreign workers still account for a relatively small share of the total agricultural workforce, Japan's increasing dependence on these workers was revealed when many were unable to enter the country due to COVID-19 travel restrictions.

Agriculture Industry Faces Demographic Challenges

As a result of low birth rates and long life expectancy, Japan's total population is getting smaller and older every year. In 2019, the total population dropped to 126.2 million, falling by 276,000 (0.2 percent) from the previous year. This marked the ninth consecutive year of population decline. The number of Japanese nationals fell by 487,000, however this was partially offset by an increase in the number of foreign residents which increased by 211,000 to 2.44 million. The percentage of the population aged 65 or older reached 28.4 percent, a record high.

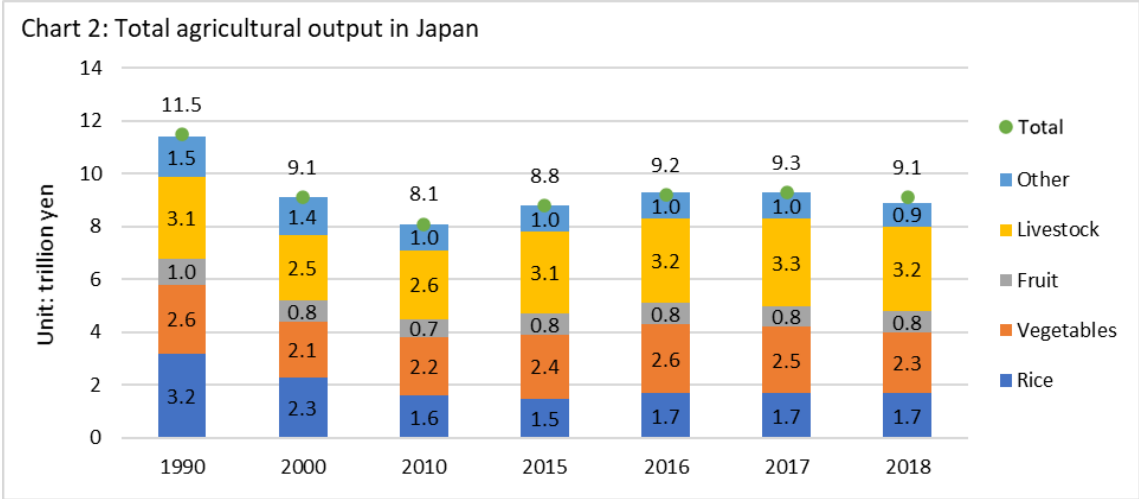
Similar trends are visible in the agricultural sector which has seen even steeper population declines due to increasing urbanization. Since 1970, Japan's agricultural population has fallen by over 80 percent, down from 10.3 million to 1.7 million in 2019. Meanwhile, the proportion of elderly farmers has steadily increased. In 1970, only 18 percent of farmers were 65 or older. In 2019, that number reached 70 percent (Chart 1).



*Agricultural population refers to farm household members engaged in farming or in work other than farming, but spending more days engaged in farming than the year prior. This does not include permanently or temporary hired workers on farms. In 2019, there were 236,100 hired workers with contract durations of seven months or more.

Source: MAFF

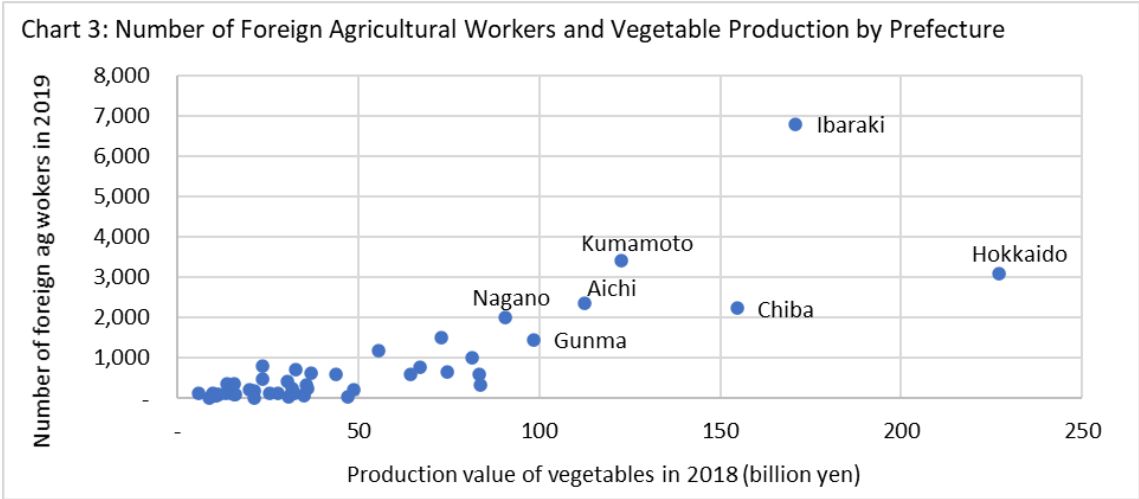
Despite these demographic challenges, agricultural production has remained relatively stable. In 2018, Japan's agricultural output was valued at 9.1 trillion yen (\$83 billion), the same level as in 2000 despite the agricultural population falling by half during that period (Chart 2). Productivity gains, including the introduction of smart technologies, have helped to improve farm efficiency. However, much of the stability is attributable to increased use of foreign farm workers who are not counted in the agricultural population data.



Source: MAFF

Increasing Dependence on Foreign Farm Labor

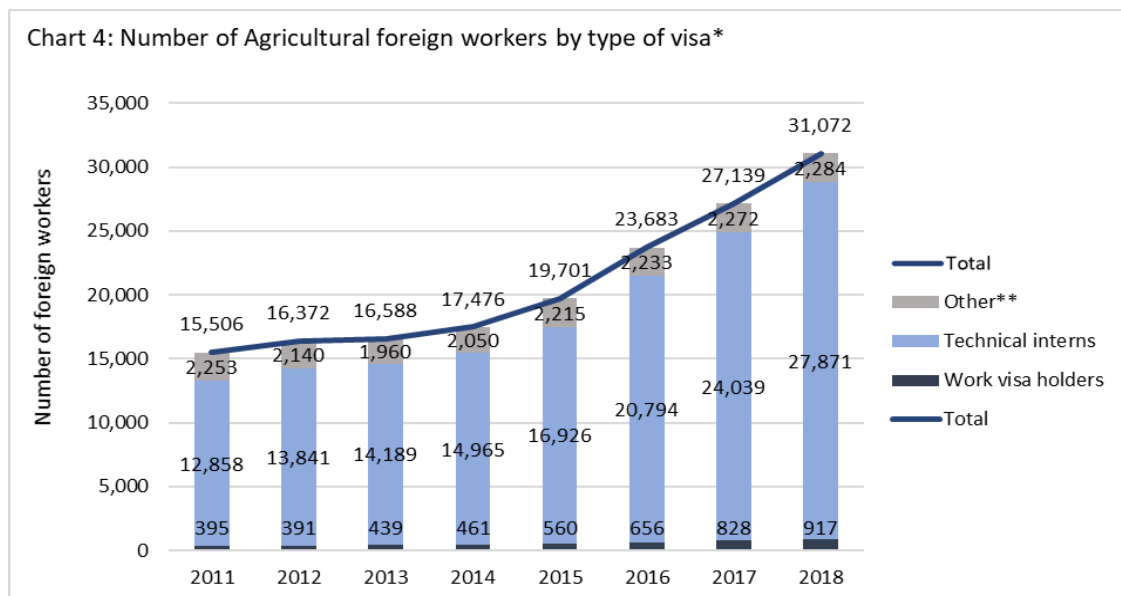
According to the Ministry of Agriculture, Forestry, and Fisheries (MAFF), there were 31,072 foreigners working in agriculture, forestry and fisheries in 2018, double the number from just seven years prior. FAS/Tokyo estimates that foreign workers accounted for around two percent of the total agricultural labor force (including hired workers), compared to just 0.5 percent ten years prior. The availability of foreign labor is especially critical for fruit and vegetable production which often requires cultivation by hand. MAFF estimates that a 1,000 square-meter fruit orchard requires 249 hours of labor to harvest while field vegetables require 190 hours. Rice cultivation, by contrast, requires only 40 hours. As a result, regions that produce larger amounts of vegetables such as Hokkaido, Ibaraki, and Chiba, tend to hire disproportionately more foreign workers (Chart 3).



Source: MAFF

Technical Intern Training Program

Approximately 90 percent of foreign agricultural workers gain temporary employment through the Technical Intern Training Program. This program was introduced in 1993 with the purpose of promoting international cooperation and enabling foreigners to acquire skills to bring back to their home countries. However, in practice the program has become a critical source of inexpensive labor for Japan’s farm industry with the number of technical interns growing year after year (Chart 4). Technical interns may spend up to five years in Japan before returning to their home country. Extensions beyond five years are not allowed, however participants may apply for separate work visas under a new program introduced in 2019.



Note: *Numbers exclude foreign workers working in forestry and fisheries. **The other category includes permanent residents and their spouses, those on working holidays, etc.

Source: MAFF

New Work Visa Scheme

In April 2019, the Japanese government introduced a new work visa scheme permitting foreigners to work in jobs that require “considerable knowledge or experience” in 14 designated industrial sectors. The four sectors related to food and agriculture are “agriculture”, “fisheries”, “food and beverage manufacturing”, and “food service”. In agriculture, workers are expected to engage in general crop farming or livestock rearing as well as additional jobs such as shipment handling. To qualify, applicants must pass skill exams and Japanese language tests or have participated in the Technical Intern Training Program for at least three years. Workers in these sectors may stay in Japan up to five years. The visas cannot be renewed and there is no path to permanent resident status.

Following implementation of the new work visa scheme, the government planned to accept 345,000 foreign workers over a five-year period, including 36,500 in agriculture, 9,000 in fisheries, 34,000 in food and beverage manufacturing, and 53,000 in food service. However, the number of registered

workers under the program has fallen far short of government expectations due to the large amount of required paperwork, low wages, and associated expenses. As of December 2019, only 970 workers were employed in the four sectors related to food and agriculture.

Adapting to New Labor Risks: Japan's Response to COVID-19

On April 14, Japan's Minister of Agriculture announced that about 1,900 foreign technical interns for agriculture and 300 for fisheries were unable to enter Japan as a result of COVID-19-related restrictions. This included 1,240 from China, 280 from Vietnam, 140 from Myanmar, 110 from the Philippines, and 80 from Indonesia. FAS/Tokyo estimates that the number of technical interns unable to enter Japan accounted for around six percent of the foreign farm labor force.

In response to the potential shortage of foreign farm workers, the Government of Japan included 6 billion yen (\$55 million) as part of its COVID-19 economic stimulus package ([JA2020-0075](#)) to provide labor relief to producers and processors. The funding will support the deployment of students from agricultural high schools and colleges, facilitate employment at seafood processing plants, and promote the use of smart agriculture technologies. The government is also considering to subsidize hired farmworker wages at a rate of 500 yen (\$4.60) per hour.

Although Japan's reliance on imported farm labor remains relatively small compared to other industrialized nations, the COVID-19 situation revealed that certain sectors, particularly fruit and vegetable producers, were unprepared to deal with the sudden unavailability of that labor. It will be several months before the impact of the travel restrictions and the effectiveness of the government's response measures can be properly evaluated. However, long-term demographic trends suggest that Japanese agriculture will continue to rely on foreign workers to keep agricultural production stable. The government and producers will need to determine how best to adapt to potential risks therein.

Attachments:

No Attachments.