

Minister's Summary by Minister Ota



10th Meeting (May 9, 2008)

- (1) On enhancing international human resources
 - 1. On acceptance of skilled human resources from overseas
 - 2. On internalization of education
- (2) Macroeconomic management
- (3) Reviewing of the Government's functions

Hiroko Ota here. Today, the Council on Economic and Fiscal Policy (CEFP) held its 10th meeting of the year and conducted discussions on enhancing international human resources, including the acceptance of skilled foreign nationals and internationalization of education, macroeconomic management, and reviewing of the Government's functions.

On the acceptance of skilled human resources from overseas, expert members proposed to double the number of foreign nationals working in Japan. They added the following explanation: We should accept foreign nationals as human resources who are key to economic growth, not as workers just making up for lack of work force. What is important is to attract and retain brains, expertise and information from around the world. From such a perspective we should discuss issues on skilled human resources in the face of tough international competition for skilled human resources. In response, the following comments were voiced:

Temporary member Masuzoe (Minister of Health, Labour and Welfare): Regarding the acceptance of foreigner workers, their working conditions offered by employers in Japan are important. Accepting foreign workers should not mean just hiring cheap labor force. Expert members have proposed that Japan should attract and retain 300,000 skilled foreign nationals by 2015. However, just for fear of skilled foreign workers' arrival falling short of the target number, one should not accept unskilled workers just for the numerical target. Another important consideration is whether Japan accepts skilled human resources just as workers who will eventually go home or as human resources who will settle in Japan. If the Government assumes in its long-term national strategy that they will settle and reside permanently in Japan, then it has to drastically revise social mechanisms, and develop a system for accepting and supporting their families. To this end, the Government has to work out more details.

Temporary member Hatoyama (Minister of Justice): Though we should carefully watch negative aspects of the acceptance of foreign workers, we would like to facilitate the acceptance of more skilled foreign nationals, encourage training programs for them, and positively grant the right of permanent residence to them. We have made public the standards and guidelines for granting the right of permanent residency to foreign nationals, and I believe transparency of this system is

ensured.

Expert member: It is necessary to clarify the definition of “skilled” human resources, by making clear what “skilled” means for each sector.

Expert member: Universities and colleges, for example, offer almost equal employment opportunities for Japanese nationals and foreign nationals alike. In addition, it is recommendable to hire foreign nationals fluent in Japanese language as university clerical employees, and the status of residence should be granted to these clerical workers. The Government has declared it will invite professional caregivers and nurses under EPAs. Then what is wrong with inviting them from countries other than those that have EPAs with Japan. Workers in particular job categories which require certain national certifications should be treated as skilled human resources. Foreign nationals who have passed national credentialing exams in Japanese language should be granted the status of residence. Authorities should take a fresh look at and re-define the status of residence for allowing more foreign nationals to work in Japan.

Expert member: The Government should, taking a cue from how countries in Europe and North America have accepted foreign nationals as immigrants, develop a system to practically accept more foreign nationals that meets the conditions in Japan. In addition, it is essential to establish a system capable of consistently supporting foreign nationals in their everyday lives and working environments.

Temporary member Hatoyama: The Ministry of Justice is now working out a bill to renew the administration of the status of residence for foreign residents and will submit the bill to the ordinary diet session next year. Now foreign nationals are required to apply for their foreign registration cards and visa status at the municipal authorities of the city, ward, town or village in which they reside. The new bill will bring these procedures together under the jurisdiction of the Ministry of Justice, making things more understandable. I am sure that the new bill will significantly improve present conditions and meet expert members’ proposals.

Member Masuda (Minister of Internal Affairs and Communications): Some parts of Japan have seen concentrated inflow of not-so-skilled foreign workers, and have had difficulties in creating a social environment suited to them and their families, including education to their children and Japanese language education to grown-up foreign nationals. Authorities have to resolve these issues in a cautious manner.

On the internationalization of education, members had the following discussion:

Temporary member Tokai (Minister of Education, Culture, Sports, Science and Technology): We would like to give positive consideration to what the Expert Members’ Papers have recommended. English language classes have been already introduced at primary school ahead of the schedule set by the newly revised Courses of Study which require compulsory English lessons at primary school to start in Fiscal 2009. Primary schools have already started offering English lessons for enhancing

fifth and sixth grader's ability to communicate in English. We would like to work out what else we can do.

Temporary member Hatoyama: We should achieve by all means the goal of "Plan for 300,000 Exchange Students" that the Prime Minister has made public. I must point out one thing. The Expert Members' Paper recommended that "if there is not much need to keep differentiating 'Pre-college Student' and 'College Student,' the two categories should be merged into one." "Pre-college Students" in this case are foreign nationals enrolled in Japanese language learning institutions. I believe, however, authorities should be more careful about how to treat "Pre-college Students" because the number of "Pre-college Students" now totals 36,000, of which more than 10% are illegal over-stayers and they are relatively more likely to commit crimes.

Member Amari (Minister of Economy, Trade and Industry): Japan has provided little economic assistance to doctoral course students. We should work out how to support them from some more objective viewpoints. (In addition, Member Amari introduced the Ministry's efforts to attract more skilled foreign nationals in "Asia Human Resources Initiative" and efforts for industry-academia partnership on human resources.)

Member Nukaga (Minister of Finance): We have to develop a scheme from a medium and long-term perspective for accepting skilled foreign human resources. In addition, compared with studying in Europe and North America, the financial burden such as taxes and tuition fees in Japan is relatively small. Considering this, we should work out what else we have to do as a whole to upgrade educational services.

Temporary member Masuzoe: In order to accept more foreign students, we should facilitate their employment opportunities with Japanese companies, and Japanese employers should treat foreign employees more properly.

The Prime Minister made the following statements:

We must achieve the goal of having 300,000 foreign students. This is essential for ensuring Japan's presence as a truly open-minded nation. Equally important is development of a system accepting foreign students. I would like Temporary Tokai to promote the "Global 30" program by all means.

We should encourage coordination between the acceptance of skilled foreign human resources and that of foreign students, since the two are closely related. Equally important is how far Japan is ready to accept foreign nationals in terms of people's preparedness and systems. These are issues that the Government should thoroughly discuss. For this purpose, I would like Chief Cabinet Secretary to organize a conference which includes experts and representatives from industry, government and the labor circle.

Based on the Prime Minister's instruction, Chief Cabinet Secretary will organize a conference on this issue. This provides the first opportunity to discuss the issue from the Government-wide perspective.

On macroeconomic management, Member Shirakawa (Governor of the Bank of Japan) and the Cabinet Office gave an explanation. Discussions proceeded as follows.

Expert member: (Posing a question to Member Shirakawa) In what ways the Bank of Japan reflected fluctuations in foreign exchange rates in the latest "Outlook for Economic Activity and Prices (Outlook Report)"?

Member Shirakawa: We have always considered fluctuations in foreign exchange rates as one of key factors. We should watch fluctuations in exchange rates with the Euro as well as those with U.S. dollars. On an effective exchange rate basis, the recent yen's appreciation against the euro is more modest, compared with the one against the U.S. dollar. In the latest report, rising prices in international commodity markets have had significant impact. Our response will depend on how we interpret the current rising prices. Is this because of a shock felt at the suppliers' side or another underlying factor at the demand side? Authorities in other countries also try to find the real cause of the price hike.

Member Amari: I have taken every international opportunity to point out that the current crude oil price hike is posing a danger, stating that we are all passengers in the same boat. I wonder whether oil-producing nations share our sense of crisis. Out of concerns that the current price hike will create a potential world recession, I often point out the danger that the crude price surge is now posing.

Member Nukaga: At the meeting of the Asian Development Bank last week, I heard a lot of concerns and fears over crude oil and other natural resources price hike voiced by Asian countries. Asia is a home to 600 million impoverished people and many fears that, in particular, these people will have a much more difficult time. In addition, Vietnam and China are now facing tougher questions in political maneuvering to keep inflation and exchange rate volatility in check and to keep the economy going at the same time. That is what I have heard in this regard.

I summed up the discussions as follows:

Like in last year's, the Cabinet Office will disclose this summer its Estimate for Economic Outlook for Fiscal 2008 and its macroeconomic assumption for Fiscal 2009.

Speaking of food price hikes, we intend to discuss Japanese agriculture, including Japan's self-sufficiency in food, at the next meeting of CEFP.

Regarding the review of the Government's functions, the Expert Members' Paper summarizes what

has been discussed so far. As time presses, expert members made a brief presentation based on the paper, and in response the following comments were voiced:

Expert member: When reviewing public interest corporations, the Government has to carefully review special budget accounts alike. The Government is now pushing forward reforms to reduce the number of special accounts, now 31, to 17 within five years. It is especially important to take a fresh look at annual expenditures for special accounts and to make the spending more transparent.

Expert member: What is written in this paper represents only the first step. This is a discussion designed to ultimately establish the regional government system (*doshu-sei*) and realize a world leading e-Government. For this purpose, the Government needs to be re-established as a new administrative body from the general public's standpoints, and it is necessary that general public can feel and recognize the change.

CEFP members came to general consensus that our discussion on the review of the Government's functions should be incorporated in "Basic Policies 2008" and CEFP should perform follow-ups on the progress.

The Prime Minister made the following comments:

It is essential to realize a "zero futility" government.

Ministers concerned should take responsibility for implementing the budget for this fiscal year as well as for the next fiscal year and beyond in order to produce good results.

(End)