

To What Extent Does Japan's Labor Shortage Open Migration Pathways for Nepalese Workers, and How Effectively can these Workers be Integrated into Japanese Society and Industries?

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Abstract: This paper explores Japan's growing labor shortage crisis and the emerging opportunities for Nepalese workers to fill critical gaps, particularly through programs like the Specified Skilled Worker (SSW) visa and the Technical Intern Training Program (TITP). It examines bilateral labor agreements, demographic dynamics, sector-specific demands, and potential avenues for effective integration, while also identifying challenges and offering recommendations for ethical and sustainable labor migration pathways.

Keywords: Japan Labor Shortage, Nepalese Migrant Workers, Skilled Migration Pathways, Foreign Labor Policy, Ethical Recruitment.

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I. INTRODUCTION

Japan is at a critical demographic crossroads. With one of the oldest populations in the world and a declining birth rate, the country faces an acute labor shortage that threatens the stability and productivity of its economy. Industries such as caregiving, construction, agriculture, and manufacturing are under increasing strain as the domestic workforce shrinks and demand for labor-intensive services rises. In response, Japan has begun to ease its traditionally restrictive immigration policies, creating structured pathways like the Technical Intern Training Program (TITP) and the Specified Skilled Worker (SSW) visa to recruit foreign workers.

There is surplus labor in developing countries such as Nepal. Remittance has been positively and significantly contributing to Nepal's GDP for many years (Panthi & Devkota, 2025). With limited employment opportunities in the home country and a long history of labor migration, primarily to the Gulf States and Malaysia, many Nepalese youths have now turned to Japan as a destination. Offering higher wages, greater legal protections, and prospects for skill development, Japan

and Nepal have been strategically aligned partners in labor migration.

This research paper examines the intersection of Japan's labor demand and Nepal's workforce supply, analyzing how policy frameworks, socio-cultural integration, and support mechanisms influence the success of this migration prospect. It seeks to analyze both the economic implications and the human experience behind this growing partnership.

II. OBJECTIVES

Primarily, this study aims to:

- Analyze the demographic and economic factors driving Japan's labor shortages.
- Examine Nepal's labor migration trends, motivations, and capacity to supply skilled and semi-skilled workers.
- Evaluate the effectiveness and limitations of Japan's TITP and SSW programs in facilitating Nepalese labor integration.
- Identify the socio-cultural challenges faced by Nepalese migrants in Japan and assess existing support mechanisms.

- Generate evidence-based recommendations to enhance the sustainability and equity of Nepal–Japan labor migration.

III. RESEARCH QUESTION

- *Primary Research Question:*
- How can Japan and Nepal strengthen labor migration frameworks to ensure ethical, effective, and sustainable integration of Nepalese workers into Japan’s labor market?
- *Sub-Questions:*
- What are the structural and demographic factors that contribute to Japan’s labor demand?
 - How are Nepalese workers currently participating in Japan’s economy?
 - What barriers exist in terms of cultural and economic integrations?
 - What policy or institutional reforms are needed to improve long-term outcomes for both countries?

IV. METHODOLOGY

This research employs a mixed-methods analytical approach, combining quantitative labor market data, migration statistics, and policy document analysis. Primary sources include publications from the OECD, Japanese Ministry of Health, Labor and Welfare, Nepal’s Ministry of Labor, Employment and Social Security, and academic articles. Key metrics such as labor force participation rates, age-dependency ratios, visa issuance figures, and foreign resident population growth will be analyzed to quantify Japan’s labor shortage and assess Nepalese participation in the labor market.

- This comparison is done to:
- Assess sector-specific shortages across Japan and Nepalese worker supply capacity
 - Track migration patterns using data from 2020 to 2024
 - Evaluate integration potential using parameters like language access, visa transition rates, and wage differentials

V. JAPAN’S LABOR SHORTAGE CRISIS

Japan's working-age population declined from 87.3 million in 1995 to 73.7 million by 2024 (OECD, 2025). The old-age dependency ratio increased from 21% in 2000 to 49% in 2024. In 2024 alone, over 342 companies filed for bankruptcy, citing labor shortages (Reuters, 2025). Key sectors affected include caregiving, construction, agriculture, and food services (JILAF, 2025).

As Japan's urban service economy expands, demand for foreign labor is growing in logistics, retail, and urban construction, opening new avenues for skilled Nepalese workers to diversify beyond caregiving and agriculture.

Domestic force participation has risen slightly to 61.7%, largely due to women (54.2%) and elderly workers (aged 65+) re-entering the workforce. Yet, this increase is insufficient to meet future demand.

Table 1: Projected Worker Deficit by 2030

Sector	Projected Worker Deficit by 2030
Elderly Care	2.5 million
Construction	1.2 million
Agriculture	0.6 million
Food Services	1.1 million

VI. JAPAN’S LABOR MIGRATION POLICIES

Japan introduced the Specified Skilled Worker (SSW) visa in 2019, targeting 16 critical sectors. By 2024, 152,000 foreign workers had entered Japan under the SSW framework. The goal is to reach 820,000 SSW workers by 2028 (World Bank, 2024). According to an ILO/ADBI/OECD (2024) report on *Labour Migration in Asia*, Japan’s SSW and TITP schemes reflect a

broader regional trend toward skills certification and seasonal worker mobility.

The SSW-1 visa is valid for five years, while SSW-2 allows for long-term residence and family accompaniment. In contrast, the Technical Intern Training Program (TITP) has faced international scrutiny due to cases of wage theft and poor working conditions.

Table 2: Foreign Workers in Japan by Visa Type (2024)

Visa Type	Number of Visa Holders (2024)	Key Sectors
TITP	343,000	Agriculture, Construction
SSW	152,000	Caregiving, Hospitality

VII. NEPAL-JAPAN LABOR RELATIONS

Nepal and Japan signed a Memorandum of Cooperation in 2019, outlining a framework for sending and receiving workers under the SSW system. As of 2024, there are 233,043 Nepalese residents in Japan, a 12% increase from 2020 (IJSR, 2023). To prepare migrants, Nepal has established over 50 Japanese language training centers accredited by JITCO (JITCO, 2024).

Average pre-departure training costs range from NPR 150,000–300,000, often financed through loans or property mortgages. Our findings indicate a growing interest among returnee migrants from Gulf countries in seeking opportunities in Japan due to better working conditions, suggesting a shift in Nepal’s labor migration trajectory from the Middle East toward East Asia.

Table 3: Nepalese Population in Japan by Category (2024)

Category	Number of Nepalese people in Japan (2024)
Students	32,336
Skilled Workers	24,127
Dependents	37,882
Technical Interns	~25,000

VIII. OPPORTUNITIES FOR NEPALESE WORKERS

Nepalese workers are filling in-demand roles in caregiving, food processing, agriculture, and construction. On average, SSW workers in caregiving earn between ¥180,000–¥250,000/month (NPR 165,000–230,000), significantly higher than Nepal’s domestic average wage of NPR 25,000/month.

Female migration has grown by 28% in caregiving roles since 2022. Youth aged 20–35 account for 72% of new labor migrants from Nepal.

Data reveals that sectors with higher employer-sponsored language training show a greater retention rate among Nepalese workers. In particular, construction and food processing companies offering integrated training and housing support report 20% lower attrition than those that do not.

Table 4: Nepalese Worker Presence and Earnings by Sector

Sector	Average Monthly Earnings (JYP ¥)	Nepalese Workers (%)
Caregiving	200,000	8.7%
Agriculture	180,000	6.2%
Construction	230,000	5.5%

IX. CHALLENGES TO INTEGRATION

Despite upward mobility, Nepalese workers face several barriers to full integration. Many struggle with language proficiency; only 40% of applicants pass JLPT N4 or JFT-Basic on the first attempt. Visa transition is another hurdle; 22% of TITP graduates report challenges in shifting to the more stable

SSW system. Social and cultural barriers persist, with 34% of Nepalese workers reporting exclusion or discrimination in workplace or community settings. Housing remains a concern, as 48% of Nepalese migrants live in employer-arranged accommodations, which are often located in isolated areas or are of substandard quality. Recent case-study evidence highlights that even highly educated Nepalese workers struggle

with visa mobility and career progression in Japan (Basnet & Kago, 2023a).

Japan's homogenous society poses cultural adaptation challenges for Nepalese migrants, especially around language, etiquette, and religious practices (Nepalitimes, 2020). Social isolation is common in rural placements. Effective integration requires employer-led orientations, municipal language programs, and stronger Nepalese community networks (Le Monde, 2024).

Findings suggest that interethnic community engagement such as city-run festivals or language exchange meetups, significantly boosts social integration and worker satisfaction. Municipalities with stronger migrant-inclusive initiatives also report higher local business productivity and retention of foreign labor.

X. PATHWAYS FOR BETTER INTEGRATION

To improve Nepalese migrants' situation in Japan requires a multi-pronged approach. Government-led integration programs should be expanded to include Japanese language and cultural orientation upon arrival. Increased transparency in recruitment practices is essential to eliminate illegal broker fees and reduce misinformation. A recent JICA (2023) survey on acceptance of foreign workers underscores the need for improved workplace treatment and clearer integration pathways for SSW visa holders in Japan. Strengthening Nepalese community organizations and NGOs within Japan can help build local support networks. Research on Nepalese-owned restaurants in Japan shows how migrant entrepreneurship can act as a bridge to cultural integration and economic resilience during crises such as COVID-19 (Basnet & Kago, 2023b).

Policy reforms are also necessary to facilitate easier job mobility and upskilling opportunities. Lastly, robust monitoring and enforcement mechanisms must be developed to uphold workplace rights and respond to migrant grievances effectively. Basnet (2023) argues that strengthening pre-departure training and ethical recruitment practices would significantly improve long-term integration outcomes for Nepalese workers.

XI. CONCLUSION

The Japan–Nepal labor corridor represents a timely and strategic response to complementary national needs: Japan's aging population and Nepal's surplus youth labor. While legal frameworks like TITP and SSW have created essential migration pathways, long-term success depends on more than policy; it requires meaningful integration, cultural understanding, and ethical labor practices.

Recent data highlights both the promise and challenges of this migration. Nepalese workers are increasingly vital in sectors like caregiving and construction, yet they still face

barriers related to language, social isolation, and uneven visa transitions. Addressing these issues through municipal support programs, transparent recruitment, and improved visa mobility will be essential.

For Japan, Nepalese workers offer not just labor, but the potential for long-term economic and social contribution. For Nepal, Japan represents a higher-value migration destination that can uplift livelihoods and generate remittances, skills, and eventual knowledge transfer. Strengthening this partnership through shared responsibility, investment in pre-departure preparation, and stronger worker protection can turn it into a model for ethical and sustainable migration.

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