

Japan

Private Sector Assessment

A Preliminary Scoping Study

The primary objective of the study is to provide a broad-based overview of the private sector in Japan as a stakeholder in combating modern slavery in the country

The Mekong Club

The Mekong Club is a catalyst for change – engaging, inspiring and supporting the private sector to eradicate slavery from their business. Given that the majority of modern-day slavery exists in the private sector, these companies are ideally placed to help turn the tide of this global epidemic.

The only organisation of its kind, The Mekong Club steers away from the approach taken by other players in this space, which is to ‘name and shame’ companies – ousting bad behaviour or issues related to this subject. Instead, we believe in starting and ending with collaboration.

In fact, The Mekong Club originally formed as a direct response to the growing number of companies looking to develop strategies to address forced labour risk through a professional forum. Divided into industry-specific working groups, these networks meet regularly to learn, share best practices, and network with other like-minded professionals. Member companies also work together to achieve an annual deliverable which will work towards producing tangible results in the fight against forced labour.

1. Contents

2. Objectives of the Study	4
3. Definition of Terms	5
4. Demographic Overview & Key Social Trends	6
4.1. Population Distribution	6
4.2. Social Indicators	7
4.2.1. Human Development Index (HDI)	7
4.2.2. Poverty Rate	8
5. The Labour Force	9
5.1. Employment and Income	9
5.1.1. Employment Distribution	9
5.1.2. Income	12
5.2. Gender Gap	13
5.3. Comparative Minimum Wage	13
5.4. Competitiveness	15
6. Political Risk Assessment	17
7. The Private Sector	18
7.1. Overview	18
7.2. Key Players in the Private Sector	19
7.2.1. Resources	19
7.3. Transparency	19
8. The Mekong Club Target Sectors	21
8.1. Wholesale and Retail	21
8.1.1. General	21
8.2. Manufacturing	25
8.2.1. Local contribution	25
8.2.2. International Reach	26
8.3. Hospitality & the Service Industry	28
8.3.1. Hospitality	28



8.3.2. The Service Industry	29
8.3.3. Procurement	30
8.4. Banking Industry	31
8.4.1. Mitsubishi UFJ Financial Group	31
8.4.2. Japan Post Bank	31
8.4.3. Mizuho Financial Group	31
8.4.4. Sumitomo Mitsui Financial Group	31
8.4.5. Norinchukin Bank	31
8.4.6. Resona Holdings	32
8.4.7. Concordia Financial Group	32
8.4.8. Fukuoka Financial Group	32
8.4.9. Chiba Bank	32
8.4.10. Hokuhoku Financial Group	32
8.5. Construction	33
9. Modern Slavery and Human Trafficking	35
9.1. Overview	35
9.2. USA Department of State “Trafficking in Persons” Report – June 2017 Update	36
9.2.1. General	36
9.3. Commercial sexual exploitation & Sex trafficking	36
9.3.1. The Size of the Entertainment Industry	37
9.3.2. Types of Jobs	38
9.4. TITP (Technical Intern Training Program)	38
10. Attitude to Migration	40



2. Objectives of the Study

The primary objective of the study is to provide a broad-based overview of the private sector as a stakeholder in combating modern slavery in the country. More specifically the study aims to generate a knowledge base from which The Mekong Club can approach the private sector in order to create awareness and offer cooperative solutions for the eradication of modern slavery in corporate supply chains; the core focus of the Mekong Club's mission. The following secondary objectives specify the details of the data that need to be gathered in order to fulfil the scope of the study:

- Give an overview of the demographic landscape and economic conditions in Japan
- Detail the characteristics of the labour force in Japan by looking at factors such as size, average income, distribution, key issues
- Provide a detailed analysis of the private sector in terms of size of industries, number of workers and key players
- Provide in-depth reports on the Banking/finance, Manufacturing, Construction, Agriculture and Retail and hospitality industries
- Identify the current state of modern slavery in Japan



3. Definition of Terms

Throughout the report the following definitions will apply to the use of the terms human trafficking, forced labour, bonded labour and contract slavery, as specified by The Mekong Club.

HUMAN TRAFFICKING	FORCED LABOUR	BONDED LABOUR AND CONTRACT SLAVERY
<p>An act (1) carried out by a third party, through different means (2), for the purpose of exploitation (3).</p> <p>For children under age 18 it is sufficient to demonstrate the act of moving a child for the purpose of exploitation.</p>	<p>All work or service which is extracted from any person under the menace of any penalty and for which the person has not offered themselves voluntarily.</p>	<p>Bonded labour begins when a worker borrows money from an employer and commits themselves to work for the employer in return.</p> <p>Contract slavery involves deceiving or illegal contracts signed by victims who cannot understand them, and used to justify forced labour.</p>
<p>1. Act of:</p> <ul style="list-style-type: none">• Recruitment• Transportation• Transfer• Harboring• Receipt <p>2. By means of:</p> <ul style="list-style-type: none">• Threat• Force or coercion• Abduction• Fraud• Deception• Abuse of power• Abuse of vulnerability <p>3. For the purpose of:</p> <ul style="list-style-type: none">• Exploitation• Slavery or similar practices• Servitude• Prostitution• Removal of organs• Forced labour and service	<p>Threat of penalty</p> <ul style="list-style-type: none">• Physical and/or sexual violence.• Imprisonment or physical confinement.• Withholding of wages, unreasonable fees or financial penalties.• Withholding of identity documents.• Unfair dismissal or exclusion from future employment.• Deprivation of food or shelter.• Exclusion from community, social life or denunciation to community/family.• Intimidation and other threats. <p>Lack of Valid Consent</p> <ul style="list-style-type: none">• Worker deceived about the wages they would receive.• Worker cannot leave employment as they must remain for an undefined period to repay debts to employer.• Worker made to work by family.• Deception or fraud during recruitment stages.	<p>Common features of Bonded Labour</p> <ul style="list-style-type: none">• The employer manipulates interest rates or charges excessive rates.• The employer imposes high charges for food, accommodation, transportation, or tools.• The employer charges workers for shortfalls in business output or days missed due to worker sickness. <p>Common features of Contract Slavery</p> <ul style="list-style-type: none">• Contracts are in a language the victim does not understand.• Contracts are presented to victims who cannot read.• Victim is told fines and penalties will follow if he breaks the contract.
<p>HUMAN TRAFFICKING emphasizes the movement of victims</p>	<p>FORCED LABOUR is often a consequence of human trafficking and emphasizes the exploitative condition the victim suffers</p>	<p>BONDED LABOUR CONTRACT SLAVERY are two forms of forced labour</p>

4. Demographic Overview & Key Social Trends

4.1. Population Distribution

The total population of Japan was estimated at 126.72 million in October 2017. According to the Japan Statistical Yearbook 2017, Japan ranked eleventh in the world in terms of size and made up 1.7 percent of the total world population.² Population density measured at 340.8 persons per square kilometre.

The population is skewed towards females which make up 51.35% of the total population. According to the World Bank Japan's rural population is estimated at 6% in 2016.³

Population Distribution by Gender and location 2016

Total	126,720,000
Male	61,660,000 (48.65%)
Female	65,060,000 (51.35%)
Rural	6%

A significant part of the population is concentrated in big cities, with 12 cities registering a population of one million or more. The total population of the 12 cities are estimated at 29 million (23.2% of national population).

Population of Major Cities (Thousands)⁴

	2010	2015		2010	2015
Tokyo (23 cities)	8,946	9,273	Kobe City	1,544	1,537
Yokohama City	3,689	3,725	Kawasaki City	1,426	1,475
Osaka City	2,665	2,691	Kyoto City	1,474	1,475
Nagoya City	2,264	2,296	Saitama City	1,222	1,264
Sapporo City	1,914	1,952	Hiroshima City	1,174	1,194
Fukuoka City	1,464	1,539	Sendai City	1,046	1,082

Japan has been termed a “hyper-aged society”⁵, indicating the rapid increase in the ratio of the aged vs. working population. Since 2007 “the proportion of the Japanese aged 65 or older topped 21%, the level at which a society qualifies as “hyper-aged.”

1. <http://www.stat.go.jp/english/data/jinsui/tsuki/index.htm>

2. <http://www.stat.go.jp/english/data/handbook/pdf/2017all.pdf#page=23>

3. <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=JP>

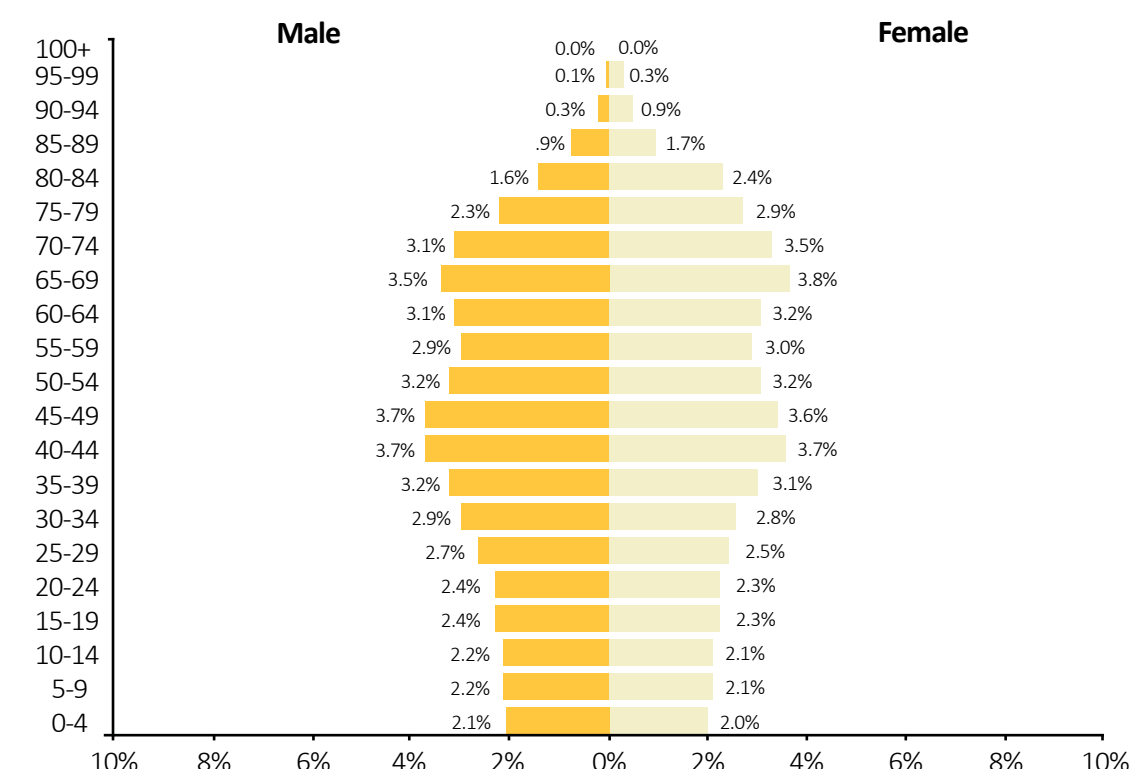
4. http://www.stat.go.jp/english/data/handbook/pdf/2017all.pdf#page=80_p.21

5. <http://www.nippon.com/en/in-depth/a01001/>

Currently the population is divided as follows: the youth (0-14) constitutes 12.7% of the population, the economically active (15-59) 53.7% of the population and the elderly (60+) 33.6 % of the population.

Projections indicate that the economically active population can decrease to as little as 51% by 2050, putting more pressure on workers to support dependents.

Japan Population Pyramid 2016⁶



4.2. Social Indicators

4.2.1. Human Development Index (HDI)

According to the UNDP Human Development Report of 2016⁷, “Japan’s HDI value for 2015 is 0.903 which put the country in the very high human development category—positioning it at 17 out of 188 countries and territories.” The Human Development Index (HDI) is a statistic measuring human development based on life expectancy, education, and per capita income indicators.⁸

Japan ranks the highest on Human Development in Asia. When the HDI is corrected for inequality, the iHDI score indicates a high level of unequal access to basic services and income generation across the population⁹.

6. <https://www.populationpyramid.net/japan/2017/>

7. UNDP: Human Development Reports – Japan

8. Wikipedia; see also UNDP

9. <http://hdr.undp.org/en/2016-report>

Japan's HDI Value and component measures compared to countries in the region¹⁰

	HDI Value	HDI Rank	Life Expectancy at birth	Expected years of schooling	Mean Years of Schooling	GNI Per Capita (PPP USD)	IHDI Value
China	0.738	90	76	13.5	7.6	13,345	na
Japan	0.903	17	83.7	15.3	12.5	37,268	0.791
Korea	0.901	18	82.1	16.6	12.2	34,541	0.754
Vietnam	0.683	115	75.9	12.6	8	5,335	0.562
Philippines	0.682	116	68.3	11.7	9.3	8,395	0.556
Thailand	0.740	87	74.6	13.6	7.9	14,519	0.586
Indonesia	0.689	113	69	12.9	7.9	10,053	0.563
China	0.738	90	76	13.5	7.6	13,345	**
Malaysia	0.789	59	74.9	13.1	10.1	24,620	**
Cambodia	0.563	143	68	10.9	4.7	3,095	0.436
Myanmar							
East Asia & Pacific	0.720	-	74.2	3,423	0.617	12,125	0.581
China	0.631	-	68.6	4,314	0.655	6,281	0.469

4.2.2. Poverty Rate

In 2015 The Economist¹¹ reported as follows on Japan's increase in poverty:

"Last year, the Japanese government recorded relative poverty rates of 16%—defined as the share of the population living on less than half the national median income. That is the highest on record. Poverty levels have been growing at a rate of 1.3% a year since the mid-1980s. On the same definition, a study by the OECD in 2011 ranked Japan sixth from the bottom among its 34 mostly rich members".

Despite Japan's high level of economic development, the urban poor are subjected to the same insecurities as their emerging market counterparts.

10. <http://hdr.undp.org/en/2016-report>

11. <https://www.economist.com/news/asia/21647676-poverty-worsens-more-japanese-work-non-permanent-contracts-struggling>

5. The Labour force

5.1. Employment and Income

5.1.1. Employment Distribution

According to the Labour Force Survey, Quarterly Average Results, Jul.-Sep. 2017¹², the population aged 15+ stood at 110.9 million. Of these 67.58 million or 61% were economically active and thus available for work. When further broken down, 65.68 million (97%) were employed and 1.9 million were unemployed.

Manufacturing is still the most prominent economic activity, accounting for 20.4% of GDP, although its contribution has been decreasing since 1995. The wholesale and retail trade account for 13.9% of GDP, while the real estate industry account for 11.4%. The professional and scientific sectors, IT and health have grown consistently over the past 15 years

Gross Domestic Product by Type of Economic Activity (2015)¹³

	1995	2000	2005	2010	2015
Primary Industry					
Agriculture, forestry and fishing	1.7	1.5	1.1	1.1	1.1
Secondary Industry					
Mining	0.2	0.1	0.1	0.1	0.1
Manufacturing	23.5	22.6	21.6	20.8	20.4
Construction	7.8	6.9	5.6	4.8	5.5
Tertiary Industry					
Electricity, gas and water supply, waste management	3.0	3.2	2.9	2.8	2.7
Wholesale and retail trade	13.8	13.1	14.4	13.8	13.9
Transport and postal activities	5.5	4.9	5.1	5.0	5.1

12. <http://www.stat.go.jp/english/data/roudou/results/quarter/dt/index.htm>

13. <http://www.stat.go.jp/english/data/handbook/pdf/2017all.pdf#page=23>

Accommodation and Food Service	3.1	3.1	2.7	2.6	2.5
Information and communications	3.2	4.6	4.9	5.1	5.0
Finance and insurance	5.0	4.9	6.0	4.8	4.4
Real Estate	9.9	10.3	10.4	11.9	11.4
Professional, scientific and technical activities	4.8	5.8	6.4	7.0	7.3
Public Administration	4.8	5.2	5.1	5.3	5.0
Education	3.6	3.6	3.6	3.6	3.6
Human health and social work activities	4.4	5.3	5.5	6.4	6.8
Other service activities	5.2	5.2	4.9	4.7	4.4

In terms of employment, the wholesale and retail trades are the primary providers of employment, followed by manufacturing, health and accommodation, eating and drinking services.

Number of Establishments and Persons Engaged (2016)¹⁴

	Establishments	Persons engages
Total	5,359,975	57,439,652
By Industry	-	-
Primary industry		
Agriculture, forestry and fisheries	32,675	366,949
Secondary Industry		
Mining and quarrying of stone and gravel	1,957	21,269
Construction	495,608	3,728,873
Manufacturing	453,810	8,925,749
Tertiary industry		
Electricity, gas, heat supply and water	4,874	194,036

14. <http://www.stat.go.jp/english/data/handbook/pdf/2017all.pdf#page=23>

Information and communications	64,527	1,663,836
Transport and postal activities	131,213	3,235,442
Wholesale and retail trade	1,357,030	12,012,080
Finance and insurance	84,330	1,530,071
Real estate and goods rental and leasing	355,102	1,479,307
Scientific research, professional and technical services	221,414	1,815,209
Accommodations, eating and drinking services	701,241	5,460,685
Living-related and personal services and amusement services	470,744	2,419,128
Education, learning support	166,415	1,824,961
Medical, health care and welfare	430,265	7,419,831
Compound services	33,872	480,172
Services, n.e.c.	354,898	4,862,054

5.1.2. Income

Average monthly wages in Japan decreased to 301.70 JPY Thousand/Month in August (2658 USD) from 425.79 JPY Thousand/Month (3751 USD) in July of 2017. (Exchange rate at 11/8/2017 : 1 USD = 113.52 JPY)

The highest salaries are paid in the electricity and gas, information and communication, finance and insurance and scientific research fields.

Average Income per month by Occupation¹⁶

	JPY	USD
Mining and quarrying of stone and gravel	283,976	2,499
Construction	341,261	3,003
Manufacturing	316,695	2,787
Electricity, gas, heat supply and water	445,582	3,921
Information and communications	389,641	3,429
Transport and postal activities	295,462	2,600
Wholesale and retail trade	233,499	2,055
Finance and insurance	384,724	3,386
Real estate and goods rental and leasing	297,936	2,622
Scientific research, professional and technical services	379,594	3,340
Accommodations, eating and drinking services	116,615	1,026
Living-related and personal services and amusement services	196,594	1,730
Education, learning support	304,766	2,682
Medical, health care and welfare	253,100	2,227
Compound services	292,864	2,577
Services, n.e.c.	226,969	1,997

5.2. Gender Gap

Gender inequality continues to be a key characteristic of Japanese society. According to a World Economic Forum report, Japan ranked 114th, out of 145 countries measured on its Gender Gap index in 2017¹⁷. Japan fares particularly bad on Economic participation and opportunity and Political empowerment.

5.3. Comparative Minimum Wage

Compared to the rest of Asia, Japan's current minimum wage structure only lags behind Australia and New Zealand.

Comparative Minimum Wages in Selected Countries in Asia
(As of 30 June 2017)¹⁸

Country/City	Daily Minimum Wage		Monthly Minimum Wage		Exchange Rate Per US\$1*
	In Country Currency	In US\$	In Country Currency	In US\$	
Bangladesh (Taka)	176.67 ^{b/}	2.23	5,300.00 ^{1/}	66.88	79.2430
Mongolia (Tugrik)	6,400.00 ^{a/}	2.73	192,000.00 ^{2/}	81.95	2,342.8400
Myanmar (Kyat)	3,600.00 ^{a/}	2.68	108,000.00 ^{3/}	80.32	1,344.6100
Lao PDR (Kip)	30,000.00 ^{a/}	3.71	900,000.00 ^{4/}	111.39	8,079.9800
Pakistan (Rupee)	333.33-400.00 ^{a/}	3.22-3.86	10,000.00-12,000.00 ^{5/}	96.62-115.95	103.4940
Cambodia (Cambodia Riel)	18,666.67 ^{a/}	4.67	560,000.00 ^{6/}	140.00	4,000.0000
Vietnam (Region I & II Dong)	103,333.33-116,666.67 ^{a/}	4.60-5.20	3,100,000.00-3,500,000.00 ^{7/}	138.07-155.89	22,452.4000
Philippines/XI (Peso)	340.00 ^{8/}	6.74	10,200.00 ^{b/}	202.20	50.4451
Philippines/VII (Peso)	308.00-366.00 ^{9/}	6.11-7.26	9,240.00-10,980.00 ^{b/}	183.17-217.66	50.4451
Philippines/III (Peso)	329.00-380.00 ^{10/}	6.52-7.53	9,870.00-11,400.00 ^{b/}	195.66-225.99	50.4451
Philippines/IV-A (Peso)	293.00-378.50 ^{11/}	5.81-7.50	8,790.00-11,355.00 ^{b/}	174.25-225.10	50.4451

15. <https://tradingeconomics.com/japan/wages>

16. <http://www.mhlw.go.jp/english/database/db-l/29/2909pe/2909pe.html>

17. http://www3.weforum.org/docs/WEF_GGGR_2017.pdf

18. http://www.nwpc.dole.gov.ph/pages/statistics/stat_comparative.html

Indonesia (Jakarta-Jawa-Timur-Surabaya) (Rupiah)	38,333.33-103,333.33 ^{a/}	2.88-7.77	1,150,000.00-3,100,000.00 ^{12/}	86.52-233.23	13,291.8000
Malaysia (Ringgit)	30.67-33.33 ^{a/}	7.14-7.76	920.00-1,000.00 ^{13/}	214.23-232.86	4.2944
Thailand (Baht)	300.00 ^{14/}	8.84	9,000.00 ^{b/}	265.29	33.9245
Philippines/NCR (Peso)	454.00-491.00 ^{15/}	9.00-9.73	13,620.00-14,730.00 ^{b/}	270.00-292.00	50.4451
China (Yuan Renminbi)	33.33-73.00 ^{a/}	4.90-10.73	1,000.00-2,190.00 ^{16/}	147.04-322.02	6.8008
Taiwan (Taiwan Dollar)	920.00 ^{17/}	30.25	27,600.00 ^{b/}	907.54	30.4120
Hongkong (\$HK)	260.00 ^{18/}	33.32	7,800.00 ^{b/}	999.70	7.8024
South Korea (Won)	51,760.00 ^{19/}	45.37	1,552,800.00 ^{b/}	1,360.99	1,140.9300
Japan (Japan Yen)	5,424.00-7,280.00 ^{20/}	48.36-64.90	162,720.00-218,400.00 ^{b/}	1,450.66-1,947.04	112.1700
New Zealand (New Zealand Dollar)	97.60-122.00 ^{21/}	71.19-88.99	2,928.00-3,660.00 ^{b/}	2,135.67-2,669.58	1.3710
Australia (Australian Dollar)	141.60 ^{22/}	107.73	4,248.00 ^{b/}	3,231.97	1.3144

*For more full details of how the wages are determined see: http://www.nwpc.dole.gov.ph/pages/statistics/stat_comparative.html

5.4. Competitiveness

According to the Deloitte Global Manufacturing Competitiveness Index¹⁹, as measured on 500 survey responses from senior manufacturing executives around the world, Japan ranks 4th out of a sample of 40 manufacturing countries (see below). This is indicative of Japan's excellence in manufacturing and its advances in information technology and communication, that is in step with developments worldwide.

Deloitte Global Manufacturing Competitiveness Index 2016

Rank	Country	Index
1	China	100
2	United States	99.5
3	Germany	93.9
4	Japan	80.4
5	South Korea	76.7
6	United Kingdom	75.8
7	Taiwan	72.9
8	Mexico	69.5
9	Canada	68.7
10	Singapore	68.4
11	India	67.2
12	Switzerland	63.6
13	Sweden	62.1
14	Thailand	60.4
15	Poland	59.1
16	Turkey	59.0
17	Malaysia	59.0
18	Vietnam	56.6
19	Indonesia	55.8
20	Netherland	55.7

19. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Manufacturing/gx-global-mfg-competitiveness-index-2016.pdf>



Rank	Country	Index
21	Australia	55.5
22	France	55.5
23	Czech Republic	55.3
24	Finland	52.5
25	Spain	50.6
26	Belgium	48.3
27	South Africa	48.1
28	Italy	46.5
29	Brazil	46.2
30	United Arab Emirates	45.4
31	Ireland	44.7
32	Russia	43.9
33	Romania	42.8
34	Saudi Arabia	39.2
35	Portugal	37.9
36	Colombia	35.7
37	Egypt	29.2
38	Nigeria	23.1
39	Argentina	22.9
40	Greece	10.0

For a detailed discussion of the Index see:
<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Manufacturing/gx-global-mfg-competitiveness-index-2016.pdf>



6. Political Risk Assessment

Japan has experienced two decades of economic hardship. The current political changes must be reviewed against this background. According to the UK Department of Trade²⁰, Japan’s current political situation, can be summarized as follows:

Japan is a constitutional monarchy. The power of the Emperor is limited and is restricted mainly to ceremonial duties, though he acts as the de facto head of state on diplomatic occasions. The government is composed of the Executive Branch, the Legislative Branch and the Judicial Branch, with separation of powers between them. Executive power is vested in the Cabinet, led by the Prime Minister as head of government. Legislative power is vested in the National Diet. It is a bicameral parliament, consisting of a House of Representatives (Lower House) with 480 seats, elected by popular vote every 4 years or when dissolved, and a House of Councillors (Upper House) of 242 seats, whose popularly elected members serve 6-year terms.

In Lower House elections during December 2014, the centre-right Liberal Democratic Party (LDP) retained the largest number of seats. Its leader, Shinzo Abe, was re-elected as Prime Minister. The government remains a coalition government (originally formed after the December 2012 elections) of the LDP and the pacifist Komeito party.

Prime Minister Abe has promised to “restore Japan”, both domestically and on the international stage, following 2 decades of deflation in the Japanese economy and a rather insular outlook. His policy platform is based on 2 main strands – 1, a major package of economic stimulus and structural reform (‘Abenomics’ – see economic section below), and 2, a series of security reforms and increased diplomatic activity.

20. <https://www.gov.uk/government/publications/overseas-business-risk-japan/overseas-business-risk-japan>

7. The Private Sector

7.1. Overview

The UK Department of Trade's Overseas Business Risk assessment²¹ of Japan summarises the economic situation as follows:

"Japan is the 3rd largest economy in the world. It is the UK's largest export market after Europe, the US and China, and one of the leading inward investors in the UK. With a GDP 1.5 times the size of the UK and GDP per person about 6 times that of China, Japan remains the high-tech powerhouse economy of Asia – with the 2nd highest spend worldwide on R&D, a keen appetite for developing intellectual property and new trends, and an increasingly globalised outlook. Japan's households hold financial assets of 1,645 trillion yen (more than 300% of GDP). Japan's major growth driver is exports, despite external demand accounting for 16% of its GDP. Average annual economic growth since 2012 has been around 1%. The OECD expects the economy to grow by 1.4% in 2017 and 1% in 2018.

A crucial long term challenge for Japan is its rapidly ageing and declining population, projected to drop from 127 million people to below 100 million in 2053 and to 88 million people in 2065. To help address these issues, drive growth and combat deflation the Japanese government initiated in 2012 an economic policy known as 'Abenomics', deploying the 3 'arrows' of monetary easing, a flexible fiscal policy, and structural reforms. These were augmented by additional 'arrows' in 2015, which included measures to address population decline.

In pursuit of these policies, the central bank has adopted bold and unconventional monetary policy. Japan's public sector debt, the world's largest, currently stands at over 245% of GDP. Japan increased its rate of consumption tax (VAT) from 5% to 8% in April 2014. A second proposed rise in VAT (to 10%) has been postponed until October 2019. Some progress has been made with structural reforms, notably energy market liberalisation, agricultural co-operatives, and corporate governance. Despite US withdrawal, prospects for the Trans-Pacific Partnership (TPP) are being investigated by the remaining members including Japan and this, together with the EU-Japan Economic Partnership Agreement (EPA), still under negotiation, should help raise economic growth.

As a country with limited natural resources, Japan is dependent on imports, especially oil and gas, food and raw materials for industrial production. This dependence increased in the aftermath of the 2011 tsunami that resulted in the closure of all nuclear reactors in Japan causing a massive increase in energy imports. Some nuclear reactors resumed operation in 2015. As mentioned above, the agricultural sector employs about half of the bottom 40% of the population. Case studies of exploitation in this sector is well-known. Engagement with corporates in this sector will be vital to the work of The Mekong Club in Thailand".

21. <https://www.gov.uk/government/publications/overseas-business-risk-japan/overseas-business-risk-japan>

7.2. Key Players in the Private Sector

Japan is home to a multitude of conglomerates and MNC's. For the sake of brevity, third party resources are quoted here, as a way to indicate the key players in the Japanese economy. Each section will highlight key players relevant to those specific industries.

7.2.1. Resources

<http://toyokeizai.net/articles/-/98426>
<http://blog.btrax.com/en/2017/10/18/top-10-largest-japanese-companies-in-the-world-2/>
<http://japan-product.com/top10-japan-companies-list-all-industries-2017/>
<https://www.rankingthebrands.com/The-Brand-Rankings.aspx?rankingID=33>

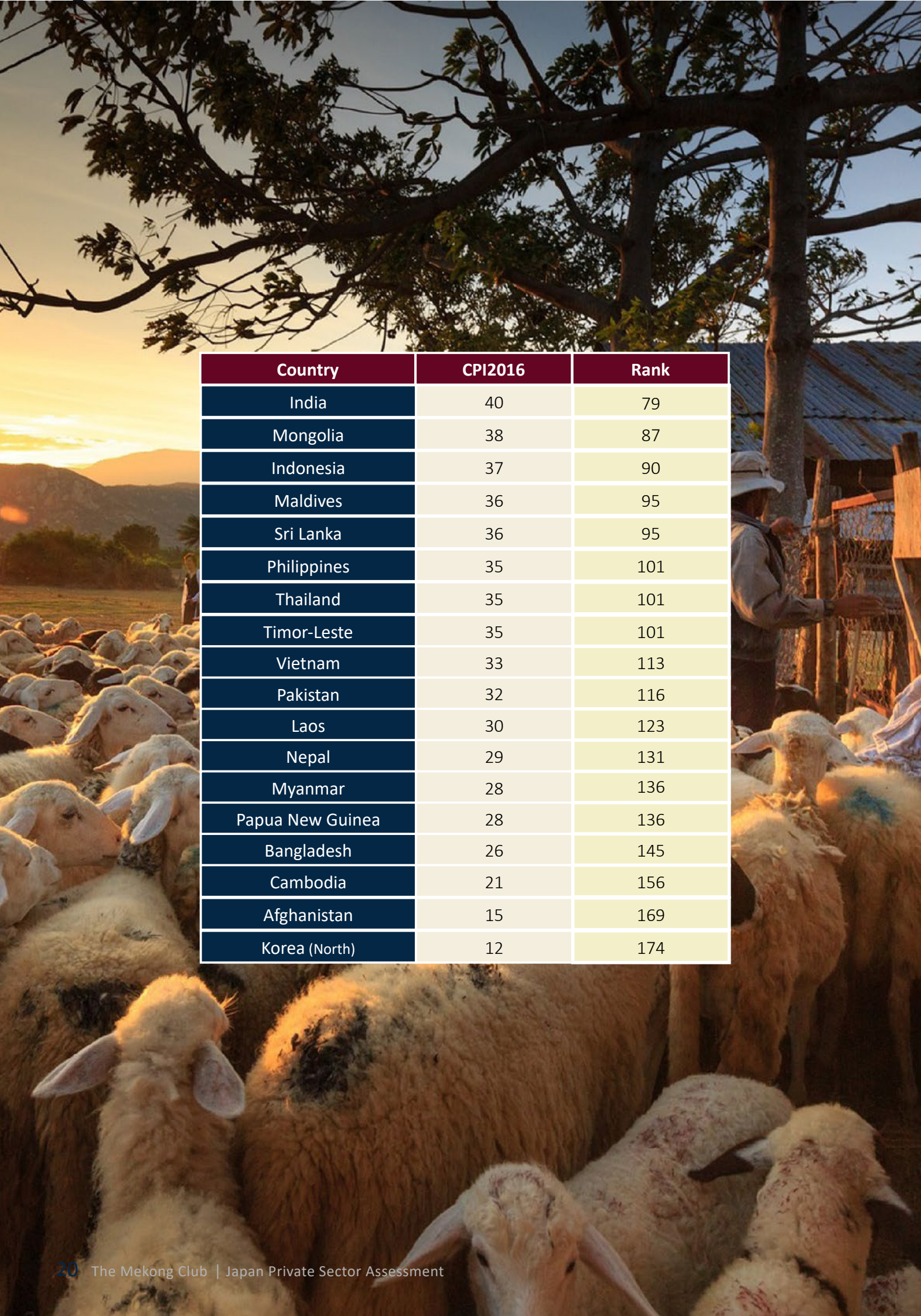
7.3. Transparency

Transparency International ranks Japan 20th out of 175 countries on its Corruption Perceptions Index of 2016²², an index based on expert opinion from around the world that measures the perceived levels of public sector corruption worldwide.

Corruption Transparency Index 2016 for Asia-Pacific Region

Country	CPI2016	Rank
New Zealand	90	1
Singapore	84	7
Australia	79	13
Hongkong	77	15
Japan	72	20
Bhutan	65	27
Taiwan	61	31
Brunei	58	41
Korea (South)	53	52
Malaysia	49	55
Solomon Islands	42	72
China	40	79

22. https://www.transparency.org/news/feature/corruption_perceptions_index_2016#regional



Country	CPI2016	Rank
India	40	79
Mongolia	38	87
Indonesia	37	90
Maldives	36	95
Sri Lanka	36	95
Philippines	35	101
Thailand	35	101
Timor-Leste	35	101
Vietnam	33	113
Pakistan	32	116
Laos	30	123
Nepal	29	131
Myanmar	28	136
Papua New Guinea	28	136
Bangladesh	26	145
Cambodia	21	156
Afghanistan	15	169
Korea (North)	12	174

8. The Mekong Club Target Sectors

As discussed earlier, in labour terms, the wholesale and retail trades are the primary providers of employment, followed by manufacturing, health and accommodation, eating and drinking (and entertainment) services. These industries will be covered as well as construction.

- Wholesale and retail
- Manufacturing
- Accommodation, hospitality and entertainment
- Banking
- Construction

8.1. Wholesale and retail

8.1.1. General

Japan is an important retail market, both domestically and locally. Internationally, 30 of the top 250 retail brands in the world originate from Japan, according to Deloitte's Global Powers of Retailing 2017²³ report. These brands are listed below.

Japan Top Retailers Globally based on Retail Revenue (FY2015)²⁴

FY2015 Retail revenue rank	Company Value (USD)	FY2015 Retail revenue (US\$M)	FY2015 Parent comp/ group rev ¹ (US\$M)	FY2015 Parent comp/ group net income ¹ (US\$M)	Dominant operational format	Countries of operation	FY2010-2015 Retail revenue CAGR ²
14	Aeon Co., Ltd	63,635	67,785**	504	Hypermarket/ Supercenter/ Superstore	12	10.7%
20	Seven & i Holdings Co., Ltd.	47,795**	50,119**	1,398	Convenience/ Forecourt Store	19	3.2%
67	Fast Retailing Co., Ltd.	14,239**	14,262**	995	Apparel/ Footwear Specialty	31	15.6%
70	Yamada Denki Co., Ltd	13,434**	13,434**	266	Electronics Specialty	7	-5.6%
90	Isetan Mitsukoshi Holdings Ltd	10,658	10,723	212	Department Store	8	1.4%

23. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/consumer-industrial-products/gx-cip-2017-global-powers-of-retailing.pdf>

24. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/consumer-industrial-products/gx-cip-2017-global-powers-of-retailing.pdf>

FY2015 Retail revenue rank	Company Value (USD)	FY2015 Retail revenue (US\$M)	FY2015 Parent comp/ group rev ¹ (US\$M)	FY2015 Parent comp/ group net income ¹ (US\$M)	Dominant operational format	Countries of operation	FY2010-2015 Retail revenue CAGR ²
113	J. Front Retailing Co., Ltd	8,646	9,646**	248	Department Store	2	4.1%
116	UNY Group Holdings Co., Ltd.	8,309**	8,611**	-29	Hypermarket/ Supercenter/ Superstore	3	-1.7%
132	H2O Retailing Corporation	7,231	7,628	117	Department Store	2	14.5%
136	Takashimaya Company, Ltd.	7,047	7,706	201	Department Store	4	0.9%
140	Beisia Group Co., Ltd	6,864e**	7,461e**	n/a	Home Improvement	1	1.6%
142	Bic Camera Inc	6,745	6,745	38	Electronics Specialty	1	5.5%
150	Don Quijote Holdings Co., Ltd.	6,299	6,525	254		2	8.5%
162	Yodobashi Camera Co., Ltd.	5,896e	5,896e	n/a	Electronics Specialty	1	0.2%
166	Edion Corporation	5,765**	5,765**	50	Electronics Specialty	1	-5.1%
172	K's Holdings Corporation	5,366**	5,366**	136	Electronics Specialty	1	-3.5%
176	Izumi Co., Ltd.	5,295**	5,295**	152	Hypermarket/ Supercenter/ Superstore	1	5.9%
182	Life Corporation	5,077	5,077	66	Supermarket	1	5.6%
196	Shimamura Co., Ltd.	4,527	4,527	205	Apparel/ Footwear Specialty	3	4.4%

FY2015 Retail revenue rank	Company Value (USD)	FY2015 Retail revenue (US\$M)	FY2015 Parent comp/ group rev ¹ (US\$M)	FY2015 Parent comp/ group net income ¹ (US\$M)	Dominant operational format	Countries of operation	FY2010-2015 Retail revenue CAGR ²
199	Tsuruha Holdings Inc	4,468	4,468	166	Drug Store/ Pharmacy	2	12.0%
200	MatsumotoKiyoshi Holdings Co., Ltd.	4,445**	4,465**	149	Drug Store/ Pharmacy	2	4.6%
210	Sundrug Co., Ltd.	4,196**	4,196**	180	Drug Store/ Pharmacy	1	6.9%
216	Arcs Co., Ltd	6,745	4,161	53	Supermarket 1	1	10.8%
217	Lawson, Inc	4,056**	4,837**	266	Convenience/ Forecourt Store	6	4.6%
223	Valor Holdings Co., Ltd	3,940	4,144	89	Supermarket	2	5.6%
230	Cosmos Pharmaceutical Corp	3,788	3,788	105	Drug Store/ Pharmacy	1	13.5%
231	Nojima Corporation	3,782	3,789	110	Electronics Specialty	1	16.3%
233	Nitori Holdings Co., Ltd	3,724	3,798	390	Other Specialty	3	7.6%
237	Tokyu Corporation	3,664	9,092	462	Department Store	5	-1.5%
245	FamilyMart Co., Ltd.	3,545**	3,545**	199	Convenience/ Forecourt Store	7	6.0%
250	DCM Holdings Co., Ltd.	3,508	3,629	87	Home Improvement	1	0.5%

¹ Revenue and net income for the parent company or group may include results from non-retail operations

² Compound annual growth rate

e = estimate

June 2016 using company annual reports, Planet Retail database and other public sources.

g = gross turnover as reported by company

n/a = not available

ne = not in existence (created by merger or divestiture)

* Revenue reflects wholesale sales

** Revenue includes wholesale and retail sales

For further qualifications and details see: Deloitte Touche Tohmatsu Limited. *Global Powers of Retailing 2017. Analysis of financial performance and operations for fiscal years ended through June 2016 using company annual reports, Planet Retail database and other public sources.*

Locally, the retail space is dominated by local brands. According to the 2014 Economic Census for Business Frame “1.41 million wholesale and retail establishments were in operation in Japan. The number of persons engaged at such establishments became 12.03 million. Sales in the wholesale and retail industries amounted to 425.69 trillion yen, accounting for 30.9 percent of the total of all industries.”²⁵

Very few international retail brands have successfully entered the Japanese market. Japanese retail supply chain compliance thus operates in isolation from other MNC retailers in Asia. A unique approach is needed to get them to join the fight against modern slavery. The key local players are as follows²⁶

Local Japanese Retailers

Company Name	Ration of Food Sales	Number of outlets
Aeon Retail	51%	500
Ito-Yokada	49%	173
Uny	67%	227
Daiichi	61%	211
Life Corp.	82%	224
Izum	35%	80
York Benimaru	75%	176
Arcs	87%	253
Heiwado	67%	131
Maruetsu	93%	262
Feyi	42%	96
Izumiya	59%	86

25. <http://www.stat.go.jp/english/data/handbook/pdf/2017all.pdf#page=1>

26. <http://www.japanretailnews.com/japans-retail-market.html>

Okuwa	75%	156
MV West	92%	161
Aeon Kyushi	47%	104

More information about the Japanese retail market can be obtained through the Japanese Retailers Association at

<http://www.japan-retail.or.jp/english/>

8.2. Manufacturing

8.2.1. Local Contribution

Manufacturing is an important mainstay of the Japanese economy. According to the Japan Statistics Handbook 2017 the Principal Industries in the Manufacturing Sector are as follows:

“This section describes the major industries in the manufacturing sector as measured in the “Census of Manufactures 2014 (with four or more persons engaged)”

1. Machinery Industry

A. Transport Equipment Industry

In 2014, a total of 10,415 establishments, employed 980,505 persons, and shipped 60.1 trillion yen worth of products.

B. Electrical Machinery, Equipment and Supplies Industry

In 2014, a total of 8,953 establishments, employed 481,936 persons, and shipped 17.0 trillion yen worth of products.

C. Production Machinery Industry

In 2014, a total of 19,083 establishments, employed 550,642 persons, and shipped 16.6 trillion yen worth of products.

D. Electronic Parts and Devices Industry

In 2014, a total of 4,267 establishments, employed 382,110 persons, and shipped 13.8 trillion yen worth of products.

E. Information and Communication Electronics Equipment Industry

In 2014, a total of 1,501 establishments, employed 151,851 persons, and shipped 8.6 trillion yen worth of products.

2. Chemical Industry

In 2014, a total of 4,669 establishments, employed 343,416 persons, and shipped 28.1 trillion yen worth of products.

3. Iron and Steel Industry

In 2014, a total of 4,222 establishments, employed 214,988 persons, and shipped 19.2 trillion yen worth of products.

4. Fabricated Metal Products Industry

In 2014, a total of 26,797 establishments, employed 576,707 persons, and shipped 13.9 trillion yen worth of products.

8.2.2. International Reach

A look at the Fortune 500 list of manufacturers in 2012 gives a good indication of the strength of Japan manufacturing internationally. Below are the largest manufactures in Japan, with their world-wide ranking on the left.²⁷

No.	Company Name	Industry	Revenue
1	Mitsui	Engineering, various	566,512
9	Hitachi	Engineering, various	122,419
10	Nissan	Automotive	119,166
15	Toyota	Automotive	105,364
18	Honda	Automotive	100,664
19	Panasonic	Engineering, various	99,373
25	Sony	Electronics	82,237
26	Toshiba	Engineering, various	77,261
29	Mitsubishi	Engineering, various	70,492
50	Fujitsu	Electronics	56,582
55	Nippon Steel	Steel	51,812
68	Mitsubishi Electric	Engineering, various	46,094
71	Canon Inc.	Electronics	44,631
76	Sumitomo	Engineering, various	41,301
79	Mitsubishi Chemical Holdings	Chemicals	40,632

No.	Company Name	Industry	Revenue
80	JFE Holdings	Steel	40,104
81	Denso	Engineering, various	39,954
89	Bridgestone	Tyres	37,943
98	Mitsubishi Heavy Industries	Engineering, various	35,727
112	Suzuki Motor	Automotive	31,817
115	Sharp Corporation	Electronics	31,104
121	Alfresa Holdings	Pharmaceuticals, Medical equipment	29,551
123	Aisin Seiki	Automotive components	29,183
131	Fujifilm	Photographic equipment	27,804
136	Sumitomo Electric Industries	Electrical cable	26,082
139	Japan Tobacco	Tobacco	25,759
140	Mazda Motor	Automotive	25,749
143	Komatsu Limited	Construction equipment	25,099

These companies would constitute the vanguard in the fight against modern slavery, as their sourcing and manufacturing reach extend far beyond Japan's borders.

27. https://en.wikipedia.org/wiki/List_of_largest_manufacturing_companies_by_revenue

8.3. Hospitality & the Service Industry

8.3.1. Hospitality

Japan's tourism industry has experienced exceptional growth over the past 5 years. A Savilles Spotlight Japan hospitality Report from September 2017²⁸ describes it as follows:

"Japan has experienced explosive growth in overseas visitors in recent years, and the breakneck pace continues. Year-to-date overseas visitors have increased by 2.4 million as of July, 17.3% higher than last year's figure for the same period. The current momentum is likely to continue as the country moves toward the Rugby World Cup in 2019 in Fukuoka, the Tokyo Olympics in 2020, and highly anticipated integrated resort development, on top of growing middle-class demand for tourism in neighbouring countries."

According to eHotelier in 2016:

The latest Revenue per Available Room (RevPAR) data reflects current strong performance. RevPAR of Tokyo luxury hotels climbed 10.3 percent year-on-year as at February 2016. On a moving annual average basis, RevPAR has been on a growth trajectory since the second quarter 2012.

The number of foreign visitors to Japan in April [2016] hit a single-month record of 2.08 million, topping the 2 million mark for the second month in a row, the Japan National Tourism Organization announced in May. Rising tourist numbers have led the government to double its tourist target for 2020 to 40 million.

Accommodation guests in Tokyo reached an estimated 53.4 million last year, a healthy growth rate of 7.2 percent over the previous year. The increase was driven by international accommodation demand, which marked a significant 30.8 percent year-on-year growth. Meanwhile domestic demand remained largely stable at around 37 million in 2015²⁹.

This sustained growth has led to an increase in the number of foreign workers employed in hotels catering to foreign tourists³⁰. The increase in demand has far reaching consequences for recruitment practices in foreign countries, as agents use the lure of work in Japan to exploit victims.

For a comprehensive list of formal hotels in Japan the Japan Hotel Association is an informative source:

<https://www.j-hotel.or.jp/en/>

In addition, the Japan Ryokan & Hotel Association also offers an extensive list of its members:

<http://www.ryokan.or.jp/english/>

28. <http://pdf.savills.asia/asia-pacific-research/japan-research/japan-hospitality/jp-hotel-spotlight-09-2017.pdf>

29. <https://ehotelier.com/global/2016/05/31/japans-hotel-sector-booming/>

30. <https://www.japantimes.co.jp/news/2017/06/20/national/japans-tourism-real-estate-sectors-actively-seeking-foreign-workers/#.WiDRGUqWbIU>

8.3.2. The Service Industry

It is difficult to get a clear estimate of the size of the hospitality industry in terms of establishments. As many trafficking cases occur outside formal hospitality chains, a look at the broader service industry is needed. The only data available is the Service Industry survey of 2004 . Although dated, the survey gives us an overview of the magnitude of establishments in which sex trafficking and forced labour can take place (see section 9.3.1 for more a more detailed description. Below is a summary of the most relevant data:

Number of Establishments by Service Industry – A Sample

Type of service industry	Number of establishments	% Share
Medium Industries		
General Eating and Drinking	419,663	19.7%
Laundry, beauty and bath services	397,772	18.7%
Professional services nec	191,034	9%
Minor Industries		
Eating places	234,734	11%
Hairshop and Beauty	172,765	8.1%
Barbershop	119,755	5.6%
Hotels	52,156	2.5%

31. <http://www.stat.go.jp/english/data/service/2004/gaiyou/z2.htm>

8.3.3. Procurement

Apart from the impact of the industry on employment, procurement is another important aspect of the Japan Hospitality industry, especially Food & Beverage. Looking at food imports, it is clear that Japanese establishments have an important role to play in ensuring supply chains that include sourcing from slavery prone countries and industries such as Thailand's shrimp industry, are free of slavery practices.

Japan Food and Agricultural Imports by Country - % Share³²

Country	2013	2014	2015
World	100	100	100
United States	21.51	23.60	22.76
China	13.72	13.89	13.91
Thailand	6.10	6.04	6.65
Australia	6.30	5.88	6.17
Canada	6.72	6.30	6.11
Brazil	5.96	4.38	4.76
Chile	2.68	2.93	2.7
South Korea	2.77	2.74	2.58
France	2.57	2.69	2.56
Vietnam	1.88	2.12	2.18

32. Gain Report – Japan Food Service - Hotel Restaurant Institutional

8.4. Banking Industry

Japan has a high level of financial service penetration. Approximately 97%³³ of the population over 15 years of age have bank accounts compared to only 31% in the Philippines and Vietnam. This makes the banking industry an important ally in the fight against modern slavery and human trafficking. There are about 200 registered banks in Japan, of which the following are the 10 most prominent³⁴. (Below data adapted from <https://corporatefinanceinstitute.com/resources/careers/companies/top-banks-in-japan/>)

8.4.1. Mitsubishi UFJ Financial Group

The bank employs around 140,000 staff and serves 12 million customers. It operates through its Retail Banking Business Group, Corporate Banking Business Group, Trust Assets Business Group and Global Business Group segments. It is present in 1,200 locations in around 50 countries. In 2016, the group reported total assets of US\$2,901 billion and total income of US\$14 billion.

8.4.2. Japan Post Bank

The bank employs around 13,000 individuals and operates through 234 branches and 23,879 post offices. As of 2016, the total assets of the bank were US\$714.4 billion and total income was US\$3 billion.

8.4.3. Mizuho Financial Group

Established in 2003, Mizuho Financial Group provides banking and financial services in Japan, the Americas, Europe, and Asia/Oceania. Headquartered in Chiyoda, Tokyo, its workforce comprises around 60,000 employees. As of 2016, the bank's total assets amounted to US\$400 billion and net profit reached US\$5 billion.

8.4.4. Sumitomo Mitsui Financial Group

Headquartered in Chiyoda, Tokyo, the bank provides banking and financial services through 72 offices in 38 countries. It employs around 70,000 employees. In 2016, the bank reported total assets of US\$1,656 billion and total income of US\$8,749 million.

8.4.5. Norinchukin Bank

Norinchukin Bank manages branches in New York, London, Singapore and a representative office in Beijing and Hong Kong. As of 2016, the bank's total assets were US\$1,000 billion and total income was US\$19 million.

33. <http://datatopics.worldbank.org/financialinclusion/>

34. <https://corporatefinanceinstitute.com/resources/careers/companies/top-banks-in-japan/>

8.4.6. Resona Holdings

The bank employs around 70,000 individuals. As of 2016, the bank's total assets amounted to US\$451 million and total income reached US\$1.69 million.

8.4.7. Concordia Financial Group

Established in 2016, Concordia Financial Group is the largest regional bank in Japan. Headquartered in Tokyo, the bank employs around 6,000 staff. It was created through the merger of Bank of Yokohama and Higashi-Nippon Bank.

In 2016, the bank reported total assets of US\$142 billion and total income of US\$750 million.

8.4.8. Fukuoka Financial Group

The bank employs around 6,700 individuals. As of 2016, total assets of the bank were US\$151 billion and total income was US\$2 billion.

8.4.9. Chiba Bank

The company provides banking products and services in Japan and abroad. It employs around 4,300 employees. As of March 31, 2017, it operated approximately 181 offices, including 157 branches, 21 sub-branches, and 3 virtual branches; 47,346 off-branch ATM locations; 3 money exchange counters; 3 branches in New York, Hong Kong, and London; and 3 representative offices in Shanghai, Singapore, and Bangkok.

As of 2016, the bank's total assets amounted to US\$129 billion and total income reached US\$491 million.

8.4.10. Hokuhoku Financial Group

Hokuhoku Financial Group employs around 5,400 employees. In 2016, the bank reported total assets of US\$107 billion and posted total income of US\$265 million.

8.5. Construction

According to the Japan Statistical Handbook of 2017, the construction industry account for about 10 percent of both GDP and all employed persons.

Apart from the local dominance of construction, Japan is a world leader with more than 30 of the top 200 construction companies being Japanese.

Top Japanese Construction Companies - International³⁵

Rank	Company
14	Kajima Corporation
17	Taisei Corporation
18	Daiwa House
19	Obayashi Corporation
20	Shimizu Corporation
21	Sekisui House
35	Takenaka Corporation
51	Haseko
64	Chiyoda
73	JGC
76	Kinden
81	Sumitomo Mitsui Construction
86	Maeda Corporation
88	Kandenko
89	Toda
91	Nishimatsu Corporation
100	Misawa Homes Holdings
101	Nippo Corporation
112	Penta-Ocean Construction
114	Fujita
120	Toyo Engineering (TEC)

35. <http://allaboutconstruction.blogspot.com/2009/10/list-of-top-200-construction-companies.html>

Rank	Company
126	Tokyu Construction
130	Kumagai Gumi
132	Pana Home
142	Okumura Corporation
165	Hazama
170	Toa
174	Asanuma
180	Fukuda
182	Tekken Corporation
184	Maeda Road Construction
189	Zenitaka
192	Takamatsu
194	Daiho
200	Tobishima Coporation

The most important issue currently pertaining to the construction industry is the completion of structures related to the hosting of the Tokyo 2020 Olympic and Paralympic Games. According to an Institute for Human Rights and Business report “Japan’s treatment of migrant workers is likely to face increasing scrutiny, not least in the construction sector, as the country prepares to host the Tokyo 2020 Olympic and Paralympic Games. In 2014, Japan’s government reportedly estimated it would require an additional 150,000 workers between 2015 and 2020 to meet the sector’s overall needs³⁶.”

The construction industry is one of the biggest benefactors of the TITP or Technical Intern Training Programme, which have attracted serious criticism as some “allege that the scheme operates largely as a guest-worker programme providing cheap labour rather than the professional development of ‘trainees’, and that it involves widespread exploitation and human rights abuses, including human trafficking and forced labour.”

The government has increasingly looked abroad to rectifying the shortages in labour caused by an aging population. The report states that “By October 2016, there were 41,104 foreign workers in the construction industry, including 27,541 TITP ‘interns’ or 67 per cent of the total.”

For a more detailed discussion of the TITP please see section: 9.4 TITP (Technical Intern Training Programme)

36. <https://www.ihrb.org/focus-areas/mega-sporting-events/japan-migrant-workers-titp>

9. Modern Slavery and Human Trafficking

9.1. Overview

Slavery exists in all countries in Asia and Japan is not exempt from this social plague. The extent of the problem in Japan can be best understood within the context of the broader region. Using the Global Slavery Index³⁷, the estimated numbers of people in modern slavery, together with the government response for countries in the region are shown below. Government response data is measured by the Global Slavery Index as an assessment of composite factors of the survivors supported, criminal justice, coordination & accountability, addressing risk and government & business. They also provide a measurement of vulnerability to modern slavery based on civil and political protections, social health and economic rights, personal security, refugees and conflict (higher scores mean greater vulnerability).

Global Slavery Index

	Number in slavery (GSI)	% (GSI)	Government response rating	Mean vulnerability to modern slavery score
Global figures	45.8m			
Cambodia	256,800	1.648 (ranked 3rd in prevalence not absolute number out of all countries by proportion of population)	CCC	41.51
China	3,388,400	0.247 (in Mekong then china has the highest absolute number by virtue of being biggest pop, 2nd in world after India)	CCC	44.66
Laos	20,000	0.295	CCC	36.45
Myanmar	515,100	0.956	CCC	56.36/100
Thailand	425,500	0.626	B	47.54
Vietnam	139,300	0.152	B	29.34
Japan	290,200	0.228		
China	3,388,400	0.247		
Korea	204,900	0	CC	29.78
India	18,354,700	1.403	B	51.35
Pakistan	2,134,900	1.130	CCC	62.47
Bangladesh	1,531,300	0.951	B	44.12

The USA Trafficking in Persons report is an excellent source to clarify where the 290 200 slaves in Japan can be found.

37. <https://www.globalslaveryindex.org/findings/>

9.2. USA Department of State “Trafficking in Persons” Report – June 2017 Update

9.2.1. General

According to the USA Trafficking in Persons report 2017, Japan is:

“A destination, source, and transit country for men and women subjected to forced labor and sex trafficking, and for children subjected to sex trafficking. Male and female migrant workers, mainly from Asia, are subjected to conditions of forced labor, including some cases through the government’s TITP. Some men, women, and children from Northeast Asia, Southeast Asia, South Asia, South America, and Africa travel to Japan for employment or fraudulent marriage and are subjected to sex trafficking. Traffickers use fraudulent marriages between foreign women and Japanese men to facilitate the entry of women into Japan for forced prostitution in bars, clubs, brothels, and massage parlors. Traffickers strictly control the movement of victims using debt bondage, threats of violence or deportation, blackmail, passport retention, and other coercive psychological methods; victims of forced prostitution sometimes also face debts upon commencement of their contracts. Most victims are required to pay employers fees for living expenses, medical care, and other necessities, leaving them vulnerable to debt bondage. Brothel operators may add “fines” for alleged misbehavior to victims’ original debt, and the process used to calculate these debts is typically not transparent. Trafficking victims may transit Japan before enduring exploitation in onward destinations, including East Asia and North America.”

“Japanese citizens, particularly runaway teenage girls, children of foreign and Japanese citizens who have acquired citizenship, and their foreign mothers, are also subjected to sex trafficking. Enjo kosai, also known as “compensated dating,” and variants of the “JK business” continue to facilitate the sex trafficking of Japanese children. Sophisticated and organized prostitution networks target vulnerable Japanese women and girls—often in poverty or with mental disabilities—in public areas such as subways, popular youth hangouts, schools, and online; some of these women and girls become trafficking victims. Some model and actor placement agencies use fraudulent recruitment techniques to coerce Japanese women and men into signing vague contracts, and then force them through threats of breach of contract or other legal action to engage in sexual acts to produce pornographic materials. Organizations in Japan contact children of Japanese fathers and Filipino mothers to assist them and their mothers to acquire citizenship and move to Japan for a fee; once in Japan, some mothers and children are exploited in sex trafficking to pay off the debt incurred for the organizations services. Reports continue that Japanese men remain a source of demand for child sex tourism in Asia.”

9.3. Commercial sexual exploitation & Sex trafficking

As stated in the TIP report, sex trafficking and exploitation is a particularly severe problem in Japan. Women from various countries, but especially women from South East Asia are trafficked to Japan where they are exploited in various types of establishments. The 2004 ILO Human Trafficking For Sexual Exploitation In Japan, comprehensively details the trafficking of Columbian, Thai and Philippine women. Here a few extracts will suffice to underline the problem.

9.3.1. The Size of the Entertainment Industry

“Japan has a huge entertainment industry including thousands of hostess bars (in many of which sex is not sold) and an intersecting and enormous sex industry. The entertainment industry as a whole generates huge revenues, estimated by the Asian Wall Street Journal in November 2000 at gross annual earnings of between four and ten trillion yen (or US\$33 - 84 billion), and by the Financial Times in February 2003 at ten trillion yen. Even taking the more conservative estimate of the Asian Wall Street Journal, this figure represents 1 to 3 per cent of Japan’s GNP. The entertainment industry is an enormous employer of foreign women, though accurate figures are difficult to establish. The July 1999 bulletin of the IOM reported that “Japan has the largest sex market for Asian women, with over 150,000 non-Japanese women involved, mainly from Thailand and the Philippines”. In 2000, the Far Eastern Economic Review suggested that there were 120,000 foreign women in Japan, and as many as 75,000 working under duress in the sex industry.

Although the above figures provide some context for discussing the scale of trafficking of women into Japan, they are estimates only and are not based on thorough disaggregation of notions such as hostessing/sex work and free agency/coercion/force. Generalizations about the entertainment industry are dangerous. ‘Hostessing’ is an occupation unfamiliar to many cultures, and many people erroneously presume that hostessing includes the provision of sexual services. Statistical estimates are often sloppy or completely fail to differentiate between hostessing (usually involving conversation, pouring drinks, lighting cigarettes but no physical contact or sexual service) and other sex work (including stripping and prostitution). Given the size of the entertainment industry, it is hardly surprising that clubs range from the highly formalized elite to those which include sexual services additional to normal hostessing services.

To be effective, any debate on trafficking must grasp the enormous size and diversity of the Japanese entertainment industry, that it employs an enormous number of Japanese women (as well as foreign women), and that most women working within the industry are doing so with free agency. There is no evidence to date to suggest that trafficked women make up more than a small proportion of women working in the entertainment industry, and prostitution is only a part of that industry.

The huge size of the entertainment industry makes generalizations harmful (and probably offers some general reassurance to young women being recruited to work in it, i.e. sections of it offer highly paid, low risk work, without provision of sexual services). This difficulty in undertaking thorough analysis of the entertainment industry’s broad operation is compounded by a general lack of official government data on specifics within the industry and the practice of companies keeping very generalized records about their entertainment expenses.

The entertainment industry forms a fundamental component of mainstream Japanese business culture. Entertaining and building trust between clients, customers and co-workers has a long tradition as a Japanese business practice, which is why the industry is at least in part supported by corporate accounts. While mainstream business is neither responsible for the entertainment industry’s worst excesses nor directly connected to the trafficking industry, the broad entertainment industry does enjoy mainstream support. Another point relates to the entertainment industry’s operation in simple labour market terms. Clearly, the industry is an enormous employer of foreign women. Although employment as a hostess is legal, there is no visa category that specifically covers this type of work. Foreign women may work legally, for example, if they have a spouse visa or work visa (which they cannot get for this kind of work).”

9.3.2. Types Of Jobs

Thai Women

“Most Thai trafficking victims come to Japan knowing what kind of work they will be engaged in, i.e. in commercial sex industry. However, they are not aware of the harsh conditions of work, for example, ten customers assigned to them a night in order to be able to pay their debt on time. Most trafficking victims complain of labour-related violations, which include complaints of the work being different from that in their contract, low wages or non-payment of wages, long working hours, mandatory night work, unsafe or hazardous work environment, and poor accommodation provided by establishments”.

Philippine Women

“Trafficked women are usually recruited as entertainers but work as hostesses, with different degrees of pressure to provide other services. They may become aware of their situation immediately after arriving in Japan or the pressure may begin as a gradual process, where the job at first appears to be hostessing, escalating to include wearing revealing clothes, stripping and ‘going on dates’, i.e. prostitution. In some clubs, women will be required to go on a certain number of dates per month. In theory clubs may circumvent the prostitution law by insisting that women go on ‘dates’ which occur off premises. They may then argue that sex was not part of the agreement, and that if sex occurred, it was consensual sex between two adults. Women are vulnerable to trafficking because the hostessing side of the entertainment industry is so open to exploitation. There are an enormous variety of practices in clubs and only relatively limited monitoring”

Columbian women

1. Street prostitution
2. Prostitution based in small houses in Yokohama. The women usually stand in the doorway or in the front window of the house. There may only be one or two women working in each house. The women have their own room and can charge different prices.
3. ‘Theatre’ (gekijo) based stripping, prostitution and live sex acts. The women have to dance, wearing almost nothing. The customers can touch them wherever they want. The customers play ‘junk en pon’ (a game of chance) and the winner can have sex with the woman on stage. There is also prostitution in rooms behind the stage. The women are not paid for the dancing or touching. They are moved from club to club every ten days, all over Japan.

These extracts show the range of sexual exploitation prevalent in Japan. Law enforcement and behavioral changes in trafficking practices would be limited without a significant change in the cultural fabric of Japanese society.

9.4. TITP (Technical Intern Training Program)

Japan’s Technical Intern Training Program (TITP), can broadly be described as follows:

“A state-supported scheme in principle providing beneficial training opportunities in Japanese companies for foreign workers. The official overall purpose of TITP is to support the industrial development of developing countries through the transfer of Japanese technology and technical expertise, with trainees applying the skills acquired during internships in local businesses in their own countries or in Japanese companies, subsidiaries and business partnerships operating abroad.

However, TITP has faced growing criticism within Japan and internationally. Diverse observers allege that it operates largely as a guest-worker programme providing cheap labour to tackle

substantial labour shortages in low-skill sectors of Japan’s economy rather than the professional development of ‘interns’, and that it involves widespread exploitation and human rights abuses, including human trafficking and forced labour. TITP is overwhelmingly used by medium and small-sized companies and micro-enterprises to recruit migrant workers..”³⁸

Internationally, the USA’s Trafficking in Persons report has been most vocal in highlighting the problems with the program. It describes the issues as follows:

“Cases of forced labor occur within TITP, a government-run program originally designed to foster basic technical skills among foreign workers that has effectively become a guest worker program. During the “internship,” many migrant workers are placed in jobs that do not teach or develop technical skills—the original intention of TITP; some of these workers continued to experience conditions of forced labor. Many technical interns are Chinese, Cambodian, and Vietnamese citizens, some of whom pay up to \$10,000 for jobs and are employed under contracts that mandate forfeiture of the equivalent of thousands of dollars if they leave. Reports continue of sending organizations in the interns’ host countries under this program charging participants excessive fees and deposits, and requiring contracts subjecting participants to fines if they fail to comply with their labor contract or other term of agreement. Some employers confiscate trainees’ passports and other personal identity documents and control the movements of interns to prevent their escape or communication with persons outside the program.”³⁹

Locally, there has also been opposition against the program, notably from Junpei Yamamura, a doctor at Minatomachi Medical Center in Yokohama, who “produced a 13-minute video in Vietnamese after visiting the Southeast Asian country between May and June to interview four people who returned home after having bad experiences in Japan’s vocational trainee system.”⁴⁰

Japan has around 211,000 ‘trainees’ and they come mainly from the following countries in South-East and East Asia⁴¹:

- China (40.4%),
- Viet Nam (34.1%)
- Philippines (9.8%)
- Indonesia (8.2%)
- Thailand (3.2%)
- Others (4.3%)

38. https://www.ihrb.org/uploads/reports/Learning_Experience_Japans_TITP_and_the_Rights_of_Migrant_Workers.pdf

39. Trafficking in Persons Report. 2016. U.S. Department of State.

40. <https://www.japantimes.co.jp/news/2017/10/30/national/social-issues/doctor-likes-japans-foreign-vocational-trainee-system-to-slavery-and-urges-vietnamese-to-skip/>

41. https://www.ihrb.org/uploads/reports/Learning_Experience_Japans_TITP_and_the_Rights_of_Migrant_Workers.pdf

10. Attitude to Migration

The exploitation of foreign workers, either through forced labour or forced prostitution, is underscored by a broader systemic weakness. Culturally Japan values its homogeneity and foreigners are only tolerated in as much as they can functionally contribute to the supporting the needs of the Japanese. An article in the Japan Times⁴² puts it as follows:

“Just don’t call it immigration. Japan will allow more unskilled workers to enter temporarily, as companies struggle to fill positions in a country with the lowest unemployment rate among the Group of Seven nations. Abe has made it clear that opening the nation to permanent immigration by unskilled labor isn’t an option, reflecting a historic fear among the Japanese that foreign nationals would cause social unrest and erode national identity.”

“In Japan, the word ‘immigrant’ is not used in policymaking,” former economy minister Heizo Takenaka said in an interview. “The prime minister often says it’s not immigration, it’s guest workers.”

“For ordinary people, they see the rapid increase in foreign tourists and they see more foreigners downtown, so it’s not strange that some think, ‘Is it good that it’s increasing this much?’ ”

Japan’s attitude to foreign workers permeates all shades of the employment spectrum, from formal recruitment agencies that deals with 5 star hotels to the ‘Mama-san’ that has to keep a trafficked victim in line in order to secure a healthy profit. Any progress in the fight against trafficking and slavery will demand substantial systemic changes.

42. <https://www.japantimes.co.jp/news/2016/11/03/national/japan-quietly-accepting-foreign-workers-just-dont-call-immigration/#.WiFhDEqWbIU>



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