



## Press Release

*For immediate release*

### **ACCJ Releases Specific FDI Policy Recommendation Urging Greater Labor Mobility**

**August 10, 2004 (Tokyo)**—Following the October 2003 release of the Fukao Report (“Foreign Direct Investment and the Japanese Economy”) and the policy piece “From Goals to Reality: FDI Policy in Japan,” the American Chamber of Commerce in Japan (ACCJ) has issued a series of specific policy recommendations on various aspects of foreign direct investment (FDI). The ACCJ today released a policy recommendation entitled “Enhance Labor Mobility,” the seventh and final paper in the FDI series (to view the full text, please see <http://www.accj.or.jp/content/advocacy/FDI/SPP>).

In this policy recommendation, the ACCJ urges the Japanese government to make the following changes in labor and employment law and policy, which if implemented will boost FDI, long-term productivity, and employment growth in Japan:

1. Create a safety net that supports displaced workers by providing adequate unemployment coverage at current levels, and expand meaningful training programs for involuntarily displaced workers.
2. Improve the new 401(k)-type plan by substantially increasing contribution limits and putting in place more effective mechanisms to handle the transfer and independent operation of individual account balances.
3. Further reduce restrictions on the Worker Dispatch Law by eliminating the requirement that in certain circumstances companies must offer direct employment to dispatched workers employed by licensed agencies.
4. Encourage greater freedom of contract in the employment relationship—both for permanent employees and fixed-term contract employees—by empowering such employees and clarifying the grounds for termination or nonrenewal deemed to be “unjust” or “out of accord with social norms.”
5. Eliminate bureaucratic requirements of the “discretionary work system” by expanding the range of employees who are exempt from entitlement to overtime payments, consistent with their de facto exempt status under this system.

To date, the ACCJ has released specific FDI policy recommendations on corporate governance and transparency (February 2004), cash mergers (February 2004), pharmaceuticals (February 2004), education (March 2004), medical devices (March 2004), and tax-deferred share exchanges (April 2004).

### **The ACCJ FDI Task Force**

Last year the ACCJ chose to focus on foreign direct investment into Japan after Prime Minister Koizumi announced in a January 2003 speech to the Diet the government's goal of doubling FDI in five years. A task force engaged the services of Japan's most authoritative experts on FDI, Professor Kyoji Fukao of Hitotsubashi University and Tomofumi Amano of Toyo University (currently Assistant Professor at the Hosei University), to conduct objective analysis and write a report illuminating the facts concerning FDI in Japan, including the kinds of benefits that it brings and suggesting policy implications. This report was issued in Japanese on October 29, 2003, under the title "Foreign Direct Investment and the Japanese Economy." In addition, the task force prepared a bilingual companion policy document, "From Goals to Reality: FDI Policy in Japan." This report builds on the facts and empirical analysis presented by Professors Fukao and Amano to dispel a number of myths and fears about FDI in Japan, and offers a number of ACCJ policy recommendations for achieving the government's goal of doubling FDI into Japan by 2008. To learn more about the ACCJ FDI Task Force, please visit <http://www.accj.or.jp/content/advocacy/FDI>.

### **About the ACCJ**

Established in 1948, the American Chamber of Commerce in Japan (ACCJ) has grown into Japan's most influential organization representing the interests of international businesses in Japan, with close to 3,100 individual members representing more than 40 countries and 1,300 companies. The ACCJ promotes commerce between the United States and Japan, supports measures to benefit and protect the interests of U.S. companies, and presents a variety of programs that keep Chamber members abreast of current business practices and trends. For more information, visit the Chamber's website, <http://www.accj.or.jp>.

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