



*For Immediate Release*

**ACCJ Proposes New Type of “Regular Employee” Contract Option to Enhance Japan’s Labor Mobility**

**April 10, 2014** – The American Chamber of Commerce in Japan (ACCJ) issued a Viewpoint today entitled “Add Flexibility to the Labor Contract Law to Address Burgeoning Social Inequality While Spurring Economic Growth.” The Viewpoint calls upon the Japanese government to create a new type of “regular employee” contract for full time workers to enhance the country’s labor mobility, an essential factor for economic growth.

The proposed new “regular employee” contract will allow companies and employees to conclude labor contracts of indeterminate duration, as long as the employee is compensated in case of dismissal by the immediate payment of a pre-contracted and legally-enforceable amount of severance pay that is based on his or her total years of service at the company.

The ACCJ also proposes the following formula to set the *minimum* amount of such severance pay, and to ensure that it is paid to the employees in addition to unemployment insurance benefits:

Years of Service	Minimum Required Severance Payment
0 to 2 Years	Number of years of service x 0.5 months’ salary
>2 Years	Number of years of service x 0.5 months’ salary, with an absolute minimum payment of 2 months’ salary

Because Japan’s existing labor system is split between employees with the only type of regular (*seishain*) contract available, and temporary/non-regular (*hiseiki-shain*) employees, the system lacks mobility and flexibility, factors linked to impeding economic growth.

The current system also contributes to a widening social and economic gap between the two groups of workers, as companies are becoming less and less inclined to hire traditional regular employees.

Nicholas Benes, Chair of ACCJ's Growth Strategy Task Force said, "Adding the new type of regular employee contract option to the labor system will give both the employers and the employees more flexibility and choice, and this will facilitate gravely needed mobility in Japan's labor market. Further, such a change will help ease inequalities and inefficiencies found currently in the labor market, and make it easier for both Japanese and foreign companies alike to invest and hire employees in Japan."

Benes added, "It is important to note that this newly proposed type of labor contract would simply be an additional option for companies. It would not affect the existing categories of regular and non-regular employees, or the rights of those employees, nor would it prevent companies from continuing to use those categories in any way."

The full Viewpoint is available at:

< [http://www.accj.or.jp/images/140410\\_Labor\\_Mobility\\_GSTF.pdf](http://www.accj.or.jp/images/140410_Labor_Mobility_GSTF.pdf) >

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### About ACCJ

The American Chamber of Commerce in Japan (ACCJ) was established in 1948 by representatives of 40 American companies and has grown into one of the most influential business organizations in Japan. Consisting mainly of executives from American companies, currently the ACCJ has members representing 1,000 companies with offices in Tokyo, Nagoya, and Osaka. Working closely with the governments of the United States and Japan, business organizations, and others, the ACCJ promotes activities that help achieve its mission of further developing commerce between the United States and Japan, promoting the interests of U.S. companies and members, and improving the international business environment in Japan. The ACCJ's more than 60 committees represent a variety of industries and make policy recommendations through advocacy tools such as viewpoints, public comments and white papers. The ACCJ holds approximately 500 events and seminars a year, many of which focus on government policy and economic trends. The ACCJ is also committed to promoting charitable events and CSR activities.

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