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## Myanmar Migrant Workers in Japan: A Case Study of Specified Skilled Workers (SSW)

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### Abstract

In recent years, the number of Myanmar workers migrating to Japan under the SSW system has risen sharply. In 2022, the number of workers heading to Japan increased by more than 55 times compared to 2021, and by 2023, this figure had surged to over 60 times the 2021 level. This research examined the current situation of Myanmar migrant workers in Japan and the positive and negative impacts on Myanmar caused by migrant workers in Japan under the SSW system. Semi-structured interviews were conducted with eight participants, including two government officials from Myanmar, to gain insights into the impacts of migration. This research found two key aspects of the current situation for migrant workers. First, migrant workers under the SSW system do not experience labor rights violations. Second, language barriers are a significant challenge, with workers reporting difficulties in communication during their stay in Japan. Regarding the positive and negative impacts of SSW migration, remittances benefit both the community and national levels, and migration offers potential for brain circulation. However, a major negative impact is the illegal money exchange system, known as the Hundi system, which undermines the stability of Myanmar's financial sector. In terms of brain drain, while there is potential for it, the impact of SSW workers alone on Myanmar's domestic workforce appears minimal. Therefore, the study recommends that the government initiate financial literacy programs for migrant workers to reduce reliance on illegal money exchange systems and offer incentives to encourage their return, in order to mitigate the effects of brain drain.

**Keywords:** Myanmar Migrant Workers, Specified Skilled Workers (SSW), Language Barriers, Brain Drain, Hundi System, Financial Literacy Programs

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### 1. Introduction

Myanmar, home to 135 ethnic groups, has a population of over 55 million, making it the 27th most populous country globally (Worldometer, 2023). In 2023, the nation's labor force included approximately 22 million people (Tradingeconomics, 2023). Despite its large population and workforce, Myanmar faces significant challenges related to both internal and international migration. The Department of Population (2020) reports that around 1.6 million Myanmar citizens live abroad, with 61% male and 39% female. The majority of these migrants (67%) are in Thailand, followed by 14% in Malaysia, 6.7% in China, 4.5% in Singapore, and 1.8% in Japan, with others dispersed across various countries. Given survey limitations, the actual number of migrants could be higher, suggesting that approximately 10% of Myanmar's workforce is currently abroad.

Several factors contribute to Myanmar's migration trends. As highlighted by Regis (2022), rural poverty, economic instability, unemployment, and political unrest play key roles. Economic factors account for nearly 96% of migration, with about 2% migrating for education, 1.2% for family reunification, and the remainder for other reasons (Department of Population, 2020). People from all states and regions are migrating both internally and externally. The Department of Population (2020) notes that the Ayeyawaddy Region in southwestern Myanmar has the highest out-migration rate, with 159 out of every 1,000 residents leaving. Table 1 provides further details on out-migration rates across Myanmar's states and regions.

**Table 1** The out-migration rates of State/Region

State/ Region	Out-migration rates per 1,000 population		
	Both sex	Male	Female
Kachin	54.2	48.6	59.6
Kayah	65.0	66.7	63.4
Kayin	39.5	34.3	44.3
Chin	137.6	132.2	142.4
Sagaing	69.0	72.9	65.8
Tanintharyi	39.8	36.5	42.9
Bago	116.9	115.8	117.9
Magway	116.2	128.3	106.4
Mandalay	73.1	80.0	67.3
Mon	114.9	103.2	124.8
Rakhine	54.8	51.5	57.7
Yangon	31.2	32.0	30.6
Shan	35.3	31.2	39.2
Ayeyawaddy	159.4	154.2	164.2
Nay Pyi Taw	57.3	62.2	52.9

Source: Department of Population, Myanmar, 2020

**Table 2** The education level of migrant workers in Thailand, Malaysia, China, Singapore and Japan 2019

Highest grade completed	Thailand	Malaysia	China	Singapore	Japan
Number of workers	1,088,015	226,843	108,634	74,077	28,774
None	107,682	6,196	13,220	130	-
Primary	426,530	65,962	42,927	7,426	515
Middle	373,861	84,488	27,898	15,124	2,778
High	128,092	51,341	13,512	20,831	6,018
TVET Diploma	411	414	822	1,719	504
Undergraduate	6,942	3,798	1,876	3,276	3,787
Undergraduate diploma	488	264	189	512	438
Bachelor's Degree	10,508	10,394	3,443	23,248	12,877
Postgraduate diploma	393	-	765	713	670
Master's Degree/ Phd	326	82	413	647	670
Monastic/ Religious	22,146	3,057	2,230	-	59
Other	3,188	109	189	81	-

Source: Department of Population, Myanmar, 2020

While Thailand is home to over a million Myanmar migrants, the majority of these workers are low-skilled or unskilled. The education levels of these migrant workers are largely limited to primary and middle school, with only around 10,000 possessing a Bachelor's degree (Department of Population, 2020). In this study, "skilled workers" are defined as individuals with educational qualifications equivalent to or higher than a Bachelor's degree, as well as those who have successfully passed a skills proficiency test conducted by either the foreign or the Myanmar government in their respective fields. For example, in Singapore, workers must have a relevant degree, diploma, or specialized technical certificate, along with several years of work experience, to qualify for an S Pass (Special Skilled Worker Pass) (Alex, 2023). Additionally, the emphasis on requiring educational qualifications at least equivalent to a Bachelor's degree is further justified by the National Skills Standards Authority in Myanmar, which mandates that candidates for most skill training courses and examinations must hold at least a Bachelor's degree (National Skills Standard Authority, 2024). Table 2 shows the education levels of migrant workers in Thailand, Malaysia, China, Singapore and Japan in 2019.

Table 2 shows that Thailand, Malaysia and China are the top countries hosting migrant workers from Myanmar. However, the majority of Myanmar workers in these countries have education levels below a Bachelor's degree, which excludes them from being classified as skilled workers. Consequently, Singapore and Japan have become the primary destinations for Myanmar's skilled workforce. Singapore, in particular, attracts a

significant number of educated and skilled migrants from Myanmar, with many securing an S Pass (Special Skilled Worker Pass) for employment. However, the Singaporean government enforces a quota system for foreign worker recruitment. As of January 1, 2023, the quotas for S Pass holders are set at 15% for the construction, process, and marine shipyard sectors, and 15% for manufacturing, with the services sector capped at 10% (Payboy, 2023). This results in a ratio of nearly 10 Singaporeans for every foreign worker, significantly reducing the chances for Myanmar skilled workers to find job opportunities in Singapore.

In contrast, the flow of labor to Japan has been steadily increasing. In 2021, only 252 workers were sent to Japan, but this number surged to over fourteen thousand in 2022 (Department of Labour, Myanmar, 2024). As a result, the influx of workers to Japan grew by more than 55 times. By August 2023, the number of Myanmar migrant workers in Japan surpassed fifteen thousand (Department of Labour, Myanmar, 2024), marking an increase of over 60 times compared to 2021. Similarly, the number of workers heading to Singapore also rose significantly, from 1,348 in 2021 to 21,296 in 2022 - almost 16 times higher than in 2021 (Department of Labour, Myanmar, 2024). However, in 2023, the number of workers migrating to Singapore declined to 17,556, a decrease of nearly 4,000 from the previous year. Consequently, for the first time in 2023, the number of workers in Japan exceeded those in Singapore, with 22,752 workers in Japan compared to 17,556 in Singapore a difference of over 5,000 workers (Department of Labour, Myanmar, 2024). The Department anticipates that the number of workers in Japan will continue to outpace those in Singapore in the future (Department of Labour, Myanmar, 2024). Table 3 shows the number of workers going to Japan and Singapore in 2021, 2022 and 2023.

**Table 3** The number of workers going to Japan and Singapore in 2021, 2022 and 2023

Country	Year	2021	2022	2023
Japan	Total number of workers	252	14,094	22,752
			(over 55 times than 2021)	(over 60 times than 2021)
Singapore	Total number of workers	1,348	21,296	17,566
			(16 times higher than 2021)	(introduction of quota system)

**Source:** Department of Labour, Myanmar, 2024

While the number of Myanmar workers in Singapore was greater than that in Japan according to the 2019 Inter-censal Survey, the trend has shifted in 2021, 2022, and 2023. More skilled workers from Myanmar have begun to choose Japan as their destination, as the country offers greater job opportunities and training programs to address labor shortages and fill gaps in the skilled workforce (Ministry of Foreign Affairs, Japan, 2024a). As a result, it is expected that, over the long term, the number of Myanmar workers in Japan will surpass that in Singapore, especially due to the quota system enforced by the Singaporean government, which restricts opportunities for Myanmar workers. Thus, this research will focus on Myanmar skilled workers in Japan, as it is likely to become home to a significant number of Myanmar skilled workers in the future.

Most Myanmar migrant workers migrate to Japan under the Specified Skilled Worker (SSW) system. Established by the Japanese government in April 2019, this system was designed to address Japan's critical labor shortages (Ministry of Foreign Affairs, Japan, 2019). Due to an aging population and a low birth rate, Japan faces a labor shortage, particularly in sectors like construction, nursing, agriculture, and manufacturing (HAYS, 2019). To mitigate this shortage, Japan raised the mandatory retirement age from 65 to 70 in April 2021. However, analysts predict a severe shortfall, with an estimated 6.44 million workers needed by 2030 (Ryall, 2021). Furuya (2023) highlights that Japan could face a deficit of over 11 million workers by 2040, as the working population is projected to shrink by 20%, from 126 million in 2020 to 59.8 million by 2040. The Value Management Institute projects that Japan will require an additional 6.74 million foreign workers by 2040 to sustain an average annual growth rate of 1.24% (Wei, & Katanuma, 2023). Consequently, the Japanese government is intensifying efforts to address this workforce challenge by increasing the retirement age, promoting migration, and expanding the SSW system. The program is widely supported by Japanese industries, as it enables them to meet critical labor demands and maintain productivity in essential sectors (Naoto, 2023).

In the aspect of worker-to-remittance ratio, Japan is also the top country from which migrant workers send remittances back to their country (Department of Population, 2020). According to the World Bank (2022), Myanmar received 1.9 billion dollars as remittances. That is equivalent to more than 3 per cent of the country's

GDP in 2022 approximately, which may not include informal remittances through brokers and hand-carried funds. According to the International Growth Centre, it is estimated that informal remittances may be around 8 billion dollars, or approximately 13 per cent of the country's GDP (Wantanasombut, 2022). Thus, remittances from migrant workers are crucial in enhancing the socio-economic conditions of the people in Myanmar. They play a significant role in alleviating poverty and improving living standards across the country. Furthermore, the inflow of remittances is essential to understand, as it represents a substantial contribution to Myanmar's economy.

While migrant workers do send remittances back to Myanmar, this also represents a loss of human resources for the country, as many of those choosing to work in Japan are skilled and educated individuals. The ongoing migration of skilled workers is likely to have long-term repercussions for Myanmar. Given their professional backgrounds and educational qualifications, skilled migrant workers could significantly contribute to the country's development. Therefore, this research aims to examine the impacts of skilled workers participating in the Specified Skilled Worker (SSW) system in Japan, focusing on both the benefits of remittances for the country and the drawbacks associated with the loss of human resources. This study will also explore the reasons behind workers' decisions to seek employment abroad and their current circumstances in Japan. This research is organized into seven sections. The first section reviews key literature on Myanmar migrant workers and the SSW system. The second section outlines the study's objectives, while the third explains the methods used. The fourth and fifth sections present findings and discussions on Myanmar migrant workers and their impact on the country. Finally, the sixth and seventh sections offer conclusions and recommendations.

## **1.1 Myanmar Migrant Workers**

Migration has become a key strategy for Myanmar's people to earn higher incomes and support their families (United Nations Development Programme, 2024). According to the 2019 Inter-censal Survey, about 2 million people, or roughly 10% of Myanmar's workforce, live abroad, primarily due to economic needs, with 92% working as employees (Department of Population, 2020). This section reviews literature on Myanmar migrant workers, focusing on their impact and the challenges they face.

### *A) Impact of Myanmar Migrant Workers*

Myanmar migrant workers impact both Myanmar and their host countries. For Myanmar, remittances boost household incomes, improving living standards. In 2022, 33% of households received remittances, making up 40% of their average per capita income (Myanmar Agriculture Policy Support Activity, 2023). Returning migrants also contribute by raising local wages and bringing new skills (Filipski et al., 2019). For host countries, Myanmar workers help fill labor shortages, especially in construction and agriculture, and contribute to cultural diversity, fostering multicultural exchanges in communities like "Little Yangon" in Japan (Harkins, 2019; Waga Japan, 2022).

### *B) Challenges Faced by Myanmar Migrant Workers*

Despite their contributions, Myanmar migrant workers face numerous challenges, including labor exploitation, language barriers, and isolation due to a lack of legal documentation. Political instability in Myanmar has increased their vulnerability to exploitation, with workers sometimes facing low wages, long hours, and limited protections (Thazin et al., 2023). Language barriers further complicate their experiences by limiting effective communication, which can lead to misunderstandings, safety issues, and social isolation (Aung et al., 2020). Many Myanmar workers also lack proper legal documentation, which confines them to their workplaces and restricts their ability to integrate into local communities. Without legal status, they risk deportation if they report abuse or seek help, making them more vulnerable to exploitation and isolation. Some workers depend on brokers who arrange migration but may also impose exploitative conditions (Deshingkar et al., 2019).

## **1.2 Specified Skilled Worker (SSW) System and Process for Myanmar Workers to Work in Japan**

### *A) Specified Skilled Worker (SSW) System*

The Specified Skilled Worker (SSW) system, launched by Japan in April 2019, addresses critical labor shortages by attracting skilled foreign workers. Initially covering 14 fields, the program was later streamlined when "Machine Parts and Tooling Industries," "Industrial Machinery Industry," and "Electric, Electronic and Information Industries" were combined. Therefore, this system is now left with 12 industry sectors where human

resources are in high demand, such as construction, agriculture, caregiving, and food service, among others (Ministry of Foreign Affairs, Japan, 2019).

There are two visa types under the SSW system. The SSW Type 1 visa allows migrant workers to stay in Japan for up to 5 years while earning equal pay to Japanese workers. This visa applies to the 12 aforementioned industries and includes comprehensive support from employers, such as assistance with daily life and residency-related matters. The SSW Type 2 visa, however, is limited to the construction and shipbuilding industries and is intended for workers in management roles, offering the potential for an indefinite stay in Japan. As of March 2023, approximately 150,000 SSW Type 1 workers were in Japan, while only 11 held SSW Type 2 visas (Yani, 2023).

#### *a. Technical Intern Training Program*

Launched in 1993, Japan's Technical Intern Training Program (TITP) facilitates skill and technology transfer from Japan to developing countries, aiming to support human resource development globally. The program is structured into three stages: TITP I, II, and III. Workers initially enter Japan under TITP I, and to progress to higher stages (TITP II or III), they must pass a written and/or practical skills exam, verifying their acquired competencies (Japan International Trainee & Skilled Worker Cooperation Organization, 2019). This structured training ensures that workers have the necessary skills to succeed in Japan's workforce and contribute effectively upon returning to their home countries.

#### *b. Requirements for SSW Workers*

Prospective SSW workers must meet several criteria. They must be at least 18 years old, physically fit, and proficient in Japanese, with language skills typically at or above N4 level. Additionally, they must pass a skills proficiency test specific to their chosen field. Those who have already completed TITP II are exempt from this skills test unless they wish to enter a new field. Once these requirements are met, candidates can sign an employment contract, apply for residency, and begin work in Japan under the SSW system (Ministry of Foreign Affairs, Japan, 2019).

### *B) Process for Myanmar Workers to Work in Japan*

#### *a. Before Getting the Job in Japan*

Myanmar workers entering Japan's SSW program must pass two essential exams. First, they need to demonstrate at least N4-level proficiency in Japanese, ensuring they can understand and communicate basic information in daily life. The N4 level indicates a grasp of basic vocabulary and kanji, suitable for handling common work-related tasks (Japanese-Language Proficiency Test, 2024). Second, workers must pass a technical skills exam, which assesses practical knowledge and proficiency in their intended field of work, confirming their readiness to meet Japan's job standards (Department of Labour, Myanmar, 2024).

#### *b. After Getting the Job in Japan*

Upon receiving a job offer (Demand Letter) through an employment agency, workers must complete a series of steps. First, they obtain Form-2 from the Labour Exchange, which they use to apply for a passport. The Ministry of Labour then verifies the legitimacy of the Japanese employer through the Ministry of Foreign Affairs. Once this verification is complete, the Department of Labour issues an Overseas Worker Identification Card (OWIC) for the applicant. Additionally, workers must obtain a Certificate of Eligibility (COE) from the Japanese side, which includes an interview with the Japanese employer. With these formalities complete, they are eligible to work in Japan under the SSW system (Department of Labour, Myanmar, 2024). Despite this structured preparation, migrant workers in Japan still encounter challenges, including discrimination, language and cultural barriers, unpaid wages, and excessive work hours, underscoring ongoing issues within the Japanese labor landscape (Coca, 2017).

### **1.3 Labour Laws, Welfare, and Healthcare System for Migrant Workers in Japan**

Japan has three primary labor laws that govern working conditions for all employees, including migrant workers: the Labour Standards Law (LSL), the Trade Union Law (TUL), and the Labour Relations Adjustment Law (LRAL) (International Labour Organization, 2011). The Labour Standards Law (LSL) regulates working

conditions such as workplace safety, hygiene, and work hours. It applies to all employees, including migrant workers (with the exception of seafarers), ensuring they are entitled to the same basic rights as Japanese workers. For example, migrant workers who have been employed for six months and have worked at least 80% of the total working days are entitled to paid leave (Ministry of Health, Labour and Welfare, 2023). The Trade Union Law (TUL) protects workers' rights to form unions and engage in collective bargaining, allowing them to negotiate terms of employment and working conditions. The Labour Relations Adjustment Law (LRAL) facilitates the resolution of disputes between employers and employees, ensuring fair labor management practices through mediation and arbitration. Migrant workers also benefit from Japan's Social Security and Social Welfare systems. Under Social Security Services, migrant workers are entitled to access medical care, pension plans, national health insurance, and other health-related services such as dental care and food safety programs (Ramirez, 2020). In addition, Social Welfare provisions help workers manage their lives outside of work, offering housing assistance, childcare, part-time job opportunities, and work-life balance support (Ramirez, 2020).

Regarding healthcare, Japan's Universal Health Insurance system covers 98.3% of the population, including both Japanese citizens and resident non-citizens, leaving only 1.7% of the population (mainly impoverished individuals) to be supported by the Public Social Assistance Program (Matsuda, 2020). While migrant workers are generally covered, they often face challenges in accessing health services due to language barriers. Many rely on informal sources like social media for health-related information (Higuchi et al., 2021). However, some healthcare facilities provide language support services, including interpretation and translation, to help mitigate these issues and improve healthcare access for migrant workers (Matsuoka et al., 2022).

#### **1.4 Labour Exploitation in Japan**

While Japan presents itself as a rules-based society with strong labor protections, several studies have highlighted persistent issues of labor exploitation, particularly among foreign workers under programs like the Technical Intern Training Program (TITP). Introduced in 1993, TITP came under heavy criticism due to widespread labor abuse, such as inadequate pay, unsafe working environments, and overly long working hours (Business & Human Rights Resources Center, 2020). Workers have reported enduring 18-hour shifts, earning as little as ¥24,000 (approximately USD \$220) after deductions for rent and food, while facing debt burdens from recruitment fees exceeding \$6,000 (Clean Clothes Campaign, 2020). Many are housed in overcrowded factory dormitories, further heightening health risks, particularly during the COVID-19 pandemic (Clean Clothes Campaign, 2020). Some companies withheld workers' documentation, effectively trapping them in low-wage jobs, as the lack of proper papers prevented them from seeking new employment or leaving the country (Williams, 2024).

## **2. Objectives**

- 1) To examine the current situation of Myanmar migrant workers in Japan.
- 2) To analyze the positive and negative impacts of SSW migration on Myanmar.

## **3. Methods**

This research adopted a qualitative approach, with semi-structured interviews serving as the main instrument for collecting primary data. Semi-structured interviews offer flexibility, comfort for participants, and the ability to gather rich data (Dovetail, 2023). This method adapts to participants' responses, fostering open communication that encourages the emergence of new insights. Its casual approach reduces the stress often associated with formal interviews, strengthening the connection between interviewer and participants. Open-ended questions within this format also provide comprehensive insights into personal experiences, allowing the researcher to gather detailed, focused information on the topic. Alongside these primary data from key stakeholders, secondary sources such as academic journals, news articles, and research studies were utilized, providing a broader context and enhancing the depth of the analysis.

### **3.1 Participants**

The study involved interviews with eight participants divided into three groups: Myanmar migrant workers in Japan, Myanmar-based employment agencies, and Myanmar government officials. The first group

included four Myanmar migrant workers in Japan under the SSW (Specified Skilled Worker) program. These participants provided insights into the working conditions and overall experiences of Myanmar workers in Japan. Selection criteria for this group focused on two factors: work experience and regional diversity. Each worker had at least two years of work experience, as the SSW system was launched in April 2019 but saw significant migration flows only from late 2021 due to the pandemic (Ministry of Foreign Affairs, Japan, 2019; International Organization for Migration, 2023). Additionally, workers were chosen from various states and regions in Myanmar to capture diverse perspectives influenced by regional backgrounds. The second group comprised two Myanmar employment agencies, each selected based on experience and the scale of worker placements in Japan. The first agency had over four years of experience and had sent more than 500 workers, representing a large-scale operation. The second, a smaller agency, had less than three years of experience and had dispatched under 150 workers. This diversity allowed the researcher to explore how agency size affects support practices, challenges, and strategies in managing the employment process. The third group included two officials from Myanmar's Ministry of Labour and the Central Bank of Myanmar. The Ministry of Labour representative shared insights on government migration strategies and the social and economic impacts of migration on Myanmar. The Central Bank official discussed the role of remittances sent by migrant workers, focusing on their impact on household income, economic stability, and national development. Both officials had over ten years of experience in their fields, offering a deeper understanding of these institutional perspectives on migration.

**Table 4** The list of participants

No.	Participant	Position/ Type of participants	Ministry/ Occupation	Experience
1	A	Officer	The Central Bank of Myanmar	More than 10 years
2	B	Officer	Ministry of Labour (Myanmar)	More than 10 years
3	C	Manager	Employment Agency (Myanmar)	More than 4 years
4	D	Manager	Employment Agency (Myanmar)	Less than 3 years
5	E	Migrant Worker	Skilled Worker/SSW system	2 years
6	F	Migrant Worker	Skilled Worker/SSW system	2 years
7	G	Migrant Worker	Skilled Worker/SSW system	2 years
8	H	Migrant Worker	Skilled Worker/SSW system	2 years

#### 4. Results

The research findings highlight the experiences of Myanmar migrant workers in Japan and the impacts of skilled migration on Myanmar. These findings are organized into five main areas: (1) Reasons for becoming a migrant worker, (2) Factors influencing the choice of Japan, (3) Challenges faced during migration and work in Japan, (4) Migration's impact on Myanmar, and (5) Reintegration and return.

##### 4.1 Reasons to Become a Migrant Worker

The decision to migrate is primarily driven by two factors: political instability in Myanmar and the pursuit of better opportunities abroad. Political unrest has motivated skilled workers to seek security and growth abroad. For instance, Participant H noted that both COVID-19 and the political situation compelled him to seek employment abroad, stating,

*First, COVID-19 forced me to leave university, and then the political situation in our country made things even more difficult.*

Additionally, many workers pursue migration to improve career prospects and living standards. As Participant G explained,

*I wanted to learn new things and grow professionally. Japan seemed like the best place to achieve those goals.*

#### 4.2 Factors Influencing the Choice of Japan

Two main factors influence the selection of Japan as a destination: high-paying jobs and demand for specific skills. Japan's higher wages are a strong attraction for Myanmar workers who wish to support their families. Participant F emphasized that Japan's wages enable her to better provide for her family. As Participant C described,

*The salary of one skilled worker can cover the monthly expenses of five families in rural areas.*

Japan's demand for skilled labor, particularly in sectors like healthcare and construction, is another draw. Participant C elaborated,

*Due to the aging population and low birth rate, Japan needs a lot of labor force to run essential services.*

#### 4.3 Challenges in the Processes of Migration and Challenges Workers Face in Japan

The migration of Myanmar workers to Japan involves numerous challenges affecting migrant workers, employment agencies, and the government. There are two challenges in the processes of migration: limited entrance exams for the SSW system and bureaucratic hurdles. One challenge migrant workers face is language barriers. Issues related to labour rights and exploitation are also discussed in this section.

##### *Limited Entrance Exams for the SSW System*

Under Japan's Specified Skilled Worker (SSW) system, Myanmar workers must pass entrance exams, yet limited exam availability restricts access to these opportunities. Employment agencies, particularly smaller ones, face difficulty accommodating all qualified applicants. Participant B explained efforts by the Ministry of Labour to collaborate with Japanese authorities to increase exam frequency, which would enable more Myanmar workers to meet the growing demand in Japan.

##### *Bureaucratic Hurdles*

Bureaucratic procedures in Myanmar and Japan often lead to delays in processing visas and approvals. These delays not only affect workers but also create logistical challenges for agencies. Participant C noted that prolonged demand letter confirmations often disrupt deployment schedules, which adds stress for both workers and agencies. To address these issues, Participant B explained that the Myanmar government has appointed a labor attaché at the Myanmar Embassy in Japan, tasked with assisting migrant workers and streamlining processes.

##### *Language Barriers*

The most common challenge for Myanmar workers in Japan is language barriers. Although workers possess a sufficient Japanese language level (above N-4), they still face difficulties in communication. Participants E, F, G, and H from the migrant worker group mentioned these challenges. Participant E noted difficulties interacting with colleagues and performing his job efficiently. Participant F emphasized that overcoming the language barrier was essential to adapting smoothly to the work environment. Participant G mentioned that while working in a large company alleviated some language issues, she still needed to improve her language skills despite having an N-3 level. Participant H shared that, even with knowledge of Japanese, he faced challenges due to the language's complexity and nuances. These language barriers are particularly acute during the first two to three months of employment as workers adjust to a new environment while learning the nuances of the Japanese language.

##### *Labour Rights and Exploitation*

Under the SSW system, none of the workers interviewed reported experiencing labor rights violations or exploitation. Participants E, F, G, and H confirmed they had not encountered such issues, though Participant E noted hearing of violations in other workplaces and emphasized awareness of reporting channels. Participant F described a positive, discrimination-free experience, while Participant G highlighted strict workplace rules that reduce the risk of violations. Participant H also confirmed no incidents of labor issues or exploitation in his workplace. Despite these positive accounts, the potential for labor violations in other settings remains a concern.



The government plays an important role in preventing labor rights violations and exploitation. The protection of migrant workers' rights relies heavily on bilateral agreements and dedicated support mechanisms. Participant B (Personal Communication, August 5, 2024) stated that,

*The Memorandum of Cooperation (MoC) between Myanmar and Japan includes provisions to protect the rights of workers and ensure that their employment conditions meet the standards set by both countries.*

However, exploitation does occur among other visa holders. Participant E (Personal Communication, July 8, 2024) reported witnessing numerous cases of exploitation by employment agencies on both the Myanmar and Japanese sides. Although he personally has not faced exploitation, he noted,

*Japan tries to exploit foreign labor, even though SSW visa holders are usually safe from this. Many other visa holders aren't so lucky.*

#### **4.4 The Impact of Migration on Myanmar**

Migration under the SSW system has significant long-term effects on Myanmar, categorized into economic and human resource impacts.

##### *Economic Impact*

A major benefit of migration is the inflow of remittances, which provide essential foreign currency to Myanmar. Participant A (Personal Communication, August 30, 2024) highlighted that,

*On average, there are 17,424 monthly transactions from Japan, totaling around USD 11.67 million. Remittances from workers in Japan account for approximately 15% of the total monthly remittances sent by Myanmar workers overseas.*

This substantial contribution highlights the vital role of remittances in supporting Myanmar's economy and the livelihoods of countless families across the country. Additionally, Participant B (Personal Communication, August 5, 2024) also recognized the positive impact of remittances by mentioning that,

*Workers' remittances sent back to their families in Myanmar have led to increased household incomes, improved living standards, and enhanced economic development. Families of these workers experience positive social impacts and overall improved quality of life.*

Moreover, migrant workers themselves express the positive impact of remittances on their families. Participants E, F, G, and H from the migrant worker group highlighted that remittances are important not only for their families but also for community development.

However, there are concerns over the unregulated flow of remittances through informal channels like Hundi, which may inadvertently strengthen the black market. Participant A (Personal Communication, August 30, 2024) explained,

*Although the growing number of migrant workers increases foreign currency earnings, the use of informal channels could undermine economic stability.*

This underscores the importance of channeling remittances through official avenues to ensure that the economic benefits of foreign currency earnings are fully realized without contributing to illegal market activities.

To combat this situation, the Central Bank is working together with other ministries and embassies of Myanmar. Participant A (Personal Communication, August 30, 2024) explained that,

*To address this, the Central Bank of Myanmar, the Ministry of Labour, and embassies are collaborating to promote the use of official channels for remittances through information sharing. At present, the government is offering an additional incentive of 30 kyats per US dollar for worker remittances.*

### *Human Resource Impact*

While migration provides economic benefits, it also poses challenges related to brain drain and the loss of skilled labor. Participant A (Personal Communication, August 30, 2024) from the Central Bank expressed concern that,

*If more workers continue to seek employment abroad, Myanmar could encounter challenges related to a shortage of skilled professionals and labor within the country.*

Participants E and F (Participants E and F, Personal Communication, July 8 and 10, 2024) also highlighted the negative impact of skilled migration on Myanmar's workforce, noting that, "The departure of young, skilled individuals can hinder the country's development".

However, the Ministry of Labour views the issue as manageable, noting that only a small proportion of Myanmar's workforce migrates to Japan. Participant B (Personal Communication, August 5, 2024) pointed out,

*The Ministry allows skilled workers to work in Japan through licensed overseas employment agencies. Each month, the Ministry meticulously reviews and monitors the approved deployment lists and the status of these deployments. From 1990 to 2023, a total of 1,823,609 workers were issued OWIC cards and officially sent abroad, with the figures from January to June 2024 included in this count. Among these, 79,121 workers were specifically sent to Japan. When compared to the total number of Myanmar workers employed overseas, it is evident that the proportion working in Japan is relatively small. Consequently, the overall impact on Myanmar's domestic workforce appears to be minimal.*

This data suggests that the number of skilled workers leaving for Japan is relatively small compared to the total number of workers abroad, which may not significantly affect the country's workforce in the long term. Furthermore, the Ministry's skill development programs and domestic labor placement initiatives aim to address the potential shortage of skilled labor. Participant B explained,

*Other than the Ministry's implementation of various skill development programs under the Employment and Skills Development Law to mitigate the potential negative effects of brain drain resulting from skilled migration to Japan, the Ministry of Labour has also established the domestic employment and labor placement website, [www.myanmarjob.gov.mm](http://www.myanmarjob.gov.mm). Additionally, the Ministry has licensed domestic employment agencies to facilitate the search and placement of necessary workers. These initiatives are designed to ensure that employers can find and hire the skilled labor they need within Myanmar.*

Despite concerns over brain drain, both employment agencies and migrant workers believe the benefits of migration outweigh the drawbacks. Participant G (Personal Communication, July 12, 2024) argued that,

*In my view, the benefits outweigh the drawbacks of migration. Despite young people leaving Myanmar due to political circumstances, many will eventually return home. While abroad, they send remittances that support their families and contribute to the national economy. Upon their return, they bring back valuable skills that contribute to Myanmar's development. Therefore, I believe the positive impacts of migration outweigh the challenges it presents.*

Therefore, while migration may initially deplete Myanmar's skilled workforce, the efforts of the Ministry of Labour, coupled with the eventual return of skilled workers and their remittances, suggest that the long-term benefits for Myanmar's development outweigh the immediate challenges.

### **4.5 Reintegration and Return to Myanmar**

Reintegration and return to Myanmar mark a crucial phase for migrant workers, involving not only readjustment but also finding ways to apply skills gained abroad to support both personal and national growth. Each participant shared different aspirations: Participant E planned to stay abroad briefly to further his education, hoping to apply his skills in engineering or IT in Myanmar. Participant G intended to return to open a language

school, bringing her Japanese work ethic and language skills to benefit her community. Participant H planned to return once Myanmar's political situation stabilizes, though he's concerned that his skills may not fully align with Myanmar's job market. Participant F was focused on saving enough to start a business back home. These varied goals reflect the complex balance between personal ambitions and the challenges of reintegration.

The Myanmar government recognizes the importance of facilitating the reintegration of returning migrant workers. Participant B from the Ministry of Labour outlined how the Ministry is implementing employment policies aimed at easing this transition. Participant B (Personal Communication, August 5, 2024) shared that,

*Other than Technical Intern Trainees and Specific Skilled Workers sent by employment agencies, the Ministry also allows individuals to apply for Work Visas in fields such as engineering, interpreting, and IT. Additionally, those recruited by Japanese employers under Skilled Labor Visas can work as chefs, researchers, and language instructors. To ensure those skilled workers who return to Myanmar reintegrate smoothly into the domestic workforce and contribute to national development, the Ministry of Labor has implemented the following seven employment policies:*

1. *Promoting productivity by ensuring suitable and favorable working conditions.*
2. *Establishing a macroeconomic framework that supports job creation.*
3. *Encouraging entrepreneurial and economic performance along with private investment.*
4. *Enhancing production capacity and increasing opportunities for workers.*
5. *Ensuring non-discrimination within the job market.*
6. *Promoting sustainable development in terms of the environment and social aspects.*
7. *Facilitating effective employment and the ability for workers to transition to different types of work.*

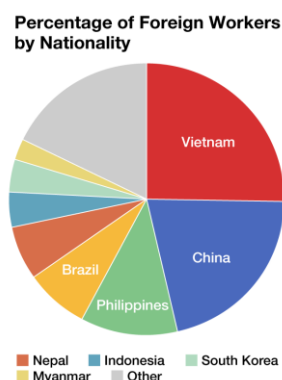
## 5. Discussion

Based on the research findings and secondary data sources, this section discusses two major aspects of the findings. The first part focuses on the current situation of Myanmar migrant workers in Japan. The second part examines the positive and negative impacts of migration on Myanmar.

### 5.1 The Current Situation of Myanmar Migrant Workers in Japan

This section explores the current situation of Myanmar migrant workers in Japan, focusing on both the positive and negative aspects of their experiences. The positive aspect revolves around fewer labor rights violations and the low incidence of exploitation, due to the effective implementation of the Specified Skilled Worker (SSW) system. On the other hand, the negative aspect deals with language barriers, which continue to hinder the full integration and well-being of Myanmar migrant workers in Japan.

To understand Myanmar migrant workers' position within Japan's foreign workforce, it is helpful to consider the overall demographics of foreign workers. The composition of Japan's foreign workforce reveals the increasing significance of Myanmar workers in recent years. As of October 31, 2022, Vietnamese workers represented the largest group at 462,384 individuals, comprising 25.4% of the total foreign workforce, while Chinese workers numbered 385,848 (21.2%), and workers from the Philippines totaled 206,050 (11.3%). Brazil, with its significant population of Japanese descent, contributed 135,167 workers (7.4%). Among the countries with the highest year-on-year increases were Indonesia, with 77,889 workers (up 47.5%), Myanmar, with 47,498 workers (up 37.7%), and Nepal, with 118,196 workers (up 20.3%) (Nippon, 2023). Figure 1 below illustrates the percentage of foreign workers in Japan by nationality. Therefore, Myanmar ranks as the eighth-largest nationality among foreign workers in Japan and records the second-highest increase in year-on-year growth, reflecting the country's significant contribution to Japan's labor force.



**Figure 1** The percentage of foreign workers by nationality in Japan.  
Source: Nippon, 2023

### *Positive Situation*

With the growing prominence of Myanmar migrant workers in Japan, the positive impact of the Specified Skilled Worker (SSW) system becomes evident, particularly in terms of improved labor rights and reduced exploitation. The Specified Skilled Worker (SSW) system has significantly improved the protection of labor rights for Myanmar migrant workers, especially when compared to the earlier Technical Intern Training Program (TITP). The TITP faced substantial criticism for rampant labor violations, including low wages, poor working conditions, and excessive hours. A 2020 report revealed that nearly 70% of businesses employing workers under the TITP had violated labor laws, with some workers receiving wages as low as ¥200-300 per hour, well below Japan's legal minimum wage (Business & Human Rights Resources Center, 2020). These issues, coupled with unsafe living conditions and verbal abuse, made the TITP notorious for human rights violations (Business & Human Rights Resources Center, 2020). In contrast, the SSW program, introduced by the Abe administration in 2019, offers migrant workers "higher paying jobs, benefits, and the potential for permanent residency," which suggests an improvement in labor conditions compared to the TITP (Brooks, 2024). This change represents a significant advancement in safeguarding the rights and improving the working conditions of those who are working under the SSW system.

The success of the SSW system in preventing labor exploitation can be attributed to three factors: (1) fair treatment, (2) preventive measures for exploitations, and (3) efforts made by governments and employment agencies. First, the system ensures that migrant workers receive fair treatment comparable to Japanese workers. This includes equitable wages, benefits, and working conditions. According to AKAL Japanese Academy (2022), SSW workers receive pay equivalent to their Japanese counterparts, and they also enjoy access to healthcare and paid leave. Moreover, they only have to pay a small amount of money for accommodation or their employers provide accommodation for them (AKAL Japanese Academy, 2022). Participants E, F, G and H from migrant workers group mentioned that they were treated fairly in their workplaces and received the same benefits as Japanese employees. Participant F (Personal Communication, July 10, 2024) added that "My employer treats me the same as the Japanese employees, and I also receive additional financial support". This highlights the effectiveness of the SSW system in fostering equal treatment and improving the overall work experience for Myanmar migrant workers in Japan.

The second crucial aspect of the SSW system is its emphasis on preventing exploitation through strict regulations. The SSW system was introduced to address the growing need for skilled workers in various sectors while ensuring proper protection and support for these workers (Chong, & Ying, 2024). In addition to Japan's domestic legal protections, migrant workers under the SSW system have access to support services such as counselling, legal advice, and hotline services even in their native tongue (Ministry of Foreign Affairs, Japan, 2024b). The presence of these services helps mitigate the risk of rights violations, providing workers with channels to report concerns and resolve disputes. Moreover, accepting organizations (employers) from Japan also must meet certain criteria in order to recruit workers from foreign countries, such as having no violation of immigration or labour-related laws within the past 5 years (Ministry of Foreign Affairs, Japan, 2024b). Participants E, F, G

and H also mentioned that they have the ability to report any rights violations and discrimination should such incidents happen to them. For example, Participant E (Personal Communication, July 8, 2024) mentioned that “We have the ability to report any violations if they arise. Furthermore, there are Myanmar managers who address any complaints about such violations”. Participant G (Personal Communication, July 12, 2024) also added that “Our company has strict rules, making it almost impossible to violate any regulations.” These measures reflect the SSW system’s commitment to safeguarding migrant workers’ rights and ensuring a safe and supportive work environment.

The third factor is the collaborative efforts made by governments and employment agencies. The Japanese government has taken steps to increase the oversight of recruitment practices, an area where exploitation can often begin. These efforts include enforcing stricter rules on recruitment agencies and ensuring transparency in employment contracts (Global Regulatory Insights, 2023). Such regulatory improvements are aimed at curbing abuses that often begin during the recruitment process and providing a safer framework for migrant workers entering Japan (Global Regulatory Insights, 2023). In addition, the Japanese government signed a bilateral Memorandum of Understanding (MoU) with the Myanmar government in 2019 to effectively implement the SSW system and prevent potential labor rights violations (Ministry of Foreign Affairs, Japan, 2019). Participant B from the Ministry of Labour confirmed the success of these agreements, which have enhanced the overall protection of Myanmar workers in Japan. According to Participant B (Personal Communication, August 5, 2024), “Our collaboration with Japanese government has been key to safeguarding Myanmar migrant workers, ensuring that their rights are respected”. These collaborative measures underscore the commitment of both governments to ensuring the well-being and fair treatment of Myanmar migrant workers in Japan.

Moreover, employment agencies have also played a vital role in improving labor conditions for Myanmar workers under the SSW system. These agencies provide comprehensive pre-departure training that equips workers with knowledge about their rights and protections in Japan (Myanmar International TV, 2022). As a result, workers are better prepared to assert their rights and avoid exploitative situations. Participant C, representing an employment agency, highlighted that pre-departure training focuses on educating workers about Japan’s labor laws and the procedures for reporting violations. This training helps empower workers and makes them less vulnerable to exploitation. Therefore, the SSW framework has significantly reduced the number of cases involving exploitation of foreign workers compared to other categories of migrant labour.

### *Negative Situation*

The negative aspect of the current situation of Myanmar migrant workers is language barriers. Language barriers remain a significant challenge for Myanmar migrant workers in Japan, despite all of the workers already possessing an N-3 level of Japanese language proficiency, which indicates an intermediate understanding of the language. Language barriers create two main challenges for Myanmar migrant workers in Japan, affecting both their work and everyday life.

Within the workplace, Myanmar workers often struggle to comprehend job-specific instructions and technical jargon. Despite achieving an N-3 level of Japanese proficiency before migrating, which allows for intermediate conversational understanding, this skill level is frequently insufficient for handling complex work tasks. As a result, this can lead to misunderstandings with colleagues and employers, or even workplace accidents due to unclear communication. As noted by Hajzokova (2021), foreign workers are disproportionately affected by workplace accidents, or misunderstandings, partly due to communication challenges, even when they have a moderate grasp of the language. Participant F (Personal Communication, July 10, 2024) mentioned that “Understanding detailed job instructions, especially those involving technical terms, is difficult and can lead to mistakes and misunderstandings. Therefore, being able to speak the language is really crucial”. This highlights the critical importance of language proficiency for ensuring both safety and efficiency in the workplace, as well as fostering better relationships between migrant workers and their employers.

Outside of work, language barriers further complicate the daily lives of Myanmar workers, particularly in their interactions with public services like healthcare, and limit their social interactions, making it difficult to form close relationships with locals. Even though some workers have attained an intermediate grasp of the language, such as the N-3 level in Japanese, they still struggle with the complexities of daily communication. Many foreign residents in Japan face difficulties accessing medical services, not only because of the language itself but also due to the unfamiliarity with Japan’s healthcare system (Kaneda et al., 2023). Participant G

(Personal Communication, July 12, 2024) shared similar concerns, saying, “I haven’t had to visit the hospital yet, but I’ve often heard that even with some knowledge of Japanese, communicating with doctors about health issues is still very difficult”. This issue is particularly pressing in medical settings where accurate communication is vital to receiving appropriate care.

Moreover, making friends with Japanese people is also difficult for migrant workers. Motto-Japan (2021) noted that forming friendships with Japanese people has proven to be challenging. Even foreigners who have lived in the country for several years often struggle to make friends and build new social connections (Motto-Japan, 2021). Myanmar workers report difficulties in making friends with Japanese locals due to the language barrier and differences in cultural expectations for social interactions. Participant H (Personal Communication, July 29, 2024) expressed this sentiment, stating, “even when I want to make friends outside of work, the language barrier makes it hard to communicate, but my colleagues communicate in a way I understand, and they understand me when I speak”. Participant E (Personal Communication, July 8, 2024) also added that “Making friends with Japanese people proved to be difficult, partly because of language barriers and cultural differences”. This difficulty in forming connections leads many Myanmar workers to remain within their own ethnic communities, further reinforcing social isolation.

In response to these challenges, both the Japanese government and employment agencies have introduced initiatives to help foreign workers overcome language barriers. The Japanese government, through its “Comprehensive Measures for Acceptance and Coexistence of Foreign Workers” program, offers free language courses and community-based support initiatives (Japan Foundation, 2023). In Myanmar, employment agencies also incorporate Japanese language training in their pre-departure preparation (Myanmar International TV, 2022). Despite these efforts, many foreign workers still face significant hurdles in accessing language learning and support services, particularly in rural areas where resources are scarcer (Nikkei, 2022). Additionally, Japan’s SSW program remains focused on economic growth, targeting critical labor shortages in sectors like construction, agriculture, and nursing care (Naoto, 2023). However, this program does not provide a strong integration support system, such as advanced Japanese language and vocational training, which limits migrant workers’ full contribution to these industries (Naoto, 2023). With limited funding from the Japanese government, local municipalities are often responsible for providing basic language classes and integration services despite their constrained resources (Naoto, 2023). This approach reflects Japan’s prioritization of short-term economic needs over long-term strategies for workforce integration, which could ultimately impact the stability of these essential sectors. Participants E, F, G, and H among the migrant workers emphasized that language barriers are the primary obstacle in adapting to life and work in Japan, significantly impacting their ability to integrate smoothly into the workplace and society. Although some measures have been implemented to improve language proficiency, the current support systems fall short in fully addressing the linguistic challenges faced by migrant workers.

Despite the improvements seen under the SSW program, several challenges remain within Japan’s regulatory approach to managing foreign labor. One key issue is that the number of admitted workers has consistently fallen short of expectations. The government aimed to admit 345,150 workers under the SSW system within its first five years (Rui, 2024). By the end of 2023, only 208,462 workers had been accepted under the SSW system, far below the five-year target of 345,000 (Rehm, 2024). Additionally, around 67% of these workers had transitioned from the older Technical Intern Training Program (TITP), raising concerns about whether the SSW is functioning as a genuinely distinct and improved pathway or simply replicating the shortcomings of its predecessor (TITP) (Rehm, 2024). Looking ahead, Japan has raised its admission target to 820,000 foreign workers for the five-year period starting in 2024 and is expanding the program to include additional sectors (Rui, 2024; Rehm, 2024). The government also announced that four new industries will be added to the Specified Skilled Worker (SSW) system, increasing the number of eligible sectors for SSW Type-2 from two to eleven (Rehm, 2024). Stricter regulations are also being introduced to improve working conditions and labor mobility (Rehm, 2024; Chong, & Ying, 2024). These ongoing reforms reflect Japan’s effort to address labor shortages while improving protections for foreign workers, although their success will depend on consistent implementation and enforcement.

## **5.2 The Positive and Negative Impacts on Myanmar caused by SSW Migration**

This section explores the impacts of Myanmar migrant workers on Myanmar, focusing on both the positive and negative impacts posed by SSW migrant workers. The positive side centers on the economic benefits

brought by the remittances of migrant workers, which contribute significantly to the economy. However, the negative aspects include the increase in illegal money exchange practices and the potential brain drain, as the migration of skilled workers may lead to a shortage of talent in Myanmar.

The positive impact of remittances can be observed on both (1) the community level and (2) the country level. First, remittances from Myanmar workers in Japan contribute significantly to improving living standards at the community level. In rural areas, where economic opportunities are limited, these funds have a transformative effect, helping to alleviate poverty and increase local consumption. According to the International Food Policy Research Institute - Myanmar (2024), over the five years from 2019 to 2023, around 75% of households used remittances for food expenses, highlighting their role as a crucial safety net. Additionally, 41% spent money on non-food items, 36% on health, and 18% on education. A similar percentage invested in their farms for seeds, fertilizer, or labor. Four percent invested in agricultural assets, while 0.4% bought new land. About 6% used remittances for savings, loan repayment, or donations. Four percent renovated homes, and 3% built new houses. Less common uses included investing in businesses, purchasing or renting land, or acquiring non-productive assets (Myanmar Agricultural Policy Support Activity, 2024). As stated by Sricharoen (2020), remittances serve as a crucial income source for families in the home countries, often being the only financial support for some households, which helps cover living expenses and debts. Shwe (2020) also mentioned that migration in Myanmar has a positive equalizing effect, reducing income inequality and having a positive poverty-reducing effect. This positive impact is also evident in the primary data gathered from interviews with Myanmar workers in Japan. For instance, Participant F (Personal Communication, July 10, 2024) highlighted that the money she sends home has enabled her family to help build a new house and send her younger siblings to school. Similarly, Participant H (Personal Communication, July 29, 2024) noted that remittances have allowed his family to purchase agricultural equipment, which has boosted their farm's productivity. These examples reinforce the significant role remittances play in enhancing living conditions at the micro level, directly benefiting families and communities.

At the country level, remittances represent a crucial source of foreign exchange for Myanmar's economy. Remittance inflows help stabilize the national currency and contribute to the country's overall economic health. As stated by Malpass (2022), at the macroeconomic level, remittances have a countercyclical effect, reducing volatility in economic growth and helping countries adjust to policy shocks. The inflow of remittances positively impacts the economic position of the origin countries, contributing to poverty reduction and providing significant economic benefits (Sricharoen, 2020). According to Wantanasombut (2022), it is estimated that remittance flows to Myanmar account for approximately 13% of the country's GDP. This significant inflow of foreign currency helps create a more stable economic foundation, supporting both the national economy and local development efforts. Primary data from the interviews support this observation. Participant A, representing the Central Bank of Myanmar, pointed out that due to the growing number of Myanmar workers seeking employment abroad, the country is seeing an increase in foreign currency earnings and migrant worker from Japan contribute 15% of total remittance, which the Central Bank of Myanmar utilizes to support the importation of essential goods. This highlights the vital role remittances play not only in stabilizing Myanmar's economy but also in fostering sustainable development at both the national and local levels.

On the other hand, there are two negative impacts caused by migration: (1) the rise of illegal money exchange methods and (2) potential brain drain. The first negative impact is the rise of illegal money exchange methods. The rise of informal money transfer methods, such as the "Hundi" system, poses a serious risk to Myanmar's financial system. The "Hundi" system is an informal money transfer method that operates within a trusted network, relying on agents' reputations instead of formal banking systems (Financial Crime Academy, 2025). As stated by Naing (2024), Myanmar migrant workers prefer to use the Hundi system over formal methods even though these services are illegal in either country. The use of informal remittance channels can negatively impact the banking system, leading to higher interest rates and weakening the country's ability to regulate and tax these transactions (Central Bank of Sri Lanka, 2021). Participant A (Personal Communication, August 30, 2024), from the Central Bank, agreed with these points and highlighted that, "While the country is benefiting from an increase in foreign currency earnings, the reliance on informal channels like Hundi for salary transfers poses significant risks. These informal systems bypass official banking routes, undermining the formal financial sector and potentially strengthening the black market for foreign currency, which can lead to further challenges in regulating monetary flows". Therefore, this issue underscores the negative financial implications of informal remittance channels for Myanmar's economy.

The second thing is potential brain drain. There are two parts in this section: (a) the negative impacts of brain drain and (b) whether Myanmar will face a brain drain problem.

*a) The Negative Impacts of Brain Drain*

Brain drain imposes numerous negative impacts on the sending countries, with far-reaching consequences that extend beyond immediate labor shortages. In the case of Myanmar, the potential for brain drain represents a substantial threat to the country's future development, as the outflow of skilled workers could lead to a significant shortage of qualified professionals in critical sectors. Studies done by Young (2024) and Berger (2022) have shown that brain drains caused by the migration of skilled workers can pose tremendous negative effects on the sending countries. For example, Young (2024) mentioned that brain drain can lead to reduced tax revenues and stunted economic growth in the originating area by depleting human capital. Berger (2022) also stated that the loss of skilled workers can adversely affect national productivity and economic growth, creating challenges for the country of origin.

Participants A, E, F and H also agreed with that perspective. Participant A from the Central Bank highlighted concerns about the growing number of workers seeking employment abroad, warning that Myanmar could face a shortage of skilled labor and professionals if this trend continues. Participants E, F, and H from migrant workers group also expressed concern about this situation. Participant E pointed out that the outflow of young people is depleting the nation's human resources, with the loss of highly skilled individuals posing a significant challenge to the country's development. Participant F emphasized that this migration trend negatively impacts Myanmar's human resources and could harm the economy, particularly in the short term. Similarly, Participant H mentioned the downside of migration, stressing that the reduction in skilled workers could lead to broader issues with the country's workforce and human resources management. Thus, the migration of skilled workers poses a serious threat to Myanmar's economic stability and long-term development.

However, there are also several positive outcomes associated with brain drain, such as brain gain, increased productivity growth, and the transfer of skills and knowledge. Participants B, C, D, F, and G argued that the migration of skilled workers can offer significant benefits, and the negative impacts may not be as severe as initially feared. Participant B from the Ministry of Labour asserted that even though Japan holds and will hold the highest number of Myanmar skilled workers, the overall impact on Myanmar's domestic workforce appears to be minimal since the total number of Myanmar workers in Japan is relatively small compared to the total number of Myanmar workers employed overseas. Participants C and D from employment agencies highlighted that returning workers are often highly valued in Myanmar's labor market due to their international experience. As stated by Yu (2021), brain drain is strongly associated with total factor productivity (TFP), indicating that productivity growth is a crucial driver of economic growth related to brain drain.

Additionally, the concept of brain circulation where talented individuals who settle in advanced countries share their knowledge and skills with colleagues back home can yield positive long-term effects on their home country's productivity and technological advancement (Yu, 2021). Mohamed et al. (2024) noted that brain drain positively impacts economic growth in developing countries, establishing a linear relationship where an increase in brain drain corresponds with greater economic growth. Berger (2022) further explained that this dynamic leads to the growth of human capital in sending countries, as individuals are motivated to enhance their chances of emigration. Additionally, Participants F and G expressed similar sentiments, stating that they intend to return to Myanmar to apply the knowledge and skills they acquired in Japan, thus contributing to the country's development. They also added that the exposure to diverse working environments abroad helps broaden perspectives, promoting a more globally competitive workforce, which could be a long-term advantage for Myanmar's economic growth. These insights suggest that, while the challenges of brain drain are undeniable, the positive aspects should not be overlooked.

*b) Whether Myanmar will Face a Brain Drain Problem.*

The debate over brain drain in Myanmar reveals two competing perspectives. On one hand, Participant A from the government and Participants E, F and G from the migrant workers group feared the loss of skilled professionals could weaken critical sectors and limit Myanmar's capacity for long-term development. As stated by Khai (2024), Myanmar is facing the brain drain problem, with an estimated 10-15% of middle-class professionals, including academics and students, leaving the country due to the political situation. Htun, and Khai



(2023) also mentioned that the persistent crisis in Myanmar has resulted in a notable “brain drain,” as skilled and educated individuals seek improved opportunities outside the country. Therefore, Myanmar has the potential to face a significant brain drain problem.

On the other hand, Participant B from the government, Participants C and D from employment agencies group, and Participants F and G from migrant workers group believe the outflow of talent is temporary, with remittances and returning workers ultimately benefiting the country. According to Mohamed et al., (2024), while human capital loss should negatively affect growth, the positive effects of remittances (from those who emigrated) seem to outweigh the negative effects. Participant B explained that the Ministry has implemented various measures to mitigate the potential negative impacts of brain drain. These include skill development programs aimed at enhancing the domestic workforce, reintegration initiatives for returning workers, and the licensing of domestic employment agencies to assist in the search and placement of essential workers within the country. Participant B further noted that the number of skilled workers from Myanmar in Japan is unlikely to significantly impact the country’s labor force, and the Ministry is collaborating with its Japanese counterparts to facilitate the ongoing dispatch of more skilled workers to Japan.

Therefore, it can be assumed that while Myanmar may experience a potential brain drain overall, the impact of SSW workers specifically should not be severe, as Japan currently hosts a significant number of Myanmar’s skilled workforce, and the Ministry has indicated that the effects are minimal while continuing to plan for the dispatch of more skilled workers to Japan. According to Docquier (2014), there are more losers than winners among developing countries due to brain drain, with outcomes depending on specific country factors like development level and migration composition. Thus, Myanmar should not overlook the potential drawbacks of brain drain. The Ministry must ensure that its strategies for mitigating negative impacts and promoting the return and reintegration of skilled workers are effective.

## 6. Conclusion

The migration of Myanmar’s SSW workers to Japan has resulted in both improvements and ongoing challenges, reflecting the dual nature of the Specified Skilled Worker (SSW) system. The SSW system has significantly improved labor conditions compared to previous programs like the Technical Intern Training Program (TITP), which was criticized for labor rights abuses. Stricter regulations under the SSW system have created a safer work environment with minimal labor rights violations, as confirmed by both secondary sources and worker interviews. However, language barriers remain a key challenge. Although workers achieve an intermediate level of Japanese proficiency (N3), they still struggle with understanding complex instructions and workplace protocols, affecting job performance and safety, especially in high-risk industries. These language difficulties also hinder social integration, reducing access to services and limiting social connections. While the SSW system has strengthened labor protections, the challenges of language and social integration persist.

On the economic and social fronts, the migration of Myanmar’s SSW workers to Japan has produced mixed results. On the positive side, remittances improve family living standards, support local businesses, and provide essential foreign currency, stabilizing Myanmar’s economy. Migration also promotes human capital growth, as returning workers bring back skills that enhance productivity and innovation. Three of the four interviewed workers intend to return to Myanmar and apply their acquired skills. However, challenges include the rise of informal money transfers (“Hundi”) due to limitations in formal options, undermining the financial sector. Brain drain is another concern, as the outflow of skilled workers risks labor shortages in key sectors. Despite these issues, the Ministry of Labour believes that returning workers can counterbalance brain drain with their new skills and experiences. As the SSW system allows workers to stay in Japan for up to ten years, the long-term effects on Myanmar whether brain drain or gain will become clearer over the next decade.

## 7. Recommendations

### For the Central Bank:

1. Financial Literacy Programs: Collaborate with the Ministry of Labour to implement financial literacy programs for workers, covering budgeting, remittance options, and formal banking. This would promote informed financial decisions and reduce reliance on informal channels, strengthening the remittance system.

2. Incentives for Formal Remittances: Enhance incentives to encourage formal remittances, such as tax breaks for workers who consistently remit through official channels. This could make formal methods more appealing and help stabilize Myanmar's foreign exchange market.

#### **For the Ministry of Labour:**

1. Targeted Reintegration Programs: Develop reintegration programs specifically for Myanmar workers in Japan, potentially offering incentives for returnees to use their acquired skills in Myanmar's workforce.
2. Strengthen Bilateral Agreements: Continue to negotiate agreements with other host countries to ensure Myanmar workers' rights are protected abroad and secure provisions for job security, healthcare, and fair remittance practices.
3. Government-Led Language Training: Strengthen pre-departure language training in collaboration with employment agencies, ensuring workers are better prepared for language demands in Japan.

#### **For Myanmar Employment Agencies**

1. Enhanced Pre-Departure Programs: Provide thorough language training and introduce financial literacy training, focusing on workplace communication skills and budgeting.
2. Reintegration Support: Partner with the Ministry of Labour to create reintegration programs that assist workers returning from Japan, helping them apply their skills in Myanmar and reducing brain drain effects.

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