Challenges of the EI system

1. Financial crisis

Temporary extension of the UI (job applicants’) benefit

1. Earthquake and tsunami

Temporary extension of UI (job applicants’) benefit

(The whole devastated area and the limited area only)

UI benefit for temporary lay-off workers

1. Financial instability of the two services

High level of STW subsidy (653 billion yen in 2009)

Loan from the UI benefit fund

1. National treasury contribution

Temporarily reduced to 13.75 (originally 25%)

(Only to UI benefit, no contribution to the two services)

1. Temporary workers

Gradual expansion of coverage (2009 and 2010)

No distinction between nationalities

TWA workers are covered based on the estimated length of employment (general rule)

1. Aging population

Compulsory coverage to people older than 65 years (in relation to the pension entitlement reform)

1. Youth unemployment

Coverage was expanded to temporary workers (31 days or more). Not big issue for the EI system.

But, it is a big issue for the Japanese employment policy, especially non-standard (non-regular, precarious) workers.

Additional information

1. Subsidies for enterprises from the two services

Many subsidies (four major types: employment maintenance subsidies, hiring subsidies, training subsidies, and subsidies for improving working condition)

1. Funding sources of the EI system

UI benefit: premium and national treasury contribution

Two services: premium from enterprises

1. Some statistics

Rate of participating in training: 6.3% (FY2009)

Budget of two services (for FY 2012):

Employment stability service: 531 billion yen

Human resource development service: 126 billion yen

STW subsidy (FY 2010):

27 billion yen per month (325 billion yen in FY 2010)

836 thousand workers per month

65 thousand business establishments per month