

## Abstract

Prior to 2010, the statutory minimum wage in Japan was not applicable to foreign technical intern trainees in the first year following their arrival in Japan. However, trainees receive off-the-job training up to two months after their arrival; owing to this, the Ministry of Justice revised the Immigration Control and Refugee Recognition Act to stabilize the legal status of such trainees. Following this revision, trainees who complete two months of off-the-job training are eligible for minimum wage in the year they arrive in Japan. We examined the effect of minimum wage implementation on the hiring of technical intern trainees. The baseline results revealed no significant effects of minimum wage implementation on hiring practices after first-year trainees are eligible for minimum wage. We then limited our sample to the metal processing industry to consider changes in the scope of permitted occupations for trainees. We consequently observed negative effects of minimum wage on trainee hiring after minimum wage eligibility was applied in 2010. Moreover, there is no evidence demonstrating a demand shift to other full-time employees due to the decline in new technical intern trainees in metal processing industry after 2010.

Keywords: Minimum wage, Labor demand, Employment loss, Technical intern trainees

JEL Classification: J23, J38, J61