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Minimum wage may exceed 1,050 yen in FY2024

The economic reality does not require a large increase, but with the new target in mind, the minimum wage may be revised to a higher level

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Summary

- Discussions on the revision of the minimum wage for the year 2024 have begun in earnest. This is the first revision of the minimum wage since a new target was launched to "achieve a nationally weighted average of 1,500 yen by the mid-2030s," and the question of how this target and other such measures will affect the minimum wage revision, is gaining attention.
- In light of economic conditions, the need for the rate of increase in FY2024 to exceed that of FY2023 (4.5%) is seen as small. This is because while pay rates are rising, inflation is falling, and improvements in business conditions and price pass-through are stalling. However, if the minimum wage is raised beyond FY2023 in order to reduce disparities between regions and to bring it closer to the target level as soon as possible, the national weighted average minimum wage may exceed 1,050 yen.
- Going forward, what should be kept in mind is the impact on employment of those who work at levels near the minimum wage (low-wage workers). Many previous studies have concluded that there is a negative impact on employment in Japan. To achieve the new goals more quickly and smoothly, it is necessary not only to raise labor productivity, but also to strengthen evidence-based policy making (EBPM).

Attention

This report is a summary translation. The official document is only in Japanese.