

Issues and Prospects of Korea's Foreign Worker Policy

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1. Current state of foreign workers

Total	subtotal	Professi onal Skilled	Trainees in employ ment	Non professi onals	Industrial trainees	Trainees	Illegal
421,641	233,158	21,245	46,937	126,421	28,125	8,430	188,483

■ Illegal residents

- China(90,349) > Bangladesh(13,451) > Phillipines(11,844) > Thailand(11,446)

1. Current state of foreign workers

- 20% of foreign residents : trainee status
- 40% of them : illegal
 - * before 184,000 were regularized in 2003, about 300,000 illegal foreign residents<peak>
- After launching the Employment Permit System in Aug. 2004, the growth rate of illegal residents has been declining.
- Jan. '04 (137,000) Aug. '04 (180,000) Nov. '04. (186,000) Dec. '04 (188,000)

2. The chronicles of foreign worker policy

- Trainee System for Employees of Overseas Korean Company
 - Improve management efficiency, provide indirect support to small and medium sized domestic manufacturers experiencing labor shortages, and facilitate technology transfer to developing countries, etc. by training workers from Korean factories operating abroad : 1991
 - frequent violation of workers' rights and runaways.
- Industrial Trainee System
 - Introduced in December 1993,
 - 1) After receiving one year of training, the trainees can become Trainee in Employment for two years
 - 2) Sending Countries: 17 countries including China, Indonesia, Vietnam, Bangladesh, etc.

2. The chronicles of foreign worker policy

- 3) manufacturing, construction, coastal fishing, agriculture and livestock farming
- Illegally employing foreign workers by disguising them as trainees to deal with labor shortages, frequent runaways and illegal employment, lack of legal protection by labor laws, and frequent violation of workers' human rights
- The Service Sector Employment Management System (Special eligibility) : 2002
 - Ethnic Koreans of foreign nationality (aged 25 years or older) who have relative(s) residing in Korea can get F-1-4 visa issued. After entry, they can be employed via the Employment Security Center

2. The chronicles of foreign worker policy

- **Employment Permit System : 2004**
 - With the legislation and announcement of the “Act on Employment of Foreign Workers, Etc” on Aug. 16, 2003, the Employment Permit System was fully launched in Aug. 16, 2004 after 1 year of preparation
 - The EPS permits companies that failed to find Korean workers to legally employ a certain number of foreign workers (labor market test conducted)

“ EPS will be mentioned in details later “

2. The chronicles of foreign worker policy

- **Employment System for Professional Skilled Foreign Workers**
 - Based on the Immigration Control Act, professional skilled foreign workers can be employed in Korea by being qualified to receive the following types of visas: professors(E-1), teaching foreign languages (E-2), research (E-3), special technology instructions (E-4), specialty occupations (E-5), arts and entertainment (E-6), other particular occupations

3. Factors Influencing Foreign Workforce Policy

- **Domestic labor market**
 - In 2004, Korea’s GNP recorded \$14,000, which is 10~27 times higher than that of Mongolia (\$400), Vietnam (\$410), Indonesia (\$690), the Philippines (\$1,030), and other sending countries
 - manufacturing businesses experiencing labor shortages, in short of about 120,000 ~150,000 workers constantly
 - Construction : 50,000 foreign workers needed due to aging of existing Korean workers

3. Factors Influencing Foreign Workforce Policy

- **Insufficient (No) Response Against Illegal Residents**
 - Employer-centric systems (no actions taken against illegal residents)
 - Temporary crackdown on illegal residents and frequent extension of visa expiry of illegal residents(more than 10 times)
 - Employer-centric policies and passive measures against illegal workers : violation of human rights, and a compassionate sentiment toward illegal workers

3. Factors Influencing Foreign Workforce Policy

- **Insufficient (No) Response Against Illegal Residents**
 - No divisions or trainee placement agencies responsible for post-management and preventing illegal residents
 - The EPS is based on the “Act on Employment of Foreign Worker, and etc.”,
 - Trainee System for Overseas Korean Company, Industrial Trainee System, etc. based on the Immigration Control Act, and managed by the trainee placement Small and Medium Business Administration, Ministry of Commerce & Industry & Energy, Ministry of Maritime and Fisheries

4. Employment Permit System

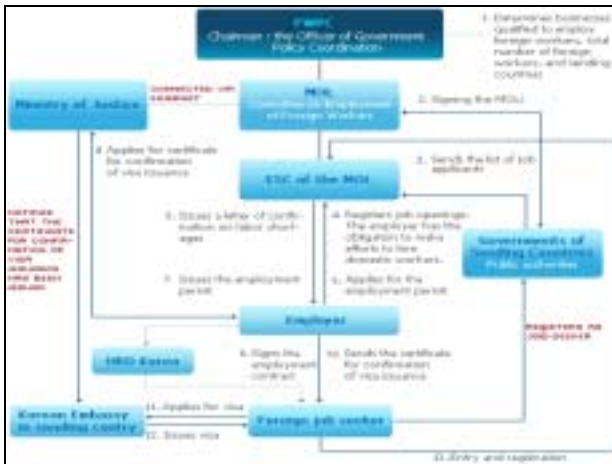
- **Introduction of the Employment Permit System**
 - Coming up with mid-to-long-term foreign worker policy to address low-skilled worker shortages, and resolving distortions in the labor market caused by the Industrial Trainee System
 - Strengthening basic human rights of foreign workers and prohibiting unjust discrimination
 - Making foreign worker employment in order and strengthening immigration control, thereby eliminating illegal employment and hiring

4. Employment Permit System

- **Substances of the Employment Permit System**
 - Allows employers who have failed to hire native workers to legally hire an adequate number of foreign workers
 - Government uses to introduce and manage foreign workers in Korea in an organized manner
 - The sending countries and the Korean government (Ministry of Labor) signed MOU on sending and receiving foreign workers
 - Selection and invitation of foreign job seekers done by public organizations

4. Employment Permit System

- **Substances of the Employment Permit System**
 - Under the Employment Permit System, allowed to work for the following five businesses only: Manufacturing, Construction, Agriculture & Livestock Farming (*Crop Cultivation, Livestock Farming*), Offshore & Coastal Fishing, Service (*Restaurant, Business Support, Social Welfare, Cleaning, Nursing, House-work*)
 - Sending countries, plan on labor supply & demand, and major issues related with foreign worker policy determined by "Foreign Workforce Policy Committee"



4. Employment Permit System

- **Substances of the Employment Permit System**
 - Foreign workers entitled to enjoy same legal status as native workers as stipulated in labor related laws, i.e. Labor Standards Act, Minimum Wage Act, Industrial Safety and Health Act, etc.
 - In principle, foreign workers not allowed to move to a different business or workplace, except when foreign workers cannot maintain normal labor relations
 - violated the labor related laws, e.g. delay in wage payment

4. Employment Permit System

- **After 4 month later (as of Dec.30,'04)**
 - **EPS starting on August, 2004**
 - The number of foreign workers under the EPS: Number of Employment Permit issued **10,823**; Number of Labor Contracts signed **9,169**; Number of entry **3,167**
- **Along with the Industrial Trainee System, illegal workers, complicated processes, and etc.**
- **Efforts to integrate the EPS and the Industrial Trainee System to create a single, uniform, and systemized foreign worker policy**

5. Ethnic Koreans of foreign nationality

- *Approximately 2 million Korean Chinese on standby to enter Korea.*
- *More familiar with the Korean language and culture than Chinese language and culture*
- *The possibility of main competitors of Korean workers*
- **Current stringent entry qualifications will be sustained for the time being**

6. The Future

With the implementation of the EPS, Korea's foreign worker policy is undergoing a transitional period. The success or failure of the system will determine the successful establishment of practical foreign worker management system.

Q & A