

# Trapped in Uncoordinated Policies: Migrant Workers in Korea

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## Introduction

- Foreign migrant workers entered Korea as trainees since 1993 when SMEs of Korea faced an acute labour shortage
- The number of migrant workers reached around 500,000 in the early 2005
  - 2.2 % of the total employed
  - 5 % of the manufacturing and service industries
- Problems related to migrant workers
  - the increase of the illegal migrant workers
  - low wages and bad working conditions
  - ill treatment of the migrant workers by the employers
- → Examining the policies and Explaining the Reasons from the perspective of the policy coordination.

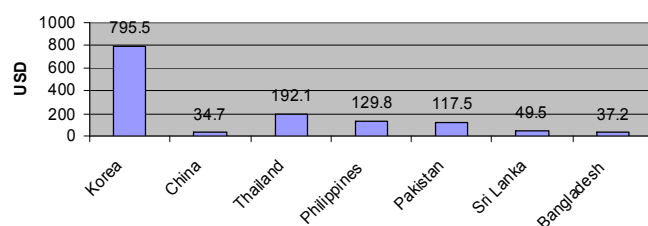
## Backdrop of the Influx of the Migrant Workers

- Push factor in the early 1990s
  - Gulf War
- Pull factor in the early 1990s
  - Labour shortage in the SMEs in the 3D industries
- the Nature of the labour shortage
  - the `secondly labour market` (Piore, 1979)
    - low unemployment rate (2.5% on average until 1997 ) and high labour shortage in SMEs in the 3D industries
    - rapid wage increase in mostly large companies since 1987 and high average income compared to LDCs in Asia vs. low wage in SMEs in 3D

## The Influx of the Illegal migrant workers until 1993

- Migrant workers from China, Thailand, the Philippines, Pakistan, Sri Lanka, Bangladesh and others visited Korea with the statuses with tourists, visitors and other short-term status and started working for 3D industries and restaurants.

Average Monthly Income of Developing Countries in the Asian Region (1989)



## Korean Government's Response to the Influx of Migrant Workers

- Immigration Policy Preventing the Long-term Residents – issuing visas to prevent the long-term stay
- Considering the migrant workers supplementary labour force
- Immigration Prevention Oriented Policy (vs. Immigration Control Oriented Policy in the UK)

## Korean Government's Response

- Establishment of the Industrial Technical Trainees Scheme (1991)
  - the Ministry of Industry and Commerce set the number of total trainees (not the Ministry of Labour)
  - the Immigration Bureau issues 3-year visa and administrates the migrant workers
  - Sectoral organisations of employers propose the number of the needed trainees
  - the Korea Federation of Small and Medium Businesses (KFSMB) makes a contract with dispatch agencies and host companies
  - the Ministry of Labour and the trade unions were not involved in the procedure

## The Focal Organisation – the KFSMB

- The priority – maintenance of the constituents, SMEs in the 3D industry
- The level of the Trainees Allowance was set based on the minimum wages
- Same work hours as the employees
- No proper on-the-job training
- Less capacity to administrate the skill training for the trainees
- National Health Insurance Cover was at the discretion of the host companies

## Unscrupulous Dispatch Agents

- Without proper consideration of the career and skill level of the trainees
- High premiums charged – High opportunity cost to industrial technical trainees
- Corruptions and Irregularities
- Unreliable counterpart to the KFSMB

## Not-Interested Trade Unions

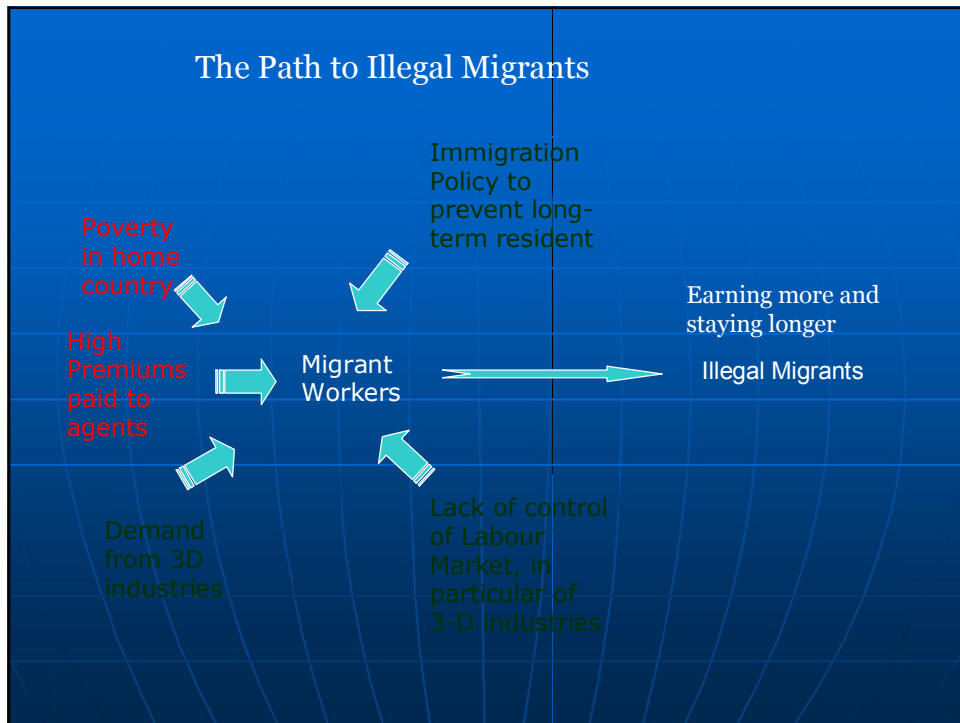
- Not much attention to the Migrant Workers
- Mostly focusing on large companies rather than SMEs in 3D industry
- Still small number
- National rather than class centred?



**No Channel to Articulate  
and Represent the  
Interests of the Migrant  
Workers**

## Development of Industrial Technical Trainees Scheme

- Industrial Technical Trainees Scheme  
3-Year Visa As Trainees (1991)
- Revision of Industrial Technical Trainees  
Scheme (1998)  
2-Year Visa as Trainees and 1-Year Visa as  
Employees
- Re-revision of Industrial Technical Trainees  
Scheme (2002)  
1-Year Visa as Trainees and 2-Year Visa as  
Employees



- ## Introduction of Employment Permit System
- Employment Permit Scheme (Policy Committee of Foreign Human Capital) (2003)
    - Migrant workers enter the country as employees
    - Negotiate the terms and conditions of the employment before the entry
    - The coverage of For major social insurance
  - Co-existing Industrial Technical Trainees Scheme (the Ministry of Industry of Commerce)
    - Source of Illegal Migrant Workers

# Social Insurance Coverage of the Migrant Workers by Legal Status

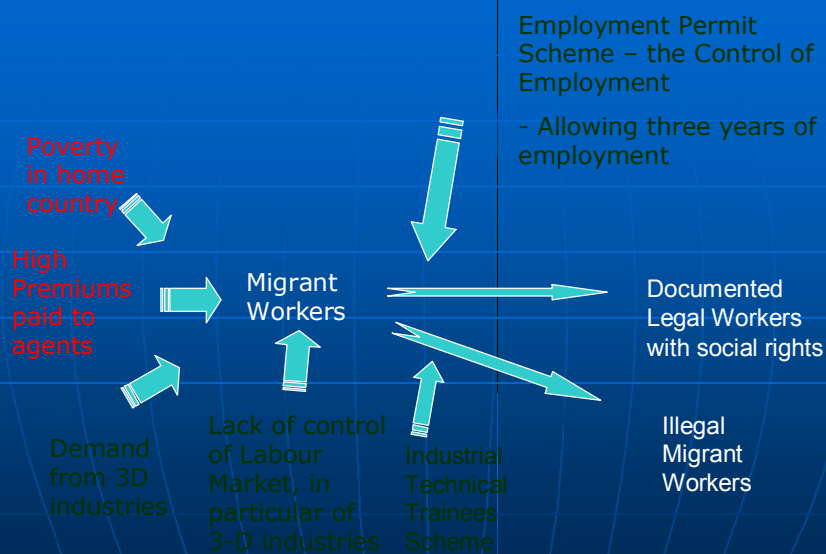
Coverage of Social Insurance for Foreign Workers by Legal Status

	Legal Documented Migrant Workers (E-9, E-8)		Industrial Trainees (D-3)		Undocumented Illegal Migrant Workers
	Those who were legalised in 2003	Those who entered after 2004	Those who were assigned to companies through the KFSMB	Those trained at the companies with foreign branches	
Industrial Accident Insurance	Compulsory	Compulsory	Compulsory	Compulsory	Compulsory
National Health Insurance	Voluntary	Compulsory	Compulsory	X	X
Employment Insurance	Voluntary	Voluntary	X	X	X
National Pension	Reciprocal Basis	Reciprocal Basis	X	X	X

\* E-9 visa: Non professional employment; E-8 visa: Training and Employment  
 Source: Seol, D. H. (2004) A Study on the Abolishment of the Discrimination against the Foreign Workers in Korea (in Korean). *The Report submitted to the Presidential Policy Planning Committee*, p. 23

One reason for the necessity for the supranational framework for the welfare system

## Paths to Legal and Illegal Workers





## Single Law Regulating Migrant Workers – Employment Permit Scheme

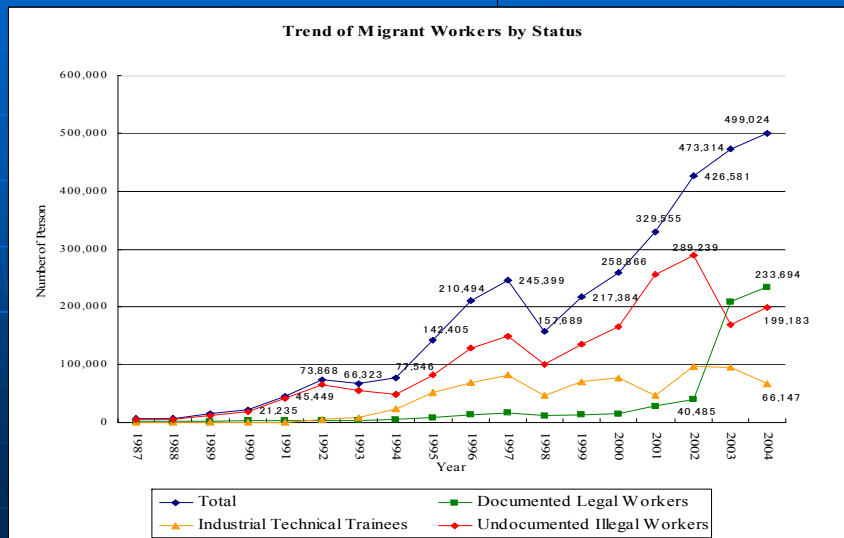
- In 2007 the Industrial Technical Trainees Scheme will be abolished and the Employment Permit Scheme will be the sole regulation on the migrant workers

## Migrant Workers' Ways to both Legal and Illegal Workers





## Promising but...



## Conclusion

- The Issue of Migrant Workers – Intersection of Immigrant, Labour and Social Policy (Need for Supranational and national discourse)
- The Significance of Coordination of Policies
- The Need to review the three policy areas above in the future