

Country Report

Republic of Korea

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Country Report: Korea

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Summary

In 2004, the total inflows and outflows numbered 29,609,460 that jumped by 23.5 percent compared to the previous year. The outflows of nationals increased by 23.7 percent, while the inflows of foreigners rose by 23.3 percent.

Tourism-related travel constituted 51.3 percent of the outflows of the Korean nationals. Sightseeing, conference participation, training and government business were the travel purposes to pull up the Korean outflows of 2004 compared to 2003. Employment, living-together and immigration decreased.

Inflows of foreigners increased by 23.5 percent compared to the last year recovering from the impact of the SARS of the last year.

The migrant workers totaled 358,000 as of May 2005. The workers with working visa constituted 34.9 percent, while the proportion of the illegal migrants was 55.6 percent. The rest (9.5 percent) were industrial trainees.

When the work permit system was introduced, undocumented workers were given a chance to leave the country with paying any fines. But, since February 2004, the number of over-stayers has increased to 199,183 in May 2005. The proportion of over-stayers the total foreign workforce was still 55.6 percent. The number of illegal workers increased mainly due to that the migrant workers who were allowed to stay further for a limited time decided to stay longer.

On May 2005 the Korean government decided to abolish the industrial trainee scheme for helping small and medium industries from January 1, 2007. Despite employers' preferences the industrial trainee system to help medium and small industries has been criticized for some reasons. Some including civil right groups argue that the foreign industrial trainees are not trainees and they are workers, therefore they should be treated accordingly.

I. General economy and the labor marker

The Korean economy has improved in 2004. The real GDP growth rate went up from 3.1

percent in 2003 to 4.6 percent in 2004. The construction and export sectors were an engine for the improved economic outcomes. But, the labor market situation did not improved. The unemployment rate remained at 3.5 percent. Many people feared that growth without job creation would be a characteristic of the Korean economy. The unemployment problem was more serious for youths, particularly college graduates. The real wage growth rate also dropped from 5.7 percent in 2003 to 2.8 percent I 2004.

II. Total inflows and outflows of nationals and foreigners

Overall trends

In 2004, the total inflows and outflows numbered 29,609,460 that jumped by 23.5 percent compared to the previous year. The outflows of nationals increased by 23.7 percent, while the inflows of foreigners rose by 23.3 percent.

The proportion of nationals (18,177,433 persons, 61.3%) was larger than that of foreigners (11,432,027 persons, 38.7%).

<Table 1 > Total inflows and outflows (2004)

		Total	Inflows	Outflows	Proportion
Total	Total	29,609,460 (123.5%)	14,788,664 (123.6%)	14,820,796 (123,5%)	100 percent
	Outflow/inflow	26,343,930 (126.1%)	13,144,189 (126.2%)	13,199,741 (126.1%)	
	Others	3,265,530 (105.8%)	1,644,475 (105.9%)	1,621,055 (105.7%)	
National	Subtotal	18,177,433 (123.7%)	9,038,119 (123.6%)	9,139,314 (123.7%)	61.4 percent (61.3%)
	Outflow/inflow	16,537,304 (125.2%)	8,214,672 (125.1%)	8,322,632 (125.3%)	
	Crew	1,640,129 (110.2%)	823,447 (110.5%)	816,682 (110.0%)	

Foreign	Subtotal	11,432,027 (123.3%)	5,750,545 (123.5%)	5,681,482 (123.0%)	38.6 percent (38.7%)
	Outflow/inflow	9,806,626 (127.8%)	4,929,517 (128.0%)	4,877,109 (127.5%)	
	Crew	1,625,401 (101.6%)	821,028 (101.7%)	804,373 (101.6%)	

Outflows of Korean nationals

In 2004, the number of outflows of Korean nationals stood at 9,139,314 which increased by 23.7 percent.

<Table 2> Outflows of Korean nationals since 1999

	Total (person)	Inflows (person)	Crew (person)	Total rate of change compare to the previous year (percent)
1999	4,659,935	4,268,102	391,833	137.3
2000	5,795,044	5,115,359	679,685	124.4
2001	6,379,255	5,696,313	682,942	110.1
2002	7,441,059	6,693,029	748,030	116.6
2003	7,386,088	6,613,337	742,751	99.3
2004	9,139,314	8,322,632	816,682	123.7

Tourism-related travel constituted 51.3 percent of the outflows of the Korean nationals. Sightseeing, conference participation, training and government business were the travel purposes to pull up the Korean outflows of 2004 compared to 2003. Employment, living-together and immigration decreased.

<Table 3> Outflows of Korean nationals by travel purpose (2004)

	Outflow (person)	Proportion (percent)	Rate of change Compare to the previous year (percent)
Total	9,139,314	100	123.7
Government business	31,559	0.4	118.4
Tourism	4,679,699	51.2	136.9
Conference	81,445	0.9	123.2
Report	7,203	0.1	107.5
Religious or welfare related	24,473	0.3	112.0
Business	1,928,683	21.1	117.2
Lecture	19,045	0.2	108.2
Employment	19,052	0.2	97.0
Study	192,560	2.1	105.3
Training	201,438	2.2	122.1
Living together	56,669	0.6	97.5
Immigration	8,509	0.1	81.0
Sports/ entertainment	28,658	0.3	110.3
Visit Koreans abroad	705,284	7.7	108.0
Foreigners with Korean blood	313,729	3.4	104.6
Others	24,626	0.3	95.6
Crew	816,682	8.9	110.0

Company employees (33.2 percent) took the largest portion of the occupations of the outflows of the Koreans, persons with no occupations (29.0 percent) were the second largest and the students (11.4 percent) were third largest group.

<Table 4> Outflows of Korean nationals by occupation (2004)

	Outflow (person)	Proportion (percent)	Rate of change compared to the previous year (percent)
Total	9,139,314	100%	123.7
Government	119,286	1.3	127.2
Culture/sports	36,475	0.4	113.8
Printing	15,834	0.2	107.1
Commerce	604,647	6.6	126.0
Education	233,151	2.6	124.8
Religion	49,784	0.6	116.4
Students	1,037,135	11.4	123.1
Health/ welfare	70,716	0.8	129.4
Banking/insurance	25,615	0.3	149.3
Construction	14,264	0.2	117.8
Company employee	3,037,773	33.2	121.7
Transport/ communications	30,310	0.3	113.6
1 st industry	49,644	0.5	121.9
Mining/ manufacturing	3,216	0.0	142.6
Service	20,040	0.2	114.7
No occupations	2,654,005	29.0	134.1
Others	320,737	3.5	105.3
Crews	816,682	8.9	110.0

Out of all outflows, male Koreans were 58.0 percent, which increased by 23.6 point percent. In the age cohorts except tens and twenties the proportion of males was bigger than that of females. In particularly, in the age cohorts of thirties and forties the proportion of males and females was seven to three. The proportion of the thirties (23.7 percent) and the forties (23.7 percent) were the largest.

<Table 5> Outflows of Korean nationals by sex (2004)

	Number (person)			Proportion (percent)		
	Total	Male	Female	Total	Male	Female
Total	8,322,632	4,830,386	3,492,246	100	100	100
Less than 11 years old	337,761	177,380	160,381	4.1	3.7	4.6
11-20	568,991	278,120	290,871	6.8	5.8	8.3
21-30	1,490,652	637,380	853,272	17.9	13.2	24.4
31-40	1,987,181	1,332,222	654,959	23.9	27.6	18.8
41-50	1,986,784	1,339,000	647,784	23.9	27.7	18.6
51-60	1,180,754	658,949	521,805	14.2	13.6	14.9
More than 60 years old	770,509	407,335	363,174	9.2	8.4	10.4

The main destination countries continued to China (28.2 percent), followed by Japan (20.9 percent), Thailand (9.1 percent) and the United States (8.5 percent). China came back as the most popular country. In 2003, the most popular destination country for Korean nationals was Japan. The US dropped by 7.1 percent. The US was the only major destination country whose importance decreased substantially.

<Table 6> Outflows of Korean nationals by destination country (2004)

	Outflows (Person)	Proportion (percent)	Rate of change compared to the previous year (percent)
Total	9,139,314	100.0	123.7
Asia subtotal	6,442,797	77.5	132.0
Japan	1,739,818	20.9	109.5
China	2,345,671	28.2	148.8
Thailand	756,723	9.1	131.1
Hong Kong	311,067	3.7	144.5

Philippines	378,615	4.6	128.6
Taiwan	136,075	1.6	161.8
Singapore	191,697	2.3	138.8
Indonesia	125,506	1.5	118.5
Vietnam	204,148	2.5	180.2
Others	253,477	3.1	136.1
America subtotal	874,469	10.5	95.2
America	706,595	8.5	92.9
Canada	150,320	1.8	107.2
Brazil	4,406	0.0	102.0
Mexico	5,706	0.1	90.2
Others	7,442	0.1	112.1
Europe subtotal	543,723	6.5	115.1
Germany	144,992	1.7	109.6
United Kingdom	112,969	1.4	109.5
France	91,878	1.1	116.5
Russia	53,245	0.6	123.2
Italy	43,160	0.5	105.7
Holland	26,557	0.3	116.1
Others	70,922	0.9	138.6
Oceania subtotal	435,457	5.2	123.3
Australia	176,140	2.1	99.8
New Zealand	95,727	1.1	115.1
Guam	88,115	1.1	102.9
Others	75,375	0.9	967.6
Africa subtotal	26,124	0.3	136.2
Egypt	15,077	0.1	158.6
The Republic of South Africa.	3,941	0.1	104.3
Others	7,106	0.1	120.5
Others	162	0.0	114.1

Inflows of foreigners

Inflows of foreigners increased by 23.5 percent compared to the last year recovering from the impact of the SARS of the last year.

<Table 7> Total inflows of foreigners (2004)

	Total (person)	Inflows (person)	Crew (person)	Total rate of change compare to the previous year (percent)
1999	4,530,401	3,920,909	609,492	110.2
2000	5,212,729	4,370,596	842,133	115.1
2001	5,027,951	4,275,696	752,255	96.5
2002	5,204,670	4,392,725	811,945	103.5
2003	4,657,595	3,849,950	807,645	89.5
2004	5,750,545	4,929,517	821,028	123.5

In terms of visa status, tourist in transit constituted the largest proportion (57.9 percent), then visa exempt (8.0 percent), short-term general (6.8 percent) were the second and third largest. Study (53.2 percent), general trainees (43.7 percent) and research (40.7 percent) increased very substantially, while industrial trainees (-27.9 percent), professional occupation (-16.2 percent) and entertainment (-15.0 percent) showed a big drop.

<Table 8> Inflows of foreigners by visa status (2004)

	Inflows (person)	Proportion (percent)	Rate of change compared to 2002
Total	5,750,545	100	123.5
Diplomat (A-1)	6,523	0.1	100.4
Government business (A-2)	9,612	0.2	106.8
Official agreement (A-3)	28,501	0.5	119.8
Visa exempt (B-1)	461,823	8.0	116.1
Tourist in transit (B-2)	3,328,269	57.9	133.9
Temporary reporting (C-1)	1,588	0.0	120.9
Short-term commerce (C-2)	184,667	3.2	116.1

Short-term general (C-3)	393,763	6.8	118.1
Short-term employment (C-4)	8,331	0.1	116.4
Culture/art (D-1)	149	0.0	123.1
Study (D-2)5	18,934	0.3	153.5
Industrial trainee (D-3)	38,150	0.7	72.1
General trainee (D-4)	8,501	0.2	143.7
Reporting (D-5)	344	0.0	117.0
Religion (D-6)	1,857	0.0	97.6
Company employees for working (D-7)	8,508	0.2	108.4
Investment (D-8)	31,764	0.6	117.4
Trade management (D-9)	4,126	0.1	94.5
Professor (E-1)	2,853	0.0	119.2
Language teacher (E-2)	23,134	0.4	103.5
Research (E-3)	4,725	0.1	140.7
Technology transfer (E-4)	808	0.0	100.5
Professional occupation (E-5)	544	0.0	83.8
Entertainment (E-6)	3,943	0.1	85.0
Specific occupation (E-7)	12,092	0.2	112.7
Living together for visit (F-1)	35,637	0.6	121.3
Living (F-2)	76,396	1.3	136.2
Accompanying (F-3)	18,825	0.3	111.6
Others	163,867	2.9	120.9
Crew	821,028	14.3	101.7

Male were 58.7percent. In the age cohorts of tens and twenties the proportion of females was bigger than that of males

<Table 9> Inflows of foreigners by sex (2004)

	Number (person)			Proportion (percent)		
	Total	Male	Female	Total	Male	Female
Total	4,929,517	2,896,238	2,033,279	100.0	58.8	41.2
Less than 11 years old	148,524	75,475	73,049	100.0	50.8	49.2

11-20	277,955	124,257	153,698	100.0	44.7	55.3
21-30	984,911	462,700	522,211	100.0	47.0	53.0
31-40	1,162,590	726,450	426,140	100.0	63.3	36.7
41-50	1,043,567	683,630	359,937	100.0	65.5	34.5
51-60	842,168	534,147	308,021	100.0	63.4	36.6
More than 60 years old	469,802	279,579	190,223	100.0	59.5	40.5

By nationality of foreigners coming to Korea, Japanese (42.7 percent), Chinese (14.1 percent) and American (10.7 percent) included almost 70 percent. The most increased nationalities included Taiwanese (50.6 percent up), Mexicans (39.6 percent up), Japanese (35.4 percent up) and Thais (30.6 percent up).

<Table 10> Inflows of foreigners by nationality (2004)

	Outflows (Person)	Proportion (percent)	Rate of change compared to the previous year (percent)
Total	5,750,545	100.0	123.5
Asia subtotal	4,432,803	77.1	127.4
Japan	2,452,800	42.7	135.4
Hong Kong	686,368	11.9	125.4
China	154,431	2.7	99.4
Philippines	216,196	3.8	98.6
Taiwan	346,171	6.0	150.6
Singapore	85,264	1.5	111.4
Thailand	103,613	1.8	130.6
Malaysia	94,113	1.6	103.7
Indonesia	61,811	1.1	98.0
India	57,188	1.0	113.6
Others	174,848	3.0	111.3
America subtotal	716,381	12.5	118.5
America	615,811	10.7	118.4
Canada	78,293	1.4	117.2
Brazil	5,901	0.1	120.7

Mexico	5,402	0.1	139.6
Others	10,974	0.2	122.5
Europe subtotal	501,732	8.7	103.6
Russia	158,146	2.7	93.5
United Kingdom	66,401	1.1	108.9
Germany	68,989	1.2	116.7
France	41,602	0.7	115.9
Holland	18,257	0.3	117.3
Greece	9,044	0.2	97.3
Italy	14,897	0.3	116.0
Others	124,396	2.2	102.4
Oceania subtotal	78,505	1.4	118.4
Australia	58,252	1.0	118.8
New Zealand	16,201	0.3	115.7
Others	4,052	0.1	124.4
Africa subtotal	18,428	0.3	101.1
The Republic of South Africa	4,379	0.1	103.3
Egypt	2,676	0.0	108.0
Nigeria	3,718	0.1	79.3
Others	7,655	0.1	112.1
Others	2,696	0.0	79.5

III. Migrant workers

The migrant workers totaled 358,000 as of May 2005. The workers with working visa constituted 34.9 percent, while the proportion of the illegal migrants was 55.6 percent. The rest (9.5 percent) were industrial trainees.

When the work permit system was introduced, undocumented workers were given a chance to leave the country with paying any fines. Some of them were also given an opportunity to come back to Korea as a worker. Many of the undocumented workers left Korea. Some of them were given a legal status to stay in Korea for a limited time. As a result of these efforts the number of over-stayers decreased to 137,000 in January 2004.

But, some of them decided to stay. They seemed to believe that they could bypass the government deportation this time, too. Since foreign labor began to come to Korea beginning

from the late 1980s, the Korean government tried to implement deportation programs more than ten times, but none of them were successful. In fact, since February 2004, the number of over-stayers has increased to 199,183 in May 2005. The proportion of over-stayers in the total foreign workforce was still 55.6 percent. The number of illegal workers increased mainly due to that the migrant workers who were allowed to stay for a limited time decided to stay longer than permitted. This kind of undocumented migrant workers rose from 38,000 in December 2004 to 65,000 in June 2005.

But, this does not mean that the new work permit scheme does not work. The migrant workers with working visa also decreased in the first half of 2005 because many migrants who were granted to stay under the 2003 amnesty program also left the country.

<Table 11> Migrant workers in Korea

(Unit: persons, %)

	Total	Labor with working visa	Trainee		Over-stayers
			Companies with factories abroad	Industrial training scheme	
1997.12	245,399 (100.0)	15,900 (6.5)	32,656 (13.3)	48,795 (19.9)	148,048 (60.3)
2000. 12	285,506 (100.0)	19,063 (6.7)	18,504 (6.5)	58,944 (20.6)	188,995 (66.2)
2001. 12.	329,555 (100.0)	27,614 (8.4)	13,505 (4.1)	33,230 (10.1)	255,206 (77.4)
2002. 12.	362,597 (100.0)	33,697 (9.2)	14,035 (3.9)	25,626 (7.1)	289,239 (79.8)
2003. 4.	373,467 (100.0)	33,030 (8.8)	13,212 (3.5)	37,731 (10.1)	289,494 (77.5)
2003.10	382,162 (100.0)	110,276 (28.9)	12,165 (3.2)	40,590 (10.6)	219,131 (57.3)
2003.11	381,634 (100.0)	185,204 (48.5)	11,990 (3.1)	40,329 (10.6)	144,111 (37.8)
2004.1	397,521 (100.0)	212,489 (53.3)	11,594 (2.9)	36,525 (9.2)	136,913 (34.5)
2004.9	423,597 (100.0)	209,390 (49.4)	9,022 (2.1)	23,686 (5.6)	181,499 (42.8)
2004. 12	421,641 (100,0)	196,603 (46.6)	8,430 (2,0)	28,125 (6.7)	188,483 (44.7)
2005.1	415,641 (100,0)	186,334 (46.2)	8,435 (2.0)	28,105 (6.8)	187,046 (45.0)
2005.5	358,167 (100.0)	125,116 (34.9)	7,352 (2.1)	26,516 (7.4)	199,183 (55.6)
2005.6					196.000

<Table 12> Migrant workers with working visa in Korea

(Unit: persons, %)

	2005. 5	2004. 12	2003.12	2002. 12
Total	125,116 (100.0)	195,664 (100.0)	200,039 (100.0)	33,697 (100.0)
Teaching	1,091 (0.8)	939 (0.5)	929 (0.5)	799 (2.4)
Language teaching	11,714 (9.3)	11,072 (5.8)	10,826 (5.4)	11,132 (33.0)
Research	1,674 (1.3)	1,569 (0.8)	1,359 (0.7)	1,177 (3.4)
Technology guide	219 (0.2)	185 (0.2)	195 (0.1)	196 (0.6)
Professional occupation	286 (0.2)	288 (0.2)	352 (0.2)	399 (1.2)
Entertainment	3,322 (2.6)	2,812 (1.4)	3,185 (1.6)	4,701 (14.0)
Specific activities	3,600 (2.9)	3,432 (1.7)	3,243 (1.6)	3,102 (9.2)
Training employment	50,492 (40.3)	48,937 (25.0)	20,244 (10.1)	12,191 (36.2)
Non-professional employment (work permit)	52,596 (42.0)	126,421 (64.6)	159,706 (79.8)	-
Seaman	122 (0.1)	-	-	-

Note: Numbers in parenthesis are proportions to the total numbers.

In the first half of 2005, 31,746 unskilled workers were given legal status to work in Korea. 19,048 of them were newly brought into Korea and 12,428 were the undocumented workers who received the work permit under a special program for the migrant workers with Korean ancestors. Out of the 19,048 newly brought migrants, 10,798 were industrial trainees.

48.4 percent of the new legal migrant workers were in manufacturing. Construction constituted the second largest industry to absorb the new migrant workers in the first half of 2005.

The Ministry of Labor expects about 30,000 to 35,000 of the new migrant workers to receive legal status to work in Korea in the last half of 2005.

<Table 13> New legal migrant workers in Korea in the first half of 2005

(Unit: person)

		Korean employers applying for foreign labor	Korean employers given work permit	Labor contracts made	Migrant workers
Work permit	Subtotal	53,924	39,846	33,501	20,678
	General	39,469	27,418	21,073	8,250
	Special	14,455	12,428	12,428	12,428
Industrial trainee					10,798
Total					31,476

<Table 14> New legal migrant workers in Korea the first half of 2005 by industry

(Unit: person)

	Total		
Manufacturing	15,248	Work permit (general)	8,012
		Industrial trainee	7,236
Construction	11,274	Work permit (general)	73
		Work permit (special)	8,461
		Industrial trainee	2,740
Service	3,967	Work permit (special)	3,967
Agriculture/ livestock	558	Work permit (general)	165
		Industrial trainee	393
Inshore fishery	429	Industrial trainee	429
Total	31,476	Work permit (general)	8,250
		Work permit (special)	12,428
		Industrial trainee	10,798

IV. Government policy changes

Currently there are three ways to bring foreign unskilled labor in Korea: the work permit scheme; a industrial trainee scheme designed for foreign workers affiliated with Korean

companies abroad, and another industrial trainee scheme which aims to help small and medium industries which experience labor shortages and is the major channel of foreign labor import.

However, despite employers' preferences the industrial trainee system to help medium and small industries has been criticized for the following reasons;

- (1) The foreign industrial trainees are not trainees and they are workers, therefore they should be treated accordingly.
- (2) Many problems have taken place in bringing them. Particularly, many of them pay a very amount of brokerage fee for coming to Korea.
- (3) A majority of the foreign trainees leave their training places and does not go back to their home countries for a long time.

The Korean government recognized these problems, but could not propose a solution because the relevant government ministries could not reach an agreement. With the new government in power, in 2004 the work permit system which treats unskilled foreign labor as worker was introduced and, finally, on May 2005 the Korean government decided to abolish the industrial trainee scheme for helping small and medium industries from January 1, 2007.

The government will also introduce various measures to rationalize the work permit scheme that will be the only program of bringing foreign workers into Korea. First, migrant workers and the Korean businesses that hire them will be exempt from paying into the national pension plan. Korean workers and their Korean employers are required to split the cost of an employee's pension premiums. Migrant workers will also be allowed to waive the otherwise-mandatory employment insurance. The government is considering signing social welfare agreements with countries that send workers to Korea, so that the workers will be exempted from joining Korea's mandatory national pension plan or having employment insurance.

Second, measures to simplify the procedures of hiring migrant workers will be put into place including the establishment of a institution supporting the Korean businesses in recruiting migrant workers. A electrical visa scheme will be introduced to reduce the time of issuing visas to migrant workers. Under the new electrical program, the computer systems of the Ministry of Justice and the Ministry of Labor will be connected to each other. The number of the domestic workers is crucial information for visa issuance. Employer will be allowed for applying for replacing migrant workers if the existing workers are scheduled to leave within three month.

Third, in order to prevent migrant workers from being exploited, only public institutions in

sending countries will be permitted to be involved in m sending countries. The sending countries' government will be also required to make the brokerage fee to the public and the Korean government will examine the actual fee after the migrant worker enters Korea. If there are discrepancies between the official and actual fees, the MOU with that sending country will be cancelled. A limit rate of migrant workers abandoning workplace for a country will be set for the sending countries' government to do some effort to prevent their nationals from fleeing their contracted workplace for another job. A clause to send illegal migrant workers without passport of valid identification to their home countries will be included in the MOU.

Fourth, countries that send their nationals under the industrial trainee scheme will be given the MOU under the work permit program if they meet requirements including transparency of sending its nationals (cost of sending nationals, Corruption Parity Index, and employment security infrastructure). The Korean government has signed the MOU with the governments of the Philippines, Sri Lanka, Vietnam, Thailand, Indonesia, Mongolia and Thailand. In addition to these six countries, there are twelve more countries to send migrant workers under the industrial trainee program.