

Aging Trends in Korea and Labor Migration Policy

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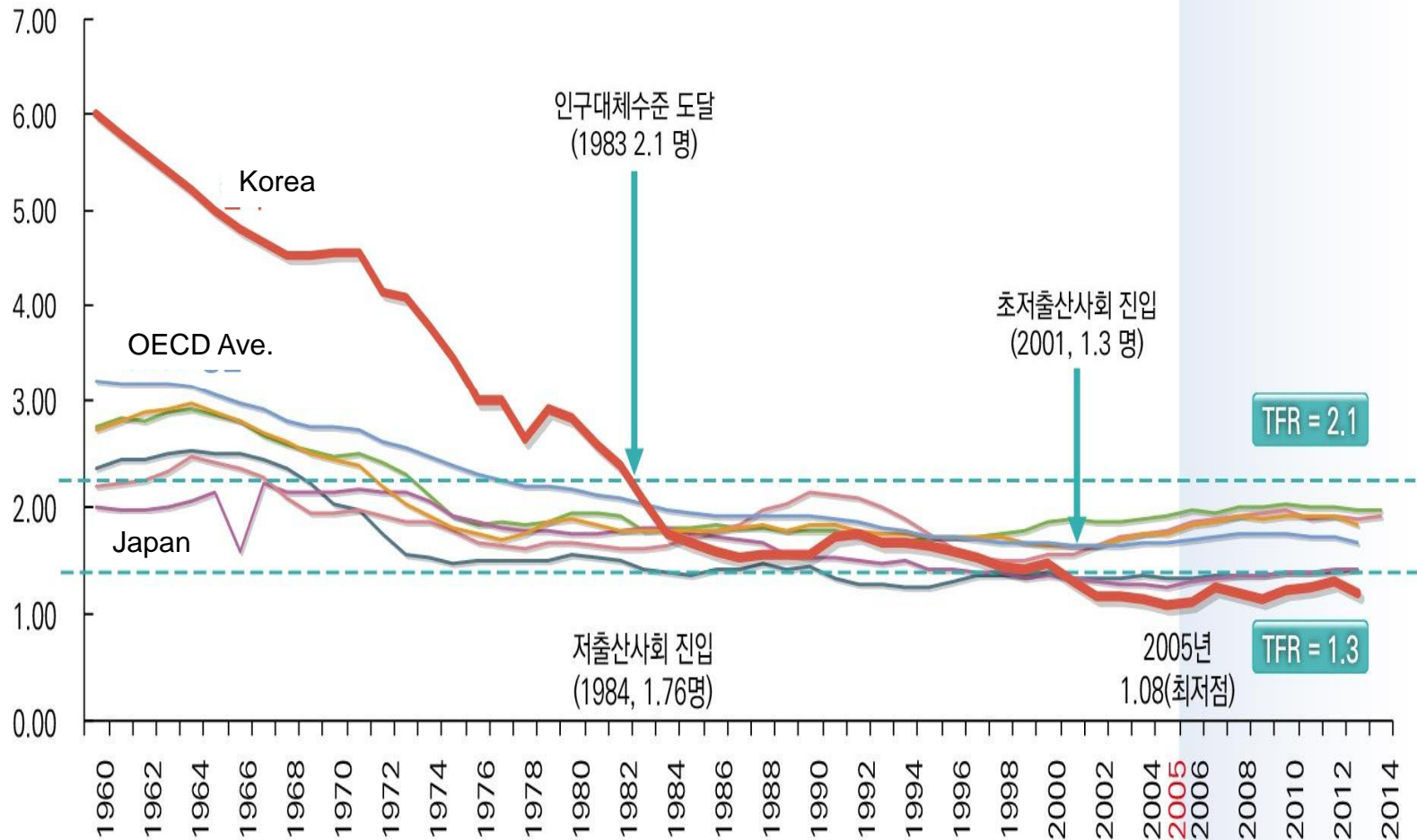
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I. Low fertility and aging trends in Korea

- Lasting 'very' low fertility: Total Fertility Rate is less than 1.3
- TFR in 2018: less than 1.0 in 2018 (expected)

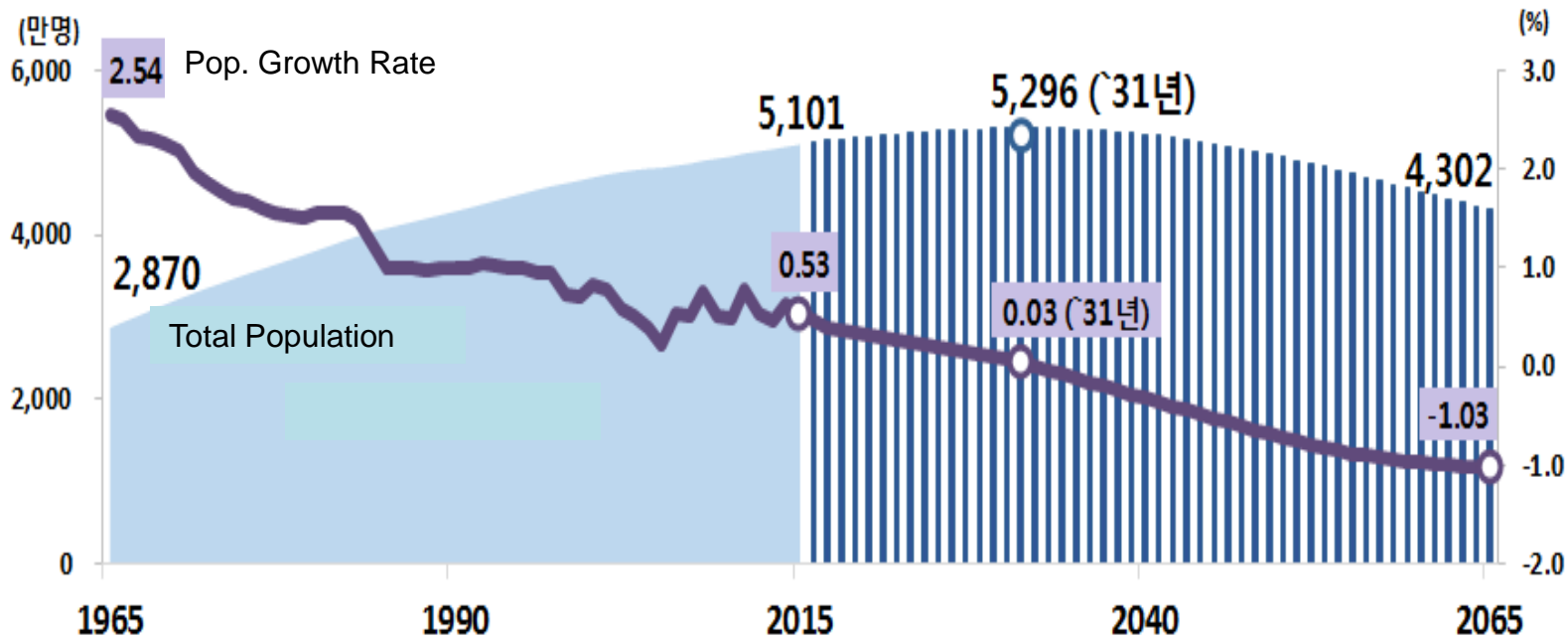


Source: Statistics Korea; OECD Family Database, 2015.

I. Low fertility and aging trends in Korea

Population forecasting for 2015-2065

- Total Pop.: 51M (2015) → 53M (2031) → 43M (2065, similar to pop. in the 1990s)
- Pop. Growth Rate: turn to 'minus growth' in 2032, -1.03% in 2065 (expected)
- Share of 15-64: 73.4% (2015) → 47.9% (2065, expected)
- Share of 65+: 12.8% (2015) → 42.5% (2065, expected)



II. Discussion on migration as a policy for low fertility and aging



Discuss on migration in the “Basic Plan for Ageing Society and Population” of Korean central government

- Migration as a policy is considered in the “Basic Plan for Ageing Society and Population”
 - The Basic Plan is the master plan of Korea responding to low fertility and aging trends in Korea
- the 1st plan for 2006-2010
 - The 1st plan suggested 4 main policy areas (low fertility, aging, growth engine, fostering social mood)
 - Migration policy: as a policy for fostering growth engine (attracting professional foreign workers, stabilization of Employment Permit System, utilization of ethnic Korean in sort-term)
 - visa system reform to provide opportunities for ethnic Korean to reside in Korea
- the 2nd plan for 2011-2015
 - Migration policy: basically similar to the 1st plan
 - Differences in the 2nd plan:
 - 1) Institutional efforts to make professional foreign workers to “**stay long**” in Korea
 - 2) Expanding visa opportunities for overseas Korean with foreign nationality to “**stay long or to reside**”

II. Discussion on migration as a policy for low fertility and aging



Discuss on migration in the “Basic Plan for Ageing Society and Population” of Korean central government

□ the 3rd plan for 2016-2022

- Policy direction: socially integrative utilization of foreign workers

- Main policy tasks:

1) Attracting excellent foreign workers for the sectors where domestic professional workers are not sufficient (e.g. natural science and engineering sectors)

2) Enhancing social acceptability for multi-cultural community and society

3) Building comprehensive foreign worker management systems in order to prepare for sever labor shortage in the future

III. Labor migration in Korea: utilization and features



Distribution of migrants by duration of stay in 2017 (unit: person, %)

Type	Total	Less than 5 years	5 - 9 years	Over 10 years
Total (15+, staying 91 days or more)	1,277,980(100.0)	55.8	27.6	16.5
Non-professional (E-9)	255,911(100.0)	74.7	24.3	0.9
Working visit	201,462(100.0)	63.3	20.5	16.2
Professional	38,544(100.0)	72.9	21.8	5.3
Student	98,602(100.0)	91.7	8.1	0.2
Ethnic Korean	277,873(100.0)	42.0	35.6	22.4
Permanent resident	102,653(100.0)	7.1	39.8	53.1
Marriage migrant	108,470(100.0)	42.4	36.7	21.0
Others	141,742(100.0)	72.3	16.4	11.2
Naturalized	52,723(100.0)	7.7	57.9	34.4

III. Labor migration in Korea: utilization and features

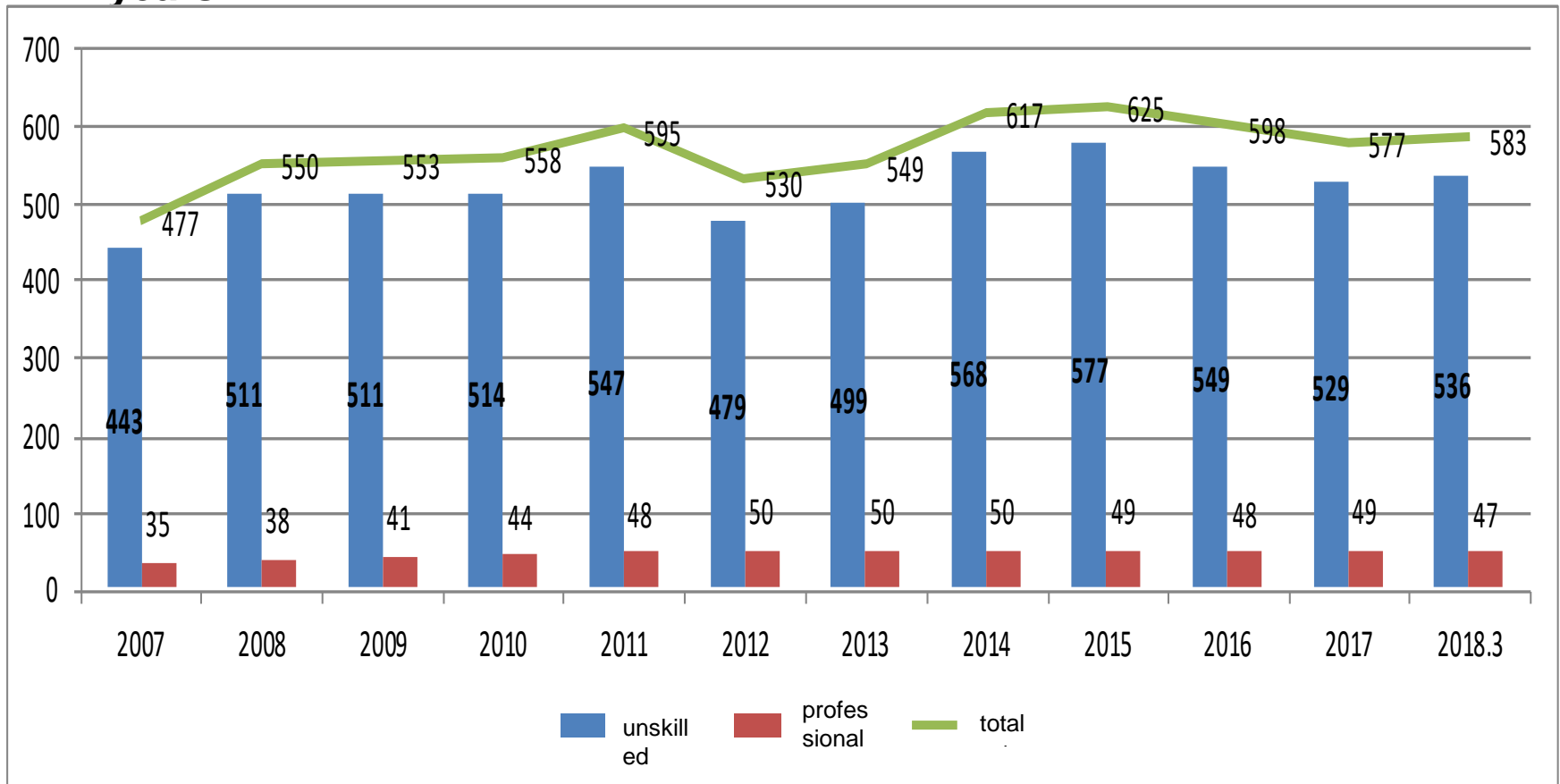


Foreign workers with employment visa

□ Slight overall increase in foreign workers with employment visa in past 10 years

(Unit: 1,000)

years



Source: Foreigner Policy Office, Immigration Bureau, Ministry of Justice, Monthly Statistics on Immigration.

III. Labor migration in Korea: utilization and features



Foreign workers with employment visa

- **Specific Activity visa (E-7-1)** is the most commonly used professional visa
 - But actually the share of professional workers is less than 50%
 - **Foreigners with Specific Activity Visa: Worker Type, Origin Country (Mar. '18)** (Unit: 1, %)

Country Type	Total	China	Vietnam	US	India	Thai	Others
Total	20,495	10,329	1,657	1,594	938	568	5,409
Professional(66)	8,398	1,494	722	1,585	550	71	3,976
Semi-pro.(8)	10,464	8,700	198	8	369	353	836
Skilled (8)	1,633	135	737	1	19	144	597

Notes: Numbers in the parenthesis () indicate the number of jobs in the category.

Source: Foreigner Policy Office, Immigration Bureau, Ministry of Justice, Monthly Statistics on Immigration.

Ⅲ. Labor migration in Korea: utilization and features



Increase in foreign employees with non-employment visa

< Foreign Employees by Year >

(Unit: 1,000, %)

		2016		2017		2018	
	Total	835.2	100.0	834.2	100.0	884.3	100.0
Employment visa	Non- professional (E- 9)	257.8	30.9	255.6	30.6	262.1	29.6
	Working visit (H -2)	192	23.0	166.7	20.0	170.5	19.3
	Professional (E- 1~E-7)	39.6	4.7	38.2	4.6	36.6	4.1
	Student (D-2,D- 4-1,7)	11.2	1.3	12.4	1.5	19.6	2.2
	Ethnic Korean (F-4)	149.9	17.9	181.6	21.8	199.1	22.5
	Permanent resident (F-5)	73.9	8.8	74.8	9.0	78.6	8.9
	Marriage migrant (F-2-1, F-6)	54.6	6.5	52	6.2	60.1	6.8
	Other	56.3	6.7	53	6.4	57.7	6.5

III. Labor migration in Korea: utilization and features



Foreign workers and migrants' employment structure by occupation ('17): High share of production and routine jobs (Unit: %)

	Total	Managerial/professional, etc.	Clerical	Service, sales	Agriculture/forestry/fishery (skilled)	Tech., machine op., assembly	Routine work
Total	100.0	8.7	2.5	14.0	2.4	39.4	33.1
Non-professional (E-9)	100.0	0.0	0.1	0.1	3.5	57.9	38.3
Working visit (H-2)	100.0	0.7	0.4	15.6	0.2	42.2	40.8
Professional (E-1~E-7)	100.0	67.4	2.2	21.1	0.0	5.5	3.8
Student (D-2, D-4-1, 7)	100.0	25.8	5.4	43.7	0.0	4.0	21.1
Ethnic Korean (F-4)	100.0	11.1	4.9	18.7	0.6	36.2	28.4
Permanent resident (F-5)	100.0	9.2	5.4	24.0	0.5	32.7	28.1
Marriage migrant (F-2-1, F-6)	100.0	11.5	3.2	18.4	1.7	30.6	34.6
Other	100.0	18.9	5.4	20.5	16.0	9.4	29.7
Naturalized	100.0	6.5	4.0	26.5	1.9	29.5	31.5
(Previous: Marriage migrant)	100.0	4.3	3.0	22.6	2.7	30.1	37.2
(Previous: Other)	100.0	7.4	4.4	28.1	1.6	29.3	29.2
Economically Active Population Survey	100.0	21.5	17.4	22.4	5.0	20.5	13.3

III. Labor migration in Korea: utilization and features



Summary

- Most migrants are engaged in **relatively low-skilled jobs**
 - **Similar pattern** appears among ethnic Koreans and permanent residents (F-4, F-5, etc.) who migrate for permanent residence.

- Assessment
 1. Labor demand for migrants is concentrated in simple, routine jobs and low-skilled workers.
 2. Few professional workers settle down in Korea, despite the push to attract outstanding foreign talent.
 3. Settlement by low-skilled migrants could increase the **cost of their social integration**.

IV. Policy issues and challenges



1. Policy issues

- Prevent negative impact from increase in low-skilled foreign workers**
 - Foreign labor demand-supply structure: centered on micro enterprises for simple, low-tech jobs
 - Caused by and exacerbates Korea's dual labor market structure

- Review strategies to attract and utilize outstanding professional workers**
 - Stronger push to attract foreign professionals and utilize students yielded minimal result
 - Limitations in resident policy for foreign professionals
 - Over half of professionals stay less than 3 years; only 5% stay over 10 years.

IV. Policy issues and challenges



Build a scheme to address diversifying demand for foreign labor in services

- Foreign labor demand in service is mostly met by ethnic Koreans, who are also aging fast

Improve efficiency in inflow and allocation of foreign workers with Employment Permit

- Despite the advantages of Employment Permit System (transparency in the sending process), inefficiency in worker matching system has been a problem.

Increase utilization of ethnic Koreans

- Misalignment between ethnic Korean policy and labor market policy can lead to conflicts between ethnic Koreans and nationals.

Build a comprehensive system of managing foreign workers

- Need comprehensive policymaking with elements of foreign worker utilization, national economic growth and people's quality of life.

IV. Policy issues and challenges



2. Policy challenges

- To have more cautious approach when reviewing increase in foreign workers**
 - Broaden the basis for domestic workers' job creation; introduce policies that aim to minimize negative impact from more foreign workers

- To Increase support for employing foreign workers**
 - Build a comprehensive foreign worker support system that includes more training, efficient residence support and return support

- To Improve utilization of foreign workers (improve quality of professionals)**
 - Strengthen firms' foreign HR management system

IV. Policy issues and challenges



- How to build integrated system of managing foreign workers**
 - e.g. integrated visa management system and administrative organization

- How to improve efficiency of administrative support for foreign workers**
 - Rebuild policy governance and develop integrated model per regional unit

- How to strengthen employment service for migrant residents**

- How to develop social integration policies for migrant, and implantation of policy evaluation**

Thank you

