Bilateral Arrangement of Temporary Labor Migration

Lessons from Korea’s Employment Permit System

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Globalization has rapidly changed the world through the increased trade of goods and services, but labor mobility is still limited by borders. Theory suggests that free labor mobility as well as trade could benefit both importing (labor receiving) and exporting (labor sending) economies. However, whether policies to facilitate labor mobility should be further promoted is as much a political and social question as it is an economic one. The perceived benefits and costs of labor mobility differ significantly depending on where you are and which aspects of labor mobility you focus on.

While the number of labor migrants in the world continues to rise, popular destinations such as North America and Europe are host to renewed debates and discussions on the topic of immigration, sparked by a resurgence in nationalistic rhetoric. Despite a moral argument for the need to embrace refugees and other migrants fleeing dire conditions of war, conflict, violence, oppression, and extreme poverty, large influxes of migrants tend to reinforce alarmists’ calls against labor mobility.

In this context, the importance of policies to promote the mutual benefits of both sending and receiving nations (i.e., “co-development”) through labor mobility—facilitated by well-managed and controlled migration systems—is increasingly recognized. Policies that help workers from relatively poor economies gain employment opportunities in richer countries and benefit from the wage differentials between the two, and that are politically acceptable and contribute to the interest of receiving economies, could be further promoted. For example, bilateral arrangements (including labor agreements and memorandums of understanding) that link employers in richer economies with workers from less-developed economies have great potential to promote mutual benefits. These promise to be key policy instruments of the global development agenda.

The report outlined in this policy brief recognizes this wide spectrum of migration-related issues, and sets them in a clear framework focused on three separate policy objectives: control, co-development, and co-existence. Policies that support control (e.g., building walls to prevent illegal entry into a country) should not be mixed with efforts to promote co-existence (e.g., measures to provide new migrants with pathways to becoming active members of
society, with access to key benefits that will further their productivity). Meanwhile, policies that focus on co-development and mutual benefits (e.g., bilateral labor agreements for temporary migrants) merit their own consideration, irrespective of policies that support control and co-existence. The policy brief highlights the opportunity for bilateral arrangements to support co-development, and describes a range of options.

The employment permit system (EPS) of Korea is an exemplary case of a government action facilitating temporary labor migration for co-development. It balances the benefits of temporary migration for both the sending countries and the receiving country (i.e., Korea) and the political economy surrounding the issue. The report presents multiple features of the system that could be applied in other contexts, while underscoring Korea’s efforts to strengthen the system and manage the political economy over time. I believe that the report will be extremely useful and informative for policy makers concerned with international labor mobility. It will help Korean policy makers continue to strengthen the system, inform receiving countries seeking to develop and strengthen similar arrangements, and also improve sending countries’ understanding of their potential role in maximizing the benefits of labor migration.

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International migration is a policy issue of growing importance, and to be effective, policy responses are best tailored to the context and the type of migration being managed.

In 2017 it was estimated that 258 million people were living outside their countries of birth—a striking increase from 173 million in 2000. Amid these surges of migrants, especially the recent increases in refugees, the topic of international migration is receiving increased policy attention the world over. It is important that relevant policies recognize and reflect the heterogeneity of migrant flows instead of taking a one-size-fits-all approach.

![Figure 1. Typology of migrants](image-url)
International migrants can be broadly classified into two groups: *forced* (refugees fleeing persecution, violent conflict, and certain other dire situations) and *voluntary*. Voluntary migrants are of two types: *temporary labor migrants* who migrate mainly for economic reasons for a fixed duration, and *immigrants* who move with the intention of changing their country of residence eventually, for purposes of family reunification or to access better economic opportunities (figure 1).

Policy responses to migratory movement must be tailored to their specific contexts and type while clearly reflecting the government agenda of the receiving country—and, as possible, acknowledging that of the sending country. Three policy objectives underlying the migration policies and management practices commonly observed across receiving countries are (i) control, (ii) co-development, and (iii) co-existence (figure 2).
Control is the main objective of those policies designed to ensure security (including of borders), manage or curb migration inflows, and reduce the incidence of illegal activities (including human rights violations such as human trafficking).

Co-development objectives center on maximizing the gains from migration for both sending and receiving countries as well as for workers and employers.¹

Co-existence is concerned with policies designed to promote the integration of migrants and their families in receiving countries, their access to benefits that will help them become productive members of society, and the social cohesion of the communities where they settle.

Control, co-development, and co-existence have been the dominant objectives that guide policies concerning refugees, temporary labor migrants, and immigrants, respectively. All three objectives must be achieved in balance to effectively manage migration issues, yet each is distinct.
Bilateral labor agreements (BLAs) are important instruments used to promote co-development.

Maximizing migration's benefits for all concerned is an increasingly significant policy goal. Today, a growing number of developing countries are adopting temporary labor migration as part of their employment, poverty reduction, and development strategies. Meanwhile, many receiving countries continue to accept temporary labor migrants to address domestic labor shortages. In this context, BLAs can be viewed as institutionalized efforts to facilitate migratory flows in a way that maximizes mutual gains.

Well-structured BLAs can help countries not only achieve the objective of co-development, but can also lead to significant reductions in illegal migration (a “control” policy objective). BLAs do this by providing legal avenues for migration while imposing quotas and end dates for migrants’ stays. BLAs also involve sending countries in actively screening potential workers and stipulate that workers undergo pre-departure orientation and training to educate them about the necessary legal aspects of migration.

BLAs can take the form of either formal treaties, which are legally binding, or nonbinding memorandums of understanding (MOUs). Nonbinding MOUs are more frequently used, because they allow for more flexible arrangements based on circumstances.

BLAs for temporary migration encompass seasonal and non-seasonal guest worker programs. For example, seasonal worker programs have been utilized in New Zealand and Australia to address labor shortages in horticulture by temporarily hiring Pacific Islanders. Canada has also implemented these programs to address labor shortages in agriculture by hiring seasonal workers from Mexico and several Caribbean countries.

Non-seasonal guest worker programs that operate through BLAs are popular in the Gulf Cooperation Council (GCC) countries that rely on foreign workers for many private sector activities, irrespective of seasonality.

BLAs also vary in the way they are governed. For example, a government may be less or more involved in intermediation, and may or may not include the private sector in the process. The roles of sending and receiving entities along the continuum of the migration process also vary across BLAs.

Most BLAs share several common elements, however. They tend to require worker screening, pre-departure orientation, and training from the sending side; and they may require worker protection and visa support during a predetermined time period from the receiving side.
<table>
<thead>
<tr>
<th>Country</th>
<th>Maximum Annual Flow of Workers since加入 EPS</th>
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<tbody>
<tr>
<td>BANGLADESH</td>
<td>2,328</td>
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<tr>
<td>CAMBODIA</td>
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<tr>
<td>CHINA P. R.</td>
<td>752</td>
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<td>TIMOR-LESTE</td>
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<td>INDONESIA</td>
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<tr>
<td>KYRGYZ REPUBLIC</td>
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<td>VIETNAM</td>
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</table>

Source: Planning and Coordination Office, Foreign Workforce Division, MoEL, 2016.
Note: The number labeled is the maximum annual flow of workers from that nation since it joined the EPS. EPS = Employment Permit System.