

## SOUTH KOREA

# New aspects of labour systems in 2007

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## Industrial Relations Advancement Bill

The bills concerning advancement of industrial relations that passed through the National Assembly on December 22, 2006, will take effect in July 1, 2007. They include revised bills of Trade Union & Labor Relations Adjustment Act, Act on Promotion of Worker Participation and Cooperation, and Labor Standard Act. According to the revised bills, legalisation of company-level multiple unionism and ban on wage payment to full-time unionists will be postponed for three years from January 1, 2008 until December 31, 2009.

In order to strengthen the protection of employees, basic working conditions should be stated in a written form, dismissal should be notified in writing and a fine will be imposed on the concerned employer who violated a remedy order for unfair dismissal. In addition, the penalty provision applied to unfair dismissal of employees by employer will be deleted, prior notice period for dismissal for managerial reasons will be shortened from 60 days to 50 days and re-employment of dismissed employees will be made mandatory.

Meanwhile, compulsory arbitration at essential public businesses will be abolished from January 1, 2008 with the view of strengthening basic labour rights of employees, while substitute work is to be allowed to protect the minimum level of public interests.

## Anti-discrimination of non-regular workers and conversion into regular jobs

With the passage of non-regular work bills at the National Assembly, fixed-term workers and dispatched workers, if employed for two years or over starting from July 1, 2007, will be regarded as indefinite contract workers and converted into de facto regular jobs. And if a non-regular worker performs the same job as his/her regular counterpart, the concerned wages or working conditions should not be discriminated, and if a remedy order of the Labor Relations Commission for unfair treatment is not complied with, up to 100 million won of a fine for default will be imposed.

However, the provisions concerning anti-discrimination and remedy order will be applied on a gradual basis, by considering the situations of small and medium-sized enterprises and the time required to improve labour management systems (companies with 300 or more employees and public sector - July 1, 2007,

companies with 100 to 300 employees - July 1, 2008, companies with 100 or fewer employees - July 1, 2009).

## Integration of foreign worker management system into Employment Permit System

The Industrial Trainee System (ITS) and the Employment Permit System (EPS) which have been operated in parallel from August 2004 will be integrated into the EPS starting from July 1, 2007. The HRD-Korea will be in charge of introducing and managing foreign workers, while private service providers such as Korea Federation of Small and Medium Business, Construction Association of Korea, National Agricultural Cooperative Federation and National Federation of Fisheries Cooperatives will be allowed to participate in a limited area, which is an employment education.

## Expansion of 40 hour-workweek system to businesses with 50 or more employees

Beginning from July 1, 2007, companies with 50 or more employees will be applied by the 40 hour work week system, an expansion from the companies with 100 or more employees. The 40 hour work week system will cover the companies with 20 or more employees from July 2008.

## Increase and extended application of minimum wage

The hourly minimum wage of 3,480 won (daily 27,840 won) will be applied to all workplaces with 1 or more employees. This is an increase of 12.3 per cent from the minimum wage of the year 2006 (hourly 3,100 won, daily 24,800 won).

In addition, surveillance and intermittent jobs including apartment and building janitor and boiler repairman will be applied by the minimum wage system from the next year, earning at least 70 per cent (hourly 2,436 won) of the minimum wage of general workers.

Extracted from Korea International Labor Foundation (Koilaf).

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