POLICY MECHANISM

Bilateral Labor Agreements

Bilateral labor agreements (BLAs) play an important role in facilitating temporary labor mobility across borders, especially for low-skilled workers, and promote mutually beneficial economic gains for all involved—workers and employers as well as sending and receiving countries.

In a nutshell, BLAs promote institutionalized management of temporary labor mobility by:

- Focusing on a predetermined number of temporary workers as opposed to refugees (forced migration) and immigrants (voluntary but permanent migration).
- Taking the form of legally binding formal treaties or increasingly more in the form of flexible memoranda of understanding.
- Incorporating a predetermined duration of employment, including both seasonal and non-seasonal guest worker programs.
- Promoting mutually beneficial economic gains for sending/receiving countries, while addressing political concerns associated with foreign workers.
SUCCESS STORY
Republic of Korea’s Employment Permit System

The Employment Permit System (EPS)—implemented as a government-to-government bilateral labor agreement (BLA)—offers a temporary guest worker program hiring low-skilled workers from 16 developing countries through memoranda of understanding.

EPS as a BLA:

Promotes institutionalized management of temporary labor mobility.
Mutually agreed quota (number of workers) by country with predetermined duration (3 years, renewable up to 4 years and 10 months) and sectors of employment.

Creates a system that is economically beneficial to both sending and receiving countries.
High-wage job opportunities for foreign workers and means to address labor shortages for employers.
Despite successes, a few challenges remain to be addressed in meeting the needs of EPS workers and their employers.
The Employment Permit System (EPS) allows Korean domestic employers—small and medium enterprises—to hire temporary foreign workers for low-skilled jobs. The EPS is implemented through a sophisticated and well-managed governance structure with full government support.

**EPS ENSURES:**
- Worker screening for good job matching quality
- Comprehensive and transparent information sharing

**Pre-Decision & Pre-Job Matching**
- Korean language test
- Medical checkups
- Job application

**Job Matching & Pre-Departure**
- Public employment service
- Visa and contract issuance
- Pre-departure 45-hour training

**During Migration**
- Post-arrival 20-hour training
- Worker protection
- Worker support

**Post-Migration**
- Skills training for labor market reinsertion
- Linkage to returnee network
- Return cost insurance fund payout*

**EPS ENSURES:**
- Job matching reflecting both sides’ preferences and addressing labor shortages
- Low costs of migration without paying recruitment fees
- Orientation providing key information about the destination to workers

**EPS ENSURES:**
- Workers’ awareness of their rights
- Access to labor regulations, social insurance, and counseling services
- Change of employers (up to three times) and public job intermediation

**EPS ENSURES:**
- Full support for the timely return of workers
- Training to workers to increase employment opportunities in their home countries

* i.e., a lump-sum payout upon departure