

Korea-China-Japan MRA Strategy for Activating Labor Force Mobility

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Table of Contents

- 1. Research Overview · 1**
- 2. Korea-China-Japan FTA and labor force mobility · 3**
- 3. IT Sector · 12**
- 4. Tourism Sector · 16**
- 5. Automobile Sector · 25**
- 6. Policy Recommendations · 30**

1. Research Overview

Owing to geographic proximity of Korea, China and Japan, their mutual political and economic dependency gradually increases making their cooperation in various fields essential. Moreover, with continuous expansion of economic scope and influence on the world market by Korea, China and Japan, conditions will have to be formed for the construction of Korea-China-Japan trilateral cooperation system in North-East Asian region as well.

In response to this, Korea has been activating its regional economic cooperation in North-East Asia and further, as part of its efforts for regional economic integration, created a system for formal and informal negotiations among Korea, China and Japan through regular summit meeting of ASEAN+3 held in November 2000. Based on this, at the fifth Korea-China-Japan regular summit meeting held in October 2003 'Joint Declaration on the Promotion of Tripartite Cooperation among South Korea, China, and Japan' was adopted.

'Joint Declaration on the Promotion of Tripartite Cooperation among South Korea, China, and Japan' is the first trilateral summit document adopted for promoting cooperation among the three countries, which provide basic framework and direction for economic cooperation in North-East Asian region. In addition, Korea, China and Japan are already constructing the basic foundation for the establishment of free trade area among

themselves when considering industrial structure and current situation in foreign trade. De facto labor force exchange is already taking place among Korea, China and Japan. The need for supply and demand of labor force is gradually increasing due to the deficit of domestic middle- and high-level workforce needed for the development of main industries. So far, the three countries have been applying efforts on national level to prepare policies for importing such workforce. Therefore, now the time has come to discuss creation of a plan for promotion of labor force mobility based on the method of FTA or regional economic integration FTA.

With this purpose, in order to exchange workforce of higher level on the basis of national qualifications in technological and technical field it is important, based on national technical qualification system, to propose standards for promoting Mutual Recognition Agreement (MRA) of qualifications and prepare policy basis to enable mutual exchange of better certified workforce.

Therefore, in this study, experts from Korea, China and Japan through joint research will analyze the possibility of labor force exchange based on trilateral MRA of qualifications in IT, tourism and automobile sectors in the three countries. Furthermore, basic policy directions for the creation of common regional qualification framework not only for Korea, but also for the Asia and Pacific region through connection with the establishment of the multilateral cooperation system and Regional Qualification

Framework (RQF) will be provided.

From this perspective, this study will first examine the possibility of labor force exchange in IT, tourism and automobile sectors through conclusion of Korea-China-Japan FTA. Second, by suggesting the plan for MRA and based on it, it will prepare a plan for activating labor force exchanges among the three countries.

2. Korea-China-Japan FTA and Labor Force Mobility.

Generally, each country's policy with respect to foreign workers has several characteristics. From the standpoint of objectives, countries try to complement their domestic labor market by allowing employment of foreigners in sectors experiencing deficit of domestic workforce. In this case, general practice is to set the limits for the total scope of employment as well as for size of employment by sector. From the standpoint of methods, the matters generally accorded attention include prevention of domination by foreign workers by setting the residence period for those coming for short-term employment, guaranteeing national treatment in terms of wages and working conditions to foreigners and so on.

While the majority of countries when employing foreign workers actively promote the inflow of outstanding workforce capable of promoting the upgrading of industry, there is a

tendency for suppressing the inflow of low-level workforce that may delay structural adjustments of industry.

From the systemic point of view, when importing foreign workers, procedure and standards are set up to ensure transparency and equity. Each country already operated various legislative and systemic mechanisms and standards for importing foreign workforce prior to Doha Development Agenda or FTA negotiations. According to Korean regulations, Korean companies and institutions request permission for employment of foreign workers and the government gives permission through visa system. The US also uses visa system to regulate the matter, while Canada and Australia operate point system. The EU operates employment permit system with respect to countries outside the EU. China concentrates on export of workforce, whereas Japan used to strictly control the inflow of foreigners through visa system, but due to low birthrate and ageing society is gradually easing restrictions.

While there are many similarities among the education systems and qualifications systems of Korea, China and Japan, there also exist differences in terms of level of maturity of the labor force market and the perceptions of multi-culturalism. Because of this, examining and promoting plan for MRA offers a possibility to consider directions for expanding to the maximum trilateral cooperation suggested through existing studies.

From this standpoint, this study looks at the content of

concessions for IP workforce among the three countries based on the DDA and FTA negotiation outcomes from two perspectives. First, it deals with the direct agreements on IP workforce. Second, it addresses content of MRA agreed to be concluded in the future.

2-1. Sphere of direct IP concessions

Korea does not allow independent professionals under DDA. It has also maintained identical structure in FTA's concluded subsequently.

As presented in the analysis of previously concluded China's FTA's, having maintained passive additional liberalization level in service area, China promotes gradual liberalization. On the other hand, in fields where it already has competitiveness, such as computer-related services, construction and engineering services, environment services and entertainment services, it extensively promotes liberalization. Beside this, China has actively promoted liberalization of high-level workforce market discriminated in some regions. China also applied national treatment principle to general workforce market in its CEPA with Hong Kong and made comprehensive concessions without mentioning specific qualification requirements.

In the case of Japan, basic plan related to foreign worker mobility is, first, to actively import workers in professional technical field. Second, in accordance with the basic plan of

immigration system the scope of negotiations on the movement of natural persons is limited to workers in professional technical field only. Japan presented content almost identical to this basic plan in EPA's with all its partners.

Japan allows IP's with Japanese qualifications in legal, accounting and taxation fields in DDA, but adopts a 'DDA minus' approach in its FTA with Singapore. Thus, it only allows commercial residence for legal field. However, as seen in the example of Japan's EPA with the Philippines, based on designing a specific system for nurses and authorized nurses Japan is preparing a breakthrough in its 'domestic problems', including that of deficit of labor force.

Judging by these results, all three countries in promoting their bilateral FTA's adopt the level they agree to in DDA or less than that. Thus, Korea, China and Japan clearly demonstrate high interest in the movement of natural persons, but in substance take a very conservative approach. Only Japan adopts active stance in some sectors where it faces deficit of workforce and this requires a detailed analysis.

2-2. Concessions through MRA

In terms of mutual recognition of qualifications, one of the biggest obstacles in negotiating labor force mobility in IP area is that direct concessions as discussed above are difficult due to

opposition by the developed countries. It was thus initiated by the new proposals from the developing countries. Generally, there is a tendency of concluding MRA's with neighboring countries or among the developed countries, because otherwise the differences between educational systems, qualification requirements, work experience recognition and other economic, social and systemic differences are too large.

When this is taken into consideration, even though Korea, China and Japan are different in terms of level of industrial development, level of workforce and demand, because they are close geographically, culturally and economically there is ample room for negotiating labor force mobility through MRA.

Korea in KORUS FTA agreed to promote MRA only for engineering, construction and veterinarian fields. It is negotiating MRA's with other countries with which it is currently negotiating FTA. There is a high possibility that in the future it will also actively engage in MRA negotiations.

China does not include content on MRA in its FTA's. On one hand, in relation to sending its workers abroad, it is directly promoting concessions in labor force mobility field, including IP's. On the other hand, it demonstrates tendency for delaying liberalization of the professional labor force market as far as possible. As part of its national strategy, it separately promotes concessions beneficial to some of its regions (e.g. special administrative regions).

Japan included content on mutual recognition of professional workforce in its FTA with Singapore and the Philippines; it has discussed the creation of committees, their composition and roles, progress schedule etc. Therefore, Japan as well can be expected to approach MRA with a positive stance.

Thus, the discussion on MRA is expected to be possible within the trilateral FTA. Korea and Japan already have experience of including the content related to MRA in their FTA's with other countries, and China has an experience of concessions with other regions as well. This trend is likely to also be reflected in relations among Korea, China and Japan.

Keeping in mind such situation of the three countries, in the future it is necessary to, first, select the appropriate common fields of interest; second, to include content with practical and binding effect, rather than stopping at the declaratory MRA; third, to include in MRA detailed content on schedule and other matters.

Under such circumstances, mutual recognition of qualifications in professional occupations is the most basic and at the same time the most important task to resolve for achieving free labor force mobility. However, when taking into account that the FTA dealt with in this study is not bilateral, but multilateral, there is a possibility of ending up with preparing guidelines for mutual recognition, rather than selecting specific areas.

However, the three countries possess similar educational systems, common regional specifics and high mutual economic

dependency. With Japan, there is even an experience of implementing MRA in IT field. Thus, there also exist plenty of opportunities for deriving a practical and specific MRA. When considering such situation in the three countries the focus in relation to future MRA should be placed on two matters: (1) selecting sectors for mutual recognition; (2) setting methodology to approach MRA.

2-2-1. Selecting fields for MRA

When selecting fields for MRA there is a need to consider existing FTA's, labor market situation and labor policies of each country. There is a need to examine the content of concessions of each country in CSS field and in the future to promote MRA in the fields where concessions are possible.

From this standpoint, when considering already existing agreements, common fields for discussion for Korea, China and Japan may include occupations in IT, tourism, automobiles, construction, veterinary medicine, interpretation and translation and other fields.

Korea announced 'Plan for Activating Export of Service Industry' in 2010 with the goal of expanding the basis of growth for service industry through joint effort of agencies. Among the content announced by the government, presence of natural persons (Mode 4 of WTO service supply classification) is included in the

part on export of services.

Beside this, the government plans to prepare until December 2012 integrated “Plan for MRA in National Technical Qualifications” to support foreign employment of qualification holders competitive as compared to foreign workers and to develop qualifications in IT and other service fields with high potential as a priority. Ministry of Finance and Ministry of Foreign Affairs when concluding FTA’s are going to promote MRA’s in fields where Korea has a comparative advantage.

Through this, by concluding FTA Korea can strengthen its cooperation with the developed countries and it will prepare a plan for exporting its professional workforce abroad. Along with active requests to the developing countries for liberalization, Korea will be able to prepare policies for importing professional workforce needed by Korean economy after considering domestic demand and supply as well as changes of industrial structure and other factors.

2-2-2. Methods for approaching MRA

There may be several ways to approach MRA. First, it may be enactment of norms relating to license requirements and procedure, technical standards, etc. under GATS Art. 6.4. In order to promote this, international qualification standards may be used or joint qualifications standards for the three countries may be prepared. Already existing international qualification standards include

'APEC Engineers', 'EMF Engineers', 'Washington Accord' and other international qualifications and standards. MRA plan may be prepared using them. As for the joint qualification standards among the three countries, because Korea already has an experience of promoting MRA with China and Japan in IT field, based on it, a plan for trilateral MRA may be prepared.

Secondly, in accordance with Art 18 of GATS, in order to improve transparency of the qualification recognition procedure and decrease the burden of relevant domestic regulations on foreign service suppliers Additional Commitment (AC) may be undertaken to prove the competency of foreign service suppliers. This is a plan for ranking measures related to recognition of qualification based on the level of their burdensomeness and imposing burden of proof on domestic regulator with respect to measures highly burdensome for foreign service suppliers.

Thirdly, MRA-related regulations under GATS article 7 may be strengthened. This may be implementing notification and consultation requirements under GATS Art. 7.4 (a), (b), (c) to increase transparency and provide adequate opportunities to the third countries or multilaterally developing guidelines and principles that can be benchmarked when concluding MRA, such as MRA guidelines in accounting service field.

3. IT Sector

When considering situation with mutual recognition of qualification items among Korea, China and Japan, there is already a precedent of Korea and Japan mutually recognizing 3 qualification items in IT field. Based on it, labor force exchange is being implemented. On the other hand, between Korea and China, and between China and Japan 2 and 5 qualifications respectively are recognized, but in practice labor force exchange has not taken place. The trend for MRA among Korea, China and Japan in IT sector is to mutually recognize a small number of qualifications in order to meet international political needs of the country or to meet the demand for professional workforce. In the latter case of the needs of labor market, mutual recognition of qualifications operates as a prerequisite to issuing of visas and the labor force exchange has either already started or the circumstances allow for its activation.

Judging from this, still it appears possible to approach mutual recognition of qualifications between Korea, China and Japan. Along with this, MRA is the first stage for activating labor force exchange between the two or three countries. Thus, MRA carries great significance in terms of providing a starting point for labor force exchange.

In the future, through discussing MRA at the time of consultations on Korea-China-Japan FTA or bilateral Korea-Japan

and Korea-China FTA mutual recognition of capable certified workers required by each country's market will be possible. The discussion of FTA will systemize and specify the sporadic discussions among Korea, China and Japan regarding mutual recognition of qualifications and labor force exchange and will provide a starting point for the work for backing these negotiations with actual activity. For mutual recognition of qualifications among Korea, China and Japan there is a need to promote the work for establishing qualification framework.

With this, in accordance with the requirements for manpower supply and demand in IT sector of each country, mutually beneficial fields for MRA may be selected and qualification items for MRA may be selected in these fields by means of exploring the fields in question. The level of development of IT industry as well as the share in industrial workforce composition is different in each country. For this reason, the requirements for workforce supply and demand have to be different as well. It is necessary to select qualification items taking into account these considerations.

When considering this matter, it is necessary to clearly find out labor force supply and demand and to secure information on current situation with labor force deficit and skill demand. Only after the demand for qualification holders by sector is known, labor force mobility can be promoted among countries based on qualifications.

The demand for labor force in industries of each country is

reflected mainly in the process of discussions among countries for concluding FTA's. Therefore, there is a need to analyze the outcomes of such discussions and find out the trends in demand for qualification and the demand for qualifications in each sector directly through groups representing industry sectors, such as SHRDC. In this process, it is possible to find out not only the demand for domestic workforce, but also the demand for foreign workers through interstate MRA's.

For mutual recognition of qualifications between countries to take place, interests of countries must meet in terms of labor force and qualifications in the MRA fields based on data on manpower supply and demand in industry. For this, there have to exist common standards for comparing each country's IT industry, type/field and level of labor force and qualifications. An example of such common standard allowing for interstate comparisons is education levels.

However, while each country has its relevant qualifications, a difficulty that exists in relation to trilateral MRA in IT field among Korea, China and Japan is that the interests of states on mutual recognition of qualifications necessary for interstate labor force mobility must be mutually compatible. With the intensification of fusion between industries and the emergence of industries that cannot be limited exclusively to IT, the demand for complex labor force grows and possibility is high that the scope of qualifications for mutual recognition is going to narrow down.

Therefore, for MRA in IT field among Korea, China and Japan, first of all, it is necessary to find out the exact demand for labor force on part of industry. For this, sector councils and other industry groups have to examine the exact qualitative and quantitative demand for work force needed by industry every year and be able to transmit this information to the education and training and qualification certification sectors.

It is difficult to hope for policy effects from inter-state MRA based on distorted information on industry demand. Therefore, there is a need for both government and industry to think through which field and which level of workforce should become the target of MRA among those needed by IT sector described by digital convergence. With this purpose, there is a need to prepare a forum where IT industry and governments of the three countries may discuss fields for mutual recognition (sector, labor force, qualification) of common interest.

When considering this, in order for Korea, China and Japan to expand labor force exchange in IT sector and to activate mutual recognition of qualifications in the future, promoting of mutual recognition should be started with national technical qualifications, national qualifications and other qualifications managed and operated by the government. This will increase the possibility for interstate MRA from the standpoint of public confidence. However, in the future, in relation to publicly authorized private qualifications in IT sector as well it will be necessary for governments and

qualification managers of the three countries to find out the demand for mutual recognition and check the possibility for it.

Moreover, there is a need for the three countries to examine plan for joint operation of qualifications to meet their common demand. Operating similar qualifications by each country is a prerequisite to interstate MRA, and in the future MRA will be a priority, but there is a difficulty in ensuring that it instantly corresponds to the needs of industry.

Therefore, resolving application problem following such joint development and operation of qualifications will have to come first.

Furthermore, for trilateral MRA in IT field it has to be possible to compare levels and content of qualifications through finding out current situation with operation of qualifications in each country. For this, there is a need for a common framework allowing for comparison between levels and content of qualifications in each country. Thus, it will be necessary to construct Regional Qualification Framework (RQF) as a national framework for trilateral MRA. Once such RQF is prepared, qualification standards based on it through discussions will enable interstate labor force mobility.

4. Tourism Sector

Tourism market in each country of East Asian region is continuously expanding and the competition for attracting tourists

in increasing. Under such circumstances, Korea, China and Japan all cultivate tourism as part of green growth industry and implement various policies for cultivating it as a new national growth power.

Korea having observed insufficiency of professionalism and globalization of domestic tourism industry and after considering the changing environment of international tourism industry has set up policy directions for strengthening the competitiveness of tourism sector and its development through 'Five-Year Plan for the Promotion of Tourism (2009-2013)'.

Accordingly, it has been systemically cultivating tourism industry. Simultaneously with promoting cultivation of above university-graduate high-level workforce in tourism to strengthen competitiveness of the sector, it has prepared measures for overseas training and exchange of workers with tourism companies in developed tourist regions, etc. for internationalization of labor force in tourism sector.

With this purpose, Korea is expecting to develop Asia Tourism Education System (ATES) for Koreans and foreigners working in tourism sector in order to create hub for tourism education in Asia. Korea is working towards becoming 'Mecca' for tourism education in Asia in the future by developing programs for educating professional tourism workforce in Asian region and creating a system for its national recognition.

China along with developing tourism industry into a core

industry through its Leisure Department, which takes charge of tourism, is simultaneously implementing 'China's Five-Year Tourism Plan' aiming at becoming leading country in tourism. With this purpose, China has set attracting foreign tourists as its top priority and is implementing policies for achieving 10 priority objectives, including the development of various product packages, revising its legislation, improving the quality of services, etc.

Beside this, China has continuously applied policy efforts for improving the quality of tourism labor force. It is also strengthening private education for qualification system and cultivating of relevant workforce. Therefore, the conditions are formed for enhancing the quality of workforce in tourism and in the future there is a high possibility for cultivating work force of high quality.

Japan has selected tourism industry as one of the 7 strategic fields as part of its national 'New Growth Strategy'. There is a high possibility for development of new growth industries for national growth in the future. Regarding the share of tourists visiting Japan, the number of Korean tourists rises and falls, but does not fail to occupy the largest share of all foreign visitors to Japan. The share of Japanese tourists visiting Korea also maintains high level and in the future tourist exchange between Korea and Japan is expected to continue increasing.

Under such circumstances, Korea, China and Japan for developing their tourism industries set the increase of quality of

services as a top priority in order to attract tourists, who can be called the basis of tourism industry. In order to reach this objective, simultaneously with cultivating professional workforce in tourism they implement various measures to improve the overall environment in tourism industry.

Moreover, Korea, China and Japan departing from traditionally competitive relations have been searching for ways to promote cooperation for mutual development of tourism industry. For this, at Korea-China-Japan regular summit meeting in 2010, the three countries agreed to “Vision 2020” to emerge as partners and not competitors through establishing future-oriented relations. Among the negotiated content they included items on promoting cooperation among Korea, China and Japan in tourism sector and promoting labor force exchanges. This has raised the possibility for future trilateral cooperation.

Such consistent attempts for policy cooperation largely reflect the high share of cross-country tourism among Korea, China and Japan. For Korea, 77.7% of all tourists come from Asia. Among them, in 2009, Chinese tourists numbered 1 million 340 thousand and comprised the share of 17%, while 3 million 10 thousand Japanese tourists comprised the share of 39.1%, together occupying the share of 56.1% of all Asian tourists to Korea.

For Japan, similarly to the case of Korea, the share of Korean and Chinese tourists is the highest, while in China the number of Korean and Japanese tourists is continuously increasing.

Taking into account geographic proximity of Korea, China and Japan and their historic relations, tourist exchanges among the three countries will further increase. Therefore, cultivating professional and experienced workforce in tourism sector is the most urgent matter.

For this, it is necessary to expand awareness on the importance of tourism industry and with the purpose of implementing this to cultivate professional workforce through improving the system and expanding education. Therefore, it is worthwhile to consider directions for integrating the unnecessary qualifications through modifying the existing qualification systems, if necessary, and creating new qualification certificates to generate new demand.

In addition, it is important to search for ways to cultivate required workforce by actively benchmarking the experiences of Mexico, Taiwan and other countries belonging as of 2009 to top 50 countries by the number of foreign visitors. They are actively cultivating new tourism fields, such as medical tourism, MICE etc. as a growth power for the development of tourism.

Through such efforts, the environment is expected to be formed for cultivating competent talents who could demonstrate their ability abroad as well. Simultaneously with mending the qualification framework for precise measurement of ability under the changing industrial conditions, it is important that studies on policies for cultivation of workforce and related policies of countries with developed tourism sector should be continuously conducted.

Providing this is achieved, in the future, Korea will be able to not only increase the quality of professional workforce in tourism sector, but also will have bright prospects for exporting tourism workers abroad.

From such standpoint, it will be necessary to prepare a plan for mutual development of tourism industry by Korea, China and Japan through trilateral cooperation on national level based on regional cooperation in tourism in North East Asia. France, Spain, Italy and other countries with developed tourism sector already apply continuous efforts to raise the competitiveness of their tourism industry by joining with neighboring countries. For instance, the three countries of Benelux planned mutual development of tourism industry through strengthening trilateral cooperation. Germany, Austria, Switzerland as well through joint marketing are strengthening competitiveness of their tourism sectors and planning to maximize their profits. In a similar manner, in South East Asia, there is an example of Singapore, Indonesia and Malaysia joining together to develop common travel packages.

Depending on the approach to tourism industry it is possible to strengthen industrial competitiveness in various ways. However, besides generating profits, tourism is directly related to the image of the country. From this standpoint, the most important task is to guarantee that quality of workforce in tourism sector is above certain designated level. This is the reason why professional labor

force exchanges will have to be activated in North-East Asia.

Therefore, from the standpoint of industry, it is necessary to continuously conduct discussions with a view of strengthening cooperation in tourism sectors of Korea, China and Japan. Furthermore, policy suggestions should be made to enable exchange of professional workforce above certain designated level by preparing standards for horizontal comparison of each country's qualifications.

Moreover, there is a need to take reference of examples of measures for export of tourist workforce from each country and to develop adequate responses to them. For example, with the growing demand for Korean cuisine in China and Japan, Ministry of Labor and Employment is providing policy support for export of professional cooks of Korean style food to Japan and China.

China through FTA with New Zealand formed the environment enabling export of Chinese tourist guides to New Zealand. The agreement stipulates that for this, a person must not only have a valid Chinese tourist guide license and be able to explain about New Zealand, but also has to pass IELTS test above level 5.

In the case of Japan, the exam for guide interpreter can be taken not only in Japan, but also in Seoul, Beijing, Hong Kong and Taiwan. Thus, in 2007, 26.5% (86 persons) of those who passed Chinese language examination acquired qualifications not only in Japan, but also in registered sites in Taiwan, Beijing, etc.

Such environment enables labor force mobility corresponding to

the emerging demand for mutual exchange of tourism workforce by Korea, China and Japan. Simultaneously, examinations related to tourism workforce held by each of the three countries in partner countries raises the possibility for exporting professional workforce to those countries, rather than just using it domestically. Accordingly, the need for MRA in this field is expected to gradually increase.

Thus, when looking at the qualification of guide interpreter in which there is a high possibility for labor force exchange between Korea, China and Japan, there are difficulties in recognizing qualification of a partner countries as they are. Therefore, as presented by the example of China-New Zealand FTA, the desirable way to proceed would be to implement assessment of knowledge of history and general information of the importing country as well as provide the standard for language ability among those who already have acquired relevant qualification in their home country and then to recognize qualification if all the requirements are met. Through such method of mutual recognition of qualification it is hoped that basic conditions may be prepared for activation of exchange of guide interpreters among Korea, China and Japan based on trilateral MRA. Whether or not tourism sector is activated through exchange of guides between two countries (Korea-Japan, Korea-China, China-Japan) and among three countries (Korea-China - Japan) will determine the demand for guide interpreters in the market of the three countries,

difference in treatment among countries, reasonable profits from export of labor force, etc.

However, the most important factor is deep historic links that exist among Korea, China and Japan. Also in order to improve the current situation whereby conflict exists in each country because of historic interests exchange of professional workforce in tourism sector among the three countries has a very important meaning.

In particular, for North East Asian region including Korea, China and Japan, it is extremely important that tourist guides do their work with an understanding of not only their own country, but also of partner country or third country as well. If tourist guides have an understanding of not just two (Korea-Japan, Korea-China), but three countries (Korea, China, Japan), it will be possible to form the basis for activation of intra-regional tourism in North East Asia based on trilateral cooperation.

Since Korea already has around it countries that can provide economic benefits in tourism sector, it should prepare the conditions to use this situation to the fullest. One of the alternatives in this regard will be promoting MRA for tourist guides.

Therefore, taking note of these circumstances, it is necessary that Korea, China and Japan reconstruct qualifications systems operated by each of them in tourism sector and continue efforts to reflect the changes as time requires. on the other hand, if mutual links are strengthened through various forms of exchanges in

private sector as well, it will be possible to not only raise the level of tourism workforce, but also to increase the competitiveness of tourism industry.

5. Automobile Sector

Korea has already liberalized some occupations in automobile sector in its CEPA with India. If labor force exchange in automobile sector is discussed in the future as well, the relevant parts of Korea-India CEPA may serve as guidelines.

However, export of Korean cars gradually grows and there is a problem of difference among standards for automobile manufacturing in each country. Thus, there is a strong possibility that regions, to which Korean workforce will be exported, are likely to become the regions to which Korean cars are being exported. Moreover, taking into account differences in language and technology levels, rather than going abroad individually, a more practical way seems to be going through Korean company represented in that country to take charge of the work in overseeing automobile maintenance.

Already, Ministry of Labor and Employment and Human Resource Service of Korea through training automobile design engineers are activating program for work-related training to send workers abroad. This will be helpful in exporting workforce in automobile field from Korea in the future.

However, when considering the environment of strong competition among Korea, China and Japan in the automobile sector, in the absence of clear policy objectives and standards on the national level, there is a possibility that this process results in workforce and know-how spillage. Thus, consideration of this matter should be a priority.

Therefore, the standpoint of forming the basis for exporting domestic workforce abroad it is necessary to not only study in detail the demand in the importing markets and work specifics, etc., but also to consider as a priority construction of a system for collecting data through professional research and surveys in relation to changes in manpower demand in accordance with industrial trends.

When China in the past introduced automobile technology on national level, the government attracted workforce from the former Soviet Union. Based on this experience, China recently has been continuously attracting investments into its private sector and attempting to enhance its technological power through mergers and acquisitions (M&A).

China has already promoted joint enterprises of various forms with several automobile companies and allowed the entry into country of professional workforce employed by those companies. It has also allowed employment of foreign workers in the sector of brand automobile manufacturing and customer service sector. On the other hand, the fact that despite the deficit of domestic

workforce China is sending its car mechanics to New Zealand and Singapore prepares basis for long-term objectives of labor force mobility. Under these circumstances, there is a high possibility that China will allow entry of foreign car mechanics in the future.

Workforce exchanges between Korea and China so far have not been very active, but some of Korean professional colleges operate joint programs with automobile departments in Chinese colleges. In terms of student exchanges, Korean college students have volunteered for work in China's car maintenance plants. From the standpoint of industry as well, there is a growing understanding on the need for exchange of automobile maintenance workforce between Korea and China.

Japan has designated automobile industry as a pivotal industry for national economic growth. In the future it is expected to proceed with further increasing the competitiveness through development of environment-friendly cars, etc. This study looked specifically at the possibility of workforce exchange in automobile maintenance sector, where the opportunity for manpower exchange is expected to open up.

However, if analysis is limited to automobile maintenance sector of Japan, it can be seen that with the constantly decreasing number of cars sold domestically, automobile industry in Japan appears to have entered its maturity stage. Accordingly, it is difficult to expect large increase in the number of automobile maintenance plants. Therefore, from this standpoint, automobile

maintenance industry has low prospects for growth in the future.

From the standpoint of labor force exchanges as well, there appear few difficulties. First, Japan still does not allow the entry for foreign simple-skilled workers. Car mechanics are classified as simple-skilled workers and foreign car mechanics cannot receive visas for entry in Japan, even if they want to work there.

Second, even if Korean side requests MRA for promoting labor force exchange in FTA negotiations, unless there is a large deficit of car mechanics or other special circumstances, Japan is not likely to agree to it.

Third, the number of Japan-made cars sold in Korea is comparatively small. Due to this problem, when taking into account that the majority of cars sold in Japan are Japan-made, long time is likely to be needed to train Korean car mechanics to acquire skills for performing maintenance works for Japanese cars. In relation to the MRA, there is a possibility that Japan adopts a passive stance. Therefore, when considering these and other factors, under current conditions, exchange of car mechanics among Korea, China and Japan is difficult to achieve in the short run.

However, because of the difference in the level of technology there still exists possibility of cooperation based on the division of labor among Korea, China and Japan. Korea has already agreed to mutual liberalization with India in such occupations as auto-related special engineering and design services (automobile designer),

automobile mechanic, car engine designer, auto technician and researcher, etc. in CEPA with India. From this standpoint, there still remains a possibility of professional workforce mobility in automobile sector among Korea, China and Japan. Therefore, for discussing the conclusion of Korea-China-Japan FTA the process of discussing and negotiating mutual exchange of professional workforce in Korea-India CEPA may serve as one reference.

From the standpoint of automobile and other manufacturing, Korea and Japan both face deficit of high level domestic workforce for R&D. This continues into a problem of deficit of R&D workforce for the development of automobile industry. In the case of China as well, Korean and Japanese ready car enterprises experience deficit of professional workforce for maintenance of cars produced and sold in China. For example, Korean and Japanese ready car enterprises in China dispatch maintenance workforce from their countries to local plants in China and implement education on maintenance for local personnel. In particular, in China, the demand for instructors with experience in cultivating maintenance workforce for Korean cars is steadily increasing.

When considering such situation, in the process of negotiating Korea-China-Japan FTA, when discussing parts related to automobiles there is a need to start discussions on workforce exchanges in training field based on the outcomes of surveys and analysis of demand for workforce and the field in partner

countries.

Such discussion can be linked to education and overseas employment for the occupation of automobile design engineer which is currently promoted by the Ministry of Labor and Employment. Therefore, it is important to collect data on the current situation with cultivation of professional workforce in Korean automobile sector and, furthermore, to conduct survey of demand for competencies of technical workforce required by enterprises.

6. Policy Recommendations

A. Creating a framework to approach Korea-China-Japan trilateral MRA.

In relation to workforce exchange among Korea, China and Japan analysis reveals a trend for adopting different policies for professional workforce and low-skilled workforce in accordance with labor market conditions.

When compared to China and Japan, Korea demonstrates active stance in terms of quantity of imported workforce, both professional and low-skilled. It is trying to find the solution to the deficit of technical workforce brought about by ageing society problem.

This problem is faced not only by Korea, but also by Japan, and

China also lacks professional workforce for raising its national competitiveness. Thus, it can be said that basic conditions are being formed for mutual exchange of necessary workforce among Korea, China and Japan.

Import of professional workforce needed for increasing competitiveness of individual countries is also treated as a very important problem on the national level. Korea is not an exception in this sense. Therefore, it is necessary to prepare systemic and practical plan for importing workforce through analysis of policy directions for import of professional workforce in each country.

In the case of forming environment for workforce exchange based on qualifications, first of all, efforts will be needed for import of qualification holders meeting international standards. Applying such method will enable mobility of labor force above certain level and by this allow to not only effective control indiscriminately imported workforce, but also to activate corresponding labor market through high quality labor supply.

Therefore, when promoting FTA and multilateral agreements, first of all, based on the analysis of workforce demand in each country, equivalence of level and content of vocational education and training, content and level of qualification certificates etc. should be reviewed. After that, MRA may be promoted by taking into account commonly used international criteria for mutual recognition of qualifications. In this case it should be possible to suggest a practical alternative for strengthening trilateral

cooperation among Korea, China and Japan.

For this, first of all, system should be created on national level to implement nationwide surveys among academia and industry on demand for labor force and qualifications. Data accumulated through this system needs to be analyzed. With this purpose, generating a joint research project among Korea, China and Japan is urgent. Korea currently implements partial surveys of manpower demand for FTA conclusion, but there is a tendency to only promote this for a short term to solve or push forward pending policy issues.

However, it is difficult to collect precise data for systematic promotion of FTA negotiations through such short-term and emergency-type surveys. There is also difficulty in providing policy directions and content for furthering national interest.

Therefore, in order to find out more precisely the needs of industry and systemically analyze and arrange data and information necessary for discussing FTA more research will have to be conducted continuously. Moreover, for activating manpower exchange through both IP and MRA, comprehensive understanding of labor market, education and training market and qualification market of not only one's own country, but partner countries as well is necessary.

Already in September 2010, preliminary consultations for discussion on Korea-China FTA conclusion were held. Between Korea and Japan as well, high-level talks on prospective FTA

negotiations were held in September of this year. In order to prepare simultaneously not only for trilateral (Korea-China-Japan), but also for bilateral negotiations Korea needs to plan and systematically implement surveys and research on labor market, qualification system, etc. not only of Korea, but also of China, Japan and other partner countries as well.

Based on such understanding, after first determining occupations requested for IP and MRA and weak occupations, it is necessary to select occupations in which Korean workforce may be exported to China and Japan and among them, it is important to know which occupations will not yield to the inflow of Chinese workforce, etc. Until now, Korea has actively requested MRA's with the developed countries and countries with a large number of Korean enterprises, while in the case of negotiations on CSS and IP when requested by a developing country Korea showed a strong tendency to block it.

When considering such factors, because Japan wants Korean workforce, more than anything else it is necessary to discuss MRA to support employment and other work activity of workers entering Japan.

Many Korean enterprises also enter China and actively operate there. Considering this, in order to enable smooth operation of Korean enterprises in China active consideration of MRA is required for ensuring smooth operation of Korean enterprises through demands for retaining local qualification holders needed

for the activity of enterprises and through other active measures. This is one of the reasons why it is important to actively consider trilateral (Korea-China-Japan) or bilateral MRA's.

B. Strategy for promoting Korea-China-Japan trilateral MRA

Favorable conditions for serious discussions on Korea-China-Japan MRA are currently unfolding. This expectation may be verified through discussions on mutual recognition for professional engineer qualification. In Korea, the highest qualification level of national technical qualifications is that of professional engineer also called 'APEC engineer' or 'EMF international engineer', etc it is an internationally recognized qualification. In order to ensure mutual recognition of professional engineer qualification Korea has entered International Engineer Alliance (IEA) as a regular member.

Since Japan and Hong Kong are also regular members of IEA, in the case where a person acquires national qualification of professional engineer in Japan or Hong Kong, it is expressly recognized internationally, as Korean professional engineer qualification. The only thing is that in order to exchange holders of professional engineer qualification in a bilateral or multilateral mode, there is a need for additional negotiations, which are progressing very slowly. That is, qualifications of professional engineer in Korea, Japan and Hong Kong receive international

recognition in terms of equivalence of level and content and considerable basis is prepared for reaching the final goal of the regular membership in IEA, which is the mutual recognition of professional engineer qualification. But the final stage of inter-governmental discussions and agreement on labor force exchange is not completed.

In September 2010, Korea and Japan made an effort to resume working level initiative for mutual recognition of professional engineer qualification. Taking into account this situation, it can be seen that the environment is already being prepared for serious discussions on MRA for professional engineer qualification between Korea and Japan.

In the case of China, with the conclusion of China-Hong Kong CEPA (Closer Economic Partnership Agreement) mutual recognition of professional engineer qualification has been promoted. The two sides agreed to promote mutual recognition of professional qualifications since May 2002.

After these negotiations, Construction Ministry of Hong Kong and related professional institutions of China have maintained close relationship, and as a result so far MRA has been concluded for 6 professional qualifications including architects, construction engineers, planners, quantity surveyors and building surveyors. The outcome of this is mutual recognition of qualifications of more than 2000 professional certificate holders from both sides.

China continues to expand MRA discussions with neighboring

countries and FTA partners as well to promote labor force mobility. Therefore, it can be expected to participate in MRA negotiations when discussing bilateral or trilateral (Korea-China-Japan) FTA.

Taking these factors into consideration, when discussing Korea-China-Japan FTA, there is a need for a framework to compare the levels and content of qualifications for activating labor force exchanges based on MRA. Between two countries equivalence of qualifications may be determined through direct comparison of relevant qualifications in individual industry sectors, such as IT, tourism, automobiles, etc. However, in case MRA among 3 countries is to be promoted, National Qualification Framework (NQF) where each country's qualifications can be clearly shown should be established.

For smooth creation and operation of NQF, joint efforts are needed to develop common NQF for Korea, China and Japan. This is because in accordance with the NQF levels should be managed for NCS(National Competency Standards) which are skill standards for qualification holders.

Discussing trilateral MRA without NQF is very much likely to make the task of comparing levels and content of specific qualification items very difficult. This is a critical juncture making one think why EU created European Qualification Framework (EQF) for workforce exchange not only among European countries, but also with neighboring countries. At present, NQF's that Korea,

China and Japan possess are similar to each other and comparison may thus be made on their basis, but still limitations exist.

In order to overcome these limitations and activate labor force exchanges through conclusion of trilateral FTA, NQF needs to be introduced and implemented in each country. If NQF for Korea, China and Japan is introduced, the creation of Regional Qualification Framework (RQF) that can act as a framework for mutual recognition will be possible.

If Korea, China and Japan jointly promote the discussions on RQF and succeed in preparing its specific form this will prepare conditions for assessing in the future the equivalence of each country's qualifications not only in North East Asia, but also in Asia and Pacific region based on Korea-China-Japan RQF. RQF can suggest common standards allowing the evaluation of NQF's operated by individual countries. Thus, in the future, in the process of discussing Korea-China-Japan FTA, it will be able to act as an important qualification recognition framework for labor force mobility.

Based on RQF, it is possible to link qualifications of two or more countries based on their equivalence. In order for a common RQF and each country's NQF's to be introduced and implemented, it is necessary to create 'Korea-China-Japan Qualification Forum' composed mainly of Korean, Chinese and Japanese experts in qualification system.

Once 'Korea-China-Japan Qualification Forum' is activated, it

will be able to initiate discussions on establishment and operation of RQF encompassing North East Asia and the whole Asia. Thus, in the future, the effect of promoting Korea-China-Japan FTA may not be limited to the three countries, but be expanded to the whole Asia.

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for Activating Labor Force Mobility

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