

**Legislative Council
of the
Hong Kong Special Administrative Region**

**Delegation of the
Panel on Manpower**

**Report on the duty visit to study
Korea's measures in creating
employment opportunities and training
of its workforce**

9 - 12 May 2004

TABLE OF CONTENTS

Chapter		Page
1	Introduction	1 - 2
2	Job creation measures	3 - 11
3	Vocational training and employees retraining	12 - 16
4	Information technology and culture contents industries	17 - 21
5	Observations and conclusion	22 - 23
Acknowledgements		24
Appendix		
I	Visit programme of the delegation	25
II	List of government officials and representatives of other organisations with whom the delegation met in the Republic of Korea	26 - 27
III	List of reference materials obtained during the visit	28
IV	Organisation chart of the Ministry of Labour	29

Chapter 1 - Introduction

Purpose of report

1.1 A delegation of the Panel on Manpower of the Legislative Council visited the Republic of Korea in May 2004 to study the country's experience in creating employment opportunities and providing training/retraining for its workforce. The report presents the main findings and observations of the delegation.

Background

1.2 The Panel on Manpower is tasked to monitor and examine the Government policies and issues of public concern relating to labour and manpower planning matters.

1.3 The problem of high unemployment in Hong Kong is one of the major areas of concern of the Panel. Some Panel members consider that the Government should adopt policies and measures to create employment opportunities. To enable members to have a better understanding of overseas experience, the Panel agreed at its meeting on 18 December 2003 that the Panel should undertake a duty visit to the Republic of Korea to study the country's experience in creating employment opportunities and providing training/retraining for its workforce. The Panel obtained the House Committee's permission to conduct the duty visit to Korea on 19 March 2004.

Membership of the delegation

1.4 The delegation comprised the following Members -

Hon LAU Chin-shek, Chairman of the Panel (Leader of delegation)

Hon CHAN Kwok-keung, Deputy Chairman of the Panel

(Deputy Leader of delegation)

Hon CHAN Yuen-han

Hon LEUNG Yiu-chung
Hon Andrew CHENG Kar-foo
Hon LI Fung-ying
Hon LEUNG Fu-wah
Hon WONG Yung-kan

1.5 Mrs Sharon TONG, Clerk to the Panel, accompanied the delegation on the visit.

Visit programme

1.6 The delegation visited Seoul of the Republic of Korea from 9 to 12 May 2004. During the stay in Korea, the delegation visited the Ministry of Labour and Human Resources Development Service of Korea to receive briefings on the Korean Government's role in job creation and training and retraining of the Korean workforce. To gain an insight into Korea's policies in the development of industries with high job-creation potential such as the information technology (IT) and cultural contents industries, the delegation also visited the Ministry of Information and Communication, the Korea Culture and Contents Agency, the Korea Game Development and Promotion Institute, and the Game Academy.

1.7 The visit programme is in **Appendix I**. A list of the government officials and representatives of other organisations with whom the delegation met is in **Appendix II**. A list of the reference materials obtained during the visit is in **Appendix III**.

Chapter 2 - Job creation measures

2.1 The delegation met with officials from the Ministry of Labour and received a briefing on Korea's employment policy and measures to create employment opportunities. The delegation also exchanged views with the government officials concerned on the challenges in creating jobs and tackling unemployment problem.

Overview

2.2 The Republic of Korea was able to maintain a low unemployment rate of around 2% for the decade between 1988 and 1997. However, due to sharp economic contraction and subsequent corporate restructuring following the financial crisis in late 1997, the unemployment situation in Korea worsened severely.

2.3 Faced with unprecedented serious unemployment, the Korean Government put every effort into reviving its economy, including promoting and supporting small and medium enterprises (SMEs) and venture business, fostering start-up businesses and improving the investment environment. At the same time, the Korean Government adopted comprehensive measures to alleviate the problem of unemployment, such as strengthening the employment services for the unemployed, creating short-term jobs through public works programmes, and expanding vocational training opportunities.

2.4 As a result of these measures and coupled with continuous restructuring efforts, the unemployment rate, which soared to 8.8% in February 1999, dropped to 4.1% in 2000. Between 2001 and 2003, Korea's unemployment rate stabilised at around 3% (3.8% in 2001, 3.1% in 2002 and 3.4% in 2003). Since 2003, however, the unemployment rate is on the rise again. As at March 2004, its unemployment rate stood at 3.8%.

2.5 The labour market situation in Korea as at March 2004 was as follows -

Major employment indicators	(Unit: 1 000 persons)
Population (aged at 15 and above)	37 608
Economically active population	23 249
Employed population	22 371
Unemployed population	878
Employment by industry	(Unit:1 000 persons, %)
Agriculture, forestry and fishery	1 781 (8%)
Manufacturing	4 326 (19.3%)
Construction	1 817 (8.1%)
Service	14 446 (64.6%)
• Wholesale, retail, hotel and restaurant	•5 878 (26.3%)
• Business, personal and public services	•6 412 (28.7%)
• Electricity, transport, communication and finance	•2 156 (9.6%)

2.6 In March 2004, total employment increased by 534 000 persons to 22.371 million persons when compared to a year ago. By industry, the largest employment growth was observed in business, personal and public services industry, rising by 433 000 or 7.2% compared to a year ago. This was followed by employment growth in the manufacturing sector which increased by 100 000 or 2.4% compared to a year ago. However, the agriculture, forestry and fishing industry experienced job losses of 74 000 (4%), followed by the electricity, transport, communication and finance sector with job losses of 9 000 (0.4%).

2.7 It is anticipated that jobs in the agriculture, forestry and fishery industry and the manufacturing industry will continue to decrease, but jobs in the services business will increase by 400 000 to 500 000 annually.

Employment policy

2.8 The Ministry of Labour is responsible for labour policies. It administers matters on labour such as standards of working conditions, job security, measures to counter unemployment, employment insurance, industrial accident compensation insurance, adjustment of labour relations, etc. The organisation chart of the Ministry is in **Appendix IV**.

2.9 The objective of Korea's employment policy is to ensure the continuous development of the national economy and improve the quality of employment. The Korean Government considers that it is necessary to secure labour market flexibility and achieve employment security. The Korean Government has taken steps to maintain a flexible and stable labour market by strengthening support for under-represented groups, such as the unemployed, women and the aged, and relaxing labour market regulations through active labour market policies.

2.10 The policy measures include -

- (a) helping SMEs suffering from labour shortages to secure necessary workforce by facilitating labour supply and demand;
- (b) building a vocational ability development system to support lifelong ability development and reforming the existing qualification system to meet industry needs; and
- (c) providing specialised employment support services for each target group such as women, the aged, the disabled, temporary workers and low-income earners, thereby enhancing their employability.

2.11 To tackle the problem of unemployment, the Korean Government has accorded priority in the creation of jobs. In February 2004, a Social Agreement on Job Creation was reached among labour unions, management and the Korean Government. The three parties have agreed to make efforts to create more jobs through the stabilisation of employment, wages and industrial relations.

2.12 Under the Agreement, labour unions will cooperate in stabilising wages over the next two years with a view to creating jobs and reducing wage gaps between workers in large corporations and those in SMEs. Employers have agreed to refrain from staff retrenchment. If retrenchment is inevitable, employers will minimise the number of workers dismissed through consultations with trade unions. The Korean Government will facilitate corporate investment in creating jobs by deregulating business activities, and expanding tax and financial benefits to businesses. The Korean Government will also implement comprehensive job creation measures as scheduled. A Joint Public-Private Sector Committee on Job Creation has been established to monitor the implementation and the progress of undertakings made in the Agreement.

Comprehensive job creation measures

Policy direction

2.13 The Korean Government has adopted a multi-pronged approach in creating jobs. The strategies are -

- (a) to improve the investment environment to attract inflows of foreign investment and to create business-friendly environment;
- (b) to maximise job creation capacity through continuous structural reforms;
- (c) to build infrastructure for economic growth and job creation potentials;
- (d) to respond timely and promptly to changing economic and social environments; and
- (e) to equip the workforce with the knowledge and skills to meet the needs of the economy.

Strengthening dynamic job creation

Laying the groundwork for dynamic growth

2.14 The Korean Government devotes efforts to expand corporate investments and to attract foreign investment, particularly those with high potential of job opportunities. Measures include streamlining investment regulations, reducing corporate tax rate, offering cash grants for high technology corporations to expand capacities or to build research and development centers, and granting tax incentives to foreign investors.

2.15 In addition, special development region and special industry cluster area have been designated in an effort to create jobs in the regional areas. For instance, Busan and Gwangyang have been designated as free economic zone to attract world-class enterprises in logistics and distribution industry to set up operations locally.

2.16 To foster start-up businesses thereby creating job opportunities, the Korean Government continues its efforts in -

- (a) providing courses and training on starting businesses and management skills;
- (b) increasing the number of "start-up incubator centres" in which start-up businesses can co-locate and share facilities and equipment; and
- (c) providing support for business start-up such as the establishment of small merchant support centres to provide on-site support and the provision of government guaranteed credits.

Enhancement of competitiveness of industries

2.17 The service industry, which accounted for about 57% of the gross national product (GDP) of Korea in 2003, employed about some 14 million workers as at March 2004. To promote the social service sector such as education, health and medical services, the Korean Government considers it

necessary to open up the market to foreign investors by easing restrictions on investment. Plans are in place to attract famous international schools and hospitals to set up local operations in the free economic zone areas in order to support the regional economy. The Korean Government fosters knowledge-based new industries through the promotion of wider use of IT.

2.18 To enhance the competitiveness of important industries, such as electronics, semiconductor and automobile, the Korean Government continues to promote the development of new technology and provide the necessary training to enable workers to acquire new skills. To expand exports and boost domestic consumption, efforts are placed to develop new technology in manufacturing digital televisions and next generation car. Training for engineering and professional manpower is provided through cooperation among the corporations, academia and assembly companies.

Creation of additional jobs

Job sharing and filling job vacancies in SMEs

2.19 The statutory working hours in Korea are 44 hours per week. With the revision of the Labour Standard Act in September 2003, the statutory working hours are reduced to 40 hours per week with effect from 1 July 2004. The Korean Government forecasts that by 2011, 680 000 jobs will be created by reducing working hours.

2.20 The Korean Government promotes five-day work week with a view to creating jobs. SMEs which introduce a five-day work week system six month earlier than the legally enforceable schedule will be provided with financial assistance from the Employment Insurance Fund. For each new employee hired as a result of the adoption of the system, the employer will receive a subsidy of 1.5 million Won (about HK\$10,500) per quarter. The Korean Government estimates that 86 000 recipients would benefit under the system by 2008.

2.21 The Korean Government also promotes innovation in business management and reform of shift work to create jobs. If a company changes its shift system to a multi-shift system, an allowance and financial support in

training will be provided for workers who are off duty under the changed shift system. To this end, a New Paradigm Centre under the Korea Labour Institute has been established. It is estimated that about 132 000 jobs will be created by adopting a three-shift system.

2.22 To induce more people to work in SMEs, the Korean Government provides subsidy to SMEs to improve their working environment. Non-temporary employees in SMEs are given priority in the purchase of public housing.

Providing jobs in social service sector

2.23 The Korean Government creates jobs in the social service sector to improve services for people-in-need, including nursing and health services for the aged and disabled, child care services for low-income earners. Temporary jobs are also created through public works projects.

Enhancing employment services and building infrastructures for labour demand and supply forecasts

Reorganising employment security centres and enhancing their services

2.24 To enhance operational efficiency, 155 employment security centres are being reorganised into 46 comprehensive employment security centres to provide comprehensive employment services, such as employment support, employment insurance, vocational training, vocational guidance for the youth. 109 general employment security centres will provide basic employment services such as job placement and payment of unemployment benefits.

2.25 In parallel, the Korean Government has strengthened the provision of specialised services for groups such as the youth, women, long-term unemployed and SMEs. For instance, in-depth counselling and training services will be provided to the long-term unemployed.

Improving the labour market information system

2.26 Launched in 1999, the Work-Net, accessible from the Internet, provides information such as job vacancies, career guidance information, employment policies, employment services and labour market statistics. It also provides tailor-made services in which employers can search for workers and job seekers can apply jobs directly through the system. To enhance access to market information, the Work-Net will be linked with the Employment Insurance Network and the vocational training information network.

2.27 In order to provide timely and relevant labour market and human resources information to policy makers, employers, training providers and individuals, an Integrated Labour Market Information System is being developed by connecting employment information in the private sector with labour-related database scattered around the government ministries. The integrated system is scheduled to be completed by 2007 .

Building infrastructures for labour demand and supply forecasts

2.28 The delegation was informed of the imbalance between manpower demand and supply, in particular the shortages of IT manpower. In an effort to address the manpower imbalance and to efficiently use the country's human resources, the Korean Government has embarked on a project to build infrastructures for systematic labour demand and supply forecasts. Based on the data collected from a survey covering some 50 000 households on employment structure in 2003, surveys on youth employment and job surveys of college graduates, a forecasting system for mid-term and long-term demand and supply of workforce by industry and occupation will be developed by 2006.

Strengthening human resources development

2.29 In response to the economic restructuring and Korea's transformation into a knowledge-based economy, the Korean Government has focussed efforts on strengthening the development of manpower resources to meet the needs of the industries. Training contents and courses have been developed to cater for particular requirements of industries.

2.30 To foster the next generation dynamic-growth industries, a committee has been formed to study the comprehensive measures for the development of human resources. The committee comprises representatives from the Ministry of Labour, Ministry of Education, Ministry of Science and Technology, Ministry of Commerce, Industry and Energy, Ministry of Culture and Tourism, and Ministry of Information and Communication.

Vision of labour market

2.31 According to Mr SHIN Young-chul, Director General from the Ministry of Labour, when the comprehensive job creation measures have taken full effect, it is estimated that about 2 million jobs will be created by 2008. About 1.5 million jobs will be created by sustaining economic growth at 5% each year. By promoting the service industry, 200 000 to 300 000 jobs will be created. 200 000 to 300 000 jobs will be created through job sharing, and implementation of public and social service programmes.

Chapter 3 - Vocational training and employees retraining

3.1 The delegation was briefed on the vocational training system in Korea and the retraining of its workforce. The delegation was also briefed on the role of the Human Resources Development Service of Korea (HRDS), a government organisation under the Ministry of Labour, in providing training and retraining.

Policy development

3.2 Enacted in 1967, the Vocational Training Act introduced Korea's vocational training policy to support human resources development in the era of industrialisation. Following the enactment of the Basic Law for Vocational Training in 1976, the framework of the mandatory vocational training system, which required employers to provide vocational training, was established.

3.3 In view of the rapid change in economic structure, the Korean Government recognised the importance of developing workers' lifelong vocational ability, rather than producing technicians. With the introduction of the Employment Insurance System (EIS) in 1995, vocational ability development programmes funded by EIS, have become a major tool for upgrading skills of the workforce.

3.4 The Vocational Training Promotion Act was enacted in January 1999 to replace the Basic Law for Vocational Training. As a result, the mandatory vocational training system was abolished, and the vocational training was integrated with the vocational ability development training funded by EIS. The private sector thus becomes actively involved in vocational training.

3.5 The Korean Government considers that it is critical for individuals to continually learn new skills and upgrade their knowledge, in order to support national and corporate competitiveness and to remain employed in the knowledge-based economy. The Korean Government promotes life-long vocational ability development of the workforce and encourages employers to actively participate in the training of their employees. The Korean

Government also provides assistance to help the unemployed to re-enter the labour market.

Organisational structure

3.6 The overall vocational training policy is under the purview of the Ministry of Labour. The Ministry formulates policy measures to expand training infrastructures, set training standards, design and recognise training courses, evaluate training institutions, and foster the sound development of a private training market. HRDS is responsible, among others, for the planning and management of vocational ability development training, administration of retraining programmes for the unemployed, administration of national technical qualification testing and registration, and enhancement of vocational skills. HRDS has a total of about 3 000 staff with an annual operating budget of US\$300 million.

3.7 In the public sector, there are 21 vocational training institutes, 23 polytechnic colleges, and the Korea University of Technology and Education under HRDS, and eight vocational education and training centres operated by the Korea Chamber of Commerce and Industry. To cater for local needs, there are seven training institutes run by local governments.

3.8 The service providers in the private market include -

- (a) training institutes run by non-profit organisations approved by the Ministry of Labour to provide vocational ability development programmes;
- (b) women resources development centres to enhance women's vocational ability;
- (c) universities, polytechnic colleges, business associations designated by the Ministry of Labour as vocational ability development training institutes when they fulfil certain requirements; and

- (d) business associations, schools and private institutes approved by the Korean Government to provide vocational training courses, although they are not designated vocational ability development training institutes.

Training and retraining

Vocational ability development

3.9 The Korean Government encourages life-long vocational ability development of employees. A budget of 326.4 billion Won (about HK\$2.285 billion) has been allocated for the programmes in 2004 with a target participants of about 1.9 million.

3.10 The Korean Government subsidises all or part of the costs incurred by employers in providing training for their employees. The subsidy covers courses run by accredited colleges or universities, designated vocational training institutes and in-house training provided by employers. Employees who have been employed for one year or more are eligible for paid leave to attend courses offered by vocational training institutes. Wage subsidies will be granted to employers for providing paid-leave training for their employees. Employees who plan to change jobs or who are at the age of 40 or above are eligible for training subsidies of up to one million Won (about HK\$7,000) per year.

3.11 In addition, government loan at low interest rate at 1.5% per annum is granted to employees who take vocational ability development training courses approved by the Ministry of Labour at their own initiatives. Those who enroll in junior colleges, technical colleges or universities are also offered low interest rate loan at 1% to 1.5% per annum to pay their tuition fees.

3.12 The Korean Government has also earmarked a total of 24.8 billion Won (about HK\$173.6 million) to cater for about 4 000 employers in loans for vocational training equipment and facilities. Employers or employers' associations providing vocational training courses approved by the Ministry of Labour are eligible for a low interest loan of up to 90% of such expenses incurred.

Fostering skilled workforce

3.13 Training in basic skills and knowledge required at industrial sites is provided to youths to become skilled technicians. Training programmes in the fields of multimedia contents, internet, information and telecommunications are also made available to strengthen the employability of young people. Training subsidies are provided to trainees under the programmes.

Training for the unemployed

3.14 Re-employment training programmes for the unemployed have been focussed on occupations in the manufacturing, IT and other service industries with good employment prospect. Pre-training counselling services are offered to trainees on the suitable courses to be taken. A training allowance ranging from 50,000 Won (about HK\$350) to 250,000 Won (about HK\$1,750) per month is granted to trainees for taking courses to develop their vocational ability.

Employment promotion training for low income earners

3.15 Vocational training is provided to low income earners including farmers and fishermen to boost their self-reliance and employability. Training on skills to become self-employed and for business start-up is also provided. Trainees can receive training allowances, including allowances to support their family.

National technical qualification test system

3.16 To upgrade the quality of human capital and provide individuals with opportunities to optimise their potential in order to meet the changing needs of the economy, the Korea Government has put in place a national technical qualification test system. The technical qualifications are broadly categorised into craftsman, technician, master craftsman, engineer and professional engineer. Under the system, a craftsman with one year's experience can be qualified as a technician if he passes a skills qualification test administered by HRDS or the Korea Chamber of Commerce and Industry. Subsidy in test fees is offered to employees.

3.17 The local governments organise skills competition. Winners in local skills competition are eligible for the National Skills Competition which is held each year.

3.18 The delegation expressed interest in the skills competition and sought further information on the awards to winners. The delegation was informed that awards in monetary terms are given to winners in local and national skills competitions. Winners in National Skills Competition are also exempted from the theory test of the qualification testing for technician.

Financing of training and retraining

3.19 In addition to government funding, the financial support for human resources development is met from the employment insurance scheme. Enacted on 1 July 1995, EIS virtually covers all employees in Korea. Under EIS, the Unemployment Benefits Scheme, where an insurance premium is collected from employers and employees, provides unemployment benefits to insured employees. EIS also helps encourage job retention and re-employment through the Employment Stabilisation Scheme and finance the vocational ability development programme. Only employers are required to contribute to the vocational ability development programme and the premium rate varies from 0.1% to 0.7% of the total payroll depending on the size of the company.

Chapter 4 - Information technology and culture contents industries

4.1 To gain an insight into the development of IT and culture contents industries which have shown rapid growth with ample employment opportunities in Korea, the delegation visited the Ministry of Information and Communication (MIC), the Korea Culture and Contents Agency (KOCCA), the Korea Game Development and Promotion Institute (KGDI) and the Game Academy. The delegation was briefed on the IT policy of the Korean Government and the role of KOCCA and KGDI in the development of the culture contents industry. The delegation also visited the Ubiquitous Dream Exhibition Hall operated by MIC.

Policy direction

4.2 With the increase in relocation of manufacturing plants to low-cost countries, such as the People's Republic of China, in recent years, the Korean Government has attached great importance to the promotion and development of the IT and culture contents industries which have high job creation potential. The Korean Government recognises that in the shift towards a knowledge-based economy, the continuous development of IT and its applications will be crucial not only to the growth of the IT industry, but also the growth of other sectors of the economy, for example, the cultural contents industry. MIC assumes an overall and integrated responsibility to steer, coordinate and formulate, among others, IT policies. The policy for the development of the culture contents industry in Korea rests with the Ministry of Culture and Tourism (MCT).

4.3 To create an environment conducive to the promotion and development of the wider use of IT, the Korean Government has implemented various initiatives. For instance, the creation of an e-Government in 2002, where government services and information are available online, has played an important role in cultivating the IT industry and facilitates an increased base of information knowledge. The full implementation of "Cyber Korea 21" in 2002 has contributed significantly to the building of a knowledge-based society and enhancing the competitiveness of Korea's industry as a whole. "Cyber

Korea 21" is the blueprint for transforming Korea into a creative and information-based nation through various IT initiatives. Since 2000, personal computers and networked devices for educational purposes have been installed in elementary and junior high schools.

Information technology industry

4.4 The Korean Government has taken strong initiatives at the central and provincial levels to promote the IT industry. For example, it has invested heavily in building IT infrastructure, such as high-speed communication facilities and networks. The Korean Government has also planned to invest 67 trillion Won (about HK\$469 billion) by 2010 to build online infrastructure such as broadband convergence networks. The Korean Government encourages venture capital to fund start-up business in the IT sector. Policies have been implemented to attract direct foreign investment such as tax reduction incentives for high-tech businesses and businesses in foreign investment zones. The demand for IT human resources have increased over the past years. In 2002, the IT industry accounted for 15% of Korea's GDP, while the number of workers engaged in the IT profession reached about 1.2 million in 2002, representing 5.6% of the national workforce. It is forecasted that by 2007, the IT workforce could reach 1.5 million.

4.5 In support of the rapid growth in IT industry, the Korean Government has developed programmes to nurture IT manpower needed by the industry and earmarked a funding of 130 billion Won (about HK\$910 million) to finance these programmes in 2004. Of the funding, 45.6 billion Won (about HK\$319 million) will be spent on the improvement of IT educational environment at colleges, 54.4 billion Won (about HK\$380 million) will cater for nurturing skilled manpower in IT research, and 12.1 billion Won (about HK\$8.47 million) will be allocated to specialised IT educational programmes. In addition, government support has been provided to IT professional education organisations, and cyber universities involved in the field of information and communication.

4.6 During the tour at the Ubiquitous Dream Exhibition Hall, the delegation expressed particular interest in the application of the state-of-art technologies in household items.

The culture contents industry

Current development

4.7 In Korea, publication, movies, broadcasting, music, animation, character, games, comics and internet and mobile communication are classified under the culture contents industry. The strong IT base in Korea has created a solid foundation for the rapid growth of the industry. The number of households with broadband internet connection has exceeded 10 million, or 70% of the total households in Korea. The culture contents industry has benefited from the full development of a broadband media market.

4.8 The market size of the culture contents industry amounted to 18.3 trillion Won (about HK\$128.1 billion) in 2002, representing an increase of 40% compared to 2001. Among the various sectors in the industry, the game industry is one of the fastest growing businesses. Its domestic market worth reached 3.9 trillion Won (about HK\$27.3 billion) in 2003, a growth of 16.7% over the previous year. The game industry had a workforce of about 34 000 in 2002. It is forecasted that about 66 000 new jobs in the game sector will be created by 2007.

Korea Culture and Contents Agency

4.9 KOCCA is a public organisation under MCT to promote the development of the Korean culture contents business, which includes animation, music, character, comics, mobile and internet content, and edutainment. As part of the effort of the Korean Government to nurture the development of the culture contents industry, KOCCA has an important role to play in "incubating" relatively young but outstanding companies as well as start-up companies with creativity and technological potential. A ranges of services including the provision of equipment and facility at low cost, technological support, research

and analysis on domestic and global markets are provided to companies in the industry.

4.10 To assist Korean companies to enter the global market and engage in international joint development projects, KOCCA has set up branch offices in Beijing, Tokyo and London. A new office in Los Angeles opened in June 2004. These overseas offices play an important role in establishing global market network for Korea's culture contents industry. The Content Export Information System, a joint effort of KOCCA and MCT, was launched in June 2004 providing comprehensive market information necessary for export.

4.11 KOCCA also offers various training programmes to foster human resources for the culture contents industry. Opened in April 2004, the Cyber Culture Contents Academy operated by KOCCA provides cyber education courses for professionals in the industry.

Korea Game Development and Promotion Institute and Game Academy

4.12 KGDI, which was established by MCT in 1999 under the name of Korea Game Promotion Centre, operates as a core support infrastructure to Korea's computer game industry. It provides comprehensive support covering areas from planning and production, marketing, technology development to broadening of game audience. In collaboration with the industry, government ministries and agencies, universities, and other game-related organisations, KGDI steers joint efforts towards the goal of making Korea one of the world's top three in the game industry by 2007. The Game Industry Policy Advisory Commission with participation from the industry has been established to advise on the promotion policy as well as the policy on game venture business evaluation and research.

4.13 In an effort to promote the development of the game industry, KGDI is responsible for the incubation programme to facilitate innovative game developers or start-ups which may not have the necessary resources and funding to take forward worthwhile projects. At present, a number of promising companies which lack the necessary capital have been selected by KGDI for incubation. They are provided rent-free office accommodation at KGDI's premises for an initial of two years which can be extended to three

years. High-tech equipment and facilities at KGDI are available to these companies at a very low charge.

4.14 Other forms of support and assistance offered to the industry include the establishment of an information library providing comprehensive information on game technologies, domestic and international game market trends, the publication of game industry reports and research analysis, hosting of game forums and conferences.

4.15 On fostering human resources for the growing industry, the Game Academy, opened in November 2000 by KGDI, provides training courses in areas of games planning, production, contents, sound, graphic and programming. It also operates an online education system for youths and game developers in enhancing their skills. At present, 92 students enroll in the two-year programme, and more than 3 000 people have taken online courses. About 60% of the tuition fees are subsidised by the Korean Government.

4.16 The delegation was invited to tour around the Game Academy to observe the training activities. The delegation was impressed by the advanced training facilities in the Academy and the coaching provided by the instructors to students in their assignments.

Chapter 5 - Observations and conclusion

Observations

5.1 The delegation notes that the Korean Government has taken an active and significant role in the creation of employment opportunities. The Korean Government recognises that the private sector also has an important role to play in creating jobs. Measures have been implemented in building a business-friendly environment in order to attract local and foreign investment. These include easing investment restrictions, expanding tax and financial benefits to corporations, and offering tax incentives to foreign investors. The Korean Government has also provided the necessary support and assistance to SMEs and start-up businesses.

5.2 The delegation has observed that the Korean Government considers that a stable and flexible labour market is a contributing factor to the success in job creation. To this end, the Social Agreement on Job Creation has been reached among labour unions, management and the Korean Government. The three parties have agreed to make efforts to create more jobs through the stabilisation of employment, wages and industrial relations.

5.3 The delegation is impressed by the Korean Government's initiatives to reduce statutory working hours and promote reform of shift work to create jobs.

5.4 The delegation notes that the Korean Government invested heavily in the training and retraining of its workforce in order to enhance corporate competitiveness and the employability of employees in the knowledge-based economy. Subsidies are provided to both employers and employees. The delegation is impressed by the Korean Government's commitment to promoting life-long learning and upgrading the skills and knowledge of employees to meet the needs of the economy.

5.5 The delegation considers it important to identify some backbone industries for development with a view to revitalising the economy, thereby creating job opportunities. In the case of Korea, IT industry has been

identified as one of its key industries. Strong support has been provided in building the necessary IT infrastructure and creating an environment conducive to its development. The strong IT base in Korea has given a solid foundation for the rapid growth in the culture contents industry. The delegation has expressed interest in the incubating programme to nurture the development of the culture contents industry.

Conclusion

5.6 The delegation considers that the visit is successful in that it has enabled members to better understand Korea's policies and initiatives to create employment opportunities and its manpower development strategies and programmes to support its employment policies. The delegation is particularly impressed by the vision and initiatives of the Korean Government in creating jobs, and the provision of training and retraining to its workforce to enhance economic competitiveness and employability of employees in a knowledge-based economy. Although some of the Korea's initiatives and measures may not be directly applicable to Hong Kong, the Korean experience serves as an useful reference for members in considering measures to create employment opportunities and to equip the local workforce to meet the changing needs of a dynamic economy.

Acknowledgements

The delegation wishes to record its appreciation to the officials concerned of the Ministry of Labour, Ministry of Information and Communication, and representatives of other relevant organisations for their detailed briefings and useful exchange of views and information with the delegation.

The delegation wishes to thank the Consul General of the Republic of Korea in Hong Kong for drawing up a very fruitful visit programme. The delegation also wishes to thank the Hong Kong Economic and Trade Office in Tokyo for assisting in the logistical arrangements.

Panel on Manpower

**Duty visit to the Republic of Korea
(9-12 May 2004)**

Visit programme

9 May 2004 (Sunday)

Afternoon Delegation arrived in Seoul

10 May 2004 (Monday)

Morning Visit to the Human Resources Development Service of Korea

Afternoon Meeting with the Ministry of Labour

Visit to the Korea Culture and Contents Agency

11 May 2004 (Tuesday)

Morning Meeting with the Ministry of Information and Communication

Afternoon Visit to the Korea Game Development and Promotion Institute

Visit to the Game Academy

Evening Dinner hosted by Mr Alex FONG, Principal Hong Kong Economic and Trade Representative, Tokyo

12 May 2004 (Wednesday)

Morning Delegation departed Seoul for Hong Kong

**List of government officials and representatives of other organisations
with whom the delegation met in the Republic of Korea**

Ministry of Labour

Mr SHIN Young-chul
Director-General
Employment Policy Division

Mr LEE Sang-bok
Deputy Director
Employment Policy Division

Ministry of Information and Communication

Mr CHOI Jun-yeong
Director-General

Mr CHOI Jae-you
Director
Knowledge-based Industry Policy Division

Mr PARK Sung-hee
Deputy Director
Knowledge-based Industry Policy Division

Human Resources Development Service of Korea

Dr JUNG Woo-yi
Director General

Mr CHUNG You-jin
Managing Director
Human Resources Development

Korea Culture and Contents Agency

Mr SUH Byung-moon
President and CEO

Mr LEE Jung-hyun
Executive Vice President
Planning and Business Development Division

Mr CHUN Hyun-taek
Director
Global Marketing

Korea Game Development and Promotion Institute

Mr KIM Yong-kwan
Vice-President

Mr S B HAN
Global Marketing

Game Academy

Mr SEO Byoung-dae
Vice-President

List of reference materials obtained from the visit

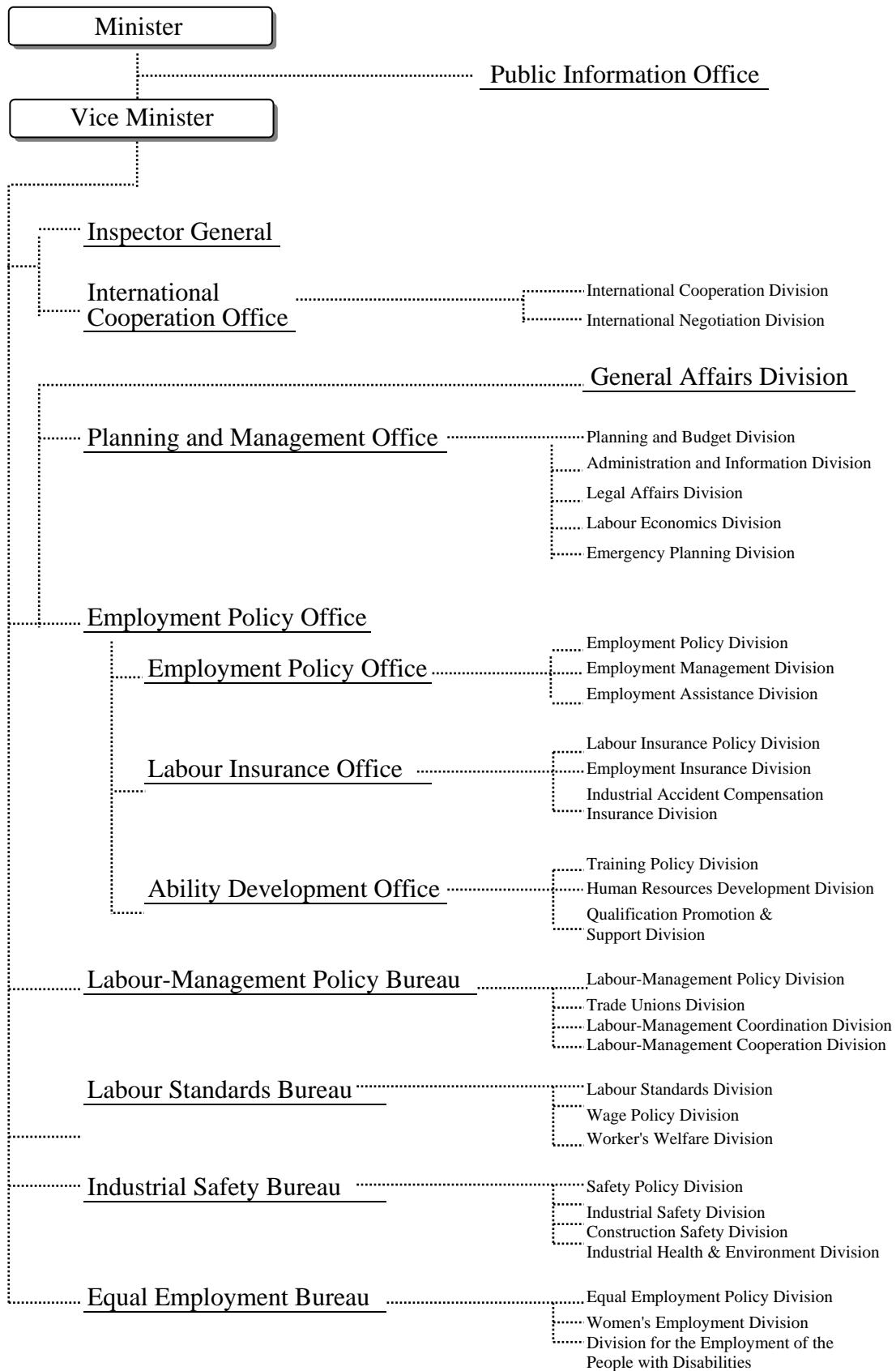
Publications

1. Labor Administration 2004
2. Vocational Competence Development
3. Human Resources Development Service of Korea
4. Human Resources Development for a Knowledge-based Society
5. 2003 White Paper Internet Korea
6. Creative Content Korea
- Another Views for Tomorrow
7. Game Infinity

Relevant websites

1. Ministry of Labour (www.molab.go.kr)
2. Ministry of Information and Communication (www.mic.go.kr)
3. Cultural Industry Bureau, Ministry of Culture and Tourism (www.mct.go.kr)
4. Human Resources Development Service of Korea (www.hrdkorea.or.kr)
5. Korea Culture and Contents Agency (www.korea.or.kr)
6. Korea Game Development and Promotion Institute (www.gameinfinity.or.kr)

Organisation Chart of the Ministry of Labour



(source : www.molab.go.kr)