

North Korea: Labor Rights at Risk in Joint Industrial Complex

South Korean Companies Violate Labor Law

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(Seoul, October 3, 2006) - The North Korean law governing the Kaesong Industrial Complex (KIC), a new industrial joint venture between North Korea and South Korean companies, should be amended to ensure adequate protections of basic workers' rights, Human Rights Watch said in a new briefing paper released today.

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Although labor conditions for North Korean workers at the KIC likely represent an important step forward compared with the rest of North Korea, the law governing the complex and some practices by South Korean firms operating there still fall far short of international labor protection standards. The North Korean government wrote this law after consulting with the Hyundai Asan Corporation, the unit of the South Korean conglomerate Hyundai Group that is in charge of developing the complex.

"Given the dire circumstances in North Korea, the opportunity for people to work at facilities like Kaesong represents a small step forward," said Sophie Richardson, deputy Asia director at Human Rights Watch. "But unless workers' rights are codified into legal protections, those rights could be violated with impunity at Kaesong."

The 19-page briefing paper, "North Korea: Workers' Rights at Kaesong Industrial Complex," provides an overview of labor conditions at the KIC, an industrial complex located in North Korea. It documents the KIC Labor Law's shortcomings in the areas of the freedom of association, the right to collective bargaining, the prohibitions on sex discrimination and harassment and harmful child labor, among others.

The KIC opened in June 2004 under a contract between North Korea and South Korea's Hyundai Asan Corporation and South Korea's state-owned Korea Land Corporation. The complex is located between the North Korean city of Kaesong and the western border between the two Koreas. The workers produce goods mostly for the South Korean market, including watches, shoes, clothes, kitchenware, plastic containers, electrical cords and car parts, among other items. As of August, more than 8,000 North Korean workers were employed by 13 South Korean companies.

Human Rights Watch also found that South Korean companies are violating the existing KIC Labor Law, which stipulates that employers should pay workers directly in cash. An employers' representative told Human Rights Watch that the South Korean companies have been asked instead to pay workers' wages in U.S. dollars directly to the North Korean government, which in turn pays the workers in North Korean won after deducting a mandatory 30 percent contribution to a social welfare fund.

“The fact that North Korea has already managed to get South Korean companies to violate worker’s rights on wage payments is not only an embarrassment, but also raises concerns about other violations at Kaesong,” said Richardson.

North Korea is a party to four main international human rights treaties: the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights; the Convention on the Elimination of All Forms of Discrimination against Women; and the Convention on the Rights of the Child. All provide important workers’ rights protections, including the right to freedom of association and collective bargaining, and ban sex discrimination and harmful labor for children. As a party to these international human rights treaties, North Korea has a legal obligation to protect these rights.

Human Rights Watch has not yet been given access to interview North Korean workers at the KIC. The briefing paper is based on information obtained from South Korea’s Ministry of Unification, a representative of the South Korean companies operating at the KIC, and other sources, including an analysis of KIC’s labor laws.

North Korea should allow South Korean companies to pay the workers directly in cash, as stipulated in the KIC Labor Law, and it should amend the Labor Law to meet international labor standards and ensure the law is effectively enforced. Human Rights Watch called on North Korea to join the International Labor Organization (ILO), sign its core treaties, and invite ILO officials to discuss the protection and promotion of workers’ rights.

South Korea should ensure that South Korean companies are respecting workers’ rights in the Kaesong Industrial Complex. As a member of the Organisation for Economic Co-operation and Development (OECD), South Korea should also promote the OECD Guidelines for Multinational Enterprises, which asks state members to encourage enterprises to respect basic labor rights guaranteed in core ILO treaties.

“For Kaesong to represent genuine progress for human rights in North Korea, Seoul and Pyongyang alike must ensure basic rights and protections of the North Korean workers,” said Richardson.