
LABOUR LAW OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA FOR FOREIGN- INVESTED ENTERPRISES

Adopted by Decree No. 3053 of the Presidium of the Supreme People's Assembly on January 21, 2009
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Chapter 1 Fundamentals

Article 1 (Objective)

This Law is enacted for the purpose of providing strict guidelines for the employment of labour, work and relaxation, payment of remuneration, labour protection, social insurance, social security and dismissal of employees, thereby ensuring the business activities of the enterprises and protecting the rights and interests of the employees thereof.

Article 2 (Principle of labour employment)

A foreign-invested enterprise shall mainly employ the labour of the DPRK. Managerial personnel or technicians and skilled workers for special jobs may, in case of need, be employed from abroad.

Minors under 16 years of age shall not be employed.

Article 3 (Principle of provision of working conditions)

A foreign-invested enterprise shall provide employees with safe, cultured and hygienic working conditions and protect their lives and health.

Article 4 (Principle of providing remuneration)

A foreign-invested enterprise shall accurately pay the employees the remuneration due to them and increase the amount systematically.

Employees shall be paid equal amount of remuneration for equal work without any distinction as to their sex and age.

Article 5 (Principle of social insurance and social security)

A foreign-invested enterprise shall ensure that the citizens of the DPRK under its employment benefit from social insurance and social security.

Article 6 (Prohibition from mobilization for irrelevant work)

The labour of a foreign-invested enterprise shall not be mobilized for purposes irrelevant to the production and management of the enterprise except in such unavoidable circumstances as the occurrence of natural calamities.

Article 7 (Guidance institution)

Labour management of a foreign-invested enterprise shall be placed under the unified control and guidance of the central labour administration guidance organ.

Article 8 (Applicability)

This Law shall be applicable to such foreign-invested enterprises as joint venture and contractual joint venture enterprises, and wholly foreign-owned enterprises.

This Law shall also be applicable to the foreign-invested banks and foreign enterprises that wish to employ the labour of the DPRK.

Chapter 2 Employment of Labour and Conclusion of Labour Contract

Article 9 (Institution responsible for provision of labour)

Labour of a foreign-invested enterprise shall be provided by the labour administration institution in the seat of the enterprise concerned.

Institutions, enterprises and organizations other than the labour administration institution in the seat of a foreign-invested enterprise shall not be entitled to provide labour for a foreign-invested enterprise.

Article 10 (Application for provision of labour)

A foreign-invested enterprise shall file an application for provision of labour with the labour administration institution in the seat of its operation.

The application shall specify the required number of employees, their sex, age, type of jobs, technical skill, term of employment and amount of remuneration.

Article 11 (Recruitment and provision of labour)

The labour administration institution shall provide the requested labour within 30 days of receipt of an application to that effect.

Where the required labor is to be recruited from other area, agreement shall be sought from the labour administration institution in the area concerned.

Article 12 (Employment of labour)

A foreign-invested enterprise shall employ the labour provided by the labour administration institution concerned. It may, nevertheless, refuse to employ such persons that fail to satisfy the prescribed criteria.

Article 13 (Employment of foreigners)

Where a foreign-invested enterprise wishes to employ foreigners, application to that effect shall be filed with the investment management organ.

The application shall contain their name, sex, age, nationality, place of residence, education, technical qualification and occupation.

Article 14 (Conclusion and implementation of labour contract)

A foreign-invested enterprise shall enter into a labour contract with a trade union of the enterprise.

The labour contract shall specify such matters as working day, relaxation, provision of working and living conditions, labour protection, payment of remuneration, reward and punishment.

Article 15 (Validity of labour contract)

A foreign-invested enterprise and a trade union shall submit to the labour administration institution in the seat of its operation a labour contract concluded with the trade union.

The labour contract shall be valid from the date of its conclusion.

Article 16 (Alteration of labour contract)

Labour contract may be altered subject to the agreement of the parties concerned. In this case particulars of the change shall be notified to the labour administration institution in the seat of the enterprise.

Chapter 3 Work and Relaxation

Article 17 (Working day)

The working day shall be 8 hours a day, 48 hours a week.

A foreign-invested enterprise may set the working day shorter in consideration of the level of intensity of labour and special working conditions.

In the sectors influenced by seasonal limitations, the working day may be set flexible within the range of the total working hours of the year.

Article 18 (Observance of working day)

A foreign-invested enterprise shall work its employees within the limit of prescribed working day.

Where the working day is to be lengthened for unavoidable reasons, agreement thereon shall be reached with the trade union.

Employees shall strictly observe working day.

Article 19 (Sundays and legal holidays)

A foreign-invested enterprise shall give its employees rest on legal holidays and Sundays.

Where employees are made to work on a legal holiday or a Sunday under unavoidable circumstances, they shall be given a compensatory day off the following week.

Article 20 (Regular and additional holidays)

A foreign-invested enterprise shall give its employees 14 days of regular holidays, and 7~21 days of additional leave to those doing heavy or harmful work

Article 21 (Maternity leave)

A foreign-invested enterprise shall, in addition to the regular and additional holidays, give pregnant employees a maternity leave of 60 days before and 90 days after childbirth.

Chapter 4 Remuneration

Article 22 (Categories of remuneration)

A foreign-invested enterprise shall pay its employees their remuneration accurately according to the prescribed standard.

Remuneration shall include wage, standard allowance, bounty and bonus.

Article 23 (Fixing of minimum monthly wages)

The minimum monthly wage of an employee working for a foreign-invested enterprise shall be fixed by the central labor administration guidance organ or investment management organ.

The minimum monthly wage shall be set on the principle of compensating for the physical and mental strength of employees used up in the course of their labour and fully guaranteeing their livelihood.

Article 24 (Raising of wage standard)

A foreign-invested enterprise shall gradually raise the rate of wage in line with the growth of production and in consideration of the improved technical qualifications of its employees and labour productivity.

Article 25 (Calculation and payment of holiday allowances)

A foreign-invested enterprise shall pay holiday allowances to its employees on regular, additional or maternity leave on the basis of the number of the days of leave.

Holiday allowances shall be calculated by multiplying the average daily remuneration for actual working days during the 3 months immediately before the leave by the number of days of leave.

Article 26 (Subsidy)

A foreign-invested enterprise shall pay its employees subsidy equivalent to at least 60% of daily or hourly wage for the days or hours when they were off work due to mismanagement of the enterprise or their training.

Article 27 (Allowances for work on holidays)

Where a foreign-invested enterprise has worked its employees on Sundays or legal holidays for unavoidable reasons but failed to give a compensatory day off, allowances equivalent to 100% of their daily or hourly wage for the days or hours of their extra work shall be paid to them.

Article 28 (Allowances for overtime or night work)

Where a foreign-invested enterprise has worked its employees overtime during the day or worked them on night shifts, allowances equivalent to 50% of their daily or hourly wage for the days or hours of their extra work shall be paid to them.

Where a foreign-invested enterprise has worked its employees overtime at night, allowances equivalent to 100% of their daily or hourly wage shall be paid to them.

Article 29 (Bonus)

A foreign-invested enterprise shall create a bonus fund out of its net profits and pay bonus to model employees.

Article 30 (Payment of remuneration)

A foreign-invested enterprise shall pay its employees a full amount of their wages in cash on the prescribed day.

Where an employee resigns or is dismissed before the payday, he shall be paid the remuneration after due procedures are over.

Chapter 5 Labour Protection

Article 31 (Labour safety, provision of industrial hygienic conditions)

A foreign-invested enterprise shall provide labour safety facilities, and industrial hygienic conditions such as good lighting, illumination and ventilation to keep off heat, gas and dust, and ensure that the facilities and conditions are further perfected and improved so that labour accidents and vocational diseases may be prevented and employees can work in a sound and clean environment.

Article 32 (Education in labour safety)

A foreign-invested enterprise shall give its employees education in labor safety before working them.

The term and contents of education shall be determined at the discretion of the enterprises in consideration of the category of business and occupation.

Article 33 (Elimination of danger)

A foreign-invested enterprise shall, prior to organizing production and giving work assignments, carry out comprehensive checks on working conditions and eliminate anything that is dangerous to the lives or detrimental to the health of the employees.

Where there is danger of an accident occurring in a production process, production must be stopped, and danger removed before resuming production.

Article 34 (Labour safety measures)

A foreign-invested enterprise shall ensure that such harmful elements as gas, dust, high temperature, humidity, radioactive rays, noise, vibration and electric field do not exceed the tolerance limits in the process of production.

Work places with dangerous elements shall have caution signals and be furnished with protective devices to cope with possible labour accidents.

Article 35 (Protection of female employees)

A foreign-invested enterprise shall provide adequate labour safety facilities to female employees. Pregnant or nursing women shall not work overtime or on night shifts.

Article 36 (Operation of nurseries and kindergartens)

A foreign-invested enterprise may, in a way best suited to its actual conditions, build and operate nurseries and kindergartens for the bringing up of the children of the employees.

Article 37 (Provision of labour materials)

A foreign-invested enterprise shall regularly supply its employees with sufficient amount of labour materials such as protective tools, labour necessities, nutritional foodstuff, protective medicine, detoxicants, skin protection materials and detergents.

Article 38 (Handling and investigation of accidents)

Where a serious industrial accident occurs resulting in death, injury or poisoning of its employee on the job, a foreign-invested enterprise shall take measures for medical treatment and promptly notify the matter to the labour administration institution in the seat of its operation.

The labour administration institution, foreign-invested enterprise and the institution concerned shall conduct an investigation of the accident, clarify the cause thereof and take relevant measures.

Chapter 6 Social Insurance and Social Security

Article 39 (Benefits of social insurance and social security)

The citizens of the DPRK employed by a foreign-invested enterprise shall be entitled to the benefits of social insurance and social security schemes in case they temporarily lose ability to work due to illness, injury or other reasons, or when they retire.

The benefits of social insurance and social security shall include subsidy, pension, recuperation, recreation and tour.

Article 40 (Calculation of pension and subsidy)

Subsidy and pension under social insurance and social security schemes shall be calculated in accordance with the relevant laws and regulations.

Article 41 (Creation of social insurance fund)

Benefits under social insurance and social security schemes shall be provided by the social insurance fund.

Social insurance fund shall be created with the social insurance premium paid by the foreign-invested enterprises and their employees.

Article 42 (Payment of social insurance premium)

Foreign-invested enterprises and employees shall pay social insurance premium to the financial institution on a monthly basis.

The ratio of the social insurance premium shall be fixed by the central financial guidance institution.

Article 43 (Creation and use of cultural and welfare fund)

A foreign-invested enterprise may create cultural and welfare fund out of its after-tax profits.

The cultural and welfare fund shall be used for the improvement of technical and cultural standard of the employees and their cultural and sports events and operation of welfare facilities.

Chapter 7 Dismissal of Employees

Article 44 (Basic requirement of dismissal of employees)

A foreign-invested enterprise shall not, without any justifiable reasons, dismiss an employee before his term of employment expires or he reaches the retiring age.

Where an employee is to be dismissed, the trade union shall be consulted.

Article 45 (Reasons for dismissal of employee)

An employee shall be dismissed in cases where:

1. He can not continue service in the present or other occupation because of disease or injury;
2. Workforce is redundant due to change in business operation or technical conditions;
3. He caused a serious accident through violation of labour discipline;
4. He is unable to perform work assignments for lack of technical qualification and skill; or
5. He caused serious damage to the property of the enterprise.

Article 46 (Agreement to and notification of dismissal of employee)

Where an employee is to be dismissed, a foreign-invested enterprise shall seek an agreement thereon of the trade union concerned and make a notification thereof to the person concerned and the labour administration institution in the seat of the enterprise concerned.

Article 47 (Reason for non-dismissal of employee)

An employee shall not be dismissed in cases where:

1. The period of medical treatment due to disease or injury is less than 1 year; or
2. She is on maternity leave or in the period of lactation

Article 48 (Resignation of employee)

An employee may apply for resignation in cases where:

1. He is unable to continue service due to disease or family problems;
 2. He cannot perform work assignments due to lack of technical qualification or skill;
- or
3. He obtained admission to a university, college or vocational school

Chapter 8 Sanction, Settlement of Disputes

Article 49 (Fines, suspension of business)

Where an enterprise caused serious consequences through violation of this Law, fines shall be imposed or business operation suspended.

Article 50 (Complaints, settlement)

A foreign-invested enterprise may, if any, submit to the institution concerned complaints in connection with the enforcement of this Law.

The institution concerned shall settle the complaints within 30 days of receipt thereof.

Article 51 (Settlement of disputes)

Any dispute concerning the implementation of this Law shall be settled through consultation between the parties concerned.

In case of failure in consultation, the dispute shall be settled through mediation, arbitration or legal procedures.