

LABOUR REGULATIONS FOR FOREIGN FUNDED ENTERPRISES IN FETZ

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Chapter 1 General Provisions

Article 1. The purpose of these regulations is to supply work force needed for foreign-funded enterprises according to the law related to the foreign-funded enterprises and to protect the rights and interests of the employees in their working life.

Article 2. The employment of the work force by the foreign-funded enterprises and good offices in it, payment of wages and guarantee of conditions for working life shall be done according to these regulations. Any provisions not covered in these regulations concerning labor shall be subject to the relevant labor law and regulations of the DPRK.

Article 3. These regulations shall be applied to foreign-funded enterprises in the territory of the DPRK. Foreign-funded enterprises shall include foreign-invested enterprises (equity and contractual joint ventures, wholly foreign-owned enterprises) and foreign enterprises.

Article 4. The foreign-funded enterprise shall employ workers of the DPRK for their business activities. Should it wish to employ management personnel, technicians and skilled workers of special job classifications from other countries, a foreign-funded enterprise shall reach an agreement with the external economic organ of the administration council.

Article 5. Workers employed by a foreign-funded enterprise shall not be mobilized for other purposes than irresistible cases such as natural disaster.

Article 6. The amount of remuneration for an employee working for a foreign-funded enterprise shall be decided according to his job classification, level of technical qualification and productivity. Remuneration shall include wage, additional wage, subsidy and bonus.

Article 7. The foreign-funded enterprise shall pay its primary attention to the improvement of working conditions so that the employees can work under safe, cultural and hygienic conditions and to the protection and promotion of their lives and health.

Article 8. The foreign-funded enterprise shall see to it that the employees who are citizens of the DPRK benefit by social insurance and social security.

Article 9. A foreign-funded enterprise shall protect the rights and interests of the employees and conclude labor contract with the trade union which represents the employees. The labor contract shall define duties of the employees, the amount of production and quality index, working hours and rest, remuneration, insurance and public welfare, labor protection and working conditions, labor discipline, prize and penalty, provision of retirement and so on. The labor contract shall have legal effect from the day of its conclusion and its amendment shall be done on agreement between the two sides. The foreign-funded enterprise shall submit the labor contract to the labor administration organ in the area of its location.

Article 1. The execution of these regulations shall be supervised and controlled by the labor administration organ.

Chapter 2 Employment and Dismissal of Workers

Article 11. The foreign-funded enterprise shall decide for itself the number of the workers needed for its operation, conclude a contract on the employment of work force with the labor service agency and employ work force on accordance with the contract.

The contract shall define the number of workers by industrial classification and technical qualification, the duration of employment, payment, conditions for ensuring working life and the like.

Article 12. The labor service agency shall provide the workers needed for foreign-funded enterprise with the work force of the area of its operation. The agency may provide some skilled workers from other areas in case it is impossible to provide them with those in the area of its operation. In this case, the labor service agencies in other areas shall provide them.

Article 13. The contractual joint venture and equity joint venture which are established with an enterprise of the DPRK as their mother body shall employ the workers of that enterprise first.

Article 14. The foreign-funded enterprise shall employ work force sent by the labor service agency in the area of its operation. If it doesn't conform to the conditions of the employment contract, the foreign-funded enterprise can refuse to accept them .

Article 15. The foreign-funded enterprise can dismiss an employee before the termination of employment contract on agreement with the trade union and with relevant labor service agency in the following cases:

- 1 . When the employee can not continue his or her work or other job even after the treatment of an illness or injury, provided that the illness or injury is not occupational or official one.
2. When there are extra employees due to the changes in production management and technical condition.
3. When it is compelled to reduce its work force or declare its dissolution owing to bankruptcy.
4. When the employee has inflicted a big loss on the enterprise or seriously violated the labor discipline.

Article 16. The employee can apply for his resignation in the following cases:

1. When the employee has to stop his work or do other work owing to unavoidable personal circumstances.
2. When he or she can not fully display his or her technical capability in the given occupation because it is not his or her area of specialization.
3. When he or she entered a school to study.

Article 17. The foreign-funded enterprise shall not dismiss its employee in the following cases:

1. When the employee is undergoing treatment for occupational disease or after being injured while working.
2. When he or she has been receiving treatment for illness for not more than 6 months.
3. When a woman employee is married or pregnant and when she is on maternity leave or is nursing her baby.

Article 18. The foreign-funded enterprise shall pay subsidy to the employee whom it has dismissed according to 1,2,3 of Article 15 and to the employee whose resignation it approved according to 2,3 of Article 16 of these regulations depending upon the period of his or her employment. If his or her period of employment is less than one year, the foreign-funded enterprise shall pay subsidy equivalent to the last monthly wage and if his or her period of employment is more than one year the enterprise shall pay subsidy calculated according to his or her average monthly wage for the last 3 months and the number of the years he or she has worked for the enterprise.

Article 19. When the foreign-funded enterprise is going to dismiss or allow resignation of an employee, it shall submit the list of their names to the labor service agency in the area of its operation one month in advance.

Chapter 3 Technical Training

Article 2. The foreign-funded enterprise shall raise the level of technical qualification of its employees and assess their degrees of technical qualification according to labor law and regulation of the DPRK.

Article 21. The foreign-funded enterprise can, if necessary, organize and run a training center or course to train skilled workers.

Article 22. The free economic and trade zone authority can organize and run a training organ for technical training needed for foreign-funded enterprises. Technical training shall be done in the form of training employees in service or pre-entry training for school leavers.

Chapter 4 Working Hours and Rest

Article 23. The working hours of the employees shall be 6 days a week and 8 hours a day. According to the difficulties and special conditions of work, the working hours can be fixed shorter. In a sector of seasonal limitations, the working hours can be fixed differently within the range of the annual working hours.

Article 24. The foreign-funded enterprise shall not let its employees work over time. If it is inevitable, the enterprise can do so on agreement with the trade union. In this case, it can not exceed 48 hours a month.

Article 25. The foreign-funded enterprise shall grant to an employee a rest on fete days and off days, regular and supplementary leaves and maternity leave, according to the law of the DPRK. If the enterprise let an employee work on a fete day or an off day, it shall give him a compensatory day off within one week. Every year the foreign-funded enterprise shall grant a special leave of 1 to 3 days for ceremonial occasions. This period shall not include the days of double journey.

Chapter 5 Remuneration

Article 26. The standard monthly salary of an employee working at a foreign-funded enterprise shall not be lower than 22 won (16 won in the free economic and trade zone). In arduous sectors salary standards shall be fixed higher. The foreign-funded enterprise shall, according to the standard salary, decide for itself the standard salaries by the classification of occupation and service ranks, the forms and methods of payment, standards of additional wage, bounty and bonus.

Article 27. The foreign-funded enterprise shall gradually lift the level of salary according to the rise in production, the level of technical qualification and productivity.

Article 28. The foreign-funded enterprise shall pay to an employee the allowance for the period of leave and additional rest before he or she is on leave. The allowance for the leave shall be calculated by multiplying by the days of the leave the average daily payment obtained through the division of the payment for the latest three months up to the leave with the number of working days in this period. The allowance for the leave includes salary, additional wage and bounty.

Article 29. The foreign-funded enterprise shall pay subsidy equivalent to 6 percent of the daily or hourly salary for the days or hours in which work is not done due to the mistakes of the enterprise, not of the employees, and also for the days or hours in which work is not done for training.

Article 3. The foreign-funded enterprise shall pay to an employee who worked on days off and was not given compensatory days off or did overtime or night work an additional wage equivalent to 5 percent of the daily or hourly salary according to the days or hours in which he. or she worked .Night work means the work performed from 22 to 6 next days.

Article 31. The foreign-funded enterprise shall pay additional wage equivalent to 1 percent of the amount of daily or hourly salary to an employee who worked on fete days and did overtime work or from 22 to 6 next day according to the days or hours of the work.

Article 32. The foreign-funded enterprise may raise a bonus fund with a portion of its profit which is left after the payment of tax and, on agreement with the trade union, give a bonus to an employee who has set an example in overfulfilling his or her production assignment.

Article 33. The foreign-funded enterprise shall fix the day of paying salary, additional wage and bounty and give them on that day. The bonus shall be paid in the next month of the period of assessment. In case an employee has resigned or retired or is dismissed before the day of payment he shall be paid the remuneration after going through the procedures.

Chapter 6 Labor Protection

Article 34. The foreign-funded enterprise shall install, improve and perfect labor safety facilities to ensure the safety of operation and keep off super heat, gas and dust and provide industrial hygienic conditions such as lighting and ventilation so that the employees can work under cultural and hygienic conditions.

Article 35. The foreign-funded enterprise shall let an employee work after giving him labor safety technical education. The period of education shall be 1 or 2 weeks according to the types of occupation and business.

Article 36. Foreign-funded enterprises shall provide hygienic facilities for labor protection to the women employees. It shall not impose difficult and hazardous work to a woman who is over 6

months of pregnancy. The foreign-funded enterprises shall organize and operate nurseries and kindergartens.

Article 37. The foreign-funded enterprise shall supply in time to its employees labor protection materials such as labor protection tools, working necessities and nutritious food. The standard of materials for labor protection issued to the employees shall , be defined by the foreign-funded enterprises in accordance with the relevant labor regulations of the DPRK.

Article 38. In case of serious accidents such as injury, toxication or death of an employee in work, the foreign-funded enterprise shall report this in time to the labor protection supervisory organ and should be inspected for the accident by the competent organ.

Chapter 7 Social Insurance and Social Security

Article 39. The employees of a foreign-funded enterprise who are citizens of the DPRK shall, in case of sickness, injury or old-age retirement, benefit by the social insurance and social security .

The benefits of the social insurance and social security includes subsidy, pension, rest at holiday home and sanatorium, and medical treatment.

An employee who wishes to be paid subsidy and pension shall submit a medical certificate issued by the health organ or document confirming the reason for requesting subsidy and pension to the foreign-funded enterprise.

The enterprise shall have the application for the payment of social insurance subsidy confirmed by the social insurance organ and thereafter draw the appropriate amount of subsidy from the bank and pay it to the applicant on the pay day.

The travel expense to and from the holiday home and sanatorium and the funeral subsidy shall be paid on the basis of the relevant document and be settled later.

As for the pension and subsidy under the social security , the foreign-funded enterprise shall submit the application to the social insurance organ for approval and, on completion of procedures, the pension payment organ shall pay to the person in question at the fixed date of each month.

Article 4. Subsidy and pension under social insurance and social security shall be calculated in accordance with the labor regulations of the DPRK.

Article 41. The benefits of social insurance and social security shall be provided from the social insurance fund. The insurance fund shall be raised with social insurance fees collected from the employees .

Article 42. The foreign-funded enterprise can organize and operate a sanatorium and a holiday home for the promotion of the health of the employees. The operation cost of the sanatorium and the holiday home shall be paid from the social insurance fund.

Article 43. The foreign-funded enterprise shall be subject to supervision by the social insurance organ in the area of its operation and the trade union regarding the payment of social insurance fees and expenditure of the insurance fund.

Article 44. The foreign-funded enterprise can create a cultural and welfare fund for the employees with part of its profits after paying the taxes. The cultural and welfare fund shall be used for the enhancement of the cultural and technical levels of the employees, mass culture and sports, and the operation of the welfare facilities for them. The use of the cultural and welfare fund shall be supervised by the trade union.

Chapter 8 Sanctions and the Settlement of Disputes

Article 45. The labor administration organ shall impose a fine on the foreign-funded enterprise, if it employs and dismisses work force of our country in violation of these regulations.

Article 46. In case a foreign-funded enterprise fails to provide labor security facilities and industrial hygienic conditions, the labor administration organ shall order it to rectify the fault within a set period of time. In case it does not rectify it thereafter, it can fine the enterprise or suspend its operation according to the extent of the failure.

Article 47. When the fine is considered unjust it can request the organ superior to the one that imposed the fine to return the money paid in the fine within 15 days from the day on which it has got the notice. The superior organ shall settle the matter within 1 days from the day it receives the request.

Article 48. Any disagreement arising in the implementation of these regulations shall be settled through consultations between the parties concerned. Any dispute shall be settled by a court of law or an arbitration body of the DPRK in accordance with the relevant procedures.