

Migrant Workers in the Shipbuilding Sector

New forms of labour mobility

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Fill labour needs which cannot **effectively** and **efficiently** be met locally in a reasonable timeframe, without adverse effects on residents

- Individual Labour Market Test
- Collective Shortage Occupation List

“Establish that suitable labour, national or foreign, is not available within the country for the employment in question” (1953)

Generally require that jobs are advertised locally and that **employers are in good faith** when they claim they must recruit from abroad:

Many labour migration channels are **difficult to use for skilled trades**, because they don't qualify as high-skilled, their salaries are below the threshold, or because there are certification requirements



Korea example: Overall shortage, forecast of need for foreign workers in 4 occupations

- > Shipbuilders can have up to 30% foreign workforce (up from 20%) for next 2 years
- > E-9 non-professional workers can **stay for up to 9 years 8 months**.
 - > Pilot vocational training programme for E-9
 - > MOEL issued E-9 employment permits to 5,373 workers in Q1-Q3/23 for employment in small and medium-sized Korean shipbuilders.
- > E-7 is a permit which allows **indefinite stay**
 - > E-7-4 bridge from E-9 facilitated for shipbuilders
 - > E-7-4 special quota for shipbuilding. *Low takeup.*
 - > E-7-3 exemption from practical skills verification for shipbuilding and ocean engineering graduates. *Low takeup.*
 - > D-4-6 visa for six months training by firms, bridge to E-7-3.
- > MOTIE and KOSHIPA facilitated employment placements for 7,765 E-7 visa specialized workers with by end Q3/23
 - > 90% already with a visa and working.

Proficiency test

Preliminary recommendation (KOSHIPA),
 employment recommendation (MOIndustry)
 Visa (MOJ): Additional staff for visas for workers
 in shipbuilding (+20), from four to one month
 processing time

KOSHIPA sending retired shipbuilders to origin countries to accelerate the proficiency test



Photo: YNA



Recruiting (Poaching?) foreign university students for shipyards (science and engineering majors)



Japan Example: two separate but linked programmes, expanding quickly

- > A **Technical Intern Training Programme** which allows temporary employment in Japan as a trainee for a single employer who commits to provide training during the duration of the stay (up to five years)
 - > Occupation-based. “Welding” had about 17,000 “trainees” in 2021, painting 11,000 (across manufacturing).



Photo: 2018 TITP Technical Interns from Philippines welcomed to Kyokuyo Shipyard (credit)

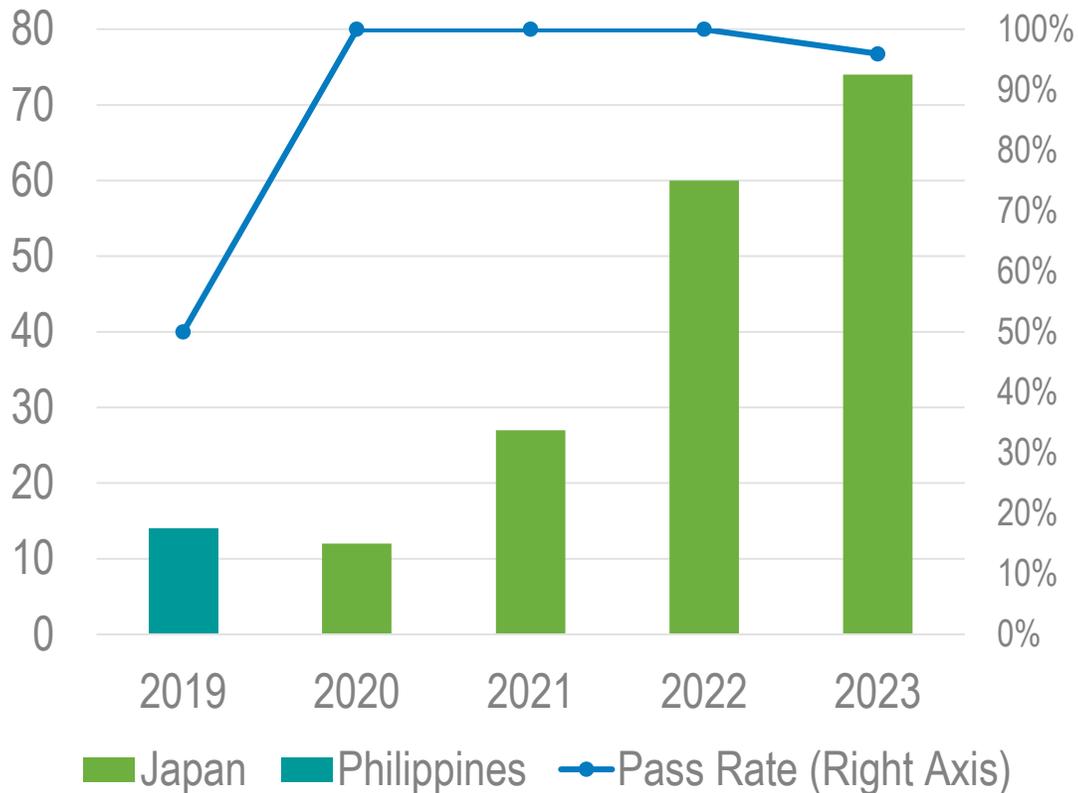
- > The **Specified Skilled Worker Programme**, which began in 2019, for employment in certain sectors including shipbuilding.
 - > Initial target for the shipbuilding industry by April 2024 was 13,000, lowered to 11,000 in August 2022.
 - > At the end of August 2023, there were 6,829 Specified Skilled Workers in the shipbuilding and marine industry

Testing for Japan's SSW(i) in Shipbuilding

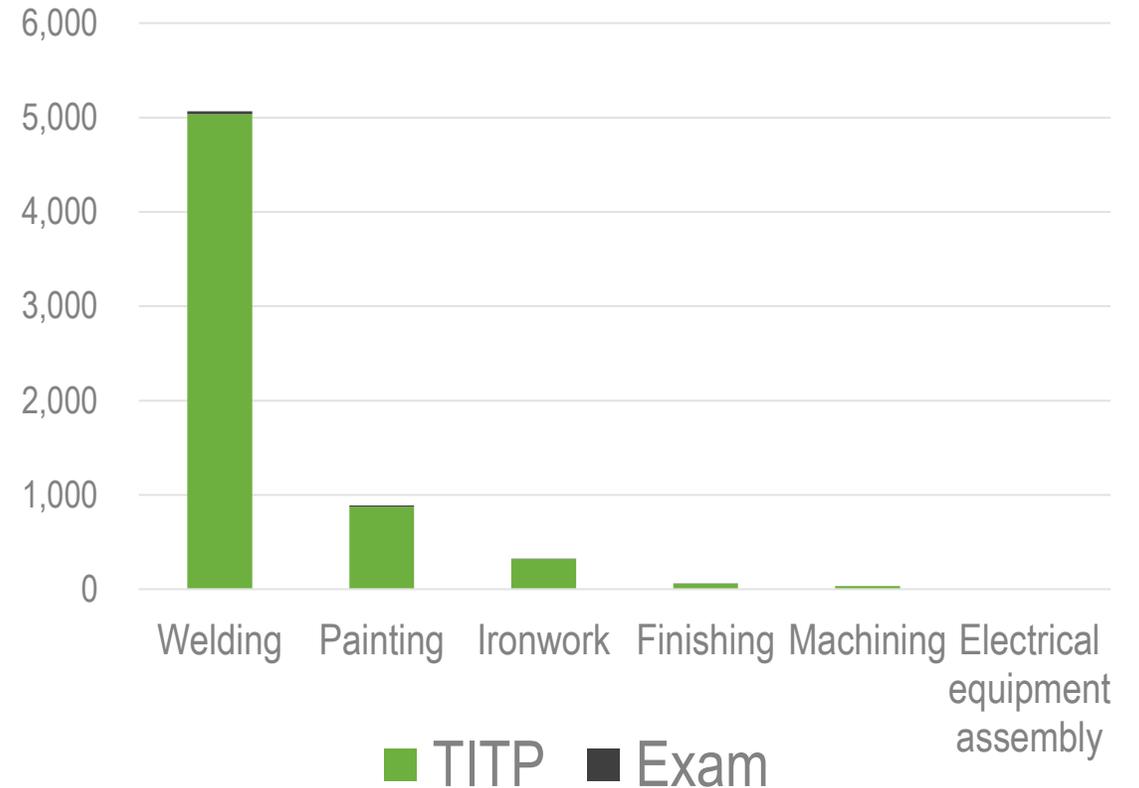


The exam route is very small even if the pass rate is high

SSW(i) test takers in Shipbuilding and Ship Machinery



Occupations of SSW(i), by route and activity





Vulnerability issues (examples)



Recruitment programmes are in place but there are cases of abuse

Italy

- > Italy included shipbuilding as an eligible sector for the tri-annual admission quotas under its main labour migration channel.
- > Posted workers from other countries may be used
- > March 2023: the authorities found almost 2,000 workers – mostly Bangladeshis and immigrants from Eastern Europe – in situations of extreme exploitation in shipyards. Most were performing mechanical carpentry through subcontractors.
- > Workers were being paid not under the national sector contract but through a lump sum. Fictitious paystub deductions were never paid and were used to lower social contributions. Almost 400 workers were in extremely disadvantageous working conditions and paid less than EUR 7/hour.

United States

- > In the USA, the H-2B programme can be used for one-time peaks in demand. This can apply to shipyards, but only if the shipbuilder doesn't make repeated requests for H-2B workers. The programme is used by shipyards, but with few requests and frequent refusals.
- > A case in 2008 of welders and pipefitters led to a ruling that the 500 workers had been defrauded by recruiters and the employer.



China is a closed system for shipyard workers: no in- or out-migration

- Harsh working environment of front-line workers in Chinese shipyards: high workload and high labor intensity.
- Common problems: noise, vibration, confined and high-altitude operations, high-cold operations, high-temperature operations.
- Low production efficiency of workers.
- Difficult to recruit, leading to large labor shortage

Source: Yi Z. et al. (2023), "Intelligent initial model and case design analysis of smart factory for shipyard in China", Engineering Applications of Artificial Intelligence, 123:C.

- > Government aim to increase the supply of skilled (and highly skilled) workers, but VET is undermined by social stigma, and OTJ training limited by high staff turnover.
- > No specific channel for bringing foreign trades workers and has a restrictive labour migration policy, limiting its ability to draw on international labour force
- > China sends large numbers of construction workers abroad to perform work on contracts won by or assigned to Chinese firms, but has no structured dispatch of shipbuilding workers.



Painting work in Chinese shipyards.



Painting process in Chinese shipyards



Source: Yi, Z. et al (2022), "Simulation Analysis on Flow Field of Paint Mist Recovery with Single Nozzle for Ship Outer Panel Spraying Robot". Coatings, 12, 450.



Can foreign workers address labour needs in the shipbuilding sector?



> Skilled trades for the shipbuilding industry can be found through labour migration, but this may require training and certifying workers in origin and destination countries



> The route can be vulnerable to abuses

Qualified workers – Attraction and Retention

The job offer is not enough to bring qualified workers and their families. Additional support services are necessary.

Attracting families to Ålesund, Norway

- > Rural coastal region, 45,000 inhabitants, specialised shipbuilding industry supplying the oil industry.
- > Continuous shortage of engineers and other tertiary-educated workers. Loss of youth population
- > Ålesund Chamber of Commerce in partnership with regional businesses and local authorities created an **international school** as a non-profit foundation.
- > Larger employers work with relocation companies; local authorities promote integration services (low cost **language classes** by local school, or free by employers).



- > Rural municipalities offer public drop-in service counters, with English-speaking staff, **welcome new migrants** upon arrival and identify and meet their needs.
- > **Spouses:** local firms and rural towns active in trying to identify employment.

Hyundai Expatriate Community Support, Ulsan, Korea

HHI had an expatriate community in Ulsan, now demolished.



It included an international school created for families of customers (still operating) and organised activities, with a regular expat community newsletter operated by the firm

www.oecd.org/migration

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