

South Korea's Demographic Challenge and Immigration Strategy: Opportunities for Pakistan

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SYNOPSIS:

South Korea faces a severe demographic decline, with the world's lowest fertility rate and rapidly aging population, pushing the country to expand immigration as a strategic necessity. Its evolving visa programs for skilled and unskilled workers create significant opportunities for Pakistan, whose current presence in Korea remains modest. With targeted training, language preparation, and stronger bilateral frameworks, Pakistan can position its workforce to meet Korea's labour needs and develop a mutually beneficial partnership.

COMMENTARY

The Demographic Crisis:

Overpopulation has often been declared among the most pressing issues of the 21st century. But data points to a rather counter-intuitive challenge that faces the world today: shrinking global population. With current fertility rate of 2.25 just above the replacement level fertility rate of 2.1 children per women, the global population is projected to peak at 10.3 billion in mid 2180s. The

scenario is more bleak than it appears as the fertility rates for more than half of the countries are already below the replacement level since 2021.

Among the most affected, South Korea has the lowest fertility rate at 0.75 with a population of 54.7 million in 2024. It peaked in 2021 at 51.8 million and is in decline since then. By 2100, more than half of its population is projected to vanish, leaving only 22 million people. Facing ultra-low fertility, the probability of return to replacement level fertility rates within next 30 years is less than 0.1 percent. It also faces the ageing problem. By 2054, older persons could comprise one third or more of its population.

Failed Domestic Interventions:

Despite spending nearly \$270 billion on measures to incentivize higher birth rates since 2006, South Korea has failed to achieve any notable results. While the birthrate increase rose from 0.72 in 2023 to 0.75 last year for the first time since 2015, the precise contribution of governmental efforts is not yet clear. A lot of couples tied knot post-Covid which can possibly explain higher birth rates in 2024 and lowest ever in 2023.

Economic Implications:

The implications of such a sharp population decline can be disastrous for a country. The size of GDP of a country is representation of collective productivity in terms of goods and services produced in a year. With rates of productivity already saturated, as is the case with highly developed nations, and population constantly falling, the economic growth is set to slow down first and then reverse. It also means less consumers and hence falling demand in domestic market. For instance, 49 schools in South Korea are reported to have been shut due to dwindling number of students.

South Korea doesn't have to look far to imagine the outcome of current trajectory. Japan's economic stagnation and negative GDP growth is partly caused by its population decline and ageing problem.

Burgeoning healthcare and pension spending with shrinking labour force can create a vicious cycle of increased public spending with a shrinking or stagnant economy. In fact, as the economy

contracts, it will lead to further decline in fertility rate as it has been partly attributed to high cost of rearing children including housing and education costs.

Immigration as a Practical Solution:

International migration is one, albeit temporary—but practical—solution. While it cannot completely offset population decline alone, it can help attenuate the decline. It is also projected to be main driver of population growth in countries with ultra-low fertility rates. Furthermore, it can alleviate the labour shortages associated with shrinking and ageing population and fuel economic growth. In turn, it can help improve the work-life balance of the locals, contributing to a potential rebound of fertility rates, as poor work-life balance has been shown to be the leading causes of diminishing fertility.

Therefore, creating and facilitating flexible pathways for safe and orderly migration becomes crucial. South Korea has recognized immigration as a critical solution to its demographic challenges. Finance Minister Choi Sang-mok clearly articulated the government's position: "Utilizing foreign labour is no longer an option, but a necessity, for us to adapt to demographic and economic changes and vitalize our economy and society."

Visa Programs for Skilled Professionals

The government is implementing targeted visa programs to attract talent in strategic sectors. A new "top-tier visa" program aims to provide stable residency and expedited processing for foreign professionals in high-tech fields and graduates from top 100 global universities, ensuring Korean companies remain globally competitive. Complementing this, the "youth dream visa" initiative targets young nationals from friendly countries, offering job training, internships, and potential employment opportunities. This program specifically addresses rural revitalization as young Koreans increasingly migrate to urban centres.

Looking ahead to 2028, South Korea anticipates needing an additional 116,000 caregivers for its aging population. Officials have announced plans for a state-run program to meet this demand through foreign care workers.

Comprehensive Visa Structure:

Professional visas represent only a portion of South Korea's migrant workforce strategy. The country maintains a structured visa system distinguishing between professional and non-professional employment, with C-4 visas for short-term employment, E-1 through E-7 visas for professionals across various fields, E-8 visas for short-term non-professional work, and E-9 visas for long-term non-professional work.

Responding to Sector-Specific Labour Shortages:

The government has shown flexibility in adjusting visa categories to address evolving workforce needs. In 2023, South Korea issued a record 30,000 E-7-4 visas for skilled foreign workers—a fifteen-fold increase from previous years—responding to young South Koreans' growing reluctance to pursue blue-collar jobs in industry and agriculture.

In 2024, the E-7-3 skilled worker visa category was extended to foreign construction workers who previously held E-9 visas that limited them to non-professional tasks. This change addresses the construction sector's aging workforce, where the average age of skilled Korean workers reached

51.4 years as of June 2024, with nearly a quarter (24.6%) aged 60 or older.

Balancing Economic Needs with Labour Market Realities:

The government continues to adjust visa quotas in response to economic conditions. While E-9 (low-skilled worker) visa quotas reached a record 165,000 in 2024, the 2025 quota will decrease by 21% to 130,000 due to economic slowdown and reduced private sector demand in certain areas. By July 2024, less than 20% of the allocated visas had been issued.

Conversely, E-8 seasonal work visas will increase by 7,000 to 75,000 to address critical labour shortages in rural agriculture and fishing communities facing aging populations. As a result of these strategic adjustments, total foreign workers in South Korea reached 1.01 million in 2024, representing a 9% increase from the previous year.

Worker Demographics and Distribution

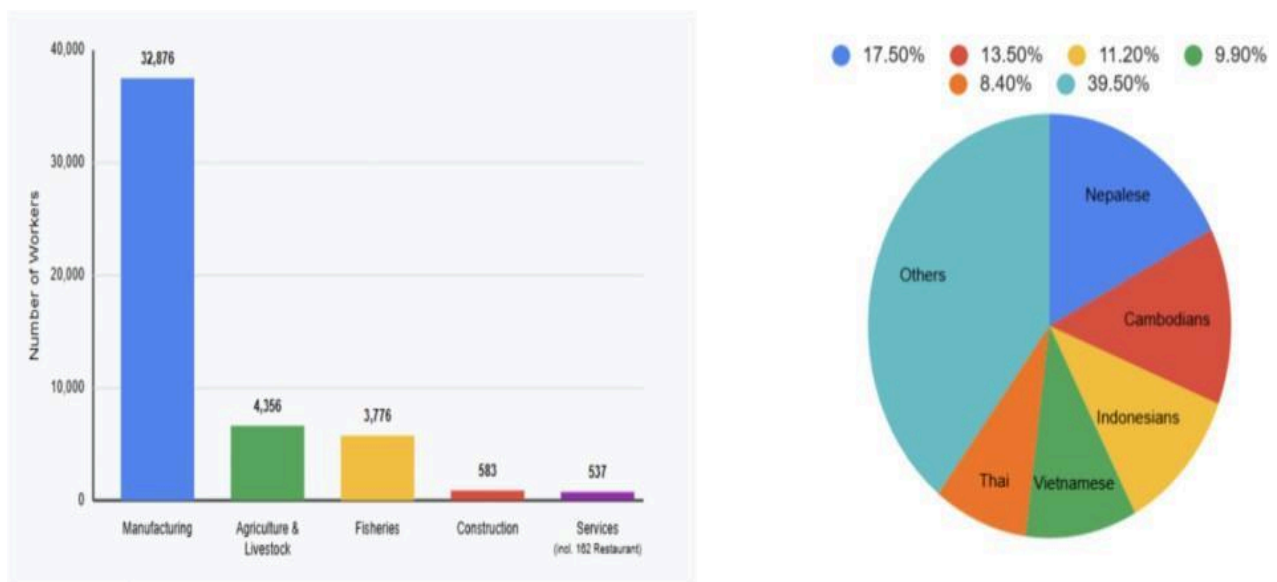
The foreign workforce in South Korea exhibits distinct patterns. Most foreign workers originate



from Asian countries, with East Asian nations predominating (as illustrated in Figure 1). The

manufacturing sector absorbs the largest proportion of foreign workers, according to the government's Quota.

Allocation by Industry for 2024 (as shown in Figure 2). With approximately 16,295 expats in 2023, Pakistan's representation in this workforce remains limited. Among this figure, the largest share was of non-profession labour at 4373.



Pakistan's Position in South Korea's Labour Market:

Pakistan competes with 15 countries for South Korea's Employment Permit System (EPS) quota, which is determined by performance criteria. In 2023, Pakistan's annual quota was increased to 3,800 workers. While in total, 10,000 workers were present. Since 2006, approximately 13,000 Pakistanis have entered Korea under the EPS. As of 2022, out of roughly 253,000 foreign EPS workers in Korea, 3,100 were Pakistani. Additionally, around 1627 Pakistani students are pursuing undergraduate and graduate studies in Korea, primarily under the GKS scholarship, a rich resource for future manpower. Remittances from South Korea to Pakistan reached \$58 million in the July-December 2024 period.

While Pakistan's participation in the EPS has seen modest improvements, and a dedicated student body exists, the overall contribution of Pakistani skilled labour to the South Korean economy falls short of its potential, suggesting unrealized opportunities for greater collaboration.

Recommendations:

I. Enhancing Workforce Skills and Adaptability: Preparing Pakistani Workers

- o **Sector-Specific Training:** Develop specialized training programs aligned with South Korea's manufacturing and agriculture sectors, with particular focus on the emerging caregiver industry.
- o **Healthcare Workforce Development:** Create a dedicated nursing and healthcare professional pipeline to meet South Korea's projected demand for 116,000 caregivers by 2028.
- o **Language Proficiency Initiative:** Establish Korean language training centres preferably in each district with South Korean certification to increase pass rates for the mandatory language test.
- o **Cultural Integration Programs:** Establish bilateral cultural and language centres to improve Pakistani workers' integration and work performance in South Korea.

II. Leveraging Bilateral Agreements and Skilled Talent: Facilitating Legal Pathways

- o **Government-to-Government MoUs:** Negotiate increased EPS quotas through bilateral agreements that guarantee worker quality and retention.
- o **E-7 Visa Strategy:** Develop structured pathways for skilled Pakistani workers to qualify for E-7 professional visas, particularly in construction and technical fields experiencing domestic worker shortages.
- o **High-Skilled Talent Pipeline:** Leverage the 1,627 Pakistani students in South Korea to facilitate skilled worker migration through targeted post-graduation placement programs. GKS scholarship quota in relevant areas should also be negotiated for a raise.

III. Strategic Engagement with South Korea's Policy Frameworks: Building



Partnerships and Access

- o **Policy Consultation Project Engagement:** Pakistan should formally request inclusion in South Korea's Policy Consultation Project for Developing Countries. This would provide access to Korean expertise in developing employment frameworks specifically tailored to Pakistani workers' entry into the Korean market.
- o **Technical Vocational Education Partnership:** Pakistan should develop a proposal for a Pakistan-Korea TVET Cooperation Initiative modelled after the ASEAN TVET Capacity-Building Program. This would involve establishing Korean-standard vocational training centres. These centers could receive Korean technical assistance, curriculum development support, and certification authority recognized by Korean employers.
- o **Multilateral Framework Strategy:** Pakistan should pursue membership or observer status in the Korea-ASEAN Employment and Labour Policy Sharing Workshop, leveraging diplomatic channels to position itself as a strategic partner beyond the region. This would provide institutional access to Korean employment policies and create formal channels for negotiating labour migration pathways.
- o **ODA-Linked Manpower Export Program:** Pakistan should propose an innovative Official Developmental Assistance project specifically linking development assistance to employment pathways. This could take the form of a "Train-and-Deploy" program, where South Korea provides ODA funding for worker training in Pakistan with guaranteed employment quotas for program graduates.
- o **Joint Research Initiative:** Pakistan should propose a joint research program studying the economic impacts of Pakistani workers in South Korea, demonstrating the mutual benefits of increased labor migration. Thereby, creating data-driven justification for expanding Pakistani worker quotas.
- o **Public-Private Advisory Mechanism:** Pakistan should establish a dedicated public-private advisory group mirroring South Korea's consultation structure, bringing together government officials, industry representatives, and training institutions to create a comprehensive engagement strategy with South Korea's employment and labour ministries.

CONCLUSION