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CONTESTED TERRAINS

Nowhere else in the world? The Korean Safe Rates System in global context

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Abstract

The Korean 'Safe Trucking Freight Rates System' ('Safe Rates System') was an important effort to address road safety risks by regulating road transport supply chains. In effect between 2020 and 2022, the system set minimum standards for truck driver pay and placed obligations on road transport supply chain parties to comply with these standards. In this article, we explain how the system developed in response to the deregulation and restructuring of the road freight market in the late 1980s and 1990s. We also trace the influence on the system of regulatory development in Australia and debates at the International Labour Organization (ILO). In 2019, workers, employers, and government representatives at the ILO reached an agreement on the main principles of the Safe Rates regulatory model through the adoption of the *Guidelines on the promotion of decent work and road safety in the transport sector*. We use these principles to explain and evaluate the Korean system. We also summarise assessments of the system's impact, arguing that the results of the few studies that exist, justify the continuation of the system. By locating Korean Safe Rates as part of a broader global trend, we respond to opponents' claims that the system is without international precedent and make the system eligible for a global audience. In so doing, we seek to contribute to the ongoing debate about the reintroduction of Safe Rates in Korea and draw lessons from the Korean experience that may be used in other countries.

Keywords: Safe Rates; road transport; International Labour Organization (ILO); supply chains

JEL Codes: J33; J83; K31

Introduction

From 2020 to 2022, the Republic of Korea (South Korea) operated a regulatory system that set minimum pay standards for certain categories of truck drivers and placed obligations on companies throughout road transport supply chains to comply with these standards. This regulation, called the 'Safe Trucking Freight Rates System', or 'Safe Rates System' for short, was enacted through a partial amendment of the Trucking Transport Business Act (1997) in 2018. It was introduced in response to growing recognition of the relationship between driver pay and road safety outcomes in the wake of two decades of periodic truck driver unrest and a change in government in 2017.

Although it only applied to approximately 5.7% of Korea's 450,000 truck drivers, the Safe Rates System received wide support among drivers of all categories and from trucking

associations and a large majority of the Korean public. On the other hand, the system faced backlash from the Korean government and conservative politicians, who aligned themselves with business interests seeking to keep road transport cheap. Opponents of the system have argued since before it was implemented that it has no precedent in other countries. Their arguments, however, belie the fact that the Korean legislation was heavily influenced by regulatory developments in other countries – most notably Australia – and debate at the International Labour Organization (ILO). In fact, the significance of the Korean Safe Rates System cannot be fully understood without situating it within this global context.

This article introduces the Korean Safe Rates System as one important attempt to address safety risks in road transport through the regulation of truck driver pay. In the section following this introduction, we trace the system's origins in the structure of the Korean road freight transport industry and labour unrest brought on by the deterioration of pay, conditions, and employment security in the wake of deregulation in the late 1980s and 1990s. We also examine the political tensions that have surrounded attempts to reregulate the Korean road transport industry. The next two sections discuss the international context in which the Korean Safe Rates System was developed. In the third section, we examine the Australian Safe Rates regulatory experience and the considerable influence it had in Korea. In the fourth section, we discuss the debate on Safe Rates at the ILO, which resulted in the adoption of the *Guidelines on the promotion of decent work and road safety in the transport sector* in 2019. The 2019 Guidelines represent an agreement among worker, employer, and government representatives at the international level on the core principles of the Safe Rates regulatory model. These principles can be summarised as 'fair and sustainable standards for driver pay', 'stakeholder participation', 'contractual chain obligations', and 'robust monitoring and enforcement'.

Having discussed South Korean Safe Rates in both domestic and international context, we turn to an explanation of the main elements of the system in the fifth section. To do this, we use the principles defined in the 2019 Guidelines as a framework for explaining the system's core provisions and evaluate them as the first major effort to implement the ILO agreement. In the last section of the article, we examine attempts to measure the system's safety impact, noting obstacles created by a lack of sufficient data and the system's brief period of implementation. We summarise the few studies of the system conducted to date and argue that, at minimum, their results justify the continuation of the system and a more thorough evaluation.

By locating the Korean Safe Rates System as part of a broader global trend, this article responds to claims that it is without precedent in other countries. At the same time, it makes the system legible and explains its significance to an international audience. It also demonstrates what is at stake in continued scholarly efforts to evaluate the system and others like it. In so doing, this article contributes to the debate underway in South Korea about the reintroduction of the Safe Rates System, while also drawing lessons from the Korean experience that may be useful in other countries seeking to introduce similar legislation.

The structure of the Korean road transport industry and the politics of Safe Rates

As is true in most countries, the road freight transport industry in South Korea is extremely complex and fragmented, characterised by multiple layers of subcontracting. This industry structure developed due to market reorganisation and deregulation in the late 1980s and 1990s. In response to declining manufacturing and construction sectors, waning export growth, and a concurrent drop in freight volumes, large transport and

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logistics companies sought to minimise fleet size and refocus their activities on core warehousing and forwarding functions. They did this by selling vehicles to former employee drivers and incentivising their transformation into owner-drivers formally classified as independent small businesses. This process was accelerated by the passage of the Trucking Transport Business Act (1997) (hereafter 'TTBA'), which removed minimum fleet-size requirements and other barriers to market entry when it came into force in July 1999. The TTBA also deregulated freight rates and encouraged the creation of large-scale freight forwarding companies. These provisions facilitated the consolidation of large-scale logistics subsidiaries attached to Korea's family-owned conglomerates (*chaebols)* at the top of long contractual chains and the proliferation of small trucking companies and owner-drivers at the bottom (Han 2018). As the number of registered trucks increased, competition for contracts became increasingly severe. Pay dropped and working conditions deteriorated for Korean truck drivers who, as independent contractors, no longer had access to formal collective bargaining or legal minimum standards for pay and working time (Baek and Yun 2003).

Today, South Korea's trucking workforce is comprised almost entirely of formally self-employed owner-drivers. Despite their legal status, however, Korean truck drivers are far from independent. Their work is highly controlled, in the first instance by the trucking companies with which they contract, and ultimately by the client companies at the top of road transport supply chains. The final beneficiaries of the road transport task, *chaebols* and other large-scale clients, exert considerable power over pay, conditions, and scheduling via low-cost tendering practices and their superior market position vis-à-vis trucking companies (Han 2018). At the bottom, low trip-based rates of pay and high levels of competition push Korean truck drivers to work as many as 16 hours a day, and to speed, overload their vehicles, and engage in other dangerous on-road practices (Baek 2022). The result is deadly. Roughly 200 people die in commercial freight vehicle crashes in Korea every year (KOTI 2021, 131).

Poor pay and conditions, safety risks, and extreme precarity quickly led to labour unrest and worker demands for a new regulatory framework. Korean truck drivers began to organise themselves soon after deregulation, resulting in the establishment of the Cargo Truckers' Solidarity Division of the Korean Public Service and Transport Workers' Union (TruckSol, in Korean *hwamulyeondae*) in 2002.[1] The year after it was founded, TruckSol coordinated nationwide strike action during which the union proposed 'standard freight rates' in negotiations with trucking industry associations (Baek and Yun 2003). The next year, the union put forth a proposal for a legislated standard rates system. Following five more national strike actions over the next several years, the Lee Myeongbak government made a public promise to support legislation; a year-long pilot standard rates system was implemented in 2010. However, the continuation of the system was opposed by South Korea's powerful business associations, which represent the interests of the *chaebols* and other road transport clients. Successive conservative governments sided with these interests and refused to implement a permanent system, arguing that such regulation 'existed nowhere else in the world' (Liem 2018).

In 2016, the government of President Park Geun-hye sought further deregulation of the road transport market, sparking another wave of industrial action. While this strike ended inconclusively, it was part of a series of labour disputes and public protests at the end of 2016 and the beginning of 2017 that ultimately led to the impeachment of President Park and the early inauguration of a new Democratic Party of Korea (DPK) administration in May 2017. Indebted to the labour movement, which had helped to make an early election possible, DPK presidential candidate Moon Jae-in made the reintroduction of the standard rates system an election promise. After his election, his administration collaborated with Democratic lawmakers and TruckSol to introduce new legislation, replacing the term 'standard rates' with 'safe rates' to highlight the objective of improving road safety through the regulation of driver pay.

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In 2018, a partial amendment of the TTBA introducing the 'Safe Trucking Freight Rates System' ('Safe Rates System' for short) passed the National Assembly. After a preparatory period involving consultation with industry stakeholders, the Committee on Safe Trucking Freight Rates (Safe Rates Committee) was established in 2019. Minimum standards for safe rates of pay and related working conditions for two sectors – the transport of containers and bulk cement (BCT) using articulated vehicles – went into effect at the beginning of 2020. The system was in operation until the end of 2022 when it was terminated per a sunset clause in the legislation limiting its implementation to a pilot 3-year period.

Although it only covered roughly 5.7% of Korea's 450,000 truck owner-drivers, the Safe Rates System received wide support among truck drivers in all categories and from trucking businesses (Park 2022; Choi 2022). A Gallup poll in December 2022 showed that 74% of the general Korean public also supported the system's continuation (Newsis 2022). And yet the question of whether to maintain the system (and now whether to revive it) was at the time and remains, a hotly debated question in industry and political circles. Together with chaebol-dominated business associations, the conservative administration of President Yoon Suk Yeol opposed making the system permanent. The administration returned to the argument made by previous conservative governments that the system was without international precedent (JTBC 2022). 2022, the last year the Safe Rates System was in effect, was marked by intense labour conflict with TruckSol members and a substantial number of non-member drivers striking for a total of 24 days.

The industrial action ended on 9 December when DPK lawmakers agreed to a 3-year temporary extension of the system proposed earlier by the conservative People's Power Party (PPP). However, after drivers had returned to work, the Yoon government and PPP announced they would now not consent even to a 3-year extension and instead insisted on 'revisiting Safe Rates from square one' (Yonhap 2022). No new legislation passed, and minimum pay standards lost force on 31 December. DPK lawmakers, however, were quick to propose new Safe Rates legislation after a new National Assembly was constituted in July 2024 (Lee 2022). The Safe Rates System thus remains a politically contested terrain.

The Australia–Korea connection

As explained in the previous section, the Korean Safe Rates System and the debate surrounding it are a product of the political economy of the Korean road freight transport industry. However, the origins of the system cannot be fully understood without reference to the system's global context. This is because the system's architects explicitly drew from precedents from other countries – principally Australia. They were also influenced by developments at the ILO as will be discussed in the next section.

Australia has more experience than any other country in responding to poor road safety outcomes through the regulation of truck driver pay. A legislative scheme aimed at ameliorating the vulnerable position of owner-drivers through mandatory minimum pay standards was first established in the state of New South Wales (NSW) through provisions inserted in the NSW industrial statutes in 1979. These provisions were later carried over as Chapter 6 of the Industrial Relations Act (1996). Through Chapter 6, a system of 'contract determinations' (similar to industrial awards in the Australian federal industrial relations system) establishes legal minimum standards for pay and related conditions for contract drivers in a range of industry subsectors including general transport, waste collection, couriers, concrete, excavated materials, car carriage, and taxis (Rawling and Kaine 2012, 248).

A considerable body of research has identified the economic pressures on drivers to engage in dangerous driving behaviours and the link between better pay and improved safety outcomes (Belzer 2011; Belzer, Rodriquez and Sedo 2002; Mayhew and Quinlan 2006; Monaco and Williams 2000; National Transport Commission 2008, Quinlan 2001; Rodríguez

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et al, 2003; Rodriquez et al. 2006). This research provided grounds for the maintenance and expansion of the NSW scheme and for attempts to implement similar legislation on a national scale. The Transport Workers' Union of Australia (TWU) spearheaded the efforts to achieve this legislation, campaigning together with civil society organisations (Kaine and Rawling 2012, 250) for 'enforceable provision of "safe rates" of pay' understood as 'a rate high enough to prevent owner-drivers from accepting inadequate pay which may lead them to engage in activities which pose safety risks' (Kaine and Rawling 2010, 182, 198 n. 1).

TWU's efforts eventually found support in the minority federal Labor government, leading to the passage of the Road Safety Remuneration Act (2012) (hereafter 'RSR Act') in July 2012. The RSR Act had the stated purpose of 'promoting safety and fairness' in the road transport industry via a Road Safety Remuneration Tribunal (RSRT) empowered to set minimum standards for contract drivers on a national scale. The national scheme improved the NSW system by including provisions that ensured that all participants in the road transport supply chain take responsibility for implementing and maintaining standards and 'removing remuneration-related incentives, pressures and practices that contribute to unsafe work practices' (Rawling and Kaine 2012, 253).

While the NSW system continues to this day, this first national Australian Safe Rates system was short-lived. After having taken over in 2015, the Turnbull Coalition Government engaged external consultants to challenge the veracity of the link between driver pay and safety and the efficacy of the RSRT based on the 'principle of minimum necessary legislation' (Deighton-Smith 2014 quoted in Rawling et al 2017, 329) and predictions of excessive costs to businesses (Deighton-Smith 2014; PwC 2016). These arguments were used to repeal the RSR Act in April 2016. This was, however, not before the Australian experience significantly influenced developments in Korea.

Moreover, the passage of new legislation this year has kept the Australian Safe Rates experiment alive. New amendments to the Fair Work Act (Parliament of Australia, 2023), which came into effect on 26 August 2024, grant powers to a Road Transport Experts Panel within the Fair Work Commission to set standards covering all types of road transport drivers and the full road transport contractual chain. A broad spectrum of industry stakeholders came together in support of this legislation (TWU 2024), the principal object of which is to ensure that the road transport industry is 'safe, sustainable and viable' (FWLA No. 2, Part 16, Division 1, 238).

Trade unions were the principal channel through which the Australian regulatory experience influenced Korea. TruckSol leaders learned about the NSW Chapter 6 regime and the RSRT in 2012, shortly after the RSR Act passed the Australian Parliament. In December 2013, a small group of union officers and researchers visited Australia where they met with representatives of the TWU, scholars, politicians, and members of the RSRT. This visit led to their realisation that the system the Korean government insisted existed 'nowhere else in the world' was being implemented 'right next door' – 8000 kilometres away. It also helped introduce Korean academics and politicians to the Australian and international research on the relationship between pay and safety that had supported the RSR Act's passage.

Upon returning to South Korea, TruckSol leaders began to reframe their demand for standard rates with the slogan – 'Safety for the public! Rights for truck drivers!' – integrating an analysis of the relationship between economic pressure from client companies, low rates of pay, long hours of work, dangerous driving practices, and the high number of truck crash fatalities annually. This analysis found support among the public and politicians after the tragic sinking of the Sewol Ferry on 16 April 2014[2] provoked public debate about the safety risks associated with economic competition, outsourcing, and labour flexibilisation. The Moon administration, which took office with an imperative to reverse the 'safety frigidity'[3] the previous government had demonstrated during the Sewol

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incident, accepted the validity of the link between low truck driver pay and high crash rates. They agreed to support TruckSol's regulatory demands from this perspective, intentionally adopted the Australian term 'safe rates' for the title of the new system.[4] The Korean Safe Rates System also mirrored the Australian model in its strong emphasis on the regulation of contractual chains. The way this was achieved in the Korean legislation is discussed in more detail below.

Safe Rates on the global stage

South Korea and Australia are not the only countries to have implemented Safe Rates regulations. Similar regulatory schemes were introduced in several jurisdictions globally within a few years of the Korean system, including in the Vancouver Port area of British Columbia, Canada in 2014, Brazil in 2018, and Japan in 2020. While each of these systems is unique, they are similar in that they all developed in response to increased competition and deteriorating conditions in road transport post-deregulation and focus on improving pay standards for truck drivers through the regulation of contractual chains. A detailed treatment of each is outside the scope of this article. They are mentioned here to help situate the Korean Safe Rates System as part of a global regulatory trend.

This trend is easily identified in debate at the ILO around this time. The ILO is the United Nations (UN) body mandated to establish and monitor international labour standards governing the world of work. The organisation's tripartite structure makes it unique in the UN system. The ILO is comprised of workers, employers, and governments' groups whose representatives have equal decision-making power in the ILO's supervisory bodies. This structure ensures that the interests of employers and trade unions (known as 'social partners' in ILO parlance) are weighed equally to the imperatives of government in all ILO decisions.

Discussions on Safe Rates at the ILO were driven by worker representatives but with engagement and eventual support from employers and governments. In response to a proposal by the Workers' Group, the three constituent groups came together at a Tripartite Sectoral Meeting on Safety and Health in the Road Transport Sector in October 2015. This meeting agreed that 'Pressure from supply chain entities can be an underlying cause of transport workers adopting riskier and unsafe driving practices', that 'high levels of unfair competition can . . . lead to ambiguous, marginal, informal or illegal employment relationships', and that this situation can contribute to poor road safety outcomes (ILO 2015a).

In response, the meeting adopted a resolution calling on the International Labour Office to 'conduct further research in consultation with tripartite experts in the sector on best practices including on the Safe Rates model' and convene a second meeting to adopt 'guidelines on best practices in road safety with the objective of protecting the community and road transport workers from all health and safety hazards, preventing accidents and promoting safe and fair remuneration' (ILO 2015b).

In accordance with this resolution, another tripartite meeting was held in September 2019 to adopt *Guidelines on the promotion of decent work and road safety in the transport sector* (hereafter 'the 2019 Guidelines') (ILO 2019). The content of these guidelines was negotiated and agreed upon by the ILO's constituent groups, and the full text was approved by the 338th Session of the ILO Governing Body (also composed of worker, employer, and government representatives) in March 2020. The 2019 Guidelines are the first tripartite-agreed ILO text that recognises the responsibilities of not only governments and social partners but also 'transport buyers' (client companies) and other 'road transport chain parties' that do not directly employ transport workers or engage in the road transport task. As a solution to supply chain pressures and the impact of 'the decent work deficits of commercial vehicle drivers' on road safety, the 2019 Guidelines recommend that governments introduce and road transport chain parties, employers, and unions comply

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Table 1. Safe Rates regulatory principles

	Principle	Content	2019 Guidelines – sustainable payments provisions	2019 Guidelines – supplementary provisions
1	Fair and sustainable standards for driver pay	Drivers are paid for all working time; owner-drivers can achieve cost recovery.	Sustainable payments, paragraphs 73, 76–77, 80, 81	–
2	Stakeholder participation	Industry stakeholders, including 'transport buyers' and all parties in road transport chains, are consulted and have shared responsibility in the process of setting standards.	Sustainable payments, paragraphs 76–77	Definitions, paragraphs 12 and 16 Scope and objects, paragraph 19
3	Contractual chain obligations	Establishment of legally enforceable obligations on road transport chain parties to deter unsafe driving practices through contractual practices.	Sustainable payments, paragraph 82	Chain of responsibility principles, paragraphs 178-179
4	Robust monitoring and enforcement	Strong well-resourced monitoring and enforcement and penalty provisions targeting all parties in the road transport chain.	Sustainable payments, paragraph 82	Measures of enforcement and inspections, paragraphs 157 and 165

ILO (2019).

with mechanisms for 'sustainable payments' based on four key principles outlined in paragraphs 73 to 83 (ILO 2019, 28–30). These principles can be summarised as 'fair and sustainable standards for driver pay', 'stakeholder participation', 'contractual chain obligations', and 'robust monitoring and enforcement'. The specific content of these principles and their corresponding paragraphs in the 2019 Guidelines are presented in Table 1 below and explained in more detail in the following section.

As is true for all other ILO sectoral guidelines, the 2019 Guidelines are based on ILO Conventions and Regulations and update these by 'drawing on relevant trends and developments in regional and national law and practice' (ILO 2019). While they do not have the same binding force as international labour conventions, they are important because they represent a consensus on best practices in achieving road safety reached among representatives of workers, employers, and governments at the global level.

In their second meeting, the ILO tripartite partners adopted the term 'sustainable payments' instead of 'safe rates' for use in the Guidelines. However, the sustainable payment provisions draw heavily from the experiences of countries like Australia, Korea, Brazil, and Canada, where efforts to regulate road transport supply chains and driver pay were well underway or beginning at the time the Guidelines were adopted. Indeed, representatives from all these countries played important roles during the two tripartite meetings (ILO 2016; ILO 2020). These provisions represent an international tripartite agreement on the core elements, or defining principles, of the Safe Rates regulatory model. They, therefore, provide a useful framework for understanding and evaluating individual regulation.

Safe Rates principles as implemented in Korea

The South Korean Safe Rates System was the first major effort to implement the tripartite agreement represented by the 2019 Guidelines. The following section uses the ILO

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principles as a basis to explain the main content of the Korean regulation, at the same time demonstrating how these principles have been implemented in a particular national context.

Fair and sustainable standards for driver pay

The ILO Guidelines state that 'governments, social partners and road transport chain parties should promote, in law and practice, adequate remuneration and sustainable payments' for both wage-earning (employee) and non-wage-earning (contractor or owner-operator) commercial motor vehicle (CMV) drivers (para 77), 'tak(ing) into consideration the goal of increasing the attractiveness and sustainability of the industry' (para 73). They also state that CMV drivers should be 'remunerated for both driving and subsidiary non-driving work activities' including the 'time required to prepare and maintain the vehicle', 'time spent in relation to loads' and 'other non-driving time expended within the road transport journey' (paras 76e, 80e, and 81). These provisions are in line with research that shows that drivers who are paid for all working time, including non-driving activities like loading and unloading, queuing, and vehicle maintenance, reduce their working hours diminishing fatigue, a main cause of crashes (Kudo and Belzer 2019).

The 2019 Guidelines also recommend that in the case that a driver owns his or her own vehicle, the rate of pay must be calculated to allow him or her to cover all the costs associated with purchasing, operating, and maintaining it. Specifically, paragraphs 76a through e outline a cost recovery model based on average fixed and variable costs, payment for personal labour, return on investment, and remuneration for all work activities. Together, we can summarise these provisions as establishing a principle of 'fair and sustainable standards for driver pay'.

The Korean Safe Rates System followed this principle closely. It adopted a cost model for calculating minimum trip-based safe rates developed through a survey of actual fixed and variable costs, average industry wages, and average working time. By factoring in the average time drivers were expected to spend on non-driving tasks, the safe rates formula provided a means for indirectly compensating workers for all their labour. In addition, the principle of cost recovery and its relationship to safe driving practices feature centrally in the legal definition of safe rates provided in the TTBA, Article 2–12, namely, 'the minimum rates necessary to achieve traffic safety by preventing overwork, speeding, and overloading, etc. through the guarantee of fair rates of pay for truck owner-operators by adding fair profits to the safe trucking costs . . . '[5]. The Korean Safe Rates System, therefore, provides a positive example of implementing the 2019 Guidelines' first principle.

Stakeholder participation

The 2019 Guidelines call on governments to consult with social partners and road transport chain parties when establishing sustainable payment mechanisms (para 76) and repeatedly stress the 'shared responsibility' of these parties (para 70, see also, e.g. paragraph 19 under 'scope and objectives'). We can summarise these provisions as defining a principle of 'stakeholder participation' in the process of setting pay standards. Importantly, stakeholders include all relevant 'road transport chain parties', defined as 'any carrier, cargo transport unit operator, consignee/receiver, consigner, consolidator, freight forwarder, packer and sender (shipper) (or) transport buyer' (para 12). 'Transport buyer' is further defined as 'any individual or business that commercially contracts road freight or long-distance passenger transport services that are key to its mobility or business performance' (para 16).

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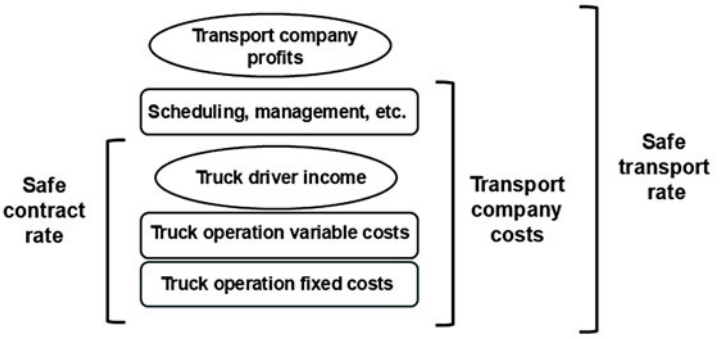

Figure 1. Korean Safe Rates System cost recovery model

The South Korea Safe Rates System included a high level of stakeholder participation. Article 5-2 of the TTBA established a 'Committee on Safe Trucking Freight Rates' (Safe Rates Committee), which was composed of three representatives of truck drivers (TruckSol), three representatives of trucking associations, three representatives of client company (transport buyer) associations, and four public interest representatives (experts appointed by the government). Between 2019 and 2021, the Committee deliberated annually and agreed minimum safe rates and related standards for the following year. These standards were then published by the Ministry of Land, Infrastructure and Transport (MoLIT). The Korean Safe Rates Committee can be understood as a system of legally binding quad-partite industrial bargaining with the explicit inclusion of client company representatives.

Contractual chain obligations

The 2019 Guidelines call for enforcement measures based on 'chain of responsibility principles' (para 82). They define the chain of responsibility as obligating each party in the road transport chain, including transport buyers, to take rational measures to 'increase safety and reduce the risk of injury to persons involved in the supply chain and to the general public' including through 'contractual practices that deter unsafe driving practices' (paras 178–179). Because of the Guidelines' emphasis on legal enforceability, we can summarise these provisions as defining a principle of 'contractual chain obligations'.

The South Korean system achieved strong contractual chain obligations through its cost recovery model. In addition to the minimum standards for the pay rates received by truck owner-drivers (called 'safe contract rates'), the Safe Rates Committee set minimum standards for the rates client companies paid to trucking companies (called 'safe transport rates'), taking into consideration average operating costs and reasonable profits (TTBA, Article 2-13). This dual rates system ensured trucking companies could pay drivers fairly while still remaining viable. The Korean rates model is represented in Figure 1.

Robust monitoring and enforcement

Finally, the 2019 Guidelines emphasise the need for strong monitoring and enforcement targeting all parties in the road transport chain and clear penalty provisions (paras 82 and 165). Enforcement bodies should be well resourced (para 157). These provisions can be summarised as defining a principle of 'robust monitoring and enforcement'.

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The Korean Safe Rates system comes up the shortest in this area. Under the legislation, truck drivers and trucking companies could formally make complaints about violations through 'safe rates complaint centres', with both clients and transport companies potentially subject to administrative fines in the case of violations (TTBA, Article 5(7), Article 70-2). However, seeing the system as time-limited, the Korean government took a passive attitude towards penalising violations, and few fines were levied. The government also failed to conduct regular inspections to determine if companies were complying with pay standards.

It should be noted, however, that enforcement of Safe Rates systems has been more successful in other countries. The Port of Vancouver in British Columbia, Canada, where a system for establishing minimum pay standards for both contractor and employee drivers in the drayage sector has existed since 2014, provides a good example. The BC Container Trucking Act (2014) and Container Trucking Regulation (2014) establish the Office of the British Columbia Container Trucking Commission (OBCCTC), an independent body that oversees the setting of pay standards and conducts regular audits in consultation with trade unions and other industry stakeholders. Heavy penalties are imposed on companies that violate the minimum rates, including the potential cancellation of port operating licences. The results of audits and penalties are published to discourage further infringements (OBCCTC 2022). The OBCCTC provides a more positive example of the implementation of the 2019 Guidelines, which could be instructive for South Korea should the Safe Rates System be reintroduced.

The discussion above demonstrates that the Korean Safe Rates legislation closely implemented principles for guaranteeing safe and fair pay for commercial drivers agreed by workers, employers, and government representatives at the global level. The system provided for cost recovery and payment for all working time for owner-drivers and a structure for stakeholder participation via the Safe Rates Committee. It employed a dual rates model, which put clear contractual chain obligations on client companies. However, government monitoring and enforcement were weak. This was not an essential fault in the design of the system but rather likely an outcome of the time limit placed on its implementation.

Evaluating the impact of Korean Safe Rates

Measuring the impact of the South Korean Safe Rates System is as important as assessing its adherence to internationally agreed principles. This has proved to be a difficult task, however, for both technical and political reasons. We discuss these challenges in this last section.

At the time the Safe Rates legislation took effect, the Moon Jae-in government commissioned research to the Korea Transport Institute (KOTI) to evaluate the system's impact. This research went forward, but the newly elected conservative administration blocked the final report's release until strike action by TruckSol forced it to concede in June 2022.[6] KOTI's research found a significant reduction in the average working time of drivers covered by the system. It also found strong agreement that the system led to a reduction in overloading among all industry stakeholders and strong agreement among drivers that it induced safer driving practices overall with substantial agreement from trucking companies and clients (KOTI 2021). These results are consistent with the results of a driver survey conducted by the Korean Safe Rates Research Group (KSRRG) during the same period (Baek 2022). Both studies also found a significant decrease in the use of low-cost tendering in the award of contracts and a reduction in the number of steps in road transport contractual chains, demonstrating a remarkable improvement in market structure from the perspective of fair competition.

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The KOTI report records a 2.3% reduction in crashes involving commercial articulated vehicles between 2019 and 2020 (before and after the Safe Rates System was implemented) with four more fatalities in 2020 than in 2019 (KOTI 2021, 235). Noting that the number of accidents for this category of vehicle decreased for the first time in 2020, the report's authors concluded that this figure was likely an indication of a positive impact of the Safe Rates System on crash rates. However, they stressed the difficulty of making a definitive assessment due to, not only the brief period of observation but also limits in the available data. Only an estimated 78% of commercial articulated vehicles were covered by the Safe Rates System with the exact number unclear (KOTI 2021, 127). However, crash statistics were only available for articulated vehicles as a whole and not disaggregated further by freight type. Given these limitations, the KOTI researchers explicitly stated the need for 'an additional period of research and analysis with cooperation on the part of government agencies' and recommended the development of a 'long-term framework for evaluating regulatory performance', implicitly arguing for the continuation of the system (KOTI 2021, 241; KOTI 2022, 11).

Following the submission of this report to the National Assembly in June 2022, however, the MoLIT submitted another report in September, which used similar sources to show an 8.0% increase in crashes (55) and a 42.9% increase in fatalities (nine) for commercial articulated vehicles between 2019 and 2021. In contrast with KOTI's hesitance to assign definitive meaning to this data, however, the MoLIT used it to argue that the Safe Rates System had no apparent impact on road safety and called for the system's discontinuation (MoLIT 2022).

The MoLIT's position was heavily criticised by TruckSol, DPK lawmakers, and other supporters of the system. These parties argued that conclusive evaluation of the impact of the system on crash rates was complicated, not only by problems in the data and the short period of observation but also by the government's lackadaisical attitude towards enforcement and the tendency of clients and other supply chain parties to wait out the implementation period, rather than comply with their obligations (DPK 2022). This tendency was highlighted by the fact that client representatives boycotted the Safe Rates Committee throughout 2022.

Only one study so far has attempted to overcome the significant challenges to an empirical evaluation of the Safe Rates System created by the lack of available data and the sunset clause. Baek et al (2024) use data from the KSRRG survey and employ a reduced-form equation to assess the impact of the system on elements of industry structure and the work environment known to increase road safety risks. They find that increased pay rates resulting from the implementation of the system led to a decrease in drivers' total working time, an increase in the amount of time drivers spent on maintenance, and a reduction in occurrences of overloading, speeding, and drowsiness while driving. Increased pay rates also resulted in a reduction in the average number of contractual steps between clients and truck drivers. Notably, an earlier study in Korea finds that crash frequency increases by 30.78% for every additional step in road transport contractual chains (Lee and Kim 2017). Baek et al (2024) also include a variable for compliance level, which enables them to show that market efficiency, represented by the number of contractual steps, market transparency, and the level of price competition, improved as compliance with the Safe Rates system by industry participants increased. Given the limitations in evaluating the system's impact on truck crash fatalities, Baek et al (2024) provide reasonable grounds for arguing that the Korean Safe Rates System achieved its stated goals of reducing 'overwork, speeding and overloading' and that the system should, therefore, be continued, and better data collection, to enable a more definitive evaluation. This conclusion is in line with the findings of the MoIT-commissioned research conducted by KOTI. It is also supported by the

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2019 Guidelines, which recommend that governments 'implement measures to better collect, disaggregate and disseminate data on CMV drivers' including statistics on employment, turnover rates, working time, earnings, occupational injuries, and crashes (para 46).

Conclusion

In this article, we have examined the South Korean Safe Rates System as an important effort to address structural safety risks in road transport through the regulation of minimum standards for driver pay. We have shown that the system had both domestic and international origins. It was developed in response to the impact restructuring and deregulation of the road freight market had on pay, working conditions, and road safety. It was also influenced by similar regulatory efforts in Australia and represents the first major attempt to implement an agreement reached by workers, employers, and government representatives at the ILO on the core principles of the Safe Rates model.

The first Korean Safe Rates System was short-lived, discontinued after 3 years per the sunset clause inserted in the original legislation. However, the story of Korean Safe Rates is far from over, a fact demonstrated by Korean truck drivers' willingness to strike for 24 days to win the system's extension. With a bill to revive the system currently before the National Assembly, situating Korean Safe Rates as part of a growing global trend and developing a method for sufficient data collection to be able to accurately evaluate these systems' impact have become all-the-more important tasks.

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Notes

1 TruckSol was originally founded as the Cargo Truckers Solidarity Union under the Korean Cargo Transport Workers Federation (KCTWF) in October 2002. It became a division of the Korean Transport Workers' Union (KTWU) in 2006, which merged with the Korean Public Service Union (KPSU) in 2011 to form the Korean Public Service and Transport Workers' Union (KPTU) (Yun 2020; 4–5).

2 On the morning of 16 April, the ferry MV Sewol capsized and sank on its way from Incheon to Jeju Island. The majority of the Sewol's passengers were students from the Danwon High School in Ansan who were participating in a school trip. Out of the 476 passengers, 304 died in the accident, about 250 of whom were Danwon students. The causes of the disaster, including the reasons the ship capsized and the poor handling of the rescue by the ship's crew, the Korean Coast Guard, and the Park Geun-hye administration, were highly contested, with many pointing to the role of profit-driven expansion of the vessel's capacity, overloading of cargo in the vessel's hull, the precious employment of the crew, and the government's 'safety frigidity' and general ineptness. (For more on the incident, see Kee et al. 2017).

3 The term 'safety frigidity' is widely use in the Korean media and political discourse to refer to a general insensitivity to safety risks in Korean society and the economy.

4 In part because nearly 100% of truck drivers in Korea are owner-drivers who receive 'freight rates' as payment, the term 'road safety remuneration' in the Australian RSRS has consistently been translated as 'road safe(ty) rates' (in Korean *doro anjeon unim*) (Yun 2014).

5 Despite the sunset clause having taken effect, the legal provisions related to Safe Rates are retained in the Trucking Transport Business Act text.

6 In addition to agreeing to 'continue to propel forward the Safe Rates system and discuss expansion to other freight types', the MoLIT committed to report the results of the research it had commissioned to evaluate the system's performance to the National Assembly as part of the agreement reached with TruckSol on 14 June 2022 (TruckSol 2022).

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