



International Labour Office

PRESENTATION

The impact of the financial crisis on migrant workers

by
Patrick Taran, ILO

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Introduction

It is often said that migrants –like other ethnic minority workers-- are the last hired and first fired. This is certainly the case today as a consequence of the global economic and financial crisis.

The global crisis has led to a serious slowdown in world economic activity. Nowhere has this been more evident to many people than in their jobs and their earnings.

Enterprises no longer hire new staff; there are major lay-offs, often starting with dismissal of temporary workers. Some companies are resorting to short-time arrangements, such as reduced hours and pay for personnel remaining on the payroll or putting workers on part-time employment or unpaid leave.

According to the 2009 Global Employment Trends report (GET) recently issued by the ILO, a dramatic increase is taking place in the number of people sent into the ranks of the unemployed, becoming working poor or being put in vulnerable employment. Depending on the effectiveness of recovery efforts, the GET report estimates an increase in global unemployment in 2009 compared to 2007 by a range of 18 million to 30 million workers, and more than 50 million if the situation continues to deteriorate.

The number of working poor – people earning below the US\$2 per person, per day poverty line in poor countries -- may rise up to 1.4 billion, or 45 per cent of all the world’s employed. In 2009, the proportion of people in vulnerable, precarious employment – either contributing family workers or own-account workers who are not likely to benefit from safety nets that guard against loss of incomes during economic hardship – could rise considerably to reach a level of 53 per cent of the employed population, according to the worst case scenario (ILO, GET, January 2009).¹

¹ For more details on possible scenarios and prospects for regional developments, please refer to http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_101461.pdf

Migrants tend to be among the workers most hit by economic downturns for several reasons. Migrant labour is often used as a cyclical buffer, like other macroeconomic policies aimed at maximizing growth and minimizing unemployment. For migrants, this means they are often the last to be hired and the first to be fired and their employment relationships are frequently non-standard, and in poorly regulated sectors or activities.

From a social and political perspective, in times of economic insecurity migrants easily become scapegoats; xenophobic sentiments and discrimination against migrant workers rise. This alone presents one of the most formidable challenges for social peace and cohesion, and therefore for governance, in hard times.

The ILO is preparing a detailed analysis of the impact of the current financial crisis on labour migrants and labour migration flows. My presentation draws on this analysis, which in turn has compiled extensive data from national statistics and news reports, initial assessments by ILO regional offices, and data collected by other specialized international organizations.

The data we have confirms a number of premises about the impact on migrant workers:

- 1) Migrants and persons of foreign origin are hard hit, they are disproportionately among those already laid off or rendered unemployed.
- 2) Those migrants remaining employed are often affected by reductions in pay, working time, and worsening working conditions.
- 3) Migrant workers have less access to social safety net support. This is especially true for migrants in irregular situations.
- 4) However, many migrant workers are not returning home, unless forcibly expelled. This is the case even when they are being offered financial incentives to voluntarily depart. Simply put, conditions at home are even worse. While there may be opportunities for some kind of work in host countries, there are simply none at all at home.
- 5) Migrant workers are thus compelled to take whatever work they can find. They may accept even more substandard pay and abusive conditions than before. This fact presents an immediate policy challenges for governance and for stabilization of labour markets and working conditions.
- 6) Scapegoating of migrants and xenophobic violence against foreigners is already on the rise throughout the world. It is expressed in dramatically increased murders and lynchings of migrants in some countries, in generalized expressions of anti-foreigner sentiment, in hostile political discourse, and in calls for exclusion of migrants from access to labour markets and emergency social protection benefits.
- 7) Many countries have reduced quotas or intake of foreign workers; some countries have embarked on deliberate policies of exclusion and expulsion of migrant workers.
- 8) Migrant remittances home are declining.
- 9) The further deteriorated situations in home countries make whatever remittances migrants can send an even more crucial lifeline for their families and local communities.

- 10) What employment opportunities existed earlier for those remaining at home are also evaporating, meaning even fewer options for persons coming back from abroad. This also makes the return of migrant workers potentially a greater threat to labour market stability and ultimately, social stability at home.

II. The Context: labour migration today

Let's put this in context. Why is the question of properly addressing migrant workers in this crisis vital? What is the role and importance of migration to the economies and societies of countries, all the countries represented here?

Migration today is about meeting labour market and economic development needs. Labour migration serves as an instrument to adjust the skills, age and sectoral composition of national and regional labour markets. Migration provides responses to fast-changing needs for skills and personnel resulting from technological advances, changes in market conditions and industrial transformations. In countries of aging populations, migration offers a potential to replenish declining work forces as well as to inject younger workers, increasing dynamism, innovation and mobility in work forces.

This will not change because of a crisis, a crisis no-one expects to be permanent.

ILO estimates that 95 to 100 million of the total 200 million people living outside their countries of birth or citizenship are economically active, engaged in the world of work. This involves most working-age adults, taking into account that the migrant population includes children and aged dependents. In Western European countries, the foreign born proportion of the work force is ten percent or more, nearly 15% in Ireland, 25% in Switzerland and some 40% in Luxembourg.

Due to economic, demographic and technological changes, increasing numbers of jobs in industrialized economies simply cannot be filled by native-born workers. Ageing of native work forces combined with declining populations is an important factor. By current projections, the populations of Italy will be 25% less in 2050 than in 2000. Latvia and Lithuania have already seen reductions of nearly 10% since 1989 –almost entirely of working age adults. Fertility rates in Spain and in the Ukraine are about 1.2 children per woman, far below replacement. Rates in most of the European Union countries are or soon will be at or below replacement. France is one of the few exceptions.

Migrants are often perceived as exploitable and expendable, a source of cheap, docile and flexible labour, apt for the 3-D -- dirty, dangerous and degrading-- jobs nationals are unavailable for and/or unwilling to take. The vulnerability of migrant workers makes them attractive for some employers, because they can be underpaid, provided with little or no workplace safety and health protections, hired and dismissed on a moments notice, and union organizing can be impossible. The crisis does not change this, in fact it makes migrant labour even more attractive, when some employers think they can obtain advantage in paying vulnerable foreigners less than prevailing wages and ignoring basic safety and health protections.

Indeed, even without the crisis, underpayment or non-payment of wages, physical abuse, sexual harassment and violence against women workers, denial and repression of trade union rights are widespread situations.

ILO has estimated that, globally, some ten to twenty percent of international migrant workers are in irregular situations, without legal authorization or undocumented. A newly established on-line database project on irregular migration in the European Union provides detailed estimates indicating that migrants in irregular situations number between 2.8 and 6 million, giving a range of 11% to

23% of total stocks.² Migrants in irregular situations are even more vulnerable to exploitation and abuse. However, the presence of migrants in irregular situations appears to have been tolerated by authorities in certain circumstances in some countries. This coincides with the fact that absence of legal recognition heightens the exploitability and lowers the costs of migrant labour, in some cases allowing marginally competitive economic activity to remain in business.

The flow of low-skilled migrants is channelled by clandestine means precisely because of the non-existence of legal migration categories that would allow for their legal entry in destination countries. Once they are in host countries, they remain confined to jobs in unstructured or informal sectors, in irregular work and under exploitative conditions of employment.³ In contrast, ILO research underlines that legal labour migration channels contribute to both reducing trafficking and the smuggling of migrants.

Market mechanisms don't suffice

Historical experience shows that regulation providing protection for migrant workers cannot be left alone to market mechanisms. After all, migrant workers are not commodities, they are not just factors of production. They are human beings, with all of the attributes and vulnerabilities that that implies. When highly competitive and now globalized market pressures are brought to bear in the absence of protections and appropriate regulation, migration is usually characterized by:

- Abuse and exploitation of migrant workers
- Irregular migration, and ultimately, trafficking in migrants
- Fear of loss of jobs blamed on immigration
- Increasing anti-immigrant sentiments
- Ultimately, communal violence

III. THE NORMATIVE FOUNDATION

Recognizing the need for legal protection and regulation, specific international and European legal instruments were elaborated to set minimum standards relating to the protection of migrants, their families, and refugees as well. These instruments also set incentives and parameters for international co-operation on migration.

International law established three fundamental notions that characterize protection for migrants, particularly migrant workers and members of their families:

- Equality of treatment between regular migrant workers and nationals.
- Core universal human rights apply to all human beings, including all migrants.
- A broad array of international labour standards providing for protection in treatment and conditions at work (including occupational safety and health, maximum hours of work, minimum remuneration, non-discrimination, freedom of association, and maternity leave) apply to all workers.

However, protecting migrants –and national workers— and ensuring functional labour markets while upholding social cohesion requires deliberate policy attention and a comprehensive set of measures and institutions to achieve.

² CLANDESTINO *Undocumented Migration: Counting the Uncountable. Data and Trends Across Europe*. Research project funded by the European Commission, DG RTD, FP6, 2007-2009. For more information, visit <http://clandestino.eliamep.gr> (country reports and research briefs), and <http://irregular-migration.hwwi.net> (database).

³ Abella, M.I., "Mondialisation, marchés du travail et mobilité", in *Migrations et avenir*, CIEMI, Paris, Vol. 14, No. 79, January-February 2002.

Policy and action need to cover administration of immigration, legal protection measures, labour market regulation, labour inspection, social security, and much more. In short, an array of measures are needed to prevent abusive practices and promote decent and productive work for women and men migrants in conditions of freedom, equity, security, and human dignity. This is all the more so in these disruptive times of crisis.

The International Labour Organization has developed useful guidance for all those involved in the development, strengthening, implementation and evaluation of national, regional and international labour migration policies and practices. This guidance for the implementation of international norms is contained in the *ILO Multilateral Framework on Labour Migration: Non-binding principles and guidelines for a rights-based approach to labour migration*, Geneva, International Labour Office, 2006.⁴ This will be the topic of later discussion.

IV. CRISIS IMPACT ON MIGRANT WORKERS

The financial crisis has a higher impact on a few sectors of the economy, some of which employ large numbers of migrant workers. Worldwide, migrant workers are particularly concentrated in construction, manufacturing, agriculture, hotel and catering, and health and care work, including domestic services. These sectors are also especially hit by the current crisis.⁵ The impact on migrants is also more visible in countries where the crisis began earlier, such as Spain, Ireland, the United Kingdom and the United States. For example, in Spain, the unemployment rate of migrants reached 17 per cent.⁶

ILO analysis is focusing on gathering data on several questions:

- a) What do we know about lay-offs and reduction of employment of foreign workers?
- b) What do we know about returns to the country of origin?
- c) What can we see about deterioration of conditions of work, including salary levels, or increases in precarious work?
- d) What is happening regarding discrimination against migrant workers, and what xenophobic reactions are becoming evident?

The data obtained to date is far from comprehensive. However, it is indicative of the trends noted above; following are a few examples of data and stories:

1. Loss of employment

Construction, wholesale and hotels and restaurants are particularly sensitive to swings in employment but others such as health and social work and education are not. Pre-crisis employment rates of foreign workers in construction were especially high in southern European countries that have recently known a boom in residential development. In Greece 32% of all construction workers are foreign born, in Spain 21%, in Portugal almost 15% and in Italy close to 14%. The housing boom that was fuelled in these countries by a combination of retired people based in northern Europe seeking to spend time in warmer climates, cheap credits, and lower airline prices has come to a halt, as has the boom in Ireland. In Ireland, employment in construction fell by 12% (-28,000 jobs) in the 12 months to second quarter 2008⁷. Migrant labour has played a key role in the expansion period of these countries and now migrants are the first to suffer.

⁴ ILO Multilateral Framework on Labour Migration: Non-binding principles and guidelines for a rights-based approach to labour migration, Geneva, International Labour Office, 2006.

⁵ For a detailed and systematic analysis of developments and prospects for migration to and within OECD countries, please refer to OECD Working paper DESLSA/ESLSA/WP2(2009)3 "International Migration and the Economic Crisis: Understanding the links and shaping the policy responses".

⁶ OECD. 2009. *International migration and the economic crisis: understanding the links and shaping policy responses*: 7.

⁷ Ibid

Construction also has a large share of foreign-born workers in the United States (13%), and the impact of the financial crisis was particularly noticeable in this sector with 900,000 jobs lost between September 2006 and late 2008. Other large job losses in the US in this period concerned manufacturing (-790,000), the retail trade (-522,000) and financial services (-150,000)⁸.

Foreign worker employment in manufacturing of durable goods is considerable in countries such as the Czech Republic (23.3%), Germany (19.9%) and Italy (13.4%), countries whose automobile industries have been particularly hard hit by the financial crisis.

In the Russian Federation, the financial crisis has resulted in massive lay-offs. First to suffer from the economic slowdown are migrants. News reports indicate that that in Russia the financial crisis affected irregular migrant workers, but also regular ones.⁹ Employers are not paying salaries and have also started to lay off migrant workers without giving them their backpay.¹⁰

Anecdotal evidence shows an increase in nationals taking up jobs in agriculture in some countries. Employers in Jaén, Spain's region producing 1/5 of the world's olive production of olives used to hire mainly foreigners. News reports said that now, "Spaniards are lining up to pick olives for €53 (\$68) a day."¹¹

The Labour Chamber of Treviso – a main industrial city and destination for migrants in Italy–declared that the rate of employment among foreigners is higher than among Italians – 68 per cent for foreigners compared to 61 per cent among Italian men and 58 per cent among Italian women. But the crisis is affecting these migrant workers in the industrial North of Italy; and the Italian labour force is faced with taking over jobs that they did not use to do before.¹²

Most migrant workers in Canada are concentrated in manufacturing, wholesale and retail trade, and health and social work. Large job losses in manufacturing and in services may affect migrants (about -38,000 from October to November 2008 in each of these sectors) (Statistics Canada).

The situation in health care and other social services is different, however. Canada, the Nordic countries, the Netherlands and the UK employ migrants in health and social work (Norway 21.6%; Denmark 19.5%; Sweden 19.3%; Netherlands 15.2%; UK 14.4%). Reduction in employment in these sectors is not yet reported. On the contrary, in the UK some 39,000 new jobs have recently been created in education, health and public administration; and in the US, health care employment increased by 34,000 in November and 45,000 in December.¹³ Health care requires specialized knowledge, and labour shortages are common. These countries have constantly attracted highly skilled migrants to fill positions in health care.

Regional situations

In the Gulf States Bahrain, Kuwait, and Oman, most private sector jobs are occupied by foreigners with a particularly high prevalence of migrants in agriculture, construction and household/domestic services. Except for agriculture, the picture is similar in Jordan.

Dubai especially has felt the crunch; its financial market lost nearly 70 per cent of its value.¹⁴ Additionally, a large construction company cut 15 per cent of its workforce at the end of November.¹⁵

⁸ Ibid

⁹ *al-Ahram* [in Arabic], 25 December 2008: 4.

¹⁰ Ibid

¹¹ The Wall Street Journal, Thomas Catan, "Spain's Jobs Crisis Leaves Immigrants Out of Work. With Prospects Worse Elsewhere, Few Takers for Government Campaign Offering to pay Legal Foreigners Who Return Home", January 24, 2009.

¹² La Stampa, Fabio Poletti, "E la guerra tra poveri si posta nel Nordest", February 3, 2009. [in Italian]

¹³ US Bureau of Labour Statistics. 2008. *Employment Situation Summary, November 2008*, December.

¹⁴ B. Gilbert. 2008. "Dubai's frenzied, trillion-dollar building boom falters", *Christian Science Monitor*, 4 December.

¹⁵ "Dubai dream turns sour", *The Straits Times*, 4 January 2009.

Job losses are predicted to spread to the financial sector.¹⁶ A member of the Abu Dhabi Chamber of Commerce stated that job cuts would occur in 2009 if construction projects in the Emirates are delayed or cancelled.¹⁷ Reports state that thousands of workers have asked for their residency permits to be cancelled after losing their jobs and that they would be allowed to change their activities after changing to a different sponsor.¹⁸ A prolonged economic slowdown will affect the livelihoods of vulnerable workers in the region, including the large population of migrant workers, as well as remittance flows, tourism and ODA.¹⁹

Asia

Reliance in many countries in South-East Asia on manufacturing exports to industrialized economies, as well as foreign direct investment, tourism revenues and remittances, makes this region highly vulnerable to a recession in the developed world.

News reports predict that “As many as 400,000 Indonesians – about one tenth of those working in plantations, manufacturing, and as domestic helpers in Malaysia, Hong Kong and the Middle East – may be sent home.”²⁰ The Ministry of Manpower stated that 250,000 semi-skilled migrants had already returned before their contracts expired.²¹

An estimate predicts that 300,000 jobs will be lost in Singapore by 2010, two thirds of which are held by foreigners and permanent residents²²; “these job losses might drive as many as 200,000 foreigners out of Singapore, resulting in a 3.3% contraction in Singapore’ overall population by 2010”.²³

Sri Lanka as a major sender of female migrants who work as household helpers worries about reports from the Middle East that account for a 15-20 per cent drop in demand for female domestic workers.²⁴

China’s economic boom over the last years has largely been possible thanks to internal rural to urban migration. The financial crisis hit China indirectly through the decrease of the exports to the United States and Europe. In the Guandong region, more than half of the enterprises producing garments have shut down, firing millions of employees.²⁵ According to the Chinese Academy of Social Sciences, “migrants are the front-line victims of the country’s economic downturn through mass layoffs in migrant dominated export manufacturing”.²⁶ Data from the Ministry of Human Resources and Social Security indicate that in 2008, 10 million migrants already lost their jobs.

Africa

Many countries in Sub-Saharan Africa are dependent on commodity and energy markets, and may suffer as a result of declining demand and prices in both (ILO, GET, January 2009). Africa’s extracting industries are already very affected by the decline in exports. Mining companies revealed plans to cut 14,000 jobs, including thousands in the hard-hit platinum sector, with many more casual labourers also reportedly laid off. A provincial minister in the Democratic Republic of Congo’s main mining region forecast in December 2008 that the sector would have shed 300,000 jobs by the end of the year²⁷.

¹⁶ Ibid.

¹⁷ AFP, “Abu Dhabi businessman expects half of construction workers to be laid off”, 27/12/2008.

¹⁸ “Abu Dhabi fires 45% of construction workers”[in Arabic], *al-Ahram*, 25 December 2008: 5.

¹⁹ Behrendt at el.: 1.

²⁰ Deccan Herald, Soraya Permatasari, “Asia’s migrant workers are first to lose jobs”, January 2009.

²¹ Jakarta Post, “250,000 migrant workers sent home”, 18 December 2008.

²² Deccan Herald, Soraya Permatasari, “Asia’s migrant workers are first to lose jobs”, January 2009.

²³ Asia Economic Institute, “Singapore Experiences its worst Recession”, January 23, 2009.

²⁴ Inter Press Service News Agency, Feizam Samath, “Labour – Sri Lanka: Gloomy Prospects in 2009”.

²⁵ Myriam Berber. “Les travailleurs migrants refoulés du Guandong, l’atelier du monde”. Radio France International, 8/01/2009.

²⁶ International Herald Tribune, “A Grim Year of the Oz”, Phelim Kine. January 26, 2009, and Human Rights Watch, “China: Economic Crisis Increased Risks for Migrant Workers. Government Should Change Discriminatory Laws and Practices”, January 23, 2009.

²⁷ Andrew Taylor and Alan Beattie, “Human cost rise as gloom deepens” in the Financial Times, 9/01/2009.

3. Gender impact

The impact of the financial crisis on migrant workers affects men and women migrant workers differently, as they are differently clustered in jobs and economic sectors. In the United States, 82 per cent of job losses have directly impacted men. Women, who tend to be employed in education and health care, are less sensitive to economic fluctuations.²⁸ “In recessions, the percentage of families supported by women tends to rise slightly, and it is expected to do so” this year.²⁹ OECD data shows that women migrants exceed the presence of men in the sector health, social work and education. In the hotel and restaurant sector, the presence of men and women is almost equal.

In Hong Kong, women migrants comprise between 30 and 45 per cent of all migrant workers in manufacturing, wholesale retail trade and repair, communication, financial intermediation; women migrants comprise 95 per cent of the other social and personal services sector. These are sectors with high job losses, and both women and men migrant workers in Hong Kong are affected.

4. Terms and conditions of employment

In the OECD zone immigrants are highly represented in temporary work, especially in Belgium, the Czech Republic, Greece, Finland, Hungary, the Netherlands, Norway, Portugal, Spain and the United Kingdom. In these countries the share of immigrants exceeds that of native-born by at least 50 per cent.³⁰

In the United States, the sectors with the most part-time employment are retail trade, food services, and construction, and this is generally the result of an increase in workers whose hours have been reduced because of a lack of work.³¹ Migrants in these sectors can either accept forced part-time work or may have to consider returning home.

5. Xenophobia and explicit discrimination

Xenophobic manifestations have mounted in the UK where elite petroleum and chemical industry workers across the country manifest against employing foreign –albeit EU origin-- workers³². Expression of similar sentiments has been registered in other migrant host OSCE member countries.

The impact of the financial crisis on the Russian Federation has been linked to unemployment and to anti-immigrant manifestations in that country. An independent human rights monitoring bureau in Moscow reported 113 migrants murdered between January and October 2008, double the rate of the previous year³³.

Reports account for xenophobic attitudes towards migrants also in Malaysia where employers have been asked not to hire foreigners and to dismiss non-nationals first if necessary³⁴.

Several examples from Thailand point to discrimination against foreign workers; “the Labour Ministry is delaying the registration of 700,000 foreign workers in a bid to keep jobs open for Thai

²⁸ “As layoffs surge, women may pass men in job force”, New York Times, 6 February 2009.

²⁹ “As layoffs surge, women may pass men in job force”, New York Times, 6 February 2009.

³⁰ OECD. 2009. *International migration and the economic crisis: understanding the links and shaping policy responses*: 12.

³¹ Ibid.

³² BBC News, “Wildcat walkout action continues. Scottish energy workers are continuing with wildcat strike action over the use of foreign labour despite call from the UK Government for it to stop”, February 2, 2009; Yorkshire Post, “Strike action over foreign workers spread”, February 3, 2009; Belfast Telegraph, “Sammy Wilson: Give UK Citizens Jobs before Migrants”.

³³ The Economist, “Global Migration and the Downturn”. 15/01/2009.

³⁴ BBC News, “Malaysia bans foreign recruitment”, 22/01/2009.

workers during the economic slowdown.”³⁵ The Thai officials want to prepare a list with occupations that Thai would not accept and only accept migrant to fill in these positions³⁶.

6. Irregular migration

According to a recent Migration Policy Institute (USA) report, irregular migrants are severely affected by the financial crisis. Irregular migration flows should be more responsive to the US economy. A large-scale return of irregular workers is unlikely to occur unless the crisis becomes protracted and severe.³⁷ A US Immigration and Customs Enforcement agency programme targeting undocumented migrants to return home was suspended after few migrants participated.³⁸

Reports indicate that in 2008 a total of 23,600 irregular migrants tried to enter Europe without authorization.³⁹ Migrants in an irregular situation cannot afford to return. Migrants accumulate debts that they need to pay back and due to the lack of prospects at the origin, they accept putting up with precarious living and work conditions at the destination in order to save money and pay their debts.

7. Policies on admission and return migration

There is some evidence of declining inflows in OECD countries and lessening demand for migrants:

- In the United States: H-1B temporary work visas declined by 16 per cent in Fiscal Year 2008.
- In Italy: about 10,000 employers withdrew requests for workers filed in December 2007. The ceiling for entries in 2009 was capped at 150,000, i.e. 10,000 less than the previous year.
- In Ireland: Personal Public Service Numbers issued to non-Irish workers fell by 50,000 and the number of work permits issued to non-EU workers fell to 8,481 from 10,134 in 2007.
- Canada: reduced its target for permanent immigrants in 2008 from 141-158,000 to 139-154,000 and has maintained this level for 2009. Its Minister of Immigration stated, however, that Canada still encouraged immigration to fill gaps in economic areas with labour shortages.⁴⁰
- In contrast, Australia and New Zealand have maintained current ceilings.⁴¹

According to a recent Migration Policy Institute report, available data suggests “both a slower growth in the stock of the foreign born in the United States and slightly slowing inflows of immigrants – especially from Mexico”.⁴² Immigration from Mexico and Central America shows a decrease in flows.⁴³ Immigrant populations most likely to be affected by the economic crisis are temporary workers and irregular migrants. Temporary worker programmes that require a labour market test should respond to business cycles; however, this adjustment “depends on the degree to which unemployed workers already in the country are willing and able to adjust to the changing labour market”.⁴⁴ However, there still may be a worker shortage in certain geographic locations and in certain types of occupations.⁴⁵

The UK government cut back on the planned number of “shortage occupation” visas, and some politicians have taken a hard-line approach to immigration. Up to 400,000 Polish migrant workers in

³⁵ Bangkokpost, “Alien Workers registration delayed”, February 4, 2009.

³⁶ Bangkokpost, “Alien Workers registration delayed”, February 4, 2009.

³⁷ D.G. Papademetriou and A. Terrazas: 9.

³⁸ Migration Policy Institute (MPI). 2008. “Issue #6- Return migration: Changing directions?”, *Migration Information Source*, Top 10 Migration Issues of 2008.

³⁹ Deutsche Welle, 29 October 2008 [12.12.2008].

⁴⁰ www.peoplemove.worldbank.org, “The Financial Crisis and immigration policy: how some developed countries are coping”, January 23, 2009.

⁴¹ OECD. 2009. *International migration and the economic crisis: understanding the links and shaping policy responses*: 21-26.

⁴² D.G. Papademetriou and A. Terrazas: 2.

⁴³ Ibid: 4.

⁴⁴ Ibid: 8.

⁴⁵ Ibid.

Britain and Ireland are expected to lose their jobs and return home where job prospects are better”.⁴⁶ Reports account for the presence of 1 million Poles in the United Kingdom. The British Immigration Minister Phil Woolas told the Times newspaper that “rising unemployment in the UK means that the country needs to consider restricting immigration.”⁴⁷

The departure of migrant workers affects in particular UK small businesses that face labour shortages. In 2006, 21 per cent of the Small and Medium Enterprises (SMEs) had non-UK workers in their books; in 2008 the figure was 48 per cent. On the one hand, 29 per cent of employers are worried that foreign employees will return home, on the other hand, 40 per cent are saying that in 2009 they will have to shed labour.⁴⁸ A Home Office spokesman said, “Government and independent research continues to find no significant evidence of negative employment effects from migration.”⁴⁹ These contradictory statements indicate an uncertainty over the depth of the global financial crisis and the potential targeting of migrant workers as scapegoats.

In 2007, Spain received 1 million immigrants many from Africa and Eastern Europe; now it faces the highest unemployment in the Eurozone. The response is to implement laws aimed at cutting the number of work permits, restricting family reunion visas⁵⁰ and introducing a voluntary return programme for unemployed legally resident migrants (although few migrants have taken the offer).⁵¹ However, Spain’s overall response can be considered exemplary because, while reducing intake, it has explicitly rejected policy options to oblige unemployed migrants to repatriate.

In December 2008, the Italian government announced plans to cut the number of migrant workers and clandestine foreigners within the Italian borders where currently some 3.4 million foreigners live and work. In Italy the vice-president of the Veneto region said that because businesses had lost some 30 per cent of their usual orders, Venetian entrepreneurs should privilege local workers.

The Russian Prime Minister requested reduction by half or more in the quota for migrant workers from the Commonwealth of Independent States, if circumstances warrant, to protect jobs for Russians. On the other hand, it was acknowledged that Russian workers are not keen on jobs currently taken up by migrants⁵².

There are also attempts in a number of Asian countries to “reserve” the labour market for nationals.

The Thai Labour Minister announced a delay until late March 2009 in registration of 700,000 foreign workers in a bid to keep jobs open for Thai workers during the economic slowdown. Job fairs would be organized for unemployed Thais and the authorities have been urged to survey the job market for foreign workers and compile a list of jobs Thais might be reluctant to apply for. He said a crackdown on *illegal* foreign workers would take place after the registration. Employment Department statistics to 30 October 2008 show 501,570 foreign workers were registered with labour authorities. But it is believed that there are over 2 million in the workforce.⁵³ Most of the migrants in Thailand come from neighbouring Burma, Cambodia and Laos and work in agriculture, fisheries and construction.⁵⁴

⁴⁶ Mail Online. “Financial Crisis will send one million immigrant workers home, Race Chide says” by Hames Stack, 29 October 2008. [12.12.2008].

⁴⁷ Deutsche Welle, 29 October 2008 [12.12.2008].

⁴⁸ Telegraph. “Small Businesses face labour shortage as migrants quit UK” by Graham Ruddick, 02 November 2008. [12.12.2008].

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² The Commonwealth of Independent States is the union of ex-Soviet states, apart from the three Baltic republics. IPS “Russia: Migrant Workers Forced to Head Home”, 17 January 2009.

⁵³ Bangkokpost.com 4 February 2009

⁵⁴ Maritn, Abella, Kuptsch. 2006. Managing Labor Migration in the Twenty-first Century, Chapter 6.

On 21 January 2009, the government of Malaysia stopped new entries of migrant workers to make more jobs available for Malaysians, and ordered employers to lay off foreign workers first.⁵⁵ In December 2008, 2.1 million legal foreign workers were registered in Malaysia, including 749,200 in manufacturing, 347,700 in plantations, 307,800 in construction, 296,300 domestic helpers, 211,100 in services, and 184,600 in other agriculture. 1.2 million came from Indonesia, 200,000 from Nepal, 130,800 from India, 96,900 from Vietnam, and 64,200 from Bangladesh. Migrants in Malaysia typically pay agents to get factory jobs, and as companies announced lay-offs and plant closures, there was speculation about whether laid-off migrants would leave Malaysia or seek other jobs to repay debts.⁵⁶ Official figures from September 2008 seemed to underestimate the number of laid-off workers at 6,000. Malaysian workers in Singapore are also expected to be affected by the crisis, with 35,000 to 50,000 projected to lose their jobs.⁵⁷

7. Reduced remittances

The World Bank assesses that remittances will be more resilient than the capital flows and official aid. Yet, remittance flows slowed down in the third quarter of 2008 and there are indications that the deceleration in remittances in 2009 will be sharper.⁵⁸

One analyst calculates that official remittance flows to Mexico declined by 4.4 per cent in 2008.⁵⁹ A slowdown in flows to Latin America and the Caribbean in 2008 can be attributed to: 1) the slowdown in the US economy, especially in the construction sector, which affected the employment and income of many Latino migrants, especially Mexicans; 2) stricter enforcement of immigration regulations likely to have shifted remittance transfers to hand carry and unrecorded channels.⁶⁰

Table 3: Outlook for remittance flows to developing countries, 2009-10

	2008e	Base case		Low case	
		2009f	2010f	2009f	2010f
\$ billion					
Developing countries	283	280	297	267	270
<i>(as share of GDP, %)*</i>	<i>(1.8)</i>	<i>(1.6)</i>	<i>(1.5)</i>	<i>(1.5)</i>	<i>(1.4)</i>
East Asia and Pacific	62	63	66	60	61
Europe and Central Asia	54	53	57	51	53
Latin America and Caribbean	61	61	64	58	58
Middle-East and North Africa	35	32	34	30	29
South Asia	51	51	55	48	49
Sub-Saharan Africa	20	20	21	19	19
Growth rate (%)					
Developing countries	6.7%	-0.9%	6.1%	-5.7%	1.2%
East Asia and Pacific	7.5%	0.4%	6.1%	-4.2%	1.6%
Europe and Central Asia	5.4%	-0.1%	6.4%	-4.0%	2.7%
Latin America and Caribbean	0.0%	-0.2%	4.4%	-4.4%	0.2%
Middle-East and North Africa	7.6%	-6.7%	5.7%	-13.2%	-1.5%
South Asia	16.2%	-0.1%	8.2%	-5.5%	2.7%
Sub-Saharan Africa	6.3%	-1.3%	5.3%	-6.8%	-0.2%

Source: Same as table 1. See annex for the methodology for the estimates for 2008 and forecasts for 2009 and 2010.

* Excluding the revision to Nigeria data in 2007, remittance flows to Sub-Saharan Africa would have experienced a more modest growth rate of 14.4 percent, and to developing countries, 14.1 percent in 2007.

Drawn from Migration and Development Brief 8 (World Bank, 11 November 2008)

⁵⁵ Julia Zappei, "Malaysia Bans Hiring of Foreign Workers," AP, January 22, 2009

⁵⁶ Martin, Philip L. Forthcoming 2009, op.cit.

⁵⁷ M. Abella and G. Ducanes, "The effect of the global economic crisis on Asian migrant workers and governments' responses", (Bangkok, ILO, 2009).

⁵⁸ D. Ratha, S. Mohapatra and Z. Xu. 2008. "Outlook for remittance flows 2008-2010: Growth expected to moderate significantly, but flows to remain resilient", *Migration and Development Brief 8* (World Bank, 11 November): 1.

⁵⁹ Ibid.

⁶⁰ Ibid: 4.

In Europe and Central Asia as well as in Latin America and the Caribbean, remittance flows are predicted to decline slightly in 2009 and recover in 2010; while flows to South Asia will slow sharply from 16 per cent growth to zero per cent growth in 2009.⁶¹ Flows to the Middle East and North Africa are expected to decline by nearly seven per cent and by nine per cent from the GCC countries.⁶² “Money repatriated by millions of Arabs working abroad in the oil-rich states of the Gulf, as well as in Europe and the US, represents a crucial contribution to the economies of their home countries”⁶³. The Centre for Moroccan Conjuncture through one of its senior economists estimates that there is a threat that remittances will stagnate or even decline⁶⁴. Lebanon is another country heavily dependant on remittances received from the “12 million Lebanese who live abroad, three times as many as live in the country [...] Remittances accounted for a quarter of Lebanon’s GDP, or US \$5.7billion, last year, and the World Bank estimates that remittances will hit US \$ 6 billion this year”⁶⁵.

8. Impact in migrant origin countries

Origin countries are voicing concerns over the loss in remittances and large scale-return of their nationals that the financial crisis may cause. Economy, Trade, and Energy Minister of Albania, Genc Ruli expressed concerns that the crisis will impact Albanian exports and the flow of remittances from other European countries.⁶⁶ Euroasia.net raised concerns of the impact of the financial crisis on the economies of Central Asia, stating that immigrants from these countries are barely able to find permanent work in Russia and Kazakhstan”.⁶⁷ The loss of remittances would result in severe economic and social consequences in Central Asian countries. The impossibility to remit money home starts affecting both migrants’ families and also the economies of the neighbouring countries: Armenia, Azerbaijan, Uzbekistan, Tajikistan and others. For example, according to a World Bank study, in Tajikistan, remittances constituted 35.5 per cent of the GDP in 2007; and in Moldova, 38.3 per cent. The economy of Tajikistan is not sustainable without migration, and Dilip Ratha, a senior economist at the World Bank states that “there’s definitely a serious moderation in the growth of remittances”⁶⁸.

Economists in the Philippines have predicted that the global economic crisis will lessen the ability of the Philippines to use overseas employment as a safety valve.⁶⁹ The Philippine Department of Labour estimated that around 50,000 Filipinos could lose their jobs in the United States, mainly in the financial sector.⁷⁰

The municipal administration in Mexico City developed a social security programme for the protection of return migrants. The first 135 beneficiaries have already started receiving a monthly assistance of 500 pesos as from 1 January 2009. The Secretary of Rural Development and Equity for the Communities (Sederec) estimates that in a first stage there will be 4 million migrants benefiting from this unemployment benefit⁷¹.

⁶¹ Ibid: 8.

⁶² Ibid: 8, 10.

⁶³ Heba Saleh in Cairo and Anna Fifield in Beirut, “Time of migrant income set to fall”. Financial Times, 6/01/2009.

⁶⁴ ibid

⁶⁵ ibid

⁶⁶ “Albanian minister says global financial crisis to affect exports, investments”, BBC Monitoring Europe, 3 November 2008.

⁶⁷ “Financial catastrophe looms for Central Asian Nations”, *Turkish Daily News*, 12 November 2008.

⁶⁸ Sabrina Tavernise, “Bad Times Stall Cash Flow from Tajik Migrants”, *The New York Times*, 25/12/2009.

⁶⁹ K. Wilson. 2008. “Global financial crisis will hit army of overseas Filipino workers”, *Agence France Presse*, 13 October.

⁷⁰ Ibid.

⁷¹ Alberto Acosta, “Ciudad y Metrópoli. ‘Fichan’ migrantes en GDF”, *Reforma*, 30/12/2008.

IV. ELEMENTS FOR POLICY RESPONSES

Immediate measures and policy responses are required to ameliorate the impact of the crisis on migrant workers. Action is imperative to prevent these impacts, if unchecked, from destabilizing labour markets, working conditions and social cohesion in migrant employment countries, and from destabilizing economically, socially, and ultimately, politically, migrant origin countries.

Three broad areas for intervention can be identified: (1) taking measures to shore up decent work conditions and protection of migrant workers –along with vulnerable national workers—in migrant employment countries; enhancing urgent employment creation and social safety net protections for returning migrants and populations as a whole in migrant source countries; and resolutely repressing xenophobic violence while explicitly discouraging nationalist anti-migrant and anti-trade discourse and action.

Migration and increased labour mobility represent long term solutions to labour and skills needs in evolving economies across the OSCE region. Thus short term crisis responses need to be taken in context of reinforcing the long term efforts to ensure adequate protection and integration of migrants and institutionalised regulation of labour migration, efforts underlying this current OSCE attention to “managing migration for stability, security and –we would add—socio-economic well being” across the region.

Several immediate lines of crisis response should nonetheless include:

1. Avoiding any forced expulsions or returns of migrant workers, and maintaining intakes for agriculture and other sectors where labour and skills remain necessary and will be required for recovery
2. Increasing capacity and extending labour inspection, particularly to sectors and workplaces where migrant workers may be concentrated, to ensure decent treatment in the face of pressures to cut pay and increase exploitation –and thus prevent unfair competition with national workers.
3. Strengthening anti-discrimination measures and discourse
4. Explicitly repressing racist violence and xenophobia against foreigners, and prosecuting perpetrators of violent acts
5. Discouraging scapegoating of migrants
6. Expanding international support for employment intensive recovery measures, employment creation and extension of social protection measures to affected populations as well as returning migrants in home countries.

This is only an initial list. This OSCE forum and other international discussions on migration will surely fill out the needed comprehensive agenda of crisis response measures to protect migrant workers and ensure that labour migration ultimately contributes to recovery and future economic and social progress.

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Presented by
Patrick Taran,
Senior Migration Specialist,
International Labour Office (ILO)
Phone: (41-22) 799-8091 / Fax: (41-22) 799-8836
taran@ilo.org
Website: www.ilo.org/migrant

With research contributions from Rola Abimourched and Ruxandra Oana Ciobanu at ILO