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International Migration Programme

*The global economic crisis and migrant workers:  
Impact and response*

*Second Edition*

Ibrahim Awad

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## Preface

The global financial and economic crisis that broke out in the third quarter of 2008 has had devastating consequences for national economies, enterprises and workers in industrialized and developing countries. The International Labour Organization (ILO) has promptly reacted by studying its consequences for employment and conditions of work. It estimated that 50 million jobs could be lost by the end of 2009. With its tripartite constituents, the ILO has paid particular attention to policies that would permit them to weather these consequences and continue on the path towards growth and decent work. It proposed a declaration of a global Jobs Pact that would enable enterprises and workers to use the full potential of their productive resources.

In times of economic downturns migrant workers are among the most vulnerable. Their movements across national borders are an expression and a consequence of the historical process of ever progressive globalization of the world economy. Naturally, therefore, their vulnerability increases when the downturn is global in nature. Since the ILO has the constitutional objective of protecting migrant workers, it is obligated to assess the impact of the crisis on them and to suggest measures that would reinforce their protection.

The tripartite constituents of the ILO have defined the protection of migrant workers at the 92<sup>nd</sup> session of the International Labour Conference (ILC) in 2004. The concept of protection found in the resolution “Towards a fair deal for migrant workers in the global economy” adopted by the ILC in 2004 includes dimensions of rights of migrant workers, their employment, their social protection and social dialogue in respect of the issues their migration raises. These are all elements of the decent work agenda.

Since the first decade of its existence, the ILO included issues of migrant workers in its international labour conventions. In the 1940s, constituents decided to adopt the first international labour convention specifically dedicated to migrant workers, the Migration for Employment (Revised) Convention, 1949 (No. 97). In the 1970s, they proceeded with the international legal construct by adopting the Migrant Workers (Supplementary provisions) Convention, 1975 (No. 143). In 2004, they decided to offer to the members of the Organization principles and guidelines that would serve them in formulating labour migration policies. This is the 2005 ILO Multilateral Framework on Labour Migration: non-binding principles and guidelines for a rights-based approach to labour migration. The ILC resolution in 2004 and the ILO Multilateral Framework emphasize the contributions of labour migration to employment, economic growth, development and poverty alleviation in countries of destination and origin. Preserving these contributions is, therefore, part and parcel of the protection of migrant workers.

This research paper, prepared by the ILO International Migration Programme, assesses the impact of the global crisis on migrant workers and reviews policy responses. It addresses the impact on the employment of migrant workers in their countries of destination, on the volume of their financial contributions to the livelihood of their families and to the economies of their countries of origin and on their living and working conditions, which may deteriorate due to an increase in hostility and xenophobia. The paper also addresses the policies put in place by countries of destination and origin to face up to the crisis as it relates to migrant workers and labour migration. The

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conclusions include suggested policy measures for reinforcing the protection of migrant workers, while preserving the interests of both countries of destination and origin. The suggested measures find their sources in the rights-based approach to labour migration defined by the ILC in 2004 and in the decent work agenda that supports it.

The ILO hopes that the paper will contribute to efforts at assessing the impact the crisis has produced on migrant workers to the date of its publication. The ILO also wishes that it will serve efforts of tripartite constituents to get out of the crisis with policy measures in line with the principles and objectives of the ILO Constitution.

Assane Diop  
Executive Director  
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## Executive Summary

The global financial and economic crisis has had severe consequences for the world of work. The global economy slowed down and contraction was announced in a number of national economies. Unemployment is on the rise. According to the International Labour Organization's (ILO) 2009 Global Employment Trends report (GET) there could be a dramatic increase in the number of people joining the ranks of the unemployed, working poor and those in vulnerable employment. Depending on the timeliness and effectiveness of recovery efforts, the GET envisages an increase in global unemployment in 2009 compared to 2007 by a range of 29 million to 59 million workers if the situation continues to deteriorate. Migrant workers may be especially vulnerable to these economic and labour market turbulences, since they often do not enjoy the same rights and protection as nationals of destination countries.

This paper aims to analyse the actual and potential impact of the global crisis on international migrant workers through a focus on four issue-areas. These are the employment and migration opportunities available to migrant workers, including changes in the demand for migrant labour and possible return to countries of origin; the volume of financial remittances sent by migrant workers to their families; situations of discrimination and xenophobia that may confront migrant workers along with their conditions of work; and the policies that both countries of destination and origin have put in place to deal with the impact of the crisis.

Impacts in these issue-areas reinforce each other. Reduced overall demand for labour affects the employment and migration opportunities of migrant workers as well as their terms and conditions of work. These, in turn, have repercussions on the volume of remittances migrants send home. At the same time, reduced demand for labour results in perceived or actual competition with nationals, which can be seized upon to spur xenophobia and discrimination against migrant workers and their families. Contraction of the economy and rising unemployment may prompt destination countries to introduce more restrictive labour migration policies. Origin countries, which often heavily depend upon the remittances sent by their migrant workers, respond to the impact of the crisis by exploring new labour markets and introducing reintegration and employment packages. After analyzing the impact of the crisis in the four issue areas, the paper reviews its consequences on migrant workers from a gender perspective. Finally, the conclusions include a set of suggested policy measures to protect migrant workers and preserve the interests of both countries of origin and destination.

Several observations emerge from the analysis. First, the impact of the global crisis on migrant workers is differentiated. The impact is not the same in all countries: Regional and national economies have not slowed down to the same extent. A few economies have not slowed down at all. The degree of slowdown greatly differs among sectors, with some registering growth within a general context of contraction. The destination country and the sector of employment are the essential factors determining impact. Other factors include time-frame of the migrants' presence in the country of destination, regularity vs. irregularity of status, occupational distribution of migrant workers, the sectoral and occupational distribution of the native labour force and trade performance. Depending on countries of destination, migrant workers are known to be



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noticeably present in such sectors as construction, manufacturing, hotels and restaurants, manufacturing, health care, education, domestic service and agriculture. Construction, manufacturing, and hotels and restaurants, have been particularly hit, both in terms of growth and employment. In the United States, Ireland, and Spain, migrant workers were particularly affected in construction, which is one of the sector hardest hit by the crisis. In Malaysia, Japan, and the Republic of Korea, they were affected in manufacturing, which witnessed the largest job losses. In contrast, a number of sectors (e.g., health care, domestic service, and education), in some countries, have witnessed growth in employment. This is the case of the United States and Ireland, where health care and education witnessed a growth in jobs. This positively impacts migrant workers' employment opportunities. From the above analysis it would seem that men migrant workers bear the burnt of the crisis, since their share of employment in construction and manufacturing is greater than women, while women are concentrated in health, education and domestic services. However, women migrants form a significant proportion of workers employed in manufacturing and are almost equally represented in hotels and restaurants. Additionally, more women migrant workers tend to be in irregular status and tend to be employed in the informal economy, increasing their vulnerability.

Second, to date, no mass returns of migrant workers have been observed, but new outflows from some countries of origin have slowed down. For example, in Mexico, according to the National Statistics, Geography and Information Institute the net outflow of Mexicans has dropped by over 50 per cent from the second quarter of 2006 to the first of 2009. Potential migrants, considering the high costs of migrating and reduced employment opportunities in the destination, have chosen not to migrate. In contrast, the number of returning migrant workers in 2008 remained similar to the previous two years. Voluntary return programmes implemented by destination countries have fallen far short of the targeted numbers. This situation can be explained by a number of factors. Migrant workers often choose to remain despite deteriorating labour market conditions in order to preserve social security benefits. The adverse economic and employment situation in the origin country also discourages them from returning.

Third, while remittances remain "resilient" in relation to other forms of financial transfers – Official Development Aid (ODA) and Foreign Direct Investment (FDI) – the World Bank forecasts a sharper decline in remittances than previously predicted, which will adversely affect many developing countries dependent upon these flows. In late 2008, the World Bank had forecast a general decline of five per cent in remittance flows worldwide in 2009. The forecast was revised in March 2009 to slightly more than eight per cent and in July 2009 to 10 per cent. The decline is likely to be pervasive and not confined to any one region. In Latin America and the Caribbean – the region receiving the highest level of remittances per capita – the data highlight a slowdown in remittance flows that became evident in the last quarter of 2008 and continued into the first half 2009. In South and Southeast Asia, forecasts also suggest a negative growth rate for 2009. The situation is likely to be even more worrying in the case of countries of the Commonwealth of Independent States (CIS) such as Kyrgyzstan, Tajikistan and Uzbekistan, which rely heavily on remittances of their workers employed in the Russian Federation and Kazakhstan. In sub-Saharan Africa after two decades of growth in remittance flows there is likely to be a significant decline in these financial flows in 2009. The Middle East and North Africa, which registered the highest growth in remittances in 2008, will have a lower negative growth rate in 2009 compared to other regions. Fourth, in

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times of crisis slack demand for labour increases the likelihood of precarious and irregular employment. While little evidence exists, it is likely that migrant workers will be forced to take on jobs in poor working conditions and/or in the informal economy. Perceived competition for scarce jobs spurs xenophobic and discriminatory reactions of nationals against migrant workers. Certain groups and individuals seize upon these fears to demand more protectionist measures and show aggressiveness towards migrants. Examples of such reactions exist in different regions. However, it is important to emphasize that violence and xenophobia against migrant workers are far from widespread.

Policies encouraging voluntary return put in place by some countries of destination have not realized their objectives up to now. It is still too early to assess the impact of more restrictive admission measures on the operation of labour markets and on the migration status of foreign workers. Too restrictive policies that do not account for differential sectoral demand for labour might result in more irregular migration. The employment situations in countries of origin and the remittances they receive will have to be monitored to examine the effectiveness of their adopted policy measures. This also applies to the protection of the rights of migrant workers.

The future may harbour more adverse consequences for migrant workers than observed to date, if the crisis becomes long-drawn. Therefore, policy measures are necessary to protect them and preserve the interest of countries at both ends of the migration process. A number of the measures suggested in the conclusions are summarized below:

- New admission and voluntary return policies in destination countries of destination need to take in consideration labour demand in specific sectors and occupations. Ignoring sectoral and occupational demand may lead to stimulating irregular migration.
- Economic stimulus packages put in place by countries of destination should equally, and without discrimination, benefit regular migrant workers. Financial resources should be transferred to countries whose economies, labour markets and standards of living have been especially hit by the drop in workers' remittances.
- Hostility towards migrant workers and xenophobia undermine social cohesion and stability. Destination countries, their governments, social partners and civil society organizations should step up their efforts to combat such situations.
- In times of crisis, the application of labour laws to migrant workers should be closely monitored so as to ensure that legal conditions of work are respected and rights to the fruits of work already undertaken are protected. Labour laws and labour migration policies should incorporate provisions of international labour standards ratified by the concerned countries. If standards have not been ratified, their principles may guide policies. ILO Convention on Migration for Employment (Revised), 1949 (No. 97) and ILO Convention on Migrant Workers (Supplementary provisions), 1975 (No. 143) are of particular importance as much for those States that have ratified them as for those that have not. The ILO Multilateral Framework on Labour Migration sets forth principles and provides guidelines that can be of great value in the formulation of policies.

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- In efforts to curb irregular migration, migrant workers' civil, economic, social and cultural rights provided for in instruments of international human rights law should be strictly observed.
  - Countries of origin should put in place effective policies for the reintegration of returning migrant workers; enhanced and expanded employment policies can assist in their reintegration. Those still wishing to promote labour migration should monitor the evolution of external demand for labour in years to come.



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## 1. Introduction

The global financial and economic crisis has hit hard the world of work. According to the ILO's 2009 Global Employment Trends report (GET) there could be a dramatic increase in the number of people joining the ranks of the unemployed, working poor and those in vulnerable employment. Depending on the timeliness and effectiveness of recovery efforts, the GET envisages 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.<sup>1</sup> This bleak labour market situation affects certain groups disproportionately – notably women, migrant workers and youth.<sup>2</sup>

The objective of this paper is to analyse the impact of the global financial and economic crisis on international migrant workers. “Workers employed in countries other than their own”, in words of the ILO Constitution, are especially vulnerable to economic and labour market turbulences. International labour law provides for equality of opportunity and non-discrimination at work for all workers, including migrant workers. However, in the international state system, citizenship confers exclusive rights to nationals of each State. Deprived of these rights and alien to different extents to societies and cultures in their countries of employment, migrant workers are at a disadvantage.

The actual and potential impact on migrant workers can be assessed in terms of four issue areas. First are the employment and migration opportunities available to migrant workers, including changes in demand for migrant labour and possible return to countries of origin.<sup>3</sup> Second is the volume of financial remittances sent by migrant workers to their families. Remittances are the most tangible and evident benefit of labour migration for workers and their countries of origin. The third set of issues covers discrimination and xenophobia to which migrant workers may be subjected, their conditions of work and those under which their employment may be terminated. Fourth are the policies that both countries of destination and origin have put in place to deal with the impact of the crisis.

The linkages between the above four sets of issues are evident. Consequences observed in each issue area reinforce each other. Reduced overall demand for labour is bound to affect employment and migration opportunities. This in turn has repercussions on migrant workers' earnings and the remittances they send home. But reduced overall demand for labour may also lead to resentment and possible discrimination and xenophobia against migrant workers. Countries of destination may put in place policies primarily aimed at preserving available jobs for national workers. Policies of countries of origin may seek to protect their workers and provide them with alternative employment opportunities at home.

<sup>1</sup> ILO, Global employment trends: January (Geneva, ILO, 2009).

<sup>2</sup> ILO, The financial and economic crisis: A decent work response (Geneva, ILO, 2009).

<sup>3</sup> “Migration opportunities” in this paper refer to access to, or continued presence in, an external labour market to exercise or seek employment.

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Economic performance is the major determinant of the impact of the global crisis on migrant workers. But other factors also exist. The most important is the situation in sectors which predominantly employ migrant workers. A combined destination country and sectoral approach is therefore useful in analyzing the impact of the crisis on the employment and migration opportunities available for migrant workers. In other words, the assumption in the paper that the impact will be different according to regions and countries where migrant workers are employed as well as according to their sectors of employment. The different impact is because regional and national economies have not slowed down to the same extent, and some may have not slowed down at all, at least up to the time this research was undertaken. Additionally, the degree of slowdown has markedly differed between sectors, with some registering growth within a general context of contraction. Migrant workers are represented in varying degrees in the concerned sectors in different countries. This increases the complexity of the impact, and should caution against blanket or sweeping generalizations. The analytical framework for assessing the impact of the crisis sketched out here will be elaborated upon in the following sections. Comments will be made on other subsidiary factors pertaining to each issue area.

In the light of the above considerations, this paper starts by reviewing the impact of the crisis on the employment and migration opportunities of migrant workers in selected countries in major regions of destination. The resulting consequences for countries of origin will also be addressed. It will examine the overall impact and also undertake a sectoral analysis. The following two sections will focus on the impact in terms of migrant workers' remittances to countries of origin and of discrimination, xenophobia and conditions of work. A review of the differential impact of the crisis from a gender perspective will then be undertaken. In the final section policies adopted by countries of destination and origin to deal with the impact of the crisis will be examined. The conclusions will include suggested policy measures to protect migrant workers consistent with the interests of both countries of origin and destination.

The paper does not mean to be exhaustive given the lack of systematic, solid and available data in many countries of origin and destination. In using the available information, the objective is to validate its analytical approach. The ILO hopes that this approach will be useful in refining the analysis when more and better data become available. It is meant as a contribution to the valuable efforts undertaken by a number of researchers, institutions and international organizations to analyze the consequences of the crisis on labour migration. The ultimate objective of the paper is for its assessment to prove useful for ILO constituents in drawing up policy responses to the impact of the global crisis on migrant workers.

The paper draws upon a variety of sources: official government sources, ILO sources, including both headquarters and field office material, press and media reports, reports and papers of other agencies, and academic research.

This second edition uses data made available in the second and third quarters 2009 as well as newly published qualitative research. The new sources confirm the tendencies revealed in the first edition but also draw attention to possible serious consequences that may still lie ahead.

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## 2. Economic performance, employment and migration opportunities

The outlook for economic activity weakened through 2008 and became evident through declines in GDP. In October 2007, the IMF had projected global economic growth for 2008 at 4.8 per cent, but by October 2008 this rate had been adjusted downward to 3.9 per cent, which was further adjusted to 3.8 per cent in November 2008. Current IMF forecasts predict an annual growth rate of -1.3 per cent in 2009. This contrasted with growth rates of 5.1 per cent and 5.0 per cent in 2005 and 2006.

The weakening economic activity was manifested regionally. In the Developed economies and the European Union (EU), the growth rate was around 1.4 per cent, the lowest since 2002. The growth rate is projected to be negative, at -0.3 per cent in 2009. In Central and Eastern Europe (non-EU) and the Commonwealth of Independent States (CIS) the economic growth rates of 7 per cent or higher since 2003 declined to 6 per cent in 2008. A sharp drop to 3.3 per cent is projected for 2009. In Sub-Saharan Africa, economic growth slowed down from 6.6 per cent in 2007 to 5.3 per cent in 2008, with a more limited slowdown to 5.0 per cent projected for 2009. In Latin America and the Caribbean, economic growth slowed down from 5.6 per cent in 2007 to 4.5 per cent in 2008. It is projected to sharply decline to 2.5 per cent in 2009. In East Asia economic growth slowed down by two percentage points to 8.4 per cent in 2008 and is projected to decline further to 7.0 per cent in 2009.<sup>4</sup>

However, these rates are still the highest among all regions. In South East Asia and the Pacific, growth declined to a rate of 5.1 per cent in 2008, and is projected to further decline to 4.2 per cent in 2009. In South Asia, from 9.2 per cent in 2006 and 8.8 per cent in 2007, the growth rate decreased to 7.5 per cent in 2008. It is projected to noticeably decrease to 5.8 per cent in 2009. The region of the Middle East and North Africa was the only exception to the economic slowdown in 2008. It registered an increase in the growth rate from 5.7 per cent in 2007 to 6.0 per cent in 2008. Vast revenues deriving from high oil prices explain this differential performance. However, the growth rate is expected to decline to 5.1 per cent in 2009.<sup>5</sup>

Economic performance at the country level explains regional performances. Table 1 shows growth rates in selected important countries of destination of migrant workers. With the exception of Cote d'Ivoire, in Sub-Saharan Africa, and Kuwait, Qatar, Saudi Arabia and the United Arab Emirates (UAE) in the Gulf Cooperation Council (GCC) sub-region, they all registered slowdown in 2008. For 2009, further sharp drops in growth rates are expected, except in Cote d'Ivoire.

<sup>4</sup> ILO, GET, January 2009, op. cit.

<sup>5</sup> IMF, *World Economic Outlook*, April 2009 cited in ILO, GET update, May 2009.

**Table 1: GDP growth rates by major region and selected countries**

	GDP growth rate (constant prices)			
	2007	2008	2009	2010
<b>Developed Economies and EU</b>	<b>2.6</b>	<b>0.09</b>	<b>-3.6</b>	<b>0</b>
United States	2.1	0.4	-2.7	1.5
United Kingdom	2.6	0.7	-4.4	0.9
France	2.3	0.3	-2.4	0.9
Germany	2.5	1.2	-5.3	0.3
Ireland	6	-3	-7.5	-2.5
Spain	3.6	0.9	-3.8	-0.7
Czech Republic	6.1	2.7	-4.3	1.3
<b>Central and Eastern Europe and CIS</b>	<b>7.6</b>	<b>4.5</b>	<b>-5</b>	<b>1.2</b>
Russian Federation	8.1	5.6	-7.5	1.5
Kazakhstan	8.9	3.2	-2	2
<b>Sub-Saharan Africa</b>	<b>6.7</b>	<b>5.4</b>	<b>1.6</b>	<b>3.8</b>
South Africa	5.1	3.1	-2.2	1.7
Côte d'Ivoire	1.6	2.3	3.7	4
<b>Middle East and North Africa</b>	<b>6.1</b>	<b>5.6</b>	<b>2.3</b>	<b>3.7</b>
Kuwait	2.5	6.3	-1.5	3.3
Qatar	15.3	16.4	11.5	18.5
Saudi Arabia	3.3	4.4	-0.9	4
United Arab Emirates	6.3	7.4	-0.2	2.4
<b>North Africa</b>	<b>5.8</b>	<b>5.8</b>	<b>3.2</b>	<b>3.6</b>
Egypt	7.1	7.2	4.7	4.5
Morocco	2.7	5.6	5	3.2
<b>East Asia</b>	<b>11.2</b>	<b>7.4</b>	<b>4</b>	<b>6.1</b>
Japan	2.3	-0.7	-5.4	1.7
Korea	5.1	2.2	-1	3.6
<b>South-East Asia &amp; the Pacific</b>	<b>6.6</b>	<b>4.5</b>	<b>-0.7</b>	<b>2.2</b>
Indonesia	6.3	6.1	4	4.8
Malaysia	6.2	4.6	-3.6	2.5
Philippines	7.1	3.8	1	3.3
<b>South Asia</b>	<b>8.7</b>	<b>7</b>	<b>4.3</b>	<b>5.3</b>
Bangladesh	6.3	6	5.4	5.4
India	9.4	7.3	5.4	6.4
Pakistan	5.6	2	2	3
Sri Lanka	6.8	6	3	5
<b>Latin America &amp; the Caribbean</b>	<b>5.7</b>	<b>4.2</b>	<b>-1.5</b>	<b>1.6</b>
Argentina	8.7	6.8	-2.5	1.5
Costa Rica	7.8	2.6	-1.5	2.3
Mexico	3.3	1.3	-7.3	3.3

Source for all countries: International Monetary Fund, World Economic Outlook October 2009 - Sustaining the recovery

Source for all regions: ILO, Global Employment Trends update, May 2009.

\* Estimate



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Because resorting to labour migration is a pro-cyclical measure, which aims at keeping wages under control and maximizing growth in times of economic expansion, migrant workers should be expected to be the first to lose their jobs in periods of contraction. This section will seek to verify the validity of this proposition. In doing so the assumption is that the proposition is overall valid but that it does not apply to all migrant workers, in all sectors and in all forms of employment relationships.

The analysis will proceed by groups of countries<sup>6</sup>. A combined destination country and sectoral approach will be attempted in the analysis. After referring to the employment situation in selected countries, a review by sector will be undertaken for the whole region. Along with economic performance, the sectoral distribution of migrant workers is a major determinant of their employment situation. Depending on countries of destination, migrant workers are known to be noticeably present in such sectors as construction, manufacturing, hotels and restaurants, manufacturing, health care, education, domestic service and agriculture. Drops in economic growth and in employment in these sectors have not been equivalent. Construction, manufacturing, and hotels and restaurants, have particularly suffered, both in terms of growth and employment. In contrast, a number of sectors, in some countries, have witnessed growth in employment. Therefore, in the same country, an overall reduction can coexist with preservation, or even increases, of employment and migration opportunities available for migrant workers. Growth and employment seem to have resisted so far, or increased, in health care, education, domestic service and agriculture. The relatively smaller volumes of migrant employment in these sectors, than in construction, manufacturing and hotels and restaurants, explain the negative overall outcomes. Logically, the sectors that have witnessed the widest expansion in demand for migrant labour in times of economic growth are the same that now experience the largest destruction of migrant workers' jobs. This is particularly true, depending on countries, of the construction and manufacturing sectors. In a gender perspective, the impact of the crisis will be proportionate to the presence of women and men migrant workers in different sectors. Because the construction sector, the first and most heavily hit sector, is male dominated, the negative impact of the crisis will be essentially felt among men migrant workers.

However, a number of subsidiary factors are also at play. The first such factor is the time of arrival. Recently arrived workers will have developed little social capital, such as language abilities and networks, which allow them to keep their jobs or to stay under conditions of shrinking employment opportunities.

A second factor is that of regularity versus irregularity of migration. Even if they lose their jobs, migrant workers in regular situations might stay in countries of destination. They are entitled to unemployment benefits, which they might not receive if they were to leave. Migrant workers in irregular situations are more likely to return to their countries of origin. But they can also stay for one of three reasons, or for all taken together. As they are irregular, their informal employment is less costly to employers who might hire them faced as they are with tighter credit and lower revenues. In addition, the employment market in their countries of origin may very well be contracting and may thus dissuade them from returning. The cost and difficulty of re-entering the country of destination when economic situations improve may also persuade them to stay where they are.

<sup>6</sup> The identification of sub-regions follows the categories in the ILO Global Employment Trends report.

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The sectoral and occupational distribution of the native labour force is the third factor, which could also determine impact on migrant workers. Their employment and migration opportunities mostly likely will not be affected in those sectors that national workers have deserted. However, when sectoral desertion is recent, under crisis conditions national workers can be tempted to return to the jobs they shunned in the past. This has been witnessed in the agricultural sector of one destination country. Return to other sectors, such as health care, is more problematic, at least in the short term because of the cost and time needed for retraining. All the same, the hypothesis has been put forward that a number of workers who have been trained in health occupations but abandoned them for others in different sectors might now return if their jobs are destroyed by the economic slowdown. If this proves true, growth in labour demand in the health sector might not essentially benefit migrant workers.

Trade performance is the last subsidiary determinant. Whereas world trade growth had registered 6 per cent in 2007, this rate dropped to just 2.0 per cent in 2008.<sup>7</sup> World trade growth is even projected to be negative in 2009, decreasing by 13.2 per cent.<sup>8</sup> Trade performance is important in cases of countries where migrant workers are employed in export industries. Migrant workers in manufacturing will be the most affected. But trade growth or contraction can also transmit the impact of the crisis through its effect on transportation. Seafarers in the shipping industry will be the most affected in this perspective.

Whereas the major determinants of economic performance and sectors of employment are always operational, the subsidiary factors, which have an explanatory role, are not all at play in all countries of destination. Ideally, in verifying the validity of the assumptions made in the section, information on all determinants and subsidiary factors should be reviewed. However, systematic information is lacking. Therefore, the review will have to manage with available evidence. Postponing analysis until systematic information is at hand is not acceptable. Analysis is essential to comprehend what has happened and to formulate appropriate policy responses.

A number of the regions or sub-regions that will be reviewed are important in international labour migration as countries of origin. In these cases, the impact on migrant workers will be examined from their perspective. Two factors are important in determining impact for countries of origin. First is the sectoral concentration of migrant workers. Concentration in especially affected sectors will increase the impact on countries of origin. The concentration or distribution of migrant workers in different destinations will affect countries of origin proportionately to the impact of the crisis on these destinations. This is the second factor.

## **2.1 The Developed Economies and the European Union (EU)**

The unemployment rate in this group of economies increased by 0.4 percentage points to 6.1 per cent, between 2007 and 2008.<sup>9</sup> This increase is a sharp divergence from the downward trend witnessed since 2002. In major countries of destination where the crisis began earlier, such as the United States, the United Kingdom, Spain and

<sup>7</sup> WTO, *World Trade 2008, Prospects for 2009*, Press Release 554 (24 March 2009).

<sup>8</sup> OECD, *Economic Outlook: Interim Report* (March 2009).

<sup>9</sup> ILO, *Global Employment Trends- Update: May* (Geneva, ILO, 2009).

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Ireland, unemployment increased significantly between 2007 and 2009, as shown in Table 2.

**Table 2: Unemployment rates by major regions and in selected countries of destination (%)**

	2007	2008	2009	2010(j)
<b>Developed Economies and EU (h)</b>	5.7	6.1	7.8	...
United States	4.6	5.8	9.8 (c)	10.3
United Kingdom	5.4	5.7	7.8 (a)	9.5
France	8	7.4	8.9 (b)	10.9
Germany	8.3	7.3	7.6 (i)	11.6
Ireland	4.6	6	12.2 (d)	...
Spain	8.3	11.3	17.9 (f)	...
Czech Republic	5.3	4.4	6.3	...
<b>Central &amp; South Eastern Europe &amp; CIS (h)</b>	8.4	9	10.5	...
Russian Federation	6.1	6.2	9.7 (e)	...
Kazakhstan	...	...	...	...
<b>Latin America &amp; the Caribbean (h)</b>	7.1	7.2	9.2	...
<b>Sub-Saharan Africa (h)</b>	7.7	7.6	8.4	...
South Africa	24.3	22.9	23.3 (b)	...
Côte d'Ivoire	...	...	...	...
<b>Middle East (h)</b>	9.5	9	9.3	...
Kuwait	...	...	...	...
Qatar	...	...	...	...
Saudi Arabia	...	...	...	...
United Arab Emirates	...	...	...	...
<b>North Africa (h)</b>	10.6	10	10.9	...
<b>East Asia (h)</b>	3.9	4.3	4.6	...
Japan	3.9	4	5.4 (i)	5.6
Korea	3.3	3.2	3.7 (g)	...
<b>South East Asia &amp; the Pacific (h)</b>	5.4	5.4	6	...
Malaysia	3.3	3.4	4.0 (b)	...
<b>South Asia (h)</b>	5	5	5.4	...

If not otherwise indicated, the source of unemployment rate figures is: ILO Bureau of Statistics, <http://laborsta.ilo.org>, periodic data, September 2009.

Note: Unless otherwise indicated, 2007 and 2008 unemployment rate is an annual average and 2009 are from May 2009.

(a) June 2009. Source: UK Office for National Statistics, Labour Market Statistics, October 2009

(b) February 2009

(c) Source: US Bureau of Labor Statistics, Employment Situation Summary, September 2009.

(d) July 2009. Source: Central Statistics Office Ireland, Labour Market Statistics Database (accessed on 28 October)

(e) January-May 2009. Source: World Bank, Russian Economic Report No 19, June 2009.

(f) Third Quarter 2009. Source: Ministerio de Trabajo y Inmigración, Encuesta de Población Activa, <http://www.mtin.es/estadisticas/BEL/EPA/indice.htm>

(g) August 2009

(h) 2008 rates are preliminary estimates. 2009 rates are based on the ILO Global Employment Trends (May 2009) Scenario 2 predictions.

(i) July 2009

(j) Source: OECD Economic Interim Projections, March 2009.

The unemployment rates of migrant workers are consistently higher than the rates for the total labour force in all four countries, as shown in Table 3. However, in the United Kingdom, growth in unemployment of foreign workers is much lower than in the other three countries. More targeted migrant worker admission policies may account for these relatively better labour market outcomes.

**Table 3: Unemployment rates for total labour forces and for migrant workers (%)**

Country	Unemployment rate total labour force	Unemployment rate for migrant workers	Unemployment rate total labour force	Unemployment rate for migrant workers
United States	YR 2008 5.4	YR 2008 7.3	YR 2009 9.3	YR 2009 11.3
United Kingdom*	Third Q 08 6.0	Third Q 08 7.2	Fourth Q 08 6.1	Fourth Q 08 7.4
Ireland	Fourth Q 08 7.4	Fourth Q 08 9.5	Second Q 09 11.3	Second Q 09 15.6
Spain	Fourth Q 08 12.5	Fourth Q 08 21.3	Third Q 09 17.9	Third Q 09 27.5

\* Data for the United Kingdom is from the OECD, SOPEMI, 2009. Unemployment rates for native-born and foreign-born only.

Note: Unemployment rates for the United States are calculated using the Current Population Survey. Unemployment rates for Ireland are calculated using the Quarterly National Survey.

Source: Central Statistics Office - Ireland. 2009. Quarterly National Household Survey, 27 February and October; Current Population Survey – table creator, United States; OECD, *International migration Outlook: SOPEMI 2009* (Paris, 2009); National Statistics Office, UK. 2009. Latest Indicators (18 March); Ministerio de trabajo e Inmigración, Encuesta de Población Activa, 26 October 2009, Tables 19 and 37.

The sectoral distribution of migrant workers provides an essential explanation of the differential employment situations of migrant workers in the four countries after the crisis broke out. Unemployment rates by sectors and for migrant workers are not available. Therefore, we will rely on concentration of migrant workers in sectors as a first stage in the analysis. In the second stage, change in employment in sectors with high concentration of migrant workers will be examined. From the two stages taken together, it can be safely inferred that the unemployment of migrant workers will rise more significantly in countries where employment changes have affected sectors where they are heavily concentrated.

Table 4 shows the concentration of migrant workers by sectors of economic activity in the four countries and a number of other developed economies in 2007.<sup>10</sup> In the United States, the sectors employing the highest percentages of migrant workers were construction, wholesale retail and trade, hotels and restaurants, real estate, manufacturing, computer research, and health and social work. Percentages in these sectors were in a close range. In the United Kingdom, migrant workers were concentrated in wholesale and retail trade, hotels and restaurants, real estate, computer research and development, and health and social work. Migrants' employment in transport and education also accounted for a fair representation. Construction, however, only accounted for 5.7 per cent of migrant workers. In contrast, in Spain construction employed more than 20 per cent of migrant workers, followed at a distance by hotels and restaurants, wholesale retail and trade and private households. Computer research and development, education, and health and social work accounted for very small proportions of migrant workers' employment in this country.

<sup>10</sup> The table includes sectors and branches of economic activity. They are all called sectors here.

Table 4: Employment of foreign-born in selected OECD countries, by sector, age 15-64, 2007 (for source see next page)

	CZ	DE	DK	ES	IR*	IT	NL	NOR	SWE	UK	US
Agriculture, hunting, forestry and fishing	3.63	1.06	..	4.47	8.02	3.37	1.36	..	0.56	0.62	1.69
Mining and quarrying	1.29	..	..	0.15	..	..	..	..	..	0.44	..
Manufacturing non-durable food products	2.79	3.65	3.91	2.42	..	1.91	3.04	2.72	1.43	2.94	1.72
Manufacturing non-durable other products	8.14	6.67	3.95	3.72	18.79(a)	7.29	4.73	3.56	4.05	3.89	3.55
Manufacturing durable	23.17	19.86	8.31	5.10	..	13.36	9.76	5.20	10.61	5.82	7.20
Electricity, gas and water supply	..	0.33	..	0.10	..	..	..	0	..	..	0.35
Construction	8.84	6.71	3.26	20.96	16.26	14.83	4.84	5.23	3.19	5.65	13.04
Wholesale and retail trade, repair	14.08	12.4	13.98	12.98	16.67	10.80	12.22	13.13	10.71	11.83	12.5
Hotels and restaurants	6.13	8.36	7.77	14.74	34.40	8.06	6.82	5.87	7.75	8.59	9.96
Transport, storage, communication	4.60	5.39	7.72	4.46	12.98	4.64	6.85	8.04	7.04	7.75	6.15
Financial intermediation	1.40	1.48	1.67	0.97	16.08(b)	0.67	2.73	0.67	1.13	4.93	3.56
Real estate	7.91	10.06	11.59	7.68	..	9.05	16.06	12.72	14.11	15.23	13.57
Real estate and renting	1.30	0.51	..	1.08	..	0.66	0.84	0.58	1.17	1.37	1.92
Computer research and development, other business activities	4.79	5.16	10.78	2.96	..	4.77	10.83	8.91	9.84	13.86	9.12
Security activities and industrial cleaning	1.81	4.09	..	3.63	..	3.63	4.39	3.23	3.10	..	2.52
Public administration and extra-territorial organizations	2.68	2.51	3.41	1.20	2.65	1.45	5.98	3.84	4.18	4.97	2.23
Education	4.15	4.25	8.04	2.01	6.95	2.34	5.44	10.11	11.37	7.14	5.72
Health and social work	5.77	10.38	19.53	4.11	14.19 (c)	4.92	15.22	21.6	19.34	14.38	11.04
Other community	4.95	5.69	4.88	2.72	15.19 (d)	5.56	4.40	4.32	4.26	4.94	6.04
Private households	..	1.04	..	12.19	..	11.38	..	..	..	0.60	1.45
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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Source: adapted from OECD, "International Migration and the Financial Crisis: Understanding the Links and Shaping Policy Responses", 2009; Central Statistics Office - Ireland. 2009. Quarterly National Household Survey (27 February), Table A2.

\*Distribution of foreign-born for Ireland calculated by the author

- (a) Classified as Other production industries, includes mining and quarrying, manufacturing, and electricity, gas and water supply.
- (b) Includes real estate, renting and other business activities.
- (c) Excludes social work.
- (d) Includes social and personal services, private households and extra-territorial organizations and bodies.

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In the **United States**, economic growth significantly decreased during 2008. Recent IMF figures indicate a slower GDP growth than earlier estimated. In 2008, the GDP growth rate was 0.4 per cent. It is now expected that growth will register a negative rate of 2.7 per cent in 2009 and positive rate of 1.5 per cent in 2010.<sup>11</sup>

In February 2009, the overall unemployment rate for the United States was 8.1 per cent, having risen by 3.3 percentage points over the previous 12 months, from 4.8 per cent. 651,000 jobs were lost that month.<sup>12</sup> Over the previous four months, non-agricultural employment declined, across all sectors, by 2.6 million jobs.<sup>13</sup> Most recent available data indicate a slowdown in jobs job losses but still a rise in the unemployment rate. In September 2009, the unemployment rate was 9.8 per cent, double that of December 2007.<sup>14</sup> Importantly, the unemployment rate for migrant workers was consistently higher than that of the total labour force. In 2008, the unemployment rate of non-US workers was 7.3 per cent in comparison to a rate for the total labour force of 5.4 per cent.<sup>15</sup> The gap between these rates widened in 2009, respectively registering levels of 11.3 per cent and 9.3 per cent, as shown in table 3 above. .

Considered sectorally, the impact of the financial crisis was particularly noticeable in the construction sector. By the beginning of 2009, 1.1 million jobs were lost since employment in the sector had peaked, in January 2007.<sup>16</sup> Job losses in construction continued into 2009. In February 104,000 jobs were lost in both the residential and non-residential components of the sector.<sup>17</sup> The high share of migrant workers in construction clearly means that they have been severely hit by job losses. According to the OECD, 13 per cent of migrant workers were active in construction in 2007. Manufacturing registered in January 2009 the largest one-month decline since October 1982 with 207,000 jobs lost.<sup>18</sup> Job losses in the hospitality sector, which includes hotels and restaurants,<sup>19</sup> amounted to 32,000 from January to February 2009, a slight increase from the previous month (28,000).<sup>20</sup> In 2009, the largest job losses continued to be

<sup>11</sup> IMF, World Economic Outlook October 2009: Sustaining the Recovery (Washington, DC, 2009).

<sup>12</sup> US Bureau of Labor Statistics, Employment Situation Summary, February 2009.

<sup>13</sup> Ibid.

<sup>14</sup> Calculated from data extracted from the Current Population Survey. [23 October 2009]

<sup>15</sup> Calculated from data extracted from the Current Population Survey. [23 October 2009].

<sup>16</sup> US Bureau of Labor Statistics, Employment Situation Summary, February 2009.

<sup>17</sup> Ibid.

<sup>18</sup> US Bureau of Labor Statistics, Employment Situation Summary, January 2009.

<sup>19</sup> "Hospitality" in the terminology used by the US Bureau of Labour Statistics

<sup>20</sup> US Bureau of Labor Statistics, Employment Situation Summary, February 2009.



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registered in construction, manufacturing, and retail trade. In September, 263,000 jobs were lost. However, job losses are down. In the construction sector, monthly job losses averaged 66,000 from May to September, compared to 117,000 per month from November to April. Similarly, employment fell in manufacturing an average of 53,000 per month over that same period, in comparison to 161,000 per month in the previous four months. But as 2009 progressed, the number of jobs in leisure and hospitality showed little change.<sup>21</sup> In contrast, health and social work, a sector with a high concentration of migrant workers, registered a gain in employment. But the pace of job growth in the health sector appeared to have slowed down in the first three months of 2009, with an average of 17,000 jobs added per month.<sup>22</sup> Employment in the sector continued to rise in the following months, although the monthly average for 2009 (22,000) is lower than the average for 2008 (30,000).<sup>23</sup> This means there still are migration opportunities for health care workers, even though less in number than in 2008. The situation is not all bright in the sector though, since according to a study by the American Hospital Association, hospitals were seeing fewer patients and thus cutting on costs, including staffing.<sup>24</sup> According to November 2008 data, around 53 per cent of hospitals were considering reductions in staffing.<sup>25</sup> This would especially impact temporary nurses. The possible return of native trained health workers to occupations they had fled, under the pressure of reduced demand for labour in other sectors, will be to the detriment of employment opportunities for migrant workers.

Length of stay in the United States seems to affect the employment situation of migrant workers. In January 2009, 88 per cent of those recently arrived reportedly had difficulties in finding jobs, as opposed to 79 per cent of migrant workers having lived for more than ten years in the country.<sup>26</sup>

As for trade, import growth dramatically decreased, registering a negative growth of four per cent in 2008, down from one per cent (positive) in 2007.<sup>27</sup> The United States is a major export market for many countries, including some that have purposefully entered into free trade agreements with it. One such country is Jordan, which has attracted migrant workers from South Asia for employment in its textile industry located in free zones for export to the United

<sup>21</sup> Ibid.

<sup>22</sup> “Commissioner’s Statement on the Employment Situation News Release”, Statement of Keith Hall, Commissioner of the US Bureau of Labor Statistics (3 April 2009). [accessed 6 April 2009]

<sup>23</sup> US Bureau of Labor Statistics, Employment Situation Summary, February 2009.

<sup>24</sup> A. Ananthalakshmi, “Analysis-Fewer patients at hospitals dent healthcare staffing”, Reuters (12 February 2009).

<sup>25</sup> Ibid.

<sup>26</sup> Paul Taylor, Rakesh Kochhar, Mark Hugo Lopez. Hispanics and the Economic Downturn: Housing Woes and Remittance Cuts, Report by the Pew Hispanic Center, (8 January 2009), <http://pewhispanic.org/files/reports/100.pdf>. Traducción propia del autor. pp. 12.

<sup>27</sup> WTO, World Trade 2008, Prospects for 2009, Press Release 554 (24 March 2009), Table 1.

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States. Other countries are those in East and South-East Asia, which, having adopted export-oriented models of development, bring in migrant workers to work in their manufacturing industries. The employment and migration opportunities of these workers are most likely to be affected.

In the **United Kingdom** economic growth dropped to 0.7 per cent in 2008, down from three per cent in 2007. The OECD projection for 2009 is negative, at -4.7 per cent. From November 2008 to January 2009, the unemployment rate increased by 1.3 percentage points to 6.5 per cent.<sup>28</sup> It further increased to 7.8 per cent by June 2009,<sup>29</sup> and the OECD projects it to reach 10 per cent in 2010.<sup>30</sup> For foreign workers the unemployment rate was higher than for nationals, at 7.2 per cent in the third quarter and 7.4 per cent in the fourth quarter of 2008. In the third quarter 2007, it had only registered a rate of 6.9 per cent.<sup>31</sup>

Statistics from the Home Office indicated a dramatic fall in work applications from nationals of the eight accession states, which joined the EU in 2004. Numbers decreased from 53,000 over a three-month period in 2007 to 29,000 over the same period in 2008.<sup>32</sup> The drop in approved applications for Polish nationals mainly accounted for the decrease.<sup>33</sup> Applications from Bulgaria and Romania also fell. However, they have since increased. A 0.5 per cent increase was registered in the year leading up to the April to June 2009 period. Whilst the increase is marginal, it denotes improvement. Employment levels for nationals of the accession countries rose from 469,000 in October to December 2008, to 499,000 in January to March 2009 and to 500,000 in April to June 2009.<sup>34</sup>

Sectorally, job losses in distribution, hotels and restaurants in the United Kingdom amounted to 221,000 between June 2008 and June 2009.<sup>35</sup> Manufacturing employment fell by 144,000 jobs in December 2008 in comparison with December 2007.<sup>36</sup> It dropped by a further 133,000 from December 2008 to June 2009.<sup>37</sup> These are two sectors with high concentration of

<sup>28</sup> National Statistics Office, United Kingdom, Latest Indicators (18 March 2009).

<sup>29</sup> UK Office for National Statistics, Labour Market Statistics, October 2009, Table 19. Note, however, that this statistic was taken from EUROSTAT: it is based on the population aged 16-74, whilst the UK Office is based on persons aged 16 and over. There are also other minor definitional differences.

<sup>30</sup> OECD, Economic Outlook No.85, Country Summaries: United Kingdom, Preliminary Edition.

<sup>31</sup> OECD, International Migration, op. cit., pp.9.

<sup>32</sup> UK Border Agency, "Immigration and asylum statistics released", (24 February 2009).

<sup>33</sup> Ibid.

<sup>34</sup> UK Office for National Statistics, Labour Market Statistics, October 2009, Table 8.

<sup>35</sup> UK Office for National Statistics, Labour Market Statistics, October 2009, Table 5(2).

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

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migrant workers. In contrast, some 104,000 new jobs were created in education, health and public administration between December 2007 and December 2008,<sup>38</sup> A further expansion by 127,000 jobs was registered by June 2009<sup>39</sup>, the former two also being sectors with a high concentration of migrant workers. It is noteworthy that 14.4 per cent of foreign-born workers in the United Kingdom are employed in the health sector (See Table 4).

In **Ireland**, between the third and fourth quarters in 2008, the unemployment rate increased from 6.4 per cent to 7.4 per cent. But the unemployment rate for non-Irish nationals was significantly higher, at 9.5 per cent. Over this period, the greatest job losses for non-Irish nationals were registered in construction (-10,000), hotels and restaurants (-7,400) and wholesale and retail trade (-5,000). Over the entire year 2008, the construction sector experienced the largest decline in employment (-45,900 jobs). In the previous decade, this is the sector which has witnessed the higher growth in the volume of labour migration. Production industries,<sup>40</sup> wholesale and retail trade, hotels and restaurants also lost heavily in 2008. Their losses amounted to 12,400, 18,200 and 10,500 jobs. In contrast, health, education and a number of other services registered gains over the year of 3,500, 6,300 and 3,100 jobs respectively. The impact of the crisis on migrant workers in Ireland seems to perfectly fit the analytical assumptions. The gap in unemployment rates for the total labour force and for migrant workers widened in 2009. In the second quarter 2009, they registered 11.3 per cent and 15.6 per cent respectively. This is typically explained by high employment losses in sectors with heavy concentration of migrant workers. In the second quarter of 2009, the largest decreases in employment for non-Irish nationals occurred once again in construction (-20,800), wholesale and retail trade (-13,200) and industry (-12,100).<sup>41</sup> The share of non-Irish workers in total employment registered a 17.8 per cent drop in 2009. Their share in the labour force also decreased by 8.8 per cent, which denoted smaller fresh inflows and/or returns to countries of origin.<sup>42</sup> By July 2009, the overall unemployment rate in Ireland reached 12.2 per cent.

In **Spain**, in the fourth quarter of 2008 the economy registered a negative growth rate of - 0.7 per cent. In comparison, the fourth quarter of 2007 had registered a 3.3 per cent growth rate.<sup>43</sup> The overall unemployment rate hit 13.4 per cent, accounting for 3,128,963 workers in December 2008, the highest figure

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Production industries refer to mining and quarrying, manufacturing, and electricity, gas and water supply. The Central Statistics Office of Ireland uses the NACE Rev.1 classifications.

<sup>41</sup> Central Statistics Office Ireland, Quarterly National Household Survey (Quarter 2), September 2009.

<sup>42</sup> Central Statistics Office - Ireland. Quarterly National Household Survey (27 February 2009).

<sup>43</sup> Instituto Nacional de Estadística. Gross National Product, [http://www.ine.es/en/prensa/pib\\_tabla\\_cntr\\_en.htm](http://www.ine.es/en/prensa/pib_tabla_cntr_en.htm).

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in more than 12 years.<sup>44</sup> By March 2009, the unemployment rate had further jumped to 17.36 per cent. Unemployment expanded by 802,800 to 4,010,700. These are huge leaps in unemployment. From March 2008 to March 2009, unemployment increased by 1.8 million workers, meaning that almost half of the unemployment was generated in 12 months. The unemployment rate of migrants was even higher, reaching 17 per cent in the third quarter of 2008. This is a dramatic increase of six percentage points from the same quarter in the previous year when the rate had registered 11.3 per cent.<sup>45</sup> The gap between native and migrant workers kept growing. In the fourth quarter 2008, unemployment rates for the total labour force and for migrant workers were at 12.5 per cent and 21.3 per cent, respectively. Between the fourth quarter 2008 and the first in 2009, unemployment grew 2.7 per cent for natives, but 7.1 per cent for migrants.<sup>46</sup> Most recent figures point to a continued gap in unemployment between native and foreign-born workers. In the third quarter of 2009, the unemployment rate for the total labour force is 17.9 per cent and 27.5 per cent for migrant workers.<sup>47</sup> Unemployment rates of non-EU migrant workers are consistently higher than for EU workers.

Considered sectorally, over the course of 2008, 485,300 jobs were lost in construction,<sup>48</sup> where 21 per cent of all migrant workers in Spain were employed in 2007. Since 2002, over 50 per cent of new jobs in construction had been occupied by migrant workers.<sup>49</sup> 278,900 jobs were lost in industry.<sup>50</sup> Services registered a decrease of 107,700 jobs in the fourth quarter of 2008, despite gains in employment in the previous three quarters.<sup>51</sup> Not much employment left for destruction in the construction sector, in the first quarter of 2009, it is in the services sector, responsible for 60 per cent of Spanish wealth, that the majority of jobs were lost.<sup>52</sup> In construction, unemployment grew between the first and fourth quarters of 2008 to 290,800, while in the services sector it increased to

<sup>44</sup> El País, “Depresion social” (9 January 2009).

<sup>45</sup> OECD, *International migration*, op. cit., pp. 7.

<sup>46</sup> J.M. Calvo, “Una bomba de relojería en potencia”, El País (17 May 2009).

<sup>47</sup> Ministerio de Trabajo e Inmigración . Encuesta de Poblacion Activa (26 October 2009), Table 19 and 37. [accessed 2 November 2009]

<sup>48</sup> Ministerio de Trabajo e Inmigración. Ocupados, Ambos Sexos, Sector Construcción. [accessed 2 April 2009]

<sup>49</sup> Ibid.

<sup>50</sup> Ministerio de Trabajo e Inmigración. Ocupados, Ambos Sexos, Sector Industria. [accessed 6 April 2009]

<sup>51</sup> Ministerio de Trabajo e Inmigración. Ocupados, Ambos Sexos, Sector Servicios. [accessed 6 April 2009]

<sup>52</sup> Information on labour market outcomes in the first quarter 2009 is from El País, 25 April 2009, based on results of the Encuesta Nacional de Estadísticas, primer trimestre 2009.

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303,200.<sup>53</sup> More than 50 per cent of migrant workers were employed in the different branches of economic activity in the services sector in 2007. Even in economic sectors where they have been for a considerable period the bulk of the labour force, such as in agriculture, migrant workers are currently experiencing uncertainty. The drop in agricultural employment is not dramatic. Between 2006 and 2008 it declined by 6.3 per cent, from 921,800 to 863,400 jobs.<sup>54</sup> But due to scarce employment opportunities in other sectors, anecdotal evidence suggests that nationals have started to return to agriculture to look for jobs. Some local land owners hired Spaniards for olive-picking, instead of migrants. Jaén, Spain's region producing one-fifth of the world's production of olives, used to hire mainly foreigners. Nowadays, "Spaniards are lining up to pick olives."<sup>55</sup> Table 5 provides a comparison of job losses in the above mentioned developed countries by sector.

<sup>53</sup> M. Pajares, *Immigración y Mercado de trabajo. Informe 2009* (Ministerio de Trabajo e Inmigración, Observatorio Permanente de la Inmigración, 2009).

<sup>54</sup> Ministerio de Trabajo e Inmigración. *Ocupados, Ambos Sexos, Sector Agrario*. [accessed 2 April 2009]

<sup>55</sup> The reported daily wage is Euro 53, equivalent to \$68. See T. 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", *The Wall Street Journal* (24 January 2009).



**Table 5: Changes in employment by selected sector and country of destination**

		Agriculture, forestry & fishing	Manufacturing	Construction	Wholesale & retail trade	Hotels & restaurants	Education & Health
Denmark (a)	• Q1 2009	28,200	331,900	136,700	266,900	39,100	...
	• Q2 2009	31,600	325,600	144,300	263,100	43,000	...
	• Change	3,400	-6,300	7,600	-3,800	3,900	...
	• %	12.1	-1.9	5.6	-1.4	10.0	...
Ireland (b)	• Sep-Nov 2008	117,500	280,600	233,800	297,900	123,700	225,200
	• Apr-Jun 2009	97,200	258,300	155,400	277,700	119,800	378,200
	• Change	-20,300	-22,300	-78,400	-20,200	-3,900	153,000
	• %	-17.3	-7.9	-33.5	-6.8	-3.2	67.9
Norway (c)	• Q4 2008	64,000	261,000	185,775	457,762*	...	722,000
	• Q3 2009	69,000	245,000	178,000	459,270*	...	720,000
	• Change	5000	-16000	-7,775	1,508	...	-2,000
	• %	7.8	-6.1	-4.2	0.3	...	-0.3
Spain (d)	• Q1 2009	863,400	2,900,100	1,978,000	...	13,374,900	...
	• Q3 2009	737,200	2,719,600	1,850,300	...	13,563,100	...
	• Change	-126,200	-438,400	-642,300	...	-146,200	...
	• %	-14.6	-6.2	-6.5	...	1.4	...
United Kingdom (e)	• Dec 2008	481,000	3,087,000	2,286,000	...	6,975,000	8,049,000
	• Jun 2009	488,000	2,885,000	2,170,000	...	6,816,000	8,193,000
	• Change	7,000	-108,000	40,000	...	-40,000	91,000
	• %	1.5	-6.5	-5.1	...	-2.3	1.8
United States (f)	• Jan 2009	...	12,519,000	6,295,000	25,740,000	10,933,900	19,013,000
	• Sept 2009	...	11,719,000	6,068,000	20,348,000	11,245,800	19,311,000
	• Change	...	-800,000	-227,000	-5,392,000	311,900	298,000
	• %	...	-6.4	-3.6	-20.9	2.9	1.6

\* Figures for Norway in Wholesale & retail trade are from Q4 07 and Q4 08, respectively.

a) Manufacturing includes mining and quarry and utility services. Wholesale and retail trade includes hotels and restaurants (b) Production industries refer to mining and quarrying, manufacturing, and electricity, gas and water supply. NACE Rev.1 classifications. (c) Manufacturing includes mining. Wholesale and retail trade includes hotels and restaurants. Education and health includes social services. (d) Sectors divided into four categories: Agriculture, Industry (includes manufacturing), Construction, and Services (includes hotels & restaurants and Education and Health). (e) Hotels and Restaurants includes Wholesale and retail trade. Education and Health includes Public administration. (f) Not seasonally adjusted. Hotels & Restaurants classified as Accommodation and Food. Wholesale and retail trade includes utilities.

**Sources:** Ireland: Central Statistics Office - Quarterly National Household Survey (22 September 2009); Spain: Ministerio de Trabajo y Inmigración, Encuesta de Población Activa, Table 10, <http://www.mtin.es/estadisticas/BEL/EPA/indice.htm>, accessed online: 30/10/2009; UK: Office for National Statistics. First release: Labour Market (October 2009), Table 5(2); US: Bureau of Labour Statistics. Employment Situation Summary (September 2009), Table B-1 and Bureau of Labor Statistics, Historical Database [extracted 21 May 2009]. Norway: Statistics Norway, Employment main figures, Table 6 (for 2007: accessed 16/06/2009) and Labour Force Survey, Table 8 (for 2008 and 2009: accessed 30/10/09). Denmark: data extracted from StatBank Denmark [30 October 2009].

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As can be seen from Table 5, construction, manufacturing and hotels and restaurants registered the largest drops in employment in the selected countries. In the United States, Spain, and Ireland, the change in job losses in construction is particularly striking.

In other member States of the EU, the employment of migrant workers in manufacturing of durable goods, including the automobile industry, is considerable. In the **Czech Republic** 23.3 per cent, in **Germany** 19.9 per cent and in **Italy** 13.4 of migrant workers are employed in this sector.<sup>56</sup> Decrease in global demand for cars and other manufactured goods means large job losses for workers in general, and for migrants in particular.

The health and social work sector in the **Nordic countries** and the Netherlands also employs many migrant workers. The shares of these sectors among migrant workers amount to 21.6 per cent in **Norway**, 19.5 per cent in **Denmark**, 19.3 per cent in **Sweden** and 15.2 per cent in the **Netherlands**. To date there has been few reports of labour shedding in these sectors. This conforms to the analytical assumption.

## 2.2 Central and Eastern Europe (non-EU) and the Commonwealth of Independent States (CIS)

In Central and Eastern Europe (non-EU) and the Commonwealth of Independent States (CIS) the economic growth rates of seven per cent or higher since 2003 declined to 4.5 per cent in 2008. A sharp drop to -5.0 per cent is projected for 2009. In 2008, the unemployment rate increased to 9.0 per cent from an already high level of 8.5 per cent in 2007. In 2009, it should further be affected by the drop in the growth rate. According to ILO scenarios, unemployment in the region will be between 10.8 and 12.1 per cent in 2009.<sup>57</sup> This is a sub-region of sizeable intra-regional migration.

The Russian Federation witnessed negative economic growth rates in 2009. While growth registered 5.6 per cent in 2008, it dramatically fell to -7.5 per cent in 2009.<sup>58</sup> From January to May 2009 the GDP growth rate has been calculated at -10.1.<sup>59</sup> A modest positive rate of 1.5 per cent is projected for 2010. Unemployment increased to 10 per cent by the end of the first quarter of 2009, compared with 6.5 per cent in the same period of 2008, and 7.8 per cent at the end of 2008.<sup>60</sup> The latest unemployment rate calculated by the World Bank for the period January-May 2009 is 9.7 per cent.<sup>61</sup> Unemployment figures for migrant workers are not available. The estimated 1.7 million migrant workers in the Russian Federation (RF) in 2007, registered with the Federal Migration Service (FMS) mostly low or medium-skilled,

<sup>56</sup> See Table 1.

<sup>57</sup> ILO, Global Employment Trends-Update, May 2009.

<sup>58</sup> IMF, World Economic Outlook, October 2009.

<sup>59</sup> World Bank, Russian Economic Report No. 19 (June 2009), pp. 2

<sup>60</sup> Ibid.

<sup>61</sup> Ibid.



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were employed in construction (40 per cent), manufacturing (7 per cent), agriculture (4 per cent) and various branches of the services sector such as transport (4 per cent), utilities and maintenance of municipal buildings (5 per cent), and commerce (19 per cent). Massive lay-offs have affected all workers, including the migrant among them. Many construction firms have gone bankrupt or “frozen” their activities, migrant workers losing their jobs.<sup>62</sup> Estimates of irregular labour migration in the RF, especially from Uzbekistan, Tajikistan and Kyrgyzstan, vary widely. Reports are that as work dries up irregular migrant workers return to their Central Asian origin countries.

In Kazakhstan, growth dropped sharply from 8.9 per cent in 2007 to 3.2 per cent in 2008 and to -2.0 per cent in 2009.<sup>63</sup> The country hosted 54,204 regular migrant workers in 2008. They were highly to medium-skilled, with only 3.2 per cent employed as seasonal agricultural workers. During that year, the Ministry of Labour and Social Protection predicted that some 900,000 workers, mainly in mining and manufacturing, would lose their jobs in 2009.<sup>64</sup> A modest recovery is projected for 2010, when growth rate is estimated to be 2 per cent. This would probably be the result of a US\$ 10 billion ‘anti-crisis plan’ that aims to recapitalize banks and support economic recovery.<sup>65</sup>

Seen from the perspective of origin countries in the sub-region, the impact of the crisis should be severe. Labour migration is significant for Kyrgyzstan, Moldova, Tajikistan, Ukraine and Uzbekistan. Workers from these three Central Asia countries are employed mainly in the Russian Federation, as well as in Kazakhstan. According to the Ministry of Labour and Social Protection of Population of the Tajikistan, 93 per cent of all Tajik migrant workers are in the Russian Federation and 5 per cent in Kazakhstan. The total number of migrant workers in 2008 was 720,000. Those from Moldova and Ukraine have migrated to the Russian Federation, but also in great numbers to West European countries. The consequences for remittances, a major component of GDP in these countries, will be discussed later. But many returns resulting from job losses in the Russian Federation have been reported. One case in point is Uzbekistan.<sup>66</sup> Multiple, alternative, destinations to the Russian Federation and Kazakhstan have been allegedly sought. Thus, Uzbek migrant workers are said to have found jobs in the Czech Republic, the Republic of Korea and Turkey.<sup>67</sup> This report should be treated with circumspection, however, since we know that at least two of these countries, as will be reviewed later, have taken measures to reduce labour migration. It may not be entirely discarded, however, that a number of workers have migrated in irregular situations to these countries. If this were the case, the crisis would have reduced regular migration in one country and created irregular migration in another.

<sup>62</sup> Sergey Ryazantsev, How the financial crisis has affected the migration of foreign workers in Russia (n.d, n.p.) (unpublished paper).

<sup>63</sup> IMF. World Economic Outlook Database, April 2009.

<sup>64</sup> ILO internal report.

<sup>65</sup> IMF. World Economic Outlook, October 2009.

<sup>66</sup> Asian Development Bank, Asian Development Outlook 2009.

<sup>67</sup> F. Najibullah, As Work Dries up, Central Asian Migrants Return Home, Radio Free Europe, Radio Liberty (10 February 2009).

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## 2.3 Sub-Saharan Africa

In sub-Saharan Africa, economic growth slowed down from 7 per cent in 2007 to 5.5 per cent in 2008.<sup>68</sup> The IMF projects growth to further drop to 1.3 per cent in 2009, rising to 4.1 per cent in 2010.<sup>69</sup> Controlled impact, because of reduced linkages with the global financial system, may only hold in the short-run. 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. In fact, a sharp fall in commodity prices is the reason for the IMF's downward projection for GDP growth in 2009. In all cases, the slowdown is worrisome in view of the harsh labour market conditions in sub-Saharan Africa, where almost three-fifths of the employed are classified as extreme working poor, and 72.9 per cent of the work force was estimated to be in vulnerable employment in 2008.<sup>70</sup> The unemployment rate in the region has been gradually decreasing, from 7.8 per cent in 2006 to 7.7 per cent in 2007 and 7.6 per cent in 2008.<sup>71</sup> Considering economic growth and labour market situations in sub-Saharan Africa is important because most of African labour migration is intra-regional. It is all the more so since they may be the only available determinants of impact, statistics on the characteristics of labour migration being even more seriously lacking in this region than in others.

In 2005, there were some 16.5 million migrants in the region, with current estimates forecasting an increase to 18 million in 2010.<sup>72</sup> Major countries of destination are Cote d'Ivoire and South Africa. Despite the global slowdown, the former has grown at a 1.6 per cent rate in 2007 and at a 2.3 per cent rate in 2008. Its growth is even projected at 3.7 per cent in 2009.<sup>73</sup> In contrast, South Africa has experienced a decline in growth, from 5.1 per cent in 2007 to 3.1 per cent in 2008. It is expected to register a negative growth rate of -2.2 per cent in 2009.<sup>74</sup> (See Table 1)

## 2.4 The Middle East and North Africa (MENA)

In the Middle East and North Africa, the economic growth rate registered a 6.1 per cent rate in 2007. For 2008, the rate is predicted to be 5.6 per cent. It is expected to only decline to 2.3 per cent in 2009.

The large financial reserves accumulated in recent years by oil-exporting member countries of the Gulf Cooperation Council (GCC), which enabled them to intervene to sustain economic activity, helped to mitigate the effect of the crisis in the region. A recent report by the IMF confirms this outcome. Looking at the GCC

<sup>68</sup> ILO Global Trends Update, May 2009, p.22.

<sup>69</sup> IMF, World Economic Outlook, October 2009.

<sup>70</sup> ILO, Global Employment Trends, May 2009 Update, pp. 25, data taken from ILO Trends Econometric Models, May 2009.

<sup>71</sup> Ibid.

<sup>72</sup> United Nations Population Division, Trends in International Migrant Stock: The 2008 Revision (New York, UN, 2009). Estimate includes refugees.

<sup>73</sup> IMF, World Economic Outlook Database, April 2009.

<sup>74</sup> Ibid.

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countries, Algeria, Libya, Sudan, Iran and Iraq (i.e. oil exporters), the report indicates that countercyclical macroeconomic policies helped mitigate the effects of the sharp drop in oil prices and that higher oil prices, revival of global demand, and continued government spending will likely produce stronger growth in 2010. Projected GDP growth for the GCC countries is expected to be 0.7 per cent in 2009 and 5.2 per cent in 2010. Non-oil producing countries in the Middle East and North Africa have similarly fared better in the current crisis. A low degree of integration in the global economy, effective policy responses, and the limited exposure of the banking system to structured products helped these countries avoid a major downturn in economic activity. Reductions in exports, foreign direct investment, tourism, and remittances are the major vehicles transmitting the crisis to countries of origin in the region. Reductions in the latter two have so far been limited.<sup>75</sup>

Unemployment rates in the Middle East and North Africa (MENA) region are among the highest in the world. However, progress was made in these two sub-regions, the unemployment rate having been reduced in recent years from a peak of 14.2 per cent in 2000 to 10.3 per cent in 2008. Obviously, high unemployment rates only apply to native workers in member countries of the GCC, which host some 14 per cent of international migrant workers. Despite the sharp drop in oil prices, financial reserves accumulated in recent years have allowed these countries to sustain their economic growth. Despite the absence of statistical information, this should mean that the volume of migrant workers has not decreased. This conclusion is additionally justified by the slightly decreased unemployment rate of national workers and by the clear segmentation of labour markets, where some sectors and occupations are closed on migrant workers. The exception to this situation is Dubai. It is not an oil exporting country and its openness to the global economy has made it vulnerable to the effects of recession in industrialized countries.<sup>76</sup> The impact of the economic crisis in Dubai is felt on both high and low-skilled foreign workers. Reports indicate an increase in redundancies among skilled expatriates.<sup>77</sup> The press also reported that a number of construction companies have cut jobs because of the slowdown in the housing market.<sup>78</sup>

Representatives of both Bangladesh and India suggested that despite the crisis, the Gulf countries have secured employment for large numbers of their workers. According to UAE government officials, the recruitment of South Asian workers has even increased in March and April 2009. For Bangladesh, 50,000 workers were reported to have gained jobs in the UAE, with the vast majority working in the construction sector.<sup>79</sup> The 2008/2009 report of the Consortium for Applied Research on International Migration (CARIM) observed that “the employment of migrant labour from the Arab countries peaked in 2008 due to projects started in 2006-2007”.<sup>80</sup> In the UAE, shedding of jobs in construction in Dubai has been more than

<sup>75</sup> IMF, *Regional Economic Outlook: Middle East and Central Asia* (Washington, DC, 2009).

<sup>76</sup> The Straits Times, “Dubai dream turns sour” (4 January 2009).

<sup>77</sup> S. Kerr, “Good times end for Dubai’s expats”, *Financial Times* (17 March 2009), pp. 10.

<sup>78</sup> The Straits Times, “Dubai dream”, *op. cit.*

<sup>79</sup> Randstad, UAE continues migrant recruitment, <http://www.randstad.com/the-world-of-work/uae-continues-migrant-recruitment.html>.

<sup>80</sup> European University Institute, *CARIM Mediterranean Migration Report 2008-2009* (San Domenico di Fiesole, Italy, Robert Schuman Centre for Advanced Studies, 2009).

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compensated for in other parts of the country. Because nationals are not present in low-skilled occupations in this sector, growth benefits migrant workers and their countries of origin.

Libya, like other important oil-exporting countries, has accumulated financial reserves in recent years, which allow it to continue with large infrastructure projects. This may explain the announcement that it would increase the number of visas issued to Bangladeshi workers to be recruited for employment in construction. The number currently amounts to 300 a day.<sup>81</sup> An additional explanation may be the structure of the Libyan labour force, where national workers most likely shun jobs at low-skill levels in the sector.

Jordan as a country of destination should transmit the impact of the crisis to migrant workers employed in its apparel industry destined to the United States market under their free trade area and qualified economic zones agreements. This is the trade mechanism in operation. The drop in demand for apparel in the United States should be reflected in a reduced volume of migrant workers employed in the industry. These workers originate in South Asia. The Jordanian Department of Statistics (JDS) reported a 19.5 per cent reduction in the value of apparel exports in the first quarter of 2009 compared to the same period in 2008. The drop had even been more severe in February. The JDS also announced a 17.5 per cent drop in exports to the area of the North America Free Trade Agreement (NAFTA). In reality, the retreat in exports concerned the United States, not Mexico or Canada, which saw its imports from Jordan increase. The drop in Jordanian exports also applied to the EU countries, including in particular Spain.<sup>82</sup>

The Middle East and North Africa is obviously also a major sub-region of origin. Its migrant workers – depending on country of origin – are essentially present in the Gulf countries, Jordan, and Libya as well as in Europe. No massive returns from any of these destinations have been witnessed to date. It can be presumed, however, that from the perspective of origin countries the impact should be felt in two ways. Some returns, in a limited scale, are bound to happen. This will apply to workers employed in countries that link employment contracts to residence permits. If they lose their jobs as a result of the crisis, workers will have to return to their home countries. This is the case of workers employed in the Gulf countries. Migrant workers whose employment contracts and residence permits are not linked are likely to sit out the crisis in their countries of destination. This applies to most migrant workers in Europe. Second, outflows of fresh migrant workers are quite likely to decline. Some recruitment agencies in Egypt and Jordan have pointed out a drop in demand for, especially skilled, labour in the Gulf region. For one agency in Jordan, job opportunities for skilled workers have dropped by half since the beginning of 2008.<sup>83</sup>

<sup>81</sup> Reuters, “Libya to recruit thousands of Bangladeshi workers” (22 March 2009).

<sup>82</sup> The Hashemite Kingdom of Jordan, Department of Statistics, Monthly Bulletin of foreign trade statistics. Amman, May 2009.

<sup>83</sup> Slackman, M. and M. El Naggar, “Slowdown in Persian Gulf reverberates in Middle East”, New York Times (29 October 2008), Section A.

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## 2.5 East Asia

In East Asia economic growth slowed down to 7.4 in 2008 and is projected to decline further to four per cent in 2009.<sup>84</sup> However, these rates are still the highest among all regions. In East Asia the unemployment rate increased by 0.3 percentage points in 2008 but it remained low at 3.8 per cent. According to ILO scenarios, an increase of 2.9 million to 12.8 million unemployed is predicted for 2009, raising the unemployment rate to between 4.6 per cent and 5.8 per cent.

Japan registered a growth rate of -0.7 per cent in 2008, down from 2.3 per cent in 2007.<sup>85</sup> The rate dropped further to -5.4 per cent in 2009. The unemployment rate reached 5.4 per cent in 2009, a significant increase from the 4.0 per cent of 2008.<sup>86</sup> Japan is host to highly-skilled workers who are only on temporary migration visas. The low-skilled workers that it admits are of Japanese ancestry. In the fourth quarter of 2008, 5,530 such migrant workers registered as jobseekers. This was a six-fold increase in comparison with the same quarter in 2007.<sup>87</sup> A system of reporting on foreign employees by firm was established in 2007. Its first report was published in 2008, which does not allow for comparisons. This should be possible after the publication of the 2009 report. The Japanese unemployment rate reached a three-year high of 4.4 per cent in March 2009. Mounting unemployment of Japanese and migrant workers might be explained by the 45.6 per cent plunge of exports in March from a year earlier, and industrial production at its lowest level in 25 years.<sup>88</sup>

In the Republic of Korea, economic growth slowed down in 2008. Korea witnessed a decline in growth from 5.1 per cent in 2007 to 2.2 per cent in 2008, which declined in 2009 to a negative 1.1 per cent.<sup>89</sup> It is however projected to rise to 3.6 per cent in 2010. December 2008 witnessed a decline in total employment for the first time in more than five years. The unemployment rate reached four per cent in March 2009, up from 3.4 per cent in March 2008.<sup>90</sup> Migrant workers, including 200,000 ethnic Korean Chinese and 400,000 of different nationalities, are essentially employed in small and medium-sized enterprises (SMEs), unable to compete with large ones for Korean workers. Many SMEs have stopped their activities because of the crisis. The consequence was an 84 per cent increase, from 3,642 to 6,707, between January and November 2008, in the number of foreign workers seeking relocation to new jobs.<sup>91</sup> The Government went so far as to decide to stop issuing visas even to ethnic Koreans seeking employment in construction.<sup>92</sup>

<sup>84</sup> ILO, *Global Employment Trends – Update*, May 2009.

<sup>85</sup> IMF, *World Economic Outlook*, October 2009.

<sup>86</sup> *Ibid.*

<sup>87</sup> Report of the Public Employment Security Office.

<sup>88</sup> *New York Times*, 23 April 2009.

<sup>89</sup> IMF, *World Economic Outlook*, *op. cit.*

<sup>90</sup> Korea National Statistics Office, *Economically Active Population Survey (EAPS) in March 2009* (15 March 2009).

<sup>91</sup> Abella, Manolo and Geoffrey Ducanes, “The effects of the global economic crisis on Asian Migrant workers and Governments’ responses” (Unpublished paper). The paper is a

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## 2.6 South-East Asia

South-East Asia and the Pacific profited in recent years from the economic boom in China and India. The slowdown in these two countries will have negative effects in the region. Reliance in many countries in South-East Asia on manufacturing exports to industrialized economies, foreign direct investment, tourism revenues and remittances makes this region highly vulnerable to a prolonged recession in the developed world. Economic growth in the region slowed down to 4.5 per cent in 2008, and is currently projected to further decline to -0.7 per cent in 2009. The unemployment rate in 2008 increased to 5.7 per cent, from 5.5 per cent in 2007. Like Latin America, South-East Asia is a scene of increased intra-regional migration. Among its countries, some are also major sources of outflows.

The growth rate in **Malaysia** is expected to slow down to -3.5 per cent in 2009, from 6.3 per cent in 2007.<sup>93</sup> Unemployment is projected to increase to 3.7 per cent in 2009 from 3.3 per cent in 2007.<sup>94</sup> In Malaysia, host to 2.1 million registered migrant workers, it was reported in September 2008, that about 6,000 among them had lost their jobs, an obvious under-estimate. The retrenched workers were mainly employed in manufacturing, which along with services, is the sector hardest hit by the crisis.<sup>95</sup> The Chairman of the Federation of Malaysian Manufacturers confirmed that export-oriented manufacturing has been affected by the sharp decline in external trade. In the six months prior to April 2009, a reported 28,000 people have been retrenched, but the real number could be two to three times higher.<sup>96</sup> The number of work permit approvals for foreign workers fell by 70 per cent, with 250 permits issued per day from January to February 2009 as compared to 800 per day for that same period in 2008.<sup>97</sup> Early in 2009, the Malaysia government cancelled the visas of 55,000 Bangladeshi workers who had received approvals in 2007.<sup>98</sup> Employers are still allowed to hire foreign workers for work on plantations and in the construction and services sectors.<sup>99</sup> This is a clear departure from the sharp drop in migrant worker employment in construction in other countries. As for Libya, it

synthesis of country reports presented in the session on the Impact of the Economic Crisis on Labour Migration in Asia, in the LO/SMC Workshop on Building Comparable, Up-to-date and Sustainable Database on Labour Migration, held in Manila on 21-22 January 2009.

<sup>92</sup> P. Si-soo, "Gov't to drastically cut foreign worker quota", Korea Times (20 March 2009). Available at: [http://english.molab.go.kr/english/Information/press\\_view.jsp?idx=2918](http://english.molab.go.kr/english/Information/press_view.jsp?idx=2918)

<sup>93</sup> IMF, World Economic Outlook (April 2009).

<sup>94</sup> World Bank, Navigating the Perfect Storm: East Asia and Pacific Update (December 2008), Key Indicators.

<sup>95</sup> ILO, "Session on Global Economic Crisis", Migration Information System in Asia, Manila, 21-22 January 2009.

<sup>96</sup> UNIFEM, Gendered Impact of the Economic Crisis on Women Migrant Workers in Asia, Summary Report, 23-25 April 2009, Bangkok, Thailand, p.23.

<sup>97</sup> T. Mangahas, "Asian Labour Migration amidst the Economic Crisis", ILO Regional Office for Asia and the Pacific, May 2009.

<sup>98</sup> The Daily Star, "Malaysia cancels 55,000 visas for Bangladeshis" (12 March 2009).

<sup>99</sup> Ibid.

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may be explained by the structure of the labour force, national workers, shunning jobs in the sector, especially at low-skill levels. It may be recalled that like in other destination countries in East Asia, the majority of migrant workers in Malaysia are employed in manufacturing. In fact, as of July 2008, 752,000 migrant workers were registered in manufacturing, with less than half that volume, 313,000, in construction, 301,000 in domestic service, and 212,000 in services.<sup>100</sup>

In Thailand, some 1.8 million migrant workers, mostly from neighbouring Cambodia, Laos and Myanmar, are employed in low-skilled jobs in the agricultural sector, including fishing, and in manufacturing, construction, and services. Like in the case of Malaysia, the most vulnerable to the crisis, according to the Thailand Development Research Institute (TDRI), are migrant workers employed in manufacturing, especially those in factories and food processing, and in agriculture, particularly in crop farming and animal husbandry.<sup>101</sup>

In Singapore, there are 900,000 migrant workers, equivalent to 30 per cent of the labour force. Of these, 143,000 are professionals from different parts of the world and the rest are low-skilled workers from ASEAN countries, China, India and Sri Lanka. At the beginning of 2009, projections were that some 100,000 jobs would be lost during the year in the manufacturing and services sectors. Expectations also were that more jobs would be lost in 2010 in the maritime and construction industries, both heavily dependent on migrant workers.

It is clear that, contrary to countries such as Spain or the United States, the impact of the crisis in South-East Asia is first and foremost felt in manufacturing, not in construction. Migrant workers who have contributed to sectors that were the engines of growth in either group of countries are now the first to suffer the sting of the crisis.

South-East Asia also is an important sub-region of origin whose migrant workers are spread. They are present in North America, in the Gulf and in the same sub-region. It may be recalled that 2.2 million out of the 5.1 Filipino migrant workers work in the Gulf. But substantial numbers are also present in North America, Europe and in other South-East Asian countries where one million workers are employed. Indonesia's labour migration is evenly divided between Malaysia and the Gulf. Vietnam's half a million migrant workers are employed in some 40 countries, notably in the sub-region, in Korea and in the Gulf. In the cases of Cambodia, Lao People's Democratic Republic and Myanmar, their migrant workers are mostly employed in neighbouring Thailand.

The impact of the crisis on South-East Asian migrant workers depends on its consequences in the regions of destination. All the same, it is noteworthy that for the Philippines, outflows increased by 14.7 per cent in 2008 over the previous year, reaching a total of 1.23 million.<sup>102</sup> Although in recent years women received slightly

<sup>100</sup> Abella and Ducanes, *op. cit.*

<sup>101</sup> *Ibid.*

<sup>102</sup> Philippines Overseas Employment Administration Administration (POEA), *OFW global presence: A compendium of overseas employment statistics, 2008.*

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less than 50 per cent of all overseas work contracts, they still make a sizeable proportion of new hires.<sup>103</sup>

According to the Department of Labor (DOLE), reported displacements up to 20 January 2009 had only reached four thousand Filipino workers mainly in Taiwan (Province of China) (3,494), the UAE (297), Brunei (69), and Macau (45).<sup>104</sup> The relatively large displacements in Taiwan (Province of China) can only be explained by the drop in manufacturing, pursuant to global recession and decline in international trade. Speaking in April 2009, the President of the Philippine Association of Service Exporters signalled four groups of overseas Filipino workers as the most vulnerable to displacement due to the financial crisis: those working in the US under temporary working visas; seafarers manning cruise ships; factory workers in the Republic of Korea, Taiwan and Macau and household workers in Singapore, Macau and Hong Kong. He also reported a risk of major retrenchments in the UAE as, according to him, 45 per cent of construction projects in Dubai were put on hold.<sup>105</sup> Importantly, land-based deployment of Filipino workers increased by 20.1 per cent in 2008 to around 974,400, whereas sea-based deployments fell by 1.9 per cent (some 5,000) over the previous year.<sup>106</sup> The effect of decline in trade is also seen in forecasts by DOLE of “a decrease of about 30,000 in the number of Filipino maritime officers and seafarers between 2009 until 2011”.<sup>107</sup>

## 2.7 South Asia

In South Asia, economic growth in recent years has resulted in impressive reductions in working poverty. However, poverty levels in South Asia remain much higher than in South-East and East Asia. South Asian countries are an important source of migrant workers, especially, even though not exclusively, of low-skill levels. From 9.1 per cent in 2006 and 8.7 per cent in 2007, the growth rate of the sub-region declined to 7 per cent in 2008.<sup>108</sup> It is projected to further decrease to 4.3 per cent in 2009, then rise to 5.3 per cent in 2010.<sup>109</sup> The unemployment rate in South Asia decreased from 5.2 per cent in 2006 to 5.0 per cent in 2007 and 2008.<sup>110</sup> South Asia is an important region of origin rather than one of destination. Slide in regional growth and deterioration of labour market outcomes can generate increased outward migration pressures.

<sup>103</sup> For 2007 and 2008, women received 48 per cent of all overseas work contracts. Philippines Overseas Employment Administration: OFW global presence: A compendium of overseas employment statistics, 2008.

<sup>104</sup> R.F. Antonio, “DoLE expects layoff of maritime officers, seafarers by 2009 up to 2011”, Manila Bulletin (4 December 2008): B12.

<sup>105</sup> Mr Victor Fernandez, President, Philippine Association of Service Exporters Inc, Gendered Impact of the Economic Crisis on Women Migrant Workers in Asia, op. cit, pp.27.

<sup>106</sup> POEA, 2008, op. cit.

<sup>107</sup> Manila Bulletin, 4 December 2008, pp.17.

<sup>108</sup> ILO, Global Trends Update, May 2009, pp.22.

<sup>109</sup> Ibid.

<sup>110</sup> Ibid, pp.23.



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**Sri Lanka** was said to be worried, when the crisis first erupted, about reports from the Gulf and Middle East that forecast a 15-20 per cent drop in demand for women domestic workers, a main component in Sri Lankan labour migration.<sup>111</sup> Half of the estimated annual outflows of 200,000 migrants in recent years were domestic workers. Provisional figures for 2008 reveal that 108,709 of the 252,021 migrant workers were housemaids.<sup>112</sup> In all fairness, however, no massive returns have been witnessed so far. The employers of domestic workers are high and middle-income households whose incomes have not been affected by the crisis for the reasons already discussed. The main consequences may be felt in the drop or mere decline in rates of growth of new outflows. Concern with migration and employment opportunities may exist with regard to Sri Lankan workers employed in manufacturing in a country such as Jordan, as mentioned above. However, according to the Sri Lankan Bureau of Foreign Employment, the total number of departures for foreign employment increased from 218,459 in 2007 to 252,021 in 2008 (provisional estimate).<sup>113</sup> The largest percentage migrated to Saudi Arabia, Kuwait, the UAE and Qatar.<sup>114</sup>

Nepal, which has 64 per cent of its overseas workers in the Gulf States, witnessed a 21 per cent drop in outflows for the first ten months of fiscal year 2008-2009 as compared to the previous year. Return, however, was not significant. The Association of Recruitment Agencies reported that only 7,000 Nepalese workers had returned mainly from Malaysia, the UAE, Qatar, and Macau.<sup>115</sup>

**Bangladesh** forecasts a growth rate of 5.5 per cent for the financial year 2009-10. The impact of the financial crisis on Bangladesh has not been as significant as for other countries.<sup>116</sup> The Bureau of Manpower, Employment and Training reported that some 13,000 Bangladeshi workers only were repatriated in the first two months of 2009.<sup>117</sup> The evolution of outflows, however, sheds a different light on the potential impact of the crisis. The volume of outflows in 2008 reached 875,000 workers, 5 per cent higher than in 2007. But between 2006 and 2007 outflows had grown by 118 per cent. The relative decline is unquestionable. "More importantly, month on month the number of migrant workers has started to decelerate from January 2008 (when the volume grew by 140 per cent); in December, growth had become negative (- 40 per cent)".<sup>118</sup> Concern was expressed by the president of the Bangladesh Association of International Recruiting Agencies; he forecast a

<sup>111</sup> F. Samath, "Labour – Sri Lanka: Gloomy Prospects in 2009" Inter Press Service News Agency.

<sup>112</sup> Sri Lanka Bureau of Foreign Employment, Annual Statistical Report of Foreign Employment 2008, Table 10.

<sup>113</sup> Ibid, Table 1.

<sup>114</sup> Ibid, Table 9.

<sup>115</sup> Mangahas, op. cit.

<sup>116</sup> Dr Nurul Islam, Director, Bureau of Manpower, Employment and Training, Gendered Impact of the Economic Crisis on Women Migrant Workers in Asia, op. cit, pp. 27.

<sup>117</sup> Centre for Policy Dialogue, "Updates on the Impact of Global Financial Crisis" (18 March 2009).

<sup>118</sup> "Bangladesh: Fears for social stability as migrant workers return", IRIN News (26 March 2009).

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reduction in outflows in 2009, compared to 2008, by nearly a half to less than 500,000.<sup>119</sup> The Director of the Bureau of Manpower, Employment and Training reported that outflows for the first quarter of 2009 were 37 per cent below the 2008 figure for the corresponding period. However, the financial crisis is not the sole cause of this decline: deployments to countries such as Malaysia, Kuwait and Saudi Arabia were already declining in 2008 for other reasons.<sup>120</sup> Skill levels and gender considerations affected the impact of the crisis: deployment of semi-skilled and low skilled workers declined, while deployment of professionals and skilled workers increased.<sup>121</sup>

In sum, South Asia migrant workers are largely concentrated in the GCC member States where public expenditures are expected to spur economic activities despite the crisis and the drop in oil prices. Oman and Kuwait, for example, announced surpluses in their Government budgets for the fiscal year ending 31 March 2009.<sup>122</sup> Heavy concentration of their migrant workers in the Gulf sub-region has been considered in the past by authorities in South Asian countries as cause for concern. In view of the sub-region's relative financial stability, this concentration is now an advantage. Reminders of the concentration of South Asian migrant workers in the Gulf are their percentages that the sub-region hosts: 90 per cent of Kerala's 1.85 million; 80 per cent of Sri Lanka's 1.5 million; 80 per cent of Bangladesh's; 65 per cent of Nepal's 700,000; and a substantial proportion of Pakistan's.<sup>123</sup>

## 2.8 Latin America and the Caribbean

In Latin America and the Caribbean, economic growth slowed down from a 5.6 per cent in 2007 to a 4.5 per cent rate in 2008. It is projected to sharply decline to 2.5 per cent in 2009. Preliminary estimates for 2008 show a slight increase in the unemployment rate to 7.3 per cent, from 7.2 per cent a year before. In 2009, fall in growth should be accompanied by a proportionate reduction in employment. This development has importance for labour migration. The region is the scene of intra-regional migration but also is a source of outflows to North America, Europe and Japan.

Latin America and the Caribbean is a major region of origin of net labour migration. Its migrant workers are employed in destinations that vary according as to country of origin, history, language and occupation.

There is no data indicating a massive return of Latin American and Caribbean migrant workers to their home countries after the eruption of the crisis.

<sup>119</sup> Mustafizur Rahman, Khondaker Golam Moazzem, "Impact of the Global Economic Crisis on the Employment and Labour Market of Bangladesh", Centre for Policy Dialogue-ILO, March 2009.

<sup>120</sup> *Gendered Impact*, op. cit, p.27.

<sup>121</sup> *Ibid.*

<sup>122</sup> Ministry of National Economy, Sultanate of Oman. March 2009. Monthly Statistical Bulletin, Vol. 20 (3): 10; AFP, "Kuwait Posts 10th Straight Multi-Billion Surplus", (20 April 2009). Available at: <http://www.asharq-e.com/news.asp?section=6&id=16465>.

<sup>123</sup> Abella and Ducanes, op. cit.

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The number of Mexicans returning home from the United States in 2008 is comparable to that of the two previous years. Experts say that new data confirm that so far there has been no large-scale return to Mexico. In 2008, about the same number of migrants (450,000) returned to Mexico as in 2007. But new migration opportunities have declined. Emigration from Mexico to the United States has been sharply reduced. The president of the board of Mexico's National Statistics, Geography and Information Institute declared that the net outflow of Mexicans had dropped by over 50 per cent from the second quarter of 2006 to the first of 2009.<sup>124</sup> The outflows from Mexico from February 2006 to February 2007 decreased by 20 per cent and by another 20 per cent to about 636,000 for the same period between 2008 and 2009.<sup>125</sup> Another indication of the fall in outflows is a recent survey, which indicated that the number of Mexicans planning to emigrate had dropped.<sup>126</sup> The findings of this survey are interesting in respect of Mexican labour migration specifically, but also with regard to the behaviour of migrant workers from other countries and regions more generally. They provide an explanation of the drop in workers planning to emigrate. The argument is as follows: "In the case of workers from Mexico, 56 per cent of those interviewed in the US did not have full time employment before migrating. Due to the high costs and risks associated with migration to the United States, many migrate only when they know a job is waiting for them across the border. When economic growth is rapid, labor force conditions tighten and wages rise, creating demand for foreign labor".<sup>127</sup> The argument is corroborated by reports about "the significant reduction in the number of would be crossers apprehended" at the US-Mexican border.<sup>128</sup> According to a recent Pew Hispanic Center study the number of Mexicans apprehended by the US Border Patrol was 40 per cent below the mid-decade peak of 1.1 million in 2004.<sup>129</sup> It shows the rationality of decisions to migrate. The argument also underlines the responsibility of pull factors in generating migration both in regular and irregular situations.

The survey showed that the economic situation has also caused some immigrants to rethink whether they wish to 'tough it out' in their host nation, or return home. "Despite reporting on individual cases, the overwhelming majority of migrants have not been inclined to do so, however. This could be the result of the high cost of going home, the high cost of a potential future return, issues related to immigration status, or a general belief that difficulties in host countries are less severe than the alternatives in home countries. Migrants who have been in host

<sup>124</sup> M. Stevenson, "Mexico: Exodus of migrants falls by more than half", Associated Press (19 February 2009).

<sup>125</sup> J. Passel and D. Cohn, Mexican Immigrants: How Many Come? How Many Leave? (Washington DC, Pew Hispanic Center, 22 July 2009). According to this report, trends from 2006 up to 2008 indicate a decline in out migration from Mexico and a relatively stable immigration flow from Mexico to the United States. It is unclear whether trends point to a fundamental change in US-Mexican immigration patterns or a short-term response due to heightened border enforcement, a weakened US economy, among other factors.

<sup>126</sup> Multilateral Investment Fund (MIF), The Changing Pattern of Remittances. Survey of the remittances from the United States to Latin America, 2008.

<sup>127</sup> Ibid.

<sup>128</sup> T. Alexander Aleinikoff, "Timing immigration reform", The Washington Post ( 23 April 2009).

<sup>129</sup> Passel and Cohn, op. cit.

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countries for longer periods of time will have formed attachments to their communities and may have locally born children or other family that has joined them abroad. This is especially the case of Latin Americans in the US, as their migration has a longer history, but also in Spain where migration is more recent.”<sup>130</sup>

From the perspective of Mexican migrants, in one academic view, “Mexicans in the United States that have experienced a loss of employment, before taking the decision to return, will try to seek another job, either in the same industry or in another, either in the same occupation or in another activity, either in the same region or elsewhere. One of the main reasons for this is that the costs of return are high. They also mention that in the past, Mexican migrants that have taken the decision to return either temporarily or permanently, are those having the facility to re-enter the United States with immigration documents and do not risk another undocumented dangerous crossing.”<sup>131</sup>

Spain’s plan of voluntary return for foreign workers from countries outside the European Union will be reviewed later. However, it is noteworthy here that 767 applications only were submitted to benefit from it during its first month of implementation.<sup>132</sup> Nationals of Ecuador presented the highest number of requests, with 318, followed by Colombia, with 129 applications, and Argentina, with 105 applications. Of the total number received, 300 have already been processed. Reviewing the number of applicants by sector reveals that 37 per cent were employed in construction, 31 per cent in real estate and rental business services, nine per cent in trade and eight per cent in catering. The number of beneficiaries is very small, if it is seen in the light of the target of 87,000 migrant workers and, especially, when it is compared with the 679,561 migrant workers from Latin American who contributed to the Spanish social security system in March 2009. The reaction to Spain’s plan seems to corroborate the arguments of the survey above reviewed.

Intra-regional migration is not likely to abate. In Central America, for example, foreign labour will most probably continue to be needed for traditional export products such as coffee, sugar and bananas. Coffee is the largest agribusiness in the sub-region, where thousands of small, medium and large producers, and industrial exporters, act as major source of demand for migrant workers. The production of sugar remains strong in terms of job creation for nationals and migrant workers. Nicaraguans migrate to Costa Rica and Costa Ricans to Panama during the harvest season. Movements of labour in border areas are not expected to be significantly affected either.<sup>133</sup>

<sup>130</sup> Aleinikoff, *op. cit.*

<sup>131</sup> El Colegio de la Frontera Norte. La crisis financiera en Estados Unidos y su impacto en la migración mexicana. December, 2008.

<sup>132</sup> Official News published on December 13, 2008, El plan de retorno voluntario de trabajadores extranjeros recibe 767 solicitudes en su primer mes de vigencia, <http://www.tt.mtin.es/periodico/Laboral/200812/LAB20081213.htm>.

<sup>133</sup> ILO, Panorama Laboral de América Latina y El Caribe 2008. OIT, Lima, 2009.

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### 3. Remittances of migrant workers

Remittances are the most visible and tangible benefits of labour migration. At the macro level they bring in needed foreign exchange and contribute to correcting balances on current accounts in countries of origin. In many countries, remittances represent a high proportion of GDP. Through their direct and multiplier effects, they sustain demand and thus stimulate economic activity. Employment is generated as a result. At the household level, remittances can contribute to poverty reduction and to human capital development through expenditures on education and health care. This is significant for development in countries of origin of migrant workers. Reduction in remittances is therefore worrisome for migrant workers, their families and their countries. It also bears emphasizing that even though their total global value is smaller than Foreign Direct Assistance (FDI), remittances are better distributed. While most FDI is concentrated in a few middle income, emerging, developing countries, remittances are spread. They are the first source of external financing for a great number of developing countries.

Migration opportunities, employment and levels of earnings are the factors determining the volume of remittances. Little is known so far about the consequences of the global crisis on levels of earning. The review undertaken under section 3 reveals a differentiated impact on migration opportunities and employment. However, the impact is real and particularly substantial in some regions and countries. Before reviewing the dimensions of this decline, however, it is noteworthy that in a number of cases, in parts of the period since the crisis broke out, the behaviour of remittances conformed to theory. In other words, they responded to economic slowdown and reduced incomes by increasing volumes and carrying out the function of countercyclical measures.<sup>134</sup> In such a situation, the positive roles of remittances become all the more apparent. However, the increase in volumes to some countries has declined or even turned negative at the end of the period under review.

The World Bank brought out the “resilience” of remittances. Noting their decline worldwide, it nevertheless forecast that it would be smaller than the drop in Foreign Direct Investment (FDI) and Official Development Assistance (ODA), the two other main sources of external financing for developing countries.

According to the World Bank, the exceptional growth rates in migrant workers remittances in recent years, evidenced in Table 6 are unlikely to be sustained in the future.

<sup>134</sup> J.E. Taylor, “Do Government Programmes Crowd-in Remittances?”, Tomas Rivera Policy Institute, University of Southern California and Inter-American Dialogue (Washington D.C., 2000).

**Table 6: Growth rates of remittances received in developing countries, 2005-2007**

	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>All Developing Countries</b>	18.5	17.4	22.7
<b>Low-income countries</b>	21.8	29.5	29.1
<b>Middle-income</b>	18.0	15.7	21.7
<b>East Asia and Pacific</b>	19.2	13.4	23.2
<b>Europe and Central Asia</b>	40.8	22.7	31.5
<b>Latin America and Caribbean</b>	15.7	18.1	6.6
<b>Middle-East and North Africa</b>	5.3	6.1	21.6
<b>Sub-Saharan Africa*</b>	...	34.5	47.3
<b>South Asia</b>	15.3	19.7	31.5

Source: World Bank Staff estimates based on the International Monetary Fund's *Balance of Payments Statistics Yearbook 2008*

\* Source: World Bank Migration and Development Brief No. 10, July 2009.

Even if no massive returns to countries of origin have been registered to date, shrinking migration opportunities and higher unemployment among migrant workers reviewed above do not portend well for the evolution of remittances in the near to medium-term future. In March 2009, the World Bank had forecast a general decline of 8.0 per cent in remittance flows developing countries in 2009, with a caveat that this should not be considered a 'precise' estimate. In July 2009, the estimated decline in remittances was revised upwards to 10 per cent (see Table 7).

**Table 7: Outlook for remittance flows to developing countries, 2009-2010**

	2008e	Base case		Low case	
		2009f	2010f	2009f	2010f
US\$ billion					
<b>Developing countries</b>	<b>328</b>	<b>304</b>	<b>313</b>	<b>295</b>	<b>294</b>
East Asia and Pacific	78	74	76	71	71
Europe and Central Asia	57	49	50	47	48
Latin America and Caribbean	64	60	61	58	57
Middle East and North Africa	34	32	33	31	31
South Asia	74	71	74	69	69
Sub-Saharan Africa	20	18	19	18	18
Low-income countries	31	29	30	29	29
Middle-income countries	297	275	282	282	266
<b>Growth rate (%)</b>					
<b>Developing countries</b>	<b>14.80%</b>	<b>-7.30%</b>	<b>2.90%</b>	<b>-10.10%</b>	<b>-0.30%</b>
East Asia and Pacific	19.60%	-5.70%	3.00%	-8.80%	-0.50%
Europe and Central Asia	12.00%	-14.90%	3.00%	-17.20%	0.50%
Latin America and Caribbean	2.10%	-6.90%	1.00%	-9.40%	-2.00%
Middle East and North Africa	8.60%	-6.20%	3.30%	-9.80%	-0.40%
South Asia	32.80%	-3.60%	3.90%	-6.40%	0.50%
Sub-Saharan Africa	6.50%	-8.30%	4.40%	-11.60%	1.10%
Low-income countries	25.30%	-5.00%	3.80%	-7.20%	0.70%
Middle-income countries	13.90%	-7.50%	2.80%	-10.40%	-0.40%

e=estimate, f=forecast

Source: World Bank Migration and Development Brief 10, 13 July 2009

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From the available data on global trends, the decline in remittance growth is likely to be pervasive and not confined to any one region. In Latin America and the Caribbean – the region receiving the highest level of remittances per capita – the data from the central banks of the top remittance receiving countries highlights a slowdown in remittance growth in the third-quarter of 2008 in all countries, with Mexico and Ecuador showing negative growth. This reflects the economic downturn in major countries of destination for migrant workers from these two countries and from Latin America in general. The United States and Spain stand out among the destinations. They are among the most seriously affected countries by the global crisis. In the second trimester of 2009, Remittance flows to Ecuador originate essentially in the United States (43.3 per cent), Spain (43.1 per cent), and Italy (8.2 per cent).<sup>135</sup> They amounted to US\$ 609.7 million in the second trimester of 2009, a 19.7 per cent decrease in comparison to the same period in 2008.<sup>136</sup> Data from Mexico reveal a similar drop in remittances. In 2008, the total amount of remittances received equalled US\$ 25,145 million, a 3.6 per cent drop from the previous year.<sup>137</sup> Data from the World Bank point to an even larger decline in remittance flows to Mexico (by 11 per cent) in 2009.<sup>138</sup> The slowdown in the construction sector in the United States, a major employer of Mexican migrants, must be an explanation.<sup>139</sup> Figures from the Central Reserve Bank of El Salvador point to a similar decline in remittances. In January-September 2009, remittances equalled US\$ 2,584 million, decreasing by 10.3 per cent in comparison with the same period in 2008. However, remittances to El Salvador declined at a rate of 0.3 per cent only in September 2009 in comparison to one year earlier. The decline in October 2008 had been at a rate of 1.3 per cent.<sup>140</sup>

In South and Southeast Asia, remittances have played a major role in enabling people to tackle problems of poverty and providing access to essential services. From the IMF Balance of Payments Yearbook data, the World Bank forecasts in 2009 suggested a negative growth rate for 2009, followed by positive rates in 2010 and 2011 that are either insignificant or far lower than those registered in the years 2005-2008 (see Table 7). However, new data from the World Bank show that South Asia registered a 33 per cent growth rate, with India reporting a receipt of US\$ 52 billion in 2008.<sup>141</sup>

Although in Pakistan and Sri Lanka the long-term decline in remittances is predicted, remittances of Pakistani and Sri Lankan workers have increased well after the crisis broke out.

The State Bank of Pakistan figures show that Pakistanis working overseas sent 5.66 billion dollars home during the first nine months to 31 March 2009, which was

<sup>135</sup> Central Bank of Ecuador, “Evolucion de las remesas”, (2009).

<sup>136</sup> Ibid.

<sup>137</sup> Central Bank of Mexico, “Las remesas familiares en 2008” (27 January 2009).

<sup>138</sup> World Bank, Migration and Development Brief 10 (Washington, DC, 13 July 2009).

<sup>139</sup> Ibid.

<sup>140</sup> Central Reserve Bank of El Salvador, “Family remittances amounted US\$2,84.1 million up to September 2009”, <http://www.bcr.gob.sv/?art=1104&lang=en>.

<sup>141</sup> Ibid.



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20 per cent up on the same period of the previous year. There was a 23 per cent growth in remittances for January to June 2009, compared to the same period in 2008.<sup>142</sup> In September 2009, remittances amounted to US\$ 806.12 million, compared with US\$ 660.35 million in September 2008.<sup>143</sup> Remittances from the United Arab Emirates (UAE) in March 2009 were around US\$ 175 million, up from \$112 million in March 2008. They increased further to US\$ 179.84 million in September 2009. Remittances from Saudi Arabia increased to \$151 million in March 2009 compared to US\$ 120 million in the same month of 2008.<sup>144</sup> The decline to US\$ 134.31 million in September 2009 should be noted, however, since it could be a sign of trend downwards. A World Bank brief in July 2009 partly attributed growth in remittances to countries like Pakistan attributed to the fact that GCC countries have not significantly reduced hiring migrants. This is to be compared to reduction in remittances from the United States in 2009.<sup>145</sup> Another explanation advanced for the increase in remittances to South and East Asia is that they are increasingly sent for investment rather than consumption due to falling asset prices, rising interest rate differentials and depreciation of the local currency.<sup>146</sup>

In Bangladesh, remittance flows have grown steadily, from US\$ 2.5 billion in the 2002 financial year to US\$ 9.7 billion in the 2009 financial year. US\$ 935.15 million was sent in remittances in August 2009, compared with US\$ 721.92 million in August 2008 and US\$ 590.67 million in September 2007.<sup>147</sup> Remittances actually grew during the financial crisis, by 32.4 per cent in the 2008 financial year and 22.4 per cent in the 2009 financial year.<sup>148</sup> Lower growth in the latter year should be noted despite the positive situation. Bangladeshi migrant workers, mostly in low-skilled employment, did not experience as many job losses as expected as a result of the crisis. The relative stability and safety of Bangladesh's financial markets was advanced by the Governor of the Bangladesh Bank as one explanation for the increased remittance flows during the financial turmoil.<sup>149</sup>

In the Philippines, Citicorp feels that there would be a tapering off of remittances starting in March 2009, and these "...could easily record a cumulative

<sup>142</sup> World Bank, Migration and Development Brief, op.cit., pp.3.

<sup>143</sup> State Bank of Pakistan, Statistics and Data Warehouse Department, Country-Wise Workers' Remittances,

<sup>144</sup> See "Record Gulf remittances bleak comfort for Pakistan", <http://www.google.com/hostednews/afp/article/ALeqM5hgt2G-IIIAXbILNx1R9mH5mHFNcQ>.

<sup>145</sup> World Bank, Migration and Development Brief, op.cit., pp.3.

<sup>146</sup> Ibid.

<sup>147</sup> Foreign Exchange Policy Department, Bangladesh Bank, Wage Earners Remittance Inflows (Monthly).

<sup>148</sup> Dr Atiur Rahman, Governor, Bangladesh Bank, Conference on Strengthening Remittance Flows and Impact: Policies, Practice, Prospects organised by World Bank/IMF, Istanbul, 4 October 2009.

<sup>149</sup> Ibid.

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decline of 10 per cent by end of June 2009”.<sup>150</sup> Despite these dire predictions, preliminarily data from the Central Bank of the Philippines show an increase in remittances from Overseas Filipino Workers over the first eight months of 2009. Cumulative remittances received in 2009 amounted to US\$ 11.3 billion, representing a growth of 3.7 per cent over the previous year. It should be noted, however, that this is a significant drop in remittance growth, in comparison to the years 2005 to 2007, as shown in Table 6.

The impact of the crisis was very obvious in the case of countries of the Commonwealth of Independent States (CIS) such as Kyrgyzstan, Tajikistan and Uzbekistan, which have relied heavily on remittances of their workers employed in the Russian Federation and Kazakhstan. A third of the labour force in Tajikistan is employed abroad and the remittances they send back constitute 45 per cent of the GDP. These are an important source of foreign exchange for the country and of income for many households at home, reducing poverty and supporting consumption. The remittances grew by almost 50 per cent in early 2008 but they fell by 22 per cent in January 2009.<sup>151</sup> The Russian Federation’s Central Bank figures show that remittances from Russia to Tajikistan declined by 32.6 per cent during the first half of 2009 compared to the same period in the previous year. Regarding Uzbekistan, remittance outflows from the Russian Federation in 2008 were around \$3.3 billion (13 per cent of Uzbekistan’s GDP) which were more than double the previous year’s level. However, with the downturn in the Russian Federation and Kazakhstan, a significant return migration of Uzbek workers was observed. Under the circumstances, given the nature of these Central Asian economies and their dependence on remittances, many experts warned against the economic and social consequences of the serious decline in these financial flows.<sup>152</sup> Nevertheless, more recent figures show that remittances increased considerably in the period April – July 2009. Remittances to Tajikistan were less than US\$ 100 million in January 2009, but they reached almost US\$ 250 million in July. Remittances to Kyrgyzstan increased in a similar way. While only US\$ 40 million in the beginning of 2009, they were approximately 120 million in the second quarter.<sup>153</sup>

The World Bank sketches a similar scenario for sub-Saharan Africa, where after two decades of growth in remittance flows there is likely to be a significant decline in these financial flows in 2009. The World Bank data show that in 2005, 2006 and 2007, remittances received in sub-Saharan countries grew by 17 per cent, 37.2 per cent and 44.4 per cent respectively. Recession in countries of destination of African migrant workers, inside as well as outside the continent suggests that the decline will be serious. The low-case prediction for 2009 is that remittances to sub-Saharan Africa will decline by 8.0 per cent (see Table 7).

The Middle East and North Africa, according to World Bank estimates, registered a modest growth rate in remittances in 2008. In 2009, its negative rate of

<sup>150</sup> “Citi sees RP remittances tapering off”, <http://mb.com.ph/articles/203202/citi-sees-rp-remittances-tapering>.

<sup>151</sup> Asian Development Bank, Asian Development Outlook 2009.

<sup>152</sup> “Financial catastrophe looms for Central Asian Nations”, Turkish Daily News, 12 November 2008.

<sup>153</sup> Sanket Mohapatra, ‘Remittances to Central Asia are falling, but less so in ruble terms’, 10 August 2009, [Blogs.worldbank.org](http://blogs.worldbank.org).

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growth is equal to that of Latin America and the Caribbean and East Asia and the Pacific. Analysis should distinguish between Maghreb and Middle Eastern countries. If migrant workers from Morocco and other Maghreb countries are in Europe, the vast majority of Egyptians, Jordanians and workers from other Middle Eastern countries are employed in the GCC countries. Their migration opportunities and jobs have been so far largely preserved. Egyptians' remittances even followed a pattern similar to the Pakistanis' and Bangladeshis' described above. In the second quarter of the fiscal year 2008-09, that is from October to December 2008, these remittances increased by 7.45 per cent relative to the same period a year earlier, from US\$ 2,126.7 million dollars to US\$ 2,285.3 million.<sup>154</sup> However, recent data for the fourth quarter of fiscal year 2008-2009 (April to June 2008) show a significant decline. Remittances received in the fourth quarter of fiscal year 2008-2009 equalled US\$ 1,831.7 million down 23.5 per cent from the fourth quarter in the previous year (US\$ 2393.2 million).<sup>155</sup> If this is a harbinger of a trend, it should be worrying.

Maghreb countries experience lower remittance flows because of the European destinations of their migrant workers. In Morocco, the Office des Changes indicated a 11.1 per cent decline in remittances to US\$ 4,393.2 million up to August 2009, down from US\$ 4,934.7 million over the same period in 2008.<sup>156</sup> According to one researcher, remittances to Morocco declined by a higher rate of 15.2 per cent in the first quarter of 2009 in comparison to the same quarter in the previous year.<sup>157</sup> By major countries of destination of Moroccan workers, remittance flows from Spain declined by 29.2 per cent in the first months of 2009, well above the overall rate.<sup>158</sup> This is a further reflection of the impact of the crisis on employment in Spain, and particularly so on migrant workers.

The regional analysis undertaken above shows that for some countries, remittances grew substantially after the crisis broke out but then either declined or increased by a slower growth rate than before. This may signal the beginnings of a slowdown in countries hosting their migrant workers. In other cases, a very serious drop in remittances after the crisis erupted was followed by some growth as 2009 progressed. This in turn may indicate an adjustment of migrant workers to the new labour market situations in countries of destination. This adjustment could be at the cost of formality or to the detriment of terms and conditions of employment.

From the perspective of countries of origin, the importance of remittances for their economies cannot be overstated. In recent years, in many low and middle-income developing countries remittance inflows have clearly outstripped FDI and ODA flows. They also have a more direct impact on poverty reduction. In the Latin American and Caribbean region, the Inter-American Development Bank (IDB) data show that migrant workers' cash transfers to their home countries in 2007 were a

<sup>154</sup> Central Bank of Egypt, Monthly Bulletin, April 2009.

<sup>155</sup> Central Bank of Egypt, Monthly Bulletin, September 2009.

<sup>156</sup> Office des Changes (Kingdom of Morocco), Monthly Indicators for External Exchange/Indicateurs mensuels des échanges extérieurs (August 2009).

<sup>157</sup> M. Cherkaoui, K. Rhouli, and J. Wahba, *Analyse d'impact de la crise financière et économique mondiale sur la pauvreté et la situation sociale des MRE et sur les flux de leurs transferts* (UNDP and the Ministry of Moroccan Communities Abroad, unpublished paper).

<sup>158</sup> *Ibid.*

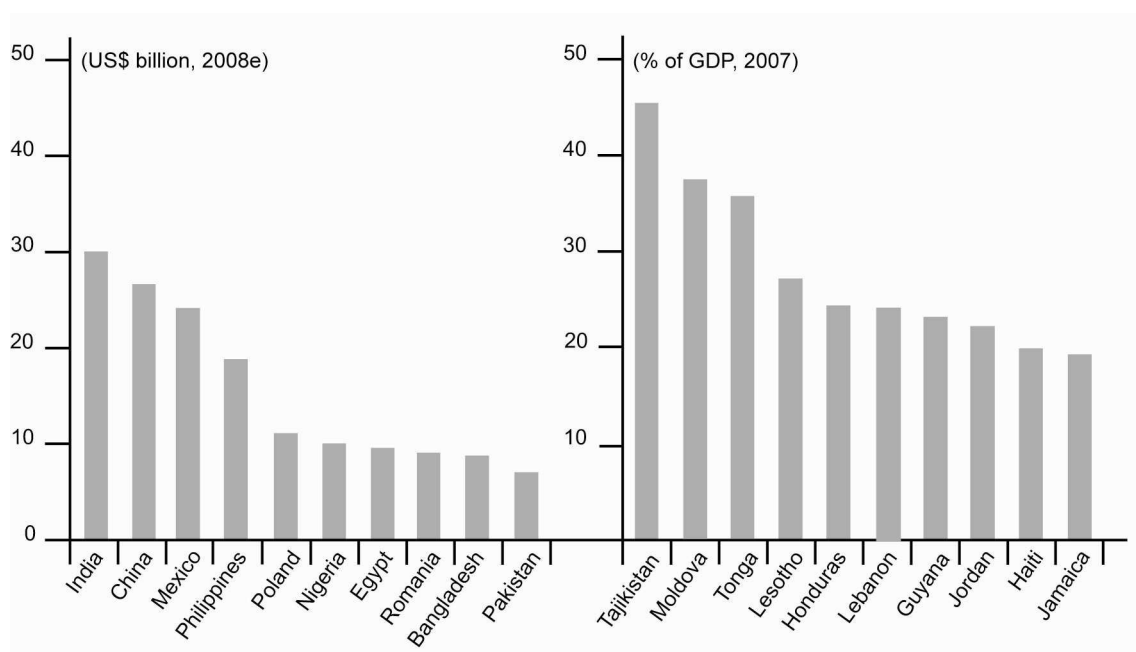
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third more than FDI and 10 times more than ODA, making this the fifth year in a row in which the remittance inflows had surpassed the combined sum of FDI and ODA to the region.<sup>159</sup>

The manner in which countries of origin cope with reduction in remittances is a matter of debate. Figure I provides information on the countries receiving remittances and the importance of these to their economies. However, it may be noted that the countries which are the major recipient of remittances (Figure 1) do not feature prominently when it comes to assessing the significance of the flows for the economy. In the former countries, although remittance decline would lead to some untoward effects on the general well-being (including poverty reduction) of households receiving funds, the more significant economic implications are with regard to the functioning of the national labour markets; with a predicted decline in growth envisioned, there would also be a significant contraction in labour markets and growing unemployment.

<sup>159</sup> IDB-MILF, *Remittances 2007; a bend in the road, or a new direction?*, Washington D.C., 2008 quoted in R. Vargas-Lundius and M. Villareal, *International migration, remittances and rural development*, IFAD, Rome, 2008

**Figure 1: Top 10 remittance-recipient developing countries in 2008**



Source: World Bank Staff estimates based on the International Monetary Fund's *Balance of Payments Statistics Yearbook 2008*

In those countries of origin where remittances constitute a comparatively high proportion of the Gross Domestic Product (GDP) the impact of the decline should be more far reaching. These are, in the main, countries with a relatively low population base, when compared with the countries in the first box figure, and with less diversified production structures. The reliance of these countries on remittance transfers suggests that the decline would create external financing gaps, which would be hard to fill. Export earnings are also expected to wane, and so too private flows, such as foreign investments, which are forecast to decline significantly.<sup>160</sup> Further, as remittances provide a safety net to a significant number of poor families, the regression in flows would adversely affect standards of living and poverty and create the conditions of social instability. Moreover, the cutbacks in consumption expenditures at the local and meso levels would have a negative impact, through the multiplier effects, on policies and efforts to get out of the crisis. Migrant workers have contributed in the past to growth in countries of destination. They and their countries now deserve that measures of financial support be taken in their favour at the global level. They should not be left to pay the price of dysfunctions in the international system that the crisis revealed.

<sup>160</sup> The impact on some countries, such as Tajikistan, is likely to be dreadful. One learned observer notes that “The Tajik economy is not sustainable without migration. It is not diversified. People are the most important resource they have”, Dilip Ratha quoted in “Bad times stall cash flow from Tajik migrants”, *The New York Times*, 25 December 2008.



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## 4. Cases of discrimination, violence and xenophobia against migrant workers

In times of crisis, slack demand for labour creates the conditions of perceived competition for scarce jobs. The perception may be right or mistaken as in the case of migrant workers. Research has repeatedly brought out that the segmentation of labour markets makes the vast majority of migrant workers take up jobs that natives in destination countries spurn or make themselves unavailable for.<sup>161</sup> These are low-skilled, low-paying, jobs, including in the informal economy. There are also highly-skilled jobs in sectors where native labour supply cannot keep up with demand, such as health and education. Uncertainty and threats to livelihoods can make the most perceptive individuals and organizations blind to reality.

In addition to perceived competition for jobs, times of crisis are fertile grounds to publicize identitive ideas and dogmas. Groups always exist who seize upon these opportunities. Concerns with self-preservation and instincts of defence of self can be turned into aggressiveness against the other. Migrant workers and their families thus become victims of discrimination and fall prey to violence and xenophobia. In reality, the interests of the host societies and populations to promote social stability and the integration of migrants also become victims of such heinous acts.

The importance of equality, non-discrimination, labour and human rights of migrant workers makes it necessary to point out examples of discrimination, violence and xenophobia to which migrant workers are subjected. These examples can be useful for the formulation of remedial policies. It is of the essence, however, to emphasize that violence and xenophobia against migrant workers are far from being widespread. They are unknown in many countries and where they have existed, they are the exception rather than the rule.

Before the global crisis was ultimately recognized in the third quarter of 2008, its symptoms existed in some countries. Thus, in May 2008, the increasing number of Zimbabweans in South Africa was met with animosity and expressions of xenophobia from South African workers who considered they were taking their jobs. Twenty-two Zimbabwean migrants were killed and more than 6.000 were left homeless. "If you listen to the reasons given by the people who have participated in the violence, you hear about how foreigners have taken their jobs, foreigners have taken their houses, foreigners are committing crimes, so you see there are socioeconomic concerns in the communities where the violence is taking place," said most interestingly Prince Mashele, head of the crime and justice program at the Institute for Security Studies (ISS) in Pretoria.<sup>162</sup>

A website dedicated to Eastern Europe, referring to the impact of the financial crisis on the Russian Federation, stated that the increase in unemployment resulted in hostile manifestations towards the millions of migrant workers originating in Central Asia and the Southern Caucasus. Aggressiveness was equally strong against ethnically different internal migrants coming from the Republics of Dagestan, Ingushetia and Chechnya.<sup>163</sup> Human-

<sup>161</sup> M. Ruhs, Temporary foreign workers programmes: Policies, adverse consequences, and the need to make them work, working paper 56 (San Diego, CA, The Center for Comparative Immigration Studies, 2002); P. Martin, Towards effective temporary worker programs: Issues and challenges in industrial countries, International Migration Papers, No. 89 (Geneva, ILO, 2007).

<sup>162</sup> The Christian Science Monitor, "Zimbabweans face hate in South Africa" (23 May 2008).

<sup>163</sup> Minian Méloua. « Russie: conséquences des crises financière et économique mondiales ». [www.colisee.org/article.php?id\\_article=2689](http://www.colisee.org/article.php?id_article=2689) [14/01/2009].

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rights groups feared that racist attacks might intensify and become more brutal as the economy went deeper through the slowdown. According to news reports in December 2008, a group of teenage skinheads killed 20 migrants in Moscow. The Moscow Human-Rights Bureau, a Russian NGO, reported 113 migrants murdered between January and October 2008, double the number of the previous year.<sup>164</sup>

Xenophobic protests emerged in the United Kingdom where Scottish energy workers demonstrated against employing foreign labour in January 2009.<sup>165</sup> Walkouts took place after managers at an oil refinery hired Italian and Portuguese contractors, which protesters said should have gone to British workers. Similar protests were staged in shipyards in Northern Spain by workers who objected to hiring lower paid labourers from Portugal and Romania. In Italy, in Italy 2009, it was announced that a plan was being prepared to discourage irregular migration by criminalizing irregular migrant workers and those helping them integrate in the Italian society.<sup>166</sup>

Some trade unions in Poland called for restrictions on the entry of non-EU foreign workers, mainly from Ukraine, Belarus, and China.<sup>167</sup> They felt that this was necessary in order to make room for returning Polish workers, expected to lose their jobs in other countries of the EU.<sup>168</sup> In contrast, other unions, such as in Spain, denounced reported quotas of forced monthly repatriations of migrants in irregular situations.<sup>169</sup>

The uncertainty and anxiety felt by public opinion is revealed by a Financial Times/Harris poll, which highlighted wide support among EU citizens for return programmes for unemployed migrant workers. Among those polled 79 per cent of Italians, 78 per cent of Britons, 71 per cent of Spaniards, 67 per cent of Germans, and 51 per cent of French supported this type of programme.<sup>170</sup> It is significant that over 50 per cent of UK nationals wanted to apply restrictions on access to the British labour market to workers from fellow EU Member States.<sup>171</sup>

Governments of destination countries denounced discrimination and abuse of migrant workers. In one case, the Russian Deputy Minister of the Interior condemned the dismissal of irregular migrant workers without payment of wages, adding that regular migrant workers faced similar situations.<sup>172</sup>

<sup>164</sup> The Economist, "Global Migration and the Downturn" (15 January 2009).

<sup>165</sup> 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" (2 February 2009); Yorkshire Post, "Strike action over foreign workers spread" (3 February 2009); Belfast Telegraph, "Sammy Wilson: Give UK Citizens Jobs before Migrants".

<sup>166</sup> BBC News, "Italy MPs have backed up a plan to fine illegal immigrants up to 10,000 Euros, as the government continues to tighten immigration controls" (13 May 2009).

<sup>167</sup> Reuters News, "Poland frets over foreign workers as economy slows" (16 March 2009).

<sup>168</sup> Ibid.

<sup>169</sup> Le Temps (Suisse), "Madrid durcit sa traque des sans-papiers", February 23, 2009

<sup>170</sup> T. Barber, "Jobless migrants should leave, say many in EU", Financial Times (16 March 2009), pp. 5.

<sup>171</sup> Tony Barber, "Jobless migrants leave, say many in EU", Financial Times (16 March 2009).

<sup>172</sup> Al-Ahram [in Arabic], 25 December 2008, pp. 4.



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Instances of discrimination resulting from the crisis also exist in Asia. In Thailand, the registration of 700,000 foreign workers was delayed in a bid to keep jobs for Thai workers.<sup>173</sup> A list of exclusive occupations available for foreign workers, because undesired by Thai workers, was also being reportedly drawn up.<sup>174</sup> Fears of competition over jobs between local and foreign workers spurred the Malaysian Trades Union Congress to call for the cancellation of the visas of 70,000 Bangladeshi workers.<sup>175</sup>

Crackdowns on irregular migrants have intensified. Since November 2008, about 8,000 undocumented migrants were deported from Korea.<sup>176</sup> In Malaysia, a policy of “fast-track” deportation of irregular migrants has been instituted. It resulted in the deportation of 65,000 foreigners who paid fees in order to avoid imprisonment and judicial review.<sup>177</sup> Malaysian employers were encouraged not to hire foreigners and to dismiss non-nationals first if necessary.<sup>178</sup> In the Gulf, complaints were lodged concerning a rising number of withheld wages and unpaid severance pay in Dubai.<sup>179</sup>

Discrimination, violence and xenophobia, coupled with reduced demand for labour in times of crisis, result in migrant workers carrying out jobs at poor terms and conditions of employment. Unfortunately, information does not exist that provides evidence of such a situation.

<sup>173</sup> Bangkokpost, “Alien Workers registration delayed”, February 4, 2009.

<sup>174</sup> Ibid.

<sup>175</sup> Press Trust of India, “Malaysia cancels visas of 70,000 Bangladeshi workers” (10 March 2009).

<sup>176</sup> Abella and Ducanes, *op.cit.*

<sup>177</sup> Ibid.

<sup>178</sup> BBC News, “Malaysia bans foreign recruitment” (22 January 2009).

<sup>179</sup> S. Kerr, “Good times end for Dubai’s expats”, *Financial Times* (17 March 2009), pp. 10.



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## 5. The crisis in a gender perspective

The factors determining the impact of the crisis are the same for men and women, all other considerations remaining equal. The consequences for women, therefore, will be different because of the specific sectoral distribution of female employment. With this in mind, the International Research and Training Institute for the Advancement of Women (UN-INSTRAW) undertook research on the impact of the crisis on women migrant workers. It published a short paper summarizing discussions of a virtual community on the impact of the financial crisis on women migrant workers.<sup>180</sup> The paper discussed the assumptions made at the onset of the crisis in the light of actual developments. The statement made by INSTRAW that “migrant sending countries are not seeing a massive return of migrant workers as was predicted last fall, at least not from advanced economies. Migrants working and residing in developed countries are in no hurry to return home” reveals a convergence with findings of previous sections of this paper.

INSTRAW posits that “expected implications of the economic downturn were based more on myths about the possible effects of the financial crisis on migration than on the reality of the situation”. Thus, it points out that it was predicted that women might be harder hit than men as they are even less protected in the labour market than their male colleagues; “however, it has turned out that the crisis has affected contracted employees more than it has undocumented labourers (of whom women make up the majority)”. From an ILO perspective this assessment might well be true in terms of the employment opportunities of women migrant workers. In contrast, it does not take account of terms and conditions of employment, which also are significant labour market outcomes. Women migrant workers may be forced to accept inadequate terms and conditions of employment. This applies as much to formally employed regular migrants as to irregular migrant workers employed in the informal economy. It raises a question of exploitation. Lower wages and income would result in lesser remittances to families and therefore to negative consequences for poverty reduction. Additionally, in the informal economy, the capabilities of many women migrant workers are likely to be underemployed. This raises the important question of deskilling, which is a waste of resources and a loss to those women migrant workers as well as to countries of origin and destination.

UNIFEM produced a more mitigated analysis of the impact of the crisis on women migrant workers in Asia. In accordance with a report it published, women migrant workers are adversely affected in this region, as jobs filled predominantly by women migrant workers are reduced or eliminated. In East and South-East Asia, women are concentrated in labour-intensive export industries, which have been severely impacted by the crisis. The World Bank has estimated that between 60 and 80 per cent of workers in export-oriented manufacturing in the region are women, and that this sector will continue to shrink. For example, women migrant workers in electronics assembly lines in Malaysia and Singapore risk losing their jobs, and the same is true for women in garment manufacturing industries in Taiwan, food processing plants in Malaysia and Thailand and the tourism industry in Malaysia, Singapore and Thailand.<sup>181</sup> On the other hand, women domestic workers and those in healthcare and education seem to be relatively shielded from the crisis.<sup>182</sup> An example from the Philippines confirms these observations. From October 2008 to March

<sup>180</sup> UN-INSTRAW, *The Financial Crisis and Migration Myths*, [http://www.un-instraw.org/grvc/index.php?option=com\\_content&view=article&id=40%3Athe-financial-crisis-and-migration-myths&catid=1%3Ablog&Itemid=10&lang=en](http://www.un-instraw.org/grvc/index.php?option=com_content&view=article&id=40%3Athe-financial-crisis-and-migration-myths&catid=1%3Ablog&Itemid=10&lang=en). [accessed May 2009]

<sup>181</sup> *Gendered Impact*, op. cit., pp.2.

<sup>182</sup> Mangahas, op. cit.

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2009, 4,857 Filipino workers, mainly women in electronics, lost their jobs in Taiwan Province of China, but during the same period, 5,597 Filipino domestic workers were newly hired in the same country.<sup>183</sup> Deployment of domestic workers from the Philippine continued to Saudi Arabia, the U.A.E., Qatar, and Oman but dropped in destination of Hong Kong, Singapore and Kuwait.<sup>184</sup>

The impact of sectors of employment is demonstrated if an analysis is undertaken in respect of regular women migrant workers, employed in OECD countries. Table 8 shows their sectoral distribution.

<sup>183</sup> Ibid.

<sup>184</sup> Ibid.

**Table 8: Women migrant workers in OECD countries by sector and region of birth**

Country of birth	Africa		Asia		South and Central America and Caribbean		Other and unknown places of birth		All countries of birth	
	Total	%	Total	%	Total	%	Total	%	Total	%
1 Health and social work	175,944	20	601,847	17	738,468	18	12,867	9	2,394,757	17
2 Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	111,771	13	521,007	15	540,533	13	19,602	14	1,947,069	14
3 Manufacturing	74,147	9	524,334	15	601,899	14	19,566	14	1,870,091	13
4 Other community, social and personal service activities	56,787	7	336,169	10	619,311	15	9,797	7	1,506,731	11
5 Real estate, renting and business activities	90,975	11	319,415	9	232,800	6	15,489	11	1,262,755	9
6 Hotels and restaurants	58,851	7	328,811	9	446,635	11	8,534	6	1,236,896	9
7 Education	84,331	10	250,624	7	305,403	7	7,351	5	1,199,501	8
8 Financial intermediation	39,801	5	211,946	6	178,056	4	7,642	5	681,752	5
9 Public administration and defence; compulsory social security	43,550	5	103,218	3	120,971	3	6,482	5	474,476	3
10 Transport, storage and communications	27,528	3	98,275	3	99,989	2	7,511	5	400,579	3
11 Agriculture and fishing	8,715	1	23,679	1	70,561	2	2,638	2	245,275	2
12 Private households with employed persons	26,901	3	40,857	1	83,844	2	1,567	1	244,136	2
13 Construction	9,386	1	23,406	1	42,581	1	1,555	1	155,622	1
14 Electricity, gas and water supply	2,095	0	8,642	0	7,796	0	516	0	33,159	0
Other		6	75,079	2	71,513	2	18,136	13	494,857	3
<b>Total</b>	<b>51,270</b>	<b>100</b>	<b>3,467,309</b>	<b>100</b>	<b>4,160,360</b>	<b>100</b>	<b>139,253</b>	<b>100</b>	<b>14,147,656</b>	<b>100</b>

Source: Prepared by the ILO with data extracted from: Organisation for Economic Co-operation and Development database, OECD.StatExtracts. Complete databases available via Source OECD, OECD's iLibrary, Database on Immigrants in OECD Countries (DIOC) <http://stats.oecd.org/Index.aspx>.

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The table reveals that a comprehensive indiscriminate assessment of the impact of the crisis on these women migrant workers is neither possible nor advisable. Women are well represented in sectors hit by the crisis such as manufacturing, real estate, hotels and restaurants and financial intermediation. But they are even more concentrated in sectors that have not been affected by the crisis or even expanded in its context. This is the case of sectors such health and social work, the highest employer of women migrant workers, social and personal services, and education. Together the three sectors account for 36 per cent of female labour migration in OECD countries. The former four sectors also account for 36 per cent.

At the aggregate level, women labour migration may have been affected less than men's. All the same, their presence in small percentages but non negligible absolute numbers, such as in the construction sector, should not be overlooked. The deteriorating working terms and conditions of women employed in the informal economy also require monitoring, as mentioned above. The plight of domestic workers not benefiting from the protection of labour laws in most countries deserve particular attention in times of crisis, even if their volume of employment has not changed so far.

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## 6. Policies of countries of destination

A number of countries of destination responded to the crisis with changes in attitudes towards labour migration. This was obviously prompted by economic slowdown, reduced overall labour demand and the grim employment situation they faced. The changes affected their general admission policies in addition to the introduction of policies to encourage return to countries of origin. A number of countries intensified their efforts to curb irregular migration. Some did so by resorting to heavier crackdown on irregular migrant workers. Others reinforced their applicable legal provisions. According to one author, the crisis was seized upon as an opportunity to make changes that were considered anyway. He likened it to the 1973-74 crisis that was an occasion for some countries in Western Europe to reverse the policies they had put in place in the 1950s and 1960s.<sup>185</sup> The changes took the form of new formal policies or, in most cases, individual measures. It is therefore, difficult to predict whether the latter changes in particular will be permanent or reversed when the crisis is over.

For most countries, changes affected the entire labour market. For a minority, sectoral specificities were taken into account. A great number of countries adopted stimulus packages to spur their economies and sustain employment. They were migration-neutral, in the sense that they did not include specific provisions on migrant workers. However, there was one exception, as will be seen below. It is striking that in times where the operation of labour markets excludes migrant workers from work places, policies have not comprised measures actively favouring their integration. Likewise, with competition, real or perceived, for jobs and some varieties of hostile political discourse, it is surprising that new policies have not envisaged measures to combat xenophobia and ensure social stability.

The sovereignty of States over their migration policies is recognized. Nevertheless, a number of observations are in order with regard to the consequences of the adopted policy measures on the operation of labour markets and their long-term efficiency as well as on the status of migrant workers in countries of destination. Sooner or later, the global and national economies will recover. Demand for labour now in a slump will reverse its current trend. Admission policy measures of a permanent nature, tightening the conditions for enterprises to meet their labour demand with foreign workers, can then prove an impediment to resumed economic growth. This particularly applies to countries with long standing labour shortages, in both high and low-skilled occupations. Encouraging voluntary return programmes, *per se*, cannot be contested. However, when the beneficiaries are workers who have become familiar with work environments and societies in countries of destination, the absolute wisdom of such programmes needs to be questioned. This will especially be the case when, with recovery, tightening labour markets command the admission of fresh foreign workers. The socialization of these new migrant workers will occasion new costs that have already been borne for voluntary returnees. A response to the crisis that only takes account of the decline in overall demand for labour, without regard to differential sectoral demands may end up generating irregular migration. Even in times of crisis, demand in some sectors and occupations have been maintained or even grown. With recovery, this argument will apply more forcefully. With regard to curbing irregular migration, the need to respect the human rights of all migrants cannot be overemphasized.

In Spain, it was announced that a new immigration law (*Ley de extranjería*) would be adopted, to replace the current one adopted in 2000. Faced with expressed concerns of civil

<sup>185</sup> P. Palewa, "The 2008/2009 financial crisis: a false start for Czech foreign worker admissions?" (n.d., np) (Unpublished paper).

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society, the Minister of Labour and Immigration declared, in April 2009, that the new law would neither punish humanitarian assistance to “illegal” migrants nor reduce their rights. It would only organize flows, he said, adding that rights would be expanded. In matter of organization, the Minister gave the example of the current law that allows “practically cascading family reunification”. One person, he said, can bring in 10 to 12 persons but these would not be given work permits that would allow them to add to family income.<sup>186</sup> The draft of the law has not been made public so far. It is clear, though, that compared with the situation under the current law, family reunification would be curtailed. When the text of the law is published, it will be useful to identify whether it has made specific arrangements according to sector of activity, occupations or skill levels. It is noteworthy that, well before the crisis broke out; several European countries had made distinctions on some of these bases in their migration policies. This is in line with the EU approach to labour migration, which provides for different policies for low and highly-skilled workers. There has been no link established between the crisis and the change in the immigration law. A question can be raised, however, as to whether the crisis was not seized as an opportunity to at least justify some of the new provisions it will introduce.

Spain, however, has already enacted a law, adopted by royal decree in September 2008, encouraging the return of migrant workers to their countries of origin. The law is intended for unemployed migrant workers from States that are not members of the European Union (EU), with which Spain has signed bilateral social security agreements. These are 20 countries, from which the vast majority of migrant workers in Spain originate. The law provides that those unemployed workers who wish to return to their home countries will be paid in advance the totality of unemployment benefits to which they are entitled. Forty per cent of the amount would be paid in Spain and 60 per cent in the country of origin, 30 to 90 days after the first payment is made. Further, their contributions to the social security system in Spain would be accumulated with those made in the country of origin, for purposes of calculating their future pensions. Finally, if they wish to do so, beneficiaries can return to Spain to reside or exercise an economic activity, but only after three years. Additional assistance is also possible to facilitate return trips.<sup>187</sup> Despite its generosity, the obstacle to the success of the policy may be the deteriorated economic and labour market situations in origin countries. Unemployed migrant workers in Spain might consider it harder to find jobs in their home countries. They may decide sit the crisis out or settle for lower pay and harsher working conditions. A recent study by the Spanish Permanent Observatory of Immigration acknowledges that “return is a valid option for many immigrants, but not for most.” The report admits that many people showed interest in the plan but few chose to start the application.<sup>188</sup>

The target of the voluntary return law is that 87,000 foreign workers benefit from it and go back to their countries of origin.<sup>189</sup> Despite some reports of migrants leaving Spain, returnees are still small in number. As of June 2009, 5,088 applications had been submitted with 3,977 approvals. When the dependents of migrant workers are included,

<sup>186</sup> <http://www.tt.mtas.es/periodico/ministro/MIN20090407.htm>

<sup>187</sup> Boletín Oficial del Estado, número 228, Sábado 20 septiembre 2008.

<sup>188</sup> Pajares, op. cit.

<sup>189</sup> The Economist, “Global Migration and the Downturn” (15 January 2009).



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6,077 persons will have benefited from the programme. Most applicants are from Latin America, in particular from Ecuador, Colombia, Argentina, Peru and Brazil.<sup>190</sup>

It is worth mentioning that it was announced that allocations for the integration of migrants, disbursed by the Ministry of Labour and Immigration, were going to be reduced by 29.5 per cent, from 200 million Euros in 2008 to 141 million Euros in 2009. This was intended as part savings in public expenditures decided by the Government, as a measure of response to the crisis.<sup>191</sup> However, in the wake of protests by trade unions, migrants' associations and civil society organizations, the planned reduction was abandoned.

In the Czech Republic, the declared greater vulnerability of migrant workers to unemployment prompted the authorities to launch a voluntary return programme in February 2009, the intended beneficiaries of which are non-EU nationals. Applicants to benefit from the programme must hold a valid residence permit and not be subject to deportation. Applications must be filed at the Aliens Police offices. Just one-page information on the programme is available in a foreign language. Interested migrant workers need to be accompanied to the Aliens Police offices by translators. Successful applicants would be entitled to free transportation to their countries of origin and a repatriation bonus of 500 Euros per adult and 250 Euros per child. In exchange they need to surrender their Czech documents. Beneficiaries can come back to the Czech Republic in the future. But time previously spent in the country and the documents necessary to apply for permanent residence would be lost. Under these conditions, beneficiaries from the programme may end up being more integrated workers who know the Czech language and who had decided to return anyway irrespective of the programme.

Two other considerations can be advanced in considering the possible success of the programme. A large number of potential beneficiaries are Vietnamese workers, who rank second in number after workers from Ukraine in the migrant labour force in the Czech Republic. First, as mentioned in the case of Spain, the crisis has also affected Vietnam. Second, many Vietnamese workers are self-employed or work in ethnic labour market niches, such as restaurants, beauty parlours or "corner shops". These are more resilient to the financial crisis than the automotive or construction industries, which are more sensitive to global economic slowdown. For one researcher therefore, rather than being more vulnerable, Vietnamese workers are more resilient to the impact of the crisis. This would be the problem for the success of the Czech voluntary return programme. Finally, the resilience also lies in the disposition of Vietnamese or comparable workers to take up jobs in domestic service, health care or agriculture which native workers avoid. The crisis is considered to have been an opportunity to introduce desired changes anyway in the Czech labour migration policy.<sup>192</sup>

In the United Kingdom, no comprehensive new policies or programmes were introduced but removals and voluntary returns were up, with 13,950 non-asylum seekers removed or voluntarily departing between October and December 2008.<sup>193</sup> Changes to the points-based system (PBS) of admission of foreign workers were introduced. Designed to reduce the number of non-EU migrant workers, they strengthened labour market tests for tier 2 skilled jobs and raised the qualifications and salary requirements for tier 1 foreign

<sup>190</sup> Ministerio de Trabajo e inmigración, "Más de 5.000 solicitudes para acogerse al Plan de retorno voluntario de trabajadores extranjeros" (3 June 2009), <http://www.tt.mtin.es/periodico/Laboral/200906/LAB20090608.htm>.

<sup>191</sup> El País, 6 March 2009.

<sup>192</sup> Plewa, *op.cit.*

<sup>193</sup> *Ibid.*

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workers to a Master's degree and a minimum salary of £20,000.<sup>194</sup> The Government suspended employment of non-EU workers for low-skilled occupations.<sup>195</sup> Stating the goal of the changes, the Home Secretary said, "It is right in a downturn to be more selective about the skill levels of those migrants and to do more to put British workers first".<sup>196</sup> The tougher entry requirements are estimated to decrease the number of non-EU highly skilled workers by half.<sup>197</sup>

Return of migrant workers to their home countries and tougher entry requirements for new flows are bound to affect 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 proportion had risen to 48 per cent. Among employers, whereas 29 per cent were worried that foreign employees would return home, 40 per cent said that in 2009 they would have to shed labour.<sup>198</sup> In this situation, the statement by a Home Office spokesman that "Government and independent research continue to find no significant evidence of negative employment effects from migration"<sup>199</sup> is most significant. It simply means that encouraged return to home countries and tougher admission conditions do not improve labour market prospects for native labour.

In Italy, legal provisions adopted or discussed in parallel with the crisis were toughened. Admission of new migrant workers was seriously restricted. A decree was issued in March 2009 whereby a quota of 80,000 non-EU seasonal workers was established. For the first time, no quota for non-seasonal workers was envisaged. In addition, in May 2009, the National Parliament was discussing a draft "security package" law that restricted possibilities of economic and social integration of regular migrant workers and strengthened repressive measures of irregular migration. One measure proposed in the new draft makes irregular stay on Italian soil a criminal offence. So far, it is only an administrative offence. Other provisions restrict possibilities of family reunion and impose a new fee of up to 200 Euros for issuing or renewing residence permits. An important provision requires migrant workers to present their residence permits in all dealings with public administration, including registry offices. This provision may have consequences such as limiting the rights to marriage or to registry of children at birth. It is noteworthy that the most recent version of the draft dropped the obligation of presenting residence permits in respect of health services and schools. This should enable all migrant workers exercise of their human rights to health and education.<sup>200</sup>

In the Russian Federation, a decree adopted in December 2008 reduced quotas of foreign workers in the country in order to save jobs for Russian workers. One senior

<sup>194</sup> UK Border Agency, "Migrant workers face tougher test to work in the United Kingdom", (22 February 2009).

<sup>195</sup> Ibid.

<sup>196</sup> Ibid.

<sup>197</sup> R. Pohle, "Highly-skilled foreign migrants entering Britain to halve, Jacqui Smith says", The Times (23 February 2009).

<sup>198</sup> G. Ruddick, "Small Businesses face labour shortage as migrants quit UK", Telegraph (2 November 2008).

<sup>199</sup> Ibid.

<sup>200</sup> P. Bonetti, "Le norme in materia di stranieri del DDL sulla Sicurezza pubblica" (2009), [http://www.asgi.it/home\\_asgi.php?n=286&l=it](http://www.asgi.it/home_asgi.php?n=286&l=it).

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official voiced the prevailing attitude in a statement that, “only when positions are not filled by citizens of the Russian Federation will foreigners be accepted”.<sup>201</sup>

In Kazakhstan, the quota for foreign workers was reduced by half in January 2009 and a prohibition of employing migrant workers in occupations with sufficient numbers of native workers was envisaged.<sup>202</sup> Quotas at the beginning of 2009 were set at 0.35 per cent of the economically active population (EAP) for managers and highly-skilled workers and at 0.05 per cent for low-skilled workers. In 2008, 54,204 migrant workers in a regular situation had been employed in the country, of which 51.2 per cent were highly-skilled workers, 32.1 per cent were managers and specialists, 13 per cent were Chief Executive Officers (CEOs) and only 3.2 per cent were seasonal agricultural workers.

In the Gulf, GCC countries, especially Saudi Arabia and the UAE, pursued expansionary fiscal policies in order to prevent a significant drop in non-oil GDP. According to the IMF, these policies helped maintain relatively high levels of imports during the crisis, which mitigated the downturn.<sup>203</sup> By supporting overall demand, policies of the GCC countries benefited migrant workers who constitute the bulk of labour supply in the region.

In Japan, a programme to encourage migrant workers of Japanese descent to return to their Latin American countries of origin was put in place in April 2009. An estimated 366,000 Brazilians and Peruvians of Japanese origin are in now in Japan, benefiting from a policy instituted in 1990 to face up to growing labour shortages. Under the programme, migrant workers are offered US\$ 3,000 toward airfare, plus US\$ 2,000 for each dependent. Beneficiaries would not be allowed to reapply for a work visa in Japan. They would only be able to return to Japan on three-month tourist visas. In one researcher’s view, the programme is counterproductive, since the chronic labour shortages in Japan command that it admits foreign workers.<sup>204</sup> Labour demand should grow after the crisis is over. Beneficiaries of the return programme should be in a better position to meet this demand than fresh migrant workers yet to get familiar with the labour and social environment of Japan.

In the Republic of Korea, the Ministry of Labour stopped issuing visas through its Employment Permit System. It also announced the reduction of the 2009 quota of work permits to be issued to ethnic Koreans and to foreign nationals seeking employment in the country.<sup>205</sup> The Korean government offered wage subsidies to companies which replaced migrant workers with nationals.<sup>206</sup> Few companies are reported to have applied for the subsidy. This could reflect the persistent difficulty of SMEs, the main employers of foreign labour in Korea, to attract native workers to the jobs it offers, even under conditions of crisis. Authorities also intensified the crackdown on migrants in irregular situations.

<sup>201</sup> R. Synovitz, “Global Financial Crisis Costs Many Migrant Workers Their Jobs”, Radio Free Europe (18 December 2008).

<sup>202</sup> ILO Internal report.

<sup>203</sup> IMF, “Regional economic”, op. cit.

<sup>204</sup> “Japan pays foreign workers to go home”, New York Times, 23 April 2009.

<sup>205</sup> Si-soo, op. cit.

<sup>206</sup> ILO, “Session on Global Economic Crisis”, Migration Information System in Asia, Manila, 21-22 January 2009.

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Destination countries in South-East Asia have also introduced measures to limit and/or reduce the volume of migrant workers. The Malaysian government decided to double the levy for bringing foreign workers and to reduce their volume by half a million by the following year.<sup>207</sup> A Malaysian official noted that up to March 2009 some 300,000 foreign workers had been sent back to their countries of origin.<sup>208</sup> In a move to protect jobs for nationals in highly-skilled occupations, the Indonesian government adopted measures making it more difficult for foreign workers to acquire jobs at the managerial level.<sup>209</sup> Foreign workers need the written approval of the Ministry of Labour to work in the country.<sup>210</sup> In Thailand, the Government announced that no new work permits would be issued and that the registration of irregular migrant workers it had planned would be put off until after 2009. It also said that the permits of some 500,000 foreign workers would not be renewed in 2010. Threats of deporting irregular migrant workers were reported.

The exception to the neutrality towards migration of stimulus packages is the programme adopted by the United States. Its stimulus bill passed in February 2009 banned financial and business institutions receiving relief from applying for H1-B visas for highly-skilled migrants, if US citizens were made redundant.<sup>211</sup> The American Recovery and Reinvestment Act of 2009 includes a provision, titled “Employ American Workers Act” (Section 1611), which requires companies receiving funding under the Troubled Assets Relief Programme (TARP) to hire national workers before recruiting foreign workers with H-1B status.<sup>212</sup> This provision will mainly impact financial institutions and will expire in 2011. In one Chief Executive’s view the provision is counterproductive as it amounts to depriving the economy of “individuals who will help companies to grow and innovate – ultimately creating more jobs”.<sup>213</sup>

<sup>207</sup> Asia Pulse, “Overseas labour levy hiked to reduce foreign workers: Malaysia” (13 March 2009).

<sup>208</sup> Ibid.

<sup>209</sup> Asia Pulse, “Restrictive rule slapped on expatriates in Indonesia” (20 February 2009).

<sup>210</sup> Ibid.

<sup>211</sup> D. Bradshaw, “Job Offers to Foreign MBAs withdrawn”, *Financial Times* (9 March 2009).

<sup>212</sup> Lane Powell, Attorneys and Counselors, *Stimulus Plan Provisions For Favoring U.S. Workers Before Hiring H-1B Foreign Workers: Focus on Financial Institutions* (19 February 2009). For text of legislation see *The American Recovery and Reinvestment Act of 2009*, available at: <http://thomas.loc.gov/cgi-bin/query/C?c111:./temp/~c111kP4vBi>.

<sup>213</sup> *Financial Times*, “Blankfein attacks US job rules” (8 April 2009).

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## 7. Policies of countries of origin

Countries of origin have resorted to three types of policy measures in responding to the crisis. They have formulated programmes to facilitate the reinsertion of returnees in their labour markets, or expanded existing ones. They have ensured the protection of the rights of their migrant workers. And finally, some have explored new labour markets for their workers, probably looking for the economies the least affected by the crisis. The three types of measures were not all applied by countries of origin that have formulated policy responses.

Diplomatic missions in countries of destination intervened in the implementation of some policies. Most interestingly, by formulating or expanding programmes for the reinsertion of returnees, the crisis was an opportunity to develop return migration policies that are needed in all circumstances. Countries should look at the adopted return migration measures not as *ad hoc* programmes but as long-term stable but flexible policies destined to successfully close labour migration cycles.

The Philippines announced the establishment by the Overseas Workers' Welfare Association (OWWA) of an Expatriate Livelihood Support Fund to provide loans to returnees to start businesses or other livelihood activities. The government also committed to assist returnees in finding lucrative employment in the Philippines through the creation of jobs or in new external labour markets.<sup>214</sup> Creation of jobs in the Philippines brings out the importance of employment policy measures for return migration. This applies at all times and, not just in periods of crisis. The Philippines also announced the generation of more employment for Filipino job seekers to make up for "possible slack that may be caused by constricting market in the traditional host countries".<sup>215</sup> This statement shows that the Philippines government is aware that the most serious consequence of the crisis may be a decline in annual outflows, which require that expanded and targeted employment policies be put in place.

The Philippines' Department of Labor (DOLE) also provided economic assistance packages and announced it would set up retraining programmes and opened up existing entrepreneurship programmes for return migrant workers. Spending on rural infrastructure was increased. And retraining was provided for returnees so that they could go back to rural areas to take advantage of a better infrastructure. Programmes of micro-credit and cooperative development were also expanded.<sup>216</sup> DOLE also announced it was providing legal services to Filipino migrant workers who had lost their jobs in claiming unpaid salaries and other benefits.

The Philippines sent special reintegration teams to Taiwan (Province of China) and Dubai to assist workers who had lost their jobs or were expected to lose them. It also carried out missions for exploring new markets. These missions are reported to have resulted in a Memorandum of Agreement (MOA) with Qatar in October 2008 and a Memorandum of Understanding (MOU) with Japan's International Corporation of Welfare Services (JICWS) in January 2009. This latter MOU provided for the recruitment of Filipino caregivers by Japan.

<sup>214</sup> The Daily Tribune, "Arroyo says she will not abandon displaced OFWs", (12 December 2008), pp.14.

<sup>215</sup> The Philippine Star, 18 December 2008, pp. 35-37.

<sup>216</sup> Manila Bulletin, 12 January 2009, pp.20

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Sri Lanka asked its ambassadors to follow developments affecting its workers and to explore possibilities of avoiding repatriation of workers who lost their jobs by finding them alternative employment. Bangladesh took similar measures. Sri Lanka's Ministry of Expatriates' Welfare and Overseas Employment set up a special task force comprised of different Ministries, civil society groups and migrant workers' associations to monitor developments and propose action. In India, given that all states are not equally affected by migration, the responses have been formulated at the particular states' level.

In Uzbekistan, authorities actively sought alternative destinations for their migrant workers. Kyrgyzstan and Tajikistan focused on the creation of domestic employment. Kyrgyz authorities looked for large infrastructure public works, such as hydroelectric projects, to provide jobs to returnees. The Tajik Labour Ministry looked at entrepreneurship as a possible remedy and adopted measures to provide loans to return migrant workers wishing to set up small enterprises. Training was provided to returnees to strengthen their skills and thus increase their potential for new employment. A number of returnees were given the opportunity to rent plots of arable land and trained for employment in rural areas. A list of available jobs was drawn up and by February 2009, 150,000 jobs were reportedly offered to returning migrant workers, including 20,000 in the construction sector.<sup>217</sup> Ironically, the construction sector was at the origin of the loss of jobs in the country of destination, the Russian Federation, but a solution for returning workers in their homeland.

In Morocco, at the beginning of February 2009, a public-private committee and working groups were established to formulate policies of response to the crisis.<sup>218</sup> A particular focus was placed on the financial transfers of migrants and on the promotion of their investments in Morocco.<sup>219</sup> The committee developed three policy measures: 1) to subsidize investments of overseas Moroccans through an incentive scheme consisting of a 10 per cent subsidy to the project; 2) to extend a guarantee in order to facilitate Moroccan migrants' access to mortgages; and 3) to reduce remittance transfer costs, Moroccan banks applying free charge transfers up to 31 December 2009.<sup>220</sup> Protection measures were also introduced by the Moroccan government. They include intensifying of diplomatic efforts to resolve problems caused by the loss of employment and residence; strengthening of social services in embassies; and appointing committees in consular missions and embassies to monitor the situations in destination countries.<sup>221</sup>

New labour migration policies formulated independently from the crisis can now prove of great use in facing up to the consequences of the economic downturn. This is the case of Sri Lanka, where the policy-making process had started a good two years before the third quarter of 2008. It culminated in April 2009, at the height of the global crisis, with the adoption of the policy by the Council of Ministers. Sri Lanka has not had to pay a heavy cost for the crisis in terms of labour migration so far. However, the new inclusive policy jointly formulated by all stakeholders envisages measures and procedures that allow it to devise remedial action if the need arises. This is all the more so since the policy encompasses the three major areas of governance of the migration process, protection and empowerment of migrant workers and their families, and linking migration and

<sup>217</sup> F. Najibullah, *op. cit.*

<sup>218</sup> Institute Royal des Etudes Strategiques, *Le Maroc face à la crise financière et économique mondiale: Enjeux et orientations de politiques publiques* (2009).

<sup>219</sup> *Ibid.*

<sup>220</sup> Cherkaoui, et al., *op. cit.*

<sup>221</sup> *Ibid.*

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development processes. Exploration of alternative labour markets can be attempted under the first policy area, protection of migrant workers under the second and reinsertion of returnees under the third.<sup>222</sup>

Simple reinsertion policies formulated before the crisis can also prove useful in countries facing return of their migrant workers. In 2007, Ecuador had started implementing a plan called *Welcome Home* in line with the *National Plan for Human Development and Migration*. With these initiatives and in coordination with other ministries and agencies at the national, regional and local level, authorities have sought to promote a number of facilities and measures that contribute to successful return such as an aid package for social reintegration. Recent steps taken by Ecuador include an agreement with a university in Madrid to launch a training programme for Ecuadorian nationals returning to jobs in the agricultural sector where there is a clear shortage of labour.<sup>223</sup>

Agreements between social partners for the protection of migrant workers and their exercise of the right to freedom of association can also serve as frameworks for the formulation of appropriate policy measures in crisis situations. Examples are the agreements signed by Sri Lankan trade unions with their counterparts in Bahrain, Jordan, and Kuwait, with support from the ILO, in May 2009.<sup>224</sup>

<sup>222</sup> Ministry for Foreign Employment Promotion and Welfare, Sri Lanka, National labour migration policy for Sri Lanka (Colombo, 2008), <http://www.ilo.org/public/english/region/asro/colombo/downloads/pdf/migrationpolicyenglish.pdf>. The policy seeks to articulate a long-term vision of labour migration in the context of the 10-year development plan 2006-2016. It was produced through an extensive consultative process among the government and employer's, workers' and civil society organizations plus. The ILO accompanied and supported the process, which benefited from the principles and guidelines of the ILO Multilateral Framework on Labour Migration.

<sup>223</sup> El portal del migrante, Official Website of the Secretariat of Migration in Ecuador. Formación y emprendimiento para ecuatorianos que regresan a realizar actividades agrícolas (29 April 2009). [http://www.migranteecuatoriano.gov.ec/component/option,com\\_frontpage/Itemid,35/](http://www.migranteecuatoriano.gov.ec/component/option,com_frontpage/Itemid,35/)

<sup>224</sup> Daily news, "Protection of migrant workers' rights: Trade union agreements signed" (11 May 2009), <http://www.dailynews.lk/2009/05/11/bus20.asp>.





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## 8. Conclusions and suggested policy measures

In the first few months following the onset of the global financial and economic crisis in the third quarter of 2008, some observers assumed a pessimistic scenario of massive returns of migrant workers to their countries of origin. They also articulated justified fears about worsening conditions of work and living for migrant workers and their families, and rising xenophobia against them. At the same time a number of researchers had made the contrasting point that there would not be massive returns unless conditions became very severe.

Given that about 14 months have now elapsed since the onset of the crisis, a more considered assessment of its impact is possible. This paper has attempted to do so by reviewing the experiences of a number of countries. The selection of countries was guided by the level of impact of the crisis on labour migration, the extent of related policy interventions, and the availability of information.

The paper assumes that the consequences of the crisis on migrant workers depend on its impact on economies of destination in general as well as on specific sectors of activity. In the body of the paper, a number of propositions were made as to subsidiary factors that interacted with the major factors.

The picture that emerges from the review is one of differentiated impact of the crisis on migrant workers. As expected, consequences of the crisis on migrant workers have been harshest in the countries most severely affected by the crisis. In countries where construction had been the engine of growth in recent years such as Spain and the United States, migrant workers employed in this sector were the first to pay the price in terms of loss of employment. Workers in other sectors followed. But in other countries, in East and South-East Asia, the engine of growth had been manufacturing, with migrant workers contributing to its expansion. With the crisis, it is mainly the migrant workers in this sector who have been the victims of reduced employment. With the contraction of trade in manufactured goods, migrant workers in the shipping have been affected.

Besides the differential impact across countries, there are differences in the impact between economic sectors within countries. Depending on countries, some sectors with high concentrations of migrant workers – construction, manufacturing, services, and hotels and restaurants – have been seriously affected by the crisis with migrant workers experiencing the major shocks. But some other sectors with an equally high concentration of migrant workers have maintained, or even expanded, their levels of employment. Foreign workers stand to mostly benefit from this, although some crisis-affected native workers would possibly be seeking employment in these stable or growing sectors.

Faced with reduced overall demand for labour and rising unemployment among migrant workers, at consistently higher rates than natives, countries of destination have responded by encouraging voluntary return, tightening conditions for new admissions and stepping up efforts to address irregular migration. The crisis can also be seen as an opportunity for reformulation of policy. Voluntary return policies have not been very successful up to now. Two factors may explain the reserved reaction by migrant workers. First, regular migrants, covered by social security systems might lose their benefit entitlements if they left. Second the much poorer labour market opportunities in countries of origin compared to destination countries may act as a deterrent against return. This may partly explain why plans which allow migrants to fully cash the benefits due to them on return have not met with large success. In fact, the adverse labour market conditions in countries of origin may be seen as a factor that pushes workers towards migration, in regular or irregular situations, rather than pulling them back in. A contrasting argument exists, however. Because of the relatively high cost of migration, workers do not cross

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borders in the face of limited demand for labour in the country of destination. This was brought out by a survey carried out in Mexico; a finding which underscores the rationality of migration decisions. The cost of migration and the difficulty of re-entering the country of destination when economic performance improves may also explain the decision of workers not to return to their origin countries. It is too early to assess the effects of the other policy measures on the functioning of labour markets and on the regularity of migration status.

The available evidence indicates that the demand for migrant workers in some major regions of destination, such as the GCC countries, has not significantly diminished. This may be due to their healthy financial situations, in turn made possible by reserves accumulated in recent years because of high oil prices. Their solid public finances have allowed them to apply expansionary policies that fuel economic activity and preserve employment. Coupled with the segmentation of labour markets, this has resulted in job creation even in sectors that are severely hit globally, such as construction. However, lower levels of demand or of growth in demand for labour, coupled with lower to negative growth in remittances to some countries of origin, may be indicators of slowdown. Future evolution should be closely monitored.

No massive returns to countries of origin have been observed. In contrast to armed conflict or natural disaster situations, the effects of an economic crisis are not apparent at once. They unfold gradually and progressively. Additionally, and most importantly, economic activity in the afflicted country or area may not decline drastically. Demand for labour persists and native workers may not be available or may not want to take up the jobs carried out by migrant workers. Localized returns have been registered, however. Countries of origin have responded by devising or expanding policies on return migration and the reinsertion of returnees in national labour markets. They have explored new markets for their workers. Countries of origin have also focused on the protection of the rights of returnees and of their migrant workers remaining in countries of destination from discrimination and xenophobia.

Cases of abusive termination of employment have been reported. Manifestations of hostility and xenophobia have been registered. Some are particularly deplorable. Nevertheless, it is important to underline that this has not been the norm. Despite the downturn and competition for scarcer jobs, societies of destination have not turned against migrant workers. This may be considered a result of increased awareness of the important role of labour migration in their economies.

The impact on migrants' remittances to their families in countries of origin is one important consequence of the crisis. Rates of growth of remittances have declined, and in a few cases even their absolute volumes have contracted. A number of countries from Latin America, Sub-Saharan Africa, and especially Central Asia, have been seriously affected. Thus poverty reduction and the sustenance of economic activity and employment in these countries are at risk. International cooperation and the transfer of resources to these countries seem necessary on economic and social grounds. In some countries, such as Bangladesh and Pakistan, remittances have increased in the economic downturn, thereby partly confirming the theoretical proposition of the countercyclical functions of remittances.

Important developments have taken place in parallel with the crisis, even if not triggered by it. These include the elaboration of comprehensive labour migration policies and the conclusion of agreements between trade unions in countries of origin and destination for the protection and promotion of foreign worker rights. Sri Lanka is an example of the former. Again Sri Lanka and Bahrain, Jordan and Kuwait provide instances of the latter. These policies and agreements represent good frameworks for the elaboration

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of measures to counter the effects of economic downturns and other crises on migrant workers.

Despite the overall mitigated effects of the global crisis on migrant workers, the adoption of a number of policy measures is advisable for two reasons. First, a number of migrant workers and their countries have already been seriously affected. Second, the future may still harbour more adverse consequences, in the event of a prolongation of the crisis. In what follows, examples of these policy measures are put forth for consideration.

- a. Modified labour migration policies in countries of destination, on encouraging voluntary return and on new admissions need to take account of labour demand in specific sectors and occupations. This is to ensure that labour needs of enterprises are met in conditions of regularity. Ignoring sectoral and occupational demand may result in inducing irregular migration. The involvement of social partners in the definition of policy will greatly ensure its effectiveness.
- b. Economic stimulus packages put in place by countries of destination should equally and without discrimination benefit regular migrant workers. This would ensure the most efficient operation of labour markets and the best utilization of available labour. It would also alleviate pressures on social security systems.
- c. Countries of destination should pay particular attention to the integration of migrant workers and their families. The workplace is the most effective integration mechanism. In absence of work, the unemployed migrant workers may find themselves totally excluded leading to erosion of social cohesion. Special concerted action may be necessary to ensure this.
- d. Hostility towards migrant workers and xenophobia undermine social cohesion and stability. Destination countries, their governments, social partners and civil society organizations should step up their efforts to combat them.
- e. The application of labour laws to migrant workers should be closely monitored so as to ensure that legal conditions of work are respected and rights to the fruits of work already undertaken are protected. At all times, labour laws and labour migration policies should incorporate provisions of international labour standards ratified by the concerned countries. If standards have not been ratified, their principles may be drawn upon to guide policies.
- f. In efforts to curb irregular migration, the human rights provided for in instruments of international human rights law should be strictly observed. This should apply to civil as well as to economic, social and cultural rights.
- g. The crisis has brought out the importance of creating decent work where people live. Countries of origin should therefore put in place effective policies for the reinsertion of returning migrant workers in their labour markets. Active labour market and employment policies should be used to this end. Social dialogue will be particularly relevant and useful in this respect.
- h. Countries of origin should step up and expand their support to the protection of their migrant workers in the countries of destination.
- i. The crisis may be an opportunity to improve labour migration policy. The new policy should envisage procedures for the elaboration of special measures to be adopted in times of crises. International cooperation, including with countries of destination, should be a major pillar among these procedures. The involvement of social partners will increase the effectiveness of policy.

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- j. In formulating improved labour migration policies that can respond to the crisis or capitalize on the opportunities ushered by it, countries of origin and destination may benefit from the guidance of relevant international labour standards. The ILO Convention on Migration for Employment (Revised), 1949 (No. 97) and the ILO Convention on Migrant Workers (Supplementary provisions), 1975 (No. 143) are of particular importance for both those States that have ratified them and those that have not yet. The ILO Multilateral Framework on Labour Migration sets forth principles and provides guidelines that can be of great value in the formulation of policies.
  - k. Financial resources should be transferred to countries whose economies and standards of living have been especially hit by the drop in workers' remittances. Stimulus packages put in place by industrialized destination countries and programmes to be drawn up by international financial institutions should allocate resources to this end.
  - l. Countries of origin still wishing to promote labour migration should monitor the evolution of external demand for labour in years to come. This is to formulate and implement appropriate human resources development policies. It is highly unlikely that some patterns of demand for migrant labour will persist. Demand for labour in a non-tradable sector such as construction cannot return to the pre-crisis levels. In contrast, demand for labour in manufacturing can go back to its levels before the crisis. Demand may grow in unprecedented rates in other sectors, industries and occupations. Demand to fill green jobs may be a case in point. In other words, countries of origin should take account of the changed structure of demand for migrant labour, which should depend on new growth patterns in countries of destination. Therefore, countries of origin should follow closely policies put in place by countries of destination to overcome the crisis situation.
  - m. In formulating education and training policies adapted to the new pattern of demand for migrant labour, countries of origin should ensure that sufficient skills are also available for their own development. Otherwise, the migration of highly skilled labour may be a drain on their development efforts.

Migrant workers have participated in promoting economic growth and prosperity and the creation of wealth in countries of destination. They have contributed to poverty reduction and development in their countries of origin. With the crisis however, some have expressed reservations on their role in the national and global economies. But the vast majority of stakeholders recognize their valuable role. It is therefore important to adopt appropriate policy measures to reinforce the protection and recognition of the crucial role of migrant workers so that their contributions to both countries of origin and destination could be maximised.

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