

IMPACT OF THE GLOBAL FINANCIAL CRISIS ON
INTERNATIONAL MIGRATION – ONE YEAR LATER

United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

A. INTRODUCTION

Migration has influenced several Asian societies and economies. Many Asian countries are mainly countries of emigration, where remittances have become an important economic factor and contributed to poverty reduction. Countries in South-Eastern Asia have recently changed from countries of net emigration to countries of net immigration. The countries of Eastern Asia with their ageing populations and low fertility are increasingly becoming destination countries for labour migrants. Migration within the Asian region itself is on the rise but concerns have been raised that the global financial crisis could influence this trend and weaken the potential of international migration for poverty reduction.¹

1. Migration patterns from and within the Asian region

The Asia-Pacific region hosts three large migration hubs. The majority of labour migrants from Asia and the Pacific, especially migrants from Southern Asia, migrate to the oil-rich countries of the Gulf Cooperation Council (GCC).² The other two important hubs for labour migrants are the more affluent economies of Eastern Asia, namely China, Hong Kong SAR, China, Japan and the Republic of Korea and South-Eastern Asia, especially with Brunei Darussalam, Malaysia and Singapore. In 2005-2006 an estimated 65 per cent to 70 per cent of Asia's labour migrants migrated to seek work in Western Asia, while about 10 per cent to 15 per cent migrated to South-Eastern Asia and Eastern Asia.³ Table 1 shows the main destination countries for key countries of emigration in Asia.

TABLE 1
MIGRATION PATTERNS OF KEY COUNTRIES OF ORIGIN OF LABOUR MIGRANTS IN ASIA

| <i>Country of origin</i> | <i>Main country of destination (average in recent years)</i> | <i>Percentage of female migrants</i> |
|--------------------------|---|--------------------------------------|
| Bangladesh | Saudi Arabia and United Arab Emirates: 25 to 35 per cent Malaysia: 15 to 25 per cent | 10-20 |
| India | United Arab Emirates: more than 35 per cent Saudi Arabia: 25 to 35 per cent | |
| Indonesia | Saudi Arabia: more than 35 per cent Malaysia: 25 to 35 per cent | > 75 |
| Nepal | Malaysia: 35 to 50 per cent Qatar: 25 to 35 per cent Saudi Arabia: 15 to 25 per cent | 10 to 20 |
| Pakistan | Saudi Arabia: more than 50 per cent United Arab Emirates: 25 to 35 per cent | |
| Philippines | Saudi Arabia: 25 to 35 per cent China, Hong Kong SAR and United Arab Emirates: 10 to 15 per cent | 50 to 75 |
| Sri Lanka | Saudi Arabia: 25 to 35 per cent Kuwait, United Arab Emirates and Qatar: 15 to 25 per cent | 50 to 75 |

Source: ESCAP calculations based on country data.

2. *Assessment of the impact of the global economic crisis on migrants and countries of origin and destination*

a. *Impact of the current economic crisis on migrants to the GCC countries*

The crisis has affected the oil-exporting GCC countries to a lesser extent than other regions in the world. Although most GCC countries report declines in economic growth, this is mainly due to decreasing oil prices after soaring oil-prices in 2008. Most GCC countries have built financial reserves during times of high oil prices, which can now be used to continue infrastructure projects. Dubai is an exception: its construction sector is suffering from global liquidity shortages and over-estimation of demand in luxury property. The construction sector has contracted sharply, with media reporting 30 to 40 per cent of Dubai's current construction projects being suspended or postponed.⁴

To date, although many companies have not laid off workers in large numbers, many have sent their workers on extended and unpaid leave and thus save on separation costs at present and on future fees for hiring new migrant workers at a later point in time. The Government of the United Arab Emirates (UAE) has responded to this situation allowing any worker who has not been paid for more than two months to change jobs without a no-objection certificate. According to anecdotal reports, many migrant workers are shifting within the UAE, moving from Dubai to oil-rich Abu Dhabi, which is less affected by the crisis. Although most GCC countries are still seeking to increase native labour force participation rates, it is unlikely that many of them will be able to reverse their dependence on foreign workers.

b. *The impact of the current crisis on migrants in Eastern and South-Eastern Asia*

China, Hong Kong SAR, Japan and the Republic of Korea, which have become preferred destinations within Eastern Asia, have all been significantly affected by the global economic crisis. Especially Taiwan Province of China, with a large export-oriented manufacturing sector and increasing numbers of migrant workers, has been severely affected. In Taiwan Province of China, unemployment increased from 4.1 per cent in September 2008 to 5.8 per cent in May 2009.⁵

In Eastern Asia, many migrants occupy either low-skilled jobs in export-oriented industries or jobs in the health sector. While workers in export-oriented industries such as electronics and automobiles have already been affected by retrenchments, especially in China, Hong Kong SAR and Taiwan Province of China, the need for migrant labour in the health sector is expected to be largely unaffected.

Most Eastern and South-Eastern Asian destination countries are taking into account the demographic developments in their economy and have not announced any fundamental policy change to their migration policy. So far, only Malaysia announced plans to reduce the number of migrants in the country. However, experience from the 1997 crisis has shown that a more restrictive migration policy has not reduced the number of migrants actually staying in the country (Abubakar, 2002).

c. *Impact of the financial crisis in key Asian countries of emigration*

Countries such as Bangladesh and Nepal, sending a large number of migrants to Malaysia and UAE, are expected to be the most affected by return migration and fewer opportunities to emigrate. Most key countries of emigration have not yet reported high numbers of return migrants in the first quarter of 2009. To date, emigration is still continuing, including to the UAE, although at a slower pace. According to a presentation of the Consul-General of India to Dubai and the Northern Emirates at a seminar on the impact of the global

financial crisis on international migration from Southern and South-Eastern Asia, held in Thiruvananthapuram, India, from 21 to 22 July 2009, group recruitment has significantly slowed down. In response to this, several key sending countries have launched domestic employment programmes and seek to protect migrants in their countries of destination.

Bangladesh, as a large supplier of unskilled workers to Dubai and Malaysia is affected by the crisis because of the slowdown in exports in Dubai and Malaysia together with fewer opportunities to migrate when domestic jobs are lost. The Government of Bangladesh has recently reported that about 51,000 Bangladeshi workers who were expected to migrate to the GCC countries have stayed in the country and that in the first four months of 2009 almost 60 per cent of the number of all migrants who returned in 2008 had returned to Bangladesh. According to Bangladesh's country statement at the sixty-fifth Commission Meeting of ESCAP held in Bangkok, Thailand, from 23 to 29 May 2009 and a presentation at a policy dialogue on the impact of the global economic crisis on international migration held in Bangkok, Thailand, from 27 to 28 May 2009, remittances have been still high in 2008 but a decline in remittances is expected in 2009.

The Consulate of India in Dubai and the Northern Emirates estimates that between 50,000 and 150,000 migrants have returned from Dubai. It is believed that many workers have decided to remain in UAE despite having lost their jobs and are looking for other employment opportunities.

Prospects for migrants from the Philippines are mixed, given the variety of countries to which Filipino migrants migrate, the different sectors of the economy in which they work and the different skill levels they possess. Job opportunities in some sectors, such as health care, may even increase due to prospect of improving health services in GCC countries and increased demand due to an ageing population in Eastern Asia. Overall, the Government of the Philippines has not yet reported large numbers of return migrants, but is aware of the increased vulnerability some migrants may face and the country has launched a number of programmes to assist its migrants upon return or in the country of destination.

Sri Lanka has in the past sent a large number of domestic helpers to GCC countries. Recruitment agencies report reduced demand for migrant workers and anecdotal reports mention increased hardship for domestic workers. Sri Lanka expects to accommodate returning construction workers once it starts reconstruction projects in the Northern part of the country. According to a country presentation by Sri Lanka at a policy dialogue on the impact of the global economic crisis on international migration held in Bangkok, Thailand, from 27 to 28 May 2009, Sri Lanka has been aware that working conditions for domestic helpers had worsened due to the crisis, so it is planning on providing better training for migrant women to prepare them for a wider set of occupations.

d. The impact of the global financial crisis on female migrants

The impact of the global crisis depends largely on the sector and country of destination to which migrants move. While a large proportion of women from Indonesia and Sri Lanka migrate to Western Asia to work as domestic helpers, women from the Philippines also migrate to work in the health sectors and in the electronics industry in China, Hong Kong SAR, Japan, the Republic of Korea and Taiwan Province of China. With the electronics industry being among the most affected by the crisis,⁶ female migrant workers in Eastern Asia who often work in this industry, may be largely affected by job losses.⁷

In GCC countries, women are expected to be less affected by job losses than men as they tend to work in more stable sectors, such as domestic work, care giving and healthcare. Nevertheless, some households may lay off at least one of their workers and therefore, the workload of the remaining domestic helpers is expected to increase. Since domestic work is

not covered by the labour code in GCC countries, the protection of domestic helpers has been an ongoing concern which has become even more pertinent during the financial crisis.

3. *Conclusions and recommendations*

Migration flows may decline temporarily but are likely to increase again after the crisis. Given the economic and demographic developments in the major countries of destination, the trend towards increased migration is likely to continue, especially as push factors for international migration continue to exist. This calls for regional solutions to mitigate the effects of the global economic crisis on migration and the migrants themselves.

The crisis has shown that migration is not an alternative to economic development but rather a temporary option which is worth to be harnessed but should not become an end in itself. The situation of migrant workers being laid off requires special attention because in many cases they may not be able to pay for their return ticket or repay debts originating from recruitment fees. Countries of destination may consider ways to assist migrant workers by subsidizing air tickets and extending the grace period for remaining in the country legally before finding a new job.

For sending countries, the crisis focuses attention on issues that have been on the agenda for some time, such as revising current practices of having to pay high fees to recruitment agencies for their services and improving migration governance in the future.

B. RECENT INITIATIVES TO STRENGTHEN THE EVIDENCE BASE ON INTERNATIONAL MIGRATION AND DEVELOPMENT

ESCAP has developed a database on international labour migration flows for key countries of emigration in Asia. The database includes data by country of destination and region and in some cases the data are disaggregated by sex and profession. ESCAP seeks to regularly update this database and make it accessible online.

In order to assess the impact of the global economic crisis on international migration in the Asia-Pacific region, ESCAP organized a Policy Dialogue on the Impact of the Global Financial Crisis on International Migration, which took place in Bangkok, Thailand, from 27 to 28 May 2009.⁸ The meeting brought together representatives from Governments of ESCAP member States involved in international migration and migration experts. The objectives of the meeting were to: (a) assess the impact of the current economic crisis on migration; (b) share information regarding the measures that countries have taken or have announced to address the impact of the crisis on migrants, and (c) discuss policy options to better manage international migration at a time of crisis. Representatives from the following nine ESCAP member States attended the Meeting: Bangladesh, China, India, Nepal, Pakistan, the Philippines, Russian Federation, Sri Lanka and Thailand.

ESCAP held the Asia-Pacific High-level Forum on ICPD at 15: Accelerating Progress towards the ICPD and Millennium Development Goals (MDGs) in Bangkok, Thailand, from 16 to 17 September 2008. During the meeting, ESCAP organized a roundtable on international migration and development. The roundtable intended to review linkages between international migration and development for countries of origin and destination and to suggest appropriate policies that incorporate international migration in development strategies. The outcome document made the following suggestions for future work in the area of international migration: (a) integrate matters relating to international migration into national development strategies, addressing social dimensions and specific issues related to gender; (b) establish and strengthen systems to collect, analyze and disseminate comprehensive sex disaggregated data on international migration and ensure that this data are

used as the basis for policy formulation and planning process; (c) intensify partnerships through multilateral dialogue for addressing international migration, with respect of human and labour rights, and (d) adopt and implement appropriate policies and programmes between countries of origin and destination to protect and provide legal and social services to migrant workers and their families, including sexual and reproductive health and rights.

C. CURRENT AND PLANNED ACTIVITIES IN THE AREA OF INTERNATIONAL MIGRATION AND DEVELOPMENT

ESCAP is participating in the United Nations Development Account Project on “Strengthening National Capacities to Deal with International Migration: Maximizing Development Benefits and Minimizing Negative Impact.” As one of the activities outlined, ESCAP will undertake a regional study on international migration challenges in the Asia-Pacific region focussing on: (a) existing institutional arrangements and national policies concerning immigration as well as emigrants and their links with their country or origin, and (b) key policy issues on international migration such as the gender and age distribution of migrants, the dynamics and the effects of remittances on both origin and destination countries, temporary labour migration including circular migration, highly-skilled migration, the role of transnational communities in fostering development, the adherence of countries to international instruments on human rights, and cooperation and coordination mechanisms. Given the large scope of the Asia-Pacific region with region-specific issues, ESCAP intends to undertake sub-regional studies focusing on the Pacific region and Southern Asia. For Eastern and South-Eastern Asia, existing recent studies such as the *Situation Report on International Migration in East- and South-East Asia* will feed into the planned regional report.

The Asia Thematic Working Group on International Migration including Human Trafficking, which is co-chaired by ESCAP and IOM, intends to further improve information on migration and development. One of the planned activities is to publish a similar situation report for the South Asian region. ESCAP is contributing to the project Migration Information Systems in Asia (MISA)⁹ and seeks to strengthen the project by serving on its advisory board.

NOTES

¹ For data used in this paper, see also http://www.globalmigrationgroup.org/pdf/ESCAP_FactSheet_Rev_2010-05-20.pdf (accessed 27 July 2010).

² The following countries belong to the Gulf Cooperation Council: Bahrain, Kuwait, Oman, Qatar, Saudi-Arabia and United Arab Emirates.

³ Data are taken from the ESCAP Labour Migration Database.

⁴ Economic Intelligence Unit (EIU) Country Reports: Kuwait, Qatar, Saudi Arabia, United Arab Emirates, July 2009.

⁵ Economist Intelligence Unit (EIU): Country Report Taiwan, July 2009.

⁶ ESCAP calculations based on data from CEIC Data Company Ltd.

⁷ For more information on the Forum on the Gendered Impact of the Economic Crisis on Asian Migrant Workers, held in Bangkok, Thailand, from 23 to 25 April 2009 where this topic was discussed, see http://www.unifem.org/news_events/story_detail.php?StoryID=871 (accessed 29 July 2010).

⁸ For the report of the meeting, see <http://www.unescap.org/esid/Meetings/Migration09/> (accessed 29 July 2010).

⁹More information about MISA can be accessed at <http://www.smc.org.ph/misa/> (accessed 29 July 2010).

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