

*International Labour Organization (ILO)*

A. MAIN FINDINGS AND POLICY SUGGESTIONS OF AN ILO RESEARCH PAPER

In the first 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 feared worsening work and living conditions for migrant workers and their families, and rising xenophobia directed at them. At the same time, a number of researchers pointed out that there would not be massive returns of migrants unless conditions would worsen.

Fourteen months have passed since the onset of the crisis and a more balanced assessment of the impact of the crisis is possible. A research paper published by the International Labour Organization (ILO) has reviewed the experiences regarding the impacts of the crisis on labour migration for a number of countries. The selection of countries was guided by the level of impact of the crisis on 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.

The picture that emerges from the paper 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 of America, migrant workers employed in this sector were the first to lose their jobs. 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 contraction of trade in manufactured goods, migrant workers in the shipping industry have also 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 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 borders when there is 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 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 Gulf Cooperation Council (GCC) countries, has not significantly diminished. This may be due to their still positive 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 a slowdown.

No massive returns of migrants to countries of origin have been observed. In contrast to armed conflict or natural disasters, 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 directed at migrants and their families have been registered, some of which violent. 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 that labour migration can contribute to economic growth.

The flow of remittances has been affected by the crisis. Rates of growth of remittances have declined, and in a few cases even their absolute volumes have contracted. A number of countries in Latin America, sub-Saharan Africa, and especially Central Asia, have been 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. Bahrain and Jordan, Kuwait and Sri Lanka provide instances of the latter. These policies and

agreements represent frameworks for the elaboration of measures to counter the effects of economic downturns and other crises on migrant workers.

## B. PROPOSED POLICY MEASURES

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 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.

One might want to consider modified labour migration policies in countries of destination, on encouraging voluntary return and on new admissions needed 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 defining such policy will ensure its effectiveness.

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.

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 excluded leading to erosion of social cohesion. Special concerted action may be necessary to ensure this.

Hostility towards migrant workers and xenophobia undermine social cohesion and stability. Governments, social partners and civil society organizations in destination countries should step up their efforts to combat them.

The application of labour laws to migrant workers should be closely monitored so as to ensure that legal conditions of work, including timely and full payment, are respected. At all times, labour laws and labour migration policies should incorporate provisions of international labour standards ratified by concerned countries. If standards have not been ratified, their principles may be drawn upon to guide policies. Countries of origin should also step up and expand their support protecting migrant workers in countries of destination.

In efforts to curb irregular migration, international human rights law should be strictly observed. This should apply to civil as well as to economic, social and cultural rights.

Further, 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.

The crisis might also be viewed as an opportunity to improve labour migration policies. The new policies 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 an important pillar among these procedures. The involvement of social partners would increase the effectiveness of these policies.

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 might 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 done so yet. The ILO Multilateral Framework on Labour Migration sets forth principles and provides guidelines that can be of value in the formulation of policies.

Financial resources should be transferred to countries whose economies and standards of living have been especially hit by the decline 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.

Countries of origin 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 at 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.

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 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 countries of origin. With the crisis, however, some countries have expressed reservations on the roles of migrants in the national and global economies. But the majority of stakeholders recognize the valuable role of migrants. 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 maximized.