

Fact-Sheet on the Economic Crisis and Migrant Workers: Regional Differences

A. Introduction

The global economic crisis has affected all regions of the world. Forecasts for 2009 predict a fall in global GDP growth to negative 1.3 per cent. This drop in economic activity has serious implications for employment; in the worse-case scenario job losses could reach as high as 59 million. Migrant workers are likely to confront unemployment, rising precarious work conditions, and fewer overseas employment opportunities. Regional differences in the impact of crisis have resulted in a differential impact on labour migration.

B. Regional Differences in the Impact of the Crisis

The depth and extent of the crisis varies across regions, with some regions better insulated from the global downturn than others. The differential impact of the crisis in the different regions means that the impact on migrant workers will vary between regions. The level of impact depends upon migrants' sector of employment. This may vary within regions as well, since migrants' sectors of employment may differ across countries.

Economic growth in Central & South Eastern Europe & the Commonwealth of Independent States (CIS) and the Developed Economies & the European Union is projected to decrease by a greater percentage than in other regions to negative 5 per cent and negative 3.6 per cent, respectively. The unemployment rates in these two regions are estimated to reach 10.5 per cent and 7.8 per cent, respectively, in 2009.

In the Developed Economies & the European Union, unemployment is significant in destination countries where the crisis started earlier, such as the United States, the United Kingdom, Spain, and Ireland. In a number of countries in the region, construction, manufacturing, and hotels and restaurants,

sectors with a high concentration of migrants, registered the largest drops in employment. In the United States, Spain, and Ireland, construction was especially hard hit.

In Central & South Eastern Europe & the CIS, the impact of the crisis may be severe as labour migration is significant from Kyrgyzstan, Moldova, Tajikistan, Ukraine, and Uzbekistan. Workers from the three Central Asian countries are employed mainly in the Russian Federation and Kazakhstan, while migrants from Moldova and Ukraine work in the Russian Federation. Job losses in the Russian Federation have resulted in many returns to origin countries.

The Middle East, North Africa and Sub-Saharan Africa are expected to register slower, but still positive growth rates. Unemployment rates in these three regions are estimated at 9.3 per cent, 10.9 per cent, and 8.4 per cent, respectively, in 2009.

In Sub-Saharan Africa, labour migration is mainly intra-regional, with Côte d'Ivoire and South Africa as major countries of destination. The region is relatively sheltered from the worst effects of the global crisis because of its limited linkages to the global financial system. This may only hold true in the short-run, however. A drop in commodity and energy markets would greatly impact employment and growth in the region.

Countries in the Middle East and North Africa region are both destination and origin countries. Large financial reserves in the Gulf region and the relative isolation from the global financial system of a number of Arab countries have protected economies in the region from the worst impacts of the crisis. Forecasts predict that the crisis will likely be slower in affecting the region, and its effects less severe. However, job losses and return migration have been reported in particular in Dubai. Migrant workers, employed mainly in the textile industry, have also lost jobs in the Qualified Industrial Zones in

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Jordan, which are dependent upon exports to the United States.

Growth in Latin America and the Caribbean is also projected to register negatively, and the unemployment rate is forecasted to reach 9.2 per cent. As a major region of origin of net labour migration, Latin America and the Caribbean witnessed a sharp decline in remittances, especially in Mexico and Ecuador, where labour migration flows are mainly directed towards the United States as well as Spain. While there are no indications of mass returns, outflows have slowed in response to rising unemployment in destination countries. The outflow from Mexico, for example, decreased by 20 per cent from February 2008 to February 2009.

East Asia and South Asia are expected to perform the best, with more than 4 per cent growth. Yet, this represents a major slowdown in comparison to economic performance in past years. Major origin countries in the region, such as the Philippines and Sri Lanka, have expressed fears of returns and shrinking overseas employment opportunities. While no massive returns have been reported, the impact on migrants depends upon the destination country. In South East Asia, manufacturing, which is an important source of employment for migrant workers, has been especially hard hit.

C. Challenges

It is clear that the global economic crisis has had a negative impact on migrant workers' employment and migration opportunities. Yet, the absence of data on the volume of migrant workers and the numbers of those who have lost jobs presents a challenge in understanding fully the impact of the crisis. Little information also exists regarding the employment conditions of migrant workers, who may be willing to take precarious work conditions and pay cuts rather than face unemployment. These information

gaps make it more difficult to craft effective and responsive policies.

E. Conclusions and Policy Suggestions

Regional differences in the impact of the crisis indicate the necessity of adopting measures that specifically address the regional and national context. Bolstering social protection measures and implementing immigration regulations responsive to labour market needs would benefit both destination and origin countries in all regions. Effective reinsertion policies for returning migrants would assist individuals to re-enter the labour market and reintegrate into the origin community. Social dialogue would be useful in this endeavor. Origin countries could expand their support services and advocacy for the protection of their nationals abroad. Destination countries may want to consider putting in place economic stimulus packages that equally benefit regular migrant workers to ensure efficient operation of labour markets and alleviate pressure on social security systems.

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