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**Ad-hoc expert meeting on Contribution of migrants to development:  
trade, investment and development linkages**  
Geneva, 29 July 2009

## **Contribution of migrants to development: trade, investment and development linkages**

**Note by the UNCTAD secretariat**

### *Executive summary*

This note reviews the motivations behind (a) international migration; (b) recent international migration trends and their impacts on development; (c) national experiences; and (d) various policies that countries have implemented to maximize the positive development impacts of international migration, particularly those aimed at strengthening diaspora networks and their capacity to deliver enhanced development benefits in both sending and receiving countries. Attention is also focussed on the impact of the financial and economic crisis on migrants and on migration's positive trade, investment and development impacts, including remittance flows to developing countries.

## Introduction

International migration flows continue to increase as globalization and the interdependence of nations deepen. This phenomenon has served to underscore the important nexus between international migration and development, prompting analysis on this nexus with a view towards improving international migration policies.

With its member states recognizing the importance of more effectively addressing international migration and development issues, the United Nations convened a High-Level Dialogue on International Migration and Development in September 2006.<sup>1</sup> The dialogue discussed the multidimensional aspects of international migration and development in order to identify appropriate ways and means to maximize its development benefits and minimize its negative impacts. Additionally, the dialogue focused on policy issues, including the challenge of achieving the internationally agreed development goals, including the Millennium Development Goals (MDGs). Subsequently, in 2008, the General Assembly at its sixty-third session considered appropriate follow-up to the 2006 High-level Dialogue on International Migration and Development and encouraged a more balanced approach to migration.<sup>2</sup> Resolution 63/225 adopted by the General Assembly in December 2008 calls upon all relevant bodies, agencies, funds and programmes of the United Nations system – and other relevant intergovernmental, regional and subregional organizations – to continue to address the issue of international migration and development with a view to integrating migration issues in a more coherent way within the context of the implementation of the internationally agreed development goals.

The Accra Accord, adopted in 2008 at UNCTAD XII, recognizes that “globalization and interdependence have resulted in increasing international migration flows. This phenomenon has served to underscore the important nexus between international migration and development. All migrants should be accorded the full protection of human rights and the full observance of labour laws applicable to them, including the principles and labour rights embodied in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.” The Accord also encourages countries “to take into consideration the development dimension of migration in the areas of global, regional and interregional cooperation with a view to facilitating dialogue and the exchange of information and experience, fostering coordination at the regional and national levels, building common understanding, promoting cooperation, contributing to capacity-building and strengthening partnership among countries of origin, transit and destination in order to take full advantage of the benefits and opportunities that migration brings to the global community.”

Further, member states requested that UNCTAD consider the contribution of migrants to development, including through research and analysis on “the potential benefits and opportunities of trade, investment and development links between countries of origin of migrants and their communities abroad” and on “the potential of migrants’ remittances to contribute to development, maximize benefits derived and minimize costs through policies such as expanding migrant’s access financial services”.<sup>3</sup>

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<sup>1</sup> United Nations (2006). International migration and development: Report of the Secretary-General (A/60/871).

<sup>2</sup> United Nations (2008). International migration and development: Report of the Secretary-General (A/63/265).

<sup>3</sup> UNCTAD (2008). Report of the United Nations Conference on Trade and Development on its twelfth session (TD/442).

Established in 2006, the Global Migration Group is an inter-agency group bringing together heads of agencies. It seeks to promote the wider application of all relevant international and regional instruments and norms relating to migration, and to encourage the adoption of more coherent, comprehensive and better coordinated approaches to the issue of international migration. The group is particularly concerned with improving the overall effectiveness of its members and other stakeholders in capitalizing upon the opportunities and responding to the challenges presented by international migration.

As an informal, voluntary, open, state-led initiative, the Global Forum on Migration and Development held its first meeting in Brussels from 9 to 11 July 2007, and its second meeting in Manila from 27 to 30 October 2008. The Government of Greece will host the third meeting of the Global Forum, to be held in Athens on 4 and 5 November 2009.

Responding to its mandate under the Accra Accord, this note prepared by the UNCTAD secretariat aims to support discussion among experts and policymakers by reviewing (a) the motivations behind international migration; (b) recent international migration trends and their impacts on development, including challenges associated with the current financial and economic crisis; (c) national experiences, including national efforts to maximize the development benefits of remittances; and (d) the range of policies that countries have implemented to maximize the positive development impacts of international migration, particularly those aimed at strengthening diaspora networks and their capacity to deliver enhanced development outcomes in both sending and receiving countries.

## Drivers of international migration

International migration is motivated by various reasons, including employment, humanitarian relief and family reunification.<sup>4,5</sup> Indeed, it is a push and pull process.<sup>6</sup> On the supply side, the main “push factors” include demographics and the lack of adequate employment opportunities at home. The “pull factors” include wage differences and associated labour productivity across markets, as well as perceived quality of life and a stream of income.

International migration is marked by distinct characteristics in terms of skill sets based on needs in countries of destination, gender and cultural and geographical ties. Both permanent and temporary migration occurs. However, available data point towards a trend that mobility patterns are becoming increasingly temporary rather than permanent. Organization for Economic Cooperation and Development (OECD) data suggest that temporary migrants (2.5 million in 2006) outnumber permanent migrants three to one. Data also indicate that between 20 and 50 per cent of migrants leave their destination country within five years, most within three years, and that migrants with particularly high or low skill levels are the

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<sup>4</sup> Refugees, which include individuals migrating for compelling political and sometimes environmental reasons, are another important class of migrants. Their migration is facilitated by receiving countries for humanitarian reasons in order to ensure their basic human rights or survival when living conditions in their home countries are untenable due to conditions including cultural exclusion, political strife, war, poverty, and environmental emergencies such as extreme drought and natural disasters, including due to desertification and climate change. In most cases, the migration of refugees is forced (i.e. forced migration), in contrast to the migration of economic migrants, which is most often voluntary, except in cases where extreme poverty motivates migration.

<sup>5</sup> Puri L (2008). Assuring development gains and poverty reduction from trade: the labour mobility and skills trade dimension. UNCTAD.

<sup>6</sup> UNCTAD (2003). Increasing the participation of developing countries through liberalization of market access in GATS mode 4 for movement of natural persons supplying services (TD/B/COM.1/EM.22/2).

most likely to leave. There is, however, no indication in this data as to what extent temporary migration is repetitive and circular.<sup>7</sup> Temporary migration plays a particularly important role in advancing economic growth and development of both sending and receiving countries whenever workers travel for business, employment, educational or cultural reasons.

Vastly increasing the mobility of capital and labour, the globalization process has resulted in increased labour demand for the production of goods and services throughout the world. It has improved individuals' access to information, substantially increased the affordability of telecommunications and international transportation, and reduced physical and administrative barriers to the movement of people. These developments have enhanced the ability of firms to meet labour requirements, and workers to secure employment opportunities, across national borders. In some cases, labour requirements are met through mode 4 services trade as intra-corporate transfers within transnational firms and as the movement of labour associated with services supply. But more broadly, outside of the services sector, labour requirements are met through workers migrating from lower- to higher-income countries – where wage premiums are greater – resulting in a growing class of economic migrants.<sup>8</sup> The latter include a wide range of migrants pre-employed in their home countries, from low- to higher-skill levels, seeking improved employment opportunities abroad, as well as potential workers without work seeking to escape unemployment in their home countries.

### ***Migrant stocks and flows: global and regional dimensions***

According to estimates from the United Nations Department of Economic and Social Affairs (DESA), over the past 50 years the number of the world's international migrants has more than doubled, increasing from about 75 million in 1960 to nearly 191 million in 2005.<sup>9</sup> The estimate of the world stock of migrants in 2009 is 200 million, accounting for some 3 per cent of world population. Economic migrants account for the vast majority of the world's migrant stock, over 85 per cent, while refugees account for less than 15 per cent. Regular migrants account for the vast majority of the world's migrants, with irregular migrants estimated to account for 10 to 15 per cent of global migrant stock or some 20 to 30 million migrants. Not included in these figures are migrants associated with forced internal migration; there were some 26 million internally displaced persons in 2007.

### ***Main migrant origins and destinations***

Since 1960, the global distribution of migrants has undergone fundamental changes. The concentration of international migrants in developed countries has increased significantly, from 43 per cent in 1960 to 63 per cent in 2005. At the same time, the number of countries hosting migrants has widened, with the number hosting more than 500,000 migrants increasing from 30 in 1960 to 64 in 2005. The global distribution of migrants is spread in approximate proportion to the relative capacities of the world's labour markets. In terms of receiving regions, Europe hosts the largest number of international migrants (64 million – 34 per cent), followed by Asia (53 million – 28 per cent), North America (44 million – 23 per cent), Africa (17 million – 9 per cent), Latin America and the Caribbean (7 million – 4

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<sup>7</sup> European Commission (2009). Report of Workshop on Circular Migration and Labour Matching, 26–27 March 2009. Brussels.

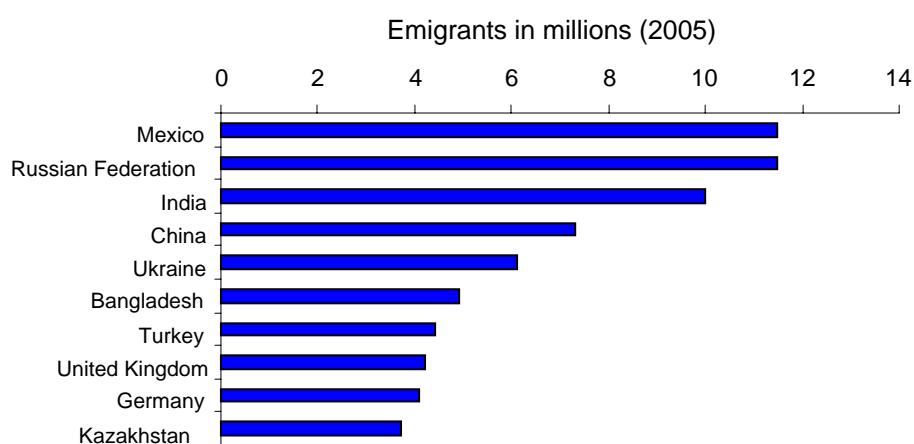
<sup>8</sup> This note focuses on temporary economic migrants, both regular and irregular. These include individuals whose stay in a receiving country is temporary and associated with their fulfilment of limited-term employment.

<sup>9</sup> United Nations, DESA (2006). World Migrant Stock: 2005 Revision Population Database (<http://esa.un.org/migration>).

per cent) and Oceania (5 million – 3 per cent). Relative to total population, the migrant population of Europe is 8.9 per cent, Asia is 1.4 per cent, North America is 13.5 per cent and Africa is 1.9 per cent. Latin America and the Caribbean is 1.2 per cent and Oceania is 15.2 per cent.

The geographical distribution of international migrants is heavily influenced by the relative openness and accessibility of receiving countries.<sup>10</sup> In decreasing order, the top 10 receiving countries are the United States, the Russian Federation, Germany, Ukraine, France, Saudi Arabia, Canada, India, the United Kingdom and Spain. However, as a share of population, the top 10 receiving countries are Qatar (78 per cent), United Arab Emirates (71 per cent), Kuwait (62 per cent), Singapore (43 per cent), Bahrain (41 per cent), Israel (40 per cent), Jordan (39 per cent), Brunei Darussalam (33 per cent), Saudi Arabia (26 per cent) and Oman (24 per cent). In regards to countries of migrants' origin, as shown in figure 1, the top 10 sending countries are Mexico, the Russian Federation, India, China, Ukraine, Bangladesh, Turkey, the United Kingdom, Germany and Kazakhstan. There are 5 developed countries among the top 20 sending countries, including the United Kingdom, Germany, Italy, Poland and the United States, demonstrating that developed countries are an important source of migrant workers, and that migration should not be narrowly viewed as a South-to-North phenomenon.

**Figure 1. Top migrant sending countries in 2005**



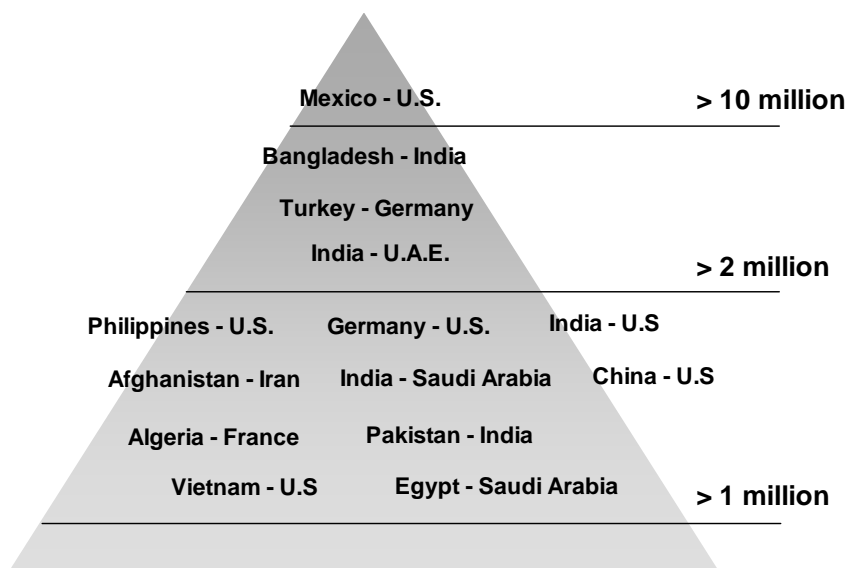
Source: World Bank (2008). Migration and Remittances Factbook.

### ***Migration corridors***

International migration corridors are defined as established migratory paths from a specified sending country to a specified receiving country. When ranked in terms of the number of migrants passing through them in any given year, international migration corridors provide an indication of the world's predominant migratory patterns, regionally and globally. The world's top international migration corridors are shown in figure 2.

<sup>10</sup> World Bank (2008). Migration and Remittances Factbook.

**Figure 2. Top international migration corridors: number of migrants in 2005**

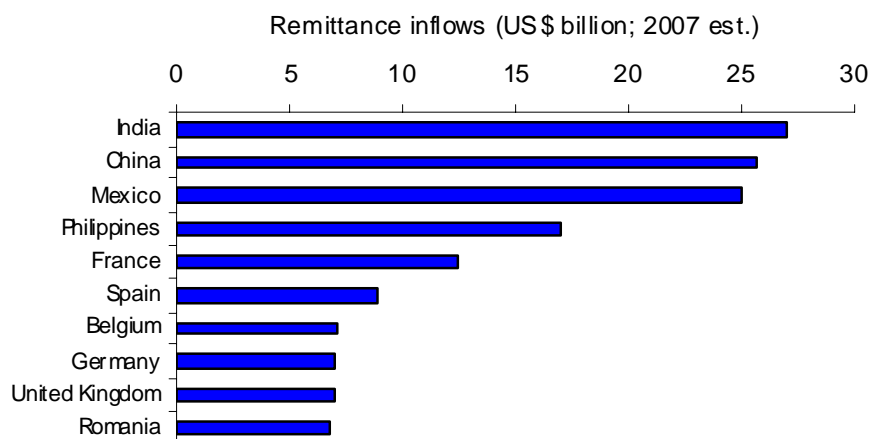


Source: World Bank (2008). Migration and Remittances Factbook (excludes corridors of the Former Soviet Union states).

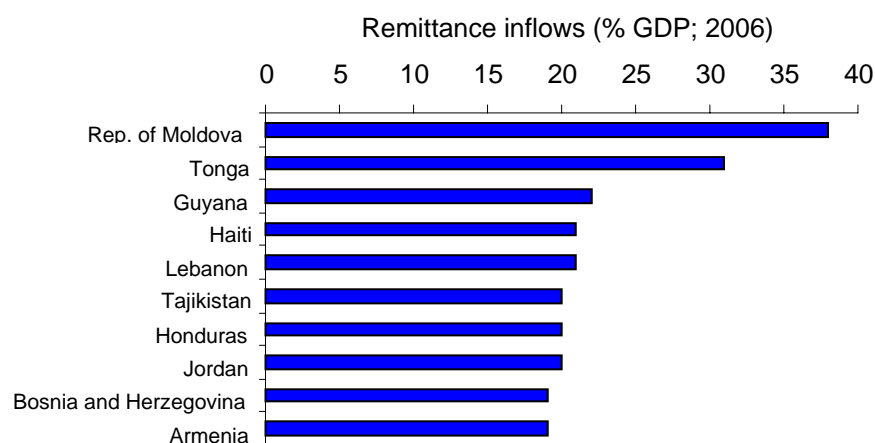
**Remittances**

The top 10 remittance-receiving countries are shown in figure 3. It is noteworthy that 5 of the top 10 remittance-receiving countries are developed countries, clearly illustrating significant participation of developed country migrants in labour mobility arrangements between countries. In figure 4, the top 10 remittance-receiving countries as a share of their national gross domestic product (GDP) are presented. It reveals the importance of remittance inflows in several developing countries and countries with economies in transition. For each of the countries in figure 4, remittances accounted for about 20 per cent or more of national GDP. Examination of a larger data set of the top 30 remittance-receiving countries as a share of their national GDP reveals that, for an additional set of 20 developing countries, remittances account for between 8 and 20 per cent of national GDP.

**Figure 3. Top remittance-receiving countries in 2007**



Source: World Bank (2008). Migration and Remittances Factbook.

**Figure 4. Remittances as a share of national GDP: top ranking countries in 2006**

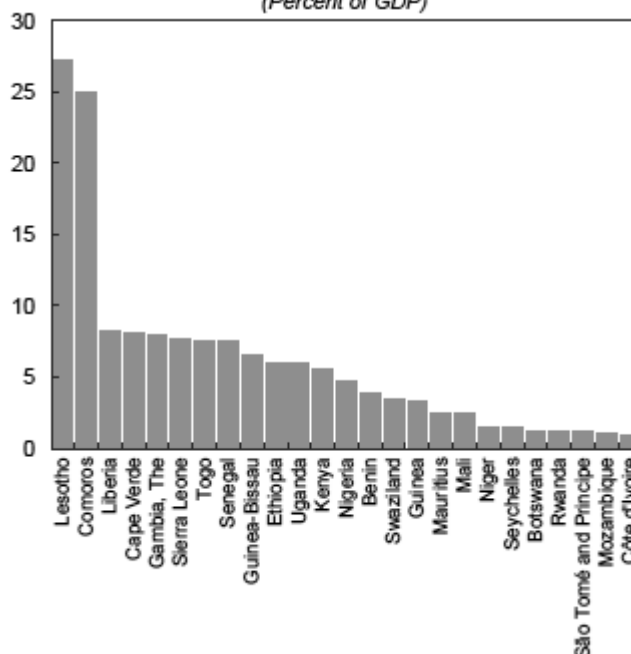
Source: World Bank (2008). Migration and Remittances Factbook.

Although remittance flows are generally seen to be more resilient to economic downturn than aid and investment flows, the crisis is likely to impact migrant movement and reduce remittance flows and its concomitant benefits. As the economic situation worsens, many services sector industries (e.g. tourism in Ireland, financial services in the United Kingdom, construction in the United States and Spain) have shed jobs with repercussions for migrant sending countries. In Mexico, for instance, remittance inflows from the United States decreased by 3.6 per cent in 2008 to \$25 billion, and an even larger fall is expected for 2009.

As capital flows are expected to decline even more sharply – by 40 to 50 per cent – in many poor countries remittance flows will become more important as a source of external financing. In many remittance-dependent countries, remittance declines are projected to be considerable. For countries in sub-Saharan Africa, for instance, where about 80 per cent of remittances originate in advanced countries, there is heightened vulnerability to an economic slowdown in developed country markets. The level of income in receiving developed countries is a significant driver of remittances in sub-Saharan Africa: a 1 percentage point decline in growth in migrant receiving countries leads to a 4 per cent decline in remittances in migrant-sending countries. Due to their strong reliance on remittances for external financing, some sub-Saharan African countries could be more exposed than others. As shown in figure 5, in Comoros and Lesotho, for example, remittances account for more than 20 per cent of GDP, and in 10 other sub-Saharan African countries they account for more than 5 per cent.<sup>11</sup>

<sup>11</sup> IMF (2009). Regional Economic Outlook: Sub-Saharan Africa.

**Figure 5. Sub-Saharan Africa: top 25 recipients of remittances in 2008**  
(Percent of GDP)



Source: International Monetary Fund (IMF) (2009). Regional Economic Outlook: Sub-Saharan Africa.

### ***FDI, migration and outsourcing***

Foreign direct investment (FDI) can help reduce migration pressure through the development benefits it generates by enhancing economic growth and supporting employment creation. Through the tangible and intangible assets it brings to host countries, FDI can offer alternatives to labour movement. Related are important non-equity links between transnational corporation and local enterprises, e.g. subcontracting arrangements, which can help dampen migration by providing additional employment opportunities in the local economy. Also of importance is the less tangible effect that increased FDI inflows, economic growth and employment can result in a greater sense of economic opportunity and hope among the population, thus reducing the desire of people to migrate.

While FDI has helped reduce migration pressure in the majority of middle- and upper-income developing countries and countries with economies in transition, a threshold level of domestic development is usually required for countries to benefit fully from the potential for economic growth, opportunities-enhancement and reduced migration pressure that FDI can provide. Many developing countries that have made progress in entering the global outsourcing market by providing low-cost information and communication technology (ICT)-enabled services in areas such as customer service and back-office processing, have attracted related FDI that has contributed in part to reducing migration pressures by expanding domestic opportunities for employment, including for higher-skill professionals.

### ***South–South migration***

One observation that emerges from analysis of the geographical distribution of international migrants and major international migration corridors is that South–South migration represents an important share of total world migration and that it is accelerating, particularly as the economies of many developing countries are growing rapidly and significant wage differentials have developed between neighbouring developing countries



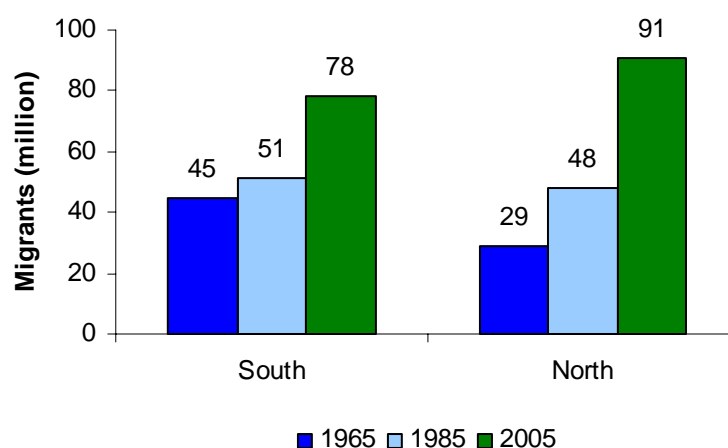
and among those in the same region. Geographic proximity and cultural links such as common language are key factors influencing migrants' choices towards South–South migration.

Figure 6 shows the distribution of the world's international migrants in the North and South. It reveals that, in 2005, at 78 million, the number of international migrants in developing countries (South) was comparable to the 91 million in developed countries (North). And the majority of international migrants in the South were from other developing countries. The World Bank has estimated that in 2007, about 74 million, or nearly half, of the migrants from developing countries reside in other developing countries, making South–South migration nearly as large as South–North migration.<sup>12</sup> Almost 80 per cent of South–South migration is estimated to take place between adjacent countries, and in some cases, even where wage differentials are relatively small. Estimates of South–South remittances range from 10 to 29 per cent of developing countries' remittance receipts in 2005.

### *Gender, age and skill level of migrants*

In terms of age and gender, females account for 50 per cent of the world's migrants. Most women migrants are engaged in temporary labour migration in the Middle East, East Asia and South-east Asia. While many women accompany or join family members, increasing numbers of female migrants migrate on their own as principal wage earners for themselves. Their families are sometimes able to accompany them but generally remain in their home countries. Cooperative mechanisms to favour family reunification, return migration, etc. thus have an important role to play in ensuring quality care of migrants' children. Numerous studies indicate that among migrants, women tend to remit more of their income to their families than men do.

**Figure 6. Number of migrants in the North and South over time**



Source: Ratha D and Shaw W (2007). South–South Migration and Remittances, World Bank Working Paper 102.

<sup>12</sup> Ratha D and Shaw W (2007). South–South Migration and Remittances, World Bank Working Paper 102.

OECD data reported by its members provides information on the age distribution of migrants in its member states. Younger migrants, age 15–24, account for 11 per cent, and older migrants over the age of 65 account for 10 per cent of the migrant population in the OECD countries. The bulk of migrants, 79 per cent, are between the age of 25 and 65.

The global distribution of migrants by skill level is not accurately known, as international statistics do not provide a global breakdown of migration by skill level for all countries. To fill this gap, studies indicate that the dominant skill level of migrants varies among receiving regions and among sending countries. Further research could target surveys of foreign firms as a key source of statistics concerning demand for foreign skilled workers.

Although not generally disaggregated by sector and nationality, national data on highest level of educational attainment can be used as a proxy for job skill level performed by migrant workers. In OECD countries where such data are available, the shares of migrant workers with primary, secondary and tertiary educational attainment are 29, 45 and 26 per cent, respectively. However, caution must be used in such estimates as many migrants are employed in jobs below the actual qualification level. Advances in mutual recognition of qualifications between countries are needed to help migrants access employment options that are better matched to their qualifications.

## **The development benefits and challenges of international migration**

Migration produces different effects depending on the sector and countries' levels of development and skill endowment. UNCTAD's *Least Developed Countries Report 2007* emphasizes that the impact of international migration on least developed countries (LDCs) which already have a low skill endowment is likely to greatly affect their human capital stock.

Although not addressed in this publication, UNCTAD acknowledges that, besides the gains of migration articulated here, there are a number of challenges associated with migration. Related issues, all of which are discussed amply in the literature, include brain drain, cultural conflicts in receiving countries, human trafficking, economic exploitation of migrants, sending country dependency patterns, delayed growth, etc. For instance, some sectors are more susceptible to brain drain than others. The health services sector is often considered to be the most affected and the migration of skilled health workers appears to be the starkest and most persistent form of brain drain. Compounding the problem is the long gestation period for training health workers; in addition, there is a strong team component in health care work – doctors, nurses and other staff have complementary inputs and any loss in team members may have a considerable impact on the efficacy of health care service delivery. At the country level, small countries and LDCs are particularly vulnerable to brain drain in the short and medium term.

Developing countries have to continue to strengthen their base of human capital while also ensuring that their labour exports result in a net brain gain rather than a brain loss. International cooperation has an important role to play in creating win–win outcomes. While remittances bring many development gains to the home countries, they have to guard against over-reliance on these flows as sources of finance, investment and foreign exchange earnings. Remittances and outbound migration, especially of skilled personnel, are not a substitute for endogenously powered domestic economic growth. By ensuring that migrant workers return home after acquiring new skills and knowledge in receiving countries, temporary migration schemes offer sending countries a viable opportunity to capture the brain gain benefits of migration.

### ***Remittances and development***

Representing one of the largest private sources of external finance for developing countries, remittances are the main transmitter of migration's development benefits to sending country economies. According to recent estimates by the World Bank,<sup>13</sup> recorded remittances to developing countries in 2008 were estimated to have reached \$305 billion, equivalent to nearly 2 per cent of aggregate developing country GDP, well over half of estimated FDI inflows (\$490 billion) and over twice as large as official development aid (\$119 billion) received by developing countries.<sup>14</sup> And as they flow directly to households widely distributed throughout the economy, remittances can have a much broader effect on home country economies than either FDI or official development assistance, where the base of recipients are limited and geographically concentrated.

In providing primarily for household livelihoods, remittances are spent on general consumption items in local communities that contribute to local economies by supporting small businesses. A fair share of these expenditures is directed to the construction of homes, health care and education, alongside savings in financial institutions, thereby generating employment in these critical services sectors. Moreover, in contributing to foreign exchange earnings, remittances can spur economic growth by improving sending countries' creditworthiness and expanding their access to international capital markets. Additionally, when they increase the consumption of imported goods they support an increase of GDP through multiplier effects and government revenues from import tariffs.

#### **Box 1. Reducing the cost of remittance transactions in the Philippines**

Since 2000, the Philippines has taken a number of actions to reduce remittance transaction costs for migrant workers and their families. The Philippines National Bank has teamed up with 7-Eleven and Citibank in Hong Kong, China to provide remittance services. A mobile phone-based remittance system allows remitters to transmit money by using their beneficiaries' mobile phones. This system has been employed by Smart Inc. and recently by Globe Telecoms. The Philippines' Overseas Workers Welfare Administration (OWWA) has partnered with Microsoft for an electronic remittance system called "One Follow Me" that uses wireless and desktop-based internet platforms. The remittance service allows an Overseas Filipino Worker (OFW) to send money from virtually anywhere in the world. This joint project between OWWA and Microsoft Philippines called Tulay, is supported by an awareness-raising programme where OFWs and their families and dependents receive training on basic computer applications including e-mail and web functionalities, increasing not just the financial but technological literacy of the migrants. Likewise in the Philippines, RuralNet, a cooperative venture of rural banks, has been established to provide interconnectivity between rural banks and other players in the formal remittance market. This is seen to potentially address the "unbanked problem".

<sup>13</sup> World Bank (2009). Migration and Development Brief, Vol. 9.

<sup>14</sup> Among other sources of foreign investment, inflows deriving from diaspora communities may be an important source of external finance in some developing countries.

The Philippines' Department of Finance has entered into bilateral negotiations with the United States Treasury Department with the intent of reducing remittance costs. The means by which cost reduction is to be achieved is through the granting of rights to local banks to form agreements with their counterparts in the United States, thereby enhancing access to the formal transfer systems and at the same time ensuring compliance with regulations concerning financial flows. A memorandum of understanding has been signed for this purpose. Bilateral agreements between the Philippines and Japan as well as Malaysia are also already in effect which aim to facilitate remittances from the two countries and to improve access to financial institutions.

*Sources:* Munzele Maimbo S and Ratha D (2005). Remittances, World Bank. Global Economic Prospects, 2006, World Bank.

### ***Skills transfer***

Temporary migration also provides development gains for sending countries by facilitating skill and technology transfer. Migrant workers returning to their home developing countries are important transmitters of modern know-how related to manufacturing, provision of services, management skills and knowledge of both external commercial networks and diaspora communities and how to access them. Referred to as "circular migration" when it is facilitated through private, government and/or international programmes, temporary migration provides sending countries with greater overall development gains than remittances alone.

### ***Receiving country benefits***

Although most research to date on economic and development aspects of international migration focuses on the benefits accrued by sending countries, there is ample evidence to demonstrate that receiving countries also enjoy substantial benefits.

Firstly, all of the economic benefits at the national level in sending countries contribute to benefits in the global economy, including the economies of receiving countries, as sending countries increase their participation in international trade of goods and services. International migration associated with the ICT services sector in India provides an example.<sup>15</sup> India's outsourcing services industry has benefited from the skills and business opportunities of its diaspora networks. Many Indian engineers, who moved to the United States in the 1960s, by the 1990s had become entrepreneurs, venture capitalists and senior executives in large and medium-size companies. Many of these professionals returned to India to either start their own companies, or facilitate the establishment of India as an outsourcing destination. This trend provided visibility to the Indian talent pool and resulted in the strengthening of the diaspora. However, a more recent trend has been a reverse outward investment by major Indian companies ICT and others to Europe and the United States. For instance, India's second-largest trading partner, the United Kingdom has seen increasing investment into London by Indian business, in particular the ICT sector. India is now the second-largest contributor of FDI projects to London and Indian FDI accounted for

<sup>15</sup> See: Think London (2006). India ranks as second largest source of FDI projects into London, Press Release of 6 December 2006; World Bank Institute, 2006, Diaspora Networks and the International Migration of Skills: How Countries Can Draw on Their Talent Abroad; India Brand Equity Foundation, 2006, Going Global India Inc. in the United Kingdom ([www.ibef.org](http://www.ibef.org)).

14 per cent of all FDI projects into London during 2006–2007. This new trend has been the result of a combination of business opportunity and trade relations and diaspora networks. It has resulted not just in a reverse flow of capital but also job creation.

Secondly, international migration responds to real labour needs in receiving countries, both developed and developing. In developed countries, migrant workers help fulfil unmet labour requirements in many lower-pay, low-skill jobs such as those associated with domestic and agricultural work. Many other jobs, particularly in the services sectors, require a large younger and energetic workforce. Due to demographic trends in many receiving countries, labour requirements in these sectors cannot be met by national workers alone, as the population of such workers continues to decrease over time.<sup>5</sup>

Thirdly, migrants bring new cultural resources to receiving countries that contribute to diversifying a host country's economic and cultural base. Migrants contribute to the scientific and technological development of host countries, as well as artistic skills in the performing arts. For example, Chinese immigrants to the United States and Europe included migrants skilled in traditional medicine practices, and in scientific research and development. Migrants bring language skills to receiving countries facilitating communications across linguistic borders for business and diplomatic purposes. In a commercial sense migrants contribute with their knowledge of home country markets as the case of Chinese, Mexican and Indian diaspora clearly shows, as well as contributions to receiving economies in terms of domestic consumption and payment of taxes.

### ***Impacts of the financial and economic crisis on international migration***

In view of the manifold benefits of international migration for both sending and receiving countries, there has been increasing concern over the impacts of the current financial and economic crisis on international migration. To the extent that the crisis reduces existing and prospective employment opportunities for economic migrants, benefits will be reduced.

### ***Stumbling growth***

Decreased spending, production and trade in developed countries has already reduced their (real) GDP growth rates in the fourth quarter of 2008 to negative levels, causing 2008 GDP growth to slip to 0.9 per cent from a level of 2.7 per cent recorded in 2007.<sup>16</sup> Projections by the IMF now point to negative growth of aggregate developed country GDP of -3.8 per cent for 2009. Already in 2008, developing countries have also seen their growth rates decline significantly from a level of 8.3 recorded in 2007 to 6.1 per cent in 2008. Their economies are expected to achieve aggregate growth of only 1.6 per cent in 2009. At the regional level, Africa's GDP growth is predicted to decline from 5.2 to 2 per cent, Latin America and the Caribbean from 4.2 to -1.5 per cent and Developing Asia from 7.7 to 4.8 per cent. Overall, world output in 2009 is projected to decline by 1.3 per cent, and this decline will have a direct impact on the employment of migrant workers.

### ***Falling employment***

With the widespread and deepening economic downturn, global unemployment is projected to rise from 5.7 per cent in 2007 and 5.9 per cent in 2008 to a level of between 6.5 to 7.4 per cent in 2009, according to the most recent ILO estimates.<sup>17</sup> The number of unemployed is expected to increase by between 30 million and 59 million workers compared to 2007 pre-crisis levels, from 180 million to between 210 million and 239 million. This increase is

<sup>16</sup> IMF (2009). World Economic Outlook.

<sup>17</sup> ILO (2009). Global Employment Trends Update, May 2009.

estimated to comprise between 11 million and 17 million in developed countries and between 19 million and 42 million in developing countries. The crisis has led many firms to shed jobs. More dramatically, the number of working poor living on less than a dollar a day could rise by some 40 million, and those at 2 dollars a day by more than 100 million. Meeting in June 2009, participants at the ninety-eighth session of the ILO considered the key role that employment plays in crisis recovery, emphasizing the utility of employment-oriented crisis responses.

The current crisis is expected to continue to be most pronounced in sectors employing a large number of migrant workers, such as financial, distribution, construction and tourism services. In developed countries, jobs in financial services, construction and automobile production have been cut back the furthest, thus the economic fallout of the current economic downturn on migrant workers and their remittances remains significant and negative, although impacts differ according to country, geographic region, skill level and employment sector. Already in June 2009 the United States unemployment rate had reached 9.5 per cent, and in the European Union (EU), it climbed to 9.2 per cent, reducing prospects for sustained employment for many migrant workers in these economies.

A recent study<sup>18</sup> finds that, in the United States, Ireland, and Spain, migrant workers were particularly affected in construction, which is the sector hardest hit by the crisis. Malaysia, Japan, and the Republic of Korea 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 brunt of the crisis, since their share of employment in construction and manufacturing is greater than that of 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.

Anecdotal evidence and preliminary data suggest that, among sectors, tourism and construction are acutely affected by the crisis. Figures recently released by the World Tourism Organization (UNWTO) show that international tourist arrivals flattened or exhibited negative growth in each of the last six months of 2008.<sup>19</sup> The slowdown, which was most marked in developed economies, is already spreading to major emerging markets such as Brazil, China and India. In line with these new figures, UNWTO now projects world tourism to decline by up to 2 per cent in 2009, with markets in the Americas and Europe showing the highest downturns. Regarding construction services, new home construction starts in developed country markets declined sharply in 2008. For example, in the United States and the United Kingdom, new housing starts fell by 33 and 37 per cent respectively in 2008.<sup>20</sup> Moreover, globally, the construction market is projected to shrink to \$5.6 trillion in 2009 and global construction spending will not hit its 2007 peak of \$5.8 trillion until 2011. Every region except Asia will see declines in construction spending. Asian growth will be 2.6 per cent, well below the double-digit increases seen in recent years as spending in China and India slows significantly. The impact of reduced activity in tourism and construction services, as well as other sectors more broadly, on migrant

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<sup>18</sup> Awad I (2009). The global economic crisis and migrant workers: Impact and response, ILO.

<sup>19</sup> UNWTO, Press Release, International Tourism Challenged by Deteriorating World Economy, 27 January 2009

<sup>20</sup> Based on data from United States Census Bureau and the United Kingdom Department for Communities and Local Government.

employment and remittances, must be carefully monitored so that emerging problems can be effectively addressed.

### ***Policy reactions to the crisis***

Some countries have begun taking measures to manage migration inflows. Some governments have introduced financial incentives to encourage migrant workers to return home. For example, in November 2008, Spain offered eligible unemployed migrants lump sum payments to return to their home countries and not to leave again within a period of three years, and Japan offered free one-way flights to recently laid-off Brazilian-national ethnic Japanese workers to return to Brazil. In the United Kingdom, government funds are being used to cover travel costs for the immigrants, mainly Polish, who have been unable to find work in Britain and have no access to benefits. Local authorities and charities are using government grants to fund one-way bus and air tickets, with one London council spending £100,000 on the scheme in 2008 alone. In the United States, the “American Recovery and Reinvestment Act of 2009” contains the Employ American Workers Act that limits the ability of companies that receive funds from the Troubled Assets Relief Program to hire new H1B workers (temporary migrant workers). Firms receiving such funds are required to advertise positions before petitioning to employ H1B workers and, inter alia, to show affirmative steps toward the recruitment of United States workers. Restrictions on new entries of foreign workers have been put into place in some East, South-east and Central Asian countries; in the Republic of Korea, restrictions on the issue of new visas to temporary migrant workers became effective in February 2009, and a freeze on the issue of work permits to foreign workers in the manufacturing and services sectors in Malaysia was introduced in January 2008.

### ***Smaller numbers of migrants as global economy stalls***

Another migration feature affecting some markets has been a fall in labour migration flows. For instance, figures published by the United Kingdom indicate a 45 per cent reduction in the number of migrant workers coming to the United Kingdom from Poland and other Central and Eastern European EU member states in the last quarter of 2008 as compared with the last quarter of 2007.

### ***Remittance flows declining***

Preliminary estimates of the World Bank suggest remittance flows to developing countries will fall from their record level of \$305 billion in 2008 by as much as 10 per cent in 2009.<sup>21</sup> According to these estimates, after sinking to a level as low as \$280 billion in 2009, developing country remittance inflows will return to a level over \$300 billion in 2010, when the global economy is projected to recover.

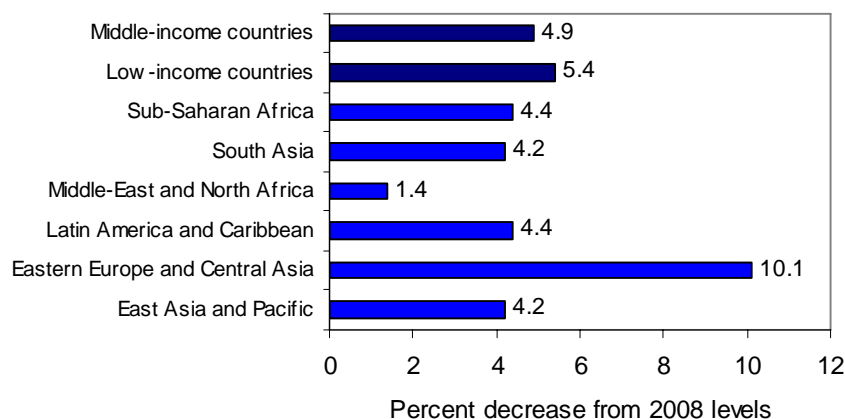
Shown in figure 7 are the projected declines in remittance inflows in 2009 in the different developing country regions. Across regions, declines in remittance inflows generally remain well under 10 per cent, with middle- and low-income countries being affected similarly. Developing countries and economies in transition in Eastern Europe and Central Asia will suffer the largest, and developing countries in the Middle East and North Africa the smallest, drop in remittance inflows this year. However, 2009 declines in remittance flows do not result from a declining number of migrant workers. Rather, as the World Bank notes, net migration flows are still positive, implying that the stock of migrants continues to increase, contributing to the relative stability of remittance flows during the crisis.

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<sup>21</sup> World Bank (2009). Migration and Development Brief, Vol. 9.

Global remittance flows may also decline in some cases in which migrants reduce their remittance transactions. A recent Pew Hispanic Center survey shows that remittances declined in 2008 for 7 in 10 Hispanic immigrants in the United States. For 83 per cent of those who sent less money, the reason was economic decline and uncertainty. A similar slowdown in remittances is seen in Kenya, where the Central Bank estimated a 38 per cent year-to-year drop in August 2008.

**Figure 7. Projected decline in regional remittance inflows in 2009 (in per cent)**



Source: World Bank.<sup>13</sup>

Although remittance inflows to developing countries should not suffer dramatic declines in 2009, decreases of FDI inflows are expected to be substantial,<sup>22</sup> magnifying the relative importance of remittance inflows to developing countries dependent on external financial resources. Moreover, FDI tends to be a key source of demand for foreign higher-skill workers in low-income countries, and for foreign lower-skill workers in high-income countries. This suggests that falling global FDI flows – particularly flows associated with services such as research and development, ICT, tourism and construction – will translate into a reduction in employment opportunities for both higher- and lower-skilled migrant workers.

## Diaspora networks

Diaspora is a word of Greek origin that means scattering or sowing of seeds. It is used to refer to people who leave their native lands to live in other parts of the world for employment, business or any other purpose. Migrants making up such movements form a diaspora community when they are substantial in number and/or collocated in one or more destinations. Diaspora networks refer to the establishment of channels of communication between a home country's diaspora communities, and between these communities and their home country.<sup>23</sup>

<sup>22</sup> UNCTAD (2009). Assessing the impact of the current financial and economic crisis on global FDI flows.

<sup>23</sup> Ionescu D (2006). Engaging Diasporas as Development Partners for Home and Destination Countries: Challenges for Policymakers, IOM; IOM (2005). Survey on Engaging Diasporas as Agents for Development.



### ***Migrant networks***

Diaspora networks can provide potential benefits and opportunities for trade, investment and development links between countries of origin of migrants and their communities abroad. For example, such networks are making it possible to generate demand for developing countries' exports produced by small and medium-sized enterprises (SMEs), thereby enhancing the participation of SMEs in trade activities. Diaspora networks can also help to reduce the costs and risks of migration for the migrants themselves, thereby leading more positive outcomes of migration. Moreover, they provide important channels for the transmission of skills, technology, know-how and information, while also serving to create new conduits for trade and investment.

Permanent migration is necessarily associated with a loss of human capital for sending countries. Temporary migration implies a transient loss that can be recovered, and more importantly strengthened, when these migrants return to their home country with skills acquired through work abroad. At the same time, migrants can contribute to the development of their home countries even while they remain abroad, not only by sending remittances home to their families, but also by providing other resources to their home country. The latter include investments, skills, technology, know-how and information on work, business and education opportunities. All of these resources can stimulate economic and social development and thus represent important complements to remittances, and both receiving and sending countries seek to encourage their transmission through diaspora networks.

Through focused networking, diaspora communities abroad can serve as foreign hubs for the collection and transmission of resources to their home countries. However, notwithstanding their potential, with the exception of the successful networks developed by India and China, relatively few developing countries have established strong links between their economies and their migrant communities in receiving countries, and between individuals within their migrant communities in receiving countries. As a result, many trade, investment and development benefits and opportunities associated with diaspora linkages continue to go unrealized.

This situation is quickly changing as governments become aware of the positive contributions diaspora networks can make to poverty reduction and development. For many governments, finding ways to locate, identify and engage their diaspora communities has now become a priority, not only for sending countries, but for receiving countries as well.

### ***Capturing diaspora benefits***

Many sending countries are reforming their institutional structures and policies to better capture the development gains from their diaspora communities. Embassies and consulates are being used to reach out to, inform and support diaspora communities, including with programmes aimed at facilitating expatriates sending remittances to their home countries, as well as programmes encouraging expatriates to make visits and/or permanent returns to their home countries. Sending country governments also work closely with host country governments and non-governmental organizations (NGOs) to promote cultural exchange. Governments with strong diaspora support facilities abroad include China, El Salvador, Ethiopia, India, Mexico, Morocco, Philippines and Tunisia, among others.

For some developing countries, such as China and India, in recent years, improving work and business opportunities alone have attracted their diaspora communities to return home, even in the absence of major policy incentives encouraging their return. In other countries, such as Bangladesh and Cambodia, there are signs that net emigration flows are also

decreasing as domestic economic opportunities improve.<sup>24</sup> This phenomenon highlights the paramount importance of attractive economic opportunities as a driver of diaspora returns have included not only first-generation migrants, but increasingly their foreign-born offspring. This latter trend reveals an important inter-generational aspect of diaspora networks that should to be integrated into policy framework development processes in order to maximize the benefits of the diaspora dynamic.

In **China**, growing economic attractiveness and political stability have attracted many members of its diaspora to invest in and in many cases to return home. In terms of investment, China's diaspora accounted for more than half of that country's inward investment during the 1990s, if Hong Kong (China), Macau (China) and Taiwan Province of China are included. In terms of repatriating migrant workers, the Government of China uses a wide range of activities and incentives, many of which are also being used by other governments, to attract citizens working abroad to return home. These include:

- Actively reaching out to Chinese abroad to encourage them to return home through the use of embassies and consulates that organize recruitment events, and setting up an institution "Office for Work on Overseas Study and Returnees";
- Providing financial incentives, such as financial support to overseas students and scholars who are returning, increased funding for universities to improve the quality of researchers and faculty;
- Increased investments in higher education and acknowledgement of the importance of strengthening the country through human talent;
- Easing the process of returning through the establishment of Overseas Study Service Centres to help returnees find jobs and help expatriates to invest in China or bring back technology;
- Improving the flow of information to allow for better dissemination of information on conditions in China and to provide a bridge between overseas scholars and domestic organizations;
- Allowing for short visits for diaspora professionals to engage in cooperative projects or to give lectures;
- Local governments using preferential policies tax breaks, subsidized housing, tax-free imports of automobiles and computers, schooling for children of returnees, jobs for spouses, and long-term residence permits;
- Local governments creating "parks for overseas scholars to establish businesses";
- Universities and government-funded research organizations actively recruiting returnees by offering leading positions in key research fields to scholars overseas.

Like China, **India** also has a comprehensive package of activities and incentives focussed on building stronger links with its diaspora communities, all of which are orchestrated by the new Ministry of Overseas Indian Affairs (MOIA), which was established in 2004. There are an estimated 25 million overseas Indians in 110 countries and MOIA works to engage them with India. Already receiving more remittances from migrant workers than any other country (\$27 billion in 2007), MOIA now seeks to encourage its diaspora to invest in long-term ventures, rather than just sending wire transfers and short-term remittances. Towards this objective, in 2008 the Government launched an Overseas Indian Facilitation Centre, a

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<sup>24</sup> ODI (2009). The Global Financial Crisis and Developing Countries, Preliminary Synthesis of Ten Draft Country Reports. ODI. London.

one-stop shop to help overseas Indians invest in India. Among other initiatives currently being pursued by MOIA are:

- Establishing an ICT-driven Diaspora Knowledge Network to tap India's diaspora knowledge resources and to give impetus to projects in the Public-Private Partnership mode;
- Establishing a single window for overseas Indian investments to serve as a single point contact and to provide a handholding facility for prospective overseas Indian investors;
- Operationalizing the electronic remittance facility for overseas Indians that will combine the virtues of economy, speed and convenience;
- Introducing scholarship programme for children of overseas Indians to study in India;
- Expanding the Know India programme to enable more of the diaspora youth to bond with and learn about India;
- Fully operationalizing a new Overseas Citizenship of India scheme.

Other developing countries have also embarked on developing their diaspora networks. For example, **Benin** developed a National Policy Plan for Beninese abroad, launched in 2001 and supported at the presidential level, which comprises a National Policy Declaration and establishes a new ministry in charge of relations with Beninese abroad, as well as a national agency of Beninese abroad. In 2002, Colombia unveiled a new programme – *Colombia Nos Une* – to facilitate contact and exchange between Colombian diaspora and Colombia. In **Mexico**, the Foreign Ministry launched the Institute for Mexicans Abroad in 1990 to strengthen the ties between these communities and Mexico and to support their development in areas such as health, education, sports, culture and community organization. **Ukraine** launched its “2010 Diaspora Programme” to raise awareness and improve collaboration with diasporas. And in **Mali**, facilities created by the Government to transfer funds and encourage returns have been identified as conducive to diasporas' increased involvement in national development.

In some countries, the diaspora communities themselves have established community centres and NGOs aimed at promoting contact and cohesion among members of their expatriate communities, and organizing collections among members for development projects in their home countries. Funds derived from these collections can make important investment contributions in the economic development their home country economies. Most of these funds are generated through hometown associations (HTAs) that allow immigrants from the same city or region to maintain ties with and materially support their places of origin.

Some home governments, such as **Mexico**, actively support HTA investments by providing matching funds. The “3x1” citizens' initiative or *Tres por Uno* programme of Mexico has its origin in a popular initiative by migrant groups who wanted to make improvements in their hometowns. Initially, state and local governments matched migrants' homeward investments (2x1), and since 1998 the federal Government has also provided matching funds (3x1). From 1992 to 2001, the programme carried out 400 projects, in which migrants invested \$5 million (out of total investment of \$15 million). In 2003 alone, however, the federal Government invested \$10 million in 898 projects, out of a total investment of \$40 million. In addition to the very numerous and active Mexican HTAs in the United States, HTAs of other national diaspora communities are active in the United States and other major migrant destinations such as Europe and parts of East Asia. Worldwide, the total number of HTAs has not been accurately compiled, however, available estimates indicate

the number of Mexican HTAs to be around 3,000, Filipino HTAs about 1,000, and Ghanaian HTAs around 500 in number.<sup>25</sup>

In the **Philippines**, the Commission for Filipino Overseas' (CFO) Link for Philippine Development (LINKAPIL) programme recommends projects, mobilizes donations from the Filipino diaspora, coordinates with government agencies and local partners for their implementation, and also monitors projects and submits progress reports. From 1990 to 2006, LINKAPIL is estimated to have facilitated more than 2,700 donations amounting to approximately \$50 million.

At the national level, sending country governments are recognizing the important contribution their diaspora can make to the financing of national infrastructure projects. In **Ethiopia**, the Ethiopian Electric Power Corporation (EEPCO) recently issued bonds targeting its diaspora to attract funds needed to build new electricity generating capacity for the nation. The government-guaranteed bond is issued for a minimum denomination of \$500, maturing in 5 to 10 years with interest rates of 4 to 5 per cent. The interest earned by diaspora is tax exempt. In Sri Lanka, the Government has introduced a new programme facilitating investment by its diaspora in government securities to create a more stable government securities market. This programme offers secure and liquid investment opportunities to Sri Lankans living abroad, while providing them with an attractive return on their investments.

Many receiving countries engage their diaspora communities to improve their development assistance programmes. For example, the United Kingdom involves members of its diaspora communities from the Sierra Leone, India and Bangladesh diaspora in the design of its development assistance programmes. Migrant associations in France, known as *Organisations de Solidarité Internationale issues des Migrations* or "OSIMs" facilitate technology transfer activities and financing for projects in Francophone Africa, including **Benin, Congo, Mali and Senegal**.

Some receiving countries also provide incentive measures to encourage investment by their resident diaspora towards their home countries. For example, Norway launched a project in 2008 aimed at doubling the money donated to development projects by Pakistani diaspora organizations based in Norway in order to support development projects in **Pakistan**. Switzerland supports select diaspora associations with a view to improving remittance channels to developing countries of origin like Somalia, and undertakes numerous finance sector development projects to help bring savings and investment opportunities to the rural areas of migrant origin, in order to enhance the multiplier effect of remittances. Switzerland continues to work on a project to enhance transparency among the different remittance transfer systems, and to foster the financial literacy of migrants. The French Government co-finances local community projects for which at least 15 per cent of project cost is covered by diaspora NGOs in France.

Beyond facilitating increased remittance flows to home countries, another thrust of sending country governments has been to encourage and facilitate knowledge and skill transfer by members of diaspora communities through partnerships of diaspora communities with governments, international organizations and civil society groups. These partnerships support programmes that allow professionals to critical economic sectors to make return visits to their home countries in order to circulate their know-how and skills. Diaspora community professionals who return to share their expertise in projects in their home countries are extremely efficient and generate substantial returns since these professionals

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<sup>25</sup> Orozco M and Rouse R (2007). *Migrant Hometown Associations and Opportunities for Development: A Global Perspective*, Migration Information Source, Migration Policy Institute ([www.migrationpolicy.org](http://www.migrationpolicy.org)).

have demonstrated success in their profession along with proficiency in local languages and culture, and a strong motivation to serve their home country.

In Italy, France and other large destination countries, small transnational business ventures have been established based on partnerships between diaspora, local government and the private sector to benefit both the local receiving country community and poorer communities in sending countries. The Italian Government, in collaboration with the Governments of **Ghana** and **Senegal** and with the International Organization for Migration's (IOM's) support, launched two Migration for Development in Africa (MIDA) programmes in 2003 targeting African diasporas in Italy that included local development and decentralized cooperation elements linking three regions in Italy (Lombardi, Veneto and Tuscany) to communities in Senegal and Ghana to transfer entrepreneurial knowledge for business and job creation to the latter.

In 2001, IOM launched the pilot programme MIDA to support highly-educated African immigrants who wish to invest their knowledge, expertise and resources in the sustainable development of their country of origin. Belgium is a major partner of MIDA through the financing of the special MIDA Great Lakes programme. This programme grants financial and technical assistance to highly-educated Africans from **Rwanda**, **Burundi** and **the Democratic Republic of the Congo** who reside in Belgium and work for the development of their homeland. MIDA Great Lakes supports capacity-building in the priority sectors of health care, education and rural development, by sending African experts to the local institutions in their homeland, through electronic distance learning (e-learning) and via promotion of the transfer of financial funds.

The TOKTEN (Transfer of Knowledge Through Expatriate Nationals) initiative launched by the United Nations Development Programme (UNDP) in Turkey in 1977 is one example of a very successful programme that organizes the return of expatriate nationals to their home countries to transfer knowledge and skills. Since then, the programme, now managed by the United Nations Volunteers (UNV) programme, has been expanded to more than 35 countries.

While not every country has a sufficient expatriate population for a successful TOKTEN programme, **Viet Nam**, for example, was well placed to benefit as it had many nationals living overseas, primarily in Australia, Canada, France and the United States.<sup>26</sup> Through the programme, Viet Nam took advantage of its large base of expatriate nationals by placing 20 TOKTEN consultants in Viet Nam between 1990 and 1992. For the next decade, Viet Nam utilized its wide pool of expatriates to build capacity and make much development headway. In 2001, Viet Nam refurbished its TOKTEN programme, creating a website and database to promote the programme overseas. In the following years, the programme proved so successful that the Vietnamese Government decided to continue the initiative under its own aegis. Collaboration between the Government and UNV/UNDP officially ended in 2003 based on the conclusion that the TOKTEN objectives had been exceeded with the result that sustainable mechanisms had been created for future development.

## International migration policy frameworks

Patterns of international migration have changed in recent years.<sup>5</sup> Immigration policies are changing in most countries, with some relaxing and others restricting their entry policies. Widening income disparities across regions coupled with improved access to transportation is generating growing numbers of migrants. And in both developed and developing

<sup>26</sup> UNV (2006). TOKTEN channels global expertise back home, United Nations Volunteers ([www.unv.org](http://www.unv.org)).

countries, immigration policy aims to limit migrant inflows to ensure the number of new migrants does not surpass labour market absorptive capacity. At the same time, insufficient replacement rates of retiring workers has led a number of developed countries to increase entry of migrants into their labour pools. There thus remains appreciable demand for migrant workers in certain sectors and skill levels, such as healthcare, tourism, domestic work and agriculture in many developed countries.

### *Developed country policies*

To more effectively respond to international migration with an overall objective of ensuring immigration policies help their national economy maintain access to the right amount of migrant workers with the right skills, many developed countries have embarked on substantial structural and institutional changes in their policy and institutional frameworks for international migration. In the organization of their administration of migration policy and process, almost all have implemented some changes to their legislation. This has placed them in a better position to tune their frameworks to labour market needs. Although it is beyond the scope of this paper to review the migration policy frameworks of individual countries, some examples illustrate some of the innovations introduced within these frameworks in recent years.<sup>27</sup>

One trend increasingly apparent in developed country immigration policies are policies aimed at attracting skilled migrants, in various professional fields. Introduced earlier in Australia, New Zealand and Canada, skill-based policies are now being introduced in EU countries. A new EU directive establishes more attractive conditions for third-country workers to take up highly qualified employment in its member states by creating a fast-track procedure for issuing a special residence and work permit called the “EU Blue Card”. The objective is to make the EU more attractive to highly qualified workers and further facilitate the reception of students and researchers and their movement within the EU. In the United Kingdom, a points-based immigration system has recently been introduced to ensure that those prospective migrants with needed skills and contributions gain entry to the United Kingdom for work and study purposes. Applicants earn points for their skills and the potential they show for economic success, and must show competence in English language and the ability to support themselves and their dependants. The responsibility of employers and sponsors who bring migrants into the United Kingdom is ensured through licensing and sponsorship duties.

In France, a central ministry for all migration-related issues – the Ministry of Immigration, Integration, National Identity and Co-development – was recently established to gather in one structure various aspects of immigration policy which had previously been split between the ministries of Interior, Foreign Affairs, Social Affairs and Justice. The new ministry pursues four objectives: controlling migration flows, favouring integration, promoting French identity and encouraging development partnership with the sending countries of migrants. Other developed countries have reformed their policy frameworks and institutions to deliver migration-related services in a more integrated fashion. In Portugal, the High Commissariat for Immigration and Intercultural Dialogue was given more financial and administrative autonomy and established one-stop shops in Lisbon and Porto. In Japan, a new reporting system on the employment of foreigners was introduced. New initiatives are planned in the United States to promote economic development in Mexico to discourage irregular immigration. In Canada, the Foreign Credential Referral Office was created in 2007 to help internationally trained individuals find information to put their skills to work in Canada. In New Zealand a number of measures were designed to

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<sup>27</sup> OECD (2008). International Migration Outlook.

identify best practice and cover gaps in service delivery from migrants across a range of policy areas. Most recently, Switzerland has announced plans to place special emphasis on international collaboration on migration issues. Overall, it is now widely recognized in all of these reform efforts that policy coherence across various domains – including migration, trade, investment and development cooperation – is essential for maximizing the gains of temporary migration in both sending and receiving countries.

Sweden reformed its immigration regulation in December 2008 with the aim of establishing an entirely demand-driven system. It offers greater flexibility by allowing Swedish employers to recruit more easily from outside the EU. Employers who are unable to find a suitable employee in Sweden has 10 days to announce the job offer within the EU, after which the job may be offered to third-country nationals. Migrants are initially granted a two-year permit with a possible two-year extension, and can then apply for permanent residence status. Temporary migrants have three months to look for a new job in the event that they become unemployed. The inbuilt flexibility aims at improving labour market matching.

### ***Developing country policies***

For their part, developing countries have also recently been engaged in developing and reforming their policy and institutional frameworks for migration. As with developed countries, developing countries are seeking to ensure greater integration and coherency in their immigration policy. In the Gulf Cooperation Council countries – the world's third-largest region of migrant destination after North America and Europe – governments are working towards liberalizing and harmonizing their immigration policies to manage the more than 12 million migrant workers in their territories. For example, one council member, the United Arab Emirates, has recently extended visas for newly unemployed migrant workers from one to six months in order not to lose too large a share of its foreign workforce in the current financial and economic crisis. In China and the Republic of Korea, incentive schemes have been introduced to encourage the return of highly skilled diaspora. In South America, a series of Mercosur provisions has led its members to liberalize their immigration policies. New policies to create a comprehensive immigration system based on democratic values have been introduced in Argentina, giving migrants universal access to education, health care, legal services and the right to family reunification. In Africa, also, immigration policies are adopting more immigration-friendly frameworks, including in the contexts of regional trade agreements (RTAs). South Africa's new immigration policy focuses on attracting skilled migrants. Initiatives to facilitate remittances have been introduced in Ethiopia, for example, by authorizing nationals to maintain bank accounts in foreign currencies.

### ***Temporary migration***

Temporary migration has been proposed as one policy framework to enhance the development benefits of migration. The opening up of more legal avenues for labour migration directly reduces irregular migration flows. Circular labour migration programmes are designed with the understanding that migrant workers will return home after the completion of limited-term employment. As such, circular migration can reduce brain drain, including through diaspora engagement in development, through temporary return and work or investments in former countries of origin or ancestry. When meeting the identified labour needs of countries of origin and destination, circular migration can be beneficial to all involved, and contribute to co-development. Frameworks for circular migration based on incentives rather than sanctions can promote mobility and voluntary return.

Many receiving countries have circular migration policies, and bilateral cooperation programmes with sending countries, to satisfy temporary labour requirements. Circular migration implemented through labour agreements can include seasonal programmes, sector-based schemes, working holidaymaker schemes, trainee programmes and domestic worker schemes.

In view of increasing recognition of the substantial development benefits of circular migration accrued by both sending and receiving countries, attention has been focussed on maximizing these benefits.<sup>28</sup> Strengthening linkages between circular migration and labour matching is a tool for bringing together the supply and demand in the labour markets of the countries of migrant origin and destination. Labour matching is increasingly of relevance to policies geared towards managing labour migration, bringing together the appropriate candidates with vacant job opportunities offered by employers. In practical terms, effective labour matching requires facilitative measures such as assistance in preparing migrants for temporary work abroad and for preparing migrants for return and reintegration in local labour markets in the source countries.

For circular migration activities to be successful, they must be supported by policy and interventions addressing all steps throughout the migration cycle, including (a) a favourable legal framework coupled with project initiatives; (b) pre-departure measures to ensure information dissemination and manage administrative arrangements and procedures, including through migrant services centres; (c) effective implementation of host country entry/exit procedures, skill-upgrading, on-the-job training and recognition of foreign qualifications; and (d) putting in place measures and institutions to facilitate return and reintegration.

#### **Box 2. Some successful EU circular migration initiatives**

**Spain** has been providing technical assistance through ILO to regulate more effectively migration flows from **Senegal, Mauritania and Mali** to Spain. A pilot project was launched in 2009 to improve transparency and communication of information to migrants via pre-departure training. ICT tools and related training have been arranged for government officials and core staff. The Senegalese Government has set up a national database of Senegalese jobseekers by region together with Spanish job offers. It provides information on repeat migration and establishes work contracts and visa requests automatically. It also contains information on the education and training of migrants, their date of departure, any changes of employer while abroad and return date. The project also covers the reintegration of returning migrants.

**Denmark** initiated a pilot project with India in 2008 to encourage the flow of highly skilled workers to Denmark, notably in healthcare and in the metal industry. A “Work in Denmark” centre has been established at the Danish Embassy in Delhi to assist potential applicants with work permits and three similar centres in Denmark assist migrants upon arrival.

<sup>28</sup> Most recently, in March 2009, the European Commission hosted a workshop on Circular Migration and Labour Matching to exchange information on the implementation of circular migration initiatives involving EU member states, and to assist the European Commission in identifying good practice on projects and national legislation that facilitate circular migration, with a view to developing policies and further action. See European Commission (2009). Report of Workshop on Circular Migration and Labour Matching, 26–27 March 2009, Brussels.



**France** in 2006 introduced a new legal framework for immigration and integration, and embarked on a series of new bilateral partnership agreements with third countries. Diaspora members are being encouraged to get involved in development of their countries of origin, offering financial assistance for reintegration as well as access to special savings vehicles to facilitate investments. Students in France are allowed to look for work for six months after completing their studies (renewal is possible in some cases). A special *carte de séjour* has been introduced for particular skills and competencies, valid for three years, and renewable for another three years. There are also multi-entry permits for seasonal workers valid for the same periods of time. A bilateral agreement on circular migration between **Mauritius** and France was signed in September 2008. It allows Mauritian workers from a range of different professions, students and trainees to work in France for a limited period of time before returning to Mauritius. The agreement includes provision for the successful reintegration of returning Mauritians, including training and assistance from the French authorities in setting up businesses.

**Netherlands**-based IntEnt (International Entrepreneurship) receives EC funding and has been working with assisting migrants in setting up their own businesses for 13 years. IntEnt promotes investments in developing countries and the development of SMEs by helping migrant entrepreneurs to mobilize their own resources.

The government of **Cape Verde** is attempting to encourage return and reintegration of its relatively large diaspora as an additional resource for development of Cape Verde. The EU–Cape Verde mobility partnership initiative aims to improve communication with members of the diaspora and encourage their participation in the development of Cape Verde.

*Source:* European Commission, 2009, Report of Workshop on Circular Migration and Labour Matching, 26–27 March 2009, Brussels.

## Labour and trade agreements and international migration

Temporary migration is also facilitated by trade-related agreements including the World Trade Organization's (WTO) General Agreement on Trade in Services (GATS) in the context of mode 4, as well as bilateral and regional trade and investment agreements. Paragraph 80 of the Accra Accord stresses:

“The increasing integration of developing countries into the global services economy will be facilitated by progressively lowering domestic and foreign trade barriers in the Doha Round and regional trade agreements. Sound national, regional and international policies, strategies, regulations and institutions in the area of services are necessary to foster an enabling environment for building a competitive services supply and tackling poverty and infrastructure and human capital deficits. Improved market-opening would unlock new opportunities in sectors of interest to developing countries. The international community should then pay special attention to the services

and modes of export interest to developing countries, including LDCs. In this context, developing countries underscore the importance to them of effective liberalization of temporary movement of natural persons under mode 4 of GATS.”

There has been a significant increase in bilateral recruitment and labour agreements, with 176 bilateral agreements signed by OECD countries in 2004. Many countries choose to enter into bilateral labour agreements as they offer an effective method for regulation, recruitment and employment of foreign workers, can be tailored to specific supply and demand characteristics of the origin and destination countries, and can provide effective mechanisms for protecting migrants. ILO has identified 24 basic elements generally contained in bilateral labour agreements including selection of candidates, medical examination, resident and work permits, employment contracts and conditions, conflict resolution, social security, remittances, validity and renewal of agreements. Bilateral temporary migration programmes can be of mutual interest to both countries of origin and destination. However, countries of origin and destination need to work together to ensure cooperation on linked issues including enforcement, return and reintegration, pension and insurance issues amongst others.

### ***Bilateral labour agreements***

Labour mobility and migration between states are governed by the admission and post-admission policies of the state of employment (although some sending states have emigration clearance requirements). Common requirements for admission in demand-driven labour immigration systems are a visa and a work permit. The work permit is issued on the basis of an application by the employer and the vacancy is usually subject to a labour market test.

Bilateral labour agreements (BLAs) between countries formalize bilateral arrangements to ensure that migration takes place in accordance with agreed principles and procedures. BLAs govern access to labour markets in order to help guide the migration process towards meeting economic, social and development objectives. Agreements cover areas such as short-term employment, recognition of qualifications, and technical and cultural exchange, among others.

Agreements on short-term employment allow for the temporary migration of workers, often for periods of less than one year, to help parties meet seasonal labour requirements in sectors such as agriculture, tourism and construction. For instance, bilateral agreements for the employment of seasonal workers exist between France and Morocco, Tunisia and between Canada and several Caribbean countries. BLAs also help to strengthen bilateral cooperation in managing irregular migration, and in many cases agreed quotas are specified within agreements. Finally, BLAs can help prevent indiscriminate international recruitment in critical sectors such as health and education to prevent brain drain in poorer countries.

For example, since 2000, Spain also entered into several bilateral agreements which would help regulate migratory flows from several countries and facilitate circular migration.<sup>29</sup> These included bilateral agreements with Bulgaria, Colombia, the Dominican Republic, Ecuador, Poland and Romania, all of which aimed to govern migratory flows by establishing mechanisms for advertising job offers, recruitment, entry, guaranteeing social and legal rights, and facilitating voluntary return of the foreign workers. These are “Spain first” agreements, wherein foreign labour is recruited and provided work permits only if there are no unemployed people available for the open positions

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<sup>29</sup> Chandra R (2008). Low-Skilled workers and bilateral, regional and unilateral initiatives, UNDP.

In 2002, Spain and Ecuador signed a bilateral labour agreement. The agreement establishes a bilateral commission called the Technical Unit for the Selection of Migrant Workers (UTSTM) which screens and selects Ecuadorian workers for job vacancies open to migrant workers in Spain. Once workers are selected, the unit also helps workers with contract- and visa-related issues, and provides pre-departure training and other assistance up to their departure from Ecuador. The unit maintains a database of several thousand workers that serves as a reserve for quickly meeting the employment needs of employers in Spain. Between 2002 and 2006, UTSTM selected 2,577 Ecuadorian workers out of 2,700 employment offers made by Spain, with most workers being engaged in agriculture, restaurants, health care and personal services. There are several innovative aspects of the agreement which have proven particularly effective. It grants Ecuadorian workers preferential access to the Spanish market – not subject to labour market tests – provided they have worked in Spain previously and had returned to Ecuador. Such preferences incentivize return and the scope for truly circular migration. Another interesting feature of this agreement is that it attempts to regularize undocumented Ecuadorian workers residing in Spain. The agreement guarantees preferential processing of residence and work visas for such workers who are found eligible to return to Spain to work as legal migrants if they so desire.

#### ***GATS and mode 4***

The issue of natural persons supplying services was brought into the multilateral trading system with the coming into force of WTO's GATS.<sup>30</sup> The importance of mode 4 lies in its ability to provide a mutually beneficial framework which is temporary and is responsive to labour markets. For instance for receiving countries, supply-demand matching – particularly in health and information and communication technology ICT-related sectors – is a major benefit. Further encouraging GATS mode 4-type temporary movement of persons could ensure less irregular migration.

The agreement includes as one of the modes for trade in services supply “by a service supplier of one member, through presence of natural persons of a member in the territory of any other member” (commonly referred to as mode 4). The Annex to GATS on Movement of Natural Persons Supplying Services under the agreement specifies that GATS shall not apply to measures affecting natural persons seeking access to the employment market of a member, nor shall it apply to measures regarding citizenship, residence or employment on a permanent basis. The agreement is therefore interpreted as applying only to temporary movement of person (i.e. temporary migration). There is, however, no definition or specified time-frame in the GATS of what constitutes “temporary” presence. If member states’ schedules are to be any indication of what is considered to be temporary, the maximum length of stay permitted under mode 4 is generally of to 90 days for business visitors and between two and five years for intra-corporate transferees.

Mode 4 commitments made during the Uruguay Round of negotiations have not produced the expected results for developing and least developed countries.<sup>31</sup> One reason for this is that the categories of natural persons found in most schedules (intra-corporate transferees, business visitors) do not reflect the interests of many developing countries as they apply mainly to senior executives, managers and highly qualified specialists. Moreover, limitations such as numerical quotas, economic needs tests, and residency requirements are common. The WTO secretariat undertook a review of countries’ Uruguay Round schedules,

<sup>30</sup> UNCTAD (2003). Increasing the participation of developing countries through liberalization of market access in GATS Mode 4 for movement of natural persons supplying services (TD/B/COM.1/EM.22/2).

<sup>31</sup> UNCTAD (2005). Trade in services and development implications (TD/B/COM.1/71).

which indicated that only 17 per cent of all horizontal entries may cover low-skilled persons as well through categories such as business sellers, non-specified and other.

Developing countries continue to seek commercially meaningful mode 4 commitments where gains are estimated at \$150 billion – \$250 billion, especially from movement of low-skilled workers. WTO members are now engaged in the Doha round of negotiations and 71 initial and 31 revised offers have been submitted to date. So far, developing countries consider that the quality of mode 4-related offers needed to be improved. Developed countries' improvements mainly address high-skilled movements and those tied to mode 3, such as intra-corporate transferees and business visitors. Developing countries have called for commercially meaningful commitments, including the inclusion of categories de-linked from mode 3, eliminating quotas, economic needs tests and wage parity requirements, ensuring transparency on immigration laws and flexible qualification requirements (e.g. accepting competence and experience instead of formal degrees).

Some countries have made limited improvements in their offers, but they often attach professional and educational requirements or sectoral carve-outs. Others have included in their schedule the category of "graduate trainees", but this is again probably not a category which represents a high interest for developing countries. The existing offers are still largely seen by developing countries as insufficient in respect of contractual services suppliers, independent professionals and semi- and less-skilled service providers. Efforts by developing and least developed countries have focused on trying to negotiate commitments in this round for middle and low-skilled labour categories. For example, LDCs have submitted several requests as a group for improved mode 4 commitments.

Since 2006, in addition to the bilateral negotiations for market liberalization, plurilateral negotiations are also being conducted. Twenty-one plurilateral requests addressed key sectors, all modes of supply and most favoured nation (MFN) exemptions. A group of countries (Argentina, Brazil, Chile, China, Colombia, Dominican Republic, Egypt, Guatemala, India, Mexico, Morocco, Pakistan, Peru, Thailand and Uruguay) has circulated a collective request on mode 4. The main objective of the request is to call on members to broaden the coverage of categories included in their schedules which is currently narrow and restricted mainly to personnel related to commercial presence. The coverage of categories de-linked from commercial presence is extremely low. The countries putting forth the request asked for new and/or improved market access commitments are being sought in the following categories: (a) Contractual Service Suppliers (CSS) – Employees of juridical person and (b) Independent Professionals (IP). For both categories of natural persons, the request indicates the definition and common parameters target group as well as the market access conditions that should be applied to the group. For example, it is requested that wage parity not be a precondition of entry and that economic needs tests which apply to these categories should be removed or substantially reduced. Finally, the request also provides an indicative list of sectors/subsectors for CSS and IP where specific commitments are being sought.

### ***Special treatment for LDCs***

The LDC Group has been trying to develop a mechanism which would allow other WTO members and particularly developed countries to grant them special priority through predictable and enforceable preferential access, inter alia, with respect to mode 4 commitments. In the context of the operationalization of the Modalities for the Special Treatment of LDCs, they have called for e.g. commitments only in favour of LDCs and assigning priority to imports from LDCs (e.g. specific mode 4 quotas and relaxing entry and work permit requirements exclusively in favour of workers from LDCs).

The ongoing LDC modalities discussion in WTO relates to a proposed mechanism for granting special priority through predictable and enforceable preferential access for LDCs

including with mode 4 commitments. The mechanism, which still remains to be implemented, will grant non-reciprocal special priority exclusively to LDCs in a GATS-consistent manner. The July text provides that a waiver available to all WTO members from MFN obligations in respect of preferential treatment benefiting all LDC members offers the more satisfactory outcome and that specific principles and characteristics of such a waiver is completed before submission of the revised offer. Some developing country delegations have expressed concerns regarding the impact of such special priority on their trade opportunities, particularly in the case of a general waiver. They have suggested that preferential treatment should relate only to new market access granted.

### ***Recognition of qualifications***

The emergence of a global labour market and increasing trade in services make the mutual recognition of qualifications more important. The lack of or limited recognition of the qualifications of natural persons from developing countries constitutes an important barrier to effective access to developed country markets.<sup>32</sup> Mutual Recognition Agreements (MRAs) may further enhance labour mobility and its benefits, and particularly would allow migrant workers' and service suppliers' access to positions at the upper end of the value chains in the host countries. Mutual recognition is necessary so that foreign professionals do not have to repeat in the host country the qualification requirements already completed in their home country and so that they are not limited to employment opportunities that are below the qualification level (thereby avoiding brain waste). MRAs may refer to both the recognition of academic qualifications and the recognition of professional qualifications and experience. The number of MRAs concluded, including between developed and developing countries, is limited. This may be the case because negotiating MRAs requires considerable time and effort, wide differences exist between countries in education and training of professionals, and a precondition is the existence of a domestic system for regulating the profession in the countries involved. If countries are to reap the benefits of migration and movement of natural persons to provide services, priority should be given to negotiating new MRAs and to facilitating access by additional countries, and particularly developing countries, to existing MRAs.

Ongoing work that may become of particular relevance to migrants moving with the objective of accessing new labour markets, movement of natural persons to supply services, and students is the work of the United Educational, Scientific and Cultural Organization (UNESCO) relating to conventions on the recognition of higher education studies and qualifications. This work was initiated in the late 1970s and early 1980s and conventions were established for regions (Latin America and the Caribbean (1974), the Mediterranean (1976), the Arab States (1978), Europe (1979), Africa (1981), and Asia and the Pacific (1983)). The European Convention was recently revised to respond to new trends in higher education in Europe, leading to the 1997 joint Council of Europe/UNESCO Convention on the Recognition of Qualifications in the European Region (Lisbon Recognition Convention). As part of UNESCO's contribution to the work of the United Nations on international migration, the organization also convened an Expert Group Meeting on Migration and Education – Quality Assurance and Mutual Recognition of Qualifications in September 2008. This meeting brought together representatives of UNESCO, the World Health Organization, IOM, UNCTAD, the Commonwealth Secretariat, OECD, the private sector (the International Pharmaceutical Federation and Hewlett Packard) and a selected number of UNESCO member states, and was an occasion for UNESCO to present and

<sup>32</sup> UNCTAD (2004). Trade and development aspects of professional services and regulatory frameworks (TD/B/COM.1/EM.25/2); UNCTAD (2005). Report of the expert meeting on trade and development aspects of professional services and regulatory frameworks (TD/B/COM.1/EM.25/3).

disseminate an inventory of existing good practices on migration and the mutual recognition of qualifications in the field of higher education. Experts presented outlining the experience of their country in this area. It would be important for the collaboration between international organizations and the private sector, including academia, to continue to promote the sharing of available information on best practice in relation to international migration and development, and the identification of innovative policy solutions to problems. It would be important for this work – which aims to avoid loss of education and professional experience in the course of migration – to be extended to more countries, cover a wider range of occupations and lead to concrete policy guidelines on the fair and transparent assessment of recognition of foreign qualifications of migrants and service suppliers.

### ***Domestic regulation***

As part of the Doha negotiations, there are ongoing negotiations on disciplines relating to domestic regulation.<sup>33</sup> The aim of the draft Disciplines on Domestic Regulation is to ensure that domestic regulations (qualification requirements/ procedures licensing requirements/procedures; technical standards) do not create unnecessary barriers to services trade.

Some of the discussions taking place in the context of the ongoing negotiations to develop disciplines for domestic regulation (for qualification and licensing requirements and procedures and technical standards) are of particular relevance to the temporary movement of natural persons and specific commitments for mode 4 supply of services. If one objective of the future disciplines is to underpin market access, the appropriate disciplines for qualification requirements and procedures would have beneficial, export- and development-enhancing effects for developing countries. Mode 4 is the area where many developing countries have their main export interest, and where commercially meaningful realization of commitments may bring about significant economic development, an issue highlighted by numerous developing country submissions in the current GATS negotiations.

While qualification requirements and procedures have not been defined by the GATS members, they have considered that these relate to individuals (natural persons), and whether such individuals are fully competent to supply a service. The specific elements under discussion in respect to qualification requirements and procedures are transparency, requirements, specification, assessment and verification of qualification, examinations, procedures and related documentation, review/appeal, fees and mutual recognition agreements. Among the due process elements members are discussing, the possibility of requesting countries to ensure that any requirements of language skills for supplying a service are based on specific needs of supplying the service in general. As for qualification procedures, one proposal was for certain examinations to be offered on a non-discriminatory basis at reasonable intervals and not at a cost designed to limit the number of applications. It was also proposed that each member ensure examinations be administered on subjects relevant to the activity subject to applicable qualification requirements. While the latest version of the draft disciplines circulated by the Chair of the Working Party on Domestic Regulation in March 2009 does not address the issue of mutual recognition directly, it does retain the idea that “in verifying and assessing qualifications, the competent authority shall give positive consideration to relevant professional experience of the applicant as a complement to educational qualifications”. Such language could prove useful for developing countries, some of whose service providers – while possessing considerable

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<sup>33</sup> Mashayekhi M and Tuerk E (2008). GATS negotiations on domestic regulation: a developing country perspective. In Kern Alexander K and Andenas M (eds.). *The World Trade Organization and trade in services*: 265–317, Martinus Nijhoff Publishers, Leiden.

practical experience – sometimes lack formal qualification certificates. The text also suggests “that qualification procedures are as simple as possible” and that applicants shall “not be required to approach more than one competent authority”.

If the negotiated disciplines were to result in facilitating developing and least developed countries’ exports in mode 4, at all skill levels, this would support the view, recognized by GATS, that special attention must be given to market access in modes and sectors of export interest to developing countries (article IV of GATS), an issue also reiterated in the WTO Hong Kong (China) Ministerial Declaration.

### ***Regional trade agreements and services***

Most RTAs which deal with services trade have also included movement of natural persons as of the modes of supplying services.<sup>34</sup> Some agreements, however, provide for separate treatment of the movement of persons (e.g. North American Free Trade Agreement). The way in which RTAs treat labour movement varies across regions, ranging from full labour mobility to no effective provision at all. However, many RTAs are yet to achieve their full potential through increased mode 4 commitments facilitating labour mobility. Most RTAs still focus on facilitating the movement of higher-skilled workers and do not go very much beyond the GATS mode 4 commitments or unilateral programmes to attract skilled workers. Given the smaller number of countries involved and these countries’ closer economic, cultural and education systems, RTAs could in the future provide a promising avenue for service-related temporary movement of persons and workers. They could be relevant for the promotion of movement of workers at all skill levels, particularly as in many cases temporary movement to supply services is not only discussed in the context of trade liberalization but also in cooperation agreements.

In Africa, regional integration resulting in regional groupings include the East African Community (EAC), Eastern and Southern Africa (ESA), The Economic Community Of West African States (ECOWAS), The Common Market for Eastern and Southern Africa (COMESA), and the Southern Africa Development Community (SADC), amongst others. These regional economic communities are expected to serve as building blocks for the formation by 2025 of a continental African Economic Community. A key component of these regional communities, specifically in the case of COMESA and SADC, is the inclusion of provisions for the movement of persons.

For example, SADC member states are currently engaged in a number of developments aimed at liberalizing the movement of persons within the region, as is mandated by the SADC Treaty. In 2005, SADC countries adopted a comprehensive Protocol on the Facilitation of the Movement of Persons, whose immediate objective was to facilitate visa-free entry (for a renewable period of 90 days), residence and establishment by individuals or families in territories of other member states. The protocol’s provisions aim at facilitating general free movement of persons. The protocol goes beyond GATS’ narrow mandate to liberalize “temporary” movement of persons, covering issues of permanent migration, urging member states to amend their immigration policies to implement its objectives. The protocol will come into force when two thirds of the members ratify it.

The COMESA Treaty envisions a community within which goods, services, capital and bona fide persons are free to move across national borders. In the interim, COMESA is implementing a protocol on the gradual relaxation and eventual elimination of visa requirements and a protocol on the free movement of persons, labour, services and the right of establishment and residence. Effective market access provisions are being negotiated

<sup>34</sup> UNCTAD (2007) Trade in services and development implications (TD/B/COM.1/85).

within the context of the COMESA draft protocol on trade in services, which is close to finalization.

Another interesting example is the Economic Partnership Agreement (EPA) between the EC and the CARIFORUM states also covers the temporary movement of persons to supply services. Title II of the agreement covers investment, trade in services and e-commerce. As in the case of GATS, the agreement indicates that it does not apply to measures affecting natural persons seeking access to the employment market of the parties, nor to measures regarding citizenship, residence or employment on a permanent basis. Also, the categories of natural persons are very similar to those found in GATS schedules and, as indicated above, these do not necessarily correspond to developing country interests. Moreover, as opposed to GATS, which states that the agreement covers all categories of natural persons supplying services, the listing of the specific categories in the text of the agreement itself (which de facto limits the categories that can be used) can be said to result in a “mode 4 minus” outcome. Other African, Caribbean and Pacific Group of Countries are currently negotiating EPA agreements with the EC. It remains to be seen whether they will manage to get a better regime for mode 4 under their respective EPAs with the EC.

## **Ways forward**

Strengthening the contributions of migrants to development by enhancing migration’s positive trade, investment and development links has become an increasingly important and timely endeavour, as the scope and depth of globalization has advanced. It remains an area of active dialogue that is already benefiting from concerted efforts involving governments, civil society groups, academia and the private sector to design more informed policies that multiply the beneficial economic and social impacts of migration. Stakeholders may wish to consider a variety of potential options to support and expand these efforts, including through further research and analysis. Some potential options falling under the different themes of this paper are presented as examples below.

### ***Improving understanding on migration patterns, trends and potential***

Consideration could be given to the following:

- Identifying and promoting ways to ensure that international migration better supports the development objectives of both sending and receiving countries by improving government capacity and structures for collecting labour migration data;
- Improving bilateral and multilateral channels for the exchange of migration and related labour market information;
- Encouraging and supporting more extensive analysis and research on labour migration issues that can be readily used by policymakers to design more informed and effective migration policies; and
- Examining how migration trends are influencing legal reforms in areas such as labour law modernization, land tenure, education, double taxation treaties and bilateral investment agreements, among others.

### ***Strengthening the development benefits of migration***

Consideration could be given to:

- Enhancing the benefits of migration by integrating and mainstreaming labour migration in national employment, labour market and development policy and coherence among these policy frameworks;



- Supporting expanded analyses of the economic and social contributions that international migrants make to sending and receiving countries;
- Enhancing consular services in receiving countries to provide information and assistance to national migrant workers; and
- Designing structures and mechanisms to empower migrants to contribute to sending and receiving country economies, including by involving all stakeholders in migration policymaking processes; simplifying administrative migration procedures for migrants and employers; recognizing migrant workers' skills and qualifications; reducing remittance transaction costs; and opening up receiving country educational opportunities to migrant workers.

### ***Empowering diaspora communities as an engine for development***

Consideration could be given to:

- Providing incentives for enterprise creation and development, including transnational business initiatives and micro-enterprise development by diaspora communities;
- Facilitating the transfer of capital, skills and technology by migrant workers, including through innovative incentive schemes;
- Providing incentives to, and ensuring open competition within, the financial services sector in order to reduce remittance transaction costs for migrant workers;
- Providing incentives for the productive investment of remittances at both the national and community levels;
- Adopting measures to reverse or mitigate the loss of workers with critical skills, including by creating attractive terms for diaspora to return home;
- Adopting policies to encourage circular and return migration and reintegration into the country of origin, including by promoting temporary labour migration schemes, circulation-friendly visa policies, information dissemination on employment opportunities in their home countries, portability of social security rights and health insurance coverage, and related support structures;
- Enhancing capacity-building in migrant source countries to ensure that circularity can function in practice. Initiatives to build such capacities in cooperation between migrant source and destination countries are often undertaken in the form of pilot projects;
- Migrant source and destination countries can promote inter-institutional and twinning cooperation, including through linking companies or employers, to provide for controlled circularity; and
- Additional surveys could be undertaken to improve understanding of the impediments to mobility encountered by private employers and recruiters.

### ***Understanding and adjusting to the impacts of financial crises***

Consideration could be given to:

- Examining the current financial crisis from a migration and development perspective to reveal the full extent of the impact of such crises on migrants, their families and the economic and social progress of sending and receiving countries;
- Developing policies that take into account that the economic downturn has reduced the short-term demand for temporary labour migration, but there will remain a long-term

demand for additional temporary and permanent migrant labours to compensate for forecasted shortages due to demographic changes in many developed countries;

- Including migration related assistance as a component in development assistance programmes to assist sending countries adjust to decreased remittances and the economic and social impacts of sudden and unanticipated return home of their migrant workers; and
- Establishing mechanisms to assist migrant workers who have lost their jobs due to the crisis secure employment in both sending and receiving countries.

***Making migration a building block for international and regional trade***

Consideration could be given to:

- Promoting bilateral and regional labour and trade agreements that reduce barriers to the international flow of labour, including by addressing aspects of economic migration, such as admission procedures, mutual recognition of education and qualifications, gender issues, family reunification and integration policy;
  - Providing developing countries with tangible opportunities for mode 4 services exports to developed countries through commercially meaningful multilateral commitments on mode 4 under the GATS; and
  - Promoting the positive role of migration in deepening regional integration by mainstreaming migration into national trade policies.
-