

## Fact-Sheet on the Impact of the Economic Crisis on Migration in Asia-Pacific

### A. Introduction

Migration has become a structural element of many Asian economies and remittances are the most important source of foreign income for many South and South-East Asian countries of out-migration. The global economic crisis raised concern on a potential large-scale return of migrants and a decline in remittances. This fact sheet will outline key trends on the impact of the global economic crisis on migration in Asia and the Pacific based on information available to date.

### B. Key findings

Although many migrants are affected by the crisis, it has not reversed the fundamental trend towards increased migration within the region. Numbers of return migrants are relatively low, compared to the overall number of labour migrants from the region.

Most key countries of out-migration are reporting that migrant outflows to the countries of the Gulf Cooperation Council (GCC) are still continuing, although at a lower pace. Migration to East and South-East Asia has significantly slowed down. Job losses for migrants have mainly occurred in the electronics and automobile industries of East Asia, where also nationals of the respective countries have been affected by job losses.

### C. Evidence

#### *Impact on migrants to the countries of the Gulf Cooperation Council*

The crisis affected the oil-exporting GCC countries less than other regions in the world. Most GCC countries have built up high reserves in times of high oil prices, which can now be used to continue infrastructure projects. Dubai is an exception<sup>1</sup>: its construction sector is suffering from global liquidity shortages and over-estimation of demand in luxury property. Media are reporting that 30-40% of Dubai's construction projects have been suspended or postponed<sup>2</sup>.

To date, many companies have not massively laid off workers, but rather sent their workers on extended unpaid leave. The Government of the United Arab

Emirates has responded to this situation allowing any worker who has not been paid for more than two months to change jobs without a No-Objection Certificate<sup>3</sup>.

Given the demographics, it is not likely that GCC countries would be able to reduce their dependence on foreign workers. The size of future migrant outflows from Asia to the GCC countries would largely depend on the global economic recovery.

#### *Impact on migrants in East- and South-East Asia*

Japan, Republic of Korea, Hong Kong China, Macau China and Taiwan Province of China, which have become East Asia's key countries for migrant worker inflows have all been significantly affected by the global economic crisis. The impact of the crisis was especially severe in Taiwan Province of China where unemployment increased from 4.1% in September 2008 to 5.8% in May 2009<sup>4</sup>. Migrant workers in export-oriented industries such as electronics and cars have already been affected by retrenchments, while the need for migrant labour in the health sector is expected to be largely unaffected.

Most of these destination countries for migrant workers have not announced any fundamental policy change to their migration policy. Thailand is further continuing regularization campaigns for irregular migrant workers and is further facilitating migration into Thailand, especially from neighbouring countries such as Cambodia, Lao PDR and Myanmar<sup>5</sup>. So far, only Malaysia announced plans to reduce the number of migrants in the country.

#### *Impact in key countries of out-migration*

Countries such as Bangladesh and Nepal supplying a large number of unskilled workers to the United Arab Emirates and Malaysia are expected to be among the most affected by return migration and reduced opportunities to migrate. Overall, migrant outflows are still continuing, although at a lower pace.<sup>6</sup> In response to this, several key sending countries have launched domestic employment programmes and seek to protect the migrants in their countries of destination.

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Prospects for migrants from the Philippines are mixed, given the variety of countries Filipino migrants migrate to and the variety of sectors and skill levels they work in.

Sri Lanka has in the past sent a high number of domestic helpers to the GCC countries. Recruitment agencies reported reduced demand for migrant workers and anecdotal reports mention increased hardship for domestic workers. Sri Lanka expects to be able to accommodate returning construction workers in the reconstruction of the North of the country. Aware of the fact that difficult working conditions for domestic helpers are not new, but have only been aggravated by the crisis, it seeks to provide better training for women willing to migrate.

### E. Conclusion: Policy Implications and Recommendations

Global developments show that migration flows are expected to be reduced temporarily, but may pick up again after the crisis. Given economic and demographic trends in the key countries of destination, it is not expected that the fundamental trends towards increased migration would be reversed. At the same time, push factors for international migration continue to exist. This calls for regional solutions to mitigate the effects of the global economic crisis on migration and the migrants themselves.

However, the crisis has once again shown that migration is not an alternative to economic development within the countries. It shows that migration is a temporary option which is worth to be harnessed but should not become an end in itself.

The situation of migrant workers laid off requires special attention. In many cases they may not be able to pay the return ticket or in worst case may still have to repay debts taken to cover the recruitment fees they had to pay to agents. Countries of destination may consider ways to assist migrant workers such as subsidized air tickets and extending the grace-period for remaining in the country legally before finding a new job.

The human rights situation of domestic helpers, especially migrating to the GCC countries is an ongoing area of concern.

For sending countries, the crisis shows that they have to protect the migrant workers from their countries more than ever. The crisis also alerts that it would be time to revise current practices, such as the high fees the migrants themselves have to pay to recruitment agencies. Better governance of migration would be necessary to avoid such situations in the future.

In several cases, the crisis has shown that migrant workers and local workers are not necessarily substitutes and the demand for migrant workers may even continue in the times of the crisis.

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