

The global economic crisis and the impact on migrant workers

by Azfar Khan, Rola Abimourched, Ruxandra Oana Ciobanu

The current global economic crisis has led to a serious slowdown in world economic growth and to considerable loss of jobs. The ILO forecasts that there could be a dramatic increase in unemployment worldwide and in the number of working poor; global unemployment levels could rise from 18 million to 30 million workers in 2009, and more than 50 million if the situation continues to deteriorate (Global Employment Trends, 2009).

Job losses and migrant workers

The impact of the downturn in global economic activity on migrant workers is likely to be different depending on their distribution among economic sectors most likely to be affected by the crisis.

Initially the crisis in the finance sector in the United States and Europe may have affected skilled migrant workers. Construction, manufacturing and services are other sectors which have borne the brunt of retrenchments as a result of the global slump in economic activity. These are also the sectors with high levels of migrant employment.

Both in the developed countries of Europe and North America and in the Arab region construction activity has fallen. Greece, Italy, Portugal, Spain and the United States have a relatively high share of migrant workers employed in construction. The economic downturn in these countries is therefore likely to have an adverse impact on migrant employment. In the Arab Gulf Cooperation Council States where migrant workers constitute more than two-thirds of the labour force in the sector, cutbacks in economic activity have had serious repercussions on their employment.

In East Asia where migrant workers are predominantly employed in manufacturing enterprises, the downturn in global consumer demand may have led to considerable downsizing. Services, and hotels and restaurants are economic sectors also negatively affected by the current crisis. Although no precise data are available on the actual extent of job losses for migrant workers and their economic problems, various media reports suggest that they are in the forefront of job cuts.

Fewer employment opportunities

Future employment opportunities for migrant workers also seem to be declining. Many governments have taken steps to better accommodate the employment of national workers. For example, the Governments of the United Kingdom and Australia both recently announced a policy of reducing admissions of skilled foreign workers to ensure jobs for local graduates. The US stimulus bill bars institutions that benefit from the relief programme from applying for H1-B visas for highly skilled migrants, if they have made US citizens redundant. In Spain, a voluntary return programme for unemployed legally resident migrants offers workers the payment of unemployment benefits in exchange for a commitment not to return to the country for three years. It is expected that 87,000 will return to their countries of origin under this plan.

Commensurately with the declining availability of jobs, immigration to many traditional countries of destination has also fallen. Comparing last quarter figures for 2007 and 2008, a dramatic fall in work applications from European Union nationals of the eight accession States to the older member States was noted, with the numbers declining from 53,000 to 29,000 (UK Border Agency, 2009). Emigration from Mexico to the United States has also decreased because of the economic slowdown at the destination; the net outflow of Mexican workers dropped by over 50 per cent between August 2007 and August 2008.

Worsening conditions of work and erosion of migrant rights

Even if there are no job losses, migrant workers may be forced to accept lower wages and suffer poorer working conditions in an attempt to retain their jobs. According to past experience, "migrant workers, especially women workers and those in irregular status are among the hardest hit and most vulnerable during crisis situations" (Juan Somavia, 2008). Increasing informalization of work and cutbacks in social protection are likely responses affecting migrants in general.

In times of crisis the key principles of equal treatment for migrant workers and a rights-based approach to managing labour migration need reinforcement. Origin and destination countries should craft policies responsive to the needs of all workers that guarantee at least minimum labour standards. Spain's return programme offers a model that both is responsive to the economic crisis and respects migrant rights.

Protection of migrant workers is a key policy concern in the aftermath of job losses, consistent with the upholding of their basic human and working rights. While the loss of some migrant worker jobs may be unavoidable, what needs to be ensured is that all migrant workers obtain their wages and other dues. Moreover, arrangements for the portability of their social security contributions need to be promoted.

Falling remittances

After showing significant growth over the past few years, remittance flows are also on the wane. For example, the World Bank figures highlight a 10 per cent drop in remittances to Mexico in December 2008, and an 8 per cent decline to Guatemala for the last quarter of 2008. Specific cases apart, the general prognosis is not very healthy either. The World Bank predicts a 1 to 6 per cent fall in the value of annual cash transfers worldwide and warns that the situation is likely to worsen (Ratha et al., 2008: 1). Some predict a rise in the number of migrant workers in irregular status, and suggest that informal transfers may partly compensate for the drop in official remittances. Yet even a small drop in migrant remittances is likely to have far-reaching consequences, particularly in environments where such transfers constitute a main bulwark against poverty.

Rise in xenophobia and racism

It is important that migrant workers do not become scapegoats of the current crisis. Reports highlight a rise in xenophobic and racist attitudes towards foreigners, particularly migrant workers. In Malaysia, such attitudes have provided ample grounds for discrimination, and unlawful termination of employment without payment of wages. Similar trends have been noted in Thailand, the Russian Federation, the United Kingdom and the United States, among others. The Moscow Bureau for Human Rights, a Russian NGO, reported that 113 migrants were murdered between January and October 2008, double the rate of the previous year (The Economist, 2009). A number of xenophobic protests have taken place in the United Kingdom, including a wildcat strike against employment of foreign labour (BBC News, 2009; Yorkshire Post, 2009).

The role of the ILO

The protection of migrant workers and improvement of their working conditions have been concerns of the ILO since its establishment in 1919. The ILO Multilateral Framework on Labour Migration and the 2008 ILO Declaration on Social Justice for a Fair Globalization provide a useful framework to address the situation of migrant workers in the current crisis.

Key actions

- Identify and develop innovative employment schemes and social safety nets for reintegration of returnee migrant workers; Migrant Welfare Funds can provide financial assistance in this context;
- Support constituents in evaluating the impacts of the economic crisis on migrant workers, with a focus on gender and on vulnerable groups, including those in irregular status;
- Compile and disseminate international good practice on crisis management for migrant workers;
- Improve constituents' capacity to better evaluate the impacts of the crisis and develop more effective policy measures;
- Promote social dialogue in devising and implementing assistance measures and programmes for migrant workers affected by the crisis;
- Implement effective labour inspection in sectors and workplaces where migrant workers are employed;
- Negotiate mechanisms for ensuring portability of social security benefits;
- Promote decent work in countries of origin.

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