



## Fact-Sheet on the Economic Crisis, Labour Migration and Migrant Employment

### A. Introduction

The global economic crisis has led to a serious slowdown in world economic growth and to considerable job losses. The ILO forecasts that global unemployment levels could reach 29 million to 59 million in 2009. This drastic slowdown in global economic activity is likely to greatly impact migrant workers' migration and employment opportunities.

### B. Key findings: Job Losses and Fewer Employment Opportunities

The extent and depth of the impact on migrant workers depends upon the destination country and the sector of employment. Not all countries or sectors have witnessed the same level of a slowdown in growth.

Construction, manufacturing, and hotels and restaurants have been the hardest hit sectors. These sectors also happen to have the highest concentration of migrant workers, along with health care, education, domestic services and agriculture; sectors that have not sustained heavy job losses and in some cases have grown, such as health care.

In the United States, Ireland, Spain, and the United Arab Emirates job losses were particularly high in the construction sector. In Malaysia, Japan, and the Republic of Korea, manufacturing was the hardest hit. In contrast, health care and education in the United States and Ireland, witnessed employment growth.

The country of destination is another determining factor. In countries where the crisis started earlier, such as the United States, the United Kingdom, Spain and Ireland, unemployment increased significantly between 2007 and 2009. In Spain and Ireland the unemployment rates for migrant workers in comparison to the rates for the total labour force are particularly high, namely 17 per

cent vs. 13.4 per cent in Spain in the third quarter of 2008; and 9.5 per cent vs. 7.4 per cent in Ireland in the fourth quarter of 2008.

Migrant workers' gender and skill level also determine their employment and labour migration outcomes. Male migrants have a greater share of employment in construction and manufacturing, while women are concentrated in health, education, and domestic services. Considering the sectoral distribution of male and female migrant workers, it would seem that the crisis has had a greater impact on the employment of men than women migrants. However, women migrant workers form a significant proportion of those employed in manufacturing and are almost equally represented in hotels and restaurants in OECD countries. Women tend to be in irregular status and employed in the informal economy, which is increasing their vulnerability.

Whether migrant workers are categorized as low- or highly skilled also determines the extent to which migrants are vulnerable to job losses. While low-skilled migrant workers bear the brunt of job losses (since they are considered easily replaceable), highly skilled workers confront unemployment as well as fewer overseas employment opportunities, especially in financial services. Some destination countries, such as Malaysia and the Republic of Korea, implemented measures to encourage the hiring and retaining of nationals instead of migrants. These policies likely affect low-skilled migrant workers more than the highly skilled, since the latter group often has skills in demand. The persistence of labour shortages in engineering and health care also positively affect highly skilled migrants' work opportunities.

Because of the severe decline in economic growth, there are fewer overseas employment opportunities. While no mass returns of migrant workers have been observed, new outflows from some origin countries have slowed. In Mexico, the net outflow of Mexicans has dropped by 50 per cent between August 2007 and August 2008.

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Potential migrants, considering the costs of migration, prefer to wait out the crisis in their home countries, rather than take the risk of unemployment at the destination. Many destination countries, such as the United States, the United Kingdom, Japan, Spain, and Australia, introduced lower quotes, stricter immigration requirements, and voluntary return programmes. These measures affect both low- and highly skilled migrants. For example, changes in the United Kingdom in the points-based system were designed to reduce the number of non-EU highly skilled migrants by half.

### C. Challenges: Conditions of Work

Shrinking employment opportunities and job losses have most likely pushed migrants to take on temporary or informal employment. Potential migrants and unemployed migrants at the destination may fall into irregular status, increasing their vulnerability. In the absence of information, it is difficult to determine to what extent this is happening. Migrant workers may be forced to accept lower wages and poorer working conditions in an effort to preserve their jobs. Anecdotal reports suggest that some employers refuse to pay wages and fire workers without notice. Further research is needed to determine the effect of the crisis on migrant workers' wages and conditions of employment.

### D. Conclusions and Policy Suggestions

The economic crisis has differentially impacted migrant workers' employment and migration opportunities. In crafting effective policies, policy makers can consider these differences. However, the key principles of equality of treatment and a rights-based approach to labour migration governance need reinforcement. Specific measures to be considered include:

- Social protection measures for migrant workers need to be strengthened, and arrangements made for the portability of the

social security contributions. Often migrant workers are employed in the informal economy and do not benefit from social protection. Origin and destination countries can cooperate to ensure workers' protection and the upholding of their rights.

- Adjustments to immigration admissions and measures aimed to encourage voluntary return in destination countries should take into account labour demand in specific sectors and occupations and, in the long-term, should ensure that labour needs are met in conditions of regularity.
- The crisis provides an opportunity for origin countries to expand efforts to create decent work opportunities at home and to incorporate returning migrants into these efforts.
- Monitoring and enforcement of labour regulations ensures that migrant workers are not discriminated against and receive their wages and other benefits.

### Bibliography

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