

## The crisis in the construction industry

*The construction industry has been severely hit by the economic crisis. The ILO calculates that at least 5 million construction workers lost their jobs during 2008.*

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Problems in the US subprime domestic housing market kicked off the financial crisis in 2007-08, and employment in construction in the United States was an early casualty. Between September 2006 and the last quarter of 2008 approximately 780,000 jobs disappeared. Data from other countries collected by the ILO also give cause for great concern. In Spain, for example, the property market began to collapse in mid-2007, and around 500,000 construction jobs were lost last year. In the United Kingdom, 2008 saw a cumulative loss of 100,000 jobs. In Ireland, which had been enjoying a strong property boom, the industry collapsed last year, with 15-20 per cent of construction jobs disappearing.

Lay-offs have been reported from many other parts of the world, including Australia, Kenya, South Africa and the Caribbean, where large tourist developments have been suspended. In China and the Russian Federation, too, there have been lay-offs. In China, more than 10 per cent of the 40 million workers in the sector lost their jobs last year, according to ILO research.

The construction industry makes use of low-paid and less-skilled workers, and as such is a major employer worldwide of migrant labour. The OECD in its International Migration Outlook report published last September says that migrant workers are over-represented in construction in many OECD member countries, including Austria, the Czech Republic, France, Greece, Hungary, Ireland, Italy, Portugal, Spain, Switzerland and the United States. Migrant workers have been particularly affected, therefore, by the downturn in construction, in some cases losing not only their livelihood but also their residence rights in the country where they have been working. Estimates suggest that in the Gulf States, where migrant labour has been very largely supporting the recent boom in construction, 150,000 foreign workers were released during 2008. The ILO also reports an example from the Russian Federation, where more than 20,000 Turkish workers have recently been sent home.

Unfortunately, migrant workers affected in this way are unlikely to find equivalent work in their countries of origin. Their plight often fails to show up in official unemployment statistics in the countries where they have been working.

The OECD is critical of a short-term approach to the use of migrant labour: OECD Secretary-General Angel Gurría has called for migration to be managed by taking a comprehensive, long-term perspective. "Many of the low-skilled labour needs in OECD countries are likely to persist. Cycling repeated waves of temporary migrants in and out of the country to occupy the same jobs is inefficient," he told his audience when launching last year's Migration Outlook.

A recent ILO report identifies a set of steps which it recommends be taken for the construction sector, including looking for synergies with the "green" jobs initiative. It calls for sectoral social dialogue to address the labour and social aspects of the crisis, with a particular look at the implications for migrant workers and for small enterprises. "So far, policy action in affected sectors has been focused on the domestic level, with little consideration of global sectorally coordinated responses. Global sectoral policy dialogues would be crucial to deal with this gap," it suggests.