



## Responding to globalization:

A decent work agenda for the Caribbean in the context of regional integration



Summary of working paper entitled:

## Caribbean labour migration: Minimizing losses and optimizing benefits

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### Caribbean migration: A profile

The dynamics of migration are now operating on two fronts in the Caribbean.<sup>1</sup> On the one hand, thousands of persons are leaving the region in search of employment in the USA, Canada and other countries (extra-regional migration). On the other hand, countries are now being faced with an influx of foreign workers, mainly from within the region (intra-regional migration). These trends create a complex mosaic of challenges and opportunities which, if properly managed, could benefit the region tremendously.

In terms of **extra-regional migration**, approximately 10-40% of the labour force from the Caribbean has been “transferred” to the OECD economies since the 1960s. Data in Box 1 highlight the exceptionally high emigration rates for individual countries and the heavy outflows of skilled persons, many of whom are women. Unfortunately, these data do not reflect fully the importance of less educated persons, many of whom work in the informal economy. It is estimated that 33% of Jamaican migrants in the US are in or near poverty levels.

A number of factors have influenced the growth of extra-regional migration. In the host countries, populations are ageing and there is a growing demand for both skilled and unskilled labour, particularly nurses and teachers. In the Caribbean, the weak employment-generating capacity and current labour market conditions are among the factors that have pushed workers to migrate.

#### Box 1:

#### Caribbean Migration: Key Statistics

##### **Extra-Regional Migration (2000 data)**

- Emigration rates of 43% in Suriname, 40% in Grenada and 39% in Saint Kitts and Nevis, compared to global average of 2%
- Caribbean persons accounted for 19% of the migrant stocks in Canada and 12% in the USA
- Tertiary emigration rates of 86% for Guyana, 83% for Jamaica and 78% for Trinidad and Tobago
- For every 100 females, 82 males migrated to the USA

##### **Intra-Regional and Inter-Regional Migration**

- Overall growth of 18% in migrant stocks (1990-2000)
- Migrants accounted for 39% of the population in the Cayman Islands, 36% in Anguilla and 36% in the BVI (2000)
- Average share of CARICOM nationals in migrant stocks was 52% (1990)
- 80% of work permits issued in Barbados to “very highly skilled persons,” mainly men (1998)

<sup>1</sup> Refers to Aruba, Belize, Guyana, Suriname, Antigua and Barbuda, Bahamas, Barbados, Dominica, Grenada, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago

The data on ***intra-regional migration*** is limited but available statistics show that CARICOM nationals accounted for just over one-half of all flows within the region. Several wealthy countries such as the Cayman Islands have traditionally imported large amounts of labour both from within and outside the region. In fact, there is a growing trend towards the import of labour from Asia.

As movement across the region becomes more intense with the creation of the CARICOM Single Market and Economy (CSME), countries will have to ensure that they collect data on intra-regional labour flows on a systematic basis.

## **The impacts of extra- and intra-regional migration**

The movement of persons, both outside and within the region is likely to affect Caribbean societies in a multitude of ways, several of which are mentioned below.

*The feminization of migration.* Relatively more women are expected to migrate to the developed countries in the future, given the strong demand for nurses and teachers there. A similar trend may develop intra-regionally, in view of the rapid growth of the “monoculture of tourism” and the perception that most jobs in tourism are for female workers. Many observers believe that a ‘gender drain’ could have a huge impact on family structures and gender relations.

*Increase in remittances.* Several countries in the region are now heavily dependent on remittances. In 2005, Jamaica received US\$1.5 billion from remittances and expects further growth in remittances as migration continues. However, it is not clear whether continued growth in migration will necessarily lead to larger increases in remittances. Much will depend on the skill levels and socio-economic class of migrants since these factors influence the way in which incomes are disposed of.

*Increase in the brain drain.* Migration of skilled persons is expected to continue in the future, given ageing populations and projected skill gaps in the developed countries. It is true that ‘brain drain’ could indirectly benefit the Caribbean through return migration and hence, ‘brain gain.’ But the net effect is likely to be negative. It is estimated, for example, that Jamaica has to train five doctors in order to retain one.

*Increase in employment of undocumented workers.* As intra-regional migration increases, employers are likely to utilize cheaper labour from abroad and many will come from the informal economy. The impact of such trends on native workers is of great concern to countries.

## **Institutional frameworks for managing migration**

As the Caribbean Single Market progresses over the next few years and labour moves more freely within CARICOM, governments will have to devise overall policy frameworks to manage migration. Since migration could bring both costs and benefits, countries will need to determine their “optimal levels of migration.”

With more migration, social costs will rise at an increasing rate and social benefits will also increase, but at a decreasing rate. Social costs will include emigration losses, lower productivity in the source country, and public resources for education of migrants. Social benefits will consist of remittances and positive externalities associated with return migration and diaspora networks. For each skill level, there will be a magnitude of migration for which the corresponding social benefits will exceed the associated social costs by the greatest amount. This will be the optimal level of migration.

For some Caribbean countries, migration levels for some or all skill categories may exceed the optimal, which will require policy interventions aimed at reducing the levels of migration. In other countries, the opposite may occur and it may be necessary to increase migration levels. The matrix below shows, for example, that labour shortages could be eased through policies in favour of temporary in-migration and implementation of migrant worker programmes (MWP). Such programmes have to be carefully managed to avoid undesirable effects associated with “tethering” of workers such as the shifting of income toward employers and away from workers.

<b>Policy issue</b>	<b>Policy Objectives</b>	<b>Programme</b>	<b>Policy Content</b>
Brain Drain	increase gains	value chain, circular migration, diaspora networks, remittances	incentives for labour export, return, etc.
	reduce losses	MDC reparation	
	compensate	replacement, return migration	incentives
	discourage	tuition	surcharges
Labour Shortages	compensate absolute shortage	permanent immigration	
	redress relative shortage	institutional rigidities, temporary in-migration	wages, MWPs, TMWPs
	resolve sectoral shortage	temporary in-migration, inter-sectoral mobility	MWPs, TMWPs, re-training
	resolve occupational shortage	temporary in-migration, manpower	MWPs, TMWPs, vocational training
<i>Note:</i> TMPs: Temporary Migrant Worker Programmes; MWPs: Migrant Worker Programmes; MDCs: More Developed Countries			

## Policy recommendations

The growth and complexity of migration trends call for the design and implementation of migration management strategies that optimize gains and minimize losses. The emphasis should be on obtaining the maximum benefits from the “migration value chain” that encompasses upstream activities such as education and training to downstream activities such as financial networks associated with remittances. Key policy measures with regard to extra- and intra-regional migration are mentioned below:

- Implementation of skill-targeted education and training programmes
- Proactive facilitation of replacement migration via intra-regional migration
- Facilitation of the transnational circulation of skills
- Widening and deepening of diaspora networks
- “Market-based” work permit regimes and temporary worker programmes
- Incentives for employers to improve employment practices
- Collection of basic migration data for a migrant management policy
- Generation of projections on MDC labour market developments and skilled labour requirements at a regional level
- Provision of financial support for education and training from MDCs and identification of net skill gaps and surpluses at the regional level.