



INTERNATIONAL ORGANIZATION  
FOR MIGRATION (IOM)



# Remittances and the movement of workers

**Session on Learning the Hard Way:  
The Great Crash and the Employment Crisis (Part II)**

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**ILO-GTFA conference**

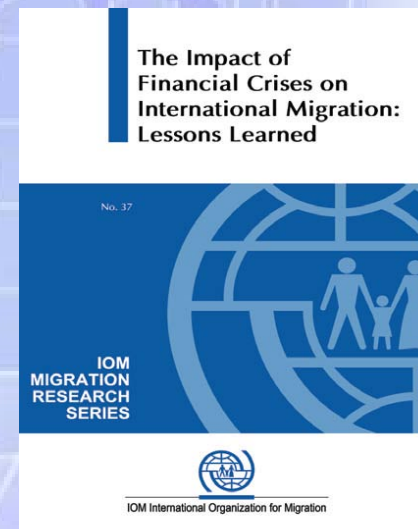
Globalization and Employment: Global Shocks, Structural  
Change and Policy Response, Geneva, 21 June 2010



- 1. Scale and impact of the Crisis**
- 2. Effects on Migration in the European Union (EU)**
- 3. Changes in remittance flows - global level**
- 4. Remittances in the EU**
- 5. Conclusions**

# Forthcoming/recent IOM publications

- **«*Migration and the Economic Crisis: Implications for Policy in the European Union* »**: Latest evidence on impact of the economic crisis on migration in the European Union.
- **«*World Migration Report 2010: The Future of Migration: Building Capacities for Change* »**: Special focus on the impact of the economic crisis across regions.
- **«*The Impact of the Financial Crises on International Migration: Lessons Learned* »**: New publication within the Migration Research Series (MRS 37).





# SCALE & IMPACT OF THE CRISIS

- Key features of the 2008/2009 'Global Crash':
  - struck more quickly and more countries affected than preceding global economic downturns.
  - struck during an 'age of mobility': In 2010, **one out of every 33 persons is an international migrant** (214 million migrants).
  - has had an **uneven impact on labour markets** between countries and regions.
  - as during other economic recessions, **migrants are among the most vulnerable category of workers** affected by declining employment.



# SCALE & IMPACT OF THE CRISIS

## Migrants vulnerable during crises:

- 
- Tend to be younger
  - In temporary jobs
  - Less formal education
  - Sectors affected by crisis (construction, manufacturing and services)
- Job losses
  - Moving into irregular forms of employment
  - Need of social protection and unemployment benefits
  - Returns

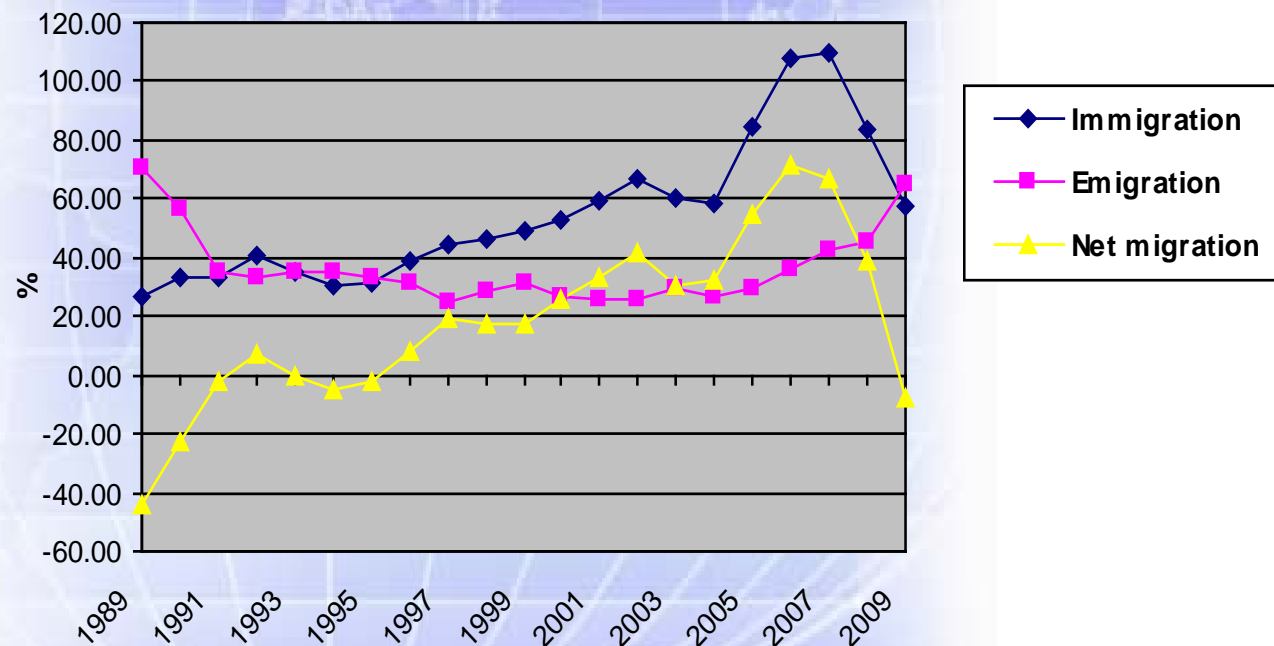


# IMMIGRATION SLOWED: EXAMPLE EU

➤ Overall stock of migrants has not decreased in response to the crisis but **flows of new migrants have slowed** in many parts of the world.

- Negative net migration returned to Ireland in 2009.
- partly due to a drop in inflows and a rapid increase in outflows of migrants from the New Member States (30.6 % increase in 2008).

**Immigration, emigration, and net migration in Ireland, 1989–2009**



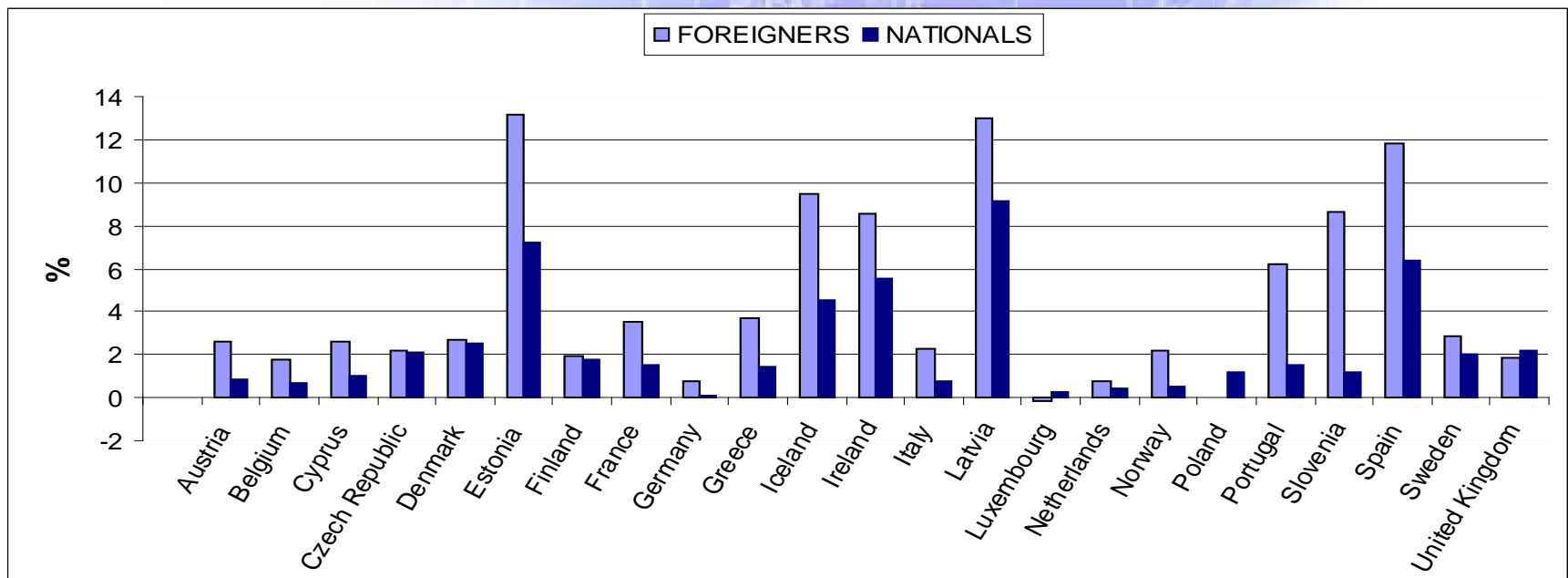
Source: Central Statistics Office (CSO), 2009, cited from IOM Ireland case study.



# UNEMPLOYMENT RATES IN THE EU

- Migrants were the first to lose their job during the economic crisis.
- Non-EU migrants were particularly affected by unemployment as they were often concentrated in sector with high cyclical demand such as **construction, retail, and hospitality**.

Percentage point increase in unemployment rates in selected EU countries, 2008–2009



Note: Foreigners include EU and non-EU foreigners.

Source: EUROSTAT, 2009; own calculation.





# OTHER EFFECTS ON MIGRATION IN THE EU

- **Irregular migrant population is likely to have increased** during the downturn • less because of new irregular inflows, and more because of overstaying visas or permits and increased working in the grey economy.
- **Many migrant workers have lost their jobs**, during the recession, but have not returned home.
  - **Little evidence of a mass return of non-EU migrants** to countries of origin.
- **Emigration rates of non-EU migrants during crisis were lower** than those of EU migrants as former **faces higher barriers to mobility**.
- **No consistent increase in public hostility** towards migration.
- **Policy adjustments varied from country to country** and across regions in the EU • migration policy changes were not solely restrictive; they also included provisions for extending visas (i.e. Ireland), but few additional measures to protect rights of migrant workers introduced.





# REMITTANCES

➤ **Impact of the crisis on remittance flows depends on several factors:**

- Number/type of migrants in destination country and their labour market participation.
- Their propensity to remit money, depending on duration of stay and family situation –

**the share of migrants who remit may have decreased, since recent migrants are generally the ones likely to remit larger amounts and do so more frequently.**

- Conditions at home.



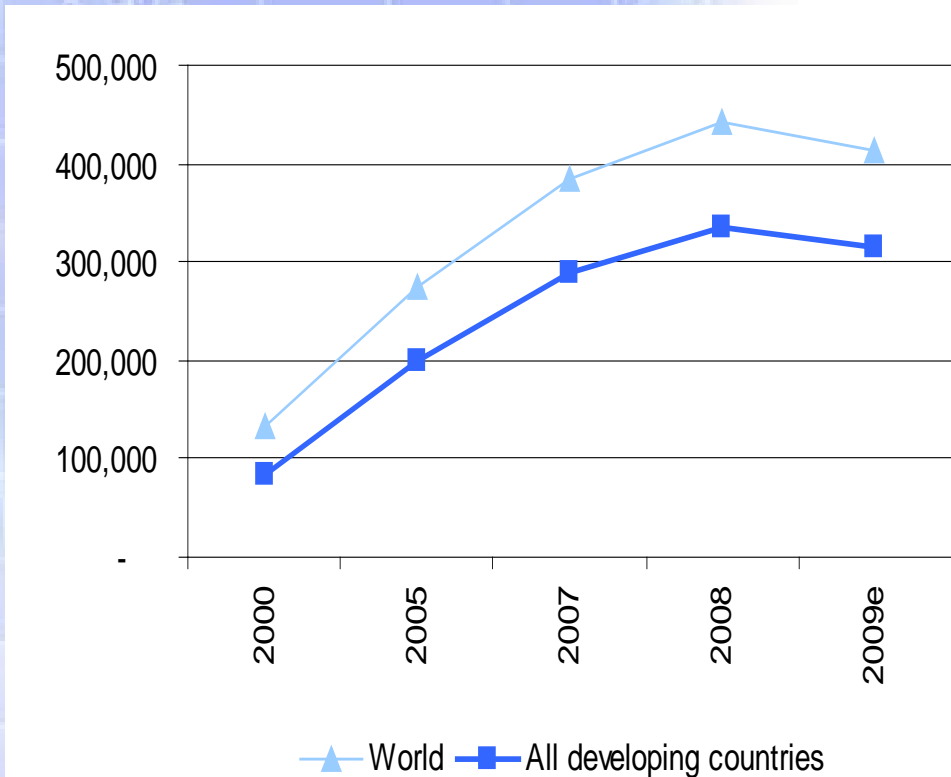
# REMITTANCES

- Remittances 2009 = **over US\$ 414 billion** (316 billion went to developing countries).

➤ **First recorded drop** (US\$ 443 billion in 2008) in remittances **since 1985** but higher than in 2007 (US\$ 385 billion).

➤ **Remittances sent to developing countries decreased by 6%** in 2009 but expected to increase by 6% and 7% in 2010 and 2011, respectively.

**Remittances, total and to developing countries, in 2000 and 2010 (in million)**

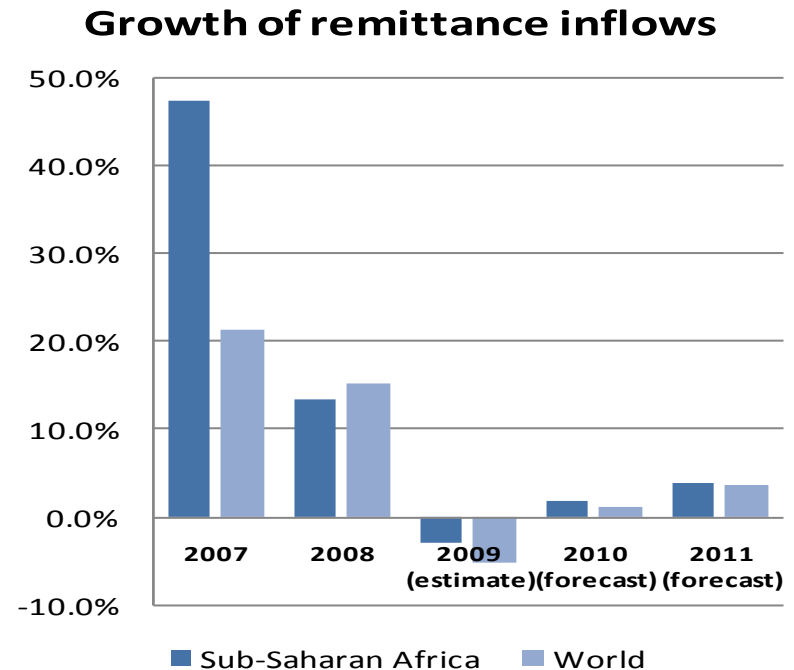




# REMITTANCES (con't)

➤ **Remittance flows to sub-Saharan Africa have experienced a slower negative growth** compared to the rest of the world in 2009 (falling a modest 3%). (see graph)

➤ **The decline in remittance flows to Latin America and Caribbean seems to have bottomed out:** flows to El Salvador, Honduras, Guatemala became positive in 2010.



Sources: Ratha et al., 2009 and 2010.

➤ **Some regions experienced an increase in remittances:** flows to South Asia continued to grow in 2009 although at a markedly slower pace than in the pre-crisis years.



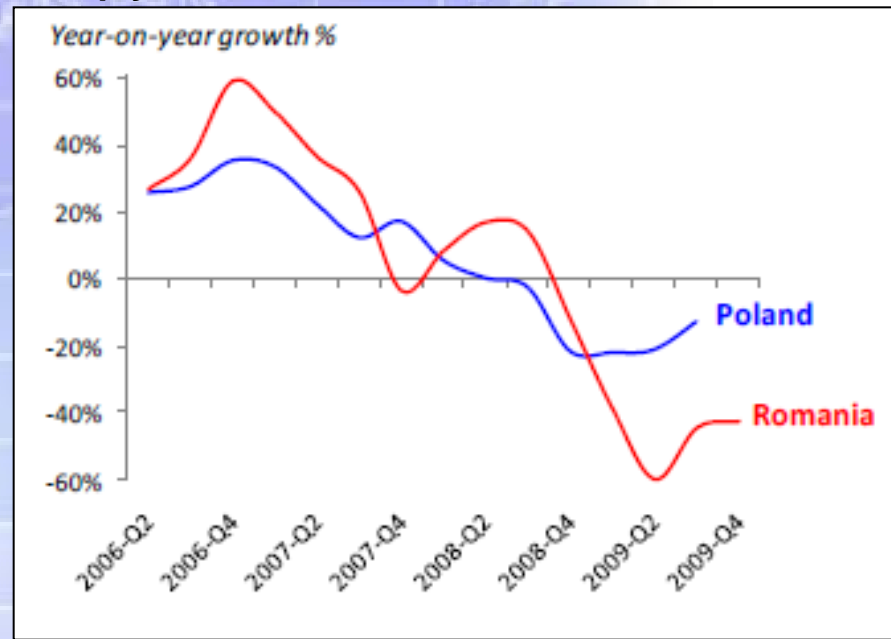
# REMITTANCES IN THE EU

➤ As the labour markets are relatively integrated within the EU, migration is more responsive to economic cycles of the destination and sources countries.

➤ Decline in remittances flows to Poland and Romania is due to:

- Weak labour markets in destination countries such as Spain, Italy and UK;
- Ability of workers within the EU to easily move in and out of countries;
- Flows to Poland also dropped as result of large emigration of Polish migrants from the UK in the first few months of 2009.

**Remittance inflows to Poland and Romania fell sharply in 2009**



Source: IMF balance of payments and Ratha et al., 2010



# REMITTANCES IN THE EU

- Some evidence that the remittances corridors from EU to non-EU countries were less responsive to economic cycle than intra-EU remittance corridors.
- Remittance flows from the UK to Pakistan and Bangladesh in latter part of 2008 increased by 24 per cent and 16 per cent, respectively.
- Migrant households that receive social security or unemployment benefits are likely to continue to remit, sometimes more so than other households.



# CONCLUSION

- Despite uneven impact on labour markets and remittance transfers, **migrants are among the most vulnerable category of workers.**
- **Non-European migrants are particularly affected by job losses,** but no large scale return to countries of origin took place.
- **Remittances generally remained resilient** and held up stronger than other financial flows.
  - Decline in remittances was only partly due to migrants sending less money or to increasing emigration.
  - Remittance-sending behaviour during the crisis depends on other factors as well.
- Despite lower labour demand and slowed flows of new migrants, incentives to migrate or “wait out” the crisis for current migrants remain.