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Migration and the Global Recession

A Report Commissioned by the BBC World Service

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Migration Policy Institute

September 2009

About the Migration Policy Institute

The Migration Policy Institute is an independent, nonpartisan, nonprofit think tank in Washington, DC dedicated to analysis of the movement of people worldwide.

MPI provides analysis, development, and evaluation of migration and refugee policies at the local, national, and international levels. It aims to meet the rising demand for pragmatic and thoughtful responses to the challenges and opportunities that large-scale migration, whether voluntary or forced, presents to communities and institutions in an increasingly integrated world.

Founded in 2001 by Demetrios G. Papademetriou and Kathleen Newland, MPI grew out of the International Migration Policy Program at the Carnegie Endowment for International Peace.

MPI is guided by the philosophy that international migration needs active and intelligent management. When such policies are in place and are responsibly administered, they bring benefits to immigrants and their families, communities of origin and destination, and sending and receiving countries.

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Suggested citation: Fix, Michael, Demetrios G. Papademetriou, Jeanne Batalova, Aaron Terrazas, Serena Yi-Ying Lin, and Michelle Mittelstadt. 2009. *Migration and the Global Recession*. Washington, DC: Migration Policy Institute.

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Executive Summary

A. Introduction

The global financial crisis that followed the collapse of the investment house Lehman Brothers in September 2008 can be viewed as having a deeper *and more global* effect on the movement of people around the world than any other economic downturn in the post-World War II era of migration.

In this report commissioned by the BBC World Service, the Migration Policy Institute seeks to explore the myriad impacts of this crisis on migration flows, remittances, and on migrants themselves as they adjust to the sweeping economic changes set in motion by the deepest global financial downturn since the Great Depression.

The report presents and substantiates three propositions:

1. The recession has dampened the movement of economic migrants to the major immigrant-receiving regions of the world. And, counter to the widely held public perception, immigrants overwhelmingly are choosing to stay put in their adopted countries rather than return home despite very high unemployment and lack of jobs.
2. While the overall picture is one of sharp remittance decline, some regions are experiencing remittance increases or are holding steady. Though remittances have dropped globally amid the downturn, they remained an important stable source of income for immigrant-sending countries as other financial streams, including lending and other forms of foreign private investment, have proven much more volatile.
3. The recession has hit migrants and their financial well-being particularly hard, with repercussions not only for the migrants themselves and their households but for immigrant-sending and receiving countries alike.

With some evidence that an economic recovery, however anemic, may be underway, we could be at a hinge point with regard to immigration flows as some would-be immigrants may seek to move in anticipation of growth. If so, we soon will be able to determine the degree to which the shifts in migration and remittance flows that we have seen in the year following Lehman's collapse — and that we document here — have been structural or cyclical.

B. On the Threshold of the Crisis: A Migration Snapshot

At the threshold of the recession, in 2005, the number of international migrants stood at an all-time high of 195 million — a level two and a half times greater than the 75 million recorded in 1960.

Trends in international migration are often misperceived. In the first place, the share that migrants represent of the world population is relatively low: they make up about 3 percent of world population and the world's workers. While the immigrant share of the total population by major world region is largest in Oceania (including Australia and New Zealand) and Northern America, the biggest concentrations of immigrants are in Europe, followed by Asia. When migration is viewed through a country (versus a regional) lens, the United States in particular stands out: while it accounts for one in 20 world residents, it is home to one in five of the world's migrants.

Illegal migration may be less of a worldwide phenomenon than many realize. The United Nations estimates there are roughly 20 to 30 million unauthorized migrants worldwide, composing 10 to 15 percent of the world's immigration stock. An estimated 11 million unauthorized immigrants live in the United States, according to US government estimates. Along with temporary migrant workers, unauthorized immigrants represent the flows most closely linked to the economy, and thus the ones most likely to fall in poor economic times.

As the financial crisis descended, immigrants were having a significant effect on employment growth in many industrialized countries. While they represented one in six workers in the United States, they constituted one in two *new* workers in the United States and nearly seven in 10 *new* workers in the United Kingdom.

In terms of workers, low-skilled migrants still represent the bulk of global migration flows, although high- and low-skilled immigrants now represent equal shares of migrants to the 30 countries that compose the Organization for Economic Cooperation and Development, the so-called club of wealthy nations.

Many of the immigrant workers hardest hit by the recession are vulnerable for a number of reasons: their low local-language skills and limited educational credentials; their concentrations in boom-bust sectors such as construction; their contingent work contracts and arrangements; and the discrimination they face that can be exacerbated in times of recession. The newest hired workers, as well as workers from nationalities that entered a labor market most recently, also may lack social and job networks that can help cushion the impact of recession.

C. One Year After: Migration Viewed through the Lens of Selected Corridors.

There is no single, global trend that captures the ways the recession has affected migration flows. The effects are nuanced and varied, depending greatly on the character of the flows (permanent, temporary, illegal, and humanitarian); whether they are *to* or *from* a destination country; and the region of the world involved. Still, a look at some of the major migration corridors around the globe makes clear that the recession has had a profound impact on what amounts to one of the most personal and important decisions a person can make: Where to live and work.

United States and Mexico

Annual flows from Mexico to the United States have declined from 1 million to 600,000 from 2006 to 2009 largely as a result of a drop in illegal immigration. Legal immigration levels have remained largely unchanged. As a result, the overall number of Mexicans in the United States (constituting the country's largest immigrant group) has remained essentially unchanged during a period when it would have been expected to grow by 1 million.

But migration *to* the United States is only half of the story. There has been virtually no change in return flows to Mexico despite the fact that unemployment rates for Mexican and Central American immigrants in the United States have more than doubled. These trends lend support to the proposition that people's decisions whether to return home are predicated on what is happening in the sending-country economies to an even greater degree than changes in the receiving country economy. In sum, people are staying put on both sides of the border.

United Kingdom, Ireland, and the Accession 8 (A8) Countries

The United Kingdom and Ireland have witnessed a rapid turnover of workers from the eight Eastern European countries (referred to as the A8) that joined the European Union in 2004 — particularly Poland. For example, of the 1.4 million A8 workers who had come to the United Kingdom between May 2004 and March 2009, almost half had returned by the end of 2008 — a result of contractions in the UK and Irish economies at a time of growing opportunities in Poland. Circulation of workers to and from the United Kingdom and Ireland has been made relatively simple because of the two countries' decision to recognize EU freedom-of-movement provisions and allow A8 nationals to work with no restrictions prior to the 2011 effective date.

Spain/Romania/Morocco

After a near sevenfold increase in the share of immigrants among the total population over the past decade, Spain's immigrant population has suffered massive labor-force dislocations in the current recession. The result has been declining (by a quarter) total immigrant inflows among Eastern Europeans; Romanian and Bulgarian migrants declined by more than 60 percent. Like the case of the United Kingdom and Ireland, Eastern Europeans with the right of return and some Moroccans who have legal permanent residence appear to be leaving Spain and returning to their home countries. The National Statistics Institute estimates that the number of migrants leaving Spain nearly doubled from 120,000 in 2006 to 232,000 in 2008. However the bulk of unauthorized Sub-Saharan African and Latin American migrants are staying put, in large measure because of poor economies in their home countries.

Movements to and from the Gulf States

The picture in the Gulf region, which has been heavily reliant on contract labor migration, is a mixed one — in part because the Gulf economies have experienced the recession very differently.

- ***India/Gulf States:*** While emigration to the Gulf States is down, there is no evidence of large-scale return of low-skilled migrants to India — partly as a result of their concentration in recession-sheltered Saudi Arabia.

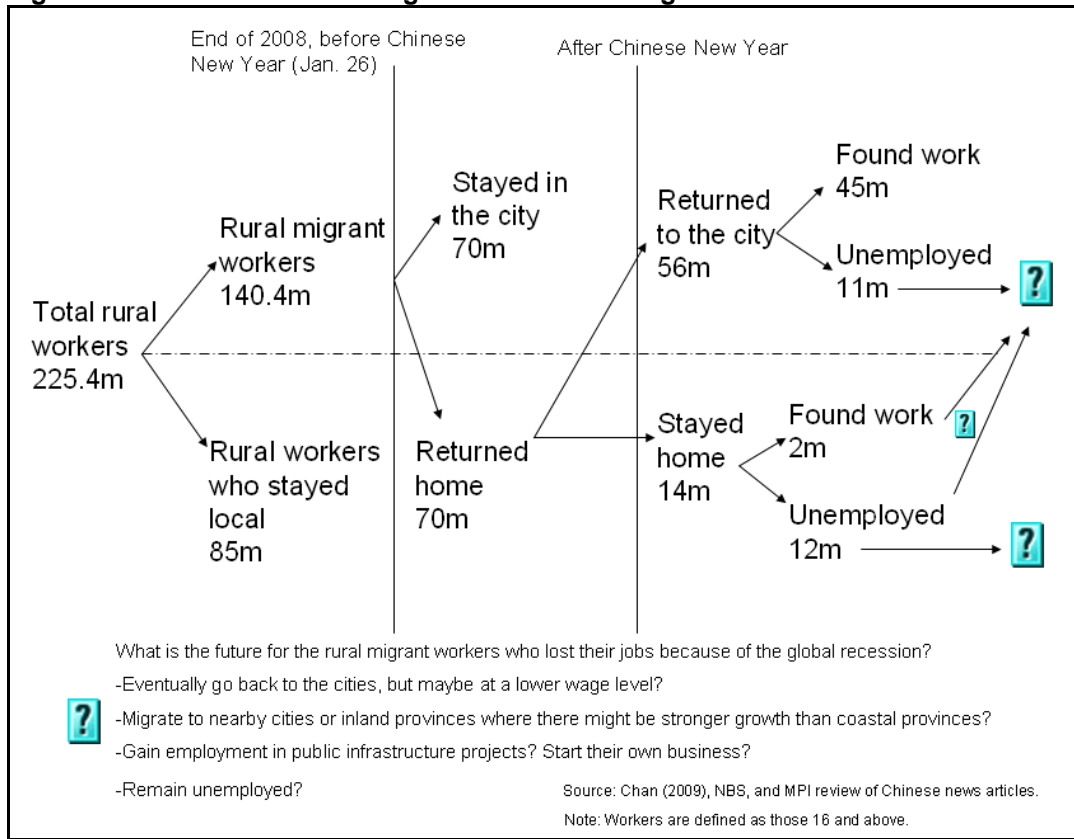
- ***Bangladesh/Gulf States:*** The recession has prompted the Bangladesh government to look for new overseas markets for its workers and to provide them financial support in the Gulf Cooperation Council states themselves — exemplifying the role that migrants' own governments are playing to mitigate the recession's impacts.
- ***Philippines/Gulf States:*** Along similar lines, the Philippine government has embraced “full-blast” market development efforts that are likely to sustain Philippine emigration and limit returns — a key priority for a nation with fully a quarter of its labor force working overseas, in 190 countries.
- ***Nepal/Gulf States:*** Nepalese workers' emigration patterns responded to the relative economic strength of the destination countries, with flows to Qatar and the United Arab Emirates falling and those to Saudi Arabia rising.

China

Migration, of course, is not just an international but also an internal phenomenon — and also is subject to the impact of the economic crisis. China's 140 million migrant workers, who have left rural areas for work in the nation's industrial coastal cities, represent a case in point. Many of these workers have settled in the eastern provinces where they work in export-driven, labor-intensive industries — a sector that has been particularly hard hit by the recession. These migrant workers have experienced high relative unemployment rates as a result of the global financial slowdown and those who are employed suffer from lower wages and poorer working conditions than other Chinese workers.

In what amounts to the world's largest annual movement of people, tens of millions of rural migrant workers return home each year from the cities where they work, to reunite and celebrate the Chinese New Year with their families. About 70 million people — or half of all rural migrant workers — returned to their home provinces during the 2009 Chinese New Year, in a massive natural phenomenon known as the “spring movement.” But during this recessionary year, more workers went back than in previous years, the annual ritual started earlier than usual, and, at least initially, more people did not return to the cities, according to a new survey.

Figure 1. Movement of Rural Migrant Workers During the 2009 Chinese New Year



But while 14 million (or 20 percent) of the 70 million who returned to rural provinces remained there, 56 million (80 percent) returned to the coastal cities where they had been living — another form of “staying put” in the face of the economic crisis. In some ways the results are not surprising: almost all of the workers (86 percent) who returned to rural areas for the spring movement and stayed were unemployed.

The government has responded to comparatively high rural and urban unemployment rates among the migrant workers by instituting an array of policies ranging from worker training and infrastructure-directed stimulus spending, to promoting the emigration of the rural migrant workers.

D. Recession and Policy: How Countries Have Responded

Confronted with the most severe economic crisis in decades and rising unemployment, governments in locations across the globe embraced a range of policies to suppress the inflow of migrants, encourage their departure, and protect labor markets for native-born workers.

From Malaysia and Thailand to Kazakhstan, Taiwan, Australia, South Korea, and Russia, many governments have sought to restrict access to their labor markets by halting, or at least decreasing, the numbers of work permits for foreigners. Others, such as the United

Kingdom, tightened admission requirements. And while the policy focus of many of these countries was on reducing the entry of low-skilled workers, the United States placed restrictions on some companies seeking to bring in the highly skilled.

Swimming against the tide was Canada, which briefly considered the idea of reducing permanent legal immigration rates in response to the global economic downturn but then proceeded to leave its permanent levels unchanged, and in fact saw employer demand for temporary workers rise. One province, Alberta, saw a 340 percent rise in the number of temporary workers, from 13,000 in 2004 to 58,000 in 2008. Moreover, in January 2009, Alberta sanctioned a program to entice US temporary skilled workers through a fast-track program for Canadian permanent residency.

The adjustment of visa levels and entry requirements was not the only policy tool deployed by countries responding to the economic crisis. Others sought to make it harder for migrants to live and work illegally by stepping up enforcement and curbing access to public services. Italy, for example, passed legislation criminalizing unlawful presence and preventing unauthorized migrants from accessing public services such as education and emergency medical care, while authorizing citizen patrols to assist police in combating crime and responding to immigration violations. In early 2009, the French government conducted a series of high-profile worksite raids as part of a redoubled effort to remove illegal immigrants but also to create additional jobs for unemployed legal workers.

One of the more interesting policy responses has been the advent of “pay-to-go” schemes that encourage unemployed migrants to return home. In direct response to rising unemployment, Spain, the Czech Republic, and Japan are offering economic incentives such as paid one-way tickets home and lump sum payments typically pegged to unemployment insurance benefits in exchange for migrants’ promise to leave the country for some period of time or even indefinitely.

The programs, which take a page from a 1977 French program designed to repatriate migrant workers, have had only modest results to date, in part perhaps because they do not take into account migrants’ motivations to stay or leave (such as consideration of the opportunities at home, investments made to emigrate, and existing social and family ties in the country of destination).

The United Kingdom is experimenting with a variation on the pay-to-go concept: Offering assistance to migrants *before* they reach their destination. With hundreds of migrants massed across the Channel in Calais, France, waiting to attempt illegal entry to the United Kingdom via ferry or train, the British and French governments announced in July 2009 that they would offer a plane ride home, 2,000 euros in cash, and resettlement assistance and retraining for Calais migrants willing to return home.

E. Remittances

As the economic crisis has spread beyond its origins as a fairly localized real estate and construction bust in the United States, United Kingdom, Ireland, and Spain, and as migrants

have faced rising unemployment, international remittance flows have also slowed. But just as the economic crisis has taken an uneven toll across regions and countries, shifts in remittance flows have varied by region and country.

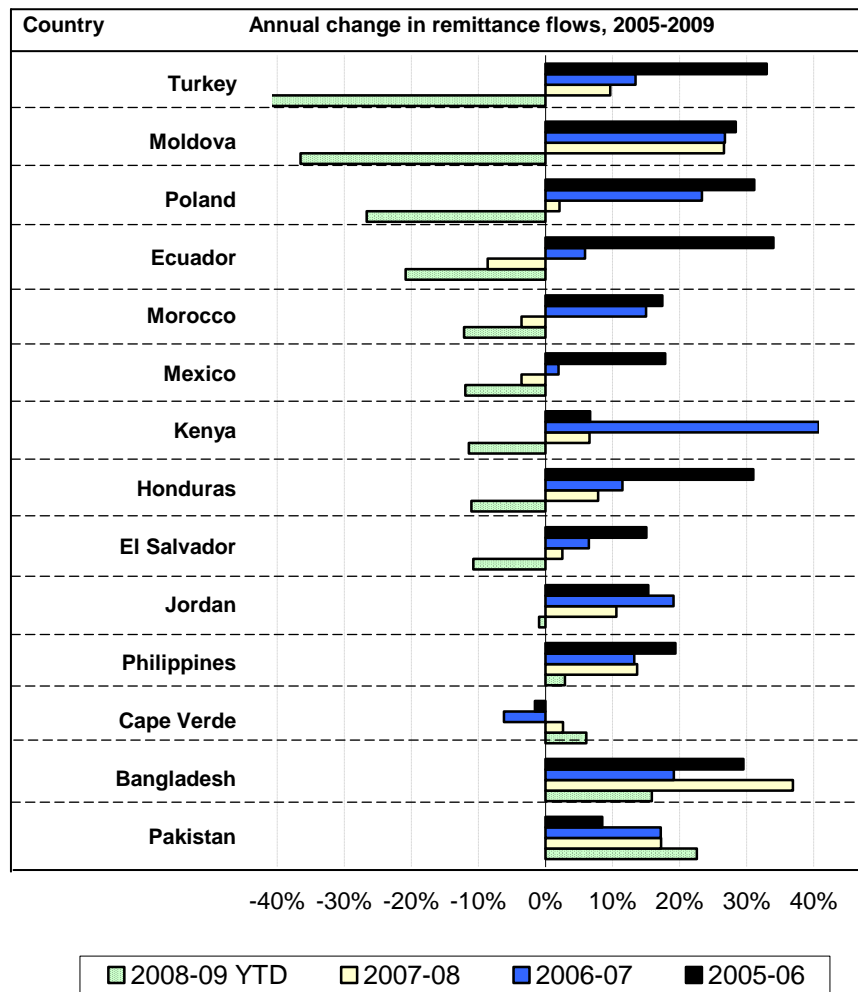
Regional Trends

Between 2000 and 2006, remittances grew at similar high pace across Latin America and the Caribbean, East Asia, South Asia, Europe, and Central Asia (growth in the two other world regions, the Middle East and North Africa region and Sub-Saharan Africa, was much more modest).

Growth slowed in the Latin America and Caribbean region between 2006 and 2007 (largely reflecting the slowdown in the US construction industry) and was nearly flat between 2007 and 2008. In 2007-2008, growth also slowed in Europe and Central Asia as the recession spread to Western Europe and Russia.

At the same time though, remittances to East and South Asia have continued to grow rapidly. In almost every year between 2000 and 2006, the Latin America-Caribbean region was the leading remittance recipient. But since 2006 it has been surpassed by both East and South Asia. In short, remittances to Asia are rising as those to Latin America and Europe stagnate.

Figure 2. Remittances to Many Developing Countries Have Slowed (Annual Growth, 2005-2009)



Notes: 2008-2009 data compare January to June totals for Bangladesh, Cape Verde, Kenya, Mexico, Morocco, Philippines, and Turkey. January to July totals for El Salvador, Honduras, and Pakistan; first quarter totals for Poland, Moldova, and Jordan; and first semester totals for Ecuador.

Source: Migration Policy Institute tabulations of Central Bank data

Country Trends: Declines

The countries that saw the steepest declines in remittances in 2008-2009 were, in order: Turkey, Moldova, Poland, Ecuador, Morocco, Mexico and Kenya: thus traversing Asia, Europe, South America, and Africa. Sharp declines, then, were not restricted to any one sending region, but were concentrated among middle- and not low-income countries — at least in the early stages of the recession in 2008.

Three countries have apparently felt the effects of recession longer, suffering declines in remittance flows in both 2007-2008 and 2008-2009 (year-to-date): Ecuador, Morocco, and Mexico.

The steepest year-to-year declines can be seen in Turkey. Moldova saw the second steepest decline in remittances. This decline is deeply consequential since one-third of Moldova's 2007 GDP came from remittance income — making it the world's third most remittance-dependent nation. Remittances make up a much smaller share of Turkey's GDP, so its decline has less far-reaching effects on national income.

Mexico has seen drops in the total volume of remittances for both 2007-2008 (-4 percent) and 2008-2009 (-12 percent). The average monthly amount per transaction also declined, from about \$343 in 2007 to \$329 in 2009.

Ecuador's remittances have fallen sharply as a result of the high concentrations of Ecuadoreans in the United States and Spain — two countries among the hardest hit by the recession.

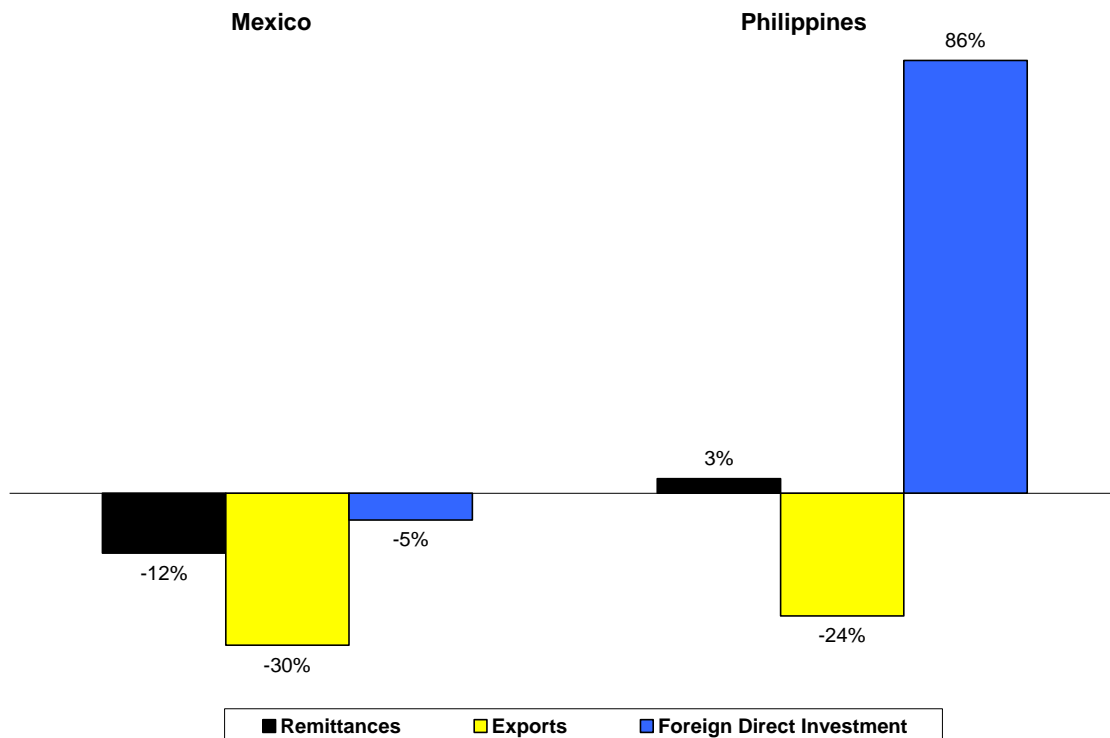
Remittances to Honduras have fallen dramatically since the US recession began, but preliminary data for July 2009 suggest a slight rebound. Since Honduran migrants in the United States have a similar demographic and labor force profile as other Central American migrants and remittance flows to these countries do not appear to have rebounded, this surge is more likely due to the political instability in Honduras. There is some consensus that migrant remittances generally increase during times of political crises at home.

Country Trends: Increases

Four countries saw their remittances flows grow in 2008-2009 despite the recession. The largest gains were made by Pakistan and Bangladesh, followed by the Philippines and Cape Verde. One common element: the first three countries send large shares of their emigrants to Saudi Arabia, whose economy was less hard-hit than other Gulf States. Pakistan and Bangladesh also export migrants to India.

Although the growth in remittances to the Philippines has slowed, overall remittances continue to rise: During the first half of 2009, remittances increased about 3 percent each month from the previous year. Thus despite the recession, year-to-year flows of remittances to the Philippines have risen for the past four years.

Figure 3. Annual Change, to Date, of Remittances, Exports, and Foreign Direct Investment to Mexico and the Philippines, 2009



Source: Remittances, Migration Policy Institute analysis of Central Bank Data; exports, International Monetary Fund, Directorate of Trade Statistics; FDI, Secretaría de Economía de México and Bangko Sentral ng Philipinas.

Although remittances are declining in some places, they are still increasing in importance relative to other financial flows, while some families and communities are becoming *more* dependent on remittances than ever before.

As Figure 3 indicates, at least at the outset of the recession, remittance flows proved to be less volatile sources of income than either exports or foreign investment for the remittance-dependent countries of Mexico and the Philippines.

F. The Recession and Immigrants' Well-Being

A significant deterioration in immigrant employment rates can be observed across a wide number of countries — for example among Mexicans and Central Americans in the United States, among virtually all nationalities in Spain, and among foreigners in Portugal. But these trends are not universally observed across all countries. Unemployment among the foreign born did not significantly increase between 2007 and 2009 in many European countries, and the employment gap between the native and foreign born in some European countries actually narrowed between the first semester of 2007 and the first semester of 2009.

Unemployment rates among the general population are also on the rise in many major migrant-sending countries. In Mexico, unemployment has risen but *underemployment* has gone up more dramatically. The unemployment rate is increasing across Eastern Europe and the recession has virtually erased all of the employment gains made in the Baltic countries since they joined the European Union.

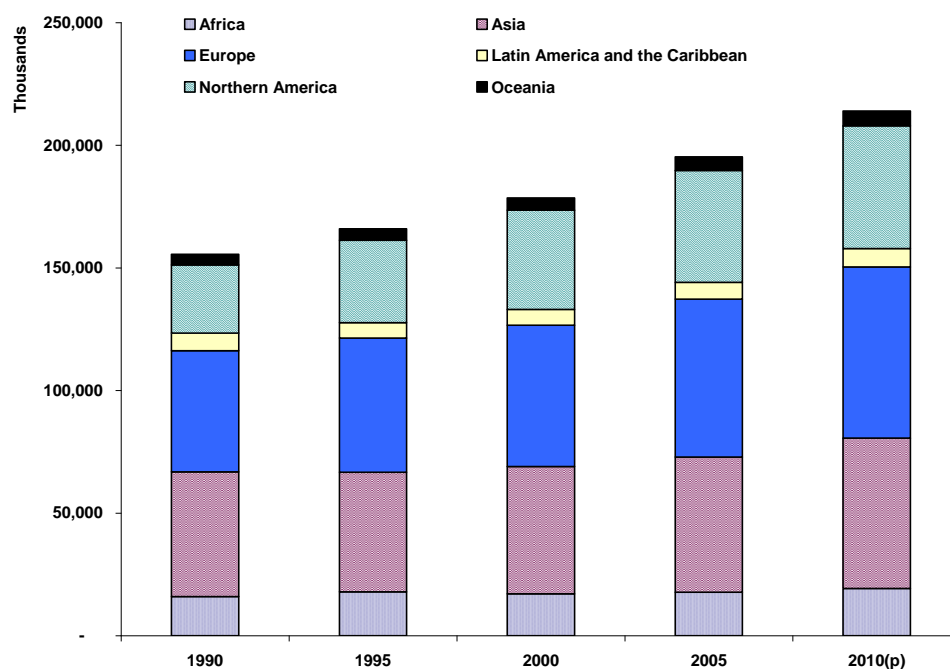
The latest poverty data show that, on the eve of the recession, immigrants were far more likely to be poor than natives — a trend that likely has only increased.

I. Setting the Context: A Snapshot of Worldwide Migration

A. Global Migrants

The number of international migrants (defined here as persons who left their country of birth or citizenship for at least a year) is at an all-time high in absolute numbers. According to United Nations (UN) estimates released in August 2009,¹ the number of global migrants was 195 million in 2005 — which is 2.5 times greater than the 75 million recorded in 1960 — and their number was projected to grow by 9.6 percent to nearly 214 million by 2010.² Despite the growth in volume, however, migration across borders remains an exception. The share of international migrants among the entire world population has been small, ranging from 2.5 percent in 1960 to a projected 3.1 percent in 2010.

Figure 1. International Migrants by Region of Destination, 1990-2010



Source: United Nations Department of Economic and Social Affairs, Population Division, *Trends in International Migrant Stock: The 2008 Revision*.

¹ United Nations Department of Economic and Social Affairs, Population Division, *Trends in International Migrant Stock: The 2008 Revision*, UN database, POP/DB/MIG/Stock/Rev.2008 (New York: United Nations Department of Economic and Social Affairs, Population Division, 2009), <http://esa.un.org/migration/index.asp?panel=1>.

² In most cases, data on the international migrant stock for at least two points in time was used as a basis for using an exponential growth rate to estimate the international migrant stock on July 1 of 1990, 1995, 2000, 2005, and 2010. *The 2010 projected numbers do not take into account the impact of recession.*

- In absolute numbers, the largest concentration of immigrants is in Europe, followed by Asia, and Northern America. Immigrants constitute the *largest share of the total population* in the Gulf States, Oceania, Northern America, and Europe, respectively.
- The number of international migrants was projected to increase by 80 percent in Northern America and by 41 percent in Europe between 1990 and 2010, while remaining essentially the same in Latin America (defined to include the Caribbean). According to updated UN estimates, Latin America and Asia each lose an estimated 1 million people annually through emigration.³
- The United States accounts for less than one in 20 of the world's residents (4.5 percent) but is home to one-fifth (20 percent) of the world's migrants.
- Migration is typically a "neighborhood affair." Those who cross national borders usually move to nearby countries, for example, from Indonesia to Malaysia, Mexico to the United States, or Poland to Germany.
- The United Nations estimates there were roughly 20 to 30 million unauthorized migrants worldwide, comprising around 10 to 15 percent of the world's immigrant stock in 2004.⁴ Illegal migration is present in all major world regions. About 11 to 12 million unauthorized migrants resided in the United States (2008),⁵ about 618,000 in the United Kingdom (2007),⁶ and nearly 210,000 in Japan (2007).⁷
- By the end of 2008, an estimated 15.2 million persons were global refugees and 26 million were internally displaced persons (IDPs are not counted as international migrants).⁸
- The immigrant population has increased in the past decade in most countries that are members of the Organization for Economic Cooperation and Development (OECD), often referred to as the club of wealthy nations. Immigrants represent an especially high share of the population in Australia, Canada, Luxembourg, New Zealand, and Switzerland. Other countries, such as Spain, the Slovak Republic, and

³ UN Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2008 Revision*, (New York: UN Department of Economic and Social Affairs, Population Division, 2009), <http://esa.un.org/unpp>.

⁴ International Organization for Migration, *Global Estimates and Trends*, (Geneva: International Organization for Migration), accessed on August 19, 2009, <http://www.iom.int/jahia/Jahia/about-migration/facts-and-figures/global-estimates-and-trends>.

⁵ Jeffrey S. Passel and D'Vera Cohn, *A Portrait of Unauthorized Immigrants in the United States* (Washington DC: Pew Hispanic Center, 2009), <http://pewhispanic.org/reports/report.php?ReportID=107>.

⁶ Greater London Authority, *Economic Impact on the London and UK Economy of an Earned Regularisation of Irregular Migrants to the UK*, (London: Greater London Authority, 2009), http://www.london.gov.uk/mayor/economic_unit/docs/irregular-migrants-summary.pdf.

⁷ OECD, *International Migration Outlook, Special Focus: Managing the Labour Migration Beyond the Crisis* (Paris: OECD, 2009).

⁸ UN High Commissioner for Refugees, *2008 Global Trends: Refugees, Asylum-seekers, Returnees, Internally Displaced and Stateless Persons* (Geneva, Switzerland: UN High Commissioner for Refugees, 2009), <http://www.unhcr.org/4a375c426.html>.

Ireland, still do not report as high shares of immigrants but have seen a spectacular increase in the absolute and relative number of immigrants in recent years.

Definitions

The foreign born are defined as persons born outside of the country in which they currently reside. The foreign-born population includes both foreign and naturalized citizens. *Foreign population* refers to persons who do not have citizenship of the country in which they reside. Foreign population may include persons born abroad who kept the citizenship of their home (or another) country as well as children born in a host country to parent/s who are foreign nationals. Some countries report data on both the foreign-born and foreign population (e.g., Spain and Netherlands), while others only on one group (e.g., Australia and Canada typically report data on the foreign-born population; South Korea and Japan report data mostly on the foreign populations).

B. Immigrants as Workers

The overwhelming majority of international migrants move — whether permanently or temporarily — in search of better economic opportunities. Migrants with temporary work permits have been especially hard hit by the recession, because they are most closely linked (along with illegal immigration flows) to the economy.

According to the International Organization for Migration (IOM) and International Labor Organization (ILO) (unless stated otherwise):⁹

- There are about 100 million global migrant workers, who account for about 3 percent of the global workforce of more than 3 billion people.¹⁰
- Except for a few countries such as Kuwait, Qatar, and the United Arab Emirates, where the foreign population outnumbers citizens,¹¹ stocks of temporary foreign workers are generally small relative to the size of the destination country's labor market.

⁹ International Organization for Migration, *World Migration Report 2008: Managing Labor Mobility in the Evolving Global Economy*, (Geneva, Switzerland: International Organization for Migration, 2008), http://www.iom.ch/jahia/webdav/site/myjahiasite/shared/shared/mainsite/published_docs/studies_and_reports/WMR2008/Ch1_WMR08.pdf; and Ibrahim Awad, *The Global Economic Crisis and Migrant Workers: Impact and Response* (Geneva, Switzerland: International Labor Organization, 2009), http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Feature_stories/lang--en/WCMS_112537/index.htm.

¹⁰ Global workforce refers to persons age 15 and older who were employed or unemployed but looking for work.

¹¹ According to UN estimates, international migrants' share of the total population was 69 percent in Kuwait, 70 percent in the United Arab Emirates, and 81 percent in Qatar in 2005. The overwhelming majority of these migrants are contract workers from developing Asian countries. Luxembourg also has a high proportion of foreigners among its labor force (66 percent in 2007); most of these workers are fellow Europeans.

- Low-skilled migrant workers still represent the bulk of global labor migration flows, but since 1995 the arrival of highly educated migrants has been equal in share to that of the low-skilled among a number of OECD countries. This is mostly due to newly introduced policies to attract foreign talent. Among skilled workers, the majority move to or within the developed world.
- Immigrants account for a growing share of workers in many OECD countries, rising eightfold in Spain as a share of the total workforce (from 1.1 percent to 9.0 percent) between 1991 and 2007; and fivefold in Italy, from 1.3 percent to 6.6 percent.
- Migration has had a significant impact on employment growth in a number of countries. For example, while immigrants represent one in 11 workers in Italy overall, between 1997 and 2007, they accounted for two in three *new* Italian workers. The contribution of migration has been even more apparent in the United Kingdom: while one in nine UK workers in 2007 was an immigrant, seven in ten *new* workers were born abroad.
- With the exception of migration to southern Europe and migration under free-movement agreements, virtually all legal labor migration for low-skilled jobs in OECD countries is through temporary programs. Many of these involve intra-OECD or intra-European Union (EU) migration, such as the German seasonal workers program or working holidaymaker programs¹² in Australia and the United Kingdom. Programs involving workers from outside the OECD or the European Union tend to be small, involving mostly seasonal workers. In recent years, for example, the United States H-2A visa (for seasonal agricultural workers) and H-2B visa (for temporary non-agricultural workers) programs have admitted some 150,000 persons, many of them from Mexico, a fellow OECD country. Mexico itself takes in about 40,000 agricultural workers every year, mostly from Guatemala.
- The pattern of educational attainment of native-born adults in most high-income countries represents a **diamond shape**: About 25 percent have a college degree, 60 percent a secondary school certificate, and 15 percent less than a secondary certificate or high school diploma. Migrants from developing countries living in industrialized countries differ from both adults at home and abroad, as their distribution resembles an **hour-glass shape** when arranged by years of education: About 35 percent have a college degree, 30 percent a secondary school certificate, and 35 percent less than a high-school diploma. In most developing countries, the distribution of adults by years of education has the shape of a **pyramid**: a few well-educated persons at the top and most workers with less than a secondary school certificate or high school diploma grouped near the bottom.

¹² Holidaymaker programs vary substantially in eligibility requirements and terms by country, but the idea is to offer eligible nationals of other countries (usually students) an opportunity to study and/or travel combined with short-term employment.

C. Immigrant Workers and Recession

Immigrants are more likely than the native born to be affected by the economic crisis. In most cases, they are more likely to be fired first and they tend to have higher unemployment rates than their native counterparts.

There are a number of reasons why immigrant workers are hit harder by worsening economic conditions, among them because they:

- Are concentrated in sectors that are more sensitive to business-cycle fluctuations such as construction, wholesale, export-oriented manufacturing, and hospitality. Immigrants employed in health and education might be better off during the economic crisis, for example, because those sectors experience less immediate disruption resulting from economic contraction.
- Have less secure contractual arrangements such as temporary, seasonal, and illegal employment.
- Experience selective layoffs and discrimination in the labor market. A number of studies in the United States, Canada, and Europe indicate that applicants with *foreign or ethnic* names were less likely to be invited for job interviews than those with *native* names despite equivalent education and work experience: a trend that is likely to be exacerbated during economic downturns.

II. How the Recession Has Dampened the Movement of Economic Migrants to and from the Major Destinations

A. General Economic Data on OECD Countries

The current economic recession in Organization for Economic Cooperation and Development (OECD) countries appears to be reaching a trough following the deepest decline in more than 60 years, according to the OECD's latest Economic Outlook.¹³ More recently, continental Europe's two largest economies, Germany and France, reported positive (if small) GDP growth for the second quarter of 2009 — beating forecasts of continued contraction. Similarly optimistic data from Indonesia, Poland, and Brazil suggest that the worst of the recession may be over at least for some countries.¹⁴ However, the US economy continues to contract (albeit at a slower pace than before) and several of Europe's other big economies (the United Kingdom and Italy) continue to decline. Spain and Ireland, whose economic growth led Europe until recently, continue to contract at an alarming pace.

But the recovery of the global economy is likely to be weak and fragile, job growth anemic, and the economic and social damage caused by the crisis long-lasting. The International Monetary Fund (IMF) notes that crises that are associated with financial shocks that are highly synchronized across countries and regions tend to yield slow and lackluster recoveries.¹⁵

- OECD projections of changes in GDP from 2004 through 2010: <http://manyeyes.alphaworks.ibm.com/manyeyes/datasets/oecd-gdp-projections-annual-change-i/versions/1>

More than 57 million people will be unemployed in OECD countries by the end of 2010, according to OECD estimates — a 53 percent increase over the 37.2 million unemployed at the end of 2008, when the average jobless rate was 6.8 percent. The expected increase will bring OECD-wide unemployment to 9.9 percent at the end of 2010, its highest level since the 1970s. The International Labor Organization (ILO) projects that there will be between

¹³ Organization for Economic Cooperation and Development, “Unemployment in OECD countries to approach 10% in 2010, says OECD” (news release, June 23, 2009), http://www.oecd.org/document/57/0,3343,en_2649_33927_43136377_1_1_1_1,00.html. OECD is comprised of 30 of the world's high- and upper middle-income countries (the United States, France, and Germany as examples of the former, and Mexico and Turkey as examples of the latter) that promote democracy and market economies.

¹⁴ Jakub Jaworowski, “Polish '09 GDP growth seen above 1 pct,” *Forbes*, August 18, 2009, <http://www.forbes.com/feeds/afx/2009/08/18/afx6789697.html>; “Brazil Fin Min: Brazil GDP Expanded 6% On Year In 2Q,” *The Wall Street Journal*, August 19, 2009, <http://online.wsj.com/article/BT-CO-20090819-713018.html>; and Statistics Indonesia, *Economic Growth in Indonesia Second Quarter 2009*, <http://www.bps.go.id/eng/?news=663>.

¹⁵ International Monetary Fund, *World Economic Outlook (WEO) Crisis and Recovery*, (Washington, DC: International Monetary Fund), <http://www.imf.org/external/pubs/ft/weo/2009/01/index.htm>.

210 million and 239 million unemployed persons worldwide in 2009, corresponding to global unemployment rates of 6.5 percent and 7.4 percent respectively.¹⁶

B. Impact of Recession on Different Types of Migration Streams and Movements

The effects of the economic crisis on migration are complex and hard to predict; however, evidence from prior recessions and research on the current one suggest that differing migration streams (illegal, temporary worker, permanent, humanitarian, and international students) are affected by and respond to changing economic conditions differently.

Across migration streams, however, it is apparent that data from around the world do not provide evidence for, and indeed cast serious doubt on, the notion that the recession has led to massive return migration.¹⁷

Return migration often depends more on a complex interplay of the economic, social, and political conditions in migrant-source countries than simply on job prospects in countries of destination.¹⁸ It stands to reason that economic immigrants will not be likely to return to their country of origin in large numbers if they have worse economic prospects at home.¹⁹ Because the current recession is global, migrants cannot relocate to regions with better work opportunities as they did during previous recessions that were more confined to a few countries or regions (e.g., the Asian financial crisis of 1997-1998).²⁰

Other factors, of course, also contribute to the reluctance to return, although they may carry less weight than poor home-country economies. These include increased border enforcement, which makes back-and-forth movement across borders increasingly difficult, dangerous, and costly; as well as the resilience of social networks that unauthorized immigrants can tap into during hard times.²¹

¹⁶ International Labor Organization, "ILO Says Job Losses are Increasing Due To Economic Crisis," (news release, May 28, 2009),

http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang--en/WCMS_106525/index.htm.

¹⁷ Ibrahim Awad, *The Global Economic Crisis and Migrant Workers: Impact and Response* (Geneva, Switzerland: International Labor Organization, 2009),

http://www.ilo.org/public/english/protection/migrant/download/global_crisis.pdf.

¹⁸ Demetrios G. Papademetriou and Aaron Terrazas, *Immigrants and the Current Economic Crisis: Research Evidence, Policy Challenges, and Implications* (Washington, DC: Migration Policy Institute, 2009), http://www.migrationpolicy.org/pubs/Imi_recessionJan09.pdf.

¹⁹ Ali Rogers with Bridget Anderson and Nick Clark, *Recession, Vulnerable Workers and Immigration* (Oxford: Centre on Migration Policy and Society, April 2009),

<http://www.compas.ox.ac.uk/fileadmin/files/pdfs/Labour%20Mrkt%20and%20Recession%20Full%20Report.pdf>.

²⁰ Philip Martin, *The Recession and Migration Alternative Scenarios*, January 20, 2009, <http://www.age-of-migration.com/na/financialcrisis/updates/1c.pdf>; A Virtual Symposium, *Migration and the Global Financial Crisis*, organized by Stephen Castles and Mark Miller, February 2009, <http://www.age-of-migration.com/na/financialcrisis/index.html>.

²¹ Papademetriou and Terrazas, *Immigrants and the Current Economic Crisis: Research Evidence, Policy Challenges, and Implications*.

As we note above, the recession affects the movement of differing immigration streams — unauthorized, temporary, permanent, and humanitarian — differently, with the impact greatest on unauthorized and temporary streams. We discuss each below.

1. Unauthorized Migrants

Economic migrants come in search of work and more often than not either have a job in hand or rely on their social networks to get one quickly. Unauthorized migrants are perhaps the best example of economically motivated movers, appearing to be most sensitive to changes in economic and labor market conditions.

- Research in the United States indicates a strong correlation between economic opportunities and the flows of unauthorized migrants. Loss of jobs in construction and hospitality has affected immigrant workers to a greater degree than their native counterparts. (According to the US Census Bureau’s March 2007 Current Population Survey, about one-third of Mexican and Central American immigrants age 18 and older were employed in the construction sector.) The unemployment rate among Mexican and Central American immigrants rose especially rapidly, more than doubling from 4.7 percent to 11.1 percent between July 2007 and July 2009.
- At the same time, evidence from US and Mexican population surveys showed a recent steep decline in the number of Mexicans coming to the United States. US population survey data show that while the annual number of new arrivals from Mexico to the United States was 653,000 between March 2004 and March 2005, and 424,000 between March 2007 and 2008, the estimated annual inflow dropped to just 175,000 between March 2008 and March 2009 — the lowest total this decade. This finding is reinforced by analyses of US Border Patrol apprehensions data showing that fluctuations in migrant apprehensions closely track changes in labor demand.²² Given that 55 percent of Mexican immigrants in the United States are unauthorized, experts conclude the recent steep slowdown in the flows from Mexico is largely driven by unauthorized Mexican migrants staying home, primarily in response to limited economic prospects in the United States.²³ As we discuss below, the flow of *legal* immigrants from Mexico has not changed.
- According to a recent Frontex analysis there was a decline in illegal border crossings in the European Union in early 2009: the number of illegal border crossings in the first quarter of 2009 was 50 percent less than in the fourth quarter of 2008 and 16 percent less than in the first quarter of 2008. In its report, the agency noted that as economic opportunities deteriorated in EU countries, fewer unauthorized migrants were arriving in Europe.

²² Research done by Pia Orrenius from the Federal Reserve Bank of Dallas cited in Papademetriou and Terrazas, *Immigrants and the Current Economic Crisis: Research Evidence, Policy Challenges, and Implications*.

²³ Jeffrey S. Passel and D’Vera Cohn, *Mexican Immigrants: How Many Come? How Many Leave?* (Washington, DC: Pew Hispanic Center, 2009), <http://pewhispanic.org/files/reports/112.pdf>.

- The Spanish Interior Ministry reported that, for the first time in years, not a single immigrant boat was intercepted off the Canary Islands in April and May 2009.²⁴
- The total number of apprehensions for illegal arrivals by sea between January-July 2009 in Greece decreased 20 percent between 2009 and 2008, dropping to 5,767 from 7,263 a year earlier, according to the UN High Commissioner for Refugees (UNHCR) office in Athens. UNHCR expects the number of attempted crossings to increase right after the summer, as that is the peak season for sea arrivals.²⁵
- As in the case of the United States, it is hard to disentangle the impact of the recession on illegal migration from that of increased enforcement. Besides a significant reduction in labor demand in economic sectors that traditionally employ migrant workers, such as construction and manufacturing, many EU Member States also have reinforced their internal measures against employers of illegal migrants while stepping up their use of return programs, enforcing residence laws more strictly, and stiffening border controls. Examples of stepped-up enforcement measures include:
 - In early July 2009, Italy's Parliament approved legislation that imposes tough measures aimed at fighting illegal immigration and boosting security on the streets.²⁶
 - France's Minister of Immigration Eric Besson has pledged to dismantle the improvised camp set up by some 800 to 1,000 UK-bound unauthorized immigrants in the of city of Calais, not far from the entrance of the Channel tunnel to England.

2. Temporary Workers

Another group whose movement is sensitive to economic conditions is temporary workers. These workers arrive with visas that typically require that they work for a specific employer. The recession has slowed new employment of temporary foreign workers, both because employers have requested fewer workers and because some governments have halted the recruitment of new foreign workers. For example:

- The number of H-1B visa applications for skilled workers submitted by US companies to US Citizenship and Immigration Services was significantly lower in 2009 than in previous years. 163,000 H-1B applications were logged in the first few days of April 2008,²⁷ 2.5 times the congressionally mandated cap of 65,000 H-1B visas for the entire 2009 year. Only 45,000 such petitions had been received as of

²⁴ Associated Press, "Recession stems oft-fatal boat migration to EU," July 29, 2009, http://www.msnbc.msn.com/id/32197874/ns/world_news-europe/.

²⁵ Email correspondence with Ariana Vassilaki, UNHCR Athens.

²⁶ Associated Press, "Recession stems oft-fatal boat migration to EU."

²⁷ April 1st is the first day when the applications can be submitted for the next-year employment

August 14, 2009.²⁸

- Recent data show that while the number of overseas Filipino migrant workers increased between 2007 and 2008 overall, slightly fewer Filipinos left the country for overseas employment in December 2008 (89,800) than in either November 2008 (106,600) or December 2007 (95,300).²⁹
- The flow of Nepali migrant workers decreased by 13 percent during the last fiscal year due to the economic crisis. During fiscal year 2008-2009, 217,164 individuals left the country for employment, compared to 249,051 in 2007-2008.

Many temporary worker programs are used by governments to fill gaps in agriculture, resort, and other seasonal services; or to fill sectoral labor gaps (household domestic help). These programs, then, are treated as a valve that can be loosened when labor demand rises and tightened when it falls. It is not surprising then that South Korea, Russia, Taiwan, Australia, and Thailand, among others, have cut the number of temporary foreign worker permits they issue to protect their domestic workers (for a detailed discussion, see Section IV, Policy Changes and Selected Impacts in Immigrant-Receiving Countries with Rising Unemployment). Other governments have gone a step further, requiring that employers lay off temporary foreign workers before natives (Malaysia).³⁰

Canada has followed a different path, imposing no new restrictions on the number of temporary workers, which has grown from 125,367 in 2004 to 251,235 in 2008 (by 22 percent). Certain regions were clear magnets for temporary worker flows thanks to abundant labor market opportunities combined with local governments' welcoming policies. The province of Alberta experienced nearly 340 percent growth in the number of temporary foreign workers, from 13,167 in 2004 to 57,707 in 2008, and is now third after Ontario (91,276) and British Columbia (58,307). During the same time, New Brunswick, Saskatchewan, and Yukon experienced more than 150 percent growth in the number of temporary foreign workers.

During the first quarter of 2009, the number of non-permanent residents, (i.e., including foreign workers and international students and their family members) increased by nearly 23,800 (compared to an increase of 15,600 in the same quarter of 2008).³¹ The

²⁸ At the same time, USCIS reported that by April 9 the agency has received enough advanced-degree petitions to fill the 20,000 cap.

²⁹ Asian Development Bank, *Asian Development Outlook 2009*, Philippines Profile, 2009, <http://www.adb.org/philippines/default.asp>.

³⁰ "The Effect of the Global Economic Crisis on Asian Migrant Workers and Governments' Responses" (working paper for the International Labor Organization conference in Manila on February 18-20, 2009, "Responding to the Economic Crisis – Coherent Policies for Growth, Employment, and Decent Work in Asia and Pacific), <http://www.age-of-migration.com/na/financialcrisis/updates/1d.pdf>.

³¹ Statistics Canada, *Canada's Population Estimates* (Ottawa, Canada: Statistics Canada, 2009), <http://www.statcan.gc.ca/daily-quotidien/090623/dq090623a-eng.htm>; Citizenship and Immigration Canada, "Facts and Figures 2008 – Immigration Overview: Permanent and Temporary Residents," <http://www.cic.gc.ca/english/resources/statistics/facts2008/temporary/02.asp>.

population of most Canadian provinces grew in part because of the arrival of these temporary residents.

3. Permanent Immigrants

Other migrant streams are less likely to respond to changing economic conditions, in particular those who come for permanent settlement. Below we examine recent data from the United States, Australia, and Canada: countries known for their long history of permanent settlement. In each case we see stable to rising permanent immigration flows despite the recession and differing emphases of the three nations' immigration systems — the United States on family, Canada and Australia on skills.

The United States

The number of immigrants receiving legal permanent visas in the United States (or “green cards”) has been stable despite the economic downturn. One explanation is that would-be immigrants — especially family-based immigrants who account for two-thirds of all US permanent immigrants — have to wait in line for years to obtain a US permanent visa. Thus, many would be unlikely to postpone their plans based exclusively on economic considerations. To illustrate, the current waiting time for unmarried adult children of US citizens is at least five years; for married adult children it is more than eight years; and for siblings of US citizens from the Philippines is about 23 years. Backlogs for employment-based immigrants are shorter, depending on immigrants' nationality. Certain skill-based immigrants from China and India have to wait for at least four years before their applications for permanent residence will be considered.³²

Despite the long waiting times, those who immigrate via employment sponsorship might be more sensitive to recession-driven changes. The number of applications for US permanent visas that require direct employer sponsorship fell by more than 50 percent between 2007 and 2008 (from 235,000 to 104,000), and only 36,000 applications were submitted in the first eight months of fiscal year 2009.³³

At the same time anecdotal evidence suggests that many H-1B skilled temporary workers — the main channel to employment-based green cards — have lost their jobs and some have left the country, a development that might dampen future demand for green cards.

Nonetheless, given the relatively small proportion that employment-based visas represent of all permanent immigration visas (only 15 percent or so), even if the recession affects employer-sponsored migration, the resulting impact on permanent immigration to the United States is likely to be small.³⁴

³² US Department of State, *Visa Bulletin September 2009*, Vol IX, Number 12, http://travel.state.gov/visa/frvi/bulletin/bulletin_4558.html.

³³ Anabelle Garay, “Petitions for US worker green cards down sharply,” Associated Press, August 6, 2009, http://www.google.com/hostednews/ap/article/ALeqM5jIws3_TYnHE_ds12yt0HK_tvBXowD99TEDF00; Fiscal year starts on October 1 and ends on September 30.

³⁴ Papademetriou and Terrazas, *Immigrants and the Current Economic Crisis: Research Evidence, Policy Challenges, and Implications*.

Australia

The Australian and Canadian permanent immigration systems emphasize skills- and employment- driven immigration to a greater degree than the United States. Of the 205,940 persons who became permanent settlers in Australia in fiscal year 2007-2008, 52 percent (107,469) were admitted under skill-based visas. According to the most recently available data, the number of foreigners who became family and skills-based permanent immigrants increased between July-December 2007 and July-December 2008, by 15 and 19 percent respectively.³⁵ In sum, at least as of December 2008 no decline was evident in permanent immigration to recession-spared Australia in either family or skills-based immigration.

Canada

The number of economic or skill-based permanent immigrants to Canada also increased between 2007 and 2008, from 131,244 to 149,072, or by 14 percent. Given recent increased policy emphasis on employer sponsorship, the share of employer-sponsored immigrants rose from 7.4 to 9.7 percent of the total economic principal applicants while self-sponsored immigrants decreased slightly from 31.4 to 29.1 percent.³⁶ Overall, legal admissions to Canada appear quite stable, falling slightly to 50,800 new immigrants (skill, family, and humanitarian) in the first quarter of 2009, from 53,147 during the first quarter of 2008 and 53,549 in the fourth quarter of 2008.³⁷

4. Refugees

Given the reasons refugees and other humanitarian migrants move — to flee persecution, conflict, or natural disaster — their flows are not typically closely tied to economic and job-market conditions. This is apparent in the case of the United States, where the government recently raised the refugee ceiling from 70,000 to 80,000 in response to an expected rise in refugee resettlement from Iraq, Iran, and Bhutan.

In 2008, 60,108 persons were actually admitted to the United States as refugees. This figure represents a 46.1 percent increase compared to the corresponding number in 2006 (41,150) and a 24.7 percent increase over 2007 (48,218).³⁸

C. Major Migration Corridors

There is no single, global trend that captures the many ways in which the economic crisis has affected migration flows. The effects are nuanced and varied, depending greatly on the character of the flows (permanent, temporary, illegal, and humanitarian); whether they are *to* or *from* a destination country; and the region of the world involved. Still, a look at some of

³⁵ Australian's Department of Immigration and Citizenship, *Immigration Update: July to December 2008* (Barton, Australia: Department of Immigration and Citizenship, May 2009), <http://www.immi.gov.au/media/publications/statistics/immigration-update/update-dec08.pdf>.

³⁶ Citizenship and Immigration Canada, *Facts and Figures 2008*, <http://www.cic.gc.ca/english/resources/statistics/facts2008/permanent/01.asp>.

³⁷ Statistics Canada, *Canada's Population Estimates*, June 23, 2009, <http://www.statcan.gc.ca/daily-quotidien/090623/dq090623a-eng.htm>. No breakdown by class of admission is available.

³⁸ Jeanne Batalova, "Spotlight on Refugees and Asylees in the United States," *Migration Information Source*, July 2009, <http://www.migrationinformation.org/USfocus/display.cfm?id=734>.

the major migration corridors around the globe makes clear that the recession has had a profound impact on what amounts to one of the most personal and important decisions a person can make: Where to live and work.

1. United States – Mexico

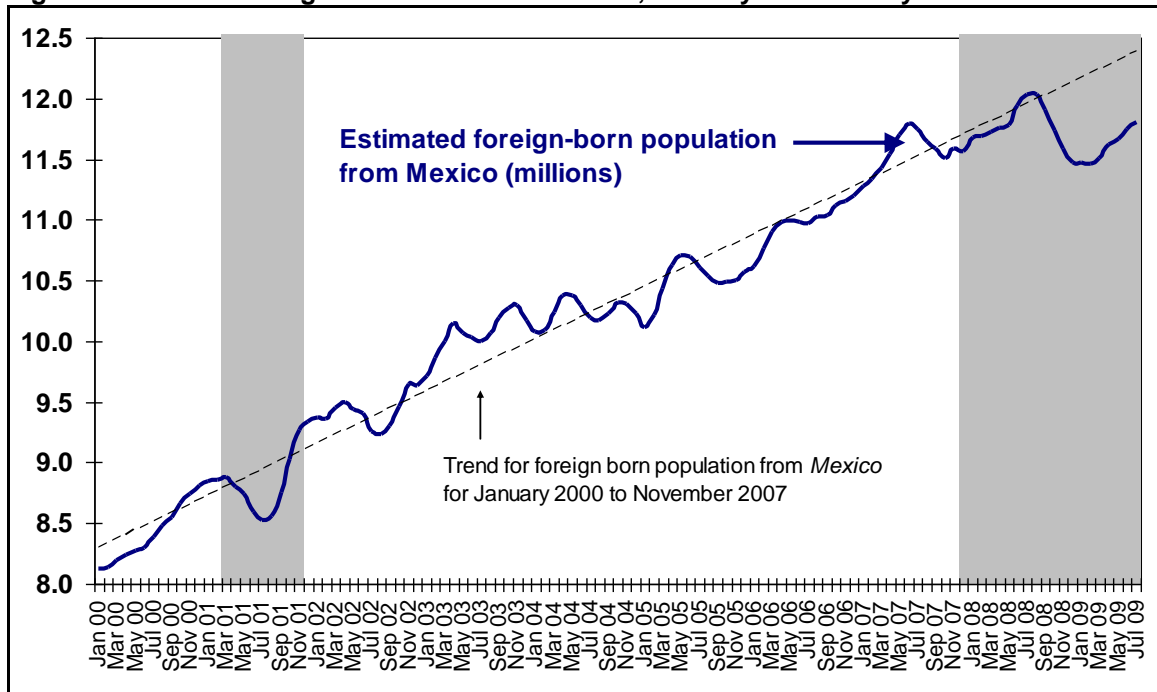
Flows from Mexico to the United States have declined mostly as a result of drops in illegal immigration; we do not see parallel increases in return migration.

- Mexico is by far the leading sending country to the United States. There were 11.7 million Mexican-born persons in the United States in 2007, accounting for nearly a third of the 38 million foreign-born residents and two-thirds (65 percent) of the 18.1 million Hispanic immigrants in the United States. The United States is the destination for nearly all people who leave Mexico, and about one in ten people born in Mexico lives in the United States.
- More than half (55 percent) of Mexican immigrants in the United States are unauthorized; this share is even higher among recent arrivals from Mexico: 80 percent to 85 percent of Mexicans who have been in the United States for less than a decade are unauthorized.³⁹
- The Mexican-born population in the United States, which had been growing earlier in the decade at a rate of over 350,000 people per year, stood at 11.8 million in July 2009. That figure is not significantly different from the 12.1 million Mexican immigrants in July 2008 or the 11.8 million in July 2007 — in large measure because of the sizeable decline in illegal inflows. As Figure 1 indicates, if prior trends had continued the Mexican population in the United States today would have been roughly 1 million larger than it is.
- Patterns of migration between the United States and Mexico have been quite varied. Many Mexican immigrants settle permanently: nearly one in five new legal permanent residents in 2008 was from Mexico.⁴⁰ At the same time, large numbers also move both ways across the US-Mexico border throughout the year, sometimes staying for only a few months. Mexican-US migration thus ebbs and flows seasonally, with larger northbound flows in the spring and summer and larger southbound flows in the fall and winter.

³⁹ Jeffrey Passel and D’Vera Cohn, *Mexican Immigrants: How Many Come? How Many Leave?* (Washington DC: Pew Hispanic Center, 2009), <http://pewhispanic.org/files/reports/112.pdf>.

⁴⁰ US Department of Homeland Security Office of Immigration Statistics, *2008 Yearbook of Immigration Statistics*, (Washington, DC: Department of Homeland Security, 2009), <http://www.dhs.gov/files/statistics/publications/yearbook.shtm>.

Figure 1. Mexican Immigrants in the United States, January 2000 to July 2009



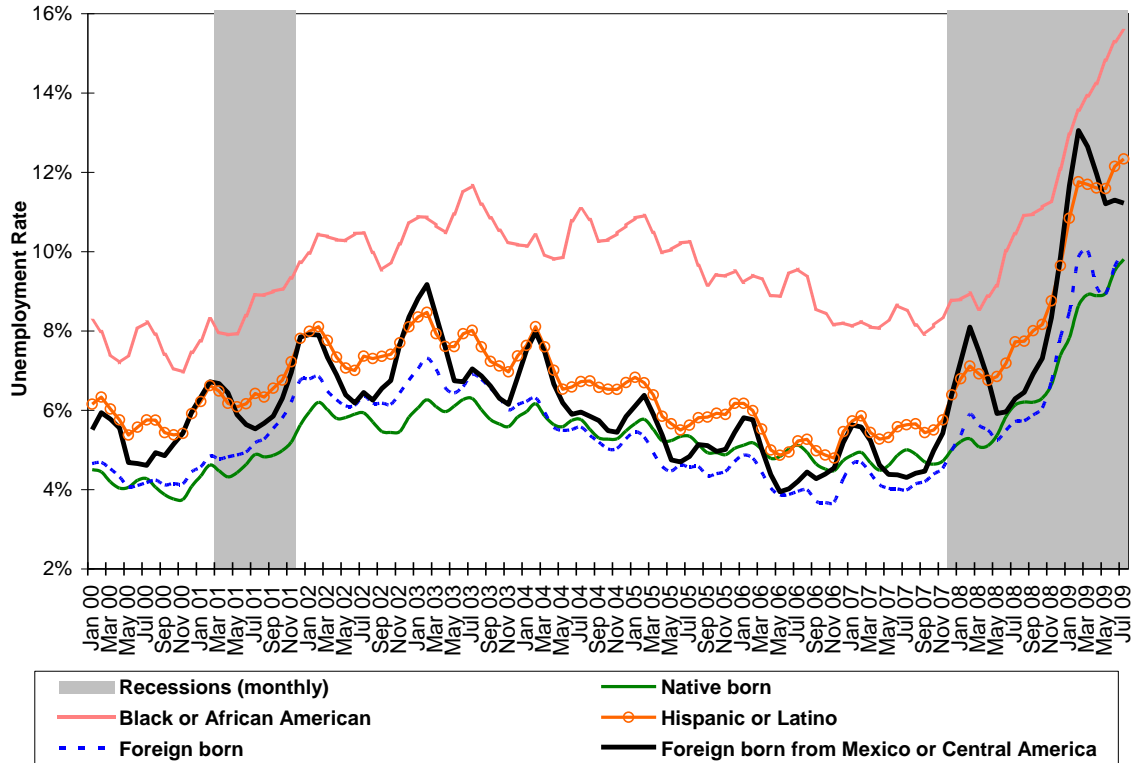
Notes: Estimates based on a three-month moving average

Source: Migration Policy Institute analysis of Monthly Basic Current Population Survey, January 2000 to July 2009.

- Prior to the economic downturn, unauthorized male immigrants had higher labor-force attachment (94 percent) than either their native-born (83 percent) or legal immigrant (86 percent) counterparts.⁴¹ The recession has had a harsh impact on employment of Latino immigrants. In particular, the unemployment rate for Mexican and Central American immigrants (11.4 percent in June 2009) is 2.6 times greater than the rate recorded two years ago (4.4 percent) and is greater than the unemployment rate for native-born Americans (9.5 percent). As Figure 2 shows, the unemployment rate among Mexican and Central American immigrants has risen dramatically from about 5.4 percent on the eve of the recession in November 2007 to about 11.4 percent in June 2009 (not seasonally adjusted).

⁴¹ Jeffrey Passel, *The Size and Characteristics of the Unauthorized Migrant Population in the U.S.* (Washington, DC: Pew Hispanic Center, 2006), <http://pewhispanic.org/files/reports/61.pdf>.

Figure 2. Unemployment Rate by Race, Ethnic Group, or Nativity, January 2000 to July 2009



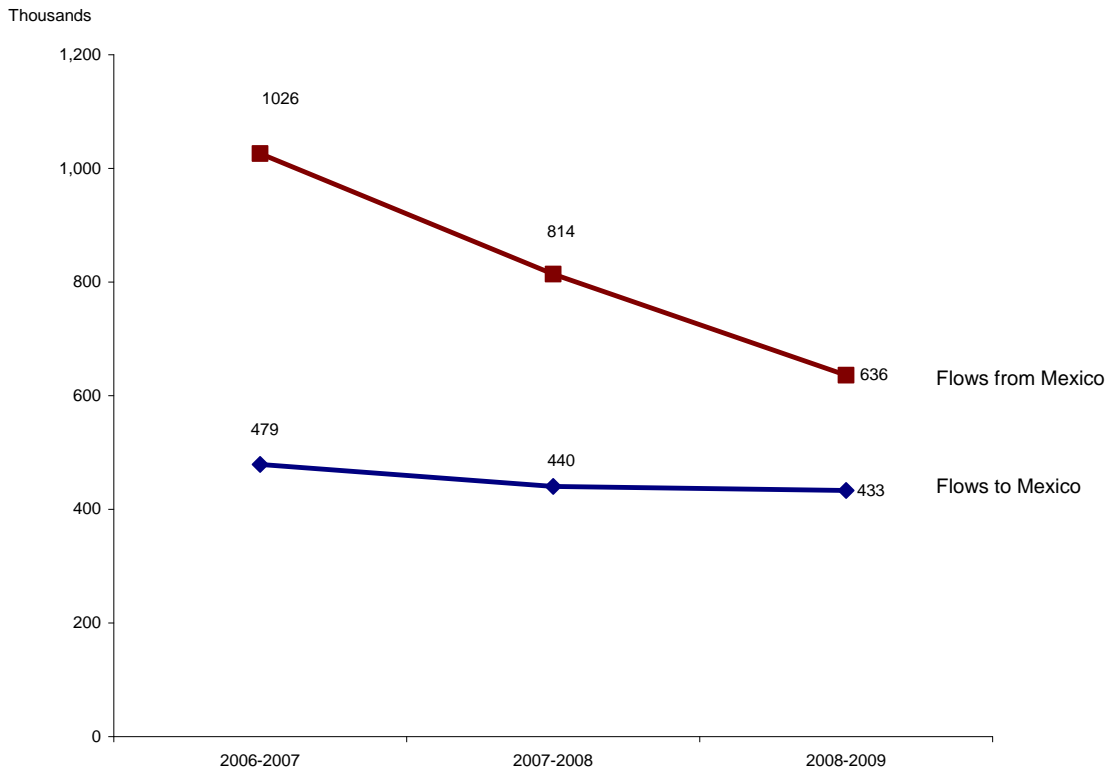
Notes: Unemployment rates are not seasonally adjusted, which means that comparisons should be made only for the same quarters of different years and not for successive quarter of the same year.

Source: Migration Policy Institute analysis of Monthly Basic Current Population Survey, January 2000 to July 2009.

- Despite rising unemployment and slowing inflows, the Pew Hispanic Center finds no evidence of an increase in the number of Mexican-born migrants returning home from the United States.⁴² (See Figure 3.) At the same time the inflow of migrants from Mexico to the United States fell from a little over 1 million in 2006-2007 to less than 650,000 in 2008-2009.

⁴² Jeffrey Passel and D’Vera Cohn, *Mexican Immigrants: How Many Come? How Many Leave*.

Figure 3. Migration of Mexicans Into and Out of Mexico, 2006-2009



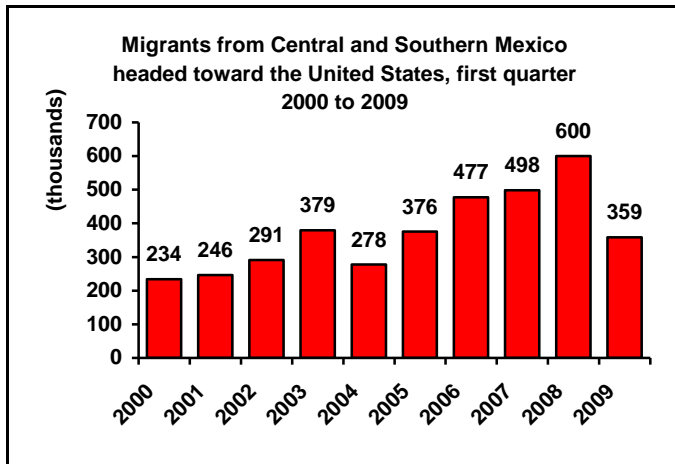
Notes: The Pew Hispanic Center estimates that about 97 percent of emigrants from Mexico go to the United States and 93-96 percent of those who return to Mexico come from the United States. *Source:* Instituto Nacional de Estadística, Geografía e Informática, Encuesta Nacional de Ocupación y Empleo in Passel and Cohn 2009.

Evidence of falling Mexican emigration is reinforced by data from the US Border Patrol showing that apprehensions of Mexicans attempting to cross illegally into the United States decreased by a third between 2006 and 2008, from 981,069 to 661,773.⁴³

- Data from the Mexican government’s “Survey of Migration on the Northern Border of Mexico,” also confirm this trend, showing that in the first quarter of 2009 the number of migrants from Central and Southern Mexico heading to the United States fell to about 359,000, down from about 600,000 in the first quarter of 2008. (See Figure 4.)

⁴³ Nancy Rytina and John Simanski, *Apprehensions by the US Border Patrol: 2005–2008* (Washington, DC: Department of Homeland Security, 2009), http://www.dhs.gov/xlibrary/assets/statistics/publications/ois_apprehensions_fs_2005-2008.pdf.

Figure 4. Central and Southern Mexican Migration to United States, 2000-2009



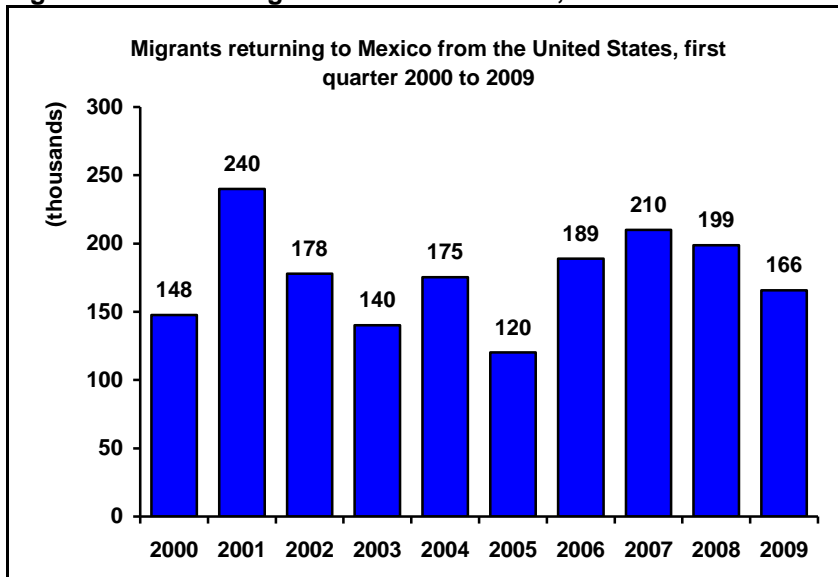
Source: Estimates from the Consejo Nacional de Población based on STyPS, CONAPO, INM, SRE, and COLEF, *Encuesta sobre Migración en la Frontera Norte de México (EMIF Norte)*, 2000-2009.

- Additional data from the Mexican government’s “Survey of Migration on the Northern Border of Mexico” show that return migration from the United States appears to have declined in recent years (the first quarter of each year). About 210,000 migrants returned in the First Quarter (Q1) 2007 compared to about 199,000 in Q1 2008, and 166,000 in Q1 2009. Figure 5 indicates that there appears to have been more returns to Mexico at the time of the last recession, in 2001 (240,000). Between fiscal year 2004 and 2009, the US government budget for border enforcement rose 82 percent, from US\$6 billion to \$10.1 billion, largely to increase the number of border patrol agents and build physical and “virtual” fencing along the US-Mexico border.⁴⁴ But even before the last round of border enhancement, some scholars argued that stepped-up border enforcement in effect locks unauthorized migrants in the country, i.e., the more risky and expensive it is to move back and forth, the more likely unauthorized migrants will settle permanently in a country. Frontex has reached a similar conclusion regarding the European region based on the analysis of its own data, stating that “by reducing circularity in migration, enhanced border management probably keeps in Member States a number of illegal migrants who would have otherwise left.”⁴⁵

⁴⁴ Doris Meissner and Donald Kerwin, *DHS and Immigration: Taking Stock and Correcting Course*, (Washington, DC: Migration Policy Institute, 2009), http://www.migrationpolicy.org/pubs/DHS_Feb09.pdf.

⁴⁵ Frontex, *The Impact of the Global Economic Crisis on Illegal Migration to the EU: Executive Summary*, (unpublished report, Frontex, Warsaw, Poland, July 2009).

Figure 5. Mexican Migrant Return to Mexico, 2000-2009



Source: Estimates from the Consejo Nacional de Población based on STyPS, CONAPO, INM, SRE, and COLEF, *Encuesta sobre Migración en la Frontera Norte de México (EMIF Norte)*, 2000-2009.

2. United Kingdom – Accession 8 countries (A8)

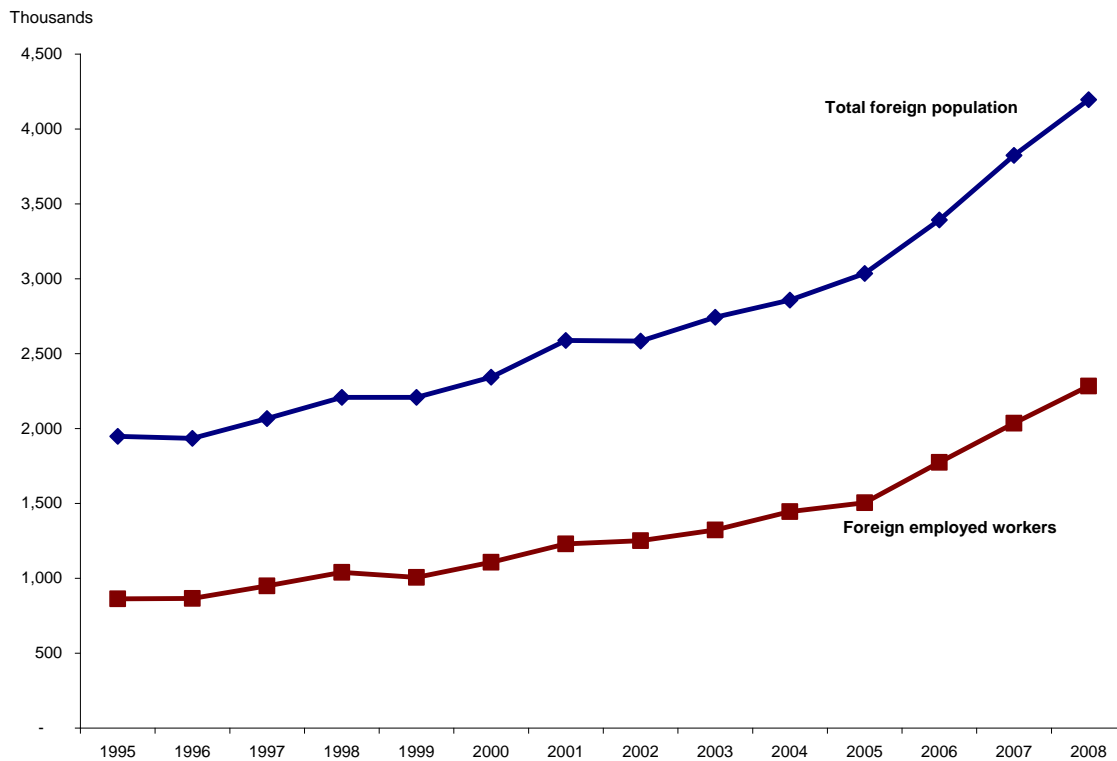
In sharp contrast to the situation between Mexico and the United States, where the recession appears to have prompted little return migration, the United Kingdom has witnessed a rapid turnover of workers from the eight Eastern European countries that joined the European Union in 2004 (referred to as the A8 countries) and a significant dropoff in A8 immigration —⁴⁶ particularly from Poland. Return migration to Poland and in-migration to other EU countries from the United Kingdom have been enabled, in part, by EU freedom-of-movement provisions, which have made it easier to circulate between A8 countries and those EU-15 countries that chose to lift restrictions to free labor movement of A8 nationals before the required date of 2011. The United Kingdom, Ireland, and Sweden did so immediately in 2004.

- Both the number (see Figure 6) and the share of the total foreign population and foreign workers in the United Kingdom have been on the rise since 1996.⁴⁷ Between 1995 and 2008, the number of non-UK nationals more than doubled (from 1,948,000 to 4,196,000) along with the number of foreign workers in the United Kingdom (from 862,000 to 2,283,000). The proportion of foreigners in the total UK population and total UK employment also more than doubled between 1995 and 2008.

⁴⁶ A8 refers to the eight Eastern European countries that joined the European Union (EU) in May 2004: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia. At the time of accession, their per capita income was about 40 percent of the European average. Although Malta and Cyprus also joined the European Union at the same time, they are considered a distinct group because both are small islands with higher standards of living relative to Eastern Europe. As a result, their nationals could work anywhere in the Union without delays or restrictions.

⁴⁷ Foreign persons and workers are defined as those who do not have UK citizenship.

Figure 6. Number of Foreigners and Foreign Workers in the United Kingdom, 1995-2008



Source: OECD, *International Migration Outlook, Special Focus: Managing the Labour Migration Beyond the Crisis* (Paris: OECD, 2009)

- Europeans account for half of the UK foreign workforce, somewhat more than their share of the foreign population (46 percent). The Irish used to predominate but their share of all foreign workers has fallen from 22.6 percent in 1995 to 7.2 percent in 2008. The numbers of A8 Europeans in the labor force have grown rapidly, reaching just under half a million, or 21.8 percent, of all foreign workers in 2008.⁴⁸
- In just two years A8 workers overtook Ireland to become the largest group of workers in the United Kingdom. There were 358,000 Polish workers in 2008, up from 151,000 two years earlier; compared to 165,000 Irish workers in 2008, up from 152,000 in 2006. Polish workers accounted for 15.7 percent of all UK foreign workers in 2008.
- Before 2008, the booming UK economy proved an attractive destination for many citizens of the new EU Member States. Together with restrictions elsewhere in Europe, high unemployment at home, favorable exchange rates, and pent-up demand, a wave of immigration from the accession countries was unleashed. About 1.4 million people from the A8 arrived in the United Kingdom between May 2004 and March 2009.⁴⁹ In 2007, A8 workers made up almost half of the United

⁴⁸ John Salt, *International Migration and the United Kingdom: Report of the United Kingdom SOPEMI Correspondent to the OECD, 2008* (London: University College London, 2008), http://www.geog.ucl.ac.uk/research/mobility-identity-and-security/migration-research-unit/pdfs/Sop08_fin.pdf.

⁴⁹ Madeleine Sumption and Will Somerville, *The UK's New Europeans: Progress and Challenges Five Years after Accession* (Washington, DC: Migration Policy Institute, forthcoming 2009).

Kingdom's labor immigration flow. Not all of the new migrants have stayed: the *population* of A8 migrants at the end of 2008 was approximately 700,000, suggesting that approximately half had returned home as of the end of 2008. The sheer size of the inflow has meant that Polish nationals, despite the high churn, jumped from being the United Kingdom's 13th-largest foreign-national group at the end of 2003 to number one by the end of 2008.

- Over time, the share of the foreign-born workforce engaged in highly skilled occupations has declined (in 2004, 43.6 percent of foreign nationals were classified as highly skilled; in 2008, the proportion stood at 38.3 percent). This shift in skill balance has been brought about by the inflow of workers from the A8 countries, only 12 percent (15.8 percent in 2006) of whom were in highly skilled occupations, while over half (57 percent) were in low-skilled occupations, compared to 20 percent of other immigrants and 18 percent of natives.⁵⁰
- A8 migrants typically receive low wages and are concentrated in unskilled work, often despite high levels of education. In many cases the new migrants have precarious employment and housing arrangements, are vulnerable to exploitation, or lack support networks and access to information.⁵¹
- The recent migration stream from A8 countries is marked by several important characteristics: It is *temporary and circular* (involving several trips, sometimes on a seasonal basis); and characterized by *uncertainty* about the duration of stay.⁵² In many cases, migration requires as little planning as the purchase of a coach ticket or short-hop plane flight. As a result, migrants can come for short periods (data from the Worker Registration Survey consistently points to the fact that large proportions only intend to stay in the United Kingdom for a few months), or have undefined plans (migrant surveys have shown that recent A8 migrants are less certain about their future plans than other immigrant groups). It follows that this form of free-access labor mobility is more responsive to changing economic conditions both in the destination and origin countries.⁵³
- However, it is not just the United Kingdom's faltering economy that has lowered the inflow and created incentives for circularity. The economies of Eastern Europe have also prospered in recent years, notwithstanding the complex picture created by the recession. For example, the Polish economy has grown faster, the UK-Polish unemployment "gap" (see Figure 7) has substantially decreased and the exchange rate with the United Kingdom has strengthened in the past five years. (In 2004 the

⁵⁰ Salt, *International Migration and the United Kingdom*, 2009.

⁵¹ Sumption and Somerville, *The UK's New Europeans*.

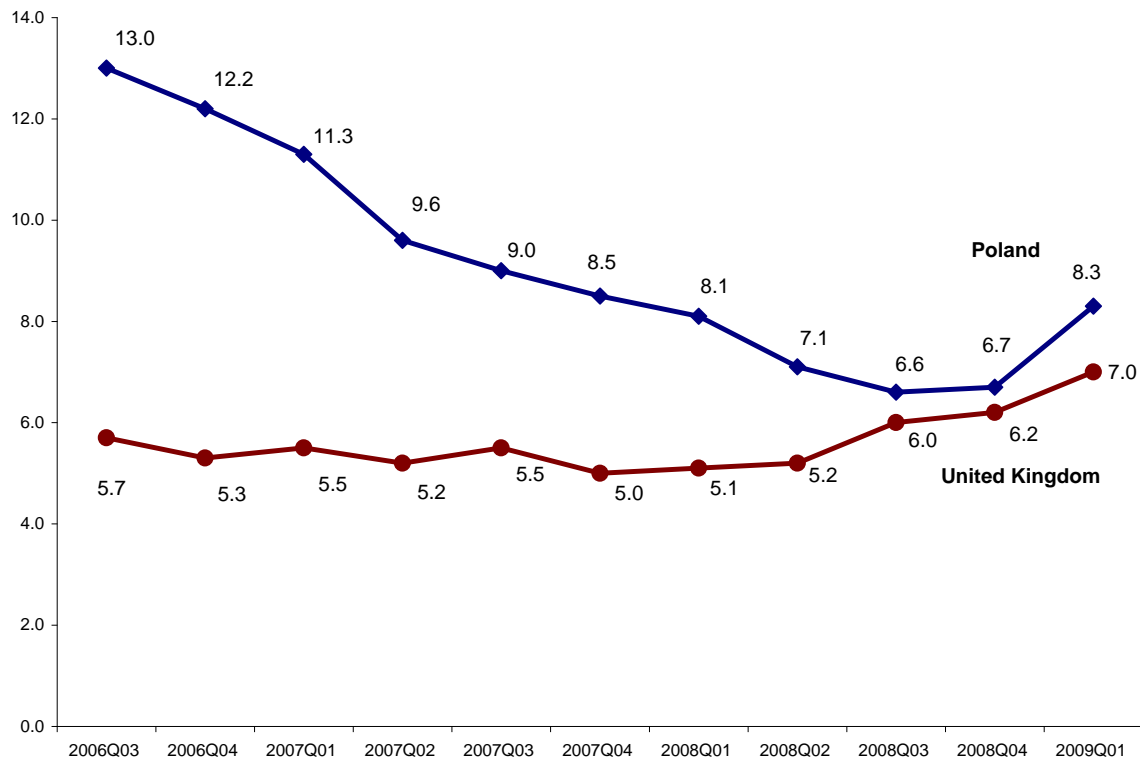
⁵² Direct comparison of Eastern European migrants and other migrant groups is difficult. Estimates using data from the 1990s, before EU enlargement, show that among immigrants *who stayed for at least a year* in the United Kingdom, 40 percent of men and 55 percent of women had left five years later. This number would inevitably be larger if it included migrants who stayed for less than one year before returning home. A noteworthy example is the growing number of corporate transferees in computer science and telecommunications, who come to the United Kingdom on work permits for relatively short periods. For more, refer to Madeleine Sumption and Will Somerville, *The UK's New Europeans: Progress and Challenges Five Years after Accession* (Washington, DC: Migration Policy Institute, forthcoming 2009).

⁵³ Will Somerville and Madeleine Sumption, *Immigration in the United Kingdom: The Recession and Beyond* (Washington, DC: Migration Policy Institute, 2009), <http://www.migrationpolicy.org/pubs/Immigration-in-the-UK-The-Recession-and-Beyond.pdf>.

exchange rate was 7 zloty to the British pound, falling to 5 zloty in 2007, and currently running (albeit with recent fluctuations) at 4 zloty to the pound.)

- In 2006, unemployment rates in Poland were more than double those in the United Kingdom (13 percent versus 5.7 percent). By 2008, they were roughly the same in both the third and fourth quarter (6.7 percent versus 6.2 percent in the fourth quarter). Polish rates began to accelerate, though, in early 2009, partially reducing incentives for Polish migrants to return to Poland.

Figure 7. Quarterly Unemployment, Age 15 and Older for Poland and United Kingdom, 2006-2009



Notes: The unemployment rates are not seasonally adjusted.

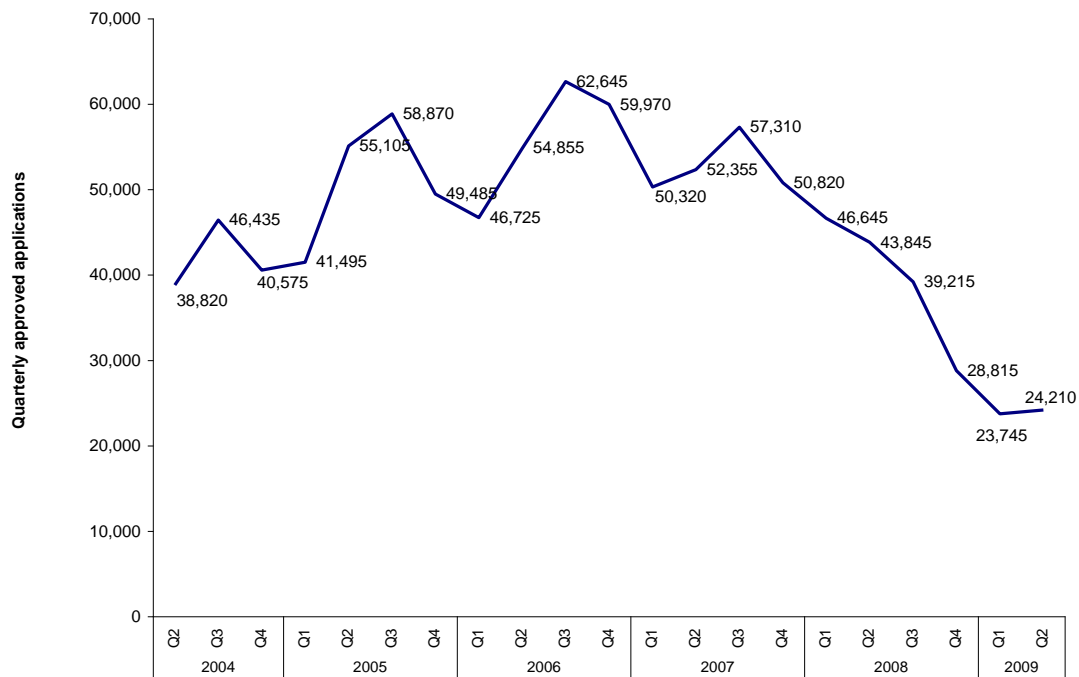
Source: Eurostat, Table “Unemployment Rates of Workers, Age 15 and Older.”

- The recession’s overall effects on migration to the United Kingdom, especially from Eastern Europe, can be seen in approved applications under the UK Worker Registration Scheme (WRS).⁵⁴ There has been a substantial decline in the number of approved applications to A8 workers under WRS that started in Q3 2007.

⁵⁴ Changes in the Worker Registration Scheme provide a rough measure of inflows of A8 countries. Nationals of the A8 countries who wish to take up employment in the United Kingdom for a period of at least a month are generally required to register with WRS. Approximately one-third of A8 workers are estimated not to be registered with the scheme either because they are exempt because they are (a) self-employed; b) have been working legally and continuously for 12 months or more; c) are working for an employer not established in the United Kingdom; or simply because they wish to avoid official registration and the fee it entails.

- In total there were 21,275 approved applicants to WRS in Q1 2009, compared to 46,645 in Q1 2008 and 50,320 in Q1 2007. This downward trend has continued since Q3 2007. The number of WRS applications in Q1 2009 is the lowest since EU enlargement in 2004.
- The largest group of workers from A8 countries in both Q1 2007 and Q1 2009 was from Poland (71 percent and 58 percent of all A8 workers, respectively). The number of approved applications from Poland declined from 41,195 to 12,480 between Q1 2007 and Q1 2009.⁵⁵
- Applications from Romanian (-22 percent) and Bulgarian (-38 percent) workers, whose countries joined the European Union in 2007 and as a result obtained expanded access to the UK labor market, also dropped between Q4 2007 and Q4 2008.⁵⁶

Figure 8. Worker Registration Scheme Approved Applications, 2004-2009



Source: UK Border Agency Accession Monitoring Reports (UK Border Agency 2005, 2009).

3. Spain-Romania and Spain-Morocco

After a sevenfold increase in the share of immigrants over the past decade, Spain's immigrant population has suffered massive labor force dislocations in the current recession. Immigrants were attracted to Spain and encouraged by the government to come and work in the booming construction, tourism, hospitality, and domestic-service industries. But Spain's growth has come to a painful stop and the country is being forced to rethink its economic-development model. The result has been sharply declining immigrant inflows. As in the

⁵⁵ Migration Policy Institute analysis of the WRS data.

⁵⁶ Sumption and Somerville, *Immigration in the United Kingdom*.

United Kingdom, Eastern Europeans with the right of return (and some Moroccans who have legal permanent residence) appear to be leaving Spain and returning to their home countries; but the bulk of Sub-Saharan African and Latin American migrants seems to be staying put, in large measure because of poor home economies.

- Spain was Europe's leading country of immigration between 2000 and 2007, adding more than 4.8 million immigrants in seven short years, bringing the total foreign population in 2008 to 5.3 million out of a total population of 46 million. In 2008, Spain's foreign population was higher than that of the United Kingdom (4.2 million). Foreigners' share of the total Spanish population rose sevenfold from 1.6 percent in 1998 to 11.4 percent in 2008.
- Moroccans accounted for the largest share of immigrants in Spain from 1998 through 2007, but were surpassed by Romanians in 2008. In 2008, there were 716,000 Romanians, up from an estimated 2,000 in 1998, 208,000 in 2004, and 527,000 in 2007. Other large immigrant communities in Spain in 2008 were Moroccans (653,000) and Ecuadoreans (428,000). Thus since the late 1990s, Spain has absorbed a large, extraordinarily diverse immigrant flow from three continents: Europe, Africa, and South America.
- According to municipal register statistics,⁵⁷ more than 920,000 foreigners moved to Spain in 2007, up 15 percent over the previous year. The main source countries in 2007 were Romania (174,000), Morocco (71,000), and Bolivia (46,000), accounting for almost one-third of all new migrants in 2007 (see Figure 9).
- Prior to 2005, legal labor migration channels were very limited, so much of the migration into Spain was illegal. There were six legalization programs (1985-1986, 1991, 1996, 2000, 2001, and 2005) through which hundreds of thousands of unauthorized migrants were granted legal status. About 550,000 unauthorized workers submitted applications for the 2005 regularization program: 83 percent were successful.⁵⁸ New opportunities, including easy recruitment of Romanians and Bulgarians, have since directed much of the migration to Spain into legal channels.⁵⁹ The official estimate of the size of the unauthorized migrant population was about 300,000 in early 2008.

⁵⁷ The "Residential Variation Statistics" is elaborated by the Spain's National Institute of Statistics (INE) based on new registrations and registry removals in the municipal registers of inhabitants due to changes in residence. Migratory annual flows are thus obtained both at a domestic level (between the different Spanish municipalities), and at a foreign level (between Spanish municipalities and foreign regions). Statistics from the Municipal Registries include both immigrants with legal residence in Spain as well as unauthorized immigrants. (Spanish legislation permits all immigrants regardless of legal status to register with the municipalities where they reside.) As a result, data from the Municipal Registers always show larger numbers of immigrants than official federal government administrative data. Nevertheless, data from the Municipal Registers also suffer from quality deficiencies and are an inexact metric of the actual foreign-born population for several reasons: some immigrants never register with their municipality of residence and are therefore omitted from the data; others move to a new municipality and are registered twice (or more times, at least for some period of time); others depart from Spain without notifying municipal authorities of their departure and remain included in the data after they are no longer present in the country.

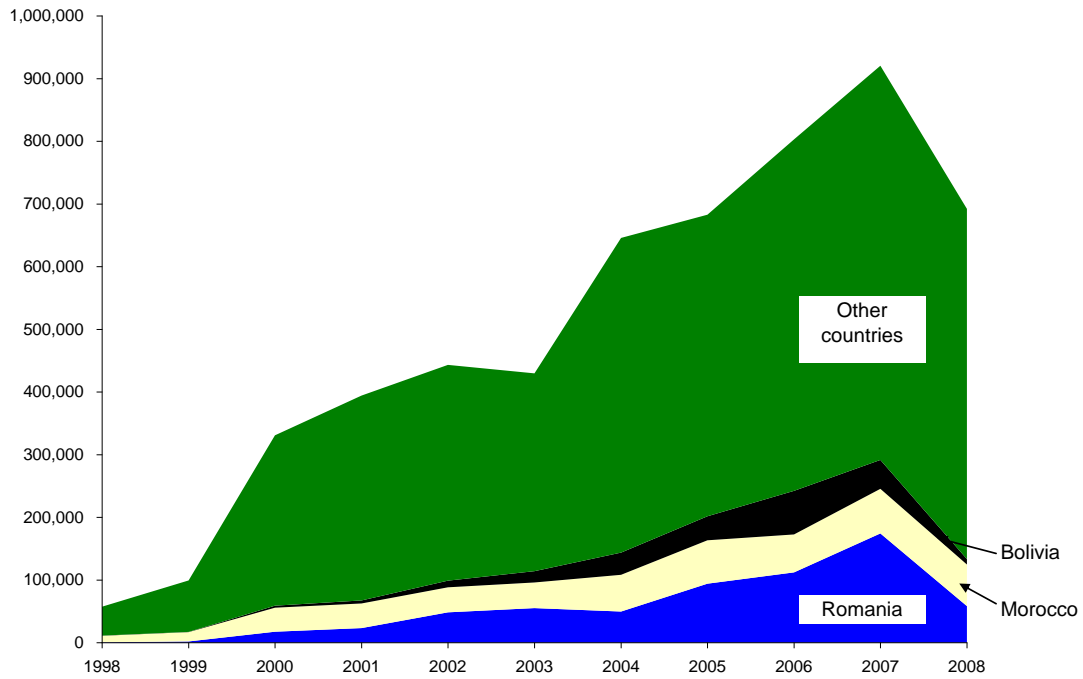
⁵⁸ OECD *International Migration Outlook*, 2006 (Paris, France: OECD, 2006).

⁵⁹ OECD *International Migration Outlook, Special Focus: Managing the Labour Migration Beyond the Crisis* (Paris, France: OECD, 2009).

- In 2007, immigrants' share of all employed workers in Spain was 15.6 percent; 33.6 percent among low-skilled workers. Immigrant employment represented 42 percent of total employment growth between 1997 and 2007.
- In 2008, the number of new arrivals fell 25 percent to 692,000 from 920,000 in 2007. The greatest decline came from other European countries. For example, the flows from Romania and Bulgaria fell by more than 60 percent. There were slight declines in the number of migrants who came from Africa and Oceania in 2008; flows from the Americas declined by a quarter and those from Asia by 10 percent.
- The flow of Moroccan immigrants to Spain — a more established population that largely has legal residence and often arrives through family channels — declined less than the Bolivian and Romanian flows, which are more recent and labor-market driven.⁶⁰

⁶⁰ Evidence from the Romanian immigrant population suggests that many registered with municipal authorities for the first time in 2007 (as a result of their newly acquired legal status when Romania joined the European Union) although many of these immigrants had lived in Spain illegally for some time. This may explain some of the rapid "rise" in the immigrant population observed in 2007. See Miguel Pajares, *Inmigracion y Mercado de Trabajo, Informe 2009* (Madrid, Spain: Ministerio de Trabajo e Inmigracion, 2009).

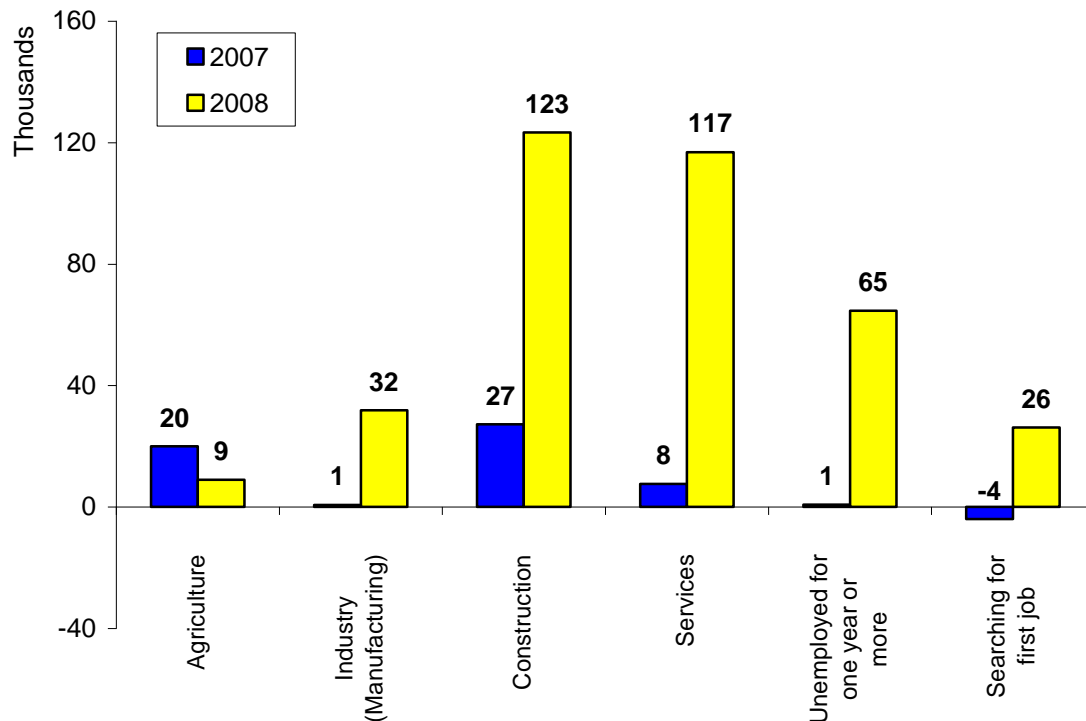
Figure 9. Migrant Inflows into Spain: Top Three Countries of Origin, 1998-2008



Source: Spain's National Statistics Institute, Table "Immigrations Coming from Abroad by Country of Nationality and Sex"

- The immigrant share of the Spanish construction labor force more than doubled, from 10 to 24 percent between 2000 and the fourth quarter of 2008. Construction boomed, and some 865,000 building permits were issued in 2006 alone. As the sector contracted sharply, 123,000 foreign workers lost their jobs (compared to 27,000 who became unemployed in 2007). About 117,000 foreign workers lost jobs in the service sector in 2008.

Figure 10. Foreign Worker Unemployment in Spain by Sector, 2007-2008



Source: Encuesta de Poblacion Activa, Instituto Nacional de Estadística. Miguel Pajares, *Inmigración y mercado de trabajo: Informe 2009* (Madrid: Ministerio de Trabajo e Inmigración, 2009).

- The unemployment rate among the Spanish-born grew from 8.5 percent in Q4 2005 to 17.4 percent in Q1 2009, and from 10.2 to 28.4 percent over the same period among the foreign born.⁶¹ Spain had recorded the highest unemployment rate in the European Union already by July 2008 and half of the jobs lost in the European Union during the first six months of the recession were in Spain: an average of 8,600 jobs a day.^{62 63}
- There is no consensus among experts on whether there has been a very large exodus of migrants from Spain in a time of economic crisis because of data limitations.⁶⁴ According to the National Institute of Statistics, in 2008 outflows were on the rise. About 232,000 migrants left Spain in 2008, a 17 percent increase over the 199,000 who left in 2007 and a 93 percent increase over the 120,000 who left in 2006. Figure

⁶¹ Q1-2009 data: Instituto Nacional de Estadística, Encuesta de Población Activa, data requested by the Migration Policy Institute.

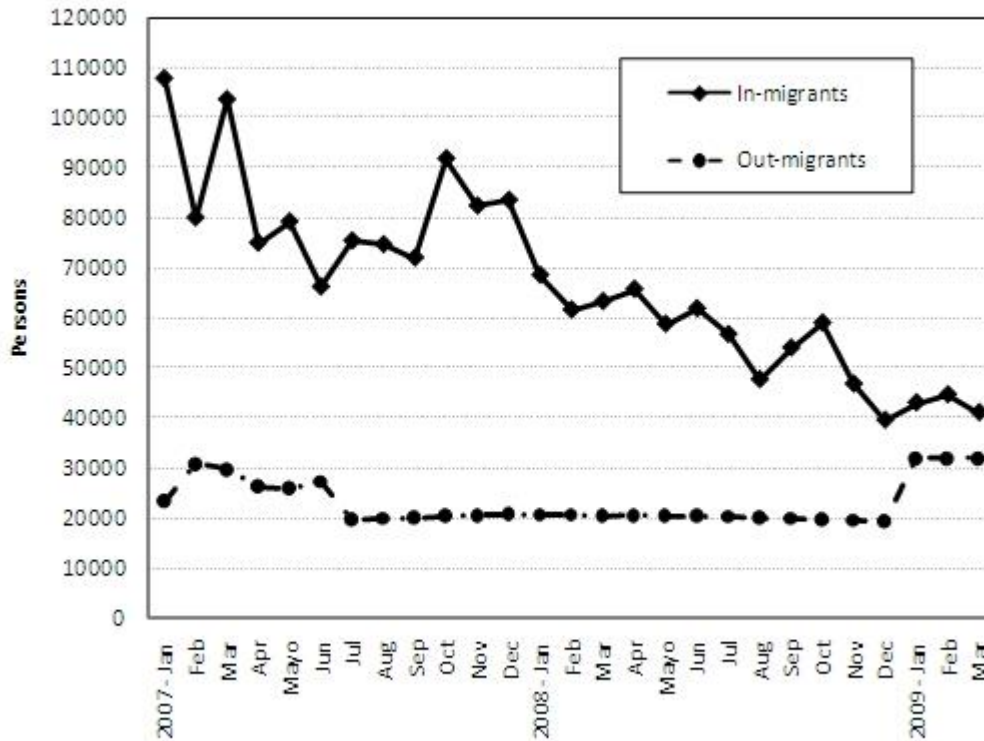
⁶² The various EU countries officially entered the recession at different times — mostly in the second half of 2008. Spain officially entered recession in the fourth quarter of 2008 while other countries such as Denmark entered recession as early as June 2008.

⁶³ Miguel Pajares, *Inmigración y mercado de trabajo: Informe 2009* (Madrid: Ministerio de Trabajo e Inmigración, 2009), http://extranjeros.mtas.es/es/ObservatorioPermanenteInmigracion/Publicaciones/contenido_0002.html.

⁶⁴ Joaquín Arango and Fernando González Quiñones, *The Impacts of the Current Financial and Economic Crisis on Migration in the Spain-Morocco Corridor* (unpublished).

11 shows a decline in monthly arrivals during 2008 and an increase in monthly departures of foreigners between December 2008 and March 2009. However, because residents often do not notify the municipal authorities of their departures and thus remain on the records, out-migration is likely to be underestimated.

Figure 11. Number of Spain’s In- and Out-Migrants in the Foreign-Born Population, Monthly Estimates, January 2007 to March 2009



Source: Spain’s National Statistics Institute, cited with permission of Joaquín Arango and Fernando González Quiñones, in *The Impacts of the Current Financial and Economic Crisis on Migration in the Spain-Morocco Corridor* (unpublished).

- As EU citizens, Romanians can enter Spain relatively freely but, as such, are ineligible for Spain’s voluntary return programs. According to residence permit data, only 5,700 Romanians left Spain in 2008; 4,000 did so in 2007. Spanish researcher Miguel Pajares, who conducted interviews with Romanian community associations as well as Romanian consular officials, labels the gradual departure of Romanian immigrants from Spain “the silent return.”⁶⁵ In the city of Alcalá de Henares, which hosts a substantial Romanian population, community associations claim that people are gradually “disappearing.” Officials at Romania’s embassy in Madrid and its consulates in Barcelona, Bilbao, Castellón de la Plana, Seville, and Zaragoza have also noticed lower demand for services, although there are no data to substantiate

⁶⁵ Miguel Pajares, *Inmigración y mercado de trabajo, Informe 2009* (Madrid: Ministerio de Trabajo e Inmigración, 2009)

these claims. In early 2009, the Romanian embassy in Madrid began negotiating an agreement between the public work-placement agencies of the two countries to allow Spain's agency to advertise open positions in Romania.

- Few Moroccans appear in Spanish return statistics: only 2,700 Moroccans left in 2008 and 2,500 in 2007. These findings are largely confirmed by Moroccan associations.⁶⁶ Nevertheless, recent anecdotal evidence suggests that while Moroccan men might not leave, they are sending their family members (wives and/or children) home, to ensure that at least some members maintain their residence permits in Spain.⁶⁷ Instead of going to Morocco some Moroccan migrants move elsewhere in Europe (e.g., France and Belgium) where they have family networks.

4. India-Gulf States

After a sharp rise in the flow of unskilled Indian immigrants to the Gulf States — the number doubled between 2004 and 2008 alone — flows have slowed. Data from the Gulf governments are hard to come by, but the anecdotal evidence indicates that there have not been large-scale returns to India.

- Since the 1950s, overseas labor migration from India has consisted of two distinct groups:
 - One is composed of persons with technical skills or professional expertise who have principally migrated to industrialized countries in the West, a process that started in the early 1950s and accelerated in the 1990s.⁶⁸ It is estimated that by 2000, around 1.25 million mostly skilled Indians had emigrated to the industrialized West. Indian migrants with higher education such as engineers, IT specialists, and doctors are working in the United States, the United Kingdom, and Canada. Of the 409,600 skilled foreign-worker admissions to the United States in 2008 under the high-tech H-1B visa,⁶⁹ 38 percent were from India. Indian students accounted for 15 percent of the 623,805 international students enrolled in US universities in 2007-2008.⁷⁰ Indians also accounted for more than 40 percent of the estimated 22,000 entries under the UK Highly Skilled Migrant Program.⁷¹
 - The second, far larger, group of Indian migrants is comprised primarily of unskilled or low-skilled workers whose principal destination has been the oil-rich Gulf region. It is estimated that by 2000, the Gulf Region countries had become home to more than 3 million Indian migrant laborers.⁷² More than 848,000 visas were issued to low-skilled Indians in 2008, an increase of 78

⁶⁶ Joaquín Arango and Fernando González Quiñones, *The Impacts of the Current Financial and Economic Crisis on Migration in the Spain-Morocco Corridor* (unpublished).

⁶⁷ Miguel Pajares, *Inmigración y Mercado de Trabajo, Informe 2009*.

⁶⁸ S. Irudaya Rajan, V.J. Varghese, and M.S. Jayakumar, *Beyond the Existing Structures: Revamping Overseas Recruitment System in India* (Kerala, India: Centre for Development Studies, 2009), http://www.cds.edu/download_files/MOIA-CDS%20Final%20Report%20June%202009.pdf.

⁶⁹ Here admissions refer to the number of entries to the United States made by H-1B visa holders, not the number of individuals on the H-1B visas.

⁷⁰ Open Doors 2008 (Institute of International Education: 2008), <http://opendoors.iienetwork.org/?p=131531>.

⁷¹ OECD International Migration Outlook 2008 (Paris: OECD, 2008)

⁷² Rajan, Varghese, and Jayakumar, *Beyond the Existing Structures: Revamping Overseas Recruitment System in India*.

percent from 2004 (see Figure 12).⁷³

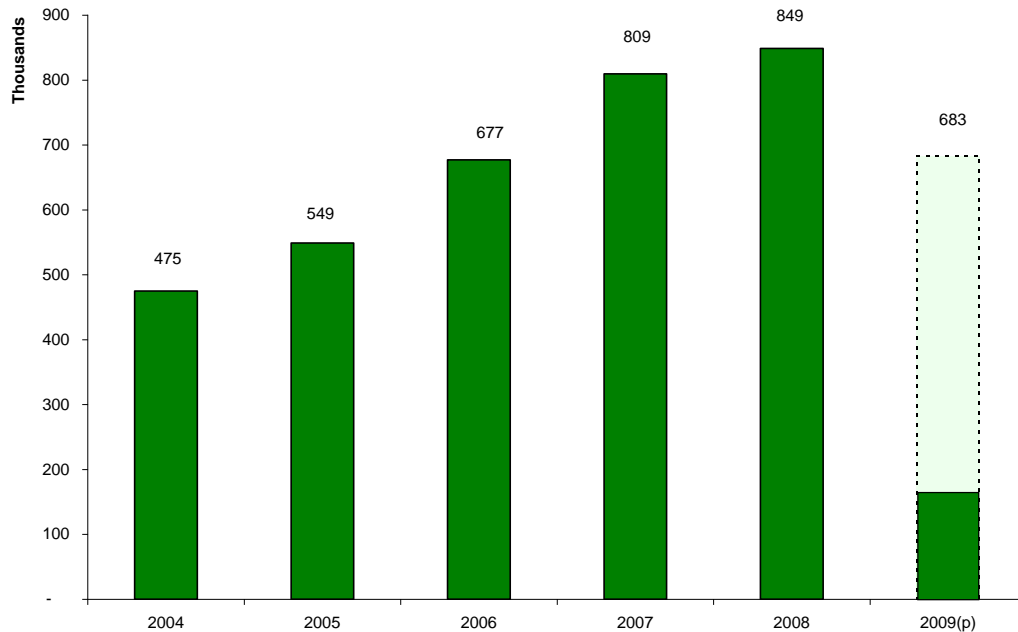
- Of the 849,000 low-skilled workers who went abroad for work in 2008, 41 percent went to the United Arab Emirates; and another 27 percent went to Saudi Arabia. Altogether 96 percent of Indian low-skilled overseas workers who left India in 2008 moved to the Gulf Cooperation Council countries.⁷⁴
- It is difficult to statistically gauge the real impact of the recession on either departures for work or returns home. At this point, experts say that “there is no large-scale return migration to India due to the crisis.”⁷⁵ As for departures, the preliminary evidence suggests that fewer low-skilled Indian workers are leaving for work abroad. In the first three months of 2009, about 171,000 low-skilled workers left to work abroad — a significantly slower pace of departures than was seen in the previous year.

⁷³ The Emigration Act of 1983 requires low-skilled Indians seeking work abroad to obtain “emigration clearances.” Those who completed the Secondary School Leaving Certificate (SSLC) will get the Emigration Clearance Not Required (ECNR) Passports. They can go anywhere in the world and do not need any clearance from the Indian government. Persons who do not possess an SSLC have to obtain ECR passports. However, if an ECR passport holder wants to work in a Western country as a construction worker, this worker does not need a clearance from the Indian government. The Indian government has certified 17 countries as Emigration Clearance of Required (ECR) Countries.

⁷⁴ The Council includes the United Arab Emirates, Saudi Arabia, Qatar, Oman, Kuwait, and Bahrain.

⁷⁵ See, for example, “No large-scale impact of recession on Indian workers abroad,” <http://blog.taragana.com/n/no-large-scale-impact-of-recession-on-indian-workers-abroad-103067/>.

Figure 12. Annual Outflow of Low-Skilled Indian Workers (with Emigration Clearances), 2004-2009



Notes: The 2009 total is our rough estimate based on the 171,000 workers who left India for employment abroad in the first three month of 2009.

Source: Annual Report of the Ministry of Overseas Indian Affairs, Government of India, 2008-09.

1. Bangladesh-Gulf Region

The migration corridor from Bangladesh to the Gulf region has recently generated even higher migration flows than those coming from India. About 10 percent of Bangladeshi migrants have been sent home because of the global recession's pinch on labor markets. Meanwhile, similar to the Philippines and Nepal, the government of Bangladesh has responded to the recession by looking for new overseas markets for the country's workers and by providing them financial support in the receiving counties. Both are expected to slow returns.

- The Bangladeshi government officially began to send rising numbers of workers abroad beginning in mid-1970s, with the total number of immigrant workers more than doubling from 382,000 to 832,000 between 2006 and 2007 alone:
 - 1976: 6,100 were deployed.
 - 1986: 68,000
 - 1996: 211,000
 - 2006: 382,000
 - 2007: 832,600 (118 percent more than in 2006)
 - 2008: 875,000 (5 percent more than in 2007)
- Further, the number of Bangladeshi migrants who left for employment abroad increased between 2007 and 2008 from 832,600 to 875,000. Still, this 5 percent

increase paled in comparison to the 118 percent rise in the outflow of workers from 2006 to 2007.

- About 80 percent of Bangladeshi migrants go to Persian Gulf oil exporters: almost half to Saudi Arabia and 10 percent to Malaysia. Half are low-skilled.
- Many of Bangladeshi workers on three-year labor contracts have not had their contracts renewed and are being asked to go home for a year or more. Almost 71,000 Bangladeshi migrants were sent home before the end of their contracts in 2008-2009.
- At the same time, the Bangladeshi government hopes to counteract the recession's impact by sending at least 500,000 migrants abroad in 2009-2010, citing new destinations that include Romania, Australia, Canada, Russia, South Africa, Sudan, and Algeria. After visiting Bangladeshi migrants in Saudi Arabia last April, Prime Minister Sheikh Hasina promised to establish an expatriate bank that would offer remittance transfers via mobile phones, introduce machine-readable passports, and modernize Bangladesh's Biman Airlines. The Minister of Expatriates' Welfare and Overseas Employment, Khandker Mosharraf Hossain, said in May 2009 that the most important issue facing Bangladeshi migrants was the debt they assumed to go abroad. He said: "We are trying to make sure that overseas job seekers do not need to sell land or borrow money to go abroad for jobs. Expatriates Bank, which is to open soon, will help solve their credit problems."

2. Philippines-Gulf States

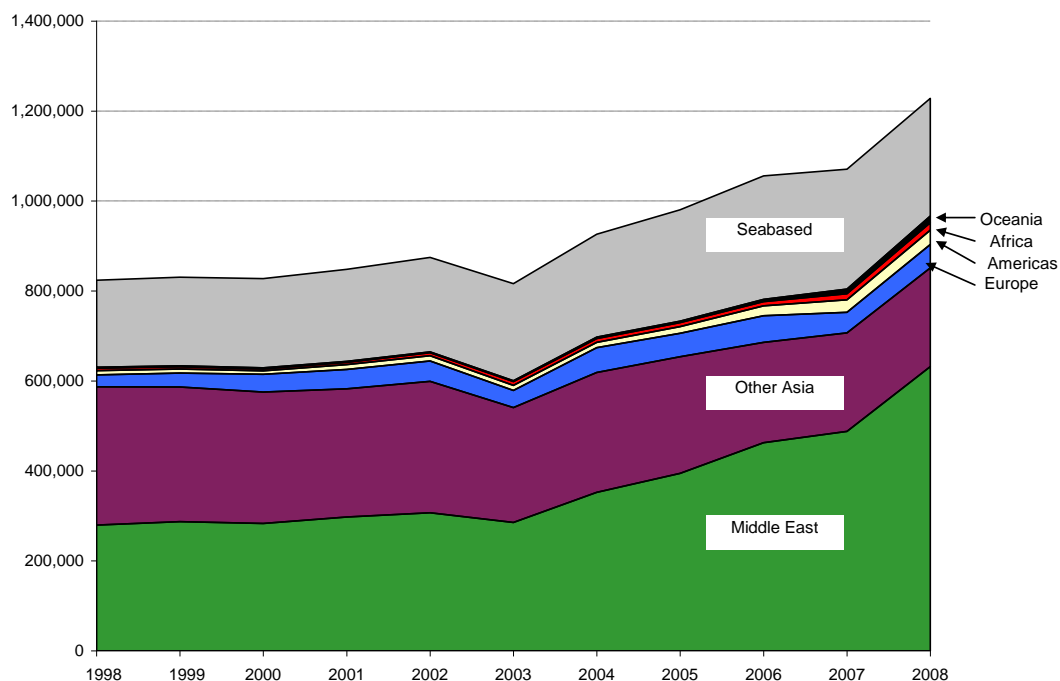
To sustain the high levels of overseas employment of its nationals in the face of the recession, the Philippine government has embraced "full-blast market development efforts" that are likely to promote sustained Philippine emigration and limit returns.

- Almost 1.2 million Filipinos were deployed to overseas jobs in 2008, an average of 3,400 a day — up from 1.1 million in 2007. Half were deployed in the Middle East (most to Saudi Arabia and the United Arab Emirates), with another 18 percent in Asia (most to Hong Kong, Singapore, and Taiwan). About 22 percent were sea-based.⁷⁶
- Contract labor migration, an institution dating to the 1970s, has resulted in an estimated 9 million Filipinos — or one-fourth of the overall Philippine workforce — working in more than 190 countries.⁷⁷

⁷⁶ Philippines Overseas Employment Administration, Overseas Employment Statistics, Annual Report 2008. Sea-based workers were deployed to ships and other naval vessels (in transportation, commercial fishing, and leisure).

⁷⁷ Patricia A. Sto. Tomas, "Protecting Overseas Filipino Workers: The Government's Role in the Contract Labor Migration Cycle" in *Closing the Distance: How Governments Strengthen Ties with Their Diasporas*, ed. Dovelyn Rannveig Agunias (Washington, DC: Migration Policy Institute, forthcoming 2009).

Figure 13. Annual Deployment of Filipino Overseas Workers, 1998-2008



Source: Philippines Overseas Employment Administration, *Overseas Employment Statistics, Annual Report 2008*, (Mandaluyong City, Philippines: Department of Labor and Employment, 2009).

- Of the 974,000 land-based hires in 2008, 39 percent were new hires, the same share as a year earlier.⁷⁸ This is the most vulnerable population as these workers are more likely to be laid off first.
- While recent estimates show that the number of overseas Filipino workers increased between 2007 and 2008 overall, fewer Filipinos left the country for overseas employment in December 2008 (89,800) than in either November 2008 (106,600) or December 2007 (95,300).⁷⁹
- The sharp rise in migrant deployments in 2008 could be followed by return migration in 2009, as recently hired workers are laid off. Over 6,000 Filipino migrants, mostly women working in electronics factories in Taiwan and men working on Middle Eastern construction projects, returned home before the end of the contracts in the first three months of 2009.
- As the unemployment rate in the Philippines increased to 8 percent in January 2009, affecting almost 3 million people, President Gloria Macapagal Arroyo directed the Philippine Overseas Employment Administration (POEA) to “execute a paradigm shift

⁷⁸ Philippines Overseas Employment Administration, *Overseas Employment Statistics, Annual Report 2008*.

⁷⁹ Asian Development Bank, *Asian Development Outlook 2009*, Philippines Profile, 2009, <http://www.adb.org/philippines/default.asp>.

by refocusing its functions from regulation to full-blast market development efforts, the exploration of frontier, fertile job markets for Filipino expatriate workers.”⁸⁰ POEA dispatched teams to Taiwan, Dubai, and South Korea to help Filipino migrants who had been laid off.

3. Nepal-Gulf States⁸¹

Similar to the emigration of workers from other South Asian countries such as India and Bangladesh, Nepalese employment-related outflows reflect the differing strengths of the destination-countries' economies as flows have declined to the countries with weaker economies (such as Malaysia and the United Arab Emirates) but have increased to Saudi Arabia.

- The flow of Nepali migrant workers decreased by 13 percent during the last fiscal year due to the global recession. During fiscal 2008-2009, 217,164 individuals left the country for employment, compared to 249,051 in 2007-2008.
- A number of traditional destination countries for Nepalese workers accepted fewer migrants in 2008 and 2009 than in 2007 and 2008. Flows to the United Arab Emirates were down 31 percent (from 45,000 to 32,000); Qatar took 11 percent fewer Nepalese (falling from 85,000 to 76,000) and accepted 31 percent fewer migrants from Nepal (declining from 51,000 to 35,000).
- However, Nepali migrants leaving for Saudi Arabia, a country where public investments remain strong despite the drop in price for oil, increased 15 percent to 48,749 during the most recent fiscal year, up from 42,394 in 2007-2008.

⁸⁰ University of California, Davis, *Migration News*, Southeast Asia profile, http://migration.ucdavis.edu/mn/more.php?id=3512_0_3_0.

⁸¹ Ramesh Shrestha, “Outbound migrant workers dip 13pc,” July 21, 2009, Kantipur.com, <http://www.kantipuronline.com/kolnews.php?&nid=205469>.

III. How the Recession Has Affected the Internal Movement of Economic Migrants: A Study of China

A. Background

“There is no future as a laborer in the city, but it is also futile to return to the village.” A popular saying in China describes the dilemma faced by migrant workers about where and how to make a living amid the after-effects of the global recession that hit China in the fourth quarter of 2008.⁸² China’s 140 million migrant workers have long moved between rural and urban areas inside China, both for annual holiday visits and eventual permanent returns to their hometowns.⁸³ The recession affected the character of the 2009 flows and in some cases had a powerful impact on the lives of rural migrant workers, who are at the bottom of the global supply chain and find their lives intertwined with the global economy.⁸⁴

Rural migrant workers, who represented 11 percent of China’s population of 1.3 billion people as of the end of 2008, are concentrated in the eastern provinces (see Figure 1), where export-oriented, labor-intensive industries have been hurt by the economic crisis.⁸⁵ According to the World Bank, China’s export performance has remained very weak, down an estimated 20 percent in April-May 2009 from a year earlier.⁸⁶ Pre-recession, 42 percent of China’s rural migrant workers were employed in the manufacturing industry, 17 percent in wholesale and retail, and 12 percent in the construction industry.⁸⁷

⁸² Rural migrant workers or migrant workers in this section refer to those workers who have rural *hukou* (household registration or residence permit) but work and live in urban areas.

⁸³ For more studies on China’s urban-rural return migration, see Wenfei Winnie Wang and C. Cindy Fan in “Success or Failure: Selectivity and Reasons of Return Migration in Sichuan and Anhui, China” in *Environment and Planning 2006*, vol. 38, 939-958, www.sscnet.ucla.edu/geog/downloads/597/216.pdf.

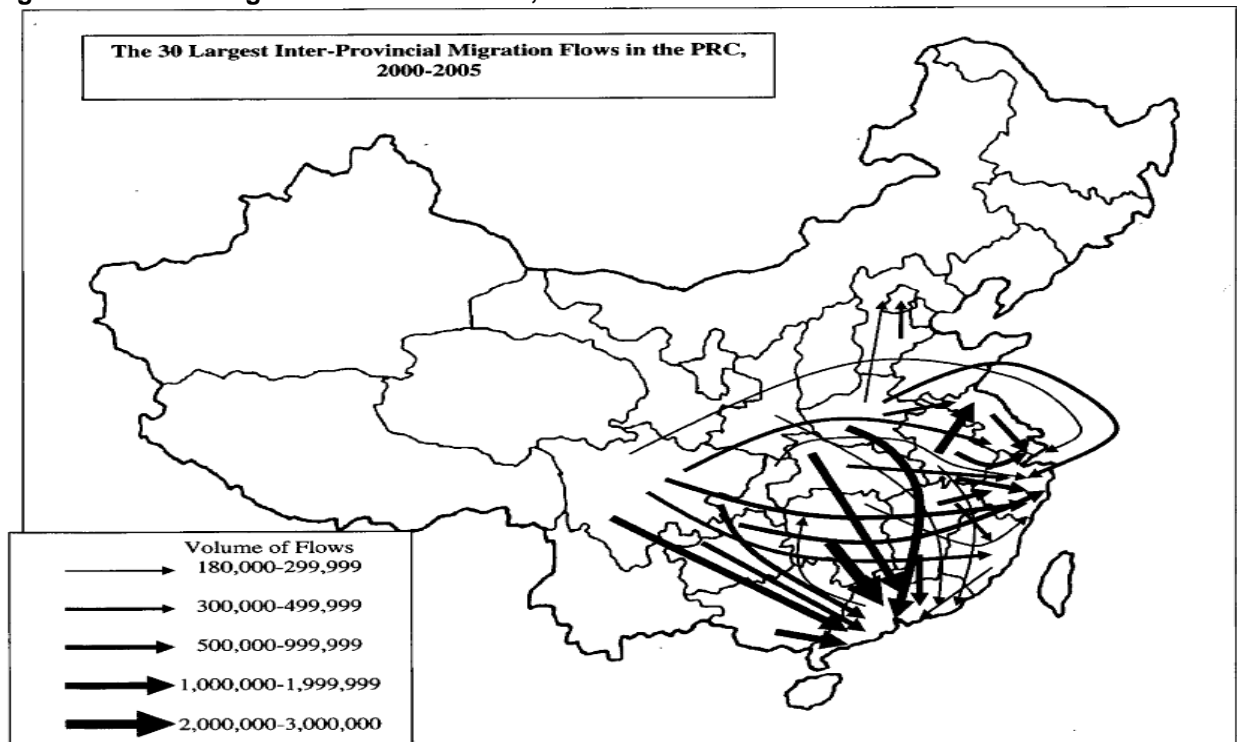
⁸⁴ Kam Wing Chan, “Global Financial Crisis and Migrant Workers in China” (paper presented at the United Nations Population Division meeting, New York, August 27, 2009).

⁸⁵ National Bureau of Statistics of China, *2008 China Yearbook of Statistics*, (Beijing: National Bureau of Statistics of China, 2009).

⁸⁶ World Bank Office-Beijing, *Quarterly Update* (Beijing: World Bank, 2009), http://siteresources.worldbank.org/INTCHINA/Resources/318862-1237238982080/5923417-1245206005835/CQU_June2009_full_06-18-09.pdf.

⁸⁷ Chewei Zhang and Zhiyong Wang, “Quanzhou jinrong weiji dui nonmingong jiuye de chongji [“Impacts of the Global Financial Crisis on the Rural Migrant Worker Employment in China”] in *Chinese Journal of Population Science* 2009(2), <http://www.cass.net.cn/file/20090414228741.html>.

Figure 1. Internal Migration Flows in China, 2000-2005



Source: Kam-Ming Chan's analysis of State Council and National Bureau of Statistics data. From Kam-Ming Chan, "Internal Labor Migration in China: Trends, Geographical Distribution and Policies," United Nations Secretariat, Department of Economic and Social Affairs, Population Division, UN/POP/EGM-URB/2008/05, January 3, 2008, http://huwu.org/esa/population/meetings/EGM_PopDist/P05_Chan.pdf.

B. Employment Challenges Facing Rural Migrant Workers

Internal Migration Trends Before and Since the Recession

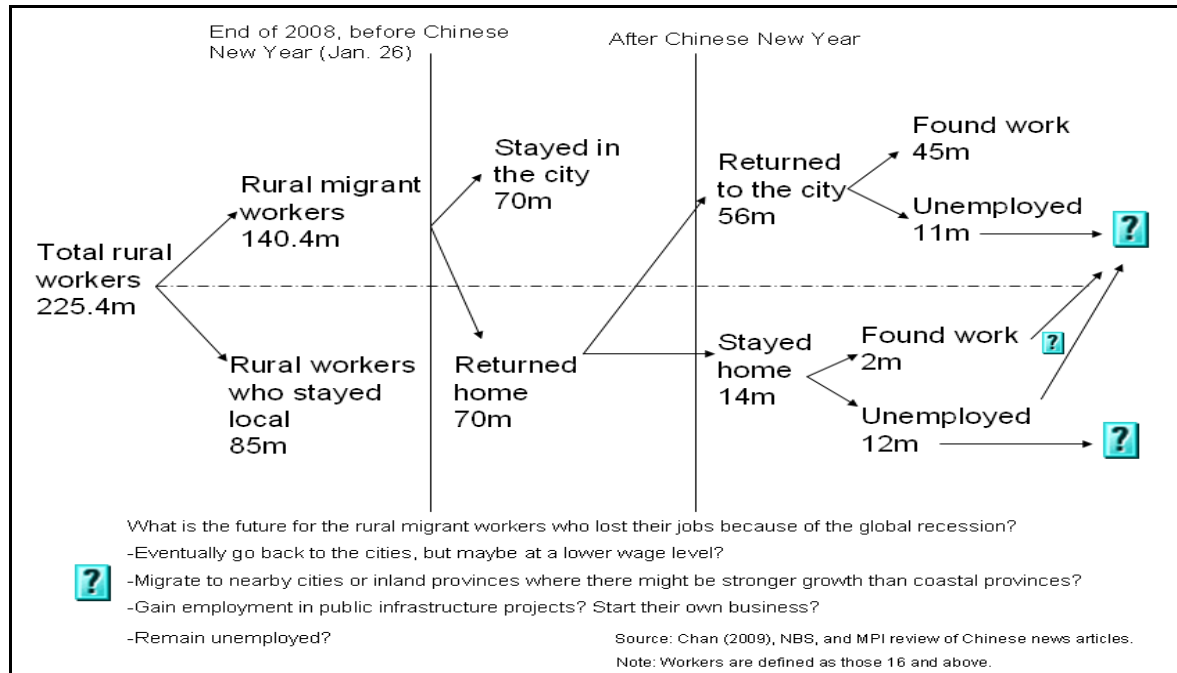
Tens of millions of rural migrant workers return to their provincial homes every year during Chinese New Year, at the end of January and beginning of February, to reunite with their families in a tradition that represents the world's largest annual movement of people. The 2009 "spring movement" that occurred amid the global financial crisis provided a unique "natural experiment" that sheds light on the impacts of recession on China's internal migration trends.⁸⁸ (See Figure 2.)

During this year's spring movement, more workers went back than in previous years, the annual ritual started earlier than usual, and more people did not return to the cities, at least initially.

⁸⁸ The term "spring movement" refers to the annual trip home for migrant workers during lunar Chinese New Year, also known as "spring festival."

An estimated 70 million — or half of the 140.1 million rural migrant workers in China in 2008 —⁸⁹ returned to their home provinces during the 2009 spring movement.⁹⁰ Some of the returnees still had jobs waiting for them in the cities, while others had lost or quit their jobs.

Figure 2. The 2009 “Spring Movement” by Rural Migrant Workers



- Of the 70 million migrant workers who returned to their rural homes, 62.4 percent were from the eastern provinces (particularly concentrated in Guangdong province, which accounted for 24.6 percent of rural returnees, and the Yangzi River delta, 17.2 percent).⁹¹
- 83 percent of the migrant returnees had only a junior high school education or less, indicating the disproportional impact on the less educated.⁹²

⁸⁹ The rural migrant workers account for 62 percent of all 225 million workers in China who have rural *hukou* (household registration or residence permits). See National Bureau of Statistics of China, “2008 nianmo quanguo nongmingong zongliang 22,542 wan ren” [“2.25 billion rural labor as of the end of 2008”], March, 25, 2009, http://www.stats.gov.cn/was40/gitjj_detail.jsp?searchword=%C5%A9%C3%F1%B9%A4&channelid=6697&record=70. The Chinese National Bureau of Statistics obtained these data based on its Monitoring Survey for Rural Migration Worker Statistics. In this survey, “rural migrant worker” refers to the civilian working-age (16 and older) population with rural *hukou* who have worked outside of their residence for six months or more. The survey is a sample survey held in 31 provinces, 857 counties, 7,100 villages, and 68,000 rural households. China standardized and initiated this survey beginning in January 2009. China’s Ministry of Agriculture has set up village monitoring stations to conduct the survey on a regular basis.

⁹⁰ *Ibid.*, 87.

⁹¹ *Ibid.*, 87.

⁹² *Ibid.*, 87.

- 73 percent of rural migrant workers in the construction industry returned home, as well as 46.2 percent of those in the manufacturing industry.⁹³
- After the Chinese New Year, 80 percent (56 million) of the workers went back to the cities. Some 45 million of them had found work, while 11 million went back to the cities jobless.⁹⁴
- Meanwhile, 14 million migrant workers remained in the rural area; 12 million were unemployed with the remainder finding jobs in local towns or nearby cities.⁹⁵
- In other words, as of March 2009, an estimated 126 million (about 90 percent) of rural migrant workers were in the cities, with or without a job. This number included the 70 million workers who did not return home during the Chinese New Year, and the 56 million workers who went home but have since returned to the cities.
- There have been different estimates of how many migrant workers remain in the rural area. Wang Dewen from the Chinese Academy of Social Sciences estimated that as of June 2009, 95 to 97 percent of rural migrant workers he surveyed in Anhui and Chongqing provinces had returned to the cities following the spring movement, as the economy improved during the second quarter of 2009.⁹⁶
- Some researchers argue that migrant workers are gradually absorbed and reallocated into the labor markets in the inland areas, both because the Chinese government's US\$586 billion stimulus package has invested heavily in public infrastructure and because the economies of many interior provinces might strengthen as they produce more consumer durables for the Chinese domestic (versus export) market.⁹⁷

Rural migrant workers were already highly vulnerable before the recession, mainly because they do not have urban *hukou* to provide them with access to social services and worker protections in the urban areas where they live and work. Post-recession employment impacts on migrant workers and their well-being include:

Higher Unemployment

- The unemployment rate of rural migrant workers is much higher than that of urban workers. China's official unemployment rate was 4.3 percent in March 2009,

⁹³ Ibid., 87.

⁹⁴ Ibid., 87.

⁹⁵ Caijing News, "Chen xiwen: yue liang qian wan nongmingong shiye, xu zhi mian xiangguan shehui wenyi" ["Chen: Must tackle: the social problems related to the unemployed 20 million rural workers"], February 2, 2009, <http://www.caijing.com.cn/2009-02-02/110051988.html>.

⁹⁶ *China Business News*, "Erjidu jiuye xingshi mingxian xianghao, yali yiran juda" ["Q2 employment situation pulled back from the brink, but still grave"], July 21, 2009, <http://www.china-cbn.com/s/n/000002/20090721/000000121185.shtml>.

⁹⁷ World Bank, Transcript of a Press Teleconference Call with International Monetary Fund Officials on China's 2009 Article IV Consultation, July 23, 2009, <http://www.imf.org/external/np/tr/2009/tr072309.htm>.

according to the Ministry of Human Resources and Social Protection.⁹⁸ But this figure covered only the urban working population. Total unemployment for rural migrant workers in March 2009 was estimated to be 23 million, or about 16.4 percent.⁹⁹ This closely mirrors the Chinese government's own estimation. The Director of the Office of the Central Leading Group on Rural Worker, Chen Xiwen, estimated that 20 million migrant workers, or 15.3 percent, have lost their jobs due to the global financial crisis.¹⁰⁰

- As of March 2009, almost all workers who returned during the spring movement and remained in the rural areas were unemployed.
- If the economy does not improve, 35 million rural workers face the risk of structural unemployment, according to a calculation by the Chinese Academy of Social Science.¹⁰¹ It is especially difficult for older, less-skilled, and less-educated migrant workers to regain jobs in the cities.
- When the Ministry of Human Resources and Social Security issued its latest employment report during the first half of 2009, it stressed that the job situation was still “very grave,” although acknowledging the situation had stabilized since the recession.¹⁰²

Lower Wages, Poorer Working Conditions, and Less Job Protection

- Rural migrant workers in China, even if employed, suffer from lower wages, poorer working conditions, and less protection. For example Shenzhen city cut its average wage guideline earlier this year by 3.8 percent to 2,750 yuan (\$402) a month, the first time in 11 years.¹⁰³
- According to the National Bureau of Statistics of China, 5.8 percent of rural migrant returnees were affected by wage arrears.¹⁰⁴

Higher Poverty Risks for Rural Families

- The larger size of the rural migrant returnee population and longer stay in rural hometowns also mean decreased migrant income. Decreases in migrant wages and unemployment have a huge negative impact on rural income and for provinces that rely on remittances.
- According to research that compared rural migrants from poor and non-poor counties during January to May 2009, rural migrant workers had worked on average 6.5 days less than during the same period in 2008, and their income had dropped 2.8

⁹⁸ China State Council Information Office, “Guo xin ban jiu shang bannian jiu ye he shehui baozhang gongzuo jinzhan juxing fabuhui” [“Press release by State Council Information Office regarding the employment and social protection works during the first half of 2009”], August 4, 2009, <http://www.scio.gov.cn/xwfbh/xwfbh/wqfbh/2009/0804/index.htm>.

⁹⁹ Ibid., 83.

¹⁰⁰ Ibid., 93.

¹⁰¹ Ibid., 86.

¹⁰² Sina News, “China Ministry of Human Resources and Social Security: Employment situation still grave,” [“Shebaobu: jinhou jiuye xingshi reng yanjun, yin jinrongweiji yingxiang weixiao”], August 19, 2009, <http://politics.people.com.cn/GB/1027/9784752.html>.

¹⁰³ *Shenzhen Daily*, “Wages fall for first time in decade,” July 22, 2009, http://english.sz.gov.cn/ln/200907/t20090723_1154681.htm.

¹⁰⁴ Ibid., 87.

percent. For workers from poorer provinces, their income dropped 5 to 30 percent.¹⁰⁵

C. Policy Measures to Alleviate the Unemployment Situation of Rural Migrant Workers

Overall Policy Structure

As of March 2009, an estimated 20 to 23 million rural migrant workers were unemployed. Rising unemployment and its potential to cause social unrest have been a deep concern for the Chinese government. As Chinese Premier Wen Jiabao indicated, the return home of rural migrant workers is one of the most severe employment challenges associated with the economic downturn, alongside prospects for jobless college graduates.¹⁰⁶

The government has issued new policies, including the “State Council Circular Regarding Handling Current Migrant Worker Affairs” on December 20, 2008; “PRC Central People’s Government Opinions Regarding Promoting Agricultural Development and Increasing Farmers’ Income” on December 31, 2008; and “Guiding Opinion Regarding Handling Current Economic Situation and Stabilizing Labor Relations” on January 23, 2009.¹⁰⁷ These documents laid out policy guidelines for local governments to implement and all made reference to “maintaining social harmony and stability” during the financial crisis.¹⁰⁸ The “State Council Circular Regarding Handling Current Migrant Worker Affairs” laid out major principles to mitigate employment problems associated with the economic downturn.¹⁰⁹

The government’s policies have been designed to:

1. Promote rural labor employment (by encouraging both short- and longer-term training), provide financial support (through training vouchers and tuition for workers to return to school), and provide training in occupations that are less affected by the recession;
2. Strengthen training and vocational education for migrant workers;
3. Encourage migrant workers to start their own business or become entrepreneurs (by granting loans and providing tax credits);

¹⁰⁵ Dewen Wang, Zhang Zhanxin, Cheng Jie., and Hou Huili, “Jinrong weiji dui pinkun diqu laodongli peixun zhuanxi de yingxiang jiqi zhengce” [“The impacts of global financial crisis on rural migration and training in poor regions and policy measures”], China Academy of Social Science, The Institute of Population and Labor Economics, http://iple.cass.cn/show_News.asp?id=28410.

¹⁰⁶ *China News*, “Women ba daxuesheng jiuye fangcai shouwei,” [“Wen: College graduate employment is top priority”], December 20, 2008, <http://www.chinanews.com.cn/edu/kong/news/2008/12-20/1495897.shtml>.

¹⁰⁷ *Ibid.*, 32.

¹⁰⁸ Congressional Executive Commission on China, “Officials: Early Response to Unemployment and ‘Social Unrest’ During Downturn,” February 19, 2009, <http://www.cecc.gov/pages/virtualAcad/index.php?showsingle=117063/>.

¹⁰⁹ The Central People’s Government of the People’s Republic of China, “Guowuyuan bangongting guan yu qieshi zuohao dangqian nongmingong gongzuo de tongzhi,” [“State Council Circular Regarding Handling Current Migrant Worker Affairs”], December 20, 2008, http://www.gov.cn/zwgg/2008-12/20/content_1183721.htm.

4. Channel rural migrant workers to employment on new rural development projects, especially projects funded by China's fiscal stimulus package and those in the interior provinces;
5. Ensure workers get paid on time;
6. Provide social safety-net benefits and public services for rural migrant workers;
7. Help migrants secure land rights when they return; and
8. Reallocate rural migrant workers and export them abroad. It has been common for provinces with large rural worker surpluses to channel them to employment abroad — a practice that has grown in popularity with worsening unemployment.

IV. Policy Changes and Selected Impacts in Immigrant-Receiving Countries with Rising Unemployment

A. Policies Restricting Immigrants' Access to the Labor Market

Countries have responded to the economic crisis in a variety of ways. Some have restricted access to their labor markets by halting or at least decreasing the overall number of work permits for foreigners and for declining industrial sectors. Others have tightened admission requirements. Some examples:¹¹⁰

- In January 2009, Malaysian authorities stopped issuing work permits in the manufacturing and services sectors, reduced the duration of many short-term work permits from six months to three months, and introduced a policy for fast-track deportation that could affect an estimated 1 million unauthorized foreign workers residing in Malaysia.
- The Government of Thailand has announced that it will not issue new work permits or renew work permits for about 500,000 foreign workers.
- In Kazakhstan, authorities imposed a moratorium on the admission of less-skilled workers effective April 1, 2009.

Other countries have reduced if not stopped their admission of migrants for employment:

- In December 2008, Russia announced that it would reduce work permits for foreign workers by half in 2009, from 4 million to 2 million.¹¹¹ Even some local governments have sought to save jobs for native workers. The Moscow Department of Transportation urged local employers to stop hiring foreign workers, citing their lack of Russian-language skills and poor knowledge of city transportation routes.
- The UK Home Office has strengthened the resident labor market test for immigrants in high-demand occupations such as civil engineers and nurses.¹¹² Employers must advertise jobs to resident workers through the national employment

¹¹⁰ Khalid Koser, *The Global Financial Crisis and International Migration: Implications for Australia*; and Manolo Abella and Geoffrey Ducanes, "The Effect of the Global Economic Crisis on Asian Migrant Workers and Governments' Responses" (paper prepared for "Responding to the Economic Crisis – Coherent Policies for Growth, Employment and Decent Work in Asia and Pacific" conference, Manila, Philippines, February 18-20, 2009), <http://www.age-of-migration.com/na/financialcrisis/updates/1d.pdf>.

¹¹¹ Owen Matthews and Anna Nemtsova, "The Kremlin Vigilantes: As Anti-Immigrant Groups Grow More Violent, They Get More Explicit Support from Russian Authorities," *Newsweek*, February 14, 2009, <http://www.newsweek.com/id/184777>.

¹¹² The new requirement will affect immigrants who seek entry under the UK Points-Based System (PBS) Tier 2, i.e., non-EU immigrants with a confirmed job offer in a sector of labor market shortage. To read about the UK PBS, see Will Somerville, Dhananjayan Sriskandarajah, and Maria Latorre, "United Kingdom: A Reluctant Country of Immigration," *Migration Information Source*, July 2009, <http://www.migrationinformation.org/Profiles/display.cfm?ID=736>.

service (JobCentre Plus) before they can bring in a worker from outside Europe. There is a plan to use each shortage occupation list¹¹³ to trigger skills reviews that focus on up-skilling resident workers for these occupations, which will make the United Kingdom less dependent on migration in the future. Finally, the United Kingdom tightened the criteria against which highly skilled migrants¹¹⁴ seeking entry to the United Kingdom are judged, raising the minimum qualifications and salary required for highly skilled immigrants to a master's degree and a minimum £20,000 salary.

Countries have also responded to the economic crisis by making it harder for migrants to live and work illegally. Italy, for example, passed legislation criminalizing unlawful presence and preventing unauthorized migrants from accessing public services such as education and emergency medical care, while increasing the maximum period of detention and authorizing citizen patrols to assist police in combating crime and responding to immigration violations.¹¹⁵ In early 2009, French police conducted a series of high-profile worksite raids as part of a redoubled effort to remove illegal immigrants but also to create additional jobs for unemployed legal workers.¹¹⁶

1. Taiwan

Like other export-dependent economies, Taiwan was hit hard by the fall in global trade. Taiwan's exports dropped over 40 percent in the first quarter of 2009 compared to a year earlier, and manufacturing employment fell as electronics factories laid off workers. As unemployment of all Taiwanese workers reached 5.3 percent (up from 4.1 percent in 2008), the government rushed to announce plans in January 2009 to cut the number of low-skilled foreign worker permits to create jobs for domestic workers amid the economic downturn. State Minister Tsai Tsun-hsiung said that 33,000 jobs could be released for Taiwanese under the plan, which could affect almost 9 percent of the estimated 370,000 foreign workers employed on the island.¹¹⁷

- The number of low-skilled foreign workers peaked at 374,000 in July 2008 before falling to 344,000 in April 2009. Manufacturing experienced the biggest drop in foreign worker employment. (See Figure 1.) In February 2009, the number of migrant caregivers (171,000) exceeded the number of migrant manufacturing workers (167,000) for the first time.¹¹⁸

¹¹³ The shortage occupation list has been recently revised,

<http://www.bia.homeoffice.gov.uk/sitecontent/documents/aboutus/workingwithus/mac/macreport2009.pdf>.

¹¹⁴ The change will affect highly skilled immigrants who qualify under the UK Points-Based System (PBS) Tier 1.

¹¹⁵ "Italy Rejects Vatican's Criticism of New Immigration Law," Ansa, July 3, 2009, <http://www.lifeinitaly.com/node/6501>; and "Immigration in Italy: A Mess in the Mediterranean," *The Economist*, May 14, 2009,

http://www.economist.com/research/articlesBySubject/displaystory.cfm?subjectid=894664&story_id=13652866.

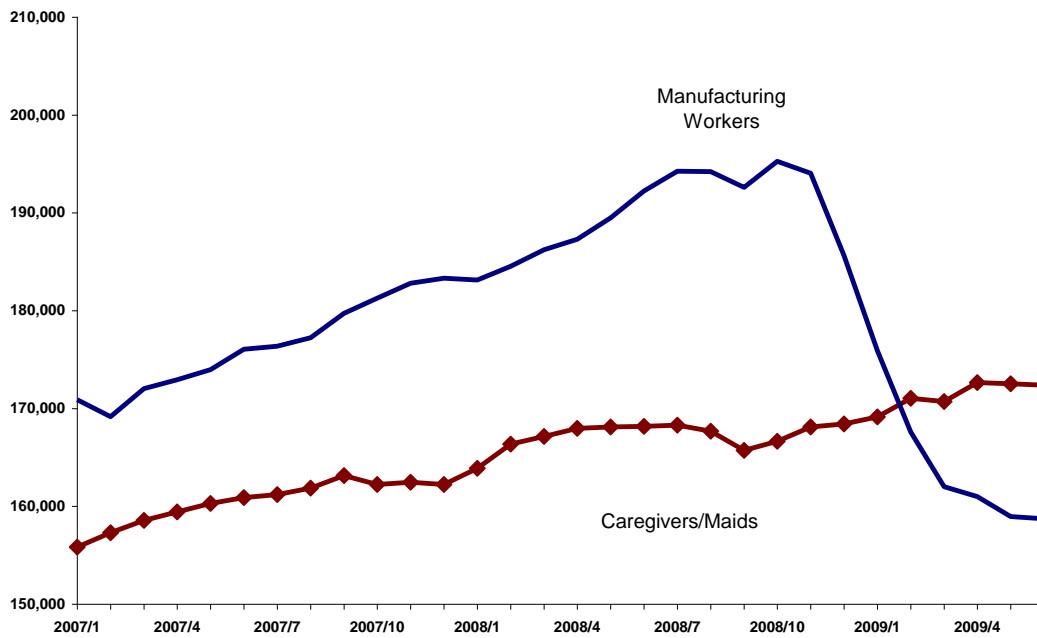
¹¹⁶ Caroline Brothers, "French Police Round Up Migrants," *New York Times*, April 21, 2009, <http://www.nytimes.com/2009/04/22/world/europe/22iht-france.html>.

¹¹⁷ University of California, Davis, *Migration News*, China: Recession; Taiwan, Hong Kong profile, July 2009, http://migration.ucdavis.edu/mn/more.php?id=3534_0_3_0.

¹¹⁸ *Migration News*, China: Recession; Taiwan, Hong Kong profile.

- The number of foreign workers employed in construction and agriculture is significantly smaller than in manufacturing and in private households. Work permits for construction were cut by more than half between June 2007 and June 2009. In contrast, agriculture and the marine industry seem to have escaped the impact of recession as the number of permits continued its upward trends. Migrant layoffs were concentrated in electronics and garment manufacturing, affecting primarily Filipina and Thai women, while the number of Indonesian caregivers rose slightly. (See Table 1.)

Figure 1. New and Renewed Work Permits Issued to Foreign Workers in Taiwan, 2007-2009



Source: Taiwan Council of Labor Affairs.

Table 1. Work Permits Issued by Taiwan by Industry and Share of Four Main Countries of Origin of These Permits, 2007-2009

	November 2007	November 2008	June 2009
Caregivers/Maids	162,472	168,113	172,393
Indonesia	62%	66%	68%
Vietnam	22%	20%	18%
Philippines	15%	14%	13%
Thailand	1%	1%	1%
Manufacturing Workers	182,813	194,052	158,728
Indonesia	6%	7%	8%
Vietnam	18%	25%	28%
Philippines	33%	31%	28%
Thailand	43%	37%	36%
Construction Workers	8,696	6,388	4,544
Indonesia	1%	1%	1%
Vietnam	9%	10%	12%
Philippines	7%	4%	3%
Thailand	84%	85%	84%

Source: Taiwan Council of Labor Affairs.

- Taiwan's government appeared less intent on cutting work permits for the highly skilled. The number of permits issued to highly skilled foreigners decreased only slightly, from 28,800 in June 2008 to 27,453 a year later.
- The Council of Labor Affairs, which regulates the employment of migrant workers, banned the recruitment of additional foreign workers in March 2009 for factories wishing to hire migrants for the overnight shift. The Council also limited migrants to a maximum 20 percent of a manufacturer's workforce.¹¹⁹

2. South Korea

The government took steps to reduce the employment of foreign workers by dramatically cutting the quota on foreign workers from 100,000 in 2008 to 34,000 in 2009. The policy change came amid slightly rising unemployment and against the backdrop of an increase in the number of immigrants in the workforce in recent years.

- The number of foreign residents in South Korea increased from 110,000 to 800,300 between 1995 and 2007, with the foreign-born share of the total population rising from 0.2 percent to 1.7 percent.¹²⁰
- Between March 2008 and March 2009, employment in South Korea fell by almost 200,000 and unemployment approached 4 percent. Some laid-off white-collar workers were reportedly seeking jobs that had been considered migrant jobs, including work in fisheries and in agriculture.¹²¹

¹¹⁹ *Migration News*, China: Recession; Taiwan, Hong Kong profile,

¹²⁰ OECD, *International Migration Outlook, SOPEMI 2009, Special Focus: Managing Labour Migration Beyond the Crisis* (Paris: OECD, 2009).

¹²¹ *Migration News*, China: Recession; Taiwan, Hong Kong profile

Table 2. South Korean Foreign Workforce 2009 Quota by Status and Industry (Persons)

Sojourn status	Total	Manufacturing	Construction	Service	Agricultural and livestock	Fishery
Foreign workers (E-9 visa)	17,000	13,000	2,000	100	1,000	900
Ethnic Koreans with foreign nationalities (H-2 visa)	17,000	10,000	0	5,900	1,000	100
Total	34,000	23,000	2,000	6,000	2,000	1,000

Source: South Korea Ministry of Labor, www.molab.go.kr/english/Information/news_view.jsp?idx=2925.

- There were 480,000 foreign workers in South Korea in February 2009, including 317,000 men and 163,000 women. Some 45 percent of male migrant workers present legally had E-9 work visas for low-skilled work, while 88 percent of the female migrant workers present legally had H-2 work visit visas issued to ethnic Koreans in China. There were also 200,000 unauthorized workers in South Korea, including 67,000 women. Another 109,000 foreign women married Korean men; many of whom work on their husband's farms.¹²²
- Policies that seek to reduce immigration quotas can be a reflection of anti-immigrant sentiment that rises during a period of economic recession. On the face of it, this does not appear to be the case in South Korea. Director-General Lee Jae-Gap of the Ministry of Labor's Employment Policy Bureau stated in March 2009, "In the first half of this year, the ministry will manage the scale of foreign workforce introduction more strictly, because of the increasing number of the Korean unemployed *and in order to protect the foreign workers who are already in Korea.*"¹²³

3. Australia

In response to dwindling employment prospects available for Australian workers, the government made changes to both permanent and temporary admissions in spring of 2009.

Permanent Admissions

In early 2009 — for the first time in a decade — the Australian government decided to reduce the intake of skilled foreign workers who apply for permanent settlement visas, even though the country had not technically entered into recession.

- The Permanent Migration Program was set initially to be cut by 14 percent, from 133,550 to 115,000 people in 2009-2010.¹²⁴ The decision to lower the ceiling came as pressure mounted on the Australian government amid rising unemployment, with the

¹²² *Migration News*, China: Recession; Taiwan, Hong Kong profile

¹²³ Ministry of Labor News, "This Year Foreign Workforce Quota Reduced to 1/3 of last year- To protect Korean job-seekers and foreign workers in Korea," March 31, 2009, http://www.molab.go.kr/english/Information/news_view.jsp?idx=2925.

¹²⁴ The Australian fiscal year starts on July 1 and ends on June 30.

jobless rate reaching 5.3 percent by March 2009, up from 4.5 percent in November 2008.

- The government further downsized the Australian permanent migration program in May 2009 so that only 108,100 employment visas will be available for foreigners wishing to apply for permanent settlement in Australia.¹²⁵ Under the new policy, applicants who are employer- or government-sponsored will receive a priority in application processing to ensure that new arrivals have jobs upon arrival.
- In a second major change to the Permanent Migration Program, a number of occupations (including bricklayers, plumbers, welders, carpenters, and metal fitters) were removed from the Critical Occupation Skills List. The list now comprises mainly health and medical, engineering, and IT professions.¹²⁶

Temporary Admissions

Reforms introduced by the Rudd government would compel employers to give priority to local workers and pay temporary or “457” visa holders the same wages and benefits as Australian workers.¹²⁷ The government also increased English-language skill requirements for trades and chefs and lower-skilled occupations.¹²⁸

- Australia’s subclass 457 Temporary Business Visa is a temporary skilled worker visa program that admits foreigners with special skills for up to four years. The number of 457 visa applications dropped by 11 percent from 61,390 applications in 2007-2008 to 54,810 applications in 2008-2009.¹²⁹

¹²⁵ Australian Visa Bureau, “Less Than One Month until Changes to Australian Skilled Migration Implemented,” (news release, June 2, 2009), <http://www.visabureau.com/australia/news/02-06-2009/less-than-one-month-until-changes-to-australian-skilled-migration-implemented.aspx>.

¹²⁶ See press release by Sen. Chris Evans, Minister for Immigration and Citizenship, “Government Cuts Migration Program,” March 16, 2009, <http://www.minister.immi.gov.au/media/media-releases/2009/ce09030.htm>.

¹²⁷ Australian Visa Bureau, “Temporary Australian Visa Numbers Dropping,” (news release, May 26, 2009), <http://www.visabureau.com/australia/news/26-05-2009/temporary-australian-visa-numbers-dropping.aspx>.

¹²⁸ Ibid.,

¹²⁹ Australian Department of Immigration and Citizenship, *Subclass 457 Business (Long Stay) State/Territory Summary Report, 2008-09 Financial Year to 30 June 2009*, <http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>.

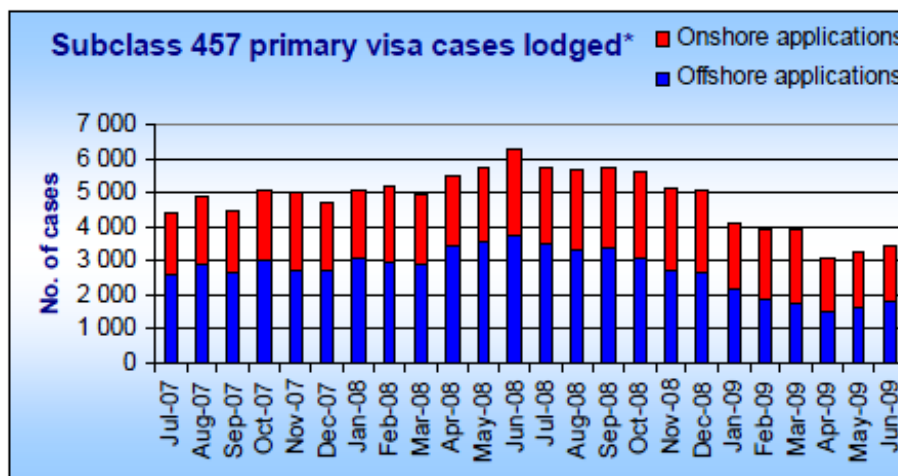
Table 3. Number of Primary Applications by Nominated Occupations, Fiscal Years 2007-2008 and 2008-2009

Nominated Occupation	2007-08 to 30/06/08	2008-09 to 30 /06/09	% Change from 2007-08	2008-09 as % of Total
1 Managers and Administrators	5 460	4 880	-10.6%	8.9%
2 Professionals	34 110	29 860	-12.5%	54.5%
3 Associate Professionals	8 270	7 670	-7.2%	14.0%
4 Tradespersons and Related Workers	9 880	8 690	-12.1%	15.8%
5 Advanced Clerical and Service Workers	40	10	-80.0%	0.0%
6 Intermediate Clerical, Sales and Service Workers	390	370	-5.7%	0.7%
7 Intermediate Production and Transport Workers	500	590	18.0%	1.1%
8 Elementary Clerical, Sales and Service Workers	10	0	-100.0%	0.0%
9 Labourers and Related Workers	20	60	247.1%	0.1%
Not Recorded	2 720	2 690	-1.2%	4.9%
Total	61 390	54 810	-10.7%	100.0%

Source: Australian Department of Immigration and Citizenship, *Subclass 457 Business (Long Stay) State/Territory Summary Report, 2008-09 Financial Year to 30 June 2009*, Pg.10, <http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>.

- The demand for temporary work visas was below that of the previous year as a result of the global economic crisis.¹³⁰ The number of 457 visa applications in June 2009 was 45 percent lower than one year earlier and 38 percent lower than September 2008 (see Figure 2). Also, the share of 457 visa applicants already in Australia increased from 52 percent in June 2008 to 59 percent in June 2009, suggesting that fewer would-be workers apply from abroad.

Figure 2. 457 Visa Applications, July 2007-June 2009



Source: Australian Department of Immigration and Citizenship, *Subclass 457 Business (Long Stay) State/Territory Summary Report, 2008-09 Financial Year to 30 June 2009*, Pg.7, <http://www.immi.gov.au/media/statistics/pdf/457-stats-state-territory-june09.pdf>.

¹³⁰ Ibid.,1.

4. United States

While many countries have responded to the economic crisis by lowering the number of work permits for low-skilled foreign workers, the US government placed its focus on high-skilled temporary work permits, making it more difficult for certain financial companies to apply for H-1B visas for more highly skilled workers. As part of the financial-sector bailout legislation signed into law by President Obama in mid-February 2009, the government limited banks and other financial institutions that receive taxpayer-funded bailout money from hiring H-1B workers unless the firms comply with certain requirements. One of these requirements is an attestation that they had offered positions to equally or better-qualified US workers first. The law also prevents banks from hiring H-1B workers in occupations in which they had laid off US workers.¹³¹

- Meanwhile, H-1B applications filed by US companies dipped substantially in 2009 — a marked contrast from prior years. For fiscal year 2009, 163,000 H-1B applications were logged in the first few days of the filing period,¹³² more than enough to meet the congressionally mandated cap of 65,000 H-1B visas for the entire fiscal year. In contrast, four months into the fiscal 2010 filing period, only 45,000 cap-subject petitions had been received as of August 14, 2009.¹³³ Experts attribute the decline both to lower demand for workers due to recession and the bailout-related restrictions. Following the passage of the new restrictions, Bank of America withdrew job offers made to foreign MBA students graduating from US business schools for summer 2009.¹³⁴
- Although there have been no policy changes to the US employment-sponsored permanent visa program, the number of applications for employment-based permanent visas fell by more than 50 percent between 2007 and 2008, and is projected to fall by another 50 percent in 2009.¹³⁵

5. Canada: Going Against the Tide

In early 2009, citing economic uncertainty and rising unemployment numbers, the Canadian government briefly considered reducing its permanent immigration targets for the year. But the possibility was shelved after Immigration Minister Jason Kenney met with his provincial and territorial counterparts to study the demand for immigration in regional labor markets.¹³⁶ Permanent immigration levels for 2009 were not reduced, maintaining a target of

¹³¹ Although the regular H-1B dependent employer rule includes an exemption from these attestations if an H-1B worker either possesses a master's degree or receives wages of \$60,000 or higher, the bailout bill does not allow recipients to claim these exemptions.

¹³² April 1st is the first day when the applications can be submitted for next-year employment.

¹³³ At the same time, US Citizenship and Immigration Services reported that by April 9 the agency has received enough advanced-degree petitions to fill the 20,000 visa cap.

¹³⁴ Muzaffar Chishti and Claire Bergeron, "Signs of Change in Immigration Enforcement Policies Emerging From DHS," *Migration Information Source*, March 16, 2009, <http://www.migrationinformation.org/USfocus/display.cfm?ID=722>.

¹³⁵ Anabelle Garay, "Petitions for US worker green cards down sharply," Associated Press, August 6, 2009, http://www.google.com/hostednews/ap/article/ALeqM5jIws3_TYnHE_ds12yt0HK_tvBXowD99TEDF00.

¹³⁶ Citizenship and Immigration Canada, "Canada May Decrease Immigration Numbers," (news release, February 2009), <http://www.cicnews.com/2009/02/canada-decrease-immigration-targets-nows-time-submit-application-02700.html>.

approximately 250,000 new permanent residents. Permanent immigration to Canada dipped slightly however: 50,800 new immigrants came to Canada in the first quarter of 2009, compared to 53,147 during the first quarter of 2008.¹³⁷

- Canada also did not restrict flows of temporary workers. The stock of temporary workers increased by nearly 26 percent between 2007 and 2008, growing from 199,942 to 251,235.¹³⁸ During the first quarter of 2009, the net number of non-permanent residents (foreign workers and international students) increased by nearly 23,800 (compared to a net increase of 15,600 in the same quarter of 2008). The fact that more temporary residents arrived than left Canada in early 2009 is consistent with the upward trend that began in 2007.

B. The Advent of Pay-To-Go Schemes

Since the start of the global economic crisis, a handful of countries have launched programs to encourage unemployed migrants to return home. Spain, the Czech Republic, and Japan have emulated France, which in 1977 pioneered a voluntary return program (VRP) for its guest workers. The idea behind the pay-to-go schemes is to offer economic incentives, such as paid one-way tickets home and a lump-sum payment for the migrant and/or family members, in return for giving up residence and work rights for some period of time or even indefinitely. To date, participation in the Spanish, Czech, and Japanese pay-to-go programs has been modest. Experts generally conclude that these programs do not take into account immigrants' motivations to stay or leave (such as limited opportunities at home, substantial investments made to emigrate, and deepening social and family ties in the country of destination).¹³⁹

In addition to the recession-inspired voluntary return programs run by individual countries, the International Organization for Migration (IOM) has provided pre-departure, transportation, and post-arrival assistance to migrants in countries around the world if they wish to return but cannot afford to do so or lack necessary documents. The IOM program provides failed asylum seekers, unauthorized migrants, and migrants and students stranded in transit with information, counseling, medical assistance, travel documents, funds, and some re-integration support.

The United Kingdom is experimenting with a variation on the pay-to-go concept: Offering assistance to migrants *before* they reach their destination. In July 2009, the British government announced it would participate in a program to encourage the return of migrants who are in camps in Calais, France, while they wait to attempt illegal entry into the United Kingdom via

¹³⁷ Statistics Canada, *Canada's Population Estimates*, June 23, 2009, <http://www.statcan.gc.ca/daily-quotidien/090623/dq090623a-eng.htm>.

¹³⁸ Citizenship and Immigration Canada, "Facts and Figures 2008 – Immigration Overview: Permanent and Temporary Residents," <http://www.cic.gc.ca/english/resources/statistics/facts2008/temporary/02.asp>.

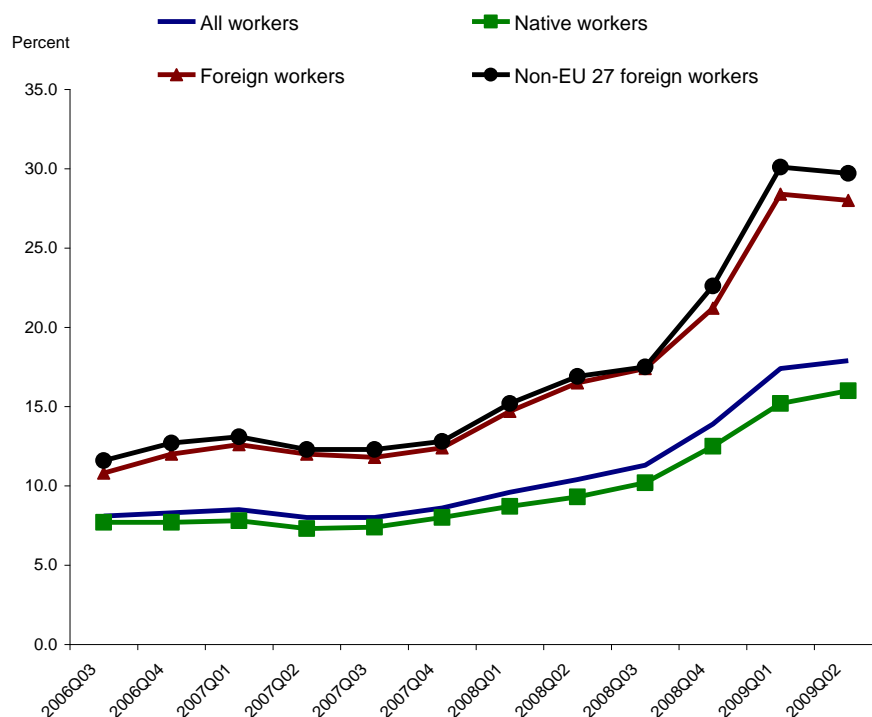
¹³⁹ Gador Manzano and Yolanda Vaccaro, "Take the Money and Run: Voluntary Return Programs" (paper presented at a World Bank conference, Washington, DC, July 10, 2009); Piotr Plewa, *Spain's Voluntary Return Program: Early Mechanisms and Early Responses*, <http://www.age-of-migration.com/na/financialcrisis/updates/1i.pdf>; and Piotr Plewa, *A False Start For Czech Foreign Worker Admissions?* <http://www.age-of-migration.com/na/financialcrisis/updates/1g.pdf>.

ferry or train. Under the program, carried out in cooperation with the French government, migrants in Calais will be offered a plane ride home, 2,000 euros (£1,700) in cash, and some resettlement assistance and retraining when they arrive in their home country.¹⁴⁰

1. Spain

Although unemployment rates for foreign workers have historically been higher than for native-born Spaniards, unemployment began to rise for both groups as early as the first quarter of 2008. By the third quarter of 2008, unemployment rates had risen substantially for both groups, to 10.2 percent for Spaniards and 17.4 percent for foreigners, compared to 7.4 percent and 11.8 percent in the same quarter in 2007. (See Figure 3.)

Figure 3. Quarterly Unemployment Rates for Native and Foreign Workers in Spain, 2006-2009



Notes: The unemployment rates are for workers age 15 and older and are not seasonally adjusted.

Source: Eurostat.

As more foreign workers were losing jobs, they were becoming eligible for, and presumably tapping into, unemployment benefits. The number of eligible foreign unemployed workers grew by nearly a quarter between January and August 2008 (from 161,923 to 199,546) and

¹⁴⁰ Peter Allen and Christopher Hope, “Migrants in Calais to Be Offered £1,700 Cash and a Free Flight Home,” *The Telegraph*, July 27, 2009, <http://www.telegraph.co.uk/news/worldnews/europe/france/5919820/Migrants-in-Calais-to-be-offered-1700-cash-and-a-free-flight-home.html>.

nearly doubled between January and December (to 311,953). The share of foreign unemployed workers rose from 10 percent to 13 percent within 2008 (see Table 4). The availability of unemployment benefits may have contributed to patterns of slowed return migration.

Table 4. Foreign and Spanish Workers Entitled to Unemployment Benefits, 2008

2008	All workers	All foreign	Share of foreign workers (%)	Morocco	Ecuador	Romania	Colombia
January	1,608,258	161,923	10.1	36,431	21,431	12,732	11,901
February	1,621,589	169,680	10.5	37,582	23,166	13,187	13,073
March	1,594,027	160,434	10.1	35,928	21,954	13,373	12,275
April	1,624,644	165,217	10.2	37,801	22,192	15,110	12,327
May	1,644,951	168,748	10.3	39,900	22,702	16,524	12,236
June	1,687,377	178,230	10.6	43,833	23,579	18,898	12,172
July	1,773,425	188,451	10.6	49,506	22,787	21,431	12,016
August	1,854,201	199,546	10.8	52,863	23,815	23,301	12,581
September	1,851,308	209,101	11.3	54,918	25,026	23,797	13,767
October	1,985,245	233,588	11.8	56,168	29,285	26,265	16,500
November	2,209,395	283,711	12.8	63,335	36,285	31,570	20,434
December	2,318,355	311,953	13.5	66,696	41,140	35,618	22,446

Source: Cited with permission of Piotr Plewa, "Voluntary Return Programmes: Could They Assuage the Effects of the Economic Crises?"¹⁴¹

In response to these patterns of unemployment, the government has developed a voluntary return program for unemployed foreign workers (see Table 5).

Table 5. Key Features of the Spanish Voluntary Return Program

Eligible migrants	Those who worked legally and were eligible for jobless benefits
Family members	Ineligible
Countries of origin	Only those countries that had social security agreements with Spain so returnees could collect a bonus upon arrival home. These 20 countries included many Latin American countries (except Bolivia), Morocco (the only African country), the Philippines, Russia, Ukraine, Canada and the United States. The EU states were excluded to ensure that their nationals did not claim departure bonuses and then returned to Spain thanks to EU free-migration agreements.
Departure bonus given to the jobless worker	The lump sum would depend on the amount of uncollected unemployment benefits. Once all unemployment benefits are collected the migrant is no longer eligible for the program. The worker would receive 40 percent before departure and the remainder in the home country. The average payment was about €9,035.
Other incentives	One-way ticket + €50 per person as travel expenses
Disincentives	Depart within 30 days after the first portion of the departure bonus
	Give up work and residence permits.
	Do not return for at least 3 years.
	Need a job offer or other reasons to qualify to return.

Sources: Piotr Plewa, *Spain's Voluntary Return Program: Early Mechanisms and Early Responses*, www.age-of-migration.com/na/financialcrisis/updates/1i.pdf; and Gador Manzano

¹⁴¹ Piotr Plewa, "Voluntary Return Programmes: Could They Assuage the Effects of the Economic Crises?" (paper to be presented at the annual conference of Centre on Migration, Policy and Society, University of Oxford, London, September 2009).

and Yolanda Vaccaro, “Take the Money and Run: Voluntary Return Programs” (paper presented at World Bank conference, Washington, DC, July 10, 2009).

The Spanish voluntary return program began in November 2008. The government estimated that 140,000 unemployed workers would be eligible to participate. By March 13, 2009, a total of 3,699 immigrants had submitted applications, a number that rose to 5,088 as of June 8 and to 6,648 as of August 5. The overwhelming majority of beneficiaries as of early June (91 percent) were from Latin America. (See Table 6.) As of June 8, a total of 3,977 immigrants had returned home and 780 more immigrants had left by August 5.

Table 6. Top Countries of Origin for Return Program Applicants as of June 8, 2009

Country	Accepted Offer	Number of Immigrants in Spain (as of 2008)
Ecuador	1,749	427,718
Colombia	771	284,581
Argentina	364	147,382
Peru	334	121,932
Brazil	215	116,548
Uruguay	173	50,544
Chile	166	46,068

Source: Gador Manzano and Yolanda Vaccaro, “Take the Money and Run: Voluntary Return Programs” (cited with permission); Spain’s National Statistics Institute, Table “Population by nationality and sex by year.”

In addition to its pay-to-go program, the Spanish government supports the return program run by IOM and implemented by NGOs. The IOM program, in place for the last six years, covers the cost of transportation and 450 euros for related expenses. IOM assists migrants who cannot sustain themselves in Spain but cannot afford travelling expenses to return home. In 2008, 1,592 migrants returned from Spain under this program. Bolivians were the top users (474), followed by Argentineans (216), and Brazilians (193).¹⁴² Between January and mid-July 2009, 684 people returned under the IOM program, including 141 Bolivians, 89 Argentineans, 78 Uruguayans, 71 Brazilians, and 71 Ecuadoreans. The program has generally not been used by immigrants from Morocco and Romania: no Moroccans have participated and only a very few Romanians have done so (73 in 2008 and eight in 2009).¹⁴³

2. Japan

As part of a wider emergency strategy to combat rising unemployment, Japan in April 2009 implemented a repatriation program for Latin Americans of Japanese descent (*Nikkeijin*), offering money if they and their family members left the country. It is a voluntary pay-to-go program for the Latin American *Nikkeijin* to go home if they consider their job prospects in Japan to be dim and are willing to return to Latin America. As seen in Table 7, the majority of *Nikkeijin* from Latin America were from Brazil; others were from Argentina, Bolivia, Paraguay, and Peru.

¹⁴² Private correspondence with IOM Madrid (August 24, 2009).

¹⁴³ Private correspondence with Piotr Plewa of the University of Delaware (August 15, 2009).

Table 7. Size of the Nikkeijin Population from Latin America

Home Country	Estimated population of Nikkeijin worldwide	Registered Nikkeijin in Japan (2004)
Argentina	32,000	3,739
Bolivia	6,700	5,655
Brazil	1,300,000	286,557
Paraguay	7,700	2,152
Peru	60,000	55,750

Notes: Number of Nikkeijin in each country is based on Japan Foreign Affairs Ministry estimates.

Source: Naoto Higuchi, "Brazilian Migration to Japan: Trends, Modalities, and Impact" (paper presented at the expert group meeting on international migration and development in Latin America and the Caribbean, Population Division, Department of Economic and Social Affairs, United Nations Secretariat, February 27, 2006),

http://huwu.org/esa/population/meetings/IttMigLAC/P11_Higuchi.pdf

Since the economic recession, there has been rising unemployment, especially among Nikkeijin workers.

- Between November 2008 and January 2009, 9,296 foreigners were newly registered as searching for employment. This number is an eleven-fold increase from the same period the previous year.¹⁴⁴
- One of the reasons behind the higher unemployment among Nikkeijin is because many hold part-time or non-regular jobs affected by the recession.¹⁴⁵ Non-regular employees include temporary workers, those on contracts, and part-time workers. Many Brazilian Nikkeijin work under temporary contracts in the automobile, heavy, and electronic industries. They are not employed directly, but sent to labor contractors in Japan and dispatched to the employers. As seen in Figure 4, non-regular employment declined by 420,000 jobs between Q4 in 2008 and Q2 in 2009.
- Another factor resulting in Nikkeijin unemployment is their concentration in manufacturing. Japan has 12 million manufacturing workers. The sector employs many foreigners, such as Chinese trainees (who are paid less than the minimum wage) and Nikkeijin (paid regular wages).¹⁴⁶ The Japanese manufacturing sector has suffered from the decrease in global demand for advanced manufacturing products such as cars, information technology, and machinery.¹⁴⁷

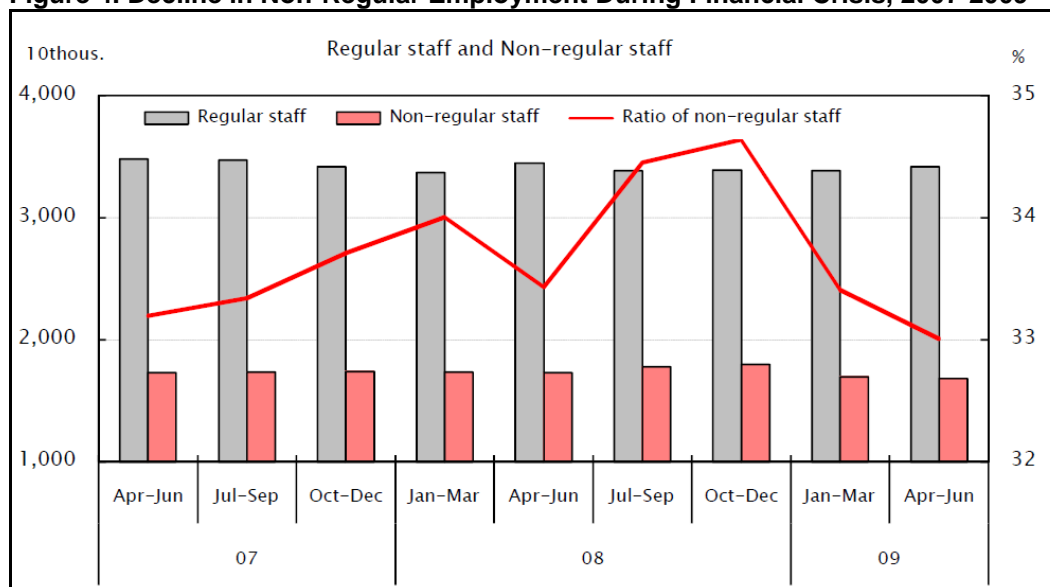
144 Ministry of Health, Labor, and Welfare, "Details of the Repatriation Support Program for Unemployed Nikkeijin," March 31, 2009, <http://www.mhlw.go.jp/houdou/2009/03/dl/h0331-10a.pdf>.

145 Ibid.

146 Philip Martin, *The Recession and Migration: Alternative Scenarios* (Oxford: International Migration Institute Oxford University, 2009).

147 Martin Sommer, *Why Has Japan Been Hit So Hard by the Global Recession?* (Washington, DC: International Monetary Fund, 2009), <http://imf.org/external/pubs/ft/spn/2009/spn0905.pdf>.

Figure 4. Decline in Non-Regular Employment During Financial Crisis, 2007-2009



Source: The Japan Institute for Labor Policy and Training, *Main Labor Economic Indicators* (Tokyo: The Japan Institute of Labor Policy and Training, 2009), www.jil.go.jp/english/estatis/eshuyo/200909/esyuyou.pdf.

Japan's Repatriation Program

From the start of the program on April 1, 2009 through July 9, 2009, 6,981 Nikkeijin applied for repatriation financial assistance.¹⁴⁸

Table 8. Key Features of the Japanese Repatriation Program

Eligible migrants	Only Nikkeijin from Latin American and their family members, who had entered Japan and started employment prior to April 1, 2009. The program is restricted to those with legal resident status.
Family members	Eligible
Countries of origin	Latin America
Departure bonus given to the jobless workers	The plan offers the applicant \$3,000 for airfare and \$2,000 for each dependent, and immigrants can keep the amount they do not use. Those who are receiving unemployment benefits will receive an additional set amount: If more than 30 days remain for unemployment benefits, the individual will receive \$1,000 dollars; if more than 60 days remain, the individual will receive \$2,000 dollars.
Other incentives	N/A
Disincentives	No reentry under the same residence permit/visa for three years. (They could, however, return as tourists or apply for a residence permit/visa other than the one possessed at the time of government repatriation assistance.)

Source: Ministry of Health, Labor and Welfare.¹⁴⁹

¹⁴⁸ Ministry of Health, Labor and Welfare, "The Status of the Implementation of Assistance Measures to Stabilize Employment and Life," July 29, 2009, <http://www.mhlw.go.jp/za/0729/a54/a54-02.pdf>.

The Public Employment Security Office, better known as Hello Work, administers the repatriation program. Six hundred Hello Work facilities are located in major municipalities across Japan to offer job consultation and assistance to individuals, regardless of nationality.

Starting in July 2009, the Japanese government will also pay for foreign trainees and technical interns (mostly from China and South Korea) to return to their countries if their employers cannot do so because they have gone bankrupt.

Beyond the repatriation program, the Japanese government also announced that it will launch a number of immigrant integration measures to help jobless foreigners affected by the recession. These include offering free Japanese-language courses, enhancing the counseling and assistance capacities of agencies that serve foreign workers, and offering vocational training and job counseling to foreigners who wish to continue working in Japan.¹⁵⁰

All told, the Japanese government has created a \$16 million Emergency Human Resources Development and Employment Support Fund to support the migrant-related employment measures taken in response to the economic crisis, including the repatriation program.¹⁵¹

Controversies Surrounding the Repatriation Program

After constitutional questions were raised about a permanent ban on reentry, the return program bars repatriated Nikkeijin from returning for three years.

Proponents of immigration reform in Japan argue that the repatriation program is short-sighted, especially given Japan's dropping birth rates and aging population.¹⁵² In fact, the former head of immigration in Japan has proposed that the government seek to increase immigrants' share of the population to 10 percent, or approximately 10 million people, by around 2060.¹⁵³

3. Czech Republic

As unemployment grew from 6.0 percent in January 2008 to 6.8 percent in December 2008, the government responded with a voluntary return program that targets legally present non-

¹⁴⁹ Ministry of Health, Labor and Welfare, "Details of the Repatriation Support Program for Unemployed Nikkeijin," March 31, 2009, <http://www.mhlw.go.jp/houdou/2009/03/h0331-10.html> and <http://www.mhlw.go.jp/houdou/2009/03/dl/h0331-10a.pdf>; Hidenori Sakanaka, April 21, 2009, <http://blog.livedoor.jp/jipi/archives/51254002.html>; Alex Alvarez, "Japan Pays Latin American Workers To Go Away Forever," April 22, 2009, <http://guanabee.com/2009/04/japan-latin-american-workers>; Hiroko Tabuchi, "Japan Pays Foreign Workers to Go Home," *New York Times*, April 22, 2009, <http://www.nytimes.com/2009/04/23/business/global/23immigrant.html>.

¹⁵⁰ Ministry of Health, Labor, and Welfare, "Vocational Preparation Program for Nikkeijin," March 31, 2009, www.mhlw.go.jp/houdou/2009/03/h0331-9.html and <http://www.mhlw.go.jp/houdou/2009/03/dl/h0331-9a.pdf>; April 28, 2009, <http://www.mhlw.go.jp/bunya/koyou/gaikokujin15/index.html>; and Blaine Harden, "Japan Works Hard to Help Immigrants Find Jobs," *Washington Post*, January 23, 2009.

¹⁵¹ Ministry of Health, Labor, and Welfare, "The Status of the Implementation of Assistance Measures to Stabilize Employment and Life," July 29, 2009, <http://www.mhlw.go.jp/za/0729/a54/a54-02.pdf>.

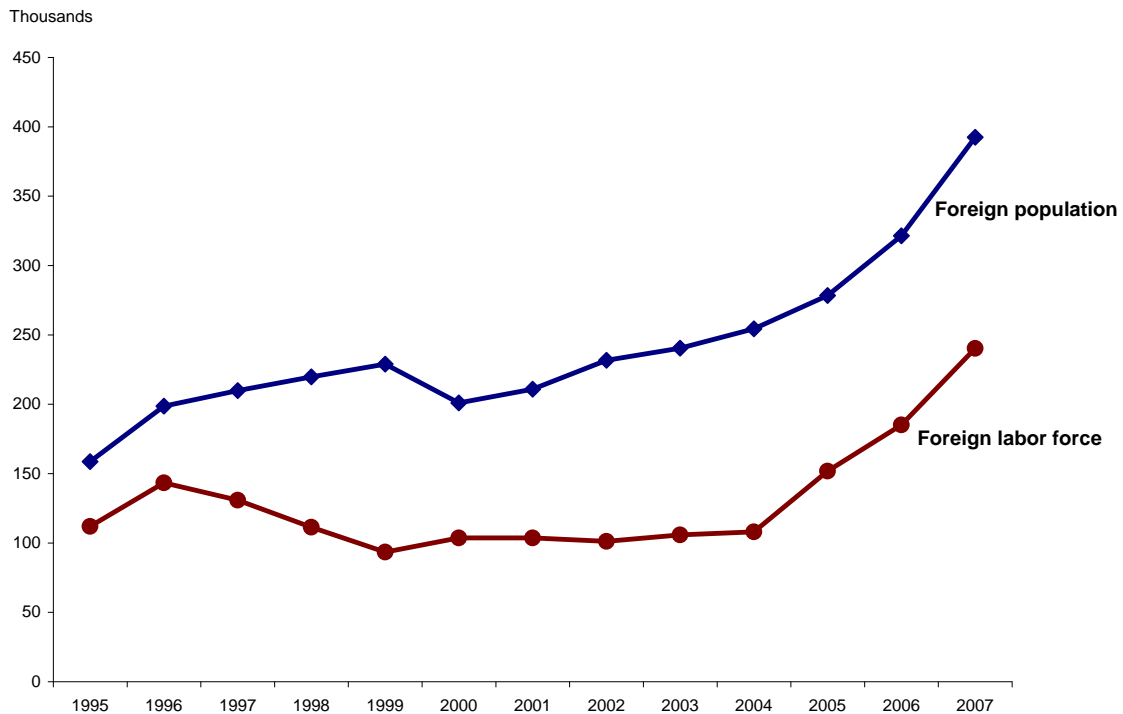
¹⁵² The Japanese population has been falling since 2005, and its working-age population could drop by a third by 2050.

¹⁵³ Hidenori Sadanaka, Sakanaka Channel, <http://blog.livedoor.jp/jipi/archives/51269850.html>.

EU workers who have lost their job due to the economic downturn and are willing to return home but unable to cover the costs. The rationale for the program was that temporary workers who lose their jobs are at a greater risk of falling into poverty, and thus might resort to forging documents and paying bribes to obtain work permits. The program, the first pay-to-go plan in Eastern Europe, started on February 16, 2009 and now is in its second phase (July 24, 2009 to December 15, 2009).

Since the fall of communism, the Czech Republic has experienced a transition from being mostly an immigrant-sending country to becoming a sending-receiving-transit country. The country's total foreign population increased 2.5 times, from 158,600 in 1995 to 392,300 in 2007, and the size of the foreign labor force doubled (from 111,9000 to 240,200). In slightly more than a decade, the shares of the non-Czech population (1.5 percent in 1995 and 3.8 percent in 2007) and labor force (2.2 percent in 1995 and 4.6 percent in 2007) more than doubled as well.

Figure 5. Foreign Share of Czech Population and Workforce, 1996-2008



Source: OECD, *International Migration Outlook, Special Focus: Managing the Labour Migration Beyond the Crisis* (Paris: OECD, 2009).

- While Czech citizens moved on to Western Europe in search of better working and living opportunities, migrants from the former Soviet Union and Asia moved to the Czech Republic to take jobs in automobile manufacturing, construction, and agriculture; or used the country as a stepping-stone on the way further west.

Statistics provided by the Czech Ministry of Labor¹⁵⁴ and Piotr Plewa, author of *A False Start For Czech Foreign Worker Admissions?*,¹⁵⁵ paint a picture of a rapidly changing immigrant labor market.

- According to the Ministry of Labor, in January 2009 there were 272,335 foreigners employed in the Czech Republic, of whom 124,850 (or 45.8 percent) held work permits, 133,324 (or 48.9 percent) were exempt from work permits due to European Union/European Economic Area¹⁵⁶ or Swiss citizenship, and another 14,181 (5 percent) were exempt under other regulations.
- The arrival of temporary workers from Asia, in particular from Vietnam, challenged Ukraine's dominance as the Czech Republic's top source for non-EU foreign workers. Citizens of Vietnam moved from being the tenth largest (January 2007) to the second largest (March 2008) non-EU foreign worker community in the Czech Republic, after Ukrainians.
- The immigration of Vietnamese to the Czech Republic has deep roots in international aid programs available to communist countries during the communist era. Under these programs, Vietnamese were invited to the Czech Republic as early as the 1970s and 1980s, their ranks expanding via social networks.¹⁵⁷
- On the eve of the voluntary return program's introduction in January 2009, the top three sending countries for the 124,590 contract workers employed in the Czech Republic were: Ukraine (58 percent), Vietnam (10 percent), and Mongolia (9 percent). By July 2009, the number of workers on valid permits dropped 22 percent to 97,665. The decline in work permits reflected a new Czech policy of not renewing expiring work permits and rejecting new permit applications from abroad.
- The Vietnamese saw the largest decline among work permits holders between January and July 2009, falling from 12,296 to 3,935 or by nearly 70 percent. Mongolians were much less likely to work as well (- 52 percent). At the same time the share of work permits granted to Ukrainians fell only 12 percent.
- The decline in work permits reflects curbs on renewals of expired permits, but also curbs on new workers. The data do not allow us to differentiate between these two factors, yet given the significant presence of Vietnamese workers in the country, it is likely that a large proportion lost their work permits while in the Czech Republic.
- The first phase of the voluntary return program began in February 2009 and was slated to continue until 2,000 return bonuses had been issued. Since then, the government has subsequently launched a second phase, which will continue until mid-December.

¹⁵⁴ Ministry of Labor, Table "Employment of Foreigners," http://portal.mpsv.cz/sz/stat/zam_ciz_stat_prisl.

¹⁵⁵ Piotr Plewa, *A False Start For Czech Foreign Worker Admissions?*

¹⁵⁶ The European Economic Area is comprised of the European Union plus Norway, Iceland, and Liechtenstein.

¹⁵⁷ Dušan Drbohlav, "The Czech Republic: From Liberal Policy to EU Membership."

Table 9. Key Features of the Czech Voluntary Return Program

Eligible migrants	Non-EU legal migrant workers who lost their jobs or did not get the renewal of their work permit. To be eligible, a worker must have a valid residence permit and cannot be subject to deportation.
Family members	Children under age 15.
Countries of origin	Outside of the European Union.
Departure bonus given to the jobless worker	Phase I (began on February 16, 2009): €500 repatriation bonus per adult and €250 for child; Phase II (began on July 24 2009): €300 repatriation bonus per adult and €150 for child
Other incentives	Free transportation to the country of origin; Pre-departure and transit assistance; Temporary accommodations from the time of registration and the departure in Phase I and for pre-departure night in Phase II
Disincentives	Give up their Czech documents, including the documents necessary to petition for permanent residence in the future.
	Have to apply at Aliens Police offices, bring a translator if the applicant does not speak Czech.
	Quota: Phase I: 2,000 successful applicants.

Source: Piotr Plewa, *A False Start For Czech Foreign Worker Admissions?* <http://www.age-of-migration.com/na/financialcrisis/updates/1g.pdf>.

- While Mongolians represent only 9 percent of Czech contract workers and Uzbeki workers only 3 percent, they dominate program participation. Of the 1,871 people who applied for the program during Phase 1, Mongolians accounted for two thirds (1,220), followed by Uzbekistan (287 or 15 percent).¹⁵⁸ (See Table 10.)

¹⁵⁸ Data from the Department of Asylum and Migration Policy, Ministry of the Interior Czech Republic

Table 10. Number of Registrations (Phase I)

Country	Total Registrations	Share of Total Registrations (%)
Mongolia	1,220	65.2
Uzbekistan	287	15.3
Vietnam	239	12.7
Ukraine	52	2.8
Indonesia	20	1.1
Moldova	15	0.8
Georgia	7	--
Bosnia and Herzegovina	3	--
Kazakhstan	3	--
Russian Federation	8	--
Serbia	1	--
Kyrgyzstan	1	--
Kosovo	1	--
India	9	--
Azerbaijan	1	--
Belarus	3	--
Tajikistan	1	--
Total	1,871	100 percent

Source: Data from the Department of Asylum and Migration Policy, Ministry of the Interior Czech Republic.

In contrast, participation among the Vietnamese has been low relative to their share of temporary workers. Only 239 Vietnamese migrants (13 percent of total applicants) registered during the first phase, and 227 have left. Low turnout might be explained by a few factors: bleak opportunities in Vietnam; self-employment and employment in self-contained ethnic labor market niches (e.g., restaurants and beauty parlors); willingness to take jobs that were not attractive to Czech workers such as domestic help and agriculture; high debts incurred to obtain a work visa; and existing family and social networks in other EU countries.

Ukrainians, who are the largest group of foreign workers on permits, have been even less likely to participate in the program.

As Table 11 shows, more applications were made at the program's start, perhaps in response to the 2,000 numerical cap. Experts suggest that earlier applicants were likely to be migrants who were planning to leave the Czech Republic anyway.¹⁵⁹

¹⁵⁹ Personal communication with Piotr Plewa.

Table 11. Number of Return Program Registrations by Week (Phase I)

2009 Period	Applications Filed
February 16-20	270
February 23-27	194
March 2-6	139
March 9-13	136
March 16-20	152
March 23-27	146
March 3-April 3	120
April 6-10	82
April 13-17	56
April 20-24	51
April 27-30	67
May 4-7	59
May 11-15	39
May 18-22	28
May 25-29	47
June 1-5	35
June 8-12	43
June 15-19	26
June 22-26	22
June 29-July 3	50
July 6-10	30
July 13-17	34
July 20-24	45
Total	1,871

Source: Data from the Department of Asylum and Migration Policy, Ministry of the Interior Czech Republic.

Of the 1,871 migrants who registered for the program, 1,844 have already left the country.

IOM's Role in Czech Return Programs

The origin of the Czech voluntary return programs goes back to 1998 when the Czech Ministry of Interior authorized return assistance for rejected asylum seekers. A year later, IOM joined forces with the Ministry of Interior and began co-sponsoring another voluntary return program that assists unauthorized migrants other than failed asylum applicants. There now are three voluntary return programs operating in the Czech Republic for:

1. Rejected asylum seekers (administered by the Ministry of Interior);
2. Unauthorized migrants (administered by the Ministry of Interior and IOM); and,
3. Legal migrant workers (administered by the Ministry of Interior and IOM).

According to IOM Prague, IOM assisted 204 unauthorized migrants in 2007, 123 in 2008, and 189 in the first seven months of 2009, in addition to the 1,871 migrants who participated in the voluntary return program for legal migrant workers.¹⁶⁰

¹⁶⁰ IOM Prague, private correspondence.

V. Remittances: Overlooked Trends

A. Background

Remittances sent by migrants have grown dramatically in recent years — the result of growing international migration, improving wages in the sectors where many migrants work, efforts to promote the use of formal remittance channels (i.e., banks and money transfer operators rather than cash couriers and *hawala* or similar networks), and better accounting of remittances. However, remittances are a lagging indicator of economic distress. As the economic crisis has spread beyond its origins — as a fairly localized construction and real estate bust in the United States, United Kingdom, Ireland, and Spain — and as migrants have faced rising unemployment, remittance flows have slowed more broadly. Just as the economic crisis has taken an uneven toll across regions and countries, shifts in remittances have also varied by region and country.

- World Bank data on remittance inflows and outflows by country (from 2000 through 2008): [http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_July09\(Public\).xls](http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_July09(Public).xls)
- World Bank projections for remittance inflows by world region for 2009 and 2010 (see Table 1): <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/Migration&DevelopmentBrief10.pdf>

In some respects, the economic crisis caught many remittance analysts off-guard. Traditionally, remittances have increased when migrant-origin countries faced economic crisis. This was the case during the 1994 Mexican peso crisis and 1997-98 Asian financial crisis. As the International Monetary Fund (IMF) observed during the peak of the most recent boom:

“Remittances are argued to have a tendency to move countercyclically with the GDP in recipient countries, as migrant workers are expected to increase support to their family members during down cycles of economic activity back home so as to help them compensate for lost family income due to unemployment or other crisis-induced reasons. Wherever true, such a countercyclicality enables remittances to serve as a stabilizer that helps smooth out large fluctuations in the national income over different phases of the business cycle.”¹⁶¹

Other studies have also noted the tendency of remittances to respond positively to political and humanitarian crises in developing countries.¹⁶² These observations led some analysts to predict that remittances would continue rising — if more modestly — during the economic crisis.

¹⁶¹ Serdar Sayan, “Business Cycles and Workers’ Remittances: How Do Migrant Workers Respond to Cyclical Movements of GDP at Home” (working paper WP/06/52, International Monetary Fund, February 2006).

¹⁶² Kevin Savage and Paul Harvey, *Remittances During Crises: Implications for Humanitarian Response* (London: Overseas Development Institute, June 2007), <http://www.odi.org.uk/projects/details.asp?id=396&title=remittances-during-crises-implication-humanitarian-response>.

However, as recently as last fall, few analysts were aware how deep and synchronized across countries the economic crisis would eventually prove to be. In retrospect, the IMF study cited above includes an extraordinarily prescient warning:

“An often overlooked fact in the literature is that remittances should also respond to the state of economic activity in the host countries. Even if remittances move countercyclically with the output in the home countries of migrant workers, the cycles in home and host economies may move together in sync, thereby making it difficult for migrant workers employed in a crisis-struck economy to help out family members facing similar conditions back home. In fact, the remittance flows themselves may contribute to the transmission of the effects of a contraction in the host economy to the recipient economy through the reductions in the amounts remitted by migrant workers in a synchronized fashion or with a phase difference.”¹⁶³

This is, of course, what has occurred over the past year. The recession spread — with a lag — from developed countries to developing countries. Remittances, along with trade, foreign direct investment, and private-equity flows were among the principal transmission channels. However, as this report illustrates in a later section, remittances fell less dramatically than other financial flows, becoming an increasingly important infusion of foreign funding to immigrant-sending countries as public and private lending and other forms of foreign private investment declined more sharply.¹⁶⁴

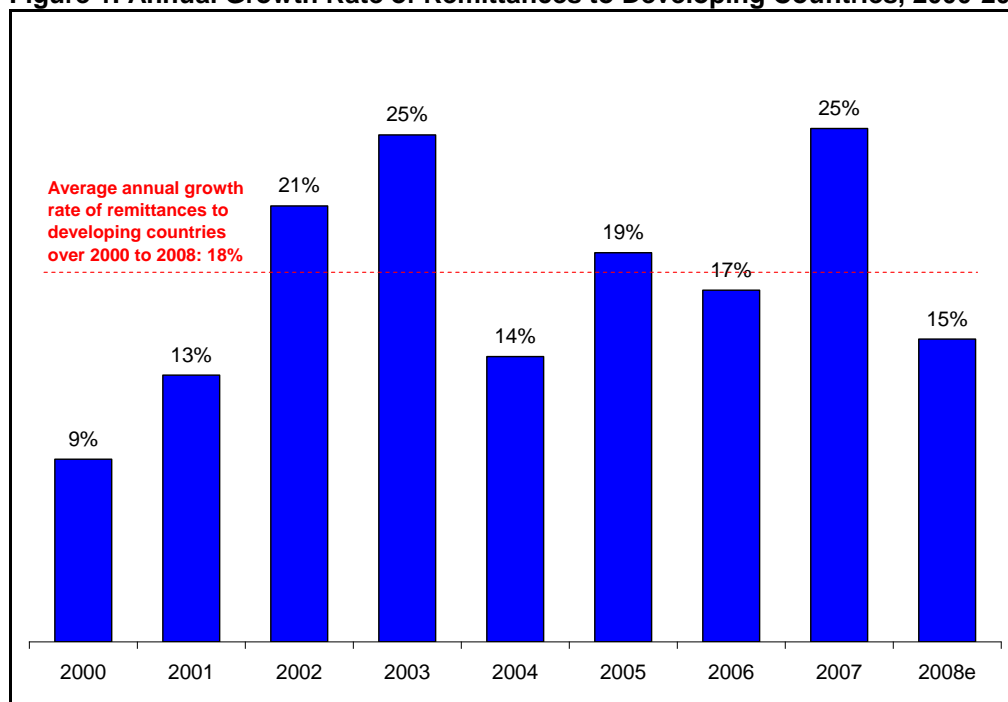
B. Remittance Inflows

In 2008, remittances to developing countries continued to grow in line with annual growth rates recorded over the past decade. Between 2007 and 2008, remittances to developing countries increased 15 percent to a total of US\$328 billion. The average annual growth rate between 1999 and 2007 was 18 percent and over the period, year-on-year growth ranged from 9 percent in 1999-2000 to 25 percent in both 2002-2003 and 2006-2007 (see Figure 1).

¹⁶³ Sayan, “Business Cycles and Workers’ Remittances.”

¹⁶⁴ Bilateral aid is often included among these flows as well; however, since official assistance is typically budgeted and governments are now entering their first new budget cycles since the start of the recession, it is not clear how official assistance will respond. Many developed country governments – notably the United States and United Kingdom – have implemented fiscal stimulus packages to counteract the effect of the recession. These expenditures rarely include assistance to other countries. On the other hand, developed-country governments have committed unprecedented resources to international financial institutions (especially the International Monetary Fund) to combat the crisis in developing countries. As government debt rises, the capacity to finance deficits will diminish in the coming years and some governments likely will cut official development assistance to poor countries. This occurred in Japan following its banking crisis in the late 1980s and Japan’s foreign-aid disbursements have not since recovered their pre-crisis levels. See Organization for Economic Cooperation and Development, Development Assistance Committee, “DAC and Non-DAC OECD Donors Responding to Global Development Challenges at a Time of Crisis,” DAC High Level Meeting Action Plan, May 2009, http://www.oecd.org/document/22/0,3343,en_2649_33721_42851542_1_1_1_1,00.html; and Carol Lancaster, *Foreign Aid: Diplomacy, Development, and Domestic Politics* (Chicago: University of Chicago Press, 2006).

Figure 1. Annual Growth Rate of Remittances to Developing Countries, 2000-2008

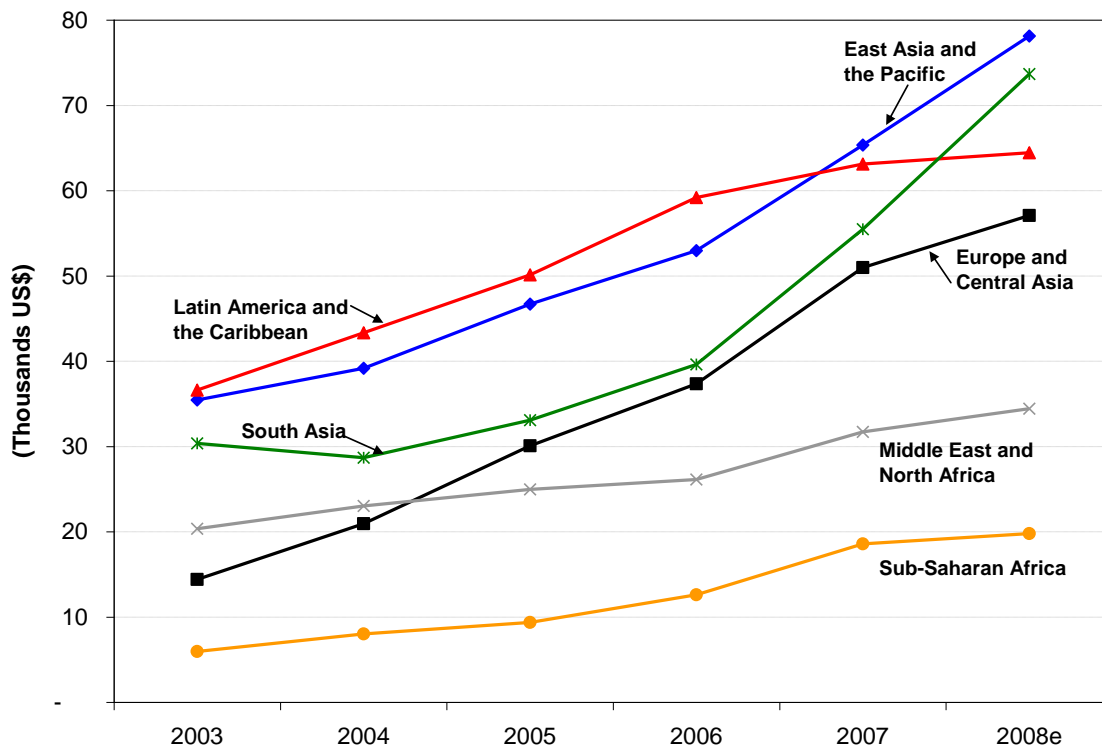


Source: World Bank, Remittances data, 2009.

Between 2000 and 2006, remittances grew at a similar pace across Latin America and the Caribbean (collectively referred to as the LAC region), East Asia, South Asia, Europe, and Central Asia. (Growth in the two other world regions: the Middle East and North Africa region, and Sub-Saharan Africa was much more modest). Differences emerged with slower growth in Latin America and the Caribbean between 2006 and 2007, largely reflecting the slowdown in the US construction industry; and growth was nearly flat between 2007 and 2008. In 2007-2008, growth also slowed in Europe and Central Asia as the recession spread to Western Europe and Russia.

On the other hand, remittances continue to grow rapidly to East and South Asia (about half of East Asia's total goes to China; and about three-quarters of South Asia's total goes to India). Notably, in almost every year between 2000 and 2006, the Latin America and Caribbean region was the leading remittance recipient (with the exception of 2002, reflecting the 2001-2002 US recession). Since 2006, however, the LAC region has been surpassed by both East and South Asia. In terms of remittance receipts, flows to Asia are rising as those to Latin America and Europe stagnate. Recent growth in remittances to Sub-Saharan Africa has also slowed noticeably.

Figure 2. Remittance Flows by Region, 2000-2008: The Rise of Asia



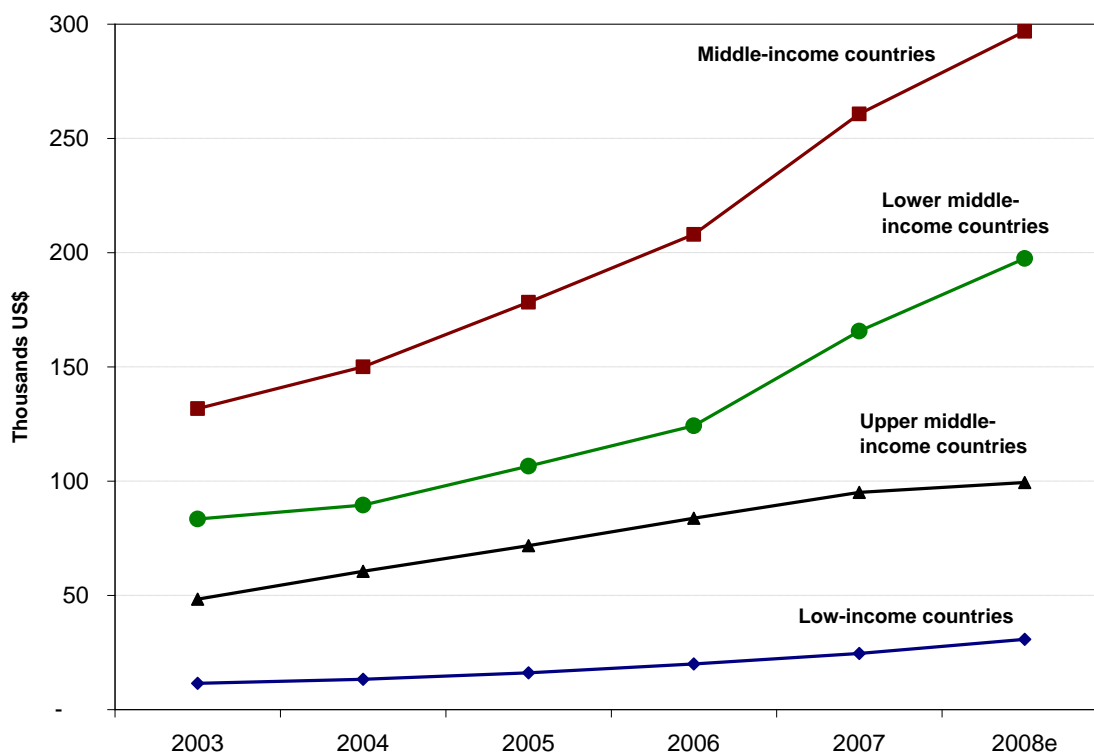
Source: World Bank, Remittances data, 2009.

When countries are classified by income level (see Figure 3), several important trends in remittances flows become evident:¹⁶⁵

1. Almost all of the growth in remittance flows in recent years has been toward middle-income countries;
2. Growth has not been very strong to low-income countries (although it is possible that this is simply an artifact of data quality or higher use of informal remittance channels);
3. Among middle-income countries, growth has been more dramatic to lower middle-income countries (e.g., remittances to India, China, and the Philippines) and remittance flows to these countries continued to grow in 2008;
4. Among middle-income countries, remittances have grown more modestly to upper middle-income countries (e.g., United States to Mexico or Germany to Turkey) and increases in flows to these countries slowed dramatically in 2008.

¹⁶⁵ According to World Bank income classifications, low-income countries had a gross national income per capita (GNI, Atlas method) of \$975 or less (Haiti, Ethiopia, Ghana, and Myanmar, for instance); lower middle-income countries had a GNI per capita of \$976 to \$3,855 (China, India, Pakistan, Morocco, Jordan, and Paraguay, for instance); upper middle-income countries had a GNI per capita of \$3,856 to \$11,905 (Mexico, Turkey, Lebanon, Algeria, Colombia, and Malaysia, for instance); and high-income countries had a GNI per capita of \$11,906 or more.

Figure 3. Remittance Flows by Country Income, 2000-2008



Source: World Bank, Remittances data, 2009.

At the country level, the top remittance-receiving developing countries in 2008 were (in descending order): India, China, Mexico, the Philippines, Poland, Nigeria, Egypt, Romania, Bangladesh, and Vietnam.¹⁶⁶ These are largely the same countries that received the most remittances in 2007 (India, China, Mexico, the Philippines, Poland, Nigeria, Romania, Egypt, Morocco, and Bangladesh); however, in 2008, Bangladesh surpassed Morocco as the ninth largest remittance recipient and Vietnam jumped ahead of Indonesia, Pakistan, Lebanon, and Serbia from 15th to tenth place. Morocco fell from ninth place in 2007 to 13th (behind Pakistan and Indonesia).

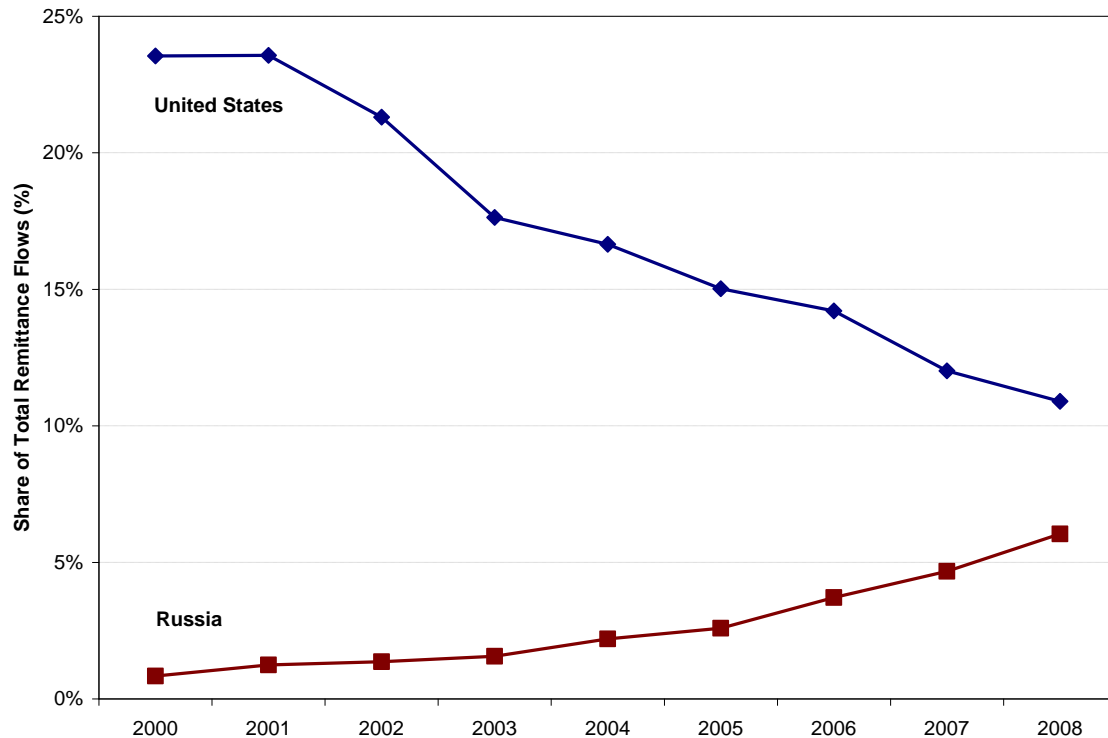
C. Remittance Outflows

Although data on remittance outflows are incomplete, several clear trends emerge from the data that are available. The principal source countries of remittances have also changed. In 2000, the United States was the source of nearly one-quarter of all remittances, but its share has fallen dramatically, to about 10 percent in 2008. By contrast, the Russian Federation was the origin of less than 1 percent of remittances sent in 2000, compared to 6 percent of remittances sent in 2008. While improvements in accounting and tracking remittance flows

¹⁶⁶ This list excludes developed countries. If developed countries were included, France, Spain, Germany, Belgium, and the United Kingdom would be on this list. (In 2008, France, Spain, and Germany combined received more remittances than China, for instance.)

may explain some of these changing trends, they certainly reflect real phenomena: Growing global migration and the increasingly diverse destinations of migration — including Russia.

Figure 4. Share of Global Remittances Sent from the United States and Russian Federation, 2000-2008



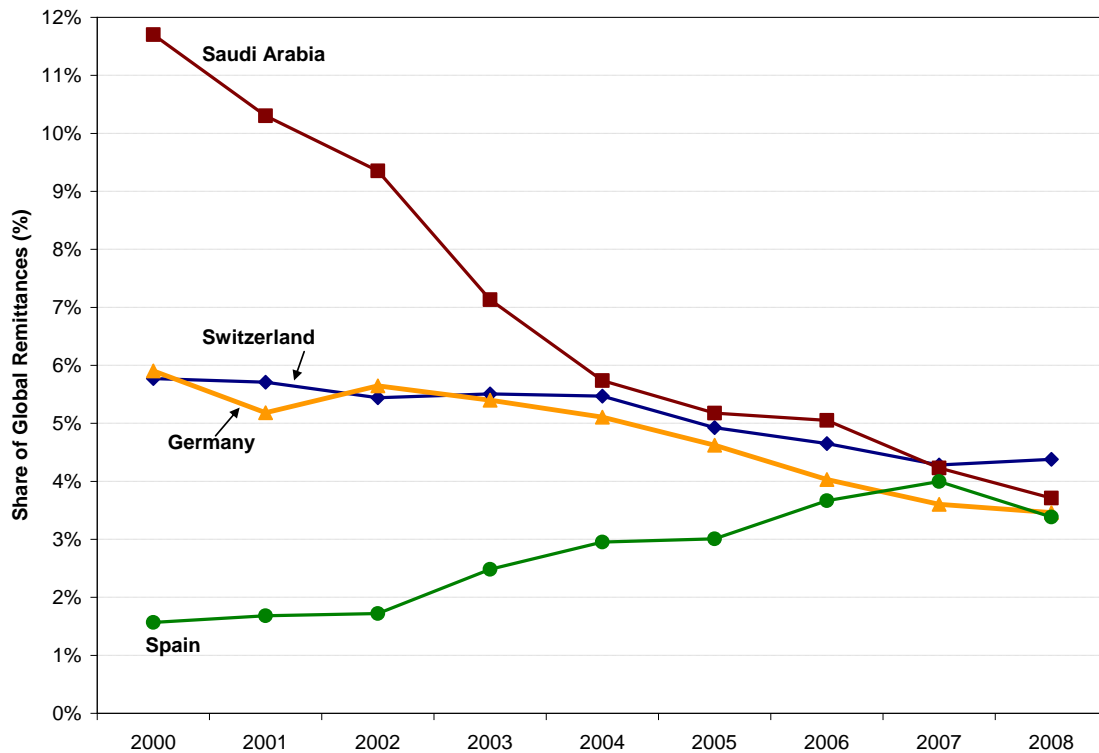
Source: World Bank, Remittances data, 2009

The next tier of remittance-sending countries each now accounts for about 4 percent of the world total. Saudi Arabia’s share has declined from about 12 percent, while Switzerland and Germany declined more modestly from around 6 percent (see Figure 5). By contrast, Spain’s share has risen from about 2 percent, although it declined somewhat in 2008.

Overall, the story is one of increasingly diverse origin countries of remittance flows. In 2000, five traditional countries of immigration — the United States, Saudi Arabia, Germany, Switzerland, and France — accounted for about half of all remittances sent worldwide. By 2008, the number of countries that accounted for half of all remittances sent worldwide had grown to 18. And the list included a diverse group of countries (in descending order of volume of remittance outflows): the United States, Russian Federation, Switzerland, Saudi Arabia, Germany, Spain, Italy, Luxembourg, the Netherlands, Malaysia, China, Oman, the United Kingdom, Norway, Japan, France, the Czech Republic, and Kuwait.¹⁶⁷

¹⁶⁷ Several major countries of immigration do not report data on remittance outflows, notably Canada, Qatar, Singapore, and the United Arab Emirates.

Figure 5. Share of Global Remittances from Select Countries, 2000-2008



Source: World Bank, Remittances data, 2009

D. Remittances are Declining to Some Countries, Not to Others

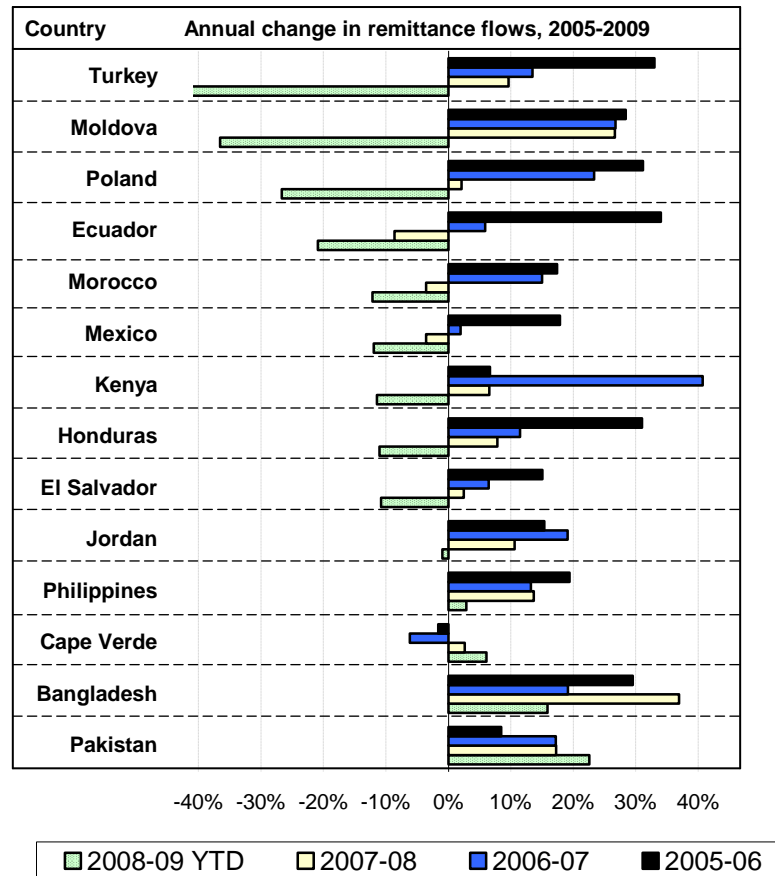
The recession has had an uneven impact on remittance sending across countries. Some countries that attracted large numbers of migrant workers in recent years have been severely affected by the economic downturn, including the United States, Spain, Ireland, Russia, and the United Kingdom. As migrants in these countries lose their jobs and deplete their savings, remittances have begun to slow. Developing countries with diasporas concentrated in these countries are most at risk. As a result, many Latin American and Caribbean countries have seen remittances slow or even decline.

A look at a sample of top remittance recipients (both in terms of total value and as a share of GDP) where preliminary 2009 data are available from Central Banks shows how trends have evolved in the first few months of 2009.¹⁶⁸ Figure 6 shows how remittances have evolved

¹⁶⁸ According to Ratha (2003) remittances are composed of three items in a country's balance of payments: compensation of employees, workers remittances, and migrants transfers. "Workers remittances" are current private transfers from migrant workers who are considered residents of the host country to recipients in their country of origin. "Compensation of employees" includes wages, salaries, and other benefits earned by individuals in economies other than those in which they are resident. Employees, in this context, include seasonal or other short-term workers who are in the host country for less than a year. "Migrants' transfers" are the net worth of migrants that are transferred from one country to another at the time of migration (for a period of at least one year).

over recent years; for each country, Figure 7 shows the change in remittance flows to date in 2009 (compared to a similar period in 2008) and the major destination countries of emigrants.

Figure 6. Remittances to Many Developing Countries Have Slowed (annual growth, 2005-2009)



Notes: 2008-09 data compare January to June totals for Bangladesh, Cape Verde, Kenya, Mexico, Morocco, Philippines, and Turkey. January to July totals for El Salvador, Honduras, and Pakistan; first quarter totals for Poland, Moldova, and Jordan; and first semester totals for Ecuador.

Source: Migration Policy Institute tabulations of Central Bank data.¹⁶⁹

Dilip Ratha, “Workers Remittances: An Important and Stable Source of External Development Finance,” in World Bank, *Global Development Finance 2003: Striving for Stability in Development Finance* (Washington, DC: 2003).

¹⁶⁹ Banco de Mexico, Banco Central de Reserva de El Salvador, Bangko Sentral ng Philipinas, Banco Central de Honduras, Central Bank of Bangladesh, State Bank of Pakistan, Banco do Cabo Verde, Central Bank of the Republic of Turkey, Central Bank of Kenya, Narodowy Bank Polski, National Bank of Moldova, Banco Central de Ecuador, and Office des Changes du Royaume du Maroc.

Table 1. Change in Remittance Flows to Major Recipient Countries and Main Destinations of Emigrants, 2008-2009 (year to date)

	2008-09 YTD percent change in remittances	Main destination countries of emigrants from the country
Pakistan	+23%	India, Saudi Arabia
Bangladesh	+16%	India, Saudi Arabia
Cape Verde	+6%	Portugal, United States, France, Netherlands
Philippines	+3%	United States, Saudi Arabia
Jordan	-1%	West Bank and Gaza, Saudi Arabia
El Salvador	-11%	United States, Canada
Honduras	-11%	United States, Nicaragua
Kenya	-11%	United States, Tanzania
Mexico	-12%	United States, Canada
Morocco	-12%	France, Spain
Ecuador	-21%	Spain, United States
Poland	-27%	United Kingdom, Germany
Moldova	-37%	Russia, Italy
Turkey	-43%	Germany, France

Notes: 2008-09 data compare January to June totals for Bangladesh, Cape Verde, Kenya, Mexico, Morocco, Philippines, and Turkey. January to July totals for El Salvador, Honduras, and Pakistan; first quarter totals for Poland, Moldova, and Jordan; and first semester totals for Ecuador. Original data are denominated in US dollars, except for Cape Verde and Morocco, which are denominated in the local currency.

Source: Remittances data, Migration Policy Institute analysis of Central Bank data; Destination countries, World Bank, *Migration and Remittances Factbook* (Washington, DC: World Bank, 2009).

This sample shows that countries have experienced differing remittance “shocks.” Below, we examine some of the stories behind these shocks in greater detail, grouping countries by world region.

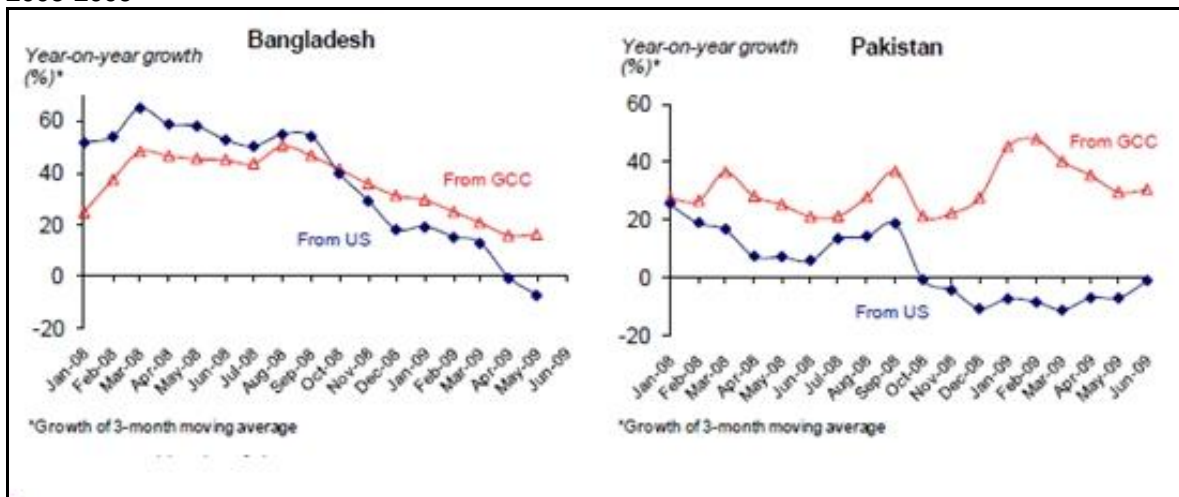
South and East Asia

As the aggregate data arrayed earlier suggest, South and East Asia have been spared the worst of the crisis and — although remittances are expected to slow somewhat in 2009 — they continue growing. Compared to the same period last year, remittances are growing at a rate of 23 percent to Pakistan (faster than during the past three years), 16 percent to Bangladesh (still down substantially from 2008), and 3 percent to the Philippines (also down substantially from last year).

These trends are probably explained by the destination countries to which many Pakistani, Filipino, and Bangladeshi expatriates migrate — notably the Persian Gulf states — as well as the occupations where they are concentrated (i.e., health and elder care for Filipinos) and the diversity of their destinations. For Bangladesh and Pakistan, Ratha, Mohapatra, and Silwal (2009) note that since the crisis began these two countries have become more reliant on

remittances from the Gulf relative to remittances from the United States (see Figure 7).¹⁷⁰ It is unlikely, however, that this shift represents a long-term trend. Once the US and European economies recover, remittances from the West to South and East Asia will likely pick up again — the large majority of Bangladeshi and Pakistani migrants in the West have legal residence and are better skilled than other immigrant groups. Their earnings potential exceeds that of their lesser-skilled counterparts in the Gulf. However, the experience may leave a lasting impression on countries such as Bangladesh and the Philippines that maintain complex labor-export programs. The Philippines has long been a leader in diversifying the destinations where Filipino contract labor is sent — other countries in the region (and perhaps elsewhere in the world) will likely follow suit.

Figure 7. Rate of Remittance Increase from Gulf Countries to Bangladesh and Pakistan, 2008-2009



Sources: Central banks of the respective countries in Ratha, Mohapatra, and Silwal (2009).

Sub-Saharan Africa

The data in Figure 8 and Table 1 paint a mixed — and admittedly incomplete — portrait of the impact of the economic crisis on remittance flows to Sub-Saharan Africa. Data on the region are notoriously deficient — and for remittances more so: Banking systems are underdeveloped, public access to banks is low, and the incidence of informal transfer mechanisms is high.

Analysis of the presumed remitting behavior of the African diaspora also yields inconsistent conclusions. African expatriates (most reside within Africa) are concentrated at both extremes of the skill spectrum. Many highly skilled Africans have legal permanent residence in Europe and North America. At the same time, many (especially West) African countries have a growing less-educated and often illegally resident diaspora in Europe; many were attracted to Spain’s booming construction and agricultural industries in recent years and these migrants are now extremely vulnerable. Finally, the African diaspora community in the West that arrived as refugees is also likely to be vulnerable to the downturn.

¹⁷⁰ Dilip Ratha, Sanket Mohapatra, and Ani Silwal, *Outlook for Remittance Flows 2009-2011: Remittances expected to fall by 7-10 percent in 2009* (Washington, DC: World Bank, July 2009).

Data from the Central Bank of Kenya show that remittances have declined by 11 percent in the first six months of 2009 relative to the same period last year. (The spike in remittances recorded in 2007 may be related to Kenya's general election held in December 2007.) A recent analysis by the Director of Research at Kenya's Central Bank concludes that remittances to the country are highly cyclical and may actually aggravate the impact of business-cycle fluctuations.¹⁷¹

Cape Verde is a small archipelago off the West African coast whose past and present are intrinsically linked to international migration. Dr. Jørgen Carling of the Norwegian Peace Research Institute estimates that there are 460,000 Cape Verdeans on the islands and 500,000 overseas — including 265,000 in the United States.¹⁷² About one-tenth of the country's income (9.7 percent) comes from remittances from the diaspora.

Data from Cape Verde's Central Bank on the evolution of remittance flows to the islands initially appear to contrast with global trends: they declined for two consecutive years between 2005 and 2007 before registering annual increases in 2008 and to date in 2009. Through June 2009, remittances were up 6 percent compared to the first half of 2008. On closer examination, it is clear that exchange-rate fluctuations are behind this trend.

Cape Verde's currency, the escudo, is pegged to the euro. However, since about half of the country's diaspora resides in the United States remittances are responsive to changes in the dollar-euro exchange rate. According to the Central Bank of Cape Verde, "the evolution of remittances in 2008 essentially reflects the significant decline in remittances from the United States (-11.8 percent in 2008) due to the depreciation of the dollar in the first semester of 2008. As a result, remittances from the United States slowed 27.9 percent while in the second semester of the year, as the dollar appreciated, remittances increased by 7.3 percent. On the other hand, remittances from the euro zone grew 4.1 percent in 2008 and displayed a regular trend throughout the year."¹⁷³

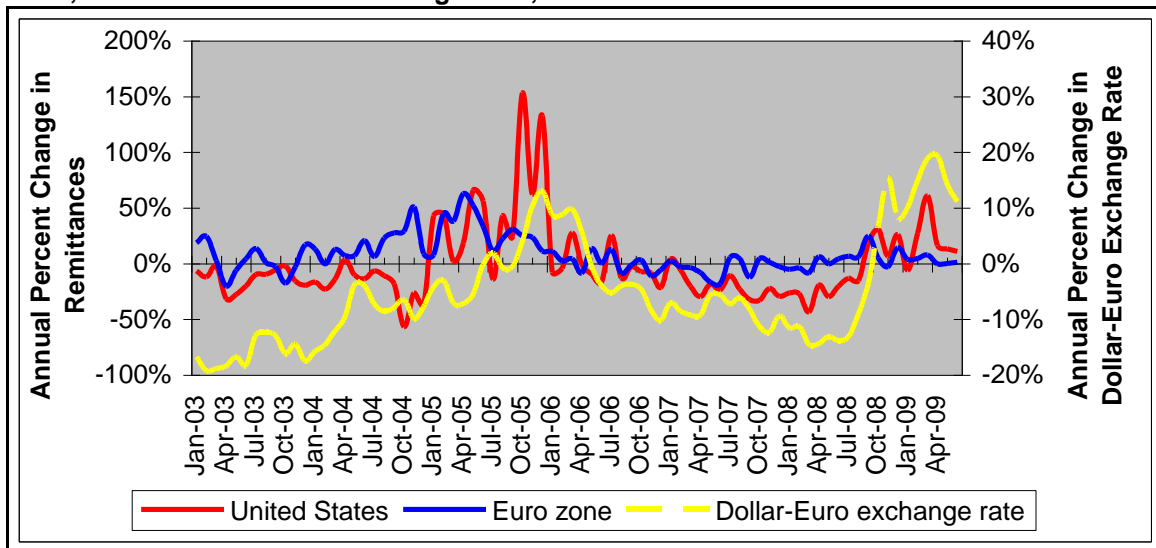
Moreover, although remittances from the United States appear to have picked up in 2009, this is misleading because of the strengthening of the dollar relative to the euro compared to the same time last year. As Figure 8 illustrates, whereas remittances jumped roughly in line with the exchange rate in 2005-2006, the increase in remittances from the United States in 2009 has been much modest relative to the appreciation of the dollar. This suggests that Cape Verdeans in the United States are not behaving like they have in the past — perhaps because of the recession they cannot take advantage of dollar-euro exchange-rate fluctuations and repatriate earnings.

¹⁷¹ Charles Gitari Koori, *Commentary on remittances volumes for the period January to June 2009*, Nairobi, n.d., http://www.centralbank.go.ke/forex/Diaspora_Remmit.aspx.

¹⁷² Jørgen Carling, "Emigration, return and development in Cape Verde: The impact of closing borders," *Population, Space and Place*, vol. 10, no. 2 (2004): 113-132.

¹⁷³ Banco de Cabo Verde, *Boletim Económico, Fevereiro de 2009*, Praia, February 2009, http://www.bcv.cv/conteudo/publicacao/analise/boletim/be2009_02.pdf.

Figure 8. Annual Change in Remittances to Cape Verde from the United States and Euro Zone, and the Dollar-Euro Exchange Rate, 2003-2009



Sources: Remittances, Banco de Cabo Verde; exchange rate, FXHistory, www.oanda.com.

Europe and Central Asia

Remittances to the sampled countries in the Europe and Central Asia region — Moldova, Poland, and Turkey — have fallen off sharply in 2009. Remittances were down 43 percent to Turkey in the first six months of 2009, 37 percent to Moldova in the first quarter of 2009, and down 33 percent to Poland also in the first quarter.

The main countries where Moldovans work — Russia, Italy, Spain, Portugal, Greece, and Turkey — have all been hit hard by the recession, so the drop is not particularly surprising. Similarly, job losses among Polish immigrants in the United Kingdom, along with modest outmigration from the United Kingdom, explain the drop in remittances to Poland. However, the surprisingly large drop in remittances to Turkey is unexpected given that France and Germany — two economies that have weathered the recession fairly well — are main destinations for Turkish emigrants and host large Turkish diasporas.

Latin America and the Caribbean

As a result of its close ties to the United States and Spain — two economies that have arguably been among the worst hit by the recession — the global economic crisis spread quickly and early to the Latin America and the Caribbean region. Two of the most vulnerable countries, Mexico and Ecuador, have experienced two consecutive years of declining remittances.

Mexico and Central America began observing slowing remittance flows as early as 2007 when US residential construction collapsed. (Upward of 95 percent of Mexicans residing outside of Mexico are in the United States.¹⁷⁴) Remittances to Mexico declined 4 percent in 2008 and to date in 2009 they have declined an additional 12 percent. In total, remittance

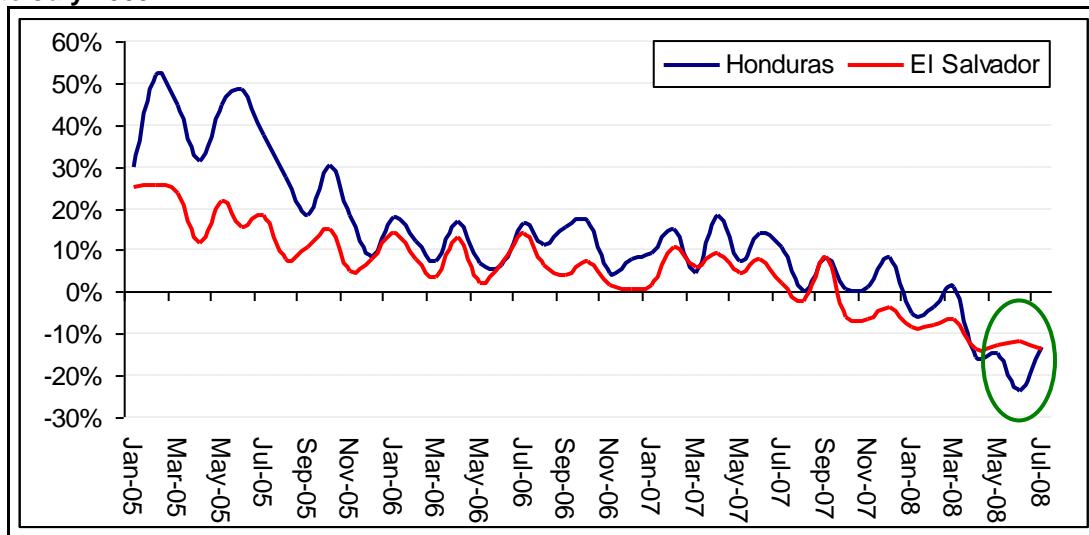
¹⁷⁴ Elena Zúñiga Herrera, Paula Leite Neves, Luis Acevedo Prieto, *Migración México-Estados Unidos: Panorama regional y estatal* (Mexico, DF: Consejo Nacional de Población, 2005).

flows to Mexico are about 18 percent below their 2006 peak. The average amount of remittance sent to Mexico has also declined from about \$343 per transaction in January to June 2007 and 2008 to about \$329 in January to June 2009.

El Salvador and Honduras — two small Central American countries that are highly dependent on remittances (which account for 18.2 percent and 21.5 percent respectively of their GDPs) have both registered declines on the order of 11 percent to date in 2009.

Remittances to Honduras have declined, but the most recent data, for July 2009, show a surprising upswing — up 18 percent from June 2009. By contrast, remittances to El Salvador — a country whose diaspora in the United States has a similar demographic and labor force profile to the Honduran diaspora — continued to decline (see Figure 9). July 2009 is the first month in at least two years when remittances to El Salvador and Honduras have moved in opposite directions. Presumably this modest upswing in remittances to Honduras is, at least in part, a result of Hondurans in the United States sending extra support home to their families following that country’s political crisis which began in late June 2009 and the subsequent instability. (About 95 percent of Hondurans abroad and 88 percent of Salvadorans reside in the United States.¹⁷⁵)

Figure 9. Year-on-Year Growth of Remittances to Honduras and El Salvador, January 2005 to July 2009



Sources: Banco Central de Honduras, Balanza Cambiaria, 2005 to 2009; Banco Central de Reserva de El Salvador, Gerencia de Estudios y Estadísticas Económicas, Departamento de Balanza de Pagos, data provided to the Migration Policy Institute.

Compared to migration from Mexico and Central America — which is overwhelmingly oriented toward the United States or, in the latter case, within the region as well — migrants from Ecuador are divided between the United States, Spain, and several other European

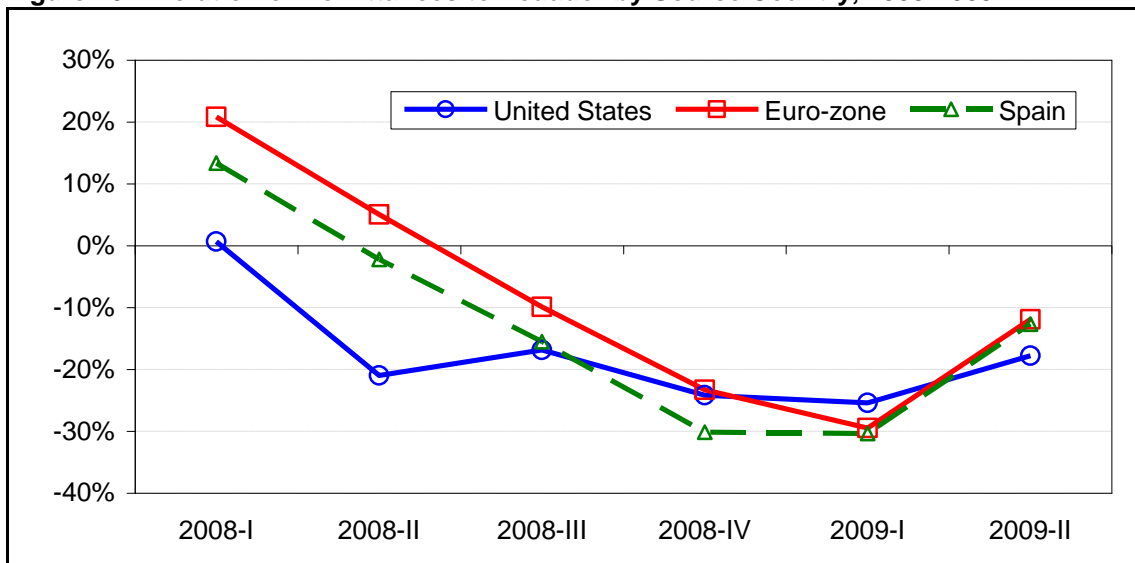
¹⁷⁵ Banco Central de Honduras, Subgerencia de Estudios Económicos, *Remesas Familiares Enviadas for Hondureños en el Exterior y Gastos Efectuados en el País Durante sus Visitas* (Tegucigalpa, January 2009); Vice-Ministerio de Relaciones Exteriores para los Salvadoreños en el Exterior, “Datos sobre la Distribución de Salvadoreños alrededor del Mundo,” <http://www.comunidades.gob.sv/website/comunidades1.html>.

countries in smaller numbers (notably Italy and the United Kingdom). While under normal circumstances, this greater degree of diversity in expatriate destinations would reduce Ecuador's exposure to crises in any single host country of Ecuadorean expatriates, it just so happens that both of the major destinations of Ecuadorean emigrants have been severely hit by the economic crisis.

Beyond Ecuador's high degree of exposure to the US and Spanish economies via its migrant workers, Ecuador's economy is officially dollarized. The US dollar is the country's official currency, allowing the country little room for currency devaluation or fiscal loosening to provide incentives for remittance sending. As in Cape Verde, dollar-euro exchange-rate fluctuations have adverse impacts on the value of flows: When the dollar gains value, remittances from Europe lose value.

As of the second quarter of 2009, remittances to Ecuador from the euro zone (of which 80 to 90 percent are from Spain) fell much more dramatically than remittances from the United States — an understandable finding given that unemployment among Latin American immigrants in Spain (26.6 percent in the first quarter of 2009) is more than twice as high as among Hispanics in the United States (10.7 percent in the first quarter of 2009).¹⁷⁶ An initial look at the data suggest that remittances from the euro zone to Ecuador appear to have bottomed out between the fourth quarter of 2008 and the first quarter of 2009 and recovered somewhat in the second quarter of 2009 (see Figure 10).

Figure 10. Evolution of Remittances to Ecuador by Source Country, 2008-2009



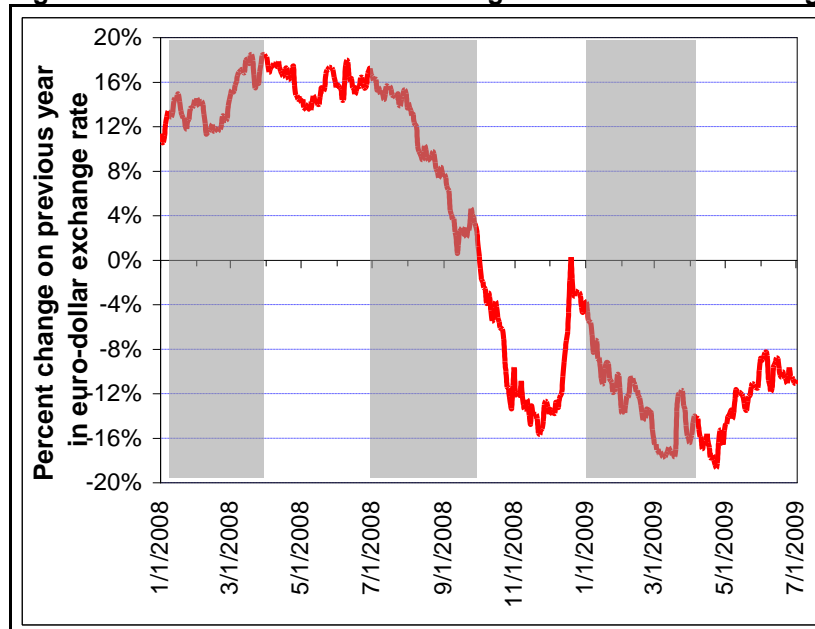
Source: Banco Central de Ecuador, Base de datos REMESAS.

However, when we take into account the euro-dollar exchange rate a somewhat more nuanced story emerges (see Figure 11). First, the apparent collapse in remittance flows from the euro zone that occurred between the first and fourth quarters of 2008 coincided with the dramatic weakening of the euro relative to the dollar. As a result, euro-denominated

¹⁷⁶ Spain, Encuesta de Población Activa, data provided to MPI by the Instituto Nacional de Estadística; United States, US Department of Labor, Bureau of Labor Statistics.

remittances over the period converted into progressively fewer dollars. This exchange rate effect makes the fall in remittances from the euro zone appear more dramatic than we would have observed were Ecuador a euro economy. Second, the apparent recovery of remittance flows from the euro zone reflects the strengthening of the euro to the dollar in the second quarter of 2009. The pre-conversion amount sent by Ecuadoreans in Europe recovered less than the dollar-denominated remittance flow data suggest.

Figure 11. Year-on-Year Percent Change in Euro-Dollar Exchange Rate



Source: Migration Policy Institute analysis of daily interbank exchange rates, www.oanda.com.

Middle East and North Africa

The evolution of remittances from our sample of countries in the Middle East and North Africa region illustrates many of the underlying dynamics behind global trends. Remittances are extremely important to the economies of Jordan and Morocco — accounting for 21.9 percent of Jordan’s GDP and 9.0 percent of Morocco’s. Remittances to Jordan declined in the first quarter of 2009 — although by just 1 percent. By contrast, Morocco has experienced two consecutive years of declining remittance flows (-4 percent in 2008 and -12 percent during the first six months of 2009).¹⁷⁷ Presumably, the destinations of emigrants from these two countries explain much of the difference. Jordanians abroad reside in such diverse countries as the West Bank and Gaza, Saudi Arabia, the United States, Germany, Oman, Canada, the United Kingdom, Australia, Spain, and Sweden, while Moroccans abroad are concentrated in Western Europe — notably France, Spain, Italy, the Netherlands, Germany, and Belgium.

¹⁷⁷ Royaume du Maroc, Office des Changes, *Balance des paiements trimestrielle – 2008 donnés préliminaires* (Rabat, n.d.), <http://www.oc.gov.ma/Publications/publications.htm#3>; Royaume du Maroc, Office des Changes, *Indicateurs mensuels des échanges extérieurs*, no. 06/2009, July 2009, <http://www.oc.gov.ma/Publications/IMEE/IMEE062009.pdf>; Royaume du Maroc, Office des Changes. Various years. *Tableaux de bord mensuels*, <http://www.oc.gov.ma/TableaudeBord/TBMensuels/2009.asp>.

Non-Resident Deposits

Beyond remittances, another important financial flow to some developing countries from migrants abroad takes the form of non-resident deposits. Non-resident deposits are the domestic currency savings of foreign residents. In most cases, it is difficult if not impossible to distinguish the nationality or national origin of the account holder. However, we assume that in most developing countries foreign residents with no ties to the country have few motivations to hold domestic currency. Expatriates, by contrast, incur substantial liabilities in the domestic currency (i.e., support to family members, cash for periodic visits home, savings for retirement or investment in the home country, etc.). As a result, analysts commonly assume that most non-resident deposits are held by the diaspora. (In some cases, such as in India, there are special accounts available only to Non-Resident Indians [NRIs] that are reported separately.¹⁷⁸)

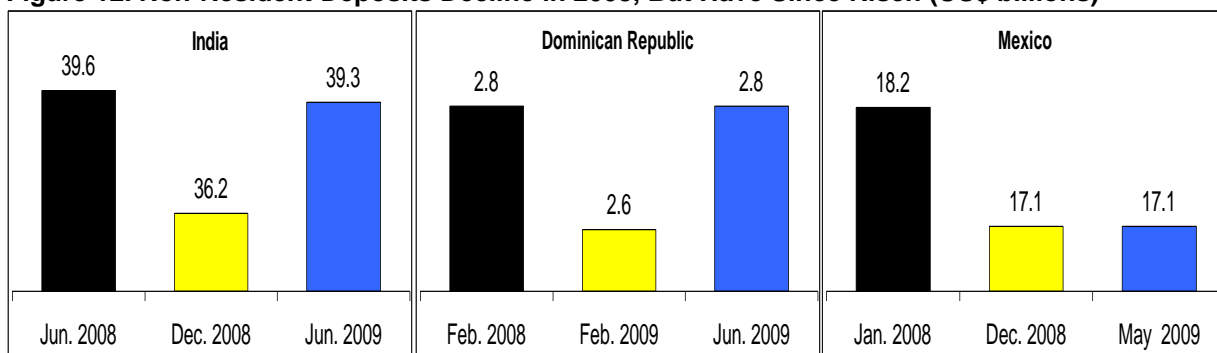
Similar to remittances, non-resident deposits improve a country's balance of payments position (i.e., its net of assets and liabilities with the rest of the world) and often respond to both currency fluctuations and political or economic crises in the home country. When the domestic currency loses value relative to the destination-country currency, expatriates often choose to take advantage of the favorable exchange rate to convert more of their income or savings into the country of origin currency.

But non-resident deposits are distinct from remittances in other respects. Remittances are allocated between consumption on the one hand, and savings and investment on the other hand. (Typically, with a larger share geared toward consumption.) But non-resident deposits are savings. As a result, they represent future investment or consumption — which in turn reflects an individual's longer-term plans (as well as immediate consumption needs of the migrant in the destination country). So, while remittances tend to respond to immediate needs of family members, non-resident deposits reflect expectations. An increase in non-resident deposits would reflect expatriates' expectations of future investment or consumption in the origin country (i.e., an increase in confidence regarding that country's future).

According to recent World Bank analysis, non resident deposits fell in 2008, but have since recovered slightly in India and the Dominican Republic (see Figure 11). However, non-resident deposits in Mexico do not appear to have recovered to date.

¹⁷⁸ For an analysis of Non-Resident Indian deposits, see James Gordon and Poonam Gupta, “Nonresident Deposits in India: In Search of Return?” (working paper WP/04/48, International Monetary Fund, March 2004).

Figure 12. Non-Resident Deposits Decline in 2008, But Have Since Risen (US\$ billions)



Notes: India, foreign currency and repatriable rupee deposits; Dominican Republic, foreign currency deposits; Mexico, foreign currency demand deposits and time deposits from the public. Each chart uses a different scale.

Source: Dilip Ratha, Sanket Mohapatra, and Anil Silwal, *Outlook for Remittance Flows 2009-2011: Remittances Expected to Fall by 7-10 Percent in 2009* (Washington, DC: The World Bank, July 2009). Data for India updated from Reserve Bank of India, RBI Bulletin, August 2009.

E. The Importance of Remittances Relative to Other Financial Flows

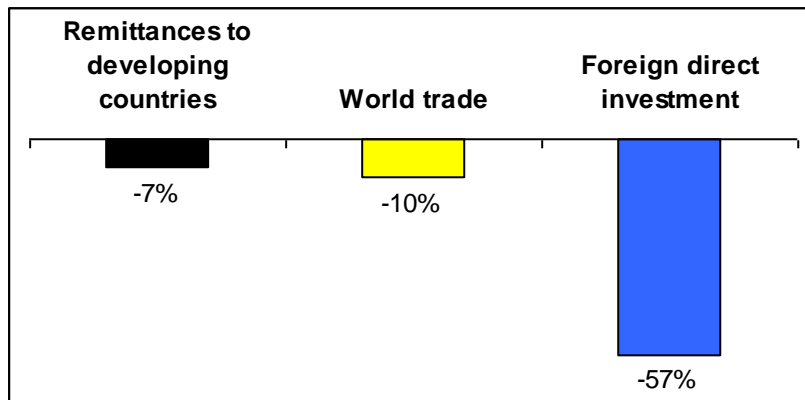
Although remittances are declining in some places, they are still increasing in importance relative to other financial flows. Because of the nature of remittances — being intra-family obligations more than business decisions — they have fallen less than other capital flows. For example, World Bank analysts expect remittances to developing countries to contract by about 7 percent in 2009 compared to foreign direct investment,¹⁷⁹ which fell 57 percent according to preliminary data.¹⁸⁰ This surprising resilience of remittance flows has been reported. However, the decline in remittance flows is in line with the expected drop in world trade — which the World Trade Organization (WTO) predicts will range between 9 and 10 percent¹⁸¹ (see Figure 12).

¹⁷⁹ According to the US Bureau of Economic Analysis, foreign direct investment (FDI) is any financial investment by which a person or entity acquires a lasting interest in, and a degree of influence over the management of, a business enterprise in a foreign country. In addition to applying additional resources to productive use, FDI is an important source of foreign currency for many developing countries (along with remittances, exports, and official development assistance). Foreign currency allows countries to pay for imports from abroad which, presumably, improve their quality of life.

¹⁸⁰ Remittances, Ratha, Mohapatra, and Silwal (2009); foreign direct investment, UN Conference on Trade and Development, “Global FDI flows halved in 1st quarter of 2009, UNCTAD data show; prospects remain low for the rest of the year,” (press release PR 2009/024, June 24, 2009), <http://www.unctad.org/Templates/webflyer.asp?docid=11666&intItemID=1528&lang=1>.

¹⁸¹ World Trade Organization, “Keeping trade open in times of crisis,” (press release 565, July 22, 2009), http://www.wto.org/english/news_e/pr565_e.htm.

Figure 13. Forecast for Remittance Flows to Developing Countries, Foreign Direct Investment, and World Trade, 2009



Sources: World Bank, World Trade Organization, UN Conference on Trade and Development.¹⁸²

Family and Household Level

On the family level, some families and communities are becoming *more* dependent on remittances than ever before. However, household income and consumption data are available only through household surveys so there is very little data illustrating this phenomenon for 2009. A recent survey conducted by the Inter-American Development Bank of immigrants in the United States from Latin America and the Caribbean who had sent remittances is the only resource that we identified describing the impacts of the financial crisis on remittances at the household level. The data and analysis in this section draws exclusively on the Inter-American Development Bank (IADB) report.¹⁸³

- Inter-American Development, Multilateral Investment Fund, 2009 Survey of Migrant Remitters: <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=2100503>.

The survey estimates that Haiti, Nicaragua, and the Dominican Republic will be most adversely affected by remittance declines and that in each of these three countries, between 50,000 and 100,000 households will be affected by slowing remittance flows.

In response to the economic crisis, the survey finds migrants have had to change their behaviors — most often by restricting expenditures or tapping savings (see Table 1). Lowering day-to-day expenses has been the main mechanism for coping with the crisis (35 percent). Many migrants have looked for alternative solutions, such as taking a second job (21 percent), or seeking a second job (11 percent). Migrants with higher incomes (US\$20,000 and above) were the most likely to have had to limit their expenses, while migrants with lower incomes have been more focused on looking for a second job or a new job to increase their earnings.¹⁸⁴

¹⁸² In September 2009, the UN Conference on Trade and Development (UNCTD) will release preliminary national-level data on foreign direct investment flows in the first two quarters of 2009 enabling this line of analysis on the national level.

¹⁸³ Manuel Orozco, *Understanding the Continuing Effect of the Economic Crisis on Remittances to Latin America and the Caribbean* (Washington, DC: Inter-American Development Bank, Multilateral Investment Fund, August 2009), <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=2100503>.

¹⁸⁴ *Ibid.*

Table 2. How Migrant Remitters Are Coping with the Economic Downturn

Strategies Remitters Are Using to Cope with Recession	% Response
Lower spending	35
Look for a second job	21
Move to a cheaper house	12
Look for a new job	11
Refinance mortgage	3
Depend on savings	2
Try to sell some possessions	2
Give house to the bank	1
Declare bankruptcy	1

Source: Manuel Orozco, 2009 Survey of Migrant Remitters. Inter-American Development Bank, *Understanding the Continuing Effect of the Economic Crisis on Remittances to Latin America and the Caribbean*, August 2009.

Unemployment in major destination countries is having a measurable impact on the sending of remittances. Among migrants in the labor force, 40 percent are sending less money than in 2008 and among the unemployed, only 25 percent continue to remit.¹⁸⁵ However, a small group of people continue to send money, despite having lost their jobs. When the authors compared data from the 2009 survey to survey data from 2008, they find that as the crisis continues and unemployment increases, the percentage of people unable to remit also increases: in October 2008, 40 percent of those unemployed were remitting, by June 2009 the percentage drops to 25 percent.

Table 3. Differences in Remittance Sending, 2008 and 2009

	2008	2009	2009			
			Ecuador	Mexico	Cuba	Dom. Rep.
Sending less than previous year	7.9%	44.9%	29.9%	36.6%	51.5%	59.4%
Sending more than previous year	8.2%	6.2%	0.0%	3.0%	8.2%	7.1%
Sending the same as previous year	83.9%	48.9%	70.1%	60.4%	40.2%	33.5%

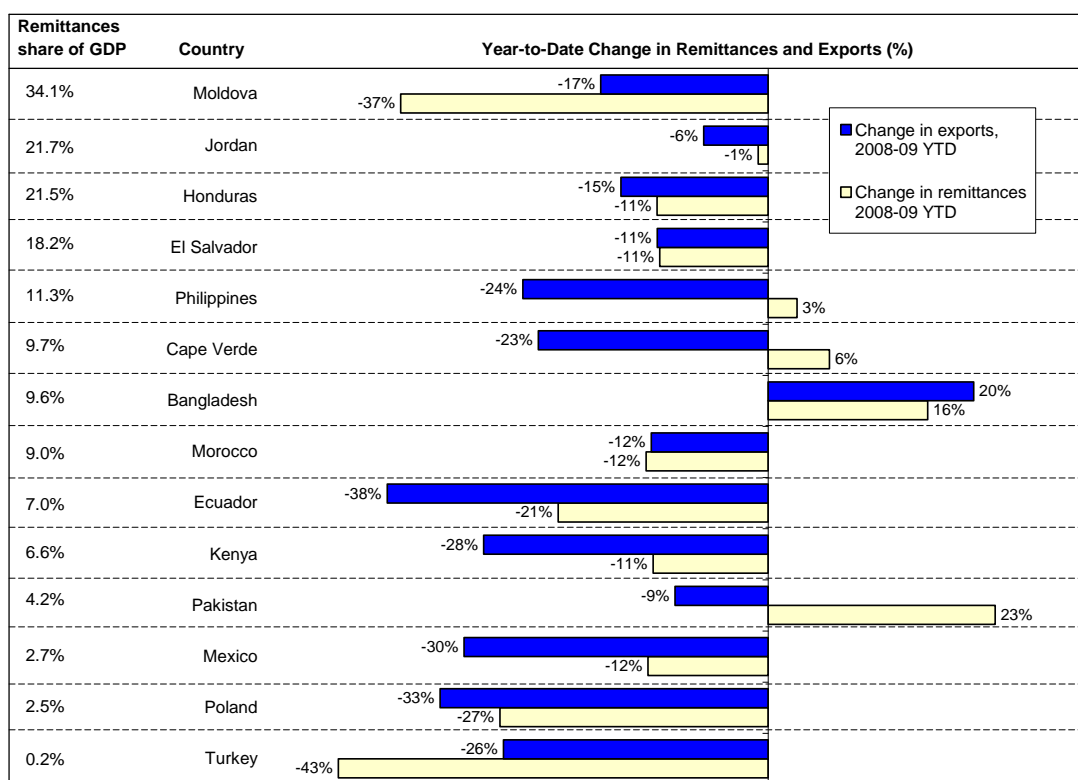
Source: Manuel Orozco, 2009 Survey of Migrant Remitters. Inter-American Development Bank, *Understanding the Continuing Effect of the Economic Crisis on Remittances to Latin America and the Caribbean*, August 2009.

National Level

Migration Policy Institute analysis of the year-to-date change in remittance flows and exports for a number of developing countries show that exports have declined more dramatically than remittances for most (see Figure 14). Moldova and Turkey appear to be exceptions in this respect, but this divergence is likely a result of the extraordinarily high share of remittances in Moldova's GDP and their relatively low share in Turkey's total output. In other words, Moldova is highly dependent on remittances whereas remittances are much less important to Turkey's economy.

¹⁸⁵ Ibid.

Figure 14. Year-to-date Change in Remittances and Exports, 2009



Source: Remittances, Migration Policy Institute analysis of Central Bank data; share of remittances in GDP, World Bank; Exports, International Monetary Fund, Directorate of Trade Statistics.

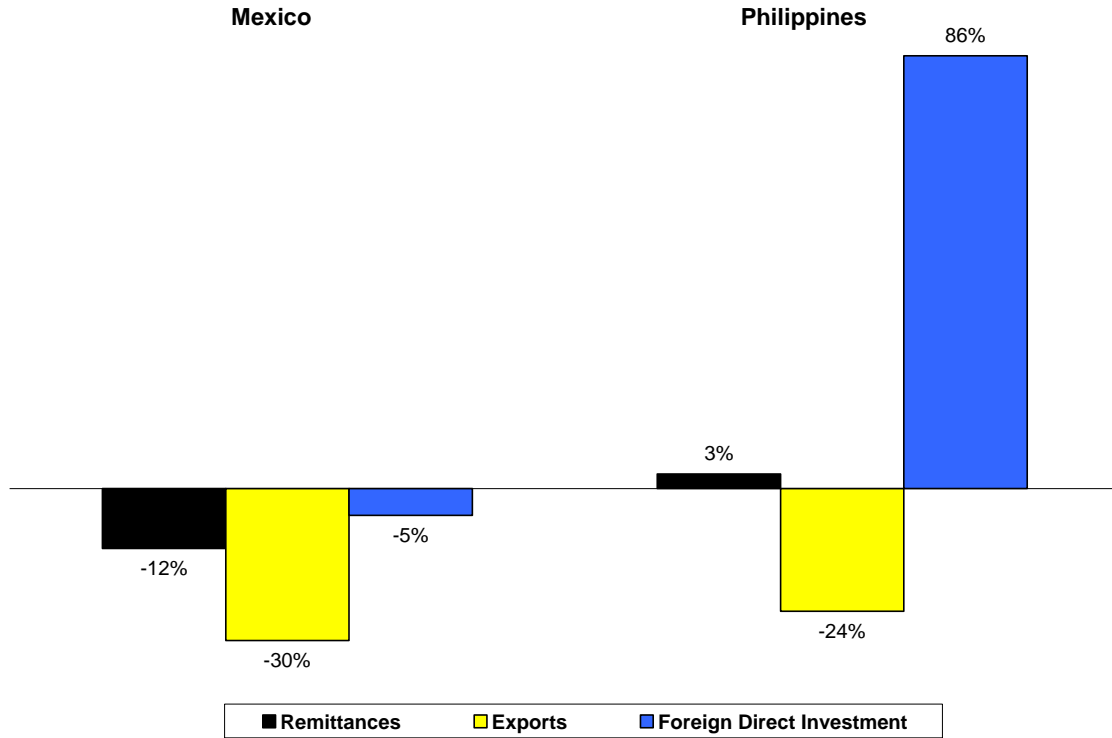
In Pakistan, Cape Verde, and the Philippines, remittances and exports have moved in opposite directions, and in all three cases remittances continue to grow while exports have declined. In Bangladesh alone both remittances and exports continue to grow.

Finally, for two major countries of emigration and where data are available — Mexico and Philippines — we compare how remittances, exports *and* foreign direct investment have evolved during 2009 relative to the same period in 2008. The data present a more nuanced view of the conventional wisdom that remittances are a more stable source of external finance than the other two capital flows (see Figure 15). Migration and remittances are certainly less volatile (i.e., fluctuate less), but they are also a lagging indicator of economic distress. As a result, when compared to other capital flows — such as the flow of goods (exports) and investment (FDI) — migration and remittances respond relatively slowly to the changing economy. So while foreign direct investment appears to have begun recovering from its precipitous declines in 2008, the recovery in remittances will take much longer. The apparent decline in exports to Mexico is, in part, due to the decline in oil prices over the past year; still, the small decline in foreign direct investment to Mexico — just 5 percent lower than last year —¹⁸⁶ is surprising given that Mexico has suffered directly from the US

¹⁸⁶ Secretaría de Economía, Comisión Nacional de Inversiones Extranjeras, *Informe estadístico sobre el comportamiento de la inversión extranjera directa en México*, enero-junio de 2009 (Mexico, DF: Secretaría de Economía, 21 August 2009), www.economia.gob.mx/pics/pages/1175_base/JunW09.pdf.

economic crisis, a deteriorating security climate as the government confronts drug cartels, and was the focus of a global health pandemic earlier this year. The Philippine Central Bank claims that the increase in foreign direct investment reflects confidence in the Philippines' improving economy and early signs of a global stabilization.¹⁸⁷ It may also reflect bargain hunting on the part of foreign investors.

Figure 15. Annual Change, to Date, of Remittances, Exports, and Foreign Direct Investment to Mexico and the Philippines, 2009



Source: Remittances, Migration Policy Institute analysis of Central Bank Data; exports, International Monetary Fund, Directorate of Trade Statistics; FDI, Secretaría de Economía de México and Bangko Sentral ng Philipinas.

¹⁸⁷ Bangko Sentral ng Pilipinas (Central Bank of the Philippines), “January to July 2009 Foreign Portfolio Investments Net Inflows Amount to US\$265 Million,” (Media release, Manila, August 13, 2009), <http://www.bsp.gov.ph/publications/media.asp?id=2137>.

VI. The Recession and Immigrants' Financial Well-Being

Economist Arnold Kling recently contemplated the long-term meaning of the economic crisis that began in earnest with the collapse of Lehman Brothers in September 2008 but in fact dates further back. “In the last 18 months,” he writes, “an unusually high number of people have had their plans go awry. They wish they had made different choices in terms of their education and occupations. Digging out from these mistakes is going to take a long time.”¹⁸⁸ Dr. Kling makes this observation with respect to the general population, but it is particularly relevant for the world’s estimated 195 million migrants. In the years leading up to the global economic crisis, millions of people made the often-difficult decision to leave their homes for abroad with the aim of improving their lives. But their plans have since been interrupted by global events.

Even pre-dating the global recession, migrants were among the more vulnerable populations in most major destination countries, concentrated at the lower socioeconomic rungs of society, often unable to access the same social safety-net benefits as the native born, and experiencing higher unemployment rates. There are, of course, important differences by world region and country. Broadly, in Anglo-Saxon countries (the United States, Canada, Australia, United Kingdom, Ireland), in Japan, and in the Middle Eastern oil-exporting countries, unemployment among migrants was low — often below natives; however, so were wages. As a result, poverty was typically higher in most immigrant communities — even among more skilled immigrants.¹⁸⁹ By contrast, in continental Europe, unemployment and poverty among immigrants was typically well above natives (although many immigrants had access to limited social protections unavailable elsewhere).

The sacrifices endured by the world’s migrants enabled millions of people in their countries of origin to improve their financial and material well-being. The Mexican government estimates that absent remittances, food poverty in rural areas would have been 2.1 percentage points higher in 2006.¹⁹⁰ Stated otherwise, remittances lifted 2.3 million rural Mexicans out of food poverty. (Research shows that remittances contribute more to

¹⁸⁸ Arnold Kling, “A few words on real business cycles,” *FreeExchange*, 10 August 2009, http://www.economist.com/blogs/freeexchange/2009/08/a_few_words_on_real_business_c.cfm.

¹⁸⁹ For instance, in Spain in the fourth quarter of 2008, the unemployment rate among immigrants with a primary education was 27.0 percent compared to 18.6 percent among the Spanish born; among those with a lower secondary education, the unemployment rate was 23.5 percent for immigrants, and 17.3 percent for natives; among those with an upper secondary education, the unemployment rate was 19.6 for immigrants and 11.2 percent for natives; and among those with a post-secondary education, the unemployment rate was 14.9 percent for immigrants versus 6.5 percent for natives. Encuesta de Población Activa, Instituto Nacional de Estadística. Miguel Pajares, *Inmigración y mercado de trabajo: Informe 2009* (Madrid: Ministerio de Trabajo e Inmigración, 2009). For the United States, Batalova and Fix (2008) recently analyzed unemployment and underemployment among skilled immigrants. See Jeanne Batalova and Michael Fix with Peter A. Creticos, *Uneven Progress: The Employment Pathways of Skilled Immigrants in the United States* (Washington, DC: Migration Policy Institute, 2008).

¹⁹⁰ Consejo Nacional de Evaluación de la Política de Desarrollo Social, *Informe de Evaluación de la Política de Desarrollo Social en México 2008* (Mexico City: CONEVAL, December 2008), <http://www.coneval.gob.mx/contenido/home/2234.pdf>.

reducing the depth of poverty rather than reducing the poverty headcount, so these numbers understate the true importance of remittances in reducing poverty.¹⁹¹⁾

The storyline that emerges is that even in the boom years of the past decade, migrants have occupied marginalized positions in many developed countries — but even this was a step up compared to the opportunities in their countries of origin. Their incomes have helped family members move out of poverty back home. As policymakers increasingly move to protect domestic labor markets — and with the prospect of a long, painful jobless recovery — the situation for migrants is unlikely to improve in the near term.

A. Unemployment

Conventional wisdom suggests that immigrants are the “last hired and first fired” in the workplace. Available data confirm this notion — especially in the countries that have been worst hit by the recession. Immigrants disproportionately possess the demographic characteristics of workers who are most vulnerable during recessions. They tend to be less skilled and less formally educated, relatively young, and recent labor-market entrants.¹⁹² Many immigrants work in economic sectors like construction and lower-value-added manufacturing that have been the hardest hit by the downturn.¹⁹³ It is not surprising, then, that the Organization for Economic Cooperation and Development (OECD) reports that unemployment rates for immigrants are rising faster than, and exceed, those of native-born workers in many developed nations.¹⁹⁴ But migrants have been laid off at high rates throughout the world, including construction workers from India in Dubai and in other Gulf States, and Indonesians in Malaysia.¹⁹⁵ Growing unemployment in Europe could likewise lead to large job losses for sub-Saharan Africans working in the construction and tourism industries.¹⁹⁶

United States

In the United States, unemployment among the overall immigrant population has remained in line with the unemployment rate for the native population, but when Mexican and Central American immigrants are disaggregated, the unemployment rate shows greater seasonality and a greater increase since the recession began (see Figure 1). Mexican and Central

¹⁹¹ Richard H. Adams Jr. and John Page, “Do international remittances reduce poverty in developing countries,” *World Development*, vol. 33, no. 10 (October 2005): 1645-1669.

¹⁹² Demetrios G. Papademetriou and Aaron Terrazas, *Immigrants and the Current Economic Crisis*, (Washington, DC: Migration Policy Institute, 2009), 14, http://www.migrationpolicy.org/pubs/lmi_recessionJan09.pdf.

¹⁹³ Organization for Economic Cooperation and Development, “Keep doors open to migrant workers to meet long-term labour needs, says OECD,” June 30, 2009, http://www.oecd.org/document/39/0,3343,en_2649_201185_43195111_1_1_1_1,00.html.

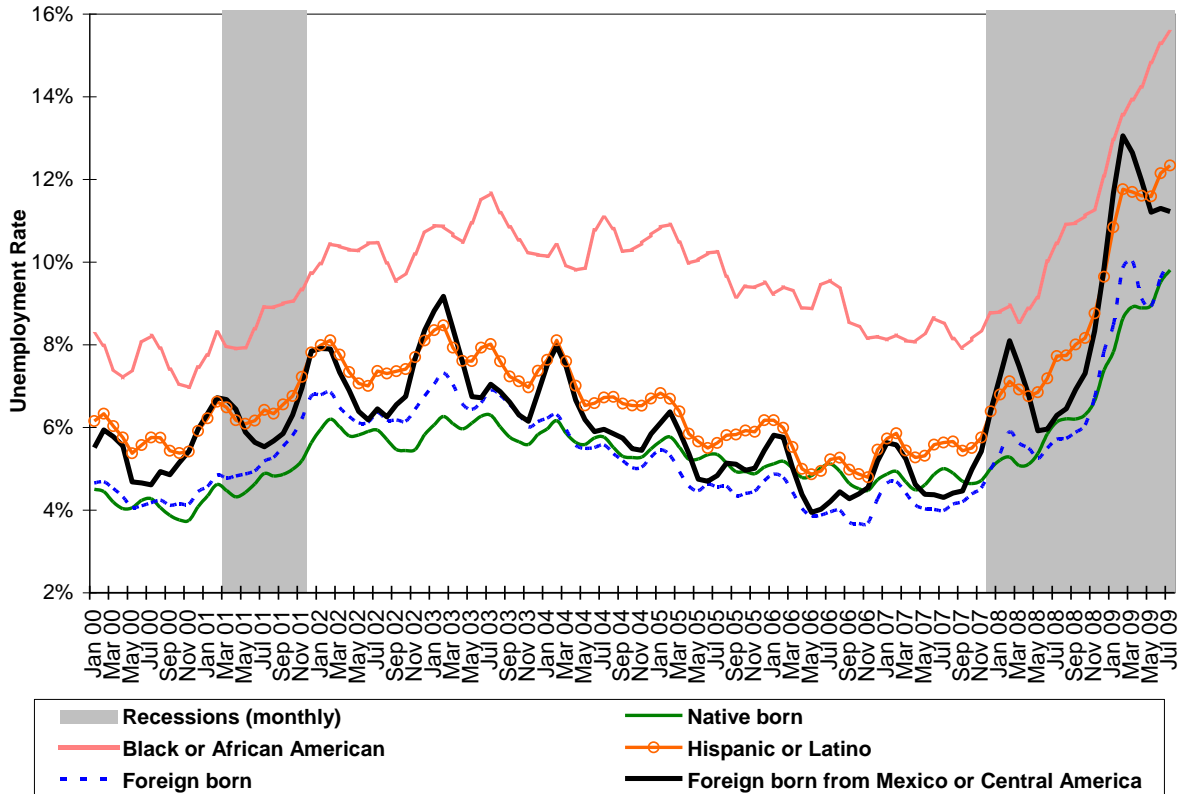
¹⁹⁴ The current recession follows a period of significant economic growth, fueled in part by immigrant labor. From 2003 to 2007, OECD Member States created more than 30 million jobs. Organization for Economic Cooperation and Development, “International Migration Outlook 2009,” 14.

¹⁹⁵ Khalid Koser, “The Global Financial Crisis and International Migration: Policy Implications for Australia” (Sydney: Lowy Institute for International Policy, July 2009), 7, <http://www.lowyinstitute.org/Publication.asp?pid=1077>.

¹⁹⁶ Roel Landingin, “Migrants hurt by crisis, UN warns,” *Financial Times*, October 30, 2008, http://www.ft.com/cms/s/0/e299364c-a5d6-11dd-9d26-000077b07658.html?nclink_check=1.

Americans are the most likely group to be unauthorized and have comparatively low skill levels. Notably, for a brief period during winter 2009, the unemployment rate among Mexican and Central American immigrants approached the historically high unemployment rate among African-Americans. It has since begun to decline, but this may be due to seasonal fluctuations.

Figure 1. Unemployment Rate by Race, Ethnic Group, or Nativity, January 2000 to July 2009



Notes: Unemployment rates are not seasonally adjusted, which means that comparisons should be made only for the same quarters of different years and not for successive quarter of the same year.

Source: Migration Policy Institute analysis of Monthly Basic Current Population Survey, January 2000 to July 2009.

Refugees to the United States have also been hard hit by the recession. The US refugee resettlement process long has prided itself on promoting the early employment and self-sufficiency of refugees. Yet since the recession began, few refugees have been able to find jobs, undermining the very basis of the program and the well-being of refugees and their families.¹⁹⁷

197 International Rescue Committee, *Iraqi Refugees in the United States: In Dire Straits* (New York, NY: International Rescue Committee, 2009), pp. 6-9, http://www.theirc.org/resources/2009/irc_report_iraqcommission.pdf.

European Union

In most European countries, unemployment is typically higher among immigrants in normal times. Table 1 shows unemployment rates for natives and foreign nationals in the first quarter of 2007-Q1 (or as close as possible) and in the first quarter of 2009 (or as close as possible) where data are available. Based on these data, we identify five groups of countries based on how unemployment has evolved among natives and foreign nationals over the past four years.

- Stable unemployment for both natives and foreign nationals (+/- 1.5 percentage points up or down): Austria, Belgium, Czech Republic, Denmark, France, Greece, Italy, and Switzerland.
- Stable unemployment among natives, declining unemployment among foreign nationals (greater than 1.5 percentage point decline): Germany, Finland, Netherlands.
- Rising unemployment among foreign nationals (greater than 1.5 percentage point increase), stable unemployment among natives: Cyprus, Luxembourg, Norway, Portugal, Sweden.
- Rising unemployment among natives, stable unemployment among foreign nationals: United Kingdom.
- Rising unemployment among both natives and foreign nationals: Estonia, Spain.

Table 1. Unemployment Rates among Natives and Foreign Nationals, 2007-2009

	2007 Q1		2009 Q1	
	Native	Foreign	Native	Foreign
Austria	3.9	10.8	3.9	10.7
Belgium	7.1	16.6	7.2	15.3
Switzerland*	2.7	7.1	2.5	6.2
Cyprus	4.7	5.5	4.0	7.5
Czech Republic	6.0	5.7	5.8	5.5
Germany	8.6	17.3	7.2	15.4
Denmark	4.2	9.1	4.9	10.6
Estonia	4.4	10.0	10.1	17.4
Spain**	7.8	12.6	16.0	28.0
Finland	7.4	20.2	7.5	15.8
France	8.2	17.2	8.4	18.5
Greece	9.1	9.3	9.2	10.7
Italy	6.2	9.7	7.7	10.5
Luxembourg***	3.7	5.4	2.9	8.1
Netherlands	3.7	7.8	3.0	5.9
Norway	2.5	5.5	2.8	7.2
Portugal**	8.2	12.9	8.5	17.2
Sweden	6.5	13.1	7.5	15.4
United Kingdom	5.2	8.5	7.0	7.7

Notes: * 2007 Q2 and 2008 Q2. ** 2009 Q2. *** 2008 Q4.

Source: Eurostat, Labour Force Survey.

Within the European Union, Spain stands out for the severity of the crisis in that country. As has been described in this report, Spain attracted unprecedented numbers of migrants

over the past decade to fuel its construction- and service-based boom. But those sectors have since retreated and migrants have been among the worst hit (although, admittedly, native-born Spaniards have not fared much better.) The unemployment rate among the Spanish born grew from 8.5 percent in Q4 2005 to 17.4 percent in Q1 2009, and from 10.2 to 28.4 percent over the same period among the foreign born.¹⁹⁸ Spain had recorded the highest unemployment rate in the European Union already by July 2008 and half of the jobs lost in the European Union during the first six months of the recession were in Spain — an average of 8,600 jobs a day. (The various EU countries officially entered the recession at different times — mostly in the second half of 2008. Spain officially entered recession in the fourth quarter of 2008 while other countries such as Denmark entered recession as early as June 2008.)¹⁹⁹ As Table 2 illustrates, the number of unemployed increased broadly across all nationality groups in Spain in 2008 (with the exception of Cubans who tend to be older, more highly skilled, and better integrated immigrants).

Table 2. Yearly Increase in Unemployed Foreigners in Spain by Country of Birth, 2007-2008

Country	Foreign Jobless Increase in 2007	Foreign Jobless Increase in 2008
Bulgaria	1,355	13,918
Romania	19,653	53,857
Ukraine	403	4,686
Algeria	-892	2,834
Morocco	20,177	68,765
Argentina	-4,420	10,709
Bolivia	-1,015	22,876
Colombia	1,032	37,435
Cuba	7,370	-1,450
Ecuador	-1,059	59,001
Peru	3,735	2,912
Dominican Republic	1,549	4,385
China	-486	807
Total	52,338	371,734

Notes: A negative number indicates an increase in employment for a given population.

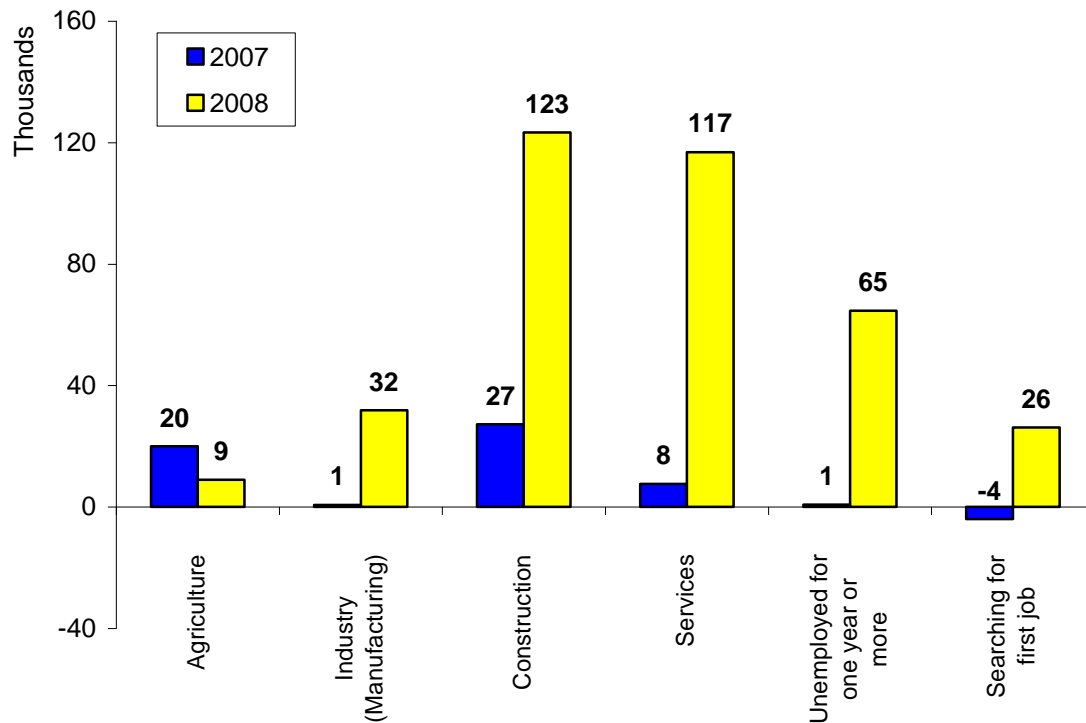
Source: Encuesta de Población Activa, Instituto Nacional de Estadística. Miguel Pajares, *Inmigración y mercado de trabajo: Informe 2009* (Madrid: Ministerio de Trabajo e Inmigración, 2009).

Figure 2 shows that unemployment among construction and service workers increased most dramatically. By contrast, the number of unemployed foreigners in the agricultural industry actually declined in 2008. The distinction is notable for one reason in particular: In Spain, the agricultural industry relies on foreign workers with temporary visas (who must return home after the growing season) to a greater extent than the construction and services industries, which tend to hire illegally resident or longer-term resident immigrants.

¹⁹⁸ First quarter 2009 data: Instituto Nacional de Estadística, Encuesta de Población Activa, data requested by the Migration Policy Institute.

¹⁹⁹ Miguel Pajares, *Inmigración y mercado de trabajo: Informe 2009* (Madrid: Ministerio de Trabajo e Inmigración, 2009), http://extranjeros.mtas.es/es/ObservatorioPermanenteInmigracion/Publicaciones/contenido_0002.html.

Figure 2. Foreign Worker Unemployment in Spain by Sector, 2007-2008

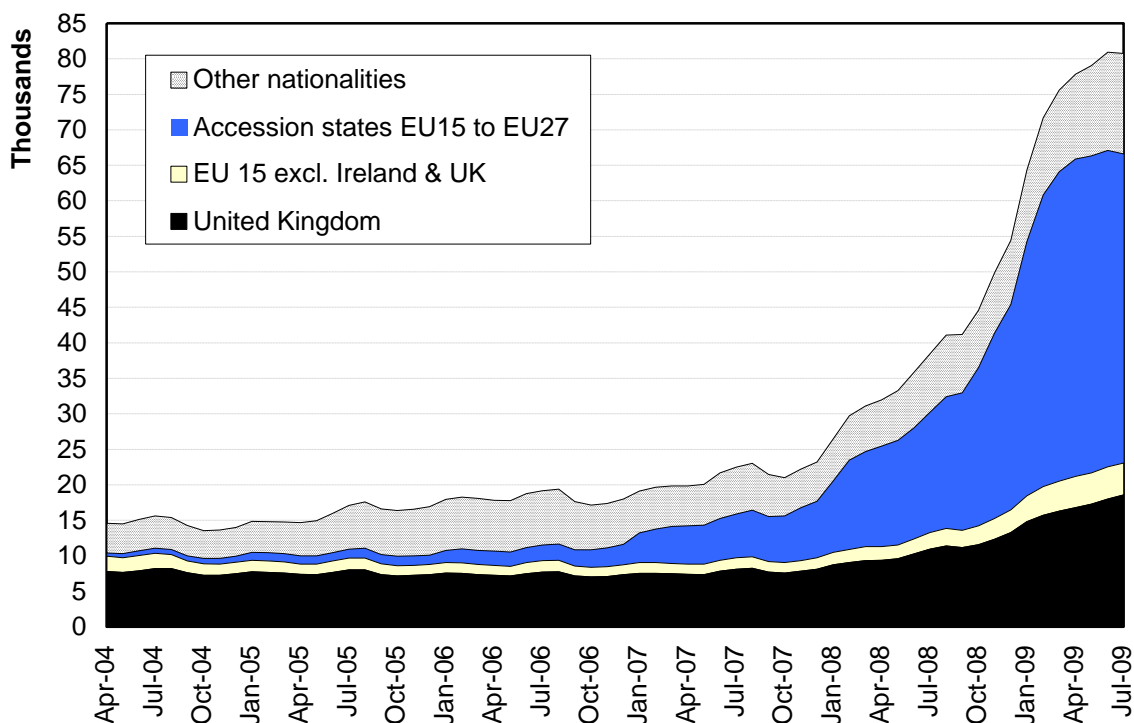


Source: Encuesta de Población Activa, Instituto Nacional de Estadística. Miguel Pajares, *Immigración y mercado de trabajo: Informe 2009* (Madrid: Ministerio de Trabajo e Inmigración, 2009).

Along with Spain, Ireland has perhaps been the worst hit by the global recession in the European Union. And like Spain, Ireland attracted record numbers of immigrants in recent years to fuel its booming economy. Ireland does not report unemployment rates for the foreign-born population, but we can get a sense of the human impact of the crisis on immigrants from the Live Register. (The Live Register is an administrative count of people registering for unemployment assistance, benefits, or other statutory entitlements at local offices of the Irish Department of Social and Family Affairs.)

Since the recession began in late 2007, the number of foreigners on the Live Register has increased dramatically — mostly due to increases in the number of A-10 nationals (see Figure 3). This was widely reported by OECD, among others, as of March 2009. However, more recent data analyzed by the Migration Policy Institute, through July 2009, show that while the number of foreign nationals on the Live Register continues to increase for almost all groups, the number of A-10 nationals has gradually declined since peaking in April 2009 (see Table 3).

Figure 3. Non-Irish Nationals on the Live Register by Month and Nationality, 2004-2009



Source: Live Register, Central Statistics Office,
www.cso.ie/px/pxeirestat/database/eirestat/Live%20Register/Live%20Register.asp.

Table 3. Nationality of Persons on the Live Register, December 2008 to July 2009

	Total Persons	Irish nationals	Non-Irish nationals	United Kingdom	EU 15 excl. Irl. & UK	Accession states EU-15 to EU-27	Other nationals
December 2008	291,363	236,908	54,455	13,279	3,211	28,950	9,015
January 2009	327,861	263,527	64,334	14,807	3,651	35,826	10,050
February 2009	354,437	282,721	71,716	15,707	4,052	41,057	10,900
March 2009	371,271	295,658	75,613	16,299	4,245	43,559	11,510
April 2009	384,448	306,598	77,850	16,819	4,371	44,727	11,933
May 2009	396,871	317,794	79,077	17,315	4,389	44,640	12,733
June 2009	418,592	337,647	80,945	18,033	4,528	44,566	13,818
July 2009	435,735	354,949	80,786	18,594	4,499	43,548	14,145

Source: Live Register, Central Statistics Office,
<http://www.cso.ie/px/pxeirestat/database/eirestat/Live%20Register/Live%20Register.asp>.

B. Poverty

1. Poverty and Vulnerability Are Expected to Increase Globally

Evidence from past recessions provides some indicators as to the potential human toll of the economic crisis. Following the Asian financial crisis of the 1990s, poverty rates rose by 10 percentage points in South Korea and in Indonesia they increased from 15 to 33 percent.²⁰⁰ Moreover, the World Bank notes that following the East Asian financial crisis in the late 1990s, it took almost a decade for poverty headcounts to recover to their pre-crisis levels (which were, in any case, not particularly admirable).²⁰¹ And this long recovery occurred in the context of an extremely favorable external economic climate with strong demand for exports from the worst-affected countries such as Thailand, Taiwan, and Indonesia.

Similarly, poverty rates in Mexico jumped 4 percentage points between 1994 and 1996 in the wake of the 1994 peso crisis. Food poverty rates nearly doubled between 1994 and 1996 and did not return to their pre-crisis levels until roughly 2002.²⁰² More recent data suggest that rural food poverty rates in Mexico jumped from 13.8 percent in 2006 to 18.2 percent in 2008 — the first biennial increase in rural food poverty since 1994-96.²⁰³ The slowdown in remittances described earlier in this report will only accentuate this trend. Mexico's National Council for the Evaluation of Social Development Policies (CONEVAL) estimates that between 1992 and 2006, remittances grew 405.5 percent to rural families living in food poverty — much faster than for the general population.²⁰⁴ As a result, in 2006, with remittances food poverty in rural areas of Mexico would have affected 15.9 rather than 13.8 percent of the population; stated otherwise, remittances lifted 2.3 million rural Mexicans out of food poverty in 2006.²⁰⁵ However, these figures understate the effects of remittances in reducing poverty since most studies show that remittances tend to reduce the *depth* of poverty more than they reduce poverty headcounts.²⁰⁶

Forecasts for the current economic crisis are dire: the International Labor Organization (ILO) estimates that in 2009, global unemployment will rise between 18 and 30 million workers relative to 2007; an estimated 210 to 239 million people will be unemployed by

²⁰⁰ Inter-American Development Bank, *Social and Labor Market Policies for Tumultuous Times: Confronting the Global Crisis in Latin America and the Caribbean* (Washington, DC: Inter-American Development Bank, May 2009).

²⁰¹ World Bank, *Global Development Finance: Charting a Global Recovery* (Washington, DC: World Bank, June 2009), 7.

²⁰² Consejo Nacional de Evaluación de la Política de Desarrollo Social, *Informe de Evaluación de la Política de Desarrollo Social en México 2008* (Mexico City: CONEVAL, December 2008), <http://www.coneval.gob.mx/contenido/home/2234.pdf>.

²⁰³ Consejo Nacional de Evaluación de la Política de Desarrollo Social, “Reporta CONEVAL cifras de pobreza por ingresos 2008,” (press release no. 006/09, July 18, 2009), http://www.coneval.gob.mx/coneval2/htmls/sala_prensa/HomeSalaPrensa.jsp?id=nota_completa_estimaciones_de_pobreza.

²⁰⁴ Consejo Nacional de Evaluación de la Política de Desarrollo Social, *Informe de Evaluación de la Política de Desarrollo Social en México 2008* (Mexico City: CONEVAL, December 2008), <http://www.coneval.gob.mx/contenido/home/2234.pdf>.

²⁰⁵ *Ibid.*

²⁰⁶ John Page and Richard H. Adams, Jr., “International Migration, Remittances, and Poverty in Developing Countries,” (working paper No. 3179, World Bank Policy Research, December 2003).

year's end.²⁰⁷ This bleak labor-market situation affects certain groups disproportionately — notably women, migrant workers, and youth.²⁰⁸ Early estimates suggest that 53 million fewer people will escape poverty in the developing world (at the \$1.25 per day level); in Sub-Saharan Africa and South Asia (except India), the slowdown essentially eliminates all progress in poverty reduction between 2008 and 2009.²⁰⁹

As is often the case, however, these aggregate figures hide significant regional variation. Reports on private-sector investment plans from the World Bank and the UN Conference on Trade and Development (UNCTAD) reveal some of these different trends.²¹⁰ For instance, French building materials conglomerate Lafarge is advancing with plans to open a new cement factory in Saudi Arabia.²¹¹ A new Samsung plant in Malaysia could create as many as 2,000 jobs, according to UNCTAD, and personal care and household goods manufacturer Proctor and Gamble is continuing with investment in a shampoo factor in Slovakia.²¹² On the other hand, Ana Revenga, Director of the Poverty Reduction and Development Effectiveness Group at the World Bank reports that mine and smelter closures have led to mass layoffs in the Democratic Republic of the Congo (100,000), South Africa (40,000, nearly 10 percent of the workforce), Zambia (3,000), Chile (2,000), and Mongolia (1,700), and to shorter working hours in Armenia; in the garment industry, 30,000 workers have been laid off in Cambodia (10 percent of the workforce).²¹³

In the second quarter of 2009, the Mexican unemployment rate rose 1.7 percent points relative to the second quarter of 2008; the underemployment rate rose 3.9 percentage points, and the discouraged worker rate rose 2.6 percentage points compared to a year earlier (see Figure 4).²¹⁴ Underemployed rather than unemployed Mexicans typically have the greatest propensity to migrate to the United States.²¹⁵ (Discouraged workers are individuals who have given up looking for a job because they do not believe that any are available; underemployed workers are defined as employed workers who need and are available for more hours of work than their current employer permits.)

²⁰⁷ International Labor Organization, *Global Employment Trends Update, May 2009* (Geneva: International Labor Organization, 2009), [http://www.ilo.org/public/libdoc/ilo/P/09332/09332\(2009-May\).pdf](http://www.ilo.org/public/libdoc/ilo/P/09332/09332(2009-May).pdf).

²⁰⁸ Ibid.

²⁰⁹ Ana Revenga, *Financial Crisis and the Developing Countries* (presentation at the Organization for Economic Cooperation and Development, April 2009), <http://www.oecd.org/dataoecd/61/23/42561744.pdf>.

²¹⁰ United Nations Conference on Trade and Development, *Assessing the Impact of the Current Financial and Economic Crisis on Global FDI Flows* (Geneva: UNCTAD, April 2009).

²¹¹ Ibid.

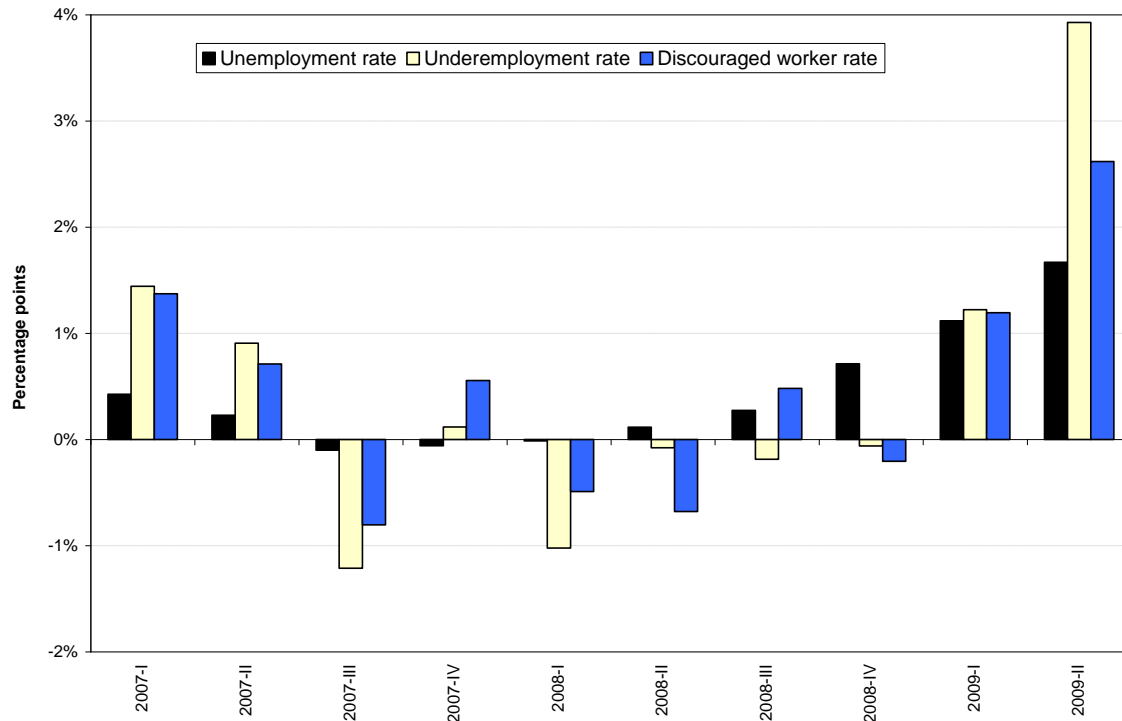
²¹² Ibid.

²¹³ Ana Revenga, *Financial Crisis and the Developing Countries*.

²¹⁴ Migration Policy Institute analysis of data from Instituto Nacional de Estadística, Geografía e Informática, Encuesta Nacional de Ocupación y Empleo, 2007 to 2009.

²¹⁵ Consejo Nacional de Población, *Encuesta de Migración en la Frontera Norte de México 2007* (Mexico, DF: CONAPO, 2008).

Figure 4. Year-on-Year Percentage Point Change in Unemployment, Underemployment, and Discouraged Worker Rates in Mexico, 2006-2009

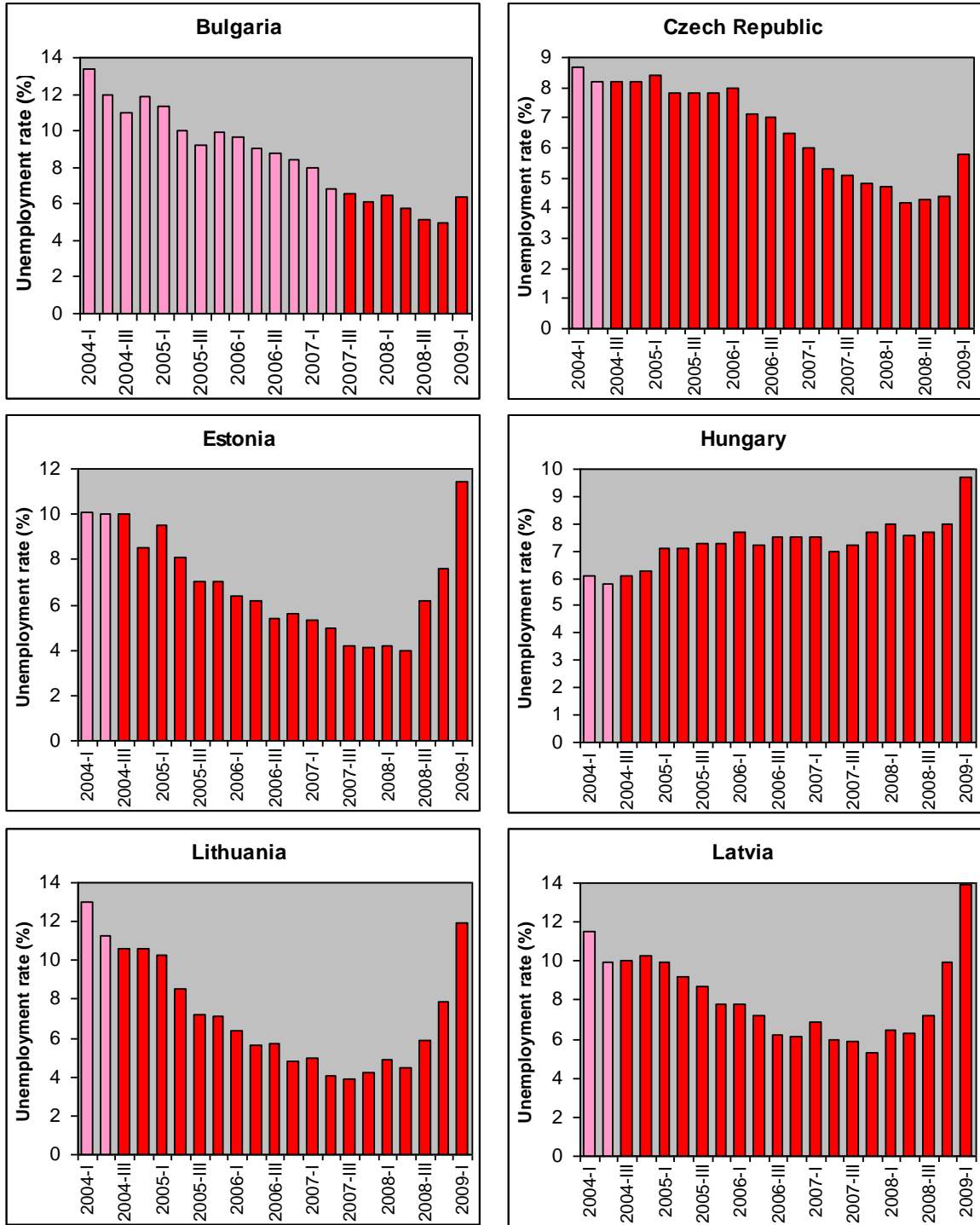


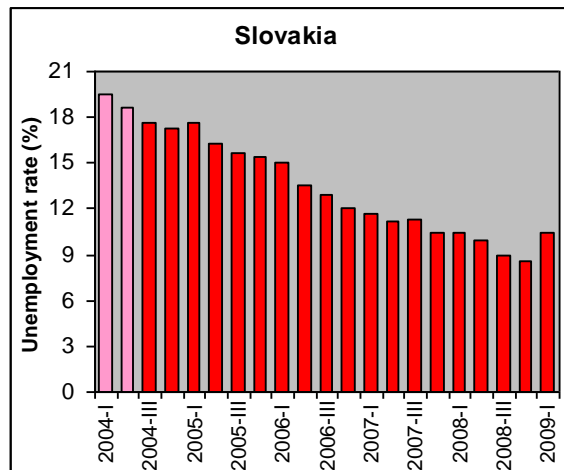
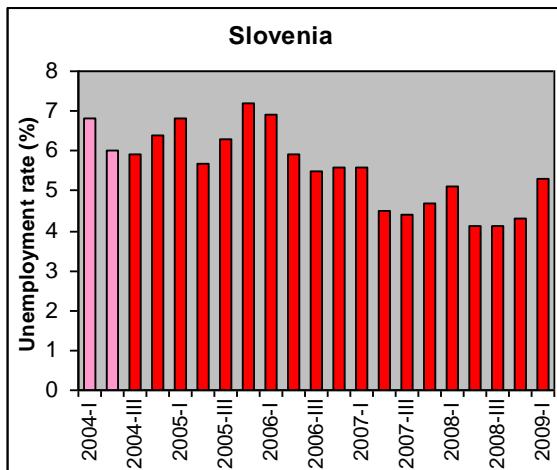
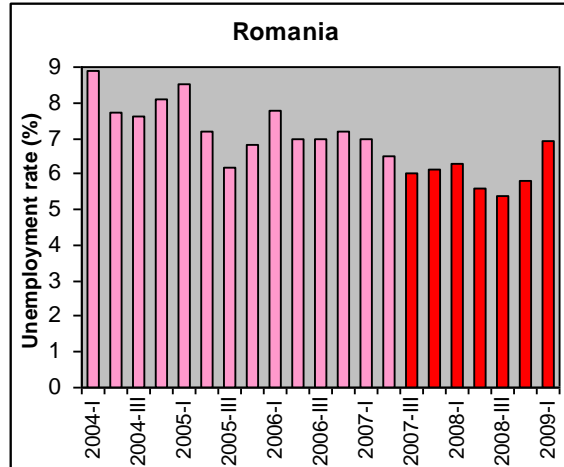
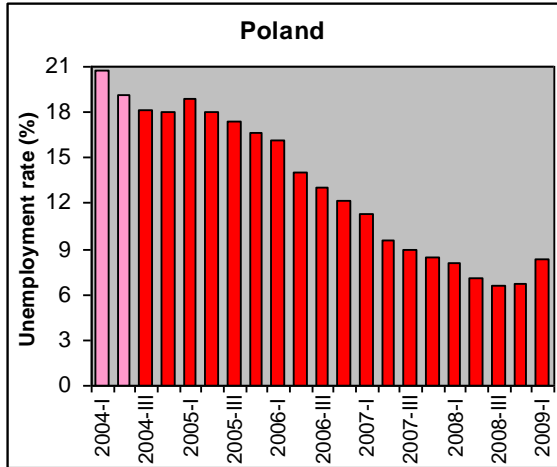
Source: Instituto Nacional de Estadística, Geografía e Informática, Encuesta Nacional de Ocupación y Empleo, 2007 to 2009.

Similarly, Figure 5 presents data on unemployment rates among the total population in the ten Eastern European countries that joined the European Union between 2004 and 2007 (Bulgaria, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Romania, Slovenia, and Slovakia). These countries send substantial numbers of migrants to Western Europe and so domestic unemployment has implications for the number of potential “migrants in waiting.”

Overall, the story of unemployment in Eastern Europe over the past five years is optimistic: As countries have joined the European Union, unemployment has declined substantially — with the exception of Hungary where unemployment has risen. However, in the three Baltic countries, the recession has effectively erased all employment gains since EU accession: unemployment in the first quarter of 2009 was at or above its 2004 levels. In the major Eastern European migrant-sending countries — Poland, Bulgaria, and Romania — the increase in unemployment has been much more modest. But the return of migrants from Western Europe will likely change this.

Figure 5. Unemployment Rates in A-10 Countries, 2004-2009



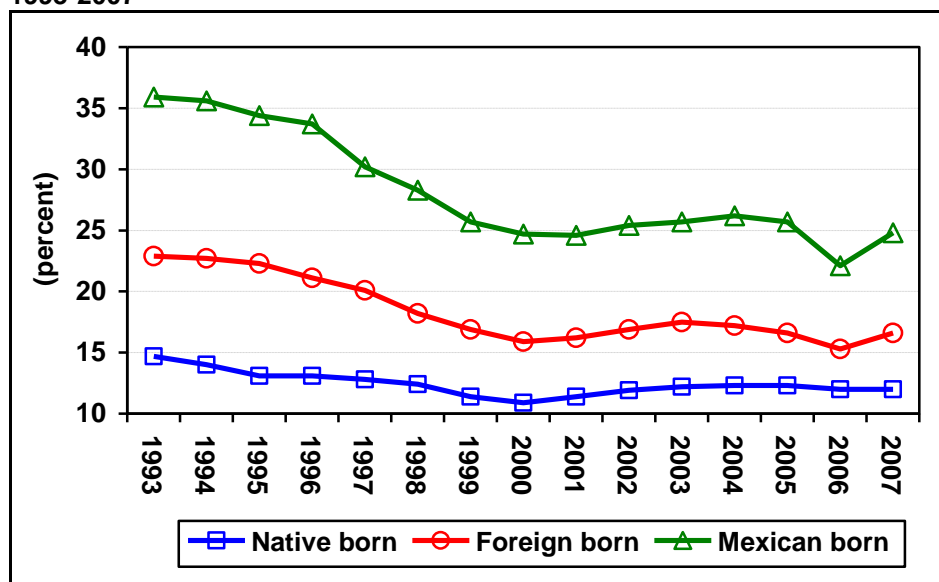


Notes: Pink bars are prior to accession.
 Source: Eurostat, European Labor Force Survey.

2. Pre-Recession Migrants Were Already Highly Vulnerable

Most official surveys that report poverty levels ask individual households about their income in a previous reference period — in the United States' Current Population Survey, the reference period is the previous year. In the European Union, surveys that include questions on income are rare. As a result, available data address only the very early stages of the recession — before much of the turmoil of the past year. Still, poverty data on the foreign born in the United States show a marked uptick in 2007 (from the 2008 survey) — particularly among Mexican immigrants (see Figure 6). Of course, the construction sector in which many Mexican immigrants in the United States work was among the early victims of the crisis.

Figure 6. Poverty Rates among Native-, Foreign-, and Mexican-Born in the United States, 1993-2007



Source: Migration Policy Institute and BBVA Bancomer analysis of March Socio-economic Supplement to the Current Population Survey, 1994 to 2008.

Across Europe, poverty rates among immigrants and their children were much higher than natives in most major destination countries in the most recent data available prior to the recession. Given the trends in unemployment in most countries described above poverty will likely increase.

- In Great Britain, about 40 percent of people from ethnic minorities²¹⁶ are in income poverty, twice the rate for white people.²¹⁷ Among white British, the poverty rate was 20 percent. The income poverty rates were highest for Bangladeshis (65 percent), Pakistanis (55 percent), and black Africans (45 percent); they were lowest for black Caribbeans (30 percent), Indians (25 percent), and other whites (including Arabs) (25

²¹⁶ The data for Great Britain (United Kingdom without Northern Ireland) are disaggregated by ethnicity rather than nativity. Accordingly, data reported for ethnic groups include both immigrants and their descendants.

²¹⁷ Peter Kenway and Guy Palmer, *Poverty among ethnic groups: How and why does it differ?* (York: Joseph Rowntree Foundation, March 2007).

percent). In London, about half of Bangladeshi workers are paid less than £7.50 per hour compared to about 10 percent of white British workers.²¹⁸

- In 2004, poverty rates among long-term immigrants to Canada were practically identical to poverty rates among the native born, but were about half of the poverty rate among recent immigrants (i.e., those in Canada for five years or less).²¹⁹ Human Resources and Social Development Canada concluded in 2007 that “a significant proportion of recent immigrants of working age avoid poverty, not because of their labor-market income, but because of support they receive from family members and government. This finding is particularly true for working-age female immigrants.”²²⁰ Corak (2008) reports that the fraction of recent immigrants to Canada who live on low incomes has increased steadily since the 1980s and by 2000, more than one in three were living on low incomes.²²¹
- According to Ireland’s Office of Statistics, only one in five non-Irish nationals from the ten countries that joined the European Union in May 2007 (Latvia, Lithuania, Estonia, Poland, Czech Republic, Slovakia, Hungary, Malta, and Cyprus) belong to the three highest-ranking occupational groups (professionals, managerial and technical workers, and non-manual workers) compared to nearly two-thirds of Irish nationals.²²²
- The rate of poverty among non-EU immigrant households in the Paris region (Ile-de-France) was 37.3 percent in 2001 compared to 6.5 percent among EU-immigrant households and 8.9 percent among French households.²²³
- In Spain as of 2006, 21 percent of the children of Spaniards are at risk of moderate poverty (households with 60 percent of median income), but among the children of parents born outside the European Union, 52 percent are at risk of moderate poverty. The differential in rates of extreme poverty (households with 25 percent of the median income) is even greater: among the children of Spaniards, 8.4 percent are at risk of extreme poverty compared to 32 percent of the children of immigrants.²²⁴
- In early 2005, about 8.5 percent of Spain’s population was foreign born, but according to a survey by the Caixa Catalunya Foundation, 48.2 percent of homeless people in Spain were foreign born (including both people who sleep in streets and

²¹⁸ Tom MacInnes and Peter Kenway, *London’s Poverty Profile* (London: New Policy Institute, 2009).

²¹⁹ Dominique Fleury, *A Study of Poverty and Working Poverty among Recent Immigrants to Canada* (Ottawa: Human Resources and Social Development Canada, July 2007).

²²⁰ Ibid.

²²¹ Miles Corak, *Immigration in the Long Run: The Education and Earnings Mobility of Second-Generation Canadians* (Montreal: Institute for Research on Public Policy, 2008).

²²² Central Statistics Office, *Census 2006: Non-Irish Nationals Living in Ireland* (Dublin: Central Statistics Office, June 2008).

²²³ Atelier Parisien d’Urbanisme, *La pauvreté à Paris*, January 2004, <http://www.apur.org/images/notes4pages/4P11.pdf>.

²²⁴ Fundació Caixa Catalunya – Obra Social, *Informe de la Inclusión Social en España 2008* (Barcelona: Fundació Caixa Catalunya, 2008), http://obrasocial.caixacatalunya.es/osocial/idiomes/2/fitxers/solidaritat/informe_incl08cas.pdf.

public spaces as well as people who sleep in public shelters).²²⁵ And among homeless immigrants in Spain, 59.0 percent had been in the country less than three years.²²⁶

- In Belgium in 2001, 10.2 percent of the Belgian population lived in households with incomes below 60 percent of the median income compared to 15.0 percent of European immigrant households, 29.9 percent of non-European immigrant households, 58.9 percent of Turkish-origin households, and 55.6 percent of Moroccan-origin households.²²⁷ Unemployment among immigrants was also notably higher: In 2002-2003, 7 percent of natural-born Belgians were unemployed compared to 15 percent of naturalized citizens, 10 percent of European Union immigrants, 36 percent of Turkish and Moroccan immigrants (combined), and 26 percent of other non-EU immigrants.²²⁸
- Even in the relatively generous welfare states of Denmark, Norway, and Sweden, poverty rates among children in immigrant families from developing countries are about four to six times those for native-born children; and they are about half as likely to exit from poverty.²²⁹

*Taiwan*²³⁰

As factory production shrinks, foreign workers risk loss of overtime and layoffs. Most migrants live in company-provided dorms, for which many employers deduct NT\$4,000 (US\$120) a month for room and board, which represents 23 percent of the minimum wage.²³¹ In addition, Taiwan allows the labor brokers who match most migrants with jobs to charge up to NT\$1,800 (US\$55) a month for their first year in Taiwan, NT\$1,700 (US\$50) a month during the second year, and NT\$1,500 (US\$45) a month during the third year, or about 10 percent of the Taiwanese minimum wage. However, many brokers charge migrants an additional NT\$200,000 (US\$6,000) as a placement fee, which is allowed if the migrant signs a side agreement.

Foreign workers are not obtaining the overtime work they expected, making it difficult to repay the loans they took to get jobs in Taiwan. Migrants are entitled to the minimum wage even if their hours are reduced (unless they agree to fewer hours).²³² Some factories have asked migrants to adopt 4-3 work schedules, four days of work followed by three days off.

²²⁵ Pedro Cabrera, María José Rubio, and Jaume Blasco, *¿Quién duerme en la calle? Una investigación social y ciudadana sobre las personas sin techo* (Barcelona: Fundació Caixa Catalunya, November 2008), http://obrasocial.caixacatalunya.es/osocial/idiomes/2/fitxers/solidaritat/duerme_calle08.pdf.

²²⁶ Ibid.

²²⁷ Nathalie Perrin and Bea Van Robaeys, "La pauvreté chez les personnes d'origine étrangère chiffrée : Une recherche commanditée par la Fondation Roi Baudouin," (Brussels : Centre d'Etudes de l'Ethnicité et des Migrations, n.d.), <http://www.cedem.ulg.ac.be/m/wp/30.pdf>.

²²⁸ Ibid.

²²⁹ Taryn Ann Galloway, Björn Gustafsson, Peder J. Pedersen, and Torun Österberg, "Immigrant Child Poverty in Scandinavia: A Panel Data Study," (discussion paper No. 4232, Institute for the Study of Labor, June 2009), <http://ftp.iza.org/dp4232.pdf>.

²³⁰ This section draws on "China: Recession; Taiwan, Hong Kong," *Migration News*, vol. 15, no. 3 (July 2009), http://migration.ucdavis.edu/mn/more.php?id=3534_0_3_0.

²³¹ Approximate exchange rate in August 2009, 1 US\$ = 33 NT\$.

²³² The Taiwanese government does not set a minimum hourly wage, but the *basic wage* in its Labor Standards Law establishes a minimum monthly wage. As of July 1, 2007, the basic wage is NT\$17,280. See Council of Labor Affairs, "Adjustment of Basic Wage," October 24, 2008, http://www.cla.gov.tw/cgi-bin/siteMaker/SM_theme?page=48eaf6bd.

C. Other Forms of Vulnerability

1. Increased Reliance on the Informal Economy

Unemployment, underemployment, and economic insecurity — all features of the current crisis — are strongly associated with growth in the informal, or underground, economy.²³³ Informal work serves as an economic buffer to unemployed persons and allows low-wage workers to cobble together sufficient income to subsist.²³⁴ Although data are hard to come by, the combination of hard-pressed employers and even harder-pressed workers increases the likelihood that the informal economy in the United States has grown during the recession.

2. Greater Vulnerability to Trafficking

The US Department of State cautions that the recession also has increased the vulnerability of migrants to human trafficking and to exploitation in the workplace, including involuntary servitude.²³⁵ There are two principal reasons for this concern. First, dramatically reduced opportunities at home may force persons to migrate and to take greater risks in doing so.²³⁶ Second, the economic crisis increases demand for “forced, cheap, and child labor.”²³⁷ Furthermore, cuts in social safety nets will likely reduce programs and services for trafficked persons.²³⁸

3. Increased Hostility toward Migrants

The crisis has led to increased hostility and violence against migrants. As the Migration Policy Institute cautioned in January 2009:

*[I]n the face of growing economic insecurity, immigrants become likely scapegoats. This may be particularly problematic in countries that already face integration difficulties, such as Italy, the Netherlands, Germany, and France.*²³⁹

The Centre of Migration Policy and Society has echoed this concern in the context of increased civil unrest in many countries.²⁴⁰ It has also reported on rising hostility against Polish immigrants in the United Kingdom, particularly in “small towns, places without much

²³³ Friedrich Schneider and Dominik Enste, “Shadow Economies: Size, Causes and Consequences” in *Journal of Economic Literature* XXXVIII (2000, 1): 77-114, at 82, 87.

²³⁴ Jan L. Losby, John F. Else, Marcia E. Kingslow, Elaine L. Edgcomb, Erika T. Malm, and Vivian Kao, “Informal Economy Literature Review,” (December 2002), 12, 14, http://www.kingslow-assoc.com/images/Informal_Economy_Lit_Review.pdf.

²³⁵ US Department of State, *Trafficking in Persons Report 2009*, 34-35.

²³⁶ *Ibid.*

²³⁷ *Ibid.*, 37.

²³⁸ *Ibid.*, 40.

²³⁹ Demetrios G. Papademetriou, Madeleine Sumption, and Will Somerville, *Migration and the Economic Downturn: What to Expect in the European Union* (Washington, DC: Migration Policy Institute, 2009), http://www.migrationpolicy.org/transatlantic/EU_Recession_backgrounder.pdf.

²⁴⁰ Ali Rogers with Bridget Anderson and Nick Clark, *Recession, Vulnerable Workers and Immigration: Background Report*, (Oxford, UK: Centre on Migration Policy and Society, April 2009), 5.

history of immigration and where the resources for coping with migrants are insufficient.”²⁴¹ Similarly, Amnesty International has reported on rising xenophobia as a result of diminished resources and competition for jobs, housing, and social services.²⁴²

In some countries, the economic downturn is reported to have been a contributing factor in anti-immigrant violence. In May 2008, mobs in South Africa killed 60 people, injured 600, and displaced thousands of immigrants, most of them from Zimbabwe, Mozambique, Somalia, and Ethiopia.²⁴³ In Russia, hate crimes against immigrants increased significantly in 2008, as did officially sanctioned anti-immigrant demonstrations by the youth group of the ruling United Russia party and by the nationalist Movement Against Illegal Immigration (DNPI).²⁴⁴ In the United States, the number of active hate groups has increased and these groups increasingly use animus toward immigrants as a recruitment tool.²⁴⁵

²⁴¹ Ibid., 45, citing Federation of Poles in Great Britain, www.zpwb.org.uk.

²⁴² Amnesty International, *Amnesty International Report* (2009), <http://report2009.amnesty.org/en/introduction>.

²⁴³ Peter Walker, “South African mobs hunt down immigrants,” *Guardian UK*, May 19, 2008, <http://www.guardian.co.uk/world/2008/may/19/southafrica1>.

²⁴⁴ Owen Matthews and Anna Nemtsova, “The Kremlin Vigilantes: As Anti-Immigrant Groups Grow More Violent, They Get More Explicit Support from Russian Authorities,” *Newsweek*, February 14, 2009, www.newsweek.com/id/184777.

²⁴⁵ Southern Poverty Law Center, *The Year in Hate* (Montgomery, AL: Southern Poverty Law Center, Spring 2009), <http://www.splcenter.org/intel/intelreport/article.jsp?aid=1027>; Leadership Conference for Civil Rights Education Fund, *Confronting the New Faces of Hate: Hate Crimes in America* (Washington, DC: Leadership Conference for Civil Rights Educational Fund, 2009), 18-19, http://www.civilrights.org/publications/hatecrimes/lccref_hate_crimes_report.pdf.

VII. Conclusion

Viewed from a high altitude, the story of the effects of the deepest economic contraction since the Great Depression on migration has been that the human flows most closely tied to withering labor markets — the unauthorized and, to a lesser degree, temporary migrant workers — have slowed. Less pronounced declines can be seen among migrants who move for permanent settlement through the family and even employment systems. But inflows are only half of the story we tell here. A second central story is that even now — nearly two years into the recession — return migration remains the exception and not the rule. Where it has been the exception (the United Kingdom and the A8 countries for example) it may well offer a lesson about the salutary self-regulating character of free, if regulated, movement of people.

Further, it is interesting to note that the traditional immigrant-receiving countries of the United States, Canada, and Australia, have essentially retained their comparatively liberal pre-recession admissions policies. They may have trimmed a few temporary worker slots here and a few permanent employment slots there but they have essentially stayed their historical immigration course.

At the same time, a large number of countries with struggling economies, some of which have hosted large numbers of migrant-worker populations in recent years have closed, or at least partially shut their migration doors. And some of the most provocative experiments intended to reduce the number of now unwanted foreign workers — paid voluntary return programs — appear to have had modest success at best, unable to surmount the force of immigrant networks, human investments, and unpromising home economies.

This general pattern of slowed movement may, in many ways, be seen as a testament to the often noted resilience of migrants worldwide. Though they have been particularly hard hit by recession-driven unemployment, growing poverty, and in some cases discrimination — they have, by and large, stayed put to weather the storm

Finally, we are struck by the persistence of these trends — trends that we first observed and documented in the fall of 2008. But one year out from the Lehman Brothers' collapse, changing economic forecasts raise the question whether the world is at another hinge point of history that will set in motion an accelerated flow and return migration patterns akin to those of the earliest years of the 21st century.

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Acknowledgments

This report would not be possible without the contributions of many individuals. The authors would like to express their deep appreciation to Piotr Plewa of the University of Delaware (USA), Joaquín Arango of Universidad Complutense e Instituto Universitario Ortega y Gasset (Spain), Gador Manzano of the Inter-American Development Bank (USA), Kam-Wing Chan of the University of Washington (USA), Rainer Münz of the Hamburg Institute of International Economics (Germany) and his research team, S. Irudaya Rajan of the Centre for Development Studies (India), Paula Leite of Consejo Nacional de Poblacion (Mexico), and Miguel Pajares of the University of Barcelona (Spain).

We are also grateful for valuable input from Wayne Cornelius of the University of California San Diego and his research team (USA), Elizabeth Collett of the European Policy Centre (Belgium), Mounir Rhandi of Office des Changes (Morocco), Jorgen Carling of the International Peace Research Institute (Norway), Burcu M. Diraor of the Undersecretariat of State Planning Organization (Turkey), the International Organization for Migration, Běla Hejná of the Ministry of the Interior (Czech Republic), Frontex, Spain's Ministry of Labor and Immigration, and the Organization for Economic Cooperation and Development.

Last but certainly not least, the authors thank our Migration Policy Institute colleagues Will Somerville, Madeleine Sumption, Hiroyuki Tanaka, Dovelyn Agunias, Andrew Viteritti, Natalia Banulescu-Bogdan, Kirin Kalia, Nicole Svajlenka, and Kristen Hayden for their valuable assistance.

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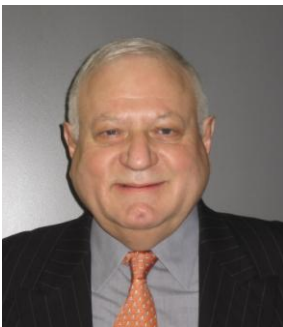
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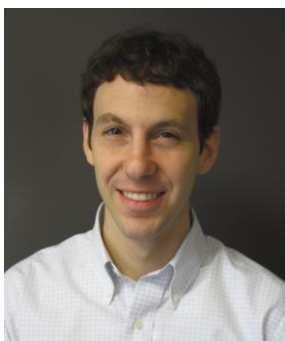
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Mr. Terrazas holds a bachelor's degree with honors from the Edmund Walsh School of Foreign Service at Georgetown University, where he majored in International Affairs and earned a certificate in Latin American Studies. He was awarded the William Manger Latin American Studies Award for his senior thesis, *The Mexican Connection: Remittances, Diaspora Engagement, Economic Development, and the Role of the State*. He also studied at the Institut d'Etudes Politiques in Paris and has completed post-graduate coursework in statistics and econometrics.



Serena Yi-Ying Lin

Serena Yi-Ying Lin is a Data/Statistical Analyst at MPI, providing quantitative research and project management support across MPI's programs and for MPI's National Center on Immigrant Integration Policy.

Before coming to MPI, Ms. Lin worked as an economist for the Division of International Labor Comparisons at the United States Bureau of Labor Statistics.

She has a master's degree in Public Policy from Georgetown University, and earned her undergraduate degree from the National Taiwan University. She has also studied at the Tokyo University of Foreign Studies.



Michelle Mittelstadt

Michelle Mittelstadt is Director of Communications and is responsible for developing and implementing MPI's strategic communications, managing the Web site and publications, and coordinating the Institute's media outreach and events.

A veteran journalist, she joined MPI after covering immigration policy, Congress, and border-related issues since the early 1990s in the Washington bureaus of The Associated Press, The Dallas Morning News, and The Houston Chronicle. She has written hundreds of articles examining US immigration policy, border and interior enforcement, and the post-9/11 legislative and executive branch changes that have altered the immigration landscape. She also covered the Departments of Justice and Homeland Security.

Prior to coming to Washington, Ms. Mittelstadt was an editor with The Associated Press in Dallas and Managing Editor of The Courier Herald in Dublin, Ga.

She holds a bachelor's degree in Journalism with a concentration in Global Studies from the University of Georgia.