



IOM International Organization for Migration

СБМ Созмони Байналмилалии Мухочират

ROUND-TABLE ON THE IMPACT OF THE GLOBAL FINANCIAL CRISIS

ON MIGRATION IN TAJIKISTAN

Dushanbe, March 13-14, 2009

CONTEXT

General

The current global financial crisis is expected to lead to a downturn in the global economy (and perhaps a deeper recession) although the depth and extent of the crisis is difficult to predict, and the impact of the crisis is likely to vary according to country, geographic region and employment sector. During economic downturns, however, migrant workers are often the first to lose their jobs and while some may well choose to return home, policies aimed at sending migrant workers home are not the solution, and could have potentially disastrous consequences for development, given the scale of remittances – expected to reach USD 283 billion to developing countries in 2008 – and the already high levels of unemployment in developing countries (In Tajikistan, according to unofficial sources, remittances in 2008 reached USD 2 billion).

Calls to reduce migration in destination countries tend to be based on the false perception that “migrants take jobs” or “compete for welfare benefits”, when in fact the majority of migrants create economic activity and jobs. Human mobility, as underscored in the IOM’s 2008 World Migration Report,¹ makes economies more dynamic and more efficient. Migration may also be a positive force in alleviating various aspects of the financial crisis and potentially make an important contribution towards overcoming the economic downturn. Trying to combat the financial crisis by simply cutting immigration may worsen situation. Nevertheless, countries of origin are likely to experience some influxes of returning migrants, which may result in economic and social instability in poorer countries. Reduced labour migration flows and increases in irregular migration and trafficking in human beings are also possible outcomes. Therefore, flexible, coherent and comprehensive migration management policies are needed to maximize the benefits of migration, protect migrants and take their needs into account in measures addressing the crisis.

Likely impact of the financial crisis on migration

The following largely negative effects have already been observed or are likely to occur:

¹ *World Migration 2008: Managing Labour Mobility in the Evolving Global Economy* (IOM, Geneva, 2008) <http://www.iom.int/jahia/Jahia/cache/offonce/pid/1674?entryId=20275>.

- Job losses, especially in construction, manufacturing, finance, services, retail and tourism sectors, thus affecting migrants
- Possible reductions in wages and poorer conditions in the workplace as companies and employers seek to make savings, as well as cuts in social services provision, impacting on migrants' quality of life and health.
- Risks of discrimination and xenophobia as migrants are mistakenly perceived as taking the jobs of local workers particularly in low-skilled sectors of the labour market.
- The return of unemployed migrants to countries of origin (or regions of origin in the case of internal migration) where they are also likely to face inferior economic conditions (e.g. high unemployment and poverty), and could affect economic and social stability. Such returns, however, are less likely to occur from those countries (e.g. European countries) where migrants (and their families) enjoy secure residence and the safety net of a strong social welfare system.
- A decline in remittance flows to developing countries as migrants lose their jobs, thus increasing poverty and exacerbating development gaps. However, the World Bank has observed that remittances are expected to remain resilient relative to many other categories of resource flows (e.g. trade, foreign direct investment) to developing countries and in 2009 are expected to fall by 0.9 per cent and, at worst, by no more than six per cent.² Migrants may also be more reluctant to send money through formal channels due to a lack of confidence in the stability of banking systems.
- Adoption of more restrictive immigration policies to protect the local labour market and in response to a demand for fewer foreign workers. For example, a reduction in the number of migrants to be admitted for employment has already been announced in some countries (Italy, U.K.) or is under discussion in others (e.g. Australia). Russian Prime Minister Putin has declared a double-folded cut of annual quotas for migrant workers in the Russian Federation (RF). In Spain, the Government has introduced financial incentives to encourage unemployed migrants to return home.
- A reduction in labour migration flows as potential migrants choose to stay home and see out the crisis there.
- An increase in irregular migration and the strengthening of the informal labour market as unemployed migrants in destination countries seek to work without authorization and as opportunities for regular labour migration decrease. An increase in trafficking in human beings is also a possibility.
- The crisis is expected to have a different impact on male and female migrant workers especially in affected sectors of the economy dominated by one gender (e.g. construction in which male migrant workers predominate).

Conversely, the following less negative effects are also possible:

² D. Ratha, S. Mohapatra and Z. Xu, "Outlook for Remittance Flows 2008-2010: Growth expected to moderate significantly, but flows to remain resilient", 11 November 2008, Migration and Development Brief No. 8, Migrant and Remittances Team, Development Prospects Group, The World Bank, http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/MD_Brief8.pdf.

- Demand for migrant workers in destination countries may remain stable in certain employment sectors, particularly where there is a structural demand for migrants, such as healthcare and domestic work (and agriculture in some countries) .
- The volume of remittances to countries of origin badly affected by the crisis may actually increase, as well as the level of investment and trade, as migrants and diasporas seek to reduce the harmful impact of the crisis at home.

The impact of the global financial crisis on migration in Tajikistan

It is estimated that in 2008 over 800,000 citizens of the Republic of Tajikistan (RT) have been working outside the country. It is also estimated that more than 90 per cent of them usually work in the RF and most of them choose economically developed regions such as Moscow, St. Petersburg, Yekaterinburg, Novosibirsk and Krasnoyarsk. Many of them migrate to the RF seasonally, and some of them stay for 1-2 years or even more before they return back to their home country. Among the defining causes of massive labour migration from Tajikistan is the socio-economic situation of the country characterized by high unemployment rates and low salaries. Unemployment is particularly high among young people and women. For example, women comprise 52% of the officially registered unemployed in Tajikistan. Average salaries in Tajikistan as of 1 November 2008 amounted to 234.27 TJS or less than USD 70.

Most of Tajik migrants originate from rural areas of the country and in general possess a low level of education. They willingly agree to occupy, legally or illegally, low-skill jobs unpopular among nationals and lack basic awareness, information concerning migration realities, and possible risks of illegal employment and residence abroad, including trafficking, exploitation, bribery, and health risks. Also due to insufficient language skills they face problems in every day interactions with the employers, local population, and the authorities. Observations also suggest that they often fail to follow the laws of the host country that regulate of the foreign workers' life and work.

Although with the introduction of the new migration legislation in the RF in the beginning of 2007 many foreign workers, including Tajik migrants, were able to legalise their status, mounting negative consequences of the ongoing global financial crisis worsened their slightly improved situation. The vulnerability of migrants became more apparent under the new circumstances, as they were the first to become redundant and lose their jobs. Even though there is no official data available on the actual number of Tajik migrants forced to return home due to the financial crisis, it can be observed that they already started to feel the negative effects of the economic downturn in the RF and Kazakhstan, particularly in the construction sector. Left without jobs many of them started to return home.

Labour migration from Tajikistan to Russia is an integral part of the global migration processes. Until the financial crisis started to affect its economy, the demand for migrant workers in the RF had a tendency to increase. It was particularly noticeable in the largest Russian cities and regions with rapidly growing economies, border areas, where migration had been booming in the first half of this decade. Migrants have filled certain economic niches and foreign workers have now become a structure-forming factor in the Russian economy, which could not function effectively without the involvement of migrants.

Despite labour migrants including those from Tajikistan mainly occupying jobs that are not popular among the local workers in the RF, the crisis has led to the dismissal or cut of foreign labour. If, on one hand it was an objective necessity, on the other hand some employers are seizing the momentum to speculate hard-

earned money of labour migrants. Under the new circumstances labour migrants became more vulnerable to various forms of exploitation, trafficking, extortion, deportation, as well as other forms of serious human suffering.

Analysts and experts in Tajikistan predicted that downturn of the construction sector in RF would reduce the flow of remittances of Tajik migrants working in this country, as well as the flow of direct foreign investments. The impact of the financial crisis has been revealed also in the form of mass return of migrants from Russia and Kazakhstan with uncertain perspectives for return in the coming years. Experts are already trying to draw conclusions from this situation. For example, while some experts in Tajikistan tend to see labour migration as a remedy to growing employment challenges in the country and suggest the diversification of migratory flows from major cities of the RF such as St. Petersburg, Moscow or Yekaterinburg to other regions of the RF in need of labour forces, other experts consider the job creation in Tajikistan itself as the best solution to the problem.

Although there is no official statistical data on the actual number of returning migrants, local media refers to a mass return of migrants, and describe the situation as alarming; the country's economy is not prepared to absorb such a big number of manpower. If not addressed, such situation may lead to social and even political tensions with unforeseeable consequences. According to government sources, every year in Tajikistan a hundred thousand vacancies appear in the internal labour market, mainly in public sector, however, this doesn't effectively solve the unemployment problem in the country. Population growth is still prevalent over this figure. In addition, new vacancies don't seem to be attractive to actual and potential labour migrants due to the low level of proposed salaries.

There is a need to establish a dialogue in Tajik society to engage all stakeholders and develop adequate policies, and measures, in order to minimize the risks of increase in return migration processes and illegal migration, as well as create favourable conditions for reintegration of returning migrants in the country. Hence, the International Organization for Migration offers to conduct a high-level roundtable on the impact of the global financial crisis on migration in Tajikistan with the involvement of representatives of concerned ministries and government agencies of the RT, economists, experts of international organisations, potential investors, donor community and other stakeholders in order to identify relevant policy responses and practical measures.

NEEDS FOR POLICY RESPONSES

On the basis of past experience with similar crises and the current economic outlook, the financial crisis is likely to have negative effects on both migrants and nationals, although these effects will differ according to country, geographic region, as well as employment sector. Considerable attention, therefore, needs to be devoted to ensure that migrants, who are particularly prone to stigmatization in such circumstances, are adequately protected from xenophobia and discrimination in the employment and social spheres.

Previous downturns in the economy at both global and regional levels (e.g. the oil crisis in the early 1970s and the 1998 Asian financial crisis) indicate that migration will continue regardless (and irregular migration may even increase) because of the continuing structural demand for labour in certain sectors of the economy and despite increases in unemployment. Such demand is partly attributable to broad demographic considerations – aging and shrinking populations in much of the industrialized world

compared to growing populations in much of the developing world - as well as to the fact that in many countries local workers either lack required skills or are reluctant to take up certain low or semi-skilled jobs. The Asian financial crisis also demonstrated that keeping markets open to migrants and migration is important to stimulating a quicker economic recovery. Given that migration, and labour migration in particular, is an integral part of today's global economic, political and social life, flexible, coherent and comprehensive policies are needed to effectively manage migration, and such policies are all the more pertinent in an economic downturn.

A strong degree of solidarity between countries of origin and destination is necessary to safeguard and continue to harness the benefits flowing from the migration and development relationship to both sets of countries as well as to migrants and their families. There is also a need to carefully monitor the impact of the financial crisis on migrants as well as in countries of origin, transit and destination, and to carry out, collect and disseminate relevant research and data in collaboration with concerned governments, international agencies, and other pertinent stakeholders.

Elements of policy responses

Considering the above, flexible, coherent and comprehensive policies are needed to ensure that:

- The rights of migrants are effectively protected, for example in terms of their working and living conditions and in the event of loss of employment.
- Measures to facilitate remittance flows through lowering transaction costs as well as public and private sectors initiatives to encourage the productive use of remittances be promoted in both countries of destination and origin to counter potential declines, and also protect the families of migrants.
- Migrants are not stigmatized for job losses that occur and are protected from discrimination and xenophobia – this also calls for measures to inform the general population and raise awareness in destination countries about the valuable economic and social contributions made by migrants.
- Regular labour migration channels remain open with a view to meeting any continuing demand for migrant workers thus helping to prevent irregular migration and trafficking in human beings.
- Measures are adopted to assist with the repatriation, reception and reintegration of returning migrants.
- The consensus achieved between countries of destination and origin is not weakened as a result of the financial crisis. For example, measures could be taken to increase development assistance contributing to the creation of conditions (e.g. poverty reduction, job creation) that limit the precipitation of irregular movements and related abuses – the objective is to ensure that migration remains a matter of choice.
- Labour mobility and the interests and needs of migrants are fully factored into any remedial measures proposed to address the crisis.
- The impact of the financial crisis on migrants is carefully monitored.

GOALS AND OBJECTIVES OF THE ROUND TABLE

The overall goal of this round table is to support the Government of Tajikistan (GoT) in developing proactive policies and practical measures for minimizing the risks of possible negative consequences of the global financial crisis on migration processes in Tajikistan and maximizing the use of development potentials of migration. The round table will bring together policy makers and experts from concerned government structures, national and international migration experts and practitioners, economists, representatives of civil society and private sector organizations, international organizations and donor community to discuss the situation in Tajikistan with a focus on labour migration from the country under the new circumstances in the region stipulated by the global financial crisis and establish a dialog among all stakeholders concerned with regulation of migration processes in the country.

More specifically, the round table will:

- a) Offer a forum to all interested parties including concerned government authorities, civil society, public and private organizations, international and donor community for open discussions and exchange of views on migration situation in Tajikistan under the new circumstances set by the ongoing financial crisis and economic downturns in traditional destination countries of Tajik migrants;
- b) Enable concerned government authorities and policy makers to better identify potential risks arising from the global financial crisis for wellbeing of migrants and their families and develop adequate policies in response to growing challenges of labour migration from the country, and consequently, to better promote and protect the rights of migrants in terms of their working and living conditions in the event of loss of employment;
- c) Broaden the perspectives of concerned government authorities in regard to development potentials of migration in order to enable them to develop and promote practical measures for a productive and targeted use of remittances for the economic development of the country as well as protection of the families of migrants;
- d) Elaborate recommendations to the GoT as well as other interested parties on:
 - a. Measures for minimizing and preventing potential negative impact of the financial crisis in Tajik migrants' destination countries on wellbeing of migrants and their families and protection of their rights;
 - b. Creation of favourable conditions for reintegration of returning migrants in Tajikistan through expansion of employment opportunities with due consideration of the real situation of the internal labour market;
 - c. Measures for preventing the possible increase of irregular migration under the new circumstances through promotion of bi and multilateral cooperation between the Republic of Tajikistan and transit and destination countries of Tajik migrants as well as through raising the awareness of potential labour migrants on the risks of irregular migration.
- e) Ensure that recommendations developed during the round table are integrated into relevant policies and measures developed by the GoT for overcoming the consequences of the global financial crisis in Tajikistan.

DESCRIPTION OF THE ROUND TABLE

This two-day round table will be organized and facilitated by IOM and Inter-ministerial Commission for Regulation of Migration Processes in Tajikistan under the GoT (IMCRMP), in coordination with OSCE, UNDP, ILO, Embassy of Germany in Tajikistan and other interested parties. It will be highly interactive with support materials, and full simultaneous translation will be provided in Tajik, English and Russian languages.

Presenters will be drawn from concerned government agencies, IOM, independent experts, and other relevant agencies, as the round table content determines. To ensure the effectiveness of the event, IOM will undertake extensive consultations with all interested parties to identify most relevant presenters and participants from the GoT, civil society, and public and private organizations. Presentations will range from corporate to national, regional, and international focus.

The participants will have an opportunity to familiarize themselves with past global and regional experiences with similar crises and the current economic outlook. Focus will be put on the impact of similar financial and economic declines on migration processes in affected countries in the past. Structured opportunities will then be provided to the participants to better identify and focus on priorities of their interests. Priority areas will be identified during plenary sessions. Participants will be divided into several groups according to identified areas in order to ensure a focused discussion on policy, legislation, procedural, and operational issues in specified areas.

Findings, suggestions, and recommendations of the groups will be presented to and discussed at the final plenary session. All recommendations will then be compiled in a report, submitted to the GoT and shared also with all participating in the round-table, involved agencies, and other stakeholders. IOM and IMCRMP will closely follow-up on approval and practical implementation of the round-table recommendations by the GoT.

Details of the Round Table:

Date:	March 13-14, 2009
Location:	Dushanbe, Tajikistan
Host:	IOM Mission in Tajikistan and Inter-Ministerial Commission for Regulation of Migration Processes in Tajikistan
Participants:	Government of the Republic of Tajikistan, Parliament of Tajikistan, Ministries of Internal Affairs, Labor and Social Protection and other concerned Ministries, NGOs, Association of Private Employment Agencies, OSCE, UNCP, ILO, WB, other International Organizations, and national and international experts.