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ANALYSIS

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# THE GLOBAL FINANCIAL CRISIS AND INTERNATIONAL MIGRATION: POLICY IMPLICATIONS FOR AUSTRALIA

## EXECUTIVE SUMMARY

*Given the integration of international migration into the global economy, it is unsurprising that shocks to the economic system such as the current global financial crisis will affect migration. These impacts can be expected to have ramifications for countries such as Australia, where migration makes such a significant contribution. The challenge is to discern exactly what these impacts are, and how national policy should most appropriately respond.*

*Globally the main impacts of the global financial crisis on international migration to date include: restrictions on new admissions of migrant workers and non-renewal of work permits; a reduction in employment, working and living conditions for migrant workers; large-scale returns of migrant workers; a reduction in migrant remittances; reductions in irregular migration flows combined with increases in irregular migration stocks; reduced overseas student recruitment; and uncertainty about funding commitments and resettlement quotas for humanitarian migrants. Although historical experience tells us that migration trends are resilient and will rebound, these impacts have significant ramifications for Australia, its main trading partners, and its immediate neighbourhood in Southeast Asia.*

*Australia should respond by: prioritising migration issues in responding to the global financial crisis; ensuring that admission and work permit policies are based on sound economic evidence; maintaining a consistent migration policy; protecting migrant workers from deteriorating conditions and exploitation at work and from xenophobia; and stepping up international cooperation on migration.*

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## THE GLOBAL FINANCIAL CRISIS AND INTERNATIONAL MIGRATION

**Why international migration matters for the global economy and for Australia**

International migration is an integral part of the global economy. Growing disparities in development, the global jobs crisis, the segmentation of labour markets, revolutions in transportation and communications, and a burgeoning migration industry combine to explain why there is an unprecedented number of migrants in the world today – over 200 million, or the equivalent of the population of the fourth most populous country on earth, Indonesia.<sup>1</sup>

There are about 86 million migrant workers worldwide, remitting over USD\$200 billion each year. The value of remittances is at least double the amount of official development assistance transferred to poor countries, and they account for as much as 40 per cent of Gross Domestic Product (GDP) in the Philippines and ten per cent in Bangladesh, for example.<sup>2</sup> The net annual contribution of migrant labour to the global economy is estimated to be hundreds of billions of US dollars. A scarcity of highly skilled workers has created a global competition for talent.<sup>3</sup> Student migration has also expanded rapidly – according to the Organisation for Economic Co-operation and Development (OECD), the number of overseas students registered worldwide in 2006 was 2.7 million.<sup>4</sup> At the

opposite end of the skills ladder, countries such as the Philippines have built an export industry on emigration (2,000 nurses are exported from the Philippines every day), demand continues to grow for low-skilled workers within increasingly segmented economies, and in many countries entire economic sectors such as agriculture, extractive industries, manufacturing and domestic services depend on migrant labour.

The flipside has been the ‘brain drain’, the flight of highly-skilled expatriates – which has left the health and education sectors severely depleted of human capital across sub-Saharan Africa (there are currently more Malawian doctors practising in Manchester in England than in Malawi) – and the growth of the illegitimate end of the migration industry comprising migrant smuggling and human trafficking. It is estimated that about one million people are trafficked worldwide each year, and almost certainly even more are smuggled; migrant smuggling and human trafficking are multi-billion dollar businesses.<sup>5</sup>

The impact of migration on national economies is well illustrated in Australia, where one in four of the current population was born overseas. There are around four million international migrants in Australia, making it the eleventh-largest host country for migrants in the world.<sup>6</sup> Two-thirds of the 158,410

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permanent migrants admitted to Australia in the financial year 2007-08 were in the skilled migrant stream (there are a further 500,000 temporary migrants, most of whom have the right to work).<sup>7</sup> Speaking in 2008 the Minister for Immigration and Citizenship, Senator Chris Evans, estimated that the net fiscal benefits of the 2007-08 migration programme would be A\$610 million in the first year, rising to A\$965 million in year two.

Student migration is also big business in Australia, where education is the third-biggest export industry (behind coal and iron ore). With less than one per cent of the world's population, Australia enrolls 7.5 per cent of the world's foreign students. Between 2007 and 2008, 278,184 visas were issued to foreign students, of whom Chinese students alone accounted for almost 25 per cent (India was the second most important source of overseas students in Australia). Australian universities rely on international student fees for about 15 per cent of their funding. The total value of overseas students to the Australian economy was estimated at A\$26.7 billion per year by the Australian Council for Private Education and Training in 2009, and international student activity is estimated to have contributed 122,000 full-time equivalent employees to the economy between 2007 and 2008.<sup>8</sup> In 2006 the Australian Government also expanded its Working Holiday Maker programme to admit

130,000 foreign workers, mainly to address labour shortages in agriculture and other primary industries, as well as in regional Australia.<sup>9</sup>

At the same time, there has been an upsurge in the arrival of irregular migrants in Australia in the last year, coinciding with changes to the previous Government's immigration policies. Twenty-eight boats have either landed or been intercepted since August 2008 (boat arrivals attract much of the political attention although significantly more irregular migrants arrive by plane). Sources in Afghanistan report that the current rate for smuggling from Afghanistan to Australia is around US\$10,000, although costs vary according to the number of people being smuggled, the means of transport, and the route taken. The 2009-10 Budget has allocated A\$654 million over six years for combating migrant smuggling, partly in response to a recent spike in boat arrivals on Australian shores. The Government also decided in this year's Budget to appoint a full-time Ambassador for People Smuggling Issues.<sup>10</sup>

Given the integration of international migration in the global economy, it is unsurprising that shocks to the global economic system such as the current global financial crisis will affect migration. These impacts can be expected in turn to have economic ramifications for countries such as Australia, where migration

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makes such a significant contribution. The challenge is to discern exactly what these impacts are, and how national policy should most appropriately respond.

**The global financial crisis and international migration: the evidence so far**

The global financial crisis, which began in the second half of 2008, has led to a significant downturn in the global economy. The crisis has evolved through three phases, from a crisis of the financial markets, to a crisis of the real economy, to an employment crisis. Many analysts predict that the next phase will be a public debt crisis. The International Monetary Fund (IMF) expects the global economy to shrink by 1.3 per cent in 2009<sup>11</sup> – an estimate which many analysts believe is over-optimistic. The World Trade Organization (WTO) is predicting an unprecedented nine per cent reduction in the volume of global trade in 2009.<sup>12</sup> The International Labour Organization (ILO) has forecast that over 20 million people will lose their jobs in 2009.<sup>13</sup> The least developed countries have been particularly hard hit: in sub-Saharan Africa, for example, the value of exports has halved between 2008 and 2009.

Australia is the only major advanced economy that is not yet in recession. While Gross

Domestic Product (GDP) shrank by 0.6 per cent in the fourth quarter of 2008, it grew by 0.4 per cent for the first quarter of 2009 (recession is usually defined as two straight quarters of economic contraction).<sup>14</sup> According to the IMF, the government's A\$42 billion stimulus package, including cash handouts and infrastructure spending, has boosted growth. The IMF has revised its forecast to predict a decline in real GDP of 0.5 per cent in 2009, followed by an increase of 1.5 per cent in 2010, although it maintains that the risk of Australia's entering recession is still significant, and that Australia may recover from the economic downturn more slowly than other advanced economies.<sup>15</sup>

Four of Australia's five main trading partners are now in recession (Japan, the United States, South Korea and the UK). Economic growth in its second most important trading partner, China, declined from 11.9 per cent in 2007 to 9.5 per cent in 2008 and is predicted by the Asian Development Bank (ADB) to fall further to 8.2 per cent in 2009. And Australia's neighbourhood has also been hard hit by the crisis. Southeast Asia's spectacular economic growth in the last decade has largely been based on an export-led economy, and recession in the United States in particular has impacted exports significantly. While there are important national variations (economic growth in Indonesia is reduced but still robust at about

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four per cent whereas in Malaysia GDP is forecast not to grow in 2009), significant increases in unemployment, poverty, and infant and child mortality have been forecast for member states of the Association of Southeast Asian Nations (ASEAN) as a whole.

The effects of the global financial crisis have had a discernible impact on international migration patterns, trends and policies worldwide, including in Australia and its neighbourhood. There is still a shortage of empirical data, in part because the impacts are complex and vary across economic sectors, migrant types, countries and regions, and in part because there is always a time-lag for data on migration and remittances.<sup>16</sup> Nevertheless the following impacts can be observed:

*Restrictions on new admissions of migrant workers and non-renewal of work permits*

A stop on all new entries of foreign workers has been put in place in a number of countries, in particular in Asia.<sup>17</sup> In January 2009 the Malaysian authorities stopped issuing work permits in the manufacturing and services sectors, while from February 2009 the Republic of Korea stopped issuing new visas to temporary migrant workers. The Government of Thailand has announced that it will not issue new work permits — the number of Cambodian workers entering Thailand has

dropped by ten per cent in the last six months — or renew the work permits of about half a million foreign workers. In Malaysia the duration of many short-term work permits has been arbitrarily reduced from six months to three months. In Kazakhstan the authorities imposed a moratorium on the admission of less-skilled workers from 1 April 2009. Other countries have reduced but not halted their admission of migrants for employment: Italy and the Russian Federation have reduced their quota numbers of the admission of foreign workers in 2009; and the UK is raising academic and financial requirements for migrants applying to enter the country.

In Australia the government has decided to reduce the intake of skilled foreign workers for the first time in a decade. The critical occupation shortage list has been cut, leaving only health occupations, engineering and information technology skills as ‘needed skills’. The skilled immigration intake for 2009-10 will be cut to 108,100, from 133,500 in 2008-09. Quotas for working holiday-makers are also under review.<sup>18</sup>

*Employment, working and living conditions*

Significant job losses for migrant workers have been recorded around the world, especially in employment sectors that are most sensitive to economic cycles, such as construction,

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manufacturing, financial services, retail, travel and tourism.<sup>19</sup> Unemployment rates for foreign nationals have increased in the Russian Federation, Spain, Taiwan, the UK and the United States. In Malaysia and Singapore labour market policies have been put in place to encourage employers to retrench migrant workers first and to replace them with unemployed nationals. There have been reports from the Russian Federation, Malaysia and Singapore of reductions in wages or non-payment of wages for foreign workers. More generally, deteriorating working conditions — such as a reduction in working days or the availability of overtime — are apparently affecting migrant workers disproportionately, as they are often in the weakest bargaining position, for example as temporary contractual workers. Sporadic instances of discrimination against migrant workers and a rise in xenophobia have also been recorded, in Malaysia, Russia, Singapore, Spain, and the UK.

In Australia record recent migrant arrivals in a fast-shrinking job market have been described as leading to ‘highly combustible’ conditions in regional areas, where many new arrivals had settled.<sup>20</sup> The recent migration boom has also been suggested by the IMF to have exacerbated Australia’s rental crisis, in particular in New South Wales.<sup>21</sup>

*Return and reintegration*

Large-scale returns of unemployed workers have been reported, particularly from the Gulf States (especially Dubai) to India largely as a result of the suspension of US\$582 billion worth of infrastructure projects. An estimated 45 per cent of all construction workers (almost all foreign workers from South Asia) will be laid off in the United Arab Emirates in 2009.<sup>22</sup> Significant returns have also taken place from Malaysia to Indonesia, further swelling unemployment figures of 9.4 million. Some European governments, for example in the Czech Republic and Spain, have introduced financial incentives to encourage unemployed migrants to return home.<sup>23</sup> In the Czech Republic government policy has targeted migrant workers in the construction sector, while in Spain it has focused on migrants from non-EU countries with bilateral social security agreements with Spain. There is also evidence of the accelerated deportation of irregular migrants from Malaysia. The Governments of the Philippines, Bangladesh, and Sri Lanka have all introduced assistance packages to support returning migrants.

*Remittances and development impacts*

For the first time in at least twenty years, the World Bank has predicted a decline in remittances flows for 2009, at best by 0.9 per

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cent and at worst by six per cent (as compared with a growth rate of 6.7 per cent in 2008).<sup>24</sup> In addition, changes in exchange rates affecting currencies in significant destination countries (for example the US dollar, Pound Sterling, and the Russian Ruble) are decreasing the value of remittances for families at home even where their volume remains constant. Declines in remittances have been reported in Morocco, the Philippines and Sri Lanka. In Indonesia it has been predicted that remittances may halve from US\$6 billion to US\$3 billion in 2009. Across sub-Saharan Africa, the region of the world most dependent on remittances (household incomes in Somaliland are doubled each year by remittances), an average reduction in remittances of 4.4 per cent has been reported during the first six months of 2009. It has also been predicted that migrants may be less willing to send money through formal channels because of a lack of confidence in the stability of banking systems, raising security concerns about the inability to monitor informal remittance channels.

*Irregular migration*

There is some evidence of a reduction in the flow of irregular migrants, as potential migrants realise that job opportunities are scarce. A significant reduction in irregular flows from Mexico to the United States was reported at the beginning of 2009.<sup>25</sup> Some

analysts, however, are predicting an increase in irregular migration in the medium term if informal labour markets expand as employers seek to make savings and if unemployment increases and living conditions deteriorate in the least developed countries.

Speaking to the March 2009 Bali Regional Ministerial Conference, Australian Foreign Minister Stephen Smith suggested that: 'The severe downturn in the world economy will push more migrants into the hands of people traffickers as they seek better lives abroad', raising concerns about increasing irregular migration within the region and to Australia. A recent report suggests that Indonesian authorities are braced for a large influx of boat people from Malaysia, many intending to transit to Australia.<sup>26</sup>

While the impact of the global financial crisis on irregular migration flows remains unclear, the existing evidence is that stocks of irregular migrants are increasing, as unemployed migrants remain in destination countries and seek to work without authorisation, rather than return home to unemployment and the risk of not being granted a visa to come back again. It has been estimated that hundreds of thousands of Tajiks are in this situation in the Russian Federation.

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*Student migration*

Global statistics are not yet available for overseas student enrolment in either 2008 or 2009, but Higher Education Councils (or their equivalents) in Australia, the UK and the United States have all made public statements predicting a reduction in enrolments. Statistics for December 2008 demonstrated an increase in overseas student enrolment of over 20 per cent in Australia, with the total exceeding 500,000 for the first time in a calendar year. Data are not yet available for the February/March 2009 enrolment period, but the research director of the Australian Council for Educational Research, Phillip McKenzie, has warned of the potential for a significant slowdown in recruitment in 2009 and 2010.<sup>27</sup> Recent stock market turmoil has reduced the value of individuals' savings in some of the key sending countries for international students, making them more likely to choose educational institutions closer to home. China's Shanghai Composite Index fell 66 per cent in the year to October 2008, and India's main index fell 43 per cent over the same period.<sup>28</sup> Even if overseas student numbers remain robust, some analysts predict that parents will stop buying apartments for their children, thus impacting the housing market in Australia.

*Refugees*

The number of people of concern to the Office of the UN High Commissioner for Refugees (UNHCR) has increased significantly in the last year to over 42 million people. It is very hard to establish a causal relationship between the effects of the global financial crisis and the root causes for refugee movements. The High Commissioner is, however, concerned that donations to UNHCR will be reduced at the November 2009 pledging conference, while the UN Emergency Relief Coordinator has predicted an overall reduction in humanitarian funding in 2009 and 2010. Both results would have significant implications for humanitarian operations and long-term development projects including refugee return and reintegration, with possible implications for secondary refugee movements.

Against these predictions, however, the 2009-10 Budget in Australia has increased the core contribution to UNHCR from A\$9.9 million in 2008-09 to A\$14.3 million for 2009-10; and Australia's total aid budget has also increased by 5.6 per cent to A\$3.8 billion. A small increase was also announced in the numbers to be admitted through Australia's Refugee and Humanitarian Program to a total of 13,750 for 2009-10.

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**The global financial crisis and international migration: what next?**

It is very hard to forecast the extent to which the international migration trends currently being observed will continue in the next year or two. One reason is that the depth and length of the global financial crisis is still not fully appreciated: while the global economy is generally predicted to begin to rebound in 2010, the consequences of the crisis on the least developed countries in the world are expected to be much longer-lasting. In addition it is too soon to make an objective assessment of the effectiveness of the migration policies that have already been introduced in certain countries in response to the global financial crisis, or of the impact of wider policies (such as stimulus packages) on migrants and migration.

In looking to the future, there is some value in reviewing international migration trends during and after previous financial crises, including the Great Depression which started in 1929, the Oil Crisis of 1973, the Asian financial crisis of 1997-98, the Russian financial crisis (also called the 'Ruble crisis') of 1998 and the Latin American financial crisis from 1998-2002.<sup>29</sup> There is a limit, however, to which the current global financial crisis is comparable to earlier crises. While all of those earlier crises had global ramifications, their impact was most

keenly observed at the regional level. During earlier recessions one region tended to benefit economically at the expense of another, thus allowing migrants to shift to alternative destinations. In contrast the current crisis takes place in a world more interconnected than ever before, and is affecting every part of the world, importantly including the oil-rich states. In addition, while the crises of the 1990s came at the end of a decade of substantial economic growth, expansion and poverty reduction in the affected regions, the current crisis has compounded the effects of rising food prices and unstable commodity exports for developing countries. These reservations notwithstanding, the following observations can be made of migration trends during and after these earlier financial crises:

*Migration impacts have been significant during financial crises, but not for the reasons expected at the time*

Previous crises did not result in lasting changes in migration flows or massive unemployment among migrant workers.<sup>30</sup> Instead the significance in destination countries was the potential for the growth of irregular migration, migrant smuggling and human trafficking; the potential for social unrest and rising xenophobia; and the impacts on economic competitiveness. In origin countries the significance concerned development impacts,

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especially on national employment levels and remittances.

*Migration trends are resilient even during financial crises*

One of the questions being asked by policy-makers today is the extent to which the global financial crisis will have long-term consequences for migration. The lesson from the past is that this depends on how severe and protracted the crisis will be. Of earlier crises, for example, the Great Depression and the Oil Crisis of 1973 had more lasting impacts than the crises in Asia, Russia, or Latin America in the 1990s. The latter crises were relatively short-lived, and migration trends quickly recovered to pre-crisis levels and patterns, as did remittances flows. As an example, while overseas student numbers in Australia reduced significantly during the Asian financial crisis, they had rebounded to new highs by the year 2000.

Even in the case of the more major crises, however, migration rebounded in the longer term, albeit in new global configurations. Labour migration to Europe resumed in the aftermath of the Second World War. The recession following the Oil Crisis triggered the development by large corporations of strategies of capital export, contributing to the development of a 'new international division of

labour' during which production processes were relocated from developed countries to developing countries in Asia. This process led to the emergence of new industrial centres especially in Asia, and new flows of labour migration within those regions. New labour migration in Asia therefore made up for the reduction of labour flows in Europe after the Oil Crisis.<sup>31</sup>

One reason for the resilience of migration trends, best learned from the experience of the Asian financial crisis, is that in many economies there is a structural dependency on migrant workers. This supports the conclusion that unemployment does not appear to have affected migrant workers disproportionately during previous crises.<sup>32</sup>

*Financial crises have an impact on migration and development through a reduction in remittances, the acceleration of the 'brain drain', and where large-scale returns occur*

An acceleration of the 'brain drain' was one outcome of the Russian and Latin American financial crises. The loss to certain migrant-receiving countries in the developing world of highly-skilled expatriates (for example Indonesia during the Asian financial crisis) had long-term implications for economic competitiveness. There is some evidence that in several Asian and Latin American countries

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remittances reduced during financial crises there, although they rebounded relatively quickly. In the Philippines the Asian financial crisis disrupted the export of workers and prospective remittances flows. Large-scale returns to Thailand, Indonesia, and Bangladesh also significantly increased unemployment rates there.<sup>33</sup>

*Financial crises do not necessarily result in an increase in irregular migration flows, but are usually associated with an increase in irregular migrant stocks*

There is no clear evidence for a growth in irregular migration as a result of previous crises. Only in the case of the Russian financial crisis was rising irregular migration recorded, but counter-intuitively this was irregular migration to Russia rather than from Russia.<sup>34</sup> There is stronger evidence, especially from the Asian financial crisis, for an increase in irregular migrant stocks, as migrant workers who were laid off chose to remain without authorisation rather than return home. At the same time government policies have normally specifically targeted irregular migrants during periods of financial crisis, which may mitigate the trend towards growing irregular stocks.

### **The global financial crisis and international migration: policy implications for Australia**

While Australia has not technically entered recession, the global financial crisis has affected unemployment rates, the housing market, and trade balances. 'Highly combustible' conditions are reported as linkages are made between rising unemployment rates among nationals, the rental crisis, and high levels of immigration. The government has reduced its quota for skilled migrants for 2009-10 and is reviewing quotas for less-skilled migrant flows and seasonal workers but has maintained its commitment to overseas development assistance and to refugee resettlement quotas. Enrolment by overseas students may decline in the next year. And there has been a spike in boat arrivals during the period of the global financial crisis, although any causal relationship is hard to demonstrate and policy changes could also be a factor.

Australia's neighbourhood has been affected much more directly by the global financial crisis, with rising unemployment and poverty forecast across most of the ASEAN countries. This will be exacerbated by a reduction in remittances, the return of a significant number of overseas workers, and possibly a 'brain drain' of the best educated and most skilled.

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Desperation may lead to an increase in irregular migration in the region, with implications for Australia. The 2009-10 Budget in Australia has dedicated considerable resources to combating migrant smuggling.

It is hard to predict how long or deep the global financial crisis will be, but there are indications that it has affected Australia relatively late and that Australia may recover later than most other advanced economies, albeit quicker than neighbouring ASEAN states. It is equally hard to predict how profound the migration impacts of the global financial crisis will be either globally or regionally, but the evidence from previous financial crises suggests that migration trends are resilient and will rebound.

What are the policy implications for Australia?

***Australia should prioritise migration issues in responding to the global financial crisis***

Given uncertainties about the length and depth of the global financial crisis, a lack of systematic evidence on its impact on international migration, and that it is too soon to make an objective assessment of the effectiveness of the migration policies that have already been introduced in response to the global financial crisis, it would be an understandable reaction to de-prioritise

migration in planning policy responses to the crisis. This would be a mistake in a country like Australia where the migrant population is so significant, and makes such a substantial contribution to the national economy. Significant migrant worker unemployment could reverse the positive net fiscal impact of migration in Australia. A reduction in overseas student recruitment would significantly harm university revenues and have wider economic effects in the housing market and on job creation. Australia cannot afford a lasting setback in the global competition for talent and needs to continue to attract highly-skilled migrants. An increase in boat arrivals is one possible outcome of the negative impacts of the global financial crisis in neighbouring Southeast Asian states and even further afield. Large-scale return migration and reducing remittances could destabilise economies in the Asia-Pacific region and affect Australian trade, aid and security. In a recession, migration is likely to become a political touchstone issue, and may become the focus for social unrest and rising xenophobia.

***Admission and work permit policies should be based on sound economic evidence***

Governments across the advanced economies, not just Australia, are coming under political pressure to respond to the global financial crisis through admission and work permit policies,

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especially in order to reduce competition with native workers in the labour market. The lesson from policy responses during earlier crises is that this pressure should be resisted, or at least that governments should also make policy decisions based on sound economic evidence on the labour market. The most dramatic example comes from Malaysia between 1997-98, where the government was forced to reverse decisions to lay off, redeploy, and repatriate 120,000 migrant workers in the face of new labour market shortages and lobbying from the business sector.

Part of the problem is that the impact of financial crises on labour markets is complex and unpredictable, and it can take some time for a clear picture of labour market requirements to emerge. Governments, in contrast, are under pressure to respond immediately (as Canberra has). In this regard the Australian Industry Group, which represents 10,000 employers, and the Australian Chamber of Commerce and Industry, as well as a number of Australian academics and commentators, have questioned the decision of the Government to reduce the skilled migrant intake, suggesting that the decision may cost local jobs, result in skills shortages, and have a lasting impact on future economic growth.

*Consistency is important in migration policy*

One of the risks when governments are under competing short-term and long-term pressures to make policy is that policy-making becomes inconsistent, with short-term interventions overturned as longer-term impacts become apparent. For example, employers will be less concerned about violating laws in employing those without proper work permits if the government frequently changes its mind as to the occupations or sectors in which foreigners will be allowed employment. The future of the Pacific Seasonal Workers pilot project, for example, will be an important agenda item at the Pacific Island Forum in Cairns later this year.

Consistency is also important for Australian policy towards highly-skilled migrants and students. A short-term reduction in either is unlikely to have lasting ramifications, and history shows us that trends in both sectors rebound quickly. But in an increasingly ferocious global competition for talent, with increasing numbers of countries seeking to attract overseas students, and given the possibility that the Australian economy may recover from the economic downturn later than other advanced economies, Australia cannot afford to be out of the market for too long. It may be necessary to expand the skilled migrant quota even before the end of a recession, and to

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offer new incentives to potential overseas students, to maintain competitiveness. Although there is no evidence for a link with the global financial crisis, the recent spate of assaults on Indian students in Australia demonstrates the volatility of the overseas student market. In an effort to try to maintain inflows of Indian students, a senior delegation of the Australian government will visit India, an international student conference is being planned in Canberra in September, states will be asked to provide better protection for overseas students, and universities will be told to raise standards of accommodation for them.<sup>35</sup>

*Migrant workers require protection from deteriorating conditions and exploitation at work and from xenophobia*

There is no evidence from Australia so far that migrant workers are disproportionately losing their jobs, although there are indications that seasonal workers may be hard hit. The evidence from earlier financial crises nevertheless suggests that migrant workers still require particular attention. Those who have lost their jobs during previous crises have been found to face difficulties in gaining back-pay and other social benefits owed them by their employers. For those who retain their jobs there has been evidence of deteriorating working conditions and exploitation. More generally migrants have

experienced increasing surveillance by the authorities and the effects of rising xenophobia.<sup>36</sup> Enhanced efforts are required, especially in regional Australia and at the local level, to protect the right to accrued wages, to monitor employment agencies, to reinforce the rights of migrant workers, and to combat racism and xenophobia.<sup>37</sup>

*International cooperation on migration is essential*

Even if Australia does not enter recession, it is susceptible to the effects of the global financial crisis both on its trading partners and within its neighbourhood. An increase in irregular migration towards Australia is one possible outcome of the impact of the crisis on ASEAN countries, especially Malaysia, although the crisis is more likely to be an exacerbating factor than a direct cause.

Unilateral policies to combat irregular migration rarely work in the long term, and cooperation with regional origin and transit countries will be essential if efforts to reduce migrant smuggling towards Australia are to be effective. Australia is a member of three migration-related Regional Consultative Processes (RCPs): the Intergovernmental Asia-Pacific Consultations on Refugees, Displaced Persons, and Migrants (APC), the Intergovernmental Consultations on Migration,

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Asylum and Refugees (IGC) and the Bali Ministerial Conference on Migrant Smuggling, Trafficking in Persons, and Related Transnational Crime (the Bali Process, of which Australia is co-chair). These provide a forum for information exchange on a number of variables that might indicate an increase in smuggling activity, including a sudden rise in visa applications (and rejections); and greater activity among migration agents and middlemen. They also provide an appropriate context for Australian contributions towards training and capacity-building for the civil service, police, military, and border authorities in target countries. Outside the RCP context, the continuation of development and humanitarian assistance from Australia for Southeast Asian countries most affected by the global financial crisis, the reduction in remittances, and the return of migrant workers, will be essential to address the root causes of irregular migration.

Beyond its immediate region, the Australian Government has set an important benchmark for other major refugee resettlement countries (principally the United States and Canada) in extending its refugee resettlement quota despite the economic downturn, and for other major donors by maintaining the level of its donations to UNHCR. In terms of encouraging global burden-sharing it will be important that

Australia does not waver from these principled approaches.

*The impacts of the global financial crisis on international migration in Australia should be monitored*

Data collection and research are particularly important in three areas.

The first is on changes in the fiscal and labour market effects of migrant workers in Australia during the period of the downturn. Second, a comprehensive evaluation of the labour market impact of new migration policies, and in particular the reduction in skilled migrant quotas, will also be required. Finally, an assessment of the impact of the Government's economic stimulus package for migrants and migration should be undertaken.

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