



Second Committee Special Event

Panel discussion on “Impact of the Financial Crisis on Employment, Migration, Trade and Debt”

Thursday, 29 October 2009

3:00 p.m. – 6:00 p.m.

Conference Room 4

Provisional Programme

3:00 p.m. **Opening Session**

Welcome Remarks by **H.E. Ambassador Park In-kook**, Chairperson of the Second Committee of the United Nations General Assembly

3.05 p.m. **Panel Discussion**

Panelists:

Mr. Juan Somavia, Director-General, International Labour Organization

Ms. Laura Thompson, Deputy Director-General, International Organization for Migration

Mr. Supachai Panitchpakdi, Secretary-General, United Nations Conference on Trade and Development

[Ms. Alicia Bárcena](#), Executive Secretary, United Nations Economic Commission for Latin America and the Caribbean

Mr. Andrew Steer, Director General for Policy and Research, Department for International Development (DFID), United Kingdom

4:45 p.m. **Interactive Discussion**

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Concept Note

The effects of the global economic crisis have been transmitted to developing countries through a variety of channels, including collapsing trade, volatile commodity prices, capital flow reversal and increased borrowing costs, declining migrant remittances and stress on official development assistance. The resultant economic slowdown and higher unemployment and underemployment threaten to seriously undermine recent economic and social gains in many developing countries. While the global economy shows tentative signs of recovery, substantial uncertainty remains and unemployment continues to rise globally.

Persisting higher unemployment and underemployment rates may be expected to generate further setbacks in poverty reduction, the fight against hunger and creating employment on the basis of decent work. There is an urgent need to strengthen social protection in developing and developed countries, particularly for the most vulnerable. Most countries will need to achieve strong growth acceleration during the period 2011-2015 to offset the loss of jobs. In this context, the Global Jobs Pact provides an internationally agreed set of policy options designed to reduce the time lag between economic recovery and employment recovery and is a call for coordinated worldwide action.

With rising unemployment, remittance flows to developing countries, which tended to be counter-cyclical, are at risk and have declined. The adverse impact on small countries, both middle- and low-income countries, is particularly strong as remittances can account for more than 20 per cent of GDP. Many

The successful conclusion of the Doha Round in 2010 is imperative for trade to fulfill its role as an engine of development.

With developing country external payments and fiscal balances under stress, debt levels of Heavily Indebted Poor Countries (HIPC), including those that have benefited from debt relief initiatives, are rising quickly. A number of debt relief measures have been proposed, including suggestions for a debt moratorium for low income countries at no cost or a one-time special allocation of special drawing rights for low income countries to meet their financing shortfall. The G-20, at its summit in London, and the Development Committee at its last meeting called for improving the flexibility of the Debt

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SUMMARY

Opening of the meeting

1. The meeting was opened by H.E. Mr. Park In-kook, Chairperson of the Second Committee. Ambassador Park welcomed the speakers and the delegates to the panel discussion. He also made introductory remarks that highlighted the key impact of the financial crisis on employment, migration, trade and debt and posed a number of possible questions for consideration. The concept note of the panel discussion and panelist presentations, where available, can be accessed at www.un.org/esa/ffd.

Panel presentations

2. The panelists were: Mr. Juan Somavia, Director-General, International Labour Organization (ILO); Ms. Laura Thompson, Deputy Director-General, International Organization for Migration (IOM); Mr. Supachai Panitchpakdi, Secretary-General, United Nations Conference on Trade and Development (UNCTAD); Ms. Alicia Bárcena, Executive Secretary, Economic Commission for Latin America and Caribbean (ECLAC); and Mr. Andrew Steer, Director General for Policy and Research, Department for International Development (DFID), United Kingdom.

3. **Mr. Somavia** referred to the sharp increase in unemployment resulting from the present crisis, and expressed concern about an expected jobless recovery. He argued that this should be countered with resources and innovative policies to encourage productive investment and job creation, similar to what was done to stabilize the financial sector. In this regard, he referred to the ILO's Global Jobs Pact initiative, which aims to generate a job-intensive recovery based on ILO's Decent Work agenda and strong social protection systems. This initiative has received strong support from the main international and regional country groups. At a broader level, Mr. Somavia emphasized the need for countries, and the global economy at large, to move towards a balanced and more sustainable growth pattern. This would firstly imply ensuring a basic social protection floor to cover the entire population. At the same time, it would be necessary to have development cooperation to assist poorer countries to achieve this. In addition, according to Mr. Somavia, governments should attempt to increase the job intensity of growth. This is complex and difficult but nevertheless possible if social, economical and political views are integrated. Furthermore, an income-based process of demand needs to be created, which would require policy makers to rectify the decline that has been taking place in the proportion of GDP that is taken up by wages by maintaining a consistency between productivity growth and wage growth. Finally, according to Mr. Somavia, policy makers should concentrate on promoting investments in the real economy, which is critical for longer-term development.

4. **Ms. Thompson** highlighted five major effects of the crisis on migration. First, the current crisis has become an employment crisis for migrants, with several countries reporting higher unemployment rates within the foreign-born population. Second, rising unemployment has had a negative effect on the flow of remittances which in turn can increase poverty and inequality in countries of origin. Third, as a result of the crisis, there is likely to be an increase in the number of migrant workers who move into irregular forms of employment in the shadow economy. Fourth, the calls to reduce migration into destination countries tend to be based on the false perception that “migrants take jobs”, when in fact the majority of migrants create economic activity and jobs. Fifth, there is a tendency during crises for governments to encourage the return of migrants. Ms. Thompson proposed a number of policy responses: (i) awareness should be raised in destination countries about the valuable contributions made by migrants; (ii) policy makers should step up work towards lowering the transaction costs of remittances; and (iii) migrants who are forced by the crisis to return home should be provided assistance by their countries of origin. Ms. Thompson also pointed to the need to strengthen international cooperation in the area of international migration and development to address the challenges brought about by the crisis on migration and on migrants. She concluded by emphasizing that migration is here to stay and is an essential component of today’s globalized world.

5. **Mr. Supachai** pointed out that a purely financial crisis had been transformed into a larger economic crisis. At the same time, the recovery so far has been a purely financial one, with little rebound seen as yet in the real economy; as illustrated by the high levels of unemployment in many economies. These impacts are all the more severe in developing countries where social safety nets have not been established, which ideally need to be in place before a crisis takes place. Mr. Supachai also argued that a link should be established between the financial recovery and the real economy through governments ensuring that the funds that have been channeled into the financial sector are in turn intermediated into productive investments. He also called for the promotion of labor-intensive investments and supported the setting up of a multilateral framework for migration policy. On the issue of international trade, Mr. Supachai called for a successful conclusion of the Doha Round and emphasized the importance of meeting Least Developed Economies’ (LDCs) request for an early harvest of concessions for LDCs in the Doha Round. He expressed concern that the crisis is leading to an increase in the debt burdens of many developing countries, especially LDCs. He outlined proposals to counter this, including a temporary official debt moratorium, capacity building in debt management systems and the establishment of a multilateral mechanism to deal with sovereign debt accruing to the private sector. Mr. Supachai also emphasized the importance of having early warning systems on the impact of shocks on the most vulnerable and, in this respect, commended the establishment of a United Nations system-wide Global Impact and Vulnerability Alert System (GIVAS).

6. **Ms. Bárcena** spoke about the impact of the financial crisis on Latin America and the Caribbean (LAC) and the region’s responses to the crisis. She pointed out that the crisis hit the region after a number of years of positive economic performance and significant poverty reduction. The evidence points to the importance of increased social expenditures as well as strategic labor policies, in addition to demographic change, in achieving poverty reduction. Although the LAC region as a whole has been negatively affected in terms of the significant fall in FDI, remittances and tourism income as well as external demand, the extent of the impact felt by individual countries has differed. In particular, Ms. Bárcena highlighted the vulnerability of

migrants and the poorest segments of the society. She also pointed out that the capacity to respond to the crisis has been different among countries and that the space to finance countercyclical policies has shrunk because of the threat of the emergence of the twin deficits in the external and fiscal accounts. Reviewing the performance of the region between 1990 and

restrictions on labor migration. In this context, the need for a multilateral migration framework was emphasized and a call was made on the UN to intensify work on supporting the most vulnerable segments of society, including migrants. It was also pointed out that the upcoming Global Forum on Migration and Development in Athens would be discussing the linkage between migration and development and possible multilateral cooperation in this area.

- One delegate pointed to the challenges involved in making labor-intensive growth compatible with globalization, especially since companies around the world have been forced to cut fixed costs, including those that are employment-related, in order to become internationally competitive. In reply, a panelist explained that while the present model of globalization may not be compatible with labor-intensive growth, it is possible to have a