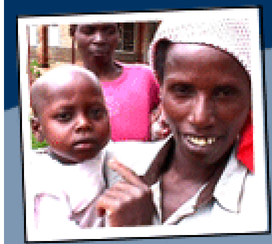
InterAction
American Council for Voluntary International Action

search
this site
all member sites
go



HOME NEWS MEMBERS EVENTS LIBRARY E-NEWS SEARCH

Library

Inside InterAction

InterAction Library

Missing from the Debate: The Relationship between International Trade and Migrant Workers

From **Monday Developments**

Bjorn Jensen

Posted Date: December 19, 2005

Missing from the Debate: The Relationship between International Trade and Migrant Workers

One “sleeper” issue in the current WTO negotiations that has not received much media or NGO attention concerns the ability of nations to admit foreign-born service-providing workers temporarily as part of the General Agreement on Trade in Services (GATS). The use of “guest workers” raises many human rights and economic development questions for both sending and receiving countries. Migrant and human rights groups and some policy makers wonder whether the WTO is the appropriate body to be dealing with this multi-faceted issue. One InterAction member taking a catalytic role in research and advocacy in this area is the American Friends Service Committee.

What is GATS Mode?

Services are broadly defined at the WTO as everything we purchase through the private sector, such as hair cuts, engineering plans, advertising campaigns and bank accounts, as well as those usually provided in the public sector, such as water, education and medical care.
The General Agreement on Trade in Services (GATS) breaks down service provision into four types, or modes, according to the location of the supplier and consumer at the time the service is provided: Mode 1 involves cross-border provision with no one actually moving

Categories

Program Areas, Sector: Fair Trade, Trade

(through postal services or telecommunications);
Mode 2 involves temporary relocation of the consumer to the providing country (for example, as a patient or a visiting student);
Mode 3 involves provision by a local affiliate, subsidiary or other such commercial presence (for example, through foreign investment); and
Mode 4 involves the service provider moving (through migration).
Mode 4 refers to the movement of labor, or in WTO language, the "temporary movement of natural persons." (Corporations have legal personhood, but are not considered "natural.") Specifically, GATS Mode 4 covers employees of a foreign service provider or a self-employed service provider entering a country other than his or her origin for the purpose of providing a service. "Horizontal" commitments cover four categories of service personnel, applied equally across sectors: Services Salespersons; Intra-corporate Transferees (covers Executives, Managers, Specialists and Other); Business Visitors (covers personnel engaged in establishing a foreign office or subsidiary and sales negotiations); and Independent Contract Suppliers. Sectoral commitments cover specific occupations in specific service sectors. The number of workers, occupations and sectors committed under Mode 4 is up to the individual countries.
Currently, the majority of WTO members' commitments on Mode 4 cover high-skilled labor, such as doctors and corporate executives, with a strong emphasis on those involved in commercial presence. There are few sector-specific commitments. Developing countries' trade ministers would like expanded Mode 4 commitments on semi- and low-skilled occupations, such as construction workers and live-in caregivers. Nothing in the GATS main text prohibits this.
The current framework only allows for temporary movement of workers across borders. ("Temporary" is not defined by the GATS main text; rather, time limits are determined by the individual countries.) Therefore, depending on the outcome of negotiations, Mode 4 may boil down to a global guest worker program. High-level executives, managers, business visitors and others engaged in business negotiations or overseeing foreign operations are not "guest workers," as they are in positions of authority and are highly paid and well-compensated.

****

The immigration debate often takes on a nasty tone in the U.S. Undocumented migrants are blamed for the economic insecurity of others and considered a threat to national security; fear and scapegoating has even led to vigilante groups currently patrolling the U.S.-Mexico border.

Indeed, it is a hot-button issue, and not just in the U.S. Yet despite the attention, missing from the popular debate are a discussion of root causes and the relationship between international trade policies and migrant workers.

Current WTO talks have brought migration to the center of trade policy work: Some developing country governments are negotiating for developed countries to expand their commitments on temporary labor migration (Mode 4) as covered under the General Agreement on Trade in Services (GATS). (See What Is GATS Mode 4?) Where some developing country governments see an opportunity to create jobs for their citizens, many U.S. human rights activists see the potential for a global replication of the infamous Bracero program between the U.S. and Mexico.

While guest worker programs often are proposed as a way to protect migrant workers by bringing them under a legal framework, a review of programs shows they generally lead to the same types of abuses no matter what the law says. By linking legal status to employment with a specific employer, these programs increase the employers' control over workers. In some cases, they can border on debt bondage, because workers pay high fees for visas, job placement and poor-quality housing while working for substandard wages, and those who demand better treatment may be deported and even denied future participation in the program. Guest worker programs may also undermine sustainable development by creating a culture of emigration, which can discourage private investment in the economy and public investment in education.

Many developing country governments, especially the African countries and other Least Developed Countries (LDCs), see GATS Mode 4 as the only area in which they stand to gain in the so-called Doha "Development Round" of WTO negotiations.
GATS Mode 4 appeals to them because it would provide increased employment in the short term; yet not only will this be done at the expense of workers, but developing country governments would have to make major concessions that could harm future development. One such likely concession is the liberalization of essential services, which could lead to widespread privatization of public-sector services like utilities and education.

While trade and migration are related in several ways, migrants are not commodities to be traded. The GATS has nothing to say about labor or human rights. The WTO has stated repeatedly that those topics are not in its purview and should instead be handled by the U. N. and the International Labor Organization (ILO), neither of which have effective enforcement mechanisms, unlike the WTO. Consequently, trade law tends to trump human rights law. By reducing migrants to "temporary service providers," the WTO hampers efforts to promote comprehensive migration reform that respects migrant workers' human rights.

Because the WTO follows "single undertaking" rules, meaning that the outcome of the negotiations will constitute a set of rules and regulations that participants have to take as a whole, gains made in one area are typically balanced by concessions in other areas. These rules, combined with the highly undemocratic and non-transparent nature of the organization itself, make the WTO's attempt at migration policy that much more troubling. The rights to work and to emigrate are human rights recognized by the Universal Declaration of Human Rights. Migration policy must be determined through democratic processes and in consultation with migrant communities, their advocates and labor unions, not through closed-door meetings at the WTO.

Migration in the Global Economy

Several important trends underlie the current WTO GATS discussions: the recent rapid growth of international migration, the heavy reliance many developing countries place on worker remittances as part of their economic development strategy, the inability of many developing nations to create enough jobs to keep pace with population growth or to address long-standing un- and under-employment problems, and the aging of populations in developed nations.

Worldwide, international migration grew at a faster rate than population during the 1990s — at 6 percent a year — indicating that migrants are becoming an increasingly important part of workforces around the globe. The Global Commission on International Migration (GCIM) reports that "there are nearly 200 million international migrants in 2005, counting only those who have lived outside their country for more than one year and including 9.2 million refugees." Currently, about 35 million migrants live in the U.S., including roughly 10 million irregular migrants. Over 50 percent of international migrants in the developed world are women.

As international migration has increased, so have remittances, the income sent home by migrants. The GCIM reports that formal transfers of remittances equaled $150 billion in 2004, while an additional $300 billion may have passed through informal channels. Formal remittances alone far exceed the worldwide total of official development assistance, which was just under $80 billion in 2004. This has led government officials and development agencies to explore ways of channeling remittances for development, which is not without controversy. Migrant workers work hard for their incomes and should not have them appropriated for centralized development projects that do not engage them in the drafting process or allow them to opt in or out.

While remittances can be a critical financial boost for developing country economies, migration may also undermine economic development by serving as a "brain drain" and by disrupting families and community. African countries suffering from the AIDS pandemic are among the major sources for health care professionals worldwide, and in 2003 the WHO reported that 60 percent of South African institutions had trouble replacing nurses who had emigrated. A study by a former Philippines health secretary found that about 50,000 nurses had left the country to work abroad in the last five years, while nursing schools have managed to produce only 33,370 nurses over the same period.

Understanding the specific relationship between trade and immigration is key to developing effective trade and migration policies. Ronald Skeldon, who has researched migration extensively for the U.N., notes that migration is integral to development, and that generally, increased international trade is accompanied by increased migration. Economists argue that migration contributes to growth through the exchange of skills and knowledge and by generating new business opportunities.

Despite this connection, free trade agreements (FTAs) tend to increase the mobility of capital across borders while restricting labor movement. In addition, the increased volume and flexibility of global trade changes labor market demands acting as pull factor for migrants. When developing countries' economies are exposed to global competition, it can lead to significant dislocation, causing population density, pressure on natural resources and loss of livelihood. For example, following the implementation of the North American Free Trade Agreement (NAFTA), 1.3 million small-scale Mexican farmers were displaced by the flood of cheap, highly subsidized U.S. agricultural products.

Foreign direct investment (FDI) is a major component of international trade, and trends in FDI affect migration. Through advancing rules that protect investors, trade agreements increasingly focus on promoting a "stable" investment environment and can promote increased FDI. FDI is multi-dimensional, and the potential positive effects on receiving economies depend greatly on how it is administered. When FDI does generate job growth, it can attract immigrant and migrant workers.

The Challenges Ahead

The linkages between trade and migration are clear. International trade changes the demands of the global labor market, including local and regional job prospects. In some cases, trade liberalization can destroy peoples' livelihoods, casting millions into migrant labor networks. The increasing focus on the free movement of capital, along with general disparities in income, job opportunities and demographic differences, will likely act to increase international migration into the foreseeable future.

Progressive policies are needed to protect the human rights of migrants and to maximize the development impact of their labor.

Migrant advocates, trade activists and policy makers need to consult with each other and migrant communities to determine what migration policy centered on human rights and empowering migrant workers looks like. In doing so, it may help to consider the following questions:
* Can human rights-centered migration policy coexist with an international free trade regime focused on deregulation?
* Is a broad liberalization of borders tenable, considering the tensions between citizens and ethnic immigrants?
* What will be the long-term effects of expanded guest worker programs?
* What trade policies are good for workers in both the sending and receiving countries?

Bjorn Jensen is the trade and debt peace fellow at the American Friends Service Committee. Email questions and comments to bjensen@afsc.org. For more information on trade and migration and GATS Mode 4, visit AFSC's Trade Matters Program website at www.afsc.org/trade-matters.

1400 16th Street NW, Suite 210
Washington, DC 20036
(202) 667-8227 ia@interaction.org