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**FIFTEENTH COORDINATION MEETING ON
INTERNATIONAL MIGRATION**

Population Division

Department of Economic and Social Affairs

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**CONTRIBUTION
TO THE FIFTEENTH COORDINATION MEETING ON INTERNATIONAL MIGRATION¹**

United Nations Conference on Trade and Development (UNCTAD)

¹ The views expressed in the paper do not imply the expression of any opinion on the part of the United Nations Secretariat.

A. TRADE AND DEVELOPMENT AS KEY COMPONENTS OF A SUSTAINABLE AGENDA FOR MIGRATION

The 2030 Agenda for Sustainable Development (2030 Agenda) provides a comprehensive approach to promote the development role of migration and migrants and to address the difficulties faced by many migrants. Development is at the core of the United Nations Conference on Trade and Development (UNCTAD) and therefore, beyond emergency, UNCTAD's analytical work, technical assistance and intergovernmental processes contribute to address the root causes of difficulties related to migration and migrants while ensuring sustainable benefits for migrants, origin and destination countries. This approach is enshrined in the New York Declaration for Refugees and Migrants (New York Declaration), for example in paragraphs 43 and 54, and in paragraph 8.c of its Annex II on the possible content of a global compact for safe, orderly and regular migration.

Within its role of promoting the trade-investment-development nexus, UNCTAD contributes to the positive consideration of the important role of migration and migrants, including but not limited to the development importance of remittances. In particular, the Nairobi Maafikiano outcome document from the Fourteenth session of the United Nations Conference on Trade and Development (UNCTAD 14), in July 2016, explicitly states UNCTAD's mandate on migration². This encompasses paragraph 55.cc on UNCTAD continuing its work on research and analysis, within its mandate, on enhancing the impact of migrants' remittances on development, including their social and economic benefits, reducing their transaction costs and expanding access to financial services, while respecting their character as private funds; and paragraph 76.aa on UNCTAD complementing the work of other organizations, continue its research and analysis within its mandate on the impact of migration, including vulnerable migrants, on development and trade capacity, considering its opportunities and challenges.

UNCTAD participates in the Global Migration Group (GMG) since its inception and served as its first Chair. UNCTAD participates in GMG related discussions and activities, including in some sub-groups which had a particular focus in incorporating target 10.7 on facilitating orderly, safe, regular and responsible migration and mobility of people in the 2030 Agenda. In addition to contributions to statements and other material, UNCTAD has developed the chapter on trade and migration for the GMG "Handbook for Improving the Production and Use of Migration Data for Development", expected to be published in 2017³.

1. Trading system and trade policy address drivers of migration and barriers to mobility

The promotion of trade multilateralism and regional integration is a means to promote regional stability and security. In this context, the linkages between trade, growth and development go well beyond the purely economic benefits from trade. The role of the multilateral trading system is also recognised in goal 17 of the 2030 Agenda, as a means of implementation that can improve conditions for migration and encourage gains from deriving trade and remittance flows. Target 17.10 is in line with the importance of trade agreements to provide a platform to facilitate mobility, including through the recognition of qualifications, streamlining recruitment criteria and searching for common international standards. In this sense, it also contributes to goal 10 of the 2030 Agenda, in particular to target 10.7 on facilitating orderly, safe, regular and responsible migration and mobility of people. In particular, the General Agreement on Trade in Services (GATS) article VI.4 supports the importance of these issues by envisaging the establishment of disciplines, based on objective and transparent criteria, to ensure that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services.

² UNCTAD (2016), Nairobi Maafikiano, TD/519/Add.2*, September 2016.

³ UNCTAD (forthcoming), Trade and Migration, Handbook for Improving the Production and Use of Migration Data for Development, Global Migration Group.

The trading system also supports the New York Declaration, including paragraph 46 that stresses the need to reduce the costs of labour migration and promote ethical recruitment practices; paragraph 54 that calls to build on existing bilateral, regional and global cooperation and partnership mechanisms for facilitating migration in line with the 2030 Agenda; and paragraph 57 that commits to particular attention to the application of minimum labour standards for migrant workers. It is also in line with the annex II of the New York Declaration on the global compact for safe, orderly and regular migration, for example with paragraph 7 that recognises the enormous development potential of pro-poor policies relating to trade, with paragraph 8.f on international cooperation to improve migration governance, and with paragraph 8.w on the recognition of foreign qualifications, education and skills and cooperation in access and portability of earned benefits.

Trade and the trading system therefore address root causes of mobility of people as they contribute to poverty reduction and thus to the promotion of migration as a choice. Along with cooperative arrangements, they can also provide the tools to better migration governance, promoting for example the recognition of qualifications and other important issues. This twofold linkage of trade and migration is supported by UNCTAD's work in trade policy and negotiations, including in the Doha Development Agenda and on its services dimension which comprised trade through the movement of persons under the GATS. This work also focuses on regional integration processes, including in particular UNCTAD's contribution to the discussions and negotiations on the African Continental Free Trade Area Agreement. This support will continue in 2017. This comprises services liberalization including the supply of services through the movement of persons.

It is also supporting several countries in developing Trade Policy Frameworks Reviews⁴. This support encompasses processes in Algeria, Angola, Botswana, the Dominican Republic, Jamaica, Namibia, Panama, Tunisia, and Zambia. UNCTAD has also developed intergovernmental processes and other expert meetings such as the Trade Policy and Sustainable Development Meetings in October 2015⁵ and July 2016⁶, which have also analysed the linkages between trade and employment creation.

2. The growing importance of trade in services and its linkages to migrant workers

Trade in services enhances the importance of the services sector for poverty reduction and job creation, both dimensions of high relevance for the migration agenda. Services already represent around 75 per cent of gross domestic product (GDP) in developed economies and more than 50 per cent in developing economies. Furthermore, since the mid-2000s, services have been the primary source of employment, even during the 2008-2009 global economic crisis. The broad services sector remained the main job provider, contributing 47 per cent to global employment in 2014 and is estimated to have employed about 1.5 billion people in 2016. The bulk of new jobs is likely to be created in the services sector.

In the area of trade in services in particular, trade through the temporary movement of natural persons, or mode 4 of supplying services, relates closely to regional and international migration as a sub-set concerning temporary migration. It is particularly important in professional and business services, as well in services related to agriculture, manufacturing and mining. Given the overall growth of remittances in recent years, it would appear that trade through mode 4 is on a rising trend. In 2015, migrants sent home \$582 billion, of which \$432 billion to developing countries⁷. The relevance of the services sector for migration is also underscored by the fact that around 71 per cent of migrant

⁴ See more at <http://unctad.org/en/Pages/DITC/TNCD/Trade-Policy-Framework-Reviews.aspx>

⁵ See more at <http://unctad.org/en/pages/MeetingDetails.aspx?meetingid=924>

⁶ See more at <http://unctad14.org/en/Pages/ProgrammeDetail.aspx?eventid=90&>

⁷ United Nations (2016), International trade and development, Report of the Secretary-General, A/71/275, August 2016.

workers are concentrated on services. Migrant workers accounted for 150 million of the 232 million migrants in 2013⁸.

Temporary trade-related labour mobility has important benefits for the exporting country, i.e. the country of origin of the temporary migrants, as it creates a formal avenue for temporary migration reducing the incentives for irregular migration and promoting brain circulation instead of brain drain. Benefits accrue from remittances and from the incentives that may occur to invest in human capital and education. The temporary presence of persons in the importing country, i.e., the host country of the temporary migrants, can also contribute to other avenues for trade as, for example, what is sometimes referred to as "nostalgia trade", which involves such things as trade in tourism services, when people go back home to visit, or trade in home country goods. This consumption of tourism services and home country goods has often stronger links to the local economy in the home country.

Exports by the temporary movement of persons can also boost trade flows between countries by leveraging diaspora networks that can transmit skills, technology, know-how and information. This may provide information on work, business and education opportunities, financing, the circumvention of trade barriers and the reduction of trade-related transaction costs. This mechanism can be harnessed by diaspora engagement policies. Empirical evidence has shown that both permanent and temporary mobility promote bilateral trade flows. And while permanent mobility may provide more integration in the host country it has been demonstrated that temporary mobility tends to have a stronger and more significant effect on imports and exports, partly because it provides a more up-to-date knowledge of the home country.

Telecommunications and information and communications technology (ICT) services are also relevant to this discussion as they allow for modern economic and social activities, contributing to increased productivity and competitiveness. Cross-border trade is greatly enhanced by ICT-induced efficiencies and by electronic means of delivery. This e-commerce, and ICT-enabled trade in general, is crucial for small and medium enterprises and for independent professionals, allowing them access to new domestic and international markets and to participate in global value chains. Although the mechanisms are complex, this component of the digital economy has the potential to reduce some barriers to trade in services, including through the movement of people, and to generate employment both in countries of origin and destination.

Therefore, the linkages of trade in services, particularly mode 4, with migration contribute to the objectives of the New York Declaration, for instance on paragraph 57 on facilitating opportunities for safe, orderly and regular migration, including on labour mobility at all skills levels and circular migration. It is also in line with the annex II of the New York Declaration on the global compact for safe, orderly and regular migration, for example with paragraph 8.q that calls for the promotion of labour mobility, including circular migration. Furthermore, it contributes to target 10.7 of the Sustainable Development Goals (SDGs) on facilitating orderly, safe, regular and responsible migration and mobility of people.

In this regard, UNCTAD has been supporting Least-Developed Countries (LDCs), in the context of the Doha round services negotiations, to pursue development benefits from the current waiver enabling the WTO members to provide preferential market access to services and service suppliers of LDCs to their markets. This can be viewed as an opportunity for more advanced countries to implement policies that contribute to development and better mobility. Among other intergovernmental processes, this included the organization, in February 2015, of a LDCs retreat, and of subsequent continuous support to developing countries.

⁸ UNCTAD (2016), Services, development and trade: The regulatory and institutional dimension. Note by the Secretariat. TD/B/C.I/MEM.4/11, March 2016.

UNCTAD has also analysed several proposals discussed at the WTO in 2016, including on barriers to mode 4 services trade. Examples of obstacles to mobility included commercial establishment and prior employment requirements; quotas and economic needs tests. They also encompassed eligibility criteria for visa and work permit, with procedures that are cumbersome, costly, biased towards high-skilled, and with high rejection rates. Other examples included nationality and residency requirements, non-portability of social security benefits, and assessments of formal qualifications, but not of skills and experience, with no criteria to judge equivalence. Another proposal, on possible elements of an agreement on trade facilitation in services, was also analysed, including at UNCTAD's Global Services Forum in July 2016⁹. Regarding the movement of natural persons, the proposal focused on the provision of publicly available explanatory material on all relevant immigration formalities; multiple entry permits; exemption of committed categories of natural persons from payment of additional costs, including social security payments; portability of benefits where social security payments cannot be exempted; and opportunities for developing countries to accede to recognition agreements pertaining to authorisation, licensing and certification of service suppliers.

UNCTAD has also supported countries in better understanding the links between trade and employment through a Trade and Employment Meeting, in October 2015, and through analytical work on trade and employment such as a global study on "The impact of trade and trade agreements on employment in developing countries" and country case-studies on Ecuador, Senegal and South-Africa. UNCTAD's Services Policy Reviews (SPRs)¹⁰ also support countries in these linkages, by providing a thorough and customized analysis of the services economy and trade, with a methodology that addresses all relevant modes of trading services such as mode 4. As such, SPRs present policy options to promote the development benefits of services provided by these temporary migrants, including through the best use of economic integration and cooperation and trade agreements, at bilateral, regional and international levels. This encompasses *inter alia* processes in Bangladesh, Paraguay, and Peru.

The SPR of Bangladesh in particular contains an in-depth analysis of labour force exports, recognising the importance of a sound domestic policy, regulatory and institutional framework. In Bangladesh, this includes a specialized ministry, an expatriate welfare bank to finance external migration, a National Skills Development Council and a large number of public institutes to train the labour force for employment abroad. Policy is generally comprehensive and includes responsibilities for a number of ministries and divisions, to facilitate labour force exports and welfare. Still, additional domestic efforts are required in producing a quality labour force; fully addressing all rights of migrant workers - encompassing the development of bilateral and other agreements to uphold these rights internationally; and promoting coherence and coordination among relevant institutions - including involving the country's diplomatic missions in potential labour-receiving countries¹¹.

3. Financial inclusion, digital financial services and migrants' remittances

UNCTAD has supported members' endeavours in fostering financial inclusion, in particular by taking stock of its linkages with remittances, through its analytical and operational pillars of work, including its work on SPRs, the contribution of migrants and remittances to development, trade and development implications of financial services, multi-year expert meetings on services, trade and development, and the Global Services Forum. This work will continue in 2017. SPRs in particular have a focus on infrastructure services, including on financial services, as it has been the case in the processes of Paraguay and Nicaragua, among others. This focus, including the regulatory objective of universal access, acknowledges the important development potential of financial services and financial inclusion, which is also thoroughly reflected in SDGs.

⁹ See more at <http://unctad14.org/en/Pages/ProgrammeDetail.aspx?eventid=83&>

¹⁰ See more at <http://unctad.org/en/Pages/DITC/Services/Services-Policy-Review-Series.aspx>

¹¹ UNCTAD (2016), Services Policy Review Bangladesh (I), UNCTAD/DITC/TNCD/2015/2 and UNCTAD (2016), Services Policy Review Bangladesh (II), UNCTAD/DITC/TNCD/2015/3.

Financial inclusion can contribute to poverty reduction and economic and social development by facilitating domestic and international transactions, mobilizing and channelling savings, and broadening the availability of credit. The relevance of financial inclusion is enhanced by the linkages between access to financial services and remittances, a particularly meaningful source of private financial flows for many developing countries. On the one hand, financial services may contribute to facilitated, speedier, safer and less costly remittance flows, and to maximize their developmental impact. On the other hand, remittances expand the demand for financial services. This debate is important from a development perspective as a 10 per cent rise in remittances may contribute to 3.5 per cent reduction in the share of people living in poverty¹².

As it is discussed on the policy and regulatory options provided to Governments by UNCTAD's SPRs, such reduction in costs can in fact be promoted, for instance, by regulation promoting interoperability, shared infrastructure, the combined use of banking, telecommunication, postal and retail networks, competition policies, financial infrastructure as payment systems, and transparency on transfer costs. This directly relates to goal 10 of the 2030 Agenda, in particular target 10.c on reducing to less than 3 per cent the transaction costs of migrant remittances and eliminating remittance corridors with costs higher than 5 per cent. It is also in line with the New York Declaration, for example with paragraphs 46 and 57, and with paragraph 8.c of its annex II, on the importance of faster, cheaper and safer transfers of remittances.

Furthermore, if remittances are spent in consumption and other non-productive expenses, the funds received are not leveraged and dependency is created. In this sense, financial inclusion is important to maximize the development role of remittances. It links remittances to financial services such as savings, loans and insurances, together with scalable models of investment for migrants and their families. Financial inclusion facilitates options to invest these private funds in productive activities, social services and infrastructure. These investment options may comprise diaspora funds and this channelling may be enhanced through financial education and tax and credit incentives.

UNCTAD has also participated in the ITU Focus Group on Digital Financial Services devoted to explore ways to improve development benefits - including on remittances - of making available financial services via digital means by building on improved reach and reduced costs. In particular, UNCTAD has collaborated in mapping the Digital Financial Services ecosystem encompassing policy, regulatory and supervision enablers, players, and products and services - such as remittances - detailed in the document "The Digital Financial Services Ecosystem"¹³. UNCTAD has also developed analytical work, including a policy brief on "Access to financial services as a driver for the post-2015 development agenda"¹⁴. A forthcoming publication will build on UNCTAD's expert meeting on "Impact of access to financial services, including by highlighting remittances on development: Economic empowerment of women and youth"¹⁵.

4. Entrepreneurship and migration

On November 2016, within the Global Entrepreneurship Week, UNCTAD and UNDP, in collaboration with WIPO, the International Organization for Migration and the Mission of the United States of America hosted a meeting on Entrepreneurship and Migration. Discussions were focused on how the diaspora could be leveraged to invest in sustainable development and promote entrepreneurship in home countries and how entrepreneurship could become a source of economic empowerment and self-employment for migrants, refugees and displaced people.

¹² UNCTAD, 2014, Impact of access to financial services, including by highlighting remittances on development: Economic empowerment of women and youth, 3 September, TD/B/C.I/EM.6/2.

¹³ ITU (2016), The Digital Financial Services Ecosystem, ITU-T Focus Group on Digital Financial Services Technical Report, FG-DFS 05-2016.

¹⁴ UNCTAD (2015), Access to financial services as a driver for the post-2015 development agenda, Policy Brief No. 35, September 2015.

¹⁵ See more at <http://unctad.org/en/pages/MeetingDetails.aspx?meetingid=495>