The global economic impact of COVID-19

While the most immediate impact of COVID-19 is related to health, the pandemic also raises economic issues. The International Labor Organization (ILO) has estimated that under an extreme scenario, the pandemic’s impact on economic growth could increase global unemployment by 24.7 million. However, the ILO have since warned that the true number could be far higher — in the USA alone, almost 16 million people have filed new claims for unemployment benefits in the past three weeks.

Who are migrant workers?

The latest available estimates from the ILO indicate that there are 164 million migrant workers around the world, accounting for 64% of (the then 258 million) international migrants.

- 95.7 million (58%) of migrant workers are male;
- 111 million (68%) reside in high-income countries; and
- 99.6 million (61%) reside in one of three regions: Northern America; Northern, Southern and Western Europe; and the Arab States.

Migrant workers by destination country income level

- Low income
- Middle income
- High-income

1 in 5 doctors practicing in an OECD country in 2010/11 were born overseas (22%).

The economic impact of COVID-19 on migrant workers

Migrants are particularly vulnerable to the economic impacts of the pandemic: in high-income countries across the world, from the EU and the UK to Japan, Argentina and the US, they are more likely to work in industries that are more disrupted by COVID-19, such as manufacturing and hospitality.

While some countries, including Russia and the UAE, have relaxed rules to make it easier for labour migrants to renew their work permits, elsewhere the imposition of travel restrictions and halting of the issuing of work permits has left some migrants unable to reach their place of employment, with no other source of income.

Even in cases where states are stepping in and replacing lost income, workers who cross borders to reach their jobs are missing out on vital support.
COVID-19 and international remittances

In 2019, migrants are estimated to have sent $551 billion in international remittances to family in low and middle income countries, over three times the amount of official aid received. However, as industries shut down, it is becoming increasingly difficult for migrants to send remittances internationally.

This is not only a cause for concern for smaller economies that receive large remittances relative to the size of their economies, but also for larger economies that rely heavily on international remittances in US dollar terms, such as the Philippines and India — these countries are predicted to see a fall in remittances received while at the same time migrant workers are expected to return and add to the number of unemployed. Countries that rely on international remittances to alleviate poverty are expected to be hard hit. In Tajikistan, international remittances were almost 30% of GDP in late 2019, contributing to food, shelter and other basic needs. Nearby in Kyrgyzstan, remittances have been estimated to reduce the national poverty rate by 6–7 per cent.

The impact on seasonal work

Meeting labour shortages caused by the COVID-19 travel restrictions is becoming time-critical in the agricultural sector. Long dependent upon migrant labour, governments across the developed world are working fast to avoid crop losses.

In Australia and New Zealand, which are both mid-harvest, governments are seeking to extend the work permits of seasonal workers before they expire. Where the harvest season is yet to get underway, travel restrictions have been modified to allow the entry of seasonal workers: to ensure their smooth passage the EU has classified these workers as essential, while the US has removed the requirement for an interview prior to arrival. In Germany and Italy, the respective agricultural ministers have proposed lifting working restrictions on asylum seekers.

1 in 6 nurses

practicing in an OECD country in 2010/11 were born overseas (15%).

Fighting COVID-19 with visas

To enable healthcare workers to focus on the fight against COVID-19, the UK government has extended the visas of migrant healthcare workers, free of charge, for one year, while migrant nurses have had the deadline for skill tests extended. Similarly, the Australian government has lifted restrictions on international nursing students to allow them to work as many hours as non-migrants.

This COVID-19 Analytical Snapshot has been produced by IOM Research (research@iom.int).

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