



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 2**

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 host countries have tightened immigration controls and introduced tougher requirements for migrant workers. There are few new international measures addressing the issue of migrant rights in this environment.

The collapse in world trade from the end of 2008 to early 2009 owing to falling global demand was compounded by a decline in the supply of trade finance. At the same time, an increasing number of countries have resorted to protectionism in an attempt to block imports in the downturn. The sharpest declines in trade have been observed in major manufactured goods exporters in Asia. Drastic declines in commodity prices have compounded the adverse impact on developing countries dependent on primary exports.

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 Sustainability Framework of the Bretton Woods institutions. IMF is reviewing its policy on debt limits to allow more flexible borrowing strategies while ensuring debt sustainability. Many middle-income countries are also facing difficulties in rolling over their external debt. For these countries, urgent progress is needed to establish more predictable, rules-based and equitable international mechanisms and revisiting the initiative to establish a sovereign debt resolution mechanism would seem to be timely.

All developing regions are experiencing enormous challenges emanating from the crisis, while the type of impacts and their degree vary from region to region. What is common to the various regions is that countries are coming together to devise concerted solutions that are suitable to their circumstances and conditions. Many of the lessons learned by some regions from previous crises have increased their resilience to the current one, but much remains to be done. The five UN Regional Commissions are supporting Member States in the organization of regional Summit and Ministerial meetings in the different regions to address the financial and economic crisis, food security and climate change.

Possible questions for consideration

What are the strategies for spurring employment growth in the current incipient international economic recovery? How can international cooperation be enhanced to move the Decent Work Agenda forward?

How can coordinated measures be devised and agreed to protect the rights of migrant workers and their opportunities to work in host countries?

How can the current rebound in international trade be sustained? What measures are key to enable developing countries to benefit from strengthening world trade?

What are some viable initiatives to help indebted developing countries avoid and resolve debt distress in the current international environment?

What are some of the key lessons learned and policies taken in the developing regions in addressing the impact of the crisis?

What should the international community do to ensure predictable and sufficient official development assistance and enhance policy coherence to meet developing countries' increased expenditure on social protection as well as investment in development?