

DRAFT RAPPORTEUR'S REPORT

Session VI: The informal sector

Moderator: Ms. Michele Klein Solomon, Deputy Director, Migration Policy, Research and Communications Department, International Organization for Migration

Rapporteur: Mr. Johannes Schachinger, Delegation of the European Commission to the OSCE

The moderator of this session, Ms. **Michele Klein Solomon**, Deputy Director, Migration Policy, Research and Communications, International Organisation for Migration, introduced the topic by pointing out that there is a two-way connection between the informal sector and irregular migration. Economies with an already existing informal sector act as incentives for irregular migration, which, in turn, helps fuel the informal sector. The main economic causes for irregular migration are large differences of income between developed and developing economies and the mismatch between demand and supply of labour markets, which is further accentuated by restrictions to the free movement of persons. This opens opportunities for illegal activities such as trafficking and smuggling of human beings.

Ms. **Irina Ivakhniuk**, Senior Researcher and Deputy Director of the Department of Population, Faculty of Economics, Moscow State University Lomonosov, spoke about the significance of the informal sector in attracting illegal migration including through trafficking in human beings. She differentiated between three sub-sectors of the informal sector: the informal (but legal) economy, the grey(semi-legal) economy and the black (criminal) economy. Therefore diversified methods of managing the various sub-sectors were needed. Generally, in order to reduce incentives for irregular migration, States should aim at legalising the informal sector through the simplification of registration and accounting procedures, provision of training and credit opportunities, and legal support. At the same time semi-legal and illegal sub-sectors should face prosecution. The OSCE should be involved in awareness raising leading to a common understanding of the risks of irregular migration linked to the informal sector. The OSCE should encourage the development of SMEs both in countries of origin and destination. Finally, the OSCE should foster co-operation and exchange of information, including on a regional level and through bilateral agreements.

Ms. **Alenka Mesojedec-Pervinsek**, Senior Policy Adviser, International Centre for Migration Policy Development, stressed the need for improving legal labour migration channels. Sound migration policy is to reflect the economic needs of a given country and its effective implementation requires good governance based on transparent legislation, trained staff and functioning institutions. Bilateral agreements between countries of origin and destination in particular on short term labour migration reduce the risk of smuggling and trafficking, and benefit countries of origin through remittances and reduced brain drain. OSCE can contribute to developing a common understanding of the risks of irregular migration and can help to reorient it towards legal migration through international co-operation and information exchange.

Ms. Klein Solomon gave an overview of internal national measures and interstate co-operation mechanisms aimed at reducing the incidence of irregular migration linked to the informal sector and promoting legal avenues. Key to the success of both national and international measures is governmental investment in, and commitment to, migration management. National measures to improve migration management include capacity building and the development of appropriate legislative and administrative mechanisms to facilitate orderly movement. Of particular relevance to the OSCE are interstate co-operation mechanisms fostering dialogue, and the sharing of experiences and effective practices. IOM, ICMPD and other organisations provide capacity building assistance to governments. Bilateral agreements are an effective way of opening legal migration channels and, more generally, addressing a comprehensive range of migration management issues, including incentives to reduce irregular migration. For example, Italy has recently concluded bilateral agreements with Albania, Tunisia and Morocco, and Spain signed bilateral agreements with Ecuador, Dominican Republic, Colombia, Romania and Morocco. Similarly, regional co-operation on migration is increasing and improving prospects for more beneficial migration.

In the discussion which followed the presentations, it was stated that opening more regular migration channels in practice may attract more irregular migration. One delegation pointed out that the informal economy was a phenomenon that had existed already prior to the era of globalisation and was to some extent independent from the level of regulation of an economy. Several delegations pointed out that bilateral and regional agreements were helpful in raising awareness and fostering co-operation between countries of origin and destination. Examples given were the European Union, which addresses the issue of migration in the framework of its Neighbourhood Policy, and an agreement between Kazakhstan and Kyrgyzstan.

Main points and recommendations:

- There is a two-way connection between the informal sector and irregular migration. The informal sector draws irregular migrants both for employment and for illegal activities such as trafficking and smuggling. In the other direction, irregular migration fuels the development of the informal sector.
- The informal sector and irregular migration linked to it have a direct impact on security and stability as well as on human rights and economic development. This makes them relevant for the OSCE, which has an important role to play as a forum for dialogue and exchange of information.
- Minimising the negative consequences of the informal sector and of irregular migration is a matter of governance. It requires developing and implementing effective policies in the economic and migration spheres, both in countries of origin and destination, in order to encourage regular migration, discourage irregular migration and promote sustainable economic development.
- OSCE can usefully help raise awareness about the benefits of regular migration, risks of irregular migration and opportunities for forging bilateral, regional and

other agreements in order to reduce the negative impact of irregular migration linked to the informal sector.