

Global Trade Wars and their Influence on Skilled Migration Flows - A Study on Kerala Perspective

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Abstract

This study looks at how skilled migration flows from Kerala are affected by international trade wars and changing economic policies for a decade. To investigate the effects of trade disruptions, tariff increases, and macroeconomic adjustments on labor mobility, the analysis incorporates secondary data from the Kerala Migration Survey (KMS 2023), international trade reports, and global policy reviews. The study is an attempt to investigate the complex relationship between global trade wars and the developing patterns of skilled migration from Kerala over the past decade. Kerala is traditionally dominated by semi-skilled and Gulf-oriented labour and has a long history of overseas migration. However, in the recent years there has been a noticeable transition toward skilled professionals and youth moving to developed economies. This structural shift coincides with growing instability in the global policy environment, driven by trade conflicts, tariff escalations, and economic realignments among major powers. The introduction of "reciprocal tariffs" by the United States in 2025 exemplifies such policy shocks, with cascading effects on partner economies, including India. These developments have introduced uncertainty in macroeconomic stability, labour demand, and sectoral employment opportunities, all of which directly and indirectly influence migration behaviors.

Using secondary data from the Kerala Migration Survey (KMS 2023), international trade reports, and global policy reviews, the study analyses how trade disruptions affect the channels of labour movement, destination choices, and sustainability of migration. The analytical framework identifies five transmission mechanisms—destination labour market, supply-chain adjustments, macro-economic and currency fluctuations, policy signaling, and career-pathway decisions—that link trade policy shocks with migration outcomes. Findings indicate that global trade conflicts, the COVID-19 pandemic, Brexit, and recent tariff measures have produced uneven impacts across industries. While export-oriented and manufacturing sectors recorded declines in recruitment, technology-driven services, healthcare, and digital employment exhibited resilience. Many skilled Keralites have adapted by embracing digital upskilling and exploring new destinations such as Canada and Australia, which maintain transparent and skill-friendly migration regimes.

The study further highlights that the post-pandemic and post-tariff environments have encouraged young migrants to pursue education abroad as a strategic investment in future employability. Nonetheless, Kerala's migration governance remains largely reactive, lacking a comprehensive mechanism for skill renewal, re-integration, and social protection. The state's heavy dependence on remittances underscores the importance of developing migration policies that can withstand global economic shocks.

Overall, the research concludes that global trade wars significantly reshape the geography and composition of Kerala's skilled migration. While such conflicts disrupt conventional labour flows and generate short-term employment uncertainties, they also accelerate structural changes that favor knowledge-intensive and digitally adaptable occupations. Strengthening re-skilling systems, promoting global academic partnerships, and aligning higher education with international labour demands are critical to sustaining Kerala's competitive advantage.

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By linking trade policy shifts with migration dynamics, the study contributes to an emerging area of research that integrates international trade and migration governance, offering insights for policymakers to design resilient and forward-looking migration strategies.

Key Words: Global Trade War, Global Policy, Skilled workforce Migration.

Introduction

Kerala has a long history of people going overseas especially the labour class. In the recent years a major shift in this pattern has occurred, moving from a largely gulf oriented semi-skilled workers to skilled professionals including the youths who mainly move to advanced countries (KMS 2023). Global policy environment has also become fluctuating where tariffs and new strategic trade instrument policies initiated by large economies. Very recently, the United States has introduced “reciprocal tariffs” making it an economic and geopolitical challenges to the partner countries including India. This has created uncertainty in the macro economy, short-run labour demand effects in related industries. It is important to find out the channels and possible outcomes of tariff shocks and trade wars that can have an impact on skilled migration.

Objectives

1. Analyse global trade wars and their economic implications for labour and skill movement.
2. Identify indirect effects of global trade tensions on skilled migration decisions and destination choices.
3. Assess policy implications for Kerala’s skilled workforce and migration sustainability.

Scope of the study

The study throws an insight on how trade policy shocks and migration studies converge and transform labour demand, skilled personnel movement and choices of destination. Both emigrants and return migrants in Kerala are considered, taking through the past decade with emphasis on the 2020–2025 time period. Skilled workers mainly include IT/engineering, healthcare and related professionals.

Significance of the study

Global trade policy can transform the nature of labour demand, wage structure and migration destinations. Such regulations can lead to significant changes in industries either expansion or contraction, especially in export-dependent or globally integrated sectors. Kerala’s development trajectory and fiscal well-being are closely connected to remittances and the international mobility of skilled labour. This study helps to understand how changes in global trade policy can alter earning opportunities and destination attractiveness. Policy makers need to anticipate how international economic policy shocks affect outbound mobility, skill investment decisions, and return migration.

Research gap

There are many studies that explain how migration affects trade in the long run. But short-term trade policy shocks and their impact on modern migration flows of skilled professionals from regions like Kerala are not looked into. Empirical evidence on how unexpected tariff shocks (e.g., the 2025 U.S.

reciprocal tariffs) reshape sectoral employment for origin regions is not covered. This study is thus an attempt to synthesize recent trade policy events and migration data for Kerala, thereby setting plausible causal channels that can facilitate future studies. The paper thus contributes to the relatively underexplored area on trade policy shocks and the migration choices of skilled workers.

Analytical framework

Pathways through which global trade wars can affect skilled labour can be better understood through five different channels framed. These include:

1. Destination labour market channel: Factors that attract skilled labour to destination countries become weak if tariff imposition leads to a fall in the demand for those industries that require immigrant skilled labour in fields like manufacturing, IT, etc. There is a direct impact noted. Policy shifts in the U.S. can contribute to shifting these effects sector-wise.
2. Supply-chain channel: This channel has an indirect impact. Firms in destination countries that are highly exposed to tariff changes may result in reducing new hiring or purposefully delaying recruitment. On the other hand, some firms benefit from tariff changes leading to cheaper foreign inputs. In such cases, they can expand hiring, thereby creating heterogeneous effects on different occupations.
3. Macro-economic and currency transmission channel (indirect): When global trade wars or tariff measures occur, they affect international trade flows, which in turn influence each country's macroeconomic stability. Changes in GDP, employment, exchange rate and inflation influence migration channels inversely. The recent reciprocal tariff led to fluctuation in the rupee and fall in exports of IT-linked industries. This can reduce foreign projects and affect skilled migration flows.
4. Policy signaling and migration governance channel: When trade tensions exist, it can interrupt with more nationalist economic policies, which include tightening immigration regimes or altering skill-selection priorities. The Kerala Migration Survey has already pointed out that there is a change in destination countries from the Gulf to places like Canada and Australia.
5. Career pathway channel: When trade shocks reduce short-term job prospects, it can motivate more youth to pursue higher education (student migration) as a hedge, if they are not sure about future post-study pathways. Kerala's rising student migration (2018–2023) suggests a strong career-route dynamic through education that may interact with trade policy shocks.

Analysis and findings

There is a shift from unskilled labour to skilled and professional labour classes moving from Gulf countries to developed nations. This complementary shift is supported by complementary sources and KMS. This outlines the foundational risks and prospects facing Kerala's skilled labour market.

- Aggregate demand will fall in countries affected by trade wars, leading to a fall in imports and exports. This produces a fall in recruitment in affected sectors in the short run.
- Global problems, especially the COVID-19 pandemic, the trade war between the US and China, and Brexit, have had a big effect on the flow of skilled workers to Kerala and the job market there. During the COVID-19 period (2020–2022), even though temporary closures and terminations existed in the healthcare and education sectors, IT and digital services benefited.

- There was a fall in hiring in manufacturing and logistics sectors due to US–China trade tensions, but service-based and technology employment gained momentum, especially for youth heading to Northern countries.
- The impact can be seen in an uneven manner. Export-oriented engineering sectors, production and supply-chain sectors are most affected, while healthcare, software and digital services remain resilient.
- In 2025, the U.S. introduced reciprocal tariffs which were applied to many countries, but with extra charges depending on each country's trade relationship. Analysts predicted that this would reduce demand and make imported goods costlier. Companies have had to reorganize their supply chains. For Kerala's skilled migrants, this could pose a setback, press down new intakes and slow recruitment.
- When we keenly look at the sustainability of skilled migration in Kerala, we find that it is much influenced by policy changes and global shifts. The COVID-19 pandemic, reciprocal tariff policy, and the Russia–Ukraine conflict have led to sectoral slowdowns, particularly in IT, healthcare, and technology-enabled services, where many Keralites are employed.
- Changes in visa processing and skill-based admission procedures have resulted in narrowing down entry for many, but more adaptive routes have been opened by the European Union, Canada, and Australia.
- At the domestic level, Kerala's migration framework remains responsive but lacks a proper system for skill renewal, migrant protection insurance schemes, and dual qualification recognition.
- Overall, global trade and policy realignments have made Kerala's migration ecosystem more sensitive to external shocks, underscoring the need for forward-looking and coordinated migration policies at both the state and national levels.
- Trade shocks create a distinct impact where countries with transparent, skill-friendly regimes (point systems, post-study routes) gain relative share, while uncertain or regressive regimes lose it. This is very much evident in recent migration patterns of the Kerala economy.

Conclusion

Recent events, like the 2025 U.S. reciprocal tariffs, the COVID-19 pandemic, and the Russia–Ukraine conflict, as well as global trade wars, have changed the way skilled workers move around. Rising costs of inputs, problems with the supply chain, and changes in exchange rates have had different effects on different sectors. For example, demand has slowed in industries that rely heavily on trade, but opportunities have remained strong in technology, healthcare, and education. Changes in visa rules and the way people choose their skills have also affected where people want to go. Canada, Australia, and the EU have become more appealing options than the U.S. and the U.K. These changes show that Kerala is both vulnerable and has a chance to grow. Its skilled workforce is still competitive on a global scale, but it is also very open to shocks from outside the state. To make sure that Kerala's skilled migration is sustainable in a changing global economy, it is important to strengthen resilience through digital re-skilling, migration insurance, and a flexible policy framework.

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The Indian Economic Journal

JOURNAL OF THE INDIAN ECONOMIC ASSOCIATION

Volume - 4 • Special Issue • December 2025

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ISSN 0019-4662



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