

THE ECONOMIC CRISIS AND INTERNATIONAL MIGRATION IN THE ARAB REGION:
CHALLENGES AND OPPORTUNITIES

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A. INTRODUCTION

The Arab region's economic growth has been primarily fueled by oil revenues, real estate investments, returns from the tourism sector, as well as foreign aid, but not from productive services. This has made the region very susceptible to the economic performance of other countries. The worldwide economic crisis has led to a visible decline in financial markets in some countries, but its impact on the economy itself is still relatively limited because of the surplus of oil revenues in Gulf countries and because of the limited "market capitalization" in countries such as Jordan and Lebanon. In this context, the GDP growth rate is expected to decline from six per cent in 2007 to four per cent in 2009.¹

The impacts of the economic crisis on international migration in the Arab region are not fully clear yet, as there is a lack of reliable timely accurate statistics in this field. Available reports mainly focus on the sizeable flows of return migration, the rise in unemployment rates and the decline in remittances. This paper takes a closer look at the impact of the economic crisis on international migration in the region, focusing on the challenges posed by the crisis but also on the opportunities it might offer.

B. CHALLENGES POSED BY THE ECONOMIC CRISIS

1. Exacerbating unemployment

The Arab Labour Organization (ALO) estimates that the unemployment rate is currently 14 per cent in the Arab region, which makes it the highest among world regions. The number of unemployed persons has reached 17 million and the region should create four million new jobs every year in order to prevent a further increase in the rate.

As a result of the economic crisis, ALO estimates that, in 2009, the employment opportunities in Arab countries would fall by 19 per cent, particularly in the banking and investment sectors, and the demand for Arab labour in Gulf countries would decline by 30 per cent, in addition to a general decline in the demand for Arab labour in other regions of the world, mainly Europe and Northern America.²

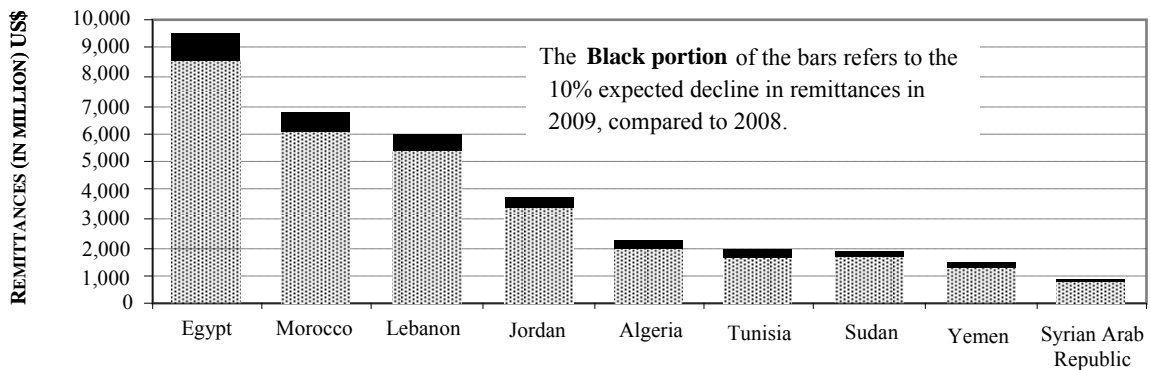
2. Reduced remittances

At the world level, the Arab region is an important source for remittances as well as a preferred destination for remittance payments. In 2004, US\$ 26 billion in remittances were sent from Gulf countries to other parts of the world. Saudi Arabia is considered to be the second most important source of remittances worldwide; in 2004, this country was the source of US\$ 13.5 billion. Also, in 2003, the Arab region received US\$ 21.6 billion in the form of formal registered remittances, and it is assumed that informal remittances are even much larger.³

As Figure 1 shows, Egypt, Morocco and Lebanon are the main receivers of remittances in the region, having received respectively US\$ 9.5, US\$ 6.7 and US\$ 6.0 billion in remittances in 2008. Egypt, in particular, is among the top 10 remittance receivers worldwide. However, the World Bank estimates that the economic crisis will result in a

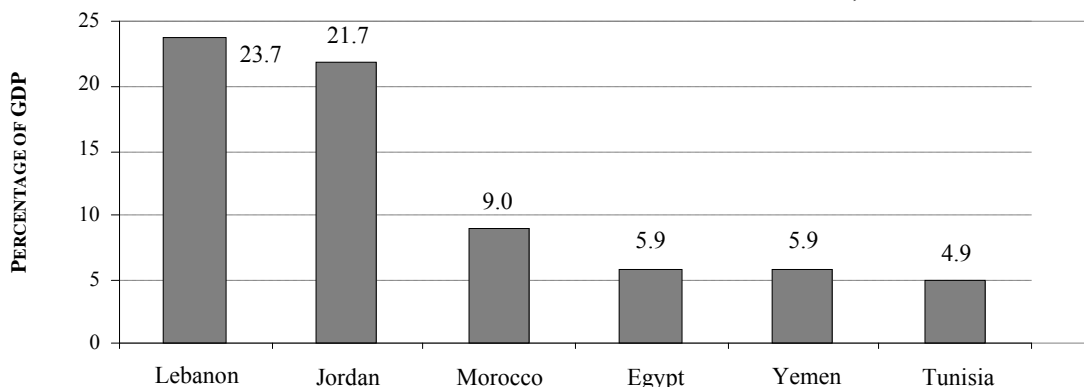
10 per cent decline in remittances during 2009 as compared with 2008. This would have a considerable impact on the living conditions of several families that depend on these remittances, as well as on the economies of these countries, since remittances constitute large portions of their GDP, 23.7 per cent for Lebanon, 21.7 per cent for Jordan, and 9.0 per cent for Morocco, as shown in Figure 2.⁴

FIGURE 1
MAIN RECEIVERS OF REMITTANCES IN THE ARAB REGION IN 2008
AND THE EXPECTED DECLINE IN REMITTANCES DURING 2009



Source: Ratha et al., 2009.

FIGURE 2
REMITTANCES AS A PERCENTAGE OF GDP IN SOME ARAB COUNTRIES, 2007



Source: Ratha et al., 2009.

3. Threatening human rights of migrants

The economic crisis might threaten the job security of labour migrants who might either lose their job or be obliged to accept employment at lower wages and conditions. This is particularly expected in Gulf countries that rely heavily on foreign labour.

The economic crisis is also expected to exacerbate the already prevailing concerns related to the human rights of female immigrants to GCC countries to work in domestic help, childcare and personal services, such as females from Bangladesh, the Philippines and Sri Lanka working in GCC countries.

It is also important to note that only Egypt, the Libyan Arab Jamahiriya and Morocco have so far ratified the 1990 United Nations Convention on the Protection of the Rights of All Migrant Workers and Members of their Families.

C. OPPORTUNITIES OFFERED BY THE ECONOMIC CRISIS

1. *Fostering brain circulation*

It is expected that unskilled migrants will be the most negatively affected by the economic crisis in terms of job security. However, skilled migrants have better chances of finding another job if they lose their current one. In other words, they are more likely to engage in circular migration when they move to another destination country.

This brain circulation can be considered a “triple-win solution” because it offers opportunities of gains for host countries, home countries and migrants themselves: (a) host countries can fill their labour market needs without facing the full challenges of immigrant integration; (b) home countries can tap into the skills and resources of returning migrants, and (c) migrants themselves would benefit from the higher wages in host countries and enrich their work experience and skills. Thus, in circular migration, the emigration of highly-educated and skilled workers from Arab countries to work outside the region can ultimately benefit countries of origin when emigrants return.⁵

2. *Restoring balance to the population pyramid*

In the Arab region, age- and sex-selective migration has affected population pyramids. On the one hand, in the case of GCC countries, the population pyramid shows a large number of males in working ages. This is due to the fact that most immigrants to these countries are males seeking employment. The economic crisis is expected to result in the departure of some foreign workers from GCC countries, thereby restoring some balance to the population pyramid. This might have positive social repercussions in terms of lessening the social pressure caused by large communities of foreign immigrants.

On the other hand, the population pyramid of countries such as Lebanon reveals an opposite phenomenon, a reduction in the number of males in the working ages. This is due to the fact that most emigrants from these countries are males seeking employment. In this context, the economic crisis is expected to result in the return of these males who had left their home country after losing their jobs in the destination country, thereby restoring some balance to the pyramid. This might have positive social repercussions in terms of reuniting families —when the male head returns to live with his wife and children— and restoring balance to the number of single males per 100 single females. This phenomenon of missing males had resulted in increasing celibacy rates among females, and possibly lessening the need for elderly pensions to provide care for the old when children were out of the country.

3. *Boosting national economic growth in the first stages of the crisis?*

It seems that the economic crisis is providing an opportunity for national economic growth in some Arab countries. This opportunity presents itself in the first stages of the crisis and for a very limited period, before the onset of the negative impacts. For example, in Lebanon there was an increase in deposits in local banks of about 21 per cent during 2008. The GDP growth rate also increased by six per cent during 2009. This can be explained by the financial transfers to national banks effectuated by emigrating Lebanese in an attempt to avert the risks faced in foreign banks. Thus, for a limited time period, Lebanon should benefit from this opportunity and invest in productive sectors before the negative

impacts of the crisis take affect in terms of reduced remittances and exacerbated high unemployment rates.

CONCLUSION

The Arab region is progressively showing negative symptoms related to the economic crisis, as its “immunity” to this crisis is beginning to weaken. In fact, the region’s surplus of oil revenues had enabled it to resist and delay the onset of negative symptoms, but these symptoms are now progressively emerging in both labour sending and receiving countries, in the form of exacerbated unemployment, reduced remittances and threatened human rights of migrants. In its efforts to resist these challenges, the region could benefit from the limited opportunities offered by the crisis in terms of fostered brain circulation, restored balance to the population pyramid and, in the case of some countries, a limited period of boosted national economic growth in the first stages of the crisis.

NOTES

¹ برينت، كريستينا؛ طارق الحق ونورا كامل (2009). مذكرة سياسات. آثار الأزمة المالية والاقتصادية على البلدان العربية: أفكار بشأن استجابة سياسات الاستخدام والحماية الاجتماعية. إصدار منظمة العمل الدولية، المكتب الإقليمي للدول العربية.

² منظمة العمل العربية " ملحق تقرير المدير العام: الأزمة الاقتصادية العالمية وأثرها على أسواق العمل العربية. البند الأول- القسم الأول – تقرير المدير العام لمكتب العمل العربي" مؤتمر العمل العربي- الدورة السادسة والثلاثون - (عمان / المملكة الأردنية الهاشمية 5- 12 أبريل / نيسان 2009).

³ Shakoori, Batool (2009). “Features of international migration in the Arab countries and the possibility of regional cooperation”, paper presented to the Coordination meeting, Development Account Tranche 6, Project on “Strengthening national capacities to deal with international migration: maximizing development benefits and minimizing negative impact”, New York, from 6 to 7 April 2009.

⁴ Ratha, Dilip, Sanket Mohapatra, and Ani Silwal (2009) “*Outlook for Remittances Flow 2009-2011: Remittances expected to fall by 7-10 percent in 2009*,” Migration and Development Brief 10, Migration and Remittances Team, Development Prospects Group, World Bank (July 13).

⁵ Neto, Frederico (2009). “Features of international migration in the Arab countries and related policies”, presentation made during the Regional Workshop on International Migration Statistics, held in Cairo, Egypt, from 30 June to 3 July 2009.