

Fact-Sheet on the Economic Crisis and International Migration in the Arab Region

A. Introduction

The impacts of the economic crisis in the Arab region are largely shaped by the fact that economic growth in the region is not fuelled by productive activities, but mainly depends on oil revenues, real estate investments, returns from the tourism sector, as well as foreign aid. The 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 6% in 2007 to 4% in 2009¹.

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 on the issue. Available reports mainly focus on flows of return migration, the rise in unemployment rates, the decline in remittances, etc., suggesting that the crisis comes with both challenges and (limited) opportunities

B. Challenges posed by the crisis

1. Exacerbating unemployment

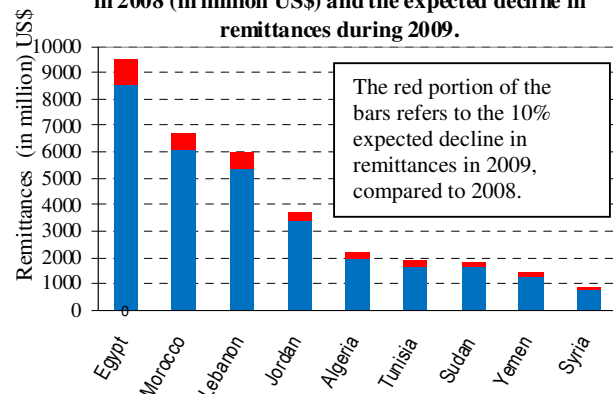
The Arab Labour Organization (ALO) estimates that unemployment is currently at 14% (17 million people) in the Arab region, the highest among world regions. The region would need to create 4 million new work opportunities every year to prevent a further increase in this rate. As a result of the economic crisis, ALO expects employment opportunities in Arab countries to fall by 19% in 2009 (particularly in the banking and investment sectors) and the demand for Arab labour in Gulf countries to decline by 30%.²

2. Squeezing remittances

The region is one of the largest receivers of remittances with inflows of almost US\$ 34 billion in formally registered remittances in 2008. Informally transferred remittances are assumed to be much larger³. Egypt, Morocco and Lebanon are the greatest receivers of remittances in the region, having respectively received 9.5, 6.7 and 6.0 billion US\$ in 2008. Egypt in particular is among the top 20 receivers of remittances worldwide. A 10% decline in remittances, as predicted by the World Bank for 2009, would have a considerable impact on the

living conditions of families that depend on these flows, as well as on the economies of countries where remittances constitute large portions of the GDP (25.1% for Lebanon, 19% for Jordan, and 8.0% for Morocco)⁴.

Figure 1
Greatest receivers of remittances in the Arab region in 2008 (in million US\$) and the expected decline in remittances during 2009.



3. Threatening human rights of migrants

The economic crisis and its fallout risk threatening the already-precarious job security of migrant workers, who face the loss of their jobs or being presented with employment at lower wages and with worse conditions. This is particularly expected in the case of Gulf countries that rely heavily on foreign labour, both from Arab countries and South Asia and the Philippines. The economic crisis is also expected to exacerbate concerns related to the human rights of female migrants across the region who work in domestic help, childcare and personal services. Although they are still in demand, it is feared that their living and working conditions could worsen. Among countries in the region, only Algeria, Egypt, Libya, Morocco, and Syria have ratified the UN 1990 ‘Convention on the Protection of the Rights of All Migrant Workers and Members of their Families’⁵; most countries in the region still operate the highly restrictive ‘kafeel’ or sponsor system, which restricts the rights of migrants in general, and migrant domestic workers in particular, although it has recently been relaxed in Bahrain..

C. Opportunities offered by the crisis

1. Continuing opportunities for migration and development

The surplus in oil revenues in the region has meant that the large infrastructure projects on which most migrants

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work have continued; moreover, in general the structural reasons driving the high levels of immigration to this region have not been affected by the recession. As such, large-scale returns of Asian and Arab migrants have not yet taken place, and migrants have tended to move within the region towards job opportunities, such as those emerging in Northern Iraq, rather than return to their countries of origin.

As a result of this, remittance flows from Arab countries as a whole have remained, at least throughout 2008 and 2009, comparatively resilient. This is particularly important given that the Arab region is one of the most important sources of remittances worldwide.

According to the latest data from the World Bank, remittances from the four GCC countries which released data on remittances, outflows even grew by 27 per cent in 2008 compared to 2007.⁶ This trend benefits families in countries of origin of migrants, cushioning the impact of the crisis and providing opportunities for productive investment to boost national growth and job creation, both within the region in countries such as Egypt and Yemen, and beyond, particularly in South Asia and the Philippines.

2. Fostering brain circulation

Although it has not resulted in mass returns, the crisis does however reinforce the point that the developmental benefits of migration are neither automatic nor permanent. It therefore provides an occasion for countries throughout the region to think about migration in new ways. In particular, it offers an opportunity to consider how circular migration, or 'brain circulation',⁵ can be facilitated through regional mechanisms to provide a 'triple-win solution' that serves countries of origin and destination, and migrants themselves. Countries of origin can provide opportunities for returning migrants to contribute to development; and migrants themselves benefit from higher wages, the opportunity to enrich their work experience and skills, and a smooth reintegration into their country of origin.

3. Boosting national economic growth

For a very limited period of time, the economic crisis may provide some Arab countries with the opportunity to boost national economic growth. Lebanon, for example, has witnessed an increase of around 21% in deposits in its local banks during the year 2008. It also recorded a 6% GDP growth rate in 2009. This can be

explained by an inflow of financial transfers from Lebanese emigrants who seek to avert the risks faced in foreign banks. Lebanon should take advantage of this opportunity and invest in productive sectors now.

D. Conclusion

The Arab region's 'immunity' in the face of the economic crisis is beginning to weaken. The region's surplus of oil revenues had enabled it to resist and delay the onset of negative symptoms. However, such symptoms are now progressively emerging in both labour sending and receiving countries in the form of rising unemployment, squeezed remittances and a deterioration of the human rights situation of migrants. In its efforts to meet these challenges, the region should take advantage of the limited opportunities offered by the crisis in terms of the temporary respite provided by the resilience of remittances, the possibilities it provides for new thinking about brain circulation, as well as a limited period of boosted national economic growth in the first stages of the crisis in some countries.

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