



# Arab Migration *in a* Globalized World



IOM International Organization for Migration



League of Arab States

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IOM is committed to the principle that humane and orderly migration benefits migrants and society. As an intergovernmental body, IOM acts with its partners in the international community to: assist in meeting the operational challenges of migration; advance understanding of migration issues; encourage social and economic development through migration; and uphold the human dignity and well-being of migrants.

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# FOREWORD

The Regional Conference on Arab Migration in a Globalized World, jointly organized by the League of Arab States and the International Organization for Migration in Cairo on 2-4 September 2003, was an important event in bringing together a group of key people – government representatives, international organizations, academics, researchers and practitioners – to look at migration and how it affects, and is affected by, the countries and people of the region.

The migration patterns and dynamics of the region are very diverse, as are the experiences of the people migrating to and from the region, and their impact on host and home communities. A proper understanding of the importance and nature of migration flows is crucial to being able to manage migration for the benefit of migrants and societies and the capacity to comprehensively address all the other policy areas that are inextricably linked with population mobility. Moreover, comprehensive approaches have become all the more important in today's security-focused world.

There is clearly a need for even more engagement and better dialogue among countries linked by migration flows and interests. Broad areas of policy and legislation on a range of migration-related issues remain to be filled. There is scope for better use of the various diaspora and their networks, and for more attention to be devoted to issues of integration. All partners involved need to cooperate, to share experiences and to help in building the capacity to address these issues more systematically and effectively.

This book contains the background documents prepared for the Conference, and the statements made during the Conference deliberations. Together, they offer a wealth of information and advice, issues to consider and means to address them, based on the experiences and analysis of effective practice of those who came together in Cairo. I hope this collection will contribute to both a broader understanding of Arab migration and to practical measures to enable the countries and the people to reap the benefits of migration, as they should.

Brunson McKinley  
Director General  
International Organization for Migration





## ACKNOWLEDGEMENTS

“The Conference of Arab Migration in a Globalized World” was convened to address the challenges of Arab development and the necessity for enhanced opportunities for cooperation with international bodies. The conference was held in September 2003 at the Headquarters of the League of Arab States, jointly organized by the League and the International Organization for Migration.

As is suggested by the title, the conference addressed the interlocking themes of migration and globalization, and their impact on current and future development in the region and throughout the world.

The information and technological revolution resulting from globalization has expanded work opportunities in fields such as communications and genetic engineering and has improved the quality of various products and services. However, these benefits are accompanied by certain dangers and challenges, particularly for countries of the South. While globalization has facilitated the free flow of capital, commodities and services, restrictions and security regulations imposed upon labour migration have actually increased. This is particularly evident in industrialized countries, despite the fact that these very same countries have been keen to attract skilled professionals.

The socio-economic advantages of migration cannot be denied. Remittances sent home by migrants have lowered national deficit and contributed to development programs and projects in sending countries. Moreover, they have reduced poverty levels and have provided migrants with valuable skills and experience that enhance their productivity. Sending countries have strengthened the economies of receiving countries, within and beyond the Arab world, as immigrants compensate for labour supply deficits in the production and services sectors. Migrant workers enhance the labour force and, therefore, increase the ratio of working-age population to those that are unemployable, particularly senior citizens.

However, migration may produce negative consequences in the mid- and long-term range. The emigration of skilled professionals, also known as “brain drain”, represents a considerable loss of human capital. Countries of origin fail to benefit from the sizeable investment in education as they lose the opportunity to employ their experts nationally or even regionally once they emigrate. Subsequently, sending countries must incur the costs of replacing these experts.

This conference was convened to facilitate the development of recommendations and guidelines for the effective management of migration. Through such policies, migration may be organized in a way that maximizes benefits and limits drawbacks.

The group of expert decision-makers, scientists and researchers, Arab and international, who participated in this conference reached the following conclusions:

- Migration policies should be placed within overall development strategies in individual Arab countries, and within the region.
- Dialogue is needed between sending and receiving countries to ensure mutual benefits, and to limit the negative outcomes of migration, particularly in the cases of forced, illegal migration and transit migration.
- International migration may function as a bridge between cultures to increase humanitarian awareness and secure a peaceful future for humanity.
- The conference indicated that addressing migration issues exclusively in terms of security and administration fails to provide comprehensive solutions to migration problems. Policies must address the human rights of migrants, with emphasis on the provision of social integration opportunities in receiving countries. It also declared the importance of taking into consideration the good of both sending and receiving countries when developing migration policies and issuing migration agreements.
- Globalization creates opportunities and challenges as a result of increasing interaction and interdependency between countries and regions. The conference affirmed the role of Arab regional coordination and Euromed process in the expansion of competitive opportunities and progress in various fields of knowledge, productivity and services.

With effective management, international migration may have a beneficial impact on social welfare and economic development. The positive outcomes of migration may be maximized through multilateral dialogue and cooperation. Policies should promote equal opportunity and safeguard the welfare of sending and receiving countries.

Finally, I would like to take this opportunity to express my gratitude to all those who participated in this conference. Their collective contributions resulted in a comprehensive analysis of international migration issues within a development context. I would also like to commend the constructive cooperation of International Organization for Migration, which positively impacted on the final outcomes of the conference. I would also like to thank the United Nations Development Program and the United Nations Population Fund for their support to the conference. My thanks extend also to the selected group of experts for their scientific contributions and dynamic participation, which lead to the success of this conference and the development of visions and future guidance mechanisms in this field.

Amre Moussa  
Secretary General  
League of Arab States

Papers from  
the Regional Conference on  
Arab Migration in a Globalized World



# GLOBALIZATION, MIGRATION AND THE ARAB WORLD

Dr. Abbas Mehdi

## 1. INTRODUCTION

Let me begin by thanking the League of Arab States and International Organization for Migration for inviting me to speak to this distinguished gathering. It is indeed a challenge to be asked to address such a distinguished and knowledgeable gathering on this topic. I shall particularly welcome whatever contributions the panellists may wish to make to what I have to say here today. On a personal note, I would like to say that as an Iraqi-American scholar working in this field in the aftermath of the most recent war, it has been hard to ignore the fears and dangers surrounding the subject of globalization being played out at this moment in Iraq.

It is extremely interesting to have a conference of this nature at this time, when both globalization and migration are such important topics worldwide.

Labour migration studies are currently receiving much less attention from scholars and policy makers than in the past. In practically every Arab League country, concern over migration as a socio-political phenomenon has been overshadowed by work in other areas, particularly by studies focusing on conflict and on the hardships attributable to poverty and mass unemployment in the Arab world, as well as other effects of increasing globalization.

The fact that this conference has now been organized by two such important organizations, shows that issues of Arab migration in a globalizing world are once again at the top of policy makers' agendas, and that there is room for fresh thinking.

## 2. ECONOMIC GLOBALIZATION

First, I should turn to the topic of globalization, one of the key buzzwords of our time and, like many such buzzwords, the subject of controversy. The main disagreement concerns whether it is a good or a bad thing. Some view it as a beneficial process, a key to the world of the future and economic development, while others regard it with hostility and even with fear, believing that it will increase inequality within and among nations, and as a threat to employment, living standards and socio-economic progress.

For the purpose of this presentation, I will approach globalization from a historical perspective and migration from a sociological perspective.

Viewed from a historical perspective, globalization can be seen as a phenomenon that does not involve the emergence of, or movement towards, an economic system that is radically different from what we have now. The historical perspective shows that globalization is the child of capitalism. Some would call it the climax or apex of capitalism. All the features of capitalism are present – and extended – in globalization. So, to understand globalization, one needs to have a sound grasp of the essential features of capitalism, which are its flexibility and its capacity for adopting and integrating change. Capitalism has always been global in its outlook and globalization is a new stage of capitalism, involving a new trading system and capital flows.

I start from the assumption that globalization is not some inevitable kind of end result, but rather a complex, indeterminate process, operating very unevenly in both time and space. Its unevenness both creates new opportunities and deepens inequality; and so we have to admit that globalization may often include negative social consequences, such as the following:

- Increased social dysfunction and associated unemployment and poverty;
- Increased risks that individuals, countries and entire regions may be excluded from the benefits enjoyed in other parts of the world.

It follows that:

- Globalization is not always painless;
- The benefits of globalization cannot reach everyone;
- There are risks inherent in globalization as a process.

However one may choose to relate to it, globalization will stay with us; it cannot be halted or ignored. The question, therefore, is not whether to participate or not, as there is no way of opting out. The engine driving it is linked to advances in technology, transportation and communication that have lives of their own, independent of the actions of governments.

### 3. THE IMPACT OF GLOBALIZATION ON MIGRATION

Globalization is closely connected with the dynamics of migration and produces radical changes in migration patterns. From a sociological point of view, a treatment of the determinants of worldwide international migration must proceed from at least two sociological factors:

- The rise of the world system as a cultural and social structure, i.e. what we call globalization;
- The growth of the world population as an explosive demographic process.

From a sociological perspective, international migration can be seen as primarily determined by two factors:

- Developmental inequality between nations (seen as a structural factor);
- The value being placed on integration in a particular society that produces and legitimizes the demand for social mobility (seen as a cultural factor).

What does a sociological perspective contribute to the understanding of international migration, and what new insights can it bring? First, it draws attention to the way globalization increases the demand for labour mobility within the most highly skilled and motivated segments of the labour force. However, it should be noted at the same time that the enhanced mobility of capital that accompanies globalization concomitantly reduces the general need for labour movement.

As of now, international migration flows are at near record levels. This has brought migration questions to the centre of international attention. According to the World Bank, foreign direct investment and migrant workers who send part of their pay back home have become more important sources of finance for developing countries than private lending.

Through remittances such as these, labour migration has become a significant factor in the socio-economic stability of some countries of origin. Migrants' finances are, however, particularly vulnerable to personal financial problems, making it difficult to constitute regular savings, with the result that remittances which could contribute to significant processes of innovation, capital accumulation and economic growth through investments in the home country are either negligible or completely impossible.

Meanwhile, some governments have come to depend on remittances as easy avenues to gain hard currency. For example, by the end of the 1990s, remittances sent home by migrants totalled almost US\$ 80 billion, up from US\$ 60 billion in 1998 (World Bank, 2003). In some cases, the value of foreign remittances is equivalent to a very large share of the country's export earnings. For example, in 1999 remittances to Morocco were the equivalent of about 50 per cent of Morocco's total export earnings (World Bank, 2003). The value of remittances worldwide is now more than 1.5 times the value of direct development aid.

While migration is very often related to a search for better economic opportunities, it is worth remembering that it can also result from political and religious upheavals and persecution. In the United States, 20 per cent of the 4 million immigrants who arrived between 1981-1987 left their home countries for reasons other than the search for economic opportunities.

In a new global economy, international trade involves not only the movement of goods and services among countries, but also the movement of people. Just as countries compete in a worldwide market in which goods and services are exchanged, they also compete in an immigrant market.

Markets are the institutions that regulate transactions among individuals. In some markets, goods are exchanged between buyers and sellers, while others, such as the labour market, guide the allocation of labour among different employers. The transactions in these markets involve the exchange of goods against monetary compensation. In the case of an "immigrant market", however, the transaction does not necessarily involve the direct exchange of money between the parties; instead, it allocates persons wishing to leave their current countries of residence among the few host countries willing to admit them. In other words, workers offering their human capital to employers in different countries behave in exactly the same way as firms selling their goods.

In terms of trade and capital flows with the rest of the world, Arab countries are some of the least economically integrated regions in the world, but in terms of intra-Arab movements – movement within Arab countries – they are the most highly integrated to be found anywhere. The pattern here, based on extreme differences in terms of natural resources and population size, shows that labour mobility is effective where intra-regional migration flows are extensive, and where remittances exceed the value of regional trade in goods as well as official capital flows. Because the obstacles to trade in goods have been greater than the obstacles to migration, labour with its associated capital flows has been the most important mechanism through which the benefits of oil wealth have been spread to non-oil Arab countries. This means that the fortunes of all Arab countries are tied to the oil market. When oil prices are high, government revenues and private sector incomes are high. When the oil market is in recession, government debt accumulates and both government and private industries cut jobs.

During the oil boom period (primarily in the 60s and 70s), the economic growth of Arab countries was among the highest in the world, and the social payoffs were enormous. The drop in oil prices in 1982 and their subsequent collapse in the 1986 market marks the end of the oil-boom era, and the results of these events were, and still remain, devastating.

## 4. ARAB MIGRATION IN A GLOBALIZED WORLD

### 4.1 Remittances

The Arab world has had the lowest investment returns on foreign direct investment of any region in the world. The level of foreign direct investment (FDI) in the Arab world is estimated to have been in the order of US\$ 2 billion per year in recent years, with net private debt inflows of US\$ 2.9 billion and US\$ 2.8 billion in 2001 and 2002, respectively (World Bank, 2003). Investor confidence has been eroded as continuing wars and conflicts in the Middle East mean that remittances allow the recipients only just to “get by” – compared with the situation in countries with good investment climates, where investors are more likely to invest in firms (that is, in those small- and medium-scale enterprises that constitute the key to poverty reduction). A positive climate in the home country is important for the effective utilization of immigrant workers’ remittances from abroad.

Arab countries are both important sources and significant destinations of workers’ remittances. The combination of rapid economic development and a limited supply of indigenous labour in oil-producing countries between 1970 and 1985 has caused them to depend considerably on migrant labour. Migrant labour constitutes an average of 35 per cent of the labour force in oil-producing countries, and in some as much as 80 per cent (World Bank, 1995). The Gulf states have been important sources of remittances of migrant workers to other Arab states, and they alone host the highest concentration of migrant workers in the world: in 1990, 13 per cent of the world’s migrant workers were in the five Gulf states. Countries receiving large remittances from migrant workers include Morocco (US\$ 2.3 billion), Egypt (US\$ 2.9 billion), Lebanon (US\$ 2.3 billion) and Jordan (US\$ 2 billion). In 2002, the region received US\$ 14 billion, totalling 2.2 per cent of gross domestic product (GDP), making it the highest receiver of remittances in the world (World Bank, 2003).



However, high levels of remittances may not always be a good thing. They can be an unstable source of income and, especially since the policy and institutional frameworks in Arab countries are not well suited to reaping the benefit of this special effect of labour migration at the macro level, i.e. allowing it to work as an economic booster, remittances can in some cases reinforce the repercussions of economic freewheeling and poor or absent planning, such as inflation, hard currency speculation and exaggerated dependence on imports.

## **4.2 Labour Mobility**

At the same time, migration and labour mobility are becoming increasingly critical for some Arab states. With unemployment averaging close to 20 per cent, and with youth unemployment rates close to twice the national averages, increasing labour mobility is altogether essential to avert poverty.

At present in the Arab world, labour migration is seen as the solution to employment problems. According to the United Nations Development Report (2001), 70 per cent of young men and women in the Arab world plan to leave their countries and emigrate. But their favourite destinations were Europe and the USA, with only 13 per cent of those wishing to emigrate choosing another Arab country. With some exceptions, this trend is intensifying the brain drain in the Arab region. However, migration to Europe, never very easy, has become increasingly difficult.

The desire for, and rise in, illegal migration to Europe attest to the mounting economic hardships confronting Arab countries in particular, and young people in their homelands in general. According to some estimates, 500,000 people enter Europe illegally every year, adding to the roughly 3 million illegal immigrants already there. Most of these 500,000 irregular migrants are from Arab countries (World Bank, 1993).

It may seem paradoxical to think of migration as one of the means to solve unemployment problems in Europe. After all, there is talk of the lack of opportunities to meet the job demands of the existing population, and fears that dissonance between job openings and the demand for jobs might lead to social unrest. Almost certainly, attempts to avert friction between indigenous and migrant population are underlying factors in Europe's current rigid immigration policy. But things are never as simple as aggregate figures suggest. There are, in fact, good reasons why Europe needs to create a favourable immigration policy:

- In the short term, severe labour shortages in many high-skilled sectors of the economy, such as information technology (IT) and healthcare;
- In the long term, the ageing of the European population.

## **4.3 Changing Patterns of Migration – Context**

I would like to take a more measured view on the challenges presented by globalization for Arab countries by taking into account the changing patterns of migration accompanying it.

Any discussion of Arab migration in a globalized world must consider three important issues:

1. The new and potentially threatening environment created for Arab countries by globalization, whereby it is no longer enough to be extremely rich in natural resources and to have in advance the means to exploit them. Instead, the quality of a nation's life is determined by a variety of factors, including:
  - The quality of its domestic investment climate;
  - The skills of its workforce;
  - The ability of its manufacturing industry to respond quickly to opportunities in the global economy.

Oil revenue alone will not provide the basis for sustained economic expansion for Arab nations as they face the pressures of globalization.

2. Demographic change, in terms of both growth and structure, which is currently the most important socio-economic issue facing the Arab world. Present and future challenges include:
  - High population growth; in fact, the highest in the world;
  - A high marital rate, often at a young age, which leads to a high population of young Arabs.

For example, it is estimated that with the high rate of population growth in Arab nations, the labour force there will grow at a similarly high rate of 3 per cent (the highest in the world). By 2030, the Arab workforce is expected to account for 62 per cent of the entire population, which is estimated at around 318 million. This is a real major challenge to the economies of Arab countries. To absorb this rate of population increase requires annual economic growth of at least 6 per cent (World Bank, 1995 and 2003).

3. The growth of regional economic blocs and their impact on the Arab world. These blocs want to defend themselves economically, that is, to maintain their economic standards and increase their global influence. According to this logic, the bigger the bloc, the larger the scope of its domestic market and the greater its clout and its influence.

In the face of the march of globalization and the emergence of economic blocs, independent or satellite, what will be the fate of the small countries that constitute the Arab subregion? It is clear that unorganized countries will have to follow the dictates of organized economic blocs. I would like to pay close attention to these three developments, since they are responsible for changing the dimensions of growth and prosperity in the Arab world, including patterns, directions and outcomes of migration.

During the 1960s and 1970s, Arab nations adapted well to the prosperity brought by the oil trade and consequently enjoyed the benefits of being the fastest-growing economies in the world. Since the second part of the 1980s, however, when oil revenue declined, economic growth has become dismal. Unemployment has risen and become widespread. Real wages have declined and a large segment of the population is close to poverty levels. The present scenario is truly frightening, coupled as it is with large population increases. The threatening aspects of globalization that arrived in the midst of all this are thus particularly acute for the Arab world.

## 5. THE CHALLENGE

Transnational labour migration can no longer be an engine of economic growth for the Arab world. And this not only because of the changes in the oil market, but also because globalization reduces the need for transnational labour movements, while at the same time increasing the demand for labour mobility within the most highly skilled and motivated segments of the labour force. This represents a special challenge to the Arab countries, where the majority of the workforce is unskilled and of low education.

In brief, the stakes for the Arab world are clearly high. The economic system inherited from the past, which was based on a dominant public sector and labour migration, has become increasingly costly and unsustainable and will not be a source of growth in the new global economy. Therefore, a new social contract that is a better match for new demographic and economic realities and one which is more capable of meeting the challenges of a globalized world must be found.

As part of the thinking towards this, it is useful to ask the following two questions:

- Why has the actual experience of Arab countries with globalization been negative rather than positive?
- Why has globalization led to economic decline rather than to growth in the Arab world?

And, as a follow-up to that question:

- Are these failures simply a matter of short-sighted domestic policies, or do the problems result from factors that lie within the framework of globalization itself?

Before I comment on these questions in my conclusion, I should point out that, of course, the potential for future development at national level varies significantly between Arab countries owing to such differences as the availability of natural resources, the size of population, economic growth, health, and others.

## 6. CONCLUSION

In conclusion, I would like to bring some economic perspectives to bear on the challenges and problems of globalization as it pertains to migration. In this regard, I contend that most of the major socio-economic problems in Arab countries today are home-grown; that is, their causes lie principally in the systems prevailing in Arab countries, and that these problems are then compounded directly or peripherally by the unfavourable aspects of globalization, including, in particular, its effects on migration. Indeed, we have to acknowledge that the economic woes of Arab countries stem from internal policies, rather than from globalization.

Central to these internally created problems is the lack of a free and democratic civil society in the Arab world at large, the mismanagement of public funds, overspending in the public sector, a lack of goal-oriented education policies that would help make the most of the region's abun-

dant indigenous human resources and a slow-motion approach to technological advances, accompanied by over-reliance on foreign-made goods.

Economic development as a function of the interaction between economic, political and social forces, requires a favourable context for it to be feasible and successful. Arab countries currently have to contend with a thorny relationship between economic development and the type of governance that could effectively grapple with, and integrate in its economic policy, the challenges of a global economy.

Because of the nature of political structures in the Arab world at the present time, the decisions that shape the future lie in the hands of governments and, to a much lesser degree, with the people. Of course, one can argue that without a willing populace no government can succeed, but particularly in a global economy it devolves on the government to provide the stimulus for collective action and to generate awareness of what is needed to face the challenges of the world as a “global village”. Thus, it should be the policy goal of the government, as well as of the leaders of industry and economic managers and investors in the private sector, to build a domestic consensus in favour of economic reform.

Having said this, we cannot discount the effect of external factors on the economic goals of Arab countries in general. These external factors can and do undermine growth and affect labour markets in the Arab subregion. Most important among them is the communication revolution brought about by the advances in information technology. This alone renders most of the Arab world’s labour redundant and local industries obsolete as, over time, it decreases the need for unskilled labour.

There is also an urgent need for the Arab world to redefine its role in the global economy. This is especially important since Arab countries are still subject to the negative effects of:

- Slow economic growth;
- A decrease in the number of experts and therefore a decline of expertise;
- Limited direct foreign investment;
- Limited, or lack of, orientation for Arab youth;
- Lack of openness regarding women’s affairs and, in some cases, a total absence of female participation in the political and economic processes.

Generally, I would say that Arab countries, as a collective entity, are not in a position to take full advantage of the potential and opportunities of the global economy. Instead, most Arab countries choose to act as individual units in pursuit of progress. In a global economy the fates of countries are tied together. Alongside this interconnectedness, there is also room for independence, I hope. Whether or not the movement of labour in the Arab world is internally regulated by national constitutions, it tends to be more or less spontaneous. As of now, no permanent regional institution exists in the Arab subregion to regulate such movements and compile the necessary information on the labour needs of member countries. To remedy this situation, there is a need for more coordinated migration policies at the regional level to stimulate developments in both sending and receiving countries on the one hand and, on the other, facilitate regional economic integration.

There is still a tendency in most Arab countries to look to migration as the solution to job creation in particular and to unemployment, in general. Of course, migration can help reduce pressure on the labour market, and money sent back home by migrant workers may make massive contributions not only to recipients and their local communities, but also to the home country's balance of payments and an adverse foreign exchange situation. However, the other side of the coin is less attractive for Arab labour-exporting countries. The migrants whose remittances sometimes prop up the economies of the countries of origin are often young and constitute the most active members of the population. But what is probably the most important parameter in the unemployment problem in the Arab world is the imbalance in the socio-economic structure, for instance in the resource endowment and skill composition of the active population. At the macroeconomic level, transcending national boundaries, labour-market imperfections and rigidities, and the slow development of demand, tend to aggravate the negative impact of international migration on the Arab labour market.

Unlike in the 70s and through the mid-80s, when it was thought to be acceptable to leave migration aspects of the labour market to regulate themselves, globalization is going to change the pattern and the direction of migration in ways that favour and increase the demand for a highly-skilled workforce – and intervention at the regional level will be essential to ensure that it is available. There is a need, therefore, for the founding of an Arab Economic Employment Agency that, among other tasks, would be responsible for creating the necessary infrastructure for the channelling and distribution of manpower in the Arab world. Following or parallel to the emergence of such a body should be the design and implementation of a Pan-Arab migration policy and procedures that should be effective in all Arab countries.



# ARAB MIGRATION PATTERNS: THE MASHREQ

Riad al Khouri

## INTRODUCTION

Although the issue of large population movements across borders has been critical for the Mashreq region since the beginning of the 1973 oil boom, migration from and within the Mashreq countries has recently re-emerged as an important concern, especially after the 11 September 2001 attacks in the United States.

Much migration among Mashreq countries, as well as between them and the rest of the world, is temporary or poorly documented, making it difficult to assist or protect migrants. Their integration in times of high unemployment in Mashreq economies is also a problem. This paper addresses these and related issues of Arab Mashreq migration and explores aspects of Mashreq human resource mobility, both intra-regional and external, in the era of globalization.

The paper also explores such relevant practical issues as strengthening links with the International Organization for Migration (IOM), as well as consultations at the regional and national level with other actors in the globalization process, such as governments, business groups, trade unions and civil society organizations. Through case studies in individual countries in the region, the paper concludes that:

- The relative composition of the various kinds of Mashreq migratory flows has changed;
- The skill composition of migrants from the Mashreq region has changed with globalization;
- The obstacles facing the realization of benefits from Mashreq migration remain significant, but may be ebbing in the face of structural reform;
- The role of diasporas in promoting development in the Mashreq is potentially important but largely untapped.

The paper concludes with a set of policy-oriented recommendations.

## SCOPE AND METHODOLOGY

This paper is written from a mainly economic perspective and deals with migration in its labour context. The ILO defines a migrant worker as a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a state of which he or she is not a national.<sup>1</sup> Using this definition and focusing on migrant workers, the paper excludes issues related to refugees and others who move outside their countries involuntarily or otherwise for mainly non-economic reasons. The paper also does not include discussions of internal migration within a country.

For the purpose of this paper, the constituent countries of the Arab Mashreq are Egypt, Iraq, Jordan, Lebanon, Palestine, Syria and Yemen.

The paper is based almost entirely on secondary sources of information.

## 1. INTRODUCTION

Since the present state system emerged in the Mashreq in the wake of the collapse of the Ottoman Empire at the end of the First World War, the movement of workers across borders has been important in relations among Mashreq countries, as well as between them and the rest of the world. However, Mashreq labour migration became crucial after the adjustment of oil prices in 1973. That took the form of major migration from all Mashreq countries (except Iraq, which was itself a major importer of labour from the mid-1970s) into GCC states to work. With the fall in oil prices in the mid-1980s, migration from Mashreq countries into the GCC states began to slow down. A further change took place after Iraq's invasion of Kuwait in August 1990. That crisis forced about 2 million Arab expatriate workers (mostly from Mashreq countries) to leave Kuwait, other GCC areas and Iraq, either to return to their countries of origin or to move to third states.<sup>2</sup>

The 1990-91 crisis exposed the vulnerability of Mashreq labour-exporting countries, especially those that rely significantly on remittances as a source of hard currency. A new situation was created in the Mashreq after 1991, one where spending on tourism and other services by Gulf Arabs in various Mashreq states, and investments by GCC nationals became relatively more important for Mashreq economies. These factors still operate today, in perhaps even stronger form after 11 September 2001.

In the decade following the second Gulf War in 1991 and up to the 11 September 2001 attacks in the US, modest economic expansion and development were taking place across the region. Globalization was making inroads in most countries, and structural adjustment was having a more important impact across the Mashreq – despite cases of significant unrest, especially in Palestine. Though remittances home from Mashreq country migrants in the GCC states had become relatively less important, the whole issue of labour migration remained crucial for the region.

The combination of the aftermath of the events of 11 September, the continuation of the *Aqsa Intifada*, the Iraq crisis and the pressures of globalization meant that the Mashreq region in general has had a problematic time for the past two years in particular. With growth rates in most countries of the region low compared to population expansion, poverty in Mashreq countries rose and living standards fell as governments continued to restructure their economies.

The events of 11 September came as a setback for Mashreq globalization efforts in general, with a particular impact on migration. Among other problems, cross-border flows of people between the Mashreq and the West have been hampered by the consequences of 11 September. However, the post-11 September situation is still very much in flux, and it is generally too early to draw firm conclusions or to discern clear trends in 2001-03 regarding the various aspects of Mashreq



migration. On the other hand, certain observations may be made as far as the previous decade (1991-2000) is concerned:

- The relative composition of different kinds of Mashreq migratory flows has changed;
- The skill composition of migrants from the Mashreq region has changed with globalization;
- The obstacles facing materialization of benefits of Mashreq migration remain significant but may be ebbing in the face of structural reform;
- The role of diasporas in promoting development in the Mashreq is enormous but largely untapped.

These and other points will be illustrated in the case studies below.

## 2. CASE STUDIES

### 2.1 Jordan

As is the case today to a greater or lesser extent in all Mashreq countries, the high number of unemployed among Jordanians is a very serious economic challenge. The number of Jordanians out of work began to rise in the late 1980s and climbed to dramatic proportions in 1990-91, after which official unemployment figures remained above 12 per cent. However, the real levels of Jordanian unemployment are the subjects of debate, and unofficially the level of unemployment in the country has been put much higher than the figures published by the government.

Like its Mashreq neighbours, Jordan's unemployment problem is the result of many factors, including the decline of labour migration to Gulf countries after 1990. Peace with Israel in 1994 and the acceleration of Jordan's entry into the global market that started at the same time helped to improve the situation somewhat in 1995-96, but higher rates of unemployment returned again with the deterioration in the regional political situation.

TABLE 1  
UNEMPLOYMENT RATE OF RESIDENT JORDANIAN LABOUR  
(1994-2002)

Year	Percentage
1994	15
1995	14
1996	12
1997	13
1998	13
1999	14
2000	14
2001	15
2002	15

Source: Jordanian Department of Statistics, Household Surveys Directorate, Employment and Unemployment Survey, 1994-2002.

Additional Jordanian statistics illustrate the seriousness of the problem, as the Employment and Unemployment Survey figures published last year showed that most of the non-working youth in the country believe no suitable jobs exist. That survey, released in July 2002, confirms the plight of youth in securing employment: in the 15-19 age group, 63 per cent of respondents answered that they believed no work was available for them.

The Jordanian labour force is currently estimated to be over 1.25 million, of whom the employed represent less than 1.1 million. Annually, about 50,000 Jordanians join the labour force as Jordan is still experiencing rapid population growth as a result of high fertility and low mortality rates.

At the same time, a large number of foreign workers live in Jordan. Non-Jordanians with labour permits working in the kingdom in 1998 totalled 114,000, and those without permits were estimated by the Jordanian Ministry of Labour (MoL) at around 200,000. In 2002, the number of those working with permits went up to 127,000,<sup>3</sup> with possibly up to another 275,000 working illegally in the country.

Most of these non-Jordanian labourers come from other Mashreq countries, particularly Syria and Egypt. They are largely employed in jobs that many Jordanians will not accept. Central Bank of Jordan statistics show that in 2002 non-Jordanians working in the kingdom were paid US\$ 210 million at an annual rate. Given the high savings rate, this represents a drain on the balance of payments and given that there are unemployed Jordanians qualified to do some of the work currently undertaken by non-Jordanians, much of this outflow may be unnecessary.

With the rate of unemployment remaining high, the government has been striving to find more jobs for Jordanians while reducing the country's overall dependence on foreign labour. In 1999, the ministry issued regulations restricting some jobs to local workers, including 18 types of activity made available only to Jordanians. Given that up to 400,000 foreign labourers are currently working in Jordan, this is clearly a sensitive issue.

Government strategies to cope with this situation include controlling the foreign labour force, pursuing stricter policies related to the hiring of foreign labour and enforcing relevant laws and agreements for Jordanian workers to gradually replace non-Jordanians. The state thus hopes to provide further job opportunities for the national labour force and thereby curb poverty. Measures to achieve these aims include the continuing application of a selective closed-jobs policy for non-Jordanians, and cooperating and coordinating with the various parties concerned with the control and regulation of foreign labour.

This approach seems to have led to a reduction in the net annual increase among some groups of migrant workers coming to Jordan. In particular, the number of Egyptians arriving in the kingdom fell in 1998 as a result of a crackdown on illegal non-Jordanian labour by the kingdom's authorities. However, this may have been a short-lived phenomenon, as net increases in Egyptians arriving in Jordan have been recorded in 1999-2001, albeit at fluctuating annual rates.

Meanwhile, in Egypt the unemployment problem continues. Experts estimate that Egypt needs to achieve a sustained real GDP growth rate of at least 6 per cent annually for unemployment to decline to manageable levels, but such an expansion has not been forthcoming for the past few years. To reach and sustain these levels of growth, Egypt needs to improve export performance

TABLE 2  
EGYPTIAN ARRIVALS IN, AND DEPARTURES FROM, JORDAN,  
1997-2001 (in 000s)

	1997	1998	1999	2000	2001
Egyptian arrivals in Jordan	600.4	373.4	270.3	215.0	325.1
Egyptian departures from Jordan	595.9	384.9	257.6	192.6	305.6
Annual increase (decrease) in Egyptians remaining in Jordan	4.5	(11.5)	12.7	22.4	19.5
Cumulative increase (decrease) in Egyptians remaining in Jordan since 1997	4.5	(7.0)	4.7	27.1	46.6

Source: Central Bank of Jordan Monthly Statistical Bulletin, January 2003, pp. 78-9.

and encourage foreign direct investment (FDI).<sup>4</sup> For the time being, however, remittances by Egyptian expatriates are one of Egypt's largest foreign-revenue earners, with nearby Jordan remaining a destination favoured by Egyptian migrants.

Another labour migration issue that has arisen in Jordan recently involves the Qualifying Industrial Zone (QIZ) model introduced into the kingdom in the late 1990s. The QIZ offers duty- and quota-free access to the US market for products manufactured by "qualifying" enterprises located in designated zones. Products must meet certain criteria to qualify under the programme. These include a 35 per cent minimum content rule, 11.7 per cent of which must be of Jordanian origin and 7-8 per cent from Israel; the remainder to reach the 35 per cent requirement can be from US, Jordanian, Israeli or Palestinian sources. Many potential investors have been attracted by the privileges of investing in QIZ. As a result, Jordan's exports to the US are stronger due in large part to the growth of QIZs. QIZ exports were over US\$ 540 million in 2002, an 84 per cent rise on 2001. This has created jobs, with more on the way, as it has been estimated that 9,000 new employment opportunities for local workers are expected in 2003.

While jobs have been created for Jordanians, there are about 10,000 non-Jordanian labourers working in QIZs today, mainly from South Asia, including India, Pakistan and Bangladesh. The advantages of recruiting foreign workers are that guest labourers are easier to control, work harder and accept jobs Jordanians are unwilling to do. It is also commonly alleged that expatriates are more willing to work overtime than locals, since the majority of migrant workers are males, while a significant proportion of Jordanian labourers in QIZs are women, who are less inclined to keep late hours.<sup>5</sup>

However, some in Jordan now blame cheap migrant labour in QIZs for exacerbating the country's high rate of unemployment. The MoL also claims that QIZ firms are not adhering to an agreement made several years ago to limit foreign workers to 30 per cent of a QIZ factory's labour force, and that foreigners are taking more than their agreed share of jobs.

For Jordan, the potential for QIZs to create new jobs is a major attraction. In the wake of the 11 September attacks in the US, the Jordanian government decided on 1 October to cut the annual fees for foreign workers in the QIZs. The declared aim, according to the Jordanian Ministry of Labour, was to encourage investment and lessen the burden on investors who have

TABLE 3  
WORKERS IN QIZs,  
1999-2001

	Local Workers	Foreign Workers	Total
1999	1,500	1,100	2,600
2000	3,800	2,200	6,000
2001	11,400	4,800	16,200
2002	18,300	11,700	30,000

Source: QIZ Unit, Jordanian Ministry of Trade and Industry.

complained about the lack of local skilled workers, while it was hoped that this would give investors the time to find skilled labour or train local people.<sup>6</sup> As a result, a Royal Decree was issued in January 2002 amending work permit regulations and cutting fees for non-Jordanians working in QIZ facilities.

Irrespective of the foreign migrant issue, QIZs have been expanding in Jordan without major problems. This has proven to be a boon to employment. Jordanian officials were quoted in early 2000 as estimating that by the end of 2002 QIZs will have created at least 15,000 more jobs.<sup>7</sup> However, the progress of QIZs has meant that this figure was actually reached earlier. Nevertheless, the question of foreign labour in QIZs is a new and sensitive issue that has arisen as Jordan integrates further into the global economy. Meanwhile, the “old” non-Jordanian labour problem of workers from other Mashreq countries persists.

At the same time as Jordan imports workers, the kingdom is also a supplier of labour to the outside world. These went mainly to the GCC states, from where Jordanian expatriates sent most of the US\$ 900 million in remittances received by the kingdom in the first half of 2002.

TABLE 4  
JORDANIAN ARRIVALS IN, AND DEPARTURES FROM, JORDAN,  
1997-2001 (in 000s)

	1997	1998	1999	2000	2001
Arrivals in Jordan	1,198.4	1,283.1	1,452.3	1,599.2	1,723.3
Departures from Jordan	1,233.1	1,346.9	1,562.5	1,627.0	1,755.2
Annual net emigration from Jordan	34.7	63.8	110.2	27.8	31.9
Cumulative emigration from Jordan from 1997	34.7	98.5	208.7	236.5	268.4

Source: Central Bank of Jordan Monthly Statistical Bulletin, January 2003, pp. 78-9.

At the same time, emigration to other countries has been significant. For example, the United States Immigration and Naturalization Service reported that in the year 2000, over 3,900 Jordanians immigrated to the US. This represents close to 14 per cent of emigration from Jordan for that year, but it will be interesting to observe the trend in this respect after 11 September 2001. In any case, it is clear that Jordan’s labour imports are generally workers with lower skills, while

more qualified human resources end up in the GCC states and the West. Though this represents a net financial gain for the country in the short term, the sustainability of the situation may be called into question as a result of regional and international instability.

## 2.2 Syria

Syria continues to implement economic reforms, albeit not as quickly as most other countries in the Mashreq. One notable change taking place in Syria today is the opening up of the banking system to privately owned banks, which would help rebuild the Syrian economy.

Alongside economic reforms, Syria also recently engaged in rapprochement with regional neighbours, including Jordan. With better relations operating as a permissive factor, the number of Syrians seeking to live in the kingdom seems to have risen sharply in recent years, as shown in Table 5. What is also significant about such a trend is that the figures for Syrians officially working in Jordan by virtue of work permits granted by the Jordanian authorities are far lower than these numbers, which are also substantial compared to Jordan's labour force, domestic or foreign. For example, according to the Jordanian MoL, in 1999 the number of Syrians who obtained official permission to work in Jordan was less than 3,700, a derisory amount compared to the 130,100 Syrians having entered the kingdom but not departed during that year (even accounting for dependants of Syrian workers).

Though the situation regarding foreign labour in Jordan has been problematic for the past few years, in the present atmosphere of *détente* between the kingdom and Syria, Jordanian crack-downs are unlikely to target Syrian workers. Nevertheless, in the event of a cooling in relations between the two countries or of an acute unemployment crisis in the kingdom, the presence of so many Syrians in Jordan could be problematic.

TABLE 5  
SYRIAN ARRIVALS IN, AND DEPARTURES FROM, JORDAN,  
1997-2001 (in 000s)

	1997	1998	1999	2000	2001
Syrian arrivals in Jordan	717.1	946.4	939.2	898.2	1,127.2
Syrian departures from Jordan	625.8	931.0	809.1	689.1	835.8
Annual increase in Syrians remaining in Jordan	91.3	15.4	130.1	209.1	291.4
Cumulative increase in Syrians remaining in Jordan since 1997	91.3	106.7	236.8	445.9	737.3

Source: Central Bank of Jordan, Monthly Statistical Bulletin, January 2003, pp. 78-9.

With an average annual population growth rate of 2.7 per cent in the 1990s and of about 2.5 per cent in 2000-02<sup>8</sup> Syria's labour force should continue to grow strongly for the next couple of decades. That means that the country will continue to be an important exporter of labour, at least regionally. Apart from Jordan and the GCC states, the presence of Syrian workers is also important in Lebanon. There, they constitute the largest non-Lebanese group in the labour force, having reached a high of 600,000-700,000 in the mid-90s, but estimated in 2002 at only 250,000, and have replaced departing Lebanese workers.<sup>9</sup> It is therefore possible to speculate that the fall in

the number of Syrian workers in Lebanon has been accompanied by their increase in Jordan, a matter that would be an interesting topic for further research.

Current estimates of the number of Syrians working outside the country are as high as 1.9 million<sup>10</sup> and the wealth held by them has been estimated at US\$ 80 billion.<sup>11</sup> Apart from migrants who are still Syrian citizens, a Syrian official has recently put the size of the Syrian diaspora at 20 million worldwide, more than the actual resident population of the country.<sup>12</sup>

However, there are still major obstacles facing the materialization of the benefits of Syrian migration, including legal and institutional problems involving investment promotion laws that are not sufficiently attractive, as well as an inefficient banking system. Though the investment climate is now better than it has been for some years, much still needs to be done to allow Syria to reap more fully the gains that its labour migrants and diaspora have accomplished in the Mashreq and the rest of the world.

### **2.3 Lebanon**

The role of diasporas in promoting development in the Mashreq is important, as exemplified by the case of Lebanon. Through remittances, émigré populations have provided significant support to their families in Lebanon and contributed to the economic growth of the country. Countries with sizeable émigré populations are increasingly taking steps to strengthen the remittance flows, and link their diasporas with national development, as is more apparent in Lebanon than in Syria.

However, Lebanon needs to integrate further into the international community in order to economically survive and flourish. In this, its extensive interactive networks, influences and initiatives that extend east and West will help the country. Lebanon has been a significant centre of migration and emigration, a major receiver and sender of people to and from the rest of the Mashreq and the world. The country is at the heart of a global diaspora of about 14 million people of Lebanese descent scattered around the world. This estimate includes 6 million in Brazil, 3 million in the rest of Latin America, 3 million in North America and half a million in each of Africa, Europe, Australia and the Mashreq. This diaspora is about four times the current resident population of Lebanon, probably the highest ratio in the world of expatriates to resident nationals.<sup>13</sup>

Although no systematic or extensive research has been conducted on the considerable effects of the diaspora on families, villages and towns of origin, the economy and institutions, there is evidence throughout the past decade of the impact of Lebanese emigration on Lebanon. Through remittances, donations, investments, scholarships, religious endowments, building of schools, roads and local infrastructure, emigrants contribute to the upgrading of the assets and capacities of resident Lebanese. Although it is difficult to quantify their impact, it is well known that wealthy Lebanese emigrants who returned to Lebanon have contributed significantly to the development of such sectors as textile and building material industries, banks and contracting and public works enterprises.<sup>14</sup>

Private construction and public works have both largely depended for labour on this compensatory immigration. Since the 1990s, Egyptians and East Asians have joined the replacement

immigration, each group currently reaching about a hundred thousand workers, and playing a key role in sectors such as gas stations, hotels, restaurants, gardening, specialized agriculture, some industries (e.g. bakeries), personal services and others. At the same time, in the early and mid-1990s, tens of thousands of Lebanese entrepreneurs, professionals, cadres and skilled workers returned to Lebanon, either attracted by the emerging opportunities of the reconstruction programme and/or pushed out by the declining opportunities in West Africa, Canada, France and the Arab Gulf countries. A new community of thousands of dual citizens emerged, living in Lebanon, some returning, some commuting, some departing according to economic and market opportunities in Lebanon, in their country of naturalization and in the world. Up to 40,000 Lebanese-Canadians, 30,000 Lebanese-French and 20,000 Lebanese-Americans reside in Lebanon.<sup>15</sup>

This group seems to have shrunk in the past three years, as many of the investment projects of the returnees ran into difficulties. The recession of the late 1990s has also affected other categories of immigrants, including Syrians. Hundreds of thousands of Lebanese left in the post-war decade (1991-2000). It is estimated that a yearly average of 50,000 people left in the early post-war period and the take-off of reconstruction (1991-1994). In the second half of the past decade, as the economy and the reconstruction activity slowed and finally gave way to recession, thousands of mainly young and highly qualified Lebanese continued to emigrate.<sup>16</sup>

The phenomenon of continuing migration poses the problem of Lebanon's development model. It also raises the issue of the weak capability of that model to take advantage of the historical capital accumulated by Lebanon, for the benefit of the national territory and the resident Lebanese. Abandoned by some of its best minds, the civil service has become less productive and efficient and was augmented by the thousands of unqualified civil servants that were appointed not on the basis of merit and need, but on the basis of clientelism and as a partial remedy to rising unemployment.<sup>17</sup>

Lebanon will realize its potential, benefit from its extensive international networks and address its current structural impasse only if it constructs an explicit development and globalization strategy, conceived from a human development perspective. Such a strategy would require a solid and detailed national statistical base, particularly concerning migrants and diaspora, something that is still lacking in Lebanon as well as in most other Mashreq countries.

## **2.4 Yemen**

The number of Yemeni migrants to the Arab Gulf states in the mid-1980s reached 1.5 million, equal to about one-third of the country's labour force at the time. Their income (largely remitted) reached about US\$ 2 billion annually, a very large amount for a country that is the poorest and least developed in the Mashreq.

However due to the second Gulf crisis, there was a forced return of 800,000 migrants, but the Yemeni labour market could not absorb them. This has exacerbated the problem of poverty in Yemen. The UN Economic and Social Commission for Western Asia (ESCWA) estimated the poverty rate in Yemen at 47 per cent in 1996, while the result of the National Survey of Poverty in Yemen, conducted by the country's Central Organization for Statistics in 1998, indicated that the poor account for 38 per cent<sup>18</sup> of the total population of Yemen, which was just under 19 million in 2001.

Behind the decrease in the economic indicators in Yemen and the failure of some of the directed programmes in this regard are some structural and institutional problems that can be summarized as follows:

- High population growth that greatly affects all aspects of development in Yemen;
- The absence of coordination among government bodies (or between the state and international donors);
- The weakness of the international and Arab FDI, as well as of local investment (except for the oil sector);
- The lack of the required development infrastructure, in itself a major obstacle to economic development;
- The absence of local community participation in drawing up, discussing and implementing the main lines of strategies of development in Yemen.

Over a decade after the expulsion of Yemeni migrants from the GCC states, the Yemeni economy still languishes, in part due to its many structural weaknesses. The post 11 September situation will not help either. With an already low rate of immigration to the West,<sup>19</sup> the chances for increased regular labour migration out of Yemen are poor. This suggests that some in Yemen might resort to clandestine migration activities, which seems to call for aid and other mitigating emergency measures by Western donors, as well as help from the GCC states.

### 3. CONCLUSION AND RECOMMENDATIONS

Traffic in goods, knowledge and capital, though they are all restricted in some way, are considerably freer than labour flows in and from the Mashreq region. Much migration among Mashreq countries, as well as between them and the rest of the world, is temporary or undocumented, making it harder to protect migrant workers or to make the best use of their resources for national development. The social integration of migrants in times of high unemployment in most Mashreq economies is also an issue, with xenophobia threatening. The gap between tight immigration policies in the richer and growing emigration pressures in the poorer countries has also led to much irregular migration within and from the region.

This underlines the need for a policy framework for regional labour mobility and migration that would lead to a realistic regional system for coordinating and managing migration, and to regional and international cooperation needed to respond to emigration pressures in Mashreq countries.

The issue of replacing Arab workers (mainly from the Mashreq) in the GCC states with both nationals and East and South Asian workers is still important. The East and South Asian population in the GCC now outnumbers Arab migrants by about 1 million following the Iraqi invasion of Kuwait. Prior to the invasion, Kuwait was one of the GCC states with a strong Arab presence. In the near to medium term, further out-migration can be expected by Mashreq workers from the GCC states, and experts do not express optimism about the future absorptive capacity of the Gulf economies given that their development strategy relies on low-wage and low-skilled workers. One expert has recently estimated that during the next five years the GCC economies must accommodate 1.7 million nationals (new entrants and current employment), which will result in



the replacement of close to half a million Arab workers.<sup>20</sup> As a result, Mashreq countries should anticipate less remittance income, an influx of returning workers and perhaps increasing unemployment rates.

Apart from clandestine or otherwise illegal migration from the Mashreq to the rest of the world, notably the GCC states<sup>21</sup> and Europe, a large proportion of labour migration among countries in the Mashreq also has an illegal aspect. While entry into Mashreq countries from others in the region may proceed legally, prolonged residence and work often occur illegally.

Transnational networks of migrants, which have often demonstrated their capacity to induce economic change in Mashreq countries, are liable to contribute to development in their country of origin, for instance through associations, networks or civil society institutions. Labour mobility across countries in the region also can be a force for economic integration, if an appropriate agreement is reached between Mashreq countries. So far, there has been too much focus on trade in goods and too little on labour. Reforms are needed to improve labour mobility across and within countries, while protecting workers' rights and national interests. Besides the need for domestic reforms within Mashreq countries to be pro-poor and job-creating, some experts have suggested the adoption of a new institutional architecture to facilitate the emergence of an efficient pan-Arab labour market, as well as the establishment of an Arab employment agency capable of designing and monitoring the implementation of the pan-Arab legal framework ensuring freedom of movement between Mashreq countries and safeguarding the rights of migrant workers, and the creation of an Arab training institute or fund to plan, follow up and evaluate pan-Arab training programmes to improve labour productivity.<sup>22</sup>

These and related problems in the global economy are increasingly reflected in the work of IOM. IOM's regular programmes continue to help make the migration process more productive for all concerned. One example of these was the Tunis-based Reinforcement of Institutional Capacities of Tunisian Trainers Towards Improved Professional and Socio-cultural Integration of Tunisian Emigration Applicants. This project aimed at strengthening the institutional management of migration through the training of Tunisian trainers to help guarantee improved integration into European countries of Tunisian emigration candidates. IOM's partner in this project was the government of Tunisia, and the target groups are professionals in the country's institutions concerned with Tunisian emigration applicants for Italy and other EU states. The project was an example of the innovative approach adopted by IOM to make migration smoother, and might be replicated in a Mashreq country.

Whatever upheavals may occur in the region during the coming year, the issue of labour migration within, into and out of the Mashreq is going to become more important over the medium term. Expanded activities of the UN system in general and the IOM in particular, aim at addressing this question worldwide, with the Mashreq getting its fair share of attention.

IOM's prime objective in seeking to facilitate the management of labour migration is to promote regular labour migration within the framework of combating irregular migration, fostering the economic and social development of countries of origin, transit and destination, while respecting the rights and integrity of migrants.

In collaboration with governments and other agencies concerned, IOM has developed specific labour migration programmes that can benefit both sending and receiving countries by facilitating more orderly migration, and by better linking this migration to development. IOM programmes in labour migration vary to fit the specific political, economic and geographic context of the migration environment. Below are some common components of the programmes that might be applicable to the Mashreq:

- **Capacity Building and Institutional Development:** IOM could further assist in the review and upgrading of national policies, legal frameworks and migration management structures needed to introduce or enhance labour migration systems. Workable legislative and administrative models, activities to better target labour migration flows and personnel development and training opportunities are important components of these efforts. More specifically, IOM can assist the overseas employment institutions of sending countries through technical support in such areas as the analysis of job opportunities, improvement of data systems, elaboration of support systems for families of migrants working abroad, improvement of public information to potential migrants and returnees and integration of national agencies into more regional and global networks. This helps to ensure that countries of origin have adequate institutional capacities to set realistic policies and procedures and can form productive partnerships with countries of destination. Often linked with national or regional dialogues on migration, these efforts can lead to national, bilateral or regional agreements to enhance and regularize labour migration.
- **Return and Reintegration:** Today's labour migration is increasingly temporary. The movements are based on seasonal activity and/or cyclical needs in particular regions, or needs for specific skills. When return movements occur suddenly due to unforeseen economic or political events and/or on a large scale, they can present significant logistical and financial challenges for the country of origin. IOM has developed specific programmes to facilitate the reintegration of migrant workers into their countries of origin through self-employment, reinsertion in the local market, and micro-enterprise projects. These programmes are also in the interest of host countries, as they reduce the incentive for temporary migrant workers to stay clandestinely at the end of their contract.
- **Administering Selective Migration Programmes:** Increasingly, destination countries are devising mechanisms to match inward migration flows to specific areas of economic need. These programmes now extend well beyond the temporary agricultural worker programmes and often include longer-term or permanent migration opportunities for people with particular skills. Once established, in principle these programmes require specific administrative procedures to ensure their smooth operation, including the promotion of the programme in countries of origin, recruitment, testing and certification of applicants for the programme, timely data flow and information sharing between the two countries, the migrants and the consular offices concerned and efficient travel logistics. IOM can support government efforts to put these elements into place, or directly provides the services in the context of bilateral selective migration programmes.
- **Linking Labour Diasporas to Local Development:** IOM can develop databases of diasporas that help governments to better target investment opportunities for their émigrés, and plan recirculation opportunities to take advantage of the skills of émigrés for local development.

IOM could also assist governments in conceptualizing or improving such systems and in enhancing the technical and policy features.

- Finally, dialogue is important. On a regional level, countries that share a common geographic area come together to discuss the impact of labour migration on their countries and on the region as a whole, and to plan cooperative actions. Such fora exist in the Americas, in Asia, southern and western Africa, south-eastern Europe, eastern Europe and Central Asia. Moving beyond immediate geographic proximity, IOM together with interested governments has also initiated informal forums of discussion where countries of origin and destination, at times geographically distant, can comfortably meet and begin a process of dialogue aimed at practical and shared actions in managing migration flows. Labour migration is an increasingly important feature of these informal discussions. An example in this respect is the 5+5 (Western Mediterranean Forum) Dialogue on Migration in the Western Mediterranean.<sup>23</sup> The members of this forum include the governments of Algeria, Spain, France, Italy, Libya, Malta, Morocco, Mauritania, Portugal and Tunisia. However, there has been no such formal public initiative for the Eastern Mediterranean/Mashreq, though the need for it is clearly there.

# NOTES

1. 1990 International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, Article 2.
2. The connections between Mashreq regional conflict and migration have been important historically. For an elaboration of this important theme, see S. Shami (Ed.), *Population, Displacement, and Resettlement: Development and Conflict in the Middle East*, New York, 1994.
3. According to a statement made by a senior Jordanian MoL official to the official Petra News Agency, Amman, 1 March 2003.
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5. Kardoosh, Marwan A. "Managing foreign workers is now QIZ's most volatile issue", *The Daily Star*, Beirut, 7 February 2003.
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8. Syrian Arab Republic, Central Bureau of Statistics, Syrian Statistical Abstract 2002: 67.
9. United Nations Development Program (UNDP), "Globalization: Towards a Lebanese agenda", *National Human Development Report: Lebanon 2001-2002*, p 41.
10. According to Syrian business consultant Samir Suaifan in "Population and economic growth in Syria", *Tishreen* daily newspaper, Damascus, 17 February 2003 (Arabic).
11. Estimate in January 2003 by Syrian minister of the Economy and International Trade Ghassan Rifai.
12. According to the Syrian Minister for Emigration Nasser Qaddour, cited in Ali, Maysa and Yousef Bujairmi "President Assad following up on emigrants' situation worldwide" *al-Iktisadiya Weekly*, Damascus, 16 February 2003 (Arabic). The ministry which he heads is a relatively new one, established in 2001 in recognition of the importance of the Syrian diaspora in the country's development plans.
13. UNDP, *op. cit.*
14. Ibid.
15. For the point of view on this issue of the country hosting the diaspora, see, e.g. Ministry of Foreign Affairs, Sweden *Tradition and Renewal: A Study of North Africa and the Middle East*, 2000: 111.
16. Including close to 3,700 emigrants to the United States, a per capita figure higher than other countries in the region such as Egypt, Jordan, Syria and Yemen.
17. UNDP, *op. cit.*
18. Mentioned in Al-Bana'a, Fahmi Ali Said and Abdulmalik Ali Thabit Al-Jibli, "Economic and social development indicators in the Republic of Yemen," Sana'a, November 2002, Friedrich Ebert Foundation, Sana'a Office. The difference between the two studies is partly due to the different criteria used, but also to problems with data.
19. Out of this relatively large population for a Mashreq country, immigrants admitted to the US in 2000 were less than 1,800, or under one per 10,000 on a per capita basis, the lowest in the region.
20. According to consultant, Maurice Girgis, speaking at the fourth Mediterranean Development Forum, Amman, 6-8 October 2002.
21. For example, in 2001 more than 13,000 illegal expatriate labourers, many of them from the Mashreq, took advantage of an Omani amnesty allowing them to leave the country without paying hefty fines.
22. According to consultant, Nader Fergany, speaking at the fourth Mediterranean Development Forum, Amman, 6-8 October 2002.
23. See the Tunis Declaration of the 5+5 Dialogue Ministerial Conference on Migration in the Western Mediterranean, 16-17 October 2002, Tunis.

# **MOROCCAN MIGRATION TO EUROPE: WHAT IMPACT ON THE ECONOMIES OF COUNTRIES OF ORIGIN?**

Mohamed Khachani

## **INTRODUCTION**

The Maghreb represents an important migratory reservoir. If during the colonization period it was a recipient area of relatively important migratory flows from certain European countries, since then it has become a region of emigration mainly towards the European Union countries. Since the sixties, emigration to these countries has become a major social phenomenon.

Constituting an important immigration stock (both regular and irregular) Maghreb immigrants are gradually representing an essential element in the relations between the two shores of the Mediterranean. In fact, this Maghreb diaspora produces very strong human, economic and cultural networks with the countries of origin. This study will attempt to analyse these economic networks and examine their impact on the Moroccan economy.

This impact will be examined at five levels: (1) the labour market, (2) remittances, (3) allocation of remittances, (4) impact of investments on the local economic structure and (5) future perspectives.

### **1. MIGRATION, A REGULATOR OF THE LABOUR MARKET**

Despite the advanced state of demographic transition in the Maghreb countries, their population growth remains relatively high and will continue to increase in the coming decades.

This demographic growth reflects directly on the volume of active population and translates into a significant increase in job seekers that national markets are unable to absorb. Thus, unemployment is affecting a constantly increasing population, in particular among the young and the educated. Also, unemployment of women, whose proportion to the active population is growing continuously, explains female migration in countries like Morocco.

This unemployment problem has its roots in the crisis of the late 70s that hit the Maghreb economies and caused disorders, which have further intensified since the beginning of the 80s. The measures taken to overcome this crisis within the framework of Structural Adjustment Programmes, have produced some results towards macroeconomic equilibrium. However, their impact on employment was negative.

TABLE 1  
DEMOGRAPHIC INDICES IN MAGHREB AND THE EUROPEAN UNION

Country	Annual Average Population Growth Rate 1990-2000	Population in 2000 (mio) (a)	Population Projection in 2025 (mio) (b)	(b)/(a) (%)
Algeria	1.9	30	49.9	66.33
Morocco	1.8	29	39.2	35.17
Tunisia	1.6	10	13.1	31.00
Libya	-	5	8.3	66.00
Mauritania	2.8	3	5.4	80.00
Total Maghreb		75	115.9	54.53
European Union	-	376.4	388.3	3.16

Source: The World Bank and Eurostat, Euro-Mediterranean statistics.

During the last decade, the Maghreb economies have also suffered the effects of the Gulf crisis and of the recurrent droughts. In addition to those constraints, the difficulties encountered by many enterprises as a result of the growing competition in connection with the progressive liberalization of trade, together with a complicated social climate translated into the suppression of a large number of jobs. For instance, the liberalization of trade for products manufactured under the Association Agreement with the European Union seems to have led to harsh readjustments measures in Morocco. The rate of enterprise closures shows an upward trend, which further accentuates the disorders on the employment market.

These various statistics in relation to the employment market in the Maghreb countries highlight the importance of the social, economic and political factors in relation to the demographic issue. They show that the challenge of job creation and employment is and will remain at the heart of the development problem during the coming decades.

The pressures on the labour market induce a strong tendency to migrate. The regulatory devices laid down by the European Union, following the application of the Schengen Agreements (June 1990), have had the effect of diverting migration towards irregular channels, and, indeed, irregular migration is registering a significant recurrence between the two shores of the Mediterranean.<sup>1</sup> In order to reduce the pressure and to be able to absorb at least a sizeable portion of this migration potential, the Maghreb economies would have to ensure strong and sustainable economic growth to make it possible to provide 1 million jobs per year (400,000 in Morocco, 100,000 in Tunisia and 500,000 in Algeria). This volume of job creation and employment would permit the partial absorption of the existing under- and unemployment pool, and of a large part of additional labour demand.<sup>2</sup>

Maghreb migrants could contribute to this growth either as investors or as providers of funds. Their remittances can play an important role in funding this economic growth.<sup>3</sup>

## 2. THE TRANSFER OF REMITTANCES

The transfer of remittances constitutes an important source of foreign currency for the countries of origin and, at the same time an essential factor in the migratory issue both at the micro and macroeconomic level.

### 2.1 Problems of Definition and Evaluation

The remittances of migrants remain an ambiguous notion. It is a difficult issue to evaluate owing to the diversity of channels of transfer, and the difficulty to control the routes used. Broadly speaking, remittances are transferred through formal channels and informal or “invisible” channels.

The formal channels employ official means and are recorded in the balance of payments as “remittances without counterpart”. A portion of these remittances is made by social or benefactor institutions in favour of the migrant or his family. This includes pensions, retirement funds, family allocations, medical expenses, and other similar items.

The informal channels evade official statistics and involve various operations:

- Money the migrant brings himself into the country during visits home, or sent through third persons.<sup>4</sup> This flow of funds involves informal networks of collection and of delivery to the countries of origin, that depend on family and commercial ties. This channel seems to be preferred by Mauritanian emigrants.
- Compensations among compatriots: this mechanism is used when an immigrant makes payments on behalf of his fellow citizen in the country of destination. On return, his or his family’s account in his home country is credited in his national currency. This type of compensation is the result of the inconvertibility of the Maghreb currencies and the existence of exchange controls.
- All material goods brought home by the emigrant during his leave, such as cars, electric household appliances, furniture, electronic devices and similar items. Such products are intended for private consumption, but are also introduced into the informal economy of the country of origin (petty trade). This channel, based on geographic proximity, is widespread in Morocco and Algeria, where the “suitcase trade” constitutes a relatively important portion of transfers.

### 2.2 Volume and Importance of Remittances

Remittances sent through official channels represent only part of the transfer of funds. All such transfers are indicators of the attachment of Maghreb migrants to their home countries, especially as regards first-generation migrants. The available information on Morocco, based on recent research (a census of 1,239 migrants) shows that more than nine out of ten Moroccan migrants (94%) stated to have transferred funds to Morocco during the five years covered by the research, and 60 per cent affirmed they had transferred at least one quarter of their income.<sup>5</sup>

TABLE 2  
MAGHREBI MIGRANTS' REMITTANCES FROM ABROAD (in US\$ mio)<sup>6</sup>

Countries	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001*
Morocco	2,006	1,990	2,170	1,959	1,827	1,969	1,165	1,893	2,011	1,938	2,108	3,262
Algeria	-	274	829	700	1,115	1,294	1,045	1,075	1,080	1,108	-	815
Tunisia	639	570	578	597	688	753	820	765	792	860	795	930
Libya	-446	-408	-390	-323	-307	-268	-328	-232	-247	-198	-	-
Mauritania	14	12	50	2	5	5	4	3	2	2	2	3

\* Provisional data: (OTE) for Tunisia and (Exchange Office) for Morocco.

Source: The World Bank database.



Apart from Libya, a source of remittances, and Mauritania, where remittances received are rather slim and show a clear tendency to decline, remittances from migration constitute an important source for two Maghrebi countries: Morocco and Tunisia, confirming the importance of informal networks to transfer funds.

Despite some fluctuations, these transfers recorded a sustained upward trend in Morocco. In monetary terms, they multiplied over 17 times in the space of 26 years (1975-2001).

TABLE 3  
EVOLUTION OF CURRENCY TRANSFERS FROM MOROCCANS ABROAD  
(dirhams mio)

Year	Amount	Increment
1975	2,159.6	38.7
1976	2,417.8	12.0
1977	2,652.1	9.7
1978	3,176.0	19.8
1979	3,696.5	16.4
1980	4,147.6	12.2
1981	5,242.0	26.4
1982	5,114.5	-2.4
1983	6,515.4	27.4
1984	7,680.9	17.9
1985	9,732.2	26.7
1986	12,730.6	30.8
1987	13,267.9	4.2
1988	10,700.4	-19.4
1989	11,344.1	6.0
1990	16,537.2	45.8
1991	17,328.1	4.8
1992	18,530.7	6.9
1993	18,215.9	-1.7
1994	16,814.4	-7.7
1995	16,819.9	0.03
1996	18,873.8	12.2
1997	18,033.4	-4.5
1998	19,200.0	6.5
1999	19,001.5	-1.6
2000	22,961.6	20.8
2001	36,867.7	60.6
2002 (End of November)	32,439.2	-

Source: Exchange office, Morocco.

These remittances were stimulated by a number of factors: mainly, the successive devaluation of the dirham (Dh), the low rate of inflation and the establishment of banking networks in receiving countries. The year 2001 was, however, an exceptional year. Transfers reached almost Dh 37 billion (approximately US\$ 3.7 billion), an increase of 60 per cent compared to the preceding year.

There are two explanations for this exceptional rise:

- The Euro effect: Moroccan residents in the European Union countries have perhaps not received the new currency with great confidence as shown by the size of transfers made of nearly Dh 4 billion and of almost Dh 4.5 billion – the record of the year – in July and August 2001, respectively.
- The “September 11” effect: high rates of repatriation of funds were recorded outside the Euro zone: from the United States (+144.1%), from Great Britain (+67.3%), from Kuwait (+216%) and from Qatar (+117.1%). The repatriation of these funds probably aimed at ensuring better security in the country of origin.

TABLE 4  
EVOLUTION OF CURRENCY TRANSFERS FROM TUNISIANS ABROAD

Year	Amount (mio dinars)	Annual Increment %
1975	58.7	+13.8
1976	61.9	+5.5
1977	72.2	+16.6
1978	91.7	+27.0
1979	115.4	+25.8
1980	153.0	+32.6
1981	178.3	+16.5
1982	219.6	+23.2
1983	243.8	+11.0
1984	245.9	+0.9
1985	225.8	-8.1
1986	287.1	+27.1
1987	403.0	+40.4
1988	466.6	+15.8
1989	463.0	-0.8
1990	526.0	+13.6
1991	527.0	+0.2
1992	508.0	-3.6
1993	599.5	+18.0
1994	695.7	+16.1
1995	711.8	+2.3
1996	798.3	+12.2
1997	845.9	+6.0
1998	901.9	+6.6
1999	1019.7	+13.1
2000	1091.1	+7.0
2001*	1333.9	+22.3

\* Estimates.

Source: Central Bank of Tunis.

As concerns Tunisia, the evolution of transfers showed a similar trend. The total size of remittances multiplied almost 23 times during the same period (1975-2001).

Like in Morocco, but with less intensity, the growth rate of remittances in 2001 was the highest since 1987: 22.3 per cent against 7 per cent one year earlier. In Tunisia, remittances are categorized as a source of hard currency, and during the period 1993-2000, ranked third after tourism and the textiles and leather sectors. In 2001, they ranked second after mechanic and electrical industries. In the same year, remittances represented 8.72 per cent of current revenues in the balance of payments: 31.8 per cent of the deficit in the balance of trade, and 57 per cent of revenues from tourism.

During 2001, in Morocco, remittances constituted the main revenue from current transactions in the balance of payments (around 21.57%) covering 84 per cent of the trade deficit (Dh 43.641 billion), and also represented the principal source of hard currency, considerably exceeding tourism (Dh 28.8 billion in 2001).

The importance of these remittances for the Maghreb economies can be better appreciated by comparing these funds to certain macroeconomic aggregates: Gross Domestic Product (GDP), imports and exports.

TABLE 5  
COMPARISON OF REMITTANCES AGAINST CERTAIN AGGREGATES IN 2001

Country	Remittances/GDP (%)	Remittances/Import	Remittances/Export (%)
Morocco	9.63	29.71	45.83
Algeria	2.36*	11.56*	8.99*
Tunis	4.64	9.74	14.03

The World Bank: Report on Development in the World 2000-2001.

\* 1999.

Source: Central Bank of Tunis. Bank Al Maghreb.

As to transfers in kind, their evaluation remains difficult. They are, however, much more important in a country like Algeria where, as previously mentioned, “suitcase trade” remains a predominant means of transfer. According to certain estimates from Algerian authorities at the beginning of the nineties, annually this trade would have represented the equivalent of more than US\$ 2.5 billion, which is a significant amount since it represents between 15 and 20 per cent of total imports.<sup>7</sup>

In Morocco, an accurate research study covering two of the principal areas of origin of emigration, Nador in the north, and Tadla in the centre, evaluates those ranging between 30 and 50 per cent of financial remittances.<sup>8</sup> In Tunisia, evaluations are available for these remittances, which represent 24 per cent of total transfer of funds in 2001 (320 million dinars).

TABLE 6  
EVOLUTION OF REMITTANCES IN TUNISIA (in mio dinars)

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001*
84	55	101	150	197	166	206	230	226	288	281	320

\* Estimate.

Source: Central Bank of Tunisia.

Statistics are scarce in Libya. In fact, it is a host country for migrants from other Maghreb countries. In 2001, transfers from this country amounted to 27 million dinars for Tunisians, and 23 million dirhams for Moroccans. These represented the essence of remittances to these countries from the whole Maghreb region, which exceeded 33 million dinars and 39.3 million dirhams, respectively.

In Mauritania, on the other hand, migrants' remittances are modest because of the limited number of migrants and their tendency to prefer the informal channels of transfer.

Considering the importance of this issue, the Maghrebi authorities faced two challenges:

- How to stimulate those financial remittances or at least maintain their level in spite of the migrants' tendency to settle down in countries of residence;
- How to channel these remittances towards productive investments, which would help in the transfer of technology and know-how acquired in countries of destination, despite the reticence of foreign investors.

These two challenges place the migratory question at the heart of discussions on European-Mediterranean relations, especially in view of the expected creation of the Free Trade Zone.

### 3. ALLOCATION OF REMITTANCES

As Moroccan migration is basically driven by economic considerations, this is reflected in the economic behaviour of migrants: revenues are allocated primarily to meet the basic needs of the migrant and his family, either accompanying him or those remaining at home. A portion of those revenues is saved, intended for investments in the country of origin and, increasingly, in the country of residence.

Investment in real estate is the favourite allocation of funds for Maghreb migrants. Research conducted especially in Tunisia and Morocco, confirm this observation, in particular regarding Morocco, where evidence gathered over the last 35 years clearly shows the preponderant interest in real estate investment. The motives for this sustained interest are clear. This investment has an emotional component and, hoping to return, the construction of a home in the native country constitutes a real security for the emigrant.

Once this objective is attained, profitability considerations stipulate other investment options. Social security is a concern closely connected with economic security. Thus, economic invest-

ments tend to be in areas of minimum risks and of immediate profitability, such as in trade, real estate, services and other similar areas. For others, different parameters will influence the choice of investments, for instance if the migrant has some knowledge of the market, or useful contacts and relations that may be of help to introduce the returnee to desirable sectors.

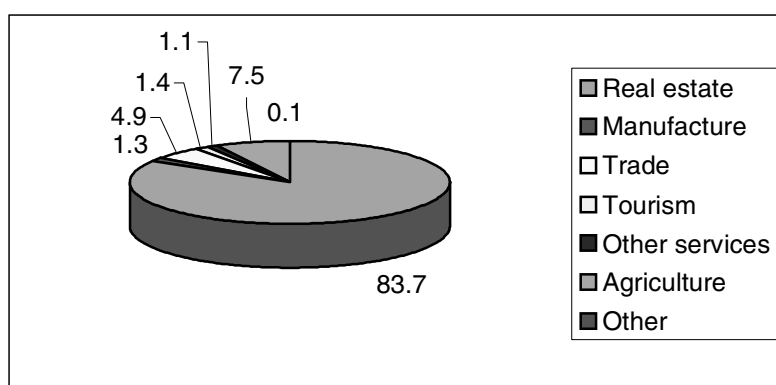
In Morocco, research conducted by INSEA offered some interesting insights regarding migrants' investments in Morocco and in countries of residence. The tendency to invest is very strong: over 70 per cent of the research sample had invested in Morocco, and more than 23 per cent had done so in their country of residence. It bore out the assumption that investment in real estate, whether in Morocco (83%) or the country of residence (63%), was the preferred investment option of Moroccan migrants. Investments in agricultural projects (7.5%) trailed far behind investments in other sectors (8.8%). In countries of residence, investments in other sectors than real estate are more important (37%). The leading areas are commerce (17.4%) and tourism (6.1%). It is interesting to note the rise in the importance of the tertiary sector.

TABLE 7  
BREAKDOWN OF INVESTMENTS REALIZED  
IN MOROCCO AND IN COUNTRIES OF RESIDENCE

Sector	Realized in Morocco (%)	Realized Abroad (%)
Real estate	83.7	63.0
Industry	1.3	3.7
Trade	4.9	17.4
Tourism	1.4	6.1
Other Services	1.1	1.2
Agriculture	7.5	7.3
Others	0.1	1.3
Total	100	100

Source: INSEA: Moroccans residing abroad, INSEA, 2000: 196-197.

FIGURE 1  
BREAKDOWN OF MIGRANTS' INVESTMENTS IN MOROCCO



The choice of these sectors depends on a series of considerations. If the real estate sector is the dominant sector in the migrants' investment options, the reasons are evident. Such an investment represents an emotional value and the migrant's return perspective, building a house in the country of origin contributes to security. In fact, this kind of investment is often the norm for immigrants living in difficult conditions. A study carried out by the National Institute for Demographic Studies (France) concerning the Moroccan population in France reports that "the more immigrants are living in difficult conditions, the more likely they are to transfer funds to Morocco and to own their homes". On average, 40 per cent of immigrants own their home, with the rate increasing to 81 per cent for those living in family accommodations, to 51 per cent for those renting often run-down private living quarters and only 25 per cent for those owning their accommodation.<sup>9</sup>

Several reasons explain the relatively weak representation of the industrial sector in the migrants' investment objectives:

- The industrial sector requires more capital than the average immigrant is able to accumulate;
- The low professional profile particularly of first-generation migrants, who normally lack the skills and qualifications to engage in business areas with which they are unfamiliar;
- Despite the efforts made, the institutional mechanisms to assist intending investors remain complicated and difficult to access;
- Finally the time factor plays an important role since the time available to the migrant, generally his holiday entitlement, is not sufficient to identify attractive, and engage in complicated and lengthy investment transactions and limits his choice to simple investments that do not need as much attention and personal presence.

The same reasons apply to the entire Maghreb area. The available data for Tunisia indicate that industrial investments by immigrants represent hardly 0.5 per cent of all investments in the sector.

The INSEA research conducted in Morocco also revealed that 57 per cent of Moroccan migrants have projects in Morocco and 14 per cent in the countries of residence. What is interesting through is the change in preferred investment sectors.

TABLE 8  
BREAKDOWN OF MOROCCAN MIGRANTS' INVESTMENT PROJECTS

Sector	Projects in Morocco (%)	Projects Abroad (%)
Real Estate	35.6	54.2
Industry	7.5	4.5
Commerce	27.4	25.1
Tourism	12.1	9.5
Other Services	5.3	6.1
Agriculture	10.6	0.0
Others	1.5	0.6
Total	100	100

Source: INSEA: Moroccans residing abroad, p.205.

TABLE 9  
PROJECTS AUTHORIZED FOR TUNISIANS RESIDING ABROAD,  
1988-2001 (thousands of dinars)

	Agriculture*			Industry**			Services**			Total	
	No. of Proj.	Invested Amt.	Jobs to Create	No. of Proj.	Invested Amt.	Jobs to Create	No. of Proj.	Invested Amt.	Jobs to Create	No. of Proj.	%
1988	16	0.868	46	129	6.204	1,277	112	2.150	-	257	3.3
1989	8	0.607	30	144	10.693	1,964	88	2.854	-	240	3.1
1990	16	1.296	58	224	10.693	2,958	327	8.220	-	567	7.4
1991	50	3.107	135	296	17.665	2,795	874	13.357	-	1,220	15.8
1992	37	2.006	131	103	6.667	694	422	2.960	-	562	7.3
1993	76	6.491	297	183	9.700	1,246	500	10.100	2,520	759	9.9
1994	41	2.459	89	143	9.500	1,121	707	14.700	3,011	891	11.6
1995	33	2.057	48	151	8.600	1,137	917	27.100	4,524	1,101	14.3
1996	33	1.515	38	149	7.300	789	307	10.300	1,255	489	6.3
1997	52	2.079	67	140	7.700	763	153	5.800	708	345	4.5
1998	74	4.051	113	99	8.000	721	150	5.200	569	323	4.2
1999	66	1.778	72	122	6.915	856	152	4.233	606	340	4.4
2000	62	4.001	75	98	4.429	589	141	6.215	663	301	3.9
2001	46	3.145	56	91	3.070	676	168	6.137	865	305	4.0
Total	610	35.460	1,255	2,072	117.136	17,586	5018	119.326	14,721	7,700	100
%	7.9	13.0	3.7	26.9	43.1	52.4	65.2	43.9	43.9	100	

\*APIA: Approved projects.

\*\*API: Agreed projects.

Source: OTE/Department of Studies and Statistics.

Although it remains the preferred area of investment, real estate is clearly less important in terms of an objective, i.e. as an investment project, than as already realized investments. In particular, though it remains strong as an investment project yet to be realized abroad, its relative importance is weaker in Morocco. The study points to the fact that more than two-thirds of migrants have already invested in real estate in Morocco, and also that increasing numbers of Moroccan migrants tend to settle in their countries of immigration. Agricultural investments disappear as projects abroad. The tertiary sector continues to be of interest to migrants, and becomes the privileged sector in Morocco. Despite a higher share, industry remains of low appeal to migrants. However, as these are investment intentions, their actual rate of realization is not known at this point.

Among the five Maghreb countries, only Tunisia has a database for investments (other than real estate) authorized for Tunisians residing abroad. The variability of such investments according to sectors provides us with interesting information on the preferred investment areas for Tunisian migrants.

Between 1988 and 2001, with 5,018 projects, the services sector was most attractive, followed by the industrial sector (2,072) and the agricultural sector (610). As these are authorized, but not yet realized investment projects, the rate of deviation can be estimated between 30 and 40 per cent. Compared to national investments, the contribution of Tunisians residing abroad remains relatively low. During the period 1993-2001, it registered just over 0.4 per cent of the national level, with approximately 0.5 per cent going to the industrial sector, 0.4 per cent to agriculture and less than 0.4 per cent to services.

The realized projects are generally low capital-intensive projects of around 35,314.5 dinars each on average. By sector, the average is 58,131 dinars for agriculture, 56,533 for industry and 23,780 for services.

Similarly, these projects generate only few jobs, averaging just over four jobs each, with 8.5 jobs in industry, less than three jobs in services and only two jobs in agriculture.

Although these are modest investments, they are relatively diversified. This is the result of the several incentives aimed at investors, such as, e.g. the duty-free import of investment goods, some foreign exchange advantages, awareness and information campaigns on the investment potentials are being organized both in Tunisia and in the countries of residence.

Overall, however, for the Maghreb area these investments are not yet able to meet the needs of globalization, which are notoriously dependent on the development of new information and communication technologies. For the time being, therefore, immigrants are continuing to invest in the traditional investment areas.

#### 4. IMPACT OF INVESTMENTS ON THE ECONOMIC STRUCTURE

As we have seen, these investments concern mainly real estate. The impact of investment in housing is very important. First, better housing conditions generate higher labour productivity,



in the same way as better food and better education for children. Besides, the multiplier effects of the sector are numerous. This type of investment generates its own dynamics in the local economy, both through the generation of jobs and the creation of small enterprises relating to the sector (e.g. construction materials, carpentry, blacksmiths, and other related activities), resulting in forward and backward linkages and additional job creation.

As concerns agriculture, the effect of migration has been controversial. If in certain regions the departure of young adults caused a decline in the agricultural economy, and also sometimes a breakdown of the ties between the people and the land, in other cases migrants' transfers have had positive effects. The contribution of some transfers to the rural sector has led to the improvement of agricultural activity, which often led to the expansion of agricultural area under cultivation and the modernization of the means of production in family-based operations.

Similarly, transfers of funds contributed to the liquidity in the banking system and to boost operations. In Morocco, for instance, immigrants' banks savings in 2000 exceeded Dh 50 billion, including Dh 26.619 billion in checking accounts, that is, approximately 40 per cent of the total amount of sight and term deposits in the Moroccan banking system.<sup>10</sup> In Tunisia, the volume of savings is much lower and the contribution of non-residents is less than 9 per cent (8.73%).

The social impact of migration on the family in the country of origin is particularly remarkable in terms of the families' improved standard of living. Frequently, emigration is a means of ensuring a decent income and standard of living for the migrants' families in the country of origin. According to a study on the effect of transfer of remittances in reducing poverty in Morocco, such transfers are the primary cause for a drop in the poverty rate from 23.2 per cent to 19 per cent of the population. In other words, 1.2 million Moroccans had been able to avoid poverty thanks to the funds transferred by migrants, either in the form of investments or other types of transfers.<sup>11</sup>

A further effect is that the departure of the husband or the responsible male family member puts the woman (the wife, the mother, the elder sister) at the forefront of the scene, she becomes the head of the household.

Regarding the regional impact of those investments, the creation of projects and the urbanization of deprived areas bolster economic growth and prosperity in the regions concerned. However, the absence of infrastructure can redirect those resources to benefit more developed regions. In Morocco, this is true between the provinces of the Oriental and the Rif, two main sources of Moroccan migration, which suffer from a considerable deficiency of infrastructure, and the region of Casablanca; this drainage of funds takes place through the expedients of banking system.

However, the migrants can actively participate in regional development through their contribution to local development projects. The experiment performed in Morocco by a French NGO, Migration and Development (M&D), and another Moroccan NGO of the same name (serving as a shield to the former until 1998, before they became autonomous), is of particular interest in this respect. For 15 years, these NGOs have been involved in development projects in areas of migrants' origin.

In the beginning, their operations were directed to the electrification of some villages in Sous and some sites of youth exchanges. In a second phase, their attention was directed to the realization of other infrastructure: water piping, road construction, schools, and health centres. These operations continued for some years, involving more than 200 village associations established by Migration and Development (M&D) to act as partners in local development projects. This participatory approach encourages the involvement of local population in the determination of their needs, the realization of projects and their management.

Since 2000, the activity of M&D was extended to revenue generating activities, driven by the same local development objectives and aiming to create strong ties between the population and their land. This new field was launched in cooperation with 150 supporters of development activities in the province of Taroudant in the region of Sous, which allowed the choice and preparation of income-generating economic projects.

TABLE 10  
PROJECTS REALIZED BY MIGRATION AND DEVELOPMENT

Field of Activity	Number of Villages	Number of Beneficiaries	Total Budget (dirhams)
Water	55	26,188	5,384,194
Electrification	103	35,731	19,913,500
Women	16	62	2,165,240
Education	52	1,425	6,130,140
Health	164	40,623	624,000
Sites/Exchanges	50	552	3,375,697
Roads	255	70,000	3,630,000
Economic activities and mobilization of migrants	-	-	12,474,000
Total	695	174,581	53,660,771

Source: Migration and Development.

These activities mobilize numerous partners from both sides of the Mediterranean: migrant associations, village associations, NGOs, elected representatives and administrations from the country of origin and country of reception, financiers and other useful areas in a cooperative effort.<sup>12</sup>

Since 2000, M&D activities have been extended to Algeria, where the similarity of problems faced by Algerian villagers had led members of the Algerian migrant community to solicit the support of M&D to engage in activities of the same nature in their country.

Considering the role it played in local development, particularly in the south of Morocco, it would be interesting to generalize this experiment in other countries of the Maghreb.

## 5. EMERGING NEW OPPORTUNITIES: TOWARDS NEW PERSPECTIVES

If first-generation Maghrebi migrants generally have a low profile (illiteracy, low qualifications, decreasing revenues to labour force), the recent evolution reveals the constitution of a Maghrebi elite in receiving countries with a completely different profile from those first-generation migrants. This Maghrebi migrant elite consists of both new generations of migrants and a sustained emigration flow of competences originating from the Maghreb.

This elite not only invests, in university centres and various research laboratories, it is also active in various economic sectors. Maghrebi residents in Europe are to be found at the head of import-export companies, transport, tourism, information, publicity, cleaning services, while others manage industrial enterprises in different branches of activity such as clothes, foodstuff, carpentry, painting, construction material, metallurgy, and more.<sup>13</sup>

Globalization on the one hand, and emergence of this Maghrebi migrant elite on the other, seem to have opened new perspectives for cooperation and partnerships between countries of origin and of destination. In that context, a new link could be created between them by building on the expatriate competence and the effective or virtual return of young migrants, who are essentially bicultural and whose professional and social participation contributes to raising the potential of such initiatives.<sup>14</sup>

In a world where knowledge is the basis for economic development, the technical and professional knowledge acquired while abroad together with the important development potential in the countries of the Maghreb, the prospects for the creation of employment-generating activities represent important factors that deserve attention and evaluation.

However, the actual state of achievement still remains limited compared to the opportunities offered by Maghreb countries. The question is certainly how to direct that potential in terms of finance and know-how towards the country of origin. This seems to be an important objective for the migration policy in the Maghreb countries. This question is so crucial that three of the five countries concerned are facing serious socio-economic constraints and must acknowledge their responsibilities towards their economic future.<sup>15</sup>

In fact, under the pressure of globalization, three Maghreb countries: Tunisia, Morocco and Algeria have signed association agreements with the European Union in July 1995, February 1996 and April 2002, respectively. The establishment of a Free Trade Zone, which serves as a basis for those agreements, highlights the urgency to create proper economic structures necessary to these countries.

One of the principal parameters of these agreements concerns foreign investment in the signatory countries. It is here that deficiencies are acutely felt, and where the country's gain from the return of Maghrebi migrants could be vital.

We can imagine a scenario where this Maghrebi migrant elite would participate in a substantial manner in investments into their countries of origin, and become involved in the process of delocalization, which characterizes the globalization of the world economy. The emerging pro-

cess linked to the return of this elite, would make it possible in time to generate a self-sustaining dynamic of private investment in these three Maghrebi countries.

Considering the very modest number of return experiences, these actors could constitute entrepreneurs spanning the two shores of the Mediterranean. In this context, it is interesting to mention certain practices, such as those of Tunisian migrants, who while maintaining their regular resident status in their countries of destination (residence permits, social security, tax returns), are able to manage a network of enterprises, both in Tunisia and in France. They develop very complex circular practices through repeated travels between their two areas of interest. As such, they are “residents of the two shores”.<sup>16</sup>

Another case worth mentioning is that of some young Maghrebi migrants who manage the local subsidiaries of French companies, benefiting from their dual culture and the related advantages in their economic relations with both.<sup>17</sup>

In Algeria, the process of economic liberalization – the privatization programme declared in August 1995 concerns 1,200 institutions – implies a call on foreign investors. Due to the importance of such investments to the development of this country, with the exception of fossil fuel, a stronger involvement of Algerian residents would constitute an undeniable benefit to their country’s economy. The establishment of a ministerial department in 1996 in charge of the national community abroad (delegated to the Ministry of Foreign Affairs) is a case in point.

In countries of the Maghreb, return migration can inject new blood into the economic and social dimensions of local development dynamics. By creating employment opportunities, the investments would contribute to lessen the wave of candidates for emigration and to meet at least a part of the excess labour, especially in view of the accompanying trend in countries of the northern shore towards increasingly restrictive migratory policies.

This scenario should be inscribed into the South-North development concept based on a Mediterranean partnership. In fact, for obvious geo-strategic reasons, European Union countries are called upon to cooperate with Maghreb countries to ensure durable growth, job creation and an easing of migratory pressure.

It is, however, essential to understand that the drainage of potential definitely remains dependent on the quality of the context in which migrant investors are invited to operate. This context consists in its totality of variables covering economic, political, social and cultural areas, affecting the viability of the projects to be undertaken.<sup>18</sup>

Conclusions drawn from research conducted in two Maghreb countries, Tunisia (Office of Tunisians Abroad, 2000) and Morocco (INSEA, 2000), reveal that migrant investors face three principal constraints: administrative procedures, access to credit and insufficiency of investment opportunities in the countries of origin (reception, advice).

Moreover, it is noticeable that returns from migration occur only on a national basis. The mobility of people, goods and capital among the Maghreb countries themselves is still weak. Mobility of people is reduced because of the closed frontiers between Morocco and Algeria, economic exchanges are very much underdeveloped, with inter-Maghreb trade representing only some

5 per cent of trade in the region. Maghreb integration faces a bleak political environment. The Arab Maghreb Union project is put on hold despite the sporadic enthusiasm to revive it. In this respect, there are undeniable opportunities for regional economic integration, but the creation of a zone of free exchange in Maghreb only attracts two countries, Morocco and Tunisia, which are part of the Agadir group.

Therefore, this institutional context does not encourage strong participation by Moroccan migrants. Owing to the continuing effect of historical, political and economic factors, integration is developing only in a South-North direction.

## CONCLUSION

In the countries of Maghreb, emigration is at the heart of a certain number of challenges. The migratory problem, under the impact of new policies created on each side of the Mediterranean, calls for a new approach in order to influence the economies of the countries of origin. The need for strong and sustainable growth requires the mobilization of all internal and external human potential and financial resources to make it possible to reach set productive targets.

The constitution of a migrant elite who invests in various economic possibilities in countries of destination is an advantage to Maghreb countries. Evidently, the emotional and cultural attachment of this elite is not enough. It should therefore be backed by economic incentives and the creation of an appropriate investment environment. This would mean that various institutions would have to review their perceptions of the actual and potential role of migrants. Both in the countries of destination and origin, migrants should be perceived as actors and partners backing the development efforts.

In this respect, the strengthening of multilateral cooperation remains an essential means to exploit the relationship between migration and development. It is therefore a question of determining the modes of cooperative action through the coordination of migratory flows between countries of origin and reception.

In the light of the perspectives presented by the Maghreb economies, it seems that this is the way to turn migration, as a consequence of underdevelopment, and migrants into factors and actors of development.

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# A COMPARATIVE ANALYSIS OF DIFFERENT SOURCES OF REMITTANCES

Khalid Soudi and Abdelkader Teto

## INTRODUCTION

Based on available data from research on standards of living in the Kingdom of Morocco in 1998-99, this paper deals with the nature, source and effect of various types of transfers, whether monetary or in kind, in strengthening relations of social protection and family solidarity and, more particularly, in the alleviation of monetary poverty. To evaluate the importance of Moroccan migrants remittances (MMR), it would be necessary to compare their effects in terms of reduction of poverty with the effects of other types of remittances realized by other institutions, such as public administrations, non-governmental organizations (NGOs) and families residing in Morocco. This latter source of remittances mostly comprises cases of migrant families, residing in Morocco.

The outline of this paper is arranged as follows: in the first part, transfers received by families are measured in terms of their frequency, source and size. The following parts analyse the contribution of those transfers to alleviating the poverty of families from different social classes, according to their source, i.e. whether they come from a resident family, or administration, institution or non-governmental organizations, or from a Moroccan residing abroad.

Transfers, here, correspond to the value of monetary amounts and of material goods collected by households either regularly or occasionally, without an equivalent commitment from the beneficiaries of such transfers.

### 1. TYPE AND FREQUENCY OF TRANSFERS

The transfers collected by the most disadvantaged households are characterized by their insignificance not only as regards their consistency, but also their frequency and their precarious sources. More important and regular remittances that simultaneously provide the cause and effect of higher positions on the social scale, are more exclusive to middling to wealthy families. At the same time, formal remittances made by institutions or Moroccan residents abroad, are mainly addressed to the more advantaged social classes. In contrast, transfers to underprivileged or poor families are mainly informal, insufficient to guarantee a decent standard of living and, in most cases, are made in the context of family solidarity. In terms of social economy, the thin line of security observed for poor populations is clearly weaker and more closely related to family ties, altruism and social activities by NGOs than to a formal system of social protection. In other words, formal social protection does not prioritize advantages for families with limited rev-

enues. In cases of external shock, underprivileged individuals count essentially on family surroundings. Remittances in that case are exogenous to the social protection policy and depend much more on the improvement of the level of revenues of source families. They are outside of any social policy plans that might be designed to alleviate poverty. The problem lies in orienting social protection systems implemented by public authorities and NGOs towards the underprivileged classes.

In order to evaluate these observations, it should be noted that in urban settings the frequency of cash transfers to the most underprivileged families represents 90.3 per cent. The regularity of such transfers is only in 53.0 per cent. The corresponding proportions for financially more comfortable families are 84.7 and 60.1 per cent, respectively. Cash transfers for underprivileged families originate to 56.5 per cent from resident families, 23.0 per cent from public and semi-public administrations and to 14.4 per cent from Moroccans residing abroad. For wealthier families these rates are estimated at 25.9, 34.7 and 26.3 per cent, respectively.

In rural areas, transfers in kind predominate among the poor masses (29.1%) as compared to wealthier people (15.6%). More precisely, the share of poor families receiving cash transfers is 70.9 per cent against 84.4 per cent for wealthier families. Cash transfers received by poor families originate mainly from resident families in Morocco (76.2% against 36.6% for wealthy families) and from Moroccans residing abroad (13.0% and 23.6%, respectively).

## 2. SOURCES OF REMITTANCES AND STANDARD OF LIVING

Because of their relative importance (10.1%) in the family budget, remittances constitute a fundamental component of social protection and a source of revenue, and plays an important role in financing consumption-related expenditure. At the national level, transfers received by families represent 7.4 per cent of total expenditure among the poor and 10.3 per cent for the better off (Table 1). In urban settings, that proportion is established at 10.9 and 10.8 per cent (Table 2) and at 4.9 and 8.9 per cent in rural areas (Table 3). Therefore, poverty is also a question of insufficiency of transfers destined for the more disadvantaged social groups.

Regarding their distribution according to their source and target categories, remittances are primarily made by “Administrations and NGOs”, who are responsible for 44.0 per cent of the total volume of remittances received by households. The remaining part of remittances comes mostly from resident families (27.4%), followed by Moroccans residing abroad (23.3%). In urban circles, Administrations and NGOs (48.2%) and Moroccans residing abroad (24.1%) constitute the most important sources of remittances. In rural environments, it is the resident families (40.0%), followed by Administrations and NGOs (31.5%) that constitute the primary source of remittances destined for households.

Poor urban populations depend primarily on remittances from various administrations and NGOs (48.7%), followed by resident families (35.5%), and Moroccans residing abroad (6.5%). As for urban non-poor families, Moroccans residing abroad (24.8%) constitute the second source of remittances, after Administrations and NGOs (48.1%). The most important sources of remittances to poor family units in rural areas are the resident families (63.4%), Administrations and NGOs (14.8%) and Moroccans residing abroad (7.9%). As to rural non-poor populations, resi-



TABLE 1  
DISTRIBUTION (%) OF REMITTANCES TO FAMILIES,  
ACCORDING TO SOURCE, STANDARD OF LIVING, STATUS WITH REGARD TO POVERTY  
(national)

Expenditure Categories	Sources of Remittances				Total	DAMP in dirhams	Share of Remittances in DAMP
	Resident Families	Administration and NGOs	Families Residing Abroad	Other Sources			
Total Population							
1	55.6	26.0	8.1	10.2	100.0	2,543	6.1
	8.0	2.3	1.4	7.5	3.9		
2	39.1	31.9	22.5	6.5	100.0	4,153	8
	12.1	6.1	8.2	10.4	8.5		
3	28.9	41.5	24.8	4.8	100.0	5,809	8.9
	13.9	12.4	13.9	11.8	13.1		
4	27.2	45.5	18.9	8.4	100.0	8,385	11.2
	23.7	24.6	19.3	37.6	23.8		
5	22.9	47.4	26.3	3.5	100.0	18,232	10.9
	42.4	54.6	57.2	32.8	50.7		
Total	27.4	44.0	23.3	5.3	100.0	7,823	10.1
	10.0	100.0	100.0	100.0	100.0		
Poor Population	46.4	35.5	7.0	11.1	100.0	2,567	7.4
	7.7	3.7	1.4	9.5	4.6		
Non-poor Population	26.5	44.4	24.1	5.0	100.0	9,055	10.3
	92.3	96.3	98.6	90.5	95.4		

Source: Database of the ENNVN, 1998-99.

TABLE 2  
 DISTRIBUTION (%) OF REMITTANCES TO FAMILIES,  
 ACCORDING TO SOURCE, STANDARD OF LIVING, STATUS WITH REGARD TO POVERTY  
 (urban strata)

Level of Spending	Sources of Remittances				Total	DAMP in dirhams	Share of Remittances in DAMP
	Resident Families	Administration and NGOs	Families Residing Abroad	Other Sources			
Urban Population							
1	34.8	46.5	11.6	7.1	100.0	3,588	9.9
	9.8	6.3	3.1	10.1	6.5		
2	19.8	49.4	27.3	3.6	100.0	5,564	9.1
	8.0	9.5	10.5	7.3	9.3		
3	25.6	51.4	14.1	8.9	100.0	7,630	12.3
	19.1	18.4	10.0	33.7	17.2		
4	20.1	52.1	25.2	2.6	100.0	10,929	12.3
	21.5	26.7	25.8	14.1	24.7		
5	22.8	44.6	28.9	3.8	100.0	23,054	10.0
	41.8	39.2	50.6	34.9	42.3		
Total	23.1	48.2	24.1	4.6	100.0	10,154	10.8
	100.0	100.0	100.0	100.0	100.0		
Poor Population	35.5	48.7	6.5	9.3	100.0	3,105	10.9
	5.7	3.8	1.0	7.5	3.7		
Non-poor Population	22.7	48.1	24.8	4.4	100.0	11,115	10.8
	94.3	96.3	99.0	92.4	96.3		

Source: Database of the ENNVN, 1998-99.

TABLE 3  
DISTRIBUTION (%) OF REMITTANCES TO FAMILIES,  
ACCORDING TO SOURCES, STANDARD OF LIVING, STATUS WITH REGARD TO POVERTY  
(rural strata)

Level of Spending	Sources of Remittances				Total	DAMP in dirhams	Share of Remittances in DAMP
	Resident Families	Administration and NGOs	Families Residing Abroad	Other Sources			
Urban Population							
1	57.6	15.5	7.8	19.2	100.0	2,074	4.6
	6.4	2.2	1.7	11.2	4.5		
2	62.8	15.8	15.7	5.8	100.0	3,186	6.2
	14.4	4.6	7.0	7.0	9.2		
3	42.7	19.9	30.8	6.5	100.0	4,245	6.8
	14.3	8.5	20.0	11.5	13.5		
4	39.6	28.9	25.2	6.3	100.0	5,788	8.7
	23.4	21.7	28.7	19.5	23.7		
5	33.8	40.3	18.0	7.9	100.0	10,152	10.4
	41.5	63.0	42.7	50.8	49.2		
Total	40.1	31.5	20.8	7.6	100.0	5,085	8.4
	100.0	100.0	100.0	100.0	100.0		
Poor Population	63.4	14.8	7.9	14.0	100.0	2,287	4.9
	11.2	3.3	2.7	13.0	7.1		
Non-poor Population	38.3	32.8	21.7	7.2	100.0	6,129	8.9
	88.8	96.7	97.3	87.0	92.9		

Source: Database of the ENNV, 1998-99.

dent families constitute the most important source of remittances (38.4%) followed by Administrations and NGOs (32.8%) and Moroccans residing abroad (21.7%).

The variation in the structure of remittance sources and their contribution to total expenditures, according to categories at different levels of living standards (Tables 1 to 3) reveals that in urban environments, whatever the source might be, the contribution of remittances in the total expenditure of the poorest households is estimated at 9.9 per cent (category 1) against 10.0 per cent in the wealthiest families (category 5) and 12.3 per cent in the medium class (categories 3 and 4). Administrations and non-governmental organizations (46.5%) and resident families (34.8%) constitute the main sources of remittances to the poorest families in urban environments. The wealthiest families depend mainly on remittances from administrations and non-governmental organizations (44.6%), families residing abroad (28.9%) and resident families (22.8%). Thus, in urban environment, remittances from abroad are much more to the benefit of the medium to superior classes.

In rural areas, the contribution of remittances to family budgets tends to rise along with their standard of living. The lower level of contribution of remittances in the average annual spending per person (4.6%) is observed among the poorest 20 per cent of the population, while the highest share (10.4%) is among the wealthiest 20 per cent. If remittances are examined according to the source and the standard of living, and contrary to the findings in urban areas, the most important sources of remittances destined for the poorest family units in rural areas are resident families (57.6%), administrations and non-governmental organizations (15.5%) and other sources (19.2%). For the wealthy rural families, resident families (33.8%), administrations and NGOs (40.3%) and families residing abroad (18.0%) constitute the principal sources of remittances.

FIGURE 1  
COMPARATIVE CONTRIBUTION OF REMITTANCES IN THE AVERAGE ANNUAL SPENDING PER PERSON ACCORDING TO AREA OF RESIDENCE AND STANDARD OF LIVING

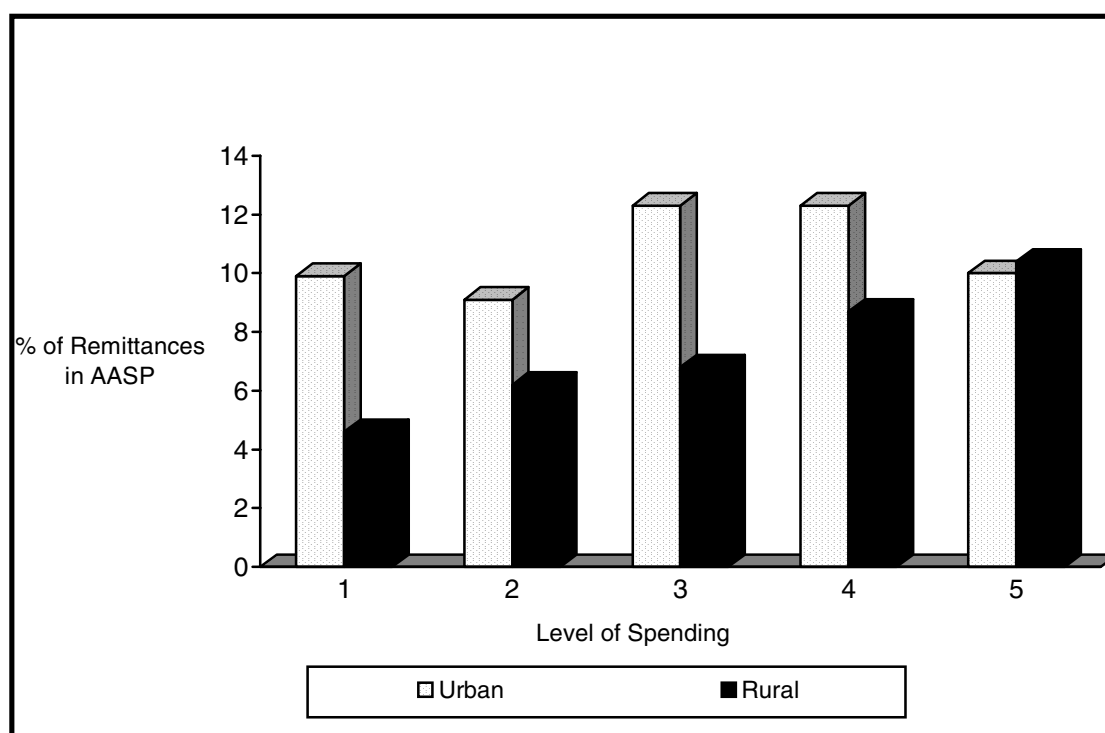


FIGURE 2  
 DISTRIBUTION OF REMITTANCES ADDRESSED TO URBAN FAMILIES  
 ACCORDING TO SOURCE AND STANDARD OF LIVING

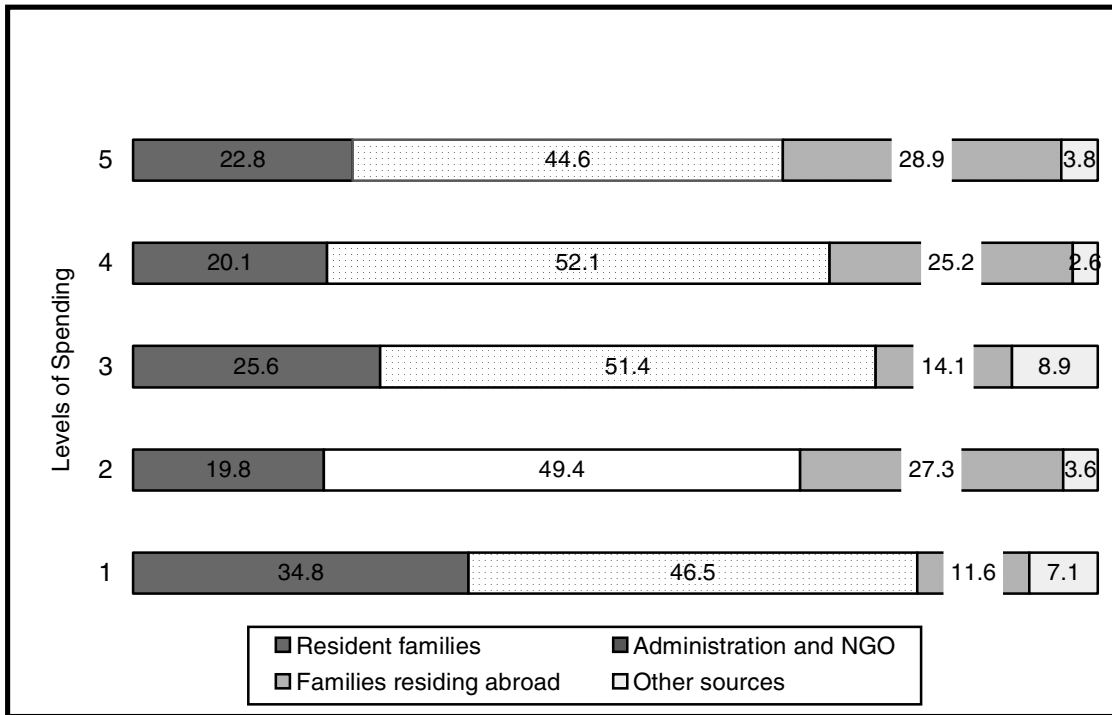
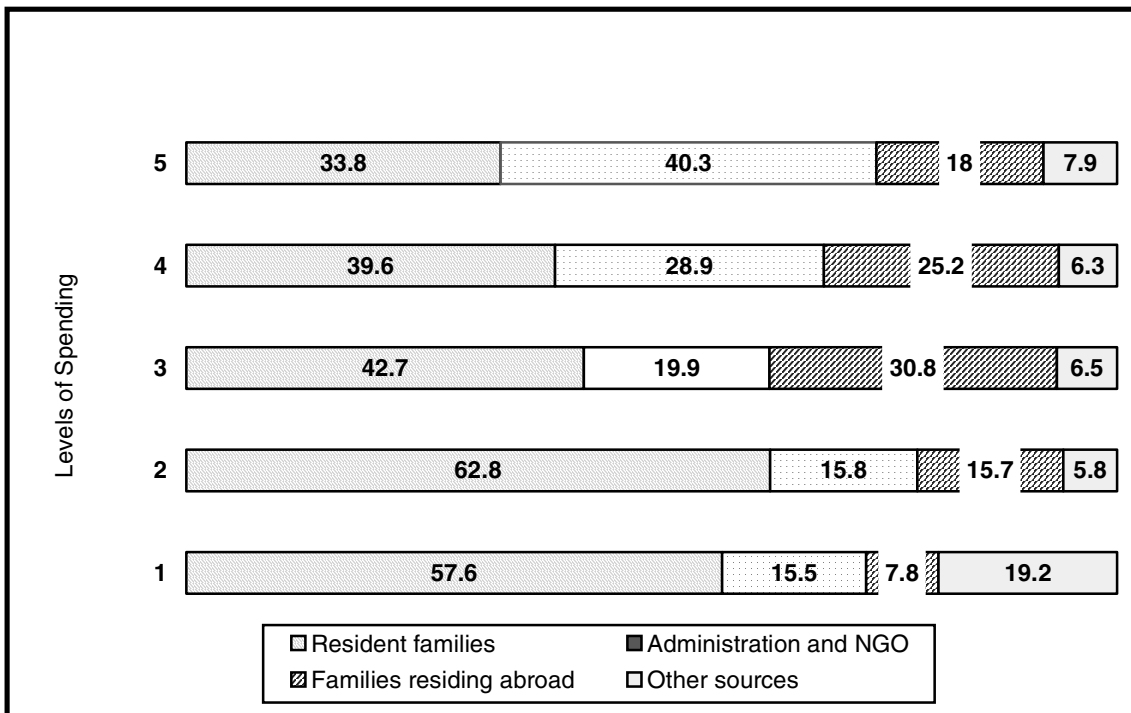


FIGURE 3  
 DISTRIBUTION OF REMITTANCES ADDRESSED TO RURAL FAMILIES  
 ACCORDING TO SOURCE AND STANDARD OF LIVING



### 3. THE EFFECT OF FAMILY SOLIDARITY IN PROTECTING AGAINST POVERTY

In the Moroccan socio-cultural context, the mutual exchange of goods and services among families (blood, marriage, and neighbourhood relations) constitutes a parallel component to social protection and alleviation of poverty. In this context, the effect of this component in regard to the reduction of poverty is evaluated by estimating the poverty rate in two ways. The first takes into consideration the remittances received by families from individuals. It reveals a poverty rate of 19.0 per cent on the national scale (12% in urban and 27.2% in rural settings). The second evaluates the poverty rate in the absence of remittances, at 22.4 per cent on the national scale, and at 15.3 per cent in cities and 30.8 per cent in rural settings (Table 4).

Therefore, the remittances in question reduce poverty by 3.4 points at the national level, by 3.3 points in urban and by 3.6 points in rural settings. In terms of the effect of remittances, around 950,000 persons (around 500,000 city residents and 450,000 rural residents) are saved from poverty thanks to remittances sent by individuals and Moroccan families residing in Morocco or abroad. Examined according to social scale, this research shows that, in the absence of family solidarity, destitution would have been much more serious and widespread, particularly among the poorer classes. As revealed by the data in Table 4, remittances from families protect the middle-class in particular (the fourth, fifth and sixth deciles of Table 4), and alleviate the standard of living deficit of the poorest population by 30 per cent.

### 4. CONTRIBUTION OF SOCIAL INSTITUTIONS TO THE PREVENTION OF POVERTY

As can be seen from Table 5, remittances from public or semi-public bodies, from private sources (company and non-governmental organizations) and foreigners constitute another factor in alleviating poverty. This type of remittance contributes to the reduction of the relative magnitude of poverty, both in urban and rural contexts. The method used in the evaluation of the contributions of these institutional remittances (administration and NGOs) to reduce poverty, is the same as that applied for remittances from families. These estimates reveal that in the absence of remittances from administrations and NGOs, the poverty rate would have reached 21.4 per cent on the national scale instead of 19.0 per cent, 15.4 per cent instead of 12.0 per cent in urban contexts, and 28.4 per cent instead of 27.2 per cent in rural contexts. More specifically, almost 671,000 persons would have fallen into poverty in the absence of remittances from administrations and NGOs, that is 514,000 persons in urban areas and 157,000 persons in rural areas. At this point, it is important to note that remittances from administrations and NGOs are mainly destined for urban populations.

TABLE 4

CONTRIBUTION BY REMITTANCES FROM FAMILIES AND THEIR EFFECT ON LOWERING POVERTY  
ACCORDING TO DECIMALS OF EXPENDITURES PER RESIDENT AND AREA OF RESIDENCE

Decile	Rate of Poverty (%)								
	National			Urban			Rural		
	AAEP incl. Total Remittance	AAEP not incl. Family Remittance	AAEP not incl. Total Remittance	AAEP incl. Total Remittance	AAEP not incl. Family Remittance	AAEP not incl. Total Remittance	AAEP incl. Total Remittance	AAEP not incl. Family Remittances	AAEP not incl. Total Remittance
1	100	100	100	100	100	100	100	100	100
2	64.7	71.4	73.4	19.9	31.7	40.7	100	100	100
3	25.1	31.5	34.4	-	8.3	15.8	71.1	78.3	80.8
4	-	8.4	14.6	-	4.3	11.9	-	11.5	14.4
5	-	4.2	9.7	-	1.8	5.9	-	7.2	10.6
6	-	3.7	8.6	-	2.5	7	-	3.5	5.7
7	-	1.5	3.7	-	2.2	3	-	1.2	4.5
8	-	1.8	3.9	-	1.4	2.9	-	3.6	4.5
9	-	1.2	2.7	-	0.3	1.9	-	1.1	2.5
10	-	0.3	1.3	-	0.5	1	-	0.4	1.4
Total	19	22.4	25.2	12	15.3	19	27.2	30.8	32.5

Abbreviations: AAEP: Average Annual Expenditure per Person; Incl.: including remittances from different sources; Not incl.: not including remittances from families.

Note: The first decile groups the most underprivileged 10% of population, etc. up to the tenth decile which represents the richest 10% of the population.

Source: Department of Statistics ENNVN, 1998-99.

TABLE 5

CONTRIBUTION MADE BY REMITTANCES FROM ADMINISTRATIONS AND NGOs TO POVERTY ALLEVIATION  
ACCORDING TO DECILES OF EXPENDITURES PER RESIDENT AND AREA OF RESIDENCE

Decile	Poverty (%)								
	National			Urban			Rural		
	AAEP incl. Total Remittance	AAEP not incl. Administra- tion or NGO Remittance	AAEP not incl. Total Remittance	AAEP incl. Total Remittance	AAEP not incl. Administra- tions or NGO Remittances	AAEP not incl. Total Remittance	AAEP incl. Total Remittance	AAEP not incl. Administra- tion and NGO Remittances	AAEP not incl. Total Remittance
1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	64.7	65.7	73.4	19.9	28.7	40.7	100.0	100.0	100.0
3	25.1	27.1	34.4	-	7.8	15.8	71.1	71.8	80.8
4	-	5.9	14.6	-	6.9	11.9	-	2	14.4
5	-	5.3	9.7	-	3.2	5.9	-	2.9	10.6
6	-	4.1	8.6	-	3.4	7	-	1.1	5.7
7	-	1.9	3.7	-	0.5	3	-	2.6	4.5
8	-	1.5	3.9	-	1.4	2.9	-	0.9	4.5
9	-	1.3	2.7	-	1.4	1.9	-	1	2.5
10	-	1	1.3	-	0.6	1	-	0.9	1.4
Total	19	21.4	25.2	12	15.4	19	27.2	28.4	32.5

Abbreviations: AAEP: Average Annual Expenditure per Person; Incl.: including remittances from different sources; Not incl.: not including remittances from families.

Note: Decimal 1 groups the most underprivileged 10% of population, decimal 2 is formed from the following 10%, etc. up to decimal 10 which represents the 10% richest portion of population.

Source: Database of the ENNVN, 1998-99.



## 5. LEVELS AND EVOLUTION OF REMITTANCES FROM MOROCCAN RESIDENTS ABROAD (MRA) AND THEIR SOCIAL CONTRIBUTION

The remittances from MRA continue to stimulate the national economy. Brought to certain high macroeconomic levels, the transfer of funds from migrant labour in 1998 represent approximately 6.9 per cent of private consumption and 5.7 per cent of GNP. However, during the nineties the evolution of those transfers has been fluctuating (see Table 6), with 1993, 1994, 1995 and 1997 marking negative evolutions of funds remitted from Moroccans residing abroad. The most important remittance growth in dirham (Dh) occurred at the beginning of the nineties and in 1996, with a slight increase in 1998. The creation of a more favourable context for foreign investments and the option for a more advantageous monetary policy will contribute to making Morocco more attractive to remit savings of Moroccans residing abroad. As shown in the following section, fund transfers from MRA play a significant role in the attenuation of poverty in Morocco.

TABLE 6  
EVOLUTION OF REMITTANCES FROM MRA BETWEEN 1990 AND 1998  
IN MILLIONS OF CIRCULATING DIRHAMS (DH)

Year	Amount in DH	Variation (%)
1990	16,537	45.8
1991	17,328	4.8
1992	18,531	6.9
1993	18,216	-1.7
1994	16,814	-7.7
1995	16,820	0.03
1996	18,874	12.2
1997	18,033	-4.5
1998	19,311	7.1
1999	19,001	-1.6

Source: Department of Statistics, Yearbook of Statistics from 1990 to 1999.

### 5.1 Contribution to the Alleviation of Poverty through the Transfer of Funds from MRA

Table 7 presents an estimate of the distribution of transfers of funds from Moroccan workers abroad divided into categories of expenditure, based on the ENNVN 1998-1999. The total value of transfers of funds is, however, derived from the data of national accounts, since the value of such transfers in the ENNVN seem much lower than that revealed by national accounts. In Column 4 of Table 7, the average amount per person of transfers of funds from Moroccan living abroad is estimated by dividing total remittances destined for this category of expenditures by the population. Column 5 corrects these figures in order to take into account the margin of understating the amount of remittances received, but leaves unchanged the distribution across categories of expenditures.

Columns 4 and 5 of Table 7 show that the distribution of remittances among families is managed in two ways. The remittances of labour migrants have very little importance for poor families, but they represent on average a significant source of revenue per person for families of six and more. As a whole, these conclusions show that remittances from labour migrants are mainly beneficial to rich families, and contribute to keeping families that are not poor at just above the poverty line.

The previous calculations implicitly suppose that the remittances from migrants abroad are distributed equally among expenditure categories, however, the ENNVN estimates the average value of remittances for each family that receives transfers from abroad (Column 6). From there it is possible to calculate the number of families who have benefited from such transfers (Column 7) by simply dividing the value of remittances by the figure from Column 6. The results show that remittances from abroad are highly concentrated within individual categories of expenditures. For instance, for Group 3, each family that benefits from remittances has received approximately Dh 5,846.5 per year, that is Dh 835 per person for a family of seven (the average size of a family in this group is six to nine persons). If the transfers of remittances were distributed equally within Group 3, each person in that group of expenditure would have received Dh 271.1. The concentration of migrants' salaries can result in inequality in incomes, but it will also contribute to raising their value for families enjoying this source of revenue. On the whole, about 600,000 families have benefited from transfers from abroad.

TABLE 7  
DISTRIBUTION OF REMITTANCES FROM MOROCCANS RESIDING ABROAD (in deciles)

1 Deciles	2 Remittances (dirham)	3 Population	4 Remittances per Person	5 Corrected Remittances per Person	6 Average Remittances per Family	7 Number of Families
1	36,775,742	2,797,712	13.1	49.7	2,439,4	15,076
2	32,131,830	2,796,033	11.5	43.7	1,645,5	19,527
3	199,629,218	2,795,664	71.4	271.1	5,846,5	34,145
4	213,729,270	2,807,828	76.1	288.9	5,703,9	37,470
5	303,238,360	2,786,963	108.8	413.1	6,078,5	49,887
6	400,227,875	2,796,998	143.1	543.4	8,109,5	49,353
7	338,767,130	2,792,469	121.3	460.6	5,231,5	64,755
8	637,340,445	2,799,162	227.7	864.6	7,369,5	86,484
9	1,034,161,425	2,795,030	370	1404.9	9,290,2	111,317
10	1,850,536,965	2,797,141	661.6	2512.1	12,483,3	148,241
Total	5,046,528,260	27,965,000	180.5	685.4	8,189,0	616,255

Notes: Columns 2,3,4 and 6 are extracted from ENNVN 1998-99; Column 5 corrects the value of remittances per resident by multiplying Column 4 by 19161,6/5046,5 where the numerator is the value of transfers of funds in national accounts.

Column 7 gives the number of families who have benefited from remittances from a Moroccan residing abroad.

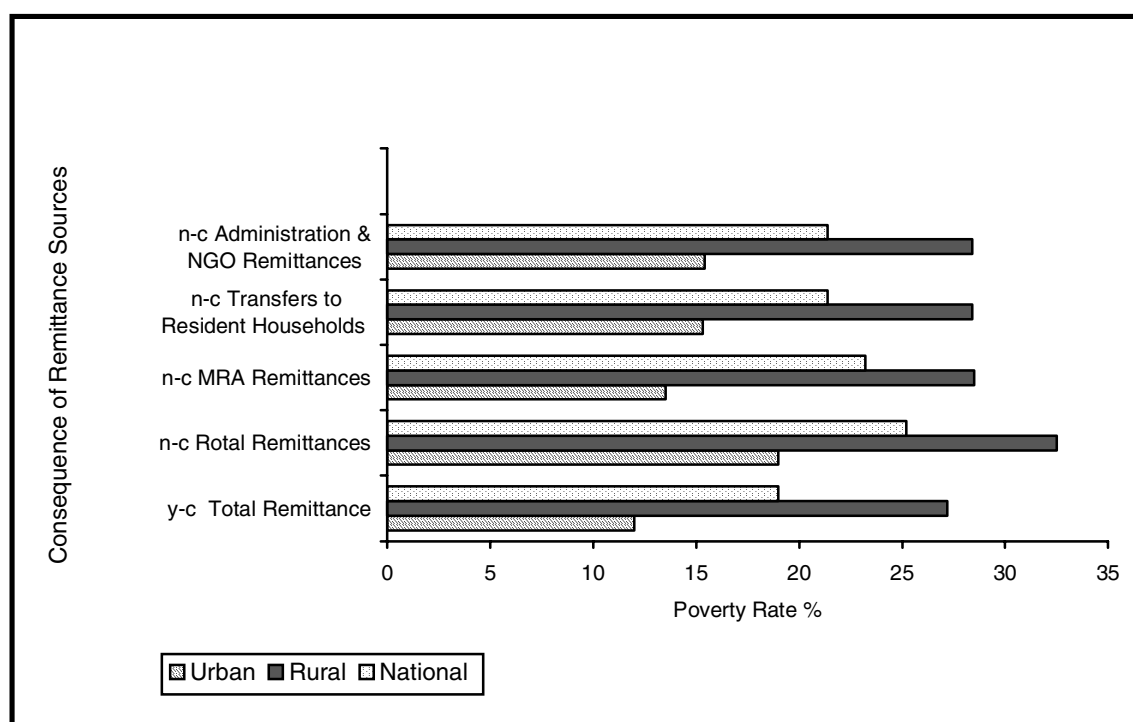
Source: Department of Statistics.

In the absence of these remittances, a significant portion of between 4 and 7 per cent, of the population, particularly that of non-poor decimials, would have found themselves on the edge of poverty. About 200,000 families would have become poor in the absence of remittances from Moroccans residing abroad. As previously mentioned, this would mean that nearly 1,170,000 persons were able to avoid poverty in 1998-1999 thanks to the repatriation of migrants' savings.

## 5.2 Contribution by Remittances from MRA to the Alleviation of Poverty

Analysis of the relationship between remittances from Moroccan labour abroad and poverty in Morocco reveals that the transfers of funds from workers abroad contribute to the alleviation of poverty at home. The contribution of those remittances to poverty reduction can be preliminarily evaluated on the basis of the ENNVN 1998-99 data. Meanwhile, some caution is necessary in the interpretation of results, taking into consideration the important differences between figures from national accounts and data from the ENNVN 1998-99. In fact, national accounts spot all remittances from MRA, whereas the ENNVN only accounts for MRA remittances destined for families residing in Morocco.

FIGURE 4  
RATE OF POVERTY ACCORDING TO SOURCES OF REMITTANCES AND AREA OF RESIDENCE



To overcome the differences between the amounts of remittances whether observed in regard to families or to economic agents, we have adjusted remittances declared by families to put them in line with the total amount of remittances. At this point, it is important to observe that, regardless of the method of investigation adopted, the remittances are of benefit to financially comfortable households rather than poor families. Those remittances contribute largely to the maintenance of a medium standard of living of families already well above the poverty line.

In accordance with the adjusted estimate of the remittances from MRA (see previous section) around 1,170,000 persons (that is 22.0% of the estimated number of poor in 1998) would have fallen into the category of poor, were it not for migrant labour remittances. On a national scale, in the absence of remittances the poverty rate would have risen from 19.0 per cent to 23.2 per cent (see Table 8). Depending on the area of residence, this figure would range from 12.0 per cent to 16.6 per cent in urban areas (Table 9) and between 27.2 per cent and 31.0 per cent in rural areas (Table 10).

The social classes that benefit most from remittances are the middle classes, and especially the financially more comfortable among them. The following table shows that poverty could strike these social categories if remittances from MRA were not there. Around 990,000 persons from the middle and financially comfortable class, comprised in deciles 4, 5, 6, 7, 8, 9 and 10 would have become poor without the MRA remittances.

TABLE 8  
CONTRIBUTION BY REMITTANCES FROM MOROCCANS RESIDING ABROAD (MRA)  
TO THE REDUCTION OF POVERTY AT THE NATIONAL SCALE

Deciles of AASP	Rate of Poverty (%)		
	AASP y-c Total Remittances	AASP n-c Gross MRA Remittances	AASP n-c Corrected MRA Remittances
1	100.0	100.0	100.0
2	64.7	66.2	66.6
3	25.1	27.7	29.6
4	-	2.9	6.1
5	-	2.2	6.2
6	-	2.8	5.0
7	-	0.4	3.8
8	-	1.1	5.1
9	-	0.6	5.5
10	-	-	4.5
Total	19.0	20.4	23.2

Source: Database of the ENNVN, 1998-99.

TABLE 9  
CONTRIBUTION BY REMITTANCES FROM MOROCCANS RESIDING ABROAD (MRA)  
TO THE REDUCTION OF POVERTY IN URBAN AREAS

Deciles of AASP	Rate of Poverty (%)		
	AASP incl. Total Remittances	AASP excl. Gross MRA Remittances	AASP excl. Corrected MRA Remittances
1	100.0	100.0	100.0
2	19.9	23.0	24.0
3	-	4.7	8.5
4	-	3.7	5.3
5	-	0.5	1.8
6	-	0.9	5.0
7	-	1.6	4.9
8	-	0.8	6.8
9	-	-	5.5
10	-	-	4.4
Total	12.0	13.5	16.6

Source: Database of the ENNVN, 1998-99.

TABLE 10  
CONTRIBUTION BY REMITTANCES FROM MOROCCANS RESIDING ABROAD (MRA)  
TO POVERTY REDUCTION IN RURAL AREAS

Deciles of AASP	Percentage Rate of Poverty		
	AASP incl. Total Remittances	AASP excl. Gross Remittances from MRA	AASP excl. Adjusted Remittances from MRA
1	100.0	100.0	100.0
2	100.0	100.0	100.0
3	71.1	74.1	74.7
4	-	2.0	3.3
5	-	4.0	6.8
6	-	0.8	6.1
7	-	0.5	5.0
8	-	1.7	5.8
9	-	0.3	4.2
10	-	0.3	3.5
Total	27.2	28.5	31.0

Source: Database of the ENNVN, 1998-99.

## 6. WHAT CAN WE CONCLUDE FROM THIS?

In the absence of remittances from Moroccans residing abroad, family solidarity and institutional and non-institutional transfers destined for underprivileged classes, poverty would have been more widespread and severe. Originating from Moroccans residing abroad, resident families, public and private bodies, NGOs, social transfers and family donations contribute to the alleviation of poverty. Due to the remittances from individuals and families residing in Morocco or abroad, the rate of poverty has been lowered by 3.4 points at the national level, by 3.3 points in urban environments and by 3.6 points in rural environments. Simultaneously, remittances from public or semi-public bodies, private establishments (companies and non-governmental organizations) and from foreigners constitute another factor in the alleviation of poverty. In the absence of remittances from administrations and NGOs, the poverty rate would have been 21.4 per cent on a national scale instead of 19.0 per cent, 15.4 per cent instead of 12 per cent in urban areas and 28.4 per cent instead of 27.2 per cent in rural settings.

It is important to mention that remittances from administrations and NGOs are essentially destined for urban population. The remittances from Moroccans residing abroad bring the poverty rate down from around 23.2 per cent to 19.0 per cent at the national level. More precisely, in the absence of such remittances, the incidence of poverty would have risen from 12.0 per cent to 16.6 per cent in urban settings, and from 27.2 per cent to 31.0 per cent in rural areas. Such data are conclusive as to the necessity of (1) creation of incentives for Moroccans residing abroad to send remittances home, (2) development of a social protection strategy with better orientation to underprivileged population segments, and (3) strengthening social, environmental and family solidarities, based on the improvement and protection of the ties of Morrocans living abroad with their home country.

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# **EXODUS OF SKILLED LABOUR: MAGNITUDE, DETERMINANTS AND IMPACTS ON DEVELOPMENT**

Mohamed Mghari

## **INTRODUCTION**

For some years, the rapid developments in information technology have brought a new form of emigration, referred to as skill exodus. This exodus is assuming an unprecedented scale with serious consequences for the advancement of the developing countries of origin.

The globalization phenomenon and the increasing openness of economies have fuelled the skill exodus further, which is assuming alarming proportions also in the countries of the Maghreb. The competition among advanced countries to attract skills from those countries is continuously growing in an attempt to meet the enormous new technology requirements of advanced countries.

What is the magnitude of the skilled migration from African and other countries towards the United States and the European Union, and how did it develop in Morocco and Algeria? What are its reasons and determinants in general, and in Morocco in particular? What are its implications for Africa and Morocco, regarding education and training expenses and the needs for foreign expertise? How do specialized publications evaluate the skill exodus from the perspective of the countries of origin and of destination? These are the kind of questions we will try to answer throughout this study.

## **1. GLOBALIZATION AND ITS IMPACT ON THE EXODUS OF SKILLED LABOUR**

### **1.1 Effects on the Development of Sciences in the South**

Economic globalization triggers important changes in scientific professions, which increasingly detach themselves from academia and approach the corporate sector. What will happen to the development of scientific capacities of southern countries, if the scientific production shifts from its public/national character to a private/global one, putting in question the existence of national scientific communities already relatively autonomous.

If the current tendency persists, it will seriously jeopardize the double principle on which the possible alternative to the exodus of skilled labour from poor to advanced countries is based: the movement of individuals based on the principle of possible return, and the movement of know-

ledge based on the existence of scientific and technical national cross-border networks allowing communication between national expatriates and national communities.

Without the development of endogenous scientific and technical communities, human movement would not be possible, and without the circulation of scientific information outside private networks (even if global), there would be no movement of knowledge through international (or even cross-border) scientific networks. Under this hypothesis, the brain drain could grow owing to the fact that if privatization of science contributes to its confidentiality, it simultaneously intensifies human mobility, for the simple reason that scientific professions depend increasingly on specific project funds and are more and more involved in the framework of temporary contracts. How can we then expect to stop that these tendencies will contribute to endorse elite migratory flows towards countries where the world's private sciences will be concentrated? (Gaillard and Gaillard, 1999).

## **1.2 The Transformation of Attitudes of the North Concerning Labour Force Shortages**

The effects of globalization can equally be observed on the labour markets. Countries of the north, confronted with a shortage in highly qualified manpower in the field of information technology and communication, increasingly follow the migration policies of the United States, which, in fact, are considered to be one of the key elements of the American economic growth over the last years.

Since the countries of the north have a common shortage in the same labour market segments and therefore compete among themselves, their attention is directed towards countries of the south and mainly towards those which were able to establish efficient higher education systems (often at very high expense and efforts).

This trend is new. Until the nineties, European countries had been conscious of their duties towards the development of the third world (either because of their colonial history, or out of humanitarian principles). They have now come to consider only their immediate interests in the global economic struggle. This is an expression of a new approach justifying the drainage of the third world and renewing more than ever the debate over the brain drain.

## **1.3 Paradoxes of the Management of Human Resources and Competences in the Context of Globalization**

The world of know-how and information saves energy, including human energy. The growth of wealth around the world is going hand in hand with the growing exclusion and the pauperization within other nations as well as between countries.

The logic of globalization is more or less contradictory and calls for different mechanisms of regulation and a different logic. The logic of market economies, the freeing of individual initiatives and creating wealth, engenders perverse effects at the national, regional and global levels, which can provoke serious social deficits, exacerbating poverty, unemployment and social disintegration.

The brain drain would be the price to pay for globalization. The growing demand at the international level for competent and highly qualified manpower inevitably exerts pressure on the stocks of highly qualified labour from countries that are “exporters” of their workforce.

The building of a global economy is the consequence of continuous growth in trade, and the displacement of production due to the importance of multinational enterprises controlling over 30 per cent of global production. Africa, for example, remains the poor relation of this global economy, since its share in global trade is continuously declining. It is not surprising in such conditions that Africa loses an important part of its human resources.

The constitution of regional economic blocs on the basis of geographic proximity or convergence of economic interests (e.g. ALENA, MERCOSUR, APEC, EU) has permitted a prodigious development of production, of economies of scale, of specialization and, thus, growth in the demand for qualified labour.

At the same time the growing demand for qualified and mobile labour plays an important part in generating the brain loss observed in developing countries.

Henceforth, the logic of globalization puts the meaning and the pertinence of notions such as national sovereignty and national politics into question. The incapacity of states to keep and evaluate their competences is indicative of this development.

On the whole, globalization that contributes to the loss of the countries of the south of their most important asset: their qualified human resources. In this context, how could the societies of countries of the south adapt to globalization, ensure their effective presence therein, and face the numerous cultural and economic challenges. To ignore such challenges or refuse to face them would only accelerate the drainage of their competences. In addition, the migration policies of advanced countries have become an integral part of their strategy of development; that is the case particularly as they adopt a policy on immigrants that is highly selective.

## 2. THE MAGNITUDE AND DETERMINANTS OF THE EXODUS OF SKILLED LABOUR

### 2.1 The Concept

By “exodus of skilled labour”, we mean the migration of qualified and intellectual persons from developing countries to industrialized countries, on one hand, and from Europe to North American on the other.

The movement of scientific and technical elites has always been difficult to evaluate. In fact, it is difficult to distinguish between the stocks and flows of these competencies. Naturalization of persons in their country of residence makes their place of origin invisible. Another difficulty is that of identifying the populations constituting the observed category. The linguistic formulations in the attempt to apprehend this phenomenon are various: drain, exodus, mobility, circulation, transfer... Consciously or unconsciously, they reflect an adopted position. It is impossible

in this respect to use the national statistical categories, based on different principles and theories and therefore making the figures incomparable at the international level.

The movements themselves are difficult to evaluate, both because they are multiple and vary in nature and duration (one can be expatriated for three months, two years, ten years or a lifetime), and also because data are either absent or too scarce at the international level. In fact, there are many countries of origin that often do not retain any records of departures, and countries of reception that have compiled data that are far from reliable and incompatible among them.

It is this absence of data that mostly favours all manner of exaggeration and promotes fears of loss, periodically relayed by national media. It seems to be more and more convenient, in fact, that mobility of competencies has become synonymous with loss for countries of origin and gains for countries of reception.

## 2.2 Global Figures

Over the last decades, at least 6 million highly qualified persons left from developing countries to move to OECD countries.

Considering the research and development sector alone, it is estimated that a total of 400,000 specialists, that is one-third of all those who are important to the third world, have moved to the United States, the European Union and Japan. However, we must not forget that other countries, such as Australia, Canada, New Zealand and Switzerland also attract this type of labour manpower.

Briefly, we shall analyse the exodus of skilled labour towards the two regions undoubtedly constituting the two main poles of attraction: the United States and the European Union.

## 2.3 Exodus of Skilled Labour towards the United States

In 1990, the United States counted 6,881,298 immigrants from 61 developing countries. Just about 8 per cent among those are unskilled individuals with only basic education. 56 per cent have an intermediate level of education and 36 per cent are highly qualified. Such figures would indicate that there are 2,489,478 immigrants with an above average educational level living in the US. They came mainly from the following countries/regions (in order of magnitude):

TABLE 1  
EXODUS OF SKILLED LABOUR  
TOWARDS THE UNITED STATES

Philippines	493,000
Mexico	347,000
India	228,000
Korea	201,000
China	166,000
Taiwan	118,000
Iran	106,000
Jamaica	67,000
Colombia	64,000
Salvador	44,000

Available data indicate that there are some 1,500,000 highly qualified Asians living in the United States, that is 62 per cent of all immigrants from Asia.

It is striking to notice the absence of Africa in the list of the ten main countries of origin of qualified labour to the United States. This is because we can only count 127,853 of those African immigrants. This small category, however, consists of 95,153 highly qualified persons and of only 2,060 unskilled workers, that is 74 per cent of African immigrants in the US have had higher education.

According to the 1995 statistics published by the National Science Foundation (EU), 1,434,000 (12%) of the 12 million persons holding a scientific diploma or an engineering diploma in the United States are of foreign origin and, among those, 72 per cent ( $\pm 1,000,000$ ) have even been born in a developing country. 23 per cent of PhDs are born abroad and this percentage reaches 40 per cent among specialists in new technologies.

A realistic estimate indicates that 170,000 highly qualified specialists originating from developing countries work in the US R&D sector, this means that almost half of the specialists in this sector have come from some developing country. R&D specialists constitute 7 per cent of skilled labour who have come from a developing country to go to work in the United States. The other more than 90 per cent consists of a range of profiles, from nurses to philosophers. It is interesting to point to this distinction, as the social and scientific context as well as the work tool requirements of a qualified worker are not necessarily those of another type of work.

As we have no wish to portray the United States as seeking to benefit from the skills of others, we also emphasize that a large number of those qualified persons have received their higher education in the United States. Two-thirds of the scientists and engineers born outside the US and working there today obtained their PhD in the US.<sup>1</sup> Nevertheless, a simple cost and benefit analysis reveals that, from the American point of view, this type of exodus of skilled labour is a form of migration that is particularly interesting to the country of reception.

## **2.4 Migration towards other OECD Countries, Specially to the EU**

Even though the United States constitute by far the most important point of attraction, we can also observe an exodus of skilled labour towards other OECD countries. Meyer and Brown estimate that Japan and the EU attract almost as many qualified individuals as the US. The United Kingdom attracts brains from India and the Philippines, in addition to Egypt, Ghana and South Africa (these are also labour reservoirs for the US).

For its part, Germany receives a large number of Iranians and Indians. Although Germany is more interested in Indian IT specialists, in 1992 it counted among others 1,051 specialist physicians from Iran (Bafekr and Leman, 1999).

A large number of Asians also emigrate to Australia and Canada. Some 100,000 qualified Latin Americans (mainly from Brazil, Argentina and Chile) live in EU countries, whereas a certain number of Jamaicans have settled in the United Kingdom and Canada. African qualified labour and, more particularly, from the Maghreb, is rather more concentrated in France.

In that country, we know that just half of the foreign students who have received their PhD or post-doctoral degrees return to their country of origin within two years (Martin Rovert et al., 1998). This proportion is almost equal to that observed in the US.

Here too, a simple cost and benefit analysis reveals the advantages brought by the exodus of skilled labour to the EU.

## **2.5 Exodus of Skilled Labour from Africa (as Opposed to Asia) towards the EU and the United States of America**

It is estimated<sup>2</sup> that over 1.5 million sufficiently qualified expatriates from developing countries have settled in Western Europe, the US, Japan and Canada.

Africa lost 60,000 specialists (physicians, university professors, engineers, geometers and others) between 1985 and 1990, and a yearly average of 20,000 from then on. According to some UNESCO estimates, 30,000 African doctorate holders are working outside the continent, and 25,000 African scholarship recipients have gone to pursue their studies in EU countries and have not returned to their countries of origin.

Over 21,000 Nigerian physicians are practising in the United States, while their own countries suffer from a cruel shortage in medical expertise. According to a 1992 UNDP report on human development, 60 per cent of all Ghanaian physicians educated in their country of birth left during the eighties; the figures equally reveal that in Sudan 17 per cent of physicians and dentists, 20 per cent of university professors, 30 per cent of engineers and 45 per cent of geometers work abroad. Between 1987 and 1989, Hong Kong has lost one-third of its information specialists, one-eighth of its engineers and between 7 and 10 per cent of its physicians, nurses and attorneys, a loss that is partially compensated through emigrants' remittances. Everett Lee explains that one-third of US Nobel Prize laureates were born abroad.<sup>3</sup>

This important and growing phenomenon leads to the question of its impact on the countries of origin. The costs incurred by the countries of origin for expatriate specialists are colossal in terms of missed development opportunities and loss of return on that investment. However, it is important to remember that for a portion of those competences the research and employment opportunities in the country of origin would surely have been insufficient had they stayed at home.<sup>4</sup> In fact, the migration by scientists can help attenuate unemployment in the country of origin, especially if the opportunities to work in the particular area of expertise are not there. In any case, this exodus is mainly beneficial to the country of reception and widens the gap in the development level between north and south.

Even though the emigration of highly qualified specialists from developing countries translates into remittances from abroad that constitute a major source of funds for the development of their country of origin, that is far from compensating the loss of investment caused by the brain drain.

The Research Service of the American Congress calculated in 1971-72 that the US gained US\$ 20,000 annually from each qualified migrant from a developing country. Applied to Africa, this would imply a loss of over US\$ 1.2 billion of approved investments in the education of around 60,000 African specialists who emigrated between 1985 and 1990. The estimate put

forward by the United Nations Conference on Trade and Development (UNCTAD) based on 1979 prices is undoubtedly much closer to reality with a market value of US\$ 184,000 for each African professional migrant – counting only those between 25 and 35 years of age.

All indices show that the exodus of well-qualified specialists from the countries of the south is set to increase further. An ILO report estimated that for the new information and communication technologies sector alone, in 2002 no suitable employees would be available to fill some 1.6 million jobs.

## **2.6 The Situation in Morocco and Evolution of the Phenomenon in Algeria**

Aware that the training of a specialist costs on average 160,000 dirhams in Morocco, the direct loss for the country from migration of vast numbers of specialists is extremely high.

In the IT field alone, in March 1999, a single foreign enterprise announced the recruitment of more than 600 information engineers, among which the best of the Moroccan IT specialists. Naturally they are attracted by the proposed salaries, which sometimes can be as high as four times the salary of a Moroccan engineer at home.

Even though statistics on the number of Moroccan IT specialists who have left for the US, Canada, Germany and France are not available, it is certain that a large number of our best IT specialists have indeed left. This is an exodus of skilled labour, which might make it necessary for our country to import IT specialists for high salaries in the future.

At the National Center for Scientific Research in France there are over 700 Moroccan researchers, ranking immediately after the US, Germany and the UK. With 500 Algeria ranks after Spain, Italy and Canada and with 450 Tunisia is placed just after Poland and Brazil. Thus, the Maghreb countries have more than 1,600 researchers attached to only one institution, without counting those active in universities and other specialized institutions.

At the end of the 80s, concern over such developments began to be openly expressed in Algeria. Even though the magnitude is probably no more important than in other countries of the Maghreb or the Arab world generally, its impact on public opinion is considerable.

Therefore, hardly a day passes without this problem being discussed in the press and the public in general. However, the decision remains to a great extent dominated by bureaucracy that paralyses all efforts aimed at easing the causes of such migratory flows. The emigration of scientists, therefore, has considerably accelerated over the last years and this is often considered an irreversible loss for Algeria, as it is rare to also hear of the possible positive returns to the country. This attitude has at least two reasons:

The phenomenon is often treated as an argument illustrating the failure of management approaches experienced by the country at all levels: the state, university and the private sector. As such, the problem could not avoid being the target of a certain political manipulation. But, the phenomenon also constitutes a real trauma for Algerian society, which, at least since independence, has sustained a particular, nearly mythical special relationship regarding education and knowledge.

This relationship is confirmed by the huge affective and material investments made by parents towards their children's education. Therefore, admitting the emigration by scientists is tantamount to acknowledging that there is no place in Algeria for the well educated and highly skilled. This is as though the dream of social improvement through access to knowledge is disintegrating.

What is this emigration of Algerian scientists and how did it historically take place? Considering the post-independence period, the emigration of scientists occurred in three phases, varying as much in terms of motives than in numbers of migrants.

The first phase goes from 1962 to 1975. During that time, the phenomenon was of normal proportions, except for doctors who settled abroad to be able to practice privately, and it was remarked that political exiles represented the majority among the scientific migrants. It was essentially an exodus in response to the political system at that time. Almost in all cases, the main country of reception was France.

The second phase covers the period between 1975 and 1986. This is the period when students of higher education and postgraduate studies were sent abroad in large numbers through scholarships granted by the Algerian state. The scientists who emigrated during that period represented essentially receivers of scholarships to pursue their studies abroad. Countries of immigration expanded to include the United States and Canada, and, to a lesser degree, England and Belgium, sometimes even Japan via the US.

The choice of the US, followed by Canada as main countries of reception resulted, among other factors, in the intensification of economic relations with these countries during that time, and the attraction they traditionally represent for potential migrants. This period is characterized by the diversification of immigration countries and a considerable rise in the number of migrants. The migratory flow consists essentially of Algerian government scholarship students who do not return to their institutions of origin at the end of their studies, or those who opt to stay abroad if they have failed in their attempt to reintegrate into their home communities and country of origin.

The third phase begins in 1986, a date that marks the crisis point in the growth and exacerbation of socio-political antagonisms. The flow of migrants intensified even more and began to involve scientists who had been completely educated in Algeria. Beside France, Canada and England became destinations of choice.

After this brief presentation on the perception and evolution of these migration phenomena, it is suggested to evaluate the impact of it on the structure of the Algerian scientific domain. Paradoxically, the emigration by the highly skilled intensified at the very time that the university as well as the private sector began to feel the need for activity in scientific and in development research.

The successive departures to other horizons have put the university and the private sector in the unenviable situation of renewing their personnel while turning into – to use the expression currently applied for this purpose – centres of training and specialization for countries of immigration, emptying the local institutions of their trained manpower. This development has led to the widespread use of the term “haemorrhage” to designate this loss.



Over recent years, over two-thirds of the instructors at the Mathematics Institute of the University of Algiers returned to the countries where they were educated.

For their part, various enterprises, exasperated by the defection of their personnel sent on training, have decided to request from those migrants the reimbursement of the costs of their studies and accommodation abroad during their training.

These indications, which in the majority of cases concern individuals who have already been professionally active in Algeria before leaving, highlight the importance of the exodus. However, the young students who have not yet embarked on a professional carrier in Algeria represent the most important part of this exodus. As they are generally single and without any attractive future prospects, they are even more numerous to settle abroad at the end of their studies. We must remember that the importance of the massive character of this emigration, the real or supposed success of scientists who settled abroad, as well as the large media coverage of this potential, have probably contributed to this awareness.

## 2.7 Determinants

Even if the desire for mobility is a natural one, has Alfred North Whitehead not said already in 1925 that “when the human being will stop moving, his ascension on the scale of life will stop”? What is new are the different reasons that stress scientific migration. These reasons are situated at several levels:

- Economic: scientists are in search for better conditions of work, remuneration, standard of living and carrier opportunities;
- Political: more security, higher freedom of expression and recognition;
- Scientific: lack of scientific and research infrastructure.<sup>5</sup>

### 2.7.1 *The Case of Morocco*

In Morocco, even if the same motives are always present, their importance changes according to the studies and research conducted in this domain.

According to a research realized by the cultural association of engineering students of the French institutes for applied sciences in Morocco in 1999, five essential factors largely constitute the origin of this phenomenon. Likewise, regarding the intention of the subjects to return to Morocco, 88.7 per cent do not think of it at all for the following reasons:

- Mentalities: For nearly two-thirds, the archaic character of mentalities, especially culturally, would keep them from returning to their country. This fundamental factor represents a major handicap at this level.
- Lack of transparency of the social and economic rules: For just under one-third of the respondents in Morocco, the marginalization of competences, the passion for abroad, the promotion through family contacts and networks would represent obstacles to their return. Friendships, family origins and appurtenance to a social class remain widely used means for social promotion.

- The inadequacy of careers and of available opportunities: For 13.3 per cent of the respondents, the lack of viable and attractive work and research opportunities have discouraged or frustrated their return. Real career opportunities are almost non-existent in the administration as much as in the private sector, especially industrial.
- Low salaries: For just over 10 per cent of the respondents, material considerations played a role in their decision to return. It is important then to note that the material factor is not such an important determinant in the majority of the responses to this research. This is an important element to consider in this context.
- Other reasons such as security, freedom, and working conditions: However their importance is negligible and their explanatory value of the brain drain remains marginal.

On another scale and on the basis of different statements by employees who have remained and/or who had returned and left again, their decision is not unexpected. It was based on many objective considerations. Even if their relative importance is different depending on the particular case, they all contribute to explain the magnitude of this phenomenon. We can extract the following essential elements from these statements.

- The brain drain cannot be fundamentally explained by market factors. The question of salary appears of secondary importance compared with other factors.
- The main factor of the phenomenon is found in the general environment, which is not favourable enough, if not actually hostile, to this kind of competence. This concerns, among others, a lack of transparency in the administration of careers, a lack of freedom and very difficult working conditions.
- The other determinant factor of this brain drain can be summarized in the scarcity of interesting and valuable opportunities offered, especially as concerns the industrial and technological areas. Under such conditions, the ambition for prosperity, to feel useful and to have a continuity of prospects and improvement can only be satisfied abroad.

Undoubtedly, the brain exodus appears to be a rational, well considered choice. It is dictated by completely objective considerations. It perfectly constitutes a part of the logic of globalization and internationalization of competences.

In the eyes of this new Moroccan migrant generation, the state and enterprises are not able to create a favourable environment in which they could evolve in a transparent and dynamic manner. The existing environment does not satisfy their aspirations and preoccupations that are absolutely normal and legitimate.

The context of globalization accentuates the phenomenon of brain drain and reveals the responsibilities of present actors and, consequently, the type of partnership to be established in order to prevent a further widening of the gap between countries of the north and those of the south. Nevertheless, the exodus of skilled labour is a phenomenon that should not only be analysed from the point of view of the host countries, but also from the country of origin.

### 3. IMPACT OF THE EXODUS OF SKILLED LABOUR ON THE DEVELOPMENT OF COUNTRIES OF THE SOUTH

#### 3.1 Implications of the Exodus of Skilled Labour towards the United States, the Far East and Latin America

Looking at the ten main countries or regions of origin, we find that four of them lose between 5 and 10 per cent of their qualified manpower to the US: Colombia, the Philippines, Korea and Taiwan. Two others, Iran and Mexico, see 10 to 20 per cent of their specialists leaving, while Jamaica and El Salvador lose more than 20 per cent of theirs. Only China and India limit their loss to less than 2 per cent.

Numerous Latin American countries which are not part of the ten main countries of origin lose more than 10 per cent (the Dominican Republic, Honduras, Guatemala) and even more than 20 per cent of their qualified labour (apart from Salvador and Jamaica, already mentioned, it is also the case in Nicaragua, Panama and Guyana).

It could be thought that Korea, Taiwan, China and India, which remain largely below the bar of 10 per cent, do not really suffer from the exodus of skilled labour and might even – as some write in the case of India for instance – find it advantageous, while Latin American and African countries lose more than 10 per cent of their qualified manpower. If this impression is correct, we could suppose that one of the evaluation criteria of the exodus of skilled labour is the percentage that this phenomenon represents in each country, with the 10 per cent limit undoubtedly constituting a critical threshold.

#### 3.2 The Implications for Africa and Particularly for Morocco

Every year, almost 20,000 physicians, engineers and scientists leave Africa for one of the OECD countries. Some 100,000 highly qualified Africans work in one of them. In the opposite direction, they are replaced by an almost equal number of expatriates working under cooperation agreements (IOM, 2000). One-third of official development aid that the OECD assigns to Africa (US\$ 4 billion annually), is paid to these 100,000 expatriates filling the gap left by qualified Africans. Even if it is true that the respective qualifications are not always the same, there is still an evident problem. On the one hand, good qualifications are not offered to Africans and, on the other, the facilities offered to expatriates are not available for them.

The phenomenon of the exodus of skilled labour takes on alarming proportions in developing countries, and particularly in Morocco. This is even more alarming since it touches sectors and activities of high technology and with strong value-added potential.

In Morocco, this new form of emigration concerns especially graduates of some important high performance engineering schools. This includes, among others, the Mohamedmedia School of Engineering (EMI), the National Institute of Post and Telecommunication (INPT). Thus, generally 50 to 70 per cent of all those graduating from this kind of schools travel abroad each year either immediately following the conclusion of their education, or after a few years of experience.

Recruitment teams of graduates are created through a system of proximity and by door-to-door contacts even before they have obtained their diplomas.

The costs of this phenomenon are in direct opposition to the economic and social development of Morocco. In the absence of reliable global statistics, we can show some elements of evaluation that give an idea of the magnitude of the effects of this form of emigration on development.

**The costs of education.** Two simple indications permit the evaluation to a certain extent of this kind of cost. An engineer of the INPT costs the state around a million dirhams during the two years of education. To this amount must be added the expenses linked to the education before joining this institute.

An engineer from the National School for Mineral Industries (ENIM) costs the state Dh 140,000 per year, that is 420,000 dirhams for the three years spent at that school. To this must be added the costs incurred by the state before joining the ENIM.

These few elements permit the evaluation of the magnitude of the costs incurred by Morocco. The Moroccan budget supports education costs for an important part of engineers and employees in the developed countries. In other words, a substantial volume of budgetary expenses regarding education and training helps to fund the technical development of the beneficiary countries of this new form of emigration.

**The need of foreign experts.** This loss of competences translates into a growing and increasingly expensive need for international expertise. This phenomenon heavily burdens the already meagre resources of developing countries, and Morocco is one of them.

In this context, according to a study by the European Commission, 100,000 foreign expatriates costs Africa US\$ 4 billion every year.

For its part, the OECD estimates that the recourse to international experts costs developing countries almost 40 per cent of the public development aid they receive annually.

As to Morocco, the General Association for Moroccan Enterprises (CGEM) affirms that out of the 2 billion dirhams invested every year in engineering, only 250 million are for Morocco, i.e. not more than 12.5 per cent.

Such quite elementary data reveal the other face of this exodus in terms of direct financial costs that are certainly going to increase tremendously in the coming years.

In such conditions, developing countries find themselves caught in a vicious circle. On the one hand, they train staff and engineers at soaring costs, who then go abroad and, on the other, they have to call on foreign experts at extraordinary costs to fill their needs.

**The experience costs.** They are more difficult to quantify and are a source of even more considerable loss. These are costs associated with the syphoning off of staff and engineers who have already acquired long experience with national enterprises. These costs can be measured in terms of loss of rational and efficient performance, loss of competitiveness, non-realization of

projects and more for Moroccan enterprises, and constitutes a true and major leakage. In fact, this category of new migrants is not only well trained, but has acquired valuable practical experience within the national productive process.

This situation is as grave bearing in mind that:

- Moroccan enterprises suffer a cruel shortage of staff and competences. They are enterprises that are largely understaffed and<sup>6</sup> lack skilled human resources.
- The requirements in terms of competent human resources are rising higher and higher with the process of globalization and an open economy. This factor has become a strong determinant in all competitive operations of national enterprises.

This less known, less advertised and less analysed type of cost is fundamental because it empties our enterprises of their most competent manpower and of their brains; thus, it represents a big handicap in the search for improved competitiveness and productivity.

## 4. EVALUATION OF THE EXODUS OF SKILLED LABOUR IN SPECIALIZED WRITINGS

### 4.1 Position of Countries of Origin

To Pr. Binod Kadria (New Delhi), the brain exodus is a good thing in terms of its short-term effects (money and technology transfers) as much as its long-term effects (investment made by the country of adoption, deliveries of machines, collaboration in training programmes in the country of origin, participation in the labour market in that country).

In a particularly interesting and complete issue of the series of “North-South Notebooks” of *Wereldwijd Magazine*, “Brain drain or brain gain?”, *Grijze cellen uit het Zuiden*, edited by E. Vervliet, Sibry Tapsoba develops the thesis where the brain exodus proves to be particularly disastrous in the cases of Africa, Central America and the Caribbean (Tapsoba, 2001): the departure of staff and qualified professionals and their replacement by expatriates keeps these countries in a state of underdevelopment and dependence.

We can object to this argument that, according to authors such as Stanton-Russell and Teitelbaum, the amounts of money repatriated to families remaining in the countries of origin in 1990 largely exceeded the official development aid and constituted real support for a large number of those remaining in the country. Of course we should study a little more closely the real impact of these remittances: what kind of investments are they assigned to? For the purchase of land or real estate? Or for the creation of small enterprises? Or are they spent on consumption? The effects are undoubtedly not free of ambiguity.

In the previously mentioned issue of the *Wereldwijd Magazine*, J. Wets endorses the creation of a training fund. I quote:

In this debate, it should be avoided that the individual migrant is reduced to an economic unit. If migrants wish to work here and if employers are ready to hire them, we can let the market flow,

through certain corrective means and for the time until they do not represent prejudice neither to countries of origin nor to other concerned categories, like our own unemployed force. When the European labour market attracts highly qualified workers, we could in exchange request to be indemnified by the sectors calling for these persons. Those indemnities would feed a training fund meant to contribute to the formation of youngsters in the countries of origin (Wets, 2001: 64).

The underlying idea of the creation of this fund is that everyone should be free to decide on the orientation of his career, otherwise we would be falling into a logic bound to failure; however, since the training cost of such qualified workers has to be supported by a poor country, it would be just to compensate it so that it could be used to train other youngsters. Needless to say, such a fund does not exclude other, more global reflections and strategic options. In that article, Wets does not side with or against the return of qualified workers.

We can also read a creative reflection in Jean-Baptist Meyer and Mercy Brown (1999), for whom the policy of qualified labour repatriation is a bad option and where the good choice consists in developing contacts with the diaspora.

It is important to distinguish between large countries with a large stock of highly qualified labour of which only a relatively small portion migrates, and smaller countries for which the loss of qualified labour takes on much more serious proportions. In the first case, the brain exodus can have positive repercussions, while this is not true in the case of small countries. However, a series of reasons prevent the retention of candidates from departure. In such a situation the real questions are:

- Should people be stopped from leaving? How can one retain them?
- Should they be let to leave temporarily and brought back again?
- How should working with a diaspora be approached and organized?
- Other methods of compensation?

#### **4.2 Position of Countries of Destination, Particularly the EU Countries**

According to the European Commission, in 1999 there was a deficit of 850,000 specialists in new technologies, and this figure was set to reach 1,700,000 in 2003. However, when we examine the concrete demand more closely, we notice that in a country like Belgium, the most insistent requirements at this moment are in the health care sector.

Increasingly voices are rising to bring the European Union to hold a debate similar to that already taking place in countries known to be lands of immigration (the United States, Canada, Australia, and New Zealand). The reasons invoked are that the countries of the EU have become immigration countries, more or less like the countries we just mentioned, and that the recognition of this state would eliminate anomalies and clarify the situation for the population. A second reason is that the demographic evolutions and those that happened to the labour market force us to open such a debate and to launch a policy in this sense. Partisans of this thesis argue that we should be inspired by the Australian, Canadian and US practice and use the observations made in those countries to define a European migratory policy that can balance the different factors: family reunification, political asylum, labour market needs in countries of reception and cooperation agreements concluded with countries of origin.

In addition to that, the recognition of asylum would mean the acceptance of 35,000 new arrivals to the 1,300,000 migrants at the European Union level, corresponding to 0.35 per cent of new arrivals per year compared to the total population. It is the average number of new migrants admitted in the United States, Canada and Australia. We can defend the idea that half of those would respond to labour market needs, as is the case in Australia or Canada, or 15 per cent, as in the United States, or even an intermediary figure. Certain European countries, such as Germany, where a parliamentary commission headed by Mrs. Süssmuth has already elaborated a proposition aiming at clarifying this problem, are more advanced than Belgium where, after a regularization programme, the government visibly invests in a policy to reduce migration.

In the case where the actual policy is maintained, a country like Belgium runs the risk of seeing very highly qualified African manpower un-utilized and relegated to a labour market grey zone through the lack of adequate reception and employment measures, while Asians would pursue their way to the United States or Canada after having acquired a complementary specialization in Europe.

## 5. THESIS

If, on the basis of these considerations, we wish to risk feeding the debate with a series of points of view aiming to enrich the debate, I would like to formulate them in the following terms:

1. It is important to note a new attitude in European countries, which, until recently, were conscious of their duties towards the development of the South (whether as a result of a colonial history, or on a humanitarian basis). Alternatively, in view of the economic war going on at the global level, these latter are coming to see only their immediate interest. One evidence of this change can be seen in the evolution of immigration regulations in most of these countries which, since the beginning of the seventies, had been protectionists and are today becoming more and more open and generous towards highly-qualified persons.
2. The duality of the discourse concerning the circulation of persons, whether concerning manual labour or intellectual labour, clarifies the problem of equality/inequality of treatment of mankind. Is it ethically justifiable to distinguish in terms of treatment on the basis of the qualifications of the human beings? Starting from the countries of the south, as much as we are for the unconditional movement of "little people", we criticize tolerance and encourage certain categories of competence to stay in developed countries by public authority.
3. We should make the distinction between countries that already have a well-developed or highly-developed education system (like most of the Far East and Maghreb countries) and others.
4. It is also important to distinguish between countries where the brain exodus remains below 10 per cent of the total qualified labour and those above that limit.
5. Finally, there should also be a relative distinction between three types of brain exodus according to the sectors concerned: research and development, health care and other relevant activities.

6. For some countries with a good educational system where the exodus of skilled labour does not exceed 10 per cent, the departure of a certain number of qualified workers does not seem to cause a problem. Provided that these countries are able to maintain the ties with expatriates through a whole series of organizations, this phenomenon might even constitute a very positive factor to stimulate the development of education and the economy of those same countries.

If this logic proves to be true in the Far East, it should undoubtedly be applicable also to a certain number of future neighbours of the EU (following EU expansion), like Morocco or Russia, for example.

7. From the point of view of countries of reception (and I mean certain European countries, in particular), the fact of allowing persons coming from these countries to follow specialized training in European universities without being able to keep them afterwards, or even to see them leave to the United States or Canada, does not seem to be a very rational policy. It seems to me, therefore, that these people should have a space in an effective immigration policy, which sooner or later will have to come true in the EU.
8. The brain exodus from Africa or certain Latin American countries raises a more complicated problem. In fact, it is difficult to tell qualified workers from such countries to remain there when they are not enjoying the same protection and means (and for me, this does not necessarily mean the same salaries) as the expatriates in their place. I wonder if there should be a system offering local qualified workers an adequate social coverage through the establishment of development aid structures without any paternalistic implications, together with a remuneration system that would stand halfway between salaries expected by Western expatriates and those prevailing within the country.

We cannot expect a brain exodus from these countries as long as the structure of education does not show the same degree of development as in the Far East (and we are still very far from that), and where a good number of qualified persons have not found work in their countries.

9. It is when the brain exodus takes place in the research and development sector and in the health care system that we exercise caution and adopt a more intensive employment policy. In fact, it does not make a lot of sense to leave people isolated without adequate infrastructure in a developing country. On the other hand, we cannot let people leave without planning proper compensation for the countries of origin. These two specific types of migration should be more the subject of international conventions. It seems to me that this is not as necessary for other forms of brain exodus.

All policies are in their essence obsolescent and provisional. Formulating these suggestions, I realize that they would be undoubtedly laughable in ten years. The social and political realities are in continuous evolution, both in countries of origin and in countries of reception. It is your turn to tell me whether these suggestions would already today not be able to resist the fire of criticism.



## NOTES

1. National Science Foundation, 1998: 3-19.
2. Augustine Oyowe, “La fuite des cerveaux: des années d’investissement perdues pour les pays en développement”, original version of the article published in *Le Courrier ACP-UE*, No. 159, September-October 1996: 59-60.
3. Leon Bouvier, et al., 1997, International Migration: Yesterday, Today and Tomorrow, *Population Bulletin*, 32: 4.
4. It can be estimated worldwide that “while in certain developing countries the loss of skilled labor has got a minor impact, in others it severely paralyses the administrative, economic and social functions, as happened recently in certain countries of the south of Africa and in the republics of Central Asia” (OCDE, 1993).
5. According to Isaac Nguema, President of the Human Rights Commission at the OAU (Organization of African Unity): “Developing the democratic process, establishing a minimum of loyalty towards citizens, recognizing the capability of people means re-establishing a climate of trust of which the staff is in need. If Africa would put in the managerial positions competent people, it would benefit greatly. Corruption is the non-utilization of competences”. Hermann Yameogo, Minister of Integration and of the Solidarity of Burkina-Faso is asking for some measures of reintegration of African staff into their countries of origin, because as he says, “the graduates who lived extensively abroad can face problems which, apart from job hunting, range from the access to the accommodation, the education of children, to the difference of work principles”.
6. CNJA, the recruitment in Moroccan enterprises, 1998.

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# ARAB MIGRATION PATTERNS IN THE GULF

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## INTRODUCTION

Arab migration to the Gulf dates back several decades and has undergone many changes. Systematic information on the stocks and flows of migrants, on countries of origin and of destination or the composition of migrants has not been easily available as lamented by various migration scholars. In 2000, the total population of the six Gulf Cooperation Council (GCC) states was estimated at about 29.3 million, of whom some 35 per cent were expatriates. Following the oil embargo of 1973, the share of the Arab population in the Gulf started to decline while that of Asians increased. In 1996, it is estimated that 31 per cent of the GCC expatriate population was Arab.

The national composition of Arab migrants changed during the last two decades, especially as a result of the Gulf War. At present, Egyptians constitute the largest group among the Arab expatriate population in the Gulf, followed by Yemenis, Jordanians, Syrians and Lebanese. An analysis of Kuwait shows that Arabs are engaged in relatively more professional and technical jobs than Asians, that more of them migrate with their family and stay longer, indicating relatively greater permanence. Several sending countries wish to increase emigration to enhance remittance inflow and alleviate unemployment. However, all receiving GCC countries want or are seeking to restrict immigration and have launched a variety of policies and programmes to achieve this. The future of Arab migration in the region is uncertain and will depend on the economic health of the receiving countries as well as the prevailing political circumstances.

## 1. ARAB MIGRATION PATTERNS IN THE GULF

Arab migration to the Gulf dates back several decades and has undergone many changes. Systematic information on the stocks and flows of migrants, on countries of origin and of destination or the composition of migrants has not been easily available as lamented by various migration scholars (e.g. Fergany, 2001). The oil-rich Gulf countries, especially the six Gulf Cooperation Council (GCC) countries, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, have been the main recipients of migrants moving to the Gulf, primarily to take up employment. Iraq was also an important recipient of migrants prior to its occupation of Kuwait in 1990. Jordan was a sending as well as a receiving country. The major Arab countries of origin were Egypt, Yemen, Jordan, Syria and Sudan.

The objective of the present paper is to outline the patterns of Arab migration in the Gulf region, focusing especially on the last two decades. The paper is organized as follows: I begin with a

brief description of the data that might be used for analysing the trends and patterns of Arab migration. An overview of the migrant stocks in the population of the Arab countries is then provided along with a more in-depth look at the migration level in the GCC countries with regard to the population and the labour force and the Arab share in migration. Characteristics of migrants in selected GCC countries are then examined in terms of gender, permanence of stay and occupational distribution. Finally, the governments' views and policies on immigration and emigration and the volume of return migration are analysed, especially in the context of nationalization and amnesty schemes that have been launched by the Gulf countries. The paper ends by making some observations for future migration in this region.

## 2. DATA SOURCES AND QUALITY

At least three international data bases constitute important sources of information on the stocks and flows of migration within the region. Every two years the United Nations Economic and Social Commission for Western Asia (ESCWA) publishes information on the proportion of non-nationals in the population of Arab countries, along with specific characteristics. However, this does not provide any information on stocks of migrants by nationality, even in terms of Arab/non-Arab background. The International Labour Organization (ILO) also provides information through its International Labour Migration data base<sup>1</sup> on the annual migrant flows and stocks for several countries according to the major countries where migrants currently reside. Among the 22 Arab countries listed in the Arab Human Development Report (UNDP, 2002) ILO data are available only for seven. Finally, the United Nations Population Division periodically publishes data on the migration stocks, flows and policies of various countries. Data of international agencies are usually based on information provided by national governments that usually collect such information through their labour and manpower ministries, or through specific statistical bodies within certain ministries.

In addition to the international data bases, information may also be gleaned from host country censuses and statistical reports. A major deficiency in these statistics is the lack of disaggregation of the data on stocks and flows according to country of origin. Kuwait, which has one of the richest data sources in the region, provides information on non-nationals only in terms of broad continents and racial/ethnic groups and not according to individual countries. Moreover, published information is available only for a limited number of features such as basic demographic characteristics (e.g. age, sex, marital status and occupation) that does not allow any in-depth analysis. International surveys on migration are rare. Periodic efforts by academic institutions and other agencies have resulted in the publication of books that enable us to piece together a picture of migration patterns in the Arab region (e.g. Arnold and Shah, 1986; Birks and Sinclair, 1980; Serow et al., 1990; Longva, 1997; Kapiszewski, 2001). However, there is no international agency with the primary goal to collect, compile, publish and analyse migration dynamics in the Arab region.

Arab countries vary in terms of the detail and regularity with which they collect information. This is in turn reflected in the detail and reliability of the data compiled by international agencies. For example Egypt, one of the major sending countries to the Gulf, has an abundance of conflicting estimates of the number of Egyptians working abroad. A major reason for this is the

involvement of many different agencies and government bodies in the administration of the emigration from the country (Farrag, 1999). In Saudi Arabia, the largest receiving country in the Arab world, the current population size is practically a “state secret” according to Courbage (1999). Lack of published evidence on the nationality composition of the residents in Saudi Arabia makes it difficult to give full credence to the available data. Among the GCC countries, Kuwait produces a fairly large amount of regularly published data. However, it also presents a problem in terms of analysis beyond broad categories, since it does not publish any data according to country of origin. Furthermore, the definition of who constitutes a Kuwaiti national has changed during the last two decades with the exclusion of stateless persons from the Kuwaiti category, resulting in some confusion. A careful examination of the data sources and quality of various GCC countries led Evans and Papps (1999) to conclude that with the exception of Kuwait “official sources of data on national and non-national populations of GCC countries provide fragmentary, intermittent and often unreliable information”.

For the present paper, I have used data from the international sources mentioned above, host country information on migrants in population and labour force, as well as published journal articles, books and reports. In addition, I have used information provided electronically by scholars and institution such as the Centre for Immigration Studies (CIS) in Washington D.C., and a newsletter (*Migrant News* (MN)) produced by the University of California. Finally, a thorough search of the Internet was made to locate literature and data on the subject.

### 3. OVERVIEW OF MIGRANTS IN ARAB AND GCC COUNTRIES

In order to provide an overview of the region, countries listed as part of the Arab region in the 2002 Arab Development Report were examined in terms of the percentage of non-nationals in their population (Table 1). With the exception of Jordan and the occupied Palestinian Territories, the six GCC countries stand in sharp contrast to the rest of the Arab countries in terms of the numbers of non-nationals in their population. The percentage of non-nationals in the population of the GCC countries ranged from a low of 25 per cent in Saudi Arabia to a high of 73 per cent in the UAE and Qatar. In Egypt, on the other hand, non-nationals accounted for only 0.2 per cent while in Yemen they made up 1.4 per cent.

In order to understand the current levels of migrant stocks it is necessary to examine the historical development of migration in the GCC countries during the last two to three decades. As shown in Table 2 for the GCC countries as a whole, about 35 per cent of the total population of 29.3 million consisted of non-nationals in 2000. In general, the percentage of expatriates in the Gulf populations increased over time in four of the six GCC countries. In Kuwait and Saudi Arabia, however, a small downward trend in the proportion of non-nationals is observed in recent years. In 2000, about one-quarter of the population in Saudi Arabia and 63 per cent in Kuwait consisted of non-nationals. A majority of the GCC countries have instituted policies to reduce the proportion of non-nationals as discussed in a later section.

Migration to the Gulf countries consists predominantly of able-bodied men and women in the labour force. A minority of the workers are accompanied by their families, while the rest travel to the GCC countries alone. Therefore, the percentage of non-nationals in the workforce is even larger than for the total population (Table 3). In the UAE and Qatar, for example, almost 90 per

TABLE 1  
TOTAL POPULATION AND PERCENTAGE OF EXPATRIATES  
IN THE ARAB COUNTRIES, 2000

Country/Region	Total Population (thousands)	Expatriates (%)
GCC Countries		
Bahrain	640	39.8
Kuwait*	2,228	62.9
Oman	2,538	26.9
Qatar	565	72.4
Saudi Arabia	20,346	25.8
United Arab Emirates	2,606	73.8
Other Arab Countries/Regions		
Algeria	30,291	0.8
Egypt	67,884	0.2
Iraq	22,946	0.6
Jordan	4,913	39.6
Lebanon	3,496	18.1
Libyan Arab Jamahiriya	5,290	10.8
Morocco	29,878	0.1
Occupied Palestinian Territories	3,191	52.2
Sudan	31,095	2.5
Syrian Arab Republic	16,189	5.6
Tunisia	9,459	0.4
Yemen	18,349	1.4
Comoros	706	2.6
Mauritania	2665	2.3
Djibouti	632	4.5
Somalia	8,788	0.2

\* PACI, 2000.

Sources: United Nations Population Division, International Migration Wall Chart, 2002,  
Department of Economic and Social Affairs, 2002.



TABLE 2  
PERCENTAGE OF NATIONALS AND EXPATRIATES IN THE GCC COUNTRIES,  
1995-2000

Country	1975 <sup>a</sup>	1980 <sup>a</sup>	1985 <sup>a</sup>	1995 <sup>a</sup>	2000 <sup>b</sup>
<b>BAHRAIN</b>					
Nationals	77.1	69.3	63.5	61.8	60.0
Expatriates	22.9	30.7	36.5	38.2	40.0
Total ('000s)	261.6	336.7	434.7	586.1	651.8
<b>KUWAIT</b>					
Nationals	30.9	28.5	27.7	36.1	37.4 <sup>c</sup>
Expatriates	69.1	71.5	72.3	63.9	62.6
Total ('000s)	994.9	971.3	1,697.3	1,958.8	2,363.3
<b>OMAN</b>					
Nationals	86.9	81.8	81.6	72.7	73.3
Expatriates	13.1	18.2	18.4	27.3	22.7
Total ('000s)	766.0	984.0	1,193.0	2,149.0	2,441.8
<b>QATAR</b>					
Nationals	43.1	40.9	47.7	29.6	26.3
Expatriates	56.9	59.1	52.3	70.4	73.7
Total ('000s)	147.7	206.6	241.0	547.0	580.3
<b>SAUDI ARABIA</b>					
Nationals	86.7	75.4	69.3	67.9	74.6
Expatriates	13.3	24.6	30.7	32.1	25.4
Total ('000s)	7,026.3	9,688.0	12,642.2	19,534.0	20,278.8
<b>UAE</b>					
Nationals	37.0	28.7	36.2	25.1	24.3
Expatriates	63.0	71.3	63.8	74.9	75.7
Total ('000s)	525.1	977.4	1,116.8	2,378.0	2,889.6
<b>All GCC Countries</b>					
Nationals	77.4	67.1	63.5	61.4	65.1
Expatriates	22.6	32.9	36.5	38.6	34.9
Total ('000s)	9,721.6	13,550.7	17,325.0	27,152.9	29,321.7

Sources: <sup>a</sup>Girgis, 2002; <sup>b</sup>ESCWA, 2001 (Data for 2000); <sup>c</sup>PACI, 2002 (Data for 2002).

TABLE 3  
PERCENTAGE OF NATIONALS AND EXPATRIATES  
IN THE LABOUR FORCE OF GCC COUNTRIES, 1975-2000<sup>a</sup>

Country	1975 <sup>a</sup>	1980 <sup>a</sup>	1985 <sup>a</sup>	1995 <sup>a</sup>	2000 <sup>a</sup>
<b>BAHRAIN</b>					
Nationals	18.2	43.0	42.1	40.0	46.0 <sup>b</sup>
Expatriates	81.8	57.0	57.9	60.0	54.0
Total ('000s)	60.0	142.4	170.6	226.5	-
<b>KUWAIT</b>					
Nationals	18.2	15.1	14.3	16.6	19.6 <sup>c</sup>
Expatriates	81.8	84.9	85.7	83.4	80.4
Total ('000s)	304.6	491.5	670.4	1,051.5	1,320.1
<b>OMAN</b>					
Nationals	68.9	60.0	48.2	35.8	35.7
Expatriates	31.1	40.0	51.8	64.2	64.3
Total ('000s)	225.0	280.0	369.0	670.3	858.7
<b>QATAR</b>					
Nationals	17.0	17.4	23.5	17.9	10.0 <sup>b</sup>
Expatriates	83.0	82.6	76.5	82.1	90.0
Total ('000s)	68.7	95.6	100.2	218.0	-
<b>SAUDI ARABIA</b>					
Nationals	74.8	47.3	37.3	36.5	44.2
Expatriates	25.2	52.7	62.7	63.5	55.8
Total ('000s)	1,923.7	3,212.7	4,342.1	6,450.0	7,176.3
<b>UAE</b>					
Nationals	16.0	7.6	9.4	10.2	10.2
Expatriates	84.0	92.4	90.6	89.8	89.8
Total ('000s)	278.8	706.3	865.3	1,088.2	1,355.7
<b>All GCC Countries</b>					
Nationals	61.0	38.4	31.8	26.0	-
Expatriates	39.0	61.6	68.2	74.0	-
Total ('000s)	2,860.8	4,928.5	6,517.6	9,704.5	-

Sources: <sup>a</sup>Girgis, 2002; <sup>b</sup>The Economist, print edition, 2002 (latest statistics); <sup>c</sup>PACI, 2002 (Data for 2002).

cent of all workers were non-nationals in 2000, while in Saudi Arabia, the largest country in the region, 56 per cent were non-nationals. Viewed as a whole, the dependence of the GCC countries on foreign workers has continued to increase during the 1980s and 1990s. The possible reasons for the increased dependence on foreign workers despite the budget deficits in the GCC countries are discussed in a later section.

#### 4. MIGRATION OF ARAB NATIONALS

While the dependence on migrant workers has increased over time, the Arab proportion among expatriates has steadily declined between 1975 and 1996, as shown in Table 4. According to data compiled by Kapiszewski (2001) the share of Arabs in the population of each of the six GCC countries declined and, for the six countries taken together, the share of Arabs declined from 72 per cent in 1975 to only 31 per cent in 1996. In the mid-80s, the predominance of Arabs was especially high in Saudi Arabia and Kuwait. This situation continued until 1996, although the Arab share in the expatriate population fell to less than half in both countries. It should be noted, however, that none of the published international sources provides disaggregated estimates for Arabs as compared to non-Arabs to enable a validation of the estimates by Kapiszewski (2001). A closer look at the Kuwait data indicates that the figures reported by Kapiszewski may in fact underestimate the proportion of Arabs as a share of the expatriate population. The proportion of Arabs among all expatriates in Kuwait in 1996 was 48.1 per cent according to official Kuwaiti data (PACI, 1996) compared with 33 per cent reported by Kapiszewski. Recent data from Kuwait for 2002 indicate that Arabs (including stateless persons) constituted 42.9 per cent of the expatriate population (PACI, 2002). Even though the estimates from the official source are higher than that cited by Kapiszewski, the downward trend in the proportion of Arabs in the expatriate population is clearly visible in Kuwait.

TABLE 4  
SHARE OF ARABS IN EXPATRIATE POPULATION OF GCC COUNTRIES,  
1975-96 (%)

	1975	1985	1996	2000
Bahrain	22	15	12	-
Kuwait	80	69	33	43
Oman	16	9	11	-
Qatar	33	33	21	-
Saudi Arabia	91	79	30	-
UAE	26	19	10	-
GCC	72	56	31	-

Source: Kapiszewski, 2001, Table 3.1.

Towards the end of the 1990s, it is estimated that 10 million expatriates lived in the Gulf countries (MN, November 1999), with Egyptians constituting the largest category among Arab expatriates, followed by Yemenis and Jordanians (Table 5). Egyptians played a major role in the development of the Gulf region. Egyptian migrants consist of skilled as well as unskilled workers and “may be regarded as a vertical stratum cutting across all socio-economic classes in Egypt”

TABLE 5  
STOCK OF EXPATRIATES BY MAJOR NATIONALITY GROUPS IN GCC COUNTRIES, 1997  
(estimates in thousands)

Expatriate Communities	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE	Total
Egyptians	-	271	35	29	1200	100	1635
Yemenis	-	-	-	-	500	-	500
Jordanians /Palestinians	-	-	-	40	270	100	410
Syrians	-	95	-	-	170	-	265
Sudanese	-	-	-	-	250	-	250
Kuwaitis	-	-	-	-	120	-	120
Total Arabs	-	366	35	239	2340	200	3180
Indians	110	262	300	90	1250	1000	3012
Pakistanis	70	100	70	60	800	400	1500
Bangladeshis	-	142	120	-	450	100	812
Filipinos	25	60	-	40	500	100	725
Sri Lankans	-	167	25	30	150	125	497
Indonesians	-	-	-	-	250	-	250
Iranians	-	69	-	20	-	-	89
Total Asians	205	658	395	240	2950	1625	6073
Others	-	-	-	-	95	-	95
Total Expatriate Population	242	1409	614	365	6000	2038	-

Note: Only numbers of major expatriate communities in each of the GCC countries are included in the table, although members of all communities listed are present in each. Owing to this exclusion, the figures in the columns do not add up to the total shown.

Source: Kapiszewski, 2001; Table 3.3.

(Farrag, 1999). Egyptian migration has been divided into three phases, showing an increasing predominance of Saudi Arabia as a destination site. In 1994, it is estimated that 71 per cent of all public sector and government Egyptian migrant workers were in Saudi Arabia. Iraq was an important destination country for Egyptian migrants prior to the Gulf War. In 1985, over 1.25 million Egyptians worked in Iraq. The numbers started to decline as restrictions were imposed on the amount of remittances Egyptians could send home. Around 1999, an estimated 66,000 Egyptians were working in Iraq;<sup>2</sup> Libya is another important destination and about 500,000 Egyptians were estimated to be working in Libya at the end of 1993 (Farrag, 1999). The number of Egyptian workers in Libya appears to have declined to about 233,000 in the late 1990s (www.arabicnews.com, 2 August 1999). During the second migration phase from 1975-1985, it is estimated that 10-15 per cent of the labour force migrated to neighbouring oil-rich countries, many of whom are known to stay in the host country for prolonged periods (Farrag, 1999).

Owing to the geographical proximity and ethnic affiliation, Yemenis have had a historically closer link with Saudi Arabia than with other GCC countries. There are vast differences between sources regarding the number of Yemeni emigrants in Saudi Arabia. For example, Evans and Papps (1999) estimated the number in 1990 to be 525,904. Yemeni authorities estimated the number of short- and long-term Yemeni migrants in Saudi Arabia at 1.7 million in early 1990, while Saudi authorities estimated it to be about 850,000 to 900,000 (ESCWA, 1993 and 1994). Many Yemenis were expelled from Saudi Arabia following the Gulf War because of Yemeni sympathies with Iraq. One estimate puts the number of Yemeni workers who returned home as a result of the Gulf War at 1 million (Farrag, 1999). However, it is estimated by Kapiszewski (2001) that about half a million Yemeni nationals were living in Saudi Arabia in 1997 (Table 5). Figures by Kapiszewski for 1997 are supported fairly closely by Girgis (2002) for 1995 (Table 6). Because of the massive return migration to Yemen, the country formulated policies in 1990-91 to discourage the immigration of Egyptians and other foreigners and phase out their employment, especially in the education sector (Farrag, 1999).

TABLE 6  
SAUDI ARABIA: FOREIGN POPULATION BY NATIONALITY, 1995

Country	Number (in 000s)	As % in Subgroup	As % in Foreign Population
Egypt	1,195.2	50.2	19.1
Yemen	424.4	17.8	6.8
Jordan and Palestine	266.0	11.2	4.3
Sudan	242.5	10.2	3.9
Syria	168.4	7.1	2.7
All Arabs	2,378.8	97.0	38.0
India	1,228.7	36.8	19.6
Pakistan	778.7	23.3	12.4
Philippines	451.0	13.5	7.2
Bangladesh	446.3	13.4	7.1
Indonesia	249.5	7.5	4.0
All Asians	3,342.6	94.0	53.4

Source: Girgis, 2002.

Jordan has been a sending as well as receiving country. It is estimated that on the eve of the Gulf crisis in 1990 there were 605,000 Palestinians and Jordanians in the Gulf countries (Shami, 1999). While Jordan sent a substantial number of migrant workers to the Gulf countries, it ran into serious labour shortages during 1970s and 1980s in sectors such as agriculture and construction. It thus imported workers, mainly from Egypt and Syria. These workers were often illegal or para-legal and the government made periodic attempts to discourage immigration by restricting the issuance of work permits. In addition to the Arab workers, some Asian workers have also found employment in Jordan, especially in the unskilled sector as domestic servants. In 1986, Egyptians constituted 83 per cent of immigrant labour, while Asians accounted for 15 per cent (Shami, 1999).

A major change in the nationality composition of migrants to the Gulf has occurred during the last 25 years. Asian workers increasingly replaced Arabs, primarily from the Indian subcontinent. This change was fuelled by the expanded development plans of the GCC countries following the increase in the oil price resulting from the oil embargo of 1973. Some of the major reasons put forward for the replacement of Arabs by Asians concern the relatively lower wages Asians were willing to accept, their greater compliance and obedience to the employer, better skills in some cases and host country policies to diversify the nationality background of migrant workers (Shah, 1998). In addition, it has been shown that once social networks of friends and relatives are well established in the host country, migration takes on a self-perpetuating character as seems to have happened in the case of Asians in the Gulf (Shah, 2000). Finally, the importation of one subgroup of migrants that is unrelated to the development needs in the host country is that of domestic servants. Housemaids, drivers, cooks, gardeners and other domestic servants have been hired in increasing numbers by households with even relatively meagre incomes. A majority of domestic servants are from Asian countries. In Kuwait, for example, the number of housemaids increased from only 12,000 in 1975 to 142,000 in 2000. Housemaids constituted 9 per cent of the population in 2000 (Shah et al., 2002).

## 5. CHARACTERISTICS OF MIGRANT WORKERS IN A HOST COUNTRY – KUWAIT

Further insight on the characteristics of Arab migrants may be obtained by analysing data from Kuwait which is host to about 1.4 million foreigners, constituting 63 per cent of its total population in 2002 (PACI, 2002). While we cannot generalize the experience from Kuwait to other GCC countries, one may infer several similarities between Kuwait and other host countries. In 1989, the year before the Gulf War, Arabs outnumbered Asians in Kuwait and constituted 59 per cent of the expatriate population. In 2001, there was a reversal of the 1989 situation with Arabs now constituting only about 45 per cent of the expatriate population (Table 7).

One of the major reasons for the reversal was the departure of Palestinian/Jordanians from Kuwait. Prior to the Gulf War of 1990-91, this subgroup constituted a very major component of the expatriate Arab population. It is estimated that about 400,000 of them lived in Kuwait prior to the Gulf War. As a result of the Gulf War, a majority of the Palestinians/Jordanians left Kuwait and currently their number in the country is estimated to be about 50,000 or less. Many of the Palestinians who left Kuwait, or were not invited to return, went to Jordan since several of the Palestinians in Kuwait held Jordanian passports and had a legal right to return to that country. An

TABLE 7  
SEX COMPOSITION OF EXPATRIATE POPULATION IN KUWAIT, 1989 AND 2001

	Male	Female	Total	Total (%)	M/F ratio
1989					
Total Expatriates	974,393	489,561	1,463,954	100.0	2.0
Arabs	558,361	312,093	870,454	59.4	1.8
Asians	408,253	169,695	577,948	39.5	2.4
Others	7,779	7,773	15,552	1.1	1.0
2001					
Total Expatriates	932,636	455,111	1,387,747	100.0	2.0
Arabs	409,018	212,004	621,022	44.8	1.9
Asians	511,994	234,098	746,092	53.7	2.2
Others	11,624	9,009	20,633	1.5	1.3

Source: PACI, 1989 and 2001.

estimated 300,000 Jordanians and Palestinians returned to Jordan as a result of the Gulf War (Shami, 1999). It has been reported by a survey that a majority of the returnees were highly educated and highly skilled and returned as families. About 84 per cent of all returnees had resided in Kuwait and 8 per cent in Saudi Arabia. The sudden return of a large number Palestinians created unprecedented difficulties, such as the extra costs of schooling, health care and housing required by the returnees and the need for additional job opportunities. The unemployment rate in Jordan increased from 8 per cent in 1985 to almost 25 per cent in 1991 before falling to 15 per cent in 1995. Among the difficulties surrounding the process of return to Jordan was the doubt raised about who in fact constituted a returnee. Crown prince Hassan argued that the term “returnee” was a misnomer since many of the returnees were second or even third-generation residents of Gulf states to whom “home” was not Jordan (Shami, 1999).

Since migration to Kuwait occurs mainly for employment and males often move to Kuwait without their families, there were more than twice as many expatriate males than females in the country in both 1989 and 2001. Unlike the Arabs and Asians, the sex ratio was balanced in the case of others (i.e. Europeans and Americans etc.) in 1989, and was slightly biased towards males in 2001. The number of Asian females increased substantially between 1989 and 2001, predominantly as a result of the increase in importation of housemaids over this period (Shah et al., 2002), as discussed earlier.

There is evidence that in Kuwait Arabs constitute a more permanent component of the expatriate population than Asians, even though the latter outnumber the former. Data for 2001 indicate that about 42 per cent of all Arabs were born in Kuwait compared to only 6 per cent of the Asians (Table 8a). These data suggest two phenomena: first, that a significantly larger percentage of Arabs over Asians are living in Kuwait as families and have their children with them in Kuwait; second, Arab families stay in Kuwait for longer periods than Asians. Among the Arabs born in Kuwait, 32 per cent were aged 20 or above compared with only 21 per cent of Asians born in Kuwait, indicating a longer duration of stay among the Arabs (Table 8b). Thus, worker migra-

TABLE 8a  
 PERCENTAGE OF ARABS, ASIANS AND OTHER NATIONALS, BORN IN KUWAIT,  
 BY AGE (2001)

	Total in Kuwait	Total Born in Kuwait	% Born in Kuwait
Arabs	621,022	254,826	41.5
Asians	746,092	40,841	5.5
Others	20,633	3,971	19.3

Source: PACI, 2001.

TABLE 8b  
 AGE DISTRIBUTION OF ARABS, ASIANS AND OTHER NATIONALS BORN IN KUWAIT,  
 2001 (%)

	<5	5-9	10-14	15-19	20+	Total
Arabs	18.1	16.6	16.7	16.6	32.0	100.0
Asians	36.3	16.1	13.7	13.3	20.6	100.0
Others	21.8	15.8	17.9	14.6	29.9	100.0

Source: PACI, 2001.

tion to Kuwait is not a short-term event in the life of Arab families. This is also true of some Asian families, but to a much smaller degree compared to Arabs. Previous analysis of duration of stay of selected nationality groups in Kuwait in late 1983 showed that Syrians and Lebanese had the longest duration of stay in Kuwait (19.3 years), followed by Palestinians/Jordanians (18.0 years) (Shah and Al-Qudsi, 1989).

There are also marked differences between the labour force participation rates and the occupational distributions of Arabs and Asians in Kuwait, with notable changes in labour force participation rates having occurred in the last decade (Tables 9a and 9b). In 1989, about 52 per cent of Arab males and 11 per cent of Arab females were active in the labour force (Table 9a), compared to more than two-thirds of males as well as females among the Asian community. In 2001, concentration of Arab males in the labour force increased substantially to 66 per cent (Table 9b). However, the change was much greater among Asians, among whom 94 per cent of all males and 77 per cent of all females were in the labour force. The above data provide additional support for the conclusion that many more Arabs than Asians are living in Kuwait as families. In contrast to Asian females, only 12 per cent of Arab females were in the labour force while the rest were accompanying a family member.

Differences between the occupational structures of various nationality groups in Kuwait are shown in Table 9a for 1989, and in Table 9b for 2001. In 1989, a much larger percentage of Arabs than Asians were concentrated in professional, technical and clerical occupations. Also, a smaller percentage of Arab males were engaged in production work and labour (41%) compared with Asians (57%). Among females, about half of Arab women were concentrated in professional and technical occupations, while 27 per cent were employed in clerical work. An overwhelming percentage (90%) of Asian women, on the other hand, were engaged in service work (primarily



TABLE 9a

## OCCUPATIONAL DISTRIBUTION OF ARAB AND ASIAN FOREIGN WORKERS IN KUWAIT, 1989 (%)

Occupation	Arabs			Asians			Others*		
	M	F	Total	M	F	Total	M	F	Total
Professional and Technical	15.7	50.6	19.4	4.9	5.1	4.9	57.5	35.9	50.6
Administrative and Managerial Workers	2.4	0.6	2.2	0.7	0.0	0.5	11.1	1.3	8.0
Clerical and Related Workers	17.5	27.4	18.6	4.8	3.1	4.3	6.1	10.9	7.6
Sales Workers	9.3	3.5	8.7	6.6	0.8	4.9	5.3	3.9	4.9
Service Workers	11.5	16.8	12.1	23.2	89.9	43.0	2.5	46.5	16.5
Agricultural, Animal Husbandry, Hunting and Fishing Workers	2.1	0.0	1.9	3.3	0.0	2.3	0.2	0.0	0.2
Production Workers and Labourers	41.4	1.1	37.1	56.6	1.1	40.1	17.3	1.4	12.2
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total in Labour Force	287,445	34,286	321,731	277,491	116,989	394,480	4,640	2,152	6,792
Total in Population	558,361	312,093	870,454	408,253	169,695	577,948	7,779	7,773	15,552
% in Labour Force	51.5	11.0	37.0	68.0	68.9	68.3	59.6	27.7	43.7

\*Africans, Europeans, North and South Americans and Australians.

Source: PACI, 1989.

TABLE 9b  
DISTRIBUTION OF ARAB AND ASIAN FOREIGN WORKERS IN KUWAIT, 2001 (%)

Occupation	Arabs			Asians			Others*		
	M	F	T	M	F	T	M	F	T
Professional and Technical	13.7	46.1	16.5	4.2	5.4	4.5	42.6	47.3	43.9
Administrative and Managerial Workers	4.4	2.3	4.2	1.3	0.1	0.9	22.7	12.8	19.8
Clerical and Related Workers	17.6	33.0	18.9	4.5	3.4	4.2	8.4	13.8	10.0
Sales Workers	9.4	7.3	9.2	5.6	2.0	4.6	3.0	3.1	3.0
Service Workers	8.5	9.7	8.6	24.5	87.0	41.5	4.7	21.4	9.5
Agricultural, Animal Husbandry, Hunting and Fishing Workers	1.2	0.0	1.1	2.0	0.0	1.5	0.2	0.1	0.2
Production Workers and Labourers	45.4	1.5	41.6	57.9	2.1	42.7	18.4	1.6	13.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total in Labour Force	269,638	25,461	295,099	481,088	180,435	661,523	7,527	3,110	10,637
Total in Population	409,018	212,004	621,022	511,994	234,098	746,092	11,624	9,009	20,633
% in Labour Force	65.9	12.0	47.5	94.0	77.1	88.7	64.8	34.5	51.6

\* Africans, Europeans, North and South Americans and Australians.

Source: PACI, 2001.

as housemaids) compared with only 17 per cent of Arab women in such occupations. In contrast to Arabs as well as Asians, a much larger percentage (51%) of expatriates from European, American and non-Arab African countries were employed in professional and technical work. A comparison of the 1989 occupational distribution of various nationality groups with the same distribution in 2001 shows that the occupational structure of the various groups remained essentially unchanged between the two periods. Thus, the dramatic changes in the nationality composition of the Arab migrants and the replacement of Palestinians largely by Egyptians did not bring about a change in the relative salience of Arab and Asian migrant workers in different sectors of Kuwait's labour market.

## 6. IMMIGRATION AND EMIGRATION VIEWS AND POLICIES OF ARAB COUNTRIES

An overview of the government views and policies concerning immigration and emigration is shown in Table 10. Among the GCC countries, Bahrain and Qatar reported that they were satisfied with their immigration levels and that their policy was to either maintain or not to intervene in the current situation. The other four GCC countries held the view that immigration to their countries was too high and had introduced policies to lower it. All six GCC countries were satisfied with the emigration levels (which are known to be fairly low) from their countries and had no desire to alter the situation.

Other than the GCC countries, five other Arab countries, Jordan, Lebanon, Libya, Yemen and Djibouti also believed that immigration to their countries was too high and wanted to reduce it. Three Arab countries, Egypt, Jordan and Yemen felt that emigration from their countries was too low and had introduced policies to raise it. These, like many Asian countries, look towards emigration as relieving the high unemployment and to harness the benefits from the large amounts of remittances sent home by migrant workers. Other Arab countries, such as Iraq and Lebanon, felt that emigration was too high and wanted to lower the exodus, probably to stem the brain drain.

Jordan has been a sending as well as a receiving country as discussed in earlier sections. In 2001, Jordan had a policy to lower immigration and to raise emigration. As part of its policy to lower immigration, Jordan has been imposing periodic restrictions on the issuing of work permits to Egyptian workers. The government would also like to encourage Jordanians to take up jobs being performed by foreign workers and thus to replace the foreigners by nationals, but has found this hard to achieve. As part of its "Jordanization" policies, Jordan targeted not only the Egyptians and Asians, but also Palestinians from the West Bank. It instituted a special two-year passport for West Bank residents in 1988, thereby classifying them as non-Jordanians for certain employment sectors. Regarding its emigration policy, it has been noted that Jordan invested in the education of its citizens to maximize their chances for labour export which would in turn reduce the level of unemployment in Jordan and provide financial returns in the form of remittances. Educating people for export was part of the economic policy stated in development plans. Convinced of the value of Arab economic integration, Jordan sees the export of its highly educated workforce to Arab countries as a vital ingredient for promoting such integration. Labour migration to the Gulf countries is not seen as brain drain, but as a positive force in the development of the Arab region (Shami, 1999).

TABLE 10  
VIEW AND POLICY ON IMMIGRATION AND EMIGRATION LEVELS  
IN THE ARAB COUNTRIES

Country/Region	Immigration Levels 2001		Emigration Levels 2001	
	View	Policy	View	Policy
<b>GCC Countries</b>				
Bahrain	Satisfactory	No intervention	Satisfactory	No intervention
Kuwait	Too high	Lower	Satisfactory	No intervention
Oman	Too high	Lower	Satisfactory	Maintain
Qatar	Satisfactory	Maintain	Satisfactory	No intervention
Saudi Arabia	Too high	Lower	Satisfactory	Maintain
United Arab Emirates	Too high	Lower	Satisfactory	No intervention
<b>Other Arab Countries/Regions</b>				
Algeria	Satisfactory	Maintain	Satisfactory	No intervention
Egypt	Satisfactory	Lower	Too low	Raise
Iraq	Satisfactory	Maintain	Too high	Lower
Jordan	Too high	Lower	Too low	Raise
Lebanon	Too high	Lower	Too high	Lower
Libyan Arab Jamahiriya	Too high	Lower	Satisfactory	Maintain
Morocco	Satisfactory	No intervention	Satisfactory	Lower
Occupied Palestinian Territories	-	-	-	-
Sudan	Satisfactory	Raise	Too high	Lower
Syrian Arab Republic	Satisfactory	Maintain	Too high	Lower
Tunisia	Satisfactory	Lower	Satisfactory	Maintain
Yemen	Too high	Lower	Satisfactory	Raise
Comoros	Satisfactory	No intervention	Satisfactory	No intervention
Mauritania	Satisfactory	No intervention	Satisfactory	No intervention
Djibouti	Too high	Lower	Satisfactory	No intervention
Somalia	Satisfactory	No intervention	Satisfactory	No intervention

Source: United Nations Population Division, International Migration wall chart, 2002. Department of Economic and Social Affairs, 2002.

GCC countries have been concerned about the very high level of immigration for several reasons, including the continued dependence on foreign labour skills, the socio-political impact on the receiving country and the loss to the host country of large sums of money in the form of remittances sent home by foreign workers. In recent years, high rates of unemployment among nationals have become a major reason for the restrictive policies introduced by the GCC countries. Unofficial estimates put the unemployment rate among Saudi males at about 15 per cent (*Arab News* (Saudi Arabia), 8 January 2003). Among young persons aged between 20 and 24, unemployment is estimated to be about 30 per cent (MN, 7 January 2003). In Bahrain, unemployment runs as high as one in four among the local workforce, and has prompted youths to stage a sit-in outside the Labour Ministry (Agence France Presse, 11 May 2001). At the same time, double-digit unemployment rates in the sending countries serve as a powerful push factor (UNDP, 2002). High unemployment rates in the GCC countries are the result mainly of rapid population growth rates as well as the preference by nationals to work in the less arduous, better paying public sector. In Kuwait, for example, as many as 95 per cent of Kuwaiti women and 93 per cent of Kuwaiti men were employed in the public sector in 2001 (PACI, 2001). Similar high rates of concentration in the public sector exist in Saudi Arabia and most other GCC countries.

In terms of their actions relating to the management of immigration, each of the six GCC countries, including Bahrain and Qatar who report to be satisfied with their level of migration, has taken specific actions to reduce the share of their expatriate populations since 1995. One such effort is to deal more severely with illegal residents who may have committed some visa violations, such as overstaying their visa entitlement, or working for a different employer than the one who initially sponsored them. In order to reduce the number of such expatriates, each of the host countries has introduced repeated amnesty periods, allowing those in violation of their visa terms to leave the country without paying a fine, which can amount to several hundred or even thousands of US dollars. In Saudi Arabia, for example, the fine for overstaying the visa entitlement is US\$ 26,000 and, in addition, one could face three years in jail (MN, August 2000, 7(8)).

The amnesty drives usually consist of the announcement of a specified period during which visa violators may leave without paying a fine or being punished, or are able to regularize their status. Such drives are accompanied by police and security raids to uncover overstayers and other illegal migrants. No systematic data are published on the number of returnee migrants leaving in response to amnesty drives. However, newspaper reports enable us to piece together some numbers on the returnees who left as a result of the amnesty efforts, as shown in Table 11. Reports on Saudi Arabia indicate that about 2.0-2.3 million illegal migrants have benefited from the amnesty drives since 1997 and left the country. Thus, a major response of the receiving Gulf countries has been to clamp down on illegal migration, while in the past not much attention had been paid to such migration.

We do not know the percentage of Arabs among those who avail themselves of the amnesty or are otherwise deported. Amnesty drives in the GCC countries have attracted considerable media attention during the last several years. Newspaper articles often cover sad stories of returnees. Stories based on embassy reports about the management of those applying for inclusion under the amnesty, those issued travel documents to return, and the need for better information on the process are occasionally published in newspapers. It is noteworthy, however, that a majority of these stories relate to Asian rather than Arab workers. We do not know whether illegal migration

TABLE 11  
AMNESTY RETURNEES FROM THE SIX GCC COUNTRIES

Country	Launch of Amnesty	Repatriations
Bahrain	1995	32,365 in 1995 and 52,000 in 1997 either left or regularized their papers; 23,632 in 2000.
Kuwait	November 1997	11,502 left in December 1997; 9000 in 2002.
Oman	January 1998	24,000 left in April 1998; 13,000 in 2001.
Qatar	November 1997	3,000 in August 1998.
Saudi Arabia	1995	2-2.3 million between October 1997-July 200; about 700,00 deported per year.
United Arab Emirates	August 1996	200,000 left during August-December, 1996; Another 300,000 expected to leave by March 2003.

Sources:

Saudi Arabia: Migration News, January 7, 2003; The Associated Press, July 3, 2000.

UAE: Kuwait Times, December 1996, p4; Gulf News (UAE) Dec 26, 2002.

Bahrain: Bahrain Tribune, Dec 28, 2000.

Oman: CISNEWS, June 1998; Times of India, Oct. 30, 2002.

Kuwait: Kuwait Times, Saturday, 20 Dec 1997, p.1; Al Bawaba (via COMTEX), August 21, 2002.

Qatar: Overseas Migration News, August 1998.

is in fact higher among Asian or Arab workers. It is possible that visa violations occur to a greater extent among Asians, since a larger percentage of these are active in occupations that put them in relatively more vulnerable circumstances than Arabs. At the same time, it is possible that Arab visa violators get caught less often than Asians because of their better support networks and the commonalities of language and culture with nationals in the host country. There is clearly a need for better information on the volume and characteristics of amnesty returnees, both for research and management purposes.

Besides focusing on illegal migrants, the GCC countries have increasingly introduced other policies to restrict the entry of immigrants into the population and labour force. For example, after the Gulf War, Kuwait instituted and strictly implemented a policy whereby government ministries were not allowed to re-hire more than 35 per cent of their previous expatriate workforce. The Ministry of Planning also suggested that the selection of the expatriate population should take into account the immigrant's nationality and ethnicity to prevent dominance in the labour market by any one nationality. Other policies included the restriction on the dependency rates among expatriates to as low a level as possible, and limiting naturalization to a specific number of stateless persons. Another recommendation made as part of the population policy was to give preference to citizens of other GCC countries, other Arab countries and expatriates from countries that supported Kuwait during the Gulf crisis (Al-Ramadhan, 1995).

Saudi Arabia has recently announced a plan that puts a 20 per cent ceiling on the share of expatriate workers and their dependants in the kingdom to be implemented over a period of ten years. This plan has been formulated by the Manpower Council, which is chaired by the Interior Min-

ister (*Arab News* (Saudi Arabia), 3 February 2003). In other efforts to indigenize the labour force, Saudi Arabia has recently declared several occupations as reserved for Saudi nationals. Some of these include taxi drivers, jewellery shop workers, *haj* and *umrah* office employees, car show room salesmen, and public relations officers among others (*Arab News* (Saudi Arabia), 10 July 2002). Rules are also being introduced to diversify the nationality of expatriate workers (*Arab News* (Saudi Arabia), 26 September 2002).

In addition to instituting restrictions, the GCC countries are also beginning to pay greater attention to the skill level of migrant workers. The UAE intends to phase out a total of 240,000 private sector workers who do not have proper educational qualifications (*The Gulf News* (UAE), 30 December 2002). Saudi Arabia is planning to conduct tests for expatriate technicians to ensure they have the requisite skills for performing the jobs they aspire to hold (*Arab News* (Saudi Arabia), 28 October 2002).

Another strategy used by GCC countries to indigenize their labour force is to enhance the employment of nationals in the private sector. Saudi Arabia has set up a Manpower Development Fund financed by charging each expatriate worker in the private sector SR 100 per year. This fund is designed to train Saudi nationals and to pay a part of their salary in the private sector. The fund collected about SR 400 million in the first ten months since its establishment (*Arab News* (Saudi Arabia), 10 July 2002). Other positive actions for indigenization include the introduction of special subjects such as “career advice” in the UAE, designed to assist students in choosing careers that would fulfil the manpower needs in a more rational manner (*The Gulf News* (UAE), 15 January 2003).

In some cases the indigenization efforts have achieved only mixed results. In fruit and vegetable markets in Riyadh, Saudi Arabia, the return of foreigners became necessary when many of the Saudis who had taken over from the expatriates decided to abandon the profession (*The Arab News* (Saudi Arabia), 17 January 2003).

## 7. CONCLUDING OBSERVATIONS

At the beginning of this century non-nationals continued to make up about 35 per cent of the population and about 70 per cent of the labour force of the GCC countries. Non-nationals also comprised large segments in Jordan and the Palestinian Territories. Estimates of the percentage of Arabs in the GCC and other receiving countries are difficult to make owing to the lack of routinely published data able to provide such disaggregated statistics. However, estimates by various scholars suggest that the percentage of Arabs in the GCC countries has been declining over time. There were about 9.25 million non-nationals in the GCC countries in 1997, 34 per cent of whom were Arabs. Among foreign workers in the GCC countries, Egyptians constitute the largest group amounting to about 2 million, while Yemenis, Jordanians, Syrians and Lebanese are the other main categories. Several factors that may explain the downturn of Arab migration to the Gulf were discussed in the paper. In addition, the Gulf War was an important factor in reducing the number of Arab workers in the GCC countries during the last decade. Nationals of countries that had supported Iraq during the war (Jordan, Sudan, Yemen) were not invited back to Kuwait to rejoin their previous positions unlike many nationals of other countries who were.

Among the factors that will affect the demand for Arab and non-Arab workers in future, there are several unknowns. The first one is the health of the Gulf economies that is uniquely dependent on oil prices. This is closely linked to the political situation in the region. A possible attack by United States and its allies on Iraq and the aftermath of this war will have a wide-ranging impact on labour migration to all the Gulf countries. What the percentage of the future demand for foreign workers will be for Arab workers is at this point fairly uncertain. One finds policy statements and rules that seem to prefer the recruitment of Arabs. At the same time, one finds statements that clearly point out the need to diversify the sources of migrant labour and the avoidance of the concentration of any one nationality in given sub-sectors of the economy. How the current circumstances will affect future policies of the receiving countries remains to be seen.

In the midst of all the uncertainty, there is no disagreement that unemployment poses a huge challenge in the Arab world. It is a major push factor in the poor sending countries that seek to increase their market share of labour migration to the richer Arab countries, primarily the GCC countries. The latter, however, now face serious unemployment issues of their own. While there is a slight downturn in the birth rate, growth rates in the GCC countries are still very high. In Saudi Arabia, the largest host country, the total fertility rate is still around 5.7 (Khoja and Farid, 2000). This means that youthful national populations looking for jobs will continue to expand during the next several years. This implies that the demand for foreign workers will ultimately dwindle, especially in the public sector and in skilled and clerical jobs. In the lowest paying production and labour sectors, the demand for foreign workers may be expected to continue for a longer duration depending on the economic well-being of the GCC countries and their development plans. Finally, there seems to be no downturn in the demand for domestic servants.

While presenting a vision for the future, Arab scholars have advocated greater regional integration and interdependence. Fergany (2001) advocates the establishment of a pan-Arab labour market and suggested models for institutional arrangements that would enable the achievement of such a market. He argues that “the ultimate guarantee of an efficient Arab labour market is the creation of an Arab Economic Citizenship Area in which freedom of movement and citizenship rights, are assured to all Arab nationals in all Arab countries, perhaps along the lines of the European Union”. Assessed within the context of the labour migration views and policies of the host countries, however, the feasibility of Fergany’s model is quite low.

Choucri (1999) shares some of Fergany’s ideas and puts forth a strategy she considers a “win-win” strategy for labour migration within the Arab region. In her view, an appropriate strategy would maximize employment in the region for workers from the region, target investment in skill enhancement of such workers and would reinforce national identity within the context of regional employment. By emphasizing the maintenance of national identity, Choucri recognizes the reluctance of host countries to hire workers who may threaten to become almost permanent members of the workforce.

The academicians’ call for greater reliance on Arab workers as the best strategy for the development of the Arab region is consistent with some of the policy statements and plans of the receiving countries. The economic, political and security considerations of those countries are, however, too complex to allow the formulation and implementation of a clear-cut plan in terms of the expansion of Arab migrants. Furthermore, the current uncertainties surrounding the likelihood of another Gulf War make the predictions about future Arab migration even riskier than they would otherwise be.



## NOTES

1. See <http://www.ilo.org/public/english/protection/migrant/ilmdb/ilmdb.htm>.
2. From [www.arabicnews.com](http://www.arabicnews.com), 2 August 1999.

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# ARAB LABOUR MIGRATION TO THE GCC STATES\*

Andrzej Kapiszewski

## ABSTRACT

Foreign labour in the [Arab] Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) comprises almost 70 per cent of the total workforce. Non-Gulf Arabs constitute only 25 to 30 per cent of the total workforce. Of these, approximately 3.5 million people, almost half, are Egyptians and 1 million are Yemenis. The revenues remitted by these immigrants to their home countries have become an important factor in the economic development of several countries. Nevertheless, the authorities of the Gulf states have decided for political and security reasons to limit the number of Arab workers and substitute labour from other countries, especially from the Indian subcontinent and South-East Asia. This continuing process, in tandem with the general dynamics associated with globalization, could lead to worsening economic conditions in the non-Gulf Arab states.

## 1. INTRODUCTION

The poor economic performance of many Arab countries during the last few decades in general, and the high level of unemployment in this region, in particular (15%, about three times as high as the world average), have made labour emigration a very attractive life option for many Arabs. Such emigration has also been supported by Arab governments as it eases the pressure on labour markets, reduces unemployment, accelerates development of certain regions, among others. In the last few decades, the movement of labour has become one of the most dynamic economic activities in the MENA countries; remittances from migrant labour to these states exceed the value of regional trade in goods as well as official capital flows.<sup>1</sup>

The oil-rich Gulf states: Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman have presented the largest labour market for Arab job seekers. Since the discovery of oil and because of the lack of a local, well-educated and adequately experienced workforce, these countries have been employing a large expatriate labour force. From the 1970s onwards, the prospect of emigration to the Gulf monarchies has become a valued escape valve from domestic economic hardship for Arabs from countries like Yemen, Egypt, Jordan or Palestine, especially for those who would not consider emigration to European countries due to linguistic and cultural barriers.<sup>2</sup>

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Looking at these processes from the other perspective, dependence on foreign labour has become a structural feature of GCC economies.<sup>3</sup> The rotational system of expatriate labour, limiting the duration of foreigners' stay, has worked well in balancing the economic and political interests of these states, and there has been little opposition to its maintenance. While there has been a smooth flow of expatriate workers, the imposition of rigid restrictions has helped authorities to fully control them, while simultaneously supporting the highly privileged position of nationals, who, owing to high labour emigration, have become a minority in many countries. While foreigners in the GCC states have not created problems of the same magnitude as that found in other immigration countries in the world, labour migration to the GCC states has not been free of conflict.

Some of these issues will be discussed in this paper. While most of the existing studies of Arab labour migration focus on the economic side of migration, this study will analyse both the economic aspects and political determinants of the process. This approach is in line with current theories of migration.<sup>4</sup>

The GCC states have much in common: they share similar histories, social environments and political systems, economies and, especially, labour and migration policies. They also face similar problems at the beginning of the twenty-first century, including growing unemployment of nationals, risks resulting from the prolonged domination of foreigners of the labour market and the negative impact of foreign (Western) cultures. Given such similarities, the GCC states can be studied together despite the fact that they also differ significantly in terms of the size of their populations and territories, their economic and military potential, the national composition of their population and the level of popular participation in government, among others.

## 2. POPULATION AND LABOUR IN THE GCC STATES: NATIONALS VERSUS EXPATRIATES

The percentage of foreigners in the GCC populations grew systematically over the last decades, increasing from 31 per cent in 1975 to over 38 per cent in the mid-1990s, when it levelled off. By 2002, about 32.5 million people lived in the GCC states. Among them were about 12.5 million foreigners, constituting 38.5 per cent of the total population (Table 1).<sup>5</sup> In Qatar, the UAE and Kuwait, foreigners constituted a large majority; in the UAE, for instance, foreigners constituted almost 80 per cent of the population. In Saudi Arabia, Oman and Bahrain foreigners also made up a substantial portion of the total population: 26-40 per cent (see Figure 1).

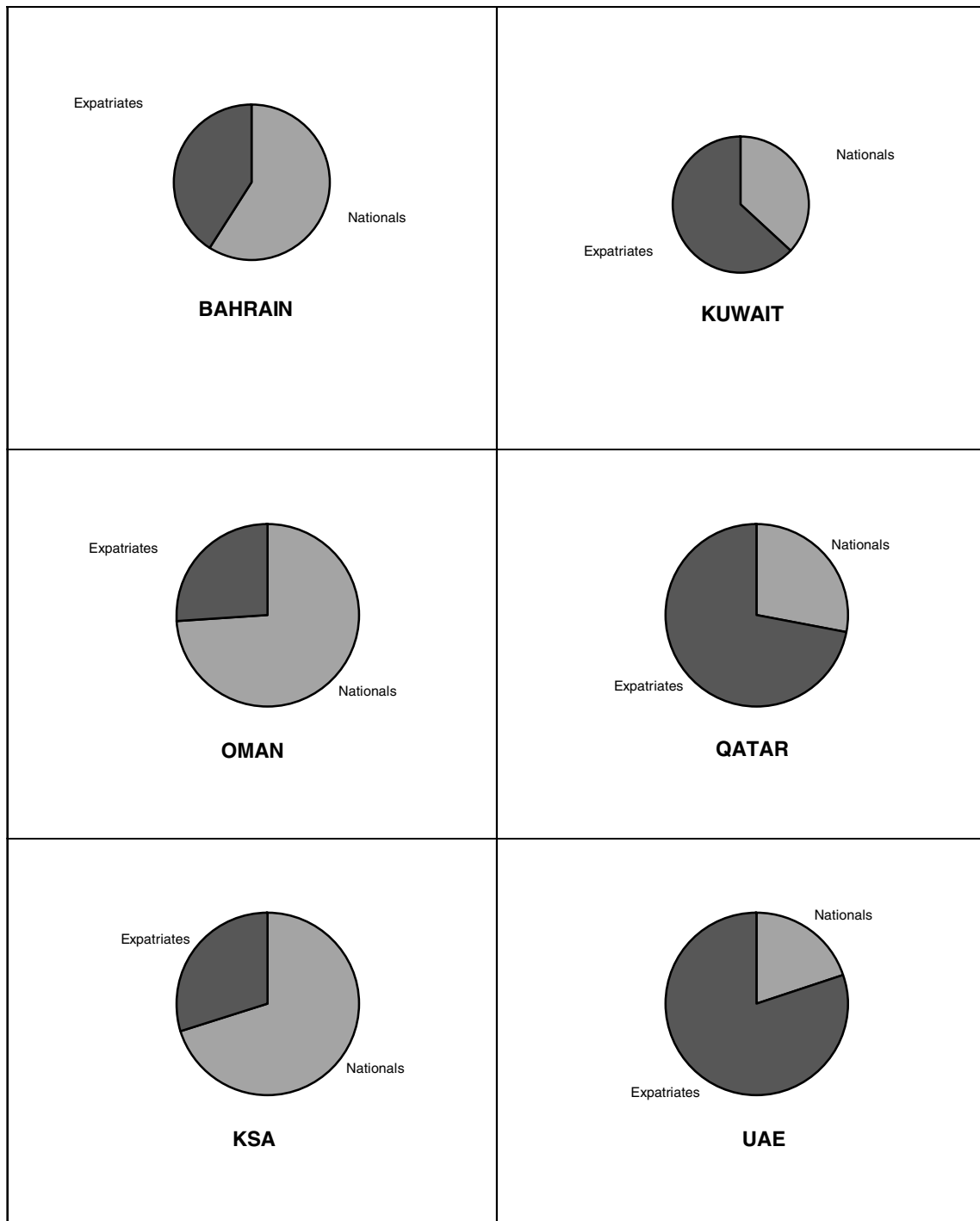
The dominance of foreigners in the workforce is even more pronounced than it is in the total population. By the end of 2001, the total labour force of 12-13 million workers in the GCC states included some 8.0-8.5 million expatriates.<sup>6</sup> Expatriates also constituted a majority of the labour force in each individual country; the average was almost 70 per cent, while in Qatar and the UAE, 80-90 per cent of the workforce was foreign. Bahrain and Saudi Arabia had the lowest rates, but even there expatriates constituted 60 per cent of the workforce; in Kuwait 72 per cent of the workforce was foreign in 2002. These rates did not change much in the last decade, implying that the percentage of foreign workers in the total GCC workforce has remained basically the same.

TABLE 1  
NATIONALS AND EXPATRIATES, 2001-2002  
(in thousands)

	Nationals	%	Expatriates	%	Total
Bahrain	410	60	280	40	690
Kuwait	885	37	1,475	63	2,360
Oman	1,790	74	630	26	2,420
Qatar	165	28	420	72	585
Saudi Arabia	<i>16,000</i>	<i>70</i>	<i>7,000</i>	<i>30</i>	<i>23,000</i>
UAE	622	20	2,488	80	3,110
GCC	<i>20,000</i>	<i>61.5</i>	<i>12.5</i>	<i>38.5</i>	<i>32.5</i>

Sources: For Bahrain, Oman, Qatar, Saudi Arabia and the UAE: The 2001 annual report by the GCC secretariat, released 27 July 2002 as well as *The Economist Country Reports* from mid-2002; for Saudi Arabia reports by different Saudi ministries were used as well; for Kuwait: Ministry of Planning data. Rough estimates made by the author are in italics.

FIGURE 1  
NATIONALS VERSUS EXPATRIATES, 2002



Source: Table 1.



### 3. DETERMINING THE NATIONAL COMPOSITION OF THE WORKFORCE: ASIANS PREFERRED OVER ARABS

For historical, political and economic reasons, people of various nationalities traditionally went to work in the GCC states. The composition of these foreign populations has also changed with time. At the beginning of the oil era, the majority of labour migrating to the lower Gulf countries came from the poor neighbouring Arab states. The largest groups among them were Yemenis and Egyptians; they were looking for better employment opportunities, particularly in Saudi Arabia. Later, new waves of Arabs arrived in the Gulf states, compelled to leave their home countries as a result of the domestic political situation. This wave included Palestinians, who emigrated after the Arab-Israeli War of 1948 and the occupation of Palestine, some Iraqis, following the Ba'ath party coup in Baghdad in 1968, and Yemenis after civil wars in their country. There were also traditional local migrant labourers from the peninsula, Omanis in particular. Finally, many Indian, Pakistani and Iranian traders and labourers went to the Gulf as a result of the long-standing contacts their countries maintained with the region.

The new phase in migration started with the post-1973 economic boom. With the explosion in oil revenues, the Gulf states undertook development efforts on an unprecedented scale, unmatched in any other country of the world. Total investment rose almost ten times between the first and second half of the 1970s. In Saudi Arabia alone the growth of capital formation averaged an incredible 27.8 per cent a year during the whole decade.<sup>7</sup> Massive labour emigration followed these developments: Yemenis, Egyptians, Sudanese, Jordanians/Palestinians, Pakistanis and Indians began to arrive in the Gulf states in large numbers.

At the beginning, the Arab workers were very welcome. Their linguistic and cultural compatibility with the local populations made them more attractive to nationals than other immigrants. The migrant Arabs set up the familiar Arab-type government administration and educational facilities, helped to develop health services, build the necessary infrastructure for these rapidly developing countries and run the oil industries. Nevertheless, relatively quickly the preference of the local governments changed, and they began to be more open to Asian workers. There were several economic, political, social, historical and pragmatic reasons for this change.

First of all, Asians were preferable in economic terms – they were less expensive to employ, easier to lay off, and thought to be more efficient, obedient and manageable.<sup>8</sup> Second, Gulf authorities became worried about non-local Arabs bringing and spreading radical social and political ideas (in particular secularist and frequently pro-Soviet ideologies), and cultivating undesirable loyalties. Leftist, pan-Arab ideas promoted by Arab expatriates called for the abolition of monarchies in the Gulf. Organizations like the Popular Front for the Liberation of Bahrain, the Popular Front for the Liberation of Oman and the Popular Front for the Liberation of the Occupied Arab Gulf were established and began anti-government activities in the Gulf states. In the 1970s and 1980s, numerous immigrant Arab workers were prosecuted, jailed and deported because of their participation in the activities of these organizations.<sup>9</sup> The internal stability of some of the GCC countries, including Saudi Arabia, Kuwait, Bahrain and Qatar, was also shaken by expatriate-led labour strikes.

Other ideas promoted by expatriate Arab workers also worried the GCC authorities. Many young Arabs regarded borders in the Middle East as artificial lines imposed by Western imperialists and consequently expected them to be eliminated. Another popular pan-Arab view, that of a single Arab nation in which labour “circulates” freely, was also rejected by the Gulf governments for security reasons. Yet another problem had to do with the regional distribution of oil-generated wealth. While the oil-producing countries which preferred to retain that wealth began to link the entitlement of oil revenues to state sovereignty, poorer states increasingly stressed Arab identification as a justification for sharing the revenues. (Iraq even used a number of oil-related arguments as an excuse to invade Kuwait.) Finally, the presence of Palestinians, which pushed the GCC states into involvement in the Arab-Israeli conflict, was also perceived as a problem.

For these political reasons, the authorities in the GCC countries decided to limit the number of Arab workers. Though such a policy was never officially announced, measures to reduce the number of Arab workers were taken in many Gulf countries.

In addition to these economic and political factors, there were other pragmatic reasons for promoting Asian migration. In the post-1973 oil-boom, the demand for foreign workers in the GCC states outstripped the ability of Arab countries to supply them.<sup>10</sup> Unlike governments in many Arab states, Asian governments became involved in the recruitment and placement of their workers, facilitating their smooth flow to the Gulf. Moreover, at that stage of the GCC countries’ development, so-called “turn-key” projects in which Asian contractors specialized, were increasingly being implemented. In general, the efficient recruiting agencies in Asia were able to provide a constant supply of manpower, fully satisfying the needs of the Gulf employers.

Asian workers were also preferable as they were used to leaving their families in their home countries, whereas Arab immigrants usually brought their families to the Gulf in the hope of settling there permanently. This possibility was not acceptable to the GCC authorities.

The attitudes of nationals towards non-GCC Arabs did not help to promote them in the labour market either. These attitudes have not been as positive as the cultural and religious bonds that exist between nationals and non-GCC Arabs would suggest and, in fact, relations between the two groups almost never attain the closeness common among nationals. Nationals rarely invite non-local Arabs to their homes and forbid them to use local dresses in order to prevent them from appearing too similar to privileged nationals. Marriage between a national and a non-national Arab woman (usually the second, but not the first wife), although not uncommon, is usually considered to be a misalliance by the local families. Mohammed Al-Fahim, a leading UAE businessman, presented attitudes of nationals towards non-Gulf Arabs in the following way:

Because we had a common religion and, for the most part, a common language, we felt we were dealing with friends not foes. In the case of our neighbours, we shared the same Arab perspective on life and the world. Or so we believed. Unfortunately, we found to our dismay that it took more than such commonalties to build a solid foundation for trustworthy relationships.<sup>11</sup>

Birks and Sinclair described these relations in an even more direct way: “Many nationals feel a detachment from Palestinians and Jordanians, a lack of respect for Yemenis and mistrust and dislike of Egyptians.”<sup>12</sup>

In general, expatriates have often been resented as people “coming only to take our money and leave.”<sup>13</sup> Uneducated and inexperienced nationals have been deceived by foreign “experts” and “advisers”, and have therefore been reluctant to trust expatriates, perceiving them “as a necessary evil” rather than as equal partners in country building.<sup>14</sup> In a characteristic example, on 2 April 1998, the semi-official *Emirates News* of the UAE published a commentary entitled “Breach of trust by expatriates”. The author wrote that “the past 30 years are full of stories about the amount of money stolen by trusted expatriates ... (about) millions smuggled abroad, about embezzled bank accounts, and nationals who lost everything.”

Another dimension of the Arab presence in the GCC states that worried many nationals was the supposed “Egyptization” of local dialects and culture, and the distortion of local political attitudes believed to have resulted from the predominance of Egyptians in the field of education.<sup>15</sup>

Finally, Asians were often easier to employ in the GCC states as this region had closer historical links with parts of Asia than with many, more distant, parts of the Arab world.

Surprisingly, there was little concern about the possible social consequences of the de-Arabization of the population as a result of Asian influence. The UAE was the only GCC state to make some efforts to stem the flow of Asian immigrants. In 1980, the UAE formally introduced a policy that Arabs should constitute at least 30 per cent of the foreign workforce and signed agreements with Tunisia, Morocco and Sudan to recruit more Arab workers.<sup>16</sup> This policy, however, was never implemented.

The GCC states’ unwillingness to secure a special position for Arab workers is indicative of the overall Arab failure to implement common policies. A series of declarations were issued in the 1960s, 1970s and 1980s regarding Arab workers: in 1968 the Arab Labour Organization called all Arab states to give priority to Arab workers; in 1975 a similar resolution was adopted by the Arab League; in the 1980s it was stated in the Strategy for Joint Arab Economic Action that, “Arab manpower must be resorted to to increasingly reduce dependence on foreign labour”; in 1984 the Arab Declaration of Principles on the Movement of Manpower stressed once more the need to give preference to Arab nationals before nationals of third countries. In practice, however, these declarations had little effect. Nader Fergany wrote that “attempts to organize the pan-Arab labor market have fizzled out into ineffective declarations of intent that have been impeded in reality by perceived narrow national interests, particularly of countries of employment, acting in the mind set of buyers in a buyers market”. Moreover, “labor movement in the Arab region has been captive to the ups and downs of Arab politics, sometimes with devastating consequences to the welfare of embroiled migrants.”<sup>17</sup>

Significant changes in the composition of the foreign workforce occurred as a result of the events of the second Gulf War. Iraqis and those supportive of Iraq (including Palestinians, Jordanians, Yemenis and Sudanese) were distrusted and forced to leave the GCC states during and in the aftermath of the crisis. Altogether over 1.5 million people were displaced: up to 1 million Yemenis were expelled from Saudi Arabia, along with 200,000 Jordanians and 150,000 Palestinians, mainly from Kuwait. An additional 158,000 Egyptians left Kuwait in the wake of the crisis.<sup>18</sup>

The decision to force certain groups of Arabs out of the GCC states has been widely criticized. For example, Nader Fergany wrote:

The uprooting of the Palestinians from the Gulf, especially from Kuwait, was a humanitarian calamity, particularly for the second generations that was born and raised there, tales of personal tragedies abound. While it is true that they did not enjoy permanent residence, this is in itself major shortcoming of migration to GCC countries. The length of service and residence of most Palestinians in the Gulf would have qualified them for permanent residence, if not citizenship, in any immigration country ... The sudden, massive, and sometimes brutal removal of the Palestinians from the Gulf cannot be justified, even by the claim of collaboration with the Iraqi invasion. If a minority of Palestinians collaborated with the Iraqi occupation, another minority fought in the ranks of the Kuwaiti resistance and some gave their lives fighting the invaders. A most vulnerable group of Palestinians caught in this quagmire consists of near stateless individuals who carry travel documents, mostly Egyptian that do not even give them the right to enter the countries that issued these documents. The deportation of opponents of the ruling regime in Iraq is to be classified in the same category.<sup>19</sup>

The economic effect of the return of a large number of workers from the GCC states to their home countries due to developments related to the second Gulf War is unclear and needs further study.

On the one hand, the Gulf crisis entailed great losses for the migrants and their home communities. "In the case of countries like Egypt, Jordan and Yemen, massive return...has exacerbated the already-severe recession; increased foreign exchange bottlenecks and added to the pool of open unemployment."<sup>20</sup> In Yemen, for instance, the return of workers who had been forced to leave Saudi Arabia resulted in a 200 per cent increase in food prices between 1990 and 1992, a 20 per cent increase in the poverty rate (from 15 to 35%), an increase in total unemployment (from 4% in 1990 to 25% in 1991 and to 36% in 1993) and the loss of US\$ 300 million in remittances. Moreover, Saudi Arabia commandeered an estimated US\$ 7.9 billion in Yemeni assets during the course of the expulsions, leading to a substantial decline in the value of the Yemeni rial. These and other related dynamics were important reasons for the civil war that broke out in Yemen in 1994, and for the growth in the strength of the Islamist party Islah.<sup>21</sup>

On the other hand, workers' remittances did not fall substantially in all the labour-sending countries. In Jordan, there was a significant growth spurt in 1992 resulting from the repatriation of savings by Jordanian workers in the Gulf, and in the following two years Jordan managed to maintain a high (5-6%) growth rate. As the economy witnessed a boom due to returned migrants' investments in housing and businesses, the rate of unemployment in 1992 actually declined. In turn, Egypt workers' remittances, which constituted 9.7 per cent of GDP from 1986 to 1990, increased to 12.4 per cent between 1991 and 1995.<sup>22</sup>

Many Arabs who left the GCC states during the Gulf War and in its aftermath did not return following the conflict. Despite the GCC governments' intentions, the resulting vacuum in the labour market was not filled by nationals. Free market dynamics led Asians to take the vacant jobs, again raising their share in the workforce.

The workforce witnessed further changes in the 1990s, partly because of the end of the Cold War. Job seekers from China and from the newly independent states of the former Soviet Union

began to arrive in the Gulf looking for employment opportunities. Cheap to employ and often quite well educated, these migrants created additional competition in the labour market.

As a result of the policies adopted in the GCC states, the percentage of the expatriate population represented by Arabs in these countries decreased from 72 per cent in 1975 to 56 per cent a decade later.<sup>23</sup> That percentage continued to decline in the following years: by 2002, the percentage had decreased to 25-29 per cent (see Table 2).<sup>24</sup> The biggest drop occurred in Saudi Arabia and Kuwait. Although Arabs constituted 91 per cent of the expatriate population in the Kingdom in 1975, their share had decreased to 37-43 per cent by 2002. In Riyadh, the number of foreign Arab workers fell from about 25 per cent of the total number in 1987 to about 14 per cent in 1997.<sup>25</sup> In Kuwait, the decline in the last two decades was from 80 to 34 per cent. In other countries, where the proportion of non-national Arabs in the population was traditionally low, their share nevertheless declined even further, to as little as 10 per cent in Bahrain and the UAE.<sup>26</sup>

TABLE 2  
ARAB SHARE IN FOREIGN POPULATIONS, 1975 AND 2002  
(in percentages)

	1975	2002
Bahrain	22	10
Kuwait	80	34*
Oman	16	11
Qatar	33	25
KSA	91	37-43
UAE	26	10
GCC	72	25-29

\* – including *bidoons*.

Source: For 1975 – Birks: “The demographic challenge”; for 2002 – various sources – author’s estimates.

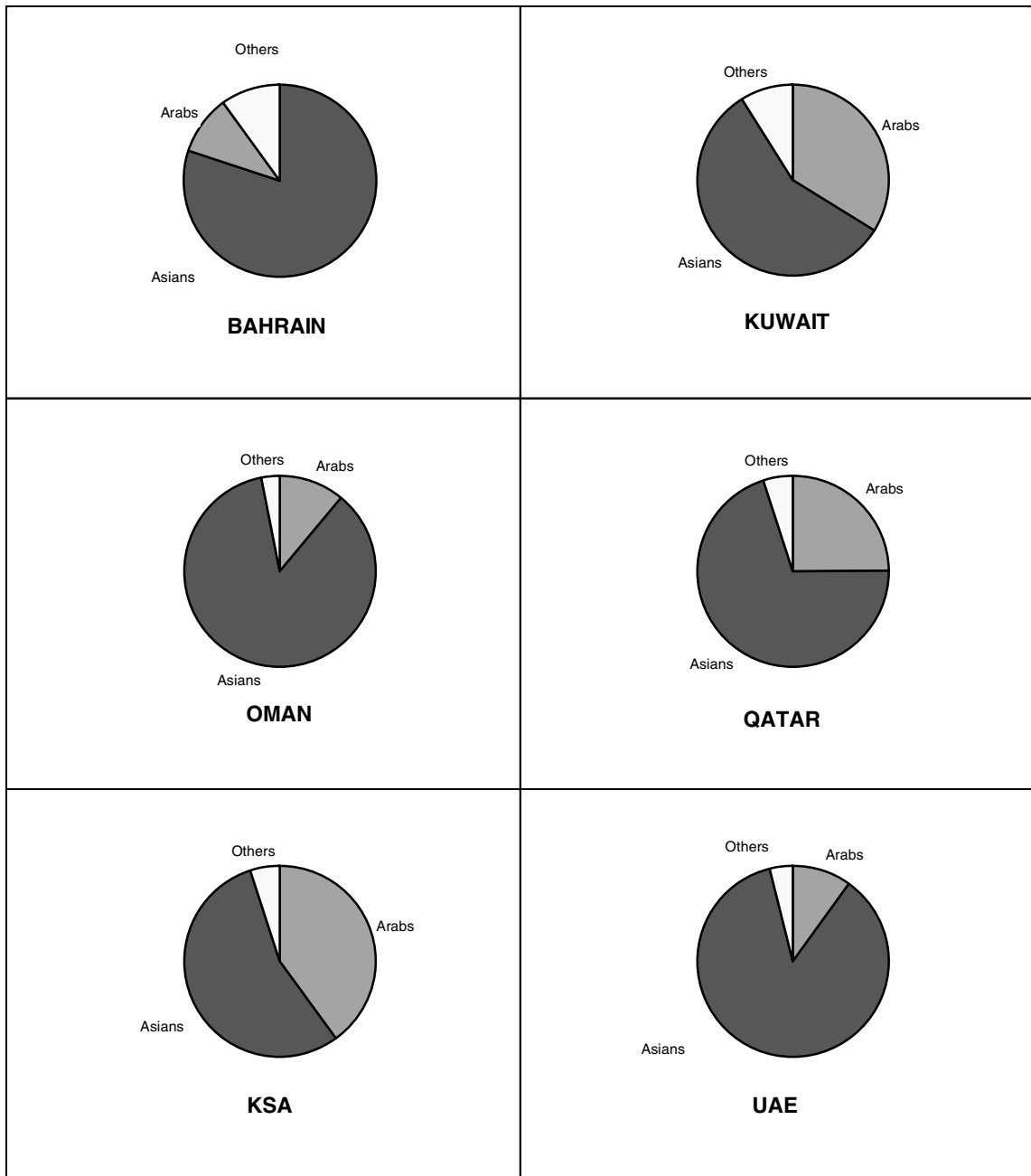
The exact size of expatriate communities in the GCC states is difficult to establish, as authorities often do not reveal information about them. However, the available information suggests that of the 12.5 million foreigners who lived in the GCC countries in 2002, there were about 3.5 million non-Gulf Arabs, 3.2 million Indians, 1.7 million Pakistanis, almost 1.0 million Bangladeshis, more than 700,000 Filipinos and more than 700,000 Sri Lankans (see Table 3).<sup>27</sup> That is, the number of Asians was more than twice the number of non-Gulf Arabs.

The non-Gulf Arab community has been mainly composed of Egyptians (over 1.5 million), Yemenis (1.0 million), Palestinian/Jordanians (0.5 million) and Syrians (0.3 million).

The above comments regarding the foreign labour policies of the GCC states and their consequences should be supplemented with remarks on the inter-GCC labour movement.

The main goal of establishing the Council in 1981 was to pursue the integration of the member states. An important part of the integration process has been to guarantee a citizen of one GCC

FIGURE 2  
 ASIANS AND ARABS IN FOREIGN POPULATIONS, 2002



Source: Author's estimates.

TABLE 3  
MAJOR EXPATRIATE COMMUNITIES IN THE GCC COUNTRIES  
(estimates for 2002, in thousands)

	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE	Total
Indians	100	295	300	100	1,400	1,000	3,200
Pakistanis	50	100	70	70	1,000	450	1,740
Egyptians		275	15	35	1,000	130	1,455
Yemenis					1,000	35	1,035
Bangladeshis		160	110		450	100	820
Sri Lankans		160		35	350	160	705
Filipinos		60		50	500	120	730
Jordanians/ Palestinians		50		50	270	110	480
Syrians		95			170		265
Iranians	45	80		20		40	145
Indonesians					250		250
Sudanese					250		250
Kuwaitis					120		
Turks					100		
Bidoons		70					70
Total	280	1,475	630	420	7,000	2,488	

Note: Only numbers of *major* expatriate communities in each of the GCC countries are included in the table. Due to this exclusion, the figures in the columns do not add up to the total shown.

Source: Various estimates.

state the same rights in every other GCC state. For instance, throughout the years a number of agreements were signed allowing GCC nationals to engage freely in commercial and economic activities in any member state as if they were in their own country. Special attention was paid to facilitating the movement of nationals among the GCC countries. The GCC leaders discussed this issue often during their annual summits, and the issue was also considered by various ministerial-level committees during their meetings. In particular, in October 1995, the GCC Labour Ministers adopted a “blueprint” for facilitating the movement of national manpower among member states, and the GCC leaders at their summit in Muscat on 6 December 1995 endorsed it. In effect, the GCC states became the only countries within the Arab world allowing their nationals to cross borders without a visa. Moreover, several GCC states concluded bilateral agreements granting their nationals the right to travel using only identity cards instead of passports (Oman and the UAE in particular).

Despite the fact that these regulations led to an increase in movement of nationals among the GCC states and to the development of cross-border trade, it is difficult to say to what extent they helped to improve the high unemployment rates among the national labour force, or to limit the size of the non-GCC workforce employed in member states. In theory, such regulations should accomplish both of these goals. For example, a country like the UAE could potentially absorb national surplus labour from countries like Bahrain whose nationals are willing to accept the relatively low-paying jobs in the UAE, eschewed by UAE nationals and currently held by Asians. But in reality the process has not been properly facilitated. According to GCC Secretary General

Jamil Al Hujailan, only the proper training and recruiting of nationals could help improve the situation.<sup>28</sup> During the meeting of GCC Ministers of Planning and Development in Abu Dhabi in 1999, the decision was made to establish a committee of GCC labour experts to study ways to employ more nationals in the Gulf Arab states in order to replace expatriate workers. Currently, only in Saudi Arabia can a substantial number of other GCC nationals be found – 120,000 Kuwaitis (in the UAE, there are several thousand Omanis in the workforce, but this figure is far lower than it was in the past). In general, proposals for the “Gulfization” of the workforce, that is, for greater cross-border use of local Arab rather than of foreign labour, did not bring any significant results.

There have also been discussions of transforming the GCC states into a politically unified federal state where nationals would have a common “Gulf citizenship” or some “Gulf economic citizenship”.<sup>29</sup> Were this to occur, it would be much easier to promote the exchange of labour among member states. The first step in that direction was made in June 2002, when the government of Bahrain decided to allow Bahraini citizens to acquire the nationality of another GCC state without losing their own, and to grant GCC nationals Bahraini nationality without requiring that they relinquish their original passport. For the Bahraini authorities, granting GCC nationals dual citizenship, a status not allowed in other GCC states, was the “consecration of the concept of a united Gulf with a common destiny ... leading to Gulf nationality”.<sup>30</sup>

#### 4. ARAB LABOUR IN THE GCC STATES – MORE ECONOMIC AND POLITICAL CONSIDERATIONS

The employment of expatriates has been both profitable and costly for sending and receiving countries. For the host states, the benefits of importing expatriates are fairly clear: expatriates provide a basic workforce as well as specialists to compensate the low level of national human resources, stimulate the domestic consumption of goods supplied by local merchants, and boost local property markets. Costs, although much more difficult to estimate, consist of salaries and the increased spending required to expand educational and health services, housing, roads, communications and other elements of infrastructure, in order to accommodate the needs of the newcomers. Moreover, the expatriate labour force is a substantial drain on GCC countries’ hard currency earnings, with remittances to migrants’ home countries amounting to US\$ 26 billion each year.<sup>31</sup> The remittances constitute a large portion of countries’ GDP; for example, in Saudi Arabia in 2001 expatriate remittances to their home countries totalled US\$ 18.7 billion, or about 10 per cent of the GDP of the Kingdom.<sup>32</sup> For the host countries, however, the relative costs and benefits of hosting foreign labour have more or less balanced themselves out in economic terms. For example, in Kuwait it has been shown that the percentage of GDP generated by expatriates is roughly equal to what the state has to spend on them.<sup>33</sup>

On the other hand, expatriates benefit from employment in the GCC countries. They are usually able to find well-paid jobs, enjoy a high standard of living, and often have a chance for quick career advancement. Their monetary compensation is often greater than it would be in their home country; the manufacturing wage level in Egypt, for instance, has been less than a third of that in Kuwait.<sup>34</sup> As a result, expatriates are able to save large sums of money and send/bring them home, often significantly stimulating the economy in their home countries.<sup>35</sup> Workers



remittances constitute a large share of home countries' GDP: between 1991 and 1995 their share in GDP was 12.4 per cent in Egypt, 15.7 per cent in Jordan and 22.4 per cent in Yemen.<sup>36</sup> Apparently each remitted dollar increased Egypt's GNP by US\$ 2.2.<sup>37</sup>

Recent state-registered remittances of Egyptians, the largest Arab migrant group in the GCC states, are presented in Table 4. While little changed between 2001 and 2002, current levels are significantly lower than those of 1999-2000. The largest decline took place in Saudi Arabia, related to diminishing numbers of Egyptian workers in the Kingdom. In turn, the largest increase occurred in the United Arab Emirates. In reality, the remittances are much higher than reported officially, as many Arab expatriates do not use banks or other official money-transferring agencies to send money home. According to some estimates in the late 1990s, Egyptian workers in the GCC states remitted as much as US\$ 4 billion annually to Egypt.<sup>38</sup>

TABLE 4  
REMITTANCES OF EGYPTIANS WORKING IN THE GCC COUNTRIES  
(in US\$ millions)

Country	Fiscal Year		
	1999-2000	2000-2001	2001-2002 (Provisional)
Saudi Arabia	737.6	681.3	612.4
Kuwait	410.9	222.3	246.0
UAE	283.0	301.9	312.7
Qatar	41.7	44.4	42.2
Bahrain	19.4	12.7	54.2
Oman	12.1	11.0	11.3
Total	1,504.7	1,273.6	1,278.8

Source: Central Bank of Egypt, 12 December 2002.

Nevertheless, the impact of migrants' remittances on the economic development of the home countries has been the subject of controversy. In Egypt, for example, Nader Fergany finds that for the economy as a whole, remittances have often provided little more than a band-aid and that, for the most part, they are wasted; that is, they are spent on the purchase of foreign-produced products and consumer goods, instead of being invested. The policy framework in which labour migration took place did not help reap the potential benefits of remittances at the macro level and instead reinforced negative economic repercussions such as inflation, speculation in hard currency and dependence on imports.<sup>39</sup>

As already mentioned, when evaluating the benefits and disadvantages of having a significant foreign workforce, the GCC authorities have taken into consideration not only economic but other factors as well. After all, the presence of a large number of expatriates constitutes a major threat to the stability of the GCC countries; it endangers the culture, influences the structure of society and also has an impact on foreign policy.

Expatriates have often been perceived by nationals as disloyal to their hosts, and even as potentially dangerous political agents who spread hostile ideas or work as a “fifth column” for the benefit of some foreign power.<sup>40</sup> Abdul-Reda Assiri has commented that certain elements of the expatriate labour force could potentially be quasi militant, and function as intelligence instruments, to instigate disputes and sabotage, or serve as a tool for political pressure and monetary and economic extortion.<sup>41</sup>

In the GCC states, as elsewhere, migration can be an important foreign policy issue, and migrants’ can influence both their host and sending countries’ foreign policy.<sup>42</sup> According to Hassan Hamdan al-Alkim, the roles played by the expatriates in the GCC states are of great importance in political articulation on foreign policy-making.<sup>43</sup> Although in the Gulf monarchies members of expatriate communities do not have any formal rights in the political process, they can influence their host countries’ foreign policy via the local media. Expatriates also wield influence through the informal access some of them have to top-ranking nationals and through the expatriates’ involvement in the overall functioning of the state. According to al-Alkim, despite the lack of citizenship, the expatriate community exerts more real political influence than most local citizens and in many ways is considered to be crucial to the relatively smooth functioning of the political process.<sup>44</sup> On the other side, expatriates often can influence their home countries’ foreign policy toward the GCC via their input and suggestions.<sup>45</sup>

The presence of large groups of expatriates sometimes causes problems between their home and host countries. For example, in 1996 the Qatari government accused Egypt of involvement in the attempted coup, and expelled some 700 Egyptian workers, particularly those employed in the Interior Ministry.<sup>46</sup> Several hundred Egyptian workers were also fired by the Qatari authorities in 1997 and 1998, basically due to tensions between the countries resulting from Cairo’s criticism of Doha’s relations with Israel. In turn, in December 1999, some 3,000 Yemeni workers were deported from Saudi Arabia, apparently due to renewed tensions between the countries related to the border issue. In October 1999, a mass riot involving hundreds of Egyptian and Kuwaiti workers took place in Kuwait, in the course of which 120 people were wounded and 16 Egyptian workers were arrested and accused of arson, damage to private property, taking part in an illegal gathering and resisting arrest. At the root of the incident were the inadequate working and living conditions of Egyptian workers, most of whom were employed illegally and as such were neither protected by Kuwaiti nor Egyptian authorities. In the parliamentary debate regarding the event, the Kuwaiti foreign minister, Sheikh Sabah al-Ahmed, said that foreign workers were often treated by unscrupulous contractors as “slaves”. The Egyptian Organization for Human Rights echoed his concerns when it stated that such incidents were only a reflection of the tragic conditions under which Egyptian workers were living.<sup>47</sup>

Such incidents demonstrate the tense relations that have developed between nationals and expatriates in some cases. Foreigners, non-Gulf Arabs in particular, have often suspected nationals of desiring to exploit them on unfair economic terms and have feared the possible consequences of total dependence on their sponsors, given the lack of laws to adequately protect them. They have felt nationals were often prejudiced and discriminated against them in the labour market, or when they attempted to establish business enterprises or purchase real estate.<sup>48</sup> Non-Gulf Arabs have also been frustrated that the attitudes of nationals towards them have not been more positive than their attitudes toward non-Arab or non-Muslim expatriates. They naturally expected to be better treated and to be somehow more naturally welcomed in the Gulf than, for instance, Indians or Koreans, and when their expectations are not met, they sometimes repeat tales of

“arrogance”, “greed”, “exploitation” and “discrimination” encountered in the Gulf.<sup>49</sup> Of course, the perception by non-Gulf Arabs of the treatment they receive in GCC countries depends, as is the case with all expatriates, on their personal experiences (failures or successes), as well as on their expectations and motivations before immigration.

## 5. THE FUTURE OF ARAB LABOUR MIGRATION TO THE GCC STATES IN THE ERA OF GLOBALIZATION

In the years to come the demand in GCC countries for foreign workers, and for non-Gulf Arabs in particular, will depend on several factors: the number of young nationals entering the labour market, the effect of the nationalization of labour markets (mainly due to government regulations), the economy’s capacity to generate new jobs, the employment qualifications of national labour in relation to the requirements of the job market, the willingness of nationals to take low-prestige jobs, competition from other groups of foreign workers, especially Asians, as well as political and security considerations.<sup>50</sup>

In terms of numbers, were the trend of the last five years to continue, the number of expatriate workers would grow by another 0.5-1.0 million between 2002 and 2007. However, as employers in the GCC states will probably continue to substitute Arab workers for Asian migrants, and given that Arab workers constituted only about 25 per cent of expatriate labour in 2002, the number of non-Gulf Arabs employed in the GCC states may increase by only by 100,000 to 200,000 over the next five years. It is equally likely that the number of non-Gulf Arabs in the GCC states will diminish. Girgis estimates that during the next five years (2003-07), 485,000 non-Gulf Arabs will lose their jobs in the GCC states, while only 361,900 Asian migrant workers will become unemployed.<sup>51</sup> The lost income that will result from the consequent out-migration will reach US\$ 3.6 billion from Arab workers, and US\$ 1.6 billion from Asians. While the calculations leading to these precise numbers are debatable, one should agree with Girgis that in the years to come, “[non-Gulf] Arab countries are well advised to anticipate less remittances, more workers returning home and perhaps high unemployment rates at home”. It is unlikely that in the near future the wage rate in such Arab countries as Egypt or Jordan would fall far enough to make non-Gulf Arab labour wage-competitive with Asian labour. Moreover, Arab labour will remain less attractive for foreign employers due to non-Gulf Arabs’ low level of education and technical training (relative to Asians). Nader Fergany stressed this problem in relation to Egypt:

We have a problem of human resource quality. This is a part of our problem with the Gulf. Today, to be competitive in the global market you have to have efficient, cheap and highly trained labor. In this new era of rapidly and continuously changing knowledge and high rates of obsolescence, workers require access to on-going education programs. [But] our education, training and re-training systems are very weak.<sup>52</sup>

In the years to come, the GCC foreign labour market will most probably shrink, at least in relative terms, owing to the following:

- In view of a generally gloomy world economic outlook and regional political tensions, the GCC economies are not expected to grow rapidly in the years to come. Privatization will also lead to fewer jobs.

- Each year a growing number of nationals will be looking for jobs due to demographic factors: the birth rate of nationals in the GCC states is very high (3.5 per cent on average), and over half of the population is under 15 years of age.
- Nationals will become better educated, which will allow them to compete more effectively with foreign labour in the private sector. Moreover, facing growing unemployment (often reaching 15% already), nationals will change their work ethic and grow more willing to accept the low-prestige jobs currently held by foreigners.<sup>53</sup>
- National women will increase their presence in the workforce, especially in Saudi Arabia. Granting Saudi women the right to drive cars alone will result in the unemployment of 100,000 foreign drivers.
- Nationalization policies (the so-called Saudization, Omanization, Emiratization, etc.) will reserve more jobs for nationals each year. In several GCC countries certain categories of jobs are already reserved for nationals, there are percentage quotas for nationals in public as well as private enterprises, and companies employing nationals receive certain bonuses, etc. Although so far, these measures have not brought any significant changes in the composition of the workforce, eventually they will.<sup>54</sup>

Even more decisive actions can be expected. On 2 February 2003, Saudi Arabia's Minister of Internal Affairs and Chairman of the Manpower Council, Prince Naif bin Abdulaziz, announced that the Saudi government had decided to lower the number of foreigners in the Kingdom to a maximum of 20 per cent of its indigenous population within the next ten years and to establish a quota system for foreigners in which no nationality may exceed 10 per cent of the total population.<sup>55</sup> If implemented fully, this decision will have a dramatic effect on the foreign population in the Kingdom, and on the Arab expatriates in particular. Thinking in terms of the current situation (16 million nationals, 7 million foreigners), the implementation of the new policies would imply the expulsion of over half of the expatriate population currently living in the Kingdom, reducing the size of the Indian population from 1.4 million to 320,000 and the size of Egyptian, Yemeni and Pakistani populations from 1 million (each) to the same amount.

For non-Gulf Arabs, the competition in the GCC labour markets will also increase due to the globalization of world markets, the increasing ease of international travel, the liberalization of numerous political regimes and the difficult economic situation in many parts of the world, all of which will allow and motivate emigration. Moreover, the tense political situation in the Middle East in general and conflicts between particular Arab countries will not provide the GCC regimes with incentives to employ more Arabs in preference to Asians. The new crisis in the Gulf, like all previous ones, may further diminish the number of non-local Arab expatriates in the GCC countries.

Therefore, non-Gulf Arab labour migration to the GCC states is a good example of the pattern recently observed in other parts of the world: in the era of globalization, governments are less willing to block flows of trade or capital, but are much more restrictive when it comes to people.<sup>56</sup> While in the past inter-Arab labour migration helped Arab economies move closer together, today political considerations tend to restrain that convergence.

## NOTES

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  32. Ministry of Planning study as reported in *Al-Madinah* newspaper in Riyadh, 16 July 2002.
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  52. *Al-Ahram Weekly*, 23-29 December 1999.
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# ARAB MIGRATION TO EUROPE: TRENDS AND POLICIES

Philippe Fargues

## INTRODUCTION

The Arab countries bordering the Mediterranean<sup>1</sup> are partners of the European Union in the Barcelona Process. All of them happen to be countries of emigration, while all the EU members have now become countries of immigration. Not all of Arab emigration is destined for Europe, just as not all immigration in Europe is coming from the Arab world, but the numbers involved in the Mediterranean migration system go into the millions.<sup>2</sup> The Barcelona Process was launched in 1995 with the aim of creating an area of shared prosperity through the progressive establishment of free trade. It is expected that in the long term free trade will favour convergence of levels of welfare across the region and thus act as a disincentive to emigration from the south to the north. At the same time, it is also suspected that a short-term consequence of free trade might be increased migratory pressure as a result of the disruption Arab economies could face because of their low competitiveness when protection measures are lifted.

The economic conditions for intense migration across the Mediterranean seem to be reached, with a gap now of almost one to six, and still widening between average incomes per capita (purchasing power parity (PPP) of US\$ 4,100 in the Arab Mediterranean countries in 2000, against PPP of US\$ 23,600 in Europe). Most current migration across the Mediterranean takes place between the Maghreb and Europe (Table 1), but the Arab Mashreq appears to have strong candidates for emigration to Europe in the coming years in connection with declining demand for migrant labour in the Gulf.<sup>3</sup> In addition, most countries of the southern and eastern shores of the Mediterranean are becoming places of transit for migrants or for asylum seekers from more distant African or Asian countries on their way to Europe, who further increase the already high migratory pressure.

However, economic factors, however important they may be in determining potential migration, are not sufficient conditions for migration to actually take place. Policies matter. The policies of receiving countries are considered paramount, and the fact that industrialized countries place legal restrictions on immigration is viewed as a major regulator of migration flows. Some economic policies themselves, including development aid or cooperation with sending countries, are part of broader migration policies, inasmuch as development is expected to provide an economic substitute to migration. Migration policies of receiving countries form a well identified, even though not entirely coherent, body of legal and administrative provisions. In contrast, sending countries are most often taken to be just passive witnesses of their own citizens' emigration. Because they have only little power on migration flows, they have no genuine policies in this domain. However, that is a simplistic view. A closer look at existing institutions shows that most

TABLE 1  
CITIZENS OF ARAB MEDITERRANEAN COUNTRIES RESIDING IN EUROPE,  
BY COUNTRY OF CITIZENSHIP AND COUNTRY OF RESIDENCE IN 2000

Country of Residence	Year	Country of Citizenship								Total Arab Med. Countries	Total World
		Algeria	Egypt	Jordan	Lebanon	Morocco	Palestine	Syria	Tunisia		
Austria	2001										761,427
Belgium	1999	8,452	613	215	1,098	125,082		699	4,243	140,402	891,980
Denmark	2001	408	594	785	2,538	3,293		588	470	8,676	258,629
Finland	2001	216	200	113	84	537		93	164	1,407	91,074
France (1)	1999	685,558	15,974	933	33,278	725,782	869	10,826	260,622	1,733,842	5,618,476
Germany	2000	17,186	13,811	11,190	54,063	81,450		24,421	24,260	226,381	7,343,591
Greece	1998	216	6,599	1,381	2,465	444		2,587	336	14,028	165,444
Ireland	2000										126,500
Italy (2)	2000	11,435	33,652	2,936	3,729	170,905		2,370	55,213	280,240	1,270,553
Luxembourg	2001										164,700
Netherlands	.....	917	2,771	229	338	119,726		543	1,312	125,836	651,532
Portugal	2000	91	57	78	191	330	10	75	27	859	190,896
Spain	2001	13,847	952	625	912	199,782		1,046	643	217,807	895,720
Sweden	2001	500	592	509	3,369	1,234		6,035	797	13,036	477,312
United Kingdom	2000	15,000	9,000		4,000	8,000			1,000	37,000	2,450,000

(1) Including persons granted French citizenship.

(2) The following numbers of regular immigrants (updated 2002) of selected nationalities can be found at <http://www.stranieriinitalia.it/news/dati6feb2003.htm>: Egypt: 52,719 ; Morocco : 257,513 ; Tunisia 52,719.

Source : Council of Europe, except for France: INSEE.

Mediterranean Arab governments actually have defined policies regarding the emigration of their citizens.

This paper first explores the economic and demographic context of international migration in the Mediterranean region (Sections 1 to 3). Second, it turns to emigration policies; here, rather than a systematic review country by country,<sup>4</sup> it attempts to depict what seem to be the main features of Arab policies towards their emigrants residing in Europe (Sections 4 and 5). The third and last part of the paper is dedicated to the migration dimension of the Barcelona Process (Section 6).

## 1. DEMOGRAPHIC CHANGE IN ARAB COUNTRIES AND MIGRATION POTENTIAL

The pressure exerted by youth on labour markets is regarded as a key determinant of emigration. Over the period 2000-2010, Arab labour markets will witness the coming into working age of the largest cohorts ever in their history. This alarmist state of things is only one side of the picture, however. The other side, in contrast, is a reassuring signal: owing to a drastic decline in birth rates across the region since the 1980s, maximum numbers have practically been reached and absolute numbers of new entrants are going to decrease as early as 2010 (Table 2). More than population dynamics, it is clearly employment dynamics which has become a matter of concern. Unemployment has been reaching new highs, particularly since the implementation of IMF-inspired programmes of economic reform, with unemployment rates from West to east standing at 13 per cent in Morocco, 30 per cent in Algeria, 16 per cent in Tunisia, 9 per cent in Egypt, 30 per cent in Palestinian Territories, 9 per cent in Lebanon, 14 per cent in Jordan and 9 per cent in Syria.<sup>5</sup>

What could be the impact of population trends on the future of international migration? The average total fertility rate has already fallen below three children per woman in the Arab Mediterranean countries, with still marked differentials between countries and prevailing social conditions. The emergence of a widespread pattern of two-child families in the Arab region does not mean that zero population growth will follow shortly, since it was only in the 1980s or early 1990s, depending on the country, that annual birth rates peaked. Their dramatic reduction since then (down by some 30% in the Maghreb and 20% in Egypt) will not be felt on the labour market before 2010. Until then, competition for jobs will remain fierce, especially now that more and more young women are present on the labour market and the level of education, in other words that of aspirations, is rapidly rising. Yet, there is a radical difference between the situation of young people entering the labour market today in countries of the south and that of their elders. This difference is due to demography. The new generation bears an exceptionally light demographic burden compared with past as well as future generations (Table 3). It has only few children, because of its own low fertility rate, but many brothers and sisters to share the burden of caring for their old family members, thanks to the high fertility rate of the previous generation. This is an unprecedented gift that will last for just one generation.

Such a situation could have two opposite impacts on migration. It could first open a “demographic window of opportunity”. Young people are entering active life knowing that the future

TABLE 2a  
POPULATION AGED 20-29 IN ARAB COUNTRIES OF THE BARCELONA PROCESS,  
2000-2025 (thousands)

Population 20-29 (1 January)	2000	2005	2010	2015	2020	2025
Algeria	5,823	6,616	7,033	7,181	6,693	5,923
Egypt	11,530	14,728	16,014	15,426	14,892	14,971
Jordan	955	1,097	1,153	1,162	1,104	1,051
Lebanon	591	626	614	583	552	542
Morocco	5,475	6,078	6,394	6,227	5,820	5,601
Palestine	542	638	730	882	1,016	1,094
Syria	3,062	3,760	4,120	3,884	3,727	3,790
Tunisia	1,848	2,009	2,037	1,942	1,778	1,709
Total	29,826	35,553	38,096	37,286	35,581	34,680

Source : Courbage, 1999.

TABLE 2b  
VARIATION

Variation over the Period	2000-05	2005-10	2010-15	2015-20	2020-25
Algeria	794	417	148	-488	-770
Egypt	3,199	1,286	-588	-534	79
Jordan	142	56	9	-58	-53
Lebanon	34	-11	-31	-31	-10
Morocco	603	317	-168	-407	-219
Palestine	96	91	152	134	78
Syria	698	360	-236	-157	63
Tunisia	161	28	-95	-164	-69
Total	5,727	2,544	-811	-1,705	-901

Source: Courbage, 1999.

TABLE 3  
DEMOGRAPHIC COMPETITION AND BURDEN FOR GENERATION BORN IN 1980  
IN ARAB MEDITERRANEAN COUNTRIES AND IN EUROPE

Country	Intragenerational Competition (1)	Demographic Burden	
		Old Age (2)	Children (3)
Algeria	5.59	0.300	2.13
Egypt	4.31	0.377	2.27
Jordan	6.07	0.282	2.12
Lebanon	3.51	0.507	2.10
Morocco	4.39	0.374	2.13
Palestine	6.63	0.258	4.17
Syria	6.49	0.259	2.17
Tunisia	4.35	0.389	2.07
EU	1.634	1.151	1.57

(1) TFR in 1980 x probability of survival at 25.

(2) Number of surviving mothers and fathers / population aged 25 in 2005.

(3) Projected TFR in 2010.

Source: Fargues and Pellicani, 2000.

benefits of their work are not mortgaged in advance to support the preceding generation, and this is favourable to savings and investment. In addition, they can now expect that the latter will be economic rather than demographic investments, that they will help improve the quality of life rather than, as was the case up to the recent past, meet the demand effect of a population explosion. From this perspective, demographic changes would soon reduce the desire among the youth to emigrate. If this theoretical asset is to be transformed into tangible benefits, these young people obviously need to have the possibility to save, that is, to work and earn a sufficient income. If they are not offered such a possibility, then demographic changes might well produce the opposite result and eventually increase the availability of young people for emigration. Indeed, one facet of the new generation contract entailed by a dramatic drop in the birth rate is that many of the family constraints of earlier times are lifted, which means greater personal freedom of movement. From this second perspective, demographic changes are liable to increase the potential for migration.

An attempt to estimate the actual potential to migrate on the basis of the number of persons who declare their intention to emigrate has been made in a comparative survey of push and pull factors in five sending countries, including Egypt and Morocco, during the late 1990s (EUROSTAT, 2000). The results obtained in these two countries of emigration deserve a comment. The proportion of persons aged between 18-67 years who declared their intention to emigrate was 14 per cent in Egypt (men: 24%, women: 5%) and 20 per cent in Morocco (men: 29%, women: 4%). Those who had already taken concrete steps, such as applying for or acquiring a visa, a residence or a work permit, were considerably fewer: 1 per cent in Egypt and 3 per cent in Morocco. Extended to national populations of the same age (44.5 and 19.9 million for Egypt and Morocco, respectively, in 2000), this would lead to enormous numbers of potential emigrants: 6.2 and 4.0 million, respectively, out of which 450,000 and 600,000, respectively, would have taken actual steps to realize their intention within the next two years.

Such figures suggest that rising tides of would-be migrants are ready to leave for Europe. However, one may wonder whether such an extension is correct considering the particular sampling frame of these surveys.<sup>6</sup> In order to maintain the size of the sample within reasonable limits, the survey was conducted in a few selected areas in Morocco and Egypt, i.e. those with high emigration rates. Given that emigration is a matter of social capital and networks – a fact which explains the geographical concentration of emigrants or “why there are so many international migrants out of so few places and so few international migrants out of most places” (Faist, 2000) – it is most probable that non-migrants of the sampled areas are not representative of non-migrants living in non-sampled areas, because the former are exposed to a culture of emigration and migrant networks which is not the case for the latter. Migration would thus be a realistic option for a much higher proportion in sampled than in non-sampled areas.

Translated into policy recommendations, the foregoing observations on current demographic changes in the Arab countries suggest that employment policies must tap the availability of a large number of young people who are free of the family burden and constraints that were borne by their elders. A recent IMF study suggested that advantage should be taken of this exceptionally favourable age structure by encouraging housing construction (Dhonte, Bhattacharya and Yousef, 2000). It would at the same time respond to a need fostered by the demographic explosion of earlier decades (insufficiency of the housing stock) and absorb part of the excess labour in a highly labour-intensive sector, while redistributing revenues with a knock-on effect on most other sectors. Some might argue that other less traditional sectors than construction would make better use of human capital that has been upgraded by advances in education across the region.

## 2. POPULATION AGEING IN THE NORTH AND REPLACEMENT MIGRATION FROM THE SOUTH

In the spring of 2000, there was much excitement over a United Nations report entitled “Replacement migration: Is it a solution to declining and ageing populations?” It uses population projections to answer the question “what level of migration from less developed countries would be required to compensate for negative demographic trends in more developed countries?” The report develops three scenarios, responding to the three objectives of maintaining, over the period 2000-2050: (1) the size of the total population; (2) the size of the working-age population (15-64) or, (3) the potential support ratio (15-64/65+). In each scenario, immigrants establish themselves definitively in the host population, since replacement migration is conceived as a **repopulation** and not a **guest worker** policy.

The results are impressive: in scenario 1.47 million immigrants would be needed in the EU-15 between 2000 and 2050; in scenario 2.79 million, and in scenario 3.674 million. This latter figure may be expressed as follows: 14 million per year would be the volume of net migration that Europe should consider from now on to neutralize the effects of its demographic ageing on the balance between the working-age and the retirement-age population over the next 50 years! The approach of the United Nations invites several criticisms (Léridon, 2000). Let us concentrate on one of them.

Demographic ageing is universal. On the one side, the immigrants that would be called on to maintain the active/inactive ratio are themselves subject to the same ageing process as the native

populations: the greater their number, the greater the number of immigrants needed to compensate for the ageing of the preceding generation of immigrants. On the other side, demographic ageing also affects the countries of the south from which the replacement migration would come. At the level of the world population (where migration is by definition nil), keeping the active/inactive ratio at its current level would require the total fertility rate to climb back to 3.5 children per woman, which would mean an annual population growth rate of 1.5 per cent, indefinitely. Such an objective, of course, is not a sustainable one.

Migration could not offset the ageing process in Europe. It could nonetheless provide a transitional solution that would alleviate the effects of post-World War II baby-boom generations reaching retirement age. In a very short period, some professions are going to be deserted, resulting in a sudden rise in the demand for labour in specific sectors where there is a shortage of European supply.

Such a transition would call for policies to manage inter-generational transfers, as they would create an asymmetrical relationship between immigrants and native populations. The immigrants (many of whom are at the start of working and family life) have a younger age pyramid than the native populations (many of whom are retired), but the two sub-populations are linked by one and the same system of inter-generational solidarity. The result is an asymmetrical pattern of social transfers. The native working population contributes over-proportionally to the cost of educating the children of immigrants, while the immigrant working population contributes over-proportionally to the cost of retirement and health care of the native population. As inter-generational transfers result in inter-ethnic transfers, there would be a risk of the emergence of a stratified society in which the tensions stemming from the contract of the generations in an ageing population would fuel ethnic tensions.<sup>7</sup> The process of population reproduction, in which intermarriages blur ethnic origins as from the second generation, could avert such tensions over the long term. In the short term, it is up to policy makers to do this.

### 3. THE NEW ECONOMIES OF EUROPE AND THE CALL FOR IMMIGRANTS

In March 2003, when French President Jacques Chirac paid the first official state visit by a French leader to Algeria since Algeria's independence, the enthusiastic welcome he received from a crowd of some 1.5 million persons was tempered by thousands chanting "visas, visas" in reference to the wish that more Algerians should be permitted to travel to France and to work there. "Fortress Europe" has indeed become a common image to describe the northern shore of the Mediterranean when it comes to international migration. However justified it might be for whoever contemplates the interminable queues in front of European consulates in Arab countries, this image is misleading. Is it true to describe as a fortress the region of the world that in the 1990s has become the foremost receiver of international migration, ahead of the United States? The economic crisis that followed the oil price increase in the wake of the Arab-Israeli war of October 1973 and spread to the whole industrial world produced long-term repercussions on migration to north-west Europe. France, Germany and soon other countries in Europe denounced the bilateral agreements regulating labour migration, and the entry of aliens became subject to a number of restrictions, many of which are still in place today. The end of legal admission of migrant workers to Europe produced two changes.

The first consequence was the permanent settlement of migrant families. Because workers could no longer travel back and forth and only immigration for family reunification remained legal, the two-way mobility of men which had prevailed until then was replaced by a one-way immigration of women and children. The second consequence was that worker migration continued, though it had to use other routes in order to circumvent the law. These were either clandestine entries, or regular entries followed by overstays, or applications for asylum. Today's estimates put the number of new irregular migrants (flow) into the "Europe of the 15" at half a million per year, and an equivalent number of asylum seekers. At the end of the 1990s, there were about 1.1 million irregular migrants (stock) in Mediterranean Europe, distributed as follows: 150,000 in Spain, 175,000 in France, 250,000 in Italy and 525,000 in Greece.<sup>8</sup>

At the same time, a series of developments occurred in Mediterranean Europe which produced a dramatic shift in migration trends. The fall of dictatorships in Portugal, Spain and Greece, their economic take-off and their entry into the European Union, soon transformed these traditional countries of emigration into new countries of immigration. With the enforcement of the Schengen agreements, Mediterranean Europe became a preferred port of entry to gain access to the rest of Europe. By its volume and form (high number of people in an irregular situation), migration of the 1990s and the early 2000s appears to be not only the result of pressures generated by hardships in sending countries, but just as much a response to the attraction of Mediterranean Europe.

The remarkable growth occurring there in export-oriented agriculture, construction and tourism has generated a considerable demand for seasonal, flexible and low-skilled labour, that is avoided by nationals. Clandestine migration provides the most appropriate solution. The worker in an irregular situation is the most attractive to an employer who is himself providing an irregular job, since, not being protected by labour laws, this worker is in a vulnerable position that induces him to accept a lower wage and fewer guarantees than those demanded by nationals and regular migrants. It is not the irregularity of immigration that engenders irregularity of employment, it is rather the reverse that is true (Awad, 2002; Reyneri, 2001; Wrench, 1998).

Irregular employment varies from country to country. In Italy, the underground economy is well entrenched in tradition and dates back to a pre-immigration period. It offers informal jobs where the worker is not asked to present regular documents, that is a niche that irregular immigrants could occupy as Italians vacated it. In Spain, it is rather the progress in agriculture with entry into the European Union that created seasonal employment that falls outside the process of social promotion and is therefore unattractive to nationals. In Portugal, it is the construction sector that has triggered immigration. Earlier emigration of nationals to north-west Europe has created labour shortages in construction while stimulating the demand for housing, since Portuguese expatriates invest in real estate at home. At the same time, the entry into the European Union brought an inflow of Community funds earmarked for major public infrastructure works. Two policy-related observations arise from the foregoing. First, restrictions placed on the movement of aliens have done less to curb entries than to hamper two-way travel. They have encouraged the emergence of irregular stays. A visa liberalization policy could be an instrument for combating clandestine immigration (Wihtol de Wenden, 2001). Secondly, the markets have proved more powerful in engendering flows than states in regulating them (Peixoto, 2002). Clandestine immigration across the Mediterranean is partly a rational response to the employment situation in buoyant sectors of southern Europe's economies. Combating irregular migration therefore implies combating irregular employment in Europe.



#### 4. A FIRST POLICY COMMON TO SENDING COUNTRIES: OPTIMIZING THE ECONOMIC BENEFITS OF EMIGRATION

Migration policies are usually understood as policies directed towards immigration, while policies of emigration are in most cases dismissed.<sup>9</sup> This state of things merely reflects the fact that, because immigrants are present while emigrants are not, immigration policies are more explicit and visible than emigration policies. However, in countries experiencing a significant flow of emigration, it is not rare for governments to take a series of measures, which together form a true emigration policy. Economic reasons are the main driver of migration.<sup>10</sup> Likewise, the first motivations of states in defining their emigration policy were economic. A first line along which Arab governments have designed such a policy seems to be a concern to optimize the economic benefits to be drawn from emigration.

Morocco has had the most constant policy with regard to emigration. As early as 1968, the quinquennial plan set as a target the largest possible number of emigrants in order to retain as few unemployed as possible on the local labour market; to draw, thanks to remittances, a maximum of hard currency into the national economy, and to raise the skills of the national labour force in anticipation of its return. When European governments closed their border to most labour immigrants, the Moroccan government maintained its position. At the same time, King Hassan II affirmed his unwillingness for the integration of Moroccans abroad and refused to recognize dual nationality. Moroccan politics were, and remain, perfectly coherent: emigration is like any other export activity and, if it is promoted, it is for the country's benefit. Numbers are revealing: having around 2 million emigrants,<sup>11</sup> Morocco receives more than US\$ 2 billion per year in remittances,<sup>12</sup> with a dramatic increase during the last two years (36.162 billion dirhams, that is US\$ 3 billion, in 2001), which represents for Morocco alone 40 per cent of the remittances received by all African countries together.

In Tunisia, the state did not adopt the same constant policy in favour of emigration as Morocco, in spite of a similar concern for channelling emigrants' savings and investments into the country. In 1974, Tunisia instead followed Algeria by encouraging its emigrants to return. The Office of Tunisians Abroad, which records the transfers (financial and in kind), operated by emigrants, estimated their amount at US\$ 700 million per year in 1999, the amount of their direct productive investment at US\$ 20 million per year, creating more than 20,000 jobs between 1993 and 1999. Emigration to Europe remains largely predominant in terms of benefits, with 4.109 billion dinars transferred from Europe between 1993 and 1998, compared with only 352 million from Arab countries, that is the Gulf and Libya (OTE, 2000).

Algeria adopted a more mitigated position. Being an oil and gas exporter, it took control of its hydrocarbon revenues with the nationalization of 1971, and since then has no longer had the same economic prospects as Morocco and Tunisia, whose vocation at the time was mainly agricultural. Reckoning that oil revenues would create more jobs than emigration could export unemployed people, the government suspended emigration to France in 1973, one year before the French decision to close borders to the immigration of workers and their families (1974). Algeria even encouraged its expatriates to return back home. However, only a few actually returned.

The government of Algeria was caught between two contradictory stances, the one determined by internal and the other by external politics. On the one hand, it could not ignore that unemployment continued at an alarming level and thus viewed the emigrants staying in France in a positive light, as a means to avoid an increase of the pressure on the labour market and, consequently, on the state. On the other hand, it denounced emigration as a form of post-colonial dependence. As a result, migrants, actual or potential, did not move. Those who had left never returned and those who would have been inclined to move never did so. This policy pursued in the 1970s may explain why the tragic events of the 1990s did not lead to any mass emigration: the migratory chain had been discontinued for 20 years. Along with Algeria's monetary policy, this discontinuation explains the relative weakness of the economic ties that 1 million emigrants and their descendants have kept with Algeria.

Egypt followed a path just opposite to that of Algeria, with a strict limitation of emigration at the time of President Nasser and until the war of 1973, followed shortly after by President Sadat's open-door policy which unlocked the borders of Egypt to the entry of foreign investors and, at the same time, to the emigration of hundreds of thousands of Egyptian workers. A Ministry for Emigration Affairs and Egyptians Abroad was created in 1981, and its responsibilities transferred in 1996 to a larger Ministry of Manpower and Emigration, with the goal of "linking emigration policy with the national interests of the state in achieving economic and social development".<sup>13</sup> A monetary policy that eventually led to the free exchange of the Egyptian pound was pursued in order to attract the confidence of Egyptians abroad to repatriate their savings home. During the last two decades, Egypt has continuously ranked among the very first receivers of remittances from expatriates, with an annual amount of between US\$ 4 and 6 billion, depending on the year. Egypt being a key provider of specific skills (such as teaching, nursing, etc.) to Gulf labour markets, education policies have themselves been considered by some scholars as part of a broad emigration policy (Abs, 2001). This may apply to Egyptian emigration to the Gulf, not to Europe.

Lebanon is a case in point, not because it is the most ancient country of emigration in the Arab world, but that it continues to be so despite current efforts of the state to keep its population at home. A somewhat anachronistic controversy that has recently divided the Lebanese population studies community might be recalled, for it says something about emigration and the way it is perceived. The controversy was about the true figure of the population: was it 4 million as estimated by the statistical office (ACS, 1998a), or only 3.3 million as estimated by UN experts (UNDP, 1998)? Far from pretending to resolve the debate, one would simply like to suggest that both figures could be true simultaneously, according to whether or not recent expatriates are still considered to be part of the country's population.

The 15 years of the Lebanese civil war had produced massive outflows of population, with a migratory balance as negative as -800,000 (one-quarter of the resident population) for the period 1975-1989. Unexpectedly, the post-war decade witnessed an even larger haemorrhage: from 1990 to 2000, the balance is probably not far from -1 million.<sup>14</sup> War has had a tremendous impact on the country and its position within the region. With the slump of its universities during the course of the war, Lebanon lost the advantage its elite had been able to gain over the rest of the region in matters related to know-how, expertise and entrepreneurship, a situation that might explain Lebanese post-war emigration. Its fertility having now dropped to just replacement level, Lebanon is likely to be one of the first countries of the south currently depopulating. This is the

demographic context in which the policy followed by the Ministry of Foreign Affairs and Emigrants to attract expatriates' investment<sup>15</sup> can be seen as part of a general policy of containing emigration through development.

## 5. A SECOND POLICY COMMON TO SENDING COUNTRIES: MAINTAINING TIES WITH EMIGRANT COMMUNITIES

The second line along which governments of Arab sending countries have developed an emigration policy is a will to maintain ties between expatriates and their country of origin, with the objective of preserving their identity in the foreign environment where they live. Agencies have been created to fulfil this mission; by doing so, national states were trying to keep up with transnational developments.

In countries of the Maghreb, the first instruments of this policy were the *Amicales*, created following the Algerian model. From independence until the mid-1970s, they acted as official offices for the affairs of expatriates by managing migrants relations with their host countries, notably in matters of employment and social security. With the shift from a workers migration to that of family reunification, the perpetuation of expatriate communities and the rise of generations born abroad (the so-called "second" and currently "third" generations), the states of the Maghreb had to reinvent their relations with what was turning into diasporas. Expatriate communities are a challenge for any nation state, as they escape its principle of political organization, which is based on the actual spatial coincidence between the people and the territory under its control. How can the link with expatriates be maintained beyond the geographical separation, and which form of participation in national life can be reserved for them? How to manage the emergence of transnational communities, and how to come to terms with actors who slip out of national control, from non-governmental organizations to multinational companies? How to reconcile potentially competing national loyalties?

Arab states gave fairly similar answers to these questions, which now look likely to become universal.<sup>16</sup> They created institutions having the capacity to deal with the multi-faceted bond between the migrants and their native country: from the banking or legislative instruments intended to facilitate direct investment, whether in the productive sector or in real estate, to cultural and religious instruments intended to safeguard or revive the Arab, Muslim and Maghrebi identity among members of expatriate communities. Whether it is school holidays organized in Tunisia or Morocco for youngsters living in Europe, or Arabic language taught in Europe, a particular emphasis is put on youth, that is on the future of the relations between countries of Maghreb and their diasporas. A Ministry of Moroccans residing abroad was created in 1990, then incorporated in 1997 into the Ministry of Foreign Affairs. The Foundation Hassan II, an institution whose orientations are designed by the state, received in 1990 a mission of cultural, religious and social action among Moroccan emigrants. In Tunisia it is both the Office of Tunisians Abroad, founded in 1988, and the High Council for Tunisians Abroad (1990) which work for the reinforcement of the bonds with the Tunisian expatriate community, manage its contribution to the economic development of Tunisia, and facilitate the possible return of its members.<sup>17</sup> Comparable institutions were created by the governments of Egypt and Lebanon to maintain ties with their diasporas, the bulk of which is settled in non-European countries. Egypt's Ministry of Manpower and Emigration has a mission of caring for Egyptians abroad, helping them maintain

links with their mother country, and consolidating the spiritual and social bonds between Egyptians abroad “in order to create awareness of Egyptian national issues.”<sup>18</sup> Education, in particular of second generations, is a target and the Ministry not only provides facilities for learning Arabic and Islam, but also for creating schools which follow Egyptian curricula. Defence is another target, and it is recalled on the Ministry’s website that the philosophy of the Law of Emigration of 1983 is to reconcile the right to emigration with the duty of military service. In Lebanon, a Ministry of Emigrants was founded in 1993 and dedicated to the relations with Lebanese emigrants whose number reaches “around 12,000,000 throughout the world”.<sup>19</sup> It has been holding several conferences for emigrant businessmen, the media and clubs and organized summer camps for young people of Lebanese descent living abroad.

While state action to preserve the economic interests and the cultural and religious identity of emigrants has played in favour of maintaining a bond in spite of separation, political issues have sometimes weakened and even inflamed this bond. As early as the 1960s, Maghrebi governments were worried about the way political oppositions could grow with impunity among emigrant communities. Later on, with the rise of political Islamism, they became alarmed by the relative freedom of action that the European political system could provide for their fundamentalist opponents, while European opinion was shocked by the growing radicalism of some elements among its immigrant populations. However, the events of 11 September 2001 and the hunt for terrorists among immigrant Muslim populations that ensued, did not produce the same kind of ethnic intolerance at the level of the population in Europe as happened in several parts of the United States.

The economic and political management of international migration went beyond the bilateral agenda between governments, to enter that of multilateral relations. In 1994, on the occasion of the international conference on population and development held in Cairo, Tunisia was the first country to demand that the international community take an interest in the roots of emigration in countries of departure, as well as the living conditions of migrants in countries where they work and live. It called for the holding of an international conference on migration. The conference was never convened, however (United Nations General Assembly, 2001). In the Euro-Mediterranean context, the association agreements recently signed between the European Union and individual Arab countries all include a series of articles aimed at guaranteeing the protection of the rights of legal immigrants in Europe.<sup>20</sup> These agreements also include arrangements aimed at reducing migratory pressures through job creation in areas with high emigration rates. Controlling emigration becomes an argument at the bargaining table: Europe must grant more aid and promote direct investments in Arab Mediterranean partners, otherwise it must expect to receive more migrants. The agreements also include articles on the necessity to combat irregular migration.

Irregular migration has become a hot issue not only on the Euro-Mediterranean agenda, but also in bilateral relations. Governments of countries involved put the blame on each other. Indeed, irregular migration involves different levels of responsibility. The first one responsible is anonymous, but central: it is the economic making of Europe. One could sum up its responsibility by raising the following question: how many Moroccan workers (regular or irregular) are employed in Spanish agriculture to now produce, for European markets, the very same vegetables and fruits that Morocco itself used to grow and to export to countries of the European Union, before Spain joined it? The second one responsible is well identified, but difficult to eliminate: they are

the criminal networks that smuggle migrant workers through the borders, then exploit their workforce.

The third level of responsibility hints at the fact that the Mediterranean is not an area cut off from the rest of the world. A new population has appeared, that of migrants coming from more distant regions en route to Europe. Increasing numbers of migrants from sub-Saharan Africa are now transiting through Algeria, Morocco<sup>21</sup> or Tunisia for indefinite periods, waiting to cross the Mediterranean. These news flows bypass control systems at entry in the Sahara as well as on leaving, either by sea<sup>22</sup> or by land, at Ceuta or Melilla's checkpoints. The governments of the Maghreb are at the same time faced with two kinds of problems: those of new countries of immigration, whose economies, unlike those of southern Europe, are however not prepared to offer employment to this manpower coming from abroad, and those of countries of emigration in charge of controlling the exit, not only of their own citizens, but also of aliens. Such a situation creates tensions between the governments of Maghreb and those of sub-Saharan sending countries, as well as those of the countries of destination in Mediterranean Europe, particularly between Morocco and Spain. Eastern Mediterranean, for its part, is crossed by flows of migrants and refugees coming from the Middle East and Central Asia. Lebanon, in particular, has emerged as a launching point for the traffic of Kurds from Syria and Iraq smuggled to Europe on cargo ships.

## 6. THE BARCELONA PROCESS AND THE FUTURE OF MIGRATION

To the north, European policies are caught between the conflicting traditions of individual countries regarding international migration on one hand and, on the other, a determination to build a common European immigration and asylum policy.

Since the enforcement of the Schengen agreement<sup>23</sup> in March 1995, 13 member states<sup>24</sup> have removed controls at their internal borders (between member states). Because any foreigner admitted in one country is automatically granted access to the territory of its partners, the signatory states have at the same time strengthened controls at their external border (with the rest of the world). They have established a common visa policy, and endowed themselves with a common computer file containing identity information on all individuals banned from entering Europe, the SIS (Schengen Information System), available for consultation at any point of entry into the Schengen area. It is feared that the enlargement of the European Union and the eastward move of its external border will make it more complex to control entries.

With the Treaty of Amsterdam (1997), EU members have agreed on asylum and immigration being a matter for common policy, and at the Council of Tampere (1999) they defined the three principles founding this common policy: assistance to source countries, integration of aliens, and control of immigration. However, disagreements between EU members have slowed down any progress at the Community level. National legislations are proliferating – in Germany, the United Kingdom, Spain, Italy, Denmark, Austria and the Netherlands – without preliminary consultations at the level of Europe and in no order. The European Council of Seville (2002), which was marked by the opposition between states in favour of imposing penalties against countries at the source of illegal migration and those against such penalties, largely reflected Europe's divisions.

The Barcelona Process was born (1995) in a context marked by another process, that of Oslo (1993) which brought to the Middle East a short-lived hope of peace. It grew out of a will to create a space within which the countries of both shores of the Mediterranean could jointly treat their common problems, and to establish through partnership an area of prosperity and security. Association agreements have been passed between the European Commission and each of its Mediterranean partners. Partnership comprises three aspects: political and security partnership aiming at the establishment of a common area of peace and stability; economic and financial partnership aiming at the creation of an area of shared prosperity through the establishment of free trade by 2010, and partnership in social, cultural and human affairs aiming at the development of human resources and the promotion of understanding between cultures and exchanges between civil societies, which includes the domain of international migration. While the part played by international migration in relations between peoples is acknowledged, the Barcelona Declaration of 1995 and the partnership texts primarily tackle three objectives: the reduction of migratory pressures through job creation, the fight against illegal migration, and the protection of the rights of legal migrants. In the spirit of Barcelona, security, the promotion of economic exchange, and the control of people's movement are interrelated issues.

So far, it is the impact of migration on security which has been of particular concern, for migration is viewed as a potential conveyor of insecurity. However, the Barcelona process implicitly invites to consider the relation between migration and security the other way round, and to ask whether partnership will bring about security to Arab Mediterranean partners, hence reducing their citizens' propensity to emigrate. In particular, will the liberalization of international trade provide an alternative to migration? In order to achieve such a result, free trade should lead to a rapid increase in the standard of living and the level of employment in countries of the south. Some scholars remain optimistic and regard the free circulation of goods and capital as the best recipe for reducing migratory pressures (Martin and Strabhaar, 2002). Actual experience conveys a more mitigated message. The establishment of a free-trade area in North America (NAFTA) has not produced any tangible reduction in the movement of persons across the Rio Grande (Papademetriou, 1998). On the other hand, if a convincing success story is to be found, it is that of Spain and Portugal, where migratory pressures have been overcome not in the framework of free-trade agreements, but in the context of full accession to Europe, including the freedom of circulation and settlement for people.

It must be clearly stated that the establishment of free trade in the Mediterranean will not reduce migratory pressures in countries of the south in the short term; on the contrary, it will probably increase them. It is only in the long term that it might produce the results sought (Tapinos, 2000; Assous, 2000; El Ehwany, 2002; Nassar and Ghoneim, 2002). The free-trade agreements coming into force would first entail the loss of competitiveness of Arab industries on Arab domestic markets and, hence, possibly a drop in industrial employment, despite programmes financed by the European Union for upgrading companies in the south. The lifting of customs and other barriers to international trade should leave comparative advantages at full play: at present, technology and the control of markets are playing in favour of European rather than Arab industries. Such a situation will most probably increase the potential for migration from the south to the north of the Mediterranean. Most scholars consider that after this initial shock an economic transition should start south of the Mediterranean in the wake of Euro-partnership, and generate positive results on wages and employment, thus resulting in a decrease of migration pressures.

Could the development of foreign direct investments (FDI) in the economies of Arab Mediterranean countries bring about more rapidly the jobs that are lacking? The comparative advantage of the south lies indeed in its abundant and cheap labour compared with the north. The relocation of certain activities, in particular labour-intensive ones, could take advantage of differences in the level of development that are currently found across the Mediterranean. However, various reservations are expressed about the possibility of making FDI an instrument of a genuine policy aimed at reducing emigration. First, the labour-importing sectors in Mediterranean Europe (export-oriented agriculture, tourism, services) are not susceptible to being themselves moved abroad. Second, if FDI were to produce the desired results from the migration policy viewpoint (raise the standard of living so as to reduce the propensity to emigrate), it would by the same token remove the underlying economic motivation (differences in wages), in other words, it would be self-eliminating. Third, if FDIs were to offer a substitute to emigration, they would have to reach a considerable amount: in Morocco, for instance, the remittances from Moroccan emigrants represent up to 25 per cent of total revenues from external trade. Obtaining benefits of the same magnitude through FDI would presuppose a market of considerable size as well as a legal and political environment able to inspire investors with full confidence.

A last remark must be made. The experience of international migration shows that it is not the poorest who leave, for expatriation is costly. A modest rise in the standards of living south of the Mediterranean could thus lead to an increase in the number of candidates for migration. This remark applies to the effects of free trade and FDI, as well as to those of aid for development. If the goal is to reduce the propensity to emigrate, then the amounts involved need to be considerable.

## CONCLUSION

That international migration across the Mediterranean will grow in the near future seems a likely scenario. There are already unmistakable signs. Immigration from the Maghreb has resumed spectacularly since the mid-1990s, with Moroccans becoming the first immigrant community in two emerging countries of immigration, Spain and Italy and, possibly, in France. Immigration from the Mashreq is still on a modest scale, but Europe could become an attractive destination, thanks to the high returns Europe may offer to emigration<sup>25</sup> as well as to the preference that Gulf states increasingly give to their nationals.

There are not only signs, but also structural reasons for advancing a scenario of growing Arab migration to Europe. The demography of Arab countries, owing to a dramatic decline in the birth rates from the mid-1980s, is approaching a turning point where population trends could either favour socio-economic development or reinforce migratory pressures. The demographic window of opportunity will favour investment and development, and thus contain migration, only on condition that jobs are created. Otherwise, the falling birth rates will instead translate into the lifting of many of the family constraints of earlier generations and mean greater personal freedom of movement, that is, higher availability for emigration. On the other shore of the Mediterranean, the ageing of baby-boomers could open job opportunities and make Europe an outlet for young emigrants. But it has to be recalled that exporting part of the labour force cannot be an indefinite substitute for job creation, just as importing workers cannot be an indefinite answer to shifts in the age pyramid. What about a longer view? Are current policies sustainable?

For governments of Arab sending countries, the question has until now been how to keep those inside who are outside. They have thus designed policies along the two following lines: optimizing the economic benefits drawn from emigrants and reviving among them a sense of belonging to their culture of origin. This has probably been beneficial to societies of origin as well as to individual migrants during their initial steps of their settlement abroad. However, sharing wealth but not identity with host societies does not seem to be a sustainable stance. It will sooner or later enter into contradiction with another policy: the policy of integration that European governments, increasingly reluctant to promote multiculturalism, are pursuing and which rests on powerful instruments, to begin with on school education.

With the passing of time, the bonds between descendants of immigrants and their ancestral country become looser. Time is relatively short for taking advantage of these bonds. In the spirit of Barcelona, development should offer the suitable alternative to emigration. It would be either the former or the latter; that is, either development or else unlimited emigration. Nevertheless, there is probably a third way which deserves investigation: development with migration and, why not, development *by means of* migration, *inter alia*. A political reflection on how international migration can be transformed into an instrument of development for countries of origin is now timely. Instead of viewing migration as a challenge to security, one should now tackle the issue of the potential contribution of migration to reducing the economic, but also social and political insecurity in countries of departure, which is at the origin of emigration. How emigrants can become true actors of economic, social and political change in their countries of origin is at stake.



## NOTES

1. Together with Jordan and, until now, with the exception of Libya.
2. Arab immigrants and second generation of immigrants in Europe can be estimated at 5 million (stocks).
3. According to a 1997 Egyptian survey of potential migrants asked about the country they would choose to go to, 75 per cent of those who are not former migrants would make the choice of a Gulf country, but only 59 per cent of the returnees. Saudi Arabia, in particular, is much more attractive for those who have no experience of migration (48%), than for those who already know what expatriation is (26%) (Makhlouf et al., 2000).
4. Such an exercise would largely exceed the format of a conference paper.
5. National sources (population censuses or labour force surveys), except for Palestine, World Bank (2002).
6. For example, on the basis of the Moroccan study it has been stated that there is a high level of potential migration in the country, since 27 per cent of men and 6 per cent of women declare their intention to emigrate (Van der Erf and Heering, 2002).
7. Such an argument has been developed in the case of Mexican immigration in California by Hayes-Bautista et al. (1988) and in the case of Maghrebi immigration to France by Fargues (1989).
8. Estimates of Reyneri (2001).
9. The simple fact that emigration takes place in countries that previously strictly controlled exits is considered by some scholars to be a policy: a policy of *laissez-faire* (Abs, 2001).
10. On the predominance of economic determinants of emigration in Arab Mediterranean countries, see EUROSTAT, 2000; Fadloulah, Berrada and Khachani, 2000; and Makhlouf et al., 2000. On the construction of migration policies in the Maghreb, see Collinson, 1996.
11. No accurate figures are available, and estimates vary between 1.5 and 2.5 million Moroccan emigrants.
12. A survey on economic ties maintained by expatriates with their country of origin has been conducted among Moroccan emigrants spending their holidays in Morocco (Hamdouch et al., 2000).
13. <http://www.emigration.gov.eg/>.
14. In absolute numbers, the Lebanese net emigration has been estimated by balance of movements across borders (exits minus entries) at 822,913 for the period 1975-89 (Labaki, 1992), 710,929 for the period 1990-1997 (Labaki, 1998) and 463,693 during the years 1999-2000 (ACS, Bulletin Statistique No. 6, 2000, <http://www.cas.gov.lb/mvt.html>).
15. Word of the Minister, Mr. Mahmoud Hammoud, to the emigrants on the International Lebanese Emigrant Day 2002: "Though you live overseas, you are emotionally tied to your homeland (...) therefore we ask you confidently to support your nation and contribute to the development and recovery process", <http://www.emigrants.gov.lb/>.
16. On Moroccan and Tunisian emigration policies, see Brand (2002).
17. Apart from preserving emigrants' identity, protecting their economic security in host countries where they now suffer particularly high rates of unemployment have become a concern for state institutions dealing with expatriates (Jaouani, 2002).
18. <http://www.emigration.gov.eg/>.
19. <http://www.emigrants.gov.lb/>.
20. The agreements are silent as to the guarantee of human rights which illegal migrants must nonetheless benefit from (Cholewinski, 2000).
21. A first survey on this population has been conducted in Rabat, Tangiers and Casablanca (Barros, Lahlou et al., 2002), but numbers of transiting migrants remain unknown.
22. It is estimated that 100,000 persons have illegally entered Spain through the Strait of Gibraltar in 2001, against 15,000 in 2000. Around 3,000 smuggled migrants would have perished drowned in a few years.
23. On the Schengen *acquis*, see <http://europa.eu.int/scadplus/leg/en/lvb/l33020.htm>.
24. Plus two non-EU states, Iceland and Norway, which, together with Sweden, Finland and Denmark, belong to the Nordic passport union, where internal border checks have been abolished.
25. Remittances from Egyptians in Europe represented 15 per cent of the total amount of remittances received by Egypt from 1999-2000 until 2000-2002, that is, US\$ 8.6 billion (<http://www.cbe.org.eg/>), while the proportion of Egyptians abroad who live in Europe is certainly much lower.

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# EXPANSION TO THE EAST AND THE MIGRATORY IMPACT ON ARAB AND MEDITERRANEAN COUNTRIES

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## INTRODUCTION

The summit of Copenhagen (12-13 December 2002) has just issued its resolution: ten Central and Western European countries (CWECs) are to join the EU in 2004, followed by two others (Romania and Bulgaria) in 2007. Without going back as far as the *Greek Calendes*, if I may say so, the start of negotiations with Turkey will have to wait until the end of 2004. By accelerating the accession of the 12 CWECs, the EU **sanctions the success of transition** but takes a delicate political bet: to “take revenge over Yalta”, by sending the division of Europe inherited from the Soviet period to oblivion.

Thus, this expansion represents a challenge for the European Union. It equally constitutes a challenge for the new members themselves. As to the expected impact of this expansion on the Mediterranean countries, especially in the areas of aid, investment and trade, this will be variable and depend in all cases on the economic dynamism of the countries concerned, the real capability to reform and to ensure public governance, the improvement of productivity and deeper integration (Khader, 2003).

As concerns future migration flows, the CWECs will probably not be major competitors to Mediterranean, especially Arab, countries, as this expansion will not result in migration waves from east to west, since these countries experience the same demographic problems as the EU-15 countries themselves, that is, low fertility rates and an ageing population. This is the thesis explored in the first part of this paper.

To do this, we will recall in the first part the demographic evolution of European countries in general, and that of the CWECs in particular, before presenting the demographic profiles of Arab countries. In the second part we will attempt to answer two questions which seem to be of special interest: that of replacement migration and that of presumed competition by the accession countries as an alternative to the migratory stock of Arab countries, especially Mediterranean.

## 1. DEMOGRAPHIC EVOLUTION

The demographic evolution of European and Mediterranean countries, especially Arab, contrasts significantly in terms of both numbers and the age pyramid.

## 1.1 Europe in the Global Sense: Underpopulation and Old Age

Generally speaking, Europe, taken together with Russia, Ukraine and Belarus, has a population of 725 million, that is 12 per cent of the world's population (against 25% in 1914). This demographic growth has been particularly strong since the fifties. Births (7.3 million) do not compensate for deaths (8.1 million, per year).<sup>1</sup> European demographic development no longer ensures the replacement of its population. Spain is no exception to the rule with regard to other European countries: already in 1998, the number of births in Spain stood at 364,427 against 357,150 deaths (*El País: Temas: inmigraciones en España*). Apart from some minor differences, the demographic situation in EU-15 countries and that in CWECs is quite similar.

Today, the EU has a population of 370 million inhabitants, that is 6.2 per cent of the world population (compared to 13.7% in 1900). Everywhere, the fertility index is below the replacement level: Sweden still ranks relatively high with 1.8 children per woman, while Spain has the lowest rate with 1.1 children per woman. With a 20 per cent decline in youth aged below 20, and a share of 20 per cent of people over 60, the EU population is the oldest in the world.

This trend towards a grey Europe will be more noticeable during the coming decades: unless birth rates rise rapidly, which is far from foreseeable, those over 60 years of age will represent 34 per cent of the total population in 2050. Not only will Spain not reach replacement levels, it will see its population (40 million in 2000) decrease by  $\pm 5$  million by 2050, with an increase of almost 10 million of those aged 60 and above. In France the situation is slightly less dramatic regarding numbers (an increase of 5 million in 2050, compared to 2000) but not in terms of the age pyramid.

The impact of this evolution on the active population should not make itself acutely felt until 2015 but, from then on, the decline will be regular. Already the most fertile age category of 20-29 years has been shrinking in different parts of Europe. Thus, two logical phenomena converge, the numbers of the elderly will grow, while that of young people and young active individuals will decline. The EU population profile is reflected in the inversion of the European age pyramid.

The repercussions from European demographic ageing are numerous. While we shall not burden ourselves with this issue here, assuming everything else remains constant, we will see "important pressure on the projections of social systems, and more particularly on the systems of pension and health care..."<sup>2</sup> Other effects are foreseeable, notably a gradual decline in consumption (except for that relating to health and dependency care), or in investment. Naturally, we are not speaking of an automatic chain of causation. However, the challenges here are quite alarming. The demography of the CWECs is not very much more hopeful either. Already before the fall of the Berlin Wall, fertility was declining. However, all demographers agree concerning the aggravation of the demographic situation in the nineties. In fact, only two (Bulgaria and Hungary) out of the ten candidate countries, had a negative demographic growth between 1985-1990, while eight countries saw negative growth between 1995-1999; only Poland and Slovenia continue to experience a modest growth of 0.04 and 0.30 per cent, respectively.

TABLE 1a  
TOTAL POPULATION (000s)

	1985	1999	Forecast 2010
Bulgaria	8.941	8.208	7.615
Czech Republic	10.335	10.278	10.052
Estonia	1.536	1.442	1.359
Hungary	10.579	10.068	9.613
Latvia	2.621	2.431	2.251
Lithuania	3.545	3.699	3.653
Poland	37.203	38.654	38.805
Romania	22.725	22.458	21.727
Slovak Republic	5.193	5.396	5.426
Slovenia	1.973	1.986	1.960
Regional Total	106.636	106.619	101.461

Source: World Bank (2001) – World development indices, 2001, CD-Rom.

TABLE 1b  
ANNUAL GROWTH RATE (%)

	1985-90	1995-99	Forecast 2005-2010
Bulgaria	- 0.51	- 0.58	- 0.7
Czech Republic	0.05	- 0.13	- 0.3
Estonia	0.45	- 0.71	- 0.5
Hungary	- 0.41	- 0.40	- 0.4
Latvia	0.38	- 0.84	- 0.7
Lithuania	0.97	- 0.11	- 0.1
Poland	0.49	0.04	0.0
Romania	0.42	- 0.25	- 0.3
Slovak Republic	0.34	0.30	0.0
Slovenia	0.25	- 0.06	- 0.2
Regional Total	0.26	- 0.15	

Source: World Bank (2001) – World development indices, 2001, CD-Rom.

The inversion of the age pyramid is less alarming than in the EU but, here too, the trend is downwards, since the 0-14 age category has dropped from 23.24 per cent in 1985 to 18.06 per cent in 1999, losing more than five points in the space of 15 years. In contrast, the percentage of those above 65 years of age has risen from 10.69 per cent to 13.34 per cent of the total population.

TABLE 2a  
POPULATION STRUCTURE: 0-14 YEARS  
(as % of total population)

	1985	1999
Bulgaria	21.26	16.00
Czech Republic	23.56	16.90
Estonia	22.39	17.68
Hungary	21.48	17.25
Latvia	21.16	17.73
Lithuania	23.06	19.55
Poland	23.53	20.09
Romania	24.65	18.71
Slovak Republic	26.68	20.27
Slovenia	22.60	16.41
Average	23.24	18.06

Source: Calculations by the author based on: World Bank (2001) – Indices of development 2001, CD-Rom.

TABLE 2b  
65 YEARS AND ABOVE  
(as % in total population)

	1985	1999
Bulgaria	11.31	15.6
Czech Republic	11.57	13.6
Estonia	11.39	13.7
Hungary	12.37	14.0
Latvia	11.80	14.13
Lithuania	10.29	12.96
Poland	9.42	11.82
Romania	9.47	12.69
Slovak Republic	8.93	11.12
Slovenia	10.32	13.48
Average	10.69	13.34

Source: World Bank (2001) – Indices of development 2001, CD-Rom.

However, the most symptomatic evolution, and to some extent the most alarming in all these countries, is the sharp decline in fertility rates, or the number of children per woman. In fact, while in 1985 the CWECs average was 2.05 children per woman, by 1999 it no longer exceeded 1.26 children, and an additional decline is expected by 2010.

As concerns the rates of activity, they have remained almost stable between 1985 and 1999, varying between 40.7 per cent in Hungary, 51.7 per cent in the Czech Republic (female activity rates in 1999), 53.8 per cent in Romania, and 60.1 per cent in the Czech Republic (male activity rates in 1995).



TABLE 3  
FERTILITY RATES  
(number of children per woman)

	1985	1999	Projection 2005-2010
Bulgaria	1.95	1.13	1.2
Czech Republic	1.95	1.17	1.2
Estonia	2.11	1.23	1.3
Hungary	1.83	1.32	1.3
Latvia	2.09	1.11	1.2
Lithuania	2.13	1.35	1.4
Poland	2.33	1.40	1.4
Romania	2.31	1.32	1.3
Slovak Republic		1.37	1.4
Slovenia	1.72	1.24	1.3
Average	2.05	1.26	

Source: World Bank (2001); World development indices 2001, CD-Rom.

TABLE 4a  
FEMALE ACTIVITY RATES  
(% in female population, aged 15-64 years)

	1985	1999
Bulgaria	47.5	47.8
Czech Republic	48.1	51.7
Estonia	51.4	51.3
Hungary	39.4	40.7
Latvia	51.7	50.5
Lithuania	48.2	47.1
Poland	44.8	46.1
Romania	42.3	41.7
Slovak Republic	46.0	50.6
Slovenia	44.4	45.6

Source: World Bank (2001); World development indices 2001, CD-Rom.

TABLE 4b  
 MALE ACTIVITY RATES  
 (% in male population, age 15-64 years)

	1985	1999
Bulgaria	47.5	47.8
Czech Republic	48.1	51.7
Estonia	51.4	51.3
Hungary	39.4	40.7
Latvia	51.7	50.5
Lithuania	48.2	47.1
Poland	44.8	46.1
Romania	42.3	41.7
Slovak Republic	46.0	50.6
Slovenia	44.4	45.6

Source: World Bank (2001); World development indices 2001, CD-Rom.

In spite of difficulties caused by the economic transition in these countries, unemployment rates remain at tolerable levels and, in some countries, below the EU average, as in the Czech Republic, Romania and Slovenia. However, the calculation methods used by these countries in this particular domain need to be treated with caution. One thing is beyond dispute, however: during the last ten years the rate of economic growth in all these countries has risen by more than the EU average, even though, on the whole, per capita income has remained far below.

Therefore, generally speaking, the demographic outline of the CWECs is not very much different from that of the EU: sharp decline in population growth, rapid increase in the share of the elderly in the overall population, and a shrinking of the age category below 15 years. All this should be seen against the backdrop of economic reform, of integrating the European *acquis* and paving the way to joining the EU.

## 1.2 South-Mediterranean Demography: The Case of the Arab Countries

The objectives of this part is twofold: retracing the demographic evolution of south-eastern Mediterranean countries, notably the Arab Mashreq and Maghreb countries, and measuring the incidence of demographic transformation in the labour market.

### 1.2.1 Demographic Evolution

Until the end of the seventies, Arab populations were described by demographers as prolific and particularly immune to birth control. Demographers attribute this to the influence of "Islam", i.e. marriage at a young age, the ineffective practice or lack of contraception, and the low level of education and participation in economic activity, in addition to the significant size of the rural population.

Hence, the last quarter of the last century constituted a period of deep demographic transformation for the Arab Maghreb and, on a smaller scale, the countries of the Mashreq. In fact, apart from the special cases of the Gulf states, Jordan or Gaza, where fertility rates remained high during the early part of 2000, though lower than what they were in the seventies, the demo-

graphic brake seems to be more sustainable than expected by specialists in countries of the Maghreb and in Egypt (cf. Fargues, 1993 and 2000 and Courbage, 1999).

While only 30 years ago, a large family with an average between six to eight children was the rule, today the inclination is towards a smaller family. This evolution is noticeable in all Arab countries.

In Maghreb and Lebanon the decline in fertility was particularly exceptional, reminiscent of the sharp fall in births, a little earlier, in Latin (Spain, Italy) or Orthodox (Greece) countries. Already, two Arab countries, Lebanon and Tunisia, have fallen below the crucial line of 2.10 children per woman, which is considered the threshold for population replacement. Other Arab countries are not far from this level.

This rapid mutation is due neither to transitory causes (civil war), nor to expected causes (unemployment among youth), but to a real change in mentalities in all countries concerned, itself related to universal phenomena such as growing urbanization, education, efficiency of employment, a decline in the family role as a unit of production (e.g. as in agricultural societies), or even the trend towards Western lifestyles (show effect).

There is still some resistance to this demographic decline, notably in the case of the Gulf states and Palestinian Territories, the former due to a complex of "smallness", along with oil returns neutralizing the tendencies towards demographic control, and the latter due to the Israeli occupation resulting in the concentration by women on family issues and reducing social relations to the family circle. However, even the internal Palestinian territories show a higher fertility index, such as in Gaza (which is subject to the most severe isolation), than that observed in the West Bank.

Thus, as confirmed by the French demographer, Philippe Fargues, even if today the Arab demographic orientation is more heterogeneous than it was 30 years ago, everywhere the curve is pointing downwards, while the differences between the different constituencies are maintained: cities: countryside, open zones: closed zones, rich categories: poor categories, oil countries: non-oil countries, countries with old population policies: countries with more recent population policies.

Generally speaking, today a Tunisian girl does not have any more children than a girl from Marseille of the same educational and social level.

However, this is where the similarities end, for, with regard to age structures and the growth in total numbers, the tendencies are reversed.

Contrary to the demographic situation in Europe (EU and CWECs), where we concomitantly see a decline in total population figures, a drop in the group aged below 20 years, and an increase in the number of the elderly, total population and the number of those entering the labour market in Arab countries will continue to grow at least until 2015-2020. There, the age structure remains characterized by a very large youth cohort, where those below 15 years of age continue to represent around 40 per cent of the population, that is almost 152 million inhabitants (out of a total population of 380 million in 2000). The active population, i.e. those aged 15 to 64 years, already

represents 58.4 per cent (2000) of the total, and will tend to grow rapidly during the two coming decades, leading to further growth in the total population and a rapid change in the age pyramid.

This will represent a serious challenge to Arab countries where, in order to absorb the numbers of those who will join the labour market until 2020, employment opportunities must increase by an average rate of 4 per cent (5% in Algeria and 3.6% in Egypt). This would necessitate the effective management of labour and capital markets, an annual growth rate of at least 5 to 7 per cent and investment of approximately 25 to 28 per cent of GNP. Such conditions will not be easy to realize, a situation which will translate into an aggravation of unemployment, which already stands at more than 15 per cent.

The situation appears quite alarming in all Arab countries. In the Maghreb, in particular because of its geographic proximity to Europe, it is imperative to face up to this challenge. In fact, the active population of Tunisia, Algeria and Morocco is expected to increase to 31 million in 2010 from about 22 million in 2000.

TABLE 5  
ACTIVE POPULATION OF CENTRAL MAGHREB  
(in millions)

Year	Algeria	Tunisia	Morocco	Maghreb
2000	8.3	10.8	3.5	22.6
2010	12.1	14.5	4.6	31.2

This means that during this decade, the annual number of additional job seekers in these three countries will reach 860,000, distributed as follows: Algeria: 380,000, Morocco: 370,000 and Tunisia: 110,000. The growth of this category will be particularly felt in urban environments.

In addition, there will be a probable increase in the activity rate of women in line with the transformation in the status of women in these societies.

TABLE 6  
EVOLUTION OF ACTIVITY RATES IN MAGHREB (%)

Country	1980	1990	2000	2010
Algeria	20.2	21.8	24.9	30
Morocco	29.3	31.1	33.8	36
Tunisia	28.7	31.8	33.0	35

Thus, up to 2010 the active population in the Maghreb countries will increase at an average rate of 3 per cent, with local variations among the countries concerned: 3.7 per cent in Algeria, 2.9 per cent in Morocco and 2.7 per cent in Tunisia. But the employment rate should necessarily reach at least 3.5-4 per cent to be able to absorb additional numbers of job seekers without aggravating the existing jobless rates.

### 1.3 Conclusion of Part 1: Mediterranean Contrasts

The contrasts between the two sides of the Mediterranean are striking:

**Contrast in numbers.** The most striking example is that of Italy, where the fertility rate is somewhere around 1.3, while that of its ex-colony, Libya, stands at an average of four births per woman. This means that, if the situation remains unchanged, the Italian population could diminish by 6 per cent while that of Libya would double over the coming 25 years.

This example, though extreme, reveals a clear message: the centre of gravity of the populations on the two sides of the Mediterranean is out of equilibrium.

**Contrast in the population structure.** In the southern Mediterranean, the median age does not exceed 20 years, while in the northern Mediterranean it varies between 33-35 years.

These obvious demographic disequilibria between two zones separated by only 14 km (distance between Tangier and Gibraltar) raise the problem of peaceful co-existence between an ageing European population and a southern Mediterranean population that is young and active but facing blocked horizons.

In such conditions, could emigration work as a safety valve allowing the exportation of the southern Mediterranean surplus population to the outside world, particularly towards the EU? If so, will there be competition between southern Mediterranean Arab countries and the EU candidate CWECs?

## 2. MEDITERRANEAN MIGRATION TOWARDS EUROPE: WOULD THE SOUTH FACE COMPETITION FROM THE EAST?

The migratory issue continues to cause an inflation of intellectual and enthusiastic political debates in Europe. The objective of the second part of this paper is confined to two questions:

- Could the Arab south-Mediterranean countries compensate the demographic deficit of the European northern shore?
- Could the Arab south-Mediterranean populations face competition from the CWECs in the form of future migration flows into the EU?

### 2.1 Replacement Migration – Would the South Compensate the Demographic Deficit of the North?

The question of “replacement migration” is the subject of exciting debates in demographers’ circles, especially since the publication of the last UN report on this issue.<sup>3</sup> As a reminder, the report of the UN Population Division forecasts that, considering its ageing population, Europe should invite a minimum of 47.5 million and a maximum of 159 million immigrants over the coming years and up to 2050, in order to maintain its population and preserve the equilibrium of four to five active inhabitants against each pensioner.

The publication of this report could not have come in a worse time, as European public opinion continues to associate the migratory phenomenon with a threat to public security, the labour market and cultural identity. However, independently from those purely hypothetical scenarios, concerning “replacement migration”, we must remember two important findings:

- If the decline in birth rates persists, the European population will shrink by 30 million by 2025, with its age pyramid heavily skewed towards senior citizens.
- There will be a decline in the active population owing to prolonged study periods for young people, on the one hand, and the lower retirement age on the other. In fact, some demographers estimate that as a consequence of the ageing population in Europe, by 2025 the dependency ratio between the active and non-active population segments will be 14:10 (persons above 65 and below 15 years of age) against a ratio of 23:10 in 1989. A more alarming observation relates to the ratio between the active population and the inactive population segment aged above 65, which in 1950 stood at 7:1, but at only 3:1 in 2003 and that is expected to decline to 2:1 by 2025.

Based on such findings, will it be necessary to look to massive immigration to lower the mean population age and meet the challenge of the growing inactive population segment? There is no clear or easy answer to this question, not in political circles that often treat this as an attractive but unrealistic idea, as they fear to confront public opinion that does not welcome the idea of massive new migration flows and their potential effects that may not be fully recognized or considered at the outset, nor in demographers’ circles that reject it as an all-purpose medicine, and whose opinions are based on the Commission’s employment report.

- The absence of manpower is sector-related, concerning different sectors, different professions, requiring various kinds of qualifications. Non-organized immigration would not be able to satisfy these requirements.
- The rate of employment in the active age category (15-64) varies, stands around 62 per cent in the EU (62.1% in 1999). This means that almost 39-40 per cent of the active population are unemployed, representing several tens of millions of persons who could be made active.

Generally, we also add the potential stock of manpower aged between 15-24 years (in which the French employment rate does not exceed 26.5% compared to 54.9% in Germany) and those aged between 55-64 (33% and 37.1% in France and Germany, respectively).

Certainly, we cannot create work for these millions of available individuals. But the “futuristic” view estimates that in France alone at least 7 million individuals could be made active, which, in the absence of improved productivity, would require strong employment growth throughout the next 20 years for supply and demand to be balanced. There is, then, an enormous hidden potential in the EU, the principal target group being women (only 51.2% of European women of working age are in remunerated activities), unemployed individuals (over 15 million), and early pensioners.

This observation leads to the following conclusion: Europe has at its disposal several tens of millions of unemployed individuals, who could be made active provided they were retrained to meet available job offers. Immigration would only fill certain sector shortages; for instance, IT specialists in Germany, or regarding certain unattractive and dangerous activities (often referred

to as “DDD”: dirty, dangerous and difficult), such as truck drivers, for instance. However, such an approach presents a threefold problem: first, the time needed for the acquisition of the required qualifications; the supply and demand gap between certain available jobs, including many DDD jobs, and those of interest to European job applicants. But the most important problem is that, even if the statement is true that what counts in the real economy is not so much the number of people of working age, but those who are actually active, it still remains that even an employment rate of 100 per cent in the EU (which is impossible) would not prevent the decline in population nor its ageing by 2025; it would only partially reduce the decline in the relation between the number of active to inactive persons. The objective set by the European Council of Lisbon in the spring of 2000 to increase employment by 70 per cent by 2010, and by 78 per cent by 2040 remains. Immigration thus appears necessary and, ultimately, inevitable. In certain cases, it could be a solution, undoubtedly partial, to the population decline and the decline in the active population. However, it would be only a partial and temporary solution, since migrants will eventually also grow old. Nor should it be forgotten that the decision to emigrate is foremost an individual choice, based on personal objectives, and not an act of altruism to rejuvenate the European population.

This is why the scenarios outlined in the United Nations report appear hypothetical and, in certain instances, unrealistic.

On the other hand, the scenario of “zero immigration” is also unrealistic, and this for several reasons: first, the Mediterranean Sea stands for mobility above all, and the natural characteristics of its southern frontiers inhibit any hermetic closure (the efficiency of the Tarifa control post, which is very costly, is questionable); second, to prohibit the freedom of movement to peoples in the Mediterranean, where everything else moves, is almost a denial of equality and, finally, such a policy would not be able to satisfy the dynamics of certain labour market segments.

In reality, zero immigration has never been applied. Even though the state controls reception, length of stay and the right to work, reality has shown that zero immigration does not work. Growing irregular migration, regularization programmes, such as those conducted in Italy, Spain, France and Belgium, and the annual quotas of legal admissions, such as for asylum seekers, qualified professional categories and intellectual and financial elites) are also evidence of the impracticality of attempts to close the frontiers in the Mediterranean area.

However, even if zero immigration were intended, which policy should be adopted? A policy of *numerus clausus* limited to the acceptance of businessmen and privileged people is dangerous as it would induce a human capital exodus from the southern coast of the Mediterranean, thereby aggravating economic crises, which would induce further emigration.

Quotas would lead to a selective control. Has it not been suggested in Germany to attract Indian IT specialists, which immediately provoked adverse political reactions? Have not the British also recommended an annual immigration of some 100,000 migrants with specific qualifications (*Financial Times*, 4 September 2000)?

Even if it were a reasonable policy, it can produce some dual negative effects by attracting the best elites from the countries of the south to emigrate, thereby enlarging the development gap between north and south and, more particularly, having a negative effect on wages, a fact which cannot please syndicates.

On the other hand, a totally open policy in the Mediterranean is also an impossibility. Not only because Europe cannot receive all Mediterranean, especially Arab, immigration candidates, but also because this is not desirable from the Arab point of view, particularly Maghrebian, whatever the returns these migrants might bring to their public finances.

Between the two extremes of zero immigration and a completely open immigration policy there is room for an original practical open policy, conciliating different values and controls, in other words, balance the ethical requirements of an open-door policy and the ethical political requirements of governance, in the restricted space of the Mediterranean basin.

Such a balanced open-door policy would, in addition to being realistic, permit the achievement of many objectives. First, it would facilitate integration as it eliminates or reduces the effects of instability in relation to the length of stay or work, and labour mobility (in cases of irregularities). It would also allow a better demographic balance, even though sometimes the actual job qualifications in countries of the north might not be adequately satisfied by the spontaneous migratory flows from the south. Finally, because it appears to be an excellent complement to the new EU-Mediterranean policy, at least in the short and medium term, as it would permit the accumulation of resources through remittances and, hence, the reduction of development gaps, while also alleviating the pressure on the labour market in the countries of the south (where industrial restructuring can result in the closure of enterprises, causing higher unemployment). In the long term, if the economic convergence in the Mediterranean basin were to be achieved, this could attenuate the emigration pressure. But, in reality, development and migration go hand in hand and tend to mutually influence each other.

## **2.2 The Effects of Expansion on Arab-Mediterranean Migration**

Twelve years after the fall of the Berlin Wall, labour migration from CWECs has continued to be the subject of restrictions on movement in the EU. EU Eurostat estimates that the actual stocks of labour and residents from CWECs in the EU countries do not exceed 1 million, including 350,000 workers, that is 0.29 per cent of the total EU population and 0.12 per cent of its labour force. Certainly, these figures do not include clandestine migration; but even supposing one clandestine migrant for each regular resident, that would only add up to 2 million, or 0.48 per cent of the total EU population. However high the figure might be, one thing is certain: around three-quarters of migrants from the east, whether regular or clandestine, reside in two bordering countries – Germany and Austria, and immigrated mostly before 1993.

The fear of a massive inflow from the east has thus been shown to be exaggerated. Also, countries of the east find it difficult to understand the desire of the EU to impose a transition period of five to seven years during which personal movement is allowed, but the freedom of work in the EU would be restrained.

What will happen to the east-west migratory flows after expansion? Is there a risk that the east would replace Arab countries, especially Mediterranean, as a new migration stock?

However difficult it might be at this stage to find definite answers to such questions, we can still advance some estimates based on the documents of the Commission and on the demographic projections of the EU regarding CWECs and Mediterranean countries.



TABLE 7  
NET MIGRATION, RESIDENTS AND LABOUR FROM CWECs IN THE DIRECTION OF THE EU

	Net Migration from CWECs to the EU*		Residents Originating from CWECs		Labour stock of CWEC-6**	
	Σ 1990-1997		1 January 1998		1995	
	In Figures	As % of Population	In Figures	As % of Population	In Figures	As % of Population
Austria	n.a.	n.a.	103,000	1.27	37,989	1.14
Belgium	4,225	0.04	10,733	0.11	1,584	0.04
Denmark	5,918	0.11	8,863	0.17	1,571	0.06
Finland	10,931	0.21	11,985	0.23	487	0.02
France	n.a.	n.a.	22,000	0.04	7,965	0.04
Germany	585,417	0.71	554,869	0.68	160,852	0.49
Greece	n.a.	n.a.	20,131	0.19	8,324	0.22
Ireland	n.a.	n.a.	200	0.00	n.a.	n.a.
Italy	n.a.	n.a.	34,490	0.06	1,595	0.01
Luxembourg	1,224	0.36	700	0.21	212	0.21
Netherlands	14,410	0.09	9,606	0.06	2,579	0.04
Portugal	n.a.	n.a.	781	0.01	200	0.00
Spain	n.a.	n.a.	10,539	0.03	2,256	0.02
Sweden	18,723	0.21	26,191	0.30	7,271	0.17
United Kingdom	1,257	0.00	39,000	0.07	15,146	0.06
Total***	642,105	0.25	727,228	0.24	240,558	0.18
(Including Estimates)	-	-	853,128	0.23	248,029	0.18

\* Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

\*\* Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia.

\*\*\* Boeri, Tito and Herbert Boeri: *The Impact of Eastern Enlargement on Employment and Labour Markets in the EU Member States*, European Integration Consortium, Berlin and Milan, 2000.

### 2.2.1 The Migratory Potential of CWECs

The reasons to emigrate to the EU after its expansion are numerous, in particular:

- Wage and standard of living differentials. Georg Kovarik from the Austrian federation of trade unions calculated the average salary in Slovenia relative to Austria at 40 per cent, but at no more than 15 per cent in Poland, 14.8 per cent in the Czech Republic, 13.4 per cent in Hungary, 12.1 per cent in Slovakia and 4.8 per cent in Bulgaria (figures of 1998). The author estimates that on that basis these countries would need between 15 to 42 years before they reached 80 per cent of the average Austrian wage level (i.e. 2017 for Slovenia, 2032 for Slovakia, 2045 for Poland) (Georg Kovarik, 1998);
- The labour market in the countries of origin and the unemployment rate;
- The labour market in the countries of reception;
- The geographic and linguistic proximity;
- The attractions presented by countries of reception;
- The effects of networks of earlier migrants.

In view of all these elements, it would be surprising if the addition to the EU of 105 million people by 2007 were to have no effect on east-west migration. But the flows from CWECs should remain reasonable in volume, and limited in time, and that for several reasons:

*Socio-economic reasons*

Although the movement of individuals is one of the four freedoms (movement of goods, services, capital and people) the restrictions on the freedom of movement would slow down migratory flows and limit access to sectors for which manpower is unavailable.

The unemployment rates in CWECs, though high, do not by themselves pose a strong motive for emigration. In Spain, an unemployment rate in some regions of 20 per cent (Extremadura and Andalusia) did not result in strong migration drives from Spain since its accession to the EU.

In the medium term, emigration from CWECs would slow down, or shrink; first as a result of the expected gradual convergence between their and EU economies, and because there is historical evidence that the tendency to emigrate declines with the rise in the number of those who have emigrated earlier, as expectations of the growth of the local labour market become more visible and optimistic (see the weak impetus to emigrate in the mid-90s on the Czech Republic, Hungary, Slovenia and, more specially, Poland). The low labour mobility in Europe, including CWECs, may be ascribed to a range of cultural, social, linguistic and economic factors. An investigation conducted in April-May 2001 by the Brussels Central European Opinion Research Group (GEORG) in the Czech Republic, Hungary, Poland, Bulgaria and Romania revealed that only a small minority considered migrating to the EU. Only 9.6 per cent of Bulgarians declared their interest to emigrate.<sup>4</sup>

*A preference for temporary or seasonal work, and for frontier regions*

In the medium term, it would not be unreasonable to expect that CWECs themselves might become countries of immigration. An Italian or Spanish scenario is quite probable. It is already the case in certain CWECs that have turned into destinations for regular and long-term immigration and not only of transit, as illustrated in the following table.

TABLE 8  
FOREIGN POPULATION AND FOREIGN LABOUR IN SOME CWECs, 1997 (%)

	Share of Foreign Population in Total Population		Share of Foreign Workers in Labour Force		Share of Foreign Workers among Foreign Residents	
	1993	1998	1993	1998	1993	1998
Czech Republic	0.4	2.0	1.0	2.4	66.5	62.3
Hungary	1.3	1.5	0.4	0.6	13.5	14.9
Poland	0.1	0.1	0.1	0.1	37.7	43.8
Slovakia	0.2	0.5	0.2	0.3	23.4	21.3
Bulgaria	0.7	1.1	0.0	0.01	0.2	0.2

Source: Lubyova (2000).

Among the new migrants in CWECs are Chinese, Vietnamese, Syrians, Iraqis and Iranians. In certain countries, like Bulgaria and Poland, the number of immigrants already exceeds the number of emigrants.

### *Structural factors*

Structural factors relating the demographic profile of the CWECs, especially the sharp drop in fertility rates and demographic growth, population ageing and the shrinking of the age category below 15 years are expected to act as a powerful brake to emigration at the beginning.

On 1 January 2003, the population of ten CWECs was expected to reach 74.5 million inhabitants, down by 135,000 inhabitants from January 2002. According to Eurostat (16 December 2002), the cause of this decline would be essentially due to a negative natural deficit (the number of deaths outnumbering live births), in addition to, but to a lesser degree, a negative migration balance. This demographic evolution mirrors that observed in EU countries for already 50 years. We also need to keep in mind that the total population of the EU-15 will register around 378 million inhabitants on 1 January 2003, having crossed the milestone of 300 million in 1953. This means that it has taken up to ten, 13 and 22 years to add 25 million inhabitants. In contrast, the Arab population has crossed from 70 million in 1950 to 285 million in 2002, multiplying fourfold.

Therefore, it can easily be seen that the few studies available on the impact of the expansion on migration<sup>5</sup> agree that the annual potential migration flows from CWECs would not exceed 350,000, among which at least 75 per cent will choose Germany (65%), Austria (10%) and, to a lesser degree, Sweden or Italy as their preferred destinations. In fact, these numbers will fall over the next ten years and it is expected that the total number of CWEC migrants to the EU would not exceed 3 million by 2015. This would indicate that the CWECs will not be able to compensate or replace the future demographic deficit of the EU and the decline in the active part of population.

Nevertheless, it is the commuter rather than settlement migration that will be stimulated by the expansion, as it allows CWEC residents to cross the borders and work in Germany and Austria, while spending their high earnings in their country of origin where the cost of living is lower.

The expected demographic evolutions in the EU lead to two implications:

- If the decline in birth rates persists at current levels, the EU will lose at least 25 million inhabitants by 2025.
- The active population will decline: it is estimated that in 2025 the dependency ratio (active:inactive population segments) will be 14:10. Therefore, even if we estimate an annual migration from CWECs of 350,000, it will be candidate countries to the east of CWECs, especially Turkey, and the Balkan non-candidate countries and the Mediterranean countries, especially the Arab countries among them, that will provide the principal constituents of migration to an expanded EU over the coming two or three decades.

In fact, by extending its borders to Ukraine, Belarus and Russia, the EU will face significant irregular migratory flows from those countries as all other factors will combine: permeability of frontiers, extension of the zones of contact, attraction of newly admitted countries to the EU,

development of mafias and their affiliates, organized traffic of clandestine migration, income differentials, political and social instabilities, and so forth. In addition to the fact that the CWECs themselves would not wish to play the role of border-watchers with watchtowers and barbed wire (burden-shifting), and close themselves to neighbours with whom they have always had the most intense commercial and human relations. In fact, the development of interregional flows originated essentially from eastern Europe (particularly Ukraine) and their destinations are the most advanced candidate countries (Hungary, Poland, Czech Republic). This is what the 2001 OECD report, *Trends in International Migration*, confirmed by reporting that the Ukrainians represented more than 30 per cent of total foreign residents in the Czech Republic in 1999, and 16.5 per cent of foreigners living in Poland.

With Turkey joining the EU, a distant yet possible hypothesis, by 2015, the migratory process will take a sharp new turn. According to this hypothesis, the EU should not only expect to receive millions of new internal Turkish migrants, but it will also have common frontiers with a good number of countries of the Near and Middle East: Syria, Iraq, Iran, and the Caucasian republics. Thus, it will be very difficult to lock European gates. This cannot be done today, and will prove even more difficult tomorrow.

Certainly, one may refer to the expected convergence after the inclusion of Turkey and hence a decline in some of the push and pull effects, but in view of the size of Turkey which will count 80 million inhabitants in 2015, and the actual differentials in terms of income and employment (especially agricultural work), actual convergence will take decades. There will be a long period during which the Turks, benefiting from existing networks and open frontiers, will continue to immigrate into the expanded EU, unless, of course, long-term limiting policy measures are applied to Turks, which will never be accepted by Turkey.

Therefore, the principal competitors of Arab Mediterranean countries, especially countries of the Maghreb, are not the CWECs but the countries to the east of them, especially Turkey, in the event of its admission. In fact, it would be more convenient to speak of complementarities than of competition, as it will be specially zones of geographic proximity, notably Germany, Austria and the Scandinavian countries, that will be the main destinations for migrants from the east, whereas migrants of Mediterranean origin will be mainly directed towards European Mediterranean countries, particularly France, Spain and Portugal. In this scenario, Italy seems the most exposed country, as it is a point of intersection between south and east. Geography seems thus a decisive element in the choice of countries of reception.

### 3. CONCLUSION

This study, which concerns the most problematic aspects of expansion and considers the movement of individuals, compares the demographic tendencies in the EU, the CWECs and in Mediterranean countries and analyses past experiences in terms of migratory flows and future perspectives in terms of labour market developments, attempted to demonstrate that the CWECs do not constitute real serious competitors to the countries of the southern shores of the Mediterranean, especially Arab, which will continue to represent the main migratory stock for the expanded EU over the coming two or three decades.

There are two fundamental reasons for this:

- The destruction of the Berlin Wall, contrary to some fears, did not precipitate a migration wave from east to west. There is reason to believe that the EU expansion will not upset these tendencies. Observers seem to agree when estimating the potential annual flows at 350,000 persons during the early years following the EU expansion, a figure that is expected to decline progressively. The expectations of growth in the CWECs, the massive inflow of investments, the gradual reduction of differentials in incomes and standards of living, as well as the demographic structures should combine to limit migratory flows from those countries.
- The situation in the Mediterranean is diametrically opposed to that observed in the CWECs as regards the age structure of the population, the alarming expectations concerning unemployment, particularly those of educated individuals, as well as the slow political reforms, all of which could constitute powerful incentives to emigration.

In fact, it will not be the CWECs that will compete with Mediterranean countries in terms of migrations to the EU, but countries beyond the extended borders of the EU, that is, Ukraine, Belarus and Russia. However, everything leads us to believe that the new migration from the east will mainly be directed towards the new members of the EU, that is the CWECs themselves. As to the Mediterranean flows, they will continue to prefer European regions of proximity. It would be in the interest of southern European countries to make the Mediterranean zone a priority for cooperation and to reaffirm the importance of the Euro-Mediterranean partnership as a strategic choice for the EU. The reaffirmation of the strategic interest in European involvement in the Mediterranean in view of the expansion to the east is based on the eagerness to preserve the institutional equilibrium in the EU, to restore the regional security and to re-establish the cultural dialogue jeopardized by the stigmatization of Arabs and Muslims, especially since the events of 11 September 2001.

It is also based on a realistic, but equally generous vision of Europe more as a spatial Europe and less as a power-Europe.

## ANNEX 1

## POPULATION, SURFACE AREA, CURRENCY AND UNEMPLOYMENT RATES

Country	Capital	Population (mio)	Average Population in 2001 Aged Below 15 (%)	Area (km <sup>2</sup> )	Currency	Exchange Rate to Euro (Oct. 2002)
Cyprus*	Nicosia	0.8	21.9	9,251	Cypriot pound	0.57
Czech Republic	Prague	10.3	16.1	78,886	Czech crown	30.66
Estonia	Tallinn	1.4	17.7	45,227	Estonian crown	15.65
Hungary	Budapest	10.2	16.5	93,030	Forint	243.53
Latvia	Riga	2.4	17.0	64,589	Lats	0.60
Lithuania	Vilnius	3.5	19.3	65,300	Litas	3.45
Malta	Valetta	0.4	20.1	316	Maltese lire	0.41
Poland	Warsaw	38.6	18.5	312,685	Zloty	4.04
Slovak Republic	Bratislava	5.4	19.2	49,035	Crown	41.80
Slovenia	Ljubljana	2.0	15.6	20,273	Tolar	228.73
Countries about to join		74.8	17.9	738,592		
EU 15		378.7	16.8**	3,191,120		

\* Data on population and surface area concerning all of Cyprus.

\*\* Data for 2000.

Source: Eurostat, 143/2002 – 5 December 2002.

## ANNEX 2

## GNP OF THE 10 CWECs AND SECTOR DISTRIBUTION

	GNP EUR 1000 mio (2001)	Volume per Inhabitant* EU-15=100 (2000)**	Distribution of Gross Value-Added among Sectors in 2001 (%)		
			Agriculture	Industry	Services
Cyprus	10.2	78	3.9	19.5	76.6
Czech Republic	63.3	56	4.2	40.0	55.8
Estonia	6.2	40	5.8	28.7	65.5
Hungary	57.8	51	4.3	32.0	63.7
Latvia	8.5	31	4.7	24.9	70.4
Lithuania	13.4	36	7.1	33.9	59.0
Malta	4.0	-	2.4	27.3	70.4
Poland	196.7	40	3.4	32.9	63.7
Slovak Republic	22.8	46	4.6	32.7	62.7
Slovenia	20.9	68	3.1	36.8	60.1
Countries about to join	403.9	-	3.9	33.5	62.6
UE 15	8.827.1	100	2.1	27.4	70.5

\* The per capita GNP is expressed in terms of purchasing power parity (PPP), independent units of national currencies, eliminating distortions due to differences in price levels. PPP is based on averages adjusted through ratios of relative prices for a homogeneous basket of goods and services, both comparable and representative of each country.

\*\* The revised data for 2000 and the early results for 2001 will soon be published by Eurostat.

Source: Eurostat 143/2002 – 5 December 2002.

## ANNEX 3

## EMPLOYMENT DISTRIBUTION BY SECTOR, 2001 (%)

	Agriculture	Industry	Services
Cyprus	4.9	24.0	71.1
Czech Republic	4.9	40.5	54.6
Estonia	7.1	34.2	58.7
Hungary	6.1	34.5	59.4
Latvia	15.1	25.3	59.6
Lithuania	16.5	27.2	56.3
Malta	2.2	31.8	66.0
Poland	19.2	30.7	50.1
Slovakia	6.3	37.1	56.7
Slovenia	9.9	38.6	51.4
Countries about to join*	13.3	33.2	53.6
UE 15	4.3	26.4	69.3

All figures are extracted from the investigation on labour force of spring 2001, except for Malta where they are from national sources.

\* Aggregate "Countries about to join", excluding Malta.

Source: Eurostat, 143/2002 – 5 December 2002.

ANNEX 4  
HOURLY WAGE COSTS\* (EUR, 2000)

Cyprus	10.74
Czech Republic	3.90
Estonia	3.03
Hungary	3.83
Latvia	2.42
Lithuania	2.71
Malta	-
Poland	4.48
Slovakia	3.06
Slovenia	8.98
Countries about to join **	4.21

\* Hourly wage costs: Total annual labour costs divided by the number of hours worked. These figures concern industry and services.

\*\* Aggregate "Countries about to join" except Malta.

Source: Eurostat, 143/2002 – 5 December 2002.

ANNEX 5  
HIGHER EDUCATION AND R&D

	% of Persons (25-64 yrs) Holding Higher Education Degrees* (2001)			Gross Internal Expenditure on R&D as % of GNP (2000)	Persons Involved in R&D out of 1000 Working Persons (2000)
	Total	Women	Men		
Cyprus	26.8	23.7	29.8	0.26	4.2
Czech Republic	11.6	9.8	13.4	1.3	9.3
Estonia	29.4	35.1	23.2	0.6	9.8
Hungary	14.0	14.4	13.5	0.0	10.1
Latvia	18.1	20.6	15.4	0.8	6.9
Lithuania	-	-	-	0.68***	8.2
Malta	-	-	-	-	-
Poland	11.7	13.1	10.3	0.70	7.3
Slovakia	10.7	10.3	12.1	0.67	8.5
Slovenia	14.1	16.2	11.0	1.52	12.6
Countries about to join **	14.3	15.4	13.2	0.84	8.3
UE 15	21.6	20.1	23.0	1.94***	14.1***

\* First and second cycle of higher education (university or equivalent).

\*\* Aggregate "Countries about to join", excluding Malta and Lithuania.

\*\*\* Data for 2001.

Source: Eurostat, 143/2002 – 5 December 2002.



## ANNEX 6

## INDICES OF FDI, BALANCE OF PAYMENTS AND DEGREE OF OPEN POLICY

	FDI from the EU Towards Countries to Join (2000)		Balance of Payments *** with the World (EUR 1000 mio) (2000)			Degree of Open Policy ****to the World 2000	
	% of Total FDI in Future EU Countries	% of Total EU FDI	Total	Goods	Services	Goods	Services
Cyprus	26.3	0.1	-606	-2.826	2.219	25.6	24.8
Czech Republic	63.0*	1.3	-1.861	-3.394	1.533	59.5	11.9
Estonia	88.5	0.1	-228	-840	612	73.6	24.2
Hungary	85.1	0.9	-360	-2.303	1.942	56.8	11.6
Latvia	70.0	0.1	-673	-1.152	479	36.1	13.8
Lithuania	44.8	0.1	-783	-1.195	411	40.8	7.7
Malta	-	0.0	-421	-673	252	78.3	27.8
Poland	94.5	2.8	-11.806	-13.339	1.533	26.7	6.2
Slovakia	94.9	0.4	-519	-994	475	62.7	10.5
Slovenia	83.4	0.2	-730	-1.216	486	51.8	9.2
Countries about to join	78.5**	6.1					

\* Data for 1999.

\*\* Aggregate "Countries about to join", except Malta.

\*\*\* Balance of payments: exports minus imports.

\*\*\*\* Degree of open policy: average exports: imports compared to GNP.

Source: Eurostat, 143/2002 – 5 December 2002.

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# DOES INTERNATIONAL MIGRATION MATTER? A STUDY OF EGYPTIAN RETURN MIGRANTS

Jackline Wahba

## 1. INTRODUCTION

A central feature of globalization is the increase in international labour movements. The Arab region witnessed huge flows of labour during the last three decades. Indeed, labour migration in the region has become a structural feature of the Arab economies. In the 70s and 80s, labour migration attracted much attention and produced a sizeable literature on the welfare implications of emigration and on the uses and impact of remittances. However, the impact of return migration has been relatively under-researched, with the exception of few studies focusing on the characteristics of return migration, e.g. Nassar (1990). Nonetheless, one of the issues that has attracted only limited attention is that of businesses created by returnees.

Return migrants are important for the development process because they represent the inflow to the country of origin of both financial capital through accumulated overseas savings, and of human capital through their new acquired skills and knowledge from working abroad. This paper will focus on the possible impact of international return migration on countries of origin. The paper aims to shed light on the potential impact of international return migration on investment and entrepreneurship. The paper will also seek to answer the following questions: To what extent do returnees become entrepreneurs? What types of businesses do entrepreneurs establish? Does working overseas help the returnee to become an entrepreneur? Does international migration affect the type or the characteristics of businesses established by the returnees?

Using the Egyptian evidence, the nature of return migration from the Gulf countries, and the possibility that such migration might lead to economic growth as a result of the entrepreneurial contribution of return migrants are explored. The paper will describe the labour market activity of return migrants to Egypt, contrast their situation with that prior to migration, and explore the characteristics and circumstances of returnees who engage in entrepreneurial activity. In addition, the extent to which returnees to Egypt become entrepreneurs, the role of overseas savings in their business investments and the scale of employment creation will be studied.

The focus of this paper is not on why migrants return. The small theoretical literature on return migration generally examines the phenomenon as part of a life-cycle strategy. In this framework, return migration is part of optimal decision-making and is related to savings behaviour of migrants, their investment in the acquisition of human capital while overseas and the wage differences between the host and home country. One reason for return migration is that the marginal utility of consumption is higher in the home country than in the host country (Galor and Stark, 1991). Another motive for return, developed by Dustmann (1997), is the relatively high

return on overseas human capital investments in the host country. In addition, exogenous factors can also explain the return of migrants, e.g. sickness, political upheaval, conflicts.<sup>1</sup> In this paper we do not study the determinants of return migration, but focus on its impact.

There has been concern that remittances and overseas savings are spent on current consumption or investment on housing, and not invested in productive activities or small businesses, for example.<sup>2</sup> This has led to the analysis of the occupational choice of return migrants and, in particular, self-employment and entrepreneurship. Dustmann and Kirchkamp (2002) developed a model where migrants decide simultaneously on the optimal migration duration and their activities after return. They find that among Turkish returnees more than half are economically active and most of these engage in entrepreneurial activities. Mesnard (2001) models migration as a means to overcome credit constraints in the presence of capital market imperfections and finds that the majority of entrepreneurial projects started by Tunisian returnees were fully financed through overseas savings. Ilahi (1999), using cross-sectional data from Pakistan, finds that upon return savings become a significant factor in the choice of self-employment over dependent employment. McCormick and Wahba (2001) add a different insight by showing that savings matter more than human capital acquisition for the probability of entrepreneurship of illiterate Egyptian return migrants. However, for the educated returnees, both access to credit, through overseas savings, and human capital accumulation are significant determinants of entrepreneurship upon return. However, these studies do not examine the businesses of returnees, which are the focus of this paper.

Although there is also a small descriptive literature on the use of remittances in small business formation, those studies are based on case studies of specific communities, for example, Durand and Massey (1992), Escobar and Martinez (1990), Portes and Guarnizo (1991) and Lopez and Seligson (1991). However, Woodruff and Zenteno (2001) is the first paper that uses census data, though only relating to urban areas, and examines the use of remittances in the creation of micro-enterprises. They study whether access to remittances is positively correlated with owning a micro-enterprise, and examine the determinants of enterprise investments using migration rates. They find that remittances are responsible for 20 per cent of the capital invested in micro-enterprises in urban Mexico. But, they do not study return migration, which is the focus of this paper. In section two we provide some information on international migration and the scale of remittances to Egypt, and a description of the data set on which our evidence is based. In section three we examine the characteristics of return migrants. Section four discusses who among the returnees becomes an entrepreneur and the role of overseas savings and length of time spent overseas. Section five focuses on investment and businesses of returnees, distinguishing between agricultural and non-agricultural projects. In section six we compare the businesses of returnees with those of non-migrants, and test whether return migration influences the nature and characteristics of enterprises. Finally, the main findings are summarized in the Conclusion.

## 2. BACKGROUND AND DATA

After the 1973 oil boom, the Gulf oil-exporting countries found their development plans constrained by labour shortages, and embarked on importing large numbers of workers from neighbouring countries. At the peak, the Gulf Cooperation Council (GCC) countries imported 90 per cent of their labour force. Between 1975-1995, 5 million foreign workers migrated to the GCC

(Girgis, 2002). During the 70s and 80s, neighbouring Arab countries were the main labour exporters to the GCC. By the end of the 80s and in the 90s, Arab workers were replaced by Asian nationals. Given, the labour and migration laws in the GCC and the fixed-term contracts, the region witnessed high imported labour turnover. Another important consequence was the huge in-flow of remittances to labour-exporting countries, such as Egypt, Jordan and Yemen. Estimates of official remittances from the Gulf countries amounted to around US\$ 70 billion during the last three decades and represented a major source of foreign currency to labour-exporting countries.

Egypt has been a major labour exporter since the early 70s, exporting both educated and uneducated labour – with around 10 per cent of the labour force working overseas at any one time. Even in the 80s and 90s, when Asians replaced Arab workers, the outflow of Egyptian workers continued, albeit at a lower scale. For example, in 1995 Egyptian workers showed the second-highest concentration of migrants after Indian nationals in Saudi Arabia. Table 1 shows that according to ILO estimates Saudi Arabia is still the main destination for Egyptian migrants.<sup>3</sup> During the past three decades, remittances to Egypt have been among the highest in the world, peaking in the early 1990s.

This study uses data from the October 1988 special round of the Labour Force Sample Survey (LFSS), carried out by the Central Agency of Public Mobilisation and Statistics (CAPMAS) in Egypt. The 1988 LFSS is nationally representative and includes extensive data on basic demographics and employment characteristics, in addition to several supplementary survey modules, one of which is on return migrants, defined as migrants who spent a minimum of six months abroad for employment purposes only. This return migration module describes the main characteristics of just over 1,520 returnees in the labour market before and after migration, in addition to details on migration, such as country of destination, migration duration and savings while overseas.

In addition, the 1988 LFSS has a supplementary module on the nature of establishments, for which around 14,000 workers were surveyed. As part of a household survey, this module gathered information on all economic units and establishments regardless of size as is common in establishment surveys, and thus captured all employment in the economy not only that in fixed establishments of a certain size. The economic unit module is extremely valuable in providing a detailed picture of informal employment, compliance with labour regulations and the legal status of the firm involved. We use these data in Section six to study the impact of return migration on different enterprise characteristics.

### 3. CHARACTERISTICS OF RETURN MIGRANTS

Our sample of Egyptian international migrants shows that Saudi Arabia, Iraq, Kuwait, Libya and Jordan were the five main destination countries. Table 2 shows that in the 1980s, Saudi Arabia was the main destination for urban Egyptian migrants, while Iraq was the main destination for rural migrants. International migrants returning to Egypt were drawn from a wide spectrum of formal educational backgrounds as shown in Table 3. Around 18 per cent were university graduates, but 30 per cent had no education. Almost all of the returnees were male (94%) and had a mean age of 39 years. Since on average 5.5 years had passed since a worker had returned from

TABLE 1  
 OUTFLOWS AND STOCKS ABROAD OF EMPLOYED EGYPTIAN NATIONALS  
 (in thousands)

	Outflow	Nationals Abroad	Employed Egyptians by Country				
			Saudi Arabia	Libya	Jordan	Kuwait	Iraq
1989	1511	1964	420	150	120	180	510
1990	1150	1921	380	210	82	120	150
1991	1103	1541	420	222	160	10	90
1992	1221	1856	520	230	185	28	82
1993	1690	2116	680	240	187	78	75
1994	1732	2324	710	280	180	110	128
1995	1820	2610	820	295	210	180	148
1996	2099	2715	950	300	231	212	200
1997	2181	2901	987	311	248	220	200
1998	1982	2806	966	345	227	201	82
1999	1902	2726	924	333	227	191	66

Source: ILO, International Labour Organization Data Base (ILM).



TABLE 2  
OVERSEAS DESTINATIONS OF EGYPTIAN RETURNEES

	Urban Origin	Rural Origin	Total Sample
Country of Destination (%)			
Jordan	3.59	10.41	7.01
Saudi Arabia	34.27	23.46	28.84
Iraq	26.84	49.65	38.28
Kuwait	5.44	1.94	3.68
Libya	11.98	7.44	9.71
Others	17.88	7.10	12.48
Duration of Stay (Mean of Years)			
Jordan	2.83	2.29	2.50
Saudi Arabia	3.83	2.67	3.49
Iraq	1.99	1.98	1.98
Kuwait	6.45	3.69	5.75
Libya	4.47	3.81	4.31
Others	3.65	2.53	3.23

abroad, the mean age on return was 33 years. Migrants came equally from both urban and rural areas, although migrants in the 70s were mainly drawn from urban areas. In addition, return migrants seem to settle back in their region of origin. Thus, there is no evidence that international migration has led to migrants developing a taste for either “big-city” life or the facilities of urban areas and, hence, to moving from rural to urban areas after return. This may also be the result of the increase in housing prices in urban areas during that period.

As regards the area of employment, Table 4 shows that migrants returned to broadly similar industrial patterns of employment. There was a drop of about 4 per cent in agricultural workers, and a rise of about 6 per cent in trade, transport and services. More noticeable changes could be seen concerning the sector of employment, e.g. either the public or private nature of work, before and after migration. Whereas 44 per cent of migrants had worked in public enterprise before migration, only 9 per cent did so on return. In contrast, about one-third of return migrants joined the private sector, having not been employed there previously.

The proportion of employers rose from 10 to 19 per cent between the pre-migration and post-return periods (Table 4), largely because 10 per cent of those who were dependent workers prior to migration (waged workers comprised 62% of our sample prior to migration) subsequently became employers – a truly remarkable transformation. This is an important aspect of the behaviour of return migrants, which will be explored in more detail in the next section.

Table 5 shows that working abroad has had an impact on the occupation of returnees. First, examining foreign occupations of migrants shows that although almost half of the migrants were engaged in production whilst overseas, 21 per cent were in technical and scientific occupations. However, comparing the migrants’ occupations before and after migration reveal that the proportion of returnees involved in clerical, sales and services jobs had increased, while that for

TABLE 3  
CHARACTERISTICS OF RETURN MIGRANTS

	Before Migration	In 1988
<b>Individual Characteristics (in 1988)</b>		
Mean Age (in years)	---	38.84
Male (%)	---	94.32
Head of Household (%)	---	86.35
<b>Education (%)</b>		
Illiterate	---	29.70
Read and Write	---	18.06
Primary	---	9.56
Preparatory	---	20.10
Secondary	---	4.25
University	---	15.40
Higher	---	2.90
<b>Region of Residence (%)</b>		
Greater Cairo	28.40	26.66
Alexandria and Canal Cities	7.60	8.31
Lower Urban	10.00	10.53
Upper Urban	3.86	3.04
Lower Rural	25.54	25.35
Upper Rural	24.54	26.11
Urban	49.92	48.54
Rural	50.08	51.46
<b>Industry (%)</b>		
Agriculture	32.61	28.90
Manufacturing and Mining	15.95	13.73
Electricity	0.51	0.88
Construction	11.45	8.06
Trade	7.02	10.28
Transport	6.93	7.93
Finance	0.80	1.02
Services	25.53	28.58
<b>Sector (%)</b>		
Government	25.91	29.32
Public Enterprise	44.49	8.59
Private	28.27	59.39
Other	1.33	2.70
<b>Employment Status (%)</b>		
Waged	62.26	58.70
Employer	10.10	18.51
Self-employed	8.24	9.68
Unpaid Family Worker	6.21	3.14
Unemployed	2.03	4.92
Unemployed: New Entrant to LM	4.79	---
Out of the Labour Force (LM)	6.39	4.70

TABLE 4  
OCCUPATION OF RETURN MIGRANTS: BEFORE, DURING AND AFTER MIGRATION

Occupation (%)	Before Migration	While Abroad	In 1988
Technical and Scientific	22.55	20.96	23.07
Management	0.55	0.49	2.32
Clerical	5.07	3.70	7.13
Sales	4.01	4.16	6.72
Services	4.56	8.35	6.69
Agriculture	31.62	13.75	28.27
Production	31.63	48.58	25.80

TABLE 5  
USES OF SAVINGS BY REGION OF ORIGIN (%)

	Urban	Rural	Total Sample
Economic Projects	12.54	7.58	10.08
Banks	15.27	3.06	9.13
Investment Companies	3.76	0.96	2.35
Gold and Jewellery	3.87	3.07	3.47
Housing	42.06	50.10	46.10
Securities and Shares	0.06	0	0.03
Others	8.43	8.23	8.33
No Savings	30.43	35.59	33.00

Note: More than one response is allowed.

agricultural and production workers had fallen. More importantly, the share of migrants engaged in technical, scientific and management occupations had risen on return, suggesting that working abroad may enable migrants to acquire new skills and enhance their human capital.

The uses migrants and their families make of their savings have received a lot of attention in the literature. In our sample, and similar to many other studies (see, e.g. Adams, 1991) a large proportion of returnees invested in housing. Half of all returnees of rural, and 42 per cent of those of urban origin invested in housing. One-third of all returnees reported not having any savings: 36 per cent of rural-origin and 30 per cent of urban-origin returnees were unable to accumulate any savings at all. However, what is of interest to us in this paper, is that 10 per cent of returnees used their savings to invest in economic projects as shown in Table 6. In the next section, we examine to what extent savings influence the probability of a returnee's becoming an entrepreneur.

Our second interest is in the effect of foreign work experience. There are three possibilities why foreign work experience is important. First, it conveys skills that are useful on return to the country of origin. Secondly, living abroad helps to develop ideas and provides exposure to experience with a more advanced commercial environment. Third, the correlation may reflect an unobserved characteristic: for example, those who work abroad longer may be more talented,

TABLE 6  
CHARACTERISTICS OF RETURNEE ENTREPRENEURS

	Entrepreneurs	Non-Entrepreneurs
<b>Individual Characteristics</b>		
Male	98.27	92.12
Mean of Age in 1988	41.4	37.6
Married in 1988	90.04	83.13
<b>Education in 1988</b>		
Illiterate	41.34	21.97
Read and Write	23.59	14.58
Primary	11.90	9.47
Preparatory	9.74	24.72
Secondary	1.95	5.78
University and Higher	11.47	23.49
<b>Location</b>		
Urban Origin	40.00	62.91
Urban Destination	38.12	63.00
<b>Country of Destination</b>		
Jordan	6.86	7.23
Saudi Arabia	33.49	26.67
Iraq	33.43	39.34
Kuwait	2.82	4.13
Libya	2.12	9.67
Others	11.25	12.96
<b>Years Spent Abroad</b>		
Mean	3.0	2.4
Average Monthly Overseas Savings (EGP)	783	514
<b>Occupation Overseas</b>		
Technical and Scientific	9.71	30.80
Management	0.69	0.99
Clerical	3.17	6.82
Sales	5.12	2.53
Services	6.78	4.62
Agriculture	21.22	21.45
Production	53.31	32.79
<b>Skills Acquired Abroad</b>		
Beneficial to Current Job (%)	34.13	35.02
Sample Size (%)	30.3	69.7

e.g. at securing offers of extended work, and thus be more able to profit from entrepreneurial activity on return. To check that there is in fact an economic causation we have explored data based on the following question: Have you benefited upon return from your experience of working abroad?

If there is a link between the duration of working abroad and domestic productivity, then the share of those responding positively should increase in line with the length of time spent working abroad. This we found confirmed by the data: of those who spent time working abroad for up to one year, 24 per cent answered “yes”; of those who spent between one and three years working abroad, 41 per cent answered “yes”; of those who remained abroad longer, 59 per cent answered “yes”. Thus, there would appear to be support for the hypothesis that the longer the periods of working abroad, the higher the likelihood that overseas skills will be useful on return also increases.

In addition, we find that educated migrants tend to benefit more from their work experience abroad than the uneducated. Almost 53 per cent of the educated returnees have found the skills they acquired abroad to be of benefit to their activity upon return, compared to 33 per cent of the less educated, and 22 per cent of the illiterate sample. Hence, the experience gained through working abroad seems to provide an opportunity for improving human capital especially among the educated.

#### 4. ENTREPRENEURSHIP AMONG THE RETURNEES

This section will focus on returnees who have become entrepreneurs, where this group is comprised of employers and self-employed and those who invested their savings in economic projects. Table 7 gives an overview of the contrasting characteristics of those return migrants who engaged in entrepreneurial activities after returning to Egypt and those who did not. The entrepreneurial group is on average four years older and more likely to be married than the non-entrepreneurs. The entrepreneurs are slightly less likely to be urban rather than rural as regards both their origin and destination, whereas the non-entrepreneurs are overwhelmingly urban as regards their origin as well as region of return. Although about 12 per cent of the entrepreneurs were university graduates, a considerable proportion of 41 per cent were illiterate. On the whole, the non-entrepreneurs were more educated than the entrepreneurs, suggesting that migration and working abroad may be particularly useful for the less educated who might be also more credit constrained. On average, the entrepreneurs had also spent longer spells abroad, three years compared to a mean of 2.4 years for the non-entrepreneurs. The skills acquired while abroad were judged to be equally beneficial by both groups of returnees. The *average* monthly savings accumulated abroad by the entrepreneurial group were higher than those by the non-entrepreneurial sample. Given also that entrepreneurs spent slightly longer abroad, their total savings were higher than for non-entrepreneurs.

Our main concern in this section is to find out whether savings and time abroad play a role in the probability that a returnee will become an entrepreneur. We have two primary hypotheses. First, that individuals who have accumulated higher total savings while abroad are more likely to become entrepreneurs on return, since for them the opportunity cost of capital is less than for those who must either borrow the necessary funds on local capital markets, or have little or no

TABLE 7  
PROBABILITY OF RETURNEE BECOMING AN ENTREPRENEUR

Impact of savings and time overseas	Probability (%)
1 year – EGP 6,000	27.1
2 years – EGP 10,000	32.0
3 years – EGP 30,000	36.3

access to liquidity. Second, we conjecture that the length of time spent abroad will have an effect on whether the returnee becomes an entrepreneur as the more time an individual spends abroad, and with total savings held constant, the greater the relevant work experience and opportunity for skill acquisition.

We control for individual characteristics (gender, age and education), location of residence (urban/rural), the time back from abroad and sector of employment prior to migration. Then, we estimate the probability of becoming an entrepreneur among returnees. The results show that both total overseas savings and time spent overseas have positive and highly significant effects on becoming an entrepreneur. Table 7 shows the predicted probability of a representative returnee (male, 39 years old, urban worker) becoming an entrepreneur using different levels of total savings and duration of overseas stays. A returnee who spends one year overseas and saves just Egyptian pounds (EGP) 6,000 has a 27 per cent probability of becoming an entrepreneur; a stay of two years abroad and saving EGP 10,000 increases this probability to 32 per cent. The probability of a returnee becoming an entrepreneur is estimated to be 36 per cent if a migrant stays abroad for three years and saves EGP 30,000. Thus, the empirical evidence indicates that the more savings a migrant accumulates the higher is the probability of becoming an entrepreneur on return. Also, if we hold savings constant, the longer a migrant works abroad, the higher is the probability of becoming an entrepreneur after return. This suggests that skills acquisition and improving human capital abroad may play a role in explaining entrepreneurship, and that the influence of overseas work involves other criteria than the relaxation of constraints on capital accumulation. Thus, the empirical findings support our two hypotheses, namely that savings and length of stay abroad have a positive and significant effect on the probability of a returnee becoming an entrepreneur.

## 5. THE INVESTMENT PROJECTS OF RETURNEES

Since there has been considerable debate on whether remittances are used for consumption or investment, and given the lack of studies on investment projects of migrants and returnees, this section will focus on this aspect of entrepreneurship, that is, the investment behaviour of return migrants. We begin by contrasting characteristics of returnees who invest in projects and businesses, with those who do not. We distinguish between two types of investment: agricultural projects and non-agricultural enterprises. Our focus here is on returnees who are either employers or self-employed who have either invested in agricultural projects or invested in non-agricultural enterprises.<sup>4</sup>

TABLE 8  
CHARACTERISTICS OF RETURNEE INVESTORS

	Project or Enterprise	Agriculture Project	Non-Agriculture Enterprise	No Project or Enterprise
<b>Individual Characteristics</b>				
Male (%)	99.79	1	99.51	93.04
Age (in years)	42.5	43.6	41.0	38.3
<b>Education</b>				
Illiterate	45.81	64.12	21.64	25.26
Less Educated	43.87	34.42	56.35	48.84
High Educated	10.31	1.45	22.01	25.90
<b>Region of Origin</b>				
Urban	33.41	4.11	72.08	54.42
<b>Occupation before Migration</b>				
Technical and Scientific	7.77	0.6	16.92	29.01
Management	0.34	0.6	0	0.95
Clerical	1.35	0.6	2.31	6.39
Sales	7.43	0.6	16.15	3.05
Services	5.41	0.6	11.54	4.20
Agriculture	54.05	92.17	5.38	21.37
Production	23.65	4.82	47.69	35.03
<b>Employment Characteristics before Migration</b>				
Government Sector	7.05	2.48	13.08	26.79
Public Enterprise	48.05	56.12	37.39	36.01
<b>Characteristics of Overseas Stay</b>				
Average Monthly Savings	720	337	1225	529
Average Total Savings	62,344	13,370	126,984	20,047
Months Spent Overseas	35.65	23.50	51.58	29.12
<b>Years Back</b>				
Less than 2 Years	18.78	22.68	13.64	17.71
2-5 Years Ago	44.82	47.76	40.91	47.52
More than 5 Years	33.41	29.62	45.45	34.77
Useful Skills Acquired Abroad	32.65	18.59	49.94	34.84
Pre-migration Establishment	13.35	-	30.96	-
Total (%)	20.88	11.13	9.75	79.12

Table 8 presents the characteristics of return migrants who invested in agricultural projects, those who invested in non-agricultural enterprises and those who did not invest in any project. First, we look at the individual characteristics of investors and non-investors. Returnees who invest in agricultural projects are males, who tend to be on average older than the rest of the sample and a large proportion of whom (64%) are illiterate. A significant general feature of returnees who invest in non-agricultural enterprises is that they are broadly drawn from all edu-

cational strata. However, they are on average more educated than those investing in agriculture. Also, almost half of the non-agricultural investors reported having benefited from the skills acquired abroad, compared to one-third of non-investors and only 19 per cent of agricultural investors. This confirms that foreign work experience provides especially the educated with an opportunity for human capital accumulation. In addition, and not surprisingly, the majority of agricultural investors (96%) live in rural areas, while owners of non-agricultural enterprises tend to be predominantly urban dwellers. Thus, the descriptive statistics suggest an important spatial bias among returnees, where rural returnees tend to invest in agricultural projects, while urban returnees invest in non-agricultural enterprises.

Second, we examine the role of savings. Returnees who become investors have on average saved three times as much as those who did not invest on return. However, even among investors there is a huge difference between the average total savings of agricultural and non-agricultural migrants, which is not surprising given that the agricultural investors are typically rural and uneducated, whose wages are lower and length of stay abroad is shorter than for urban migrants. From among *all* returnees, returnees who invest in agricultural projects have the lowest level of average total foreign savings. However, the importance of total savings is much greater for those returnees who invested in non-agricultural enterprises. Third, the average length of overseas stay varies among returnees, with rural migrants spending the shortest period working abroad, while those who invested in non-agricultural enterprises remained on average for longer periods abroad, i.e. 4.3 years relative to a mean figure 2.4 years for the non-investor returnees.

We control for the individual and demographic characteristics of returnees and we estimate the determinants of the probability of a returnee's becoming a non-agricultural investor. The empirical evidence suggests a probability of around 15 per cent for a male urban returnee to become a non-agricultural investor. We also find that both savings and the length of foreign employment matter for investment, as is the case with entrepreneurship.

## 6. THE IMPACT OF RETURN MIGRATION ON THE STRUCTURE OF ENTERPRISES

Our main aim in this paper is to shed some light on the potential gains from overseas work for returnees. As referred to in the two previous sections, the empirical evidence suggests that overseas work plays an important role in entrepreneurship and investment through two different channels: overcoming the credit constraint, and the accumulation of human capital. However, it is also necessary to compare the projects of returnees and non-migrants, and to explore whether the projects of returnees are any different from those who stay. In other words, does overseas work experience have any significant impact on a returnee's projects? We therefore contrast the characteristics of small enterprises owned by return migrants with enterprises owned by stayers. Unlike the previous sections, we do not limit our analysis to return migrants. We study owners (employers and self-employed) of non-agricultural small enterprises. We use a nationally representative sample of 1,220 owners of enterprises conducted at the household level from the 1988 LFSS supplementary module on the economic unit. This module samples family-owned non-agricultural establishments.<sup>5</sup> Since the survey is household based, we have information on both



regulated/registered and unregulated/unregistered enterprises. Thus we are able to study firms operating within the informal sector.

Table 9 displays the characteristics of the owners and their enterprises, distinguishing between return migrants and non-migrants. Our sample is made up of 1,220 non-agricultural small enterprises, of which 149 units are owned by return migrants; i.e. around 12 per cent of these enterprises are owned by returnees. First, we discuss the **characteristics of the owners**, then those of the **firms**. Returnees seem to be on average three years younger than non-migrant owners and mostly male. In addition, returnees tend to be more educated – 22 per cent compared to 13 per cent among non-migrants. Although 70 per cent of non-migrants and 73 per cent of returnees are urban dwellers, the proportion of returnees living in Greater Cairo is considerably higher than that of non-migrants – 40 per cent and 31 per cent, respectively.

The characteristics of small enterprises owned by returnees and stayers are shown in Table 10. First, considering the location of firms, a significant difference is that returnees tend to locate almost half of their firms (47%) in Greater Cairo, compared to a third (32%) by non-migrants. Secondly, it seems that there are differences in the industry or activity of both groups. The share of returnees' enterprises engaged in service activities is twice that of stayers. On the other hand, non-migrants' enterprises tend to be concentrated in trade activities. The proportion of returnees' enterprises in manufacturing is about the same as that of non-migrants: 28 per cent compared to 26 per cent.

TABLE 9  
CHARACTERISTICS OF OWNERS OF ENTERPRISES, IN 1988

	Returnees	Non-migrants	Total
Individual Characteristics of Owners			
Mean Age in 1988	40.97	43.56	43.22
Male (%)	99.51	83.92	85.98
Education (%)			
Illiterate	21.64	36.33	34.38
Less Educated	56.35	50.83	51.56
Highly Educated	22.01	12.84	14.05
Region of Residence (%)			
Greater Cairo	40.41	30.58	31.88
Alexandria and Canal Cities	14.48	12.82	13.04
Lower Urban	15.44	20.14	19.52
Upper Urban	2.70	6.84	6.29
Lower Rural	12.59	18.16	17.42
Upper Rural	14.38	11.46	11.84
Urban	73.03	70.38	70.74
Rural	26.97	29.62	29.26
Total %	12.2	87.8	100

TABLE 10  
CHARACTERISTICS OF NON-AGRICULTURE ENTERPRISES, IN 1988

	Returnees	Non-Migrants	Total
<b>Location (%)</b>			
Greater Cairo	47.29	32.36	34.34
Alexandria and Canal Cities	14.20	12.92	13.08
Lower Urban	16.93	23.52	22.65
Upper Urban	4.03	8.35	7.78
Lower Rural	11.38	15.09	14.60
Upper Rural	6.17	7.76	7.55
Urban	82.45	77.01	77.73
Rural	17.55	22.81	22.12
<b>Industry (%)</b>			
Agriculture	1.49	0.92	1.00
Mining and Manufacturing	27.51	26.41	26.56
Construction	4.96	1.54	1.99
Trade	42.11	57.13	55.15
Transport	1.09	0.91	0.94
Finance	4.70	3.80	3.92
Services	18.14	9.17	10.36
<b>Estimated Value of Capital Invested (EGP)</b>			
1. None	2.29	0.80	1.00
1. Less than 100	2.57	6.31	5.81
2. 100-499	5.58	11.29	10.54
3. 500-999	6.27	12.07	11.30
4. 1000-4,999	25.29	23.55	23.78
5. 5000-9,999	21.71	18.63	19.04
6. More than 10,000	35.20	26.12	27.32
Mean Estimated Value of Capital Invested (EGP)	11124	8638	8966
<b>Number of Employees</b>			
1. Less than 5	86.36	84.56	84.80
2. 5-9	7.34	9.07	8.84
3. 10-19	2.49	3.87	3.69
4. 20-49	0.99	1.42	1.36
5. 50 or More	1.95	0.14	0.38
Mean Number of Employees	5.89	4.30	4.51
<b>Ownership</b>			
Sole Owner	70.72	76.39	75.64
<b>Year Established</b>			
Before 1952	4.02	8.42	7.84
1952-1959	2.29	8.79	7.93
1960-1969	6.85	16.11	14.88
1970-1979	17.90	26.57	25.43
1980-1988	62.56	38.48	43.81
Pre-migration Establishment	30.96	-	30.96

TABLE 10 (cont.)  
CHARACTERISTICS OF NON-AGRICULTURE ENTERPRISES, IN 1988

	Returnees	Non-Migrants	Total
Firm has Tax File			
Yes	76.24	67.46	68.62
No	15.82	23.38	22.38
Firm has Registration/Licence			
Yes	80.49	73.78	74.80
No	14.35	16.08	15.85
Not Required	4.16	10.02	9.25
Workers Contribute to Social Security			
All	14.75	12.66	12.94
None	32.99	31.98	32.12
Firm Pays Workers Paid Leave			
All	18.14	10.53	11.54
Some	6.94	6.10	6.21
None	66.40	72.33	71.55
Total (%)	12.2	87.8	100

A significant difference between returnees' and stayers' firms is the higher estimated average value of capital invested (in 1988 prices) by returnees.<sup>6</sup> The average for returnees' firms is EGP 11,124, while that for stayers is only EGP 8,638. It is worth noting that around 2 per cent of returnees and 1 per cent of the stayers report zero as the estimated value of capital invested at the time of survey. Another apparent difference at returnees' firms is the higher average number of employees. Returnees create on average 1.5 more jobs per establishment than do stayers. Overall, return migrants are responsible for 15 per cent of the capital invested in small enterprises and 15 per cent of the associated employment generation.

Table 10 also suggests that the majority of enterprises (86% for returnees and 85% for stayers) are small, with less than five employees. However, the proportion of returnees who are not sole owners is 5 per cent less than for stayers; i.e. returnees tend to be more likely to invest in a partnership, or have joint investments. It not surprising that on average the firms established by returnees are more recent, although 31 per cent of firms operated by returnees were established already before emigration. In addition to inquiring into the geographic location of firms and the jobs created, it is important to examine: (a) the nature of these firms and whether they are operating as formal establishment and paying taxes, thus raising government revenue or not and, (b) the nature of the jobs created and whether they are "good" jobs, or not. First, our sample suggests that around three-quarters of returnees' firms (76%) have tax files, i.e. they pay taxes, compared to 67 per cent for non-migrants. Furthermore, 80 per cent of returnees' firms have a licence or registration, compared to 74 per cent for stayers. Second, it seems that returnees are as likely as non-migrants to employ informal workers who do not contribute to social security. However, returnees are more likely to provide "good" jobs and to pay their employees while on leave/holidays.

We shall now examine whether there are significantly different characteristics among enterprises of return migrants. We do so by testing the following hypotheses:

**Location of enterprises:** There is concern that international migrants develop a taste for either big city life or the facilities of urban areas, and might hence locate their enterprises in more densely populated urban areas, especially in big cities, than in their regions of origin. Thus, we tested whether firms belonging to return migrants are more likely to be located in Greater Cairo.

**Formalities:** Another hypothesis concerning the impact of return migration on the characteristics of enterprises is that return migrants are more likely to invest in formal enterprises (paying taxes and having a licence/registration) compared to non-migrants. An absence of some time from home may have the effect of reducing the returnee's familiarity with local conditions needed to be able to successfully engage in an informal enterprise, e.g. one operating without a licence.

**Quality of jobs:** International migration to a higher-wage country may provide the migrants with exposure to an environment with a larger share of higher quality jobs. Hence, we test whether return migrants create good jobs (e.g. jobs that offer paid leave).

**Activity/Industry:** Given that our sample of Egyptian returnees are migrants, primarily to Middle Eastern countries (e.g. Saudi Arabia, Jordan, Iraq, Kuwait and Libya) and not to highly industrialized countries, one would expect that the skills and information acquired by emigrants would be more useful in services than in manufacturing. Thus, we test whether firms owned by returnees tend to be in the services sector.

**Number of jobs:** Recent studies find that a large proportion of migrants who participate in the labour market after return are self-employed.<sup>7</sup> However, it is important to examine whether return migrants create jobs and generate employment opportunities for others as well. Hence, we test whether enterprises owned by return migrants create as many jobs as other enterprises.

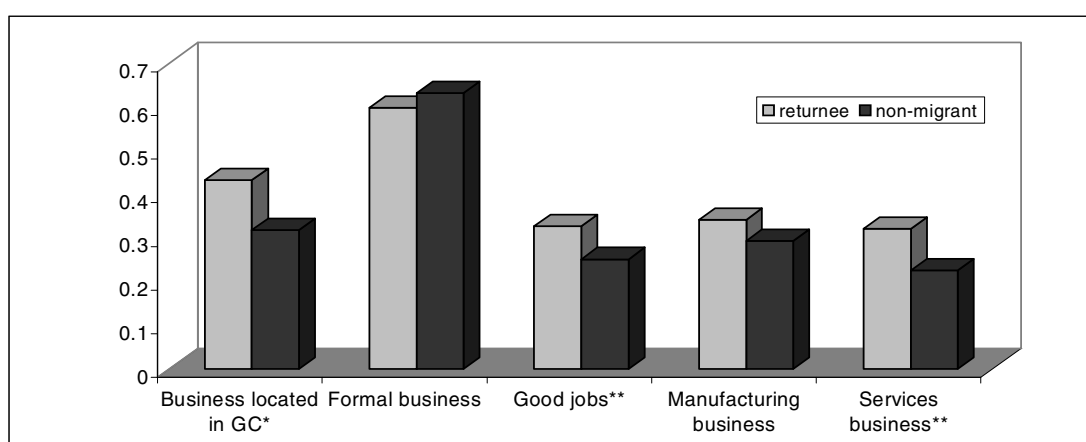
**Value of capital invested:** Banerjee and Newman (1993) show that only the wealthiest workers can invest in developing countries with credit market rationing. Credit market imperfections prevent low-income individuals from undertaking profitable investments. On the other hand, overseas savings allow the migrant to be less credit constrained. Thus, we study whether, given access to credit; returnees are more likely to invest more capital than non-migrants.

Our interest here is to know whether firms belonging to return migrants, controlling<sup>8</sup> for the owner's individual characteristics such as gender, age, education and urban/rural residence, are more likely to: (1) be located in Greater Cairo; (2) be active in the formal sector, (3) create "good jobs"; (4) be active in manufacturing or (5) operate in the services sector. In a similar framework we test the remaining two hypotheses, i.e. whether a returnee's firm has an impact on the number of jobs created, and whether it has a positive impact on the value of capital invested.

First, our empirical findings support a positive and significant relationship between the location of the enterprise and return migration (Figure 1). Being a returnee owner compared to a non-migrant, increases the probability that an enterprise is located in Greater Cairo by almost 36 per cent. Thus, there is strong evidence that return migrants favour the big city location for their enterprise investment. However, return migration does not have a determining effect on the

formal status of the enterprise. In other words, returnees are as likely as stayers to establish formal sector firms. We have tried several definitions of formality. The one reported in Figure 1 refers to having a tax file. We have also included the presence of a licence or registration, and found similar results. Figure 1 also shows that enterprises owned by return migrants increase the likelihood of “good job” creation by almost 30 per cent. Although return migrants are by almost 16 per cent more likely than non-migrants to invest in enterprises engaged in manufacturing, this relationship is not statistically significant. On the other hand, there is a strong and positive relationship between an enterprise active in the services sector and its being owned by a return migrant.

FIGURE 1  
PREDICTED PROBABILITY



Another important impact of return migration is on employment generation. An enterprise belonging to a return migrant is associated with 19 per cent more job creation. Although we find a positive relationship, it is statistically insignificant. However, it does show that returnees are as likely to generate jobs as stayers. Finally, we find that return migration has a significant positive effect on the value of capital invested. Not surprisingly, and supporting the hypothesis that overseas migration plays a critical role in relieving the credit constraint, the findings indicate that the value of capital invested is EGP 1,417 or 17 per cent higher if the enterprise is owned by a return migrant.

## 7. CONCLUSION

This paper seeks to shed light on the potential impact of international return migration on investment and entrepreneurship. Using Egyptian evidence, the findings suggest how overseas migration, even for comparatively short spells, facilitates the accumulation of financial capital on a scale not otherwise possible, as well as the accumulation of new useful skills, that increase productive enterprise investment on return home. In addition, the paper explores the impact of overseas work experience by comparing the characteristics of the businesses of return migrants and non-migrants. The empirical results suggest that return migration has a significant positive

effect on the value of capital invested. In addition, return migrants are more likely than non-migrants to create “good” jobs. They are as likely to establish formal businesses. In addition, we do not find evidence that businesses of return migrants generate less employment than those of non-migrants. Overall, this paper suggests that overseas work experience has a positive impact on the economic development of the country of origin and that return migration is a potential gain that has not been fully recognized and utilized.

This paper has several important policy implications. First, it seems crucial to provide support to returnees to establish businesses. In most cases, those enterprises are small or micro-enterprises and thus might go unnoticed. Second, it is important to provide information to returnees on potential investment projects that would benefit from their investment. Finally, and more importantly, the migration process should be seen as a vehicle of development for both importing and exporting countries. Labour-importing countries need labour for their development objectives. Arab-exporting countries benefit by exporting their workers for short periods of some one to three years. Returnees come back to their country of origin, invest and generate employment for themselves and others. What is really needed is a migration policy that would enable and sustain such a process. Bilateral agreements between Arab exporting and importing countries are needed to facilitate and support both migration and return migration.

## NOTES

1. In this paper we do not model the duration of migration, but assume it is exogenous given the temporary nature of migration in the countries we are studying and the institutional barriers created by the importing Middle Eastern countries.
2. See Taylor (1999) for a summary of that debate.
3. Based on CAPMAS statistics.
4. We only study those two types of activities. Thus, those who have invested in an entrepreneurial activity, but have no fixed locations for their establishments (for example, street vendors, construction workers, etc.) are not considered.
5. Based on CAPMAS statistics.
6. Individuals are asked about the current estimated value of the capital invested in the enterprise at the time of the survey in 1988.
7. For example, Ilahi (1999); Dustmann and Kirchkamp (2002) and Mesnard (2000).
8. However, we do not control for other characteristics of the enterprise, as they are potentially endogenous.

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# **HUMAN RIGHTS AND FOREIGN CONTRACT LABOUR: SOME IMPLICATIONS FOR MANAGEMENT AND REGULATION IN ARAB COUNTRIES**

Dr. Ray Jureidini

## **INTRODUCTION**

Since the mid-1970s, the development of the GCC countries has created essentially multi-ethnic, multi-racial, multi-religious and multilingual populations. This resulted from the need for large migrant workforces that in many cases exceeded the population of local nationals. The status and conditions of ex-patriots (particularly semi- and un-skilled contract labour) in the Gulf states and other parts of the Arab world have attracted serious international criticism, from charges of xenophobic practices to human rights abuses. This largely theoretical paper explores these issues within the discourse of “globalism versus localism” by focusing upon the universalistic principles of human rights versus cultural relativism – the human rights of migrants versus the rights of states to determine the character, privileges and size of their citizenry. It is argued that, if international concerns are of any value, the management and regulation of foreign contract labour in the Arab states should take account of human rights issues, not only in principle and in law, but also in practice.

### **1. UNIVERSALIST HUMAN RIGHTS AND CULTURAL RELATIVISM**

The political arguments regarding the rights of states that conflict with the universal rights of non-citizens is to some extent paralleled in the debate between cultural relativism and universalism. While there is a philosophical tendency to universalize principles and ethics, by contrast, disciplines such as sociology and anthropology tend to insist upon a cultural relativist approach (Giddens, 2002). Nineteenth-century colonialist anthropology classified traditional cultures as “naïve”, “primitive” or “barbaric” (Shestack, 2000: 57). However, cultural relativism became the normative anthropological precept in the study of non-Western societies in the post-colonial era. Following the ideological stance that imperialist impositions on colonial cultures were to be eradicated, anthropologists such as Claude Levi-Strauss argued that all cultures or societies have cultural and thus moral equivalence (ibid). This was translated methodologically into the principle that because distortions arise from stereotyping, prejudice and racism, it is important to “step back” from the values imposed from the culture of the individual social scientist in order to be as objective as possible. This approach also had its roots in Weber’s (1946) celebrated essay “Objectivity in the social sciences”. Cultures or ethnic groups were to be studied “from their

own perspective” and not judged according to external values, traditions and practices (Jureidini, 2000). Until recently, the relativist position in sociology has meant that the universalist discourse inherent in human rights has been largely ignored (Turner, 1993).

Cultural relativism, as applied in the philosophy of human rights, has met with severe criticism, primarily due to the assumption that cultural relativism is also moral relativism.

The goal of bringing about independence from colonialism was certainly worthy, but the anthropologists and sociologists went further and gave cultural relativism a moral and ethical stance. In restoring to other cultures the dignity stolen from them through Western imperialism, they argued that all cultures were morally equal and that universalist values (such as universal human rights) were dead (Shestack, 2000: 57).

The problem, Shestack argues, is that cultural or moral relativism became a mechanism to justify human rights abuses by repressive and authoritarian states. Such states have asserted that human rights practices and principles are themselves Western imperialist impositions on local and traditional culture and in that way justified “limitations on speech, subjugation of women, female genital mutilation, amputation of limbs and other cruel punishment, arbitrary use of power and other violations of international human rights conventions” (Ibid: 58). The question is whether there are self-evident universal human rights that transcend time and place? The philosopher John Finnis suggests there are:

All human societies show a concern for the value of human life (...) in none is the killing of other human beings permitted without some fairly definite justification. In all societies there is some prohibition of incest, some opposition to boundless promiscuity and to rape, some favour for stability and permanence in sexual relations. All human societies display a concern for the truth (...) all societies display a favour for the values of co-operation, of common over individual good, of obligation between individuals, and of justice within groups. All know friendship. All have some conception of *meum* and *tuum*, title or property, and of reciprocity (...) All display a concern for powers or principles which are to be respected as suprahuman; in one form or another, religion is universal (Finnis, in Shestack, 2000: 59).

The recognition that some human rights are absolute allows relativist scholars at least, the means to express moral outrage against certain abhorrent and offensive practices. But in the end, says Shestack, as international human rights law becomes increasingly enshrined (and more so if translated into local national legislation), societal pressure eventually transforms the adherence to law into custom and thus culture itself.

What seems clear is the need to avoid extremes. On the one hand, the extreme relativist position that advocates that every nation, culture, ethnic or religious group has the right to assert anything in the name of cultural uniqueness can result in the disengagement and isolation from the so-called international community and conventions. On the other hand, there is a kind of absolutist stance that seeks to enforce universal values as well as social, political and economic practices. The danger here, it is argued, is the attempt at the homogenization of diverse cultures that, at the same time, are heralded as desirable (Bauman, 2001). To find the commonality of heterogeneous cultures (as Campbell, 1988, has done by locating standard themes in the myths and legends of ancient and contemporary cultures) that are acceptable to all is something that has in some

important areas eluded the international community as organized in the institutions of the United Nations.

At the World Conference on Human Rights, held in Vienna in 1993, seven human rights instruments were identified as requiring universal application. In addition to the Universal Declaration of Human Rights, they were the International Convention on the Elimination of All Forms of Racial Discrimination, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Convention on the Elimination of All Forms of Discrimination Against Women, the Convention Against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment, the Convention on the Rights of the Child, and the International Convention on the Protection of the Rights of All Migrant Workers and their Families. The intention is for all countries not only to ratify these conventions, but that national laws be created that are consistent with their requirements (Taran, 1998).

As Table 1 shows, the record of adoption of these human rights instruments in the Gulf states is rather poor, with the exception of Kuwait. Indeed, throughout the Arab world few human rights organizations have developed following on the 1980s vanguard initiatives in countries like Tunisia, Morocco, Palestine and, to some extent, Egypt (Sa'eid, in Al-Sayyid and Steiner, 1998). No Arab country has thus far signed the Migrants Rights convention.

TABLE 1  
DATE OF RATIFICATION OF PRINCIPAL INTERNATIONAL HUMAN RIGHTS TREATIES  
IN THE GCC (as of 21 August 2002)

Treaty	Country					
	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
CESCR	-	96	-	-	-	-
CCPR	-	96	-	-	-	-
CERD	90	668	-	76	97	74
CEDAW	02	94	-	-	00	-
CAT	98	96	-	00	97	-
CRC	92	91	96	95	96	97
MWC	-	-	-	-	-	-

- CESCR – The International Covenant on Economic, Social and Cultural Rights.
- CCPR – The International Covenant on Civil and Political Rights.
- CERD – The International Convention on the Elimination of All Forms of Racial Discrimination.
- CEDAW – The Convention on the Elimination of All Forms of Discrimination Against Women.
- CAT – The Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.
- CRC – The Convention on the Rights of the Child.
- MWC – The International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.

Source: Office of the United Nations High Commissioner for Human Rights.

## 2. HUMAN RIGHTS AND THE MIDDLE EAST

The relativism versus universality of human rights, particularly in relation to Islam, has been challenged and debated at least since the drafting of the Universal Declaration of Human Rights in 1947. Then, the government of Saudi Arabia refused to ratify the Declaration because of its objection to Articles 16 (on the freedom of choice of marriage partners) and 18 (on freedom of religion). The Saudi delegate to the UN argued that:

The authors of the draft declaration had, for the most part, taken into consideration only the standards recognized by Western civilization and had ignored more ancient civilizations which were past the experimental stage, and the institutions of which, for example, marriage, had proved their wisdom through the centuries. It was not for the Committee to proclaim the superiority of one civilization over all others or to establish uniform standards for all the countries of the world (in Ignatieff, 2001).

Ignatieff (2001) suggests that this line of argument was:

a defense of both the Islamic faith and patriarchal authority. The Saudi delegate in effect argued that the exchange and control of women is the very *raison d'être* of traditional cultures, and that the restriction in female choice of marriage is central to the maintenance of patriarchal property relations.

Ignatieff articulates that which many in the Arab world also suggest, namely, that attempts to reconcile Islam and the West by emphasizing the commonality of human rights principles in both “traditions” have been largely unsuccessful (“bland and unconvincing”) (Ibid). Texts highlighting human rights instruments within Islamic teaching and the Koran are beginning to proliferate, including positive analyses of women’s rights through re-readings and textual analyses of the Koran (see Mernissi, 1993; Moussalli, 2001). These are defensive reaction from the Arab and Islamic world to the “Islamaphobia” sweeping the West (see Conway, 1997).

In a more deconstructivist tone, Franck (2001) points to the theme of double standards when it comes to the censure of human rights violations. Raising the issue of death sentences by stoning and other extremely oppressive practices against women in Afghanistan (pre-“September 11”), Franck notes that the Taliban rejected outside criticism and interference by insisting “that they not be judged by the norms of others”. By way of comparison, he suggests that Islamic countries are not alone in fending off external criticism. For example:

Florida’s government, after frying several prisoners in a faulty electric chair, has only reluctantly turned to other methods of execution to conform to the US Constitution’s prohibition of “cruel and unusual punishment”. Yet when America’s Western allies tell it that the US system of capital punishment is barbaric, local politicians and courts reply that it is their way and no one else’s business, which is precisely what the Taliban say (Franck, 2001: 195).

The “double standards” discourse has been a consistent theme in the dialogue against human rights as a programme of Westernization in the Arab world, most particularly related to Israel’s impunity when it comes to their treatment of the Palestinians. Transnational NGOs, such as Amnesty International and Human Rights Watch, have also been viewed as Euro-American

based, arrogant, non-consultative and biased against the Arab and Islamic regions, although there has been some softening of this view in recent years as they are seen to be more genuinely international (Al-Sayyid and Steiner, 1998).

Of particular and increasing concern for international agencies such as the United Nations, the International Labour Organization and the International Organization for Migration, has been the need for the protection of the rights of migrants who are seen as a particularly vulnerable class of people within recipient countries. As migrant movements are increasingly temporary (as distinct from immigrants who seek and are eligible for permanent citizenship status) a great deal more attention is being given to the legal and administrative regulations that control them. In many Arab countries, especially the Gulf states, this type of migrant is of particular importance, given that in some states they outnumber local nationals in the workforce. The next section looks at a recent discussion of the nature of their vulnerability.

### 3. THE STATE AND MIGRANT VULNERABILITY

There is increasing recognition in the United Nations that human rights violations against migrants are becoming not only more prevalent, but difficult to counter, despite numerous international conventions, resolutions and standard-setting documentation. In a recent issue of the *International Migration Review* (Summer, 2002), Jorge Bustamante reported on a study prepared for the UN group of experts on the human rights of migrants established by the Commission on Human Rights. In his article, Bustamante offers a long overdue discussion and conceptualization of “vulnerability” in reference to the human rights of migrants. While some aspects in the definition of migrant vulnerability are useful, Bustamante does not go far enough in identifying specific structural and cultural features when it comes to temporary migrant workers in both home and receiving countries.

Migrant vulnerability is defined as: “a social condition of powerlessness ascribed to individuals with certain characteristics that are perceived to deviate from those ascribed to the prevailing definitions of a national. Vulnerability is a social condition associated with the outcomes of impunity for those who violate the human rights of those migrants labelled as deviant” (Bustamante, 2002: 340).

By way of summary, Bustamante (2002) argues that:

- 1) Neither international institutions (e.g. UN), nor non-governmental organizations have been successful in establishing disincentives that will motivate states to act against migrant human rights violations.
- 2) Structural and cultural conditions serve to maintain and reproduce migrant vulnerability in power relations that enable abuse and exploitation of migrants. Structural conditions are based upon the differential status between nationals and non-nationals (or between citizens and non-citizens) and the resulting privilege and discrimination. The cultural element provides the ideological legitimation and reinforcement of power relations through derogatory “stereotypes, prejudices, racism, xenophobia, ignorance and institutional discrimination” (p. 339).

- 3) Violations of migrant human rights “results in various degrees of impunity...understood as the absence of economic, social or political costs” (p. 339) to which one might add “legal” impunity. This impunity is an outcome of the social process that labels migrants as deviants.
- 4) Vulnerability of migrants in the receiving country is analytically different from the conditions of vulnerability in their home country that is essentially an internal matter between individuals and the state, whereas migrant human rights only come into effect as an international issue in the receiving country. Violations of the rights of nationals has generally been left (in some cases disastrously) to respective nation states by the international community, until recent debates over cases such as Kosovo, Somalia and East Timor.
- 5) Vulnerability is linked to the low cost of labour they provide, which in turn creates a market demand for their services. If such vulnerability is reduced, there will be a tendency to increase their cost to recipient countries and thus reduce demand.
- 6) Migrants do not have the rights of citizens, nor should they, for such decisions remain the sovereignty of the nation state. Non-nationals may be excluded without discriminatory intent of the state. It may be “a *de facto* abuse of power against those excluded by the distinction” (p. 345).
- 7) There is a “gap” between the concern for human rights of migrants and the number of member states of the United Nations who refuse to ratify the conventions to protect migrants (p. 348).

Thus, by definition, migrants are in an underprivileged position as non-nationals. The point of action is to reconcile the contradiction between the national rights of the state to discriminate and the international human rights of non-nationals. Furthermore,

A basic principle of human rights is that entering a country different from his or her own, in violation of that country’s immigration laws, does not deprive such an “irregular immigrant” of his human rights, nor does it erase the obligation of a UN member state to protect those individuals (Bustamante, 2002: 345).

The difficulty is in the detail, which needs some elaboration. By insisting on a general human rights approach, Bustamante provides a somewhat essentialist definition, ignoring many of the specifics of powerlessness. The power differential is not only between nationals and non-nationals or citizens and non-citizens. It is also the status of occupational positions that affects vulnerability to the *de facto* abuse. Belittlement and bastardization occur everywhere as a function of class and status as well as ethnicity, religion and other sociological characteristics. Bales (1997), for example, argues that the new forms of contract slavery are more a function of economic vulnerability rather than race, ethnicity or citizenship status.

In the new slavery, race means little... The common denominator is poverty, not color. Behind every assertion of ethnic difference is the reality of economic disparity... Modern slaveholders are predators keenly aware of weakness...rapidly adapting an ancient practice to the new global economy... The question isn’t “are they the right color to be slaves?” but “are they vulnerable enough to be enslaved?” The criteria of enslavement today do not concern color, tribe or religion; they focus on weakness, gullibility and deprivation (Bales, 1997: 10-11).



The migrant worker's condition of poverty, powerlessness and vulnerability is also combined with ignorance and an absence of both physical and legal protection. Bustamante's reference to the deviant labelling of migrant workers is best explained through the process by which temporary migrant workers are rendered "illegal" if their residence papers and work permits are not renewed, or if they are smuggled into the receiving country, thus making them vulnerable to arrest, detention or imprisonment and deportation, when violence or the threat of violence are ever present.

The *Kafala* system of sponsorship (which is more or less identical in all Arab states and indeed most countries) binds the foreign workers to their local employer in a legal as well as financial dependency. In the Arab states, Asian and African workers find it impossible to arrange their own papers without assistance from local nationals, particularly recruitment agencies. Yet, the migrant is legally responsible for the regularization of the entry status. If, for example, an employer does not renew the papers, or if the employee leaves the employer ("runs away"), the worker automatically becomes an "illegal alien" and is subject to arrest, imprisonment or detention and deportation. Thus, they become criminals without any judicial determination (Taran, 2000). It is rare, if at all, that Arab nationals are prosecuted for human rights violations against migrant workers – for physical abuse, restriction of freedom, withholding of passports, non-payment of wages or exploitation in terms of working hours (Jureidini, 2002).

In one case in Lebanon, for example, in 2000-2001 two Sri Lankan women were allegedly sent (illegally) to work as domestic maids in Syria. After some 19 months, they returned to Lebanon only to be robbed at gunpoint by the agent and his partner who had sent them. On filing a complaint to the police, their papers were found to be irregular and they were placed in detention. It was not until ten months later that they were brought before the courts to present their case against the agent. They attended the court, however, as criminals, rather than plaintiffs, handcuffed and escorted by police. Criminal charges were never brought against the agent. The judicial procedure emphasized a financial settlement (conciliation) between the parties, which was resolved some months later by General Security officials who intervened when negotiations between the lawyers had reached an impasse. The two women were given some compensation (which according to them did not cover their cash losses), airline tickets and were repatriated back to Sri Lanka. The agent was free to continue his business and has since been involved in other cases of abuse.

Bustamante's distinction between vulnerability in the home country and vulnerability in the host country is overly formalistic in that there is an assumption that international concern over migrants can only be switched on once migration has taken place. However, the vulnerability of individuals and families who are economically needy or discriminated against in their home country adds another dimension to their vulnerability as migrants. For example, lacking sufficient funds to pay initial charges for migrating can lead to loans and guarantees to recruitment agencies as well as loan sharks in the home country that place the intending migrant in forms of debt bondage. The indebted migrant worker is bound to pay off the debt (where family members at home may be threatened) regardless of conditions and treatment in the receiving country.

The temporary foreign contract worker, without citizenship rights, without coverage by local labour laws, without the right to organize or join labour unions, are vulnerable to violations, not only in an institutional sense of discrimination by the state, but merely because of their status as

non-nationals. They are vulnerable to the whims, racism and xenophobia of nationals who are politically privileged with individual power and confidence to exploit or give vent to migrants as scapegoats for their own frustrations. Without an active assertion of international conventions that are translated into local law and that clearly articulate the rights of migrants, regardless of their citizenship or legal status in the receiving country, human rights violations are likely to continue. At this level, there is an ideological requirement in the socialization of attitudes of tolerance and decent treatment through various types of education programmes (see Mattila, 2001). Here there is an *a priori* requirement of political and judicial will, that includes local trade unions which in most countries have traditionally not been particularly sympathetic to (cheap) migrant labour who are often blamed for undermining the local labour markets of nationals (members).

Finally, the reluctance of so many states to ratify UN and ILO conventions for the protection of migrants is a major cause for concern. Governments are still the primary agents in the implementation of international human rights law, and are the “guardians of the human rights of all individuals residing in their territories” (Mattila, 2001). As guardians, government actions and attitudes (which may include passive silence) towards migrants are important in setting standards for the civility of its citizens in regard to migrants – just as there are moral and religious values that underpin civility. International human rights instruments seek to provide guidelines for the treatment (management and regulation) of migrants.

It is generally accepted that the most appropriate international convention which covers the rights of temporary foreign workers, and foreign female domestic employees in particular, is the 1990 United Nations International Convention on the Protection of the Rights of All Migrants, Workers and Members of their Families (see deBeijl, 1997; Doomerick, 1998; Young, 2000). This convention is the most comprehensive landmark instrument dealing with human rights conditions of migrant workers, and the only one that clearly does not exclude temporary contract migrants and extends provisions to migrants who are in an irregular situation. However, although passed in 1990 and with recent promotional efforts, this convention has only just come into force with the twentieth ratification by East Timor in December 2002.

It has been suggested that the lack of support for the 1990 Convention by Western countries has been because: (a) it is “too ambitious and detailed” in its coverage and thus “impractical and unrealizable”; and (b) no migrant host country has been prepared to adopt it, and so it has become irrelevant (Taran, 2000: 19). Indeed, the list of signatories to the Convention reveals primarily sending countries from the “developing world” (such as Bangladesh, Ghana, Mexico, Morocco, Philippines, Sri Lanka and Turkey) but not migrant-receiving countries and none from the West.

Similar problems exist with regard to the implementation of International Labour Organization (ILO) instruments dealing with migrant labour (specifically, Convention No. 97, Migration for Employment Convention, Revised, 1949; and Convention No. 143, Migrant Workers, Supplementary Provisions, Convention, 1975). An ILO Working Party reported in 1999 that government resistance to Convention No. 97 includes disagreements with the requirement to treat nationals and non-national workers equally and an unwillingness to guarantee residence rights in the event of incapacity to work. In the case of Convention No. 143, the latter provision includes loss of employment and requirements for equality of opportunity, treatment and occu-

pational mobility. These were also reported as creating difficulties for state ratification and implementation (see Taran, 2000: 20-21).

Although many governments have based national laws and regulations on selective elements of ILO conventions, the ILO instruments themselves have inadequate provisions to protect the currently most common form of migrant worker, namely temporary foreign contract labour. Two provisions, for example in Convention No. 143, are problematic. First, the preamble provides that “the definition of the term ‘discrimination’ in the Discrimination (Employment and Occupation) Convention, 1958, does not mandatorily include distinctions on the basis of nationality”. This seems to contradict the provisions for non-discrimination between nationals and non-nationals. It does, however, point to the important acknowledgement of state sovereignty. For example, the state cannot be held liable for discrimination against a non-citizen who applies for work and is unsuccessful because the right to work applies only to citizens. While governments may be obliged to maintain residence in the case of an unemployed foreigner, it is not obliged to provide employment.

Second, Article 11, Part 2, states that the Convention excludes:

Employees of organizations or undertakings operating within the territory of a country who have been admitted temporarily to that country at the request of their employer to undertake specific duties or assignments, for a limited and defined period of time, and who are required to leave that country on the completion of their duties or assignment.

While it may be assumed that this exclusion was originally designed to exempt consideration of technical-managerial employees of multinational corporations, it also applies to, for example, unskilled domestic workers in the Middle East and elsewhere throughout the world who migrate on fixed contract bases with private sponsors in the receiving country (see ILO, 2000: 73). The current dilemma, particularly for foreign domestic workers in the Middle East, as in other countries, is that there are no direct references to their occupational status in local labour laws or in international conventions that are in force. Further, ILO insistence on minimum rates of remuneration are anachronistic in countries where no minimum wages apply, at least in certain industries and occupations. And certainly not in the field of unskilled work such as construction, agriculture and domestic work where migrant labour typically undercuts local wage demands.

It has been argued elsewhere (Jureidini, 2002) that the following articles from the Universal Declaration of Human Rights (adopted by the General Assembly in December 1948) are being violated in regard to foreign domestic workers in the Middle East.

Article 5:

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Article 13:

1. Everyone has the right to freedom of movement and residence within the borders of each state.
2. Everyone has the right to leave any country, including his own, and to return to his country.

Article 23:

1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
2. Everyone, without any discrimination, has the right to equal pay for equal work.
4. Everyone has the right to form and to join trade unions for the protection of his interests.

Article 24:

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

The Cairo Declaration of Human Rights in Islam, which was adopted by the Organization of the Islamic Conference in 1990 does seek to eliminate discrimination against all individuals. The Agreement of the Council of Arab Economic Unity (1965) specifically addressed migration with provisions for freedom of movement within the region, employment and residence, but its intention at that time was probably only in regard to Arab nationals. In 1968, the Arab Labour Organization developed the Arab Labour Agreement, which intended to facilitate labour movement in the region, giving priority to Arab workers. These same provisions were reiterated in the 1970s with the strengthening of measures to retain jobs for Arab workers and to remove non-Arab workers from the region. The reduction of non-Arab migrants from the Arab labour market was particularly evident throughout the 1980s as part of the Strategy for Joint Arab Economic Action and the Charter of National Economic Action. It favoured Arab over non-Arab labour to “reduce dependence on foreign labour”. In 1984 this doctrine was reiterated in the Arab Declaration of Principles on the Movement of Manpower calling for interregional cooperation (Pires, 2000). During the 1990s, however, these principles were considerably relaxed. While a massive return migration to Asia and Africa from the Gulf states was evident just prior to and during the Gulf War, there has been a gradual reintroduction of cheap foreign labour into most Arab countries (see Castles and Miller, 1998). However, little in the way of regional or international human rights legislation or ratification covering Arab or non-Arab temporary migrant workers has been forthcoming. One recent exception that is attempting to introduce regulations consistent with international human rights principles has been developed in Jordan. This UNIFEM initiative attempts to not only put progressive regulations in place, but also seeks to implement them in collaboration with government departments and other NGOs. Other Arab countries such as Saudi Arabia, for example, have introduced legislation that prohibits the withholding of migrant passports, but the widespread practice continues.

#### 4. CONTRACT STANDARDIZATION IN JORDAN

The culmination of almost two years of work, discussions and negotiations between UNIFEM (United Nations Development Fund for Women) in Amman, the Jordanian government and concerned NGOs has resulted in a “Special Working Contract for Non-Jordanian Domestic Workers”. The standardization of this contract – to be signed by the employer and employee, the recruitment agency and ratified by the seals of the Jordanian Ministry of Labour as well as the relevant embassy of the employee – is designed to provide legal protection for foreign female domestic workers as a particularly vulnerable group. A memorandum of understanding between UNIFEM and the Jordanian Ministry of Labour in August 2001 marked the initiation of the project

“Empowering Migrant Women Workers in Jordan” that included the sending countries of Nepal, India, Indonesia, Philippines and Sri Lanka (UNIFEM, Press Release, 21 January 2003).

In this contract there are a number of particularly innovative provisions that seek to implement international standards. I will only mention a few. First, the terms and conditions provide that the employer/sponsor take full responsibility for the establishment and maintenance of the work permit and residence of the foreign employee (third provision). If these are not maintained, the employer bears full legal liability. This is a particularly important condition because as it currently stands in most countries, the migrant is legally responsible for his/her “regular” papers. If they have not been renewed and the worker is caught, it is the worker who is arrested and placed in detention until the situation has been resolved.

The tenth clause makes it clear that the employer “has no right to withhold the (employee’s) passport or any other related personal documents”. This is a major breakthrough, for this practice has become standard practice in all Arab countries and is a violation of an individual’s rights. It is used as an “insurance” against a maid “running away” without compensating the employer for the costs in relation to procuring the employee from an agency. It is also used to hold the worker more or less captive in the household. The contract also stipulates that wages must be paid within seven days of the due date each month and that a receipt, signed by both parties, is required to verify payment. This provision should circumvent the widespread practice of non-payment (cases of anything up to six years have been revealed) that is used to bind the worker to the employer in dependent anticipation of payment.

A major limitation of the UNIFEM contract is contained in the eighth clause which stipulates that one rest day per week shall be granted. However, it also stipulates that the employee “shall not leave the residence without the permission of the employer”. This leaves the door open for severe restriction of movement of the worker. If leisure time is to be granted, by all measures and definitions, it should be “free time”. That is, what the employee does during that time should be unrestricted as long as it is within the law. One might assume that the decision to retain such a condition was the result of considerable argument and compromise on the part of the UNIFEM officials drafting the document.

## 5. IMPLICATIONS OF HUMAN RIGHTS AND MIGRANT VULNERABILITY REGARDING THE MANAGEMENT AND REGULATION OF MIGRANT LABOUR

Foreign temporary contract labour is now a permanent feature of many Arab countries. Despite spasmodic policies to reduce their numbers (since the late 1980s and up to the present), it is clear that in many occupations Arab nationals will not take their place, since jobs such as gas station attendants, domestic maids, construction workers and other unskilled menial jobs have become “racialized” into exclusive normative positions for foreigners. As contract workers their temporary status does not mean they will eventually leave en masse. Individuals may come and go, but their collective presence will not only remain but, consistent with worldwide trends, they may well increase (see Boeri et al., 2002). It is for this reason that governments need to develop policies that seriously take into account the more or less permanent presence of foreign cultures

(and religions) and their rights according to international instruments. This may necessitate more integrative or multicultural policies that recognize the positive economic and cultural contributions of migrant labour, as has been adopted in countries like Canada, Australia, England and the US.

Arab regimes cannot maintain repressive measures and the denial of rights of foreign temporary workers forever. Just as in the 1980s and early 1990s many Arab workers were expelled out of fear of their permanent presence and possible demand for political participation (Palestinians, Egyptians, Yemenis), so it may be envisaged that Asians and Africans will eventually demand citizenship status, political enfranchisement and religious freedom – Catholics from the Philippines, Buddhists from Sri Lanka, Hindus from India. Further, humans being what they are, we can also envisage greater demands for exogamous marriages. In all Gulf states, for example, marriages to foreigners are banned, unless given special government permission. In almost all Arab states, women have not been able to pass on their nationality to their children. That is, if married to a foreigner, a local mother's children cannot be granted citizenship. This violates one of the basic rights of citizenship. However, the same does not apply to men who marry foreign women who automatically gain citizenship status upon marriage.

It may be suggested that the current regulations and practices in Arab countries covering temporary foreign migrant labour can be liberalized. However, what is most important from a human rights perspective, are liberalized laws and regulations that are not implemented (that is, policed).

First and foremost, migrants (and their employers) should have access to recourse mechanisms in the host country to complain about mistreatment, breaches of contract and other grievances, without fear of reprisals by the local judicial bodies, law enforcement agencies, employers and agencies. In other words, where there are problems between employers and employees, they know where they may be able to receive impartial hearings of their grievances.

Second, standardized contracts need to be brought into line with international human rights instruments, along the lines of the Jordanian initiative. Contracts need to specify conditions and hours of work with adequate free time in accordance with international labour standards.

Third, migrants should be granted freedom of movement within the host country and not be forced to remain when they desire to leave – whether during or at the end of the contract period. Contracts can specify agreed penalties for breaking contractual arrangements.

Fourth, foreign employees should be granted the freedom to leave their sponsor/employer and seek alternative employment in the host country. This is a particularly controversial and difficult area. However, Bahrain has relaxed transfer rules to allow foreign workers to change sponsors within the country. Amnesties for “illegal” migrants in most Arab states from time to time also allow this practice, but it is (necessarily) *ad hoc*. This requires the “freeing up” of local labour markets, but runs the risk of exacerbating conflicts between nationals and non-nationals.

Fifth, Arab states (indeed, all countries) should “decriminalize” migrant workers whose residence and work permits have expired. The onus and responsibility for valid work and residence

papers should lie with the sponsors rather than the migrants who usually do not have the means nor the know-how to validate their documents.

Sixth, the relaxation of rights of residence and citizenship for foreigners will be seen as an indicator in the overcoming of xenophobic attitudes and practices.

## 6. CONCLUSION

The contemporary efforts towards the liberalization of markets in finance and goods globally do not seem to be applicable when it comes to human migration and international labour markets. One of the most energetic activities of governments is often a ferocious policing of borders to prevent “illegal migration” and regulations to control and manage foreign nationals within their borders. Few countries are acknowledging the need for human rights specifically targeted towards migrants, and temporary migrant labour in particular. Increasing nationalistic sentiments with regard to this issue are being played out in terms of the sovereignty of nation states to determine who enters and leaves when and how. The unwillingness of states to ratify international instruments which articulate the human rights of migrants is testimony to a greater concern for their particular needs against universalistic principles. As a result, we find in the Arab world, as in perhaps most other countries, widespread violations of human rights standards against migrant workers and, perhaps most flagrantly against foreign female domestic employees, because of their relative invisibility from the public sphere. The rise of nationalism, ethnocentrism, racism and xenophobia has become widespread and the first to feel the brunt of these sentiments are migrants who lack citizenship rights and the protection of national laws and law enforcement agencies.

While some international organizations such as the ILO and the IOM are raising awareness of the problems being encountered, little in the way of addressing and making practical and enduring reforms in the Arab states has been forthcoming. Some recent but still minor pathbreaking activities are currently underway in Jordan through the efforts of UNIFEM, and some human rights NGOs in other states such as Bahrain, Kuwait and Lebanon, but there is still a long way ahead before serious structural changes are put in place to reduce the vulnerability of migrants.

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# THE LINKS OF ARAB “DIASPORAS” TO THEIR COUNTRIES OF ORIGIN

Abdelkader Latreche

## INTRODUCTION

Over the last decades, Arab migration to Europe generally, and Moroccan migration to France in particular, has undergone some quantitative and qualitative changes. Actually, more than 2 million individuals originating from one of the Maghreb countries (Algeria, Morocco and Tunis) reside in one of the European Union countries, among whom 60 per cent live in France, and their socio-economic situation has undeniably improved.

If in France “Maghreb<sup>1</sup> immigrants”, who are mainly labourers, remain less qualified and low paid, over the last decades new faces have emerged in the traditional representation of the Maghrebi immigrant. The number of people heading enterprises, of scientific and intellectual careers, intermediaries and senior employees has steadily increased. Politics and unions are no longer excluded, more and more individuals of Arab origins invest in such fields in spite of the persistent resistance they face.

These transformations show and testify to a better “placing” of Maghrebi immigrants and their descendants in their host countries. Could we, then, speak of a new age for Maghrebi migration in Europe? Could we be about to witness the constitution and emergence of Maghrebi “diasporas”, or rather “elites”, in France and Europe? What is the actual linkage between immigration and the countries of origin, and what are its effects? What are the returns of this new configuration of Maghrebi immigration in France to its countries of origin?

The numerous changes in Maghrebi immigration in France have allowed the creation of “new areas” of exchange between the countries of origin and of reception. How do these new relations reveal themselves in the country of origin and how do they develop? Can we speak of a structure behind the exchanges between immigration and emigration societies?

Studying South-North immigration trends we often insist on the financial consequence for the countries of origin. Apart from the entries of remittances, what are the new returns of migration on the development of the country of origin? How do these new forms of participation and contribution of Maghrebi “diasporas” to the development of their countries of origin fall into place? What is the place reserved by Maghrebis residing abroad for the states of the Maghreb? In other words, what are the relations of the states of the Maghreb with their migrants?

The objective of this research is to show the relationship of the new form of Maghrebi migration in France, particularly that of scientists and researchers, with their countries of origin, through the study of the evolution of that particular migration.

## 1. THE IMPORTANCE OF THE MAGHREBI POPULATION IN FRANCE AND IN EUROPE

Maghrebi migration to Europe is not a new phenomenon. Since the early years of the colonial occupation of northern Africa, the European continent has always attracted young Muslims or north Africans. At the time, the first migrants were Algerians moving to France. It was not until the beginning of the twentieth century that Maghrebi migration in France underwent its first development: these were the first waves of organized migration of north African labour towards the metropolis. With the outbreak of the First World War, thousands of soldiers were recruited from the colonies and territories under French administration to satisfy the needs of the French army. At that time, one could not yet speak of a strong presence of north Africans in France and their numbers did not exceed 30,000 individuals. It was only in the wake of the Second World War that this presence began to be significant. The fifties and sixties witnessed the arrival of successive massive waves of Maghrebi workers. French companies often recruited labourers in their countries of origin. This is the first Maghrebi immigration age, and immigration was exclusively directed towards large French cities, large absorbers of workers and Maghrebis were often recruited into the industrial and transformation, mining and agricultural sectors.

The post-war developments in industry and reconstruction constitute a turning point in the history of Maghrebi immigration in France. From then on, Maghrebi migration, essentially consisting of labour, was on the rise. In France, Maghrebis became more and more visible. In addition, hundreds of thousands of French Muslims or *harkis* were repatriated to France in the wake of the Algerian war.

By the beginning of the seventies, with the end of labour migration, the Maghrebi presence in Europe saw another transformation. As the labour migration, the original type of the Maghrebi migrant, faded out in favour of family immigration, Maghrebi migration in France and Europe now consists of households.

At the end of the seventies, the presence of Maghrebis constituted the first foreign non-European resident population in France. At the time of the 1982 survey, the actual magnitude of Maghrebi migration in France was acknowledged and was to become known as the second Maghrebi migration age.

If at that time France was the favourite destination of Maghrebi migration, this did not prevent the emergence of new migration flows to other European destinations. This is particularly true of the migration of Moroccans toward Belgium, Holland and Spain. The variation of the Maghrebi migratory direction marks the rise of the third Maghrebi migration age.

Today, the Maghrebi population in Europe is largely dispersed over the whole continent (Table 2) well beyond the traditional direction of Maghrebi migration flows.

TABLE 1  
EVOLUTION OF MAGHREBI PRESENCE IN FRANCE SINCE 1946

	Total Foreigners	Algerians	Moroccans	Tunisians
1946	1,743,619	22,114	16,458	1,916
%	100	1	1	1
1954	1,765,298	211,675	10,734	4,800
%	100	12	1	0
1962	2,169,665	350,484	33,320	26,569
%	100	16	2	1
1968	2,621,088	473,812	84,236	61,028
%	100	18	3	2
1975	3,442,415	710,690	260,025	139,735
%	100	21	8	4
1982	3,714,200	805,116	441,308	190,800
%	100	22	12	5
1990	3,596,602	614,207	572,652	206,336
%	100	17	16	6
1999	3,258,539	475,216	506,305	153,574
%	100	15	16	5

Source: Population census.

TABLE 2  
MAGHREBI POPULATIONS IN THE EUROPEAN UNION

	Algerians	Moroccans	Tunisians
Total European Union	660,256	1,168,156	285,345
Germany (1998)	17,499	83,904	25,394
Belgium (1998)	8,878	132,831	4,655
Denmark (1998)	438	3,557	500
Spain (1998)	580	110,100	469
France* (1999)	575,740	521,059	201,700
Great Britain (1997)	5,000	8,000	-
Italy (1997)	6,285	117,487	44,176
The Netherlands (1998)	1,070	135,725	1,535

\* Foreigners and persons born in the Maghreb having acquired the French nationality.

Source: European Social Statistics, Migration, EUROSTAT, Detail Table, 2000, Luxembourg.

Over the last decades, the direction of migration from the Maghreb to Europe has expanded and become more flexible. Maghrebi migrants have now settled in other non-francophone European countries, which have no historic relations with the Maghreb, such as Germany, Holland and Italy. In fact, we find a continuous settlement of Tunisians and Moroccans in Italy, and of Moroccans in the Netherlands and in Germany. Even in northern countries of Europe such as Denmark the presence of Maghrebis is being felt. This diversity in migratory destinations of the Maghrebi population points to:

- The development of migratory movements in recent years;
- The emergence and intensification of migratory networks between countries of origin and countries of reception.

All recent researches on migratory movements mention the incidence of networks between migrants and non-migrants in the development of international mobility. These migratory networks are based on classic and traditional solidarity systems; especially ethnic and/or regional affiliation, and ties to family relations sustain and guarantee migratory movements between countries of origin and of destination. These networks increase the probability of movements by reducing costs and constituting a social capital that people can fall on when they immigrate. They constitute channels of information, provide insurance mechanisms and shorten administrative procedures.

The local concentration of Maghrebis in Europe, particularly in France, according to their geographic origin, proves the importance of migratory networks and ethnic affiliation. Thus, we notice that the geographic concentration of the Maghrebi population in France is not only based on the sense of belonging to a national group, but is also determined by an affiliation to a race or a specific geographic origin.

Aside from these quantitative transformations, Maghrebi immigration to France and Europe has known other qualitative changes, which reveal a largely ascending movement on the social scale. Indeed, today, individuals of Maghrebi origin are increasingly accessing higher social and professional standing.

Actually, more than 114,886<sup>2</sup> persons of Maghrebi origin head enterprises, or are tradesmen, artisans, cultivators and free businessmen. If other categories of work have also increased slightly, partly because of the expansion of ethnic commerce,<sup>3</sup> they remain minor<sup>4</sup> among the Maghrebi population.

Business administrators, professions such as teaching, health care, public workers and the like, as well as intermediary administrative and commercial professions increasingly attract persons of Maghrebi origin.

Aside from this progress, it is the importance of political and social involvement that attracts young Maghrebis. In France, access to elected functions remains insurmountable, that does not give them access to positions like deputy, or mayor of a city of more than 10,000 inhabitants, or regional counsellor and senator. In Belgium and the Netherlands, the short history of Arab and Maghrebi migration has not prevented the election of more than 70 public counsels of Arab origin in the Brussels region. In the Netherlands, the latest legislative elections resulted in the election of seven deputies of Arab origin.

Once we have clarified the weight of the population of Maghrebi origin in Europe and recognized the important transformations that have affected this population, it seems necessary to define the concept of diaspora and its constituents, before approaching the relationship between Arab diasporas and their countries of origin. This will allow us later on to measure the limits of the application of this concept to Maghrebi communities and populations settled in Europe.

## 2. SOME DEFINITIONS OF THE CONCEPT OF “DIASPORA”

For some ten years, the scientific use of the term “diaspora” has been the subject of a fantastic inflation in the field of social sciences. After being confined to some “peoples” (Jews, Armenians, then Indians and Chinese), it has increasingly been extended to include more than 50 populations. The concept of “diaspora” has been at the centre of several recent investigations in the field of social sciences.

Several authors (Sheffer, 1986; Safran, Raulin, 1988) drew attention to the emergence of new forms of organization in settled labour migration in industrial societies. We see here a generalization of the notion of diaspora to include all manner of population dispersions. The term Maghrebi diaspora is used more and more frequently. Is this concept well adapted to the presence and activities of Maghrebi populations or communities in Europe?

The term diaspora<sup>5</sup> used in the social sciences (Bruneau, 1995; Hovanessian, 1990), goes back to Anglo-Saxon research. Gabriel Sheffer (1986) mentions its appearance in an article by Armstrong (1976) and thinks it is a mistake to consider that the term can be applied exclusively to the dispersion of the Jews, as other diasporas have existed even before (Nabatean, Phoenician or Assyrian). He proposes three definition criteria:

- The development and maintenance of an identity proper to diaspora communities.
- An internal organization of diaspora distinct from that of its country of origin or destination. This social organization is essentially based on communitarism, which permits the diaspora to be discerned in its country of reception without being separatist.
- Significant contacts with the country of origin, either in fact (travel, remittances,...) or symbolically.

Other authors like Esman (in Seffer, 1986) restrict the usage of the term to a category of migrants he refers to as minorities. Safran (1991), on the other hand, confirms that the term diaspora can be considered a metaphoric designation and can thus refer to very different populations: “expatriates, expelled, political refugees, immigrants and racial minorities”.

Still other authors have proposed certain typologies combining different criteria. Alain Medam, for example, raises a typology of diasporas essentially based on the degree of cohesion and dynamism of the diasporic organization. He distinguishes between **crystallized** and **fluid** diasporas. Among the crystallized or floating diasporas, we find the dynamic diasporas characterized by highly efficient transnational networks. At the other end stand the amorphous diasporas with very weak networks. From his side, Michel Bruneau (1995) proposed a typology based on what, according to him, is the basis of the organization of a diaspora: the enterprise (for Lebanese), religion (Jews, and pontic Greeks), and politics (Tibetans, Palestinians).

Gabriel Sheffer (1993) distinguishes between a diaspora with no origin, and one which has been deprived of its national state. Robin Cohen (1997), finally, proposes a typology which combines several characteristics: imperial/colonial; work/service; commerce/business/professional; cultural/hybrid/post-modern.

On the whole, according to Marine Hovenessian (1998) these typologies lend a sense to a notion, or rather assign a reality, but do not include a definition. The notion of **diasporic dynamics** would be more appropriate to describe what she calls a new category of otherness.

### 3. THE DIASPORIC DYNAMISM?

M. Havanessian analysed the construction of diasporas based on identity: “the diasporas are not only measured in terms of space dissemination and migratory mobility, but also in terms of the identity project”. Others see in the diaspora “the consequence of political history” (Ter Minissian, 1995; Yacoub, 1995).

For others, the issue of migratory circulation occupies an important place in the analysis of diasporas; but for Tarrus, the various ways of practising mobility are a characteristic feature of diasporas, made possible by the equivalence of places to members of the diaspora. We see then the constitution of a nomad territory, in which groups of migrants move indifferently from one place to another. Also, for Cohen (1995), the modern diasporic experience is based on the relation between mobility of concrete goods, abstract goods and persons that accentuates contractual relations, and a cosmopolitan culture.

Based on these definitions, what can we say of the dispersion of Maghrebi populations in Europe? Does it form a “diaspora” or “diasporas”? Or, on the contrary, is it only a migrant “network”?

First of all, at the level of space, the definition of Maghrebi immigration in Europe reminds us of the first character of a diaspora founded on the fact of dispersion itself. We know that since the mid-sixties a dual movement of open-door has occurred inside the migratory space of Maghrebis in Europe: the first, in the second half of the sixties, based on bilateral labour agreements with countries of employment other than France (Belgium, The Netherlands, RFA); the second after 1974, following the economic crisis and the closure of traditional openings, which led to the establishment of secondary nuclei in southern Europe in agricultural, industrial or urban areas with a lively underground economy (Italy, Spain).

A diaspora, though, also evokes the solidarity of members among themselves and their attachment to their land of origin. This attachment is largely demonstrated by the Maghrebis in France and Europe. The deep-rooted affection for their society of origin is symbolized by the regularity of annual returns and the intensity of family movements back and forth on both sides of the Mediterranean. The importance of official or illegal remittances and their impact on national, regional and local economies are also elements structuring the “diasporic” behaviour and legitimize the application of this term on the performance of Maghrebi populations in Europe.

Often, diasporas define themselves in relation to one state only. In the case of Maghrebis, the national fact and the differences of politico-economic regimes and migratory policies lead us to limit the use of “Maghrebi diaspora”, at least momentarily, to prefer the application of the plural, in the same way as we do not speak of the Hispanic diaspora in the United States, but of the Cuban or Dominican diaspora, or even to a certain extent the Mexican diaspora. There are, thus, not one but several Maghrebi diasporas.



The diversity of Maghrebi diasporas in Europe is also mentioned in Cesari. In the case of Maghrebi populations in Europe, she distinguishes between two types of diasporas: a latent diaspora in the case of old immigration countries, while in countries where Maghrebi immigration is a recent phenomenon, such as Spain and Italy, Maghrebis form a latent diaspora. Aside from the extra-territoriality, which is the heart of the condition of a diaspora, it is the notion of networks and multiple forms of organization of Maghrebi populations in Europe that should be investigated to analyse and evaluate the weight of transnational networks in the creation and maintenance of diasporas.

#### 4. THE DYNAMISM OF MAGHREBI DIASPORAS

There are then three Maghrebi diasporas in Europe. They have a common colonial history, interests and even common places of work and life. They also have common problems, such as racial discrimination, for instance. On the other hand, they have other apparent particularities.

- In Europe, the spatial distribution of the three groups, Algerians, Moroccans and Tunisians is very different. There is a recruitment space particular to each population;
- Inside each state we find the same phenomenon, the case of France;
- The local scale, inside the large urban agglomerations.

Each group has thus its own particular migratory space, as is the case of Tunisians (Simon, 1979). This particularity is also clear in the dynamism proper to each of these three “sister diasporas” yet, it is also different.

One of the Maghrebi diasporas which attracts the most attention, is the Moroccan diaspora. First of all, with over a million, it is the most significant. It is also the one with the most extensive migratory space inside France, inside the European space, and even across the Atlantic.

Equally important to the diasporic function is the professional evolution that led a large number of Moroccans to establish themselves in commerce in the countries of employment, and from where they were able to establish commercial networks that constitute the basis for stable economic circuits, functioning in a continuous manner between large European cities (Paris, Lille, Brussels, Amsterdam), and large Moroccan cities (Souss, Rif) and the regions of origin.

They also make use of integration mechanisms into the functions of intermediary minorities, traditional to diasporas, to reinforce their financial status in their country of origin and to control a transnational Euro-Mediterranean economic space. Their role in the transfer of funds to Morocco is growing constantly. Annual transfers, around 4,000 million dirhams in 1980, reached over 185,000 million dirhams in 1992.<sup>6</sup> Such magnitudes go beyond the simple fact of remittances: Moroccan migrants are also investors<sup>7</sup> in their country of origin, and their investment goes to various sectors (Table 3).

In Tunisia, where remittances of Tunisians residing abroad are the immediate and tangible manifestation of returns from emigration to the country of origin, the Central Bank of Tunisia shows the volume of repatriated savings in 1995 by Tunisians residing abroad at more than DT<sup>8</sup> 712 million against 526.9 million in 1990, a rise of 35.5 per cent in six years. In addition to those

TABLE 3  
EVOLUTION OF INVESTMENTS BY MOROCCAN MIGRANTS  
BY SECTOR OF ACTIVITY

Sectors	Total 1993	Total End 1996
Industry	159,669	481,768
Health	55,928	145,946
Telecom Services	14,520	47,008
Tourism, Hotels	17,130	46,751
Agriculture, Timber	11,750	22,519
Fishing	8,510	15,010
Transport	2,950	11,100
Education	1,650	5,897
Total	272,107	775,999

Source: Bank Al Amal, Casablanca, 1997.

transfers, we can also see a contribution by emigrants to the development of regional entrepreneurship in the country.<sup>9</sup>

Another form of Maghrebi diasporas in France is the emergence of diasporic organizations in the form of professional, cultural and even political associations. This mode of internal organization of national communities abroad can defend the interests of socio-professional groups and categories in their country of origin, through mobilizing capacities in their country of reception, thereby acting as intermediaries. These organizations could constitute a potential pressure and support for the development of an authority.

On the whole, the Maghrebi associations in France represent the various migratory flows that accompanied the Maghrebi immigration. They also show the aspirations and strategies of groups of Maghrebi immigrants in their diversity. Moreover, its purely professional character,<sup>10</sup> often composed of educated individuals, reveals its weight in new migratory wages.

The dynamism of Maghrebi diasporas is clearly revealed through the richness and the density of the associative network. Today, we find hundreds of Maghrebi association in France. Collectively, these modes of organization of communities abroad are based on two principles:

- 1) The evolution of the commercial system and its modes of consumption in the Maghreb: these last recent years saw operations on the frontiers, operating between the north and south of the Mediterranean and from local business to international operations. This is the case of individuals who have created “transnational” enterprises. These entrepreneurship strategies should be introduced into other, more global activities, discerning the autonomy of the ethnic group. In that way, the shared values relating to the common origin would be established in social relations and encourage economic opportunities with the Maghreb as, for instance, in the case of Club 92,11 an association of Algerian heads of enterprises settled in France, but having economic ambitions in Algeria.

2) The structure of social groups and collective and professional identities: we see the intensification of associative networks in Maghrebi immigration in France. With its diversity and its richness, that network may seem the appropriate place of management of different categories: all socio-professional categories are regrouped in associations, federations, or even councils. These can relate to national origin, such as the association of Moroccan information specialists, or the association of Moroccan jurists in France; or have a regional perspective such as the FPMOF: Alliance of Physicians of Moroccan Origin in France, and the association of Maghrebi engineers in France. It is precisely this type that we are interested in. We think that it is such a structure, associating persons of the three Maghrebi diasporas, based on a regional or global perspective, which eliminates the effects of the Maghrebi diasporas diversity. The space of “origin” is no longer mostly local, i.e. territorial, but rather inclusive of the countries of the Maghreb as indicated by the statute of the alliance: “This association has the objective of supporting medical and scientific exchange between its members and between France and Maghreb, the development of mutual help among its members, its community in France and north Africa”. This alliance groups more than 6,000 MD, including 5,000 in France supported by a maghrebi “management”. According to Dr. Ghanem, of Tunisian origin who came to France to pursue his studies in 1975, General Secretary of the Alliance, responsible of the cardiology unit at the CHU of Gonesse (Parisian region), “the alliance works together with the Maghreb, we contribute to the formation of cardiologists by receiving and taking charge of our brothers during their internships in France, we participate in seminars in Maghreb to let practitioners and students in Maghreb benefit from new technologies and knowledge, we have strong ties with our brothers on the other coast of the Mediterranean; the Mahgreb is my country”.

Maghrebi researchers experience a dilemma that we can also find in other exiled communities in the US and elsewhere; they do not wish to sever their links to their society of origin, to which, however, they also hesitate to go back. Divided between two spaces and two lifestyles, undecided, they desire a dual insertion: “here and there at the same time”. They are transnational. With globalization, individuals have created communities “at the substructure level” crossing national frontiers, and transforming at the same time the configurations and face of Maghrebi immigration in France. These new faces arriving directly from the country of origin, having integrated into the French society sometimes by intermarriage, and often occupying intermediary functions, even high positions, in the sectors of hospitality, instruction or informatics, form “an intermediary elite” capable of communicating between the two coasts. It is thus necessary that the role of these new faces of Maghrebi immigration “between two” is echoed in the field of France-Maghreb exchanges, the northern and southern coasts of the Mediterranean.

Maghrebi “elites” or “diasporas” established in France manifest a readiness to be involved in concrete actions in their countries of origin.

## NOTES

1. This concerns foreign nationals born abroad who have become French.
2. Statistical tables, immigrant population, foreign population, Metropolitan France, population census of 1999.
3. Ma Mung, E., 1992, "Expansion of ethnic commerce: Asian and Maghrebi in the Parisian region", *European Review of International Migrations*, 8(1): 39-58.
4. Ma Mung, E., Simon, G., 1990, *Maghrebi and Asian Traders in France, Parisian Agglomeration and Cities of the East*, Masson, Paris.
5. Mohamed Refass, 1999, "Transfers of Moroccans abroad: An evaluation attempt through a localized study", in *International Migrations Between Maghreb and Europe, Effects on Countries of Destination and Countries of Origin*, Act of the fourth Moroccan-German colloquium.
6. Abdelkader Kaioua, 1999, "The role of Moroccan immigrants in Europe in the industrial investment in Casablanca", in *International Migrations between Maghreb and Europe, Effects on Countries of Destination and Countries of Origin*, acts of the fourth Moroccan-German colloquium.
7. Hassen Boubakri, 1999, "Migrations, development and reinsertion into the liberal economy: The case of Tunisia", in *International Migrations between Maghreb and Europe, Effects on Countries of Destination and Countries of Origin*, acts of the fourth Moroccan-German colloquium.
8. Ibid.
9. Reference to associations of physicians, information specialists, jurists, engineers ...
10. Jocelyne Cesari, 1999, "Maghrebi entrepreneurs in France: do they form the avant-garde of a diaspora?", in *International migrations between Maghreb and Europe, Effects on Countries of Destination and Countries of Origin*, acts of the fourth Moroccan-German colloquium.

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# **FLEXIBLE TRANSNATIONAL SURVIVAL PRACTICES OF PALESTINIAN TRANSMIGRANTS/RETURNEES, AND INFLEXIBLE STATE POLICIES: CRAFTING THE PALESTINIAN EXTRATERRITORIALIZED NATION STATE**

Sari Hanafi

## **INTRODUCTION**

The objective of this article is to raise various issues related to transnationalism in the Palestinian context and in the formation of a nation state, and to demonstrate that while transnationalism from below by means of various strategies of transmigrants is generally flexible, the governance policies of the nation state are inflexible. The article will address also the articulation of the nation state in the context of globalized capitalism and the methods used by the social actor in challenging the social conditions that impede flexibility in transnational practices. The practices and behaviour of Palestinian business people and professionals who have exercised a form of return migration to the Palestinian territories will be of particular relevance here.

There is much argument in the literature about the structural transitions between a territorially-based nation and a “de-territorialized” one. As in context of the intense mobility and networked exchanges that have been fostered by both globalization and war, the state has not lost control. As we believe also that the nation state is by definition territorialized, this article attempts to develop rather the concept of the extraterritorialized nation state, which could resolve many contradictions inherent in the classical pattern of nation state and the mythical concept of the “de-territorialized” one.

While the classic model of return migration studies envisions mainly definitive return, the concept of return can be amplified to include two other forms: “in between” and “virtual” return. Transnational studies provide an excellent conceptual framework for analysis of the life experience of migrants in the former category – those who choose to live between two worlds (see Ruba Salih, 2000; Basch et al., 1994). This emerging group of immigrants/returnees, in contrast to previous ones, actively participates in the cultural, social, economic and political life of both the country of origin and the host country. The objective of this article will be to raise various issues related to transnationalism in the Palestinian context and in the formation of a nation state, and to demonstrate that while transnational strategies adopted by transmigrants themselves are generally flexible, the governance policies of the nation state are inflexible. The Palestinian National Authority (PNA), for example, seems to react negatively to the transnational practices of Palestinians, rather than facilitate them. The article will also address the articulation of the nation state in the context of globalized capitalism and the methods used by social actors

in challenging the social conditions that limit flexibility in transnational practices. The practices and behaviour of Palestinian business people and professionals who have exercised a form of return migration to the Palestinian Territories will be of particular relevance here. While these transmigrants have returned temporarily or definitively to their place of origin or to the political entity of Palestine, the scope and implementation of return, however, has been limited by several factors. Few Palestinians have realized a definitive and permanent return to their place of origin. Returnees whose point of origin was in the territories that became Israel in 1948, for example, cannot currently achieve a return to their place of origin, their native villages or cities. In this case, “return” has signified a new migration. Furthermore, the “return movement” in the current political context, is by nature an ephemeral one as Israel still controls immigration to the Palestinian Territories and does not generally grant residence to returnees. Returnees who possess a foreign passport, are considered tourists by the Israeli government and are given three-month visas if they travel by air, and often only one-month visas when travelling across land borders. Even when such returnees are employed in Palestinian areas, the possibility of acquiring a work permit or residence status remain minimal and they must repeatedly exit and re-enter the country before the expiration of their visa, in order to obtain a new one. Those who overstay their visa run the risk of having entry into Israel and, consequently, the Palestinian Territories permanently barred. Despite these considerations, we have made a conscious and difficult effort to avoid dealing with the Palestinian Territories as a region occupied militarily by Israeli; for the purposes of this article, the Palestinian Territories will be dealt with only in the context of a common space for the social interaction of Palestinians.

## 1. FLEXIBLE STRATEGIES OF TRANSMIGRANTS/RETURNEES

In this section we will examine various transnational practices of Palestinian business people and professional transmigrants/returnees. Before examining economic activities, it will be useful to first examine the social characteristics of this group. We will find that the political and social environment created by Palestinian refugee status in a regional context have made the economic transaction more relevant to survival strategies for the group rather than strictly capital transfer in a globalization context.

### 1.1 Socio-political Characteristics of the Transnational Practices of Palestinian Transmigrants/Returnees

This study is based on fieldwork conducted in three phases between 1998-2001:

- Interviews with 44 business people;
- Analysis of data relating to 178 Palestinian professionals who filled short consultancies in the Palestinian Territories (three months to one year) within the framework of the United Nations Development Programme (UNDP) Transfer of Knowledge Through Expatriate Nationals (TOKTEN);
- Interviews with 15 returnee professionals with no affiliation to the TOKTEN programme. It should be noted that all the subjects, as professionals, generally belong to a specific social class ranging from middle class to wealthy.



## 1.2 The Experience of Border Crossing and of Being In-between

The most important feature of this group composed of business people, entrepreneurs, and professionals (whether or not they are affiliated with TOKTEN) is that the majority has more than one residence; those who have come to live physically in the Palestinian Territories have kept their previous residence abroad. Only 42 per cent of those sampled possessed a Palestinian identity card (which confers Palestinian Authority national status on the bearer, but also presents a host of mobility and legal problems in dealing with the Israeli government for those who hold another nationality). 12 per cent have a one-year residence permit and the majority, 46 per cent, possess only an Israeli-issued three-month tourist visa. Despite their precarious legal situation in the Palestinian territories, 62 per cent of those spent more than six months abroad. The majority of interviewees (67%) had spent at least four months (not necessarily consecutive) abroad, which demonstrates a high degree of transnational mobility.

Recently, the events of the new Intifada seem to have forced many business people and professionals to shift their centre of life abroad, mainly to Amman. Though there is no hard statistical data concerning the size or pattern of movement, there are some indicators, which can shed light on the behaviour of this group during this period. The prestigious and expensive Al Mustakbal primary and secondary school in Ramallah, whose class rosters represent the elite of Palestinian society, lost more than one-third when their families moved abroad. Moreover, according to information received from the anthropologist Riina Isotalo during her fieldwork, a number of Palestinian-Chilean nationals from Bethlehem, Beit Jala and Beit Sahour left the territories during the new intifada.<sup>1</sup> 37 per cent of TOKTEN experts have come from Jordan (a country suffering from a severe economic crisis, but benefiting from an important Palestinian science and technology community educated mainly at Western universities), 33 per cent from the USA (where there is a large and connected West Bank community which keeps close ties to the homeland) and Canada, 17 per cent from Europe (which constitute a small percentage relative to the importance of the Palestinian community there and the relative geographical proximity to Palestinian Territories) and, finally, 5 per cent from the Gulf (this small percentage is apparently due to unenthusiastic outreach on the part of TOKTEN and better job opportunities for Palestinian communities in this region. See Table 1). One of the aims of the TOKTEN programme is to provide the returnee experts with a first-hand taste of life in the homeland and encourage them to settle (within the limits of Israeli immigration control) in the long term. In fact, some 34 of 160 TOKTEN experts, about a fifth of the total, continued living in the Palestinian Territories following the expiry of their TOKTEN assignment. The TOKTEN returnees came mainly from Jordan and the US, two countries whose Palestinian community have kept close ties with family networks in the West Bank and Gaza. Such a percentage should be considered quite high for a country like Palestine currently experiencing a difficult political and economic situation (see Table 2). In Lebanon, a country in which expatriates do not experience problems in acquiring residence, only six of 36, or one-sixth, resettled after their mission (Ghattas, 1999).

## 1.3 Remote and Fractured Family Networks

In analysing the sample group, a profile of fractured family networks emerged: while mothers and children may reside in one country, husbands and fathers may live and work in others, while grandparents and more distant relatives may live in still other countries. This is confirmed by my fieldwork and that of Riina Isotalo (Isotalo, 2002) as well as studies collected by the Israeli

TABLE 1  
DISTRIBUTION OF TOKTEN CONSULTANTS  
BY COUNTRY OF RESIDENCE

Country	Share of Consultants (%)
Jordan	37
United Arab Emirates	3
Saudi Arabia	2
USA	27
Canada	6
France	8
Germany	5
UK	4
Other	8

TABLE 2  
DISTRIBUTION OF THE PALESTINIAN RETURNEES  
UPON CONCLUSION OF THE TOKTEN ASSIGNMENT

Country	Number of Returnees
Jordan	15
USA	12
UK	2
Canada	1
UAE	1
France	2
Saudi Arabia	1
Total	34

human rights organization B'tselem. This pattern is also found in other diaspora groups. Ong (1999: 20) found that cultural norms dictate the formation of translocal business networks in the case of overseas Chinese living abroad; males possessed mobility, while women and children remain subjects to the disciplinary power of familial regimes. In such cases, males decide the mobility of both themselves and their female and child family members. Such decisions are also based on other factors, and in many cases are embedded in market structures. In the Palestinian case, the person (usually male but quite possibly female) who has found suitable employment then brings the family to join him/her and makes the decision concerning the family's mobility. These decisions are also based on the availability of affordable educational opportunities for the child members of the family. In the Palestinian case it was evident from electronic discussion on PALESTA (an independent Internet-based network seeking to connect Palestinian professionals in the diaspora and abroad) that many discussions revolved around the existing education structure and the language of instruction for children at all levels of education.

## 1.4 Weak Transnational Networks

In order to better understand the transnational experience shared by Palestinian returnees, the transnational networks that exist among the countries of the Palestinian diaspora and the Palestinian Territories will be discussed at some length. The dispersion of a people due to forced emigration has traditionally been analysed as a contributing factor in the creation of transnational networks. In this view, the initiation of a peace process should foster the re-establishment of local and international economic links following a protracted period of conflict. Using existing ties to the native community, diasporas are also seen as having a significant influence on the reshaping and emergence of new economic networks. In this respect, however, prevalent discourse about diasporic networks has tended towards overstatement, often of mythic proportions. Little attention has been paid to network absence, or to networks ruptured as a consequence of structural constraints caused by various factors (such as the impermeability of interstate borders, the absence of relationships following prolonged separation, etc.). Existing between two worlds, however, does not necessarily also indicate a transnational life style; transnationalism is also rooted in extensive exchanges, new modes of transacting, and the multiplication of activities beyond the national borders, as suggested by Portes, Guarnizo and Landolt when they discern new transnational migrants (1999: 219; cited by Grillo, Riccio and Salih, 2000: 6).

Analysis of the networks of Palestinian communities in their diaspora demonstrate many forms of networking with varying degrees of institutionalization: familial networks often managed by family councils, “village” clubs (which continue to play an important role in the United States) and national and nationalistic-religious networks usually based on affiliations with various popular organizations connected to the Palestinian Liberation Organization (PLO) or Hamas and its periphery. In Europe and in North America, however, we find highly active supranational networks based on Arab or religious affiliation, which embrace diverse Arab groups of various national origins.

In my previous work (Hanafi, 2001), I have demonstrated that the value of network analysis lies in its capacity to recognize formal and informal networks while maintaining the distinction between institutional affiliation and network affiliation. Being a member of an institution such as the General Union of Palestine Students in France, for example, does not automatically imply informal social or other ties with fellow members that extend beyond the duration of a political meeting. The epicentres of the national and nationalistic mobilizations in many Western countries, are in fact, more a product of infra-national and supranational networks, such as village clubs, like the Bethlehem and Birzeit Clubs, as well as Islamic mosque based networks. If the Internet, indeed, constitutes a major new environment based on virtual reality, according to my empirical studies it has yet to have a noticeable impact in the activation of these networks.

The weakness of Palestinian transnational networks can be explained by problems of international mobility (the Palestinian experience at border crossings) and the legacy of refugee status in the Palestinian dispersion, which continues to be a source of fragile legal status in the host countries. A more fundamental problem, however, is related to the Palestinian diaspora’s weak centre of gravity, a phenomenon that will be explained and examined below.

## 1.5 The Spatial Configuration of Palestine and the Diaspora: A Weak Centre of Gravity

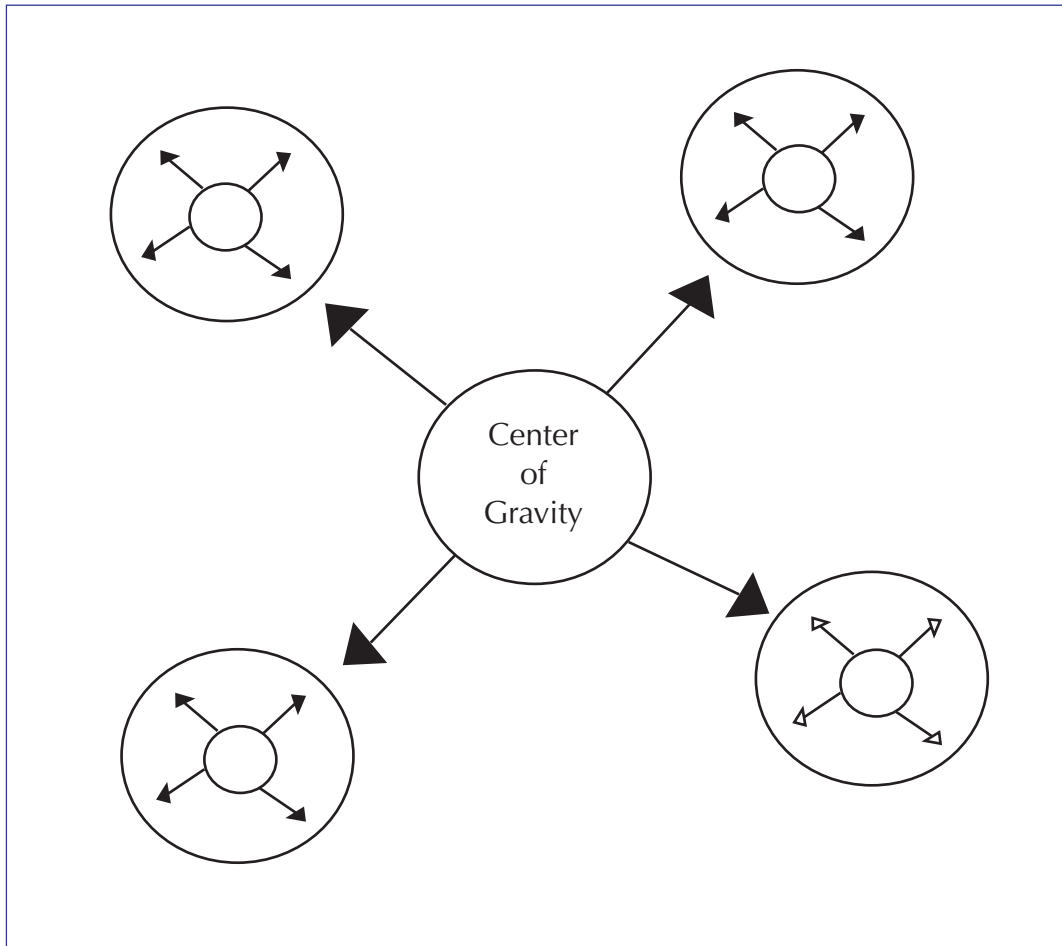
The weak centre of gravity in the Palestinian case would play a great role in an eventual fading of connectivity between the various Palestinian communities around the world. A classic diaspora model possesses a centre of gravity which serves two functions: (1) to direct the flow of communication between diaspora members in different peripheries and (2) a physical location where diaspora members (especially family) can meet. While the first function does not necessarily require a physical location since it could easily be provided by a server or institution whose location is of little importance (such as the National Jewish Fund for the Jews, the PLO in Tunisia in the Palestinian case, the PKK-Germany for Kurds, etc.) the second function by its nature necessitates a geographical location.

The geographical localization of the centre assumes great importance in terms of communitarian economic transactions. The studies I conducted with Palestinian business people and entrepreneurs demonstrate the importance of the physical meeting. A Palestinian originally from Nazareth, for example, can maintain a very active economic network facilitated by meetings in Nazareth for those Palestinians residing abroad and those Palestinians remaining in the city. In contrast, Palestinians originating from Haifa will not likely be able to make use of such a network as a result of the quasi-total deportation of Palestinians from this city by Israelis following 1948. The inaccessibility to a territorial reference point hinders the possibility of Palestinians from such regions as Haifa from meeting tremendously. A family whose members are dispersed between Damascus, Montreal, Amman, Abu Dhabi would find little interest in meeting in Syria, where there is only one member, while those originating from an Arab country may find the expense of travelling to such a remote location as Canada prohibitive long before the problem of acquiring a visa becomes an issue.

The Palestinian Territories then might seem to constitute a “natural” centre of gravity for the Palestinian diaspora (see Figures 1 and 2). Yet, several factors converge to prevent the Palestinian Territories from assuming this role. While the territories remain inaccessible to the majority of Palestinians abroad, many in the Palestinian diaspora have lost confidence in the Palestinian National Authority during the process of state-building. While the diaspora has played a major role in the context of national issues and through its support of the PLO during the 50 years of resistance, it consciously refuses to transform its role that the Baron Rothschild played in the Zionist settlement of Mandate Palestine, i.e. that of a disinterested financial patron. Diaspora Palestinians may be willing to support their homeland economically and financially, but still insist on playing a role in the decision-making processes regarding the process of institution building. There are ambivalent feelings and paradoxical tensions at work in the construction of the diaspora; a positive appreciation of its responsiveness, a deleterious suspicion of its national commitments.

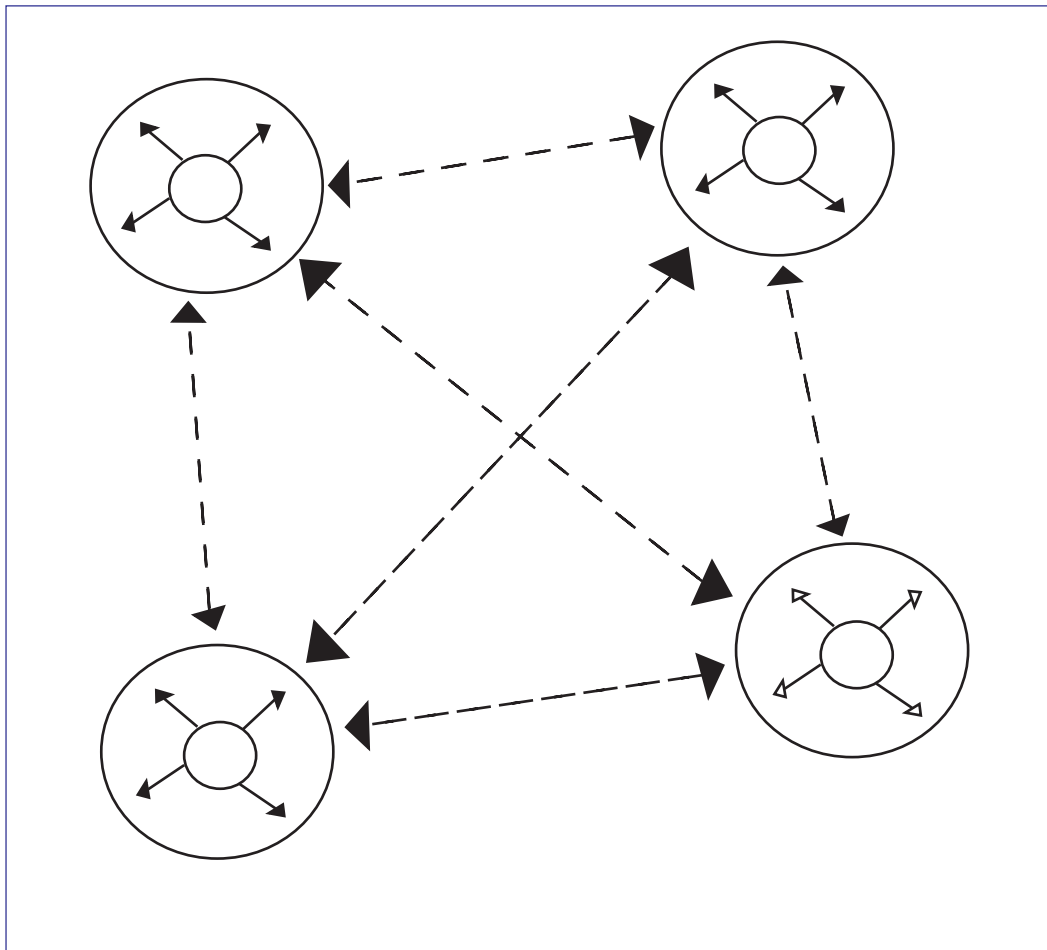
Recently, Palestinian business people originating from North and Latin America were confronted with an unfavourable atmosphere in Palestine and subsequently transferred their business to the two countries, which are the closest to Palestine, Jordan and Egypt. While Egypt retains a negative policy to the presence of Palestinians on its territory, Jordan, the only Arab state that provides citizenship to Palestinians and, consequently, has a vibrant Palestinian community and extensive Palestinian social and economic networks, is a likely candidate to assume the role as a

FIGURE 1  
A CLASSIC DIASPORA WITH CENTRE OF GRAVITY



Strong relationship  $\longleftrightarrow$

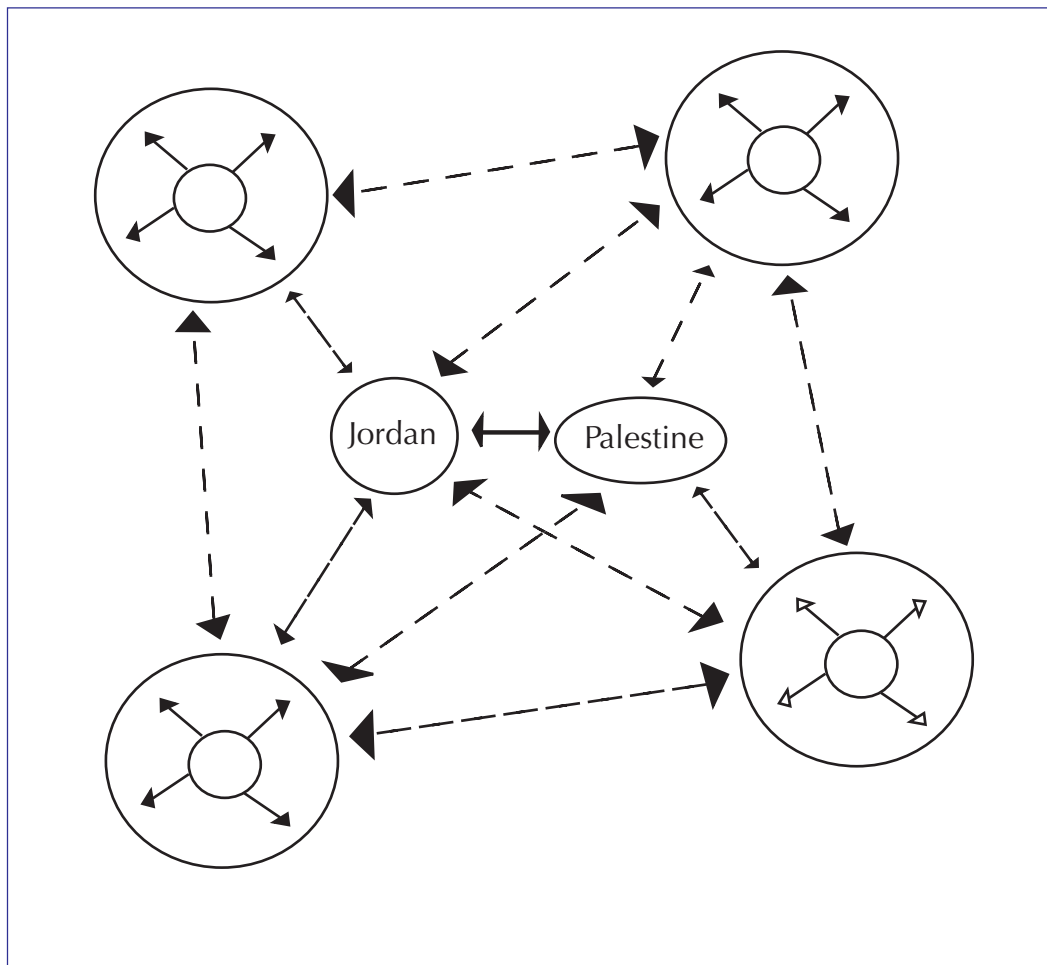
FIGURE 2  
DIASPORA WITH NO CENTRE OF GRAVITY



Strong relationship  $\longleftrightarrow$

Weak relationship  $\dashrightarrow$

FIGURE 3  
PALESTINIAN DIASPORA WITH A WEAK CENTRE OF GRAVITY AND JORDANIAN MODE



Strong relationship  $\longleftrightarrow$

Weak relationship  $\dashrightarrow$

central node of Palestinian networks. Jordan's potential as a centre of gravity, however, remains weaker than that of the Palestinian Territories and both centres have become increasingly fragile due to rivalry between the PNA and the Jordanian government (see Figure 3).

## 1.6 Weak Involvement in the Political Process of the Host Countries

Palestinian transmigrants have not only experienced problems with the nature of the connectivity with their gravitational centre (the Palestinian territories) but have also encountered difficulties in host countries, especially those in the Arab world. Ironically, though politically poorly integrated in Arab host states, the Palestinian diaspora has demonstrated a greater involvement in the political environment and process of Western states. This is indicative of a generally fragile legal status in Arab host states. In Jordan, Syria and Egypt, Palestinians experience numerous difficulties when attempting to exercise political activities and are widely considered to be interfering in internal and local affairs. The prominent Palestinian writer Murid Barghuthi, for example, noted in his biography that: "(t)he stranger is the person who renews his resident permit. He fills out forms and buys the stamps for them. He has come up with evidence and proof. (...) He does not care for the details that concern the people of the country where he finds himself, or for their 'domestic' policy. But he is the first to feel its consequences. He may not rejoice in what makes them happy, but he is always afraid when they are afraid. He is always an 'infiltrating element' in demonstrations, even if he never left his house that day" (1998: 3).

Though the waters may be muddy, Palestinians have nevertheless found methods of participating in the political affairs of their host countries, often using "soft politics" to indirectly involve themselves in political actions, even if it cannot be communitarian in nature. Among Arab states, it has been easiest to exercise non-communitarian activities in Jordan and Egypt. Conversely, in Syria and in Lebanon, where refugee camps operate as a kind of autonomous area, Palestinians have had some success in exercising Palestinian national politics. Egypt and Jordan have long deprived Palestinians of the possibility of political organizing based on national origin. In Jordan, for example, the only organizing possible has been along the lines of the "village club" as it follows the same logic of tribal associations, which are accepted there. In Jordan many of the leaders of professional organizations in engineers' and medical doctors' and lawyers' unions are, in fact, of Palestinian origin. In Lebanon and Syria, however, Palestinians have been prohibited *de jure* or *de facto* from participating in Syrian and Lebanese affairs. In the Gulf petro-monarchies, where migrants are not allowed to exercise any political communitarian or individual rights, Palestinian communities hold a very low position.

In general, Palestinian refugee communities, the oldest and the largest migrant community in the region, have not been able to change the societal and state conception of migrant rights. The region continues to engender stateless groups such as the Sudanese in Egypt and the Kurds in many Middle East countries. Mobilization on the part of such groups has always been ineffective because it has usually taken the form of defensive claims against discrimination and xenophobia. As Alain Touraine argued, such mobilization cannot evolve into a social movement if the claims are not offensive. The success of some migrant movements can be attributed to their capacity to propose social claims, which reach beyond the particularism of ethnicity. The Jewish immigrant community in New York serves as an interesting example; the International Ladies' Garment Workers' Union (ILGWU) began as a Jewish migrant movement, but eventually grew to encompass claims on behalf of all workers in the garment sector (Green, 1998: 340). The



weak involvement in the political life of the Arab host country reveals the incapacity of many nation states in the region to accept political action from non-citizen residents in their territories and their inflexibility in tackling transnational subjects. In the following section, we will examine the economic transactions of Palestinian returnees and how these transactions are inherently embedded in transnational social structures.

### **1.7 Investing in Palestine: Globalizing Capital Strategy vs. Survival Strategy?**

Palestinians in the diaspora do not possess a primary relationship with Palestine, but a constructed one. Thus the relationship of diasporic Palestinians to Palestine varies in its intensity and depends on numerous factors. On a political level, the quality of the relationship essentially depends on the efforts of the PNA and NGO's to connect the diaspora to the homeland and the quality of the relationship between these organizations and the governments of the neighbouring states. Moreover, if the classical explanation for the relatively small investment on the part of the Palestinian diaspora in the homeland of Palestine points to the economic and political atmosphere for the investments, we focus rather on the legal status, the social structure and experience of Palestinians abroad that played a tremendous role in the relationship with the homeland.

On many occasions, PNA President Yaser Arafat has publicly raised the question of the search for a Palestinian "Rothschild". Such a quest indicates a conviction on the part of the Palestinian National Authority that Palestinian tycoons will comprise the wave of investors who arrive to rescue the Palestinian economy. Fieldwork suggests, however, that the correlation between available capital liquidity and investment is quite weak; the majority of Palestinian investors from the diaspora are medium to small business owners rather than high-profile business people. The success of holding companies such as PADICO, APIC and Salam International Investment Co., for example, has been due to capital mobilized by small shareholders. Furthermore, many of the economic niches in the Palestinian diaspora, especially in commerce and construction, cannot provide adequate support to the Palestinian economy. Those who possess the science and technology or the industrial know-how necessary to develop the Palestinian economy do not necessarily have sufficient capital to invest outside of their country of residence; the Palestinian economy must instead mobilize capital from other areas of the diaspora.

But can the decision of whether or not to invest or move both commercial and social interests to the "homeland" be reduced to simple feelings of either patriotism or economics? In this context we will show that the decision of coming "home" or investing at "home" is subject to complex factors related to the social structure of the returnees or their social, political or economic position in the host country or in the country of origin.

### **1.8 The Question of Investment in the "Homeland"?: Between *Homo Economicus* and *Homo Patriotus***

The level of diaspora investment in the Palestinian Territories has been less than one could have been imagined from a diaspora interested in the reconstitution of its country. Concurrently, those of the diaspora who have chosen to invest state that they do not expect to achieve profit quickly. Any region in the Middle East, they note, would be a wiser location for investment than Palestine. Palestinian investors in the United Arab Emirates provide a good example of this belief. About a quarter of interviewed Palestinian business people residing in the UAE have invested in

the Palestinian Territories, and only about 34 economic projects have been established in the Palestinian Territories by them since 1994. Here it is necessary to distinguish between those originating from the West Bank and Gaza and those who left Palestine in 1948. The former tend to invest in concrete projects as they can usually travel to their former places of origin and remain in contact with relatives residing there who can help manage these projects. These investments mainly concern services (18%), industry (12%) and construction (12%). Many of these projects are managed either by the owner or a relative. Because Palestinians who left their place of origin in 1948 hold refugee travel documents preventing them from travelling to Palestine, investors from this group generally choose to become shareholders in an investment company. Though there are quite a few such investment companies, three of them (PADICO, International Salam Company and the Islamic Bank of Palestine) have a huge percentage of shareholders from the Gulf. These three companies represent 38 per cent of Gulf Palestinian investment in the Palestinian Territories.

A survey I conducted on the rationale behind investments on the part of Palestinian diaspora business people revealed that the majority of them expressed the opinion that Palestine was not the best place to invest. This fact was particularly emphasized in relation to the industrial sector, where the neighbouring countries were seen as offering more advantages. The majority of the decisions in favour of investing in Palestine were taken for social rather than for strictly economic reasons.

Such economic behaviour cannot be explained simply by portraying members of the Palestinian diaspora as particularly “patriotic”. It is better understood in light of the new literature of economic sociology, especially Polanyi’s concept of embeddedness. The concept of embeddedness refers to the fact that economic transactions of the most diverse nature are inserted in overarching social structures that affect their outcomes. Some economists and sociologists have attempted in the past to rescue the study of economic action from the exclusive sway of an individualistic perspective. Schumpeter, in particular, saw economic sociology as a helpful corrective to the neoclassical penchant to transform people into “mere clothes lines on which to hang propositions of economic logic”.

In order to study economic action the focus has shifted from the enterprise to the entrepreneur. Schumpeter was the first to apply such a new approach. He proposed that the entrepreneur was mainly motivated by success without hedonistic purposes, and was in favour of innovation and modernization, which, in fact, disturb the stability of the economy. In Schumpeter’s eyes, the entrepreneur thoroughly calculates projects without speculation or social considerations (1991: 411). However, Israel Kirzner criticizes this conservatism in Schumpeter’s conception of the entrepreneur by adopting the theory of “human action”. Kirzner considers risk as one of the most important factors for trade and the industry in a world governed by economic fluctuations. Thus, according to Kirzner, the entrepreneur is more likely to consider the future rather than submit to calculations based in the present (Kirzner, 1982: 148-140; Cassarino, 1997a, 1997b). In this respect, the Palestinian entrepreneur is not a *homo economicus* seeking to maximize profit by expanding the market towards the homeland, but a “human actor” who attempts to satisfy his/her needs by playing a role as a member of an ethnic network. The concept of the human actor should not be reduced to that of a mere patriot desiring to deposit capital in the homeland. A “human actor” is first of all a person who calculates economic investments in a complex manner

giving precedence to the future economy over that of the present, while also seeking social prestige and/or political power.

Let us take as an example the investment decisions of T.S., a very successful Palestinian businessman with many investments globally, who currently lives in the UAE. Following the commencement of the Oslo peace process, T.S. decided to visit his native village near Nablus for the first time since 1967. He made five one-month visits in order to renew his relations with his family and his fellow villagers while seeking out investment opportunities. T.S. made inquiries concerning the best area for investment, hoping that pharmaceuticals, an industry in which he had much experience, would provide reasonable opportunities. He was told that there were already three Palestinian factories that covered nearly all the needs of the Palestinian market. It became apparent that trade would not be a good investment. He did not have an adequate relationship with either local merchants or with the PNA (the PNA often creates monopoly positions through patronage in its trade licensing practices). T.S. constructed a house on the land he had inherited from his parents and bought more land for possible future investment in the food processing industry. He was told, however, that it would be very difficult to obtain an Israeli licence because food processing required access to water and the area lacked water resources. T.S. finally decided to donate rather than to invest and funded a small hospital, which would be named in his honour. Following his donation, he received numerous requests both from individuals (for personal aid) and the municipality seeking funds for communal affairs such as roads, hospitals, mosques, and the like. T.S. expressed annoyance at such requests, stating that he had not found the money in the street, nor won it in the lottery, but that it was the product of hard work. Although he did not object to acceding to the requests in principle, he hesitated in order to avoid more requests from relatives, especially those who were unemployed. T.S. decided to open a modern factory for plastic products (shoes, dishes, and similar items). He asked his son to direct this factory and to employ his unemployed relatives. Subsequently, his son complained that some of the employees did not respect the working hours and constantly made demands for wage raises; to use Geertz's term, the factory became a "welfare hotel" and the business soon floundered. After firing the more demanding relatives and employing other people the situation still remained critical. T.S. set a one-year deadline for the improvement of the factory after which he would close it down if the situation had not changed. He sent another son to Palestine to identify more opportunities for investment. His son invested in holding companies such as Paltel, a Palestinian communication company, which were very successful. After seven years of investment, however, T.S. said that he had attained a zero sum game, but also expressed satisfaction and confidence in the future and that his factory would recover. T.S. currently spends half of his time in Palestine and is considering running in the municipal and national elections. T.S. is an example of a "human actor" whose economic behaviour, including his donation, was determined by a very complex set of motives ranging from altruism to sheer individualistic motives, from social to economic.

### **Transnational Familial Entrepreneurship**

In the transnational context, fieldwork indicates different types of Palestinian entrepreneurship, individualist in some cases and communitarian in others. However, it is clear that there is a trend towards the diversification of business in different fields based on capital transfer.

This diversification is not generally due to delocalization of businesses towards new markets, or the introduction of new methods of production designed to benefit from the economic environment in the host countries, but is instead a strategy of diversifying economic activity into new geographic areas and sectors in order to ensure the security of the capital in case one economic sector in a country should encounter difficulties. The insecurity permeating Palestinian diaspora economic activities can be seen as stemming from a generalized anxiety in a population characterized by a sort of permanent liminality, a psychology of transition and of impermanence. The nature of sectoral diversification and choice of place of investment by Palestinian entrepreneurs does not always depend solely on the economic rationalism that characterizes global economics based on complex calculations of different factors related to the size of markets, labour costs, technological performance and the presence of suitable infrastructure to facilitate investment. Palestinian economic diversification depends on the vagaries of social and political criteria, such as the impact of the Oslo peace process, the juridical status of the investor in the host country and in the investment country, mobility, access and the difficulties in obtaining visas. In the Gulf states, for example, such factors prevented Palestinians from remodelling their political economic system to benefit from the conversion and recycling of Palestinian capital resulting from the “golden Gulf age”.

If the outcome of the peace process explains the flow of Gulf capital towards Palestine and Jordan, the subsequent flux towards Canada and the US demonstrates the inability of the Middle East to absorb investments and the difficulty in keeping pace with the process of economic globalization. Since the 1980s, inter-Arab migration, trade and investment have shrunk substantially compared to general economic activity. Most economic activity and patterns of capital ownership have been confined to Arab states. The trend prevails despite exhibiting some hints of change after 1994.

The kinship networks between the Palestinian diaspora and its gravitational centre have assumed critical importance in diaspora economies, though the trend is not necessarily a self-evident one. In the Gulf countries, political instability and limited conditions for investment in the region have increased the value of economic kinship networks, while in other countries of the Palestinian diaspora, individualist entrepreneurship has assumed a greater role (Hanafi, 2000). Though ethnic and kinship networks are not specifically necessary for the success of the investment and recycling of capital in the new receiving countries, in the Palestinian Territories, there may be more entrepreneur-family than entrepreneur-individual relationships, as will become apparent in the following example:

N. belongs to a Palestinian diaspora family composed of two elderly parents who have retired to the Palestinian Territories, and three brothers and three sisters who, after living in the UAE, emigrated to the US in the 80s. In 1985, and owing to the patriarchal nature of the Palestinian family, the brothers alone managed the four grocery stores in Chicago that were collectively owned by the family. In 1992, just before the launching of the Oslo peace process, the eldest brother, S.N., visited his family after a long absence and was convinced by his parents to invest in the Palestinian Territories in order to facilitate family reunification. The three brothers, who have US citizenship but have no Palestinian Authority Identification cards, opened a large bakery in Ramallah. Due to the nature of their visitor visa, which allows them to stay for only three months at a time, each brother takes a turn at managing the bakery. Two brothers kept their families in the US, one because he wanted his children to get an American education and the

other because he did not want his children to experience the conflict in the territories. The youngest decided to move his family to Ramallah, Palestine, to ensure that they would learn Arabic. They declared that their wives had not been involved in the decision-making process, but that their wives were satisfied with their choice of residence. The three also invested in Amman in view of its proximity and opened a textile mill in partnership with a cousin trained as an engineer. They intended to find a market for their products in the US and also opened a fabric shop in Amman. By 1998, however, the transnational experience had brought some divisive and frustrating outcomes both in terms of family and financial endeavours: the bakery in Palestine was floundering, the youngest brother declared his intention to stay in Palestine once he had acquired Palestinian nationality, while the two elder brothers made their future permanent residence in the West Bank conditional on a more favourable political situation. The brothers took their families back to the US, but this was not the terminus of the family's transnational experience; they have kept some investment that did not require their permanent presence in the Palestinian Territories, such as an apartment building and shares in several companies operated in the Palestinian Territories.

At the end of 2001, the youngest brother had moved his family to the Palestinian Territories. Though the current military escalation on the part of Israeli has made life in the territories more difficult, he declared that it was no more dangerous there than in Chicago. In any case, he stated that the family business had not gone very well in the US. The experience of the N. family is typical of the transnational entrepreneur. Difficulties caused by the many problems inherent in diaspora life are ensured against through transnational strategies to ensure economic continuity during diverse crises.

Grillo, Riccio and Ruba (2000: 19) criticize the putatively straightforward relationship between transnationalism and global capitalism, for instance as advocated by Basch et al. (1994: 22). What I will show here is that the experiences of business people and professionals are more structurally constrained than a model of pure economic choice geared to optimal benefit would indicate. The recycling of de-territorialized Palestinian capital reveals fault lines in the international global market, rather than the beneficial workings of globalization. For instance, the geographic delocalization of Palestinian economic transactions can best be understood as improving the fragile legal status of the refugees, regardless of their wealth. As such, most of their investments reflect rather an economy of survival rather than an exercise of real political and economic power in a globalized economy and world system. As Grillo, Riccio and Salih (2000: 19) argue, "Economic dislocation in both developing and industrialized nations has increased migration, but made it difficult for migrants to construct secure cultural, social and economic bases within their new settings". So, transnationalism, whether in reaction to global capitalism or preceding its triumph, as in the case of the Senegalese communities in Italy, does not exhibit a straightforward relation to global capital (*idem.*). The experience of Palestinians recruited through the UNDP's TOKTEN programme illustrates that many of them come to Palestine because of their precarious situation in their host country. Accordingly, their return expresses a model in which constrained people seek to enhance their flexibility, rather than that of people able to make a straightforward choice between the country of residence and the country of origin.

In the context of my fieldwork, transnational networks are not the expression of global capital but rather constitute strategies for survival. In many transnational experiences around the world,

such as that of the Chinese in the US (Ong: 6), the quest to accumulate capital and social prestige in the global arena, emphasizes and is regulated by, practices favouring flexibility, mobility and repositioning in relation to markets, governments and cultural regimes. In the Palestinian case this acquisition of capital disproportionately reflects a struggle for economic survival. While a New York businessman may not need to expend more than a fraction of a second of his time on a million-dollar transaction, thanks to the time-space compression made possible by new information technologies (Harvey, 1989), a transnational refugee in many countries in the Middle East is most likely to need days to make a much more modest transfer. In contrast to many euphoric transnational studies, our fieldwork suggests the importance of not ignoring the class stratification linked to global systems of production. Accordingly, the cultural flows described by Appandurai did not concern the entire population in question, but only a small segment of it. As Friedman argues, Appandurai “ignores the political economy of time-space compression and gives the misleading impression that everyone can take equal advantage of mobility and modern communications and that transnationality has been liberating, in both a spatial and a political sense, for all peoples. What is missing from these accounts are discussions of how the disciplining structures – of family, community, work, travel, and nation – condition, shape, divert and transform such subjects and their practices and produce (...) moral-political dilemmas” (1997).

If for some businesspeople the accumulation of foreign passports is “a matter of convenience” and a “matter of confidence” in uncertain political times (Ong, 1999: 1), for almost all Palestinians who reside abroad, it is a matter of survival. Not having a passport can render them immobile and force them to live clandestine lives (Hanafi, 2001). For those who have never possessed a passport in their life, but have had to make do with a travel document, possessing a passport signifies and enables basic connectivity to their family, as well as participation in labour markets.

## 2. INFLEXIBLE STATE POLICIES

If Palestinian transmigrants adopt flexible survival strategies, what can be said of state policies in their regard, both in their host countries and the Palestinian Territories; do they facilitate or impede this flexibility? In other words, what are the structural transitions between a territorially-based nation and a “de-territorialized” one?

This article will argue that the political environments that frame Palestinian transmigration are hostile to many transnational practices or, at least, do not facilitate them. Broadly, there appear to be two asynchronous dynamics at work: one that accelerates the presence of transnational actors in the territories, and another, which is bound up with the identity and political closeness of the decision makers within the PNA. The tension between these is quite normal. As Ong argues (1999: 6) one should see transnationalism not in terms of unstructured flows, but in terms of tensions between movements and social orders. Ong relates this to the Foucault concept of the systems of “governmentality” that condition and manage movements of populations and capital. Foucault’s notion of governmentality maintains that regimes (the state, the family, economic enterprise) of truth and power produce disciplinary effects that condition our sense of self and our everyday practices (Foucault, 1991). Transmigrants develop a flexible notion of citizenship in order to accumulate capital and power. According to Ong, flexible citizenship refers to the

cultural logics of capitalist accumulation, travel and displacement that induce subjects to respond fluidly and opportunistically to changing political and economic conditions. Meanwhile, however, the state seeks to preserve its own inflexible sovereignty. Thus, flexible citizenship is constituted within the mutually reinforcing dynamics of discipline and escape (1999: 19).

While Palestinian scholars have been used to dealing with identity in the strict term of its juridical-legal status, we would like to insist that the disciplinary norms of capitalism, colonialism and culture should also be seen as strategies that constrain and shape flexible subjects, as detailed below.

## **2.1 Identity and State Formation**

Although the construction of Palestinian identity began after the establishment of the British Mandate in Palestine, the crystallization of this identity, which occurred within a multi-layered context of space and time, is a relatively recent phenomenon (Khalidi, 1997). The same can be said for the Arab and Israeli identities, which emerged during the same period. Because of this relatively tenuous process of crystallization, in the Arab world the state became a nationalizing state (*état nationalisant*), i.e. after making Syria, Lebanon, and Jordan (...) it must make the Syrians, the Lebanese, the Jordanians (Kodmani, 1997: 217). Of course, the same could be said of Israel and the Israelis. Thus, as Morawska (1998: 8) argues in relation to eastern Europe, we are far from a “civic-universalist type of nationalism which has relied in principle on voluntary commitment and therefore flexible criteria of membership in the national collectivity, and on the legal-democratic, consensual process in resolving inter-group tensions”. In our case and, generally speaking, migrants are not encouraged (and sometimes actively hindered) to declare allegiance to both their countries of origin and the host countries (Hanafi, 1997: 13, Hanafi, 2001). This fact informs the manner in which some Palestinians are assimilated into the new society, while others retain a sense of non-declared double identity, without, however, adopting a sense of alienation or dissonance.

The weakness of the centre of gravity of the Palestinian diaspora previously discussed, along with the newly-established Palestinian national identity, raises many complex questions about Palestinian state formation and the ability of the Palestinian National Authority to challenge the classic patterns of citizenship and nation states.

## **2.2 De-territorialized and Extraterritorialized Nation States**

Two adaptive forms that could allow a nation state to deal with people outside its territory may be imagined: a de-territorialized nation state and an extraterritorialized nation state. The literature on transnationalism offers a good framework for thinking about the former type. For instance Basch et al. (1994), consider origin countries as “de-territorialized nation states” in the sense that such a state stretches beyond its geographical boundaries, and that the nation’s people may live anywhere in the world and still not live outside the state. According to this logic, there is no longer a diaspora, because wherever its people go, their state goes too (1994: 269, cited in Salih, 2000: 3). However in the case of this region, it is very hard to imagine such a state. Smith’s argument, that nation states are territorial by definition bears some weight in this context (1998).

Our research confirms that in the context of the intense mobility and networked exchanges that have been fostered by both globalization and war, the state has not lost control. Rather, as Sassen argues, it has merely refashioned sovereignty in order to meet the challenges of globalization, such as the movement of people and capital, and the proliferation of supranational organizations. Nor does it follow, for instance, that the nation state is weaker because it allows capital mobility. Rather, “the existence of a final, highest or supreme power over a set of people, things or places” remains central to our understanding of the shifting relations between the state, the market and society, relations which have not ended but have been reshaped in the era of globalization. How so? Ong, in applying the Foucaultian concept of governmentality, perceives of sovereignty as flexible since globalization “has induced a situation of graduated sovereignty, whereby even as the state maintains control over its territory, it is also willing in some cases to let corporate entities set terms for constituting and regulating some domains while weaker and less desirable groups are given over to the regulation of supranational entities. What results is a system of variegated citizenship in which populations subjected to different regimes of value enjoy different kinds of rights, discipline, caring, and security” (1999: 215).

Along these lines, in the Palestinian case we can also talk about grades of sovereignty, divided into four categories:

The first category concerns refugees who are residents of camps in the West Bank and Gaza, which are ceded by the PNA to the regulatory power of a supranational agency, UNRWA. The PNA considers the camps as temporary structures awaiting the implementation of the right of return. Accordingly, very little infrastructure has been provided in the camps. Local authorities also consider the camps as not belonging to their territory. In Nablus, for instance, the municipality does not want to provide electricity to the Balata refugee camp, despite the fact that it is located within the municipal boundaries of Nablus. Also, the camps were not incorporated into municipal elections held in the West Bank.

Notably, the PNA has not only delegated its responsibilities towards Palestinian refugees to international organizations, but also its responsibilities towards repatriated Palestinian professionals. The PNA views the repatriation of such professionals as facilitated through international intervention, e.g. the UNDP’s TOKTEN programme. This raises questions about the ability of the nation state to deal with issues relating to skills migration and brain drain. In an increasingly globalized market for skilled labour, developing countries are rarely able to compete with developed countries because the latter offer far higher wages. In such cases, TOKTEN may be considered as a mechanism by which recipient countries (usually Western) compensate countries of origin. Such a mechanism can prove vital in the Palestinian context, characterized as it is by political and economic circumstances that do not encourage (and actually impede) the repatriation of refugees and diasporic people, and which are likely to encourage a continued outflow of skilled individuals.

In the second category of sovereignty are Palestinian residents who can prove allegiance to the Palestinian nation state. Through such allegiance, the PNA asserts its ideological power to construct national legitimacy. In this category are included that part of the population that originates from the West Bank and Gaza, or those refugees who arrived with the PNA, and who mainly hold Palestinian travel document (that are wrongly referred to as Palestinian passports).



The third category pertains to people who have “returned” after a long stay in the West, mainly the US, and who decided to reside in the Palestinian Territories as professionals or investors. The PNA’s position in their regard is paradoxical; on the one hand, the PNA offers them tax holidays for many years in order to encourage investment (up to 15 years, depending on the type of investment) but, on the other, it is very suspicious of their potentially dual allegiance. In other words, the eroding effectiveness of the traditional roles of regulation, taxation and law enforcement anchored in the nation state, which is expected to lead to new patterns of cooperation among nation states in these areas (Cooper, 1997: 3), contrasts with and contests the tendency of the state to close itself off from other countries of the region.

The fourth category concerns Palestinians inside the green line (Israel). The nature of their relationship with the Palestinian nation state is complicated; predominantly, these people want to remain Israeli citizens, while also retaining social, economic and political relations with the Palestinian Territories. However, many circles within the PNA have a difficult time admitting this, as is reflected, for instance, in how it has regulated interactions between civil societies across the green line. Since the promulgation towards the end of 1999 of a PNA law regulating NGOs, the Palestinian Ministry of Interior has refused to allow Palestinian Israelis to participate in or to serve on the administrative committees or boards of any Palestinian NGO. This policy of demarcation was to some extent also shared by elements within the private sector that wanted to reinforce the separation between the Palestinian Territories and other countries. For instance, the Palestinian Telecommunications Company, PALTEL, tried for some time to internationalize communications between the Palestinian Territories and east Jerusalem, on the one hand, and west Jerusalem and the rest of Israel, on the other, pricing a call across these areas as an international call, a policy which notably did not take into account how such a move might impede connectivity within family networks, for instance.

Over the past years, some incidents have illustrated how tricky it is to deal with the various categories of Palestinians within the classical concept of the nation state that devolves rights and duties only onto citizens. One such incident, the case of the Palestinian-Qatari Issam Abu Issa, terminally damaged diplomatic relations between the Palestinian National Authority and the government of the Gulf Emirate of Qatar.

Issam Abu Issa was the head of the Palestine Investment Bank established in 1997 by government ministers and businessmen from the Gulf, with the majority of shareholders being Qatari. In December 1999, Issa was charged by the Palestinian National Authority with embezzling US\$ 20 million in the guise of unsecured loans during his tenure at the bank. Since 20 December 1999, when Issa, “who holds Qatari citizenship”, sought refuge in the Qatari representative office in Gaza, the mission has been kept under 24-hour surveillance by Palestinian security forces. Following a two-week long stand-off during which the Qatari representative was recalled from Gaza, an agreement was finally reached on 3 January, allowing Issa and his two jailed brothers to leave for Qatar, while an independent task force audits the relevant accounts at the PIB. Issa declared his innocence, claiming that politics were at work, and has accused the authority of taking over the privately run bank.

What is interesting about this story is that some of the PNA people involved (interviewed by the author) affirmed that Abu Issa, who is a Palestinian citizen and was residing on Palestinian soil, cannot benefit from the fact that he holds a Qatari passport. In this respect, it is important to pay

attention to the vocabulary of this officer, who, in categorizing Issa as a “Palestinian citizen” and “Qatari passport holder” establishes a hierarchy within which the country of origin precedes the host country. Meanwhile, the Qatari representative highlighted only the fact that Issa is Qatari, which makes his seeking refuge with the Qatari representative in Gaza normal. In many states in the Middle East, citizenship remains linked to nationality and non-citizens are, in principle, denied access to the public sphere defined by the state. As argued by Grillo, Riccio and Salih (2000), this is also the case in many Western countries.

Friedman (1997) argues that, in the past, “diasporic identity entailed a political accusation of treachery, a fifth column aimed at penetrating and conquering the nation from within”. However, this perception is still prevalent in many countries in the Middle East, including the Palestinian Territories, as demonstrated, for instance, by the discourses held by security officers in the Palestinian Territories and elsewhere in the Arab world. This discourse projects symbolic violence against people who enjoy dual nationality and, thus, dual allegiances, as will be demonstrated further below in the case of Issam Abu Issa. In other words, the hegemonic political system reacts violently to the fragmentation of political identity. The problem is not often noted; the Abu Issa affair was highlighted by the media only because Abu Issa is close to the Qatari government. Yet it is clear that this and other similar cases reflect the PNA’s fear of the discourse of hybridity and its preference to identify people as either fully Palestinian, or not at all.

In view of our research, and the tension between the transnational practices of Palestinian transmigrants/returnees/refugees and the policies of the Palestinian state, it may be that the PNA could be more reliable as an extraterritorialized nation state rather than a de-territorialized one. That kind of state is territorialized in the manner of any other state, but with the difference that it distinguishes between citizenship and nationality. Accordingly, the rights and the duties of those who live in the Palestinian Territories would not be a function of their nationality (i.e. whether they are Palestinian or not.) At the same time, those who live abroad and who are of Palestinian origin, could also enjoy rights and duties, even though not residing permanently in the Palestinian Territories. Notably, such an arrangement would be possible only if the Palestinian National Authority were able to enter into special agreements with countries which host Palestinian refugees that would facilitate the attainment of full dual citizenship. Accordingly, Palestinian citizenship would be available even to people residing outside of Palestine. This, particularly in the light of outstanding questions regarding the capacity to absorb Palestinian refugees, could be an honourable solution for those who are not willing to return, but who would nevertheless like to belong to a Palestinian nation and to be involved in Palestinian public affairs.

It is, of course, important to note that the realization of extraterritoriality does not lie solely within the domain of the PNA. Palestinian governance has *de facto* been evolving away from a state-contained, bureaucratic and hierarchical system towards a more diffuse pattern of authority dispersed over the economy, society and polity. In financial terms alone, transnational and international actors, such as donor agencies and international NGOs, have (as they did before the arrival of the PNA) effectively assumed many of the responsibilities of the Palestinian “protostate”. Broadly, this phenomenon highlights the political relevance of local NGOs and organizations such as municipalities. To that extent, the globalized extraterritorial state do not imply (only) a shift of power to markets, but also to “placeless institutions”, a development that offers a necessary bulwark against the disempowerment of citizen politics.

In Palestinian national history, the PLO has been the most significant example of such a “placeless” institution and, while it is clear that the PNA, as the territorialized investment of the PLO, has not been responsive and accountable to its citizens, both the PNA and the PLO can serve as instruments for making collective choices. Contrary to what is suggested by many new models of governance, the predominance of nationalist issues does not necessarily lead to a phenomenon that could be characterized as “more nation and less state”. In spite of the prevailing globally integrative forces, nation states are still viewed as the ultimate political arbitrators of culture, security and the welfare of their citizens (Zacher, 1997: 5). Nevertheless, in the light of the loss of faith, trust and confidence suffered by political institutions worldwide, i.e. the “decline of deference” (Simeon, 1997: 303), which is also currently reflected in the standing of the PNA, it is imperative to think about the roles that NGOs and other kinds of associations could play within the politics of extraterritoriality.

I have so far disproportionately discussed practices rather than discourses of extraterritoriality, since, in line with Ong (1999), I consider that sovereignty is not only juridical power but is “an effect of practices” associated with law and other forms of regulation that construct relations between the state, its population, and the market. However, it is important to understand how the PNA has tried theoretically to resolve the problem of its de-territorialized Palestinian population. In this regard, the most instructive discourse is arguably that of Palestine’s draft constitution. The document is the work of a Palestinian constitutional committee, established by Yaser Arafat in November 1999. The Committee’s mandate and efforts were endorsed by the Central Council of the PLO at the various meetings during 2000. Interestingly, it highlights important contradictions between national Palestinian discourse and practice on the issues of extraterritoriality.

The draft provides a broad primary definition of Palestinian citizenship; according to Article 25 (Chapter 1, Section 2: Rights and Duties), Palestinian citizenship “is secure and permanent for any Arab who lived in Palestine before May 1948. It is transmitted from father to child. It endures and is not cancelled by the passage of time. The law shall determine the ways of gaining and losing it and the rights and duties of multinational citizens.” Thus, Palestinian citizenship includes Palestinians who have not been able to reside in the Palestinian territories. According to Article 32 from the same section, these people have the right of return to their home and the original home of their ancestors. The draft considers that belonging to the nation and being territorialized on its land, as a “natural right which cannot expire” and the exercise of which “cannot be delegated nor surrendered”. Territoriality in this sense is not related to Palestinian sovereignty but to natural right.

Concerning the participation in governance and national affairs of Palestinians abroad, Article 67 (Chapter 2: Branches of Government), considers Arab Palestinian people as “the source of authority” and asserts that “they shall exercise (the rights and authority) through the PLO and branches of government in the state of Palestine as defined in the Constitution, guaranteeing the participation of the Palestinian refugees living abroad in designing national public policies”. To that end, Article 70 (Chapter 2, Section 1: The Legislative Branch) stipulates that the legislative authority of the Palestinian people be vested in two councils, the first of which will be a “legislative council, composed of 150 representatives of the Palestinian people in the state of Palestine”, and specifying that “it alone shall be entrusted with the legislative and oversight role in the state. It shall be elected in accordance with the provisions of the Palestinian election law”. The

second council specified by the Article is “the National Council, composed of 150 representatives of the Palestinian refugees abroad. It shall be formed to protect the guarantee of justice in representation and share with the Legislative Council in legislating laws connected with general national rights. The members of the National Council shall be chosen according to the election system of the National Council until it is amended”.

This text starkly illustrates the discrepancy between the demonstrated willingness of the PNA to accommodate transnational practices within the Palestinian diaspora, and the rhetorical and proto-judicial position to which the PNA is bound. While its policies tend *de facto* to be inflexible, the constitutional discourse clearly envisages formal structures that can accommodate hybridity. Notably, this discourse also indicates that the Palestinian Liberation Movement has envisaged a structure, which apports shared responsibility for Palestinians abroad between the PLO and the PNA. Until now, the post-Oslo era has evidenced a marginalization of the PLO and increased competition between the PNA and PLO, rather than an effort to share responsibility and the burden of governance. Moreover, the PNA has regarded even tentative attempts by Palestinians abroad to create structures to allow them to voice their claims as threats to its authority, requiring suppression. Prominently, the PNA is known to have persuaded a number of Arab states to clamp down on tentative attempts by diasporic Palestinians to create such structures. All attempts to this end by Palestinian-Kuwaiti businessmen Abdel Mohsen Qattan of the Welfare Association, and Hisham Sharabi, have failed.

### 3. CONCLUSION: IDENTITY BETWEEN TRANSNATIONALISM AND HYBRIDITY

It is difficult to talk about de-territorialization of identity as a disembodied detachment from the particulars of space. In the Palestinian context in particular, identity is still highly territorialized, in so far as the contest over land and the struggle for national liberation shape everyday life. However, the relationship between national identity and territory is fraught with considerable ambivalence, and contradictory and multivalent dynamics. In understanding these, Lena Jayyusi (2002) insists on the importance of the national identity as collectivity. For her, “identity can be thought of as practice of presence: its ‘absence’, then, can only be the experience of a condition of compulsion, not merely of lack, or of non-presence. That is to say, the ‘absence’ of identity is not merely a *docile* absence (...) it can be a *produced* absence.”

This is also a reminder that transnationalism and the form of the nation state are not only shaped by the political arena, but also by the social and cultural context. What is at stake is not only the separation of citizenship and nationality, but also the separation of citizenship and national identity(ies). Accordingly, the transnational experience of migrant/returnee is determined by the form(s) of hybridity and heterogeneity permissible within a society. Without necessarily adopting an extreme form of the “politics of non-identity” theorized by Edward Said and Jacques Derrida, it is important to study how a society (whether the host country for a migrant or origin country for a returnee) can allow multiple lifestyles to be expressed in the public arena.

Let us take the case of one of the smallest cities in the world: Ramallah. Ramallah has the appearance of a cosmopolitan city, but if one examines its patterns of urbanism in relation to its social life, one realizes that its structure resembles nothing so much as a kind of tribal village.

An interrogation of the newly redesigned Manara Square in the heart of the town that separates Al Bira from Ramallah, is illustrative (Isotalo, forthcoming). Some cafés and fast-food restaurants in this area, mostly founded and managed by returnees, speak of a nostalgia for the cities they formerly lived in: Chicago, New York, Paris, Abu Dhabi, etc. These places constitute a formless heterotopy, in the Foucaultian meaning, disconnected from the social tissue of the city. The venues (cafés with names like Stones, Pronto, Kaan Bata Zaman) are not sites or even symbols of hybridity in this city, but rather segregated and segregating places, where specific cliques meet regularly. Those who frequent such places meet the same people all the time.

## NOTES

1. Personal communication.

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## Arab Migration in a Globalized World

The papers in this volume were presented at the Regional Conference on Arab Migration in a Globalized World, organized jointly by the League of Arab States and the International Organization for Migration in Cairo from 2-4 September 2003.

The conference was important as it brought together a group of key people – government representatives, international organizations, academics and practitioners – to look at migration and how it affects and is in turn affected by, the countries and peoples of the region.

This book, written by some of the leading experts on Arab migration, provides a wealth of information, policy analysis and data, relating to migratory flows in the Arab region and neighbouring countries. The book includes several papers that examine the impact of migration on development in the Arab region, and suggests ways in which countries of origin and destination might work more closely together to enhance and reap the potential benefits of migration.



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