

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

### A. Introduction

The impacts of the economic crisis in the Arab region are largely shaped by the fact that economic growth in the region is not fuelled by productive activities, but mainly depends on oil revenues, real estate investments, returns from the tourism sector, as well as foreign aid. The economic crisis has led to a visible decline in financial markets in some countries, but its impact on the economy itself is still relatively limited because of the surplus of oil revenues in Gulf countries and because of the limited 'market capitalization' in countries such as Jordan and Lebanon. In this context, the GDP growth rate is expected to decline from 6% in 2007 to 4% in 2009<sup>1</sup>.

The impacts of the economic crisis on international migration in the Arab region are not fully clear yet, as there is a lack of reliable timely accurate statistics on the issue. Available reports mainly focus on the sizeable flows of return migration, the rise in unemployment rates, the decline in remittances, etc., suggesting that the crisis comes with both challenges and (limited) opportunities

### B. Challenges posed by the crisis

#### 1. Exacerbating unemployment

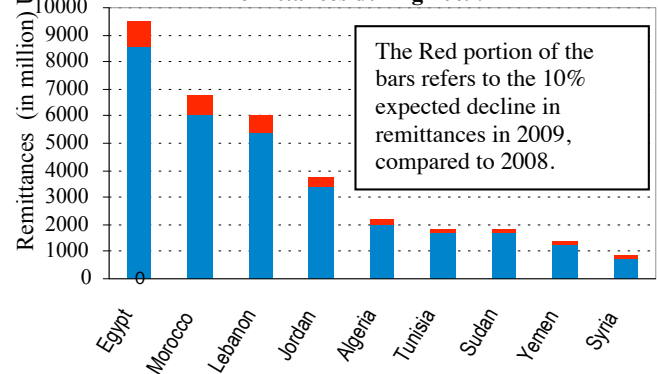
The Arab Labour Organization (ALO) estimates that unemployment is currently at 14% (17 million people) in the Arab region, the highest among world regions. The region would need to create 4 million new work opportunities every year to prevent a further increase in this rate. As a result of the economic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

#### 2. Squeezing remittances

The Arab region stands out as the greatest source of remittances worldwide. In 2004, remittances from the Gulf countries amounted to US\$ 26 billion. Saudi Arabia ranked second with US\$ 13.5 billion sent. The region is also one of the largest receivers of remittances with inflows of US\$ 21.6 billion in formally registered remittances in 2003. Informally transferred remittances are assumed to be much larger<sup>3</sup>. Egypt, Morocco and Lebanon are the greatest receivers of remittances in the

region, having respectively received 9.5, 6.7 and 6.0 billion US\$ in 2008. Egypt in particular is among the top 10 receivers of remittances worldwide. A 10% decline in remittances, as predicted by the World Bank for 2009, would have a considerable impact on the living conditions of families that depend on these flows, as well as on the economies of countries where remittances constitute large portions of the GDP (23.7% for Lebanon, 21.7% for Jordan, and 9.0% for Morocco)<sup>4</sup>.

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



#### 3. Threatening human rights of migrants

The economic crisis will threaten the job security of migrant workers who risk losing their jobs or may be obliged to accept employment at lower wages and worse conditions. This is particularly expected in the case of Gulf countries that rely heavily on foreign labour. The economic crisis is also expected to exacerbate concerns related to the human rights of female migrants in countries of the Gulf Cooperation Council (GCC) who work in domestic help, childcare and personal services. Among countries in the region, only Algeria, Egypt, Libya, Morocco, and Syria have ratified the UN 1990 'Convention on the Protection of the Rights of All Migrant Workers and Members of their Families'.

### C. Opportunities offered by the crisis

#### 1. Fostering brain circulation

It is expected that unskilled migrants will be the most negatively affected by the economic crisis in terms of job security. However, skilled migrants have better chances of finding another job if made redundant, often

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by moving to another destination country. By spurring the emigration of highly-educated and skilled workers from Arab countries (phenomenon known as ‘brain drain’) the crisis offers new opportunities for ‘brain circulation’,<sup>5</sup> a ‘triple-win solution’ that serves host countries, home countries and migrants themselves: (1) host countries can fill their labour market needs without facing the full challenges of immigrant integration, (2) home countries can tap into the skills and resources of returning migrants, and (3) migrants themselves benefit from higher wages in host countries and get the opportunity to enrich their work experience and skills.

### *2. Restoring balance to the population pyramid.*

In the Arab region, age and sex-selective migration has caused two types of population pyramid imbalances:

In GCC countries, the population pyramid portrays a noticeable bulge for males of working age, because most immigrants to these countries are males seeking employment. The economic crisis is expected to result in the departure of foreign workers from GCC countries, thereby restoring some balance in the population pyramid.

On the other hand, the population pyramid of some countries such as Lebanon shows a subtle ‘bust’ for males of working age, because most emigrants leaving the country are males seeking employment. The economic crisis is expected to result in the return of some these emigrants who lost their jobs abroad. This may have positive social repercussions in terms of reuniting families (when the male head returns to live with his wife and children); restoring balance in the mate availability ratios (thereby lowering female celibacy rates); and potentially reducing reliance on elderly pensions that provide care for the old when their children are abroad.

### *3. Boosting national economic growth*

For a very limited period of time, the economic crisis may provide some Arab countries with the opportunity to boost national economic growth. Lebanon, for example, has witnessed an increase of around 21% in deposits in its local banks during the year 2008. It also recorded a 6% GDP growth rate in 2009. This can be explained by an inflow of financial transfers from Lebanese emigrants who seek to avert the risks faced in foreign banks. Lebanon should take advantage of this opportunity and invest in productive sectors now.

### **D. Conclusion**

The Arab region’s ‘immunity’ in the face of the economic crisis is beginning to weaken. The region’s surplus of oil revenues had enabled it to resist and delay the onset of negative symptoms. However, such symptoms are now progressively emerging in both labour sending and receiving countries in the form of rising unemployment, squeezed remittances and disrespect for the human rights of migrants. In its efforts to meet these challenges, the region should take advantage of the limited opportunities offered by the crisis in terms of brain circulation, rebalancing of population pyramids and, in the case of some countries, a limited period of boosted national economic growth at the first stages of the crisis.

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