THE IMPACTS OF GLOBAL FINANCIAL CRISIS ON MIGRATION: EVIDENCE FROM MENA COUNTRIES

DOAA M. SALMAN*
Faculty of Management Sciences
Modern Sciences and Arts University (MSA), Egypt

This paper will focus on the impact of the recent global financial crisis on migration. Section one deals with a brief introduction; section two gives an overview of migration trends before the crisis among the MENA countries; section three assesses the impact of the global crisis on international migration in the MENA region by industry, gender, and remittances; section four tackles the policies adopted in both countries of destination and origin to face up the crisis and to absorb the returning skilled labor. Finally, I provide policy recommendations.

Keywords: Migration, financial crisis, MENA

1. Introduction
At this stage the evidence on the impacts of the global financial crisis is still very fragmentary, although some valuable reports and articles are beginning to appear (Chamie, 2009; Papademetriou and Terrazas, 2009; Ratha et al, 2008). Global financial crisis transferred its severe impact from the financial markets, deteriorating many economic activities and labor markets, all these contributing in damaging developments dreams especially in developing countries. It is not surprising that these waves affect the movement of international migration which is an integral part of the global economy.

Financial crisis effects continue to cause a global economic slowdown; millions of migrant workers are set to be deported, causing their families to be pushed further into poverty. While there is an immediate consensus amongst the world’s leading financial experts that the long term effects of the financial crisis are yet to be fully understood, Civil Society Organisations (CSO) continue to remind the international community of the dire social and humanitarian consequences. In 2009, International Labor Organization (ILO’s) Global Employment Trends report (GET) announced that global unemployment in 2009 increased from 18 million to 30 million workers compared to 2007, and with the continuing of the recent recession there will be around 50 million workers unemployed all over the world (ILO 2009, 3).

*Email: doaslmam@yahoo.com, dsalman@msa.eun.eg
Copyright © Doaa M. Salman. Licensed under the Creative Commons Attribution-NonCommercial License 3.0
In the Developed economies and the European Union (EU), the economic growth rate was around 0.09%, the lowest since 2002. The growth rate is projected to be negative in 2009. In Central and Eastern Europe (non-EU) and the Commonwealth of Independent States (CIS) the economic growth rates declined in 2008. In Sub-Saharan Africa, economic growth slowed down in 2008. The MENA region was the only exception to the economic slowdown in 2008 (See Table 1).

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP growth rate (constant prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td>Developed Economies and EU</td>
<td>2.6</td>
</tr>
<tr>
<td>Central and Eastern Europe and CIS</td>
<td>7.6</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>6.7</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>6.1</td>
</tr>
<tr>
<td>Latin America &amp; the Caribbean</td>
<td>5.7</td>
</tr>
</tbody>
</table>


Theses deteriorations differ among countries where the impact of unsecured economic growth, high unemployment rates and poverty affected certain groups disproportionately. Poverty and economic imbalances represent the main pushes for more migration. Migration represents a viable alternative to take pressure off national labor markets. But after the crisis, international migration and remittances changed, and this change is different around the globe.

Migration in the MENA region has gained a great concern in all studies not only because of the large numbers of migrants but also because their growth rate largely exceeds that of the populations. Migration among MENA countries is characterized by many of the following important features: (i) the large scale of worker mobility between countries; (ii) importance of economic factors, especially oil revenues driving migration; (iii) regional conflict and insecurity in some countries as another source for migration; and (iv) the dominance of the gulf and Europe attracting workers from the region. MENA region hosts a population of 354 million living in 20 countries. The region has abundances of natural resources – it holds 2/3 of world oil and gas reserves and accounts for 1/3 of world production (Silva-Jauregui, 2005). Moreover, MENA suffers from a lot of economic problems such as population growth that lasted over decades and pushed for high rates of unemployment and poverty. MENA countries record the highest unemployment rate despite its decrease from 14.3% in 1995 to 13.2% in 2005, compared to The South and North Asian countries (See Table 2).

Historically MENA migrants to North America and Europe has substantially increased from 1990 to 2000, to nearly 5.5 million. By far, Europe gets more MENA migrants than North America. However by the year 2000 around 65% of MENA migrants move to North America compared with only 12.6% of migrants to Europe (Hisham 2009, 3). This
reflects the relatively lower migration costs to Europe, and the closeness ensuring that only the migrants with the highest expected earnings would be willing to move to North America. For relatively low skilled migrants, the marginal increase in wages that they get following migration may be enough to overcome the low migration costs to Europe, but not the high costs of moving to North America. While MENA migrants to Europe are much more numerous, migrants to North America tend to be better educated. MENA countries suffer from the crisis but the degree of damage will depend on their degree of economic integration, and their ability to implement certain macroeconomic and structural policies.

2. Migration trends in the MENA region before the crisis

To adequately display the different economic characteristics of the MENA region, the World Bank categorizes it into three main groups: group one are countries that are resource-rich, labour-importing (RRLI)\(^1\); group two are countries that are resource-poor, labour-abundant (RPLA)\(^2\); while group three are resource-rich, labour-abundant (RRLA)\(^3\). To serve the objective of this paper, we will use these groups to analyze the impact of the crisis on international migration.

2.1 Group one (RRLI)

Oil exporting countries are characterized by being rich countries and relatively small population. The RRLI have only 0.4% of the world population, hosting about 13% of the world labour migrant population (where they represent 41% of the total population in 2005). Earlier migration flows had involved small numbers of seasonal workers for fishing and pearling, but over the 1960s oil revenues increased and economic development

---

1 Bahrain, Kuwait, Libya, Oman, Qatar, Saudi Arabia, and United Arab Emirates
2 Djibouti, Egypt, Jordan, Lebanon, Morocco, Tunisia, and Palestinian Territories
3 Algeria, Iran, Iraq, Syria, and Yemen
led to labour importation. By 1972, the whole region rapidly became dependent upon foreign labour. And they started to attract more and more due to the boom of the oil prices. However we split the waves of migration into three stages:

Stage one—wealth accumulation; from the World War II to the October 1973 war. This period witness an increase in the oil demand matched by great oil supply, and in order to meet this increase in demand, labour was demanded especially from Arab Middle East countries and so labour migrated from population rich to capital rich countries motivated by high incomes there.

Stage two—major Influx; from the war of October 1973 to mid 1990: oil countries started to build their economy after they accumulated wealth; infrastructures and economic buildings were at the top of their priorities and hence a lot of short term jobs were created; accordingly the numbers of foreigners in the oil countries increased during 1975–1980, reaching 33% of the total population (Baldwin-Edwards, 2005). This dependency on foreign workers was a result of low labour force participation, especially of women (Baldwin-Edwards, 2005, pg.5), a small native population about 6.1 million of RRLI countries, low literacy and educational levels and high non-labour income for nationals (Baldwin-Edwards, 2005, pg.8).

Stage three—Gulfization; from the mid 1990 to 2007: During this period theses countries adopt “Gulfization” policies where they start hiring more of the Gulf nationalities despite their lacking the main job requirements and this was due to the high percentage of unemployment of the nationals. Between 1990 and 2005, the Arab States saw a net gain of around seven million international migrants, bringing the total to nearly 20 million. In 2005, three Arab States were among the ten countries with the largest number of migrants as a percentage of the population: Qatar (80.5 million); the United Arab Emirates (70%) and Kuwait (69%) (see Figure 1). These three countries are the main target for all international migrants as they offer attractive wages, similar life styles, and low labor requirements.


Figure 1: International migrants as a percentage of the population in 2005 and 2010

---

4 United Nations Economic and Social Commission for Western Asia, “International Migration in the Arab Region”, Expert Group Meeting on International Migration and Development in the Arab Region: Challenges and Opportunities, Beirut, 15-17 May 2006 (UN/POP/EGM/2006/14), pg. 2
2.2 Group two (RPLA)

Morocco, Tunisia, Jordan and Egypt are the main economies that enjoyed growth increases; their real GDP growth was fluctuating between 5% and 4% during the period between 1990 and 2007. These countries witnessed an increase in GDP growth driven by several factors: recovery from drought in the Maghreb; the onset of economic recovery in the euro area; and strong flows of tourism. GDP growth recorded 5.7% in the RPLA by 2007, and it witnessed a recovery despite a substantial flare-up in geopolitical tensions, including conflict in Lebanon and the isolation of the West Bank and Gaza from trade and financial flows (see Table 3).

Table 3. Sources of growth in the MENA region 1996–2006

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource-rich, labor-importing (RRLI)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real GDP growth (%)</td>
<td>3.3</td>
<td>4.7</td>
<td>6.9</td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Contributions to GDP growth (points) from</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic demand</td>
<td>3.3</td>
<td>3.8</td>
<td>7.2</td>
<td>12.9</td>
<td>14.1</td>
</tr>
<tr>
<td>Private consumption</td>
<td>1.4</td>
<td>1.7</td>
<td>3.6</td>
<td>6.7</td>
<td>6.0</td>
</tr>
<tr>
<td>Government consumption</td>
<td>0.9</td>
<td>0.9</td>
<td>1.7</td>
<td>2.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Gross domestic investment</td>
<td>1.0</td>
<td>1.2</td>
<td>1.9</td>
<td>3.4</td>
<td>5.5</td>
</tr>
<tr>
<td>Net exports (goods and non-factor services)</td>
<td>0.0</td>
<td>0.9</td>
<td>−0.4</td>
<td>−5.4</td>
<td>−6.6</td>
</tr>
<tr>
<td><strong>Resource-poor, labor-abundant (RPLA)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real GDP growth (%)</td>
<td>4.7</td>
<td>3.9</td>
<td>4.8</td>
<td>3.8</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Contributions to GDP growth (points) from</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic demand</td>
<td>4.4</td>
<td>3.2</td>
<td>4.9</td>
<td>3.9</td>
<td>6.8</td>
</tr>
<tr>
<td>Private consumption</td>
<td>2.1</td>
<td>2.6</td>
<td>3.3</td>
<td>2.2</td>
<td>4.9</td>
</tr>
<tr>
<td>Government consumption</td>
<td>0.5</td>
<td>0.6</td>
<td>0.1</td>
<td>0.6</td>
<td>−0.1</td>
</tr>
<tr>
<td>Gross domestic investment</td>
<td>1.7</td>
<td>0.1</td>
<td>1.4</td>
<td>1.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Net exports (goods and non-factor services)</td>
<td>0.3</td>
<td>0.6</td>
<td>−0.1</td>
<td>−0.1</td>
<td>−1.2</td>
</tr>
<tr>
<td><strong>Resource-rich, labor-abundant (RRLA)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real GDP growth (%)</td>
<td>3.8</td>
<td>5.0</td>
<td>4.9</td>
<td>4.6</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Contributions to GDP growth (points) from</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic demand</td>
<td>2.7</td>
<td>6.0</td>
<td>7.3</td>
<td>4.5</td>
<td>7.1</td>
</tr>
<tr>
<td>Private consumption</td>
<td>1.3</td>
<td>2.9</td>
<td>4.8</td>
<td>1.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Government consumption</td>
<td>0.0</td>
<td>0.7</td>
<td>0.6</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Gross domestic investment</td>
<td>1.4</td>
<td>2.5</td>
<td>2.0</td>
<td>2.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Net exports (goods and non-factor services)</td>
<td>1.1</td>
<td>−1.1</td>
<td>−2.4</td>
<td>0.1</td>
<td>−2.7</td>
</tr>
</tbody>
</table>

2.2.1 Egypt

The Egyptian economy relies on four main sectors: tourism, remittances, Suez Canal revenues and oil. Egypt has experienced an increase in its real economic growth where it achieved 4.5% in 2005 and reached up to 7.1% in 2007. Migration in Egypt has passed through different phases (Zohry and Harrell, 2003). Each phase was affected by the international labour market needs in the Arab region, these phases being as follows.

Phase one: the early migration (before 1974). In 1950, Egyptians had no or little interest in migration; the only migrants were attracted to Iraq in 1930 to work as school teachers. After the 1967 war, the government start to encourage migration due to the political conditions prevailed in the country. In 1971 the constitution legalized migration under article number 52. Phase two: the expansion (1974–1984). This phase started directly after the 1973 war victory as it led to high oil prices followed by increasing labour demand by oil producing countries, targeting to rebuild their economies. By the end of this period the total migrants were around 1.4 million, with the majority of the migrants being doctors, teachers, pharmacists and dentists. The labour demands by the oil producing countries were welcomed by the government to solve the unemployment problems and to use the remittances to face the payment deficit.

Phase three: the contraction (1984–1987) and the deterioration (1988–1992). It began around 1983 after the Iran-Iraq war, and it ended with a decline in the oil prices, freezing of the demand for construction workers when the Gulfization policy started; causing migrants to return home. The deterioration phase started by the beginning of the 1991 Gulf War, when huge numbers of migrants in oil producing countries return home. This was significant in Egypt where about 700,000 Egyptians migrants return home once the war had begun (de Haas 2007, 4). Phase four: the recent phase (1993–2003). During this period most of the returning labour migrants settled in Egypt, with the number of returning migrants according to a census in 1996 as 2.5 million. At the same time in 2002 Egypt was ranked as one of the top labour exporting countries in the MENA region with net numbers of migrants reached negative 150,000 (Fargues and Shah, 2005, pp.8–11).

Reviewing the point of view of the migrants, the reasons behind this big return differ as many return because they were concerned by two main motives: investment in their home, or attachment to their home. Especially after 2005, economic conditions improved with investments in telecommunication, construction, light manufacturing, other ongoing privatizations of public assets, tourism and related infrastructure. Consequently, the country benefited from strong investment, construction outlays, and tax cuts.

2.2.2 Jordan

In 2006, Jordan’s growth was the third-best of the group, and continues to be one of the most successful growth experiences in the past years. The domestic economy remains strong, with investment in real estate and tourism projects leading the way. In order to review the migration policies adopted by the Jordanian economy we split it into two main classifications: First, emigration from Jordan: in the 1950’s and 1960’s where Jordan
adopted a wide emigration policy where Jordanians—whether individuals or with their families—emigrated to oil countries mainly Kuwait, Saudi Arabia, and Dubai, where Jordan was considered one of the main sources of migrant labour.

These migrants were characterized by being very skilled, educated and professional labour, being needed heavily in oil countries mainly in architecture and construction sectors, with about 12,000 engineers working in these sectors (Al Khouri 2007, 18). By 1961 according to a census made by the Jordanian census bureau, about 79% of the Jordanians were living in Arab states (Zaghal, 2005). In the 80’s and 90’s the number of emigrants increased from 100,000 in 1980’s to 287,500 by the beginning of 1990, then this number decreased due to the Gulf War (Kuwait – Iraq), increasing the population by 10%. However it started to increase again after the war had ended, being accompanied by increasing remittances reaching 22.3% of Jordanian GNP by 2001 (Zaghal 2005, 158). In the same period a lot of migrants entered Jordan, characterized by being unskilled labour.

2.2.3 Lebanon and West Bank

These two economies faced a decline in their GDP by 12% in 2006, after a 6% gain in 2005. In Lebanon, estimates put the decline of GDP at 5.5% for 2006. These countries suffer from political conflicts where millions of migrants left home. During period from 2000 to 2008 number of migrants increased and this was due to the bad economic situation in Lebanon as a result of bad fiscal and monetary policies adopted by successive governments, due to which the growth rate had fallen from 8% in 1994 to 0% in 2000 and reached -0.5% in 2001. It is estimated that 30,000 jobs may have been permanently lost. Some 200,000 people, many of them young and highly skilled, may have emigrated during the hostilities (World Bank 2007, 29).

2.2.4 Morocco and Tunisia

In 2005 Morocco’s real output growth surged 7.3% after recovering from a severe 2005 drought and enjoying a rebound in agricultural output and rural incomes. With the implementation of a free trade agreement (FTA) with the United States on January 1, 2006, both countries started to experience better conditions for trade, following adverse effects on Morocco’s textiles and apparel exports in the wake of the removal of the agreement on textiles and clothing (ATC) in 2005. FDI flows to Tunisia more than doubled to $2.8 billion in the year (about 9.6 % of GDP), attracted by telecommunications and other ongoing privatizations of assets, as well as to tourism and related infrastructure.5 Morocco and Tunisia have experience a huge emigration to Europe and OECD countries since the sixties. Actually the governments in these countries facilitated the emigration of individuals to Europe as a way or a tool to decrease unemployment levels, acquire foreign currency through remittances and to enhance economic growth. Most of the migrants of Europe from these three countries in the sixties and seventies are low-educated persons with only

5 http://siteresources.worldbank.org/INTMENA/Resources/EDP_CHAPTER_2_JUNE1.pdf, pg.2
primarily education, however in the recent years the migrants where highly skilled and professionals—a process known as “Brain Drain” where the enterprises in Europe are attracting these skilled migrants to benefit from them especially in lowering costs.

2.3 Group three (RRLA)

These countries are resource-rich, labour-abundant. GDP growth for the RRLA group rose from 4.5 to 5.7% between 2006 and 2007. Growth eased in the remaining countries of the group (see Table 3).

2.3.1 Algeria, Iran, and Iraq

The three countries suffer from wars that led these countries to be unstable for many economic activities. It is estimated that the last Iraq invasion results in a 2 million Iraqis fled to Jordan, Syria, and Lebanon, and an additional 1.7 million relocating to safer areas within Iraq. These flows put high pressure on the Jordanian economy, where the share of illegal migrants is increasing, and controls are now being tightened.

2.3.2 Yemen

Until the second Gulf war 1990 it was estimated that about 1.5 million people are migrants; however after the gulf war about 850,000 are forced to return home living in camps with no jobs and relying today on government assistance. High levels of poverty led to increased migration, where based on World Bank data of 2005, an estimated 1.2 million are migrants with 800,000 living in Saudi Arabia.6

2.3.3 Syria

Syria is one of the countries that still have high annual population growth. Although this growth rate declined from 33 per 1,000 during the period 1981–1994 to 24.5 per 1,000 during the period 2000–2005, Syria still one of the countries with a young population. In the period between 1950 and 2000, there was one of the important critical phases in the Syrian history of international migration, where migrants migrated to developed countries especially USA. The Central Bureau of Statistics implemented an internal migration survey, and found that over 110,000 migrants emigrated outside Syria, with 13,000 out of 110,000 immigrating to Europe and the rest to Arab countries.

In 2003 a survey reported that the remittances send by the emigrants represented the main source for hard currency and affect the Syrian economy significantly, with official figures reporting that remittances reached nearly US $500 million dollars per year, dropping to US$ 100 million in 1990 as a result of the Gulf War. While the immigration figures on travellers entering Syria by the country of nationality during 1990–2000 was as follows: 67.5% from Arab countries in 1990, reaching 75% in 2000. Asians countries accounted for 24.1% in 1990 and about 7.1% in 2000 (Sadeldine 2005, 268).

6ibid, pg.3
3. Assessing trends of impacts of the global crisis on international migration in the MENA countries.

The recent financial crisis went through three crisis waves; from a crisis of securitization of “toxic assets”, then to international linkages resulting in a social crisis reflected on high unemployment levels and poverty. It is not surprising that these impacts affect international migration which is an integral part of the global economy. Although financial systems in the MENA region have not been highly vulnerable to the crisis so far due to their limited integration with global financial institutions, the impact of the global recession on the real economy can be significant in many MENA countries; these impacts differ according to the characteristics of each group of countries.

3.1 Impacts by country

3.1.1 Group one (RRLI)

World Bank studies announce that oil exporting countries are capable of absorbing the economic shocks. As they entered the crisis in exceptionally strong position due to financial reserves accumulated in past years from high oil prices reaching USD140 per barrel in 2008, this gave them a significant cushion against the initial impact of the global financial crisis, enabling them to ride out the storm comfortably. Although their stock markets were hard hit in the second half of 2008, their governments were able to respond by relaxing monetary policy, by providing capital, and guaranteeing deposits in national financial institutions.

However, because of the sharp decline in oil prices since mid-2008, these countries will experience a significantly lower economic growth in 2009 than the previous year. The MENA region is projected to grow at 3.3% in 2009 down from 5.5% in 2008. This decline in economic growth along with declining oil prices will force them to draw down reserves and cut down on investments. Dubai was one of the countries that have been shocked from the global crisis due to its integration with the rest of the world.7

3.1.2 Group two (RPLA)

In this group some countries such as Morocco, Tunisia and Egypt have strong trade and tourism linkages with Europe and other OECD countries. These countries felt the impact of the crisis on their real economies as early as the last quarter of 2008 where recession spread across Europe and other export markets and affected severely the exporting countries in the RPLA. Consequently, this affected jobs in export-oriented SMEs (small and medium enterprises). Also, Tourism activity was sharply reduced in January in Egypt and is expected to remain depressed throughout 2009. Then, public finances are being impacted and it is not clear whether governments will be in a position to issue sovereign bonds given that spreads remain high (although they have declined markedly from their

peaks in late 2008). However the governments are more likely to increase their reliance on domestic borrowing and external borrowing from public sources.

Other countries such as Lebanon, Jordan and Djibouti have a strong linkage with GCC through remittances, FDI, foreign aid and tourism. Lebanon and Jordan entered the crisis with a very weak position concerning their fiscal and external balances, which became worse after the crisis due to severe contraction in the stock markets and declining oil prices in the GCC leading to reduced personal wealth in the GCC and lower employment opportunities available for migrant workers. All these resulted in reduction in remittances, tourism and FDI, which weighed heavily on their fiscal and external balances.

3.1.3 Group three (RRLA)

These are the oil exporters with larger populations relative to their oil wealth than RRLI countries. Although oil exporters with significant oil revenues, oil provides countries in this group with less wealth per capita. GDP growth for the RRLA group rose from 4.5 % in 2006 to 5.7 % during 2007 on a rebound in output in both Iran and Algeria. Growth eased in the remaining countries of the group, notably in Syria.

RRLA countries entered the global financial crisis with weaker fiscal and external positions, with their fiscal and current account surpluses expected to see a sharp decline in 2009 with the exception of Yemen, where 2009 GDP growth will be powered by expanded capacity in the production of liquefied natural gas. This slowdown in the economic activities in the MENA countries will affect the migrant workers. In fact, some researchers estimate that of the between 18–20 million migrant workers employed within the region, around 6 million migrants may lose their jobs, most of them being Indian migrants working in oil countries.8 From the above we can conclude that these groups of countries will witness one or two from the following situations.

First: Migrants could return in large numbers, the global movement of people including international migration could diminish and migration could come to a freeze. This scenario starts in the RRLI group were many low skilled labour returned due to the freeze especially in the construction sector. Second: Migrant workers who are made redundant in their present host country as well as workers who lost their jobs at their home country might try to migrate to other countries. This could be energized by increasing demand for more cheap labour and service. Thus, global movements of people in search for livelihoods could increase, at least from and to some other countries accordingly new sending and destination countries emerge (Parliament Assembly, 2010). Third: The crisis is felt harder by migrant workers and the recipients of their remittances, and by ethnic minorities; the global crisis will not generate a migration crisis but rather turn out to be an individual crisis for migrants and their families at home. Fourth: Several countries turn to more protectionist migration policies, not just over migration but also over trade matters. Anti-immigration lobbies exploit the current crisis and promote their agenda. This could fall on fertile ground as indigenous

8 http://www.migrationinformation.org/Profiles/display.cfm?ID=570
workers who suffer from the crisis might turn to blaming aliens for their misfortune. Thus, xenophobia and racism could increase. Fifth: As emigration is no longer an option for improving life people will turn to protest and a period of discontent and social unrest could be expected.

In the light of the paper objective to assess the impact of the global financial crisis on the migrant workers, we will split the impacts into three subsections, where subsection one assesses the impact on migration by sectors followed by second subsection that assesses the impact by gender, and the third by remittances.

3.2 Impact by sector

Migration can have many types of economic impacts, including effects on wages (Mishra, 2007), total demand within an economy (Glytsos, 1993), technological progress (Burns and Mohapatra, 2008) and exchange rates (Lopez et al, 2007). Various sectors that are known for their dependence on migrant labour, such as service industries, construction, mining, ore and food processing, steel; are severely affected by the crisis. During the period 2008–2009, job losses have been concentrated in four major sectors—construction, financial services, manufacturing, and travel-related services. Migrants are employed in all these sectors, but their characteristics differ by sector. Migrants in construction and travel-related services are often employed in low-skill jobs, those in manufacturing tend to hold semi-skilled jobs, and migrants employed in financial services usually hold high-skill jobs. This means that migrants laid off in what had been boom areas such as Dubai are likely to include both financial specialists and construction labourers.

3.2.1 Construction sector

The MENA construction sector has been experiencing unparalleled growth; the merits of high oil prices, attractive business opportunities, and liberal government policies have attracted substantial capital investment into the region and migrant workers, both internal and international. The top ranked countries in value of construction projects are: Saudi Arabia, United Arab Emirates, and Egypt. Experts estimate for these countries that they will witness a huge expansion but the crisis froze these dreams.

In the GCC the construction sector has witnessed a boom since 2002 due to high oil prices and strong investor confidence. However it was hit hard by the financial crisis where about 30,000 construction workers had lost their jobs in 2009 (Conrad, 2009). The real estate and construction sector too will be negatively affected in the short-term with possible delays in the start of building activities. Nonetheless, in the long term we expect that it will increase in both sectors, and this freezing duration depends on the companies’ liquidity positions.

In the United Arab Emirates the impact on the real economy has been the strongest perhaps in Dubai where its openness to the global economy has made it vulnerable to the recession. The UAE’s economic growth is lead by three main sectors which are the
construction, real state, and service sectors. The impact of the crisis is more significant in the construction sector where its impact is felt on both high and low skilled construction labours. In the UAE especially in Dubai around 4% of the construction related workforce in 2009 is expected to be laid off including not only low skilled workers but also high skilled managers and analysts (Martin 2009, 6). However, Abu Dhabi has come to Dubai’s rescue with a $10 billion issuance and plans to raise another $10 billion if necessary.9

3.2.2 Manufacturing sector

Global trade volume is projected to decline sharply by 9.7% in 2009, the first decline since 1982 and the biggest drop in 80 years. This sharp contraction in trade is likely to affect the MENA region in two major ways. First, the decline in global trade affects directly export of oil, oil-related products as petrochemicals, and manufactured goods (mostly garments) to Europe and OECD countries. In fact, the region’s exports declined by 7% in the third quarter of 2008 when the recession was already affecting OECD countries (World Bank, 2009a). However after the 2008–09 recessions there was an unsustainable credit bubble, with trigger of the downturn being high energy and commodity prices. Energy and commodity prices have since fallen from historic peaks, with uncertain impacts on economies dependent on energy and commodity exports. These factors forced many borrowers who work in manufacturing to face a repayment problem, as the crisis starts for them with a sharp increase in fuel and sudden contraction in the global economy.

The crisis then quickly spread far beyond the financial sector, with serious effects on the firms’ ability to spend on factories and equipment as well as on acquisitions. Consumer confidence fell sharply in many parts of the world. Large companies in many industries were seriously affected by the decline in sales. Starting with financial services, which have been directly affected by the crisis, the shock waves have hit many other industries, ranging from extractive industries and manufacturing to infrastructure services.

In Oman and Bahrain, they are constrained by their limited financial resources, and have followed a different track of intervention by focusing on policies to strengthen the manufacturing and construction sectors. Even though the Omani central bank has pronounced its readiness to provide liquidity to banks in hardship, no case has been recorded in that direction. This sector tries to survive depending on the government intervention to keep them in the market and not to lay off their employees.

3.2.3 Financial and Travel-Related Services

Many migrants are employed in travel-related services, especially hotels and restaurants. Employment in this sector, which had been increasing rapidly, slowed sharply in 2008, first because of high oil prices and later because of unemployment and falling incomes. However, unlike the idle building sites or the layoffs announced by manufacturing and

9 http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENA
financial services, hotels and restaurants often adjust by laying off some employees or reducing their hours, which makes the effects of the slowdown less visible.

The United Arab Emirates has been attracting migrant workers to fill almost all private sector jobs, including in financial services. There have been reports of layoffs, and discussion of giving expatriates more than the usual one-month to find a new job or leave the country. AFP reported that up to 45% of the construction-related work force in the UAE could be laid off in 2009, including managers and analysts. Dubai may represent one end of the Gulf spectrum’s response to the global recession and Saudi Arabia the other. The Saudi government is building six “economic cities” that aim to house about five million residents and employ 1.5 million workers by 2015; the government said it would continue their construction despite the falling price of oil and thus government revenue.10 However, levels of tourism and investment have already fallen and are likely to continue falling.

3.3 Assessing the impact of the financial crisis in the MENA region by gender

The Arab region stands out as having one of the lowest proportions of women among international migrants. Current estimates indicate that just 36 per cent of immigrants in the Arab region are women or girls.11 Increasing numbers of migrant women are employed in health care, care giving and domestic services, especially in the GCC. The number of female migrant workers in the GCC countries, Jordan and Lebanon is likely to remain high as labour force participation increases among native women and the demand for caregivers and domestic workers to perform the tasks natives no longer have time for also increases. In Jordan, as of August 2000, over 98% of female migrants were domestic workers, mainly from Sri Lanka and the Philippines. Many were overqualified. For example, 36 per cent of Filipino women who migrated for domestic work were either college graduates or persons with some college education.12

Women, who tend to be employed in education and health care, are less sensitive to economic fluctuations. In recessions, the percentage of families supported by women tends to rise slightly, and it is expected to increase after the crisis. Studies show that women migrants exceed the presence of men in the sector health, social work and education. In the hotel and restaurant sector, the presence of men and women is almost equal. A study done by the International Labour Organization estimated that the financial crisis is expected to hit women more than men. In its annual report Global Employment Trends for Women, the Geneva-based Employment Equity Organization said up to 22 million women could join the ranks of the unemployed in 2009, reaching 7.4% compared

10 “Massive layoffs expected in UAE,” AFP, December 24, 2008. www.google.com/hostednews/afp/article/ALeqM5hzVDlRlBH4wCPPx2PIItc7aqwe2Q
for 7% for men. The impact of the crisis on women can be summarized in the following points (USAID, 2009):

- Export oriented countries experience higher unemployment rates for women than men in the manufacturing sector as they represent between 60% and 80% of export manufacturing workers in developing countries. After the crisis hit the manufacturing sector severely, the majority of the layoffs were women.
- The job losses for women mean higher levels of exploitation as women are forced to work in increasingly poor conditions, or worse, in the illicit economy.
- Migration patterns may change as parents and/or children leave or return home searching for work, making them increasingly vulnerable to trafficking. Consequently it may increase exploitation and trafficking of women and children for labour.
- Jobs created during an economic crisis target men. During an economic crisis, governments and donors tend to emphasize large infrastructure projects dominated by men to create jobs. Industries that include women are generally neglected, further contributing to the high unemployment rates of women.

3.4 Assessing the impact of the financial crisis on MENA countries by remittances

Remittances are the most visible and tangible benefits of labour migration. At the macro level they are a very important source of hard currency used by the countries of origin in correcting imbalances on current accounts. In many countries, remittances represent a high proportion of GDP. Through their direct and multiplier effects, they sustain demand and thus stimulate economic activity; consequently employment is generated. At the household level, remittances can contribute to poverty reduction. Therefore reductions in remittances worry migrant workers, their families, and their countries. A study done by the ILO projected that for the first time in decades, remittances will fall as a result of the financial crisis. This will impact the economic security of households around the world, where remittances represent more than 10% of GDP in over twenty countries, and in some cases as much as 24%.13

3.4.1 Group one (RRLI)

Saudi Arabia is the major source of remittances in this group, where more than one fifth of total remittances from Saudi Arabia are directed towards other countries in the Middle East mainly to Jordan, Libya, Lebanon and Syria. It is projected that in 2009, remittances outflows from oil countries will decline sharply by 9% compared to a 37% growth in 2008. On the other hand The World Bank estimates a substantial growth in the outflow of remittances from oil countries of 38% in 2008, but a contraction by 3% in 2009.14

3.4.2 Group two (RPLA)

In this group some countries are highly dependent on remittances such as Lebanon, Palestine territories, and Jordan. In Jordan the remittances represent about 20% of their GDP. Most of the inflows come from the 500,000 expatriates working in GCC countries, with RPLA total inflows of $28,440mn in 2008 (see Table 5). In Lebanon the remittances comprised about one-fifth of the GDP add up more than $5.5bn a year with more than two-thirds coming from the GCC countries, followed by Jordan with 21%, Palestine territories with 15%, Morocco 9%, and Egypt 6% of GDP (see Table 4).

<table>
<thead>
<tr>
<th>RPLA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Djibouti</td>
<td>3.4%</td>
</tr>
<tr>
<td>Egypt, Arab Rep.</td>
<td>5.9%</td>
</tr>
<tr>
<td>Jordan</td>
<td>21.7%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>23.7%</td>
</tr>
<tr>
<td>Morocco</td>
<td>9.0%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>4.9%</td>
</tr>
<tr>
<td>West Bank and Gaza</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RRLA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>1.6%</td>
</tr>
<tr>
<td>Iran, Islamic Rep.</td>
<td>0.4%</td>
</tr>
<tr>
<td>Iraq</td>
<td></td>
</tr>
<tr>
<td>Syrian Arab Republic</td>
<td>2.2%</td>
</tr>
<tr>
<td>Yemen, Rep.</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Table 4: Remittances as a share of GDP (%), 2007


Egypt came in the first place on the list of the top 10 remittances recipients in 2007 and it recorded inflow of remittances around $7.5bn in 2007, compared to $3bn in 2006 (see Table 5). We anticipate a reduction in the remittance volume given that a considerable number are working in the rich oil-exporting Gulf countries and regularly sending money back home. However, this reduction will not last for long because of the policies adopted in many Gulf country companies of replacing old workers with new ones at lower cost.

3.4.3 Group three (RRLA)

Remittances inflow to RRLA countries so not contribute significantly to the receiving countries GDP, where they contribute more than 5% in Yemen, 2% in Syria, and 1.6% in Algeria. However to estimate the impact of the crisis on remittance we had to take in our consideration the political stability in each country, the projected movement of the exchange rate in each country and the social factors that control the migrants’ behaviour to send their money to their country of origin. In each group of the above mentioned countries
Table 5: Migrant remittance inflows (US$mn) for MENA countries between 1980–2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RRLI</td>
<td>35</td>
<td>39</td>
<td>39</td>
<td>48</td>
<td>49</td>
<td>46</td>
<td>47</td>
<td>49</td>
<td>54</td>
<td>55</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>Bahrain</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Kuwait</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Libya</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>9</td>
<td>10</td>
<td>7</td>
<td>8</td>
<td>10</td>
<td>15</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Qatar</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>RPLA</td>
<td>4,863</td>
<td>9,158</td>
<td>9,180</td>
<td>10,095</td>
<td>11,826</td>
<td>11,854</td>
<td>15,266</td>
<td>17,394</td>
<td>19,047</td>
<td>21,003</td>
<td>25,932</td>
<td>28,440</td>
</tr>
<tr>
<td>Djibouti</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>12</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Egypt, Arab Rep.</td>
<td>2,696</td>
<td>4,284</td>
<td>3,226</td>
<td>2,852</td>
<td>2,911</td>
<td>2,893</td>
<td>2,961</td>
<td>3,341</td>
<td>5,017</td>
<td>5,330</td>
<td>7,656</td>
<td>9,476</td>
</tr>
<tr>
<td>Jordan</td>
<td>794</td>
<td>499</td>
<td>1,441</td>
<td>1,845</td>
<td>2,011</td>
<td>2,135</td>
<td>2,201</td>
<td>2,330</td>
<td>2,500</td>
<td>2,883</td>
<td>3,434</td>
<td>3,737</td>
</tr>
<tr>
<td>Lebanon</td>
<td>—</td>
<td>1,818</td>
<td>1,225</td>
<td>1,582</td>
<td>2,307</td>
<td>2,544</td>
<td>4,743</td>
<td>5,591</td>
<td>4,924</td>
<td>5,202</td>
<td>5,769</td>
<td>6,000</td>
</tr>
<tr>
<td>Morocco</td>
<td>1,054</td>
<td>2,006</td>
<td>1,970</td>
<td>2,161</td>
<td>3,261</td>
<td>2,877</td>
<td>3,614</td>
<td>4,221</td>
<td>4,590</td>
<td>5,451</td>
<td>6,730</td>
<td>6,730</td>
</tr>
<tr>
<td>Tunisia</td>
<td>319</td>
<td>551</td>
<td>680</td>
<td>796</td>
<td>927</td>
<td>1,071</td>
<td>1,250</td>
<td>1,432</td>
<td>1,393</td>
<td>1,510</td>
<td>1,716</td>
<td>1,870</td>
</tr>
<tr>
<td>West Bank and Gaza</td>
<td>—</td>
<td>—</td>
<td>626</td>
<td>859</td>
<td>409</td>
<td>334</td>
<td>472</td>
<td>455</td>
<td>598</td>
<td>598</td>
<td>598</td>
<td>598</td>
</tr>
<tr>
<td>RRLA</td>
<td>1,180</td>
<td>2,235</td>
<td>4,139</td>
<td>2,794</td>
<td>2,817</td>
<td>3,350</td>
<td>5,087</td>
<td>5,630</td>
<td>5,909</td>
<td>5,109</td>
<td>5,769</td>
<td>5,975</td>
</tr>
<tr>
<td>Algeria</td>
<td>406</td>
<td>352</td>
<td>1,120</td>
<td>790</td>
<td>670</td>
<td>1,070</td>
<td>1,750</td>
<td>2,460</td>
<td>2,060</td>
<td>1,610</td>
<td>2,120</td>
<td>2,202</td>
</tr>
<tr>
<td>Iran, Islamic Rep.</td>
<td>—</td>
<td>—</td>
<td>1,600</td>
<td>536</td>
<td>682</td>
<td>851</td>
<td>1,178</td>
<td>1,032</td>
<td>1,032</td>
<td>1,115</td>
<td>1,115</td>
<td>—</td>
</tr>
<tr>
<td>Iraq</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>711</td>
</tr>
<tr>
<td>Syrian Arab Republic</td>
<td>774</td>
<td>385</td>
<td>339</td>
<td>180</td>
<td>170</td>
<td>135</td>
<td>889</td>
<td>855</td>
<td>823</td>
<td>795</td>
<td>824</td>
<td>850</td>
</tr>
<tr>
<td>Yemen, Rep.</td>
<td>—</td>
<td>1,498</td>
<td>1,080</td>
<td>1,288</td>
<td>1,295</td>
<td>1,294</td>
<td>1,270</td>
<td>1,283</td>
<td>1,283</td>
<td>1,322</td>
<td>1,322</td>
<td>1,420</td>
</tr>
</tbody>
</table>

The impacts of global financial crisis on migration: evidence from Mena countries

4. Policy responses in both countries of destination and origin

Immediate measures and policy responses are required to eliminate the impact of the financial crisis on international migration movement within the MENA region. Both the countries of origin and destination should take some action concerning migration. First: enhancing job creation and social safety net protections for returning migrants especially in labour exporting countries. Second: countries of destinations should provide decent work conditions and protection of migrant workers against xenophobic violence along with securing jobs for national workers. Several immediate lines of crisis response should nonetheless include (Taran, 2009)

- Avoiding any forced expulsions or returns of migrant workers, and maintaining intakes for agriculture and other sectors where labour and skills remain necessary and will be required for recovery
- Increasing capacity and extending labour inspection, particularly to sectors and workplaces where migrant workers may be concentrated, to ensure decent treatment in the face of pressures to cut pay and increase exploitation – and thus prevent unfair competition with national workers.
- Strengthening anti-discrimination measures and discourse
- Expanding international support for employment intensive recovery measures, employment creation and extension of social protection measures to affected populations as well as returning migrants in home countries.

4.1 Policies adopted by the countries of destination

Countries of destination are countries characterized by being labour importing where due to better working conditions—“pull factors”—labour migrates to them. In our analysis these are RRLI countries which are the world’s third largest region for migrants destination after North America and Europe. These countries responded to the crisis with changes in attitudes towards labour migration. This was obviously due to economic slowdown, reduced overall labour demand and the grim employment situation they faced. This situation forced governments to diversify their policy response and introduce labour market policies that encourage return of migrants to their countries of origin.

These policies include programmes that give financial incentives for migrants to return back to their countries of origin as in Spain, which offered eligible unemployed migrants lump sum payments to return to their home countries and not to leave again within a period of three years. Restrictions on new entries of foreign workers have been put into place in some GCC countries as Kuwait and Saudi Arabia (Mashayekhi, 2009).

In Saudi Arabia, Saudi officials issued protectionist “anti-foreign” statements, denouncing the employment of foreigners at the expense of unemployed nationals. In Kuwait, officials have drafted a progressive new labour law that practically equates —
in terms of benefits — citizens and foreigners but maintains the “sponsorship scheme.” In Dubai, the economic hardship that Dubai faces has resulted in deplorable working conditions for foreign labour. Official figures show that more than half of the residents in the UAE have family or friends who have lost their jobs. This is not surprising, considering the fact that employees have been deprived of basic rights, such as the right to file suit against their employers (Saif and Choucair 2009, 8).

These adopted labour policies in the RRLI countries will have a severe impact on the countries of origin — RRLA and RPLA countries—that depend greatly on their expatriates’ remittances. Despite of their attention on introducing new labour market policies, the RRLI policy makers are focusing more on adapting new fiscal and monetary policies that will meet the challenges of decreased demand on their products and services and the decline in the investors’ confidence in their domestic markets along with declining oil prices which is the main source for revenues. Policy responses were carried through two main channels: the national and regional levels. At the national level, the RRLI countries—excluding Libya—relaxed their monetary policy on one hand, and on the other they opted for expansionary fiscal policies. At the regional level, they agreed to coordinate their fiscal, monetary, and financial policies as well as measures to help ease inter-bank lending rates and add new regulations to their stock markets.

4.1.1 Fiscal policies

On the short term, the RRLI support and sustain their economic growth using their accumulated reserves that the region amassed over the past years (reaching $1.5 trillion); their response to date is still based on their broader policy strategies which are largely based on the need for economic diversification. The recent budgets adopted by governments in the region—except for Kuwait—clearly reflect their commitment to stay on course in terms of their spending and investments. Saudi Arabia increased their government expenditure by 16% which is expected to result in budget deficit of $17 billion compared to a surplus of $11 billion in 2008. Dubai also announced 11% increases in their spending in 2009 resulting in 1.3% deficit of Dubai’s GDP (APCO, 2009).

4.1.2 Monetary policies

Focusing on injecting liquidity in the market, a step that would hopefully boost investor confidence in the RRLI countries. Saudi Arabia has adopted conservative monetary policy where it imposed wide restrictions on the capital flows by foreign investors. On the other hand the SAMA – Saudi Arabia monetary Authority—has cut the interest rate five times so far lowering them by more than half to stimulate the credit market. Bahrain is also in a political deadlock—compared to the other RRLI groups they have little liquid financial assets, accordingly they responded by expansionary fiscal policies.

4.1.3. The financial Sector

Initiatives have been taken to support banks and financial institutions; they focused on recapitalizing the banking sector by purchasing toxic assets to strengthen the banks’ balance.
sheets and on issuing state guarantees on fresh loans to investment firms. In Qatar, the Qatar Investments Authority has been acquiring between 10% and 20% of the local Qatari banks. In the UAE, Abu Dhabi issued an emergency bank fund plan of $32.67 billion to protect the banks and guarantee deposits. More recently, the Dubai government announced a $20 billion bond program aimed at supporting distressed companies especially construction companies (APCO 2009, 7).

4.2 Policies adopted by countries of origin

Countries of origin are countries characterized by being labour abundant where due to bad working conditions and other economic or / and political factors—“push factors” – workers migrate from them. In our analysis these are RPLA and RRLA countries. These countries have resorted to three types of policy measures in responding to the crisis. They have formulated programmes to facilitate the reinsertion of returnees in their labour markets, or expanded existing ones. They have ensured the protection of the rights of their migrant workers. And finally, some have explored new labour markets for their workers, probably looking for the economies that least affected by the crisis.

4.2.1 Employment policies

In the face of a global economic downturn that will lead to employment and social consequences for the region, there is a stronger need to develop economic, employment and labour market policies. Effective policy reforms would allow states to mitigate the negative short-term impact of the crisis and, in the medium-term, to institutionalise employment as an integral element of socio-economic development, revitalized economic growth and poverty reduction.

Countries should encourage public investment in infrastructure and housing using labour intensive techniques instead of capital intensive technique that will create important opportunities for employment generation. In addition, a wide range of active labour market policies and programmes can be developed and strengthened to support employment and earnings. These could include wage subsidies and training provision for jobseekers. Implementation of unemployment insurance schemes could be considered.

Most of the Middle East countries have respond to the crisis by figuring out how to protect their nationals from losing their jobs and hence increasing the unemployment rate. Some GCC states have attempted to implement legislation to protect their nationals from layoffs in the private sector. For instance, in November 2008, Kuwait’s government raised the mandatory quota for national labour in private institutions in a number of key sectors. More recently, the Ministry of Labour of the UAE issued a decree in February 2009 regulating the termination of Emirati nationals in the private sector, putting the onus on the company to prove that the workers are inefficient and have violated labour laws; however no such protection is applied to foreign workers (Behrendt et al 2009, 5). In Egypt the government had spent $2.63bn on labour intensive projects and forging a social solidarity program aimed at fighting unemployment.
To counteract exacerbating unemployment that projected to increase in 2009 due to both returning migrants and from layoffs the government has charged the Social Development Fund to focus more on labor-intensive and small-scale income generating projects for young people (Saif and Choucair, 2009).

4.2.2 Safety net programmes

Where countries have the scope for expansionary fiscal policy, and even where they do not, the challenge is to ensure that spending on social protection is not compromised. Indeed, it may be argued that now is the opportunity for many countries to implement and/or strengthen their social safety-nets. Safety-net programmes should include both unconditional and conditional cash transfers to poor households.

5. Conclusion

World bank estimated that the crisis will have little or no impact on the international migration movement due to certain demographic factors such as population growth. According to this study, in the next 40 to 45 years the world population will increase by 75%, and the share of people 65 and older in the labour force will be more than double. This population growth will be mainly in poor developing countries in sub-Saharan Africa, followed by South Asia and MENA. Accordingly they will have a lot of labour to supply reaching 570 million workers by 2050. In the MENA region the increase in the labour force of those between the ages 15 to 39 estimated to reach 44 million workers.

On the other hand, other regions especially Europe will face rapid decline in their population and labour force, assuming no migration and the same participation rate before 2008. Central Asia, East Asia, China, North America, and Europe would collectively lose 216 million workers between 2009 and 2050. Europe alone will lose 66 million workers, and there will be two retirees for every one active working person (World Bank, 2009b).

In general, in the short run and under certain severe conditions and prolonged financial crises, migration will tend to slow down and may even stop completely. In the medium term, migration will begin slowly increase. However, in the long run, and due to the demographic changes especially in developed countries, migration movement will accelerate again. Thus, the interplay of crises and migration could prove to have a massive impact on the transformation of society as MENA countries with its high population growth and huge labour supply will shift to developed countries that have declining population growth rate and high demand for labour.

References


