

# INTRA-REGIONAL LABOUR MOBILITY IN THE ARAB WORLD



IOM International Organization for Migration

Partners In Development



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## **ACKNOWLEDGMENTS**

The chapters in this study have been written by prominent Arab academics and migration practitioners. The editorial team would like to thank Kamal Abou Chedid, Othman Belbeisi, Khaled Hassan, Magda Emam Hassanin, Badr El-Din Ibrahim, Abdelkader Latreche, Cosette Maiky, Amany Massoud, Heba Nassar, Rima Rassi and Paul Tabar, who have brought in their wealth of knowledge and experience.

The editorial team also wishes to thank the following persons, including IOM staff from Headquarters and missions in the region, for their kind assistance and support in drafting this report, especially the text boxes on best practices in the region: Ricardo Cordero, Bradley David, Fawzi El-Zioud, Fedora Gasparetti, Louis Gregory, Geertrui Lanneau, Laura Lungarotti, Redouane Saadi, Elizabeth Warn and Lara Younan. We also would like to thank the staff of the Arab Labour Organization for their contribution during the preparatory meetings and for their input and efforts which reflected and reaffirmed the main goals and aims of the Arab Labour Organization.

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## **FOREWORD**

This study is part of a joint-project between the International Organization for Migration (IOM) and the Arab Labour Organization (ALO) that aims to assist countries in the Arab region to effectively manage human and labour mobility.

While intra-regional labour mobility is a phenomenon of significant magnitude and one that has been sustained over decades, it has been largely absent from the policy and research discourse in the past decade. This report looks both at the structural determinants as well as upcoming trends of intra-regional labour mobility in the Arab world, in order to provide policymakers and practitioners with a new evidence-base to enhance mobility management of Arab workers in the region and better harness its potential to contribute to the development of the region.

Within this context, the different chapters of the study have been written by selected Arab academic and migration professionals with long experience of the complexities of human and labour mobility in the region. The first part of the report covers the structural determinants of mobility of Arab workers in the region with a focus on regional integration, demographic factors and labour market performance. The second part of the report examines the various features of labour mobility within the Arab world as case studies of the phenomena representative of wider regional labour mobility dynamics. While the chapters analyse the main trends and challenges that Arab policymakers and civil society face when managing the mobility of Arab workers, the report also shares a set of best practices from the region with potential suitability for replication and cascading in other Arab countries.

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## **EXECUTIVE SUMMARY**

### **The Arab world and labour mobility**

While migration has a long tradition and history in the Arab region, significant labour mobility flows emerged only after the oil boom in the 1970s. The continuation of these migration trends initiated by the discovery of oil has been sustained through different degrees of economic growth and the gradual establishment of service-based economies in many countries in the region in past decades. The interplay of these factors with a growing, young and educated labour force has created a complex migration scenario riddled with challenges as well as a potential for both sending and receiving countries in the region.

In recent decades the relevance of the labour mobility of Arab nationals within the Arab region has declined, partly due to increasing labour mobility flows from non-Arab Asian countries to countries of the Gulf Cooperation Council (GCC). While the lack of reliable statistics makes it difficult to calculate the number of Arab labour migrants and contractual workers in the region, the various chapters in this study approximate that at least 2.4 million Arab contractual foreign workers are living in the countries of the GCC, with at least 1.5 million living in other receiving countries in the Mashreq and Maghreb sub-regions. If the policy and research dialogue on the trends, challenges and potential of Arab migration in the region has somewhat lost momentum, intra-regional labour mobility, both regular and irregular, continues to be a dynamic phenomenon, shaping the lives of millions of Arab migrants and contractual foreign workers and their families. As Arab citizens from all backgrounds and qualifications continue to move to seek employment in other Arab countries, this phenomenon, sustained over the decades and driven by structural and cyclical circumstances alike, presents a series of challenges and opportunities that policymakers in the region ought to harness in order to integrate intra-regional labour mobility into broader national and regional employment and development strategies.

### **Challenges and opportunities**

Labour mobility in the region is structurally driven by demographic, social and economic differentials between labour abundant and resource abundant countries. While the causes of labour mobility can be perceived as challenges to the development of the region (for instance, high population growth resulting in high youth unemployment), migration can be an important

pillar for local and national development policies, when mainstreamed into national development plans. Thus, migration and labour mobility can be part of a solution to development imperatives that is consistent with local governance and social models, while allowing individuals to achieve their full potential for the growth and development of the region.

In addition to the structural factors detailed above, cyclical issues continue to affect the migration and labour mobility scenario in the Arab world. The financial crisis remains perhaps one of the biggest cyclical challenges at the moment. The migration and labour mobility scenario in the Arab countries is likely to be affected by the consequences of the global financial crisis through lower levels of remittance inflows and declining employment rates for Arab workers in and beyond the region. Sending countries in Mashreq and Maghreb have already registered falling flows of remittances in the first half of 2009, while destination countries such as the GCC countries have witnessed rising unemployment rates due to lower oil prices and the collapse of the financial industry globally. Less employment opportunities in countries of destination have also resulted in increasing numbers of migrants returning to the country of origin. While the magnitude of returns is difficult to gauge, it seems that the number of returns have been inferior to what was projected at the onset of the crisis. Nonetheless, returnee migrants will face problematic economic circumstances that may reduce the capacity of labour markets in countries of origin to absorb return migrants.

Despite such challenges, intra-regional labour mobility continues to offer an untapped potential to promote and advance economic, social and cultural integration in the region.

### **Structure of the report**

The report is organized as a series of chapters written by eminent scholars and migration practitioners in the Arab region and covers different aspects of labour mobility. The first three chapters look at the main structural determinants of the mobility of Arab workers in the region.

**Chapter 1 - Intra-Regional Labour Mobility in the Arab World: An Overview** provides a regional overview of the driving economic and demographic forces of labour mobility in the region, as well as the evolution of the labour mobility phenomenon in the different sub-regions in recent decades. The potential of intra-Arab labour mobility to match surplus work supply with

cross-border demand is an important consideration in discussions of regional integration, providing viable unemployment solutions that are mutually beneficial to sending and receiving Arab countries. The chapter then analyses the valuable contribution of Arab migrants both to their country of employment and their native economies in the circulation of financial, social and human capital, including approximately USD 33 billion worth of remittances, with intra-regional remittance flows often exceeding the value of intra-regional trade flows. The study concludes that labour migration is one of the pivotal drivers of regional economic and social integration in the Arab world. However, while the benefits of well-managed intra-regional labour migration are widely acknowledged, currently installed management systems must to be enhanced and updated before more long-term developmental potential may be realized.

**Chapter 2 - Arab Youth and Labour Mobility** looks at the contribution of Arab youth to labour migration in the region, mainly through an analysis of current and future demographic trends and the role of education in shaping the mobility choices of young Arabs. While the rapid growth of young populations and low employment creation makes migration essential to enhance the contribution of young people to the economic development of the Arab world, the mobility of young people within the region has yet to be mainstreamed in national and regional developmental policies. In addition, increasingly restrictive migration policies push young Arabs with few legal opportunities to migrate, exposing those without appropriate qualifications to a high vulnerability to undertake irregular migration. The chapter argues that student mobility, a powerful tool to encourage flexible forms of mobility and regional integration, is still an underutilized option that may foster a higher degree of regional integration with significant spill-over in terms of knowledge sharing and technological development.

**Chapter 3 - Intra-Regional Migration as a Tool to Absorb Arab Unemployment** explores the profile of foreign labour within Gulf Cooperation Council (GCC) countries and the characteristics of unemployment in Arab origin countries in order to generate a hypothetical model that assesses the impact of replacing Asian labour in GCC countries by similarly qualified GCC nationals and unemployed Arab contractual workers. The chapter develops a model to replace part of the Asian contractual workforce by unemployed Arab national nationals, thus absorbing the existing pool of unemployed workers within a relatively brief time frame. The cost of applying such a programme

would be offset by the saved remittances previously sent by the GCC contractual foreign workers to their countries of origin.

The remaining chapters look at various cross-cutting labour mobility issues and themes in different countries and sub-regions, often as case studies of phenomena that are representative of wider regional dynamics. This approach seeks to provide readers with insight into the multifaceted determinants and peculiarities of labour mobility within the Arab world by looking at issues of migration management, economic and labour policies, gender, human and socio-economic rights.

**Chapter 4 - The Case of Lebanon as an Origin and Destination Country of Arab Labour Mobility** investigates the emergence of some countries as both origin and destination countries for Arab migrants through the mechanism of replacement migration and the implications of this phenomenon on the national labour markets and the mobility management framework. What makes this study significant is that Lebanon is an archetypical example of a country holding reservations about opening the labour market to specific groups of migrants, and as such can infer and inform countries in similar situations. As a result of these reservations, the legal migratory framework that was originally designed to accommodate Palestinian refugees and their involvement in the labour market was adapted to manage all migration inflows of Arab and non-Arab workers seeking employment in Lebanon.

**Chapter 5 - Intra-National Labour Mobility among the Arab Gulf Cooperation Council States in the Context of the Financial CRISIS and the Gulf Monetary Union** considers the migration of GCC nationals in GCC countries in light of the financial crisis and the establishment of the Gulf Monetary Union (GMU). This chapter presents a set of recommendations to ensure that a monetary union among GCC countries is complemented by flexible labour mobility policies that will counteract some of the rigidities imposed by the monetary union. Within the context of the GMU, it has been found that there is an inverse relationship between economic shocks such as the financial crisis and intra-national labour mobility. This calls for flexible and well-managed labour mobility schemes that can not only stimulate quicker economic recovery, but can also stabilize some of the rigidities inherent in the introduction of the GMU.

**Chapter 6 - Legal Framework for the Protection of the Rights of Foreign Workers in the Arab Region** reviews the existing legal frameworks for the protection of migrant rights, with a special focus on international and regional instruments and the compliance of national legislation with such standards. The chapter then explores the results of field research in a select country in the region to highlight the particular vulnerabilities of migrants and contractual foreign workers in the region. The essay formulates a set of recommendations to reform the sponsorship system, in light of recent practices established in the region.

**Conclusions and Recommendations** - While it is difficult to gauge the magnitude and growth of intra-regional labour mobility flows and the impact of the global financial crisis on such flows, it is clear that the Arab region will continue to be one of the main destinations of Arab migrants and contractual workers in the foreseeable future. The sponsorship system will continue to be the biggest obstacle preventing receiving and sending countries in the region from achieving the full potential of labour migration flows for the benefit of migrants, sending and host societies. Several attempts to reform the system have resulted in the emergence of practices such as unified contracts for foreign workers, establishment of national labour market regulating authorities and enhanced bilateral and multilateral agreements such as the Abu Dhabi Dialogue. These efforts should be commended and replicated in the regional context to achieve greater coherence and maximize the benefit of labour mobility. The study concludes with a set of recommendations focusing on fostering international cooperation and policy dialogue between sending and receiving Arab countries, modelled on the Abu Dhabi Dialogue and various bilateral and multilateral agreements already established. The study also highlights positive country experiences with reforming the frameworks for managing labour mobility that could form the basis for replication in the region. Finally, the study looks at mechanisms to foster the impact that labour mobility has on the development of the region, both at the level of sending and receiving countries.

While the chapters are academic in nature, the editorial team has sought contributions from various experts and migration practitioners on good practices and upcoming trends that have been piloted in the region to highlight the policy relevance of the issues discussed in the chapters. Most of these practices may not necessarily be innovative at a global level, but they may be one of the first instances in which Arab states have translated similar initiatives to their local context.

While the chapters differ in the format and analytical lens through which the phenomenon of intra-regional labour mobility is analysed, an effort was made to include the most updated data and literature sources, both official and unofficial. Given the known difficulty in gathering comparable and recent data on labour mobility trends in the Arab world, the reader will find some discrepancies between the data presented in different studies.

## CHAPTER 1

### INTRA-REGIONAL LABOUR MOBILITY IN THE ARAB WORLD: AN OVERVIEW

*Heba Nassar*<sup>1</sup>

#### 1.1 Introduction

Centuries of common history, religion and language have resulted in a high degree of cultural, political and social integration in the Arab region. However, the Arab region is amongst the least economically integrated regions in the world. The Arab Economic, Developmental and Social Summit held in Kuwait in 2009 highlighted the need to enhance Arab economic integration to promote the socio-economic development of the region.

While trade and foreign direct investment usually dominate the discourse of regional economic integration, it can be argued that intra-regional labour mobility has been one of the most prominent manifestations of Arab integration and is until now the most active economic activity taking place across this region. On one side, policymakers and academics have looked at the role of migration in matching the excess supply of labour from some countries, with the demand for workers in oil-rich countries. On the other hand, there has also been an increased interest in studying the role of remittance flows and their impact on the development process of Arab labour-exporting countries. While there has been heightened debate about the developmental role that labour mobility could play in the Arab region, little attention has been given to the role of labour mobility in promoting regional advancement through economic and social integration.

The first part of the chapter sheds light on regional economic conditions as well as the main characteristics of the labour market within the Arab region. These are very important determinants in understanding the pattern of intra-regional Arab labour mobility. The chapter then moves to examine the main stages of intra-regional Arab labour mobility according to the different sub-regional dynamics to explore how migration has contributed to the accumulation

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and circulation of social and human capital in the region. In the second part of the chapter, we will look at the intra-regional remittance patterns to identify the contribution of migrant financial capital to regional economic integration and development. The chapter ends with several policy recommendations to maximize the benefits of intra-Arab labour mobility.

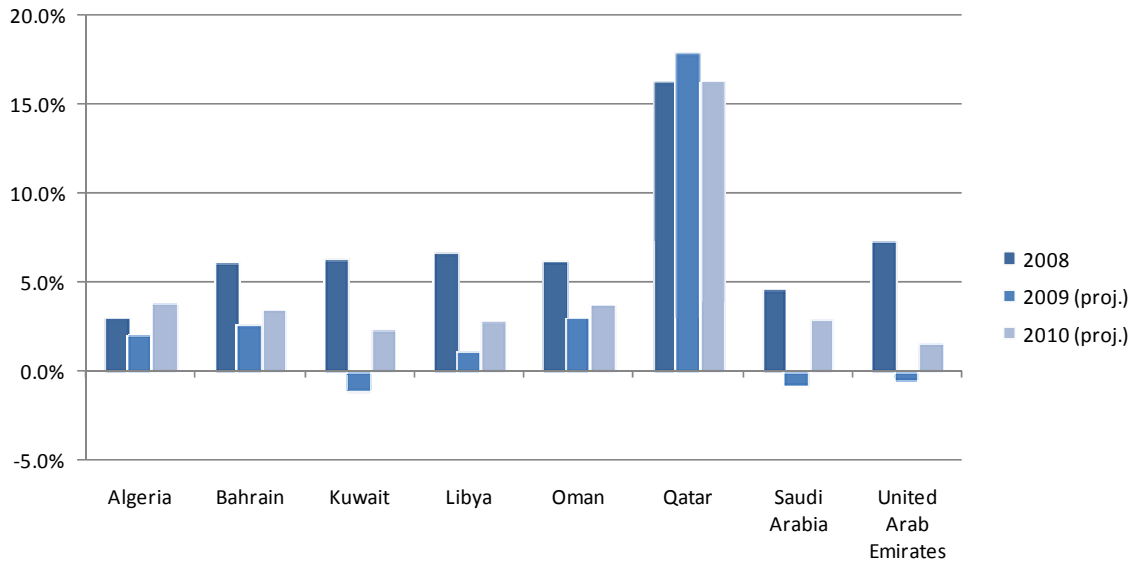
## **1.2 Overview of the economic situation in Arab countries**

The performance of labour markets generally reflects upon the performance of the national economy. In the period between 2000 and 2008, Arab economies witnessed sustained growth. This could be attributed to enhanced global economic conditions as well as rising oil prices. The gross domestic product (GDP) of Arab countries surpassed USD 1.9 trillion in 2008 (IMF, 2009a). In 2007, the Arab region experienced average GDP growth of 5.7 per cent. This was the fifth year in a row in which the region grew at a rate higher than 5 per cent, exceeding levels reached in the 1990s and early 2000s. This performance occurred in the context of an external environment marked by three major developments: continued rise in oil prices, turbulence in international financial markets following the sharp drop in market valuations of U.S. mortgage-backed securities, and a sharp rise in the price of non-oil commodities, especially foodstuffs. These developments have affected the various Arab economies in different ways. On average however, the region has done well with respectable growth and comfortable external and fiscal balances (World Bank, 2008). It is expected that the region's GDP will fall to a projected value of USD 1.6 trillion in 2009, due mainly to the sharp fall in oil prices and the ramifications of the global financial crisis (IMF, 2009b).

Figure 1 shows GDP growth rates for main oil-exporting countries in the Arab region. After a period of sustained GDP growth of between 3 per cent and 16.4 per cent in 2008, oil-exporting countries will face slower, if not negative growth in 2009 and 2010, mainly as a result of low oil prices.



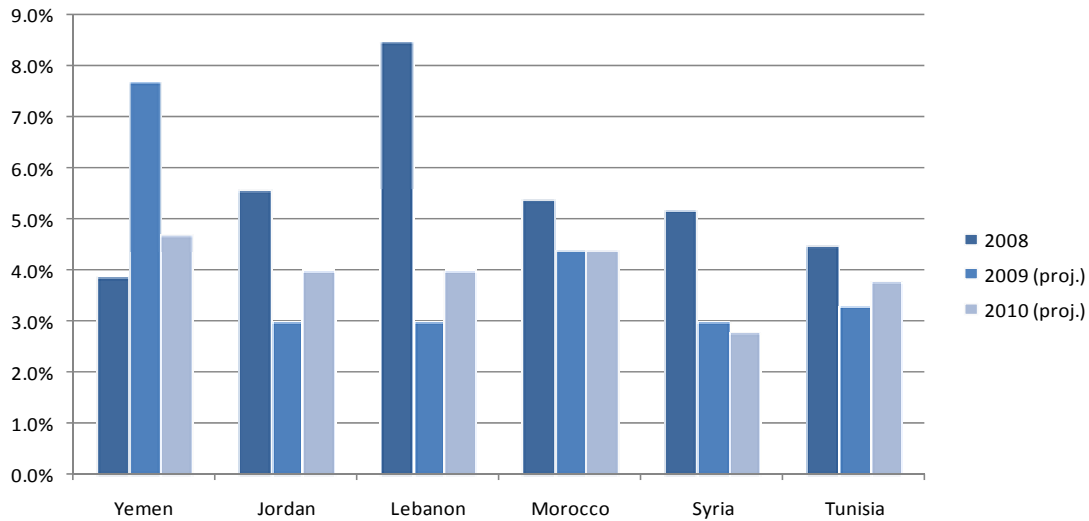
**Figure 1: GDP growth in Arab oil-exporting countries, 2008-2010**



Source: International Monetary Fund, 2009b.

Oil-importing countries in the region experienced significant growth in 2008, ranging from 3.9 per cent to 8.5 per cent. IMF projections (2009) predict a less abrupt decline in this growth rate than oil-rich countries, mostly as a result of the downturn in the advanced economies and the drop in international commodity prices since the autumn of 2008, which have hit export earnings, investment flows, and remittances.

**Figure 2: GDP growth in Arab oil-importing countries, 2008-2010**



Source: International Monetary Fund, 2009b.

The oil sector plays a major role in the GDP of the Arab countries. The share of the sector is about two-fifths of the total GDP (39.8%), followed by services (37.4%), manufacturing (10%) and agriculture (6%). Exports of merchandise from the region amounted to nearly USD 800 billion in 2007, of which USD 620 billion comprised revenues from oil and related products. Goods imports in Middle East North Africa (MENA) rose by 13.8 per cent in 2007 to reach USD 452 billion, yielding an aggregate trade surplus of USD 346 billion. The resource-rich economies accounted for 78 per cent of total imports (World Bank, 2008).

Foreign direct investment flows were recorded at about USD 45 billion in 2007, down moderately from the record USD 52 billion reported in 2006. In contrast with 2000–04 when foreign direct investment (FDI) flows were more evenly distributed, three countries attracted the bulk of flows from 2005. Saudi Arabia, Egypt, and the United Arab Emirates are now the three largest FDI recipients in the region, accounting for more than half of inward FDI flows. The Gulf Cooperation Council (GCC) countries are generating healthy FDI outflows as well, of which just over 10 per cent is destined for other countries within the region. In several Arab countries, the inflow of FDI appears to be heavily oriented toward real estate and energy sector investments, which is generating two concerns: first, that such investments might push up inflation by raising the price of non-tradeables (especially housing), and second, that such investments are not likely to contribute as much to reducing unemployment as would investments in the labour-intensive manufacturing sector (World Bank, 2008).

### **1.3 Profile of the Arab labour market**

Several factors at the supply and demand level explain the situation in the labour market in the Arab region.

On the supply side, demographic changes are leading to an increase in the growth rate of the economically active population in the Arab world. The Arab region has experienced population and labour force growth rates higher than that of most other regions. It is expected that the economically active population will reach 62 per cent in 2015 and that dependants will fall to 35 per cent of total population. This means that the Arab region will enjoy a “demographic gift” where the workforce will increase by 2.5 per cent while the dependency rate will decrease,

resulting in an annual net increase of 2.2 per cent in the economically active population (UNFPA, 2003).

The total labour force in the Arab region accounted for 122 million labourers, which represented about 38 per cent of the total population in the Arab region in 2006, compared to 35 per cent in 1995, and with a growth rate of about 3.2 per cent over the period (1995-2006). Most Arab countries have witnessed a considerable increase in the share of labour forces in the total population over the period 1995-2006. The percentage varies from 66.8 per cent in the UAE to 26.8 per cent in Iraq. However, the share of the labour force from the total population is still low in the Arab region if compared to other regions, primarily due to a higher share of young people and a lower rate of economic participation for women. Looking at the geographical distribution of the labour force in the Arab region, it is clear that more than half of the Arab labour force is concentrated in four Arab countries (Egypt, Sudan, Morocco, and Algeria). These four countries represent around 70 million labourers (Arab Monetary Fund, 2009).

Despite the progress that has been made to reduce high unemployment rate in recent years, which has reached 14.2 % in 2009 according to the Arab Labour Organization, unemployment rates in many Middle Eastern and North African economies remain among the highest in the world (Global Employment Trends, 2009). Reduced labour demands from the public sector, slow growth in the private sector, and high job expectations of educated workers after years of guaranteed public sector employment have resulted in alarmingly high unemployment rates in Arab countries. Unemployment is noticeably concentrated among the youth in the Arab region.

Several economic policies in the region have led to a decline in the absorptive capacity of key economic sectors such as the agricultural, industrial and public sectors. As many Arab countries commit themselves to structural reforms, privatization programmes have led to the shrinking of the public sector. On the other hand, given the trend of economic reforms and the structural adjustment programmes adopted by most Arab countries, there has been increased dependency on the private sector to generate jobs. The response by the private sector, however, has been weaker than expected.

Table 1: Labour force in the Arab region

	<i>Labour Force (%) of total population, 1995-2006</i>		<i>Labour force growth rate (%), 1995-2006</i>
	<b>1995</b>	<b>2006</b>	
<b>Total Arab countries</b>	35.0	38.4	3.2
<b>Algeria</b>	30.3	37.8	3.3
<b>Bahrain</b>	45.5	49.2	2.9
<b>Djibouti</b>	49.1	44.6	2.2
<b>Egypt</b>	37.9	40.8	2.7
<b>Iraq</b>	26.0	26.8	3.4
<b>Jordan</b>	28.1	41.3	6.1
<b>Kuwait</b>	55.9	61.5	5.7
<b>Lebanon</b>	30.2	38.1	3.2
<b>Libya</b>	31.4	29.9	2.8
<b>Mauritania</b>	45.5	53.6	4.2
<b>Morocco</b>	39.4	43.1	2.5
<b>Oman</b>	36.2	44.1	3.6
<b>Qatar</b>	59.3	41.9	1.8
<b>Saudi Arabia</b>	34.9	37.0	3.1
<b>Somalia</b>	34.9	47.9	3.9
<b>Sudan</b>	39.7	39.3	2.6
<b>Syria</b>	30.8	37.2	4.3
<b>Tunisia</b>	25.1	29.7	2.7
<b>UAE</b>	55.6	66.8	7
<b>Yemen</b>	29.9	30.6	3.8

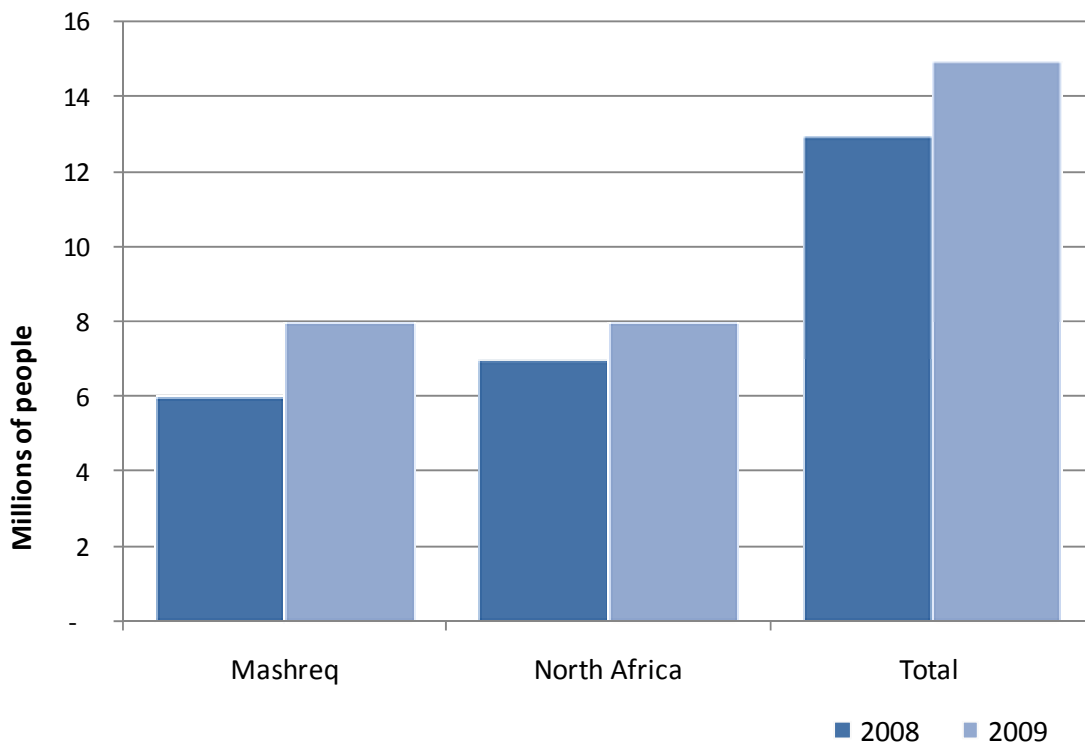
Source: Arab Monetary Fund, 2009.

The informal sector became a leading source of employment in MENA in the 1990s; however, data limitations make it difficult to study the size and dynamics of this sector. It is estimated that informal employment is about 46.4 per cent in Egypt and 37.8 per cent in Tunisia (CAPMAS, Labour Force Sample Survey, 2006; Esim and Kuttub, 2002). The ILO has estimated that the

percentage of youths working without the protection of employment contracts is 70 per cent in Egypt, between 35 per cent and 45 per cent in Yemen, approximately 37 per cent in Morocco, and approximately 33 per cent in Jordan (ILO, Global Employment Trends for Youth, 2006).

In addition to structural factors, the effects of the financial crisis in the region will result in high unemployment rates, especially among the segments of the labour market that are already particularly vulnerable such as youth, women and workers employed in the informal sector. According to the ILO (2009), unemployment rates in North Africa and the Middle East might increase by more than one per cent which would result in creating more than 16 million unemployed persons in the Arab region. As contractual foreign workers represent a significant proportion of the labour force in the GCC countries, it can be expected that contractual foreign workers might suffer from job losses during the crisis too.

**Figure 3: Projected unemployment trends in the Arab region, 2008-2009**



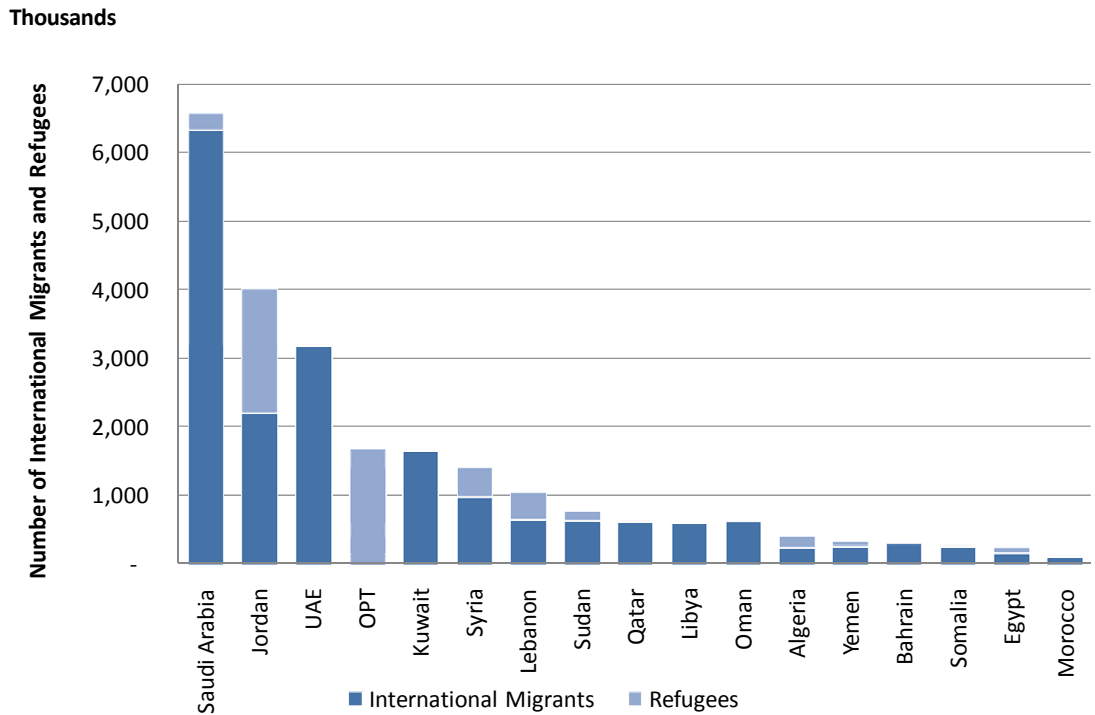
Source: ILO, 2009.

### 1.4 Arab migration flows

Past research has classified Arab migration according to its two distinct migratory patterns: intra-regional migration and extra-regional migration, namely migration from Arab countries to OECD countries and migration from Asian countries to the GCC. As a result of these various migration dynamics, the Arab world hosts significant numbers of economic and forced migrants, including contractual foreign workers.

The intra-regional Arab labour movement has always been described as the most active economic activity taking place in the Arab region, despite the fact that this region does not enjoy the type of labour mobility found, for example, in the EU where citizens of one country can have an automatic right to work in other EU countries. Arab migratory movement, though unplanned, was the single manifestation of Arab integration (Nassar, 2006). The complementary supply and demand of migrant Arab workers within the region was to some extent perceived as a mutually beneficial mechanism.

Figure 4: Stock of international migrants in Arab countries



Source: UN Department of Economic and Social Affairs - Population Division. Trends in Total Migrant Stock: The 2005 Revision.

Policymakers in the Arab world laid the foundation of a common Arab policy for mobility in the 1960s, the period that coincided with a flourishing pan-Arab movement. During that period, a number of Arab governments ratified the Arab Economic Unity Agreement (1964). Article 1 of this agreement included the freedom of mobility for individuals to live and work and the freedom of mobility for funds and commodities. It also included the right of Arab citizens to own property in any other Arab country. An Arab free trade zone was ratified by the Arab Economic and Social Council three decades later (1995). The Arab labour ministers' conference in 1965 called for legislation to encourage the mobility of Arab manpower and to give it priority over non-Arabs. In a later meeting held in Kuwait (25 – 29/11/1967), ministers approved an Arab agreement that encouraged and regulated mobility. The agreement, known as the Arab Agreement for the Mobility of Arab Labour (No. 2 for the year 1967), was ratified by 14 governments, including two from the then-divided Yemen. The agreement focused on the simplification of official procedures (Article 1), an Arab citizens' priority for employment (Article 4), and equality between national and Arab workers in terms of wages and benefits (Article 6). The agreement also stressed the importance of bilateral cooperation and the exchange of data and information necessary to facilitate labour mobility once a year at least (Article 3). As only seven countries ratified the agreement,<sup>2</sup> the need for an amended agreement became clear.

The Arab Labour Conference, in its fourth session held in the Libyan capital of Tripoli, approved a new agreement which came to be known as the Arab Agreement No. 4 in 1975. The amended agreement focused mainly on facilitating and regulating migration (including repatriations), with the focus of the agreement shifting from unity to consideration of economic and social development plans. This agreement gave Arabs, particularly Palestinians, employment priority second to nationals (Article 2, Paragraph 2), as well as encouraged mobility of Arab labour (Article 3, Paragraph 1) and the gradual replacement of foreign labour with Arab labour (Article 3, Paragraph 4). The agreement dealt with the Arab brain drain and encouraged their return (Article 2, Paragraph 7 and 8). Article 5 of the agreement sets forth the duties of the Arab Labour Office within the scope of mobility, which included supporting member states in devising national

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<sup>2</sup> The Countries that ratified Agreement No. 2: Egypt and Syria (1969), Jordan (1970), Sudan (1972), Libya (1974), Palestine (1976), and Morocco (1995).

migration policies. The agreement was met with moderate acceptance though; only a third of the members of the organization ratified it (Arab Labour Organization, 2009).<sup>3</sup>

Intra-regional Arab labour mobility – within the context of South-South migration – can be classified into three trends: the first trend takes place between the non-Gulf labour-exporting countries to the Gulf labour-importing countries (Nassar et al., 2003). The second trend is one that takes place between some population-abundant Arab countries and resource-rich Arab countries that are not located in the Gulf such as Libya. The third trend is rather singular, where a country is at the same time a sending and receiving country of migrant labour, as is the case with Jordan, Lebanon and Algeria (replacement migration).

The first trend is represented mostly by labour mobility flows between non-Gulf labour-exporting countries to countries in the GCC. Even though migration to the GCC started in the 1960s, it was not until the Arab oil embargo in 1973, with the quadrupling of oil prices and the significant increase in the revenues of oil-exporting countries, that migration became an essential component in the realization of ambitious socio-economic development plans in the Gulf. This plan rested on the creation of local infrastructure, the expansion of social services and the enhancement of economic development in general. Up until 1990, the predominant direction of international migration within the Arab region was to the six member states of the GCC. However in 1970, the number of migrant workers had more than doubled to nearly 1.9 million. By 1985, there were an estimated 7.2 million foreigners in the Gulf, of whom 5.1 million were migrant workers, constituting between 24 per cent and 78 per cent of the total population of the GCC (IOM, 2008).

There is no doubt that the percentage of Arab workers in the GCC has significantly declined since reaching its peak in the 1970s. If we look at member states of the GCC as an example of the most important labour-receiving Arab countries, we find that the percentage of Arabs among incoming contractual workers has declined from 72 per cent in the beginning of the 1970, to 56 per cent in 1985, then to 31 per cent in 1996. Nowadays, the percentage is probably less than 23 per cent (for a detailed breakdown, please refer to Figure 5). The main reason for the decline in the percentage of Arab contractual workers is the expansion of the private sector in GCC

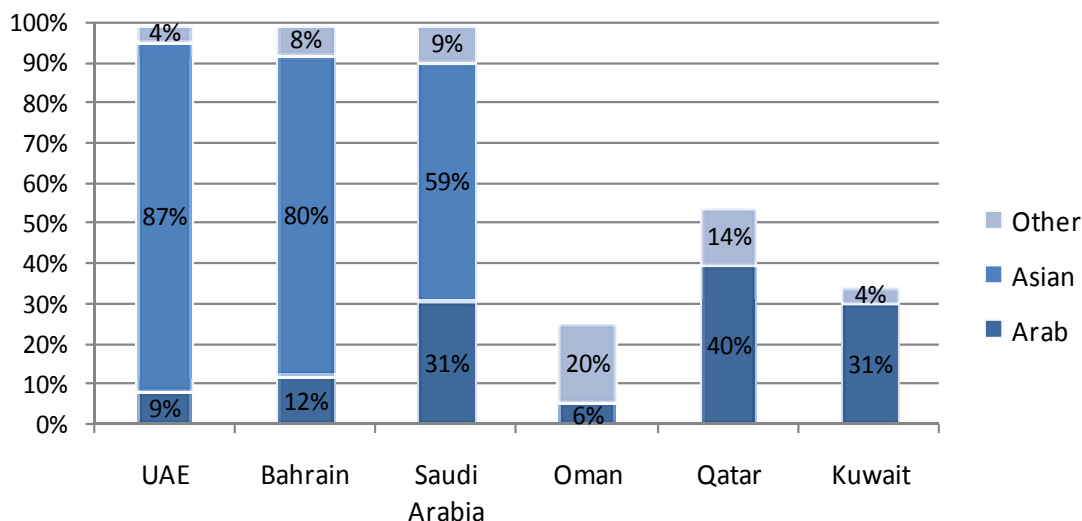
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<sup>3</sup> Ratified by Jordan (1975), Somalia (1976), Palestine (1976), Egypt (1976), Iraq (1977), Yemen (1988), and Syria (2001).



countries, which might prefer non-Arab workers due to lower wages. In 2007, the percentage of non-Arab workers employed by the private sector was 98.7 per cent in the UAE, 96 per cent in Qatar, and 90 per cent in Kuwait. The lowest percentages were in Bahrain, with 72.4 per cent, and Oman, with 78.3 per cent.

**Figure 5: Percentages of Arab and non-Arab workers in the GCC, 2006**



Source: ALO, 2009. Data on Asian workers in Oman, Qatar and Kuwait was not available.

In addition to the number of workers, the occupational structure of Arab migrant labour has changed over the decades. In the 1950s and early 1960s, a significant proportion of Arab contractual foreign workers (mostly Egyptians, Palestinians and Jordanians) were professionals, that is, doctors, teachers and engineers. However in the 1970s all manner of occupations were needed to satisfy the needs of rapid economic development (Nassar, 1994). Most of the migrant labour has been concentrated in non-tradable service activities. For example, as of 1985, the largest proportion of migrant labourers in the GCC region were employed in the financial, personal, and community service sectors of the economy (30%), followed by construction (29%) and then by wholesale and retail trade (14%). The lack of up-to-date research and data on the situation of Arab workers in the region is a serious barrier to the formulation of recommendations to policymakers.

The second trend takes place between some Arab countries and other countries that are not located in the Gulf area such as Libya. Libya was a pole of attraction for foreign labourers in the first South-South trend, who were employed in nearly all sectors of the economy (notably construction) as oil revenue fuelled phenomenal growth in government revenue and related investment in development projects. As of the country's 1973 census, there were nearly 200,000 foreign nationals in Libya, comprising 8.8 per cent of its total population. The figure has increased to over 617,000 economic migrants (accounting for 10% of the total population) in 2005 (UN DESA, 2008), representing approximately 25 per cent of the country's labour force. According to Perrin (2008), Libya's migration policy has been an integral part of its diplomacy and its relations with neighbouring countries in Northern Africa and Sahel. As a consequence, the vast majority of migrants in Libya originate from Algeria, Egypt, Sudan and Tunisia, in addition to Chad, Niger and other sub-Saharan countries. As Libya is a member of two main socio-economic blocs based on the free circulation of people (Union of the African Maghreb and the African Union), until 2007 African citizens (including North Africans) were allowed to enter Libya without a visa. In addition, Law 10 of 1989 on the Rights and Obligations of Arab Citizens allows for freedom of entry and stay, as well as equal treatment between Libyan and Arab citizens. Despite changes in policies motivated by the fight against irregular migration flows through Libya and the subsequent restrictive measures introduced in 2007 that imposed a visa regime on all African and Arab migrants, Libyan authorities allowed citizens of the Maghreb countries free entry for touristic purposes, as well as the permission to stay for three months in Libya while seeking employment, thus to some extent sustaining the level of circular migration that had characterized migration from neighbouring countries to Libya in the previous decades.

The third trend represents a phenomenon whereby a traditionally sending country (like Jordan, Lebanon or Algeria) becomes the hosting country of a significant number of migrant workers (a phenomenon usually referred to as replacement migration). Scholars identify two main typologies of replacement migration. A first typology of replacement migration is direct replacement migration, whereby jobs left empty by those who emigrate are filled directly by incoming migrants. Indirect replacement migration takes place when skilled emigrants leave jobs which are subsequently filled by workers from lower occupational positions (i.e. internal social mobility), and as a consequence calls for immigrants to fill the low occupational positions made

vacant by internal social mobility and increasing living standards and consumption levels through remittances sent home by migrants (European University Institute, 2005).

Like Algeria and Lebanon, Jordan has become both a labour-importing as well as a labour-exporting country. As of the early 1980s, between one-third and two-fifths of Jordan's labour force was working abroad, whereas it hosted some 120,000 domestic and service workers as replacement migrants (Russell and Teitelbaum, 1992). According to the Jordanian Ministry of Labour (2008), 303,000 foreign workers were legally employed in Jordan in 2008, with approximately 70 per cent of them coming from other Arab countries. While there are no official statistics about the number of Jordanians abroad, Kapiszewski (2006) estimates that the GCC hosts approximately 490,000 Jordanians, mostly working in Saudi Arabia (260,000) and the UAE (110,000).<sup>4</sup> While statistics on the occupations of Jordanian expatriates are not available, it appears that most of them are qualified and occupy skilled positions in the public and private sectors in the GCC. In addition, 70,000 Jordanians live in countries of the OECD, mostly in the United States (OECD, 2006). At the same time, Jordan has been open to receiving migrants from neighbouring countries.

**Text Box 1: Transit migration - Assisted Voluntary Returns and Reintegration (AVRR) from and to Morocco**

Since the events of Ceuta and Melilla in October 2005, Morocco has revealed itself as a country of transit of migrants wishing to reach European shores. With stricter border controls, Morocco is more and more a destination country by default. AVRR activities have increased, thanks to the contributions of different European countries, and good collaboration with the Moroccan authorities and embassies of countries of origin. Since 2005, 1,918 irregular migrants have been assisted to 25 different countries of origin (mainly West Africa). Since 2008, the reintegration component has become systematic in the AVR process, and constitutes an important aspect to facilitate the return of these migrants and to make it more sustainable. Upon return, most returnees' reintegration is in the form of establishing a micro-project (small business in food or clothes), but some benefit from schooling or medical assistance. IOM Rabat works closely with IOM missions in countries of origin to ensure the respect for the rights of the migrant and the sustainability of the return project.

IOM Rabat also assists Moroccan returnees coming from Europe, in coordination with relevant IOM missions. While the scale of AVRR is modest (57 Moroccans assisted since 2005) recent trends point to an increase in the number of Moroccan returnees, mainly coming back from Italy or Belgium.

Source: IOM Rabat, 2009.

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<sup>4</sup> The number includes Palestinian migrants, a significant proportion of whom might have held Jordanian passports.

In 1948, Jordan received the first, and numerically most substantial, wave of Palestinian refugees as a result of the war with Israel, followed by further waves of Palestinians in 1967, as well as Iraqis after 2003. In addition to forced migration flows, Jordan started importing foreign labour as early as the 1970s, partly because of the effects of the replacement migration mentioned earlier. The number of immigrant workers in Jordan increased from 376 in 1973, to 79,566 in 1980, to 303,325 in 2008. Most migrants are Egyptian (67%), followed by Indonesians (8%), Sri Lanka (7%) and various other Asian migrants (15%). They are mostly employed in social and personal services (25%), agriculture (24%) and manufacturing (23%). Female migrant workers represent over 17 per cent of the total migrant workforce population and they come mostly from Sri Lanka, the Philippines, China, and Indonesia (Jordanian Ministry of Labour, 2008). Furthermore, there are about 20,000 Arab students studying at colleges and universities in Jordan (Arouri, 2007).

**Text Box 2: Forced migration in the Arab region**

The human mobility scenario in the Arab region is most complex. In addition to labour migration, forced migration continues to be the main driver behind human mobility in the region. The region hosted 4.7 million Palestinian refugees (UNRWA, 2009) and 2 million Iraqi refugees (UNHCR, 2009), in addition to other significant displaced populations, including more than 1,600,000 Iraqis (270,000 families) who are internally displaced within Iraq (IOM, 2009).

The international and internal displacement of Iraqis and the demographic growth of Palestinian and other refugees in the region continue to result in an increasing number of forced migrants in the region. According to the Internal Displacement Monitoring Center (IDMC), Iraq, Lebanon, the Occupied Palestinian Territory, Syria and Yemen, in addition to Israel, were home to almost 3.9 million internally displaced people in 2008. In 2008, almost 479,000 people were newly displaced, mainly because of the Iraqi and Yemen conflicts. In Iraq, even though the security and humanitarian situations seemed to be more stable, the number of displaced Iraqis continued to increase to almost 2.8 million. The conflict in northern Yemen displaced over 100,000 people in 2008. In the Occupied Palestinian Territory, house demolitions by the government of Israel were still taking place in the West Bank. In Lebanon, violence in Tripoli triggered the temporary displacement of a few thousand citizens.

These populations are sometimes denied their rights under international humanitarian and human rights law, like the right to physical security, freedom of movement, access to housing and property. For instance, in Iraq, Occupied Palestinian Territory and Yemen, citizens are restricted in their freedom of movement. There are more than 600 checkpoints in the West Bank alone, which inhibits the movement of Palestinians. In Iraq, freedom of movement is also restricted through security measures, barriers and curfews. Displaced populations in the Arab world are routinely confronted with mounting humanitarian challenges and threats to their security, including access to food, shelter, health and education.

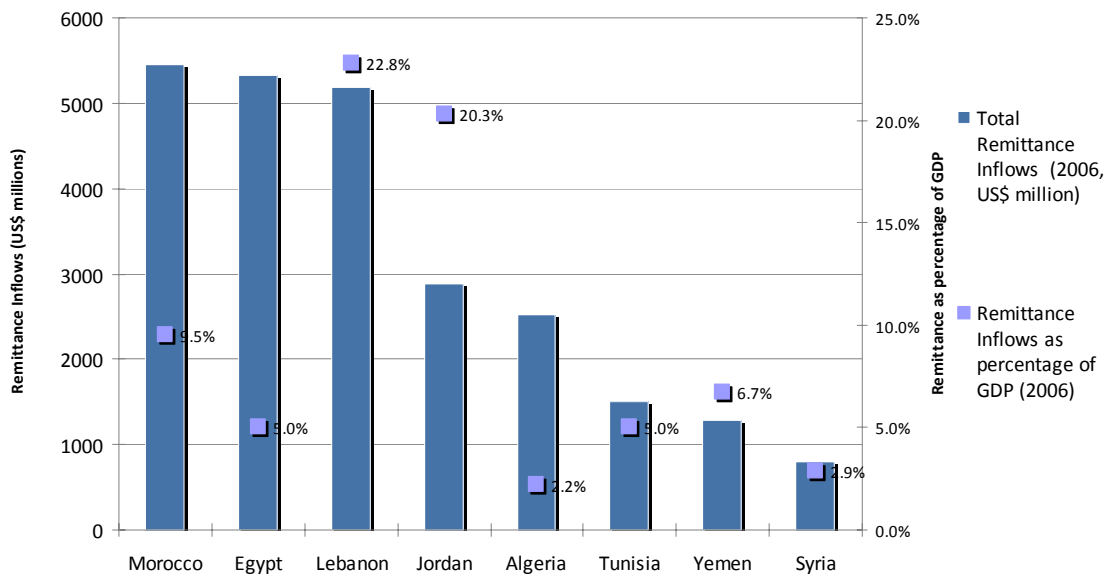
Source : IDMC, 2008; UN DESA, 2009; IOM, 2009; UNHCR, 2009.

## 1.5 Remittances

Though the Arab regions' share of global trade flows is below 5 per cent, the Arab region contributes significantly to remittance flows. It is estimated that about 16 per cent of all remittances paid out to migrants in the world originate from Arab countries, and 10 per cent of global remittances are received by residents of Arab countries (World Bank, 2008).

The Arab region is unusual in that some of the larger remittance-recipient countries are close neighbours to some of the larger remittance-source countries. Gross remittance inflows to recipient countries to Arab countries increased 17.6 per cent in 2007, to USD 28 billion and are expected to reach USD 33 billion by the end of 2008. While statistics about foreign direct investment (FDI) flows between Arab countries are not available, it must be noted that for Egypt, Jordan, Lebanon and Syria, remittances were slightly lower than foreign direct investment in 2006, reaching USD 14.1 billion and USD 16.7 billion respectively (World Bank, 2008).

Figure 6: Remittance inflows in select Arab countries, 2006



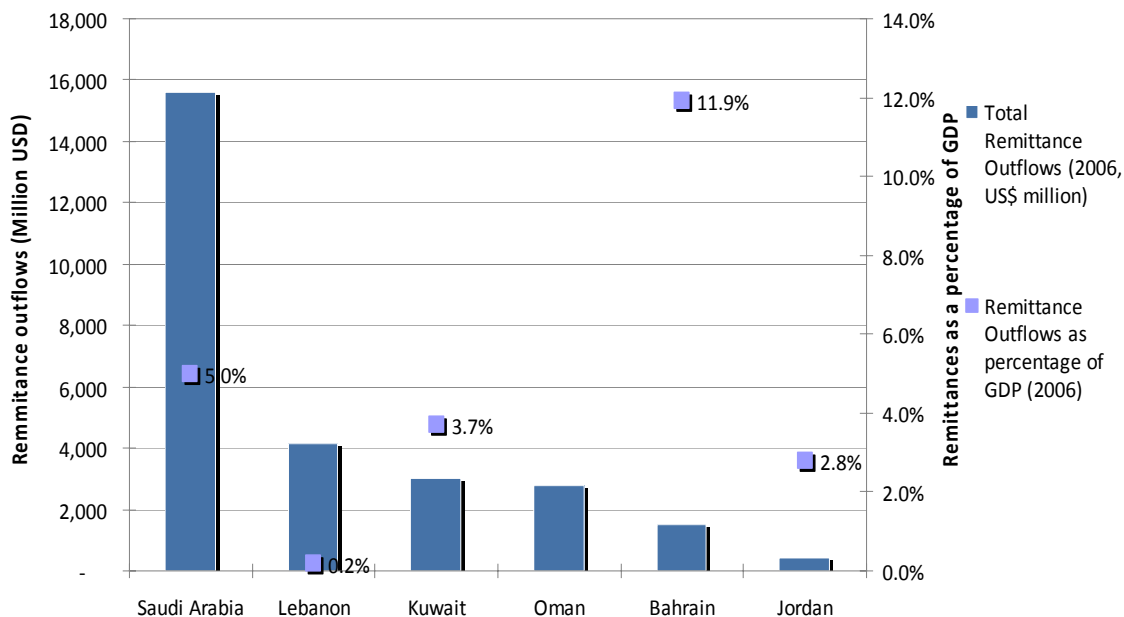
Source: World Bank, 2008b.

Morocco has maintained its first place in “league standings”, with remittances advancing to USD 6.7 billion in 2007, in part reflecting the continuation of stronger economic activity in the Euro area. Egypt, Morocco and Lebanon stand as the three main recipients with remittance flows

averaging over USD 5 billion for each. The three countries received more than two-thirds of total remittance flows collected from the Arab region in 2007 (World Bank, 2008).

Saudi Arabia retains first place in the region in terms of remittance outflows, with levels of USD 16.4 billion, or more than half of the debits of the high-income oil-exporters. As a proportion of GDP, payments are largest for Qatar (7.5%), while exceptionally rapid growth is underway in the UAE (15% annually over 2005-2007), reflecting a surge in construction, services, and other activities requiring extensive use of their expatriate labour force (World Bank, 2008).

**Figure 7: Remittance outflows from select Arab countries, 2006**



Source: World Bank, 2008b.

There has been much debate on the developmental role of remittances. Remittances can contribute to reducing inequalities resulting from globalization; migration can improve welfare in the country of origin as migrants may accumulate savings overseas that, given the low wages and capital market distortions, might not have been possible without migrating. Secondly, overseas work may enable emigrants to acquire new skills and/or enhance human capital accumulation. Moreover, attractive investment opportunities in the country of origin can capture remittances for the stimulation of production and employment (Nassar, 2006).

The economic benefits of these remittances for the Arab sending countries have been felt mainly at the personal and household level, but have largely failed to contribute to larger economic growth, capital accommodation and processes of innovation (Fergany, 2001). As the majority of migrants from Mashreq countries to the GCC are predominantly young, adult males from rural areas, the remittance flows from these migrants have contributed positively to reducing poverty and local unemployment in rural areas. Not only have remittance flows had a positive impact at the individual and household level, but governments have also viewed remittances as an important source of hard currency. Arab countries however, have not been successful in establishing well-organized institutional frameworks to mobilize remittances effectively for saving and investment purposes, which is in contrast to the policy and institutional frameworks of countries such as South Korea, the Philippines and Thailand (AlAli, 2004).

**Text Box 3: Integrating migration in the national development plans of Mauritania**

The geographical distance between Mauritania and main destination countries in the Arab region results in limited labour mobility between Mauritania and other Arab countries. According to the *2008 Survey on Foreign Workforce* (Enquête sur la Main d'Œuvre Etrangère – EMOE), conducted by the Mauritanian Directorate of Employment, almost 25,000 migrants live in the three main towns in Mauritania (Nouakchott, Nouadhibou and Rosso). Approximately 4 per cent of these migrants come from Arab countries, with the vast majority hailing from sub-Saharan Africa. At the same time, GCC countries and Libya have represented one of the destination regions of Mauritanian migrants since the 1980s, with a number of Mauritanian nationals obtaining employment as temporary contractual workers in various sectors of the labour markets of these countries. While some returns from GCC have occurred in the beginning of 2000s, recent statistics from the Ministry of Foreign Affairs of Mauritania show that 20 per cent of Mauritians living abroad in 2008 resided in another Arab country, primarily Saudi Arabia (30,000 persons), Libya (30,000) and the UAE (5,000).

In 2009, the government of Mauritania conducted a national labour migration assessment with the support of IOM. The main objective of the assessment was to analyse existing labour migration policies, legislation and practices, as regards both the recruitment of Mauritanian workers abroad and the employment of foreign migrant workers in Mauritania. The assessment included an overview of the existing data and statistics on labour migration flows, as well as an evaluation of the current institutional, legal and policy framework governing the management of labour migration at the national and bilateral level.

Through the evaluation exercise, the existing challenges and gaps were identified and a number of recommendations have been formulated with the view to support a more efficient and effective approach to the management of labour migration in Mauritania. One of the main recommendations of the assessment concerned the integration of migration into national development policies and strategies. In line with this recommendation, IOM is supporting the Government of Mauritania to integrate migration into the new National Employment Strategy. Throughout the different sections of the Strategy Document, labour emigration and immigration are now being integrated as key elements to be taken into account by the national institutions dealing with labour and employment.

Source: IOM Dakar, 2009.

In Egypt, Adams (1991) used income data from households with and without migrants to determine the effects of remittances on poverty, income distribution and rural development. The study was based on a survey of 1,000 households conducted in 1986/87 in three villages within the Minya Governorate. In the second round of surveying, 150 selected households were interviewed about their spending behaviour. International remittances were shown to have a small but positive effect on poverty. The number of households living in poverty declined by 9.8 per cent when predicted per capita household income (estimated household income divided by the number of household members) included remittances. Remittances accounted for 14.7 per cent of the total predicted per capita income of the poor households. Research on the use of remittances shows that a large part of these funds is used for daily expenses such as food, clothing and health care. Funds are also spent on building or improving housing, buying land or cattle, and buying durable consumer goods. Generally, only a small percentage of remittances are used for savings and “productive investments”, that is, for activities which can generate income and employment. Egyptian data indicates that about 74 per cent of migrant households spent the largest share of funds received from relatives abroad on daily household expenses. Buying/building/renovating a house and financing the education of a household member ranked second and third (7.3% and 3.9% respectively). Remittances in kind mainly include clothes and electronic equipment (IOM, 2003). Using the data set of the Social Capital Survey in Egypt, it could be concluded that remittances play a major developmental role in Egypt. It is evident that households which received remittances have had a relatively higher mean for standard of living (30.05 vs. 28.51) and basic need index (6.6 vs. 6.0) than households which did not receive remittances. This is also clear from the higher percentage of households that owned their house among those which received remittances compared to households which did not, indicating a relatively higher living standard. On the other hand, looking at the social capital index, the opposite result occurs as the social capital index for households which received remittances is lower than the value of index for households which did not receive remittances (0.58 vs. 0.61). From this we might infer that because remittance-receiving households are better off than other households, they are less dependent on being involved with their community at large. Remittances also contributed to forming a safety net for households as poverty incidence is far lower for households which received remittances than households which did not (10.78 vs. 20.67). Likewise, households which received remittances have less difficulty in purchasing food



(88.82%) versus households which did not receive remittances (81.13%). This fact is also true for rent expenses (94.81% vs. 88.71%), for medical expenses (84.83% vs. 71.72%), for clothing (84.83% vs. 71.72%) as well as for educational expenses (73.85% vs. 62.39%). Moreover, the ratio of households which have an income sufficient to cover their emergencies is higher among households which did receive remittances compared to other households (60.27% vs. 58.81%). Also the percentage of households which believe that their income is covering their basic needs is higher than that for the other group of households (89.82% vs. 75.33%). Moreover, migration has a positive impact on receiving services such as educational and medical services. For educational services, 62.4 per cent of the households which received remittances are receiving educational services, versus 58 per cent for the other group of households. The same applies for access to health services where the percentage is 80.8 per cent versus 72.98 per cent. In addition, households which received remittances did not resort to financial aid as a coping strategy for difficulties as much as the other group of households (UNDP, 2002).

Moroccan emigration played a positive role as well in economic and social development. The remittance flows through the formal banking setting as well as through social networks have had a positive impact on expanding the national banking sector. Moreover, there has been expanded growth in local economies such as small and medium enterprises as well as infrastructural development in rural areas owing to remittance flows (Sadiqi, 2007).

In Lebanon and Jordan, remittances represent an important source of income. They varied from 22.2 per cent of the GDP in Lebanon, to 20 per cent of the GDP in Jordan, and to about 5 per cent of the GDP in Egypt. Remittances have contributed significantly to Lebanon's credit integrity and access to international capital markets. When remittances were included, debts as a proportion of exports decreased from 73.2 per cent to 35.5 per cent (IOM, 2008). Remittance flows from Lebanon and the GCC countries provide a steady inflow of hard currency into Syria, mostly in the form of direct transfers to family members. Unofficial transfers, especially from Lebanon, have been regarded as substantial (Sadeldine, 2007).

**Text Box 4: Cost of sending remittances from Saudi Arabia to select countries**

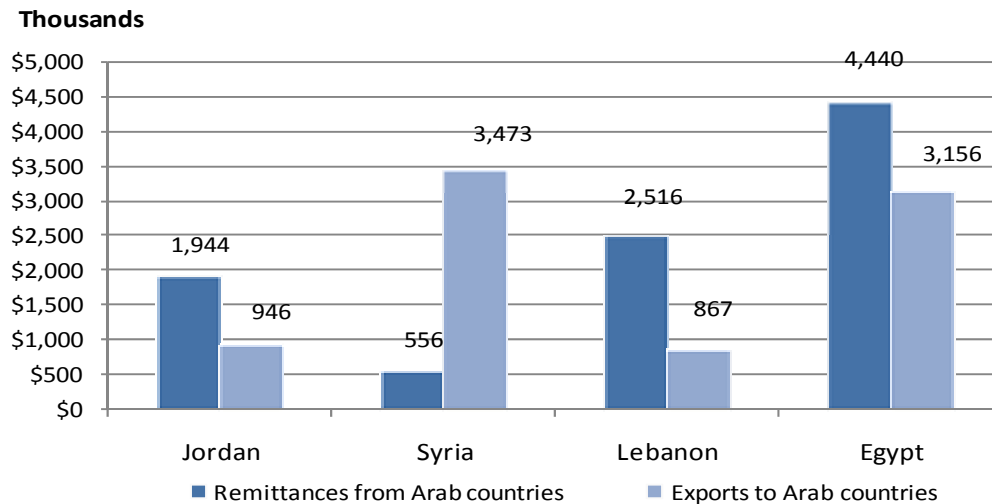
According to World Bank data, with over USD 16 billion remittances sent from Saudi Arabia in 2008, the country is the fourth biggest source country of remittance outflows in the world after the United States, Russia and Switzerland. Saudi Arabia is among the main origin countries of remittances for Asian and Arab countries alike. As one of the origins of one of the main remittance corridors, the cost of remittances from Saudi Arabia is amongst the lowest in the world, according to the World Bank. The table below summarizes the cost of sending USD 200 remittances from Saudi Arabia to main origin countries of migrants.

Pakistan	\$ 5.00
<b>Yemen</b>	<b>\$ 5.39</b>
Bangladesh	\$ 5.68
India	\$ 6.15
Philippines	\$ 10.14
<b>Egypt</b>	<b>\$ 10.80</b>
<b>Jordan</b>	<b>\$ 11.68</b>

Source: World Bank, 2009b.

While much of the discourse surrounding remittances in the Arab region has focused on the contribution of remittance flows into the development of migrant-sending countries, this chapter will look at the impact of remittance flows at the regional level, underscoring the contribution of labour mobility and remittances to regional integration and the complementary intra-Arab trade and remittance flows.

**Figure 8: Arab countries share in remittances and export to select Mashreq countries**

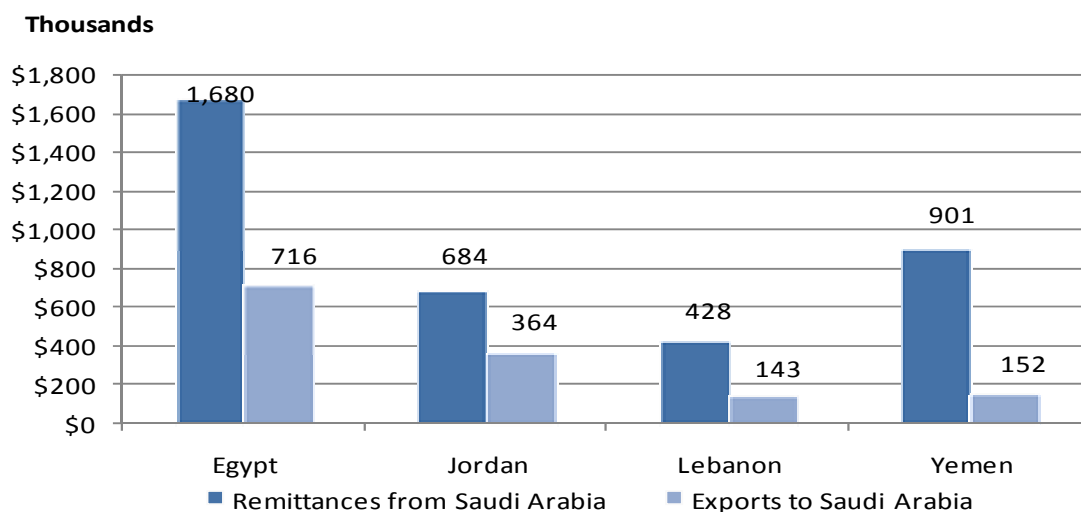


Source: Bulletins of respective Central Banks and Arab Monetary Fund, Arab Joint Economic Report 2006. Data refers to latest available year (2008 for Egypt, 2004 for other countries).

We will focus mainly on the source countries of Arab contractual workers to the GCC, particularly Egypt, Jordan, Lebanon and Syria. While many have argued that trade within the region has been lagging behind (Nassar, 2006), gains from the remuneration of workers abroad represent a bigger source of revenue for Mashreq countries than trade. Figure 8 shows how, with the exception of Syria, remittance flows to origin countries from GCC are between 40 per cent and 190 per cent higher than revenues from exports to the GCC.

The Saudi Arabian - Mashreq remittance corridor is the most important within the Arab world and one of the most relevant South-South migration corridors. Figure 9 below shows how remittance transfers from Saudi Arabia to select Mashreq countries are between two and six times higher than the value of exports from those countries to Saudi Arabia. It is clear that under a financial point of view, labour-exporting countries in the region benefit more from “exporting” skilled and unskilled workers to countries in the region than from export in goods and services. In addition to decreasing unemployment rates in labour-abundant countries and easing the rigidities in supply of labour in resource-rich countries, migration contributes to the circulation of financial capital in terms of remittances, as well as any social and human capital that migrants acquire during their migration experience.

**Figure 9: Saudi Arabia’s share in remittances and exports to select Mashreq countries**



Source: World Bank Estimates (2006) and Saudi Arabian Monetary Agency 44th Yearly Report (2008). Data refers to 2006.

Looking at the share of the intra-Arab trade in Jordanian external trade, it is evident that the Arab world represents about one-third of Jordanian external trade. Looking at the Arab countries, Saudi Arabia is in first place with about two-fifths of Jordanian trade and about one-half of intra-Arab trade in Jordanian external trade over the period (2004-2007). Comparing trade flows with remittance flows, it appears that Jordan's significant dependence on the Arab world for remittance flows is not correlated with a similar dependence on trade flows. In 2004, the Arab countries represented about 85 per cent of Jordan's total remittance inflows and only 33 per cent of total Jordanian trade.

Egypt received more than half of total remittance inflows from the six GCC countries in 2007/2008 (51%). Kuwait, the UAE and Saudi Arabia are the main providers of remittance inflows to Egypt. Kuwait is in first place, offering 21 per cent of total remittances in 2007/2008, followed by the UAE (16.3%) and Saudi Arabia (11.2%). However, the importance of Arab countries as main providers of remittance inflows to Egypt is not reflected in trade flows. The share of total inter-Arab trade in Egyptian foreign trade did not exceed 10 per cent over the period from 2003/2004 to 2007/2008.

Less than half of Lebanon's total remittance inflows came from the Arab world (45%) in 2004. However, no more than 20 per cent of Lebanon's trade went to other Arab countries in the period from 2000 to 2006.

In conclusion, the data available seems to point out that remittances are a very powerful vehicle for economic and social integration between Arab countries, surpassing revenue from foreign trade both in absolute and relative terms. As a consequence, the contribution of remittances to the region, especially if seen in the light of their special role in promoting financial and social integration, calls for a more comprehensive inclusion of remittances in the development strategies of the region.

**Text Box 5: Arab states and the Global Forum for Migration and Development (GFMD)**

The High-Level Dialogue on International Migration and Development (HLD) on 14-15 September 2006 at the General Assembly of the United Nations proposed the establishment of the Global Forum on Migration and Development (GFMD) as a voluntary, non-binding and informal consultative process open to all Member-States and Observers of the United Nations. The GFMD aims at developing a non-binding policy framework, based on the exchange of ideas, approaches, experiences and good practices. It covers all the dimensions, opportunities and challenges of international migration, in particular its linkage with development. Within this framework, the GFMD consist of two successive meetings: the Civil Society Days that provide a platform for discussion among representatives of civil society on migration issues; and Government Meeting which offers a platform for dialogue among high-ranking government representatives (*policy practitioners and policymakers*). Each of these meetings formulates recommendations that emerge from the discussions.

IOM and the League of Arab States (LAS) have jointly organized two yearly “Expert Meetings on Migration and Development” in Cairo in 2008 and 2009, to stimulate discussion and harmonize the participation of Arab countries in the 2008 and 2009 Global Forum on Migration and Development (GFMD), held in Manila and Athens respectively. The meetings were organized in coordination with UNFPA and the Egyptian Ministry of Manpower and Emigration.

During the first meeting, an Arab declaration was developed as a unified Arab position on migration, which was later presented at the GFMD. The 2009 meeting aimed to increase Arab participation in the GFMD and to prepare the 22 LAS member states for the 2009 GFMD, focusing on integrating human mobility issues into development policies in the Arab region, in line with the theme of the Athens Forum. Representatives of 16 LAS member countries, UNHCR, World Bank, African Union, the Greek Embassy, and a number of independent experts were among the 45 participants.

The participating delegates shared national and regional experiences of how migration policies are incorporated into development strategies, and discussed the impact of the global economic crisis, amongst a range of other migration issues. Mechanisms to promote Arab participation in the Global Forum were also discussed, including the importance of increased information sharing concerning international forums, use of Arabic as an official language of the GFMD, need for financial support to facilitate the participation of poorer countries, and the development of a common Arab paper on migration to be presented to the GFMD. The draft set of recommendations focused also on migration and development, including the suggestion to establish an Arab centre for migration research, technical support and training.

Source: IOM Cairo, 2009; GFMD website, <http://www.gfmdathens2009.org>.

**1.6 Conclusion and policy recommendations: Future perspective**

While it is true that intra-regional Arab migration has been in decline in the past decades, labour mobility within the Arab world is still one of the pivotal drivers of regional economic and social integration. Arab migrants in the region contribute to the economies of their countries of origin by circulating financial, social and human capital and reducing unemployment rates and sustaining migrants’ families, simultaneously fostering progress in countries of destination through provision of skills and capacities that are not readily available on the national labour market.

At the same time, it is true that the Arab world has not yet been able to maximize the positive impact of labour and remittance inflows and employ them efficiently as agents of development in the Arab region. The chapter presents policy recommendations that aim at maximizing the benefits of labour and remittance flows in the Arab region.

*At the national level:*

Arab countries need to reform their labour market and migration policies, specifically:

1. an integrated set of policies are needed in place to achieve two broad goals. One goal is to increase employment opportunities to keep up with increased job market entrants. The other goal is to develop the skills of workforce members to match the requirements of regional and global labour markets.
2. upgrading educational programmes to nurture a competitive, diversified and specialized labour force, including revaluing technical and vocational training.
3. education and employment policies must be drawn in accordance with the current and future needs of national and Arab labour markets.

*At the regional level:*

For single countries to better harness the benefits of migration, regional consultation mechanisms and organizations like the League of Arab States and the Arab Labour Organization must be empowered. Specific recommendations include:

1. regional dialogue and collaboration between countries of origin and destination should be a sustainable platform for more effective cooperation. Dialogue should place migration into a broader foreign and trade policy context, linking it with discussions about trade and capital flow that aims to create a suitable environment for regional cooperation.
2. there has been very limited coordination between sending and receiving governments on intra-regional migration resulting in lack of information on job opportunities and an underutilization of the potential financial and social benefits of intra-regional labour mobility. Bilateral and regional agreements on migration and return migration of workers need to be formulated and geared towards enhancing the mutual benefits of migration within the Arab region (Wahba, 2008).

3. encouraging intra-Arab labour mobility with flexible labour mobility policies, such as agreements on regional labour mobility of skilled and semi-skilled workers in line with GATS Mode 4 (Abdalla et al., 2007).
4. enhance coordination between the education systems of different Arab countries to ensure that the skills of graduates from labour-rich countries match the demand of host labour markets. Such agreements should also focus on the mutual recognition of qualifications, traineeship programmes and dialogue.
5. learning from previous instances of large-scale return migration in the early 1990s and in light of the current financial crisis, there is a need to adopt efficient return and re-admission policies on a bilateral and regional basis. Assisting return migrants should include appropriate financial and logistic assistance, provision of necessary information on re-integration opportunities for return migrants such as creation of small and medium enterprises funded on their remitted capital, upskilling and vocational training. Source and destination countries should partner to develop projects and provide assistance to returning migrants to lessen the potential negative impact of return Arab migration.
6. the role of financial institutions in attracting remittances in the Arab region needs to be enhanced. In most of the Arab countries, remittances and the investments generated by migrants are significantly hampered by inefficiencies and access barriers in financial systems and services. This has especially been the case since the policies and institutional frameworks in Arab countries have not been sufficiently developed to capture the benefit of this special contribution of labour mobility and to allow it to act as a stimulus for economic growth. Policies should include appropriate financial and organizational assistance and the provision of necessary information to both remittance senders and receivers. Efficient information channels on viably efficient investment alternatives should be made available. More generally, issues such as the improvement of the overall investment climate, securing remittance flows, ruling out remittance taxation, the introduction of tax referrals for retirement and pension plans, increasing transparency and providing incentives to channel remittances into development projects are all important measures to be adopted.

*At the research level:*

There is a need to fill gaps in knowledge about intra-Arab migration flows, as well as their impact on the host and sending countries:

1. focus on improving current data on flows and stocks of migrants in the region: In general, data on migration in the region is outdated, scattered and unreliable. In many cases, data is not disaggregated by country of origin or destination, gender, skill level and sector of employment, thus depriving policymakers of the information that is vital for sound analysis, projections and adequate policy decisions.
2. the study of labour markets in Gulf countries is necessary, especially in light of changes that Arab migration to the GCC has undergone in recent years. Studies should shed light on the segmentation of GCC labour markets across sectors, gender and skill levels for nationals and non-nationals.
3. the relationship between migration and development policies definitely needs more attention at the regional level. Research on this issue has been scarce and fragmented. Following the launch of the UNDP Human Development Report 2009, *Overcoming Barriers: Human Mobility and Development*, international organizations, governments and research institutions should take a closer look at the valuable contribution of migration to the economic, social and cultural development of the Arab region.
4. supporting governments, research institutions and professionals in utilizing available tools and data to forecast migration trends and dynamics, to provide evidence-based support to policymakers in the region.
5. establishing networks for the exchange of researchers and scientists and IOs or NGOs in the field of migration between source and destination countries.



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## CHAPTER 2

### ARAB YOUTH AND LABOUR MOBILITY

*Md. Shahidul Haque and Roberto Pitea*<sup>5</sup>

#### 2.1 Introduction

Over the past four decades, the Arab region has witnessed remarkable degrees of cross-border mobility for various social, economic and political reasons. At the same time, significant challenges persist in the labour markets as high levels of economic growth in some countries, and high levels of population growth coupled with high unemployment in others, pose significant obstacles to the free mobility of persons within the region.

Like in other regions, new entrants into the labour market face challenges that make them vulnerable to unemployment. As education prospects and living standards become easier to compare across countries due to global connectivity and information and communication technology (ICT), mobility, whether for education, work or tourism, is becoming a dominating feature in the lives of young people all over the world. While this represents an opportunity in the context of the Arab world, increasingly restrictive policies enacted by labour-receiving countries in the OECD (Organisation for Economic Co-operation and Development) and the preference for Asian workers in countries of the Gulf Cooperation Council (GCC), have resulted in fewer opportunities for young Arabs to access labour markets abroad.

In the context of the Arab world, education acts as a major influencing factor in the mobility patterns of youth. For highly skilled youths, education becomes the doorway to permanent migration, especially to countries of the OECD. Arab youths without appropriate qualifications who do not wish to remain on the other side of the digital and technological divide become more vulnerable to irregular forms of migration and mobility.

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This chapter will provide an overview of major trends concerning youth migration in the region. The first section of this chapter will look at demographic, labour and educational trends and the interplay of these factors with international mobility in the Arab world. The second section of this chapter will analyse in detail the link between education and labour mobility.

The chapter will conclude with policy options for better management of the mobility of young people, including the formulation of integrated policies that build on the individual capacities of migrant youth, and addressing youth participation in the development process and their integration into public life.

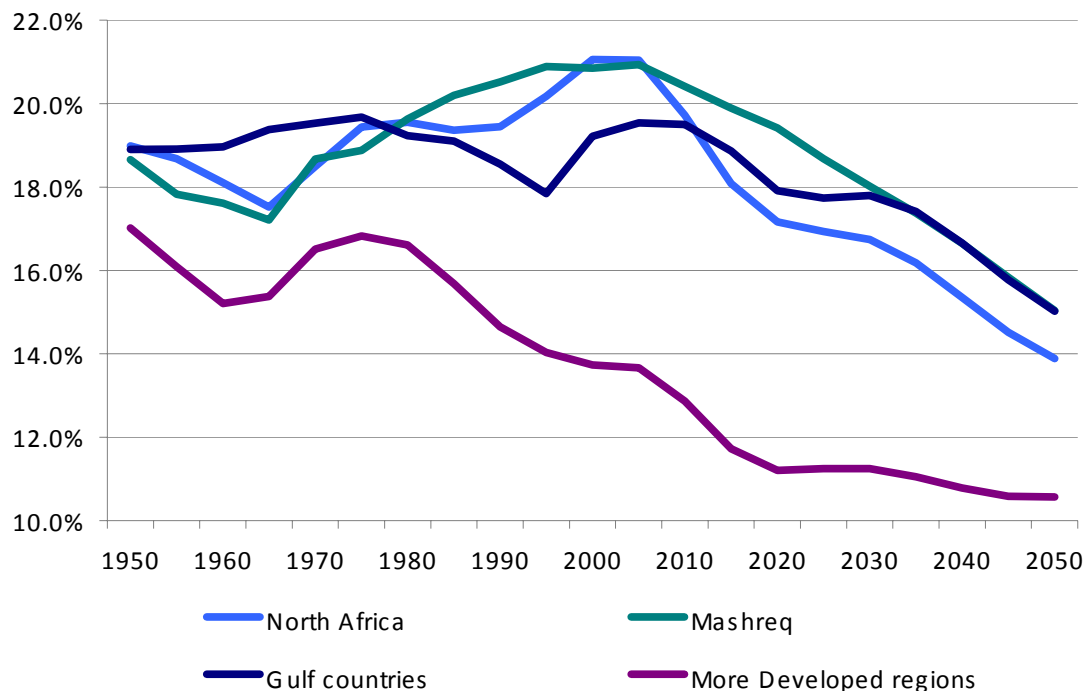
## **2.2 Trends and factors of demographics, education and labour in the Arab region**

The youth represents a large proportion of the population in the Middle East and North African (MENA) region. In 2005, according to data supplied by the UN Population Division, 55.7 per cent and 20.5 per cent of the population in the Arab world were between the ages of 0-24 and 15-24 years old respectively (UN, 2006b). The root causes for what is usually referred to as a “population explosion” lie in the decline in mortality rates in early twentieth century, which was not matched by a decline in fertility rates until the mid-1960s, resulting in the number of births outnumbering deaths and population growth rates reaching to 3 per cent in the 1980s (Assad and Roudi-Fahimi, 2007). While the percentage of young persons (0-24 years old) in the Arab world is expected to decline by 2050, it is expected to remain higher than the percentage in less developed regions and substantially higher (10%) than that in more developed regions. Despite a significant decline in youths as a proportion of the Arab population, 36 per cent of people in MENA will be below 24 years old in 2050. The evolution of the share of young persons that are also entering into the labour market (age group 15-24) shows a similar trend. Despite differences between the various sub-regions in MENA, with higher shares of young people in Mashreq and Gulf countries,<sup>6</sup> the implications of what is usually referred to as the “youth bulge” will remain significant across the region.

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<sup>6</sup> For the purpose of this chapter we refer to North Africa (including Egypt, Libya, Tunisia, Algeria, Morocco and Western Sahara), Mashreq (Occupied Palestinian Territories, Jordan, Lebanon and Syria) and Gulf countries (Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, the United Arab Emirates and Yemen).

**Figure 10: Evolution of the share of young persons (15-24 years old) as a percentage of total population in sub-regions of the Arab world**



Source: United Nations, Population Division, 2006.

It should also be noted that the interplay between youths and migration is made even more complex in the Arab region by the fact that in some countries of the Gulf where fertility rates have declined (for instance Bahrain, Kuwait and Qatar), population growth has been sustained by immigration flows (Assad and Roudi-Fahmi, 2007). This is usually referred to as the “rejuvenating” effect of migration, whereby significant international migration flows, which have not only been significant in size but also sustained over long periods, have had a “rejuvenating effect” on the age distribution of the population of host countries. During the years 2000-2005, net migration accounted for over a quarter of the total population growth in the GCC countries as a whole. Furthermore, in Kuwait, Qatar and the United Arab Emirates, population growth was higher from net migration than from natural increase. In fact, because of that high natural increase combined with high net migration, some of the GCC countries experienced some of the fastest rates of population growth in the world (UN, 2006a).

The growth in youths' share of the population will translate into a sustained growth of the labour force in some countries (namely, the countries of origin of the migrants), and a decrease in the same age group for oil-rich countries as a destination for migrants. The picture, however, is mixed.

According to a study by the World Bank (2009), both MENA emigration and immigration countries will see sharp drops in the growth rate of younger groups. The young labour forces in Iraq, Gaza and the West Bank, and the Republic of Yemen are expected to double or more between 2005 and 2050, suggesting that they could be major suppliers of migrants over the foreseeable future. Meanwhile, some of the traditional sending countries have started experiencing a faster transition to an aging labour force, as are the cases with Algeria, Lebanon, and Tunisia. For these countries, it could be observed that there is a continuation of the current trend of emigration of highly skilled nationals, as well as the immigration of low-skilled migrants. Countries that have traditionally been destinations of migration flows will face labour force reductions, with the exception of Libya, Oman and Saudi Arabia, where labour forces are expected to double (World Bank, 2009). The structural features of labour markets in oil-rich countries, however, may result in a sustained demand for foreign labour regardless of the underlying demographics.

As young Arabs represent a high proportion of the working age population, countries in the region have experienced a decline in age-dependency ratios<sup>7</sup> which in turn has led to the opening of a "demographic window of opportunity" wherein a higher proportion of the working population can boost the economic and developmental achievements of the country. However, according to a study by the Committee for International Cooperation in National Research in Demography (CICRED, 2004), "a failure to invest in key mechanisms, a number of which are explicit or implicit in the Millennium Development Goals (MDGs), could mean that the bonus would instead become another demographic crisis that would minimize the chances of attaining sustainable development" (CICRED, 2005). This "youth bulge" poses two major challenges to societies and economies: on one hand, education systems would find it difficult to accommodate the increasing number of students, especially with respect to higher and vocational education. On

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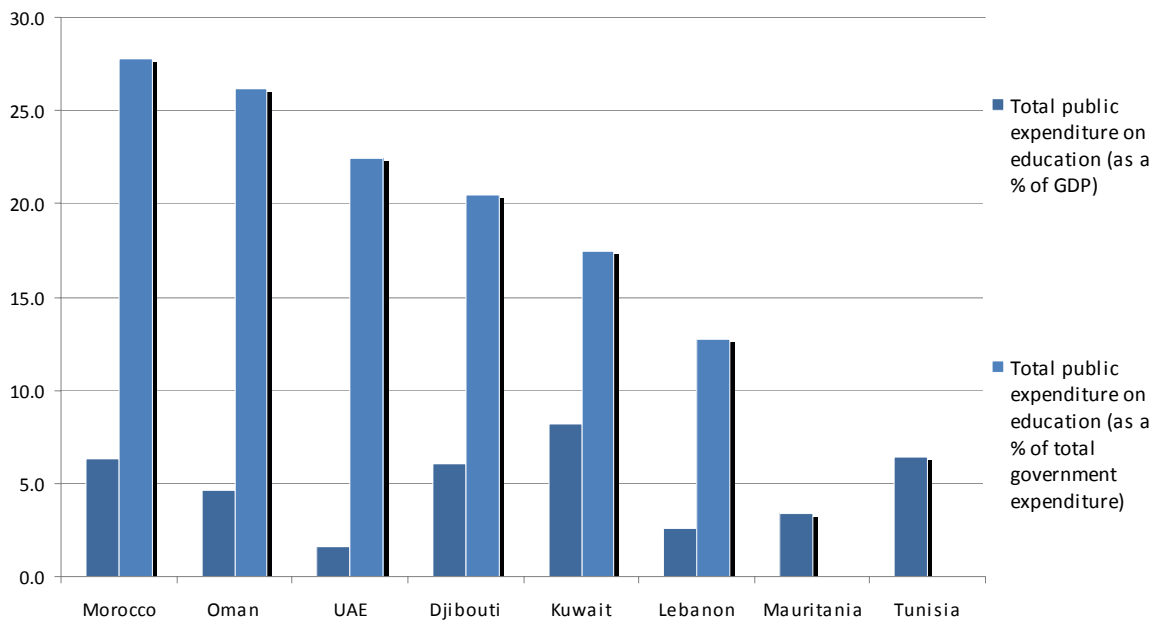
<sup>7</sup> According to the OECD, the dependency ratio is "typically defined as the ratio of those of non-active age to those of active age in a given population" (OECD, 2007).



the other hand, labour markets cannot generate enough job opportunities to absorb unemployed workers and new entrants at the same time. Migration dynamics are a direct result of the interplay of these two factors.

Education represents a key determinant in deciding whether the demographic window of opportunity will be geared towards improved development achievements. While the youth bulge represents an opportunity for the labour market and potential economic growth, fast growth in the number of pupils enrolled poses significant challenges to educational systems. According to the World Bank (2007), governments in MENA spend a substantial level of resources on education, and growth in spending has outpaced economic growth. Moreover, Arab countries spend approximately 50 per cent more than middle-income countries on upper education, and twice as much as OECD countries for tertiary education, as a proportion of their GDPs per capita.

**Figure 11: Public expenditure on education in select Arab countries**

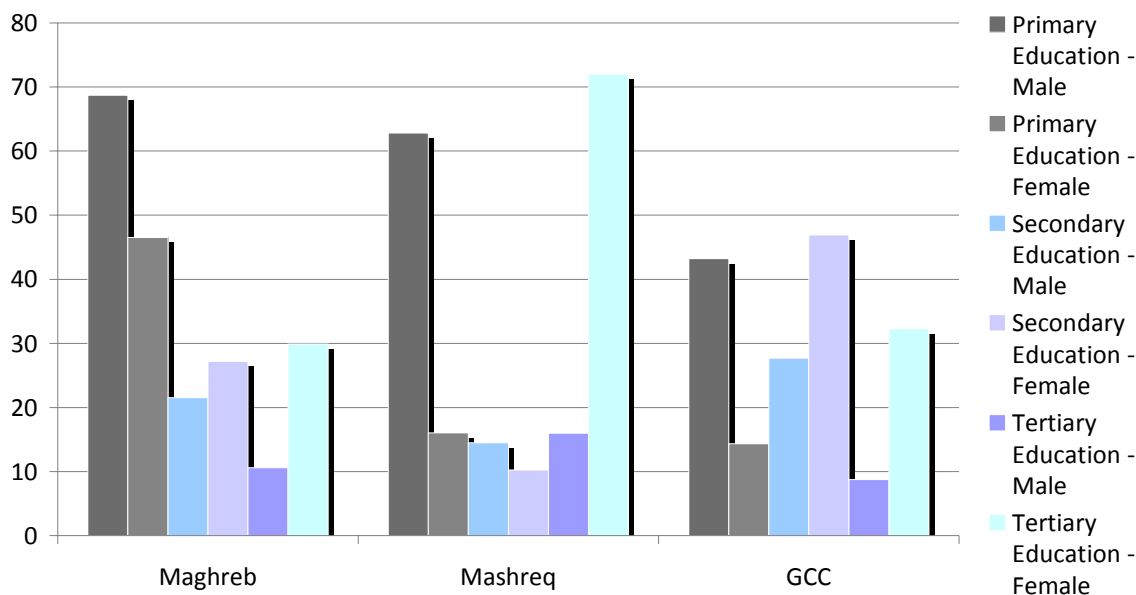


Source: UNESCO, 2006.

The complex interplay among population growth, education, labour policy and the capacity of economies to utilize intangible assets such as knowledge, information and research, has a direct and profound impact on mobility in the MENA region. As population growth outpaces the rate of economic growth, many young Arabs are faced with the necessity of moving abroad to

search for sustainable livelihood opportunities. As shown in Figure 12, the significant mismatch between the sets of skills with which recent graduates are equipped and the requirements of labour markets results in high unemployment rates for specific social groups, especially males with primary education and females with tertiary education.

Figure 12: Youth unemployment by level of education and gender



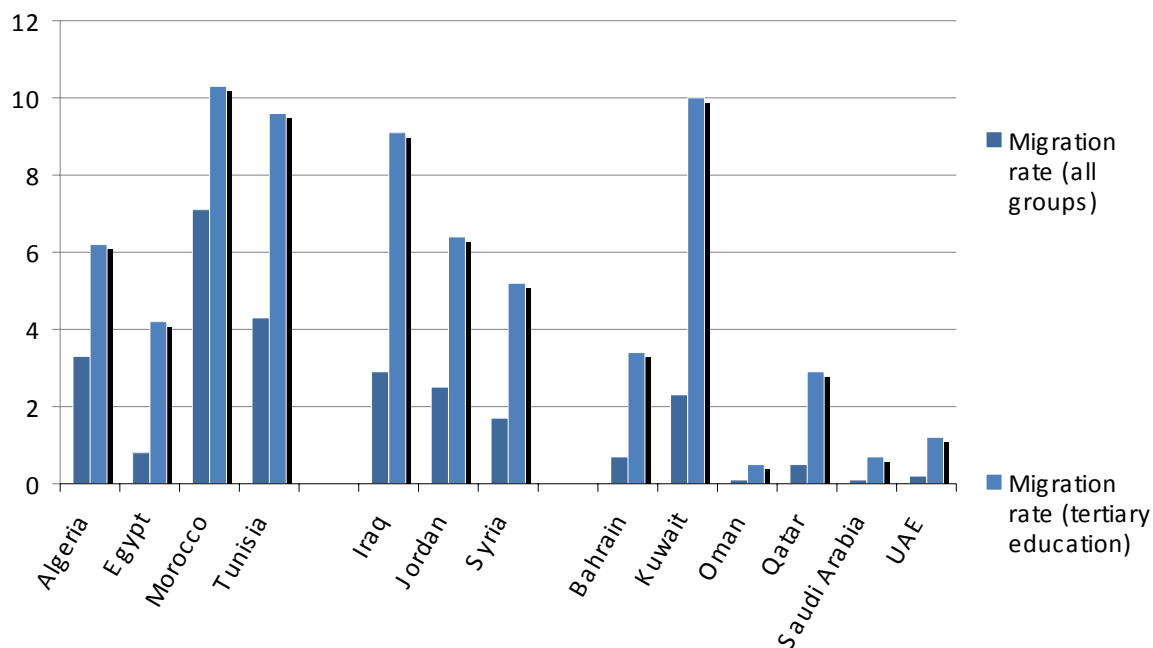
Source: Authors' calculations based on ILO, 2007 .

According to the World Bank (2009) the MENA region needs to create nearly 5 million jobs per year up until 2020 to meet labour force growth and absorb the large pool of unemployment. For instance, according to a study by the ILO, while 833,000 jobs need to be created each year to absorb both new entrants and the long-term unemployed in Egypt alone, the Egyptian economy is only able to provide 600,000 jobs (Shahine, 2003).

The interplay between fast growth in the young population and low employment creation makes migration an essential policy component to enhance the contribution of young people to the economic development of the Arab world. However, the mobility of young people in the region has not been mainstreamed in national and regional development policies for a host of reasons. Access to labour markets in destination countries, in the region and beyond, has become increasingly difficult. The direct result of restrictive migration policies in the region is that only those migrants with high qualifications are able to find employment abroad – this results in a

significant brain drain for countries of origin. Migration of highly skilled young adults (especially permanent migration) pushes countries of origins further behind in the global knowledge and technological divide. Figure 13 below shows how migration rates are consistently higher for people with tertiary education as opposed to general migration rates.

Figure 13: Migration rates according to education for select Arab countries



Source: Authors calculations based on Docquier, F. and A. Marfouk, 2004 and ILO, 2007.

One of the adverse effects of this highly selective migration trends is that those who are willing to migrate but are unable to do so because they do not hold the necessary academic qualification resort to irregular migration patterns. An IOM study (2007) on attitudes of young males aged 18-40 in high-migration areas in Egypt found that structural and chronic unemployment resulted in a high vulnerability for people to use irregular migration channels. The study revealed that 87 per cent of respondents expressed a desire to migrate to any European country. Respondents were generally aware of the negative aspects of irregular migration and of the requirements of regular migration, most of whom deemed the second possibility nearly impossible. Almost 40 per cent of respondents were unemployed and for those working, the average income was approximately USD 100 per month. More than three-quarters of the respondents had achieved secondary education or higher. The same study found that 70 per cent of returnees from Europe to Egypt had not worked in their areas of specialization, marking a high

degree of brain waste. While the study focused on Egypt, its conclusions apply to many other labour-abundant countries in the region and especially in Northern Africa.

**Text Box 6: Promoting youths' circular migration to achieve the Millennium Development Goals in Tunisia**

As other countries in the Maghreb region, Tunisia is a country of strong outward-migration pressure. Despite the fact that Tunisia has achieved over the past four decades significant progress in terms of growth and development and also in terms of population planning, unemployment – in particular, youth unemployment – remains the major concern for the country and one of the major push factors for migrants, with many young Tunisians considering labour migration as one of the main options for long-term employment.

Aligned with the priority policies of the Tunisian Government (as described in the 11th National Development Plan) and with the United Nations Development Assistance Framework (UNDAF), the UN Joint Programme “Engaging the Tunisian Youth to Achieve the Millennium Development Goals” (YEM Project) aims at strengthening actual services provided by its agencies in the field of employment, enterprise creation and migration. It is funded by the UNDP-Spain MDG Fund 2008-2010 for the achievement of Millennium Development Goals and it involves four UN Agencies: UNIDO, FAO, ILO, UNDP and IOM. The overall objective of the project is to support Tunisia in its efforts to develop and enhance local capacities in migration-prone areas, through the sustainable creation of decent jobs and the promotion of local competencies in three selected pilot regions (Le Kef and Gafsa Governorates and some areas in the Tunis region). It proposes to address disadvantaged youth from rural areas with targeted labour market measures aiming to minimize the risks of engaging in irregular migration through improved productivity, upgraded informal enterprises and better conditions of work.

In the target regions, the absence of sufficient work opportunities is the main factor pushing youth to migrate internally and abroad. The Joint Programme explores new methodologies for managing the migration phenomena considering the trade offs in this controversial issue. Access to overseas job markets through the creation of temporary circular labour migration schemes is one way to reduce pressures on the local labour market as well as to respond to the some young people’s wish to acquire skills abroad.

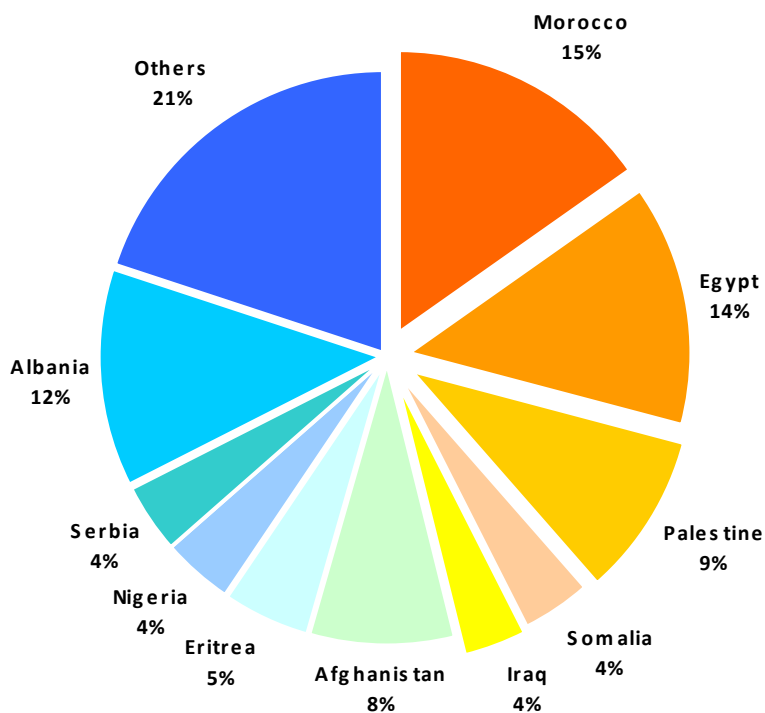
IOM developed cooperation mechanisms with Tunisian Ministry of Employment and other stakeholders in order to identify the potential for setting up circular and seasonal migration. Since the start of the project, IOM has made continuing efforts, adjustments and work to better ensure that the priorities of the Ministry are fully reflected in the planned activities. The core of IOM activities for a pilot circular migration component include 1) the identification of job opportunities for Tunisian in selected destinations countries; 2) a training component for youth migration; 3) a training component for youth migration in EU countries; and 4) mechanisms and programmes to support returning youth migrants and the creation of migrants’ SME.

Source: IOM Tunis, 2009

The migration of unaccompanied minors is also a very significant and growing phenomenon for the Arab countries. While detailed data is not available, a report from Amnesty International (2006) found that according to media sources, until 31 December 2007, 7,548 unaccompanied minors reached Italy alone. The composition of arrivals in 2007 highlighted a predominance of

unaccompanied minors coming from the MENA region. The graph below offers a breakdown by nationality.

Figure 14: Main nationalities of unaccompanied minors arriving in Italy



Source: Save the Children, 2009

The next session will further analyse the nexus between education and labour mobility and their impact upon countries in the region.

### 2.3 The education and labour mobility nexus

Education plays a very important role in the mobility strategies of many people worldwide. Individuals see education as a boost to their career both in the home market and on the international job market, or even as an investment towards possible future migration (IOM, 2008). The interplay between education and migration revolves around two main axes in MENA: On one hand, education increases the employment prospects of possible migrants. Therefore, the proportion of migrants among graduates with tertiary qualifications is higher than among the general population (see figure 15 below). On the other hand, many Arab students decide to pursue higher education abroad to take advantage of favourable migration policies in host

countries aimed at retaining highly skilled migrants, for both temporary and permanent residency. As many studies have dealt with the phenomenon of skilled migration from the Arab region (UN, 2006a; Docquier and Abdeslam, 2005; Ozden and Schiff, 2006), this chapter will focus on the phenomenon of the mobility of students and its links with skilled migration and brain drain.

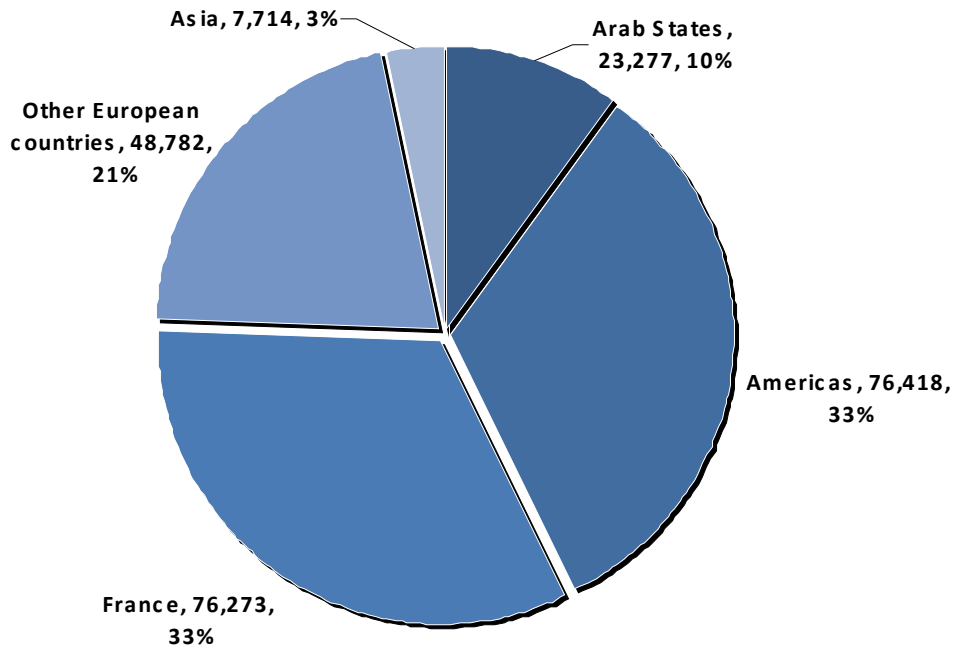
Between 1994 and 2004, the number of foreign students enrolled worldwide rose by 52 per cent to 2.7 million, with the majority of students (85%) in countries of the Organisation for Economic Co-operation and Development (OECD). Various factors contributed to such increase, including greater mobility of skilled individuals and workers in a globalized economy; the falling costs of transport and communication; the desire of countries to encourage university and cultural exchanges; the need for qualified personnel worldwide; and the need for better educated workforces in emerging economies (IOM, 2008). The case of MENA exemplifies many of these trends: while some students move to Western countries, especially due to favourable policies geared towards retaining educated migrants after they complete their studies, a significant number of students from Arab and other developing countries choose the Middle East as a destination (especially in some countries in the Gulf where prestigious foreign educational institutions have established campuses). Moreover, the Arab world is also the destination for many Muslim students pursuing language and religious education in renowned institutions such as the University of Al-Azhar in Egypt.

Looking at tertiary education and international student mobility trends, we will notice that the vast majority (86%) of Arab students prefer Europe or America as a destination, in line with global trends which are essentially South-North.<sup>8</sup>

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<sup>8</sup> As pointed out by Stephan Vincent-Lancrin in IOM (2008) current data sets on international students do differentiate between mobile students (i.e. those studying in a country other than their country of residence) and foreign students (i.e. students holding a foreign passport but studying in their country of residence). The implications are quite significant as a number of Arab students abroad (esp. France) and students in some GCC countries are, indeed, foreign students and not mobile students. Moreover, the data set used (UNESCO, 2006) contains data for only a selected number of Arab Countries, namely Qatar, Lebanon, Jordan, Bahrain, Kingdom of Saudi Arabia, Morocco, Iraq, Tunisia and Algeria.

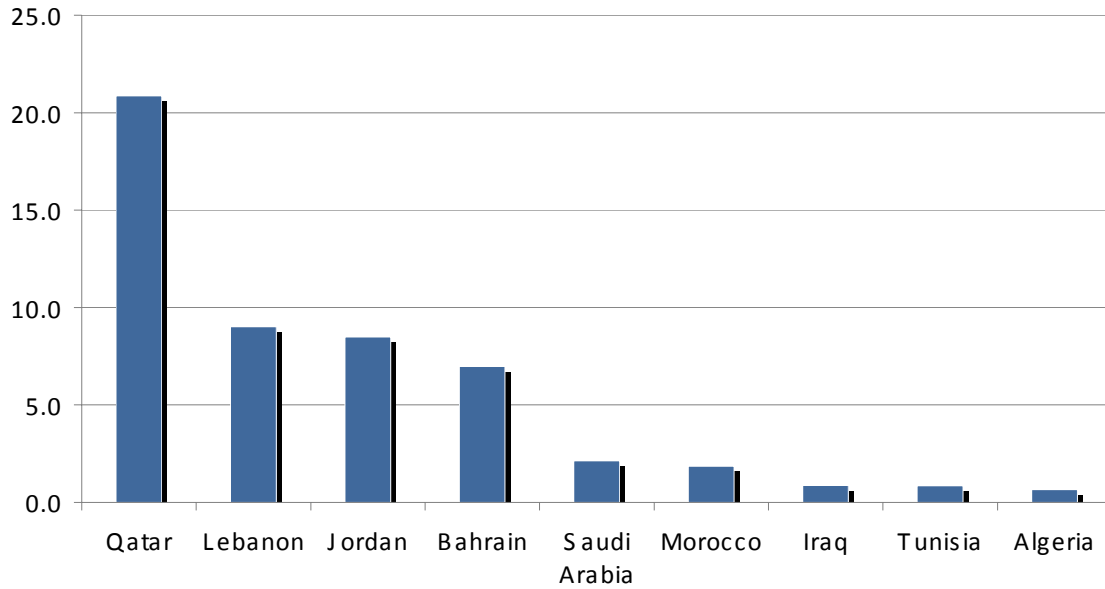
Figure 15: Arab students abroad by country of destination



Source: UNESCO, 2006

Simultaneously, many Arab countries host a significant number of foreign students. The data available does not differentiate between students residing in the country of study but registered as foreigners (e.g. Palestinians refugees in Mashreq or first-generation migrants in the GCC) and genuine mobile students. It is remarkable, however, that in four Arab countries (Qatar, Lebanon, Jordan and Bahrain) the percentage of foreign students enrolled in higher education is above the OECD average. It should also be noted that statistics for countries with significant migrant populations such as the UAE and Libya are not available. While the percentage of foreign students enrolled in universities is high in absolute terms, it should also be noted that the percentage of foreigners in the general population tends to be much higher in some GCC countries, therefore showing that foreign students may in fact be underrepresented in the educational systems of some countries in the region. Furthermore, according to UNESCO (2006), 36 per cent of foreign students in the Arab world are female. In comparison, 50 per cent of students in the OECD are female (IOM, 2008). As data on this issue is scarce, more evidence is needed to shed light on the complex dynamics operating at the level of mobility of international students in Arab countries.

Figure 16: Foreign students as percentage of students enrolled in tertiary education in selected Arab countries



Source: UNESCO, 2006.

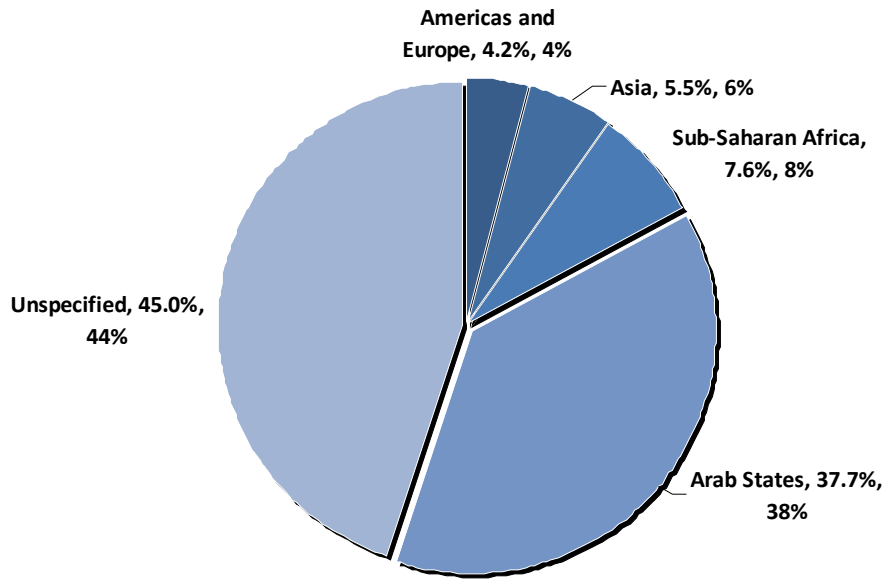
While data on the origin countries of foreign students in the Arab world is scarce, it may be inferred that a significant proportion of foreign students in the Arab world come from other Arab countries. Reasons for the high inter-regional student mobility include enrolment policies that do not discriminate between Arab citizens and a common language of instruction. Moreover, some Arab capitals are renowned as centres of learning and research in the region, therefore attracting many students from neighbouring countries.

It is difficult to determine whether the international mobility of students is the main explanation for the brain drain within the region. The pursuit of studies abroad can be part of a deliberate migration strategy whereby obtaining a foreign qualification is sometimes indispensable to working in a particular field of specialization in host countries, and also as a strategy to obtain a competitive edge when seeking employment in domestic markets.<sup>9</sup> Education-to-residency migration programmes have yielded positive results mostly for receiving countries but also destination countries.

<sup>9</sup> Many countries have enacted migration policies that facilitate the acquisition of permanent residence for international students in the host countries after the completion of their studies (i.e. Australia, Canada, New Zealand and the United Kingdom).



Figure 17: Students in the Arab world by country of origin



Source: UNESCO, 2006.

According to the World Bank (2009) in the United States the “student optional practical training visa” has been effective in attracting highly educated migrants to the US labour market, while evidence from Canada suggests that the education received in the host country increases the value of the education received at home, thereby reducing brain waste. The same report, however, stresses the importance of a policy framework that is conducive to gains for both receiving and sending countries. For instance, the “Korea Traineeship Program” used migrants to fill permanent jobs in the small and medium enterprise (SME) sector without offering a path to residency in order to offer a competitive advantage to smaller firms (through cheaper labour). However, the result of this scheme was a “massive informalization of migrant workers over time” (World Bank, 2009).

Research on the nexus between the mobility of students and migration strategies is not abundant and certainly the MENA region will provide a fertile ground for exploring such dynamics. As explained by the IOM (2008), current strategies for the internationalization of education in MENA are generally imbedded in development aid policies or conventional university partnerships. Compared to the European context, where the Bologna Process has resulted in the extensive mobility of young scholars and researchers across the continent, thus contributing

towards the creation of a European area of higher education and research designed to promote intra-European mobility and boost the attractiveness of Europe and the creation of a knowledge-based society, Arab countries have not integrated regional cooperation policies into the educational field, with mobility policies geared towards greater levels of regional integration.

**Text Box 7: The Mobility of Sudanese health professionals – strategies to counteract brain drain**

The history of migration of Sudanese workers to the Arab world dates back to the late 1960s when Libya and Saudi Arabia ranked among the first employers for Sudanese workers. A significant proportion of Sudanese migrants abroad are health professionals, mostly doctors, but also nurses and pharmacists.

Data from 2004 suggest that out of the 21,000 doctors registered with Sudan Medical Council, 12,000 are estimated to be outside Sudan. GCC countries host approximately 7,000 Sudanese health professional, with 5,000 residing in Saudi Arabia alone. Up to 800 graduated doctors emigrate from Sudan each year (out of a total of 1500 graduates) and a survey among doctors in Khartoum recorded that 25 per cent of respondents have plans to migrate.

The magnitude of the phenomenon has negative implications on the health sector in Sudan. In addition to low coverage and quality of health services and bottlenecks in specialized health care and a high number of patients have been seeking medical care abroad, the lack of specialized health staff has negatively affected the training capacity for both undergraduate and postgraduate medical education.

For instance, renal transplant surgery (RTS) used to be performed outside Sudan before the Ministry of Health started to promote temporary and permanent returns of a Sudanese surgeon residing in UK. Several RTS were thus performed in Sudan over a period of four years through short visits, developing the capacity of local staff gradually, which in turn resulted in three centres in Sudan becoming able to perform RTS independently. As a consequence, referral of RTS patients abroad has almost stopped.

In addition, the Rabat Faculty of medicine was established in 2000. To fill the gap in the academic faculty, the school approached Sudanese Diaspora members in the UK and Saudi Arabia. Over 35 qualified, experienced professionals were attracted permanently, and the school now figures well among quality institutions in Sudan.

Source: Sudan National Human Resources for Health Observatory (2009), <http://www.hrobservatory.sd/>.

## **2.4 Conclusion and recommendations**

Our overview of mobility has focused primarily on education as a determinant of mobility. As education is one of the primary factors that influence entrance into the labour market, both national and foreign, it plays an important role in facilitating or hindering the mobility of young people around the world.

In light of the current economic crisis that is resulting in shrinking employment opportunities both domestically and internationally, the youth is a segment at high risk of bearing a higher

share of the negative effects of restrictive policies in the field of labour mobility. In fact, the combination of fewer jobs in home markets and less welcoming migration policies both in the region and beyond, may push Arab youths into an even more serious lack of sustainable livelihood.

Three main challenges can be observed with regard to the international mobility of Arab youth within a globalized world. First, structural imbalances in the labour market result in remarkably high unemployment and a high propensity toward migration, especially for young people. This is likely to worsen as the effects of the global financial crisis unfold. While it will not be possible to address the structural imbalances between educational and labour policies in the short term, migration policies that remain flexible and youth-friendly may represent the key to overcoming some of the rigidities resulting from the current economic slowdown. Secondly, the lack of regional and intra-regional mobility policies aimed at achieving greater levels of economic and social integration have adverse effects especially on young people. As the desire to move is fuelled by a global society that is increasingly interconnected, few legal opportunities to migrate make young people in the Arab world highly vulnerable to smuggling and trafficking in persons. Finally, student mobility, while a powerful tool to encourage flexible forms of mobility and regional integration (including circular migration), is still an underutilized option that could ease some of the major constraints faced by policymakers in promoting regional and intra-regional integration and exchange through the mobility of people.

In the medium term however, the comparative advantage of the Arab region as a whole should be better exploited. A common language and similarity of culture, compared with labour shortages in more advanced economies and labour surpluses in developing economies in the region, could be synchronized by creating a common space for the mobility of learners. As shown in the case of the Bologna Process in Europe, the creation of a free market to facilitate the mobility of students and young people with regard to education may foster a higher degree of regional integration with significant spill-over in terms of knowledge sharing and technological development. Student mobility measures that are liberal and flexible could also be accompanied with suitable labour mobility policies geared towards the circulation of talent within the region, both on a permanent but also temporary or circular basis. The latter option would represent an appealing compromise between the necessities of destination countries to rely on a flexible pool

of skilled migrant workers, while mitigating the negative consequences of brain drain and brain waste in countries of origin.

In light of the general recommendations above, the authors would like to provide specific recommendations to:

#### International and Regional Organizations:

1. Enhance dialogue between national authorities on the issue of the mobility of students and support incentive schemes, such as the mutual recognition of qualifications and financial incentives like reduced tuition fees for Arab citizens studying in Arab countries.
2. Advocate for the integration of educational and labour mobility policies to support the retention and circulation of talent within the region.
3. Foster the growth of regional research consortia especially in the scientific field to encourage the mobility of learners and researchers.
4. Advocate and provide support for the establishment of regular labour mobility schemes for youth with low skill qualifications to curb the incidence of irregular migration from the region. The focus of these mechanisms and channels should not be solely on the Arab world, but should include other regions to provide systemic flexibility for the benefit of migrants and governments.

#### National governments:

1. Develop and implement strategies to transform local universities into centres of regional excellence in teaching and research. A key determinant in this endeavour would be the capacity to attract and retain highly skilled Arab nationals with attractive residence and remuneration packages.
2. Integrate educational and labour mobility policies to support the retention and circulation of talent within the region, modelled on point-based immigration systems that favour the permanent residence of the highly skilled.
3. Facilitate the employment of those young people that are at high risk of being unemployed, especially young and vocational education graduates, with policies and mechanisms that favour their employment both at home and in other Arab countries.

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## CHAPTER 3

### INTRA-REGIONAL MIGRATION AS A TOOL TO ABSORB ARAB UNEMPLOYMENT

*Khaled El-Sayed Hassan*<sup>10</sup>

#### 3.1 Introduction

The Arab region is characterized by contradictory economic phenomena related to migration and unemployment. On one hand, the unemployment rate in Arab countries has reached an average of 15 per cent (three times higher than the economically acceptable average) (Kapiszewski, 2003). On the other hand, the GCC countries host the highest concentration of migrant labour forces in the world (Milch, 1998).

When domestic labour markets cannot fully absorb the increase in labour forces, migration is an important channel for resolving local market imbalances with potentially large benefits to the individuals and nations involved. Arab labour movement is particularly important for countries facing excess labour supply (such as Egypt, Yemen, Syria, Palestine and Jordan), and countries facing excess capital supply (such as the GCC countries). This imbalance within the region creates an opportunity for a mutually beneficial exchange between these two groups of countries.

Despite an array of cross-cutting similarities, such as the commonalities in language, culture, history, the close geographic and political borders and religion, the percentage of Arab labour migrants in GCC countries is decreasing over time. The percentage of Arab labour in GCC countries decreased from about 70 per cent in the last century to only 25-30 per cent in recent times (Kapiszewski, 2003).

The chapter will review the trend and profile of foreign labour in GCC countries, classified by major expatriate communities (Arab versus Asian labour), gender, education level, and occupational structure, as well as the characteristics of unemployment in the Arab countries, classified by youth unemployment, female unemployment and education level. The chapter will

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then link the data gathered to generate a hypothetical model to assess the impact of replacing the expatriate Asian labour force in GCC countries with similarly qualified GCC nationals and unemployed Arab workers. Finally, it will test the impact of applying this model in reducing the bulk of unemployment in Arab countries, particularly the five Arab countries (Egypt, Yemen, Syria, Palestine and Jordan) that send most of their migrant workers to the GCC countries.

### **3.2 Methodology**

The descriptive analysis will try to explain the variation in the two main variables of the study *migrant labour in GCC countries* and *unemployment in Arab countries*. In addition, some simple interpolations, simulation models and mathematical equations will be applied to execute the hypothetical model and to measure its impact in reducing the burden of unemployment in GCC countries and in the five Arab countries that are mostly sending their migrant labour force to GCC countries. A detailed description of the model's specifications, relations between the model's variables, mathematical operations, assumptions and limitations are provided in the following paragraphs.

The study will use data collected by several international organizations such as the Arab Labour Organization (ALO), the International Migration for Organization (IOM), the League of Arab States (LAS), and the United Nations (UN) in addition to data from some published scientific papers.

### **3.3 Labour migrants in GCC countries**

Difficult economic situations within many Arab and South-East Asian countries in the last few decades have made labour emigration an attractive option for nationals of these countries (Al-Najjar, 2001; Abella, 1995). Such emigration has generally been supported by the governments of these countries to ease the pressure on labour markets, reduce unemployment, and accelerate development. At the same time, the GCC countries appeared as one of the most attractive large markets for Arab and Asian job seekers. Since the discovery of oil, the GCC countries that were suffering from a shortage in national manpower have been employing a large number of migrant workers to meet its labour-market needs.

**Table 2: Percentage of expatriate workers in the labour force of the GCC countries, 1975-2000**

GCC Countries	1975		1985		1995		2000	
	No. (000's)	% of Expatriates	No. (000's)	% of Expatriates	No. (000's)	% of Expatriates	No. (000's)	% of Expatriates
Saudi Arabia	1,924	25.2	4,342	62.7	6,450	63.5	7,176	55.8
UAE	279	84.0	865	90.6	1,088	89.8	1,356	89.8
Kuwait	305	81.8	670	85.7	1,052	83.4	1,320	80.4
Oman	225	31.1	369	51.8	670	64.2	859	64.3
Qatar	69	83.0	100	76.5	218	82.1	-	90.0
Bahrain	60	81.8	171	57.9	227	60.0	-	54.0
<b>Total</b>	<b>2,861</b>	<b>39.0</b>	<b>6,518</b>	<b>68.2</b>	<b>9,705</b>	<b>74.0</b>	<b>-</b>	<b>64.0</b>

Source: Shah, 2003.

At the beginning of the oil era, the majority of labour migrants to the GCC countries came from neighbouring Arab countries. Their linguistic, cultural and religious compatibilities with the local populations made them an attractive source of labour supply compared to other non-Arab migrants. The largest labour-sending countries were Egypt and Yemen, and the largest recipient of this labour was the Kingdom of Saudi Arabia (KSA). Later, following the 1973 war and the rise of oil prices, new waves of Arab labour from Palestine, Jordan, Sudan and Syria arrived to the GCC countries. Finally, labourers from many Asian countries including India, Pakistan, Bangladesh, Philippines and Indonesia started coming to the GCC countries. As a consequence, the percentage of the expatriate workforce in GCC countries increased from 39 per cent in 1975 to about 70 per cent in 2005. The period between 1980 and 1995 represented the peak period of employing foreign workers in the GCC countries. After 1995, the percentage of foreign workers began to gradually decrease due to the increasing pressures of national unemployment (Table 2).

In the beginning Arab workers were welcomed, but the preference of the governments of the GCC countries changed relatively quickly and they began to be more open to Asian workers. Asian workers were less expensive to employ, easier to lay off and thought to be more efficient. They were also preferable as they were used to leaving their families in their home countries. A major shift in the composition of GCC countries' foreign labour force occurred with Iraq's invasion of Kuwait in 1991 (the Gulf War). Many Arab workers were distrusted and forced to leave the GCC countries. Approximately 2 million Arab expatriate workers and their dependents were estimated

to have been dislocated from their residences in GCC countries. The GCC employers started replacing the jobs that were originally held by Arab migrants with Asian migrants.

In 1975, the size of the GCC labour force was 2.8 million workers. Out of this 2.8 million, 39 per cent were expatriates. By 1995, foreign labour in GCC countries comprised 74 per cent of the total workforce. In 2000, the average share of expatriates in the total workforce decreased, though still remained high at approximately 70 per cent. However, in Qatar and the UAE, the number of expatriates reached 90 per cent in 2000. Bahrain and KSA had the lowest rates, but even there expatriates constituted 55 per cent of the workforce. In Kuwait, this figure is 80.4 per cent. Two-thirds of the workforce in Oman and KSA are non-nationals (ALO). These rates have not changed much in the recent decade, implying that the percentage of foreign workers in the total GCC workforce has remained more or less the same (see Table 2).

**Table 3: Major communities of expatriate labour in GCC countries, 2005**

<i>GCC Countries</i>	<i>Expatriate Labour by Communities</i>						
	<b>Total of Expatriate Workers</b>	<b>Arab</b>		<b>Asian</b>		<b>Others</b>	
		<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
<b>Saudi Arabia</b>	4,894,000	1,527,000	<b>31.2</b>	2,902,000	<b>59.3</b>	465,000	<b>9.5</b>
<b>UAE</b>	2,738,000	238,000	<b>8.7</b>	2,386,000	<b>87.1</b>	114,000	<b>4.2</b>
<b>Kuwait</b>	1,302,791	403,000	<b>30.9</b>	851,000	<b>65.3</b>	48,791	<b>3.7</b>
<b>Oman</b>	605,000	34,000	<b>5.6</b>	559,000	<b>92.4</b>	12,000	<b>2.0</b>
<b>Qatar</b>	315,034	126,013	<b>40.0</b>	144,915	<b>46.0</b>	44,106	<b>14.0</b>
<b>Bahrain</b>	306,000	38,000	<b>12.4</b>	245,000	<b>80.1</b>	23,000	<b>7.5</b>
<b>Total</b>	<b>10,160,825</b>	<b>2,366,013</b>	<b>23.3</b>	<b>7,087,915</b>	<b>69.8</b>	<b>706,897</b>	<b>7.0</b>

Source: Arab Labour Organization (ALO) database.

Analysis of the current composition of the expatriate labour force in GCC countries by country of origin indicates an obvious decrease in the percentage of Arab workers in GCC countries to 23 per cent by 2005. The reduction in the percentage of Arab workers associated with the increase in the percentage of Asian workers has reached approximately 70 per cent. UAE and Oman are the two GCC countries with maximum dependency on non-Arab labour migrants.

Arab workers represent less than 10 per cent of foreign workers in these two countries. Even though the percentage of Arab workers among foreign workers in Qatar, KSA and Kuwait does not exceed 40 per cent, these three countries employ the highest number of Arab workers from among the GCC countries (Table 3).

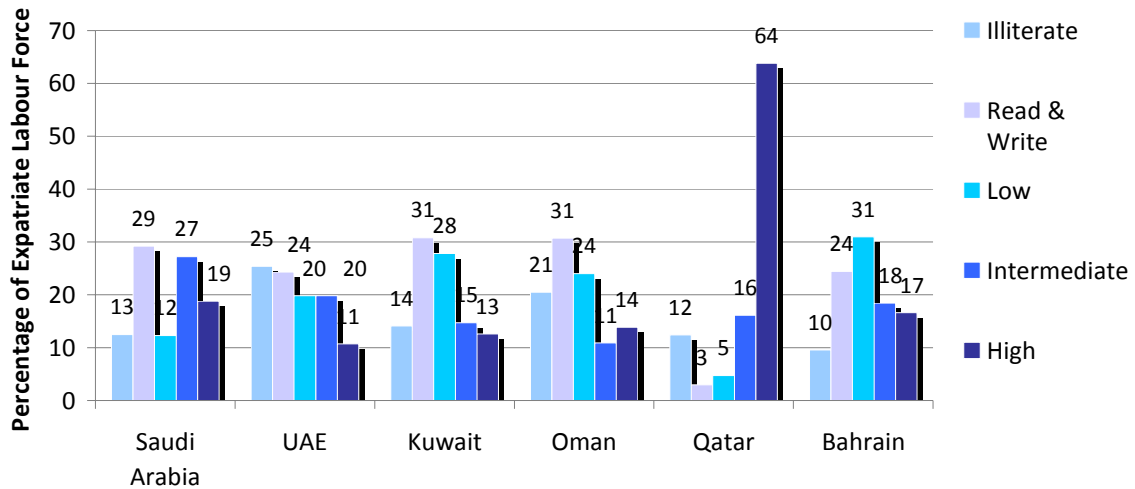
Although worldwide there is an increase in the percentage of female migrants in total migrant flows (feminization of migration), the GCC countries are considered to have the lowest inflow of female migrants. In general, participation of women in the labour market of GCC countries has been limited due to the prevailing religious norms and traditions of the region that do not promote the economic participation of women (i.e. working outside traditional homes) (Kapiszewski, 2001). The percentage of female migrants in GCC countries is about 29 per cent of the total migrant force (Dito, 2008). The proportion of women in the labour force in the GCC countries has increased since the late 1970s and early 1980s, when they only accounted for 10 per cent of the foreign workforce (UN, 2003). Today female migrants constitute one-third of the foreign labour force in Oman, and one-fifth in Bahrain and Kuwait. However, in Qatar and the KSA, female migrants account for less than 15 per cent of the expatriate workforce.

Moreover, female labour force participation has also increased among female nationals in the GCC countries. The improvement in the education of women and the gradual change in the attitudes towards women's economic participation in the labour market are among the key factors that have recently increased female nationals' participation in the workforce. The highest increase in the rate of economic participation of female nationals in the labour force is observed in Kuwait, Qatar and Bahrain where these rates are 38 per cent, 28 per cent, and 27 per cent respectively (United Nations, 2003).

In general, more than 80 per cent of working women in the UAE are expatriates, while in Bahrain this rate is 55 per cent. Overall in GCC countries, female nationals constitute between 2 per cent and 10 per cent of the total national workforce, while female expatriates constitute between 10 per cent and 25 per cent of the expatriate workforce. Furthermore, the gender dimension of labour mobility in GCC countries reflects the nature of labour demand in these countries. Domestic work remains the single most prevalent profession among Asian women migrants in the GCC region. The heavy demand for domestic workers within the GCC countries is a

result of both improved living conditions as well as an increase in the labour force participation rate of female nationals.

Figure 18: Distribution of foreign labour in GCC countries by education levels (latest available years)



Sources: Regional Report on Arab Labour Migration, 2006. Population Policies and Migration Department, League of Arab States. Data of Saudi Arabia obtained from the Population Census, 2002. Low education refers to primary and preparatory education level, intermediate to secondary education level (general or vocational) and high to above intermediate/university education level.

The GCC countries absorb a wide range of labour migrants with different education and skill levels (as shown in Figure 18). In the KSA for instance, 41.7 per cent of the expatriates in the labour market have little or no education (i.e. either illiterate or can barely read and write). Similar observations can be made about UAE, Kuwait and Oman, where the percentages are 49.7 per cent, 44.9 per cent and 51.2 per cent respectively. In general it can be deduced from the data that half the labour migrants in GCC countries have very little or no education, one-fourth have low education levels, and the remaining one-fourth have either intermediate or high education levels.

Previous studies indicate higher levels of education among Arab workers in GCC countries compared with their non-Arab counterparts, especially Asian migrant workers. The Saudi Labour Force Survey of 2002 found that the bulk of migrant workers in the country still have low levels of skills (54.1% had no education or only primary education). This figure is even higher for female migrant workers in the country. Almost 66.7 per cent have no education or only primary

education and only 9.6 per cent have university level education. The illiteracy rate among non-Arab workers in GCC countries is much higher than comparable rates among Arab workers in GCC countries (Shamsi, 2006).

Data collected on the occupational structure of Arab and Asian workers for Kuwait in 2001 (League of Arab States, 2006) shows that almost 40 per cent of the Arab expatriate labour force dominated the highly skilled occupational categories (such as professionals, technical, managerial, and clerical positions). On the other hand, among the Asian expatriate labour force, 86 per cent occupied lower-skilled occupational categories (for instance, services, agriculture, and production). Nevertheless, the semi-skilled category occupations (such as sales) did not show such visible disparities between these two groups. The disparities in the occupation categories are even more apparent among female foreign workers than male in Kuwait. More than 80 per cent of Arab female workers participate in technical, managerial, and clerical jobs, whereas only 10 per cent of Asian females are employed in these categories. An overwhelming majority of Asian female workers are employed in the services sector (85.8%), whereas less than 10 per cent of Arab female workers work in this sector. Despite the large reduction in the number of Arab workers employed in GCC countries since 2000 and the substantial increase in the number of Asian workers, Arab workers still hold the majority of the highly skilled occupations. It is important to note here that Kuwait is just one among several GCC countries and it is not possible to generalize and extrapolate the findings and experiences of Kuwait to other GCC countries. Nevertheless, due to the close similarities in the socio-economic structure of the GCC countries and the profile of the migrant labour force in these countries, it is possible that some of the findings deduced from the Kuwaiti data may be applicable to some of the other GCC states. There have been a few other studies that have referred to the same sort of similarity. For example, Girgis (2002) stated that:

*The picture that emerges, assuming that Kuwait in 2000 is representative of the Gulf region, is that Asian migrant workers are hired in all occupations but with a distinct bias toward low skill categories. The opposite is true for Arabs.*

### **3.4 Unemployment in Arab countries**

The issue of unemployment in Arab countries is quite severe to the extent that the ultimate goal of development and inter-Arab cooperation is to support curbing unemployment. The

average rate of unemployment in the Arab states is more than 15.3 per cent, which means that the Arab region has over 16 million unemployed individuals (ALO database, 2008).

Economists characterize unemployment rates below 5 per cent as economically acceptable rate. Data from the ALO database shows about the same rates of unemployment in most GCC states. In 2005, the average unemployment rate in GCC countries was 4.7 per cent. Among the GCC states, the highest rates of unemployment are observed in Oman and KSA where the percentages are 7.5 per cent and 6.1 per cent respectively. Data on unemployment shows that unemployment rates in individual Arab countries are much higher than unemployment rates prevailing in the GCC countries (ILO, 2004, 2002).

This chapter suggests that a targeted programme to replace part of the Asian migrant workforce with unemployed nationals in the GCC states can in fact successfully absorb the existing pool of unemployed workers in these states within a short time frame. The cost of applying such a programme will not be very expensive and will be offset by the *saved* remittances that were previously sent by the migrant workforce of the GCC countries to their countries of origin.

The relationship between unemployment and emigration is ambiguous and differs from one society to another. Although high unemployment rates in the country of origin are considered a push factor for migrating from countries of origin, the decision to migrate also depends on the pull factors that attract migrants to the particular destination country. There is a positive relationship between increasing unemployment rates in Arab countries and the subsequent increase in emigration streams from those countries, especially among persons with high education levels (Hassan, 2007). While it might seem obvious that migrant workers would compete with native workers for jobs and potentially cause unemployment to rise when jobs are relatively scarce, the fact is that the causes of unemployment are far more complex than whether or not migrants are in the labour force (Paral et al., 2009).

Among the Arab countries, Egypt, Yemen, Syria, Palestine and Jordan are the main exporters of labour to the GCC countries. Jordan is both a labour-sending (to GCC countries) and receiving (from countries like Egypt) country. Among Arab countries, Egypt has been the largest labour-

exporting country, sending about 10 per cent of its labour force to other Arab countries. Egypt mainly exports educated skilled workers to the GCC countries and uneducated or little-educated workers to Jordan and Lebanon. According to estimates of the Central Agency of Public Mobilization and Statistics (CAPMAS), in 2000, Egyptian temporary migration flows comprised both highly skilled and unskilled workers. During the early 1970s, many Egyptian migrants were employed in the construction sector. Since then, the percentage of scientists and technicians has increased and the share of production workers among migrants has declined. More than 40 per cent of Egyptian migrants in the region are skilled workers. Furthermore, it is unskilled Egyptian workers, rather than skilled workers, who have been replaced by Asian workers to a greater extent. Based on the work permits granted to Egyptians by type of occupation, Egyptian migrants in the GCC countries are more skilled than migrants from Jordan, Lebanon and Iraq (Bardak, 2005).

### **3.5 Hypothetical model of replacing Asian workers with GCC nationals and unemployed Arab labourers from five Arab countries**

In the sections above, the profile as well as the changes in the structure and characteristics of expatriate workers in GCC countries was emphasized. Despite the fact that Arab workers have, on average, higher education levels and share the same language, culture, norms, religion and attitudes with the GCC nationals, there has been a biased shift in the composition of foreign workers in GCC countries towards Asian workers.

The process and the main reasons for the shift from Arab workers to Asian workers happened in two phases. First, a sharp decline in oil prices and government expenditure forced both the government and the private sector to cut costs, including labour costs. This change in economic structure reinforced a fundamental shift in the demand for labour. Most of the infrastructure projects had been completed and a new emphasis was placed on maintenance rather than on building new projects. In this environment, Asian workers who were less expensive to employ, easier to lay off and perceived as being more efficient, were an attractive source of labour supply. Furthermore, the Asian workers would *leave* their families behind and come to the GCC countries, while most Arab workers preferred to *bring* their families with them. The GCC governments preferred migrants who would come to their countries to work temporarily, rather than with the intention to settle permanently. All these factors gave rise to the preference for



Asian workers who were viewed as easy to manage, compared to their Arab counterparts. The second reason for the reduction in demand for Arab migrants in the GCC countries was the improvement in the educational, occupational and professional skills of the GCC nationals. This resulted in an increase in the domestic supply of skilled individuals in the GCC countries. The GCC nationals were now in a better position to take up skilled jobs, such as that of teachers, journalists, and clerks, that were previously held by skilled Arab migrants.

As mentioned earlier, the second phase occurred with Iraq's invasion of Kuwait in 1991. Following this invasion, there was a change in attitude towards Arab workers. This change was followed by increased demand for Asian workers to fulfil the needs of the GCC labour markets. Furthermore, the recent increase in unemployment in GCC countries did not affect the continuity of the increasing trend of employing expatriate Asian workers, thus indicating a failure of nationalization programmes in GCC countries.

In the following paragraphs, this paper will construct a hypothetical model for replacing the Asian expatriate workforce with GCC nationals and unemployed Arab individuals through a short-run plan ranging from three to five years. The aims of the suggested model are two-fold: achieving full employment for GCC nationals who are unemployed or at least reducing the unemployment rate to the minimum, while reducing high Arab unemployment rates and creating extra work opportunities for Arab workers. This is one of the most important goals of intra-Arab cooperation in the labour market.

The model presented in this study will try to identify the size of unemployment in the GCC countries (that is, the number of unemployed nationals in GCC countries) and in the Arab labour-sending countries that can replace a part of the Asian migrant workforce in the GCC countries. The model aims to achieve a kind of balance in the distribution of foreign workers in GCC countries (Asian versus Arab).

### **3.6 Assumptions of the model**

The suggested model is constructed under three core assumptions. Firstly, no change in the quality of services and/or production will occur. The main underlying assumption here is that Asian workers will be replaced by equivalent (educational equivalency) GCC nationals or

unemployed Arab individuals. Secondly, the model's execution assumes a short-run plan and specific rates of replacement as mentioned below:

1. three years to replace 5 per cent of Asian workers with no education with equivalent GCC nationals and unemployed Arabs (2% for GCC nationals and 3% for Arabs).
2. five years to replace 50 per cent of Asian workers with low education levels with equivalent GCC nationals and unemployed Arabs (14% for GCC nationals and 36% for Arabs).
3. five years to replace 50 per cent of Asian workers with intermediate education levels with equivalent GCC nationals and unemployed Arabs (28% for GCC nationals and 22% for Arabs).
4. five years to replace 50 per cent of Asian workers with high education levels by equivalent GCC nationals and unemployed Arabs (7.5% for GCC nationals and 42.5% for Arabs).

Finally, this model assumes that the level of wages paid to Asian workers will also be applied to GCC nationals and unemployed Arabs replacing them. While this assumption may not always hold true for workers with no or low education, it is still applicable to workers with intermediate and high education working in government and the private sector, where Arab workers also have a comparative advantage of speaking the same language as their employers. The methodology and data sources of this model are further detailed in the Appendix to this chapter.

### **3.7 Impact of applying the proposed hypothetical model in the GCC countries**

In 1968, the ALO called upon all Arab states to give priority to Arab workers. In 1975 a similar resolution was adopted by the Arab League. The Strategy for Joint Arab Economic Action of the 1980s stated that, "*Arab manpower must be resorted 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 over nationals of other countries. Finally, in the Manama Dialogue Forum held in Bahrain in December 2008, it was stated that:

*There is also a need to work on having a more diversified immigrant workforce. The focus should be on recruiting Arab workforces, whose specialization, culture and language is akin to that of Gulf countries. On the other hand, steps should*

*be taken towards greater Arab economic integration and for addressing rising unemployment in the Arab world that has reached dangerous proportions.*

Results of the model suggest that it is possible to achieve approximately full employment for the current cohort of unemployed persons in GCC countries. To be precise, this model is expected to achieve up to 99 per cent of employment for the current cohort of unemployed GCC nationals.

**Table 4: Results of applying the hypothetical model of replacing Asian workers in GCC countries with GCC nationals and unemployed Arab individuals**

	<i>Equation Symbols</i>	<i>No education</i>	<i>Low</i>	<i>Intermedi ate</i>	<i>High</i>	<b>Total</b>
<b>Distribution of Asian Workers</b>	<b>A</b>	52.3	28.8	11.8	8.1	<b>100.0</b>
<b>No. of Asian Workers</b>	<b>B</b>	3,706,980	2,041,320	836,374	574,121	<b>7,087,915</b>
<b>No. of Unemployed persons in GCC Countries</b>	<b>C</b>	87,516	272,200	236,163	47,619	<b>643,498</b>
<b>No. of Unemployed Arabs in Countries that Send Most Labour to the GCC Countries</b>	<b>D</b>	124,116	558,521	2,435,771	760,209	<b>3,878,617</b>
<b>Rate of Replacing GCC National Unemployment</b>	<b>E</b>	2.0	14.0	28.0	7.5	
<b>No. of Unemployed GCC Nationals who will Replace part of the Asian Workforce</b>	<b>F</b>	74,140	285,785	234,185	43,059	<b>637,168</b>
<b>Rate of Replacing Arab Unemployment</b>	<b>G</b>	3.0	36.0	22.0	42.5	
<b>No. of Unemployed Arabs who will Replace part of the Asian Workforce</b>	<b>H</b>	111,209	734,875	184,002	244,001	<b>1,274,088</b>

Sources: Regional Report on Arab Labour Migration, 2006. Population Policies and Migration Department, League of Arab States. Data of Saudi Arabia obtained from the Population Census, 2002.

No education (illiterate and read and write only); Low (primary and preparatory levels); Intermediate (general secondary, vocational secondary and above secondary levels); High (university and above).

The suggested model could thus offer 637,000 work opportunities for unemployed GCC nationals. Of the work opportunities, 11.6 per cent will be for unemployed persons with no education; 44.8 per cent for unemployed persons with low education; 36.8 per cent for

unemployed persons with intermediate education and 19.2 per cent for unemployed persons with high education. The model will also achieve a balance in the composition of foreign labour in the GCC labour markets. At present, the GCC foreign labour force is dominated by Asian workers. Applying this proposed model will reduce the size of the Asian labour force from 69.8 per cent to about 51 per cent, while the share of Arab workers among the foreign labour force will increase from 23.3 per cent to approximately 35.8 per cent. The share of employees who are GCC nationals in the GCC labour markets will also increase from 29.8 per cent to approximately 33.8 per cent (See Table 4).

The unemployment rates among female nationals possessing advanced education levels in most of the GCC countries are higher than comparable rates for male youths. This model suggests that more than 43,000 work opportunities could be created through the process of replacing Asian workers with nationals possessing higher education levels. Most of these jobs could be directed towards the unemployed highly educated female youths of GCC countries. In addition, these female youths would also have access to approximately 234,000 work opportunities that will be generated for nationals with intermediate education levels (see Table 4).

As the model predicts the replacement of up to 1.3 million Asian workers in GCC countries with equivalent workers from the current cohort of unemployed individuals in the five Arab labour-sending countries, its impact on unemployment rates in Arab sending countries could be significant. The suggested model will achieve a 32.8 per cent reduction in the size of unemployment in these five Arab countries (about 1.3 million unemployed persons). As shown in Table 4, out of this 1.3 million employment opportunities that could be created for Arab nationals, 8.7 per cent would be for unemployed persons with no education; 57.7 per cent for unemployed persons with low education; 14.4 per cent for unemployed persons with intermediate education, and 19.2 per cent for unemployed persons with high education.

As a consequence of increased access to employment in GCC labour markets for Arab nationals, unemployment rates in top sending Arab countries could be reduced. Table 5 shows a 3.8 per cent drop (from 11.6% to 7.8%) in unemployment. More specifically, after applying this model, the unemployment rate in Egypt will be reduced from 10.7 per cent to 7.2 per cent. In Yemen, the unemployment rate will decline from 16.3 per cent to 10.9 per cent; in Syria, from 8.1

per cent to 5.4 per cent; in Palestine from 23.5 per cent to 15.8 per cent; and lastly, in Jordan, from 13 per cent to 8.7 per cent.

**Table 5: Impact of applying the hypothetical model on the five Arab countries that sends the most number of labourers to GCC Countries**

<i>Arab Countries</i>	<i>Unemploy. Size</i>	<i>Unemploy. Rate</i>	<i>Estimation of Labour Force Size</i>	<i>% Distribution of Unemployment Size</i>	<i>Estimated Reduction in Unemploy. Size</i>	<i>Estimated New Unemploy. Rate</i>
Equation symbols	A	B	C	D	E	F
<b>Egypt</b>	2,267,000	10.7	21,186,916	58.4	744,688	7.2
<b>Yemen</b>	834,057	16.3	5,116,914	21.5	273,980	10.9
<b>Syria</b>	412,860	8.1	5,097,037	10.6	135,620	5.4
<b>Palestine</b>	194,000	23.5	825,532	5.0	63,727	15.8
<b>Jordan</b>	170,700	13	1,313,077	4.4	56,073	8.7
<b>Total</b>	<b>3,878,617</b>	<b>11.6</b>	<b>33,539,476</b>	<b>100.0</b>	<b>1,274,088</b>	<b>7.8</b>

Sources: Regional Report on Arab Labour Migration, 2006. Population Policies and Migration Department, League of Arab States. Data of Saudi Arabia obtained from the Population Census, 2002.

### **3.8 Conclusions and policy implications**

The model developed provided a theoretical framework to increase the representation of Arab nationals and locals in the labour markets of GCC countries. The results point to an untapped potential to provide employment opportunities for 1.3 million Arab workers and 640,000 Arab nationals, half of whom have intermediate or high qualifications.

In light of the findings above, this paper would like to propose the following set of recommendations and policy implications:

1. Lack of up-to-date, accurate and regular flow of data regarding labour migrants in the GCC countries and on the unemployment characteristics of Arab countries makes the analysis of labour market trends and prediction of future labour market phenomena quite difficult. This is further complicated by discrepancies in definitions among various data sources. The study proposes that ALO carry the main responsibility of collecting data regarding labour market issues through its official sources in Arab countries using specific

definitions, classifications and analysis. This data could then be compiled and published as an annual labour market statistics book.

2. It is indeed true that the current wages of Asian workers in GCC countries are unattractive for many of the unemployed individuals in GCC and Arab countries. An attractive remuneration package, especially for workers with intermediate and high education levels, should be designed for Arab migrants. These forms of assistance will increase the attractiveness of Gulf labour markets to Arab migrants. Non-monetary benefits, such as subsidized health care for the migrants as well as their families (if they accompany the migrants to the GCC countries) and reduced fees for issuance of residence and work permits should also be considered.
3. Establishing a body that will be responsible for designing, developing, implementing and following up pan-Arab legal instruments for employment across Arab countries. This body will ensure the application of standard contracts with detailed and clear specifications of the duties and rights of both employees and employers.
4. Establishing an Arab Labour Court comprising judges from both labour-sending and receiving Arab countries. This court will be responsible for fast and final judgments in relation to disagreements and disputes that may arise between employers and employees.
5. Despite the fact that, in general, Arab workers have higher education levels and occupational structures than their Asian counterparts, this study finds the Arab region in urgent need of establishing an institution that will be responsible for designing, planning, following up and evaluating pan-Arab training programmes. The design of these training programmes should adhere to international standards. These training programmes will be geared towards enhancing the capacity and skills of the Arab labour force and essentially satisfying the needs of the GCC and other international labour markets. These training programmes could be implemented either in the country of origin (in preparation for migration) or in the country of destination (on-site training). The certificates of completion for these trainings need to be granted recognition in the region by both governments and employers. Similar vocational training programmes should also be designed and implemented for workers with low or intermediate vocational education levels.

**Text Box 8: Cooperation to facilitate the labour mobility of Egyptian workers to Jordan**

In 1985, the Egyptian Ministry of Manpower and Migration (MoMM) and the Jordanian Ministry of Manpower and Social Solidarity (MoMSS) signed an agreement aiming to facilitate labour migration between both countries, while safeguarding the basic human rights and well-being of migrant workers. The agreement has created an effective legislative and operational framework to organize and facilitate workforce migration within the limits of the laws and regulations of each country. In addition, the agreement stipulates that Egyptian workers will be entitled to the same rights as Jordanian workers in terms of labour law, social benefits and insurance. Another important highlight is the creation of a steering committee composed of delegates from both countries to facilitate communication and amicably resolve any disputes, which may arise between employer and employee or both governments, within the framework of the agreement.

In 2007, the agreement was amended, reducing the duration of the contract between employee and employer from two years to one year, and imposing a USD 250 insurance fee on all labourers arriving from Egypt to be reimbursed to them on completion of their paperwork with their predestined employer. Emphasis was placed on commitment to the employment contract. No worker is allowed to change his employment prior to the end of his contract and without the involvement of the Ministries of Manpower of both countries and the creation of a new contract. Furthermore, the amendment stipulated the creation of a shared database, which will include the names of potential Egyptian migrants to Jordan and their fields of expertise, allowing Jordanian employers to select the needed workers, prepare their contracts, and liaise with the MoMSS and conclude employment procedures for the selected worker. The MoMM is also responsible for providing an orientation on the process and paperwork to be completed after arrival in Jordan by the selected workers. Based on the above agreement, the Egyptian Ministry of Manpower has taken important measures to create and enhance the database, and have invested in training programs stressing employee commitment and work ethic. The agreement has proved to be quite successful over the years, with the number of Egyptian workers employed in various fields and sectors in Jordan steadily increasing.

According to the 2008 Annual Report of the Jordanian Ministry of Labour, 205,500 Egyptians received a work permit in Jordan in 2008, representing two-thirds of all work permits issued to foreign workers in Jordan. The vast majority of Egyptian workers are male (99 %), have less than a secondary degree (86 %), and are concentrated in the agricultural sector (34 %), manufacturing and commercial activities (17 % respectively) and in the service sector (12 %).

Source: IOM Cairo, 2009; Jordanian Ministry of Labour Annual Report, 2008.

### 3.8 Appendix: Methodology and Data Sources for the Model

#### *Mathematical operations of applying the model*

Due to the shortage of data regarding the distribution of foreign workers in GCC countries in terms of their education levels and/or occupational structure, this model utilizes the following available data sets:

1. Classification of Asian workers in GCC countries by their education levels:
  - a. Average distribution of foreign labour in GCC countries by education levels (Figure 18) is extrapolated in view of the size of Asian and Arab workers (as shown in Table 2).
  - b. The results of extrapolation are weighted in relation to the occupational structure of Asian workers in Kuwait in 2001 (Table 7 in the Appendix). Although it is not possible to generalize the distribution of Asian workers in Kuwait to the distribution of *all* Asian workers in GCC countries as a whole, some similarities are observed between both distributions. The same sort of assumption has been used by Nasra Shah (2003). Based on the fact that Arab workers in GCC countries have higher education levels and occupational structures than their Asian counterparts, higher weight has been given to Asian workers with no and low education levels. Similarly, higher weight has been given to Arab workers with intermediate and higher levels of education. Owing to this weighting, the model derives the following educational characteristics for Asian workers:
    - i. Asian workers with no education (illiterate or only with reading and writing qualifications) represent about 52.3 per cent of the total Asian migrant workforce in the GCC countries.
    - ii. Asian workers with low education level (primary and preparatory) represent about 28.8 per cent of the total Asian migrant workforce in the GCC countries.
    - iii. Asian workers with intermediate education level (general/vocational secondary and above secondary) represent about 11.8 per cent of the total Asian migrant workforce in the GCC countries.
    - iv. Asian workers with a high education level (university and above) represent about 8.1 per cent of the total Asian migrant workforce in the GCC countries.



Results of the extrapolation are presented in Table 4:

1. Total number of Asian workers in GCC countries (Table 2) is redistributed in column B of Table 4 in view of the percentage distribution of Asian workers according to their education levels (from row A in Table 4).
2. Total number of unemployed nationals in GCC countries is redistributed in row C of Table 4 in view of the percentage distribution of Asian workers according to their education levels (based on ILO, 2004; ILO, 2002; CAPMAS, 2001; Syrian Labour Force Sample Survey, 2002; Department of Statistics of Jordan, 2004).
3. Total number of unemployed persons in the five Arab countries that send the most number of labourers to GCC countries, obtained from the sources mentioned above, is redistributed in row D of Table 4 according to their education levels.
4. Rates of replacing Asian workers with GCC nationals and unemployed Arabs are determined based on the model's assumptions mentioned above. These rates of replacing national unemployment in the GCC and Arab countries are presented in rows E and G of Table 4 respectively. The number of unemployed nationals in GCC countries who will replace Asian workers by each educational category is calculated in row F of Table 4. The following equation has been used to calculate these numbers:

$$F = \frac{B \times E}{100}$$

Where:

F: Number of unemployed GCC nationals who will replace the Asian workforce.

B: Number of Asian workers.

E: Rate of replacing GCC national unemployment.

5. The number of unemployed Arabs who will replace Asian workers by each educational category is calculated in row H of Table 4. The following equation has been used to calculate these numbers:

$$H = \frac{B \times G}{100}$$

Where:

H: Number of unemployed Arab nationals who will replace the Asian workforce.

B: Number of Asian workers.

G: Rate of replacing Arab unemployment.

### 3.9 Mathematical operations of the model's impact

The model constructed the following mathematical relationship to assess its impact in reducing unemployment rates among GCC nationals and the five Arab countries, as well as to achieve an adequate balance in the composition of the migrant workforce in GCC countries that are biased towards employing Asian workers. The impact of applying this model to the GCC countries and the five Arab countries are shown in Tables 6 and 7 in the appendix respectively.

1. Unemployment sizes and unemployment rates from the ALO database are presented in rows A and B of Tables 5 and 6 respectively.
2. Estimation of the labour force size of each country is represented in column C of Tables 6 and 7 and is calculated using the following equation:

$$C = \frac{A}{B} \times 100$$

Where:

C: Estimation of labour force size for each country.

A: Unemployment size for each country.

B: Unemployment rate for each country.

3. Column D in Tables 5 and 6 represents the percentage distribution of unemployment size in Arab and GCC countries respectively.
4. The sum of column E is obtained from Table 4 It represents the estimated reduction in unemployment size as a result of applying this model. The sum is distributed in view of the percentage distribution of unemployment size in column D to get the estimated reduction in unemployment size for each country (as shown in Tables 5 and 6).
5. The estimated new unemployment rate for each country is shown in column F in Tables 5 and 6. It is calculated using the following equation :

$$F = \frac{(A - E)}{C} \times 100$$

Where:

F: The estimated new unemployment rate as a result of applying the model for each country.

A: Unemployment size for each country.

E: The estimated reduction in unemployment size for each country.

C: Estimated labour force size

### 3.10 Limitations of the model's success

1. As the previous studies indicate, the private sectors in GCC countries absorb more than 80 per cent of the expatriate workforce. For this very reason, the process of replacing Asian workers by Arab and GCC workers should not involve any extra costs to employers. Furthermore, the employers need to be allowed to pay the same rate of wages to GCC and Arab workers as they used to pay to the Asian workers for the same job.
2. Regarding employing GCC unemployed nationals, the suggested model expects that the GCC governments will reimburse employers who will be willing to employ national workers. The existing Human Resources Development Funds and Unemployment Funds can play a crucial role in this regard. In addition to the government support, these funds can be self-financed from the fees collected during the issuance or renewal of the work permits of foreign workers. The model suggests reimbursing employers for 50 per cent of the salary that they will pay to the (unemployed) nationals, in order to give the private sector employers an incentive to hire GCC unemployed workforces for a duration of three years. The government should subsidize the wages for three years until the nationals gain the expected talents and skills to fulfil all the requirements of the job. The model believes that the financial support that will be directed towards this replacement process will be balanced by the *saved* remittances due to the reduction in the size of the expatriate workforce.
3. The model is constructed on the principle of selecting the *equivalent alternative for Asian workers* in the process of replacement. The model can achieve more success if the principle of replacement takes place across different education levels. For instance, the model will be more successful if the part of the Asian workforce having *no* education can be replaced by GCC nationals and/or unemployed Arabs with *low* education levels. Similarly, the part of the Asian workforce with *low* education levels can be replaced by GCC nationals and/or unemployed Arabs with *intermediate* education levels. Such replacement will have a significant impact in enhancing the educational, technical and skills composition of labour markets across the GCC countries.

4. The replacement process suggested here will cover the existing jobs held by Asian workers, while future job opportunities will be assigned to nationals and/or Arabs who are new entrants into the GCC labour markets.
5. Lastly, the model assumes a great sense of cooperation and a real inclination towards change among all Arab countries for achieving pan-Arab labour market solutions to their unemployment problems. This will require efficient action from the side of the GCC countries to activate and implement all the declarations and agreements signed with regard to this since 1968.

### **3.11 The variables used in the model**

Execution of the model will depend on the following three basic variables:

- classification of unemployment among nationals in GCC countries by their education levels.
- classification of unemployment by education levels in the five Arab labour-sending countries.
- classification of Asian workers in GCC countries by their education levels.

### **3.12 Relationship between the different variables**

In the context of the current employment and migration conditions in the GCC and Arab labour-sending countries, and in light of the previous nationalization programmes adopted by GCC governments, the relation between the model's variables, unemployment and migration are assumed to be the following:

1. As unemployment rates among nationals in GCC countries increase, the tendency of governments to replace foreign workers (basically Asian workers) with unemployed GCC nationals increases. The governments will take specific direct actions to replace part of the Asian migrant workforce employed in the public sector and will take some indirect action to enforce or encourage the private sector to engage in similar replacement. The process of substitution for Asians will be based on the educational equivalencies.
2. As unemployment rates in Arab labour-sending countries increase, the tendency among unemployed persons to migrate also increases. This tendency is expected to be associated with some sacrifices including acceptance of lower wages, being more flexible in accepting difficult work conditions, and the tendency to migrate individually to reduce the cost of living in the destination countries. In such situations the cost of recruiting Arab

workers will be similar to the cost of recruiting Asian workers. This new change in attitude among Arab workers, combined with the GCC government's indirect incentives to private sectors encouraging them to employ Arab workers, may induce private sector employers (who employ almost 80% of foreign workers in GCC countries) to replace part of the Asian workforce with Arab workers possessing similar education and skills.

**Table 6: Impact of applying the hypothetical model in GCC countries**

GCC Countries	Unemployment Size	Unemployment rate		Estimation of Labour Force Size		% Distribution of Unemployment Size	Estimated Reduction in Unemployment Size	Estimated New Unemployment Rate	
		National	All	National	All			Among National Labour Force	Among all Labour Force
	A	B		C		D	E	F	
Saudi Arabia	458,587	17.1	6.1	2,681,795	7,517,820	71.2	454,076	0.17	<b>0.06</b>
UAE	59,041	10.3	2.3	573,214	2,567,000	9.2	58,460	0.10	0.02
Kuwait	27,438	9.5	1.7	288,821	1,614,000	4.3	27,168	0.09	0.02
Oman	68,550	22.2	7.5	308,783	914,000	10.7	67,876	0.22	0.07
Qatar	11,114	6.4	2.0	173,656	555,700	1.7	11,005	0.06	0.02
Bahrain	18,768	8.7	3.4	215,724	552,000	2.9	18,583	0.09	0.03
<b>Total</b>	<b>643,498</b>	<b>14.9</b>	<b>4.7</b>	<b>3,933,210</b> (1)	<b>13,720,520</b> (2)	<b>100.0</b>	<b>637,168</b>	<b>0.16</b>	<b>0.05</b>

(1): The estimated national labour force size is less than the actual labour force size by about 386,000 for the year 2005 (Table 3). This difference represents only 8 per cent of the actual labour force size.

(2): The estimated labour force size (nationals and foreigners) is less than the actual labour force size by about 759,000 for the year 2005 (Table 3). This difference represents only 5 per cent of the actual labour force size.

**Note:** These variations occurred as a result of differences in the years of data sources and due to the extrapolation and weight-assigning process. This small fraction of difference represents a great measure of the validity of the model's hypotheses and estimations.

**Table 7: Percentages of distribution of Arab and Asian foreign labour by occupational structure and gender in Kuwait in 2001**

<i>Occupational Structure</i>	<i>Arab</i>			<i>Asian</i>		
	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Professional and Technical	13.7	46.2	16.5	4.2	5.4	4.5
Administrative and Managerial	4.4	2.3	4.2	1.3	0.1	0.9
Clerical	17.5	33.0	18.9	4.5	3.4	4.2
Sales	9.4	7.3	9.2	5.6	2.0	4.6
Services	8.5	9.7	8.6	24.5	87.0	41.5
Farming and related work	1.2	0.0	1.1	2.0	0.0	1.5
Production and related work	45.3	1.5	41.5	57.9	2.1	42.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Regional Report on Arab Labour Migration, 2006. Population Policies and Migration Department, League of Arab States.

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## CHAPTER 4

### THE CASE OF LEBANON AS AN ORIGIN AND DESTINATION COUNTRY OF ARAB

#### LABOUR MOBILITY

*Paul Tabar and Rima Rassi*<sup>11</sup>

##### 4.1 Introduction

Lebanon, long assumed to be a “sending” country as a result of political instability and unrest, has in fact since the end of the Lebanese civil war in the year 1990, witnessed a “special migration pattern” (ESCWA, 2007), whereby Lebanon has emerged as a “receiving” country, accepting significant flows of both Arab and non-Arab migration. Economic and forced migrants, and forced refugees from countries such as Iraq and Syria, have come into Lebanon creating substantial challenges for the Lebanese labour market. This study aims to bring together academic and policy-related research to highlight the emergence of Lebanon as a complex yet unique example of both a country of origin and destination of Arab labour. This study will then quickly cover the Palestinian and Iraqi refugee case and then focus on the Syrian migrant worker case, tackling the various obstacles and challenges they face while working in Lebanon.

What makes this study significant is that Lebanon is an archetypical example of a country holding reservations about opening the labour market to specific groups of migrants. As a result, provisions contained in the national legal framework often result in the exclusion of these migrant groups from the formal labour market. This study will describe the experiences faced by Arab migrants (mostly Syrians) as they attempt to enter the Lebanese labour market, and the various methods in which they respond to the policies of the Lebanese authorities. The study will first describe the characteristics of the Lebanese labour market and then will focus upon Lebanese

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labour mobility outflows, in particular on the countries of the Gulf Cooperation Council (GCC) and how this contributes to the phenomenon of replacement migration. Subsequently, the chapter shall examine how foreign migrants have become a feature of the Lebanese labour market and how the legal framework has evolved to accommodate their growing role in the Lebanese economy. Finally, the study will provide policy recommendations to the Lebanese Government, the Gulf States and the international community concerning each of these migrant groups. This will hopefully aid these nations to align their local laws with the best global practices and ratified conventions in order to assure the protection and security of these vulnerable migrants, and most importantly, provide them with access to the labour market in order to guarantee their basic human rights.

#### **4.2 Brief survey of the Lebanese labour market**

The *National Survey of Household Living Conditions* (2008), published by the Lebanese Republic's Central Administration for Statistics, estimated that the number of economically active Lebanese in the labour market increased by 2.2 per cent from 1,202,000 in 2004 to around 1,229,000 in 2007. Of this figure, 1,180,000 were employed and 110,000 were unemployed citizens.<sup>12</sup> According to the survey, several societal factors affect the Lebanese labour market including sex, age, marital status, education and culture. These factors are extremely important in analyzing why the Lebanese labour force is dominated by males. In particular, economically active men in Lebanon do not face many difficulties in finding a job compared to females, who do not make up a large proportion of the total labour force in Lebanon (2008: 76).

The unemployment rate in Lebanon is considerably high, with a recorded 9.0 per cent of Lebanese males and females unemployed in 2007 (*National Survey of Household Living Conditions*, 2008: 92). The female unemployment rate is higher than that for males and it is much harder for women to find a job after losing one (*National Survey of Household Living Conditions*, 2008: 92).

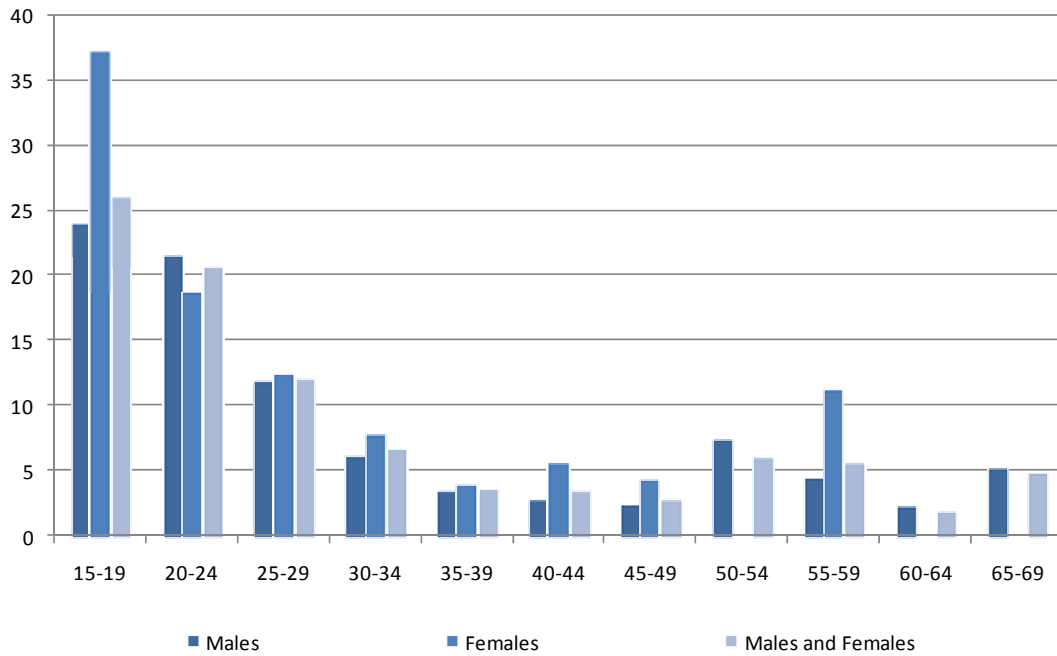
As Figure 19 clearly shows, the unemployment rate for males and females in the 15-64 age group rose from 8 per cent in 2004 to 9.2 per cent in 2007. The number of unemployed for both

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<sup>12</sup> Economically active citizens are those defined as "all persons of either sex who furnish the supply of labour for the production of goods and services during a specified time-reference period". See full definition at the International Labour Organization's LABORSTA website at: <http://laborsta.ilo.org/applv8/data/c1e.html>

sexes also rose, from 9.6 per cent to 10.2 per cent for females, and from 7.4 per cent to 8.8 per cent for males (National Survey of Household Living Conditions, 2008: 92).

**Figure 19: Unemployment rates by age and gender**



Source: National Survey of Household Living Conditions, 2008.

However, these figures confirm previous information concerning Lebanon's labour market, which has constantly been characterized by high rates of brain drain and unemployment, especially during times of political instability and civil strife. In particular, the migration of the young, educated workforce, especially to the Gulf, has always been a problem for Lebanon, as most Lebanese view the Lebanese labour market as riddled with a lack of economic opportunities. Furthermore, as the rate of unemployment increases, the Lebanese become even more dismayed with the Lebanese labour market, and they begin to perceive migrant workers in Lebanon as a threat to the Lebanese economy. This is despite the fact that the types of jobs that these migrants usually take are “the traditional, dirty, dangerous and difficult jobs” that the nationals are less willing to take (Shahnawaz, 2002).

Nevertheless, the idea of migrants attempting to enter the labour market in Lebanon, seeking to make a better living, is something the Lebanese authorities tend to unofficially reject.

To fully understand the prevailing migration regime and the ways the Lebanese labour market operates, it is imperative to define the legal and political domains controlling migration flows into Lebanon.

### **4.3 History of Lebanese migration**

Giving a brief historical overview of Lebanese migration makes it easy to acknowledge that the history of Lebanon as a very diverse sending country witnessed a progressive switch after the Lebanese Civil War, when substantial brain drain occurred and, at the same time, replacement migration resulted in flows of migrants from neighbouring countries to Lebanon, especially to work. This study refers to this phenomenon experienced by Lebanon as the “replacement migration paradigm”, moving from Lebanese emigration to a large influx of migrants to Lebanon after the civil war.

Although many Lebanese have been emigrating for a long time, they did not always share the same routes or paths. In addition, throughout history, the reasons behind Lebanese migration tended to change in accordance with the particular socio-economic situation in Lebanon. In academic literature, scholars often claim that emigration from Lebanon is as a direct result of the Phoenician practice of maritime seafaring that prepared the Lebanese to travel (Hooglund, 1987, cited by Al Ariss, 2008). However, there are many drivers of Lebanese migration. These include political, social and, most importantly, economic factors, in addition to the family migration factor, whereby Lebanese emigrants send back for their other family members and friends from villages in Lebanon, giving the process of Lebanese emigration a snowball effect.

Starting from the seventeenth century up until the middle of the nineteenth century, geographical Syria, which included Lebanon, not only thrived as an area of trade, but also witnessed many regional and international conflicts, in addition to communal and social strife. These two sets of factors combined were strong enough to make the population of Lebanon open to the possibility of emigration (Issawi, 1992). First, Lebanese Christians went to Egypt and various other cities of trade in Europe; they first became known as “Syrian” immigrants, designating their belonging to geographical Syria. Then from the middle of the nineteenth century until the very first years of the twentieth century, the Lebanese mainly emigrated towards North and South America. Hourani (1992, cited by Al Ariss, 2008) states that the spread of education as a result of

the various Christian missionaries working in Lebanon since the nineteenth century gave rise to a large number of educated people seeking to work abroad. Furthermore, as Beirut developed further into a centre for the export of silk and the import of European goods, the eyes of the Lebanese opened towards the various opportunities offered to them to work and live successful lives abroad.

From 1945 right until the beginning of the civil war in 1975, Lebanese emigration towards Africa, Australia and especially the Gulf Arab states hit its peak (Labaki, 1998, cited by Al Ariss, 2008). This wave of emigration towards the countries of the Gulf States occurred as a direct result of the growth of the economies there during the 1960s and onward. The year 1973 witnessed the start of a dramatic growth of Lebanese labour mobility to the Arab Gulf States (IOM, 2007). According to the IOM (2007), at one point in this stage, the outflow towards the Arab Gulf States included about half of the entire work force of Beirut.

During the civil war, however, all Lebanese from various religious backgrounds began migrating towards West Europe, North America, the Arab countries, Africa and Australia (Labaki, 1998, cited by Al Ariss, 2008). A high number of them were highly educated Lebanese (Hourani, 1992, cited by Al Ariss, 2008) who were struggling to keep or find jobs during the violent civil strife. As more Lebanese emigrated as a result of the war and found jobs abroad, family members and friends in Lebanon began receiving information about possible employment opportunities in host countries. In addition, the information the Lebanese who remained in Lebanon received concerning the past achievements of their countrymen in the labour market abroad encouraged what many called “intellectual emigration” or “brain drain” (Abdulkarim, 1996; Helou, 1995, cited by Al Ariss, 2008).

As a result of the Lebanese civil war (1975-1990), Lebanon witnessed considerable voluntary and compulsory displacement of its citizens. Although there are no official figures available to this day, it is generally accepted that the Lebanese Diaspora is quite vast, with hundreds of thousands of Lebanese leaving their country – some in temporary exile, and others seeking jobs and then becoming permanent emigrants.

**Text Box 9: Engaging diaspora for the development of Somalia**

Somalia is well-known for decades of emigration because of insecurity and drought, and Somalis continue to leave the country in search of better opportunities to improve their skills and earn a better wage. The sustained migration of Somalis has resulted in high levels of brain drain, with a negative impact on the stabilization and development of the country.

IOM has assisted Somali authorities to engage the Somali diaspora in order to provide short-term capacity-building missions that bring back resources to the home country of Somalia. One project from Finland has brought nearly 30 Finnish-Somali medical personnel and health workers for short-term assignments in Somaliland, and another project engages diaspora women's groups from Italy to develop projects that will support small-business development in Somalia.

Finally, a joint partnership with UNDP Somalia and IOM, called QUESTS-MIDA (*the project links UNDP's former Qualified Somalia Expatriate Technical Support project with IOM's Migration for Development in Africa programme*) is in the first phase of a three-year project. The project team is completing a diaspora mapping of Somali skills around the world and building a database network of the diaspora with staff based in Washington, London and Helsinki, but there are plans to expand to the Middle East region.

In Somalia, QUESTS-MIDA will work with government institutions across the geographic zones of Somalia to determine capacity-building assignments for qualified Somali diaspora experts to transfer their skills, knowledge and experience. Because of the long-term conflict, there is a shortage of skills and lack of institutional stability. Initially, the QUESTS-MIDA project will bring qualified Somali expatriates who have experience in policy and legislative processes, human resources management and public financial management to develop more efficient, transparent and effective government institutions. In the future, the project will assess other potential developmental areas to be supported through additional capacity-building assignments in the post-conflict period.

Source: IOM Somalia, 2009.

Currently, it is estimated that 46.2 per cent of Lebanese households have at least one close family member who migrated in the period from 1975 to 2001. Reportedly, between 600,000 and 900,000 people migrated from Lebanon between 1975 and 2001, the average migrant is usually single and twice as likely to be male than female. North America was the destination of a third of Lebanese migrants, followed by Europe (25%), Arab countries (20%) and Australia (13%). Two-thirds of Lebanese migrants have permanently settled in the host countries and/or hold dual citizenship. Half of the respondents cited employment as the reason behind migration, while 17 per cent left because of the general situation in the country, 20 per cent for family reunification, 9 per cent to pursue education abroad and 5 per cent because of the war. A third of the Lebanese who emigrated during the war returned at a later stage during the war (1975-1990), 26 per cent returned between 1991 and 1995, and 27 per cent returned between 1995 and 2000 (Kasparian, 2007).

After the civil war, when the violence decreased and the economy started growing again, a prevailing sense of insecurity contributed to the slow rate of return of Lebanese migrants. The majority of these jobs involved manual labour, which most Lebanese were not attracted to. Consequently, the vacancies that were not or could not be filled by both skilled and unskilled Lebanese led to an influx of foreign migrant workers looking for sustainable forms of livelihood in Lebanon. As migrants were employed in positions traditionally filled by Lebanese from less privileged backgrounds, this shift from local to foreign hired help unfortunately came hand in hand with an increase in discrimination and mistreatment (The Guardian, 2009).

#### **4.4 Lebanese migrants to other Arab countries**

Emigration has played an important role in the Lebanese labour market since the early twentieth century. Like other non-oil rich countries, Lebanon, which has an excess of labour and, at times, significant rates of unemployment, has been sending labour migrants to countries in the GCC where the labour market can offer them appropriate job opportunities (ESCWA, 2007). In addition to the previously mentioned factors, Lebanon's relative instability and periods of insecurity have pushed many young and qualified Lebanese to migrate in search of work, particularly in the Arab region.

There are no recent official statistics on exactly how many Lebanese are working in the Gulf. As previously mentioned, the wave of emigration towards the countries of the Gulf States occurred as a direct result of the growth of the economies there during the 1960s and onward. The IOM (2007) estimated that at one point, about half of the entire work force of Beirut was employed and residing in the Gulf States. Recently however, Finance Minister Mohammad Chatah estimated the figure to be around 350,000, while Augusto Kouame, chief World Bank economist for the Middle East and North Africa, told a conference at the Lebanese American University that the number stood at 400,000. American University of Beirut Professor of Economics Jad Chaaban estimates that the number is actually closer to 150,000 (NOW Lebanon, 2009). These migrants are considered to be, along with the Palestinians, the most qualified with a distinct occupational profile (Fargues, 2006). Although the large numbers may suggest that it is particularly easy to seek a job in the GCC labour market, policies on immigration to the GCC are quite protectionist, thereby posing challenges to the Lebanese citizens who choose to go there for work. Member states of the GCC have long maintained several government policies on immigration, aiming to



reduce their dependency on foreign nationals and promote employment amongst their own citizens (ESCWA, 2006). These enforced “protectionist” labour mobility policies (Fargues, 2006) which aim to significantly reduce the supply of foreign workers (Shah, 2006) directly affect Lebanese labour migrants. The significance of these policies lies in their ability to curb the number of immigrants in the labour market, providing increased job security for nationals. As a result, most of the migrant labour force in the GCC is classified as “temporary foreign workers under renewable contracts” (ESCWA, 2006: 17).

As migrants cannot benefit from the extensive welfare system in place for GCC nationals, they have to rely on private provision of services such as health care and education, resulting in a significant increase in the cost of living for all labour migrants and expatriate workers through a system of indirect taxation which make life more expensive for all migrants. Lebanese migrants often complain of expensive health care and exorbitant costs for the verification of university degrees that they incur whenever seeking employment in the GCC. Furthermore, the member states of the GCC have adopted strictly tightened selective visa issuance policies in addition to applying firm rules that govern Lebanese citizens’ stay in the GCC (Shah, 2006). And even though many Lebanese have been in the GCC countries for a long time, there is no possibility of long-term residence. In addition, the recent global financial economic crisis which wrought havoc on financial markets worldwide led around 40,000 Lebanese working in the GCC to lose their jobs. Most of them returned to Lebanon without any job security.

Although the GCC legally regulates the entry and exit of migrants and refugees more effectively than Lebanon, Lebanon and the member states of the GCC tend to treat migrant workers in their territories in a somewhat similar manner. Both Lebanon and the GCC staunchly reject the notion of indigenization, and both apply policies and legislations denying migrant workers their basic rights. However, the GCC’s exploitation of migrant workers is given a clear legal expression. In the case of Lebanon, similar exploitation of Arab workers occurs under an ambiguous legal framework, or with discretion.

Regardless of the difficulties associated with migration to the GCC, Gulf countries still represent a major destination for Lebanese migrants. Continuous and sustained outflows of mainly young and skilled Lebanese give rise to the phenomenon of replacement migration. As

Lebanese emigrate, internal social mobility result in migrants coming to Lebanon to fill certain positions on the local labour market. The following sections of this chapter will look at the evolution of the legal framework governing labour mobility to Lebanon, and its impact on the migration of Syrians and other Arab economic migrants to the country.

#### **4.5 Legal and political aspects of migration in Lebanon**

Lebanon is a multi-confessional republic with around four million inhabitants. Characterized by a power-sharing sectarian structure determining the political system, all parties, sects and communities in Lebanon are represented in order to maintain the stability of Lebanon's fragile sectarian balance. Power distribution in Lebanon is a domestic concern which, after the Ta'if agreement, is indisputable.

The inflow of migrants into Lebanon, therefore, has to be viewed in line with the concerns of the Lebanese government and public opinion to maintain a balance between all the different religious, social and political groups. One of the recurrent issues in Lebanese politics is the absorption of the Palestinian population, who if naturalized, would alter the sectarian make-up of the country. As a result, policies applied to Palestinians, including restricting their access to the labour market, in turn apply to other migrants in Lebanon. Therefore, the process through which one must analyse the treatment of migrants in Lebanon begins with studying the Palestinian experience, affecting nation-building, demographics, the sectarian balance, and consequently, the legal framework concerning migrant groups in Lebanon.

In light of the evolution of Lebanon from a sending to a receiving country, it is important to analyse Lebanon's general legal framework with regard to migrants in order to assess the potential of including migrants in national growth and development policies, for the benefit of both Lebanese society and the migrants themselves.

To begin with, it is important to note that Lebanon has not ratified two critical international instruments: the 1951 Geneva Refugee Convention and the 1967 Protocol Relating to the Status of Refugees and the International Convention on the Rights of Migrant Workers (CMW). In addition, within Lebanon's constitution, there are no main legal texts or articles which clarify the status of refugees and asylum seekers (Hilal and Samy, 2008: 3). Furthermore, Lebanese law does

contain provisions specifically protecting migrant groups in Lebanon. The refusal to ratify the Geneva Refugee Convention may be attributed to the unresolved issue of finding a long-term solution for Palestinian refugees, public opposition to the integration of refugees, and what Lebanon deems “a lack of resources”. On the other hand, it is not clear as to why Lebanon has not ratified the CMW. Although the CMW is a recent instrument, Hilal et al. (2008: 3) claim that one of the reasons may be that Lebanon is considered to be “mostly a destination country, rather than a country of emigration”. In addition, Lebanon stresses that it is indeed a transit country for migrants and refugees who will then be resettled elsewhere. As Lebanon has not ratified the CMW, it does not report to any international body about its treatment of migrant workers.

According to the 1951 Geneva Convention on the Status of Refugee, anyone is considered a refugee who:

*Owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership in a particular social group or political opinion, is outside the country of his nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it (UNESCO, 2005).*

In Lebanese law, however, the term “refugee” seems to go hand in hand with the term “Palestinian” (Dorai et al., 2006: 3) and the definition of refugees beyond the case of the Palestinians tends to be absent in Lebanon. As a consequence, Lebanon does not recognize the status of refugees except in the case of Palestinians, which is why asylum seekers, and even those the UNHCR considers as refugees, are considered illegal migrants in Lebanon.

The 1948 Universal Declaration of Human Rights – which Lebanon played a key role in establishing – states that: “Facing persecution, any person has the right to seek asylum and to profit from asylum in other countries.” In addition, Lebanon is a signatory country of the 1984 Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment which states that “no State Party shall expel, turn back or extradite a person to another State where there are substantial grounds for believing that he would be in danger of being subjected to torture” (Hilal et al., 2008). Furthermore, the main law regulating migrants and refugees in Lebanon, *The Law Regulating the Entry and Stay of Foreigners in Lebanon and their Exit from the*

*Country (Law of Entry and Exit)*, which came into force on 10 July 1962, stipulates that any person who feels that his life or liberty is threatened can ask for political asylum and will not be deported back to dangerous territories (Hilal et al., 2008). This main law, which stipulates the presence of non-Palestinian refugees in Lebanon, is also highlighted in law number 185 of 24 May 2000 of the Lebanese law (Dorai et al., 2006). It seems however, that this law has been seldom applied. Therefore, there is an absence of clear legal status for asylum seekers and refugees in Lebanon and thus, whether or not they entered the country legally or illegally they are still considered as illegal migrants.

Palestinian refugees, on the other hand, are subject to specific laws. With the exception of a few thousand Palestinians that are registered neither with United Nations Relief and Works Agency for Palestinian Refugees in the Near East and Lebanon (UNRWA) nor the Lebanese Department of Palestinian Refugee Affairs, all Palestinians hold residency cards and are entitled to exit and re-enter Lebanon. However, while Palestinian refugees are entitled to the same rights or benefit as any foreigner, many legal provisions tend to critically limit their rights in certain areas, particularly their participation in the labour market in Lebanon (Hanafi et al., 2008).

As previously mentioned, most policies applied to Palestinians, including those restricting their access to the labour market, have increasingly come to apply to other migrants in Lebanon, especially migrant workers. Given the lack of a clear legal distinction between refugees and migrant workers, similar legal provisions seem to apply to both groups.

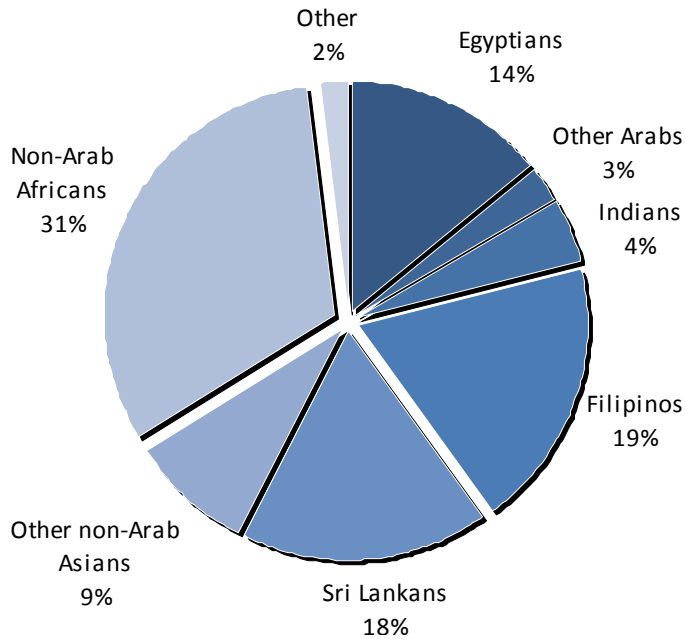
#### **4.6 Migrant workers in Lebanon**

There are no legal texts or specific laws related to and addressing the protection of the rights of migrant workers in Lebanon. However there are some provisions in the constitution and civil and labour laws which – in principle – apply to migrant workers such as due process rights, freedom of religion, conscience and expression, free education and property ownership (Hilal et al., 2008). The Labour Code of 1946, the main labour law of Lebanon, does not exclude non-nationals. However, Article 7 of the Code excludes domestic workers; therefore, a large amount of migrant workers in Lebanon do not receive any of the protections offered to Lebanese nationals.

Presidential Decree 17561 of 18 September 1964 controls the capability of foreign nationals to work in Lebanon. Article 2 specifies that non-nationals seeking work must obtain prior approval from the Ministry of Labour before travelling to Lebanon (Amnesty International, 2007). However, obtaining a work permit is an uncertain, time-consuming process which most employers choose to forgo. Furthermore, the cost of obtaining this work permit is considered to be expensive as Lebanon abides by the sponsorship system, otherwise known as *kafala*, in which a local sponsors a migrant worker for the duration of a contract (Philippines Today, 2006). The system of *kafala* stipulates that any employer who desires to hire foreign labour in Lebanon is required to pay, per foreign employee, a one-time USD 1,000 bond as a “registration of sponsorship” to the Central Housing Loan Bank. This leaves migrant workers highly dependent on their employers, with potentially negative repercussions for the migrant workers themselves. Furthermore, there are no special provisions that regulate the irregular flow of migrants from neighbouring countries, leaving these groups more vulnerable to exploitation. Figure 20 below shows the distribution of the 120,000 work permits issued by the Lebanese authorities to migrants in the year 2007. It must be noted that Palestinian and Iraqi refugees, as well as Syrian migrants, are allowed to reside – and to some extent, work – in Lebanon without having to obtain a work permit.

The ILO Regional Office for the Arab States, the Migrants Centre of Caritas Lebanon and other international organizations and Lebanese civil society organizations have been advocating for the rights of migrants and refugees in Lebanon, citing experiences from other countries that have highlighted how a rights-based approach to immigration positively impacts migrant groups, employers and host societies alike.

Figure 20: Work permits in Lebanon according to nationality, 2007



Source: CARIM, 2009.

#### 4.7 Syrian migrant workers in Lebanon

Syrian migrants to Lebanon have been a feature of the Lebanese labour market over the past decades (Chalcraft, 2009: 221). The emergence of Lebanon and Syria as two separate nation-states after World War II created an interesting migration trend as Syrians started to look at countries closer to their homelands for better earning prospects. As a result, Lebanon became a receiving country for the first time between the years 1940 and 1950, and the influx of Syrian migrants into Lebanon created a new pattern of “South-South” regional labour mobility (Chalcraft, 2009). During the 1950s and 1960s, migration from Syria to Lebanon became a mass phenomenon for the first time (Chalcraft, 2009). This migrant flow, shaped by transport, geography, social networks and a relatively open border, was driven by new aspirations: the determination of Syrians to achieve better living standards and their ability to increase their earning power. Thus, Syrian labour mobility relies on migrant decisions as well as the forces of attraction (pull factors) from abroad. Furthermore, in contrast to Iraqis and Palestinians, Syrians did not move together as communities or groups of people into Lebanon; rather, they tended to migrate to Lebanon in a more individualistic manner (there are few second-generation Syrians in Lebanon). As a result, Syrian migrant workers are considered to be “seasonal, voluntary,

economic migrants”, leaving and returning to Syria of their own will and in accordance with employment rules.

There are several distinctive features of Syrian migration to Lebanon. To begin with, Syria’s prolonged sending-receiving relationship with Lebanon has somewhat normalized and gained acceptance, especially at the legal level: there are no policies to prevent settlement or encourage the return of Syrians to Syria. In addition, Syrians can enter Lebanon using their national identification document (ID) and Lebanese law does not require a Syrian to leave Lebanon upon completion of his contract, thus allowing Syrians to come to Lebanon to seek employment, without having to obtain a work visa (Chalcraft, 2009). Syrian migrants in Lebanon have been predominantly males. Thus, the number of Syrian female labour migrants has been relatively small after reaching its peak, with the 1960s witnessing a peak in their movement to Lebanon in order to work in domestic labour, agriculture, tourism and entertainment. Chalcraft (2009: 17) describes this migration flow as a “prolonged pattern of circular migration involving mostly male, menial labour.”

The influx of Syrian migrants to Lebanon did not seem to be an important issue for debate in the country, at least until the 1970s. The Syrian labour migration flow to Lebanon was viewed in a positive light, politically and economically speaking: Syria supplied labour whilst Lebanon supplied capital. Chalcraft (2009: 77) claims:

*Labour migration between the two countries [...] for divergent reasons, was an interest held quietly in common. The open border for workers was a token, as was repeated in diplomatic forums, of the cooperative, brotherly, natural and historic links between Syria and Lebanon. When the countries met to discuss economic issues, the question of Syrian workers in Lebanon was rarely controversial enough even to appear on the agenda.*

Chalcraft (2009: 78) further stated that “*the open border institutionalized the opportunity for Syrians to migrate to Lebanon.*” During the period following Lebanese independence up until the mid-1970s, Lebanon quickly transformed into an important regional financial centre. Construction and investments boomed, prompting many wealthy Syrian families to enter Lebanon in the 1960s in order to work in these two fields. In fact, approximately 50 per cent of the construction in

Beirut was undertaken by Syrian businessmen, who employed large numbers of Syrians (Chalcraft, 2009, 79).

The friendly, fraternal relations between Lebanon and Syria which preceded the Lebanese Civil War certainly made it easier for Syrians to work in Lebanon. The Syrians were considered to be “cheaper, offered more flexibility, and were more obedient than the Lebanese” (Chalcraft, 2009). However from the mid-1970s onward, and especially during the Syrian Army’s invasion of Lebanon, Syrian migration to Lebanon experienced radical change. Syrian workers, who were for a long time tolerated and accepted in Lebanon as a hard-working group of people, were now viewed with suspicion, given Syrian military involvement during the Civil War. Consequently, many Syrian workers and their families returned to Syria (Chalcraft, 2009), as they did not want to work in the regions controlled by militias hostile to Syria. Many Syrians suffered mass eviction from the areas controlled by Christian militias. In fact, the departure of Syrian workers from Lebanon led to an influx of Asian workers. Chalcraft (2009: 95) states, “Asian labour in Lebanon was negligible before 1976, but in 1982, Asians took over a quarter of foreign work permits.” After the end of the Lebanese Civil War and the signing of the Ta’if agreement in the 1990s, Syrians returned to Lebanon in large numbers to all parts of the country. Actually, the Lebanese General Security reported 9.9 million Syrian entries and only 7.3 Syrian exits during the period from 1991 to 1997, implying that 2.6 million Syrians were left in Lebanon (Chalcraft, 2009:147). This was something that the broader Lebanese society had difficulty accepting.

Until now this migration flow is considered to be mutually beneficial, as Lebanon benefited from power, while Syria benefited from the remittances that migrant workers sent home. Nadim Houry of the Human Rights Watch refers to the Syrian-Lebanese migrant labour phenomenon as “a marriage of convenience” between both countries (The Electronic Intifada, 2009). Chalcraft (2009: 15) noted: *“In the early 2000s, Syrian workers comprised between 20 per cent and 40 per cent of the total Lebanese workforce, they were worth up to USD 1 billion annually to their Lebanese employers, and their remittances made up as much as 8 per cent of the Syrian GDP.”* According to Chalcraft (2009), these Syrian labourers can be grouped into four different categories: unskilled labourers (e.g. those who work in the sanitation sector); plant and machine operators, and assemblers and drivers in the direction and control of machinery and vehicles; service workers and shop and market sales workers; and as well as those who work in the domain



of crafts and related trades in more skilled positions. Chalcraft (2009: 158) argues that the reasons behind Syrian employability in Lebanon do not arise from the fact that most Syrians were unskilled labourers, or that they were filling positions that most Lebanese would refuse to be employed in:

*Syrians sold services and wares or found employment in Lebanon not because they were a perfect structural complement to the Lebanese economy that simply lacked unskilled labour, or because the Lebanese refused low-status jobs [...]. The big employers surveyed by Oweijane Khoury in her doctoral research were practically unanimous in their assertions that they employed Syrians because they were cheaper and caused fewer problems.*

The temporary and somewhat informal nature of migration from Syria makes the employment of Syrian nationals attractive to local employers. In 2001, 84.5 per cent of Syrian workers were not protected by contracts and 90 per cent had no social security and no end-of-service compensation (Khoury, 2001, cited by Chalcraft, 2009: 163). Thus, as most employers do not have to list or record any details about workers or provide them with social security, Syrian labourers lack any sort of protection in Lebanon. Furthermore, site insurance against injuries or death applied to Syrians is optional (Chalcraft, 2009).

No official figures exist as to the number of Syrian expatriates in Lebanon, but news organizations in Syria cite a figure of around 400,000 (UNHCR, 2008). Almost all of these expatriates have no official status and no work permits, making them even more vulnerable to exploitation. In 2008, the labour ministry issued only 513 work permits to Syrians (CARIM, 2009), leaving almost all of the Syrians in Lebanon without any sort of protection. In addition, media reports claim that since the assassination of former Prime Minister Rafik Hariri, which many Lebanese blamed on the Syrian regime, many Syrians became victims of considerable backlash. There have been more cases of Syrian workers being assaulted over the past four years.

#### **4.8 Conclusion and recommendations**

This study discussed how the evolution of Lebanon's traditional role as a country of origin of migrants eventually created a demand for foreign workers. As a consequence, the legal migratory framework that was originally designed to accommodate Palestinian refugees and their

involvement in the labour market evolved to manage migration inflows of Arab and non-Arab workers seeking employment in Lebanon.

Against the backdrop of the preservation of the country's fragile social balance, the inclusion of Arab and non-Arab migrants in the Lebanese labour market and ensuring their human and labour rights, has proven to be a challenge. While in the past decade the Lebanese state has taken bold steps to enlarge the participation of Lebanese Palestinians in the labour market and is drafting a unified contract to protect domestic workers, gaps in the current legal framework still expose migrants to a high level of vulnerability. While this vulnerability often results in abuses of the rights and dignity of migrant workers, it also does not benefit Lebanese society at large. For instance, migrant workers are often employed in the informal economy and their limited interaction with the local population, due to difficult working conditions and lack of economic resources, deprive many businesses and the Lebanese government of an important source of income.

Recommendations to the Lebanese Government:

1. Lebanon should ratify the 1951 Convention relating to the Status of Refugees and its 1967 Protocol, and consequently implement asylum laws and regulations.
2. Following Decision No. 621/1 by the Lebanese Ministry of Labour, entitled "Concerning Businesses and Professions Restricted to Lebanese, 15 December 1995", the Government of Lebanon should take further legislative and administrative measures to ensure better inclusion of Palestinians living in Lebanon, for the benefit of both Palestinians and Lebanese society. Better inclusion of migrants and refugees in a host society benefits employers, migrants and refugees.
3. Lebanon could extend the mandatory legal protection and rights already present in its Labour Law to refugees and migrants and in particular, simplify the process needed to obtain a work permit.
4. Lebanon should regulate employment practices in Lebanon – both in the public and private sector – to ensure that migrants are working on the basis of a signed contract, working in a suitable environment, and receiving fair wages equal to those offered to other Lebanese workers. The government should also ensure action against mistreatment of migrants by employers.

5. Lebanon should collaborate and coordinate with relevant UN agencies and international organizations including UNHCR, UNRWA and IOM.
6. Monitor and enforce the use of the unified employment contract for migrant domestic workers approved by the Ministry of Labour in 2009.

Recommendations to countries of the Gulf Cooperation Council (GCC):

1. There needs to be a balance between the employment of foreigners (including Lebanese workers) in the labour market and social protection. Labour migrants in the GCC should be entitled to basic rights such as access to health care as part of their contracts or at a reasonable cost.
2. Consider the possibility of granting special conditions to Arab workers who have resided in GCC countries over a long period. This change does not have to imply naturalization, but putting in place policies that can make the presence of Arab expatriates in Gulf countries beneficial for countries of origin and destination
3. GCC countries should further regulate employment practices – both in the public and private sector – to ensure that migrant rights and obligations are respected.

The Recommendations of the International Regional Organizations

1. Request and advocate Lebanon to amend all laws discriminating against migrant workers and refugees.
2. Request and urge Lebanon to ratify the 1951 Convention relating to the Status of Refugees and its 1967 Protocol and to follow the principle of non-refoulement.
3. Work with Lebanon to aid them in the amendment or establishment of decrees that promote and respect the rights of refugees and migrants in Lebanon.
4. Request Lebanon to promote equality in employment in both the public and private sector.
5. Provide necessary financial and technical assistance to Lebanon for managing its migration regime effectively.

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## CHAPTER 5

# INTRA-NATIONAL LABOUR MOBILITY AMONG THE ARAB GULF COOPERATION COUNCIL STATES IN THE CONTEXT OF THE FINANCIAL CRISIS AND THE GULF MONETARY UNION

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### 5.1 Introduction

Since the early 1980s, the AGCC<sup>14</sup> states have taken many steps towards economic integration. In 2000, they significantly advanced their economic integration by establishing the AGCC Monetary Union. A working plan and a timetable to establish a single AGCC currency has already been devised and drawn.<sup>15</sup> The AGCC monetary authorities have finalized the agreement conclusively on the economic convergence criteria,<sup>16</sup> methods of their calculation and the levels of these criteria. These criteria will be fulfilled between 2005 and 2010, the year in which a single currency shall be introduced.<sup>17</sup> The establishment of the monetary union will enhance the ability of the AGCC economies to withstand economic fluctuations, as free movement of labour among AGCC states will be one of the key elements that will contribute to the economic integration in the region. Furthermore, the intra-AGCC labour movement can be visualized as a response to the effects of globalization and the global labour movement. It can be expected that such developments might pressure countries into adopting legislation that reflects international labour laws, thereby permitting more flexible, market-oriented labour regulations and easier intra-AGCC national labour movement and employment.

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<sup>14</sup> Arab Gulf Cooperation Council (AGCC) states are: Bahrain, Kuwait, Oman, Qatar, Kingdom of Saudi Arabia and United Arab Emirates.

<sup>15</sup> Oman quit GMU in 2007 on the grounds that the convergence criteria may, in the future, conflict with its major long-term macroeconomic objectives. UAE also withdrew from the GMU as a result of the conflict over the location of the Gulf Central Bank. Nevertheless, other remaining AGCC states decided to go ahead with the Union.

<sup>16</sup> Convergence criteria comprise of both macro and monetary conditions necessary to ensure the sustainable convergence required for the achievement of economic and Monetary Union. These criteria include limits on budget deficit and debt to GDP ratios, foreign reserve requirement, inflation and interest rate ceilings.

<sup>17</sup> The period was extended, but no new date was given.



This chapter investigates the intra-national labour mobility across AGCC states in the context of both the financial crisis and the Gulf Monetary Union (GMU). More specifically, the chapter examines the effects of the worldwide financial crisis and its relationship with the AGCC national labour mobility. It shows estimates of the growth elasticity of employment during the period 2007-2009 and compares it with the historical average. Furthermore, the chapter also investigates the importance of national labour mobility among AGCC states in the context of the forthcoming GMU. The chapter will begin with a very brief review of the existing AGCC labour market studies, and will also scrutinize the link between the financial crisis, the GMU and labour market flexibility. This literature review will be followed by a review of the AGCC labour market policies regarding national labour movement, unemployment, intra-AGCC national employment and the reasons for weak intra-labour movement. The penultimate part of the study will be devoted to presenting successful initiatives of intra-AGCC employment. The study will conclude with a set of policy recommendations.

## **5.2 AGCC labour market studies**

Economic thought on the sources of and remedy to unemployment has undergone many changes since the era of the classical economists. The classical economists believe that unemployment is temporary and results from wages and market rigidities in some sectors, whereas Keynesian analysis relates it to the lack of “effective demand”. Subsequent analysis of labour markets incorporated institutional factors such as trade unions, market rigidity, social insurance, labour mobility, employment burden (the difference between the growth of labour force and that of jobs in the market), and access to labour-market information. Following the openness of world economies, this analysis extends to incorporate factors such as liberalization, competition, productivity, trade, exchange rate policies and foreign direct investment. More recently, globalization and the financial crisis have become imperative factors in the analysis of unemployment and labour market trends. Moreover, as unemployment issues are not unrelated to output growth, the issue of sources of growth performance to create enough new jobs to absorb the rapid expansion of labour forces is now becoming another major factor of analysis (See for example, Jennifer et al., 2002; Fasano et al., 2004; IMF, 2003a, 2003b).

Studies of labour market trends and outcomes in AGCC states stress the factors contributing to the unemployment of job-seeking nationals and the small contribution of the national labour force to the non-oil private sector. Moreover, issues of how to enhance employment, strengthen investment in human capital, adopt institutional reforms, promote the non-oil economy, and the role of diversification in creating more job opportunities for nationals are also stressed in some of the existing studies (See for example, Fasano et al., 2004). Other AGCC studies focused on the migration of expatriates to the Gulf since the 1940s, and changes in the profiles of expatriates (their nationalities) and their distribution among AGCC economies and sectors (Girgis, 2000; Serageldin et al., 1983; Briks et al., 1979; Dar Al-Khaleej, 2004, 2005). Some studies also tackled issues such as the turnover of employment for national workforces in the private sector and the deficient population structures stemming from non-Arabic speaking migrant labour force, and income losses resulting from the increased employment of expatriates (See for example, different contributions in El Beblawi, 2002; Abdelkarim, 2001; Al-Kawari, 2004; UNDP/AFESD, 2002).

These studies are imperative to understand the characteristics, structures, trends, varying dynamics and implications of expatriate and national labour forces within the different AGCC states. While it is true that often expatriates remit their income to their countries of origin, it is also equally true that the presence of expatriates, especially in large numbers, creates more demand for products and services sold inside the destination country. This in turn stimulates the local economy of the destination country. While the AGCC labour market studies seem to discuss almost every aspect of the AGCC labour market, they detach themselves from any discussion on the AGCC economic integration (for instance, regarding the activation of the labour-force policies that were approved in the context of the AGCC integration process) as well as the need to have flexible AGCC labour markets to achieve other unified macroeconomic objectives in the context of the forthcoming GMU. Moreover, these studies do not take into consideration issues pertaining to the larger AGCC labour market and also do not include the effects of the recent financial crisis in the analysis. Therefore, policy recommendations given to AGCC labour market policymakers by existing studies have neglected the issue of intra-AGCC labour mobility as a means to secure job opportunities to mitigate the effects of the financial crisis and consolidate macroeconomic and monetary cooperation among AGCC states.

### **5.3 The financial crisis and intra-national labour mobility**

The global financial crisis broke out in the US in August 2007 and the consequent world recession that started in mid-2008 has been deteriorating rapidly since September 2008. There is no concrete evidence available yet on the impact of the global financial crisis on worldwide labour mobility. However, some negative effects have already been observed, or are likely to occur. According to ILO estimates, there are currently more than 200 million migrant workers worldwide, and the number is growing at a rate of 2.4 per cent each year. Last year, migrant workers sent back home about USD 240 billion in remittances. This process has slowed because of the effects of the financial crisis on global economic growth (IMF, 2009a). World demand for foreign workers has slowed especially in the construction, tourism, manufacturing, finance, services and retail sectors. There is hardly any doubt that the current financial crisis is the cause of the slowdown in the demand for labour. Nevertheless, the crisis also highlights the requirement for greater international workforce mobility in order to cope with national unemployment.

The financial crisis affected the global demand for oil and subsequently, the price of oil. The latter has been unabatedly declining since last year. After reaching a peak of USD 143 a barrel on 11 July 2008, oil prices collapsed to only USD 35 a barrel by the end of December 2008. Since then prices have ranged from USD 40 and USD 50 a barrel (IMFa, 2009). Average oil prices increased to USD 61 by mid-July 2009. The relatively low oil price mainly reflects the weak prospects for global economic growth associated with the financial crisis. Global economic activity is projected to contract by 1.3 per cent in 2009. World economic recovery is expected to take place in 2010, but with only 1.9 per cent growth (IMF, 2009a). Furthermore, according to the IMF, the world's recovery is expected to reach the pre-crisis level only in 2014 with a 4.8 per cent growth rate (IMF, 2009a).

Different countries have had different responses to the crisis according to the severity of the crisis and the measures available. AGCC states have pursued almost similar policies to respond to the crisis. In total, 21 measures were undertaken by AGCC states. The most outstanding measures include liquidity support, which is pursued by all AGCC states, and monetary easing, which is pursued by five AGCC states. Other financial and macroeconomic policies such as deposit guarantee, capital injection and equity purchases have been pursued by three AGCC states. Fiscal stimulus, meanwhile, was pursued by one state (IMF, 2009b). These state measures of responses

clearly indicate that the crisis indeed hit the AGCC economies. The following table summarizes these measures.

**Table 8: Summary of AGCC crisis response measures**

	<i>Financial sector</i>				<b>Macroeconomic</b>	
	Deposit guarantee	Liquidity support	Capital injection	Equity purchases	Monetary easing	Fiscal stimulus
Bahrain	..	√	..	..	√	..
Kuwait	√	√	√	√	√	..
Oman	..	√	..	√	√	..
Qatar	..	√	√	√	..	..
KSA	√	√	..	..	√	√
UAE	√	√	√	..	√	..
<b>Frequency</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>1</b>

Source: IMF, 2009b.

There is a cyclical relationship between the financial crisis and the intra-national labour mobility between the AGCC states. The financial crisis has had a negative impact on labour mobility even while labour mobility is itself a mechanism to mitigate the negative effects of the crisis. Labour mobility is one of the prerequisites to stimulating a quicker economic recovery after the crisis. There is no doubt that the AGCC states face the challenge of serious unemployment among nationals partly due to the ongoing financial crisis. According to a GulfTalent.com report (2009), as a result of the financial crisis, the AGCC states experienced job cuts especially among top management officials, increased work pressure (longer working hours) and downward pressure on pay (cut in allowances and low salaries for new recruits). The lack of job security and the fewer work opportunities have resulted in a reduction in staff turnover and recruitment, as well as in changes to the way that recruitment is being carried out. The report concluded that the expatriate workforce has protected the region from severe domestic unemployment and gulf economies are still expected to perform better as a result of government intervention (increase in government spending) and low exposure to risky assets (GulfTalent.com, 2009).

Among other economic indicators, the financial crisis has had a negative impact on the AGCC fiscal balance.<sup>18</sup> For 2009, the IMF projected that the AGCC fiscal balance to GDP ratio would be negative for the first time since 2004 for three states, while the average AGCC ratio would be -1.4. The same average ratio was significantly higher than 15 in 2007. Moreover, AGCC exports are projected to fall from USD 822 billion to USD 532 billion in 2009 (IMF, 2009b).

**Table 9: Real and projected GDP growth rates in AGCC states (%)**

<i>Institution</i>	<i>Global Investment House (G)</i>		<b>International Monetary Fund (IMF)</b>			
	2008	2009 <sup>a</sup>	2007	2008	2009 <sup>a</sup>	2010 <sup>a</sup>
Countries/ Years	2008	2009 <sup>a</sup>	2007	2008	2009 <sup>a</sup>	2010 <sup>a</sup>
Bahrain	6.0	3.0	8.1	6.1	2.6	3.5
Kuwait	5.0	2.5	2.5	6.3	(- 1.1)	2.4
Oman	6.4	3.5	6.4	6.2	3.0	3.8
Qatar	10.4	9.4	6.5	16.40	18.0	16.4
KSA	4.1	1.4	3.5	4.6	(- 0.9)	2.9
UAE	5.5	2.0	6.3	7.4	(- 0.6)	1.6
Average AGCC states	5.2	2.4	5.4 <sup>b</sup>	6.1 <sup>b</sup>	0.6 <sup>b</sup> (3.5)	2.3 <sup>b</sup>
Oil exporters Middle East Countries <sup>c</sup>	..	..	6.2	5.6	2.2	3.7

<sup>a</sup> Projection

<sup>b</sup> Excluding Qatar

<sup>c</sup> Including AGCC states in addition to Libya, Yemen and Iran.

Source: IMF, 2009a: 92, 195; Global Investment House, 2009: 1.

The financial crisis also affects the AGCC's relatively young banking sector through tightening of global liquidity and disappearing capital. In addition, AGCC states were hit by the crisis through

<sup>18</sup> The fiscal balance of a government is calculated by subtracting government expenditures from its revenues. If the balance is positive, the government has a fiscal surplus and if negative, a fiscal deficit. <sup>19</sup> The prospects of AGCC's further future growth is less gloomy. The forecasting of the annual long term economic growth in 2015 and 2020 is expected to be 4.9 per cent and 4.5 per cent respectively, compared with 3.3 per cent globally (assuming oil prices of USD 50-60 per barrel). Lower oil prices can also sustain growth if sufficient foreign investment is forthcoming and if revenue streams are diversified (EIU, Economist Intelligence Unit, 2009).

the large fall in oil prices. The substantial fall in external demand is dampening oil exports. The fall in oil prices will be reflected in the oil GDP growth rate for 2009, which is estimated to fall to -4.3 per cent, while the non-oil growth rate, although projected to decline by almost half, is expected to remain positive at 3.2 per cent in 2009 (IMF, 2009b). The overall real growth rate for AGCC states is projected to decline following the reduction in oil prices. IMF estimates in the following table show that five out of six AGCC states are projected to experience a fall in real GDP by the end of 2009 and three are projected to post negative growth rates. The average real growth rate in 2009, excluding Qatar, would only be 0.6 per cent, and 3.5 per cent including Qatar. The Global Investment House (2009) is more optimistic about the future growth rate in AGCC states compared to the IMF, projecting growth of as much as 2.4 per cent at the end of 2009.<sup>19</sup> It ought to be mentioned that the growth and employment outlook for AGCC states could have been worse if they were not able to utilize the money accumulated during the boom years when the oil prices were high (estimated to be USD 600 billion since 2003)<sup>20</sup> to cushion the impact of the crisis. Despite the external oil price shock, AGCC states' cash reserves still remain a powerful positive force for the economic recovery over the short- to medium-term span.

It is difficult to estimate the effects of the financial crisis on intra-labour mobility because of the lack of detailed and yearly statistics of annual national labour mobility in all AGCC states in recent years. Furthermore, the exact effects of only the financial crisis on the output growth in each state cannot be measured, as the change in the output is a result of many factors including the financial crisis itself. Nevertheless, the employment situation as a result of the financial crisis can be observed via the estimates of employment elasticity in growth.<sup>21</sup> Hence, the analysis here will be general as there are only scattered and incomplete employment figures. The AGCC employment situation has been historically very responsive to economic growth, as can be seen from Table 10 below.

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<sup>20</sup> Zaher, 2009.

<sup>21</sup> Employment elasticity is a measure of the percentage point change in employment associated with a one percentage point change in aggregate output of goods and services (Gross Domestic Product). Employment elasticities provide numerical measures of how employment growth varies with growth in output. When the employment elasticity is less than (more or equal to) one, a percentage increase/decrease in economic growth will have a less than one (more or equal) percentage increase/decrease in employment level.

**Table 10: Estimates of employment elasticity (EE) in AGCC states**

Country	Historical estimates of EE of growth by other studies.		Estimates of EE of real oil and non-oil output growth <sup>£</sup>	Estimates of EE of non-oil output growth <sup>£</sup>	Estimates of EE of growth <sup>£</sup>
Bahrain	0.70 <sup>a</sup> (1987-94)	>1 <sup>b</sup> (97-2000)	1.31 (2000-1)	1.6 (2000-1)	0.33 (2007-8)
Kuwait	1.10 <sup>a</sup> (1992-97)	0.5 <sup>b</sup> (97-2000)	(-3.5) (2000-1)	4.2 (2000-1)	0.30 (2007-8)
Oman	1.10 <sup>a</sup> (1992-97)	0.5 <sup>b</sup> (97-2000)	0.70 (2000-1)	0.5 (2000-1)	0.33 (2007-8)
Qatar	Na	Na	0.96 (2000-1)	0.8 (2000-1)	0.19 (2007-8)
KSA	Na	<1 <sup>b</sup> (97-2000)	4.38 (2000-1)	2.1 (2000-1)	2.40 (2007-8)
UAE	Na	1 <sup>b</sup> (97-2000)	Na	Na	0.40 (2007-8)
<b>Average/ (Range)</b>	<b>(0.70-1.1)</b>	<b>(0.5- (&gt;1))</b>	<b>0.77</b>	<b>1.84</b>	<b>0.66</b> <b>0.31; exc. KSA</b>

<sup>a</sup> Jenniffer et al., 2002, p.7

<sup>b</sup> Fasano et al., 2002, p.14, average estimates of employment elasticity of growth of non-oil output

<sup>£</sup> Ibrahim, Badr El Din, 2007, p. 42, calculated from data obtained from IMF, 2003b, p.80-81; and Gulf Investment Corporation, 2004.

<sup>d</sup> Calculated using data from Table 9 and estimates of employment data from IOM (2008), 5, figure No. 6 (Labour Force Growth in the GCC).

At first glance, it is apparent from Table 10 above that the average elasticity of employment with respect to growth in AGCC states (ranging from 0.77 to more than 1), with no exception, is relatively high compared to average international standards.<sup>22</sup> This indicates that AGCC labour markets expand quickly in response to economic growth (in other words, in economic terms, the AGCC has a reasonable employment capacity of growth).<sup>23</sup> Nevertheless, the available average employment elasticity for AGCC states for the crisis period (2007-2008) is 0.66, which is less than the historical average elasticity (between 0.77 and more than 1) during the periods 1992-1997 and 2000-2001 (as can be seen from Table 10 above). The estimate of the average growth in AGCC states in 2008 is 5.2 per cent, according to the Global Investment House, and 6.1 per cent according to IMF estimates (see Table 9 above). The prospect of employment elasticity in 2010 is even worse. The prospects for economic recovery, as shown by the real GDP growth rates of 2010, are slow and weak. The estimate of the real average growth rate for AGCC states in 2010 is only 2.3 per cent, compared with 3.7 per cent for oil-exporting Middle Eastern countries.

<sup>22</sup> Jennifer and Mustapha Nabil identified that the international evidence suggests that employment elasticity of growth is likely to be closer to 0.8 for a labour-intensive economy (Jennifer K. et al., 2002). Moreover, Fasano et al., (2004) also identified that the international average of the non-oil growth employment elasticity is 0.7 ( ). Likewise, Kahn (2001) also stated that the ideal employment elasticity of growth for developing countries is around 0.7.

<sup>23</sup> Note that employment elasticity of growth does not capture influences of factors affecting GDP which are also likely to have an impact on employment such as improvement of technology or change in wage rates.

#### 5.4 Intra-national labour mobility and the Monetary Union

Traditional monetary union theories have attempted to find out some imperative indicators necessary to form an advanced monetary union. Indeed, the macroeconomic costs of a monetary union depend on the frequency and severity of asymmetric shocks (events that unexpectedly occur and affect one economy more than the rest of the union) that the member countries are exposed to and the available adjustment mechanisms to mitigate the impact of these shocks, especially since the national monetary and exchange rate adjustment mechanisms are not in the hands of any individual member country. The exchange rate between currencies of the participating states will be irrevocably fixed in relation to the new single currency. Moreover, the country-specific monetary conditions can no longer cushion differences in cyclical positions among the union member states, or help them to adjust to asymmetric shock (IMF, 1999). Fiscal policy can be used along with sound public finance policies to manage the economy. However, fiscal policy alone is not an adequate method in dealing with economic disturbances especially when it is caused by oil price fluctuations. Since much of the revenue of AGCC states are not generated from taxes, the flexibility of wages following external shocks would not affect tax revenues, only employment. Therefore, labour market flexibility is a good adjustment mechanism for AGCC economies. The question is what type of labour market flexibility will the AGCC Monetary Union demand, that is, to what extent can labour flexibility be used as a “shock absorber”?

Economic theories suggest that the loss of control over macroeconomic and exchange rate policies that follow the establishment of optimum currency areas<sup>24</sup> can be offset by increasing the flexibility of other economic inputs such as wages and employment levels (Mundell, 1961). Hence, the desirability of enhancing the flexibility of labour markets to adjust more rapidly in the countries of the union stems from the fact that even in the absence of asymmetric shocks, synchronizing the response of national economies to different economic scenarios will hinge on the ability to control the level of wages or unemployment. To make this possible, labour markets should be deregulated. Free movement of factors of production, wages and price flexibility are viewed as vital adjustment mechanisms in mitigating the effects of an economic shock (Laabaset et al., 2002; Ibrahim, 2004, 2005a).

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<sup>24</sup> An optimum currency area (also known as optimal currency region) is a geographical area in which it would maximize economic efficiency to have the entire region share a single currency.



As an alternative adjustment mechanism to the exchange rate, Ibrahim (2004) suggested that AGCC member states can establish an intra-AGCC fiscal transfer to smoothen the adjustment mechanism and/or ensure flexibility of labour and product markets within the region. The ability of the AGCC economies to withstand cyclical disturbances can also be improved by allowing free movement of labour force amongst the AGCC states. The ability of the labour force to freely move is one of the necessary elements for ensuring labour market flexibility, and is “most likely to become an important factor of adjustment mechanism after the formulation of the Monetary Union” (Ibrahim, 2004).

AGCC states need to explore practical solutions required to tackle possible problems arising from the forthcoming Monetary Union. Many authors have argued that the implementation of the Monetary Union provides stimulus to accelerate structural reforms to combat the unemployment problems and induce countries to improve their macroeconomic policies (IMF, 1999; Pattillo et al., 2004). Given the importance of migration in labour policies, labour mobility could form one of the elements of the response to the challenges to the GMU. Moreover, the increase in competitive pressures generated by a single market and globalization will make enterprises need more flexible markets (IMF, 1999). For AGCC states, special focus should be on the possible mitigating mechanisms needed to deal with external shocks such as the current financial crisis. Labour market solutions to stabilize the economy and protect the social security system are important ways to address these external shocks. One way to ensure AGCC labour market flexibility is by enhancing the employment of AGCC nationals in all AGCC states. This is a target that is possible to achieve under the homogeneous AGCC language, cultural and labour laws. Cross-border mobility is most likely to become an important adjustment mechanism after the establishment of the AGCC Monetary Union. Additionally, structural policies that would promote flexibility in the labour market will assume greater importance in the planned Monetary Union (Ibrahim, 2004). To sum up, the AGCC intra-national labour movement, this chapter argues, stems more from the macroeconomic side than from the labour market side.

### **5.5 AGCC labour market policies regarding national labour**

AGCC states follow more or less similar overall labour market policies as they all face similar labour market conditions and constraints (nationalization of labour force and human resources

development). Policy instruments to nationalize work forces in all AGCC states have relied heavily on restrictive administrative and mandatory measures such as work permits for the employment of expatriates,<sup>25</sup> complex procedures for unemployment compensation, residential permits to families of highly-paid expatriates, sponsorship permits, restrictions on job transfers, private-sector expatriate quotas, bans on hiring expatriates in selected sectors, public sector nationalization, the tightening of immigration legislation and levying/increasing the fees and taxes related to employing expatriate workers (ERF, 2000; UNDP/AFESD, 2002; Fasano et al., 2004). Moreover, some selected market-based measures to encourage private sector employment of nationals are sometimes used, such as long-term lower cost government loans and provision of government education and training programmes in line with private sector requirements. However, the numbers of practical measures used to encourage national labour *mobility* are limited. These limited measures include removing legislative barriers towards mobility of nationals and supporting job search and information dissemination. Indeed, there are several government policies supporting intra-AGCC labour mobility; however, without effective implementation, these enabling policies have a limited effectiveness.

Apart from individual state labour market regulations and policies, AGCC states have set out joint labour market policies to facilitate intra-national labour movement between their states (see Table 11 below). These policies include equal treatment as well as priority of AGCC nationals in employment in both the private and government sectors. Additionally, similar labour market regulations that guarantee equal treatment, as well as measures to increase the movement, residence and employment of AGCC nationals among member states were all announced during the Summit meetings as well as the Economic Agreements between AGCC states (AGCC Secretariat General, 1981, 2002, 2004, 2005; Ibrahim, 2005b). In line with the decision to extend the social insurance umbrella, the AGCC Labour Ministries' Council adopted special work plans to ease the movement of AGCC workers within their states and facilitate their recruitment by private establishments in the host countries. Moreover, since 1 January 2006, an agreement signed by the AGCC member states affirms that AGCC nationals working in the public sector in other AGCC states will be allowed to join the AGCC country's Pension Fund and Social Insurance. This agreement

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<sup>25</sup> Through time obtaining work permits are becoming more complicated for expatriate workers. More conditions favouring the nationals are being instituted and increasingly more employment avenues in different sectors and professions are reserved to be filled by AGCC nationals.

allows AGCC nationals to work for the governments and private sectors of other member countries while contributing to their pensions back home.

**Table 11: Policies, announcements and agreements by the Supreme Council and related bodies regarding the national labour movement among AGCC states**

<i>Year</i>	<i>Events</i>	<b>Policies, announcements and agreements</b>
1981	The AGCC Council Economic Agreement	Similar regulations that guarantee equal treatment of movement, work, residence and inheritance
1993	The AGCC Supreme Council Summit	Equal treatment of AGCC citizens in the private sector
1995	The AGCC Supreme Council	Statute to facilitate employment and free movement
1996	The AGCC Supreme Council Announcement	Equal treatment of AGCC nationals working in the private sector re-emphasized
1997	The Supreme Council Summit	Priorities in employment of AGCC nationals
1998	The Supreme Council Summit	Mandate of the Supreme Council to conduct a study on the employment of national manpower and facilitate their intra-AGCC movement
2000	The Supreme Council Summit	Extension of measures for equal treatment of nationals to be employed in the public sector.

<i>Year</i>	<i>Events</i>	<b>Policies, announcements and agreements</b>
2001	The AGCC Council Unified Economic Agreement	<p>Re-emphasize and extend the national treatment of AGCC nationals in movement, residence and employment.</p> <p>Removal of national labour mobility barriers, AGCC nationals are considered part of the nationalization targets</p> <p>No discrimination in pursuing professions among AGCC nationals</p> <p>Coordination among AGCC states to achieve Human Resource Development and employment</p>
2002	The Supreme Council Summit	Equal AGCC employment treatment stressed and implementation by 2005 at the latest
2003	The AGCC Supreme Council Summit	Emphasized the time-table and the fields of equal treatment in both private and government sectors' employment and the full economic nationalization
2003	The Consultative Authority of the AGCC Council	Study of the ways to ensure easy movement of national labour among AGCC states.
2004	Announcement by AGCC States	Measures announced to facilitate employment and movement of nationals such as ease of travel and border formalities
2004	The AGCC Supreme Council Summit	Extension of umbrella of insurance protection to those AGCC nationals working in other AGCC states in both private and public sector in a more comprehensive way through a unified system from January 2005, optionally, and made obligatory from January 2006.

### **5.6 Unemployment and intra-AGCC national employment**

During the last decade, the AGCC states have been characterized by high population growth rates averaging 4 per cent to 5 per cent per year. *The Arab Human Development Report* (UNDP, 2002) has estimated rapid population growth reaching 44 million by 2020. More than one-third of

the AGCC population is below 15 years of age (Fasano et al., 2004). The economies of the AGCC states rely heavily on non-AGCC expatriate labour forces chiefly because they are highly skilled and qualified. Expatriates represent at least one-third of the AGCC's labour force and in some countries hold over 90 per cent of all private sector jobs.<sup>26</sup> In AGCC states, unemployment has grown at an alarming rate.<sup>27</sup> Moreover, in 2004 it was estimated that the AGCC states would need to create at least 3.2 million jobs to absorb the growing national labour force by the year 2010 (Al-Khaleej Times, 24 February 2004).

In an attempt to answer the question of why AGCC labour markets cannot provide employment opportunities to nationals, Ibrahim (2007) identified two main features – *segmentation* and *rigidity* – of the AGCC labour markets. These features comprise workers' benefits, low ratios of females, weak correlation between academic background and income earned, the domination of social science specializations, and the structural rigidity of labour markets within AGCC states. Other studies of national unemployment also suggest that labour market segmentation is the main cause of unemployment due to clustering of nationals in the public sector. This public sector concentration is related to factors such as the past creation of public sector jobs to accommodate nationals, unattractive low-wage private sector jobs, and the existence of a pool of foreign workers willing to take these lower-paid private sector jobs (Eyeofdubai.com, 2006).

The problem of unemployment for AGCC nationals poses a real challenge. To what extent have AGCC states contributed to securing jobs for AGCC job-seekers in both private and public sectors via intra-labour mobility among them? This chapter now turns its attention to this core issue.

During the time of writing of this chapter, there was a lack of regular, complete, up-to-date and reliable published data about intra-AGCC national labour mobility from both AGCC states as well as international organizations. A probable reason for this is that it is a small number compared to the number of expatriates or the national workforce in each state. Alternatively, it

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<sup>26</sup> Structural dependence on foreign labour has not radically changed over the last decade, and is likely to take more than another decade to change (EIU, 2009).

<sup>27</sup> Please note that there are some differences in the unemployment ratios provided here. This may be due to differences in dates, measurement and data sources (official and unofficial).

could be because the data available may not serve any major labour market objective. Hence, the cost of data collection may be higher than the value that could be generated from this data. However, since AGCC states are planning to extend their social insurance and civil services retirement scheme, the AGCC Public Social Insurance Authorities have recently started collecting information about nationals working in all AGCC states.

The scattered and meagre statistics reveal some weaknesses in the employment structure of AGCC nationals in AGCC states. The available information for overall intra-AGCC national labour mobility in table 12 below is more than 21,000, equivalent to only 1.7 per cent of the total labour force in all AGCC states (Zaher, 2008).

**Table 12: Matrix of intra-AGCC national labour – Some available statistics**

<i><b>From/In</b></i>	<i>Bahrain</i>	<i>Kuwait</i>	<i>Oman</i>	<i>Qatar</i>	<i>Kingdom of Saudi Arabia</i>	<i>United Arab Emirates</i>	<b>Total</b>
Bahrain	-	0	1	144	115	3500 <sup>a</sup>	3760
Kuwait	0	-	1	10	735	0	746
Oman	0	0	-	2638 <sup>b</sup>	5	1314 <sup>b</sup>	3957
Qatar	0	0	1	-	14	0	15
KSA	0	12661	0	98	-	0	12759
UAE	0	0	1	44	8	-	53
<b>Total</b>	<b>0</b>	<b>12661</b>	<b>4</b>	<b>2934</b>	<b>877</b>	<b>4814<sup>a</sup></b>	<b>21290</b>

<sup>a</sup> Estimated

<sup>b</sup> Numbers of Omani employed through Omani Employment Offices in these countries

Sources: Zaher, 2008: 4; Dar Al-Khaleej for Press, Printing and Publishing, 25 May 2005: 9 and February 2006: 23; Oman Ministry of Manpower (MOMP), internal statistics of Omani employed through the recruitment offices of Doha and Dubai; Ministry of Manpower, Oman.

We can easily form the following conclusions from Table 12 above:

1. One major characteristic of intra-AGCC national labour mobility is that it does not constitute a major component of employment in AGCC states, compared to expatriates or national labour in each state.

2. Another major characteristic of intra-AGCC national labour mobility are the observable differences between the different AGCC states. According to the available statistics national labour mobility between KSA and Kuwait, KSA and Bahrain, as well as between Bahrain and the UAE is relatively sizeable, whereas labour mobility between Oman and Kuwait, Oman and KSA, Qatar and KSA, and Bahrain and Qatar is limited.
3. According to the statistics displayed above, the main receiving countries of AGCC national labour are Kuwait, the UAE, KSA and Qatar. According to the Gulf Talent Survey, the UAE is the prime destination for a large number of AGCC nationals, mostly as a result of developments in its financial sector, a cosmopolitan environment, and the high penetration of multinationals as well as better lifestyle opportunities. To sum up, the UAE is an attractive state for AGCC nationals because of its pay package and its massive demand and hunt for foreign expertise. Nevertheless, despite the relatively high pay package, the UAE is financially becoming less attractive owing to its high rate of inflation. Qatar is also an attractive destination for UAE nationals predominantly from a financial perspective (Gulf Talent, 2006). Bahrain and Oman attract the least number of AGCC nationals as the sizes of their economies are the smallest among the AGCC states. Furthermore, both these countries see an active outflow of their nationals to Qatar as the Qatari salaries are much higher than those at home (Gulf Talent, 2006).

The major observation here is that national labour mobility is freely permitted among AGCC states; however, in reality this is not yet significantly practiced by nationals. The main reasons behind this phenomenon could be attributed to factors such as segmentation in labour markets, unavailability of reliable labour supply and demand information, lack of incentives for both AGCC employers and employees, and the limited qualifications of most AGCC national job seekers. Although no statistics were cited, the phenomenon of the limited labour mobility trend among AGCC nationals was also noted by the survey of Gulf Talent. The survey concluded that mobility is confined particularly to those with higher education, international experience and good English language skills. According to the survey, “the majority of Gulf nationals tend to stay in their home countries – due to advantages of local familiarity, proximity to family and friends as well as superior career opportunities available for natives” (GulfTalent.com, 2006). This chapter also discerns many reasons for this. One reason is that most of the unemployed AGCC nationals have education levels below the international or AGCC average, or the majority of them are in social-

science specializations, thus creating an excess supply of professionals with the same knowledge-base in more or less each AGCC state. This in turn means that there is less mobility among these professionals. In 1999, 60 per cent of AGCC university graduates were studying in the fields of education, arts, and Islamic and social studies. The share of engineering graduates was only 14.4 per cent, and that of science graduates was only 10.3 per cent of the total graduates (ESCWA, 2002). Similar results were provided by the *UN Arab Human Development Report* (UNDP, 2002). The report estimated that 38 per cent of AGCC university graduates were from social and Islamic studies, 34 per cent from education, 11 per cent from business studies and only 18 per cent studied technical subjects (such as engineering and other sciences). This picture has not changed that much in recent years. The 2009 World Bank report classified the average distribution of university students by their fields of specialization. It stated that 40 per cent of students pursued higher studies in the fields of education and humanities, 30 per cent in social sciences, and only 23 per cent in scientific, technical, engineering and medicine categories. The remaining 7 per cent is left unclassified. The popularity of social science studies among university students (not unrelated to the role of governments as major employers of such graduates) hinders intra-employment opportunities among AGCC states.

Furthermore, AGCC nationals have strong family and social links at home which sometimes make it quite difficult for them to move outside their states even if there are better job opportunities outside their home countries. In this regard the family groups in close proximity, for instance, the Al Ain/Buraimi conurbation which is on both sides of the UAE/Oman border, may give rise to some labour mobility across national boundaries.

Moreover, some of the AGCC citizens lack either incentive or enthusiasm to seek job opportunities in another AGCC state. Many AGCC nationals are concerned about losing some of their benefits and incentives at home, such as social insurance, free land and lower interest, and long repayment periods for housing loans once they go abroad. Nevertheless, this chapter identifies and claims that the weak intra-AGCC labour mobility is not at all constrained by legislation, as there are joint market policies set to encourage labour movement amongst the AGCC states (see Table 11 above). Rather, it is due to the weak translation of these legislations and policies into effective execution. Furthermore, if policies agreed upon in the context of the AGCC



Supreme Council are activated then there might be an enlargement of the AGCC labour market and would create some employment prospects (although limited compared to nationalization).

**Text Box 10: Intra-AGCC employment experiences – case studies**

It is worth mentioning that there are some successful examples of intra-AGCC national employment initiatives that deserve attention. In 2007, the Ministry of Manpower of Bahrain opened an office in Qatar to organize employment of Bahraini workers in Qatar, followed by an office in Abu Dhabi (UAE) one year later. In the first year, according to unpublished statistics, there were 500 Bahraini applications for jobs in the Qatar employment office. However, the Bahraini officials identified the high cost of living including rent in Qatar as the major constraint inhibiting labour mobility.

Similarly, the Ministry of Labour Force of the Sultanate of Oman established a labour recruitment office in Doha, Qatar. A memorandum of understanding was signed in January 2003 between the Ministry of Labour Force of Oman and the Ministry of Civil Services Affairs and Housing of Qatar. Following this trend, a similar employment office was opened in Dubai (UAE) in 2005.

Recent statistics of the Ministry of Manpower of Oman (MOMP) showed that 2,638 Omanis were employed through Qatar recruitment office, and another 1,314 were employed by the Dubai recruitment office during the years 2003-2008. The total number employed by both offices since 2003 is 3,952, making an average employment of 790 employees per annum. Almost 67 per cent of these employees were employed in Qatar and 33 per cent in Dubai. The characteristics of the Omanis employed through the Qatar office are analysed by the MOMP (MOMP, 2005). A summary of these characteristics is provided in the table below:

	<i>Registered</i>	<i>Nominated</i>	<i>Employed</i>	<i>Resigned</i>
<b>Numbers:</b>				
Total number	3507	1655	1004	49
Male (%)	87%	95.6%	91%	
Female (%)	13%	4.4%	9%	
<b>Academic qualifications:</b>				
Less than secondary education	57.3%	63.5%	75.3%	
Secondary qualifications	21.9%	24.0%	16.0%	
Higher than high school diploma	20.8%	12.5%	8.7%	

Source: Ministry of Labour Force, MOMP, 2005, Sultanate of Oman.

The Omani and Bahraini case studies can be considered as pilot projects towards establishing a fully fledged intra-AGCC systematic employment mechanism. This experience, although limited in scale, acts as an example of a catalysed centre for labour market information. These offices/centres provide available employment information to Omanis and Bahrainis so that they can make informed mobility decisions. It also hoots a signal of successful cooperation in labour markets employment and information among AGCC states. The success signs of Omani experience are directly reflected in the limited number of resignations of those employed in Qatar, a relatively higher ratio of employed candidates to the number nominated for jobs and the success of less qualified nationals to acquire jobs outside their home country.

Some authors have also identified and categorized “regulatory” and “institutional” factors as hindrances towards factor mobility across AGCC states. For instance, Laabas et al. (2002:9) argued that, “... (AGCC) Labour market regulations and institutions are not very similar. This, in addition to factors related to welfare state, precludes labour from moving across AGCC states” (*emphasis added*). Moreover, they added that prices and wages in all AGCC states do not adjust automatically to accommodate frequent oil shocks; rather, governments' expenditures act as the main stabilizer of economic activities during oil market recessions.

### **5.7 Conclusion and policy recommendations**

This chapter investigated the intra-national labour mobility among the AGCC states and examined its importance in the context of the forthcoming GMU, and its relevance to improving the economic performance of the GMU member states. Intra-national labour mobility is also paramount in sheltering the AGCC economies from economic shocks such as the current financial crisis. The introduction of a Gulf single currency will hinge on the creation of integrated economies at the macroeconomic level including compatible human capital and labour policies. While intra-AGCC national labour mobility may not be the sole driver of economic growth and integration in the region, it could serve as an important means whereby a monetary unit could gain the necessary level of flexibility to mitigate the effects of external shocks. One way to react to external shocks is to accept a fall in wages or a rise in unemployment. Regional labour mobility and wage flexibility can act as adjustment mechanisms in the case of such a shock.

There exists a plethora of flexible policies attempting to ease AGCC intra-national labour mobility. However, AGCC labour markets, particularly in relation to the employment of nationals, are *rigid* and the responses from nationals to these policies are very *weak*. The significance of this study also stems from the fact that on one hand there is a lack of research on intra-AGCC national labour mobility,<sup>28</sup> and on the other, since the 1980s there have been no joint *practical* measures adopted to improve employment of AGCC nationals in other AGCC states. It ought to be noted here that so far, the policies identified in this article have resulted in very little effect on intra-labour mobility. The existence of different policies, announcements and agreements among AGCC states regarding the national treatment of AGCC nationals in employment in both private and

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<sup>28</sup> The characteristic of limited national labour mobility at the regional level, despite the right of free mobility to work for AGCC nationals in other AGCC states, was noted (but not analysed) by Fasano et al. (2004).

public sectors indicates that joint AGCC legislation is not a reason for the prevailing weak intra-labour mobility among AGCC states. Gulf nationals are allowed to work or engage in all professions in any of the AGCC states. The states also allow their citizens to seek loans from financial institutions and banks of any member state. Although AGCC labour market flexibility and intra-national labour mobility at present seems very limited and somewhat mixed, it may be enhanced through the following set of recommendations:

1. In order to mitigate the effects of the financial crisis, AGCC governments may raise their spending to facilitate expansion of output and employment. In AGCC states government spending comprises more than one third of the countries' GDP and finances more than 70 per cent of all governmental expenses.
2. AGCC states need to consider establishing a central data assembly and data exchange centre along with effective job search assistance programmes (through a joint AGCC job search and information website) to build a comprehensive database of all AGCC nationals working in other AGCC states. This data must be integrated into the published AGCC labour market statistics. Moreover, issuing a periodic AGCC employment bulletin for AGCC nationals will also be a helpful step towards assembling AGCC labour market data and disseminating labour market information to the AGCC labour force. At present the lack of data presents an obstacle for analysis of intra-AGCC labour market trends and issues and also hinders employment creation at the wider AGCC level.
3. AGCC states should enact policies and measures to provide incentives for national AGCC workers to seek jobs in other AGCC states. These enabling policies could include ensuring a uniform AGCC standard in job safety and health legislation and removing employment barriers via a "comprehensive", "unified" and "just" social insurance and social benefits system. The effort to extend the umbrella of insurance protection to those AGCC nationals working in other AGCC states (in both the private and public sectors) through the civil retirement and insurance systems will prove to be a step in the right direction. Additional measures that could be undertaken include the adoption of legal rules of stay and employment, creation of more transparent labour markets, improvement of knowledge and visibility of the right to free movement including the right of social, economic and cultural involvement of the workers in the recipient states, and the development of

innovative and joint AGCC employment projects to absorb the unemployed AGCC nationals

4. Analysis here shows that the employment elasticity of growth, although reasonably high, indicates that output growth has fallen short of absorbing the growing AGCC labour force not only during the financial crisis but also in normal circumstances, thus, pointing to the need for enhanced employment creation capacity of AGCC economies. Given this situation, it is not easy for AGCC economic growth to keep pace with labour requirements. The situation has been made worse by the financial crisis, as the elasticity of employment with respect to growth in AGCC states has fallen below historical levels. Therefore, among others, the strengthening of employment elasticity in economic growth through a reduction of wage differentials will ensure the absorption of AGCC job seekers both at the national and regional levels.
5. The GMU is likely to affect not only national and regional labour market policies, but also the structure of AGCC labour markets following the diversification of the economies currently underway. To fill AGCC employment gaps, education and training should concentrate less on social sciences and should be geared towards AGCC labour market needs along with the national market needs of each state. This will require each AGCC state to review their prevailing university education and human resource development programmes and policies in accordance with the wide AGCC labour market requirements and scientific specialization needs. This recommendation arises because the diversification and privatization drive in AGCC states may lead to possible future changes in the economic structures of AGCC economies. Hence, the type of demand for labour may require different specialization and training programmes for the current and future AGCC labour force.
6. There is a need for the adoption of institutional reforms in each AGCC national labour market to ensure more elasticity and dynamism and to reduce market segmentation. Enhancing intra-AGCC private sector employment might require the retrenchment of public sector employment in certain cases. These institutional reforms are significant in order to provide correct market signals to the national labour force seeking higher education. Broadly speaking, nationals seeking jobs in the public sector usually pursue social science-based degrees; hence, when there is a contraction in public sector hiring, these workers tend to remain unemployed. And, in cases where they secure employment

in other sectors, it might be often characterized by lower productivity as their training is in a different field (social science).

7. One of the main obstacles to intra-AGCC mobility, among other vital factors, is the lack of practical measures to *translate* different enabling AGCC policies and legislation into practice. The issue of facilitating intra-AGCC labour mobility is almost a fixed subject on the agenda of AGCC institutions and policy outcomes, including the outcomes of the Supreme Council Summits. Enlarging intra-employment of AGCC nationals and meeting the new era of AGCC economic cooperation requires that policies agreed upon by the AGCC Supreme Council since 1981 are activated and due consideration be given to the AGCC job-seekers by the large AGCC labour market. To help this process, AGCC states could establish *AGCC employment-facilitating public sector units* within their Ministries of Labour or relevant counterparts.
8. To enhance intra-AGCC employment, AGCC states need to consider prioritizing the implementation and execution of approved policies of AGCC national employment within each state and lay out the corresponding legislative policies. Finally, AGCC states need to work towards clearing any doubt regarding the fact that this specific indispensable goal of encouraging intra-labour mobility is not economically valuable or cannot be achieved. In fact, governments need to promote the advantages of engaging in intra-AGCC mobility both in *principle* and *practice*.

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## CHAPTER 6

### LEGAL AND POLICY FRAMEWORK FOR THE PROTECTION OF THE RIGHTS OF FOREIGN WORKERS IN THE ARAB REGION

*Kamal Abouchedid, Othman Belbeisi and Cosette Maiky*<sup>29</sup>

#### 6.1 Introduction

The protection of the rights of migrants and temporary contractual workers in the Arab region has long been of interest to the international community. Media, international and national human rights organizations and international non-governmental organizations have called on Arab states to align national legal frameworks for the protection of rights of migrants to existing international and regional legal instruments ratified by Arab countries. While much should still be achieved to provide adequate levels of protection to foreign workers in Arab countries, it must be noted that in the recent years positive steps have been taken by Arab countries to reduce the vulnerability of migrant workers to abuse and exploitation.

In an attempt to understand the rights of migrant workers in the Arab world, this chapter will first shed light on the international legal framework concerning the rights of labour migrants. Second, it will study the degree to which Arab countries have signed and/or ratified international treaties, which promote the rights of labour migrants. Third, the study will look at the situation of unskilled and domestic migrant workers in Lebanon as a case study. Finally, the paper will give recommendations to Arab countries on ways to enhance the protection of migrant workers and thus increase the benefits of inter-Arab migration.

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## **6.2 International human rights norms and the protection of labour migrants**

According to international law standards, labour migrants can be protected by three sets of legal instruments. First, there are human rights instruments that protect all human beings regardless of their nationality and status, including regional human rights instruments. Second, there are specific UN human rights and ILO instruments that provide specifically for the protection of migrant workers. Thirdly, there are other UN and ILO instruments that, while not specifically targeting migrants, are also relevant to migrant workers. This latter group of UN instruments in addition to human rights instruments particularly includes instruments of transnational criminal law. Several overlaps between the different strands of protection drawn here exist in practice

All the major human rights conventions oblige all parties to safeguard the rights of all human beings under their legal jurisdiction, citizens and non-citizens alike (Fitzpatrick, 2003). The Universal Declaration of Human Rights (UDHR), in addition to the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), the International Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), the Convention Against Torture and Cruel Inhumane and Degrading Treatment or Punishment (CAT), and the Convention on the Rights of the Child (CRC), protect all persons, including labour migrants and temporary contractual workers. The ICRMW belongs also to this group of core human rights instruments and is particularly designed to protect migrant workers. These legal instruments are set to protect the fundamental rights, which are in practice frequently violated with respect to migrants and foreign temporary contractual workers, including freedom from slavery, forced labour, cruel, degrading and inhuman treatment or punishment. Such treatment is often evident with respect to those migrant workers who have been trafficked or abused; placed in situations of debt bondage, where they find themselves unable to escape until they have paid off the debts to the employer or recruiter; and other forms of exploitation. Women migrants are particularly vulnerable to such abuses, due to the gender-specific jobs or sectors in which they tend to be employed. Slavery and forced or compulsory labour in respect of migrant workers is prohibited by general international human rights law, as well as specific international instruments against slavery and slavery-like conditions (OSCE, IOM and ILO, 2006).

Some of the provisions set forth in these international conventions, have also been incorporated in the Arab Charter on Human Rights that was adopted by the Council of the League of Arab States through resolution 5437, on 15 September 1994 and entered into force in 2008 upon ratification of seven Arab countries (Jordan, Bahrain, Libya, Algeria, the United Arab Emirates, Palestine, and Yemen. While the UN High Commissioner for Human Rights (OHCHR) highlighted that some of the provisions in the Charter are in contrast to international norms and standards, including some provisions on the rights of non-citizens (Article 32), the international community welcomed the ratification of the Charter as a positive step towards enhancing the protection of the rights of people living in the Arab region (OHCHR, 2008). Despite some of the limitations cited above, the charter ensures that all individuals enjoy all the rights and freedoms recognized in the Charter, without any distinction on grounds of race, colour, sex, language, religion, political opinion, national or social origin, property, birth or other status and without any discrimination between men and women (Article 2); have a right to life, liberty and security (Article 5); enjoy equality before the law (Article 9); are not subject to mental torture or cruel, inhuman or degrading treatment (Article 13); enjoy liberty of movement (Article 20) and are not subject to forced labour (Article 31).

A set of international legal instruments exists, which are specifically concerned with the rights of non-citizen workers, this includes the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (ICRMW) (Fitzpatrick, 2003) and certain ILO Conventions. Only a limited number of countries have ratified the ICRMW, none of which are major industrialized countries or countries of destination for migrants. Already before the entry into force of the ICRMW, the International Labour Organization (ILO) created international standards that cover all aspects of employment of both national and migrant workers in the world. These are essentially conventions and recommendations dealing with international labour migration. The most important conventions dealing with labour migrants are the ILO Migration for Employment (Revised) Convention (1949, No. 97) and the ILO Migrant Workers (Supplementary Provisions) Convention (1975 No. 143). The first, relates to the importance of equality of treatment of national and migrant workers in the country. It specifies the importance of equality regarding the procedures for recruitment, equality in living and working conditions, equality of access to justice, equality of taxation and social security. It also identifies the importance of the rights of labour migrants in vocational training and opportunities

for promotions. The ILO Convention No. 97 also contains provisions concerning the reunion of families, the means for appeal whenever expulsion from work occurs, or an unjustified cessation of work relationship is at stake. As of the ILO Convention No. 143, the conditions which are required for the respect of irregular migrants were set forth. The Convention recommends methods to end irregular migration and trafficking. It also authorizes penalties to citizens who employ migrants through irregular manners (Esim and Smith, 2004: 10). Both ILO Conventions referred to have created standards of rights for labour migrants before they leave their country of origin, during their journey and travel to their country of destination, during their stay and employment in their host country and their rights of return to their country of origin. The Conventions provide for the rights of labour migrants "...to a written contract of employment before departure, that they should receive equality of treatment with nationals, that they should not be subject to discrimination during times of recession, that they have the right to form and join trade unions, that countries should facilitate family reunification and that migrants have the right to appeal against a decision to terminate their employment" (Esim and Smith, 2004: 9).

Because the ICRMW includes most of the substantive provisions of the two ILO Conventions and in some ways goes beyond them, the ILO Conventions Number 97 and 143 can be considered as complementary to the ICRMW. The ICRMW explicitly applies the rights elaborated in the International Bill of Rights (UDHR, ICCPR, ICESCR) to the specific situation of migrant workers and members of their families. It is first and foremost a human rights instrument and together with the two ILO Conventions provides common minimum norms for the protection of workers outside of their country. The three instruments together provide a comprehensive rights-based definition and legal basis for national policy and practice regarding international migrant workers and their family members and provide explicit measures to prevent and eliminate the exploitation of migrant workers and members of their families, including an end to their unauthorized or clandestine movements and to irregular or undocumented situations. (Guide on Ratification 2009). It is important to note that the ICRMW provides for broader definitions as compared to the two ILO Conventions, for example of the "family of the migrant" (Articles 4 and 44-2). It also articulates the principle of equality of treatment between migrant workers (irrespective of status) and nationals before the law more broadly. It stresses the importance of remuneration and other working conditions as well as the respect to migrant workers' access to urgent medical assistance and education for children of migrant workers (Articles 18(1), 25, 28 and 30 respectively). It also

contains provisions to ensure the rights for migrant workers to transfer their earnings and savings (Articles 32 and 47). Under the provisions of Article 22, migrant workers appear to benefit from a clear level of protection in relation to expulsion. Moreover, according to Article 77, migrant workers' right to enact individual complaints against their employers is emphasized. With respect to the involvement in workers' organizations the ICRMW distinguishes between regular and irregular migrants (Articles 26 and 40). The ILO instruments put, however, a stronger emphasis on these specific workers' rights. (OSCE, IOM and ILO, 2006).

Migrant workers are also subject to a high degree of vulnerability to trafficking in persons. The Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children supplementing the UN Convention against Transnational Organised Crime (Trafficking Protocol) defines human trafficking as the "recruitment, transportation, transfer, harbouring or receipt of persons" by means of "threat or use of force or other forms of coercion, abduction, fraud or deception" for the purpose of exploitation. The Trafficking Protocol prohibits trafficking of all persons, including migrant workers in its various forms such as debt bondage, sexual exploitation, practices akin to slavery and other severe forms of labour exploitation (ILO, 2006). While the majority of Arab countries have signed or ratified the Trafficking Protocol, translation into national legislation has been slow. In addition, regional bodies such as the League of Arab States (LAS) and the Gulf Cooperation Council (GCC) have produced regional instruments to prevent trafficking in persons and protect victims of trafficking, including: the LAS model law on human trafficking, the GCC model law on human trafficking, the Arab Declaration of Human Rights (Article 10); the Arab Convention to fight trans-national organised crime (Article 10) and the UN Arab regional work plan issued against trafficking in persons and smuggling of migrants (Article 27-29) (League of Arab States, 2007). In addition to the Trafficking Protocol, two ILO Forced Labour Conventions (ILO Forced Labour Convention 1930, No. 29 and ILO Abolition of Forced Labour Convention 1957 No. 105) call on governments to mobilize support for the elimination of "forced or compulsory labour", which is defined as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily" (ILO Convention No. 29, Article 2) (ILO, 2006).

Enforcing human rights standards to migrant workers continues to be a highly contested issue and many countries of destination have been reluctant to ratify migrant specific instruments. For

instance, the ICRMW has only been ratified by 42 countries as of September 2009. The ILO Migration for Employment Convention No.97 is only ratified by 49 countries, and only one Arab country (Algeria) (ILO, Convention No.C O97). The ILO Migrant Workers Convention No. 143 is even ratified by a lower number of countries (23), none of which are Arab states (ILO, C 143 Migrant Workers Convention, 1975 , 2006). According to the 2004 report on the human rights of migrants:

*The communications from the Special Rapporteur to governments Show a steady deterioration of the human rights situation of migrants .... It appears that the most frequent abuses against this group are those that occur in the context of discriminatory, xenophobic and racist practices ... and different forms of exploitation of migrant workers ...[and the] denial of the right of association and assembly (Pizzaro, 2004: 11, 9).*

Some international governmental organizations and non-governmental organizations expressed their apprehension to the working and living conditions of many labour migrants in the Arab world (Esim and Smith, 2004: 23). However, very few studies have concentrated their efforts on linking international human rights norms to Arab labour migration.

### **6.3 The status of labour migration rights in the Arab world**

Recent literature concerning labour migration rights tackled the idea that the higher number of migrants in a given country, the higher their human rights protection (Cummins and Rodriguez, 2009). However, the Arab world, especially the states of the Gulf Cooperation Council (GCC), "...are examples of countries operating high numbers-few rights labour immigration policies" (Ruhs, 2009: 18). The shares of the migrant population in these countries far exceed that of their own population. For instance, according to the United Nations Department of Economic and Social Affairs (2006), foreigners account for almost 90 per cent of the UAE's labour force, 86 per cent of that in Qatar, 81 per cent in Kuwait, 71 per cent of Bahrain, 59 per cent of Oman and 50 per cent of the labour force in Saudi Arabia (DESA, 2006). Nevertheless, the GCC, compared to other Arab countries and to the international community, lags behind in the ratification process of major human rights conventions pertaining to the rights of migrant workers.



**Table 13: Date of ratification of UN Conventions that can be applied to migrant workers**

	<i>ICCPR</i>	<i>ICESCR</i>	<i>ICRMW</i>	<i>ICERD</i>	<i>CAT</i>	<i>Trafficking Protocol</i>
<b>Algeria</b>	Sep 1989	Sep 1989	Apr 2005	Feb 1972	Sep 1989	Mar 2004
<b>Bahrain</b>	Sep 2006	Sep 2007	-	Mar 1990	Mar 1998	Jun 2004 (a)
<b>Egypt</b>	Jan 1982	Jan 1982	Feb 1993	May 1967	June 1986	Mar 2004
<b>Iraq</b>	Jan 1971	Jan 1971	-	Jan 1970	-	-
<b>Jordan</b>	May 1975	May 1975	-	May 1974	Nov 1991	Jun 2009 (a)
<b>Kuwait</b>	May 1996	May 1996	-	Oct 1968	Mar 1996	May 2006 (a)
<b>Lebanon</b>	Nov 1972	Nov 1972	-	Nov 1971	Oct 2000	Oct 2005
<b>Libya</b>	May 1970	May 1970	Jun 2004	Jul 1968	May 1989	Sep 2004
<b>Morocco</b>	May 1979	May 1979	Jun 1993	Dec 1970	Jun 1993	-
<b>Oman</b>	-	-	-	Jan 2003	-	May 2005 (a)
<b>Qatar</b>	-	-	-	Jul 1976	Jan 2000	May 2009 (a)
<b>Saudi Arabia</b>	-	-	-	Sep 1997	Sep 1997	July 2007
<b>Sudan</b>	-	Mar 1986	-	Mar 1977	Jun 1986*	-
<b>Syria</b>	Apr 1969	Apr 1969	Jun 2005	Apr 1969	Aug 2004	Apr 2009
<b>Tunisia</b>	Mar 1969	Mar 1969	-	Jan 1967	1988	Jul 2003
<b>UAE</b>	-	-	-	Jun 1974	-	Jan 2009 (a)
<b>Yemen</b>	Feb 1987	Feb 1987	-	Oct 1972	Nov 1991	-
	<i>CRC</i>	<i>CEDAW</i>	<i>ILO C105</i>	<i>ILO C29</i>	<i>ILO C143</i>	<i>ILO C97</i>
<b>Algeria</b>	Apr 1993	May 1996	Jun 1969	Oct 1962	Dec 2007	Mar 2005
<b>Bahrain</b>	Feb 1992	June 2002	Jul 1998	Jun 1981	-	-
<b>Egypt</b>	Jul 1990	Sep 1981	Oct 1958	Nov 1955	Mar 1983	-
<b>Iraq</b>	Jun 1994	Aug 1986	Jun 1959	Nov 1962	Feb 1985	-
<b>Jordan</b>	May 1991	July 1992	Mar 1958	Jun 1966	April 2004	-
<b>Kuwait</b>	Oct 1991	Sep 1994	Sept 1961	Sep 1968	-	-
<b>Lebanon</b>	May 1991	Apr 1997	Jun 1977	Jun 1977	Dec 1993	-
<b>Libya</b>	Apr 1993	May 1989	Jun 1961	Jun 1961	-	-
<b>Morocco</b>	June 1993	Jun 1993	Dec 1966	May 1957	Jun 1981	-
<b>Oman</b>	Dec 1996	Feb 2006	Jul 2005	Oct 1998	-	-
<b>Qatar</b>	-	Apr 2009	Feb 2007	Mar 1998	-	-
<b>Saudi Arabia</b>	Jan 1996	Sep 2000	Jun 1978	Jun 1978	-	-
<b>Sudan</b>	Aug 1990	-	Oct 1970	Jun 1957	-	-
<b>Syria</b>	Jul 1993	Mar 2003	Oct 1958	Jul 1960	-	-
<b>Tunisia</b>	Jan 1992	Sep 1985	Jan 1959	Dec 1962	-	-
<b>UAE</b>	Jan 1997	Oct 2004	Dec 2000	May 1982	-	-
<b>Yemen</b>	May 1991	May 1984	Apr 1969	Apr 1969	-	-

\* Signed but not ratified. (a) Accession

Source: UNTC Chapter IV Human Rights on Line at: <http://treaties.un.org/Pages/Treaties.aspx?id=4&subid=A&lang=en>

Table 13 shows that only four countries belonging to the GCC, namely Oman, Qatar, Saudi Arabia and UAE, have signed four or less major international human rights conventions. Kuwait and Bahrain are the only GCC countries that have ratified all major human rights conventions, except for the ICPRMW. On the other hand, Algeria, Egypt, Morocco, and Syria, which are mainly labour-sending countries, in addition to Libya, are the only countries in the region to ratify this convention.

The system of sponsorship (*kafala*) in the GCC countries which requires that all labour migrants have a sponsor that holds citizenship of the state in question, is under much international scrutiny. In GCC countries (except Bahrain, and more recently, Kuwait with some restrictions), this law stipulates that no business can operate without a citizen shareholder (the *kafil*). Through this system, the migrant is granted a temporary work permit, which is renewable for an unlimited number of times, but with very limited chances of obtaining permanent residency even if the migrant has worked in the country for many years (Ruhs, 2009). Integration policies are mostly absent, since all migrant workers are temporary according to the law (Ruhs, 2009; Fargues 2006). Moreover rights to access public services and welfare are mostly given only to citizens and not extended to migrants (Ruhs, 2009: 20). Studies have also shown that the *kafala* system “has in itself become an opportunity for nationals to make easy money out of trading foreign labour and sponsorship [...] Needless to say, it has encouraged the economic non-productivity of the indigenous population and increased the class gap between nationals and expatriates” (Sabban, GENPROM Working Paper No.10 Series on Women and Migration, p.36). In general the establishment of trade unions for any type of workers, whether nationals or non-nationals regardless of skills level are not allowed Labour migrant rights are sometimes believed to be a security sensitive issue, and therefore, there is no internal advocacy organization to promote labour migrant rights (Sabban, GENPROM Working Paper No. 10, p. 46). Last but not least, the wages of migrant citizens are often not as high as those of the local citizens (Ruhs, 2009: 21).

Despite of all these important limitations, reform and some good practices concerning labour migrant rights have been implemented throughout the past decade. For example, Bahrain signed

the CEDAW in 2002, the ICCPR in 2006 and the ICESCR in 2007 (see Table 13). The government did not object to the First Human Rights Report in 2003, which addressed the problem of foreign worker exploitation, especially for domestic workers. During the same year, the government conducted a national campaign to assist all workers who have been abused during their domestic work, and a rights and duties manual for all migrant workers (Esim and Smith, 2004: 23). In May 2009, Bahrain's labour minister decided to transfer the responsibility of sponsoring the visas of migrant workers from *kafils* to the LMRA (HRW, 2009). This step is expected to decrease the dependence of foreign contractual workers on their *kafils* and facilitate access to different jobs in the market. Effective August 2009, foreign employees are able to move from an employer to another without the consent of the first employer (Al Jazeera, 2009).

**Text Box 11: The experience of Bahrain in managing labour migration**

In May 2006, King Hamad bin Issa al-Khalifa of Bahrain, issued a law for the establishment of the Labour Market Regulatory Authority (LMRA). Herewith, the LMRA took over all the responsibilities to regulate the labour market in Bahrain. The LMRA under this law became the sole arbiter for issuing work visas, regulating and controlling the licenses of manpower, recruiting agency, employment offices and business practices of expatriates. Since its establishment, it replaced the *Kafala* system of sponsorship. The main mandate of the LMRA is to provide job opportunities for Bahraini citizens, and to find solutions for unemployment in the country. Thus, according to the law, the LMRA is at the center of implementing labour market reform programmes in the kingdom.

The LMRA is a government body, which has a corporate identity, with financial and administrative independence, under a board of directors, whose chair is the Minister of Labour. In this context, there are four main issues, which the LMRA is concerned with:

- To process all applications and collect all fees related to permits and licenses issued under the law;
- To issue visas, resident permits and ID cards to enter the kingdom;
- To carry out the necessary medical tests and other investigations for employers and expatriate worker in coordination with the concerned bodies; and
- To perform labour market research and to design policies to be enforced and put in place in order to restructure the market, thus giving the LMRA the powers to carry out its mandate accordingly.

By the end of 2008, the LMRA received request for almost 80,000 work permits, and issued almost 48,000. Most work permits were issued in the construction sector, which accounted for 28.6 per cent of the total permits.

Concerning the renewal of work permits, during the same year, the LMRA received almost 45,000 requests, and issued almost 41,000 renewal permits. The construction sector also accounted for the highest per centage of work permit renewal at 26.7 per cent.

Source: LMRA website, <http://www.lmra.bh> 2009; Bahrain Competitiveness Report 2007/2008,

<http://www.bahraincc.org/>.

In Jordan, amongst other things, the Ministry of Labour agreed to participate in the Empowering Women Migrant Workers in Asia Program in cooperation with the United Nations Development Fund for Women (UNIFEM) in 2001 (ILO, International Migration Programme). This initiative “promotes the protection of and respect for migrant domestic workers’ rights. It makes illegal to retain workers’ passports and restricting their correspondence, as well as employing the worker outside the employer’s home. Additionally, it requires the employer to provide the employee with a roundtrip ticket to/from Jordan and adequate accommodation, food, and medical assistance; acquire the necessary work and residence permits; and pay the agreed upon salary” (ILO, International Migration Programme).

In Kuwait, expatriates holding university degrees (especially doctors, engineers, architects, lawyers, nurses and accountants) may soon be allowed to sponsor themselves in Kuwait, according to statements by officials of the Ministry of Social Affairs and Labour. The self-sponsorship decision could also be extended to cover professionals who can prove their competencies in their field, including carpenters and hairdressers. Foreigners who will benefit from the new measure should have spent a specific number of years in Kuwait and should have no criminal record. Kuwaiti officials are also looking into the option of establishing a state company that would be tasked with hiring expatriates and bringing them into the country's labour market. The company would be in charge of the expatriates who will have the right to switch jobs without the consent of their employers (Gulf News, 2009).

In Saudi Arabia 2004, the Shura Council approved the creation of the Saudi Human Rights Commission and the National Human Rights Association. The first addresses and examines human rights violations of foreign workers for example (Baldwin-Edwards, 2005; Pakkiasamy, 2003). The Ministry of Labour established a department whose job is to protect labour migrants from abusive employers, and has conducted actions against 30 Saudi nationals for mistreating their domestic servants (Baldwin-Edwards, 2005 In 2009, the Shura Council passed a bill for the protection of domestic workers in the country which was still to be approved by the Cabinet as of late 2009 (Human Rights Watch, 2009).

**Text Box 12: Engaging government authorities, sending countries and civil society to improve labour migration management in Kuwait**

Like other GCC countries, Kuwait has long been a destination for overseas temporary contract workers, who currently represent more than 60 per cent of its population and approximately 80 per cent of its labour force. Most of the overseas contract workers originate from Arab countries (Egypt, Lebanon and Syria) and South and East Asia. An estimated 300,000 domestic workers, predominantly women from Bangladesh, Sri Lanka, India, Indonesia and the Philippines, work in Kuwait.

In order to enhance the economic and social benefits of migration for both Kuwait and sending countries, the Government of Kuwait (GoK) and Kuwaiti civil society organizations, including the Trade Union Federation and various human rights organizations, have joined efforts to support the Kuwaiti Government to better identify and address issues related to human mobility.

Within this framework, the Ministry of Interior of Kuwait has proposed a new initiative to replace the current sponsorship (*Kafeel*) system by establishing a new government authority to handle all issues pertaining to domestic labour. The Ministry of Social Affairs and Labour (MoSAL) and embassies from sending countries are supporting this plan and they have expressed their willingness to support the implementation of this initiative.

The MoSAL has also taken several steps to improve the situation of labour migrants in the country, for instance, by introducing new regulations in the current *Kafeel* system, such as the right of a migrant worker to work with a new sponsor without the approval of his old sponsor, three years after the expiration of his contract.

The Ministry of Awqaf and Islamic Affairs (MAIA) has submitted a proposal to the cabinet for the establishment of a national centre for training domestic workers. The proposal, prepared by the MAIA's cultural affairs department in close coordination with other ministries, highlights the importance of acknowledging the rights of expatriate domestic workers. The Ministry said that 500,000 domestic workers would benefit from the centre.

Finally, within the framework of the Abu Dhabi Dialogue and with the support of the British Embassy and the UN Country Team, IOM Kuwait hosted a workshop on “*Enhancing Management of Temporary Foreign Labour in Kuwait: An Orientation Course for Government and Civil Society Representatives*”, which aimed to increase the knowledge of relevant government and civil society representatives on the foundations of migration management, with a specific focus on the authority and responsibilities of states, as well as the rights and obligations of mobile populations. The workshop also aimed to provide a basis for enhanced cooperation and dialogue between GoK, civil society organizations, trade unions, representatives from the private sector, and diplomatic representation from sending countries. This workshop can be considered as one of the best practices in labour migration in the GCC region, as all relevant stakeholders in Kuwait discussed the gaps and identified potential solutions and reforms to the current labour migration regime in the country.

Source: IOM Kuwait, 2009.

Issues pertaining to migration and human rights were the subject of the Third Arab-European National Human Rights Institutes' (NHRI) Dialogue on Migration and Human Rights held in Rabat in May 2008. The participants to the meeting issued the “Rabat Declaration on Migration and

Human Rights” calling for positive steps to be taken to better harmonize national legislation and migrants rights, considering the realities on the ground as well as the lack of ratification and implementation of international human rights’ standards such as the ICRMW. In particular, the declaration urges states that have not yet done so to ratify all international UN human rights and relevant ILO conventions, and encouraged NHRI’s to play a role in the development of national legislation aiming to protect the rights of migrants. With respect to labour migration, the declaration invites NHRI’s to “draft national plans of action in partnership with relevant stakeholders across all sectors (public, private, civil society, media, academia, local UN missions and local international donors including the EU)” to map factors affecting labour migration, promote migrant workers’ rights and advocate for and create change in national measures to protect migrant workers’ rights (The Third Arab-European NHRIs’ Dialogue on Migration and Human Rights, 2008).

Recently, we have witnessed a series of positive steps to reform the sponsorship system and to enhance the rights of migrant workers in the region, especially domestic workers. The following section will look at Lebanon as an interesting case of an Arab country where international human rights norms concerning migrant workers are at odds with policies which aim to maintain the demographic and social status quo. The following section will examine the evolution of the Lebanese migration management framework in light of these concerns and the needs of Lebanese society and labour market.

#### **6.4 Migrant workers in Lebanon**

Before the 1975-1990 war, the majority of unskilled and domestic workers in the country were Lebanese or Palestinian-Lebanese. Most of the domestic workers were Lebanese women from rural areas recruited by wealthy families, mostly living in cities (Jureidini, 2001). During Lebanon’s economic boom in the 1960s, wealthy Lebanese families recruited full-time migrant workers, mainly young Egyptian females. Thus, “live-in” workers were either Lebanese or Egyptian. With the outbreak of the strife in 1975, the influx of Arab migrant workers into Lebanon was halted since the country was engulfed in armed conflict. It is reported that only a few mercenaries from Africa had illegally entered Lebanon and joined local militia in return for attractive salaries. These mercenaries cannot be considered migrant workers in legal definitions, but were seen as part of war-related smuggling.

### **Text Box 13: The Abu Dhabi Dialogue and its follow- up activities**

On 21-22 January 2008, twenty Asian governments met in Abu Dhabi to participate in a “Ministerial Consultation on Overseas Employment and Contractual Labor for Countries of Origin and Destination in Asia.” The intensive two days of negotiation culminated in the unanimous adoption of the Abu Dhabi Declaration, which calls for a collaborative approach to better manage temporary labour mobility and maximize its benefits for foreign workers and the development of both countries of origin and destination. It was agreed that the temporary contractual employment cycle requires the establishment of a holistic approach that: protects workers from all forms of exploitation; guarantees fair and safe working conditions and the ability of workers to seek redress of legitimate grievances; prepares workers for their return to their home country after they fulfill the terms of their contract; and helps workers reintegrate successfully in their home communities.

As a follow-up to the Abu Dhabi Declaration, in 2008, the Governments of India, the Philippines, and the United Arab Emirates launched a pilot project to test and identify best practices in the administration of the temporary contractual employment cycle. The specific goals of the pilot project are to introduce policies and procedures that improve:

- the recruitment and pre-deployment of temporary contractual workers;
- the working and living conditions of the workers in their country of destination;
- the preparation of temporary contractual workers as they plan to return home after fulfilling the terms of their contract;
- the economic and social reintegration of returning workers in their home community.

The pilot project works with a selected group of Filipino and Indian workers employed in the construction, health and hospitality sectors in the UAE. The partners envisage that the lessons learned from the pilot project would form the basis for the development of a comprehensive regional multilateral framework for the larger group of Asian countries of origin and destination that participated in the Abu Dhabi Declaration. The advisory committee of the pilot project is comprised of the International Labour Organization (ILO), the Arab Labour Organization (ALO), and the International Organization for Migration (IOM) to bring their expertise on temporary contractual labour mobility. A commission of international experts has also been convened to assist with the formulation of a comprehensive regional framework based on lessons learned from the pilot project.

In the project, creative experimentation will be tested to significantly improve the working and living conditions of temporary contractual workers and facilitate development in the origin and destination countries. Identifying necessary reforms will allow the Commission of Experts to present a draft of a new multilateral framework for temporary labour mobility contractual workers that can obtain the support of governments and relevant public and civil society stakeholders of the Abu Dhabi Dialogue.

Source: IOM Cairo, 2009; GFMD brochure, 2008.

During the war, the need for paramedical personnel was essential. Many skilled migrant workers, mainly nurses from the Philippines, were recruited during the early 1980s to work in hospitals. During that period, little attention was given to analyse the legal framework and possible violations of the human rights of these workers. In the mid-1980s, the kidnapping of foreigners in Lebanon by militant groups discouraged migrant workers from seeking employment in Lebanon. After the official end of the war in the early 1990s and in light of the advent of ambitious projects for the reconstruction of Lebanon, an observable change in the social structure

of the country was marked with increasing numbers of married Lebanese women seeking employment to support their families. As a result, female migrant workers were recruited to help these Lebanese working women in household affairs.

At the same time, Lebanon experienced an influx of Syrian and Egyptian migrant workers, particularly in booming construction areas in Beirut and Mount Lebanon. These Syrian migrant workers occupied non-skilled jobs in construction and in seasonal agriculture and mostly worked as freelance day labourers. As for unskilled Egyptians, they opted for full-time jobs as concierges, or in gas stations and bakeries. Semi-skilled Egyptians became involved in construction, painting, tiling and sanitation as freelancers. In terms of work permit status, Lebanese labour law applies, partly to Egyptian workers but not to Syrians due to political reasons, geographic proximity and agreements between Lebanon and Syria which accent brotherhood relationships and economic cooperation.

Nowadays there are four main categories of migrant workers in Lebanon. The first category, which includes mostly workers from Sri Lanka, the Philippines, India, Ethiopia and West African countries, are employed as domestic workers in households. The majority of these migrant workers are females. A second category involves those who work in private holdings and private business such as workers in gas stations, janitors, concierges, cleaners, or sanitary workers. The majority of workers in this category are males from Egypt, Syria, and Sudan. A third category involves jobs in construction, farming, road construction, peddling, and shoe polishing as well as car repair and maintenance. It is in such jobs that the Syrians are most numerous. A fourth category includes white-collar jobs, whether in private businesses, banking, the media, and other services. The majority of workers in this category come from Western Europe, though some Arabs and other foreign nationals are also employed.

### **6.5 The Lebanese labour law**

The Lebanese labour law pertaining to migrant workers provides preliminary legislative regulations that are implemented through the Ministry of Labour (MoL) and the General Security (GS). These regulations specify the type of work available for migrant workers, procedures for employment and regulatory procedures for agencies that recruit migrant workers.



Based on legislative decree 14323 dated 19 April 2005, the law of 10 July 1962 regulating entrance to and exit from Lebanon, and legislative decree 17561 dated 19 September 1964 and its amendments, particularly articles 8 and 9 that deal with organization of the work of what the law terms as “foreigners”, the right of access to specific occupations is exclusively limited to the Lebanese except in cases when there are no Lebanese available to take these jobs. Those who are granted access to such jobs where there are no Lebanese available to take them are those who were born in Lebanon, those whose mother is Lebanese, or those who are married to Lebanese women. This group also includes Palestinians who were born in Lebanon and are officially registered at the Ministry of Interior (MoI), and workers from countries that have signed a bilateral agreement ratified by the Lebanese government, thus allowing the migrant to occupy the same job by a Lebanese in that country and vice versa. It is worth pointing out the gendered and discriminatory nature of this legislative decree with regard to women, since it limits these vocations or jobs when a man is “married to a Lebanese woman”; hence, classifying these jobs as traditionally demarcated “masculine” vocations.

The jobs that are reserved for these categories of people include electrical work, pharmacy, painting, plaster board, housekeepers, cooks, carpentry, installing aluminium, nursing, teaching at all educational ladders with exception to foreign language teaching, medical laboratories, engineering, trade, banking and finance, printing, publishing and distribution. Foreigners who wish to be employed in such positions need to obtain a work permit from the concerned legal entities, particularly in jobs where there is competition with Lebanese workers. While the classification and specification of jobs or vocations which are limited to the Lebanese are numerous (about 90 jobs), a good proportion of these jobs are often occupied by migrant workers, particularly Syrians and Egyptians, most remarkably due to the merchant mentality entrenched in Lebanese culture where Lebanese workers prefer to sub-contract migrant workers to do the job on their behalf and under their supervision. Furthermore, no reference in the legislative decree is made to limiting jobs as domestic workers to Lebanese; thus opening opportunities for migrant workers to occupy such jobs which are exclusively limited to females as inferred from legislative decrees 1/5 dated 17 January 2003 and 1/70 dated 9 July 2003 which both bear the title “...concerning the organization of agencies that recruit khadimat ajnabiyat [foreign female servants]”. In order to enter Lebanon, the migrant worker, with the exception of Syrians and recently, Egyptians, should have an official sponsor.

**Table 14: Main requirements for entry of labour migrants in Lebanon**

<b>Nationality</b>	<b>Entry documents</b>	<b>Work and residence permit</b>
Syrians	National ID – No visa required	Required but often not applied.
Other Arabs	Require a passport. Various visa regimes apply to GCC nationals, Jordanians, Palestinians and Egyptians according to the profession and purpose of the visit.	Varies. Work permits apply to most nationalities, including Palestinians. Residence permits apply to all nationalities. Costs vary between USD 200 and USD 1,500 according to skill level.
Non-Arab (Asian or African)	Entry visa arranged through sponsor (USD 35)	Both required (USD 200-1500).

Source: General Security of Lebanon, 2009.

Contracts are differentially applied to migrant workers depending on their nationality. For Syrians and most Egyptians, employers do not usually resort to written contracts mainly because most workers are employed in the informal sector. For the rest of migrant workers, there are two types of contracts: either a contract is signed by both parties then the work and residency permits are applied for, or if the employee does not use a standard contract provided by his/her embassy, he/she signs a contract written in Arabic as prepared by a public notary (Jureidini, 2002). The contract is brief and stipulates the duration of the contract itself, salary and mode of payment. The rights and duties of the migrant worker and the employer are not usually stipulated. The duration of the contract varies between one to three years. By the end of the contract, the employer provides the migrant worker with an air ticket to his/her home country.

In February 2009, the Ministry of Labour published a unified contract to be used by all employment agencies hiring domestic workers locally or overseas. The new unified contract is technically operable right now. In this new contract which is published in Arabic in the Ministry of Labour website, the term *Khadimat* (servants) is replaced by “female workers in the domestic service”, with no reference to male workers. Among other things, the worker is granted 24 hours of rest per week. However, the conditions for using these 24 hours are to be negotiated by both the employer and the worker (Ministry of Labour, 2009). While this move has been welcomed by

many, observers have commented that restrictions on the movement of the migrant worker and withholding of the passport are not sanctioned.

**Text Box 14: The unified contract for domestic workers**

As part of an initiative led by the UN Office of the High Commissioner for Human Rights (OHCHR), the Lebanese government, the International Labour Organization and Lebanese civil society organizations, the Lebanese Ministry of Labour in 2009 launched a unified contract to protect migrant workers in Lebanon. The contract sets a number of protection standards before work permits are issued by the Ministry.

The contract, signed in Arabic and in the language of the migrant worker, emphasizes the migrant workers' right to decent living conditions and acknowledges their right to adequate food and clothing. It obliges employers to provide them with a place to sleep where their privacy is respected. Other terms of the contract include guarantees to a weekly day of rest and annual holidays and limits to ten the number of working hours per day. Employers are obliged to arrange health insurance for employees in their households. The workers themselves have the right to quit their workplace if they are abused.

The experience with the unified contract, where the government and international organizations successfully cooperated to improve human rights protection for domestic migrant workers in Lebanon, may well serve as a model for other countries in the region seeking to improve legal protection for migrant workers.

Source: UN OHCHR, 2009.

## **6.6 Findings from fieldwork**

For the purpose of this study, the authors conducted two sets of qualitative interviews. The first involved interviewing diplomats and officials from embassies of migrant workers with the exception of Syrians. The second set of interviews were conducted with migrant workers drawn from two districts in Mount Lebanon on the basis of opportunistic sampling technique, that is, interviews were conducted by convenience and access to segments of migrant workers. The interviews were conducted with 13 female migrant workers of whom six were Ethiopian nationals, two were from the Philippines, four were from different African countries, and one who did not divulge her nationality. Two males from Bangladesh were interviewed. Another interview involved three Syrians and two Egyptians. There were a total of 20 interviewees, of whom 70 per cent were non-Arabs and 30 per cent were Arabs. In terms of gender, 35 per cent were males and 65 were females. The interview items included background information such as nationality, length of employment in Lebanon, previous employment in other countries, and satisfaction with the employer in terms of workload, freedom of movement, access to health services, and freedom of

communication with their dependants in the country of origin. For female migrant workers, three interviews were carried out in homes in the presence of employers and the rest after a church mass. All males were interviewed in the workplace after taking their permission and consent from their supervisors. Interviewees were assured that their names will not be disclosed and that the information gathered will be used in a study on the conditions of migrant workers in Lebanon. While the data led to interesting findings, generalizations to wider segments of migrant workers should be made with caution given the relatively small size of our sample.

The validity of information gathered for the study was checked for consistency by comparing information drawn from different sources. Interviews with migrant workers were easy and straightforward with Syrian and Egyptian workers, but quite difficult with the rest of migrant workers due to language and communication barriers. For instance, many of the female migrant workers interviewed gave inconsistent and contradictory answers, possibly for fear of repercussions and limited trust in the interviewers' intentions. Many others opted to answer the interviewer on behalf of their friends with whom they socialize and meet occasionally on Sundays. Although the sample was small ( $n = 20$ ) and skewed since the majority of respondents were non-Arabs and mostly female, the data generated was partly used to see the extent to which their responses converged with or diverged from the broader literature on labour migration. The information obtained from embassy officials contributed to the formation of an up-to-date understanding of migrant workers' demographic characteristics and work conditions.

Frame analysis, a technique most commonly used in journalism, was used to analyse information, newspaper reports, policy papers, and website materials. According to Jamieson et al. (2002: xii), frames are "structures underlying the depictions that the public reads, hears, and watches". Frame analysis is of two types: "episodic frames" which revolve around the personalization of events and "thematic frames" through which a researcher can systematically explore an issue, and explore its place in a broader social or political context (Bennett, 2005: 213-214). In this study, phrases, facts, interviews and sources used were clustered thematically for subsequent analysis and discussion.

Interview data provided mixed reports on the situation of migrant workers in Lebanon. The majority of interviewees said they were given freedom of movement on Sundays and some of

them said they were able to attend social events (such as the birthday parties of their friends) after approval and coordination with their employers. Usually, the initiative to attend these events is primarily taken by the employer. Reportedly, domestic workers are allowed to attend religious functions (such as Christian mass) but are not encouraged to socialize for long periods, particularly with other migrant workers. One interviewee from the Philippines said that her sister who works in a nearby area is not allowed to go out without the company of her employer. She complained about not being able to call her sister, not because of her employer, but because of her sister's employer who wants to avoid distraction from work by family problems back in the Philippines. Others said that they were allowed to go shopping alone in local shops as requested by the employer. All migrant workers in the domestic service category had their passports confiscated by their employers to ensure that the employee would not run away, thus resulting in economic loss for the employer who bears the economic cost of the necessary paperwork.

One of the indications of a positive work environment for the interviewed migrant workers, particularly the single ones, was their attachment to their employer's children. At least four of the interviewees said they were attached to the children of the employer and this appeared to be a source of the employer's satisfaction with the domestic worker. The majority said they had no problems with Lebanese food and three of them said they liked it and were taught by their employer how to prepare Lebanese dishes. In terms of salary, married domestic workers reported that they received them on time and sent the money to their dependants through money transfer agents such as Western Union. Unmarried workers preferred to keep the money with their employers as a reserve, particularly when they feel that their family members (mother, father, sister, or brother) may not be using the money in a suitable way. Virtually all domestic workers interviewed did not report harassment by their employer, husband or children, but complained about overloads and unfinished work because of demanding children. Furthermore, one domestic worker said she had to work extra hours when her employer is invited to lunch or dinner since she had to help wash dishes at the host's home. The complaints received were minor compared to the magnitude of existing reports that attest to the intensity of abuse and discrimination against domestic migrant workers. This suggests that severe physical abuse may be less common than other, more pervasive forms of abuse such as limitations on movement, confiscation of passports, disregard for contract provisions and extended working hours.

## 6.7 Overall summary and recommendations

Through the analysis of the legal framework governing the rights of migrants at the regional and international level, we note that, while significant gaps still remain in protecting the rights of migrants including contractual foreign workers, Arab states are slowly moving towards aligning national provisions to international standards.

As discussed above, migrants' rights are protected *de iure* by general human rights instruments that apply to the vast majority of Arab countries such as the UDHR; the CEDAW; the ICERD; the CRC and the CAT.. Ratification of these instruments obligates Arab states to align national legislation and policies on labour mobility to international human standards in a way that grants the same level of protection to both nationals and foreigner citizens. Sponsorship systems, while not in direct contrast to international human rights standards, do generate proclivities toward a set of vulnerabilities for migrants and contractual foreign workers that Arab states ought to address. It is important to note how recent initiatives such as unified contracts for domestic workers, transfer of the sponsorship responsibility from the employer to a state agency, and self-sponsored work visas have emerged as home-grown and viable solutions to address the challenges of reforming the sponsorship systems with positive effects on migrant welfare, national security, business profitability and national economic growth.

Through the analysis of the international and regional human rights standards and their applicability to the Arab world, the following recommendations can be made:

- It is of major importance for all GCC countries to sign and ratify the major human rights conventions, for the protection of the migrant workers.
- The Arab Charter on Human Rights should be ratified by all members of the League of Arab States. In addition, the provisions pursuant to the protection of migrant workers in this charter need to be amended to be in harmony with international labour law standards.
- The majority of Arab countries have not yet ratified the ICRMW and the ILO Conventions number 97 and 143, in addition to the Arab Workers' Movement conventions number 2 for the year 1976 and number 4 for the year 1975, which set the general standards for the protection of the migrants and contractual foreign workers. However, all Arab countries are encouraged to sign and ratify these major conventions,

since the Arab region is one of the most vibrant regions in the migratory process. Besides enhancing the protection of individuals, the ratification may have far more positive effects on states: Arab sending countries of migration should ratify these conventions, to enhance the process of brain circulation within the region and to increase the benefits of remittances from their migrant population. On the other hand, Arab labour-receiving countries should ratify these conventions, since studies have shown the importance of migration for development. Therefore, when the migrant workers have decent work and living conditions, their performance will accelerate and thus they will be major catalysts in the development process of the region.

- National plans of action concerning the enhancement of labour migrants' rights should be enacted in accordance with the Rabat Declaration on Migration and Human Rights.
- Finding alternatives to the *Kafala* system, to ease the flow of labour migration in and to the Arab world, and reduce migrants' dependence on the *kafeel*. Experiences such as those of Bahrain's Labour Market Regulating Authority (LMRA) represent good practices that should be further developed to increase the ability of contractual foreign workers to access the labour market in full respect of their dignity and rights.
- Tightening the Control over the violations to the workers' rights and attempting to reduce it by relying on the present laws and regulations, and not discriminating between migrants and contractual foreign workers. In addition, offenders, whether nationals or foreigners should be persecuted according to the terms set forth by national legislation.
- As highlighted in the case study, it is noted that domestic migrant workers are more likely to be victims of rights abuses and to be denied basic rights set forth in relevant international conventions. Arab states should ensure that domestic workers are protected by the provisions of national labour laws or specific provisions in line with international standards. Measures to ensure compliance with international standards such as the use of unified contracts signed by the domestic worker and the employer, inspections and access to judicial procedures to redress contract breaches should be implemented with consistency and fairness.

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## CONCLUSION

The different chapters of this study highlight the significant, though frequently overlooked, contribution of intra-regional labour mobility to the advancement of regional integration and socio-economic development in the Arab world. Because Arab nationals enjoy a higher degree of flexibility in seeking employment in other Arab countries than non-Arab nationals, it is sometimes implied that managing intra-regional labour mobility flows requires less involvement of migration authorities than is the case with non-Arab flows. This approach often results in an underutilization of the vast potential generated by millions of Arab workers, engaged in various forms of temporary, circular and permanent labour mobility, which would in turn result in the establishment of strong networks for the exchange and circulation of social, human and financial capital in the form of migrants' remittances, skills and expertise.

As the policy dialogue on intra-regional labour mobility has been very limited in the past years, management structures have been outgrown by a phenomenon that now concerns millions of Arab citizens. A renovated, flexible labour mobility management system will allow host and destination countries to better respond to challenges such as growing young populations, high unemployment rates and widening regional development and employment differentials and to limit the emergence of irregular and unsafe migration practices.

While it is difficult to gauge the magnitude and growth of intra-regional labour mobility flows and the impact of the global financial crisis on such flows, it is clear that the Arab region will continue to be one of the main destinations of Arab migrants and contractual workers in the foreseeable future. The financial crisis will impact the migration scenario, resulting in a decline of remittance flows in 2009 and a slight increase in 2010. Despite these cyclical downturns, the phenomenon of migration between Arab countries is going to be driven in the short and medium term by a growing and educated young labour force and attempts to foster the economic and social integration of the region. The 'sponsorship system' will continue to be an issue likely to prevent receiving and sending countries in the region from achieving the full potential of labour migration flows for the benefit of migrants, sending and host societies. Several attempts to reform the system have resulted in the emergence of practices such as unified contracts for foreign workers, establishment of national labour market regulating authorities, and enhanced

bilateral and multilateral agreements. These efforts should be enhanced and replicated in the regional context to achieve greater coherence and maximize the benefit of labour mobility within the framework of the League of Arab States (LAS) and the Arab Labour Organization (ALO). The lack of concerted and systematic efforts by Arab states to involve diaspora residing in other Arab countries in national development, limited labour and student mobility for young Arabs, and the lack of marketing strategies to boost the representation of Arab migrants and contractual workers remain the most significant gaps in the current labour mobility dialogue.

The study provided specific recommendations on how to better harness the benefits of intra-regional labour mobility and the specific issues surrounding this phenomenon. It is possible to group the recommendations as follows:

#### *Frameworks for Managing Labour Mobility*

1. Creating a framework for the protection of migrants and contractual foreign workers by looking at the best regionally developed practices such as; unified contracts, centralized and government-affiliated labour market authorities, the regulation of the role of recruitment agencies and the empowerment of civil society organizations to effectively respond to the challenges of migration to and from Arab countries.
2. Aligning national legislation to ratified international instruments including main International Human Rights Conventions and the Arab Charter on Human Rights – thus ensuring that the human rights of migrant and contractual foreign workers are respected and protected.
3. Reforming sponsorship systems based on the positive experience of the Labour Market Regulating Authority (LMRA) in Bahrain. Reforms should aim at transferring the onus of the sponsorship from the employers to public or semi-public agencies.
4. While reforming the *Kafeel* system, Arab States should ensure that violation to the labour law can be addressed in a fair, non-discriminatory manner by migrants and contractual foreign workers. In addition, offenders, whether nationals or foreigners, should be dealt with according to the terms set forth by national legislation.
5. In line with the recommendations of the Human Development Report 2009, destination and origin countries should work together to liberalize and simplify regular channels that allow people with low skills to seek work abroad.

### *Labour Mobility and Development*

6. Initiating efforts to mainstream human mobility in the development of policy and processes at the country level, in line with the recommendations formulated by the Global Forum for Migration and Development and the Human Development Report 2009 to make mobility an integral part of national development strategies.
7. Enhancing the development impacts of migration through facilitating the transfer of remittances; promoting special incentives for investment by Arab expatriates in the region; encouraging the circulation of financial, human and social capital through temporary and cyclical migration schemes; and assisting the return of migrants, providing them with reintegration assistance, especially in light of the effects of the current financial crisis.
8. Mainstreaming gender considerations in labour mobility policy, especially given the masculine nature of Arab intra-regional labour mobility and its impact on the families in the country of origin.
9. Investing in the quality of formal, informal, professional and vocational education to make the Arab labour force, especially women and young people, attractive to Arab employers.

### *Cooperation and Partnership*

10. Fostering regional dialogue and cooperation between Arab countries of origin and destination as a sustainable platform for cooperation, based on the successful example of the Abu Dhabi Dialogue. Dialogue should place migration into a broader foreign and trade policy context, linking it with discussions about trade and capital flow aiming to create a suitable environment for regional cooperation and socio-economic integration and development, within the framework of the ALO and LAS.
11. Establishing bilateral and multilateral mechanisms for the mobility of Arab workers to serve the needs of both sending and receiving labour markets and which respects the rights and dignity of migrants and their families following the example of the bilateral agreement between Egypt and Jordan.