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**CURRENT ISSUES OF IMPORTANCE TO THE ESCWA REGION
(COMMISSION RESOLUTION 119(X)): IMPACT OF RETURN
MIGRATION ON SELECTED LABOUR-SENDING COUNTRIES
IN THE ESCWA REGION**

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INTRODUCTION

1. Crude oil prices rose sharply following the war of October 1973. The revenues of the Gulf oil-producing countries increased to an extent that encouraged them to draw up ambitious development plans requiring a labour force of such a kind and of such a size as was not available to them locally, so that they were obliged to rely on labour brought in from abroad. The primary source of such labour was, in the first instance, those non-oil-producing countries of the region^{1/} which had a high population density and whose unfavourable economic situation was such that they had a surplus of manpower. Despite the negative concomitants and consequences of the enormous migration that took place, unplanned and unregulated as it was, it was met with satisfaction and approval by all the parties concerned.

2. The "oil boom", however, soon came to an end owing to the strategy adopted by the oil-consuming countries with the aim of lowering oil prices and weakening the OPEC countries. This they accomplished by the following means:

(a) Increasing the oil supply by prospecting in areas outside OPEC control;

(b) Reducing demand by rationalizing consumption and finding substitutes for use in the generation of power;

(c) Building up stocks in order to avert shortages and strengthen their negotiating position vis-a-vis producer countries;

(d) Recycling the petro-dollars paid for imported oil by encouraging importation and at the same time raising the prices of their exports; and by encouraging the oil-producing countries to deposit the surpluses accruing from oil exports in banks or to invest them in stocks and enterprises in their own countries.

3. At the beginning of the 1980s oil prices began in fact to drop, and they deteriorated seriously in the first months of 1986. The oil-producing countries were forced, as a result of their falling revenues and the drop in the real value of their cash deposits in the industrialized countries owing to inflation, to curtail current expenditures and to suspend, postpone or cancel many projects. The laying off of large numbers of expatriate workers began to sound a warning. The dispositions made by some of the labour-exporting countries do not, however, reflect a full appreciation of the magnitude of the problem and the seriousness of the impact it might have on them. The Economic and Social Commission for Western Asia (ESCWA) was thus prompted to undertake a study in order to call attention to the problem and its gravity and to the need for all countries to co-operate, as of now, in tackling it, and in order to present recommendations and proposals that might help reduce its negative aspects and accentuate the positive.

^{1/} Migrant Arab labour subsequently encountered stiff competition from Asian labour.

4. The study encountered a number of difficulties and obstacles, basically centered on the paucity and incompatibility of available data on migrating or returning workers and the shortage of field studies of their situation and behavioural patterns, whether in country of migration or country of origin. This sometimes made it impossible to gauge with any degree of accuracy the anticipated consequences of return migration without, however, precluding a determination of their nature, the course they might take and the pressures to which they might give rise. The Commission's goal, that of revealing the gravity of the problem and demonstrating the need for collective action, as of now, to address it, can thus still be achieved. The full study, of which the present document is a summary, will be available to participants in the Commission's fourteenth session in Arabic only.

I. CHARACTERISTICS AND CONSEQUENCES OF MIGRATORY MOVEMENT IN THE REGION

5. While migration is no new phenomenon in the region, migratory movement from non-oil-producing to oil-producing countries has had a number of characteristics which, when taken as a whole, distinguish it from previous migrations. They can be summarized as follows:

(a) It is of a temporary nature and is undertaken with the aim of improving income and accumulating savings in the countries of migration so that migrants can achieve the standards of living to which they aspire when they return to their home countries, as the overwhelming majority of migrants do after a longer or shorter period of residence abroad;

(b) It is of an individual nature and is undertaken by the decision of individuals seeking their personal interest, without planning, regulation or any effective involvement on the part of the governments of the sending countries;

(c) It is of a global nature, extending to all occupational groups and all economic activities and affecting both town and countryside in the labour-exporting countries.

6. Such migration has had both positive and negative consequences depending, to a great extent, on the economic, social, political and historical situation of sending and receiving countries and on the nature, values and behavioural patterns of the individuals concerned. The most significant of these consequences are set out below.

A. Positive consequences

1. For individuals

7. Some of the positive consequences for individuals are as follows:

(a) A higher income and standard of living for them and/or their dependents; this is implied in the fact that they migrated by choice and not forcibly or under compulsion (the latter cases being outside the scope of the study);

(b) Increased cultural awareness, as a result of contact with, and the experience of living in, societies different from the society of origin;

(c) Increased vocational and technical expertise, either through continued pursuit of a specialization or trade in a new environment and under new circumstances which help to upgrade skills and qualifications or through the acquisition and pursuit of new occupations or trades, thereby leading to a horizontal expansion of know-how and expertise.

2. For countries of emmigration

8. Among the most significant positive consequences of migration for the labour-sending countries are:

(a) More efficient use of total manpower. Taking wages as a measure of the value of labour, there is clearly an increase in the productivity of the total labour force, especially since some of the migrants were originally unemployed or only partially employed. There is also, of course, the increased vocational and technical expertise that migrants might acquire;

(b) Enhanced national income and a higher standard of living. This is a natural corollary of the previously mentioned consequence and, in turn, it permits increased rates of consumption, savings, investment, employment, etc., all of which have positive repercussions on their overall economies;

(c) Reduction in the balance of payments deficit (or an increased surplus), owing to remittances from migrants or transfers in kind;

(d) Relief of the pressures on State resources and utilities, in the case where the number of migrants is large enough to constitute an appreciable percentage of the population, particularly the urban population;

(e) A halt to population increase. This is possible owing to the selective nature of migration inasmuch as it chiefly involves young males. Where there are long periods of absence, this can lead to a reduction in birth rates in the population as a whole;

(f) Increased social freedom, particularly as regards the role of women in society and the independence of young persons.

3. For the countries of immigration

9. The major positive consequence of migration for host countries is that it provides, either on demand or within a short period of time, the manpower unavailable in local labour markets which is necessary in terms of both quantity and quality for the implementation of their development plans.

4. For the region as a whole

10. For the region as a whole, the positive consequences of migration include:

(a) Increased opportunity for economic integration and more effective use of the factors of production available;

(b) Increased opportunity for social and cultural understanding and rapprochement among the peoples concerned.

B. Negative consequences

1. For individuals

11. Among the most significant negative consequences of migration for individuals are:

(a) The material and psychological cost to migrants preparing for migration and while away from home;

(b) The weakening of family ties and the possibility of family breakup and juvenile delinquency.

2. For countries of emmigration

12. For the labour-sending countries, the major negative consequences of migration are:

(a) The creation of an imbalance in manpower structures as a result of the migration of active elements and those of above average skill engaged in occupations and specializations which are relatively rare and for which local demand is also increasing, giving rise to bottlenecks, a shortfall in production and defects in production structures;

(b) A rise in rates and a change in patterns of consumption, thereby leading to an increase in the import component with a consequent negative impact on the balance of payments, savings and investment rates, rates of development, price levels, etc.

(c) Increased inflation, since remittances from migrants increase purchasing power in local markets without there being a corresponding increase in local production. Increased imports, partially financed by remittances, do not solve the problem since they bring with them the effects of world inflation, which also raises the price of local goods;

(d) Speculation in real estate and land, since the desire of migrants to own landed property for their personal use and their ignorance of other means of investing their savings have led to increased demand and an uncontrolled rise in prices that has had a pernicious effect on some of the economies in question;

(e) The danger of social fragmentation as a result of glaring differences in incomes and standards of living within the same social class between those of its members who migrate and those who do not, giving rise to conflicts in personal relationships, the deterioration of values, a loss of the sense of belonging, etc.

3. For countries of immigration

13. Major negative consequences for the host countries are:

(a) Increased burdens on State administration, security and stability as a result of the multiplicity of nationalities among expatriates and the possibility of conflicts of interest among national groups and between them and the local people;

(b) The risk of altering the population structure of the country, and thus its national identity, whenever expatriate workers represent a high percentage of the total population.

4. For the region as a whole

14. A major negative consequence for the region as a whole is that discrimination in the treatment of citizens and expatriates (which is usually justified) and competition and conflicts of interest among expatriates of different nationalities may give rise to antagonism, stir up feelings and sentiments and lead to the establishment of multiple allegiances which are not in the present or future interest of the region.

15. Despite its negative aspects, it was not possible to ignore the positive aspects of migration and the important role it plays in the destiny of each labour-sending and receiving country and in the future of the migrants. The balance thus tilted in favour of those calling for migration to be encouraged and, at the end of the 1970s and in the early 1980s, efforts came to be focused on regulating the process and co-ordinating the attempts made to alleviate the negative aspects and accentuate the positive.

16. The dispute surrounding the negative and positive aspects of migration was, however, settled in favour of the latter only recently. By the beginning of the 1980s, when governments and official bodies began to intervene to regulate and co-ordinate the migration process and to derive optimum advantage from it, the demand for expatriate labour in the oil-producing countries had already begun to fall and increasing numbers of migrants were laid off. The major reasons for this can be summed up as follows:

(a) A fall in demand for petroleum, leading to a sharp drop in prices and revenues as reflected in a reduction in public expenditure (current investment) in the oil-producing countries, with a consequent negative impact on economic activity, both public and private. The demand for labour contracted, beginning with expatriate labour, and some workers were laid off and the wages and incentives of others reduced;

(b) A change in the structure of the demand for labour in the labour-importing countries. The completion by those countries of infrastructure projects and large-scale development projects meant that they were moving on from the phase of construction and building, requiring abundant and largely unskilled manpower, to one of management and production requiring numerically less but more highly skilled and qualified manpower. This was particularly so since the production methods adopted by them rely on up-to-date and advanced technologies;

(c) Increased reliance by the labour-importing countries on their own labour force to meet their needs following the great progress made by them in developing educational and training services;

(d) Increased competitiveness of workers of other nationalities, especially Asian workers. This was because of their low cost; because their movement was organized in a planned and methodical manner and often on a mass basis, thereby facilitating control and direction; because they resided together in isolated camps so that contact and friction with the local population could be prevented; and, at the same time, because they shared with the other non-Arab nationalities the fact that they had the new skills towards which demand was changing and which were not over-abundant, if they existed at all, in the Arab labour-exporting countries.

17. The fall in cash wages and real wages in the labour-importing countries, the rise in wages for those occupations and specializations in which there were shortages in the labour-exporting countries, and the difficulties sometimes encountered in transferring savings from one to the other all had the effect of reducing, in absolute terms or in comparison with their expectations, the profit accruing to migrants from their absence from home. Some were thus prompted to decide by themselves to return home. Such voluntary action, although sometimes of limited effect, combined with the decision to lay off workers to increase the volume of return migration from the oil-producing countries. Despite the growth of return migration in recent years, the fact that it is expected to continue for some time in the future and the significant consequences that it is expected to have (both negative and positive), particularly on the countries of origin, there has been a notable lack of preparation on the part of the countries concerned to deal with the phenomenon and its possible impact. This is because of the false sense of security prevailing among officials that, for one reason or another, it will not adversely affect their own nationals. It is this that prompted ESCWA, having noted the previously remarked dilatoriness of the countries of the region to come to terms with migration while it is in progress, to undertake the study here summarized in order to define the new phenomenon and assess its magnitude and to call attention to the importance of joint action as of now, at the country, regional and international levels, to avert or alleviate the negative impact it might have and to maximize the benefit to be derived from its positive aspects.

II. RETURN MIGRATION AND ITS IMPACT ON LABOUR-EXPORTING COUNTRIES

17. The consequences and concomitants of return migration and their magnitude and significance depend on numerous factors. Perhaps the most important of these are:

(a) The number and characteristics of returning workers. The number of returnees, the proportion they represent of the total population of the country of origin, the categories into which they fall and the relation of each such category to those that go to make up national manpower and to the job opportunities available to each are among the factors that determine the magnitude and significance of the impact of return migration on the labour market, final demand, wage and price levels, savings and interest rates, national income, etc.;

(b) The rate at which return migration takes place. The longer the period over which return migration extends and the more returnees arrive in relatively small batches over a prolonged period of time, the greater the opportunity for the necessary steps to be taken to absorb them without adverse reactions;

(c) The prevailing economic and social conditions in the home country. The better such conditions are, the greater the number of available job opportunities and the more social mobility there is, the easier it is to absorb returning workers without provoking problems or crises.

19. The impact of return migration is, in fact, the sum total of the consequences of the the return of individuals and their families and of the discontinuation of their previous incomes and thus of their remittances. There follows a rapid review of the anticipated impact of return migration in some of those areas where positive and negative consequences might be in contention.

A. Labour market and wage levels

20. Returning workers and the various skill categories that they represent can eliminate the shortages that have become widespread in the labour markets of all the countries that have previously been labour-exporting countries. Return migration will lead to an increase in production and an improvement in production structures and to a stabilization, and perhaps a lowering, of wages, with the consequent stabilization or lowering of production costs, increased competitiveness in exports, improvement in the balance of payments, etc. If, however, returning workers are not in sought-after occupations or specializations in short supply, which is to be expected in the first stages when they will chiefly be in the unskilled categories most easily dispensed with, then the above-mentioned positive aspects will not materialize but will rather become negative factors weighing heavily on the country and its citizens. Unemployment will spread, structures of production will become more defective, wages for the occupations and specializations in short supply will continue to rise (although the general level of wages will tend to fall over

III. COUNTRY CASE STUDIES

30. The study attempts to estimate the number of those expected to return and to gauge the impact of that return on four of the most important labour-exporting countries of the region, namely Democratic Yemen, Egypt, Jordan and Yemen.

31. Alternative estimates were made of the number of workers expected to return to each country in the short term (two years) and in the medium term (five years). The number of those returning from the oil-producing countries of the Gulf was first estimated, since they are the common and primary employers of expatriate labour from each of the four countries. To the estimates for each labour-exporting country were then added estimates of return migration from countries outside the Gulf, as the case required. The estimates of return migration from the Gulf countries were chiefly derived from:

(a) The distribution of expatriate labour in the labour-importing countries in 1985, by nationality, economic sector and occupation;

(b) The figures for the total reduction in expatriate labour as published by some of the Gulf countries or as estimated by the study, and its sectoral distribution on the basis of projected rates of growth in the economic sectors and the possibility of national labour replacing foreign labour;

(c) The establishment of alternative scenarios for the distribution of the estimated reduction in expatriate labour in each sector and for each country by nationality, by:

(i) Estimating upper and lower limits for the number of workers of each nationality laid off;

(ii) Assuming that the distribution of the reduction will be in accordance with the relative distribution of nationalities within each particular sector as weighted by a skill factor on the basis of the occupational distribution of particular workers.

32. Because of the difficulties pointed out in the introduction above, it was necessary to assume for the purposes of the study that the present and anticipated situation of the Saudi economy is analogous to that of the economies of the other oil-producing Gulf countries.

33. Total expatriate labour in the oil-producing Gulf countries in 1985 is estimated at more than 3.7 million (study, table 1), 67 per cent of which is in Saudi Arabia alone. Saudi Arabia, Kuwait and the United Arab Emirates together account for more than 90 per cent. The percentage of migrant labour from each of the four countries under consideration does not fall below those figures and, in absolute terms, is more than one half of total expatriate labour in the Gulf States. Workers from Yemen alone account for more than one fifth of the total, but they are largely concentrated in Saudi Arabia.

Egyptian workers, while representing approximately the same proportion of expatriate workers, are, by contrast, dispersed throughout the various countries of the region.

34. As the study shows (study, tables 2 and 6), expatriate workers are heavily concentrated in a limited number of economic sectors. About 60 per cent work in two sectors: building and construction; and social and personal services. When the trade sector is added, the figure rises to 75 per cent.

35. In the light of the projected reduction in expatriate labour in Saudi Arabia and of the extent to which this can be achieved as estimated in the study, and taking account of the fact that cutting back will become more difficult the more expatriate labour is reduced, the overall reduction was estimated at 40 per cent for the period 1986 to 1990 and at 20 per cent for the period 1986 to 1987. The reduction affecting each of the economic sectors in which expatriate labour is employed was also estimated (study, table 7). These rates were then applied to the total number of expatriate workers estimated to be present in each of the Gulf countries in order to arrive at the number expected to return from each country within the two timeframes (study, tables 8 and 9).

36. By comparing the latter estimates with the number of expatriate workers of the various nationalities (those from Democratic Yemen, Egypt, Jordan, Yemen, and other countries) in each of the Gulf countries, the attempt was made to establish the upper and lower limits of return migration of each nationality from each host country over the periods in question, broken down by economic sector. This was done on the assumption that the nationality of expatriate workers is the only factor determining who is to be laid off and return to his home country (the assumption that underlies the false sense of security displayed by the officials of certain labour-exporting countries, as previously mentioned), those being laid off in any particular sector belonging to one specific nationality and no workers of other nationalities being laid off until all workers of the first nationality have been returned to their home country. The upper limit for the number of returning workers of a particular nationality is established by assuming that that nationality heads the list of those returning from a specific Gulf country, and the lower limit by assuming that that nationality is at the bottom of the list. The attempt shows that, in the short term (1986-1987), with a few limited exceptions that will be eliminated in the medium term (1986-1990), it is possible for almost all the migrant workers from any of the four countries to return if that country should head the list of returning nationalities and for none whatever to return if it should come at the end.

37. Since the practical usefulness of these results is extremely limited, it was deemed necessary to devise an alternative way of estimating the number of expatriate workers from each of the four countries expected to return from each of the Gulf countries in the short and medium term, broken down by economic sector of employment before returning. Naturally, thought was given to a breakdown of the reduction in expatriate labour in each sector in each of the labour-importing countries on the basis of the proportionate share of each nationality in the total expatriate labour employed in each sector. That would, however, have meant ignoring all other factors. Since occupational

distribution and level of skill are among the factors governing the decision as to who should be laid off, the labour-importing countries retaining the services of those in occupations and specializations requiring advanced qualifications as long as possible, the number of workers returning from each sector was broken down on the basis of the relative distribution of nationalities within a sector as weighted by factors allowing for the proportion of unskilled occupations in the structure of expatriate labour of each nationality.³ The latter figures were derived from the structure of expatriate labour in Saudi Arabia in the base year. Their application to the other Gulf countries, however, gave rise to certain disparities, such as when the number of returning workers of a particular nationality in a specific sector exceeded the number of that nationality that were ever employed in it. Such illogicalities were circumvented by transferring the excess figures for any of the four nationalities to the category "other nationalities". The results of this attempt (study, tables 10 and 17) were, when necessary, used together with estimates of returning workers from other, non-Gulf, countries to estimate the numbers and categories of workers expected to return to each of the four labour-exporting countries in the short-term period (1986-1987) and the medium-term period (1986-1990) and to assess the impact of their return.

A. Egypt

38. Seventy per cent of Egyptian workers abroad are employed in the ESCWA countries. The other 30 per cent are in countries where there is no indication that they will be laid off and returned to Egypt, except for those working in the Libyan Arab Jamahiriya. The Libyan Arab Jamahiriya is in a situation similar to that of the oil-producing Gulf States, but the unsettled political relations between that country and Egypt have made it necessary to treat it separately and to set the possible rates of return migration at higher levels, namely 50 per cent in the period 1986 to 1987 and 30 per cent in the period 1986 to 1990 (study; statistical annex, table 26). For the ESCWA countries, it was also necessary to estimate the number expected to return from two other areas apart from the Gulf, namely; those countries chiefly using expatriate labour to cope with shortages in the labour market as a result of their own workers migrating to the Gulf, such as Democratic Yemen, Jordan and Yemen; and Iraq, the largest employer of migrant Egyptian labour at present and a country where there are special circumstances affecting the return of Egyptian workers. With respect to the first category, the number of Egyptian workers returning from Jordan in the period 1986 to 1987 is estimated at 53,000 and in the period 1986 to 1990 at 105,000. About 59 per cent of such workers are employed in social and personal services, about 14 per cent in building and construction and about 13 per cent in trade (study; statistical annex, table 25). Since there are no more than 6,000 Egyptian workers in Yemen and 2,000 in Democratic Yemen, most of them employed in occupations such as teaching which will not be affected in the near future by the return of Yemeni migrants, it was deemed appropriate to overlook the small number of those who might return and therefore no estimates were made.

^{3/} In the standard occupational classification, the higher occupations and skills are those in the technical, scientific and managerial groups and others are considered unskilled labour.

39. The situation of Iraq is marked by its continuing need for increasingly large numbers of expatriate workers in order to continue its development in the circumstances created by the ongoing war with Iran, which is now in its seventh year. However, its shortage of foreign currency reserves as a result of the fall in revenues, the deterioration in world oil prices and the drop in quantities exported, and its increased expenditure in order to meet its defence, consumption and development needs forced it, in March 1986, to issue a decree reducing the maximum amount that expatriate workers in the private sector could transfer abroad from 58 to 40 dinars a month for those enrolled in the social security system and from 58 to 25 dinars for those who were not. The decision created among Egyptians working in Iraq, more than 90 per cent of whom worked in the private sector and only 15 per cent of whom benefited from the social security system, a feeling that it would be pointless to prolong their stay in the country, although the possibility of remaining and working was still open. Large numbers began to return home, contrary to what had been hoped and expected when the decree was issued. In view of the special character of this return migration and of the motives which lie behind it, it is assumed that it will be completed during the period 1986 to 1987 (study; statistical annex, table 28).

40. Table 1 below shows that an estimated 800,000 Egyptian workers will return by 1990. More than 75 per cent of that number, however, or 600,000 workers, will return in the period 1986 to 1987. This high figure is due to the fact that more than half of the returning workers, about 408,000 of them, will be returning from Iraq, and it is this movement that is expected to be completed in the period 1986 to 1987. It is to be noted that more than 90 per cent of returning workers are employed in only four economic sectors, namely, in order of importance: construction and building; social and personal services; trade; and manufacturing industries. The size and structure of this return migration will, in the nature of things, have an impact on the Egyptian economy and on Egyptian society.

1. Impact of return migration on the labour market and wage levels

41. Returning workers will absorb more than one half of the estimated 1.2 million job opportunities (800,000 new jobs and 400,000 replacement jobs) becoming available in the Egyptian labour market in the period 1986 to 1987 (study; statistical annex, table 30). These estimates are made on the optimistic assumption that, despite the difficulties currently encountered, the Egyptian economy will maintain over the next five years the same average rate of growth as over the previous five years, but without taking into account the effect of the projected increase in productive efficiency. Since an estimated 350,000 to 400,000 new workers enter the labour market each year, that market must prepare to meet an increase of about a quarter of a million unemployed, over and above whatever unemployment there is presently in existence, in the period 1986 to 1987. Such an increase gives rise to concern, particularly in present circumstances and particularly when there is added to it the unemployment that might arise from sectoral imbalance in supply and demand.

Table 1. Total return migration of workers to Egypt, 1986-1987 and 1986-1990, by economic sector

(In thousands)

Economic sector	1986-1987				Total	Percentage
	From:					
	Gulf	Jordan	Libya	Iraq		
Agriculture and fisheries	1.8	...	1.6	17.2	20.6	3.4
Mines and quarries	0.1	...	0.2	0.5	0.8	0.1
Manufacturing industries	6.5	...	2.6	107.3	116.4	19.1
Utilities	2.4	0.3	0.3	0.5	3.5	0.6
Construction	60.2	7.6	12.5	105.4	185.7	30.4
Trade	8.7	7.1	0.4	117.6	133.8	21.9
Transport and storage	4.1	4.3	0.9	2.3	11.6	1.9
Financial and business services	1.6	2.5	...	0.7	4.8	0.8
Social and personal services	41.2	31.1	4.5	56.4	133.2	21.8
Total	126.6	52.9	23.0	307.9	610.4	100.0

Economic sector	1986-1990				Total	Percentage
	From:					
	Gulf	Jordan	Libya	Iraq		
Agriculture and fisheries	5.9	...	2.8	17.2	25.9	3.2
Mines and quarries	0.2	...	0.4	0.5	1.1	0.1
Manufacturing industries	17.4	...	4.4	107.3	129.1	16.2
Utilities	4.2	0.5	0.5	0.5	5.7	0.7
Construction	110.5	14.7	20.7	105.4	251.3	31.5
Trade	16.0	14.0	0.6	117.6	148.2	18.6
Transport and storage	8.0	8.7	1.5	2.3	20.5	2.6
Financial and business services	5.5	5.5	0.1	0.7	11.8	1.5
Social and personal services	78.9	61.6	7.4	56.4	204.3	25.6
Total	246.6	105.0	38.4	407.9	797.9	100.0

42. The negative impact of return migration will abate with the passage of time and, over the medium-term period 1986 to 1990, the number of returning workers will fall to about one quarter of the job opportunities expected to be available. This will allow the absorption of all the new workers anticipated and a part of accumulated unemployment. By channelling new workers not yet linked with any specific economic sector, or sometimes even any particular occupation, and the reorientation of new workers, either spontaneously or through retraining, it will also be possible to increase the flexibility of supply in the medium and long term and to overcome any sectoral imbalances that might arise in the short term.

43. The return of such large numbers of workers over the short-term period is expected to have a negative impact on prevailing wage levels, to halt their rise and to lead to a reduction in real, or even cash, wages. Even though the impact is expected to extend to all sectors and economic activities, it will undoubtedly be most evident in areas that require special skills and qualifications or lengthy training, such as agriculture, construction, trade and personal services. It is in these activities in particular that large numbers of returnees are engaged.

2. Impact of return migration on the balance of payments

44. The study restricted itself to an attempt to gauge the direct impact of return migration on foreign currency transfers in view of the difficulty of measuring the indirect consequences on the basis of its impact on the import component of consumption, the structure of the productive base, competitiveness in exportation and other variables in which developments have repercussions on various balance of payments items, both payments and receipts.

45. The method followed in estimating the anticipated reduction in foreign currency transfers to Egypt draws a distinction between return migration from Iraq and from the Gulf countries, Jordan and the Libyan Arab Jamahiriya. In the case of the latter, the relative distribution of expatriate workers over occupational groups within the economic sectors in Saudi Arabia in 1983 was used to divide those Egyptians in each sector in each country who were expected to return into three income groups, high, middle and low, determined on the basis of the occupational groups included in a particular sector. In the light of the average per capita income in each income group and the amount of that figure saved and transferred, estimates of which were available from the Egyptian Ministry of Manpower and Training, it was possible to compute the value of the remittances that it is estimated will be lost to Egypt each year as a result of the Egyptian workers returning from each of these countries (study; statistical abstract, tables 36 and 37).

46. In the case of Iraq, the transfers lost to Egypt were estimated on the the assumption that each returnee would have saved and transferred the maximum permissible monthly amount. The annual totals were, however, calculated on the assumption of only 10 months employment per worker in order to take account of the possibility of partial unemployment and of the fact that the wages of some workers in the private sector would not allow them to transfer the maximum amount (study; statistical annex, table 39).

47. Table 2 shows estimates, arrived at in accordance with the above principles, of the reduction in foreign currency transfers from which Egypt will suffer as a result of return migration up to 1990.^{4/}

^{4/} There will be another reduction in remittances, no less significant than that estimated here, as a result of the decrease in the incomes and savings of those workers who remain abroad. This is not, however, a consequence of return migration but, like return migration itself, a consequence of the end of the "oil boom".

Table 2. Estimated foreign currency transfers lost to Egypt as a result of return migration, 1986-1990

(In millions of United States dollars)

Year	From Gulf countries						From other countries				
	Saudi Arabia	Kuwait	UAE	Qatar	Oman	Bahrain	Total	Libya	Jordan	Iraq	Total
1986	195	29	55	10	11	6	305	43	28	357	733
1987	389	57	110	19	21	31	611	86	56	714	1367
Total	584	87	165	29	32	19	916	129	84	1071	2200
1988	515	77	145	25	25	14	801	105	75	714	1695
1989	641	96	179	31	28	16	990	124	93	714	1921
1990	767	114	213	37	31	18	1180	143	112	714	2149
Total	1923	287	537	93	84	48	2971	372	280	2142	5765
Grand total	2507	374	702	122	115	67	3887	501	364	3212	7964

48. The table shows the enormity of the losses involved whether in the short or medium term. It is also to be noted that about 72 per cent of the anticipated cumulative loss in the period 1986 to 1990 is attributable to the return of Egyptian workers from Saudi Arabia and Iraq alone. To demonstrate the significance and seriousness of the reduction, it is enough to point out that, of the estimated reduction in the first year of 733 million dollars or the equivalent of one billion Egyptian pounds,^{5/} the equivalent of 736 million Egyptian pounds is transferred through legal channels. This represents more than 25 per cent of the value of all projected exports for 1986-1987, including exports of petroleum and petroleum derivatives. It is greater than the value of all agricultural or industrial exports and is enough to account for about 11.5 per cent of the value of projected imports of goods in the same year. If the reduction did not take place and if the other goals were met, the deficit in the commodity balance for 1986-1987 would fall by about 21 per cent and the current operating deficit by about 57 per cent.

49. The previously-mentioned capital transfers expected to be made by certain returnees will do nothing to counteract the gravity of the estimated reduction in view of their limited and non-recurring nature, and the same can be said of the possibility that developments taking place in certain other economic and social variables as a result of return migration might have a positive impact on the balance of payments. Most scholars and specialists believe that the magnitude and effectiveness of such positive aspects will not offset the negative consequences of the reduction in foreign currency transfers.

^{5/} At the exchange rate of 135 piastres to the dollar.

3. Impact of return migration on other economic and social variables

50. Possible trends in only the most significant consequences of return migration will be demonstrated here in view of the fact that those consequences depend on many interrelated and overlapping factors which are difficult to enumerate, let alone to measure.

51. With regard to consumption, the thousands who are expected to return, even though they represent a small proportion of consumers as a whole, will bring about an increase in demand that acquires its force from their purchasing power and the patterns of consumption to which they have become accustomed. This increase will, however, be limited and of short duration because the source of such purchasing power has been cut off; it will inevitably decline and patterns of consumption will return to something approximating their previous state. The anticipated capital transfers may also lead to increased investment in the private sector and have some positive effect, particularly if it is properly channelled and exploited. However, they will, as has been said, be of a limited and temporary nature and the medium- and long-term effect will be to reduce savings.

52. Naturally, there will follow from the fall in national income arising out of the discontinuation of incomes and the reduction in the incomes and remittances of those who remain abroad a fall in the volume of national savings. The rate of savings might, however, rise because of the increased propensity to save resulting from habits acquired by returnees and their present anxiety for the future.

53. The impact on the general level of prices, while it is the outcome of the sum total of the positive and negative aspects of return migration, is itself intricately associated with the effects of other factors and variables unrelated to return migration which have a greater impact on the general price level and interact and overlap in such a way that it is impossible to separate them.

54. It is widely conceded that the impact of return migration is not limited to the economic aspect of society but extends to social, cultural, political and other aspects. It affects family relationships, childrearing, the role of women in society (particularly rural women), delinquency and crime rates, etc. The study does not address such consequences, not from any underestimation of their importance but because they require a study no less lengthy and thorough and numerous and different kinds of expertise in accordance with the field under study.

B. Jordan

55. More than 83 per cent of the expatriate Jordanian labour force, or about 320,000 workers in the base year, are in the Gulf countries. With the exception of the more than 7,000 Jordanian workers in the Libyan Arab Jamahiriya, where the same economic pressures are being felt as in the Gulf countries, no workers are expected to return from other countries. It is estimated that one half of the Jordanians in the Libyan Arab Jamahiriya will return home in the period 1986 to 1990, assuming that one half of those, i.e.

one quarter of the total, will return in the period 1986 to 1987. The number of workers returning from the Libyan Arab Jamahiriya, after application to them of the sectoral structure of returnees from the Gulf countries, was added to the latter figure in order to obtain the total figure for return migration to Jordan. This is shown in table 3.

Table 3. Total return migration to Jordan, 1986-1990

Economic sector	From:			From:		
	Gulf countries	Libya	Total	Gulf countries	Libya	Total
	1986-1987			1986-1990		
Agriculture and fisheries	78	5	83	261	17	278
Mines and quarries	213	13	226	621	17	278
Manufacturing	1164	74	1237	3134	201	3335
Utilities	340	22	362	583	37	620
Construction	7295	465	7760	13727	881	14608
Trade	2887	184	3071	5595	359	5954
Transport and storage	807	55	912	1714	110	1824
Financial and business services	615	39	654	2056	132	2188
Social and personal services	14024	893	14917	26848	1723	28571
Total	27473	1750	29223	54539	3500	58039

1. Impact of return migration on the labour market and wage levels

56. Given the anticipated shortfall in the Jordanian labour market in the agricultural, mining and manufacturing sectors in the period 1986 to 1990, which is greater than the estimated number of workers in those sectors that will be returning, all such workers who do return may be welcome. Since, however, returnees in the agricultural sector will make up only about 6 per cent of the shortfall, it is not expected that their return will have any noticeable effect on the bottlenecks in the sector or on wage levels and trends. The case is quite otherwise in the mining and manufacturing sectors, where returnees will make up close to one half of the projected shortfall and where their employment will reduce bottlenecks and halt rising wage levels.

57. The addition of close to 45,000 returning workers to the other sectors, in which there is already a surplus that will accumulate over the period 1986 to 1990 to more than 95,000, for an increase of about 56 per cent, will make the situation even worse, will increase unemployment and will have a depressing effect on wage levels. The possibility of returnees taking the places of expatriate workers will not alter that picture since Jordan is both

an exporter and an importer of labour. As well as the difference in the type of labour involved in the two cases, the shortfall and the surplus mentioned above are estimated on the assumption that about 73,000 foreign workers will be laid off over the period 1986 to 1990 and without taking the return of Jordanian workers abroad into account. The situation may, however, be alleviated by; first, the possible gradualness of the return of Jordanian workers abroad in view of their relatively high educational and occupational levels, reducing the possibility of their being laid off; and secondly, the possibility of a not insignificant number of returnees being in a position to make capital transfers that will enable them to establish enterprises in Jordan and become proprietors in their own right, perhaps employing others, or at least inducing them not to enter the labour market themselves. All such eventualities might limit the negative impact and increase the positive impact of return migration.

2. Impact of return migration on the balance of payments

58. The method used to estimate the anticipated reduction in foreign currency transfers as a result of the return of Jordanian workers in the period 1986 to 1990 differs from that used in the case of Egypt since no data are available on the wage levels of Jordanian expatriates or on their savings and the amounts that they transfer.

59. On the assumption that transfers made through unofficial channels account for 50 per cent of all the actual transfers of workers abroad, given that transfers made through the banking system in 1984 amounted to the equivalent of 475 million Jordanian dinars, and given that the number of Jordanian workers abroad is estimated at 325,000, it can be said that the annual total average amount transferred per capita is the equivalent of about 2,923 Jordanian dinars or 7,600 United States dollars. One half of these amounts is, as has been said, transferred through the banking system and one half through unofficial channels. The figures given in table 4 are based on the above assumptions.

Table 4. Return migration to Jordan and consequent loss of foreign currency transfers, 1986-1990

(Transfers in thousands of Jordanian dinars)

	<u>1986-1987</u>			<u>1988-1990</u>			1986-1990
	1986	1987	Total	1988	1989	1990	
Number of returnees	14612	14612		9605	9605	9605	
Cumulative total	14612	29224		38829	48434	58039	
Reduction in transfers	42711	85422	128133	113497	141573	169648	424718 552851

60. In view of the fact that only one half of transfers are made through the banking system, the impact of return migration on receipts in the Jordanian balance of payments for 1986 will be a reduction of more than 20 million dinars. The reduction will be greater as more workers return and will reach about 85 million dinars in 1990, for a cumulative total of a little more than 276 million dinars over the period 1986 to 1990. Such a reduction is the equivalent of 6.4 per cent of the value of projected total Jordanian commodity exports for 1986, gradually rising to 19.4 per cent in 1990 at an average annual rate of 14.3 per cent. It would also suffice to cover a growing share of total projected commodity imports, from 2 per cent in 1986 to 6.9 per cent in 1990 at an annual rate of 4.8 per cent. In other words, if the reduction in transfers had not taken place, it would have enabled the country to make up for 2.9 per cent of the projected balance of trade deficit in 1986, rising to 12.7 per cent in 1990 at an annual rate of 7.3 per cent.

61. The balance of payments will also be affected by the reduction in transfers made in an unofficial manner. The impact will, however, be indirect and will be mediated by the effect on imports and exports of whatever changes may be brought about in volumes and patterns of consumption, savings, investment, etc, as a result of the estimated reduction in transfers. Likewise, capital transfers may have a relatively greater impact in the case of return migration to Jordan than in that to other countries. However, no attempt was made to gauge that impact for the reasons given above.

3. Impact of return migration on other economic and social variables

62. The reduction in transfers because of return migration to Jordan will have a negative impact on the country's gross national product. The reduction in projected GNP for 1986 at 1985 market prices will be 1.1 per cent, rising at an annual rate of 2.6 per cent to 3.6 per cent in 1990. If it is assumed that GNP will grow in the period 1986 to 1990 at the same rate as in the period 1980 to 1984, namely 59 per cent, then these percentages will be somewhat higher, at 2 and 5 per cent respectively. As previously stated, return migration may have an indirect positive impact on GNP by increasing production and eliminating structural defects, increasing the competitiveness of local production vis-a-vis imported goods and services, etc. It is, however, not at all certain that such an impact will make itself felt, particularly in the short term, and it would be extremely difficult to identify and measure.

63. The impact of return migration on other economic and social variables is similar, in terms of the difficulty of measuring the trends involved, to that in Egypt.

C. Yemen

64. The particular characteristics of expatriate Yemeni labour, the second largest expatriate labour force in the region, are such that they affect any determination of the number of workers expected to return home and of the consequences their return might have. First, 94 per cent of them are concentrated in the Gulf countries and 90 per cent of them in Saudi Arabia alone; secondly, they are concentrated in the construction and trade sectors,

at 40 per cent and 22 per cent respectively; and thirdly, their level of education and skill is low. The previously explained factors affecting the Gulf countries, such as the collapse in oil prices, the cutback in expenditure, the near completion of infrastructure projects, the changing character of the labour force required for the next phase, etc., have led to the return home of many Yemeni expatriate workers.

65. Table 5 shows the estimated number of those expected to return from the Gulf countries over the period 1986 to 1990 and, given the geographical concentration mentioned above, it can be taken as the total (study, tables 12 and 16).

Table 5. Return migration to Yemen by economic sector, 1986-1990

Economic sector	1986-1987	1986-1990
Agriculture and fisheries	5824	17050
Mines and quarries	642	1703
Manufacturing industries	17356	41625
Utilities	7600	11600
Construction	106999	176600
Trade	52557	89500
Transport and storage	6737	11800
Financial and business services	3147	8950
Social and personal services	33257	55575
Total	234119	414402

1. Impact of return migration on the labour market and wage levels

66. The current Yemeni five-year plan (1982-1986) concedes that the estimated additional demand for labour, at 284,200 jobs, does not absorb the 57,000 new workers entering the labour force each year during the period of the plan. Not only does the plan ignore the possibility of the expatriate labour force returning in its entirety, but it assumes that it will be possible to dismiss 21,700 foreign workers and include their jobs among those available, which is very doubtful indeed. When there is added to that the fact that it is almost impossible for the estimated labour demand, which is a derivative demand, to be brought into being given the shortcomings in the actual implementation of the plan because of the world events previously mentioned, particularly those affecting the oil situation (and which are reflected in the growth of gross domestic product at 1981 producer prices at an average annual rate of 4.1 per cent over the first four years of the plan as against the annual rate of 7 per cent originally projected), then it can be said that those workers returning to Yemen in 1986 may find a labour market characterized by surplus supply and unemployment on a not insignificant scale.

67. Although the third five-year plan (1987-1991) envisages the possibility of the extraction and marketing of petroleum, which may make the picture somewhat less gloomy, the Yemeni labour market will continue to be characterized by widespread unemployment over the period 1987 to 1991, most probably for the following reasons:

(a) There will be a continued deterioration in the economic situation of the region as a whole, despite its relative stability, and a predominating recessionary climate will adversely affect the sources of external financing on which the plan depends, whether remittances from workers abroad or foreign loans and foreign aid;

(b) The role that petroleum can play in providing the resources for development, especially foreign currency, and thus in making new jobs available, will, particularly in the short and medium term, be a limited one for the following reasons:

(i) The fact that exploration and extraction operations are of recent date, and the need for the extension of transport and communications networks, the construction of marketing centres, etc., undertakings which normally take a considerable period of time;

(ii) The fall in world prices may, in addition to its negative impact on anticipated revenues, undermine the enthusiasm of the producer countries to explore for new wells or to expand their exploitation of existing wells;

(iii) The petroleum sector is, by its very nature, capital intensive and provides a relatively limited number of jobs;

(c) The strategy of the plan focuses on the development of those sectors in which there is a surplus of labour, whether manifest or concealed, such as the service sector, in which the projected annual growth rate is between 8.3 and 11 per cent according to the activity concerned, or which employ limited numbers of workers, such as the utilities sector, where the average annual growth rate is 15 per cent. At the same time, the major sectors in terms of the number of returning workers, construction and trade, have the lowest projected annual growth rates after agriculture, at 5 and 5.6 per cent respectively;

(d) The number of workers expected to return over the period 1986 to 1990 is one and one half times as great as the anticipated number of new entrants to the labour market over the same period, and it will be more than twice as great over the first two years. The economy of any State would have difficulty in supporting such burdens in addition to the local supply of new workers, particularly since the majority of returnees are of the same low educational standard of which the existing supply of new workers already exceeds the additional demand.

68. It is thus estimated that, in the circumstances indicated above, return migration will aggravate unemployment and prevent real wages from rising or even bring about a fall, particularly for unskilled workers in the lowest educational categories that make up the majority of the Yemeni labour force.

69. The ease with which skilled Yemeni workers move to and from Saudi Arabia should perhaps be noted here. Saudi Arabia is the largest market for such workers and not insignificant numbers of Yemenis go there on a short-term seasonal basis to work, for example, in cultivation and at harvest time, and then return home. Such seasonal migration, which normally goes unrecorded, may continue in the future and may assuage the negative impact of return migration. This compensatory process is, however, of a limited nature and comes into play for only short, seasonal periods.

2. Impact of return migration on the balance of payments

70. In 1984, remittances from expatriate Yemeni workers amounted to the equivalent of about 5,666 million Yemen rials. Since there were about 850,000 such workers in that year, the average amount per capita transferred through the banking system was about 6,666 Yemen rials or the equivalent of 1,246 United States dollars. Given the ease of movement between Yemen and Saudi Arabia indicated above, the low educational level of most Yemeni expatriates and the fact that they have only recently begun to have dealings with financial and banking institutions, it is assumed that transfers made outside the banking system will not be less than in the case of such countries as Jordan, where it is estimated at 50 per cent of the total. The total average amount transferred per capita is thus estimated at 13,332 Yemen rials. These assumptions underlie the figures given in table 6.

Table 6. Return migration to Yemen and estimated foreign currency transfers lost to the country, 1986-1990

(Transfers in millions of Yemen rials)

	1986-1987			1988-1990			1986-1990	
	1986	1987	Total	1988	1989	1990	Total	
Number of returnees	117060	117060		60094	60094			
Cumulative total	117060	234120		294213	354307			
Transfers lost	1561	3121	4682	3922	4724	5525	14171	18853

71. Since only one half of all transfers will be made through the banking system, balance of payments receipts will be reduced by about 780 million rials in 1986 as a result of the return of about 117,000 workers. This will rise with the continuing return of greater numbers of workers to more than 2,760 million rials in 1990. This represents about 10 per cent of the average actual balance of trade deficit for the period 1980 to 1984 and 32 and 34 per cent of the projected deficit for 1986 and 1990 respectively. In the latter year, the reduction will be greater than the average value of the actual deficit in the current operating balance and three times the average value of the final deficit for the period 1980 to 1984 (study; statistical annex, table 41).

72. In view of the relatively high number of returning workers employed in trade (about 22 per cent), capital transfers will play an appreciable role in neutralizing the negative impact of return migration. This is, however, more likely to happen in the medium term than in the short term. The indirect effects on the balance of payments, both positive and negative, should also be borne in mind and the difficulty of measuring them should not prevent the acknowledgement of their importance, particularly in the long term.

3. Impact of return migration on other economic and social variables

73. It is estimated that return migration will reduce national income by an average of 9 per cent over the period under consideration. This will affect the volume of national savings and the prospects for investment and development, particularly since the reduction is in the foreign currency that Yemen will have difficulty in securing from other sources (such as loans, foreign aid and direct participation) until such time as petroleum can be extracted and marketed in sufficient quantities. Until then, the negative impact of return migration and the reduction in transfers will be evident in the fields of investment and savings, and a reduction in imports and consumption is also expected.

74. Likewise, although the general level of prices is expected to rise more slowly as a result of a general decline in the level of economic activity, return migration may lead to a rise in the prices of certain items such as foodstuffs and housing because of increased demand and decreased imports of finished goods or production inputs because of the shortage of foreign currency.

75. The impact of return migration on other economic and social variables will probably be no different than in the case of Egypt and Jordan, although the study does not address itself in detail to such aspects.

D. Democratic Yemen

76. Although the number of migrant workers from Democratic Yemen is small in comparison with the number from the other countries, certain facts nevertheless have to be borne in mind in examining the impact on that country of return migration. They are as follows:

(a) The 110,000 expatriate workers, although few in comparison with those from other countries, represent 22 per cent of the 500,000-strong labour force within Democratic Yemen and about 18 per cent of the total labour force inside and outside the country;

(b) The true number of migrant workers from Democratic Yemen may be greater than that indicated by the above figures. In addition to the fact that data on developing countries are generally lacking in precision, many citizens of Democratic Yemen carry passports issued by the Yemen Arab Republic, compounding the difficulty of separating out the migrant workers from Democratic Yemen because of the constant movement between the two countries;

(c) Remittances from migrant workers play a major role, and one more significant than in the previous cases studied, in financing the country's imports. Because of the limited character of local production, imports are at present, and will continue long into the future, to be the cornerstone of development efforts;

(d) In view of the fact that about 90 per cent of expatriate workers from Democratic Yemen are in the Gulf countries and the remainder have settled down in other countries, those returning from the Gulf (study, tables 13 and 17) can be taken as representing total anticipated return migration, as shown in table 7.

Table 7. Return migration to Democratic Yemen
by economic sector, 1986-1990

Economic sector	1986-1987	1986-1990
Agriculture and fisheries	610	2056
Mines and quarries	69	199
Manufacturing industries	1843	4869
Utilities	835	10739
Construction	11676	21623
Trade	5640	10739
Transport and storage	746	1490
Financial and business services	327	1085
Social and personal services	3806	8196
Total	25557	50686

1. Impact of return migration on the labour market and wage levels

77. The third Democratic Yemen five-year development plan (1986-1990) envisages the provision of 70,000 new job opportunities other than replacement jobs. Only the goals for the first year have so far been adopted, however, and approval of the remainder postponed pending review because of doubts as to the extent to which they are realistic in the light of local and world events since the preparation of the plan. If the number of jobs that it is estimated will become available is adjusted on the basis of the projected rates of growth in real national income in the various economic sectors, in keeping with the principle that the demand for labour is a derivative demand, or computed on the basis of actual rates of growth in the labour force in economic sectors in the period 1981 to 1985, it becomes clear that about 50,000 new jobs, other than replacement jobs, are expected to become available in the period 1986 to 1990, with a somewhat different sectoral distribution on the basis of each of the two assumptions (study; statistical annex, 42). This figure is close to that for the estimated total return migration over the same

period. Accordingly, any increase in the labour supply over and above the number required for replacement purposes will mean an increase in unemployment. Naturally, the case becomes worse when the balance at the sectoral level is considered. Additional demand in the construction and trade sectors, to which 64 per cent of all returnees will come, will be much less than the estimated number of returnees employed in those sectors. Assuming that demand for labour will grow at the same rates actually achieved in the past, the two sectors will absorb no more than 63 per cent of the workers returning to them. Assuming that the demand for labour will grow at the same rates as those projected for the growth of real income, that figure will fall to 29 per cent.

78. Thus, it is estimated that return migration to Democratic Yemen will have a negative impact on the labour market and will lead to unemployment, particularly since there are few foreign workers in the country, no more than 7,000 or 8,000, who can be laid off and replaced by local workers. As a result of the situation, real and perhaps also nominal wages will fall over the period 1986 to 1990, particularly since wage increases in the period 1984 to 1985 were restricted to those categories in short supply in the labour market and were not universal.

2. Impact of return migration on the balance of payments

79. In order to estimate total remittances from workers from Democratic Yemen in 1985, 110,000 of whom are expected to return home, it was assumed that 65 per cent of transfers were made through the banking system and that the amount transferred in 1985 was the same as the 1984 figure of about 455 million dollars, or 159 million Democratic Yemen dinars at the rate of 0.35 dinars to the dollar. It was also assumed that another 25 per cent of remittances were made outside the banking system. This was set at one half the corresponding percentage for the Yemen Arab Republic because of the need to take account of the difference between the two Yemens in terms of ease of movement between them and Saudi Arabia, the principal employer of their expatriate workers. It was further assumed that the remaining 10 per cent of transfers were made in kind. On that basis, total transfers to Democratic Yemen in 1985 were estimated at 800 million dollars and the average amount transferred per capita at 6,364 dollars.^{6/} These assumptions underlie the figures given in table 8.

^{6/} The average is high because of the aforementioned difficulty of distinguishing between expatriates from the two Yemens and the possibility that the number of those from Democratic Yemen may be twice as large as that estimated here.

Table 8. Return migration to Democratic Yemen and estimated foreign currency transfers lost to the country, 1986-1990

(Transfers in millions of United States dollars)

	<u>1986-1987</u>			<u>1988-1990</u>			<u>1986-1990</u>	
	1986	1987	Total	1988	1989	1990	Total	
Number of returnees	12779	12779		8376	8376	8376		
Cumulative total	12779	25558		33934	42310	50686		
Transfers lost	81.3	162.6	243.9	216.0	269.3	322.6	807.9	1051.8

80. Since only 65 per cent of all transfers are made through the banking system, there will be a reduction in balance of payments receipts of about 53 million dollars in 1986, rising to about 210 million in 1990. In the first year, the reduction will be more than one half the estimated net balance of payments deficit for 1985. In the last year, when an estimated 50,000 expatriates will have returned over the period in question, the reduction will be more than 39 per cent of projected commodity imports for that year, enough to cover about 45 per cent of the projected balance of trade deficit (study; statistical annex, table 43). These figures would, in fact, fall to 29 per cent and 30 per cent respectively if the reduction in transfers for 1990 is compared with the actual average annual value of imports and of the trade deficit for the years 1981 to 1985. They nevertheless remain high and clearly indicate the direct negative impact to be expected from return migration on the balance of payments.

3. Impact of return migration on other economic and social variables

81. By 1990, the reduction in transfers will reach about 30 per cent of projected national income for that year at 1985 prices. The total reduction for the period 1986 to 1990 will represent about 21 per cent of total national income for the same period at 1985 prices, on the assumption that it will increase in a regular manner from the 1985 value of about 575 million dinars to the projected value for 1990 of about 697 million dinars.

82. It is expected that the impact of return migration on other economic and social variables will be similar to that in the other cases studied.

IV. CONCLUSION AND RECOMMENDATIONS

83. Return migration has both positive and negative consequences for the countries concerned. The negative consequences are, however, more likely to make themselves felt and to be more widespread, particularly if there is no official intervention and no attempt is made at planning. An immediate start must therefore be made on adopting the measures necessary to cope with the phenomenon, limit its negative aspects and accentuate the positive. In order to ensure success, a number of essential elements must be present and certain conditions must be met. They can be summarized as follows:

(a) There must be collective and immediate action for the planning and implementation of a comprehensive solution to the problem going beyond piecemeal solutions;

(b) A solution must be based on sound and objective data and studies, particularly field studies, and not on subjective judgements;

(c) Policies and procedures must vary in accordance with the reasons for which expatriates are laid off by the host countries and the differing economic and social conditions in the labour-exporting countries;

(d) There must be thorough co-ordination of the efforts required for a comprehensive, collective solution, whether at the country, regional or international levels.

84. A number of suggested policies and procedures for addressing the issue are set out hereunder.

A. At the country level

1. In the former host countries

85. For the former host countries, the following measures are proposed:

(a) Continued development efforts and efforts to cope with the economic circumstances arising from the large drop in oil prices through the endeavour to find alternative resources or to reduce current, non-investment expenditures to the extent possible;

(b) Concern for labour and manpower planning, with respect to both quantity and quality, within the framework of the development plans; and the provision of data thereon, to the extent permitted by security considerations, to all interested parties;

(c) Implementation of the previously-reached accord on giving priority in employment to other Arab workers, after local workers, and on stimulating the private sector, because of the importance of adhering to that commitment;

(d) The endeavour to select technologies appropriate to the capacities of the countries of the region, particularly of their manpower and trained

personnel, in such a way as not to affect project economics or to create a kind of dependence on the advanced industrialized countries;

(e) Discontinuation of the establishment of enterprises by the turn-key method because of its negative impact on employment and training opportunities.

2. In the countries of origin

86. It is proposed that the countries of origin should adopt the policies of:

(a) Reviewing economic reform policies with due regard for the imposition of austerity measures to curb luxury consumption and current expenditure, and maintaining development efforts to the extent possible;

(b) Creating opportunities to benefit from returnees by:

(i) Facilitating occupational and sectoral mobility in order to make use of the new skills and expertise acquired by expatriates;

(ii) Facilitating the investment of the savings brought back or previously transferred by returnees which have not been put to use;

(c) Endeavouring to attract a greater proportion of the savings of those workers who remain abroad;

(d) Providing training opportunities of all kinds in order to train returnees for work in the local labour market and to train those of them that are qualified, or others, to meet the present and future needs of the external market.

B. At the regional and international levels

86. Much of the negative impact of return migration can be avoided or alleviated if the countries of the region co-operate at the regional level, with the assistance of international institutions, in devising common policies and taking joint measures. The examples that follow are indicative rather than exhaustive:

(a) Availability of data. The exchange of data and information should be facilitated and the possibility explored of establishing a data bank at the regional level to gather, analyse and disseminate data for all the countries of the region; ESCWA might assume that role;

(b) Studies. Alongside country studies, all countries of the region might co-operate in carrying out joint studies in the interests of a single country or of the region as a whole;

(c) Training. The limited financial capacity of the labour-exporting countries of the region affects their ability to provide for the needs of the host countries and to absorb return migration. It would therefore be in the interest of both labour-exporting countries and host countries to co-operate in the establishment of training and retraining centres at the regional level

or in supporting those centres that already exist in some of the countries concerned;

(d) Employment. Co-operation in this field would permit the planning and organization of both migration and return migration (recruitment and termination) for the labour-exporting and labour-receiving countries of the region, enable compensation mechanisms to be established and reduce negative aspects to a minimum.

88. Regional and international bodies and institutions can, by means of technical, informational and financial assistance, play an important role in helping the countries of the region cope with the problems of migration and return migration whether at the country or regional levels. In addition to the direct assistance that they can provide, their participation at the regional level can, in itself, play a catalytic role and increase the effectiveness of the efforts made by, and of co-operation among, the countries of the region themselves.