

## 2 Migration and development in Egypt

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### 2.1 Introduction

'The role that migrants play in promoting development and poverty reduction in countries of origin, as well as the contribution they make towards the prosperity of destination countries, should be recognized and reinforced' (GCIM 2005: 23). This is exactly what this chapter will try to do by looking at the example of Egypt. Emigration from Egypt started in the late 1960s, mainly for economic but also for political reasons, with the large majority of the emigrants going to the Gulf states. As early as the 1970s, the Egyptian state regarded emigration as a means of easing pressure on the labour market. From the 1980s onwards, migration also became a tool for development. The state further eased migration procedures to increase the remittances necessary to supply payment deficits – a strategy that was successful. Remittances are among Egypt's largest source of foreign currency.

Remittances have long been the focus of attention of studies dealing with the relationship between migration and development, both theoretically and empirically. Such flows of wealth are important not only to the sending country, but also to the families of migrants (Caldwell 1969). However, research is divided regarding the effects of remittances. A study by de Haas (2003) on migration and development in Southern Morocco indicates the importance of migration in enabling livelihood diversification among households through the remittances of Moroccan labourers who work in other Moroccan cities or abroad. But there is also some evidence that remittances have little effect on the structural development in sending countries. Moreover, migration also has an impact on the socio-cultural development of sending countries – an aspect less studied in the literature in general (see, for example, Brink 1991; Brinks & Sinclair 1980; Levitt 1998; Sørensen 2007) and also with regard to Egypt. This lack of available material on other aspects of migration-related development explains the focus on remittances in my elaborations on development related to migration in Egypt.

In what follows, I first look at the factors that led to emigration from Egypt from the late 1960s onwards. Subsequently, I briefly describe Egypt's migration history and the Egyptian emigrant population. With this knowledge in mind, I look at the impact of migration on development in Egypt, focusing, in particular, on the size and impact of remittances, but also taking into

account the effects on the Egyptian labour market, including brain drain, and the changes in society and culture brought about by migration, as far as this is possible based on existing research.

## 2.2 Demography, the labour market and the political situation

The push factors of Egyptian emigration were economic difficulties, high rates of population growth in Egypt and the political climate in the second half of the twentieth century. Rapid population growth is one of the crucial problems that have hindered development efforts in Egypt. While the country's population doubled from 9.7 million to 19 million in 50 years (between 1897 and 1947), the next doubling to 38 million people took less than 30 years (from 1947 to 1976). Since then, the population has almost doubled again, totalling 76 million in 2006. This observation can be explained by a considerable increase in life expectancy at birth from 49.3 to 72.3 years and a decrease in infant mortality from 154.7 to 25.9 (per 1,000 live births) between 1970 and 2010. The annual population growth rate has increased from 1.5 per cent at the beginning of the twentieth century to a maximum of 2.8 per cent between 1975 and 1985. However, from 1970 to 2010, the fertility rate fell from 6.2 to 2.85 live births per woman, pushing the growth rate down to around 1.8 per cent in the period 2000-2010 (Table 2.1).

Egypt's rapid population growth is further complicated by the fact that its cultivable land is extremely scarce relative to the size of its population. Over 95 per cent of Egypt's population is concentrated on the narrow ribbon of land which follows the course of the Nile River and represents only around 5 per cent of the total land area of 1 million square kilometres.

Associated with rapid population growth is a high level of unemployment. The 1986 census reported that 12 per cent of the labour force were unemployed (up from 7.7 per cent in 1976). Even if the unemployment rate

**Table 2.1 Egyptian population growth, 1980–2010**

Year	1970	1980	1990	2000	2010
Mid-year population (millions)	35.90	45.00	56.80	67.70	81.10
Population growth rate (annual %)	2.46	2.27	2.30	1.72	1.78
Fertility rate (live births per woman)	6.20	5.50	4.80	3.50	2.85
Life expectancy at birth (years)	49.30	54.70	60.50	67.40	72.30
Infant mortality rate	154.70	119.10	84.60	47.00	25.90

Source: UNPD (2012)

fell to less than 9 per cent of the labour force between 1997 and 1999, the total number of unemployed did not decrease accordingly due to overall population growth (CAPMAS 1999). In absolute numbers, unemployment has increased from less than 1 million in the 1980s to consistently over 2 million in recent years, according to various reports from Egypt's Central Agency for Public Mobilisation and Statistics or CAPMAS (Table 2.2). In addition, there remains the statistically unmeasured phenomenon of under- or disguised unemployment, which is widely recognised to prevail in the governmental and public sector.

**Table 2.2 Unemployment in Egypt, 2000–2010**

Year	Total unemployment ('000)	Rate (% total labour force)
2000	2,145	11.1
2005	2,450	11.2
2010	2,350	9.0

Source: CAPMAS (2012)

Providing Egypt's youth with job opportunities is undoubtedly one of the major challenges faced today by the Egyptian government. High rates of population growth have resulted in large numbers of young people entering the labour force in recent years, contributing to the growing unemployment. According to CAPMAS, unemployment rates are reversely associated with educational attainment; while less than 3 per cent among the less-educated population were unemployed in 2010, the rate of unemployment among the holders of secondary education and university degrees was between 12.3 and 18.8 per cent (Table 2.3).

Poverty is another push factor of migration from Egypt. The *Egyptian Household Income, Expenditure and Consumption Survey* (HIECS) indicates that the poverty rate increased from 21.6 per cent in 2008/09 to 25.2 per cent in 2010/11 (CAPMAS 2013).

Apart from population growth, unemployment and poverty, the political climate has also been an important push factor for emigration. This mainly concerned members of the Muslim Brotherhood repressed under the Mubarak regime. While this form of emigration ceased with the Arab Uprising, Coptic emigration has increased since the fall of Mubarak's regime (see Faath & Mattes in this volume). But the political instability and the lack of security in Egypt right after the revolution are not only new push factors for emigration in themselves; they have also had detrimental effects on Egypt's economy by

detering investors and entrepreneurs operating in Egypt (Abdelfattah 2011) as well as tourists. In 2010, Egypt's revenue from the tourist industry, one of the main pillars of its economy, amounted to US\$13.6 billion; by 2011, this amount had fallen by 35 per cent to only US\$9 billion (Fargues & Fandrich 2012). These developments will, of course, have an effect on unemployment and poverty. A study conducted in Egypt after the revolution in September 2012 found that 8 per cent of the respondents wished to leave the country permanently, with 42 per cent of these having developed this desire after the revolution (Girgis & Osman 2013). At the same time, the Arab Uprising has also led to return migration, especially after the revolt in Libya in February 2011, as will be further explained below (Zohry 2011).

**Table 2.3 Unemployment by educational level, Egypt, 2010 (%)**

<b>Educational status</b>	<b>Unemployment rate</b>
Illiterate	0.9
Read and write	1.2
Less than secondary	3.0
Secondary	12.3
Higher than secondary	16.6
University	18.8
Total	9.0

Source: CAPMAS (2012)

## **2.3 Egyptian emigration**

### **2.3.1 Emigration history**

Different migration phases can be distinguished in the Egyptian migration evolution. These are defined by changing international conditions, events and labour-market needs, particularly in the Arab region, and also by different economic factors and policy decisions at the national level. In the first phase, prior to 1974, the government of Egypt was motivated to bear the burden by providing job opportunities. However, increasing population growth, along with the lack of growth in the economic and technological sectors, diminished the state's ability to provide jobs. The state authorised permanent and temporary migration in 1971 and lifted restrictions on labour migration in 1974. Large numbers of temporary migrants began to work in the Arab Gulf countries, where oil revenues had quadrupled in 1973 due to the oil embargo. Graduate students' permanent migration had already

commenced after the end of the war of 1967. Between 1970 and 1974, an estimated 300,000 people migrated, compared to a migrant stock of 70,000 in 1970 (Choukri 1999).

This first phase was followed by an expansion phase (1974-1984). The increased oil prices fuelled ambitious development programmes in the Arab oil-producing countries, increasing, in turn, the demand for foreign labour. To resolve unemployment problems and use remittances to supply payment deficits and finance private projects, the Egyptian government further eased migration procedures and created the Ministry of State for Emigration Affairs (1981), which sponsored Egyptian migrants and drew up an overall migration strategy. The number of Egyptian emigrants increased to about 2 million by 1980. Iraq became a favoured destination for unskilled labour, while cheaper Asian and South-Asian labour began to migrate to the Arab countries (Choukri 1999; Zohry 2003).

The contraction phase (1984-1987) began after the start of the Iran-Iraq war, which depressed oil revenues and temporarily pushed down the number of Egyptian emigrants to about 1.4 million (1985). In addition, Egyptian migrant labour had to face a number of new problems from the second half of the 1980s such as, first, the end of the Iran-Iraq War in 1988, which entailed the return of Iraqi soldiers to their civilian jobs to replace Egyptians in the Iraqi labour market; second, falling oil prices; third, the declining demand for construction workers in Arab countries; and fourth, the policy of replacing foreign with national labour in the Arab Gulf states.

Towards the end of the 1980s, Egyptians in Saudi Arabia and other Gulf countries comprised a much smaller proportion of the foreign workforce than in the late 1970s. In the 1980s, Egyptian workers represented 40 per cent of the total foreign labour in Saudi Arabia. A smaller workforce was in Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates (UAE). In the same period, the number of workers from South-East Asia increased (Shah 2004).

The following phase (1988-1992) was characterised by the stagnation of the number of Egyptian emigrants, with a significant flow of return migrants from the Gulf region to Egypt and a considerable decline in the number of contracts granted to new emigrants. The 1990 Gulf War in particular forced about 1 million Egyptian migrants in Iraq and Kuwait to return home. However, the situation changed with the end of the Gulf War. By 1992, the number of Egyptian emigrants exceeded 2.2 million. This increase may be attributed, in part, to the liberation of Kuwait and the return of Egyptian workers to the Gulf (Zohry 2003). In recent years, the number of Egyptians abroad increased from 2.7 million in 2000 to 4.7 million in 2006, and then to 6.5 million lately.

With respect to the distribution of Egyptian migrants by destination in Arab countries, one can notice that an increasing share of the migrants going to Arab countries went to Libya over the last two decades (Table 2.4). The percentage of Egyptian migrants going to Libya increased from 3 per cent in 1990 to 17.4 per cent in 2000 and then to 41.8 per cent in 2009. Moreover, the number of migrants going to Libya may have been much higher, since Egyptian nationals, until March 2007, were not obliged to obtain visas or work contracts to enter Libya. However, it is important to mention here that, after the revolution in Libya in February 2011, about 800,000 Egyptians returned to Egypt, though many have returned to Libya since the fall of the Gaddafi Regime (Hafez & Ghaly 2012; Zohry 2011). This number is not reflected in the data provided in Table 2.4. On the other hand, the share of Egyptian migrants going to Iraq decreased sharply from 44.1 per cent in 1990 to 3.4 per cent in 2000 and then to 0.3 per cent in 2009 – mainly attributed to political instability in Iraq. The share of Egyptian migrants going to Saudi Arabia increased from 29.3 per cent in 1990 to 48.3 per cent in 2000, and then decreased to 27.1 per cent in 2009.

**Table 2.4** Distribution of Egyptians by (Arab) country of destination, 1990–2009 (%)

Country	1990	2000	2009
Iraq	44.1	3.4	0.3
Saudi Arabia	29.3	48.3	27.1
Kuwait	9.3	10.0	10.0
Jordan	6.5	11.9	11.0
UAE	4.3	5.0	5.4
Libya	3.0	17.4	41.8
Yemen	1.6	1.2	0.2
Qatar	1.0	1.3	1.8
Oman	0.6	0.8	0.9
Bahrain	0.1	0.2	0.3
Other Arab countries	0.2	0.7	1.1
Total	100.0	100.0	100.0

Sources: 1990: Farrag (1999); 2000: CAPMAS (2001); 2009: Ministry of Foreign Affairs and Ministry of Manpower and Emigration (2012)

While dependence on migrant workers has increased over the last 30 years in the Arab Gulf states, the share of immigrants from Arab countries among all expatriates decreased sharply between 1975 and 2006, plummeting from 72 per cent to 23 per cent. Table 2.5 shows the considerable, though uneven, decline in all six member states of the Gulf Cooperation Council (GCC).

**Table 2.5 Arab nationals in the expatriate population of Arab Gulf countries, 1975–2006 (%)**

	1975	1985	1996	2006
Bahrain	22	15	12	12
Kuwait	80	69	33	31
Oman	16	9	11	6
Qatar	33	33	21	40
Saudi Arabia	91	79	30	31
UAE	26	19	10	9
Total	72	56	31	23

Sources: 1975–1996: Shah (2004); 2006: Nassar (2010)

A major reason for this phenomenon has been the mounting competition from immigrant workers from Asia. Indeed, workers from countries east of the Gulf region (Pakistan, and South- and South-East-Asian countries) started to arrive in the 1980s, offering even lower expectations of salaries and work conditions, though the cultural and linguistic bonds confer the Egyptian workforce some competitive advantage. As shown with the example of Kuwait in Table 2.6, this pressure has resulted in a quasi-inversion of the respective foreign labour-force shares of Arab and Asian nationals. While Arab workers represented over 60 per cent of the total immigrant population in 1989, by 2009 their share had fallen to 41.6 per cent. By contrast, the Asian share rose from 32.9 to 55.9 per cent over the same period.

**Table 2.6 Expatriate population of Kuwait, 1989–2009 (%)**

Nationalities	1989	1995	2005	2009
Arabs	66.0	49.3	40.0	41.6
Asians	32.9	49.2	58.5	55.9
Others	1.1	1.5	1.5	2.5
Total ('000)	1,464	1,186	1,894	2,365

Source: Zohry & Debnath (2010)

Apart from migration to the Arab world, there was also a considerable flow of Egyptian migrants legally entering Europe over the period 1971–2000. In absolute numbers, Italy attracted the largest share of this migration, followed by Germany and the United Kingdom. Moreover, many of the Egyptians emigrating to Europe do not appear in any statistics of the receiving countries due to the increase in illegal migration in the face of

the tightened policy adopted by the European Union (EU), especially after the Schengen Agreement in 1990 and the Maastricht Treaty (imposing visas, strict border surveillance and a selective ceiling for work permits). The current stream of Egyptian irregular migration to Europe started on the eve of the twenty-first century, with fresh graduates and poorly educated unemployed youth engaged in irregular migration to Europe, either across the Mediterranean Sea via Libya or by over-staying Schengen tourist visas. The main reasons behind this new type of migration are the high unemployment rates among Egyptian youth and the difficulty for Egyptian youth to find employment opportunities in the Arab Gulf countries due to the competition they face there. Coupled to this are the geographical proximity of Egypt and Europe and the ease of travelling to Libya, where most of the boat journeys to Europe originate (Zohry 2007). Due to the clandestine nature of this phenomenon, it is quite difficult to quantify this migration stream or even to give an approximate number of Egyptian youth who follow this route.

### **2.3.2 The Egyptian population abroad**

The number of Egyptians abroad was estimated to be 6.5 million in 2009 (Table 2.7). According to the latest estimates, the total number of Egyptian migrants in the Gulf countries – at 2.2 million – accounts for one third of the total Egyptian emigrant population. Saudi Arabia hosts almost 60 per cent of the Egyptians in the Gulf (1.3 million), followed by Kuwait with 22 per cent and the other four destination countries (UAE, Qatar, Oman and Bahrain) with less than 20 per cent. Other Arab countries host about 2.6 million Egyptians, with 2 million of these residing in Libya. Due to the developments in Libya, about 0.8 million Egyptians were forced to return to Egypt. However, returnees started to go back to Libya after the end of the Gaddafi Regime. Other destinations of Egyptians in the Arab region are Jordan (about 0.5 million), Lebanon, Iraq and Yemen, with a few thousand Egyptians who managed to join the labour market in these countries.

Egyptians in the West comprise about 25 per cent of Egyptians abroad. The main destinations are North America (the US and Canada) with about 0.8 million, followed by the UK (250,000), Italy (190,000), France (160,000), Australia, Greece, the Netherlands, Germany and Austria.



**Table 2.7 Egyptian migration by receiving country, 2009**

<b>Receiving country</b>	<b>Number of migrants</b>	<b>Distribution by destination for Arab and non-Arab countries (%)</b>	<b>Overall distribution (%)</b>
Libya	2,000,000	41.8	30.9
Saudi Arabia	1,300,000	27.1	20.1
Jordan	525,000	11.0	8.1
Kuwait	480,000	10.0	7.4
UAE	260,000	5.4	4.0
Qatar	88,500	1.8	1.4
Oman	45,000	0.9	0.7
Lebanon	38,000	0.8	0.6
Iraq	15,000	0.3	0.2
Bahrain	12,000	0.3	0.2
Yemen	10,300	0.2	0.2
Syria	10,000	0.2	0.2
Other Arab countries	5,559	0.1	0.1
<b>Total Arab countries</b>	<b>4,789,359</b>	<b>100.0</b>	<b>74.0</b>
USA and Canada	780,841	46.3	12.1
UK	250,000	14.8	3.9
Italy	190,000	11.3	2.9
France	160,000	9.5	2.5
Australia	106,000	6.3	1.6
Greece	80,000	4.7	1.2
Germany	30,000	1.8	0.5
Holland	30,000	1.8	0.5
Austria	25,000	1.5	0.4
Switzerland	12,000	0.7	0.2
Other non-Arab countries	22,317	1.3	0.3
<b>Total non-Arab countries</b>	<b>1,686,158</b>	<b>100.0</b>	<b>26.0</b>
<b>Total all countries</b>	<b>6,475,517</b>		<b>100.0</b>

Source: Ministry of Foreign Affairs and Ministry of Manpower and Emigration (2012), author's calculations

Egyptian emigrants constitute about 8 per cent of the total population of Egypt. Survey results published in 2000 show that this group was younger than those not leaving the country. The average age of return migrants was about five years below that of non-migrants (29.8 versus 35.0 years) at the time. While almost 75 per cent of the migrant interviewees were younger than 35 years, this applied to only half (53.1 per cent) of the non-migrant sample (Table 2.8).

**Table 2.8** Distribution of Egyptian migrants and non-migrants by age (%)

Age group	Migrants	Non-migrants
18–24	29.8	25.7
25–29	27.4	16.1
30–34	17.4	11.3
35–39	11.1	11.6
40–49	11.7	17.6
50+	2.6	17.7
Total	100.0	100.0
Number of individuals	1,121	3,672
Average age (years)	29.8	35.0

Source: Eurostat (2000)

Those leaving the country were also more educated than those staying behind, according to the survey results: the majority of migrants had completed at least secondary school (53.9 per cent), and only 34.1 per cent of migrants had less than a full primary education. This relationship is inverted in the case of non-migrants: 56.2 per cent had no formal or only an incomplete primary education, while only 30.2 per cent had secondary or university education (Eurostat 2000). This was confirmed by a study carried out by Zohry in 2006 to investigate attitudes of Egyptian youth towards migration to Europe (Table 2.9).

Egyptian emigrants also differ by region of destination. According to the 'grey literature' (non-scientific reports, the media and newspapers), Egyptian migration to the West is family-natured as opposed to the mainly male Arab migration. Egyptians in the West are more educated than their co-ethnics in the Arab Gulf countries and usually have better jobs. However, with the expansion of irregular migration, especially to Italy and other European countries, a balance in the skill composition could be achieved within this decade, since most of the migrants to these destinations are less-educated or unskilled young men who escape poverty and (primary) unemployment in Egypt.

Egyptian migration to Arab countries, on the other hand, is male-dominated, involving both skilled and unskilled men. At least 90 per cent of migrant workers to the oil-rich Arab countries since 1970 have been males (Zohry 2003), including all professions, ranging from scientists and technicians to labourers. While most workers were employed in construction during the earlier phases of massive labour migration in the mid-1970s, the proportion of scientists and technicians increased from the mid-1980s (Table 2.10). Due to competition from new streams of cheap labour from

South-East Asia, the share of labourers declined from 43 per cent in 1985 to 26.2 per cent of all registered emigrants in 2005. Scientists and technicians, who represented 20.4 per cent of the migrant contracts in 1985, made up 40.2 per cent and 39 per cent in 1990 and 2002 respectively and then decreased sharply in 2005 to 21.3 per cent – mainly due to the fact that Egyptians going to Jordan were now required to have a contract before working there. Most of the Egyptian migrants to Jordan were unskilled labourers who worked in agriculture or in the informal sector of the Jordanian economy.

**Table 2.9 Educational status of return migrants (from Europe) and non-migrants, Egypt 2006 (%)**

Education	Migration status		Total
	Non-migrants	Return migrants	
No education	10.6	5.5	9.0
Primary/preparatory	14.1	11.6	13.3
Secondary (general)	13.5	8.1	11.8
Secondary (tech.)	39.6	48.3	42.3
University+	22.2	26.5	23.6
Total	100.0	100.0	100.0
Total number	491	1,061	1,552

Source: Zohry (2006)

**Table 2.10 Distribution of Egyptians' contracts to work in Arab countries by occupation, 1985–2005 (%)**

Occupation	1985	1990	2002	2005*
Scientists and technicians	20.4	40.2	39.0	21.3
Managers	0.3	0.3	2.4	0.1
Clerical workers	8.8	8.0	1.5	2.4
Sales and services	18.5	17.3	12.7	9.0
Agriculture, animal husbandry, fishing	8.9	5.3	8.6	40.9
Production workers	43.0	28.9	35.8	26.2
Total	100.0	100.0	100.0	100.0

Note: \* From 1 July 2004 to 30 July 2005

Source: Ministry of Manpower and Emigration (2005)

## 2.4 Migration and development

The Egyptian state used migration as a tool for development from the very start, even though not all measures foreseen to increase migration have, as yet, been implemented. In the following section, I set out how the Egyptian government tried to increase migration and filter the resulting funds into the development of Egypt. Subsequently, and within the limits of the data available, I discuss how far this strategy has been successful, with regard not only to remittances, but also to its effects on the Egyptian labour market, including brain drain, and the impact on Egyptian society and culture.

### 2.4.1 Development as a policy strategy

The Egyptian state has long tried to use migration as a strategy for development. Initially, this mainly concerned using migration as a means of easing pressure on the Egyptian labour market – the reason why the state authorised permanent and temporary migration in 1971 and lifted restrictions on labour migration in 1974. However, in 1981, when the Egyptian government further eased migration procedures, the aim was no longer only to resolve unemployment problems, but also to increase the remittances necessary to eradicate payment deficits.

These two aims were also combined in the Emigration and Sponsoring Egyptians Abroad Law no. 111 of 1983, which is regarded as the main migration law in Egypt. However, this law goes even further by providing facilities for migrants before their departure and in their host countries. The law consists of five chapters that cover the general provisions applicable to all migrants, the duration of their stay abroad and the rights (temporary versus permanent stay abroad) and privileges of migrants and return migrants. In particular, the law indicates that migrants' capital utilised in investment projects in Egypt is to be granted the same advantages as those granted to foreign capital.

In general, the Egyptian Emigration Law has two objectives:

- 1 To arrange both permanent and temporary emigration systems; the law secures, in fact, the right of any individual to emigrate in accordance with the provisions of the constitution. It also outlines the rules and procedures which emigrants should follow.
- 2 To outline the provisions dealing with the necessary care and extension of facilities to Egyptian emigrants before their actual departure from Egypt or after their arrival in host countries, as well as to those who decide to return. The goal is to maintain strong ties with Egyptians abroad.

The Egyptian Emigration Law is perceived as the practical formulation of the Egyptian government's tendency to liberalise people's movement, associated with the implementation of the 'open-door' economic policy. However, the articles related to investment in Egypt and to attracting established Egyptian migrants abroad and return migrants to invest in Egypt need to be reinforced. Moreover, pre-departure orientation (language and culture) and skills training for migrants do not exist, even though they are stated clearly in Article 5 of the migration law.

The latter was to be implemented by the Higher Committee for Migration (HCM), formed by Resolution no. 2000 of 1997 based on Article 4 of the migration law. Membership of the HCM includes representatives of the ministries and entities concerned with migration. Its competences include consideration of the establishment of professional training centres for potential migrants, the organisation of specialised courses for the purpose of qualifying potential migrants, and suggestions for the facilities to be granted to migrants, whether before their departure, during their stay abroad, or after temporarily or permanently returning to their homeland. The HCM should convene once every three months at least, upon the request of its chairman (the Minister of Manpower and Emigration). However, the HCM does not convene regularly and most of its assigned tasks were never implemented, particularly the establishment of professional training centres for potential migrants.

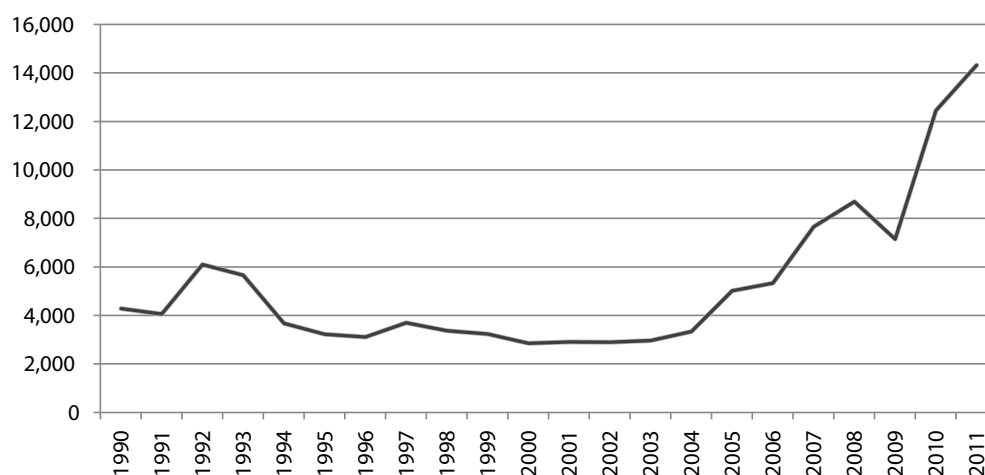
Another important actor in implementing the emigration law was the Minister of State for Emigration Affairs and Egyptians Abroad, created in 1981, whose responsibilities were subsequently transferred to the Ministry of Manpower and Employment (currently the Ministry of Manpower and Emigration) in 1996.

The current strategy of the emigration sector focuses on promoting Egyptian migration, especially among young people, in order to decrease the unemployment rate and resulting pressures on the local labour market and to increase migrants' remittances to Egypt. In addition, the emigration sector has continued to combat illegal migration through the dissemination of information that aims to re-direct potential migrants to legal migration channels. Last, but not least, the emigration sector has been trying to establish an Egyptian migration observatory and to update the already existing Egyptian migration database that includes job opportunities abroad as well as numbers and statistics, and a computerised system available through the Internet to link Egyptians abroad to their homeland.

### 2.4.2 The impact of remittances on the Egyptian economy

In economic and financial terms, the most important aspect of migration for the sending country is remitted money (usually cash transfers) and goods, the so-called remittances that migrant workers send back to family or friends at home. Such flows of wealth are important to both the families of migrants and to the economy of sending countries (Caldwell 1969). Almost all remittances are sent by individual migrants (individual remittances), yet a fraction is sent by groups of migrant workers through their associations (collective remittances). Formal remittances (sent through banks, post offices, exchange houses and transfer companies) are the only form that can be accurately measured. Their size and frequency are determined by factors such as the number of migrant workers, wage rates, exchange rates, political risk, economic activity in the host and sending countries, the existence of appropriate transfer facilities, the level of education of the migrant, the number of people accompanying the migrant, the number of years since migration, and the difference in interest rates between sending and receiving countries.

**Figure 2.1** Remittances to Egypt by Egyptians abroad, 1990–2011, million US\$



Source: World Bank 2012, author's calculations

Remittances of Egyptians working abroad peaked in the early 1990s due to the substantial return of Egyptian migrants from the Arab Gulf countries after the Gulf War who remitted their savings in host-country banks before return (see Figure 2.1). Between 1993 and 2003, the level of remittances stabilised at around US\$3 billion. In recent years, however, remittances

have soared again to over US\$14 billion. This may be attributed, in part, to the increase in the number of Egyptians abroad from fewer than 3 million in 2000 to about 6.5 million in 2009. The increase in remittances may also be due to the expansion of the services of money-transfer companies such as Western Union and Money Gram, as well as to the more widespread use of the banking system among Egyptians and the tendency to utilise formal instead of informal channels to remit money to their home country.

#### *The origin of remittances*

The most recent available data on remittances by origin refer to 2006. Out of the US\$5.3 billion sent home by Egyptian migrants in 2006, the largest amount (US\$1.7 billion) came from the US, with a share of 32.0 per cent of the total volume of remittances. Kuwait ranked second at US\$982.7 million (18.4 per cent), followed by the UAE (US\$823.8 million or 15.5 per cent) and then Saudi Arabia (US\$785 million or 14.7 per cent). Remittances from these four countries together comprised 80.6 per cent of all remittances to Egypt. Those from Western Europe represent 12.6 per cent of the total amount (US\$675.1 million), with Germany, the UK and Switzerland being the biggest contributors (see Table 2.11).

Remittances transferred through informal channels or brought back by travellers and return migrants are unlikely to be captured in official records, although they may represent a substantial addition to remittances sent through official channels (World Bank 2006). Hence, one should not ignore informal and in-kind remittances made by Egyptian migrants, not only from Arab countries but also from European countries such as Italy. In-kind remittances that are sent or brought back by migrants mainly include clothes and electronic equipment (Brink 1991; Eurostat 2000; Zohry 2005). In addition, a significant proportion of remittances transferred by Egyptian migrants from the Arab Gulf and Libya are channelled through informal paths, either by sending money to the family in Egypt through colleagues and relatives when they return for holidays to Egypt, or by bringing the money on their own return. Libya, in particular, is an example of the prevalence of informal remittances, since most Egyptian migrants are engaged in the informal sector of the Libyan economy, with no fixed salaries or bank accounts (Zohry 2005). Remittances through formal channels are only available for those who have formal work contracts with the Libyan government or large companies there. Indeed, one can conclude that migrants in these countries send back several hundred to several thousands of dollars to Egypt, depending on the numerous factors stated above and,

in particular, on the number of family members left behind in the home country.

**Table 2.11 Egyptian remittances by country of emigration, 2006**

<b>Country</b>	<b>Total in million US\$</b>	<b>%</b>
United States of America	1,703.6	32.0
Kuwait	982.7	18.4
United Arab Emirates	823.8	15.5
Saudi Arabia	785.0	14.7
Germany	215.7	4.0
United Kingdom	167.6	3.1
Switzerland	142.4	2.7
Qatar	84.4	1.6
France	54.9	1.0
Italy	38.3	0.7
Netherlands	34.8	0.7
Bahrain	30.7	0.6
Lebanon	25.4	0.5
Oman	20.1	0.4
Greece	14.1	0.3
Canada	9.4	0.2
Spain	7.3	0.1
Japan	3.8	0.1
Libya	1.2	0.0
Other countries	184.3	3.5
<b>Total</b>	<b>5,329.5</b>	<b>100.0</b>

Source: Central Bank of Egypt (2007)

Concerning the exceptionally high flow of remittances per Egyptian migrant in Switzerland (US\$7,530), it must be assumed that this high figure is biased either by the real number of Egyptian emigrants in the country or by the existence in Switzerland of the bank accounts of affluent Egyptians. Nevertheless, the numbers indicate clearly that the return to migration is very different for the home economy, depending on whether Egyptian workers move to the US, to selected countries in Europe or in the Gulf, or whether they work abroad in Saudi Arabia or Libya. This difference can probably be further explained by the educational level of and jobs occupied by Egyptians in their respective host countries.



*The impact of remittances*

Remittances are among Egypt's largest sources of foreign currency, along with Suez Canal receipts and tourism. As early as 1979, these remittances amounted to US\$2 billion, a sum equivalent to the country's combined earnings from cotton exports, Suez Canal transit fees and tourism (Nassar 2005). As shown in Table 2.12, between 1990 and 2011, workers' remittances accounted for an average of 6 per cent of annual GDP. Even if their contribution to GDP declined from 14.6 per cent in 1992 to 3 per cent in 2010, remittances remain, for the Egyptian economy, an important capital flow that is not correlated to GDP growth.

**Table 2.12 Trends in remittances of Egyptian migrants, 1990–2011 (current US\$)**

<b>Year</b>	<b>Remittances in billion US\$</b>	<b>Remittances as % of GDP</b>
1990	4.28	9.9
1991	4.05	11.0
1992	6.10	14.6
1993	5.66	12.0
1994	3.67	7.1
1995	3.23	5.4
1996	3.11	4.6
1997	3.70	4.9
1998	3.37	4.1
1999	3.24	3.6
2000	2.85	2.9
2001	2.88	2.9
2002	2.95	3.3
2003	2.96	3.6
2004	3.32	4.2
2005	5.02	5.6
2006	5.33	5.0
2007	6.66	5.9
2008	8.69	6.0
2009	7.15	3.8
2010	12.50	3.0
2011	14.20	NA

Source: World Bank (2012)

Remittances also help to develop the financial sector through increasing the aggregate level of deposits or credits intermediated by the local banking sector. In addition to banks, specialised transfer institutions such as Western Union and MoneyGram handle the transfer of migrants' remittances.

The impact of remittances on poverty alleviation in Egypt is not entirely clear. Research on the use of remittances has shown that 75 per cent of these funds are used for daily household expenses such as food, clothing and health care (Zohry 2005), while expenditure on the construction of new houses and on education come in second and third place in remittance utilisation. This confirms other findings according to which remittances are also spent on building or improving housing, buying land or cattle, and buying durable consumer goods (Zohry 2002). A more recent study carried out by the International Organization for Migration (IOM 2010) using a sample of 414 households in four Egyptian governorates indicates that spending preferences have remained the same: households still mainly use the remitted money for meeting their daily living/essential expenses (29 per cent of all respondents), funding education (16 per cent) and paying for health care (12 per cent). The distribution of uses indicates, in any case, the importance of migration and remittances in poverty alleviation.

At the same time, research has also revealed that, once abroad, migrant households spend a smaller share on consumption than non-migrant households, while returnees from migration invest up to 50 per cent of their savings into housing (Nassar 1991, 2005: 21). These results confirm that the impact of remittances upon the national economy and development cannot be ignored.

Generally speaking, only a small percentage of remittances are used for savings and productive investments, i.e. for activities with multiplier effects in terms of income and employment creation (Brink 1991; Eurostat 2000; Zohry 2005). However, the entrepreneurial activities of return migrants contribute to the Egyptian economy. According to Nassar (2005), about 10 per cent of returnees invest in economic projects. They put more capital into their businesses, engage more in service activities and the formal sector and create 1.4 more jobs per establishment than non-migrants. Finally, McCormick and Wahba (2003) find that the volume of savings going back to urban areas is more than three times that going to rural areas, most investments being made in Cairo.

In addition, remittances help families to establish family-based and -managed small projects such as raising cattle, opening a mini-market, or buying and operating a taxi, especially in rural areas. Many taxi-drivers in Cairo and other governorates bought their car upon their return, and operate it themselves or through hired taxi-drivers as their main source of income.

However, attempts to attract businessmen among the Egyptian diaspora to invest in Egypt seem not to have had the expected success. One of the main reasons for the foundation of the former Ministry of Emigration and Egyptians Abroad and for the promulgation of the Egyptian Migration Law

was to attract Egyptians abroad to maintain links with their origins and to invest in Egypt. But government bureaucracy and suspicion from many Egyptians abroad have been obstacles to a significant flow of investments into the country (Zohry & Debnath 2010).

#### **2.4.3 The impact of labour emigration on the Egyptian labour market**

In recent years, more than 2 million Egyptians or approximately 10 per cent of the labour force have been officially seeking employment in Egypt, in addition to all those who have not declared their under- or unemployment. Most of them are primarily unemployed, fresh graduates of a stagnant educational system who are not equipped to compete in either local, regional or international markets. Moreover, there are approximately 6.5 million Egyptian migrants, even if not all of them actually have a job abroad. Under the hypothesis that 75 per cent of the migrant population form part of their host countries' labour force, roughly 2.25 million workers, who would otherwise be un- or underemployed and pushing the unemployment rate up to 20 per cent, are currently withheld from the Egyptian labour market.

On the other hand, the permanent migration of Egyptians to the West is the main source of 'brain drain', as it has always been the migration of the better-educated citizens. Some 77 per cent of Egyptian migrants in the US have completed tertiary education. Many Egyptian migrants in other OECD countries are also highly educated professionals – mainly doctors, engineers and teachers (Nassar 2005). One could say that migration is responsible for this loss of highly skilled citizens to developed countries, in addition to the significant number of semi-skilled workers lost to developing (mainly Arab) countries.

Does Egypt, however, suffer a shortage of those highly skilled workers needed by the national economy, a shortage that would substantiate the brain-drain hypothesis? No quantitative studies have assessed this problem. However, I argue that, at the beginning of the migration era (1975-1980), Egypt suffered a severe shortage of highly qualified and skilled workers who temporarily migrated to the Arab Gulf countries. The Egyptian cinema has documented this loss of necessary people in many social movies. Nowadays, and talking about the migration of highly skilled professionals to the Arab Gulf and the West, migration should not be regarded as brain drain, given the fact that the Egyptian bureaucratic government with its current institutional and organisational structure cannot, in any way, absorb these highly qualified professionals and offer them suitable salaries and work conditions. Despite the fact that salaries in the private sector are higher

than in the government and public sectors, the absorption capacity of this sector is below the labour-supply level (Zohry & Debnath 2010).

#### 2.4.4 The socio-cultural impact of migration

Migrants remit money, goods and commodities, as well as ideas and behaviours, that affect sending countries, either positively or negatively. Levitt calls these 'social remittances': 'Social remittances are the ideas, behaviours, identities, and social capital that flow from receiving- to sending-communities' (Levitt 1998: 927). She further identifies three types of social remittance – normative structures (ideas, values and beliefs), systems of practice (actions shaped by normative structures), and social capital.

Since most temporary Egyptian migrants are males who leave their families behind, other family members take over migrants' responsibilities, such as agricultural work, in the country of origin. The husbands' absence forces women to manage alone, which brings about the empowerment of women (Brink 1991; Zohry 2002). It also increases young women's participation in the labour market (Binzel & Assaad 2011). And remittances have been shown to have a positive effect on the education of girls – their chances of ever being enrolled in school increase with remittances (Elbadawy & Assaad 2010). At the same time, migration to the origins of Wahhabism in the Kingdom of Saudi Arabia, for example, affected Egyptian society and reproduced a new version of social and theological behaviour which might have increased the tendency to fatalism and fundamentalism, as well as the marginalisation of women in society (Zohry & Debnath 2010).

Finally, one should not ignore the interaction between migration and globalisation. Globalisation, made possible by new communication and information technologies and increased mobility, has spread new and different types of consumption pattern. In remote villages in the Nile Delta and Upper Egypt, we notice the increasing number of satellite dishes attached to television sets, bringing international channels to these households and influencing their behaviour and perception of migration.

## 2.5 Conclusion

An attempt was made in this study to explore migration and development interrelationships in Egypt. Egyptian migration is a response to unemployment, a failure of economic policies, and limited opportunities in the country of origin.

Saudi Arabia is the main destination for Egyptians in the Arab region, with almost 1 million working there. The US, Canada and Italy are the main Western destinations for Egyptian migration. Data on Egyptian migration flows are not reliable, but a slight shift in the direction of Egyptian migration in favour of Western countries is noticeable due to the competition that Egyptian migration faces in the Arab Gulf countries. In addition, and despite the unstable transitional period in Libya, Egyptians have also started to return to Libya.

Migrants' remittances are the most important aspect of migration for sending countries. Egypt is one of the major remittance-receiving countries. Over the last three decades, Egyptian migrants abroad remitted about US\$50 billion to Egypt, contributing to the economic development of the country at the macro-economic level (as a source of hard currency), as well as at the micro-economic level (through poverty eradication and as a source of household income).

Studies on the relationships between migration and development in Egypt tend to quantify this relation by focusing on the economic aspects of remittances and their effect at the macro- and micro-economic levels. Few studies have investigated the socio-cultural effects of migration and their societal impact; future studies should shed some light on such issues.

The Arab Uprising had an immediate impact on international migration in the Middle East and North Africa, as reflected in the return migration from Libya to Egypt, border crossings from Syria to Turkey and other neighbouring countries, and the slight rise in illegal migration from Tunisia right after the fall of Ben Ali's regime. These migrations were reactions to the fall of the regimes and the disruption of the economic and political systems of these countries. The expected changes in political and economic orientations in countries such as Egypt, Libya, Tunisia, Syria, Bahrain and Yemen, and the changing regional mosaic, will have a long-term impact on the overall configuration of political and economic relations within the region on the one hand, and between the region and other regions that form the migration system from and to the region on the other.

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