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# The Impact of the Current Economic Crisis on Egyptian Migration and Egyptians Abroad

by

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## **Abstract:**

Despite the fact that the impact of the current economic crisis vary from country to another, no single country can claim that it is away from the consequences of this crisis. With respect to migration, Egypt is a major labor exporting country. With about six million Egyptians living and working abroad, and the fact that Egypt is one of the major remittances' recipient worldwide, the impact of the economic crisis as related to migration may expected to last for years. This presentation sheds some light on potential risks and challenges related to the economic crisis and Egyptian migration. The presentation focuses on migration flows, remittances, unemployment, and social correlates of the economic crisis. The presentation depends mainly on available data on remittances published by the Central Bank of Egypt and other scattered data related to the crisis and the Egyptian migration.

## **The Crisis**

*“The world is confronted with the worst financial and economic crisis since the Great Depression. The evolving crisis, which began within the world’s major financial centers, has spread throughout the global economy, causing severe social, political and economic impacts<sup>1</sup>.”*

Since the beginning of the crisis, many countries have suffered negative impacts reflected in increasing unemployment rates, decreasing economic rates, declining remittances from migrants abroad, return migration, a serious impact on migrants’ rights, and increasing rates of irregular migration. With more than six million Egyptians abroad, Egypt is facing serious problems

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<sup>1</sup> The united Nations (2009) Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development. Document No. A/RES/63/303. New York.

caused by the global economic and financial problems. Despite the fact that statistics are not available to quantify the impact of the crisis, negative outcomes of the crisis started to evolve.

In this short presentation, an attempt is made to shed some light on the impact of the economic and financial crisis on the Egyptian migration, with a special focus on unemployment, remittances, and return migration.

### **Egyptians Abroad**

The total number of Egyptian migrants is estimated by 6.5 million in 2008. Two main migration streams for Egyptian migrants can be identified; the Arab countries and the West (North America, Europe, and Australia). While the West hosts about 25 percent of Egyptian migrants, Arab countries (mainly GCC countries, Libya, and Jordan) host about 75 percent of Egyptians abroad. According to the 2008 data<sup>2</sup>, the total number of Egyptians in Arab countries was 4.8 million in 2008, 95 percent of them were concentrated in five countries; Libya (2 million), Saudi Arabia (1.3 million), Jordan (525 thousand), Kuwait (480 thousand) and United Arab Emirates (260 thousands). In 2008, Egyptians in the West were about 1.7 million. More than 90 percent of them are concentrated in seven countries: USA and Canada (780 thousands), The United Kingdom (250 thousand), Italy (190 thousands), France (160 thousands), Australia (80 thousand), and Greece (80,000).

### **Impact of the Economic Crisis**

In this section, I present the impact of the economic crisis on unemployment rates in Egypt, remittances, migrants' rights, and internal migration. Evidence-based analysis and investigations related to the specified domains through which the economic crisis may affect migration are partially available. Hence, the analysis presented in this communication is more to insights into the impact of the economic crisis on migration rather than hard facts.

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<sup>2</sup> Ministry of Manpower and Emigration (2009) Egyptian Migrants Estimates, unpublished tables.

**Table 1**  
**Estimated Number of Egyptians Abroad by Main Destination, 2008**

<b>Region/Country</b>	<b>Number of migrants</b>
Arab countries	4,789,359
African Countries	2,445
Asian countries	6,073
Australia	106,000
European countries	790,799
USA and Canada	780,841
<b>Total</b>	<b>6,475,517</b>

Source: Ministry of Manpower and Emigration (2009) Egyptian Migrants Estimates, unpublished tables.

### ***Impact on unemployment***

Unemployment has been one of the major problems of Egypt in the last few decades. The last quarter of 2008 and the first quarter of 2009 witnessed an increase of unemployment rates in Egypt. Data released by the Central Agency for Public Mobilization and Statistics (CAPMAS) indicate that unemployment rate in Egypt increased from 8.8 percent in the second quarter of 2008 to 9.2 percent in the same period of 2009<sup>3</sup>. The rising rate of unemployment hinders poverty alleviation efforts, putting additional burden on the Egyptians living below the poverty line.

Despite the fact that quantitative evidence does not exist to directly link the increase of unemployment rates to return migration and the declining job opportunities internally and externally, one can safely say that the global financial crisis is one of the main factors that affect unemployment rates.

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<sup>3</sup> CAPMAS website [www.capmas.gov.eg](http://www.capmas.gov.eg) retrieved in 17 September 2009.

### ***Impact on remittances***

In economic and financial terms, the most important aspect of migration for the sending country are remitted money (usually cash transfers and goods), the so-called remittances that migrant workers sent 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<sup>4</sup> (Caldwell 1969).

Egypt is one of the top remittance receivers worldwide and the premier receiver among Arab countries. Egyptian migrants remitted an amount of 9.5 Billion USD in 2008. Remittances comprise about Six percent of the Egyptian GDP. A report on Egyptian remittances released in August 2009 indicated that migrants' remittances to Egypt decreased from 2.285 billion USD in the first quarter of 2008 to 1.738 Billion USD in the first quarter of 2009 with an absolute decline of about 550 million. The report also indicated that remittances of Egyptians in Kuwait decreased from 642 to 337 in, the same period remittances from Egyptian workers in Saudi Arabia decreased from 254 to 196 million. If this trend continued in 2009, the Egyptian remittances may be expected to decline from 9.5 to 7.3 Billion USD, with about 2.2 billion USD or more than 20% of remittances in 2008.

### ***Impact on migrants' rights***

The economic crisis will also increase the initial cost of migration, i.e. the cost of securing a work contract in one of the Arab Gulf countries – the traditional destination of Egyptian migrants or the cost of irregular migration to Europe. In addition, migrants will be obliged to accept harsh working conditions in order to keep their job such as working more hours than usual or accept lower salaries than before.

### ***Impact on internal migration***

Seizing job opportunities abroad and the return migration will increase the pressure on internal migration and labor circulation internally. While Egyptian metropolitans already suffer from internal migration which is the main cause of the growing slum areas surrounding Cairo and other metropolitans, it is expected that the decreasing opportunities of securing job opportunity

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<sup>4</sup> Caldwell (1969)

abroad will increase pressure on jobs internally. Internal migration to metropolitans is expected to play a major role in absorbing the negative impact of the economic crisis in rural Egypt.

### ***Impact on migration and development***

The crisis came in a time that many countries, including Egypt, started to join international efforts to encourage the migration and development interrelationships and encourage linkages between diasporas and their origin to foster development and build bridges between migrants and their home countries. The economic crisis is expected to weaken such initiatives.

### **Conclusion**

Despite the fact that we don't have enough data to assess the current and the future impact of the current economic crisis, it is expected that this phase will have a serious negative impact on remittances, unemployment, internal migration, migration and development initiatives, and migrants' rights. Despite all of these negative impacts of the crisis, opportunities still exist; return migrant come back to Egypt with their cumulated remittances, knowledge, and experience which may be mainstreamed into economic development in Egypt. However, this is not a granted opportunity; government policies should support the penetration of return migrants into economic development by utilizing their remittances, knowledge and skills in the development process. The economic crisis also can be considered as an opportunity to develop the knowledge and skills of the labor force to be able to compete in the international labor market after the end of this crisis. It is important also to indicate the importance of government expenditure to increase government expenditure to vitalize the economy through creating job opportunities and to avoid recession.

## أثر الأزمة الاقتصادية الراهنة على الهجرة المصرية والمصريين في الخارج

### ملخص النص الإنجليزي

على الرغم من أن تأثير الأزمة الاقتصادية الراهنة قد طال كافة بلدان المعمورة، إلا أن تأثيرها قد يختلف من بلد إلى آخر. ولا شك أن الأثر السلبي لهذه الأزمة قد أدى إلى تداعيات خطيرة في مجال التشغيل وانتقال القوى العاملة والجاليات الوطنية في الخارج. ونظرا لكون مصر واحدة من كبريات الدول المصدرة للقوى العاملة ومن الدول العشر الأوائل في العالم المستقبلية لتحويلات أبنائها الذين يعملون في الخارج، فإن أثر هذه الأزمة لا بد وأن يطال كمية هذه التحويلات وتدفعاتها. وتتناول هذه الورقة البحثية الآثار المترتبة على الأزمة الاقتصادية العالمية والهجرة المصرية. وقد أوضحت الدراسة، طبقا للمعطيات المتاحة، أن هناك إنخفاضا كبيرا في تحويلات المصريين بالخارج قد يصل إلى 20 بالمائة عام 2009 عن مستوى التحويلات عام 2008، كما أن هذه الأزمة ربما تؤدي إلى زيادة معدلات الهجرة غير النظامية نظرا لإنسداد أبواب الهجرة النظامية في وجه العديد من راغبي الهجرة. وربما تؤدي هذه الأزمة إلى إضطرار العاملين بالخارج لقبول شروط عمل قاسية، بالإضافة إلى ارتفاع تكلفة الحصول على فرصة عمل بالخارج. أضف إلى ذلك أن إنحسار فرص الهجرة للخارج ربما يؤدي إلى ارتفاع معدلات البطالة ويساهم أيضا في زيادة الهجرة الداخلية من الأقاليم المختلفة للقاهرة والاسكندرية.

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# أثر الأزمة الإقتصادية الراهنة على الهجرة المصرية والمصريين في الخارج

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