

Circular migration as an employment strategy for MENA countries

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Circular migration is a very topical issue

- Not a clear definition exist:

- Definition(s):
 - *“Circular Migration is the fluid movement of people between countries, including temporary or more permanent movement which, when it occurs voluntarily and is linked to the labour needs of countries of origin and destination, can be beneficial to all involved.”* (July 2007 Global Forum on Migration and Development).
 - Circular migration involves “a form of migration that is managed in a way allowing some degree of legal mobility back and forth between two countries.” (EC, COM(2007) 248 final, May 2007).

Frequently the research refers to

- small entrepreneurs who move from the sending country to the destination one for short period of business, or vice versa,
- seasonal migrants who repeat the same journey every year and work abroad for short periods of time (less than one year),
- contracted migrants who work abroad until the end of the project for which they have been hired.
- In general temporary migration permits are shorter than one year, they can be extended or renewed as for instances in Australia until 4 years.

The length of the stay abroad is a questionable issue.

- A *restricted definition* considers circular migration only a phenomenon with repeated short stays and repeated returns.
- A more *extended definition*, frequently adopted in the literature considers an example of circular migration the return of migrants during their working life after a relatively long stay.

It should accommodate supply and demand desires.

- Thus it should not include the cases where the duration of the staying abroad is mainly in the hand of the demand side.
- Are the Egyptian migration to the Arab States circular?

Nothing is more permanent than temporary migration

- is well known intentions are very different from actions
- the changed institutional setting with the introduction of restrictive immigration policies during the second half of the '70s obliged the foreign migrants to revise their decisions
- Malaysian and Tais and Indonesian

In a globalized labour market, labour migration is changing its nature.

- It is no more a permanent movement of people
- represented frequently by demographers by a hydraulic model, where the excess of population and workers were going where there was less population pressure.
- Now migration has to be perceived by the origin countries as a temporary lending and by the guest country as a temporary borrowing of labour for a given (short) period.

Clear benefit for the destination country

In Europe immigration “greases the wheels” of a very immobile and inflexible labour market where the labour supply do not move and adjust to the excess demand for labour, preventing wages and prices increases and the relocation of production.

Temporary migrants will not be a burden for the welfare state and will not challenge the already shaking European model of integration of foreign labour.

It will also discourage the illegal entrance or at least irregular employment of foreign workers, and will also improve the crucial security issues.

Is there a benefit for sending countries?

- If benefits for the sending countries exist, the first benefit should be social.
Temporary migration should be less disruptive for the family and the society around the migrants. This will ensure a more balanced evolution of the society which will also favour economic and social development.
- The sending countries favouring temporary contracted or individual migration schemes could also
 - -reduce illegal migration or at least irregular work abroad;
 - - avoid “brain drain” or at least reduce it;
 - - favour the return of human capital or simply of social capital conducive for development;
 - - favour the remittance inflows, which are in general higher in the case of temporary migrants because they avoid all the transaction costs implied in sending money home and thus they tend to invest less in destination country and more in sending countries.

- But most important is understanding whether or not the negative effect of remittances - namely the creation of a subsidized economy - is reduced with circular flows.
- A clear assessment of this does not exist, but it is well known that the negative effect of brain drain or of the remittances depend upon the level of socio-economic development of the area from which migrants originate.
- Thus the selection of the areas from which migrants come from and the concentration of the programmes or of the spontaneous flows seem crucial to avoid slow down of production and of growth for a long time.

Benefit for the migrants?

- In general people prefer to stay home.
- The sociological literature is full of heart-breaking stories of suffering of the emigrant being detached from his-her family etc.
- Economists usually rephrase this issue and say that people have a strong “home bias” which invariably emerges.

- The migration literature shows that the higher utility of the consumption with the relatives in the country of origin,
- named “home bias” determines the return (Djajic, 1989, Dustmann, 1994) and the reduction of emigration flows even in the presence of a high wage differential (Faini Venturini, 1993).

- In an empirical test done by Faini, Venturini (2007), the average income per capita of 4000\$ is the threshold which has engendered the slowdown of emigration from the Southern European countries.
- *Circular migration or temporary migration* may be a project for affluent countries,
- where the trade off between more goods abroad and consumption at home is in favour of the second,
- while for less affluent countries consumption with the relatives is too costly in tern of quantity of goods to forgo.

ECA migrants

- Many middle-aged Eastern European women working in the European families taking care of old people, and who already legally or illegally adopted this type of arrangement.
- This is really the type of job in which both demand and supply are temporary. Old people leave and migrants have other interests in the origin country. This is really the type of job in which both demand and supply are temporary. Old people leave and migrants have other interests in the origin country.
- In the building sector, the demand for labour is more linked to specific projects but foreigners with only a tourist visa are usually employed illegally in these positions and thus a circular migration for a specific project suit very well these cases.
- Seasonal agricultural contracts are example of repeated and of short duration migration.

GDP ppp	in \$ 2006	Rank	Literacy all	Lit. fem
<i>European Union</i>	<i>29.900</i>	<i>34</i>		
<i>Italy</i>	<i>30.200</i>	<i>32</i>	<i>98.4%</i>	<i>98%</i>
<i>Portugal</i>	<i>19.800</i>	<i>57</i>	<i>93.3%</i>	<i>91.3%</i>
<i>Greece</i>	<i>24.000</i>	<i>47</i>	<i>96%</i>	<i>94.2%</i>
<i>Spain</i>	<i>27.400</i>	<i>38</i>	<i>97.9%</i>	<i>97.2%</i>
ECA				
Slovenia	23.400	48	99.7%	99.6%
Slovacchia	18.200	61	99.6%	99.6%
Hungary	17.500	63	99.4%	99.3%
Poland	14.400	72	99.8%	99.7%
Estonia	20.300	55	99.8%	99.8%
Lithuania	15.300	66	99.6%	99.6%
Latvia	16.000	64	99.7%	99.7%
Czech Republic	22.000	51	99%	99%
Romania	9.100	94	96.3%	96.3%
Bulgaria	10.700	87	98.2%	97.7%

Migration as employment strategy in MENA countries

- MENA countries have an “internal” labour market
- Where it is very difficult to dismiss, wages are relatively high, the worker is the only breadwinner in large family
- In addition there is an extensive underground economy without, by definition, legal protection
- Migration represented the third option available to the workers unable to find a reasonable job at home
- MENA countries are less close to the migration turning point because their fertility rate is still high and their economy grows in a very uneven way
- Moreover, the political situation of these areas provokes a continuous instability which reduces the chances of long term economic reform being successful.

GDP ppp in \$		Rank	Literacy all	Lit. fem
European Union	29.900	34		
Saudi Arabia	13.800	73	78.8%	70.8%
United Arab Emirates	49.700	5	77.9%	81.7%
Qatar	29.800	35	89%	88.6%
Bahrain	25.600	41	86.5%	83.6%
Kuwait	23.100	49	93.3%	91%
Algeria	7.600	110	69.9%	60.1%
Lybia	12.300	81	82.6%	72%
Tunisia	8.900	95	74.3%	65.3%
Morocco	4.600	140	52.3%	39.6%
Mauritania	2.600	168	51.2%	43.4%
Egypt	4.200	144	71.4%	59.4%
Jordan	5.100	129	89.9%	84.7%
Lebanon	5.900	122	87.4%	82.2%
Syria	4.100	146	79.6%	73.6%
Turkey	9.100	93	87.4%	79.6%

Table 1: MENA Migrants by group of countries of residence, according to statistics of origin countries (a)

Country of origin	Country of residence			Total
	European Countries	Arab Countries	Other Countries	
Algeria 1995	92.5	6.2	1.3	1072246.0
Egypt 2000	15.9	69.9	14.2	2736729.0
Jordan 2004 (b)				29397.0
Lebanon 2001	25.9	20.4	53.7	606600.0
Morocco 2005	85.3	6.7	8.0	3185386.0
Palestinian Territory 2002 (c)	6.3	88.8	4.9	4707471.0
Tunisia 2005	83.4	13.8	2.8	933900.0
Turkey 2004	86.2	3.1	10.8	3520000.0

(a) Israel, Jordan and Syria do not provide statistics of their nationals abroad and are not included in this table

(b) For Jordan, detailed data by country of residence are not given

(c) Europe to read in the case of Palestinians abroad as all countries except the Arab countries and the US

(d) Total is partial (Israel, Jordan and Syria not included) and does not correspond to migrant population at any given moment of time (statistics relate to different dates)

- The majority of emigrants are man, in Algeria the woman migrants are 1/3 of the man migrants, in Egypt 1/2, in Morocco and Lebanon 60%, in Turkey 70% of male migrants, but many of them are reunified family members, they did not moved alone (CARIM 2006-7).
- In general migrants are young, more than 50% of the migrants are in the 20-39 age bracket and not very qualified with many excellent exceptions.
- The majority of emigrants are man, in Algeria the woman migrants are 1/3 of the man migrants, in Egypt 1/2, in Morocco and Lebanon 60%, in Turkey 70% of male migrants, but many of them are reunified family members, they did not moved alone (CARIM 2006-7). In general migrants are young, more than 50% of the migrants are in the 20-39 age bracket and not very qualified with many excellent exceptions.
- According to the ILO Global employment trends report in 2006 with a world average female participation rate is 52% but in the North Africa and Middle East only 29.9%, the share of woman employed relative to the female population has a the world average 49%, while in the North Africa and Middle East is 24% and also the female unemployment much more higher than the male one in the NA-ME than in the other cases.

- Circular migration cannot be the main employment strategy for MENA countries but it can be very important because it could be extended to more individuals and it could also touch new subjects.
- But it could not satisfy the new demand of employment that each year enter the labour market (700.000 Egypt and 400.000 in Morocco).
- Let us see the case of Morocco, with a net inflow of 300.000, an additional job creation of 110.000 and a traditional outflow for migration of 60.000, something similar to 120.000 workers remain in search of job each year and the largest programme led by the ANAPEC is of 12.000 circular migrant woman collecting strawberries in Spain.

But some provisions ahs to be done:

- *Dual citizenship for Entrepreneur*
- *Specific Portability of Pension*
- *The portability of the pension rights is another crucial element. Pensions are part of the overall wage, and certain pension rules, such as minimum seniority requirements, may constitute a barrier or an implicit cost to migration.*
- *Perfect portability requires true capitalization of contributions. Thus circular workers should be entitled **to same sort of personal pension account** in which they cumulate contributions paid in all the countries in which they have worked.*
- Seasonal-temporary worker are instead often excluded from this possibility because they have not reached the minimum contribution threshold.

- *Leave of absence*

- If a country really envisages the migration strategy as an employment strategy, it must include skilled migration as well
- To acquire more income and greater experience
- The leave of absence should guaranty first the re-employment upon the return. But it should also have a pension incentive or a promotion incentive.

- *Efficient job placing and training agency*

- Crucial for the success of the project is the structure of the job placing agency. In principal these should be public, but they may also be private.