

**Workshop on Migration in the Arab Region: Determinants and Consequences**

**Istanbul, April 16-17, 2011**

**organised by Economic Research Forum and FEMISE**

**Title: The Euro-Med Perspective on Migration: The Role of Economic and Social Reforms<sup>1</sup>**

**By Wai Mun Hong, Researcher, MERIGG**

**Alejandro Lorca, Jean Monnet Chair**

**Eva Medina, Researcher, Instituto Lawrence Klein**



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**Abstract:** The Euro-Mediterranean Partnership (EMP) attempts to forge closer ties between the two rims of the Mediterranean Sea, the European Union (EU) and the Southern Mediterranean (SM) countries and to play a more important and active role in the economic development of the latter. Unlike other developing regions, despite closer economic ties with the EU, economic growth in the SM countries remains slow if not stagnant. The reluctance of the governments of the SM countries to open up their economies makes international migration an alternative to their domestic economic development. Remittance as an immediate effect on economic growth in the migrants' home countries become a vital source of income by increasing households' purchasing power, empowering savings and investments. Returning migrants then become a source of indirect technology transfer and knowledge diffusion. While non-returning migrants continue to boost economic development in their home countries through trade and development project fundings through the organisation of hometown associations and diasporas.

This is an introduction adequated to the circumstances before 1 January 2011. Afterwards changes will impact with such a force that is going to be impossible to know what will happen. The Pandora box has been opened and uncertainties multiplied.

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<sup>2</sup> First draft not for quotation.

## Introduction

Despite closer ties, regional relations between the European Union<sup>3</sup> (EU) and the Southern Mediterranean countries<sup>4</sup> have remained insignificantly strong. Since the launch of the Euro-Mediterranean Partnership (EMP) or also known as the Barcelona Process (BP) in 1995, strategic co-operation between the northern and southern riparian of the Mediterranean sea have been disrupted several times due to political differences. The re-launch of the Euro-Mediterranean (EuroMed) partnership under the new name of Union for the Mediterranean (UfM) initiated by the French President Sarkozy in 2008 reflects the importance of continuous engaging the SM countries in the face of a globalise world cannot be ignored. Most importantly, one of main objectives of the EU to initiate a partnership with the SM countries with shared interest to maintain a stabilised neighbourhood as well as minimising their migration flow into the former through economic development in the latter. The happenings after 1 Jan 2011, that started the be called “Arab Spring” and also “Arab Awakening” shown that the EUROMED policies are not the best, they have failed to create jobs, that the only thing that will avoid the migration from the south to north.

Despite having colonial relations, the SM countries' relations in general with the EU remain negligible in percentual terms. In fact, colonisation history is blamed by some development economists for the present authoritarian leaderships in the SM countries by allowing these states to accumulate nationalist sentiments against their European colonialisers. The governments of the SM countries also took advantage of the situation to strategically minimise their participation in world economy, as well as to limit foreign presence and influence within their borders. These reasons thus explain the meagre flow of other forms of foreign capital apart from remittances and also to limit dependence on foreign trade. The feeling anti-imperialist is very strong in these countries, and still rejects any intervention of EU politically and also economically.

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3 The European Union (EU) member countries studied in this working paper refer to all the 27 member countries.

4 The SM countries studied in this paper refer to nine North African and Middle Eastern partner countries and one permanent observer which border the Mediterranean sea as defined in the Euro-Mediterranean Partnership (or BP) launched in 1995. The SM partner countries of the EMP are Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia. Maghreb countries are referred to Algeria, Libya, Morocco and Tunisia. Machrek countries are referred to Egypt, Jordan, Lebanon, Palestine and Syria.

With limited involvement in world economy, governments of the SM countries could only depend on their own domestic economic expansion to create jobs. However, at least past records have shown little success in creating enough jobs to absorb a good part of the labour force. Unemployment thus becomes a long-term plaguing problem for the policy makers of the SM countries. To escape from such economic predicament, since 1998 the yearly number of migrants from the southern bank of Mediterranean sea emigrating towards the northern bank has doubled. Technically, such outgoing of migrants has helped alleviate the pressure on the governments of the SM countries to reform and create more jobs, however the other problems they may face would be brain drain. Besides, if the governments' policies to create jobs fail to keep up with the pace of the number of young people entering into the workforce, migration will only be ineffective as a solution and social unrest will only keep up. The burg of youth unemployed and frustrated has been the base of the “Arab Awakening”.

Nonetheless, from the economic perspective, migration and remittances are two short- and medium-term development tools the SM countries are left to rely on without getting more involved in the foreign realm. Migration and remittances also allow the governments of the SM countries to buy time to make reforms towards an open economy until when the migrants find job opportunities repatriate. Again, how long should time be given to the governments for reforms?

The recent wave of events of uprising in the Arab world has started to show signs of discontentment among the young people of the “facebook” and “twitter” generation with their governments' failure to take effective reforms in both economical and political realms. Not only has the economic situation in the SM countries stagnated, political freedom has also been restricted. Most importantly, because of these uprising, waves of migrants influx, particularly those from Tunisia and Libya, have created a lot of problems in the Italian island of Lampedusa recently. Besides, these uprisings have also reversed in part what that had been achieved with the former authoritarian leaders with whom the EU had established quite sturdy relations.

In this paper, we attempt to look at the effectiveness of Euro-Mediterranean relations in migration and its effects on economic development. In addition, we will also be taking into account on how the uprisings in

the SM countries will affect the partnership between them and the EU in the future. We do not attempt to look for solutions, however it will be interesting to look at the economic development in the SM countries through their most important source migration and the relationship between EU and the SM countries will be affected.

This paper is divided into six sections. In the first section, we will briefly look into the history of migration in the Mediterranean and its changes. In the second section, we will also briefly look at some of the economic reasons for emigration among the emigrants in the SM countries. The third section we will address various aspects of the consequences of emigration, such as how remittances promote economic development and brain drain, from the point of view from the northern and southern rim of the Mediterranean sea. We will dedicate the fourth section to a profound study of illegal migration. In the fifth section we will look at how the waves of uprising in the SM Arab countries will affect their relationships with the EU and the implications on migration relation between the northern and the southern rims of the Mediterranean sea. Finally, the summing up in the sixth section.

## **1. Historical changes in the migrants flows from the South**

The flows of migrants from the South-North Africa to Europe begun during colonial period mainly to France. During the First World War more than a million, the majority Algerians fought in the French Army and some worked in the agriculture and mining sectors, the estimation are 80,000 workers. During the second World War migrants to France were estimated around 250,000. During post-independence period the flows increased due to the labour demand for the reconstruction of Europe. During this time North Africans competed with south-Europeans Mediterranean migrants: Italians, Spaniards, Greeks and Portuguese, nevertheless this stock were amount of 1.5 million in 1974. France, Belgium and Netherlands were the main markets. The German market was covered by Turks and south Europeans.

The recession of mid-70 shifted policies and flows. The motive of migrants was family recession. Between 350,000, in the period 1963 – 2000 only in France. The profile also change, their educational level was higher, and women come into the flow, in the past three decades the flows of women has doubled. At the end of 80 and 90 the destination changes and then the main countries of destination were Italy and Spain.

In these changes has produced significant problems. In the 50 and 60 the majority of migrant in Central European countries were south Europeans, with some culture and religion, the majority of them returned to the country of origin. In the 80 and 90 the migrants are North Africans and Sub-Saharan migrants, with different culture, religion and ethnic. The migrants are more visible in the European societies and the process of assimilation in much harder.

The consequences of this phenomenon are mixed blessing for the countries of origin and destination. Remittances reduced export deficit and help to the investment development in the countries of origin. Training received in the countries of origin is essential for industrial development. Brain drain is negative. The new flows are more permanent that the previous ones, in the medium- and long-ran these will decrease the remittances.

One of the changes that has not been well studied, but this is important in the changes of the perception of the diasporas and the role that this has in the countries of origin and destination. In these countries of destination, the associations of migrants have an important role in the defences of the migrants' rights. But the changes are more important in the countries of origin. At the beginning emigrants were encouraged to emigrate as a solution for the high rate of unemployment, and after ignored. In occasion perceived as polemical political opponents, because they have experience have to live in democracies and they were critics of the autocracies in the countries of origin. The governments organise what was known as “amicales” with an official cultural role, maintaining the culture in the destination countries; and an unofficial link with the ministries of interior keeping track of political activities of emigrants. In the 90s a turning point is produced. The reason of these changes is the perception of the governments of the countries of the origin of the importance of the remittances. The remittances of Morocco are over US\$5 billion in 2007, fourth in the world, that represents over 10 percent of GDP. Algeria US\$2.1 billion, 1.6 percent of GDP and Tunisia US\$1.7 billion, 5 percent of GDP. At the moment the relation emigrants-government of the countries of origin are institutionalised, and the associations of emigrants started to have voice in the legislation of their interest. Nevertheless the diasporas of Arab communities are not as efficient as other like the Asian ones for example the Chinese communities, that are known as the China of the Exterior and that play an important role in the organisation of the distributional system of the Chinese export. Almost nothing has been done to utilise the high flows of remittance as a financial source to invest en development projects that could create jobs that is the only thing that will reduce migration. This aspect of migration are topics that economists should pay more attention to.

## 2. Emigration : from the southern rim to the northern rim of the Mediterranean sea

Better job prospects is one of the most cited reason to emigrate in the SM countries. The high income level in the northern bank of the Mediterranean sea has logically attracted increasing number of immigrants from the SM countries, particularly the maghrebis. According to Eurostat<sup>5</sup>, between 1998 and 2008, the annual number of immigrants from the SM countries emigrated to the EU has increased from 90,653 to 180,552. In total, between 1998 and 2008, the total number has been of 1,449,999 immigrants. Although it is true that these figures compared with in other developing regions are not exactly important, it is a two-fold increase alone in annual terms and it is equally important as a loss of brain drain that could otherwise contribute to the economic expansion of the SM countries.

Besides, these figures do not include the illegal immigrants. These illegal immigrants tend to be more vulnerable to “underground” labour market that will encourage employers to abuse them by making them to work under “sweatshop” conditions<sup>6</sup>. Precisely because they are illegal immigrants, it makes them unable to integrate with native society. This thus creates a xenophobic sentiments amongst the native society.

What could have attracted these close to 5 million immigrants from the SM countries is possibly the important difference in income level. The average per capita GDP of the EU member countries is sometimes more than 20 times higher than that of the SM countries.

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5 Data retrieved on 4 April 2011 from <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>.

6 “Sweatshop” is a term used to describe premises where workers are made to work under unfavourable condition such as long hours and distortedly low pay.

Table 1. Stock of emigrants from the Southern Mediterranean Countries in the EU, 2006

	Origin										
	Southern Mediterranean	Israel	Algeria	Libya	Morocco	Tunisia	Egypt	Jordan	Lebanon	Palestine	Syria
EU	4,690,045	56,705	1,519,354	23,005	2,139,338	440,758	195,189	28,764	175,401	7,749	103,781
France	2,620,113	8,440	1,374,768	1,472	782,449	375,754	23,863	928	3,852	845	13,741
Spain	782,313	2,492	63,586	1,197	691,848	2,745	4,457	3,283	4,527	743	7,424
Italy	397,285	3,828	23,997	1,045	289,798	8,295	59,632	378	5,725	321	3,906
Germany	325,879	13,275	23,832	4,214	110,370	33,434	19,699	14,779	68,226	0	38,051
Netherlands	189,389	3,999	4,010	438	158,011	3,940	9,592	832	3,155	381	5,031
United Kingdom	102,310	13,218	11,860	10,160	13,725	3,412	27,454	3,462	11,625	2,760	4,633
The rest of EU	272,756	11,453	17,302	4,118	93,136	13,177	50,492	5,102	44,290	2,699	30,986
The rest of the world	6,431,474	751,373	264,122	67,133	576,328	182,463	2,204,062	612,389	446,502	947,175	376,927
Total	11,121,518	808,078	1,783,476	90,138	2,718,665	623,221	2,399,251	641,154	621,903	954,924	490,708

Source: Authors' own calculations based on the Bilateral Estimates of Migrant Stocks of University of Sussex and World Bank.

Table 2. Emigration Flow from the Southern Mediterranean Countries to the EU, 2006 in Percentage

	Origin										
	Southern Mediterranean	Israel	Algeria	Libya	Morocco	Tunisia	Egypt	Jordan	Lebanon	Palestine	Syria
EU	42.17	7.02	85.19	25.52	78.69	70.72	8.14	4.49	28.20	0.81	21.15
France	23.56	1.04	77.08	1.63	28.78	60.29	0.99	0.14	0.62	0.09	2.80
Spain	7.03	0.31	3.57	1.33	25.45	0.44	0.19	0.51	0.73	0.08	1.51
Italy	3.57	0.47	1.35	1.16	10.66	1.33	2.49	0.06	0.92	0.03	0.80
Germany	2.93	1.64	1.34	4.68	4.06	5.36	0.82	2.31	10.97	0	7.75
Netherlands	1.70	0.49	0.22	0.49	5.81	0.63	0.40	0.13	0.51	0.04	1.03
United Kingdom	0.92	1.64	0.66	11.29	0.50	0.55	1.14	0.54	1.87	0.29	0.94
The rest of EU	2.45	1.42	0.97	4.57	3.43	2.11	2.10	0.80	7.12	0.28	6.31
The rest of the world	57.83	92.98	14.81	74.48	21.20	29.28	91.86	95.51	71.80	99.19	76.81
Total	100	100	100	100	100	100	100	100	100	100	100

Source: Authors' own calculations based on the Bilateral Estimates of Migrant Stocks of University of Sussex and World Bank.

Nonetheless, there also cases wherein historical colonial ties do not necessary affect the decision of people to emigrate to a country of destination where they are related to. Despite sharing a colonial history as well as the proximity migration relation between Italy and Libya remains weak. Only 1.16 percent of Libya's total emigrants is in Italy. Yet again, this weak link between these two countries is artificially imposed by a pact in which Libyan leader agreed to control outflow of illegal migrants crossing the Mediterranean from the southern rim towards the northern rim. Although has reaped results, this pact has also been heavily criticised by the European civil societies and human rights group. (See table 1 and 2). In general the EU has asked the SM countries to do a role of “guadarme” its frontiers, that is an unfair job.

While on the other hand, in fact a good part of the Egyptian, Lebanese, Jordanian and Syrian emigrants tend to emigrate to countries in the Arabic Peninsula instead of the EU countries. This important migration relation between the Machrek countries and oil-rich countries in the Arabic Peninsula could also be closely related to the geographical vicinity between them. Nonetheless, the most important migration relation between the Machrek and the EU would be that of Lebanon and Germany. 10.97 percent (68 thousand) of Lebanon's total emigrants go to Germany. Lastly, despite all, Israel, being the richest among the SM countries and being generally less populous, has only 57 thousands emigrants emigrated to the EU and they only accounted for 7.02 percent of Israel's total emigrants.

Emigration from the southern to the northern rim of the Mediterranean sea provides some positive results on economic development in the migrants' home countries after all the EU countries are some of the most developed and at least politically stable regions in the world which the SM countries could depend on.

### **3. Consequences of emigration in the SM countries**

Above all, it is unemployment rather than better income level that has forced migrants from the SM countries to emigrate. This also means that the governments of the SM countries would need to look into expanding their private sectors, deepening their participation in international trade and focus on attracting foreign direct investment (FDI) that will diminish their unemployment situation instead of expanding the public sector, that are capital intensive, what these countries needs are of labour intensive sectors.

Migration yields two different consequences that one could have positive effects but in the short- and medium-term and one could have negative effects in the long-term if the main issues of the reason behind emigration are not addressed.

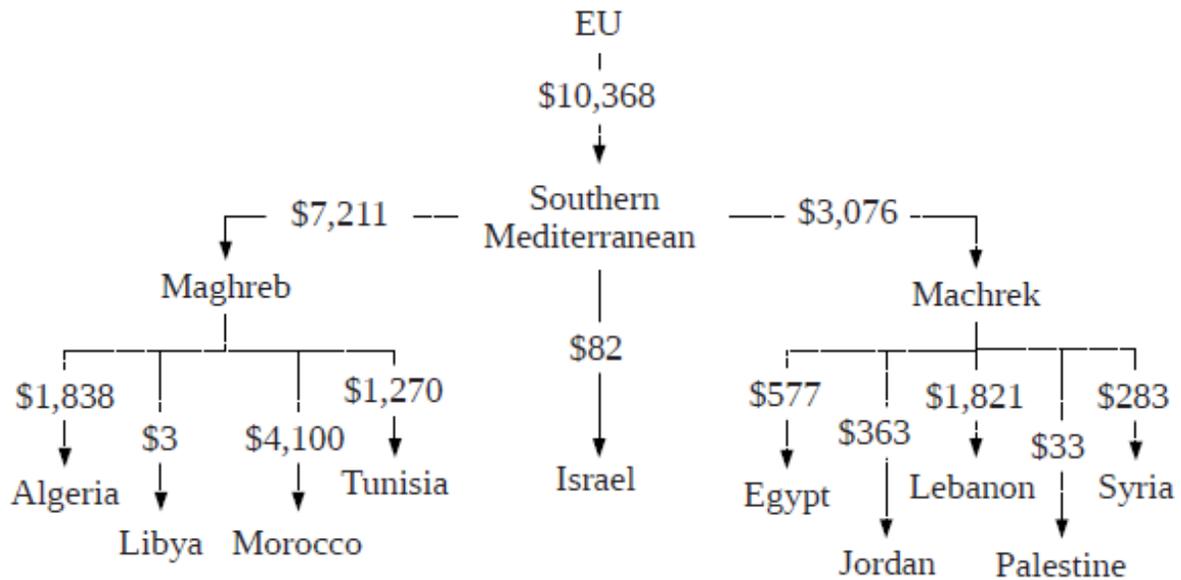
#### **3.1. Remittances as a tool of economic development**

Remittances have positive effects on economic development in general. By definition as well as in technical terms, remittances are money sent by emigrants living and working abroad to their home countries. No doubt, remittances could be help alleviate poverty almost immediately although it should not be over-dependent on in the long-term. Although it has not been proven how so, Ratha (2003) points out that remittances are important and stable external source of financing for economic development. Even if it is so, then how remittances could promote economic development?

First of all, remittance received in the SM countries are particularly important. From the EU countries alone, the SM countries received US\$10,368 million in 2000. Having a larger number of immigrants in the EU, Morocco is by far the main beneficiary of the remittance sent from the EU receiving US\$4,100 million, followed by Algeria who received \$1,838 million and Lebanon who received US\$1,821 million. As there are more emigrants from Machrek countries working and living in the oil-rich countries in the Arabic Peninsula, remittance sent from these countries is more important to the Machrek countries. As for Israel, likewise, being a developed country, remittances tend to play a much smaller role in its domestic economic

development and had received US\$82 million of remittance sent from the EU. (See figure 1)

Figure 1. Remittance Outflow from the EU to the Southern Mediterranean Countries, 2006 in US\$ million

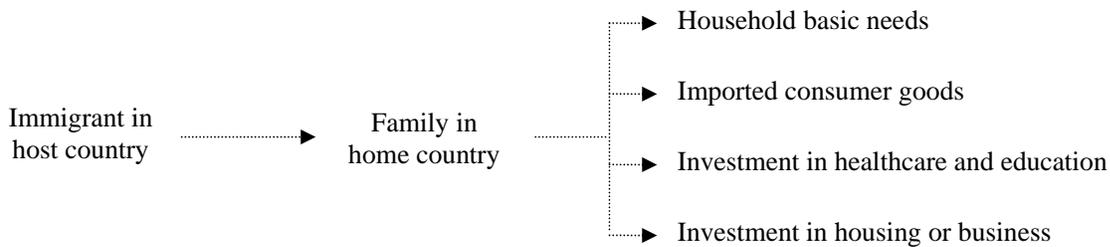


Source: The World Bank's Bilateral Remittance Estimates using Migrant Stocks and Host Country Incomes (millions of US\$).

Many authors have pointed out that remittances in general have multiplying effects on economic development and what are the implications depends on how remittances are used logically. According to Torres and Lorca (2006) the most common uses of remittances cited are purchase of daily necessities which also include housing. (See figure 2 below) This also demonstrates how the poor people could be alleviated from poverty at most immediately. Nevertheless, Gallina (2006) also highlighted the drawbacks of such uses and argued that only if the demand for daily necessities is domestically produced should economic output expands via job generation. However, if the demand is of imported goods, there would be limited effects in economic development. Hong et al. (2010) further suggest that “the type of goods remittance recipient countries produce” could also affect economic development differently; products of labour-intensive goods tend to have good effects on labour markets and product of knowledge-intensive and high-technology goods increase trade.

Other than these common uses, remittances are also found to be used for investments. Firstly, Yang et al. (2004) suggest that remittances could be the alternative to restricted credit from financial institutions (quoted in Jogwanich 2007, 5). Secondly, whether remittances are used for productive investments remains a question to be answered. How effective it is to promote economic development depends on how productively remittances are used. Different uses of remittances will have different effects on economic development. See figure 1 below for some of the most common uses of remittances.

Figure 2. Common uses of remittances



Source: Authors' own elaboration.

In figure 2 above has also highlighted that investments in healthcare and education is one of the most common form of remittances used. Although not widely considered as productive, at least not in the short-term, investments in healthcare and education do possess positive effects on economic development in the medium- and long-term. Better health conditions minimise absenteeism as well as improving individual's productivity. While better education qualification not only improves one's productivity but also increases human capital. Although better education qualification does not necessarily mean the ability or capability to manage technology transfer and knowledge diffusion effectively or even creativity, at the least it does help individuals to improve the ability to learn. Nonetheless, investments in education does not guarantee immediate or even effective economic development because those highly educated individuals are often not

unemployment and normally the emigrants are among the highly educated cohorts<sup>7</sup>.

On the contrary, investments in housing and businesses are often perceived as productive investments that have direct and at most immediate effects on domestic economic development via forward and backward linkages that help expand other sectors. Demand for housing helps create jobs in the construction sector. Besides, housings provide permanent shelters for family, particularly for the family living in poverty or for those living in urban slums or shantytowns, which thus constitute to an improvement in social welfare. For instance, there is a number of studies on economic effects of remittances in Morocco that have demonstrated that a good part of the remittance received in the migrants' home countries is invested in real estate. This phenomenon reflects Moroccan immigrants' attachment to their homeland and that emigration is simply temporary. Furthermore, Torres and Lorca (2006) have also highlighted similar investment behaviour is found in Egypt too.

Investments in business have multiplying effects on economic development through what Jongwanich (2006) suggests forward and backward linkage effects. While this Jongwanich's statement stands true, however the effects vary in degree. Torres and Lorca (2006) have found that traditional trade such as small businesses providing direct consumer services (for instance taxi services, small-scale or family-run hotels, restaurants and *salón de té* and *café*) are common in most SM countries and have yielded limited positive effects on economic development. This is mainly due to the fact that these traditional small-scale trades demand little managerial and entrepreneurial capacity and limited creativity. Also because of the size of the businesses, job creation is also limited. Business-to-business (B2B) enterprises along supply- and value-chain productions, instead of direct-consumption services, could expand the job market through creating a wider range of jobs and less dependent on direct consumer demand for a more sustainable economic development. Nonetheless, Torres and Lorca (2006) as well as Sorensen (2004) have found an increase in B2B businesses such as food-processing and supplying of building materials in Morocco, Egypt, Jordan and Tunisia.

In order to actualise investments in housings and businesses, private savings are particularly important where

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<sup>7</sup> The issue on “brain drain” will be discussed in the later part of this working paper.

domestic financial institutions remain relatively undeveloped. Households' perception of their future greatly affects their savings behaviour. Those whose preferences are short-term well-being tend to spend most of income in household goods and leave little for savings. Although such behaviour generates almost immediate effects on domestic economy in the short-term, the effects on economic development in the medium- or long-term, will be negligible. However, while those perceived their future in the medium- and long-term will restrict their expenditures, will create investment capacity for the future. Although such consumer behaviour may not reap immediate effects on domestic economy in the short-term, it will support a medium- and long-term sustainable economic development. Still, the lack of incentive to save encourage household to spend. Although private savings do not yield interests that increase household income, relatively under-developed domestic financial institutions in most SM countries also rarely offer investment products that attract private savers.

### **3.2. Migration a source brain drain or brain gain?**

Migration is commonly used as a political tool to relieve the pressure on the governments to make reforms that will solve their sky-rocketing high unemployment rate. Although emigration may cause brain drain problem, the governments of the SM could make effective use of this period of time to restructure their economies to yield compensated positive effects on economic development in the long-run. Reforms go against the interest of the elite in government, that is the reason why are not done.

Nevertheless, we cannot deny the fact that brain drain indeed has negative effects because those who are highly educated and those who have the capability to contribute to economic development have left their home country in search for better opportunities. In other words, brain drain is a negative consequence that the governments have to bear in exchange for time to restructure their domestic economics through economic development and political policies.

Table 3. Emigration rate by education level, 2000 (%)

	<b>Total</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>
<b>Southern Mediterranean</b>	<b>5.42</b>	<b>2.38</b>	<b>2.55</b>	<b>10.30</b>
Israel	3.57	1.04	2.98	7.39
Algeria	4.08	4.36	1.41	8.63
Libya	0.82	0.39	0.53	2.23
Morocco	3.82	3.38	2.54	13.34
Tunisia	4.33	4.23	2.20	11.16
Egypt	0.68	0.14	0.53	4.12
Jordan	2.57	0.87	2.08	6.80
Lebanon	13.39	7.92	9.23	37.10
Palestine	2.67	0.89	2.23	6.89
Syria	1.48	0.61	1.66	5.37

*Source:* Authors' own calculations based on the dataset, a product of the Trade Team – Development Research Group as part of the International Migration and Development Program by Maurice Schiff and Mirja Channa Sjoblom. Note: Emigration rates of the SM countries are in average term.

From table 3, we could easily find in general that the governments of the SM countries are in fact facing the risk of losing their highly educated individuals who could have otherwise contributed to their domestic economy emigrating away. In short, the tendency of emigrating is higher among the higher educated cohorts. In 2000, the average emigration rate of the high education level cohort in the SM countries was 10.30 percent, that of the middle education level cohort was 2.55 percent and that of the low education level cohort was 2.38 percent<sup>8</sup>. This trend is also highlighter in the MENA Development Report (2008) and it also suggests that this is caused by the inability of these governments to create enough jobs for the highly educated labour force. Hong et al. (2010) further suggest that “not only did the governments of the SM

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<sup>8</sup> The latest emigration rate by education level available is of year 2000.

countries fail to make full use of human capital but also the higher educated individuals themselves become a waste of potential". Interestingly, Assad and Roudi-Fahimi (2007) also highlight the fact that due to the failure of the governments of the SM countries to integrate with the world economy as well as to promote the private sector, high unemployment has prolonged.

While the majority of the SM countries have an emigration rate of the high education level cohort maintained below 10 percent, Lebanon, Morocco and Tunisia are facing some of the most serious case of brain drain. Lebanon's emigration rate of the high education level cohort was 37.10 percent, that of Tunisia was 11.16 percent and that of Morocco was 13.34 percent. All but Algeria, Morocco and Tunisia have higher emigration rate of that medium education level cohorts than that of the low education level cohorts. All but Lebanon have a emigration rate of the low and medium education level cohort maintained under 5 percent. Lebanon's total emigration rate is the highest among the SM countries with 13.39 percent.

The fact that emigration is often closely related to high unemployment rate in the SM countries also reflects the close association between unemployment and high education level. It is precisely the highly educated individuals that who have higher capability and ability to contribute to domestic economic development which find themselves having a higher probability to be unemployed. Even if these highly educated individuals do not emigrate overseas and look for better job opportunity, the risk of taking jobs that they are over-qualified for simply for the sake of earning any income could even turn these supposed brain drain into brain waste. Gallina (2008) highlights that most of the emigrants from Maghreb countries take up semi-skilled or unskilled jobs in sectors like construction, industry, agriculture and services, this evidently shows that there is a case of brain waste in the countries that receive emigrants.

As for those who have emigrated, could only hope to return when the reforms of the governments will create sufficient jobs to attract them back to their home countries. Undoubtedly, the returning emigrants will act as catalysts of economic development. Although strict migration laws obliged immigrants to return upon their contract termination, it has also make them stay on illegally as obtaining a work permit or returning becomes more difficult. However, stricter migration laws or tighter border control will also result in more illegal migration incidents, thus encouraging organised illegal migration ring as well as employers in the destination

countries to abuse illegal workers working under “sweatshop” conditions.

Nonetheless, when emigrants do return, they will then become the main source of technology transfer and knowledge diffusion. These returning emigrants often have plans to set up businesses upon returning to their home countries. Regardless of the size, these businesses indirectly will expand other sectors as well as the job market through forward and backward linkages. Although these returning emigrants are always expected to have cultivated some sort of entrepreneurship spirit, the competition of the countries and the lack of infrastructure and information are main concerns that have negatively affected the confidence of the local potential businessmen in the SM countries. As Torres and Lorca (2006) highlight the case of Morocco, the impediments to potential productive investments are fundamentally institutional such as lack of information on investment opportunities, inefficient bureaucratic system and corruption. Gallina (2004) also bring up concerns of economical and political instability in general in the SM countries has affected businessmen's decision to investment.

Still, non-returning emigrants also help boost economic development in their home countries. Strong attachment between emigrants and their home countries often forms important networks for exportation of produces that are solely produced in their home countries that is also known as “nostalgic trade”. This sort of network is very well exemplified by the case of rapid economic growth in China with the important assistance of foreign network in Hong Kong, Singapore and Vancouver where there are prominent presence of Chinese immigrants or communities that we often called the China of the exterior (Lorca and Hong, 2009).

Following the example of Mexico's Hometown Associations (HTAs), where emigrants from the same town come together and invest collectively in development related activities in their home countries (Orozco 2000). For instance, emigrants from Algeria, Morocco ad Syria have also set up various associations in the EU to support or fund economic development activities in their countries. Emigrants from Morocco support the construction of small dam and irrigation system and roads; those from Algeria support development projects through mobilising human and financial resources and; those from Syria have supported the

construction of private universities and factories (Torres and Lorca 2006, 17). Hong et al. (2010) also found that similar HTAs are founded in several parts of Spain such as Malaga and Alicante by immigrants from Morocco and an association for Moroccan workers and immigrants (ATIME) in Madrid. These investments help boost economic development through job market enlargement and better infrastructures that ameliorate efficiency and productivity. The role of the “Arab diaspora” is less effective than other ethnical groups that are very effective in the development of the home countries. This is a topic that need be studied more.

However, Stocchiero (2004) highlighted the fact that the Egyptians communities in Italy are actually more interested in helping the Egyptian immigrants to integrate in the local society and preserving the Arab culture and language. Besides, Stocchiero (2004) also found that most of the Egyptian associations have no formal links and exchange of information with the Egyptian Embassy and Consulates in Italy (quoted in Hong et al. 2010, 69).

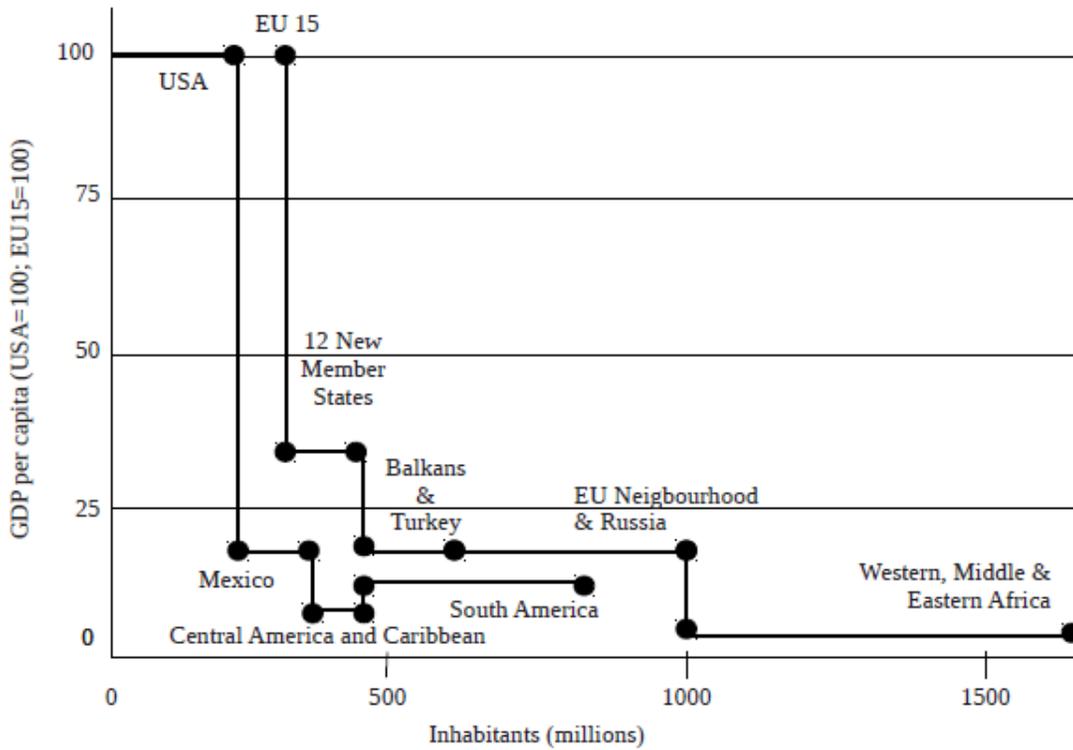
Unfortunately the biggest challenge of data collection remains. Illegal migration has gone unrecorded. Remittance sent through unofficial channels also remains unrecorded. These two issues thus hamper the measuring of the real effects of migration and remittances on economic development in the SM countries.

#### **4. Illegal Migration**

The estimation of irregular migration in the EU is between 4 to 8 million people with an inflow of half a million. However after the Arab Awakening (AA) the situation is that those inflows are going to be doubled. Not only the problems of assimilations of that important inflow but also the conflict between countries like France and Italy are a problem. In the case of Tunisia, the emigrants want to establish at France but the entrance in Italy. The normative to cross the border between the countries in Schengen terms. Italy gives the Tunisians a valid short-term residency permit, but this document is not accepted by France. The conflict appears in a circumstances where time is vital to avoid the concentrations of irregulars in a south island like Lampedusa. Fortunately an agreement found. The two countries will patrol point sea and air to block the flow from North Africa (NA). Meanwhile France continues to say that migrants with short-term permit from Italy must meet all the Schengen terms, meaning to have financial resources as well as documents. The ministers also pledge to encourage immigrants with temporary permits from Italy to head back to Tunisia on a “voluntary” basis.

Malts insisted it cannot handle the inflow of migrants from Tunisia and Libya. Even without the conflicts of North Africa the situation if these European borders are similar o Mexico-US borders. US estimated 12 million Mexicans living in the US and an illegal inflow of 400,000 annually. The income gap is similar between both borders. Vicinity and income gap are the main factors that originate his flows. (See figure 3)

Figure 3. Income gaps of the EU15 and US with their respective neighbourhoods



Source: Brücker and von Weizsäcker (2007).

Both “governments” they have applied similar policies. The main one is better border enforcement. EU has created Frontex to control the borders, nevertheless this policy is not the “miracle solution” and that the reduction of irregular die to it will be about 25 percent. If we admit that the gap income is one of the reasons of migrant, the answer could be increased development assistance. The Arab Awakening is a good probe that this policy does not work in North Africa. The EU has tried a series of policies of assistance, however to be effective will be necessary Economic Reforms in the south. The government of North Africa has shown not political will to implement these reforms, that are against their economic and political interest. Perhaps the Arab Awakening will give the solution. The EU follows the “economic path reform”, that is to say: First the Economic Reform after the Political Reform, that has been thee theoretical bases of all the EuroMed policies. That did not work. Perhaps the EU should change to the “Political Path Reform First the Political Reform and parallel the Economic Reform”. The reason why the EU did not follow the latter policy is that, his

hidden agenda is North Africa was a security agenda, that prioritise the “status quo”. However, the North Africa has broken the security agenda, and perhaps the new government will have the political will to introduce the strategy of “the political reform”.

Other possibility to reduce the stock of irregular could be the expansion of legal immigration schemes in the form of temporary or circular migration although it is not clear the effect on the decision of migrants. Both the regularisation is other alternatives, but EU shall find pragmatic ways compatible with human rights and the establishment of standards treatment of irregular migrant should also agreed. One of the policies hat has been disused is to establish a system of continuous “earned regularisation” offering shorter periods for who acquire rapidly language skills and integration.

Nevertheless, the Mediterranean becomes magnets for migrant workers and asylum seekers from countries struggling with economic development threat and often torn by civil and military conflicts. The governments around the zone were not prepared for the management of such magnitude of flows. For the lack of experience and the political will, the illegal or irregular – what in Spain are called “without papers” - has increased in the last years. Irregulars are produced by laws, thought when countries change working laws, or introduce economic protectionist measures suddenly regulars are transformed into irregulars.

Table 4. Irregular immigration into Arab Mediterranean countries (most recent data in 2010)

Country	Immigrant stocks			Ratio irregular/regular
	Total	Regular (1)	Irregular (minimum)	
Algeria	105,000	95,000	10,000	0.1
Egypt	362,500	262,500	100,000	0.4
Jordan	992,273	392,273	600,000	1.5
Lebanon	702,315	302,315	400,000	1.3
Libya	1,449,065	449,065	1,000,000	2.2
Mauritania	32,963	22,963	10,000	0.4
Morocco	72,348	62,348	10,000	0.2
Palestine	n.a.	n.a.	n.a.	n.a.
Syria	742,218	42,218	700,000	16.6
Tunisia	45,192	35,192	10,000	0.3
Total AMC	4,503,874	1,663,874	2,840,000	1.7

*Source: Philippe Fargues / Irregular Migration in Arab Mediterranean Countries' table 1 Irregular immigration into Arab Mediterranean countries (most recent data in 2010) (Sources: (1) Non-citizens or born-abroad residents according to most recent official records (census, permits of stay, survey); see Fargues, Ph. (ed.) Mediterranean Report 2008-2009, Appendix 7, p. 486. www.carim.org). Note: n.a.: Not available.*

In the region Libya – like the conflict of March 2011 – is the longest receivers of irregulars. The oil and gas wealth has made the country the major destination for migrant workforce. The flows have been parallel with the economic downturns produce volatility of oil prices, and domestic turmoil. The no-visa policy for Arabs and Africans attracts a good number of migrants. In 2007 Libya changes the policy under the pressure of the EU, but remains the largest receiver of Sub-Saharan. Syria and Jordan each with half a million are the second. The majority of them are Iraqis that fled from the war. The Libyan civil war is going to change the situation and the majority of the migrants are going to leave the country. The calculation of Frontex is that also 400,000 Libyans will leave the country. Regarding “guests Iraqis refugees” UNHCR has calculated that in Syria re from 700,000 to 1.2 million and from 500,000 to 750,000 in Jordan. It looks that this figures have been significantly exaggerated. The same happens in Egypt where estimated figure was from 100,000 to

150,000 but when a survey in 2008 was taken only counted 17,000. In Lebanon, the majority of irregular are Syrians, with a number around 400,000 to 500,000. Egypt is the destination of migrants from the Nile Valley and the Horn of Africa. The number is impossible to know because there is freedom of circulation and residence between countries, except from a period of 1995-2004 during via was necessary to cross border. Compared with Machrek countries, Mahgreb does not have high number of irregulars; Algeria has about tens of thousands and the majority Sub-Saharan that are in transit to Europe. Transit migrants have been growing in recent time shifting from country to country, when the routes were closed because the tighten control. Irregularity is a limbo for migrants that are exposure of exploitation and deportation, it limits freedom of convenience and they have not legal protection. Under these circumstances they form the cheapest workforce in the region that is used for local employers in agriculture and public works, so is the reason why these irregulars should recede. “Arab Mediterranean countries know both sides of the coin, they would be in the best position to push the coin of an international migration law onto the global agenda” (Philippe Fargues, “Irregular Migration in Arab Countries, 2010).

## **5. Recent uprising in the Southern Mediterranean Arab countries**

Unfortunately, patience of better change has taken a toll on most SM Arab countries and has caused successive waves of social uprising, toppling down authoritarian leaders one after another, from Ben Ali of Tunisia to Mubarak of Egypt who each of them had ruled their countries for decades. Gradually, the exposure of the EU's tolerance of authoritarian leadership in exchange for stability and keeping Islam extremism at bay, as well as to secure oil and natural resources supply particularly for France and Italy. These social uprisings have also created an influx of migrants trying to escape the predicament in their own countries and it is also unmanageable.

One of the main objectives of EMP to maintain a stabilised neighbourhood looks to be shaken by the social uprisings in the SM Arab countries. The motivation of the EU's support for the previously authoritarian leaders' decades of ruling was simple, to keep Islam extremism at bay. However, apparently the recent waves of uprising in the SM Arab countries were to call for reform for a better change by the “facebook” and “twitter” generation of discontented youths and citing poverty and unemployment as their main concerns and followed by political freedom. Instead of improving the economies and to allow more political freedom in the SM countries through co-operation with the EU so as to lessen the influx of migrants from the former to the latter.

After witnessing the wave of uprisings in the SM Arab countries, the EU has also realised that they can no longer support or even depend on the former authoritarian leaders. Rather, the EU should be speaking up and support the protesters against the former authoritarian leaders with whom they have previously established relation. However, one question remains. How could the EU engage the new governments of the SM countries to take economic and political reforms to stabilise their society in order to minimise their outflow of migrants towards the northern rim of the Mediterranean sea?

As the wave of protestations in the SM Arab countries have not ended yet. Time will be needed when a new government is formed and to stabilise the SM countries. Until then, it will be difficult to predict what the EU

could actually do to re-engage the SM countries to continue to maintain a stabilised neighbourhood.

## 6. Summing up

Although they have not been proven to be effective tools for economic development, migration and remittances are used as one of the most important ways of relieving the governments from creating sufficient jobs to absorb the labour force as well as agents of trade and investments in the SM countries. Nonetheless, the effects of migration and remittances on economic development can only be evaluated in the long-term.

First of all, outflow of emigrants from the SM countries means a loss in the labour force that could otherwise contribute to the expansion of the domestic economies. However, it is not only the lower income that has lured emigration, rather it is the lack of jobs in the SM countries. Unfortunately, those who have higher propensity to be unemployed are those with high education qualification that will cause a situation of brain drain in the SM countries. Worse still, there is a risk that these highly educated unemployed to either take up jobs they are over-qualified just to earn an income or emigrate but will still be doing low-skilled or unskilled jobs. Either situation will soon turn into a brain waste.

Nonetheless, returning migrants are important agents of technology transfer and knowledge diffusion. However, these returning migrants should not be expected to have cultivated entrepreneurship or teaching ability to effect technology transfer and knowledge diffusion.

Although emigrants still send remittances back to their family, often than not, these remittances are mostly used for purchasing daily basic needs and left little for savings or investments. Even so, their investments in small-scale family businesses are mostly considered less productive as they are mostly require little managerial and technological skills. Due to corruptions, inefficient sharing of information on investments opportunities and under-developed financial institutions in the SM countries are some of the reasons why emigrants and their families do not invest productively.

The recent wave of uprisings in the SM Arab world provoked by the discontentment among the young “facebook” and “twitter” generation on high unemployment rate, lack of political freedom and corruptions

has shown that little or no improvements were noted in the past decades. The EU's objective to maintain a peaceful and stabilised region in its neighbourhood through co-operations to promote economic development in the Sm countries to minimise xenophobia among the native societies in the former by controlling the influx of the immigrants from the latter has made little success.

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