

THE IMPACT OF INTERNATIONAL MIGRATION ON THE ECONOMIC DEVELOPMENT OF SENDING COUNTRIES IN THE MEDITERRANEAN BASIN

IX ENCUENTRO INTERNACIONAL SOBRE GLOBALIZACIÓN Y PROBLEMAS DEL DESARROLLO
LA HABANA, 5-9 DE FEBRERO 2007

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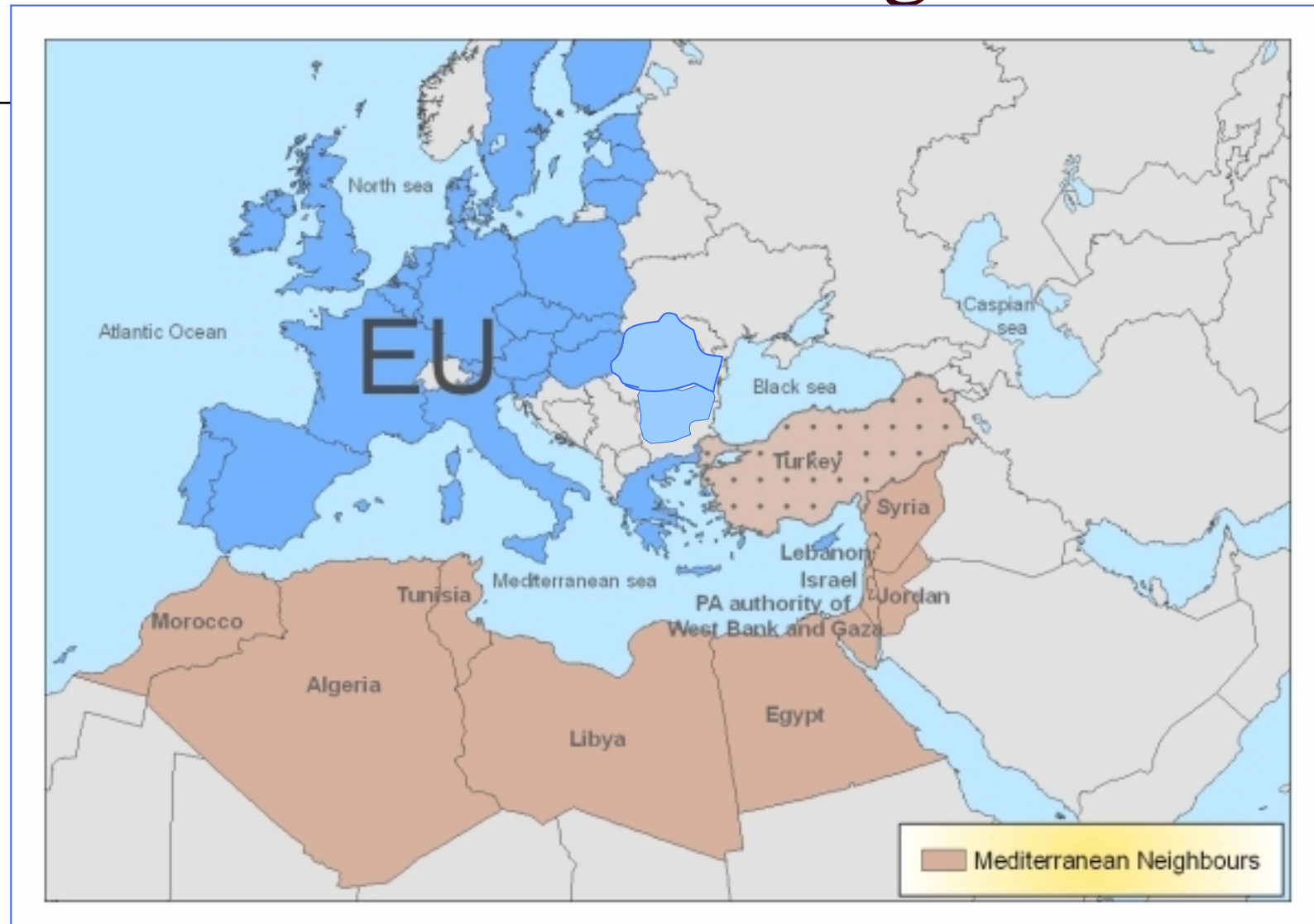
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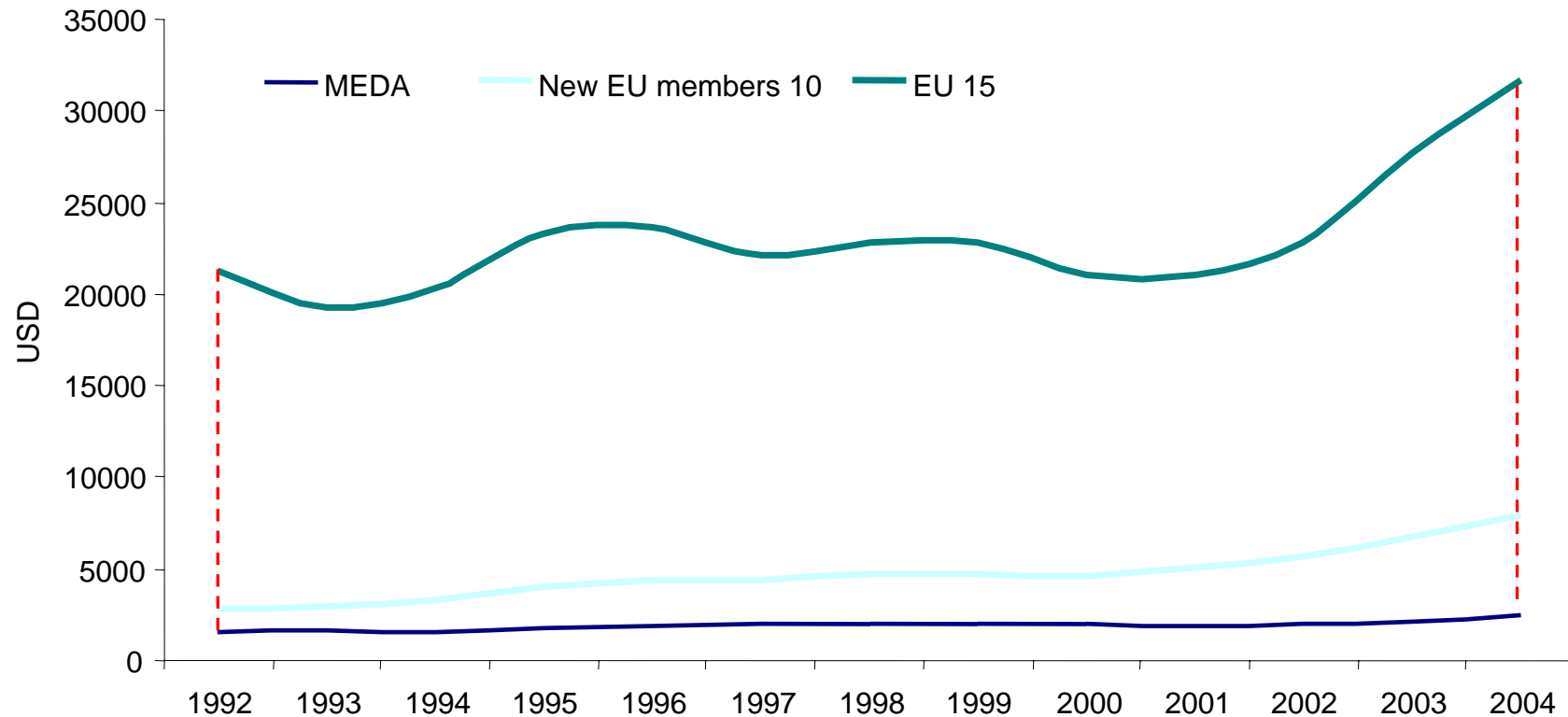
OBJECTIVES OF THE PRESENTATION

- ❑ Provide an overview of the migratory phenomenon and its causes from the Southern and Eastern Mediterranean countries to the European Union
- ❑ Provide an overview of the recent analyses and studies on the impact of remittances in the migrant sending countries
- ❑ Identify areas for co-development policies

Euro-Mediterranean Region



Evolution of GDP per capita in SEM countries, New EU members and EU15, in \$, 1992-2004



Source: author's elaboration on UNCTAD Handbook Statistics Online at <http://stats.unctad.org/Handbook/ReportFolders/ReportFolders.aspx>, accessed on the 21 April 2006. Data are for Algeria, Egypt, Morocco, Tunisia, Jordan, PA, Syria, Turkey. Data for Lebanon not available.



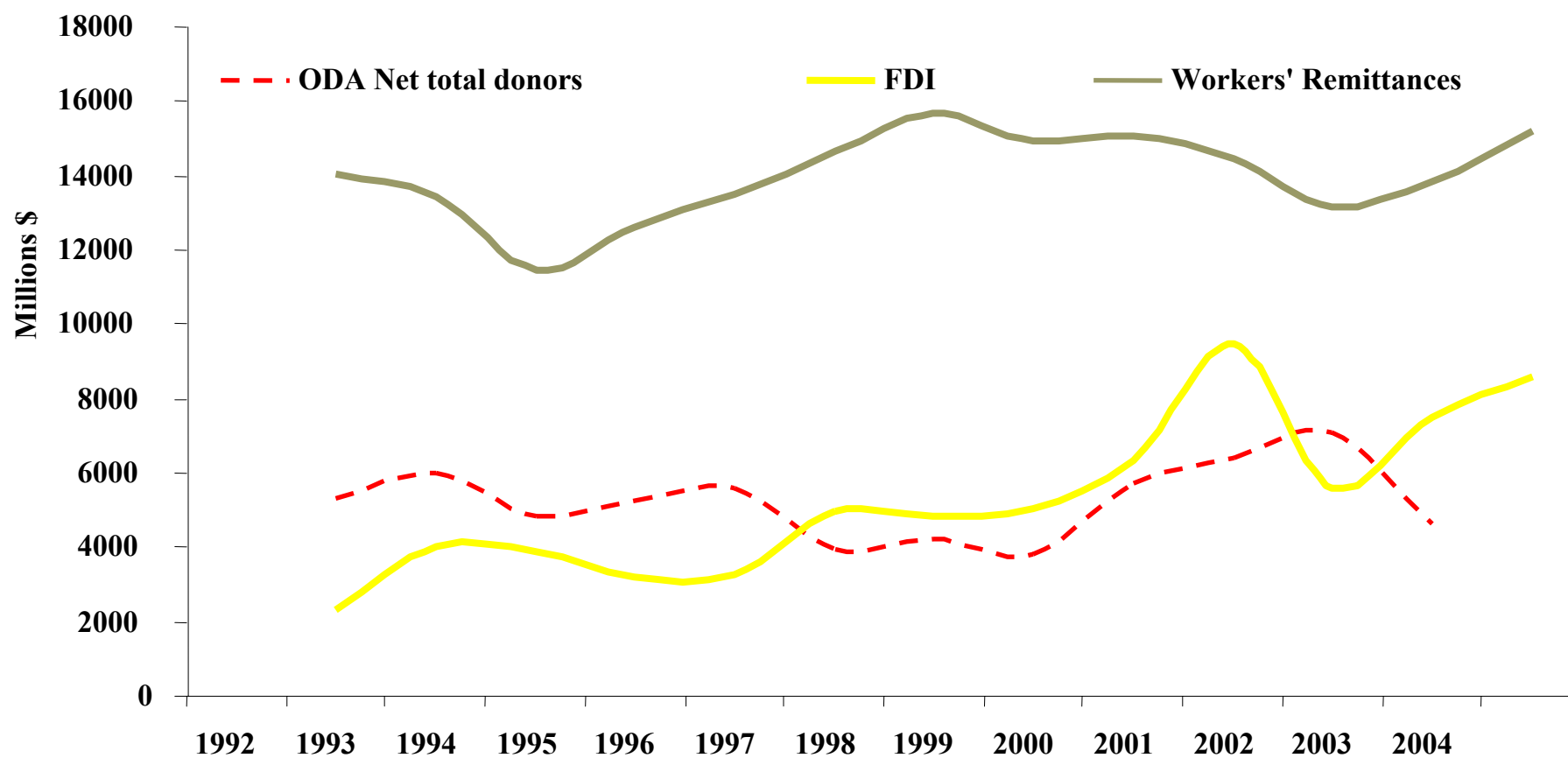
PUSH AND PULL FACTORS IN THE EURO-MEDITERRANEAN REGION

- ❑ Colonial trade patterns: final industrial products vs raw material and semi-manufactured goods (increased import dependency and export-led industrialization);
- ❑ Specialization patterns in the Southern and Eastern Mediterranean countries (SEM) is characterized by low value added production in manufacturing and agro-food sectors;
- ❑ Weak industrial production system (95% Micro and Family enterprises), lack of an industrial bourgeoisie and dominance of a commercial elite (what Samir Amin defined the “*burguesia compradora*”);
- ❑ Increasing informalization of the economy;
- ❑ Dramatically high youth unemployment. The proportion of the population under fifteen will shrink in the next 10-15 years; consequently the proportion of the population of working age will grow more quickly than the total population.
- ❑ Over the next ten years, optimistic estimates calculated that the SEM will need to create about 35 millions jobs just to maintain the present hardly tolerable ratio of unemployment and under-employment.
- ❑ In the EU ageing populations, need for elderly care services, need for employment in dirty, dangerous and degrading jobs, etc.

HOW MANY, WHERE AND WHAT KIND OF MIGRANTS FROM SOUTHERN AND EASTERN MEDITERRANEAN COUNTRIES ARE LIVING IN THE EU

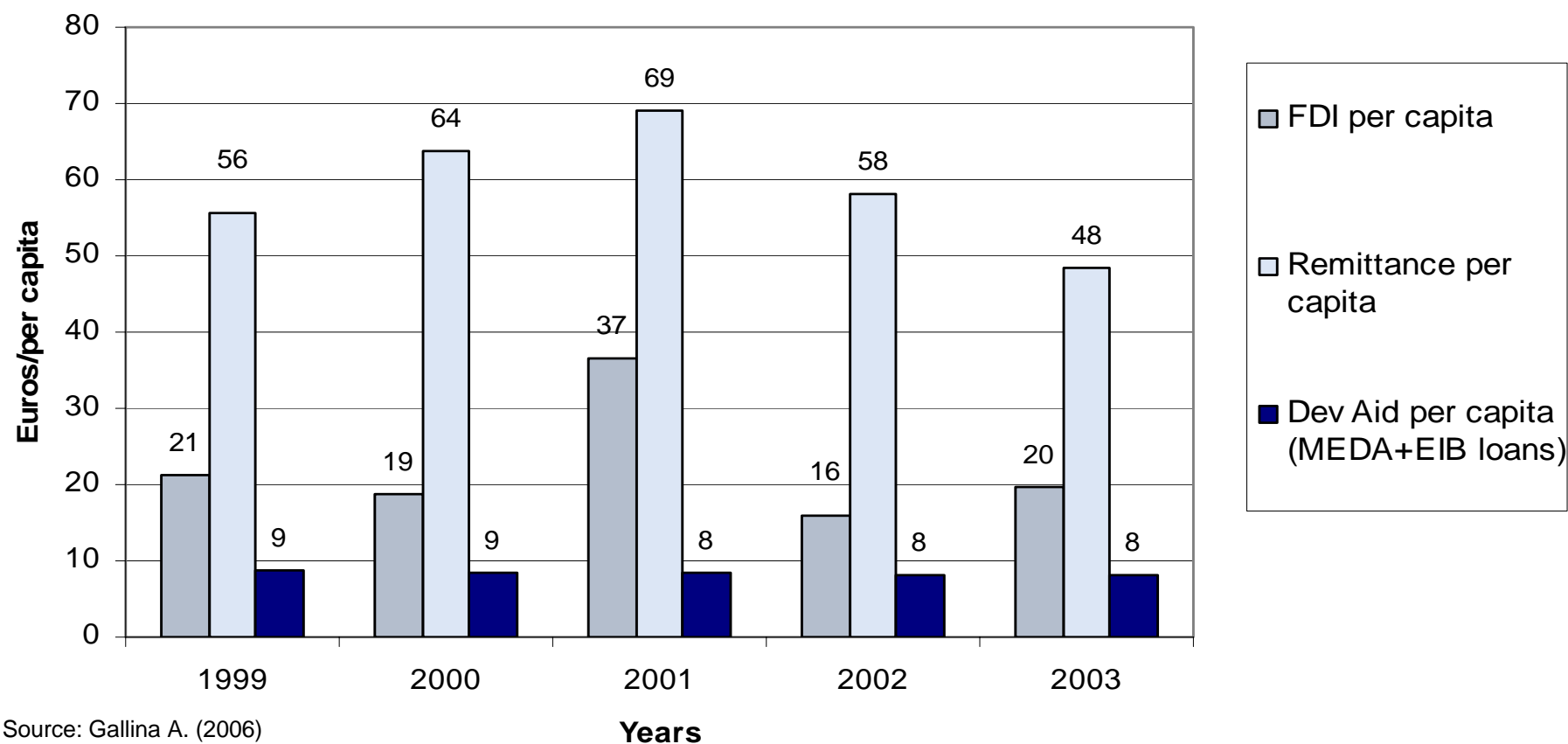
- **How many:** 8 mill. first generation SEM migrants (born-abroad), if the sending countries statistics are taken
- **Where:** Germany and France are the two major destination countries, with about 2 million SEM migrants each, followed by the Netherlands, Italy and Spain each hosting between 350 to 400 thousands migrants originating from SEM. Spain and Italy are new countries of destination.
- **Whom:** Germany hosts 72% of Turkish immigrants in the EU; France is home for 90% of Algerians, 72% of Tunisians and 45% of Moroccans; Spain and Italy hosts respectively 20 and 13% of Moroccans, and Italy receives 16% of the Tunisians migrants living in the EU.
- **What kind:** New professional profiles with higher levels of education are migrating as result of lack of job opportunities in the home country. They find occupation mainly in countries with a more flexible labor market and migration policy (UK, USA and Canada and less in Spain and Italy). Yet today, **more than half of the migrant workers from Morocco, Tunisia, Algeria and Turkey** is composed of semi-skilled or unskilled workers finding occupation in construction, industry, agriculture and the service sector, namely the occupations that no longer attract the European labor force

REMITTANCES TRENDS IN THE MEDA COUNTRIES COMPARED TO OTHER FINANCIAL FLOWS



THE ROLE OF REMITTANCES...

Financial Flows in the Mediterranean Partner Countries*, 1999-2003



Source: Gallina A. (2006)

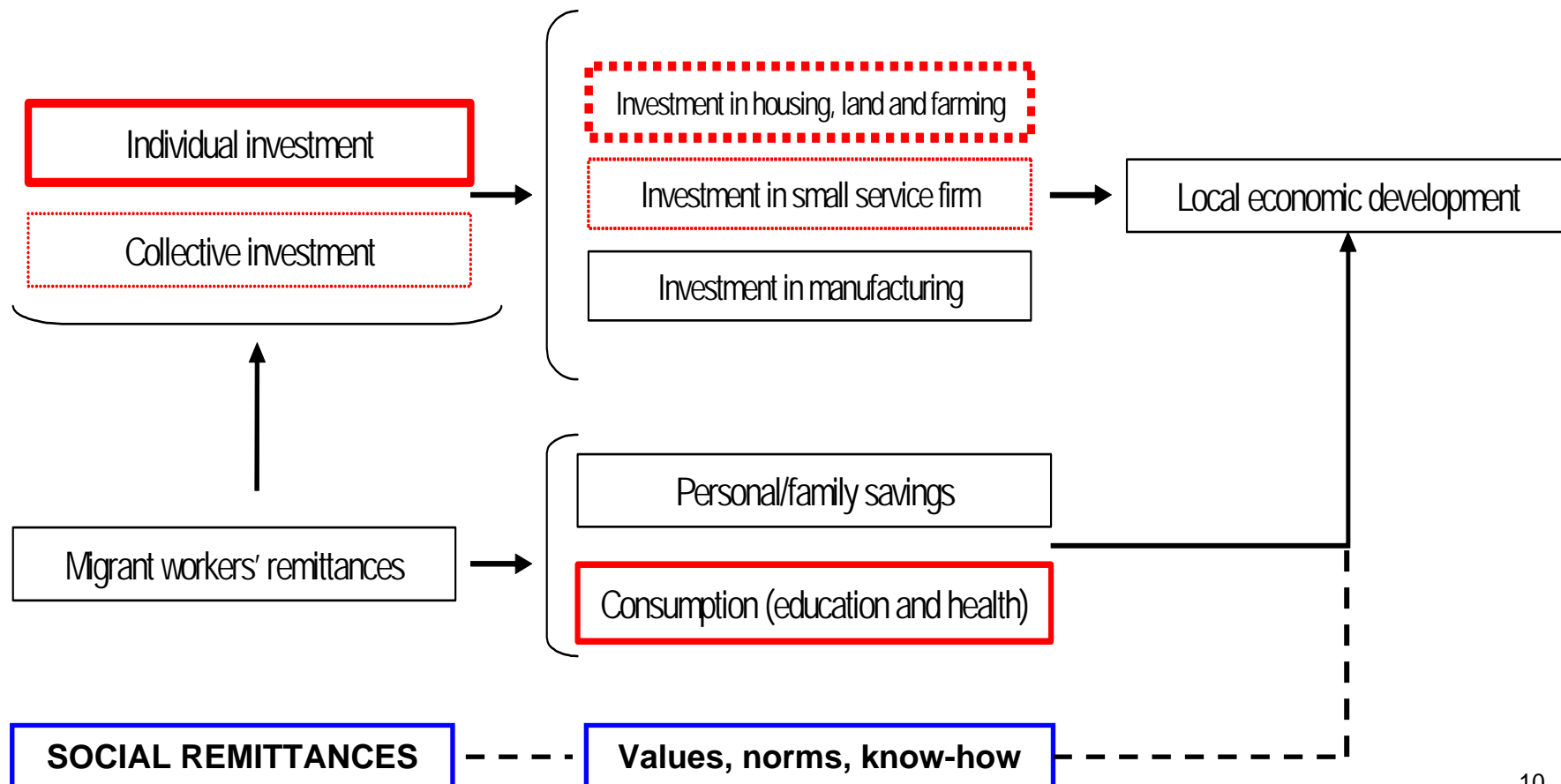
*Mediterranean Partners Countries: Morocco, Algeria, Tunisia, Egypt, Lebanon, Syria, Jordan, Turkey. The Palestinian National Authority is not included for lack of data; Israel is not included because is in the higher income bracket.

Table 1 - Remittances as share of GDP (range constructed on data 1998-2003)

Countries	Total remittances as% of GDP	% EU of total remittances	Migrants as % of total population	% of migrants in the EU	% of migrants in the Arab countries
Turkey	1 – 2%	85%	5%	86%	3%
Morocco	6 – 9%	90%	10%	96%	9%
Algeria	2 – 3%	90%	4%	92%	6%
Tunisia	4 – 5%	85%	9%	83%	14%
Jordan	20 – 22%	5%	1%	27%	-
Egypt	3 – 4%	5%	4%	16%	70%
Lebanon	9 – 15%	-	15%	26%	20%
Syria	≈ 2%	-	1%	35%	-

Source: Columns 1 and 2: EIB, 2006, p. 30; Columns 3-4-5: author's elaboration based on data from Fargues, 2005, p. 373 and 375. Data for Jordan and Syria are based on statistics of destination countries. For the other countries data are based on statistics of origin countries.

THE THEORY: REMITTANCES – LOCAL DEVELOPMENT NEXUS





THE EMPIRICAL RESULTS FROM EXISTING STUDIES IN THE REGION:

- ❑ Remittances have played a substantial role in the macroeconomic stability of the SEM countries.
- ❑ Remittances have been subject to “boom and boost” in countries affected by crisis (Turkey) or in those sending migrants in oil-producing countries. Otherwise they have been rather stable
- ❑ Migration has a direct impact on poverty and indirectly an impact on development (education, health, improving habitat, etc.)
- ❑ The utilization of remittances for productive purposes is underexploited (~5%)
- ❑ Migrant workers investments’ preference remains within the housing sector
- ❑ Collective mobilization of remittances for small relief and development projects is still limited
- ❑ Spur inflationary pressures
- ❑ Increase inequality at the community and region levels
- ❑ Abandonment of traditional sectors
- ❑ **Remittances are dramatically important but any conclusion on the relationships between migration and development is based on “guesstimates” and few case-studies**
- ❑ The motivation to migrate, the typology of migrant groups and the geography of migration are changing 11
dramatically...and a **methodological solution is needed: To move from a macro perspective to a micro “migration corridor-based” approach, which is not focused only on transfer systems**



EXAMPLES OF POSSIBLE AREAS OF POLICY INTERVENTION IN NEW AND OLD EURO-MEDITERRANEAN CORRIDORS

In the Old Remittances-Migration corridors:

1. there is a large amount of money under-utilized and that the Mediterranean migrants' household investment preference remains within the housing sector. Real-estates loans at favourable interest rates can be a successful measure to stimulate remittances.

In New Remittances-Migration Corridors:

1. Measures should focus on maintaining the migrants' attachment to home country: Policies managing / addressing the Diaspora (i.e. reducing the “confidence gap”) can support further actions in this direction and favour for example collective investments.
2. Smart Aid (Stimulating Migrant Attachment via Remittances Transfers for Aid) and TIPs (Targeted Inclusion Policies): the identification of “corridors within corridors” can facilitate the intervention in specific areas of capital rich-underdevelopment –while at the same time implement TIPs in areas of concentration of migrant workers in the host country.
3. Eliminate the Infrastructural deficiencies: this is the domain of governments policies although an increase in the multilateral and bilateral aid commitments can be addressed to reduce infrastructural problems in areas of emigration.