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Highly-Skilled Migration Patterns and Development The Case of Egypt

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Socio-Political Module



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Consortium for Applied Research on International Migration

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Highly-Skilled Migration Patterns and Development
The Case of Egypt

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This publication is part of a series of papers on Highly-Skilled Migration written in the framework of the CARIM project and presented at a meeting organised in Florence: 'Highly-Skilled Migration into, through and from Southern and Eastern Mediterranean and Sub-Saharan Africa' (30 November – 1 December 2009).

These papers will be discussed in two other meetings between Policy Makers and Experts on the same topic in early spring 2010. The results of these discussions will also be published.

The entire set of papers on Highly-Skilled Migration are available at <http://www.carim.org/HighlySkilledMigration>.

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The Consortium for Applied Research on International Migration (CARIM) was created at the European University Institute (EUI, Florence), in February 2004 and co-financed by the European Commission, DG AidCo, currently under the Thematic programme for the cooperation with third countries in the areas of migration and asylum.

Within this framework, CARIM aims, in an academic perspective, to observe, analyse, and forecast migration in Southern & Eastern Mediterranean and Sub-Saharan Countries (hereafter Region).

CARIM is composed of a coordinating unit established at the Robert Schuman Centre for Advanced Studies (RSCAS) of the European University Institute (EUI, Florence), and a network of scientific correspondents based in the 17 countries observed by CARIM: Algeria, Chad, Egypt, Israel, Jordan, Lebanon, Libya, Mali, Mauritania, Morocco, Niger, Palestine, Senegal, Sudan, Syria, Tunisia, and Turkey.

All are studied as origin, transit and immigration countries. External experts from the European Union and countries of the Region also contribute to CARIM activities.

CARIM carries out the following activities:

- Mediterranean and Sub-Saharan migration database;
- Research and publications;
- Meetings of academics and between experts and policy makers;
- Migration Summer School;
- Outreach.

The activities of CARIM cover three aspects of international migration in the Region: economic and demographic, legal, and socio-political.

Results of the above activities are made available for public consultation through the website of the project: www.carim.org

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Abstract

This paper analyzed the highly skilled migration patterns in Egypt and its impact on Egyptian development. The main question herein, is whether highly skilled migration patterns in the case of Egypt induces development or underdevelopment.

The study found out that highly skilled migration patterns from Egypt, to the OECD and the Gulf, contribute positively to the development process of Egypt. Highly skilled migrants, find more employment opportunities outside of Egypt, whose labor market is incapable of absorbing high numbers of highly skilled individuals. Moreover, highly skilled migrants are capable of sending a large amount of remittances, amounting to 4 percent of the Egyptian GDP. Last but not least, highly skilled migration is an important contributor to "brain circulation", which increases the entrepreneurial skills of a large number of Egyptian migrants. Concerning highly-skilled immigrants in Egypt, their presence is of no threat to the Egyptian development process; on the contrary, their presence produces more small-scale businesses, which in turn creates employment in the Egyptian labour market.

The Egyptian government's policies encourage migration of the highly skilled, through multilateral and bilateral agreements, and through the creation of training centers for prospected highly skilled migrants. However, these policies are not sufficient, and should be accompanied with more bilateral agreements both in the OECD and Gulf Countries, which precipitate more skill match-making between the supply side of the Egyptian highly-skilled migrants and the demand side of the OECD and Gulf Countries.

Résumé

Cet article analyse la relation entre migration hautement qualifiée et développement dans le cas de l'Égypte. Il a pour objectif de déterminer si la migration des travailleurs hautement qualifiés a un impact positif sur le développement du pays, ou si au contraire elle a pour conséquence de renforcer le sous-développement.

Cette étude conclut que l'émigration des travailleurs hautement qualifiés vers les pays de l'OCDE et du Golfe contribue positivement au processus de développement de l'Égypte.

En effet, les travailleurs hautement qualifiés trouvent davantage d'opportunités professionnelles hors d'Égypte, dont le marché du travail n'est pas en mesure d'offrir à chacun un poste à la hauteur de ses compétences. De plus, les expatriés hautement qualifiés effectuent des transferts de fonds importants qui représentent au total jusqu'à 4% du PIB Égyptien. Enfin, la migration hautement qualifiée alimente la « circulation des cerveaux », qui accroît substantiellement les compétences entrepreneuriales de nombreux migrants Égyptiens. En ce qui concerne les immigrés hautement qualifiés résidant en Égypte, l'étude conclut qu'ils ne constituent pas une menace au processus de développement de l'économie nationale. Au contraire, leur présence renforce le tissu de petites entreprises, ce qui en retour participe à la création d'emplois sur le marché du travail égyptien.

Les politiques mises en place par le gouvernement égyptien visent à encourager la migration des travailleurs hautement qualifiés, par le biais d'accords multilatéraux et bilatéraux, et à travers la création de centres de formation destinés aux migrants potentiels. Toutefois, ces initiatives demeurent insuffisantes. Elles devraient s'accompagner davantage d'accords bilatéraux avec les pays de l'OCDE et du Golfe, ayant pour objectif d'améliorer la correspondance des compétences entre l'offre des travailleurs égyptiens et la demande des pays d'accueil.

Introduction

Research in the field of migration studies, has revealed that policy regimes in both developed and underdeveloped countries favor highly-skilled migrants over unskilled ones (HDR 2009, 35). However migration is not only an articulation of highly-skilled individuals, it also furthers important debates in the field of development studies. From a positive perspective, migration is a phenomenon which expands an individual's development, and furthers the development of both the country of origin and the country of destination (DeHaas, 2009, 22). Migration is an integral part of human development for it can increase an individual's subsistence level and also advance a person's social, economic and political freedoms (DeHaas, 2009, 22). In addition, migration can be an agent for generating development at the community level in the home country through remittances, which can then improve access to education, healthcare, and housing (DeHaas, 2009, 31). Highly-skilled migration can also be perceived as a case of "brain circulation" (Stark et al., 1997; IOM, 12). In this regard, many migrants do not permanently migrate to their receiving country. On the contrary, they return to their country of origin, bringing with them the training and experiences that they acquired during their migration years (Macha, McDonald and Dhananjayan 2006).

The other side of the development debate sees migration as a loss of human capital and a cause of 'brain drain'. According to this argument, migration of highly-skilled workers causes underdevelopment in the country of origin. The reasoning behind these arguments is that skilled workers who attain their education, skills, and training in their country of origin have a positive impact on individuals who work around them, in turn making them more productive, and thus the highly-skilled workers are an asset. Consequently when these workers leave their country of origin, they negatively affect its development process (Lucas 2005, 117) depriving their country of its capacity to earn, and invest therein (Aitken 1968). Empirical research has found that in many developing countries a high proportion of skilled workers migrate and very few skilled workers remain at home (Docquier and Marfouk 2006; Chen and Boufford 2005). The medical field for example is a case in point, where 13 African countries, mainly in Sub-Saharan Africa, suffer from health care shortages (Docquier 2006, 10). Moreover, countries which have high-educational achievement accompanied by low levels of worker migration, are believed to have high economic growth (Rogers 2008).

Here we come to the case of Egypt, which is an important country for migration patterns in the Mediterranean region. Historically known as a sending country of migrants, the past two decades has seen Egypt develop into a transit and a receiving country of migration as well. Few studies have analyzed the migration patterns in Egypt, within the larger context of migration for development. Taking these opposing views into consideration, an important question arises: to what extent would highly-skilled workers have contributed to the development of their country if they had stayed put and not migrated (DeHaas 2009, 33)?

To acquire a deeper understanding of the impact of highly-skilled migration in the case of Egyptian development, this study will first give an account of the numbers of highly-skilled Egyptian migrants in both OECD countries and in the Gulf region. Second, it will analyze the policy implications of the Egyptian government concerning migration. Third, the numbers and policy implications of highly-skilled immigrants in Egypt will be analyzed

Egyptian migration to OECD countries and the Gulf

The Central Agency for Population Mobilization and Statistics (CAPMAS) estimates the total number of migrant Egyptians at 2.7 million. Of this number, 1.9 million reside in Arab countries and 0.8 million in OECD countries. Eighty percent of Egyptian migrants to the OECD reside in the US and Canada (World Bank 2008, 254). In Europe, the largest number of Egyptian migrants, 10 percent, head for Italy, followed by Greece, at 7 percent. Previously most Egyptian migrants to

the EU had been return migrants. However, this phenomenon has changed since the 1980s, especially in the case of Italy, where Egyptian migrants are increasingly residing as permanent migrants (World Bank 2008, 254). The highest percentage of migrants in OECD countries are those with higher education, representing 47.3 percent compared to 18.8 percent of the total migrants with less than upper secondary education levels, and 30.7 percent with upper secondary level of education but no higher education. From the same perspective, the lowest rate of Egyptian unemployment in OECD is among the highly-skilled with 6.5 percent, as opposed to 12.9 percent among the unskilled (Human Development Report 2009, 164). Thus the supply of highly-skilled migrants is higher than the unskilled, and also the demand on highly-skilled Egyptian migrants is higher than that on the unskilled.

In the MENA region, Egypt is considered to be the largest labour exporter country, with almost 10 percent of its labour force being exported to the region. During the 1970s most migrants to the Gulf Cooperation Council (GCC) countries were unskilled labourers employed in construction. However, the percentage of highly-skilled migrants, especially scientists and technicians, has increased in the past decade, while the share of unskilled labourers has decreased (World Bank 2008, 251). The highly-educated workforce is mainly directed to the GCC in temporary migration, of which Saudi Arabia absorbs the greatest share. World Bank estimates suggest that Egyptian migrants in the Gulf are mostly skilled, whereas unskilled migrants are mainly recruited in Jordan, Lebanon, and Iraq (World Bank 2008, 252).

Table (1) Occupations of Egyptian Migrants in Arab Countries, 1985 and 2002

Occupation of Egyptian Migrants in Arab Countries	1985	2002
Scientists, managerial, and technicians	20.70	43.40
Clerical work	8.80	1.50
Sales and service	18.50	12.70
Agriculture	8.90	8.60
Production	43.00	33.80

Source: Ministry of Manpower and Emigration in CARIM, in World Bank (2008)

The main question pertaining to this elevated number of Egyptian highly-skilled migrants is whether these migrants would have a chance of employment in Egypt if they had not migrated. It is important in this regard to understand the unemployment levels of highly-skilled workers in Egypt. For instance, data based on CAPMAS levels, indicates that unemployment rates in Egypt are currently at 9.3 percent (Hassan and Sassanpour 2008, 3). However, the educated young face the highest unemployment rate within this category. For instance, the unemployment rate among the 20-25 year age group stands somewhere between 30 to 40 percent, meaning young, educated, first-time job seekers suffer from some of the highest unemployed in Egypt (Hassan and Sassanpour 2008, 7). According to Assaad (2008, 148), university graduates were the main educational group to see an increase in unemployment between the years 1998 and 2006 (Assaad 2008, 148). Various studies have shown that unemployment for the educated worker is an increasing phenomenon. For example, in 2005 unemployment rates for post secondary graduates without higher education stood at 16 percent while for university graduates the rate was 18.1 percent. On the other hand, unemployment for low skilled workers was only 1.2 percent (Hassan and Sassanpour 2008, 6). This phenomenon can be traced back to the fact that new entrants into the labour force with tertiary education increased dramatically from 20 percent in 1975 to more than 40 percent in 2005 (Assaad 2008, 167). The percentage of university graduates also increased

dramatically to more than 30 percent in 2005, as opposed to fewer than 20 percent in 1975 (Assaad 2008, 168). The jobs generated for university graduates are primarily in the public sector, whose share in creating employment dropped from one third in 1975 to 15 percent in 2003 (Assaad 2008, 169). The private sector does not favor the highly educated who lack managerial skills (Galal 2002, 6). It is therefore no surprise that it is the highly-skilled unemployed Egyptians who migrate to OECD countries, and to the Gulf in the greatest numbers.

Table (2) Unemployment Rate by Education in 2005

Education Level	Percentage Rate of Unemployment
Below Intermediate	1.2
Intermediate	21.4
Post Secondary	16.0
University	18.1
Total	11.2

Source: Based on CAPMAS estimates in 2005 by Mohamed Hassan and Cyrus Sassanpour, "Labour Market Pressures in Egypt: Why is the Unemployment Rate Stubbornly High?"

As shown in the above section, the Egyptian labour market is unable to accommodate the high numbers of individuals with post secondary education and university graduates. However, migration is not only a result of a lack of opportunity in Egypt; it is also the result of the higher wages that these people can attain when they migrate either to OECD or the GCC. Moreover, the fact that employment for highly-skilled individuals is to a large extent in the informal sector, forces university graduates to look for opportunities, which are appropriate to their higher educational skills in other countries (World Bank 2008, 261). Young Egyptians argue that employment opportunities for the highly-skilled are better in Europe than in the Gulf, which is not as financially rewarding as it once was (Zohry 2006, 6). In addition, the young argue that they are interested in traveling as temporary migrants to Europe, since their savings for one year in Europe would be equal to their life salary in Egypt (Zohry 2006, 8). Thus the new trend in Egyptian highly-skilled migration is toward the OECD, rather than the Gulf. Even though the numbers of the Gulf migrants are still higher, the migration trends are changing.

Characteristics of Temporary and Return Migrants

An important factor in highly-skilled migration is that most temporary migrants migrate through different channels, for instance public-sector employees who travel with contracts in Arab countries. Egyptian migration for employment in branches of private Egyptian companies, mainly in the construction sector, also increased as a new form of highly-skilled migration from Egypt (IOM 2003, 30). Concerning the employment patterns of highly-skilled migrants, most migrants were employed in construction. However, the percentage of scientists and technicians has increased and the numbers of low-skilled workers has decreased (IOM 2003, 33).

According to McCormick and Wahba (2001), almost 53 percent of the highly-skilled return migrants believed that the skills they acquired abroad are beneficial to the jobs they attained after they returned to Egypt. Evidence suggests that upon return to their home country, highly-skilled migrants move into higher-skilled employment. For example, Wahba (2003, 7) found that the majority of return migrants work in the clerical, sales and services fields: 'The share of migrants engaged in technical, scientific and management occupations have risen on return suggesting that working overseas may enable migrants to acquire new skills or enhance their human capital' (Wahba 2003, 7). It is therefore

suggested that employment opportunities for Egyptian migrants abroad increases the probability of these migrants to save money and return to their country with more skills and more entrepreneurial activities (McCormick and Wahba 2001). Therefore highly-skilled Egyptians move in ‘brain circulation’, where migration is an aspect of human and community development.

Remittances among Egyptian Migrants

Among the world’s developing nations, Egypt was ranked fifth in volume of remittances in 2001. It received almost \$3 billion annually, which increased to almost \$5 billion in 2007, close to 4 percent of Egypt’s GDP (World Bank 2008, 263; Nassar 2010). The highest share of remittances is received from the United States, 34.5 percent, followed by Saudi Arabia with 22.1 percent (World Bank 2008, 263). Even though the debate in the first section of the paper shows that remittances might only be used for increased spending, evidence from Egypt suggests that remittances were used to invest in micro-enterprises (Wahba 2003; World Bank 2008, 263). Moreover, remittances are believed to have positive effects on decreasing poverty in Egypt. For instance, 14.7 percent of the estimated total *per capita* income of poor households was acquired through remittances (Nassar 2010). Some recent data indicate that almost 74 percent of migrant household income is spent on daily expenses, while the rest is spent on buying, building and /or renovating a house, and on education (Nassar 2010). Households which receive remittances in Egypt are believed to have a higher mean of standard of living, 30.05 percent, compared to 28.51 percent of non-migrant households (Nassar 2010).

These findings show that highly-skilled migration from Egypt to the OECD and the Gulf is an important factor in filling the void of unemployment among highly-skilled Egyptians. It is also an important contributor to the overall development process of Egypt, through increased remittances and the large number of return migrants with higher skills, which proved to be more important than has previously been acknowledged. By shedding light on this fact, the following section will highlight the Egyptian governments’ policies toward highly-skilled migration, and their impact on furthering the export of this category of migrants.

Government Policies Concerning Highly-Skilled Migration

Egyptian policy makers have seen the importance of easing restrictions on migration, dating back to the mid 1970s. The Egyptian market’s inability to absorb the growing numbers of workers seeking employment, its need to use the migrants’ remittances to reduce deficit in the balance of payments, in addition to the oil boom of the 1970s, encouraged the government in favouring migration flows from Egypt to the GCC (IOM 2003; Ghoneim 2009). By the 1980s, Egyptian policy makers established specialized agencies, including the Ministry of State for Emigration Affairs (Presidential Decree 574/1981), to help migrant Egyptians and provide them with special services (IOM 2003). Law 111/1983, concerning the sponsorship of Egyptians living abroad, remains the main law on migration facilitation. This law identifies the rights of both temporary and permanent migrants, especially their financial rights, primarily in the form of tax waivers and fees for the deposit of money in Egyptian Banks (Ghoneim 2009; Roman 2006, IOM 2003). The Ministry of Manpower and Emigration (MME) was later established in 1996, replacing the Ministry of State for Emigration Affairs, and is responsible for the migration process and for Egyptian migrants abroad (Ghoneim 2009). The MME subsequently became responsible for more migration-related issues, such as enacting new policies regarding the sponsorship and enabling facilities for both Egyptians living abroad and for Egyptians intending to migrate. One of the main goals of the MME is to link Egyptian migration policies with Egyptian national interests by advancing migration policies that can foster the development of social and economic development. Accordingly, the MME endorses and provides all necessary means for migrant Egyptians (Ghoneim 2009). The importance of migration in the development process was advanced even further with the creation of the Higher Committee for Migration, which was created by Presidential Decree number 2000/1997 (Ghoneim 2009; Roman 2006, IOM 2003). The head of this

Committee is the Minister of Manpower and Emigration and also includes representatives from different ministries, such as the Ministry of Foreign Affairs and the Ministry of Interior. The Higher Committee for Migration, along with the Ministry of Manpower and Emigration, endorses the creation of training centers for potential migrants and defines policies and solutions to potential migrants' needs. However, according to some studies, the legal and political performance of these two bodies, particularly the negotiation of agreements to protect the legal rights of Egyptian migrants, is limited (Ghoneim 2009; Roman 2006).

Multilateral and Bilateral Agreements

In addition to the internal legal and policy structure concerning migration, the Egyptian government is keen to establish bilateral and multilateral agreements, ensuring the continued flow of emigration from Egypt. Multiple bilateral agreements have been signed by Egypt, ensuring the protection and the continuation of migration flows to the Arab World and OECD countries respectively. According to the Ministry of Manpower and Emigration, the main strategies for enacting bilateral agreements are twofold: First to ensure that migration flows in Egypt are legal and organized, and second to enhance Egyptian emigration, therefore increasing the international demand for Egyptian labour migrants (MME 2009, 22). In this regard, the government of Egypt is seeking to open new venues for Egyptian migrants in Africa, and to ensure the legality of migration flows from Egypt to the EU (MME 2009, 22). The Ministry of Manpower and Migration, signed twelve bilateral agreements with different countries for the promotion of Egyptian emigration therein. Three new agreements have also been signed with three different Arab countries, namely Libya, Qatar, and Jordan to revitalize and modernize working relations concerning migration (MME 2009, 22). This strategy is consistent with the Egyptian governments' view of the positive impact of migration on development. In this sense the MME seeks to promote development through migration in two ways:

- Developing special safeguards for enhancing legal migration, and removing obstacles of migrants to travel from their countries of origin to countries of destination;
- Legalizing irregular Egyptian migrants abroad as much as possible through negotiations with their host countries (MME 2009, 25).

An important milestone in promoting migration is the agreement between the Ministry of Manpower and Emigration with the International Organization for Migration (IOM) to establish a project for the development of an Integrated Migration Information Systems (IMIS) between Egypt and Italy (Roman 2006, 6). The IMIS system was mainly concerned with the storage of migration related policies and data. This system was able to enumerate Egyptians living abroad and to update their profiles. The system also allowed prospective migrants to assess international labour-market conditions, understand the procedures for applying for jobs and the process of acquiring employment, in addition to understanding their rights and obligations during employment (Roman 2006, 7). From another perspective, this information system allowed Egyptian migrants to make the most of the opportunities associated with returning and investing in Egypt (Roman 2006, 7). The IMIS has a further capacity building department concerned with assisting in language skills, Information Technology skills and the technical needs of prospective migrants (Roman 2006, 8). It was within this framework of migration policies that the Egyptian Labour Code was enacted in 2003. The Egyptian Labour Code enables the recruitment of Egyptian workers in receiving countries through the MME or through private employment agencies (ILO 2006). As of 2008, a second project, IMIS Plus was initiated and endorsed by the Italian government for two years. The main fields for Egyptian highly-skilled migrants are in tourism and the hotel business sector (MME 2009, 25). According to Ghoneim (2009), in 2007, the quota was for 7000 migrants, increasing to 8000 in 2008. However, fulfilling the quota proved to be difficult, because of the absence of the skills and job specifications required by the Italian government. Thus the greatest benefit obtained by Egypt was not in the allocation of highly-skilled jobs, but was rather in the legalization of almost 5000 irregular Egyptian migrants (Ghoneim 2009, 9).

In the meantime, the MME asserts that it is negotiating twelve different bilateral agreements with OECD and Arab countries for the promotion and facilitation of Egyptian emigration (MME 2009, 22). Of these twelve series of negotiations, three are primarily concerned with highly-skilled temporary and permanent emigration from Egypt. The government is negotiating an agreement with Canada concerning highly-skilled Egyptian migrants in the fields of Energy and Construction. Concerning highly-skilled migrants, bilateral agreements are also being negotiated with Germany and France for the creation of certain quotas for both temporary and permanent Egyptian technical labour migrants (MME 2009, 23).

Within the framework of the Union for the Mediterranean, there are no specific provisions concerning highly-skilled migrants. However, the 2009 Paris Declaration stated the importance of promoting a managed form of legal migration, which would work for the developmental interests of all parties involved in the Union (Ghoneim 2009, 12).

As noted above, highly-skilled migration has been rising in recent years. However, there are some structural problems, especially the mismatch between the education supply and the skills demand in OECD countries (Galal 2002). To enhance the demand side for Egyptian labour, there needs to be an upgrading in the competitive level in educational standards on the Egyptian side (Shain 2008, 9). In this regard, the Ministries of Education and of Higher Education should have more insight into the role of the educational system in training students and try to better target international educational standards for highly-skilled migrants.

Another weakness in Egyptian policies on migration is the ignorance in the private sector of major international treaties concerning trade and labour mobility such as the GATS agreement. For instance, Orascom telecom an Egyptian owned telecommunications company, which owns two subsidiaries in Italy and Greece, has only three Egyptians in managerial positions, out of a total of 6700 employees in Italy. (Shahin 2008, 9). Thus the three main aspects of the World Trade Organization's GATS Mode 4, namely

- The length of a migrants' stay, in agreement with the receiving country;
- The level of skills, which varies from highly-skilled to low-skilled migrants;
- The nature of the contract, where an individual is capable of being transferred from the headquarters to any local branch (Shahin 2008, 10); are not clear to many Egyptian companies operating abroad.

This example demonstrates the problem of coordination amongst the service suppliers in Egypt, since there is no services sector organization. This gap in coordination means that different service suppliers work privately and in isolation (Shain 2008, 20).

The different Egyptian ministries lack coordination on migration matters as well. For instance, under the Labour Agreement between Egypt and Italy in 2005, the MME did not coordinate with the Ministry of Trade, and hence, Egypt granted some concessions concerning the capacity building of young Egyptians and the elimination of irregular Egyptian emigration to Italy. The MME did not consider in its negotiations how to further liberalise labour mobility under GATS Mode 4 for the liberalisation of services (Shahin 2008, 27). Despite the availability of different migration divisions in some ministries like the Ministry of Foreign Affairs and the Ministry of Interior, this lack of mutual coordination undermines their ability to facilitate Egyptian migration abroad (Ghoneim 2009; IOM 2003).

Immigration in Egypt

Highly-skilled immigration to Egypt is not held important in public debates, and is mostly not on the policy-making agenda (Ghoneim 2009, 11). Immigrants in Egypt, amount to only 0.2 percent of the total Egyptian population (IOM 2009). According to World Bank estimates based on all forms of migration in Egypt (irregular, asylum seekers, transit and labour migrants) the number of migrant

workers in Egypt range between 500,000 and 3 million (Schramm 2009). However, the most reliable number is just under 1.6 million (World Bank 2008). Therefore, the total number of migrants in general as a percentage of the population does not threaten the labour market in Egypt. In fact, most migrants, especially Sudanese and Iraqis migrants, establish their own businesses which in turn contribute to the Egyptian economy. In addition, many migrants in Egypt work in an informal manner as domestic servants, as a result of the lack of a clear and coherent institutional framework governing migration (Ghoneim 2009).

For highly-skilled migrants in Egypt, there are some thousand from OECD countries who work on projects sponsored by their respective governments, or by international organizations (IOM 2003, 40). According to estimates based on the 1996 CAPMAS census, more than half of the employed immigrant population was from Arab countries, 58.1 percent, followed by Europeans, 21 percent. Most of these migrants were working in the private sector, primarily in the highly-skilled sectors, where scientists, professionals and technicians represent 92 percent of the working immigrants (IOM 2003, 42). Low skills like craftsmen and agriculture workers represent the lowest percentage of foreign nationals residing in Egypt. However, these estimates do not include the large numbers of labourers in the informal sector.

Policies Concerning Migrants Residing in Egypt

The Egyptian Labour regulation law, number 12/2003, stipulates that foreign nationals may not constitute more than 10 percent of the total Egyptian workforce in the semi-skilled and unskilled sectors of any business. On the other hand, as much as 25 percent of the skilled workforce can be foreign (IOM 2003, 41). Recruitment agencies under this law are an important factor in the labour market, and accordingly they have the right to recruit Egyptian nationals in the international labour force and *vice versa*. However, the founders of these agencies are required to be of Egyptian nationality. Egyptians should also constitute at least 51 percent of the shareholders within these organizations. (IOM 2003, 42). According to the same law, foreign nationals must obtain a work permit before being employed, which according to the IOM are more easily granted for highly-skilled workers than for semi-skilled and unskilled ones (IOM 2003, 42). Thus these projects seek to attract highly-skilled labourers and this endorsement of highly-skilled migrants is compatible with the favorable view on migration held by the Egyptian government.

Conclusion

In light of highly-skilled migration patterns in Egypt, it can be deduced that migration induces development through three different trends:

First, highly-skilled individuals, who migrate from Egypt, migrate as a result of their inability to find employment in the Egyptian labour market. Hence, their migration is not a drawback for Egypt, on the other hand it induces more opportunities for highly skilled individuals to find more challenging employment opportunities elsewhere. These migrants attain more individual development skills, which increases their capability of returning back to Egypt to introduce small scale private businesses, further enlarging the space for Egyptian employment. Moreover, migration of highly skilled individuals is beneficial in the sense that it reduces the high demand on the Egyptian market for jobs, which it is incapable of producing.

Second, the remittances received from Egyptian highly-skilled migrants are positive both for the individual and country. On the individual level, remittances generate income for households, which are mostly spent on consumer goods. However, a large amount is also spent on education services and access to better healthcare and sanitation. Hence, households with highly skilled migrants are proved to have more income, and better acquired services than households with the same socio-economic backgrounds with no migrants. AS of the country level, migration induces 4 percent of the Egyptian GDP, as a result of the high remittances level. In this sense, migration has almost the same impact on development, as Foreign direct investment, which constitutes 5.83 percent of the Egyptian GDP (ESCWA 2009).

Third, the high level of Egyptian skilled migration has proved to be a case of “brain circulation”, a form of continuing and practical education, which increases the entrepreneurial skills of a large number of Egyptian migrants, and that induces higher levels of private small-scale employment. In this regard, brain circulation advances different skills, which would not have been attained had an individual stayed in Egypt.

As for highly-skilled immigrants in Egypt, their presence is of no threat to the Egyptian development process; on the contrary, as was shown in the case of Iraqi and Sudanese immigrants, their presence produces more small-scale businesses, which in turn creates employment in the Egyptian labour market.

As was demonstrated throughout this study, the Egyptian government supports migration of the highly skilled. It has also enacted different policies to encourage highly skilled individuals to migrate, in addition to its creation of some centers for the training of prospected migrants. However, these policies are not sufficient, and should be accompanied with more bilateral agreements both in the OECD and Gulf Countries, which precipitate more skill match-making between the supply side of the Egyptian highly-skilled migrants and the demand side of the OECD and Gulf Countries. Hence, more cooperation between the involved ministries, especially the Ministry of Education, Ministry of Higher Education, Ministry of Trade and MME should be worked out. The policy gaps which have been shown in this study need to be filled by the concerned ministries so as to increase Egypt’s development in the long run.

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