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THROUGH THE KEYHOLE: INTERNATIONAL MIGRATION IN EGYPT

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Abstract

This paper examines international migration in Egypt and provides an overview of the trends and patterns of international migration over the last few decades. It documents the changing profiles of migrants and compares their characteristics to non-migrants, distinguishing between current and return migrants. Also the push and pull factors behind out-migration and return migration are investigated. In addition, the contributions of migration to skill acquisition of migrants, savings and remittances are examined. The findings highlight the importance of international migration to the Egyptian economy. Saudi Arabia continues to be the most important destination of migrants, but is by no mean the sole destination. The profile of migrants has changed over the past four decades as migrants have become more educated but also more rural. Although migrants are more educated than non-migrants, returnees are on average not as educated as current migrants. Yet, the findings show that returnees indeed experience an upward occupational mobility upon return. More importantly, the evidence suggests that savings and remittances have played an important role in enabling migrants and their households to become investors in shares and economic projects.

JEL Classifications: F22

Keywords: International Migration, Occupational Mobility

ملخص

تبحث هذه الورقة الهجرة الدولية في مصر ، وتقدم لمحة عامة عن الاتجاهات و أنماط الهجرة الدولية على مدى العقود القليلة الماضية. وتوثق أيضا الملامح المتغيرة للمهاجرين و تقارن خصائصها بغير المهاجرين ، مع التمييز بين المهاجرين الحاليين و العائدين . كما يتم التحقيق فى هذه الورقة في عوامل الدفع والجذب وراء الهجرة إلى الخارج والعائدين من الهجرة. بالإضافة إلى ذلك، يتم فحص إسهامات الهجرة فى اكتساب المهارات للمهاجرين ، وكذلك كل من الادخار و التحويلات. تسلط النتائج الضوء على أهمية الهجرة الدولية في الاقتصاد المصري. وتظل المملكة العربية السعودية الوجهة الأكثر أهمية للمهاجرين ، ولكنها ليست الوجهة الوحيدة بأى حال. لقد تغير الملف الشخصى المهاجرين على مدى العقود الأربعة الماضية، حيث أصبح المهاجرين أكثر تعليما ولكن أيضا كثر منهم الذين ينتمون الى المناطق الريفية. على الرغم من أن المهاجرين هم الأكثر تعليما من غير المهاجرين الا ان العائدين في المتوسط ليسوا على نفس قدر التعليم كالمهاجرين الحاليين. وحتى الآن، تظهر النتائج أن العائدين يختبرون بالفعل حراك مهني تصاعدي لدى عودتهم . والأهم من ذلك، تشير الأدلة إلى أن الادخار و التحويلات المالية قد لعبت دورا هاما في تمكين المهاجرين و أسرهم ليصبحوا مستثمرين في أسهم و مشاريع اقتصادية .

1. Introduction

Labor migration has become an integral part of the world economy. Egypt, being the most populous country in MENA, has become the largest labor exporter in the region. International migration has been a key feature of the Egyptian economy since the 1970s. In 2006 according to the Census, there were 3.9 million Egyptians abroad.[1] In 2013, CAPMAS estimates the number of Egyptians abroad at around 8 million.[2]

Data on international migration has always been scarce and problematic. The Egypt Labor Market Panel Survey (ELMPS) 2012 provides us with a unique opportunity to study international migration. This paper examines the patterns and trends of international migration in Egypt over the last four decades, and highlights the impact of overseas migration. It attempts to answer the following questions: What are the recent trends and patterns of international migration in Egypt? Is international migration still playing an important role in the Egyptian economy? What is the impact of migration?

The structure of the paper is as follows. The next section will discuss the data and its unique features. Section 3 will focus on the migration trends over the previous few decades. Section 4 will look at the characteristics and features of migrants in 2012 compared to non-migrants. Section 5 will focus on the impact of international migration on the migrants and their households. The main findings are summarized in the conclusion.

2. Data[3]

The ELMPS is a longitudinal survey with waves carried out in 1998, 2006 and 2012. The ELMPS 2012 is the third round of a periodic longitudinal survey that tracks the labor market and the demographic characteristics of households and individuals interviewed in 2006, both individuals included in the ELMS 1998 and individuals added in 2006, as well as a refresher sample of 2,000 new households to ensure that the data continues to be nationally representative, a total sample of 12,060 households and 49,186 individuals. The field work for the ELMPS 2012 was carried out from March to June of 2012.[4]

In 2012, the refresher sample of 2,000 households was selected from an additional 200 PSUs randomly selected from a new master sample prepared by CAPMAS. By design, the 2012 refresher sample over-sampled areas with high migration rates. The ELMPS 2012 added a life events calendar, tracking migration over time, as well as a module on return migration.

The final sample of the ELMPS 2012 was 12,060 households, of which 6,752 were originally in the 2006 sample, 3,308 were households that included individuals that split from 2006 households, and 2,000 were new households from a refresher sample that oversample high migration areas. As such, 80.9% of the 8,351 households interviewed in 2006 were located in 2012 and interviewed. The 2012 sample contains a total of 49,186 individual records, of whom 28,770 had been previously interviewed in 2006 and 13,218 had been interviewed in both 1998 and 2006. These figures translate into a 77.5% tracking rate for individuals interviewed in 2006 and a 55.1 % tracking rate (across three rounds of the survey) for individuals first interviewed in 1998.[5] The attrition that occurred from the original 1998 sample to 2006 was mostly random in nature, due to the loss of records containing identifying

[1] See CAPMAS (2009).

[2] Reported in Alahram online on 16 August 2012, (http://english.ahram.org.eg/NewsContent/1/0/49602/Egypt/Overpopulation.aspx).

[3] The ELMPS 2012 survey was funded by the Economic Research Forum, the World Bank and the UK ESRC.

[4] See Assaad and Krafft (2013).

[5] The figures exaggerate attrition rates because they don't take into account unavoidable attrition due to deaths or emigration to other countries.

information for 1998 households (Assaad and Roushdy 2009). The attrition that occurred from the 2006 sample to the 2012 sample was due to a variety of processes. See Assaad and Krafft (2013) for a detailed discussion of attrition in ELMPS 2012.

The ELMPS 2012 covers topics such as parental background, education, residential mobility, migration and remittances, job dynamics, savings and borrowing behavior, and earnings. The survey provides detailed information about place of birth and subsequent residence, as well as information about job mobility. The ELMPS 2012 added a life events calendar that includes migration over time, as well as a detailed module on return migration and a section on current migrants. The retrospective information makes this a unique and very rich data set to study migration trends and patterns. The analysis in this paper is based on the ELMPS 2012. Return migration information is collected from the returnees themselves, whilst data on current migrants is collected from other members of the households still in Egypt. This is a limitation of the analysis, in this paper, as current migrants who have migrated with their entire households are not included.

3. International Migration Trends

3.1 Destinations of migrants over time

Egypt has been a major labor exporter since the early 1970s, and has become the largest labor exporter in the MENA region.[6] The majority of Egyptian migrants have been destined for neighboring Arab countries. After the oil boom of 1973, the Gulf oil exporting countries found their development plans constrained by labor shortages, and embarked on importing large numbers of workers from neighboring countries. At the peak, the Gulf States were importing 90% of their labor force. Between 1975 and 1995, 5 million foreign workers migrated to the Gulf States (see Girgis 2002). During the 70s and 80s, neighboring non-oil Arab countries were the main labor exporters to the oil exporting Arab Countries (the Gulf States, Libya and Iraq). Figure 1 shows in the 1980s, Egyptians headed to neighboring Arab countries and to the Gulf States.[7] Even in the 80s and 90s, when Asians replaced Arab workers, the Egyptian outflow of workers continued. In the mid-1990s, Saudi Arabia was the biggest destination of Egyptian migrants and Egyptian workers were the second highest concentration of migrants after Indian nationals in Saudi Arabia. In addition, Egypt sent workers to non-oil exporting Arab Countries: to replace Jordanian nationals who migrated to the Gulf (16%) as well to help in the construction boom in post conflict Lebanon (2%). In the 2000s, Saudi Arabia continued its prominence but Libya attracted a quarter of Egyptian migrants. Iraq was no longer prominent and was replaced by Kuwait and UAE. Finally, the last 3 years, 2010-2012 reflect the political instability in Libya and the increasing importance of Saudi Arabia with almost 50% of migrants heading there.

Although Egyptian emigrants are overwhelmingly concentrated in the Arab and Gulf States, according to CAPMAS (2004), 30% of all Egyptian migrants, around 0.8 million, were residing in OECD countries in 2000. Prior to the 1980s, Egyptian migration was rather small and was dominated by permanent emigration to the US driven then by political dissatisfaction. Since the 1990s, the destinations of Egyptian migrants to the West have been concentrated in: Western Europe mainly France, the Netherlands, Italy and Greece, and in North America in the USA and Canada. To a large extent, migration to the West tends to be more permanent than to the Gulf and other neighboring countries and to involve the entire household. Thus our data may potentially be underestimating permanent migrants to the West who have migrated with their entire household.

[6] For a detailed description of the different phases of international migration in Egypt see Nassar (2005).

[7] Total migrants refer to both current migrants, still overseas, and returnees, who have returned to Egypt.

Another main feature of Egyptian migration flows is that they are comprised of both educated and less educated migrants (Figure 2). During the early 1980s, Egypt exported doctors, health workers and teachers to the Gulf States, but many workers were also less educated migrants employed in construction. Since then, the percentage of educated migrants has increased and the share of less educated Egyptian migrant workers has declined as they got replaced by Asians workers more so than the skilled ones. Overall, the migration flows have become on average more educated reflecting higher educational attainments of the Egyptian population. Regarding the distribution of Egyptian migrants by education and country, the Gulf States absorb highly educated Egyptian workers. However, Libya, Jordan, and Iraq have tended to employ less educated Egyptian workers, a quarter being illiterate. On the other hand, migrants to Europe and North America are predominantly (95%) highly educated.

3.2 Brain drain

Comparing the education levels of migrants to non-migrants (15-59 years of age) shows that migrants are more educated compared to non-migrants, even after controlling for age, gender and urban/rural origin. As Figure 3 shows, 64% of migrants have secondary degree or above compared to 51% of non-migrants (15-59 years of age). In addition, 17% of migrants have a university degree whilst 15% of non-migrants do. This may echo the concern of a few developing countries about the emigration of their skilled workers, referred to as the brain drain. There has always been a concern in the literature about emigration leading to brain drain in Egypt, e.g. Zohry and Harrell-Bond (2003) and Nassar (2005). The emigration rate for the skilled workers reflects the intensity of the brain drain since it measures the proportion of highly educated individuals of country *j* living in OECD countries. The emigration rate of skilled workers from Egypt to OECD countries in 2000 was low at 4.6%. In fact, Egypt had one of the lowest emigration rates in 2000; in the top 30 for the lowest emigration rates of skilled workers out of 195 countries studied. According to Beine et al. (2003), brain drain has significant negative effects for a country where the emigration rate of skilled workers is over 20% which is not the case for Egypt. In 2012 the emigration rate for university graduates was 4% and 12% among secondary and higher. These emigration rates are for current migrants, the majority of which are likely to return and therefore would not be considered a permanent loss of educated people to Egypt.

Egypt has one of the highest selection rates (i.e. the proportion of skilled workers in total emigration) among MENA countries. Among the 195 countries studied by Docquier and Marfouk (2004) Egypt ranks 19th based on the selection rate, i.e. the proportion of skilled emigrants in the total emigration stock. Almost 59% of total emigrants from Egypt in 2000 were highly educated. The average selection rate for LDCs is 34% and 43% for Sub-Saharan Africa.

The evidence for 2012 suggests that a substantial proportion of Egyptian emigrants to the West are highly educated but the emigration rate among the highly educated is still quite low. Thus, given the high proportion of educated workers in Egypt, this suggests that Egypt is not experiencing a brain drain problem.

Although all of this evidence suggests that Egypt is not losing a great proportion of its educated workers and thereby not facing a brain drain, Egypt is still losing some of its human capital in which it has invested and educated, since education is free in Egypt. This may still be an issue of concern. However, this cost may be outweighed by the potential gains from remittances and the reduction in pressure on the labor market given the high unemployment rate in Egypt among the educated.

3.3 Return migration in Egypt: trends

Given the substantial size of emigration in Egypt to neighboring Arab countries and its temporary nature, return migration in Egypt has been quite considerable with almost 5% of the population (15 years and over) being return migrants in 2012. In addition, the outburst of wars and other political conflicts have resulted in massive returns of Egyptian emigrants from the Gulf, Iraq and Libya. Furthermore, given the Gulf States immigration policy, namely the guest worker system with strict regulated labor immigration where foreigners must be "sponsored" for admission, sponsor and labor contracts to foreigners are all short-term, albeit renewable. Also, the Gulf States do not allow for naturalization of foreign workers. All of this results in labor immigration being temporary in nature. In fact, labor demand of foreign workers in the Arab region has been influenced by the domestic economic conditions in the Gulf, in particular oil prices. During booms they have imported workers, but they have been able to cut back on recruitment of foreign workers (through cutting down on new contracts and not renewing contracts for foreign workers) during recessions. Moreover, political conditions have played a major role in the migration trends and patterns in the region.

Figure 4 shows emigration and return migration trends since the 1980s. Focusing on all migrants, emigration was relatively low in the 1990s compared to the 1980s and 2000s. The second histogram underscores the large relative share of current migrants who migrated in 2000s. As for return migrants, a similar proportion returned in the 1990s and 2000s. Interestingly, in the last three years (2010-2012) the share of current migrants was relatively high, but at the same time the share of returnees was also high. In fact, in terms of absolute numbers, in 2011-12 during and since the uprising, the number of emigrants who left Egypt has been slightly higher than the number that has returned, despite the situation in Libya leading to 40% of the returns in 2011-12. As seen in Figure 5, the political situation could explain the high return rate from Iraq in the 1980s, and from Libya in 2010-12. In addition, Saudi Arabia and Jordan tend to be two destinations with a high turnover of migrants.

As Table 1 shows, although there has been an increase in the educational level of migrants, which is consistent with the increase in educational level of the population over time, returnees tend to be on average less educated relative to the average migrant. This pattern has been consistent over time, though the gap has widened in the last three years.

3.4 Changes in the profile of Egyptian migrants

Examining the changes in the profile of Egyptian migrants over the last few decades also highlights two main issues. First, as Figure 6 shows, migrants' composition has changed over time. In the 1970s – 1990s, over a third of migrants originated in urban areas, in the 2000s only a quarter of migrants were urban. In fact in 2010 only 21% were urban. However, 2011-12 saw a reversal of that trend with 35% of migrants being urban. Whether this is correlated with the recent political instability or not, is yet to be seen.

Secondly, Figure 7 shows the change in the educational composition of Egyptian migrants by origin over time. In the 1980s, a third of rural migrants were illiterate, but by 2010s only 10% had received no education. In the 2010s, about 55% of rural migrants had secondary education degree compared to 35% in 1980s, and the share of rural migrants with university degree doubled over the same period. Similar patterns are observed for urban migrants though at different levels. For example, in 1980s, 22% of urban migrants had university degrees but by the 2010s, 43% did, and thus 83% of urban migrants had secondary or higher qualifications. This increase in educational levels of migrants reflects the increase in educational attainment of the population. Yet, as Figure 3 above shows, migrants tend to be on average more educated than non-migrants.

4. Current International Migration Patterns

One important indicator of international migration is that about 15% of the Egyptian households have a returnee or a current migrant. In terms of current migrants, 6.8 % of households had at least one member of the household working overseas in 2012, compared to 4.8 % in 2006. As for returnees, 4.8% of the population (15 years and over) were returnees in 2012. Returnees represented 8.8% of workers and 9.4% of male workers. Furthermore, 9.8 % of households had a returnee. In 2006, 2.5 % of the population (15 years and over) were returnees or 7.2 % of households had a returnee. Interestingly, about 6% of returnees emigrated with other members of the households, whilst 10% of current migrants did so. If we also estimate the number of those who migrated with their entire households based on information from the siblings left behind, our estimates suggest that around 10% of Egyptian migrants residing abroad in 2012 are permanent migrants.

Examining the destinations of current versus return migrants in 2012, Figure 8 shows that Libya and Iraq hosted a substantial share of returnees but no longer do. Also, 7% of current migrants are in Europe or in North America. Moreover, the evidence in Figure 9 suggests that returnees are not as educated as current migrants. Importantly, this holds even after controlling for age, gender and urban/rural origin.

Examining the characteristics of current and return migrants in 2012 provides us with a rich picture of who migrates and who returns. Table 2 provides the characteristics of returnees and current migrants distinguishing by rural/urban origin. First, as has been previously documented, Egyptian migration tends to be male dominated; migration from rural areas is almost exclusively male. In urban areas, 95 % of returnees and 90% of current migrants are males. Also as expected, returnees are older than current migrants, interestingly, urban migrants are older than rural migrants. Although on average the mean migration duration of rural and urban return migrants is about 5 years, among current migrants the mean migration duration of urban current migrants is about 10 years compared to 6 years among rural current migrants. Another interesting distinction between rural and urban migrants in their occupation prior to migration is that urban migrants tend to be more skilled, whilst rural migrants tend to be engaged in low skilled occupations with almost 40% engaged in agriculture, which is not surprising. In terms of overseas occupation, 40% of return migrants, irrespective of their origin, were engaged in craft related occupations. On the other hand, 30% of urban current migrants were working in professional occupations, whilst a similar proportion of urban return migrants were engaged in services and sales occupations. This perhaps reflects the difference in the skill composition of their occupation prior to migration where 20% were management and professionals among urban returnees compared to 45% among urban current migrants.

It is also interesting to compare the migration experience and the determinants of emigration and return migration of return migrants distinguishing between their rural-urban origin before migration, given the importance of origin as seen above. Table 3 provides a very rich picture of the factors facilitating emigration. About two thirds of returnees emigrated because of better job prospects. One in five rural returnees emigrated because they were unemployed. Among urban returnees 16% were unemployed. Only 5% of returnees mentioned higher wages as the main reason behind their emigration. Almost 75% of returnees relied on their own or on their household members for financing their migration trip. Less than 5% borrowed to emigrate among both rural and urban groups. About 23% of returnees paid others, mainly employment agencies or migration brokers, to facilitate their departure. Rural returnees relying more on migration brokers relative to urban return migrants though a large proportion of both groups relied on employment agencies (50% of urban and 45% of rural returnees). The role of social networks is apparent in particular for rural migrants who fully utilized their social networks: 51% of rural returnees had family/relatives or friends at destination compared to only 36% of urban returnees. Rural returnees also had, on average, large friendship networks overseas. Interestingly, the sort of help the returnees received differs by their origin. Urban returnees obtained help in the form of food and housing (32%), visas and residence permits (29%) and help in finding work (20%). However, the main help for rural returnees was in the form of food and housing (39%) followed by help in finding work (21%) and then help in obtaining visas and residence permits (19%). Yet, 1 in 5 returnees received no help in getting a job. Employment agencies' help in finding a job was only 9% for both rural and urban returnees. This highlights the importance of social networks in migration both in providing information and material help.

Figure 10 shows that just over 30% of urban returnees have returned because their contract ended compared to 16% of rural returnees. Poor working conditions were the main reason for returning for 26% of the rural returnees compared to 22% of urban returnees. Other reasons for return migration included getting married, 12% of urban and 15% of rural returnees, returned to get married.

Table 4 shows the migration experience of returnees. First, it is interesting to note that 80% of returnees planned to stay temporarily overseas. A higher proportion of urban returnees (16%) were planning to stay permanently compared rural returnees (12%). Also, half of the urban returnees and 43% of the rural returnees were earning, overseas, five times or more of their pre-migration earnings. Some 60% of the rural returnees had savings in cash form, however, 38% of the rural returnees and 45% of the urban returnees kept their savings in a bank, either in Egypt or abroad. Although almost 23% of both groups remitted regularly, 50% of urban returnees and 40% of rural returnees did not remit at all. However, almost two thirds of those who did not remit were saving whilst overseas. Another important and interesting finding is that origin matters when it comes to the use of savings. The use of remittances by migrants has attracted the greatest interest and debate in the literature.[8] Among urban returnees, almost 20% saved in bank deposits for a return in the form of interest, 40% bought shares, 10% bought housing and 10% invested in economic projects. Among rural returnees, housing attracted 30% of savings, and 36% saved in shares, which suggests how important migrant savings have been for the Egyptian economy.

5. Impact of International Migration

Given the significance of international migration, we focus in the rest of this chapter on the impact of migration. First, 31% of return migrants lived in urban areas prior to migration and 34% lived in urban areas in 2012, suggesting that only 3% changed their rural-urban location of residence. This is consistent with earlier evidence that return migration does not lead to rural-urban migration in Egypt. Indeed looking at the households of current migrants 27% lived in urban areas before migrating and 28% did so at the time of the survey in 2012. It is important to highlight that there is no evidence that international migration leads to internal migration as returnees go back to their place of origin.

5.1 Returnees versus non-migrants

The majority of returnees is males (98%) and are on average 44 years of age. It is also interesting to note that, on average, returnees are more educated than non-migrants (Table 5). Only 5% of the returnees (15-59 years of age) are out of the labor force and 91% are currently employed.[9] This suggests that returnees do not exit the labor market on their return but continue to participate, and tend to be exclusively engaged in market work when they are

[8] Adams and Page (2003) focused on the impact of remittances on poverty and inequality.

[9] Those figures are based on market or extended definition of work. Almost no returnees are engaged in subsistence work.

employed. Indeed, comparing the characteristics of the currently employed returnees and non-migrants (in 2012, 15 - 59 years of age),[10] Table 6 shows that returnees' employment status tend to be different from that of non-migrants. First, the share of returnees employed as employers and self-employed is much higher than their share among non-migrants. Indeed, McCormick and Wahba (2001) show that one of the important aspects of international migration has been its impact on occupational choice upon return and its tendency to increase the share of employers and entrepreneurship in Egypt. The evidence here supports that finding. Secondly, an important distinction between returnees and non-migrants is that non-migrants are more likely to work as unpaid workers and to be engaged in subsistence work. Returnees are almost confined to market work even among the very small proportion (1%) who are unpaid workers. Table 6 shows that for non-migrants comparing market and extended work makes a huge difference in terms of numbers and characteristics, but not for returnees as they are all involved in market work. Furthermore, there are small differences between returnees and non-migrants in terms of occupation, sector or economic activity when comparing those engaged in market work. However, the substantial difference becomes apparent when considering extended work; the proportion engaged in agriculture is much higher among non-migrants even though returnees are more likely to be located in rural areas.

5.2 Returnees before and after migration

An important aspect of migration is the benefits from overseas work experience and the extent to which it impacts on migrants' human capital.[11] The evidence suggests that return migrants benefit from their overseas work experience as seen in Figure 11 where the proportion of returnees who moved into high skilled occupations upon return is more than their proportion before migration. In addition, 40% of returnees were working in a job requiring skill compared to 37% of non-migrants. However, 83% of those returnees were craftsmen compared to 70% of non-migrants.

5.3 Remittances

Another important consequence of international migration has been the associated remittances, which comprise money flows sent back by workers whilst overseas. Remittances constitute the most visible consequences of labor migration. The benefits from remittances can outweigh the output loss due to migration and the cost of education of migrants as remittances tend to be a more reliable and stable source of income that fluctuates less with economic cycles. Remittances have been a major source of foreign currency for Egypt and have had a substantial impact on the Egyptian economy over the last five decades. Figure 12 shows remittances flows since 2000.

Egypt came in sixth in the list of top recipients of remittances transferred to developing countries in 2012 according to the World Bank. Total remittances to Egypt have increased substantially since 2009 reaching about US$19 billion in 2012.[12] In 2011, remittances accounted for 6% of GDP. In fact Egypt experienced a six-fold increase in remittances over the last eight years to become the largest recipient in MENA, ahead of Lebanon, Morocco, Jordan and Tunisia with over 40 % of total remittance inflows to the MENA region.

Remittances represent the biggest source of non-labor income for households. Around 4% of households were receiving remittances from household members or other relatives overseas in 2012, surprisingly a similar proportion of households to that in 2006, though the number of

[10] We compare currently employed return migrants and non-migrants based on two definitions of work: Market Definition and Extended Definition (includes subsistence) of work. These characteristics refer to those at the time of survey, i.e. in 2012, where the reference period is the previous week.

[11] See Wahba (2007) for the impact of return migration on human capital and wages of Egyptian returnees upon return.

[12] See The World Bank, World Development Indicators 2013.

households is higher in 2012 compared to 2006.[13] Interestingly, in 2006, only 22% of transfers were through the banking system compared to 60% in 2012. This suggests a substantial increase in the use of banking for remittances transfers and may also partly explain the increase in recorded remittances by the Central Bank. About 69% of the overseas remittances are sent by spouses, 15 % by offspring and 7% by the parent of the head of household. Table 7 describes the characteristics of heads of household receiving overseas remittance compared to other heads of households in 2012. First, it is noticeable that heads receiving remittances are more likely to be females, with almost 70% of households receiving remittances being female headed. On average heads of households receiving remittances seem to be less educated than other heads, however, 10% of household heads receiving remittances hold a university degree. In addition, three quarters of households receiving remittances are rural. Finally, heads of households receiving remittances are less likely to be waged workers and more likely to be out of the labor force.[14] Comparing 2006 to 2012, it is clear that remittances receivers are more likely to be women and much more likely to be out of the labor force in 2012 as more remittances are directed to spouses and parents rather than to siblings.

Interestingly, returnees are more likely to become investors with 27% investing in non-agricultural projects compared to 20% among non-migrants and 25% in agricultural projects compared to 20% among non-migrants. Overall, the importance of migration is apparent when looking at the role of remittances and savings and their uses.

6. Conclusion

This paper makes use of a very rich new data set: the Egypt Labor Market Panel Survey 2012. Given the rich nature of the data, the paper examines international migration in Egypt. It provides an overview of the trends and patterns of international migration over the past few decades. It documents the changing profiles of migrants and compares their characteristics to non-migrants distinguishing between current and return migrants. The push and pull factors behind out-migration and return migration are also investigated. The contributions of migration to skill acquisition of migrants, savings and remittances are studied.

The findings highlight the importance of international migration as the backbone of the Egyptian economy. About 15% of households have a returnee or a current migrant. Compared to 2006, more remittances are sent through formal banking channels. Also, the evidence suggests that savings and remittances have played an important role in enabling migrants and their households to invest in shares acquisition and economic projects.

Saudi Arabia continues to be the most important destination of migrants, but is by no means the sole destination. Over the last two years, the number of emigrants exceeded the number of return migrants despite the crisis in Libya pushing many to return. The profile of migrants has changed over the past four decades as migrants have become more educated but also more rural. Although migrants are more educated than non-migrants, returnees are on average not as educated as current migrants. Yet, the findings show that returnees indeed experience an upward occupational mobility upon return. Hence, the evidence suggests that international migration in Egypt continues to be temporary in nature and has a positive impact on migrants and the Egyptian economy.

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[13] See Wahba (2009) for the findings based on ELMPS 2006.

[14] Assaad and Binzel (2011) analyze the labor force participation of wives depending on whether their husbands are working abroad and remitting. They find a decrease in wage work for both the rural and the urban resulting from the income effect of remittances.

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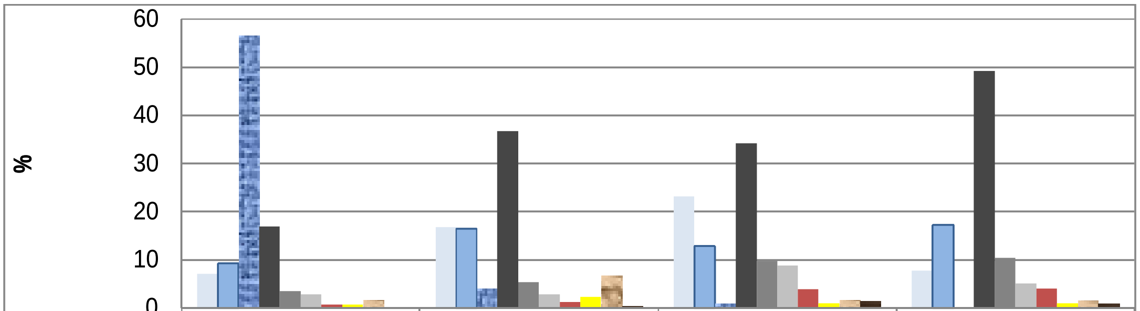
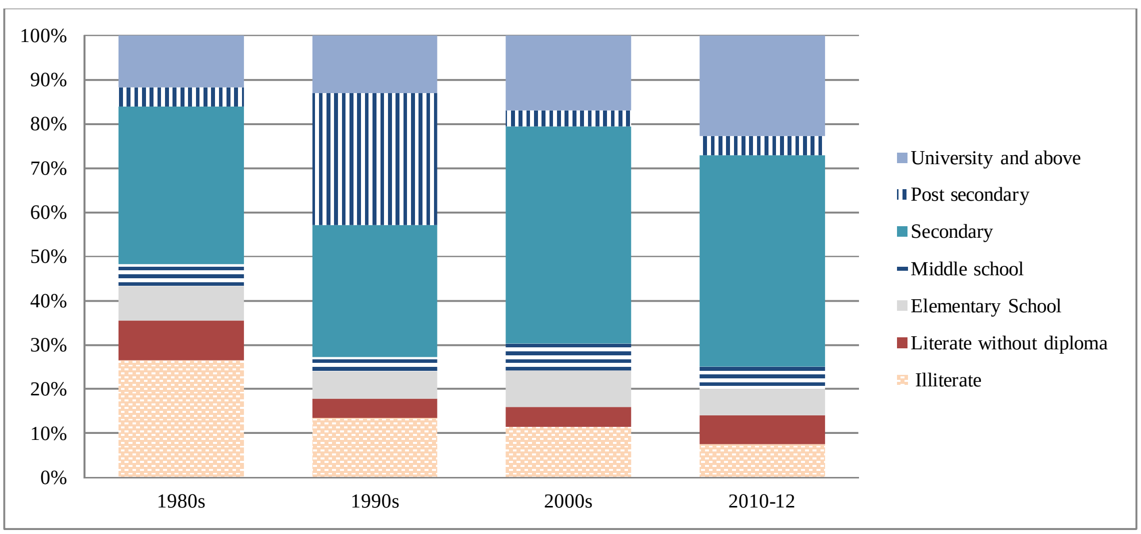
Figure 1: Migration Flows by Destination over Time, Ages 15 & over, (Percentage)



	1980	1990s	2000s	2010-12
Libya	7.13	16.76	23.15	7.73
Jordan	9.25	16.48	12.92	17.27
Iraq	56.71	4.19	0.96	0.17
Saudi Arabia	16.95	36.63	34.19	49.13
Kuwait	3.52	5.3	9.71	10.45
UAE	2.84	2.79	8.82	5.09
Qatar	0.7	1.24	3.95	4.11
Lebanon	0.68	2.3	0.94	0.91
Western Europe	1.82	6.86	1.83	1.67
North America	0	0.46	1.47	1.03

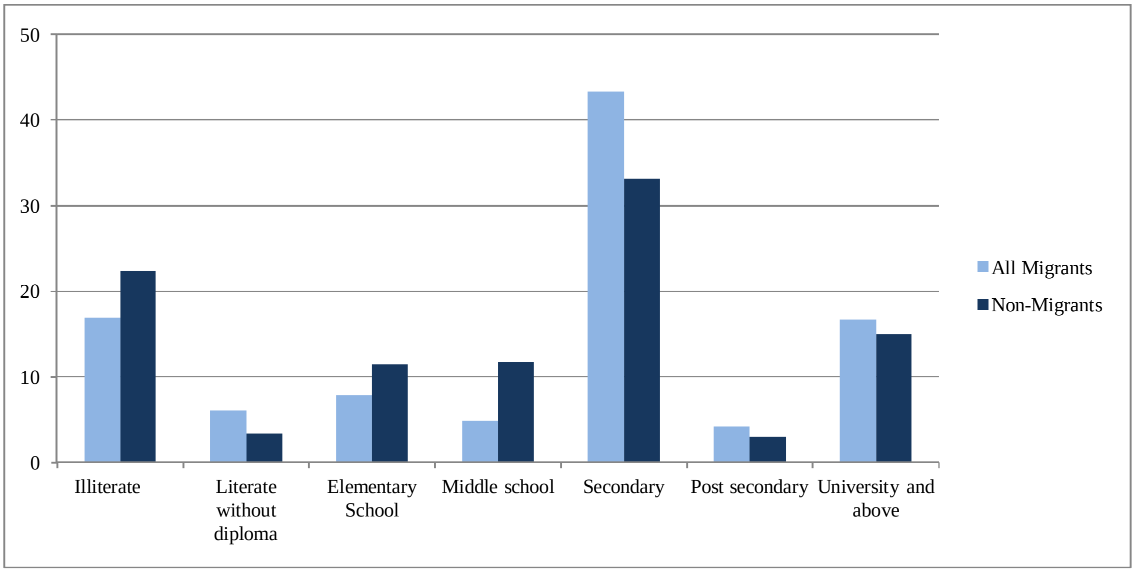
Source: Author's calculation based on the ELMPS 2012.

Figure 2: Educational Level of Migrants over Time, Ages 15-59



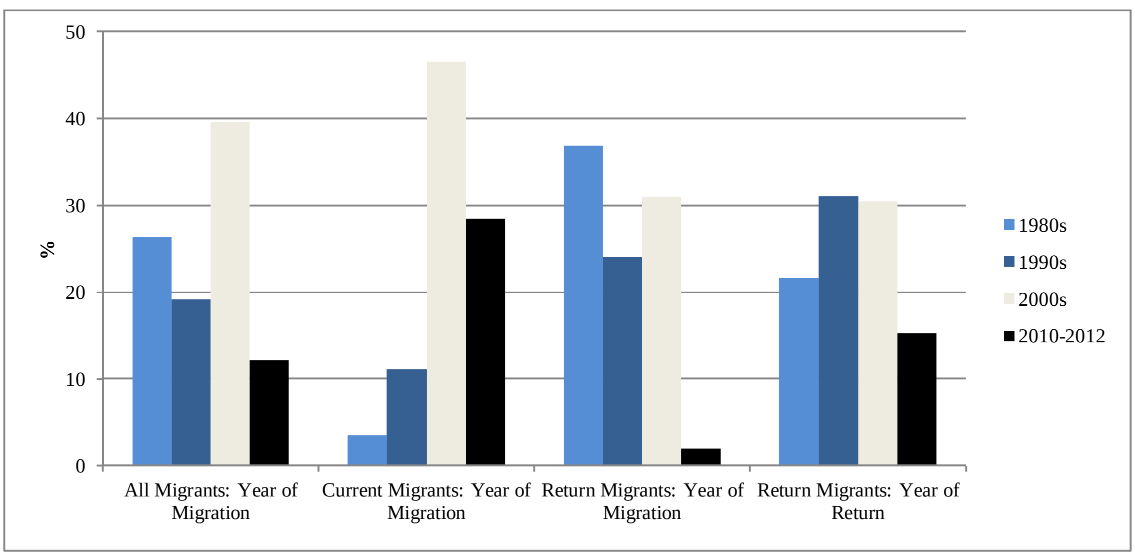
Source: Author's calculation based on the ELMPS 2012.

Figure 3: Educational Levels of Migrants & Non-Migrants, Ages 15-59 (Percentage)



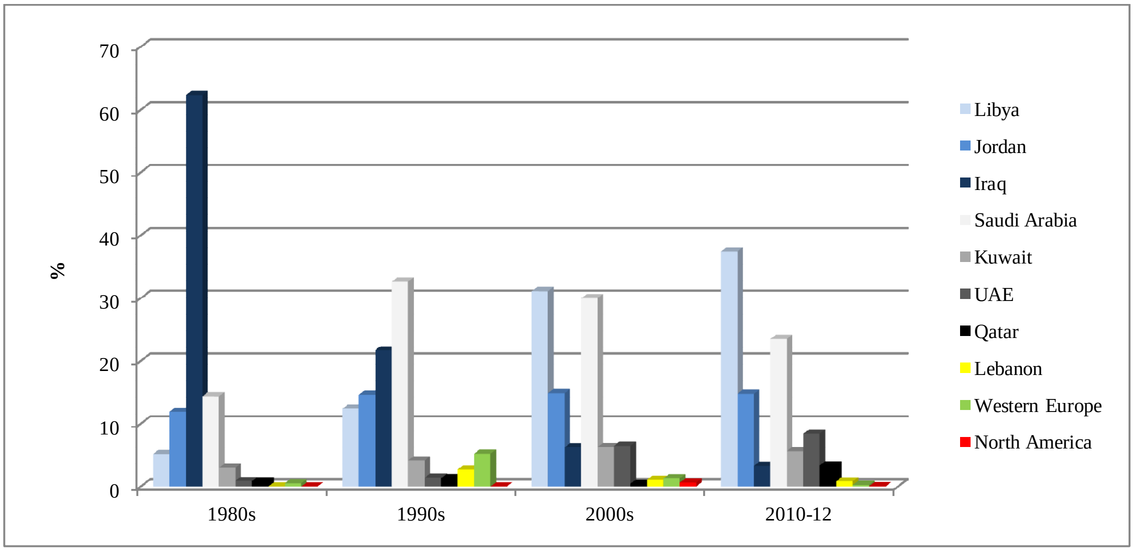
Source: Author's calculation based on the ELMPS 2012.

Figure 4: Year of Migration/Return by Decade, 15 Years and above (Percentage)



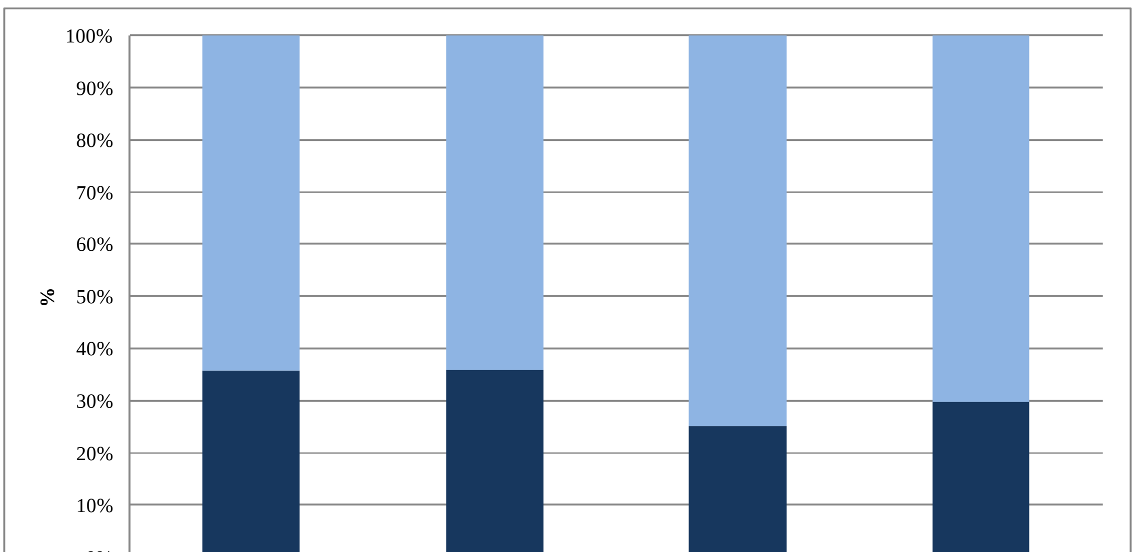
Source: Author's calculation based on the ELMPS 2012.

Figure 5: Previous Destinations of Return Migrants by Decade of Return, Ages 15-59, (Percentage)



Source: Author’s calculation based on the ELMPS 2012.

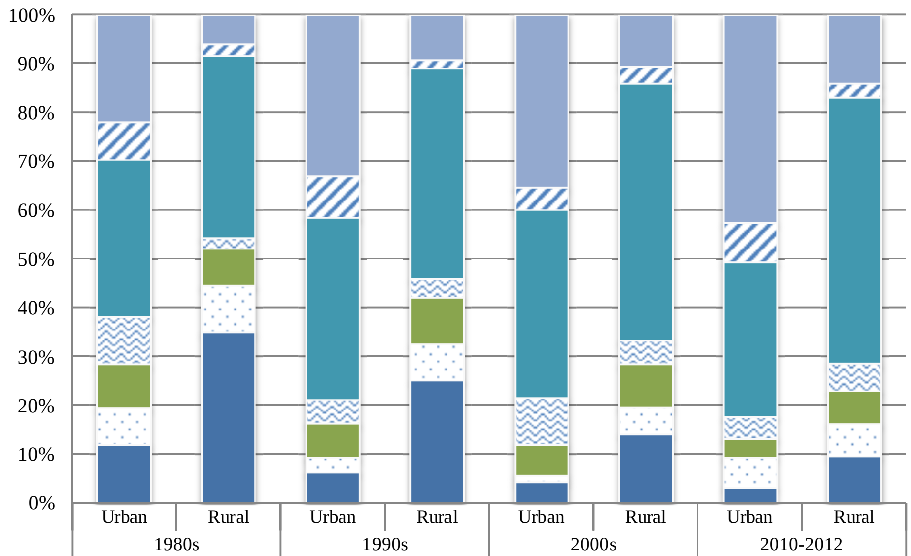
Figure 6: Egyptian Migrants by Origin over Time, 15 years and above



	1980s	1990s	2000s	2010-12
Rural	64.2	64.3	74.9	70.2
Urban	35.8	35.9	25.1	29.8

Source: Author’s calculation based on the ELMPS 2012.

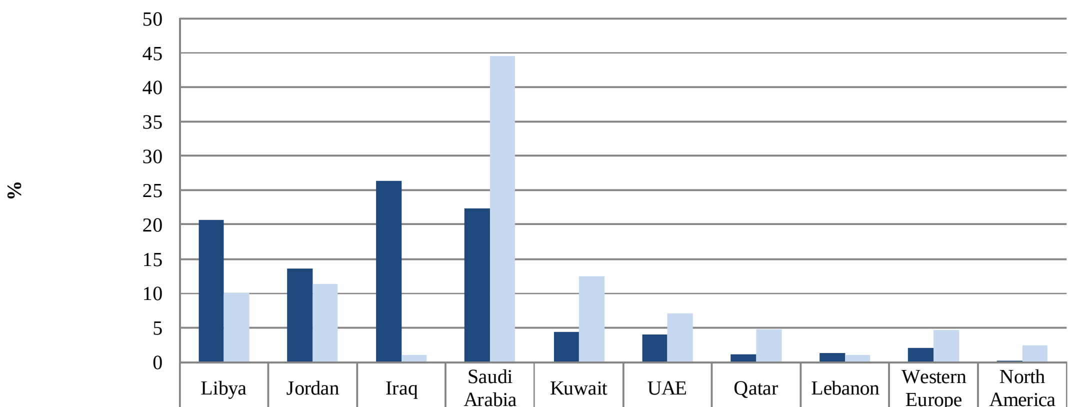
Figure 7: Educational Level of Egyptian Migrants by Origin over Time, Ages 15-59 (Percentage)



	1980s		1990s		2000s		2010-2012	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
University and above	22.1	6.1	33.1	9.4	35.5	10.7	42.7	14.0
Post secondary	7.7	2.4	8.5	1.7	4.6	3.4	8.0	2.8
Secondary	32.2	37.3	37.4	43.0	38.6	52.6	31.7	54.7
Middle school	9.7	2.2	4.8	4.0	9.5	4.9	4.4	5.6
Elementary School	8.9	7.5	7.0	9.5	6.3	8.8	3.9	6.8
Literate without diploma	7.6	9.6	3.1	7.5	1.4	5.5	6.2	6.6
Illiterate	11.8	34.9	6.2	25.1	4.3	14.1	3.1	9.5

Source: Author's calculation based on the ELMPS 2012.

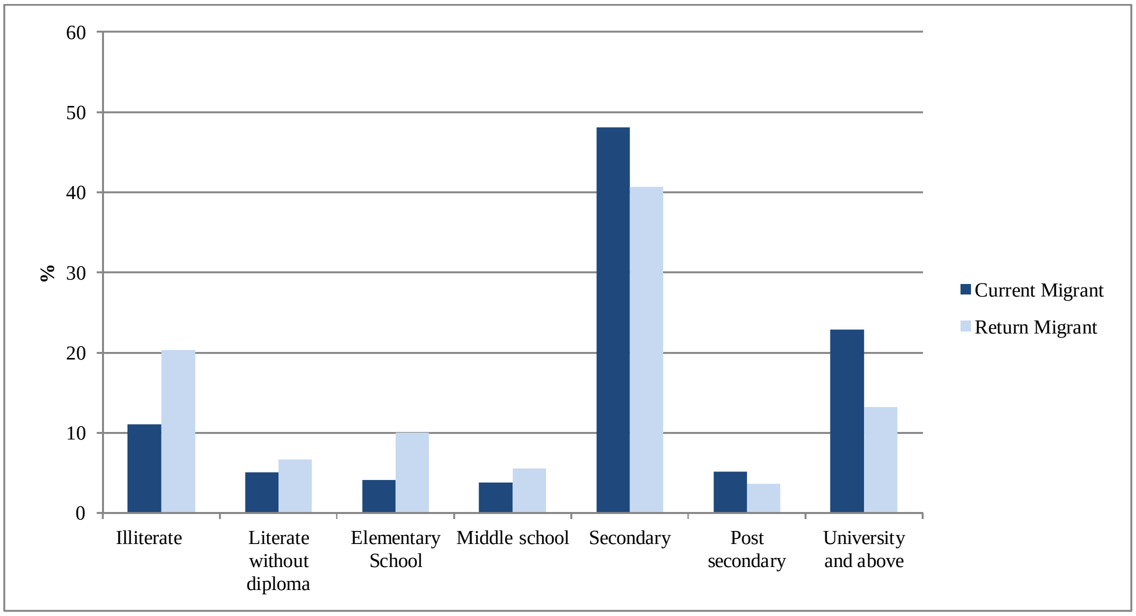
Figure 8: Destinations of Current and Return Migrants in 2012, 15 Years and above (Percentage)



	Libya	Jordan	Iraq	Saudi Arabia	Kuwait	UAE	Qatar	Lebanon	Western Europe	North America
Return Migrants	20.7	13.6	26.4	22.4	4.4	4	1.1	1.3	2	0.2
Current Migrants	10.1	11.3	1.0	44.5	12.5	7.0	4.8	1.0	4.6	2.4

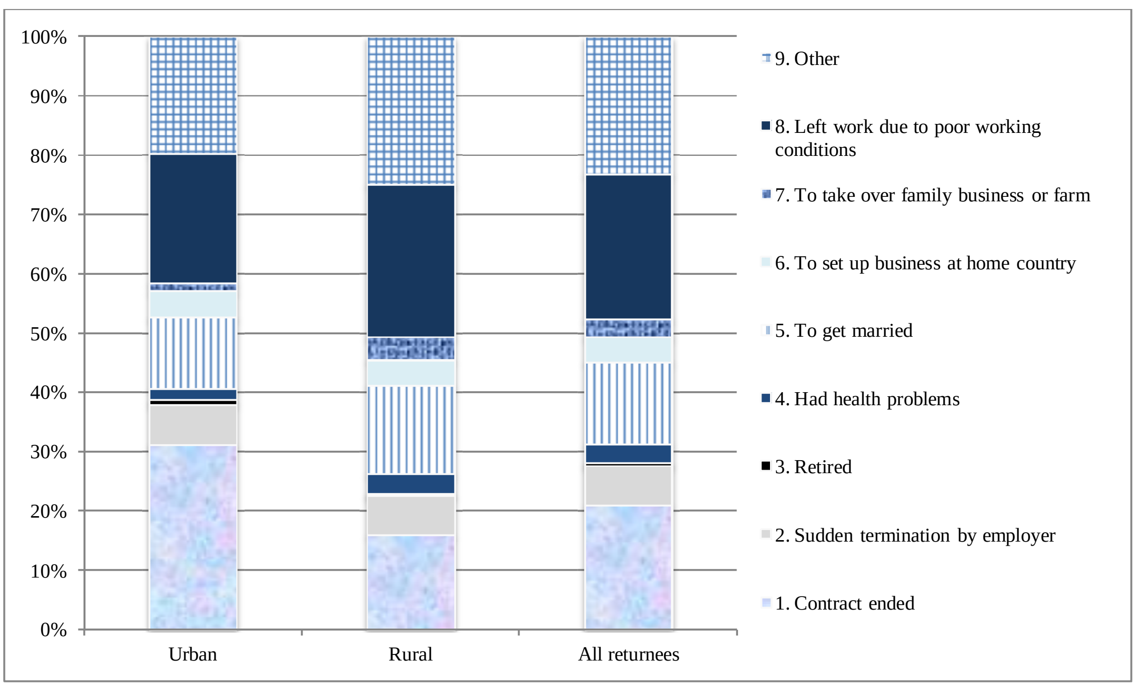
Source: Author's calculation based on the ELMPS 2012

Figure 9: Education Levels of Current and Return Migrants in 2012, Ages 15-59 (Percentage)



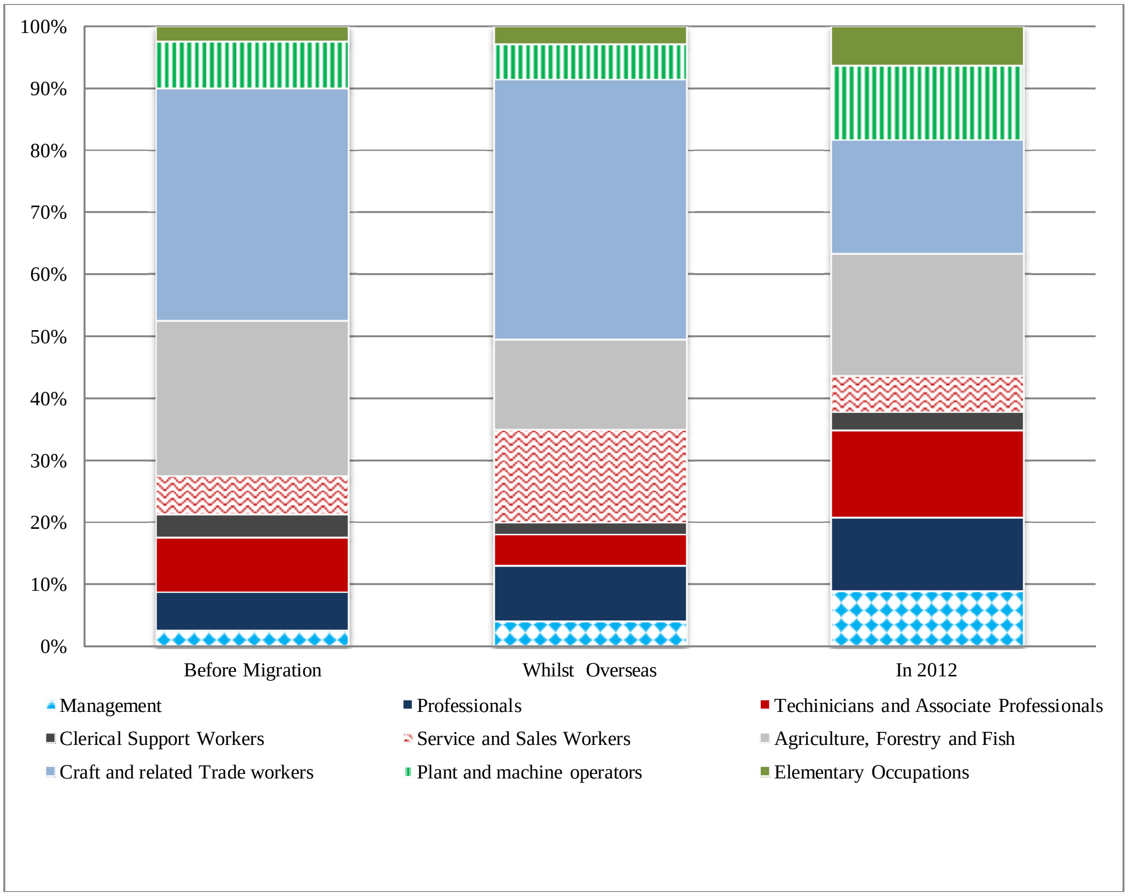
Source: Author's calculation based on the ELMPS 2012.

Figure 10: Reasons for Return, by Rural/Urban Origin, Ages 15-59 (Percentage)



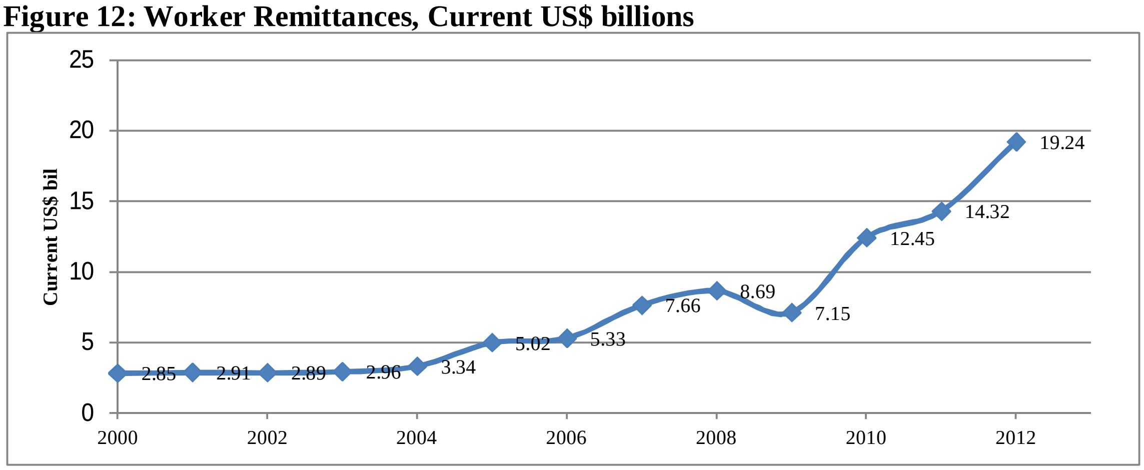
Source: Author's calculation based on the ELMPS 2012.

Figure 11: Occupation of Return Migrants: Before, During & After Migration, Ages 15-59



Source: Author's calculation based on the ELMPS 2012.

Figure 12: Worker Remittances, Current US$ billions



Source: The World Bank, World Development Indicators 2013.

Table 1: Educational Level of All Migrants and Returnees over Time, Ages 15-59, (Percentage)

	Year of Migration (All Migrants)				Year of Return (Returnees Only)			
	1980s	1990s	2000s	2010-12	1980s	1990s	2000s	2010-12
Illiterate	26.6	18.5	11.6	7.6	27.2	20.0	14.9	16.1
Literate without Diploma	8.9	6.0	4.5	6.5	8.0	6.7	5.3	4.8
Elementary School	8.0	8.6	8.1	5.9	8.5	9.6	12.1	7.9
Middle School	4.9	4.3	6.1	5.2	5.1	4.2	8.9	3.7
Secondary	35.5	41.0	49.1	47.8	35.4	37.4	42.8	48.2
Post-secondary	4.3	41.0	3.7	4.4	4.5	5.3	1.8	4.3
University and above	11.8	17.7	16.9	22.6	11.2	16.8	14.3	15.0

Source: Author's calculation based on the ELMPS 2012.

Table 2: Characteristics of Return Overseas Migrants & Current Migrants by Rural/Urban Origin, in 2012, Ages 15-59

	Returnees		Current Migrants	
	Urban	Rural	Urban	Rural
Male (%)	94.8	99.0	90.1	98.3
Mean Age (in years)	45.4	42.5	37.9	33.4
Married (%)	87.5	92.3	77.5	75.5
Education (%)				
Illiterate	9.2	26.0	2.5	14.5
Read & write	4.9	7.6	5.6	5.9
Less than Intermediate	19.6	13.5	2.8	9.6
Intermediate	36.8	42.3	33.0	53.1
Higher than Intermediate	6.8	2.0	6.7	4.3
University	22.7	8.3	49.3	12.6
Mean Migration Duration (years)	5.1	4.6	9.9	6.1
Occupation before Migration (%)				
Management	2.1	0.8	9.0	1.3
Professionals	14.4	5.3	32.9	5.5
Technicians and Associate Professionals	10.1	5.0	5.6	2.7
Clerical Support Workers	3.1	1.2	0.6	0.3
Service and Sales Workers	12.6	3.8	9.7	5.5
Agriculture, Forestry and Fish	4.6	47.0	8.9	38.6
Craft and Related Trade Workers	40.2	27.2	28.3	37.9
Plant and Machine Operators	10.4	8.0	3.7	5.8
Elementary Occupations	2.6	1.8	1.4	2.4
Occupation Abroad (%)				
Management	0.5	0.8	8.6	0.4
Professionals	14.0	3.4	30.6	6.4
Technicians and Associate Professionals	7.7	4.0	5.6	2.8
Clerical Support Workers	2.1	1.5	2.5	0.9
Service and Sales Workers	18.1	14.1	18.4	14.5
Agriculture, Forestry and Fish	3.9	17.2	3.3	9.5
Craft and related Trade workers	41.1	46.3	23.8	48.9
Plant and Machine Operators	7.0	7.7	4.4	8.7
Elementary Occupations	5.4	5.1	1.1	8.1

Source: Author's calculation based on the ELMPS 2012.

Table 3: Factors Affecting Emigration of Return Overseas Migrants by Rural/Urban Origin, Ages 15-59 (Percentage)

	Urban	Rural	TOTAL
Main Reasons for Migration			
Unemployed and Seeking Work	16.4	20.3	19.0
Found a Better Job	69.7	63.6	65.7
Higher Wages	5.4	4.8	5.0
Others	8.6	11.3	10.4
Main Source of Finance for Migration			
Own Savings	52.0	42.9	45.6
Household Members	22.5	32.3	29.1
Relatives	11.9	12.0	12.2
Friends/Acquaintances	3.2	3.0	3.0
Borrowed Money from Relatives	2.4	3.7	3.2
Borrowed Money from Friends/Acquaintances	3.8	1.7	2.4
Borrowed Money from Others	0.1	0.8	0.6
Others	4.0	3.7	3.9
Paid Others to Facilitate Migration			
Yes	22.7	23.8	23.2
No	74.9	74.2	74.6
Paid Whom?			
Employment Agency	50.0	45.2	46.8
Migration Broker	26.6	32.5	30.6
Friends/Acquaintance	18.9	16.9	17.5
Relatives	4.6	4.0	4.2
Other	0.0	1.4	0.9
Had Family/Relatives/Friends at Destination?			
Yes	36.5	50.8	45.6
No	60.1	47.6	52.2
Average Size of Network at Destination per Returnee			
Family	1.5	1.5	1.5
Relatives	2.7	2.9	2.9
Friends/ Acquaintances	3.7	5.7	5.3
Network Helped			
Yes, Family	18.1	15.1	15.9
Yes, Relatives	33.4	33.2	33.3
Yes, Friends	26.9	26.3	26.5
All of them	2.4	9.2	7.4
None	19.2	16.2	17.0
Main Assistance Provided			
Obtain Visa/Residence Permit	29.5	18.9	21.8
Paid for Transportation	1.0	4.7	3.7
Provided Food/Lodging	31.6	39.1	37.1
Money/Loans	3.2	3.5	3.4
Information about Work Opportunities	2.4	5.8	4.9
Helped Find Work	19.9	21.3	20.9
Helped Find Accommodation	9.9	4.1	5.6
Full Support Until Find a Job	2.5	2.6	2.6
Helped in Getting a Job Abroad			
Relatives	19.8	27.1	24.4
Friends/Acquaintances	29.6	33.7	32.1
Employer	9.7	3.9	5.8
Business contact/ Associate	4.0	0.6	1.7
Employment Agency	9.0	8.9	9.1
Migrant Community / Association	0.1	0.3	0.2
Embassy of Country of Origin	1.3	0.4	0.7
No One	22.0	24.0	23.5

Source: Author's calculation based on the ELMPS 2012.

Table 4: Migration Experience of Return Overseas Migrants by Rural/Urban Origin, Ages 15-59 (Percentage)

	Urban	Rural	TOTAL
Migration Plans			
1. Permanently	16.4	11.7	13.3
2. Temporarily	78.5	81.3	80.4
3. Don't Know	5.1	7.0	6.3
Income Abroad Relative to Pre-Migration			
10 times or more	11.7	15.0	13.8
5 times to less than 10 times	38.2	28.9	32.0
2 times to less than 5 times	36.5	36.5	37.0
1 to less than 2 times	13.5	19.0	17.2
Other	0.2	0.6	0.4
Savings abroad			
Yes	63.7	61.0	61.8
Forms of Savings			
In a Bank Abroad	17.4	14.3	15.3
In a Bank in Egypt	28.4	23.8	25.3
In Cash	51.4	58.2	56.0
Gold	0.8	0.4	0.5
Others	1.3	2.7	2.2
Primary Use of Overseas Savings			
Deposited In a Bank	19.3	6.8	11.1
Housing	14.5	30.6	24.8
Established Economic Project	9.6	5.8	7.1
Bought Shares	40.7	36.1	37.9
Others	15.9	20.8	19.1
Remit			
Yes, regularly	24.0	23.3	23.4
Yes, irregularly	24.5	31.6	29.4
Yes, regularly and irregularly	1.6	5.4	4.1
No	49.9	39.7	43.2

Source: Author's calculation based on the ELMPS 2012.

Table 5: Educational Levels of Return Overseas Migrants and Non-Migrants in 2012, Ages 15-59 (Percentage)

	Non-Migrants	Returnees
Illiterate	22.3	20.3
Literate without Diploma	3.4	6.7
Elementary School	11.4	10.1
Middle School	11.8	5.2
Secondary	33.2	40.6
Post-Secondary	3.0	3.6
University and Above	15.0	13.2

Source: Author's calculation based on the ELMPS 2012.

Table 6: Characteristics of Return Overseas Migrants and Non-Migrants in 2012, Currently Employed, Ages 15-59

	Non-Migrants		Returnees
	Market Work	**Extended Work**	**Market Work**
Employment Status (%)			
Waged	74.9	65.0	67.5
Employer	8.4	7.3	18.7
Self-employed	9.1	7.9	12.7
Unpaid Worker	7.7	19.8	1.2
Occupation (%)			
Management	7.6	6.6	8.9
Professionals	15.7	13.7	11.9
Technicians and Ass. Professionals	9.9	8.6	14.1
Clerical Support Workers	2.9	2.5	2.9
Service and Sales Workers	12.0	10.4	5.9
Agriculture, Forestry and Fish	17.4	28.2	19.6
Craft and Related Trade Workers	17.5	15.2	18.4
Plant and Machine Operators	10.1	8.8	11.9
Elementary Occupations	7.0	6.0	6.4
Industry (%)			
Agriculture	17.6	28.4	19.9
Mining and Manufacturing	14.1	12.3	9.6
Construction	10.9	9.5	14.8
Trade	14.5	12.6	11.4
Transport	7.2	6.2	10.1
Services	12.9	11.2	11.1
Public Administration	8.3	7.2	10.1
Education	11.3	9.9	10.7
Human Health and Social Work	3.1	2.7	2.5
Sector (%)			
Government	26.3	22.8	26.9
Public Enterprise	4.1	3.5	2.5
Private	67.7	72.0	69.7
Investment/ Joint Venture	0.1	1.3	0.9
Region of Residence (%)			
Greater Cairo	19.0	16.8	12.7
Alexandria & Canal Cities	8.5	7.6	4.2
Lower Urban	9.9	9.2	11.7
Upper Urban	7.7	7.2	5.3
Lower Rural	31.3	34.7	41.0
Upper Rural	23.6	24.5	25.1
Urban	45.0	40.6	33.8
Rural	55.0	59.4	66.2

Notes: Columns 1 and 3 are based on Market Definition of work. Column 2 is based on the Extended Definition of work (including subsistence work). For returnees, almost all currently employed returnees are engaged in market work, hence only Table 3 is presented. These characteristics refer to those at the time of survey, i.e. in 2012, where the reference period is the previous week.
Source: Author's calculation based on the ELMPS 2012.

Table 7: Characteristics of Heads of Households in 2006 and 2012

	2006		2012	
	Not Receiving Remittances	**Receiving Overseas Remittances**	**Not Receiving Remittances**	**Receiving Overseas Remittances**
Gender (%)				
Male	84.9	40.5	84.4	22.6
Female	15.1	59.5	15.7	77.4
Age				
Mean Age (in years)	47.1	43.5	47.2	40.6
Education (%)				
Illiterate	33.8	36.8	30.3	35.6
Read & Write	9.2	8.4	6.4	6.1
Less than Intermediate	15.7	9.6	10.9	6.8
Intermediate	22.3	31.6	32.2	39.2
Higher than Intermediate	4.0	4.2	3.6	1.8
University	15.1	9.4	16.7	10.6
Region of Residence (%)				
Greater Cairo	15.6	6.8	21.3	9.0
Alexandria & Canal Cities	9.3	5.3	9.0	2.8
Lower Urban	11.6	12.9	10.6	5.6
Upper Urban	13.3	5.6	7.2	6.4
Lower Rural	26.3	38.5	29.9	32.0
Upper Rural	20.9	30.8	22.0	44.3
Urban	49.8	30.7	47.9	23.7
Rural	50.2	69.3	52.1	76.3
Employment Status (%)				
Waged	48.2	19.0	56.4	14.3
Employer	17.6	17.4	12.9	9.0
Self-employed	9.2	5.8	10.3	3.7
Unpaid Family Worker	2.7	14.6	0.6	1.2
Unemployed	1.0	5.7	2.4	9.0
Out of the Labor Force	14.0	35.7	17.4	62.8
Total (%)	100	100	100	100

Source: Author's calculation based on ELMPS06 and ELMPS 2012.