

أثر جهود المملكة الأردنية الهاشمية وجمهورية مصر العربية في جذب مدخرات العاملين بالخارج ونتائجها

The impact of the efforts of the Hashemite Kingdom of Jordan and the Arab Republic of Egypt in attracting the savings of workers abroad and its results

د. معتز يوسف أحمد أبو عاقلة: جامعة الشعوب، كاليفورنيا، الولايات المتحدة

Dr. Mutaz Yousif Ahmed Abuagla: University of the People-USA -
California

Email: mtzabuagla72@gmail.com

المستخلص:

هدف هذا البحث إلى معرفة أثر جهود الأردن ومصر في جذب مدخرات العاملين بالخارج ونتائجها، من أجل جذب وتشجيع الاستثمارات، فقد زادت أعداد المهاجرين العاملين بالخارج في الأردن ومصر في السنوات الأخيرة، ولا شك أن جذب المدخرات له تأثير كبير على الاقتصاد، وتبرز أهمية هذه الدراسة من عدة جوانب فمن الناحية العلمية بالرغم من وجود الدراسات التي تناولت جذب مدخرات العاملين بالخارج في المملكة الأردنية وجمهورية مصر العربية إلا أنه مازالت الحاجة قائمة لمزيد من الدراسات في هذا المجال، خاصة بعد تزايد أعداد المهاجرين للخارج من الأردن ومصر، وعليه يتوقع أن تشكل هذه الدراسة إضافة في هذا المجال، أما من الناحية العملية: فيتوقع أن تكون هذه الدراسة وما تتوصل إليه من نتائج مفيدة بالنسبة لمتخذي القرار الاقتصادي في جميع الدول. والمنهج المستخدم هو التاريخي والوصفي والتحليلي، ومن أهم النتائج التي توصل لها البحث أن مدخرات العمالة بالخارج في الأردن ومصر تساهم في سد النقص في العملات الحرة.

الكلمات المفتاحية: الاستثمارات المدخرات، الاقتصاد، التنمية، العمالة بالخارج.

Abstract:

This research aims to know the impact of Jordan and Egypt's efforts in attracting the savings of workers abroad and their results, in order to attract and encourage investments. The number of immigrants working abroad in Jordan and Egypt has increased in recent years, and there is no doubt that attracting savings has a great impact on the economy. In several aspects, from the scientific point of view, despite the existence of studies that dealt with attracting the savings of workers abroad in the Kingdom of Jordan and the Arab Republic of Egypt, however, there is still a need for more studies in this field, especially after the increase in the number of immigrants abroad from Jordan and Egypt, and therefore it is expected that this study will constitute an addition In this regard, as for the practical aspect: it is expected that this study and its findings will be beneficial for economic decision-makers in all countries. The study followed the historical, descriptive and

analytical method, The most important results of the research The savings of workers abroad in Jordan and Egypt contribute to filling the shortage of free currencies.

Keywords: investments, savings, economy, development, employment abroad.

Introduction:

The remittances of workers abroad are gaining increasing importance, as they have become an important source of foreign exchange flows, sometimes exceeding the traditional sources of those flows, such as external borrowing, foreign direct investment flows, foreign aid and others. Any future obligations towards those flows. Economic policies can play an important role in the remittance flows of workers abroad, maximizing their benefits on the economies of remittance receiving countries on the one hand, and enhancing the efficiency of workers' remittance flows for the sending countries on the other hand. For the countries receiving remittances, granting tax exemptions and concessions, reforming and developing banking services and increasing investment opportunities, leading to attracting more remittances, and reducing the use of informal channels. As for remittance sending countries, encouraging competition in the remittance market in a way that reduces costs and improves levels of financial services will contribute to enhancing the activity of the banking sector. Interest has increased in recent years in financial flows related to remittances of workers abroad, as one of the most important sources of external financing in developing countries.⁽¹⁾ It also contributes to improving the deficit in the balance of payments, and contributes to strengthening the foreign exchange

¹- World Bank Report, Remittances from Workers Abroad and Their Importance in the International Economy, Global Economic Prospects, 2006, p. 174.

reserves of the state. It is also one of the important tools that contribute positively and effectively to the development of the national economy⁽¹⁾.

The study problem:

The failure of economic development plans and the conditions of economic backwardness experienced by most developing countries lead to a deficit in material capabilities, and in turn affect economic development, and therefore countries try to benefit from the savings of their children abroad to attract them inward, and therefore the study problem crystallizes in the main question To what extent do the savings of working abroad help in Jordan and Egypt bridge the deficit gap in the economy? And branched from it: Do the savings of workers abroad in Jordan and Egypt contribute to the process of economic development? Do Jordan and Egypt encourage and motivate workers abroad to attract their savings?

The importance of the study:

The term development affirms that the human being is a tool for development, and the development is considered a means to ensure the prosperity of the society and thus attracting the savings of workers abroad in Jordan and Egypt has a great impact on economic development, and the importance of this topic is that labor migration abroad in Jordan and Egypt has increased significantly And continuing from year to year, which leads to a significant increase in savings that contribute to the process of economic development. We hope that the outcomes of this study will help decision-makers in making effective scientific decisions.

²- Medhat Adel, The Development of the Contribution of Remittances of Egyptians Working Abroad to the Economy in 8 Years, Al-Youm Al-Sabea Newspaper, electronic version <https://www.youm7.com/story/2020/3/29>.

Study objectives:

This study aims to:

- 1-Highlighting the importance of the savings of Jordanians and Egyptians working abroad
- 2-Highlighting the importance of attracting the savings of Jordanians and Egyptians working abroad.
- 3- Clarify the relationship between the savings of those working abroad and the economic development in Jordan and Egypt.

Study hypotheses:

- 1-The savings of workers abroad in Jordan and Egypt contribute to bridging the deficit gap
- 2-Not attracting the savings of workers abroad in Jordan and Egypt, which negatively affects development?
- 3-Encouraging and motivating workers abroad in Jordan and Egypt leads to an increase in domestic savings.

Study methodology:

The researcher uses the descriptive, analytical and historical approach.

Previous studies:

- 1-Abd al-Malik Abd al-Salam's study (1990-2001) - entitled: brain drain and its impact on economic development in Africa, a case study of Somalia. The study concluded that the migration of Somali minds to countries of immigration is the main obstacle standing in the way of economic development in Somalia.

2-A study by Samia Al-Muftah (2002) - Entitled: “The migration of teaching competencies in Sudanese universities, its causes and methods of treatment.”

The study aims to try to develop proposals to solve the problems facing the faculty members in Sudanese universities, and the study concluded that the supervising professors in Sudanese universities are not available for research. Scientific.

3- The study of Yahya Haroun (1984) - The factors that lead to the migration of secondary school teachers and the impact of migration on secondary education in Sudan. The study aims to collect the factors that lead to the migration of secondary school teachers and to collect negative information about migration, and the study concluded that the factors that lead to The migration of secondary school teachers abroad is the material factor.

4-The study of Mohamed Hamdoun (2012) - entitled: The migration of Sudanese competencies and minds and its impact on development, the study aims to highlight the relationship between the migration of competencies and manpower with some economic variables, and the study concluded that the migration of Sudanese workers abroad is a selective migration.

5- The study of Gabriel Hamed (1989-2011) - entitled: Problems of Economic Development in Developing Countries: Case Study of Sudan, the study aims to identify the most important problems that hinder economic development in Africa, and the study concluded that security and political instability is one of the obstacles to economic development.

The theoretical framework of the study:

Jordanian workers began to migrate abroad since the middle of the last century after the 1948 war, and it witnessed great momentum, especially in the seventies and until the mid-eighties of the last century, as the number of Jordanian workers migrating abroad increased, and the annual growth rate of

these numbers reached 7.2%, and Jordan is one of the countries. The Arab labor exporting country, especially to the oil-producing Gulf countries. The number of Jordanian expatriates is about one million expatriates distributed in about 70 countries abroad, 79.5% of the Jordanian expatriates are in the Arab Gulf states, 11% in America and Canada, 4.3% in Europe and 3% in the rest of the Arab countries.⁽¹⁾

The value of remittances of Jordanians working abroad witnessed an increase. In 1990 it was 331.8 million Jordanian dinars, or 12.43% of the gross domestic product, and it increased in 2001 to 1283.3 million Jordanian dinars, constituting 22.40% of the gross domestic product. In 2011, it rose to 2152.1 million dinars, and yet it constituted 10.51% of the gross domestic product⁽²⁾. It amounted to about 3.8 billion during the year 2014, an increase of nearly 4% over the year 2013, and rose to 3 billion and 798 million dollars in In 2015, that is, it increased by 1.5% in 2015 compared to 2014⁽³⁾. The remittances of Jordanians working abroad are considered one of the main financial sources to support the economy, move the market, increase savings, revitalize exchange companies and the commercial sector, improve the balance of payments, reduce the current account deficit, and lead to an increase in the growth rate of the gross domestic product, and thus contribute to achieving economic development, Remittances sent by Jordanians working abroad have a major role in the Jordanian economy compared to

¹- High remittances from expatriates, Al-Ghad newspaper, Amman, Sunday, January / 2015, electronic copy <http://alghad.com/>

²- The largest transfers of Arab expatriates, Raseef newspaper, 1/7/2015, electronic copy <http://raseef22.com/economy/>

-High remittances from expatriates,

³- Transfers of Jordanian workers abroad, Jordan Oil, Al-Dustour newspaper, the Jordanian Company for Press and Publication, Issue No. 17383, Year 49 - Monday 7/12/2015. Electronic copy <https://addustour.com>

other sources of foreign exchange such as tourism revenues, foreign investment and exports.

The Jordanian government is working to attract more transfers and savings of workers abroad through incentives and facilities, as well as granting more exemptions and incentives, as these transfers are directed towards development projects through work programs that include projects for investment and marketing for workers abroad in a way that benefits them on the one hand. And revitalizing the economic sectors and achieving high growth rates on the other hand. ⁽¹⁾

Jordanian banks have a major role in attracting and investing the savings of workers abroad, by creating an information network and database specialized in the remittances of Jordanian workers abroad, and providing statistics about the volume of their dealings with the Jordanian banking system, and with the Amman Stock Exchange, on the basis of their actual location. Banks are also working on developing and improving electronic payment systems and linking them with payment systems in countries that import Jordanian labor, in order to reduce the cost of transactions and encourage transfers through official channels, in addition to developing banking services intended for expatriates. In addition, banking alliances were established between local Jordanian banks and the banks of the countries importing Jordanian labor, which helped in developing the distribution networks for the banks and reducing operational costs, and led to the development of the infrastructure for banking services and the increase in Jordanian banking penetration, the development of the automatic exchange network, and the increase of financial transfers. And reduce the costs of the transfer process, and speed up delivery to the recipient. In Jordan, a joint

¹⁻ The previous reference

Jordanian-Arab investment fund was established, which the government directed to establish with the aim of attracting investments by banks and Arab sovereign funds, private sector institutions and individuals, in national development and pioneering projects that benefit the national economy and shareholders, and the fund has a major role in attracting the savings of Jordanian workers Abroad, investment funds managed by banks have also been encouraged, as these funds give tax exemptions, which contributes to attracting more savings for Jordanians working abroad.

The remittances of Jordanians working abroad are a mainstay of the national economy. In the banking sector, these transfers constitute 40% of the total deposits in foreign currencies, and the percentage of Jordanians' transfers abroad from the total foreign currency deposits for non-residents in local banks increased from 76% in 1999 to 85% in 2003. Most of these deposits are stable as well. Its advantages for banks go beyond being a mere source of deposits, as new clients who open accounts for the purpose of money transfers often request other banking and investment services that benefit local banks. ⁽¹⁾

Egypt is considered one of the leading countries in exporting workers abroad from all specializations and professions. Remittances to Egypt represent a clear case of the importance of remittances flowing to countries of origin, as the largest sources of foreign exchange represent one of the important sources of income.

According to the latest statistics of the Ministry of Manpower and Immigration on the volume of Egyptian workers abroad, they amounted to 3 million 549 thousand and 780 workers in various Arab and foreign countries,

¹- Henry Azzam, Remittances of Jordanians working abroad, a mainstay of the national economy, Al-Hayat Newspaper, Amman, No. 15052, 6/13/2004, p. 13 .

and they are distributed over different countries of the world. Workers, Libya with 750 thousand workers, the United Arab Emirates with 262 thousand workers, and Kuwait with 220 thousand workers. The number of Egyptian workers in Greece is estimated at about 160,000, the State of Qatar is estimated at 125,000 and Italy with 82,000 workers, 50,000 workers in Sudan, and 44,000 workers in Lebanon⁽¹⁾.

The value of Egyptian remittances witnessed an increasing growth, as they doubled about eight times during the years 1975-1987, as their value increased from about 158 million pounds in 1975 to about 1.223 million pounds in 1978 and then increased to 1,406 million pounds in 1981/1982.⁽²⁾

According to the reports of the Central Bank of Egypt, remittances from Egyptians working abroad during the fiscal year 2010-2011 amounted to 12.6 billion dollars, compared to 9.8 billion dollars in the 2009 fiscal year, compared to 3 billion dollars in the 2001-2002 fiscal year.⁽³⁾ According to the Information and Decision Support Center of the Egyptian Council of Ministers, the total remittances of workers abroad reached about 18.5 billion dollars during the fiscal year 2015. ⁽⁴⁾ In the year 2019, the remittances of Egyptians working abroad amounted to about 4.4 billion during the months

¹- Maysar Yassin, Learn about the numbers of Egyptian workers abroad before the establishment of their new ministry, Al-Watan Newspaper, Friday, 5/6/2015, electronic version <http://www.elwatannews.com/news/detai> .

²- Kamal Amin, Nader Ferjani, The Egyptian Economy between a Rock and Anvil, (Cairo: Dar Ibn Rushd for Printing and Publishing, 2016), p. 49.

³- Ayman Azhari, The rise in remittances from Egyptians abroad, The Egyptian Association for Migration Studies, 2011 <http://www.egymig.net/>

⁴- Mohamed Hammad, Egyptian Remittances Abroad Looking for Investment Opportunities, Al-Arab Newspaper, Issue 9966, 07/02/2015, p.11.

of July and August of this year. \$ Compared to \$ 4.2 billion in July and August of 2018, according to the Central Bank of Egypt. ⁽¹⁾

When immigration abroad began to increase at the end of the sixties and seventies of the twentieth century, Egypt followed strict rules regarding dealing in foreign currencies, which led to a boom in the black market for foreign exchange, and the primary flow of remittances was through informal channels due to Exaggeration in the value of the pound according to the official exchange rate, and therefore networks have arisen to collect currencies from Egyptians working abroad and use them to finance commodity smuggling trade and other illegal trade activities. ⁽²⁾ To liberalize foreign exchange policy related to remittances, the government in 1971 allowed individuals to open private accounts.

In foreign exchange in Egyptian banks, and in 1973 a parallel market for foreign exchange was established, which basically aimed to attract the savings of workers abroad by giving them incentive exchange rates, and in 1974 workers abroad were allowed to finance imports from abroad, and in 1976 individuals were allowed freely Possession of foreign exchange and dealing in it through banks, and in 1977 Egyptian investors were given the same privileges that were previously granted to foreign investors with the aim of encouraging foreign exchange. For workers abroad to invest their savings in Egypt. Because of the state's belief in the importance of immigration for the Egyptian economy, a special ministry for immigration and workers abroad was established in 1981

⁵- High Egyptian workers' remittances, the Egyptian newspaper today 5, / 11/2019 m electronic version <https://www.almazryaloum.com/news/details/1440618>

¹- Mohamed Ibrahim, Egyptian Labor Remittances, 2/8/2010 <http://economyofkuwait.blogspot.com>

Which was later merged with the Ministry of Labor under the name of the Ministry of Manpower and Immigration. During the period from 1983 to 1985, several bonuses were granted to the exchange rate used to transfer the savings of workers abroad, and in 1991 the system of multiple exchange rates was canceled and replaced with the unified rate of exchange, and the Egyptian pound was liberalized, and thus Egypt avoided the negative effects that it was carrying over the value of the pound Egyptian remittance flows⁽¹⁾.

So, it is noticed that the mechanisms of attracting remittances of Egyptians working abroad have varied, as they included measures related to liberalizing the exchange rate, allowing the freedom to possess foreign currency, making use of the savings of workers abroad in financing imports, and giving investment concessions to Egyptians, including those working abroad, similar to foreign investors.

Table (1): The importance of remittances from Egyptians working abroad for the Egyptian economy In the period from 1985 - 2009

Year	Total Transfers (Million dollars)	Conversions to output Gross domestic %	Average share Capita transfers US \$	Transfers To exports %	Transfers To imports%	Transfers to Foreign direct investment %	Conversions into flows Official aid %
1985	3211.71	6	63.4	174.7	58.44	272.74	181.65
1986	2,506.14	3.98	48.14	113.2	28.87	205.85	142.46
1987	3604.29	4.9	67.35	176.9	47.45	380.32	215.9
1988	3769.57	4.28	68.56	177.8	43.54	316.77	218.77
1989	3293.45	4.72	58.38	128.4	44.3	263.44	220.03
1990	4283.5	8.91	74.13	165.7	46.48	583.58	278.34

²-The previous reference.

1991	4054	12.01	68.62	110.8	51.57	1602.37	74.72
1992	6104	14.65	101.22	200	74.04	1329.85	121.86
1993	5664	12.14	62.11	252.4	69.21	469.46	157.66
1994	3672	7.12	58.6	106	36.5	323.68	154.12
1995	3226	5.36	50.52	93.9	27.47	542	120.48
1996	3107	4.59	47.74	87.9	23.87	488.21	154.54
1997	3697	4.59	55.75	94.3	27.98	416.85	168.85
1998	3370	3.97	49.87	107.7	20.85	313.34	169.79
1999	3235.3	3.58	46.98	90.9	20.19	303.7	165.58
2000	2852	3.09	40.64	61	20.43	223.86	180.45
2001	2911.4	3.64	40.71	70.5	22.83	570.97	219.29
2002	2893.1	3.44	39.69	71.7	23.15	447.23	230.41
2003	2960.9	4.36	39.85	48	27.22	1247.22	239.38
2004	3340.7	4.22	44.12	43.5	26.04	154.85	338.86
2005	5017.3	5.34	65.03	47.1	25.32	93.33	344.69
2006	5329.5	4.92	67.8	38.9	25.72	53.07	535.75
2007	6321	4.76	78.95	39	23.36	-	-
2008	8559.2	-	104.99	32.6	17.55	-	-
2009	7805.7	-	-	-	-	-	-
Average	4191., 55	5.86	61.38	105.1	34.66	482.27	210.6

Mohamed Ibrahim, Egyptian labor transfers, 8/2/2010

http://economyofkuwait.blogspot.com/_/7/30/2016

The importance of remittances to the economy of the country of origin can be assessed using several indicators, including the ratio of remittances to GDP. The above table shows the percentage of remittances from Egyptians working abroad to the Egyptian GDP, and as it can be noted from the table,

the ratio of these transfers to the GDP reached its highest levels during the first Gulf War, where remittance flows to the GDP reached about 15%. On average, during the period 1985-2009, the ratio of remittances to GDP was 5.9%. On the other hand, the average per capita remittance rate reached its highest levels in 2008, about \$ 105, and on average during 1985-2009 the average per capita remittance per capita was \$ 61.4. These figures may seem low, but if we take into account the average number of family members, the average per capita income, and the income status of the immigrants' families, these figures become substantial at the household level.

Until 1994, remittance flows exceeded merchandise exports to the Egyptian economy. During the period 1985-2009, the average rate of remittances to total exports reached 105%. In 1991, remittance flows reached 16 times the FDI inflows into Egypt. During the period 1985-2006, the average rate of remittances to FDI inflows was 482%.

On the other hand, remittance flows represented more than five times the inflows of official foreign aid to Egypt. During the period 1985-2006, the percentage of remittances to total official foreign aid flows amounted to 210%.

From the previous analysis, it is clear that remittance flows of Egyptians working abroad are vital for the Egyptian economy.

**Table (2): The value of remittances from Egyptians working abroad
(in million dollars)**

Years	The value of remittances from Egyptians abroad worlds (million dollars)
2009 – 2010	9753
2010 – 2011	12593

2011 – 2012	17971
2012 – 2013	18668
2013 – 2014	18519
2014 – 2015	19330
2015 – 2016	17077
2016 – 2017	21816
2017 – 2018	36393

Egyptian Central Bank

It is noticed from the data of the above table that remittances from Egyptians have been on the increase since 2009-2010, and tended to decline in the year 2015/2016, compared to the year 2014/2015, as it recorded 17 billion dollars, a decline of 11.7%, while these remittances increased again. Until it reached about \$ 26.4 billion in 2017/2018, an increase of 45.6% over the year 2015/2016.

Findings

The study reached the following results:

- 1-The savings of workers abroad in Jordan and Egypt contribute to filling the shortage of free currencies
- 2-Not to attract the savings of workers abroad in Jordan and Egypt, which negatively affects development.
- 3- Increasing domestic savings depends on encouraging and motivating workers abroad in Jordan and Egypt.
- 4-The remittance flows of Egyptians and Jordanians working abroad are vital to the economy.

Recommendations:

the researcher recommends the following:

- 1- Paying attention to the savings of workers abroad to bridge the gap in free currencies in Jordan and Egypt.
- 2- Encouraging and motivating workers abroad in Jordan and Egypt.

References:

- 1-World Bank Report, Remittances from Workers Abroad and Their Importance in the International Economy, Global Economic Prospects, 2006, p. 174.
- 2- Medhat Adel, The Development of the Contribution of Remittances of Egyptians Working Abroad to the Economy in 8 Years, Al-Youm Al-Sabea Newspaper, electronic version <https://www.youm7.com/story/2020/3/29>.
- 3- Transfers of Jordanian workers abroad, Jordan Oil, Al-Dustour newspaper, the Jordanian Company for Press and Publication, Issue No. 17383, Year 49 - Monday 7/12/2015. Electronic copy <https://addustour.com>
- 4- The largest transfers of Arab expatriates, Raseef newspaper, 1/7/2015, electronic copy <http://raseef22.com/economy> - High remittances from expatriates
- 5- High remittances from expatriates, Al-Ghad newspaper, Amman, Sunday, January / 2015, electronic copy <http://alghad.com/>
- 6- High remittances from expatriates, Al-Ghad newspaper, Amman, Sunday, January / 2015, electronic copy <http://alghad.com/>

- 7- The largest transfers of Arab expatriates, Raseef newspaper, 1/7/2015, electronic copy <http://raseef22.com/economy> -High remittances from expatriates.
- 8- Transfers of Jordanian workers abroad, Jordan Oil, Al-Dustour newspaper, the Jordanian Company for Press and Publication, Issue No. 17383, Year 49 - Monday 7/12/2015. Electronic copy <https://addustour.com>
- 9- Maysar Yassin, Learn about the numbers of Egyptian workers abroad before the establishment of their new ministry, Al-Watan Newspaper, Friday, 5/6/2015, electronic version <http://www.elwatannews.com/news/detail>
- ¹⁰- Kamal Amin, Nader Ferjani, The Egyptian Economy between a Rock and Anvil, (Cairo: Dar Ibn Rushd for Printing and Publishing, 2016),
- ¹¹- Ayman Azhari, The rise in remittances from Egyptians abroad, The Egyptian Association for Migration Studies, 2011 <http://www.egymig.net>
- ¹²- Mohamed Hammad, Egyptian Remittances Abroad Looking for Investment Opportunities, Al-Arab Newspaper, Issue 9966, 07/02/2015,
- ¹³- High Egyptian workers' remittances, the Egyptian newspaper today 5, / 11/2019 m electronic version <https://www.almasryalyoum.com/news/details/1440618>
- ¹⁴- Henry Azzam, Remittances of Jordanians working abroad, a mainstay of the national economy, Al-Hayat Newspaper, Amman, No. 15052, 6/13/2004,
- ¹⁵- Mohamed Ibrahim, Egyptian Labor Remittances, 2/8/2010 <http://economyofkuwait.blogspot.com>
- 16- Egyptian Central Bank