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The Economic Impacts of Illegal Immigration on Libya

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Abstract

This study aims to identify the most important economic effects of illegal immigration on Libya during the past two decades, depending on the descriptive approach and the methodology of the case study and monograph as a supplement to interpret some data. This study reached several results, the most important is illegal immigration has negative effects on the Libyan economy, it is related to the high level of prices and the increase in parallel (black) market activity at the expense of the official market in Libya.

الملخص :

تهدف هذه الدراسة إلى التعرف على أهم الآثار الاقتصادية للهجرة غير الشرعية على ليبيا خلال العقدين الماضيين، بالاعتماد على المنهج الوصفي وأسلوب دراسة الحالة. توصلت هذه الدراسة إلى عدة نتائج أهمها أن الهجرة غير الشرعية لها آثار سلبية على الاقتصاد الليبي ، فهي مرتبطة بارتفاع مستوى الأسعار وزيادة نشاط السوق الموازية (السوداء) على حساب السوق الرسمي في ليبيا.

1- Introduction

Migration is a humanitarian characteristic of moving from one place to another in search of a better life or escape from a bad situation. This demographic characteristic of the right of movement has been universally acknowledged for more than a quarter of a century in the Universal Declaration of Human Rights. Economically, migration can have negative or positive effects, both on immigrant and migrant communities.

The United Nations estimates that the number of migrants in the world has reached 200 million people, the Immigration Organization and United Nations High Commissioner for Refugees (UNHCR) said in a joint statement that as of 21st December 2015 around 972,000 people had crossed the Mediterranean sea (UNHCR, 2016).

However, as far as migrants contribute to build host communities, it also can create political, economic or social tensions in those countries, making the issue of international migration moving to the forefront of national and international concerns. Immigration has become an

issue of concern in a growing number of countries, which in recent years have led to a tightening of procedures for migrants and asylum seekers.

Libya is one of the most labour markets in the region absorbed for foreigners, with the increase of expatriate workers, some Libyans fear that the influx of expatriates will become a majority as unemployment rises to 19% by 2014, the streets and squares of Libya are crowded with thousands of unorganized workers (World Bank Group, 2016), that under the so-called extortion of unlicensed labour brokers and labour market chaos, as well as weak legal protection of workers and non-setting wages. Donors rarely analyze the economic consequences of their "investments" in programs and projects worldwide, while governments tend to assess refugee impacts and their costs on the host community, donors and non-governmental organizations follow a different direction, they focusing on the results of their projects related in developing and generating Income or providing material assistance to refugees, neglecting at the same time the negative effects on the transit countries such as Libya.

The number of immigrants to Europe has aggravated especially after the events of the Arab Spring 2011, and the illegal migration to Europe has become clear, as it is clear that the source of migration is the regions of the Middle East, the Horn of African countries and the Maghreb, the stages of displacement carried out by entering Libya as a first step, then going north where the beaches, followed by the rally finally to head to Europe by boat, where smugglers of human and immigration brokers are trying to show smuggling routes to Europe as smoothly, this is for a cost paid by migrants to certain destinations, In a field study targeting migrants to Libya (Tarhouni, 2014), 73.41% of migrants have paid before entering Libya, the total value paid during this year was US \$ 700,000 on average, and 62.12% of them have paid the money to known individuals by smuggling workers to Libya (71.6% are non Libyans). The absence of a state of institutions in recent years in Libya has made characterized by a kind of security chaos that has made Libya a favourite destination for illegal immigrants whether to Libya or across it to Europe. These risky and costly travels to Libya are carried out through semi-known lines (HRW Report, 2018):

- Migration travel from the countries of the Horn of Africa to the Libyan city of Al-Kufra usually takes an average 28 days, with average cost of \$ 340 per immigrant.
- From the Sahel African countries to reach the Libyan regions Qatroun and Om-Alaranaeb takes 22 days in average, with average cost \$ 220.
- From Middle Eastern countries costs about \$ 100.
- The travel from Libya to South of Europe usually costs an \$2,000 in average.

It is worth mentioning that a migrant may have to spend years in Libya to cover the costs of arriving Europe via the Libyan coast. This will be discussed later in studying the causes and effects of this migration on the Libyan economy.

1- The Economic reasons for migration to Libya and Europe

Economic factors are seen as the main explainer of the phenomenon of migration, and the economic dimension requires consideration of the repellent economic factors in the sending society such as unemployment, inflation and lack of employment opportunities and et al. This is what many thinkers have come to believe that the economic factor is considered one of the most important repellent and attractive factors of migration, the most important factors that can affect a person or family to push them to migrate are the following:

- The entry of Africans and Arabs seeking for work from poor countries to Libya, especially in recent decades, was not governed by clear and strict laws, which led to the fact that Libya has become a popular, familiar and easy destination for a large part of migrants seeking work (more than 1.5 million immigrants were in Libya before February 2011).
- The geographical location of Libya constitutes a less cost compared to other countries, making it a major gateway for migrants from Africa to Europe, additionally, ease of entry to Libya due to the extension of its borders, which extend thousands of kilometres in areas cannot be controlled, especially in light of the security chaos, emphasizes this more than 68% of immigrants entered through informal outlets.

- Libya is an oil country living on oil revenues, that made it a destination for a large proportion of immigrants from poor African countries.
- The difference between the rate of population growth and the economic growth rate in the countries exporting migrants has made difficulty in finding jobs, which led to the growth of unemployment phenomenon in these countries, the study (Tarhouni, 2014) indicates that approximately 62% of migrants have come to Libya due to did not get work in their home country.
- Contrasting income levels and social services such as housing and education between countries exporting migrants and destination countries, where Tapinos (2000) argues that migration is a reaction to economic underdevelopment, if difference increased, the motivation for migration also increase, where about 40% of migrants came to Libya in relation to the poor economic conditions in their countries.
- Inequality in the distribution of income in most exporting migrants countries, resulting in social injustice and increased social inequality, the higher wages in destination countries led to greater desire to move and migrate from that poor countries.
- Inadequate employment of the economic resources available in some of these poor countries, which led to an increase in the rates of economic corruption and loss of real economic surplus.
- The absence of internal economic integration among the different economic sectors in exporting migrants countries.
- The inability of trade balances and the economic dependency of western countries have led to poverty in the economies of exporting migrants countries, thus their inability to meet requirements of a large part of their citizens.
- The imbalance of the world economics in exploitation of peoples' resources has also aggravated the poverty of some countries, especially the source of migration, extreme poverty may be the main cause of migration, sometimes famine or epidemics lead to the expulsion of the population from their country, human movements and population migration, the low standard of living, extreme poverty and poor working conditions have led people to migrate, both internal and external.

It is worth noting here that the authors of economic dependency theory (Merdel & Maran) emphasize that developing countries fall under the subordination of rich countries, where the development of capitalism resulted in a global international system composed of developed central countries, and less developing countries. This is due to the exploitation of the central states to the surrounding countries and emergence of an unequal relationship between the north and south (Segefeldt, 2015).

- The higher expectation of getting a new job, lead to desire leaving the current job and migration is increasing. Moreover, the data on economic incentives have revealed that in many cases these economic incentives are the absolute and cause of migration, the difference in living standards between the population in the sending States on the one hand, and the receiving States on the other is encouraging factor in the migration flows.
- Whenever lower the cost of leaving work, that will increase desire to leave work and then emigration.

Therefore, economic motives are considered to be important reasons for migrants in order to improve their economic conditions from poverty, famine and unemployment opportunities, which promotes the idea of migration as a way to get rid of that reality. African migrations often occur as a result of the imbalance between economic resources in the origin region and population requirements on the other hand.

2- Research problem:

Libya is one of the most accommodating labour markets in the region for Arabs and foreigners. With the increase in migrant workers, some Libyans fear that the incoming social people will become a majority in light of the high unemployment rate to 19%, according to estimates in 2014, in addition to the Libyan streets and squares are crowded with thousands of unorganized workers, as well as weak legal protection for workers and non-setting of wages. Donors rarely analyze the economic results of their “investments” in programs and projects globally, while governments tend to assess the impacts and costs of refugees on the host community, donors and NGOs take another approach, focusing on the outcomes of their projects related to refugee skills development and refugee generation. Income or providing

material assistance to refugees, neglecting at the same time the negative effects on the transit countries, especially the Libyan state. This study is focusing on what are the most important economic effects of illegal immigration on the Libyan country?

3- Aim of the study:

This study aims to identify the most important economic effects of illegal immigration on Libya during the past two decades, depending on the descriptive approach and the methodology of the case study and monograph as a supplement to interpret some data.

4- The importance of the study and Scientific contribution:

The importance of the study lies in the lack of this type of studies related to illegal immigration especially about Libya, which harvested many African youth heading to Libya, and to monitor its manifestations and know its effects on Libya. In addition to the completion of scientific work that may serve as a background for future studies and yield an economic and social value for the competent authorities to know the economic characteristics of this problem and reduce it.

5- The impacts of illegal immigration on the Libyan economy

Migration may affect both the mother country and the country to which it is migrating. The *ICARA 1* (International Conference on Refugee Assistance in Africa) (1981), and *ICARA 2* (1984) focused on the "burden" imposed by refugees on their hosts, In order to impose additional costs on the public budget and social welfare allocations, and to impede economic growth and confusion of markets and cause deterioration of environmental conditions and raise the level of tension in the host countries, which are already fragile countries affected by conflicts, however, it is often argued that the "costs" of refugees to their hosts (rising food and commodity prices, low domestic wage rates, increasing financial pressures and high levels of environmental degradation) outweigh other macro- and microeconomic benefits. Following are some of the most important effects on the Libyan economy and its economic variables.

A. Impact on the Libyan labour market:

Some economic theories say that every worker imported from abroad for labour purposes in the country replaces domestic worker. In the Libyan economy case, existence of a labour

market parallel for illegal labour, which accepts low wages and harsh conditions of work, led to the reluctance of some local workers to engage in such activities Which leads to the creation of disparities in opportunities, also led to problems such as the lack of employment opportunities within the country and ultimately to the unemployment rate of about 19% in 2015, compared with 48.7% of the Libyan youth (Tawiri, 2017).

Moreover, most of the illegal immigrants in Libya are considered to be in the category of unskilled labour, thus, they constitute an economic imbalance in the Libyan labour market which means weakness of production and productivity in the economy, in addition to the large part of them work in illegal activities considered among the activities of the hidden economy have negative impacts on the Libyan economy and society as a whole, as about 11.5% are engaged in activities punishable by the Libyan law, most important of which are theft of cars and shops, smuggling and counterfeiting of currency, smuggling of precious metals, drug bringing and trade, manufacture and sale of liquor and in black market (Tarhouni, 2014).

In addition, 3.5% of them are working as distributors of ribbons, pictures and magazines that violate morals, or run some girls in brothels or supervise them or practice magic and sorcery, and 13.5% are employed as brokers in the smuggling and employment of migrants. This hidden economy is a violation of the laws and regulations of the state and most of the laws of the world, which are not registered in the national income accounts, and thus deemed disrupt the Libyan economy and deviate from its economic activities (Tawiri et al., 2018).

B. Impact on the Public Budget:

On the one hand, budget spills and public spending, a portion of the illegal immigrants in Libya have multiple and chronic diseases, this poses a serious threat to the health of members of Libyan society and the Libyan government has to bear the costs of treatment, considering that illegal immigrants do not have the necessary means of treatment, 38.3% suffer from hepatitis, especially if known 16.7% have AIDS, 15% have chest diseases, and 15% suffer from other diseases such as heart disease, diabetes and anemia.

In addition, there are many migrants in custody in implementation of the judicial rulings and the cost of one-year accommodation is estimated at 1230 Libyan dinars, plus a ticket for flying from Libya 400 Libyan dinars, and taking into account the large numbers of the number of detainees and travellers, the debts borne by the state's general budget often lead to budget deficits.

If we know budget revenues (taxes, customs duties and like.) are suffered by tax collection lack affected by current political and economic situation of the country, the non-payment of illegal immigrants to taxes, as most of them are earn in cash, thus facilitating the evasion of income taxes and leading to a decline in state revenues, In contrast, incurring high expenses for immigrants, such as social and health care, social welfare and food aid programmes, this leads to a deficit in the public budget, which is negatively affected on the Libyan economy, while it is in dire need of every source of income to support the impact on the economic crisis experienced in Libya, where the estimated deficit in the public budget of Libya in 2015 about 1.46 billion Libyan dinars (Tawiri, 2017).

C. Impact on exchange rate and general price level:

It is known that increase in transactions in illegal activities which we mentioned some above, leads to increase demand for money, and this affects the amount of money used in the formal economy, especially if we know that more than 29 billion traded outside the banking system (Central Bank of Libya, 2017), within what is known as the chronic liquidity crisis experienced by the Libyan economy for years .

This liquidity of money should be a value produced by work, and value products goods and services in return, It would have been better to invest this liquidity in real productive projects that benefit the public rather than inject them into development and promotion of illegal activities lead to increase money returns due to no imposed fees. , and thus attract the greatest amount of resources, which ultimately adversely affect the money market and economic efficiency in the country.

As the Libyan economy relies heavily on imports of goods, in contrast, limited production of goods locally, this made the Libyan dinar exchange rate against foreign currencies an important and influential variable in determining the general level of prices and considering the increasing remittances of illegal migrant workers Outside of Libya of hard currency, which are usually obtained from outside the banking system, this led to grow parallel market activity of foreign exchange, which negatively resulted on value of the Libyan dinar against foreign currencies, in addition, the increase in commodity consumption in general due in part to increase percentage of migrants to Libya, led to increased demand of the economy at the expense of the aggregate supply, which led to a rise in the general level of prices and exacerbation of inflation, especially in recent years.

D. Hidden growth and economic growth:

Illegal migration and growing its activity are considering among the engines of growth in the phenomenon of the hidden economy, where the phenomenon of illegal immigration is characterized by tax evasion, money laundering and the growing role of the irresponsible private sector. The absence of taxes on income and revenues of such as this type of economy increases incentives for individuals to engage in such illegal activities, which has negative effects on the level of the economy, such as the failure of the stability of economic policies and distortion of macroeconomic indicators which may lead to the development of plans and policies is not in their place to distortion of real information and based on other false data lead for growing hidden economy on the expense of real economic growth.

6- Conclusions:

- Illegal immigration has become one of the most troubling issues in most countries, as it has created political, economic and social tensions in host countries for migrating.
- The number of immigrants to Europe is growing, and its origins resource are the Middle East, the Horn of Africa, the Sahel and the Arab Maghreb countries.
- The most important factors affecting the migration of foreigners to Libya as the main crossing for those migrants from Africa and the Middle East to Europe, and other political and

economic reasons, the most important of which is unemployment, poverty and social and economic inequality in those countries.

- There are large numbers of migrants in Libya are considered among the category of unskilled labour constitute an economic imbalance in the Libyan labour market, leading to weak production and productivity in the Libyan economy.
- There are a large number of illegal immigrants in Libya working in illegal activities punishable by Libyan law and included within the hidden economy activities.
- Libya's public budget expenditures has increased to treat illegal immigrants as many of them have multiple and chronic illnesses, as well as the cost of their fly booking and repatriation tickets.
- The increase in remittances and transfer of exchange currency out of Libya by illegal immigrants leads to the growth of parallel market activity of foreign exchange, which leads to a rise in the general level of prices and the aggravation of inflation.

7- Recommendations:

- The work on activating bilateral agreements with African countries with regard to illegal immigration, labour, travelling and tourism.
- Urging the European Union countries to take active part in limiting the flowing of migrants by investing in the African countries from which migrants flow.
- Activating the bodies to combat illegal immigration and accompanying security services in Libya, and supporting them with material and moral resources.

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