MANAGED LABOR MIGRATION IN AFGHANISTAN:

IDENTIFYING HOST COUNTRIES FOR MANAGED MIGRATION FROM AFGHANISTAN

Rebekah Smith

Background Paper BGP 3a to the World Bank Project on "Afghanistan: Managed International Labor Mobility as Contribution to Economic Development and Growth"

WORLD BANK GROUP

Managed Labor Migration in Afghanistan:
Identifying Host Countries for Managed Migration from Afghanistan

Rebekah Smith[1]

Background Paper BGP 3a to the World Bank Project on
"Afghanistan: Managed International Labor Mobility as
Contribution to Economic Development and Growth"

Washington, D.C
January 2018

Abstract
Foreign labor markets offer an excellent opportunity to improve employment and income outcomes for a country's workforce. However, if a sending country's workforce abroad is overly concentrated in a few receiving markets, it runs the risk of becoming dependent on conditions within those markets for employment opportunities and remittances for its workforce. A more managed migration approach to select higher-income host countries promises higher and more regular levels of remittances per capita through more formal channels, with expectations of skill improvements upon departure and after return. Currently, Afghanistan's workforce abroad is highly concentrated in Iran and Pakistan. This paper proposes a methodology for assessing potential expansion into new foreign labor markets, and applies said methodology to potential new labor markets for Afghan workers (including Malaysia, Europe, Australia, Central Asia, and Turkey, and expansion in Pakistan, Iran, and Gulf Cooperation Council (GCC) countries). The findings indicate that GCC countries and Turkey are the most viable markets for absorbing Afghan workers in the coming years.

1 Rebekah Smith is migration expert and consultant with the World Bank's International Labor Mobility Team, Social Protection and Jobs Global Practice, Washington, DC

List of Contents

List of Figures

List of Tables

Acronyms and Abbreviations

CIA	Central Intelligence Agency
EU	European Union
FDI	Foreign Direct Investment
GCC	Gulf Cooperation Council
GDP	Gross domestic product
GoIRA	Government of the Islamic Republic of Afghanistan
GoM	Government of Malaysia
IOM	International Organization on Migration
OECD	Organisation for Economic Co-operation and Development
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TVET	Technical and vocational education and training
UAE	United Arab Emirates
UNHCR	United Nations High Commissioner for Refugees

1 Introduction and Summary

While foreign labor markets offer an excellent opportunity to improve employment and income outcomes for a country's workforce, a number of reasons explain why labor-sending countries may want to explore a diverse array of potential host markets. For example, most existing migration corridors have a basis in proximity and historical ties that have perpetuated into the modern day. However, these historical receiving countries may not align well with a sending country's comparative advantage, in which case diversification should be explored. Even when the current set of receiving countries is nicely aligned with the sending country's characteristics, diversification is still desirable to mitigate risks from fluctuations and economic downturns in existing receiving markets. A more managed migration approach to select higher-income host countries also promises higher and more regular levels of remittances per capita through more formal channels, with expectations of skill improvements upon departure and after return.

Any sending country seeking to diversify its foreign market access should first undertake an exploration of the set of possible host countries before engaging in intergovernmental discussions and negotiations. As such, sending countries should conduct an analysis of potential host markets to identify which are most viable and to adapt its market strategy to conditions in each market. Identifying potential host countries is a delicate process, particularly as vast information gaps and uncertainty surround the subject matter. As such, any attempt to develop a methodology for prospecting host labor markets is bound to involve some guesswork and lead to imperfect predictions. Given that most of the variables are difficult to measure directly, a practical methodology for identifying prospective markets is to feed findings on each variable into an analysis of the Strengths, Weaknesses, Opportunities, and Threats (SWOT) of each market. A well-executed SWOT analysis can point a sending-country government in the right direction to develop its marketing strategy and help it to prioritize potential markets where it has the highest possibility of success, even if complete information is not available.

This paper conducts a SWOT analysis of traditional receiving markets for Afghan workers (including Pakistan, Iran, and the Gulf Cooperation Council (GCC) countries) for expansion as well as potential new labor markets (including Malaysia, Europe, Australia, Central Asia, and Turkey). Each market is assessed on a number of characteristics, including: (1) demographic trends; (2) labor market trends; (3) emergence or decline of competition; (4) political forces; and (5) preferences in the host country. These trends are fed into a SWOT analysis to identify which markets Afghans have the best chance to enter. It is important to note that this analysis is intended merely to provide orientation for future research into prospective destination labor markets identified as promising and to provide an initial understanding of Afghanistan's potential markets. As such, the analysis contained herein is purely qualitative. Future phases of research will delve deeper into these markets at a quantitative level to provide actionable information for engagement in these markets.

While of course the findings are approximate, the analysis conducted in this report suggests that the GCC and Turkey are the most promising markets for expansion of Afghan labor market access. While Pakistan and Iran are traditional receiving markets, political forces and sluggish growth make it unlikely that significant expansion could occur in these corridors. European countries have significant labor market shortages and from this perspective are promising, but political forces in light of the ongoing influx of refugees are likely to be prohibitive as is the lack of sufficiently qualified Afghan labor supply. Malaysia and Australia have moderate growth and may be amenable to opening new corridors, but have many other existing sources of labor so competition is likely to be stiff. This leaves Turkey and GCC countries, both of which are projected to need low-skilled labor in coming years and have strong cultural ties with Afghan workers. This report explores all of these dynamics in depth.

2

Methodology for Identifying Potential Host Countries

Sending countries are often unable to identify even their current share in an overseas labor market, much less predict their ability to expand participation in said market. This is further complicated by poor existing data on international migration, as well as uncertainty surrounding forthcoming economic and political trends. According to the International Organization on Migration (IOM 2006), "Gut-feel measures may at times be necessary in order to at least estimate one's competitive standing and on demand and competitive trends." This section attempts to establish a loose methodology by identifying critical variables in assessing prospective markets and offering an approach to weighting them to create an entry strategy for promising markets. The countries included in this analysis were selected by looking at existing labor flows from other South Asian countries and conducting a first-level analysis of barriers to entry (i.e., visa requirements, language, etc.) in these markets prior to undertaking the SWOT analysis. Five key groups of variables were identified for selecting and targeting potential host labor markets: (1) demographic trends; (2) labor market trends; (3) emergence or decline of competition; (4) political forces; and (5) preferences in the host country. Each indicator is elaborated upon below.

Demographic trends relate to the supply side of labor both in the sending country and prospective host country. Sending countries such as Afghanistan face an increasingly large national youth population entering the workforce. This increasingly young population creates a "demographic dividend," which refers to "the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older)" (UNFPA 2014). For this demographic dividend to be realized, however, youth entering the workforce must have access to jobs; the labor markets in many sending countries are not growing quickly enough to absorb their youth population, leading to a labor surplus. On the other hand, advanced economies are experiencing aging populations due to declines in fertility rates and gains in longevity, leading to a reduction in the working-age population. During the first decade of the 21st century, international migrants accounted for more than half of the growth in the labor force of Organisation for Economic Co-operation and Development (OECD) countries and in some cases like in the United Kingdom or Italy, more than 100 percent (as the domestic labor force shrank) (OECD 2015). Labor supply shortages are expected to continue to grow in coming years, increasing demand for foreign workers in these economies.

Labor market trends look more toward labor demand factors in the host country. In particular, this variable looks at changes in the host country economy to identify where demand for foreign workers is likely to exist.

Changes in economic sectors are a critical component of this – including decline of traditional sectors, growth of new ones, or economic diversification within sectors. Examples of this may include expansion and contraction of public infrastructure and government-funded mega-projects, or changes in the required skill composition of the host country. Labor market trends also include factors affecting overall demand in host countries as well as sending countries, such as the level and implementation of a minimum wage and the comparison with wages and conditions in countries of destination. Labor market trends also require looking at the skills match between labor supply and demand; even many low-skilled positions in receiving markets require minimum skills such as literacy and potentially basic technical skills. Mid-skilled positions may require language skills in the language of the host country or more advanced technical skills that meet international standards of training. As such, labor market analysis must ensure that the skills available in the source country match those demanded in the host country, or if not, that training programs can be developed to develop these skills.

The competitive landscape is an important determinant, particularly for low-skilled foreign labor demand. Workers at the lower end of the skill spectrum are often viewed by host country employers to be largely interchangeable (e.g., South Asian workers in the GCC). As such, competition can be fierce between sending countries to gain market share in key receiving markets. The emergence or decline of competition may be related to historic flows, relationships with recruiters in different source and host countries, quality and reputation of migration management institutions, demographic and labor market dynamics in source countries, and relative wages accepted by source country workers and governments.

Political trends relate to political economy issues affecting the willingness of host country governments or employers to bring in foreign workers. A common political trend is resistance of the host country population to admission of foreign workers. This may take a softer form, such as political pressure particularly during election cycles, or a harder form such as labor nationalization laws that seek to substitute foreign labor for domestic labor (e.g., the Nitaqat Law in Saudi Arabia). On the other hand, diplomatic relationships may affect labor flows between countries. Host countries may choose to allow an increase in admission of source country workers to cement diplomatic relations, or may decrease admission if the host country feels its diplomatic trust has been violated (as in the case of Russia and Tajikistan).

Preferences of the host country is a broader variable that captures less measurable determinants of demand for a source country's workers. A key element of this is national reputation, meaning either positive or negative

perceptions held by employers in the host country about source country workers in particular jobs. For example, drivers from Khyber Paktunkhwa are considered to be tough and reliable in the GCC, making that a difficult market to break into. Filipinos are considered technically competent and efficient, and Nepalis have a reputation for being dependable and hardworking (ILO 2015). Preferences may include language or cultural affinities, though these do not always play out in obvious ways (ILO 2015). For example, religion may be either an advantage or a disadvantage, depending on whether cultural or political criteria are in play. GCC employers are often loathe to hire other Arabs as this blurs cultural lines between employers and workers (Kapiszewski 2006). Language similarities are generally a positive factor, though again are not necessarily obvious. For example, in the GCC, it is far more useful for workers to speak Hindi/Urdu than to speak Arabic as most of the foremen and managers overseeing their work are from South Asia.

Given that most of the variables are difficult to directly measure, a practical methodology for identifying prospective markets is to feed findings on each variable into a SWOT analysis of each market. According to the IOM (2006), "when placed in the context of international labor migration… an updated SWOT analysis can help to focus a country's efforts in areas where it has built-in strengths, or help it to determine strategies in the context of opportunities or threats." A well-executed SWOT analysis can point a sending-country government in the right direction to develop its marketing strategy and help it to prioritize potential markets where it has the highest possibility of success, even if complete information is not available. SWOT analysis has been used in many areas of public policy, from identifying internal clusters for development, to policy strategies, to program design. While imprecise, it offers actionable direction that can help sending countries target their attempts at expanding market access. However, it is important to recognize that this report is intended merely as an orientation analysis that will be used to identify promising destination labor markets that warrant further research. It is not, however, intended to provide a complete market analysis of each prospective destination. This research will be undertaken on promising markets when the Government of the Islamic Republic of Afghanistan (GoIRA) enters the implementation phase and prepares to engage with promising host labor markets.

3 SWOT Analysis by Host Country

3.1 Pakistan

Strengths

Afghans in Pakistan are largely irregular and cyclical migrants, responding to employer demand driven by rigid labor laws in Pakistan. While 1.6 million registered Afghan refugees currently reside in Pakistan (UNHCR 2014), the remainder of the 3–4 million Afghans in Pakistan are irregular migrants. These irregular migrants are responding to the pull factor of higher wages in the Pakistani market, while employers in turn are likely hiring them as a response to labor taxes that are among the highest in Asia (despite a competitive baseline minimum wage) (BMI Research 2016). Redundancy notice and pay requirements further reduce flexibility for Pakistani employers in the formal economy, incentivizing hiring irregular Afghan migrants.

Afghan workers in Pakistan have strong existing networks. Prior social networks in terms of kinship, ethnicity, religious sect, or political affiliation have been key determinants in where Afghan migrants settle in Pakistan. Afghan Pashtuns tend to settle in Peshawar, where they can join the labor market as locals and use ethnic links to procure Pakistani identity cards. In Quetta, tribal leaders offered protection to Afghans, leasing them land for camps and assisting in acquiring identify cards. Ethnic networks are particularly strong, with Hazara migrants covered under the patronage of local Hazara leaders, Ismailis under Ismaili institutions, etc. (Collective for Social Science Research 2006).

These networks are bolstered by strong trade ties. Business and trade links between Afghanistan and Pakistan are active, and a trade route links Quetta, Karachi, and Peshawar with markets in Afghanistan, Iran, and Central Asia. These trade routes provide Afghan workers with jobs in moving goods across the border, either as truck drivers or for smaller companies, sometimes by bicycling goods across the border (Collective for Social Science Research 2006).

Weaknesses

Afghan literacy rates are extremely low, making it difficult to meet even minimal skill requirements for overseas work. The 2013/14 Afghanistan Living Conditions Survey reported that the adult literacy rate was 45 percent for men and 17 percent for women. Youth literacy rates were more encouraging, with increases between 2005 and 2013 from 20 percent to 32 percent for female youth and from 40 percent to 62 percent for male youth. While occupations frequently pursued by migrants typically do not require schooling past the elementary level, they generally do require basic literacy in addition to specific skills and competencies that are difficult to acquire without worksite experience or technical and vocational education and training (TVET) training. For example, in the manufacturing industries, workers are screened for their ability to respond to instructions from a supervisor. Hence, candidates must have a minimum of secondary education and must pass simple IQ and mathematics tests, in addition to a medical test.

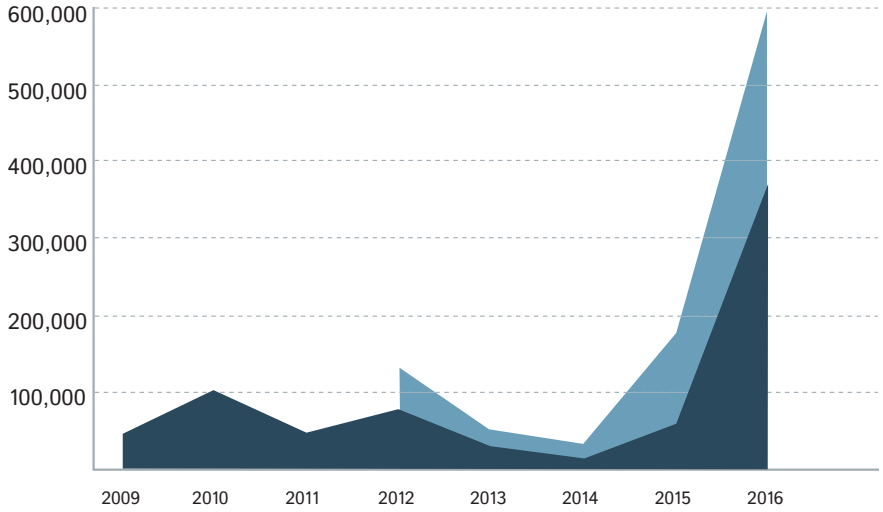
Pakistan is becoming a less attractive destination for Afghan workers given deteriorating labor market conditions. In recent years, Pakistan has faced a number of natural and economic shocks, including the floods of 2010/11, high fuel and oil costs, a struggling manufacturing sector, and a poor security situation that hampered investment and job creation (ILO 2013a). Total investment was approximately 14 percent of gross domestic product (GDP) in 2012/13, significantly lower than the rate required for economic and job growth (ILO 2013a). Employment growth in recent years has not been strong, with the structural transformation that had been increasing the share of workers in industry and services stalled and a higher proportion of workers in the agriculture sector than a decade earlier (ILO 2013a). Starting in 2008/09, many Afghan migrants living in the northern part of Pakistan returned home due to the high cost of living, lack of employment opportunities, and the deteriorating law and order situation in Khyber Pakhtunkhwa Province (UNHCR 2009). Afghans in Pakistan still largely work in the informal sector, as border management remains very weak. Most Afghans in Pakistan lack legal status or any formal permission to work. The overwhelming majority of Afghans in Pakistan do not possess authentic identification documents, though some obtain counterfeit Pakistani identify cards and are able to work formally until apprehended by authorities (Collective for Social Science Research 2006). Under the Foreigners' Act, non-Pakistanis who do not carry valid travel documents are subject to arrest and deportation; however, this is rarely enforced., and it is not possible to determine their movements between Afghanistan and Pakistan since the existing policy framework and arrangements do not regulate them (Collective for Social Science Research 2006). Cross-border movements, even at official crossing points, are not formally accounted for by either government, since in practice Afghans are not required to show or carry identity or travel documents when entering or leaving Pakistan (Collective for Social Science Research 2006).

Threats

Pakistan has a high population growth rate, meaning that it is likely to have a labor market surplus of its own. The current fertility rate in Pakistan is 3.26 children per woman, one of the highest rates in Asia. As a consequence, Pakistan has a very young population: in 2016, 21.31 percent of the population was aged 15–24 (CIA 2016). In addition, unemployment for young people remains a concern. The youth unemployment rate was 8.6 percent in 2014, and given the high population growth and sluggish job growth, it is likely to increase in the future (World Bank 2016).

In recent years, the government has increasingly pressured Afghans to repatriate. According to IOM Afghanistan, more than 600,000 registered and undocumented Afghans returned from Pakistan in 2016. The dramatic increase in returns is believed to be a result of weakening protections for the Afghan population in Pakistan, in addition to an increase in the value of UNHCR's reintegration grant for returnees (IOM 2016). This trend promises to continue, with 68,723 returns of undocumented Afghans since January 2017 and total returns in 2017 reportedly on track to be higher than the previous year (IOM 2017). Pakistan's government extended the deadline for Afghan refugees to voluntarily repatriate to the end of 2017, more in line with the traditional protocol of extending legal status for at least 12 months every year. However, in 2016, two extensions were granted for six and three months, until December 2016 and March 2017, respectively (Hashim 2017).

Figure 1: Afghan returnees from Pakistan, 2009–2016



Source: Human Rights Watch 2017.

Uncertainty for Afghans in Pakistan has further increased as a result of worsened bilateral relations between Pakistan and Afghanistan. Following notable attacks in Pakistan in February 2017, Pakistan unilaterally closed border crossings in Torkham and Chaman-Spin Boldak for several weeks, reportedly to improve security (Rahi 2017). Similarly, following the deadly bombing in Kabul in May 2017, President Ghani accused Pakistan of waging an "undeclared war" on Afghanistan (Rasmussen 2017). And in May 2017, more than a dozen Pakistanis and Afghans were killed in clashes on the two countries' border. These tensions have fueled further uncertainty on the future of the existing Afghan population in Pakistan and may make negotiating increased access infeasible.

Afghans in Pakistan face an increasing amount of instability in their status. Human Rights Watch (2017) claims that in response to the tenuous political relationship between the governments of Pakistan and Afghanistan and recent deadly attacks, Pakistani authorities have "mounted a concerted campaign to drive Afghans out of the country." Based on 115 interviews with Afghan returnees from Pakistan and Afghans still in Pakistan, Human Rights Watch identified the following actions on the part of the Pakistani government that began in June 2016 as the political relationship between the two countries became more tense: "… increasingly insecure legal status; government announcements that all Afghans should leave, and the resulting ever-present threat of deportation; daily police extortion that intimidated and stripped them of their limited income and ability to make ends meet in Pakistan; arbitrary detention; police raids on their homes; exclusion of their children from Pakistani schools and shutting down Afghan refugee schools; and, to a lesser extent, police theft and unlawful use of force. Afghans are frequently blamed for criminality, terrorism, or resource shortages, leading to significant political pressure to decrease their presence.

3.2 Iran

Migration from Afghanistan to Iran is highly cyclical and seasonal. Seventy-seven percent of seasonal labor migrants from Afghanistan report going to Iran. A field survey by the UNHCR in 2007 and 2008 showed continuity in cross-border movements, with seasonal variations in incoming and outgoing migration, and higher movements recorded in spring and summer (UNHCR 2009). These Afghans are primarily single men originating from areas in Afghanistan with high unemployment. While most come to Iran for a short stay of one to two years, many move back and forth between the two countries over longer periods of time (UNHCR 2009). For the most part, Afghan workers are employed in sectors that are physically demanding, such as construction, agriculture, and general manual labor.

Strengths

Iranian employers have strongly favorable perceptions of Afghan workers. Afghan workers have been a key source of labor in Iran for more than two decades, meaning that they have built a strong reputation and networks within Iran (Moughari 2007). Afghan workers have settled in provinces with higher economic growth where demand for low-skilled labor is high. In a UNHCR survey of Iranian employers hiring Afghan workers, 73 percent of employers responded that they hired Afghan workers because they exhibited a high sense of responsibility and dedication toward their work. Fifty-nine percent responded that Afghan workers were willing to undertake dangerous and hazardous jobs (Wickramasekara et al. 2006). While willingness to accept lower wages compared to Iranian workers was mentioned by 31 percent of employers, this appeared to be a less significant factor than the previous two.

Afghan migrants in Iran provide an alternative to the costly domestic labor supply. Iran has high labor costs as a result of labor regulations surrounding the employment of Iranian nationals. The minimum wage, redundancy dismissal notifications, paid annual holiday leave, standardized working week, and severance packages all limit the flexibility employers have when working with the domestic labor supply (BMI Research 2014). Afghan workers are often not subject to these laws and therefore are less costly and more flexible in their employment (Wickramasekara et al. 2006). This still offers a significant increase in standard of living for Afghan workers, as the wages they generally receive in Iran are three to four times more than those they receive in Afghanistan (Wickramasekara et al. 2006; Altai Consulting et al. 2008).

Afghan workers have a strong presence in certain sectors. More than 80 percent of low-skilled workers in the construction sector in Karadi are Afghans, who also dominate smaller sectors in the area, such as-well digging. Afghan workers are also employed by private contractors building government projects such as gas pipe lines, sewage system construction, and metro lines (Kar-o-Kargar 2002).

Weaknesses

The tenuous relations between Iran and Saudi Arabia may create tradeoffs for Afghanistan in seeking to expand labor market access. Both Iran and Saudi Arabia consider Afghanistan a part of their primary zone of influence (Tabatabai 2016) and use bilateral agreements to reassert this influence. The forthcoming bilateral labor agreement with Saudi Arabia is believed to be in part a result of Saudi Arabia's desire to secure Afghanistan's support against Iran in the Islamic Military Alliance to Fight Terrorism. Afghanistan joined the alliance in October 2016 (1TVNews.AF 2016), around the same time the Kingdom announced that it would be lifting the work visa ban on Afghans. Afghanistan will have to balance these relationships while attempting to secure access for its workers to both markets.

Opportunities

According to domestic Afghan sources, the governments of Iran and Afghanistan are currently in discussions regarding a possible Memorandum of Understanding to regularize the existing Afghan population in Iran. While such an agreement is not yet confirmed, it would be a significant step toward stabilizing status for Afghans in Iran and could plausibly open the door for expanded access in the future. This is in line with previous Iranian policies to regularize the Afghan population there. Policy initiatives appear to be taking a longer-term stance toward integrating its Afghan population with a clear regulatory framework. These initiatives include a 2009 decree allowing children of undocumented Afghans to enroll in Iranian schools upon registration (an opportunity previously only available to children of official refugees) and a 2010 announcement of the approval of a plan by Iran's Supreme National Council for BAFIA (Bureau for Aliens and Foreign Immigrants Affairs) to regularize illegal workers through the issuance of work permits (through which 1.5 million undocumented Afghans were registered in one month) (Koepke 2011). These attempts to regularize the stock and flow of Afghan migrants into Iran indicate that the government may be open to broadening legal avenues of entry in exchange for support from the GoIRA in combatting irregular flows.

The Iranian economy is also projected to grow at moderately higher rates since the European Union (EU) and the United States dropped sanctions in January 2016. 2015 saw moderate growth of 0.5 percent, but is projected to grow at an average rate of 4.5 percent during 2016–2018 as the benefits of the removal of sanctions materialize (World Bank 2016). Increased investment as a result of the lifted sanctions is further expected to generate growth in 2017–2018 as the investment deals are just beginning to be finalized, while the target of the five-year development plan that began in March 2016 is to achieve 8 percent real GDP growth. Inflation reached 9.5 percent in 2016, reaching single digits for the first time in 25 years. Interest rates also decreased accordingly, which is expected to combine with growth prospects to spur investment of up to US$200 billion. Of particular importance for Afghan workers, Iran's construction industry is expected to grow at an average rate of 6.34 percent between 2016–2020, after experiencing negative growth of -1.64 percent from 2011–2015 (Timetric 2016). While the improved economic growth and investments are very promising for demand for Afghan workers, it is important to note that this stabilization is still dependent on fragile political conditions. In particular, in February 2017 the Trump administration placed new sanctions on Iran after a missile test.

Threats

Increasing political pressure is being placed on the Government of Iran to reduce the employment of Afghan workers. The labor organization "Khaneh Kargar" and the Ministry of Labor and Social Affairs have asked for the forced return of Afghan workers and are seeking action against employers who hire foreign workers. The Ministry of Labor and Social Affairs is currently the most important opponent of the employment of Afghan workers in Iran, leading to the 3rd and 4th Development Plans, which call for the substitution of Iranian unemployed workers for Afghans to lower unemployment rates among Iranian workers (Wickramasekara et al. 2006).

Iran's burgeoning youth population may displace Afghan workers in the future. Iran is currently facing a youth bulge on the verge of entering the workforce. The current group of Iranian youth is the largest in the country's history. In 2005, the age group 20–24 was 62 percent larger than it was 10 years earlier, 9.1 million compared to 5.6 million, pushing the ratio of youth (defined here as ages 15–29) to total population to 35 percent, the highest recorded ratio in any country (Salehi-Isfahani 2010). In addition to this influx into the labor market, female workforce participation is also on the rise; as such, in 2010, twice as many people entered the labor market than did a decade before (Salehi-Isfahani 2010).

However, while the growth of the labor force was until recently one of the highest in the world, it slowed down considerably in recent years and will remain low for the foreseeable future (Salehi-Isfahani 2013). The influx into the workforce is placing stress on the labor market as vacancies and new jobs are insufficient to provide employment for all of the youth entering. Young people under the age 30 account for about 70 percent of the unemployed and more than 80 percent of the increase in the number of unemployed (Salehi-Isfahani 2010).Iit is possible that this labor surplus could push out Afghan workers; however, youth entering the workforce tend to have a higher level of literacy and education, possibly making them complements rather than substitutes for Afghan workers (BMI Research 2014).

3.3 GCC Countries

Strengths

To the extent that Pakistan has carved a niche in GCC markets, this may provide an opening for Afghan workers. Pakistani workers have established a stronghold working as drivers, agricultural workers, and low- or semi-skilled construction workers in the GCC. While many Afghans are already entering through Pakistan to the GCC on fake Pakistani passports (which is detrimental to increasing market access), they may be able to leverage some of these similarities in formalizing flows.

South Asian workers are viewed as largely homogenous by GCC employers, which may act as a benefit or a hurdle. In certain industries, perceptions do not appear to affect recruitment. Within the construction industry, for instance, managers appear to view all workers as largely interchangeable. A construction site safety manager in Saudi Arabia described workers in general as lacking skills, later remarking that, “They come from the usual places: Bangladesh, Pakistan, India, Nepal” (ILO 2015). When asked how workers communicated with one another, he remarked, “They speak in their language unless spoken to – we communicate in English or by signs and calls.” This dynamic appears to hold in other GCC countries and in all low-skilled work, where little distinction is made based on the skills or prior training of workers. This may make it easier for a new sending country (e.g., Afghanistan) to gain market share.

Weaknesses

Other South Asian countries have established networks and created path-dependent institutions that may make it difficult for Afghanistan to enter. For example, in Saudi Arabia, most drivers seem to come from the Khyber Pakhtunkhwa Province. Over the years, an active recruitment network developed such that recruiters, employers, and passengers all expect drivers to be Pakistani (giving candidates from this region a comparative advantage). The aforementioned perceived homogeneity of South Asian workers may act as a barrier to entry if the perceived homogeneity discourages recruiters from incurring the initial costs of opening a new market.

Further, recruiters in Saudi Arabia have noted that migrant workers from South Asia need to speak either English, Hindi, or Urdu as the majority of human resource personnel and supervisors on work sites are from India (or less often another South Asian country) (ILO 2015). This puts Afghan workers at a disadvantage as they primarily speak Dari and Pashto (which is at least somewhat comparable to Hindi/Urdu) and critically do not have an existing recruitment network.

GCC countries are increasingly placing emphasis on technical training and TVET systems, which creates an opportunity for sending countries to adapt their TVET systems to receiving country standards. As the GCC seeks to diversify away from industries heavily reliant on low-skilled labor toward more skilled industries, some evidence exists that technical training will become increasingly important. The longer-term move toward raising labor productivity in an effort to modernize production in the GCC will generate more skilled positions. As GCC countries seek to increase the skill level of their workforce by investing in TVET systems, this creates an opportunity for sending countries to adapt and align their TVET systems and certification to standards in the GCC countries to access these newly generated positions (particularly in the manufacturing sector). Countries can generate a strategic advantage by aligning their TVET systems early on and gaining entry into these more skilled positions. This may disadvantage Afghanistan if other countries manage to adapt their TVET systems first as it is not yet ready to adapt its TVET system for mobile skills.

Opportunities

Large infrastructure projects are underway in all GCC countries. Qatar's successful 2022 World Cup bid is accelerating large-scale infrastructure projects, such as a metro system, a light rail system, a new port, roads, stadiums, and related sporting infrastructure. Saudi Arabia has plans to build six or more economic cities by 2020, as well as the infrastructure to connect them. In addition, Saudi Aramco recently announced construction plans for three manufacturing facilities for petrochemical outputs. In the United Arab Emirates (UAE), real estate development via the Saadiyat Island project is likely to create a significant number of construction jobs. Similarly, ambitious development plans exist for Al Ain and the Western region in the Emirate of Abu Dhabi. Dubai also has multiple megaprojects becoming a focal point of economic activity, such as the Palm Jebel Ali and the Expo 2020. Overall, the next 15 years are expected to involve sustained large-scale construction activity in the UAE, which will involve significant growth in the construction, real estate, tourism and hospitality, manufacturing, and logistics sectors, with significant expected demand for all levels of workers. The Government of Kuwait is also investing in infrastructure development, with proposals to build hospitals and 80,000 housing units. Big ongoing projects include the US$7 billion Metro Project and the US$3.3 billion Kuwait International Airport terminal. However, as noted in the next section, many of these projects have been put on hold as a result of the decline in oil prices, which may significantly reduce demand for foreign labor (ILO 2015).

Major infrastructure projects in GCC countries will be the main driver of demand for low-skilled migrant labor in the medium term. As a part of diversifying their economies away from oil and gas revenues, Kuwait, Qatar, Saudi Arabia, and the UAE all have planned infrastructure projects to support growth in wholesale and retail trade and hospitality, construction, agriculture, and manufacturing industries. Increasing trade with China will also drive investment in transportation infrastructure – examples include the Qatar–Bahrain Friendship Bridge (a 45-km causeway) and the Gulf Railway project (a 2,200-km railroad network to link all GCC member states after 2018) (Ali Khan 2016).

GCC countries are beginning to diversify into new sectors, including extending the petroleum product chain and investing in energy-intensive industries. Petroleum-related sectors (petrochemicals, fertilizers, and plastics) and energy-intensive industries will continue expansion that began in 2011. Energy-intensive sectors include the production of aluminum, which will feed into increasing local construction and manufacturing sectors. There are already attempts to move into production of more sophisticated goods, such as plastics, packaging, and rubber. Other diversification efforts include expansion of the construction, real estate, and tourism industries, driven by demographics and economic growth leading to increased demand for housing, office space, and infrastructure.All of these will require an increase of low-skilled workers with basic literacy and basic command of English and/or Arabic.

These investments will lead to significant growth in related industries. In the medium term, each of these economic investments is expected to result in an increase in available jobs in service sectors such as hotels, restaurants, housing, maintenance, cleaning, and security providers. In Saudi Arabia, investments are being made in manufacturing and wholesale/retail trade sectors alongside infrastructure investments. Growth is notable in new subsectors, including automobile manufacturing and "green" constructing, both of which will require workers with specific TVET background and may provide an opportunity for lead source countries. Kuwait is also making investments to diversify away from oil. Its Development Plan includes several major projects, such as the Silk City urban center, a major container harbor, the railway, and the metro system, along with additional spending on infrastructure and services, particularly health care and education, which are all expected to increase demand for migrant workers in construction, agriculture, and manufacturing.

Because of these growth areas, the GCC is expected to have significant medium-term demand (up to 2025) for low- to semi-skilled workers. The demand falls into four main sectors: construction and maintenance of buildings, sales and services, domestic work, and education and health. In terms of construction, the main demand will be for foremen, construction workers, and specialists such as welders, plumbers, masons, carpenters, etc. Demand in services includes gardeners, drivers, janitors, security guards, and hotel staff. Domestic work includes drivers and domestic helpers, while education and health are a bit higher skilled and include paramedics, nurses, and teachers.

Mega-recruitment agencies in Saudi Arabia may open the door to mass contracts for Afghan workers if a relationship can be formed. The recruitment and contracting process in Saudi Arabia is slowly being changed by the emergence of mega-recruitment agencies. The kafala system is gradually being dismantled, with recruiters in this case acting as the sponsors for low-skilled workers. Mega-recruitment agencies are currently struggling to break into manufacturing and construction industries, but these developments should be watched with interest as they offer the potential to quickly scale entrance into the Saudi market. Surveys have discovered that Saudi employers have misgivings about these mega-recruitment firms as they believe that workers may be less likely to stay at a new job as they would have more flexibility to move via the mega-recruitment firm.

GCC governments are eager to balance the presence of nationalities by diversifying source countries to reduce dependence on particular countries. Since 2005, the UAE has had regulations regarding workforce diversification, stating that companies are grouped into three categories governing what percent of the same nationality they may recruit (30 percent for category A, 31–74 percent for Category B, and more than 75 percent for Category C). Recruiting from the same source country above this percent results in an administrative fee that increases with the homogeneity of the workforce (Kolb 2014).
This need for diversification provides an entry point for Afghan workers, as lately GCC employers are running out of options in South Asia, though they prefer South Asian workers, who are seen as "less expensive to employ, easier to lay off" and "more efficient, obedient and manageable" (Kapiszewski 2006). Anecdotal evidence suggests a growing trend toward employing workers from Africa such as Ethiopians, and from Southeast Asian countries, such as Vietnam and Cambodia, despite a preference for South Asian workers.

Table 1: Bilateral flows of source country workers to GCC countries6

Destination / Host	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE	Total
Bangladesh (2013)	25,155	6	134,028	57,584	12,654	14,241	243,668
India (2012)	20,150	55,868	84,384	63,096	357,503	141,138	722,139
Nepal (2013/14)	4,218	17,273	3,973	103,486	96,995	58,447	284,292
Pakistan (2013)	9,600	229	47,794	8,119	270,502	273,234	609,478
Sri Lanka (2012)	4,533	44,229	4,889	5,7478	97,993	38,234	247,356
Philippines (2012)	22,271	75,286	-	104,622	330,040	259,546	791,765
Indonesia (2013)	3,514	1,514	6,129	11,438	27,427	29,713	79,735
Vietnam (2011)	23	-	-	300	11,300	7,600	19,232
Total	**89,473**	**194,405**	**281,197**	**406,123**	**1,204,414**	**822,153**	**2,997,765**

Source: ILO 2015

Threats

GCC countries are currently experiencing high growth rates of national populations, saturating traditional sectors for national employment, and potentially pushing GCC nationals into competition with foreign workers. The size of national populations in the GCC is currently growing at an annual rate of 2.9 percent for Kuwait, 3.3 percent for Qatar, 2 percent for Saudi Arabia, and 2.8 percent for the UAE for the period 2005–2020 (Fargues and Brouwer 2012). This has translated into population growth from 3.5 million in 1950 to more than 42 million in present day. While this high population growth is unlikely to last (reaching parity with the global average by 2050) (GIC 2012), before then it will still produce a large number of entrants to the labor market who may push out foreign workers. Hertog (2013) pointed out that in Saudi Arabia alone, 400,000 young jobseekers reach working age every year and have to be absorbed by the labor market. Further, while female participation in the labor force is extremely low, it is beginning to slowly increase as a result of increasing education for women, economic needs, and changing attitudes. This may also introduce increasing competition for jobs currently filled by migrant workers.

The movement toward labor nationalization policy in the GCC is strong. In recent years, GCC countries introduced various interventions targeting labor nationalization, including migrant labor recruitment quotas, TVET for national workers, requirements for hiring a certain percentage of national workers or wage subsidies for national workers in the private sector, and policies increasing the cost of hiring migrant labor. For example, Saudi Arabia's Nitaqat Law specifies a system that categorizes firms by primary economic activity and size and sets "Saudization" targets based on the ratio of national to foreign workers (measured by visas obtained by the firm). The labor nationalization policies have influenced the issuance of work permits and visas.

The combination of nationalization policies, such as the Nitaqat Law in Saudi Arabia, the increasing control over visa trading, and the concentration of recruitment in the hands of large and more expensive recruitment agencies may drive up the price of low-skilled labor. In theory, this could shift GCC economies more toward high-skilled labor, which is more productive.

However, given that the structure of the GCC economies relies heavily on low-skilled labor, it is more likely that pressure will increase on source countries to compete on price in terms of wages for their workers. Average wages for non-GCC workers in the construction industry in 2011 were 1,145 riyals per month (or approximately US$300) (ILO 2015). On the other hand, construction wages in Afghanistan are approximately US$105 per month, potentially allowing it to compete on price with other source countries.

The dramatic decline in oil and gas prices is likely to significantly impact labor demand in the GCC in coming years. Economic development in all GCC countries has been closely linked to the discovery of oil and gas. According to the Economist Intelligence Unit (2010) hydrocarbons represented approximately 39 percent of nominal GDP in the GCC countries in 2010 (22 percent for the UAE, 45 percent for Saudi Arabia, and 50 percent for Kuwait and Qatar). Perhaps even more importantly, oil and gas account for dramatic proportions of government revenue in the GCC: 66 percent in the UAE, 80 percent in Saudi Arabia, 95 percent in Kuwait, and 50 percent in Qatar. Persistently-low oil prices led to a decline in non-oil growth in the GCC from 5.5 percent in 2014 to 1.75 percent in 2016 (IMF 2016). Low consumption and investment are predicted to subtract more than 2 percentage points from the GCC growth projections for 2016. The adverse growth impact is expected to be even stronger in coming years, as private consumption and investment begin to decline. Given that according to the IMF "any further oil price recovery is expected to be limited," these trends can be considered to be long-term with significant implications for the GCC labor markets (IMF 2016).

Table 2: Economic indicators for GCC countries, 2012–2017 (projected)

GCC Countries	2012	2013	2014	2015	2016 (projected)	2017 (projected)
Real GDP growth	5.1	3.1	3.3	3.4	1.7	2.3
Current Account balance	17.0	21.4	13.6	-2.4	-3.7	-0.5
Overall fiscal balance	10.8	10.8	3.1	-9.4	-9.8	-6.9
Inflation, p.a.	2.8	2.8	2.6	2.5	3.6	2.6

Source: IMF 2016.

3.4 Malaysia

Strengths

In many receiving countries, agricultural, plantation, and construction workers are selected on the basis of physical and mental attributes. This is particularly true in Malaysia, where photos are included in the recruitment package and where workers must be "physically and mentally fit" to work in tough conditions in remote areas. These traits are said to outweigh proof of skills, which provides an advantage to Afghan workers who are considered to be larger and stronger than other South Asian workers but lag behind in skill accumulation and literacy.

Weaknesses

Restrictions are set on which sectors can employ foreign workers from specific source countries. For example, under current Malaysian law, the construction, manufacturing, and plantation industries may only recruit workers from Indonesia, Cambodia, Nepal, Myanmar, Laos, Vietnam, the Philippines, Pakistan, Sri Lanka, Thailand, Turkmenistan, Uzbekistan, and Kazakhstan. As such, for Afghan workers to be legally recruited in Malaysia would require an amendment to this law, which in general is quite difficult and likely more so when it comes to admitting new sources of foreign workers.

Opportunities
Nearly a quarter of the workforce in Malaysia comprises foreign workers, who are represented in all major sectors of the economy. Based on work permits issued, there are approximately 2.3 million documented migrants in Malaysia and another 1 million undocumented migrants (World Bank 2015). About a third of all low-skilled migrants are employed in manufacturing, while agriculture absorbs about a quarter. The construction sector, which has employed about a tenth of the migrants since 2000, increased its share among migrant workers to about a fifth in 2013, following expansion of the construction industry (World Bank 2015).

Malaysia currently aims to attain high-income status by 2020, with required GDP growth of 6 percent per year. In pursuit of this goal, the Government of Malaysia (GoM) is undertaking a total of 131 projects implemented across 12 national economic areas, creating an estimated 3.3 million jobs by 2020. While many (approximately 60 percent) of these jobs are high-skilled, these projects will also require a significant influx of low-skilled workers. Key growth sectors under this project include agriculture, palm oil, rubber, and electrical/electronic industries. Based on the skill structure of some of the key growth sectors involved in this plan, Malaysia will continue to import low-skilled workers. Possible growth areas include agricultural workers, low-level workers for the manufacturing sector, and other sectors for which no local workers can be found (ILO 2015).

Threats
The Malaysian government is currently working to reduce its levels of foreign workers. Despite plans to expand several labor-intensive sectors, GoM is currently working to cap its migrant population at 20 percent of total by 2025. As such, GoM has indicated that it will increase levies on foreign workers and raise penalties for exceeding the foreign worker cap for a given company. While employer demand for foreign workers is likely to continue to grow due to planned economic expansion, it is unlikely that GoM will be receptive to new labor agreements given this current political climate.

3.5 Europe

Strengths
Europe as a whole has an aging population and will have growing labor market shortages in coming years. In 1950, 8 percent of Europe's population was 65 or older; by 1990 that share had risen to 12.7 percent, and in 2015 it was 17.6 percent (Desilver 2015). The populations of 12 countries within the EU have declined, and the EU faces an increasing population of people over 65 in every member state (Desilver 2015). This is projected to lead to significant labor market shortages, which presumably can only be filled by importing workers.

Weaknesses
The economic recovery is beginning to increase its pace, according to the European Commission's forecast at the beginning of 2017. For the first time in almost a decade, the economies of all EU Member States are expected to grow throughout the entire forecasting period (2016, 2017 and 2018). Employment is growing and unemployment continues to fall (despite remaining above pre-crisis levels). The EC projects EU GDP growth of 1.6 percent in 2017 and 1.8 percent in 2018, and investment across the EU is forecast to grow by 2.9 in 2017 percent and by 3.4 percent in 2018. While this is still slow progress, as projects financed under the Investment Plan for Europe move into the implementation phase after final approval last year, they are likely to see increased demand for workers.

While employment rates are beginning to pick up again as the post-crisis recovery concludes, Afghan workers are still likely to face competition from other substitute groups currently within the EU, and may not be eligible for work in the dominant sectors. Youth unemployment remained high at 19.7 percent as of the beginning of 2016 (European Commission 2016), meaning that there may be competition for these newly created jobs. Unemployment rates also remained highest among non-EU citizens (5.7 percentage points above the EU-28 average in 2015) and among people with low education attainment (17.4 percent unemployment versus 5.6 percent for people aged 15 to 74 with a tertiary education) (European Commission 2016). Given that Afghan workers are less educated and have lower literacy levels than even the EU workforce with low education attainment, it is plausible that a skills mismatch exists between those available in the Afghan workforce and those in demand for new job creation. Between 2008 and 2015, the number of employed persons in age group 20–64 grew fastest in the professional, scientific, and technical sector and the administrative sector, but declined the most in the construction and agriculture sectors, where Afghan labor migrants traditionally find an entrance to the labor market.

Opportunities

Countries in Eastern Europe continue to need workers, particularly in the construction sector. Employment in the construction sector grew in 2014, especially in Latvia and Lithuania, as well as in the Baltic states and Sweden. Construction, manufacturing, and technology firms in Eastern Europe are struggling to find enough workers, and are likely to continue to do so as this region's population ages (The Economist 2015b). A survey by ManpowerGroup, a consultancy, found that 40 percent of firms in Poland, 50 percent of firms in Hungary, and 28 percent of firms in Slovakia were unable to fill their vacancies (The Economist 2015b). Poland's Ministry of Labor identified large shortages of manual workers in agriculture and construction. The Hungarian economy ministry points to demand for carpenters, shop assistants, gardeners, and bakers. These dynamics are bound to continue, as Hungary's population is forecast to shrink by 8 percent and Poland's by 6 percent by 2035 (The Economist 2015b).

Threats

The EU is in the midst of responding to a large influx of Syrian refugees and is unlikely to be able to absorb new workers for the time being. More than a million migrants and refugees crossed into Europe in 2015 (BBC 2016). The EU's external border force, Frontex, monitors the different routes migrants use and numbers arriving at Europe's borders and put the figure crossing into Europe in 2015 at more than 1.8 million (BBC 2016). While the numbers have shown a decreasing trend in 2016, by April around 180,000 people had reached Europe (BBC 2016). This has led to significant political turmoil, as European leaders attempt to understand how to respond and to build systems to absorb incoming migrants. Furthermore, it has sparked a vigorous debate on immigration in the EU, and the past year witnessed a significant increase in nationalism and anti-immigration movements on the far right of the political spectrum.

Countries in the EU have specifically targeted Afghan migrants and asylum seekers to repatriate. Acceptance rates for Afghan asylum claims began decreasing in 2016, after European member states were faced with almost 350,000 Afghan asylum seekers between January 2015 and September 2016. In the first nine months of 2016, however, the protection rate decreased to about 52 percent (down from historical rates closer to 70 percent).

In October 2016 a deal was signed at the Brussels conference between European governments and the GoIRA stating that European member states can deport an unlimited number of asylum seekers from Afghanistan and the GoIRA is obligated to accept them. In return, the GoIRA received €1.2 billion in development aid, with leaked threats of stopping aid altogether if it failed to comply. The European Commission estimates that up to 80,000 Afghans are likely to be deported under this agreement. Thus far 580 Afghans returned under the agreement in 2016 and another 248 in 2017 (Al Jazeera 2017). Far more Afghans have returned voluntarily after the signing of the agreement. In 2016, 6,864 Afghans returned to Afghanistan via IOM's Afghanistan Voluntary Repatriation (AVR) program, whereas only 1,419 returned through this program the previous year (Bjelica and Ruttig 2017).The highest number of voluntary returns in 2016 were recorded from Germany (3,159), Greece (1,257), and Turkey (577). As of April 2017, 1,322 Afghans had already returned through this program, with 1,067 of these returnees coming from EU member countries.

3.6 Australia

Strengths

Economic growth is projected to increase gradually and reach almost 3 percent by 2018. Australia's employment rate at 66 percent in 2017 is strong relative to the OECD average of 61 percent, despite having declined for several years. The employment rate stabilized as of 2016 and is expected to increase slowly in the coming years (OECD 2017). Employment is projected to increase in 16 of 19 industries over the five-year time horizon.

Afghan workers may provide an alternative to costly domestic or other foreign labor in Australia. At the time of the 2011 Census, the median individual weekly income for Afghan-born workers in Australia aged 15 years and over was US$272 (compared with US$538 for all overseas-born and US$597 for all Australian-born) (Government of Australia 2011). Australia's minimum wage is relatively high (54 percent of the median wage, or 4.7 percentage points above the OECD average) (OECD 2015). While lower statutory floors for youth employment in Australia provide another source of low-cost labor, Afghans may have an entrance into some lower-skilled sectors that would not attract Australian youth, as they are competitively priced.

Weaknesses

While employment is projected to increase in 16 of 19 industries over the next five years, the Australian economy is moving toward skilled labor, with declines in employment for low-skill industries. Specifically, the three industries where employment is expected to decline over the next five years are agriculture, forestry, and fishing, mining, and manufacturing. Manufacturing employment, for example, is expected to decline by 45,700 (or 5.3 percent) over the five years to November 2020. These lower-skill industries are the most pragmatic entry point for Afghan workers given the existing skill base in the Afghan labor market, while Afghan workers are less likely to be able to meet demand in the growing but higher-skill industries in Australia. This increasing emphasis on skilled migration is evidenced by the fact that the number of people arriving in Australia with a Bachelor' degree prior to arrival increased threefold between 1991–2006, from 15 percent to 44 percent (Thompson 2014). In particular, refugees and Middle Eastern-born jobseekers in Australia are three times as likely as European- or Asian-born jobseekers to be unemployed in the first five years after arrival, which is theorized to result from relatively lower skill levels and English-speaking capacity.

Afghans are a relatively new migrant contingent in Australia, leaving them with weaker networks for securing jobs. Compared to 62 percent of the total overseas-born population, only 30 percent of the Afghan-born people in Australia arrived in Australia prior to 2001. Among the total Afghanistan-born population in Australia at the 2011 Census, 31.3 percent arrived between 2001 and 2006 and 29.4 percent arrived between 2007 and 2011 (Government of Australia 2011). The combination of this and their relatively low skill levels (only 34 percent of Afghans 15 years and over had acquired higher school qualifications compared to 55.9 percent of the total population) appears to have translated into weaker employment outcomes. Among Afghans aged 15 years and over, the participation rate in the labor force was 41 percent and the unemployment rate was 18.5 percent. The corresponding rates in the total Australian population were 65 percent and 5.6 percent, respectively (Government of Australia 2011).

Opportunities

Investment appears to be rebounding in the resource sectors, specifically with the increase in iron-ore and coal prices. Liquefied natural-gas production is also in early stages, setting the stage for future investments. Investments in these sectors are likely to require manpower support (OECD 2017). Further, employment in the construction industry is projected to grow by 87,000 (or 8.3 percent) over the five years to November 2020. Following several years of subdued growth, employment in construction increased by 69,400 (or 7.1 percent) over the past three years (Australia Department of Employment 2016). Given the rise in residential building construction and continuously low interest rates, growth in this sector is expected to continue for the foreseeable future and may provide an entry point for Afghan workers.

3.7 Turkey

Strengths

Turkey is currently emerging as a destination country for migrants from the Middle East, Central and South Asia, and the broader Muslim world. In recent years, Turkey positioned itself as a regional economic, political, and cultural power. Three shifts in the 2000s led to the emergence of Turkey as a regional power: a shift toward neoliberalism accompanied by moderate democratization; economic recovery paired with inflows of foreign direct investment (FDI) and higher growth; and the positioning of AKP (Justice and Development Party in Turkey) leaders as pious Muslims (Alimia 2014). As Turkey has become a more prominent leader, it has shifted from a migrant-sending to a migrant-receiving state. Since the 2000s and 2010s, Turkey has witnessed a diversification in migrants, who are increasingly drawn from Africa and Central and South Asia (Alimia 2014).

Migrants are attracted to Turkey as a result of positive bilateral relationships and cultural affinities. Members of the new migrant inflows to Turkey express feeling a “Turkic” affinity to Turkey, including Afghan Turkmens as well as Afghan Hazaras and Pashtuns. When interviewed, these migrants expressed a sense of a shared history as well as ethno-linguistic ties. A group of Afghan Turkmens who were moving from Pakistan to Turkey justified their transition in part by saying that “We are the original Turks, of course, we feel attached to Turkey” (Alimia 2014). However, these migrations are also the result of Turkey’s projection of itself as a regional power and modern Muslim state. For example, Turkey sponsors a network of private schools in Pakistan (both for Pakistanis and Afghan refugees) that creates the impression that Turkey is a welcoming host country where migrants have the opportunity to advance socially and economically (Alimia 2014).

Weaknesses
While Turkey is emerging as a receiving country for economic migrants, these flows are far outweighed by the large flows of refugees. Turkey is beginning to be understood as a labor migrant-receiving country, but both the media and policy attention paid to these flows are dominated by the inflows and existing populations of Iraqi and Syrian refugees. Afghans in Turkey are a dramatically smaller population and are no longer in the same "emergency" phase as Syrian refugees; as such, they receive far less support from the migrant-receiving system in Turkey, which is heavily skewed toward refugee populations. Permanent legal residence is generally not possible for Afghans in Turkey, and since they usually enter as irregular migrants, they are only able to work informally. Even for those who do enter legally or are legally recognized as refugees, work permits are rarely issued (Alimia 2014).

Opportunities
Turkey has promising economic growth and is likely to need low-skilled labor in the construction sector. The OECD Employment Outlook 2014 finds that while the impact of the global crisis was initially severe for Turkey, it was shorter than in the rest of the OECD area and it had a much sharper rebound. In particular, the construction sector was the main engine of growth for Turkey in recent years. As Turkey continues to grow as a regional power, a number of economic, architectural, and construction projects are being planned (Alimia 2014). These projects include a healthcare campus (a US$1.2 billion investment), a new airport (beginning in 2018 and expected to cost US$7 billion), a canal linking the Black Sea and Sea of Marmara (beginning mid-2016 and expected to cost US$10 billion), and a railway linking the country with Georgia and Azerbaijan (ITE Build & Interiors 2016).

Threats
Increasing instability in Turkey poses some concern for future economic prospects. Even since the writing of this report, both internal and external instability has increased in Turkey. As of June 29, 2016, 132 people had been killed in a series of terrorist attacks (Kirby 2016). Internally, a failed coup attempt on July 15, 2016, by the Turkish military resulted in 300 deaths and over 2,000 injuries (Worley 2016). The response to this coup attempt has raised concerns over the future of Turkey's modernity and stability, and could affect FDI inflows (Arango and Yeginsu 2016).

3.8 Central Asia

Strengths
Citizens of Central Asian states have a stronger ethnic affinity with Afghans than most other receiving states, and vice versa. Prior to the formation of the Soviet Union, Afghanistan and Central Asia had a long and shared history (Laruelle, Peyrouse, and Axyonova 2013). Tajikistan has the strongest ethnic affinity – ethnic Tajiks of Afghanistan comprise more than a quarter of its population– and also shares a 1,200-mile border. The Kyrgyz and Kazak populations have negligible ethnic affinities with the Afghan population (Kassenova 2014). Little ethnic affinity exists between Uzbeks and Afghans; however, close-knit ties link elites on both sides (Kassenova 2014). Similarly, Turkmenistan has little affinity (even between the Turkmens on both sides of the border), but the Government of Turkmenistan is one of the few to have actively reached out to the GoIRA, which is promising for policy talks.

Opportunities
Economic ties between Afghanistan and Central Asia have strengthened since 2007. These ties are largely related to larger infrastructure projects, as well as electricity and dam projects. For example, an Uzbek company built a portion of its railway in Afghanistan as part of an effort to increase the role of Uzbekistan in the northern supply route for the international coalition in Afghanistan (Laruelle, Peyrouse, and Axyonova 2013). Turkmenistan and Uzbekistan sought to benefit from the stabilization of the Afghan economy by building a gas pipeline to South Asian markets (Kassenova 2014). Similarly, Tajikistan and Kyrgyzstan engaged with Afghanistan in hopes of exporting surplus hydroelectric power to Afghanistan and Pakistan (Kassenova 2014). Trade ties are often closely associated with labor ties, so some possibility exists that increasing economic interactions could lead to labor liberalization.

Weaknesses
Central Asian states largely view Afghanistan as a security threat and are not eager to partner. All Central Asian states are concerned about the potential spillover of insecurity from Afghanistan. The impending withdrawal of international troops is seen as potentially leading to destabilization, with negative consequences for the region.The general agreement is that the situation in Afghanistan has serious security implications for Central Asian states (Kassenova 2014). Given in particular the concerns around drug trafficking and an increase in refugee flows, governments of Central Asian states are unlikely to welcome the idea of increasing cross-border movements.

Further, labor markets in Central Asian states are characterized by weak growth and high unemployment. Employment is estimated to have increased by 1.5 percent in 2015 and by 1.2 percent in 2016. The region also has low employment rates: at 52.9 percent in 2015, the Central Asian regional rate was considerably below the global average of 59.2 percent. The regional unemployment rate declined slowly from 9.8 percent in 2000 to 9.4 percent in 2016 (ILO 2016).

Threats
Labor markets in Central Asian states are likely to weaken with the fall of the ruble. The fall of the ruble in Russia means that many Central Asian laborers are likely to return home in the near future (The Economist 2015a), which would increase unemployment in these states. According to Foreign Policy (2016), “Russia’s decline means that Central Asian migrants working there have become unable to support their families back home, Central Asian businesses that depend on Russian customers have had to let workers go, and the value of Central Asian currencies have plummeted along with the ruble.” Currencies are indeed being devalued across Central Asia, with Kazakhstan’s tenge down 137 percent against the dollar since November 2013, the Kyrgyz som down 55 percent, the Tajik somoni down 42 percent, and the Uzbek som down 25 percent (Foreign Policy 2016). Given the likely increase of unemployment from both economic downturns and return migration, Central Asia is unlikely to import foreign labor in the coming years.

4

Findings

Based on the above analysis, the relative viability of each market is compared. Table 2 indicates which markets are most promising based on their labor market needs, political receptiveness, and cultural and language affinity as discussed in the preceding sections.

Table 3: Summary assessment of SWOT analysis vis-à-vis host country potential

	Labor Market Need	Political Receptiveness	Cultural and Language Affinities	Overall
Pakistan	🟡	🔴	🟢	🟡
Iran	🟡	🔴	🟢	🟡
GCC	🟢	🟡	🟡	🟡
Malaysia	🟡	🟡	🟡	🟡
Europe	🟢	🔴	🔴	🔴
Australia	🟡	🟡	🔴	🟡
Turkey	🟡	🟢	🟢	🟢
Central Asia	🔴	🔴	🟡	🔴

Note: For readers' orientation, if printed or distributed in black and white, the colors for Pakistan from left to right are yellow, red, green, and yellow.

Pakistan has a moderate outlook for expanded labor market access for Afghan workers. Pakistan and Afghanistan have strong trade ties, and Afghan workers have very strong networks within Pakistan's labor market. However, Pakistan has a poor overall jobs outlook, and many Afghans have begun repatriating due to the high cost of living and poor employment outcomes in addition to active encouragement of repatriation on the part of the Pakistani government. The informality of the flows to Pakistan makes Afghan workers very vulnerable economically and socially, and the current tension between the Afghan and Pakistani governments further destabilizes their status. Moreover, the Government of Pakistan is actively repatriating large portions of its existing Afghan population, making it extremely unlikely that it will be open to negotiating increased labor market access.

Iran is also unlikely to expand access, though may be more willing to negotiate increased formalization. While the Government of Iran recently placed greater emphasis on repatriating its Afghan population, it has historically undertaken policies to regularize its largely irregular Afghan population by offering registration and work visas. Afghans play an important role in the Iranian labor market, particularly as they fill jobs Iranian workers are generally unwilling to fill and at a lower salary. They have an excellent reputation with Iranian employers. The strengthening economic conditions in Iran may provide an entrance point for Afghan workers (particularly in the construction sector where they already have a strong reputation); however, a large Iranian youth cohort facing high youth unemployment and continued instability in international diplomatic ties calls for caution in assessing these trends.

GCC countries are adopting policies to reduce the use of low-skilled labor, but realistically will continue to draw from labor-sending countries in coming years. GCC countries across the board are implementing labor nationalization policies that either incentivize or enforce the preferential hiring of GCC nationals over foreign workers. While these are a potential threat to low-skilled workers looking to enter the GCC labor force in coming years, given the vast price differential between GCC national and foreign workers, a large decline in the use of foreign workers is unlikely in the near future. A greater threat is the decline in oil prices leading to a significant economic slowdown in these countries. However, several large infrastructure projects are still planned, many of which will require low-skilled construction workers in particular. Competition for these jobs is significant, but Afghan workers may be able to compete on price or cultural affinity.

Malaysia is seeking to move away from low-skilled labor, but has an ambitious economic agenda that will require workers. Malaysia currently aims to attain high-income status by 2020, with required GDP growth of 6 percent per year. In pursuit of this goal, GoM is undertaking a total of 131 projects implemented across 12 national economic areas, creating an estimated 3.3 million jobs by 2020. Based on the skill structure of some of the key growth sectors involved in this plan (such as agriculture, palm oil, rubber, and the electrical and electronics industries), Malaysia will continue to import low-skilled workers. However, GoM is also seeking to cap its foreign workforce at 20 percent of total by 2025, which will likely decrease its willingness to open up new corridors.

Europe has an increasingly aging workforce and will face growing labor market shortages in coming years and decades. As such, this is the market with the greatest need for Afghan workers; however, as Europe continues to face a large influx of refugees from Syria, Iraq, and Afghanistan it is unlikely that Western European countries in particular will be willing to accept new workers. Indeed, Europe struck a deal to repatriate large numbers of Afghan asylum seekers to Afghanistan as of October 2016, and for the foreseeable future this is likely to remain the dominant policy. However, openings may arise in Eastern Europe, which needs a large number of workers, though political resistance may be high.

Australia is currently experiencing an employment decline in low-skill industries given relatively weak employment growth and many competing source countries. Afghan workers are relative newcomers to the Australian labor market, and tend to be less skilled and less fluent in English than their competitors. Employment growth is projected in the construction sector, which may provide an entry point for Afghan workers but is likely to require minimum levels of literacy and English fluency.

As Turkey has become a regional political and economic power, it has transitioned from a migrant-sending to a migrant-receiving country. It has strong cultural ties with Afghan Turkmens as well as Afghan Hazaras and Pashtuns. It has also done significant cultural outreach, particularly with Afghan communities in Pakistan. The construction industry is expected to continue to be the main source of growth for the Turkish economy in coming years, which provides an opening for Afghan workers. However, Turkey faces significantly high youth unemployment and a large population of Syrian refugees, which may make it more difficult to enter the labor market.

Central Asian countries are unlikely to need foreign labor in the coming years, and will remain labor-sending countries for the time being. While Central Asian countries do have ethnic and historical ties with Afghanistan, these do not appear to be strong enough to override their concerns over security in dealing with the GoIRA. Indeed, most Central Asian countries have purposefully distanced themselves from Afghanistan historically, and while this has softened some since 2007, the relationship is still tenuous. More importantly, Central Asian countries have their own employment concerns, and do not appear capable of absorbing significant numbers of foreign laborers into their labor markets.

Given these findings, Turkey and the GCC countries appear to be the most viable potential labor markets for Afghan workers. While these results are not conclusive, and each of these markets has notable weaknesses that may make it difficult to enter, of all the markets surveyed here, these two seem to have the most viable combination of labor market need, political openness, and cultural affinity. More research should be done into these markets to determine specifically where Afghan workers can enter. This information could be fed into initial exploratory missions from the GoIRA to meet with employers and government officials in the host markets and potential sectors for entrance.

References

1TVNews.AF. 2016. “Afghanistan Joins Saudi Arabia's Anti-terrorism Coalition.” Published 18 October 2016. Accessed 22 June 2018. http://www.1tvnews.af/

Afghanistan Living Conditions Survey (ALCS). 2013/2014. Central Statistics Organization (CSO), Government of Afghanistan. Kabul.

Al Jazeera. 2017. “More Forced Deportees from Europe Arrive in Kabul.” Published 1 April 2017. Accessed 22 June 2018. http://www.aljazeera.com/news/2017/04/forced-deportees-europe-arrive-kabul-170401044048100.html

Altai Consulting, UNHCR, and ILO. 2008. “Research Study on Afghan Deportees from Iran : ILO-UNHCR Cooperation Towards Comprehensive Solutions for Afghan Displacement.” Altai Consulting: Kabul.

Ali Khan, Ghazanfar. 2016. “New Timeline for 2,177-km GCC Rail Project.” Arab News. http://www.arabnews.com/featured/news/887551

Alimia, Sanaa. 2014. “Afghan (Re)Migration from Pakistan to Turkey: Transnational Norms and the ‘Pull’ of Pax-Ottomanica?” *Insight Turkey*, Vol. 16(4): 159-181.

Arango, Tim, and Yeginsu, Ceylan. 2016. “With Army in Disarray, a Pillar of Modern Turkey Lies Broken.” *New York Times*. https://www.nytimes.com/2016/07/29/world/europe/turkey-military-coup.htmll

Australia Department of Employment. 2016. “Industry Employment Projections: 2016 Report.” Published March 2016. Accessed 22 June 2016.

BBC. 2016. “Migrant Crisis: Migration to Europe Explained in Seven Charts.” http://www.bbc.com/news/world-europe-34131911

Bjelica, Jelena, and Ruttig, Thomas. 2017. “Voluntary and Forced Returns to Afghanistan in 2016/17: Trends, Statistics and Experiences.” Afghanistan Analysts Network. Published 19 May 2017. Accessed 22 June 2017. https://www.afghanistan-analysts.org/voluntary-and-forced-returns-to-afghanistan-in-201617-trends-statistics-and-experiences/

BMI Research. 2014. “Iran Labour Market Risk Report.” BMI Research. London, UK.

BMI Research. 2016. “Pakistan Labour Market Risk Report.” BMI Research. London, UK.

Canadian Department of Finance. 2014. “Jobs Report: the State of the Canadian Labor Market.” Department of Finance Canada. Ottawa, Canada.

Collective for Social Science Research. 2006. “Afghans in Pakistan: Broadening the Focus.” Afghanistan Research and Evaluation Unit. Karachi, Pakistan.

References

Cunningham, Erin. 2016. "Europe Wants to Deport Afghan Migrants, but Kabul is Reluctant to Accept Them." https://www.washingtonpost.com/world/asia-pacific

Desilver, Drew. 2015. "Refugee Surge Brings Youth to an Aging Europe" Pew Research Center. http://www.pewresearch.org/fact-tank/2015/10/08/refugee-surge-brings-youth-to-an-aging-europe/

Economist Intelligence Unit. 2010. "The GCC in 2020: Outlook for the Gulf and the Global Economy." The Economist. London, UK.

European Commission. 2016. "Eurostat Regional Yearbook 2016." http://ec.europa.eu/eurostat/en/web/products-statistical-books/-/KS-HA-17-001

Fargues, P., and I. Brouwer. 2012. "GCC Demography and Immigration: Challenges and Policies." In *National Employment, Migration and Education in the GCC*, ed. S. Hertog, pp. 241–73. Gerlach Press, Cambridge.

Foreign Policy. 2016. "A Perfect Storm in Central Asia." http://foreignpolicy.com/2016/01/22/a-perfect-storm-in-central-asia/

Government of Australia, Department of Immigration and Citizenship. 2011. "Community Information Summary: Afghanistan-born." https://www.dss.gov.au/sites/default/files/documents/02_2014/afghanistan.pdf

Gulf Investment Corporation (GIC). 2012. "Employment and Unemployment in the GCC." GIC Monthly Economic Review, September. Kuwait City, Kuwait.

Hashim, Asad. 2017. "Afghan Refugees' Status Extended Until End of Year." Al Jazeera. Pakistan. Published 7 February 2017. Accessed 22 June 2017.

Hertog, Steffen. 2013. "The Private Sector and Reform in the Gulf Cooperation Council." London School of Economics. http://www.lse.ac.uk/middleEastCentre/kuwait/documents/the-private-sector-and-reform-in-the-gcc.pdf

Human Rights Watch. 2017. "Pakistan Coercion, UN Complicity: The Mass Forced Return of Afghan Refugees." Published 13 February 2017. Accessed 22 June 2017. https://www.hrw.org/report/2017/02/13/pakistan-coercion-un-complicity/mass-forced-return-afghan-refugees

International Labour Organization (ILO). 2013a. "Pakistan Labor Market Update." ILO Country Office for Pakistan. Islamabad, Pakistan.

ILO. 2013b. "Managing and Stimulating Labour Migration for Decent Work in Afghanistan." Kabul, Afghanistan, ILO.

ILO. 2015. "Labour Market Trends Analysis and Labour Migration from South Asia to Gulf Cooperation Council Countries, India and Malaysia." http://www.ilo.org/global/topics/labour-migration/publications/WCMS_378239/lang--en/index.htm

References

ILO. 2016. “World Employment and Social Outlook: 2016 Report.” Geneva, Switzerland, ILO. http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_443480.pdf

International Monetary Fund (IMF). 2016.”Regional Economic Outlook: Middle East and Central Asia.” Washington, DC, IMF.

International Organization on Migration (IOM). 2006. “Handbook on Establishing Effective Labour Migration Policies in Countries of Origin and Destination.” https://www.osce.org/eea/19242?download=true

IOM. 2016. “Return of Undocumented Afghans from Pakistan and Iran: 2016 Overview/” http://www.globaldtm.info/return-of-undocumented-afghans-from-pakistan-and-iran-2016-overview/

IOM. 2017. “Return of Undocumented Afghans: Weekly Situation Report June 11-17, 2017.” https://www.iom.int/sitreps/afghanistan-iom-return-undocumented-afghans-weekly-situation-report-11-17-june-2017

ITE Build & Interiors. 2016. “Turkey: Construction a Great Hope in 2016?” ITE Market Insights. http://www.buildingshows.com/market-insights/turkey/turkey-construction-a-great-hope-in-2016-/801814024

Kapiszewski, Andrzej. 2006. “Arab Versus Asian Migrant Workers in The GCC Countries.” UNDESA.

Kar-o-Kargar. 2002. "New Labour Policies for Combating Unemployment." April 15, p 4. Kar-o-Kargar. Tehran, Iran.

Kassenova, Nargis. 2014. “Relations Between Afghanistan and Central Asian States after 2014.” SIPRI. https://www.sipri.org/publications/2014/relations-between-afghanistan-and-central-asian-states-after-2014-incentives-constraints-and

Kirby, Paul. 2016. “Turkey Violence: How Dangerous is Instability?’ BBC. http://www.bbc.com/news/world-europe-34503388

Koepke, Bruce. 2011. “The Situation of Afghans in the Islamic Republic of Iran Nine Years After the Overthrow of the Taliban Regime in Afghanistan.” Middle East Institute. Washington, DC.

Kolb, J. 2014. “Labour Migration Trends to the United Arab Emirates.” Commissioned by GIZ. Kathmandu, Nepal for “Labour Market Trends Analysis and Labour Migration from South Asia to Gulf Cooperation Council Countries, India and Malaysia.”

Laruelle, Marlene, Sebastien Peyrouse, and Vera Axyonova. 2013. “The Afghanistan-Central Asia Relationship: What Role for the EU?” EUCAM Working Paper No. 13. http://www.academia.edu/7896399/_The_Afghanistan-Central_Asia_relationship_What_role_for_the_EU_EUCAM_Working_Papers_no._13_February_2013_co-authored_with_Sebastien_Peyrouse_and_Vera_Axyonova

References

Moughari, Zahra Karimi. 2007. "The Effects of Afghan Immigrants on the Iranian Labour Market" *Iranian Economic Review*, Vol. 13(20): 57-84.

OECD. 2015. "Employment Outlook 2015: How Does Australia Compare?" *OECD Employment Outlook* 2015. Paris: OECD Publications.

OECD. 2017. "OECD Economic Outlook: Volume 2017 Issue 1." Published June 2017. Accessed 22 June 2017. http://www.oecd.org/eco/outlook/

Rahi, Arwin. 2017. "A Counterproductive Afghan-Pakistan Border Closure." The Diplomat. Published 20 March 2017. Accessed 22 June 2017. http://thediplomat.com/2017/03/a-counterproductive-afghan-pak-border-closure/

Rasmussen, Sune Engel. 2017. "Afghanistan Holds Peace Conference Amid Violence and Protests." *The Guardian*. Published 6 June 2017. Accessed 22 June 2017. https://www.theguardian.com/world/2017/jun/06/afghanistan-peace-conference-violence-protests-kabul-bombing

Salehi-Isfahani, Djavad. 2010. "Iranian Youth in Times of Economic Crisis." Working Paper 3. The Dubai Initiative. Harvard University Belfer Center for Science and International Affairs. Cambridge, Massachusetts.

Salehi-Isfahani, Djavad. 2013. "The Future of the Iranian Labour Market: Demography and Education." Working Paper. Legatum Institute. Dubai, UAE.

Tabatabai, Ariane M. 2016. "Saudi Arabia and Iran Face Off in Afghanistan." *Foreign Affairs*. Published 5 October 2016. Accessed 22 June 2017. https://www.foreignaffairs.com/articles/afghanistan/2016-10-05/saudi-arabia-and-iran-face-afghanistan

The Economist. 2015a. "Contagion: As the Rouble Plunges, Central Asia Feels the Pain." http://www.economist.com/news/asia/21639564-rouble-plunges-central-asia-feels-pain-contagion

The Economist. 2015b. "More Vacancies Than Visitors: Eastern Europe May Not Like Refugees But Needs Them More Than Other Countries." Print Edition. http://www.economist.com/news/europe/21665031-eastern-europe-may-not-refugees-needs-them-more-other-countries-more-vacancies

Thompson, Lisa. 2014. "Migrant Employment Patterns in Australia: Post Second World War to the Present." AMES Research and Policy Unit. http://amesnews.com.au/lead-story/migration-helped-build-australia/

Timetric Reports. 2016. "Construction in Iran – Key Trends and Opportunities to 2020." https://www.timetricreports.com/report/cn0330mr--construction-in-iran-key-trends-and-opportunities-to-2020/

United Nations High Commissioner for Refugees (UNHCR). 2009. "Study on Cross Border Population Movements Between Afghanistan and Pakistan." http://www.unhcr.org/4ad448670.pdf

References

UNHCR. 2014. “Pakistan Begins Issuing New Cards to 1.6 Million Afghan Refugees.” http://www.unhcr.org/en-us/news/briefing/2014/2/530c76849/pakistan-begins-issuing-new-cards-16-million-afghan-refugees.html

Wickramasekara, Piyasiri, J. Sehgal, F. Mehran, L. Noroozi, and S. Eisazadeh. 2006. “Afghan Households in Iran: Profile and Impact Final Report.” International Labour Organization. Geneva, Switzerland.

World Bank. 2014. “Back to Work: Growing with Jobs in Europe and Central Asia.” http://www.worldbank.org/content/dam/Worldbank/document/Back-to-Work-Full.pdf

World Bank. 2015 “Malaysia Economic Monitor: Immigrant Labor.” World Bank Publications. http://documents.worldbank.org/curated/en/2015/12/25693867/malaysia-economic-monitor-immigrant-labor

World Bank. 2016. “Pakistan.” World Bank Data Bank. Washington, DC. http://databank.worldbank.org/data/home.aspx

Worley, Will. 2016. “Prime Minister Says 265 People Killed in Attempted Military Coup, Including t Least 100 'Plotters.’” Independent. http://www.independent.co.uk/news/world/europe/turkey-coup-dead-erdogan-military-chief-ankara-istanbul-death-toll-plotters-how-many-killed-wounded-a7140376.html

WORLD BANK GROUP
Social Protection & Jobs