



**INSTITUTE OF
STRATEGIC STUDIES**

web: www.issi.org.pk
phone: +92-51-9204423, 24
fax: +92-51-9204658

Report – Webinar

“Covid19 and Repatriation of Pakistani Workers: Socio-economic Implications”

June 4, 2020



Rapporteur: Areeba Arif

Edited by: Amina Khan

Centre for Middle East & Africa (CMEA) at the Institute of Strategic Studies Islamabad (ISSI) hosted a webinar titled, “**Covid19 and Repatriation of Pakistani Workers: Socio-economic Implications**” on June 4, 2020. The Keynote address was given by Dr Moeed Yusuf, Special Assistant to the Prime Minister on National Security Division and Strategic Policy while Ms. Amina Khan, Director CMEA gave her introductory remarks in the beginning of the proceedings. Ambassador Aizaz Ahmad Chaudhry, Director General Institute of Strategic Studies Islamabad delivered welcome remarks at the occasion. Other speakers included Mr. Kashif Ahmed Noor, Director General Bureau of Emigration and Overseas Pakistanis; Mr. Salman Athar, Director General Crisis Management Unit, Ministry of Foreign Affairs; Dr Amer Sheikh, Managing Director Overseas Pakistani Foundation; Senator Sehar Kamran, Patron-in-Chief, Centre for Pakistan and Gulf Studies (CPGS) and Ambassador Asif Durrani, former Ambassador to the UAE and Iran.

The webinar was moderated by Ms. Amina Khan, Director CMEA, ISSI.

Introducing the subject of the webinar, Ms. Amina Khan said that this was a subject that has disturbed the political, social, economic, religious and financial structures of the whole world. Bringing our people back home in these times of adversity requires unprecedented dedication and vision which has been demonstrated by Prime Minister Imran Khan who has always raised his voice for the rights of overseas workers long before this outbreak had even begun. He has called them a ‘national asset’ and our treatment of them should be befitting of that. In this regard, it will be important to keep coordinating with countries in the Gulf and the Middle East for securing better conditions for Pakistanis working there, once we overcome this challenge.

The Covid-19 pandemic is the biggest public health challenge that the world has faced in recent memory. While countries all over the world ponder over the economic outfall of this massive outbreak at a larger scale; the socioeconomic concerns for the grass- root level workers are hard to ignore.

She highlighted that the global impact of Covid-19 can be classified into three groups: human suffering, severe global recession, and soaring unemployment due to financial and corporate sector hardships. Given the way it has hurt both public and private sector businesses, created rapid aversion among investors and placed all major financial bodies under stress, the world is on

track to bear witness to a global regression, the likes of which have not been seen since World War II.

The World Bank has called this epidemic a ‘perfect storm’ for the South Asian region and has estimated that regional growth for the South Asia region will fall to a range between 1.8 and 2.8 percent in 2020, down from 6.3 percent projected six months ago.

In this regard, it is hard to overestimate the role of migrant labour in the Gulf, where jobs in construction, sanitation and transportation are primarily undertaken by millions of workers, primarily from South Asian countries. In the wake of the ongoing coronavirus pandemic, millions of migrant workers in the Gulf countries have been dismissed.

For a country with a population of over 200 million; Pakistan’s human capital is an extremely valuable resource particularly when over 60% of its population comprises of youth. Insufficient employment opportunities and familial burdens have led a major portion of our youth to travel abroad to seek better economic opportunities.

This sizeable workforce consists of labourers who contribute immensely to our remittances, as well as highly philanthropic and generous Pakistanis who give back to their country. For Pakistan, remittances make up about 86% of the secondary income balance of the economy, out of which nearly 60% of these are from the Gulf countries.

According to Government officials, 90% of the stranded Pakistanis are concentrated in the United Arab Emirates, Saudi Arabia and Qatar. In the recent crisis, the Government has done a commendable job in repatriating our overseas Pakistanis. According to the plan initiated in late March by the National Coordination Committee on COVID-19, stepwise repatriation is being carried out.

She went on to say that, the Coronavirus pandemic raises exceptional health and livelihood challenges for the millions of Pakistanis working in the Gulf, as well as for the communities that rely on them. Not only will their return impact Pakistan’s economy in the form of a drastic drop in remittances annually but will also affect thousands of dependent households. Return of infected workers and the fear of a fresh outbreak is also an ongoing challenge for concerned authorities and healthcare facilities.

Expressing admiration for the vision of Prime Minister Imran Khan regarding safe return of Pakistanis, she said that bringing our people back home in these times of adversity requires unprecedented dedication. Prime Minister Imran Khan has always raised his voice for the rights of overseas workers long before this outbreak had even begun. He has called them a ‘national asset’ and our treatment of them should be befitting of that. In this regard, it will be important to also keep coordinating with countries in the Gulf and the ME for securing better conditions for our people working there once we overcome this challenge.

Ms. Arhama Siddiqa, Research Fellow CMEA, gave a presentation on the short- and long-term socio-economic implications of repatriation of Pakistani workers during the coronavirus global pandemic. She stressed that the immediate impact of this inflow would be that the migrant workers returning home could become carriers of the virus despite safety measures that are being taken. In April, sources from Saudi Arabia and Qatar stated that more than half of the Covid-19 cases were found in foreigners residing in industrial zones, she informed.

Explaining the economic aspect of the issue she said that whether the home country benefits from returning emigrants depends on the emigrant’s success in accumulating savings as well as on the home country’s ability to make use of returnees’ skills and investment. Majority of Pakistani workers returning from abroad do not have much savings since they send back money on a monthly basis. So, from the very next month, the effects of the fall in remittances will be highly visible. Already, remittances fell from \$1.894bn in March to \$1.79bn in April.

She also mentioned that in light of the virus, strict curfews have been enforced on daily functioning of the economy. In this scenario, a huge influx of unemployed workers, causes anxiety and even in some cases resentment, both from within existing circles and those coming in. This could have negative implications for the society. Hence, re-integration of these workers into society is crucial.

For Pakistan, remittances make up a significant part of Pakistan’s secondary income. Official sources anticipate that remittances will decrease by \$1 billion to \$1.5 billion per year if the situation persists which also means around 10,000 to 11,000 households will be directly affected. Moreover, before the pandemic, around 60,000 people were in the process of applying abroad for jobs. Of these, 20,000 Pakistani workers were in the process of entering Saudi Arabia. Likewise,

the current recession in global price of oil and discontinuation of all tourist projects in the Gulf countries is an added cause for alarm since it means that they won't be importing workers for the time being.

The IMF has already estimated the unemployment rate projection for Pakistan to be 6.2% for this year which has a high correlation with a country's crime rate. Already, there are reports that crime rate in Punjab has increased significantly in the backdrop of the curfews. Furthermore, persistence of high rates of unemployment can lead to a drop in the literacy rate and a subsequent rise in domestic violence as well.

She recommended that it is important that the government engages with other foreign counterparts to first test for the virus in all passengers who are meant to fly out and in the event that they test positive, they should be facilitated in the country where they are currently present. There should be policies in place that encourage returnees' investment and labour market reintegration including the expansion of insurance policies. The government should ensure minimum job loss for overseas Pakistanis so that people who have already cleared the application process can still be provided for in the future. A proper database needs to be established for emigrants returning to Pakistan so that their families can easily be provided for.

Government and relevant departments should encourage cottage industries since these make up for 80% of employment in Pakistan. However, it is an ignored sector of the Pakistani economy. Hence, there should be sound policies as well as a secure financial and legal environment to stimulate investment and other capital inflows. She rounded up her presentation by saying that even though Covid-19 has halted major projects in the Gulf, once activities resume, there will be a demand for an extensive labour force. In this case, the government should ensure that proper training is provided to the Labour force to make them more competitive and there should also be a plan for mitigating the worst threats to migrant workers' rights and improving their status throughout the Gulf.

Ambassador Aizaz Ahmed Chaudhry, Director General Institute of Strategic Studies Islamabad in his welcome remarks described the topic of discussion as timely and important under current circumstances. He said right now we are faced with two kinds of challenges; immediate and medium to long term. People stranded abroad are living in extremely difficult conditions and

their return is a top priority. He praised our missions, embassies and all stakeholders for doing a phenomenal job working in sync with each other. He further stated that once these people will return, the job of the government will not be easy and it will face the challenge of providing them health and economic security in these uncertain times and there is no assurance that how soon those people will be able to get back to their jobs. Remittances would be down and there will be a revenue shortfall along with a psychological pressure. Moreover, he also stressed on the significance of high-level coordination with governments of host countries to slow down the process of laying off Pakistani workers to cushion the blow to the country's economy.

In his keynote address, Dr Moeed Yusuf laid out the detailed framework of coordinated activity being carried out through coordination and cooperation among different sectors of the government to bring back stranded overseas Pakistani workers safely. He elaborated how his task at the National Command and Operation Centre (NCOC) is to coordinate various elements of the state such as the Aviation ministry, Ministry of Foreign Affairs (MOFA) and Ministry of Overseas Pakistanis and Human Resource Development to bring about smooth return of Pakistanis stranded abroad.

He explained that various ministries are doing coordinated work but doing this in a timely manner is the real challenge. To serve this purpose NCOC has put several people in charge of different aspects of this repatriation operation. From repatriation to the arrangement of medical facilities and compliance with standard operating procedures (SOPs), are all divided among people with experience to handle their respective tasks.

He lauded the Prime Minister for championing this cause as overseas Pakistanis make up not only the mainstay of Pakistan's economy but also play a crucial role in augmenting the work of Pakistani diplomats abroad. But the real challenge is to bring these stranded people back to the country. He stressed that this is not a favour which the government is doing, but it is actually the stranded people that are favouring us by being very patient and accommodating. By this way they are showing their love for the nation and the creator of the nation.

He further stated that the real problem is bringing them back as safely as possible. It could have been easier task to open air space and simply fly people back home but since the virus has initially entered the country through airspace and land border, it was not that simple. Initially, we

also lacked sufficient testing capacity for all those who were returning thus the only option was to close down airspace and build up our testing capacity. Fortunately, we were able to enhance our testing capacity quite rapidly as well as our mechanisms to screen and quarantine them. This was a very unpopular decision. For overseas Pakistanis, especially for our Labours who had been laid off by dozens or sent on leave, did not have enough resources to survive there.

He said that it was important for us to be as transparent as possible and share the accurate information about the limitation of our resources. Secondly, our work was driven by a policy based on data collection. There are no arbitrary decisions or subjective calls. The NCOC as a whole is looking after this issue in particular. Coordination and information sharing between MOFA and the overseas ministry is carried out on a weekly basis to decide where will the flights be sent based on data provided by ambassadors in those countries. This data pertains to people registered with embassies and those who are stranded.

He also highlighted that NCOC works with the health facilities and the provinces as ultimately the provinces are responsible for testing and quarantining people. Initially, there was a lot of criticism about bringing people back despite lack of testing capabilities. It truly is an impossible situation where doing right by every single person is not possible but fortunately we have been able to improve things. The number of people being brought back is now increasing every week. But there are still about a 100,000 stranded outside their country waiting to be brought back and a major chunk of them are students. Even this strategy is not sustainable for long and is being modified as needed.

He also explained that why so few people have been repatriated. There are several constraints such as our health experts stress that every returning person should be tested as we do not know where the hot spots are. By testing every single individual coming from abroad we can determine the hot spots and deal with accordingly. Then there is also the problem of safely holding these people until their test results are back. We went from performing about 450 tests daily in mid-March to 18,000 tests every day. This increased pressure on Laboratories and the time taken to get test results also increased. We have to keep passengers in quarantine for 3-4 days before they can be sent home.

Apprising the audience of the current situation, Dr Yusuf told that as of June 2, 2020, the practice of keeping people in quarantine has been eliminated. People will be tested upon arrival and sent home until their test results come back. The positives will then be asked to take strict precautions. The reason that this was not done from the very beginning was that it could have brought back the infection in unlimited numbers. The current track and trace system was also not in place then. He stressed that there is logic behind every painful decision taken and within 10 days or so we will move to a completely new policy through which we will be able to bring unlimited number of passengers almost like pre-corona times.

We can provide very little predictability about the flight schedules as circumstances change on a daily basis. The reason to only allow PIA to carry out these flights was the flexibility that our national carrier allowed us in arranging schedules and destinations. While addressing the issue related to opening up of air space he stated that the spread of diseases from overseas Pakistanis is now negligible. Dr Yusuf also reiterated that we are working 24/7 to bring back Pakistanis in the safest possible manner and he also thanked overseas Pakistanis who have been patient and accommodating.

Mr Kashif Ahmed Noor, in his presentation spoke about the number of stranded people abroad and he stated that there are about 60,000 people who have registered with various embassies for returning home. He also spoke about the impact of this situation on remittances. According to him the remittances till April have not been affected much but the first impact is expected in figures of May. He also talked about the reintegration process of repatriated Pakistanis. He said that for reintegration process his organisation has submitted the proposal to MOFA and it will be launched in near future. He told that they are getting data from the Foreign Missions and are linking it with FIA. So that customized and filtered data can be used to build the candidates profile if they wish to go abroad in future.

In collaboration with National Vocational and Technical Training Commission (NAVTC) certified skills trainings will also be provided to these people for better employment prospects in the future within Pakistan as well as overseas. This data will be shared by NAVTTC for the national job market with Small and Medium Enterprises Authority (SMEDA) and the Youth

Program of Usman Daar, current Special Adviser to the Prime Minister on Youth Affairs. Thus, those wishing to set up their own businesses can be facilitated.

He also shed some light on the important aspect of social inclusion and reintegration of the returnees. The National Youth Development Framework (NYDF) has some provisions for loans and entrepreneurship and this data has also been shared with Benazir Income Support Programme (BISP). Another proposal is pension for overseas Pakistanis and as well as informal registry with Employees Old-Age Benefits Institution (EOBI), Overseas Pakistani Foundation (OPF) and Bureau of Emigration and Overseas Pakistanis (BEOE). He stated that working and together to combine resources can help reintegrate Pakistanis who are coming back due to this Covid-19 situation in a much better way.

Mr Salman Athar, Director General Crisis Management Unit, MOFA emphasized that no countries around the globe were prepared to deal with this unprecedented crisis and that MOFA was swift to set up a Crisis Management Unit (CMU) to deal with this situation. Earlier (temporary) CMUs were established and dismantled as soon as the crisis was over. However, this time, the Foreign Minister has decided to establish a permanent setup with a permanent record. He briefly described the functions of CMU which are listed as under:

1. Coordination with missions and provide information to them; if they want information from some other ministry they can contact and provide that as well.
2. Providing information to the ministries seeking information about stranded Pakistanis.
3. Maintaining lists of stranded Pakistanis and provision of said lists to National Security Division, OPF, and Overseas Pakistani Division, etc.

He also spoke about the Pakistan's missions abroad. With the outbreak of crisis there were curfews and lockdowns across the world. So it was very difficult for these missions to get information but their efforts are commendable in this regard as despite difficulties and financial as well as manpower constraints; they have done a wonderful job. MOFA also provided help to our missions abroad; they also helped the stranded people and those who are short of finances to meet their daily needs. So far we have repatriated more than 51,000 Pakistanis from abroad; 47,000 through flights and remaining through land borders. Our missions are maintaining the list

of stranded Pakistanis and in coordination with PIA and are facilitating the repatriation process. At present we have about 92,000 Pakistanis who are studying abroad out of whom 5,569 are in other countries while remaining are in three countries; UAE about 54,000, Qatar around 2,000 and in Saudi Arabia round 31,000.

CMU is working 24/7 and has also established a helpline to provide information to people of the community who are living abroad. Our missions have very limited manpower, so it's very difficult for them to attend to everybody. In some cases, some people are unable to approach them and when they approach us, we contact our missions and on our request our missions approach those people. The data is provided by CMU to NCOC so that NCOC can have decision making so we are trying to have as much accurate data as much possible.

Senator Sehar Kamran in her presentation stated that as we are aware that Covid-19 is an unprecedented threat to the modern civilisation. It has caused severe socio-economic disruptions across the planet and one of the largest predicted recessions in the modern history. The outbreak of coronavirus has resulted in disruptions within political, social, economic, and religious and financial structures across the planet indiscriminately. The impact of this pandemic is faced by all, both the developed and developing countries are facing a shrinking economy and an uphill battle with super inflation and unemployment.

Prior to this pandemic Pakistan's economic growth was already at an all-time low and naturally economy was facing a severe revenue shortfall shrinking to an estimated Rs.42 trillion. According to PIDE, it is expected that around 2.4% Annual GDP may be lost due to covid-19 bringing the country into a recession. A report by PIDE highlighted that remittances sent by Pakistani workers accounted for more than 6% of Pakistan's GDP in 2019. Its significance for the national economy is highlighted from the fact that remittances make 86% of secondary income balance, helping maintain country's ever fluctuating foreign exchange reserves. It is important to know that during last five years, remittances from Saudi Arabia ranged between 4.8 billion to 5.9 billion, 3.1 Billion to 4.3 billion from UAE by 22.6 million overseas Pakistanis residing in Saudi Arabia and 1.6 million residing in UAE. It was projected that Pakistan will receive around US\$23 billion in financial year 2020 and over \$26 billion in financial year 2021. However, owing to covid-19 outbreak and consequently the shutting down of global economy

these figures will be significantly revised. This is because thousands of expatriates working in foreign countries, especially in the Gulf countries have been laid off from work and sent back home or are waiting to return.

She said that it would be premature to estimate the number of Pakistani workers who have lost their jobs and eventually be repatriated from Gulf countries. According to a statement by SAPM on Overseas Pakistanis, over 21,000 expatriates in Gulf States have lost their jobs amid the coronavirus pandemic. We must prefer to count here those who may prefer to undergo difficult times and continue to stay in the host country without any job or on a reviewed salary package which will definitely impact foreign remittances.

We also need to take into consideration that skilled population education standards and literacy rate has tremendously increased in the Gulf countries. Today literacy rate in Saudi Arabia is 98%, employment opportunities have been opened to young, educated Saudi youth especially women resulting in return of foreign workers to their home countries. However, as per Ministry of Overseas Pakistanis and HRD as of 13th of May at least 24,500 stranded Pakistanis have repatriated from various countries under special repatriation operation. On 8th May Pakistan's Foreign Office stated that 10,900 Pakistani expatriates about 60,000 from UAE, 16,000 in Saudi Arabia and 5,500 in Qatar who are awaiting repatriation. These numbers are indeed distressing and continue to grow as flight operations resume and times passes. It is fair to assume that the stress on Pakistan's economic resources and the socio-economic repercussions of these migrants will have a significant impact in long run.

In conclusion, she stated that the workers who are in Gulf Countries are especially in the low income labour who came to the region looking for work to support their families back home financially. Most of them are sole earners of their families and through their remittances have helped them avert poverty however that is about to change. The most obvious implication of their mass repatriation will be witnessed in form of a jump in unemployment rate in the country. Among many other evils that come with unemployment the most significant is looming spread of hunger crisis. Owing to the shortage of jobs in the already stressed economy, it is feared that the number of people living below the poverty line will be doubled and they will not be able to afford basic amenities of life especially the food items. The poverty and hunger crisis has the

potential to snowball into a precarious law and situation as people will adapt unlawful means to earn money owing to the nonexistence of economic opportunities. However, it is essential that situation should be controlled before such a condition arises.

In order to prevent a doomsday scenario, it is pertinent that the government must ensure alternative means and ways to bridge the widening financial gap owing to the sudden drop in foreign remittances. For this purpose, first step would be collation of factual data of the repatriated migrants. Data limitations can prove to be a major constraint in policy formulation so that should be removed. Inward economy, domestic production and projects is one of the viable options. Such projects that could create jobs should be started to help the jobless people. The migrants who want to start their own businesses should be supported so they can contribute to job creation. Government should reduce the red tape and offer financial incentives such as tax holidays and provide information on investment possibilities. It is the need of the hour to understand the gravity of the situation and tackle this sensitive issue with foresight. We as a nation need to work together to find a workable situation for magnitude of problems facing our country.

Dr Amer Sheikh focused on the socio-economic implications of repatriated workers and their rehabilitation. He said that even though we may fall a little short of the expected 22 billion remittances this year, but the reduction has not been felt as of yet because people who have returned or who are returning, were already sending their savings to their families in Pakistan.

He stated that on March 20, 2020 when the air space was closed there were around 3000 people who were stranded at the airports. The first thing that OPF did, was the establishment of an emergency cell / emergency helpline so that people could easily reach OPF officials and they could in turn communicate with them, get back to Pakistani missions or to the Crisis Management Unit in MOFA. OPF also provided ambulance service to dead bodies that have been transported. An estimated 342 dead bodies have been transported to Pakistan since March 20, 2020.

While highlighting the role of OPF he stated that OPF has also provided \$20 million to NDMA as a donation for providing food to student stranded in Wuhan city. It also provided financial

assistance to the disabled and the families of the deceased. He elaborated how the OPF chains of schools are also offering 50% tuition waiver to children of returning families.

He also talked about the housing projects that have been launched by OPF in which 10,000 plots have been allotted to overseas Pakistanis. In terms of reintegration, he mentioned a project with a German development agency, GIZ that has given a grant of 3.16 million euros for training, microloans and setting up micro enterprises for repatriated workers.

Ambassador Asif Durrani focused on lessons learnt from this crisis and how the government should increase investment and development in the health and education sector. He said that overall on global scale it is said that economies are going to shrink about 7-8% of the GDP and it's a humongous number and we have to cater to that. He said that when we talk about the repatriated people and especially the workers in Middle East and in Gulf countries it counts about 4-5 million. The economies of the Gulf will also be affected by almost 10%. So roughly we have four to five hundred thousand labours which will be laid off. So, government should cater for those eventualities and their rehabilitation when they come back to the country.

He also stressed that we should revise our national priorities. Health and education should be our prime focus. Moreover, we should reach out to our community and community leaders and chalk out the strategies to avoid the maximum damage from pandemic and this process of repatriation.

The Webinar also included an interactive session. During this, Ambassador Aizaz Ahmed Chaudhry, asked about the proposal of contacting the Gulf Countries at a higher level and the viability of asking them to slowdown the layoff process and how this slow down might help Pakistan.

Kashif Noor explained that since the breakout of Covid-19, we have adopted a two-pronged strategy and our mission and commercial attachés were issued formal direction from the Ministry that they should contact the employers, the host governments and as well as workers to delay the layoffs as they cannot stop them. We have been trying to talk to workers as well as our overseas employment community and welfare attachés to convince them to take a bit of a hit in salary but do not opt for a lay off.

While talking about the second part of strategy he explained that Syed Zulfiqar Abbas Bukhari, Special Assistant to the Prime Minister on Ministry Overseas Pakistanis & HRD, has been in constant contact with Labour Ministers of the GCC countries through weekly online meetings. We have been constantly raising this point in a way that if a layoff has to happen the worker who has to come back to the country should be paid his dues and as well as return ticket back home. Still our first priority is to convince the worker management and the host government that the layoff is not a solution for them and for us and all the three parties. Still we will try that 10-15% of layoffs should not happen under any circumstances.

Senator Sehar Kamran raised concerns about the immigrants Iqamas, decrease of the bonuses and Azad Visas.

While addressing her concerns, Mr Kashif Noor expressed that with regards to Iqamas we are talking to the governments to get them extended and preferably free of cost and till end of 2020 most Iqamas will be extended free of cost.

With reference to decrease of the bonuses he said that bonuses are not given to the employees right now it is a matter of survival and we are trying to convince the workers and management to go for reduced working hours. If you had gone through the decrease of the bonuses the Saudi government is calling for a renewed contract and salaries will be reduced up to 40% with reduction of working hours. They are seeking help from government of Pakistan in negotiating it and we are trying to convince the workers that having a slight hit would be better than the unemployment.

With reference to Azad Visas, he said it has taken the biggest hit because the lock down situation has meant that the workers are not working or those who have been working for some Kafeel are not able to work. Small businesses have been shut down which will have an adverse impact. But things are slightly improved now and these workers might get some job and work.

In his concluding remarks, Ambassador Khalid Mahmood, Chairman BOG, ISSI, stressed that Pakistani workers abroad are not only helping their families financially by sending back remittances but are also playing a crucial role in the industrial development of their host countries, all at a great personal cost. He said that demand of unskilled workers abroad was

already diminishing due to various global and regional factors and Covid-19 seems to have compounded the challenge. The current government's response has been commendable in arranging the return of these people but the task ahead of absorbing them is the most important one. He indicated that those returning may be adjusted in the Special Economic Zones (SEZs) in different projects of China Pakistan Economic Corridor (CPEC) that are underway.