

Foreign Labor Pressures the Already Exhausted Kurdistan's Economy



A group of local labors are taking a training course. Photo Credit: Ministry of Labor and Social Affairs

By Aras Osman*

Since 2014, around 80 thousand foreign workers have entered Kurdistan Region of Iraq (KRI). The region's poor labor regulations have created multiple problems for its economy as well as the foreign workers, who have faced various types of abuses. Meanwhile, local labors barely survive the region's crashed economy due to the recent oil price down, ISIS' war, and financial instability.

A number of the Iranian Kurds who have come to Sulaymaniyah were sitting under the shade of a tree closed to Sulaymanya's Grand Mosque, usual place for casual labors to meet their employers. Hussein Qadri, 18 years old from Jiwanro (small town in Iranian Kirmanshah Province) was waiting to be hired as casual labor to make his life in the day. He told ICPAR, "In Iran, the daily wage is 80 to 90 thousand Toman which is worth a kilo of beef, and we barely could make enough to survive. However, working a day here is worth 250 thousand Iranian Toman as daily payment of labors is about 25,000 IQD. To work here we have to pay the entry fees and accommodation which is 3,000 IQD per a night. I think we have benefited the economy here by lowering the cost of labor."

Before the Iranian labors enter the KRI's market, Iraqi workers used to do the same job at 35,000 IQD per day; therefore, as Qadri stated, "Iraqi workers are not happy with us while we work for less money."

The Iranians usually stay for short period of time to provide for their families, and they will go back after making 3 to 4 hundred dollars, which is enough to get their families satisfied in the whole month because of the Iranian depreciated currency.

On November 5, 2018, the U.S. re-imposed economic sanctions on Iran. The sanctions, had been lifted or waived under the Iranian Nuclear Deal, are seen the toughest sanctions the Iranian Regime has faced. They target Iran's energy, shipping, and shipbuilding sectors, which are crucial for the country's economy. They have lowered Iranian oil exports from [2.5 million barrel](#) per day (bpd) to almost 100 thousand bpd and dramatically depreciated Iranian currency. "If Iranian economy is good or not, we are poor labor and only we can pray that our lives do not get worse." Qadri elaborated while talking about his life-conditions back in Iran.

According to the Article 23 of the KRI's Labor Law and 2015 regulation No 2, any foreign worker enters the region has to pass on his/her skills and experiences to two local workers. Data provided by the Social Affair Committee of the KRG Parliament, shows that around 10 thousand workers entered KRI in 2015, but the region's economic crisis and halt in the public projects lowered this number to almost 3,500 in 2018. Out of this number, only 427 were skilled workers, and the rest were low skilled or un skilled workers. From 2014, 78.5 thousand workers entered the KRI, and 50 thousand of them still live in the region.

During the interviews, the workers talking very cautiously as they have left families in Iran and did not want to make any political point that might get them in trouble. They also avoided talking about the implications of the current Iranian economic crisis, fearing from prosecution once they will go back.

Another worker from Marivan (A town on the Iran-Iraq border) talked on condition of anonymity fearing from issues back in his home-country, said "It has been four days since I came here. I used to work as a truck driver and make more than 100,000 Iranian Rial (47.6USD) per day. But the situation is so bad now if I do my best I still can't make 20,000 Iranian Rial (9.5 USD). I had to sell my car for 20 million while I paid 60 million originally to buy it."

Every morning, around 90 Iranian workers gather in the same spot, and after finishing their works, they return back to the same spot to socialize. While staying there, two other Iranian workers, one from Sina (Sanandaj) and the other one from Marivan returned from their works. It has been four months, they moved to Sulaymaniyah fleeing the Iran's crashed economy. Another worker, called Shaaban, told ICPAR, "I was working as a casual labor in Iran, but it got so bad I could not provide anything to my family. But here, the market is good. People look for Iranian labor because it is cheaper. We have a very harsh condition and I have heard story that an Iranian worker killed his friend to take his labor wage. I am engaged, but I can't get married. Coming here was to make some money to my wedding party."

Nariman Qadri, another Iranian worker, has been in Sulaymaniyah for the last three years and worked in construction, said, "Here I will do any work just to survive and support my family. We are facing a lot of problems because the employers sometimes delay our payments. Sometimes, we make 25,000 IQD but it is not all the time. Some days, I do not even make 10,000 IQD (8.3 USD). But some days, I could get lucky and make 50,000 IQD (42 USD), so it is not a stable income."

Even though, these foreign labors are making much more compare to their peers back in their home country, but it is very hard for them to save and support their families while the job market in Iraq is not that stable. They also have to spend most of what they are making on living cost; food and accommodation. The new regulations for renewing their work-visa in the KRG cost them 2.2 million Iranian Rials (66 USD) in the first month, 3.2 million Iranian Rial (96USD) in the second month and 4.2million Iranian Rial (126 USD) from the third month and following. While residency fees are lower in the other parts of Iraq, the workers still prefer staying in the KRI.

Competing for Limited Labor Opportunities

Competing for limited labor opportunities, the Iranian workers have created problems to locals. The first issue here is reducing wages. They are entering an economy that yet slowly recovers recent financial and economic crises. Employers know about the needy Iranian labors, and there

have been many cases where employers did not pay workers or did not fulfill their agreement fully as Badria Esmael, rapporteur of Social Affairs Committee in the KRI's parliament, revealed. Lack of coordination between the Ministry of Interior Affairs and Ministry of Social Affairs to regulate the labor market is one of the key problems. Most of the workers entering the KRI through the Ministry of Interior Affairs with tourist visas, but latter they start looking for jobs and then overstaying. Abdul Majid Salah, general director at the Ministry of Social Affairs working in Sulaymaniyah, told ICPAR, "There should be more coordination between the two ministries. But allowing new workers to enter the market should be left for us in order to make sure that local labor force is not harmed. Also, there should be a time limit in which those workers can stay. After finishing their time period, they should leave back to their countries. There have been Bangladeshi labors working in the KRI for 10 years. They negatively impacted local labor force as they accept lower payments and work more than one jobs."

Salah believed that allowing workers to enter the market should be based on local needs and demand for labors. After entering, they should be totally integrated within the local legal system, so they would not be abused while working here.

He elaborated, "We see a trend that the Ministry of Interior Affairs tends to be worried about collecting fees from foreign workers. It has allowed lawyers to issue documents that facilitate importing foreign labors for a fee which in many cases leads to overcharging the workers up to 1 million IDQ [838 usd]. This is overstepping and we are planning to change it, but we have not received any positive responses."

The foreign workers with the current arrangements could be easily abused and even in some cases dragged to human trafficking. Gulstan Saed, member of Kurdistan Parliament's Social Affairs Committee, stated. Saed, who closely works with labor organizations, confirmed that the foreign workers face abuses in many cases. They lose control over their passports which is against basic human rights. The Social Affairs Committee is working to draft a legislation project that obliges the Kurdistan Regional Government to follow Iraqi Labor Law to protect labors' rights.

Saed stated, "There is a growing frustration within local workers about the constant flow of the foreign labor into the market as they already have difficulty finding jobs."

The issue of the foreign labor in the KRG has not been arranged and not fully studied. Till now, the Ministry of Social Affairs does not have a clear statistical data about the number and locations of the foreign labors in the region. Kwestan Mohammed, the region's labor minister, stated that her ministry has started building a database for all foreign and local labors who work in the KRI. The current situation has caused a lot of problems for other governmental offices. The crime rate within the desperate workers is much higher. This has led to horrifying stories according to security sources. In many cases, workers have been robbed by their peers. In few cases, workers killed their friends just for little money.

According to Sarkawt Ahmed, spokesperson of the Sulaymaniyah Police, the labor open border policy has posed many problems to law enforcement institutions in the region. He said, "Many foreigners even do not register their names with any government offices and later cause lots of problems. They make troubles and disturb peace in many places. Also, they have no money to rent a place which has caused a homelessness issue in the region. In some cases, they start begging on the streets. They have to come in fully checked and documented."

As Iraqi economy becomes more stable, more workers, especially Iranians, will enter the country; however, the current situation is hard for everyone including government. This needs a greater coordination with public offices and with local labor force to ensure that the market is not



oversupplied with labor and the local workers are not harmed. However, this may need to reshape the whole approach that is used for importing labors. As the pressure from local communities rises more, the government and the legislative branch sooner or later need to address this issue.

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