

THE IMPACT OF FALL IN OIL PRICES ON MIGRATION
AND
REMITTANCE FLOWS BETWEEN SAUDI ARABIA AND
PAKISTAN



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ABSTRACT

This research aims at investigating the relationship between oil prices, migration and remittance flows between Saudi Arabia and Pakistan from 1980 to 2014-15. The main objective of this study was to analyse how fluctuations in the oil price impact the labour demand of Pakistani workers in Saudi Arabia and the flow of remittances from Saudi Arabia to Pakistan. The study also analysed past oil price trends and government responses and policies during these periods of oil price decline. Time series analysis was done using ARDL technique. The results showed a significant negative relationship between oil price decline and labour demand whereas a significant negative relationship between remittance flows and oil price decline was also found but at a very nominal level. Remittances in fact have shown an increasing trend. We explain this by (i) an increase in the number of better educated and skilled pool of migrants over the years earning (ii) increase in official channels of remittance flows (iii) Saudi Arabia's strong financial position built over the years and its simultaneous dependence on foreign workers.