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IRAQ: Reducing Foreign Labor Force

Baghdad, which claimed Wednesday to be preparing to demobilize five divisions by mid-October, is trying to reduce the number of foreign workers in Iraq in order to prepare for large-scale demobilization and to conserve hard currency. The US Embassy reports that next month Iraq will sharply reduce the amounts most foreign workers can convert to hard currency and remit. Earlier this year, Baghdad banned Egyptians from operating produce stands and prohibited workers from converting their earnings locally. The Embassy reports 1,000 more Egyptians are leaving than entering Iraq daily. The five divisions to be demobilized include 50,000 troops, 4 to 5 percent of Iraq's current forces. [REDACTED]

Comment: Although previously announced demobilizations have resulted only in the shifting of units to Border Guard or internal security duties, Iraq probably wants to free some of the jobs of its 2 million foreign workers for soldiers. Baghdad also wants to save hard currency for development projects and imports; annual remittances will be halved to about \$1 billion even if most workers remain. Many Egyptians probably will stay in Iraq because of poor opportunities at home. Baghdad's actions are likely to increase friction with members of the Arab Cooperation Council, which seeks opportunities in Iraq for its workers. [REDACTED]

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