



# Migration to the Gulf

## Policies in Sending and Receiving Countries



Gulf Research Centre Cambridge  
Knowledge for All

Edited by  
Philippe Fargues and Nasra M. Shah

# **Migration to the Gulf: Policies in Sending and Receiving Countries**



# Migration to the Gulf: Policies in Sending and Receiving Countries

Edited by

Philippe Fargues and Nasra M. Shah



Gulf Research Centre Cambridge









**Gulf Research Center**  
Knowledge for All

E-mail: [info@grc.net](mailto:info@grc.net)

Website: [www.grc.net](http://www.grc.net)



**Gulf Labour Markets, Migration, and Population (GLMM) Programme**

E-mail: [info.glmm@grc.net](mailto:info.glmm@grc.net)

Website: [gulfmigration.eu](http://gulfmigration.eu)

**Terms of use:** By using any information from Gulf Labour Markets, Migration and Population Programme (GLMM), the user: (a) acknowledges having read the legal notices concerning copyright, terms of use and disclaimers and agrees to comply with them in full; (b) agrees to assure himself/herself whether and to what extent copyrights exist on information published by GLMM prior to using this information; (c) agrees not to use information published by GLMM in any way that would result in the infringement of existing copyrights; (d) agrees to always follow precisely and fully the citation instructions provided by GLMM. GLMM publications may be copied and distributed only in their entirety and together with any copyright statements they may contain, as long as they are properly attributed and used for non-commercial, educational, or public policy purposes. Photographs, logos, graphs, tables or any other images from GLMM publications may not be used separately.

**Copyright:** © European University Institute (EUI) and Gulf Research Center (GRC), 2018. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of European University Institute and Gulf Research Center.

**Disclaimer:** The Gulf Labour Markets, Migration and Population Programme (GLMM) cannot be held responsible in any way for the correctness and accuracy of the information and data published on its website, on paper and in other forms, including the database and its publications. GLMM strongly encourages users to verify the correctness and accuracy of the information and data with the source, which is always indicated with the greatest accuracy and detail possible. Any opinions expressed in any GLMM publication are those of the author(s) alone and do not necessarily state or reflect the opinions or position of the Migration Policy Centre, the European University Institute or the Gulf Research Center.

**Support:** The Gulf Labour Markets, Migration and Population Programme (GLMM) receives support from the International Migration Initiative (IMI) of the Open Society Foundations (OSF), the National Priority Research Program (NPRP) of the Qatar National Research Fund (QNRF), the Swiss Agency for Development and Cooperation (SDC), and the United Nations Development Programme (UNDP- Kuwait) and relies on the institutional resources of GLMM partners.

# Gulf Research Center

E-mail: [info@grc.net](mailto:info@grc.net)

Website: [www.grc.net](http://www.grc.net)

## Jeddah

Gulf Research Center  
19 Rayat Al-Itehad St.  
P.O. Box 2134  
Jeddah 21451  
Kingdom of Saudi Arabia

## Geneva

Gulf Research Center  
Foundation  
WMO Building - 2nd Floor  
Avenue de la Paix, 7bis  
CH-1211 Geneva  
Switzerland

## Cambridge

Gulf Research Centre  
Cambridge  
Centre of Islamic Studies  
University of Cambridge  
Sidgwick Avenue  
Cambridge CB3 9DA, UK



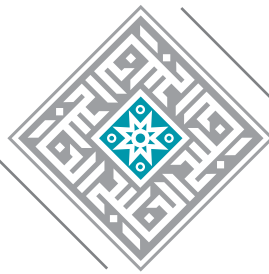
First published 2018

ISBN: 978-1-909864-22-1

Cover Photo: Imco Brouwer

## About the Gulf Research Center

---



The Gulf Research Center (GRC) is an independent research institute founded in July 2000 by Dr. Abdulaziz Sager, a Saudi businessman, who realised, in a world of rapid political, social and economic change, the importance of pursuing politically neutral and academically sound research about the Gulf region and disseminating the knowledge obtained as widely as possible. The Center is a non-partisan think-tank, education service provider and consultancy specializing in the Gulf region. The GRC seeks to provide a better understanding of the challenges and prospects of the Gulf region.

# About the Gulf Labour Markets, Migration, and Population (GLMM) Programme

---

The Gulf Labour Markets, Migration, and Population (GLMM) Programme (<http://gulfmigration.eu>) is an independent, non-partisan, non-profit joint initiative of a major Gulf think tank, the Gulf Research Center (GRC - Jeddah, Geneva, Cambridge), and a globally renowned university, the European University Institute (EUI - Florence). GLMM provides data, analyses, and recommendations contributing to the understanding and management of labour migration in the countries of the Gulf Cooperation Council, engaging with all stakeholders.





# Contents



## Introduction

1. Migration Policies, between Domestic Politics and International Relations ..... 1  
*Philippe Fargues and Nasra M. Shah*

## Part I

### Policies on Inward Migration

2. Wage Protection Systems and Programmes in the GCC ..... 9  
*Ray Jureidini*
3. Migration Policies across the GCC: Challenges in Reforming the *Kafala* ..... 33  
*Abdoulaye Diop, Trevor Johnston, and Kien Trung Le*
4. Exploring Links between Post-Arrival Initiatives and Labour Market Outcomes of Migrants ..... 61  
*Ahmed Al Hashemi and Dina Sameh Habib*
5. Highly-Skilled Professionals in the GCC: Migration Policies and Government Outlook ..... 81  
*Sabah Anbareen Khadri*
6. The Challenges of Dual-Societies: The Interaction of Workforce Nationalisation and National Identity Construction through the Comparative Case Studies of Saudisation and Emiratisation ..... 105  
*Júlia Palik*



## Part II

### Policies on Outward Migration

7. Emigration Policies of Major Asian Countries Sending Temporary Labour Migrants to the Gulf ..... 127  
*Nasra M. Shah*
8. Policies and Politics in the Arab Migration to the Gulf States: Struggling to Keep the Door Open ..... 151  
*Françoise De Bel-Air*
9. Indian Migration to the Gulf: Overview of Trends and Policy Initiatives by India ..... 179  
*Rupa Chanda and Pralok Gupta*
10. Frontlines of Global Migration: Philippine State Bureaucrats' Role in Migration Diplomacy and Workers' Welfare in the Gulf Countries ..... 199  
*Froilan T. Malit, Jr.*
11. The High Cost of Migrating for Work to the Gulf ..... 221  
*Manolo I. Abella*

## Part III

### Policies Assessment

12. Earnings Differentials and Nationalisation Policies in GCC's Private Sector Labour Market ..... 245  
*Usamah F. Alfarhan*
13. Shaping Smart Societies: How Migration and Education Policies Meet in the Gulf States ..... 269  
*Philippe Fargues*

## Acknowledgements

All the chapters contained in this volume are original contributions from scholars with an expertise on Middle Eastern and migration issues. They were prepared for the Gulf Labour Markets, Migration, and Population (GLMM) programme's workshop entitled "Migration Policies in the Gulf: Continuity and Change" held at the University of Cambridge from August 1-4, 2017 in the framework of the Eighth Gulf Research Meeting (GRM) organised by the Gulf Research Centre Cambridge (GRCC).

The editors want to express their gratitude to: GRCC for making this workshop possible and assisting with the funding of this volume; Abdulaziz Sager and Christian Koch for their all-round support; GLMM's Executive Director Imco Brouwer for facilitating the workshop, organising the entire process of publication, proof-reading, and providing the cover photo; Sanya Kapasi and Elsa Courdier for the workshop logistics; Oskar Ziemelis and Vasim Shaikh for their administrative support; Radhika Menon for the language correction of the chapters and proof-reading; Manikandan Chokkalingam for typesetting of the volume; Mona Faisal Al Ghamdi for the volume cover; and all the authors for their efforts to produce new knowledge on a critically under-researched topic.



# I

## **Introduction: Migration Policies, between Domestic Politics and International Relations**

*Philippe Fargues\* and Nasra M. Shah\*\**

### **Introduction**

International migration is one of the most ubiquitous realities in the Gulf states nowadays. In many ways, the inexhaustible availability of a foreign labour force has allowed the Gulf nations to become what they are today. Migration has been instrumental in nation-building processes in the Gulf. At the same time, the sheer scale of the phenomenon—with foreign majorities in the workforce as well as in total population of several states—is regarded as a challenge to nationhood. At the other end of the migratory routes, for many countries of origin in South Asia, the Arab world and East Africa, migration to the Gulf is an integral part of the lives of tens of millions and a constitutive element of economies and societies. Following an almost universal rule, host countries regard immigrants as a threat, while source countries view their emigrants as benefactors.

---

\* Philippe Fargues is Professor at the European University Institute (EUI) in Florence and Scientific Director of GLMM.

\*\* Nasra M. Shah is Professor at Kuwait University and Scientific Director of GLMM.

An obvious distinction must be made between emigration and immigration policies. On the sending side, there is a widespread view that emigrants serve the prosperity of their nation of origin, through financial remittances but also enhanced skills and enlarged business networks, and that they must be protected in the countries where they live. State institutions have been created to look for migration opportunities and to defend the rights of their expatriate nationals in terms of living and working conditions. Fair recruitment and decent work have become an integral part of this agenda. Emigration is now regarded as a resource for national economies in the same way as trade, and a matter for external policies and politics.

On the receiving side in the Gulf, policies have been characterised for the last half century by a contrast between open labour markets and closed societies: admitting the contract workers needed by ambitious development programmes while limiting the rights of foreign nationals and avoiding their long-term settlement. More recently, rising levels of unemployment among Gulf nationals have inspired more restrictive immigration policies with the aim of nationalising the workforce and replacing migrants by nationals. Governments are confronted with a number of migration-related imbalances such as: very high dependency on foreign labour; too few women in the labour force; too much unused education and wasted skills among nationals; too much money flooding out of the country in the form of workers' remittances; very rigid regulations resulting in high levels of irregularity.

Policies, however, do not always produce all their intended outcomes and sometimes result in unwanted consequences. Indeed, markets may be stronger than states; international pressures may curb trends at national level; non-governmental actors may play against decision-makers; individuals may devise strategies to bypass rules and so on. Policies must be assessed by confronting their objectives with their achievements, and the changes they intend to produce with actual developments on the ground.

The overall aim of this book is to add to the relatively scarce knowledge on major policies that regulate, facilitate, limit, and protect migrants and enable them to contribute to the development of the Gulf and their home countries, as well as provide sustenance for millions of families, many of whom do not accompany the migrant worker. By focusing on both sending and receiving countries, we are able to outline some of the inherent contradictions of their policies, which make effective implementation very difficult. Our hope is that dissemination of such knowledge will be useful for policymakers and other stakeholders striving to improve current systems, from a state's as well as a migrant's perspective.

The chapters in this book address three main areas. The first part is on the Gulf states' policies regarding the admission, labour participation, stay, and working and living conditions of foreign nationals. It is structured by topics rather than by countries. In this way, each chapter can present a comparative view of differences between states in the Gulf, as well as of how changes are taking place faster in certain contexts than in others. The second part on emigration policies is, on the other hand, structured by geographic areas. Asian and Arab countries of origin are dealt with separately as all of them have a wide range of national policies. In addition, policies of two leading countries, India and the Philippines, are highlighted. Also, an overarching topic that covers migrants from many different sending countries vis-à-vis the high cost borne by migrants to the Gulf is addressed. The third part examines some of the intended and unintended outcomes of policies.

## **Part 1. Policies on Inward Migration**

Saving wages in order to remit money to families in the home country is the strongest and often sole motivation to expatriation. For this to happen, wages must be paid in full and on time. This is not always the case, however. Paying lower wages than mentioned in the contract and withholding wages are not uncommon practices among private employers in the Gulf. With a view to counteracting such practices and protecting employees, several governments in the Gulf have taken measures to establish a Wage Protection System (WPS), requesting employers to pay employees by means of bank transfers. Assessing WPS programmes recently put in place in five GCC states, Ray Jureidini highlights positive but insufficient achievements. While a WPS makes it possible to detect late payments, it is not yet adapted to counteract other fraudulent practices such as payments lesser than what the contract stipulates.

The sponsorship institution (*kafala*), which characterises migration systems in the GCC and a few other Arab states, has for long been the subject of harsh criticism from human rights activists and labour rights defenders. More recently, it has also become a much debated issue in GCC economic and political spheres, and reforming the *kafala* is now on the agenda of governments across the region. In their chapter, Abdoulaye Diop, Trevor Johnston and Kien Trung Le assess to what extent current changes in labour laws are likely to gradually reduce the role of the *kafala*, if not abolish it, and based on the findings of an original survey in Qatar describe how citizens perceive these reforms.

Another specific feature of GCC economies is an extremely high and continuously increasing dependency on a migrant labour force. With the aim of curbing this trend, all GCC governments have adopted various measures for nationalising the workforce and replacing foreign workers by nationals in the private sector. Julia Palik analyses how the predominance of foreign workers on the labour market is seen as a threat to local culture and identity in Saudi Arabia and the United Arab Emirates (UAE). Beyond economic considerations, “Saudisation” and “Emiratisation” policies are becoming core elements of national security policies, a vision that is exacerbated by the current context of the low oil price crisis.

From a migrant as well as an employer and state perspective, the success or failure of migration depends *inter alia* on how well prepared the migrants are for the economic, social and cultural conditions at destination. In their chapter, Ahmed Al Hashemi and Dina Sameh Habib examine a pilot programme of post arrival measures experimented in the UAE, which they compare to initiatives taken in Germany and Singapore, two countries with a compelling experience in this domain. They recommend that a programme which has been designed in preparation for a successful Expo 2020 be transformed into a long-term strategy.

Lastly, while nationalisation of the workforce is an overall objective, it must not be sought for at the expense of another objective, which is the transformation of GCC economies into powerful knowledge-based economies open to highly-skilled foreign workers. Sabah Anbareen Khadri shows that these two objectives do not contradict each other but can be pursued in parallel, given the current deficit in the GCC national workforce of highly-skilled professionals with the expertise in demand on labour markets. Attracting the talents their economies need must remain a strategy of the GCC states as long as their huge investments in higher education have not yielded all the expected results.

## **Part 2. Policies on Outward Migration**

The Gulf countries receive a majority of migrants from two broad regions: Asia (including South and Southeast Asia) and several Arab countries, with a clear and persistent predominance of the former. In her chapter on the seven Asian countries sending the largest numbers to the Gulf, Nasra Shah outlines the recent trends and patterns of migration and documents the major emigration policies of each country. The annual outflows from each country showed a fairly consistent upward trend until 2016, which is in line with their stated policies aimed at increasing or at least maintaining the migration outflows. Most of their emigrants are relatively

low-skilled workers, and males constitute the bulk in all cases, except for Indonesia and the Philippines where more than half of all emigrants are female. They all perceive Gulf migration as an important solution to the problems of poverty, unemployment and over-population in the home country, some defining it as “survival migration” for the families. Protection of workers is also a stated goal shared by these countries, but remains a distant and relatively passive one in the face of competition among the senders as well as declining opportunities in the Gulf.

As in the case of Asian countries, the five leading Arab sending countries also seek to facilitate emigration to the Gulf through an “open door” policy without restrictions of age and skills, as noted by Françoise De Bel-Air. One of the fundamental reasons for such policies is the high levels of unemployment in these Arab countries, especially among the highly educated nationals. Arabs have, however, lost ground to Asians because they are perceived by the host countries as exerting potentially disruptive influences on the Gulf political systems, being more difficult to control and demanding higher wages than Asians. Arab countries have also sought to harness the potential of emigrants through diaspora policies that could attract investments in home countries. These policies have had limited success, primarily due to a high degree of political distrust between home country regimes and emigrants from the country.

Among all the countries with migrants in the Gulf, India has the largest number. Rupa Chanda and Pralok Gupta report that expatriate Indians in the Gulf numbered about 7 million in 2013, accounting for about 40 per cent of the region’s labour force. Despite this visible presence in the Gulf, India does not have any exclusive policy for migrants going there, unlike some of the other Asian countries. However, several programmes and policies of the government include elements related to Gulf migration, especially focussing on two aspects: promoting outflows and protecting workers. The government’s efforts include the establishment of an online system to facilitate migration, programmes to enhance skills in high demand in the Gulf such as those of domestic workers, drivers and construction workers, and pre-departure orientation to help the potential migrant live and work safely in the host country. Some other programmes intended to protect workers include a mandatory insurance scheme, a social security scheme, and a community welfare fund. Also, India has entered into bilateral agreements with all the GCC countries. Despite such agreements, many of the low-skilled Indian workers are faced with difficult working conditions, persistently low salaries, and abuse by the employers.

The Philippines is another country with large numbers of workers in the Gulf, about 55 per cent being females in domestic service. The Philippines presents a



contrast to other Asian countries in terms of having exceptionally vocal policies to protect their workers, especially the ones in domestic work. In addition to their stated policies, one mechanism of protection is the placement of civil servants in the Gulf countries to ensure the welfare of such workers. Froilan T. Malit, Jr. evaluated the efforts of the Filipino state to provide protection to domestic workers based on qualitative interviews with 100 civil servants and other relevant persons, including migrants. He concludes that, despite its proactive measures, the state has been largely unsuccessful in providing sufficient protection. Among the structural factors inherent in the state's inability to protect its workers, he identifies the following major ones: weak multilingual staff capacity to intervene in disputes with Arabic-speaking employers, inadequate funding, and inability to demand labour rights or criticise the Gulf state publicly.

The high cost that many workers, usually the low-skilled ones, have to bear in order to find a job in the Gulf has been for long a concern for policymakers. Manolo Abella addresses this issue in his chapter, based on data collected in surveys of 29 important migration corridors including the Gulf. He found that the costs of migrating for work to the Gulf states were considerably higher than costs incurred in migrating elsewhere, such as Spain or Mexico. Migrants paid much higher costs for their work visas than the official fees required for them, which in Abella's view presents clear evidence of the continued prevalence of 'visa trading' in the Gulf migration corridors, whereby recruitment intermediaries charge money for buying work visas from Gulf sponsors, which is theoretically illegal. A market of visa trading continues to thrive in the face of excessive supply of low-skilled Asian workers competing for a limited number of jobs. Yet, workers continue to make these huge investments because of the large wage differentials between the host and home countries, often with erroneous information about the conditions of work or cost of living in the host countries.

### **Part 3. Policies Assessment**

Policies may succeed or fail. When they produce outcomes, not all of them go in the expected direction. One puzzling example is nationalisation policies. Though a variety of policy measures have been put in place to increase the share of nationals in the workforce since the early 1990s, not only have these policies not curbed the dependency on migrant labour but the proportion of foreign nationals has continuously increased in all GCC labour markets. Differentials in wages favouring nationals over foreigners have been put forward as an important cause of the failure

of such policies. Usamah F. Alfarhan demonstrates in his chapter that differentials are not only between nationals and foreign nationals, but also among the latter between Arabs and Asians due to a combination of productivity-related differences and price distortions. Several policy measures are advocated, such as a system combining a payroll tax and a payroll subsidy. The tax would be on firms employing migrants and accompanied by an efficient WPS ensuring that wages are paid in full and on time and firms do not shift the tax onto employees, and the subsidy produced by the tax would go to firms employing nationals.

Moreover, policies on migration do not work in isolation but in combination with other policies in various sectors. In the final chapter, Philippe Fargues examines how migration policies and education policies combine in the long term to produce a unique model of societies in the Gulf. On the one hand, legislations on the entry and stay of foreigners allow family reunification only above a given level of income, filtering migrants eligible to stay in the country on economic criteria *de facto* linked to education and skills. On the other hand, education policies have successfully fostered an extremely fast development of secondary and tertiary education among Gulf nationals. As a result of these two policies, a particular segmentation of Gulf societies has emerged in which the working class has temporary residence while middle and upper classes, comprising both nationals and foreign nationals, are long-term or permanent residents. The question is whether societies with little or no endogenous working class have the socio-political dynamics necessary for social change and progress. In other words, what sort of social change can be expected in Arab Gulf states if bottom-up dynamics are ineffective and only top-down reforms are prevalent?

**Part I**

**Policies on Inward Migration**

## II

### Wage Protection Systems and Programmes in the GCC\*

*Ray Jureidini\*\**

**Abstract:** This chapter is an assessment of the limitations of the electronic Wage Protection System (WPS) introduced in four of the six Gulf Cooperation Council (GCC) states. The widespread practice of withholding wages has led to the GCC states introducing a wage protection system where employers are required to make the payments to employees into their bank accounts to ensure an official record of payments that can be monitored. Relevant government authorities, with the cooperation of WPS banks, can monitor and take action against non-compliant employers in relation to wage payments. An overview of each country's wage protection system includes data, where available, on WPS coverage by employing firms, workforce coverage, and penalties for transgressions. In some cases, there is information on the number of violations and the penalties meted out. It is concluded that while WPS programmes are necessary and have provided for greater stability

---

\* I am grateful to Nasra Shah, Sabah Khadri, and Jill Wells for their helpful comments on a previous draft of the chapter and to participants of Workshop 11, "Migration Policies in the Gulf: Continuity and Change," Gulf Research Meeting, Gulf Research Center Cambridge, University of Cambridge, August 2-3, 2017. This chapter was first published as: Ray Jureidini, "Wage Protection Systems and Programmes in the GCC," Research Report No. 01/2017, GLMM.

\*\* Ray Jureidini is Professor of Migration Ethics and Human Rights at the Center for Islamic Legislation and Ethics at the Hamad Bin Khalifa University, Doha, Qatar.

in wage payments, there are still serious limitations because of which a number of fraudulent practices by unscrupulous employers can go undetected. On the other hand, there are problems for employers who may be unfairly penalised. Until improved technological monitoring mechanisms are introduced covering more detailed elements of wage entitlements and access identity, the WPS programmes will only reveal late payment of wages and will be unable to discern whether the payments made are correct, or who is withdrawing the wages from automatic teller machines.

## **Introduction**

The need for a wage protection system (WPS) in the GCC arises partly because of the vulnerability of migrant workers who can easily be exploited by unethical employers. The sponsorship or *kafala* system in the GCC states has come under sustained criticism primarily from Western labour and human rights advocates. A largely privatised system, it allows considerable control over the migrant labour workforce in that the sponsor, or *kafeel*, has decision-making power on their entry, residency, and sometimes exit. Foreign employees must only work for their sponsor, cannot change employers without the permission of their sponsor, and in the case of Qatar and Saudi Arabia, cannot leave the country without permission. Such control over non-nationals reduces competition between the major elite families, serves as a form of oil wealth distribution among nationals, and maintains structural exclusion of foreigners (Dito 2014). It is also explained by the demographics of nationals being outnumbered by non-nationals in four of the six GCC states;<sup>1</sup> that is, as a measure to maintain “societal security” or “identity security” (Akkas 2017).

Although some reforms have been implemented to reduce or eliminate the *kafala* system in some GCC states, the sponsorship system of management remains one of the principle reasons for the vulnerability of migrant labour and contributes to conditions of forced labour and exploitation of wages which may be the result of contract substitution, underpayment, delayed payment or non-payment (Khan & Harroff-Tavel 2011; Jureidini 2016). As migrant workers from Asia go into debt to pay recruitment agencies for their jobs, they are forced to accept wages and conditions that are less than they may have been promised. In addition, workers’ access to grievance mechanisms, however meager, is complicated by a culture of fear

---

1. The approximate proportion of foreigners in GCC populations are: Qatar 91 per cent, UAE 89 per cent, Kuwait 70 per cent, Bahrain 53 per cent, Oman 46 per cent and Saudi Arabia 37 per cent. See <http://gulfinmigration.eu/gcc-total-population-percentage-nationals-non-nationals-gcc-countries-national-statistics-2010-2017-numbers/>.

that to complain may result in dismissal and repatriation or deportation (Gardner, Pessoa & Harkness 2014).

As a result of the kind of entrapment that migrant workers in the GCC face, there have been widespread incidents of employers using wages as a form of control over their workforce. Wage delays and promises are often used to prevent employees leaving, along with passport confiscation and limits to their freedom of movement (ILO 2017).

One of the main complaints by all nationalities of workers in the GCC, particularly to their embassies, concerns wages – low payment (less than promised or less than specified in the contract), delayed payment, and non-payment (Impactt 2017; Wells 2014; Jureidini 2014; Gardner et al. 2013). Such practices are particularly hurtful because the vast majority of workers in the GCC are there to support their families' daily subsistence back home as well as pay off their loans that usually have high interest rates. Labour strikes over wages are rare in the GCC because they are illegal if not authorized and often lead to arrest, detention, and deportation.

Non-payment of employees is, of course, an issue that resonates strongly within Islamic ethical principles. The Prophet stated, for example, "You should pay the labourer his wages before his sweat dries" (Sunan Ibn Mājah, 2443). Further, "I am the adversary of three people on the Day of Requittal: one who gave in my name and then was treacherous, one who enslaved free man and consumed the price and a man who employs a worker but does not pay him his rightful wages" (Bukhari, Hadith no. 2114).

Designed mainly for low-income migrant workers, WPS has been introduced in all the GCC countries, except Bahrain, where it is still under discussion by the Labour Market Regulatory Authority. The WPS is a mechanism mandating wage payments by bank transfer to provide an official record that can be monitored with penalties for non-compliance. As a measure for protection against non-payment of wages, WPS was formally presented and well received at the third meeting of the Abu Dhabi Dialogue (2014). The first to implement a WPS was the United Arab Emirates (UAE) in 2009 (upgraded in 2016), followed by Saudi Arabia (2013), Oman (2014), Qatar (2015) and Kuwait (2015). Electronic transfers offered for the first time an efficient means for authorities to check compliance regarding wage payments by all employers enabling the monitoring of the timing of payments as well as reconciling payments with contracts. WPS also offers the potential for swift settlement of wage disputes between employers and employees.

While the WPS systems installed are a much needed means of protection for migrant workers, they do not address the lack of minimum wages for the private

sector or the practice of linking wage differentials to nationality. For example, despite multilateral talks and agreements between the major Asian labour-origin countries and the GCC states, such as the Abu Dhabi Dialogue (ADD), there has been very little cooperation in the standardisation of wage levels and minimum wages by occupation (Dito 2014). Wage levels have been largely left to the international labour market or recommendations from embassies of individual labour origin countries (Jureidini 2014).

In relation to the UAE, and repeated in other countries, the strengths of the WPS have been summarised as follows:

1. Reiterating the commitment to protect workers' wages;
2. Providing innovative solutions that help employers safeguard their own interests, reducing the time and effort needed to pay workers' wages, and offering employers a clear track record of salary payment which enables them to demonstrate compliance with the labour law and safeguards their interests in case of labour disputes;
3. Taking serious steps to improve job security in order to strengthen work relationships in the UAE and safeguard the rights of all parties concerned;
4. Entrenching transparency and competitiveness;
5. Ensuring that the UAE Ministry of Labour is regularly and constantly updated on wages data in the private sector in order to guarantee that employers fulfill their salary obligations;
6. Taking protective and proactive measures to reduce labour disputes pertaining to wages. (ILO 2016)

The WPS can also force sponsors involved with visa trading ("free visas") to regularise their circumstances by registering workers as having absconded, providing NOCs for workers who are employed elsewhere, or ensuring they leave the country (Jureidini 2017). Besides, labour supply firms that "warehouse" migrant workers can presumably be kept in check by the WPS. Though labour supply firms are the formal employers of migrant workers and hire them out on short-term basis to contractors and subcontractors alike. It is common practice, however, for these firms to not pay them or reduce their wages and allowances if they are not being hired out and remain idle (Jureidini 2014). Such wage discrepancies, without adequate justification, should raise red flags with the ministries for checking, inspection, and remedial action.

This chapter will provide a brief overview of WPS in four GCC countries that have implemented it. Bahrain has been excluded because it has not yet implemented WPS. Kuwait is excluded because there is insufficient material available in the media, or government websites. The overview will be followed by a critical assessment showing some limitations and abuses of WPS in practice. Finally, it is suggested that WPS can be rendered redundant, or indeed be used maliciously, when employing companies themselves throughout the supply chain have not been paid by their clients. Without financial reserves, they may be unable to pay their workforce and the payment disruptions in the supply chain may result in bankruptcy where clients are no longer obligated to pay and employees also remain unpaid.

## UAE

In 2007, a UAE Federal Cabinet decision proposed the implementation of an electronic wage payment system, to be implemented from January 2008. The proposal was put on hold because of objections by businesses that banks were unwilling to open bank accounts for low-income migrant workers. It was not until the Central Bank became directly involved that a system could be put in place (Absal 2009).

Specifically targeting low-wage migrant workers, the WPS in UAE came into force on September 1, 2009 under Ministerial Decree 788. The Ministry of Labour obliged employers to pay employee salaries by means of an electronic transfer system that allowed the tracking of salary payments to monitor the amount and timeliness of payments. All salaries were to be paid in dirhams and payments to foreign bank accounts were forbidden. Thus, the WPS did not apply in the “Free Zones” where some employers pay salaries in currencies other than dirhams (DLA Piper 2010).

The WPS requires all employers to pay workers’ wages via banks, exchange bureaus, and financial institutions approved and authorised to provide the service. The UAE Central Bank designed the system with a database to record all payments from the private sector. Having chosen a financial institution, employers are required to allocate the day and month that salaries will be paid setting the benchmark for all subsequent payments that can be checked. Each payment requires the employee’s account number, salary, allowances and the number of days of leave taken in the month (UAE Ministry of Labour 2010).

The Ministry of Labour advised employers to lodge a new standard contract if the wages had reduced to ensure payments (forwarded by the Central Bank) would match with contracts that were in the Ministry’s database. Introduced gradually, as of October 2015, around 3.5 million foreign workers (out of 4.6 million migrant registered workers) were being paid through the WPS (ILO 2016).



Companies that do not enroll in the WPS or do not transfer the wages on time are not allowed new work permits until all outstanding payments have been proven as settled. If a company's delayed payment exceeds one month, their right to new work permits would be cancelled, including all organisations of the offending company.

In 2016, the Ministry of Human Resource and Emiratisation replaced the 2009 decree with a new Ministerial Decree (No. 739) strengthening the penalties for non-compliance. Firstly, the Ministry of Labour will not have any dealings with companies not registered with the WPS. Further, instead of one month's delay, any company with over 100 workers is now banned from getting further work visas after 16 days' payment delay. After one month's delay, the employing company will be assumed to have "refrained" from paying (instead of two months under the previous legislation) and the judicial authorities will be notified for punitive action, including:

... a complete strike against the other companies owned by the same employer, plus prohibiting the employer the ability of registering any new companies ... take necessary measures to use the bank guarantee, in addition to downgrading the company into the third category and enable workers to move to another company [facilitated by approval from the Ministry of Labour]. (UAE Ministry of Human Resource and Emiratisation 2016; see also Mehta 2017)

After 60 days of non-payment, additional fines will be imposed of Dh5,000 (\$1,362) per worker to a maximum of Dh50,000 (\$13,612) where multiple workers are involved. However, once the wage payments have been restored by the employer (within 60 days), the visa bans and fines are lifted. If non-payment extends beyond 60 days, the bans and fines will continue for another two months (Isgar and Singh 2016).

In a study assessing the impact of migrant labour reforms in the UAE since 2011, it was concluded that the monopsony power of firms had been reduced, wages for workers in the country had increased by 10 per cent, changing employers had doubled, there was a significant reduction in the numbers exiting the country, and up to 6 per cent reduction in the number of employees leaving their employers. New workers hired, however, did not get increased wages, and fewer workers were recruited (Suresh, Yaw & Shing-Yi 2016).

Considerable praise for UAE's WPS has been forthcoming (ILO 2016) but there is also criticism that, while WPS has acted as a deterrent against wage violations, penalties have been largely administrative with relatively low level fines

and conciliation rather than criminal prosecution that would be a more powerful deterrent (US Department of State 2013). This is difficult to judge since there is no data available to show whether actions taken have resulted in greater or lesser levels of employer compliance over time. In 2012, there were 300 group and 1,985 individual complaints regarding delayed wage payments (UAE Ministry of Human Resource and Emiratisation 2012). In 2015, the UAE Ministry reported that since 2009, it had carried out 8,391 site visits to companies suspected of failing to pay employees and issued orders to 4,383 companies to pay within five days. Further, between 2011–2015, as a direct consequence of complaints made by individual workers, the Ministry recovered Dh289,577,385 (\$78.8 million) in unpaid wages from employers and distributed this to 42,510 workers. In the same period, there were 169 complaints of unpaid wages from groups of workers that led to the Ministry recovering Dh13,708,276 (\$3.73 million) in unpaid wages on behalf of 4,443 workers (UAE Ministry of Human Resource and Emiratisation 2015).

## **Saudi Arabia**

In August 2013, the Saudi Ministry of Labour in conjunction with the Saudi Arabian Monetary Authority (SAMA) began the phased introduction of a WPS, beginning with private sector establishments of more than 3,000 employees. Wages were to be paid electronically into approved local banks and in Saudi riyals. In December of the same year, WPS was extended to establishments with more than 2,000 employees and then in March 2014, to establishments having more than 1,000 employees, and in November 2014 to establishments with 500 employees. In February 2015, WPS was further extended to establishments having 320 employees, in April 2015 to establishments with 240 employees, in June 2015 to establishments with 170 employees, in August of the same year to establishments with 130 employees, and in November 2015 to establishments with 100 employees. Between February 2016 and August 2017, there was a further extension of WPS to companies with 10–99 employees (Saudi Ministry of Labour and Social Development 2016).

Companies failing to register with the WPS within two months of the appropriate phase are fined SAR10,000 (\$2,666). After two months' delay in payment, all Ministry services to the company cease except for the issue and renewal of work permits and licenses. If payment has not been made by three months, all Ministry services are stopped and employees are allowed to transfer sponsors/employers (*Naqal Kafala*) without consent, even if the work permit has not expired. Any company delaying payment is fined SR3,000 (\$800) per employee, so that

a firm delaying payment for 3,000 employees faces a fine of \$2.4 million (Saudi Ministry of Labour and Social Development 2016).

Each month, employers must submit their payroll file to the Ministry specifying the net wage transferred to the employees' bank account, the basic salary, and information on allowances and deductions. What is not clear is whether the Ministry keeps the information on wage levels and allowances according to the employment contract that can be independently verified with the information provided through the WPS.

By November 2015, some 12,000 establishments accounting for around 5.6 million workers had been covered by the WPS (*Saudi Gazette* 2015). The tenth phase for firms with 80 or more employees scheduled for February 2016 brought 4,087 companies covering 362,000 workers into the WPS system (*Arab News* 2016).

Towards the end of 2015, the Ministry of Labour announced in a report that it had "shut down" 1,441 firms because of WPS violations, with 48 per cent of total establishments non-compliant. Eighty nine firms that did not respond to workers' wage complaints had their computer services closed. Six hundred and seventy five disputes were resolved, but 121,000 remained pending in the courts, an increase of 91 per cent from 2014. Clearly, the WPS had created an improved complaints mechanism. In total, 530,000 wage complaint cases (including that of 6,329 female workers) were registered in the two years following the implementation of the WPS (Tago 2015).

The fate of employees following the closure of defaulting companies was not made clear in the report. For example, there was no information on how many workers were affected and how many were able to find alternative employment. It would seem rather paradoxical that if workers are not paid properly they can lose their jobs.

The large number of complaints should have sounded a warning bell for the widespread strikes (including nationals and non-nationals) that occurred in February 2016 because of unpaid wages (up to seven months), primarily by the Saudi Oger (owned by Saad Hariri, the Lebanese Prime Minister) and construction conglomerate, the Saudi Binladen Group. The strikes turned violent with the burning of buses and security forces took strong action that resulted in many arrests and the flogging of some 49 foreign workers (Middle East Eye 2017).

Importantly, the two companies placed the blame for their inability to pay their workforce on the government, which due to low oil prices and increasing state debt, had not met its financial obligations towards them and other contractors working on government projects (Wells 2016). Foreign governments whose nationals were

deprived of wages, such as Bangladesh, the Philippines, and France demanded that the Saudi government relieve the aggravating situation. Many thousands of workers were laid off by these large companies and by the many smaller subcontractors who were in turn affected (Wells 2016). In August 2016, Saudi Arabia's King Salman announced the allocation of SAR100 million (\$266.5 million) to be placed in the Saudi Arab Fund to assist in the payment of salaries (*Gulf Business* 2016). Curiously, however, the government refused to pay the companies until the Ministry of Labour had verified that the unpaid salaries had been rectified. This was important, because many companies can typically hold workers to ransom. If they have not been paid for some time, the employer can argue they do not have the finances and pay them less than they are owed. The same occurs in the cutthroat construction industry between clients, contractors, and subcontracting companies.

## **Oman**

The Ministry of Manpower and the Central Bank of Oman introduced the Wages Protection System in January 2014. Article 53 in the Labour Law (Decree 35, 2003) was amended to make it compulsory for salaries to be paid into a locally approved bank account. Justifications for WPS included the possibility of reducing labour disputes relating to wages that may result in work stoppages or labour strikes. WPS was also intended to protect employers by ensuring proof of payment against allegations of non-payment (Oman Ministry of Manpower, nd). Based on Article 116 of the Labour Law, the penalty for non-compliance was set at OMR100 (\$260) for each employee affected.

By late 2016, it was acknowledged that companies in Oman were facing considerable difficulties with the WPS regulations and that the Omani government had not been strict in enforcing compliance (*Global Insights*, 2016). In June 2017, the Ministry announced a “new” WPS for all private sector companies, using an automated clearing house payment system with a trial phase to begin on November 18, 2017 (Filaferro 2017).

Interestingly, amidst concern over the large volume of remittances leaving Oman, during a session of the Oman Shura Council in January 2017, the Minister of Manpower announced a plan to introduce a new database to track black money from leaving the country. The tracking would involve access to employee salary payments with the amounts they were remitting home to determine whether they were earning more than their legal salary (*Gulf Business* 2017; Migrant-Rights.org 2017).

## **Qatar**

Qatar's WPS came into effect in August 2015 under Law No. 1 of 2015,<sup>2</sup> with a deadline of November 3 for all companies to register with the system. With arrangements made by the Ministry of Labour and Social Affairs and the Qatar Central Bank, all employers were required to pay wages either monthly or fortnightly to approved Qatari banks and in Qatari Riyals. All wages are to be deposited by the seventh day of each month. The Ministry set up a special inspection unit to monitor compliance called Department of Wage Protection. Penalties for non-compliance could be up to QR6,000 (\$1,644) per violation, with visa quota reduced or blocked, bans on future hiring, and possible imprisonment (David 2015).

By October 2016, the Ministry of Administrative Development, Labour and Social Affairs announced that 37,916 companies covering around 85 per cent of the workforce (1.8 million) were fully compliant with the WPS. In the first year, 385 violations were registered against companies that failed to pay wages on time with fines ranging between QR2,000-QR6,000 (\$548- \$1,644) and prison terms up to one month, or both. Between January and October 2016, the number of wage complaints by workers dropped by 30.4 per cent (from 3,845 to 2,676), leading the Minister Dr. Al Nuaimi to state: "We are pleased to observe the very positive impact that recent government initiatives are having on protecting migrant workers in Qatar" (Qatar News Agency 2016).

In November 2015, the International Labour Organisation (ILO) required the Qatari authorities to provide evidence of labour rights reform under threat of a Commission of Inquiry regarding complaints of forced labour (ILO 2017b).<sup>3</sup> Following the implementation (on December 13, 2016) of the reform Law No. 21 of 2015 relating to the entry, exit and residence of expatriates, the ILO gave Qatar 12 months to provide evidence that reforms were being carried out.

In its report to the ILO in March 2017, reference to the WPS showed that by February 2017, 44,245 establishments (i.e., 81 per cent) had registered for it, covering approximately 2.094 million employees.<sup>4</sup> As Table 2.1 shows, the vast

---

2. Ministerial Order No. 4 of 2015 provides the rules pertaining to the WPS.

3. ILO commissions of inquiry are rare. Only 13 have been conducted since the ILO was established in 1919. This complaint was lodged by the International Confederation of Trade Unions (ITUC).

4. In the first quarter of 2017, the number of salaried workers in Qatar was estimated at 2,105,000 (<http://www.mdps.gov.qa/en/statistics1/pages/topicslisting.aspx?parent=Social&child=Lab orForce>) but February 2017 saw a record high population of 2,673,022, due mainly to the increase of blue-collar workers for World Cup 2022 construction (Khatri 2017).

majority (39,737) were firms with less than 50 workers which covered only around 24 per cent of employees. The 362 firms registered with more than 500 employees (from a total of 365 firms of this size) accounted for approximately 45 per cent of employees covered.

**Table 2.1: Qatar Wages Protection System coverage,  
December 2016, firms and employees**

| No. of Employees in Firm | No. of Firms | No. of Firms Registered | No. of Employees included in WPS |
|--------------------------|--------------|-------------------------|----------------------------------|
| > 500                    | 365          | 362                     | 935,817                          |
| 101-500                  | 1,564        | 1,626                   | 438,407                          |
| 51-100                   | 2,623        | 2,520                   | 208,184                          |
| 11-50                    | 18,842       | 16,319                  | 383,611                          |
| <11                      | 31,251       | 23,418                  | 127,593                          |
| Total                    | 54,735       | 44,245                  | 2,093,612                        |

Source: Modified from ILO 2017b: pp.11, Table 6.

In 2016, some 617 companies were referred to the police for violations of the WPS, with a further 75 between January 1 and February 19, 2017 (Qatar Ministry of Administrative Development, Labour and Social Affairs 2017).

## Limitations of WPS

While there are many advantages of the WPS for employees, employers, and the state, there are limitations in the ability of governments to properly monitor and verify that workers are receiving the wages that are due to them. Among the problems discussed in this section are company insolvency and the inability to pay employees.

All WPS programmes require strict adherence to the information and format required for banks to accept and register wage payments. For example, employers need to lodge a Salary Information File (SIF) on employee salaries. This requires the employee's residency ID, visa ID, name, bank name and account number, frequency of payment (for example, monthly or fortnightly), number of working days for the wage period, net salary paid, basic salary (according to the contract), extra hours worked, extra income (allowances such as transport, housing, food, bonuses, back-pay, advanced payments for vacation, etc.). Deductions also need to be listed and these could include: loan payments, charges for damages caused by employee, salary

cuts (e.g., for sick leave), and payments for fines stemming from legal violations (such as traffic violations).

Firstly, while the amount and time of payment is formally registered in bank accounts, there remains the problem of reconciling the wage paid (net) and the contract agreement (basic salary). The SIF relies on the employer to register the basic salary that is on the contract, rather than making an independent verification. It is not clear in any of the GCC states with WPS that the basic salary and other allowances (such as food), as may be stated in the employment contract, can be independently and electronically matched with the actual wages paid. Such independent or government verification has always been an expectation of WPS, but there is no clear evidence that it is being done. For example, published figures on wage complaints and penalties, as cited previously, do not provide any details as to how the wage dispute arose and whether the authorities themselves have found discrepancies between the net salary lodged and the basic salary as stated in the actual contract.

For example, when an employee withdraws his salary from the bank, the only information he receives is on the net wage. All other information required by the SIF does not appear in a bank statement for the employee. Those details require a separate pay-slip, which many employees do not receive for their own verification. Where pay-slips are not provided, the employer can underpay basic salary, overtime, food allowances, etc. and overstate deductions. According to an employee of a Qatari cleaning company, overtime is never paid on time (it is usually two to three weeks late) and is always paid in cash.

In the WPS, the basic salary and other allowances cannot be electronically verified with what is actually in a worker's signed labour contract. For example, employers can manipulate wages in the WPS in order to pay workers less overtime. A labour contract which shows a basic wage of, say, \$300 plus a food allowance of \$50 (total \$350) can be manipulated by the employer in the WPS as a basic wage of \$270 plus food allowance of \$70 and a phone allowance of \$10 (total \$350). When it comes to paying overtime hours, the payment would be calculated on the reduced basic salary. The same kind of savings for employers can be made on annual leave payments and end of service gratuities.

Such discrepancies are unlikely to be revealed by the WPS. Banks themselves have no idea or interest in the details of workers' basic wages, allowances, overtime or deductions. Time card scanning or electronic attendance/absence records of employees are not linked to the generation of the SIF files submitted to the WPS. Thus, the reasons for absence cannot be properly accounted for. Currently, it would



seem that the WPS only indicates violations in relation to non-payment or late payment of wages.

The use of electronic contracts (e-contracts), however, does offer the possibility that an independent matching between basic salaries, as deposited in the bank, and basic salary as stated in the contract can be achieved. From December 13, 2016, electronic contracts, which cannot be amended or deleted, became mandatory in Qatar, but only for newly recruited workers and is still being tested (Qatar Ministry of Administrative Development, Labour and Social Affairs 2016; Paandu 2016). While initially voluntary for companies with existing employees, the Ministry has indicated that registering e-contracts on the government's Hukoomi website will become mandatory and must be in Arabic as well as the language of the employee. More worrying, perhaps, is the ability, or opportunity, for employers to update contracts or create new contracts on the website (Al-Jundi 2017) for it is not clear whether this would be to the employees' detriment or requires employee agreement.

The second limitation concerns those unscrupulous employers who withdraw the salaries deposited by using the employees' wage or pay cards. Anecdotal evidence suggests that employers (or managers) convince employees that they will save them the time it takes to wait in line at an ATM. They take the wage cards with the pin numbers and withdraw the cash that they then give to the workers. Obviously, it is not certain if the workers are given the full amount owed, or if they are charged for the service. These employers are more likely to be subcontractors and the procedure allows them to delay the cash payment of salaries for weeks or months (Migrant-Rights.org 2017). The WPS cannot reveal this kind of practice, unless employees themselves make a formal complaint, but this is rare because they generally fear confrontation and losing their jobs (ibid). In Qatar, it was initially recommended that the ATM require an employee's thumb impression. Biometric identification measures should prevent employers seizing workers' pay cards and withdrawing their salaries.

In addition, sponsors who do not employ those they recruit (for example, those who entered on a "free visa") can register with the WPS, obtain the bank paycard, deposit the money, and withdraw it. Others can simply demand the salary from the worker, deposit the money into the bank, and have the worker take it back out. This can be done on a monthly basis and go undetected by the WPS.

The third limitation of the WPS concerns the inability of employers to pay the wages because of their lack of financial capacity. Where employers are unable to pay wages, they are in breach of WPS regulations and thus subject to the penalties that will ensue.



On May 7, 2017, a construction contractor in Qatar, responsible for a half billion QR project related to the 2022 World Cup called a meeting of its subcontractors. The project manager informed the subcontractors that the company had not been paid anything for more than one year, adding that the government, however, expected them to pay for the project. One observer noted that some of the subcontractors at the meeting were almost in tears, saying, “We have not been able to pay our workers this month. We have no money.” The main contractor denied responsibility saying it was not their problem because their payments too had not been made by the government.

The contractor, however, said that materials for the project were needed. The subcontractors argued that they had supplied materials costing millions of dollars but as the contractor had not paid them, they were unwilling to provide any further materials. In response, the main contractor said they would be paid for the materials supplied and currently needed. If the other subcontractors did not complete the work required, they would simply find others – and they are legally able to do so.

When the WPS was introduced in Qatar the previous year, it was immediately acknowledged as a problem for the construction industry.

“When the contractor runs dry on funds due to payment delays, he doesn’t have any choice in not paying the workers. They simply can’t pay money they don’t have. Bank finances have a limit and wages [are] mostly financed by the project cash flow,” said Zeyad Al Jaidah, managing director of Qatar-based systems integrator TechnoQ (Editorial, *People Management Magazine*, August 17, 2016)

Payment disruptions create crisis for the contractors and the whole supply chains in the construction industry. Contractors and subcontractors with independent resources to draw upon to maintain liquidity, such as transnational corporations that can bring money in from other markets, are in a better position as compared to those who are dependent upon being paid and who most likely have also borrowed money to maintain their operations in Qatar. In these cases, they face bankruptcy. When that happens, the contractor no longer has an obligation to pay and employees – at the end of the chain – remain unpaid. Recent events in Saudi Arabia described earlier are a case in point.

In a research report on wage protection in the construction industry, Wells (2016) goes so far as to suggest that this industry in particular is vulnerable to these kinds of practices. Construction is highly labour intensive, price sensitive, sensitive to economic swings, and typically uses precarious or flexible labour arrangements

that make them easily dispensable (Wells 2016: 9). Governments in the GCC also rely upon the main contractors to shoulder the burden of investment; they in turn shift the responsibility of the work and employment to others (there could be anywhere between 5 and 15 tiers), a process referred to as “externalisation” of labour through subcontractors and labour suppliers (Jureidini 2016).

The power differentials between the state, principal contractors, and subcontractors means that those lower down the chain are vulnerable to exploitation. That vulnerability is enhanced by the common but risky contractual agreement to “pay when paid.” Typically, clients do not pay on time and neither do main contractors which “may be a deliberate policy to reduce their financing costs by shifting the burden to contractors” (Wells 2016: 3) and as “the flow of cash dries up the only option for these firms with limited cash reserves is to borrow from the bank or renege on their debt to the workers” (Wells 2016: 19).

Even when principal contractors have received payment they may choose to withhold the money that is owing to their subcontractors. It has been estimated that in good times contractors may be able to generate cash of up to 15% of turnover in this way – money which they may invest in housing or property development. (Wells 2016: 19)

Although there are large variations in the reliance upon subcontractors to employ workers for projects (8-80%), if the state or clients of the state in the GCC do not pay, or do not pay on time, contractors and subcontractors unless they have sufficient financial reserves to draw upon may ultimately close shop. Indeed, it is suggested that withholding payment can be a deliberate strategy to force companies into bankruptcy, at which point they no longer have to pay, at least not without long, drawn out and expensive legal procedures that have no guarantee of success. In turn, the bankrupt companies can default on their payments to workers, who, in their frustration may opt for public demonstrations and make formal complaints, ending up ultimately without jobs and in time without accommodation and food and forced to return to their home countries, making it even less likely they will be paid. All WPS regulations, however, do provide that non-payment of wages after one or two months allows employees to transfer to other employers without permission, but this assumes they are able to find alternative employers offering appropriate work visas (by gender, nationality, and occupation) and with the same or better wages and conditions.

Such issues, of course, would seem to be beyond the scope of the current GCC wage protection systems currently in place. That is, unless complementary legislation

is enacted requiring all companies to show or lodge sufficient funds in an escrow account or as bank guarantees for wages to ensure payment for their employees for the duration of a project as a mandatory provision to conduct business in the construction sector. Insurance policies may also be used for employee wages against the risk of bankruptcy or a government tax on work visas may be earmarked for such contingencies. Employers may view such conditions as unworkable, given the knife-edge competition in these industries; it may make even tendering for projects financially untenable. However, in the UAE, companies have for many years been required to provide bank guarantees in the event that they default on paying their employees (Ministerial Decree 14, 2001, Ministerial Decree 26, 2010 and Article 131 of Labour Law 8, 1980). From 2001, all companies employing more than 100 workers have had to lodge bank guarantees of Dh3,000 (\$816) per employee (Wells, forthcoming). As of 2015, UAE companies had set aside Dh22 billion (\$6 billion) in bank guarantees. Between 2009 and 2015, 371 companies had defaulted and the Ministry recovered Dh40,737,898 (\$11 million) from the bank guarantee fund and distributed this to 16,497 workers (UAE Ministry of Human Resources and Emiratization 2015: 15).

In organisations like the Qatar Foundation, the welfare audits, designed to check compliance with the QF Worker Welfare Standards, conduct substantial checks on WPS compliance. Auditors check the salary payment, pay-slips, timesheets and overtime, worksite injuries, and the penalty registers (deductions from wages imposed by the employer for various types of infringements, but which cannot exceed five days pay per month – see Labour Law Articles 58–64) which are crosschecked with the approved penalty list from the Ministry. A register that documents these elements is mandatory in accordance with the Labour Law (Article 48). Wage levels are also checked by nationality to determine whether the minimum wages set by some countries of origin are being paid. A comparison is also made between the original job offer and the contract. If there are still ambiguous elements in the audit, worker interviews are conducted. These are a kind of third party inspection, but may only be for a relatively small sample of the workforce.

Employers can also be disadvantaged by the technical lack of sophistication of WPS. In one example in Qatar, an employee had completed the term of his contract and wanted to change employers. His residency was still valid and he had three months to find another employer. Though he was no longer employed, the WPS threw up a red light that the employer had not paid the wages. There was no correspondence by the ministry alerting the employer. However, when the employer sought another work visa, he discovered he had been placed on a recruitment ban

list. After another month, he discovered that his company's cheque account had also been frozen, although he was still able to withdraw cash from an ATM. It took several months to finally resolve the issue. In another recent case, a local Qatari sponsor faced the same sanction when his Pakistani partner left the country owing creditors and wages for several employees. All of the sponsor's other (unrelated) companies were also frozen until he was able to resolve the problem.

## **Conclusion**

It may be argued that the wage protection systems in the GCC states are not yet designed to protect wages. They operate to ensure that there is a record that workers' wages have been paid and on time. It may be that most employees are paid properly and on time. The system, however, leaves a number of doors open for unscrupulous employers to manipulate the system for their own benefit and to the detriment of their employees.

WPS could not have been implemented without the relatively recent electronic developments in banking and record keeping. However, the limitations that have been identified in this chapter suggest a more extensive electronic system of integration of all aspects of remuneration is required for proper verification. In the absence of protection from trade, industry or enterprise unions, and where individual employees are unable or unwilling to bring complaints about unpaid work, it is the government's responsibility to ensure that verifiability covers more than the basic salary being paid on time.

This would require an electronic means of linking actual contract details regarding basic wage, food allowances and any other allowances, hours of work including a means to calculate overtime, and employee verified deductions (such as advanced wages payments, penalties and so on). Though it was expected that wages paid into WPS would be linked to contracts, to date there is no evidence that it is being done (Wells, forthcoming). In addition, a fingerprint or retina scan mechanism for ATMs could ensure that only employees can access their wages through the WPS. For example, in late 2016, the Qatar National Bank introduced iris-scanning ATMs while the Commercial Bank of Qatar introduced "finger vein-scanning terminals" (Biometrics 2016). While some banks in most GCC countries have applied or are considering applying biometric access to accounts, including voice recognition, it is still not clear to what extent this has been, or will be, applied to low-income worker pay card ATMs. It is also unclear whether the WPS is being applied to migrant domestic workers living and working in households. For example,

the recent new domestic workers' law in Qatar (Law no.15/2017) mandates regular monthly payment of salary. With government records of all domestic workers, the WPS should be used to ensure compliance (Human Rights Watch 2017).

Besides, employers should be required to provide a detailed pay-slip each month so that employees can verify their remuneration. Perhaps more effectively, simple cooperation by the banks would allow the pay details provided to the WPS by the employer to be printed from the ATM along with the withdrawal receipt.

Finally, the non-payment of worker wages through the WPS is also linked to insufficient cash reserves, particularly among subcontractors in the construction sector, when their debtors through the supply chain do not pay them. There need to be guarantees in the law that prioritises employee wages as independent from the business cash flows of an employing company. In the GCC, this could be in the form of state guarantees where the state ultimately benefits from the work done; escrow accounts or bank guarantees (as in the UAE) that cover wages for the life of a project; insurance policies or other measures. Such guarantees against risks of non-payment of wages, particularly for low-skill, low-income workers, are critical not just for those who provide the labour, but also for their families at home who depend upon them on a daily basis.

## Bibliography

- Absal, Rayeesa. "UAE Government Launches Wage Protection System for Workers." *Gulf News*, May 26, 2009. <http://gulfnews.com/business/sectors/employment/uae-government-launches-wage-protection-system-for-workers-1.69869>. Accessed April 1, 2017.
- Abu Dhabi Dialogue. *Third Ministerial Consultation on Overseas Employment and Contractual Labour for Countries of Origin and Destination in Asia*. Kuwait, November 27, 2014. [http://ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/meetingdocument/wcms\\_323901.pdf](http://ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/meetingdocument/wcms_323901.pdf). Accessed April 30, 2017.
- Akkas, Betul. "Societal Security in Qatar: a Security Approach to Mobilities and Immigration in the Gulf." Conference paper, "Movement and Migration in the Middle East: People and Ideas in Flux," British Society for Middle Eastern Studies, The University of Edinburgh, July 5-7, 2017.
- Al-Jundi, Hisham. "Ministry Notifies Employers on e-Contract System." *Qatar Tribune*, May 4, 2017, <http://www.qatar-tribune.com/news-details/id/62673>. Accessed May 6, 2017.
- Arab News*. "Firms Urged to Apply Wage Protection System." February 6, 2016. <http://www.arabnews.com/saudi-arabia/news/876166>. Accessed May 10, 2017).
- Biometrics. "Qatar National Bank Deploys Iris Scanning ATMs." FindBiometrics: Global Identity Management, December 14, 2016. <https://findbiometrics.com/qatar-national-bank-iris-312144/>. Accessed July 30, 2017.
- David, Jenny. "Qatar: Wage Protection System to Protect Foreign Workers Nears Launch." Bloomberg BNA Legal, October 26, 2015, <https://www.bna.com/wage-protection-system-n57982062753/>. Accessed April 1, 2017.
- Dito, Mohammed. "Kafala: Foundations of Migrant Exclusion in GCC Labor Markets." In *Transit States: Labor Migration and Citizenship in the Gulf*, eds. Omar AlShebabi, Adam Hanieh, Abdulhadi Khalaf. UK: Pluto Press, 2014.
- DLA Piper. *Frequently Asked Questions on the Wages Protection System in the United Arab Emirates*. 2010. [http://information.dla.com/information/published/Wages\\_Protection\\_English.pdf](http://information.dla.com/information/published/Wages_Protection_English.pdf). Accessed April 15, 2017.

- Editorial. "Qatar's Wage Protection System Causing Payment Headache for Construction Sector." *People Management Magazine*, August 17, 2016. <http://www.cipd.ae/people-management-magazine/hr-news-opinion/qatar-wage-protection-system>. Accessed February 2, 2017.
- Filaferro, Benjamin. "Weekly Spotlight: Oman to Introduce a Wages Protection System." *Lexis Middle East Information*, June 30, 2017. <https://www.lexis.ae/2017/07/30/weekly-spotlight-oman-introduce-wages-protection-system/>. Accessed August 23, 2017.
- Gardner, Andrew, Sylvia Pessoa, & Laura Harkness. *Labour Migrants and Access to Justice in Contemporary Qatar*. London School of Economics, Middle East Center, 2014.
- Gardner, Andrew, Sylvia Pessoa, Abdoulaye Diop, Kaltham Al-Ghanim, Kien le Trung and Laura Harkness. "A Portrait of Low Income Migrants in Contemporary Qatar." *Journal of Arabian Studies*, 3.1 (June 2013): 10-17.
- Global Insights. "Omani Companies Must Follow WPS Regulations," December 27, 2016. <https://www.activpayroll.com/news-articles/omani-companies-must-follow-wps-regulations-payroll-outsourcing-ensures-full-compliance>. Accessed August 23, 2017.
- Gulf Business. "Oman Shura Member Says Expat Remittances a 'Hidden Cancer'." January 18, 2017. <http://gulfbusiness.com/oman-shura-member-says-expat-remittances-hidden-cancer/>. Accessed August 23, 2017.
- . "Saudi's King Salman Issues New Directives on Unpaid Salaries for Foreign Workers." August 8, 2016, <http://gulfbusiness.com/saudis-king-salman-issues-new-directives-unpaid-salaries-foreign-workers/>. Accessed April 1, 2017.
- Human Rights Watch. "Qatar: New Law Gives Domestic Workers Labor Rights: Needs Enforcement Mechanisms." August 24, 2017. <https://www.hrw.org/news/2017/08/24/qatar-new-law-gives-domestic-workers-labor-rights>. Accessed August 24, 2017.
- ILO. "Wages Protection System (UAE)." International Labour Organisation, Labour Migration Branch, July 18, 2016a. [http://www.ilo.org/dyn/migpractice/migmmain.showPractice?p\\_lang=en&p\\_practice\\_id=186](http://www.ilo.org/dyn/migpractice/migmmain.showPractice?p_lang=en&p_practice_id=186). Accessed April 1, 2017.



- “New UAE-ILO Programme to Set Example in Developing Labour Market Governance.” International Labour Organisation, 23 May 2016b, [http://www.ilo.org/beirut/media-centre/statements/WCMS\\_483841/lang--en/index.htm](http://www.ilo.org/beirut/media-centre/statements/WCMS_483841/lang--en/index.htm). (accessed April 29, 2017).
  - “Employer-Migrant Worker Relationships in the Middle East: Exploring Scope for Internal Labour Market Mobility and Fair Migration.” White Paper, International Labour Organisation, Regional Office for Arab States, Beirut 2017a. [http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms\\_552697.pdf](http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_552697.pdf). Accessed May 9, 2017.
  - “Complaint Concerning Non-observance by Qatar of the Forced Labour Convention.” International Labour Office Governing Body, 329th Session, Geneva, March 9-24, 2017b.
- Impactt. *Annual External Compliance Report of the Supreme Committee for Delivery & Legacy's Workers' Welfare Standards*. Doha, Qatar, April 2017.
- Isgar, Simon & Anand Singh. “UAE Wage Protection System Overhauled.” *Mondaq.com.*, November 2, 2016. <http://www.mondaq.com/x/540130/Employee+Benefits+Compensation/UAE+Wage+Protection+System+overhauled>. Accessed April 1, 2017.
- Jureidini, Ray. “Irregular Migration in Qatar: The Role of Legislation, Policies, and Practices.” In *Skillful Survivals: Irregular Migration to the Gulf*, edited by Philippe Fargues & Nasra Shah. Gulf Research Center, Cambridge, 2017: 135-160.
- “Ways Forward in Recruitment of ‘Low-skilled’ Migrant Workers in Asia-Arab States Corridor.” International Labour Organisation White Paper, International Labour Organisation Regional Office for Arab States, Beirut 2016. [www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms\\_519913.pdf](http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_519913.pdf).
  - “Migrant Labor Recruitment to Qatar.” Bloomsbury/Qatar Foundation, Doha, Qatar, 2014. [www.qscience.com/userimages/.../migrant\\_labour\\_recruitment\\_to\\_qatar\\_web\\_final.pdf](http://www.qscience.com/userimages/.../migrant_labour_recruitment_to_qatar_web_final.pdf).
- Khan, Azfar and Hélène Harroff-Tavel. “Reforming the Kafala: Challenges and Opportunities in Moving Forward.” *Asian and Pacific Migration Journal*, Vol. 20, nos.3-4 (2011): 293-313.



- Khatri, Shabina. "Qatar's Population Inches up to a New All-time High in February." *Doha News*, March 2, 2017. <https://dohanews.co/qatars-population-inches-new-time-high-february/>. Accessed May 20, 2017.
- Kovessy, Peter. "Strike Temporarily Halts Work on Part of Qatar's Msheireb Project." *Doha News*, November 24, 2015. <https://dohanews.co/strike-temporarily-halts-work-on-part-of-msheireb-project/>. Accessed May 7, 2017.
- Mehta, Ashish. "Non-payment of Salary is Violation of UAE Laws." *Khaleej Times: Legal View*, March 22, 2017. <http://www.khaleejtimes.com/legalview/non-payment-of-salary-is-violation-of-uae-laws>. Accessed May 9, 2017.
- Middle East Eye*. "Saudi Arabia Jails and Flogs Workers for Unpaid Wage Protests." January 3, 2017. <http://www.middleeasteye.net/news/workers-get-jail-flogging-over-saudi-unpaid-wage-unrest-1300740236>. Accessed April 1, 2017.
- Migrant-Rights.org. "Oman Announces a New Wage Database...To Make Sure Workers Aren't Earning Too Much." January 23, 2017. <https://www.migrant-rights.org/2017/01/oman-announces-a-new-wage-database-to-make-sure-workers-arent-earning-too-much/>. Accessed August 23, 2017.
- Naidu, Suresh, Yaw Nyarko, and Shing-Yi Wang., "Monopsony Power in Migrant Labor Markets: Evidence from the United Arab Emirates." *Journal of Political Economy* 124, no. 6 (December 2016): 1735-1792.
- . "Employers in Qatar: Hoodwinking the Wage Protection System." June 29, 2017. <https://www.migrant-rights.org/2017/06/employers-in-qatar-hoodwinking-the-wage-protection-system/>. Accessed June 30, 2017.
- Oman Ministry of Manpower. "Wage Protection System." n.d. <https://www.google.com/search?q=Oman%2C+Wage+Protection+System&coq=Oman%2C+Wage+Protection+System&aqs=chrome..69i57j0.10742j0j8&sourceid=chrome&ie=UTF-8>. Accessed August 22, 2017.
- Paandu. "Ministry Completes Work on New Job Contracts System." *Qatar Living*, August 3, 2016. <http://www.qatarliving.com/forum/news/posts/ministry-completes-work-new-job-contracts-system>. Accessed May 12, 2017.
- Qatar Ministry of Administrative Development, Labour and Social Affairs. *A Report on the Legislative Developments and the Practical Procedures Taken to Enhance the Protection of Expatriate Workers' Rights*. March 1, 2017, <http://www.adlsa.gov.qa/>. Accessed April 1, 2017.

- . *E-Contract System: User Manual*, 2016. [econtract.molsa.gov.qa/UserManual/UserManual-English.pdf](http://econtract.molsa.gov.qa/UserManual/UserManual-English.pdf). Accessed April 11, 2017.
- Qatar News Agency. "Praise for Wage Protection System as Qatar Labour Reform Marks One-Year Anniversary." November 2, 2016. <http://www.qna.org.qa/en-us/News/16110200090068/Praise-For-Wage-Protection-System-As-Qatar-Labour-Reform-Marks-One-Year-Anniversary>. Accessed April 1, 2017.
- Saudi Gazette*. "Wage Protection Now Covers 5.6m Workers." *Zawya*, November 23, 2015. [https://www.zawya.com/story/Saudi\\_wage\\_protection\\_covers\\_56m\\_workers-ZAWYA20151123034715/](https://www.zawya.com/story/Saudi_wage_protection_covers_56m_workers-ZAWYA20151123034715/). Accessed April 1, 2017.
- Saudi Ministry of Labour and Social Development. "Wages Protection System." January 18, 2016. <https://portal.mol.gov.sa/en/ProgramsAndInitiatives/Pages/wps.aspx>. Accessed May 11, 2017.
- Tago, Abdul Hannan. "1,441 Firms Shut for not Complying with Salary Protection Program." *Arab News*, October 26, 2015. <http://www.arabnews.com/saudi-arabia/news/825921>. Accessed April 1, 2017.
- UAE Ministry of Human Resources & Emiratization. *2015 Worker Welfare Report*. <https://business-humanrights.org/sites/default/files/documents/UAE-MOHRE-Worker-Welfare-Report-2015.pdf>. Accessed August 25, 2017.
- . "New Decree to Assure Wages Punctual Payment." July 26, 2016. <http://www.mohre.gov.ae/en/media-centre/news/26/7/2016/new-decree-to-assure-wages-punctual-payment.aspx>. Accessed May 11, 2017.
- . *Inspection Center Statistical Report*, 2012. <http://www.mohre.gov.ae/en/data-library.aspx>. Accessed May 9, 2017.
- UAE Ministry of Labour. *Wages Protection System User Manual*. 2010. [https://eservices.mohre.gov.ae/enetwasal/WPSDownload/UM\\_WPD\\_E250210.pdf](https://eservices.mohre.gov.ae/enetwasal/WPSDownload/UM_WPD_E250210.pdf). Accessed April 1, 2017.
- US Department of State. *Trafficking in Persons Report 2013*. <https://www.state.gov/j/tip/rls/tiprpt/2013/>. Accessed March 3, 2017.
- . *Trafficking in Persons Report 2015*. <https://www.state.gov/j/tip/rls/tiprpt/2015/>. Accessed March 3, 2017.

- Wells, Jill. *Protecting the Wages of Migrant Construction Workers*. Engineers against Poverty, London, 2016. [www.engineersagainstopoverty.org/documentdownload.axd?documentresourceid=82](http://www.engineersagainstopoverty.org/documentdownload.axd?documentresourceid=82). Accessed November 18, 2016.
- . *Improving Employment Standards in Construction in Qatar*. Engineers against Poverty, London, 2014. <http://www.engineersagainstopoverty.org/documentdownload.axd?documentresourceid=25>. Accessed April 1, 2017.
- . “Exploratory Study of Good Policies in the Protection of Construction Workers in the Middle East.” ILO White Paper, Regional Office for Arab States, February 2018.

### III

## Migration Policies across the GCC: Challenges in Reforming the *Kafala*

*Abdoulaye Diop\**, *Trevor Johnston\*\**, and *Kien Trung Le\*\*\**

**Abstract:** Much of the debate over immigration policy in the states of the Gulf Cooperation Council (Bahrain, United Arab Emirates, Kingdom of Saudi Arabia, Kuwait, Oman, and Qatar) revolves around the *kafala*, or sponsorship system. In recent years, scholars, activists, and policymakers have all debated the urgent need for *kafala* reform. In its current form, the system is not sustainable. Initially designed to ensure a steady supply of labour for economic development, the *kafala* system has come under growing criticism from non-governmental and human rights organisations. Such criticism reached new heights when Qatar was awarded the rights to host the 2022 FIFA World Cup. With this decision, Qatar and the rest of the Gulf Cooperation Council (GCC) countries were exposed to greater scrutiny for their labour conditions and policies. While all GCC countries share a

---

\* Abdoulaye Diop is Research Associate Professor and Head of the Research Department at the Qatar University (QU) Social and Economic Survey Research Institute (SESRI).

\*\* Trevor Johnston is an Associate Political Scientist at the RAND Corporation in Arlington, Virginia.

\*\*\* Kien Trung Le is Research Associate Professor at the Qatar University (QU) Social and Economic Survey Research Institute (SESRI).

variation of the *kafala* system, each country has attempted to implement a different set of reforms at various times over the last decade. Results from these reforms have been marginal and limited in scope. In most cases, the reform agenda has faced significant opposition from a coalition of domestic groups and economic interests that underlie public support for the status quo. This chapter provides an overview of the *kafala* system in the GCC countries and the different reforms that have been attempted. We draw on original survey data from across the GCC to better understand the varying conditions across these countries and how interests shape the challenges to reform. Finally, we return to the motivating case of Qatar, which has recently implemented changes to its labour laws. Using quarterly survey data, we explore the degree to which citizens' perceptions and support for these reforms have changed over time. We conclude by drawing lessons for the broader GCC and speculate on the opportunities for reform in the future.

## **Introduction**

The *kafala* has become increasingly costly and more difficult to sustain over time. Administrative challenges and labour market inefficiencies have increased the economic costs of the *kafala*, while non-governmental organisations (NGOs) and international media have exposed systemic abuse, hurting the Gulf states' reputations. The Gulf states continue to fight a losing battle for a system that can no longer meet its basic goals. Partial and failed enforcement has resulted in efficiency losses for the entire economy. Compounding these losses, basic incentive problems generate negative externalities for domestic labour markets and investors. In concert with these many economic costs, domestic pressures and international condemnation pose significant political challenges to the ruling regimes. And yet despite this hard reality, the system persists throughout the Gulf. Given such severe and growing costs, the question then is, how has the *kafala* lasted this long and resisted reform?

A central tension underlies the societies and political economy of the Gulf today. The presence of a large, permanent foreign population produces myriad social problems. But this population is indispensable to the economy and citizens' quality of life. Given such a tension, the regimes of the Gulf states find themselves in the unenviable position of having to reform without broad popular support. Political and international pressures, in concert with the long-term economic implications of foreign labour dependence, have made the *kafala* increasingly costly and potentially unsustainable. How these states achieve reform, and the degree to which they can

reframe the debate, depends critically on economic and social interests. Policy change will require careful negotiation between costly trade-offs, and few in the Gulf appear ready for such rebalancing.

Many of the Gulf's leaders have come to recognise this policy challenge, but few have successfully done much to wean their countries off foreign labour. We would think that, of all states, those of the Gulf should be able to set decisive immigration policies and enforce them. We argue, however, that even states lacking pluralism or pronounced competition may be so constrained as to allow continued immigration, even when it is against their interests. Such constraint takes the form of broader popular pressures and economic interests, which capture policy to the detriment of long-term development goals.

Given the myriad ways in which *kafala* may influence an individual's life, and the potentially heterogeneous effects of economic interest, it remains to be seen what underlies the resistance to reform. Is it driven by business owners and other private sector actors whose interests are most closely tied to workers? Or do we see this resistance at an even more popular level, including groups with more diffuse interests, like workers or even consumers?

In this chapter, we begin to answer these questions, focusing on Qatar but also using this case to help tease out insights for the rest of the Gulf. In the next section, we introduce the *kafala* system in theory and practice. The *kafala* is replete with inefficiencies and structural challenges that introduce significant costs on employers and workers alike. We then describe efforts to reform the *kafala*, which have largely failed to address the real structural problems in the Gulf. Against this background, the next two sections sketch out our argument on policy change in the Gulf. We argue that reform crucially depends on public opinion and support, which has been lacking in the past. In the penultimate section, we return to Qatar to show where and why this support has been lagging. Drawing on a series of surveys, we explore the political and economic interests that support opposition to reform. Finally, we conclude with a discussion on the prospects for *kafala* reform.

## ***Kafala* Today: Challenges and Costs**

Rooted in early Gulf traditions, the *kafala* is a reputation-based system that helped ensure visitors would be vetted by their local *kafeel*—who in turn would be held accountable for the visitor's actions—but also protected. The *kafeel* would help prevent the visitor from contravening local law or custom, while also providing succour and protection as needed. Throughout this chapter, we use the term *kafala*

as short-hand to refer to the collection of rules, both formal (e.g., laws and statutes) and informal (e.g., norms and conventions), that not only drive migration to the Gulf, but also shape the relationship between sponsors and migrants. At its most basic level, the *kafala* explicitly (or implicitly) defines how migrants enter/exit the country, how long they may reside, and the rights and benefits entitled to both the sponsor and migrant within this contractual relationship.

The debate and analysis of the *kafala* often focuses exclusively on blue-collar or low-skill migrant labour. While many of the most egregious abuses within the system often fall disproportionately on this vulnerable population, the *kafala*'s scope is much more expansive. More than just labourers, domestic servants, and retail workers, the *kafala* also regulates the entry/exit and treatment of white-collar, high-skill expatriate labour [for a recent study on Western expats, see Chaudoir (2010), Diop et al. (2015)].

While the exact numbers have varied over time and across the region, foreign labour continues to be critically important to the growth and development of the Gulf. In 1975, foreign workers comprised just over half of the Gulf's labour force, at nearly 1.4 million workers. By 2008, foreign workers were approximately 67 per cent of the labour force and had grown to over 11 million region-wide. This trend is particularly stark in the migrant-dependent states, like Qatar, where foreign workers held 94.3 per cent of the jobs in 2008. After Qatar, states with at least 80 per cent foreign workforce include the UAE and Kuwait; Bahrain and Oman have around 75 per cent foreign workers, while Saudi Arabia has been the most resistant, having reduced this workforce population to 50.6 per cent in 2008. For more details and data, see Winckler (2010), Baldwin-Edwards (2011), and De Bel-Air (2017).

Officially, the movement and welfare of these workers is subject to international treaties, government regulations, and other formal rules. In practice, an expansive extralegal market dominates the entire migration process, beginning with the very recruitment of workers in their home countries. In the early years, the responsibility for labour recruitment and management fell on specialised ministries in migrant-sending countries or on employers (Shah 2013). Such a system, however, could not meet the growing demands of the Gulf economies. Recruitment agencies grew out of this need for a more expansive and organised system. Over time, though, these formal agencies have been increasingly supplemented or replaced entirely by private agents operating outside the formal system and without much regard for the legal statutes in place.

Despite these large numbers, this foreign-born population is supposed to be temporary. By design, contracts last only a few years or even fewer if the sponsor decides to terminate them early. These temporary contracts should have encouraged a regular rotation of workers and thus avoided the creation of a lower class of semi-permanent non-citizens. Unfortunately, such stratification is exactly what happened and constitutes just one of the many challenges that the system confronts today.

At its very core, the *kafala* system rests on a shaky foundation, encouraging employers and workers to circumvent the formal system. In economic terms, many of the system structures are not incentive compatible: they expect firms and workers to act contrary to their basic, rational self-interest. Systemic incentive problems not only undermine the *kafala*'s implementation but also introduce negative externalities throughout the broader economy and domestic labour market. Restrictions on worker mobility have produced frictions, which contribute to a highly segmented and rigid labour market.

The most obvious cost has been the unexpected difficulties to fully enforce the complex labour law governing the *kafala*. However beneficial the system may have been in theory, its practical application and implementation has faced many challenges. Having already paid a great price to bring workers to the Gulf and train them, individual firms have no interest in spending more to replace these existing employees with new workers, who likely lack the commensurate skills and experience. At the same time, migrants who have already travelled to the Gulf for work can only expect a lower wage at home, along with the added costs of navigating the process yet again to find a new job abroad. Private sector actors, from firms to workers, simply have no incentive to uphold the temporary or rotational scheme that the Gulf states initially envisioned for the *kafala*.

Given such incentives, various exchanges have emerged—some legally ambiguous and others outright criminal—to provide workers with a range of options to enter the Gulf and avoid deportation. An especially common practice is that of visa trading, where a worker's sponsorship and rights are unofficially traded to another sponsor (Shah 2008). In addition to visa trading, there are “floating,” “free” and “flying” visas that all subtly violate the *kafala* system and help migrants find employment without first signing a formal contract with their sponsor (Rahman 2011).

These markets and inefficiencies have very real costs for the economy. Soto and Alvarez (2011) explore these problems in the context of Dubai. They find strong evidence that firms operating under the *kafala* are much less efficient than their competitors in adjacent free-zones, who can better induce worker productivity.



While there are many possible explanations for this difference, Vazquez-Alvarez (2011) suggests that *kafala*-firms do not incentivise worker productivity or efficiency. Workers in these firms simply do not have an incentive to increase their effort or acquire new skills: “the combination of short contracts, flat wages and lack of internal mobility... destroys the incentives for migrant workers to exercise higher effort levels in production” (Soto and Alvarez 2011, 8). We should not underestimate the costs of such productivity losses. As their revenues from energy exports continue to decline over time, the Gulf states can ill afford low worker productivity, which represents one of the greatest impediments to economic growth.

Finally, while perhaps the most difficult cost to identify, let alone measure, we cannot overlook the vast reputation costs of the *kafala* for the Gulf countries. As criticism grows, these regimes become the target of unwanted negative publicity for their treatment of workers. According to critics, the current system permits exploitation by giving sponsors vast control without offering workers feasible options to redress their grievances or escape an abusive situation. Generally, migrants are unaware of or have little access to formal legal channels of redress (e.g., courts, embassies, or other NGOs) and instead must often resort to absconding. Such action makes the migrant a criminal and subject to prosecution, further increasing his or her personal risk.

While pressure comes and goes, the *kafala* persists. Given the system’s many costs and the purported urgency for reform, the *kafala*’s robustness is surprising, to say the least. Failures of inaction and implementation continue to puzzle observers and policymakers looking for a solution to the mounting immigration problem. In the next section, we discuss these reform efforts in detail.

## **Efforts towards Reform**

At different points in time, all the GCC countries have introduced measures to reform the *kafala* system. However, the experiences of two GCC states, Bahrain and Kuwait, best illustrate the tendency for promised reforms to become watered down through the policymaking process. In 2009, Bahrain was the first GCC country to make a genuine attempt to reform its *kafala* system. Bahrain introduced legislation allowing workers to change employment without requiring formal permission from their sponsors (Migrant Forum in Asia 2012). Such reforms would provide workers with an exit option should conditions become abusive or if other contractual terms were not met. Later, in 2012, a private sector labour law was passed to improve workers’ protection and benefits. The new law extended the

sick days and annual leave while imposing higher penalties for unfair sponsorship practices. A compensation for unfairly dismissed workers was established while a jail penalty and fines were declared for employers who violated the labour law. Under the law, domestic workers—usually excluded from these regulations—would have the right to a contract that specified working hours and their benefits as an employee (Human Rights Watch 2012).

More recently, in 2016, Bahrain also announced a flexible work permit that would allow migrant workers to be their own sponsors, thus granting more autonomy to the workers. However, the permit did not apply for every worker. The real purpose was to allow illegal workers who had been victims of abusive sponsors to get a permit to work for a maximum period of two years after paying a unique monthly fee. Workers could not apply for a professional position and it was not clear whether domestic workers could benefit from this policy (Americans for Democracy & Human Rights in Bahrain 2016). Like the reforms of 2009 and 2012, this change was far less sweeping and meaningful in practice than was promised in official announcements.

After years of delay, the Kuwaiti parliament finally passed its own reform bill in May 2013. This bill was to institute a set of reforms to ease the change of employment under the *kafala*. The legislation established the Public Authority for Labour Affairs, a government agency in charge of migrant recruitment and management.<sup>1</sup> A few years later, in 2015, the Public Authority started a project in conjunction with the United Nations Development Programme (UNDP), the International Organisation for Migration (IOM), and the International Labour Organisation (ILO) to improve labour conditions in compliance with international labour standards (United Nations Development Programme 2015). Kuwait's intention to reform its version of the *kafala* system was also described in the 2016 Human Rights Watch report on the country. The document notes how these improvements have made it easier to transfer employers, giving domestic workers this right for the first time, and enacted a minimum wage for these workers (*Arab Times* 2017).<sup>2</sup> While these reforms are undoubtedly a positive step, they do not fundamentally restructure the *kafala* system or address the many negative externalities it imposes on labour markets in the Gulf.

Baldwin-Edwards (2011) suggests that the lack of verifiable data and widespread under-reporting of abuses makes any assessment of reform difficult. That

---

1. "Sponsorship System to be Scrapped," *Kuwait Times*, June 16, 2013.

2. "New Domestic Labor Law to Help Improve rights of 'Weaker Party,'" *Arab Times*, April 27, 2017.

said, the Labour Market Regulation Authority of Bahrain (tasked with overseeing the recent reform) has released some data that indicate an increase in migrants switching employers. Ultimately, however, there is little evidence even in the cases of Bahrain and Kuwait that the reforms have brought about significant change, let alone the promised dismantling of their *kafala* system. The effects of these reforms have been attenuated by partial implementation and a gradual watering down of the legislation. In Bahrain, its once-ambitious reforms had been significantly curtailed by the time of implementation. Kuwait has similarly failed to live up to its high-minded reforms by ignoring domestic workers who are often the most vulnerable and least likely to receive protection under existing law (Human Rights Watch 2010).

Elsewhere in the Gulf, leaders have attempted similar reforms. After five years of research, the Ministry of Labour of Saudi Arabia proposed a reform to change the *kafala* system in 2012. The proposal included the elimination of individual sponsorship, replacing it with a corporate system that would be managed by a labour authority affiliated with the Labour Ministry. Migrant workers would not be asked to surrender their passport anymore and sponsors would benefit from an insurance programme that would cover damages caused by the workers (Malaeb 2015). The ministry's proposal, however, did not eliminate the sponsorship system.

In 2015, modifications to the labour law went into effect. The new law prohibited and increased fines for confiscating migrant workers' passports, for failing to pay salaries on time, for not giving a copy of the contract to employees, and for obligating workers to perform tasks that were not included in the contract. The reform also increased the paid leave and compensated workers for injuries due to their work. Nevertheless, the legislation did not protect domestic workers and those that would work in Saudi Arabia for less than two months (Human Rights Watch 2015).

The reform also increased the Labour Ministry's inspection and enforcement powers towards companies not obeying the law (Hannan 2015). Despite these changes, some critics have continued to denounce persistent labour abuse and exploitation, especially after the price of oil decreased. Passport withholding and the exit permit are still part of the main problems migrant workers face (Lynch 2016; Whitaker 2016). Moreover, Saudi Arabia's Ministry of Labour and Social Development recently declared that the government is no longer studying efforts to abandon the *kafala* system (*The New Arab* 2017)

The United Arab Emirates (UAE) has also attempted to reform its *kafala* system. In 2009, the Ministry of Labour introduced a wage protection system

(WPS), an electronic transfer system to guarantee supervision and protection of the workers' wages. A year later, a newly introduced resolution enabled the Labour Ministry to protect migrant workers by issuing work permits to them so that they could transfer from one employer to another even before their contract is terminated if certain conditions are met (i.e., an employer breach of contract) (Human Rights Watch 2014). Additionally, in 2010 and 2012, the government attempted to regulate recruitment agencies engaged in acts of forced labour or human trafficking by revoking or suspending their licenses (Human Rights Watch 2014) and by imposing fines on those employers who make their employees pay recruitment fees. Finally, in 2014, the UAE revised the standard contract for domestic workers, a contract characterised by Human Rights Watch as falling short of international standards.

Reforms to the *kafala* system in the GCC countries have been limited, and reforms in Oman and in Qatar are not an exception. In 2003, a law enacted in Oman made it illegal to loan migrant workers to others employers (Migrant Forum in Asia 2012). And in 2011, the government told the United Nations Human Rights Council that they are researching options for a new system to replace the *kafala* system. However, the government has not yet presented any proposal (Human Rights Watch 2016).

No state in the region has been subjected to more scrutiny and criticism than Qatar in recent years, and it has become the latest state to promise reform. Since winning the bid for the 2022 FIFA World Cup, Qatar has faced mounting pressure to reform, and hardly a month goes by without another scathing human rights report calling for an end to the *kafala* system (Human Rights Watch 2013). Having recognised these pressures, in 2012 the government formed a committee to study possible reforms to the sponsorship system, and in 2014 the government announced that a new law would soon finish the sponsorship system for foreign workers (Al-Khatib 2014). By December 2016, Qatar's new policy was implemented to replace the sponsorship law of 2009. Per the announcement, the new policy "kills the *kafala* system" by making it easier for workers to change jobs and to leave the country (Kovessy 2016), although some critics have argued that this new policy does not fully remove the institutional hurdles to labour mobility and freedom to exit the country at will, in effect leaving the basic structure of the *kafala* system in place.

Amnesty International (2016) contends that even though the new law abolishes the words "sponsor" and "sponsorship," in practice it only introduces a few changes. The law retained the exit permit and made it easier for the employer to withhold the workers' passport, something that was previously illegal. In response,

the government of Qatar requested that the international community not draw any conclusions about the new law prior to the evaluation of its results (*The New Arab* 2016).

Rather than pursuing meaningful reforms to end the *kafala*, these regimes have often been criticised for focusing on public relations and damage control. By ignoring the basic structural problems, these efforts have only raised the cost of enforcing and administering the *kafala*, without properly addressing the root causes that would enable a comprehensive reform of the system.

## **Policy Change in Non-Democratic States**

In the previous sections, we have argued that the *kafala* is not only costly, but surprisingly enduring. This persistence is especially puzzling given various regimes' attempts to reform their systems. While some of these efforts have undoubtedly been little more than lip service to international and domestic critics, some policy reforms have represented a real recognition that the current system is unsustainable and must be changed. The *kafala*'s persistence, in light of such pressure and desire for change, represents a real puzzle for scholars and reformers alike.

We argue that this persistence ultimately depends on the overwhelming public support for the *kafala*. Despite conventional wisdom, public opinion is also important in non-democratic countries, even those lacking formal mechanisms for accountability and representation. This is especially true for politically sensitive and highly salient issues. And in the Gulf, perhaps no issue is more sensitive or salient with than immigration reform.

While by no means representative, under certain conditions non-democratic states can come to resemble their democratic counterparts, at least in some limited way. This effective equivalence has been most often seen in economic outcomes, which provoked a fierce debate around the “developmental state” (Woo-Cumings 1999). The rapid growth of the Asian Tigers in the late 20th century forced scholars to revise long-held assumptions about economic growth, capitalism, and democracy. Beginning with Japan, scholars found that economic reform and development could be achieved through deliberate state intervention. Moreover, in some cases, an authoritarian regime could more efficiently enact such change, using its power to “mobilize the overwhelming majority of the population to work and sacrifice” (Johnson 1999, 52). While such mobilisation is not sustainable and can be easily abused, it can accelerate reform so long as the regime can maintain broad support from society.

The Gulf states today somewhat resemble the developmental state, in which

the regime enjoys incredible influence over industry and finance. When a monarch has an “encompassing interest” in society’s welfare, he may pursue pro-growth strategies like any democratic leader (Olson 2000). Once thought the domain of re-election-oriented democrats, such an interest can even extend to providing public goods and improving citizen welfare. To be clear, such policies are often motivated by an instrumental logic (e.g., the long-term, growth-inducing effects) rather than some inherently progressive value system. This “benevolent” behaviour depends on leaders’ incentives and will only obtain in cases where rulers internalise their citizens’ interests or, at a minimum, identify some other economic or political benefit from these policies.

Although fully specifying these conditions is beyond the scope of this chapter, we can generally expect public interest to influence policy when rulers are in some way constrained by their populations or some critical subset. Selectorate theory (de Mesquita et al. 2004) suggests that in monarchical regimes like those of the GCC, rulers must keep a subset of their populations happy to prevent challengers from emerging and replacing the incumbent regime. While defining this subset can often be difficult in practice, in the case of the GCC states, this vital group clearly derives from the small citizen population.

Thus, to explain the survival of the *kafala*, we must look to public opinion and the determinants of popular support for or against reform. How some citizens perceive immigration and the policies regulating it can be driven by basic misconceptions, rooted more in emotions than “objective self-interest or personal experience” (Cornelius and Rosenblum 2005, 103). Condemnation of the *kafala* from international NGOs, civil society organisations, and international media has largely focused this debate on the treatment of the migrant workers in the Gulf. While many of these organisations have pushed for comprehensive reforms to improve the treatment of migrant workers, GCC government bodies and Shura councils tend to discuss the need for reform in terms of development, with a focus on their citizens’ economic and financial concerns.

This debate around the *kafala* can be politically charged and entangled with normative positions on both sides. Such framing can be misleading and tends to obfuscate some of the basic facts of the system. Most importantly, this debate too often ignores the long-term sustainability challenges endemic to the system. For all the press surrounding the GCC states’ ambitious strategic visions and long-term plans, few reports critically note that these programmes will continue to depend on foreign labour. This dependence is especially ironic given that many of these policies also aim to reduce these states’ dependence on this non-citizen population.



In recent years, this topic has taken on a sensitive political dimension. The dependence on these workers and their ubiquitous penetration of Gulf life has led many in the media and in government to frame this issue as one of basic security and a cultural threat. According to these critics, the persistent reliance on foreign workers has sweeping implications, from undermining the long-term economy to eroding basic cultural foundations (e.g., Arabic language, gender dynamics). Yet, for all this rhetoric and anxiety, for most citizens the debate over the *kafala* is much more personal and banal. Public opinion on reforming the *kafala* does not revolve around such esoteric concerns but those of any household: How will reform affect me? Will my maid quit? Will my driver demand a higher wage? In short, the debate over immigration reform evokes fear, anxiety and, most importantly, great uncertainty for the citizens of the Gulf. In the view of these local populations, the complex system of control essential to the *kafala* helps minimise security and cultural threats, while safeguarding their traditional values and basic economic interests.

For most citizens of the Gulf, the *kafala* is the only system they have ever known, bringing them tremendous wealth and an unrivalled quality of life. Notwithstanding the dire media reports and studies calling for reform, most remain unaffected and uncertain. Under such uncertainty, attitudes toward reform will depend less on actual beliefs about the effects of reform and more on individual perceptions of the economy and one's own personal financial circumstances. Ultimately, we argue that public support for *kafala* reform is associated with an individual's personal interests and economic insecurity. Absent strong beliefs about the effects of immigration reform, basic economic status will drive attitudes towards the *kafala*.

In other cases, however, there is no misunderstanding or confusion—opposition to reform represents a well-defined policy position rooted in basic economic interest. For some groups, resistance to *kafala* reform derives from their basic political economic interest in the status quo. These interests make the prevailing system so profitable that nearly any change would result in losses. Such loss would be perhaps most pronounced for the *kafeel*, whose personal rents may be jeopardised by reform. All citizens in a rentier state enjoy a variety of benefits (e.g., well-paid public sector jobs, and energy and housing subsidies) in exchange for their political quiescence. But the *kafeel* extracts additional rents through the exploitation of cheap migrant labour. By regulating the labour market, the *kafala* helps suppress wages, which provides a benefit to employers and other migrant sponsors. Artificially cheap labour thus represents an important “second-order” rent (Beblawi and Luciani 2015, 62), making reform unpopular among sponsors.

In addition to the *kafeel*, actors directly involved in the vast industry built

around labour recruitment and management have vested interests in obstructing reform. The *kafala*'s many inefficiencies generate opportunities for rent-seeking and exploitation during the recruitment and visa processes. Even if reform were beneficial at an aggregate level, these groups would clearly lose out, at least in the short run. The potential losses have galvanised such entrenched interests and, in combination with the larger uncertainty among the population, have made reform difficult. These potential losses are real and should not be gainsaid. After all, uncertainty alone cannot explain the overwhelming opposition to reform found throughout the Gulf.

If it were this simple, the biggest challenge for the reform-minded regimes of the region would be one of public relations. The sagacious rulers would blitz the population with propaganda and media, touting the benefits of reform. Of course, in reality it is never this simple to win support for an unpopular policy. This is especially true if opinion and mass belief have already congealed around an issue. The regimes of the Gulf appear to face entrenched popular opposition on the issue from their citizens, making reform nearly impossible in theory or implementation. The cases of Bahrain and Kuwait have shown as much; they each tried reform and faced significant hurdles even before implementation, forcing them to water down their own policies. The question then becomes, if not uncertainty alone, what drives this public resistance to immigration reform?

## **The Political Economy of Immigration Reform**

For scholars of advanced democracies, this is hardly a new question, having inspired a vast and sophisticated literature (for recent reviews, see Cornelius and Rosenblum 2005; Ceobanu and Escandell 2010). This literature generally suggests that public opinion towards immigration derives from both subjective (i.e., individual) and objective (i.e., contextual) factors. Given the uncertainty around changing the *kafala*, we should expect individual attitudes to draw on perceptions of personal status and broader, macro indicators. Although prejudice towards migrants may jaundice such attitudes, these perceptions and beliefs should play a significant role in determining support for or against reform. Absent strong beliefs about the effects of immigration reform, attitudes will depend more on individual perceptions of the economy and one's own personal financial security. These perceptions help individuals determine their relative interests and, in turn, their positions on policy change.

Of course, which specific factors are decisive can vary across contexts. Citrin et al. (1997) find that personal economic circumstance plays a marginal role, while perceptions about the national economy are vital to explaining views toward immigration in the US. By contrast, Burns and Gimpel (2000) argue that much



of the underlying prejudice towards migrants is actually driven by an individual's economic insecurity. Comparative studies of European public opinion towards immigration reach similarly mixed results. While Sides and Citrin (2007) do not find evidence that the national economy matters much, Meuleman, Davidov and Billiet (2009) argue that national context (e.g., unemployment) is important in understanding the evolution of anti-immigrant attitudes.

Drawing on different data and varying methods, these studies collectively suggest that in some contexts, perceptions of personal circumstances and the national economy may drive public opinion on immigration. This literature, however, does not reach a clear consensus on which factors predominate and under what conditions. Nor do they have anything to say about public opinion and immigration outside of the West or in non-democratic contexts. To better understand how these foundational results and propositions vary in such contexts, in the next section we explore the determinants of Qatari support for *kafala* reform.

A political economic explanation would suggest that public opinion on the *kafala* and its reform—whether it be tightening the system or relaxing it—should depend on the individual's expected costs and benefits. These costs and benefits are relative, driven not only by an individual's objective reality (e.g., income, employment) but subjective evaluations as well (e.g., financial confidence, quality of life).

Recall the regulatory and enforcement problems earlier. The basic failure of the *kafala* system and its perverse incentives has led to the emergence of informal and extralegal markets. These markets have arisen to exploit the *kafala*'s failures. Markets for visa trading and exchange, exploitative recruitment agencies and other intermediaries all represent a response to the failure of the current system. In each of these cases, businesses, sponsors and workers enter informal markets to circumvent the *kafala* system altogether. The cumbersome legal code and bureaucratic failures have produced a variety of rent-seeking opportunities, giving rise to intermediaries whose very livelihoods are tied to the basic inefficiency of the system. Thus, any reform would be viewed as threatening to these actors.

Rather than treat these citizens as important actors, most explanations of the *kafala*'s robustness reduce to but one actor: the ruling regime. While we readily admit that the regime is important and its interests must be considered, the rulers of the Gulf do not operate within a vacuum insulated from popular pressure. Satisfying these groups requires that even the most non-democratic rulers consider public opinion when making policy decisions. Existing accounts ignore this role and thus the citizenry's influence in buttressing the *kafala* system.

## **Qatar and the New *Kafala* System Reform**

Turning to Qatar, we can see how this basic problem plays out in practice. Like the rest of the Gulf, the state needs to reform and has even pursued it recently, but structural change remains elusive. Since winning the rights to host the FIFA 2022 World Cup, Qatar has come under the watchful eye of the world for the *kafala* system and its treatment of migrant workers in the country. Many articles and reports of varying quality have been published regarding the *kafala* system, with a larger number being negative reports about the system from organisations and media calling for reforms. A simple search online reflects this large volume. Faced with a flood of articles and opinions on the worker sponsorship system in the Gulf and in Qatar, Qatar implemented reforms for its *kafala* system at the end of 2016.<sup>3</sup> Even more intriguing is how Qatari nationals and migrant workers viewed the system before and after these newly implemented reforms.

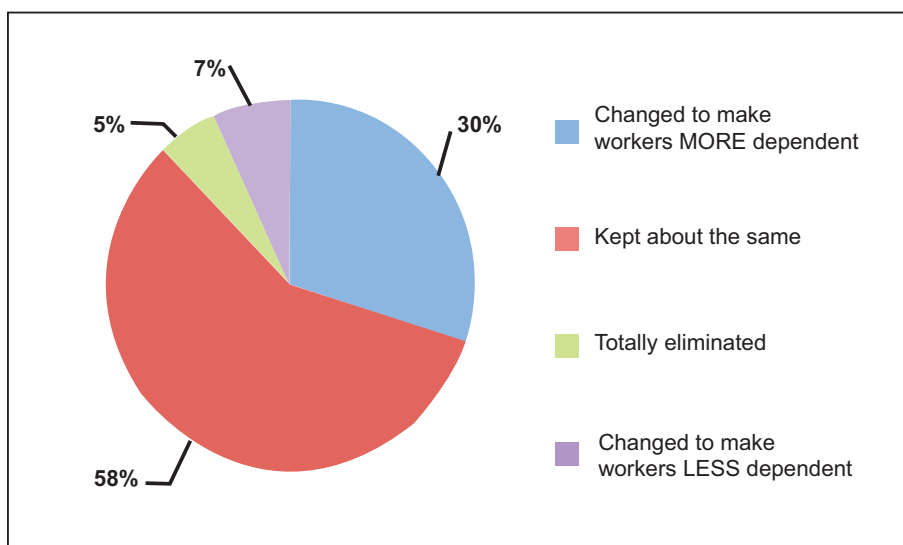
SESRI conducted several scientific opinion surveys on this issue over the years both before and after implementation of the new law. Overall, these surveys indicate that most Qatari nationals believe that the *kafala* system should have been kept about the same as before the December 2016 reform. In 2012 (two years after the 2022 FIFA bid award to Qatar), we asked respondents whether the *kafala* should be changed to make foreign workers more dependent on their sponsor, less dependent, kept about the same, or the system be totally eliminated. Most Qatari nationals surveyed (58 per cent)<sup>4</sup> favoured maintaining the system as it was before (see Figure 3.1). They also preferred fewer migrant workers in the country overall. This last point was especially surprising since the country would need an even larger foreign labour force to build the infrastructure necessary for the games. A few Qatari nationals (12 per cent) thought that the system should have been changed to make foreign workers less dependent on their sponsors or that sponsors be totally eliminated. Surprisingly, nearly one-third (30 per cent) of Qataris advocated a system change to make foreign workers even more dependent on their sponsors. It must be noted, however, that among Qataris who were business owners and high-income nationals, we found less likelihood of support to tighten the system, and more support for keeping it the same (Diop et al. 2015).

---

3. The new Law, Law No. 21 of 2015 Regulating the Entry, Exit, and Residence of Expatriates, replaces the previous sponsorship law, Law No. 4 of 2009 for Regulating the Entry and Exit of Expatriates, their Residency and Sponsorship.

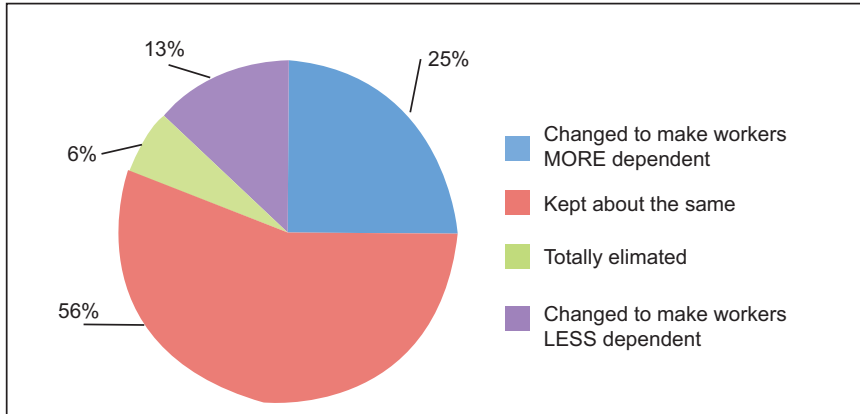
4. These results are based on the 2012 Qatari Attitudes towards Foreign Workers survey, a project which was funded by Qatar Foundation through its NPRP programme (a face-to-face survey of Qatari nationals n=2,394 and a margin of error of +/- 2.3 percentage points).

**Figure 3.1: Do you think the sponsorship system or *kafala* should be changed to make the foreign workers more dependent on their sponsor, less dependent on their sponsor, kept about the same, or totally eliminated?**



These Qatari attitudes seem to be consistent over the years including in different modes of survey administration. During the third quarter of 2015, Qatari nationals were asked the same *kafala* question in a quarterly telephone survey. Again, slightly more than half (56 per cent) indicated preference for keeping the worker sponsorship system about the same, while one-quarter (25 per cent) preferred to change it to make migrant workers more dependent on their sponsors. Less than one-fifth (20 per cent) answered that they wanted the system changed to make migrant workers less dependent on their sponsors (13 per cent) or totally eliminated (6 per cent) (see Figure 3.2).

**Figure 3.2: Next, we would like to ask you about the sponsorship system or “kafala”. Do you think this sponsorship system should be changed to make foreign workers more dependent on their sponsor, less dependent on their sponsor, kept about the same, or totally eliminated?**



Whether in face-to face interviews as in the 2012 survey, or on telephone, as in 2014 and 2015 (see Table 3.1), Qatari nationals clearly expressed their preferences for maintaining the status quo. And this opinion held steady in a media climate where already in 2015 there were widespread reports about government intention to reform the *kafala*. The stickiness of these beliefs suggests that many Qataris had already made up their minds about *kafala* reform before seeing the draft bill and its potential effects.

**Table 3.1: Qatari nationals and the sponsorship system or *kafala***

| %                   | Quarter 1<br>2014 | Quarter 2<br>2014 | Quarter 3<br>2014 | Quarter 4<br>2014 | Quarter 1<br>2015 | Quarter 2<br>2015 | Quarter 3<br>2015 |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| More dependent      | 31                | 25                | 29                | 27                | 26                | 26                | 25                |
| Less dependent      | 14                | 12                | 10                | 14                | 13                | 15                | 13                |
| Kept about the same | 49                | 53                | 52                | 50                | 54                | 53                | 56                |
| Totally eliminated  | 6                 | 10                | 9                 | 8                 | 7                 | 6                 | 6                 |

Survey question: Next, we would like to ask you about the sponsorship system or “*kafala*.” Do you think this sponsorship system should be changed to make foreign workers more dependent on their sponsor, less dependent on their sponsor, kept about the same, or totally eliminated?

These Qatari nationals' attitudes, which favour maintaining the status quo or making migrant workers more dependent on their sponsors, put them out of step with policies aimed at appeasing critics. They reflect the nationals' ambivalent evaluation of the presence of migrant workers in their country as reflected in the survey data. While perceiving migrant workers to be economically vital for the development of their country, Qatari nationals often also viewed these workers as a direct threat to Qatari life and culture, which one could describe as a sense of 'a homeland under siege.' In the views expressed by Qatari nationals, this foreign population has been also associated with several negative aspects and societal costs, including traffic congestion, a strain on health services, a threat to traditional customs and values, and increasing crime.

Qatari attitudes towards the *kafala* prior to the implementation of the reform were completely different from those expressed by foreign migrant workers, whether low- or high-income.<sup>5</sup> As expected, these two groups of migrant workers clearly expressed their preferences for a reform that would make the workers less dependent on their sponsors or totally eliminate the *kafala*. For example, in the 2015 quarterly telephone survey, one-third or more of the high-income migrant workers expressed a preference to see the *kafala* changed in a way that would make them less dependent on their sponsors (33 per cent) or have the system be completely eliminated (38 per cent) (see Table 3.2). Responses from low-income migrant workers followed a similar pattern (with 30 per cent and 33 per cent, respectively) (see Table 3.3).

**Table 3.2: High-income expatriates and the sponsorship system or “*kafala*”**

| %                   | Quarter 1<br>2014 | Quarter 2<br>2014 | Quarter 3<br>2014 | Quarter 4<br>2014 | Quarter 1<br>2015 | Quarter 2<br>2015 | Quarter 3<br>2015 |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| More dependent      | 6                 | 7                 | 6                 | 7                 | 6                 | 7                 | 8                 |
| Less dependent      | 34                | 35                | 32                | 35                | 33                | 30                | 35                |
| Kept about the same | 22                | 18                | 20                | 20                | 23                | 23                | 23                |
| Totally eliminated  | 38                | 40                | 42                | 38                | 38                | 40                | 34                |

Survey question: Next, we would like to ask you about the sponsorship system or “*kafala*.” Do you think this sponsorship system should be changed to make foreign workers more dependent on their sponsor, less dependent on their sponsor, kept about the same, or totally eliminated?

5. In the quarterly telephone surveys, migrant workers are classified into two groups: low-income and high-income workers. Low-income workers are defined as those workers earning less than QR4,000 (\$1,096) per month. In the face-to-face surveys, this classification is based on housing unit type.

**Table 3.3: Low-income expatriates and the sponsorship system or “*kafala*”**

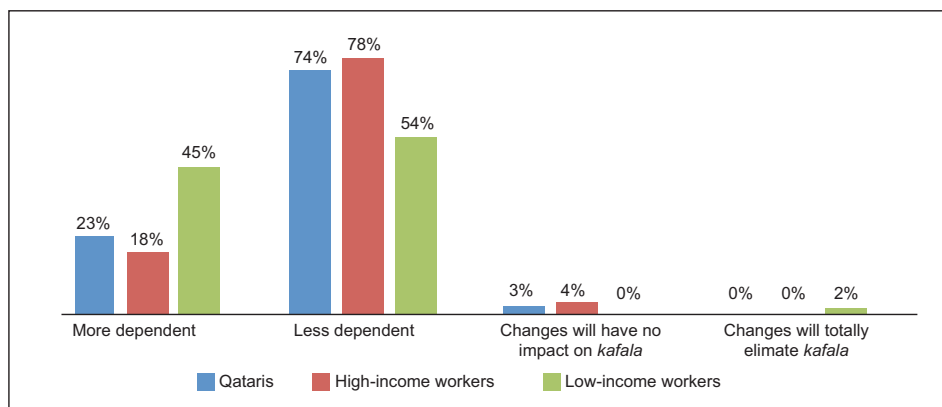
| %                   | Quarter 1<br>2014 | Quarter 2<br>2014 | Quarter 3<br>2014 | Quarter 4<br>2014 | Quarter 1<br>2015 | Quarter 2<br>2015 | Quarter 3<br>2015 |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| More dependent      | 17                | 12                | 20                | 9                 | 11                | 13                | 17                |
| Less dependent      | 32                | 28                | 19                | 33                | 36                | 31                | 30                |
| Kept about the same | 25                | 18                | 22                | 18                | 26                | 25                | 20                |
| Totally eliminated  | 26                | 42                | 39                | 40                | 27                | 31                | 33                |

Survey question: Next, we would like to ask you about the sponsorship system or “*kafala*.” Do you think this sponsorship system should be changed to make foreign workers more dependent on their sponsor, less dependent on their sponsor, kept about the same, or totally eliminated?

By February 2017, two months after the new reform laws were passed in December 2016, Qataris and migrant workers (both low-income and high-income) were asked in a semi-annual telephone survey<sup>6</sup> whether the implemented changes would make foreign workers more or less dependent on their sponsors. Surprisingly, three-quarters or more of Qatari nationals (74 per cent) and high-income migrant workers (78 per cent) as well as more than half of the low-income migrant workers (54 per cent) thought the announced changes would make migrant workers less dependent on their sponsors (see Figure 3.3).

6. At the end of the 3<sup>rd</sup> quarter of 2015, the Qatar Quarterly Survey (QQS) conducted by the Social and Economic Survey Research Institute (SESRI) became the Qatar Semi-Annual Survey (QSAS). In each survey, about 700 Qatari nationals, 700 high-income as well as 700 low-income expatriate workers are asked several questions covering several topics of importance to Qatari society, including the recent changes to the labour laws. The margin of error ranged from  $\pm 3$  to  $\pm 3.6$  percentage points.

**Figure 3.3: Do you think the announced changes will make foreign workers more dependent on their sponsor or less dependent on their sponsor?**



These expectations from citizens and high-income, and low-income expatriate workers about the changes in the labour laws are consistent with findings from the previous Qatar Quarterly Survey (QQS) when the question was asked with the similar phone mode (see Table 3.4).

**Table 3.4: Qatari citizens, high-income and low-income workers and the announced changes**

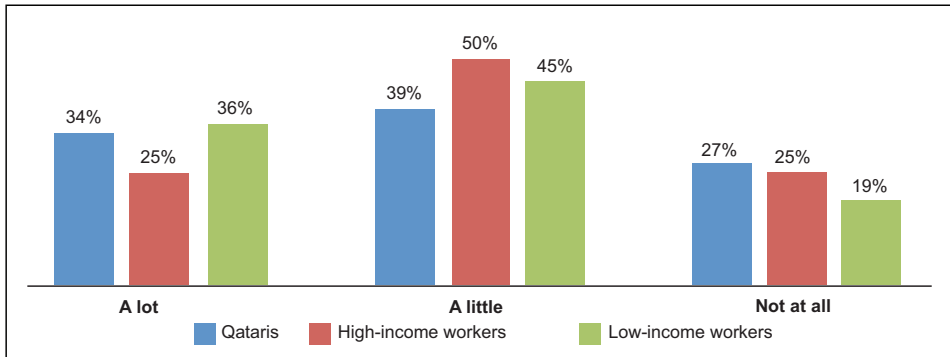
| (%)  | Quarter 4_2014  |                     |                    | Quarter 2_2015  |                     |                    | Quarter 3_2015  |                     |                    |
|--|-----------------|---------------------|--------------------|-----------------|---------------------|--------------------|-----------------|---------------------|--------------------|
|  | Qatari citizens | High income workers | Low income workers | Qatari citizens | High income workers | Low income workers | Qatari citizens | High income workers | Low income workers |
| More dependent                                   | 28              | 14                  | 28                 | 27              | 18                  | 38                 | 28              | 20                  | 31                 |
| Less dependent                                   | 71              | 85                  | 69                 | 72              | 79                  | 57                 | 69              | 75                  | 66                 |
| Changes will have no impact on the <i>kafala</i> | 0               | 1                   | 1                  | 1               | 3                   | 3                  | 3               | 4                   | 0                  |
| Changes will totally eliminate the <i>kafala</i> | 1               | 0                   | 2                  | 0               | 0                   | 2                  | 0               | 1                   | 3                  |

Survey question: Do you think the announced changes will make foreign workers more dependent on their sponsor or less dependent on their sponsor?

Regarding Qataris, these expectations are in opposition to their usual preference for keeping the *kafala* as it was or for tightening it. Nevertheless, this general climate of opinion from Qatari nationals can be viewed as an opportunity for policy makers who favour further reform to promote a legal framework making workers less dependent on their sponsor.

Even though the changes in the law have been talked about for a period of one year prior to their implementation in December 2016, about a quarter of each of the three sub-groups of the Qatari population (Qataris, low-income migrant workers and high-income migrant workers) still believed that the system would not be changed “at all” in February 2017. While slightly more than one-third high-income migrant workers (36 per cent) and Qataris (34 per cent) as well as one-quarter (25 per cent) of low-income migrant workers believed that the system would change “a lot,” the majority of all three sub-group populations believed that the system would change “a little,” the majority of all three sub-group populations believed that the system would change a little. Among high-income migrant workers, this proportion is half (50 per cent of the respondents) (see Figure 3.4).

**Figure 3.4: Lately, the Qatar Government has announced that it will make changes to the foreign worker’s sponsorship system or “*kafala*.” To what extent do you believe the *kafala* system will be changed? Do you think it will change?**



The same question was asked of the three types of respondents during the previous quarters of the Qatar Quarterly Survey (QQS) and the responses are presented in Table 3.5. Again, these results indicate a high level of scepticism about the extent to which the *kafala* system would be changed.



**Table 3.5: Qatari citizens, high-income and low-income workers and the announced changes**

|                   | Quarter 4_2014  |                     |                    | Quarter 2_2015  |                     |                    | Quarter 3_2015  |                     |                    |
|-------------------|-----------------|---------------------|--------------------|-----------------|---------------------|--------------------|-----------------|---------------------|--------------------|
| %                 | Qatari citizens | High income workers | Low income workers | Qatari citizens | High income workers | Low income workers | Qatari citizens | High income workers | Low income workers |
| <b>A lot</b>      | 40              | 31                  | 26                 | 33              | 24                  | 25                 | 36              | 26                  | 22                 |
| <b>A little</b>   | 43              | 60                  | 58                 | 47              | 59                  | 60                 | 44              | 60                  | 61                 |
| <b>Not at all</b> | 17              | 9                   | 16                 | 20              | 17                  | 15                 | 20              | 14                  | 17                 |

Survey question: Lately, the Qatar government has announced that it will make changes to the foreign worker's sponsorship system or "*kafala*." To what extent do you believe the *kafala* system will be changed? Do you think it will change?

When asked which one element of the *kafala* they would like to see changed, the majority of low-income and high-income migrant workers indicated two primary elements of the system: elimination of the exit permit and permission for migrant workers to change jobs without approval from their sponsors. In contrast to this preference for elimination of exit permit and labour mobility (allowing workers to change jobs without sponsor approval) among expatriates of all incomes, the majority of Qataris continued their preference for keeping the old law and changing nothing within it.

Significantly, these two elements are specified as part of the new reforms. Critics, however, contend that the old *kafala* system is still de facto in place and that migrant workers still need their employers' permission to travel or to change jobs. Officially, the new Qatar labour law abolishes the terms "*kafala*" and its English equivalent "sponsorship." As announced, the new law replaces the *kafala* system with a contract-based system. Nevertheless, critics still argue that despite removing the word "sponsor" from the law and replacing it with "recruiter," the new law falls short of abolishing the most exploitative aspects of the sponsorship system.<sup>7</sup>

One of the especially exploitative aspects concerns passports. Qatari labour laws stipulate a hefty fine for withholding migrant workers' passports. Migrant worker passport retention by employers, recruitment agencies or other third parties is one of the most common violations which is criticised by human rights organisations. In a 2012 SESRI survey of migrant workers across the GCC countries, we found that the majority of respondents reported that their passports were held by their

7. <http://www.adhrb.org/2016/12/qatars-new-sponsorship-law-fails-abolish-Kafala-system/>.

employers. In Saudi Arabia (97 per cent), Oman (96 per cent) and Bahrain (90 per cent), it was nearly universal in practice, while in Kuwait and Qatar the percentages were somewhat lower at 83 and 82 per cent, respectively. The number of workers who reported having their passports held by a recruitment agency was extremely low across the different GCC countries, which meant that outside of employer possession, the proportion of workers holding their own passports was the inverse of the above numbers. That is, 18 per cent of workers in Qatar, 16 per cent in Kuwait, 9 per cent in Bahrain, 3 per cent in Oman and 1 per cent in Saudi Arabia were in possession of their own passports.

But this is not the whole story. In subsequent follow-up surveys, we found that different reasons were given by migrant workers for these passport retention practices (Diop et al. 2017). The first most common reason mentioned by participants was related to the lack of safe places for workers to keep their own documents. In fact, 59 per cent of the workers in Oman mentioned that their passports were held by either their employer or a recruitment agency as per their own request, since they did not have a safe place to keep it. This was also the case with 38 per cent of the workers in Qatar, 25 per cent of those in Kuwait, 22 per cent in Bahrain but only 3 per cent of those working in Saudi Arabia.

The second most common reason mentioned by the respondents was that their passports were confiscated against their own will. This was mainly the case with the majority of the workers in Saudi Arabia and Kuwait (62 per cent and 60 per cent, respectively) and 27 per cent in Oman, 22 per cent in Bahrain and 18 per cent in Qatar.

The third most common reason for passport withholding reported by the workers was in exchange for local resident identification (ID). Workers usually provide their passports to employers or to recruitment agencies to obtain their residency card. This reason was most common in Saudi Arabia and Bahrain where 35 per cent of respondents in each of the two countries reported exchanging their passport for their residency card, while 15 per cent of workers in Kuwait and 6 per cent in both Qatar and Oman mentioned this exchange as a reason.

## **Conclusion**

Facing growing pressure from international human rights organisations, media and other groups, all GCC states have attempted to reform their *kafala* system. All these attempts were not only for improving the living and working conditions of migrant workers in the Gulf countries, but also to appease international critics' concerns

about migrant workers' labour rights and human rights violations. The persistent and growing criticism and calls from these organisations to safeguard the rights of all migrant workers and to eradicate the *kafala* constitutes a clear indication that these groups expect comprehensive reforms. This expectation is on a collision course with Qataris' preferences for maintaining the status quo or making workers more dependent on their sponsors. It is precisely this preference for a dependent status that critics believe places workers in a vulnerable position and is at the foundation of workers' problems in the GCC countries. So, these critics are unlikely to be satisfied with the incremental changes that Qatari nationals only grudgingly accept.

## **Bibliography**

- Al-Khatib, A. "Qatar Finalising New Sponsorship Law for Foreign Workers." *The New Arab*, December 29, 2014. <https://www.alaraby.co.uk/english/news/2014/12/29/qatar-finalising-new-sponsorship-law-for-foreign-workers>.
- Americans for Democracy and Human Rights in Bahrain. "Bahrain Moves to Reform Kafala, Exclusions Remain." October 28, 2016. <http://www.adhrb.org/2016/10/bahrainKafala/>.
- Baldwin-Edwards, Martin. "Labour Immigration and Labour Markets in the GCC Countries: National Patterns and Trends." Kuwait Programme on Development, Governance and Globalisation in the Gulf States, 15. The London School of Economics and Political Science, London, UK, 2011.
- Beblawi, Hazem, and Giacomo Luciani, eds. *The Rentier State*. Routledge, 2015.
- Burns P., J.G. Gimpel. "Economic Insecurity, Prejudicial Stereotypes, and Public Opinion on Immigration Policy." *Political Science Quarterly* 115, no. 2 (2000): 201-225.
- Ceobanu, Alin M. and Xavier Escandell. "Comparative Analyses of Public Attitudes toward Immigrants and Immigration Using Multinational Survey Data: A Review of Theories and Research." *Annual Review of Sociology* 36 (2010): 309-328.
- Citrin J., D.P. Green, C. Muste and C. Wong. "Public Opinion toward Immigration Reform: The Role of Economic Motivations." *Journal of Politics* 59, no. 3 (1997): 858-881.
- Cornelius, W. A. and M.R. Rosenblum. "Immigration and Politics." *Annual Review of Political Science* 8 (2005): 99-119.
- Chaudoir, David C. "Westerners in the United Arab Emirates: A View from Abu Dhabi." In *Migration and the Gulf*. The Middle East Institute, Washington, D.C., 2010.
- De Bel-Air, Françoise. "Demography, Migration, and the Labour Market in Qatar," GLMM-EN-N0.3/2017.
- De Mesquita, J.D. Morrow, R.M. Siverson, & A. Smith. "Testing Novel Implications from the Selectorate Theory of War." *World Politics* 56, no. 3 (2004): 363-388.

- Diop, A., K.T. Le, M.C. Ewers. "Working and Living Conditions of Migrant Workers in the GCC." In *India Migration Report 2016*, edited by S. Irudaya Rajan. New York: Routledge, 2017.
- Diop A., T. Johnston, and K.T. Le. "Reform of the Kafala System: A Survey Experiment from Qatar." *Journal of Arabian Studies: Arabia, the Gulf & the Red Sea* 5, no. 2 (2015):116-137.
- Hannan, A. "1,441 Firms Shut for Not Complying with Salary Protection Program." *Arab News*, October 26, 2015. <http://www.arabnews.com/saudi-arabia/news/825921>.
- Human Rights Watch. "Slow Reform: Protection of Migrant Domestic Workers in Asia and the Middle East'." April 2010. <https://www.hrw.org/report/2010/04/27/slow-reform/protection-migrant-domestic-workers-asia-and-middle-east>.
- . "Qatar: Abolish Exit Visas for Migrant Workers." 2013. <https://www.hrw.org/news/2013/05/30/qatar-abolish-exit-visas-migrant-workers>
- . Human Rights Watch. "I Was Sold: Abuse and Exploitation of Migrant Domestic Workers in Oman." July 13, 2016. <https://www.hrw.org/report/2016/07/13/i-was-sold/abuse-and-exploitation-migrant-domestic-workers-oman>.
- . "Saudi Arabia: Steps toward Migrant Workers' Rights." November 15, 2015. <https://www.hrw.org/news/2015/11/15/saudi-arabia-steps-toward-migrant-workers-rights>.
- . "I Already Bought You: Abuse and Exploitation of Female Migrant Domestic Workers in the United Arab Emirates." October 22, 2014. <https://www.hrw.org/report/2014/10/22/i-already-bought-you/abuse-and-exploitation-female-migrant-domestic-workers-united>.
- . "For a Better Life: Migrant Worker Abuse in Bahrain and the Government Reform Agenda." October 4, 2012. <https://www.hrw.org/sites/default/files/reports/bahrain1012ForUpload.pdf>.
- Johnson, Chalmers. "The Developmental State: Odyssey of a Concept." In *The Developmental State*, edited by Meredith Woo-Cumings. Cornell University Press, 1999.
- Kovessy, Peter. "Qatar Officials Propose Changes to *Kafala* System," *Doha News*, May 14, 2014.

- Lynch, J. "Migrant Worker Bear the Brunt of Saudi's Archaic *Kafala* System." *Middle East Eye*, October 10, 2016. <http://www.middleeasteye.net/columns/migrant-workers-bear-brunt-saudis-archaic-Kafala-system-817327584>.
- Malaeb, H. N. "The '*Kafala*' System and Human Rights: Time for a Decision." *Arab Law Quarterly* 29, no. 4 (2015): 307-342.
- Meuleman, B., E. Davidov, and J. Billiet. "Changing Attitudes toward Immigration in Europe, 2002-2007: A Dynamic Group Conflict Approach." *Social Science Research* 38, no. 2 (2009): 352-365.
- Migrant Forum in Asia (MFA). "Reform of the *Kafala* (Sponsorship) System," Policy Brief 2, 2012. [http://mfasia.org/migrantforumasia/wp-content/uploads/2012/07/reformingkafala\\_final.pdf](http://mfasia.org/migrantforumasia/wp-content/uploads/2012/07/reformingkafala_final.pdf).
- Olson, Mancur. *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*. New York: Basic Books, 2000.
- Rahman, Mizanur. "Recruitment of Labour Migrants for the Gulf States: The Bangladeshi Case." ISAS Working Paper no. 132, 2011.
- Shah, Nasra M. "Labour Migration from Asian to GCC Countries: Trends, Patterns and Policies." *Middle East Law and Governance* 5, no. 1-2 (2013): 36-70.
- . "Irregular Migration and Some Negative Consequences for Development: Asia-GCC Context." Paper prepared for the Second Meeting of the Global Forum on Migration and Development held in Manila, Philippines, October 27-30, 2008.
- Sides J. and J. Citrin. "European Opinion about Immigration: The Role of Identities, Interests, and Information." *British Journal of Political Science* 37, no. 3 (2007): 477-504.
- Soto, R. and R. Vazquez-Alvarez. "Dubai: Labor Markets in Transition." Dubai Economic Council. Mimeographed, 2011.
- The New Arab*. "Saudi Arabia Dismisses Talk of Migrant Labour Reforms." 2017. <https://www.alaraby.co.uk/english/society/2017/1/9/saudi-arabia-dismisses-talk-of-migrant-labour-reforms>.
- The New Arab*. "Qatar Defends Labour Reforms Despite Human Rights Group Criticism." 2016. <https://www.alaraby.co.uk/english/news/2016/12/13/>

qatar-defends-labour-reforms-despite-human-rights-group-criticism.

United Nations Development Programme. "Joint Programme for the Support of the Public Authority of Manpower (PAM)." June 1, 2015. [http://www.kw.undp.org/content/kuwait/en/home/operations/projects/democratic\\_governance/joint-programme-for-the-support-of-the-public-authority-of-manpo.html](http://www.kw.undp.org/content/kuwait/en/home/operations/projects/democratic_governance/joint-programme-for-the-support-of-the-public-authority-of-manpo.html).

Whitaker, B. "Labouring in Vain: the Gulf's Unpaid Workers." *Al-Bab*, September 29, 2016. <http://al-bab.com/blog/2016/09/labouring-vain-gulfs-unpaid-workers>.

Winckler, Onn. "Labor Migration to the GCC States: Patterns, Scale and Policies." In *Migration and the Gulf*. Middle East Institute, Washington, D.C., 2010.

Woo-Cumings, Meredith, ed. *The Developmental State*. Cornell University Press, 1999.

Zahra, Maysa. "The Legal Framework of the Sponsorship Systems of the Gulf Cooperation Council Countries: A Comparative Examination," Explanatory Note No. 10/2015, Gulf Labour Markets, Migration and Population (GLMM) programme of the Migration Policy Center (MPC) and the Gulf Research Center (GRC), <http://gulfmigration.eu>.

## IV

### Exploring Links between Post-Arrival Initiatives and Labour Market Outcomes of Migrants

*Ahmed Al Hashemi\* and Dina Sameh Habib\*\**

**Abstract:** The general surge in international migration and the issue of how to best accommodate the large groups of new arrivals and make use of their skills in the labour market through integration and mobility is a matter that is gaining increasing attention. Germany, Singapore, and the United Arab Emirates (UAE), with their varying institutional contexts of migration, have adopted policies and launched initiatives which aim to support their large diverse migrant populations. While Germany advocates the adoption of comprehensive labour market and social integration focused initiatives for asylum seekers and refugees for long-term employment gains, Singapore has a nationwide skills development strategy wherein investment in the workforce is seen as a path to economic growth. The UAE, and in particular the Emirate of Dubai, focuses on legal and cultural orientation as an Emirate-wide strategy to promote coexistence and facilitate mobility and mediation in employment disputes. In light of these examples, can the use of such strategies actually have an impact on labour market integration or mobility of migrants?

---

\* Ahmed Al Hashemi is Managing Director of the Middle East Centre for Training and Development, Dubai, UAE.

\*\* Dina Sameh Habib is Researcher at the Middle East Centre for Training and Development, Dubai, UAE.



This chapter explores the diverse post-arrival policies and initiatives directed at migrants that Germany, Singapore, and the UAE have recently implemented and studies whether they point to a possible improvement of migrant labour market outcomes in relation to integration in Germany and mobility in Singapore and the UAE. The chapter identifies both long-term and short-term strategies used and why each is directed at specific groups of migrants. The chapter also explains in what way a short-term strategy can transition into a long-term one in the case of the UAE following completion of the Expo 2020.

## **Introduction**

Successful labour market integration of migrants, it has been proven, raises the overall economic productivity of the receiving country as they become active participants in the economy. Many studies by the Organisation for Economic Cooperation and Development (OECD) report on the positive impact of migration, which is enhanced by more employment opportunities and labour market participation of migrants. In turn, this results in an increase in labour market flexibility, higher contributions to the economy in taxes, and technological and skills development. The benefits of labour market integration and mobility of migrants are countless, and examples of efforts to reform laws to better provide support to them in the employment context can be seen in various OECD country policies in the recent decades.

Enhancing skills, providing support programmes, and offering technical, language, and thematic orientation training to migrants in the host country within “equal opportunity” projects has been endorsed by various international organisations such as International Organisation for Migration (IOM), the World Bank, International Labour Organisation (ILO), and OECD, among others. Additionally, several European countries including Sweden, Germany, Austria, the Netherlands, and Norway have national programmes to enhance the skills needed for the host country labour market and provide opportunities for further education for migrants that may translate into employability and upward mobility. Better technical and profession-specific language training opens up opportunities for employment and improves knowledge of the job market. Additionally, recognising origin country educational and professional experience helps in providing individualised support as knowledge gaps can be identified, thus improving access to the labour market once training is provided. Offering orientation programmes would facilitate a smoother transition into the host country, improve the ability to connect with others, and aid migrants in their ability to resolve problems and face on the job challenges.

Whether such programmes are adopted depends on national migration policies and the historical and institutional context of migration. Socio-economic factors also come into play, and migrant profiles, skills, and potential residency periods shape the strategy and whether or not it is likely to be a long-term or short-term one.

In the German context, the history of migration to and from the country has changed a multitude of times. Between the 1950s and 60s, Germany witnessed an inflow of labour migrants from various parts of the world under their “Gastarbeiter” (guest worker) policy to complement shortages in the labour market post-World War II. Additionally, formation of the European Union (EU) allowed for free movement of European citizens within European borders. The crisis following the Arab Spring in 2011 led to a mixed inward flow of migrants from the Middle East and Africa seeking asylum, or merely attempting to find work. In 2015, Germany received a total of one million asylum seekers and refugees. Faced with an ageing working population, low fertility rates, and a shifting socio-economic and demographic context, Germany began directing its overall national strategies to labour market integration and social integration of the young arrivals to reap the benefits they may bring through two broad approaches: Providing the assessment and skills training needed to participate in the labour market; providing opportunities for social integration through language and cultural orientation, which, in turn, was also expected to promote labour market participation for those who were primarily expected to obtain permanent residency and eventually citizenship thereafter.

On the other end of the spectrum, non-immigration<sup>1</sup> countries such as Singapore and the United Arab Emirates (UAE) are unique in the way they sourced labour migrants when immense structural developments and industrialisation were taking place. Both countries witnessed an economic, demographic, and social boom, during which they consciously created labour market space for new arrivals, only as and when it was demanded by the market. The main features of this migration model were temporary legal migration status, restriction to providing citizenship or permanent residence to migrants, and a careful selection of those joining the labour market, preconditioned on skills and industry requirements. By and large, social and cultural integration was not encouraged.

In Singapore, demand for foreign labour grew exponentially following its independence from Malaysia in 1965. As the country launched extensive

---

1. Non immigration countries, owing to their temporary migration models and restriction to providing access to citizenship and permanent residence status.

development plans, labour migrants of all skillsets became contributors to the economic development of Singapore. The country also faced demographic challenges of an ageing population and low birth rates, which further exacerbated its reliance on foreign workers to sustain the economy and ensure continued prosperity. Singapore's general migration policy became a demand-driven system whereby migrant workers filled the employment gaps that the locals could not fill. Foreign workers' numbers surpassed the numbers of their local counterparts, placing Singapore as one of the largest labour migrant receiving countries in the world. Today, the total population of Singapore stands at 5.61 million comprising residents and non-residents, and the top five countries of origin, as reported in United Nations statistics in 2013, are Malaysia, China, Indonesia, India, and Pakistan. As of 2017, the Singapore Ministry of Manpower estimated the number of foreign workers at 1.4 million. Singapore's dependence on labour migration for its transformation into one of the most developed countries in the world represents a unique illustration of the importance of migration for development. Importing labour for a temporary period of time and keeping them mobile in the labour market was key for change; however, a strategy shift to sourcing and retaining the highly-skilled took place, and thereby an investment in capacity building, because upskilling as a longer-term strategy was needed to sustain the economy.

Following the discovery of oil in the 1950s, the UAE witnessed an economic and demographic boom and a shift from dependence on the fishing and pearl industries. The urgent need for development, a small local population, and a requirement for low and high skills in the country led to a heavy reliance on foreign workers to transition the economy into what is now a regional trading and tourism hub. At a record rate, the seven Emirates, and especially Abu Dhabi and Dubai, began their modern transformation and soon focused on diversifying from an oil and gas industry-based economy to a knowledge-based one. In 2014, foreigners were estimated to be 7.8 million of a total population of 9.5 million, making the UAE one of the largest migrant receivers in the world. In 2013, Dubai won the right to host Expo 2020, a significant international exposition where millions of visitors are expected. Dubai's residents were estimated at 2.3 million in 2014 and grew by another 100,000 to reach approximately 2.4 million the following year. Large numbers of low-skilled foreign workers, especially in the construction field, embarked on the Expo 2020 development projects, expecting short-term employment prospects. Hence, the government of Dubai, through a local government body, initiated a strategy which aimed at cultural and legal orientation for the newcomers, mainly low-skilled construction worker groups, to promote coexistence and better knowledge of rights

and responsibilities in relation to the labour law to resolve problems and challenges on the job.

This chapter will present the cases of three unique host countries of migrants, Germany, Singapore, and the UAE in the context of their initiatives to promote post-arrival strategies and programmes to support their varying migrant populations. The chapter does not attempt to compare these contexts, but the authors will explore a possibility of associating the post-arrival initiatives in these countries with the outcomes of migrants in the labour market in relation to their integration or mobility. All three countries have shown an ability to absorb large young migrant populations in the last few decades. This poses two questions: Can the strategy by Germany really promote labour market integration, and can Singapore and the UAE promote labour market mobility? In what ways are the strategies relative to the status, profiles/skills, and expected residency period of the migrant?

The chapter identifies “post-arrival strategies/initiatives” hereon, as any programme which aims to support migrants in the destination country to prosper, develop, or have a facilitated life. It will consider only government-led post-arrival initiatives and will refer only to some of the more recent developments due to the long history of migration and changes within each country’s context and due to space restriction. Although it is an important element of the analysis, the chapter will not examine discriminatory practices in the labour market.

We divide the chapter into three sections; Germany, Singapore, and the UAE (Dubai). In each section, we first briefly identify the government-led initiatives, which will then help us to decipher why such programmes were chosen and implemented, and how it is dependent on the migration context and migrant profiles. We then attempt to study the prevailing conditions of the labour market in relation to the programmes implemented to attempt to draw out a possible link between them and the labour market conditions of the target migrants and whether or not such programmes may benefit the migrants or strengthen their labour market integration or mobility.

With Dubai being the main focus of the study, we review a series of facilitation initiatives taken by various authorities to support foreign workers, in addition to a post-arrival orientation programme implemented in 2016. We also offer a short description of the programme contents and of the likely benefits on workers; however, we do not offer an evaluation at this stage as it seems too soon at this point. The authors have found two general common patterns within the cases: post-arrival strategies to enhance skills were for long-term migrants and cultural and legal orientation programmes were for temporary migrants. Finally, the study

puts forward recommendations to the Dubai government on how the programme may be expanded to further promote upward mobility of workers, which would eventually prove beneficial for the UAE.

## **Post-Arrival Initiatives and Potential Labour Market Outcomes**

### ***The Case of Germany***

Previously, labour market integration of asylum seekers and refugees was thought to promote further immigration and was hence discouraged; however, the German government slowly amended policies to utilise the mixture of skills in the labour market and began to view their new guests as an opportunity to fill both skilled and unskilled labour shortages. The country's focus seems to be on two main broad policies: labour market integration; and social integration of the new arrivals by exposing them to interrelated post-arrival initiatives. Many of the initiatives are taken by the Federal Ministry of Labour and Social Affairs, in partnership with the private sector. In this section, efforts toward labour market integration of refugees and asylum seekers in Germany, rather than labour migrants, will be outlined in light of the recent refugee crisis.

At the Federal level, following the announcement of the open-door immigration policy in 2015, the government also introduced a new “Integration Law” in 2016, outlining a set of rights and responsibilities of asylum seekers. This specified compulsory language training and cultural integration courses for those whose asylum applications were successful, resulting in their gaining access to the labour market. This language training was expected to enhance their social interactions with locals. Familiarising them with social norms would strengthen their social and professional networks, which would facilitate labour market participation through the connections gained. The integration and language courses remained in high demand; in the first months of 2015, approximately 1,400 language course providers conducted more than 8,000 courses—a 15 per cent increase from the same period in 2014. In 2016, the German government supplied more than 600 hours of language training to newcomers, which, studies prove, have directed migrants to the higher quality or highly-skilled labour market and is likely to improve employability in the medium and long term seeing the dependency on the German language. The 2016 law also allowed the creation of an additional 100,000 low wage jobs (one Euro jobs or “mini jobs”) for low- and unskilled migrants that were filled up, and which, studies confirm, have aided in migrant country-specific human capital and language skills and, hence, permanent transition into employment.

Early skills screening and qualifications recognition was also introduced through the “Recognition Act” of 2012. Applicants received a certificate of equivalency through an evaluation of the qualifications acquired abroad within three months. Newcomers were encouraged to work harder at integrating through language learning and employment and that constituted a right for them to move and work freely within Germany. This focus on assessment and recognition of skills has shown to lead to higher employment and better jobs, according to OECD studies in 2014, which also contributed towards their chances at receiving permanent residency within a shorter time frame if proven they were able to provide for themselves.

Partnerships with private sector businesses encouraged training, hiring, mentoring, and providing business advice to refugees in order to understand the German job market and gain knowledge on business norms. Furthermore, the government enhanced communication using new media and social media platforms seeing the rise in the use of technology and the likelihood of migrants communicating through them further facilitating social interaction.

Internships and industry specific skills training were provided to link to professional work experience when transitioning to the labour market, private sector tailored curriculums and specified the skills needed according to market requirements. This allowed a solid growth in migrants’ careers in relation to market demands and a possibility to extend employment. Various industries opened up for refugees and asylum seekers, and what conditioned their participation was generally skill level and German language proficiency.

In general, Germany has high records on the Migrant Integration Policy Index (MIPEX). In 2014, it entered the top 10 in a list of 38 countries on favourable integration policies. Labour market mobility of migrants increased from a value of 75/100 in 2007 to 86/100 in 2014, according to the MIPEX score of EU countries. A study by the German Institute for Economic Research found that within the current patterns, economic impacts of migrants will show positive results within 5-10 years, outweighing their cost through their contributions, eventually becoming a long-term gain for the German economy.

Another study by OECD showed that overall, Germany’s labour market conditions are favourable, and unemployment rates in 2016 stood at 3.9 per cent—the second lowest in the OECD. The study also reported a marked improvement in immigrant labour market integration over the past decade. Considering the large presence of migrants in Germany, this constitutes very positive labour market outcomes.

Germany has made strides in positively embracing migration and sets a successful example among its European counterparts, of how strengthening such policies reaped multiple benefits; long-term strategies focused on skills, technical, and language training, which targeted those who were expected to settle for extended periods of time because it was both in the government's and migrants' interest in the long and intermediate terms. This broad policy, that is more prevalent in the context of receiving asylum seekers and refugees, provided legitimate paths to permanent residence and citizenship.

### **Initial Orientation Programmes for Asylum Seekers with Low Recognition Rates**

In contrast to the long-term strategies identified previously, an interesting finding is that Germany also offers programmes for asylum seekers with low recognition rates, i.e., low prospects of staying in Germany in the long run, and “whose time-limited residence status precludes any entitlement to attend an integration course” (Federal Office for Migration and Refugees). These are initial “orientation” programmes consisting of six modules mainly aiming to expand knowledge on everyday life in Germany and learn the basics of the language. Compulsory modules include ‘Values and Social Co-existence’ detailing the “fundamental values underpinning life in Germany and how these are manifested in everyday life.”<sup>2</sup> It is also interesting to note that this initial orientation programme is voluntary, while integration and language courses for high recognition rates are compulsory.

### ***The Case of Singapore***

Although Singapore attempted to slow down the rate of migration, the demand-driven system ensured that consistent labour market integration of migrants—conditional upon a temporary work contract was encompassed in the broad government strategy. Social integration of migrants and learning the local language is not highly promoted. However, a recent shift to encourage longer-term settlement of the highly-skilled through offering benefits to them has allowed limited opportunities to apply for Permanent Residency which may (under strict circumstances) allow for Singaporean citizenship.

Singapore stratifies its population into a) Singapore citizens, i.e., those born and raised or naturalised in Singapore b) Permanent residents, i.e., non-citizens; long-term employed residents, with a stake in Singapore, and an opportunity to

---

2. Ibid.



apply for citizenship c) Non-residents, or temporary workers with a limited term residency period. The Ministry of Manpower manages foreign workers in Singapore, and in affiliation with them, the 'Workforce Singapore' agency offers programmes through private training institutions that fall under the purview of the ministry.

In 1979, Singapore implemented a Skills Development Levy Act and established a Skills Development Fund imposing levies on employers for each of their workers (excluding some categories). Both workers and employers can tap into the fund to finance skills training, retrain retrenched workers, or upgrade business operations and technology. Thereby, the Singapore government shifted to a workforce retention strategy, especially focused on maintaining highly-skilled migrants through incentivising them to stay for longer periods of time in the country to ensure a consistently higher quality of knowledge-based talent. Since then, the government's efforts have turned to capacity building to drive Singapore's next phase of development towards an advanced economy. After Singapore created avenues to begin sourcing from within the available talent pool, migrants circulated for longer periods within the country, so investing in their upskilling was seen as the new path to development.

In 2014, the government of Singapore announced a new master plan for the workforce called "Continuing Education and Training" (CET 2020), initially launched in 2008, to promote life-long education, training, and employment through upskilling. The government facilitated accessibility to training courses for employers and employees, and ensured quality of the training providers and efficacy of the contents through a training measurement system. This provided an ongoing opportunity for workers in Singapore to catch up with labour market demands as well as ensure salary increments throughout their career. Programmes were technical industry-specific and also provided soft skills needed to perform job related tasks, for upward mobility, or even to obtain new interests irrespective of the field.

Workers across all sectors are encouraged to apply for the training programme under the CET strategy. However, only citizens and permanent residents (i.e., those staying for the medium and long term) may avail of government funding grants to encourage those who are more likely to stay, to enjoy a higher standard of living, and to maximise professional and personal potential.

As evident from this example, skills development was transformed into a national strategy to attract foreign investment as a prerequisite for economic development. Meeting the demands of investors through up-skilled personnel by focusing on long-term human resource development as well as short and medium-



term vocational skills eventually resulted in a higher flow of skills in the country across most industries.

Raising the competitiveness of the workforce is acknowledged to be one of the causes for the economic development witnessed in Singapore in the last decades. Since then, training and skills upgrading has become an influential ‘industry’ in itself, placing a larger emphasis on improving labour market mobility across all industries.

In the first quarter of 2016, Singapore reached one of the lowest unemployment rates globally for both residents and citizens, estimated at only 1.9 per cent of the total employable population, according to a report published by the Manpower Research and Statistics Department in Singapore in association with the Singapore Ministry of Manpower.

According to the revised CET 2020 plan, the government of Singapore predicts that nearly 60 per cent of the resident workforce will have at least a diploma qualification by 2020, compared to only 36 per cent in 2007. Investment funding for this project has exceeded \$3 billion since 2008.

Indicators were developed to measure the effectiveness of the programmes, including how the skills learned were utilised in the workplace and how they helped in translating to salary increments. The result indicated generally that the scheme is a positive step towards improving labour market mobility and in promoting life-long learning.

### *Orientation Programmes for Low-Skilled Non-Residents*

For the short-term non-residents of Singapore, especially the lower-skilled categories such as domestic workers, the government offers “orientation” sessions to enhance knowledge of Singaporean labour laws and specific health and safety standards.

In 2017, the Ministry of Manpower introduced a mandatory “Settling In” programme for more worker categories arriving in Singapore, and it is expected to be fully implemented in 2018. The aim of the programme is to teach new arrivals in specific sectors about social norms, laws, and help avenues. The programme, similar to the domestic workers’ sessions, mainly targets low-skilled workers in the construction, marine, process, manufacturing and services sectors with the aim of increasing productivity and curbing violations that workers are subjected to by employers.

### ***The Case of Dubai***

In Dubai, there is a heavy dependence on low-skilled personnel, and especially construction workers, for completion of the Expo 2020 projects. The increase in both the low- and highly-skilled diverse population exposed the country to a number of difficulties as it sought to handle this massive influx, especially in the last decade. In their efforts to integrate these people of various educational, professional, and cultural backgrounds in the labour market while aiming for fast economic growth, the attention of the government turned toward reforming its laws to cope with such demographic, economic, and social changes.

On the federal level, the UAE reformed existing laws and introduced new processes to support and facilitate the massive numbers of migrant labour in the country. In 2009, the Wage Protection System was introduced to protect the monthly wages of workers in the private sector through transferral under a government-monitored electronic system. The government also amended the Labour Law in 2016 to eliminate contract substitution or variations from the origin country. Under this law, workers may notify and transfer employers after a number of legal steps, which aimed to facilitate greater labour mobility across the country.

To cope with the diverse population and to promote coexistence, the government introduced an Anti-Discrimination Law in 2015, criminalising all forms of verbal and non-verbal discrimination in and outside the workplace. “The law is intended to provide a sound foundation for the environment of tolerance, broadmindedness and acceptance in the UAE and aims to safeguard people regardless of their origin, beliefs or race, against acts that promote religious hate and intolerance” (*The National*, 2015).

In Dubai, many initiatives were launched for workers’ support. In 2005, the Executive Council in Dubai established the Permanent Committee of Labour Affairs (hereon PCLA), under the Executive Council Resolution (3) for the year 2011. PCLA is a unique Dubai-based government entity comprising high ranking government officials from various departments including the General Directorate of Residency and Foreign Affairs in Dubai, Dubai Police, and Dubai Courts, among others. Its main focus is foreign workers’ related issues, and its duties include: inspection of workplace and accommodation health and safety, investigation of company’s contractual compliance, responding to and investigating labour complaints, launching humanitarian and healthcare programmes for low-income workers, and promoting awareness and educational initiatives among workers and employers in Dubai.

The committee engages with workers and employers through labour inspection sessions as well as through field research. Therefore, it is able to identify workers at risk and companies in violation of health and safety standards, and wage delays or non-payment, and sometimes acts as a mediator when workers raise disputes against employers.

### *Orientation Programmes for Low-Skilled Workers*

The International Labour Organisation (ILO) Multilateral Framework on Labour Migration (2006) highlighted the importance of providing information to migrants on their rights as well as assisting them on defending their rights. In 2016, the committee launched a post-arrival orientation programme for low-skilled foreign workers in Dubai which aimed to support workers' knowledge on their rights and promoted concepts of co-existence and cultural understanding. It was based on discussions and recommendations made at various Abu Dhabi Dialogue (ADD) ministerial meetings,<sup>3</sup> which were endorsed by ministers of member states. The initiative complemented a nationwide launch of the "Know Your Rights" campaign that was started by the Ministry of Human Resources and Emiratisation.

The programme material was drafted by the PCLA and implemented in collaboration with other government and private entities including the Dubai Health Authority, construction companies, and a private research and training institute.

The programme is given in the three languages understood by workers in the Emirate—Urdu/Hindi, English, and Arabic—and covers four main topics.

1. *Cultural Awareness and Living Conditions in the UAE*: To understand values, how to adapt to the surroundings, dos and don'ts, and social and cultural freedoms and limitations.
2. *Residency Rules and Regulations in the Emirate*: Introduction to the legal procedures of issuing a residency permit, undergoing medical fitness tests, and issuing an Emirates Identity Card and direction to designated authorities.
3. *Labour Law (8) of 1980*: Introduction to laws pertaining to work and workplace under the UAE Federal Law No. (8) of 1980 and its amendments, employer to employee contractual obligations, introduction to criminal law, and other Emirate-specific policies.

---

3. The ADD is an initiative between various origin and destination countries to promote positive discussions on labour migration.

4. *Basic Health and Safety Regulations According to the Laws of the Emirate:* Understanding the employer's responsibility to offer health and safety standards at the workplace and gaining access to government help channels and labour complaints procedures in Dubai.

The programme covered the Emirate of Dubai in its initial phases as the receiver of more than 4.4 million foreign workers accounted for in 2014. This number is expected to rise in the coming years not only because of the Expo 2020, but also due to the Emirate's economic diversification, business and housing development projects, as well as its development as a booming tourism and technology hub. Dubai represents the complexity of the foreign worker population profile in the UAE, as close to 200 different nationalities currently residing in the country are represented in Dubai.

Low-skilled workers, employed in the construction industry, were estimated at over one million in Dubai alone as of 2017. The large majority of these workers originates from small towns and rural areas within the Indian subcontinent and has lower levels of education and legal awareness. Recruitment tends to take place in masses to fill the requirements of private sector companies arranging for construction projects, and in such a process, knowledge acquired about employment in the UAE may or may not be passed on by the recruiting party or other government channels. This exacerbates an environment whereby the destination country employer has the upper hand in providing or obstructing knowledge of employment standards and policies in the country.

Hence, both newly arriving workers and those who have resided in Dubai for longer periods were targeted through the programme. The PCLA also disseminated printed material, including manuals and booklets in multiple languages, outlining the programme's contents in line with the UAE Labour Law (8) of 1980.

The initiative taken in 2016 witnessed several phases. Firstly, in the pilot phase, it targeted workers in the construction sector through partnerships with the private sector which supplied the workers. In 2017, the second phase began with a much larger scope through partnerships with the Dubai Health Authority, simultaneously linking the training to a medical fitness examination to gain a larger presence. Smart kiosks were installed across labour accommodations to test the use of smart technologies to disseminate the information. The third phase of the programme began in 2018 with further expansion, covering multiple locations, and reaching a larger audience.

As the orientation programme is fairly new, only an expectation of its likely benefits on workers will be given, as it is not possible to estimate its direct effects on their outcomes, as was done in the cases of Germany and Singapore.

Firstly, in total, around 20,000 workers have been trained since the inception of the programme in 2016, and workers were awarded certificates from PCLA as an appreciation of attendance. The programme is also endorsed by various Dubai authorities. But how can this type of programme lead to improved labour market mobility of workers, and can it indeed do so?

The orientation programme helps improve the knowledge of social and cultural aspects, and residency and living conditions in the UAE, which is deemed imperative especially in large scale corporations where many different nationalities are both working and living together (in labour accommodations). The contents promote coexistence and reinforce policies of non-discrimination, equality, and religious tolerance, as well as respect for women.

For example, one of the surprising things that workers found during the training session was the diversity of nationalities that exist in Dubai.<sup>4</sup> The knowledge that 200 nationalities live and work in the UAE, and individuals may practice their religion freely without unreasonable restrictions, and that the government and people were accepting of different religious practices as well as provide places of worship may encourage the workers' feelings of coexistence at the workplace and in their personal lives. It will also prevent them from acting in a culturally offensive manner, which may penalise them if the matter is taken to the authorities.

Employers as actors in the migration process do not necessarily prioritise giving access to legal information to the migrant lest it would hinder their round the clock expansion plans or empower the migrant to act against the employer when disputes arise. Instructing workers on their rights and making them aware of the legal procedures according to the labour law is expected to aid them when facing work-related problems. This would include an understanding of the importance of complying with the law and their rights, such as the right to obtain wages on time through WPS, and steps needed to reach authorities. Another point they need to know is that the law entails at least a day's rest and annual leave.

Additionally, this section of the programme may promote higher labour market mobility, where workers are instructed on the legal steps to notify and change employers within the job market, as well as the types of indemnities

---

4. Statistics and comments on the programme were obtained from the PCLA firsthand.

they should expect, and the conditions to obtain them, should their contracts end. Challenges faced throughout their employment would be resolved through understanding government department roles, along with the details and contact numbers of grievance channels. This type of information is expected to provide a safe and secure channel to reach the designated authorities within the destination country, rather than approaching diplomatic missions in the UAE. Since avenues for labour complaint mechanisms have been defined, and authorities have facilitated the procedures for complaints resolutions through complaints centers and specialised courts, such details would not only allow the worker to understand that their rights are fully protected, but also raise the overall knowledge on rights and improve competitiveness of the workforce as their confidence levels are raised, which may improve their mobility chances in the labour market and within their current positions.

Through this programme, the government can ensure that workers have undergone the mandatory training for health and safety aspects and that they are aware of general health issues such as the importance of hydration while working and obtaining and using their safety gear. This is an important step especially when it comes to workers who are employed by small and medium sized corporations that may bypass safety regulations and are not in compliance with the midday break law at work sites, exposing the worker to hazards.

## **Conclusion and Recommendations**

It is interesting to note that throughout the study the authors have identified similarities between Germany, Singapore and the UAE in their efforts to offer “orientation” classes to the evidently temporarily residing low-skilled categories of workers as in the case of Singapore and the UAE, and migrants with low recognition rates in Germany. In all three cases, migrants are given orientation sessions when they are not expected to stay within the country for longer periods. Meanwhile, a clear pattern noticed was that skills development and capacity building strategies are, in contrast, considered privileges that only the longer residing migrant may avail, and these strategies are expected to offer higher benefits and positive returns for the labour market and the economy, as well as the migrants.

Generally, labour market participation and mobility of migrants in a host country reveals how active governments are in their overall efforts to support migrants and is a key indicator of the long-term development of the economic and social conditions of the host country. Additionally, Bilgili (2015) states that “immigrants who are not familiar with destination country labour market and

working conditions, culture, and whose academic and professional skills and experiences may not be directly recognized may face severe challenges to find the right kind of jobs for themselves,” concluding that it is necessary and beneficial to develop targeted policies that improve labour market outcomes for migrants.

In the German context, a focus on integration policies and programmes as a path to obtain permanent residence and citizenship is the broad country strategy. Successful labour market integration is crucial for the success of the German economy in its ability to tackle its shrinking working age population, and to curb unemployment and crime hotbeds. In the case of Singapore, where temporary migration is encompassed in the legal framework and a path to naturalisation is complicated, a focus on “lifelong learning” to improve the quality of the skills within the existing pool of talent has allowed the country to position its human capital investment as a central national strategy. Shifting the focus to upskilling has given Singapore a chance to promote constant upward mobility to attract foreign investment.

In Dubai, the strategy of providing cultural and legal awareness and rights-based information to construction workers fits within the Dubai temporary labour migration sourcing model, and competitive market. This sustains Finegold and Soskice’s argument (1988) that “competitive capital markets and short-term profit goals prevent firms from making longer-term decisions” given the more short-term focus on the bottom line. This applies to the UAE and its private sector which may not view upskilling or skills development as a current, immediate priority while the country is in rapid preparation for Expo 2020.

However, seeing the positive outcomes on migrants’ positions in the labour markets of Germany and Singapore in recent years allows space for recommendations to the UAE to: a) embed the programme in the national policies to further strengthen its visible outreach and impact on workers b) slowly expand the existing programme and its training scope to encompass human capital, technical and soft skills, and basic language development following the Expo 2020, and c) develop clear indicators in the next implementation phases of the training to measure its potential effects on labour market mobility and other intended benefits on the target migrants. In this sense, policy reforms to promote capacity building can raise the general quality of skills in the country to better prepare the economy for the time when a higher flow of skills is needed to continue the momentum following the Expo. This would also provide a chance to improve labour market outcomes for temporary workers and enhance their quality of life for when they return home following their employment period in the country. It may be difficult, however,

to predict further investment in skills and capacity building in the UAE for the purpose of high skill retention due to the rising nationalisation policies.

The relatively new post-arrival policies and initiatives described in this chapter makes the direct impact evaluation of labour market outcomes of migrants due only to the initiatives taken extremely complicated, given the many other factors involved. Generally, there is an abundance of policy studies and a lack of impact studies on the topic, which prevents an accurate evaluation of the impact of strategies on the labour market outcomes of migrants, and if their outcomes may be improved by a higher focus (and larger budget) given to such efforts. Further studies should be conducted by identifying clear indicators to measure the programmes and their links to an improved quality of life of migrants. However, in conclusion, it is safe to speculate that there is a link present between the two, and it is indeed positive.



## **Bibliography**

- Ahmad, Anwar. "UAE's New Labour Rules Will Ensure Employees Are Treated Well, Say Businesses." *The National*, January 11, 2016.
- AlShouk, Ali. "Awareness Sessions for Workers in Dubai." *Gulf News*, February 12, 2018.
- Bilgili, Ozge. "Evaluating Impact: Lessons Learned from Robust Evaluations of Labour Market Integration Policies." Working Paper, CIDOB & MGSoG, August 2015.
- Channel News Asia. "Mandatory 'Settling-in' Programme for New Foreign Workers to Start in Second Half of 2018." November 26, 2017.
- De Bel-Air, Françoise. "Demography, Migration, and the Labour Market in the UAE." Explanatory Note No. 7/2015, Gulf Labour Markets and Migration (GLMM) programme of the Migration Policy Center (MPC) and the Gulf Research Center (GRC). [http:// gulfmigration.eu](http://gulfmigration.eu).
- Department of Statistics. "Infographic Information." Infograph. Singapore, 2016.
- Dubai Statistics Center, "Population Bulletin Emirate of Dubai 2014." Dubai, 2014.
- . "Population Bulletin, Emirate of Dubai 2015." Dubai, 2015.
- Federal Ministry for Economic Affairs and Energy. "Integration Courses: Learning German and Much More." Federal Ministry for Economic Affairs and Energy. <http://www.make-it-in-germany.com/en/for-qualified-professionals/living/integration-courses>.
- Federal Office for Migration and Refugees. "Initial Orientation and Learning German for Asylum-seekers." <http://www.bamf.de/EN/Willkommen/DeutschLernen/ErstorientierungAsyl/erstorientierungasyl-node.html>.
- "Germany Migration Policy Index," MIPEX Key Findings. CIDOB and the Migration Policy Group, 2014.
- Ghafoor, Shahzad, Uzair Farooq Khan, Fahmeed Idrees, Bilal Javed, Farhan Ahmed. "Evaluation of Expatriates' Performance and their Training on International Assignments." *Interdisciplinary Journal of Contemporary Research in Business* 3, no. 5 (2011): 335-351.

- Kern, Soeren. "Germany's New "Integration Law." Gatestone Institute, May 29, 2016.
- Kuruvilla, Sarosh. "Adjusting to Globalization Through Skills Development Strategies." Cornell University, ILR School, 2007. <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?referer=https://www.google.ae/&httpsredir=1&article=1217&context=articles>.
- Kuruvilla, S., C. Erickson, & A. Hwang. "An Assessment of the Singapore Skills Development System: Does it Constitute a Viable Model for Other Developing Nations?" Cornell University, ILR School, 2001. <http://digitalcommons.ilr.cornell.edu/articles/214/>.
- Malit, Jr., Froilan T. and Ali Al Youha. "Labour Migration in the United Arab Emirates: Challenges and Responses." Online Journal of the Migration Policy Institute: Migration Information Source. [https://www.migrationpolicy.org/2013\\_article/labour-migration-united-arab-emirates-challenges-and-responses](https://www.migrationpolicy.org/2013_article/labour-migration-united-arab-emirates-challenges-and-responses).
- Ministry of Human Resources and Emiratisation. "Total Labour by Emirate." 2016. <http://www.mohre.gov.ae/en/data-library.aspx>.
- Ministry of Manpower. "Foreign Workforce Numbers" Statistics. Singapore, 2017.
- OECD. "World Migration in Figures." 2013.
- . "How Can Migrants' Skills Be Put to Use?" *Migration Policy Debates*, no. 3 (2014): 1-4.
- . "Matching Economic Migration with Labour Market Needs in Europe." Policy Brief, September 2014.
- . "Indicators of Immigrant Integration 2015: Settling In." OECD Publishing: Paris, 2015. <http://dx.doi.org/10.1787/9789264234024-en>.
- . "Finding Their Way – Labour Market Integration of Refugees in Germany." 2017.
- Rietig, Victoria. "Burden or Blessing? The Impact of Refugees on Germany's Labour Market." American Institute for Contemporary German Studies, John Hopkins University, 2016.
- . "Moving Beyond Crisis: Germany's New Approaches to Integrating Refugees into the Labour Market." Washington D.C.: Migration Policy Institute, 2016.

Ruiz, Ramona. "Plan Helps Migrants to Find Their Feet." *The National*, July 18, 2016. <https://www.thenational.ae/uae/plan-helps-migrants-to-find-their-feet-1.160746>.

Seow, Joana. "More Singaporeans Using Skills Future Credit for Courses," *The Straits Times*, February 2, 2018. <http://www.straitstimes.com/singapore/manpower/more-singaporeans-using-skillsfuture-credit-for-courses>.

"Skills Development Fund is Established." October, 1979. <http://eresources.nlb.gov.sg/history/events/98e1b55f-093d-4d44-b219-d51f6a38c313>.

*The National*. "Anti-discrimination Law Enacted across UAE." July 20, 2015.

"Training Programs," Myskillsfuture.org. <https://www.myskillsfuture.sg/content/portal/en/index.html>.

Unicef. "Singapore: Migration Profiles." n.d.

Zakaria, Sherouk. "Smart Kiosks to Educate Labourers About Rights." *Khaleej Times*, May 17, 2017.

## V

# Highly-Skilled Professionals in the GCC: Migration Policies and Government Outlook

*Sabah Anbareen Khadri\**

**Abstract:** The long-term national visions of the Gulf Cooperation Council (GCC) states are unanimous in their ambition: economic development of their countries and transformation into knowledge-based economies. To achieve this objective, it is critical that these states continue to attract highly-skilled professionals with the required expertise and know-how. This chapter attempts to provide substantive research into both current government policies and their planning as to how highly-skilled migrants will continue to aid the development of GCC countries. The aim of this chapter is to understand the dynamics that come into play when hiring and recruiting highly-skilled migrants for employment in the GCC states. It will analyse GCC governments' approaches through various policies, in areas such as immigration and labour, which have been adopted to address the requirements of these migrants. The chapter will then highlight a trend in the demand for various highly-skilled professionals that has emerged in the GCC owing to the changing economic dynamics of the countries involved. It will evaluate how this approach towards highly-skilled professionals sits alongside nationalisation plans that could be said to be diametrically opposite in ambition, in an attempt to determine the

---

\* Sabah Anbareen Khadri is Research Coordinator, Weill Cornell Medicine, Qatar.

future trajectory of the GCC countries in their approach towards highly-skilled professionals.

## **Introduction**

Acquisition of oil wealth paved the way for large-scale socio-economic development projects in the GCC nations. These developments required a large workforce and resulted in a substantial influx of foreign workers. As these countries have increasingly embarked on more advanced development projects, the emphasis has shifted from low-skilled labour to a more medium- to highly-skilled foreign workforce. Years of oil price boom enabled these countries to follow their allocated state model, whereby nationals performed mostly mediocre roles in the economy, largely occupying positions in the public sector, while the state relied excessively on foreign worker imports in both the skilled and unskilled sectors to support its economy. However, over the last few years, economic developments in this region, accelerated by the impact of falling oil prices, has forced these countries to put their labour force plans under scrutiny and re-evaluate their models so that they are in line with national economic diversification portfolios.

For several decades, highly-skilled migrants have contributed significantly to development in the GCC countries, yet there have not been many analyses of this migrant community, and their relatively low numbers have further limited research. In recent years, the GCC countries have, however, adopted policies to reduce the influx of low-skilled and semi-skilled migrants and have instead shifted their focus towards attracting the highly-skilled. This is evident through the national visions of most GCC nations, which explicitly state that while they wish to reduce the numbers of low-skilled migrants, they wish to attract a sizeable portion of skilled foreigners and retain those who are most useful. At the other end of the spectrum, these countries have also been tasked with promoting indigenous labour force participation and training the citizens to occupy positions currently occupied by foreigners. In the presence of such contradictory objectives, what remains unclear is the perspective the GCC countries will adopt towards these highly-skilled professionals in reality.

The first section of this chapter will determine the trend in the GCC governments' outlook towards highly-skilled professionals through the various policies adopted for this group and assess how these policies have evolved due to changes in the level of need over time. The second section will examine the shift in demand that has evolved due to changing socio-economic dynamics and will also look to understand how the governments of these countries regulate and

control demand through their management of skill requirements. The third section of this chapter will evaluate programmes implemented by the GCC governments to promote employment of the indigenous population and analyse how these programmes function alongside attempts to attract highly-skilled migrants. These nationalisation programmes are known to be failures in most GCC countries; hence it is interesting to understand why they still endure at a time when these countries intend to advance. Finally, the chapter will attempt to assess the efforts, if any, to transfer knowledge and enhance the skills of the indigenous populations so that they might occupy highly-skilled professions, as this will eventually help us determine how these GCC countries intend to continue reconciling imported skills with a desire to place nationals in senior roles.

### **Government Outlook on Highly-Skilled Migrants**

The presence of foreign highly-skilled workers enables the GCC countries to progress in the fields of innovation and technology and move away from over-dependence on oil revenues. Such a workforce generates a competitive environment, significantly improving productivity. “A total of 15 million migrants currently work in the region, of which an estimated 5 million are highly skilled” (Hvidt 2016). Highly-skilled migrants in the context of this chapter will include “individuals working in an occupation that falls into the first three categories of the International Standard Classification of Occupations (ISCO): 1. Managers, senior officials and legislators, 2. Professionals and 3. Technicians and associate professionals; those employed in jobs that commensurate with a tertiary or graduate education” (Czaika and Parsons 2016).

One way of understanding the government outlook is by analysing the migration and labour policies that were adopted to address the needs of the highly-skilled workforce. However, it is imperative to note that some policies apply only to certain subsets of the highly-skilled population. They do not apply universally to all those who may fall under the definition of the highly-skilled migrant as they exhibit variations depending on income, wealth, nationality, and even religious beliefs.

The *kafala*, or sponsorship system, commonly followed in all six GCC countries, is the legal framework that governs the migration of people into the GCC. These countries share most features of the system, but they differ in certain aspects. *Kafala*, in principle, warrants a response to demand, ensuring that the inflow of migrants occurs only when there is a need for them. This requires careful matching of positions with the applicant’s skillset and qualifications. The prevalence

of such an on-demand system reaffirms the notion of the temporary nature of the presence of migrants.

An important characteristic of the *kafala* system, which partially regulates the numbers of migrants by placing limitations on the return of a migrant whose contract has ended, has been amended to make special provisions for highly-skilled migrants. The system generally requires that upon completion of a work contract, a foreigner spends some time outside the country before re-entering. Most of the six GCC countries mandate that a migrant should not be granted re-entry until a period of two years after the end of a work contract (Table 5.1). However, recently, Qatar amended its labour law to remove this clause, while Bahrain has a time limit of only 52 weeks.<sup>1</sup> Dubai has also abolished this clause in its labour law to accommodate the needs of the highly skilled (Baldwin 2015).

One of the inherent problems with the *kafala* system is the strict regulation governing the transfer of sponsorship. Permission to transfer sponsorship is often conditional upon the approval of the current employer. Some GCC countries have amended their policies to allow highly-skilled workers to change jobs freely without requiring a no-objection certification from their employer. In Kuwait, in order to be eligible to transfer sponsorship, the foreign worker must have been employed for a period of three continuous years if working in the public sector, and one year if employed by a private entity. This condition has been waived for migrants who hold university degrees and have higher qualifications (Zahra 2015). Similarly, in January 2016, the Dubai government amended its policy to allow highly-skilled migrants to switch jobs without being subject to the probationary ban (UAE Labour Law 2015). Foreign ownership of business and real estate is a driving force for investment in the GCC economies. However, limitations on foreign ownership (i.e., 51 per cent of the business should be owned by nationals) force foreign owners to partner with locals to set up their businesses. But, in an attempt to ease these restrictions, countries such as Saudi Arabia and the United Arab Emirates (UAE) now allow foreigners full ownership of businesses in certain industries. Qatari legislation similarly permits foreigners in Qatar to buy property in specific areas of the country. Ownership guarantees the owner 99 years of possession in addition to residency for the whole duration (Gupta 2013). Policies like these allow highly-skilled migrants to invest and spend prolonged periods of time in the GCC.

Granting citizenship or permanent residence has always been contentious in the GCC. But countries such as Saudi Arabia and the UAE have recently

---

1. As first mentioned in the Bahraini Aliens Immigration and Residence Act of 1965.

announced plans to grant citizenship or permanent residence to the highly skilled, who have spent prolonged periods in the country and are capable of investment in real estate. Although still under discussion, this move is indicative of these countries considering options that will allow them to retain highly-skilled professionals for longer. Another significant attribute of *kafala* that is specifically directed towards the highly skilled is the ability to self-sponsor. By this provision, certain professionals no longer need to rely on sponsors and instead can opt to sponsor themselves and their families. This provision is available to investors and business owners in GCC countries (Table 5.1).

**Table 5.1: Characteristic features of the *kafala* / other government policies intended primarily for highly-skilled migrants**

|  |   |
|--|---|
| Return to the host country                       | Qatar (Law No. 21/ 2015) - the law abolished the two-year ban on expats re-entering the country on a new work visa after completing previous work contract.   |
|  | Bahrain (Bahraini Aliens Immigration and Residence Act of 1965) No two-year ban on the highly skilled, but expats not permitted to re-enter before 52 weeks.  |
|  | UAE - No six-month ban as for other foreigners. Highly-skilled migrants can re-enter the country almost immediately after cancellation of previous work contract.   |
| Transfer of sponsorship                          | Kuwait – No minimum period of employment required before sponsorship transfer permitted.  |
|  | UAE (Dubai) No probationary limits on the highly-skilled transferring sponsorship before completion of work contract.   |
| Foreign ownership of business and real estate    | Qatar – Permits issued to enable purchase of property in specific areas of the country.   |
|  | UAE – Full foreign ownership permitted in certain prominent areas, including free-trade zones and other areas dominated by businesses.  |
|  | Saudi Arabia – Complete foreign ownership permitted for retail and wholesale, engineering and other businesses with the exception of professional, banking and financial services.  |
| Citizenship/permanent residence/self-sponsorship | Saudi Arabia : In 2004, the Saudi Arabian government amended the Naturalisation law to allow long term residents (those with 10 years of continuous residency) to apply for citizenship, with priority given to those professionals qualified in certain scientific fields" (De Bel-Air 2014) |
|  | Kuwait and Qatar (Law no. 13/ 2000) concerning economic activities for investors, business owners and benefactors of property owners permits investors and other skilled professionals to self-sponsor.   |
| Ability to hold multiple work permits            | Oman and UAE permit highly-skilled professionals to hold multiple work permits for other GCC countries.   |
| Freedom to practice religion                     | Bahrain, UAE, and Oman have allowed foreigners to set up religious establishments (for example, Hindu temples).   |



The presence of foreign migrants in the GCC countries is often regarded as a temporary phenomenon, and this position is reflected in policy. Nevertheless, these countries have pursued a different trajectory in the last few years to maintain the skilled population for prolonged periods. For instance, historically all GCC countries, being predominantly Muslim, have imposed restrictions on the setting up of religious establishments other than those of Abrahamic religions; however, the UAE, Oman and Bahrain have started to allow people from other faiths, such as Hinduism, to set up public places of worship (Kumar 2016).

## **Highly-Skilled Migrants and Demand in GCC Countries**

Over the years, the demand for highly-skilled professionals has varied in the GCC countries. This is the result of the changing dynamics of economic growth and development driven by their performance in the international oil market. This section will provide a detailed analysis of development projects in these countries that aim to transform them into knowledge-based economies so they are better able to map demand for highly-skilled professionals.

Of the six countries in the GCC, expats form a large majority of the total population in Qatar, the UAE and Bahrain, while nationals constitute the majority of the total population in Oman and Saudi Arabia (Table 5.2).

### ***Oman***

In 1995, Oman became the first GCC country to formally introduce long-term planning in the form of the 'National Vision 2020' (*Oman National Vision 2020* 1995). Oman was motivated to draw up this plan by a need to develop the underutilised sectors of the economy and thereby promote a diversified economy no longer entirely reliant on oil revenues, spurred on by a lack of extensive oil reserves. Following the release of this long-term 'Vision,' Oman shifted its focus to developing areas related to business, finance, trade and tourism. Major investment was dedicated to turn the country into a logistics hub for the region. The government also instituted policies to promote investment and improve the business environment. Their ninth five-year plan (2016–2020) leading up to the 'Vision 2020' is a good indicator of upcoming development projects and focuses on stimulating sectors such as manufacturing, transportation, logistics, and tourism (KPMG 2016).

### ***Highly-Skilled Migrants in Oman***

Efforts to diversify and promote a knowledge-based economy have impacted the demographics of the foreign population and have resulted in a greater inflow of

highly-skilled workers in recent years. Highly-skilled foreign labour occupies a significant position in the economy in the form of managerial, technical, and scientific professionals. The private sector employs a large majority of these expats, who account for less than 10 per cent of the total workforce (National Centre for Statistics and Information 2013), in healthcare, education and hospitality. Of these white-collar roles, clerical positions that require a low skillset and lesser qualifications have been reserved for nationals. A large number of western expats, hailing from North America, Europe and Australia, occupy positions in education, healthcare, finance and banking, and mining and quarrying (NCSI 2010) and account for 3 per cent of the total labour force (Deffner and Pfaffenbach 2015). As these sectors have developed over the years, there has been an increase in the number of expats hired as specialists. Oman relies heavily on foreigners with tertiary education and the aim to develop these sectors further will result in growing reliance on this category of qualified foreigners.

Despite the intention of the Vision to develop a more competitive and productive economy, to date the country has lacked the strategy to achieve its national vision goals. Oman has implemented various socio-economic plans that have failed to establish a link between their projected outcomes and the goals of the Vision. Current development plans mostly rely on mid-level employees and do not derive much benefit from the presence of a highly-skilled workforce. Therefore, the numbers of highly-skilled individuals in the country is likely to grow only minimally overall in the coming years, despite growth in the number of highly-skilled foreigners being recruited into certain sectors such as mining, quarrying and finance. In fact, a fall in the number of expatriates working in managerial positions was recorded in the first half of 2016 (“Oman Sees Decrease in Expatriates Working in Managerial Positions” 2016).

### ***Qatar***

The Qatar National Vision 2030, launched in 2008, aims to transform the nation into a knowledge-based economy by placing increased emphasis on human capital development and improving competency. Qatar intends to achieve this by promoting scientific and technical research, innovation and entrepreneurship, and invigorating the private sector. The Vision highlights the importance of investing in sectors such as healthcare and tertiary education to provide high-quality services to its population and attract highly-skilled labour from abroad.

In the past, Qatar has devoted enormous resources to the development of education, healthcare, tourism, media, communications and construction, which it

identifies as sectors that will promote high levels of growth. These sectors have enormous potential to drive long-term development and support a sustainable economy in the future. Non-oil sectors that contributed significantly towards the country's GDP growth in 2015 were construction, business and finance, with finance, insurance, real estate and business being the major drivers of services (MDPS 2015).

### *Highly-Skilled Migrants in Qatar*

Highly-skilled workers, viewed as being at the vanguard of the move towards a knowledge-based economy, have constituted a significant portion of the labour force since 2011. Overall, highly-skilled positions occupied by foreigners in 2013 accounted for 15.9 per cent of the total labour force (MDPS 2014). From 2011-2014, the overall number of highly-skilled migrants in the country increased; however, in 2015, this number showed a slight decline because of a shift in the country's infrastructure policies (MDPS 2015). The proportion of expats employed as legislators and senior professionals and managers (category 1 of ISCO, mentioned previously) grew from 1.83 per cent of the total labour force in 2010 to 2.01 per cent in 2012, but subsequently decreased to 1.75 per cent in 2015.<sup>2</sup> This decline was due to the rise in the number of nationals occupying such positions. Nevertheless, despite this shift, the proportion of foreigners occupying professional positions has continued to remain significantly large, amounting to 7.17 per cent of the total labour force in 2015 (MDPS 2015), expected to increase in the years to come, owing to the increase in the number of projects aiming to promote the knowledge economy. Recent reports and national plans, however, indicate that the country is back on track to promote and sustain a highly-skilled workforce. "The share of semi-skilled workers hit a peak in 2015, while the share of unskilled workers stood at the lowest level since 2008" (MDPS 2016). Despite the lack of official data, due to the development in the sectors, it is safe to assume from development reports that a large number of highly-skilled expats are employed in education and healthcare.

The Qatari labour market is highly susceptible to fluctuations in economic growth. The labour force can be expected to undergo numerous changes until 2022, due to various development and infrastructure projects that will be launched for the FIFA World Cup 2022. The 2030 Vision was prepared before Qatar was awarded the right to host the World Cup, therefore unforeseen infrastructure needs will take precedence over the plans to realise the Vision. An increase in temporary

---

2. Qatar Statistics Authority, *Census 2010*, 2010; MDPS, *Labor Force Survey*, Qatar, 2015.

migrants required to fulfil construction quotas for the stadiums and other World Cup infrastructure has come at the expense of skilled professionals. Despite these ongoing programmes, the government realises the importance of the presence of highly-skilled migrants and the need to retain them, evident in the National Development Strategy (2011–2016) that requires the country to increase the proportion of highly-skilled migrants from 17 to 23 per cent (General Secretariat for Development Planning 2011).

### ***Saudi Arabia***

In an attempt to stimulate the economy and improve human capital, the Saudi government launched the ‘Saudi National Vision 2030’ in 2016. The plan is to develop and promote non-oil sectors, improve the technical and managerial fields, and support innovation, research, and the improvement of domestic technology. Foreign migrants occupy a major share of the private sector in Saudi Arabia, while nationals populate the public sector in its entirety. Through various cycles of economic depression and prosperity, the dependence on foreign labour has continued to remain high in the country (Table 5.2). Public spending increased substantially from 2003–2013 and about \$450 billion was invested in improving education, healthcare, social welfare, infrastructure and transport, and major investment has also been made in universities, hospitals, and a financial district in Riyadh (McKinsey Global Institute 2015).

### ***Highly-Skilled Migrants in Saudi Arabia***

The education and healthcare sectors employ most highly-skilled professionals, and foreign professionals in these fields account for 2.6 per cent and 3.6 per cent of the non-Saudi workforce, respectively (McKinsey Global Institute 2015). Expatriates account for 52 per cent of white-collar positions, including managers, professionals and specialists (World Economic Forum 2016). From 2000 to 2011, Saudi Arabia has not made any major effort to upgrade its highly-skilled labour force. Based on statistics supplied by the Saudi Arabian Ministry of Labour in 2013,<sup>3</sup> the proportion of specialists hired in the fields of science, technology and humanities, and for managerial positions, has remained stagnant. Skilled and highly-skilled foreign positions contributed to 11 per cent and 12.8 per cent of all labour permits from 2005–2011 (De Bel-Air 2014) when the total number of labour permits provided to migrants actually doubled, but most permits were issued to low-skilled migrant

---

3. Ministry of Labour Statistics, Saudi Arabia, 2013.

workers. The years 2006-2012, however, witnessed a small rise in the number of highly-skilled professionals, both nationals and non-nationals, nationals occupying a greater share. A large number of these highly-skilled workers, from countries in Europe and North America, were employed in industries such as oil, healthcare, finance and trading. “According to respective embassy estimates, about 40,000 of these highly skilled workers are from the US, 30,000 from the UK” (Pakkiasamy 2004). The number of these expatriates in the oil industry has, however, declined in recent years due to the increasing Saudisation of the industry. Nevertheless, the kingdom still realises the need for highly-skilled professionals in healthcare such as doctors, nurses, technicians and legal experts (McKinsey Global Institute 2015).

The proposed development and economic projects as a part of the 2030 Vision require skilled professionals, and the lack of such skills among Saudi nationals illustrates the need for highly-skilled migrants. Hence, one would expect the number of highly-skilled migrants to increase in the coming years. However, the 2030 Vision is no different from the objectives set out in previous development plans. As a result, it can be expected that the country, its development plans, and its demographic growth will continue to follow the same trajectory; however, the share of highly-skilled migrants in the country can be expected to grow, although at a slow pace.

### ***Bahrain***

Years of oil boom prior to 2000 resulted in larger inflows of skilled foreigners to take charge of various development projects (Table 5.2). Following the oil price spike in 2003, Bahrain devoted additional resources to construction and infrastructure projects and also to the banking and finance sector, intending to transform the country into a banking and finance hub. These development projects needed highly-skilled professionals, and the number of labour permits issued to foreign migrants increased. A large portion of these permits were issued to the construction and manufacturing sectors, but over the years, the share of permits for finance, business, real estate, education and healthcare has grown significantly, collectively accounting for just under 30 per cent of all permits issued in 2010.

The ‘Bahrain Economic Vision 2030’ was launched in 2008, aiming to improve the efficiency and productivity of the Bahraini economy by invigorating certain underdeveloped sectors. As a part of this Vision, the country decided that the financial, business, tourism and manufacturing sectors were to become its main revenue-generating industries. The Vision also highlights an increase in investment in education and healthcare to help the country become a knowledge-based economy.

In 2014, the private education and healthcare sectors grew by 8.3 per cent, along with other sectors such as communication, transportation and construction (British Council Education Intelligence 2017). These development efforts undertaken by Bahrain seem to be in line with their 2030 Vision.

**Table 5.2: Population demographics**

| Country  | Oman *          | Qatar **        | Saudi Arabia *** | Bahrain ****     | UAE *****        |
|--|-----------------|-----------------|------------------|------------------|------------------|
| Initial total percentage of non-nationals  | 36%<br>(2009)   | 75.9%<br>(2004) | 25.9%<br>(2005)  | 35%<br>(1995)    | 79.9%<br>(2005)  |
| Recent total percentage of non-nationals   | 44%<br>(2015)   | 85.7%<br>(2010) | 32.7%<br>(2014)  | 52%<br>(2014)    | 88.5%<br>(2010)  |
| Initial foreign migrant labour force private sector participation rate                                     | 64%<br>(1995)   | 92%<br>(2005)   | 78%<br>(2005)    | 69%<br>(2005)    | 65%<br>(2009)    |
| Recent foreign migrant labour force private sector participation rate                                      | 87.4%<br>(2012) | 98.7%<br>(2012) | 86.6%<br>(2013)  | 80.7%<br>(2013)  | 99.5%<br>(2013)  |
| Foreigners occupying highly-skilled positions (as a percentage of total non-nationals in the labour force) | 9.78%<br>(2014) | 14.1%<br>(2015) | 16.81%<br>(2016) | 14.70%<br>(2010) | 22.01%<br>(2008) |

Source: Total population and percentage of nationals and non-nationals in GCC (national statistics 2011–2015) (with numbers), GLMM, <http://gulfmigration.eu/percentage-of-non-nationals-in-government-sector-and-in-private-and-other-sectors-in-gcc-countries-national-statistics-latest-year-or-period-available/>; Author's calculations from GLMM website database.

\* National Centre for Statistics and Information (NCSI), *Statistical Yearbook 2013*; Nasra M. Shah, "Restrictive Labour Immigration Policies in the Oil-rich Gulf: Effectiveness and Implications for Sending Asian Countries," UN Expert Group Meeting on International Migration and Development in the Arab Region: Challenges and Opportunities, Beirut, 2006.

\*\* Qatar Statistics Authority (QSA), *Labor Force Bulletin 2012*; Françoise De Bel-Air, "Demography, Migration, and Labour Market in Qatar," Gulf Research Centre, 2014.

\*\*\* Ministry of Labour Statistics 2013; Saudi Arabia Central Department for Statistics and Information, *Labor Force Survey 2013*.

\*\*\*\* Labour Market Regulation Authority (LMRA) 2013; Françoise De Bel-Air, "Demography, Migration, and the Labour Market in Bahrain," GRC 2015; Central Informatics Organisation, *Census*, Bahrain, 2010.

\*\*\*\*\* Data from National Bureau of Statistics, *Estimates 2010*, UAE, 2010; De Bel-Air, "Demography, Migration, and the Labour Market in the UAE."

### *Highly-Skilled Migrants in Bahrain*

The 2010 census indicated there had been a major boost in the overall number of highly-skilled positions in the country in previous years. Foreigners occupied 10.9 per cent of all highly-skilled positions, with a majority holding scientific, technical and humanities professional positions (CIO 2010), while nationals mostly occupied technical positions. This rise in foreign highly-skilled positions was a result of the growth in non-oil sectors, as previously, overall, foreigners occupied only 0.44 per cent of all positions in the labour market in 1991. Furthermore, Bahrain has entered into diplomatic and commercial ties with countries such as Sri Lanka, Bangladesh, and many other nations, highlighting its need to employ highly-skilled and trained professionals from these countries in various industries including finance, banking, and information technology (“Bahrain to Employ More Skilled Workers from Sri Lanka” 2016).

### *United Arab Emirates*

Enhanced economic growth prior to the financial crisis incentivised the country to diversify its economy. Growing investments resulted in a large influx of highly-skilled professionals. The UAE now has major projects in the pipeline for the Dubai Expo 2020. Foreigners constitute a large percentage of the population in Abu Dhabi and Dubai. Both emirates have followed different trajectories for development, mostly due to the differences in their sources of government revenue. Abu Dhabi owns most of the gas reserves, whereas Dubai derives most of its revenue from financial and foreign investment. Dubai’s reliance on a single source of income prompted the emirate to pursue diversification and develop sectors such as trade and financial services, and to transform the emirate into a trade and financial hub for the region. Abu Dhabi, on the other hand, launched its 2030 Vision in 2009, aiming to converge investment efforts and develop industries, healthcare, education and other infrastructure projects. In 2010, the UAE launched its long-term plan—‘Vision 2021’—aiming to diversify into a knowledge-based economy. This plan intended to achieve socio-economic development by developing tourism, education, healthcare, research and scientific innovation (UAE Government 2010). These projects have resulted in an exponential rise in the numbers of foreigners in the UAE, with a large majority of them being associated with construction, followed by extensive involvement in logistics, trade, and finance.



### *Highly-Skilled Migrants in the UAE*

A large number of foreigners in highly-skilled positions hail from North America and Europe and occupy positions in healthcare, social work, education, scientific and technical activities and financial activities. In 2012, foreigners in Dubai occupied 7.56 per cent of all managerial positions, 14.26 per cent of all professional positions and 12.21 per cent of all technical positions. But in 2015, these numbers dropped to 7 per cent, 12.6 per cent and 7 per cent, respectively (Dubai Statistics Centre 2015). A possible reason for this decline is the fact that Dubai won the right to host the Expo 2020, which then diverted attention to short- and medium-term development projects to roll out the necessary infrastructure. Recent reports, however, indicate that there have been major advances made to stimulate a knowledge-based economy, with substantial increases in the skill level and more extensive employment of skilled populations in education and healthcare (“Employment in the UAE up 6%” 2016). Yet, construction and industrial sectors continue to be the major drivers of growth in the country.

One expects the country will continue diverting its attention to construction and infrastructure in the years leading up to Expo 2020, and once the country has made considerable progress towards this goal, it may turn its focus again to its long-term plan. Until then, it is safe to say that the numbers of highly-skilled migrants in the country will not change substantially.

### **Nationalisation in the GCC**

Labour market segregation is a notable feature of the labour markets in the GCC countries. The private sector is dominated mainly by foreign workers due to the large numbers available, low hiring costs and, most importantly, high skillset in comparison to the national population. Nationals dominate public sector jobs that provide them with large salaries, flexible working conditions, and low productivity demands. The public sector functions, and is expected to function, as the main provider of employment for nationals.

Over-dependence of nationals on public sector employment places enormous pressure on the government to provide for its citizens. The public sector is saturated by nationals and growing national populations, higher unemployment rates, and the presence of a large foreign workforce in the private sector have further exacerbated this issue, prompting governments to set out nationalisation policies intended to create employment opportunities for nationals in the private sector and reduce reliance on foreign labour. All the GCC countries have essentially followed a similar



route when implementing these policies by introducing a quota system to the labour force. Over the years, this system has remained intact in most countries, with the exception of a few that have replaced it with one regulated by market conditions, actually shown to be more successful. This section attempts to highlight the impact of nationalisation policies on highly-skilled migrants in the GCC, addressing challenges such as the deficit of necessary skillsets in the national population due to a lack of sufficient technical education, low levels of tertiary education, and low rates of participation in vocational training programmes.

### ***Oman and Bahrain***

Omanisation was introduced in 1994 along with a framework to enable the creation of employment opportunities, part of the long-term vision of the country. Oman witnessed a reduction in foreign population growth rates immediately after the implementation of quotas designed to advance the employment of nationals. Post-2000, Omanisation was instituted more rigorously, alongside mechanisms to ensure that non-Omanis did not feel disadvantaged. Consequently, Oman implemented policies following a market-based model and amended the sponsorship system to remove conditions restricting labour mobility. Sectors that required limited labour productivity, but increased capital investment, which therefore attracted Omanis, were most successful in meeting Omanisation targets: banking and finance, utilities and mineral mining have historically had the highest rates of Omanisation. However, sectors that required a more skilled and educated workforce, such as education and consulting or oil and gas, witnessed low Omanisation rates, averaging 20 per cent, and 30 per cent, respectively, in 2010 (Ministry of Manpower Oman 2014). Omanis employed in the private sector are generally in low-skilled clerical work and administrative positions.

In 1995, Bahrain introduced the quota system as a means of meeting Bahrainisation goals. Major reforms took place in the country during 2001 and 2008 that reinvigorated the otherwise failing Bahrainisation policies and, in 2007, the quota system was replaced with a market-based model. These reforms also sought ways to better integrate nationals and non-nationals into the private sector by increasing the price (in terms of higher taxes) employers and business owners had to pay for hiring foreigners.

Oman and Bahrain are two countries that have achieved a considerable increase in productivity by instituting market-based models to achieve nationalisation goals. Labour productivity increased by 5.1 per cent in Bahrain and 4.1 per cent in Oman between 2000 and 2007 (Hertog 2012). This increase can be attributed to more

nationals occupying positions of mid-skill level along with certain high-skill roles in the private sector, and, more importantly, is a result of conditions that allowed skilled nationals and foreigners to compete on the basis of their skillsets and qualifications, rather than the cost associated with employing them.

An issue of concern to both countries is the mismatched skillset between nationals and those in high demand in the labour force, compounded by the preference of the youth for administrative roles in the public sector.

Both countries have attempted to enhance the skillset of their national labour force by improving tertiary education, providing vocational and technical training programmes. These programmes should improve the productivity of nationals; however, the results of these programmes will only be visible in the medium to long term. Current vocational training programmes give immediate- to short-term results and enhance the skills of employees who will be well-suited for medium-skilled positions. Highly-skilled positions, however, will require years of rigorous training.

### ***Qatar***

Qatarisation was first launched in 2000. But, for a long time, Qatarisation efforts were focused mainly on the oil and gas sector. In recent years, the government has expanded these efforts to include real estate, manufacturing, information technology, finance and accounting and, more recently, healthcare. Despite these growing efforts, Qatarisation continues to remain most pronounced in the oil and gas and manufacturing industries. Quantitative targets, where Qataris have been required to take up positions regardless of their skills and qualifications, have either resulted in reducing the productivity in such industries or compelling the government to hire skilled foreigners to perform the tasks assigned to nationals.

Qatar has invested heavily in improving the capacity of its current national workforce through vocational and technical training. Most programmes are aimed at training nationals to occupy clerical positions. A few focus on enhancing technical skills and competencies, which are most essential in specialised sectors such as oil and gas. It is, however, critical to note that a large number of Qataris who enter the workforce are fresh graduates who lack the experience to take on bigger roles. These inexperienced incumbents are then trained as a part of the Qatarisation drive and can be expected to occupy entry-level positions within organisations, advancing to more senior leadership roles once they acquire more skills and experience. Qatar has significantly improved its educational standards over the years and since 2006 has

witnessed a rise in the number of nationals enrolling in tertiary education, but most of these nationals pursue either humanities or social sciences, or business-related fields.

Qatarisation has generally lacked a sense of direction and consistency and has focused merely on meeting quantitative goals. Foreigners that comprise the majority of the labour force will take longer to replace if the country intends to replace them with equally qualified and skilled nationals, otherwise it is likely to result in falling productivity and competency in the labour market. This step will be harder to carry out in sectors that rely on technical and scientific professionals.

### ***Saudi Arabia***

Saudi Arabia has instituted comprehensive labour market reforms in recent decades. The country rolled out the 'Nitaqat' system, a revised Saudisation plan, in 2011. Nitaqat intended to revive existing Saudisation efforts by introducing a system of compliance, with nationalisation quotas for companies. The levels of compliance could vary depending on sector and the size of the establishment, and failure to adhere to these quotas would result in limits to the supply of new work visas. In addition to these quotas, the government also increased the administrative cost to business owners to hire foreign workers. The years 2011 to 2013 witnessed a 70 per cent increase in the number of Saudis in the labour force. Sectors that now employ the largest number of Saudis are construction, retail, trade, finance and real estate (Ramady 2013). A large number of jobs, mostly low-skilled positions such as security, administration and sales, are being reserved for Saudi nationals.

Saudisation lacks a comprehensive strategy to enhance the education level of its citizens. Furthermore, although the nationalisation plan places emphasis on improving the skills and qualifications of the current workforce through training and development, there is a lack of a uniform strategy and direction and the implementation has been carried out by internal human resource departments.

Saudisation has been unable to meet the needs of the growing numbers of unemployed Saudi youth. Only a small proportion of Saudis occupy professional positions and are capable of performing skilled roles, resulting in a continued reliance on foreigners to occupy these positions. The Saudisation plan has introduced inefficiencies into the Saudi labour market and the desire to substitute foreign labour with national labour seems unrealistic given the low levels of education of the national population. The outcome of such substitutions will result in an increased strain on the labour market in the form of lower productivity and a greater financial burden as nationals expect higher wages.

### ***United Arab Emirates***

The UAE has implemented numerous reforms in an attempt to streamline its labour force and promote Emiratisation. The government implemented reforms in the form of quotas, reservation of positions for nationals, and bans on certain positions being offered to foreigners. However, the inability of the government to achieve Emiratisation through these measures prompted the UAE to adopt a method similar to the Nitaqat system of Saudi Arabia. Nationalisation programmes have, however, been less pronounced in the UAE. The government has focused its attention on accommodating nationals within the public sector, often with little emphasis on the private sector. Government efforts to stimulate national participation in the private sector have concentrated on industries such as hospitality, banking and financial services. Reservation of positions in these industries has been limited to the roles of HR managers, government relations officers, secretaries, and other administrative roles.

One noteworthy aspect of the Emiratisation plan has been the emphasis placed on improving educational standards. The country has taken an active interest in developing skills in its national population, and, as a result, training programmes have been designed, catering to improving soft skills that could be essential in the workplace. The UAE government has set up partnerships with various educational institutions to develop national skillsets, and graduates of these institutions will ultimately be absorbed into the public sector. It has also mandated the establishment of on-the-job training programmes within various organisations.

Despite all these measures, the failure of Emiratisation can be attributed to the fact that the goals of the policy do not align with the country's economic development plans. The UAE has witnessed enormous growth and development in sectors such as construction and infrastructure, but the nationals have resisted joining these sectors. On the other hand, the country has been advancing towards a knowledge-based economy, one that would promote innovation in sectors such as science, information technology, research and development, and communications. The country will need a workforce that is highly qualified and educated to take over the reins of these projects in future.

### **Conclusion**

Each of the GCC countries has instituted comprehensive nationalisation plans that either address concerns related to growing unemployment or aim to increase national participation rates in the labour force, specifically in the private sector.

These nationalisation plans, when juxtaposed with socio-economic plans formulated through long-term national development visions, do not align, but are instead focused on diametrically opposite goals. Such a situation calls for the reassessment of both sets of plans to find a common ground that will place greater emphasis on solutions that will benefit the country as a whole.

Having analysed the long-term visions of these countries, it is evident that that they are keen on harbouring growing numbers of the highly-skilled labour force, to utilise their knowledge and expertise to diversify towards a knowledge-based economy and move away from dependence on oil revenues. As established throughout this chapter, the preference among all GCC governments for highly-skilled labour is evident through their policies and government reforms that aim to attract and retain this section of the population, resulting in increased labour mobility for the highly skilled and potentially aiding future investments in the country as well as enhancing standards of living for highly-skilled professionals.

The development plans of the GCC countries indicate a growing demand for highly-skilled professionals. Previously it was more the low-skilled and medium-skilled workers that were targeted by nationalisation drives. Those efforts bore fruit in the short term, but in the long term they greatly hinder the productivity and competitiveness of the labour market. Nationalisation drives could help maintain the demographic balance in these countries, but they do not contribute much to the improvement of the economies. In theory, they intended to replace foreigners in these GCC countries with either equally or more qualified nationals, but in reality, these programmes have had to acknowledge the low levels of qualifications of the national population and the focus has been on numbers rather than quality.

In conclusion, in the run-up to achieving these long-term national visions, one can expect the demand for highly-skilled workers in these countries to increase, with a simultaneous reduction in the number of mid-skill foreign professionals due to enhanced nationalisation drives. However, replacing highly-skilled foreign professionals with nationals will require the latter to undergo years of education and training. This, in turn, calls for increased investment by the GCC countries in the fields of education and professional skills development.

Both these plans—to increase highly-skilled labour and achieve nationalisation—occur in tandem with each other, with one focused on the higher spectrum of skills and the other on the medium- and low-skilled jobs. For one of these plans to replace and take precedence over the other, in this case the latter over the former, there is a crucial need to improve the education standards and the skills of the national population.

Despite the pressure of falling oil revenues on the GCC governments, advancing towards a highly-skilled economy, which may be more capital intensive in the short and medium term, will be of critical importance to the progress and development of these countries in the long term.

## **Bibliography**

- “Bahrain to Employ More Skilled Workers from Sri Lanka.” *Daily News*, January 13, 2016. <http://dailynews.lk/2016/01/13/business/bahrain-employ-more-skilled-workers-sri-lanka>.
- Baldwin, Derek. “New UAE Labour Rules Kick in on January 1, 2016.” *Gulf News*, September 28, 2015. <http://gulfnews.com/news/uae/government/new-uae-labour-rules-kick-in-on-january-1-2016-1.1591368>.
- British Council (Education Intelligence). *Country Coordinates: Bahrain*. 2017. <https://ei.britishcouncil.org/news/country-coordinates-bahrain>.
- Central Informatics Organization (CIO). *Census 1991*. Bahrain 1991.
- . *Census 2010*. Bahrain 2010.
- Constitutional Assembly. *Constitution of Kuwait*. Kuwait: Kuwait Government, 1992.
- Czaika, Mathias and Christopher Parsons. “High-Skilled Migration in Times of Global Economic Crisis.” International Migration Institute (IMI), Working Papers Series 2016, no. 126; University of Western Australia Economics Discussion Paper 16.16; Sloan Foundation Economics Research Paper 2791018 (2016), <https://ssrn.com/abstract=2791018>.
- De Bel-Air, Françoise. “Demography, Migration, and the Labour Market in Bahrain.” Gulf Labour, Migration, and Population Programme, GLMM-EN No.6/2015, Gulf Research Centre (2015), <http://cadmus.eui.eu/handle/1814/35882>.
- . “Demography, Migration and Labour Market in Saudi Arabia.” GLMM-EN No.1/2014, Gulf Research Centre (2014a), <http://cadmus.eui.eu/handle/1814/32151>.
- . “Demography, Migration, and Labour Market in Qatar.” GLMM-EN No.8/2014, Gulf Research Centre (2014b), <http://cadmus.eui.eu/handle/1814/32431>.
- . “Demography, Migration, and the Labour Market in the UAE.” GLMM-EN No.7/2015, Gulf Research Centre (2015), [http://cadmus.eui.eu/bitstream/handle/1814/36375/GLMM\\_ExpNote\\_07\\_2015.pdf](http://cadmus.eui.eu/bitstream/handle/1814/36375/GLMM_ExpNote_07_2015.pdf).

- . "Demography, Migration, and the Labour Market in Oman." GLMM-EN No.9/2015, Gulf Research Centre (2015), [http://cadmus.eui.eu/bitstream/handle/1814/37398/GLMM\\_ExpNote\\_09\\_2015.pdf](http://cadmus.eui.eu/bitstream/handle/1814/37398/GLMM_ExpNote_09_2015.pdf).
- Deffner, Veronika, and Carmella Pfaffenbach. "Migration, Modernisation, and the Urban Immigration Society in the Sultanate of Oman." *Middle East Insights*, June 15, 2015.
- Dubai Statistics Centre. *Labor Force Survey 2015*. UAE.
- "Employment in UAE up 6% in 2015." *Khaleej Times*, February 7, 2016. <http://www.khaleejtimes.com/nation/general/6-rise-in-number-of-employees-in-uae-last-year>.
- General Secretariat for Development Planning. *Qatar National Development Strategy 2011-2016*, 2011. Qatar.
- Gulf Labour Markets and Migration. Demographic and Economic Module of the GLMM Database. <http://gulfmigration.eu/glmm-database/demographic-and-economic-module/>.
- Gupta, Rabin. "Buying Property in Qatar." *BQ Magazine*, September 2013. <http://www.bq-magazine.com/industries/real-estate/2013/09/buying-property-in-qatar>.
- Hertog, Steffen. "A Comparative Assessment of Labor Market Nationalization Policies in the GCC." In *National Employment, Migration and Education in the GCC*. ed. Steffen Hertog. Berlin: Gerlach Press, 2012, 65-106.
- Hvidt, Martin. "Highly Skilled Migrants: How and How Much Do They Contribute to the Economic Development of the Arab Gulf Countries?" Videnscenter Om Det Moderne Mellemøsten (2016).
- KPMG (Oman). "Analysis of Oman's Ninth Five Year Plan and 2016 Budget." January 2016. <https://home.kpmg.com/content/dam/kpmg/pdf/2016/01/tnf-oman-jan22-2016.pdf>.
- Kumar, Ashwani. "Abu Dhabi Temple to be Ready in Less Than a Year." *Khaleej Times*, October 12, 2016. <http://www.khaleejtimes.com/nation/abu-dhabi/abu-dhabis-first-hindu-temple-to-be-come-up-in-al-wathba>.
- Labour Market Regulation Authority (LMRA) 2013, Bahrain, 2013.



- McKinsey Global Institute. *Saudi Arabia beyond Oil: The Investment and Productivity Transformation*. 2015. [http://www.ic.gov.sa/media/1254/report-2-mgi-saudi-arabia\\_executive-summary\\_december-2015.pdf](http://www.ic.gov.sa/media/1254/report-2-mgi-saudi-arabia_executive-summary_december-2015.pdf).
- Ministry of Development, Planning and Statistics (MDPS), Department of Social Development Planning Doha. *Estimates of Inequality-adjusted Human Development Index 2013*. Qatar 2014.
- . *Labor Force Bulletin*, Qatar, 2012.
- . *Labor Force Survey*, Qatar, 2013.
- . *Labor Force Survey*, Qatar, 2015.
- . *Qatar's Economic Outlook 2016–2018*, Qatar, 2016.
- Ministry of Labor. *UAE Labor Law*. UAE, 2015.
- Ministry of Labour Statistics. Saudi Arabia, 2013.
- Ministry of Manpower. *Omanisation*. Oman, 2014.
- National Bureau of Statistics. *Estimates 2010*. UAE, 2010.
- National Centre for Statistics and Information (NCSI). *Census*. Oman, 2010.
- . *Monthly Statistical Bulletin March 2013*. Oman, 2013.
- . *Statistical Yearbook 2013*. Oman, 2013.
- . *Statistical Yearbook 2013: Issue 41*. Oman, 2013.
- Oman National Vision 2020*. Oman, 1995. [https://www2.deloitte.com/content/dam/Deloitte/xs/Documents/About-Deloitte/mepovdocuments/mepov12/dtme\\_mepov12\\_Oman2020vision.pdf](https://www2.deloitte.com/content/dam/Deloitte/xs/Documents/About-Deloitte/mepovdocuments/mepov12/dtme_mepov12_Oman2020vision.pdf).
- “Oman Sees Decrease in Expatriates Working in Managerial Positions.” *Gulf News*, June 13, 2016. <http://gulfnews.com/news/gulf/oman/oman-sees-decrease-in-expatriates-working-in-managerial-positions-1.1845160>.
- Pakkiasamy, Divya. “Saudi Arabia’s Plan for Changing Its Workforce.” Migration Policy Institute (2004). <https://www.migrationpolicy.org/article/saudi-arabias-plan-changing-its-workforce>.
- Qatari Government. *Labor Law 2015*. Qatar, 2015.
- Qatar Statistics Authority. *Census 2010*. Qatar, 2010.
- . *Labor Force Bulletin 2012*. Qatar, 2012.

- Ramady, Mohamed. "Gulf Unemployment and Government Policies: Prospects for the Saudi Labour Quota or Nitaqat System." *International Journal of Economics and Business Research* 5, no. 4 (2013): 476-498.
- Saudi Arabia Central Department for Statistics and Information. *Labor Force Survey 2013*. Saudi Arabia, 2013.
- Shah, Nasra M. "Restrictive Labour Immigration Policies in the Oil-rich Gulf: Effectiveness and Implications for Sending Asian Countries." UN Expert Group Meeting on International Migration and Development in the Arab Region: Challenges and Opportunities. Beirut, 2006.
- United Arab Emirates Government. *UAE National Vision 2021*. UAE, 2010.
- World Economic Forum. "The Future of Jobs: Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution." World Economic Forum, Geneva, Switzerland, 2016.
- Zahra, Maysa. "The Legal Framework of the Sponsorship Systems of the Gulf Cooperation Council Countries. Qatar: A Comparative Examination." GLMM-EN No.10/2015, Gulf Research Centre (2015), [http://gulfmigration.eu/media/pubs/exno/GLMM\\_EN\\_2015\\_10.pdf](http://gulfmigration.eu/media/pubs/exno/GLMM_EN_2015_10.pdf).



## VI

# The Challenges of Dual-Societies: The Interaction of Workforce Nationalisation and National Identity Construction through the Comparative Case Studies of Saudisation and Emiratisation

*Júlia Palik\**

**Abstract:** In recent years, the six Gulf Cooperation Council (GCC) states have undertaken steps to promote *hawweeya alwatani* (national identity) policies. This development raises multiple questions in light of the region's contemporary demographic picture and migratory dynamics. National economies in the region are characterised by resource dependency and over-dependence on a foreign workforce. In order to increase nationals' participation in the private sector, various workforce nationalisation policies were introduced. Generally, workforce nationalisation is taken as an economic issue; however, it encompasses cultural, societal and political aspects. This chapter demonstrates that in times of crises, the non-national workforce is often portrayed as a threat to the culture and identity of the GCC countries. The chapter identifies and compares through the analytical lens of constructivism the interrelationship between workforce nationalisation and collective identity

---

\* Júlia Palik is pursuing her Ph.D. in International Relations and Security Studies at Corvinus University of Budapest. Currently, she is living in Oslo and working at the Peace Research Institution Oslo (PRIO).

construction efforts of Saudi Arabia and the United Arab Emirates (UAE). It applies and extends Catherina Kinnvall's group level ontological security theory and argues that powerful groups are capable of presenting their narrative as the national identity and thus excluding certain groups from the society. Building on this modified reading of Kinnvall's theory, the study then explores how ontological security seeking by Saudi Arabia and the UAE contributed to the emergence of Saudisation and Emiratisation policies, respectively. Research into this topic holds practical relevance for stakeholders wishing to gain a more nuanced understanding of nationalisation policies within the GCC as well as academic relevance for the assessment of the role of collective identity formation in nation-building policies in the Gulf region.

## **Introduction**

Attempts to curb the growing number of foreigners in Saudi Arabia and in the UAE have resulted in the implementation of workforce nationalisation policies. The aim of these policies is twofold: Firstly, to reduce the heavy reliance on a foreign workforce; and, secondly, to increase the participation of the national workforce in the private sector. The numbers speak for themselves. According to the World Bank, in 2015 the population of the Kingdom of Saudi Arabia was 31.54 million and it had an annual population growth rate of 2.1 per cent and a GDP of \$646 billion.<sup>1</sup> At the same time, the unemployment rate was 11.2 per cent in 2016,<sup>2</sup> and it affected the younger generation the most. In 2015, the UAE's population was 9.16 million with a 0.8 per cent annual growth rate and the GDP was \$370.30 billion.<sup>3</sup> In 2014, unemployment stood at 3.7 per cent.<sup>4</sup> In fact, unemployment is a matter of increasing concern in both countries, especially because of the youth bulge.<sup>5</sup> In 2015, 88.5 per cent of the UAE's population consisted of non-nationals and only 11.5 per cent

---

1. World Bank, Saudi Arabia country profile, <https://data.worldbank.org/country/saudi-arabia>.

2. *CIA World Factbook*, "Saudi Arabia," <https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>.

3. World Bank, "United Arab Emirates Country Profile," <https://data.worldbank.org/country/united-arab-emirates>.

4. *CIA World Factbook*, "United Arab Emirates," <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>.

5. It is also worth mentioning that it became evident during the Arab Uprisings that the lack of employment opportunities coupled with authoritarian governing structures can easily fuel resentment and eventually it can culminate in riots or even in a civil war.

were nationals.<sup>6</sup> This type of asymmetric demography is unprecedented. Among the GCC member states, Saudi Arabia has the highest number of nationals (67.3 per cent of the total population) but even there 32.7 per cent of the total population consists of non-nationals.<sup>7</sup> When such a peculiar demographic composition exists, it is inevitable that various identity-related challenges will arise.

At the same time, Saudisation and Emiratisation policies are able to create new bonds between citizens through the practice of “negative othering” in which the foreign workforce can be portrayed as a threat to these countries’ economic well-being and national identity. A vivid illustration of the growing negative sentiments against foreigners is a 2007 survey in which 600 Emiratis participated and they ranked the UAE’s demographic imbalance as the top current and future challenge, ahead of health-related, economic, and traditional security challenges (Masour 2014). Nationalisation policies are favoured all around the world. However, in the case of the Gulf countries, they are not able to fully address the core structural challenges and the resulting economic disequilibrium. This chapter argues that socio-demographic imbalances within national labour markets have consequences beyond the economic and financial realms and they raise several interesting questions, such as: How can nation building efforts succeed with a continuously growing number of non-nationals? Why do an increasing number of nationals consider non-nationals as a threat not just to their economy but also to their culture? And, most urgently, how can these rather complex challenges be overcome?

Generally speaking, the GCC countries allow a larger immigration of temporary labour migrants than other countries. For instance, in 2016, the Ministry of Labour and Social Development in Saudi Arabia approved 316,212 work visa applications and rejected as many as 533,016.<sup>8</sup> At the same time, the country has a unique and highly restrictive approach when it comes to offering permanent status and citizenship to migrants. Additionally, as a consequence of the lack of permanent legal status, migrants’ socio-cultural integration is virtually non-existent. Foreign workers live in geographically segregated areas, and they encounter various social,

---

6. Data obtained from the Gulf Labour Markets, Migration and Population (GLMM) Programme, “Total Population and Percentage of Nationals and Non-nationals in GCC Countries,” National Statistics, 2010–2015, <http://gulfmigration.eu/total-population-and-percentage-of-nationals-and-non-nationals-in-gcc-countries-latest-national-statistics-2010-2015/?print=pdf>.

7. Ibid.

8. *Saudi Gazette*, “62.77% Request For Expat Work Visas Declined,” <http://saudigazette.com.sa/article/513254/SAUDI-ARABIA/Expats>.

were nationals.<sup>6</sup> This type of asymmetric demography is unprecedented. Among the GCC member states, Saudi Arabia has the highest number of nationals (67.3 per cent of the total population) but even there 32.7 per cent of the total population consists of non-nationals.<sup>7</sup> When such a peculiar demographic composition exists, it is inevitable that various identity-related challenges will arise.

At the same time, Saudisation and Emiratisation policies are able to create new bonds between citizens through the practice of “negative othering” in which the foreign workforce can be portrayed as a threat to these countries’ economic well-being and national identity. A vivid illustration of the growing negative sentiments against foreigners is a 2007 survey in which 600 Emiratis participated and they ranked the UAE’s demographic imbalance as the top current and future challenge, ahead of health-related, economic, and traditional security challenges (Masour 2014). Nationalisation policies are favoured all around the world. However, in the case of the Gulf countries, they are not able to fully address the core structural challenges and the resulting economic disequilibrium. This chapter argues that socio-demographic imbalances within national labour markets have consequences beyond the economic and financial realms and they raise several interesting questions, such as: How can nation building efforts succeed with a continuously growing number of non-nationals? Why do an increasing number of nationals consider non-nationals as a threat not just to their economy but also to their culture? And, most urgently, how can these rather complex challenges be overcome?

Generally speaking, the GCC countries allow a larger immigration of temporary labour migrants than other countries. For instance, in 2016, the Ministry of Labour and Social Development in Saudi Arabia approved 316,212 work visa applications and rejected as many as 533,016.<sup>8</sup> At the same time, the country has a unique and highly restrictive approach when it comes to offering permanent status and citizenship to migrants. Additionally, as a consequence of the lack of permanent legal status, migrants’ socio-cultural integration is virtually non-existent. Foreign workers live in geographically segregated areas, and they encounter various social,

---

6. Data obtained from the Gulf Labour Markets, Migration and Population (GLMM) Programme, “Total Population and Percentage of Nationals and Non-nationals in GCC Countries,” National Statistics, 2010–2015, <http://gulfmigration.eu/total-population-and-percentage-of-nationals-and-non-nationals-in-gcc-countries-latest-national-statistics-2010-2015/?print=pdf>.

7. Ibid.

8. *Saudi Gazette*, “62.77% Request For Expat Work Visas Declined,” <http://saudigazette.com.sa/article/513254/SAUDI-ARABIA/Expats>.

challenging task. The gap between the two sectors and their employees, however, entails long-term economic, political, and social consequences.

### **Theoretical Background: Ontological Security Seeking in Times of Identity Crises**

This chapter builds on the emerging literature of ontological or reflexive security studies to develop an analytical framework in which national immigration policies can be understood and examined. According to the original sociological theory, individuals have a certain level of basic trust about their surrounding environment, and thus they are able to assess the consequences of their actions. Experiencing ontological security means that individuals have a “sense of continuity and order in events” (Giddens 1991: 243) and by establishing routines, they can cope with uncertainties and anxiety. This predictability in day-to-day activities<sup>10</sup> provides actors with a stable identity, which is, in turn, the foundation of agency. Ontological insecurity, on the other hand, means that in times of rapid or fundamental changes, individuals are not certain anymore how to relate means to end; therefore, they are overwhelmed by anxieties and their identity becomes unstable. To overcome these challenges, individuals develop various balancing strategies such as formulating a new identity or returning to a previously established one, even if it is harmful in the long run. The ultimate goal of these adaption techniques is to gain back ontological security.

Recently, the ontological security theory has been extrapolated from individual to group and state level and incorporated in the realm of International Relations, especially by constructivists (McSweeney 1999, Mitzen 2004; 2006a; 2006b, Croft 2012, Steele 2007), although it should be noted that the utility of the theory at state level has been questioned by some (Rumelili 2013, Korlikowski 2008). The underlying argument of ontological security based theories is that all political actors face the need to maintain biographical continuity in order to realise a sense of agency. Moreover, this sense of agency has to be “recognized in and through actors’ relations with others” (Kinnvall 2004:2). In this sense, reciprocity is a crucial variable during identity construction and maintenance. The study agrees with Mitzen and Steele, who both claim that ontological security should be treated separately from physical security.<sup>11</sup>

---

10. Predictability rests on routines. Routines, therefore, are the fundamental actions that anchor identity.

11. In this sense, one must differentiate between the traditional, realist type of understanding of



Therefore, the theory of ontological security provides a productive analytical lens for examining the complicated nexus between security and identity. This relationship becomes particularly apparent during changing immigration patterns which is a clear characteristic of the GCC region in general, and of Saudi Arabia and the UAE, in particular. The present study relies on Catherina Kinnvall's understanding of group level ontological security seeking behaviour (Kinnvall 2004). Kinnvall argues that globalisation made individuals and groups more ontologically insecure. During these tumultuous and transitional periods, individuals seek to draw closer to any collective that is perceived as reducing existential anxiety in order to reaffirm their self-identity. The feeling of "belonging" in turn helps actors to rebuild their ontological security. Kinnvall further argues that "as individuals' ontological insecurity increases, they attempt to securitize subjectivity, which means an intensified search for one stable identity (regardless of its actual existence)" (Kinnvall 2004:749). It must be emphasised that the subjectivity securitizing process always involves a stranger-other differentiation. As we will see later, identifying the "other" who can also turn into an enemy<sup>12</sup> is a crucial factor in times of identity construction and reformulation. Kinnvall's main observation is that nationalism and religion are both intimately linked to ontological security seeking. She argues that these concepts are "powerful identity signifiers in times of uncertain structural conditions, with the implication that they are likely to become more persuasive rallying points than other identity-signifiers."<sup>13</sup>

This chapter argues that if influential groups (i.e., decision-makers and the broader national elite) seek to securitize subjectivity, they are able to portray their narrative as the dominant national approach. In the case of Saudi Arabia and the UAE, this narrative is based on the grounds of religion (Islam) and nationalism (Saudi and Emirati culture and identity). This process is rather simple in real life. Influential groups are able to portray their narrative as the dominant one by controlling virtually all the financial resources and channels of communication

---

security, namely 'security as survival' and 'security as being.' A couple of points follow from this distinction: First and foremost, if ontological security is not an independent variable, but a goal to be achieved, then states must develop certain routines which help them to create, sustain and re-create the security of self. Secondly, it is safe to assume that physical security related measures are often the manifestations of ontological insecurity.

12. There are different types of othering: negative, positive, and neutral. It is also important to highlight that the process of othering is not a single decision, but rather a process and it is not constant, but subject to change.
13. The strength of nationalism and religion as powerful identity-signifiers lies in their ability "to convey unity, security, and inclusiveness in times of crisis."

to spread their message. Thereby they are able to frame both the origins of a particular crisis and the possible solutions to it. In this case study, ‘crisis’ is the rising unemployment and the national elite claims that the origins of this crisis can partly be traced back to the high number of non-nationals and, in turn, one proposed solution to this crisis is workforce nationalisation.<sup>14</sup> This study posits that the rising unemployment in Saudi Arabia and in the UAE should be examined through two layers of security, i.e., economic and ontological.

In terms of ontological security, national leaders tend to portray rising unemployment as a “critical situation”<sup>15</sup> in which the non-national workforce threatens employment opportunities (economic security) and the national integrity of Saudi Arabia and the UAE (ontological security). According to Abdullah al-Melfi, the Saudi deputy minister for civil service, “There will be no expatriate workers in the government after 2020.”<sup>16</sup> Similarly, Saqr Ghobash, the UAE’s Minister of Labour, said policies must be developed to curb the numbers of overseas workers to make room for local talent.<sup>17</sup> In addition, by claiming that the presence of non-nationals is a critical situation, leaders are able to legitimise extraordinary measures against the “common enemy” such as mass expulsion of the undocumented foreign workforce.

## **Nation-building and the Emergence of National Identity in Saudi Arabia and the United Arab Emirates**

In order to provide a comprehensive overview of the peculiar national identity formation processes of Saudi Arabia and the UAE, it is best to begin by emphasising that in the case of the Gulf states, nation-building strategies and their historical circumstances were quite different as compared to the Western world. In the traditional Westphalian model, the emergence of nation-states can be traced back to inter-state conflicts. Generally speaking, in the aftermath of these conflicts,

---

14. It is important to emphasise though that neither Saudi Arabia nor the UAE blames foreign nationals exclusively for their high level of unemployment.

15. According to Giddens (1984:61), critical situations are “...circumstances of a radical disjuncture of an unpredictable kind which affect substantial numbers of individuals, situations that threaten or destroy the certitudes of institutionalized routines.”

16. “Sack all Foreigners by 2020,” Says Saudi Government,” *Al Araby*, May 10, 2017, <https://www.alaraby.co.uk/english/news/2017/5/10/sack-all-foreigners-by-2020-says-saudi-government>.

17. “Reduce Number of Expatriate Workers in the GCC, Says UAE Minister,” *The National*, April 22, 2014, <https://www.thenational.ae/uae/government/reduce-number-of-expatriate-workers-in-gcc-says-uae-minister-1.310175>.

nation-states emerged with fixed territorial boundaries and a population that shared common cultural values which, in turn, facilitated the evolution of a coherent national identity.

Contrary to this trajectory, in the case of the Gulf states, a different evolutionary process can be observed. In the pre-oil era, ruling families had to coexist with influential tribes and merchants and that period was characterised by a “sharpened control over local resources.” (Ulrichsen 2017:17) Even today, states in the region are often deeply divided societies along religious and tribal lines. During their tumultuous history, these deeply embedded divisions became a constant challenge to the GCC states in establishing a unitary state with a coherent national identity. In fact, loyalty to rulers and hence their domestic legitimacy often proved to be fluid, because local communities defined themselves on the basis of their tribal and kin affiliations and, as such, loyalty to the central government was not secured *prima facie*. In light of recent regional developments, such as the sectarian upheavals in Bahrain or Yemen, a rising Iran, or the economic downturn that began in 2008, rising unemployment became a key challenge to domestic stability. As a response to these complex challenges, the GCC states increasingly began to employ the concept of national identity as a state-building tool (Neil 2009:1) alongside soft and hard coercion strategies, such as increased wages or military intervention (Kamrava 2012).

Vivid illustrations of national identity strengthening policies are the ‘Vision 2021’s Cohesive Society and Preserved Identity’ initiative of the UAE and ‘Vision 2030’ in the case of Saudi Arabia. Both these ambitious projects seek to enhance individuals’ national identity on the basis of shared religious and national values. Furthermore, the state-sponsored nationalist discourse embodies itself in various celebrations like the so-called National Day in both countries (Kinninmont 2017). In light of these recent developments, it is worth asking: Who constitutes an identity threat to the Saudis and Emiratis? Identity, as constructivists argue (Wendt 1994), is a social construction; therefore, it is not given, but is in constant flux and evolution. It is important to make a clear distinction between external and internal identity-challengers. External identity challengers are, for instance, neighbouring states or non-state actors who pose a physical threat to the country, or even multinational firms which exploit the national workforce. Internal identity-challengers entail a wide range of groups, such as women or religious minorities, who are viewed as threats to regime legitimacy during uncertain periods. At the same time, framing the presence of foreign workers as a threat to national identity is a relatively new phenomenon, and its emergence can be traced to certain socio-economic structural

developments such as rapid demographic growth and urbanisation coupled with the lack of appropriate education and the limited availability of private sector jobs for nationals. As discussed, non-nationals are perceived as a homogenous community that threatens the nationals' employment opportunities and culture.<sup>18</sup> For instance, a survey by the market research company YouGov found that 60 per cent of the Emiratis questioned said "they felt a sense of isolation as their cultural identity became increasingly diluted by large numbers of expatriates."<sup>19</sup> This type of negative "othering" process in turn creates a new bond between citizens and unites them against a perceived threat.

When one seeks to examine nation-building processes in Saudi Arabia and the UAE, it is important to emphasise that both states are relatively young and their economic and socio-political development was shaped and transformed by the unprecedented financial benefits they were able to generate from oil. Saudi Arabia, as the spiritual leader of the Islamic Umma, and the custodian of the two Holy Mosques in Makkah and Madinah, asserted a leading religious, political and economic role in the Gulf region. The Saudi state was built on a special pact between the Wahabbi religious establishment and the founding father of Saudi Arabia, King Abdul Aziz. The Saudi national identity is exclusive in the sense that it is dominated by one single discourse which is determined by the royal family and which has a very strong Sunni Islamic religious aspect.

The lack of Western-type of political participation meant that religion and the provision of financial benefits provided the most important source of legitimacy for the ruling family. Ensuring regime stability and excluding any type of political opposition has been the constant aim of the House of Saud. At the same time, the religious and state apparatus had to defend itself from various identity threats. These threats stemmed from different exogenous factors, such as Pan-Arabism, or the Iranian Islamic Revolution of 1979 and from endogenous factors, such as the fear of the emergence of a coherent Shiite opposition in the Eastern provinces, or more recently the threat from the non-national workforce employed in the Kingdom. In 2016, for instance, a Saudi man was found beating a foreign petrol pump attendant with a stick.<sup>20</sup> This is an extreme example but verbal and other non-physical

---

18. In reality, however, the enormous foreign populations in both countries are far away from being monolithic. In fact, they are deeply divided by nationality, ethnicity, education, and employment.

19. "The Debate over Emirati Identity is Clearly Mistaken," *The National*, June 1, 2014, <https://www.thenational.ae/the-debate-over-emirati-identity-is-clearly-mistaken-1.252462>.

20. "Assault on Foreign Worker Sparks Debate in Saudi Arabia," *Al Araby*, December 18, 2016,

assaults on migrants take place on a daily basis. In 2017, Saudis launched a Twitter campaign with a hashtag “Saudi Arabia for Saudis.” These developments accurately describe the negative sentiments towards non-nationals. Due to declining oil prices and regional political developments, wealth distribution and thereby the quest for the population’s loyalty is getting more challenging.<sup>21</sup> In sum, the Saudi identity formation process is still an ongoing project. At the same time, this chapter argues that this process should not be exclusive, and it should not try to create a new bond between citizens through the exclusion of particular groups.

In the case of the UAE, a different identity construction process can be observed due to the different historical heritage of the federation. Until the 1971 merger, the seven Trucial States were under the political and economic control of the British Empire. Even though British influence was extensive in the economic and foreign policy fields, internal affairs remained under the sovereign jurisdiction of the Trucial States. As a consequence, their political structure was shaped by tribal loyalties, and this feature remained unchallenged by the British. After the British government’s decision to withdraw protection from the region, local rulers were faced with the possibility of self-determination. From 1971 until 2004, Shaikh Zayed bin Sultan Al Nahyan, the founder of the UAE, served as the president of the federation. Eventually, Shaikh Zayed’s “flexible pragmatism” (Peck 2001) made the UAE a unique and stable political entity in the Middle East. The social contract was essentially the same as elsewhere in the region, i.e., rapid economic development and the resulting national wealth was exchanged for sustained acceptance and support for the patriarchal rule. An important additional factor that facilitated the creation of the federation was the institutional structure that the seven states inherited from the British era and which served as a model to the UAE’s own constitution. The unique combination of traditional political structures and the openness to modernity resulted in the emergence of a politically and economically stable federation. Infrastructure development and the integration of the seven states into the federation ensured that everyone benefitted from the

---

<https://www.alaraby.co.uk/english/blog/2016/12/18/assault-on-foreign-worker-sparks-debate-in-saudi-arabia>.

21. The Saudi Arabian National Dialogue launched by King Abdullah in 2003 was aimed at portraying and establishing a new image of the Kingdom in which it is inclusive of different communities. For instance, Shiite communities were included in the clerical establishment and there was an open policy dialogue about the inclusion of women in the national labour market. Although these efforts are valuable, in practice, the envisioned goals were paralysed, and they reached their limits relatively early on because of the need to preserve the delicate domestic status quo.

national wealth. Moreover, this move further increased the widespread support for the federal government, as the initially less wealthy or resource-rich states were also able to catch up.

Since 1971, the GDP of the UAE has increased by 231 times (Hassan 2017:3); however, the rapid economic growth resulted in a peculiar societal challenge, namely that around 85 per cent of the current population of the UAE consists of non-nationals. In a country where nationals constitute a minority, careful balancing measures are required from the government. At the same time, although nationals are a minority, they are still the main beneficiaries of the wealth generated by the efforts of the migrant workers, just like in Saudi Arabia. Yet, it must be emphasised that, in the last couple of years, the UAE has adopted a more flexible policy towards foreign workers. In 2015, for example, the UAE reformed its labour law because of which foreign workers can now terminate their contract and change employers. Furthermore, the ministerial decree aimed to end the practice of the so-called “contract substitution” under which foreign workers sign a contract before their departure, but as soon as they arrive to their host countries, they are forced to accept lower wages (HRW 2015).

Due to its internal political stability and economic attractiveness, both low- and highly-skilled migrants seek employment opportunities in the UAE even though citizenship is strictly defined by ancestry and only those whose ancestors lived in the seven Emirates before 1925 are entitled to Emirati citizenship (HRW 2015:5). Non-UAE nationals can live and work in the country only if they obtain a work permit and residency visa. The current president of the UAE Shaikh Khalifa Bin Zayed Al Nahyan declared 2008 as UAE’s national identity year. This step sought to reassure UAE citizens who worry that their culture, language and traditions are at stake because of the foreign workforce. Another noteworthy element in this process is that, contrary to the first foreigners who were Arabs or Muslims, today most of the foreign workforce comes from substantially different cultures, mostly from the West. Their cultural values, traditions, and languages are markedly different and that further increases the inter-cultural gap between the national and non-national population. According to the Arab Gulf States Institution in Washington, “This creates a dynamic in which Emirati nationals fear loss of cultural heritage and status, and respond by emphasizing their exclusivity and amplifying their sense of entitlement” (The Arab Gulf States Institution in Washington 2016:6).

## **Historical Background of Saudi and Emirati Immigration Policies**

The lack of access to citizenship, the limited membership in society, and the fact that migrants can obtain only temporary residency has resulted in the emergence of a dual society in Saudi Arabia and the UAE. The concept of dual society entails a complex multidimensional socio-political model and it represents the existence and the persistence of increasing divergences between rich and poor both at the global level and at country level. Despite the extremely closed nature of their societies, Saudi Arabia and the UAE remain popular destination countries for migrants.<sup>22</sup> Generally speaking, non-nationals residing in the Gulf are not categorised as migrants, but as temporary workers employed on a contractual basis. As it logically follows from this definition, foreign workers are not entitled to obtain citizenship or permanent settlement. This uncertain and temporary nature of their everyday lives, in most cases, goes hand in hand with insecure, non-transparent working conditions.

Both countries need to maintain economic growth rates that are sufficient to keep pace with their rising population and their changing consumption patterns. Unquestionably, foreign workers have made a significant contribution to the economic transformation of the Gulf states and they were generally welcome until a few years ago. This chapter relies on the categorisation of Philippe Fargues, who differentiates between three distinct phases of the history of immigration to the Gulf States (Fargues 2011). According to Fargues, the first period dates back to the late 1930s when crude oil exploration and production started to skyrocket. At that time, the majority of the foreign workforce was from neighbouring Arab countries, which were poor in capital but endowed with labour. It was a self-evident step to import a workforce from neighbouring countries as there were no language barriers and they were culturally similar to the host countries' population. However, the ruling elite soon realised the inherent risks in the presence of a mass foreign population, and it became an important strategic political goal to prevent the emergence of a broad working class and subsequently the possibility of strikes and labour protests against the unequal treatment of fellow Arab nationals.

The second phase started in the 1960s and intensified after the 1973 oil boom. An unprecedented demand for foreign workforce in the region emerged because of both qualitative and quantitative reasons. The national workforce was simply

---

22. According to Fargues "Nationals and non-nationals have grown as two independent populations." The main reason behind this phenomenon is the lack of intermarriages, thus "the two populations reproduce in isolation" (Fargues 2011).



inadequate in terms of size. Furthermore, they did not possess the necessary skills, training and education to properly execute large-scale oil infrastructure related projects. As regional political tensions started to increase, and the first Gulf War broke out, the domestic situation of non-nationals became even more complicated. The shift from Arab migrants towards those from Asia intensified during this period. Employers across the Gulf perceived Asian workers as less likely to settle or protest against certain policies or working conditions. As such, Asian guest workers were seen as the logical replacement for Arab workers because of their geographical proximity, historical economic ties to the region, and their abundant numbers. Generally speaking, earlier the modus operandi of the Gulf states concerning immigration was to utilise the foreign workforce to enhance their financial well-being. However, the contemporary approach is more restrictive, and nationals view the foreign workforce as a threat both to their economic and cultural integrity despite the fact that their government continuously relies on this workforce for sustained economic growth.

A specific characteristic of the immigration policies of Saudi Arabia and the UAE immigration policies is the existence of the sponsorship or the *kafala* system, according to which foreign workers must have a sponsor in order to be legally eligible to work in any of these countries. As a consequence, unemployment among non-nationals is almost non-existent simply because they cannot enter the country without having a proof of their job from their sponsor. At the same time, this employment system causes serious harm for those at the very bottom of the payment chain, and it is condemned by various international organisations, such as the Human Rights Watch (HRW 2004). In fact, this policy is the institutional embodiment of the subordination of non-nationals and their segregation. In practice, the *kafala* system ties workers to their sponsors (*kafeel*) and thus opens the door for exploitative relationships. Migrant workers are completely dependent upon their sponsor both for their livelihood and residency. It is not uncommon that unpaid non-national workers cannot even leave the country or apply for other jobs, as they need special exit permits or official approval from their employers to be able to take these steps. Furthermore, their passports are often held by their employers, so their mobility is fully constrained, and they have extremely little room for legal appeal in these countries, as in practice they are treated as lower-class citizens.



## **Contemporary Workforce Nationalisation Efforts and their Impact**

Without doubt, the trend towards restricting the inflow of immigrants has been increasing both in Saudi Arabia and in the UAE. At the same time, Saudisation and Emiratisation policies that have been adopted in the last 20 years have achieved rather ambiguous results. An important indicator of the lack of effective implementation policies, for example, is that remittances from Saudi Arabia remain the second highest in the world, after the United States. (Hend 2015:4). Efforts to nationalise the workforce started as early as 1932; however, these attempts were not effective. The usual method adopted was to accomplish the replacement of foreign workers in the private sector with Saudi nationals through various employment quota targets. The aim of workforce nationalisation, however, is multifaceted: It seeks not just to protect Saudi nationals and increase their number in the private sector, but simultaneously it seeks to reduce the dependence on foreign workers and stop the outflow of income as remittances. The failure of previous nationalisation efforts in curbing the unemployment of Saudi nationals led the Kingdom, in 2011, to introduce the Nitaqat programme as a renewed approach to ensure effective enforcement of nationalisation policies. In order to incentivize employers to hire Saudi nationals, Nitaqat categorises all companies according to the number of Saudis they employ in order to allot support appropriately.<sup>23</sup> Unfortunately, the Labour Ministry's Nitaqat programme failed to achieve the desired results and it created harmful practices such as "fake Saudisation" or increased corruption.<sup>24</sup> Therefore, although national employment quota policies seem like attractive policy options, it is mostly because they can provide short-term visible effects. Over the long-term, however, less vivid, but more enduring human capital investments are needed, especially in the field of education.

The UAE has been endeavouring to correct the imbalance between the public and private sectors and, at the same time, expand employment opportunities for

---

23. The four classifications, Platinum, Green, Yellow, and Red, are separated by thresholds measured by the percentage of Saudis employed. These thresholds differ between employers based on activity (industry) and size (number of employees). During the implementation of Nitaqat, the MoL expanded the legacy list of 13 activities to 52, and created five size ranges. Therefore, there are 260 potential activity and size combinations (52 x 5), each with their own set of percentage thresholds. In order to be fair to employers, these ranges differ based on the difficulty to achieve Saudisation in different activities. For example, a higher percentage of Saudi employees is expected in a bank as compared to a construction company (Massoud 2013).

24. "Shoura: Nitaqat Failed to Yield Desired Results," *Arab News*, Jeddah, January 29, 2014, <http://www.arabnews.com/news/517201>.

nationals. The first Emiratisation related government resolution was issued in 1998 and it targeted the banking system; in 2003, a similar resolution was passed which targeted insurance companies; soon after, in 2004, trading firms and in 2006, secretarial and human resource workplaces were also included in the nationalisation policy framework. These resolutions in the beginning were non-mandatory; however, the lack of progress compelled the government to introduce various penalty systems. In 2011, the UAE reformed its *kafala* system to enable migrant workers to switch employers without first receiving their original employer's permission (Migrant Forum Asia, 2017). It is also noteworthy that due to these changes, "worker's real wages increased by more than 10% in the three months after their contract expires, whereas before the change they barely moved at all."<sup>25</sup> These positive impacts underscore that real market forces are welcome, though they should be closely monitored, and these emerging best practices should be adapted by neighbouring countries with similar structural patterns.

### **The Interrelationship between Workforce Nationalisation and National Identity Formulation**

In order to arrive at a comprehensive assessment, it is important to unmask the hidden processes that connect workforce nationalisation and national identity construction. It is a rather challenging task, since it requires the combination of quantitative (employment/unemployment rates) and qualitative (national identity formation) factors. First and foremost, it must be highlighted that labour nationalisation policies differ in principle and practice. In the last century, an unprecedented demographic change took place in the Gulf region. The long-term aim of diversifying the economy and thus to transform resource-dependent economies into knowledge-based societies, however, requires bold policy changes that have the potential to threaten regime legitimacy. In order to make this transition, it is probable that the Gulf countries will rely even more on a high- and less-skilled foreign workforce for various types of jobs. In reality, the region's public sector is no more able to absorb the younger workforce, including females.

After the 2008 economic crisis, unemployment levels especially among the younger generation skyrocketed. In order to prevent widespread protests and a possible revolution, the Gulf countries began to strengthen the bond between their

---

25. "Migrant Workers in the UAE, Wages of Chain," *The Economist*, April 7, 2016, <http://www.economist.com/news/finance-and-economics/21696533-reform-highlights-how-much-previous-regulations-were-suppressing-pay-wages>.

governments and nationals by creating more public sector jobs and increasing the salaries of state employees in an attempt to mute any possible dissatisfaction with the status quo. At the same time, during this economic downturn, foreign workers were increasingly portrayed by governments and viewed by locals as competitors to national workers, regardless of their actual salaries and working conditions. According to the Gulf Business 2015 Salary Survey in Saudi Arabia, a Western expat is paid on average six per cent more than an Arab expat and almost 30 per cent more than an Asian one. In the UAE, Western expats earn 12.6 per cent more than Arab expats and 40.5 per cent more than an Asian worker (Anderson 2015). These differences create tensions between nationals and non-nationals, and it opens the door for the process of negative othering. According to Neil, the inward turning nation-building efforts of the GCC states “can include a nationalism expressed in the ethnopolitics of chauvinism towards non-national residents” (Neil 2009: 2). As such, from the government’s perspective, Saudisation and Emiratisation are designed not exclusively to address unemployment challenges, but they are often seen as politically beneficial moves.

The decisive underlying factor, however, is that despite their incredible wealth, neither Saudi Arabia nor the UAE has developed a competent educational system and, therefore, citizens are often not qualified enough to replace the foreign workforce in the private sector. In addition, because nationals in both countries demand higher salaries, more extensive benefit packages, and shorter working hours than non-nationals, the private sector faces an enormous challenge when it seeks to comply with workforce nationalisation policies. In order to create a mutually beneficial reform, responsible ministries in Saudi Arabia and in the UAE have to recognise that migration policies and national identity construction are inextricably linked processes. Identity and economic competitiveness can be developed and enhanced only through one channel and that is education. Nationals in both countries have to be endowed with the necessary skills to be able to become active citizens such that they also contribute to national welfare, not just foreign workers. By laying down the foundations of a better and more market-suitable education, national identities can also be enhanced. The feeling of belonging should not rest only on the fact that citizens are recipients of state welfare services. However, thus far, Saudisation and Emiratisation policies have failed to meaningfully contribute to these goals.

## Conclusion

Unemployment and migration have been one of the most debated phenomena in the interactions of domestic politics and foreign policy. This chapter examined the non-national workforce identity related impacts in Saudi Arabia and the UAE. It also aimed to shed light on the links between national identity construction and workforce nationalisation strategies beyond the economic realm. As discussed previously, it is time for Saudi Arabia and the UAE to recognise that the presence of a non-national workforce is essential for the sustained economic well-being of nationals and the continued expansion and development of national economies. At the same time, national identity construction in both cases often utilises the phenomenon of “negative othering” and, as a consequence, the non-national workforce is presented not just as an economic threat, but also as an identity threat during times of structural challenges.

Finally, these cases illustrate that the rentier type economy of these states and their special social contract with their citizens prevents governments from introducing the required structural changes in their employment policies. In short, maintaining popular support to the regime enjoys priority over practical concerns. It is highly unlikely that either Saudi Arabia or the UAE will abandon the *kafala* system or reduce the wages of public sector employees. When workforce nationalisation policies are implemented, they are able to increase nationals’ participation in the private sector in the short run, but this change comes with enormous costs for private companies. Together, these findings demonstrate that reform has to begin in the field of education. In a broader sense, national governments need to direct their resources to obtain the following long-term goals: improved work ethics, transferable skills, and an educational system that is able to meet the demands of the national market. These findings open an important avenue for further studies regarding national identity construction and workforce nationalisation in the post-Arab Spring regional order.

## **Bibliography**

- Al-Asfour, Ahmed and Sami A. Khan. "Workforce Localization in the Kingdom of Saudi Arabia: Issues and Challenges." *Human Resource Development International* 17, no. 2 (2014): 243-253.
- Alhamad, H. S. "The Labor Market in Saudi Arabia: Foreign Workers, Unemployment, and Minimum Wage." *Inquiries Journal/Student Pulse* 6, no. 6 (2014).
- Alsheikh M., Hend. "Current Progress in the Nationalisation Programmes in Saudi Arabia." Explanatory Note No.2/2015, Gulf Labour Markets and Migration (GLMM) programme of the Migration Policy Center (MPC) and the Gulf Research Center (GRC).
- Anderson, Robert "Revealed: The Gulf Business 2015 Salary Survey." *Gulf Business*, 19, Issue no. 11, March 23, 2015.
- Beblawi, Hazem. "The Rentier States in the Arab World." *Arab Studies Quarterly* 9, no. 4 (Fall 1987): 383-398.
- Croft, Stuart. *Securitizing Islam: Identity and the Search for Security* United Kingdom: Cambridge University Press, 2012.
- Croft, Stuart. "Constructing Ontological Insecurity: The Insecuritization of Britain's Muslims." *Contemporary Security Policy* 33, no. 2 (2012): 219-235.
- De Bel-Air, Francoise. "The Socio-Political Background and Stakes of "Saudizing" the Workforce in Saudi Arabia: the Nitaqat Policy." Explanatory Note no.3/2015, Gulf Labour Market and Migration (GLMM) programme of the Migration Policy Center (MPC) and the Gulf Research Center (GRC).
- . "Demography, Migration and Labour Market in Saudi Arabia." Explanatory Note No. 1/2014, Gulf Labour Market and Migration (GLMM) programme of the Migration Policy Center (MPC) and the Gulf Research Center (GRC).
- . "Demography, Migration and Labour Market in the UAE." Explanatory Note No. 7/2015, Gulf Labour Market and Migration (GLMM) programme of the Migration Policy Center (MPC) and the Gulf Research Center (GRC).
- Fargues, Philippe. "Immigration without Inclusion: Non-Nationals in Nation-Building in the Gulf States." *Asian and Pacific Migration Journal* 20, nos.3-4 (2011).

- Giddens, Anthony. *Modernity and Self-Identity: Self and Society in the Late Modern Age*. Cambridge: Polity Press, 1991.
- Gulf Labour Markets, Migration, and Population (GLMM) Programme. "Total Population and Percentage of Nationals and Non-nationals in GCC Countries." (Latest National Statistics, 2010-2015), 2017. <http://gulfmigration.eu/total-population-and-percentage-of-nationals-and-non-nationals-in-gcc-countries-latest-national-statistics-2010-2015/>
- Hassan, Riaz. "Nation Building with Non-National: The United Arab Emirates's Pathway to Modernity." Institute of South Asian Studies, January 2, 2017.
- Hertog, Steffen. "A Comparative Assessment of Labour Market Nationalization Policies in the GCC, In: *National Employment, Migration and Education in the GCC*, ed. Steffen Hertog. Gerlach Press, Berlin, Germany.
- Human Rights Watch. "Saudi Arabia: Foreign Workers Abused." July 15, 2004
- . "Saudi Arabia: Mass Expulsions of Migrant Workers, Abuses During Detention, Deportation." May 9, 2015.
- . "UAE A Move to Protect Migrant Workers." November 1, 2015.
- Huysmans, Jef. "Security! What Do You Mean? From Concept to Thick Signifier." *European Journal of International Relations* 4 (1998): 226-255.
- ILO. "Discrimination at Work in the Middle East and North Africa." Fact Sheet, April 13, 2007.
- Kamrava, Mehran. "The Arab Spring and the Saudi-Led Counterrevolution." *Orbis*, 56, Issue 1(2012): 96-104.
- Kinninmont, Jane. "Vision 2030 and Saudi Arabia's Social Contract: Austerity and Transformation." Chatham House, Middle East and North Africa Programme, July 2017.
- Kinnvall, Catarina. "Globalization and Religious Nationalism: Self, Identity, and the Search for Ontological Security." *Political Psychology* 25 (2004):741-767.
- Koyame-Marsh, O. Rita. "Saudization and the Nitaqat Programs: Overview and Performance." *Journal of Accounting, Finance and Economics* 6, no.2 (September 2016): 36-48.

- Lori, Noora. "Temporary Workers or Permanent Migrants, the Kafala System and Contestations over Residency in the Arab Gulf States." Center for Migrations and Citizenship, 2012.
- Masour, Ahmed, and Mustafe Elhussien. "The Population Imbalance as a Public Policy Problem in United Arab Emirates." 2014. Available at: <http://www.umdcipe.org/conferences/DecliningMiddleClassesSpain/Papers/Mansour.pdf>.
- Massoud, Amre. "The Nitaqat Program." The Ministry of Labour, Kingdom of Saudi Arabia, 2013.
- McSweeney, Bill. *Security, Identity and Interest: A Sociology of International Relations*. UK: Cambridge University Press, 1999.
- Migrant Forum Asia. "Reform of The Kafala (Sponsorship) System." Policy Brief, no. 2. <http://www.ilo.org/dyn/migpractice/docs/132/PB2.pdf>.
- Mitzen, Jennifer. "Ontological Security in World Politics, and Implications for the Study of European Security." Prepared for the CIDEL Workshop, Oslo, October 22-23 2004.
- "Ontological Security in World Politics: State Identity and the Security Dilemma." *European Journal of International Relations* 12, no. 3 (2006a): 341-370.
- . "Anchoring Europe's Civilizing Identity: Habits, Capabilities and Ontological Security." *Journal of European Public Policy* 13, no. 2 (2006b) 270-286.
- Niblock, Tim. *State, Society and Economy in Saudi Arabia*. Routledge Library Editions, 2015.
- OECD. "The Saudi Employment Strategy." G20 Country Policy Briefs, Saudi Arabia, 2011.
- Patrick, Neil. "Nationalism in the Gulf States." Kuwait Programme on Development, Governance and Globalisation in the Gulf States, October 2009, Number 5.
- Peck, Malcolm. "Formation and Evolution of the Federation and its Institutions." In *United Arab Emirates: A New Perspective*. Edited by Ibrahim al Abed and Peter Hellyer. London: Trident Press Ltd., 2001.
- Rubin, Barry. *Crises in the Contemporary Persian Gulf*. London: Frank Cass Publishers, 2005.

- Rumelili, Bahar. "Identity and Desecuritization: The Pitfalls of Conflating Ontological and Physical Security." *Journal of International Relations and Development* (2013):1-23.
- The Arab Gulf States Institution in Washington. *Gulf Societies in Transition: National Identity and National Projects in the Arab Gulf States*, Workshop Report, June 10, 2016.
- Ulrichsen, Kristian Coates. *The United Arab Emirates: Power, Politics and Policymaking*. New York: Routledge, 2017.
- Vision 2021: Cohesive Society and Preserved Identity. <https://www.vision2021.ae/en/national-priority-areas/cohesive-society-and-preserved-identity>.
- Vision 2030 Kingdom of Saudi Arabia. <http://vision2030.gov.sa/en>.
- Wendt, Alexander. "Collective Identity Formation and the International State." *The American Political Science Review* 88, no. 2 (June 1994): 384-396.
- Zahra, Maysa. "United Arab Emirates' Legal Framework for Migration." Explanatory Note No. 5/2015, Gulf Labour Market and Migration (GLMM) programme of the Migration Policy Center (MPC) and the Gulf Research Center (GRC).



## **Part II**

### **Policies on Outward Migration**

## VII

### Emigration Policies of Major Asian Countries Sending Temporary Labour Migrants to the Gulf

*Nasra M. Shah\**

**Abstract:** The objective of this chapter is to outline the policies that have evolved in the major Asian countries from which migrants to the Gulf originate. The largest numbers of migrants presently in the Gulf countries are from India, Pakistan, Bangladesh, Philippines, Sri Lanka, Indonesia, and Nepal with each country having a stock of more than a million in the Gulf. The current situation has been enabled by a host of policies and legal frameworks that were put in place in response to the heightened demand for foreign workers in the 1970s, and generally persisting until now. The major thrust of the policies of sending countries centres on regulating, facilitating, maintaining, or maximising the outflows. Protection of relatively more vulnerable groups, such as female domestic workers, has also remained an important element with occasional bans and requirements of a minimum wage. A more recent development relates to concerted programmes and policies aimed at skill upgrading to make the workers competitive with workers from other countries. Moreover, policies for managing return migration are also gaining more traction now. Monitoring systems to evaluate the effectiveness of existing policies, especially

---

\* Nasra M. Shah is Professor at Kuwait University and Scientific Director of GLMM.

the ones relating to protection of workers, are weak or non-existent. Bilateral and multilateral efforts are, however, being made to enhance the benefits of migration for the sending and host countries, as well as the migrants.

## **Introduction**

This chapter focuses on the seven Asian countries, namely Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines, and Sri Lanka, with the largest outflows of migrant workers to the Gulf region in recent years. It highlights four different types of policies that are at the forefront of policy concerns and planning efforts of the sending countries: First, the desire to increase, or at least maintain, the level of outflows; second, effective regulation of the administrative structures that have been established to organise the outflow of migrant workers, including recruitment agencies; third, enhancement of competitiveness through skill development schemes, including pre-departure orientations and vocational training; fourth, protection of migrant workers, especially in low-skilled occupations and domestic service.

The chapter is organised into four sections. It begins with a description of the main features of migration to the six Gulf Cooperation Council (GCC) countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates [UAE]) from the sending Asian countries. The second section outlines the major policies of the seven Asian countries in terms of the major concerns spelt out by them in their policy documents regarding labour migration to the Gulf. The third section presents some results based on a focus group discussion with Asian labour attaches in Kuwait. The final section discusses some of the common elements of the major policies of sending countries and some of the specific emphasis they place conditioned by the nature of migration from a given country.

## **Main Characteristics of Migration to the Gulf**

Before starting on a discussion of the major policies of each sending country, a brief description of the trends and patterns of migration from these countries is necessary to understand the differences and similarities that are likely to underlie the priorities and emphasis in their relative policy goals. In 2015, four of the seven countries had policies to raise emigration and three had policies to maintain it (Table 7.1). Thus, the general thrust of the policies is to prevent a decline in outflows and to enhance it as far as possible. Since they all send at least half of their migrants to the six GCC countries, this region carries a high degree of primacy in their policy focus.

**Table 7.1: Views and policies of major origin countries on emigration, 2013 and 2015**

| Major Origin Country (Asian) | View of emigration 2013 | Policy on emigration 2013 | Policy on emigration 2015 |
|------------------------------|-------------------------|---------------------------|---------------------------|
| Bangladesh                   | Too Low                 | Raise                     | Raise                     |
| India                        | Satisfactory            | Maintain                  | Maintain                  |
| Indonesia                    | Too Low                 | Raise                     | Maintain                  |
| Nepal                        | Satisfactory            | Raise                     | Raise                     |
| Pakistan                     | Satisfactory            | Raise                     | Raise                     |
| The Philippines              | Satisfactory            | Maintain                  | Maintain                  |
| Sri Lanka                    | Satisfactory            | Maintain                  | Raise                     |

Sources: UN, Population Policies 2013, <http://www.un.org/en/development/desa/population/publications/pdf/policy/WPP2013/wpp2013.pdf>; United Nations, World Population Policies Database, [http://esa.un.org/poppolicy/about\\_database.aspx](http://esa.un.org/poppolicy/about_database.aspx).

Several of the sending countries maintain accessible and active databases showing the annual outflow of registered migrants, according to various characteristics such as gender, occupation, and skill level. Bangladesh, Pakistan, Philippines, and Sri Lanka provide the most updated information. Data on outflows from India could be found in the annual report of the Ministry for Overseas Indian Affairs, until this ministry was merged with the Ministry of External Affairs in January 2016. Annual reports for Nepal also provide some data on outflows. Data for Indonesia are hardest to find and are available only in periodic reports prepared by international agencies such as the International Organization for Migration (IOM). Table 7.2 shows a time series of outflows from the seven sending countries, based on these sources.

Since 1990, annual outflows to the GCC countries from most Asian senders have seen a remarkable increase. In the case of Pakistan, the annual outflows increased by almost 20 times from 41,611 persons in 1990 to 822,032 in 2016. The outflows from Bangladesh and India increased by about six times and from the Philippines by four times. Thus, the general policies to increase or maintain the level of outflows have been highly successful and offer scope for optimism. Indonesia seems to be an exception with a decline in the annual outflow of migrants from 2007 to 2014. We do not know how much of this decline is caused by the outflow of Indonesians to other countries as opposed to the GCC, since we could not find such data.

**Table 7.2: Trends in annual outflows from Asian countries, by destination, 1990-2016**

| Countries of Origin    | Receiving Countries |        |         |         |         |         | Total   |
|------------------------|---------------------|--------|---------|---------|---------|---------|---------|
|                        | Bahrain             | Kuwait | Oman    | Qatar   | KSA     | UAE     |         |
| Bangladesh             |                     |        |         |         |         |         |         |
| 1990                   | 4,563               | 5,957  | 13,980  | 7,672   | 57,486  | 8,307   | 97,965  |
| 1995                   | 3,004               | 17,492 | 20,949  | 71      | 84,009  | 14,686  | 140,211 |
| 2000                   | 4,637               | 594    | 5,258   | 1,433   | 144,618 | 34,034  | 190,574 |
| 2005                   | 10,716              | 47,029 | 4,827   | 2,114   | 80,425  | 61,978  | 207,089 |
| 2010                   | 21,824              | 48     | 42,641  | 12,085  | 7,069   | 203,308 | 286,975 |
| 2015                   | 20,720              | 17,472 | 129,859 | 123,965 | 58,270  | 25,271  | 375,557 |
| 2016                   | 72,167              | 39,188 | 188,247 | 120,382 | 143,913 | 8,131   | 572,028 |
| 2016(%)                | 12.62               | 6.85   | 32.91   | 21.04   | 25.16   | 1.42    | 100     |
| India                  |                     |        |         |         |         |         |         |
| 1990                   | 6,782               | 1,077  | 34,267  | -       | 79,473  | 11,962  | 133,561 |
| 1995                   | 11,235              | 16,439 | 22,338  | -       | 256,782 | 79,674  | 386,468 |
| 2000                   | 15,909              | 31,082 | 15,155  | -       | 58,722  | 55,099  | 175,967 |
| 2005                   | 30,060              | 39,124 | 40,931  | 50,222  | 99,879  | 194,412 | 454,628 |
| 2010                   | 15,101              | 37,667 | 105,807 | 45,752  | 275,172 | 130,910 | 610,409 |
| 2013                   | 17,269              | 70,072 | 63,398  | 78,367  | 354,169 | 202,169 | 785,444 |
| 2014                   | 14,220              | 80,419 | 51,318  | 75,935  | 329,937 | 224,033 | 775,862 |
| 2014 (%)               | 1.83                | 10.37  | 6.61    | 9.79    | 42.53   | 28.88   | 100     |
| Indonesia <sup>1</sup> |                     |        |         |         |         |         |         |
| 2007                   | -                   | -      | -       | -       | -       | -       | 696,746 |
| 2010                   | -                   | -      | -       | -       | -       | -       | 575,804 |
| 2014                   | -                   | -      | -       | -       | -       | -       | 429,872 |
| Nepal                  |                     |        |         |         |         |         |         |
| 2008/9                 | -                   | 410    | -       | 54,732  | 45,044  | 24,057  | 124,243 |
| 2010/11                | -                   | 7,981  | -       | 35,943  | 62,499  | 24,047  | 130,470 |
| 2013/14                | -                   | 8,979  | -       | 103,850 | 75,026  | 42,542  | 230,397 |
| 2014/15                | 4,168               | 9,634  | 3,470   | 124,050 | 96,887  | 53,094  | 291,303 |
| 2014/15 (%)            | 1.43                | 3.31   | 1.2     | 42.58   | 33.25   | 18.23   | 100     |
| Pakistan               |                     |        |         |         |         |         |         |
| 1990                   | 2,516               | 1,338  | 8,364   | 1,367   | 7,943   | 20,083  | 41,611  |
| 1995                   | 1,424               | 3,898  | 934     | 632     | 77,373  | 28,681  | 112,942 |
| 2001                   | 1,173               | 440    | 3,802   | 1,633   | 97,262  | 18,421  | 122,731 |
| 2005                   | 1,612               | 7,185  | 8,019   | 2,175   | 35,177  | 73,642  | 127,810 |
| 2010                   | 8,226               | 153    | 37,878  | 3,039   | 189,888 | 113,312 | 350,147 |
| 2015                   | 9,029               | 164    | 47,788  | 12,741  | 522,750 | 326,986 | 919,458 |
| 2016                   | 5,877               | 770    | 45,085  | 9,706   | 462,598 | 295,647 | 822,032 |
| 2016 (%)               | 1                   | 0.09   | 5.48    | 1.18    | 56.28   | 35.97   | 100     |

**Table 7.2 (contd.)**

|                                 |            |              |             |              |              |              |            |
|---------------------------------|------------|--------------|-------------|--------------|--------------|--------------|------------|
| <b>Philippines <sup>1</sup></b> |            |              |             |              |              |              |            |
| 1990                            | 5,804      | 5,007        | 7,453       | 7,138        | 169,886      | 17,189       | 212,477    |
| 1995                            | 4,131      | 9,852        | 4,603       | 9,691        | 168,604      | 26,235       | 223,116    |
| 2000                            | 5,498      | 21,490       | 4,739       | 8,679        | 184,724      | 43,045       | 268,175    |
| 2005                            | 9,968      | 40,306       | 5,308       | 31,421       | 194,350      | 82,039       | 363,392    |
| 2010                            | 15,434     | 53,010       | 10,955      | 87,813       | 293,049      | 201,214      | 661,475    |
| 2014                            | 18,958     | 70,098       | 15,880      | 114,511      | 402,837      | 246,231      | 868,515    |
| 2015                            | 21,428     | 86,019       | 22,274      | 133,169      | 406,089      | 227,076      | 896,055    |
| <b>2015 (%)</b>                 | <b>2.4</b> | <b>9.6</b>   | <b>2.48</b> | <b>14.86</b> | <b>45.32</b> | <b>25.34</b> | <b>100</b> |
| <b>Sri Lanka</b>                |            |              |             |              |              |              |            |
| 1998                            | 7,116      | 28,834       | 4,294       | 12,576       | 59,397       | 21,883       | 134,100    |
| 2000                            | 6,477      | 33,633       | 4,964       | 12,137       | 61,359       | 32,815       | 151,385    |
| 2005                            | 3,751      | 36,157       | 3,562       | 35,953       | 76,210       | 36,371       | 192,004    |
| 2010                            | 7,052      | 48,108       | 6,367       | 54,676       | 70,830       | 42,310       | 229,343    |
| 2014                            | 3,972      | 43,528       | 5,750       | 84,571       | 80,539       | 50,192       | 268,552    |
| 2015                            | 3,719      | 38,451       | 7,077       | 65,111       | 74,910       | 43,601       | 232,869    |
| <b>2014 (%)</b>                 | <b>1.6</b> | <b>16.51</b> | <b>3.04</b> | <b>27.96</b> | <b>32.17</b> | <b>18.72</b> | <b>100</b> |

Source: Compiled by the author from various sources and databases of the countries of origin, incl. ILO 2010; ILO 2011; ILO 2013a; ILO 2013b; ILO 2016.

<sup>2</sup> in particular cells indicates lack of data rather than the absence of any migrants.

<sup>1</sup> Outflow to all countries of the world, including GCC.

There are substantial differences in terms of the specific destination country in the GCC to which migrants from Asia go (Table 7.2). Looking at the most recent outflows, the majority of migrants from Bangladesh went to Oman or Saudi Arabia. A majority of Indians and Pakistanis as well as Filipinos went to either Saudi Arabia or UAE. Destinations of Sri Lankans were more varied and most went to Saudi Arabia, Qatar, and the UAE. In the case of Nepal, Qatar was the most prominent destination country followed by Saudi Arabia. Being the most populous GCC country, Saudi Arabia has attracted the largest number of migrants within the region.

GCC destinations accounted for more than 95 per cent of all migrants in the case of India and Pakistan and about 88.4 per cent in the case of Sri Lanka. Nepalese, Bangladeshi, and Filipino workers have explored markets beyond the Gulf countries. About 58 per cent of Nepalese workers headed to the GCC and a very substantial proportion went to Malaysia in 2014-15. About one-fourth (24.5 per cent) of Bangladeshis went to destinations other than the Gulf in 2016. Also, about 60 per cent of all Filipino workers and 66 per cent of new hires went to the GCC while the rest headed to a number of other countries in 2014 (Table 7.3).

**Table 7.3: Total outflow from Asian country to GCC, latest year**

| Country     | Year              | Total Outflow | # to GCC | % to GCC |
|-------------|-------------------|---------------|----------|----------|
| Bangladesh  | 2016              | 757,731       | 572,028  | 75.4     |
| India       | 2014              | 804,878       | 775,862  | 96.4     |
| Nepal       | 2014/15           | 499,620       | 287,135  | 58.3     |
| Pakistan    | 2016              | 839,353       | 822,032  | 97.9     |
| Philippines | 2015 <sup>1</sup> | 1,437,875     | 896,055  | 62.3     |
|             | 2015 <sup>2</sup> | 515,217       | 327,058  | 63.5     |
| Sri Lanka   | 2015              | 263,307       | 232,869  | 88.4     |

Sources: Compiled by the author from various sources and databases of the countries of origin, incl. ILO 2010; ILO 2011; ILO 2013a; ILO 2013b; ILO 2016.

<sup>1</sup> Total land based workers.

<sup>2</sup> New land based hires, including top 10 destinations.

**Table 7.4: Estimated stock of migrant workers in the six GCC countries from the seven main origin countries**

|  | Migrants to the GCC |                  |                |                  |                   |                  | Total Migrants to GCC <sup>1</sup> |
|--|---------------------|------------------|----------------|------------------|-------------------|------------------|------------------------------------|
|  | Bahrain 2014        | Kuwait end 2012  | Oman 2010      | Qatar 2013-2014  | Saudi Arabia 2013 | UAE 2013-2014    |                                    |
| <b>Bangladesh</b>                      | 98,221              | 190,171          | 107,125        | 150,000          | 1,500,000         | 700,000          | 2,745,517                          |
| <b>India</b>                           | 257,663             | 692,525          | 465,660        | 545,000          | 2,000,000         | 2,600,000        | 6,560,848                          |
| <b>Indonesia</b>                       | 29,553              | 14,036           | 25,300         | 39,000           | 1,500,000         | 85,000           | 1,692,889                          |
| <b>Nepal</b>                           | 722                 | 55,486           | n.d.           | 400,000          | 500,000           | 300,000          | 1,256,208                          |
| <b>Pakistan</b>                        | 48,991              | 120,040          | 84,658         | 90,000           | 1,500,000         | 1,200,000        | 3,043,689                          |
| <b>Philippines</b>                     | 29,722              | 161,742          | 15,651         | 200,000          | 670,000           | 525,530          | 1,602,645                          |
| <b>Sri Lanka</b>                       | 7,627               | 109,860          | 10,178         | 100,000          | 550,000           | 300,000          | 1,077,665                          |
| <b>Total Non-nationals<sup>2</sup></b> | <b>683,818</b>      | <b>2,299,691</b> | <b>816,143</b> | <b>1,986,174</b> | <b>*</b>          | <b>7,800,000</b> |                                    |

Sources: Compiled by the author from various sources and databases of the countries of origin, incl. ILO 2010; ILO 2011; ILO 2013a; ILO 2013b; ILO 2016.

<sup>1</sup> Total number of migrants to the GCC for each of these nationals.

<sup>2</sup> Total number of migrants in each GCC state.

Information on the total number, or stock, of migrants in each GCC country from each of the sending countries is not easily available and is not routinely published as part of GCC censuses. Estimates of the stock of migrants, based on various sources, are shown in Table 7.4. India had the largest stock of migrants in the Gulf (6.5 million), followed by Pakistan (3 million) and Bangladesh (2.7

million). Each of the other countries had a stock larger than one million in the Gulf. Consistent with the picture provided by annual outflows, Saudi Arabia and the UAE are home to the largest number of migrant workers in the Gulf.

**Table 7.5: Gender composition of migrants in the six GCC countries from the seven main origin Asian countries**

|                                   | Year    | Male    | Female  | Total   |
|-----------------------------------|---------|---------|---------|---------|
| <b>Bangladesh</b> <sup>1</sup>    | 2016    | 480,106 | 91,922  | 572,028 |
| %                                 |         | 83.9    | 16.1    | 100     |
| <b>India</b>                      | -       | -       | -       | -       |
| <b>Indonesia</b> <sup>2</sup>     | 2014    | 186,243 | 243,629 | 429,872 |
| %                                 |         | 43.3    | 56.7    | 100     |
| <b>Nepal</b> <sup>1</sup>         | 2014-15 | 478,199 | 21,421  | 499,620 |
| %                                 |         | 95.7    | 4.3     | 100     |
| <b>Pakistan</b>                   | -       | -       | -       | -       |
| <b>Philippines</b> <sup>2,3</sup> | 2010    | 154,677 | 185,602 | 340,279 |
| %                                 |         | 45.5    | 54.5    | 100     |
| <b>Sri Lanka</b> <sup>2</sup>     | 2015    | 172,630 | 90,677  | 263,307 |
| %                                 |         | 65.6    | 34.4    | 100     |

Sources: Compiled by the author from various sources and databases of the countries of origin, incl. ILO 2010; ILO 2011; ILO 2013a; ILO 2013b; ILO 2016.

<sup>1</sup> Numbers for GCC countries outflow.

<sup>2</sup> Numbers for migrants to all countries of the world, including the GCC.

<sup>3</sup> New hires.

- data for India and Pakistan not available

Asian countries vary in terms of the gender composition of migrants they send to the Gulf. Migration from Nepal is primarily that of males, constituting about 96 per cent. In the case of Indonesia and the Philippines, more than half the migrants in recent years were female, and about one-third of those from Sri Lanka were female (Table 7.5). The sex ratio of outflows from Sri Lanka has changed markedly over the years. Almost three-fourths of all Sri Lankan migrants were female in 1997; since then, the trend has reversed and women constituted less than half of all migrants in 2008. The downward trend continued until 2015



(Sri Lanka Bureau of Foreign Employment 2015). Data on gender composition are not published by Pakistan or India.

**Table 7.6: Skill level of migrants from Asian countries**

|   | Number         | %          |
|---|----------------|------------|
| <b>Bangladesh, 2016</b>                             |                |            |
| Professional  | 4,638          | 0.6        |
| Skilled   | 318,851        | 42.1       |
| Semi-Skilled  | 119,946        | 15.8       |
| Less/Unskilled/<br>Other                            | 314,296        | 41.5       |
| <b>Total</b>  | <b>757,731</b> | <b>100</b> |
| <b>Nepal, 2014/15</b>                               |                |            |
| Skilled   | 2,871          | 1          |
| Semi-Skilled  | 71,784         | 25         |
| Unskilled   | 212,480        | 74         |
| <b>Total</b>  | <b>287,135</b> | <b>100</b> |
| <b>Pakistan, 2016</b>                               |                |            |
| Highly Skilled + qualified                          | 24,682         | 3          |
| Skilled   | 335,671        | 40         |
| Semi-Skilled  | 152,235        | 18.1       |
| Unskilled   | 326,765        | 38.9       |
| <b>Total</b>  | <b>839,353</b> | <b>100</b> |
| <b>Philippines, 2013<sup>1</sup></b>                |                |            |
| Professional, Technical,<br>Administration, Related | 55,787         | 12         |
| Clerical workers                                    | 12,893         | 2.8        |
| Sales workers                                       | 9,220          | 2          |
| Service workers                                     | 230,030        | 49.5       |
| Production workers                                  | 147,776        | 31.8       |
| Other   | 9,182          | 1.9        |
| <b>Total</b>  | <b>464,888</b> | <b>100</b> |

<sup>1</sup> Land based, new hires

|                             | Number         | Males<br>% | Number        | Females<br>% |
|-----------------------------|----------------|------------|---------------|--------------|
| <b>Sri Lanka, 2015</b>      |                |            |               |              |
| Professional + middle level | 12,078         | 7          | 1,100         | 1.2          |
| Clerical + related          | 11,025         | 6.4        | 1,447         | 1.6          |
| Skilled                     | 77,449         | 44.9       | 4,649         | 5.1          |
| Semi-Skilled + Unskilled    | 72,078         | 41.7       | 10,203        | 11.3         |
| Housemaids                  | -              | -          | 73,278        | 80.8         |
| <b>Total</b>                | <b>172,630</b> | <b>100</b> | <b>90,677</b> | <b>100</b>   |

Sources: Compiled by the author from various sources and databases of the countries of origin, incl. ILO 2010; ILO 2011; ILO 2013a; ILO 2013b; ILO 2016.

Another characteristic that is likely to influence policy decisions of sending countries relates to the skill composition of the migrants. Data from five countries, except India and Indonesia, shown in Table 7.6, indicate that only a small percentage of migrants from Asia to the Gulf are highly-skilled professional workers. A vast majority are semi-skilled or low-skilled. Among women, a majority are domestic workers. About 57.3 per cent of migrant workers from Bangladesh were semi-skilled or unskilled in 2016, while the figure was 57 per cent for Pakistan. From the Philippines, almost half were service workers while 32 per cent were production workers in 2013. From Sri Lanka, 41.7 per cent of the males were semi-skilled or unskilled while 81 per cent of the females were domestic workers in 2015.

## **Major Policies of Sending Countries**

This section outlines the main policies of the seven sending countries and presents some reflections and responses that such policies have generated among researchers. The main vision and goals of the emigration policies along with some of the strategies adopted to achieve such goals are highlighted.

### *Bangladesh*

Planners as well as researchers recognise labour migration as a potential tool for socio-economic development and a very important instrument for poverty reduction in the country. Migration is considered an important livelihood strategy by and for Bangladeshis (Rahman 2011; Das et al. 2014). Manpower export is regarded as the safest, shortest, and lasting route to economic emancipation. Within this general vision, several policy endeavours have been made. A Ministry of Expatriates Welfare and Overseas Employment was established in 2001 to streamline and regulate migration. An initial emigration policy was established through the formulation of the Emigration Ordinance in 1982. This ordinance has undergone periodic revisions to accommodate the changing circumstances. In 2006, Bangladesh adopted an Overseas Employment Policy in order to “ensure the prospect of regular migration of long term and short term for both men and women from all parts of Bangladesh at a rational cost” (Islam n.d.). The key features of the policy were to eliminate irregular migration, protect the rights of migrant workers and their families, prevent misconduct in the recruitment process, encourage remittance flows through official channels, assist in re-integration of returnees, and allocate resources to strengthen the existing institutional structures. More recently, in January 2016, the Bangladeshi cabinet approved a revised and more detailed version of the 2006 policy entitled “Expatriates Welfare and Overseas Employment

Policy” (*Bangladesh News*, January 25, 2016). Six policy directives emphasised in the 2016 policy include the encouragement of safe migration, protection of migrants and their family members, ensuring facilities for and welfare of migrant workers, migration of female workers, associating migration with national development and proper planning for labour migration.

Focus on female workers is a relatively new concern in emigration policy. Bangladesh has had a history of periodically banning and then allowing labour migration of women workers (Siddiqui 2005). In 2003, the government eased restrictions on emigration of unskilled and semi-skilled women over age 35, but maintained a restriction on those aged less than 35. Subsequently, the minimum age for female migrants was reduced to 25 years (Belanger and Rahman 2013). The percentage of female migrants in the annual outflows has seen a marked increase from only a handful in the 1990s to about 16 per cent in 2016. The upward trend appears to be an outcome of the changed vision of the government about female migration. Migration of both men and women is now seen as an important strategy for enhancing socio-economic development at the national as well as individual level (Islam, n.d. (b)). Of all female migrants who went to the GCC countries in 2016, three-fourths went to Saudi Arabia. Some researchers argue that in the context of a patriarchal society where migration of low-skilled women is generally viewed in a negative manner, Bangladeshi women migrants face the risk of social stigma both before departure and upon return (Belanger and Rahman 2013).

Upgrading of skills is also seen as an integral part of this overall vision of maximising the benefits of labour migration (Islam, n.d. (b)). Bangladesh aims to reap the benefits of globalisation through developing a skilled workforce that would earn higher wages and remit larger amounts that can be used for development of the country. In the case of women, it appears that Bangladesh is open to the emigration of domestic workers and is trying to provide training for housekeeping skills through training centres.

Remittances are among the largest source of foreign exchange earnings in Bangladesh. From only about \$2 billion in 2001, yearly remittances increased consistently, to reach \$15.2 billion in 2015. A decrease in remittances occurred between 2015 and 2016, raising some worries. Over the years, the government has launched several incentivising programmes to encourage remittances through official channels. It has offered US dollar and other types of bonds for migrant workers, in addition to tax exemptions (Islam n.d).

While labour migration is perceived as a survival strategy that can pull Bangladeshi households out of poverty, some research shows that in the case of

persons whose attempts to emigrate fail, the households may be left in a worse situation than prior to the attempt to migrate. Das et al. (2014) estimate that migration failures may be as high as one-third of all attempts at migration, and the main cause of such failures is fraudulent agents and migrants' financial constraints. Rahman (2011) makes a similar argument on the basis of his research on Bangladeshi migration to Saudi Arabia and concludes that temporary labour migration does not necessarily translate into economic advantage for every migrant and his/her family, primarily since the cost of migration may far outweigh the financial benefits earned.

### *India*

India has the largest stock of migrant workers in the Gulf, and the longest history of ties with this region. It views the level of emigration to be satisfactory and wishes to maintain it, as shown in Table 7.1. In response to the increasing outflows of labour migrants, India enacted an Emigration Act in 1983, replacing an earlier Act of 1922. A dedicated Ministry of Overseas Indian Affairs (MOIA) was established in 2004 to oversee all matters relating to overseas Indians. The key objective of this ministry was to “establish a robust and vibrant institutional framework to facilitate and support mutually beneficial networks with and among Overseas Indians to maximize the development impact for India and enable overseas Indians to invest and benefit from the opportunities in India” (Government of India 2014-15). Diaspora engagement was at the heart of the ministry's activities. In terms of labour migration to the Gulf, some of the key concerns centred around streamlining and simplifying the migration process and facilitating migration. During the last decade, Memorandums of Understanding have been signed by the Indian government with all the Gulf countries, and mechanisms for following up the terms of agreements have been established.

In January 2016, the MOIA was merged with the Ministry of External Affairs, to achieve the broad principle of minimum government, maximum governance (TNN 2016). Since the merger of the ministries, information on annual outflows that was provided by the annual reports of the MOIA is no longer published. India does not maintain a public use database on annual outflows, unlike several of the other South Asian countries. Consequently, data on outflows for the last two years was not available.

Research scholars who have analysed the Indian government's approach seem to agree that despite the increasing volume of migrants, India does not have a stated policy on international migration (Gurucharan 2013; Khadria 2010). Gurucharan (2013) considers the policy framework based on the Emigration Act of 1983 to

be flawed in several ways. The policy continues to be ‘exit control’ based, whereby permission for emigration is granted in an arbitrary fashion. Gurucharan also points out various instrumental weaknesses such as lack of policy coherence and centralisation of authority in the Protector of Emigrats. While recognising the lack of a comprehensive policy on labour migration or overseas migration, Khadria (2010) observes that India’s policy has undergone a paradigm shift over the years, moving from “protective/restrictive to welfare/compensatory, to developmental/restorative.”

While data on gender composition is not published and is not highlighted as a policy goal, observation of labour markets in the Gulf suggest that Indian women play a fairly important part in a whole range of occupations ranging from low-skilled domestic workers to highly-skilled professionals such as physicians. Some regions such as Andhra Pradesh stand out in terms of sending domestic workers. The Indian government has implemented various policies, including periodic bans, on the migration of such workers.

### *Indonesia*

The migration picture and policy of Indonesia is harder to construct compared to other South Asian countries due to the absence of a public use database and relatively less research on the subject. Researchers have lamented the absence of timely and accurate data to understand and analyse the patterns and issues in migration from Indonesia (Bachtiar 2011; Sukamdi 2008). In 2010, an IOM report provided a comprehensive description of various aspects relating to Indonesian migration, including its migration policy. Indonesia has established a Ministry of Manpower and Transmigration to oversee and regulate migration from the country, along with the Ministries of Foreign Affairs and Social Affairs. Law number 39/2004 is the main piece of legislation that governs recruitment, placement, and protection of migrant workers.

The IOM 2010 study pointed out a number of loopholes and weaknesses that undermine the effective implementation of the laws. For example, the law does not cover migrants in an irregular situation. Also, it does not make provision for the protection of returnee migrants or for migrants to report any problems they are facing. It also points out other weaknesses such as lack of clarity regarding the responsibilities of various government departments and a lack of cooperation among them. A study by Barral (2014) makes a similar conclusion about the lack of clarity in how the laws are to be implemented and notes that the laws do not prescribe the state as the main stakeholder in ensuring the protection of migrant

workers. Recruitment agencies are appointed as the legitimate actors to manage the entire process of migration from locating a job to providing information and arranging the documentation for a migrant to proceed abroad. As observed by Barral (2014), all agencies are located in Jakarta and that increases the cost of migration for non-Jakarta residents. While the recruitment agents have facilitated the volume of migration, several problems have emerged as a result, including labour exploitation, human trafficking, and illegal migration.

Women employed in relatively low-skilled positions have remained a predominant part of all outflows from Indonesia. Women constituted about 78 per cent of all migrants in 2007, and their percentage declined considerably to 57 per cent (remaining a majority) in 2014 (UN 2015). In view of the problems faced by migrant workers, the government's response has been to impose bans on the departure of female domestic workers. Such bans were imposed on the migration of domestic workers to Malaysia, Kuwait, Jordan, Saudi Arabia and Syria between 2009 and 2011 (Bachtiar 2011). A ban was also placed on their employment in the UAE. In 2015, the Indonesian President told his government to create a roadmap for ending the migration of female domestic workers in order to protect Indonesia's dignity. Commenting on the President's approach, Varia (2015) noted that the experience of other countries had shown that imposition of bans has little effect and those who are desperate to migrate as a survival strategy find illegal routes and ways to migrate and sometimes fall prey to traffickers. She suggests that a better strategy would be to expand vocational training and work opportunities in Indonesia so that workers move out of choice and not desperation.

### *Nepal*

Compared to other Asian countries, Nepal is a relative latecomer to labour migration to the Gulf, even though it has a long history of informal migration to India. Nepal's efforts at regulating foreign employment began in 1985 with the Foreign Employment Act, with periodic interventions aimed at encouraging labour migration together with protecting the rights and security of migrant workers. As the volume of outflows from Nepal increased, the government was faced with new challenges to regulate as well as protect its workers. A new Foreign Employment Act was therefore legislated in 2007, along with specific Rules in 2008. Ensuring the security and safety of foreign workers was one of the core elements of the new Act.

Efforts at refining the legislative and regulatory framework governing labour migration have continued, and a Foreign Employment Policy was announced in

2012. The goal of this policy is to “ensure safe, organized, respectable and reliable foreign employment to contribute to poverty reduction along with sustainable economic and social development through economic and non-economic benefits of foreign employment” (Government of Nepal 2014-15, p. 37). The 2012 policy has seven “pillars,” including the promotion of foreign employment, developing a skilled workforce, simplifying procedures relating to migration, ensuring female workers’ rights, ensuring good governance, promoting national and international collaborative efforts, and encouraging the use of remittances for the migrant’s own “human development” as far as possible.

An evaluation of Nepal’s regulatory frameworks and policies was conducted by Sijapati and Limbu (2012). They concluded that Nepal suffered from a weak implementation of the existing national policies. A similar conclusion was reached by Liu (2015). Various private institutions involved in labour migration were ineffectively monitored, as were pre-departure training institutions. Migrants could obtain certificates indicating that they had received pre-departure orientation without sitting for the classes. Also, migrants continued to use a transit country as a migration route despite laws that prohibit this. Thus irregular migration, especially of females, continued through India in violation of the Nepal government’s regulations. The authors also concluded that the government’s efforts to sign bilateral agreements with host countries and appoint labour attaches have been very slow. They suggested that the government should encourage migrants to go to countries that have a good record of respecting human rights. This suggestion is notable in view of the fact that Nepalese workers have more varied destinations than Indian or Pakistani workers; about 58 per cent went to the Gulf countries while Malaysia was the other major destination receiving 39 per cent of all Nepalese workers in 2014-15 (Government of Nepal 2014-15).

### *Pakistan*

After India, Pakistan has the largest migrant stock in the Gulf and was one of the first countries to encourage large outflows of migrant workers in the 1970s and 1980s. In the face of high population growth, high unemployment, and weak economic growth, manpower export is considered an important coping strategy that ensures a steady flow of remittances that benefit the government as well as families and individuals.

Pakistan’s migration policies and legislative frameworks go back to March 1979 when the Emigration Ordinance 1979 was issued along with accompanying rules.



The Ordinance addressed many major aspects to regulate and facilitate migration. The rules also emphasised the provision of pre-departure orientation and guidance to departing migrants. It laid down the details for the licensing and operation of overseas employment promoters and penalties for those who did not abide by the rules. The 1979 Ordinance, followed by periodic amendments, has guided migration until the present.

An effort at formulating a revised policy was made by the government elected in 2008. A draft National Emigration Policy was prepared in 2009 but was not debated or approved by the Parliament (Government of Pakistan 2009). The main features of this policy focused on devising strategies to maximise the level of outflows and enhance Pakistan's market share of migrants in the Gulf and other countries, assisting migrants in financing migration costs, facilitating remittance inflows to Pakistan, and simplify migration procedures. Another feature of the policy was to encourage skill development of the workforce for emigration, including language training. It also emphasised the protection of migrants through various programmes such as a helpline and facilitating the reintegration of returnees. An evaluation of the 2009 Emigration Policy by Jan (2010) concluded that the policy was weak in terms of ensuring the protection of migrant workers and focused largely on Gulf countries, ignoring workers in other parts of the world. Jan also contended that the protective measures suggested by the policy were reactive in nature and did not address the fact that policies of the host countries in the Gulf are, in fact, often the root causes of problems faced by migrants.

A more recent attempt at formulating a National Policy for Overseas Pakistanis was made in 2013 by the Ministry of Overseas Pakistanis in partnership with ILO with a focus on maximising welfare and empowerment of the Pakistani diaspora working in different countries (ILO 2013b). A consultative workshop was held to present a draft proposal suggesting several areas to be highlighted such as ratification of ILO conventions related to rights of migrant workers, encouraging the participation of women in migration, recognising social protection as a basic human right, supporting social network associations in host countries, and establishing vocational and technical training courses to meet the demand for overseas employment.

Pakistan has made concerted efforts to establish training facilities for upgrading skills to enhance the marketability of migrant workers. A Technical and Vocational Education and Training Authority (TVET) was established in each of the four provinces and a related commission was established in Islamabad. A National Skills



Strategy was implemented from 2009-13, with an emphasis on competency-based training that would enhance demand-driven skills (ILO 2016).

It is estimated that only 0.12 per cent of all migrants proceeding for overseas employment are women (ILO 2013b; ILO 2016), which is considered to be very low. Social and cultural attitudes towards the education of women and their participation in the workforce remain major hurdles in achieving the government's vision of "skills for all." There is a need to design policies that encourage the social acceptance of women to enrol in traditional and non-traditional training courses.

### *Philippines*

The attitudes and policies of the Philippines towards emigration are in sharp contrast to that of some other Asian countries. The main thrust of its migration policy was established in the 1974 Labour Code consisting of the goals to promote and facilitate overseas employment, protect Filipino migrants, and maximise the benefits of migration. This policy was subsequently elaborated and refined through various Acts and amendments. The Migrant Law of the Philippines is essentially "protective legislation" which provides that "the State does not promote overseas employment as a means to sustain economic growth and achieve national development. The existence of overseas employment rests solely on the assurance that the dignity and fundamental human rights and freedoms of the Filipino citizens shall not at any time be compromised or violated" (IOM 2013). The development policy aims to create jobs in the Philippines and to ensure that Filipinos do not leave the country as a survival strategy under financial pressure, but as a matter of choice. The Filipino emigration policies are designed to cover all the stages, from pre-employment to recruitment, departure and arrival in the host country. Reintegration of returnees is also an important aspect of the Philippines migration policy. A return and repatriation programme offers loans, counselling, training and scholarships. A National Reintegration Center for Overseas Foreign Workers was established following an Act passed in 2010 that seeks to leverage the skills of returning nationals.

The Philippines is often cited as a success story in its ability to regulate and organise migration and to stand up for the rights of its migrant workers. A study commissioned by the IOM to rate the effectiveness of migration governance was conducted recently by the Economist Intelligence Unit (2016) in 15 countries, including the Philippines and some developed host countries such as Canada and Sweden. The Philippines was awarded the highest score on four of the five indicators used to measure migration governance. On a five-point scale ranging from a low

of “emerging” to a high of “mature,” the Philippines received a ranking of “mature” on its institutional capacity, migrant rights, safe and orderly migration, and regional and international cooperation; it received the second highest score of “developed” on labour migration management. In the midst of this positive evaluation, the Philippines is satisfied with its emigration level and aims to maintain it.

While the Philippines has been exceptionally successful in organising, managing and seeking protection for its migrant workers, a few gaps still remain. Irregular migration is one of those gaps (IOM 2013; Battistella and Asis 2017). Although the number of Filipino migrants in an irregular situation is not known, domestic workers seeking shelter at the embassies or government shelters in the GCC host countries is an indicator. It is believed that better coordination among government agencies deputised to administer the migration policy is needed to reduce irregular practices in migration and for reducing unnecessary delays and duplication of work (IOM 2013).

Women migrants comprise more than half of all Filipino migrants, a majority engaged in relatively low-skilled domestic services. A package of policy reforms was issued for household service workers in 2006, stating that domestic workers should be at least 23 years old, should have completed a certificate for household workers, and should earn a minimum salary of \$400 (IOM 2013). The latter provision of a minimum salary is, however, not always implemented and exemptions may be granted (Battistella and Asis 2011).

### *Sri Lanka*

The Sri Lanka Labour Migration Policy was issued in October 2008 and approved by the Sri Lanka Cabinet in April 2009. The main goals of the policy were to develop “a long term vision for the role of labor migration in the economy, enhancing the benefits of labor migration in the economy, society, the migrant workers and the families, minimising its negative impacts and, finally, working towards the fulfilment and protection of all human and labor rights of migrant workers” (Ministry of Foreign Employment and Promotion 2008). The policy was designed to promote opportunities for all men and women to engage in migration for decent and productive employment in conditions of freedom, equity, security, and human dignity. Development of skills was considered an important element for enhancing the protection of migrant workers and their families. The policy focused on three main aspects, namely governance of the migration process, protection and empowerment of migrant workers and their families, and linking migration and development processes. It was recognised that there is a delicate balance between

the promotion of foreign employment and the protection of national workers, and the goal was to optimise this balance.

Within the broad framework of ensuring the welfare and productivity of migrant workers, a National Migration Health Policy was launched in 2012. The overall vision of this policy was to “safeguard the health of all categories of migrants throughout the migration cycle to contribute to the development goals of the country” (Ministry of Health 2012). Some of the strategies that the health policy proposed were the implementation of a standardised health assessment at the pre-departure stage for migrant workers, a coordinated plan to address the welfare needs of the families of single parent migrants, and a plan for child health protection, including nutrition programmes for vulnerable children of migrant workers.

Following from the framework to address all the stages of migration, including return and reintegration, outlined in the 2008 National Policy, a Sub Policy and National Action Plan on Return and Reintegration of Migrant Workers was issued in November 2015 (Ministry of Foreign Employment 2015). The above Sub Policy is to be implemented by the Sri Lanka Bureau of Foreign Employment. It includes service to returnees at “one stop centers at the district level” and the employment of migrant returnees to tap their skills and potential for national and personal development. The Sub Policy also proposes a review of the existing savings and investment schemes and credit and business development programmes to encourage entrepreneurial activity among returnees.

Since the beginning of large-scale labour migration to the Gulf and other countries, Sri Lankan women have formed a significant proportion of migrants, as mentioned earlier. The National Policy recognises the contribution of women migrant workers. In view of their particular vulnerabilities, the state aims to apply gender sensitive criteria in the formulation of policies and programmes. The Sri Lankan government’s focus on the health and welfare of the children left behind by women migrants is a notable effort in this regard.

## **Towards Implementation of Policies: Perceptions of Labour Attaches in Kuwait**

In an effort to make a partial assessment of the effectiveness with which the policies of the seven Asian countries are being implemented in the Gulf, a group discussion session was held with labour attaches in October 2017, organised under the auspices of IOM, Kuwait. This section summarises the perceptions of the five attaches who participated and a sixth one who answered a questionnaire sent to the attaches

prior to the meeting. In broad terms, all the participants agreed that their respective governments still subscribed to the policy on migration indicated to the United Nations in 2015, confirming that their governments wished to raise, or at least maintain the level of outflows. Most attaches viewed overseas employment as an important solution to the problems of over-population, poverty, and unemployment in their home countries.

There was a general consensus that their governments were allocating sufficient resources in the home countries, but more could be done in the receiving countries. The work of recruitment agents was policed regularly and punishments were awarded to those who violated the law by cheating migrant workers. However, none of the attaches could provide a quantitative idea of how frequently such punishments occurred. They were also not certain whether such data were collected in any systematic fashion.

Most Asian countries have bilateral agreements with several of the GCC countries. In terms of the effective implementation of the terms of such agreements in the host countries, the attaches pointed out that these agreements were memoranda of understanding that were non-binding. Mechanisms for follow-up to monitor implementation were weak or non-existent, even if they were present in the written documents. The need for more effective implementation of such memoranda was clearly felt.

### **Commonalities, Differences, and Some Implications for the Future**

There are several common features among the seven Asian senders. First, one of their major policy goals is to increase or maintain the level of outflows. Second, they have been able to achieve an upward trend in annual outflows until 2015 or 2016. Third, migration to the Gulf countries comprises at least half of the annual outflows for most countries, but a diversification is occurring in the case of some countries such as Bangladesh and Nepal. An inherent feature underlying the policies to maintain or increase the level of outmigration relates to the fact that the sending countries are essentially competing to send primarily low-skilled or semi-skilled workers to the same market. The host countries are therefore able to find new workers from new origins at lower wages.

Protection of workers and their families has been expressed explicitly as an important element of the migration policies of most sending countries. The focus on migrants' rights and decent work practices seems to have been influenced by the involvement of international agencies such as IOM and ILO who have often

provided financial and technical assistance in the formulation and evolution of the policies in some countries. Increased emphasis on the rights and working conditions of labour migrants, especially the ones in low-skilled and vulnerable occupations, including domestic workers, is evident in policy documents. Another influence on such policies probably emerges from regional cooperation processes such as the Colombo Process where sending countries seek a common platform for better regulation and protection of migrant workers.

Another common feature relates to the policies for enhancing the skills of migrant workers to enable better outcomes in the migration process and experience. Some countries, such as Pakistan, have established apparently large institutional arrangements to achieve skill development. The next few years will show the extent to which such efforts are successful in changing the profile of labour migrants, most of whom are currently low-skilled and semi-skilled workers.

The seven countries differ in terms of the role of women in migration. Women constitute more than half the outflows in case of Indonesia and the Philippines, and about 34 per cent in the case of Sri Lanka. Bangladesh has recently revised its policy on the migration of women, resulting in a major spike in the number of women migrants, constituting 16 per cent of all migrants in 2016. Nepal has less than 5 per cent women migrants, and Pakistan less than 1 per cent. Neither India nor Pakistan publishes any data by gender. Women, especially in domestic service, are regarded as being among the most vulnerable and the least protected workers since none of the GCC countries, except Kuwait, have labour laws to cover this group. The policies to deal with this situation vary from the current bans on outflows to most GCC countries as in the case of Indonesia to proactive policies of the Philippines that demand a relatively higher minimum wage than is generally prevalent in the Gulf.

Labour migration has been a source of invaluable foreign exchange earnings for the sending countries and the means of survival for many migrant households. Therefore, the current decline in oil prices which may slow down economic activity, and the consequent demand for foreign workers, is a source of worry for most countries. Given the fact that all the Asian origin countries have policies to either maintain or increase the level of emigration, a slackening demand for migrant workers may increase competition among origin countries. This, in turn, may have a negative impact on wages as well as the conditions under which prospective migrants would accept jobs.

## Bibliography

- Bachtiar, P. "Migration Outflow and Remittance Patterns in Indonesia: National as well as Subnational Perspectives." *Philippine Journal of Development* 38, no 1 & 2 (2011).
- Bangladesh News*. "Bangladesh Cabinet Approves Overseas Employment Policy." January 25, 2016. <http://www.bdnews24.com>.
- Barral, Stephanie. "Policy and Institutional Framework of Indonesia." *Interact Research Report* 2014/9. European University Institute, Robert Schuman Centre for Advanced Studies, Migration Policy Centre.
- Battistella, G. and M. Asis. "Protecting Filipino Transnational Domestic Workers: Government Regulations and their Outcomes." PIDS Discussion Paper Series No. 2011-12. Philippine Institute for Development Studies, Makati City.
- Belanger, D. and M. Rahman. "Migrating Against all the Odds: International Migration of Bangladeshi Women." *Current Sociology* 61, no. 3 (2013): 356-373.
- Das, N. et al. *Migration as a Risky Enterprise: A Diagnostic for Bangladesh*. University of California, Berkeley: 2014.
- Economist Intelligence Unit. "Measuring Well-governed Migration." *The 2016 Migration Governance Index*. A Study by the Economist Intelligence Unit. London, 2016.
- Government of India. *Annual Report*. Ministry of Overseas Indian Affairs. 2014-15. <http://www.overseasindian>, <http://www.moia.gov.in>.
- Government of Nepal. *Labour Migration for Employment. A Status Report for Nepal: 2014/2015*. Ministry of Labour and Employment, 2014-15.
- Government of Pakistan. "National Emigration Policy, Promoting Regular Emigration and Protecting Emigrants." Policy Planning Cell, Labour and Manpower Division, Ministry of Labour and Manpower, Islamabad, 2009.
- Gurucharan, G. *The Future of Migration from India: Policy, Strategy and Modes of Engagement*. Report, Senior Fellowship Programme, India Centre for Migration, Ministry of External Affairs, 2013. <http://www.mea.gov.in/icm.htm>.

- ILO. *From Pakistan to the Gulf Region: An Analysis of Links between Labour Markets, Skills and the Migration Cycle*. International Labour Organisation. Federal Ministry for Economic Cooperation and Development, 2016.
- . *Country Migration Report: The Philippines*. International Organization for Migration, 2013a. <http://www.iom.int>.
- . *First Ever National Policy for Overseas Pakistanis. Promoting Jobs, Protecting People*. International Labour Organisation, 2013b.
- . *Labour Migration from Indonesia: Overview of Labour Migration from Indonesia*. 2010.
- . *Labour Migration from Colombo Process Countries: Good Practices, Challenges and Way Forward*. International Organization for Migration, 2011.
- Islam, N. (n.d.). *Migration from Bangladesh and Overseas Employment Policy*.
- . (n.d. (b)) *Gender Analysis of Migration from Bangladesh*.
- Jan, M. "Pakistan's National Emigration Policy, A Review." Policy Paper Series #35. December 2010.
- Khadria, B. "Paradigm Shifts in India's Migration Policy towards the Gulf." Middle East Institute, Zakir Husain Center for Educational Sciences, 2010.
- Liu, S. "Exploitation of Overseas Migrant Labor: Analysis of Migration Policy in Nepal and the Philippines." Social Impact Research Experience (SIRE), Paper 36, 2015. <http://www.repository.upenn.edu/sire/36>.
- Miah, M. et al. "Recent Trends of International Migration and Remittance Flows: An Empirical Evidence of Bangladesh." *IOSR Journal of Economics and Finance* (IOSR-JEF) 2, no. 5 (2014): 16-23.
- Ministry of Health. "Sri Lanka National Migration Health Policy Migration Health." 2012. <http://www.migrationhealth.lk/>.
- Ministry of Foreign Employment Promotion and Welfare. "National Labour Migration Policy for Sri Lanka." In collaboration with International Labour Office. Colombo, 2008.
- Ministry of Foreign Employment. "Sub Policy and National Action Plan on Return and Reintegration of Migrant Workers." Sri Lanka, 2015.

- Rahman, M. "Does Labour Migration Bring about Economic Advantage? A Case of Bangladeshi Migrants in Saudi Arabia." No. 135 (2011). Institute of South Asian Studies, National University of Singapore.
- Sijapati, B. and A. Limbu. *Governing Labour Migration in Nepal: An Analysis of Existing Policies and Institutional Mechanisms*. Center for the Study of Labour and Mobility: Himal Books, 2012.
- Siddiqui, T. "International Labour Migration from Bangladesh: A Decent Work Perspective." Working Paper no. 66, Policy Integration Department, National Policy Group. International Labour Office: Geneva, 2005.
- Sri Lanka Bureau of Foreign Employment (SLBFE). *Annual Statistical Report of Foreign Employment*. 2015. [www.slbfe.lk](http://www.slbfe.lk).
- Sukamdi. "Indonesia." *Asian and Pacific Migration Journal*, 17, nos. 3-4 (2008): 325-331.
- TNN. "Government to Merge Overseas Indian Affairs Ministry with MEA." 2016.
- UN. *Asia-Pacific Migration Report 2015: Migrants' Contributions to Development*. Temporary Labor Migration, 2015.
- Varia, N. "Indonesia: Banning Migrant Domestic Work is Short-Sighted." Human Rights Watch, Women's Rights Division, 2015.





## VIII

### **Policies and Politics in the Arab Migration to the Gulf States: Struggling to Keep the Door Open**

*Françoise De Bel-Air\**

**Abstract:** This chapter focuses on the policies and politics of Arab migration to the Gulf States in the post-Arab uprisings' period. It explores the following question: how do political and economic factors interplay in the policymaking by Arab sending states? The chapter puts forward the argument that, despite the common assumption that migration to the Gulf states is chiefly driven by economics, politics plays a major role in Arab migration patterns and policies, at the domestic, regional, and bilateral levels.

This chapter first reviews the contextual economic and socio-political factors behind the regimes' promotion of emigration. Second, it examines the migration-related tools and policies enacted by Arab governments to encourage the migration of their nationals to the Gulf region. Third, it assesses the outcomes of current policies. Fourth, the chapter analyses the impact of the receiving Gulf countries' socio-political context and regional politics on Arab migration to the region since 2011. The chapter concludes that political consensus and regimes' accountability to their citizens are necessary preconditions for successfully monitoring migration and

---

\* Françoise De Bel-Air is a researcher and consultant based in Paris, France and is scientific coordinator for the demographic module of GLMM.

attracting positive returns for sound development planning. However, the current volatility of politics in the region and the Gulf states' involvement in regional conflicts make the future of Arab migration to the region highly unpredictable.

## **Introduction**

For decades, Gulf labour markets have been an important destination for Arab nationals from the Mashreq: among the migrants were Lebanese (37 per cent), Egyptians (58 per cent), and Jordanians (71 per cent) (Table 8.1). Faced with the increasing closure of Europe's borders starting in the early 2000s, Maghreb countries also established links with the Gulf countries to diversify migration venues for their nationals: 35,000 Tunisians resided in the GCC that year, their third destination after France and Italy. However, in the aftermath of the Arab revolts and political turmoil experienced in the Arab world since 2011, the Gulf states have enacted various measures to reverse immigration flows or limit the numbers of selected Arab nationals, amid recent labour nationalisation policies and general economic slowdown due to falling oil prices. The question explored in this chapter is the following: in the changing, post-Arab uprisings' political context of Arab migration to the Gulf, how do political and economic factors interplay in the design and implementation of migration policies by Arab sending states? The chapter's argument is as follows: despite the common assumption that migration to the Gulf states is chiefly driven by economics, politics plays a major role in Arab migration patterns and policies, at the domestic, regional, and bilateral level between Arab sending states and Gulf receiving countries. The chapter focuses on five sending countries, Morocco, Tunisia, Egypt, Lebanon and Jordan, since the 2000s.

The chapter first reviews the contextual economic and socio-political elements spurring nationals' desire to emigrate and regimes' promotion of emigration, before and after the Arab uprisings. Second, the article reviews the migration-related tools and policies (or lack of policies) enacted by Arab governments to encourage the migration of their nationals to the Gulf region, especially since 2011. Third, we assess the outcomes of current policies, in terms of emigrants' stocks and outflows, remittances' inflows, and obstacles to the monitoring of emigrants. Fourth, the chapter analyses the impact of receiving Gulf countries' socio-political context and regional politics on Arab migration to the region since 2011. The chapter concludes that political consensus and regimes' accountability to their citizens and a comprehensive approach to migration patterns at the bi- or multilateral levels are necessary preconditions for successfully monitoring migration and attracting positive returns for sound development planning at the sending end. However,

the current volatility of politics in the region and the Gulf states' involvement in regional conflicts, make the future of Arab migration to the region highly unpredictable. Lebanese Shiites and Egyptians, especially, may have to redirect to other destinations.

**Table 8.1: First-generation Arab emigrants by major destination area and their share in the total resident population of origin countries (c. 2013)**

| Region of emigration | Arab Countries |                  |                    |                  | Europe    |                  | North America |                  | Others  |                  | Total emigrants |
|----------------------|----------------|------------------|--------------------|------------------|-----------|------------------|---------------|------------------|---------|------------------|-----------------|
|                      | Gulf countries |                  | All Arab countries |                  |           |                  |               |                  |         |                  |                 |
| Country of origin    | Number         | % of total emig. | Number             | % of total emig. | Number    | % of total emig. | Number        | % of total emig. | Number  | % of total emig. | Number          |
| Egypt                | 2,500,000      | 57%              | 3,800,000          | 86%              | 205,000   | 5%               | 195,000       | 4%               | 200,000 | 5%               | 4,400,000       |
| Jordan               | 560,000        | 71%              | 660,000            | 84%              | 32,000    | 4%               | 75,000        | 10%              | 20,000  | 3%               | 787,000         |
| Lebanon              | 330,000        | 37%              | 360,000            | 41%              | 187,000   | 21%              | 200,000       | 23%              | 140,000 | 16%              | 885,000         |
| Morocco              | 48,000         | 2%               | 92,000             | 3%               | 2,400,000 | 86%              | 125,000       | 4%               | 158,100 | 6%               | 2,801,100       |
| Tunisia              | 35,000         | 6%               | 43,000             | 8%               | 442,000   | 81%              | 26,000        | 5%               | 32,000  | 6%               | 543,000         |

Source: Author's calculations using receiving countries' statistics (F. De Bel-Air, Migration Profiles 2016 and 2017, <http://www.migrationpolicycentre.eu/publications/>).

Figures do not usually include foreign residents in irregular situation.

## **Emigration from Arab Countries to the Gulf: “Push” and “Pull” Factors**

Young Arab citizens are eager to emigrate, as witnessed in every youth survey conducted over the last two decades. In the Fall 2010 Silatech-Gallup survey, 20 to 44 per cent (in Egypt and Tunisia, respectively) of youth aged 15 to 29 in the MENA countries said they desired to emigrate (Silatech-Gallup 2010, 18). In 2015, 14 per cent (Egypt) to 34 per cent (Tunisia) of young people that age expressed their intention to move abroad within the next five years (Pedersen and Tiltne 2017, 11–12). This sustained emigration pressure from Arab countries is due to long- and short-term “push” factors, combined with various factors of attraction to the Gulf region.

### ***The Socio-economic and Political Context of Sending States***

Youth cohorts aged 15 to 24 made up 20 per cent, or more, of all Arab populations until the mid-2000s (as compared to around 14 per cent in Europe). These also benefitted from the generalisation of higher education: the proportion of tertiary-educated among the group aged 25–34 ranged from 11 per cent in Morocco to 23 per cent in Egypt and Lebanon around 2010.<sup>1</sup>

1. People in the age group 25–34, by education attainment. Source: World Bank <http://data>.

This “demographic dividend,” unfortunately, resulted in demographic pressure on national labour markets. It strengthened the demand for employment, and especially for qualified employment, when economic policies had reduced the opportunities for this. Since the 1980s, with the exception of Lebanon, all SEM countries enacted socio-economic reforms and structural adjustment measures, later reinforced by international treaties, and bilateral and free trade agreements signed during the 2000s. These measures led to privatisation schemes and to massive cutbacks in public sector employment, which used to be the main outlet for graduates in the region. Investment in labour-intensive, low value-added economic sectors, mostly relying on low-skilled workers (e.g., industrial subcontracting, assembly and textile manufacturing), also expanded. The highly-educated are, therefore, the most hard hit by unemployment in the region: as of 2016, 22 and 25 per cent of university graduates were without jobs, respectively in Jordan and Morocco, as opposed to 4 per cent (Morocco) and 13.5 per cent (Jordan) of the population holding no degree.<sup>2</sup> Lagging living standards and low wages also failed to satisfy the ambitions of highly-skilled young nationals, who had high reservation wages, “based on expectations of obtaining public sector or foreign jobs” (Razzaz and Iqbal 2008, 3). As a matter of fact, the 2010 Jordan Labour Market Panel Survey indicated that 94 per cent of the surveyed expatriate Jordanians were employed before migrating, of whom 79 per cent were working in the private sector (Wahba 2012, 3). Egypt’s Household International Migration Survey conducted in 2013 confirmed the relevance of the origin country’s socioeconomic conditions as a spur for migration (Farid and El-Batrawy 2015). The global economic slowdown induced by the post-uprising political transition period was experienced in all SEM countries. Until today, the levels of economic growth in the region remain tepid and youth unemployment is still very high at around 25 per cent in 2014 for the Arab region as a whole, according to the IMF.<sup>3</sup>

Economic rationalisation measures did not improve young Arabs’ access to socio-political opportunities. Indeed, regime control over the process of economic liberalisation hampered the dismantling of rentier, clientelist systems and monopolies of power (Catusse 2006, 231-234). Access to a congested labour market

---

worldbank.org/.

2. Unemployment rates by education degree, total population. See Maroc: <http://www.hcp.ma/attachment/795332/>; Jordan: [http://www.dos.gov.jo/owa-user/owa/emp\\_unemp\\_y.show\\_tables1\\_y?lang=E&year1=2016&ct\\_no=19](http://www.dos.gov.jo/owa-user/owa/emp_unemp_y.show_tables1_y?lang=E&year1=2016&ct_no=19).

3. <http://www.ft.com/cms/s/0/855df360-d527-11e3-adec-00144feabdc0.html#axzz3oqXZ7MfX>.

remained difficult, such that personal connections or *wasta* (intermediation) are too often needed to supplement qualifications and merit.

Furthermore, recent political instability and armed conflicts deepened the migration pressure. The July 2006 conflict in Lebanon, for instance, pushed many young Lebanese men and women to emigrate (Hourani and Sensening Dabbous 2007). Following the Israeli war on Gaza during the summer of 2014 and the ensuing destruction, unemployment rates were over 40 per cent in 2015 (World Bank 2015, 4). The large refugee presence as a consequence of the Syrian conflict pushed up the prices of commodities in neighbouring host states and decreased salaries in low-skilled jobs, competed for by refugees and local workers (see, for instance, Hamdan 2016). More generally, fears of spillovers of the wars in Syria and Iraq, sectarian threats, and terrorism, accentuated the feeling of insecurity in the region.

### *Attraction to the Gulf States*

The Gulf states attracted growing numbers of Arab migrants during the 2000s. The events of 9/11 had spurred suspicion towards Muslim populations in Europe, and the financial crisis of 2008 further restricted avenues for Arabs' legal migration to the region. After 2011, conflicts closed other traditional destinations, like Libya, to Egyptian and Tunisian migrants. The search for alternative migration outlets could explain the surge in migration from Egypt to Saudi Arabia pinpointed in 2013 (Farid and El-Batrawy 2015, 34).

Outflows of migrants to the Gulf region took off after the 2003 oil boom, which led to considerable investments in various projects and increased the need for workers at all skill levels. Wage differentials between sending and receiving countries and higher, tax-free salaries granted to professionals in the region spurred migration of Arab citizens to the Gulf. For instance, university professors could earn more than four times their original salaries in the Gulf states (Alami, Bhatti, and Dumalaon 2014). Wage differentials are indeed very high: for instance, Qatar wages, relative to Egypt, stood at 750 per cent in tourism, 859 per cent in transportation, 927 per cent in construction (Awad and Abdel Aziz 2017, 231). Another incentive to come to the Gulf region was its proximity to Lebanon, Jordan and Egypt, which allowed for mobility between home and host states (De Bel-Air 2017).

Furthermore, migrants' remittances to their households back home contribute to alleviating the effects of past and current economic difficulties. These revenues made up between 5.5 per cent (in Egypt) and 16 per cent (in Lebanon and in the West Bank and Gaza) of GDP in 2016, according to the World Bank.

## **Migration Policies and Measures: the “Open-Door”**

For all these reasons, Arab countries have been eager to sustain, or increase, the emigration of their nationals, especially to the labour-poor, yet capital-rich Gulf states. The last restrictions to international mobility were lifted in the early 1970s. Since the 2000s, and more so since the economic slump that followed the Arab uprisings in 2011, institutions and measures pertaining to migration have been revived and/ or reformulated in all sending countries. These aim to facilitate emigration to the Gulf through an “open door” policy without restrictions of age and skills.<sup>4</sup> Strengthening ties with expatriates is another priority.

### ***Institutions in Charge of Expatriates and Overseas Labour Management***

The design and scope of institutions dealing with expatriates highlight the attention given to “the increasingly multidimensional nature of the concerns of the communities: housing, education, social security, customs, personal status, investments and the law” (Brand 2006, 75). In Morocco, like in most Arab migrant-sending countries, government institutions dealing with expatriates’ affairs indeed have a high profile. The Ministry in Charge of Moroccans Living Abroad and Migration Affairs provides legal, technical, and administrative services. Two other high-profile bodies hold consultative and advocative tasks. The Hassan II Foundation for Moroccans Residing Abroad (MRA) runs the Moroccan Expatriates’ Observatory, a research centre that collects and analyses information about MRA and their situation. The Council for the Moroccan Community Abroad (CMCA) has a consultative role in representing MRA on cultural and legal issues in the host country. Besides, the National Agency for the Promotion of Employment and Competences (Agence Nationale de Promotion de l’Emploi et des Compétences, ANAPEC) organises the placement of nationals abroad as well as their reintegration upon return and manages expatriates’ labour contracts.

Tunisia set up an impressive array of public institutions aiming to provide Tunisian workers with opportunities abroad: the Ministry of Social Affairs and its Office for Tunisians Abroad (Office des Tunisiens à l’Etranger [OTE], with a network of 44 labour attachés); the Ministry of Vocational Training and Employment with its Bureau of Foreign Labour and its public employment service (ANETI, with more than 90 regional offices), including an International Employment Department; and the Tunisian Agency for Technical Cooperation (Agence Tunisienne de Cooperation Technique, ATCT) under the Ministry

---

4. Despite sporadic announcements, for instance regarding medical personnel.

of Development and International Cooperation, created in 1972. The ATCT is one of the instruments for the implementation of the national policy of technical cooperation, mainly directed towards oil-producing countries.<sup>5</sup> A Tunisian labour attaché was appointed in Qatar to boost Tunisian professionals' employment opportunities there. Similar appointments were planned in Riyadh (Direct Info 2017) and in the United Arab Emirates (UAE) through ATCT (Awad and Selim 2015, 13).

While Tunisian migration management distinguishes between low- and middle-skilled migrants (mainly to Europe), and highly-skilled, technical manpower (mainly to the Gulf), Law 111 of 1983 in Egypt distinguishes between migration to Western countries, labelled "permanent" in official writings, and migration to Arab countries, deemed "temporary." The former designates an Egyptian naturalised in the host country or holding permanent residency, having stayed abroad for ten years and more, and holding an emigration permit from the then-Ministry of Emigration Affairs (Article 8). A temporary migrant has stayed abroad for at least one year, but did not apply for permanent emigration (Article 13) (Müller-Funk 2017, 55). Within the Ministry of Manpower and Migration (MOMM), created in 1996 to replace the Ministry of Emigration Affairs and Egyptians Abroad, "the General Department of External Employment and Representation (GEDEER) has mandate over external employment. It encompasses two departments: External Representation (DER) and External Employment (DEE). Together, these two departments exercise the protection functions of Egyptian labour migration. [...] the DEE has the function of checking the contracts of all workers, including those recruited through their own efforts" (Awad and Abdelaziz 2017, 233–234). Egypt also deploys labour counsellors in each GCC country, except Bahrain, who report to the DER (Awad and Abdelaziz 2017, 234).

In Jordan, expatriates' affairs are handled by the Departments of Expatriates at the Ministry of Foreign Affairs (consular matters) and the Ministry of Labour. The public sector indeed acts as a facilitator for connecting Jordanians with job opportunities abroad, through secondments in Gulf States' government sector (in education, health, and security sectors, for instance), and through annual employment forums matching job-seekers with posts in the Gulf. The Ministry of Labour also supervises an array of private recruitment agencies, and in 2004 launched a National Employment Centre, which advertises job opportunities in Jordan as well as abroad. The Ministry also appointed "labour consultants" in Jordanian embassies in the

---

5. "About ATCT," Last update: 3/25/2015, <http://www.tunisie-competences.nat.tn/default.aspx?id=208&Lg=2>.



Gulf, to organise the training and placement of Jordanians abroad and to defend their rights (Ministry of Labour 2009, 24-26).

Lebanon created a Ministry of Emigrants in 1994, which was later merged with the Ministry of Foreign Affairs to become the Ministry of Foreign Affairs and Emigrants in 2000. Beyond this, Lebanon's successive governments have not set up strong policies aiming at placing Lebanese workers abroad (Dorai and Hily 2015, 272). Meanwhile, Lebanese universities were found to inform their students about employment opportunities abroad, and especially in the Gulf (De Bel-Air 2017, 189).

### ***Regional and Bilateral Agreements***

Since the 1960s, the flourishing Pan-Arab movement sustained initiatives favouring intra-regional mobility, a strategy to link Arab population-rich to Arab capital-rich countries. Intra-regional cooperation in the field of migration in the Arab region started in 1957 with the Agreement on Arab Economic Unity issued by the Arab Economic Council. This and later agreements focused on the freedom of mobility for Arab citizens to live and work throughout the Arab region in addition to giving Arab labour priority over non-Arabs and simplifying recruitment procedures (Zohry 2013, 53-54). Government officials, private entrepreneurs, and migrant networks initiated elements of a regional labour market. This is exemplified, for instance, in the large share of Arabic-speaking Egyptian and Jordanian-Palestinian teachers in the Gulf states' secondary and higher education systems (Thiollet 2016, 11). Yet, the principle of preferential hiring of Arab nationals was never enforced, though it was reaffirmed in the Arab Agreement for the Mobility of Arab Labour (No. 2 for the year 1967, only ratified by seven countries) (Nassar 2010, 17), in Arab League's Agreement No.4 of 1975, and in the Arab Declaration of Principles on the Movement of Manpower, adopted in 1984. The Gulf states, especially, ignored these provisions. The UAE government, for instance, while stipulating until the mid-1980s that a minimum of 30 per cent of all foreign workers be of Arab origin, never implemented the rule (Girgis 2012, 14-15). The reasons for this are political, as "labor movement in the Arab region has been captive to the ups and downs of Arab politics," (Fergany 2001, 12) as well as economic and social. After the 1979 second oil boom, labour-importing Gulf States have been replacing Arab migrants with Asians, less prone to making political claims and able to fill Gulf economies' labour shortages (Choucri 1986, 252). Moreover, Asians migrated on government-supervised schemes, which ensured a rapid turnover of migrants and no family reunion. They also claimed lower wages than Arab labourers (Winckler

2005, 160), an asset given the low oil prices during the years 1985 to 2000. The estimated share of non-Gulf Arabs among foreign nationals in the Gulf states consequently dropped from 72 per cent to 32 per cent between 1975 and 2002–2003 (Kapiszewski 2006, 9).

Against this backdrop, Arab sending states retain little agency to enhance the emigration of their nationals to the Gulf. As a matter of fact, bilateral agreements and labour protocols have been the formula favoured by Gulf receiving states to establish labour relations with targeted “labour-rich” Arab counterparts. The agreements are signed by Gulf labour officials and their counterparts in sending states and usually emphasise the decision-making power of Gulf receiving states’ employers and labour laws provisions.<sup>6</sup> Nonetheless, in the tense aftermath of the Arab uprisings, Arab governments stepped up labour relations with the Gulf states. For instance, the Tunisian Ministry of Professional Training and Economy passed labour placement bilateral agreements with Qatar in 2012. Bilateral agreements for technical cooperation were also signed between Tunisia’s ACTC and Saudi Arabia, and with Qatar and the UAE (Kriaa 2015). In Jordan, bilateral agreements in targeted professional fields were renewed in 2009 with Qatar, the UAE and Bahrain, while the Ministry of Labour increased bilateral cooperation agreements pertaining to labour.<sup>7</sup>

### ***Diaspora Policies***

As described by Alan Gamlen, “diaspora policies” are state institutions or measures which aim at integrating expatriates socially, culturally, politically, as well as economically (through state-sponsored national celebrations abroad, portability of social rights, and distance voting, for instance) as well as policies “extracting” obligations from expatriates (taxes, development schemes) (Gamlen 2008, 840–856). Tunisia and Morocco, which send most of their nationals to Europe, have been setting up strong diaspora policies (Brand 2006). By contrast, countries sending labourers primarily to the Gulf States have been less proactive. Even in Egypt where Law 111 of 1983 can be seen as the onset of “diaspora building,” i.e., making the state accountable for maintaining ties with expatriates (Müller-Funk 2017, 56), the state has been essentially courting those in the West, who were perceived both as potential political challenges and as a potential source of

---

6. As shown in the case of the 1997 technical cooperation agreement between Kuwait and Egypt (Art. 3 and 4) [http://gulfmigration.eu/database/legal\\_module/Kuwait/Bilateral%20Agreements/1.1%20KW%20EGYPT%20AGR\\_EN.pdf](http://gulfmigration.eu/database/legal_module/Kuwait/Bilateral%20Agreements/1.1%20KW%20EGYPT%20AGR_EN.pdf).

7. <http://www.mol.gov.jo/Pages/viewpage.aspx?pageID=242>.

investments to Egypt, due to their being mostly highly-skilled. This distinction is linked, firstly, to the prevention of political activism, especially foreign, in the Gulf States. Secondly, migration there being labelled “temporary,” in line with receiving countries’ policies, and these migrants being mostly semi- to skilled professionals, heavily male-dominated, incentive measures to attract investments from Egyptians in Gulf States were not actively pursued (Müller-Funk 2017, 59-60). Policies directed at Egyptians in the Arab world (including the Gulf States) were thus “minimal and reactive. [...] and] emigrants’ human rights were not adequately protected [...]” (Tsourapas 2015). Following the revolution in 2011, the short-lived new 2012 Constitution, amended in 2014, introduced rights and protections for Egyptians living abroad. Among these were the right to vote from abroad (art. 208) and the right of expatriates to be represented in the House of Representatives (art. 244). This attempt at a policy of “diaspora integration,” however, remained weak (Müller-Funk 2017, 58).

Policies specifically targeting Jordanian expatriates, most of them residing in the GCC and holding a high socio-economic background and skills, are also essentially geared towards attracting their investment to Jordan. Annual conferences organised by the Labour Ministry for this purpose in the 1980s resumed in the 2000s. They were placed under royal patronage and involve high-ranking political and economic actors including the Royal Court, various government ministries, the Jordan Investment Board and the Jordanian Businessmen Association.<sup>8</sup> In general, economic concerns dominate Jordan’s state policy towards its expatriates as well as established ties between the country and migrant professionals.<sup>9</sup> Indeed, politics remain a no-go area: despite repeated calls on the part of some prominent Jordanian figures during the election law debate, Jordanian expatriates did not gain the right to vote from abroad prior to the 23 January 2013 legislative elections. The government pleaded organisational difficulties. Yet, other interpretations focussed on the supposed Palestinian origin of most expatriates (Brand and Hammad 2013).

In Lebanon, only recently did the Ministry of Foreign Affairs and Emigrants launch an array of initiatives, such as organising yearly national diaspora conferences, mostly to attract expatriates’ investments.<sup>10</sup> Yet, so far, the channelling of investments to the country and local development actions have been left to private initiative and to confession-based, transnational networks (Tabar 2009).

---

8. <http://www.mopds.gov.jo/en/NewsCenter/Pages/news113.aspx>.

9. The Jordanian Engineers Association, for instance, maintains liaison committees with expatriate Jordanian engineers, <http://www.jea.org.jo/en/index.php/liaisons>.

10. <http://www.lde-leb.com/#>.

Internationally-sponsored initiatives also exist, such as Live Lebanon UNDP,<sup>11</sup> and an EU-Investment Development Authority of Lebanon (IDAL) partnership project aiming to enhance Diaspora Direct Investment (DDI), entrepreneurship, and overall engagement in Lebanon.<sup>12</sup>

## **Outcomes of the Policies: An Assessment**

### ***Numbers and Flows***

In view of the many measures taken in the Gulf States to reduce reliance on foreign workers, and diversify labour source countries, retaining a sizeable number of expatriates in the Gulf States may be considered a success. Partly within the framework of bilateral schemes, an estimated 30,000–35,000 Tunisians resided in the Gulf as of 2012–2014, mostly in Qatar, Saudi Arabia, and the UAE. Since the mid-2000s, the number of technical experts sent by the Tunisia Agency for Technical Cooperation (ATCT), for instance, has been rising by 4.6 per cent annually. Of the 3,379 Tunisians recruited by the ATCT in 2014, 78 per cent were in the Gulf region, more than a quarter (27 per cent) of them in Saudi Arabia alone. There, most (45 per cent) were recruited in education and higher education. Qatar mostly recruited health specialists and military personnel that year, while positions offered in the UAE were mainly in sales and commerce (ATCT Statistical Records 2014).

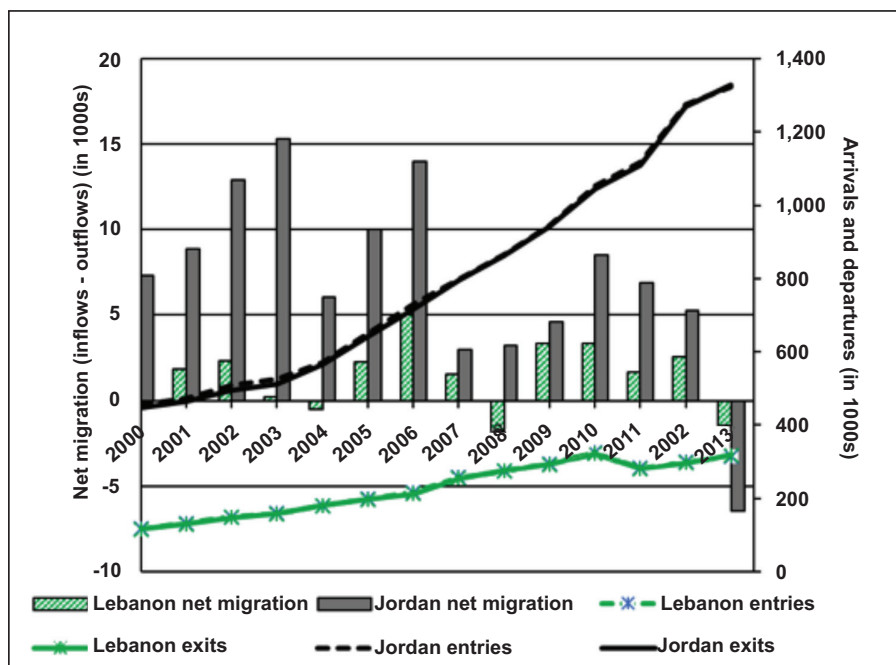
In the GCC, Saudi Arabia stood out as the leading destination for Egyptians as of 2013 (40 per cent of total emigrants; UAE: 4 per cent) (Farid and El-Batrawy 2015, 34). According to the Saudi labour department, these labourers are often employed in white-collar, skilled, and semi-skilled technical fields such as accountancy and marketing, for instance, in addition to agriculture and husbandry. Egyptians made up about 40 per cent of the total Arab expatriate documented workforce there, numbering around 968,000 at the end of 2013 (MEMO 2014).

---

11. <http://livelebanon.org/Page/13/5/Mission>.

12. <https://www.icmpd.org/our-work/capacity-building/multi-thematic-programmes/mieux-iii/middle-east-north-africa/>.

**Figure 8.1: Net migration flows, arrivals and departures of Jordanians and Lebanese to Saudi Arabia (2000-2013)**



Source: Saudi General Authority for Statistics, *Statistical Yearbooks 2000-2014*.

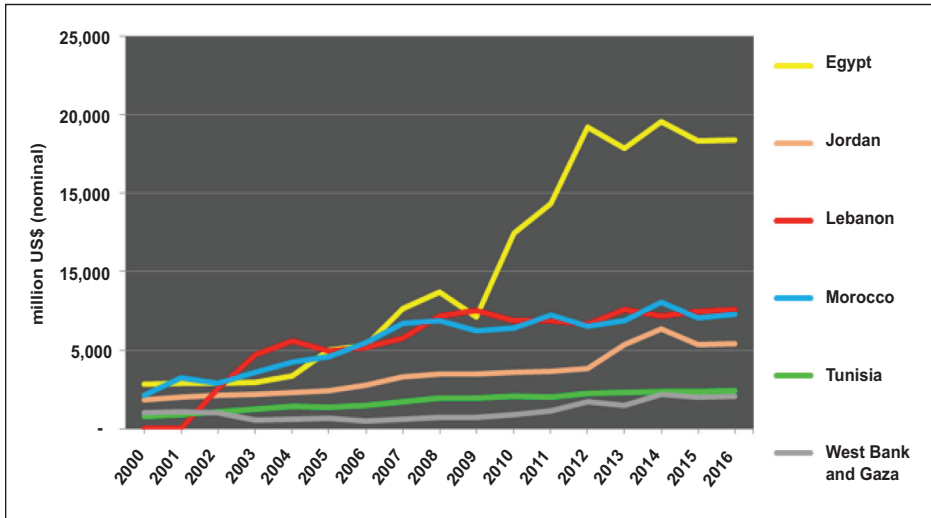
Jordanians and Lebanese in the Gulf are most often highly-skilled (De Bel-Air 2017). As indicated in Figure 8.1, entries to and exits from Saudi Arabia, the major destination for Jordanian migrants and the major host of Lebanese in the Gulf, has gone up steadily since 2000, but started decreasing after 2011 for the Lebanese. Net flows have decreased for the Jordanians since 2006 and became negative for both nationalities in 2013 (more migrants leaving than entering). The lagging net migration and increase in entries and exits suggests a growing turnover of these nationals in the Gulf, and perhaps a redirection of some of these migrants to more politically-stable environments, in the West for instance.

### *Remittances, Aid, and Development*

As a matter of fact, remittances to Arab States have been increasing over the 2000s, especially in Egypt, but have been stalling since the turn of the 2010s (Morocco, Tunisia, Lebanon), or even slightly declining (Jordan, Egypt) (Figure 8.2). Their share in the origin countries' GDP has been increasing in Egypt over the 2000s, to a high of 7.3 per cent of the country's GDP in 2012, but decreased markedly

in Jordan (from 19 per cent of the GDP in 2005 to 11 per cent in 2013), and in Lebanon (from 23 per cent to 16 per cent). This remains, however, a valuable source of income for households.

**Figure 8.2: Migrants' remittances inflows (nominal) (2000-2016)**



Source: World Bank staff estimates based on IMF balance of payments data.

The investment input of expatriates in their home state is not disclosed in sending countries' statistical publications. However, as indicated earlier for Egypt, expatriates in the Gulf were not a major source of investments. In Jordan, despite the high-profile expatriates' conferences held in the country, the emigrants were called an "untapped source of investments in the Kingdom" by the head of the Jordan Investment Board (Oxford Business Group 2011, 37). This suggests some reluctance on behalf of the many Jordanian businesspeople in the Gulf to engage in the country's development process. A recent World Bank study reported Arab expatriates' strong desire to engage, "despite worries about the weak legal framework, political and macroeconomic instability, and lack of trust in governments and institutions in MENA countries" (Malouche, Plaza, Salsac, and Sophie 2016, 14).

Regarding knowledge and skills transfers, data are also missing. In Jordan, nonetheless, some specific fields such as the ICT sector were said to have benefited from Gulf returnees' know-how (Oxford Business Group 2005, 132). Jordan is now a regional hub for start-ups in that sector.<sup>13</sup>

13. "The Jordanian Silicon Wadi," *The Jordan Times*, May 15, 2014, <http://www.jordantimes.com/opinion/editorial/jordanian-silicon-wadi>.

### ***Emigrants, Sending States, and Politics***

In general, sending countries retain little knowledge and monitoring power over their nationals' migration movements. Most expatriates resort to personal networks, especially among the skilled and highly-skilled. In 2015, only a quarter of Jordanian expatriates, most of whom emigrate to the Gulf region, reported having used state bodies or private recruitment agencies to find their job abroad. Fifty-five per cent of them had relied on informal contacts and diaspora networks (ETF 2017, 5). A survey on highly-skilled Lebanese expatriates in the Gulf came up with similar figures for 2012 (De Bel-Air 2017, 189). To the exception of state secondments and technical cooperation, migration to the Gulf is most often left to the initiative of individuals who mobilise all sorts of information sources and mechanisms in their decision to leave, including word of mouth, recruiting agencies collecting CVs or hiring specific professionals, and spontaneous applications to companies abroad. The skill level of Arab migrants gives them better agency throughout the migration process and they can successfully face international competition on Gulf labour markets. Yet, personal networks (friends and family) remain the main support for recruitment in the GCC region. The Egyptian Labour Market Panel Survey (ELMPS 2012) also highlighted the role of a large network of past emigrants from the same community in offsetting migrants' selection on the basis of wealth, hence increasing the propensity to migrate among poorer households (David and Jarreau 2017, 6).

Another indication of the low levels of control that sending states have over expatriates' migration patterns is the general absence of data. Besides technical and administrative inefficiency, expatriate citizens may distrust, or ignore, their diplomatic representation abroad, which hampers the process of setting up accurate records of nationals abroad. If collected, information on expatriates can also be politically sensitive (i.e., touching upon emigrants' sectarian background, for instance, or regimes' inability to counter "brain drain"), hence may be concealed from the public. Ignoring such migration movements saves governments being held responsible for it or from having to expect future claims on behalf of these social groups. Moreover, keeping records on expatriates means acknowledging that they are a part of the citizenry: one "counts" (i.e., matters) if one "is counted" (i.e., enumerated).<sup>14</sup> The lack of data on expatriates thus reveals the existence of domestic political issues surrounding nationals' emigration. Moreover, the Gulf receiving states usually conceal their own statistics on foreign residents, which

---

14. Adapted from Bookman 1997, 71.



would highlight the extent of the “demographic imbalance” between nationals and expatriates in the region.

Domestic politics, in general, adds to the difficulty of formulating, let alone implementing, comprehensive national migration strategies. It was said, for instance, that “Jordan would benefit from a common approach towards the emigration of its nationals abroad, covering pre-departure, diaspora and post-return, in which all actors work together to implement a shared vision” (ETF 2017, 7). However, this seems unlikely in the context of today’s politically-divided Jordan, or any other Arab country, where social cohesion, fair political representation and consensus, as well as state accountability are generally lacking.

## **Politics and the Future of Arab Migration to the GCC**

Politics at home does play a role as a spur for emigration; it also contributes to the selection of migrants, influences the patterns of emigration, and shapes the nature of migrants’ links with the home states. However, migration remains highly selective and the policies run by destination countries have a great impact (Di Bartolomeo and Fargues 2015). Institutions and politics in the receiving state also influence immigrants’ stocks, flows, nationality breakdown, and socio-economic profile.

### ***Gulf States’ No-rights Migration Policies***

In the Gulf states, migrants are considered temporary contractual labourers, expected to leave upon the termination of their employment contracts. The *kafala* (sponsorship) system governs the employment and residency of all foreigners in the six GCC countries. The system delegates to citizens, and to certain categories of foreign employers, the responsibility of controlling and regulating the presence and activities of foreigners on the national territory, which is everywhere else a state prerogative (Beaugé 1986, 109). The sponsor issues the employment contract and is expected to bear full economic, social, and legal responsibility for the employee during the contract period. In return, the *kafeel* has the upper hand on salary and work conditions and movements within and outside the country. Besides creating “dual societies” (Fargues 2011) by enforcing a “structural dependence” (Longva 1999) between the local *kafeels* and foreign workers, the system also underlies the formation of “dual labour markets” that characterise the Gulf countries. Until recently, governmental sectors were mainly staffed with nationals, while foreigners (still) make up most of the private sector’s workforce. In both sectors, nationals receive better salaries and working conditions than foreigners. This, firstly, disconnects local workers’ professional mobility from their economic productivity,



hence increasing the cost of their employment. Second, the impossibility to switch *kafeel* constrains foreign employees' upscale mobility. There is, therefore, no professional competition between nationals and foreigners.

Besides granting citizens and business classes the upper hand on migrants' employment and living conditions, sponsorship also enhanced migrant numbers. Only in the 1990s did local governments significantly strengthen the enforcement of administrative laws and regulations pertaining to the entry, exit, employment and registration of foreign residents (Loori 2012, 14). Moreover, concerns over domestic security, not management of the workforce, underpinned such moves. As governments facilitated the process of importing manpower to respond to business classes' cheap labour demands, the trade of visas (nationals sponsor foreign workers in return for money) permitted under the *kafala* contributed to swelling the numbers of foreign labourers and limiting their costs. The institution of sponsorship is indeed at the core of a "number-vs-rights tradeoff." In a liberal democracy where rights apply to all residents, such vast numbers would have incurred huge labour costs to employers. In the Gulf states, the costs were alleviated by depriving the foreigners of socio-political rights: "More rights for migrants typically means higher costs [thus,] more migrants tend to be associated with fewer rights for migrants" (Ruhs and Martin 2008, 251). Advantages such as family reunion and social packages, if any, are negotiated with employers and would increase with the worker's comparative value on the international labour market.

The sponsorship system, therefore, leaves little leeway to sending states to protect their nationals, once in the Gulf. Moreover, until recently, informality was common among foreign workers, especially the less skilled ones.<sup>15</sup> More so, the increasing diversification of migrants' source countries aims to attract ever cheaper and more docile workforce (Malit and Al-Youha 2016). Egyptian workers, especially, the most numerous among Arabs, regularly report sponsorship-linked conflicts and abuses (Awad and Abdelaziz 2017, 235; Sakr 2016). Their involvement in low- to middle-skilled professions makes them more "disposable," hence, more vulnerable to the abuses of the *kafeel*, than other, more often skilled and highly-skilled labourers, such as Jordanians and Lebanese. Economic and socio-political dependency on Gulf markets and fear of their closure to Egyptian migrants may thus explain the passivity of Egyptian authorities regarding abuses of Egyptian workers (El-Aswany 2016).

---

15. On Egyptians: Awad and Abdel Aziz 2017; on Moroccans: Khachani 2009.

### ***The 2010s: Overhaul of Policies***

The onset of the Arab uprisings in 2011 and the fall of oil prices late 2014 underlined the urgency of socio-economic reforms in the Gulf states. Faced with massive local youth unemployment in the 2000s, the Gulf governments had attempted to revive the decades-old policies of workforce nationalisation (Saudisation, Kuwaitisation, etc.) aiming to increase nationals' private sector employment by narrowing the labour price gap between nationals and expatriates and to gain more control on the monitoring of flows by weakening the *kafeels* (Hertog 2014). Despite the passing of some reform measures, the sponsorship rule was not formally eliminated (Zahra 2015). Yet, the costs of employing foreign labourers have greatly increased, especially in Saudi Arabia, the largest employment market in the region.

Added to the current low oil prices and ensuing economic slowdown in the region, these several measures have already had an impact on the inflow of skilled Arab labourers, as highlighted in the previous section (Figure 8.1). Yet, this impact could be felt more deeply for two sets of reasons. First, as employers seek to reduce the costs of hiring a foreign workforce, many Western expats, who dominate the salary scale, are being laid off by their employers since 2016 (AFP 2017). The distribution of salaries by nationality group highlights the "ethnic" hierarchisation of foreign populations in the Gulf: Arab and Western CEOs, for example, earn more on average than Asian CEOs everywhere save Oman in 2015 (Anderson 2015). Arab highly-skilled professionals may thus increasingly feel the pinch of labour diversification to "cheaper" nationals, as they are second on the wage scale. Second, other, usually less skilled workers such as the Egyptians in Saudi Arabia often occupy some professions that are likely to be increasingly reserved for Saudi nationals. As said earlier, they are often employed in white-collar, skilled and semi-skilled technical fields. Yet, these are particularly targeted by Saudi students on state scholarships abroad, who receive incentives to come back to the country.

### ***Selective Deportations and Entry Restrictions***

Furthermore, deteriorating bilateral or regional relations between selected Gulf states and migrant-sending countries is bound to have a strong impact on Arab workers' future migration patterns. The Gulf states have a record of large-scale deportation of selected nationalities, in retaliation for their governments' policies and foreign relations decisions. The expulsion of some 350,000 Palestinian residents of Kuwait and the deportation of some 800,000 Yemenis from Saudi Arabia in 1990 are two examples of the Gulf states' drastic responses to the positions of migrants' home governments. The decision to expel Palestinians was indeed justified by the PLO

and Jordanian leaders' alleged support to the invasion of Kuwait by Iraq that ignited the First Gulf War in August 1990. Yet, deportation was also a way to eradicate political activism among certain expatriates (Van Hear 1998, 93), whose long-term presence was increasingly viewed as a security issue. Palestinians in Kuwait, for instance, were accused of spreading ideologies directly challenging the ruling monarchies such as Arab nationalism, Marxist and later Islamist propaganda. Mass expulsion can thus be seen as another expression of the migrants' diversification policy (the replacement of Arabs by Asians), ongoing since the 1980s (Chalcraft 2010, 22).

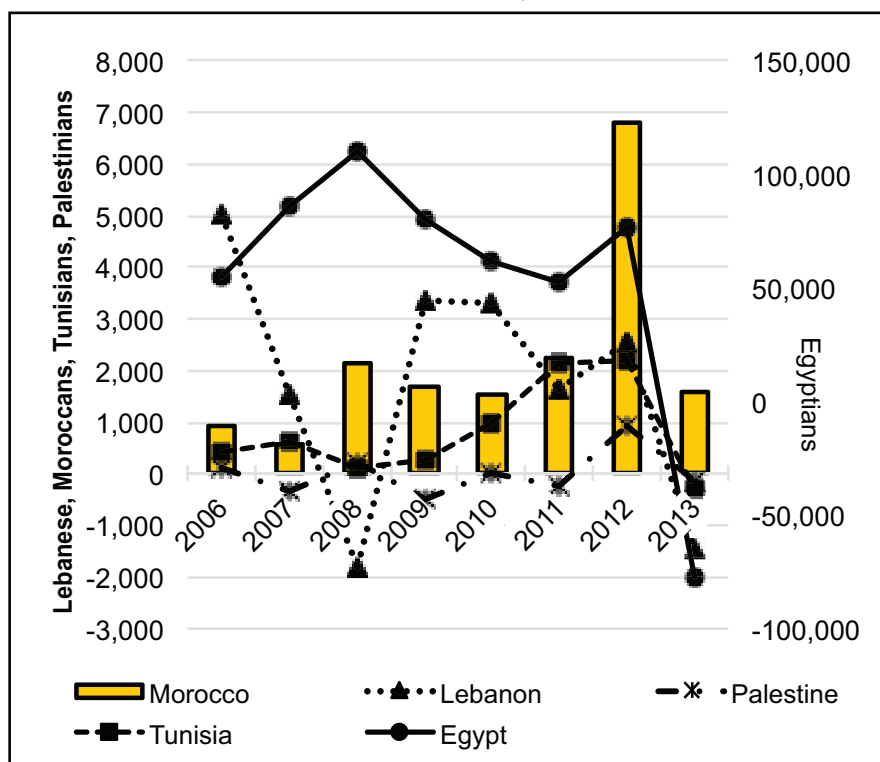
The conflicts and regime changes which happened in Yemen, Syria, Tunisia and Egypt since 2011 spurred security concerns vis-à-vis the nationals of these countries. The risks of spillover of regional conflicts and of infiltration of activists undertaking terrorist attacks are taken very seriously in the Gulf. The Gulf states (save Oman) are indeed militarily and/or financially involved in regional conflicts, and Gulf regimes accuse Iran of interfering in regional affairs, and in the Syrian crisis especially, through Hizbollah. Relations between Lebanon and the Gulf states have thus been deteriorating since 2009 (Alami 2016). Consequently, Lebanese families, most often Shiites, were expelled from Saudi Arabia, the UAE, Kuwait, and Bahrain starting 2011, accused of connections with Hizbollah (Hourani 2014, 645-647). Hiring bans also targeted Tunisians, Syrians, and Egyptians in several Gulf countries (Thomas 2012).

Another event illustrates the relevance of international relations and politics in migration policy design. Since the late 2000s, and especially since 2011, the Gulf states have been conducting large-scale campaigns of regularisations and/ or deportations of foreign labourers in irregular situation. Authorities justified these measures as necessary to restoring sound labour force management and redirecting employment opportunities to jobless nationals.

The largest of these operations was conducted in Saudi Arabia in November 2013. It led to more than one million foreign nationals exiting the Kingdom, by force (deportation) or voluntarily. The criminalisation of administrative irregularity and ensuing widely-publicised large-scale clampdowns and deportations serve several political purposes. They are "border spectacles," a display of sovereignty enforcement addressed to nationals (De Genova 2013). Second, deportations target selected nationalities and not all irregulars equally. Among the deported from Saudi Arabia were 300,000 Egyptians. The scale of the operation and the focus on Egyptians, as well as Lebanese and Tunisians, is visible in the drop of net migration rates to Saudi Arabia (Figure 8.3), emphasising the comparatively higher surplus of

exits over entries of these nationals that year, if compared, for instance, to Moroccan nationals.<sup>16</sup> Interestingly, other, more numerous nationalities were less affected by the deportations than the Egyptians: Indians, for instance, who make up the largest foreign community in Saudi Arabia (around 2.8 million), only experienced 130,000 deportations.

**Figure 8.3: Net migration to Saudi Arabia  
(selected Arab countries, 2006–2013)**



Source: CDSI/ GAS Statistical Yearbooks, 2007–2014.

Intense state communication on the deportation campaigns, and, especially, the disclosure of figures disaggregated by nationality in the Ministry of Interior's communications in the press was a primer, in a country where statistics on the nationality breakdown of expatriates are usually concealed. This suggests that the reasons behind this deportation campaign were not of a managerial nature (rationalising and organising the labour market) but specifically targeted certain nationalities among Arab expatriates: nationals from countries affected by regime

16. Yemenis were also targeted in widely publicised operations.

change, hence suspect for importing political sedition. Moreover, the deportations started after July 2013 after the overthrow of Mohammed Morsi by the Egyptian Army, a move strongly supported by Saudi Arabia (Farouk 2014, 9). It is thus tempting to suggest that some supporters of the Muslim Brotherhood could be among those deported to Egypt. This hypothesis could not be verified.<sup>17</sup>

More recently, tensions in Saudi-Egyptian relations during 2016 sparked fears among the Egyptian workforce in Saudi Arabia of nationalisation of Saudi jobs or of discriminatory measures against Egyptian expats due to the political unrest (Hassan 2016). The severing of diplomatic ties with Qatar by several Gulf states and Egypt also spurred anxieties over the fate of the 200,000 Egyptians in the Emirate (Zaki 2017). It is worth noting, too, that regional crises can benefit certain categories of migrants. Lebanese, for instance, can now obtain their visa upon arrival in Qatar.<sup>18</sup>

## **Conclusion**

As aptly summed up by Geiger and Pécoud, “in the ideal world of ‘migration management’, governments in sending and transit countries cooperate with destination states, [...] ‘good’ migrants are well informed, respectful of the law, flexible to market needs, ready to circulate and eager to contribute to the development of their home country; [...]; NGOs contribute to migrants’ rights and well-being through properly steered activities; diasporas take ‘development-friendly’ initiatives with the help of intergovernmental and governmental agencies” (Geiger and Pécoud 2010, 17). We have seen that, in the case of the Arab migrants in the Gulf, the ideal was missing, for reasons essentially of a structural nature.

Despite Arab youth’s high education level, local economies are unable to absorb them, mostly due to the impetus given to structural adjustment measures since the 2000s. Unemployment rates, especially of educated youth, went up in most countries after political instability led to general economic downturn from 2011. Domestic tensions and regional conflicts also acted as a spur for emigration from Arab countries. Providing job opportunities overseas, facilitating the “exit” of potential dissent through labour emigration, and attracting remittances and investments from expatriates were imperative.

---

17. Despite some arrests of Egyptian nationals in Saudi Arabia obviously made on political grounds. See, for instance, El-Bey 2012.

18. “Qatar Announces Visa Free Travel for Lebanese Citizens,” +961 Blog, June 22, 2017, <http://www.plus961.com/2017/06/qatar-announces-visa-free-travel-for-lebanese-citizens/>.

The five countries studied here have dedicated institutions and schemes, passed bilateral agreements with host states, and set up “diaspora policies” aimed at strengthening ties with expatriates, yet, of varying ambitions and scope. Sending states’ policies may be seen as successful, given the high shares of their nationals in the Gulf. Yet, recent inflows of Arab nationals to the region are stalling or even decreasing, in line with the levels of remittances. Moreover, the input of expatriates in terms of investment from the GCC has been disappointing to sending states. Most migrants from major Arab sending countries—skilled and low-skilled, wealthy and not—were found to have resorted to their own means to migrate to the Gulf. This explains Arab states’ low level of monitoring and knowledge regarding their expatriates. Political distrust between regimes and expatriates, political selectivity of migration, states’ unaccountability to their citizens abroad, and domestic political divisions were other explanations found to cause disaffection among expatriates in the Gulf vis-à-vis their home countries. Such a context obviously hampers possibilities for comprehensive monitoring of migration flows.

The last section emphasised the importance of the receiving states’ institutional and political context, as well as bilateral relations’ issues, in the policy-making process. Sending states’ dependency on Gulf labour emigration, and the resilience of sponsorship, among other factors, were seen to limit host countries’ agency to protect their expatriates. However, recent deportations of Shiite Lebanese and Egyptians from several Gulf states, for instance, pinpointed the growing distrust towards Arab nationals in the Gulf. Given the economic input of the Egyptian diaspora to Egyptian households, and the political imperative to guarantee emigration outlets to these vast numbers of workers of all skill levels with no prospects at home, the evolution of the bilateral relations between the country and the Gulf receiving states (Saudi Arabia especially) is of utmost importance for the future stability of Egypt.

## Bibliography

- AFP. "Good Times over for Expats in Saudi." *Daily Mail*, February 24, 2017. <http://www.dailymail.co.uk/wires/afp/article-4255906/Good-times-expats-Saudi.html>.
- Anderson, Robert. "Revealed: The Gulf Business 2015 Salary Survey." *Gulf Business* 19 (11), March 23 2015. [http://gulfbusiness.com/2015/03/revealed-gulf-business-2015-salary-survey/#.VfwSg\\_ntmko](http://gulfbusiness.com/2015/03/revealed-gulf-business-2015-salary-survey/#.VfwSg_ntmko).
- Alami, Aida, Jabeen Bhatti and Janelle Dumalaon. "Employment in the Gulf: Not Always What It Seems." *Fanar Media*, January 13, 2014. <http://www.al-fanarmedia.org/2014/01/employment-in-the-gulf-not-always-what-it-seems/>.
- Alami, Mona. "Tensions Flare between Hezbollah, Gulf States." *Al-Monitor*, November 3, 2016. <http://www.al-monitor.com/pulse/originals/2016/11/lebanon-hezbollah-gulf-states-yemen-syria-role.html#ixzz4y4KExAf2>.
- Awad, Ibrahim and Nourhan Abdel Aziz. "Egyptian Irregular Migration in the GCC Countries." In *Skilful Survivals. Irregular Migration to the Gulf*, ed. Philippe Fargues and Nasra Shah. Cambridge: Gulf Research Centre, 2017.
- Awad, Ibrahim and Hedayat Selim. "Labour Migration Governance in Transition. Continuity and Change in Egypt and Tunisia (2011-2015)." FIERI Working Papers, February 2015.
- Beaugé, Gilbert. La kafala : un système de gestion transitoire de la main-d'œuvre et du capital dans les pays du Golfe. *Revue européenne des migrations internationales* 2 (1986): 109-122.
- Brand, Laurie. *Citizens Abroad. Emigration and the State in the Middle East and North Africa*. Series Cambridge Middle East Studies. Cambridge: C.U.P., 2006.
- Brand, Laurie and Faye Hammad. "Identity and the Jordanian Elections." *Foreign Policy*, January 17, 2013.
- Catusse, Myriam. "Ordonner, classer, penser la société : les pays arabes au prisme de l'économie politique." In *La politique dans le monde arabe*, ed. Elizabeth Picard. Paris: Armand Colin, 2006.
- Chalcraft, John. "Monarchy, Migration and Hegemony in the Arabian Peninsula." *Research Paper* 12, Kuwait Programme on Development, Governance and Globalization in the Gulf States, London: LSE, 2010.



- Choucri, Nazli. "Asians in the Arab World: Labor Migration and Public Policy." *Middle Eastern Studies* 22, no. 2 (1986): 252–73.
- David, Anda and Joachim Jarreau. "Migrating Out of a Crowded Labor Market: Evidence from Egypt," *IZA Journal of Development and Migration* 7: 6 (2017).
- De Bel-Air, Françoise. "Arab Female Highly-Skilled Migrants to the GCC Countries." In *Arab Migrant Communities in the GCC*, ed. Zahra Babar. London: Hurst and Co., 2017, 169–196.
- De Genova, Nicholas. "Spectacles of Migrant 'Illegality': The Scene of Exclusion, the Obscene of Inclusion." *Ethnic and Racial Studies* (2013). [http:// dx.doi.org/10.1080/01419870.2013.783710](http://dx.doi.org/10.1080/01419870.2013.783710).
- Di Bartolomeo, Anna and Philippe Fargues. "The Geography of Arab Highly Skilled Migration." In *Migration from North Africa and the Middle-East: Skilled Migrants, Development and Globalization*, ed. Philippe Fargues and Alessandra Venturini. London: I.B. Tauris, 2015.
- Direct Info. "Imed Hammami: 'Le conseiller de l'emploi' une expérience efficace." *Direct Info*, March 21, 2017. <http://directinfo.webmanagercenter.com/2017/03/21/imed-hammami-le-conseiller-de-lemploi-une-experience-efficace/>.
- Dorai, Kamel and Marie-Antoinette Hily. "Liban." In *Dictionnaire géo-historique des migrations internationales*, ed. Gildas Simon. Paris: Armand Colin, 2015.
- El-Aswany, Ala. "Egyptian Leaders Fail to Defend Migrant Workers in Saudi Arabia." *Al Monitor*, August 2013.
- El-Bey, Doaa. "Justice Denied." *Al-Abram Weekly*, November 8, 2012. <http://weekly.ahram.org.eg/News/187.aspx>.
- ETF. *Migrant Support Measures from an Employment and Skills Perspective (Mismes): Jordan*, ETF (2017).
- Fargues, Philippe. "Immigration without Inclusion: Non-Nationals in Nation-Building in the Gulf States." *Asia and Pacific Migration Journal* 20, 3–4 (2011): 273–292.
- Farouk, Yasmine. "More than Money: Post-Mubarak Egypt, Saudi Arabia, and the Gulf." GRC Gulf Paper, Gulf Research Center, April 2014. <http://www.isn.ethz.ch/Digital-Library/Publications/Detail/?ots591=0c54e3b3-1e9c-be1e-2c24-a6a8c7060233&lng=en&id=179860>.



- Fergany, Nader. "Aspects of Labour Migration and Underemployment in the Arab Region." Working Paper. Cairo: Al Mishkat Center for Research, 2001.
- Gamlen, Alan. "The Emigration State and the Modern Geopolitical Imagination." *Political Geography* 27 (2008): 840- 856.
- Geiger, Martin and Antoine Pécoud. "The Politics of International Migration Management." In *The Politics of International Migration Management*, ed. Martin Geiger and Antoine Pécoud. Palgrave McMillan, 2010.
- Girgis, Maurice. "Would Nationals and Asians Replace Arab Workers in the GCC?" Paper presented at the Fourth Mediterranean Development Forum, Amman, Jordan, 6-9 October 2012.
- Hamdan, Soraya. *Les départs des Libanais ont quadruplé depuis 2011. Le chômage provoque l'émigration. L'Hebdo Magazine*, 29 janvier 2016. [http://magazine.com.lb/index.php/fr/component/k2/item/14717-les-d%C3%A9parts-des-libanais-ont-quadrupl%C3%A9-depuis-2011-le-ch%C3%B4mage-provoque-l%E2%80%99%C3%A9migration?issue\\_id=219](http://magazine.com.lb/index.php/fr/component/k2/item/14717-les-d%C3%A9parts-des-libanais-ont-quadrupl%C3%A9-depuis-2011-le-ch%C3%B4mage-provoque-l%E2%80%99%C3%A9migration?issue_id=219)).
- Hassan, Khalid. "Are Egyptian-Saudi Disputes Just a Passing Crisis or a Decisive Storm?" *Al-Monitor*, October 23, 2016. <http://www.al-monitor.com/pulse/originals/2016/10/egypt-saudi-crisis-un-resolution-syria.html#ixzz4y4Yr5TCA>.
- Hertog, Steffen. "Arab Gulf States: An Assessment of Nationalization Policies." Research Paper No. 1/2014, Gulf Labour Market and Migration (GLMM) programme of the Migration Policy Center (MPC) and the Gulf Research Center (GRC), <http://gulfmigration.eu>.
- Hourani, Guita. "Bilateral Relations, Security and Migration: Lebanese Expatriates in the Gulf States." *European Scientific Journal* (June 2014): 645-649.
- Hourani, Guita and Eugen Sensening Dabbous. "Insecurity, Migration and Return: The Case of Lebanon Following the Summer 2006 War." CARIM ASN 2007/ 01.
- Jordan Times*. "The Jordanian Silicon Wadi." May 15, 2014. <http://www.jordantimes.com/opinion/editorial/jordanian-silicon-wadi>.
- Kapiszewski, Andrzej. "Arab Versus Asian Migrant Workers in the GCC Countries." Paper presented at the United Nations Expert Group Meeting on International Migration and Development in the Arab Region. ESCWA: Beirut, May 15-17, 2006.

- Khachani, Mohamed. "La migration marocaine dans les pays du Golfe." CARIM ASN 2009/34.
- Kriaa, Mohammed. *Actualisation des données sur le marché du travail et les migrations en Tunisie*. Unpublished, 2015.
- Longva, Anh Nga. "Keeping Migrant Workers in Check: The *Kafala* System in the Gulf." *Middle East Report* 211 (1999).
- Lori, Noora. "Temporary Workers or Permanent Migrants? The *Kafala* System and Contestations Over Residency in the Arab Gulf States." *Les Notes de l'IFRI* (2012)
- Malit, Froilan and Ali Al-Youha. "Kenyan Migration to the Gulf Countries: Balancing Economic Interests and Worker Protection." *Migration Source*, May 18, 2016.
- Malouche Meriem, Sonia Plaza, Fanny Salsac, and Claire Sophie. *Mobilizing the Middle East and North Africa Diaspora for Economic Integration and Entrepreneurship*. Washington, D.C.: World Bank Group, 2016.
- MEMO. "Egyptians Represent 40 Percent of Saudi Arabia's Total Expatriate Workforce." *Middle East Monitor*, September 14, 2014. <https://www.middleeastmonitor.com/news/africa/14187-egyptians-represent-40-percent-of-saudi-arabias-total-expatriate-workforce>.
- Ministry of Labor. *Strategic Plan and Executive Program (2009-2011)*. Amman: Ministry of Labor, 2009.
- Müller-Funk, Lea. "Managing Distance: Examining Egyptian Emigration and Diaspora Policies." *Égypte/Monde arabe*, no.15 (2017): 47-69.
- Nassar, Heba. "Intra-Regional Labour Mobility in the Arab World: An Overview." In *Intra-Regional Labour Mobility in the Arab World*, ed. ALO/ IOM. Cairo: ALO/ IOM, 2010.
- Oxford Business Group. *Emerging Jordan*. Oxford Business Group, 2005.
- . *The Report: Jordan 2011*. Oxford Business Group, 2011.
- Pedersen, Jon and Age Tiltne. "Youth in the Southern and Eastern Mediterranean: Between Informality and Precariousness." *The Middle East in London* 13, no. 3 (April-May 2017): 11-12.

- Razzaz, Susan and Farrukh Iqbal. *Job Growth without Unemployment Reduction: the Experience of Jordan*. The World Bank, April 10, 2008.
- Ruhs, Martin and Philip Martin. "Numbers vs. Rights: Trade-Offs and Guest-Worker Programs." *International Migration Review* 1, no. 42 (2008): 249-265.
- Sakr, Taha. "Deteriorated Economy Forces Egyptians to Endure 'Slavery', Maltreatment in Saudi Arabia and Kuwait." *Daily News*, August 20, 2016. <https://dailynewsegypt.com/2016/08/20/deteriorated-economy-forces-egyptians-endure-slavery-maltreatment-saudi-arabia-kuwait/>.
- Silatech-Gallup. *The Silatech Index: Voices of Young People*, 2010. <http://css.escwa.org.lb/sd/1382/SilatechMasterinteractive.pdf>.
- Tabar, Paul. "Immigration and Human Development: Evidence from Lebanon." *Human Development Research Paper* 2009/35. New York: UNDP, August 2009.
- Thiollet, Hélène. "Managing Migrant Labour in the Gulf. Transnational Dynamics of Migration Politics since the 1930s." IMI Working Paper 131 (July 2016): 11.
- Thomas, Jen. "Firms See Obstacles in Hiring from Arab Spring Nations." *The National*, August 25, 2012. <http://www.thenational.ae/news/uae-news/firms-see-obstacles-in-hiring-from-arab-spring-nations>.
- Tsourapas, Gerasimos. "Why Do States Develop Multi-Tier Emigrant Policies? Evidence from Egypt." *Journal of Ethnic and Migration Studies* (2015): 2192-2214.
- Van Hear, Nicholas. *New Diasporas. The Mass Exodus, Dispersal and Regroupings of Migrant Communities*. London: UCL Press, 1998.
- Wahba, Jackline. "Immigration, Emigration and the Labor Market in Jordan." ERC Working Paper 671, May 2012.
- Winckler, Onn. *Arab Political Demography*. Brighton: Sussex University Press, 2005.
- World Bank. *Economic Monitoring Report to the Ad Hoc Liaison Committee*. Washington: The World Bank, September 30, 2015.

- Zahra, Maysa. "The Legal Framework of the Sponsorship Systems of the Gulf Cooperation Council Countries." Explanatory Note No. 10/2015, Gulf Labour Market and Migration (GLMM) programme of the Migration Policy Center (MPC) and the Gulf Research Center (GRC), <http://gulfmigration.eu>.
- Zaki, Menna. "Egyptians in Qatar Fear Being Swept up in Gulf Crisis." Associated Press, June 6, 2017. <http://www.businessinsider.com/ap-egyptians-in-qatar-fear-being-swept-up-in-gulf-crisis-2017-6?IR=T>.
- Zarkovic Bookman, Milica. *The Demographic Struggle for Power: The Political Economy of Demographic Engineering in the Modern World*. London, Portland: Frank Cass and Co., 1997.
- Zohry, Ayman. "Assessment of International Migration in the Arab Region." Regional Conference on Population and Development in the Arab States, Cairo, 24-26 June 2013.



## IX

### Indian Migration to the Gulf: Overview of Trends and Policy Initiatives by India

*Rupa Chanda\* and Pralok Gupta\*\**

**Abstract:** India is a major contributor to the world's skilled, semi-skilled, and unskilled labour migrants. Within the overall Indian migration context, the India-Gulf migration corridor is of particular interest. Since the oil boom of the 1970s, the Gulf region has been a major destination for Indian workers. This chapter provides an overview of the India-Gulf migration relationship and the role of policies in shaping migration flows. The trends and characteristics in labour flows from India to the Gulf are presented followed by the policy initiatives taken by India for the welfare of Indian migrants in the Gulf including bilateral initiatives to better manage migration flows and realise associated benefits. This chapter also discusses the problems faced by Indian migrants in the Gulf and analyses the multilateral commitments of the GCC countries and how bilateral agreements with these countries could promote the interests of Indian migrants in the Gulf. The conclusion outlines steps that need to be taken to address gaps in the policy

---

\* Rupa Chanda is RBI Chair Professor in Economics, Indian Institute of Management, Bangalore.

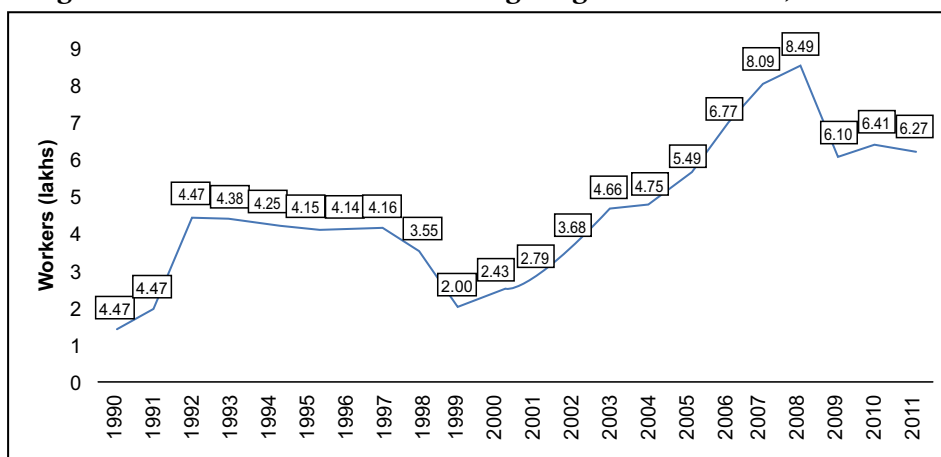
\*\* Pralok Gupta is Associate Professor (Services and Investment), Centre for WTO Studies, Indian Institute of Foreign Trade, New Delhi.

framework to enable a strong, healthy and mutually beneficial labour mobility partnership.

### Overview of Indian Migration to the Gulf: Trends and Characteristics

Emigration from India to the Gulf region has a long history dating back centuries to the time of Arab traders and travellers. There have been several phases in this migration, driven by changes in economic conditions and immigration policies in the host countries. In the initial phase till the mid-1990s, there was massive migration from India to the Gulf countries due to rising oil revenues and the resulting expansion in economic activity, infrastructure development projects, and employment opportunities in the region. The next phase during the late 1990s saw a decline in emigration from India due to restrictive immigration policies and localisation policies to control the non-Arab population, as well as the completion of major projects and saturation of the labour market. The 2000-08 period witnessed a resurgence in demand for semi-skilled and unskilled workers following an increase in oil prices and the government of India's policies to promote international migration through state level facilitation measures. Overall, although there have been ebbs and flows in migration between India and the GCC countries, as shown in Figure 9.1, this relationship remains significant and the region continues to account for the lion's share of the category of Indian migrant workers requiring emigration clearance from the government of India, i.e. low-skilled workers.

**Figure 9.1: Number of Indians receiving emigration clearance, 1990-2011**



Source: Based on data from Ministry of Overseas Indian Affairs (2012-13).

There are several salient characteristics to emigration from India to the Gulf countries, in terms of occupational, skill, gender profile, and source- and destination-wise distribution within India and the Gulf region. These characteristics provide the larger context within which the associated benefits and problems as well as the labour and migration policies on both sides can be assessed.

### ***A Symmetric Bilateral Relationship***

The first noteworthy aspect of this relationship is the importance of each side for the other, i.e., the Gulf region's significance as a host market for Indians and India's importance as a source country for manpower for this region. In 2013, there were around 13.3 million South Asian migrants residing in the GCC countries, accounting for 59 per cent of the region's total migrant stock. India contributed the lion's share, with 6.8 million migrants or 51 per cent and 30 per cent of all South Asian migrants and all migrants, respectively. The absolute number of Indian migrants has increased significantly from 2.4 million in 1990 and 3.1 million in 2000 to nearly 7 million by 2013 (Sasikumar and Timothy 2015). The contribution of Indian migrants to the region's migrant population has remained roughly the same over time. These trends indicate India's continued importance as a source country for manpower for the Gulf region.

From the Indian perspective, the Gulf region constitutes a major destination market. The GCC countries together accounted for 68 per cent of emigration from India to the rest of the world in 2015, i.e., 7.8 million out of a total of 11.4 million emigrants to the world that year, and up from 58 per cent in 2012. In 2015, the United Arab Emirates (UAE) and Saudi Arabia accounted for 24.6 per cent and 23.1 per cent of all Indian migrants worldwide. There has been a visible shift in the distribution of the Indian migrant stock within the GCC region, away from Kuwait and towards the UAE and Oman. In 1990, Saudi Arabia accounted for 40 per cent of all Indian migrants in the GCC region, followed by Kuwait and the UAE with 23 per cent and 19 per cent, respectively. By 2015, Saudi Arabia's share of all Indian migrants in the GCC countries had declined to 35 per cent and Kuwait's share had declined considerably to 9.7 per cent. Meanwhile, the UAE has emerged as India's main destination market within the Gulf region and worldwide, accounting for over 33 per cent of all Indian migrants in the GCC countries in 2015 (Grant Thornton India LLP 2016). These trends reflect the growing dispersion of Indian migrants in this region and a clear shift towards some of the smaller GCC countries. The UAE's growing importance as a host market is especially noteworthy. According to a news report (Rukmini 2015), the number of Indian migrants in the UAE has grown six-



fold in 20 years while the overall Indian immigrant population has barely doubled over this same period, mainly due to the massive in-migration encouraged by the UAE in the early 2000s. Today, Indians form the largest immigrant subgroup in the UAE.

### ***Feminisation of Migrant Flows***

A second salient feature of labour flows from India to the Gulf is the increasing participation of female migrants. According to the United Nations Department of Economic and Social Affairs (UNDESA 2013), the total stock of female migrants in the GCC countries has more than doubled between 1990 and 2013. Nearly half of the female migrants are from South Asia. The Indian female migrant population in the GCC countries increased from around 0.7 million in 1990 to 1.6 million in 2013. It is interesting to note that this feminisation is more concentrated in certain GCC countries, namely, Saudi Arabia and Kuwait where the share of female migrants in the total Indian migrant population was 30 per cent and 25 per cent, respectively, in 2013 and as high as 30 per cent in 1990. The differing nature of jobs in terms of their gender orientation across the individual GCC markets explains the greater feminisation of the migrant workforce in certain countries over others.

### ***Occupational and Skill Characteristics***

The third distinguishing feature of India-Gulf migration is its occupational and skill profile, in that it is concentrated in the low- and semi-skilled occupations. Almost 70 per cent of Indian migrants in the Gulf region are in semi-skilled jobs as craftsmen, drivers, artisans, and other technical workers or in unskilled jobs as construction workers, domestic helpers, farm labour, and cleaners. Many are employed on-site as manual labourers in the oil and gas industry. The female migrant workforce is mainly engaged as housemaids, cleaners, and nurses and their predominance in Saudi Arabia and Kuwait reflects the greater demand for such occupations in those markets. The large number of emigration clearances for Indian migrants moving to the Gulf reflects the predominance of low-skilled occupations in India-Gulf labour flows as such clearance applies only to the less educated Indian migrants and not to the skilled and professional categories of Indian migrants.

There has, however, been a gradual shift in the occupational and skill profile of Indian migrants to the Gulf over the past few decades. In the 1970s and 1980s, nearly 90 per cent of Indian migrants in the Gulf were blue-collar workers. Today, the proportion of white-collar Indian expatriate workforce in this region has increased to 30 per cent or more in some of the countries [based on Khadria (2010)]

and Parween (2013)]. These are mainly professionals in the service sector, including doctors, engineers, IT professionals, teachers, architects, accountants, and managers. Increasingly, knowledge-based workers from India and many other countries are being employed in high tech industries and in the banking and financial services sector, especially in the UAE. There are also several Indian entrepreneurs and businessmen who have set up successful businesses in the region and have emerged as self-made billionaires. Reflecting this occupational composition, most Indian migrants in the Gulf are either on employment-based or business and trade visas.

### ***Source Region and Community Characteristics***

Although most Indian immigrants in the Gulf are from the South Indian state of Kerala, there has been a change in the state origin for low skilled workers. Increasingly, some of the poorer North Indian states such as Uttar Pradesh and Bihar are emerging as key source regions for emigrants to the GCC countries, while the proportion of migrants from richer states like Kerala and Tamil Nadu has declined. This changing trend suggests that poverty, lack of job opportunities, and low wages in the poorer states of India are among the main drivers for these outflows to the Gulf. Low-skilled female emigrants are mainly from the states of Andhra Pradesh, Kerala, Maharashtra, and Tamil Nadu. Although the outflows remain male-dominated, the proportion of women migrants from states such as Kerala has increased, particularly in the nursing profession (Zachariah and Rajan 2010). In terms of religious distribution, most of the Indians in the Gulf are Muslim, followed by Christians and Hindus. The community and religious background of the Indian migrants plays an important role in their lives in the Gulf countries as their interaction with the local society tends to be limited, and it is the community associations based on commonality of origin, religion, and language which provide the much needed sense of identity and cultural mooring to the Indian migrants.

### **Government of India Policies Concerning Indian Migration to the Gulf<sup>1</sup>**

The Emigration Act, 1983 provides the regulatory framework for safe emigration of Indian workers for overseas employment and seeks to safeguard their interests and ensure their protection and welfare. Operational matters relating to emigration, provision of emigration services to emigrants, and enforcement of this Act are

---

1. Based on Ministry of External Affairs, Government of India, *Welfare and Protection of Indians Abroad: Handbook of Indian Centre for Migration* (New Delhi: 2017) and Ministry of Overseas Indian Affairs, Government of India, *Annual Report* (New Delhi: 2014-15).

administered by the Protector General of Emigrants (PGE), a statutory authority under the Emigration Act responsible for the welfare and protection of emigrant workers who fall in the Emigration Check Required (ECR) category.

The government of India does not have any exclusive policy regarding Indian migration to the Gulf. However, specific elements for facilitating and protecting Indian migrants in the Gulf are included in various policies and programmes of the government that are intended to promote and protect Indian migration in ECR countries.<sup>2</sup>

The government's policies and programmes can be broadly divided into two categories: first, policies that are intended to promote and facilitate migration; and second, initiatives that are taken to protect and enhance the welfare of Indian migrants in the Gulf. It can be observed that many of these policies intend to fulfill both objectives. As mentioned earlier, these policies and programmes are not exclusively for migrants to the Gulf, barring a few which are exclusively for ECR countries, including the GCC countries.

### ***Policies to Facilitate Indian Migration to the Gulf***

The policies and programmes of the government of India to facilitate Indian migration to the Gulf are discussed below.

#### *eMigrate System*

The eMigrate project is a transformational initiative of the government of India to automate the current emigration processes and eco-system. It is an online system designed to facilitate emigration of Indians seeking overseas employment. The system links the Protector General of Emigrants (PGE) & Protectors of Emigrants (PoEs) with Indian Missions/Posts, Recruiting Agents (RAs), Foreign Employers (FEs), Project Exporters (PEs), migrant workers, insurance agencies, Bureau of Immigration (BoI) and the passport system of the Ministry of External Affairs. All foreign employers need to register in the eMigrate system and they can raise the demand for Indian workers in the system and seek a permit to recruit either directly or through recruiting agents online. The foreign employer is required to declare the terms and conditions of employment of each category of job at the time of applying for demand registration.

- 
2. As per the Emigration Act, 1983, Emigration Check Required (ECR) categories of Indian passport holders, are required to obtain "Emigration Clearance" from the office of Protector of Emigrants (POE), for going to 18 countries: United Arab Emirates (UAE), the Kingdom of Saudi Arabia (KSA), Qatar, Oman, Kuwait, Bahrain, Malaysia, Libya, Jordan, Yemen, Sudan, Afghanistan, Indonesia, Syria, Lebanon, Thailand, Iraq (emigration banned).

### *Pravasi Kaushal Vikas Yojana (PKVY)*

The Pravasi Kaushal Vikas Yojana aims at enhancing the skill set of potential emigrant workers in select sectors and job roles, in line with international standards, to facilitate overseas employment. It involves capacity building in the areas of skill development, standards, curricula, learning material, testing and certification on par with global standards. The initial focus is on sectors that are in demand in the ECR countries, and includes domestic workers, drivers, and construction workers.

### *Pre-Departure Orientation & Training (PDOT)*

Providing requisite Pre-Departure Orientation (PDO) is integral to the government's sustained efforts to ensure the protection of Indian migrant workers abroad. Imparting of the PDO is done along with the skill training upgradation. Timely PDO can help enhance a worker's migration experience by facilitating safe and legal migration abroad, enabling the migrant to live and work in his/her destination country without any problems, helping him/her integrate with the local community, and creating awareness among migrants of the dos and don'ts as well as the laws and regulations in the destination country.

### *Overseas Workers Resource Centre (OWRC)*

The Overseas Workers Resource Centre facilitates and provides support services to workers who intend to go abroad for employment. It acts as a single point window for registering, responding to, and monitoring complaints/grievances information dissemination on matters relating to emigration information on Recruiting Agents (RAs) and offers walk-in counselling for potential emigrants. This Centre provides a 24x7 help desk for both intending migrants and overseas Indians. The Centre's electronic platform attends to queries in 11 Indian languages. It is integrated with five Migrant Resource Centres (MRCs) set up at various locations.

### *Migration Resource Centres*

The government has set-up Migrant Resource Centres (MRCs) as walk-in counselling centres located in major source states to provide information, guidance, advice, and counselling to prospective migrants and overseas Indian workers on all aspects of overseas employment including legal and regulatory requirements; documentation and procedures; policies; and problems faced while working abroad. MRCs have been set up in five locations, Kochi, Hyderabad, Gurgaon, Chennai and Lucknow.

### *Media Campaign*

The Ministry of External Affairs has launched a media campaign titled ‘Surakshit Jaaye, Prashikshit Jaaye’ towards ensuring safe and legal migration. Advertisements have been released on the Lok Sabha TV channel, all Doordarshan channels, All India Radio stations, private TV channels, private radio/FM stations and digital cinema theatres in focus states, i.e., Uttar Pradesh, Bihar, Tamil Nadu, West Bengal, Punjab, Rajasthan, Kerala, Andhra Pradesh, Telangana, Maharashtra, Karnataka, and Delhi. The advertisements are in six languages, namely, Hindi, Malayalam, Punjabi, Tamil, Kannada, and Telugu.

### *Initiatives to Protect Indian Migrants in the Gulf*

The government of India has taken a number of steps to ensure the welfare and protection of the Indian community abroad. Indian missions and posts have been proactive in liaising with the host countries in resolving difficulties faced by Indian workers. In addition, the institutional framework for supporting their welfare has been considerably strengthened over the last few years. Some important steps taken in this direction by the government of India are discussed next.

#### *Pravasi Bharatiya Bima Yojana (PBBY)*

Pravasi Bharatiya Bima Yojana (PBBY) is a mandatory insurance scheme for the welfare of overseas workers in ECR countries. It provides insurance cover of upto Rs. 10 lakhs in cases of work-related death or permanent disability. Insurance is available with one-time premium of Rs. 275 and Rs. 375 for two and three years, respectively.

#### *Mahatma Gandhi Pravasi Suraksha Yojana (MGPSY)*

The Mahatma Gandhi Pravasi Suraksha Yojana (MGPSY) is a specially designed social security scheme for unskilled and semi-skilled Overseas Indian workers with ECR passports, working in ECR countries. It encourages and enables overseas Indian workers to make co-contribution to: (a) save for their return and resettlement in India (b) save for pension (c) obtain complimentary life insurance cover during the period of overseas employment.

### *Indian Community Welfare Fund (ICWF)*

The Indian Community Welfare Fund is aimed at assisting Overseas Indian nationals in distress on a 'means tested' basis. It was set up in all Indian missions and posts abroad and has over 80,000 beneficiaries. This fund enables Indian missions/posts to meet contingency expenditure for specific activities including air passage for stranded Indians, boarding and lodging, initial legal assistance, emergency medical support, and airlifting of mortal remains.

### *Open House Sessions by Indian Missions/Posts*

Indian missions/posts abroad hold Open House sessions at specific times. Any Indian citizen can walk in and interact with the officers at the mission/post without an appointment and submit complaints/grievances.

### *Emigration of Women for Employment in ECR Countries*

The government of India has fixed the minimum age of ECR category female workers proceeding for overseas employment to ECR countries at 30 years. All Indian women workers holding ECR passports and going to eighteen ECR countries for employment are required to emigrate only through state-run recruitment agencies. Foreign employers directly recruiting Domestic Service Workers (DSW) must deposit a security of \$2,500 in the form of a bank guarantee with the Indian mission, when based in notified countries under the Emigration Act, 1983. If the foreign employer wants to recruit Indian women workers through Indian Recruiting Agents (RAs), they must engage one of the six government/state run RAs.

### *Labour Agreements between India and GCC*

To facilitate migration from India to the GCC countries and to protect Indian migrants in these countries, India has signed labour agreements with individual GCC countries, Qatar being the first to sign in 1985 and Saudi Arabia being the last in 2014. All these agreements are for a period of four years, excepting those with Oman and Saudi Arabia, which are automatically extended unless terminated by either party.

All these agreements are broadly similar in content. Their salient features include provisions for the protection of employees under host country labour laws; outlining the rights and obligations of employers and employees; specification of conditions regarding qualifications, benefits, facilities and entitlements;

right to remit savings to the country of origin or elsewhere; dispute settlement provisions; institutional mechanisms like a Joint Working Group for implementing the agreement; duration of the agreement and extension terms. A summary of the provisions of GCC countries' labour agreements with India is presented in Table 9.1.

It can be observed that these agreements cover those Indian migrants who go through proper channels. However, as many Indian migrants go to these countries through unauthorised agents and touts, they remain vulnerable to exploitation by their employers. Many of these misinformed migrants find themselves trapped and even take the extreme step of ending their lives in the face of continuous exploitation.

**Table 9.1: Summary of provisions of GCC countries' labour agreements with India**

| Country | Year | Important Provisions  |
|---------|------|---|
| Bahrain | 2009 | <ul style="list-style-type: none"> <li>• Need based placement and employee's protection under the labour law</li> <li>• Copy of the employment contract to be given to the employee by the employer within two months of his arrival</li> <li>• Contract to be for a specified period of time and subject to renewal</li> <li>• Right to remit savings to the country of origin or elsewhere</li> <li>• Disputes settlement by the Ministry of Labour and if an amicable settlement fails, then by judicial authority</li> </ul>  |
| Kuwait  | 2007 | <ul style="list-style-type: none"> <li>• Employment contract to be authenticated by Kuwait Chamber of Commerce and Industry, Kuwaiti Ministry of Foreign Affairs, Indian Mission in Kuwait and competent authority of the Ministry of Overseas Indian Affairs, now part of the Ministry of External Affairs.</li> <li>• Work permit, documents presented at the time of approval and an authenticated employment contract to be given to the employee by the employer within two months of his arrival</li> <li>• Disputes settlement by concerned government authorities and if an amicable settlement fails, then by the court</li> </ul> |
| Oman    | 2008 | <ul style="list-style-type: none"> <li>• Employee's protection under the labour law</li> <li>• Contract to terminate with the expiry date; automatic renewal unless notified otherwise by one of the parties thirty days before the expiry</li> <li>• Right to remit savings to the country of origin or elsewhere</li> <li>• Disputes settlement by the Ministry of Labour and if an amicable settlement fails, then by courts</li> </ul>  |

**Table 9.1 (contd.)**

|                     |             |  |
|---------------------|-------------|--|
| <b>Qatar</b>        | <b>1985</b> | <ul style="list-style-type: none"> <li>• Applications regarding recruitment of Indian manpower by Qatar's employers to come to the Indian government through the Qatar government</li> <li>• Employer to bear travel costs of the worker to Qatar and return air passage at the end of his service</li> <li>• Contract to be authenticated by the Indian Embassy in Qatar</li> <li>• Contract to terminate with the expiry date, renewal by mutual agreement at least 30 days before termination of the contract</li> <li>• Right to remit savings to India</li> <li>• Disputes settlement by the Ministry of Labour and Social Affairs and if an amicable settlement fails, by judicial authorities in Qatar</li> </ul> |
| <b>Saudi Arabia</b> | <b>2014</b> | <ul style="list-style-type: none"> <li>• Recruitment directly or through licensed recruitment offices</li> <li>• To adopt a standard employment contract</li> <li>• Right of recourse to competent authorities in case of contractual dispute</li> <li>• Provisions to ensure that recruitment offices and the employer do not charge or deduct from the salary of the domestic worker or impose any kind of unauthorised salary deductions</li> </ul>   |
| <b>UAE</b>          | <b>2006</b> | <ul style="list-style-type: none"> <li>• Need based placement and employee's protection under the labour law</li> <li>• Contract to terminate with the expiry date automatic renewal unless notified otherwise by one of the parties thirty days before the expiry</li> <li>• Right to remit savings to the country of origin or elsewhere</li> <li>• Disputes settlement by the Ministry of Labour and if an amicable settlement fails, then by judicial authority.</li> </ul>  |

Source: Authors' construction based on GCC countries' labour agreements with India.

## Problems Faced by Indian Migrants in the Gulf

Indian migrants face a number of problems at the time of migration, during their stay, and at the time of return from the GCC countries. These problems relate to exorbitant visa fees charged by recruitment agents, exploitation by their employers, difficulties with financial transfers and exit visas, etc. Most of the problems result from the *kafala* system. This system enables exploitation and abuse of migrant workers by way of confiscation of passports by employers, abysmal salaries to blue collar workers, and poor working and living conditions. Workers are accommodated in ghetto-like labour camps that lack basic amenities such as drinking water and sanitation facilities. Lack of safety at the workplace is another concern. Accidents



at construction sites are common, leading to a number of labourer deaths every year [based on Aneja (2013), Rahman (2014) and Nagraj (2017)].

A large number of Indian workers commit suicide in the Gulf countries every year, mainly because of lack of money and the harsh working and living conditions. Also, the Gulf nations have the highest number of Indians who are jailed abroad. Most of them are blue-collar workers, accounting for nearly 45 per cent of the 6,483 Indians jailed abroad, a disproportionately high figure given Indian migrants to the Gulf account for 27 per cent of the Indian diaspora. Migrant rights organisations claim that this high number is due to the lackadaisical approach of the Indian government in providing help and legal aid to Indian migrant workers who fall prey to recruitment scams and end up in prison. In this context, it is important to note that India and the UAE had signed a prisoner exchange treaty in November 2011, which would allow Indian prisoners the choice to spend the remaining prison term in their own country. However, not a single Indian prisoner has been able to benefit from this treaty, indicating lack of willingness to implement it (Shaikh 2015).

In contrast with the conditions faced by unskilled and low-skilled workers, white-collar Indian workers in the Gulf lead comfortable lives. For instance, Qatar has witnessed a rise in the presence of Indians in villas and posh residential colonies. These Non-Resident Indians (NRIs) form a significant number of the consumers in malls, parks, and museums (Parween 2013). A study on white-collar Indians in Qatar found that NRIs are satisfied in terms of security, social life, and facilities (Kanchana 2012).

As the earnings of white-collar workers are significantly above the minimum prescribed wages, they can afford to bring their families and most choose early education for their children in the Gulf. To cater to this demand, a number of schools with Indian curricula have been set up in the region. These schools are affiliated to the Indian education system and provide primary and secondary education. This has led to a growing presence of Indian academics in the Gulf, as most of these schools are managed by Indian professionals (High Level Committee on the Indian Diaspora 2001). A number of Indian universities, mostly private, have also opened their campuses in the Gulf. The Indian schools and universities are set up primarily to cater to the demand of the Indian diaspora for Indian curricula based education for their children. However, these institutions are also open to non-Indian students.

## **Facilitating Indian Migrants to the Gulf: Role of Trade Agreements**

Temporary movement of natural persons for the supply of services (Mode 4) is one of the four modes of trade in services under the General Agreement on Trade in

Services (GATS) of the WTO. All GCC countries are members of the WTO and hence have inscribed their Schedules of Commitments for services trade, including on Mode 4. Apart from the GATS, the GCC as a bloc has two free trade agreements (FTAs) that cover services trade, namely, GCC-Singapore FTA and GCC-EFTA (European Free Trade Area) FTA. They do not have services trade agreements individually with any country. These agreements have commitments with respect to categories of natural persons (business visitors, intra-corporate transferee, etc.) and the period of stay allowed for the categories. They explicitly state that the presence of self-employed foreign natural persons is not allowed. Kuwait and Qatar also mention that housing and social programmes and some aspects of free healthcare are limited to citizens.

Except Saudi Arabia, no GCC country has undertaken significant commitments in the WTO for temporary movement of natural persons (Mode 4). In fact, Bahrain has not made any Mode 4 commitments in the WTO. However, these countries have undertaken more liberal Mode 4 commitments in their two FTAs. Therefore, the GCC countries do not offer anything significant to promote and facilitate movement of natural persons from India to the Gulf under their multilateral commitments. A brief assessment of GCC commitments under the GATS and the aforementioned FTAs is presented in Appendix Table 9A.1.

An FTA with the GCC countries could be an option for addressing the issues and promoting the interests of Indian migrants in the Gulf. As India is negotiating an FTA with the GCC, it should request more liberal commitments from the latter for Mode 4, covering both highly- and low-skilled workers. This is especially because most new age trade agreements have a chapter on movement of natural persons or movement of business persons. India should include a separate chapter on labour mobility in its FTA with the GCC. This chapter should include provisions not only for facilitating the movement of Indian workers to the Gulf but also for their protection and well-being while they are employed there.

Given the fact that most of the Indian migrants work in the construction sector, or as domestic helpers and nurses, it is important for India to seek meaningful commitments for movement of labour in these occupations. The India-GCC FTA should not only seek the removal and relaxation of market access and national treatment barriers on Mode 4 across all skill levels, but should also include a cooperation chapter on labour mobility which addresses issues pertaining to pre-departure, departure, stay, and return of migrants. The aim should be to make such flows mutually beneficial to both sides in terms of matching supply and demand, skilling initiatives, ensuring decent living and working conditions, and smooth flow

of remittances during the period of stay in these countries and facilitating return to India and circular mobility where so needed. The best practices in bilateral labour arrangements could be incorporated into such a cooperation chapter.

## **Conclusion and Policy Suggestions**

The Gulf region is an important destination market for Indian migrants and has contributed significantly to India's remittance inflows. The preceding discussion has highlighted that India has formulated policies and taken initiatives for the protection and welfare of Indian migrants in the Gulf. The Indian government provides support services at all stages of emigration-pre-departure, at destination, and return.

Indian migrants, particularly unskilled and low-skilled workers, are still subject to a number of abuses and exploitative practices in this region. Various policy initiatives and reforms have not succeeded in equalising the balance of power between employers and migrant workers. Moreover, very often, Indian migrants fall under the category of irregular migrants due to wrong information and cheating by recruitment agents. Such workers are the most vulnerable to exploitation by their employers as legal help and assistance by Indian missions is not available to them in most cases.

Due to the recession caused by the slump in oil prices, employers in the Gulf have been forced to retrench Indian migrant workers. Continued low oil prices would mean further retrenchment, which could lead to further exploitation of unskilled and low-skilled Indian migrants through lowering of wages and reduced availability of facilities. Therefore, governments on both sides need to take proactive actions to prevent further exploitation and extend protection to Indian migrants. Some of the required policy inputs include strictly implementing minimum wages laws, granting work permits that are not tied to a specific employer, enabling workers to renew their own permits, allowing workers to independently end their employment contracts without losing residency status, allowing workers to change employers without the consent of the current employer, and permitting workers to exit the country without seeking their employer's approval. Heavy penalties should be introduced for employers who confiscate workers' passports or travel documents. Such penalties should also be imposed on recruitment agents who cheat migrants by providing wrong information and extracting exorbitant visa charges. These recruitment agents should be barred from conducting future recruitment of Indian migrants to the Gulf. Existing bilateral labour agreements must be enforced in spirit

and necessary institutional support structures must be established or strengthened. As the India-Gulf migration corridor anchors a very important bilateral relationship and will continue to do so in the near future, all efforts must be made to mitigate the associated negatives and to realise the potential benefits.

## Appendix

**Table 9A.1: GCC commitments under the GATS and FTAs**

| Country        | Type of Commitments           | GCC Commitments   |   |   |
|----------------|-------------------------------|---|---|---|
|                |                               | GATS  | GCC - EFTA  | GCC - Singapore   |
| <b>Bahrain</b> | Categories of Natural Persons | No commitments  | <ul style="list-style-type: none"> <li>• Business Visitors (BV)</li> <li>• Intra Corporate Transferees (ICT)</li> <li>• Contract Service Suppliers (CSS)</li> <li>• Installers and Maintainers</li> </ul> | <ul style="list-style-type: none"> <li>• Business Visitors (BV)</li> <li>• Intra Corporate Transferees (ICT)</li> <li>• Contract Service Suppliers (CSS)</li> <li>• Installers and Maintainers</li> </ul> |
|                | Period of Stay                |   | <ul style="list-style-type: none"> <li>• BVs: 3 weeks</li> <li>• CSS and Installers and maintainers: 180 days</li> <li>• ICTs : 2 years (renewable for similar period)</li> </ul>                         | <ul style="list-style-type: none"> <li>• BVs: 2 weeks</li> <li>• CSS and Installers and maintainers: 180 days (renewable)</li> <li>• ICTs: 2 years (renewable for similar period)</li> </ul>              |
|                | Any Other                     |   | <ul style="list-style-type: none"> <li>• Compulsory employment of Bahraini citizens</li> </ul>  | <ul style="list-style-type: none"> <li>• Compulsory employment of Bahraini citizens</li> </ul>  |
| <b>Kuwait</b>  | Categories of Natural Persons | <ul style="list-style-type: none"> <li>• Managers</li> <li>• Specialists</li> <li>• Skilled technicians</li> </ul>                          | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> </ul>   | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> </ul>   |
|                | Period of Stay                |   | <ul style="list-style-type: none"> <li>• BVs: 1 month (renewable for 90 days during one year)</li> <li>• ICTs: 1 year (renewable for additional 1 year)</li> </ul>  | <ul style="list-style-type: none"> <li>• BVs: 1 month (renewable for 90 days during one year)</li> <li>• ICTs: 1 year (renewable for additional 1 year)</li> </ul>  |
|                | Any Other                     |   |   |   |
| <b>Oman</b>    | Categories of Natural Persons | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> </ul>   | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> <li>• CSS</li> </ul>  | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> </ul>   |
|                | Period of Stay                | <ul style="list-style-type: none"> <li>• BVs: 90 days</li> <li>• ICTs: 2 years (renewable for 2 years with a maximum of 4 years)</li> </ul> | <ul style="list-style-type: none"> <li>• BVs: 90 days</li> <li>• ICTs: 2 years (renewable for 2 years with a maximum of 4 years)</li> <li>• CSS: 90 days</li> </ul>                                       | <ul style="list-style-type: none"> <li>• BVs: 90 days</li> <li>• ICTs: 2 years (renewable for 2 years with a maximum of 4 years)</li> </ul>   |
|                | Any Other                     |   |   |   |

**Table 9A.1 (contd.)**

|                     |                               |   |  |  |
|---------------------|-------------------------------|---|--|--|
| <b>Qatar</b>        | Categories of Natural Persons | <ul style="list-style-type: none"> <li>• Managers</li> <li>• Specialists</li> <li>• Skilled technicians</li> </ul>  | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> </ul>  | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> </ul>  |
|                     | Period of Stay                |   | <ul style="list-style-type: none"> <li>• BVs: 90 days</li> <li>• ICTs: 3 years (renewable annually) even beyond 3 years for managers and executives)</li> </ul>  | <ul style="list-style-type: none"> <li>• BVs: 90 days</li> <li>• ICTs: 5 years (renewable annually)</li> </ul>   |
| <b>Saudi Arabia</b> | Categories of Natural Persons | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> <li>• CSS</li> <li>• Independent Professionals (IPs)</li> <li>• Installers and Maintainers</li> </ul>   | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> <li>• CSS</li> <li>• IPs</li> <li>• Installers and Maintainers</li> </ul>  | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> <li>• CSS</li> <li>• IPs</li> <li>• Installers and Maintainers</li> </ul>  |
|                     | Period of Stay                | <ul style="list-style-type: none"> <li>• BVs, CSS and IPs: 180 days (renewable)</li> <li>• ICTs: 2 years (renewable for similar periods)</li> <li>• Installers and maintainers: 90 days (renewable)</li> </ul>                                | <ul style="list-style-type: none"> <li>• BVs, CSS and IPs: 180 days (renewable)</li> <li>• ICTs: 2 years (renewable for similar periods)</li> <li>• Installers and maintainers: 90 days (renewable)</li> </ul>                         | <ul style="list-style-type: none"> <li>• BVs, CSS and IPs: 180 days (renewable)</li> <li>• ICTs: 2 years (renewable for similar periods)</li> <li>• Installers and maintainers: 90 days (renewable)</li> </ul> |
|                     | Any Other                     | <ul style="list-style-type: none"> <li>• Market access to CSS and IPs in limited sectors</li> <li>• Certain positions may be reserved for Saudi nationals in all categories of ICTs</li> <li>• Maximum number of ICTs may be up to</li> </ul> | <ul style="list-style-type: none"> <li>• Certain positions may be reserved for Saudi nationals in all categories of ICTs</li> <li>• Maximum number of ICTs may be up to 25% of the total workforce of each service supplier</li> </ul> | <ul style="list-style-type: none"> <li>• Market access to CSS and IPs in limited sectors</li> <li>• Maximum number of ICTs may be up to 25% of the total workforce of each service supplier</li> </ul>         |
| <b>UAE</b>          | Categories of Natural Persons | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> </ul>   | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> <li>• CSS</li> </ul>   | <ul style="list-style-type: none"> <li>• BVs</li> <li>• ICTs</li> <li>• CSS</li> </ul>   |
|                     | Period of Stay                | <ul style="list-style-type: none"> <li>• BVs: 90 days</li> <li>• ICTs: 1 year (renewal for 2 additional years with a maximum of 3 years)</li> </ul>   | <ul style="list-style-type: none"> <li>• BVs: 90 days</li> <li>• ICTs: 3 years (renewable for additional years)</li> <li>• CSS: 90 days (renewable for a further equal period)</li> </ul>  | <ul style="list-style-type: none"> <li>• BVs: 90 days</li> <li>• ICTs</li> <li>• CSS: 90 days (renewable for a further equal period)</li> </ul>  |
|                     | Any Other                     | <ul style="list-style-type: none"> <li>• Max. number of ICTs be 50% of the total number of employees</li> </ul>   | <ul style="list-style-type: none"> <li>• Max. number of ICTs be 50% of the total number of employees</li> </ul>  | <ul style="list-style-type: none"> <li>• Max. number of ICTs be 50% of the total number of employees</li> </ul>  |

## **Bibliography**

- Aneja, Atul. "Migrants Face Systematic Abuse in Qatar, Says Amnesty." *The Hindu*, November 19, 2013. <http://www.thehindu.com/news/international/world/migrants-face-systematic-abuse-in-qatar-says-amnesty/article5364154.ece>. Accessed June 6, 2017.
- Grant Thornton India LLP. "Overseas Migration Patterns from India: Detailed Report, India." February 2016.
- High Level Committee on the Indian Diaspora, Ministry of External Affairs, Government of India. "The Indian Diaspora." 2001. <http://indiandiaspora.nic.in/diasporapdf/chapter3.pdf>
- Kanchana, Radhika. "Qatar's 'White-Collar' Indians.'" *e-Migrinter [En ligne]*, no. 8 (2012): 45-58.
- Khadria, Binod. "Paradigm Shifts in India's Migration Policy towards the Gulf." Middle East Institute, Zakir Husain Center for Educational Sciences, February 2010. <http://www.mei.edu/content/paradigm-shifts-indias-migration-policy-toward-gulf>. Accessed June 5, 2017.
- Ministry of External Affairs, Government of India. *Welfare and Protection of Indians Abroad: Handbook of Indian Centre for Migration*. New Delhi: 2017.
- . *Annual Report*. New Delhi: 2012-13.
- Ministry of Overseas Indian Affairs, Government of India. *Annual Report*. New Delhi: 2014-15.
- Nagaraj, Anuradha. "Survived on Black Tea, Dry Chapati: Indian Recounts Decades Stranded in Gulf." *Hindustan Times*, June 21, 2017.
- Parween, A. "Invisible White-Collar Indians in the Gulf." Middle East Institute, August 4, 2013. <http://www.mei.edu/content/%E2%80%9CInvisible%E2%80%9D-white-collar-indians-gulf>. Accessed June 5, 2017.
- Rahman, Fareed. "India's Role in Gulf Labour Abuses." *The Diplomat*, June 13, 2014. <http://thediplomat.com/2014/06/indias-role-in-gulf-labor-abuses/>. Accessed June 5, 2017.
- Rukmini, S. "2.8 Million Workers and 13\$ bn: The Story of Indian Migrants to the UAE." *The Hindu*, August 17, 2015. <http://www.thehindu.com/data/28-million-workers-and-13-billion-the-story-of-indian-migrants-to-the-uae/article7550756.ece>. Accessed June 5, 2017.

- Sasikumar, S.K. and Rakhee Timothy. *From India to the Gulf Region: Exploring Links between Labour Markets, Skills and the Migration Cycle*. New Delhi: German Agency for International Cooperation (GIZ) and International Labour Organisation (ILO), 2015.
- United Nations Department of Economic and Social Affairs (UNDESA). "International Migrant Stock: By Destination And Origin." 2013.
- Zachariah, K.C. and S. I. Rajan. "Migration and Monitoring Study 2008: Emigration and Remittances in the Context of Surge in Oil Prices." Centre for Development Studies (CDS) Working Paper 424, 2010.
- Zeeshan, Shaikh. "Searching for Jobs, and then Freedom in the Gulf." *The Indian Express*, January 9, 2015. <http://indianexpress.com/article/india/india-others/searching-for-jobs-and-then-freedom-in-the-gulf/>. Accessed June 5, 2017.





## X

# Frontlines of Global Migration: Philippine State Bureaucrats' Role in Migration Diplomacy and Workers' Welfare in the Gulf Countries

*Froilan T. Malit, Jr.\**

**Abstract:** Labour-sending states—acting through the agency of their frontline state bureaucrats—are often viewed as “powerless rule takers” due to their limited sovereign power to exert legal, economic, and diplomatic influence over destination countries. The asymmetric power relationship has generated a policy dilemma for many labour-sending states: states like the Philippines must choose between protecting their citizens’ labour rights and welfare and maintaining labour market access in the Gulf region. Given the legal, diplomatic, and institutional constraints, this chapter investigates the complex roles and impact of the Philippine state actors’ proactive migration protection policy on migrant labour rights and welfare in the Gulf countries. Drawing from 50 in-depth qualitative interviews and field observations with Filipino diplomats, labour and welfare officers, and domestic workers in Kuwait, Qatar, and the United Arab Emirates, between 2011 and

---

\* Froilan T. Malit, Jr. is an Associate at the Gulf Labour Markets, Migration and Population (GLMM) Programme and also an Associate, Zayed University’s Institute of Social and Economic Research (ISER).

2016, it is argued that, despite employing proactive state protection measures, the Philippine's frontline state actors were not only structurally constrained in protecting domestic workers from labour exploitation but also have increasingly been forced to respond to globalisation forces by employing multiple governance strategies and mechanisms to uphold state control. These empirical findings contribute to the larger theoretical debates on the role of the state in international migration by shifting the discourse to the human agency of the state (mainly frontline state bureaucrats) to understand how labour-sending states determine policy outcomes in the authoritarian destination countries.

## **Introduction**

‘Structures don’t move, people do’ – Calavita (1992)

A frontline state bureaucrat,<sup>1</sup> Jenny Pagta, describes her daily work experience inside the Philippine Office of the Welfare Worker Administration (OWWA) in Doha, Qatar:

This is a hard, complicated and underpaid job. If you favour Arab employers, then you’ll look bad to Filipinos and in the local Filipino communities. They accuse you of just sitting in the office and not helping Filipinos, or even of corruption. They don’t know what’s happening here. If you favour Filipinos, it will affect our relationship with the employers. So what should I do? (Personal interview, December 22, 2011).

Jenny’s narrative is part of the global debate on the appropriate role of labour-sending states like the Philippines in protecting citizens’ labour and employment rights while maintaining labour market access and competitiveness in the host country. Unlike democratic labour-receiving states, the authoritarian Gulf countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (UAE) are challenging destination states for labour-sending countries like the Philippines because they largely exclude migrant domestic workers<sup>2</sup> from national labour laws, often categorising their employment status as “informal” in the domestic labour market (Shah 2004; Fernandez 2014; Jureidini 2017).

- 
1. I have used the term “frontline state bureaucrat” to refer to Philippine diplomats, labour and welfare officers legally mandated under Section 23 (b2) RA 8042 to protect the interests, rights, and welfare of OFWs globally.
  2. ILO defines the term *domestic work* as work performed in or for a household or households, and as any person engaged in domestic work within an employment relationship.

This chapter investigates an important question: does the Philippine state actors' proactive migration protection approach engender better workers' welfare for domestic workers in the Gulf countries? While numerous academic and media reports have highlighted domestic worker abuse throughout the Gulf states,<sup>3</sup> further studies are required to examine how frontline Philippine state bureaucrats struggle and mitigate domestic workers' abuses. Thus, it is argued that, despite employing proactive state protection measures, frontline Philippine state actors are not only structurally constrained in protecting domestic workers from labour exploitation but also are increasingly forced to employ multiple governance strategies and mechanisms to uphold state control. To focus this research, this chapter analyses Philippine's frontline state bureaucrats because they are not only under theorised but also primarily handle all domestic workers' cases in the Gulf countries. These particular gaps are undesirable as both academic scholars and policymakers remain uninformed about the real impact of frontline state bureaucrats in the global migration policy discourses.

This chapter is divided into five sections. The first section examines the roles of the Philippine state and its governing institutional framework in implementing migration protection policies for migrant domestic workers. The second section conceptually introduces Skocpol's (1985) call to disaggregate the state and Lipsky's (1980) street-level bureaucracy and their critical applications in understanding migration policy implementation in the Gulf countries. The third section briefly presents the methodological component, while the fourth section examines various structural constraints (including legal, diplomatic, and institutional) and consequences that limit frontline state actors' protection capacity. The final section highlights frontline state bureaucrats' migration strategies and coping mechanisms in rebalancing the embedded power asymmetry in the Gulf countries.

## **Philippine State and Its Proactive Migration Approach**

In the Gulf countries, the Philippine state institutionally implements a "one country-team approach"—a global protective strategy that locates and provides labour market opportunities and diplomatic protection for Overseas Filipino Workers (OFWs)—which is headed by the Philippine Ambassador. The Department of Foreign Affairs (DFA) and the Department of Labor and Employment (DOLE) are the main players in this country-team approach whereby DFA certifies destination countries that legally meet the Republic Act (R.A.) 8042 requirements—including bilateral

---

3. Also see Sabban (2009), Fernandez (2014), Jureidini (2017), and Malit et al. (2017).

labour agreement with the Philippine state; domestic labour law; strong legal institutions and; signatory of international labour conventions. DOLE, however, regulates the deployment, recruitment, and welfare governance aspects of OFWs. Two labour and welfare offices—Assistant to the Vice National Office (AVNO) under the DFA and Office of the Welfare Office (OWWA) and the Philippine Overseas Labor Office (POLO) under DOLE—are specifically responsible for domestic workers' issues. These Philippine state institutions are legally governed by the R.A. 7157 Philippine Foreign Service Act, R.A. 9402, and R.A. 8042 and its amending laws R.A. 10022, which specifically regulate not only the recruitment and deployment processes but also the labour rights and welfare of migrant workers in the host countries. Therefore, POLO/OWWA and ATN officials (or, frontline state bureaucrats) are crucial players under the one-country team approach because they primarily address domestic worker labour/employment and criminal cases and enforce Philippine labour regulations on both Gulf and Philippine-based agencies/employers.

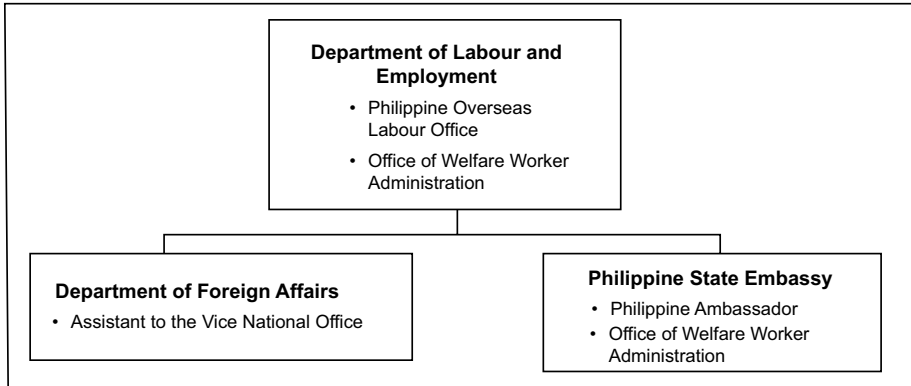
Mainly trained by the respective Philippine government agencies (i.e., DFA, DOLE) prior to their posting at destination countries, frontline state bureaucrats have both formal and informal administrative mandates to address broader domestic worker issues.<sup>4</sup> They provide labour mediation, dispute and consular assistance, conduct labour market development assessments, implement protection policy initiatives, and facilitate state-led rescue, visit, and assistance programmes in Gulf-based facilities (i.e., labour, civil, and criminal courts, police stations, deportation and detention centres). They facilitate broader collaborative partnerships with external stakeholders like local enforcement and border immigration authorities to implement Philippine policies in the Gulf countries. Joint force activities, including visiting employers' residences to enforce court rulings and locating domestic workers who have disappeared are among the daily collaborative activities undertaken jointly by frontline state bureaucrats and external stakeholders. Specific social assistance programmes (i.e. loans, upskilling) have been designed to improve the quality of life for domestic workers and their dependents in the Philippines. More importantly, frontline state bureaucrats have the absolute authority to restrict or endorse domestic workers in Gulf-based police and immigration stations for repatriation procedures and thus hold bureaucratic discretions within

---

4. The Philippine government also hires locally based frontline officers, who provide multilingual labour and welfare assistance to OFWs in the Gulf countries. They work very closely with frontline state bureaucrats in delivering social and welfare protections within the respective government agencies.

migration policy implementation processes. Without their official authorisation and intervention, domestic workers are not repatriated to the Philippines. Thus, the onsite country-team approach—embedded in the Philippine legal system and enforced by frontline state bureaucrats—not only points to the proactive character of the Philippine state, but also reflects its legal and moral commitment to protect labour irrespective of their migration status.

**Figure 10.1: On-Site country team approach**



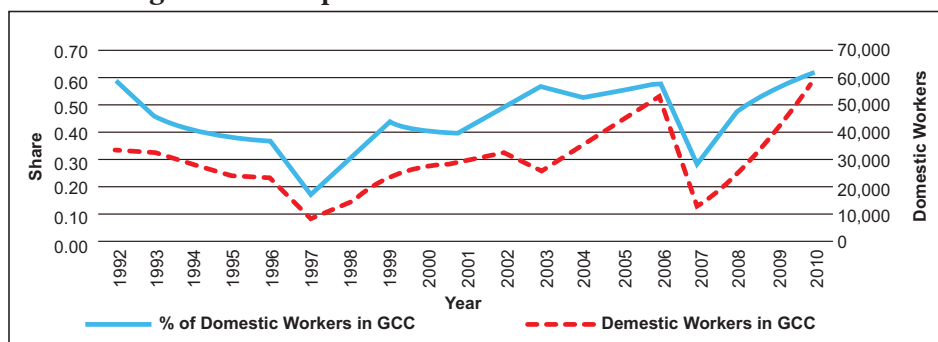
Source: Author's fieldwork data.

While frontline state bureaucrats are specifically mandated to protect all Filipino workers, they often largely focus on addressing domestic workers' issues. Often labelled as a "crisis post," frontline state bureaucrats view the Gulf countries as the most challenging diplomatic locations globally due to the high number of vulnerable, low-skilled OFW populations, mainly domestic workers. With the Philippines being one of the largest exporters of domestic workers to the Gulf countries (see Figure 10.2), frontline state bureaucrats have consistently faced various institutional, administrative, and diplomatic challenges due to the exceptionally high rate of migration flows of domestic workers to the Gulf countries. For example, the number of Filipina domestic workers deployed to the GCC (new hires) fluctuated between a low of 10,000 in 1997 to a high of almost 60,000 in 2010, while their share of the total foreign workers (new hires) from the Philippines represented at least 60 per cent in 2010 (and averaged 45 per cent between 1992 and 2010).<sup>5</sup> In addition, in 2010, the Philippine Overseas Employment Agency (POEA) data indicates that the total number of Filipina domestic workers (new

5. While Figure 10.2 shows the significant presence of Filipino domestic workers in the Gulf region, the government data only reveals information on new hires, so the overall population of Filipino domestic workers in the Gulf countries cannot be determined.

hires) almost reached 100,000 and never went below 47,000 for a period of 19 years (1992-2010). More importantly, the proportion of domestic workers approximately averaged 40 per cent of the total female OFWs between 1992 and 2010. The POEA data suggests that the share of domestic workers to females OFW in Figure 10.3 is high because the share of female domestic workers to total domestic workers ranges between 97 to 99 per cent.

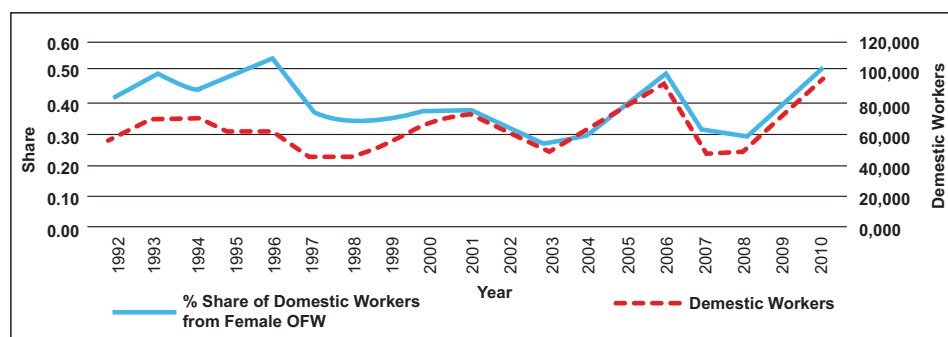
**Figure 10.2: Filipina domestic workers in GCC - new hires**



Source: Philippine Overseas Employment Administration (POEA).

Thus, Figures 10.2 and 10.3 indicate that domestic workers constitute a sizable share of females OFWs from the Philippines. The Gulf region has nearly half of the total domestic workers worldwide from the Philippines, and the number of domestic workers is significantly high. Therefore, the large presence of foreign domestic workers has not only posed critical institutional challenges for the Philippine state and its frontline state bureaucrats, but has also forced them to develop multiple governance and administrative strategies to uphold state control in the host country (Malit et al., 2018, forthcoming).

**Figure 10.3: Domestic workers from the Philippines - new hires**



Source: Philippine Overseas Employment Administration (POEA).

## **Deconstructing the Relationship between the State and Its Bureaucrats**

In the context of international labour migration, labour-sending states often are severely constrained by political, institutional, and economic factors that require their bureaucrats to fully uphold their policy principles and values within the bureaucracy (Rodriguez 2010; Bach and Solomon 2008; Calavita 1992). Calling for the imperative need to deconstruct the state, Skocpol (1985) acknowledges that states are “conceived as organizations claiming control over territories and people may formulate and pursue goals that are not simply reflective of the demands or interests of social groups, classes or society.” The state autonomy theory, defined as the ability of state actors to pursue their own interests and agendas, accentuates the independent power of the state from the rest of society. The state, acting through the human agency of state actors, is an autonomous entity that pursues its interests and agendas within a capitalistic environment. It uses two indicators to justify state power: (1) the size of state budget and employee population as sources of state agency power and (2) the expansion of the federal government (growth of state officials’ power). These state powers emphasise the critical importance of state capacity and autonomy and the importance of the administrative state’s control in pursuing its own policy interests or objectives. As Skocpol (1985) highlights:

The administrative organization of government is crucial [...] Governments that have, or can quickly assemble, their own knowledgeable administrative organizations are better able to carry through than are the governments that must rely on extragovernmental experts and organizations.

Skocpol’s view of the state sees the autonomy of state actors or administrative units that have a significant influence in determining policy outcomes as independent from any societal influence. It also disaggregates the state into a multi-level organisation, recognises the agency (independence) of state agencies, departments, or state managers (Calavita 1992). At the same time, Skocpol recognises the multi-layered nature of administrative agencies and state actors’ interests and agendas while highlighting their human agency and political will to influence and implement public policies. This framework also helps avoid the anthropomorphic power interpretation of the state and provides an alternative framework as it allows us to “disaggregate” the state by focusing on specific agencies or departments and state actors that have similar yet conflicting policy implementation interests, agendas, and constraints inside the Philippine state in the Gulf countries.

Reaffirming Skocpol’s (1985) theoretical proposition, Michael Lipsky’s (1980) theory of street-level bureaucracy illustrates the need to disaggregate the



state by emphasising the critical role of frontline policy implementers as the most important state actors, who are often excluded in policy making. He defines street-level bureaucrats as “frontline” workers who interact directly with citizens in the course of their jobs. Because of their substantial autonomy and discretion, they play a powerful part in the policy implementation community, underlining that “policy implementation in the end comes down to the people who actually implement it” (Lipsky 1980:3; Evan and Harris 1982). Because of their substantial authoritative discretion, interpretative capacity, and innate public resource knowledge within the workplace, frontline state bureaucrats have the strong capacity to influence public policy outcomes (Lipsky 1980; Evan and Harris 1982). More importantly, internal bureaucratic constraints like public budget deficits have forced frontline welfare bureaucrats not only to adopt context-based administrative strategies (i.e., rationing, screening and routinising techniques) but also develop informal policy practices to effectively achieve intended state policy objectives (Lipsky 1980). As policy implementers, frontline welfare bureaucrats have understated power and capacity to influence Philippine emigration policies.

Street-level bureaucrats must choose between responding to citizens’ demands and ensuring an effective policy implementation process. Lipsky (1980) identified multiple problems with street-level bureaucracy, such as limited resources and interpersonal client relations, which directly constrain the effectiveness of such a policy. The strength of this theory is that it explains a critical layer of the state’s low-level policy, which has been widely ignored by many social scientists when understanding the role of states in international migration. It also helps explain how policies are controlled and translated into practice, while situating the role of state policy implementers as critical functions of the state’s policy outcomes, adopting reactionary strategies to cope with critical challenges in their job like limited resources and non-voluntary client relations. This particular layer provides a “bottom-up” approach to understanding the nature of the state and is the most critical framework because it examines how the state pursues its policy priorities given the broader constraints with other labour-sending states in the Gulf countries.

Yet several scholars have also challenged the street-level bureaucracy theory and argue that “the proliferation of rules and regulations should not automatically be equated with greater control over professional discretion; more rules may create more discretion” (Evan and Harris 1982: 12). They claim that the exercise of professional discretion by street-level bureaucrats is not inherently “bad” but should be conceived as a key professional attribute of government authorities. Despite such limitations, street-level bureaucracy is the most critical framework to understand

frontline state bureaucrats' migration operations in the Gulf countries. This theory also helps examine the behaviour and approaches of frontline state bureaucrats towards stakeholder clients'—such as domestic workers, employers, and recruiters—operating within the labour market, and how those different policy interests and objectives are being translated into practice within the Philippine state regime.

## Methodology

A qualitative research design most appropriately captures complex human social interactions, interests, tensions, and coping mechanisms within multiple environments. Therefore, I chose an ethnographic-style research design, including in-depth, semi-structured interviews and a document analysis, to examine the complex roles and impact of Philippine frontline state bureaucrats on the labour rights and welfare of Filipina domestic workers in the Gulf countries (see Table 10.1).

**Table 10.1: Sampling descriptions**

| <b>Respondent Category</b>                                    | <b>Total</b> |
|---|--------------|
| Filipino Diplomats  | 20           |
| Welfare Officers and other embassy staff members <sup>6</sup> | 15           |
| Labour/community leaders                                      | 15           |
| <b>Total # of Participants</b>                                | <b>50</b>    |

Source: Author's fieldwork data.

Drawing from 50 in-depth qualitative interviews and field observations between 2011 and 2016 with Filipino diplomats, labour and welfare officers, and labour rights leaders, I specifically studied the role of frontline state bureaucrats and their complex relationships with Filipino domestic work populations and the host country governments in multiple fieldwork sites—labour mediation offices, court hearings, Filipino community centers, and City Center malls—which became the focal points for data collection. In Qatar, Kuwait, and the UAE, I conducted in-depth, semi-structured interviews with frontline state bureaucrats to understand

6. Other embassy staff members who directly work with labour migration issues include but are not limited to those personnel who work on facilitating labour complaints, rescuing, and organising migrant welfare assistance programmes.

their political, social, and administrative challenges in extending labour protection to domestic workers in the Gulf.<sup>7</sup> The document analysis technique also enabled me to further triangulate my fieldwork findings from frontline state bureaucrats and enrich my institutional perspectives on how and why the state faces complex and multiple constraints in securing labour rights and welfare protection for domestic workers. Key documents, including official state labour laws, migration policies, bilateral agreements/memorandum of understanding, and administrative orders and data, were analysed. I also utilised frontline state bureaucrats' media commentaries in various Philippine and GCC-based newspaper media outlets to deepen my empirical analysis. The specific research methods and techniques, combined with such participant interactions, provided a critical view of the Philippine state in the Gulf countries and illuminated the complex and multiple constraints and challenges in governing international labour migration in the Gulf countries.

## **Frontline State Bureaucrats' Structural Constraints in the Gulf**

### ***Legal Constraints***

In the Gulf countries, frontline state bureaucrats face various legal constraints that have directly impacted their capacity to address domestic worker complaints. In fact, no current domestic work laws or unified contracts between the Philippines and several Gulf countries (specifically Kuwait and Qatar) have been officially passed, thereby excluding domestic workforce from accessing state services (i.e., mediation conciliation) under the governing labour ministries in the Gulf countries. In Qatar, for example, a recent bill has been introduced to address employers' contractual obligations, yet this has not been implemented. The domestic work law in the UAE has been approved, yet it has also not been fully implemented. The governing bilateral agreements between the Philippines and all Gulf governments are also not applicable because they exclude domestic workers. Go (2004) argues that most Gulf states have refused to include domestic workers due to a perceived fear of more obligations toward labour-sending countries. Like bilateral agreements, the ILO No. 189 (2011) International Labour Convention on Migrant Rights of Domestic

- 
7. During my field interviews, I utilised a convenience sampling technique with frontline bureaucrats and semi-structured interviews to guide our discussion throughout the field interview. Interview questionnaires were officially submitted in advance, and I spent at least 45 minutes conducting interviews with frontline state bureaucrats, where I had the opportunity to examine both the internal and external institutional, social, and political challenges in protecting migrant domestic workers in the host country. Interviews were conducted in Tagalog and English.

Workers seemed to have no impact due to its non-legal binding status. A frontline state bureaucrat in the UAE, Pete, asked: “How can ILO conventions make a difference if they are non-binding? Gulf countries’ preferences will prevail” (Personal interview, May 27, 2014). The lack of a national domestic law, combined with the non-binding legal status of bilateral labour agreements and ILO conventions, has inevitably forced frontline state bureaucrats to rely on informal labour conflict mediations within governing embassies to extend protection to domestic workers. This legal constraint is not only a fundamental challenge for the Philippine state and other labour-sending countries, but also a structural impediment to their labour protection efforts across the Gulf countries.

### ***Diplomatic Constraints***

Constrained diplomatically in the Gulf countries, frontline state bureaucrats can neither publicly demand labour rights nor criticise any Gulf state in the print media because it is considered illegal. Thus, they tend not to provoke tensions between the Philippine state and the Gulf states to avoid the possibility of impacting their diplomatic relations and other ongoing bilateral negotiations. As a frontline state bureaucrat in the UAE, Parker, asserts: “Labour migration is a highly sensitive topic in the Gulf, and we must be cautious in commenting about the prevailing labour reforms in the host country. These are young countries and they are trying to develop their labour governance systems while at the same time they have strong international obligations to conform to international labour standards. We need to continuously cooperate with them and suggest new policy avenues to improve our bilateral cooperation at all times” (Personal interview, June 14, 2016). In addition, the intense labour market competition for domestic workers with other labour-sending states like Indonesia, Sri Lanka and Ethiopia structurally limits the bureaucrats’ capacity to demand labour/employment rights. This weak bargaining power, however, does not mean that frontline state bureaucrats do not actively enforce Philippine protection policies against employers and labour recruiters when they commit violations. In fact, they have aggressively developed strong administrative policy rules within POLO to hold employers and agents accountable for labour complaint cases like nonpayment. However, these rules are often largely diplomatically limited because many Gulf states’ foreign affairs ministries in the Gulf countries often prohibit sending-state bureaucrats from communicating with local and expatriate employers. Despite such limitations, frontline state bureaucrats have continued to provide consular assistance to migrant workers by helping them in filing labour cases against their employers in the Gulf countries’ civil, labour and

police courts. As one frontline state bureaucrat in the UAE acknowledges, “We provide conciliation and rescue services to Filipino domestic workers and other private sector workers. We go to the police stations, immigration offices, and local courts to assist our workers. We make sure they understand the legal process and don’t miss out on their cases” (Personal interview, May 24, 2014). This also signals that employers and labour recruiters are not fully in the “driving seat,” thus helping frontline state bureaucrats negotiate power relations within the *kafala* through the embassy-run conciliation and dispute resolution services offered to agents, employers, and domestic workers. Thus, the multi-layered constraints in the Gulf countries have forced frontline state bureaucrats to cope with and develop a strong administrative capacity with informal mechanisms to redirect certain burdens to other stakeholders in order to rebalance their unequal power status under the *kafala* (Malit et al., 2018, forthcoming).

### ***Institutional Constraints***

While the Philippine state has developed a proactive legal framework for extending protection for domestic workers, frontline state bureaucrats are embedded in institutional constraints in the Gulf’s domestic work sector (Malit and Naufal, 2016). The weak multilingual staff capacity and inadequate assistance funds have deeply impacted their capacity to immediately resolve domestic worker cases. In the Gulf countries, the current ratio between frontline state bureaucrats and the total domestic work/OFW population is very low, which has significantly disrupted their administrative capacity to provide conflict mediation and “follow-up” procedures for domestic workers. As Marco, a frontline state bureaucrat in Kuwait, acknowledges, “We recognise that the number of staff is limited, but we are optimising our existing resources in order to extend labour protection to all Filipinos, specifically domestic workers” (Personal interview, March 12, 2014). As Table 10.2 suggests, given the significant share of Gulf-based domestic workers within the Philippine labour force, the Philippine’s frontline state bureaucrats have extremely weak staffing capacity to address domestic workers issues as evident from the current ratio between frontline state bureaucrats and the domestic worker population in Kuwait (14: 142,000), Qatar (13:32,000), and the UAE (21: 187,500).

**Table 10.2: Mapping the Philippine state's institutional protection capacity in selected GCC countries (estimated figures)**

| <b>GCC Country</b> | <b>Total Ratios of Bureaucrats to Domestic Workers (estimated)</b> |
|--------------------|--|
| Kuwait             | 14: 140,000  |
| Qatar              | 13: 32,000   |
| UAE                | 21: 187,500  |

Source: Malit and Ghafoor (2014) and author's fieldwork data.

Note: The actual figures fluctuate because bureaucrats tend to either complete their term or resign, or are recalled or reposted in other diplomatic posts globally. The figures above only reflect the estimated ratio of bureaucrats to domestic workers during the time of the research fieldwork.

These ratios between bureaucrats and the domestic work/OFW populations clearly serve as an indicator of weak labour/welfare assistance capacity for OFW populations in the Gulf countries. Moreover, most frontline state bureaucrats and state managers (i.e., ambassadors) in Qatar, Kuwait, and UAE have limited working knowledge of the Arabic language, and they often rely on local or other Arab nationalities to help them effectively communicate with local labour or immigration authorities. They often feel “powerless” due to their inability to communicate with local Arabic-speaking high-level officials within the police and immigration security bureaucracies, which constrains their administrative capacities and discretion to effectively resolve dispute cases. To put this into context, OWWA/POLO offices receive on average 110 or more absconding domestic worker cases in Qatar. In some cases, during an imposed deployment, between 200 and 300 absconding domestic workers would seek assistance and submit complaints in Kuwait and the UAE (i.e., long working hours, no food, nonpayment, or family issues in the Philippines) to Philippine diplomatic missions. Without Arabic-speaking frontline state bureaucrats, it is difficult to negotiate highly classified cases (i.e., rape, molestation, sexual harassment) with employers and immigration authorities, who also face language barriers in English. As one frontline state bureaucrat in Qatar, Mateo, highlights: “We have to rely on our local Arabic translators, as they help us legally understand the host country laws and deal with complex labour and immigration cases. We invest on these local translators to make sure that we provide the optimal legal translation for all our domestic workers’ cases. Without them, it would be difficult to engage with local institutions” (Personal interview, March 16, 2015).

Simply put, because the staff is largely monolingual, they are hamstrung in their administrative capacity to resolve domestic workers' cases in multiple locations. Their heavy reliance on local Arabic interpreters from Sudan, Syria, Iraq, and other Arab countries reflects their institutional limitations in engaging with the authorities in the Gulf countries.

The lack of funds to assist domestic workers (i.e., providing repatriation tickets) is another institutional constraint for the Philippines in the Gulf countries. As one frontline state bureaucrat, Mercy, in Kuwait recalls: "We don't have enough funds to quickly pay for all the tickets. In fact, we receive hundreds of absconding domestic workers on a monthly basis and, because we have loads of cases, we often have to prioritise the severity and urgency of cases before we disburse the necessary funding" (Personal interview, May 25, 2015). While the diplomatic mission provides basic services, including temporary accommodation, food, and basic hygiene materials, it selectively issues airline tickets to domestic workers to help them return to their origin country, often depending on the severity and type of cases. The Philippine RA 8042<sup>8</sup> grants frontline state bureaucrats the authority to request airline tickets for domestic workers specifically for undocumented migrant workers' cases via DFA, yet this rarely applies to domestic workers with nonpayment or "petty crime" cases (i.e., extramarital cases known as "love cases," theft etc.). The funds are mostly available to domestic workers who have been extremely violated through rape, sexual harassment, underage domestic work, and working conditions. With heavy caseloads, frontline state bureaucrats act quickly to prioritise domestic worker cases. Needless to say, the lack of multilingual staff as well as limited funds, combined with the "transnational" pressure perpetuated in the country of origin, have impacted the behaviour and capacity of frontline state bureaucrats to facilitate the effective reintegration of domestic workers in the Philippines.

As a consequence, the Philippine state has appeared to dramatically face larger number of cases of labour and complaints against domestic workers.<sup>9</sup> They have also been constrained by consistent political backlash from Philippine civil society groups operating in the Gulf countries and the Philippines (Malit et al., 2018). As one frontline bureaucrat, Mateo, in Qatar asserts: "The domestic worker cases are far more complicated than what the media and civil society present. We are often criticised by these civil society groups, but they don't understand that we are

---

8. The RA 8042 legally mandates the Philippine state to allocate \$19.96 million for distressed workers globally.

9. The applicability of the term "trafficking" under the *kafala* remains debatable. See Jureidini (2010) for more information.



struggling to protect these workers because there are no laws that specifically govern domestic workers' rights and welfare" (Personal interview, June 26, 2015). Table 10.3 indicates that in 2010, at least 80.76 per cent of domestic workers' complaints came from the Gulf countries, mostly from the UAE, Saudi Arabia, and Kuwait. While the percentage share of domestic workers' cases globally dropped in 2013 to 71.20 per cent, government data also suggests that domestic workers tend to face more labour problems in the Gulf countries relative to other destination countries. In 2013, the vast majority of domestic workers' cases came from the UAE, Saudi Arabia, and Kuwait, while in 2011 and 2012 in Qatar, the cases totaled 4,829 and 2,049, respectively. Cases related to domestic workers remained low in Oman and Bahrain, partly due to the low deployment rates to these Gulf countries in recent years. In January 2017, for example, Jakatia Pawa, a Filipina domestic worker in Kuwait, was executed for a criminal offence (i.e., killing her employer's 22 year old daughter), prompting a state bureaucrat to note that the Philippine state "failed to be proactive in monitoring the situation and in providing timely assistance." Jakatia's case not only reflects the "fatal flaws" in the Philippine migration system, but also the complex and multiple difficulties for the governing frontline state bureaucrats to deliver effective labour and welfare protection for domestic workers in Kuwait and other Gulf countries.

**Table 10.3: Reported data on runaway domestic workers in the Gulf countries**

| Country   | 2013  | 2012  | 2011   | 2010  |
|---|-------|-------|--------|-------|
| Bahrain   | 273   | 525   | 545    | 395   |
| Kuwait  | 2,117 | 1,045 | 2,246  | 4,241 |
| Oman  | 301   | 489   | 489    | 173   |
| Qatar <sup>10</sup>                                       | 890   | 2,049 | 4,829  | 247   |
| Saudi Arabia  | 2,113 | 1,731 | 2,291  | 1,361 |
| UAE   | 2,727 | 2,648 | 2,825  | 2,123 |
| Total Gulf Countries                                      | 8,421 | 8,487 | 13,225 | 8,540 |
| % Share of Total Domestic Workers' Cases Around the World | 71.20 | 78.39 | 75.61  | 80.76 |

Source: Philippine Overseas Labour Office (POLO).

10. Recent data from POLO-Qatar acknowledged that 719 (2014) and 1,333 (2015) domestic workers' cases were reported, mainly complaints of non-payment and labour conditions.

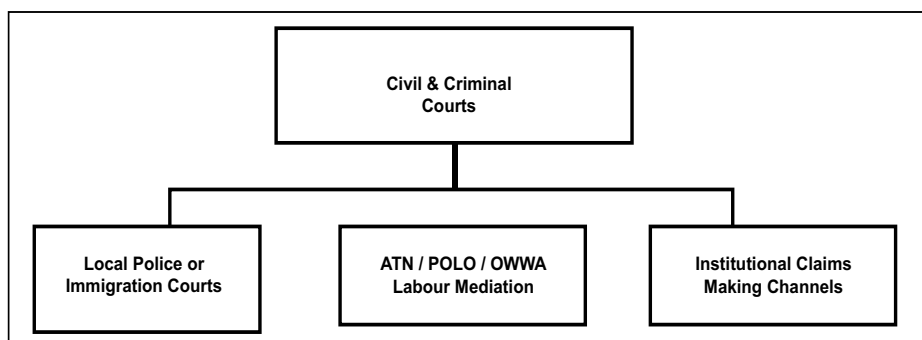


Thus, the large number of labour complaints, combined with illegal migration and human trafficking problems, has placed critical challenges before the frontline state bureaucrats in extending protection to domestic workers in the Gulf countries.

### Frontline State Bureaucrats' Strategies and Coping Mechanisms

Given their structural constraints, frontline state bureaucrats have developed multiple mechanisms to renegotiate the power asymmetry between stakeholders (i.e., employers, workers) under the *kafala* in the Gulf countries. While the pervasive media coverage of domestic worker abuses in the Gulf countries has created the impression that the state has failed to protect its citizens, the complex ways in which frontline state bureaucrats negotiate within these power structures and constraints have been widely overlooked. The following migration governance practices have been identified: (1) labour mediation, (2) 48-hour policy ban, and (3) informal *wasta* network.

**Figure 10.4: Institutional claims making for domestic worker cases**



Source: Author's fieldwork data.

#### ***Labour Mediation as a Diplomatic Tool***

As Figure 10.4 depicts, frontline state bureaucrats initially utilise non-binding labour mediation as a diplomatic tool for settling labour/employment conflicts, rather than directly filing a labour or criminal case against the employer (depending on the case). While the foreign affairs ministries in the Gulf countries prohibit sending-state bureaucrats from communicating with local and expatriate employers, frontline state bureaucrats still offer labour mediation support to all domestic workers while upholding a blacklisting method to discipline employers who deliberately fail to uphold the contractual rights of a domestic worker. As Cynthia, a frontline state bureaucrat in Qatar, notes:

If they are found guilty and do not comply with court rules, non-Qatari employers, too, can be deported. We exert more pressure on these expatriates because they employ more domestic workers than the local Qatari populations. For those unsettled cases, we tend to mediate or file more cases at the local police stations and civil courts to make them accountable for the nonpayment cases. We often work with local police authorities to go into these employers' houses or villas and enforce the courts' order to repay the unpaid salary to the domestic workers. We follow up with them along with the domestic workers to obtain unsettled salaries, benefits and other personal belongings of domestic workers (Personal interview, June 12, 2011).

Despite its non-binding status, frontline state bureaucrats have been able to leverage the temporary immigration status of employers to make them participate in labour mediation. My fieldwork findings suggest that labour mediation can be an effective strategy to make employers and labour recruiters accountable if domestic workers have legal employment status. A former Philippine DOLE Secretary, Patricia Sto. Tomas (2008) acknowledges that a "regular, organised, and documented migration is the best starting point for workers' protection." Thus, the legalised status of a domestic worker in the Gulf country is a critical pre-requisite for labour protection, whereafter frontline state bureaucrats can utilise labour mediation as a tool to maintain good diplomatic relationships with all stakeholders and uphold workers' rights in the host country.

### ***Rise of Administrative Procedures***

Frontline state bureaucrats have also developed administrative procedures such as a "48-hour policy ban," a burden sharing strategy used to reinforce contractual obligations, particularly targeting labour agencies in the Gulf countries and the Philippines. This 48-hour policy ban refers to an informal policy rule employed by frontline welfare bureaucrats to force labour recruiters to address domestic worker cases within 48 hours. As Mark, one such bureaucrat in Qatar, recalls: "We have to push our own administrative regulations to force agencies to respond to their legal responsibilities. We are tough with our policies so we can make sure that domestic workers' rights and cases can be expedited. If we don't use our 48-hour policy ban, these non-abiding agencies would continue to exploit workers and bypass our labour regulations in the host country" (Personal interview, June 27, 2015). This policy critically produces tension between labour agencies and frontline welfare bureaucrats because failure to address domestic worker cases inevitably

“blocks” all labour agencies’ visa processing applications in the Philippines. Equal charges are then imposed on both agencies (i.e., in the form of plane ticket fees or unpaid salaries) if they fail to address runaway domestic worker cases during labour mediation. For example, when, after six months, Perla ran away from her employer due to unpaid salary and accommodation issues, frontline state bureaucrat in Qatar Precy called the labour agency and employer together for labour mediation and used the 48-hour policy ban to force labour agencies to fix the worker’s case, which eventually forced the agency to return Perla’s unpaid wages. Such a burden-sharing approach has enabled frontline state bureaucrats to reduce domestic work caseloads and uphold labour protection for domestic workers in the host country.

### ***Informal (Wasta) Networks as State Tools***

The role of informal networks has also been an effective diplomatic strategy for frontline state bureaucrats in addressing the most difficult labour cases relating to Filipina domestic workers. As “conduits,” frontline state bureaucrats have local knowledge of the most influential Gulf families. As one such bureaucrat Jenny acknowledges:

Having lived here for 20 years now, I know the most relevant families in Qatar. When I see a Qatari employer seeking a domestic worker, I treat them differently because I know they could be of great help to us. I extend a favour by expediting their documents and making sure that they obtain whatever things they need from us” (Personal interview, March 15, 2012).

Such local knowledge of Qatari families is very critical because it helps them identify potential informal yet powerful networks crucially necessary to expand institutional and political connections. This proved to be a positive factor when, for example, one Filipina domestic worker Janice became pregnant (which is illegal in Qatar) and was imprisoned due to certain illicit affairs. Due to alarming caseloads and the rapid job rotation of frontline state bureaucrats, Janice’s case was only resolved when a Muslim frontline state bureaucrat, Antoniao, leveraged her established friendship with an official, who she personally assisted to resolve the case. These informal networks enable solutions to mitigate the risky positions that could have translated into dysfunctional roles otherwise, signifying their usefulness in exerting control and their capacity to realise Philippine state policy objectives. Despite institutional constraints, frontline state bureaucrats utilise their local knowledge and informal networks to seek out alternative financial resources for domestic workers, particularly for plane tickets, Arabic translation fees for court

hearings, clothes, and food. They also work closely with local civil society groups and the local Filipino diaspora to close financial gaps.

## Conclusion

This chapter has examined the effects of the Philippine state actors' proactive migration protection policy on workers' welfare in the Gulf countries. Drawing from Calavita (1985) and Lipsky (1980), it is argued that the Philippine state's capacity to protect domestic workers has not only become limited, but also has been forced to develop multiple governance practices (such as the 48-hour policy ban, labour mediation, and informal networks) to exert administrative power and control. These practices, however, have become severely limited due to the restrictive diplomatic policies of the Gulf countries, generating ongoing political struggles and negotiations. The presence of these country-specific migration governance practices, human agencies, and administrative negotiations indicate that they are neither absolutely powerless nor fully autonomous under the Gulf *kafala* system. This state behaviour often produces reciprocal and fluctuating power relations with local security and immigration authorities within the broader Gulf labour market economies. Although such structurally determined constraints impact their full administrative capacities, frontline state bureaucrats have accommodated rather than confronted political, economic, and institutional pressures from the Gulf states and other internal stakeholders, enabling them to, in essence, renegotiate—at the implementation levels—the imbalance of power and sustain a competitive advantage within the Gulf domestic work sectors.

## **Bibliography**

- Agunias, D. *Managing Temporary Migration Lessons from the Philippine Model*. Washington, D.C.: Migration Policy Institute, 2008.
- Agunias, D. and K. Newland. *Developing a Road Map for Engaging Diaspora in Development: A Handbook for Policymakers and Practitioners in Home and Host Countries*. Washington, D.C.: Migration Policy Institute, 2012.
- Anderson, B. *Imagined Communities: Reflections on the Origin and Spread of Nationalism*. London: Verso, 1991.
- Bach, J., & M.S. Solomon. "Labors of Globalization: Emergent State Responses." *New Global Studies* 2 (2008). put in double commas dot inside the comma
- Battistella, G. "Philippine Migration Policy: Dilemmas of a Crisis." *Sojourn* (Singapore) 14 (1999): 229-48.
- Blank, N. "Making Migration Policy: Reflections on the Philippine's Bilateral Labour Agreements." *Asian Politics and Policy* 3, no.2 (2011): 185-205.
- Block, F. *Revisiting State Theory: Essays in Politics and Postindustrialism*. Philadelphia: Temple University Press, 1987.
- Calavita, K. *Inside the State: the Bracero Program, Immigration, and the I.N.S.* New York: Routledge, 1992.
- Chi, X. "Challenging Managed Temporary Labor Migration as a Model for Rights and Development for Labor-Sending Countries." *New York University Journal of International Law & Politics*. 40 (2008): 497.
- Cruz, R.G. "Did DFA Fail OFW Jakatia Pawa?" ABS-CBN News, 2017. <http://news.abs-cbn.com/overseas/01/26/17/did-dfa-fail-ofw-jakatia-pawa>.
- David, M. and C. Sutton. *Social Research in the Basics, Introduction to Qualitative Data Analysis*. SAGE Publications, 2004.
- Fernandez, B. "Essential yet Invisible: Migrant Domestic Workers in the GCC Countries." GLMM Explanatory Note, 4/14. [http://gulfmigration.eu/media/pubs/exno/GLMM\\_EN\\_2014\\_04.pdf](http://gulfmigration.eu/media/pubs/exno/GLMM_EN_2014_04.pdf).
- Fitzgerald, D. "Inside the Sending State: The Politics of Mexican Emigration Control." *International Migration Review* 40 (2006): 259-293.
- Gamlén, A. "The Emigration State and the Modern Geopolitical Imagination." *Political Geography* 27 (2008): 840-856.
- Go, S. "Fighting for the Rights of Migrant Workers: The Case of the Philippines in Organization for Economic Cooperation and Development & and

- Switzerland." *Migration for Employment: Bilateral Agreements at a Crossroads*. Paris: OECD, 2004.
- Gonzalez, J. L. *Philippine Labour Migration: Critical Dimensions of Public Policy*. Singapore: Institute of Southeast Asian Studies, 1998.
- Jureidini, R. 2010. "Trafficking and the Migrant Contract Workers in the Middle East." *International Migration* 48 no. 4 (2010): 142-163.
- Kanaan, Z. "Concerns Grow over Domestic Workers' Rights." *Kanaan Post*, October 26, 2011.
- Kapiszewski, A. *Native Arab Population and Foreign Workers in the Gulf States: Social, Economic and Security Issues*. 1999.
- Keohane, R. and J. Nye. "Power and Independence Revisited." *International Organization* 41, no. 4 (1987): 725-753.
- Kraków: Towarzystwo Autorow i Wydawców Prac Naukowych Universitas.
- Kuwait Times*. "Minimum Salary for Filipino Domestic Helpers Stays at USD \$400: Labor Attache – Policy Unchanged after Kuwait Adopts KD 60 Minimum Wage." 2015. <http://news.kuwaittimes.net/website/minimum-salary-philipino-domestic-helpers-stays-400-labor-attache-policy-unchanged-kuwait-adopts-kd-60-minimum-wage/>.
- Lindio-McGovern, L. "Alienation and Labor Export in the Context of Globalization." *Critical Asian Studies* 36 (2004): 217-238.
- Lipsky, M. *Street-level Bureaucracy: Dilemmas of the Individual in Public Services*. New York: Russell Sage Foundation, 1980.
- Malit, Jr. F. and Ghafoor, S. "Domestic Work Legislation in the Gulf Countries: A Comparative Policy Review" (online). 2014. Available <http://www.igohr.org/domestic-work-legislation-in-the-gulf-cooperation-council-gcc-a-comparative-policy-review/>.
- Malit, Jr. F., M. Al-Awad and G. Naufal. "Protection by Informal Diplomacy: Structural Constraints and Coping Mechanisms of an Emigration State in Qatar" (forthcoming, 2018).
- Malit, Jr. F. and G. Naufal. 2016. "Asymmetric Information under the GCC Kafala Sponsorship Programs: Impacts on Foreign Domestic Workers' Income and Employment Status." *International Migration* 54, no. 5 (2016): 76-90.
- Martin, P., M. Abella, & E. Midgley. "Best Practices to Manage Migration: The Philippines." *International Migration Review* 38 (2004): 1544-1559.

- Massey, D. S. "International Migration at the Dawn of the Twenty-First Century: The Role of the State." *Population and Development Review* 25 (1999): 303-322.
- Meyers, E. "Theories of International Immigration Policy - A Comparative Analysis." *International Migration Review* 34 (2000): 1245-1282.
- Parrenas, R. S. "Transgressing the Nation-State: The Partial Citizenship and 'Imagined (Global) Community' of Migrant Filipina Domestic Workers." *Signs* 26 (2001): 1129-1154.
- Philippine Overseas Labour Office (POLO). "OFW-Wards Update: Migrant Workers and Other Filipino Resource Center." 2014. Unpublished data.
- Philippine Overseas Employment Administration (POEA). "OFW Statistics." 2017. Available at: <http://www.poea.gov.ph/ofwstat/ofwstat.html>.
- POEA. "Republic Act No.8084 Migrant Workers and Overseas Filipinos Act of 1995" (online). 2012. Available at: <http://www.poea.gov.ph/rules/ra8042.html>.
- Rodriguez, R. M. *Migrants for Export: How the Philippine State Brokers Labor to the World*. Minneapolis: University of Minnesota Press, 2010.
- Ruiz, R. "Don't Hire Our Maids if You Can't Pay, Philippine Ambassador Tells UAE." *The National*, 2012. <http://www.thenational.ae/news/uae-news/dont-hire-our-maids-if-you-cant-pay-philippine-ambassador-tells-uae>.
- Skocpol, T. "Bringing the State Back In: Strategies of Analysis in Current Research." In *Bringing the State Back In* eds. Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol. Cambridge: Cambridge University Press, 1985.
- Skocpol, T., & K. Finegold. "State Capacity and Economic Intervention in the Early New Deal." *Political Science Quarterly* 97 (1982): 255-278.
- Shah, N. M. "Gender and Labour Migration to the Gulf Countries." *Feminist Review* (2004): 183-185.
- Solomon, M.S. "State-led Migration, Democratic Legitimacy, and Deterritorialization: The Philippines' Labour Export Model." *European Journal of East Asian Studies* 8 (2009): 275-300.
- Sto. Thomas, P. "Protecting Migrant Workers from the Philippines." ILO Asian Regional Programme on Governance of Labor Migration. Working Paper No.21, 2009. [http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_105098.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_105098.pdf).

## XI

# The High Cost of Migrating for Work to the Gulf

*Manolo I. Abella\**

**Abstract:** There are inherent costs in job search which workers pay whether employed at home or abroad. Job seekers need to travel and spend time to find job vacancies, undergo tests of their skills as well as their physical fitness, secure some official evidence attesting to their good citizenship, and in some instances pay for the services of job agents. These “transaction costs” tend to be minimal in finding jobs at home but can be very high when one seeks work in another country. This chapter examines evidence on these transaction costs, which we refer to as migration costs, paid by workers. We draw on data from surveys commissioned by the World Bank and the International Labour Organisation (ILO) of some 29 important migration corridors to provide insights into how migration costs can be reduced, especially through policy interventions. Theory suggests that conditions of excess supply of labour (many workers chasing after a few jobs) are a big part of the explanation. Since available jobs, especially for the low-skilled, are much fewer than the number of job-seekers, the market is cleared when employers or their agents auction work permits, which effectively means that workers accept lower

---

\* Manolo Abella was formerly the Director of ILO’s International Migration Programme and currently co-chairs the thematic working group on low-skill migration at the World Bank’s KNOMAD Programme. The author benefited from views and comments received from Usamah Alfarhan of Sultan Qaboos University, Ganesh Seshan of the World Bank, Geoffrey Ducanes of the School of Economics, University of the Philippines, and Philip Martin of University of California (Davis).



wages than what is stated in their contracts. Poor information available to workers and employers contributes to the phenomenon. Employers will offer lower wages to foreign workers with unknown skills, while workers unfamiliar with working and living conditions abroad may overestimate the value of wage offers. This chapter reviews the evidence on why workers appear to be willing to incur what seem to be excessive costs to migrate. It reviews the differences among corridors and looks at policy interventions used by governments for clues into how such costs may be reduced.

## **Significance of High Migration Costs**

It is easy to recognise the impact of high migration costs on the welfare of many poor migrants and their families, and why policies of origin countries to regulate recruitment often fail. Migration is often the best option available to many in the less developed regions to improve their condition, whether to a more industrialised urban area at home or abroad. This is what explains the risks that many poor people take, and the investments that they make, to find work even in countries that they may not have any knowledge of. A farmer in a hill area of Bangladesh can double or even triple his earnings by finding work as a construction labourer in Dubai. This is because, for the same amount of effort, a worker's productivity can easily multiply by working in a country where he or she works with more capital and better technology. Unfortunately, the market for migrant labour is highly inefficient and is characterised by poor information, where intermediaries exercise a dominant role and state policies impede movements and raise costs. Information about vacancies and job-seekers is likely to be undersupplied in the market (Autor 2008). Most employers have no direct knowledge of skills available in foreign countries, while workers, especially those living in remote areas, have little access to information about employment opportunities abroad. Despite bans or limits imposed on fees that can be charged by recruiters, workers in many countries, especially those with few skills, bear not only the actual cost of recruitment but also what amounts to a "rent" that intermediaries are able to extract for allocating scarce jobs. There are international norms such as ILO Conventions prohibiting the charging of recruitment fees from workers as well as national laws and regulations adopted in origin and, in some cases, destination states also, but widespread failure of enforcement has robbed workers and their families of much of the benefits that migration can bring.

The growing problems faced by destination countries with migrants in an irregular situation can easily be traced to these costs borne by the workers. Due to the large amounts involved, a one-year contract is usually not long enough for

workers to recover what they invested, support their families while abroad, and accumulate some savings. Quite a few assume that they can recoup their investment by working many hours of overtime, unmindful of the toll this can take on their health. These are among the “hidden costs” which are unlikely to be taken into account in the worker’s decision to enter into an employment contract. If after the end of their contracts they still have not succeeded in earning a sufficient return on their investment, many will risk over-staying their visas or permitted stay, thereby becoming vulnerable to all the abuses that those without legal status tend to suffer.

Some 10 million people cross borders every year in order to find work. There is much anecdotal evidence that most spend many thousands of dollars for the services of recruiters and people smugglers in order to get their jobs. Billions of dollars can therefore flow back to the pockets of poor workers each year if migration costs can be substantially reduced. The productivity of employing firms will be increased when workers are satisfied with their jobs. This is the reason why the reduction of recruitment costs has been included by the United Nations as one of the global Sustainable Development Goals (SDGs).

## **The Theory**

Extending the Harris-Todaro (1970) model to international migration, one can postulate that migration will take place as long as the “expected wage” at the destination exceeds the expected wage at home.<sup>1</sup> In the Harris-Todaro framework, the equilibrium is reached when the wage that a rural worker can expect to get by moving to a manufacturing job in the urban area is equal to what he or she earns in the rural area. That expected urban wage is defined as the product of the manufacturing wage in the urban sector and the probability ( $p$ ) of getting employed in that sector. When applied to the case of international migration, the expected wage at destination,  $Wde$ , is not the prevailing wage,  $wd$ , but a lower one on account of the “costs” of migration,  $c$ .

$$Wde = p (wd - c)$$

In this chapter, we focus on the size of these costs and what determines them.

- 
1. In the classic Harris Todaro model, the long-run equilibrium in rural–urban migration is reached when the “expected” urban wage,  $w_{eu}$  is defined as:

$$w_u^e = p w_m$$

where  $p$  is the probability of getting a job in the urban sector defined as the employment rate in the manufacturing sector,  $Nm/Nu$ , and  $w_m$  is the prevailing wage in the manufacturing. See Harris & Todaro 1970.

Unless constrained by state policies limiting admissions, migration will take place if the “expected wage” at destination exceeds that in the origin. On the other hand, the probability of getting a job,  $p$ , is not independent of these implicit costs,  $c$ , since these may in fact enhance the probability of employment (i.e., paying for the services of job-brokers or actually buying a work permit may make  $p = 1$ ).

Many factors determine these costs,  $c$ . Some destination countries impose levies as a disincentive to discourage employer dependence on foreign labour. Whether or not these added costs are absorbed by the employer depends on conditions in the market. Where the employer is able to exercise power as the sole buyer (“monopsonist”), these added costs may be absorbed by the worker, such as by accepting a lower wage than what he or she would otherwise have accepted, or by paying the employer’s agent in order to get a job offer. There is evidence of labour market segmentation based on skill. Where the workers possess skills that are in short supply and thus have countervailing power, as is the case for medical professionals, managers, and engineers, employers often absorb most, if not all, of the cost of recruitment, all the immigration costs, as well as levies.

Recognising the weak bargaining position of its nationals who have low skills, some origin countries intervene in employment contracting by establishing minimum standards for foreign jobs. In other words, they try to influence the size of  $w_d$  in the model. Several origin countries in Asia, for instance, require standard contracts with minimum wages and working conditions, below which contracting for employment will not be allowed. Whether or not such intervention actually “works” depends on the degree to which the country exercises some “monopoly power” as a supplier of a particular kind of labour and on the willingness of the host country government to enforce the standard.<sup>2</sup> More generally, unless they conspire to control labour supply and adopt the same wage standards, governments of origin countries have little influence on the actual wage their nationals receive and how much of the recruitment costs they absorb. In most instances, migrant workers from low-wage countries are simply “price takers” – they cannot influence the wage. In this way, they often end up absorbing the added costs involved in migration regardless of what their governments say, either by paying recruiters up front, or by accepting lower wages, or both.

In this chapter, we look at the migration of low-skilled migrant workers in the labour markets of the Gulf region where conditions mirror those in the Harris-

---

2. Such instances are rare, but there have been exceptions such as the agreement between the Philippines and Saudi Arabia on minimum wages for domestic helpers.

Todaro model. Low-skill foreign workers come from lower income countries in Asia and Africa where wages are much lower than in the destination, there is no minimum wage and wage setting in the private sector is pretty much left to the market, and where barriers to admission of foreign workers are generally low (even if only selectively applied). The probability of landing a job also depends on the employment rate at the destination, but as pointed out earlier, a low-wage job may be assured if one goes through a recruiter. The expected wage will, however, be lower than prevailing wages once the cost of migration is taken into account.

### **Evidence of High Costs Paid by Migrant Workers to the Middle East**

There is much evidence, anecdotal as well as from recent studies, that in the Asian and GCC migration corridors, the burden of recruitment and related costs have fallen heavily on the shoulders of migrant workers. As far back as 1976, Farooqi-Azam reported that Pakistani migrant workers were paying Rs 10,488 more on average than what the government of Pakistan allowed recruitment agencies to charge workers.<sup>3</sup> In 1984, Peeratep Roongshivin reported that Thai migrant workers were paying recruiters fees of about \$600.<sup>4</sup> In a 1995 survey of South Asian migrant workers in Kuwait, Nasra Shah found that Bangladeshis paid on average \$1,727 to get their jobs, Indians \$900, Pakistanis \$768, and Sri Lankans \$ 689.<sup>5</sup> The cost of migration has not declined in these corridors despite the large numbers who have passed through them. A multi-agency survey on recruitment commissioned by IOM in 2016 found that Nepalese workers to the UAE paid anywhere from \$1,400 to \$1,600 for their visas, recruiters' fees, and related costs.<sup>6</sup> Rahman (2013) reported that nearly 66 per cent of Bangladeshi migrants to the Gulf had outstanding loans averaging \$2,154 and were struggling to pay them back. The reason for the "stickiness" of high cost may be what Seshan (2016) observed in Kerala where several rounds of surveys conducted by the Centre for Development Studies starting in 1998 indicated that costs declined but then rose again with the size of migrant networks. Although the growth of social networks may indeed have the effect of bringing down costs, the trend appeared to have reversed or levelled off in areas with denser migrant networks, characterised by the high proportion of households in a locality with one or more members working abroad. Citing the

---

3. Farooqi-Azam 1966.

4. See Roongshivin 1984.

5. Shah (1996) cited by M. Abella (2004).

6. See IOM (Kuwait) November 2016.

findings of the 2013 round of the Kerala surveys, Seshan found that, on average, Indian migrants to the Gulf paid \$548 for their visas, \$251 for recruiter's fees, and another \$249 for air tickets and emigration clearance fees.<sup>7</sup>

Comparison of these reported costs is made difficult by the fact that the studies did not start with a uniform definition of what costs to include. Even if they did, many practical problems arise, particularly when the migrants themselves do not know what specific costs they were charged. This is not uncommon, since lack of transparency (even outright deceit) is a feature of many recruitment processes. Moreover, what survey respondents are usually asked is what they paid for, hence "implicit" costs, such as accepting a lower wage or agreeing to deductions from wages, are not taken into account.

To start with, it is important to determine if there are strong similarities or if there are wide differences in costs paid and reported by the migrants. Can differences be explained by personal characteristics of the workers (such as previous experience abroad, education, age, sex), by supply and demand conditions, or by structural factors such as policies of the destination country or the existence of social networks? *A priori* one may postulate that what workers paid depends on demand and supply conditions, the size of the wage differential between origin and destination countries, the skill of the workers, their previous experience working abroad, the mode of recruitment or the existence of social networks that facilitate migration, and immigration and labour policies of destination countries. Holding some of these determinants constant can make the analysis much simpler. For workers in the same or similar occupations, coming from the same country of origin and who worked in the same destination, differences in costs are therefore unlikely to be due to labour market conditions or to the policies of their government, or of the government at destination, and instead are likely to be due to previous experience working abroad, rural vs. urban origin, whether they were hired by their employers directly, hired through the intercession of relatives and friends already in the destination country, or hired through recruitment agents.

Where differences in worker-paid costs are significant among workers in the same occupation who were employed in the same destination country, but who originated from different ones, one will need to examine if differences in regulations and policies of their respective governments can explain the differences. If the

---

7. The reversal of the trend in costs appears to have occurred amidst improving economic conditions in Kerala. Seshan opined that this may be due to the growth of internal movements of aspiring migrant workers from other Indian states to Kerala to avail of its more developed migration infrastructure. See Seshan 2016.

significant differences are in costs paid by workers from the same country but employed in different ones, the question that then arises is whether these can be explained by differences in conditions or policies among destination countries. Some destination countries require employers to absorb recruitment costs and prohibit them or their agents from charging fees from the workers. In some countries, the practice of “trading” in work permits is prevalent, often despite legal prohibitions against it (Rahman 2013, Jureidini 2016; Segall & Labowitz 2017).<sup>8</sup>

In Asia, most of the origin countries have regulations and policies aimed at disallowing or putting a ceiling on fees recruiters may charge workers. The ceiling may be an absolute amount or a limit expressed in terms of wages—usually a month or two months in wages if the job contract is for two years or more. Violation of the rule can result in suspension or cancellation of a recruiter’s license, or, in some instances, the payment of stiff penalties. If the policy is effective, one would expect that reported costs will tend to gravitate around these limits. Significant “in-country” differences, on the other hand, may mean that not all workers, especially those living far from metropolitan centres, are informed about the regulation, or the regulation is not effectively enforced by the authorities. It is also not uncommon to find workers who willingly pay more than the legal ceiling since they believe it is the only way to get a job. The magnitude of differences in reported costs can therefore provide authorities with a useful feedback on how well their policies are working. It should obviously be of concern if many are paying more than the legal ceiling. From the standpoint of policy, it would be important to find out if there are significant outliers at the upper end of the cost distribution.

In our analysis, we therefore find it useful to draw a distinction between “in-corridor” differences and “between corridor differences.” Large “in-corridor differences” may be due to worker’s individual traits, familiarity with migration processes, previous experience in migration, or how he or she was recruited. Between-corridor differences, on the other hand, may suggest differences in conditions or policies of either destination or origin countries.

## **KNOMAD/ILO Surveys to Measure Migration Costs**

Starting in 2014, the Global Knowledge Partnership on Migration and Development (KNOMAD) initiative that is hosted at the World Bank undertook

---

8. This is the practice frequently observed in some of the Gulf states where the work permits issued by the Government to employers or labour suppliers (sponsors) are sold to job seekers or recruiters. See Jureidini 2016.

surveys of worker-paid migration costs in several migration corridors, some jointly with the ILO, using a standard questionnaire. The surveys sought to obtain detailed information on what the workers spent to migrate for employment, including all fees paid to intermediaries whether these were informal job brokers or licensed agents or to relatives and friends who secure job offers and work visas (which are sold in some countries), to governments for travel documents and various exit requirements, and informal payments including bribes.<sup>9</sup> The survey questionnaire also asked when these were paid, including as deductions from wages, whether they took out loans to finance their migration, how long did the job search last, how many times they have worked abroad, how much they earned at home and in the foreign country, and how much they remitted home. The survey questionnaire was designed to fill in some of the information gaps noted in earlier studies such as the costs implicit in accepting lower than prevailing wages, very long working hours, and the opportunity costs as workers forego earnings during job search and for jobs left behind.

The target respondents were low-skilled migrants who are working, or have recently returned, from jobs in one of three sectors—agriculture, services, and construction. Low-skilled migrants were targeted since they comprise the largest proportion of all who migrate for employment and because it is well known that employers are less likely to pay for their recruitment than that for the skilled. Pilot surveys with small samples were first conducted in Spain, Kuwait, and the Republic of Korea. These were then followed with surveys in India, the Philippines, and Nepal of recently returned migrants from Qatar; in Ethiopia and Pakistan of those who recently returned from Saudi Arabia (and in Pakistan's case also those from UAE), and of migrants still working in Mexico, Russia, and Italy. Including the pilot surveys, some 31 migration corridors were covered and some 5,854 workers interviewed (see list in Appendix 11A).

---

9. Due to the fact that many transactions in recruitment are “opaque,” the workers may not be informed on what exactly they are paying for. It was therefore necessary to develop a questionnaire that probed into total payments as well as for specific items. It was also recognised that workers incur costs not only for the job currently held but also for previous but failed attempts to migrate, but in the surveys it was decided to limit the costs to those that can be associated with the jobs held abroad.



## **Surveys Revealed Wide Differences in Cost to Migrate for Work**

The KNOMAD/ILO Surveys in 2015 and 2016 revealed considerable differences in recruitment and migration costs paid by migrants in the 29 migration corridors covered. The Middle East corridors appear to have cost migrants the most, while those to Mexico, and to Russia and Spain were the least costly. Migrant workers in Mexico come mainly from its next door neighbours in Central America, and wages in Mexico are not much higher than those in the origin countries. Migrant workers in Russia are mostly from Central Asia, from countries which were part of the Soviet Union in times past and where strong social networks have already developed. The migrant workers in Spain are mostly seasonal workers from countries in Eastern Europe which have free movement arrangements under the EU. In the absence of state restrictions on cross-border movements, the cost of migration appears to be little more than the cost of transport to the country of employment. However, in the case of migration to the Gulf states, the much higher costs require explanation since they are evidently not due to transport costs.

Aside from the much higher costs, there were notable differences in the costs reported by the Gulf workers originating from different countries (Martin 2017). We refer to these as “corridor differences.” Table 11.1 shows the average total cost paid by the workers, together with measures of variance, for selected migration corridors. Since what costs workers are willing to incur also depend on what they expect to earn, these costs were then expressed as a ratio of costs to monthly earnings abroad. Migrants from some origin countries, notably Pakistan, incurred higher costs to migrate than other migrants. Since, on average, Pakistanis only earned \$491 a month, they had to work 10.5 months to recover their investment in migration of \$4,460 (in 2016 US dollars).



**Table 11.1: Recruitment costs and earnings of migrant workers in selected countries, \* 2015 and 2016**

|  | Variable  | N   | Mean  | Med   | St. Dev | Min | Max    | 4th quantile | 5th quantile |
|--|---|-----|-------|-------|---------|-----|--------|--------------|--------------|
| <b>Pakistan - Saudi Arabia 2015</b>    |   |     |       |       |         |     |        |              |              |
|  | Total recruitment cost in 2016 USD                | 375 | 4,460 | 4,035 | 1931    | 193 | 12,691 | 5,576        | 7,167        |
|  | Current monthly earnings in 2016 USD              | 374 | 491   | 432   | 248     | 94  | 2700   | 675          | 851          |
|  | Recruitment cost in monthly earnings <sup>a</sup> | 374 | 10.5  | 9.5   | 5.6     | 0.2 | 40.8   | 12.1         | 16.4         |
| <b>India - Saudi Arabia 2016</b>       |   |     |       |       |         |     |        |              |              |
|  | Total recruitment cost in 2016 USD                | 409 | 1,386 | 1,329 | 779     | 415 | 14,995 | 1,495        | 1,894        |
|  | Current monthly earnings in 2016 USD              | 409 | 377   | 373   | 71      | 18  | 693    | 419          | 480          |
|  | Recruitment cost in monthly earnings <sup>a</sup> | 409 | 4.5   | 3.5   | 8.3     | 0.6 | 110.7  | 4.1          | 5.3          |
| <b>Nepal - Saudi Arabia 2016 *</b>     |   |     |       |       |         |     |        |              |              |
|  | Total recruitment cost in 2016 USD                | 98  | 769   | 628   | 393     | 186 | 1,861  | 1,116        | 1,396        |
|  | Monthly earnings at arrival in 2016 USD           | 97  | 286   | 267   | 81      | 14  | 533    | 267          | 373          |
|  | Recruitment cost in monthly earnings <sup>a</sup> | 97  | 3.8   | 2.3   | 6.7     | 0.7 | 55.6   | 3.8          | 5.2          |
| <b>Philippines - Saudi Arabia 2016</b> |   |     |       |       |         |     |        |              |              |
|  | Total recruitment cost in 2016 USD                | 476 | 309   | 228   | 297     | 0.0 | 1,780  | 368          | 71           |
|  | Current monthly earnings in 2016 USD              | 483 | 471   | 400   | 179     | 0.0 | 1,600  | 480          | 69           |
|  | Recruitment cost in monthly earnings <sup>a</sup> | 468 | 0.7   | 0.5   | 0.7     | 0.0 | 6.5    | 0.8          | 1.7          |
| <b>Ethiopia - Saudi Arabia 2015</b>    |   |     |       |       |         |     |        |              |              |
|  | Total recruitment cost in 2016 USD                | 499 | 1,015 | 832   | 774     | 55  | 6,195  | 1,069        | 1,773        |
|  | Current monthly earnings in 2016 USD              | 499 | 348   | 270   | 236     | 0.0 | 1,890  | 432          | 729          |
|  | Recruitment cost in monthly earnings <sup>a</sup> | 497 | 3.7   | 2.9   | 3.1     | 0.2 | 23.9   | 4.1          | 7.1          |
| <b>Nepal - Qatar 2016 **</b>           |   |     |       |       |         |     |        |              |              |
|  | Total recruitment cost in 2016 USD                | 89  | 742   | 651   | 363     | 186 | 1,861  | 930          | 1,396        |
|  | Monthly earnings at arrival in 2016 USD           | 89  | 292   | 247   | 187     | 30  | 1,923  | 302          | 357          |
|  | Recruitment cost in monthly earnings <sup>a</sup> | 89  | 2.9   | 2.5   | 1.9     | 0.3 | 15.4   | 3.7          | 4.8          |
| <b>India - Qatar 2015</b>              |   |     |       |       |         |     |        |              |              |
|  | Total recruitment cost in 2016 USD                | 400 | 1,156 | 1,174 | 248     | 352 | 1,715  | 1,369        | 1,486        |
|  | Current monthly earnings in 2016 USD              | 401 | 604   | 612   | 100     | 236 | 779    | 668          | 751          |
|  | Recruitment cost in monthly earnings <sup>a</sup> | 400 | 1.9   | 1.9   | 0.4     | 0.5 | 3.7    | 2.1          | 2.3          |

**Table 11.1 (contd.)**

| <b>Philippines - Qatar 2015</b> |   |     |       |       |     |     |         |       |       |
|---------------------------------|---|-----|-------|-------|-----|-----|---------|-------|-------|
|                                 | Total recruitment cost in 2016 USD                | 349 | 519   | 377   | 481 | 0.0 | 3,347   | 724   | 1,191 |
|                                 | Current monthly earnings in 2016 USD              | 366 | 508   | 445   | 268 | 0.0 | 2782    | 640   | 835   |
|                                 | Recruitment cost in monthly earnings <sup>a</sup> | 348 | 1.1   | 0.8   | 1.0 | 0.0 | 5.6     | 1.4   | 2.6   |
| <b>Nepal - Malaysia 2016 *</b>  |   |     |       |       |     |     |         |       |       |
|                                 | Total recruitment cost in 2016 USD                | 164 | 689   | 582   | 302 | 186 | 1,861   | 791   | 1,117 |
|                                 | Monthly earnings at arrival in 2016 USD           | 163 | 241   | 241   | 36  | 193 | 458     | 241   | 313   |
|                                 | Recruitment cost in monthly earnings <sup>a</sup> | 162 | 2.9   | 2.5   | 1.3 | 0.8 | 8.1     | 3.4   | 4.7   |
| <b>Vietnam - Malaysia 2015</b>  |   |     |       |       |     |     |         |       |       |
|                                 | Total recruitment cost in 2016 USD                | 399 | 1,401 | 1,400 | 287 | 45  | 2,509.5 | 1,487 | 1,704 |
|                                 | Current monthly earnings in 2016 USD              | 399 | 362   | 350   | 197 | 0.0 | 3889    | 389   | 467   |
|                                 | Recruitment cost in monthly earnings <sup>a</sup> | 393 | 4.2   | 4.0   | 1.6 | 0.1 | 19.4    | 4.7   | 6.0   |

**Note:**

- \* Recruitment costs defined to include all out-of-pocket expenses paid by migrants to get a job abroad, including all formal and informal payments (i.e., bribes), to intermediaries (job brokers/licensed agencies, or friends and relatives) or employers, for work visas (including informal costs), interest paid on loans, and for local and foreign travel.
- \*\* Nepal 2016 survey was conducted prior to migrants' departure to their destination countries. Reported earnings at arrival are based on the employment contract information, and migration cost questions are answered by migrants' families after the departure.
- a Averages calculated from sample distribution of ratios of recruitment cost to earnings.

## Same Origin, Same Destination

What are the possible determinants of costs if we hold origin and destination constant? Reading across each row in Table 11.1, one finds a wide spread of the costs paid by workers from the same country going to the same destination. In order to find out what explains the differences, we regressed total migration costs against migrants' characteristics—occupation, education level, age, sex and years working outside origin country—and mode of application. The variables that had a significant effect on “in-corridor” differences in costs are listed in Table 11.2 together with the R<sup>2</sup> scores indicating how much of the costs they could explain. We note two interesting results: Except for India, the identified variables can explain only a fourth to fifth of the costs. Unobserved determinants may be responsible for the rest of the variation such as, for example, differences in motivation to migrate or

differences among their employers. Secondly, the “mode of application” mattered in the four countries. This refers to how the migrants were recruited—through job brokers, licensed agents, relatives/friends, or directly by their employers. Those who found their jobs through informal job brokers and licensed agencies incurred higher costs than those who were recruited with the help of relatives/friends or were directly recruited by their employers.<sup>10</sup>

**Table 11.1 (contd.) Recruitment costs and earnings of migrant workers in selected countries**

| Survey                              | Variable  | N   | Mean  | Median | St. Dev | Min | Max    | 4th quantile | 5th quantile |
|-------------------------------------|---|-----|-------|--------|---------|-----|--------|--------------|--------------|
| <b>El Salvador - Mexico 2016</b>    |   |     |       |        |         |     |        |              |              |
|                                     | Total migration cost in 2016 USD                    | 102 | 157   | 56     | 393     | 0   | 3,038  | 89           | 426          |
|                                     | Current monthly earnings in 2016 USD                | 125 | 244   | 204    | 284     | 26  | 3,240  | 256          | 307          |
|                                     | Migration cost indicator (current monthly earnings) | 101 | 1     | 0      | 3       | 0   | 18     | 0            | 2            |
| <b>Guatemala-Mexico 2016</b>        |   |     |       |        |         |     |        |              |              |
|                                     | Total migration in cost in 2016 USD                 | 174 | 54    | 15     | 147     | 0   | 1,525  | 32           | 137          |
|                                     | Current monthly earnings in 2016 USD                | 204 | 266   | 166    | 755     | 11  | 9,968  | 204          | 204          |
|                                     | Migration cost indicator                            | 174 | 0     | 0      | 1       | 0   | 10     | 0            | 1            |
| <b>Honduras-Mexico 2016</b>         |   |     |       |        |         |     |        |              |              |
|                                     | Total migration in cost in 2016 USD                 | 137 | 154   | 66     | 306     | 0   | 2,535  | 101          | 319          |
|                                     | Current monthly earnings in 2016 USD                | 163 | 235   | 204    | 192     | 10  | 1,994  | 256          | 332          |
|                                     | Migration cost indicator                            | 137 | 1     | 0      | 1       | 0   | 10     | 1            | 2            |
| <b>Kyrgyzstan-Russia 2016</b>       |   |     |       |        |         |     |        |              |              |
|                                     | Total migration cost in 2016 USD                    | 209 | 504   | 332    | 586     | 1   | 4,095  | 500          | 875          |
|                                     | Current monthly earnings in 2016 USD                | 260 | 416   | 373    | 191     | 0   | 1,193  | 465          | 671          |
|                                     | Migration cost indicator                            | 195 | 1     | 1      | 1       | 0   | 7      | 1            | 2            |
| <b>Tajikistan-Russia 2016</b>       |   |     |       |        |         |     |        |              |              |
|                                     | Total migration cost in 2016 USD                    | 244 | 1,075 | 449    | 3771    | 0   | 48,496 | 731          | 1,374        |
|                                     | Migration cost indicator                            | 231 | 4     | 1      | 20      | 0   | 232    | 2            | 3            |
| <b>Uzbekistan-Russia 2016</b>       |   |     |       |        |         |     |        |              |              |
|                                     | Total migration cost in 2016 USD                    | 265 | 527   | 447    | 398     | 0   | 3,302  | 608          | 1,014        |
|                                     | Current monthly earnings in 2016 USD                | 312 | 489   | 328    | 1,738   | 5   | 30,000 | 447          | 597          |
|                                     | Migration cost indicator                            | 254 | 2     | 1      | 5       | 0   | 82     | 2            | 3            |
| <b>Senegal-Italy 2016</b>           |   |     |       |        |         |     |        |              |              |
|                                     | Total migration cost in 2016 USD                    | 68  | 1,507 | 1,050  | 1,744   | 0   | 9,415  | 1,535        | 2,690        |
|                                     | Current monthly earnings in 2016 USD                | 81  | 765   | 719    | 483     | 0   | 1,770  | 1,150        | 1,438        |
|                                     | Migration cost indicator                            | 57  | 2     | 2      | 2       | 0   | 8      | 2            | 3            |
| <b>West Africa CFA-Italy 2016 *</b> |   |     |       |        |         |     |        |              |              |
|                                     | Total migration cost in 2016 USD                    | 71  | 1,259 | 1,027  | 974     | 0   | 3,543  | 1,797        | 2,713        |
|                                     | Current monthly earnings in 2016 USD                | 81  | 737   | 719    | 546     | 0   | 1,881  | 1,150        | 1,438        |
|                                     | Migration cost indicator                            | 55  | 2     | 1      | 2       | 0   | 8      | 2            | 4            |

10. Controlling for occupation, education, sex, age, and years working outside, those who applied through agents or brokers incurred higher costs to migrate compared to those who applied through relatives/friends.

**Table 11.1 (contd.)**

| <b>West Africa-Italy 2016 *</b> |                                      |    |       |       |        |     |         |       |       |
|---------------------------------|--------------------------------------|----|-------|-------|--------|-----|---------|-------|-------|
|                                 | Total migration cost in 2016 USD     | 70 | 4,954 | 1,123 | 29,913 | 0   | 251,297 | 1,579 | 3,369 |
|                                 | Current monthly earnings in 2016 USD | 90 | 936   | 1,001 | 509    | 0   | 2,301   | 1,294 | 1,510 |
|                                 | Migration cost indicator             | 64 | 2     | 1     | 2      | 0   | 9       | 2     | 4     |
| <b>Egypt-Italy 2016</b>         |                                      |    |       |       |        |     |         |       |       |
|                                 | Total migration cost in 2016 USD     | 23 | 3,939 | 2,246 | 3,600  | 259 | 11,997  | 6,716 | 9,403 |
|                                 | Current monthly earnings in 2016 USD | 21 | 1,247 | 1,217 | 565    | 431 | 2,301   | 1,659 | 1,999 |
|                                 | Migration cost indicator             | 21 | 4     | 4     | 4      | 0   | 14      | 6     | 11    |
| <b>Nigeria-Italy 2016</b>       |                                      |    |       |       |        |     |         |       |       |
|                                 | Total migration cost in 2016 USD     | 42 | 4,446 | 1,456 | 11,621 | 0   | 67,157  | 3,139 | 5,598 |
|                                 | Current monthly earnings in 2016 USD | 49 | 594   | 575   | 456    | 0   | 2,340   | 719   | 1,150 |
|                                 | Migration cost indicator             | 35 | 8     | 2     | 22     | 0   | 117     | 6     | 10    |

**Source:** KNOMAD/ILO Surveys in 2015 and 2016.

**Note:** \*Due to small number of observations, some countries were grouped based on common geographic/economic features:

1. West Africa: Migrants born in Cape Verde, Ghana, Cote d'Ivoire, Gambia, Liberia, Guinea, Sierra Leone
2. West Africa CFA: Migrants born in Benin, Togo, Mali, Guinea-Bissau, Burkina Faso, Niger

**Table 11.2: Significant determinants of differences in recruitment costs for migrants in same origin country and same destination country\***

| Origin             | Destination  |  |   |   |
|--------------------|--|--|---|---|
|                    |  | 2015   |   | 2016  |
|                    | Saudi Arabia   | Qatar  | UAE   | Saudi Arabia  |
| <b>Ethiopia</b>    | Occupation<br>Mode of application<br>Years outside<br>$R^2 = 0.2261$ |  |   |   |
| <b>India</b>       |  | Occupation<br>Level of education<br>Mode of application<br>Sex<br>Age<br>Years outside<br>$R^2 = 0.7044$ |   | Occupation<br>Level of education<br>Mode of application<br>$R^2 = 0.3355$ |
| <b>Nepal</b>       |  | Occupation<br>Level of education<br>Mode of application<br>$R^2 = 0.2241$                                |   |   |
| <b>Pakistan</b>    | Occupation<br>Mode of application<br>Age<br>$R^2 = 0.2116$           |  | Occupation<br>Level of education<br>Mode of application<br>Age<br>Years outside<br>$R^2 = 0.2707$ |   |
| <b>Philippines</b> |  | Occupation<br>Mode of application<br>$R^2 = 0.2248$  |   | Occupation<br>Sex<br>Years outside<br>$R^2 = 0.2015$                      |

- Significant factors have “p” score of less than 10 percent based on regression model  $Y = \beta_1 \text{age} + \beta_2 \text{years outside} + \beta_3 \text{occupation} + \beta_4 \text{gender} + \beta_5 \text{mode of application} + \beta_6 \text{level of education} + \epsilon$ .

Differences in the composition of the migrants from the same origin and the same destination countries may also partly explain the wide differences in costs. Although the surveys were limited to low-skilled workers, there may in fact be differences among them. For example, Pakistani, Indian, and Nepalese migrants were mostly male workers taking up jobs in construction, while Filipino and Ethiopian migrants were spread over more occupations and included significant numbers of females who were employed as domestic helpers.

### **Same Destination, Different Origin**

The surveys revealed that the differences in what migrants paid to work in Saudi Arabia or in Qatar were remarkably different depending on which country they originated from. Among those who worked in Saudi Arabia, Pakistanis paid the most, on average more than three times what the Indian migrants paid, 4.4 times what the Ethiopians paid, and almost six times what the Nepalese paid. Since the comparison is made of cost to workers going to the same destinations, it is curious why such differences are observed. Are these due largely to differences in conditions in the origin countries such as high unemployment or failure of the government to curb recruitment malpractices? Or is it possible that destination policies or conditions can vary depending on the workers' origin? For instance, it is possible that a destination country limits admissions from certain origin countries, but not from others. A likely consequence is to raise prices offered for the few work visas available as those able to secure them (sponsors as well as job brokers) are able to "sell" them to the highest bidders. Unfortunately, it is not possible to ascertain the existence of such discriminatory admission policies since they are never explicit or formal. Another explanation may be that migrants were paying more for higher paying jobs in the same destination. Pakistanis did earn 30 per cent more on average than the Indians, 41 per cent more than the Ethiopians, and as much as 70 per cent more than the Nepalese.<sup>11</sup> Among those who worked in Qatar, the Indians paid over 50 per cent more than the Nepalese but earned more than twice, and they paid over 2.2 times more than the Filipinos but earned, on average, about 18 per cent more.

The KNOMAD/ILO surveys revealed that "visa" costs represented a very high percentage of total recruitment costs for Pakistani migrants but not for Indians or

---

11. Nevertheless, on average, Pakistani migrants still have to work longer to recover what they invested in migration - 6 months more than the Indians, and 6.7 months more than the Nepalese.

Filipinos. Respondents were asked about the specific items they paid for, but given the usual lack of transparency in recruitment transactions, the separation of some cost items became problematic. What local job-brokers charge workers for visas may be much higher than what they cost to obtain. For this reason, we report both costs in Table 11.3. Migrant workers in the Gulf states reported visa and recruiters' fees as the two biggest costs they paid for. Pakistanis paid an average of \$3,121 for their visa to Saudi Arabia, the Bangladeshis \$2,324 and Egyptians \$2,486 for their visas to Kuwait. These costs have no relation to official visa fees but are no doubt the consequence of trading in visas, both in the destination as well as in the origin countries. In sharp contrast, only 13 out of 480 Filipinos who worked in Saudi Arabia reported paying for their visa.<sup>12</sup> Trading in visas thus seems more rampant in some countries than in others as Amjad et al. (2016) suspected is the case in Pakistan.<sup>13</sup>

Recruiters in Asia and the Middle East have not adopted a standard for the fees they charge for their services. In these corridors, the market for recruitment services often has monopolistic features such as the recruiter's ability to dictate the price, since he or she has exclusive information about the job and that all important link with the employer abroad. The temptation to take advantage of this market power (such as auctioning jobs to the highest bidders) is only constrained by social norms which may not be insignificant especially in small rural communities where everyone knows each other.<sup>14</sup> Nevertheless, in general, where there are many more job-seekers than jobs on offer, the recruiter will be tempted to price his or her services according to what the market will bear.

- 
12. Philippine authorities have banned the charging of recruitment fees from workers recruited to do domestic services and set a minimum wage of \$400 a month. The surveys suggest that the policy is having the intended effects.
  13. The authors Amjad et al. commented on the prevalence of visa trading in Pakistan "...Clearly there exists a market for visas in Pakistan in which many people including government functionaries are involved at different stages encompassing even the destination country and the high mainly illegal rents that are earned in this market are distributed amongst these people. These include amongst other the officials of government agencies regulating migration, recruiting agents and even friend/relative who are part of a chain that arranges the visa."
  14. The phenomenon of using informal brokers or dalals has received much attention in Bangladesh. A recent study points out that uneducated rural people prefer to apply through them because dalals come from the same community and they assume a certain accountability in case the job seeker fails to land a job. See Segall and Labowitz 2017.

**Table 11.3: Reported amounts paid to job brokers/recruitment agencies and for visas**

|                    |             | Average Fees paid to Agents    |        |      |
|--------------------|-------------|--------------------------------|--------|------|
| Migration Corridor |             | Mean                           | Median | SD   |
| Qatar              | India       | 464                            | 477    | 113  |
|                    | Nepal       | 759                            | 824    | 276  |
|                    | Philippines | 495                            | 450    | 280  |
| Saudi Arabia       | Pakistan    | 273                            | 122    | 379  |
|                    | India       | 49                             | 47     | 24   |
| UAE                | Pakistan    | 293                            | 254    | 243  |
|                    |             | Average Amounts Paid for Visas |        |      |
| Saudi Arabia       | Pakistan    | 3121                           | 2871   | 1515 |
| UAE                | Pakistan    | 1740                           | 1485   | 865  |
| Kuwait             | Bangladesh  | 2324                           | 1803   | 1074 |
|                    | India       | 344                            | 9      | 640  |
|                    | Egypt       | 2486                           | 2756   | 1502 |
|                    | Sri Lanka   | 87                             | 0      | 288  |

Source: KNOMAD/ILO Surveys in 2015.

In a perfectly competitive market, the standard theory says there should be “one price.” If agents do act like monopolists in the recruitment market, one would expect a lot of differences in the fees that they charge different workers from the same country. They may demand fees that depend on what they know is the buyer’s capacity to pay. Today many origin country governments establish a ceiling on allowable fees, so if these are effective we should see some convergence in the price of recruiter’s services. To find out we measured the variance in fees as reported by the survey respondents, as well as in the prices charged for visas which we suspect incorporate fees or “rent” that job brokers are able to extract from job-seekers. The large variance in reported costs for several migration corridors also shown in Table 11.3 strongly suggest the exercise of monopoly power by those who are able to obtain and sell visas. We further tested how differences in migration costs are associated with the mode of recruitment, while holding constant the other observed determinants (age, level of education, gender, years outside the country, and occupation). Our regression showed the following results:<sup>15</sup>

15. Reported here are only the coefficients which had a “p” value lower than 10 per cent. Regression model relating total migration costs (natural log) to occupation, education, age, gender, years outside their country, and mode of recruitment was able to explain anywhere from 20 to 33 per cent of variation in migration costs, except in the case of Indians to Qatar where it explains as much as 70 per cent.

- \* In the case of Indian and Nepali migrants, the cost of getting a job directly from their employers in Qatar was 83 per cent and 57 per cent lower, respectively, than if they went through informal brokers;
- \* In the case of Pakistanis, the cost of migrating to UAE through friends and relatives was 40 per cent lower than if they got the job through informal brokers;
- \* For the Indians who migrated to Saudi Arabia, the reported costs of getting their jobs directly from employers were 40 per cent lower than going through informal brokers; and 42 per cent lower than through the category “other.”<sup>16</sup>

### **Prior Experience of Working Abroad Has Ambiguous Effect on Costs**

Lack of information about workers and about jobs abroad is the key explanation cited for the existence of a market for job brokers or intermediaries. If employers are already familiar with worker’s skills and the workers know what conditions of employment to expect, would the cost of migration be much lower? The KNOMAD/ILO surveys include a question on previous work abroad, so it is possible to test if migrants who had already worked abroad incurred less costs than those going for the first time. We used the survey of Pakistani returnees from Saudi Arabia and UAE to test the hypothesis. We looked at what workers paid for their visas since other costs aside from passports are likely to be the same regardless of the number of times the worker went to work abroad.<sup>17</sup> With cost of visa,  $v$ , as dependent variable we tested how it related to previous work experience abroad,  $X$ . For Pakistanis who worked in either Saudi Arabia or the UAE, we found no statistically significant difference in the visa costs between first-timer and those who have worked abroad before.

The same conclusion comes from the survey of Filipino migrant workers who returned from Qatar. Fig.11.1 shows the distribution of the sample according to number of years the migrants worked abroad. For most of the workers, the number of years spent abroad did not appear to reduce recruitment costs. It is even curious, although the number of observations (blue dots) is very small, that costs were much higher for those who claimed having already worked abroad for many years. It would thus appear, from the findings from the surveys in Pakistan and the Philippines, that contrary to expectations, previous work abroad is not a significant factor in reducing costs of migration.

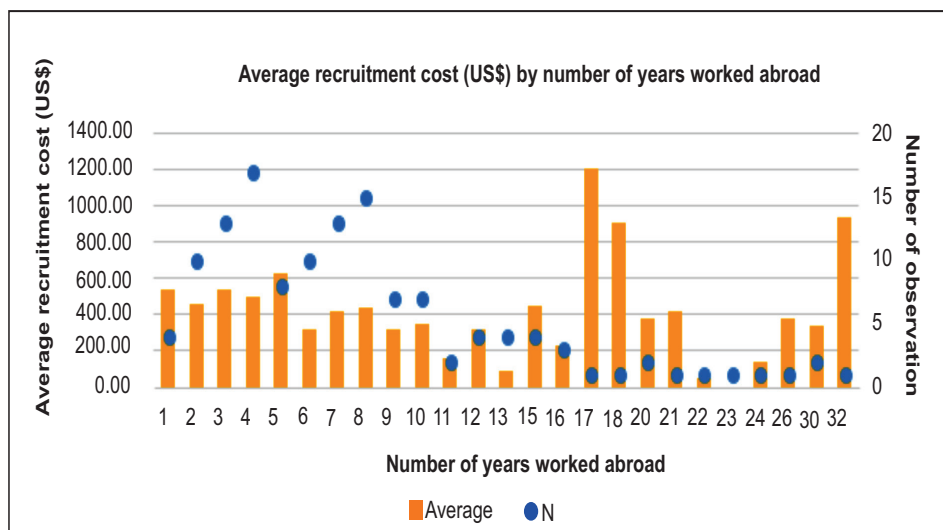
---

16. “Other” often refers to being posted abroad by a contractor from the origin country.

17. We define visa costs as whatever the worker claimed to have paid for the visa, thus not limiting it to the official visa fee but also including the “rent” exacted by agents or brokers who trade in visas.



**Fig. 11.1: Effect of experience abroad on average recruitment costs of Filipino migrants**



Source: Daquio 2015.

Close to half of the 308 Filipino returnees from Qatar claimed that their employers paid for their recruitment fees and for almost 92 per cent employers paid for their airfares as well. Only 38 (12.3 per cent) said they had to pay back recruitment costs through salary deductions over, on average, five months. In the case of migrants from other origin countries, the costs of recruitment fell mainly on their shoulders. This finding suggests that differences in policies and conditions in origin countries may be largely responsible for the differences in costs.

## Conclusion

The surveys undertaken under the auspices of KNOMAD/ILO provide the first comparative evidence of the variety of modalities through which workers find jobs in other countries, what it costs them to do so, and why they still migrate despite the high costs involved. The surveys revealed that the costs of migrating for work to the Gulf states were considerably higher than costs incurred to migrate elsewhere, although the large differences in costs depending on country of origin raise questions about the reasons behind them. The surveys confirm a widely held perception that the “commercialisation” of recruitment processes in those corridors is behind the high costs. The surveys found that migrants have paid much higher costs for their work visas than the official fees for them, clear evidence that “visa trading” remains

rampant in the migration corridors to the Gulf States, but not in other regions. The GCC governments have already made it illegal to sell visas or work permits, while origin governments have set ceilings on recruitment fees, and yet the practice appears to continue, suggesting that enforcement is deficient in one or at both ends of the migration corridor. In project contracting, the matter should be addressed even at the project tendering stage as Juredini (2016) has argued. Contractors and their sub-contractors should be required to include all recruitment costs including for work visas in their bids. Being hired by the employer directly greatly reduced the costs incurred by the workers. Countries of origin should remove obstacles to direct hiring, and facilitate it by subsidising skills testing, computerising job-seeker files, and offering services especially through bilateral agreements to encourage foreign employers to directly hire their workers.

The finding that visa costs are not equally high in all countries of origin may mean that some are failing to curb the practice of visa trading while others succeed. It may, however, also be the consequence of changes in the admission policies of some destination states. From time to time, the recruitment of workers from certain countries may be restricted by destination governments. The reason may be political or simply achieving some balance in the nationalities of the migrant population residing in the country. Where this happens, the consequence is to push up the “price” of the now scarce visas in affected origin countries.

Despite the high migration costs, propensities to migrate appear to remain strong. The surveys suggest that this is because the wage wedge between origin and destination countries is viewed by the migrants as being large enough to warrant the investment. The expected wage at destination, net of migration costs, exceeds the worker’s wage at home substantially. Workers with little education and employed in agriculture may indeed see no better alternative to advancing their economic and social position than through migration, and their only access to jobs abroad is through job-brokers. It is paradoxical, however, to find no evidence that previous experience working abroad helped to reduce costs.

Our study confirms that employment contracting in the migration corridors to the Gulf hugely depends on third party intermediation by job-brokers. Except for a tiny number of workers, almost all were recruited through job-brokers and agents despite the existence of state-operated employment agencies offering no-fee placement services. Evidently, the demand for information in the labour market is largely met by commercial intermediaries who, unfortunately, are in a position to extract from the workers much of the wage gain they may have in migration. From a policy standpoint, it is clear that, aside from having appropriate laws and effective

regulations, a system that allows direct hiring of workers by foreign employers could improve worker welfare. In order to succeed, such a system needs the full support of governments at both ends of the migration link. The experience with well-regulated temporary worker schemes, such as Germany's Gastarbeiter Programme and Korea's Employment Permit System, suggests that two conditions must be satisfied: Firstly, both destination and origin governments must actively cooperate to make the scheme work; and considerable resources must be invested to plug the information gaps that make recruitment across borders problematic. Systems must be developed to minimise adverse selection, so that employers are assured of the skills of workers they employ, while workers are assured that they will be justly rewarded in the jobs they are expected to perform.

## Appendix

**Table 11A.4: Migration corridors covered by ILO/KNOMAD surveys**

| Destination      | Origin     | Destination  | Origin            | Destination    | Origin            |            |
|------------------|------------|--------------|-------------------|----------------|-------------------|------------|
| Kuwait (105)     | Bangladesh | Qatar        | India (353)       | Saudi Arabia   | Pakistan (375)    |            |
|                  | India      |              | Nepal (355)       |                | Ethiopia (500)    |            |
|                  | Sri Lanka  |              | Philippines (366) |                | Philippines (480) |            |
|                  | Egypt      |              |                   |                | India (409)       |            |
|                  |            |              |                   |                | Nepal (352)       |            |
|                  |            | UAE          |                   | Pakistan (260) |                   |            |
| Spain (171)      | Bulgaria   | UAE          | Pakistan (260)    | Malaysia (404) | Vietnam           |            |
|                  | Romania    |              |                   |                |                   |            |
|                  | Poland     | Mexico (500) | Nicaragua         | Italy (332)    | Egypt             |            |
|                  | Morocco    |              | El Salvador       |                | West Africa       |            |
|                  | Ecuador    |              |                   |                |                   |            |
| Korea, R.O (120) | Indonesia  |              |                   | Honduras       | Russia (908)      | Kyrgyzstan |
|                  | Thailand   |              |                   | Tajikistan     |                   |            |
|                  | Vietnam    |              |                   | Uzbekistan     |                   |            |

## Bibliography

- Abella, M. "The Role of Recruiters in Labour Migration." In *International Migration Prospects and Policies in a Global Market*. eds. Douglas Massey and J. Edward Taylor. Oxford: Oxford University Press, 2004.
- Amjad, R. G.M. Arif, and I. Nasir. *The Cost of Migration: What Low-skilled Migrant Workers from Pakistan Pay to Work in Saudi Arabia and the United Arab Emirates*. Islamabad: ILO, 2016.
- Autor, David. "The Economics of Labour Market Intermediation." National Bureau of Economic Research Working Paper no. 14348, September 2008.
- Daquio, C.R. "Measuring Migration Costs using CAPI – Philippines." Unpublished report to KNOMAD, December 2015.
- Farooq-i-Azam. "Working Conditions of Pakistani Workers in the Middle East." ILO Working Paper, MIG WP 25, Geneva, 1966. Cited by Abella, "Asian Labour Mobility: New Dimensions and Implications for Development." *The Pakistan Development Review* Vol.XXVI, no.3 (Autumn) Islamabad, 1987.
- Harris, John R. and Michael P. Todaro. "Migration, Unemployment and Development: A Two-Sector Analysis." *American Economic Review* 60, no. 1 (1970): 126–142.
- IOM (Kuwait). "Research on Labour Recruitment Industry between United Arab Emirates, Kerala (India) and Nepal." IOM, Nov 2016.
- Juredini, R. *The Way Forward in Recruitment of Low-Skilled Migrant Workers in the Asia-Arab States Corridor*. ILO Regional Office for the Arab States and the ILO Regional Office for Asia and Pacific, Beirut and Bangkok, 2016.
- Martin, P. *Merchants of Labor: Recruiters and International Labor Migration*. Oxford University Press, 2017.
- Rahman, Md. M. "Migrant Indebtedness: Bangladeshis in the GCC Countries." *International Migration* 53, no. 6 (2013). ISSN 0020-7985.
- Roongshivin, Peeratep. "Some Socio-Economic Consequences of Thailand's Migration to the Middle East." National Economic and Science Development Board, Bangkok, 1984.

Segall, D. and Labowitz. *Making Workers Pay: Recruitment of the Migrant Labor Force in the Gulf Construction Industry*. STERN Centre for Business and Human Rights, NY: New York University, 2017.

Seshan, Ganesh. "Migrant Networks and the Financial Cost of Migration: Evidence from South India." Mimeo, World Bank, 2016.

Shah, Nasra. "The Role of Social Networks in Migration to Kuwait among South Asian Males." IOM-UNFPA Policy Workshop on Emigration Dynamics in South Asia, Geneva, cited by M. Abella, "The Role of Recruiters in Labour Migration." In *International Migration: Prospects and Policies in a Global Market*. eds. Douglas Massey and J. Edward Taylor. Oxford: Oxford University Press, 2004.



# **Part III**

## **Policies Assessment**

## XII

### Earnings Differentials and Nationalisation Policies in GCC's Private Sector Labour Market

*Usamah F. Alfarhan\**

**Abstract:** Unjustified earnings differentials between locals and migrants are considered a major impediment to successful nationalisation policies in the GCC under current quota systems. This chapter provides empirical estimates of the earnings differentials between local and migrant labour from the Indian sub-continent and the Arab region, who constitute the majority of migrant labour in the GCC. It states that the higher earnings of locals over both groups are fully explained by distorted earnings structures. The chapter also provides a theoretical explanation for the failure of current nationalisation policies GCC-wide and presents a market-based alternative that depends on a tax/subsidy scheme where relative prices of local and migrant labour are altered in accordance with preset policy employment targets. The success of such policies is contingent on the relative elasticities of labour supply as well as the elasticity of demand for a firm's final output under noncompetitive input and output markets.

---

\* Usamah F. Alfarhan is Assistant Professor of Economics, Department of Economics and Finance, Sultan Qaboos University, Muscat.



## **Introduction**

The structure and development of labour markets in the GCC is inextricably linked to the growth in oil wealth that these countries witnessed in the 1970s. Although some of the GCC countries, such as Saudi Arabia, began exporting oil in the 1950s and 1960s, oil wealth became more apparent after the Saudi oil embargo of 1973.

For the first time in history, oil prices increased above \$5 per barrel and continued to climb to \$40 at the end of the 1970s when the Shah of Iran fell from power. Subsequently, there was a progressive departure from the traditionally nomadic and tribal governing systems to a more unified state building arrangement among local populations. The combination of these events resulted in the sudden and significant transformation of the GCC countries into wealthy modern economies. Oil wealth presented the young GCC nations with an opportunity to develop their infrastructure rapidly. Since their populations at the time were very small and relatively uneducated, development required a large influx of labour. According to Fasano and Goyal (2004), “To satisfy this demand, and in light of the relatively small size of local populations, the GCC countries adopted an open door policy to foreign workers.”

An adverse consequence of the GCC’s oil surpluses, and governments’ unofficial policy of distributing oil income to nationals by employing them in the public sector with high wages and ample benefits, was that nationals preferred public employment. Foreign workers were concentrated in the private sector, which pays lower wages and offers employment benefits that are inferior to those in the public sector. With falling oil prices and a fiscally distressed public sector, increased competitiveness of GCC’s private sector has become more relevant than ever. In fact, the GCC governments believe that their private sector, unlike in the previous decades, will be the main driver of their countries’ future economic growth.

In this chapter, we provide estimates of the local-migrant earnings differentials using a data set that enables us to observe the productivity-related characteristics of workers at the individual level and introduce a market-based alternative to the currently implemented quota systems, where a tax/subsidy scheme is proposed to change the relative costs of hiring local and migrant labour. The introduced theoretical framework takes into account the noncompetitive nature of GCC’s output markets, as well as the monopsonistic nature of the local labour market.

## **Regional Literature**

Wage differentials among various social and demographic groups of workers, including local and migrant labour, have been widely documented in international literature. However, the local-migrant earnings differentials in the GCC has received much less attention.

This lack of documentation is partly due to the scarcity in relevant micro-level data on productivity-related characteristics of workers in the region, which form the main construct of the analysis of such differentials. Existing literature has confirmed that the persistence of wage differentials in the GCC private sector is a major impediment to effective nationalisation policies. Hertog (2012) reports that wage differentials between locals and migrant labour are too large, given that the majority of migrants originate from low-wage countries with relatively low reservation wages. Based on official aggregated statistics from the Saudi Ministry of Labour, Hertog shows that, in 2007, migrants earned on average 2.6 times lower wages than Saudi nationals. Even after controlling for education levels and productivity as per the distribution of workers across various occupations, migrants are generally still the lower earners with the exception of those employed in managerial positions. He also argues that despite a general trend of declining wages for Saudis over time, it is unlikely to indicate declining pay for the same type of job. Rather, it may be because Saudis have become more willing to accept jobs that were previously unacceptable due to increasing socio-economic pressures.

Ramady (2013) argues that the prevalent wage gap between locals and migrant workers in Saudi Arabia is a fact and remains a potential problem to nationalisation and the participation of locals in private employment. As per official statistics, he cites that Saudi males earned on average about 4.6 times higher than migrant males. This gap, however, does not only reflect the direct wage differential between locals and migrants, but also the pay gap between public and private sector jobs. Sadi (2015) cites the particularly low wages in the Saudi hospitality and tourism sector, which is dominated by migrant workers. Despite the measures taken by the government to increase employment of locals, such as a minimum monthly wage of \$800, many organisations have been paying migrants wages that are appreciably below that minimum rate.

Similar trends are also found in other GCC countries. In Oman, as reported by Hertog (2014) there was an attempt to reduce the wage differential between locals and migrants by a 7 per cent levy on migrant labour whose proceeds were to be used in the training of locals, as well as the introduction of regulations that

increase migrant labour mobility, where they no longer need the consent of their current employer to switch to a new one. Such policies potentially increase the attractiveness of the private sector for nationals, as available figures show that private employment of Omanis increased by 138 per cent between 2003 and 2010. Nevertheless, the subsequent increases in minimum wages for Omanis in 2011 and 2012, the introduction of an unemployment benefit for Omanis in 2011, and the creation of thousands of government jobs have imposed serious challenges for Oman's nationalisation progress. According to Hertog, average monthly real salaries of Omanis in the private sector rose by about 45 per cent between 2006 and 2012. Since neither of the aforementioned measures would have affected migrant wages, it is more probable that the wage differential between Omanis and migrants ever came to a decline.

In Bahrain, Randeree (2012) reports that the government implemented labour market reforms in 2007 that aimed at deregulating the labour market and eliminating the cost differential between local and migrant workers, among other targets. Measures included taxation of migrant labour and increasing their mobility, similar to that in the Omani labour market. Bahrainis are also entitled to an unemployment benefit after contributing at least 12 months' pay to a 1% income tax geared towards an unemployment and insurance scheme. Despite all the measures taken, the wage differential between locals and migrant workers remained at between \$520 and \$1,040 per month.

Randeree also reports on the GCC-wide phenomenon that migrant labour, on average, is willing to work for longer hours and accept lower wages compared with locals. As part of the nationalisation policies in the UAE, wage subsidies for locals as well as wage restraints for government employees were put in place in the late 1990s. Also, Fasano and Goyal (2004) argue that the wage differentials between the GCC public sector that is dominated by local workers and the private sector that is dominated by migrant labour constitutes a strain in the region's labour markets. They report that during 1997-2001, private sector wages in the UAE declined by 8 per cent, whereas public sector wages increased by 11 per cent. Consequently, the authors propose lowering the wage differential between the public and private sector as an effective strategy to increase the employment of locals in private jobs. Furthermore, Forstenlechner et. al (2012) argue that that in the case of the UAE, a cheap pool of migrant labour exerts downward pressure on migrant wages. According to the authors, locals earned on average 2.9 times as much as migrants in 2008, and similar patterns were documented in all GCC countries.

Shaham (2008) also reports the wage gap between local and migrant labour as a challenge to nationalisation in the GCC. The significantly lower migrant wages, while competitive with the levels in their home countries, are hardly sufficient by GCC standards. This creates a gap in the local-migrant reservation wage and forms the basis for a persistent wage gap in GCC's labour markets. Kapiszewski (2006) also recognises policies adopted by the GCC member states to increase nationalisation rates. Such policies are wage subsidies for locals, and fees and charges on the employment of migrants, to make the latter less attractive to hire.

Previous literature on the issue of relative local-migrant earnings has consistently observed an aggregate differential in favour of locals, but failed to provide detailed analyses of the sources of such differentials at the micro-level and to decompose the differentials into the portion that is justified by workers' differentials in job-related attributes, as compared to the portion that is potentially due to price distortions. Also, most previous studies lumped local and migrant workers into two pools that included both skilled and unskilled labour, thereby not recognising the effect of the skill composition of both types of workers on relative earnings.

## **Data**

In this section, we discuss the source of our data set and compare it with the available official aggregates, upon which previous studies were based. Further, we provide a description of the main variables underlying the empirical analysis in this chapter.

### ***Data Source and Validity***

The dearth of official individual-level data on earnings and productivity-related characteristics of workers in the GCC explains why the topic of earnings differentials has this far not been properly addressed. We extract our data from a publicly available source, Salary Explorer. Despite the several sources of bias associated with this type of online survey, this data set is capable of reproducing aggregates that are highly comparable to available official employment figures, as well as producing econometric results that are reflective of observed trends and are theoretically consistent.

The data set comprises cross sections 2012-2016 including 7,262 skilled workers in the GCC private sector, and reports on workers' earnings, productivity-related characteristics and employment terms, as well as their distribution across industries, occupations, and GCC member states.

For instance, Table 12.1 shows that in GLMM's<sup>1</sup> consolidated official data, the percentages of all migrants in the private sector of Bahrain (2013), Saudi Arabia (2013), Kuwait (2013), Oman (2012) and Qatar (2012) are 80.7 per cent, 86.6 per cent, 93.2 per cent, 87.4 per cent and 98.7 per cent, respectively. Years between parentheses are those for which the latest data are available. Our dataset's equivalents are 81.3 per cent, 88.6 per cent, 97.5 per cent, 93.8 per cent and 99.4 per cent, corresponding to the same years and following the same order. Official data on the UAE are unavailable.

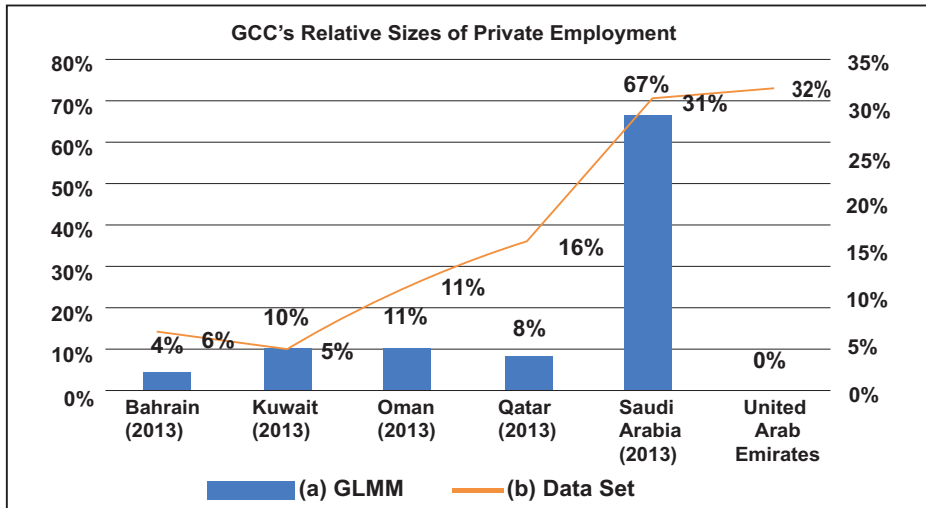
**Table 12.1: Percentage of migrants employed in GCC's private sectors**

| <b>State</b>         | <b>GLMM <sup>a</sup><br/>(%)</b> | <b>Data Set <sup>b</sup><br/>(%)</b> |
|----------------------|----------------------------------|--------------------------------------|
| Bahrain (2013)       | 80.7                             | 81.3                                 |
| Saudi Arabia (2013)  | 86.6                             | 88.6                                 |
| Kuwait (2013)        | 93.2                             | 97.5                                 |
| Oman (2013)          | 87.4                             | 93.8                                 |
| Qatar (2012)         | 98.7                             | 99.4                                 |
| United Arab Emirates | NA                               | 98.8                                 |

Furthermore, Figure 12.1 shows the relative size of employment in the GCC private sectors. The reported percentages are the number of employees in each country's private sector labour force divided by GCC's total private sector labour force, comparing GLMM's consolidated official data with our data set. With the exception of Saudi Arabia, whose share is underrepresented in our data, the reported shares follow a similar structure in both data sets. Official data on the number of workers in the private sector of the UAE are unavailable.

1. <http://gulfmigration.eu/percentage-of-non-nationals-in-government-sector-and-in-private-and-other-sectors-in-gcc-countries-national-statistics-latest-year-or-period-available/>.

**Figure 12.1: The relative sizes of private employment in the GCC by member state**



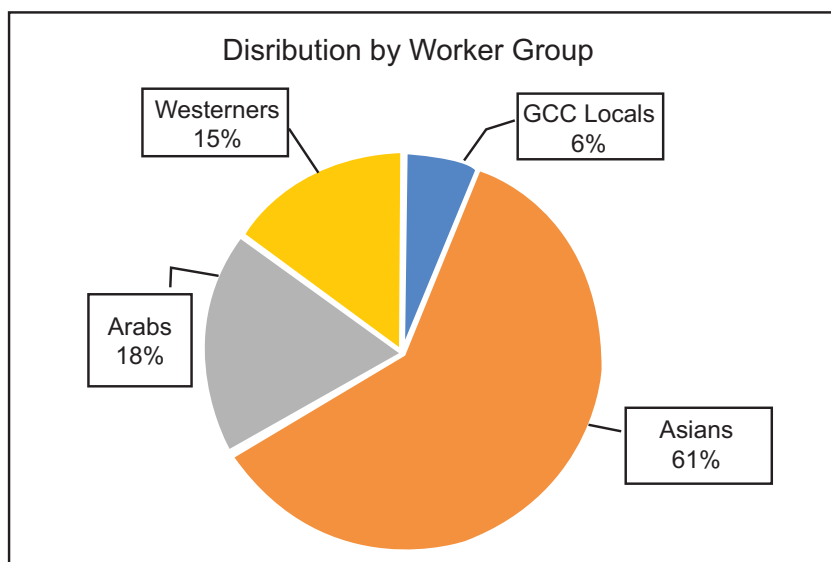
Source: (a) Consolidated GLMM data, table GCC EMP 3, by state and year for which the latest data are available. (b) Salary Explorer survey 2012–2016 data for the corresponding official state GLMM Figures.

The previous exposition briefly demonstrated that this data set is representative of general trends in the GCC's labour markets, confirmed by official statistics.

### *Selected Descriptive Statistics*

Figure 12.2 reveals that Asians constitute the majority of the 61 per cent of workers employed in the GCC countries' private sector, followed by Arabs who constitute 18 per cent and Westerners who form 15 per cent of the total private sector workforce. It is noteworthy that migrant groups are based on workers' nationalities, as opposed to their actual ethnic backgrounds. Locals, on the other hand, constitute about 6 per cent of the private labour force in the GCC.

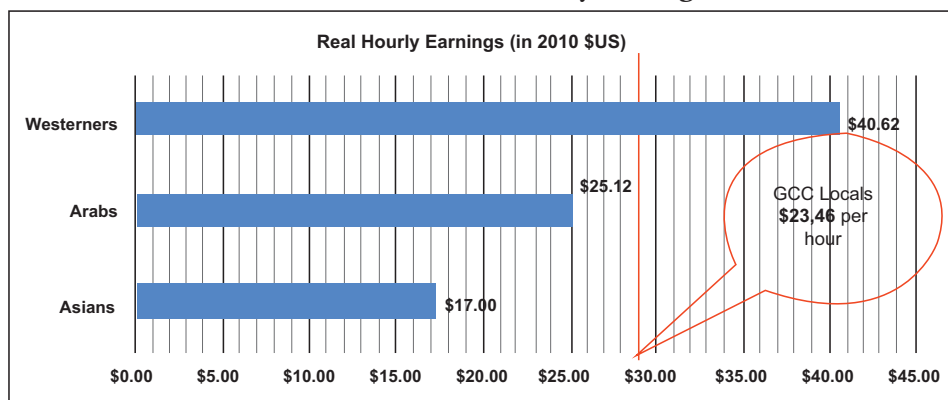
**Figure 12.2: Distribution by worker group**



Source: Authors' calculations.

As shown in Figure 12.3, skilled locals earn on average 63.8 per cent more than Asians, 13.3 per cent more than Arabs and 42.7 per cent less than Westerners. These differentials are significantly less than those reported by Hertog (2102), Ramady (2013) and Forstenlechner et al. (2012) because of their inclusion of both skilled and unskilled workers in their statistics.

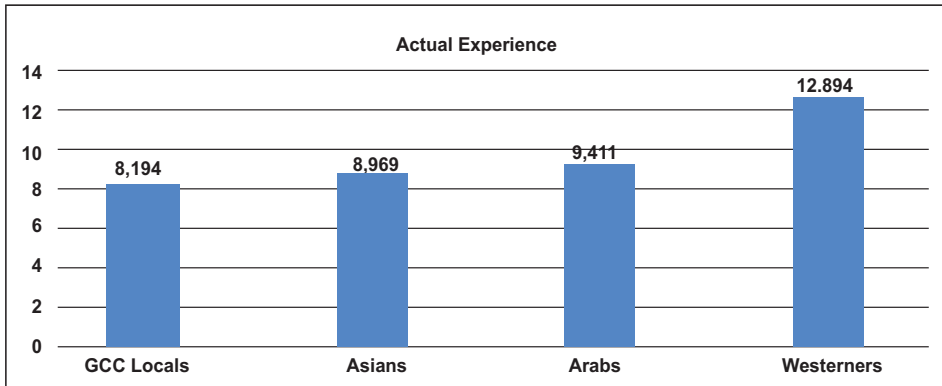
**Figure 12.3: Local-migrant group composition of GCC's private labour force and real hourly earnings**



Source: Authors' calculations.

Figure 12.4 shows workers' distribution in terms of actual job market experience. Westerners possess a clear advantage in experience over the other groups of workers, with about five more years as compared with locals, four more years as compared with Asians, and 3.5 more years as compared with Arabs.

**Figure 12.4: Actual experience**

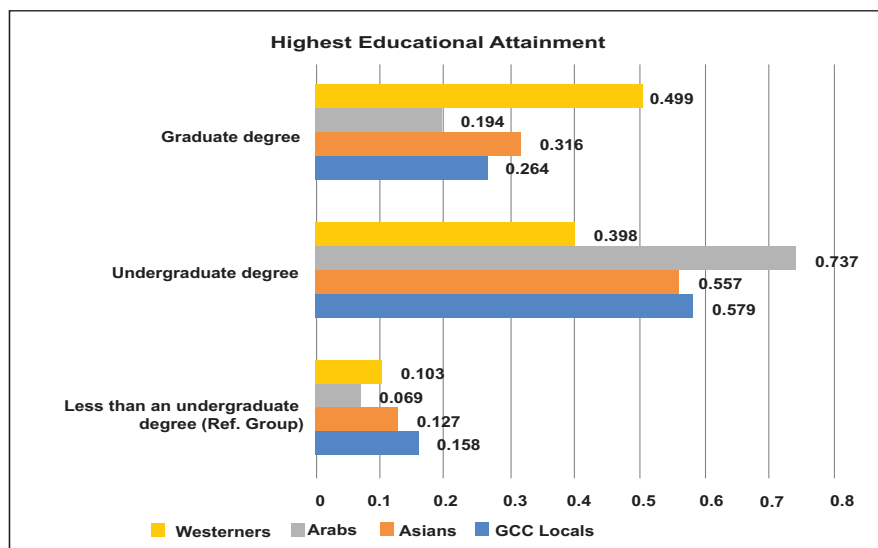


Source: Authors' calculations.

With respect to educational attainment, Figure 12.5 confirms the notion that, if education reflects skill, our sample is representative of skilled workers, as the vast majority of workers possesses at least an undergraduate degree. Data show that about 50 per cent of Western migrants possess a graduate degree and another 40 per cent possess an undergraduate degree. For Arabs, 19 per cent possess a graduate degree and as many as 74 per cent possess an undergraduate degree. The corresponding percentages for Asians are 32 per cent and 56 per cent, respectively.



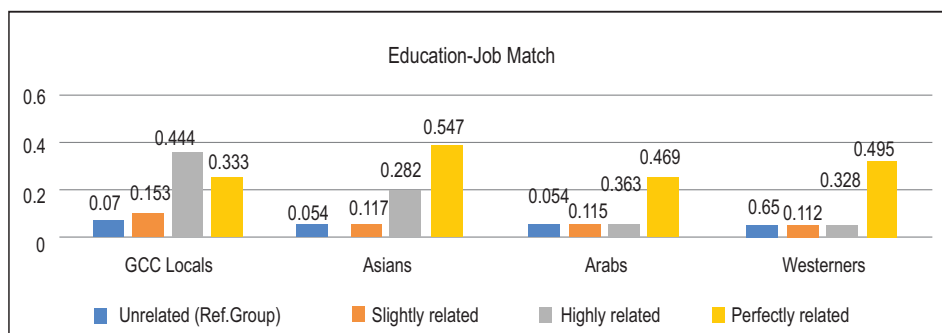
**Figure 12.5: Actual job market experience and highest educational attainment**



Source: Author's calculations.

Figure 12.6 represents the quality of the match between workers' educational attainment and their job characteristics. The premise is that the better the education-job match the higher will be a worker's productivity, hence earnings. Data show that for all migrant groups, the education-job match is better than for locals. About 50 per cent of Westerners, 47 per cent of Arabs, and as high as 55 per cent of Asians work in jobs that perfectly match their educational attainment. This compares with only 33 per cent of locals whose jobs perfectly match their educational attainment.

**Figure 12.6: Education-Job match**

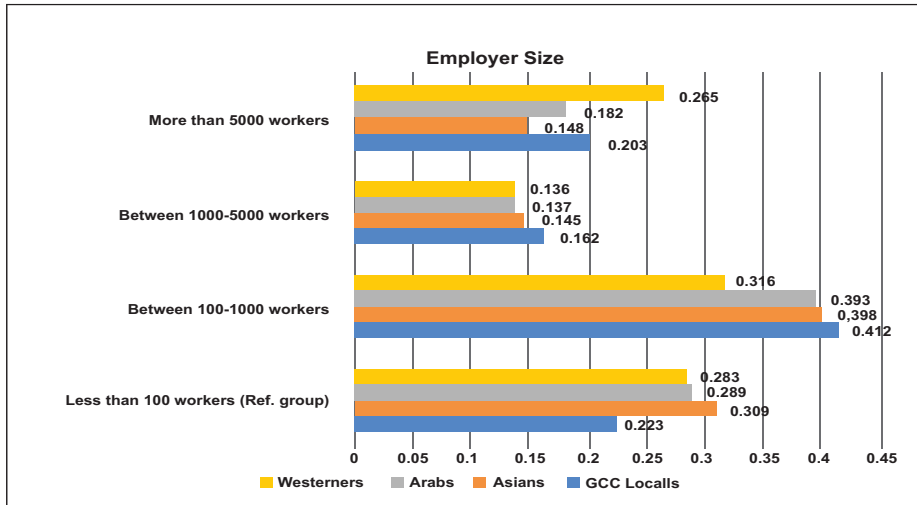


Source: Author's calculations.

With respect to the size of the employer, a positive association with workers' earnings is well-established in labour economics literature [see Brown and Medoff (1989), Reilly (1995), Green et al. (1996) and Troske (1999)]. Figure 12.7 shows that about 40 per cent of Westerners work for employers with more than 1,000 employees. The corresponding shares of Arabs, Asians and locals are 32 per cent, 29 per cent and 37 per cent, respectively. These employer size percentages are consistent with the differentials in workers' earnings, where locals earn more than Arabs and Asians but less than Westerners.

The descriptive statistics of our data set show that migrants generally are better endowed with the typical productivity-related characteristics, as they surpass the endowment levels of locals in actual job market experience, highest educational attainment, and the quality of the match between a worker's education and his or her job requirements. These, in turn, would suggest that migrants should earn higher than locals. Therefore, the higher earnings of locals over Asian and Arab migrants, as shown in Figure 12.3 could partially be explained by the presence of price distortions, which would dominate the expected influence of migrants' better productivity-related attributes.

**Figure 12.7: Employer size**



Source: Author's calculations.

## Methodology

In the empirical section of this chapter, we follow the well-established Oaxaca (1973) and Blinder (1973) decomposition of the persistent earnings differentials between skilled GCC locals and each of Asian and Arab migrants who together constitute an overwhelming majority of about 80 per cent of the GCC's skilled labour force; they are better endowed in terms of productivity-related characteristics, yet paid significantly less than their local co-workers.

First, we estimate the semi-log, Mincer-type earnings regressions;

$$W_i^g = X_i^g \beta^g + \varepsilon_i^g \quad \dots (1), \text{ where } g = [L, M] \text{ and } i = [1, \dots, n^g]$$

via ordinary least squares.  $W_i^g$  is the natural logarithm of real hourly earnings from employment in 2010 prices.  $X_i^g$  is the  $(1 \times k)$  vector of explanatory variables that include age, gender, highest educational attainment (three categories), actual job market experience and its square, the education-job match (four categories), size of employer (four categories), occupation (12 categories), industry (12 categories), a dummy variable for each cross-section and a dummy variable for each of the six GCC member states that captures the cross-country differences in their private sector earnings structures. Our reference worker is a woman with less than an undergraduate degree whose education does not match her job, works for an employer with less than 100 workers, in a sales occupation within the wholesale or retail trade industry. The year of reference is 2016 and the reference state is Kuwait.  $\beta_i^g$  is the  $(k \times 1)$  vector of estimated coefficients and  $\varepsilon_i^g$  is the respective regression's residual term, such that  $\varepsilon_i^g \sim n(0, \sigma^2)$ . Also,  $g = (L, A, R)$  refers to each of the workers' groups, where  $L$  stands for GCC locals,  $A$  for Asians, and  $R$  for Arabs. Finally, the subscript  $i$  represents an individual worker belonging to group  $g$ .

Using the estimated coefficients  $\beta_i^g$  and  $\beta_w$ , we can now construct the weighted average  $\beta^1$  that serves as a vector of reference coefficients for our OB decompositions, such that

$$\beta^1 = \alpha \beta_L + (1 - \alpha) \beta_w \dots (2), \text{ where } 0 \leq \alpha \leq 1.$$

The case  $\alpha = 0$  produces the case of nepotism, thereby using the parameter estimates from the earnings regression of the respective migrant group as references. Analogously, the case  $\alpha = 1$ , produces the case of discrimination, thereby using the parameter estimates from the earnings regression of GCC locals as references. In our empirical section, we report the decompositions for each of the values  $\alpha = 1$ ,  $\alpha = 0.75$ ,  $\alpha = 0.50$ ,  $\alpha = 0.25$ , and  $\alpha = 0$ , sequentially.

By adding and subtracting the terms  $\beta^1 X_L$  and  $\beta^1 X_M$  to and from the right-hand-side of equation (3), we derive the two-fold OB decomposition, such that

$$\Delta W_K = [\beta^1 (X_L - X_W)] + [(\beta_L - \beta^1) X_L + (\beta_L - \beta_M) X_M] \dots (3),$$

where  $k = [1, 2, 3]$ .

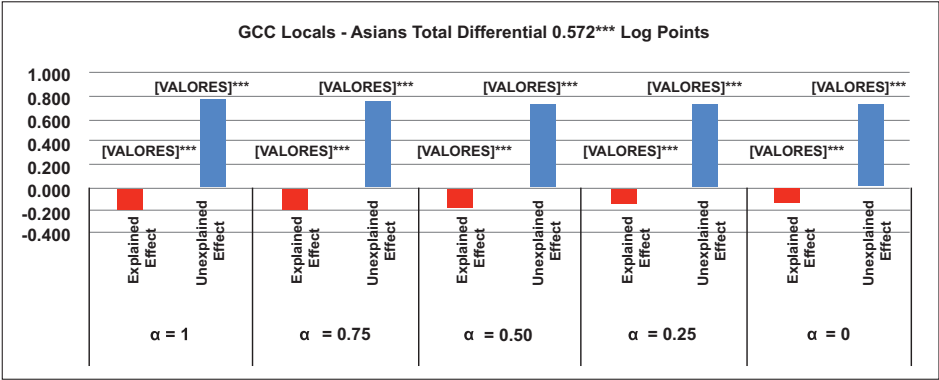
The first term in equation (3) represents the explained effect, i.e., the difference in average productivity-related characteristics between locals and migrants, and the second term represents the unexplained effect, i.e., the difference in the estimated returns to workers' productivity-related characteristics.

### ***Empirical Results***

As shown in Figure 12.8 and Figure 12.9, both decompositions follow a similar trend, where the majority of the earnings differentials is due to OB's unexplained effect. This effect gradually declines as the value of  $\alpha$  decreases from 1 to 0. That is, the weight given to the coefficient estimates from the earnings regressions of locals declines from 100 per cent, indicating the underpayment of migrants, to 0 per cent that indicates the overpayment of locals. Despite that decline, the general structure remains virtually the same.

Figure 12.8 shows that the explained effect causes the earnings differential between GCC locals and Asian migrants to fall by 35 per cent to 24.3 per cent (the ratio of the explained effect to the total differential) as we move from the assumption of discrimination to nepotism. This comes as a result of Asians possessing relatively higher productivity-related characteristics. The explained effect is, however, overturned by locals' higher returns, the unexplained effect. The relative size of the unexplained effect ranges between 135 per cent under the assumption of discrimination to 124.3 per cent under the assumption of nepotism.

Figure 12.8: GCC Local-Asians total differential

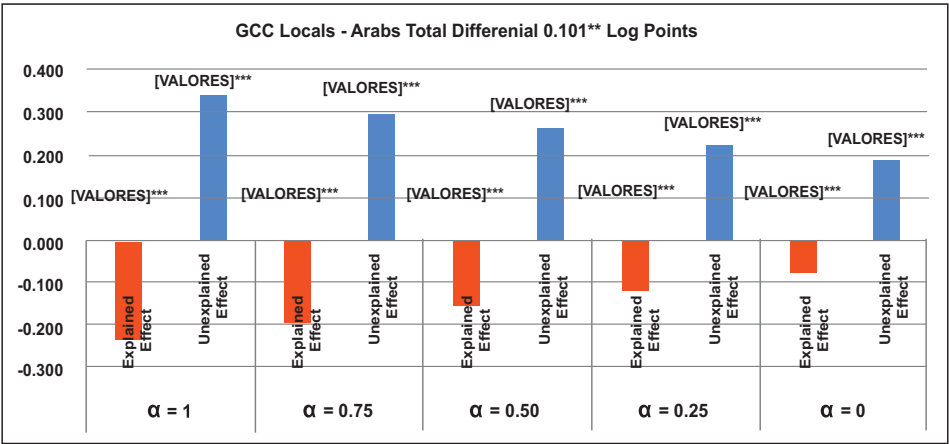


Source: Author's calculations.

\*, \*\*, \*\*\* indicate the statistical significance at levels 10%, 5% and 1%, respectively.

Figure 12.9 shows the decompositions between GCC locals and Arab migrants and follows a similar pattern as the previous decomposition. The main difference lies in the relative weight of the explained effect, which is larger in the latter. The differences between locals and Arab migrants in terms of productivity-related characteristics cause the earnings differential to fall by 233.7 per cent under the assumption of discrimination to 84.2 per cent under the assumption of nepotism. In particular, Arabs compared with locals possess higher levels of job market experience, are relatively more educated, and surpass locals in terms of the quality of the match between their educational attainment and their jobs. When it comes to the returns to workers' characteristics, we can see that the unexplained effect overturns the impact of Arabs' better endowment levels. The size of the unexplained effect ranges between 333.7 per cent under the assumption of discrimination to 184.2 per cent under the assumption of nepotism.

Figure 12.9: GCC Local-Asians total differential



Source: Author's calculations.

\*, \*\*, \*\*\* indicate the statistical significance at levels 10%, 5% and 1%, respectively.

The previous exposition reveals that the earnings differentials between GCC locals and Asian and Arab migrants are mainly due to price distortions, where locals are significantly overpaid (nepotism) or migrants are underpaid (discrimination) or a combination of the two. This ambiguous result with respect to the nature of existing price distortions originates from the choice of reference estimates as the nondiscriminatory vector of returns. Yet, regardless of the choice of reference, the previous analysis shows that the earnings differentials between locals and Asian and Arab migrants is mainly due to the unexplained effect.

### Nationalisation Policies between Fiat and a Market-based Alternative

This section provides a theoretical explanation to the failure of current nationalisation policies, as manifested in the quota system. Further, it suggests a market-based alternative, which considering the price distortions estimated in the previous section, can alter the relative costs of employment of locals and migrants, leading to higher employment levels of the former in the GCC private sector.

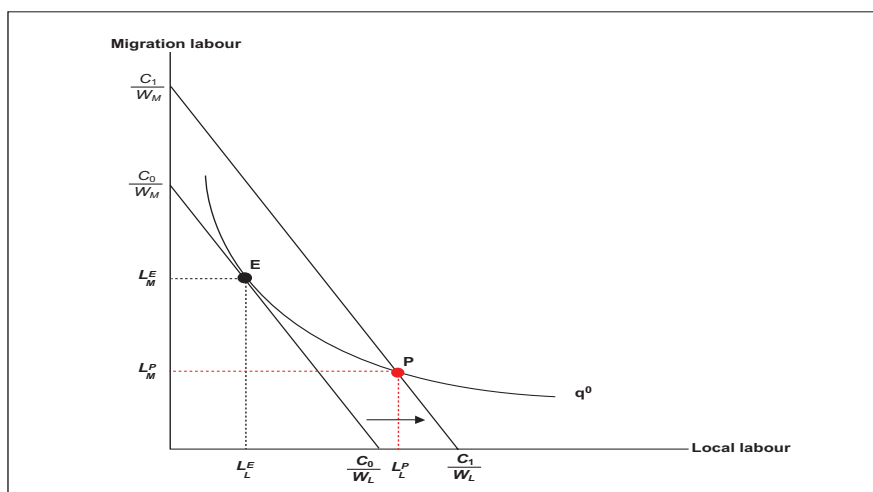
#### Failure of the Quota System

Within the framework of competitive producers' cost minimisation in terms of two-dimensional isocosts and isoquants, Borjas and Van Ours (2000) show that affirmative action policies, intended to alter the racial, ethnical or gender composition of its workforce would lead discriminatory employers to move back to optimality,

where the input mix is consistent with market returns and workers productivities. In the case of GCC employment quotas, the situation is reversed, such that firms are pushed away from their respective optimal input mixes, which ultimately leads to a significant deal of resistance even with the presence of sanctions for noncompliance.

Figure 12.10 shows the introduction of a quota system that forces firms to increase the relative employment of locals. There, the firm would be pushed away from point E down the isoquant to point P, the input mix targeted by the quota policy, where  $L^y_u$  of migrants and  $L^y_L$  of locals are hired. With wages and output levels unchanged, this increase in the local-migrant employment ratio can only be achieved by incurring higher costs,  $C_1$  as represented by a shift in the firm's isocost to the right from  $C_0$ .

**Figure 12.10: The impact of a quota on the costs of a competitive employer**



Given these circumstances, the quota system will result in a drop in the firm's competitive profits and create sufficient motive for noncompliance, especially because with competitive markets, firms could already be operating at long-run normal economic profits.

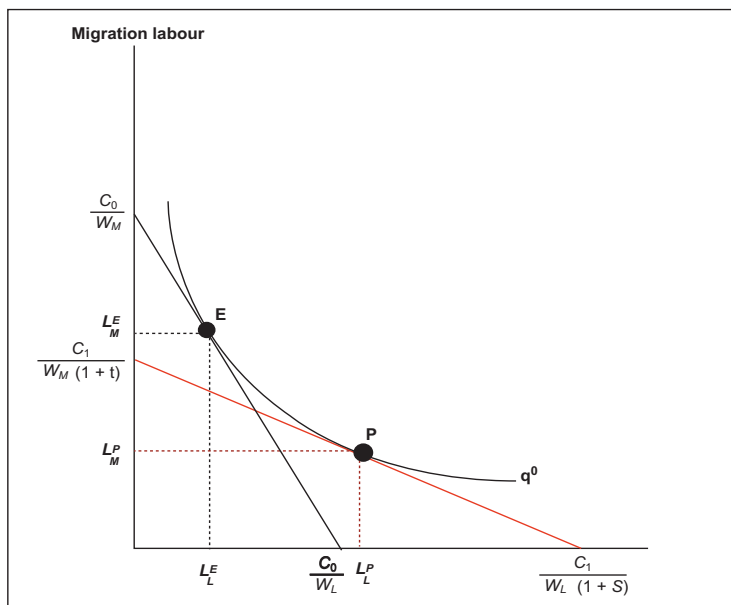
### ***A Market-based Alternative***

It is rather obvious from the previous exposition that despite the restrictive assumptions of competitive markets, particularly in the context of the GCC, any potentially successful nationalisation policy ought to operate through market forces. Such policy should preferably leave the firm's profitability untouched, to

bypass noncompliance. One way of addressing this challenging task is through the implementation of parallel payroll taxes and subsidies in the virtually segmented labour markets of migrants and locals. These taxes and subsidies must, however, be synchronised with reasonably targeted employment levels of each type of labour and be designed in accordance with realistically estimated elasticities of the supply and demand for labour in each market.

Figure 12.11 shows the effect of a payroll tax on migrant labour, while simultaneously subsidising employment of locals. Retaining, for the moment, the assumptions of competitive input and output markets, the analysis implies that taxes and subsidies are completely borne by or due to employers, given that any given employer can hire any desired amount of labour at a given market wage.

**Figure 12.11: The effect of a market-based nationalisation policy, assuming competition in both markets**



The imposition of a payroll tax on migrant labour will raise the cost of hiring an additional worker from  $W_K$  to  $W_K(1+t)$ . Also, subsidising the employment of locals will reduce the cost of hiring one more worker from  $W_K$  to  $W_K(1+S)$ . This change in the relative prices of inputs would result in a counter-clockwise rotation in the firm's isocost, without necessarily altering the firm's costs of production, as there is no theoretical restriction on the firm's costs before and after the change in relative input prices, according to Borjas and Van Ours (2000). In that case, the



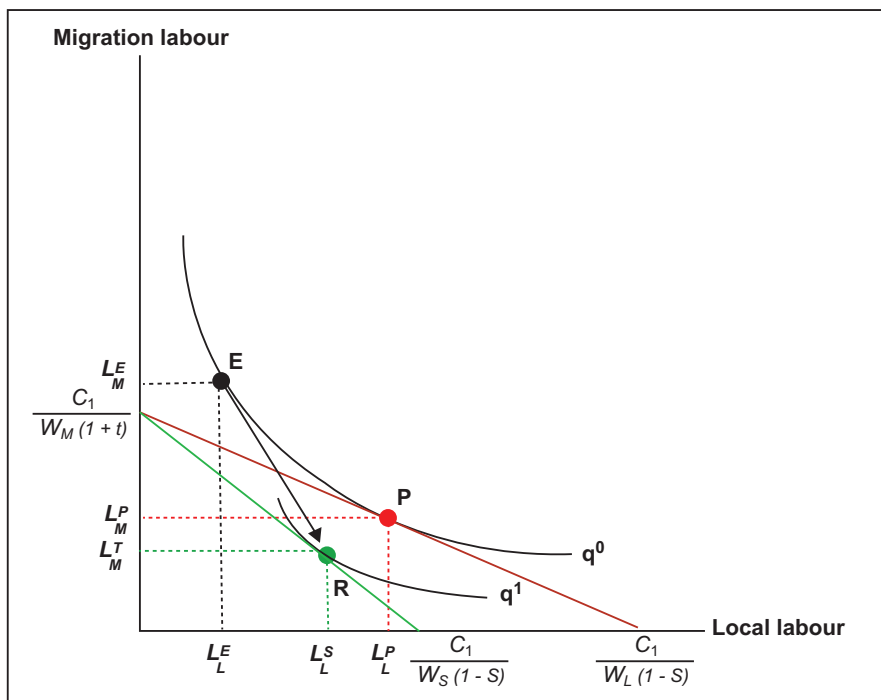
firm's optimal levels of employment and output would move down from point E to point P along the isoquant  $q_0$ , where the policy levels of employment  $L_u^i$  of  $L_u^u$  of migrants and of locals are achieved.

The previous discussion is based on the assumption that firms are perfectly competitive in both labour markets and the output market. In the GCC, it is relatively safe to retain the assumption of competition in the migrant labour market, if migration policies and regulations governing the recruitment of migrant workers were properly altered to mobilise labour internally and across borders, such that the supply of migrant labour facing any particular employer becomes perfectly elastic. In the market for local labour and the output market, on the other hand, it is best to assume that firms are monopsonistic in the market of local labour, facing an upward sloping supply, and noncompetitive in the output market, where they face a downward sloping demand curve for their final product.

Noncompetition in the output market implies that firms' labour demands are driven by their respective marginal revenue products of labour, as opposed to the values of their marginal products under the assumption of competitive output markets. This implies a lower demand for labour, given that the competitive price is higher than a noncompetitive firm's marginal revenue. The assumption of a monopsonistic labour market for locals carries an important implication that firms face less-than-perfectly elastic labour supplies. This, in turn, influences the impact of payroll taxes and subsidies on employment and wages. Hamermesh (1979) shows that the extent to which a payroll tax or subsidy is shifted to workers depends on the labour demand and labour supply functions underlying the state of equilibrium. The effects of a tax or subsidy on employment would be less, the lower the relative elasticity of the supply of labour.

First, we discuss the effect of a payroll tax imposed on a noncompetitive producer in the output market, who happens to be competitive in the market for migrant labour, which is consistent with our assumption about a typical GCC private employer. As in Figure 12.11, the firm would initially hire migrants at the competitive wage rate of  $wM$ , and locals at a wage rate of  $wL$ , point E. If a payroll tax were to be imposed on the firm, its marginal revenue product of labour will shift to the left, reaching a new post-tax equilibrium, hiring less migrant labour. Note that this point does not correspond to point P, where the after-tax level of employment of migrants is higher for competitive producers. As shown, the after-tax level of employment will drop somewhere to as indicated in Figure 12.12, such that the wage will remain unchanged, implying that the firm will bear the entire tax burden.

**Figure 12.12: The effect of a market-based nationalisation policy, assuming competition in market for local labour and the output markets**



Furthermore, the effect of a simultaneous payroll subsidy for the employment of locals granted to the firm will increase its demand for local workers. Since the firm is assumed to be a monopsonist in the market of local labour and noncompetitive in the output market, instead of reaching the competitive post-subsidy level of employment of  $L_L^u$ , the subsidy will shift the firm's marginal revenue product of labour to the right along an upward-sloping supply of local labour, reaching a new equilibrium where  $L_L^S$ ; locals are employed at a higher wage rate of  $wS$ , as shown in Figure 12.12. Given that the two markets are segmented, it is reasonable to assume that there will be no cross effects between the act of taxing and subsidising.

Comparing the scenario of perfectly competitive markets with the case where firms are noncompetitive in the output market and monopsonists in the market of local labour reveals that post-policy levels of employment of both types of labour will be less in the latter, as shown by comparing point R( $L_L^S, L_M^T, q^1$ ) with point P( $(L_L^u, L_M^Y, q_0)$ ). Under the traditional assumptions of well-behaved isoquants, this will inevitably lead to a lower profit-maximising output of  $q_1$ , instead of  $q_0$ . Since firms are assumed to be noncompetitive in the output market, these lower post-

policy levels of employment and output will trigger an increase in the output price. Therefore, the extent to which a simultaneous tax/subsidy policy will influence a firm's profits is contingent on the elasticities of the supply of labour as well as the degree of competition in the output market, which would be reflected in the level and the elasticity of demand for a firm's final product. As the compliance of firms with the proposed policies is fundamentally motivated by their pre- and post-policy profits, the tax and subsidy schemes ought to be designed by taking into account the degrees of competitiveness in both input and output markets, in addition to reasonable local-migrant employment ratios targeted by such policies.

## **Conclusion**

Differentials in earnings between locals and migrant labour in the GCC have been identified in previous literature as a major cause of failing nationalisation policies in the region. The emergence of young mineral-based economies that are highly dependent on cheap migrant labour and the early economic development paths followed by regional governments, where public sectors became the primary employer of local labour with lucrative earnings and benefits, have contributed significantly to the creation of segmented labour markets in terms of public-private, local-migrant earnings structures, and the distribution of local and migrant workers across economic sectors.

This chapter addresses the persistent earnings differentials between skilled local and migrant labour and provides estimates of the relative shares of the differentials that are due to market forces and workers' productivity-related characteristics, and those due to the presence of price distortions. We find that Asians and Arabs are better endowed than locals in terms of productivity-related characteristics, which cause the local-migrant earnings gap to narrow. This effect is, nonetheless, overturned completely by firms' likely unimpeded discrimination against migrant labour, given the significant power of firms over migrants' hiring terms, mobility, and low costs of firing. Firms are therefore unwilling to hire locals, which leads to the inevitable failure of government quotas intended to increase the share of locals in the GCC's private sector workforce.

From a policy perspective, this chapter provides a theoretical explanation with for the failure of nationalisation initiatives across the GCC and introduces an alternative policy approach, which is market based. This could be aimed at skilled workers, where locals and migrants are imperfect substitutes, given their actual skill heterogeneity. The alternative policy approach seeks to reduce prevalent

price distortions by proposing a tax/subsidy scheme on private employers, who are assumed to be noncompetitive in the output market, competitive in the market for migrant labour, and monoposonists in the labour market for locals.

The policy suggests increasing the cost of employing migrants via a payroll tax that, due to competition, will be completely borne by employers. The policy must also be augmented by proper wage protection systems in all GCC countries to ensure that wages are paid duly and in full, and that firms do not shift the tax onto employees. Simultaneously, a payroll subsidy may be granted in the monopsonistic market for locals, where the generated savings will compensate private employers for the tax costs incurred in the market for migrants. The proposed policy is also expected to lead to higher output prices, which further offset the impact of taxing migrant labour. The final impact of the policy on firms' profits, the principal motive for compliance, ultimately depends on the relative elasticities of the supplies of local and migrant labour, as well as the elasticity of the demand for the firms' final outputs. These elements, in turn, should be taken into account while designing the proposed tax/subsidy schemes.

## **Bibliography**

- Blinder, Alan S. "Wage Discrimination: Reduced Form and Structural Estimates." *Journal of Human Resources* 8, no. 4 (1973): 436-55.
- Borjas, George J. and Jan C. Van Ours. *Labor Economics*. Second Edition. Boston, MA: McGraw Hill Education, 2000.
- Brown, Charles and James Medoff. "The Employer Size-Wage Effect." *Journal of Political Economy* 97, no. 5 (1989): 1027-59.
- Fasano, Ugo and Rishi Goyal. "Emerging Strains in GCC Labor Markets." IMF Working Paper 04, no. 71, 2004.
- Forstenlechner, Ingo, Mohamed T. Madi, Hassan M. Selim, and Emilie J. Rutledge. "Emiratisation: Determining the Factors that Influence the Recruitment Decisions of Employers in the UAE." *The International Journal of Human Resource Management* 23, no. 2 (2012): 406-21.
- GLMM. "Percentage of Non-nationals in Government Sector and in Private and Other Sectors in GCC Countries (national statistics, latest year or period available)." GLMM Website, <http://gulfmigration.eu/percentage-of-non-nationals-in-government-sector-and-in-privateand-other-sectors-in-gcc-countries-national-statistics-latest-year-or-period-available>.
- Green, Francis, Stephen Machin, and Alan Manning. "The Employer Size-Wage Effect: Can Dynamic Monopsony Provide an Explanation?" *Oxford Economic Papers* 48, no. 3 (1996): 433-55.
- Hamermesh, Daniel S. "New Estimates of the Incidence of the Payroll Tax." *Southern Economic Journal* (1979): 1208-19.
- Hertog, Steffen. "Arab Gulf States: An Assessment of Nationalisation Policies." GLMM Research Paper, no. 1, 2014.
- . "A Comparative Assessment of Labor Market Nationalization Policies in the GCC." In *National Employment, Migration and Education in the GCC*, ed. Steffen Hertog. Berlin, Germany: Gerlach Press, 2012.
- Kapiszewski, Andrzej. "Arab versus Asian Migrant Workers in the GCC Countries." In *South Asian Migration to Gulf Countries: History, Policies, Development*, edited by Prakash C. Jain and Ginu Zacharia Oommen. Taylor & Francis, 2006: 46-70.

- Ramady, Mohamed. "Gulf Unemployment and Government Policies: Prospects for the Saudi Labour Quota or Nitaqat System." *International Journal of Economics and Business Research* 5, no. 4 (2013): 476-98.
- Oaxaca, Ronald. "Male-Female Wage Differentials in Urban Labor Markets." *International Economic Review* 14, no. 3 (1973): 693-709.
- Randeree, Kasim. "Workforce Nationalization in the Gulf Cooperation Council States." Occasional Paper: Georgetown University School of Foreign Service in Qatar, no. 9, 2012.
- Reilly, Kevin T. "Human Capital and Information: The Employer Size-Wage Effect." *Journal of Human Resources* 30, no. 1 (1995): 1-18.
- Sadi, Muhammad Asad. "Labor Market and the Job Nationalization Policy: A Trajectory of Hospitality and Tourism Strategy in Saudi Arabia." *European Online Journal of Natural and Social Sciences* 4, no. 2 (2015): 414-26.
- Shaham, Dahlia. "Foreign Labor in the Arab Gulf: Challenges to Nationalization." Al Nakhlah: The Fletcher School Online Journal for Southwest Asia and Islamic Civilization 8 (2008).
- Troske, Kenneth R. "Evidence on the Employer Size-Wage Premium from Worker-Establishment Matched Data." *Review of Economics and Statistics* 81, no. 1 (1999): 15-26.



## XIII

### Shaping Smart Societies: How Migration and Education Policies Meet in the Gulf States

*Philippe Fargues\**

**Abstract:** The chapter argues that migration and education policies serve the Gulf states' ambition of building post-oil knowledge-based economies. On the one hand, oil wealth and its management by the state have made it possible for Gulf nationals to 1) enjoy an extremely fast development of school education, and 2) free themselves from 3D (Dirty, Dangerous and Demeaning) jobs, thereby giving birth to societies in which all (or most) citizens end up belonging to educated middle and upper classes. On the other hand, migration policies, through a clear-cut distinction between low-income contract workers not allowed to bring their families and middle- or high-income expatriates with a right to family reunion, have filtered those eligible to stay on economic criteria de facto linked to education and skills, thereby creating a population of settled non-citizens all (mostly) belonging to educated middle and upper classes. As a result of these processes, a particular segmentation of society has emerged, in which the low-income working class has temporary residence while middle and upper classes (comprising both citizens and foreign citizens) are the only permanent members. The chapter will gather empirical evidence to support the

---

\* Philippe Fargues is Professor at the European University Institute (EUI) in Florence and Scientific Director of GLMM.



above-described mechanisms and discuss the sustainability of the resulting form of social segmentation.

## **Introduction**

Most political actors and observers in the Arab Gulf states share the view that economic and social models that have prevailed since the emergence of modern nations in the second half of the twentieth century are now reaching a historical turning point. There is a strong sense that ever-growing wealth from oil and gas exports and the multiple ways in which states subsidised their citizens will no longer serve as an engine for the social contract. The next generation will not resemble their fathers and grandfathers. While building sustainable post-oil economies and societies has been a much-discussed issue since the first depreciation of oil in the late 1980s, it is becoming the number one issue now that oil prices seem to stabilise at a low level.

Now, at the dawn of a post-oil era, the Gulf rulers are working toward building knowledge-based economies, cross-fertilising the financial, social, and human capital their countries have accumulated in the last half century. Oil money has indeed made it possible to build unique global business networks while, at the same time, putting sustained emphasis on the development of education among citizens. In 2008, precisely when the price of oil reached an all-time peak,<sup>1</sup> the government of Qatar was the first in the region to publish a “National Vision 2030” in which the opening statement reads: “Hitherto, Qatar’s progress has depended primarily on the exploitation of its oil and gas resources. But the country’s hydrocarbon resource will eventually run out. Future economic success will increasingly depend on the ability of the Qatari people to deal with a new international order that is knowledge-based and extremely competitive [...] Qatar aims to build a modern world-class educational system that provides students with a first-rate education.”<sup>2</sup> One after the other, the GCC governments have placed knowledge at the centre of their economic and social plans.<sup>3</sup>

- 
1. \$145 per barrel in May 2008, <http://www.macrotrends.net/1369/crude-oil-price-history-chart>.
  2. Qatar National Vision 2030, [https://www.mdps.gov.qa/en/qnv/Documents/QNV2030\\_English\\_v2.pdf](https://www.mdps.gov.qa/en/qnv/Documents/QNV2030_English_v2.pdf).
  3. Bahrain: “Education empowers people to reach their full potential in business, government and society” (*From Regional Pioneer to Global Contender: The Economic Vision 2030*); United Arab Emirates: “United in knowledge : Innovation, research, science and technology will form the pillars of a knowledge-based, highly productive and competitive economy” (“UAE

This chapter explores how a unique combination of financial surpluses and labour force shortages in the Arab Gulf states is gradually leading to a unique model of society. More precisely, it argues that two apparently disconnected goals of state policies in oil-rich states of the Gulf—providing citizens with the highest level of welfare and replacing the missing native labour force with migrant workers—create a specific form of social stratification, in which the settled population is comprised of middle and upper classes while lower classes are a population in transit. A fundamental question then arises as to whether societies deprived of an endogenous working class have the socio-political dynamics necessary for social change and progress.

This chapter is about policies and their outcomes. Public policies are usually evaluated from two different viewpoints: implementation and outcomes. Outcomes include both wanted and unwanted effects produced by policies. In most cases, the focus is on those outcomes that specifically pertain to the phenomenon or population targeted by the policy under review. For example, an education policy is assessed looking at levels and trends in indicators such as average number of students per class, enrolment rates at various ages and educational levels, matches and mismatches between skills produced by education and those in demand on the labour market. On the other hand, migration policies are evaluated using data on migrants with a focus on their numbers, situations, integration patterns, access to rights, etc. or a focus on non-migrants in the sending and receiving populations to the extent that they are affected by migration.

Our goal is different. We want to understand if and how two public policies largely independent from one another—policies on nationals' education on the one side and policies on the entry and stay of foreign nationals on the other—combine to affect a core dimension of Gulf societies, namely their social stratification. We hypothesise that Gulf states have managed oil and gas wealth in such a way as to make it possible for Gulf nationals to 1) enjoy an extremely fast development of school education, and 2) free themselves from the 3D (dirty, dangerous and demeaning) jobs, thereby giving birth to societies in which most citizens end up belonging to the educated middle and upper classes. On the other side, these states

---

Vision 2021"); Kuwait: "Reform the education system to better prepare youth to become competitive and productive members of the workforce" ("New Kuwait 2035"); Saudi Arabia was the most explicit in setting measurable targets, such as "In the year 2030, we aim to have at least five Saudi universities among the top 200 universities in international rankings" ("Saudi Vision 2030"); Oman: at the time of writing (January 2018), "Oman Vision 2040" is under preparation.

have designed migration policies that make a clear-cut distinction between low-income contract workers not allowed to bring their families, and middle- or high-income expatriates with a right to family reunion. Such policies have filtered those eligible to stay on economic criteria that are de facto linked to education and skills, thereby creating a division within non-citizens between two populations: one of long-term, settled residents belonging to educated middle and upper classes, and the other of temporary residents to which the entire lower class belongs. In other words, migrants' right to demographic reproduction in the Gulf is limited to the elites and middle classes, while non-national working classes reproduce themselves in their countries of origin.

### **Contrasting Educational Patterns: Nationals vs. Foreign Nationals**

This section will show that nationals and foreign nationals have experienced diverging educational patterns in the last half century. It is based on educational attainments recorded in the most recent population census or survey at the time of writing. Because school education is gained at a young age, there is an age, say 25 years, beyond which the highest educational level reached by most individuals becomes a permanent characteristic that will never change for the rest of their lives.<sup>4</sup> Figures 13.1 and 13.2 plot two series—the average number of years spent at school<sup>5</sup> (left panel), and the proportion of individuals with a university education (right panel)—by generation<sup>6</sup> and sex, respectively for nationals (Figure 13.1) and foreign nationals (Figure 13.2) in Bahrain, Kuwait, Qatar and Saudi Arabia (only nationals).<sup>7</sup> Data for Oman and the UAE were not found.

One single census or survey provides indicators spanning some 40-50 generations,<sup>8</sup> which is sufficient to capture a large part of the development of

- 
4. Late studies (after 25) and long-life learning play virtually no role on educational attainments at population level. Mortality differentials according to education may introduce a bias—expectedly a higher survival probability of the most educated resulting in their over-representation at old ages—but such a bias is probably smaller than educational gaps between generations and can be neglected in the first instance.
  5. Average numbers of years spent at school were computed by the author using the following weighting factors: Illiterate: 0; Reads and writes: 3; Elementary: 5; Intermediate: 9; High school diploma: 12; Diploma: 14; University degree: 15; Postgraduate: 18.
  6. Age groups in the census or survey have been transformed into years of birth, or generation.
  7. In Saudi Arabia, the demographic survey (most recent: 2016) provides the distribution of population by sex, age and educational level for nationals only, not for foreign nationals.
  8. A census conducted in 2010 provides educational attainments of generations born before 1945 (aged 65+ in 2010), say in 1940 on average, to generations born between 1980-85 (aged 25-29

formal education in the Gulf states where modern school does not have a long history. In Saudi Arabia, a precursor in the Peninsula, it was not until the early 1950s that public secular secondary schools were opened. The first university was set up in 1957. In other GCC states, modern secondary school did not exist before the 1960s and universities were established for the first time in 1966 in Kuwait, 1968 in Bahrain, 1973 in Qatar, 1976 in the UAE, and 1986 in Oman. Throughout the Gulf, the same typical pattern is observed. Nationals' level of education has been rising rapidly and steadily as is evident when we compare the people born in the 1940s to those born in the 1970s and 1980s, with girls catching up with boys and even overcoming them among generations born in the last years of the twentieth century (Figure 13.1). By contrast, no progress was observed in foreign nationals' level of education as illustrated by the flat trends in Figure 13.2. Moreover, while foreign nationals belonging to the old generations (born in the 1940s–50s) had received more education than nationals, young generations are characterised by just the opposite with nationals being on average the most educated. As described below, processes at play profoundly differ between nationals and foreign nationals.

### ***Rising Education among Nationals***

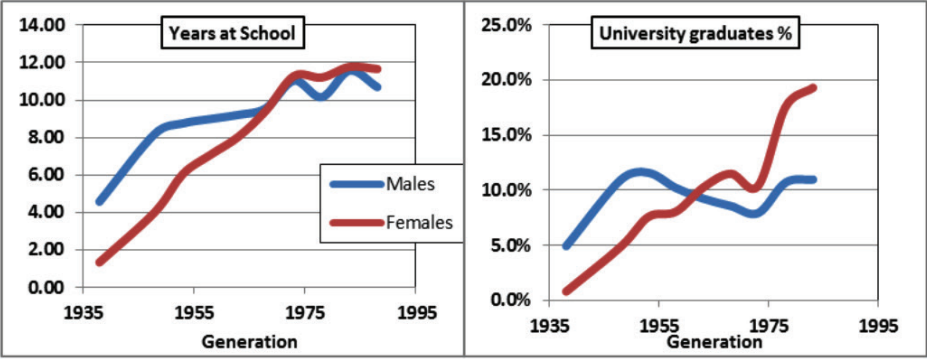
Until the second half of the last century, formal, modern education was the privilege of a few in the native populations of the Gulf. Before the appearance of modern, secular education in the Gulf—say, before the 1960s—common people would either go to Islamic schools or remain illiterate. Inequalities were social, as only upper classes would send some of their children to schools and universities abroad. For the bulk of the population, there was equality between generations as well between genders in terms of modern education, for the simple reason that it existed for no one. When modern school started to expand in the 1960s or later, it benefitted only boys. But soon after, public schools were opened for girls as well, and they rapidly caught up with, and actually passed, boys in all Gulf states, in a movement that has been described as a “reverse gender divide” (Ridge 2014). An extremely fast growth in school attainments starting from the 1960s and the complete disappearance of boys' advantage over girls in only two to three decades are outstanding features of the spread of education among national populations in the Gulf, which are among the most educated in the Arab region today.

---

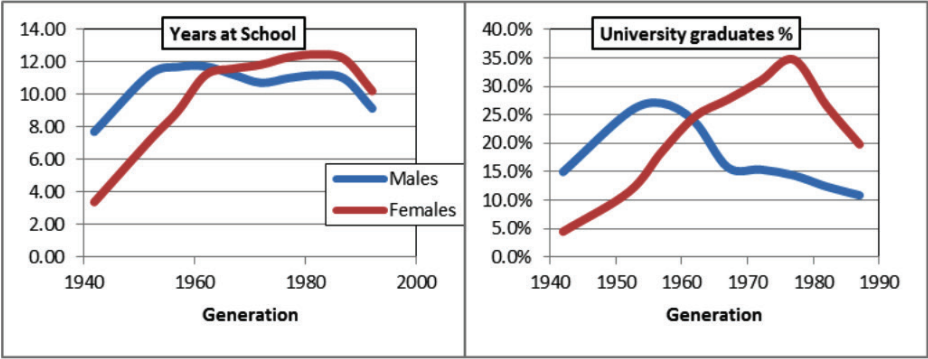
in 2010), say 1983 on average.

Figure 13.1: Nationals' educational attainment by generation in GCC countries

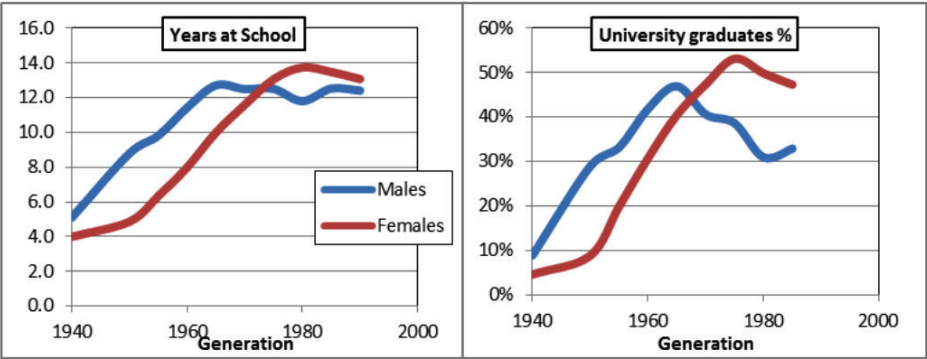
Bahrain

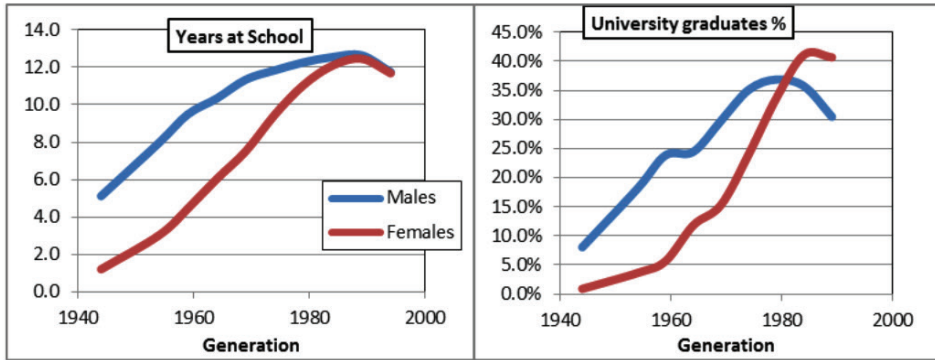


Kuwait



Qatar



*Figure 13.1 (contd.)***Saudi Arabia**

Two remarks must be made at this stage. First, the fact that school and university education provided by states to their citizens has increased in quantity does not necessarily mean that its quality meets the expectations of employers. Actually throughout the Gulf states, the fast rising levels of education among citizens has been paralleled by their equally fast rising unemployment.<sup>9</sup> This phenomenon has been abundantly described in the literature on GCC labour markets over the last twenty years: while state administrations have gradually become unable to provide jobs to growing numbers of graduate nationals, private companies have continuously shown a marked preference for cheaper and better qualified foreign workers. Second, the rapid increase in educational attainments of Gulf nationals is not irreversible. Looking at Kuwait (Figure 13.1), one has to understand why the progress of education—notably at university level—culminated in generations born around 1960 and then started to sharply decline. Was it because higher education became less attractive for young Kuwaitis at a time when highly paid positions in the public sector were getting scarce, leaving Kuwaiti graduates no choice but to compete with foreign workers for less-paid jobs in the private sector or face unemployment? Was it instead more specifically because generations born in Kuwait in the 1960s and later reached university ages in the 1990s when the country was struggling to restart its economy which had been seriously damaged by the Iraqi invasion?<sup>10</sup>

9. This trend is not new. Surveys conducted in the early 2000s already showed that despite universal primary education, and widespread secondary and university education, many young Saudis seemed ill-equipped for the labour market (Mohammed Bosbait and Wilson 2005), a phenomenon that some authors have attributed to the place of religion in the curricula (Prokop 2003).

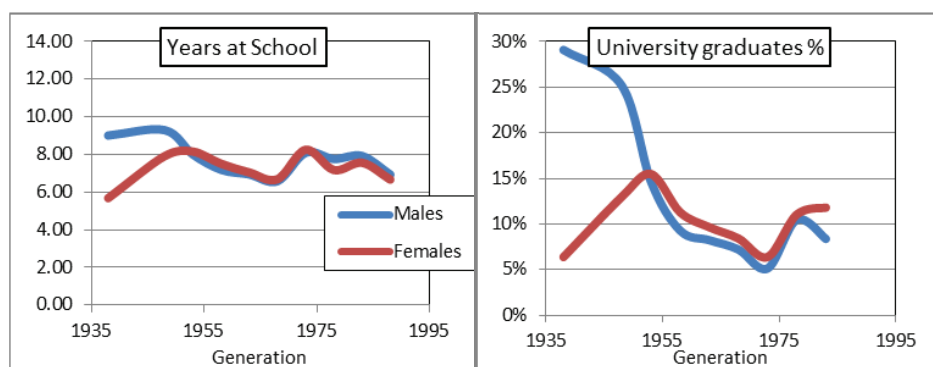
10. War damages were estimated at \$65 billion at 1991 prices (Sadowski 1997).

### Stagnating Education among Foreign Nationals

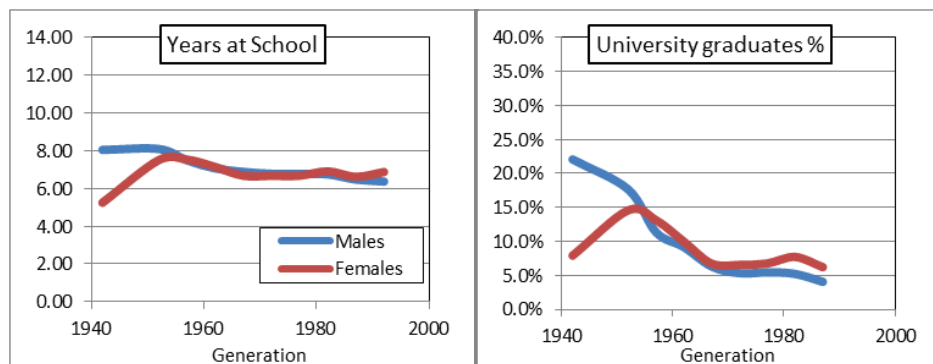
As illustrated by Figure 13.2, patterns of educational change from one generation to the next as well as gender differentials among foreign nationals differ radically from those found among nationals. Instead of a continuous increase in the level of education from one generation to the next, a decrease is observed from the generations born in the 1940s to those born in the 1960s, followed by a flat trend for younger generations (born between the 1960s and the late 1980s).

**Figure 13.2: Legislation on family reunion in the Gulf states**

#### Bahrain

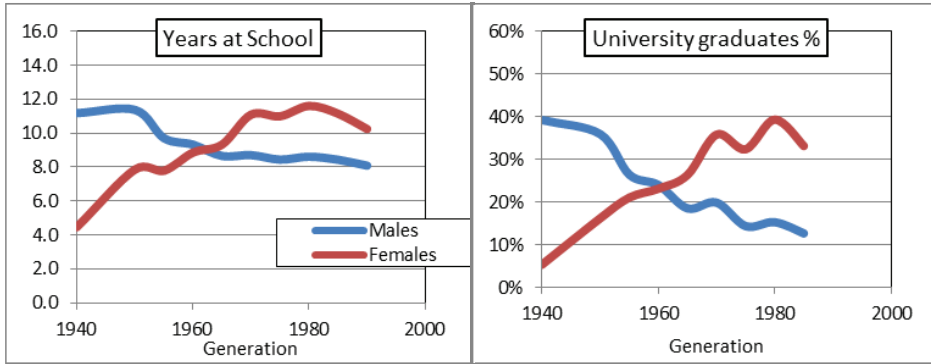


#### Kuwait





## Qatar



A noteworthy feature of foreign nationals' average level of education is that older migrant men (55+, i.e. generations born before 1960) are more educated than any other age group. In other terms, educational levels are declining from one generation to the next.<sup>11</sup> This of course does not reflect a trend in migrants' origin countries (where young generations are more educated than old generations) but a selection process operating in the destination countries: the more educated the migrants, the higher their probability to stay at destination for a long period or even a lifetime. In the absence of data on educational level by duration of stay, we must assume that these old foreign nationals migrated long ago and occupation, which is linked to education, has filtered those entitled to stay. The important point for our argument is the correspondence that exists between having a high level of education and being part of the quasi-permanent population.

The flat trend observed at younger ages is instead a reflection of the rapid turnover of migrant workers admitted with short-term contracts. Arriving migrants replacing departing migrants at the same (low) level of skills and education is indeed a typical pattern in the sectors employing the largest numbers of migrants (e.g. construction, low-skilled services). The bulk of the migrant population is primarily reproduced by migration (as opposed to natural reproduction of nationals) and the whole process is determined by demand in the labour market. Unchanged skills and education from one generation of migrants to the next are therefore a mere reflection of unchanged demand for unskilled blue collar workers (men) and domestic workers (women).

11. It must be noted that migrant workers' educational level may not be adequately measured as it could be that it is not the worker but his or her employer that reports to the census taker. This applies in particular to domestic workers whose educational attainments might be understated by the respondent of the household in which they stay.



Qatar is an apparently puzzling case. In this country, foreign women belonging to young generations have the highest level of education, with between 30 per cent to 40 per cent university-educated women in generations born in the 1980s. Is this because of a higher proportion of migrant women employed outside the domestic services or higher education of those employed in that sector? Or is this a mere reflection of a growing second generation of foreign nationals, highly educated but not (yet) on the labour market? A similar trend would then exist for men but the mass of recent, young and low-educated migrants employed in the construction sector would overshadow the emergence of a highly educated second generation of migrants.<sup>12</sup>

Table 13.1 provides a quantified picture of these changes in terms of educational gaps by generation, gender and nationality.

**Table 13.1: Educational generation, gender and nationality gaps in GCC countries (most recent data in 2017)**

| Country  | Generation gap*<br>(25-29) / (55-59) |         | Gender gap*<br>at 25-29<br>M / F | Nationality gap (Nationals / Foreigners) |         |        |         |
|--|--------------------------------------|---------|----------------------------------|--|---------|--------|---------|
|  | Males                                | Females |                                  | At 25-29                                 |         | At 65+ |         |
|  |                                      |         |                                  | Males                                    | Females | Males  | Females |
|  |                                      |         |                                  |  |         |        |         |
| (1)  | (2)                                  | (3)     | (4)                              | (5)                                      | (6)     | (7)    |         |
| Gap in the mean numbers of years at school                 |                                      |         |                                  |  |         |        |         |
| Bahrain  | 1.32                                 | 1.95    | 0.98                             | 1.46                                     | 1.56    | 0.51   | 0.24    |
| Kuwait   | 0.94                                 | 1.36    | 0.90                             | 1.69                                     | 1.84    | 1.39   | 0.96    |
| Oman   | ...                                  |         | ...                              | ...                                      | ...     |        |         |
| Qatar  | 1.28                                 | 2.13    | 0.93                             | 1.48                                     | 1.21    | 0.46   | 0.89    |
| Saudi Arabia   | 1.33                                 | 2.79    | 1.01                             | ...                                      | ...     | ...    | ...     |
| UAE  | ...                                  |         | ...                              | ...                                      | ...     | ...    | ...     |
| Gap in the proportion with university education (USCED 5+) |                                      |         |                                  |  |         |        |         |
| Bahrain  | 0.95                                 | 2.54    | 0.57                             | 1.31                                     | 1.64    | 0.17   | 0.13    |
| Kuwait   | 0.40                                 | 1.07    | 0.55                             | 2.68                                     | 3.19    | 0.68   | 0.56    |
| Oman   | ...                                  | ...     | ...                              | ...                                      | ...     |        | 0.56    |
| Qatar  | 0.99                                 | 2.39    | 0.70                             | 2.59                                     | 1.43    | 0.23   | 0.85    |
| Saudi Arabia   | 1.28                                 | 7.19    | 0.75                             | ...                                      | ...     | ...    | ...     |
| UAE  | ...                                  | ...     | ...                              | ...                                      | ...     | ...    | ...     |

Source: Author's calculation using the most recent population censuses/demographic surveys.

\*: Index for nationals only

...: Not available

12. Indeed, in the non-Qatari population aged between 25 and 35, in the population census of 2010 (generations born between 1975 and 1985) the following was found: out of 95,382 women, 27,638 had a university education (29 per cent of all women); on the other hand, 63,217 were employed, mostly in elementary occupations (42,298, i.e., 67 per cent of the employed). For men, the numbers were as follows: out of 418,531, 44,096 (11 per cent) had a university education and 416,178 were employed, a majority of them (322,224, that is 77 per cent) in elementary occupations.

Generation gap (columns 1 and 2): Index is greater than 1 when young generations of nationals (aged 25-29) have a higher level of education than older generations (55-59). This is the most frequent case among nationals when education is measured in number of years spent at school (upper panel of Table 13.1), in particular for women whose average level of education has increased much faster than men's. Kuwaiti males are the only exception with a gap below 1, meaning that young nationals have received less education than their elders, a fact that has already been discussed. If we measure education by the proportion of individuals with a university degree (lower panel of Table 13.1), the picture becomes quite different: women have, in all cases, a generation gap index greater than 1, but not men. In Kuwait and Bahrain, the proportion of men with a university degree has decreased from old to young generations, a fact for which no explanation was found in the literature on these two countries.<sup>13</sup>

Gender gap (column 3): Index is greater than 1 when men have received more education than women in the young generation of nationals (aged 25-29). This happens nowhere. Gender differences among Gulf nationals are systematically in favour of women. This applies to the average number of years spent at school (only exception being Saudi Arabia where women and men have the same number) and even more so to the proportion with university education, with only between 55 and 75 men for a 100 women. The rapid development of female education at all levels, and particularly university, is an outstanding achievement of all Gulf states.

Nationality gap (columns 4 to 7): Index is greater than 1 when nationals have received more education than foreign nationals in two groups of generations: young (aged 25-29) and old (55+). A neat pattern with only one exception (men aged 55 and over in Kuwait) emerges: in each country, for males as well as for females, nationals have a higher level of education than foreign nationals among young generations but a lower level among old generations. This nationality gap reversal combines two processes: educational attainments of nationals rising from one generation to the next and educational attainments of foreign nationals determining their duration of stay.<sup>14</sup> The next section is dedicated to this phenomenon.

---

13. The fact that university education is not always fully completed at 25-29 does not provide an explanation as the proportion with a USCED 5+ level of education includes all those who have continued after the secondary level whether they have graduated or not.

14. Data on migrants' duration of stay by educational level that would be necessary to support this argument are not available in GCC population statistics.

## **Differentiated Rights to Stay: Highly-Skilled vs. Low-Skilled Foreign Nationals**

The distinction demography makes between two components of population growth, between natural increase (births minus deaths) and migratory increase (entries minus exits), suggests a related distinction between settled and circulating segments of the population. The settled population has access to demographic reproduction in the country while the circulating population is reproduced in migrants' origin countries. Migrants can belong either to the first population if they bring or found a family in the host country with an intention to durably settle, or to the second population if they have a family left behind in their home country or no family but at the same time no opportunity and/or no wish to settle in the host country. This distinction must be expected to have sociological implications as settlers can enjoy a certain form of inclusion in the host society while those who are bound to return after a few years to their origin country are integrated solely in the labour market, but not in the society.

In the GCC states, governments share the vision that all migrants belong to the circulating population as they are admitted on a temporary basis and must leave the country once their contracts end. There is a gap, however, between this vision and the reality. Indeed, a number of migrants stay long enough to build a family in their destination country to such an extent that a sizeable generation of sons and daughters of migrants has now been born throughout the Gulf (Fargues and Brouwer 2012; Shah 2013). These locally born individuals commonly called "second-generation migrants" are not themselves migrants but not citizens either. They are simply part of the long-term, or permanent, resident population, though not of the citizenry.

Not every migrant has an opportunity to become a settler. Gulf legislations limit the right to family reunification, and therefore the possibility of demographic reproduction in the host country, to migrants belonging to the upper range of income and highly-skilled occupations (Table 13.2). In Bahrain, Kuwait, Qatar, and the UAE, a minimum income is required for a migrant to be entitled to bring in his or her family. In Saudi Arabia, applicants for family reunification must belong to a list of eligible occupations, all of them to be found in the three upper strata of the International Standard Classification of Occupations.

Because income and occupational skills are positively correlated with education,<sup>15</sup> one can reasonably assume that legislations on family reunification

---

15. Though we lack statistical data to measure this correlation in migrant populations in the GCC

in force in the GCC states over-select migrants eligible to family reunification among individuals with a higher than average level of education. Moreover, the development of institutions delivering higher education to second-generation students makes it possible for them to stay longer as family dependents (until the age of 21 for boys and until they get married for girls) and then as employed foreign nationals if they enter the local labour market. As a result, the pool of highly educated foreign nationals is continuously growing through the combined effect of migration and the emergence of a second generation. This phenomenon challenges “Gulfisation” policies by which states intend to replace foreigners by nationals in the private sector.

**Table 13.2: Legislation on family reunion in the Gulf states**

| Country             | Legislation   | Income condition  |
|---------------------|---|---|
| <b>Bahrain</b>      | Decision No. 121 of 2007 Regarding the Entry Visa and Residence Permit of Dependents of Foreign Workers and Business Owners | The monthly income of the foreigner is no less than BD 250; the work permit must not be temporary   |
| <b>Kuwait</b>       | Ministerial Order No. 2 of 1992 Concerning Dependents Joining Foreigners in the Country                                     | The employee's salary is no less than KD 450 (government sector) or KD 650 (private sector)   |
| <b>Oman</b>         | n/a   | n/a   |
| <b>Qatar</b>        | Ministerial Decision No. 45 of 2001 Setting the Conditions for Bringing in Family Members of Residents Working in the State | Monthly salary is no less than QR 4,000   |
| <b>Saudi Arabia</b> |   | List of 200 occupations eligible for family visa (all in ISCO 1, 2 and 3)   |
| <b>UAE</b>          | Article 31(D), Ministerial Decision No. 360/1997  | Monthly salary is Dh 3,000 or more and accommodation is provided by the employer, or monthly salary is Dh 4,000 (excluding accommodation) |

---

states, we might assume that it is as strong as elsewhere.

## **From Social to Political Tensions**

The two trends described previously—rapid spread of education at all levels among nationals and preferential treatment of foreign nationals with a high level of income (and education)—are susceptible to generate tensions between power and knowledge among citizens, and between citizens and foreign citizens among the most educated workers.

### ***Patriarchy Challenged by Education***

The rapid development of school education for both sexes among nationals could gradually undermine the two pillars of the patriarchal order that organises Gulf societies in all spheres, from the family to the state: the domination of the old over the young and of men over women. Before the establishment of the first secular, modern schools between the 1950s and 1970s, the masses were doomed to illiteracy and inequalities in formal knowledge were limited to very small segments of the society. When modern schools started to expand, only the young enrolled and most of the students were boys as had been the case with traditional Islamic schools. As a result, generation inequalities started to widen to the advantage of the young over the old, and gender inequalities furthered boys over girls. The first pillar of the patriarchal order was challenged, but the second temporarily reinforced. Soon after, however, girls caught up with boys in educational terms and gender inequalities in education disappeared. Girls gradually acquired as much modern education as boys (and often more than them) and both boys and girls more than their parents.

In brief, modern school has generated a hierarchy in terms of knowledge—with women and young now more knowledgeable than men and old persons, respectively—that contradicts the patriarchal model of power that had been ruling from times immemorial. The resulting disconnection between knowledge (to the advantage of young generations and women) and power (still in the hands of older men) is susceptible to foster social and political tensions. Rising education has indeed raised economic expectations among women and young people disregarding gender. But these are now met by high unemployment, i.e., low rewards for education in the labour market (Table 13.3, Figure 13.3). Unemployment affects young people with some university education more than any other category today. The frustrated aspirations of young generations can produce various outcomes from resignation (loyalty) to emigration (exit) and/or rebellion (voice). It must be noted that, so far, loyalty has prevailed, in relation to states' capacity to keep granting their citizens a number of material benefits.

**Table 13.3: Inactivity and unemployment among Saudi nationals in 2015**

| Sub-population      |   | Out of the labour force rate | Unemployment rate |
|---------------------|---|------------------------------|-------------------|
| Youth (20-29)       | M | 39%                          | 15%               |
|                     | F | 77%                          | 62%               |
| Secondary education | M | 32%                          | 6%                |
|                     | F | 88%                          | 32%               |
| Tertiary education  | M | 8%                           | 5%                |
|                     |   | 34%                          | 35%               |

The outstanding development of female education may become a powerful driver of social change in the Gulf. Not only have girls overtaken boys in terms of school enrolment but also in terms of performance at school. Scores in math obtained by eighth grade students in 2011 are telling: in Saudi Arabia, girls scored 401 compared to 387 for boys; in Oman, 397 compared to 334; in Qatar, 415 compared to 404; in the UAE, 464 compared to 447; in Bahrain, 431 compared to 388; and in Kuwait (2007), 364 compared to 342 (Ridge 2014).<sup>16</sup> In spite of girls performing better than boys in terms of formal education, tertiary educated women are the most severely hit by unemployment. Considering that foreign women holding university degrees are present in Gulf labour markets while national women are almost invisible, one has to conclude that the barrier to employment is not being a woman as much as being a national woman (Young 2017). Mainstream conservative values deter their presence in the public space. The emerging tension between the two facets of the status of women—their persisting subordination to men in family and society, and their equality with (or superiority to) men in terms of formal knowledge—potentially challenges the old social order, however. In Saudi Arabia, a top-down approach is currently responding to the challenge.<sup>17</sup> But how long will it be sufficient?

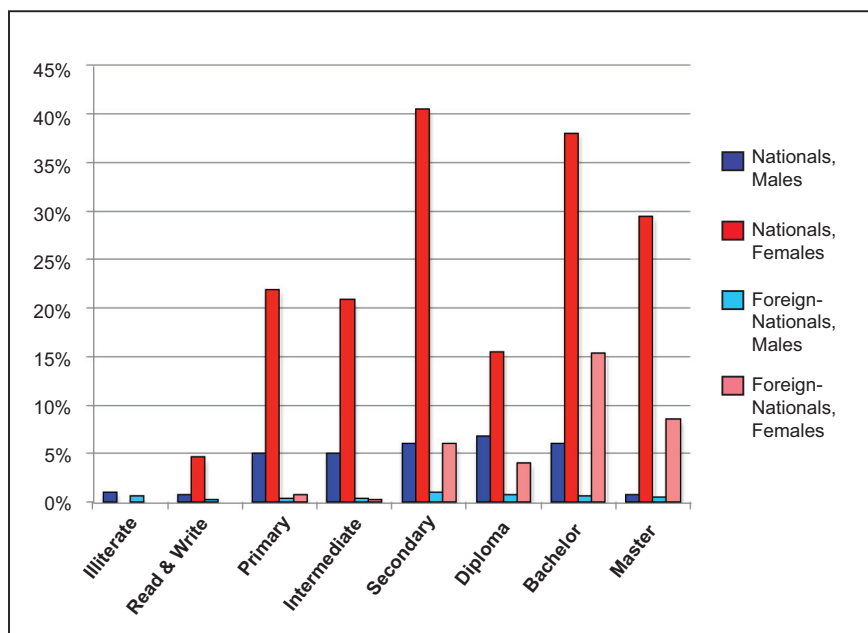
16. The Program for International Student Assessment (PISA) surveys conducted in Qatar and the UAE show the same advantage of foreign national over national students (Fargues 2017).

17. The royal decree of September 2017 lifting the driving ban for women in Saudi Arabia is an example.

### Protection Challenged by Competition

Not only have Gulf states supported greater access of their nationals to all levels of education, but for decades they have also protected them on the labour market by hiring, almost exclusively, nationals in the public sector at higher wages than those paid by private employers. For reasons that will not be developed here, policies aimed at nationalising the workforce—by limiting the recruitment of foreign nationals and replacing them by nationals—have not been very successful so far. At the same time, these countries have lost the capacity (or the will) to hire growing numbers of young educated nationals, whose employment they now entrust to the private sector.

**Figure 13.3: Unemployment rate by nationality and sex in Saudi Arabia - 2016**



Source: Labour Force Survey 2016 - General Authority for Statistics.

But in the private employment market, Gulf nationals are competing with cheaper (and often better qualified) foreign nationals. As evidenced by Figure 13.3, in the case of Saudi Arabia, the resulting unemployment among educated nationals sharply contrasts with the full employment of foreign nationals at the same level of education. This is even truer for men than for women: indeed, having a work contract is a condition for foreign national men to be admitted or renewed as residents (so their unemployment is statistically negligible), while family reunification without

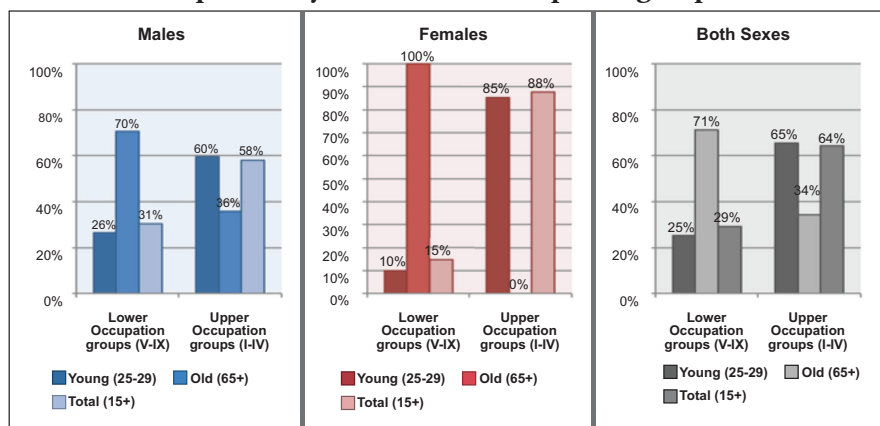
employment opens another door for women. In brief, there is sharp contrast in the employment status between foreigners and nationals, between those who are in the country because they have employment and those who seek employment in their own country. A feeling of unfair competition may soon grow among educated but unemployed Gulf nationals.

On the other side, there is a clear-cut divide between two groups of occupations: between low-skilled occupations that have been increasingly abandoned by nationals and left to migrant workers and highly-skilled occupations where nationals tend to concentrate. Figure 13.4a shows that in Saudi Arabia, where the total workforce is equally divided between nationals and foreign nationals, nationals represent a minority among low-skilled workers (29 per cent for both sexes) and a majority among highly-skilled workers (64 per cent). Age and sex make a difference, however. While low-skilled occupations are truly neglected by young Saudi nationals, they are still the main domain of employment for older people in connection with the low average level of education in their generation. Gender differences are marked: while both young and old Saudi men are found at all levels of the skill ladder, Saudi women represent an overwhelming share of highly-skilled occupations at young ages and of low-skilled occupations at old ages, a phenomenon that reflects the particularly quick increase in female education in the country.

In GCC states with small native populations and large foreign majorities in the workforce, the previously-described contrasts are accentuated by acute demographic imbalances. In Kuwait (Figure 13.4b) almost all employed nationals (95 per cent for men and 97.3 per cent for women) are found in the four upper steps of the occupational ladder, working as: legislators, senior officials, managers; professionals; technicians and associates; and clerks. Though a significant proportion of foreign nationals is also found in these occupations (12.4 per cent for men and 29.3 per cent for women), the bulk of the migrant workforce is occupied at the lower levels of the ladder as: service, shop and market workers; skilled agricultural & fishery workers; craft and related trade workers; plant & machine operators and assemblers; and primary occupations.



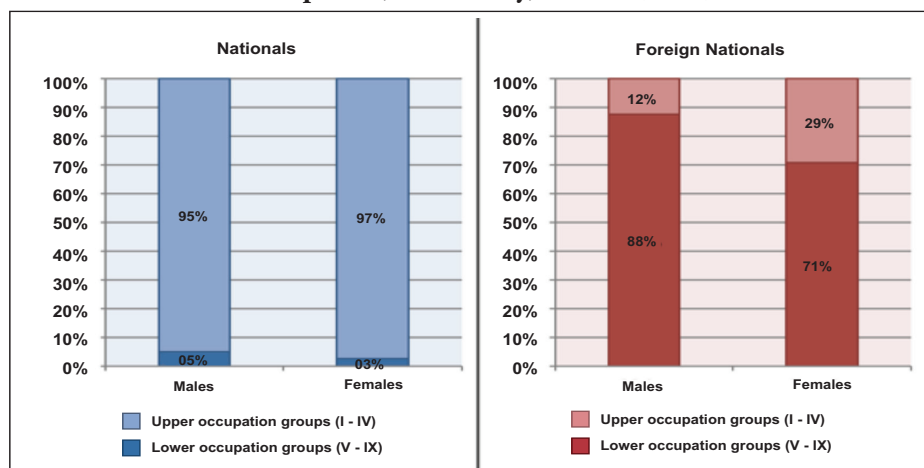
**Figure 13.4a: Percentage of Saudi nationals among employed persons by sex and main occupation group**



Main occupation groups: I = Lawmakers, Directors and Business Managers; II = Specialists in Professional, Technical and Humanitarian Fields; III = Technicians in Professional, Technical and Humanitarian Fields; IV = Clerical Occupations; V = Sales Occupations; VI = Services Occupations; VII = Agriculture, Animal Husbandry & Fishing Occupations; VIII = Industrial, Chemical Operations and Food Industries Occupations; IX = Occupations Supporting Basic Engineering

Source: Labour Force Survey 2016 - General Authority for Statistics.

**Figure 13.4b: Kuwait – Percentage distribution of employed persons by occupation, nationality, and sex (2015)**



Main occupation groups: I: Legislators, senior officials & managers; II: Professionals; III: Technicians & associates; IV: Clerks; V: Service, shop & market workers; VI: Skilled agricultural & fishery workers; VII: Craft and related trade workers; VIII: Plant & machine operators & assemblers; IX: Primary occupations

Source: Labour Force Survey 2015 - Central Statistical Bureau.

## Conclusion: What Will Drive Social Change in the Gulf States?

This chapter has reviewed state policies and their remote outcomes in two apparently disconnected domains: education and migration. On the one side, oil wealth and its management by the state have made it possible for Gulf nationals to enjoy an extremely fast development of school education, and free themselves from 3D (dirty, dangerous and demeaning) jobs, thereby giving birth to societies in which the bulk of the citizenry ends up belonging to educated middle and upper classes. On the other side, migration policies, through a clear-cut distinction between low-income contract workers not allowed to bring their families and middle- or high-income expatriates with a right to family reunion, have filtered those eligible to stay on economic criteria that are de facto linked to education and skills, thereby creating a population of settled non-citizens mostly belonging to educated middle and upper classes. As a result, a very particular kind of social stratification has emerged, in which the low-income working class are temporary residents while middle and upper classes (comprising both citizens and foreign nationals) are the only permanent (or established) members. This unique pattern is schematised in Table 13.4.

**Table 13.4: Emerging stratification of Gulf societies  
by education and nationality**

| Nationality / Education | Low-educated               | High-educated                            |
|-------------------------|----------------------------|--|
| Nationals               | <i>(Residual category)</i> | Normal status among citizens             |
| Foreigners              | Short-term migrants        | Long-term and second generation migrants |

What could the social and political implications of such a pattern be and what would it mean for the future in the GCC states? A primary question relates to the sort of tensions that the widening gap between, on the one hand, young citizens' expectations fostered by education and, on the other hand, their lack of opportunities on the labour market, will generate. Will the frustration felt by the new generation of nationals place citizens in opposition to states, as the latter can

no longer deliver employment and the social status that goes with it? Or will it instead place citizens in opposition to non-citizens, who would be held responsible for creating unfair competition in employment? The answer depends upon which of the ruling class or nascent civil societies will contribute more to shaping young citizens' opinions and their commitment to their society and nation.

A second question is about what the drivers of change will be in societies in which the working or lower classes are transient as most of their members are migrants bound to return to their countries of origin. GCC societies, in which labour conflicts can be outsourced to origin countries of the migrant workers, lack a key work-related source of social and political change. From Karl Marx and Friedrich Engels ("bourgeoisie and proletariat: the history of all hitherto existing society is the history of class struggles") to Alexis de Tocqueville ("I speak of classes, they alone should concern the historians") in the nineteenth century to George Sorel ("conflict prevents the ossification of society and creates pressure for innovation in the social domain"), and Ralph Dahrendorf or Lewis Coser ("The emergence of technological change in Western societies was made possible with the emergence of pluralistic and hence conflict-charged structure of human relations") in the twentieth century, there is a wealth of literature on how conflict between social classes is a powerful driver of the evolution of societies. Will top-down reforms substitute bottom-up dynamics? That is the question that needs an answer.

## Bibliography

- Al-Khaldi, Salem. "Education Policies in the GCC States." GRC Research Papers Series, 2007.
- Al Rawaf, Haya Saad, and Cyril Simmons. "The Education of Women in Saudi Arabia." *Comparative Education* 27, no. 3 (1991): 287-295.
- "Bahrain, from Regional Pioneer to Global Contender: The Economic Vision 2030 for Bahrain." <http://www.bahrain.bh/wps/wcm/connect/38f53f2f-9ad6-423d-9c96-2dbf17810c94/Vision%2B2030%2BEnglish%2B%28low%2Bre solution%29.pdf?MOD=AJPERES>.
- Bosbait, Mohammed and Rodney Wilson. "Education, School to Work Transitions and Unemployment in Saudi Arabia." *Middle Eastern Studies* 41, no. 4 (July 2005): 533-545.
- Coser, Lewis A. "Social Conflict and the Theory of Social Change." *The British Journal of Sociology* 8, no. 3 (September 1957): 197-207.
- Dahrendorf, Ralf. "Toward a Theory of Social Conflict." *The Journal of Conflict Resolution* 2, no. 2 (June 1958): 170-183.
- Fargues, Philippe and Imco Brouwer. "GCC Demography and Immigration: Challenges and Policies." In *National Employment, Migration and Education in the GCC*, edited by S. Hertog. Gerlach Press: Cambridge, 2012.
- Fargues, Philippe. "International Migration and Education – A Web of Mutual Causation." ED/GEMR/MRT/2019/T1/1, UNESCO, 2017.
- Herb, Michael. "A Nation of Bureaucrats: Political Participation and Economic Diversification in Kuwait and the United Arab Emirates." *International Journal of Middle East Studies* 41, no. 3 (August 2009): 375-395.
- Khan, Faryal (ed.). *Momentum for Education 2030: Improving the Quality of Learning Outcomes and Enhancing the Performance of Education Systems in the Gulf Cooperation Council States (GCC)*. UNESCO, Doha, 2016.
- Kuwait. "New Kuwait 2035." <http://www.newkuwait.gov.kw/en/>.
- Oman. "Oman Vision 2020." <https://www.scp.gov.om/en/Page.aspx?I=14>.
- Prokop, Michaela. "Saudi Arabia: The Politics of Education." *International Affairs* 79, no.1 (January 2003).

- Qatar. "Qatar National Vision 2030." [https://www.mdps.gov.qa/en/qnv/Documents/QNV2030\\_English\\_v2.pdf](https://www.mdps.gov.qa/en/qnv/Documents/QNV2030_English_v2.pdf).
- Ridge, Natasha. *Education and the Reverse Gender Divide in the Gulf States: Embracing the Global, Ignoring the Local*. New York: Teachers College Press, 2014.
- Sadowski, Yahya. "The End of the Counterrevolution? The Politics of Economic Adjustment in Kuwait." *Middle East Report*, no. 204 (July-Sept. 1997): 7-11, 26.
- Saudi Arabia. "Saudi Vision 2030." <http://www.vision2030.gov.sa/en>.
- Shah, Nasra M. "Second Generation Non-Nationals in Kuwait: Achievements, Aspirations and Plans." Research Paper #32, Kuwait Programme on Development, Governance and Globalisation in the Gulf States, The London School of Economics and Political Science, 2013.
- Sorel, George. "Réflexions sur la violence, Sorel, Réflexions sur la violence." 1908. [http://classiques.uqac.ca/classiques/sorel\\_georges/reflexions\\_violence/Sorel\\_Reflexions\\_violence.pdf](http://classiques.uqac.ca/classiques/sorel_georges/reflexions_violence/Sorel_Reflexions_violence.pdf).
- United Arab Emirates. "UAE Vision 2021." <https://www.vision2021.ae/en/our-vision>.
- Young, Karen E. "More Educated, Less Employed: The Paradox of Women's Employment in the Gulf." Oxford Gulf & Arabian Peninsula Studies Forum, Spring 2017.

## **Migration to the Gulf: Policies in Sending and Receiving Countries**

International migration is a ubiquitous reality in the Gulf states where foreign citizens are a majority in the workforce as well as in the total population of several states. Migration is instrumental in the Gulf nations' prosperity and at the same time regarded as a challenge to their identity. For many countries of origin in Asia, the Arab world and East Africa, migration to the Gulf is an integral part of the daily lives of tens of millions and a constitutive element of economies and societies.

On the sending side, there is a widespread view that emigrants serve the prosperity of their nation, through financial remittances, enhanced skills, and enlarged business networks, and that they must be protected in the countries where they live. State institutions have been created to look for migration opportunities and to defend the rights of their expatriate nationals in terms of living and working conditions. Fair recruitment and decent work have become an integral part of their agenda. Emigration is now regarded as a resource for national economies in the same way as trade, and a matter for external policies and politics.

On the receiving side, Gulf policies must address the challenge of admitting contract workers needed by ambitious development programmes and welfare goals, while tackling a number of migration-related imbalances: too much dependency on foreign labour; too few women in the labour force; too much unused education and wasted skills among nationals; too much money flooding out of the country in the form of workers' remittances; and too rigid regulations ending up in high levels of irregularity.

This book is about policies designed to regulate migration and protect the migrants and enable them to contribute to the prosperity of the Gulf and the development of their home countries. It brings unique knowledge to all those striving to improve current systems, from a state's as well as a migrant's perspective.

Gulf Research Centre Cambridge  
Centre of Islamic Studies  
University of Cambridge  
Sidgwick Avenue  
Cambridge CB3 9DA, UK  
E-mail: [info@grc.net](mailto:info@grc.net)



**Gulf Research Center Cambridge**  
Knowledge for All

ISBN 978-1-909864-22-1



9 781909 864221