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Introduction: Migration Policies, between Domestic Politics and International Relations

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Migration to the Gulf: Policies in Sending and Receiving Countries

edited by Philippe Fargues and Nasra M. Shah

BOOK CHAPTER

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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.

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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.

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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?

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.

