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**RESTRICTIVE LABOUR IMMIGRATION POLICIES IN  
THE OIL-RICH GULF: EFFECTIVENESS AND  
IMPLICATIONS FOR SENDING  
ASIAN COUNTRIES\***

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\*The views expressed in the paper do not imply the expression of any opinion on the part of the United Nations Secretariat.

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## A. INTRODUCTION AND BACKGROUND

In response to the 2004 UN survey eliciting opinions on the level of immigration and emigration, four of the six oil-rich Gulf Cooperation (GCC) countries (Kuwait, Oman, Saudi Arabia and the United Arab Emirates (UAE)) considered the immigration level to their countries to be too high and expressed a desire to lower it. The remaining two countries, Bahrain and Qatar, considered the level to be satisfactory, however. Bahrain stated it did not have a policy to interfere with the immigration level while Qatar stated that it had a policy to maintain the level (Table 1) (UN, 2004). A review of the opinions, attitudes and policies towards immigration in the Gulf region indicate that in all six countries the trend towards restricting the inflows has increased. Also, steps towards the actual implementation of the policies are more actively being taken and enforced.

Kuwait and Saudi Arabia have responded more specifically to the UN query on policies regarding immigration and emigration as shown in Table 2. Kuwait has a policy to lower the permanent settlement of immigrants and its policy for granting citizenship is highly restricted. In addition to its general policy for curtailing labor migration, Kuwait also has a policy to lower the number of dependents of migrant workers. One of the ways in which the country fulfills this policy is by putting a salary ceiling on workers who are allowed to bring their family with them. Also, the country has no program for the integration of migrants since it views them as temporary workers who are in the country on renewable contracts that are awarded generally for about 2 years at a time. In reality many of the migrant workers in Kuwait have worked in the country for ten years or longer (Shah, 2004). Unlike Kuwait, Saudi Arabia re

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the press during the last year that Saudi Arabia has passed a law to allow expatriates to become citizens. Some of the conditions for awarding nationality are to be an Arab, to speak Arabic fluently and to be highly skilled (Arab News (Saudi Arabia), 2005).

The composition of national vs. non-national population in the GCC countries helps to understand the rationale for the restrictive policies. For the last decade, non-nationals have come to outnumber nationals in several of the GCC country populations. In Oman, non-nationals constituted as many as 76% of the UAE population. In the labor force, more than half in each country comprised expatriates. In 2005, the combined estimated GCC population was 35.8 million. Non-nationals numbered 12.2 million (34 %). It was estimated that if the expatriate population grew at the present rate it might reach 18 million after ten years (Kuwait Times, 2005). The data indicates that in the largest GCC country, Saudi Arabia, non-nationals constitute 30 % of the 23 million residents. However, they comprise 70 % of the labor force in the private sector labor force. In UAE, foreigners constitute 80 % of the labor force and 98 % of the private sector jobs (Migrant News, December 2005).

Foreign workers have helped in the rapid transformation of the Gulf region. At the same time, institutional development in the Gulf and they were generally v. In the same time, Gulf countries have been making statements about the labor force and a reduction in the percentage of the expatriate labor force.

many years. However, during the last decade or so, concrete policies aimed at enhancing indigenization and reducing the numbers of foreign workers have actually begun to be implemented. A major reason for the above is the rising level of unemployment among the nationals that has been raising difficult economic and political questions for the governments.

Unemployment in Saudi Arabia, the largest GCC country, had increased to about 13% among all males in 2004 and is estimated to be as high as 35% among the youth aged 20-24 (Wall Street Journal, April 1, 2004, pg A1). Male unemployment rate went up progressively from 7.6 % in 1999 to 9 % in 2000, 10.5 % in 2001, 11.9 % in 2002 and 12.5 % in 2003 (Arab News, April 15, 2004). The country is also faced with a demographic tidal wave of those 56% aged less than 20 who are expected to enter the labor force in the next two decades, amounting to a total of about 100,000 new jobs required per year ((Arab News (Saudi Arabia), Feb 5, 2004). In Bahrain, unemployment stands at 15 % (The Gulf News(UAE), February 11, 2003). Unemployment has already resulted in some political unrest, such as the sit-ins outside the Assembly in Bahrain. In the UAE, it is estimated by the head of labor market studies at Tannia (the national human resource development and employment authority) that current actual unemployment figures among UAE nationals could reach as high as 40,000 (AMN, June 1-15, 2005). Some economists have concluded that unemployment is “the biggest policy challenge facing the GCC at the moment” ([www.gulfbusiness.com](http://www.gulfbusiness.com), December 1, 2004).

## **B. DATA SOURCES**

Data from which an estimation of the policies is made in this paper consists primarily of government or scholarly publications that appear occasionally, and newspaper reports compiled by various institutions. Three main sources have been used. The first one is a compilation of news items by the Center for Immigration Studies (CIS) in Washington, D.C. sent on a weekly basis to interested recipients. The second is a monthly newsletter published by the University of California at Davis. The third is a bi-monthly newsletter from the Scalabrini Migration Center in the Philippines on Asian Migration News (AMN).

In terms of the stocks and flows of migrants from various countries, there is no regular publication that provides comparative data for the six countries. The United Nations Economic and Social Commission for Western Asia (ESCWA) used to publish data sheets summarizing the vital events information for the ESCWA region, including migration, annually or biannually. Hence relatively updated information was available for the major characteristics of national and non-national population. However, ESCWA discontinued this publication since the last few years. The Gulf region governments do not have any routine publication where comparative data for the region may be available, especially with regard to migration statistics. Furthermore, in the publications from the Census, limited information on nationals vs. non-nationals is available. The data are typically not disaggregated according to the nationality of the migrant workers or their dependents residing in the Gulf country. Conclusions on the current situation of migrant stocks and flows, or characteristics of migrants must therefore be pieced together from diverse sources, including newspaper reports which may sometimes lack the desired amount of accuracy.

Lack of timely and routinely available data on the subject makes the analysis of trends especially difficult. Also, a discrepancy between different data sources complicates the task of

drawing any final conclusions about the preponderance of migrant workers and their dependents in the Gulf. Media reports are not always consistent about the total number of foreigners in the total population or the labor force. In Saudi Arabia, for example, the reported number of foreigners varies between 7 million (reported in Migrant News, December 2005) to 8.8 million, estimated by the Saudi labor Minister Dr. Ghazi Al-Gosaibi in May 2004. Also, there is a discrepancy between different sources in terms of the proportion of the labor force comprised by foreigners in Saudi Arabia. ESCWA data, shown in Table 2, provide a figure of about 56 % foreigners in the Saudi labor force in 2000 compared with an estimate of 70 % reported in Migrant News for December, 2005. Data sources also differ in terms of the percentage of the private sector comprised by Saudi nationals from 5-13 %. Hence, several questions remain about the reliability of the data presented by various sources.

Within a certain margin of error pertaining to the precise numbers of foreign workers in the population and labor force, however, one is able to assess the thrust, nature and direction of major policies regarding future labor migration to the Gulf region. Judging from the sources mentioned above, the overwhelming response of the host countries has been to devise policies that would limit the inflow of workers and enhance employment among nationals, as mentioned earlier and elaborated in the rest of this paper.

### **C. LABOR IMMIGRATION POLICIES**

Labor immigration policies may be grouped into two broad categories, those affecting the supply of labor and those affecting the demand. In Figure 1, several specific policies under each of the above headings are identified. Among policies that aim to reduce the supply of foreign workers, I believe those relating to increased cost of living for migrant workers, nabbing and deportation of overstayers and illegals, stricter visa regulations, and curbs on visa trading to be especially important. Among policies that aim to reduce the demand for foreign workers, creation of job opportunities for nationals through training and market mechanisms, and indigenization of the labor force through administrative mechanisms are the major ones. In the rest of the paper, policies listed in Figure 1 are illustrated with examples.

#### ***1. Policies aimed to affect supply of workers***

##### ***a. Cost of living***

Indirect tax[(v)-11.5(d 3.2([(v)n51 e6c(nde)3.2vener )-10(fo[(vx)-10.8(e hoste)]TJ -7.89 0 TD -0.0011

the employer will no longer be required to pay for the mandatory health insurance for the workers. The employees would have to pay the premium for their national health insurance thus bearing additional costs in a situation where the wages are already fairly stagnant (AMN, January 15-31, 2006).

A migrant worker in Kuwait must buy a health insurance for himself as well as each member of his family, if accompanying him. The employer often does not pay such insurance in the private sector where almost 93 % of all expatriates work (PACI, 2005). Even in cases when the employer pays the yearly insurance premium, each visit to the primary care clinic entails a fee of 1 Kuwaiti dinar (KD) (\$ 3.4) and to the hospital a fee of 2 KD (\$ 6.8). For an ordinary worker who generally earns around 100-150 dollars a month, the cost may be considerable. For certain specialized tests such as an MRI additional fee must be paid. At the time when the health fee was implemented in 1999, several foreign workers in Kuwait decided to send their dependent wives and children to the home country since they could not afford to pay health insurance.

Other examples of the increase in cost of living in Kuwait include the rise in fee for issuance and renewal of residence permits, driver's license and registration etc. Another mechanism that may indirectly affect the cost of living for a foreign worker is the policy to increase the fee that an employer must pay for hiring such a worker. In Kuwait, the cabinet is deliberating on hiking the fee per worker to KD 50 (US\$ 170) per year (Kuwait Times, February 28, 2005). This fee is highly likely to be passed on to the employee in the private sector.

Expatriates are complaining in the UAE about the exorbitant fees now being charged for the verification of their university degree certificates after the change in this process in 2005. Under the new Degree Verification Program, expatriates must send their attested degree certificates through IntegraScreen, a document verification company, via Emirates Post. This

overstayers. Many of the arrests were aided by tips from long time residents of these neighborhoods who were uneasy over the presence of large number of African overstayers believed to be responsible for crimes such as robbery, theft, as well as selling drugs and alcohol (AMN, July15, 2005).

One of the consequences of overstay has been the presence of homeless persons on the streets in Saudi Arabia, trying to survive in makeshift shelters. The Human Rights Association estimates that despite the efforts at removing and deporting such people there are between 600-800 homeless people in the country, mostly women, children and elderly (AMN, October 1-15, 2005). One of the factors that complicates the matter is the fact that some Saudis sympathize with umrah (a smaller pilgrimage that may be performed at any time of the year) visa holders who want to stay until they are able to perform the Hajj (a pilgrimage that is obligatory once during one's lifetime for all Muslims who can afford it, and takes place once every year) and do not see any harm in letting them stay past the deadline on their umrah visa and perform the Hajj before they return home (AMN, December 1-15, 2005).

paying a fine. An overstayer has to raise roughly Omani Riyal (RO) 400 (US\$1,039), RO250 (US\$649) for the fine and RO150 (US\$ 390) for the airfare. (AMN, Sept 15, 2005). A more detailed account of amnesty leavers may be found in Shah (2004).

**C. *Stricter regulation of visa issuance***

A hard look is again being taken at the issuance of new work permits, and the transfer of

accompanied by a job. The migrant thus found employment with someone other than the sponsor, or remained unemployed.

In the UAE it is estimated that the number of workers sponsored by these fictitious companies in 2004 was 600,000 or 27% of the total workforce (UAE-Gulf News, April 13, 2004). As part of its efforts to curb the hiring





penalty for non-compliance instead of hiring nationals, indicating the difficulties of implementing government policies on this matter (Gulf News (UAE), September 22, 2004). In Oman, which has the lowest percentage of non-nationals among all GCC countries, a decision to create job opportunities for national women was recently made. Only Omani women are now allowed to sell *abaya* (women's cloaks) in certain sections of Muscat as a means of reducing reliance on foreign workers (Agence France Press, July 1, 2004). Oman is also making efforts to Omanise several other occupations such as those of cashiers, drivers, and security officers.

In the UAE, all the contractors signing deals with the Ministry of Public Works and Housing are being encouraged to employ national women engineers to reduce the pool of jobless female specialists (The Gulf News (UAE), February 12, 2003). The Dubai Naturalization and Residency department has ordered that public relations jobs be restricted to UAE nationals in order to generate more jobs for local job seekers (AMN, June 1-15, 2005). Another strategy to regulate and limit the inflow of foreign workers is the implementation of a quota system whereby guidelines are provided to the companies to diversify the workers they hire from any single nationality in order to achieve a culture balance. Companies in which workers of any one nationality exceed 30 % have to pay a higher fee (AMN, June 1-15, 2005).

In Saudi Arabia, 25 occupations designed for phasing out expatriates have been identified, including travel, gold and jewelry shops, grocery stores etc. (Wall Street Journal, April 1, 2004, pg A1). The government is extremely serious in implementing these policies judging from the enforcement raids that are being launched to ensure that the guidelines for employment of Saudis are being followed. In Jeddah, it was found that 60% of the gold shops are owned by expatriates and many remained closed when the law came into effect (Arab News (Saudi Arabia), Feb, 24, 2004).

Kuwait has also joined the other GCC countries recently by specifying 16 jobs which are no longer open to expatriates. Such jobs include computer programming, computer operation and data entry, secretarial, typing and clerical jobs, cashiers, and car drivers etc. (Kuwait Times, March 4, 2006, p.2).

#### **D. EFFECTIVENESS OF POLICIES**

Thus, the mindset is one of clamping down on migration to the Gulf. This mindset is supported at the highest policy making levels within the host countries. At the political level, governments are totally committed to the indigenization of the population and workforce as a matter of strategic importance. A draft resolution to cut down the number of expatriates was discussed at the annual GCC summit held in Bahrain in December 2004 where the presence of expatriates was described as “a danger for our Arab-Islamic culture” (Kuwait Times, December 20, 2004). Policies are beginning to get more fine-tuned and steps aimed at their implementation have become more active.

While the intentions for restricting the inflow of foreign workers are clear and unequivocal and policies aimed at achieving this continue to emerge regularly, the recorded effectiveness of such policies presents a mixed picture. The Saudi government, for example, typically announces that foreigners can no longer be employed in certain sectors, it stages a few raids (such as on the jewelry shops mentioned above) and then backs off when private businesses



replaced only by a Kuwaiti secretary. Priority in hiring of non-academic staff is being given to Kuwaiti nationals and appointment requests for non-Kuwaitis are systematically being rejected. Also, it has been decided by the Civil Service Commission that contracts of government employees who have completed 30 years of service will be terminated and this rule has already begun to be applied (Kuwait Times, March 4, 2006).

There are some indications of gradual changes in attitudes of indigenous workers towards jobs that they had come to perceive as the work of expatriates. Examples from some countries

workers contributing the largest percentage (Kuwait Times, April 18, 2006, p. 1& 30). Migration to the Gulf countries is playing an important role not only in tackling the unemployment in the sending countries but also in helping reduce poverty. The example of Kerala has shown poverty reduction of 12 % associated with migration and remittance income (Skeldon, 2005).

Despite the increasing restrictions in the Gulf countries, described in this paper, the

Among the workers who are most likely to be subjected to exploitation, women working as housemaids in private homes must be singled out. Cases of non-payment of wages, over-work, lack of holidays, beating, and in some cases rape have been repeatedly reported in the press. It is perhaps due to the numerous cases of the abuse of workers that four GCC countries (Saudi Arabia, Kuwait, Qatar and UAE) were recently downgraded by USA's annual report on trafficking to the lowest level, a claim that has been vigorously disputed by the GCC countries (Kuwait Times, June 4 & 5, 2005).

In the midst of an ample supply of Asian, and to a lesser degree Arab, workers the receiving countries are now trying to seriously reduce the inflow of foreign workers and their families and thereby increase the relative proportion of indigenous population and labor force. A major force behind the more serious implementation of restrictive policies is the heightened level of unemployment among the new national entrants to the workforce. Several impediments to the effective implementation of such policies have been identified in this paper. If a successful implementation of these policies does occur, however, and the number of future migrants is curtailed, this would have many negative implications for the economic, political and social situation of those in the sending countries.

Table 1- View and policy on immigration and emigration levels in the Arab countries

| Country | Immigration levels |        | Emigration levels |        |
|---------|--------------------|--------|-------------------|--------|
|         | View               | Policy | View              | Policy |

Table 2- Countries with more specific policies on immigration and emigration

|                                 | Kuwait | Oman  | KSA             |
|---------------------------------|--------|-------|-----------------|
| <u>Immigration policies</u>     |        |       |                 |
| Permanent settlement            | lower  | -     | No intervention |
| Migrant workers                 | Lower  | Lower | Lower           |
| Dependents of migrant workers   | Lower  | -     | Lower           |
| Integration of non-nationals    | No     | -     | Yes             |
| <u>Emigration policies</u>      |        |       |                 |
| Encouraging return of nationals | No     | -     | Yes             |

Source: UN (2004)



Table 3- Percentage of nationals and expatriates in the population and labor force of GCC countries, 2000

| Country                    | Population   |               | Labor force      |              |
|----------------------------|--------------|---------------|------------------|--------------|
|                            | Total (000s) | % expatriates | Total (000s)     | % expatriate |
| BAHRAIN                    | 652          | 40.0          | 272 <sup>a</sup> | 61.9         |
| KUWAIT (2004) <sup>b</sup> | 2,645        | 64.3          | 1,551            | 81.3         |
| (2005)                     | 2,867        | 34.9          | 1,727            | 81.8         |
| OMAN                       | 2,442        | 22.7          | 859              | 64.3         |
| QATAR                      | 580          | 73.7          | 120 <sup>a</sup> | 81.6         |
| SAUDI ARABIA               | 20,279       | 25.4          | 7,176            | 55.8         |
| UAE                        | 2,890        | 75.7          | 1,356            | 89.8         |
| <b>All GCC countries</b>   | 29,322       | 34.9          | 11,103           | About 70.0   |

Sources:

ESCWA (2001)

<sup>a</sup> Kapizewski (2001)

<sup>b</sup> PACI (2004)



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