

**UNITED NATIONS EXPERT GROUP MEETING ON INTERNATIONAL  
MIGRATION AND DEVELOPMENT IN THE ARAB REGION**

Population Division

Department of Economic and Social Affairs

United Nations Secretariat

Beirut, 15-17 May 2006

**ARAB VERSUS ASIAN MIGRANT WORKERS  
IN THE GCC COUNTRIES\***

Andrzej Kapiszewski\*\*

---

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

\*\* Jagiellonian University, Krakow, Poland.

A difficult economic situation of many Arab and South East Asian countries in the last few decades has made labor emigration an attractive option for citizens of these states (Al-Najjar, 2001; Abella, 1995).<sup>1</sup> Such emigration has generally been supported by the governments of these countries to ease the pressure on labor markets, reduce unemployment, and accelerate development. The migration of the workforce has become one of the most dynamic economic factors in the Middle Eastern and North African (MENA) countries; remittances from migrant labor back to these states exceed the value of regional trade in goods as well as official capital flows (Nassar and Ghoneim, 2002; Fergany, 2001). Similarly, the migrations to the Gulf states speed up the development of certain regions of India, Pakistan, Bangladesh, the Philippines or Indonesia (Amjad, 1989; Eelens et al. , 1992).

One of the largest markets for Arab and Asian job seekers has been that of the Gulf states: Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman: members of the 1981-established the Gulf Cooperation Council (GCC). Since the discovery of oil, these countries, lacking a local workforce, have been employing a large expatriate labor force. That process has had a very significant impact on the economy, politics, and the social structure of the GCC states. It has allowed for a rapid development of these countries, but at the same time involved them in various foreign affairs developments and brought a number of negative cultural and socio-economic consequences. Although foreigners in the GCC states have not created problems of the magnitude of those found in other immigrant countries of the world, different economic and political interests of governments and individuals have brought numerous tensions and conflicts, which intensified in the post 9/11 era.

This paper analyzes the population dilemmas of the GCC states as well as the economic and political determinants of the labor policies. In particular, such issues as the heterogeneity of the local populations, the national composition of the foreign workforce, the segmentation of the labor market and the localization of the workforce are discussed.

### **Divided populations: nationals vs. expatriates**

Since the discovery of oil political entities of the Persian Gulf have transformed themselves from desert sheikhdoms into modern states. This process has been accompanied by a rapid population growth. The population in the current GCC states has grown more than eight times during 50 years; to be exact, from 4 million in 1950 to 40 million in 2006, which marks one of the highest rates of the population growth in the world. This increase has not been caused primarily by a natural growth of indigenous population but by the influx of foreign workers. The employment of large numbers of foreigners has been a structural imperative in these countries, as the oil-related development depends upon the importation of foreign technologies and requires knowledge and skills alien to the local Arab population. In consequence, unlike in Western Europe, where foreign workers have only complemented the national workforce, usually by filling lower-status jobs, in the GCC states they have become the primary, dominant labor force in most sectors of the economy and the government bureaucracy. The percentage of foreigners in the GCC populations has systematically been growing over the last decades, increasing from 31 percent in 1975 to over 38 in the mid-1990s, leveling, and diminishing slightly at the beginning of the 2000s, to only grew again lately.<sup>1</sup> Towards the end of 2004, the year of the latest relatively reliable statistics, the GCC states were inhabited by 12.5 million foreigners, who constituted 37 percent of the total population (Table 1). In Qatar, the UAE, and Kuwait, foreigners constituted a majority; in the United Arab Emirates they accounted for over 80 percent of population. Only Oman and Saudi Arabia managed to maintain a relatively low proportion of foreigners: about 20 and 27 percent, respectively.

---

<sup>1</sup> An earlier version of this paper was presented at the conference “Transnational Migration: Foreign Labor and Its Impact in the Gulf”, June 20-25, 2005, Bellagio Center, Italy.

**Table 1 Population of the GCC states,  
2004 and latest (2005-6) estimates**

	Nationals 2004	%	Expatriates 2004	%	Total 2004	Current total
Bahrain	438,209	62.0	268,951	38.0	707,160	707,160
Kuwait	943,000	35.6	1,707,000	64.4	2,650,000	2,992,000
Oman	2,325,812	80.1	577,293	19.9	2,903,105	3,102,000
Qatar	223,209	30.0	520,820	70.0	744,029	855,000
Saudi Arabia	16,529,302	72.9	6,144,236	27.1	22,673,538	27,020,000
UAE	722,000	19.0	3,278,000	81.0	4,000,000	4,700,000
GCC	21,184,323	62.9	12,486,349	37.1	33,677,832	39,376,160

Source: Publications of the government agencies of the GCC states for mid- or end 2004. See also: quarterly reports of the *Economist Intelligence Unit* (London). Numbers for nationals and expatriates in Qatar are rough estimates due to the lack of official data.

Notes: Various government agencies often present different data. The preliminary results of the Saudi Arabia 2004 Census, presented above, contradicts other reports. For example, in May 2004 the Saudi Labor Minister said, that there are about 8.8 million expatriates in the Kingdom. Other reports suggested that the total Saudi population in 2005 crossed 27 million, with some 20 million expatriates and 7.0 million nationals. In turn, in May 2005 the UAE Ministry of Labor announced that at the end of 2004 the population of the Emirates reached 4.33 million and is expected to reach 5 million by the end of 2005. Some reports suggest that the total Omani population exceeded 3.2 million already in 2004.

The dominance of foreigners has even been more pronounced in the workforce than in the total population. Non-nationals constituted a majority of the labor force in all the GCC countries, with the average for the year 2004 being close to 70 percent. The lowest rates were recorded in Bahrain and Saudi Arabia, but even there expatriates constituted above 50 and 65 percent of the workforce, accordingly; in Kuwait 82 percent of the workforce were foreign, in Qatar almost 90 percent, and in the UAE: 90 percent (Gulf Cooperation Council, 2002; Human Rights Watch, 2004; Fasano and Goyal, 2004; Girgis, 2002).

This development has posed security, economic, social and cultural threats to the local population (see below). As a consequence, to maintain a highly privileged position of the nationals, numerous restrictions have been imposed: the sponsorship system, the rotational system of expatriate labor to limit the duration of foreigners' stay, curbs on the naturalization and the citizenship rights of those who have been naturalized, etc. However, many of these measures have not brought the expected results, especially, the planned rotation of the workforce has proved impossible to achieve. The free market economy has been more powerful than the policies the authorities have been eager to implement. The majority of expatriates have stayed beyond the term of the original contract as

employers usually prefer to keep workers who have already gained some local experience rather than bring in the new ones. Moreover, importing a new worker involves additional costs to employers. As a result, the average period of time that foreign workers spend in the GCC countries continues to extend, and the number of 'almost permanent' foreign workers has increased, albeit not formally.

What makes the situation more difficult is the fact that the exceptionally favorable situation which the nationals have enjoyed for decades has started to change.<sup>2</sup> A growing number of them have experienced difficulties in finding the kind of employment they have been looking for. The public sector, in which most nationals used to find employment, has already become saturated, while the private sector has remained too competitive for the great majority of them.<sup>3</sup> As the unemployment among nationals began to grow, which was a phenomenon unheard of in the past, the GCC governments decided to embark on the formulation of labor market strategies to improve this situation, to create sufficient employment opportunities for nationals, and to limit the dependence on the expatriate labor (the so-called localization, nationalization or indigenization of labor, depending on the country referred to as: Saudization, Omanization, Emiratisation, etc.).

A number of measures have been proposed to achieve these objectives: some professions have been reserved as 'for nationals only', the employment quotas for nationals and expatriates have been introduced in certain professions, wage subsidies and state retirement plans for nationals in the private sector were established parallel to fees and charges on the foreign labor to make it less competitive (Kapiszewski, 2001, pp. 201-250). Private companies meeting quota requirements have been rewarded in public tenders. Moreover, large efforts have been made to improve the education and training of nationals. Nevertheless, all these measures have so far brought only limited results. Only the public sector has become successfully nationalized. In the private sector, the localization is still very low. In 2004, in Kuwait out of total workforce of 850,000 in the private sector, Kuwaitis accounted for only 1.8 percent, i.e. ca. 16,000 (Jassen, 2004). In general, in Qatar, Oman and the UAE there were around 10 percent of nationals in the workforce; in Bahrain 27 percent, and only in Saudi Arabia in excess of 30 percent (Fasano and Goyal, 2004). The unsuccessful nationalization attempts have been caused by the fact that employment in the private sector is usually unattractive for nationals. The salaries it offers are usually low, working hours long, and the work environment, with its competitiveness and the need to recognize an expatriate supervisor – difficult to accept. Moreover, working in the private sector, unlike in the public sector, is sometimes perceived as debasing the nationals' social status. Another problem is that nationals are culturally disinclined to enter low-skilled posts while, at the same time, the educational systems are not properly prepared to deal with the problem of reorienting traditional work values. Finally, a forceful approach to localization, like the quota system, has encountered strong opposition from local businessmen, as potentially harmful, and adversely affecting productivity and profitability of firms.

### **Women in the workforce**

In the GCC states there has been another very important determinant of the situation in the labor market, namely the participation of women. In general, that participation has been limited due to religious norms and tradition (Kapiszewski, 2001, pp. 101-119). In Saudi Arabia, the law even forbids women to work in the presence of men, and in effect women amount to only some 10 percent of the Saudi labor force.<sup>4</sup> Nevertheless, the improving education of women, the existing economic needs and changing attitudes to their work outside homes in the society at large are among the factors that have recently increased national women's participation in the workforce. Their presence in the labor market created a possibility to replace some foreign workers. Just the act of granting Saudi women the right to drive cars alone should result in removing around one hundred thousand foreign drivers from the labor force.

The issue of female employment poses a dilemma for the authorities: some would like to promote it but are often anxious to do so, as moves in that direction may strengthen radical anti-government Islamic forces that oppose the emancipation of women. These movements are especially strong in Saudi Arabia but their power is also growing in Kuwait and Bahrain. Yet, in recent years, the rulers of many GCC states have made a number of symbolic gestures to support women's position in the society: in Oman, Bahrain, Kuwait, Qatar and the United Arab Emirates they have nominated a

number of national women to ministerial positions. In Oman, Bahrain and Qatar they have allowed them to participate in local elections, in Kuwait they will be able to do so in next election, even in Saudi Arabia they have been allowed to participate in the election to the Chambers of Commerce and Industry.

The majority of women in the GCC workforce are foreign (Kapiszewski, 2001, pp. 107-109). Their ratio has varied: in the UAE, over 80 percent employed women have been expatriate, while in Bahrain only some 55 percent. In turn, national women has constituted between 2-10 percent of the total national workforce, while expatriate women between 10-25 percent of the expatriate workforce. Most of the expatriate women have been Asian domestic workers.

### **Arabs vs. Asians. De-Arabization of the labor market**

Another problem which has developed in the labor market has been its controversial national make-up.

For historical, political and economic reasons, people of various nationalities have traditionally searched for work in the GCC states. The composition of these foreign populations has been changing with time.

At the beginning of the oil era, the majority of the workforce migrating to the lower Gulf countries came from the poor neighboring Arab states. The largest groups among them were Yemenis and Egyptians looking for better employment opportunities, particularly in Saudi Arabia. There were also traditional local migrant laborers from the peninsula, Omanis in particular, who looked for jobs in more developed neighboring states. In various times, other Arabs used to arrive in the Gulf states, compelled to leave their home countries as a result of the domestic political situation. There were Palestinians, who began emigrating to the Gulf very early, after the Arab-Israeli War of 1948 and the occupation of Palestine, some Iraqis, following the 1968 Ba'ath party coup in Baghdad, and Yemenis after the civil wars in their country. For years, many Indian, Pakistani, and Iranian traders and laborers used to go to the Gulf as a result of their long-time ties that their countries had maintained with the region (developed especially during the British presence in the Indian subcontinent). A new phase in the migration started with the post-1973 economic boom. With the upsurge in oil revenues, the Gulf states made development efforts on an unprecedented scale, unmatched in other states of the world. A total investment rose almost ten times between the first and the second half of the 1970s. In Saudi Arabia alone, the growth of the capital formation averaged an incredible 27.8 percent a year during the whole decade (Abella, 1995, p. 418). A massive labor emigration followed these developments: Yemenis, Egyptians, Sudanese, Jordanians/Palestinians, Syrians, Pakistanis and Indians began to arrive in the Gulf states in large numbers.

Initially, Arab workers were particularly welcomed. Their linguistic, cultural and religious compatibility with the local populations made them more attractive to nationals than other immigrants. The migrant Arabs set up a familiar Arab-type government administration and educational facilities, helped to develop health services, build the necessary infrastructure for these rapidly developing countries, and run the oil industries. Nevertheless, relatively quickly, the preference of the oil-states' governments changed, and they began to be more open to Asian workers. There were several economic, political, social, historical and pragmatic reasons for this change.

First of all, the Gulf authorities became worried about non-local Arabs bringing and spreading radical social and political concepts (in particular, the secularist and frequently pro-Soviet ideologies), and cultivating undesirable loyalties. The leftist, pan-Arab ideas promoted by Arab expatriates called for the abolition of monarchies in the Gulf. Some organizations of the type of the Popular Front for the Liberation of Bahrain, the Popular Front for the Liberation of Oman, and the Popular Front for the Liberation of the Occupied Arab Gulf were established and began anti-government activities in the Gulf states. In the 1970s and 1980s, numerous immigrant Arab workers were prosecuted, jailed, and deported because of their participation in the activities of these organizations (Kapiszewski, 2001, pp. 133-144). The internal stability of some of the GCC countries, including Saudi Arabia, Kuwait, Bahrain and Qatar, was also shaken by the Arab expatriate-led labor strikes.

Some other ideas promoted by expatriate Arab workers also worried the GCC authorities. Many young Arabs regarded borders in the Middle East as artificial lines imposed by Western imperialists, and, consequently, expected them to be eliminated. Another popular pan-Arab view, that of a single Arab nation in which labor 'circulates' freely, was also rejected by the Gulf governments

for security reasons. Yet another problem was related to the regional distribution of the oil-generated wealth. Whereas the oil-producing countries which preferred to retain that wealth began to link the entitlement of oil revenues to state sovereignty, poorer states increasingly stressed their Arab identity as a good reason to demand their share in the revenues: Iraq even used the oil-related arguments as a justification to invade Kuwait in 1990.

Another dimension of the Arab presence in the GCC states which worried many nationals was the supposed “Egyptianization” of the local dialects and culture that were believed to have resulted from the predominance of Egyptians in the field of education (Graz, 1992, pp. 220-221).

Finally, the presence of Palestinians, which pushed the GCC states into an involvement in politics related to the Arab-Israeli conflict, was also considered a problem.

The stereotypical attitudes of the nationals towards the non-GCC Arabs have not helped to promote them in the labor market, either. Their attitudes have often not been as positive as the cultural and religious bonds between the nationals and the non-GCC Arabs could suggest. Birks and Sinclair, noted: “Many GCC nationals feel a detachment from Palestinians and Jordanians, a lack of respect for Yemenis, and mistrust and dislike of Egyptians” (Birks and Sinclair, 1980, p. 116). Mohammed Al-Fahim, a leading UAE businessman, presents the attitudes of nationals towards non-Gulf Arabs in the following way:

Because we had a common religion and for the most part, a common language, we felt we were dealing with friends not foes. In the case of our neighbours, we shared the same Arab perspective on life and the world. Or so we believed. Unfortunately, we found to our dismay that it took more than such commonalities to build a solid foundation for trustworthy relationships (Al-Fahim, 1995, p. 160).

On the other hand, Asians did not represent any threat to the Gulf nationals and were preferred to Arabs for various other reasons.

First of all, Asians were less expensive to employ, easier to lay-off, and believed to be more efficient, obedient, and manageable (Ghobash, 1986, pp. 138-142; Girgis, 2002, p. 29). Secondly, they were used to leaving their families at home, whereas Arab immigrants usually brought their families to the Gulf with the hope of settling there permanently. This possibility was not acceptable to the GCC authorities. Thirdly, in the post-1973 oil-boom, the demand for foreign workers in the GCC states outstripped the Arab countries’ ability to supply them (Chuocri, 1983). In contrast, Asian governments became often involved in the recruitment and placement of their workers, facilitating their smooth flow to the Gulf. Efficient recruitment agencies in Asia were able to provide a constant supply of manpower, fully satisfying the needs of the Gulf employers. Moreover, at that stage of the GCC countries’ development, the so-called ‘turn-key’ projects, in which Asian contractors specialized, were implemented with an increasing frequency. In many cases, Asians were also logistically easier to bring to the GCC states as this region had closer historical links with some parts of Asia than with many, more geographically distant, parts of the Arab world.

Finally, many Asians were Muslims too, so the religiously-sensitive Gulf Arabs felt more comfortable having such people around.<sup>5</sup>

For all these reasons the number of Arab workers in the GCC countries went considerably down over the years, although there were never any official policies announced to sanction such an approach. Arabs were replaced not only by workers from the states already well established among the GCC workforce, as e.g. India or Pakistan, but also from such countries as the Philippines, Thailand, Sri Lanka, Bangladesh, and Indonesia.

The percentage of an expatriate population represented by Arabs in the GCC countries decreased from 72 percent in 1975 to 56 percent a decade later (Table 2). In turn, in 1970, non-Arabs constituted only 12 percent of all workers in the Gulf, yet by 1980 their number had grown to 41 percent, and by 1985 Asian workers had reached the figure of 63 percent of the Gulf workforce (Russel and Teitelbaum, 1992).

There was some concern about the possible social consequences of the de-Arabization of the population as a result of the Asian influence. For example, in 1982, Abd al-Rahman al-Dirham from the Qatari Ministry of Labor, noted that:

The question of foreign labor is of great concern. Our social customs are threatened by foreigners. The problem is not just in Qatar but also in other Gulf countries. We prefer it if we can get suitable people from Arab countries who can live in the Gulf area without changing it (*MEED*, August 1982, p. 40).

The labour laws enacted in most of the GCC countries stressed that employment should be offered firstly to the national citizens, secondly to the citizens of other GCC states, thirdly to non-Gulf Arabs and only then to other foreigners. That approach was in line with the overall Arab position on the issue. In 1968, the Arab Labor Organization called all the Arab states to give priority to Arab workers; in 1975 a similar resolution was adopted by the Arab League. The Strategy for Joint Arab Economic Action of the 1980s stated that “Arab manpower must be resorted to increasingly reduce dependence on foreign labor.” In 1984, the Arab Declaration of Principles on the Movement of Manpower stressed once more the need to give preference to Arab nationals before the nationals of third countries.

In 1980, the UAE formally introduced a policy that Arabs should constitute at least 30 percent of the foreign workforce, and signed agreements with Tunisia, Morocco, and the Sudan to recruit more Arab workers (Al-Alkim, 1989, pp. 30-32). Similarly, in 1974, Qatar signed an agreement with Egypt to receive 9,000 workers annually from that country, and in 1982 with Tunisia providing for the recruitment of Tunisian military personnel and technicians for the Qatari army as well as blue-collar workers (Winckler, 2000, p. 27).

Despite all these declarations and agreements, the pro-Arab labor policies were never really implemented. Nader Fergany wrote that “attempts to organize the pan-Arab labor market have fizzled out into ineffective declarations of intent that have been impeded in reality by perceived narrow national interests, particularly of countries of employment, acting the mind set of buyers in a buyers-market.” Moreover, “labor movement in the Arab region has been captive to the ups and downs of Arab politics, sometimes with devastating consequences to the welfare of embroiled migrants” (Fergany, 2001, p. 12).

It is only recently that the GCC authorities have begun to admit publicly the negative consequences of this situation. During the October 2004 meeting of the GCC labor ministers, Majeed Al-Alawi, the Bahraini Minister of Labor and Social Affairs warned that “non-Arab foreign workers constitute a strategic threat to the region’s future” (<http://www.middle-east-online.com>, 12 October, 2004). Similarly, during another ministerial meeting of that kind in November 2005 Abdul Rahman Al Attiya, the GCC Secretary-General, warned about the possible consequences of the situation. “The GCC countries need to look at the massive presence of expatriates basically as a national security issue, and not merely as an economic matter... International accords are pressing for the settlement of expatriates and imposing giving them salaries equal to nationals and greater rights in the areas of education and health.” At the same time James Zogby, the president of the Arab American Institute stated that the guest workers were a “time bomb waiting to explode and unleash riots like those that [recently] rocked France” (*Gulf News*, 24 November, 2005).

The regional politics occasionally also influences the situation on the labor market to a considerable extent. In particular, some significant changes in the composition of the foreign workforce occurred as a result of the events of the second Gulf War. Both the Iraqis and those whose governments were supportive of Iraq (including Palestinians, Jordanians, Yemenis, and Sudanese) were distrusted and forced to leave the GCC states during and in the aftermath of the crisis. Altogether, over 1.5 million people were expelled: up to one million Yemenis were expelled from Saudi Arabia along with 200,000 Jordanians and 150,000 Palestinians – mainly from Kuwait and Saudi Arabia. Several hundred thousand foreign workers (including 158,000 Egyptians) left Kuwait voluntarily or were evacuated by their governments (Shaban et al., 2002, p. 41). In addition, many Asian workers were evacuated from Kuwait by their governments, but most of them were able to return to the country after the crisis.

Many Arabs who left the GCC states during the Gulf war and in its aftermath did not return following the conflict. The resultant vacuum in the labor market, despite the GCC governments’ intentions, was not filled by the nationals. The free market dynamics led Asians in particular to take the vacant jobs, enlarging their share in the workforce again.

The workforce has witnessed further change in the 1990s, partly because of the end of the Cold War and the processes of globalization. The job-seekers from China and from the newly independent states of the former Soviet Union began to arrive in the Gulf looking for employment

opportunities. Cheap to employ and often quite well educated, these migrants created an additional competition in the labor market.

The policy of nationalization of the workforce combined with political preferences has also had an impact on the foreign workforce. For example, in mid-1990s when trying to reduce the expatriate labor in order to find more jobs for young unemployed Saudis, Saudi Arabia reduced the number of work permits issued to Egyptians. As a result, their number decreased from 900,000 in 1995 to 670,000 two years later.

Following all these developments, the percentage of the expatriate population represented by Arabs in the GCC countries continued to decrease further in the following years: by early 2000s, they accounted only for 32 percent (see Table 2). In Saudi Arabia, the percentage of Arabs went down from 91 percent in 1975 to 33 percent by 2004. In Kuwait, the decline was from 80 percent in 1975 to 30 percent in 2003. In other countries, where the proportion of non-native Arabs in the population was traditionally lower, their share nevertheless declined even further, to as little as 6 percent in Oman and 13-15 in Bahrain and the UAE (all these numbers are estimates only, as the precise data are not available).

**Table 2 Arab share in foreign populations, 1975-2002/4\***  
(estimates, in percentages)

	<b>1975</b>	<b>1985</b>	<b>1996</b>	<b>2002/4</b>
<b>Bahrain</b>	22	15	12	15
<b>Kuwait</b>	80	69	33**	30**
<b>Oman</b>	16	16	11	6
<b>Qatar</b>	33	33	21	19
<b>Saudi Arabia</b>	91	79	30	33
<b>UAE</b>	26	19	10	13
<b>GCC</b>	72	56	31	32

*Source:* The ratios for 1975 and 1985 – Birks (1988), Birks et al. (1988) and Winckler (2000); for Kuwait in 1996 from the Public Authority for Civil Information; for Oman in 1996 from the Ministry of Planning, *Statistical Yearbook 1996* (Muscat); the ratios for the other countries in 1996 and in 2002/4 are the author's estimates based on various sources. See also: the GCC Demographic Report (1998). \* data for the years 2002, 2003 or 2004; \*\* – including the *bidun* (Kapiszewski, 2005).

Altogether, among the 12.5 million foreigners who lived in the GCC countries in 2004, there were about 3.2 million non-Gulf Arabs, half the number of Asians, who were represented by 3.3 million Indians, 1.7 million Pakistanis, about 0.7 million of people from Bangladesh, the Philippines, and Sri Lanka each (Table 3). Thus, the percentage of Asians in the foreign populations varies from almost 70 percent in Kuwait and Saudi Arabia to over 90 percent in Oman.



The exact size of foreign communities in the GCC states is, however, difficult to establish, as authorities usually do not reveal any information about them, thinking probably that it is better not to make foreign communities aware of their actual size.

The non-Gulf Arab community has mainly been composed of Egyptians (almost 1.5 million), Yemenis (0.9 million) and Palestinians/Jordanians (0.5 million) (Egyptian Central Agency for Public Mobilisation and Statistics, 2004; Ambrosetti and Tattolo, 2004). There are also over 300,000 Sudanese living in the GCC states nowadays.

There are numerous reports that give much larger numbers for particular Asian communities, especially in Saudi Arabia. Many claim that currently the Kingdom hosts over one million Bangladeshis, about 900,000 Sudanese, a similar number of Filipinos, 850,00 of Sri Lankans and over 500,000 Indonesians.<sup>6</sup> If such numbers are correct, it means that the number of foreigners in Saudi Arabia is much higher than officially reported in the last census results (that this can be true, see Note to Table 1). In turn, some sources speak of only 40,000 Sri Lankans in Kuwait and just 100,000 Indonesians in Saudi Arabia.<sup>7</sup>

**Table 3 Major expatriate communities in the GCC countries**  
(estimates for various years, in thousands)

	Bahrain 2004	Kuwait 2003	Oman 2004	Qatar 2002	Saudi Arabia 2004	UAE 2002
Indians	120	320	330	100	1,300	1,200
Pakistanis	50	100	70	100	900	450
Egyptians	30	260	30	35	900	140
Yemenis					800	60
Bangladeshis		170	110		400	100
Filipinos	25	70		50	500	120
Sudanese					250	30
Sri Lankans		170	30	35	350	160
Jordanians/ Palestinians	20	50		50	260	110
Indonesians		9			250	
Syrians		100			100	
Iranians	30	80		60		40
Turks					80	
Nepalese				70		
<i>Bidun</i>		80				

Source: various sources

### **The consequences of large Asian and non-Gulf Arab populations in the GCC states**

The employment of foreign workers is both profitable and costly for the receiving countries. The benefits of importing foreign labor are fairly clear: foreigners provide a basic workforce as well as specialists to compensate for the limited number of nationals with required skills and attitudes, stimulate the domestic consumption of goods supplied by local merchants, and boost local property markets. The costs, although much more difficult to estimate, consist of salaries, and the increased spending required to expand the educational and health services, housing, and roads, communications and other elements of infrastructure in order to accommodate the needs of the newcomers. Moreover, the foreign labor force is a substantial drain of the GCC states' hard currency earnings, with remittances to migrants' home countries amounting to \$27 billion each year; \$16 billion coming from the migrant workers in Saudi Arabia alone (Al-Bassam, 2004). These remittances constitute a large portion of the GCC countries' GDP; for example, in Saudi Arabia in 2001 they amounted to about 10

percent of the total GDP of the Kingdom (*Al-Madinah*, 16 July, 2002). Nevertheless, the relative costs and benefits of hosting foreign labor have more or less balanced each other out in economic terms. It has been shown that the percentage of the GDP that foreign labor generates is roughly equal to what the state has to spend on them.<sup>8</sup>

On the other hand, foreigners benefit from their employment in the GCC countries. They are usually able to find better-paid jobs than they would have at home, enjoy a high standard of living, and often have a chance for a quick career advancement. In particular, they are able to save large sums of money and send or take them home, often significantly stimulating the economy in their home countries.<sup>9</sup> The presence of a large number of expatriates constitutes, however, a major threat to the stability of the GCC countries; it endangers the culture, influences the structure of society and, furthermore, has an impact on the foreign policy. During the GCC summit in Manama in December 2004, the Bahraini King submitted a report on the danger posed by foreign labor to the social and cultural life as well as the economy of the GCC states. Majeed ibn Muhsen Al-Alawi, his Minister of Labor and Social Affairs, said in an interview that “we should save future generations from having their culture lost” and that although “we are not against the foreign labor” at the same time “we do not want these workers to become citizens in the region.” The submitted proposal was aimed at limiting the period a foreigner can work in a Gulf state to six years.<sup>10</sup> The summit left it to further discussions which has continued ever since.

Expatriates have often been perceived by the nationals as disloyal to their hosts, and even as potentially dangerous political agents who spread hostile ideas or work as a “fifth column” for the benefit of foreign powers (Whitley, 1993, p. 30). Abdul-Reda Assiri has commented that “certain elements of the expatriate labor force could potentially be quasi militant,” function as “intelligence instruments, to instigate disputes and sabotage,” or serve as tools “for political pressure, and monetary and economic extortion” (Assiri, 1996, p. 19; El Rayyes, 1988, p. 86; Khalifa, 1979, p. 113; Fergany, 1984, p. 160). In 2005 the GCC Secretary General clearly stated that “expat workers are ‘security issue’” (*Gulf News*, 24 November, 2005). Thus, quite often, the security situation has an impact on the labor market. For example, in August 2005, the Kuwaiti Ministry of Interior banned workers from Iraq, Iran and Syria from entering Kuwait due to the “security reservations” (*Arab Times*, 29 August, 2005). It also became compulsory for persons of certain nationalities to get a security approval before applying for residency in the country.

In the GCC states, as elsewhere, migration can be an important foreign policy issue, and migrants can influence both their host and sending countries’ policies. According to Hassan Hamdan al-Alkim, “the roles played by the expatriates ... in the GCC states are of great importance in political articulation on foreign policy-making” (Al-Alkim, 1994, p. 29; Davisha, 1970, p. 60). Although in the monarchies of the Gulf members of expatriate communities do not usually have any formal rights in the political process, they can influence their host countries’ foreign policy via the local media. Expatriates also exert influence through the informal access to top-ranking nationals, which some of them enjoy, and through the expatriates’ involvement in the overall functioning of the state. According to al-Alkim, “the expatriate community, though without citizenship (...) exerts more real political influence than most local citizens, and in many ways is considered to be crucial to the relatively smooth functioning of the political process” (Al-Alkim, 1994, p. 49). In a similar way, expatriates can often influence their home countries’ foreign policy towards the GCC (Crystal, 1997, p. 208).

The presence of large groups of expatriates sometimes causes problems between their home and host countries. For example, in 1996, the Qatari government accused Egypt of its involvement in the attempted coup, and expelled ca. 700 Egyptian workers, particularly those employed in the Ministry of the Interior. Several hundred Egyptian workers were also fired by the Qatari authorities in 1997 and 1998, basically due to the tensions between the countries resulting from Cairo’s criticism of Doha’s developing relations with Israel. In turn, in December 1999, around 3,000 Yemeni workers were deported from Saudi Arabia, apparently due to renewed tensions between the countries related to the border issues. In October 1999, a mass riot involving hundreds of Egyptian and Kuwaiti workers took place in Kuwait. One hundred and twenty people were wounded in the event, and 16 Egyptian workers were arrested and accused of arson, damage to private property, participation in an illegal gathering and resisting arrest in the riots. At the root of the incident were the inadequate working and living conditions of Egyptian workers, most of whom were employed illegally and as such were not protected by either Kuwaiti or Egyptian authorities (Kapiszewski, 2004, p. 128). In 2005, the low-paid

Asian workers also staged protests, some of them violent, in Kuwait, Bahrain, and Qatar for not receiving salaries on time. In March 2006, hundreds of mostly south Asian constructing workers stopped work and went on a rampage in Dubai, UAE, to protest their harsh working conditions, low or delayed pay, and the general lack of rights.

Such incidents demonstrate the tense relations which have developed between the nationals and the expatriates in some cases. Foreigners, non-Gulf Arabs in particular, have often suspected the nationals of desiring to exploit them on unfair economic terms and have feared the possible consequences of a total dependence on their sponsors, given the lack of laws that could protect them adequately. They have felt the nationals have often acted out of prejudice and discriminated against them both in the labor market and in their attempts to establish business enterprises or purchase real estate (Alessa, 1981, pp. 44-50). Non-Gulf Arabs have also been frustrated that the nationals' attitudes towards them were not more positive than toward non-Arab or non-Muslim expatriates. They "naturally expect to be better treated and somehow more naturally welcomed in the Gulf than [let us say] Indians or Koreans," and when their expectations are not met, they sometimes "repeat tales of 'arrogance,' 'greed,' 'exploitation,' and 'discrimination' encountered in the Gulf" (Salame, 1988, p. 242). Such claims are often justified. According to James Zogby, "workers are trapped in horrible conditions, denied justice and their basic humanity" (*Gulf News*, 24 November, 2005). Even Sheikh Sabah al-Ahmed, the Kuwaiti foreign minister, said once that foreign workers were often treated by unscrupulous contractors as "slaves" (*IPS*, Cairo, 5 December, 1999). Of course, the non-Gulf Arabs' perception of the treatment they receive in the GCC countries depends, as is the case with all the expatriates, on their personal experiences (failures or successes), as well as their expectations and motivations before immigration.

Non-Arab laborers, Asian women especially, have also often complained about their treatment in the Gulf.

The sexual harassment of Filipino housemaids by local employers, especially in Saudi Arabia, has become a serious matter in the recent years (Gamburd, 2005). Among other things, it has resulted in a ban on the under 21 years of age female migration. Also in Indonesia the maltreatment of women in the GCC states has been widely reported; it has been viewed as a national "embarrassment", and led to calls to the government to stop sending housemaids altogether (Silvey, 2004, p. 258).

When several Nepalese contract workers were murdered in mid-2004 by their hostage-takers in wartime Iraq, anger over this situation spilled into the streets of Kathmandu, where the incident was indexed as an act of Arab aggression against guest workers in the Gulf, and the Nepal offices of the Qatar Airways were torched (Chaudoir, 2005). Earlier, in 2001, the female labour migration was banned by the Kathmandu government.

There are also other social and cultural implications of presence of a large number of foreigners in the GCC states. The negative influence of expatriates on the national cultures, identities and values as well as social structures remains a big concern for the nationals (Kapiszewski, 2001, pp. 157-168). In particular, authorities are worried about the influence of Asian nannies or expatriate teachers, who form the majority of school staff, on local children; their concern is raising the children without a proper attention being given to Islamic and Arabic values. They are also unhappy at the growing influence of the foreign media and a large number of foreign women married to the nationals. Strangely enough, the authorities seem to be less worried about the overwhelming presence of the Western material civilization and Western consumption patterns in the GCC states, probably the most threatening factors for the local culture and identity of the nationals.

### **The future of the GCC foreign labor market**

The demand for foreign workers in the GCC countries in the years to come will depend on several factors: the number of young nationals entering the labor market, the effect of the nationalization of labor markets (mainly due to government regulations), the capacity of the economy to generate new jobs, the employment qualifications of the national labor in relation to the requirements of the job market, the willingness of the nationals to take low-prestige jobs, as well as political and security considerations (Fasano and Goyal, 2004; Girgis, 2002). Probably the most important factor will be the overall state of economy; the high oil prices at the beginning of the 2000s allowed for a further rapid

development of several GCC states and in consequence a large growth in population, the foreign one in particular. The reality has greatly exceeded the earlier predictions.<sup>11</sup>

In terms of the numbers, were the trend of the last decade to continue, the number of the expatriates would grow in the next 10 years by another 10 million or so (between 1995 and 2004 the number of the expatriates went up from 7 million to 12.5 million, that is by 80 percent). There are also indications that the percentage of foreigners in the population may grow as well, at least in some countries.<sup>12</sup> Most of the newcomers will be Asians, as employers in the GCC states will probably continue to prefer them to Arab workers.<sup>13</sup> It is unlikely that in the near future the wage rate in such Arab countries as Egypt or Jordan will fall low enough to make the non-Gulf Arab labor wage-competitive with the Asian labor. Moreover, the Arab labor will remain less attractive for foreign employers due to the non-Gulf Arabs' inferior level of education and technical training as compared to that of many Asians.<sup>14</sup>

What may, to some extent, slow down the growth of the foreign labor? This may occur because of the following reasons:

- There will be a growing number of nationals looking for jobs each year due to the demographic factors: the birth rate of nationals in the GCC states is very high (3.5 on average), and almost half of the local population is under 15 years of age.
- The nationals will become better educated, which will allow them to compete more effectively against the foreign labor in the private sector. Moreover, when facing the growing unemployment (especially high in Saudi Arabia<sup>15</sup>), the nationals will gradually change their work ethic and grow more willing to accept the low-prestige jobs currently held by foreigners (Kapiszewski, 2001, pp. 210-211).
- National women will increase their presence in the workforce, in terms of the numbers especially in Saudi Arabia.
- The nationalization policies will create more jobs for nationals each year.<sup>16</sup>

Moreover, the decisive actions can be expected from some GCC governments in that matter. Saudi Arabia seems to be adopting most radical measures here. According to the 2002 guidelines of the Shura Council, by 2007, 70 percent of the workforce will have to be Saudi.

On February 2, 2003 Prince Naif bin Abdulaziz, Saudi Arabia's Minister of Internal Affairs and the Chairman of the Manpower Council, announced that the Saudi government had decided to lower the number of foreigners in the Kingdom to a maximum of 20 percent of its indigenous population within the next 10 years, and to establish a quota system for foreigners in which no nationality may exceed 10 percent of the total population (*Riyadh Daily*, 3 February, 2003). This decision, if implemented fully, will have a dramatic effect on the foreign population in the Kingdom, and on the Arab immigrants in particular. In terms of the 2004 situation (16.5 million nationals, 6.1 million foreigners), the execution of the new policies would imply the expulsion of over half of the foreign workers currently residing in the Kingdom, a decrease in the size of the Indian population from 1.3 million to around 300,000, and a reduction of the number of Egyptian, Yemeni, and Pakistani populations from almost a million (each) to a similar number.

In October 2004 Ghazi al-Ghosaibi, the Labor Minister, announced that the government plans to cut the number of foreign workers by no less than 100,000 every year, and in March 2005 he declared that the number of job visas was reduced from 832,244 to 684,201 during one year (Ghafour, 2005).

Naturally, only time will show whether the Saudi authorities will be able to realize these ambitious plans. In the Five-Year Plan adopted in 1985, a 22.6 percent reduction in the foreign labor was planned by the year 1990 (that is, by some 600,000 people). In reality, the foreign workforce increased during that period by 200,000.

The Kuwaiti government was similarly unsuccessful in trying to implement such policies. In 1997, a decision was issued that ministries must replace 10 percent of their expatriate staff every year with young Kuwaitis. The decision was implemented for two years only as ministries could not find enough qualified Kuwaitis to substitute them (Taqi, 2005).

The most recent proposal is to limit the expatriate stay, at least of the unskilled labour, to six years only. Labour ministers submitted such a recommendation to the GCC leaders in December 2005 but it evokes various reactions (*Arab Times*, 14 December, 2005).

To sum up, in the years to come, in all the GCC states the employment of the nationals and the labor migration will remain politically a very sensitive issue as it will cause further tensions between the profit-driven concerns of the private sector, the indigenization efforts of the states and the national security considerations. Moreover, a large number of foreigners residing in these countries will bring new social and cultural challenges of consequences difficult to estimate, especially as the naturalization of many foreigners will take place. Asians will continue to dominate the foreign workforce at the expense of the non-Gulf Arab labor.

#### ENDNOTES

1. There is a general lack of reliable population data for the GCC states. The author's comments on the issue written in 2000 are still valid (Kapiszewski, 2001, pp. 26, 27, 45, 46). Therefore, the numbers presented in this paper, especially the ones for Saudi Arabia and Qatar, should be treated as estimates only.

2. For example, between 1990 and 2000, in Saudi Arabia, the GDP grew on average by 1.6 percent annually but the country's population grew at an annual rate of 2.7 percent, thus producing a declining trend in the per capita income (Looney, 2004). In turn, over the 1997-2004 period, an average nominal salary for Saudi nationals declined by 12 percent, as compared to the 17 percent fall for foreigners (Fasano and Goyal, 2004).

3. The nationals prefer to work in the public sector because of customarily high wages, job security, generous social allowances and retirement benefits, short working hours (allowing one to be involved in some additional private business on the side), lack of work discipline, etc.

4. For obstacles concerning the Saudi women's employment see *Arab News* (6 February, 2006).

5. Nevertheless, many Gulf Arabs have perceived non-Arab Muslims as potential trouble-makers, often trying to use their shared Muslim identity to buttress their claims to resources and economic wealth, which the GCC nationals believe to be necessarily and naturally only theirs (Ahmad, 2005).

6. For example, according to the spokesman for the Philippine Embassy in Riyadh, in 2005 there were between 850,000 and 900,000 Filipinos in the Kingdom (*Saudi Gazette*, 17 December, 2005).

7. According to the official Indonesian government data for 2003, there were 104,698 Indonesians workers in Saudi Arabia.

[http://www.nekatrans.go.id/statistik\\_naker/pptkln.php](http://www.nekatrans.go.id/statistik_naker/pptkln.php)

8. Abdul Rasool Al-Moosa and Keith McLachlan (1985, p. 85) calculated that foreign workers in Kuwait generated 26 percent of the GDP while the state spent 30 percent of GDP to sustain this workforce.

9. The worker remittances constitute a large share of the home countries' GDP: in the 1990s there were 12.4 percent in Egypt, 15.7 percent in Jordan, and 22.4 percent in Yemen. Apparently, each dollar of remittance increased Egypt's GNP by 2.2 dollars (Shaban et al. , 2002, p. 27; Kandil and Metwally, 1990, pp.159-180; Abella, 1992, p.157).

10. One of the reasons for such a proposal was a problem caused by international regulations which imposed naturalization on the foreign workers living in the country for more than five years.

11. For example, Girgis (2002), widely quoted in the literature on the subject, predicted in the year 2000 that by the year 2010 the demand for expatriates in the GCC states would increase to 10,799,000. That number was reached already in 2002.

12. In Kuwait in 2004 the foreign labour grew by 12 percent while the national one by only 6.6 percent (Jassen, 2005).

13. Girgis (2002, pp. 39-40) estimated that in the years 2003-2007, 485,000 non-Gulf Arabs would lose their jobs in the GCC states. The lost income which would result from the consequent out-migration would reach \$3.6 billion generated by the Arab workers. While the calculations leading to these precise numbers are debatable, one should agree with Girgis that in the years to come “[non-Gulf] Arab countries are well advised to anticipate less remittance, more workers returning home and perhaps high unemployment rates at home.”

14. Nader Fergany (*Al-Ahram Weekly*, 23-29 December, 1999) stressed this problem in relation to Egypt: “We have a problem of human resource quality. This is a part of our problem with the Gulf. Today, to be competitive in the global market you have to have efficient, cheap and highly trained labour. In this new era of rapidly and continuously changing knowledge and high rates of obsolescence, workers require access to on-going education programs. [But] our education, training and re-training systems are very weak.”

15. There are various estimates of the level of unemployment in Saudi Arabia. In January, 2005, Ghazi al-Ghosaibi, the Saudi Labour Minister, said that there were 180,443 unemployed nationals. The Minister also said that there were numerous unofficial estimates which were greatly exaggerated and that the only figures which should be accepted were those from the General Statistics Authority. The problem is, however, that according to the Authority, the unemployment figure was twice as high as mentioned by the Minister, namely around 300,000 or 9.6 percent (*Arab News*, 13 January, 2005). On January 4, 2006, Abdul Wahid Al-Humayid, the Undersecretary for Planning and Development for the Ministry of Labour, revealed that there were only 155,000 Saudi male job seekers, that is five percent. The unemployment of women was unknown. Other sources quoted from 14 to 20 percent, with 32 percent among the young workers (United Nations, 2001, p. 44); see also the Saudi Monetary Agency statistics (*Arab News*, 5 March, 2003). In Bahrain, in 2004, there were 16,000-20,000 unemployed, that is 13-17 percent of the national workforce (Almazel, 2005). In the UAE the number of 32,000 was quoted (Karimkhany, 2005).

16. The nationalization policies have not brought much change in the composition of the workforce so far, but eventually they will (Kapiszewski, 2001, pp. 212-243). Failures of the nationalization policies can easily be observed, for example, in Saudi Arabia. The Saudi Manpower Council mandated five percent of Saudization annually, while in reality that number was achieved only between 1998-2003 (Pakkiasamy, 2004).

## REFERENCES

- Abella, Manolo I. (1992). The troublesome Gulf: Research on migration to the Middle East. *Asian and Pacific Migration Journal* (Manila), vol. 1, No.1, pp 145-167.
- Abella, Manolo I. (1995). Asian migrant and contract workers in the Middle East. In *The Cambridge Survey of World Migration*, Robin Cohen, ed. Cambridge: Cambridge University Press.
- Ahmad, Attiya (2005). Pakistanis citizens' call to the Ummah in Kuwait: Contradictions and interconnections. Paper presented at the Transnational migration: Foreign labor and its impact in the Gulf Conference, Bellagio, Italy (20-25 June).
- Al-Alkim, Hassan Hamdan (1989). *The Foreign Policy of the United Arab Emirates*. London: Saqi Books.
- Al-Alkim, Hassan Hamdan (1994). *The GCC States in an Unstable World: Foreign Policy Dilemmas of Small States*. London: Saqi Books.
- Al-Bassam, Majed (2004). \$16b remittances. *Arab News* (26 March).
- Al-Fahim, Mohammed (1995). *From Rags to Riches: A Story of Abu Dhabi*. London: Center for Arab Studies.
- Alessa, Shamlan Y. (1981). *The Manpower Problem in Kuwait*. London: Kegan Paul International.
- Almazel, Muhammad (2005). Bahrain strained by expat rush. *Gulf News* (8 February).
- Al-Moosa, Abdul Rasool and Keith McLachlan (1985). *Immigrant Labour in Kuwait*. London: Croom Helm.
- Al-Najjar, Baqer (2001). *Dream to Migrate to Wealth: Migrant Labour in the Gulf*. Beirut: Center for Arab Unity Studies.
- Ambrosetti, Elena and Giovanna Tattolo (2004). Petrole et migrations de travail vers les Pays du Golfe. Paper presented at 13e colloque de l'AIDELF, Budapest (20-24 September).
- Amjad, Rashid, ed. (1989). *To the Gulf and Back: Studies on the Economic Impact of Asian Labour*. New Delhi: UNDP and ILO.
- Assiri, Abdul-Reda (1996). *The Government and Politics of Kuwait: Principles and Practices*. Kuwait.
- Birks, J.S. (1988). The demographic challenge in the Arab Gulf. *Arab Affairs* (London), vol. 1, No. 1, pp. 72-86.
- Birks J.S. and C.A. Sinclair (1980). *Arab Manpower: The crisis of Development*. London: Croom Helm.
- Birks, J.S., I.J. Seccombe and C.A. Sinclair (1988). Labour migration in the Arab Gulf states: Patterns, trends and prospects. *International Migration* (Geneva), vol. 26, No. 3, pp. 267-286.

Chaudoir, David C. (2005). Mapping work in the Gulf: Guest workers in Qatar's luxury hotels. Paper presented at the Transnational migration: Foreign labor and its impact in the Gulf Conference, Bellagio, Italy, (20-25 June).

Chuocri, N. (1983). *The Hidden Economy. A New View of Remittances in the Arab World*. Cambridge: MIT. Mimeographed.

Crystal, Jill (1997). Social transformation, changing expectations and Gulf security. In *Gulf Security in the Twenty-First Century*, David E. Long and Christian Koch, eds. Abu Dhabi: The Emirates Center for Strategic Studies and Research, pp. 208-225.

Dawisha, Adeed (1977). The Middle East. In *Foreign Policy Making in Developing States*. Christopher Clapham, ed. Farnborough: Saxon House.

Eelens, F., T. Schampers, and J.D. Speckmann, eds. (1992). *Labour Migration to the Middle East: From Sri Lanka to the Gulf*. London: Kegan Paul International.

Egyptian Central Agency for Public Mobilisation and Statistics (2004). *The Statistical Yearbook 2003*. Cairo.

El Rayyes, Riad N. (1988). Arab nationalism and the Gulf. In *The Arab Gulf and the Arab World*, B. R. Pridham, ed. London: Croom Helm.

Fasano, Ugo and Rishi Goyal (2004). Emerging strains in GCC labour markets. Washington, D.C.: International Monetary Fund, Working Paper.

Fergany, Nader (1984). Manpower problems and projections in the Gulf. In *The Impact of Oil Revenues on Arab Gulf Development*, M. S. El Azhary, ed. London: Croom Helm.

Fergany, Nader (2001). Aspects of labour migration and unemployment in the Arab region. Cairo: Almishkat Center for Research. Mimeographed.

Gamburd, Michele Ruth (2005). 'Lentils there, Lentils here!' Sri Lankan domestic labour in the Middle East. Paper presented at the Transnational migration: Foreign labor and its impact in the Gulf Conference, Bellagio, Italy (20-25 June).

Gulf Cooperation Council (2002). *GCC Secretariat Report*. Riyadh: GCC Secretariat (July 27). <http://gcc-sg.org>.

Ghafour, Abdul (2005). No ban on foreign recruitment. *Arab News* (26 March).

Ghobash, M. (1986). *Immigration and Development in the United Arab Emirates*. Cairo: Al Wafa Press.

Girgis, Maurice (2002). Would nationals and Asians replace Arab workers in the GCC? Paper presented at Fourth Mediterranean Development Forum. Amman, Jordan. (6-9 October). Mimeographed.

Graz, Liesl (1992). *The Turbulent Gulf: People, Politics and Power*. London: I. B. Tauris.

Human Rights Watch (2004). Migrant communities in Saudi Arabia. In *Bad Dreams: Exploitation and Abuse of Migrant Workers in Saudi Arabia*. [http:// www.hrw.org](http://www.hrw.org).



- Jassen, Nirmala (2004). Plans to increase Kuwaiti manpower quota in private sector. *Gulf News* (December 5).
- Jassen, Nirmala (2005). Kuwait sees rise in national workforce. *Gulf News* (February 18).
- Kandil, M. and M.F. Metwally (1990). The impact of migrants' remittances on the Egyptian economy. *International Migration Review* (New York), vol. 28, No.2, pp. 159-180.
- Kapiszewski, Andrzej (2001). *National and Expatriates. Population and Labour Dilemmas of the GCC States*. Reading: Ithaca Press.
- Kapiszewski, Andrzej (2004). Arab labour migration to the GCC States. In *Arab Migration in a Globalized World*, Geneva: International Organization for Migration, pp. 115-133.
- Kapiszewski, Andrzej (2005). Non-indigineous citizens and 'stateless' residents in the Gulf monarchies. *Krakowskie Studia Miedzynarodowe* (Krakow), No.2 (VI), pp. 61-78.
- Karimkhany, Azita (2005). Viability of 'Emiratization' stirs debate. *The Daily Star* (12 April).
- Khalifa, Ali Mohammed (1979). *The United Arab Emirates: Unity in Fragmentation*. Boulder, Colorado: Westview Press.
- Looney, Robert (2004). Saudization and sound economic reforms: are the two compatible? In *Strategic Insights* (Monterey), vol. III, No. 2.
- Nassar, Heba and Ahmed Ghoneim (2002). Trade and migration. Are they complements or substitutes: A review of four MENA countries. Cairo: Center for Economic and Financial Research and Studies, Cairo University. Mimeographed.
- Pakkiasamy, Divya (2004). Saudi Arabia's plan for changing its workforce. Migration Policy Institute. Mimeographed.
- Russel, Sharon Stanton and Michael S. Teitelbaum (1992). International migration and international trade. Washington, D.C.: World Bank, Discussion Paper no. 160.
- Salame, Ghassan (1988). Perceived threats and perceived loyalties. In *The Arab Gulf and the Arab World*, B. R. Pridham, ed. London: Croom Helm.
- Shaban, Radwan A., Ragui Assaad, and Sulayman Al-Qudsi (2002). Employment experience in the Middle East and North Africa. In *Labour and Human Capital in the Middle East. Studies of Markets and Household Behavior*, Djavad Salehi-Ishfahani, ed. Reading and Cairo: Ithaca Press with the Economic Research Forum, pp. 21-67.
- Silvey, Rachel (2004). Transnational domestication: state power and Indonesian migrant women in Saudi Arabia. *Political Geography*, vol. 23, No. 3, pp. 245-264.
- Taqi, Ali (2005). Government rejects plea for job nationalization. *Gulf News* (4 July).
- United Nations. Economic and Social Commission for Western Asia (2001). Globalization and labour movements in the ESCWA region. New York.
- Whitley, Andrew (1993). Minorities and the stateless in Persian Gulf politics. *Survival* (Oxford), vol. 35, No. 4.

Winckler, Onn (2000). *Population Growth, Migration and Socio-Demographic Policies in Qatar*. Tel Aviv: The Moshe Dayan Center for Middle Eastern and African Studies.

---

## ENDNOTES

<sup>1</sup> There is a general lack of reliable population data for the GCC states. Author's comments on that written in 2000 are still valid (Kapiszewski, 2001, pp. 26, 27, 45, 46). Therefore, numbers presented in this paper should be treated as estimates only, especially ones for Saudi Arabia and Qatar.

<sup>2</sup> For example, in Saudi Arabia, between 1990 and 2000, the GDP grew in average 1.6 percent annually but the country's population grew at an annual rate of 2.7 percent, thus producing a declining trend in per capita income (Looney, 2004). In turn, over the 1997-2004 period, average nominal salary for Saudi nationals declined by 12 percent, as compared to 17 percent fall for foreigners (Fasano and Goyal, 2004).

<sup>3</sup> Nationals prefer to work in the public sector because of usually high wages, job security, generous social allowances and retirement benefits, short working hours (allowing to be involved in additional private business on the side), lack of work discipline, etc.

<sup>4</sup> See: Obstacles before Saudi women's employment discussed, *Arab News* (6 February, 2006).

<sup>5</sup> Nevertheless, many Gulf Arabs have perceived non-Arab Muslims as potential trouble-makers, often trying to use their shared Muslim identity to buttress their claims to resources and economic wealth, which the GCC nationals believe are necessarily and naturally only theirs (Ahmad, 2005).

<sup>6</sup> For example, according to the spokesman for the Philippine Embassy in Riyadh in 2005 there were between 850,000 and 900,000 Filipinos in the Kingdom (*Saudi Gazette*, 17 December, 2005).

<sup>7</sup> According to the official Indonesian government data for 2003 there were 104.698 Indonesians workers in Saudi Arabia.  
[http://www.nekatrans.go.id/statistik\\_naker/pptkln.php](http://www.nekatrans.go.id/statistik_naker/pptkln.php)

<sup>8</sup> Abdul Rasool Al-Moosa and Keith McLachlan (1985, p. 85) calculated that foreign workers in Kuwait generate 26 percent of the GDP while the state spends 30 percent of GDP to sustain this workforce.

<sup>9</sup> Workers remittances constitute a large share of home countries' GDP: in the 1990's there were 12.4 percent in Egypt, 15.7 percent in Jordan and 22.4 percent in Yemen. Apparently each dollar of remittance increased Egypt's GNP by 2.2 dollars (Shaban and others, 2002, p. 27; Kandil and Metwally, 1990, pp.159-180; Abella, 1992, p.157).

<sup>10</sup> One of the reason for such a proposal was problem caused by international regulations imposing naturalization of foreign workers who had lived in the country for more than five years.

<sup>11</sup> For example, Girgis (2002), widely quoted in the literature on the subject, predicted in the year 2000 that by the year 2010 the demand for expatriates in the GCC states will increase to 10,799,000. That number was achieved already in 2002.

<sup>12</sup> In Kuwait in 2004 the foreign labour grew by 12 percent while national by only 6.6 percent (Jassen, 2005).

---

<sup>13</sup> Girgis (2002, pp. 39-40) estimated that in the years 2003-2007, 485,000 non-Gulf Arabs will lose their jobs in the GCC states. The lost income that will result from the consequent out-migration will reach \$3.6 billion from Arab workers. While the calculations leading to these precise numbers are debatable, one should agree with Girgis that in the years to come “[non-Gulf] Arab countries are well advised to anticipate less remittance, more workers returning home and perhaps high unemployment rates at home.”

<sup>14</sup> Nader Fergany (*Al-Ahram Weekly*, 23-29 December, 1999) stressed this problem in relation to Egypt: “We have a problem of human resource quality. This is a part of our problem with the Gulf. Today, to be competitive in the global market you have to have efficient, cheap and highly trained labour. In this new era of rapidly and continuously changing knowledge and high rates of obsolescence, workers require access to on-going education programs. [But] our education, training and re-training systems are very weak.”

<sup>15</sup> There are various estimates of the level of unemployment in Saudi Arabia. In January, 2005, Saudi Labour Minister Ghazi al-Ghosaibi said that there were 180,443 unemployed nationals. The Minister also said that there are numerous unofficial estimates that are greatly exaggerated and that the only figures which should be accepted are those from the General Statistics Authority. The problem is, however, that according to the Authority, the unemployment figure was twice as high as mentioned by the Minister, namely around 300,000 or 9.6 percent (*Arab News*, 13 January, 2005). Undersecretary for Planning and Development for the Ministry of Labour, Abdul Wahid Al-Humayid, revealed on January 4, 2006, that there were only 155,000 Saudi male job seekers, that is five percent. The unemployment of women was unknown. Other sources quoted from 14 to 20 percent, with 32 percent among young workers (United Nations, 2001, p. 44), see also Saudi Monetary Agency statistics (*Arab News*, 5 March, 2003). In Bahrain, in 2004, there were 16,000-20,000 unemployed, that is 13-17 percent of the national workforce (Almazel, 2005). In the UAE the number was put at 32,000 (Karimkhany, 2005).

<sup>16</sup> Nationalization policies did not bring much change in the composition of the workforce so far, but eventually they will (Kapiszewski, 2001, pp. 212-243). Failures of the nationalization policies can be easily observed, for example, in Saudi Arabia. The Saudi Manpower Council mandated five percent of Saudization annually, while in reality that number was achieved only between 1998-2003 (Pakkiasamy, 2004).