UN/POP/EGM/2006/03
5 May 2006

UNITED NATIONS EXPERT GROUP MEETING ON SOCIAL AND ECONOMIC IMPLICATIONS OF CHANGING POPULATION AGE STRUCTURE
Population Division
Department of Economic and Social Affairs
United Nations Secretariat
Mexico City, 31 August – 2 September 2005

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

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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 reported that it had a policy of integrating non-nationals, even though it has recently been one of the most active countries that have implemented policies to restrict migration. However, it has been reported in the press during the last year that Saudi Arabia has passed a law of awarding nationality to some expatriates. Some of the conditions for awarding nationality are the ability to speak and write Arabic fluently and to be highly skilled (Arab News (Saudi Arabia, May 11, 2004).

The composition of national vs. non-national population and labor force helps one to understand the rationale for the restrictive policies. For the last three decades expatriates have come to outnumber nationals in several of the GCC country populations. From a low of 23% in Oman, non-nationals constituted as many as 76% of the UAE population in 2000. In case of the labor force, more than half in each country comprised expatriates (Table 3). At the end of 2004, the combined estimated GCC population was 35.8 million with expatriates constituting 12 million (34 %). It was estimated that if the expatriate population continued to increase at the present rate it might reach 18 million after ten years (Kuwait Times, December 20, 2004). Recent data indicates that in the largest GCC country, Saudi Arabia, foreigners constitute 7 million (or 30 %) of the 23 million residents. However, they comprise 70 % of the labor force and 95 % of the private sector labor force. In UAE, foreigners constitute 80 % of the 4 million residents and 98 % of the private sector jobs (Migrant News, December 2005).

Foreign workers have helped in the rapid transformation of the infrastructure as well as institutional development in the Gulf and they were generally welcome until a few years ago. At the same time, Gulf countries have been making statements about the need for indigenization of the labor force and a reduction in the percentage of the expatriate population and workers for 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 Tanmia (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, 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 indigenizaton 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 taxes that raise revenue for the host country and make life more expensive for the expatriates can have the impact of reducing the attractiveness of the Gulf market as a destination site. An example is health fees instituted in Kuwait in 1999 and in Saudi Arabia in 2001. The Bahraini Cabinet also approved the implementation of a health fee for expatriates around 2001. It was decided that expatriates or their Bahraini employers must buy health insurance which should cover primary as well as secondary health services including regular check-ups and surgery (The Gulf News, March 9, 2004). In the UAE which has had a policy of health insurance for the last several years, a new fee for all surgical procedures was recently introduced, much to the unhappiness of several expatriates. A fee ranging from 500-4000 dirhams (Dh) (US$ 136 to $1089) was imposed, depending on the type and complexity of the surgery (Kuwait Times, May 9, 2005). According to a new health insurance scheme to be implemented in the UAE in 2006, 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 process would cost Dh510 (US$ 139), whereas previously they had to pay only Dh100 (US$27) for attestation of the same documents at their home country and in the UAE (AMN, January 15-31, 2006).

In Saudi Arabia a more direct tax consists of a fund (100 Saudi riyals or 26.6 US dollars) collected from each foreign worker per year towards the establishment of training programs for indigenous workers (Arab News (Saudi Arabia), July 10, 2002). A proposal for such a tax was also being considered in the UAE where an annual fee of Dh 100 (US$ 27) would be collected from each expatriate renewing or issuing his labor card. This fee would then be used to develop a fund to train UAE nationals (The Gulf News (UAE), September 9, 2003).

b. Nabbing and deportation of overstayers and illegals

Vigorous efforts have been made in Saudi Arabia in recent years to nab and deport those who may have overstayed their visa duration as well as those who may have an illegal visa status. In June, 2005 Saudi authorities arrested more than 2,700 visa violators in certain districts of Jeddah most of whom were from Arab and African countries. The arrests resulted in the closure of 45 illegal clothing factories, several prostitution dens and factories producing alcoholic beverages (Asian Migration News, June 1-15, 2005). During a four month period from March to June, 2005, police raids in Jeddah neighborhoods resulted in arrests of 150,000 visa 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).

The Bahrain parliament is considering new penalties for runaways and those who are employing or sheltering runaway foreign workers. Anyone found harboring or employing such workers would face a maximum penalty of three months in prison or a fine of up to Bahraini Dinars (BD) 500 (US$ 1,326), or both. The runaway worker himself/herself would be fined up to BD 100 (US$ 265) and deported immediately (AMN, June 16-30, 2005). During the first eight months of 2005 Bahrain deported 4,013 migrant workers, mainly from Asia, for violations of visit and residence visas. Many of the deportees were unable to pay the fines and had to serve additional jail time. In addition to the above examples from Saudi Arabia and Bahrain the media carries regular reports of nabbing and deportation of overstayers from all the other GCC countries. The UAE has been using iris scan technology to recognize whether former deportees were trying to enter the country illegally. In 2003, UAE was the first GCC country to use this technology at all its exit and entry points and over a three year period detected more than 46,000 former deportees trying to enter the country fraudulently (AMN, September 15, 2005).

As part of the overall effort to reduce the number of overstayers and illegals, Gulf countries have declared repeated periods of amnesty since mid 1990s to encourage the departure of those residing in the host countries in an illegal visa situation which is largely a result of being employed by a company that is not the legal sponsor of the worker. In the UAE, about 100,000 persons left in 2003 as a result of the amnesty program while the number of yearly deportees from Saudi Arabia is about 700,000. Many come into the country for Umrah or Hajj and then stay and work in Saudi Arabia, as mentioned earlier. Pilgrims must pay a bond deposit of $800 which they forfeit if they do not leave within a month. Of the 250,000 Pakistanis who visit Saudi Arabia for Hajj or umrah every year several end up overstaying, some ending up as beggars. From January to June, 2005, 13,500 such overstayers were deported (AMN, September 2005).

In Kuwait the latest amnesty period was offered from November 20 to December 31, 2004. According to the Indian and Filipino embassies the response to this amnesty from illegal residents wishing to leave was “overwhelming” (Kuwait Times, November 22, 2004). According to the Department of Immigration within the Ministry of Internal Affairs, an estimated 60,000 expatriates who have violated their visas are living in Kuwait. Oman announced an amnesty period that was extended to December 31, 2005 to enable overstayers to leave the country after 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 existing work permits from one employer to another. All the GCC countries have policies to restrict the number of approved work visas (Fasano and Goyal, 2004). In February 2003, the Minister of Labor and Social Affairs in Bahrain said that "from 2005, he was not prepared to renew or issue work permits for non-Bahrainis" with exceptions to be made for highly skilled workers not available among nationals. At the same time, the Cabinet approved a plan to allow local firms to apply for temporary work permits for foreigners limited only to six months (The Gulf News, February 11, 2003). Starting from December 31st, 2005 it was decided that Qatar and other GCC countries would require clearances from the Indian embassies before hiring semi-skilled Indian workers. Prior to that, clearance was required only in case of domestic workers and unskilled workers (AMN, October 16-31, 2005).

Saudi Arabia has announced a measure limiting the number of new visas available to foreign workers to be cut from the current 8.8 million to only 2 million over the next eight years. New visas will be available only for menial jobs that Saudis are not willing to do or technical ones that citizens are not trained for (Washington Post, August 31, 2004). Another strategy to limit the inflow of foreign workers is the ban on recruitment of persons aged 60 or over, specifically in case of unskilled workers (AMN, December 1-15, 2005). The Hajj Ministry has recently issued a new regulation to restrict the number of umrah visas. The Ministry will temporarily stop issuing visas for foreign Umrah service agents once five percent of their pilgrims are found to have overstayed in Saudi Arabia (AMN, February 15, 2006).

One of the strategies used by Saudi Arabia in 2004 to restrict labor import was the ban on visa issuance to new companies and those that employed less than 10 workers. Upon approaching the Labor Office, the Saudi employers whose requests for work permits had been denied were asked to hire Saudis. These employers responded that they either did not find Saudis for the jobs or they found ones who asked for a salary higher than the business could afford (Arab News (Saudi Arabia), April 30, 2004). The labor office, by putting the ban, was also trying to curb the practice of visa trading since several of the companies are fictitious ones that are set up to procure visas that are then sold to Third world nationals, as discussed below.

d. Restrictions on visa trading

Ever since labor migration to the Gulf started, each employee must have a sponsor or *kafeel*. For those working in the public sector, the government department employing the worker is the *kafeel*. Also in the private sector, each worker must have a local sponsor who is expected to have a business for which it needs workers. A system of visa trading, however, emerged during the last two to three decades because the demand for visas to the Gulf exceeded supply. Some nationals thus opened up fictitious companies for which they procured work permits that they were able to sell to migrants willing to pay. Frequently, the work permit was not 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 of illegal workers, 11,600 bans were issued against violating sponsors and companies during 2004 in the UAE (Gulf News Online (UAE), February 22, 2005). The Saudi Minister of Labor recently said that 70% of the visas issued by the government are sold on the black market and the government was determined to crack down on this (Arab News (Saudi Arabia), April 29, 2004). Similar statements are repeatedly made by authorities in other GCC countries. The Bahrain Minister of Labor and Social Affairs recently lamented the practice that has plagued the Bahraini job market for the last 20 years. In August 2004, the government was undertaking a process of investigating 43 businesses found to engage in this practice (The Arab News, August 4, 2004).

The Kuwait Human Development report of 1997 acknowledged the presence of visa trading as one of the factors that promoted the influx of foreign workers to Kuwait and advocated the implementation of serious steps to curb this practice. The report stated one of the reasons for an uncontrolled import of workers was the existence in countries of origin and in Kuwait of elements that profited from trading in residence permits. Such workers were brought in simply to earn the fee rather than to satisfy the requirements of genuine economic activity (Ministry of Planning, 1997). There have been repeated calls for the strict issuance of work permits in order to “ward off unwanted elements from entering the country” (Kuwait Times, April 20, 2004).

The scale of the problem clearly illustrates that visa trading is a multi-million dollar industry. In the UAE, for example, a work visa for an Indian is sold for Dh 7,500 (US$ 2,042) and for an Iranian for Dh 15,000 (US $ 4,084). A fundamental difficulty in the implementation of any policies aimed at curbing visa trading is therefore the ease with which an ordinary local sponsor can have a continuous source of income coupled with a market in sending countries where many are eager to buy such visas at any cost. Occasionally, some tragic outcomes of visa trading catch the attention of the media. An Indian worker, who bought a visa for UAE could not find a job once he landed in Sharjah and ended up begging. He was a diabetic and suffered minor abrasions on his legs which eventually turned to a level of severity when both his feet had to be amputated (AMN, October 16-31, 2005). The extent of adverse outcomes associated with visa trading is of course not known.

In June, 2005, the International Labor Organization (ILO) representative to Kuwait made a proposal to the Kuwaiti government to change its current sponsorship system. He recommended that the State of Kuwait should be the sponsor of all expatriate workers rather than individual sponsors and stated that the current sponsorship system does not meet international standards and leaves the workers vulnerable to exploitation (AMN, June 16-30, 2005). Also, in Qatar, some Qataris are demanding that the State should be the sponsor of foreign workers and not individual citizens or business owners.

2. *Policies aimed to affect the demand for indigenous workers*

a. Creating job opportunities through training

In Saudi Arabia, millions of dollars are being spent on job-training, technical schools and cash incentives for Saudi companies to hire Saudi citizens. In some cases the government is paying half the salary in order to encourage private sector employers to hire national workers. The high price of oil in the last few years has resulted in a budget surplus part of which is earmarked go to the Human Resource Development Fund, which subsidizes the salaries of as many as 30,000 Saudis each year as an incentive for companies to hire them.

It is also planned that technical and vocational training institutes will build 59 new campuses, doubling the number of annual graduates in fields such as cosmetology, computer programming, meat cutting, and plumbing. Nearly all jobs in the above fields are currently manned by foreigners (The Washington Post, August 31, 2004). In 2004, only about 13 % of the private-sector workforce in Saudi Arabia consisted of nationals even though the goal was to have 45 % nationals composing the private sector. The slow pace of implementation has therefore led to the realization of stricter enforcement of the laws to make room for an ever increasing inflow of youths entering the labor force. Policies similar to the ones in Saudi Arabia are also being implemented in other GCC countries.

b. Creating job opportunities through market based measures

Raising the cost of hiring foreign workers is a possible strategy that may add a constraint to the demand for foreign workers. In Bahrain, the cost of hiring foreign domestic workers has gone up from BD50 (US$ 133) to BD150 (US$ 398) for various nationalities. The recruitment agencies are now charging BD150 more for Indonesian housemaids due to the stricter regulations imposed by Indonesia (AMN, November 1-15, 2005).

c. Nationalization through administrative measures

Direct policies and plans to phase out the reliance on foreign workers are in process. A decision was made in 2003 in Saudi Arabia by the Manpower Council under the direction of the Crown Prince to cap the level of expatriates and their dependents at 20% of the population by 2013, and to halve the number of expatriate workers (Arab News (Saudi Arabia), April 16, 2003). Kuwait is implementing a ceiling of less than 35% expatriates to be employed in the government sector (Al-Ramadhan, 1995). Recently, the Civil Service Commission in Kuwait has set a new annual target of 15 % for replacing the expatriates in the government sector, increased from the earlier mark of 7 %, starting from April 1, 2006 (Kuwait Times, March 4, 2006, p.2).

A focused strategy on the part of several GCC countries is to pinpoint the occupations where phasing out of expatriates will be done on a priority basis. In UAE, the banking sector is one of the sectors where quotas for Emiratisation have been set up. However, it has been found that more than half the banks have not complied with this quota. They are willing to pay the 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 complain they cannot operate with only Saudis (Migrant News, December 2005). In the travel sector, for example, Saudi Arabia was looking to achieve 81 percent Saudization in a period of three years starting in April 2004. However, the response of the travel agencies to submit plans for Saudization, or face closure, did not initially produce a good compliance from the travel agencies (Arab News (Saudi Arabia), April 13, 2004). Nevertheless, the government is determined to push ahead with a process which it says is the key to delivering jobs to more than 100,000 Saudis joining the labor force every year (www.gulfnews.com, March 12, 2004).

One indicator of the limited effectiveness of policies is the increase in the expatriate population in Saudi Arabia from 5.02 to 5.7 million during 1999 to early 2004 (Arab News, April 15, 2004). The above trend may have started to reverse, however, as claimed by the Minister of Labor at a press conference held on September 8, 2005. According to the Minister, the recruitment of foreign workers in the Kingdom declined by 20.6 % while that of Saudis increased by 16 % in the first half of 2005 compared to the year before (AMN, September 15, 2005).

In Bahrain, there is pressure on the government to allow the import of necessary foreign workers in order for the construction industry to function. According to a leading construction engineering consultant in Bahrain, there is an acute shortage of laborers in the country's construction industry which is making contractors hesitant to bid for major jobs unless they have the necessary foreign workers (AMN, June 1-15, 2005).

The record of some sectors in some countries appears to have been relatively more successful in increasing the employment of indigenous workers. In UAE, the banking sector has been singled out as one that has been especially effective in hiring nationals. Banks have worked in coordination with Tanmia (the National Human Resources and Employment Authority) in employing national jobseekers after putting them through appropriate training programs (AMN, June 16-30, 2005). However, the selective gains in some sectors may be counterbalanced by a disproportional higher influx in some other sectors. A new boom, especially in the construction sector in the UAE, where some of the world's biggest development projects are underway, seems to have triggered an unprecedented increase in the migration of Indian workers since 2004 (Kuwait Times, April 8, 2006).

Recent data from Oman indicates that Oman's foreign work force has declined by 24 % between January 2003 and July 2005, from 549,338 to 415,135. The decline has been attributed to the government's successful drive to ensure jobs for locals.

Efforts by Kuwait to restrict the increase in the number of foreigners seem to have been at least partially successful for the last few years, judging by the relatively steady proportion of non-nationals. Between 1995 and 2004, the proportion of non-Kuwaitis in the total population remained around 36-37 % (PACI, 1995; 2004). There seems to be a reversal of this in 2005 when the percentage of Kuwaiti nationals declined to 34 % (PACI, 2005). The increased relative proportion suggests that immigration of non-nationals in fact may have increased in the recent past, which in turn could be one of the reasons for the accelerated attempts to check such inflows. Permission to hire foreign nationals for the government sector was never as difficult as it is now. At the Kuwait University, for example, any secretary who leaves or retires may now be 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 such as Saudi Arabia suggest that perceptions and preferences regarding manual work are beginning to alter and some Saudis are entering the labor force as butchers, bakers and grocery baggers, work that would have been unthinkable a few years ago. It has also been reported that a large number of Saudi women have been applying for jobs as cleaners in hospitals and large companies in Al-Ahsa province, which represents a major break from the conservative Saudi traditions (AMN, September 16-31, 2005).

In Bahrain, there is some indication that nationals are now willing to take up jobs that they traditionally shunned. For example, a survey showed that close to 70 % of Bahraini men and women were prepared to take on jobs as domestic workers, babysitters, care givers for the elderly, and drivers or gardeners. However, only 10 % of the interviewees said that they would actually hire a Bahraini as a domestic servant (AMN, November 1-15, 2005).

Despite strong intentions to implement policies to restrict the number of non-nationals in the Gulf, several fundamental difficulties remain. Primary among them are: 1) the lucrative nature of visa trading for the local sponsors, along with a ready and eager market of workers willing to buy such visas; 2) the continued reluctance of the locals to take up jobs that have come to be seen as “foreigner’s work” even though small attitudinal changes are beginning to be reported; 3) preference among nationals for public sector jobs that are almost guaranteed by virtue of nationality; 4) the near impossibility of the employer to fire inefficient national workers in the government sector, resulting in poor productivity and over-employment of nationals; and 5) the inherent contradiction between policies to limit the number of expatriate workers on the one hand and develop a thriving private sector that relies extremely heavily on the import of such workers to survive and flourish.

E. IMPLICATIONS FOR SENDING ASIAN COUNTRIES

The main sending countries to the Gulf include, in numerical order of migrant workers, India, Pakistan, Bangladesh, Philippines, Sri Lanka, and Indonesia (Kapizewski, 2001). For many of these countries, migration to the Gulf has come to take on significant economic, social and political importance. In the face of low economic development and pressure for jobs for new entrants to the labor force, governments have tried to maximize outflow of workers to relieve actual and impending unemployment at home. Furthermore, remittances received by the sending countries have become a very important part of the overall income of several countries supplying the much needed foreign exchange earnings. In the case of Bangladesh, for example, remittances in 1994 accounted for 34 % of revenues earned from exports of goods and services while the respective percentages for Pakistan and India were 17 % and 14 % (Shah and Larkin, 2000). India receives about $21 billion through remittances every year, with her 3 billion Middle East 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 supply of workers remains ample and the motivation of those looking for a Middle East job remains high. Several consequences emanating from the continued easy supply of Asian workers may be highlighted. First, efforts at illegal migration in terms of entering the GCC countries without proper papers and through unusual routes (e.g. by boat) may have increased. Human trafficking may have increased as a result of the willingness of potential workers to take the risk of reaching the Gulf through shady and illegal operations. Reports indicate that some Pakistanis seeking jobs in the Gulf pay traffickers to help them get there, often without visas. The smuggler charges sums ranging from US$ 200-600 (Associated Press, October 30, 2003).

Visa trading that has existed for many years may find added impetus if the number of visa seekers remains the same (or in fact increases) while the receiving country governments tighten the lid on issuance of new work permits. A possible consequence of this could be the increase in the price of a work visa. In some GCC countries, the price of a work visa varies according to nationality of the worker, being higher for nationals of those countries for which there are greater visa restrictions. It is well known that prospective migrants often borrow from friends and relatives or sell their meager assets to raise the money for a work visa to the Gulf. Thus, a hike in the price of visas will put a further strain on those trying to buy a visa.

The abundant supply of Asian workers has resulted in stagnation of wages, and in some cases a decline. For example, housemaids and drivers in domestic service earn about the same amount they did 20 years ago (generally between 100-170 US$ a month in Kuwait). In the private sector, laborers and unskilled workers have not seen any appreciable increase in their monthly income and earn about 140-170 US$ a month. Cost of living has increased while wages have remained the same for many categories of workers thus resulting in lower net gain for the worker.

Finally, easy and abundant supply of workers continues to be a factor in their exploitation. Cases where the employer, usually in the private sector, does not pay the wages on time, or demands excessively long hours of work without additional compensation are frequently reported in the media. A recent example is provided by a demonstration by some 1000 Bangladeshi workers who protested outside the Bangladeshi Embassy in Kuwait on April 24, 2005, with the protest becoming violent and catching a great deal of media attention. The reason for the protest was the non-payment of salaries for 5 months by the cleaning company where they worked (Agence France Presse, May 4, 2005). On March 21, 2006, construction workers in Dubai smashed cars and offices in a riot by workers building the Burj Dubai tower, planned as the world’s tallest skyscraper. There is a growing unrest on account of low salaries and poor working conditions among foreign workers who are the linchpin of Dubai’s spectacular building boom (Kuwait Times, March 23, 2006, p. 1).

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
	2003		2003	
GCC countries				
Bahrain	Satisfactory	No intervention	Satisfactory	No intervention
Kuwait	Too high	Lower	Satisfactory	No intervention
Oman	Too high	Lower	Satisfactory	Maintain
Qatar	Satisfactory	Maintain	Satisfactory	No intervention
Saudi Arabia	Too high	Lower	Satisfactory	Maintain
United Arab Emirates	Too high	Lower	Satisfactory	No intervention

Source: UN (2004)

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

	Kuwait	Oman	KSA
Immigration policies			
Permanent settlement	lower	-	No intervention
Migrant workers	Lower	Lower	Lower
Dependents of migrant workers	Lower	-	Lower
Integration of non-nationals	No	-	Yes
Emigration policies			
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

	Population		Labor force	
Country	Total (000s)	% expatriates	Total (000s)	% expatriate
BAHRAIN	652	40.0	272 [a]	61.9
KUWAIT (2004) [b]	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 [a]	81.6
SAUDI ARABIA	20,279	25.4	7,176	55.8
UAE	2,890	75.7	1,356	89.8
All GCC countries	29,322	34.9	11,103	About 70.0

Sources:

ESCWA (2001)

[a] Kapizewski (2001)

[b] PACI (2004)

Figure 1: Policies aimed at reducing the supply of, and demand for, foreign workers in the Gulf

Policies aimed at affecting:

Supply of foreign workers	Demand for indigenous workers
• Direct and indirect taxes on migrant workers (e.g. health fees) • Periodic amnesties • Stricter regulation of visa issuance in sending countries • Restrictions on visa trading; stricter implementation of laws	1. Creating job opportunities for nationals • Vocational training for nationals • Enhancing private sector benefits 2. Encouraging nationalization through market based measures • Fees for employing expatriates • Cash benefits for employing nationals 3. Forcing nationalization of labour force through administrative measures • Nationalization of the public-sector work force • Quotas on expatriates • Quotas on employment of nationals • Ban to hire expatriates in certain sectors • Tightening of immigration legislation

Note: Several of the items listed under column 2 were adapted from Table 2 in Fasano and Goyal (2004)

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