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Panel

Arab Gulf Labour Markets and Migration: Challenges, Data, Policies

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Participants

Paper presenters

- Hend al-Sheikh, Institute for Public Administration (IPA), Riyadh
- Nasra M. Shah, Kuwait University, Kuwait City
- Francoise De Bel-Air, Gulf Labour Markets and Migration (GLMM) Programme, Gulf Research Center (GRC), Geneva and Migration Policy Centre (MPC) at the European University Institute (EUI), Florence
- Georges Naufal, American University of Sharjah (AUS)

Discussant

- Philippe Fargues, Migration Policy Centre (MPC) at the European University Institute (EUI), Florence

Chair and organizer

- Imco Brouwer, Gulf Labour Markets and Migration (GLMM) Programme, Gulf Research Center, Geneva

Panel Outline

The six members of the Gulf Cooperation Council (GCC) - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates- share as a common feature a high dependency on a foreign workforce and a persistently high and, in most cases, growing proportion of non-nationals in the resident population. The GCC's uniqueness, however, does not lie in the high level of immigration as much as in the persistence over time of a high proportion of non-citizens. Insisting on GCC uniqueness may lead to the wrong notion that the migration it receives is entirely different from migration to other countries in the world with regard to its causes and consequences. As in many countries with a guest-workers system, in the GCC the number of non-working foreign nationals has continuously grown as a result of family reunification leading to immigration of: non-national spouses and children; children born in the GCC from non-nationals; and foreign nationals retiring in the GCC countries where they spent their active life. In fact, the GCC countries are experiencing that many guest-workers turn out to be immigrants, but governments do not (yet) formally acknowledge this fact. GCC countries are subject to similar demographic, economic, social, and political challenges as other countries that experience significant immigration. In this panel is argued that in explaining population and migration specificities of the GCC states, one should look at policies -policies that were adopted or were consciously not adopted- and at their intended and unintended consequences. The panel looks at a number of labour market and migration-related policies including: (i) reducing (in some cases high rate of) unemployment among nationals by subsidizing the employment of nationals and discouraging the employment of foreign nationals, also through crackdowns on irregular migrants; (ii) increasing control by the state (as opposed to sponsors) over foreign workers and timid attempts to combat abuses by employers; (iii) restricting family reunion and persistent lack of policies to incorporate second generation non-nationals in the labour market and the society. Another key focus of the panel is data. Without sufficient data, choices of individual migrants and of governments of the countries of origin and destination are ill-informed. GCC states have improved data collection over the past decade, but have not invested sufficient resources in systematic collection, analyses and use of data in the development of new legislation. All papers rely on the increasing amount of data that GCC countries make publically available or on original survey data. One paper shows what economic (incl. detailed labour market) data is

available in the GCC countries and the costs and benefits of data collection. Two papers (one economic and one demographic) analyse Saudi policies to manage its labour market and reduce reliance on foreign workers. Another paper highlights key characteristics of a fast growing second generation of foreign nationals in the UAE whose existence is formally non-existent. Ultimately, the panel contributes to the understanding of recent migration dynamics of the GCC states and to what extent these are unique / specific to them and what is not and what can and should be done to improve legislation and practices to respond to the challenges for the states, their citizens and non-national residents.

Paper Abstracts

Hend Al-Sheikh: Active Labor Policies in the Kingdom of Saudi Arabia

High and persistent unemployment rates have been a major drawback on the economic and social performance of Saudi for almost two decade. Unemployment rates among Saudi nationals rose from 5.4% in 2000 to 12.1 % in 2012 and if we look at unemployment rate by gender, it rose from 15.8 to 25.7% among women. These alarming figures surprisingly took place despite the impressive performance of the economy at a macro level; real GDP growth at an average of 5.4%, which considered one of the highest among G20, group (world economic outlook 2013). In addition, In the light of a rapidly growing working-age population and a saturated public sector, unemployment expected to continue to rise considering the current projections for non-oil GDP growth. Therefore even if public sector hiring continues at its recent pace (which is economically unsustainable, new private-sector jobs will only cover one -half or one-third of labour force new entrant (IMF 2013). To curb unemployment and upgrade national labour force skills to match private sector requirements, Saudi Arabia adopted set of Active Labour Market Policies (ALMP). This approach is very recent in the kingdom compared to the long history of active labour policies adoption and evaluation across advanced economies and many developing economies in Asia and Eastern Europe. However, despite the intensified spending on the active policies in the kingdom for the last decade, there are neither an official unified figures of the spending effort on these policies nor an evaluation of the effect on employment for both nationals and migrant workers. The aim of this paper is to document and analyze Active Labour Market Policy trend and policy economic outcome in Saudi Arabia. In addition, identify evaluation indicators using the limited data available. While ALMP is the subject of an ongoing debate among economists and policy makers; it is also essential to capture the best practices and draw on the international experiences in this context of existing labour market structural imbalance to maximize the efficiency of public spending while satisfying social goals. Wage differences between national and migrant workers will be a major policy focus when analysing the effect of Active labour policies.

Nasra M. Shah: Perceptions and Aspirations of 2nd Generation Non-Emiratis in the UAE: Comparison with Recent Migrants

Recent data shows that about 48 % of the population in the Gulf Cooperation Council (GCC) comprises of non-nationals. The percentage on non-nationals in the United Arab Emirates (UAE) is among the highest, about 88 %. While data on duration of residence of non-nationals in the UAE is not available, existing research and observation suggests that several of these residents have been in the country for fairly extended periods of time. If the patterns are similar to Kuwait, about a fifth of the non-Emiratis may have been born in the country, constituting a second generation.

A survey on the aspirations, plans, and perceptions of employed non-Emiratis is currently in the field. A sample of 500 2nd generation employed non-Emiratis is being interviewed along with a sample of 500 recent migrants who have been working in the UAE for less than 5 years. 2nd generation non-Emiratis are defined to include those persons born in the UAE who have lived at least half their life in the country. Face-to-face interviews are being conducted with the two groups. The broad objectives of the survey are to assess: (1) the future aspirations and plans of the two groups in terms of staying in the UAE; (2) their perceptions about social interaction with specified groups; (3) their perceived degree of happiness with their current state of life and work; (4) their opinions about the conditions under which non-Emiratis may be awarded citizenship or permanent residence.

This paper will compare the responses of the 2nd generation non-Emiratis with the recent migrants. An underlying hypothesis for this analysis is the expectation that 2nd generation migrants are likely to feel more 'embedded' in Emirati society and larger percentages of them would express a desire for staying in

the UAE and to become citizens or permanent residents compared with the recent migrants, if given the opportunity. Perceptions and aspirations of non-Emiratis, especially 2nd generation ones, are important in terms of their future retention in, and productive contribution to the labor force. Such analysis may also shed light on the potential expansion of the migrant's network and adjustment in the host country.

Francoise De Bel-Air: The Nitaqat Campaign of Saudisation of the Labour Force in Saudi Arabia: A New Kind of "Demographic Engineering"?

The Nitaqat campaign for the Saudisation of the workforce was launched in September 2011. Though the issue of indigenisation of the workforce has been periodically revived since the 1990s, this campaign differs with previous one, as it combines incentives that encourage firms to hire Saudis and sanctions for non-compliant ones. However, the deepest impact of this policy may well reside in the scale of population movements which already resulted, and could further result, from its implementation. In order to provide fast responses to popular discontent regarding youth unemployment, and to meet Saudisation quotas, the regime actually resorted to massive job creation for Saudi job seekers. The Nitaqat policy also gave way to a large campaign of regularization of irregular workers (between 4.7 and 5.3 million), while crackdown on illegals forced one million to leave the Kingdom in 2013 alone, of which 547,000 were deported. Within the realm of the Saudisation initiative, new policies are also discussed which could lead to some incorporation into the citizenry for foreign nationals married to Saudis, among which some amendments to the sponsorship rule. Furthermore, naturalizing non-national Saudi-born children is more than ever a matter of discussion, not only on human rights grounds but also as a means for achieving Saudisation quotas. Lastly, a range of new bilateral labour agreements are discussed between Saudi labour authorities and several labour-sending countries, which could affect the patterns of labour import and migrants' status in the Kingdom.

Using demographic data produced by Saudi governmental bodies and research institutions, the paper will first assess the effects of the Nitaqat policy on the size, structure and dynamics of Saudi Arabia's population and labour market. Second, relying mostly on Saudi press sources, the paper will analyse the popular and scientific debates surrounding Nitaqat's scope and implementation patterns. Using the theoretical framework of political demography, our aim will be to pinpoint various actors' representation of Saudi citizenship, its pattern of evolution (*jus solis* vs *jus sanguinis*) and relations to foreign communities. Our conclusion is that within the realm of Nitaqat, the State regains the upper-hand on economic and labour management. Also, (and under local and international pressure), a reform of Saudi Arabia's "demographic engineering" policies may be witnessed, whereby the strict legal, social and political separation between nationals and non-nationals would shift.

Georges Naufal: The Data Dilemma: The Case of the GCC Countries

This paper explores the data dilemma in the GCC region, and offers potential recommendations to close data gap on the GCC labor migration. The first section outlines the availability of data on GCC temporary labor migrants. In this section we summarize and document government based sources of data and also private initiatives for collection and dissemination of migrant data in the Gulf. A detailed comparison of similarities and differences of the publicly available data is presented.

The second section examines the costs and benefits of data collection, while focusing on what type and quality of data that needs to be collected. The data dilemma comes in the form of the costs and benefits from a policy making point of view. What are the costs/benefits of GCC governments to resort to factual and empirical evidence to build policy recommendations? The same question applies in the case of the counterfactual, to not use data in policy making. In this paper we attempt to categorize these costs and benefits as part financial but also part in terms of efficiency gains and losses in allocation of resources. The policy makers and scholars in the GCC countries have a vested interest to contribute to the academic literature and play an active role in the migration and remittance literature. This literature includes research on Gulf economies but also on the development effect of labor movement to the Gulf on labor exporting countries. Better macro data would allow policy oriented studies that examine the effects of remittance outflows on local Gulf economies; for instance what are the expected effects of imposing a tax on remittance outflows? Further, better micro data (on migrants in the Gulf and their family members back home) would allow researchers to examine the development impact of migration to the Gulf region to the

home country. What are the effects of moving to the Gulf on the education, poverty and other socio-economic indicators in labor exporting countries?

The paper also examines some lost opportunities in the past while at the same time builds on future prospects. An example of a lost opportunity arises in the 1991 Gulf War which acted as a natural experiment. Another theoretically similar incident is the 2008 financial crisis and its impact on labor movements in the region. Better data quality and availability would be crucial to better understand the effects of events such as these.