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Gulf Migration: Assessing the Impact of Policies

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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 other words, the GCC countries are experiencing that many guest-workers turn out to be immigrants, but governments do not (yet) formally acknowledge this fact. Far from being unique, the 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 migration-related policies, including: reducing dependency on foreign workers (indigenization); regulating access and control of foreign workers (*kafâla* and its reform or abolishment; recruitment agency regulations); attempting to reduce the outflow of remittances and, more limitedly: stimulating natural demographic growth of national populations; limiting residency of foreign nationals; making it almost impossible for foreigners to obtain a GCC nationality. Papers presented in the panel take into account migration as well as area specific literature. They make an explicit effort to provide data (statistics, laws, policy documents) produced by GCC countries and some rely also upon interviews. Papers make an effort to focus on various angles of specific policy domains (demographic, economic, social, political), to be comparative and have an historical dimension. In doing so, the panel aims at contributing to the understanding of migration dynamics of the GCC countries and to determine what is unique / specific to the GCC countries and what is not.

Canceling the kafala: how serious can it be? Bahraini Experiment, Kuwaiti Prospects

Claire Beaugrand

The *kafala* or sponsorship system has been one of the pillars of the Gulf countries' migration policies : tying foreign workers to their employers-citizens, it made the former's presence in the country dependent on the will and need of the latter.

In 2009, Bahrain was the first GCC country to discard the *kafal* sponsorship system by setting up a government agency to issue work permits to foreigners. Following in its steps, the Kuwait minister of Labour announced in October 2010 that the emirate will cancel the *kafala* by February 2011 as a gesture of good will towards the foreign workers to mark the anniversaries of Kuwait's independence, her liberation from the Iraqi invasion and the fifth year in power of the present ruler, Sabah al-Ahmad al-Sabah.

While the reform in Bahrain is strongly criticised, by economists and politicians alike, for making little difference with the sponsorship system, the Kuwaiti authorities simply went back on their words and the promise of a radical 'gift' to expatriates was replaced by proclaimed intentions to amend the system. In a nutshell, results are far from living up to the expectations. Whose expectations? Through the analysis of the Bahraini experiment and the debate launched in Kuwait following the government's contradictory announcements, this paper proposes to disentangle the various actors, external and internal, in favour of and opposing a reform of the *kafala* and expose the economic, political or ethic arguments underpinning their respective positions. It will also seek to identify first the determinant factors that led Bahrain to adopt a policy change while Kuwait gave it up, and second the main obstacles, particularly the structural ones, that lie in the way of implementing such a drastic reform. The paper's contention is that cancelling the *kafala* system may prove far lengthier a process than what a simple alignment to international standards would have predicted, because the sponsorship shaped both the economy and society of the GCC countries. To support this conclusion, the paper will mostly use the findings of qualitative interviews with the main stake holders of the issue in both Bahrain and Kuwait. In that regard, the pair of case studies is particularly illuminating due to the very different economic paths that the two countries have taken since the establishment of their similar migration policies, with Bahrain having actually entered a post-rentier economic phase, while Kuwait is obviously not quite there.

Traffickers, employment agents or entrepreneurs? Manoeuvring around policies regulating the migration of Ethiopian domestic workers in Kuwait and Lebanon

Bina Fernandez

This paper examines the policy regimes that regulate Ethiopian women's migration as domestic workers to Kuwait and Lebanon, focusing on the role of the facilitators of this movement. The paper draws on multi-sited empirical research in Ethiopia, Lebanon and Kuwait, and analyses how national and international policies produce two oppositional categories of illegal brokers or traffickers on the one hand and employment agents on the other hand. The paper discusses how despite the policy distinction between these two categories, there are blurred boundaries between them in their recruitment operations, as they often collaborate and manoeuvre around laws and regulations. This paper argues that the persistence of illegal brokers and traffickers notwithstanding the efforts to regulate their operations does not simply indicate the need for more or better regulation (as is often suggested). Rather, it calls for recognition of how the policies – and importantly, the non-policies – frame both the legal and illegal trade in migrant workers as a highly lucrative entrepreneurial activity. A comparative analysis of policy approaches to regulating the trade in migrants in Lebanon and Kuwait reflects divergent underlying views of the role of migrant domestic workers in the national economy.

Understanding the politics of labor market policies in the GCC states

Michael Herb

The GCC states have two mostly separate labor markets, one for citizens and the other for non-citizens. Pay scales and working conditions in the citizen labor market are almost invariably better than pay and conditions in the non-citizen labor market for workers with similar skills. The creation of a privileged labor market for citizens requires state intervention in labor markets, and this occurs largely through the provision of state jobs to citizens. In the richer Gulf states (Qatar, the UAE and Kuwait) citizens who are employed are employed almost exclusively by the state or state-owned-enterprises. Most figures suggest that only around 10% of citizen employees are employed by private sector firms. Non-citizen migrants, by contrast, overwhelmingly work in the private sector.

This bifurcation of the job market is widely seen as a serious problem in Gulf societies, and Gulf states have adopted policies intended to lure (or compel) citizens to take up employment in the private sector. These efforts have met with limited success. Discussion of these policies in the literature tend to examine the policies from the point of view of economic rationality, and proposed solutions to the problem tend to be cast in terms of their economic logic. The bifurcation of Gulf labor markets, however, is first and foremost a political problem, and it is politics that determines the success or failure of any particular policy that aims to move citizens into the private sector labor market.

In this paper I propose to present at the upcoming 2011 Middle East Studies Association conference, I will examine the policies that have resulted in the bifurcated labor market in the region, and the policies that have been proposed to lessen the effects of this bifurcation. In examining these policies, I will focus on the political motivations behind the adoption of the policies, the distributional consequences of these policies for different groups in society, and the corresponding likelihood that these policies will succeed in light of political realities in the Gulf states today.

Remittance Outflows: The New Dimension of the Structural Change in the Source of Labor in the GCC

George Naufal and Ismail Genc

This paper gives an overview of the movement of people and money in the GCC countries. People are attracted to the Gulf region because of its relative stability and massive natural resource supply that made it home to some of the highest standards of living in the world. Historically, the demand for foreign labor was mostly met from neighboring Arab countries. This trend continued until 1991 when after the Gulf War there has been a structural change in the demand for foreign workers. The GCC countries' preference switched from Arab foreign workers to laborers from South Asia. While the literature on migration has documented this change (by mainly focusing on the social (composition of labor and female share) and political (relationship with Arab neighbors) context), this paper adds the remittance dimension. This change in labor preference is clearly evident in the remittance outflows and inflows in MENA. Remittance outflows from MENA (mainly the Gulf) matched remittance inflows from 1970 to 1991. After 1991, remittance outflows maintained their upward trend while inflows decreased and never recovered enough to keep up with the outflows. Since 1991, the money that used to be remitted from the GCC to MENA labor exporting countries is being sent now to South Asian countries.

This paper examines the potential consequences of this modification in the source of foreign labor by focusing on the monetary flows aspect. Our conjecture is that this shift in labor preference played a major role in fuelling the latest political unrest in the MENA region. We focus our attention on Egypt and show that after 1991, remittances inflows decreased dramatically causing a shortage of liquidity. The Egyptian youth started losing competition to Asian counterparts increasing local unemployment rate. The shortage of remitted funds and higher unemployment rate increased the economic frustration and along the existing political situation, both factors (together with external events) accelerated the popular uprising.

The paper argues that while the shift from Arab to Asian workers has been motivated by several factors, future GCC governments' labor policies need to take remittance outflows into consideration focusing on their consequences both internally and externally. In light of the latest political unrest in the MENA region, this topic is of great significance to academics and policy makers.

Kafala revisited: public and private actors of migration policies in Saudi Arabia

Helene Thiollet

The paper explores the ambivalence of public private partnerships in migration policy making and to re-assess the role of the sponsorship system in the management of migrants and their families. This paper analyses the relationship between the state and private actors (firms, recruitment agencies, chambers of commerce, various brokers and sponsors) which was constructed partly through a joint management of labour migration fluxes. From the 1960s to the 1990s, migration management was negotiated between state administrations, firms and recruitment agencies, overlooked by Chambers of commerce. Early migration policy was first managed by the US-owned ARAMCO and the Saudi state, linking private, national and foreign interests. After the nationalization of the ARAMCO, the public / private partnership remained the key scheme of migration management in a shifting institutional environment. The sponsorship system known as *kafâla* embodied the importance of private actors in migration management: the State externalises the control over foreign workers to their employer or their recruiter and immigrants are tied to Saudi counterparts who are their legal sponsors (*kâfil*, plur: *kufala'*). Far from being a public instrument of control over immigration trends and immigrants' residence, the sponsorship system can be seen as a system of brokerage that institutionalized a delegation of State prerogatives to civil society. In the early 1990, *Saudization* policies led to "bring the state back in" migration management. They were designed to promote the indigenization of the labour force and lower the share of immigrant labour in the economy. Symbolically enough, the Ministry tried to put the *kafâla* system under tighter control: local and national administration broke down on immigration brokers particularly in the service and small business sector, where the *kâfil* could shun the restriction immigration and bypass legal processes of migration management implemented in large-scale labour import.

The private sector resisted Saudization policies which failed to meet their objectives. Saudization nevertheless revealed the tension between the state and private institutions in immigration processes and procedures. State control over the foreign labour force is often presented as a means to enforce labour law and the rights of foreign workers, as private or even informal processes allow exploitation and abuses. But the efficiency of migration policies is limited by the interest of private actors and private interests within the state apparatus benefiting from the "rent" that migration represents.