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# The Gulf Cooperation Council Region

## A Labour Market Analysis



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## Executive Summary

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This study analyses the Gulf Cooperation Council (GCC) region's labour market in an effort to comprehend the dynamics of international migration for foreign workers in the region and project future trends. The main objective of this endeavour is to identify skill gaps and shortages in the labour markets and assess the evolving policy landscape in the region that may provide newer opportunities for Indian migrant workers.

The six GCC countries under the study are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. The study entails an overview of each of these countries with respect to demographic trends, economic conditions and skill shortages to determine the present labour migration trends and evaluate future demand. Further, a section on the existing Indian population in the region is included to assess the key sectors of their engagement. Additionally, visa and immigration policy regulations specific to the mobility of foreign workers have also been added to provide an understanding of entry regulations to live and work in these countries.

The main findings derived from the study are as follows:

**Bahrain:** Bahrain has one of the most diversified economies in the GCC region. Non-oil GDP is anticipated to increase by 4 per cent largely due to stronger manufacturing and full reopening of the economy post pandemic. The finance and banking sector is an important non-oil sector in Bahrain. Other sectors that contribute to the economy include government services, transport and communications, construction works, real estate and business activities, trade, personal service and other service industries. Despite considerable progress in diversification, the government still receives majority of its income from oil.

As per the findings of a 2019 employer survey, there is a major gap in terms of digital skills in the labour market across sectors including finance and banking, military, healthcare, financial services, manufacturing, logistics, oil and gas, renewables, ICT, and startups.<sup>1</sup> In the post pandemic recovery phase, sectors such as infrastructure, tourism, financial services and logistics have emerged as key focus areas.<sup>2</sup> This presents opportunities for skilled workers and professionals in various job roles across these sectors. Further, it is anticipated that there will be demand for more diverse skillsets in the construction sector, as large-scale government infrastructure projects continue to stimulate this sector. The Government of Bahrain has been offering great incentives and supportive environment for fintech & e-commerce, cybersecurity, start-ups and other private investments to attract skilled workforce as well as high-skilled expats that can contribute towards its economic goals.

**Kuwait:** In Kuwait, the oil sector continues to be the main source of income and revenue, amounting to approximately 94 per cent of the total revenue. The service sector, which constitutes around 54.2 per cent of the GDP, includes real estate and the finance sector as its most important

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<sup>1</sup> Economic Development Board Bahrain (2020), <https://www.bahrainedb.com/latest-news/bahrain-partners-with-the-world-economic-forum-to-launch-closing-the-skills-gap-accelerator> (Accessed on July 19, 2022).

<sup>2</sup> Inputs from the Embassy of India, Bahrain, December 2022.

sub-sectors. Agricultural activities are limited and mainly include fishing, which contributes to 0.5 per cent of the country's GDP.

Kuwait has been experiencing a labour shortage, which was further exacerbated by the Covid-19 outbreak. Demand for skilled workforce will be seen across hospitality, food industry, mechanics, heavy vehicle drivers, cleaning & maintenance, services and construction. Further, the agricultural sector and sub-sectors like fisheries are also set to see more demand. There is also demand anticipated in the domestic and labour sectors, with increased requirement for casual labour across various industries as well as housekeepers and home helpers. Additionally, Kuwait will continue to have a significant demand for nurses.

**Oman:** Oman's economy is largely reliant on its oil and gas resources, which generate about 70 per cent of the government revenue and make up 30 per cent of Oman's GDP. The Government of Oman has identified six sectors as key contributors for the country's economic growth and diversification - manufacturing and industries, transport and logistics, tourism, fisheries, mining, and education. In addition, the Government of Oman has focused on increasing investment in non-oil sectors, particularly in the financial services, tourism as well as port activity sectors.

Demand for skills in cutting-edge technology, cyber-security, automation, healthcare, manufacturing is anticipated. Oman is likely to experience growing demand for roles such as pharmacists, caregivers, allied services, educators, lawyers, insurance personnel, marketing specialists, software developers and programmers, specialists in virtual reality and research and development specialists across sectors. Further, more employment is expected to be generated in tourism, hospitality and event management as well.

**Qatar:** Qatar has vast oil and gas reserves. In recent years, the country has made significant gains in strengthening non-oil sectors such as manufacturing, construction and financial services. The non-oil sectors contribute to more than half of its total GDP. The Government of Qatar has also been investing in sectors such as agriculture, services and research & development for further economic diversification and greater foreign direct investment.

Some of the sectors where there is a demand for skilled professionals include oil and petroleum technology; infrastructure; information technology; sports, food and dairy; maintenance, repair, and technician work; hospitality and tourism; marketing and PR; medical healthcare and nursing; and engineering. There has been an increasing demand for workers across manufacturing and construction sectors as well as aviation industry. In addition, sub sectors such as pharmaceuticals, additive manufacturing and desalination, and controlled environment agriculture are also witnessing skill gaps and shortages.

**Saudi Arabia:** Saudi Arabia has the largest economy in the region. Petroleum and gas reserves form an integral aspect of the country's economy. The country's efforts towards economic diversification has led to an increased production and export of a variety of industrial goods. Non-oil production includes exports of petrochemicals, plastics, construction materials, electronic appliances, metal goods, etc. Further, Saudi Arabia has been taking steps to improve the business environment to attract foreign investment and boost employment in the private-sector.

The country is expected to see mobility in the following sectors: Low-skilled to medium skilled sectors such as construction, mining, vehicle repair, manufacturing, transport, storage business, tourism and service sectors; High-skilled sectors such as healthcare, data analysis, information security, general management, blockchain solutions capability, digital product development. It is anticipated that Saudi Arabia would face a shortage of 663,000 high skilled workers by 2030.

**United Arab Emirates:** UAE has the second largest economy, following Saudi Arabia, in the region. In an effort to diversify the economy, the Government of UAE has made heavy investments in sectors such as renewable energy, aluminium production, tourism, aviation, re-export commerce, telecommunications, and advanced technologies. Approximately 70 per cent of the GDP is now generated by sectors other than oil and gas.

As per the National Skill Development Corporations' Global Skill Gap Report (2020), the sectors facing skills shortages include construction, wholesale and retail, real estate and rental, transport and storage, financial and insurance activities, manufacturing, and community services. New skill requirements and job roles are anticipated to be created in fields such as artificial intelligence, robotics, automation and advanced manufacturing, virtual reality, augmented reality, big data and data analysis. Certain other sectors are rapidly expanding and shall give employment opportunities for expat workers.<sup>3</sup> These sectors include food, beverage and agricultural technology; pharmaceuticals; electrical equipment and electronics; advanced manufacturing and heavy industries; petrochemicals and chemical; machinery and equipment; hydrogen; medical technology; space technology; manufacturing; tourism; agtech; financial services; logistics; education; healthcare & biopharma; energy; ICT; real estate; smart city applications and solutions; digital economy and e-commerce; fintech; innovative SMEs and green economy. Further, green jobs are likely to emerge in areas such as renewable energy, energy efficiency, public transport, green building, as well as eco-cities.

As the GCC countries move towards diversifying their economies, they are increasingly seeking workers with specific skills. In this changing landscape of the Gulf labour market, there are immense opportunities across sectors for skilled workers and professionals from India. Indian nationals in the Gulf region are already a prominent part of the workforce in these countries, but in order to tap into these prospects, a holistic approach is needed which encompasses aligning the requirements of destination countries with the capacities and skills of our workforce.

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<sup>3</sup> Inputs from the Embassy of India, Abu Dhabi, December 2022.

## Introduction

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The region composed of the Gulf Cooperation Council (GCC) countries, which includes the southern Gulf countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE), is one of the most important and economically vital regions in the world. Over the years, the region has seen a significant transformation of its economy, largely propelled by foreign entrepreneurs, professionals and migrant labourers. Expatriates make up a high proportion of the total population in the GCC countries<sup>4</sup> and have even outnumbered nationals in many of these countries, accounting for an average of 70 per cent of the employed population in the region,<sup>5</sup> and about 95 per cent of private sector workers in Qatar and the UAE.<sup>6</sup>

During the pandemic, a large number of the expatriate workforce bore the brunt of the economic downturn. However, now with easing of pandemic restrictions and more positive outlook for GCC economies, aided by higher oil prices and growing emphasis on economic diversification, newer opportunities are likely to emerge for foreign workers. There still are challenges involved as governments have been witnessing added pressure to create employment for nationals in the region owing to high population growth and high unemployment rates among citizens who are mainly concentrated in the saturated public sector. This has led to focus on policies that will increase the proportion of nationals in the employed labour force especially in the private sectors.

These policy measures driven by domestic considerations have both short and long-term implications on the mobility of foreign workers. These nationalisation initiatives have been designed to balance the participation of nationals and the foreign workforce. These include imposing regulations on entry visa requirements, increasing the cost of hiring foreign workers, imposition of quotas for foreign and local workers as well as taxing remittances. At the same time, there is focus on facilitating a conducive environment for the foreign population, who contribute to the region's economic development. There has been an increased focus on labour law reforms, including measures to abolish the Kafala system. Additionally, policies aimed at attracting investors and skilled professionals have been introduced, as the region seeks to diversify its economy away from oil sector dependency and move towards automation and technology driven areas that will require a large number of skilled workforces.

## Rationale

The emerging trends in the GCC indicate a significant shift in its policy landscape. In this context, while some job roles may have shown reduced demand for foreign workers, there are other opportunities that are expected to open and see more mobility of workers. The region still has existing skills gaps and labour shortages across sectors, which is unlikely to be fulfilled by the

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<sup>4</sup> In 2020, migrants accounted for 88 per cent of the population in the United Arab Emirates; almost 73 per cent in Kuwait; 77 per cent in Qatar; and 55 per cent in Bahrain.

<sup>5</sup> ILO, Labour Migration, <https://www.ilo.org/beirut/areasofwork/labour-migration/lang--en/index.htm> (Accessed on September 3, 2022)

<sup>6</sup> Migrant-Rights.org, Reform the Kafala System, <https://www.migrant-rights.org/campaign/end-the-kafala-system/> (Accessed on September 4, 2022)

local labour force. Further, a vast majority of citizens in the region are unwilling to engage in low or semi-skilled occupations or even shift towards job roles in the private sector. Therefore, it is expected that the region would continue to have long-term need for skilled as well as low-skilled workers from India and other countries to keep up with its economic growth.<sup>7</sup>

As for high skilled workers, there are several new opportunities emerging due to the region's increased focus on developing a knowledge based, technologically driven economy, which will open up avenues for their employment across diverse sectors. It has been noted the policy measures thus far have not resulted in domestic labour forces that can support the economies or meet future demand. In order to achieve the envisaged objectives of their national visions, the GCC states will continue to see a need for foreign labour and expertise for a long time.<sup>8</sup>

Indian migrant workers occupy a large proportion of the share of expatriate workers in the region, comprising skilled professionals as well as semi-skilled and low-skilled migrants in sectors such as construction, oil and gas, and mining among others. They have made significant contributions to the economic development of the Gulf countries. The region serves as a key source of remittances for India, accounting for about half of the total remittances.<sup>9</sup> With the GCC region rapidly moving towards economic diversification and modernisation, it has now become crucial to ensure that the Indian labour force is resilient to the evolving policy landscape. This requires analysing the policy changes and investing in training the work force for more skilled jobs in the GCC countries in the medium term.

## Methodology

The study seeks to identify and analyse the existing and future trends relating to labour market opportunities for foreign migrant workers in the GCC region countries. For this study, a secondary review of articles, reports, studies, official statistics, and policy documents was undertaken. The study attempts to provide broad overview of each of the six countries along with their economic profiles and, demographic characteristics. It also includes a section on skill shortages for a better understanding of existing and anticipated shortages in sectors that may require foreign workers. Furthermore, a brief outline of the profiles of Indian migrant workers in GCC region countries, highlighting their size, characteristics and sectors/industries in which they are primarily engaged is included. Additionally, a section on visa and immigration policies has been incorporated to focus on available mobility pathways for foreign workers in these countries. The study has also incorporated valuable inputs from Indian Missions in the six countries.

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<sup>7</sup> S.K. Sasikumar and Rakhee Timothy (2015), "From India to the Gulf Region: Exploring Links between Labour Markets, Skills and the Migration Cycle", GIZ and ILO, [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-new\\_delhi/documents/publication/wcms\\_397363.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-new_delhi/documents/publication/wcms_397363.pdf) (Accessed on September 3, 2022).

<sup>8</sup> ILO and GIZ (2015), "Labour Market Trends Analysis and Labour Migration from South Asia to Gulf Cooperation Council Countries, India and Malaysia", [http://www.oit.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-kathmandu/documents/publication/wcms\\_377416.pdf](http://www.oit.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-kathmandu/documents/publication/wcms_377416.pdf) (Accessed on September 5, 2022).

<sup>9</sup> RBI Bulletin (2018), "Globalising People: India's Inward Remittances", [https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/1AR\\_14112018071B9474B5D74DDC91FC8AA015C5A360.PDF](https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/1AR_14112018071B9474B5D74DDC91FC8AA015C5A360.PDF) (Accessed on September 5, 2022).



# Bahrain

## Country Overview

Bahrain comprises an archipelago of 36 islands.<sup>10</sup> The largest of these islands is Bahrain where the capital city, Manama is situated. With a total size of about 700 sq. km, it has the smallest land area among the GCC countries. The majority of the population live in urban areas with over one-third of the population living in the two main cities, Manama and Al-Muḥarraq.<sup>11</sup>



Figure 1 Map Source: Encyclopaedia Britannica, Inc.

Bahrain has a constitutional monarchy with a bicameral National Assembly consisting of a Shura Council (Majlis Al-Shura) and the Council of Representatives (Majlis Al-Nuwab). The Head of State is King Hamad bin Isa al-Khalifa and the current Prime Minister is Prince Salman bin Hamad Al Khalifa. The population is predominantly Muslim and includes both the Sunni and the Shia sects, with the latter in the majority. It is the only GCC nation with a significant Shia population. The ruling family and many of the influential Bahrainis, however, belong to the sectarian minority. This difference has often been the main cause of political and social tension in the country.

## Economic Overview

Although located in one of the world's chief oil-producing regions, Bahrain only has small stores of petroleum. Its economy has been chiefly dependent on the processing of crude oil from the neighbouring countries. In 2019, the economy grew slightly by 2 per cent despite a sizeable

<sup>10</sup> United Nations, Bahrain – Country Profile, <https://www.un.org/esa/earthsummit/barin-cp.htm> (Accessed on November 6, 2021) (Accessed on November 6, 2021).

<sup>11</sup> Bahrain, Britannica, <https://www.britannica.com/place/Bahrain/Religion>, (Accessed on November 6, 2021).

contraction of the oil industry. However, due to the COVID-19 pandemic, it plummeted to -4.9 per cent in 2020 but came back to 2.2 per cent in 2021.<sup>12</sup> Bahrain's GDP was estimated at USD 38.87 billion in 2021.<sup>13</sup> The GDP growth is expected to strengthen to 2.7 per cent in 2023 and then to 3.3% in 2024-25 as fiscal adjustments would continue.<sup>14</sup>

Bahrain has one of the most diversified economies in the GCC region.<sup>15</sup> The financial and banking sector with a share of 17.90 per cent of GDP is an important non-oil sector.<sup>16</sup> Manufacturing, driven by the production of aluminium<sup>17</sup> and petrochemicals, forms 14.10 per cent of its economy.<sup>18</sup> Other sectors that contribute to the economy include government services (12 per cent), transport and communications (6.70 per cent), construction works (7.50 per cent), real estate and business activities (5.30 per cent), trade (4.30 per cent), personal service (5.50 per cent) and other service industries (6.60 per cent).<sup>19</sup> However, it may also be noted here that despite considerable progress in diversification, the government still receives majority of its income (18.5 per cent of GDP) from oil. Changes in oil prices have a significant impact on the Government's programmes and revenues, as was seen during the pandemic when falling oil prices led to a budget deficit.<sup>20</sup> However, Bahrain appears to be benefitting from the current rise in oil prices brought on by sanctions against Russia, just like other oil-exporting countries. Bahrain continues to look for new natural gas supplies as feedstock to serve its expanding petrochemical and aluminium industries and has also discovered new oil fields more recently.<sup>21</sup>

In its economic profile, the contribution of Bahrain's construction sector is notable. According to Bahrain's Information and E-Government Authority (IGA), Bahrain's construction sector grew by 0.8 percent in 2021.<sup>22</sup> The sector remained resilient in the face of macroeconomic shocks, including the COVID-19 pandemic and the collapse of world oil prices, and is gradually reverting to steady growth levels as the global economy continues to recover from the ramifications of the

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<sup>12</sup> IMF (2022), Real GDP growth, [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/BHR](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/BHR) (Accessed on September 6, 2022).

<sup>13</sup> World Bank, GDP (current US\$) – Bahrain, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=BH> (Accessed on November 6, 2021).

<sup>14</sup> World Bank (2023), <https://www.worldbank.org/en/news/press-release/2023/05/17/gcc-economic-growth-expected-to-slow-to-2-5-in-2023#:~:text=Bahrain%3A%20Bahrain's%20economic%20outlook%20hangs,25%20as%20fiscal%20adjustments%20continue.> (Accessed on 20 May 2023)

<sup>15</sup> Mohamed A. Ramady (2013), Kingdom of Bahrain: Risk Analysis [https://link.springer.com/chapter/10.1007/978-3-319-02177-5\\_9](https://link.springer.com/chapter/10.1007/978-3-319-02177-5_9) (Accessed on September 6, 2022).

<sup>16</sup> Economic Development Board, Bahrain, <https://www.bahrainedb.com/why-bahrain/bahrain-at-a-glance>, (Accessed on September 6, 2022).

<sup>17</sup> Bahrain's second biggest export after oil is aluminum with other major economic activities being finance including Islamic banking, construction, and tourism. Labour Market Regulatory Authority, Bahrain, Labour market Regulatory Authority, [http://blmi.lmra.bh/2021/03/mi\\_dashboard.xml](http://blmi.lmra.bh/2021/03/mi_dashboard.xml), (Accessed on September 7, 2022).

<sup>18</sup> Economic Development Board, Bahrain, <https://www.bahrainedb.com/why-bahrain/bahrain-at-a-glance> (Accessed on September 7, 2022).

<sup>19</sup> Economic Development Board, Bahrain, <https://www.bahrainedb.com/why-bahrain/bahrain-at-a-glance>, (Accessed on September 14, 2022).

<sup>20</sup> Australian Government, Department of Foreign Affairs and Trade, Bahrain, <https://www.dfat.gov.au/geo/bahrain/bahrain-country-brief> (Accessed on November 3, 2021).

<sup>21</sup> In April 2018, Bahrain announced it had found a significant oil field off the country's west coast but is still assessing how much of the oil can be extracted profitably.

<sup>22</sup> Inputs from the Embassy of India, Bahrain, December 2022.

pandemic.<sup>23</sup> Further, in October 2021, the government launched its Economic Recovery Plan which outlines Bahrain's post-pandemic economic recovery trajectory. As part of the Plan, Bahrain announced over 22 strategic infrastructure projects worth over \$30 billion, including the construction of five man-made islands.<sup>24</sup> These projects will be largely funded via public-private partnerships. This emphasis on construction is consistent with the Kingdom's Vision 2030 economic development strategy. The strategy seeks to improve infrastructure, industry, housing and connectivity and calls for a more diverse economic base.

A number of other projects that are underway focus on education, health, social development, youth, sports and industry, many of which will be funded by grants received via the GCC Development Fund.<sup>25</sup> The prominent government's projects include the following:

- The \$7 billion Bahrain Petroleum Company (BAPCO) modernization & expansion project
- The \$3.5 billion King Hamad Causeway transportation infrastructure project
- The \$2 billion Bahrain Metro Project
- A new \$355 million gas processing plant
- Major housing and resort projects estimated at \$2.2 billion
- Electricity and water delivery projects estimated at \$1.1 billion
- Road and sewerage infrastructure projects estimated at \$900 million
- Construction of roads, sewage networks, and electricity connection systems for three planned cities
- The \$222 million Bahrain International Exhibition and Convention Center
- The U.S. Trade Zone
- The development of five offshore cities off Bahrain's coastline

## Demographic Profile

Kingdom of Bahrain is considered as one of the best countries in the GCC region in terms of work environment and friendly treatment. Bahrain's economic successes over the years have been facilitated by an increasing flow of foreign workforce. The country has a population of around 1.5 million people with almost half of them being foreign nationals.<sup>26</sup> A vast majority of foreign nationals are Asians with India (232,969), Bangladesh (1205,962), Pakistan (60,784) Philippines (27,202) and Nepal (20,048) making up almost 90 per cent of all foreign residents.<sup>27</sup> The Egyptians (11,692) are the sixth most numerous among expats and first among the Arabs residing in Bahrain. Among the foreign resident population, Filipinos, Moroccans, Thai and Ethiopians are the only groups made up of a majority of women, probably due to high share of these nationalities employed as female domestic workers in the region. It is anticipated that Bahrain's overall population would reach over 2 million individuals before 2030.<sup>28</sup>

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23 Ibid.

24 Ibid.

25 Ibid.

26 Input from Embassy of India, Bahrain

27 Labour Market Regulatory Authority, Bahrain, [https://blmi.lmra.gov.bh/2022/12/data/ems/Table\\_07a.pdf](https://blmi.lmra.gov.bh/2022/12/data/ems/Table_07a.pdf), (Accessed in May 2023).

28 Economic Development Board, Bahrain, <https://www.bahrainedb.com/why-bahrain/empowered-workforce> (Accessed on September 14, 2022).

By the end of 2022, the number of foreign workers employed in Bahrain was 583,674.<sup>29</sup> Unlike other GCC countries, Bahraini nationals are largely employed in the private sector (68.78 per cent of the employed Bahraini population as of the first quarter of 2021). Most foreign workers are employed in the private and the domestic sectors, making about 86 and 12 per cent of the non-Bahraini employed population respectively.

As regards their activity, most of the foreign labourers work in construction, sale/trading activities; repair of motor vehicles and motorcycles, manufacturing, and accommodation and food service sectors.<sup>30</sup> It is interesting to note that a sizeable share of Bahraini nationals are also engaged in these activities, indicating that the Bahraini labour market is probably less segmented by nationality than other labour markets in the region.<sup>31</sup>

### **Profile of Indian Immigrants**

Indian nationals form the largest expatriate community in Bahrain, constituting around 25% of the total population of the country.<sup>32</sup> Nearly 650,000 expatriates are present in Bahrain, of which approximately 350,000<sup>33</sup> are Indian nationals.<sup>34</sup> The Indian expats are preferred over the other expats due to their professionalism, apolitical nature and friendly historic ties. Bangladeshis, Sri Lankans, Pakistanis, Filipinos, Indonesians, Nepalese and Arabs of different nationalities are other prominent nationalities.<sup>35</sup> While Indian expatriates mostly migrate from the states of Kerala (about 200,000) and Tamil Nadu (about 50,000), migrants from Andhra Pradesh, Telangana, Karnataka, Gujarat, Maharashtra, Goa, Punjab, Uttar Pradesh, Bihar, Odisha and Rajasthan also closely follow.<sup>36</sup>

Majority of the Indian community expatriates (over 65 per cent)<sup>37</sup> are employed in the sectors of construction, contracting and maintenance. Domestic workers also comprise a small number (estimated at around 10,000) of the Indian community. Additionally, a sizable number of Indian doctors, nurses, engineers, chartered accountants, bankers, managers and other professionals are also present who play a vital role in Bahrain's socio-economic development.<sup>38</sup> Most established Bahraini business organisations including top Bahraini business houses, banks and finance companies have a senior or middle level Indian employee playing an important role in its operations.<sup>39</sup>

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29 Labour market Regulatory Authority, Bahrain, [https://blmi.lmra.gov.bh/2022/12/mi\\_dashboard.xml](https://blmi.lmra.gov.bh/2022/12/mi_dashboard.xml) (Accessed on May 22, 2023).

30 Labour Market Regulatory Authority, Bahrain, [https://blmi.lmra.gov.bh/2022/12/data/ems/Table\\_06.pdf](https://blmi.lmra.gov.bh/2022/12/data/ems/Table_06.pdf) (Accessed on May, 2023).

31 Ibid.

32 Inputs from the Embassy of India, Bahrain, December 2022.

33 Ibid.

34 "Indian Community in Bahrain", Embassy of India, Bahrain, <https://www.eoibahrain.gov.in/indian-community.php> (Accessed on September 16, 2022).

35 Inputs from the Embassy of India, Bahrain, December 2022.

36 Ibid.

37 Ibid.

38 Inputs from the Embassy of India, Bahrain, December 2022.

39 Ibid.

## Nationalisation policies

Over the past few years, the Government of Bahrain has expanded its efforts towards ‘Bahrainization’ and launched several initiatives towards skills and training development of its citizens.<sup>40</sup> In this regard, ‘Skills Bahrain’ is the first comprehensive national initiative aimed at establishing professional standards for vocations and professions in the country, and addressing the rising demand for qualified nationals across different sectors.<sup>41</sup> Since the launch of the second phase of the National Employment Programme in 2021, around 26,344 job-seekers have been recruited by private companies, exceeding the initial targets of 25,000 jobs.<sup>42</sup>

In 2019, a proposal was introduced seeking total ban on expatriate workers from being employed in 35 professions and further called for a substantial minimum wage increase for Bahrainis.<sup>43</sup> Recent policy initiatives have focused Bahrainisation efforts towards sectors such as small and medium enterprises<sup>44</sup> as media, law, Sharia (religious), dentistry and sociology.<sup>45</sup> Despite these developments, there is still need for skilled foreign workers, as evidenced by the decision of the Shura Council of Bahrain in December 2021, that rejected bills seeking to reserve all jobs under the public sector for Bahrainis.<sup>46</sup> Given the preference for Indian workers<sup>47</sup> and professionals, their demand will continue to grow in Bahrain’s existing and upcoming sectors.

## Skill Gaps and Shortages in the Labour Force

The sectors that contribute to Bahrain’s growth opportunities, include finance and banking, military, healthcare, financial services, manufacturing, logistics, oil and gas, renewables, ICT, and startups. As per the findings of a 2019 employer survey across these sectors, there is a major gap in terms of digital skills in the labour market.<sup>48</sup> Further, as also mentioned earlier, in the post pandemic recovery phase, sectors such as infrastructure, tourism, financial services and logistics

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40 Kingdom of Bahrain’s National portal,

[https://www.bahrain.bh/wps/portal/tut/p/a0/04\\_Sj9CPykssy0xPLMnMz0vMAfGjzOI9\\_A3MDI0sjLwsjEONDRz9zZyDLF0NDN0NTPWUDU\\_P0vOgpitCPzMwqLLxy1I9Kzs8rSa0o0Y9ITc8vK8gvKknMiU\\_NUzXIScxLycxLVyhITE8tVjWozC8tydAvyHYPBwDswsfH/](https://www.bahrain.bh/wps/portal/tut/p/a0/04_Sj9CPykssy0xPLMnMz0vMAfGjzOI9_A3MDI0sjLwsjEONDRz9zZyDLF0NDN0NTPWUDU_P0vOgpitCPzMwqLLxy1I9Kzs8rSa0o0Y9ITc8vK8gvKknMiU_NUzXIScxLycxLVyhITE8tVjWozC8tydAvyHYPBwDswsfH/) (Accessed on November 14, 2021).

41 Tamkeen Bahrain (2022), “‘Skills Bahrain’ a Comprehensive National Initiative to Monitor Current and Future Labour Market Needs”, <https://www.tamkeen.bh/skills-bahrain-a-comprehensive-national-initiative/> (Accessed on July 14, 2022).

42 Gulf Insider (2022), “642 Bahrainis employed, 353 trained during the last week of 2021”, <https://www.gulf-insider.com/642-bahrainis-employed-353-trained-during-the-last-week-of-2021/> (Accessed on July 14, 2022).

43 Construction Week (2019), “Bahrain MPs propose to ban expats from 35 professions”, <https://www.constructionweekonline.com/business/255809-bahrain-mps-propose-to-ban-expats-from-35-professions> (Accessed on January 30, 2023).

44 The Daily Tribune-News of Bahrain (2023), “Companies Face Dilemma Over Rising Bahrainisation Rate” <https://www.newsofbahrain.com/bahrain/87385.html> (Accessed on January 30, 2023).

45 Zawya (2021), Full bahrainisation urged in five sectors, <https://www.zawya.com/en/business/full-bahrainisation-urged-in-five-sectors-m6v9v39m> (Accessed on January 30, 2023).

46 The Daily Tribune News of Bahrain (2021), <https://www.newsofbahrain.com/bahrain/77622.html> (Accessed on July 14, 2022).

47 Inputs from the Embassy of India, Bahrain, December 2022.

48 Economic Development Board Bahrain (2020), <https://www.bahrainedb.com/latest-news/bahrain-partners-with-the-world-economic-forum-to-launch-closing-the-skills-gap-accelerator> (Accessed on July 19, 2022).

have emerged as key focus areas.<sup>49</sup> This presents opportunities for workers and professionals adept in job roles across these sectors.

Further, in order to attract skilled workforce as well as high-skilled expats that can contribute towards Bahrain's economic goals, the government has been offering great incentives and supportive environment for fintech and e-commerce, cybersecurity, start-ups and other private investments.<sup>50</sup> There also appears to be immense opportunities in the construction sector across diverse skill levels as large-scale government infrastructure projects continue to stimulate the sector having positive spill over effects in supply industries.

### **Immigration regulations for Foreign Workers**

In 2009, Bahrain reformed the sponsorship system (kafala) by abolishing the mandatory no objection certificate restricting foreign workers professional mobility. Migrants are sponsored by Bahrain's government agency 'Labour Market Regulation Authority' (LMRA) and they are permitted to change or quit jobs after having completed one full year of employment. The agency regulates all matters related to foreign employment as well as the issuance of work permits/visas for all categories, including domestic worker.<sup>51</sup> LMRA works within an integrated governmental group and has a one-transaction system for issuing work permits. Through its services, LMRA seeks to establish solid bases for the labour market that preserve the rights of both foreign employers and employees.

Work permits are issued, and renewed, through the LMRA's Expat Management system. The process of issuance of visas has been digitised and all pertinent data can be accessed through e-services.<sup>52</sup> Bahrain has launched some key initiatives which includes the expansion of instant and electronic visas and issuance of electronic passports.<sup>53</sup> These initiatives also include the cancellation of arrival cards, the delivery of passports inside and outside Bahrain, and the reduction in price of the multi-entry visa.<sup>54</sup> In 2017, Bahrain introduced Flexi work permits for expatriate workers allowing them to carry out non-specialized temporary and casual work legally. More recently, the Nationality, Passports and Residence Affairs (NPR) announced the introduction of a multi-entry e-visa for training purposes that allows its holder to stay in the country for six months. The visa can be extended for a further six months.<sup>55</sup>

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<sup>49</sup> Inputs from the Embassy of India, Bahrain, December 2022.

<sup>50</sup> Economic Times (2022), <https://hrme.economictimes.indiatimes.com/news/industry/bahrain-a-hotspot-for-expats/89171325> (Accessed on July 19, 2022).

<sup>51</sup> Kingdom of Bahrain Labour Market Regulatory Authority, <https://lmra.bh/portal/en/home/index>, (Accessed on November 25, 2021).

<sup>52</sup> Ibid

<sup>53</sup> The Daily Tribune News of Bahrain (2022), <https://www.newsofbahrain.com/bahrain/78925.html>, (Accessed on July 20, 2022).

<sup>54</sup> Ibid

<sup>55</sup> Bahrain News Agency (2023), <https://www.bna.bh/en/NPRAintroducestrainingvisa.aspx?cms=q8FmFJgiscL2fwIzON1%2BDIRPHAFAWk75jSjcrIuAEQc%3D>, (Accessed on January 30, 2023).

Similar to other Gulf countries, Bahrain has also launched long term visa, called ‘golden residence’<sup>56</sup> for high-skilled foreigners with an aim to boost the economy in line with its vision for 2030<sup>57</sup>. Unlike the previous two-year residency term, this visa allows the eligible expatriates to reside in the country for extended periods of time without having to renew their residence permit.<sup>58</sup>The Bahraini Labour Law offers protection to all types of employees regardless of whether they are part-time, full-time, local or expatriate employees. As far as institutional arrangement with India is concerned, Government of India & Kingdom of Bahrain has signed (2009) bilateral agreement on Labour & Manpower Development to ensure welfare measures, rights & reforms of the work forces in 2009.

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<sup>56</sup> Economic Times (2022), <https://economictimes.indiatimes.com/nri/migrate/bahrain-launches-golden-permanent-residency-visas-to-lure-talent/articleshow/89747572.cms>, (Accessed on July 19, 2022).

<sup>57</sup> The vision seeks to create a conducive business environment for foreign investors and attract skilled foreign workers in order to attain high level of competitiveness and nurturing fairness and transparency in public and private sectors. Government of Bahrain, Bahrain Economic Vision 2030, <https://www.bahrain.bh/wps/wcm/connect/38f53f2f-9ad6-423d-9c96-2dbf17810c94/Vision%2B2030%2BEnglish%2B%28low%2Bresolution%29.pdf?MOD=AJPERES>, (Accessed on January 30, 2023).

<sup>58</sup> Fragomen (2022), Bahrain: New Long-Term Residence Visa Scheme Launched, <https://www.fragomen.com/insights/bahrain-new-long-term-residence-visa-scheme-launched.html> (Accessed on July 19, 2022).

# Kuwait

## Country Overview

Kuwait is one of the smallest countries in the region.<sup>59</sup> It is located in the northeastern corner of the Arabian Peninsula and lies on the northwestern end of the Persian Gulf. There are nine islands which are also part of Kuwait. These are Bubiyan Island, Warba Island, Miskan Island, Failaka Island, Auhha Island, Umm an Naml Island, Kubbar Island, Qaruh Island, and Umm al Maradim Island.<sup>60</sup> The capital Kuwait City is the largest city in the country.



Figure 2 Map Source: Encyclopaedia Britannica, Inc.

The State of Kuwait is an emirate and hence functions as a constitutional monarchy. The Chief of State is the Emir, who is responsible for appointing the Prime Minister from within the ranks of the ruling Al-Sabah family.<sup>61</sup> The executive powers of the State are vested in the Cabinet Council of Ministers which is selected by the Prime Minister. The Cabinet looks after the state institutions and is in charge of the governmental policies and execution in the country. As of 2021, the Emir of Kuwait is Sheikh Nawaf Al-Ahmad Al Jaber Al-Sabah, who took charge of the position in 2020

<sup>59</sup> World Atlas, <https://www.worldatlas.com/articles/the-10-smallest-countries-of-asia-by-area.html> (Accessed on November 23, 2021).

<sup>60</sup> Embassy of Kuwait, Sweden, <https://kuwaitembassy.se/geography/> (Accessed on November 23, 2021).

<sup>61</sup> Embassy of Kuwait, Austria, <http://www.kuwaitembassy.at/index.php/kuwait/political-system> (Accessed on November 29, 2021).



following the demise of Sabah Al-Ahmad Al-Jaber Al-Sabah.<sup>62</sup> Sheikh Ahmad Nawaf Al Ahmad Al Sabah is the Prime Minister.<sup>63</sup>

## **Economic Overview**

Like other neighbouring Gulf countries, Kuwait is predominantly a petroleum and oil-based economy. According to the OPEC, the country held about 8.5 per cent of the world's crude oil reserve in the year 2018.<sup>64</sup> The oil sector continues to be the main source of income and revenue in the country, amounting to approximately 94 per cent of the total revenue.<sup>65</sup> In 2020, Kuwait's GDP was estimated at USD 105.96 billion.<sup>66</sup> The GDP contracted by 8.1 per cent in 2020, however it recovered with 0.7 per cent in 2021.<sup>67</sup>

Kuwait's economy is competitive, open and affluent and offers a variety of consumer goods and export goods. In terms of its oil industry, the country plans to invest more than USD \$87 billion in the oil sector in order to create new oil refineries. The service sector, constituting around 54.2 per cent of the GDP, includes real estate and the finance sector as its most vital sub-sectors. Agricultural activities are limited and mainly comprise of fishing which contributes 0.5 per cent of the country's GDP.

## **Demographic Profile**

The population of Kuwait is estimated to be 4.4 million (44,64,427 comprising of 15,02,138 Kuwaiti nationals and 29,62,289 expatriates) as on June 2022.<sup>68</sup> International migrants made up 66 per cent of the total population (as on June 2022) and comprised the majority of the population in the country. The migrant stock has multiplied over the years with data showing a jump of 17 per cent in Kuwait's migrant population between 1995 and 2019. Most of the non-citizens in Kuwait hail from Asia. The three major migrant communities in Kuwait are Indians, Egyptians, and Bangladeshis. Other significant migrant populations are people from Sri Lanka, the Philippines, Lebanon, Jordan, Palestine, Pakistan and Syria.

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<sup>62</sup> Reuters (2021), "Kuwait's ruler hands some duties to crown prince – decree", <https://www.reuters.com/world/middle-east/kuwait-emir-asks-crown-prince-carry-out-some-constitutional-duties-kuna-2021-11-15/> (Accessed on December 20, 2021).

<sup>63</sup> Gulf News (2021), "Sheikh Sabah Al Khaled Al Sabah appointed as Kuwait's new Prime Minister", <https://gulfnews.com/world/gulf/kuwait/sheikh-sabah-al-khaled-al-sabah-appointed-as-kuwaits-new-prime-minister-1.83922341> (Accessed on December 20, 2021).

<sup>64</sup> OPEC Annual Statistical Bulletin (2022), Share of World Crude Oil Reserve 2021, [https://www.opec.org/opec\\_web/en/data\\_graphs/330.htm](https://www.opec.org/opec_web/en/data_graphs/330.htm) (Accessed on September 20, 2022).

<sup>65</sup> Embassy of India, Kuwait, <https://indembkwt.gov.in/india-kuwait-trade-and-economic-relation.php> Accessed on September 20, 2022).

<sup>66</sup> The World Bank Data (2021), <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=KW> Accessed on September 20, 2022).

<sup>67</sup> CAG, "Kuwait- Economic and Political Overview", <https://international.groupecreditagricole.com/en/international-support/kuwait/economic-overview> (Accessed on September 20, 2022).

<sup>68</sup> Inputs from the Embassy of India, Kuwait, November 2022.

## Profile of Indian Immigrants

As one of the topmost destinations for foreign workers,<sup>69</sup> Kuwait has also attracted a fair share of Indian migrants over the years. Presently, there are around 9,24,687 (as on September 2022). Overseas Indians in Kuwait<sup>70</sup> make up one of the largest expatriate communities in the country. Followed closely by the Indian community is the Egyptian community. In terms of employment across sectors, the following observations may be noted:

- A substantial number of Indians migrants (almost 4,29,832) are engaged in the private sectors which consist of job roles like construction workers, technicians, engineers, doctors, chartered accountants, IT experts, etc
- Out of 10 lakh Indians, 3,34,257 are domestic workers which includes the likes of drivers, gardeners, cleaners, nannies, cooks and housemaids.
- As for the Indians engaged in Government services in Kuwait, there are almost 24,594 Indians working for the Kuwaiti Government. They are employed in various jobs like nurses, engineers in National Oil Companies and a few as scientists.<sup>71</sup>

## Nationalisation policies

Nationalisation policies in Kuwait are centred on long-term wage subsidies for nationals employed in the private sector along with Kuwaitization measures including ban on the recruitment of foreign worker (foreign worker for the public sector).<sup>72</sup>In 2020, Kuwait approved the Expat Quota bill seeking to reduce the number of foreign expatriates by 15%.<sup>73</sup>This bill introduces a quota system for employing foreigners in Kuwait in order to address the demographic imbalance.<sup>74</sup> In addition, Kuwait, reintroduced a bill proposing to levy taxes on remittances by expatriates where Kuwaiti citizens would be exempted from the same.<sup>75</sup>

As per reports, in 2022, the number of new expatriates working in Kuwait's government sector declined by 70 percent, amid an increase in the employment of nationals. There has also been an increase in nationals' share of private sector employment, however the private sector continues to be a less attractive option for Kuwaiti jobseekers.<sup>76</sup> More recently, the Kuwaitization policy has

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<sup>69</sup> Migration Policy Institute (2020), "Top 25 Destinations of International Migrants", <https://www.migrationpolicy.org/programs/data-hub/charts/top-25-destinations-international-migrants> (Accessed on September 22, 2022).

<sup>70</sup> Inputs from the Embassy of India, Kuwait, November 2022.

<sup>71</sup> Embassy of India, Kuwait, <https://indembkwt.gov.in/Indian-community.php> (Accessed on September 23, 2022).

<sup>72</sup> ILO, Decent Work Country Programme for Kuwait, [https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/genericdocument/wcms\\_656564.pdf](https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/genericdocument/wcms_656564.pdf) (Accessed on September 23, 2022).

<sup>73</sup> IDSA 2020, <https://www.idsa.in/issuebrief/labour-sector-reforms-in-the-gcc-lpriya-271120> (Accessed on September 23, 2022).

<sup>74</sup> The Times of India 2020, Kuwait expat quota bill: All you need to know, <https://timesofindia.indiatimes.com/india/kuwait-expat-quota-bill-all-you-need-to-know/articleshow/76814493.cms> (Accessed on September 23, 2022).

<sup>75</sup> Gulf News 2021, <https://gulfnews.com/world/gulf/kuwait/kuwait-parliament-favours-tax-on-expat-remittances-1.77284450> (Accessed on September 23, 2022).

<sup>76</sup> ILO, "Decent Work Country Programme For Kuwait", [https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/genericdocument/wcms\\_656564.pdf](https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/genericdocument/wcms_656564.pdf) (Accessed on January 30, 2023).

also been reflected in educational institutions, with reports stating the Ministry of Education intends to notify around 1,800 expatriate teachers about the termination of their services. The policy is expected to decrease expats by approximately to 1.6 million by 2025.<sup>77</sup>

### **Skill Gaps and Shortages in the Labour Force**

The State of Kuwait is experiencing a labour shortage which was exacerbated by the Covid-19 outbreak. Reports suggest that almost 100,000 to 300,000 foreign workers left the country during pandemic, that left a major impact across projects in the public as well as the private sector. Local newspapers reveal that the private sector in Kuwait has lost almost 300,000 expatriate workers, the public sector has lost 1,400 workers, and the domestic sector has lost 94,000 workers.<sup>78</sup> If the shortage of workers continues to remain in the country, it could lead to huge economic losses in the coming years.

Sources reveal that the following sectors are set to see mobility, in which Indian migrant workers can seek to gain largely:

- Demand for skilled workforce will be seen across areas such as hospitality, food industry,<sup>79</sup> mechanics, heavy vehicle drivers, cleaning and maintenance, service, and construction. Further, the agricultural sector and sub-sectors like fisheries are also set to see more demand.<sup>80</sup>
- Demand is also anticipated in the domestic and labour sectors, with increased demand for casual labour across various industries as well as housekeepers and home helpers. Additionally, Kuwait will continue to have a significant requirement for nurses.

### **Immigration Regulations for Foreign Workers**

The General Department of Residency, Ministry of Interior is responsible for issuing visas and granting residency for foreigners coming to Kuwait. The country's labour law specifies two types of work visas- public sector employees and private sector employees.<sup>81</sup> Other visa types include 'visit visa' to meet urgent manpower requirement for short term work (and is not covered by Kuwait's Labour Law), 'domestic visa' and 'dependent visa'. At present, the issuance of new family visa has been put on hold as Ministry of Interior is planning to introduce new regulation/laws for family visa.<sup>82</sup> The sponsor needs to apply for the work permit from the Ministry of Social Affairs & Labour. During the pandemic, the issuance services for work visa were suspended, but it has now been resumed.<sup>83</sup> Kuwait has also been taking steps towards automation

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<sup>77</sup> Arab Times (2022), "Kuwaitization Policy Loosing Skilled Expats Workforce", <https://www.arabtimesonline.com/news/kuwaitization-policy-loosing-skilled-expats-workforce/> (Accessed on January 30, 2023).

<sup>78</sup> Kuwait Local, "Labor Market Faces Severe 'shortage' of Workers", <https://kuwaitlocal.com/news/--kuwait-labor-market-faces-severe-shortage-of-workers> (Accessed on September 23, 2022).

<sup>79</sup> Gulf News, <https://gulfnews.com/world/gulf/kuwait/kuwait-reports-severe-shortage-of-foreign-workers-1.82437666> (Accessed on September 23, 2022).

<sup>80</sup> The News Glory, <https://thenewsglory.com/kuwait-faces-labor-shortage-the-need-to-lift-the-travel-ban/> (Accessed on September 23, 2022).

<sup>81</sup> Sakthi Visakan Rajaguru (2022), "Kuwait Work Visa Requirements and Immigration Process", Focus, <https://focusinfotech.com/blog/kuwait-work-visa-requirements-and-immigration-process/> (Accessed on August 27, 2022).

<sup>82</sup> Inputs from the Embassy of India, Kuwait, November 2022.

<sup>83</sup> The National News (2021), "Kuwait to Re-open Path for Work Visas", <https://www.thenationalnews.com/gulf-news/2021/11/01/kuwait-to-re-open-path-for-work-visas/> (Accessed on December 2021).

and simplification of visa issuance process. More recently in April 2022, Kuwait introduced new services for issuing e-visas for work for the private sector.<sup>84</sup>

To address the labour shortages in the country, Kuwait's government declared that visas for jobs in industry, agriculture, fishing, cooperative institutions and free trade sector could be converted to work visas valid in the private sector, which is available to individuals who are currently in Kuwait.

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<sup>84</sup> Zawya (2022), "Kuwait Launches New Service for Issuing Online Work Visa for the Private Sector", <https://www.zawya.com/en/economy/gcc/kuwait-launches-new-service-for-issuing-online-work-visa-for-the-private-sector-hwb55o7b> (Accessed on August 27, 2022).

# Oman

## Country Overview

Oman, officially known as the Sultanate of Oman, was one of the most influential powers in the Arab region during the 19th century. Situated on the south-eastern edge of the Arabian Peninsula, Oman borders the Arabian Sea in the north and shares land borders with other countries like the UAE, Saudi Arabia and Yemen. The Sultanate also shares its maritime borders with Iran and Pakistan. The Strait of Hormuz is of economic and strategic importance in the region and plays a crucial role in maintaining connectivity between Iran and Oman. Muscat, the capital of Oman is also the largest city and acts as the seat of the Governorate of Oman.



Figure 3: Map source: Encyclopædia Britannica, Inc.

The political system of Oman is that of a Sultanate, wherein the country functions as an absolute monarchy. The legislative, executive, and judicial powers lie in the hands of the Sultan, who acts as Head of State and the Supreme Commander of the Armed Forces.<sup>85</sup> He is assisted by the Council of Ministers, who aid in formulating State policies and also overlook its implementation in the country.

Qaboos bin Said was the Sultan of Oman for 50 years from 1970 - 2020. However, after his demise in January 2020, his cousin Haitham bin Tariq Al Said became the Sultan. Prior to his appointment as the new Sultan, he was serving as culture minister in the country

<sup>85</sup> Foreign Ministry of Oman, <https://fm.gov.om/about-oman/government/constitution/> (Accessed on November 23, 2021).

## Economic Overview

Oman's economy is largely reliant on its oil and gas exports. The pandemic took a toll on the economy, which contracted by 2.8 per cent in 2020.<sup>86</sup> However, the economy recovered in 2021 showing a positive growth rate of 2.5 per cent and was estimated at USD 85.87 billion, mainly supported by the oil industry.<sup>87</sup> Oman is projected to grow by 2.7 per cent in 2023 according to the International Monetary Fund's (IMF) projections.<sup>88</sup>

The oil and gas resources generate about 70 per cent of government revenue and makes up 30 per cent of Oman's GDP.<sup>89</sup> Prior to discovery of oil resources, Oman was essentially a subsistence economy based solely on agriculture and fisheries. However, at present, the latter contributes only marginally to the GDP and employs 4 per cent of the labour workforce.<sup>90</sup>

Oman's economic plans have sought to focus on diversification, industrialisation as well as privatisation.<sup>91</sup> The Government has identified six sectors as key contributors to the country's economic growth and diversification - manufacturing and industries (10.8 per cent of GDP), transport and logistics (6.4 per cent of GDP), tourism (2.5 per cent of GDP), fisheries (0.9 per cent of GDP), mining (0.5 per cent of GDP), and education (4.9 per cent of GDP).<sup>92</sup> Oman's 2040 Vision Plan aims to increase investment in the tourism, financial services as well as port activity sectors. As a result, the non-oil and gas economy now accounts for more than two-thirds of its GDP.

In 2019, the industrial sector including construction made up 51.4 per cent<sup>93</sup> of the GDP and employed 32 per cent<sup>94</sup> of the workforce. The services sector accounted for 50.7 per cent<sup>95</sup> of the GDP and 64 per cent<sup>96</sup> of the workforce. While oil-related activities constitute a significant share

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86 IMF (2022), <https://www.imf.org/en/Countries/OMN> (Accessed on September 3, 2022).

87 The World Bank Data (2021), <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=OM> (Accessed on September 3, 2022).

88 Oman Observer (2023), <https://www.omanobserver.om/article/1118082/oman/gdp-to-grow-by-56-in-2022> (Accessed on 22 May, 2023)

89 International Trade Administration (2022), Oman-Country Commercial Guide, <https://www.trade.gov/country-commercial-guides/oman-oil-gas> (Accessed on September 9, 2022).

90 CAG, Oman- Economic and Political Overview, [https://international.groupecreditagricole.com/en/international-support/oman/economic-overview?url\\_de\\_la\\_page=%2Fen%2Finternational-support%2Foman%2Feconomic-overview&](https://international.groupecreditagricole.com/en/international-support/oman/economic-overview?url_de_la_page=%2Fen%2Finternational-support%2Foman%2Feconomic-overview&) (Accessed on September 9, 2022).

91 Moody's Analytics, Oman- Economic Indicators, <https://www.economy.com/oman/indicators> (Accessed on September 3, 2022).

92 Conrad Prabhu (2021), "Six Sectors to drive GDP Growth in Oman's 10<sup>th</sup> Plan", Oman Daily Observer, <https://www.omanobserver.om/article/5688/Business/six-sectors-to-drive-gdp-growth-in-omans-10th-plan> (Accessed on September 3, 2022).

93 The World Bank Data, <https://data.worldbank.org/indicator/NV.IND.TOTL.ZS?locations=OM> (Accessed on September 10, 2022).

94 The World Bank Data, <https://data.worldbank.org/indicator/SL.IND.EMPL.ZS?locations=OM> (Accessed on September 9, 2022).

95 The World Bank Data, <https://data.worldbank.org/indicator/NV.SRV.TOTL.ZS?locations=OM> (Accessed on September 9, 2022).

96 The World Bank Data, <https://data.worldbank.org/indicator/SL.SRV.EMPL.ZS?locations=OM> (Accessed on September 9, 2022).

of this sector, there has also been a rapid expansion of logistics (especially maritime transport) and financial service activities.

## Demographic Profile

As of January 2023, the population of Oman stood at 4.9 million, with 2.8 million Omani and 2 million expats as per National Centre for Statistics and Information (NCSI).<sup>97</sup> Oman has a workforce of over 2.67 million, of which about 40 per cent are expatriates.<sup>98</sup> The main source countries in Oman include Bangladesh, India, the Philippines, Egypt and Sri Lanka.<sup>99</sup> In the past few years, there has been a downward trend in the number of expatriates in Oman, mainly due to ‘Omanization’ policies. However, in 2022, approximately 60,000 new expatriates came to Oman showing an increase from the previous year.<sup>100</sup>

Majority of the expatriates, approximately 1,148,000 are employed in the private sector, while only 28,164 are in the government sector.<sup>101</sup> Some Indians occupy key positions in Omani Government and private Sector, working as doctors, chartered accountants, teachers, lecturers, managers etc. Their contribution to the development of Oman is well recognised by the Omani Government.<sup>102</sup> Sectors where Indians are mainly engaged in include construction, followed by automobile sales and repair, and manufacturing. Other sectors include agriculture, forestry and fisheries, administrative and support services, storage and transport companies, industrial, chemical and food industry as well as service sector. A vast majority of high skilled foreign workers are employed in engineering occupations.<sup>103</sup>

## Profile of Indian Immigrants

Indian expatriates in Oman are the second largest ethnic group after Bangladeshis.<sup>104</sup> The total number of Indian nationals residing in Oman is 673789 (Males: 533715; Females: 140074) as on February 2023. Out of 673789, 563364 (Males: 521961; Females: 41403) are working in private sector, while 4950 (Males: 1053; Females: 3897) are working in public sector as per data provided

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<sup>97</sup> National Centre for Statistics and Information-Oman (2022), Monthly Statistical bulletin, Vol.33, [https://www.ncsi.gov.om/Elibrary/LibraryContentDoc/bar\\_Monthly%20Statistical%20Bulletin%20Mar%202022\\_d79e33eb-4bfd-4d2d-94c3-4eef1606cab7.pdf](https://www.ncsi.gov.om/Elibrary/LibraryContentDoc/bar_Monthly%20Statistical%20Bulletin%20Mar%202022_d79e33eb-4bfd-4d2d-94c3-4eef1606cab7.pdf) (Accessed on September 10, 2022).and inputs from the Embassy of India, Muscat, December 2022.

<sup>98</sup> CAG, Economic and Political Overview, [https://international.groupecreditagricole.com/en/international-support/oman/economic-overview?url\\_de\\_la\\_page=%2Fen%2Finternational-support%2Foman%2Feconomic-overview&](https://international.groupecreditagricole.com/en/international-support/oman/economic-overview?url_de_la_page=%2Fen%2Finternational-support%2Foman%2Feconomic-overview&) (Accessed on September 10, 2022).

<sup>99</sup> Migrants-Refugees, Oman Country Profile, <https://migrants-refugees.va/country-profile/oman/>, (Accessed on 10 January, 2023).

<sup>100</sup> Times of Oman (2022), Expat Population in Oman Increases by Nearly 60,000 in Two Months, <https://timesofoman.com/article/114669-expat-population-in-oman-increases-by-nearly-60000-in-two-months-1> (Accessed on September 12, 2022).

<sup>101</sup> National Centre for Statistics & Information (2022), Monthly Statistical Bulletin, [https://www.ncsi.gov.om/Elibrary/LibraryContentDoc/bar\\_Monthly%20Statistical%20Bulletin%20Mar%202022\\_d79e33eb-4bfd-4d2d-94c3-4eef1606cab7.pdf](https://www.ncsi.gov.om/Elibrary/LibraryContentDoc/bar_Monthly%20Statistical%20Bulletin%20Mar%202022_d79e33eb-4bfd-4d2d-94c3-4eef1606cab7.pdf) (Accessed on September 12, 2022).

<sup>102</sup> Inputs from Embassy of India, Oman, May 2023

<sup>103</sup> Ibid

<sup>104</sup> Times of Oman (2022), “Expat Population in Oman Increases by Nearly 60,000 in Two Months”, <https://timesofoman.com/article/114669-expat-population-in-oman-increases-by-nearly-60000-in-two-months-1> (Accessed on September 19, 2022).

by Government of Oman. Thus the total Indian workforce in Oman is 568314<sup>105</sup>. The India-Oman corridor was placed eighth among the top ten bilateral migration corridors between South Asian and Western Asian nations between 2010 and 2019.<sup>106</sup> However, recent trends show a reduction in the number of Indian immigrants in Oman as a result of factors including the pandemic and Omanization measures. The NCSI estimates that there are approximately 653,500 Indians living in Oman.<sup>107</sup> There are also roughly 2,911 Omani citizens of Indian origin, most of whom belong to families with roots in Oman that go back to the 19th century.<sup>108</sup> These constitute a politically and financially influential class of PIOs.

The Indian migrant workforce in Oman is absorbed in both private and government sectors, engaged in both low as well as high skilled sectors. However, majority of them are employed in the private sector. The sectors include construction, manufacturing, agriculture, fisheries, healthcare, hospitality, transport, logistic services, port and shipping, tourism, mining, education, IT, wholesale, retail, automobiles, etc. About 524,539 (as on October 2022) among the Indian population in Oman are engaged in blue collar jobs. A sizeable portion of the Indian workforce is made up of women. In 2020, majority of expatriate women employed in Oman's government sector were from India, while in the private sector, they comprised the fourth largest group.<sup>109</sup>

## Nationalisation Policies

Similar to other countries in the region, Oman is focused on diversifying its economy and reducing its reliance on migrant workers. In 2021, Oman adopted measures to reserve several jobs<sup>110</sup> for its nationals in the financial sector such as accounting, auditing, brokerage, insurance, money exchange and property.<sup>111</sup> Oman's nationalisation efforts, seek to balance the recruitment and retainment of foreign nationals in sectors where there are skills gaps in the local population.

In 2018, the Ministry of Labour had banned expats in 87 professions spread across nearly 10 sectors. The list of professions has been increased to 207 professions in 2022<sup>112</sup> that are to be restricted to Omani nationals. The expanded list, includes expatriate directors of human resources, recruitment, personnel, public relations, student affairs and filling stations; deputy, general and

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<sup>105</sup> Inputs from Embassy of India, Oman, May 2023

<sup>106</sup> Migration Data Portal (2022), Migration Data in Western Asia, <https://www.migrationdataportal.org/regional-data-overview/migration-data-western-asia> (Accessed on September 19, 2022).

<sup>107</sup> Ibid

<sup>108</sup> Embassy of India, Muscat, India Oman Bilateral Relations, <https://www.indemb-oman.gov.in/page/bilateral/> (Accessed on September 19, 2022).

<sup>109</sup> The Economic Times (2020), India has the Highest Number of Expat Women Employed in Oman's Government Sector, <https://economictimes.indiatimes.com/nri/working-abroad/india-has-the-highest-number-of-expat-women-employed-in-omans-government-sector/articleshow/77975733.cms> (Accessed on September 19, 2022).

<sup>110</sup> Several professions were brought under 100% Omanisation policy. These professions include professionals in customer service, cashier, currency exchange, administration, shelf-stackers. In addition to that, financial and administrative professions in insurance companies and companies operating in insurance brokerage activities, professions of selling, accounting, management and arranging goods in shops operating in consumer malls, account auditing professions in auto agencies, sales of new and used vehicles, accounting professions in the activities of selling new and used vehicles at car dealerships, selling spare parts for new vehicles belonging to auto agencies, profession of 'driver' of all categories, etc, have also been restricted to Omanis.

<sup>111</sup> Zawya (2021), Expats Banned from Several Job Positions in Oman, <https://www.zawya.com/en/economy/expats-banned-from-several-job-positions-in-oman-uef09o9a> (Accessed on September 19, 2022).

<sup>112</sup> HKTDC Research (2022), "Oman: Ban Introduced on Hiring Expatriates for 207 Professions" <https://research.hktdc.com/en/article/MTEzNjM4MDY0Ng> (Accessed on September 23, 2022).



assistant general directors; as well as training, security, transport and store supervisors. Also banned are administrative, CEO office, employment, career guidance, follow-up, HR and recruitment managers; flight operations and oil and gas occupational safety inspectors; plus, legal, customs, tourist reservation, ticket, shipping services, and car rental clerks.<sup>113</sup>

### **Skill Gaps and Shortages in the Labour Force**

While these initiatives are mainly intended to encourage Omani youth to acquire more skills and training, it is anticipated that the country will continue to need expatriates with specialised skills to support its large infrastructure plans and sustain its economic growth.<sup>114</sup>

In the post-pandemic phase, skills in areas such as cutting-edge technology, cyber-security, automation, healthcare, manufacturing, and those that help in self-sufficiency and economic resilience are likely to be in demand, which will create thousands of jobs for both nationals and skilled expatriates.<sup>115</sup> Public sector roles in healthcare are likely to expand beyond doctors and nurses to include pharmacists, caregivers, and other allied services. New roles are expected to be created across sectors requiring skills in training, awareness programmes, and research and development. An increased demand for educators, lawyers, insurance personnel, marketing specialists, software developers and programmers, specialists in virtual reality is foreseen. More employment is anticipated to be generated in tourism, hospitality and event management as well.<sup>116</sup>

### **Immigration Regulations for Foreign Workers**

Oman is an open country and follows a liberal policy in matters of visa and immigration. Oman's Directorate General of Labour Affairs is the authority responsible for issuing work permits to foreign nationals which is usually given for two years. The visa is sponsor based and as a prerequisite, the employers are required to procure labour clearance from the Ministry of Labour after which the applications for employment visas are processed by the Immigration Department of the Royal Oman Police.<sup>117</sup> Thereafter, a residence permit is to be obtained from the Civil Status Department of the Royal Oman Police. Visa types include employment contracting visa<sup>118</sup> and temporary work visas.<sup>119</sup>

In line with Oman's vision for economic diversification, the Ministry of Commerce, Industry and Investment Promotion has launched an 'Investor Residency Programme' for foreign investors and

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113 Ibid.

114 NSDC (2020), Global Skill Gap Report: Assessing Overseas Opportunities for Skilled Manpower from India <https://skillsip.nsdcindia.org/sites/default/files/kps-document/Global%20Skill%20Gap%20Report%2021April2020.pdf> (Accessed on September 19, 2022).

115 Gulf Insider (2021), Oman: Job opportunities expected to rise post-Covid, <https://www.gulf-insider.com/oman-job-opportunities-expected-to-rise-post-covid/> (Accessed on September 19, 2022).

116 Times of Oman (2021), Jobs in Demand Post-Covid in Oman, <https://timesofoman.com/article/101667-jobs-in-demand-post-covid-in-oman> (Accessed on September 19, 2022).

117 Royal Oman Police, Work Visa, [https://www.rop.gov.om/english/dg\\_pr\\_visas\\_employment.html](https://www.rop.gov.om/english/dg_pr_visas_employment.html) (Accessed on September 19, 2022).

118 Royal Oman Police, Employment Contracting Visa, [https://www.rop.gov.om/english/dg\\_pr\\_visas\\_emcontract.html](https://www.rop.gov.om/english/dg_pr_visas_emcontract.html) (Accessed on September 19, 2022).

119 Royal Oman Police, Temporary Work Visa, [https://www.rop.gov.om/english/dg\\_pr\\_visas\\_tempemployment.html](https://www.rop.gov.om/english/dg_pr_visas_tempemployment.html) (Accessed on September 19, 2022).

retirees that offers long-term residency along with other benefits.<sup>120</sup> These include granting foreign investors an entitlement to 100% ownership of their projects, without limitation to minimum volumes of capital. Further, to facilitate entrepreneurship in Oman, the Ministry's automatic licensing service via the 'Invest-Easy' portal offers about 1,500 economic activities.

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<sup>120</sup> Foreign Ministry of Oman (2021), Oman launches long-term residency program for expat investors, <https://fm.gov.om/oman-launches-long-term-residency-program-for-expat-investors/> (Accessed on September 19, 2022).

# Qatar

## Country Overview

Qatar is an independent emirate in the Gulf region, located on a peninsula which stretches from the Arabian Peninsula in the north, to the Persian Gulf. Qatar is bordered by Saudi Arabia on the south and shares its maritime borders with countries like Bahrain, Iran and the UAE.<sup>121</sup> Doha, the largest city and the capital is also commercial centre comprising of about half of the country's population.<sup>122</sup>

As an absolute monarchy, the Emir acts as the head of the state, head of the executive as well as the head of the legislative. Sheikh Tamim ibn Hamad Al Thani has been the Emir since 2013. Sheikh Khalid bin Khalifa bin Abdulaziz Al Thani is the present Prime Minister. The Shura Council of Qatar is a partially elected legislative assembly, with 30 elected members and 15 members appointed by the Emir. Qatar held its first ever elections to the Shura Council in October 2021.



Figure 4 Map Source: Encyclopaedia Britannica, Inc.

## Economic Overview

Qatar has one of the highest GDP per capita rates in the world. Its economy is expected to grow at 4.9 per cent in 2023.<sup>123</sup> It has the world's third largest natural gas reserves and is among the largest

121 Ministry of Foreign Affairs, Qatar, <https://mofa.gov.qa/en/qatar/history-of-qatar/general-information> (Accessed on August 2, 2022).

122 Qatar, Britannica, <https://www.britannica.com/place/Qatar> (Accessed on November 23, 2021).

123 Gulf Times (2022), "Qatar economy to grow 4.8% this year and 4.9% in 2023: World Bank", <https://www.gulf-times.com/story/707839/Qatar-economy-to-grow-4-8-this-year-and-4-9-in-2023-World-Bank> (Accessed on July 18, 2022).

exporters of liquefied natural gas.<sup>124</sup> The hydrocarbon sector accounts for roughly 60 per cent of Qatar's GDP.

In recent years, Qatar has focused on diversifying its economy into knowledge-centric industries and establishing itself as an education and sports hub. The country has made significant gains in strengthening non-oil sectors, such as manufacturing, construction, and financial services.<sup>125</sup> The contribution of these sectors to the GDP represents more than half of the total GDP. Further, Qatar has also focused on increasing activity and sustainability in the private sector. Heavy investments are being done in strategic sectors such as agriculture, services, and research and development for further economic diversification and greater foreign direct investment.

## Demographic Profile

The total population of the State of Qatar is estimated to be 2.88 million.<sup>126</sup> However, Qatar nationals make up only about 15 per cent of the total population.<sup>127</sup> As a result, the country's economic growth is largely dependent on foreign workers, mostly from India, Bangladesh, Nepal, the Philippines and Arab countries who now far outnumber nationals.<sup>128</sup>

Qatar has a relatively low birth rate. Males outnumber females more than three to one - in large part because of the disproportionate number of expatriate males. Due to the high inward migration rate, the population is largely of working age.

Expatriate workers are mainly concentrated in the private and household sectors, while Qatari nationals overwhelmingly work for the government.<sup>129</sup> As per Qatar's 2020 Census, Qataris are mainly concentrated in public administration and defence activities (53.5 per cent), followed by education (12.3 per cent), and health and social work activities (6.2 per cent). Non-Qataris are predominantly seen in construction activities (34.1 per cent), followed by wholesale and retail trade; repair of vehicles (12.5 per cent), and administrative and support service activities (9.6 per cent).<sup>130</sup>

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124 Ibid.

125 Migrants-Refugees, Qatar-Country Profile, <https://migrants-refugees.va/country-profile/qatar/> (Accessed on November 23, 2021).

126 Inputs from Embassy of India, Doha, 27 January 2023.

127 Ibid.

128 Françoise De Bel-Air (2014), "Demography, Migration, and Labour Market in Qatar", [https://cadmus.eui.eu/bitstream/handle/1814/32431/GLMM\\_ExpNote\\_08-2014.pdf?sequence=1](https://cadmus.eui.eu/bitstream/handle/1814/32431/GLMM_ExpNote_08-2014.pdf?sequence=1) (Accessed on November 23, 2021).

129 Berrebi, Claude, et al. (2009), "Qatar's Labor Markets at a Crucial Crossroad", Middle East Journal, vol. 63, no. 3, pp. 421–42. JSTOR, <https://claudeberrebi.huji.ac.il/sites/default/files/claudeberrebi/files/2009-berrebi-martorell-tanner-mej-qatar-labor-mkt.pdf> (Accessed on November 29, 2021).

130 Planning and Statistics Authority, Qatar, Main Results of the General Census of Population, Housing and Establishments 2020, [https://www.psa.gov.qa/en/statistics/Statistical%20Releases/General/Census/Census\\_2020\\_Res\\_Summary\\_En.pdf](https://www.psa.gov.qa/en/statistics/Statistical%20Releases/General/Census/Census_2020_Res_Summary_En.pdf) (Accessed on July 3, 2022).

## Profile of Indian Immigrants

With over 843,000 Indian nationals residing in Qatar, Indians constitute the largest expatriate group in the country (about 29% of the total population).<sup>131</sup> Expats from Kerala followed by Andhra Pradesh and Tamil Nadu form larger part of the community here.<sup>132</sup> Indian expatriate community comprises a diversity of skill levels and occupation profiles. They are engaged in various professions including medicine, engineering, education, finance, banking, business, IT, and media, as well as a large number of blue-collared workers.<sup>133</sup> The number of Indians who have established themselves as entrepreneurs is small, but they are affluent.<sup>134</sup> The Indian diaspora in Qatar have played a crucial role in the implementation of mega projects in the country.<sup>135</sup>

## Nationalisation Policies

The Government of Qatar nationalisation policy aims to provide 50 percent or more of Qatari citizens with meaningful permanent employment.<sup>136</sup> In this context, through its National Vision, Qatar seeks to transform the country into an advanced society capable of maintaining development and providing a high standard of life for its citizens by 2030. The Vision highlights five major challenges facing Qatar - modernisation and preservation of traditions; needs of the current generation and of future generations; managed growth and uncontrolled expansion; size and quality of the expatriate labour force and the selected path of development; and economic growth, social development, and environmental management.<sup>137</sup> In order to pave way for this transformation, the country has introduced a series of measures aimed at enhancing skills, research, education and investments in large infrastructure projects.

## Skill Gaps and Shortages in the Labour Force

Employment opportunities for foreign workers in Qatar are in the various sectors i.e. Oil and petroleum technology, aviation industry, healthcare, hospitality, infrastructure, information technology, sports, food and dairy and so on.<sup>138</sup> According to the World Economic Forum, an estimated 52 per cent of all work activities in Qatar are susceptible to automation.<sup>139</sup> Additionally, skills profiles required are likely to undergo significant changes. Some of the areas where there is

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131 Inputs from the Embassy of India, Doha, January 2023.

132 Ibid.

133 Earlier, most Indian workers were engaged in blue-collared jobs, in the construction sector but in recent years the ratio of Indian nationals in white-collared jobs has increased significantly, with workers from countries such as Nepal and Bangladesh occupying the lower rungs of the blue-collar hierarchy. Currently, white-collared workers in the Indian community are estimated at about 30% to 35% of the total size of the Indian community.

134 Ibid.

135 The Economic Times (2021), "Qatar envoy sums up his country's deepening ties with India"  
<https://economictimes.indiatimes.com/opinion/interviews/qatar-envoy-sums-up-his-countrys-deepening-ties-with-india/articleshow/81734812.cms?from=mdr> (Accessed on July 3, 2022).

136 Qatar Foundation, Qatarization, <https://www.qf.org.qa/careers/qatarization> (Accessed on January 30, 2023).

137 Government of Qatar, Qatar National Vision 2030 <https://www.gco.gov.qa/en/about-qatar/national-vision2030/> (Accessed on July 3, 2022).

138 Inputs from the Embassy of India, Doha, January 2023.

139 World Economic Forum (2017), "The Future of Jobs and Skills in the Middle East and North Africa",  
[https://www3.weforum.org/docs/WEF\\_EGW\\_FOJ\\_MENA.pdf](https://www3.weforum.org/docs/WEF_EGW_FOJ_MENA.pdf) (Accessed on July 9, 2022).

demand for skilled professionals include maintenance & repair; hospitality and tourism;<sup>140</sup> marketing & PR; medical healthcare & nursing; and engineering.<sup>141</sup> Skill gap in the manufacturing sector is expected to reach 20,000 jobs in the eight year period.<sup>142</sup> Among the sub-sectors, pharmaceutical is expected to have the largest absolute skills gap between the years 2022 and 2030. The largest relative gaps are observed in sub sectors such as additive manufacturing and desalination, controlled environment agriculture.<sup>143</sup>

Further, the announcement to expand Qatar's gas production from 77 MPT PA to 127 MPT PA by 2027 and award of new contracts for North Field Expansion is expected to spur demand for technical work force into Qatar from 2023 onwards.<sup>144</sup> Construction sector in Qatar is also rapidly expanding, as the sector plays a critical role in meeting the country's sustainable economic goals. With the country heavily investing in massive infrastructure projects such as the 2030 Asian Games, there is rising demand for labour workforce seen in this sector.<sup>145</sup> Additionally, in the post-pandemic phase, severe skill shortages were witnessed among ground handling providers across the aviation industry, as thousands of employees left during this phase.<sup>146</sup> Apart from the above sectors, IT, sports, and food & dairy products will also be in demand.<sup>147</sup>

### **Immigration Regulations for Foreign Workers**

The Ministry of Interior, Qatar issues visas to foreign nationals for employment and other purposes. Some of the relevant visa types include - Business visa, Investor visa, Family visit/Residence visa<sup>148</sup>. As a prerequisite to obtaining a work visa, a foreign migrant worker must secure sponsorship from a citizen or company located in Qatar.

Employment in Qatar is primary governed by Qatar Labor Law No. (14) of the year 2004 and a series of related Ministerial Resolutions.<sup>149</sup> In order to attract skilled workers, Qatar has newly introduced a series of labour law reforms focussed on protecting employees' rights and ensuring their safety, such as eliminating the requirement for no-objection certificates to terminate employees' contracts, minimum non-discriminatory wages for workers including domestic workers, establishing workers support and insurance fund and removing the requirement for exit-

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140 Traditionally, the demand has been more in construction and related sectors followed by services industry. The same is expected during coming years. Higher number of technical and trained workers, especially in service sectors, would be required. With the rapprochement between Qatar and other GCC countries in place, number of tourists arriving from these countries would go up substantially and the jobs in hospitality would increase.

141 Qatar OFW, <https://qatarofw.com/in-demand-jobs/> (Accessed on July 9, 2022).

142 Consultancy-me (2022), "PwC puts forward talent agenda for Qatar's manufacturing skills gap", <https://www.consultancy-me.com/news/5344/pwc-puts-forward-talent-agenda-for-qatars-manufacturing-skills-gap> (Accessed on July 9, 2022).

143 Ibid.

144 Inputs from the Embassy of India, Doha, January 2023.

145 Oxford Business Group, "Infrastructure building to help sustain Qatar's growth past 2022", <https://oxfordbusinessgroup.com/overview/infrastructure-building-help-sustain-qatars-growth-past-2022> (Accessed on July 9, 2022).

146 Mena FN (2021), "Qatar - Staff shortages threaten to hinder global airline recovery", <https://menafn.com/1103245126/Qatar-Staff-shortages-threaten-to-hinder-global-airline-recovery> (Accessed on July 9, 2022).

147 Inputs from the Embassy of India, Doha, January 2023.

148 Hukoomi Qatar e-Government, <https://hukoomi.gov.qa/en/article/visas> (Accessed on August 20, 2022).

149 Inputs from the Embassy of India, Doha, January 2023.

permits to leave the country (72 hours prior notice is required in case of domestic workers).<sup>150</sup> These reforms also include abolition of recruitment charges from workers, extended probation period for Domestic Sector Workers<sup>151</sup> as well as amendments to family residency permit rules. Qatar was the first of the Gulf states to have allowed granting permanent residency to some of the foreigners with special talents needed by the state.<sup>152</sup> With these initiatives, Qatar seeks to encourage economic growth and open avenues for investors, employers as well as employees.

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150 Ibid.

151 Qatar has amended the probation period for Domestic Sector Workers and has extended probation period from 03 months to 09 months. Recruiting agencies will have to confirm the probation period to the employer before processing the visa. (Inputs from the Embassy of India, Doha, 27 January 2023).

152 The Economic Times (2017), “Qatar passes landmark law to grant permanent residency to expats”, <https://economictimes.indiatimes.com/news/international/world-news/qatar-passes-landmark-law-to-grant-permanent-residency-to-expats/articleshow/59893378.cms> (Accessed on November 23, 2021).

# Saudi Arabia

## Country Overview



Located at the furthestmost part of Southwest Asia, the Kingdom of Saudi Arabia is the largest country in the GCC region in terms of both size and economy.<sup>153</sup> Saudi Arabia is encircled by the Arabian Gulf, Qatar and the United Arab Emirates in the east, Red Sea in the west, Jordan, Kuwait and Iraq in the north with Yemen and Oman positioned on the south.<sup>154</sup> The capital city Riyadh acts as the political and administrative hub of the country.

Saudi Arabia has been an absolute monarchy since 1932 and is being run by Al-Saud family in accordance with Shariah law and royal decrees. The ruling King has the title of the "Custodian of the Two Holy Mosques" and is the Head of the State. The Council of Ministers, also known as the Cabinet, exercise both legislative and executive power in the country. In March 1992, King Fahd issued three decrees which established a Basic Law, a Consultative Council (Shura Council), and new regulations covering a system of regional government. The 150-member Shura Council has advisory powers and debates local issues. In January 2013, King Abdullah appointed 30 female legislators to the Shura Council. The current Head of State is King Salman bin Abdulaziz Al Saud (since 23 January 2015), and his son Mohammed bin Salman bin Abdulaziz Al Saud is the Crown Prince and Prime Minister (since 27 September 2022).

Shariah law, the canonical law of Islam, constitutes the law of the Kingdom and is enforced by the judicial system made up of clerics who preside over different levels of the judiciary. The judges

<sup>153</sup> Embassy of Saudi Arabia, Washington, DC, <https://www.saudiembassy.net/about-saudi-arabia> (Accessed on July 27, 2022).

<sup>154</sup> General Authority for Statistics, Kingdom of Saudi Arabia, <https://www.stats.gov.sa/en/page/259> (Accessed on July 27, 2022).



of religious courts are appointed by the King on the recommendation of the Supreme Judicial Council. The King acts as the highest court of appeal and has the power to pardon.

Saudi Arabia only permits limited political participation at the municipal level and forbids any political organizations.<sup>155</sup> The first-ever municipal elections since 1965 was held in 2005 and then in 2011.<sup>156</sup> Women were allowed to vote and run for office in municipal council elections for the first time in December 2015, with 19 women having succeeded in securing seats.<sup>157</sup> Religion plays a dominant role in the country's governance and legal system and has deep influence on the culture and daily life.<sup>158</sup>

## **Economic Overview**

The economy of Saudi Arabia, like other countries, has undergone a major change over the years. From a basic agricultural society, the country has emerged as a regional as well as global economic power. Petroleum and gas reserves form an integral aspect of the country's economy and have advantageously placed the country as one of the largest producers and exporters of oil in the world.

Saudi Arabia has the biggest economy in the region. As of 2020, Saudi Arabia's GDP stood at USD 703.37 billion.<sup>159</sup> The economy of the country has grown at its fastest pace in a decade in the third quarter of 2020 with the GDP expanding by 6.8 per cent.<sup>160</sup> In 2021, Saudi Arabia's GDP was estimated at USD 833.54 billion.<sup>161</sup> The country is expected to be one of the fastest growing economies in 2022, with the GDP anticipated to expand by 7.6 per cent, owing to its economic reforms and sharp rise in oil prices.<sup>162</sup>

Saudi Arabia possesses about 17 per cent of the world's proven petroleum reserves and plays a leading role in OPEC. As of the second quarter of 2022, the petroleum sector accounts for 38.7 per cent of GDP, contributing the highest to the government revenues, followed by government

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155 Marina Ottaway (2021), "The Conundrum of Political Parties in the Gulf Countries: Unwanted but Inevitable", <https://www.wilsoncenter.org/article/conundrum-political-parties-gulf-countries-unwanted-inevitable> (Accessed on August 10, 2022).

156 BBC (2015), "Saudi Arabia's women vote in election for first time", <https://www.bbc.com/news/world-middle-east-35075702> (Accessed on August 10, 2022).

157 CIA The World Fact Book (2022), Saudi Arabia, <https://www.cia.gov/the-world-factbook/countries/saudi-arabia/> (Accessed on August 10, 2022).

158 Nina Evason (2019), Saudi Arabian Culture, <https://culturalatlas.sbs.com.au/saudi-arabian-culture/saudi-arabian-culture-religion> (Accessed on August 18, 2022).

159 Global Edge, Saudi Arabia Economy, <https://globoledge.msu.edu/countries/saudi-arabia/economy> (Accessed on August 18, 2022).

160 Vivian Nereim (2021), "Saudi Arabia's economy grows at fastest rate in nearly a decade", Aljazeera, <https://www.aljazeera.com/economy/2021/11/9/bbsaudi-arabias-economy-grows-at-fastest-rate-in-nearly-a-decade> (Accessed on August 18, 2022).

161 The World Bank Data, GDP (current US\$)- Saudi Arabia, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=SA> (Accessed on August 18, 2022).

162 Amine Mati and Sidra Rehman (2022), "Saudi Arabia to Grow at Fastest Pace in a Decade", IMF Country Focus, <https://www.imf.org/en/News/Articles/2022/08/09/CF-Saudi-Arabia-to-grow-at-fastest-pace> (Accessed on August 20, 2022).

services activities with 13.9 per cent, and manufacturing excluding petroleum refining by 7.5 per cent.<sup>163</sup>

In recent years, Saudi Arabia has drawn international attention for the momentum of its socio-economic transformation, which is being carried out in accordance with its Vision 2030 development plan. Built around three primary themes, the vision seeks to create a vibrant society, a thriving economy and an ambitious nation. In order to achieve these goals, emphasis has been laid on its citizens and the Islamic faith. These include diversifying the nation's economy through the ongoing privatization of state-owned assets, ensuring accountability transparency and effectiveness in its governing strategy.<sup>164</sup> While not being limited to petroleum and oil, the country has diversified its economy towards increased production and export of a variety of industrial goods all over the world.<sup>165</sup> Non-oil production includes exports of petrochemicals, plastics, construction materials, electronic appliances, metal goods, etc. An increase of 8.2 per cent was seen in non-oil activities during the second quarter of 2022.<sup>166</sup>

Saudi Arabia has been taking steps to improve the business environment aimed at attracting foreign investment and creating private-sector employment. These initiatives, along with governance and labour market reform, have facilitated ease of doing business, enhanced industrial facilities, and increased female participation in the labour force.<sup>167</sup>

## Demographic Profile

Saudi Arabia has a population of over 35.84 million (2022 data), of which 57.76 per cent are males and 42.24 per cent are females.<sup>168</sup> About 24.34 per cent are below 14 years, 13.10 per cent are between 15-24 years, 51.86 per cent are between 25-54 years, 6.89 per cent are between 55-64 years and 3.81 per cent of the population are above 65 years.<sup>169</sup> The urban population stands at 84.7 per cent and rural population stands at 15.3 per cent.<sup>170</sup>

The country is among the top five destination countries for migrants worldwide.<sup>171</sup> Nearly 30 per cent of the total population are non-citizens i.e. expatriates.<sup>172</sup> Saudi Arabia largely consists of migrant workers hailing from different countries. Majority of the migrants in the country come for

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<sup>163</sup>General Authority for Statistics, Saudi Arabia, Gross Domestic Product Second Quarter of 2022, [https://www.stats.gov.sa/sites/default/files/GDP%20Press%20Release%20Report%20Q2\\_2022E.pdf](https://www.stats.gov.sa/sites/default/files/GDP%20Press%20Release%20Report%20Q2_2022E.pdf) (Accessed on August 20, 2022).

<sup>164</sup> Embassy of KSA, United States, Vision 2030, <https://www.saudiembassy.net/vision-2030>, (Accessed on January 30, 2023).

<sup>165</sup>Embassy of KSA, United States, <https://www.saudiembassy.net/economy-global-trade> (Accessed on November 2, 2021).

<sup>166</sup> General Authority for Statistics, Saudi Arabia, Gross Domestic Product Second Quarter of 2022, [https://www.stats.gov.sa/sites/default/files/GDP%20Press%20Release%20Report%20Q2\\_2022E.pdf](https://www.stats.gov.sa/sites/default/files/GDP%20Press%20Release%20Report%20Q2_2022E.pdf) (Accessed on August 20, 2022).

<sup>167</sup>Amine Mati and Sidra Rehman (2022), "Saudi Arabia to Grow at Fastest Pace in a Decade", IMF Country Focus, <https://www.imf.org/en/News/Articles/2022/08/09/CF-Saudi-Arabia-to-grow-at-fastest-pace> (Accessed on August 20, 2022).

<sup>168</sup> Inputs from the Embassy of India, Riyadh, December 2022.

<sup>169</sup> Ibid.

<sup>170</sup> Ibid.

<sup>171</sup> IOM 2021, World Migration Report 2022, [file:///C:/Users/hp/Downloads/WMR-2022\\_0-1.pdf](file:///C:/Users/hp/Downloads/WMR-2022_0-1.pdf), (Accessed on January 30, 2023).

<sup>172</sup> Ibid.

employment purposes, mainly from South and Southeast Asia, North Africa, and Sub-Saharan African countries. The migrant stock witnessed an increase of 12.8 per cent between the years of 1995 and 2019, making Saudi Arabia the third-highest destination country that hosts international migrants.<sup>173</sup>

Non-Saudi's account for 73.1 per cent of the employed population. Saudi nationals are mainly employed in the public sector (52.8 per cent), non-nationals make up the majority in the private sector (67.8 per cent).<sup>174</sup> Only 4.1 per cent of foreign workers can be found in the public sector. Owing to reforms undertaken to empower women, there has been an overall increase in participation of females in the labour force over the years. During the pandemic, labour mobility of foreign workers was drastically affected, witnessing a decrease in the number of foreign workers employed in the country. Additionally, Saudi Arabia has been focussed on decreasing the unemployment rate among its nationals (9.9 per cent)<sup>175</sup> by creating new opportunities for their employment in the private sector, as also highlighted in its Vision 2030. However, this remains a severe challenge because majority of the Saudi nationals are inclined towards public-sector employment, as it provides higher wages, more comprehensive benefits, and greater job security.<sup>176</sup> Considering these factors, it has been anticipated that employers may face difficulties finding qualified labour to support the country's economic goals.

### Profile of Indian Immigrants

The Indian community constitutes the largest expat community in Saudi Arabia.<sup>177</sup> The estimated population of Indian expatriates in the Kingdom stands over 2.5 million, including families of the workforce.<sup>178</sup> The estimated workforce is about 2.16 million.<sup>179</sup> In terms of employment, a substantial 85 per cent of the Indian migrants are engaged as low-skilled or blue-collared workers. Some of the key job roles taken up by the Indian migrants in the country include: Driver (Light Duty), Cleaner, Mason, Furniture Carpenter, Electrician, Nurse, Heavy Vehicle Driver, Steel Fixer, and Plumber.<sup>180</sup> The nursing, healthcare, and domestic sector see the maximum participation

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173 Migration Policy Institute (2020), Top 25 Destinations of International Migrants, <https://www.migrationpolicy.org/programs/data-hub/charts/top-25-destinations-international-migrants> (Accessed on August 20, 2022).

174 Government of Saudi Arabia, Unified National Platform, Labour and Employment, [https://www.my.gov.sa/wps/portal/snp/aboutksa/employment!/ut/p/z0/04\\_Sj9CPykssy0xPLMnMz0vMAfljo8zivQIsTAwdDOz9LSw8XQ0CnT0s3JxDfA0M3A30g1Pz9AuyHRUBeJBxkw!!/](https://www.my.gov.sa/wps/portal/snp/aboutksa/employment!/ut/p/z0/04_Sj9CPykssy0xPLMnMz0vMAfljo8zivQIsTAwdDOz9LSw8XQ0CnT0s3JxDfA0M3A30g1Pz9AuyHRUBeJBxkw!!/) (Accessed on August 20, 2022).

175 Reuters (2022), "Unemployment among Saudi citizens increases to 9.9% in Q3/22", <https://www.reuters.com/markets/unemployment-among-saudi-citizens-increases-99-q322-2022-12-29/>, (Accessed on January 30, 2023).

176 Harvard Kennedy School, "The Labor Market in Saudi Arabia: Background, Areas of Progress, and Insights for the Future", [https://epod.cid.harvard.edu/sites/default/files/2019-08/EPD\\_Report\\_Digital.pdf](https://epod.cid.harvard.edu/sites/default/files/2019-08/EPD_Report_Digital.pdf), (Accessed on January 30, 2023).

177 Times of India (2017), "Indians largest expatriate community in Saudi Arabia", <https://timesofindia.indiatimes.com/city/kochi/indians-largest-expat-community-in-saudi/articleshow/56299603.cms> (Accessed on November 20, 2021).

178 Inputs from the Embassy of India, Riyadh, December 2022.

179 Ibid.

180 NSDC (2020), "Global Skill Gap Report: Assessing Overseas Opportunities for Skilled Manpower from India", <https://skillsip.nsdcindia.org/sites/default/files/kps-document/Global%20Skill%20Gap%20Report%2021%20April2020.pdf> (Accessed on November 20, 2021). Further, employment opportunities for foreign workers are available across job roles such as Driver (Light Duty), Cleaner, Mason, Carpenter, Electrician, Nurse, Heavy Vehicle Driver, Steel Fixer, and Plumber, Manual labourer, House driver, Technicians, Farmers & Shepherds, Sales & Purchase representatives, Blacksmiths, Mechanics, Tailors, Chef & Cooks, Barber, Welders, Tile fixer, Waiters, Fishermen, Accountants, Specialists, Engineer, Programmers etc.

of women. Recent data also reveals that an increasing number of Indian migrants are also taking up white-collar jobs in the country.

## Nationalisation Policies

Saudi Arabia implemented the Nitaqat policy<sup>181</sup> to boost its citizens share of private sector employment job opportunities. As part of the revamped phase of the Nitaqat program that started in December 2021, the Saudi Ministry of Human Resources and Social Development (MHRSD) has increased the Saudization requirements across the board areas under the program.<sup>182</sup>

In addition, the MHRSD continues to impose Saudization on targeted professions. Recently, it announced the Saudization of specific consulting professions and implemented it in 2 stages, with a 35% Saudization requirement in the first stage from 6 April 2023. The impact is also likely to be seen across certain other sectors and professions such as food, marketing and sales.<sup>183</sup> The updated Nitaqat program is considered as one of the most important pillars and initiatives of the strategic transformation, which aims in improving the performance of the labour market, providing suitable job opportunities, and a secure and attractive work environment for Saudis.<sup>184</sup>

## Skill Gaps and Shortages in the Labour Force

Saudi Arabia's economic diversification and long-term strategic economic objectives require large number of externally sourced highly skilled as well as low skilled labour.<sup>185</sup> The country has been undergoing a substantial talent crisis,<sup>186</sup> which if not resolved, has the potential to hinder its ambitious economic plans. Saudi Arabia is likely to face a shortage of 663,000 highly skilled workers by 2030. The unrealized revenue due to talent shortages is said to reach US\$206.77 billion by 2030. In terms of the country's GDP, this amount represents 14.7% of Saudi Arabia's economy in 2030.<sup>187</sup>

The country is expected to see mobility in the following sectors:

- Low-skilled to medium skilled category like construction, mining, vehicle repair, manufacturing, transport, storage business, tourism and service sectors etc.

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181 Observer Research Foundation 2013, <https://www.orfonline.org/research/nitaqat-law-will-it-solve-saudi-arabias-unemployment-problems/> (Accessed on January 30, 2023).

182 Fragomen (2023), "UAE & KSA Employment Law Update", <https://www.fragomen.com/insights/uae-employment-law-update.html> (Accessed on January 30, 2023).

183 Fragomen (2023), "Saudi Arabia: Saudization Requirements Announced for Several Food, Marketing and Sales Professions in the Medina Region", <https://www.fragomen.com/insights/saudi-arabia-saudization-requirements-announced-for-several-food-marketing-and-sales-professions-in-the-medina-region.html> (Accessed on January 30, 2023).

184 Saudi Gazette (2023), "2nd phase of updated Nitaqat program started", <https://saudigazette.com.sa/article/629309> (Accessed on January 30, 2023).

185 Rshood M. Khraif et al. (2019), "Migration in Saudi Arabia: Present and Prospects", *India's Low-Skilled Migration to the Middle East*, [https://link.springer.com/chapter/10.1007/978-981-13-9224-5\\_5](https://link.springer.com/chapter/10.1007/978-981-13-9224-5_5), (Accessed on January 30, 2023).

186 Saudi Gazette (2018), "Talent Shortage to Threaten Business Growth in EMEA", <https://saudigazette.com.sa/article/535108> (Accessed on November 20, 2021).

187 Korn Ferry, Talent Shift Report for KSA, <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/KF-Talent-Shift-Country-Report-Saudi-Arabia-Digital.pdf> (Accessed on November 23, 2021).

- High-skilled sectors like healthcare, data analysis, information security, general management, blockchain solutions capability, digital product development, etc.

## **Immigration Regulations for Foreign Workers**

The labour migration scenario in Saudi Arabia has been undergoing changes in terms of labour laws and migration policies. Saudi Arabia's Ministry of Human Resources and Social Development (MHRSD) issues as well as renews work visas in the country.<sup>188</sup> These include visa types such as – Employment visa, Business visit visa and Family visit/residence visas. Like other Gulf countries, it is required that every migrant worker has a 'sponsor' in order to get a residency visa and be permitted to work for one to three years. Some crucial measures were undertaken to reform the Kafala sponsorship system by the MHRSD in 2021. These include easing of restrictions for moving in and out of the country and abolishing the requirement of workers in the private sector to request permission from their existing employers to change jobs in certain situations. However, these reforms exclude domestic workers, who remain among the most vulnerable of the entire migrant worker population of Saudi Arabia.<sup>189</sup>

In 2021, Saudi Arabia introduced the Temporary Work Visa, for those coming to work in the country for short term projects. The visa allows foreign national employees to be able to take multiple short-term work trips in and out of Saudi Arabia over the course of one-year or stay in the country for six months to work on longer projects. Premium residency visa seeks to attract skilled foreign residents and investors, allowing them right to live, work, and own business/property in the country. The 'Professional Verification Programme' announced by the Saudi government in March, 2021 is likely to have serious repercussions on the expatriate workers, both existing in the Kingdom as well as new workers.<sup>190</sup> The program aims to verify that all skilled workers in the Saudi Arabia have the required skills to carry out effectively the profession for which they were recruited, and will include practical and theoretical examinations in the workers' specialized fields. The first phase of the programme was recently launched in India.<sup>191</sup> Five professions, such as plumber, electrician, welder, refrigeration/air conditioning technician, and automobile electrician, have been selected for the skill testing in the first phase.<sup>192</sup>

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<sup>188</sup> Government of Saudi Arabia, Ministry of Human Resources and Social Development, <https://hrsd.gov.sa/en/queries/issue-and-renew-work-license> (Accessed on June 23, 2022).

<sup>189</sup> Library of Congress, "Saudi Arabia: Ministry of Human Resources and Social Development Launches Labor Reform Initiatives", <https://www.loc.gov/item/global-legal-monitor/2020-12-04/saudi-arabia-ministry-of-human-resources-and-social-development-launches-labor-reform-initiatives/> (Accessed on June 23, 2022).

<sup>190</sup> Inputs from the Embassy of India, Riyadh, December 2022.

<sup>191</sup> Asia One (2023), "Saudi Arabia Launches Skill Verification Program in India", <https://asiaone.co.in/saudi-arabia-launches-skill-verification-program-in-india/>, (Accessed on January 30, 2023).

<sup>192</sup> Ibid.

## United Arab Emirates

### Country Overview

Situated along the eastern coast of the Arabian Peninsula, the United Arab Emirates (UAE) is a federation of seven emirates. Abu Dhabi, which comprises more than three-fourths of the federation's total land area, is the largest of the emirates and is the main centre for the oil industry. Dubai is the region's most important commercial and financial centre. Other smaller emirates Sharjah, Ajman, Umm al-Quwain, Fujairah and Ras al-Khaimah are also part of the region.



Figure 5 Map Source: Encyclopaedia Britannica, Inc.

Since its formation in 1971, the country has maintained political stability and has established cordial diplomatic relations with several countries. The Federal Supreme Council is the highest governmental authority. The President and the Vice-President of the federation are elected by the Council from among its members for five-year terms. It is the President who appoints the Prime Minister and the Cabinet. UAE's current President is Sheikh Mohamed bin Zayed Al Nahyan. He assumed the position after the passing away of Sheikh Khalifa bin Zayed bin Sultan Al Nahyan, the second President of the UAE, who served from 2004 until his death in May 2022. The President is the ruler of Abu Dhabi and the Supreme Commander of the UAE armed forces. Sheikh Mohammed bin Rashid Al Maktoum is the Vice-President, Prime Minister, Minister of Defence and is also the ruler of Dubai. The federal system of government administers the foreign policy, broad economic policies and the social welfare system. A significant amount of power is exercised at the emirate level, notably in Abu Dhabi and Dubai.<sup>193</sup> The existing political system seems to fit the country's social fabric and has decreased the likelihood of internal political and social turmoil.

<sup>193</sup> United Arab Emirates, Britannica, <https://www.britannica.com/place/United-Arab-Emirates/Finance> (Accessed on November 3, 2021).

## Economic Outlook

The UAE has made significant progress on the economic front. It is one of the wealthiest countries in the region and the second largest economy, after Saudi Arabia. In the past few years, UAE's economy demonstrated subdued performance, primarily as a result of OPEC agreements requiring cuts in oil output, decrease in government investment, continued corporate restructuring, and falling real estate prices. External factors such as a slowing global economy, weaker energy demand, geopolitical tensions, and the pandemic also had a severe impact on the economy leading to a deep recession in 2020.

However, the economy now appears to be back on the path of recovery. UAE's GDP was estimated at USD 415.02 billion<sup>194</sup> in 2021, with a GDP growth rate of around 3.9 per cent.<sup>195</sup> The GDP growth expected to reach 7.6 per cent in 2022, mainly due to mainly better-than-expected performance in some of the non-oil sectors such as tourism and hospitality, real estate, transportation, and manufacturing. However, the projection for 2023 is much lower, with only 3.9 per cent growth estimated.<sup>196</sup> This is because the non-oil sector is anticipated to perform better, continuing the trend set in 2022, whereas hydrocarbon production is expected to be lower.<sup>197</sup>

UAE's economic growth is reflective of its rich natural resources. The country has the fifth largest proven natural gas reserves and owns ten per cent of the world's oil reserves.<sup>198</sup> Although oil and gas comprise the bulk of Government's revenue, significant steps have been taken towards economic diversification, in order to reduce reliance on oil and transform the economy from a conventional, labour-intensive economy to one based on knowledge, technology, and skilled labour. Development strategies such as UAE's Vision 2021 as well as Abu Dhabi's economic Vision 2030 outline the priority areas for achieving this goal.<sup>199</sup> These include promoting innovation and research & development, ensuring sustainable development while preserving the environment, increasing labour market's efficiency, establishing an open environment for businesses, building robust infrastructure to accommodate the economic expansion and so on.

Approximately 70 per cent of the GDP is now generated by sectors other than oil and gas.<sup>200</sup> To this effect, the federal, as well as individual Emirate governments, have made heavy investments in sectors such as renewable energy, aluminium production, tourism, aviation, re-export

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194 The World Bank Data (2022), GDP growth (current US\$)- United Arab Emirates, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=AE> (Accessed on August 3, 2022).

195 The World Bank Data (2022), GDP growth (annual %)- United Arab Emirates, <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=AE> (Accessed on August 3, 2022).

196 Central Bank of the UAE (2022), Quarterly Economic Review 2022 Q3, [https://www.centralbank.ae/media/hopkz1xi/english-quarterly-report-2022-q3\\_fspc\\_for-publication.pdf](https://www.centralbank.ae/media/hopkz1xi/english-quarterly-report-2022-q3_fspc_for-publication.pdf) (Accessed on January 4, 2023).

197 Ibid.

198 UAE Economy, Embassy of the United Arab Emirates, Washington DC, <https://www.uae-embassy.org/business-trade/uae-economy> (Accessed on August 4, 2022).

199 Sterling Jensen (2018), Policy Implications of the UAE's Economic Diversification Strategy: Prioritizing National Objectives, <http://ndl.ethernet.edu.et/bitstream/123456789/59556/1/113.pdf.pdf#page=79> (Accessed on August 4, 2022).

200 Australian Government, Department of Foreign Affairs and Trade, United Arab Emirates country brief, <https://www.dfat.gov.au/geo/united-arab-emirates/united-arab-emirates-country-brief> (Accessed on August 4, 2022).

commerce, telecommunications, and advanced technologies.<sup>201</sup> For instance, Abu Dhabi has made significant investments in aerospace, nuclear power, defence, IT, petrochemical and clean-tech industries. Abu Dhabi is also investing in educational institutions and cultural and sporting attractions to encourage tourism.<sup>202</sup> The ongoing efforts towards achieving economic diversity and sustainability suggest that the UAE is well-inclined towards becoming a global centre of innovation, application of advanced technology, and an ideal market for small and medium-sized enterprises. Further, UAE has signed Comprehensive Economic Partnership Agreement (CEPA) first with India, followed by Israel. UAE is currently negotiating CEPA with several other countries. This will boost the economic prospect of the UAE leading to more job creation.

## Demographic Profile

In the international markets, the UAE has positioned itself as an important destination attracting talented professionals to serve its well developed and emerging sectors. The country depends substantially on expatriate workforce which comprised around 88 percent of the total population (9.9 million) in 2021.<sup>203</sup> There are more than 200 nationalities living and working in the UAE, with Indians forming the largest foreign community, followed by Pakistanis, Bangladeshis, other Asians, Europeans, and Africans.<sup>204</sup>

As seen in most countries of the region, majority of the nationals are employed in the public sector whereas foreign workers constitute the bulk of private sector employment. In 2013, the public sector workforce in the UAE was made up of 40% foreign workers, while the private sector employed 99.5% foreign workers.<sup>205</sup> Unlike other GCC countries, a quarter of working expatriates in the country were in managerial positions, employed across diverse sectors and job roles.<sup>206</sup> However, the majority are still engaged in low-income occupations with a significant portion employed in the construction and hospitality sectors. Despite having enforced Emiratisation policies aimed at replacing migrant workers with UAE nationals, especially in sectors such as banking and the government, the population of foreign nationals has consistently grown faster than that of nationals over the years.<sup>207</sup>

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201 UAE Economy, Embassy of the United Arab Emirates, Washington DC, <https://www.uae-embassy.org/business-trade/uae-economy> (Accessed on August 4, 2022).

202 Australian Government, Department of Foreign Affairs and Trade, United Arab Emirates country brief, <https://www.dfat.gov.au/geo/united-arab-emirates/united-arab-emirates-country-brief> (Accessed on August 4, 2022).

203 The World Bank Data (2022), Population, total- United Arab Emirates, <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=AE> (Accessed on August 4, 2022).

204 The UAE Emirates' Government portal, <https://u.ae/en/about-the-uae/fact-sheet> (Accessed on August 4, 2022).

205 F. De Bel-Air (2018), "Demography, Migration, and the Labour Market in the UAE, Gulf Labour Markets, Migration and Population, Migration Policy Centre", EUI, [https://gulfmigration.grc.net/media/pubs/exno/GLMM\\_EN\\_2018\\_01.pdf](https://gulfmigration.grc.net/media/pubs/exno/GLMM_EN_2018_01.pdf) (Accessed on August 5, 2022).

206 Ibid.

207 F. Phillippe et. al. (2019), "Working and Living conditions of Low-Income Migrant Workers in the hospitality and construction Sectors in the United Arab Emirates", Migration Policy Centre, EUI, [https://cadmus.eui.eu/bitstream/handle/1814/65986/Report\\_GLMM02.pdf](https://cadmus.eui.eu/bitstream/handle/1814/65986/Report_GLMM02.pdf) (Accessed on August 5, 2022).



## Profile of Indian Immigrants

The India-UAE migration corridor is the third largest in the world, comprising mainly of labour migrants.<sup>208</sup> The Indian expatriate community in the UAE was 3.5 million in 2021 as per UAE records<sup>209</sup> and is estimated to be the largest ethnic expatriate community in the UAE, constituting about 30 per cent of the country's population. Approximately 15% of the Indian community resides in Abu Dhabi.<sup>210</sup> Most of them have emigrated from the states of Kerala, Tamil Nadu and Andhra Pradesh. However, Indians from the states of Bihar and Uttar Pradesh also form a significant portion of the Indian population in UAE. The approximate break-up of the Indian immigrants is as follows:<sup>211</sup>

- 65% comprise the blue-collar category who are mostly employed in the construction, municipality and agricultural sector.
- 20% comprise the white-collar category who occupy job roles such as clerical staff, shop assistants, salesmen, accountants etc.
- 15% are professionals and businessmen.

## Nationalisation Policies

The UAE's Emiratization policy, officially launched through the 1980 Federal Labour Law, was strengthened in 2005 with the implementation of quotas, and again in 2017 with a set of measures aimed at facilitating citizens' access to skilled occupations while also increasing their presence across the private sector.

In a recent policy measure, the UAE's Ministry of Human Resources and Emiratization (MOHRE) requires employers in the private sector to have at least 2% of their skilled professionals as Emirati nationals.<sup>212</sup> The Ministry has also developed a new platform, *Nafis*, to support companies seeking eligible UAE national job candidates and collaborate with them on the upskilling and training required for the nationals.<sup>213</sup>

## Skill Gaps and Shortages in the Labour Force

According to a World Economic Forum report, 47 per cent of all work activities in the UAE are susceptible to automation, leading to major changes in skill profiles across sectors and job roles<sup>214</sup>. It is estimated that the UAE may experience a skill gap worth USD 50 billion by 2030<sup>215</sup> and 28

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208 IOM (2021), World Migration Report 2022, <https://publications.iom.int/books/world-migration-report-2022> (Accessed on January 30, 2023).

209 Embassy of India, Abu Dhabi, UAE, <https://www.indembassyuae.gov.in/indian-com-in-uae.php> (Accessed on August 12, 2022).

210 Ibid

211 Ibid.

212 Fragomen (2023), "UAE & KSA Employment Law Update", <https://www.fragomen.com/insights/uae-employment-law-update.html> (Accessed on January 30, 2023).

213 Ibid.

214 World Economic Forum (2017), The Future of Jobs and Skills in the Middle East and North Africa, [https://www3.weforum.org/docs/WEF\\_EGW\\_FOJ\\_MENA.pdf](https://www3.weforum.org/docs/WEF_EGW_FOJ_MENA.pdf) (Accessed on October 12, 2022).

215 Arabian Business (2018), UAE likely to see \$50bn skilled labour gap by 2030, <https://www.arabianbusiness.com/politics-economics/407852-uae-likely-to-experience-50bn-skilled-labour-gap-by-2030> (Accessed on October 12, 2022).

per cent<sup>216</sup> of its labour force will likely require skilling and upskilling. However, by closing the skills gap, it is expected that UAE could generate an additional 43,000 jobs by 2030.<sup>217</sup>

As per the National Skill Development Corporation’s (NSDC) Global Skill Gap Report (2020), sectors facing skills shortages include construction, wholesale and retail, real estate and rental, transport and storage, financial and insurance activities, manufacturing, and community services.<sup>218</sup> The key job roles in demand in the low skilled category are that of mason, furniture carpenter, electrician, steel fixer, painter, welder, metal and steel worker and plumber.<sup>219</sup> There is also a demand for specialised skills in business development, IT, green technology application, procurement and negotiation, research and development across various sectors. Fields such as artificial intelligence, robotics, automation and advanced manufacturing, virtual reality, augmented reality, big data and data analysis are likely to create demand for new types of jobs.<sup>220</sup>

The following sectors are rapidly expanding and shall give employment opportunities for expat workers:<sup>221</sup>

1.	Food, beverage and agricultural technology
2.	Pharmaceuticals
3.	Electrical equipment and electronics
4.	Advanced manufacturing and Heavy industries
5.	Petrochemicals and chemical
6.	Machinery and equipment
7.	Hydrogen energy
8.	Medical Technology
9.	Space Technology
10.	Manufacturing
11.	Tourism
12.	AgTech
13.	Financial Services
14.	Logistics
15.	Education
16.	Healthcare & Biopharma
17.	Energy
18.	ICT
19.	Real estate
20.	Robotics & AI
21.	Smart city applications and solutions
22.	Digital economy and e-commerce
23.	FinTech.

<sup>216</sup> Gulf Business (2021), KPMG survey: 28% of UAE workforce needs reskilling and upskilling, <https://gulfbusiness.com/kpmg-survey-28-of-uae-workforce-needs-reskilling-and-upskilling/> (Accessed on October 20, 2022).

<sup>217</sup> World Economic Forum (2021), Upskilling for Shared Prosperity, [https://www3.weforum.org/docs/WEF\\_Upskilling\\_for\\_Shared\\_Prosperty\\_2021.pdf](https://www3.weforum.org/docs/WEF_Upskilling_for_Shared_Prosperty_2021.pdf) (Accessed on October 20, 2022).

<sup>218</sup> NSDC (2020), Global Skill Gap Report: Assessing Overseas Opportunities for Skilled Manpower from India, <https://skillsip.nsdcindia.org/sites/default/files/kps-document/Global%20Skill%20Gap%20Report%202021April2020.pdf> (Accessed on October20, 2022).

<sup>219</sup> Ibid.

<sup>220</sup> UAE Government Portal, Future of Skills for Youth, <https://u.ae/en/information-and-services/jobs/future-skills-for-youth> (Accessed on October20, 2022).

<sup>221</sup> United Arab Emirates Ministry of Industry and Advanced technology, <https://moiat.gov.ae/en/make-it-in-the-emirates/sectors> (Inputs from the Embassy of India, Abu Dhabi, December 2022)

24.	Innovative SMEs
25.	Green economy

The UAE Green Jobs Program report (2019), indicates an increase in green jobs across various sectors reaching 83,422 by 2030.<sup>222</sup> Employment opportunities for both nationals and expatriates are anticipated to be created across areas such as renewable energy, energy efficiency, public transport, green building, as well as eco-cities.

<b>Preliminary estimation of Green Jobs (per year) in the UAE</b>			
<b>Species</b>	<b>2018</b>	<b>2021</b>	<b>2030</b>
<b>Energy</b>			
Renewable energy*	1,120	9,634	5,712
Energy efficiency	200	850	2,400
District cooling	2,190	4,000	7,670
<b>Waste management</b>			
Collection	7,400	(7,400)	(7,400)
Recycling	1,436	4,725	9,450
Waste to energy	-	590	758
Waste water	3,800	(3,800)	(3,800)
<b>Manufacturing</b>	3,000	3,050	3,108
<b>Buildings and construction</b>	2,687	2,700	2,750
<b>Agriculture</b>	1,270	1,520	2,270
<b>Forestry</b>	-	-	-
<b>Fisheries</b>	223	370	600
<b>Transport</b>	5,376	7,719	14,750
<b>Services</b>			
Financial services	64	70	100
Professional	450	(450)	(450)
Wholesale & retail	400	(400)	(400)
Tourism	6,000	6,475	7,900
<b>Academia</b>	154	(154)	(154)
<b>Public Sector</b>	13,750	(13,750)	(13,750)
<b>Total</b>	49,520	67,657	83,422
(Nuclear power)		17,000	

\* Without manufacturing. Construction jobs counted as up to 2018 no longer exist. Construction jobs counted for 2021 and 2030 will also cease after completion. ( ): Assumed no growth due to lack of projections.

Source: The United Arab Emirates' Government portal.

<sup>222</sup> UAE Ministry of Climate Change and Environment (2019), UAE Green Jobs Program: Jobs and skills for the UAE's Green Economy Transformation, <https://www.moccae.gov.ae/assets/download/1360981f/UAE%20Green%20Jobs%20Program.pdf.pdf.aspx?view=true> (Accessed on October20, 2022).

## Immigration, Visa and Residence regulations for Foreign Workers

The immigration of labour migrants to the UAE, similar to other Gulf states, rests on the sponsorship-based temporary labour-migration regime. Migrants are granted two or three-year renewable residency permits linked to employment. The Ministry of Human Resources and Emiratisation (MoHRE) and the General Directorate of Residency and Foreigners Affairs of the emirate where a person is employed are responsible for the procurement process of work visas. The MoHRE has classified employment in UAE into 9 professional levels<sup>223</sup> according to the International Standard Classification of Occupations (ISCO) issued by the International Labour Organization. The initial process of work visa involves procuring a work permit<sup>224</sup> for an expatriate from MoHRE which allows the holder to enter UAE for employment and is valid for two months from the date of issue.

Thereafter, it is the sponsor that arranges to complete the formalities of medical testing, obtaining UAE Resident Identity (Emirates ID) Card, and Labour Card. To enhance the process of issuing work visas, MoHRE and Ministry of Foreign Affairs and International Cooperation have set up centres outside the UAE. These centres also provide information to employees about their rights, duties and terms and conditions of employment and all privileges they are entitled to, in the language they understand.<sup>225</sup>

Further, in an effort to boost the country's economic prosperity, the UAE government has introduced new schemes such as Golden visa,<sup>226</sup> Green visa,<sup>227</sup> Remote working visa and Freelancers' visa.<sup>228</sup> The longer-term residency visas are primarily aimed at attracting investment and talented qualified professionals into the country. The new visa rules came into effect in September 2022.

Further, UAE has been working towards aligning its labour regulations with international best practices and to address changes in the work environment. Significant changes were introduced last year with the new labour law that came into effect on 2 February 2022. These include key changes in flexibility of working arrangements, term of contracts, end of service gratuity and entitlements, salary payments as well as leaves including maternity and parental.<sup>229</sup> The adoption

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223 These levels are – Level 1: Legislators, managers, and business executives; Level 2: Professionals in scientific, technical and human fields; Level 3: Technicians in scientific, technical and humanitarian fields; Level 4: Writing professionals; Level 5: Service and sales occupations; Level 6: Skilled workers in agriculture, fisheries and animal husbandry; Level 7: Craftsmen in construction, mining, and other craftsmen; Level 8: Operators and assemblers of machinery and equipment; Level 9: Simple professions.

224 The United Arab Emirates' Government portal, Procuring a Work Visa, <https://u.ae/en/information-and-services/visa-and-emirates-id/residence-visa/getting-a-work-and-residency-permit/procuring-a-work-visa> (Accessed on August 21, 2022).

225 The United Arab Emirates' Government portal, Work visas – offshore, <https://u.ae/en/information-and-services/visa-and-emirates-id/residence-visa/getting-a-work-and-residency-permit/work-visas-offshore> (Accessed on August 25, 2022).

226 The United Arab Emirates' Government portal, Getting the Golden visa, <https://u.ae/en/information-and-services/visa-and-emirates-id/residence-visa/getting-the-golden-visa> (Accessed on August 25, 2022).

227 NDTV (2022), <https://www.ndtv.com/world-news/uae-adopts-new-entry-visa-and-long-term-residency-scheme-heres-all-you-need-to-know-2903158> (Accessed on August 25, 2022).

228 Khaleej Times (2022), <https://www.khaleejtimes.com/visa-and-immigration-in-uae/freelance-visa-in-uae-explained-types-cost-eligibility> (Accessed on August 25, 2022).

229 Al Tamimi & Co. (2021), "New UAE Labour Law coming into force on 2 February 2022", <https://www.tamimi.com/news/new-uae-labour-law-coming-into-force-on-2-february-2022/>, (Accessed on January 25, 2023).

of an unemployment insurance system<sup>230</sup> and the new pension scheme for expats in Dubai<sup>231</sup> are among the important changes, introduced last year, that the expatriate workforce in the country can benefit from.<sup>232</sup>

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<sup>230</sup> In May 2022 month, a federal law was announced regarding the implementation of a mandatory unemployment insurance system, aimed at compensating the insured worker with a cash amount for a limited period in the event of job loss. The scheme will be implemented from January 2023. The scheme will provide workers, who lose their jobs under unforeseen circumstances, cash support every month for a limited period until they find an alternative.

<sup>231</sup> The new savings pension plan for non-Emirati employees working in the Dubai Government has started from July 1, 2022. The Dubai International Financial Centre (DIFC) is responsible for supervising the implementation of this retirement scheme. The scheme targets non-Emirati workers in Dubai government entities, with the scope of expanding into the private sector later on. This Pension scheme will be in addition to the UAE's existing end of service gratuity scheme that all employed residents are entitled to after completing at least one year of service. Foreign employees working in Dubai's public sector will be enrolled in the new pension scheme by default. The percentage of the contribution to the scheme will equal the end-of-service benefits due to the employee, in line with human resources legislation. The rate of return will depend on the amount invested by employees, how it is distributed across available investment portfolios and the risks associated with it.

<sup>232</sup> Inputs from the Embassy of India, Abu Dhabi, December 2022.

## Key Findings

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The sectors that contribute to **Bahrain's** growth opportunities include finance & banking, military, healthcare, financial services, manufacturing, tourism and hospitality, transport and logistics, construction, trade, oil and gas, renewables, ICT, and start-ups. In the post pandemic recovery phase, requirement for skilled workers and professionals can be expected in sectors such as infrastructure, tourism, financial services and logistics which have emerged as key focus areas. Further, an increased demand for workers is anticipated in the construction sector, owing to large-scale government infrastructure projects that are being undertaken. The Government of Bahrain has been offering great incentives and supportive environment for fintech & e-commerce, cybersecurity, start-ups and other private investments to attract skilled workforce as well as high-skilled expats that can contribute towards its economic goals.

- As for **Kuwait**, demand for skilled workforce will be seen across hospitality, food industry, mechanics, heavy vehicle drivers, cleaning and maintenance, services, and construction. Further, the agricultural sector and sub-sectors like fisheries are also set to see more demand. Also, there is requirement anticipated in the domestic and labour sectors, increasing the demand for casual labour across various industries as well as housekeepers and home helpers. Additionally, Kuwait will continue to have a significant demand for nurses.
- In **Oman**, it is expected that there will be need for skilled workers in cutting-edge technology, cyber-security, automation, healthcare, manufacturing. Oman is likely to see an increased demand for roles such as pharmacists, caregivers, allied services, educators, lawyers, insurance personnel, marketing specialists, software developers and programmers, specialists in virtual reality and research and development specialists across sectors. Further, more employment is expected to be generated in tourism, hospitality and event management as well.
- **Qatar** has prioritised skilling, as automation is likely to replace over 50 per cent of all work activities in the country. Some of the sectors where there is demand for skilled professionals include oil and petroleum technology; infrastructure; information technology; sports, food and dairy; maintenance, repair, and technician work; hospitality and tourism; marketing and PR; medical healthcare and nursing; and engineering. There has been increasing demand for workers across manufacturing and construction sectors as well as aviation industry. In addition, sub sectors such as pharmaceuticals, additive manufacturing and desalination, and controlled environment agriculture are witnessing skill gaps and shortages.
- **Saudi Arabia** has been undergoing a substantial skilled worker crisis. It has been anticipated that the country will face an overall shortage of 663,000 skilled workers by 2030. Mobility is expected in the following sectors - low-skilled to medium skilled sectors like construction, mining, vehicle repair, manufacturing, transport, storage business, etc.

as well as high-skilled sectors like healthcare, data analysis, information security, general management, blockchain solutions capability, digital product development, etc.

- In the **UAE**, sectors facing skill shortages include construction, wholesale and retail, real estate and rental, transport and storage, financial and insurance activities, manufacturing, and community services. New skill requirements and job roles are anticipated to be created in areas such as artificial intelligence, robotics, automation and advanced manufacturing, virtual reality, augmented reality, big data and data analysis. The following sectors are rapidly expanding and shall give employment opportunities for expat workers: Food, beverage and agricultural technology; Pharmaceuticals; Electrical equipment and electronics; Advanced manufacturing and Heavy industries; Petrochemicals and chemical; Machinery and equipment; Hydrogen; Medical Technology; Space Technology; Manufacturing; Tourism; AgTech; Financial Services; Logistics; Education; Healthcare & Biopharma; Energy; ICT; Real estate; Smart city applications and solutions; Digital economy and e-commerce; FinTech.; Innovative SMEs and Green economy. Also, demand for jobs in renewable energy, energy efficiency, public transport, green building, as well as eco-cities is expected to reach 83,422 by 2030.

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