

FAIRSQUARE POLICY BRIEF #1

MIGRANT WORKERS IN SAUDI ARABIA



“THE PRESENCE OF THE SPONSORSHIP SYSTEM CAUSED THE CITIZEN’S UNEMPLOYMENT AND LOW WAGES. THERE ARE MANY JOBS THAT THE SAUDI CITIZEN IS ALIENATED FROM BECAUSE OF THE POOR WORK ENVIRONMENT AND LOW WAGES THAT THE SYSTEM HAS ESTABLISHED.”

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CONTENTS

About this Policy Brief	3
Summary	4
1. Vision 2030 and Saudization	6
2. Kafala: abuse as a feature, not a bug	9
3. Increased regulation, talk of reform.....	13
4. Covid-19 and migrant exodus	17
Annex: Who are Saudi Arabia's migrant workers?	20

ABOUT THIS POLICY BRIEF

FairSquare Projects is a non-profit human rights organisation that tailors rigorous research with communication and advocacy work to promote systemic change. It has ongoing research projects on transnational migration and fair recruitment, and the health and safety of migrant workers, and its team has long experience working on these issues in the Middle East. FairSquare Research provides specialist advisory services on human rights.

This Policy Brief, the first in an occasional series, offers an introductory overview of policies around migrant labour in Saudi Arabia, with a specific focus on the impacts of the government's laws and policies on the human rights of workers. It draws on pre-existing research and analysis of Saudi Arabia's migrant labour governance frameworks and includes reflections from interviews and correspondence with a small number of experts on the Gulf region and labour issues.

Research was initially carried out as part of a study carried out for Amnesty International, evaluating human rights issues related to migrant labour in Saudi Arabia. However, views expressed in this briefing do not reflect the perspective or position of Amnesty.

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Cover photograph: Oil workers in Saudi Arabia listen to an Indian technical specialist in 1952, the year that kafala was formalised. © Alamy

SUMMARY

Like the rest of the GCC, Saudi Arabia has relied heavily on foreign labour since the oil discoveries of the 1930s, with (prior to Covid-19) about 10 million migrant workers - primarily from Asia and Africa - providing the vast majority of its workforce in the construction, services, retail and domestic work sectors.

In the last decade, with half of Saudi citizens under 30 and 250,000 young nationals entering the labour force every year, the government has given increasingly urgent priority to the goal of Saudization, replacing foreign workers in the private sector with Saudi citizens. Vision 2030, the guiding framework for Saudi policymaking, which aims to diversify away from dependence on oil and the state, sees increased participation by Saudi citizens - both male and female - in the private sector as critical to the country's economic future. The "Nitaqat" Saudization programme has been aggressively implemented since 2011, accompanied by waves of mass, often brutal, expulsions of undocumented migrant workers.

However, while one aspect of Vision 2030 aims to reduce dependence on migrant workers, its heavy focus on infrastructure and construction, including high-profile giga-projects like Neom and the Red Sea Project, will require large numbers of low-income construction workers to deliver. While some Saudis are beginning to take jobs in the service industry, as yet there is little evidence that Saudi nationals are willing or able to fill construction or other low-income roles: such work has long been stigmatised and seen as beneath Saudi nationals. This is no accident. For decades, a starkly defined distinction between nationals and migrants - and the better quality of life of the former - has been essential to the formation and strengthening of national identity. For a state that has never afforded the vast majority of its citizens the right to choose or meaningfully participate in their government, "the presence of foreign nationals and their subordination to citizens in terms of rights associated with citizenship (including benefitting from the oil wealth) actually enhances the nationals' privileged status."¹

The kafala (sponsorship) system was the formal mechanism to entrench this dual labour market. Enshrined in law in the 1950s, kafala delegates to Saudi businesses responsibility for and control over their foreign workforce. Suppression of worker freedom and aspirations is a built-in feature of the system. Over time these businesses unsurprisingly grew reliant on this more controllable and far cheaper foreign workforce over Saudi nationals, to the extent that many experts now talk about an "addiction" to migrant labour - a consistent barrier to effecting

Saudization. Employer abuse of migrant workers under kafala is routine and has been well-documented over the last 15 years. Abuses by employers, which often amount to forced labour and/or trafficking, include withholding of passports, wage theft, poor living and working conditions, restrictions on freedom of movement, and physical, emotional and sexual abuse. The Saudi state poorly enforces its labour laws, while firmly enforcing immigration laws against workers accused of "absconding" from their employers. While all workers are at high risk, the situation is particularly acute for the one million female domestic workers isolated in private homes and subject to a parallel legal framework.

The past decade has seen the state strengthen its authority over immigration and the labour market, and issue a swathe of regulations to try to bring the private sector to heel. As a result there is now more infrastructure - a labour court system, a domestic worker law - for rights protection than previously, though abuse remains rife. While there is no evidence of a structured or strategic approach to migrant worker rights, there is some indication that the government wants to improve conditions in the private sector, in part to encourage Saudis into the workplace, and in part to attract higher skilled migrants. Even job mobility for migrants could be on the table. Riyadh will also have noted the praise Qatar has received from international partners through its migrant labour reform programme in partnership with the ILO. To diversify its economy and get buy-in to Vision 2030, inviting in tourists, business visitors and investors, Saudi Arabia will seek continued backing from its partner governments in Europe and North America. All of this will increase the onus on the government to be seen to be engaging constructively with concerns about migrant worker rights. Recent initial steps to develop its relationships with international labour institutions may indicate a recognition that migrant worker rights will only become a more salient issue for Saudi Arabia in the coming years.

Covid-19- and the corresponding oil price crash- has intervened in these issues, badly shaking the Saudi economy and putting Vision 2030 targets in serious jeopardy. The impacts on the country's labour market are yet to be fully understood but are already profound, not least for migrant workers. Hundreds of thousands have left or are trying to leave, many without salaries. Others, stranded outside the country since March 2020, have spent months trying to get back to their jobs. Migrants remaining have faced demonisation in the Saudi media, being falsely blamed for driving infection, and risked being swept up

1. The Socio-Political Background and Stakes of 'Saudizing' the Workforce in Saudi Arabia: the Nitaqat Policy, Françoise De Bel-Air, *Gulf Labour Markets and Migration Explanatory Note*, No. 3/2015 https://cadmus.eui.eu/bitstream/handle/1814/34857/GLMM_ExpNote_03_2015.pdf

in arbitrary immigration crackdowns, to await deportation in overcrowded, “hellish” holding centres. In this febrile context, sharpened by the government’s turn to austerity, some Saudi media began to question the wider value of migrant workers, with one talk show host telling businesses it was their national duty to lay off foreign rather than local employees. In less lurid terms, international observers also pressed the economic case for the government to use this moment to recalibrate the labour market, intensifying Saudization.

Nonetheless, while it is not clear when (or whether) the economy will return to its pre-Covid state, there is no serious indication

that Saudi Arabia’s overall reliance on migrant labour will end any time soon. While the pace of Saudization will undoubtedly increase, it will take many years for Saudis to overcome the cultural and skills barriers that currently prevent them from supplying what the private sector wants. The key giga-projects, backed by the Crown Prince and the Public Investment Fund, seem likely to go ahead despite spending cuts and recession, and will require vast numbers of foreign workers to build and service. In a time of extreme uncertainty, two things are clear: international scrutiny of migrant worker rights in Saudi Arabia is going to increase, and the government’s need to engage with this scrutiny will also increase.



Plans for the Qiddiya leisure city outside Riyadh. © Qiddiya

1. VISION 2030 AND SAUDIZATION

Under the leadership of Crown Prince Mohammed bin Salman (MBS), the guiding blueprint for Saudi Arabia's economic and social development has been Vision 2030, unveiled in 2016. At its core, the vision aimed to diversify the economy, reducing dependence on oil, which makes up roughly 85% of Saudi export revenue, the vast majority of government revenues and about 30-40% GDP. Developed during the biggest oil slump in 70 years, the plan was designed to transform the country's economy and "make the private sector the engine of growth and jobs",² revising the nature of the social contract for Saudi citizens. Among other things, the plan envisaged increasing the private sector's contribution from 40% to 65% of GDP and reducing unemployment from 11.6% to 7%.³ MBS spoke publicly of the country's dangerous "oil addiction" that was hampering development and predicted that with the plan in place, "by 2020, if the oil stops, we'll be able to live."⁴ The scale and speed of the transformation envisaged was beyond anything ever attempted before in Saudi Arabia, and some observers raised doubts that it could be achieved in full.⁵

To achieve the plan's stretching targets, the economy would be opened up, meaning easier access for international business through free zones and privatisation of state assets. Meanwhile the sovereign wealth fund, PIF, would have its assets increased from \$600m to \$7bn and invest "intensive capital inputs [to develop] entirely new economic sectors", including manufacturing, tourism and leisure, technology and mining.⁶ Subsequent years would see the announcement of a range of "giga-projects", including the futuristic tech city Neom, the leisure city of Qiddiya and the Red Sea Project luxury tourism site. Officials said that Riyadh would be doubled in size. Saudi Arabia would also introduce visit visas, the holding of international music and sporting events, and hold high-profile investor conferences most notably "Davos in the Desert". Meanwhile, the Fiscal Balance Program would introduce new fees and taxes to try to diversify government revenue, while stopping short of introducing income tax.⁷

2. Saudi Arabia's Vision 2030, Jane Kinninmont, *Carnegie Endowment for International Peace*, 2018: <https://carnegieendowment.org/2018/10/09/arab-political-economy-pathways-for-equitable-growth-pub-77416>
3. Thriving Economy, Vision 2030 site: <https://vision2030.gov.sa/en/themes/2>
4. Saudi Prince Shares Plan to Cut Oil Dependency and Energize the Economy, *New York Times*, 25 April 2016: <https://www.nytimes.com/2016/04/26/world/middleeast/saudi-prince-shares-plan-to-cut-oil-dependency-and-energize-the-economy.html>
5. Vision 2030 and Saudi Arabia's Social Contract: Austerity and Transformation, Jane Kinninmont, *Chatham House Research Paper*, 2017 <https://www.chathamhouse.org/sites/default/files/publications/research/2017-07-20-vision-2030-saudi-kinninmont.pdf>
6. Thriving Economy, Vision 2030 site: <https://vision2030.gov.sa/en/node/383>
7. Fiscal Balance Program, Vision 2030 site: <https://vision2030.gov.sa/en/programs/FBP>

The implications of Vision 2030 for the approximately 10 million foreign nationals in Saudi Arabia, making up about three quarters of the workforce, were somewhat contradictory.⁸ On the one hand, the mega-projects envisaged would require a large number of low-income construction workers - roles exclusively filled by migrant workers in Saudi Arabia. The Red Sea Project alone seems likely to involve at least 35,000 foreign workers, as many as have been involved in the construction of all Qatar's World Cup stadiums.⁹

On the other hand, a key aim of Vision 2030 was reducing unemployment among Saudi nationals including among women. This aligned with the Nitaqat programme introduced in 2011, the mechanism to deliver "Saudiization" of the private sector, which incentivises firms to increase the proportion of Saudi nationals in their workforce, and penalises firms with low percentages of Saudi workers and "redundant" foreign workers. As one study noted, "In marked contrast with previous labour-indigenisation endeavours, the "Nitaqat" ("ranges" or "zones") policy endows new Saudiization measures with exceptional urgency".¹⁰ With half of Saudi citizens under 30,¹¹ and 250,000 young people entering the labour force every year,¹² there was an urgent need to provide new roles. Where in the past this might have been achieved through offering young people public sector careers, the population bulge and the 2014 oil slump (which reduced the government's foreign assets reserve by more than \$200 billion in two years) put increased pressure on the private sector to deliver more jobs for Saudis.¹³ In 2014, youth unemployment among nationals was at 42%.¹⁴ Lack of opportunity for young people was seen as a key driver of the 2011 Arab spring protests, which Saudi Arabia saw as an existential threat.¹⁵

Following the expulsion of around 2.5 million undocumented migrant workers in 2014,¹⁶ 2017 saw a further tightening of the Nitaqat rules, in line with a general desire to reduce the country's reliance on foreign workers. In 2016, in preparation for this move, 63% of foreign visa applications were refused.¹⁷ In 2017 another major crackdown on undocumented workers was announced.¹⁸ In 2019 a slew of hospitality jobs were reserved for Saudi nationals.¹⁹ Fees were imposed on dependants of expatriate workers and charges for residence renewal and other procedures were increased in what some saw as an attempt to "turn foreigners into new sources of revenue."²⁰ Just as Vision 2030 aimed to wean the country off oil addiction, the late Jamal Khashoggi argued the same applied to migrant workers: "as long as we are not only dependent, but we are addicted to foreign labor, we cannot fix the job markets. The over-dependency on foreign labor doesn't only take the jobs of the Saudis. It takes their chance to acquire skills."²¹

But many doubts were raised about the rapid intensification of plans to reduce the number of migrant workers in the country and in doing so increase opportunities for Saudi nationals. Critics pointed out that there are many roles that Saudis are not willing to do, due to cultural stigmas, or not able to do, due to decades of reliance on foreign workers, with one expert noting: "it will take a decade or more to culturally shift the Saudi labor force to create a working class of Saudis willing to do service sector, retail and construction jobs."²² By 2019, there were reports that businesses were struggling to recruit to fill vital positions, causing blockages in the economy. The unemployment rate had spiked to 12.9%. The Washington Post reported that "the growing jobless rate is... further exposing the gap between the expectations of

8. Labor Force Survey 2020, available at General Authority for Statistics: <https://www.stats.gov.sa/en/814>
9. Saudi Arabia picks teams to build village for 10,000 workers on Red Sea tourism mega-scheme, *Global Construction Review*, 24 July 2019: <https://www.globalconstructionreview.com/news/saudi-arabia-picks-teams-build-village-10000-works/>
10. The Socio-Political Background and Stakes of 'Saudiizing' the Workforce in Saudi Arabia: the Nitaqat Policy, Françoise De Bel-Air, *Gulf Labour Markets and Migration Exploratory Note*, No. 3/2015 https://cadmus.eui.eu/bitstream/handle/1814/34857/GLMM_ExpNote_03_2015.pdf
11. Saudi Arabia encouraged foreign workers to leave — and is struggling after so many did, *Washington Post*, 2 February 2019: https://www.washingtonpost.com/world/saudi-arabia-encouraged-foreign-workers-to-leave---and-is-struggling-after-so-many-did/2019/02/01/07e34e12-a548-11e8-ad6f-080770dcddc2_story.html
12. Young Saudis See Cushy Jobs Vanish Along With Nation's Oil Wealth, *New York Times*, 16 February 2016: <https://www.nytimes.com/2016/02/17/world/middleeast/young-saudis-see-cushy-jobs-vanish-along-with-nations-oil-wealth.html>
13. The mysterious (and continuing) fall in Saudi foreign reserves, *Reuters*, 28 June 2017: <https://uk.reuters.com/article/uk-saudi-economy-reserves-analysis/the-mysterious-fall-in-saudi-foreign-reserves-idUKKBN19117R>
14. Youth employment in the Middle East and North Africa: Revisiting and reframing the challenge, *Brookings*, 26 February, 2019: <https://www.brookings.edu/research/youth-employment-in-the-middle-east-and-north-africa-revisiting-and-reframing-the-challenge/>
15. Existential Threats and Regulating Life: Securitization in the Contemporary Middle East, *Global Discourse, An Interdisciplinary Journal of Current Affairs and Applied Contemporary Thought*, Volume 8, 2018: <https://www.tandfonline.com/doi/abs/10.1080/23269995.2017.1410001?journalCode=rgld20>
16. 90-day amnesty granted to residency, labor violators in Saudi Arabia, *Arab News*, 20 March 2017: <https://www.arabnews.com/node/1070766/saudi-arabia>
17. Saudi rejects 63% of work visa applications in 2016 ahead of Nitaqat changes, *Gulf News*, 19 July 2017: <https://gulfbusiness.com/saudi-rejects-63-work-visa-applications-2016-ahead-nitaqat-changes/>
18. 90-day amnesty granted to residency, labor violators in Saudi Arabia, *Arab News*, 20 March 2017: <https://www.arabnews.com/node/1070766/saudi-arabia>
19. Saudi Arabia to Ban Foreigners From Slew of Hospitality Jobs, *Bloomberg*, 28 July 2019: <https://www.bloomberg.com/news/articles/2019-07-28/saudi-arabia-to-ban-foreigners-from-slew-of-hospitality-jobs>
20. How COVID-19 will change GCC labor markets, *Al-Monitor*, 3 April 2020: <https://www.al-monitor.com/pulse/originals/2020/04/gulf-covid19-coronavirus-change-gcc-labor-markets-crisis.html>
21. Saudi Arabia Seeks to Shed Dependency on Foreign Labor, *Voice of America*, 25 January 2016: <https://www.voanews.com/middle-east/saudi-arabia-seeks-shed-dependency-foreign-labor>
22. 'Saudiization' translates into scarcity of salesmen at Riyadh gold souk, *AFP*, 22 March 2018: <https://www.dailysabah.com/business/2018/03/22/saudization-translates-into-scarcity-of-salesmen-at-riyadh-gold-souk>

Saudi workers and the jobs that are becoming available to them — in lower-wage construction or retail, for example — as the foreigners leave.”²³ As one analyst put it, “in many jobs, nationals and migrant workers are not interchangeable, and in the short-to-medium term, tightening restrictions on migrant workers will only adversely affect the labor pool available to the private sector.”²⁴

Nonetheless, there are examples of Saudis replacing migrant workers in the workforce, in significant numbers. In February

2020, Uber announced that it had hired 200,000 nationals as drivers in 20 cities across the kingdom- with a representative of the Saudi Economic Association telling AFP that “young Saudis are accepting jobs they previously would not have accepted.”²⁵ Saudis also took jobs in the retail sector, though not without some raising concerns among customers about their efficiency, in comparison to migrants.²⁶

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23. Saudi Arabia encouraged foreign workers to leave — and is struggling after so many did, *Washington Post*, 2 February 2019: https://www.washingtonpost.com/world/saudi-arabia-encouraged-foreign-workers-to-leave---and-is-struggling-after-so-many-did/2019/02/01/07e34e12-a548-11e8-ad6f-080770dcddc2_story.html
 24. What’s Behind Saudi Arabia’s Pivot Away From Foreign Workers, *World Politics Review*, 16 August 2019: <https://www.worldpoliticsreview.com/insights/28129/pushing-for-a-saudization-of-its-workforce-saudi-arabia-pivots-away-from-foreign-workers>
 25. Saudi jobseekers move into Uber gear for extra cash, *Gulf News*, 25 February 2020: <https://gulfnews.com/world/gulf/saudi/saudi-jobseekers-move-into-uber-gear-for-extra-cash-1.69944417>
 26. Saudi Arabia: Has nationalisation come with a price? *Gulf News*, 10 October 2020: <https://gulfnews.com/opinion/op-eds/saudi-arabia-has-nationalisation-come-with-a-price-1.74461963>



Workers operating an oil well, 1952, the year kafala was formalised © Alamy

2. KAFALA: ABUSE AS A FEATURE, NOT A BUG

Like the rest of the GCC, Saudi Arabia has relied heavily on foreign labour since the oil discoveries of the 1930s. Foreign workers performed an economic function - carrying out specialised or menial tasks - but their employment was also political. The starkly defined distinction between nationals and migrants was essential to the strengthening of national identity in Saudi Arabia, as locals articulated demands for a share in the newly discovered oil wealth. The 1950s saw strikes by Saudi nationals working for Aramco - alongside Italian and Arab migrant workers - that sought conditions equal to those of higher paid American employees. As one study puts it, “the oil industry profoundly changed the Eastern Province and led to rapid development, increased economic activity, and jobs for many. But it also profoundly altered the social composition of the province, led to the creation of the first labour movements and to heightened expectations about what oil income should

achieve for the population.”²⁷ Alongside short-term repression of worker organisation and leftist movements, the government sought to dampen potential unrest over the longer term by providing better conditions and entitlements for Saudi nationals in comparison to foreign workers. A 2015 study of Saudization notes that “the presence of foreign nationals and their subordination to citizens in terms of rights associated with citizenship (including benefitting from the oil wealth) actually enhances the nationals’ privileged status.”²⁸ Foreign workers were an intrinsic element of the rentier state, in other words - and improvements in their conditions risked being a zero sum game for the cohesion of the Saudi nation.

The kafala (“sponsorship”) system was formalised in Saudi Arabia in 1952,²⁹ and the oil shock of the 1970s, which spurred huge construction and infrastructure booms, cemented and

27. Migration, Minorities, and Radical Networks: Labour Movements and Opposition Groups in Saudi Arabia, 1950–1975 Toby Matthiesen, *International Review of Social History*, Vol. 59, No. 3 (December 2014), pp. 473-504: <https://www.jstor.org/stable/26394689>

28. The Socio-Political Background and Stakes of ‘Saudizing’ the Workforce in Saudi Arabia: the Nitaqat Policy, Françoise De Bel-Air, *Gulf Labour Markets and Migration Explanatory Note*, No. 3/2015 https://cadmus.eui.eu/bitstream/handle/1814/34857/GLMM_ExpNote_03_2015.pdf

29. Protecting the Rights of Temporary Foreign ‘Low-Skilled’ Workers in the Saudi Construction Industry: A Case for Legal Reform, Abdullah Moied S Almutairi, 2017: <https://bura.brunel.ac.uk/bitstream/2438/14845/1/FulltextThesis.pdf>

accelerated the trend towards foreign labour dependence in the private sector and the creation of public sector jobs for Saudis. Over this period, concerned by the potential for migrants from other Arab states to bring contagious political ideas like Marxism, Nasserism, or Baathism, “Gulf regimes would increasingly replace these highly politicized Arab migrant workers with workers from south-east Asia. The latter, who nowadays constitute the bulk of the working classes in the Gulf states, appeared to be much easier to contain. If they asked for more rights they could easily be sent back to their countries of origin. The language and cultural barriers also largely prevented cooperation with local activists.”³⁰

High-levels of foreign workers, who were paid lower wages that Saudis would accept and given few workplace protections, depressed wages in the private sector, further dissuading Saudis from straying out of the public sector. The kafala system delegated to Saudi businesses responsibility for their foreign workforce, and these businesses grew reliant on- addicted to, even- the cheaper, more controllable foreign workforce, who are “easier to control and more disciplined than Saudis. Control is exercised through short-term employment contracts. In some cases, there are few legal obligations towards expatriates, who are prohibited from changing jobs without their sponsor’s permission... It is more difficult to fire Saudi workers than foreign workers.”³¹ Any efforts made by the state to increase Saudi participation in the private sector or reduce the presence of foreign workers were largely stymied by business elites, whose “fortunes have been built, to a large extent, on cheap expatriate labour.”³²

The combined effect of these labour market dynamics has been to create among Saudi businesses the expectation that cheap migrant labour would always be available, and among Saudi nationals the “assumption that a standard of living higher than that of non-nationals is an inalienable right, irrespective of any personal contribution to the wealth and well-being of society

as a whole.”³³ These expectations, entrenched over decades, are problematic for efforts to redraw the social contract, as envisaged by Vision 2030, and result in harmful impacts on foreign workers - the same features that have made the kafala system and dual labour market attractive to Saudi business are those that led to abuse of foreign workers. In essence, suppression of worker freedom and aspirations has always been a feature of Saudi Arabia’s foreign labour migration system, rather than a bug.

The laws underpinning kafala and the employment of migrant workers in Saudi Arabia are not straightforward- there is no single “kafala law”. As one study puts it, “the sponsorship system did not emerge as a single legal format, but rather as a set of laws, policies, practices and customs”.³⁴ There has been an accretion of legislation on top of the 1952 Residency law, in particular since the new Labour Code’s introduction in 2005. In many cases new laws and decisions appear to have been passed to make political points or reinforce policies on visa trading. Some aspects of kafala, such as the employer/sponsor’s role in approving the exit permit, have at best a fuzzy basis in law and may be better described as legal customs.³⁵ However, the ILO noted in a 2017 report that Saudi Arabia had the most restrictive kafala system in place in the region, with workers reliant on employers for all the critical stages of their migration journey- including the issuing of their residency permit, transfer to another employer and exit from the country- and thus at enhanced risk of abuse.³⁶ There are no trade unions in Saudi Arabia, though there have since 2001 been worker committees for Saudis employed in some large state entities such as Aramco.³⁷

The outcome for migrant workers of this immigration and labour management system has been widespread abuse. For the past decade, Saudi Arabia has always been placed on either Tier 3 or the Tier 2 watchlist of the US State Department Trafficking in Persons report, the lowest two tiers. Human Rights Watch has published multiple reports since 2004 documenting abuse

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30. Migration, Minorities, and Radical Networks: Labour Movements and Opposition Groups in Saudi Arabia, 1950–1975 Toby Matthiesen, *International Review of Social History*, Vol. 59, No. 3 (December 2014), pp. 473-504: <https://www.jstor.org/stable/26394689>
 31. Gulf unemployment and government policies: prospects for the Saudi labour quota or Nitaqat System, Mohamed Ramady, *International Journal of Economics and Business Research*, 2013 Vol.5 No.4, pp.476- 498 https://www.arabdevelopmentportal.com/sites/default/files/publication/225.gulf_unemployment_and_government_policies_prospects_for_the_saudi_labour_quota_or_nitaqat_system.pdf
 32. Saudi Labor Force: Challenges and Ambitions, M.G.H. Al-Asmari, *Journal of King Abdulaziz University - Arts and Humanities*, Vol. 16 No. 2, pp: 19-59, 2008 A.D. / 1429 A.H.: <https://pdfs.semanticscholar.org/7de3/d811c71432ac2d79d31c5ca776c14f11dd01.pdf>
 33. Gulf unemployment and government policies: prospects for the Saudi labour quota or Nitaqat System, Mohamed Ramady, *International Journal of Economics and Business Research*, 2013 Vol.5 No.4, pp.476- 498 https://www.arabdevelopmentportal.com/sites/default/files/publication/225.gulf_unemployment_and_government_policies_prospects_for_the_saudi_labour_quota_or_nitaqat_system.pdf
 34. Protecting the Rights of Temporary Foreign ‘Low-Skilled’ Workers in the Saudi Construction Industry: A Case for Legal Reform, Abdullah Moied S Almutairi, 2017: <https://bura.brunel.ac.uk/bitstream/2438/14845/1/FulltextThesis.pdf>
 35. We have been able to find no definitive legal text in this regard. Article 40 of the Labour Law holds the employer responsible for paying for worker exit visas but does not explicitly specify that they have a right to approve or deny this visa. The 1952 Residency Law makes no explicit mention of sponsors’ or residents’ role in approving or denying exit visas. Nevertheless it is clear that in practice employers enjoy this right.
 36. Employer-migrant worker relationships in the Middle East: exploring scope for internal labour market mobility and fair migration, *International Labour Organization, Regional Office for Arab States*, Beirut: 2017: https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_552697.pdf
 37. قواعد تشكيل لجان العمل لعام 1422 هـ, Law forming Work Committees, 2001 AD: <http://www.ncar.gov.sa/Documents/Details?Id=7ifAYfcmWXpPzGmxytFg%3D%3D>. According to Migrant-Rights.org, these committees, composed of Saudi citizens appointed by the company and the labour ministry, are generally limited to proposing recommendations regarding working conditions and health, safety and productivity standards.

of workers.³⁸ Key abuses highlighted in these and other reports have been broadly similar to Saudi Arabia's neighbours - often amounting to forced labour and trafficking - with employer practices including withholding of passports, wage theft, poor living and working conditions, restrictions on freedom of movement, and physical, emotional and sexual abuse. Meanwhile the state has been accused of poorly enforcing its labour laws in contrast to its harsh and arbitrary enforcement of immigration laws against workers accused of "absconding" from their employers.

Around one million women work as domestic workers in homes, facing some of the harshest conditions in Saudi Arabia. Facing isolation in the home, gender-based discrimination and violence, and subject to a parallel legal framework, domestic workers contend with unique risk factors.³⁹ The combination of abuse and isolation can have profound mental health impacts, with domestic workers involved in 55% of the country's suicides in 2013.⁴⁰ Racial discrimination and stigmatisation is a major factor in the abuse of domestic workers - in 2013 a ban was placed on new visas for domestic workers from Ethiopia, following reports of "the killing of Saudi children by some Ethiopian maids" and accusations of black magic, a common charge against domestic workers in the Gulf.⁴¹

One prominent feature of Saudi Arabia's labour market is the large number of undocumented workers in the country, historically a result of visitors overstaying Hajj visas, the difficulty of policing the porous Yemen border, and distrust among businesses of fickle government immigration policies, which resulted in them keeping pools of under-utilised workers, whom they then allowed to work independently - the so-called "free visa".⁴² By the 2000s, free visas were a recognised route for migration to Saudi Arabia, including in higher-skilled positions. In 2004, the then Minister of Labour said that as much as 70% of all visas issued every year were free visas.⁴³

According to Human Rights Watch, thousands of workers work under free visas. Working under such arrangements, "in which Saudis posing as sponsoring employers illegally import workers to staff businesses that do not exist and charge them regular fees to maintain their residency and work permits while the workers find employment with other employers unofficially", carries risks, with workers at risk of detention and deportation and with no meaningful remedy if abused.⁴⁴ Over the 2000s and 2010s, periods of "amnesty" for workers in irregular sponsorship arrangements alternated with crackdown operations. However, the enforcement of the Nitaqat scheme, which imposed far higher levels of accountability on businesses for their hiring practices and signalled a new determination on the part of the Saudi authorities to reduce the migrant worker population to create space for nationals in the private sector, saw harsh crackdowns on free visas schemes. A wall was built on the southern border to try to curb irregular migration from Yemen and the Horn of Africa.⁴⁵ In December 2013 the labour minister said that those who hire foreign workers but do not provide a job would be classified as "human traffickers." The state's mass expulsion of around a million workers prompted unrest among migrant worker communities and saw a wave of abuse, including attacks by security forces and private citizens, inadequate detention conditions, and physical and other abuse in detention.⁴⁶ An Amnesty India report in 2014 found that the Nitaqat crackdown had "a serious impact on the lives of many Indian migrant workers who have returned".⁴⁷

Alongside expulsion of irregular workers, workers who had migrated through regular channels suffered as a result of the oil price slump in 2014, when oil fell below \$40 from above \$100 a barrel and the national budget was tightened substantially,⁴⁸ putting intense pressure on two prominent construction companies dependent on state projects. By 2016, tens of thousands of workers were left stranded without pay,

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38. See "Bad Dreams": Exploitation and Abuse of Migrant Workers in Saudi Arabia, *Human Rights Watch*, 2004: <https://www.hrw.org/report/2004/07/13/bad-dreams/exploitation-and-abuse-migrant-workers-saudi-arabia>, "As If I Am Not Human": Abuses against Asian Domestic Workers in Saudi Arabia, *Human Rights Watch*, 2008: https://www.hrw.org/sites/default/files/reports/saudiArabia0708_1.pdf or Detained, Beaten, Deported: Saudi Abuses against Migrants during Mass Expulsions, *Human Rights Watch*, 2015: <https://www.hrw.org/report/2015/05/10/detained-beaten-deported/saudi-abuses-against-migrants-during-mass-expulsions>
39. While Saudi Arabia's 2.5 million male domestic workers, many employed as drivers or gardeners, are often left out of discussions about domestic workers, many of the risks women face also apply to men.
40. Migrant Rights Statistics: Suicide, *Migrant-Rights.org*: <https://www.migrant-rights.org/statistic/suicide/>
41. KSA stops hiring workers from Ethiopia, *Arab News*, 23 July 2013: <https://www.arabnews.com/news/458374>
42. The Socio-Political Background and Stakes of 'Saudizing' the Workforce in Saudi Arabia: the Nitaqat Policy, Françoise De Bel-Air, *Gulf Labour Markets and Migration Explanatory Note*, No. 3/2015 https://cadmus.eui.eu/bitstream/handle/1814/34857/GLMM_ExpNote_03_2015.pdf
43. Govt To Crack Down On Visa Trade: Gosaibi, *Arab News*, 29 April 2004: <https://www.arabnews.com/node/248486>
44. Detained, Beaten, Deported: Saudi Abuses against Migrants during Mass Expulsions, *Human Rights Watch*, 2015: <https://www.hrw.org/report/2015/05/10/detained-beaten-deported/saudi-abuses-against-migrants-during-mass-expulsions>
45. Saudi Arabia builds giant Yemen border fence, *BBC*, 9 April 2013: <https://www.bbc.co.uk/news/world-middle-east-22086231>
46. Detained, Beaten, Deported: Saudi Abuses against Migrants during Mass Expulsions, *Human Rights Watch*, 2015: <https://www.hrw.org/report/2015/05/10/detained-beaten-deported/saudi-abuses-against-migrants-during-mass-expulsions>
47. Exploited dreams: Dispatches from Indian migrant workers in Saudi Arabia, *Amnesty International*, 2014: <https://www.amnesty.org/download/Documents/8000/asa200252014en.pdf>
48. Saudi Arabia, Squeezed by Low Oil Prices, Cuts Spending to Shrink Deficit, *New York Times*, 28 December 2015: <https://www.nytimes.com/2015/12/29/world/middleeast/squeezed-by-low-oil-prices-saudi-arabia-cuts-spending-to-shrink-deficit.html>

some without food, electricity or medical care.⁴⁹ The Saudi government ultimately took control of the Bin Laden Group,⁵⁰ while the crisis led to the collapse of Saudi Oger in 2017. Until at least 2019, former employees of Saudi Oger remained stranded in the country, undocumented because of expired resident permits, unable to leave because of outstanding debts, and

owed thousands of Riyals by the now closed company.⁵¹ The crisis had similar characteristics to business collapses seen in other Gulf states- but the scale was far larger. The inability of the Saudi state to manage the situation was laid bare, with the Indian government seeking permission to carry out an evacuation.⁵²

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49. Abandoned in Saudi desert camps, migrant workers won't leave without pay, *Reuters*, 18 August 2016 <https://uk.reuters.com/article/uk-saudi-labour-foreign/abandoned-in-saudi-desert-camps-migrant-workers-wont-leave-without-pay-idUKKCN10T1LV>
50. As a Saudi prince rose, the Bin Laden business empire crumbled, *Reuters*, 27 September 2018: <https://www.reuters.com/investigates/special-report/saudi-binladin-fall/>
51. Desperate and hiding, collapsed Saudi Oger workers left in limbo, *AFP*, 29 March 2019: <https://www.france24.com/en/20190329-desperate-hiding-collapsed-saudi-oger-workers-left-limbo>
52. India to evacuate stranded workers in Saudi Arabia, *Deccan Herald*, 2 August 2016: <https://www.deccanherald.com/content/561688/india-evacuate-stranded-workers-saudi.html>



A Nepali construction worker prepares to migrate to Saudi Arabia, 2016 © ILO

3. INCREASED REGULATION, TALK OF REFORM

Seemingly conscious of the negative connotations that “kafala” had acquired, Saudi Arabia removed the term from its laws as early as 2000 and replaced it with language referring to contractual relationships between workers and employers.⁵³ Employers retained the same powers as previously, a linguistic sleight of hand that other Gulf states would later employ.⁵⁴ Nonetheless little attention was paid to this change of terminology and UN committees and the US State department continued to refer to the “de facto sponsorship system”.⁵⁵ Like most other countries in the Gulf, migrant workers’ rights in Saudi Arabia were not given prominence internationally. While the 2010s saw substantially more focus on the issue, the preponderance of other grave human rights concerns in the country - not least the crackdown on freedom of expression, torture, war crimes in Yemen, the death penalty and discrimination against women and religious

minorities - meant that for the international community, the treatment of migrant workers has rarely been the subject of more than sporadic attention. Media, NGOs and unions have focused instead on Qatar - where the 2022 World Cup and the 2017 Gulf political crisis created leverage to engage the government in an ILO reform programme - and to a lesser extent the UAE.

Nevertheless, despite the absence of obvious external pressure to engage in reform, Saudi Arabia has made noises for the past decade about abolishing kafala. In 2012, for example, a deputy labour minister said “the sponsorship system is on its way out”, and spoke of mooted plans to replace the system with several large recruitment companies who would apparently fulfil its functions. Most recently, in February 2020 the Maaal Economic Newspaper reported that the system would be abolished soon, citing a senior government source.⁵⁶ While officials later denied

53. Council’s decision No. 166 of 12 July 2000 on Regulations concerning the relationship between employers and foreign workers: https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=59275&p_country=SAU

54. See for example New Name, Old System? Qatar’s new employment law and abuse of migrant workers, *Amnesty International*, December 2016: <https://www.amnesty.org/download/Documents/MDE2252422016ENGLISH.PDF>

55. See Committee on the Elimination of Racial Discrimination, Concluding observations on the combined fourth to ninth periodic reports of Saudi Arabia, 8 June 2018, <https://undocs.org/en/CERD/C/SAU/CO/4-9> and 2018 Trafficking in Persons Report: Saudi Arabia, *US State Department*: <https://www.state.gov/reports/2018-trafficking-in-persons-report/saudi-arabia/>

56. مصادر «مال» تؤكد: قرار وشيك بإلغاء نهائي لنظام الكفالة في السعودية. *Maaal* sources confirm: imminent decision to permanently abolish kafala system in Saudi, *Al Maaal Economic newspaper*, 3 February 2020: <https://www.maaal.com/archives/20200203/135233>

any decision had been taken,⁵⁷ the story had been picked up and published by English language Saudi outlets and Al Arabiya, suggesting high level authorisation was given to run it, perhaps to float the idea in public.⁵⁸

In addition to mooted the possibility of reforming kafala, Saudi Arabia has taken a series of steps during the 2010s to increase regulation of labour conditions and migration processes, including:

- Passing a domestic workers regulation in 2013 to provide a legal framework for their employment (that nonetheless falls short of international standards),⁵⁹ and in 2017 setting out conditions of abuse under which they could move employers without consent.⁶⁰
- Launching an electronic platform, Musaned, for the recruitment of domestic workers in 2014. The ILO described the move as “promising development”.⁶¹
- Signing bilateral labour agreements with a raft of countries for the first time, including the Philippines, Indonesia, Kenya, Ethiopia, Sri Lanka, and India, in some cases including stipulations aimed at improving conditions for domestic workers.⁶²
- Opening labour courts for the first time in 2018, 11 years in the making since the 2007 decree that established them. Previously labour issues were dealt with the dispute resolution mechanism under the labour ministry.⁶³
- Passing a series of labour regulations during the 2010s increasing penalties against employers for non-compliance with the Labour Code.⁶⁴

These various developments took place amidst Nitaqat implementation and waves of expulsions of migrants, begging the question of what was driving the government’s actions during this decade. Identifying a grand Saudi strategy on migrant

labour is challenging and ultimately it is not clear that there is or has been one. These developments took place amid high turnover within the government- the 2010s saw two Kings, six Crown Princes, four interior ministers and four labour ministers - and against a backdrop of turmoil in the oil markets, creating an unstable environment for strategic policy making. Many observers in any event highlight the generally disjointed nature of policy development in Saudi Arabia: “conflicting projects and programs appear across most government sectors, illustrating the ill-thought nature of policymaking in the kingdom”.⁶⁵ That said, it is possible to suggest some broad factors that have likely played a role in such steps in pushing the state to pay more attention to the regulatory environment and working conditions for migrant workers:

Saudization: Making the private sector more attractive to Saudi nationals

For the last seven years or so, the Saudi state has slowed down the expansion of the public sector to absorb Saudis,⁶⁶ increasing the urgency of encouraging Saudis into the private sector workforce and away from unemployment. Improving conditions in the private sector, through enforcement of labour standards and as importantly, improving wages, should help encourage Saudis into the workforce. As one 2015 study argued, “Nitaqat seeks to transform the economy by making private employment attractive for locals... linking high salaries to better Saudisation credits.”⁶⁷ In a similar vein, Maaal newspaper argues that abolition of the kafala system would increase wages and conditions, encouraging Saudis to apply for private sector jobs: “the presence of the sponsorship system caused the citizen’s unemployment and low wages. There are many jobs that the Saudi citizen is alienated from because of the poor work

57. “Labour and Social Development”: the Ministry has not issued a decision to abolish kafala and all labour market decisions are taken in partnership with different bodies, and are announced formally, *Ministry of Labour and Social Development*, 27 February 2020 (2 Rajab 1441 AH) <https://hrsd.gov.sa/ar/node/415368>

58. See Saudi Arabia set to abolish sponsorship system soon: Report, *Al Arabiya*, 6 February 2020: <https://english.alarabiya.net/en/News/gulf/2020/02/06/Saudi-Arabia-set-to-abolish-sponsorship-system-soon-Report> and Abolition of sponsorship system is imminent: Report, *Saudi Gazette*, 4 February 2020: <https://saudigazette.com.sa/article/588280>

59. Facilitating Exploitation: A review of Labour Laws for Migrant Domestic Workers in Gulf Cooperation Council Countries, 2017 Update, *International Trade Union Confederation*: https://www.ituc-csi.org/IMG/pdf/migrant_domestic_workers_in_gulf_final-2.pdf

60. Ministerial Decision No. 605, 2017: <https://www.ilo.org/dyn/natlex/docs/MONOGRAPH/106434/130571/F-1478395367/KSA%2C%20DW%2C%20Ministerial%20Decision%20No.%20605%2C%202020.pdf>

61. Labour mobility between Asia and the Arab States: Sharing of experiences and progress under the Bali Declaration with specific focus on women migrant workers, Bangkok, 3–4 December 2019, *International Labour Organization*: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/publication/wcms_754661.pdf

62. Detained, Beaten, Deported: Saudi Abuses against Migrants during Mass Expulsions, *Human Rights Watch*, 2015: <https://www.hrw.org/report/2015/05/10/detained-beaten-deported/saudi-abuses-against-migrants-during-mass-expulsions>

63. 7 new labor courts and 96 chambers set up across KSA, *Arab News*, 15 May 2018: <https://www.arabnews.com/node/1302871/saudi-arabia>

64. See for example: Saudi Arabia introduces new amendments to Labour Law regulations, *Migrant-Rights.org*, 29 August 2019: <https://www.migrant-rights.org/2019/08/saudi-arabia-introduces-new-amendments-to-labour-law-regulations/>

65. Challenges of Public Policymaking in Saudi Arabia, Hadi Fathallah, *Carnegie Endowment*, 22 May 2019: <https://carnegieendowment.org/sada/79188>

66. The number of Saudi nationals employed in the public sector increased by 644,251 between 1996 and 2013, an annual increase of just less than 38,000. Between 2013 and 2019, the number rose by 75,872, an annual increase of less than 13,000. Source: Saudi Arabian Monetary Authority, *Yearly Statistics 2019*, Table 11-42: <http://www.sama.gov.sa/en-US/EconomicReports/Pages/YearlyStatistics.aspx>

67. Ways forward in recruitment of ‘low-skilled’ migrant workers in the Asia-Arab states corridor: ILO white paper, Ray Jureidini, *International Labour Organization*, 2016: https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_519913.pdf

environment and low wages that the system has established.”⁶⁸ Additionally it seems plausible that one goal in overhauling kafala could be an attempt to force the business community to deal with its addiction to migrant labour by making that labour more expensive.

The desire to attract higher skilled migrants

Somewhat conversely, Saudi Arabia’s plans to develop entirely new economic sectors in technology, tourism and manufacturing will require higher skilled migrants, who may be deterred by the risks inherent in high levels of dependence on their employers, and the lack of workplace protections. While in theory Saudis should be leading the development of these sectors, there is at present a gap- as acknowledged by Vision 2030- between what the Saudi educational system delivers and what the economy needs.⁶⁹ Reforming kafala would help Saudi Arabia become a more attractive location for higher skilled migrant workers. As Vision 2030 states, “we will seek to improve living and working conditions for non-Saudis, by extending their ability to own real estate in certain areas, improving the quality of life, permitting the establishment of more private schools and adopting an effective and simple system for issuing visas and residence permits.”⁷⁰ Some analysts believe this desire to attract more skilled foreign workers is the principal driver for moves towards kafala reform. Steffen Hertog told us that discussions about introducing more mobility for foreign workers reflected an “urge to move away from low-skilled foreign labour and make [Saudi Arabia] more attractive for better-skilled expat workers.”⁷¹ That said, a 2019 announcement of a new residency scheme for wealthy and highly skilled foreign nationals may point towards the development of two parallel labour migration systems, rather than one unified, reformed kafala system.⁷²

Increasing state oversight over migration, reducing informality in private sector

Since the 2000s, the Saudi state has sought to wrest control over labour migration from the private sector, to which it had

delegated control over migrant labour since the institution of the kafala system. In 2006, a senior labour official told a researcher that “the private sector decides the nationality of workers, not the ministry of labour... We don’t even know how many Arabs and Asians are here. We have our Labour Code and that’s all we need.” As the state began, in what has been termed the “sovereign turn”, to exert more control over the domestic labour sphere and to play a more active role in mediating with origin states- creating the position of Deputy Minister for International Affairs in 2013 specifically to manage the increasing number of bilateral and multilateral agreements regarding labour import - both the private sector and workers themselves lost agency, as avenues for irregular migration and informal networks were closed off.⁷³

Greater state control and oversight over migration is typically welcomed by international organizations, associating it with more effective enforcement of labour laws and grievance systems for workers. Nevertheless in the context of the kafala system, workers may often prefer to be undocumented, taking the risk of staying outside the regulated labour market, earning better wages and not being beholden to one employer. The mass expulsions of irregular workers in the 2010s, which asserted the Saudi state’s control over the labour market, were highly abusive in the short term, and over the longer term aimed to force workers back into the strictures of the kafala system, earning lower wages.

Engaging with international bodies

In the late 1990s and 2000s Saudi Arabia took a strategic decision to engage more closely with global economic institutions, reflecting its “increasing interest in being seen as a serious, credible and accountable international economic player.”⁷⁴ This affected its internal labour governance - for example it issued its 2005 labour law as part of the requirements for joining the World Trade Organization.⁷⁵ In the wake of 9/11, its need to engage in global institutions, to demonstrate that it was not a pariah state, broadened beyond economics: Saudi Arabia sat on the Human Rights Council for successive terms from 2013 until

68. «مال» مصادر، “Maaal” sources confirm: imminent decision to permanently abolish kafala system in Saudi, Al Maaal Economic newspaper, 3 February 2020: <https://www.maaal.com/archives/20200203/135233>

69. “We will close the gap between the outputs of higher education and the requirements of the job market”. Vision 2030, Thriving Economy: <https://vision2030.gov.sa/en/node/382>

70. Vision 2030, Thriving Economy: <https://vision2030.gov.sa/en/node/382>

71. Email correspondence with Dr Steffen Hertog, July 2020

72. Saudi Arabia launches special residency scheme for expats, CNBC, June 23 2019: <https://www.cnn.com/2019/06/23/saudi-arabia-launches-special-residency-scheme-for-expats.html>

73. Hélène Thiollet. Immigrants, Markets, Brokers, and States: The Politics of Illiberal Migration Governance in the Arab Gulf. 2019. <https://hal.archives-ouvertes.fr/hal-02362910v2/document>

74. Hertog, Steffen (2008) Two-level negotiations in a fragmented system: Saudi Arabia’s WTO accession. *Review of international political economy*, 15 (4). pp. 650-679: [http://eprints.lse.ac.uk/29862/1/Saudi_Arabia_and_the_WTO_\(LSERO\).pdf](http://eprints.lse.ac.uk/29862/1/Saudi_Arabia_and_the_WTO_(LSERO).pdf)

75. Human rights in Saudi Arabia and the influence of the UN human rights system: the example of women’s rights Abdulaziz M. Alwasil, 2007: <https://pdfs.semanticscholar.org/1518/09c2a56f3e2497d80edadb7ce90e79f207ea.pdf>

2019,⁷⁶ and bid for a seat on the UN Security Council, only to then turn it down for political reasons when it won in 2013.⁷⁷ As G20 host, MBS has sought to position Saudi Arabia as an international leader and Saudi Arabia has framed itself as a key backer of the UN, arguing that it is “a protector and regulator of the international community”.⁷⁸

Saudi Arabia’s backing for UN programmes has given it some leverage within the system, which it has in the past used - according to Ban Ki-moon - to insulate itself from criticism over human rights violations in Yemen.⁷⁹ Nevertheless the government continues to be on the receiving end of harsh criticism from human rights organizations and in 2019 even suffered the indignity of a 36-state intervention at the Human Rights Council taking it to task over freedom of expression.⁸⁰ Riyadh will have seen the praise Qatar has received from international partners through its partnership on migrant labour with the ILO.⁸¹ Saudi Arabia’s partnership with the ILO on Vision 2030,⁸² and recent hosting of the ITUC Secretary General,⁸³ may

indicate a desire to engage more closely with international labour frameworks - mindful of the potential for increased scrutiny of the conditions for mega-project construction and the prospect of positive headlines. To diversify its economy and get buy-in to Vision 2030, inviting in tourists, business visitors and investors, Saudi Arabia will need continued backing from European and American governments. All of this will increase the onus on the government to be seen to be engaging constructively with concerns about migrant worker rights. One political analyst told us that “the advice the government is getting will include the need for proactive engagement on migrant labour rights, to try to get ahead of the game, knowing that the scrutiny will come.”⁸⁴ Nevertheless there is little evidence that as yet, any special attention is being paid to this issue with respect to the country’s high-profile mega-projects. The Neom supplier code of conduct contains little of substance on labour protections,⁸⁵ while as of June 2019, according to the Wall St Journal, thousands of workers on the site were housed “six to a tiny room”.⁸⁶

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76. General Assembly Elects 14 Member States to Human Rights Council, Appoints New Under-Secretary-General for Internal Oversight Services, United Nations, 17 October 2019: <https://www.un.org/press/en/2019/ga12204.doc.htm>
77. Saudi Arabia declines security council seat, citing failure to tackle conflict, *Guardian*, 18 October 2013: <https://www.theguardian.com/world/2013/oct/18/saudi-arabia-un-security-council-seat-conflict>
78. Saudi Arabia a pillar of the UN, *Arab News*, 18 December 2019: <https://www.arabnews.com/node/1600911>
79. Yemen conflict: UN accuses Saudis of pressure over blacklist, *BBC News*, 9 June 2016: <https://www.bbc.co.uk/news/world-middle-east-36494598>
80. Statement under Agenda Item 2: Interactive Dialogue with the High Commissioner, 40th Session Of The Un Human Rights Council Delivered By H.E. Harald Aspelund (Iceland), 7 March 2019: <https://www.government.is/diplomatic-missions/embassy-article/2019/03/07/Joint-statement-on-the-human-rights-situation-in-Saudi-Arabia/>
81. See for example: Qatar: Statement by the Spokesperson on the dismantling of the kafala system, *European Union*, https://eeas.europa.eu/headquarters/headquarters-homepage/84604/qatar-statement-spokesperson-dismantling-kefala-system_en
82. The ILO and Saudi Arabia to boost cooperation on strengthening labour market administration, International Labour Organization, 1 June 2018: https://www.ilo.org/beirut/media-centre/news/WCMS_631189/lang-en/index.htm
83. International trade union visits Riyadh labor court to discuss work environment, *Arab News*, 11 July 2019: <https://www.arabnews.com/node/1523881/saudi-arabia>
84. Interview with Michael Stephens, Associate Fellow, RUSI, July 2020
85. Neom Supplier Code of Conduct, Neom website: <https://www.neom.com/en-us/static/pdf/en/NEOM-Supplier-Code-of-Conduct.pdf>
86. A Prince’s \$500 Billion Desert Dream: Flying Cars, Robot Dinosaurs and a Giant Artificial Moon, *Wall St Journal*, 25 July 2019: <https://www.wsj.com/articles/a-princes-500-billion-desert-dream-flying-cars-robot-dinosaurs-and-a-giant-artificial-moon-11564097568>



Migrant workers outside the office of Saudia airlines in Dhaka, Bangladesh, seeking tickets back to their workplaces in Saudi Arabia. 2020 @Alamy

4. COVID-19 AND MIGRANT EXODUS

Covid-19 has badly shaken the Saudi economy and put Vision 2030 targets in serious jeopardy. The impacts on its labour market are yet to be fully understood but are already significant, not least for migrant workers. The pandemic caused a twin shock for Saudi Arabia. Firstly, as elsewhere, Covid restrictions shut down or dampened whole sectors of the economy, shrinking GDP dramatically, with the IMF predicting a 6.8% reduction in 2020.⁸⁷ Secondly and more specific to the country, the drastic fall in the global price of oil to at one point below zero - partly triggered by Saudi Arabia launching an oil price war,⁸⁸ and deepened by the pandemic-induced global

demand slump - resulted in a record \$27 billion monthly drop in the Saudi central bank's net foreign assets.⁸⁹

The effects for workers were profound, with the ILO projecting six million job losses in the Arab states and that migrant workers would be particularly affected.⁹⁰ A May 2020 study estimated that 1.5 million migrant workers in Saudi Arabia could lose their jobs, which would mean a 4% decrease in the country's population.⁹¹ In June 2020 Indian media reported that 200,000 Indian workers were seeking assistance to return.⁹² Many who made it home did so without salaries.⁹³ Migrants remaining faced demonisation in

87. World Economic Outlook Update, June 2020, *International Monetary Fund*: <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

88. Oil-price war seen exacerbating slump in global economy, *S&P Global Platts*, 24 March 2020: <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/oil-price-war-seen-exacerbating-slump-in-global-economy-57647691>

89. Saudi Arabia warns of 'extreme measures' to combat COVID-19, oil price crash, *S&P Global Platts*, 3 May 2020: <https://www.spglobal.com/platts/en/market-insights/latest-news/oil/050320-saudi-arabia-warns-of-extreme-measures-to-combat-covid-19-oil-price-crash>

90. COVID-19: Labour Market Impact and Policy Response in the Arab States, Briefing Note with FAQs, May 2020, *International Labour Organization*: https://www.ilo.org/wcmsp5/groups/public/-arabstates/-ro-beirut/documents/briefingnote/wcms_744832.pdf

91. GCC expat exodus - from a trickle to a deluge, *Oxford Economics*, 22 May 2020 (on file with FairSquare).

92. 2 lakh Indians in Saudi Arabia seek repatriation, *The Hindu*, 28 June 2020: <https://www.thehindu.com/news/national/kerala/2-lakh-indians-in-saudi-arabia-seek-repatriation/article31935786.ece>

93. Indian migrant workers in Gulf countries are returning home without months of salary owed to them, *The Hindu*, 19 September 2020: <https://www.thehindu.com/society/indian-migrant-workers-in-gulf-countries-are-returning-home-without-months-of-salary-owed-to-them/article32639165.ece>

the Saudi media, being falsely blamed for disproportionately driving infection and contagion in the crowded accommodation sites in which their employers housed them.⁹⁴ Perhaps trying to show it was addressing such fears, authorities conducted large-scale operations to sweep up migrants- in many cases regardless of their legal status, and including children and pregnant women- and held them in overcrowded detention centres that investigations by the Telegraph, Amnesty and the Lede revealed as “hellish”, to await distant deportation prospects.⁹⁵

In this febrile context, sharpened by the government’s turn to austerity to address its revenue shortfall- tripling VAT from 5 to 15%, and cutting entitlements for citizens⁹⁶- some media began to question whether the country should, beyond deportations and repatriations, lessen its dependence on migrant workers over the long term. A popular Saudi talk show host told private businesses it was their national duty to lay off foreign rather than local employees, warning that the dominance of Saudi Arabia’s workforce by expatriates was a “real danger”⁹⁷ One newspaper article called for the “cleansing” of the country of excess workers.⁹⁸

In less lurid terms, international observers also pressed the economic case for intensified Saudization: “because the pandemic has rendered much of the workforce inactive, this is an ideal time to recalibrate foreign workers’ ratio to Saudi nationals and increase the ‘Saudization’ of the economy.”⁹⁹ This may be somewhat overstated - as with previous efforts of the past few years to force down the numbers of migrant workers and increase Saudi participation in the private sector, there is still limited overlap between migrant workers and nationals in the labour market. An expert on the Saudi Arabian labour market told us that “the tools to do this in a way that does not choke the local private sector are not quite there yet. Just reducing the supply of foreign workers will help local [Saudi national] employment somewhat (as foreign workers become more expensive) but will

also lead to a cost shock, new bottlenecks and potentially drops in productivity as local skills are not always there.”¹⁰⁰

Supply of foreign workers is indeed reducing, as there is little new recruitment taking place from origin states. Migrant workers outside the country when the pandemic hit in March were stranded for six months and most have still not returned.¹⁰¹ There are serious questions being asked about when (or whether) the number of migrant workers in the Gulf will return to their previous level. The anticipated recession will likely be worse than after the global financial crisis in 2008 or the oil slump of 2014. Reductions in expatriates at higher income levels will have a knock-on effects on lower income roles, for example in tourism, transport and retail: as one analyst put it, “fewer expats will crimp demand for everything from pizzas to villas, and the danger is that this leads to a cascading deflationary impact with secondary job losses”.¹⁰² Scarcity of jobs in the Gulf is likely to make competition for these positions fiercer and increase costs and abusive practice in the recruitment process.¹⁰³

Doubts have also been raised about whether the Vision 2030 giga-projects may be cancelled or shelved, which would further reduce demand for foreign workers. Even before Covid, there was scepticism about their viability, with Neom nicknamed “Never Ever Opening, Man.”¹⁰⁴ But the Finance Minister has insisted that the only impact may be delay: “it may not be as fast as it used to be, but they are continuing.”¹⁰⁵ The main giga-projects are backed by the Public Investment Fund (PIF), the sovereign wealth fund chaired by the Crown Prince, and these are likely to be protected from cuts. Hertog told us that “the highest-profile PIF projects seem largely ring-fenced. It’s striking that different from past phases of austerity, project cuts have not been as deep and instead rather drastic measures affecting citizen pocketbooks are being taken.”¹⁰⁶ In July 2020 Saudi officials insisted they were going ahead with the plan to double the size of Riyadh,¹⁰⁷ while in August the Chief Executive of the

94. The truth that Saudi’s statistics hide, *Migrant-Rights.org*, 28 August 2020: <https://www.migrant-rights.org/2020/08/the-truth-that-saudis-statistics-hide/>

95. Ethiopian migrants describe “hell” of detention, *Amnesty International*, 2 October 2020: <https://www.amnesty.org/en/latest/news/2020/10/ethiopian-migrants-hellish-detention-in-saudi-arabia/>

96. Saudi Arabia Triples VAT, Cuts State Allowances Amid Crisis, *Bloomberg*, 11 May 2020: <https://www.bloomberg.com/news/articles/2020-05-11/saudi-arabia-plans-26-6-billion-austerity-cuts-triples-vat-ka1uss4c>

97. ‘What’s the point of staying?’: Gulf faces expatriate exodus, *Reuters*, 7 May 2020: <https://uk.reuters.com/article/uk-health-coronavirus-gulf-jobs/whats-the-point-of-staying-gulf-faces-expatriate-exodus-idUKKBN22J1WM>

98. أن الأوان لتطهير الوطن, *Okaz*, 6 May 2020: <https://www.okaz.com.sa/articles/authors/2022818> (originally cited in The truth that Saudi’s statistics hide, *Migrant-Rights.org*, 28 August 2020: <https://www.migrant-rights.org/2020/08/the-truth-that-saudis-statistics-hide/>)

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101. Stranded outside Saudi, migrant residents in limbo; confusion over their return, *Migrant-Rights.org*, 21 September 2020: <https://www.migrant-rights.org/2020/09/stranded-outside-saudi-migrant-residents-in-limbo-confusion-over-their-return/>

102. ‘What’s the point of staying?’: Gulf faces expatriate exodus, *Reuters*, 7 May 2020: <https://uk.reuters.com/article/uk-health-coronavirus-gulf-jobs/whats-the-point-of-staying-gulf-faces-expatriate-exodus-idUKKBN22J1WM>

103. Brokers going for broke, *Nepali Times*, 20 July 2020: <https://www.nepalitimes.com/opinion/brokers-going-for-broke/>

104. In Saudi Arabia, the virus crisis meets inept leadership, *Brookings*, 6 March 2020: <https://www.brookings.edu/blog/order-from-chaos/2020/03/06/in-saudi-arabia-the-virus-crisis-meets-inept-leadership/>

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106. Email correspondence with Dr Steffen Hertog in July 2020

107. Despite downturn, Saudi Arabia pursues goal of doubling size of capital city, *Reuters*, 7 July, 2020: <https://www.reuters.com/article/us-saudi-investment-riyadh/despite-downturn-saudi-arabia-pursues-goal-of-doubling-size-of-capital-city-idUSKBN2481H8>

Red Sea Development Company told the Financial Times that ““It is full steam ahead, we haven’t skipped a beat ... he [MBS] wants these projects delivered.”¹⁰⁸ Nevertheless the ability of such projects to attract private sector investment has been badly affected, as acknowledged by the CEO of the Amaala tourist resort development in September 2020.¹⁰⁹

There will, it seems likely, be reductions in migrant worker numbers. These may last into the medium and long term.

However, the pandemic may not generate the complete restructuring of the Saudi labour market that some anticipate. As a longstanding Gulf-based observer put it, “we will see a recession and even maybe a depression. But there will be enough money around to guarantee there will still be millions of foreigners in Saudi.”¹¹⁰

108. Saudi prince powers ahead with futuristic city and sports giga-projects, *Financial Times*, 16 August 2020: <https://www.ft.com/content/c0c47647-4fc3-4b67-901e-3d4438f42ada>

109. INTERVIEW: Amaala — the ‘audacious’ Red Sea Riviera project, *Arab News*, 27 September 2020: <https://www.arabnews.com/node/1740556/business-economy>

110. Interview with senior Gulf-based observer, July 2020

ANNEX: WHO ARE SAUDI ARABIA'S MIGRANT WORKERS?

How many migrant workers are there in Saudi Arabia?

In the second quarter of 2020 the total number of documented non-Saudi employed persons was 10.4 million, out of a total workforce of 13.6 million. Of these:

- 3.7 million (1 million women, 2.7 million men) were employed as domestic workers.
- 6.6 million (0.2 million women, 6.4 million men) were employed in the private sector.
- 100,000 were employed in government roles.¹¹¹

The number of foreign workers in the private sector has been falling since 2016, when it was 8.5 million.¹¹² Meanwhile the number of foreign nationals registered as domestic workers has increased - in 2017, there were 2.4m registered domestic workers (0.7m women, 1.7m men).¹¹³ Domestic workers are not

subject to the Saudization programme. These figures do not take into account the departure of hundreds of thousands of workers since the Covid-19 pandemic.

Where do workers come from?

Accurate figures for the nationalities of migrant workers in Saudi Arabia are not readily available. Official figures do not distinguish between different nationalities (other than Saudi / non-Saudi). The Gulf Labour, Markets and Migration Programme made estimates of foreign national population size in 2017-18 based on UN and academic documents, and from the Saudi press. South Asian countries - in particular India, Pakistan and Bangladesh - constitute the largest foreign populations in Saudi Arabia. Estimates for Arab states (Egypt and Syria in particular) as well as Southeast Asia (notably Philippines and Indonesia) vary significantly according to different sources.

	Country of citizenship	Lower estimate	Upper estimate
1	India	2,266,216	3,200,000
2	Pakistan	1,343,737	2,700,000
3	Bangladesh	1,157,072	2,100,000
4	Egypt	871,621	2,900,000
5	Syria	673,669	2,480,000
6	Yemen	697,296	> 700,000 (workers?)
7	Philippines	583,985	1,500,000- 1,800,000
8	Indonesia	470,000	1,548,032
9	Nepal	455,905	
10	Sudan	435,810	470,000

Source: GLMM estimates, 2017-2018¹¹⁴

111. Labor Force Survey 2020, available at General Authority for Statistics: <https://www.stats.gov.sa/en/814>

112. Saudi Arabian Monetary Authority, Yearly Statistics 2019: <http://www.sama.gov.sa/en-US/EconomicReports/Pages/YearlyStatistics.aspx>

113. Labor Force Survey Fourth Quarter 2017, available at General Authority for Statistics: <https://www.stats.gov.sa/en/814>

114. Saudi Arabia: Some estimates of non-nationals by country of citizenship (selected countries 2017- 2018), *Gulf Labour Markets and Migration (GLMM) programme*: <https://gulfmigration.org/saudi-arabia-some-estimates-of-non-nationals-by-country-of-citizenship-selected-countries-2017-2018/>

workers in 2019 were the construction, retail and services sectors. The top ten private sector activities recorded by the authorities are included below.

What jobs do they do?

Alongside domestic work, the biggest employers of migrant

Activity	Male	Female	Total
Construction of buildings	1,635,147	12,692	1,647,839
Wholesale, excluding motor vehicles and motorcycles	726,113	14,507	740,620
Retail trade, excluding motor vehicles and motorcycles	609,898	10,813	620,711
Activities of providing services for buildings and site improvements	490,689	12,744	503,433
Specialized construction activities	353,468	2,508	355,976
Activities of food and beverage services	288,829	1,927	290,756
Employment / recruitment activities	177,129	67,809	244,938
Leasing activities	207,643	535	208,178
Wholesale and retail trade; and repair of motor vehicles and motorcycles	157,991	615	158,606
Other personal services activities	144,203	13,488	157,691

Source: Saudi Arabian Monetary Authority Annual Statistics 2019¹¹⁵

115. Saudi Arabian Monetary Authority, Yearly Statistics 2019: <http://www.sama.gov.sa/en-US/EconomicReports/Pages/YearlyStatistics.aspx>

