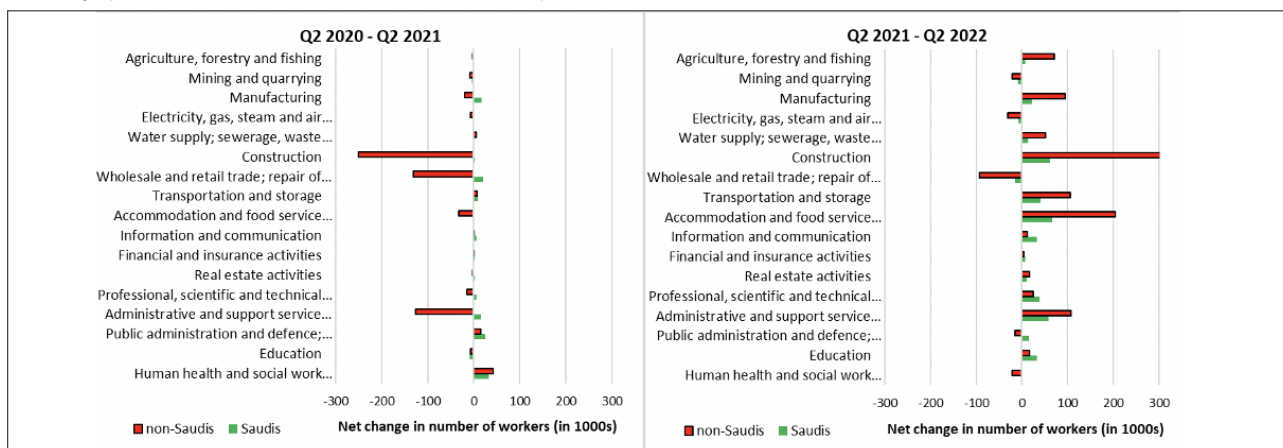# Saudi Arabia: Changes in Labour Force Structure?

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Two major goals of Saudi Arabia's Vision 2030 are: lower the dependency of Saudi citizens on public spending to diminish dependency on hydrocarbon revenues; and reduce reliance on foreign labourers in low-skilled positions. Saudi Arabia thus seeks to **increase the active national population** and **refocus recruitment** from abroad onto highly skilled professionals to support the country's socio-economic reform project.

Since mid-2020 a steady increase in nationals registered with the General Organisation for Social Insurance (GOSI) suggested some success in **"Saudising" the workforce in the private sector.** However, the recent **resumption of large inflows of low-skilled foreign labourers** casts doubts as to whether Saudi is progressing towards its goals.

**Figures 1 and 2. Saudi Arabia: Net change in the number of workers, by nationality (Saudis/non-Saudis) and activity (Q2 2020-Q2 2021; Q2 2021-Q2 2022)**



Source: Author's elaboration based on GAStat, administrative records data, Labour Force Surveys, given dates.

From mid-2020 to mid-2021 (Fig. 1), 125,000 Saudis workers were newly registered in the GOSI records. The **net balance of Saudi employment was positive** in almost all activities, except in education and "accommodation & food services". Trade-related activities remained the major employer of nationals in the private sector (20-22 percent, +11,500). By contrast, almost **600,000 foreign workers dropped off the records** in all sectors, but especially in construction (-251,323 workers), retail trade (-131,479 workers), and "administrative and support services" activities.

The incorporation of 377,615 extra Saudi workers in GOSI records since mid-2021 (Fig. 2) signals the **expansion of the Saudisation** trend. Most joined construction, accommodation, and "administrative and support services" activities.

Yet, the **hiring of foreign labourers resumed on a large scale** between mid-2021 and mid-2022 with +973,837 workers, of whom 362,963 in the construction sector alone. Half of all expatriates were in low-skilled professions. **Despite the increasing numbers of nationals employed in the private sector, is Saudi Arabia reverting to past decades' "traditional" patterns of recruiting large numbers of low-skilled foreign workers, to fuel labour needs for mega projects like Neom Smart City?**