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Long-Term Residence: GCC Countries Making a Shift Toward Inclusive Social Policies

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Executive Summary

In recent years, individual GCC countries have adopted different policies regarding the extent to which they welcome expatriates and offer them long-term residence on their soil. The needs for nationalization of the labor markets, the fluctuations of oil prices, and the impact of the covid-19 pandemic all encouraged the GCC states to opt for limiting the participation of expatriates by a series of decrees nationalizing a growing number of jobs (Kuwait, Oman, KSA), while others imposed quotas on national employment and fines for non-compliance (KSA, UAE, Bahrain). Nonetheless, some GCC countries saw the potential benefits stemming from long-term residence of expatriates. Consequently, they opened doors to foreigners who are investors and their own job creators (innovators, entrepreneurs). This shift was accompanied in some GCC states by an inclusive approach to social policies in which the expatriate population is considered a permanent element among the national inhabitants. This brief aims at contrasting the current policies, applied to curtail the presence of expatriates in some areas, while actively expanding their presence through long-term residence in others.

Introduction

The dependence of the Gulf Cooperation Council countries on foreign labor has been a constant for several decades. Considered the necessary component for the region's booming economies fueled by oil and gas extraction, foreign workers filled in a variety of jobs from low skilled positions to the top of the workforce hierarchies. The families of medium to high-skilled workers followed, encouraging the establishment of foreign curricula schools, contributing to the growth of the housing market, and the expansion of infrastructure. In the case of four out of six GCC countries, the number of expatriates exceeded the number of nationals, reaching 88.5% of the population total in the UAE, 87.9% in Qatar, 70.1% in Kuwait, and 53.2% in Bahrain. In Oman and Saudi Arabia, the ratios of foreigners are 42% and 40% respectively (GLMM, 2023). Over the last decades, the economies of almost all GCC countries have become dominated by foreign workers. For example, foreign workers constitute around 95% of the total workforce in the UAE. The situation is quite similar in Qatar, Bahrain, and Kuwait, while Saudi Arabia is less dependent on expatriates than the smaller Gulf states. Hospitality, tourism, construction, and service sectors of some of the GCC countries all primarily rely on foreign workers. Nonetheless, their presence was considered a temporary phenomenon, even though many foreigners spent most, if not all, of their active working . The residence of expatriates was tightly linked to the kafala system, i.e. sponsorship system under which foreign residents required a national sponsor, that regulated the continuity of their stay and their ability to switch employers. While in the second decade of the 2000's the kafala system started to become more flexible in terms of work arrangements in some GCC states, it is the shift in the perceptions of the expatriate population's permanence in the region that makes the most pronounced difference. The intensified efforts for nationalization of the labor markets, the fluctuations of oil prices, as well as the impact of the covid-19 pandemic prompted individual GCC countries to adopt different policies regarding the extent to which they welcome long-term residence of expatriates on their soil. While the need to provide national employment led to some limitations of expatriates in the labor market through a series of decrees nationalizing a growing number of jobs (Kuwait, Oman, KSA) and in other cases, an imposition of quotas and fines linked to employment of national workers in the private sector (KSA, UAE, Bahrain), some GCC countries such as the UAE, Qatar, Bahrain and to some extent Oman, saw expatriates' extended residence as an opportunity to increase foreign direct investment, R&D, and entrepreneurship. Consequently, they implemented reforms facilitating the extension of the duration of residence that could be perpetually renewed as long as the specified conditions continued being met. As a result, expatriates have been acknowledged as a complementary and permanent element of the Gulf social fabric through the concepts of tolerance and multiculturalism, which are promoted especially in the UAE where they became embodied in the Ministry of Tolerance (Baycar, 2022) and to a lesser but still notable degree elsewhere (Bahrain News Agency, 31 October 2022). These policies, however, continue to differentiate between expatriates and nationals as the former do not acquire citizenship and their stay is conditional upon continuously meeting the prescribed criteria for long-term residence.

Among the GCC countries, the UAE has been at the forefront of such reforms. In May 2018, the introduction of new long-term residency visa options targeting investors and specialists was announced. These include two types of visas: the Golden Residency Visa Programme, which grants a 10-year residency, and the Green Residency, providing a 5-year residency. Both visas empower expatriates to reside, work, and pursue studies in the UAE without requiring a national sponsor. Additionally, individuals holding these visas can fully own their own businesses. Initially launched in Dubai with a 10-year validity, the Golden Visa's duration was extended from the initial 5 years to 10 years in Abu Dhabi in 2023. Since then, Oman, Bahrain, Qatar, and Saudi Arabia followed suit. The only GCC country that did not implement such residence options is Kuwait, however the topic has been discussed in recent years (U Global, 7 Feb 2023; Arabian Business, 27 May 2022). So far, the lack of incentives to attract highly skilled expatriates and the push for the reduction of overall expatriate numbers in Kuwait are due to the perceptions of population imbalance and the need for economic diversification. While these needs are shared across the GCC, the country responds to the calls of the MPs in what is the most powerful parliament in the region (Bloomberg, 20 November 2020).

The following table summarizes the current approaches to long-term residency across the other five GCC states.

Table 1 Summative comparison of the long-term residency options across the GCC

Country	Year launched	Duration (in years)	By investment	Specialists	Other
UAE	May 2018	5 or 10	-property owners (AED 1 or 2[1] million respectively; may be mortgaged) -company investment of AED 2 million -investment fund deposit of AED 2 million -R&D company investment of AED 500,000 (5 year visa)	In various categories (extensive list)	Outstanding students; pioneers of humanitarian work; frontline workers
Saudi Arabia	2023, extension to multiple categories in 2024	1-5 or permanent	-property owners (SAR 4 million) -entrepreneurs with investment of SAR 400,000 for fixed term -entrepreneurs with investment of SAR 15 million conditional to national job creation quota	doctors, researchers, management positions, world-class athletes, cultural figures, artists	-by payment of 100,000 SAR/ year for limited duration -by payment of 800,000 SAR for unlimited duration -educational visa *

1 It should be noted that the recent change in the regulations makes the UAE the only GCC state to approve long-term residences for properties with value of AED 2 million that are still mortgaged.

Qatar	Sept 2018	5 or permanent (previous residence required)	-property owners (USD 200,000) for temporary -property owners (USD 1 million) for permanent	Talented individuals (social and economic conditions apply	NA
Bahrain	2022	10	-property owners (BD 200,000)	artists, athletes and healthcare workers (applicable criteria)	Pensioners with incomes above BD 4,000/month
Oman	2021	5 or 10	-company owners with 50 Omani employees -government bond holders (OMR 250,000 or 500,000) -joint-stock company owners with value of OMR 500,000 -property of OMR 500,000 owners	NA	Pensioners with incomes above OMR 4,000/month

Source: multiple websites

***announced on 29 February, 2024 (Arabian Business, 1 March, 2024)**

Based on the overview above, it is clear that the majority of the GCC countries have stepped up their efforts to attract and retain an expatriate population that meets certain eligibility criteria for longer periods of time. Such solutions have provided specific requirements that are accessible to wider segments of foreigners, unlike the restricted access to citizenship that used to be the only option in the past. In addition, apart from being restrictive, naturalization laws prohibit the holding of dual nationality.2 While comparative data is not available across the GCC, by the end of 2022 more than 150,000 golden visas were issued in the UAE, and 2,000 in Bahrain (up to June 2022) (Al Amir, 17 November 2022).

Nonetheless, apart from creating options for expatriates to remain in a specific country, the latter should have the right appeal to attract and retain foreign populations. Bahrain, the UAE, Oman, Saudi Arabia, and Qatar were ranked, in this order, in the top 10 global destinations for foreign workers. Kuwait fell behind, ranking 48 among the 52 countries surveyed (Nair, 21 March 2023). Among the GCC countries, the UAE and Saudi Arabia are the most popular for relocation, jointly hosting over 22 million expatria-

2 In recent years, there have been some exceptions to the rule in the UAE.

tes, with 9 million residing in the UAE out of its 11 million inhabitants and 13.5 million in Saudi Arabia out of its 34 million. Yet, long-term residence eligibility criteria cater to groups that may be selective in their choices of residence. Firstly, taxation in the GCC countries is limited in comparison to other parts of the world, hence creating favorable financial conditions for relocation. But offering the right social and environmental context is paramount. In this regard, the UAE has spearheaded the legal reforms with issuing of the Civil Personal Status Law for Non-Muslims on 1 February 2023, to align them with Western legal rulings. As a result, non-Muslim residents can opt for civil wedding ceremonies, set up wills distributing their assets, and in the absence of a will, apply redistribution of assets modeled on Western laws. The law also settles joint child custody after divorce and speeds up divorce proceedings. In addition, the UAE decriminalized cohabitation without marriage and abolished the requirement for alcohol licenses for residents in order to consume alcohol in a private space. Finally, the UAE aligned its weekend from the previous Friday/Saturday structure to the current Saturday/Sunday structure. So far, the UAE is the only country in the Gulf that offers non-Muslim expatriates such progressive regulations (Al Amir, 9 December 2022; Government Media Office, 10 July 2023; Ryan, 1 January 2023).

Finally, as opposed to the five GCC countries above, Kuwait opted for policies aimed at reducing the numbers of expatriates across the board. The efforts to nationalize the public sector were expedited leading to letting go of foreign employees (Al Sherbini, 30 December 2022). In addition, in the last year, deportations of residents found in breach of the law intensified (The New Arab, 8 April 2023). Kuwait has also curtailed the availability of family visas. While the latter reduced the total numbers of expatriates, it has also exacerbated the problems linked to the presence of large numbers of bachelors (Arab Times, 18 April 2023). Further a report proposing quotas for all nationalities not to exceed 25% of the number of Kuwaitis is under consideration (Arabian Business, 7 April 2023; Al Helou, 6 June 2022).

While Kuwait has opted to follow its own rigid guidelines, given the benefits to be reaped, a competition between GCC countries to attract expatriates, especially between the UAE and Saudi Arabia, may become more pronounced in this regard. The sweeping reforms of Crown Prince Mohammed bin Salman have already had their impact in the requirement for foreign companies to relocate their headquarters to Saudi Arabia by 1 January 2024 if they want to partake in governmental contract bids. Consequently, by January 2024, 180 international companies had already transferred to the Kingdom, and what follows, their staff was asked to move along (Al Mosalam, 1 January 2024). This requirement exemplifies the ambition of Saudi Arabia to become an expatriate hub, while at the same time, illustrates its lack of appeal for expatriates based in other GCC states to relocate to the Kingdom on their own free will. While Saudi Arabia has made significant strides in development, it still falls behind some GCC states in its attractiveness as a destination for long-term relocation among expatriates (Dagher, 9 April 2023).

All in all, the appeal of particular GCC countries for long-term residence depends not only on favorable regulations but also on the ease of settlement, which includes the availability of housing, schooling, and other infrastructure coupled with the overall satisfaction of living. Among these, the UAE has emerged as the precursor given the liberal social environment that has already been its hallmark over the last decades. The other GCC countries should assess the benefits they can reap from the long-term presence of foreigners who are notable contributors to their economies, while assessing the numbers that are adequate, and create such conditions emulating the model of the UAE.

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