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Highly Skilled Migration to Saudi Arabia: Labour Policy Reforms and the Global Competition for Talents

Gulf Labour Markets, Migration, and Population (GLMM) Programme - Gulf Research Center (GRC) and Regional Programme Gulf (RPG) - Konrad Adenauer Foundation (KAS)
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Summary

The webinar focused on the major reforms to Saudi Arabia's labour and migration policies over the last decade and assessed the outcomes of these changes on prospects for increased highly skilled migration to the Kingdom. A comparative insight with the UAE was proposed.ext

Speakers
- **Dr. Sylvain Côté** - Economist and Public Policy Analyst, Saudi Arabia
- **Dr. Mehmet Ali Soytas** - Senior Advisor at the National Labor Observatory, Saudi Arabia
- **Mr. Badr Al Sharif** - Managing Director of Smart Policy Lab, Saudi Arabia
- **Mr. Justin Alexander** - Director of Khalij Economics, USA
- **Mr. Froilan Malit, Jr.** - Visiting Fellow at the American University in Dubai, UAE

Moderator
- **Mr. Imco Brouwer** - Managing Director of the GLMM Programme

Presentations

Dr. Sylvain Côté
Dr. Sylvain Côté's presentation focused on the impact of technological change on skill demand. Three main assumptions were put forward about technology's impact on workers: technology as skill-biased, technology as a substitute for labour, and technology as a complement to labour. Results of a survey conducted in 14 countries including Saudi Arabia highlighted a general feeling that advancements in technology have outpaced education and training systems globally. Respondents felt that cognitive, social-emotional, and management skills were increasingly critical in the modern labour market, even more so than STEM skills, though perspectives were gender biased. Though the relationship between human capital and economic growth is strong and positive, results of the OECD-PISA international survey witness a decline in measured competencies and achievements across the countries taking part in their programmes during the last decade. Saudi Arabia fares poorly in PISA rankings, despite recent improvements, especially for females, and significant investments in education (8% of GDP). The country still faces challenges, including low enrolment rates in early childhood education (the period of acquisition of foundational skills) and in vocational education (one way to get into the labour market and to upskill quickly). Despite dissatisfaction with the education system, enrolment in universities is rising. Enrolment in STEM fields has however seen little growth. While alternative forms of training are increasingly popular, Côté stressed the need for a framework for accreditation to validate their quality and relevance.

Dr. Mehmet Ali Soytas

Dr. Mehmet Soytas discussed the transformative impact of Saudi Arabia's labour market reforms on the profiles of Saudi and foreign workers. Saudi Arabia's Vision 2030 aims to diversify the economy and reduce dependence on oil by fostering a knowledge-based economy. He emphasized the increasing participation of Saudi nationals in high-skilled roles, particularly women, whose workforce participation rose from 20% in 2018 to 36% by 2024. The presentation also highlighted that reforms have led to a younger workforce, which has positive implications for training and adapting to new technologies. Despite efforts to reduce dependency on foreign workers, the demand for high-skilled foreign talent remains due to economic growth and sectoral developments. Soytas highlighted the importance of fostering a knowledge-based economy driven by sectors like renewable energy, healthcare, and ICT. While acknowledging the progress made, he emphasized the need to attract highly skilled migrants to complement local talent, particularly in competitive fields like AI and cybersecurity. Soytas also stressed the importance of innovation hubs and streamlined visa processes to attract global talent amidst fierce competition.

Mr. Badr Al Sharif

Mr. Badr Al Sharif provided a critical overview of Saudi Arabia's migration policies and their evolution under Vision 2030. He described the system as historically open, driven primarily by private-sector demand with the government playing a predominately operational role. Recent reforms, including the Nitaqat Saudization programme, professional accreditation for migrant workers, and the premium residency programme, have sought to regulate migration flows while enhancing the quality, efficiency, and sustainability of labor market dynamics. Al Sharif discussed how the long-standing migration policy has led to some adverse effects such as rising unemployment among Saudis, which prompted the government to implement aggressive nationalization measures, often at a cost to the private sector. Additionally, the oversupply of low-wage and low-skilled foreign workers has suppressed wages, especially at the lower end, leading the government to set a minimum wage. Continued reliance on low-wage and low-skilled foreign workers has contributed to the stagnant labour productivity levels, resulting in unsustainable economic growth that is driven primarily by employment expansion rather than productivity gains. He advocated several policy reforms. These include balancing employer-led and government-driven migration models, regulating low-skilled migration, promoting higher-skilled migration, aligning migration with sectoral strategies, and focusing on long-term human capital development.

Mr. Justin Alexander

Mr. Justin Alexander opened his presentation by drawing parallels between Saudi Arabia's Vision 2030 and the economic boom of the 1970s, emphasizing the historical reliance on migrant labour to support development. He highlighted the growing need for specialized skills to fulfil the Vision 2030 agenda, such as manufacturing electric vehicles, AI, and large-scale infrastructure projects like NEOM. Data from global indices demonstrated Saudi Arabia's progress in attracting talent, ranking second in the Gulf after the UAE. Alexander also noted strong employment growth among both migrants and Saudi nationals, with the former concentrated in highly skilled and elementary roles. While retention rates of migrants were high, he stressed the importance of improving quality-of-life indicators and addressing systemic challenges like the expat levy to sustain Saudi Arabia's competitiveness.

Mr. Froilan Malit, Jr.

Mr. Froilan Malit, Jr. conducted a comparative analysis of the intra-Gulf competition in attracting and retaining high-skilled migrants in Saudi Arabia and other Gulf countries. Of all the Gulf countries, the United Arab Emirates (UAE) has historically emerged as a pioneer in significant labour mobility reforms for high-skilled migrants, citing the initial kafala-related reforms about ministerial decrees 764, 765, and 766 in 2016. However, Saudi only introduced major kafala sponsorship reforms in 2021 under the Labor Market Initiative, thus mirroring various developmental stages of attracting highly skilled labour migration. Regarding the notion of 'highly skilled migrant,' some degree of exclusion is in place. While the Saudi premium residency program allowed special categories of high-skilled professionals to apply, key financial requirements, including a SAR 35,000 monthly income, preclude most high-skilled migrants, particularly those of non-Western nationalities. This is similar to the UAE's Golden Visa, which requires high-skilled migrants to earn at least AED 30,000, preventing them from accessing long-term Golden Visa pathways. Therefore, there is an implicit degree of nationality-based exclusion because most non-Western passport holders tend not to benefit from such schemes, hence triggering many to consider migration to other higher-income destinations in search of 'greener pastures.'

Key Takeaways
•	Policy Reforms: Saudi Arabia has made significant strides in labour policy reforms, including Saudization, premium residency programs, and streamlined visa processes. However, structural challenges such as productivity stagnation and educational mismatches persist.
•	Global Competition: The Kingdom must enhance its attractiveness by improving quality of life, fostering innovation hubs, and addressing systemic barriers like wage disparities.
•	Inclusion: Migration policies should focus not only on elite professionals but also on middle-class skilled workers to ensure sustainable human capital development.
•	Retention: High retention rates must translate into enhanced productivity and continuity to maximize the benefits of migration.

Questions from / Interventions by the Audience

Members of the audience discussed several points, including:
•	The impact of the professional accreditation programme implemented in Egypt on labour costs and workers' remuneration in Saudi Arabia;
•	The sustainability of the government's investments in economic transition and mega projects to attract highly skilled workers;
•	Cultural biases in defining education targets by age;
•	Quality and sustainability of jobs created for Saudis under *Nitaqat* and the need for better controlling the skills of foreign workers;
•	Nationals' perception of the influx of high skilled expats and implications on Saudi migration policies;
•	Potential for retention of expats' income in Saudi Arabia, given the lack of interest rates in Saudi banks and the attraction of spending in Dubai;
•	Impact of migration policies on attracting and retaining highly skilled migrants and the role of Diversity, Equity, and Inclusion (DEI) initiatives in securing the best skills, including delinking pay to passport (for non-nationals) and creating enabling conditions for female migrants;
•	Lack of data disaggregated by migrants' citizenship and regarding intra-GCC mobility;

- Comparison of migration policies between Gulf countries; and how to reverse the perception of the Gulf as a "stepping stone" to further destinations leading to migrants' limited financial and social investments in the host country.

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