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Conflict, Demographic Change, and Labor Restructuring in the GCC: Possible Effects of the 2026 War on Iran

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The war on Iran launched by the US and Israel on February 28, 2026, could have major consequences for GCC economies and migration systems, not only through direct security risks but also through the economic restructuring that conflicts tend to accelerate. Because Gulf economies remain deeply dependent on migrant labor, any prolonged regional war could affect output, investment, logistics, construction, tourism, and public spending, with knock-on effects to the size, composition, and mobility of migrant populations. At the same time, as of the time of writing on March 19, 2026, there are no systematic data or scientific evidence on actual layoffs, departures, or repatriations of migrants and their families generated by such a wartime scenario, so the argument here is necessarily prospective and relies on hypotheses. Moreover, it is too early to know how the conflict will unfold or what the dimensions of its impact on the GCC countries will be. The best way to assess likely outcomes is therefore to reason from earlier Gulf crises, especially the 1990–91 Gulf crisis and the COVID-19 shock, both of which produced substantial reordering of migrant labor markets and cross-border movements.

The central argument of this paper is that the war on Iran is unlikely to result in a simple regional decline in migration. Rather, it could generate selective demographic and labor restructuring: some sectors, such as tourism, air transport, and logistics, may contract or undergo restructuring, while others would expand or be protected; some migrants would leave, others would be immobilized or made more precarious, and others would be recruited into strategic sectors. The most important effects of the war on Iran would likely concern the mobility patterns and composition of migrant populations as well as the attractiveness and retention power of Gulf states for migrants, rather than their overall size alone. [Earlier crises](#) in the Gulf suggest that insecurity tends to destabilize migration systems, making them more [unequal](#), more security-sensitive, and increasingly differentiated across states and sectors.

Economic Shock and Sectoral Labor Restructuring

The first likely consequence of the war on Iran would be economic disruptions across the GCC. Even if oil and gas prices rise and improve export revenues for some states, higher hydrocarbon income will not automatically stabilize labor markets. Conflict in or around the Gulf has already begun to disrupt shipping, raise insurance costs, and depress tourism, aviation, and likely, real estate value in key destinations such as Dubai. The conflict and its aftermath could delay projects and redirect a larger share of public expenditure toward security and defense. The overall impact would vary by country depending on fiscal policies, diversification, and exposure to affected transport and trade corridors. This pattern is consistent with broader scholarship on Gulf migration and crisis, which emphasizes that shocks do not affect all GCC states [equally](#).

In the long run, these macroeconomic pressures may produce a sectoral redistribution of labor demand. Sectors heavily exposed to confidence and mobility, such as tourism, hospitality, retail, aviation, and real estate, would likely be hit first. Gulf countries' [aviation hubs](#), primarily in the UAE and Qatar, could be impacted. Construction and infrastructure development could also slow if supply chains, financing, or investor confidence are disrupted, and large governmental projects



may be postponed. Since these sectors employ very large numbers of low- and mid-wage migrants, job losses would likely be concentrated there. By contrast, energy operations, infrastructure repair, logistics, food supply, healthcare, digital security, and defense-linked services could become more strategically important and therefore maintain or increase labor demand.

The likely result would not be a simple collapse of migrant employment, but a sharper hierarchy between labor deemed “strategic” and labor treated as expendable. The [COVID-19 crisis](#) already showed that Gulf shocks often combine contraction in consumer-facing sectors with continued demand in essential infrastructure and logistics.

Mobility, Return, and Involuntary Immobility

A protracted war on Iran could also reshape mobility patterns. Some migrants would likely engage in return migration, especially those who lose jobs or fear escalation. Highly skilled expatriates with internationally portable credentials would be the most capable of secondary, onward migration to other countries in the Global North, as explored in a [recent project](#) by the Gulf Labor Markets, Migration and Population (GLMM) Program.

However, earlier Gulf crises suggest that deteriorating conditions do not always produce a straightforward exit. Many migrants may instead experience involuntary immobility because of debt, unpaid wages, visa dependency, lack of travel documents, or the inability to finance their return. Some migrants could remain under worsening conditions also because Gulf labor regimes do not permit autonomous mobility for all categories of workers. Research on COVID-19 in this context reveals that the Gulf repeatedly saw a combination of forced departure, strandedness, and inability to move, especially among lower-income workers. The war on Iran would thus likely generate both departure and containment, and a probable outcome would be more unequal mobility, which has [precedent in earlier Gulf crises](#).

In the current context, there is no sign that deportations and selected rehiring may target specific nationalities, unlike during the 1990–91 Gulf crisis.¹ Large-scale repatriation operations by origin countries, such as the Vande Bharat Mission launched by India in May 2020 in the wake of the COVID-19 pandemic, have not been publicly envisaged and may be compromised by closures of airspace in the region, restrictions on the number of flights, and skyrocketing prices for [air travel](#). In the current crisis, some Gulf states have already assisted stranded tourists as well as small numbers of [foreign residents](#) to return to their home countries.

Effects on the Composition of Migrant Populations

In the short term, a war scenario could reduce the number of migrants in at least some GCC states through layoffs, non-renewal of contracts, business closures, and voluntary departures by migrants who deem the region too unsafe. However, the decline would probably be uneven rather than generalized. Earlier crises show that migrant populations in the Gulf tend to be adjusted selectively: workers concentrated in sectors hardest hit by crisis are disproportionately [affected](#),

¹ Kapiszewski, Andrzej. “Arab Versus Asian Migrant Workers in the GCC Countries,” UN Expert Group Meeting May 15-17, 2006.



while migrants in essential activities linked to health, cleaning, food production, and supply chains are more likely to be retained or prioritized.

The more significant effect may therefore be on composition rather than aggregate size. One likely shift would be by skill level. Low-wage workers in construction, domestic service, hospitality, and services would be especially vulnerable to layoffs, wage theft, document problems, and falling into irregular administrative situations if employers withdrew support. By contrast, healthcare workers, engineers, logistics specialists, cybersecurity professionals, and energy-sector technicians could become more valuable under wartime conditions. During [COVID-19](#), the Gulf's dependence on foreign labor did not disappear; instead, vulnerability became more sharply differentiated, with many low-wage workers stranded or dismissed while strategic sectors were maintained.

Relative Attractiveness, Recruitment Geography, and Retention

The security environment created by the war on Iran could reduce the GCC's overall attractiveness to some migrants, but not uniformly. Gulf states are not equally exposed to military risk, and migrants compare destinations in terms of safety, wages, contract enforcement, schooling, family life, and evacuation possibilities. [Fiscal policies](#) are a very important incentive to come to the Gulf states, but some wealthy foreign investors and professionals in search of security may find the Gulf states less attractive. The insecurity generated by the conflict may indeed have more [remote ripple effects](#). The likely result could be a stronger intra-GCC hierarchy of attractiveness, rather than a simple regional collapse in labor inflows. Migrants might continue to move to states perceived as safer, richer, or more institutionally resilient, even if they avoid others.

Such divergence could alter recruitment geography. If some origin-country workers become reluctant to move to particular Gulf destinations, employers may recruit from alternative labor pools or offer different contractual terms. Earlier crises show that nationality mixes can shift sharply under political pressure. The 1990–91 crisis, followed by the growing substitution of Arab workers by South Asian workers in several GCC labor markets, is the clearest precedent.²

Retention patterns would likely change as well. Employers seeking to keep skilled staff in a less stable security environment may need to offer better wages, stronger protections, family support, or clearer evacuation guarantees. Without such measures, middle-class expatriates and highly skilled professionals may be less likely to immigrate with their families or envisage a long-term stay. The result could be a more polarized migrant landscape: fewer family-based or long-horizon expatriate trajectories, but more precarious long-duration “temporary” residence among workers with limited mobility. COVID-19 has already revealed the [asymmetry of situations](#) among migrants in the Gulf.

Conclusion

The war on Iran would likely reshape GCC economies and labor markets through security shocks, sectoral redistribution, and changing state priorities. Because the Gulf remains structurally

² Kapiszewski, 2006.



dependent on migrant labor, the result of the war on Iran would probably not be the end of migration to the region, but its re-stratification. Some sectors would contract, others would remain essential, and migrant populations would be reconfigured by skill, nationality, legal status, and mobility capacity. Earlier crises strongly suggest that conflict in the Gulf produces selective departures, strategic retention, organized repatriation by some origin states, and changes in recruitment geography rather than uniform collapse. Over the medium to long term, the most plausible outcome is therefore a more fragmented, unequal, and security-driven migration order across the GCC.

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