**Temporary labour migration to United Arab Emirates: A complex story**

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**Abstract:**

In this study, we take a point of departure in two recently available large quantitative sources of data from the United Arab Emirates (UAE) in order to analyse social and economic aspects of temporary labour migration to the country. We attempt to present a nuanced and broad-scale description of social and economic situation of labour immigrants in the UAE. The results paint a rather complex picture. On one hand, immigrant workers are often low-paid and harshly treated, on the other there are opportunities for economic advancement for many of them. We conclude that, although far from being a neo-liberal utopia, the UAE does provide better opportunities for millions of immigrants. Life in the country is harsh for many of immigrants but it is less harsh than the alternatives they have in home countries. Regarding the UAE citizens, they surely are or will be facing economic challenges due to massive immigration, but the country has experienced the levels of economic development that would be unimaginable without a large-scale immigration. Thus, the immigration experience of the UAE has so far largely been a win-win situation, for both natives and immigrants.

Keywords: IMMIGRANTS, UAE, WAGES, OCCUPATIONS

Oil-Rich countries of the Persian Gulf are one of the major destinations for labour immigration in the world. The six states that comprise the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) have the largest proportion of migrant workers in the world and the region comprises the third largest destination for global migrants, only overtaken by North America and Western Europe (Shah and Fargues, 2011). It is estimated that in 2008 there have been around 17 million foreign workers in the Gulf Cooperation Council (GCC) countries.[[1]](#footnote-1) These workers are remitting large sums of money to their countries of origin—a conservative estimate that includes only registered transfers in year 2010 sets the remittances to 72 billion US$ (Naufal and Genc, 2012: 80).

Taking in consideration sheer size and economic importance of labour migration to the region, it is fair to say that social and economic aspects of this migration remain academically under-researched. There is in particular lack of studies based on large-scale quantitative data sources. One of the main reasons for the paucity of the quantitative-based research has been persistent lack of quantitative data that are of at least reasonably high quality (cf. Arnold and Shah, 1984; Baldwin-Edwards, 2011). The availability and quality of the data has been improving in recent years (Baldwin-Edwards, 2011) and in this study we shall take a point of departure in two recently available sources of data from the United Arab Emirates (UAE) in order to analyse social and economic aspects of temporary labour migration to the country. The first of the two data sources we shall use is UAE Labour Force Survey conducted in 2008, while the second source are data retrieved in 2010 from UAE Ministry of Labour’s Wage Protection System and Administrative Database (WPS). Our sources of data provide some unique opportunities, but also have their limitations. We shall provide thorough description of the data further in the text.

The primary aim of this study is to present a more nuanced and broader-scale description of social and economic situation of labour immigrants in the UAE than what has commonly been the case in the existing, mainly small-scale qualitative studies. Our secondary objective is to discuss and analyse the aspects of labour immigration in the UAE that might be of relevance for current debates about possibilities to reintroduce the schemes of temporarily labour migration (TLI) from developing countries into Western countries (e.g., Castles, 2006; Ruhs, 2006; Dauvergne and Marsdeg, 2014). While there clearly are large social, political and economic differences between the UAE and western countries, and a simple transfer of parts the UAE immigration policies to the West is hardly possible, we would nevertheless argue that there are valuable lessons to be learned from the UAE immigration experience.

In what follows we outline the current socio-economic position of immigrants in the UAE and present some relevant previous research. Thereafter we present our main sources of data and use these for descriptive analysis and discussion of current trends in the UAE. Finally, we summarize the results and briefly discuss relevance of our findings for possible TLI programmes in Western Europe.

**Socio-economic aspects of immigration in the UAE**

In many ways, the mass-immigration of the temporary foreign workers in the UAE is a gigantic social experiment. As a result of decades of labour immigration, about 99 percent of private-sector jobs in the country are held by foreigners. The UAE nationals prefer to work in better payed and more secure public-sector jobs. Nevertheless, data from 2009 indicated that UAE nationals held less than 10 per cent of government jobs in the country, excluding defence (UAE Ministry of Culture, 2009). The UAE demographic data are not released to the public, but recent estimates set the population of the country to around 9 million, with non-nationals comprising about 90 per cent of the total population (De Bel-Air, 2015; United Nations, 2016). While clearly a part of the GCC labour immigration model characterized by large proportion of foreign-born workers (Shah, 2012), the UAE is perhaps the most extreme example of it. The country with a native population of about a million has an immigrant population that is only slightly lower than the immigrant population in Saudi Arabia, a country with a citizen population of more than 20 million.[[2]](#footnote-2) Thus, when it comes to economic life, the UAE is literally a country of immigrants. Immigrants hold majority of jobs in almost all sectors of economy and are numerically dominant in both low-, medium-, and high-skilled occupations. In addition, the immigrant population of the UAE is highly diverse with regard to national origins of immigrants, with largest groups coming from South Asian countries and non-GCC Arab countries (Tong and Al Awad, 2014; Valenta and Jakobsen 2016). The national origins of immigrants often correlate with their skill composition and their placement in formal and informal social hierarchies, interacting to produce highly stratified ethno-class structure. While the UAE is among the wealthiest countries in the world, it is also characterized by extremely high economic differences within its (mainly immigrant) population (Tong and Al Awad, 2014). Large groups of immigrants in unskilled occupations have jobs characterized by low wages and harsh working conditions.

Both academic research and media accounts have often focused on the negative aspects of the GCC labour migration system. A large category of academic studies employs qualitative and ethnographic research techniques to analyse negative consequences of the temporary, sponsorship-based migration system and describe the context of divided and uncaring Gulf societies, that often results in exploitation of labour migrants (e.g., Gardner 2011, 2012; Buckley 2013; Sater 2013). Majority of research in this category focuses on most marginalized segments of migrant populations. For example, Gardner (2011) focuses on multiple exploitation, abuses and marginalization that the South-East Asian migrants experience in the Persian Gulf. Kathiravelu (2012) discuses network of solidarity among working class migrants, and Mahdavi (2012) portraits the difficult situation of migrant sex workers in UAE and the difficult situation of irregular migrants in Dubai. Studies also indicate that women employed as housemaids also are more often exposed to exploitation and different kinds of abuse from employers than most other categories of labour migrants (Mahdavi 2012; Kathiravelu 2012). In sum, these studies portrait migrants in UAE as marginalized, exploited and often abused by employers and recruitment agencies. Media accounts are also often uniformly negative, for example in articles with titles like: “Conditions for Abu Dhabi's migrant workers 'shame the west' ” (The Guardian, 2013), or “The States of Forced Labor” (The New York Times, 2016).

In addition to studies and media accounts with strongly negative focus, there is also a smaller category of academic studies that present more complex and less negative accounts. A survey of Nepali migrants in GCC countries by Nathalie Williams and her colleges (Williams et al 2012), together with Seshan’s (2012) survey on migrants in Qatar provide findings on migrants’ income, savings and remittances which may nuance some of the arguments provided in ethnographic studies. Among other things, these studies indicate that many labour migrants have fairly long duration of stay in the receiving country and manage to save and send home considerably higher amounts of money than what could be expected based on the findings from the several of the above-mentioned ethnographic studies (Al Awad 2010; Seshan 2012). In our study we also attempt to use our data sources to provide a more nuanced and balanced descriptions, not forgetting the large groups of immigrants having harsh economic and living conditions but also focusing on the strata of immigrant population that are economically and socially better off. Our quantitative sources of data are presented below.

**Sources of data**

Our primary source of data is the UAE Labour Force Survey conducted in 2008. The survey is conducted on a stratified cluster random sample of households in the UAE. The population studied consisted of a part of the population of UAE comprizing of citizens and non-citizens residing in households, where the household is defined as one or more individuals who share the home and one or more of the living arrangements. The individuals living in the labour camps were not included in the survey. The households, called “families” in the documentation describing sampling frame for the survey are divided into three types: 1) “Individual local family”—i.e. households consisting of citizens of UAE; 2) “Individual non-local family”—households consisting of immigrant families, and 3) “Group families”—these “families” are as a rule consisting of groups of immigrants sharing home, and usually having no family links and being of same gender. Geographical stratification has been applied, so that a sample was drown from all seven of emirates that constitute the UAE, and distinguishing between “urban and “rural” areas of an emirate. This resulted in 14 larger geographical sampling areas that were further divided into 3989 primary sampling units. The total sample size is 55 500 individuals.

There are two major sources of discrepancies between the sample and the population of the UAE that are relevant for our purposes. The first is exclusion of individuals residing in the labour camps. This is highly problematic for our analyses, as it is reasonable to assume that these individuals occupy the lowest ladders in the socio-economic stratification of the UAE. In other words, we are analysing a skewed sample and this is clearly stated in our discussion of the results. The second major source of discrepancies is disproportional sampling of the national groups. In particular, the UAE nationals were oversampled, 37% of the sample consists of citizens of the country while the estimated proportion of the citizens in population is between 10 and 20 percent. The over/undersampling of the national groups is less of a problem for our purposes as majority of our analyses are broken down to national level.

The second major source of data we use are data retrieved in 2010 from UAE Ministry of Labour’s Wage Protection System and Administrative Database (WPS). WPS is an electronic salary transfer system that obliges private businesses to pay workers’ wages via banks and financial institutions approved and authorized to provide the service. The system was developed by the Central Bank of the UAE to create a database that records wage payments in the private sector to “guarantee the timely and full payment of agreed-upon wages” (UAE Ministry of Labour, 2015). In other words, the system has been developed primarily in order to curb pay delays and frauds, but it allows us to analyse far more comprehensive and reliable data on wages in the UAE than what ordinarily has been the case. The dataset we use was retrieved from WPS in March 2010 and it contains information about 1.7 million private sector workers, including their age, gender, nationality, education and skill level. This data set includes workers who live in labour camps and those who live outside the camps.

Regarding discrepancies between our sample and the population (all private-sector workers in the UAE), excluded from the WPS are domestic household workers (servants and maids) and workers in economic free zones. Out sample is somewhat biased toward medium and large enterprises, as many small firms had not joined WPS when the data were retrieved. For purposes of firm-level analyses conducted before the data were made available to us, all micro businesses with less than 10 employees were excluded from our sample. That has not reduced the number of individuals it the sample noteworthy, the sample size was reduced from 1,765,650 to 1,751,637 or around 0.7 percent. Our sample is probably slightly skewed toward positive side of wage distribution and lack of data for lowly-payed domestic worker sector[[3]](#footnote-3) is problematic regarding discussion of socio-economic position of female workers, but we would nevertheless claim that the sample provides reasonably accurate information about private-sector labour force in the year 2010.

**Descriptive analyses: Wages, occupation structure and length of stay of temporary labour migrants in the UAE**

**Wages**

While the UAE is economically highly developed country, a large portion of its immigrant labour force consists of individuals working in low-skilled occupations characterized by low wages and harsh working conditions. Data from the WPS database show that around 77 percent of workers in private sector worked in occupations classified as unskilled. The median monthly contract wage for workers in unskilled occupations was only 750 AED (about 200 US$), while the mean wage was somewhat higher, 1 108 AED (or about 300 US$)[[4]](#footnote-4) per month. Interestingly, wages actually payed to workers in unskilled occupations were usually much higher than contract wages. Median actual wage was 1 240 AED, while mean actual wage was 2 000 AED (about 340 and 540 US$, respectively).

Two noteworthy features emerge from the wage information above: First, contract wages do not seem to be high, even by developing world standards. Median wage of 200 US dollars per month means that large numbers of unskilled workers actually had contract wages lower than 200 US$. This reflects weak bargaining position of immigrant workers, their economic prospects in their home countries are so bad that they are willing to accept fairly unfavourable contracts in the UAE. The second interesting feature concerns the much higher actual wages than the contract wages. The actual median wage is almost 70 per cent higher than the contract wage, while the actual mean wage is almost twice as high as the contract one. The reasons for the discrepancy between the actual and contract wages are complex, Tong and Al Awad (2014) mention pay rises and additional compensations such as bonuses and overtime pay as some of the reasons. However, for our purposes the most interesting aspect is the direction of the discrepancy: actual wages are higher than the contract ones. This contradicts the expectation about lower actual wages one can get from the reports about exploitation of workers and employers’ disrespect for the terms of work contracts. To be sure, frauds and delays of payments are abundant, the WPS system that is our source of data is constructed in order to restrain them, but frauds and underpayment are simply not the dominant feature of the economic system. One might argue that there is little need for the employers to cheat on contracts; immigrant workers are often so desperate that they are willing to accept very low wages indeed

The scope of inequalities can be illustrated by wage distribution in our WPS dataset: Median contract wages for semi-skilled occupations were AED 3100, i.e. about four times higher than median contract wages for unskilled occupations. Median contract wage for professionals was about AED 6 500, about 9 times higher than corresponding wage for the unskilled occupations, while median contract wage for managers was about 22 times higher (corresponding to about 16 800 AED). The real wages were generally much higher than the contract wages across the occupational spectrum. Using actual monthly wages from the same WPS dataset, Tong and Al Awad (2014: 65) calculated Gini coefficient equalling 0.62, a very high value indeed, corresponding to values found in countries like South Africa in early 2000’s or Haiti in 2006-2010 period (The World Bank, 2016).

Huge economic inequalities in the UAE are mainly a result of unusually large wage disparities across occupations. Individuals working in low-skilled occupations are offered very low wages, attracting primarily workers from the poorest regions of South and South-East Asia (Naufal and Genc, 2012; Oommen, 2015). However, wages for semi-skilled and skilled occupations are much higher. Since workers from different countries have different skill compositions, there are systematic and large economic differences between national groups of foreign workers. These economic differences combine with the differences in social status and privileges and result in hierarchical structure that has both economic and social aspects, akin to “ethno-classes”. Both media accounts and academic research often focuses on extremes of the socioeconomic distribution, depicting underprivileged South Asian unskilled workers at the one end and wealthy and privileged OECD expatriate workers at the other (e.g., Kanna, 2007; Sonmez et al., 2011). However, the actual hierarchical structure of national groups of foreign workers in the UAE is much more complex. For example, OECD workers are in reality a fairly small group and highly educated personnel from developing countries has increasingly been joining ranks of professionals and managers in recent years (Tong and Al Awad, 2014).

**Wages, national origins and occupations**

One advantage of our 2008 LFS dataset is a possibility to break down relevant indicators by nationality and we shall use these data to present a more nuanced depiction of economic differences. One should bear in mind that the workers in labour camps are excluded, but the data are representative for large portions of the population. The labor force survey estimates the size of the private sector, excluding labor camps, at around 58%. If we compare this to an estimate of 81% for the total private sector, then our best estimate of the percentage of workers in labor camps is around 23% of the private sector. A brief description of the differences between immigrant workers living in labour camps (or “company accommodation”, as they are officially called) and those living in private accommodation is necessary to get a better understanding of the bias in the data. Large proportion of the unskilled workers, particularly those working in construction sector are offered an accommodation (and sometimes food) at labour camps upon migration to the UAE.[[5]](#footnote-5) After a while, some of the labourers move to private accommodation outside of labour camp. This gives them more freedom but also higher costs, as they have to pay for the accommodation themselves. To the best of our knowledge, there are no systematic studies of differences in wages between immigrant workers living in labour camps and those living in private accommodation but it is reasonable to expect that the latter earn more. For semi-skilled and skilled occupations, the LFS data are probably fairly nationally representative since small proportion of these workers lives in labour camps.

In Table 1 we present median and mean wage for 10 largest national groups of immigrants (according to UN 2013) as well as median and mean wage for UAE nationals.

TABLE 1 ABOUT HERE

First thing we can notice is that none of the national groups from OECD countries is among the ten largest immigrant groups. Although there is much media (and academic) focus on well-payed Western expats, they are but a small percentage of the UAE immigrant population. Large groups of immigrants mainly come from South Asia and Arab countries. Second, we can see that there are large disparities in average income between the national groups in the table. For example, if we compare the three neighbouring South Asian countries, Bangladesh, India and Pakistan, we see that Bangladeshi workers clearly are the ones with worst wages. Average wage is almost five times higher for Indians, and almost four times higher for Pakistanis. As we shall see, the reasons for this situation is high proportion of individuals with very low wages among Bangladeshi workers. Comparing Indian and Pakistani immigrants, we see that the former earn more but the differences are not as drastic as differences between Bangladeshi and the rest.

More general pattern that emerges from Table 1 is that immigrants from Arab countries tend to earn most, while the immigrants from South and South-East Asia earn considerably less. This is in accordance with the description of wage hierarchies in previous studies (e.g., Tong and Al Awad, 2014) However, note that differences within the clusters of Arab and South / South-Eastern countries are large. We have already described differences between the three South Asian countries, and we can see that the differences between nationals of Arab countries also are fairly large. The nationals of Jordan earn on average almost twice as much as nationals of Yemen and also considerably more than the nationals of Egypt. Finally, one can notice that immigrants from Indonesia have clearly the worst wages, compared with the other groups in the Table 1. As we shall see, the reason for this is that Indonesians in the UAE are almost exclusively females working as domestics workers (maids, housekeepers, etc.). Indonesians have lower median wage then the other immigrant groups partly because the wages of domestic workers as a rule are low and partly because this group is less positively selected in our data than the others, since lowest payed strata of Indonesians do not live in labour camps and are therefore not excluded from our LFS dataset.

More detailed overview of the wage distribution is presented in Table 2. Here, it can be useful to take a point of departure in UAE nationals. We see that about two third of them fall into the highest income category of more than 15 000 AED/month; more than 80 percent earn 10 000 AED or more, and practically none earn less than 4 000 AED. None of the immigrant group in the table has income distribution that is so favourable[[6]](#footnote-6), but we can see that some of Arab groups have income distributions that are not very different from the UEA one. Fairly large proportions of immigrants from Jordan and Sudan earn more than 10 000 AED per month and few individuals from these two groups earn less than 4 000 AED. On the other end of the income distribution, majorities of immigrants from Bangladesh, Indonesia and Sri Lanka earned less than 1 000 AED (and we bear in mind that this is positively skewed sample), while practically none of the immigrants from Bangladesh and Indonesia earned more 4 000 AED per month. In addition, immigrants tend to remit large portions of their income back to family in home country (cf. Mahmud, 2016), so their standard of living in the UAE tends to be very modest indeed.

We can see how extreme differences between the immigrant groups in the UAE are, even when we exclude Western countries—there is very little overlap in income distribution between immigrants from Jordan and Sudan on one side and Bangladesh, Sri Lanka and Indonesia on the other. However, this polarisation that fits popular images of UAE economy is not a rule without exceptions. Immigrants from India and Egypt, and even Pakistan to some degree, have much more even income distribution, with fairly large proportions of workers in both low, middle and high income categories. This illustrates the complexity and possibilities inherent in the developed and open economy of the UAE—apart from the huge, labour intensive construction sector there is also a large and booming service sector with much more varied occupational demands. Since immigrants dominate practically all of the sectors of the UAE economy, it goes without saying that non-negligible parts of immigrant population work in occupations with much more favourable wages and working conditions than the ones found in the low-skilled occupations that are currently most prominent in the UAE economy.

In addition, and this is very important point, also those immigrants that have low income (and often also associate harsh working conditions) are as a rule economically much better off than they would be in their home countries. This is not so due to generous wages in the UAE, but due to very limited economic prospects for unskilled workers in large parts of South and South-Eastern Asia. Thus, in discussing economic situation of these workers one needs to focus on both on how modest these wages are, relative to other parts of the population in the UAE, and on how high these wages are, compared to wages these workers would have in their home countries. Only such discussion does justice to inherent complexity of the economic (and social) position of lower strata of the UAE immigrant population. Their wages are low and working and living conditions are harsh, and yet they often try to stay in the UAE as long as possible and to bring over their friends and relatives too.

TABLE 2 ABOUT HERE

The national differences in wages are to some degree a result of the different distribution of national groups of immigrants across the sectors of economy. In Table 3, we present the distribution of the ten largest groups across the sectors of economy. The categories used in the table are somewhat unsatisfactory as majorities or large portions of the national groups in the sample work in other sectors than the ones listed, but the table will suffice to illustrate couple of important points regarding private-sector employment. We first look at sectors “construction” and “domestic workers”, both of which are generally characterized by low wages. We notice that there are large portions of immigrant groups working in the construction, but not as large as one would expect, given that the construction is a huge sector of UAE economy. As mentioned, this is so because large portion of construction workers live in labour camps and are thus excluded from our LFS sample. In contrast, we do have practically all of the domestic workers included in the sampling frame, but here we notice large differences between the national groups regarding the proportions of domestic workers. Practically all of the immigrants from Indonesia and about half of those from Sri Lanka and the Philippines are domestic workers. On the other hand, proportions of immigrants in this sector from the other groups included in the table are small to negligible. Thus, there is an interesting interplay between national origin and gender in the UAE labour market, vast majorities of females working as domestic workers are recruited from a couple of national groups, while immigrants from the other large groups are mainly male and are as a rule less concentrated in only one sector of the economy.

TABLE 3 ABOUT HERE

Turning to trade and hospitality, those are typical service-sector industries characterized, as we shall see, by higher wage diversity and perhaps better opportunities for advancement than construction and domestic worker sectors. We notice that trade is much larger sector than the hospitality and that immigrants from India are the group with highest proportion of individuals employed in trade, around 20 per cent. Also immigrants from Pakistan, Bangladesh, Philippines and Jordan have non-negligible proportions of trade-sector employees, around 10 per cent. The proportion of employees in hospitality sector are as a rule not large, but this is an interesting sector of the UAE economy, probably bound to grow in importance as a result of the country’s emphasis on tourism. It is also a sector characterized by diversity of occupations with differing working conditions and wage-levels. The rest of the sectors will be commented on in conjunction with the distribution of the wages across occupational sectors that is presented in Table 4.

TABLE 4 ABOUT HERE

The importance of the distribution across the occupational sectors becomes clear when we analyse wage distribution within the sectors. Starting with the construction sector, the proportions of workers within the different wage categories seem to be fairly evenly distributed, but this is to a large degree a consequence of the censored sample as vast masses of lowly payed construction workers living in the labour camps are excluded. Nevertheless, the data illustrate an often-overlooked feature of the construction sector—there are large numbers of skilled and fairly well-payed occupations within the sector. These skilled occupations are not entirely the domain of Western expats, note that none of the ten immigrant groups in our sample is Western. The occupational sectors characterised by low wages are agriculture and, particularly, domestic work. Agriculture is a small part of the UAE economy, and given climatic limitations it is hardly likely it will grow strongly in the future. On the other hand, domestic work sector is already large and will probably grow further in the future, not only in the UAE but in many other economically developed countries. We can see that the wages in this sector are very low indeed, this probably reflects especially weak bargaining position of female migrant workers.

Industry and mining are two sectors characterized by much more favourable wage distribution. We see that wages in industrial sector are distributed fairly evenly across wage categories. The UAE in general, and the emirate of Dubai in particular have made attempts to develop non-oil industrial production as a part of broader strategy to diversify the economy. If these attempts are successful, this would probably reduce the extremely skewed wage distribution in the country as industrial sector in the UAE tends to have higher proportion of better-paying occupations than the construction sector. Regarding mining sector, in the UAE context this mainly means oil and natural gas production. Not surprisingly, this is the sector generally characterized by very high wages but relatively low number of workers.

The two classical service-sector occupational segments, trade and hospitality, are perhaps the two most interesting ones with regard to possible future changes in the wage structure of migrant workers in the UAE. We see that trade has very small proportion of wages in the lowest wage category. This probably reflects the inherent skill demands in the trade sector—at the very least the workers need to possess language skills (usually in English) and basic knowledge of cultural codes in the UAE. This excludes the large masses of unskilled workers shipped to work in construction sector from the pool of potential workers in trade sector, at least in the first years after their arrival in the UAE. The bulk of the occupations in the trade sector is found in the middle categories of wage distribution, reflecting the absence of need for very high skills for “on-the-floor” salespersons. Compared with the trade sector, the wage distribution in the hospitality is slightly more skewed toward the lower end. Again, relatively few workers are to be found in the lowest wage category, reflecting scarcity of occupations with very low skill demands. However, the modal category of hospitality sector wage distribution is the second-lowest one, indicating that large proportion of the occupation in the sector has relatively low skill demands. This is partly a result of the structural characteristics of the hospitality sector, but also reflects easy access to cheap, low-skilled labour force in the UAE. Even a casual visitor may notice seemingly overstuffed hotels, restaurants, public beaches, etc.

The important question with regard to changes in wage distribution among immigrant workers in the UAE is whether the larger share of the occupations in the future will be in the service sector. The current, extremely skewed wage distribution is to a large part a result of predominance of the construction sector. If the construction boom slows down a bit, it is reasonable to expect that service sector will gain importance with regard to proportion of jobs available, as the situation is in many other economically developed countries. This would almost certainly reduce the proportion of occupation with very low wages. In addition, it would open more possibilities to female workers since service sector is less dominated by typically male occupations. On the other hand, the relative decline of the prominence of the construction sector would probably reduce the numbers of immigrants arriving in the UAE. While this may be the desirable outcome to the native population, it would further reduce the possibilities for social mobility of vast masses of unskilled workers in developing countries.

**Summary and discussion**

The picture that emerges from our results is a rather complex one. On one hand, immigrant workers are often low-payed and harshly treated, on the other there are opportunities for economic advancement for many of them and even those at the bottom of socio-economic distribution are often better off than they would be without migrating. One of the most interesting findings is that the actual wages were significantly higher than contractual ones. Superficially looking, this is surprizing given many accounts of fraud and underpayment of workers. However, there is a simple explanation for this finding. The economy of the UAE is basically a capitalist one and wage increases are used as a work incitement, broadly speaking. Given that immigrant workers often are willing to accept very low contractual wages, it is perhaps not so unusual that actual wages tend to end up being higher. As we mentioned, frauds and cheating on the contracts of workers are abundant, but they are simply not the dominant feature of the economic system. Employers in the UAE are often accused of exploitation of workers, and we tend to agree that there is widespread exploitation of workers in the country. However, important and perhaps dominant form of it is employers’ exploiting of immigrant workers’ weak bargaining position to offer them work contracts characterized by very low wages and harsh working conditions.

More generally, the situation of foreign workers in the UAE may be understood within two socio-economic frames: the local/national and global/international. In the local frame, the focus is on limited rights, absence of minimum wages legislation and ban on labour union organisation for immigrant workers. In such local frame, the foreign workers have very weak bargaining position as a result of national labour legislation and practices. However, the low wages and harsh working conditions of immigrant may be understood in wider, international frame as the workers’ weak bargaining position is partly a result of lack of alternatives for legal employment in other developed countries. Thus, Western criticisms of local work practices in the GCC countries, although often well-intentioned, are also hypocritical—one criticizes national employment relations that are to a fairly large degree a result of international economic imbalances that would be less drastic if Western countries offered at least modest possibilities for legal employment of low-skilled workers. More generally, the most fitting narrative describing economic and social conditions of unskilled workers in the UAE is not the one emerging from media accounts about abuse and modern slavery in the labour relations (although unfortunately based on real and all-to-common occurrences), but the narrative of unrestricted capitalism with its associated enormous social and economic inequalities.

Regarding implications of the UAE immigration regime for possible temporary labour immigration programmes elsewhere, at the very least the UAE demonstrates that it is possible to have a reasonably well-functioning society with extremely large proportion of immigrants. Some of the features of the UAE economy, like almost complete absence of competition between native and foreign workers in the private sector are idiosyncratic to the UAE (and to similar, very resource-rich countries) and it is hard to imagine such rapid and massive influx of foreign workers into Western countries. However, one could open sectors of the economy to workers from developing countries. This would result in inflexible working arrangements resembling the much-criticized Kafala system in GCC countries, but it would provide more opportunities for unskilled workers from economically less developed countries[[7]](#footnote-7).

To summarize, while far from being a neo-liberal utopia, the UAE does provide better opportunities for millions of immigrants. Life in the UAE is harsh for many, or perhaps the majority of immigrants but it is arguably less harsh than the alternatives. Regarding the UAE citizens, they surely are or will be facing economic challenges due to massive immigration, but the country has experienced the levels of economic development that would be unimaginable without a large-scale immigration. Thus, the immigration experience of the UAE has so far largely been a win-win situation, for both natives and immigrants. If we consider the several decades of immigration in the UAE as a gigantic economic and social experiment, in many ways it has been a successful one. While its key features are not easily replicable elsewhere, it does give us indications that the current global migration regime, with its severe limitations on mobility of unskilled workers from developing countries, is not just ethically questionable but perhaps also economically and socially irrational.

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**Tables:**

**Table 1: Median and average total monthly income of the largest immigrant groups in UAE (AED)**

|  |  |  |
| --- | --- | --- |
| Nationality | Mean income | Median income |
|  |
| India | 6,961.7 | 4,000 |
| Bangladesh | 1,480.5 | 1,000 |
| Pakistan | 5,392.4 | 2,500 |
| Egypt | 8,329.2 | 5,000 |
| Philippines | 4,248 | 1,400 |
| Indonesia | 999.7 | 800 |
| Yemen | 7,100.2 | 5,475 |
| Sudan | 9,765.8 | 7,500 |
| Jordan | 13,125.1 | 9,100 |
| Sri Lanka | 3,255.6 | 1,000 |
| Reference (UAE) | 21,206.4 | 18,000 |  |

**Table 2:** **Average monthly wages of the largest immigrant groups in UAE (N/%)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Nationality | Wage (AED/M) | | | | | |
| less than 1000 | Between 1000 and 2000 | Between  2000-4000 | 4000-10000 | 10 000-15 000 | More than  15 000 |
| India | 11.8 | 23.3 | 18.1 | 28 | 9.9 | 8.9 |
| Bangladesh | 61.9 | 30.1 | 5.2 | 2.2 | 0.3 | 0.3 |
| Pakistan | 15.3 | 27.6 | 26.2 | 21.1 | 4.9 | 4.9 |
| Egypt | 2.4 | 21.3 | 18.9 | 36.2 | 13 | 8.2 |
| Philippines | 42.7 | 17.8 | 14.2 | 19.3 | 3.8 | 2.2 |
| Indonesia | 90.4 | 7.5 | 0.6 | 1.1 | 0.3 | 0.1 |
| Yemen | 0.5 | 7.1 | 28.8 | 52.2 | 6 | 5.4 |
| Sudan | 0.8 | 5.5 | 17.3 | 48.8 | 11.4 | 16.2 |
| Jordan | 0.2 | 1.9 | 12.1 | 46.6 | 17.8 | 21.4 |
| Sri Lanka | 61.8 | 10.5 | 8 | 11.1 | 2.5 | 6.1 |
| Reference (UAE) | 0.8 | 0.2 | 1.2 | 13.8 | 18.3 | 65.7 |

**Table 3: Occupations of of the largest immigrant groups in UAE (N/%)– for age 15 and above**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Nationality | Occupations (again, this is just proposal. You can propose better categories) | | | | | | | |
| Construction | Domestic workers | Hospitality | Industry | Mining | Agriculture | Trade | Other |
| India | 10.2 | 2.8 | 3.1 | 7.9 | 1.7 | 1.7 | 18.7 | 53.9 |
| Bangladesh | 20.8 | 12.4 | 1.4 | 8.7 | 0.1 | 16.2 | 8.5 | 31.9 |
| Pakistan | 10.6 | 1.0 | 1.5 | 5.1 | 0.9 | 8.2 | 10.3 | 62.4 |
| Egypt | 12.6 | 0.2 | 4.7 | 6.9 | 1.5 | 2.2 | 4.9 | 66.9 |
| Philippines | 5.9 | 45.9 | 4.6 | 5.3 | 1.1 | 0.2 | 10.7 | 26.4 |
| Indonesia | 0.1 | 92.5 | 0.1 | 0.3 | 0.2 | 0.0 | 0.2 | 6.6 |
| Yemen | 3.1 | 0.0 | 0.4 | 3.0 | 1.1 | 0.7 | 3.7 | 88.0 |
| Sudan | 4.4 | 0.2 | 1.0 | 3.8 | 1.2 | 0.8 | 4.6 | 83.9 |
| Jordan | 7.5 | 0.0 | 0.4 | 3.6 | 1.8 | 0.1 | 8.0 | 78.6 |
| Sri Lanka | 2.9 | 52.4 | 2.9 | 3.1 | 0.5 | 0.0 | 4.1 | 34.1 |
| Reference (UAE) | 0 | 0.2 | 0.0 | 0.7 | 1.2 | 0.2 | 0.6 | 96.9 |

**Table 4: Wage by occupation of ten largest migrant groups (N/%)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Wage (AED/M) | Occupations | | | | | | |
| Construction | Domestic workers | Hospitality | Industry | Mining | Agriculture | Trade |
| less than 1000 | 11.8 | 71.7 | 6.5 | 8.2 | 0.0 | 31.1 | 3.1 |
| Between 1000 and 2000 | 29.0 | 26.4 | 46.4 | 19.5 | 1.4 | 53.5 | 15.9 |
| 2000-4000 | 12.5 | 1.5 | 26.9 | 18.0 | 6.0 | 7.0 | 23.3 |
| 4 000-10 000 | 21.6 | 0.3 | 12.5 | 25.4 | 15.0 | 4.3 | 32.4 |
| 10 000-15 000 | 9.4 | 0.0 | 3.8 | 9.8 | 14.2 | 2.1 | 10.1 |
| More than  15 000 | 15.6 | 0.1 | 3.9 | 19.2 | 63.4 | 2.0 | 15.2 |

1. Authors own calculation based on data from Table 1.1 in Kamrava and Babar (2012: 8). [↑](#footnote-ref-1)
2. Estimated number of immigrants in Saudi Arabia is about 10 million. For more details about size of foreign-born populations in GCC countries, see Valenta (2016). One of the smallest GCC countries, Qatar, has a proportion of immigrants that is approaching the one of the UAE (76%), but the total population of the country is only about 2 million (all population estimates are from United Nations, 2016). [↑](#footnote-ref-2)
3. We do analyse the wages of this sector using Labour Force Survey data [↑](#footnote-ref-3)
4. The UAE Dirham (AED) has been pegged to the U.S. dollar at the approximate exchange rate of 1 US$ = 3.67 AED since November 1997 (Central Bank of the UAE, 2005) [↑](#footnote-ref-4)
5. Conditions in these camps, while generally modest, vary considerably; perhaps from acceptable to very harsh. There has been much criticism of the conditions in the labour camps (cf. Human Rights Watch, 2006; Kanna, 2007). The living conditions have arguably improved in many of labour camps in the UAE, but the federal structure of the country combined with employers’ economic interests makes consistent imposition of acceptable minimum standards of living conditions in the camps difficult. [↑](#footnote-ref-5)
6. Although the small group of OECD immigrants has income that is actually higher than the one of nationals [↑](#footnote-ref-6)
7. Kafala system is sponsorship-based system for recruitment of migrant workers, requiring workers to have an in-country sponsor (“kafeel”) and tying workers to sponsor, making change of job difficult. [↑](#footnote-ref-7)