THE ROLE OF FOREIGN LABOR IN THE DEVELOPMENT OF THE UNITED ARAB EMIRATES

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THESIS OBJECTIVES:

The primary objective of this work is to depict the immigration phenomenon of foreign labor that has taken place over the last decades in the United Arab Emirates. First, it will explain how these expatriate workers have contributed, since the country’s independence, to the development of the region.

Secondly, this work will present the diverse measures the local government has implemented in favor of the immigrant workers, in hopes that they serve as an example for other countries with high immigrant rates. Also, it will point out the many challenges the UAE government still faces to protect all foreign workers whether they are skilled or unskilled, through effective and internationally standardized labor laws.

Finally, this document will portray how foreign labor has been vital to the development and current economic growth of the United Arab Emirates and the manner in which workers from other parts of the world will continue to be the driving force behind the country’s growth in the future.
We are currently living in a very distinctive and unique period of time, in which globalization is a phenomenon present in all aspects of every person’s lives. It seems to be the common denominator in economics, politics, social and cultural exchange and subsequently in human mobility. Globalization has accelerated the pace of international migration of workers and created labor shortages in both the developed and developing countries. Thus some governments have responded by relaxing restrictions on immigration and work permit rules which have made it easier for individuals to transcend states, borders and countries in search of an overall betterment; especially when the desire of improving their lives and those of their families is at stake.

Immigration of foreign workers is not something new. Ever since man had the knowledge and means to migrate, a natural impulse to journey where further opportunities are available has taken over with no surprise. Also, traditionally poverty had been associated with specific groups unable to participate in the local labor markets, namely people of age, disabled, or females. However, within the last decades, a new group of poor people has emerged, those unable to find gainful employment to support themselves and their families, and who have just enough means to venture out to other countries by whatever means possible.

When we normally think of legal or illegal immigration we tend to think of those regions of the world which are undoubtedly more publicized or familiar, like the movements that occur between citizens from Latin-America to the United States, from Eastern to Western Europe, or from Africa to countries like Spain and France. However, since the mid 1980’s an enormous influx of migrant workers has taken place in the Persian Gulf region, specifically to the United Arab Emirates. In this decade, the government started development programs which made evident that one of the basic resources required to implement them was manpower, and that it was in short supply in the country. Thus,
dependence on foreign labor was inevitable. This growth and the immeasurable development of the two main Emirates, the capital Abu Dhabi and the new world hub of Dubai, has depended almost entirely on the local foreign work force that expands into every sector of society and that has made such emergence possible.

The development in all aspects of the economy and society has without a doubt contributed to the attraction and mobility of workers to the region, especially from areas that are in relative geographic proximity to the Arabian Gulf and which were historically linked, like the Indian Subcontinent, East Asian locations and Arab speaking countries in Africa. Thus, since what was been achieved in the Emirates in the last few years in terms of construction, infrastructure, economic growth and overall development is largely due to foreign expatriate labor; the government has been faced with the responsibility of elaborating, reforming and implementing a series of immigration measures to ensure the ideal management of these workers, which currently represent more than 73 per cent of the total population.¹

I. OVERVIEW AND HISTORY OF THE UNITED ARAB EMIRATES

The United Arab Emirates (UAE) are a federal union which consist of seven emirates: Abu Dhabi, 'Ajman, Al Fujayrah, Ash Shariqah (Sharjah), Dubai and Umm al Qaywayn, united on December 2, 1971, with Ra's al Khaymah joining a year later after gaining its independence from the United Kingdom.

The UAE is located on the Arabian Peninsula along the Arabian Gulf and the Gulf of Oman, it borders Saudi Arabia and the Sultanate of Oman (see Annex I) comprising an area of 83,600 square kilometers, with an official population as of July 2007 of 4,444,011 people.2

Abu Dhabi is the capital of the UAE, the largest emirate comprising of 80% of the land area and has the bulk of oil reserves.3 Dubai is the second largest Emirate in area and population and it is without a doubt the most international of the Emirates with emerging skyscrapers, a growing expatriate community and an economy ever so more directed towards attracting elite tourism. Sharjah is the third Emirate in size and population and it’s an important commercial area due to its ports along the Arabian Gulf and the Gulf of Oman, and because it’s an agricultural and cultural center. The strong point of the fourth Emirate in size, Ra’s al Khaymah is agriculture, and the rest of the Emirates 'Ajman, Al Fujayrah and Umm al Qaywayn are the smallest in area and population and rely on oil revenues much more than the other Emirates, while they also encompass the more traditional and religious Arab residents.

Although the UAE obtained its independence in 1971, the economic, political and cultural construction of the local society began thousands of years before. The Islamic period refers to the time comprising the rise of Islam, and the construction of the Islamic Umma or community, of which the Emirates were part of (600 A.D-1500 A.D). Afterwards came a

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2 Id.
3 Fahim, p.1
transformational period where the Portuguese, Dutch and British penetration of the Indian Ocean and the Arabian Gulf took place (1500-1820).^4

Later, the colonial period occurred during the 1820’s where the area was known as Trucial Oman (1820-1971). This era is quite important in the building of a regional identity for the Emirates, because after the conclusion of World War II, Britain began fostering the idea of Trucial Oman as opposed to the historic Oman and other Arabian Peninsula States.

As far as what can be considered modern history of the region, it is suitable to trace it back to colonial times under British rule, when the UAE started to fully take form. The anti-colonial sentiment began to strengthen in the late 1950’s when events in neighboring countries such as Egypt and the nationalization of the Suez Canal started influencing and uplifting Arab nationalisms. Ten years later in the mid 1960’s the impact of Arab nationalism and the local anti-colonial movement was also demonstrated by the participation of Abu Dhabi in the boycott of countries considered supportive of Israel and pledging assistance to Egypt, Syria and Jordan in its wars against it. This in return, legitimized the Trucial Oman rulers in the eyes of other Arabs, including those countries whose governments were agnostic towards them.

Britain on the other hand, continued to justify its influence in the region on the fact that the Gulf situation was not a colonial issue, and it specified that the Gulf Emirates themselves were not British colonies but independent states under special treaties guaranteeing British protection.

This unification and independence finally came as the culmination of the debate dating back since 1960’s, when the Trucial Oman Emirates, today known as the UAE, established a series of Councils and common development offices during the British colonial period. These interconnected tribal interrelations were key factor for the emergence of the UAE, in

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^4 Kazim, p.2
^5 Kazim, p.318
addition to the shared cultures and government structures imposed by British rule, economies based on pearl fisheries and the discovery of enormous oil reserves.\textsuperscript{6}

The question of the use of oil wealth also laid the foundation for unification. Abu Dhabi was the first Emirate to find and exploit its vast reserves and thus was able to consolidate its power by developing its defense, purchasing armament and strengthening its police forces in a much rapid manner than the other Emirates. When it was time to divide the sheikhdoms, it became the largest of the Trucial Oman Emirates during the drawing of the borders that remain present to date. With this gained power, the sheikhdom of Abu Dhabi began sharing its riches with the neighboring Emirates which created a dependency for the rest of the less oil rich states and thus providing a very concrete argument for unification.

Another factor leading to the alliance was the issue of Arab Nationalism. Countries such as Saudi Arabia, Oman and Iran, were trying to expand their influence, as well as their territory, in the region and ultimately saw in the Trucial Oman Emirates a land fairly simple to seize. Prompted by British influence, the Emirates sought to unite as a way to avoid annexation.

By the end of the 1960’s and before withdrawing from Trucial Oman, Britain set the means to draw the borders that now make up the UAE. Legend says that this meant sending a British diplomat months to the different regions of the Emirates asking village heads, tribal and Bedouin leaders which sheikh they swore allegiance to and wished to be part of. Thus, on December 2, 1971 what had been previously known as Trucial Oman became the United Arab Emirates. The UAE was the eighteenth Arab League member, and the one hundred thirty second member of the United Nations.\textsuperscript{7}

The contemporary period that followed after the UAE attained its independence from Great Britain and realized the potential of its oil reserves (1971-2000) set forth the current new

\textsuperscript{6} Kazim, p.321
\textsuperscript{7} Kazim, p.321
phase of aperture and wealth. This has made the Emirates an intensively growing destination and economic, political and cultural power in the region (2000 to present day).

If the unprecedented flourishment of the United Arab Emirates, its economy, development, politics and influence in the region could be attributed to one man, that would be Sheikh Zayed Bin Sultan Al Nahyan. Born in 1918, he was the fourth child of a large, influential and traditional family. In 1946 he became the ruler of Al Ain, an oasis near Abu Dhabi, began agriculture projects in the area, and by 1966 he had also become ruler of Abu Dhabi City, the major locality in the region. Under his motto “Money is of no significance if not dedicated for the welfare of the nation”\(^9\), he started developing numerous housing, school and hospital projects, and after obtaining independence from Britain, he was the main promoter of the unification of the seven Emirates.

Given the historical times at the end of the 1960’s and the intense desire of solidifying weak political, economic and social systems, Sheikh Zayed, as he is commonly referred to, sculpted the shape of the new State.

In terms of government, the UAE is a Federal Sovereign State bound by a constitution under which the Supreme Council of the Federation, which is comprised of all the rulers of the seven member Emirates, is the highest political authority, including being responsible for the election of the President and Vice-President of the country. The Prime Minister is appointed by the President, who is currently the Ruler of Abu Dhabi, Sheikh Khalifa bin Zayed Al Nahyan, with the consent of the Supreme Council, and is responsible for recommending Federal Ministers. The Federal National Council, integrated by members of each Emirate, is the UAE’s legislative body. The Council is responsible for drafting all Federal Laws prior to their referral to the Supreme Council for enactment, for discussing issues of public import and also for monitoring the conduct of the Federal Government.\(^9\)

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\(^9\) Dew, p.5
Regarding laws, although the local Emirate authorities retain certain jurisdiction and the power to promulgate and implement legislation in non-federal areas in the form of Emiri Decree, concerning labor laws and the treatment of non-national citizens, all the Emirates have the same obligations and rights since Labor Laws in the UAE are federal matter.

As has been mentioned above, the United Arab Emirates is a region historically dependent on oil with a colonial past which has without a doubt influenced its economic transformation over the recent years.

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\(^{10}\) Dew, p. 9
II. ECONOMIC DEVELOPMENT IN THE UAE

“We knew little of the world beyond our sandy shores and clear blue waters. The world knew even less of us, the people of the Arabian Gulf. Who would have dreamed that things could change so dramatically? When I look back at our humble beginnings, I can hardly believe our business and our country have come so far, so fast. I was only 15 years old when I began working as a clerk. At the time, some of my countrymen still made a living from pearl diving. Life was simple; our needs were few. Nobody knew then what lay in store: the development of our vast oil resources, the birth of a nation, the building of our infrastructure, the swift growth of our economy.”

In recent years, the UAE has enjoyed an immensely rapid economic growth with an average annual income per person of US$18,430,12 - impressive by any global standard, which can be traced back to the 1960’s when the exploitation of the oil industry began to take place. The British withdrawal of the Emirates and the discovery of immense quantities of oil accelerated the modernization of the region. Revenues from oil and trade enabled the rulers of Abu Dhabi and Dubai to institute welfare projects, as well as to engage in a much larger and diversified economy.

In the 1960’s Abu Dhabi had begun to prosper from oil exports and Dubai from its mercantile role, while the other Emirates remained dependent upon the agriculture and fishing sectors. This situation was relevant because it contrasted with that of the 1820-1945 era, wherein the economies of all the Trucial Oman sheikdoms were based on pearl fisheries. Once this sector declined, the period which followed was of stagnation during the

11 Words of Abdullah Hassan Al Rostamani, Late Chairman of Al Rostamani Group, one of the largest and most powerful conglomerates in the UAE. www.alrostamani.com
12 Fahim, p.2
It wasn’t until the 1960’s when the Emirates began to develop diverse economies in relation to each other.

Abu Dhabi was the largest sheikhdom in terms of land and population, due to the fact that its development and economy were based on oil exports. Dubai, despite its lack of oil resources and its small size, developed an economy based on international commerce, because it had been playing the role of commercial enterport since the late 1800’s.

In the beginning of the 60’s, the decade that started the change, decision makers in the contemporary UAE private and public sectors embarked in an economic development program based on the revenues of the oil industry that up to present day has successfully increased the standard of living of the UAE’s citizens, and continuingly improves the situation of society, thus fueling the growth of the immigrant labor force.

During the period between 1945 and 1967, oil became Trucial Oman’s chief source of revenue. After obtaining its independence, oil remained an important source of the UAE’s earnings and a vital contributor to the Gross Domestic Product (GDP), especially prior to 1980. During colonialism Abu Dhabi was the only sheikhdom that exported oil, but soon after, Dubai in 1969, Sharqah in 1974 and Ras al Khaimah in 1984 also became oil producers. Although their reserves, production and export levels remained modest in relation to those of Abu Dhabi.

In 1972 the oil industry represented 60 per cent of the UAE’s GDP. However by 1992 it had gone down to only 40 per cent, while the income from construction, commerce, financial services and the overall service industry such as hotels and restaurants had notably increased. Furthermore, between 1972 and 1975, oil exports accounted for an average of 99 per cent of the aggregate monetary value of the UAE’s exports, by 1990, crude oil

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13 Kazim, p.325
14 Kazim, p.336
15 Kazim, p.337
exports represented only 66.4 per cent\textsuperscript{16}. Little by little, the federal and local governments began shifting towards an economy less dependent on oil and its derivatives, and focused on the development of other key areas through public and private investments.

As for additional infrastructure investment, it continued during the 1980’s and early 1990’s, stimulating the rise of the communication and transportation sectors as well, especially the construction of highways, airports and sea ports.\textsuperscript{17} The expansions within these sectors were quite significant because they helped foster other industries like the manufacturing one, which had not been long-established in the area.

In the trade and commercial sectors, during the 70’s the contemporary UAE adhered to a certain colonial pattern, were most of its imports and exports came from and went to countries in Europe like the United Kingdom, Germany, France, Italy and the Netherlands. This also began to change in the following decade when commercial partners diversified and the international exchange with Asian countries like Japan, China, India and South Korea rose to represent almost 37 per cent of the overall trade.\textsuperscript{18}

One of the main progresses in this sector was the establishment in 1985 of the Jebel Ali Free Zone in Dubai, a piece of land with 15 kilometers of dockside, 70,000 square meters of covered storage and 750,000 square meters of paved open space.\textsuperscript{19} The Jebel Ali port is the largest man-made harbor in the world and has played a vital role in Dubai’s economic success. It was set aside for specific trading purposes in which various nations were able to set up plants, storage depots and offices without the imposition of restrictions by the local government. International companies started importing and exporting goods to and from the area free of duties. Abu Dhabi, Sharqah and Fujairah since have also developed and opened

\begin{itemize}
\item Kazim, p.348
\item Kazim, p.339
\item Kazim, p.355
\item Kazim, p.348
\end{itemize}
free zones, although not nearly as big or with the capacity as the Jebel Ali. Up to April 2008, there were 25 free zones in the UAE\textsuperscript{20}.

By 1995, more than 800 of the biggest international firms such as Sony, Reebok, Halliburton, Xerox, 3M Corporation, Honda, Nokia, Johnson & Johnson, Polaroid, Shell Markets, Mitsubishi Motors, the Mexican firm Cemex, from 72 countries had established themselves or expanded operations in the Jebel Ali Free Zone.\textsuperscript{21} One of the advantages being that there are no restrictions on the recruitment of expatriate personnel,\textsuperscript{22} and there are no wage parameters set by law.

The number of foreign companies in the UAE in 1999 was about 1200 firms\textsuperscript{23} and Dubai has positioned itself as a business hub and is home to the regional headquarters of six of the top 10 companies on Fortune’s Global 500.\textsuperscript{24}

The development of the communication and information technology sectors which occurred during the late 90’s was also a key factor in the transformation of the Emirates. Via the use of technology, transnational corporations operating in the UAE were able to penetrate segments of diverse markets. Two very important developments were the establishment in the year 2000 of the tax free zones of Internet City and Media City in Dubai.

Dubai Internet City (DIC) is a strategic place intended for companies targeting emerging markets in the Middle East, the Indian Subcontinent, Africa and Central Asia. It was designed for like minded information and communications technology (ICT) businesses from all over the globe, providing an environment focused on the development of industry opportunities through leasing short term office space in a cost effective manner. Companies

\textsuperscript{20} Fahim, p.24  
\textsuperscript{21} Kazim, p.357  
\textsuperscript{22} Kazim, p.356  
\textsuperscript{23} Dew, p.1  
\textsuperscript{24} Emirairah, Tarq et al., “Arab companies in the 21st Century”. BRICS: WWF’s Trade and Investment Programme. Switzerland. trade@wwfint.org
like Microsoft, Cisco Systems, IBM, HP, Dell, Sony Ericsson, among many others, are currently present.  

A similar development in the technology sector was the establishment of Dubai Media City (DMC), considered to be the only global media hub in the region, and intended by Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai, “to transform Dubai into a knowledge-based society and economy”, through a world-class environment in such broad aspects as music, film, broadcasting leisure and entertainment.

Another very important economic sector which has been growing exponentially is tourism, it has emerged as one of the UAE’s most dynamic sources of non-oil revenue. This has been evident to a greater extent in each of the seven Emirates, but Dubai has clearly led the way, to the point where the industry has become a major component in the city’s economy. International leisure tourism has become the most rapidly growing segment of the industry, so much so, that Dubai is today widely acknowledged as ranking among the world’s leading international resort destinations. An example of this is the rise in the number of hotel guests in Dubai they went up from 373,000 in 1983 to over one million in 1993, to 2.5 million in 1998, and from January to September 2007 Dubai’s hotels received more than 5.1 million guests.

In terms of the personnel and the social service sectors, the growth experienced can be explained by the increase in federal government expenditure on cultural, welfare and security apparatuses. Health services improved considerably, infant mortality fell and life expectancy also rose tremendously. In 1979 women were expected to live only an average

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25 www.dubaointernetcity.com (date last consulted - April 22, 2008)
26 www.dubaimediacity.com (date last consulted - April 22, 2008)
27 Dew, p.30
28 Kazim, p.424
29 Dew, p.33
of 47 years; by 1992 this ratio had risen to 73 years, 70 for men,\textsuperscript{31} and in recent statistics of 2007, women's life expectancy was up to 78 years and 71 for males.\textsuperscript{32}

A very important characteristic of the welfare establishment the federal government had instituted was that of the housing sector. Government emphasis on projects for the construction of housing led to an increase in the number of dwellings it gave for free to its population. Many of the citizens who obtained this free housing were Bedouins who settled in new villages that the Abu Dhabi government built. Keeping up with this trend, the federal government also extended payments to low income families in rural areas, increased benefits to food cooperatives, citizens' associations, sport clubs and to the maintenance and construction of mosques.\textsuperscript{33} Health care, education, and frequently housing, were free services provided by the State, making evident the extent of involvement of the federal and Emirate governments in every sector of not only the economy but of society as well.

The differences between the seven Emirates are visible especially in the economic spectrum. Sharjah and other Northern localities have less significant impact in the overall economy and thus in the labor market. Furthermore, since these are the more traditional and Islamic Emirates, welcoming of foreign cultures is not as deep as in Dubai or Abu Dhabi and there are fewer local employment opportunities for foreign labor.

This federation, of seven small Emirates on the north-eastern tip of the Arabian Peninsula, has demonstrated to the world the enormous capacity to transform into a leading regional economic power. A testament to this was the joint meetings held in 2003 in the Emirates, of the International Monetary Fund (IMF) and the World Bank (WB), thus becoming the first country in the Middle East to ever do so. The reasons were simple, the UAE in 2000 had

\textsuperscript{31} Kazim p.340
\textsuperscript{32} https://www.cia.gov/library/publications/the-world-factbook/geos/ac.html (date last consulted- March 10, 2008)
\textsuperscript{33} Kazim, p.343
the strongest fiscal position of any country in the region, its economy was the most diversified and it was the friendliest to foreign investors.\textsuperscript{34}

It was important to mention above the contemporary UAE's economic construction to fully understand the forces behind the growth of the economy. This growth has triggered a rise in social welfarism and consumerism and these are factors that give an in depth insight into the nature and composition of the current labor force, social stratification and interlinkage of the emirates with relation to the new global system.

\textsuperscript{34} Dew, p.13
III. IMMIGRATION OF FOREIGN LABOR INTO THE UAE

The citizens of the United Arab Emirates, or as they are locally called “Emiratis”, are a rapidly shrinking minority in their own country. The reliance on foreign workers, mainly from India, Pakistan, Southeast Asian countries and Europe, now represent more than 73.9 per cent of the country’s 4,444,011 people according to a 2007 census.\textsuperscript{35} The amount of foreign workers is larger then ever before.

The growth of the contemporary UAE’s labor force is actually a continuation of a process that began in Trucial Oman during the 1960’s, where the growing economy began to fuel the need for more labor. This demand for workers could not be fulfilled by the local population. Thus, the need to hire skilled and unskilled foreign workers commenced.

The sudden oil boom and the various government welfare projects prompted the failure of a local Emirati working class emerging. Instead, for the development of construction and infrastructure projects, the British companies still in the area brought in workers from Pakistan, India and Iran. Thereafter, the number of workers, the sector in which they were employed, and country of origin began to diversify and expand.

In the 1960’s, still in Trucial Oman, the UAE’s private and public sectors invested large amounts of capital in infrastructure projects which continued through the 1970’s.\textsuperscript{36} These required an extensive labor force, as well as expertise for the planning and maintenance, so workers from the Indian Subcontinent started to be hired. They represented low-cost labor and ensured the government and private investors the maximization of profits and minimization of costs. In addition, the native population of Trucial Oman/UAE was too small to provide the required labor. Once these infrastructure projects were completed, they made way for further expansion during the 1980’s and 1990’s, thus facilitating the arrival of added immigrant labor, which continues to our present day.

\footnotesize\textsuperscript{35} https://www.cia.gov/library/publications/the-world-factbook/geos/ac.html (date last consulted: March 10, 2008)

\footnotesize\textsuperscript{36} Kazim, p.366
With the rising population came the need to expand airports, as well as housing, electricity, water, roads, schools, hospitals and overall services. Therefore, the construction of these facilities, the production of these goods and the provision of the additional services required extra labor, most of which once again had to be “imported”. This cycle in fact produced a self-perpetuating phenomenon: the more the population grew, the more infrastructure that was needed and with this, the more workers to complete the jobs became necessary.

As the following table illustrates, the number of foreign workers being immersed into the local workforce has rapidly increased over the years.

### THE UAE’S LABOR FORCE AS PERCENTAGE OF POPULATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population</th>
<th>Foreign Population</th>
<th>Total Labor Force</th>
<th>National Labor</th>
<th>Foreign Labor Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>557,887</td>
<td>356,002</td>
<td>293,788</td>
<td>45,500</td>
<td>248,288</td>
</tr>
<tr>
<td>1980</td>
<td>1,042,0</td>
<td>755,477</td>
<td>559,960</td>
<td>54,900</td>
<td>505,060</td>
</tr>
<tr>
<td>1985</td>
<td>1,379,30</td>
<td>983,200</td>
<td>683,825</td>
<td>68,300</td>
<td>615,525</td>
</tr>
<tr>
<td>1993</td>
<td>+2</td>
<td>2,200,000*</td>
<td>800,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2000*</td>
<td>2,900,000*</td>
<td>1,400,000*</td>
<td>1,260,000*</td>
<td>140,000*</td>
<td>-</td>
</tr>
<tr>
<td>2007**</td>
<td>4,444,011**</td>
<td>-</td>
<td>2,840,000(2006)**</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>


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19 Kazim. p.366-367
As far as the segmentation according to nationality, what can be seen from the table below, the immigrants from Pakistan, India and Sri Lanka represented the largest grouping obtaining work permits into the UAE. In 1982 for example, work permits were given to 72,733 immigrants from India and Pakistan combined, in contrast to the 25,084 individuals from the Arab world, 7,709 Europeans and 1,219 from the Americas, mainly the United States, who obtained such work permits.\(^{38}\)

### UAE POPULATION BY NATIONALITY
(PERCENTAGE OF THE TOTAL POPULATION)\(^{39}\)

<table>
<thead>
<tr>
<th>Nationality</th>
<th>1975</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>36.1</td>
<td>27.9</td>
</tr>
<tr>
<td>Omani</td>
<td>4.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Egyptian</td>
<td>3.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Jordanian</td>
<td>2.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Pakistani</td>
<td>18.5</td>
<td>16.9</td>
</tr>
<tr>
<td>Indian</td>
<td>13.8</td>
<td>22.7</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>6.8</td>
<td>2.4</td>
</tr>
<tr>
<td>Other Asians</td>
<td>5.8</td>
<td>5.7</td>
</tr>
</tbody>
</table>

In 2008, Indians comprise the largest portion of the foreign work force in the UAE, so logically remittances to India are high. According to the UAE Exchange, they are averaging Dh93.81 million Dirhams (US$25,596,340 dollars) a month, the highest any country by expatriate population despite substantial increase in the cost of living in the region.\(^{38}\)

\(^{38}\) Kazim, p.370
\(^{39}\) Kazim, p.370
Remittances then go in order of quantity to Pakistan, Philippines, Indonesia, Bangladesh and Sri Lanka.\textsuperscript{40}

As for the distribution of the labor force by sector, the workers employed in fisheries and agriculture have been decreasing in part due to increased mechanization of both sectors, and because of educational opportunities and encouragement by families, and also the government, to seek employment in cities where jobs are better paid.

Another contrasting sector which employs fewer workers than expected is Oil and Mining, despite the fact that the petroleum business is currently the main contributor to the UAE’s GDP, and was traditionally the main drive for its growth.

The manufacturing sector has been increasing with time as a testament to the UAE’s economic diversification, as well as construction. Although the numbers declined from 1975 to 1991, in recent years investments in real-estate and infrastructure has immensely risen. As for the nationality of the workers employed in these sectors, the amount of foreign labor is very high. In 1980, Asian workers constituted the largest portion in the construction workforce with 87.6 per cent.\textsuperscript{41}

By contrast, the higher percentage of the labor force that worked in the hotel, trade and restaurant business increased because immigrant workers started taking their families to the UAE, and also because of growing tourism, especially in Dubai. In the hotel and restaurant sectors, immigrant workers constituted 81.5 per cent of the workforce in 1980.\textsuperscript{42}

The government sector remained second to construction in the percentage of the UAE’s labor force that it employed, because government personnel, at both federal and Emirate level, continued to be needed to accommodate the health, housing, education, security and

\textsuperscript{40} "Indian remittances high despite rising costs". The Nation newspaper, Gulf News, UAE, Thursday January 3, 2008, p.35
\textsuperscript{41} Kazim, p.374
\textsuperscript{42} Ibidem
social welfare increasing needs, in addition to these positions being extremely coveted for their high salaries and benefits. So naturally, among the UAE national workforce itself there is a preference to work in the government, and local authorities have responded to this by promoting "Emiratisation", a self-denominated process through which UAE national are incorporated into the private working sector.

The one sector which has increased exponentially over the years is the percentage of the labor force employed in the domestic sector, which occurred mainly for two reasons. The first was the breakdown of extended families into nuclear ones during the 1970’s and particularly the 1980’s. The government’s policy of offering housing subsidies, and of the actual provision of free housing in some cases, led families to separate and form individual households. Secondly, the government’s policy of encouraging the natural increase in the local population through further subsidies, also led to the additional need of hiring domestic help. Here, the Philippino, Korean and Indian immigrants were particularly high.

As for recent data, according to the 2006 Annual Report of the UAE Central Bank, the total number of employees in the Emirates rose during 2006 by nearly 220,000, reaching 2.84 million workers. The construction sector ranked first in terms of number of employees, which reached 647,000, representing 22.8 per cent of the total number of employees in 2006. The wholesale, retail trade and maintenance services sector ranked second (519,000 employees and a ratio of 18.2 per cent of the total number). The manufacturing industries ranked third (362,000 employees and a ratio of 12.7 per cent of the total number). Government services sector ranked fourth (284,000 employees and a ratio of 10.0 per cent of the total number). The ratio of employees in other sectors ranged between 0.2 per cent and 7.9 per cent of the total number of employees.

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23 Kazim, p.373-374
24 Dew, p.142
25 Kazim, p.374
DISTRIBUTION OF THE UAE'S LABOR FORCE BY SECTOR (MAIN SECTORS)$^{47}$

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<tr>
<td>Agriculture and Fishery</td>
<td>8.0</td>
<td>5.8</td>
<td>6.2</td>
<td>6.1</td>
<td>193,000*</td>
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<td>Crude Oil &amp; Mining</td>
<td>1.5</td>
<td>1.2</td>
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<td>1.5</td>
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<td>Manufacturing</td>
<td>6.0</td>
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<tr>
<td>Construction</td>
<td>25.6</td>
<td>26.4</td>
<td>18.3</td>
<td>17.6</td>
<td>647,000*</td>
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<tr>
<td>Trade, Hotel, Restaurant</td>
<td>17.6</td>
<td>16.7</td>
<td>15.3</td>
<td>14.5</td>
<td>1,286,000*</td>
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<tr>
<td>Government</td>
<td>15.1</td>
<td>13.3</td>
<td>16.6</td>
<td>16.4</td>
<td>284,000*</td>
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<tr>
<td>Services</td>
<td>2.8</td>
<td>3.8</td>
<td>6.0</td>
<td>7.1</td>
<td>226,000*</td>
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In an attempt to explain the force behind the sprouting immigration of foreign workers into the UAE, Aboubakr Badawi, regional representative of the International Labor Organization in 2000, said labor-intensive programs favored by countries suffering from unemployment could not work in the Gulf region, partly because "In this region, you have abundant wealth and only a few inhabitants."$^{48}$ Therefore, the reliance on immigrant labor is vital for the Emirates economy and functioning of all the diverse segments of its society.

$^{47}$ Kazim, p.372
Without the labor force in general, and the influx of immigrant labor in particular, the growth in all the sectors of the UAE’s economy could not have occurred to the extent and with the velocity that they have.

3.1 Federal Law No. 8: Regulations of Labor Relations and its Amendments and Order Issued in Implementation Thereof

In 1980 a federal Law was passed attempting to guarantee labor conditions for local and foreign workers in private businesses in the UAE. Federal Law No. 8 applies in all of the Emirates but surprisingly, it does not apply to government workers, members of the armed forces, police and security forces, workers employed in certain agricultural fields and grazing, or domestic help employed in private residences (e.g., housemaids or chauffeurs).

With respect to government workers, most of which are Emiratis, there is civil service legislation from 1973 applicable to them.49 However, for all other workers that Federal Law No. 8 does not encompass, there are few regulations in place to protect them at federal, emirate and free zone levels.

To address some of the most relevant components of Federal Law No. 8, it’s important to mention that business in the UAE is categorized as commercial, professional or skillful and it’s required that all employees be employed in conformity to employment contracts reflecting the wage, term (i.e., fixed, which refers to contracts for a specified duration with specific commencement and completion dates, or indefinite) and the nature of employment. In the absence of a written contract, adequate and substantial proof of the employment terms may be established through different types of evidence, such as paychecks or

49 Labor Law in the UAE; p.7
coworker witnesses. As for salaries, there is no minimum or maximum wage, so these are paid according to the terms of agreement in each particular situation and contract.

As for working conditions, the Article 65 of the Labor Law prescribes a maximum of eight hours per day (Article 66 of the Labor Law specifies that these eight hours are arranged so that no more than five consecutive hours are required without intervals of at least one hour for rest, prayers and meals); and a maximum of six days a week. Working extra hours requires payment of overtime wages by law, stipulated in Article 67. Rest days, or what we usually know as weekends are Fridays and Saturdays, according to the Islamic calendar. Religion also plays an important role during the holy month of Ramadan determined by a lunar calendar, when the normal work hours are reduced by two hours per day. Furthermore, employees are entitled to thirty days of paid vacation each year, plus national holidays and fifteen days of paid sick leave.

In regards to female and juvenile workers, the Labor Law also has specific provisions. For example, women have 45 days of paid maternity leave, and may take up to 100 extra days if there are complications during birth. They cannot work at night and their remuneration must be equal to that of a man if she performs the same task. Juvenile workers are not often seen in the UAE job market. This is partly due because the local Emirati society is usually well off and doesn’t encourage younger members of the family to start working before ending their studies. Furthermore, labor laws state that in order to obtain a working visa, the non-national has to be at least 18 years old; therefore, while provisions to protect juvenile labor exist in law, they don't have a lot of grounds to be applied.

Federal Law No. 8 contemplates the employment of non-UAE nationals after the required approval is obtained from the Ministry of Labor and Social Affairs, and it’s usually subject or conditioned on the unavailability of qualified Emiratis. The Law states that the labor department may not give its approval to the recruitment of non-nationals “unless its records

50 Dew, p.197
51 Ibídem
52 Dew, p.198
show that, among the nationals registered with the employment section, there are no unemployed persons capable of performing the work required. However, as previously stated, since the local Emirati population is a minority, it’s not difficult to fulfill this requirement at any level of the vast labor spectrum.

Also, according to Article 10 of the Law, nationals of other Arab countries are to be granted preference in any given situation where two or more foreign individuals with the same credentials and expertise are applying for a position. These preferential rights provisions are an extension of the UAE Constitution, which states that the Federal Union must endeavour to ensure that employment, and vocational training related thereto, is available for all UAE citizens. An example of the increase in such legislation is the current emiratisation policies of the Ministry of Labor, which encourage or often require the employment of UAE nationals in certain job sectors.

The law contemplates a so called “probation period” for up to six months with respect to all employments and it must be previously and expressly stated in the employment contract. During this time, any employer may dismiss or fire a worker without notice and without paying any type of severance or benefits. Article 120 of the Labor Law allows an employer to go forth with this type of dismissal in a situation were the employee adopts a false identity or nationality; presents forged documents; makes a mistake resulting in substantial material loss for the employer; disobey instructions respecting industrial safety; does not perform his or her basic duties; reveals company secrets; is sentenced by a competent court for offence involving honor, honesty or public morals; is found in a state of drunkenness or under the influence of a drug during working hours; or if the employee is absent from work with no valid reason for more than twenty consecutive days.

53 Federal Law No 8 Year 1980 Re
54 Dew, p.197
55 Dew, p. 197
56 Ibidem
57 Dew, p.199-200
In the case where a non-national desires to leave his or her job before the term of the contract expires, whether it’s for a valid or non-valid reason, he or she “may not, even with the employer’s consent, take up other employment for one year from the date on which he [or she] left his [or her] work”.\textsuperscript{58} This facilitates the government to keep a close and detailed account on the types of jobs that foreigners are occupying and the time spent in them.

There is a requirement in the Law No. 8 for certain employers who work with unskilled or low earning labor force, to submit to the Ministry of Labor a bank guarantee, which serves as a type of collateral for when a worker is dismissed. It’s intended to cover service benefits, repatriation or any other costs related to the separation of the employee and the company.

An important advancement in favor of foreign workers is that the employer is required by law to provide food, accommodations and transportation for workers who live at least 10 kilometers away from the city.\textsuperscript{59} This measure is especially of relevance for low skilled workers, who don’t normally live in the cities where they work and they do instead, in labor camps provided by employers, as stipulated by law. Furthermore, living conditions for expatriates in the UAE vary according to their position, pay and nationality. Expatriates who work in professional, managerial and other highly-skilled jobs enjoy far better living conditions than do unskilled and domestic or manual workers. Highly-talented expatriates live in well built, big sized upscale houses, while low-paid workers mostly live in substandard accommodations. These are only a few differences between the two types of foreign labor in the Emirates.

\textsuperscript{58} Federal Law No 8 Year 1980 Re
\textsuperscript{59} Fahim, p.77
3.2 The Sponsorship System and the Issuing of Work Visas

Entry into the UAE is not an easy task, especially for those citizens from countries with no UAE official representation. An entry service permit is available to businessmen and tourists, but it must be sponsored by a company, hotel or local resident. This same applies to foreign workers; a local company or sponsor must solicit the permit and then make the necessary dealings in order for the worker to be allowed entrance to the Emirates.

In order to obtain work visas for foreign citizens, the owner of the business or company is required by law to be registered at the Ministry of Labor and Social Affairs and the Naturalization and Residence Department. Only then will the procedure to hire foreign workers may take place, and this Ministry is the government instance which determines the number of visas allowed by each company.

All foreign workers except nationals of the Gulf Cooperation Council require work visas. These resident visas for employment are typically issued for three years in which the employee must live in the Emirates or not spend more than 6 months abroad in order for it to not be cancelled. Once an employee has been granted and provided an employment visa, salary levels are met. Also, the employee may sponsor his immediate family for residence purposes, not work, and the visa for every adult is usually conditional on the need to pass a local medical examination.

Immigration matters in the UAE are primarily governed by Federal Law No. 6 of 1973 Regarding the Entry and Residence of Foreigners, as amended by Federal Law No. 13 of 1996. Because the majority of the UAE’s residences and employees are foreigners, this is the immigration law that directly impacts the majority of the population and businesses.

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Fahim, p.66
Commercial Block formed in 1981 to strengthen ties and economic cooperation between its members; comprised of six Persian Gulf States: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.
Dew, p.142
Dew, p.200
A peculiar phenomenon that takes place when hiring and sponsoring foreign workers, especially for less skilled labor, is the operation made by intermediaries or "suppliers". Individuals who offer their expertise and connections, especially to businesses in the service sectors, to contact foreign workers abroad, pay for their travel and position them in local companies. These intermediaries usually travel to countries like India, Pakistan, Sri Lanka and the Philippines in search of cheap labor amongst the local population. They offer individuals an initial payment, travel expenses and the promise of a job waiting for them in the UAE. They then go back to the Emirates where the company in need of foreign labor finalizes the mandatory paper work in the Ministry of Labor to obtain the required work visas, and they then send for the worker to the place of origin. The intermediary's job is completed when the foreign worker arrives legally in the UAE, is provided with housing, food, or whatever the labor contract stipulates and thus begins to be governed by the local labor laws.

With regards to the labor supplier, the Federal Law establishes in Article 17 the following, "it shall not be permissible for any person or body corporate to operate as an agent for the recruitment or supply of non-national workers unless he or it is licensed for the purpose; such license may only be issued to nationals and in cases where its issue is considered necessary; it shall then be issued by order of the Ministry of Labor and Social Affairs".64

Furthermore, according to Article 18 of the Labor Law, "no licensed employment agent or supplier of labor shall demand, accept from any person, either before or after his recruitment, any commission or material reward in return for arranging such recruitment or charge him for any expenses thereby incurred, except as may be ordered or approved by the Ministry of Labor and Social Affairs. Person supplied by an employment agent or supplier of labor shall, immediately upon entering employment be regarded as employees of the employer and shall have all the rights of the employees of the establishment in which they are employed; relations between them and the employer shall be direct and without any

64 Federal Law No 8 Year 1980 Re
intervention on the part of the employment agent, whose function and relationships with them shall cease as soon as they are introduced to and employed by the employer.\textsuperscript{65}

In the UAE there are several recruitment agencies licensed to contact and hire foreign labor. Any person who desires to obtain a license for the supply of non-national workers needs to first certify he or she is a national of the UAE, register themselves in the Ministry of Labor and Social Affairs, and only then may receive remuneration from the employers who ask them to call for non-national workers.\textsuperscript{66}

As means of control in such a delicate matter, labor suppliers are required by law to provide the Ministry of Labor three times a year (during the months of January, April and August) with a list where they are obliged to specify data on the workers which they have recruited, their native countries and detailed information of their employers in the UAE.\textsuperscript{67}

Unfortunately, with the growing demand for foreign labor, especially for unskilled workers to take up jobs in the construction and services sectors, suppliers have been known to act contrary to law and take advantage of these persons. They find loopholes in the system and since they act as intermediaries and are the ones who contact the workers in their native lands, it has resulted easy for them to not always work in the best interest of the immigrant worker. This is surely an area where the UAE government will have to further regulate and enforce the applicable laws in order to ensure the rights of workers arriving to the UAE from abroad.

3.3 The role of Expatriates and skilled labor

It would be difficult to find another place in the world where foreign workers are so highly in demand, where they have virtually constructed and developed a country and where they

\textsuperscript{65} Federal Law No 8 Year 1980 Re
\textsuperscript{66} Federal Law No 8 Year 1980 Re
\textsuperscript{67} Ministerial Order No. (57) Year 1987 Re. Licensing of mediation the recruitment and supply of non-national labor. Federal Law No 8 Year 1980 Re
represent the vast majority of not only the local workforce but of the population as well. Expatriates are today and have been for some decades back, predominant in the United Arab Emirates workforce. They occupy a wide range of positions; from company CEO’s of major businesses to middle management in local companies, to lower skilled jobs in the construction, service and domestic labor sectors. Therefore there is a substantial residential population in the UAE from other Arab countries, the Indian sub-continent, as well as a growing community from Europe and the United States. Virtually every nation can be represented in the Emirates local labor force; a clear illustration is that the Emirates are now home to the largest British expatriate community in the Middle East.68

Furthermore, the establishment of countless multinational companies in the region has demanded the transfer of individuals from all over the world, especially from western European countries, Australia and from the United States. Foreign branch offices registered in the UAE frequently and almost entirely operate with an expatriate labor force, so in an attempt to protect local and other Arab workers, the Government has instituted different initiatives to ensure that Emirati individuals and Arab nationals in equal circumstances are hired over other foreign workers, especially in the private sector.

For these private sector workers, there is a comprehensive labor law which applies and they must be sponsored by a business and registered in the Ministry of Labor. The law has been written with the aim of guaranteeing the employee certain basic rights and entitlements. It deals with such issues as hours of works, overtime, holiday entitlement, termination of employment and entitlement of service gratuity.69

Skilled labor in the UAE is very well remunerated, and employment packages usually entail not only salaries but transportation and accommodation benefits as well. Employers give workers a basic salary in addition to accommodation and transportation allowances, so an individual going to the UAE from abroad who finds a job in advertising, for instance, will

68 Dew, p.1
69 Dew, p.143
get paid US$3,000 dollars, US$1500 for accommodation and US$500 for transportation; making the whole package to $5,000 tax free since the UAE doesn’t require the payment of taxes; overall a pretty good deal for any foreign worker in the Emirates.

It’s important to mention, that every expatriate employee may only work for the sponsoring employer. If a person wishes to remain in the UAE after the initial contract term has come to an end and work for another employer, the consent of the original employer must be required, otherwise he or she would have to go back to the country of origin and restart the hiring process through a new application. Some categories of expatriate workers in the lower level occupations may, in any event, be restricted for a period of six months from taking up fresh employment in the UAE and would need to return to their country in the interim. The employer is usually responsible for repatriating an employee at the end of the contract term. 70

These requirements that bind an expatriate’s immigration and residency status to his or hers employment status are fundamental to the control, that must be implemented by the local UAE government, in an expatriate-dominated labor force.

Another reason worth mentioning on the considerable need to hire foreign labor in the Emirates is the lack of skilled workers who speak English and the fact that Emiratis have different requirements of which life style plays an important role. There are examples of nationals who have rejected considerable offers because of distances between their homes and the business location, because they consider the payment too low or simply because the financial support they receive from the government is so limitless, that working can be considered as an option.

The benefits, labor conditions and overall living circumstances which apply to expatriates with high-end knowledge-based jobs vary considerably from the situation the unskilled worker spectrum faces day to day.

70 Dew, p. 143
3.4 Unskilled labor and illegal immigration

As part of the increasing foreign labor force in the United Arab Emirates, the percentage of unskilled workers or those who are paid at unskilled wage rates is considerable. This is especially true if one takes into account that the construction and service sectors, in which they are mostly employed, are two of the biggest forces behind the development and economic growth of the region.

The sources for unskilled labor workers are mainly the Indian Subcontinent, East Asian countries such as the Philippines, Malaysia and Indonesia, or Arab speaking and Muslim localities in Africa like Sudan. These are regions where unemployment is usually high and wages low, so even the low paying jobs in the UAE end up being higher for doing comparable work, than those in the home countries.

Unskilled workers have been seeking employment in the UAE since the 1970’s not only because of the higher wages, but partly due to freedom from taxation, educational opportunities, health care and other benefits that automatically come with being employed there. Low-wage factory workers such as textile machine operators, box packers, electricians, truck drivers, secretaries, clerks, maintenance workers, hotel personnel and especially domestic labor are heavily increasing.

These workers also tend to specialize and work in jobs related with their regional groupings. Indian and Pakistani males are frequently employed in the construction and indirect service sectors. Philippines and eastern Asian nationals are sought after by the hotel and direct services sectors because most of them speak English.

The domestic worker stratum can be segmented in terms of nationality, religion and wage earned. Figures from 1985 report that 98 per cent of the domestic workers in the UAE came

71 Personal incomes, including all forms of salary and capital gains, are not subject to taxation in any of the Emirates.
from Asia: 67 per cent from Sri Lanka, 23 per cent from India and 9 per cent from the Philippines. In order to sponsor workers employed in domestic labor in the Emirates there is a minimum basic wage required of Dhs.6,000 (aprox. US$1634 dollars) per month.73

No minimum wage is contemplated in Federal Law No. 8. However, it is important to mention that along the many government concessions that Free Zones like the Jebel Ali offer its users and firms is the availability of low-wages and non-unionized labor. Most workers employed in Jebel Ali earn lower wages that those earned by workers in their home countries of the multinational corporations. In 1993, the guideline wage for unskilled workers for instance, was US$140-220 dollars per month and for semi-skilled workers $160-270 per month. For these employees it was assumed that the employers would provide housing and food.74

A harsh aspect of the labor law in the UAE is that different obligations and rights are given to a person in accordance to his or her job. An employee with a monthly salary of less than Dhs.4,000 Dirhams (aprox. $1,090 dollars) plus accommodation allowance,75 will not be able to sponsor his spouse or children for the purpose of residing in the country. This is a measure that affects mostly low skilled workers, for they are the ones who earn the lowest wages.

Among the obligations that the employer has towards these workers, is the need to provide housing, which are commonly known as labor camps. These places which are usually in the outskirts of the main cities are very common in the UAE and the Ministry of Labor is in charge of visiting and supervising them. The main problem is they are usually in poor conditions, overpopulated and barely meet the required standards.

72 Kazim, p.395
73 Labor Law in the UAE, p.7
74 Kazim, p.361
75 Labor Law in the UAE, p.6
Efforts to improve these situations are being implemented by the local Emirati government, and so far relevant progress has been achieved. A proposal made by the Ministry of Labor was drafted in accordance to the standards and policies set by the International Labor Organization (ILO). The intention is that labor camps in the UAE would have a living space of at least 10 square meters with ceramic tile floors, individual beds, an entertainment hall with television, water coolers, toilets, kitchens and dining area. 

Further efforts in this area were the completion of Labour City, a labor camp with a capacity to accommodate 12,500 supervisors and groups of workers across Dubai Industrial City and Dubai. The Labour City, which comprises 14 buildings, is the first of seven that are planned for construction at Dubai Industrial City at a cost of Dhsl.6 billion Dirhams (US$435 million dollars); and the current construction of the biggest labor residential area in Abu Dhabi at a cost of $114 million dollars. The compound was aimed at providing temporary accommodation to around 32,000 workers, technicians and supervisors.

The overall working conditions for unskilled laborers in the UAE represent some of the biggest and most complex challenges the local government must deal with in the coming years. Human Rights Watch, the international organization that handles related issues, has raised many complaints over the past years about the unethical employment practices of low income labor. These unskilled workers, especially the ones whose jobs involve being outside, frequently have to work in harsh weather conditions. The climate within the UAE is generally hot and dry and temperatures range between an average minimum in January and February of 10°C to 14°C and an average maximum in July and August of 48°C to 50°C. Furthermore, domestic laborers, which in almost all the cases are women, are not covered by the UAE labor law and are frequently object of abuse with no government instance to turn to or to protect them.

76 “Dubai opens first ‘luxury’ labour camp” Arabianbusiness.com, February 26, 2007
77 “Dubai opens first ‘luxury’ labour camp” Arabianbusiness.com, February 26, 2007
78 http://www.ameninfo.com/135570.html (date last consulted- April 6, 2008)
79 http://hrw.org/english/docs/2007/03/25/uae15547.htm (date last consulted- April 20, 2008)
80 Dew, p. 4
Few measures have been adopted by the government in favor of these unskilled workers. A specialized court to deal with labor complaints was instituted along with a special inspection unit to monitor workers’ accommodations and workplace, all with the intention of improving the quality of life of individuals who are vital to the economic sustainment of the country.

In another aspect characteristic of the unskilled labor force, is the growing number of illegal workers residing in the UAE. It’s an interesting phenomenon because contrary to what happens in other parts of the world where illegal immigration implies that an individual enters a foreign country contrary to stipulated laws, in the UAE this takes place once the foreigner enters legally into the country and then decides to stay after the original contract has ended.

It is not easy to arrive illegally into the UAE since the country is surrounded by deserts and seas, but it is to stay there after a given labor agreement has ended. The business owner is required to cancel the employee’s sponsorship and residence visa if the employee resigns, or should the employer terminate his or her service. However, the sponsor or employer does not always assure themselves that the worker is repatriated back to their home country. What this situation entails, is that unskilled illegal worker with an expired working permit who decided to stay and work illegally, will face harsher labor conditions and will be easily exploited.

3.5 Cultural Assimilation between the foreign work force and the local Emirati society

In the social and cultural spectrum the arrival in the United Arab Emirates of such large amounts of immigrants has had its toll in the overall interaction between local Emiratis and the diverse foreign population. Immigrants naturally bring with them their local customs, traditions, religion and languages, and in several cases they deeply contrast with those locally accepted.
New cultures habits have been introduced to the traditional Arab UAE Islamic culture in terms of clothing, business practices and even personal activities like kissing in public or holding hands, which are not allowed by law in the region.

Furthermore, the loss of the Arabic identity gives room for concern for local government officials and traditional Emirati members of society. The use of the Arabic language on a day to day basis is decreasing, especially because the vast expatriate community does not speak it. Thus, English is now the common language amongst the worldly UAE society. Everywhere you go and in any place of business in any main city in the Emirates the use of English will be dominant.

Also, religion is an area in which cultural assimilation has been especially difficult. In 1985, out of a total of 683,825 people in the UAE's workforce, about 71.6 per cent were Muslim and were divided among the various Islamic denominations. Another 17.5 per cent of the labor force was divided among Hindus, Buddhists and Confucianists, and about 10.9 per cent were Christians.\textsuperscript{31} This is a country where you can still find a Mosque every few kilometers and where call to prayer is heard 5 times a day in every corner of the country.

The effect of these interactions has been the formation of integrated identities among the immigrant groups, both in relation to each other, as to the UAE citizens. Hence the course of this exchange and socialization has impacted all sectors of society and even more so now with the recent emergence of the European and American influxes.

\textsuperscript{31} Kazim, p.371
3.6 Foreign labor force in the Development of the UAE

Although the UAE's development began in the mid 70's, the true revolution and expansion came until the 1990's with a series of initiatives and mega projects to enhance the local cities and position the Emirates worldwide. With buildings like the Burj Al Arab, the sail shaped hotel which epitomizes Dubai, the construction of an indoor ski slope and the establishment of diverse “cities” like the Dubai Media, Internet and Healthcare City to promote diverse sectors in the region, have all positioned the Emirates as one of the top world hubs around the globe.

This volume and speed of progress have only continued and increased over the years. The Emirates economy has proven that diversification from oil can be successfully achieved and that finance, tourism and service sectors can be turned into engines of growth.

The amazing transformation of the Emirates and more so of the Emirates of Dubai and Abu Dhabi has depended and will continue to require the working hands and knowledge of foreign laborers, especially if the construction and development plans continue the way they have been going in the past years.

The current ruler of Dubai and Vice-President of the UAE Sheik Muhammad Bin Rashid Al Maktoum, has frequently stated that what been achieved thus far is only the beginning. He has solely handledly promoted engineering tasks like the “Palms”, palm tree-shaped man-made islands off the coast of Dubai that houses residences; the “World”, an archipelago of 300 more islands four kilometers off the coast of Dubai which form a world map and were sold as individual property for private houses and shops and the Burj Dubai, the world’s tallest building measuring more than 800 meters high.82

82 “Reshaping the UAE: how the landscape will look in 2009”. Emirates Business 24/7. Saturday January 5, 2008. p. 8-9
Other advancements that can be listed are the Dubai Exhibition City to be completed in 2009, which will be the world’s largest display space and will include hotels, restaurants and residential apartments; Meydan Racecourse which will be ready in late 2009 and will be the biggest racing complex in the world housing hotels, restaurants, a museum, a business park and an 18-hole golf course. Also, Al Runaya Golf Course, the first course designed by Tiger Woods that will cover an area of 25.3 million square feet in Dubailand, and will include a 600,000 square-foot clubhouse, hotel and 20 residential mansions; Atlantis Hotel a 1,536-room resort, Al Ain Wildlife Park; a Culture Village, and even a Metro System in Dubai City. Endless development projects are projects which at their very base have the labor of foreign workers.

As far as the different industries, all of which are moving forward, the tourism sector is probably the one where the local government is concentrating the most. By 2010, Dubai alone expects 15 million business and leisure visitors to contribute 20 per cent of the GDP. This is the reason why the Emirati government has been so keen in building worldly attractions like a Guggenheim in Abu Dhabi expected to open in late 2011, a Louvre in the same city contemplated for 2012. Several seven star hotels are currently being built, international brands are opening businesses in the region and with the opening of two Emirate airlines the expansion seems to be complete.

Locally established *Etihad Airways* and *Emirates* have facilitated the UAE’s expansion and linkage to every part of the world. These two local airlines fly direct to countries in every continent, including the recent direct Sao Paulo, Brazil – Dubai flight. Actions like these will surely facilitate travel and make the region even more accessible to every person no matter their religion, distance from or cultural background.

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83 “Reshaping the UAE: how the landscape will look in 2009”. Emirates Business 24/7. Saturday January 5, 2008, p. 8-9
3.7 The participation of the UAE in labor-oriented mechanisms

One of the main challenges in the labor sector that the United Arab Emirates has been confronted with, much in part derived from the economic boom and demographic structure it has experienced in recent years, is the compliance with international labor regulations and norms.

The UAE has adhered to a series of international labor-focused mechanisms, organizations and treaties, but has not focused on the rights of the vast population of foreign workers in its territory. Although it now is part of the International Labor Organization, The Global Compact and the Arab Labor Organization among others, the country has not signed the United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families; a vital instrument for the protection of the millions of foreign laborers in the region.

The UAE became a member of the International Labor Organization (ILO) in 1972 after obtaining its independence from Great Britain. This United Nations organization founded in 1919 seeks the promotion of social justice and internationally recognized human and labor rights through the following four strategic objectives: the promotion and realization of standards and fundamental principles and rights at work; the creation of greater opportunities for women and men to secure decent employment and income; to enhance the coverage and effectiveness of social protection for all; and to strengthen tripartism and social dialogue. 88 Given the UAE has no workers' organizations or unions; it seems difficult to promote social dialogue on the ILO suggested tripartite basis.

As for other related framework, since becoming a member of the ILO the UAE has ratified nine ILO Conventions: Hours of Work (Industry) Convention; Forced Labor Convention; Labor Inspection Convention; Night Work (Women) Convention; Equal Remuneration

88 www.ilo.org (date last consulted- May 20, 2008)
Convention: Abolition of Forced Labor Convention; Discrimination (Employment and Occupation) Convention; Minimum Age Convention, and the Worst Forms of Child Labor Convention.

Thus, in compliance with these international instruments, although the UAE has put forward and implemented technical cooperation activities such as training programs, seminars and workshops in accordance to the ILO statues, there is yet much work left to be done in favor of the rights of foreign workers.

In a more regional setting, in 1965 the UAE become part of the Arab Labor Organization (ALO), located in Egypt, and has since ratified two Arab Labor Organization conventions: Convention No. 18 of 1996 on The Employment of Minors and Convention No. 19 of 1998 on Labor Inspection. The ALO has a written Agreement from 1976 with the ILO through which they pledge technical assistance and mutual cooperation. The Arab Charter has the objectives of strengthening co-operation between its Members in achieving social justice, raising the workers' living standards and ensuring their material and moral welfare in freedom, dignity and equality of opportunity.\(^{39}\)

Another important step towards insuring the labor rights of national and foreign workers was taken by local private companies which adhered to the United Nations Global Compact, an international initiative conjoining UN agencies, private businesses, labor and civil society to support environmental and social principles.

The Global Compact is a completely voluntary framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. As for labor, this initiative states that businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of

forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.\textsuperscript{90}

To the year 2008 and since this initiative was first introduced to the UAE in the beginning of 2006, 20 major companies based in the UAE in various sectors such as construction and engineering, education, telecommunications, finance and real estate, have voluntarily adhered to the Global Compact; thus insuring the raising of awareness, education and building capacity in key sectors on issues related to corporate social responsibility.\textsuperscript{91}

A for the rights of women workers “the UAE government has proceeded to draft a law that governs the relation between domestic help and household employers. This law will be guided by international standards and practices and is one of the first of its kind in the region. The new initiative will particularly benefit women, who are key concern of the UAE as part of the state’s obligations under the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)”.\textsuperscript{92}

The UAE is slowly adopting measures in favor of foreign workers, the UAE 2007 Labor Report outlines how labor rights are being addressed in the Emirates and it details the specific actions that have been and are currently being undertaken by the government in such a complex society.

The report states that “the UAE relies on an ever increasing number of temporary foreign workers from labor-exporting nations. Ministry of Labor records show that the expatriate workforce is made up of nationals from 202 countries. The UAE is continuing to evolve its legal standards and enforcement policies to accommodate this fast-growing population. The UAE is designing laws and policies…”\textsuperscript{93}

\textsuperscript{90} www.unglobalcompact.org (date last consulted- May 20, 2008)
\textsuperscript{91} http://www.unglobalcompact.org/NetworksAroundTheWorld/country_contact/uae.html (date last consulted- May 20, 2008)
\textsuperscript{92} UAE Labour Report 2007
\textsuperscript{93} UAE Labour Report 2007
Although the efforts made by the local Emirate government in terms of labor-oriented regulations and reform, it’s important to mention that the majority of the labor laws work in favor of the national workers which represent a minority in the total labor force. Little has been done to protect the rights of foreign workers and as it’s evident, the UAE will need to expand its capacity to truly enforce the current labor laws it has in place and adopt newer ones that comply with international standards and regulations on the matter.
IV. CONCLUSIONS

The present analysis of the role that immigrant foreign labor has had in the contemporary political, economical and social construction of the United Arab Emirates epitomizes the vast strata, ethnic groups, religious and cultural groups which have been involved in the last decades in the functioning of one of the fastest growing economies in the world. Above all, the expatriate labor force underlines beyond the social composition of the region, the enormous influence that foreign labor has had in the development of this small but influential State.

Not only do foreign workers contribute to the community and development of the Emirates but they are the community itself. When someone arrives to the UAE after stepping down from the plane, it’s noticeable that the faces of the workers in the airport, the taxi drivers and hotel personnel, business associates and day to day folks are not local Emiratis. This helps make the following statement true: if it weren’t for foreign labor, there would be no development and no growth in the area, or at least not in the dimension of how it is today.

Foreign labor has impacted every stratum of society and has therefore triggered the emergence of a new society within the traditional Muslim Arab Persian Gulf region. A society made up of Asians, Indians and Europeans working side by side in every imaginable business and social sector, who come from varied backgrounds, economic levels and business purposes.

These differences in economic privilege, cultural prestige, and political power within the labor force reflected and reinforced the assorted identities amongst the UAE’s society. The segmentation stemming from the fact that immigrant workers come from many countries, speak different languages, adhere to different religions with varying educational backgrounds and skills, fostered the emergence of a parallel culture and society in the mostly Muslim and hermetic Arab region.
Changes in the native culture and traditions are also a consequence of the foreign labor influx into the UAE. A notable effect is the incorporation of women into the general job market; an unquestionable advancement in favor of the rights of this gender, given the fact that local Arab women traditionally didn’t work outside the home. Starting in the 1970’s women began occupying jobs, especially in the service industry and today they represent almost 15 percent of the total UAE workforce.  

A relevant aspect worth mentioning is the reason behind the need to recruit foreign labor. The UAE government is responsible for having produced and supported the emergence of a welfare State, where no local national is willing to carry out low skilled or low paying jobs. Emiratis of the lower economic classes do not see the need to work if it’s not in a good position with a reasonable salary because the government satisfies their basic needs by providing homes and all types of other subsidized help.

A clear example of this was announced on January of the current 2008 when Dubai’s Vice-president Sheikh Mohammad Bin Rashid Al Maktoum ordered the distribution of 1,000 houses among UAE nationals of limited income, where widows and divorced women registered at the Housing Establishment would be among those who benefit from such program.

Therefore, Gulf governments face a number of difficulties in attempting to lessen their dependence on foreign labor. Despite the federal and emirate governments unlimited investment in education and training, the supply of local manpower is still below demand. Furthermore, “attitudes towards hard manual labor and restrictions imposed by social norms are not expected to change radically in the short term. Gulf Arabs generally refuse to

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84 Dew, p.17
85 “Mohammad orders 1,000 houses for less privileged”. The Nation newspaper, Gulf News, UAE, Thursday January 3, 2008, p.8
86 The Mohammed bin Rashid Housing Establishment (MBRIHE) was created in 2006 with the objective to own, rent and lease land and other real estate properties; it manages financial issues related to housing loans, contracting financial and banking institutions and designing for UAE nationals housing units and complexes as well as other related amenities.
perform manual work because such work has been traditionally assigned to *khaddiris* - people who do not belong to a strong tribe or whose tribal origins are unknown. In this stratified traditional system, the *khaddiris* were looked on as an inferior social group and interactions and marriages with them were severely restricted. Although these attitudes are gradually changing as a result of increased urbanization and the spread of education, it is unlikely that Gulf nationals will show more readiness to perform manual labor, especially work involving hard and menial tasks. Low pay and overall conditions make this kind of employment unattractive to nationals who believe that they have a right to better job opportunities and higher pay as their share in the oil wealth.

Something the government thus far has fomented with all the benefits only the UAE citizens are entitled to, like free housing, education, healthcare and other yearly benefits.

This so called welfarism, along with infrastructural expansion, and subsidies to the agricultural and industrial sectors, has contributed in the improvement in the lives of the local population, but it has as well, increased the need for external labor. Labor which has to be regulated and which has in a sense, overpowered the current work laws in existence.

Foreign laborers are still divided between skilled and unskilled workers, and so are their benefits, obligations, rights and entitlements. Under the current labor Federal Law No. 8, not all workers are considered equal and the lower skilled spectrum is still in grave risk of being mistreated or exploited. In Dubai, workers from India and south Asia are shuttled from desert labor camps provided by their employers to their respective worksites, and although this is a benefit just like receiving accommodations that could be seen in other parts of the world as extras, these can surely be improved.

Small but firms steps have been made in this sector; Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President, Prime Minister, Ruler of Dubai, issued binding directives that called for adequate housing -consistent with international standards and conventions:

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safe transportation of workers to labor sites; a recruitment process for at least 2,000 new labor inspectors; new federal labor courts to fast-track labor dispute resolutions; and workers scheduled for return to their native countries are adequately housed and fed pending their departure. 

Asides from these actions in favor of the foreign working population, the Labor Ministry through its periodical revisions of worksites, laborcamps and overall contract supervisions, needs to intensify its demands and enforce the rules in place, in order to comply with the highest international labor standards and fully offer benefits for its workers.

Another important aspect the UAE government has to consider is that this queue of workers will not be endless unless serious changes are made to the current way in which workers are contacted in their native countries. Stricter rules and supervision needs to take place in the dealing amongst labor supplier or intermediaries, businesses seeking foreign labor and the immigrant workers willing to travel under any conditions. For these aspects, the UAE must homologate its worker-oriented actions with the established international mechanisms such as the International Organization for Migration, the United Nations Human Rights Council and sign the Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, in order to try to find the best way to manage the intense labor mobility and migration into the country.

For skilled workers know commonly referred to as “expats”, the situation is completely different. Due to the intense need of knowledge-based labor and the continuing establishment of multinational businesses in the area, this particular labor spectrum will only continue to grow under the law protection which they are already entitled to.

The UAE’s vast transformation from small tribal societies into a modern country with impressive infrastructure, eight lane highways, indoor ski slopes, impressive buildings like 

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\textsuperscript{98} UAE Labor Report 2007
the Burj Dubai, expected to be the tallest building in the world, is without a doubt due to the vision of local government officials and the immeasurable hands of foreign workers.

The UAE is the epitome of progress and success, a society which in less than 40 years has expanded tremendously, has invested wisely and has constructed one of the leading economies in the world.

To finalize, history has shown that the United Arab Emirates have in its foundation of growth and expansion, the strength, hard work and persistence of millions of foreign workers who have contributed from all over the world in building a modern State.
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