

High Rises and Low Wages: Expatriate Labor in Gulf Arab States

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Brief Analysis

On March 21 and 22 as many as three thousand foreign construction workers rioted in the Persian Gulf emirate of Dubai in protest at conditions on the site where the world's tallest building is being built. Cars and construction machinery were wrecked and office windows broken as the workers demanded higher wages and improved conditions. The unrest highlights the desperate conditions faced by the expatriate labor that performs most of the manual work in the oil-rich Gulf Arab states.

Background: Dubai

Just fifty years ago, Dubai was a primitive town of 20,000 people located by a small creek on the Persian Gulf coast, making its living largely through trading by dhow, a style of wooden sailboat, with Iran, a short voyage to the north. Now it is a bustling and often gridlocked metropolis of about 1.5 million people of whom only perhaps 200,000 are indigenous citizens. Glass-fronted skyscrapers serve as offices for companies and banks from across the world doing business in the region. European and South Asian tourists enjoy the beaches, cheap shopping, and active nightlife. The luxurious Burj al-Arab hotel, shaped like a dhow's sail, has become an icon for the city-state.

The lunge for further growth is being driven by the ruler, Sheikh Muhammad bin Rashid al-Maktoum. Dubai has little oil of its own; the rich reserves of the United Arab Emirates (UAE) -- about 10 percent of the world's total -- are held by the senior emirate, Abu Dhabi. Instead, Dubai is trading on its position and local entrepreneurial skills. Already its fast-growing airline, Emirates, has established an international reputation for reliability and standards of service, helping Dubai also become a major international air transport hub. Emirates has become one of the main non-American long-haul carriers, having ordered no less than forty-five of the new European Airbus A-380 super-jumbo airliner.

At the center of Dubai's next growth leap is the huge Burj Dubai ("Tower of Dubai"), a skyscraper intended to be the world's tallest when it is completed in 2008. Including a luxury hotel run by Giorgio Armani, its exact height has not been revealed but it is believed to be over 2,300 feet. (The planned Freedom Tower on the site of the World Trade Center towers in New York City will be 1,776 feet.)

Labor Conditions

It was at the Burj Dubai construction site that the labor protests occurred. The local Gulf News newspaper reported that the men were angry because they were not paid while being transported from their work camps, an hour each way, and that it took as long as an hour to punch their time cards as there were only nine machines for three thousand workers. Other reports mentioned low wages: laborers are paid just \$4 per day, while skilled carpenters received only \$7.60. Money is deducted from wages if work is stopped to pray or go to the toilet.

Such conditions, though shocking, are not surprising. Details are published annually by the U.S. Department of State in Country Reports on Human Rights Practices. The 2005 edition was released on March 8. The section on workers' rights in the UAE notes that non-citizens comprised approximately 98 percent of the private sector workforce. Although the standard workday is eight hours and the standard workweek is six days, "these standards were not strictly enforced." The report continues, "The government does not impose a minimum wage or have minimum wage guidelines." Domestic or agricultural workers receive salaries from \$109 per month; construction workers, \$164. "Low-skilled employees were often provided with sub-standard living conditions, including overcrowded apartment or lodging in unsafe and unhygienic 'labor camps', lack of electricity, lack of potable water, and lack of adequate cooking and bathing facilities." Non-payment of wages to foreign workers was also reported. The recourses open to workers are few. A 1980 labor law does not specifically entitle or prohibit workers from forming or joining a union, but none exist. In a Catch-22, the State Department report notes that if unions existed, they "would be subject to general restrictions on the right of association." Small wonder that, since 1995, the UAE "has been suspended from the U.S. Overseas Private Investment Corporation (OPIC) insurance programs because of the government's noncompliance with internationally recognized worker rights standards."

Similar tales are told in other conservative Arab Gulf states, including Kuwait, Saudi Arabia, Bahrain, Qatar, and Oman. The State Department report uses language like "poor overall" (Saudi Arabia), "serious problems remain, new ones emerge" (Qatar), and "serious problems remain" (Kuwait). Persuading these countries to improve conditions will be a difficult and probably slow process for Washington. All are highly dependent on expatriate labor forces. Indeed, expatriate workers make up a large part of the total population of each Gulf state, ranging from 20 percent of the population in Oman to 75 percent in Qatar.

Although Muslim South Asians -- especially Pakistanis -- form a significant contingent in many Gulf states, expatriate labor is usually chosen for being non-Muslim and therefore having minimal local political impact. Even before the latest terrorism themed movie *Syriana*, filmed partly on location in Dubai, contained a subplot of discontented foreign workers planning a terrorist attack, Gulf rulers were wise to the potential dangers -- though in fact to date terrorist actions in the Gulf have been committed by Gulf Arabs rather than foreign workers.

By contrast, labor unrest is quite common and probably underreported. There have been several smaller incidents in Dubai in the last year. Strikes have also been reported in recent months in Qatar and Oman. In April 2005, Bangladeshis stormed their own embassy in Kuwait, protesting at local working conditions that were denounced as "slave-like".

The Dubai authorities will be anxious that the labor unrest stops. Indeed, on March 23, workers were reported to have returned to work. An official described their demands as "simple." Conciliation is encouraged by the local Ministry of Labor. But an unnamed official was quoted as saying that if workers resort to violence again, they will be deported.

Conclusion

For the United States, the unrest in Dubai should serve as an important example with which to confront foreign states of what can go wrong when workers' rights are ignored. Though Dubai's laissez-faire regulation has been a

major component in its rapid economic growth, on several occasions this has put it on the wrong side of Washington -- Dubai has had to tighten up its rules on money laundering and has stopped serving as a major transit point, especially to Iran, for the Pakistani nuclear proliferators in the A. Q. Khan network . Hopefully the rioting will have shocked the ruler, Sheikh Mohammed, into rethinking some of his policies. U.S. officials may need to emphasize the lessons to be learned.

Simon Henderson is the Baker fellow for Gulf and energy studies at the Washington Institute and author of the 2003 institute policy paper [The New Pillar: Conservative Arab Gulf States and U.S. Strategy](#). ❖

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