



**INSTITUTE OF  
STRATEGIC STUDIES**

**web:** [www.issi.org.pk](http://www.issi.org.pk)  
**phone:** +92-920-4423, 24  
**fax:** +92-920-4658

## Issue Brief

*(Views expressed in the brief are those of the author, and do not represent those of ISSI)*

# The Qatar-Gulf Rift: Impacts on the Migrant Community

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*Written by: Arhama Siddiq, Research Fellow*

*Edited by: Najam Rafique*

**In June 2017, several countries, spearheaded by Saudi Arabia, the United Arab Emirates, Bahrain and Egypt severed diplomatic ties and cut off sea and air links with Qatar, accusing it of supporting "extremism" and their regional rival, Iran.**

On June 23, a list of thirteen demands were made by the anti-terror quadrant for ending the crisis. These included shutting down Al Jazeera and other media outlets they claimed were being funded by Qatar; downgrading diplomatic ties with Iran; severing ties with "terrorist organizations," including the Muslim Brotherhood; and paying reparations to other Gulf countries for "loss of life" and "other financial losses" resulting from Qatar's policies.

Qatar, however, did not accept these demands and the matter is currently at a stalemate with several countries offering to mediate but none of the opposing sides willing to yield.

The immediate effects on Qatari citizens is clear, but what does this mean for over half of Qatar's population: its 1.6 million migrant workers? The diplomatic rift between Qatar and other Arab countries will have a significant impact on the lives of migrant workers. Qatar is entirely import-dependent state for foodstuffs and daily necessities. Now that the major trade routes of Saudi Arabia, UAE and Bahrain have been blocked, privileged Qataris are stocking up on foodstuffs leaving little for the migrant workers. The labourers, who live a lesser privileged life, will have to face difficult circumstances as the cost of necessities rise. Human Rights Watch interviewed 70 migrant workers<sup>1</sup>- most from Nepal, India, Bangladesh, and Pakistan- at various locations in Doha. Some reported long-standing abuses such as non-payment or late payment of salaries or unsanitary living conditions, but nearly all complained that the closure of the land border had caused a rise in food prices in Qatar that was causing serious economic hardship.

The fate of migrant workers Qatar outsources to other countries of the Gulf has also to be taken into consideration. These Qatari companies will presently not be allowed to operate in the other Gulf States, and it will impact the lives of outsourced labours until the diplomatic crisis is sorted out. The Gulf nations already have a giant problem of abuse of labour rights. Qatar's fractured relationship with the Gulf countries might make the situation even worse.

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<sup>1</sup> <https://www.hrw.org/news/2017/07/13/qatar-isolation-causing-rights-abuses>

The crisis will undoubtedly squeeze businesses. But it will hurt hundreds of thousands of migrant workers more. Many now face an uncertain future, unpaid wages, layoffs and destitution if they are shipped back home to countries of origin before they have earned enough to pay off their exorbitant recruitment fees that they paid to seek employment in Qatar.

According to reports, Qatar may be weathering the siege, but the country's booming construction sector is likely to face rising costs and difficulties importing materials and equipment. The blockade makes things difficult for the many international construction firms that have moved in to fill demand since Qatar won the bid in 2010 to host the 2022 FIFA World Cup. There is also a significant risk that real estate investment will dry up, which could lead to project delays and a halt of construction and business activities altogether. This could further spell disaster for Qatar's already vulnerable migrant workers, tens of thousands of whom work in construction and risk being hit hardest.

All Gulf countries, including Qatar and Saudi Arabia, maintain a form of the *kafala* system of sponsorship-based employment that, at its worst, facilitates systematic abuse of workers and international labour standards. Under the *kafala* system, a migrant's work and residency permits are tethered to their employer who keep their passports, rendering a worker entirely dependent on the sponsor throughout employment. In order to change or leave jobs, a migrant must first seek employer permission in the form of a "No-Objection Certificate" from their employer in order to leave the country. Equally, workers are prohibited by law from trying to improve their situation by seeking better paid employment elsewhere. In essence, outside the corridors of power, it is Qatar's foreign workforce who are on the frontline when it comes to the immediate impact of the crisis.

For Pakistan, perhaps the most significant economic development over the past decade has been the dramatic growth of remittances from the Middle East. Manpower export to the Middle East began on a large scale in 1975.<sup>2</sup>

Saudi Arabia is home to more than 1.9 million Pakistanis, mostly unskilled workers, while the UAE hosts a further 1.2 million, according to the latest figures circa 2014. Qatar, a much smaller country by comparison, hosts some 115,000 Pakistani citizens.<sup>3</sup>

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<sup>2</sup> [https://link.springer.com/chapter/10.1007/978-1-349-11401-6\\_4](https://link.springer.com/chapter/10.1007/978-1-349-11401-6_4)

<sup>3</sup> <http://www.aljazeera.com/indepth/interactive/2017/06/pakistan-ties-gulf-countries-170609141743286.html>

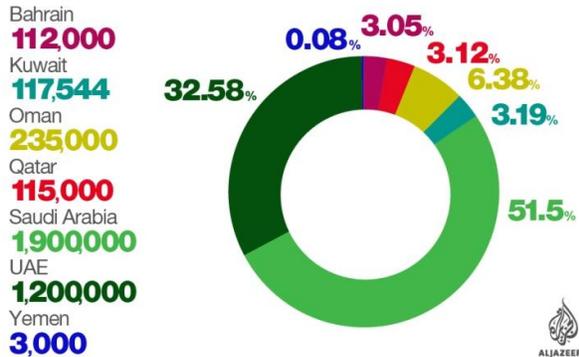
London-based Pakistani analyst, Farooq Sulehria, says that the largest sum of Pakistan's foreign exchange comes from Saudi Arabia. "There is a mammoth work force of Pakistani labourers in the Arab countries. It would be 'suicidal' to offend the Saudis,"<sup>4</sup> Sulehria stated.

It is a matter of great concern for the policymakers that home remittances, which had been increasing consistently over the last decade and provided a great support to the balance of payments of the country, had declined during FY17. The matter becomes all the more serious when there are no prospects of the reversal of this trend anytime soon. According to the latest data released by the State Bank on July 10, 2017, overseas Pakistani workers remitted dollar 19.303 billion during July 1-June 30, 2017 compared with dollar 19.917 billion received in 2015-16, depicting a decline of dollar 614 million or 3 per cent.<sup>5</sup> Over 60 per cent of the country's total remittances originate from the Middle Eastern countries which are themselves adopting fiscal consolidation measures and laying off labourers, thus affecting adversely both the incomes and demand of workers in those countries.<sup>6</sup>

These expatriate Pakistanis have a significant effect on their country's economy, with foreign remittances playing an important role in bolstering Pakistan's foreign-exchange reserves. Ever since the crisis hit, there has been a significant decrease in the figures for remittances from these countries. For Saudi Arabia the figures fell from 438 to 409 million US dollar. For the UAE it was from 414 to 334

## Pakistani expatriates in the Gulf

**3,682,544**

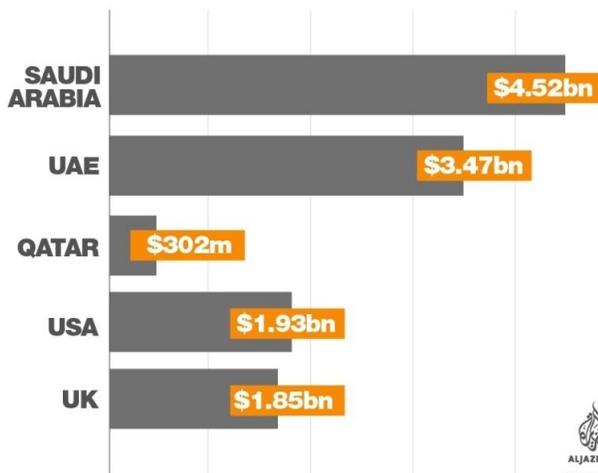


June 2017 | SOURCE: Pakistani Overseas Pakistanis Ministry, 2014



## Remittances to Pakistan

July 2016-April 2017



June 2017 | SOURCE: State Bank of Pakistan



<sup>4</sup> <http://www.dw.com/en/pakistan-faces-a-diplomatic-conundrum-over-the-gulf-crisis/a-39209645>

<sup>5</sup> <http://www.sbp.org.pk/ecodata/Homeremit.pdf>

<sup>6</sup> <http://epaper.brecorder.com/2017/07/15/20-page/888894-news.html>

million US dollars and for Qatar it was from 62 to 45 million US dollars.<sup>7</sup>

Since the political crisis in the Gulf blew up, there have been credible reports of foreign workers on some oil and gas projects in Qatar being denied the exit permits they need from their employers to leave the country.

In addition to this, for the Pakistanis living in Qatar, cross-country travel within the Gulf is proving to be difficult for some time. Many are being forced to re-route their travel to these countries. Saudi Arabia, Bahrain, the UAE, and Egypt have withdrawn their embassies and staff from Qatar, making passport renewal difficult for nationals of those countries who do not have permission to remain in Qatar. Residency visas in Qatar are linked to valid passports, and some foreign nationals are concerned about what will happen to their residency visas once their passports expire.

The Government of Pakistan needs to be in the best possible position to help the Pakistanis employed in the Gulf countries. It also needs to ensure that regulations are met before issuing work permits for employment, with a special focus on those planning to work for outsourcing companies. The Pakistani Embassies in the Gulf countries should be resourceful enough to assure the safety of the Pakistanis working there.

Moreover, support should also be sought from the International Labour Organisation (ILO) to agree to a genuine and bold package of labour reforms, including really overhauling the *kafala* system so that migrants can no longer be trapped by their employers. A transparent investigation should also be launched into the causes of worker deaths, and measures should be put in place to address them. These channels should ensure that in the current political crisis, the rights of migrant workers are protected with the same vigour and intensity as those of Gulf citizens.

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<sup>7</sup> <http://www.sbp.org.pk/ecodata/Homeremit.pdf>