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QNI Quality of Nationality Index

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EXPERT COMMENTARY

The Gulf Cooperation Council

By: Justin Lindeboom

H&P Henley & Partners

Dimitry Kochenov

The Gulf Cooperation Council

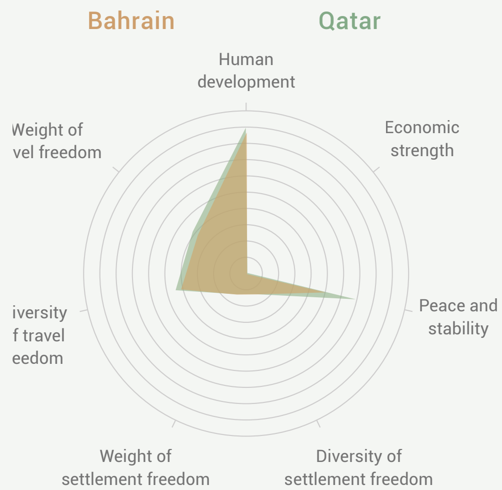
Justin Lindeboom
Faculty of Law,
University of Groningen,
The Netherlands

The Gulf Cooperation Council (GCC) is an Arab political and economic organization comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. It is one of the few regional organizations offering genuine free settlement for Member State nationals. Since the GCC's foundation in 1981, freedom of mobility and residence has been one of the main objectives implemented over time to foster Gulf Arab identity, or *Khaleeji*.[1] Since 2001, nationals of GCC countries have had a specific right to unrestricted free movement and full access to other Member States. This liberalized regime stands in sharp contrast with highly restrictive migration policies for foreign workers, who comprise a clear majority of the GCC labor workforce.

Quality Trends

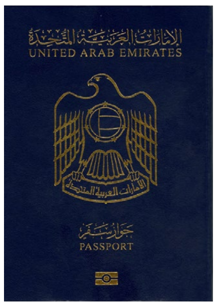
The nationalities of the GCC belong to the lower end of the High Quality tier (UAE, Qatar and Kuwait) and the higher end of the Medium Quality tier (Saudi Arabia, Oman and Bahrain) in the QNI General Ranking. Most of the GCC nationalities remain more or less stable compared to last year, with some upward movement for the nationalities which have benefitted from increased Travel Freedom. We have seen small improvements in the quality of both Bahraini and Kuwaiti nationality, both of which gain one percentage point. Bahraini nationals were granted four additional visa-free or visa-on-arrival travel destinations (from 69 to 73), while Kuwaiti nationals grew from 78 to 81 visa-free or visa-on-arrival travel destinations last year. Omani nationality also saw a minor improvement of 0.9 percentage points due to four additional visa-free or visa-on-arrival travel destinations (from 66 to 70).

1 See Zahra Babar, *Free Mobility within the Gulf Cooperation Council* (Center for International and Regional Studies 2011), p3



The most remarkable performance, however, was achieved by the UAE. On 6 May 2015, the EU exempted UAE nationals from a Schengen visa, granting visa-free access to the zone. In addition to the 26 travel destinations of the Schengen Area, UAE nationals are also given visa-free access to eight non-Schengen countries in Europe: Bulgaria, Croatia, Cyprus, Romania, the Vatican, Andorra, San Marino and Monaco. The Emiratis are now allowed to travel to these 34 countries for business or tourist purposes and stay there for up to 90 days in any 180-day period in one year.

In the same year, moreover, nine other countries have lifted visa requirements, all in all resulting in no fewer than 43 additional visa-free travel destinations for UAE nationals. Because the changes entered into effect just after the measurement date for the 2015 QNI report, its effects are first reflected in this year's edition. With 43 extra travel destinations, we see a 55% improvement in the UAE's Travel Freedom Diversity, from 77 to 120 visa-free or visa-on-arrival destinations. Travel Freedom Weight benefits even more, since the waiver of the Schengen visa gives travel access to well-developed and economically strong countries.



What does this mean for the overall quality of the Emirati nationality? Improved Travel Freedom is directly reflected in the QNI General Ranking, where the UAE makes a spectacular jump forward from 36.3% in 2015 to 44.5% in 2016 – an increase of 8.2%. This increase also corresponds to a significant improvement in ranking, bringing the Emirati nationality up from 62nd place in 2015 to 49th place in 2016, overtaking Qatari nationality and ending up right below the Israeli citizenship (48th). While in previous years, Israeli nationality was the undisputed leader of the Middle East and North Africa region, having substantially higher quality than any other nationality in the region, the UAE is now only 0.1 percentage point behind.

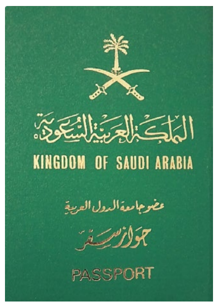
Visa-free arrangements between the EU and the UAE send a very clear message. While the UAE is the first Arab country to be granted a visa waiver for the Schengen Area, this message is not just directed at other countries in the Gulf region but applies to all other countries as well. The message is that the possibility to travel freely matters greatly, both in qualitative and quantitative terms. As a result of diplomatic efforts and strengthened ties between the EU and the UAE, the latter has been able to grant its nationals extremely valuable assets. Tourists, businesspeople and (future) students are the obvious winners. Correspondingly, what the QNI demonstrates is that the practical added value of the Schengen visa waiver can be quantified, and objectively entails significant improvements, as underlined by Yossi Harpaz in his individual contribution in this edition. The stellar improvement in the Emirati nationality is a great illustration of how improved relations between countries can translate into concrete and measurable successes for millions of individuals, and it is a perfect example for many other countries.

Primarily as a result of the UAE's jump forward, the average value of GCC nationalities has improved from 35.05% last year to 37.02% in 2016 on the QNI General Ranking. This is substantially higher than the Middle Eastern average (27.20%). In fact, while the quality of GCC nationalities varies between 44.50% (UAE) and 34.2% (Bahrain), the next Middle Eastern nationalities follow at a substantial distance (the Israeli Laissez-passer at 29.50% and the Tunisian nationality at 27.8%). This primarily results from the free mobility of persons in the GCC area, which boosts Settlement Freedom and overall external value. Since the Economic Agreement of 2001, nationals are even entitled to pensions and social security benefits in other Member States, going well beyond the QNI's criteria for full access.

Free Movement within the GCC

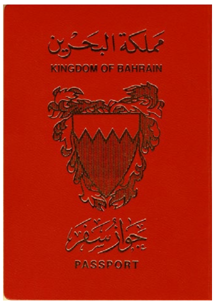
Genuine free movement of nationals is thus one of the more successful pillars of the GCC as a project of regional integration. However, the massive influx of foreign workers in recent decades has substantially diminished the relevance of the GCC free mobility regime for two reasons. Firstly, GCC nationals rarely make use of their free movement rights, while secondly, foreign workers do not have them. The GCC countries are described as 'rentier states', which means that most government revenues come from natural resource rents. Consequently, the GCC economies can survive without a strong internal sector, and to a large extent government revenue is distributed among nationals through public sector employment. Meanwhile, since the late 1980s, the private sector has been importing a massive number of non-Arab foreign migrants, most of whom are low-skilled workers from South Asia. As a result, the percentage of GCC nationals working in the private sector remains minimal, despite multiple attempts to nationalize the labor force with marginal to mixed results.[2] In 2011, for example, only 0.5% of the private workforce in Qatar comprised Qatari nationals.[3]

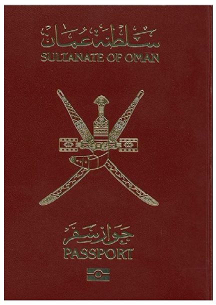
Even taking into account the public sector, employment figures among nationals are low. Unemployment rates are generally above 10%[4] and youth unemployment can be up to 30% in, for example, Saudi Arabia.[5] Labor force participation rates are even lower. Both in Saudi Arabia and Qatar, employed nationals accounted for only one-fifth of the total national population, which is one of the lowest dependence ratios worldwide.[6] In Kuwait this ratio is only comparatively high, with a participation rate of about one-third of the national population.[7]



2 See Kasim Randeree, *Workforce Nationalization in the Gulf Cooperation Council States* (Center for International and Regional Studies 2012)
3 See *Country Profile No. 25: The Gulf Cooperation Council States (GCC)* (Focus Migration, Institute for Migration Research and Intercultural Studies, December 2012), p6
4 See Zahra Babar, *Free Mobility within the Gulf Cooperation Council* (Center for International and Regional Studies 2011), p21
5 See *Country Profile No. 25: The Gulf Cooperation Council States (GCC)* (Focus Migration, Institute for Migration Research and Intercultural Studies, December 2012), p7
6 Ibid.
7 See George Naufal and Ismail Genc, *Labor Migration in the GCC Countries: Past, Present and Future* (2014) Singapore Middle East Papers No. 9/2, p17

Given the uniquely low labor activity of GCC nationals in comparison to foreign workers, it will come as no surprise that the employment of GCC nationals in Member States other than their country of origin is marginal. Though recent statistics are not easily available, it is estimated that in 2010 only 21,000 GCC nationals were working in another GCC Member State, equal to 1.7% of the total active national labor force. There are measurable differences among the GCC nationalities, which roughly reflect the divergences in national welfare and economic opportunities, as well as the overall quality of the nationalities. The limited amount of intra-regional labor mobility flows largely from countries from the lower-ranking GCC nationalities towards countries from the higher-ranking ones. Nationals from Bahrain (84th on the QNI General Ranking), Oman (83rd) and Saudi Arabia (82nd) are most likely to work in other GCC countries, while those from Kuwait (72nd), Qatar (70th) and the UAE (49th) make practically no use of their free movement rights. Correspondingly, the UAE and Qatar are the most attractive destinations in the region, and Bahrain and Oman by far the least attractive.[8]





The salient disinterest of GCC nationals in using the key benefit of their nationalities' External Value is partly explained by factors including higher employment opportunities for natives, low education levels and strong family ties.[9] However, the large number of migrant workers occupying the vast majority of private sector work also significantly hampers employment opportunities for locals, both within and outside their country of origin within the GCC.

The number of foreign workers in the Gulf countries has increased continuously in recent decades and was estimated to exceed 30 million in 2014, which is equivalent to 62% of the GCC's total population. These numbers vary greatly among the Gulf countries, from 32.4% foreign inhabitants in Saudi Arabia to 85.7% in Qatar and 88.5% in the UAE.[10] It is, however, absolutely clear that migrants have an overwhelming presence in the private labor market, which far exceeds the share of foreign workers in high-immigration OECD countries such as Australia and New Zealand. Unlike GCC nationals, this group of over 30 million foreign workers is confronted with tight migration policies. Entry and exit into the territories is strictly controlled, and low-skilled foreign workers are generally kept separate from the rest of society. In the construction and agriculture sectors, such low-skilled migrants often require the permission of their employers to leave the country or to move to a new job.

The GCC countries have offered several justifications for their tight migration rules for foreign workers. These reasons include internal security and stability, the preservation of cultural homogeneity and the Arab identity, and the protection of employment for nationals.[11] Meanwhile, the Gulf's private sector

8 See Badr El Din A. Ibrahim, *Intra-National Labor Mobility among the Arab Gulf Cooperation Council States in the Context of the Financial Crisis and the Gulf Monetary Union, in Intra-Regional Labor Mobility in the Arab World* (International Organization for Migration 2010) pp108, 122–123

9 Ibid., pp108, 123–124

10 See George Naufal and Ismail Genc, *Labor Migration in the GCC Countries: Past, Present and Future* (2014) Singapore Middle East Papers No. 9/2, pp11–12

11 See Zahra Babar, *Free Mobility within the Gulf Cooperation Council* (Center for International and Regional Studies 2011) pp15–24.

economy remains heavily dependent on a foreign workforce. The sharp contrast between unrestricted freedom of movement and residence of GCC nationals on the one hand, and a complete lack of such freedom for foreign workers on the other, will thus most likely remain in place for the immediate future.

Accordingly, free mobility in the GCC is in many respects a peculiar regime. Usually the rationale for free movement of persons across borders centers on either moral or economic arguments. Neither of the two seems to fit the GCC: while the nationals rarely use their free movement rights at all, if only because labor participation is extremely low, foreign workers who could actually benefit from free mobility are deprived of any comparable right to regional free movement. Far more than in moral or economic justifications, free mobility in the Gulf area seems rooted in the idea of fostering the *Khaleeji* identity. As a result, however, the GCC has so far yielded a partly liberalized free movement regime which is received with remarkable indifference among citizens, while more than half of the current population cannot use it anyway.

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Antigua and Barbuda
+1 869 465 6220
antigua@henleyglobal.com

Australia
+61 3 8658 5994
australia@henleyglobal.com

Austria
+43 1361 6110
austria@henleyglobal.com

Canada
+1 514 288 1997
canada@henleyglobal.com

Croatia
+385 21 321 027
croatia@henleyglobal.com

Cyprus
+357 2531 1844
cyprus@henleyglobal.com

Dubai (UAE)
+971 4 392 77 22
dubai@henleyglobal.com

Grenada
+1 473 443 4000
grenada@henleyglobal.com

Hong Kong
+852 3101 4100
hongkong@henleyglobal.com

Jersey/British Isles
+44 1534 514 888
jersey@henleyglobal.com

Latvia
+371 66 05 1009
latvia@henleyglobal.com

Lebanon
+961 76 834 632
lebanon@henleyglobal.com

Malaysia
+603 2731 9340
malaysia@henleyglobal.com

Malta
+356 2138 7400
malta@henleyglobal.com

Philippines
+632 669 27 71
philippines@henleyglobal.com

Portugal
+351 213 970 977
portugal@henleyglobal.com

Singapore
+65 6438 7117
singapore@henleyglobal.com

South Africa
+27 21 850 0524
southafrica@henleyglobal.com

South Korea
+82 10 5147 2300
korea@henleyglobal.com

St. Kitts and Nevis
+1 869 465 6220
stkitts@henleyglobal.com

St. Lucia
+1 758 458 9777
stlucia@henleyglobal.com

Switzerland
+41 44 266 22 22
switzerland@henleyglobal.com

Thailand
+662 041 4628
thailand@henleyglobal.com

Turkey
+90 212 373 9588
turkey@henleyglobal.com

United Kingdom
+44 207 823 10 10
uk@henleyglobal.com

Vietnam
T +848 3911 1667
vietnam@henleyglobal.com