Qatarisation: playing the long game on workforce nationalisation

by **Nader Kabbani** JANUARY 14, 2025

As national populations across the Gulf have grown and hydrocarbon reserves declined, most Gulf countries have sought to move to a more sustainable economic model underpinned by raising the share of citizens in the productive private sector. But, as this column explains, Qatar differs from its neighbours in several important ways that could render aggressive workforce nationalization policies counterproductive. In terms of such policies, the country should chart its own path.

In a nutshell

Despite calls for a greater share of Qataris in the country's workforce, the national population numbers are not there to make it happen; and since Qatar's natural gas reserves are expected to last well into the next century, it faces a longer runway for transition than other Gulf economies.

Foreign workers represent close to 70% of the overall workforce of Gulf economies, among the highest shares in the world (ESCWA et al, forthcoming). This economic model has largely been supported by revenues generated from hydrocarbon exports.

For the past half a century, hydrocarbon exports have allowed Gulf nationals to hold high-paying jobs in the public sector, while foreign workers were employed primarily in the private sector. But as national populations have grown and hydrocarbon reserves declined, Gulf countries have aimed to move to a more sustainable economic model underpinned by the need to increase the share of nationals in the productive private sector.

Rather than increasing the share of nationals in the workforce, Qatar needs a balanced approach that would allow it to develop the necessary national and foreign human capital to transition successfully from a hydrocarbon-based economy to a diversified, competitive, knowledge-based economy.

This transition is the top priority articulated in the country's National Vision 2030 and its Third National Development Strategy 2024-2030; aiming to increase the share of the Qatari workforce in the private and semi-private sectors from 17% in 2023 to 20% by 2030 is just the right balance and approach.

In recent years, Qatar has also aimed to nationalise its workforce. This has partly been in response to what other Gulf countries are doing and partly to maintain the national character of its population. But Qatar differs from other Gulf countries in several important ways that could render similar nationalisation policies counterproductive.

Chief among these differences is the fact that Qatar has a relatively small national workforce that must be leveraged in order to pursue the country's economic development priority of making the transition from a hydrocarbon-based economy to a diversified, competitive, knowledge-based economy. In terms of workforce nationalisation policies, Qatar should chart its own path.

The drivers of workforce nationalisation

Among Gulf economies, Saudi Arabia has the lowest share of foreign workers, representing 57% of its workforce. This makes sense given that Saudi citizens are estimated to number 19 million out of a total population of 32 million (General Authority for Statistics, 2022).

Despite its wealth, Saudi Arabia cannot afford to offer public sector jobs to all citizens who want one. Over the past three decades, the Saudi government has nationalised much of the public sector workforce and has used various schemes and incentives to place citizens into private sector jobs, including using quotas and fees to limit the hiring of foreign workers and providing training and subsides to encourage the hiring of nationals.

Bahrain and Oman have also worked hard to nationalise their workforces. Foreign workers represent 68% and 74% of their workforces, respectively (ESCWA et al, forthcoming). Both countries have been driven to make progress by the relatively low levels of oil reserves remaining compared with other Gulf countries (Kabbani and Ben Mimoune, 2021).

Bahrain barely produces enough oil for domestic consumption and it cannot rely on export revenues to support a large public sector. Oman is close behind, with revenue from oil exports expected to be exhausted within the next two decades.

Kuwait and the United Arab Emirates (UAE) are also trying to nationalise their workforces, but not with the same urgency. Both countries have a wealth of oil reserves and they have built up two of the largest sovereign wealth funds in the world, which will allow them to generate income for decades to come (Kabbani and Ben Mimoune, 2021; Sovereign Wealth Fund Institute, 2024).

Foreign workers represent 85% and 86% of the workforces of Kuwait and the UAE respectively (ESCWA et al, forthcoming). The UAE also includes a unique economic model in the emirate of Dubai, which, having little oil of its own, decided during the 1970s to develop a competitive private sector integrated into the global economy.

Workforce nationalisation in Qatar

Qatar has the highest share of foreign workers among the Gulf economies, representing over 94% of its workforce. The country's labour force expanded dramatically after it started to produce and export liquefied natural gas (LNG) in the mid-1990s, accelerating the country's economic development.

Driven by a massive influx of foreign workers, Qatar's labour force grew from 280,000 in 1997 to 2,100,000 in 2017, before settling at just above two million workers. As a share of the workforce, foreign workers reached a zenith of just over 95% in 2016, before falling back to 94% by 2023.

Qatari policy-makers have regularly discussed increasing the share of Qataris in the workforce. But it has been difficult to increase that share, given the relatively small numbers of Qatari workers. Any Qatari who wants a job can find one.

As a result, the Qatari labour market is very tight. In 2023, the unemployment rate among Qatari nationals was less than 0.5%, among the lowest in the world. Indeed, the unemployment rate among Qatari nationals has not exceeded 1% since 2014. Overall labour force participation rates have been increasing slowly, but they will eventually plateau.

Another way to increase the share of Qataris in the workforce is to reduce the number of foreign workers. This would help to achieve the policy aim of maintaining Qatar's national identify. But Qatar has built its economy and infrastructure over the past two decades to accommodate higher numbers of residents, closer to around 3 million people, and in preparation for hosting the 2022 FIFA World Cup.

As a result, Qatar is currently experiencing significant overcapacity in its real estate, retail and hospitality sectors (Kabbani, forthcoming). The government plans to reduce this overcapacity by replacing low-skilled foreign workers with high-skilled workers who will consume more (National Planning Council, 2024). But there is little expectation that the overall population will decline.

Managing the trade-offs

In short, despite calls for a more nationalised workforce, the national population numbers are not large enough to make it happen. Furthermore, Qatar's natural gas reserves are expected to last well into the next century. As such, it faces a longer runway for its economic transition than other Gulf economies. At present, there is little economic imperative to nationalise.

Still, policy discussions have led companies and institutions across the country to introduce their own workforce nationalisation targets. This has resulted in competition over scarce national workers, leading to fast-track career progression and job-hopping that has disrupted the natural career development and skill formation of many national workers.

Rather than increasing the share of nationals in the workforce, Qatar needs to ensure that it develops the necessary national and foreign human capital to make a successful transition from a hydrocarbon-based economy to a diversified, competitive, knowledge-based economy.

This is the top priority articulated in Qatar's National Vision 2030 and its Third National Development Strategy 2024-2030 (NDS3). Indeed, the nationalisation target in the NDS3 of increasing the share of the Qatari workforce in the private and semi-private sectors from 17% in 2023 to 20% by 2030 is reasonable and reflects just the right balance and approach.

Further reading

ESCWA (Economic and Social Commission for Western Asia), the International Organization for Migration (IOM) and the United Nations High Commissioner for Refugees (UNHCR) (forthcoming) *Situation Report on International Migration 2023*.

General Authority for Statistics (2022) *Saudi Census 2022*.

Kabbani, Nader (forthcoming) *Accelerating the Economic Transition of Qatar*, ERF Report.

Kabbani, Nader, and Nejla Ben Mimoune (2021) 'Economic diversification in the Gulf: Time to redouble efforts,' Brookings Doha Center Policy Briefing.

National Planning Council (2025) *Third National Development Strategy 2024-2030: Building our sustainable future*.

Sovereign Wealth Fund Institute (2024), 'Top 100 Largest Sovereign Wealth Fund Rankings by Total Assets'.

Qatar National Planning Council (2023) 'Annual Bulletin Labour Force Sample Survey, 2023'.

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