

The Omani Economic Association statement

Delivered by

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Chairman of the Omani Economic Association

For the inauguration ceremony of the Association's Fifth Conference

Demographic Transformations & Gulf Labour Market

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In the name of Allah the Most Gracious the Most Merciful

Praise be to Allah the Lord of the universe and may peace and prayers be upon the most honorable of all messengers, our master Mohammad, his family and descendants and all companions.

H.E Shaikh Khalid bin Hilal Al Mawali, Chairman of Majlis Al Shura, Patron of this event,

Your Excellencies and Honorables

H.E Dr. Ali bin Khalifa Al Kuwari

Your Excellencies Ambassadors of GCC

Brothers and sisters, chairmen and members of the Gulf Economic Associations, Omani Associations, media and representatives of sponsors,

Ladies and Gentlemen

A'Salamu Alaikum wa Rahmatu Allah wa Barakatuh

We would like to welcome all of you to the fifth conference of the Omani Economic Association on Demographic Transformations and the Gulf Labour Market. First of all, I would like to point out that the data issued in the middle of last year by the Institute of International Finance (IIF) confirmed that the highest rate of unemployment in the world was the one pertaining to Arab Countries, where it topped the international rate of unemployment among the educated youth. Although the total rate of unemployment in these countries in 2009 hit almost 11.5%, the unemployment rate among the youth was more than double with a percentage of 25.2%. By contrast, in South East Asia, these rates were 4.8% and 11.3% for total unemployment and youth unemployment respectively, while in South America the rates were 7.7% and 15.5%. Surprisingly, the situation does not appear to differ a great deal among rich and poor Arab countries, where we find the rate of unemployment, for instance in KSA, being 10.2% for total unemployment and 23.2% for youth unemployment, and in Egypt, 9.5% and 27.2% respectively.

Unfortunately, the situation in the Sultanate of Oman appears even worse, with results from the population census for 2010 indicating that the volume of Omani manpower was about 1,266,635 people, of whom only 35.29% were employed, 24.35% looking for jobs and 25.30% engaged in domestic work. The education level of the Omani shows no better than that of manpower. Census results indicated that 88% of the population over ten years of age had acquired secondary school level and nearly one third of this population was either illiterate or had only completed elementary school level. Only 6.2% hold B.A degrees while Master's and PhD holders were less than 1%.

In light of predications, the future will be no better than the present due to expansion of the base of the population pyramid. In some Arab countries, the expansion is twice that of the international average, meaning the status of the labour market would become worse as a result of the high influx of new labour entrants into it. It is also quite possible that the status quo is actually worse than what has been declared, as most Arab countries either do not publish accurate figures concerning the situation of unemployment or never provide meticulous data regarding this.

In 2010, the Arab region witnessed the strongest political movement in its modern history. The events confirmed that the Arab youth were the ones who made the movement leading to what has been labelled the "Arabic Spring". It is worth mentioning that the International Monetary Fund (IMF) report submitted to the G8 summit in France in the middle of last year stressed that social and political stability in the Arabic region would not be realised unless Arab countries succeeded in creating between 50-70 million job opportunities with the next decade. This can not be achieved if these countries continue with the same policies they have adopted for past decades. The cause of this dilemma in the Arab world, according to many experts, is the failure to adopt a developmental scheme as the main concern, unlike the rest of the world who utilise resources of the state for power building. The prerequisites for success in the future need to be shifted towards developmental planning based on the criteria of state-building schemes within each Arab country with a core objective of constructing an economy that achieves the requirements for the development of citizens and create real job opportunities for them.

The facts that unfolded after the events of 2011 demonstrated that authorities' efforts to combat corruption were below expectations mainly due to the absence of political will and limitations of legislations which are confined only to prevention and consultation roles, or referring cases of corruption to other entities to be kept. However, the establishment of such authorities does not meet the requirements set by the UN Accord on Corruption Prevention, specifically the basic conditions pertaining to their functioning efficiently, notably jurisdiction, independence and support.

Arab parliaments also failed to produce appropriate mechanisms for the surveillance of executive authorities, and hence these parliaments did not contribute in supporting and reinforcing efforts for preventing corruption. Civil society became the main driving force of events, not the military or police. The movement was not launched from its base level by the elitists, showing that Arab civil society has both the will and ability to engage in political participation positively and effectively in the future.

Corruption is an economic, social and political multi-dimensional phenomenon which exists, with varying degrees, in all societies. The World Bank defined corruption as "a misuse of public power to achieve personal gain". The International Transparency defined it as "a misuse of vested power to achieve personal gain". Therefore, corruption is seen to be a mixture of power monopoly, lack of transparency and inability of accountability due to the limitations of information.

Lessons learned from the movement were numerous, with the events of 2011 proving that unorganised societal volition is capable of inducing change when it feels that enough is enough and corruption is rampant, transmitting fear from society to governments. It has also proved that security cannot be achieved without justice and the existence of socio-economic security. Moreover, the spark of an event may pass swiftly to other entities and have a hand in igniting another event, which could then capitalise on the situation.

Outcomes of the movement in Oman were massive. And, praise be to Allah Almighty who has granted us a wise Sultan, protective of his homeland and interactive with the aspirations of his people, the cabinet of ministers was reshuffled after certain members had been found to have desecrated the so-called economic and security centres of power, amendments were introduced into the state's Basic Law, including the reformulation of the mechanism of power transition, granting some legislative jurisdictions to the Council of Oman, questioning ministers, transparency on issues of budget discussions and final accounts of the state, as well as granting the Majlis Al-Shura the right to appoint the Chairman of the Majlis from its elected members. Amendments were made to the provisions of the Law of the State's Financial and Administrative Control and the Law of Protecting Public Funds and Conflict of Interest. Also included were amendments to some provisions of the Omani Penal Code and the Code of Criminal Procedure and the Law of the Press and Publications. It was decreed to provide new job opportunities to Omanis, amending various provisions of the Labour Law including giving employees two days holiday after five consecutive days of work, with amendments on the tender law also now underway.

As an Omani blogger stated "what is happening in the Sultanate is a painful, yet necessary, surgical operation, a social and political work not only at the level of institutions and authorities but also the citizen. This work has come after a series of declines at the economic planning level, media policies and the administrative procedures which drifted the ordinary citizen to a state of disappointment, and many of the intelligentsia and thinkers moved to a state of deliberate isolation and a weird passiveness. In contrast there were sincere people who raised their voices, warned, wrote and demanded; unfortunately no-one listened to them. The eyes of some officials were blind; some had deaf ears to behold the truth and the simple citizen. There was a one-way government point of view which is undebatable or divisible by two. The issue in many instances was no more than individual orientation or personal interpretation! Let us forget and pardon what has happened but we have to learn the lesson".

H.E Shaikh Khalid, the Chairman

The first crucial shift in the official discourse of a government is to recognise the importance of civil society institutions as an effective partner in development. Although it has not been put into force yet, it was mentioned in

the first report on human development in Oman in 2002 where it stressed that "There is a strong link between governance "management of society and state affairs" and human development. Well-founded human development cannot be achieved with the absence of well-grounded governance. Governance is of little good if it fails to achieve decorous rates of human development or provide the conditions necessary for its sustainability. Good governance cannot be achieved without building and improving capabilities in all institutions of state and society and, of course, this is also the core of human development. A sound management of society and state affairs subjects will establish an accurate and balanced relationship among effective forces that constitute the tripartite of power; i.e. the state, private sector and civil society.

In the past five years, and in response of this recognition, the Omani Economic Association submitted numerous recommendations representing the corner stones for many plans of economical visions aimed at achieving a comprehensive sustainable development. Many solutions for the problems we face can be found within the integrated system of conferences held by the Association, discussing issues of development in its integrated economic, financial, administrative, organisational, social, cultural and political frame. However, in past years, officials in charge of the economy in this country failed to attend these conferences in contradiction to the conclusions they reached in the report on human development in Oman.

The greatest challenge we are facing in Oman, is how to maintain achievements, especially when looking at the way things were run before 2011 and which are now no longer valid or acceptable. His Majesty the Sultan settled the matter in his recent speech, addressing the Council of Oman where he stated he was looking forward to a quantitative shift in national tasks that would be exercised by the Council of Oman in light of the expanded jurisdiction granted to it on legislative and control levels. He said that he was confident that the members of the council would carry out their effective roles requiring more cooperation and coordination between government authorities and the Council of Oman, in particular, and between these two entities and the private sector and civil associations and organisations in general.

Henceforth, there is a requirement to draw up a mechanism to ensure the integration of the role of all parties and to break the monopoly of decision making as we currently suffer, with all its consequences. We do not have much time left, and our natural resources, as reports indicate, are limited as the Sultanate does not have an ample period of time such as that available to its neighbours. The confirmed percentage of our oil reserves divided by the years of production is about 17 years only and 25 years for gas, whereas the reserves of many of our neighbours exceed 100 years.

The subject matter of this conference is the Demographic Transformation and Gulf Labour Market and it would be unwise, if we are keen to tackle this issue, to seek solutions at the Ministry of Manpower or other corridors. We need to start by having an agreement and an understanding of the true meaning of sustainable development and to set objectives and means of achieving it.

The Fourth Conference of the Omani Economic Association placed special emphasis on the definition that perceives sustainable development as "a conscious and permanent societal process steered in the pursuance of an independent, national volition in order to procure structural transformations and invoke social, economic and political changes, which allow the achieving of a steady growth of society's capabilities and improvement of the quality of life in this society." With the citizen and the real needs of the country as core objectives rather than projects, that never yield tangible socio-economic returns, the Association also strives, in collaboration with various sectors of society, to achieve the three basic components of development as highlighted by reports on international human development; i.e. achieving welfare, achieving empowerment and the ability to make change.

During the past decade, GCC countries provided about 7 million new jobs, with more than 70% going to expatriates; a large part in the construction sector and in low-paid jobs that do not require high skills, and partly to professionals with high educational levels due to a lack of skills that Nationals need to fill those positions.

GCC countries are expected to provide 6 million new jobs by 2015, with more than two-thirds going to expatriates. The new entry workforce will reach about 4.5 million citizens, and unemployment among GCC nationals is expected to be 3 million in the same period.

In the Sultanate of Oman the statistics of the first ten months of 2011 shows the impact of the labor force policies on the performance of the market, and measures its successes or failures, despite the great and unprecedented efforts of stakeholders in creating new job opportunities for citizens. The absence of strategies and policies based on non-institutional interpretations has resulted in negative consequences; the Sultanate will pay the price for this over the coming years. Such policies and the lack of transparency has lead to the resignation of a large number of workers and to the transfer of employment from the private to public sector (civil and military) , and created unemployment . Statistics indicate that despite the registration of 37,820 new workers in the private sector from January to the end of October the number of resignations has reached 44, 015 workers. This will ultimately decrease the number of employees in the private sector from 179, 411 in January to 172,281 in October end. If we continue to follow the same pace of policies, we should be prepared to determine how to meet the burdens arising from increases in current government expenditure in coming years.

We need to seriously review our programmes and pattern of developmental plans to meet these challenges of employment within the private sector so that they do not cause significant distortions in the market or impose significant costs when implementing such plans that reduce competitiveness and overall growth, while still finding a balance between cumbersome administrative procedures and high wages needed for citizens to accept jobs and policies providing incentives for the acquisition of skills required by the private sector to employ nationals, in addition to meeting the inflationary effects arising from maintaining citizens' standard of living.

Tackling these issues requires reshaping the social contract, viewing development as an integrated system of the state, drawing up mechanisms of consultation within the society and building on technical capabilities, social accountability and replying to inquiries. All these should not be considered as rights but as prerequisites of development. The basis of good governance is gained by viewing concepts of participation as a right and not an award, requiring the building of relationships between partners of one country based on the reciprocal confidence of governments and society. We need to realise that the best type of awareness is the one that touches citizens and gives them the sense that there is improvement on their standard of living. We also have to realise that achieving sustainable development requires sound planning and the cessation of conflicting objectives and policies; government units should not be treated as laboratories for experimentation. The criteria of choosing people to be manage development should be on qualification and not loyalty to this or that entity.

H.E the Chairman of Majlis Al Shura

We would like to congratulate you on winning the position of the first elected Chairman of Majlis Al Shura, and we hope that you will capable of living up to the grave responsibilities facing you since the first day of assuming your office. We wish you all success and would like to express our sincere gratitude and appreciation for your patroni sing this ceremony.

We would also like to welcome our esteemed guests who have incurred tedious travel to participate with us in this conference, specially Dr. Ali Khalifa Al Kuwari, who, a long time ago, had classified the dominant type of development in GCC as "oil development"; an automatic fluctuating consequence of changes that accompanied the oil era in countries of the region and set them at distance from the types of benign development where governments ignored important and crucial objectives; i.e. achieving a humane type of development that invests rather than consumes oil revenues. Thus this type of "oil development" fluctuates between "losing opportunities of development" and "the development of lost" in some GCC member states which have already begun to lose Arabic language and their Arabic-Islamic culture, with an aggravated demographic imbalance which has reached a situation encouraging resettlement by linking permanent residence with just buying a real estate.

Further, we would like to thank our partners in this conference: the Gulf Economic Association, our brothers the Chairmen and members of the Emirates Commercial and Economic Association, Bahraini Economic Association, the Saudi Economic Association and the Kuwaiti Economic Association.

Thank also to the following participants who are going to present their papers:

Dr. Ahmed Mouneer Al Najjar, College of Administrative Science , Kuwait University
Dr. Belkacem Laabas, Arabic Institute of Planning
Dr. Mohammed bin Rashid Saif Al Jahwari, Sultanate of Oman
Dr. Hana Mohamed Amin , Advisor to the Minister of Higher Education, Sultanate of Oman
Dr. Khalid Al Yahya, Dubai College of Government Administration
Dr. Abbas Al-Mejren ,Department of Economics, Kuwait University
Dr. Abdelatif Belghersa, King Faisal University, KSA
Dr. Rshood bin Mohammed Al Khraif , Chairman of the Board of Directors of the Saudi Association for Demographic Studies
Dr. Ramadan Al Sharrah, Secretary General ,Investment Companies Union, State of Kuwait
Dr.Mohamed Abou El-Azayem , the National Center of Research ,Egypt
Dr.Omar Hisham Al Shehabi , Director , the Gulf Center for Developmental Policies ,Khalij University for Science and Technology
Dr. Ihab Magableh, German - Jordanian University
Mr. Abdullah Hamood Al Jufaili, General Manager for Development of Youth Projects

Special thanks to Mr. Husam Al Bassam of the Gulf Economic Association for participating in the coordination and following up invitations to participate in this conference.

We would like to thank the official Sponsors of this conference as well as our media sponsors.

Further, I would like to state that the Omani Economic Association carries out its duties without employing a single person and pays no salaries or wages. The board of directors and members render their services on a voluntary basis with no financial compensation. They exercise their duties in a professional and academic manner within the context of the objectives of the Association as active partners of the country's comprehensive development.

Finally, I would like to extend my sincere gratitude and appreciation to my colleagues, members of the Association and all volunteers for their efforts to make this conference a successful one. We also thank all participants of this conference.

Our distinguished guests

We are pleased to have you here with us in the Sultanate and we look forward to benefiting from your experiences and opinions on the challenges facing the Gulf Labour Market. We hope that this conference will contribute towards providing ideas that identify the root of the problems and consider alternatives necessary to achieve a sustainable economic growth in the region. We hope that our endeavors will be successful.

Thank you very much.