

GCC employment in 2014: Oman and Bahrain (Part 3 of 3)

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In previous analyses of this three-part series, legal experts underscore the legislative developments happening across the Gulf region's jobs sector - from the crackdown on illegal foreign workers in Saudi Arabia and Kuwait to the mandatory private healthcare insurance for employees in the UAE and Qatar.

Employment regulations in Oman and Bahrain, as in the wider GCC, are undergoing a similar tune-up as governments seek to balance out the regional labor market equilibrium and reduce unemployment among its citizens.

SULTANATE OF OMAN

In common with the rest of the GCC, promoting the employment of nationals continues to be a major objective of the Ministry of Manpower, with an announcement that, in various business sectors, no further approvals for the employment of foreigners would be granted between November 2013 and April 2014; with the exceptions of those working on government projects or employers classed in the top category of employer (for compliance purposes and employment of nationals).

To further support the employment of nationals, the Ministry of Manpower issued a decision which allows employers in the private sector to hire Omani employees on a part-time basis. Subject to certain conditions, up to 10% of the Omanization rate applicable to the employer may be filled by part-time workers.

Additional requirements have been introduced to obtain labor clearances to employ foreign staff and the application process has been modified by limiting the possibility to convert visas in country (e.g. from tourist visa to resident visa).

Problems have been reported in obtaining labor clearances for female expats. No official decision has been published in this respect, but the Ministry of Manpower appears to have adopted a rather strict policy and has been reported to reject rather consistently labor clearance applications for female expats. Some exceptions are being made for female professionals.

From July 1, 2013, the minimum salary for Omani nationals has been increased from OMR 200 to OMR 325 (USD 520 to USD 844, of which at least OMR 225 as basic salary and OMR 100 as allowances).

It has been announced that, in accordance with a joint project of the Ministry of Manpower and the Central Bank of Oman, during the course of 2014, Oman will be gradually introducing a Wage Protection System. This will apply to the banking sector first and gradually be extended to all employers in Oman in accordance with their grade as per the Chamber of Commerce classification (starting with Excellent Grade companies).

It has also been reported that the Shura Council proposed the introduction of a 2% tax on remittances by workers to their home countries. Members of the State Council have officially declared that - for the time being - they are not in favor of such proposal.

KINGDOM OF BAHRAIN

The Kingdom of Bahrain has continued in its efforts to fully roll out ministerial orders contemplated in the 2012 Bahrain Labor Law. We anticipate further ministerial orders to issue during the course of 2014.

LMRA Fees

The Bahrain government lifted the stay on collection of monthly Labour Market Regulatory Authority (LMRA) fees during 2013; however, a discount on monthly fees (to BHD 5 or USD 13) for the first five expatriate employees has been instituted while full monthly fees of BHD 10 (USD 26) would apply to each additional expatriate employee has been imposed indefinitely.

Working while under travel bans

Under existing regulations, an employee whose work permit has been canceled for more than 30 days may not mobilize to a new employer without exiting Bahrain. This has complicated the circumstances of many expatriate employees facing travel bans (e.g. arising from loan defaults), who are unable to exit Bahrain and cannot obtain lawful employment since work permits may not process prior to an exit from the kingdom. During the latter half of 2013 and through 2014, the LMRA and immigration officials have reportedly agreed to mechanisms to permit new work permits to issue to expatriates facing travel bans. This cooperation is expected to decrease instances of illegal employment while facilitating repayment of creditors by expatriates facing such bans (and ultimately seeing those bans lifted).

Driving in Bahrain

Ongoing discussions in parliament regarding a new traffic law to replace the existing traffic law issued in 1979 have delayed implementation. Reportedly, under the draft new traffic law, police may prohibit expatriates from obtaining a driving license in Bahrain based upon their profession and other criteria. According to the Gulf Daily News on 28 January 2014, some MPs are calling for the articles limiting driver's licenses for expatriates to be removed as discriminatory and unconstitutional.

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