

Comments on abolishing NoC's in Times of Oman, 24 Oct 2016

The original article titled "[Scrap NOC in Oman for GCC work permit](#)" was published on 24th October 2016 in Times of Oman; comments highlighted below. These were further published in [another article](#) on Oct 29.

No Objection Certificates should be abolished by Oman in favour of GCC-wide work permits, a leading economist has said as officials gathered to discuss the Sultanate's future direction.

In an exclusive interview with Times of Oman Dr Nasser Saidi, a member of the IMF's Regional Advisory Group for MENA, said dropping NOCs for the GCC permits would allow expatriate workers to move between Gulf countries to respond to the challenges of the new reality of lower oil and gas prices.

His comments came as senior dignitaries gathered for the Outlook Oman 2016 conference, at which Mohsin bin Khamis Al Balushi, advisor to the Minister of Commerce and Industry, said 'changes are coming' and insisted the government 'is listening'.

Dr Saidi said: "My policy recommendation is that the Kafala system be abolished at the GCC level and that labour market regulations such as work permits be harmonised, allowing expatriate workers to move between the GCC countries.

"The Kafala system should be removed and replaced with a regulated, government worker permit model.

"This would raise economic productivity, improve the resilience of the economy to both domestic and foreign shocks, as well as foster greater economic diversification. The reform would make the labour market more attractive both for businesses and their workers, attract the knowledge workers needed for knowledge-based activities and provide incentives for investment in human capital.

Dr Saidi was speaking on the day Outlook Oman 2016 opened in

Muscat. The conference outlined Oman's private sector vision for the future.

Mohsin bin Khamis Al Balushi, speaking on the sidelines of the conference, said announcements in both the labour law and foreign investment law are in the pipeline.

"The government is listening to the requests from the private sector on NOC and other reforms required in laws to attract investment. It is considering the requests. It is a positive sign. Government is not closing the door... it is very important... No doubt people will see the result. Change is coming.

"In the region revolutionary sorts of decisions have been taken by countries. If I am positioning my country to attract regional or international investment I have to be better than them or at least equal to them. The change is coming."

Al Balushi was referring to moves by GCC members such as the United Arab Emirates (UAE) which eased the labour law in order to provide more mobility for foreign workers, and Qatar which on December 13 will introduce with a new labour law which will be more labour friendly without NOC options.

Dr Saidi, also Co-Chair of the Organisation of Economic Cooperation and Development's (OECD) MENA Corporate Governance Working Group, added: "The Kafala or sponsorship system which governs both the labour market and foreign direct investment are anachronistic systems that clash with the outward oriented, liberal policies pursued by the GCC countries and are intended to attract investment and people in order to serve the primary objective of economic diversification and growth of the non-oil economy.

"The labour Kafala system was originally intended to monitor and control migrant and temporary workers. It now acts as a major distortion in the labour market of Oman and other GCC countries (though Bahrain scrapped the system in 2009) that severely restricts labour mobility, lends itself to abuse of workers' rights and makes the market less attractive to high skill, high-knowledge workers.

"Workers and their employers do not have much incentive to

invest in on-the-job training and upgrading of skills, since the workers are confined to working for their sponsor.

“The Kafala system means that the economy is more vulnerable and less resilient to shocks than if labour were free to move between different sectors and activities.”

Recently, Al Saadi said that NOCs in Oman “will be removed”.

“We will remove the NOC option. The plan is being considered seriously,” the advisor had said.

Another advisor to the Minister of Manpower had also confirmed that multi-agency meetings between ministries and the Royal Oman Police (ROP) are on over the NOC requirement for expat workers in Oman.

Mohammed Khaldi, a trade unionist in Oman, said: “The current sponsorship system should be either removed or reformed. It is not helping the workers. It has to change.”

The trade unionist added that the No-Objection Certificate (NOC) option for expatriates should be removed.

“We are aware that the NOC is used as a tool of exploitation. It should be removed or certain changes have to be made,” the trade unionist added.

Currently, expat workers must possess a NOC to change jobs in Oman. Expatriate employees who wish to quit a job in Oman and return to join a new company have to procure a NOC from their employer.

Without it, the current law prevents the expatriate from returning to Oman for two years.