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THE NATIONALIZATION OF SAUDI ARABIA'S LABOR MARKET AND THE OVERSEAS FILIPINO WORKERS

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A B S T R A C T

The Philippines is one of a few countries in the developing world that has heavily relied on exporting its workers to sustain its economic growth and maintain its economy afloat. Despite attempts by previous administrations to minimize sending workers through the institution of various national and local programs and policies in the country, many Filipinos continue to leave the Philippines hoping to alleviate the difficult economic conditions of their families at home. The idea of working abroad is seen by many as normal and practical in a globalizing world economy, where countries' physical borders are opened to foreign workers and where skills and talents are shared by many nations. However, globalization itself has not produced a conducive working environment for some workers. This is illustrated when certain countries, in spite of their economic wealth and long-held practice of accepting foreign workers, have no existing standardized policies, which guarantees non-discrimination in the working environment and ensure smooth delivery of social benefits and protection to ordinary foreign workers. In addition, state and private companies may also practice economic nationalism to protect their own local workers at the expense of foreign workers. This paper seeks to elucidate the conditions of Overseas Filipinos Workers (OFWs) in Saudi Arabia, which strictly implemented "Saudization" policy since 2011. In particular, the paper tries to address the following questions: What does "Saudization"(nitaqat) mean from Filipinos' perspectives? Who is the target of this policy? How have OFWs been affected by such policy? How will the Philippine government respond to this policy? This paper is centered on its main thesis that strict implementation of Saudi's nationalization policy, which is centered on solving socio-economic problem facing young and unemployed Saudis, will have negative implications for all foreign workers including Filipinos in the Kingdom, especially undocumented ones.

Keywords: Nitaqat/Saudization, Nationalization of labor market, Overseas Filipino Workers (OFWs), policy reforms, strategic economic policy, labor agreements, Kingdom of Saudi Arabia, Republic of the Philippines.

WHY SAUDIZATION POLICY?

The lifeblood that makes the economy of many countries in the Middle East and North African region (MENA) survive is the presence of crude oil that lies beneath its land surface. From the time the world economy became addicted to oil, Arab economies particularly along the Gulf region have transformed from being traditionally mining and fishing economies into wealthy oil-producing economies.

The discovery of oil, though considered a boon for many of them, has also produced negative implications to their economy, their system of governance and their culture. Not only was oil a blessing but it was also a curse. The massive amount accumulated from rent of oil has made Arab society dependent, lazy and extravagant in their lifestyle. Many Arabs spend money on unprofitable activities. Sectors of the economy such as the carpet industry, pearl diving, fisheries, agricultural field and others were overridden with grandiose infrastructures and luxurious cars and services, mainly made and produced by foreigners. De facto governments continue to pour resources on their own citizens to guarantee loyalty to the state. Tax has a limited role in the country's development, as citizens may not be required to pay it in order to sustain their allegiance and loyalty and maintain the government's existence. As such, political competition that promotes vibrant and

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transparent political environment is either neutralized or discouraged.

Culturally, generations of Arabs are brought up by foreign maids, who know nothing about their tradition and history. As they grow up, they imbibe with them some sort of foreign orientation and values that are not in line with their cultural tradition and identity. When they become young adults, wealthy Arab parents prefer sending them to Western universities to study, adding another unique but foreign orientation to them. Once they return back to their country after finishing university, they are employed immediately in managerial posts.

Apart from this, crude oil also puts the Arab region into the limelight of a world of geo-strategic competition and cooperation. Superpowers and regional countries' economic rivalries, security and political interests become the dominant items in their interactions. Countries form international alliances in accordance to their perceived interests and try to cooperate in securing the flow of oil to the world economies for strategic and economic gains. In some cases, they compete with each other in economic, political, diplomatic and more so in military and security aspects.

The geo-economic importance of crude oil also benefited many economies in the developing world such as countries in Africa and Asia. These countries sent millions of workers to the Middle East region in order to take advantage of the petro-dollar bubble. Foreign workers were able to earn a lot in Arab countries compared to the amount they earned in their country of origin. Small and developing countries took advantage of the economic miracle in the Arab countries. The world's biggest economies such as the United States, Great Britain and other European countries have also actively participated in this development. They took advantage of opportunities by massively investing in the oil and services sectors, including infrastructural facilities such as buildings, condos, hotels, banking and insurance businesses of the Gulf countries. Such investments gave them the chance to control the movement of production and marketing of crude oil and its finished products in international markets while at the same time maintaining political influence over governments of Arab countries.

Major oil-producing Arab countries thought, that increasing the accumulation of petro wealth will give them both economic and political leverage not just in the Middle East region but also in the international community. However, accumulating petro-dollars enabled these countries to rely on services, food and industrial supplies from abroad. In addition, they also became dependent on foreign workers, who provided them with household, medical, managerial, and security services. Meanwhile, economic and political sectors are run by corporations and individuals mainly from the Western countries (Alexander, 2003). In terms of education, rich Arab children were exposed to a Western-oriented educational system and were mostly cared for by expats maids such as Filipinas.

While the labor sector is occupied by millions of expats from the developing world, the security department, on the other hand, is run by hired foreign military and security advisers and arms and tanks are supplied mainly from big global suppliers like the USA, Europe and Russia.

Although some Arab countries in the region have successfully carried out transforming their economies from being oil-driven to investment- and tourism-driven like the United Arab Emirates (UAE), most Arab countries' economies have remained traditional. In many cases, the massive amount of money these economies accumulated did not produce sustainable economic change by boosting production capacities in the past years. Instead, it encouraged overspending, which contributed to the gradual diminishing rate of their sovereign funds. Critically, the money these economies paid to foreign workers was not used inside their countries but was transferred to the foreign workers' countries of origin. This means that salaries of foreign workers have not been spent inside the host countries and therefore did not circulate back to the economy but was channeled abroad. The long-run effect of this economic cycle is the draining of the treasuries of the Arab host countries. Given this type of salary outflow, it is expected that in the not-so-distant future, these Arab countries will experience problem with their economy.

In fact in the last decade, beginning 2000 up to the present, Arab oil-producing countries like Saudi Arabia are beginning to notice socio-economic problems particularly among their young population, who despite holding university degrees are unable to find work especially in the private sector. Recognizing this increasing socio-economic pressure, many Arab countries adopted some economic reform to address unemployment problems facing new university graduates though little progress has been achieved so far.

Nationalization in the labor market is one strategic economic policy adopted by Saudi Arabia to address local unemployment issue and to correct procedures in employing foreign workers. Although, the nationalization or the nitaqat policy has been approved some years ago, it was only recently that the Saudi government has strictly implemented it by gradually discouraging illegal or undocumented foreign workers to work in the Saudi labor market. Such policy is mainly directed to the private business sectors, which has a large number of foreign workers in comparison to local workers. Saudi government has offered incentives to local companies who employ Saudi nationals.

Such policy if strictly followed by Saudi companies could help address the problem of local unemployment but it would also have an impact on the quality of services or product being produce and deliver once local workers take over. This means that it would take more time to train local workers to get familiar with the process of production of certain products or services traditionally done by foreign workers. Apart from this, Saudi companies must be ready to give higher salaries to local workers relative to the expats minimum salary rate (Gayle, 2013). Of course a "hierarchy of foreign workers" is also practiced in the Kingdom, wherein salary depends on the country of origin. Arab and Western workers occupy the highest salary bracket; whereas, workers from Africa, the Indian subcontinent and Southeast Asia received the lower salary scheme (Gayle, 2013).

In a country with about 7.5 million legal foreign workers (Arab news, 2013) the full implementation of this policy will require Saudi Arabia to carefully calculate its move since an immediate replacement of the expats labor market by local workers may create a crisis in the economy due to a lack of technical expertise that can sustain the quality of services and products. Private sector in Saudi Arabia alone employs around 6 million migrant workers while only over one million Saudis are jobless.

The nationalization of Saudi Arabia's labor market was launched on June 11, 2011 after previous measures failed to achieve significant results. For many analysts, the nitaqat is the most radical form of labor nationalization and in a country where labor markets depend much on foreign workers, the nitaqat system may be difficult to achieve. According to Saudi Labor Minister Adel Faqih, foreigners populate 90 percent of Saudi Arabia's private sector (Cupen, 2011). Given this percentage, it will take time before the country will be able to fully implement such policy.

In this policy, the Saudi government placed private companies into four categories: green or blue for compliant companies while yellow and red for non-compliant companies. The red-coded companies had until September 11, 2011 --to comply with Saudization requirements while yellow-coded ones have until December 11, 2011--to comply. Yellow-coded companies that fail to comply with the government's requirements will immediately be denied the renewal of work visas for their foreign workers beyond six years. Meanwhile, red-coded companies who do not meet the government's requirements, will be unable to renew the work visas of their foreign workers (Cupen, 2011) . According to analyst, Safi Jannaty, the new policy, which imposes a fee or penalty on private companies employing more foreign workers, might not be very effective in addressing the issue of unemployment of Saudi nationals since private companies are inclined to pay the higher fee or penalty, as they still would be saving substantial sums compared to just hiring local workers (Jannaty, 2012). As of January 8, 2013, the nitaqat system has so far been able to employ 400,000 Saudi citizens (Arab News, 2013).

MIGRANT WORKERS AND SAUDIZATION POLICY (NITAQAT)

There have been discussions in the Philippines on the possible impact of nationalization of Saudi Arabia labor market on Philippine economy. Given the strategic contribution of overseas Filipino workers, Saudi nationalization will force the Philippine government to create alternative sources of income for thousands of Filipinos affected by this policy.

Four outcomes may be mentioned with the implementation of this policy: First, nitaqat would possibly lead to repatriation of thousands of Filipinos illegally working in the Kingdom; Second, the loss of thousands of jobs for these repatriated Filipinos; Third, the issue of relocation of work to repatriated Filipinos and fourth is the decrease in remittances of Filipinos to the Philippines. As the result, many families who depend on remittances from Saudi Arabia will be affected.

There are currently about one and half million (1.5) Overseas Filipino Workers (OFWs) in the Kingdom. Out of about two million OFWs working in the Middle East, Saudi Arabia is the highest labor-receiving country. Given this figure, it is imperative for the Philippine national government to come up with a contingency plan to minimize the negative implication of Saudi Arabia's nationalization of labor market to the families and relatives of working Filipinos.

Saudi's dependence on foreign workers and its familiarity with Filipino quality of service in healthcare, education, oil industry and household services are undeniable, given that oil revenue will not last in the future, the Kingdom of Saudi Arabia would need a practical but effective policy to addressed prevailing socio-economic problems if it wanted to avoid public disturbances such as protests and demonstrations in the future as a result of not meeting its citizens expectation and demands.

The traditional practice of a welfare system by subsidizing almost all aspects of Saudis' economic needs and without asking its citizens to contribute to the public coffer will jeopardize the country's future economic sustainability. Money that Saudi Arabia generated from crude oil is spent for public services, while the youth are not well prepared to do the tasks normally done by foreign workers. In addition to this, salary given to foreign workers are not fully spent inside the country but is sent to the expats' home countries such as Yemen, India, Pakistan, Indonesia and the Philippines. Thus, the long but dangerous implications would be the gradual draining of the Saudi economy. Many Saudis may not feel such condition right now but the implementation of nitaqat to reform the country's wrong economic practices in its labor sector suggests that the government is serious in addressing this economic ill.

With this in mind, there is no doubt that the policy leaves labor-sending countries worried about the job security of their own people including the possible immediate impact on the value of foreign remittances, which invariable help keep their economies afloat. The strict and immediate implementation of this policy create apprehensions among Filipino workers in Saudi Arabia and may force the Philippine government to look for alternative markets for its workers. The implementation of nitaqat means that at least 10 percent of the labor force of all construction companies and a minimum of 70 percent of the staff headcount of about 300,000 firms in the Kingdom of Saudi Arabia (Manila Times, 2011) will be taken over by Saudi workers, replacing foreign workers including Filipinos. Once this happens, an expected negative impact on about $1.5 billion remittances from the OFWs from Saudi Arabia will be felt. Aside from this, it is expected that an estimated number of 150,000 from the 1.5 million OFWs in Saudi Arabia could possibly be displaced (Manila Times, 2011). Such number of OFWs is bigger than the number of OFWs repatriated from Libya, Syria, Egypt, Yemen and other MENA countries due to political turmoil in recent years (Aning, 2011).

Many of these Filipinos are either undocumented or have opted to stay in the Kingdom after they finished their contract period to look for new employers. Others have switched to new jobs without transferring their residency papers to the names and addresses of their new employers, while thousands more were abandoned by their original sponsors (GMS News Online, 2013). Sponsors are required to provide a *Permission of No Objection* letter to Filipino workers before they can get an exit visa. The other remaining Filipino workers are working for private or small companies that do not simply comply with the government policies on nitaqat (Haymalim & Clapano, 2013). Dispute between the employees and their original employers will be settled in the labor court, whereas household service workers (HSW) who left their employer can either return back to their old employers or find a new one. Filipino employees can also transfer to private companies as a skilled worker (Haymalim & Clapano, 2013).

The Saudi Kingdom gave a three month-delay in the crackdown of migrant workers. On March 28, 2013, it started the crackdown operations, which resulted in the massive camping of undocumented Filipino workers outside the Philippine Consulate office in Jeddah and since then, they have been calling on the Philippine government for a mass repatriation in spite the Kingdom's announcement of an additional three-month reprieve on the crackdown against illegal workers. The Philippine Embassy in Saudi Arabia, together with other concerned Filipino workers, is using social media to disseminate information and reach out to other Filipinos, who are legally and illegally working in the Kingdom.

Many OFWs are also employed in other jobs apart from the original job they have in their original contract documents. Saudi labor law strictly prohibits the simultaneous employment of foreign workers to two or more employers. Once the Saudi authorities catch this employment anomaly, they will immediately impose punishment on both the employees and employers through a fine.

Article 39 of the Saudi Labor Law states,
“It is not allowed for an employer to let his (foreign) worker go out and work for others. It is also not allowed for a worker to engage in work for another employer. The employer is not allowed to employ workers who are under the sponsorship of others. The Ministry of Labor shall inspect the firms and investigate the violations discovered by its inspectors, and then forward them to the Ministry of Interior to take penal actions against them".
"The employer is not allowed to let his worker engage in work for his own benefit. The worker would also not be permitted to work on his own account. The Ministry of Interior shall arrest, deport and take punitive measures against these violators who are working for their own benefit in the streets and public squares as well as against those who run away (from their sponsors) ” (Medina, 2013).
The practice of sponsorship in Saudi Arabia has made sponsors very rich yet it also created a chaotic situation in Saudi labor market. Sponsors bring in foreign workers but these workers do not necessarily work for them. Workers are sold to other employers and in return the workers would pay the sponsor a fixed amount at the end of every month. Such transactions have made these sponsors or “kafeels” very rich while workers’ welfare and security are jeopardized. Such practice is a violation of the Saudi Labor Law and the Residence Law. Aware of the existing “black visa market” the Saudi authorities have initiated massive campaign against violators. Due to worries from government nitaqat campaign, sponsors have stopped operations and left expat workers on their own losing their opportunity to work. Once known by the authorities, such expat workers may be transferred to other sponsors without prior consent from the original sponsor and expat workers may be asked not to pay the original sponsor. Moreover, in cases where the sponsors are individuals and not a company or entity, the nitaqat would not be applied to them even if they have household helpers, hence the Ministry of Labor may not be able to force the sponsors to transfer the sponsorship to other individual or entity (ABS-CBN News, 2013).
Recognizing the complexity of the problem mentioned above, the Philippine government through its leading agencies has been convincing OFWs in Saudi to immediately process their working status to ensure that they would pass the requirements to legally work in the country. At the same time, the Philippine embassy in the Kingdom urged Filipino workers who have been wrongfully terminated to seek assistance from the Philippine Overseas Labor Office (POLO) in Riyadh, Jeddah and Al-Khobar (Matawea, 2013) to file necessary complaints with the Saudi Labor Office.
The Commission on Filipino Overseas Filipinos indicates that in 2011, there were around 20,000 undocumented Filipinos in Saudi Arabia. The 2012 report of the Philippine Overseas Labor Office (POLO) and the Overseas Workers’ Welfare Administration (OWWA) indicated that there were around 20,000 undocumented workers in Riyadh, 10,000 in Jeddah and in the Western region, 300 in Eastern region and 100 in Central region (Sun Start, 2012). Once they are caught with not having complied with the requirements or they are undocumented, the Saudi government will impose a penalty ranging from 1,000 to 50,000 riyals or an equivalent of P11,002 to 550,105 Philippine pesos (POLO&OWWA Report, 2012). Given this situation, non-correction of working status by OFWs may lead to even bigger problems.

PHILIPPINE MIGRANT POLICIES

There had been many incidents in the past relating to the security of Overseas Filipino Workers (OFWs) abroad. Managing and solving problems of OFWs not only requires a unilateral action from the Philippine government through its specialized agencies but also through bilateral and multilateral efforts in which a receiving country also involves a third party such as an international non-governmental organization or an international specialized body for migration.
Despite contingency plans and other legal mechanisms adopted unilaterally by the government to protect the lives and repatriate OFWs in times of conflict in a politically unstable country, bilateral and multilateral levels of engagement are still preferred and in many cases deliver the best results. This is true when the Philippine government is unable to control the events happening in another country that is directly affecting the security of Filipino workers. This means that in a situation where the safety of Filipino workers is jeopardized in a third country, the Philippine government may feel unable to help if there is no corresponding assistance or coordination from other agencies or government of the third country. The country’s ability to influence the events in other countries is restrained by the very essence of non-

intervention and respect to the sovereign policies and laws of the receiving country. Thus, in an event where Filipino workers are involved in drug cases or crimes in a third country, the Philippine government could only request for a fair trial and is handicapped in influencing court decisions in the host country. Many ordinary OFWs including their relatives in the Philippines do not seem to understand the limitation of the Philippine government's power.

The cases of Filipino drug mules in China, Indonesia and for many Filipinos in various jails in Middle East countries due to various crimes committed such as murder, drug cases, overstaying, breach of contract, and others, are indicative of the lack of knowledge on the legal procedures and regulations on the above-mentioned crimes committed by Filipinos abroad. Many of these OFWs were pushed to work abroad to help secure high income for their families even if working abroad means putting their lives into dangerous situations.

It becomes clear to many Filipinos and to some foreign observers alike that exporting Filipino skilled workers abroad has become a necessity rather than a choice, at least up to the present, to help sustain the Philippine economy and to address unemployment concern at home.

Exporting Filipino labor has become a national and transnational business, which not only involves the Philippine government but also other entities and countries. Given this situation, the transnational trend of labor export and migration requires a multiplicity of mechanisms to safeguard the lives and protect the welfare of every Overseas Filipino Workers (OFWs). However, since the government has the supreme authority to make decisions and enter into agreements with other countries relating to Filipino workers, it is prudent that it must exert all efforts to maximize gain from the agreement.

Currently, there are existing laws and strategies in the Philippines concerning the protection of its OFWs. These laws and strategies are having bilateral and multilateral in nature.

The Migrant Workers and Overseas Filipino Act of 1995,otherwise known as Republic Act No. 8042, institutes various policies relating to overseas employment, which sets a higher degree of standardized protection of the welfare of migrant workers together with their immediate families especially in times of crisis (Medina, 2013) . Republic Act 10022 or the so-called Amended Migrant Workers' Act also helps to "intensify protection for Overseas Filipino Workers (OFWs), as they will be employed in the countries where the rights and welfare of migrant workers are protected" (POEA, 2013) Under this Amended Migrant Workers Act, the Department of Foreign Affairs (DFA) through its embassies abroad are directed to survey if there are existing laws that protect migrant workers in those countries.

There are criteria for the said survey, which include the following: (1) if the receiving country has existing labor and social laws protecting the rights of migrant workers; (2) if the receiving country is a signatory to and/or ratifier of multilateral conventions, declarations or resolutions relating to the protection of migrant workers; (3) if the country has concluded a bilateral agreement or arrangement on the protection of the rights of overseas Filipino workers and; (4) if the receiving country is taking positive and concrete measures to implement the first three criteria(Philippine Official Gazette, 2010) .

To strengthen its resolve, the Philippine Overseas Employment Administration (POEA) conducts pre-departure seminars to prospective migrant workers through the Philippine Labor Market Information and Training Programs (PLMITP) which includes: Pre-employment Orientation Seminar; National Manpower Registry, to identify available jobs and skills in the labor markets; Pre-departure Orientation Seminar; Technical Training for Filipino Workers; Skills Testing and Certification (Philippine Official Gazette, 2010).

In addition to this, the Philippine government has also entered into bilateral agreements with the Kingdom of Saudi Arabia to ensure that the 1.5 million Filipino workers inside the country are duly protected. In addition, the Philippine Department of Labor and Employment (DOLE) Secretary Rosalinda D. Baldoz and the Kingdom of Saudi Arabia Deputy Labor Minister Mufreh Al-Haqabani signed the *Standard Employment Contract*, a contract, which strengthened the bilateral labor relations between the two countries. Accordingly, the contract is a "historic" move in the bilateral relations of the Philippines and Saudi Arabia, which "recognizes among others, the SR1,500 minimum entry-level salary, weekly rest days and daily rest periods, paid vacation leave, non-withholding of passports and work permits, free communication, and humane treatment" for Filipino

Overseas Workers working in the Kingdom. It can be recalled that in June 2011, the Philippines and Saudi had both voted for the adoption of the International Labor Organization (ILO) Convention 189 concerning decent work for domestic helpers (Casco, 2012).

The challenge in the implementation of this agreement is that it would probably take time to inform Saudi employers regarding the conditions in which this was designed to achieve. In some cases, even if employers know the local policies that protect the rights of foreign workers, they themselves, continue to ignore them. Such will remain valid especially for those employers that employ foreign workers who work in houses and apartments. The condition of these workers, particularly the overstaying and illegal ones, are not regularly monitored by the state apparatus or by the Philippine labor mission in the Kingdom. Philippine labor mission and embassy simply do not have full access to these workers.

Recently the Philippines is the second country next to Uruguay that ratified 35 International Labor Conventions into which 33 of them are enforced (*UCA News, 2013)*. "Under the Convention, each ILO member-state shall take measures set out in the Convention to ensure the effective promotion and protection of the human rights of all domestic workers and to respect, promote and realize the fundamental principles and rights at work of domestic workers, namely: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and elimination of discrimination in respect of employment and occupation" (ILO, 2013). The ratification has gained approval from the global alliance of Overseas Filipinos Migrante International (Sun Start, 2012). The ratification of such conventions is expected to bring a promising change for the protection and welfare of domestic helpers either in the Philippines or in the country of destination.

PHILIPPINE RESPONSE TO NITAQAT

The Philippine government should have been in a better position to assess the impact of the nitaqat on the hiring and repatriation of the Filipino workers in Saudi Arabia. The closure of ten (10) Philippine foreign posts in other countries by the Department of Foreign Affairs (DFA) and Department of Budget and Management (DBM) as part of the austerity measure by the Aquino administration has led to an assumption that more resources would be channeled to Philippine missions in Middle East given the density of Filipino workers in the region as compared to other countries and regions in the world. Although, some analysts would disagree on the nitaqat's direct negative impact on the Philippine economy, such condition has been downgraded by the POEA saying that the policy would be implemented in a "gradual and calibrated manner" (migranteinternational.org , 2012). This assumption proved true when the Kingdom of Saudi Arabia has given for the second time a four-month extension to foreign workers to correct their working permits. In fact, many have been granted working permits. Despite this, the government has received report of cases of Filipinos who went on vacation but are being denied re-entry into the Kingdom (Cupen, 2011). In view of this, the government has asked Filipino workers to visit Philippine missions near their areas so that they would be assessed properly. In addition to this, the Philippine Vice President and Presidential Adviser on Overseas Filipino Worker (OFW) Jejomar C. Binay has for many times reminded the OFWs in Saudi Arabia to process their documents as soon as possible in order to legalize their stay in that country, amidst reports that after the Kingdom has announced the extension period, Filipino expatriates "no longer feel the urgency to correct their status"(Cheng, 2011).

As of the time of writing, the Philippine government has not yet been able to come up with a concrete specific course of action when it comes to Saudization. This was affirmed by Eric Endaya, Department of Foreign Affairs (DFA) executive director by inviting civil society groups or non-governmental organizations to submit a position paper on the Saudization to DFA, Malacañang, and Congress and even to Labor Department.

For sure now, three possible alternative solutions can be cited to solve the problem of OFWs in Saudi Arabia. These alternatives are, however, short-range solutions to the problem at hand. One would be that the government must double its effort to convince Filipinos workers in the Kingdom to change their working status from being undocumented to documented so that they can enjoy protection while living and working in the Kingdom. In relation to this, OFWs with questionable status must also be vigilant enough to know whether the company that employs them has met the requirements set forth by the Kingdom. They have to find out if the company that employs them belongs to a Blue (excellent) or Green category and not in Yellow or in Red category (Philippine Information Agency, 2013). Yellow-coded companies are given a period of nine months as of June 11 to improve their rate of nationalization before restrictions come into effect, while Red-coded firms are given six months to comply (Philippine Information Agency, 2011).

Since many affected Filipinos are employed in private sectors, the Philippine Embassy in that country has doubled its effort to assist these Filipinos by providing proper information on how to change their status. Filipinos may also visit government website http://www.mol.gov.sa/announces.aspx, to visit their companies' status. Information is provided in both English, Malaysian, Indian, Tagalog, Bengali, Indonesian, Urdo and Turkish languages (Philippine Information Agency, 2011).

Secondly, the Philippine government through its responsible agencies may consider finding an alternative labor markets for repatriated Filipinos from Saudi Arabia to countries such as Guam, Australia and Canada (www.mol.gov.sa/). The issue regarding this option is whether skills required in alternative markets match the skills of repatriated OFWs from Saudi Arabia. In cases where skill mismatch happen, the Philippines has standing training centers to train and hone OFWs to meet the criteria set forth by the new alternative markets. Although such option would not guarantee for an immediate employment, it would, however, prepare OFWs to acquire new skills to meet the requirements for OFWs in the alternative labor markets abroad.

The third option would be through gradual repatriation of OFWs. There are about 120, 000 OFWs directly affected by the Saudization apart from the 28,000 undocumented OFWs (OFW Online, 2012). Out from this number 10, 000 to 12,000 have sought repatriation help from the Philippine Embassy in the Kingdom while others are still trying to legalize their status by transferring to another sponsor (beforeitsnews.com/ middle-east/2013/06/pnoy-govt).

However, repatriation is not just happening in Saudi Arabia. Other neighboring countries in the region have also records of OFWs repatriation. These cases of repatriation in some Middle Eastern countries have added an additional burden to the Philippine government budget spending apart from the recent repatriation efforts in Libya and Syria.

It can be recalled that in 2011, Vice President Binay had asked the released of almost P24 million from the President's Social Fund to buy tickets for 1,084 OFWs staying at the Hajj Terminal in Jeddah. Binay also noted that the government was also paying 15 riyals daily for every Filipino housed at the Hajj Terminal creating a "serious drain" on the "limited resources" of the Philippine embassy in Saudi (beforeitsnews.com/ middle-east/2013/06/pnoy-govt). This amount will be almost ten to eleven times if expenses of 12,000 OFWs, who sought for repatriation, will be shouldered by the government. In addition, the government would still spend money for its reintegration program when they arrive in the Philippines. The Philippine government has set aside around P50 million in the proposed budget of 2012 to support the reintegration of returning OFWs through livelihood programs. This is on top of the government's P2 billion reintegration fund, recently launched in partnership with the Landbank of the Philippines and the Development Banks of the Philippines, to provide OFWs sustainable business opportunities (Frialde, 2012).

In addition to budget problem, the government finds it difficult to repatriate some OFWs in Saudi Arabia given they would have to obtain exit visa from their original employers. Sometimes these employers are hard to find, (Manila Times, 2011) given that many of these Filipino workers have either lost contact from their original employers or have escaped from their abusive employers. Obtaining exit visa for these Filipino workers is difficult.

In relation to financial and technical constrains cited above, another scandal arising from"sex for repatriation" activities involving high-ranking labor officials have also been dealt with seriously by the government. The allegations involving Filipino labor officials in Saudi Arabia "demanding sex" from OFWs in exchange for plane tickets to the Philippines.

DFA Secretary del Rosario, in response to this allegations, formed a fact-finding body to investigate the scandal and has called home the Philippine ambassadors to Saudi Arabia, Qatar, Oman, the United Arab Emirates, Bahrain, Egypt, Libya and Lebanon for consultations (Aleta, & Nishimori, 2013). Moreover, the DFA has also expanded investigation to include Singapore, Malaysia, and Hong Kong, which also run shelters for distressed Filipino Migrant workers (Quismundo & Aning, 2013). In line with the "sex for repatriation" scandal, it is an urgent call to the responsible Philippine agencies (DFA, PEOA, DOLE) to start cleaning up their departments if they want to see a successful implementation of migrant policies and ensure the protection of the rights and welfare of OFWs in distress areas such as in Middle East region. For as long as greedy labor officials continue to man the shelter centers abroad, grave abuses committed against women and other vulnerable Filipino workers continue. The replacement of those who were allegedly involved in the scandal by women officers may perhaps help in minimizing abuses against women but it should not be taken as the final and concrete solution to the problem.

What is needed are diplomats, and labor officers who are disciplined, God-fearing, honest and committed to the programs of the government to achieve the maximum level of protection for Filipino workers abroad. The Philippine government must ensure that diplomats and labor officials sent to these countries, where cases of distressed Filipinos are high, understand well the basic mission – that is helping and protecting the wellbeing of Filipino workers in these countries. Before labor officers will be sent abroad, they shall first undergo some psychological, lifestyle and credential checking to ensure that they are capable to effectively perform their duty as mandated by the law. In addition and most critical is that the Philippine government must also increase budget allocation for the assistance of distress Filipinos to avoid illegal activities resulting from budgetary constrain. Constant monitoring of budget spent and performance of labor officers shall also be prioritized.

CONCLUSION

Nationalization programs of the labor sector being implemented in various countries in the (Persian) Gulf such as Saudi Arabia has been seen by many officials and observers in the Arab world as the most efficient model in addressing the issue of unemployment confronting the Arab youth sector.

Decades of foreign labor dependency have produced not only a socio-economic crisis but also political difficulty for the Persian Gulf de facto regimes if they would continue to deny them. Oil is finite and therefore Arab oil producing countries cannot simply sustain high income without investing petro-dollars to other sectors of their economy. This reality contributes to a popular recognition that governments must institute reforms at the soonest possible time. The increasing rate of unemployed Arab youth in many of these countries including Saudi Arabia can be compared to a ticking time bomb ready to explode and challenge the legitimacy of the status quo. Hence, an urgent but strategic response from the government side must be given serious attention. The Arab uprisings in various countries in the Middle East region have indicated the socio-economic and political deficits being experienced by the people of these countries. Given this, governments must address people's demands for economic and political reforms in order to continue to be relevant in power.

Saudi Arabia's nationalization or nitaqat policy, may contribute to the efficiency of the Kingdom's economy by employing many of its unemployed youth. It may also lead to a reform in Saudi's labor market, though gradual in its form and speed, to discourage the proliferation of illegal foreign workers. In addition, it may discourage illegal recruiting activities by its own nationals or by any other recruiting entities operating in the Kingdom and allow local companies to evaluate their policies and performance.

The nitaqat policy, however, has immediate concerns which require serious legal consideration. It may take time before it will have a general effect in Saudi Arabia's labor market given that the private sector still prefer foreign expats to do menial and technical jobs. On the part of the labor-sending countries, such policy generates fears among those affected foreign workers working in the Kingdom in addition to the fear from the possible decrease of remittances. Like India, Pakistan and other labor-sending countries in Africa and Southeast Asia, the Philippines has also depended hugely from the remittances of its Filipino Overseas Workers (OFWs) to keep its economy afloat. The implementation of the nitaqat policy by the Kingdom of Saudi Arabia, which employs about 1.5 million OFWs, is something that must be taken seriously by the Philippine government.

Although the Philippine government "accords high priority to the protection of Overseas Filipino Workers in the Middle East and North African countries," (Sevilla, 2013) it should not be complacent to the current performance of temporarily solving the problems being faced by thousands of OFWs in Saudi Arabia who are due for repatriation. This is because, despite the economic benefits from the country's four decades of labor export, the Philippines' previous administrations had not been able to transform these benefits into a sustainable socio-economic investment for the country so that working abroad is no longer a necessity but an option.

The nitaqat policy being implemented in Saudi Arabia provides a warning to all labor-sending countries like the Philippines that they must do something to improve employment opportunities at home. In doing so, the government will be facing crucial multiple tasks on how to achieve great gains from newly instituted policies in the Gulf such as in Saudi Arabia. The Philippine government must start designing a strategic plan of action on how to encourage Filipinos to save and invest in their own country. This way, OFWs, including their relatives, will be able to contribute in building the country's economy rather than just being consumers.

Moreover, although it is the primary responsibility of the government to protect and provide basic services to the Filipino people, the Filipino people themselves must also share this responsibility and help the government in the full implementation of its genuine programs. For the government to realize its highly ambitious program and to transform the idea of, migrating abroad for work as a choice and not as a necessity, it has to do something to change the attitude of the people on how to save and invest for their future and not just being subject to the current practice of one-day millionaire spending. In addition to this, small and medium enterprise (SMEs) programs should be encouraged rather than construction of big malls around the country that primarily benefit small economic elites at the expense of the larger population. This would give chances to small family businesses around the country to help sustain everyday expenses.

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[i] Companies deemed Excellent or Green would be granted the most privileges in visa requests and operations for non-Saudis. Yellow listed companies are given a period of nine months as of June 11 to improve their rate of nationalization before restrictions come into effect, while Red firms are given six months. In the restrictions, Yellow listed companies will find themselves barred from transferring visas of non-Saudi workers to their sponsorship, while Red companies will be barred from new visas, substitute visas and seasonal work visas, and from opening new branches or facilities with the Labor Office..