



LABOR MARKET REFORMS IN BAHRAIN

The Philippine Embassy in Manama has reported that Bahrain has been in the process of reforming its labor market over the past few years with the aim of driving up the cost of foreign labor and improving the competitiveness of Bahrainis in the job market.

In August 2008, the Bahraini government allowed employees to change their employers without the latter's consent, hoping that the increase in rights of foreign workers would improve their ability to bargain for higher wages, thus making local labor more attractive. As a result, the number of workers seeking to change their employers rose from around 350 in August to about 1,500 in December 2009. The data also showed that the gap between the salaries of locals and foreigners has decreased by 15 percent in selected sectors such as construction.

The effect of the labor market reforms is expected to become stronger when existing work contracts expire and employers must choose between foreign and local workers under the new regulations for the first time.

The Bahraini government is now working on introducing ceilings that will cap the number of foreign workers per sector.