

### INTRODUCTION

Construction projects in the Arab Gulf involve a range of regional and externally based Engineering and Construction firms. It is estimated that these companies employ up to 10 million construction workers to undertake these projects, a majority of whom are low-wage migrant workers from South Asia, Southeast Asia, and Africa.<sup>1</sup> As Dubai gears up for the 2020 World Expo and Qatar for the FIFA 2022 World Cup, and as Saudi Aramco plans for a massive initial public offering (IPO), significant new construction is likely in the coming years. Building related to these events and other new construction projects will be a major focus of governments in all six countries of the Gulf Cooperation Council (GCC), despite a slowdown in the number of projects in recent years due to declining oil prices. According to our findings, new construction awards in 2017 totaled at least US\$ 88.6 billion in value, with 412 contracts awarded to 296 companies.

Under the region's restrictive employment visa regulations, construction companies recruit, sponsor, and employ construction workers either directly or through subcontractors and labor providers. The vast majority of these migrant workers pay onerous recruitment fees in order to secure work in the

region, putting them in heavy debt. Once they arrive in the Gulf, most work long hours under difficult conditions. Both the exploitative nature of the recruitment process and abusive conditions in the Gulf have been well documented.<sup>2</sup>

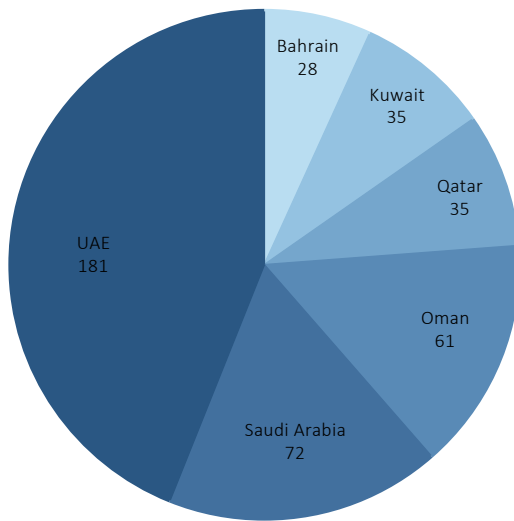
The aim of this newly developed [Gulf Construction Tracker](#) and the accompanying analysis is not to revisit those subjects but to provide a central public online database, listing awards of new construction projects likely to employ low-wage migrant workers. It also will provide up-to-date and easy-to-find information on the types of projects being awarded and the companies awarding and winning contracts across the six GCC countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE).

The Tracker is a joint project between Business & Human Rights Resource Centre, the NYU Stern Center for Business and Human Rights, and Humanity United. We hope this tool will be beneficial to those conducting academic research and to journalists, government officials, and civil society representatives seeking to better understand the Gulf construction sector.

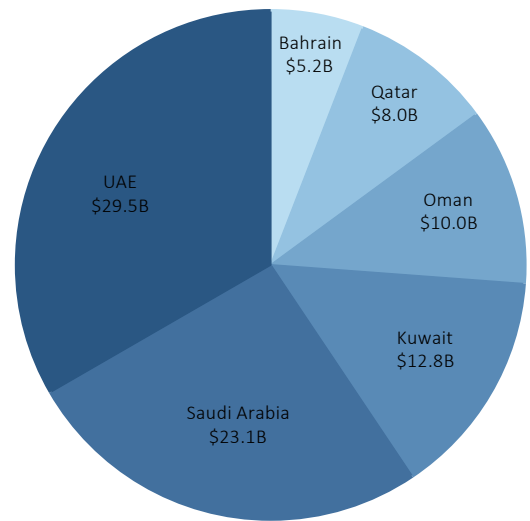
## 1. GULF CONSTRUCTION PROJECTS OVERVIEW

Saudi Arabia and the UAE remain the largest construction markets in the GCC, with Dubai the most substantial market within the UAE. Together, the UAE and Saudi Arabia accounted for more than 60 percent of all new construction contracts that we logged in 2017. The UAE alone accounted for 44 percent of entries, and at least 60 percent of UAE contract entries were awarded in Dubai.

**Figure 1: Number of New Contracts, by Country - 2017**



**Figure 2: Value of New Contracts, by Country - 2017**



Oil-related construction contracts tended to be higher-value than others, pushing Saudi Arabia to the number one position among GCC countries in terms of the monetary value of new contracts awarded. Although Saudi Arabia accounted for 17 percent of individual company awards, those contracts represented 26 percent of the total value of contracts logged in the region. Likewise, only 8.5 percent of entries were awarded in Kuwait, which boasts the GCC's second-largest oil reserves, but they totaled 14.5 percent of the region's annual new contract value.

Qatar, the host of the 2022 FIFA World Cup tournament, remains a significantly smaller construction market than Saudi Arabia and the United Arab Emirates, both in terms of new contracts awarded and the overall project value of these contracts. At the same time, the market in Qatar is comparable to others in the region in per capita terms. Moreover, while only 8.5 percent of contracts logged were awarded in Qatar, the country's share of ongoing projects may be higher than that because several major World Cup-related contracts were awarded prior to 2017.

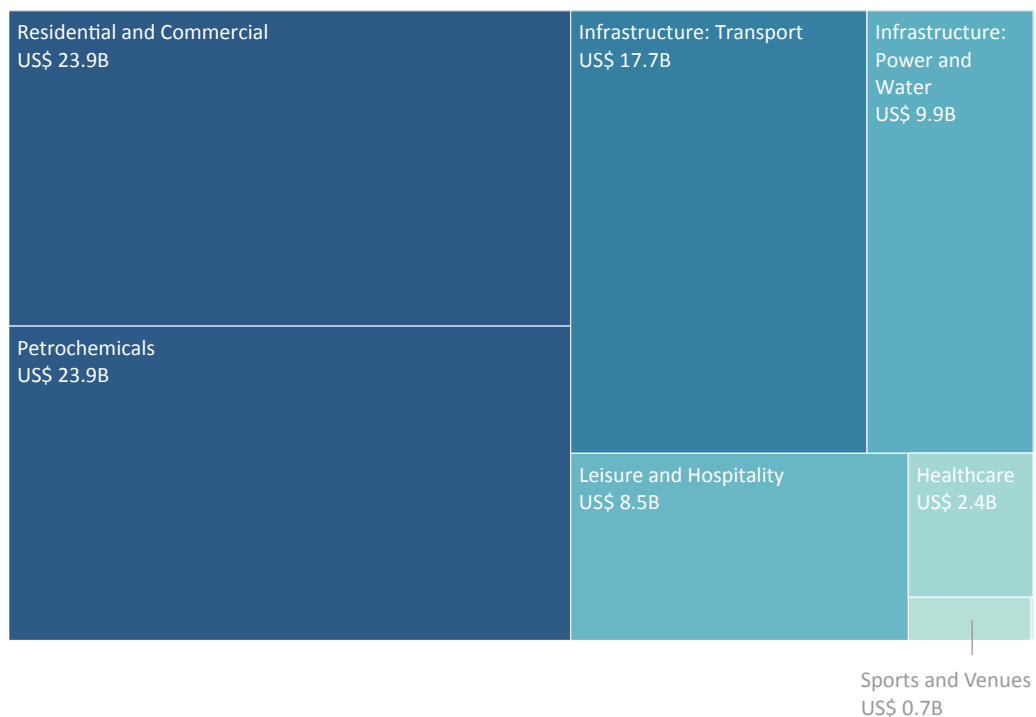
## 2. GOVERNMENTS AND COMPANIES ISSUING AWARDS

Infrastructure and petrochemicals are the two major drivers of construction-related growth in the GCC. National oil companies and public works authorities were the most common clients sponsoring construction, together awarding more than half of all new contracts for the year. Around one-third of all new contracts logged were for infrastructure-related projects. The growth of the construction sector in Qatar, in particular, was driven by transport-related infrastructure projects; these contracts accounted for a larger share of the monetary value of new projects than in any other GCC country. Meanwhile, new petrochemical-related construction projects were especially strong contributors to growth in Saudi Arabia, Oman, and Kuwait, with growth in the UAE and Bahrain driven more by new residential and

commercial construction projects than in other GCC markets.

The most valuable individual contracts also were awarded for oil and infrastructure-related projects by national oil giants like Saudi Aramco, Bahrain Petroleum, Duqm (Oman) Refinery and Petrochemical Industries Company, the Kuwait Oil Company; and by infrastructure and utilities providers like Saudi Arabia’s Saline Water Conversion Corporation, the Kuwait Ministry of State for Housing Affairs, and Qatar’s Ashghal and Ministry of Transport and Communications. Other project clients for major contracts included public and private real estate companies — particularly those based the UAE — like Miral Asset Management, Azizi Developments, Union Properties, and Nakheel Properties.

**Figure 3: Total Values of New Contracts Awarded, by Project Type, GCC - 2017**



### 3. COMPANIES WINNING AWARDS

Engineering and Construction companies that received contract awards are based in dozens of countries across six continents. However, companies headquartered in the UAE won more new GCC construction contracts than companies with headquarters in any other country. UAE-based companies also collectively won contracts with the highest monetary value, followed closely by companies based in the UK.

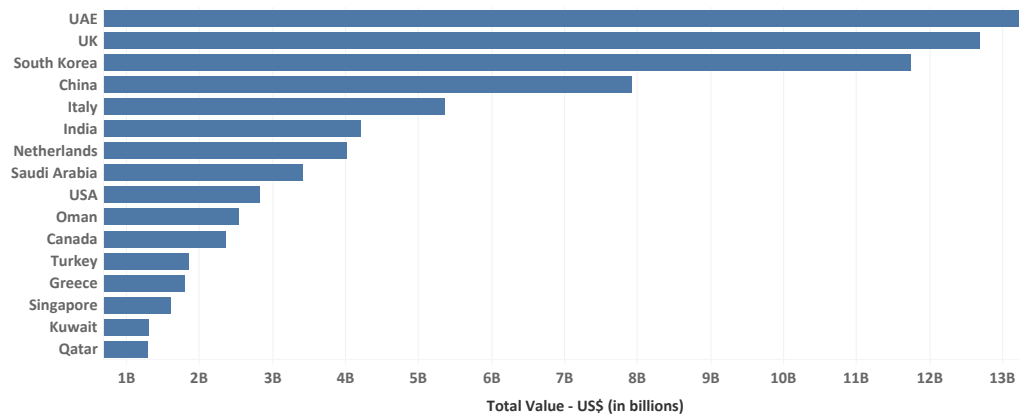
After the UAE and UK, South Korean and Chinese companies secured the most overall new contract value, followed respectively by Italy, India, the Netherlands, Saudi Arabia, and the US. Outside of the GCC, British and American companies were awarded the largest number of contracts, largely for petrochemical-related construction.

UAE-based Engineering and Construction firms logged more individual contracts than others, with Dubai-based Arabtec and its subsidiaries leading the pack. Internationally, Indian company Larsen and Tuobro won more contracts than any other company.

Several South Korean and British firms won awards for the most valuable individual projects, including: Hyundai Heavy Industries, Posco A&C, Engineers Associates Company, Hyundai Architects, Samsung Engineering (South Korea); and Lamprell, Faithful + Gould, Technip FMP, and Petrofac (UK). Other internationally based companies like China State Construction Engineering Company and Dutch company BAM International also won high-value contracts.

The UAE tends to award a higher ratio of projects to local firms than other countries. More than 60 percent of contracts awarded for projects in the UAE were granted to companies based in the country. UAE-based companies therefore tended to win contracts for residential and commercial construction (accounting for more than 50 percent of the new contracts they received). By contrast, many Saudi contracts were awarded to international companies; less than one-quarter of awards issued in the Kingdom were won by Saudi companies.

**Figure 4: Highest Values of Combined Contracts Won, by Country of Company Headquarters - 2017**



## METHODOLOGY

The Gulf Construction Tracker stems from a shared need for publicly available, comprehensive, and up-to-date data on the GCC's construction industry. Our aim is to make otherwise disparate and under-reported information accessible in a single, easy-to-navigate public database. While more research is required, the Tracker is a step toward fully mapping the employers that recruit and sponsor migrant workers in the region.

Given the scope of our inclusion criteria, the existence of contract awards that are not publicly reported, and differences in frequency and quality of reporting on construction among the six countries, trends and patterns highlighted here refer solely to the Tracker dataset and do not represent the whole universe of construction awards in the region. In short, what is included in this database is highly informative but not comprehensive.

The preceding analysis is based on data that covers contracts awarded between January 1, 2017 and December 31, 2017.

The dataset that underpins the Tracker was collected from publicly available sources of online information related to contract awards in the GCC. Articles from [Construction Week Online \(CWO\)](#) are supplemented with search results for contracts awarded in each of the six countries of the GCC, using consistent search criteria and breadth. [MEED's](#) subscription service is referred to in the last instance to capture contracts that might have

been missed elsewhere. Information extracted from these sources is entered into a spreadsheet which is available for download on the [Gulf Construction Tracker website](#).

The dataset focuses on contracts that are likely to require the labor of large numbers of low-wage migrant workers, from tourism and hospitality builds, to roads and civil infrastructure and construction on oil and gas projects. The entries track the companies that receive the awards and the clients granting them. They do not, for example, include project financing agreements with banks or other investors, awards granted by governments and development firms prior to the awarding of construction contracts, concession agreements, or agreements between hotel brands and developers. Likewise, procurement deals for high-tech machinery, deals for technical consulting or management services, and deals for interior design, all of which would be unlikely to involve high volumes of low-wage construction work, are excluded, as are contracts solely for property/facilities management.

We were unable to obtain contract values for several dozen of the contracts logged, meaning that actual overall contract value likely is significantly higher than the total we posit here and on the tracker website.

We will continue to track contract awards and update the data on the Tracker on an ongoing basis.

## ENDNOTES

1. Based on extrapolations from various national estimates. Not all GCC countries maintain statistics on migrant worker employment by sector.
2. See: Segall, David and Sarah Labowitz, *Making Workers Pay: Recruitment of the Migrant Labor Force in the Gulf Construction Industry*. NYU Stern Center for Business and Human Rights, April 2017. <http://www.stern.nyu.edu/experiencestern/faculty-research/making-workers-pay-recruitmentmigrant-labor-force-gulf-construction-industry>; and Bhacker, Mariam, *A Wall of Silence: The Construction Sector's Response to Migrant Rights in Qatar and the UAE*. Business and Human Rights Resource Centre, December 2016. <https://business-humanrights.org/en/%E2%80%9Cwall-of-silence%E2%80%9D-construction-industry-failing-to-tackle-abuse-of-migrant-workers-in-the-gulf>. Both the NYU Stern Center and the Resource Centre receive support from Humanity United.

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