

Local

NBK Economic Update

# Kuwait's population growth eases, led by slowdown in expat growth: NBK Report

## Solid recovery of employment growth among Kuwaiti nationals

Chart 1: Population of Kuwait

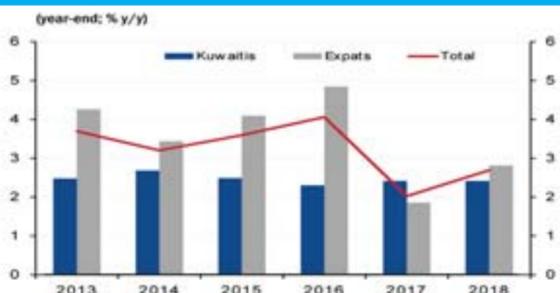
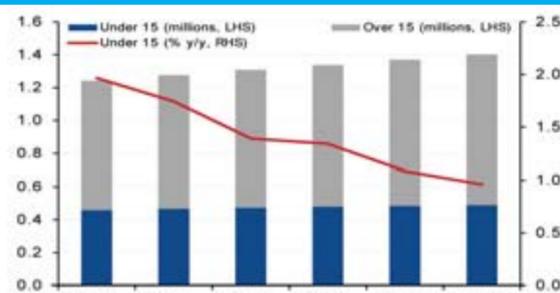


Table 1: Population (end-year)

Year	Population ('000)			% y/y		
	Kuwaiti	Non-Kuwaiti	Total	Kuwaiti	Non-Kuwaiti	Total
2013	1,242	2,723	3,965	2.5	4.3	3.7
2014	1,276	2,816	4,092	2.7	3.4	3.2
2015	1,308	2,931	4,239	2.5	4.1	3.6
2016	1,338	3,073	4,411	2.3	4.8	4.1
2017	1,370	3,130	4,500	2.4	1.9	2.0
2018	1,403	3,219	4,622	2.4	2.8	2.7

Chart 2: Population of Kuwaiti nationals



**KUWAIT:** Population growth hovered near multi-year lows in 2017 and 2018, led by historically weaker growth in the number of expatriates as Kuwaitization efforts and higher administrative fees put a damper on expat hiring activity.

According to the latest biannual release of demographic data, Kuwait's population rose 2.7 percent y/y in 2018 (end-year) to reach 4.6 million. The growth rate was higher than the 2.0 percent witnessed in 2017, although much lower than the 4.1 percent multi-year high seen in 2016. This decline in population growth has been mainly driven by lower expat growth, which stood at 2.8 percent y/y in 2018 versus 4.8 percent y/y in 2016, and far below the multi-year high 5 percent annual average seen in 2008-2009. Amid comparatively softer employment growth and higher living costs, the number of expatriate dependents have been declining of late, with both dependent children and women falling on average by 0.8 percent y/y and 1.0 percent y/y, respectively, over the years 2017 and 2018.

In contrast, growth in the population of Kuwaiti nationals has remained fairly steady at around 2.5 percent over the past 5 years, reaching 1.4 million in 2018.

While the rate of growth in the number of Kuwaitis under the age of 15 has slowed from around 2.0 percent y/y in 2013 to 1.0 percent y/y in 2018, it still represents more than a third of the population, compared to the MENA average of 30 percent. This highlights the need for more jobs in the coming years to cater for the large youth population that will ultimately enter the workforce.

### Total employment growth recovers in 2018 as Kuwaiti hiring activity picks up

2017 was one of the weakest years on record in terms of hiring activity, as strict government consolidation efforts were compounded by more stringent Kuwaitization measures. In 2018 (end-year), total employment growth witnessed a sharp recovery, following improvements in hiring both Kuwaitis and expats. However, at 4.2 percent y/y, the growth in total employment remains below the rates seen in earlier years (2015-16), because while Kuwaiti jobs growth reached a high 3.7 percent y/y in 2018 (mostly in the public sector), expat employment growth came in historically lower at 4.3 percent y/y, on the back of continued declines in

Chart 4: Expatriate employment

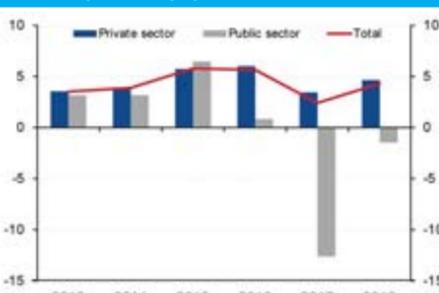
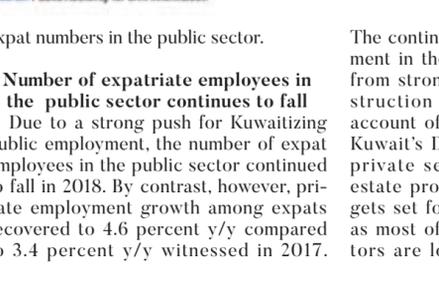


Chart 3: Employment in Kuwait



expat numbers in the public sector.

### Number of expatriate employees in the public sector continues to fall

Due to a strong push for Kuwaitizing public employment, the number of expat employees in the public sector continued to fall in 2018. By contrast, however, private employment growth among expats recovered to 4.6 percent y/y compared to 3.4 percent y/y witnessed in 2017.

The continued increase in expat employment in the private sector stems mainly from strong hiring activity in the construction and real estate sectors, on account of both public projects (as per Kuwait's Development Plan) as well as private sector construction and real estate projects. The Kuwaitization targets set for these activities remain low, as most of those working in these sectors are low-skilled laborers. Indeed,

compared to 2012 year-end data, employment growth among expats in the construction and real estate services sectors is currently up a staggering 127 percent y/y and 88 percent y/y, respectively. Unlike the public sector where expats will eventually be fully replaced by Kuwaitis, jobs in some specific private sector activities such as construction and domestic help will still be occupied by expats in the foreseeable future.

## Kuwait calls for full implementation of 'Stockholm Agreement'

**NEW YORK:** Kuwait renewed its call for all Yemeni parties to fully implement the Stockholm Agreement on Hudaydah and its three ports, as well as the agreement on prisoners exchange and Taiz MoU. This came in a speech delivered by Kuwait's permanent representative to the United Nations Ambassador Mansour Al-Otaibi before the Security Council special meeting on Yemen late Monday.

Otaibi said efforts exerted by Secretary General's special envoy to Yemen aims for reaching a political solution based on the three agreed upon terms of reference: the Gulf Initiative, outcomes of the National Dialogue and the Security Council resolution 2216, to end the crisis, thus preserving Yemen's independence, sovereignty and territorial integrity. "The Council interacted with this important event through its unanimous adoption of resolutions 2451 and 2452 after four months since the Stockholm Agreement was put into force, and followed up with the implementation of the Hudaydah Agreement," he added. Otaibi expressed deep regret that no significant progress had been

made in the implementation of the Hudaydah Agreement. On the other hand, Ambassador Otaibi welcomed the UN Secretary General's declaration of reaching a detailed agreement between the parties concerned to implement this phase of the conflict.

Otaibi said that this is the best way to resume the next round of consultations, which will focus on the comprehensive aspects of ending the crisis based on the relevant Security Council resolutions, as well as on the Gulf Initiative and its executive mechanisms. He stressed the need to start urgently to activate resolution 2452, as well as the full implementation of Stockholm Agreement to reach a political settlement that would make easier for humanitarian assistance to reach the largest number of people in need. The activation of the Agreement will enable the UN and its relief agencies to reach the Red Sea Mills, which contain large quantities of grain that would sustain 7.3 million people within 30 days, Otaibi noted. He pointed out that despite the great cooperation shown by the Yemeni government to facilitate safe access to these mills and opening roads



NEW YORK: Kuwait's permanent representative to the United Nations Ambassador Mansour Al-Otaibi speaks during a Security Council special meeting on Yemen. — KUNA

to humanitarian aid; it is facing many difficulties that may threaten damaging stocks of these mills. In this regard, Otaibi pointed out that Kuwait has made a pledge of \$250 million, bringing the total contribution of Kuwait to Yemen

since 2015 to \$600 million, in addition to generous donations by major donors, namely Saudi Arabia, the United Arab Emirates, the United Kingdom, Germany, the European Union and other countries, he noted. — KUNA

## IDPs' camps in Iraq lack many services: Kuwaiti official

**IRBIL:** Chairman of the International Islamic Charitable Organization (IICO) Dr Abdullah Al-Maatouq, said on Monday internally displaced camps in Iraq lack many services and called on international organizations to provide more assistance. Maatouq said that during his visit to the camps in Al-Khazer and Hassan Cham, he was briefed on the suffering of the internally displaced persons (IDPs), pointing out that the camps lack many services, including electricity, food and health services. Maatouq called on charitable and international organizations to provide all the assistance needed to those who are suffering.

Meanwhile, Director General of IICO Bader Al-Sumait said that the purpose of the visit to the Kurdistan region is to see first-hand the situation of displaced Iraqis and know the shortcomings. Sumait noted that despite the return of many IDPs to their homes, many of them still live in the camps. Kuwaiti Consul General in Irbil Dr Omar Al-Kandari said that the delegation's visit to the camps is very important to find out about the needs of the displaced people, look into their situation and consider the possibility of providing aid to them.—KUNA

## Kuwait's deputy FM highlights strong ties with Russia

**MOSCOW:** Russia enjoys solid and long-standing ties with the wider Arab region, Kuwait's Deputy Foreign Minister Khaled Al-Jarallah said yesterday. "Russia and Arab nations have agreed to hold regular talks to push ties further on the political and economic fronts," the Kuwaiti official told a Russian-Arab forum on cooperation in the Russian capital of Moscow. He said Arab nations have been able "to reach out" to Moscow through these talks, highlighting Russia's "undeniable presence" on the international stage.

The Kuwaiti deputy foreign minister appreciated Russia's "exceptional" contributions towards some of the world's most pressing issues, including the Israeli-Palestinian conflict. On the "humanitarian disaster" in Syria, he highlighted the enormous toll the eight-year conflict has taken on the lives of Syrians, urging Moscow to use its political clout to ensure that a peaceful resolution is ultimately reached. Similarly, Yemen and Libya are other Arabs nation mired in unmitigated misery, the Kuwaiti official said, calling on Russia to contribute towards a decisive political solution to resolve the lingering conflicts in both countries. He went on to highlight the "scourge of terrorism" as the biggest threat to the international community, saying the war against terrorism continues to be a work in progress. — KUNA



Kuwait's Deputy Foreign Minister Khaled Al-Jarallah

Legalese

## Indemnity rights



By Attorney Fajer Ahmed

**W**e have all been hearing/reading news lately on the millions of dollars owed by private companies in indemnity rights of their employees. Many people also think that because this is being discussed right now, it is a new law or regulation that has been promulgated. I have also had many clients and others emailing me wanting to know more information on this "new" law. This "law" being discussed is not yet a law, but I am not surprised that this issue is being discussed right now. Let me explain why.

Let's backtrack and try to understand where all of this is coming from. Two years ago, an amendment to the employment law was published under law 85/2017 amending article 51 to clearly state that Kuwaitis have the right to their end of service benefits even if the employer is paying an amount for your retirement to the Public Institution for Social Security (PIFSS). When the law came out in 2017, it caused major concern to companies that have not been paying Kuwaitis their end of service benefits. The new law will cost these companies millions of dollars if they have to pay end of service benefits to all their previous employees.

### No indemnity

**Question:** I keep being told by my company that I cannot get my indemnity because I am a Kuwaiti and the company has been paying a percentage to PIFSS. Is this true?

**Fajer:** As I have explained above, the law is very clear that Kuwaitis are entitled to end of service benefits, exactly as non-Kuwaitis are.

**Question:** What can I do in order to obtain my end of service benefits?

**Fajer:** This answer is for both Kuwaitis and non-Kuwaitis alike. I always advise my clients to first try and negotiate with their employer. If the employer does not want to negotiate, then ask your lawyer to negotiate on your behalf. If not, then your lawyer can go to court. Before your lawyer takes the issue to court, your lawyer will have to go through the ministry of social affairs and labor, which is also a safe place for both parties to negotiate. You can also go to MSAL yourself and file a complaint. It may be overwhelming for non-lawyers to do so, but if you find someone who is willing to help, the process can be done.

For questions or queries, please email us at [info@tl-legal.com](mailto:info@tl-legal.com).