

Local

Exodus of foreigners could impact Kuwait's economy

Real estate industry to bear the brunt

By Sajeev K Peter

KUWAIT: An 'unprecedented exodus' of foreigners from Kuwait following jobs losses, financial crises and health insecurity triggered by the global pandemic will have far-reaching implications on Kuwait's economy in the medium-term, impacting real estate, consumer and retail sectors the most.

"The coming months will witness a significant downturn in economic activity in many key sectors in Kuwait if a new residency law proposal becomes a reality. If the law is passed, nearly 2 million foreigners will have to leave the country, impacting the agility of the country's economy in the medium-term," said Abdulkareem, a financial analyst working with an audit firm in Kuwait.

According to travel industry officials, the real impact will be felt only once commercial flights resume international operations on August 1. Currently, only chartered and special flights are flying out of Kuwait's airports.

While the country's real estate industry bore the brunt of this 'exodus', other sectors like construction, consumer, hospitality and tourism are also feeling the pinch of the downturn inflicted by the COVID-19 pandemic and the subsequent lockdown.

"Sincerely thank Almighty God for making my destiny in Kuwait as an Equater," Indian expat Sajeev Koshy posted on his Facebook page along with a picture in PPE gear from Kuwait International Airport's departure gate minutes before his flight took off from Kuwait. Koshy, who worked with EQUATE Kuwait, bid farewell to Kuwait after working in the country for 25 years. More than 158,000 expatriates are estimated to have left Kuwait over the past three months, while many others are packing their bags to leave the country soon.

The government has proposed a legislation to

streamline the population in the country and resolve the demographic imbalance. Foreigners number around 3.35 million and formed 70 percent of the country's population of around 4.8 million at the beginning of 2020. The government is weighing a proposal to introduce a quota system for expat communities with a view to regulating their numbers. If the draft law becomes legislation, around 2.5 million foreigners will have to find their way out of the country in the coming years.

The government reportedly cancelled around 154,000 work permits of foreigners earlier this year. Another 40,000 expats outside the country did not renew their residency and an estimated 30,000 expats without valid residencies had left the country, making use of the amnesty program announced by the government in April.

Private sector not consulted

Thousands of people working in small businesses such as restaurants, hotels, barbershops and beauty parlors, garment and textile shops and gold and jewelry shops either lost their jobs or had their wages halved, forcing many of them to take the painful decision to leave the country.

A good number of expatriate taxi and bus drivers, one of the worst sectors affected by the crisis, are also planning to leave. Taxi and bus services remain closed and it is unclear when they will be allowed to operate again.

"A glaring impact of this exodus may probably be felt in the apartment sector in the country. Thousands of flats are lying vacant today, mostly in expat neighborhoods like Jleeb, Salmiya, Fahaheel, Mangaf and Riggae. And we don't expect any pickup in demand anytime soon," said Jalaluddeen, a property market expert.

Meanwhile, many expat families residing in Jleeb Al-Shuyoukh are shifting to other localities such as



KUWAIT: An aerial view showing residential and commercial buildings in Kuwait City.

Salmiya and Riggae amid speculation that the authorities are planning to raze apartment buildings in the area ahead of building a new residential city. Many landlords offered some rent relief, some as much as 50 percent off monthly rent to stem the exodus. But many others did not reduce rents at all.

While a majority of citizens support the government initiative to curtail the population of foreigners, a few have raised concerns over the practical difficulties involved in drastically reducing expat numbers. They point out the inevitability of utilizing expat manpower in certain sectors like domestic labor, driving, construction and manual labor.

"A massive reduction in expat population will have

serious repercussions on Kuwait's economy, particularly on the real estate, consumer and construction sectors. The retail sector will also be affected badly with shopping malls and supermarkets taking a substantial sales hit," said an expert who did not want to be named.

Secretary of the Real Estate Union Qais Al-Ghanim has expressed his dissatisfaction over the decisions being taken without consulting the private sector. Real Estate Development Company Vice President Sulaiman Al-Mudyan recently said it is a difficult task and the proposal to attain a proportion of 70 percent citizens and 30 percent expats in the population structure appears unrealistic.

MP Adasani asks premier over US lawsuits

By B Izzak

KUWAIT: Opposition MP Riyadh Al-Adasani yesterday asked His Highness the Prime Minister Sheikh Sabah Al-Khaled Al-Sabah about what the government has done toward lawsuits filed last week by US Justice Department against former Kuwaiti defense officials.

Adasani said the US Justice Department through its offices in California filed several law-

suits to recover over \$100 million that were allegedly embezzled by former officials in the Kuwaiti defense ministry between 2009 and 2016.

Adasani said that the former high-ranking Kuwaiti officials used the defense ministry military attaché office in London to open at least six unauthorized bank accounts in the United States and transferred over \$100 million to them from Kuwaiti public funds.

He also said the US is seeking to recover \$104.38 million suspected to have been used in money laundering operations. The lawmaker asked the prime minister to provide him with copies of the correspondence exchanged between government officials over procedures taken regarding this case.

The US Justice Department said last week it has filed seven lawsuits seeking the forfeiture of real estate, a private jet, a yacht and additional assets

purchased with public funds allegedly embezzled by former high-level officials in Kuwait's ministry of defense, part of which were transferred to California bank accounts operated by the son of a convicted felon.

In order to disguise the nature of the bank transfers, some of them were falsely described as being intended for military purposes, the Justice Department said on its website. According to the complaints, these funds were actually transferred to several California entities that had no business or contractual relationship with the ministry of defense.

The funds in the bank accounts were used to purchase or contribute to the improvement of a parcel of land in Beverly Hills known as "The Mountain," three homes in Beverly Hills, a penthouse and an apartment in Westwood, a private jet, a yacht, a luxury sports car and approximately

\$40,000 worth of memorabilia of boxer Manny Pacquiao, it said.

Adasani recalled that he had raised several issues with suspected corruption armament deals, the Eurofighter aircraft and Caracal helicopter deals, in addition to the suspected corruption in the Airbus deal and the alleged graft case involving former social security agency chief. The lawmaker also called for more in-depth investigation into the alleged corruption in the ports fund and the Malaysian sovereign fund and others.

In the meantime, MP Mohammad Al-Dallal yesterday submitted a proposal calling for a comprehensive investigation into suspected irregularities into state land distributed to people to encourage agricultural production. The lawmaker's call came a few days after the court of cassation decided to nullify the allotment of around 400 parcels of state land for violating the rules.

News in brief

Eid holiday begins Thurs

KUWAIT: The Kuwaiti Civil Service Commission (CSC) announced on Tuesday Eid Al-Adha holiday would be for five days. The Eid break will begin on Thursday July 30, 2020 end on Monday August 3, 2020, as work will resume on Tuesday August 4, 2020, CSC said in a statement.

Phone call

KUWAIT: Kuwaiti Minister of Foreign Affairs Sheikh Dr Ahmad Nasser Al-Mohammad Al-Sabah on Tuesday received a visual phone call from Comoros Foreign Minister Mohamed El-Amine Souef, on bilateral relations and ways of enhancing them. Both ministers also discussed joint cooperation against the novel coronavirus (COVID-19), regional and international happenings as well as issues of common interest.

Suspects arrested

KUWAIT: Police arrested three Asian men suspected of causing an Egyptian man's death in a hit-and-run incident reported outside a Wafra farm two weeks ago. The victim reportedly tried to stop the suspects from leaving in a truck that they've loaded with steel bars they stole from the property where he worked. He fell under the truck's tires and died as they drove away from the scene, the Interior Ministry said.

Eighteen flights

KUWAIT: The Directorate General of Civil Aviation (DGCA) announced that 18 flights were set to depart Kuwait International Airport yesterday, carrying a total of 3,510 passengers. They included seven flights to Egypt, four flights to India, two flights to the UAE, one flight to Qatar, one flight to Pakistan, one flight to Lebanon, one flight to Bangladesh, and one flight to Sudan.

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