

Kuwait: Population continues to decline as expat numbers fall

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Highlights

- Kuwait's population decreased by 0.9% in the 6M to 1H21 to 4.62 million, as expatriate numbers continued to decline.
- Over a third of the Kuwaiti population is below the age of 15, highlighting the importance of accelerating job creation for this large cohort.
- Total employment declined by 1.7% year-to-date in 1H21, due to moderation in hiring activity among Kuwaiti nationals in the private sector and a drop in expat employment.
- More than 56,000 expats left the country in 1H21, pushing the total departures to about 190,000 since the start of the pandemic.

Following the biggest annual drop recorded in almost 30 years (-2.2%) in 2020, Kuwait's population decreased by a further 0.9% in the six months to 1H21 to 4.62 million. This is mainly due to a continued fall in the number of resident expatriates, while the number of Kuwaiti nationals continued to rise. In fact, the ongoing enforcement of Kuwaitization policies and the weak economic environment caused by the pandemic have forced companies to shed workers, pushing thousands of expat households to leave the country.

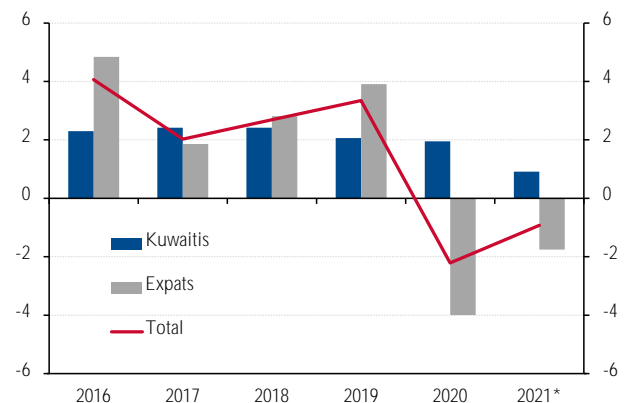
Population growth remains in negative territory

According to the latest demographic data from the Public Authority for Civil Information (PACI), Kuwait's population decreased by 0.9% in 1H21 to 4.62 million, after a drop of 2.2% y/y in 2020. (Table 1.) This was driven by a decline in expatriate numbers (-1.8%) while Kuwait nationals saw modest growth (+0.9%). The share of expatriates in the total population fell back to 68.2%, its lowest in ten years.

In terms of numbers, more than 56,000 expats left the country in 1H21, pushing the total numbers to about 190,000 since the start of the pandemic and the implementation of the lockdown and restriction measures in early 2020.

Chart 1: Population of Kuwait

(year-end; % y/y)



Source: PACI * As of June 2021; growth rates are Jun 21/Dec 20

Table 1: Population (end-year)

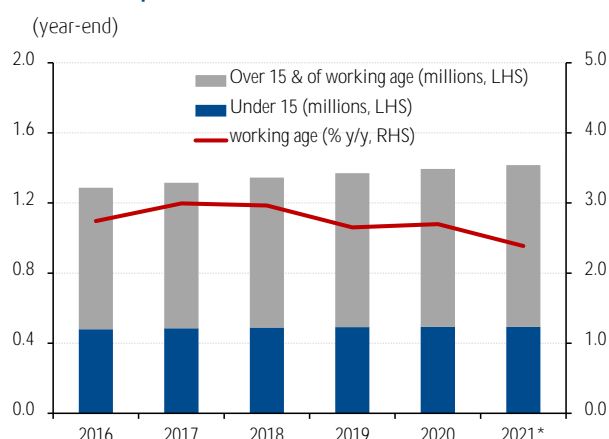
	Population ('000)			% y/y		
	Kuwaiti	Non-Kuwaiti	Total	Kuwaiti	Non-Kuwaiti	Total
2015	1,308	2,931	4,239	2.5	4.1	3.6
2016	1,338	3,073	4,411	2.3	4.8	4.1
2017	1,370	3,130	4,500	2.4	1.9	2.0
2018	1,403	3,219	4,622	2.4	2.8	2.7
2019	1,432	3,344	4,776	2.1	3.9	3.3
2020	1,460	3,211	4,671	2.0	-4.0	-2.2
2021*	1,473	3,154	4,628	0.9	-1.8	-0.9

Source: Public Authority for Civil Information (PACI) * As of June 2021; As of June 2021; growth rates are Jun 21/Dec 20

Large youth population to weigh on the labor market

The number of Kuwaitis under the age of 15 continues its deceleration to 0.1% y/y in 1H21 from 0.6% y/y last year and 1.0% in 2018. Despite this moderation, this cohort of around 493,000 still accounts for more than a third of the Kuwaiti population and is likely to put more pressure on the labor market in the future. Meanwhile, growth in the number of working-age nationals above the age of 15 has remained robust estimated at 2.4% y/y in 1H21. (Chart 2.)

► **Chart 2: Population of Kuwaiti nationals**

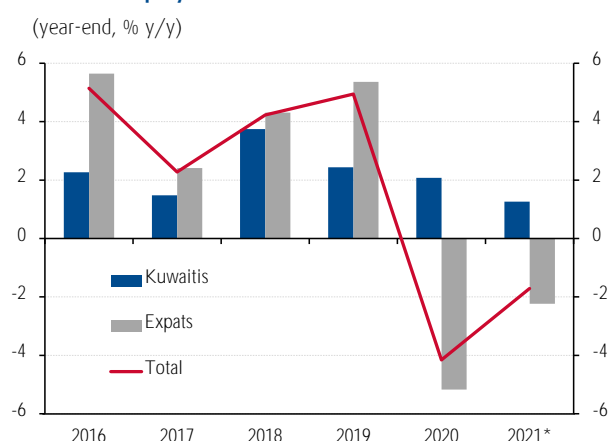


Source: PACI * As of June 2021; y/y growth rate is an estimate

Total employment declined as jobs for expats dropped

After a drop of 4.2% y/y in 2020, total employment declined by 1.7% 6m/6m in 1H21. This is attributed to moderation in hiring activity among Kuwaiti nationals and a drop in expat employment. (Chart 3.) Employment growth among Kuwaitis moderated from 2.1% in 2020 to 1.3% in 1H21, driven mainly by a decline in the private sector (-1.5% or about 940 Kuwaitis). However, the public sector kept its hiring apace (+1.8% or about 6,200 Kuwaitis) partly due to Kuwaitization efforts. Such hiring will add pressure to the budget with the wage bill alone accounting for about 60% of total spending.

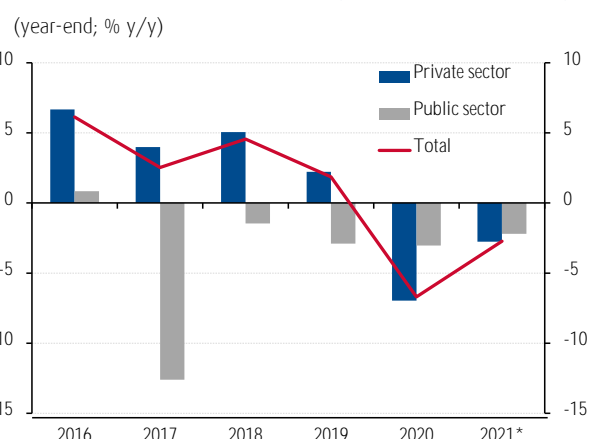
► **Chart 3: Employment in Kuwait**



Source: PACI * As of June 2021; growth rates are Jun 21/Dec 20

In contrast, expatriate employment dropped by 2.2% in 1H21 after a drop of 5.2% in 2020, on the back of low hiring activity in both the public (-2.2%) and private sector (-2.8%). However, domestic (i.e. household) workers' employment was less affected, as their numbers decreased only by 1.1% in 1H21. In fact, the government allowed domestic helpers to enter the country once flights resumed (even if they are not vaccinated). Excluding domestic workers, expat employment decreased by 2.7%, led by a decline in hiring activity in the private sector (-2.8% versus -7% in 2020). (Chart 4.)

► **Chart 4: Expatriate employment (exc. domestic workers)**



Source: PACI * As of June 2021; growth rates are Jun 21/Dec 20

The drop in expat employment in the private sector (excluding domestic workers) was due mainly to a sharp decline in hiring in construction (-9.8%) and real estate (-5.1%), in line with weaker project activity and muted property market activity during the pandemic period. Expat employment also declined in other sectors such as manufacturing (-5.3%) and hotels & restaurants (-2.1%). It's worth mentioning that the low-paid and low-skilled expatriate workers were the most affected by the pandemic fallout (about 94% of the expatriate job losses according to our estimation).

In addition, job losses and higher living costs have forced some workers to send their dependents back home. The number of expatriate dependents has continued to decline, falling by 0.4% in 1H21 following a similar drop in 2020.

► **Table 2: Employment by sector (end-year)**

(thousands)

	Kuwaiti			Non-Kuwaiti			Total
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Domestic Sector	
2015	306	65	371	143	1,390	588	2,121
2016	317	63	379	144	1,483	613	2,240
2017	322	63	385	126	1,542	626	2,294
2018	335	64	399	124	1,620	649	2,393
2019	345	64	409	120	1,657	745	2,522
2020	354	63	417	117	1,541	733	2,391
2021*	361	62	423	114	1,499	725	2,338

Source: PACI * As of June 2021

Looking ahead, and while some of those expats who are stuck outside Kuwait may return with the resumption of flights, generally more expat workers are expected to leave in the coming period, as the pandemic fallout and Kuwaitization efforts continue to push companies to shed workers amid a weaker economic environment.

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