

Kuwait: Population growth moderates in 1H19; expats employment softens further

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Highlights

- Kuwait's population moderated in 1H19 on the back of softer expat growth and ongoing Kuwaitization efforts. Growth in Kuwaiti nationals was broadly steady.
- The Kuwaiti population remains youthful, with still over a third of the population below the age of 15, highlighting the need for faster job creation for this large cohort.
- Total employment growth subsided in the first six months of 2019, led by a continued decline in expat numbers in the public sector to historical lows, while growth in Kuwaiti jobs held firm.

Kuwait's population growth retreats on slower expat growth

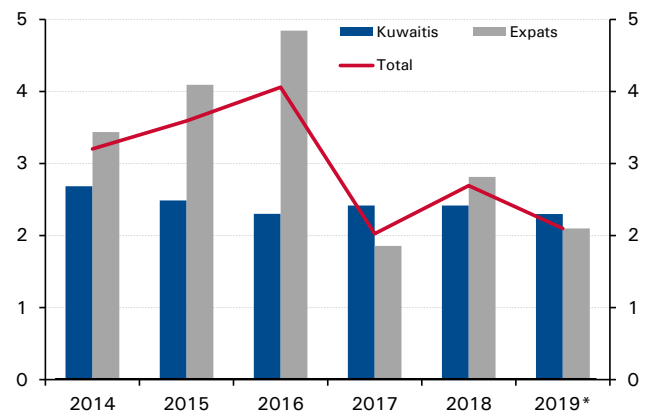
Population growth moderated in 1H19 on the back of even softer growth in the number of expatriates. Kuwaitization efforts and higher administrative fees have undoubtedly dampened expat employment prospects, which has in turn weighed down on expat growth.

According to the latest biannual release of demographic data, Kuwait's population rose 2.1% y/y in June 2019 to reach about 4.7 million. The growth rate was lower than the 2.7% seen in 2018, mainly due to a decrease in expat growth, which stood at 2.1% y/y in June versus 2.8% y/y in 2018. (Chart 1.) Additionally, the number of expatriate dependents continued to decline, falling by a sharper 2.5% y/y in June 2019 versus the 1.3% y/y decline in 2018, amid historically softer employment growth and higher living costs.

Meanwhile, growth in the population of Kuwaiti nationals was broadly steady at 2.3% in June versus 2.4% in 2018, holding at 1.4 million.

▶ **Chart 1: Population of Kuwait**

(year-end; % y/y)



Source: Public Authority for Civil Information

▶ **Table 1: Population (end-year)**

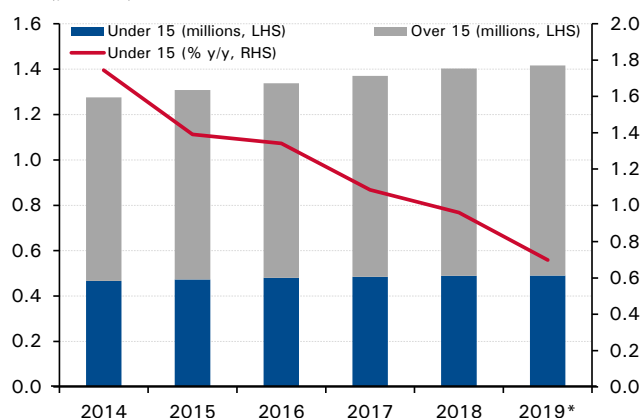
	Population ('000)			% y/y		
	Kuwaiti	Non-Kuwaiti	Total	Kuwaiti	Non-Kuwaiti	Total
2014	1,276	2,816	4,092	2.7	3.4	3.2
2015	1,308	2,931	4,239	2.5	4.1	3.6
2016	1,338	3,073	4,411	2.3	4.8	4.1
2017	1,370	3,130	4,500	2.4	1.9	2.0
2018	1,403	3,219	4,622	2.4	2.8	2.7
2019*	1,416	3,235	4,651	2.3	2.1	2.1

Source: PACI *As of June 2019

Above average share of youth population highlights urgency for faster job creation

Despite the continued moderation in the rate of growth in the number of Kuwaitis under the age of 15, it still makes up more than a third of the population, compared to the MENA average of 30%. This increasingly illustrates the urgency for faster job creation in the years to come to improve the employment prospects for the large youth population that will eventually become part of the workforce. Moreover, growth in the number of nationals above the age of 15 has remained steady and firm at around 3% over the last couple of years. (Chart 2.)

Chart 2: Population of Kuwaiti nationals
(year-end)

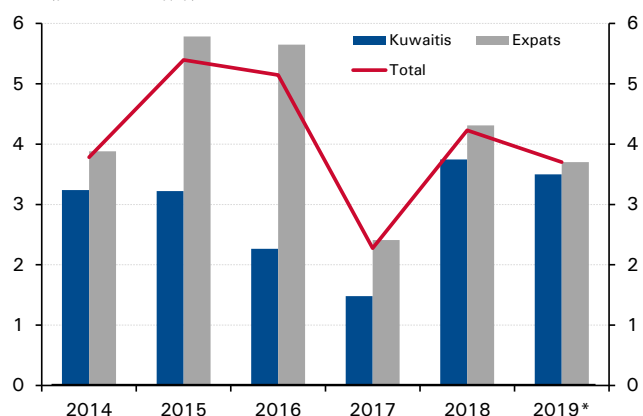


Source: Public Authority for Civil Information

Total employment growth subsides in 1H19 as expat numbers in the public sector continue to decline

Growth in total employment eased from 4.2% y/y in 2018 to 3.7% y/y in June 2019 (far below the rates seen in 2015-16), mainly on the back of continued declines in expat numbers in the public sector (-3.1% y/y), driven by Kuwaitization efforts. While Kuwaiti jobs growth held at a firm 3.5% y/y, expat employment growth slowed from 4.3% y/y in 2018 to 3.7% y/y in June 2019. (Charts 3 & 4.)

Chart 3: Employment in Kuwait
(year-end, % y/y)

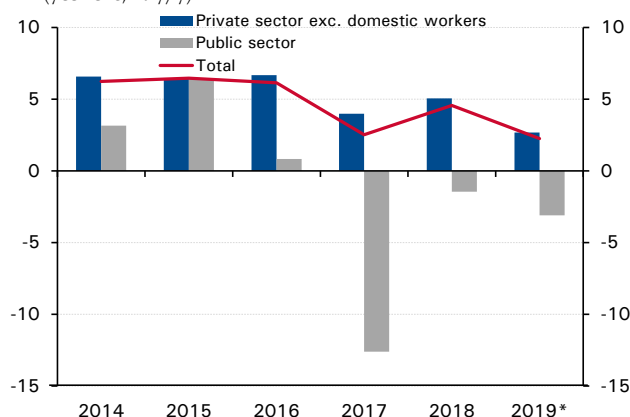


Source: Public Authority for Civil Information

Expat private sector employment growth edges down to near historical lows

Private employment growth among expats also weakened slightly from 4.6% y/y in Dec 2018 to 4.1% y/y in June 2019. After factoring out domestic workers, the June 2019 figure appears even softer at 2.7% y/y versus 5.1% y/y in Dec 2018. (Chart 4.)

Chart 4: Expatriate employment
(year-end; % y/y)



Source: Public Authority for Civil Information

The softer expat employment growth figures in the private sector (excluding domestic workers) was led by slower hiring activity in the construction sector, in tandem with lower project activity during the same period. Indeed, hiring activity in this sector eased from 8.6% y/y in 2018 to 1.9% y/y in June 2019. In contrast however, hiring activity in the real estate sector remained strong, holding at a firm 13.4% y/y. These sectors including those related to domestic help, are likely to remain supportive of private employment growth among expats going forward, especially given that the Kuwaitization targets set for these activities remain low, as most of those working in these sectors are low-skilled laborers.

Table 2: Employment by sector (end-year)
(thousands)

	Kuwaiti			Non-Kuwaiti			Total
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Domestic Sector	
2014	295	64	359	134	1,306	565	2,005
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*	340	65	433	121	1,618	686	2,429

Source: PACI *As of June 2019

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