KUWAIT AIRWAYS RETIRES 1,350 KUWAITI NATIONALS, TARGETS PROFITABILITY

News / Airlines

Loss-making Kuwait Airways has let go of 1,350 Kuwaiti nationals during the last two years, part of a plan to cut costs and return to profit by 2019, the chief executive of the state-owned carrier told Reuters on Thursday.

The airline has struggled to recover from Iraq's 1990-91 invasion of Kuwait. Complex bureaucratic procedures have further sidelined it from the boom in Gulf aviation over the last two decades.

Staff cuts of nationals are extremely rare in Kuwait, which redistributes significant oil wealth to citizens through high-paying jobs with state entities and social welfare programmes.

The number of people employed by the airline, however, is one of the main drawbacks to its turnaround plan, industry experts say.

"Since two years, almost 1,600 people left the airline, taking the golden handshake," said chief executive Abdullah al-Sarhan, referring to redundancy packages.

The airline, however, obtained special government approval to call back into service 250 of the

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retired pilots, crew and engineers, due to shortages created by the aviation boom in the region, he said. It currently employs 5,800 people.

Kuwait Airways is still reviewing a plan to let go of 1,000 non-Kuwaiti staff under a plan first announced in 2014, Mr Sarhan added.

Kuwait Airways has posted losses each year bar one since the Iraqi invasion, which saw aircraft and parts stolen, and since 2012, the government has strived to improve the airline's finances.

Mr Sarhan said the turnaround measures were starting to bear fruit, noting that Kuwait Airways would post a narrower 2015 loss. The carrier posted a 33 million dinar ($109.2 million) loss in 2014, versus 67 million dinars the year before.

"We have an initial target of three years from now to be positive, so we're talking about 2018-2019," he said.

The turnaround measures included converting Kuwait Airways to an independent, albeit state-owned company and allowing it to circumvent the audit bureau, which enabled the carrier to order new planes for the first time since the Iraqi invasion.

The government is also funding a new fleet, and Kuwait Airways ordered 35 Boeing and Airbus aircraft in 2014, and also agreed to lease 12 Airbus aircraft.

The airline also plans to review its flight routes, and cut out unprofitable ones while boosting flights on more popular segments.

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