



RECOVERY WILL TAKE TIME BUT KUWAIT IS CREEPING OUT OF RECESSION

Najeeb Abdulla Al Mulla

The Kuwaiti economy is improving but recovery will take time. That is the view of Al Mulla Group chairman Najeeb Abdulla Al Mulla who also sees fundamental changes in the local marketplace since the end of the boom years in the 1960s.

C*I joined the company in 1960 but prior to that it had been established by my father and elder brother. We were five brothers in all involved in what was a family business but there have been a lot of changes since those early days.*

As I see it the principal period of change was the 1970s when there was a boom. At first in the early 1970s we were a small outfit, mainly in the domestic appliances field and motor cars. We had GEC electrical appliances. At that time we could not expand the business very much, because my father and elder brother were in government service but after my brother left public life we started expansion in earnest.

Our main business was vehicles. We had Chrysler and also airline interests but it was mainly cars. We had British marques (Riley, MG and Morris) from BMC and that was taken over by Leyland. We really concentrated on cars but in the late 1970s we decided we had to diversify. One could not possibly put all the eggs in one basket and depend on a single source of income.

When we started diversifying, we went into new

ventures and now we try not to rely more than 25% on any single source of business. If we come to the present time it is a different world. Not only Kuwait but the whole region has much less, because of the oil price decline and in Kuwait the Souq al-Manakh crisis. It is going to take a long time but Kuwait is creeping out of the recession.

On the other hand, Kuwait is not a good market now for consumer goods. Take GEC appliances. The Japanese came into the market. At the beginning they couldn't be compared quality-wise with the Americans or Europeans but in time they improved their quality and invaded the world. Another fact is that people prefer to keep hold of their cash rather than go on changing things. In the 1970s they switched cars every year. Now they hang onto a vehicle for more than three years.

Our response has been to keep an open door. We need to keep abreast of the times in order to be there when they improve. Kuwait has had the good times — when businessmen could dictate to the consumer and he would accept it. In the cars business our sales, including pick up trucks, exceeded 8,000 units a year at one time. In the hotel trade people used to sleep in lobbies. Present conditions suggest that caution is the best watchword. What we are experiencing is a cyclical downturn and that poses challenges for us all.