



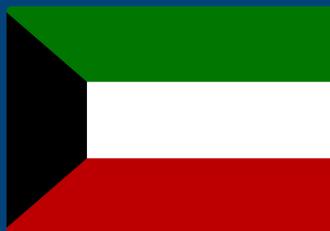
EU-GCC Dialogue on Economic Diversification

A project funded by the European Union

GCC Country Economic Profile - State of Kuwait



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A project implemented by
GFA Consulting Group GmbH
Centre for European Policy Studies
DMI Associates



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State of Kuwait Key Facts

Government

Kuwait's Constitution combines the positive aspects of both presidential and parliamentary forms of government. The Emir of the State of Kuwait is His Highness Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah. The Crown Prince is Sheikh Meshaal al-Ahmad al-Sabah. Executive power in Kuwait is vested in the Cabinet or the Council of Ministers. The Prime Minister is Sheikh Sabah Al-Khalid Al-Sabah. The ministers of the Cabinet are appointed by the Emir on the recommendation of the Prime Minister. The Cabinet controls the state institutions. It is responsible for the general policy of the government and its execution. Each minister in the Cabinet holds one or more portfolios. The Prime Minister and his ministers are accountable to the Emir and the National Assembly.

Membership in International Organisations

ABEDA, AfDB (nonregional member), AFESD, AMF, BDEAC, CAEU, CD, FAO, G-77, GCC, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IFAD, IFC, IFRCs, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IPU, ISO, ITSO, ITU, ITUC (NGOs), LAS, MIGA, NAM, OAPEC, OIC, OPCW, OPEC, Paris Club (associate), PCA, UN, UNCTAD, UNESCO, UNIDO, UNRWA, UN Security Council (temporary), UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Languages

Arabic (official), English widely spoken

Economic Agreements

- Regional Trade Agreements in force: GCC, GCC – Singapore, Pan-Arab Free Trade Area (PAFTA)
- Announced: EFTA – GCC, Australia – GCC, Japan - GCC

Kuwait - Key figures (2022)	
Population (millions)	5
GDP (Billions of Euros)	175
GDP per capita (Euros)	36,400
Real GDP growth (%)	8.2
Inflation rate (%)	3.9

Trade in Goods (2022, Billion Euros)	
Imports	23.7
Exports	89.3

Trade in Services (2021, Billion Euros)	
Imports	17.5
Exports	9.2

State of Kuwait Economic Policies

Economic Development Objectives

- The country's development plan is mapped out in the Vision 2035 "New Kuwait" – goal: to transform Kuwait into a financial and trade hub, attractive to investors, where the private sector leads the economy, creating competition and promoting production efficiency
- Sustainable, diversified economy
 - Develop a prosperous and diversified economy to reduce the country's dependency on oil export revenues
 - Increase local productivity and development of non-oil economic sectors
 - Engage the private sector in the national economic activity of the country
- Developed infrastructure - Develop and modernize the national infrastructure to improve the quality of life for all citizens
- Sustainable living environment - Ensure the availability of living accommodations through environmentally sound resources and tactics, utilize renewable energy, and improve the efficiency of waste management.

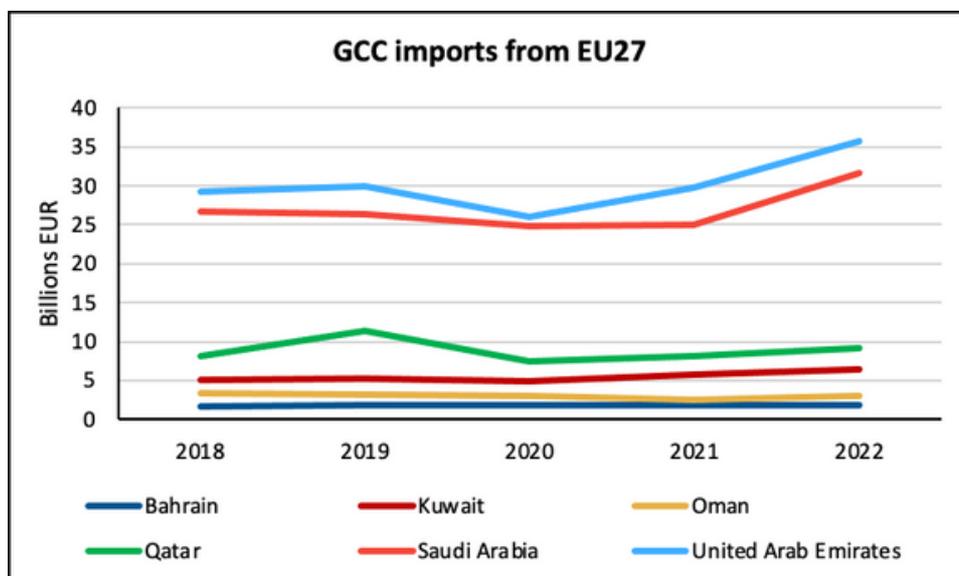
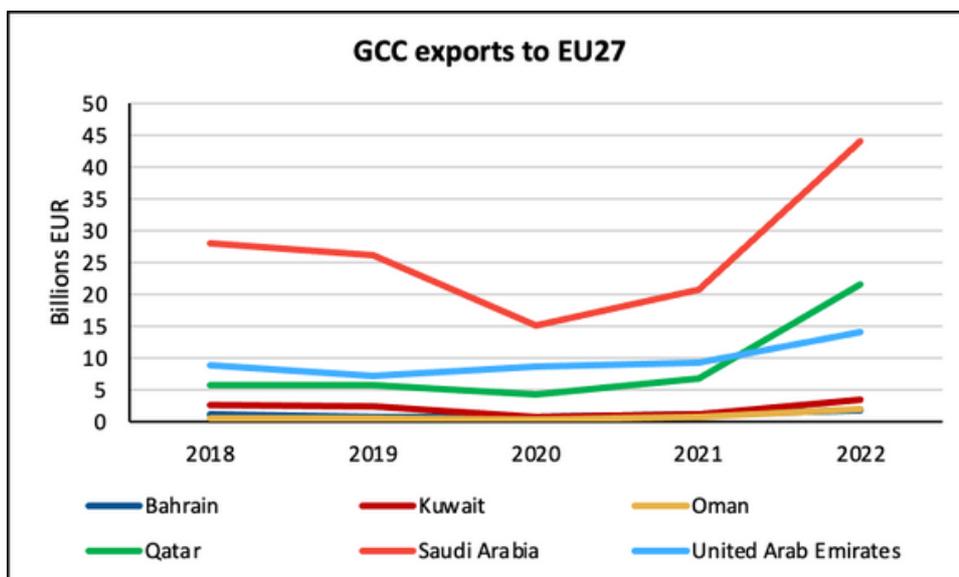
Current Economic Status (August 2023)

- Benefiting from high oil prices, Kuwait's economic recovery continues, and inflation is contained.
- Non-oil GDP growth rose to 4.0 percent in 2022. This, together with a pickup in oil production, resulted in a rebound in overall real GDP growth to 8.2 percent in 2022.
- While oil GDP growth is expected to decline in 2023 due to oil production cuts, non-oil GDP growth would stay robust, driven by domestic demand, and is foreseen to remain steady over the medium term.
- The fiscal and external balances have strengthened and external buffers are increasing. The overall fiscal balance has improved to 23.4 percent of GDP in FY2022/23, benefiting mainly from high oil revenues and expenditure restraint.
- The banking system is stable and resilient to severe shocks. Banks are well-capitalized and highly liquid. Non-performing loans remain sufficiently provisioned. Profitability is also recovering.
- Volatility in oil prices and production—arising from global factors—poses risks to growth and inflation, as well as to the fiscal and current account balances. A deeper global growth slowdown, possibly caused by monetary policy tightening or banking sector stress in major advanced economies, would adversely impact Kuwait's economy.
- Investment environment: conducive to attracting FDI. The advantages for foreign investors include the right to transfer abroad the profits, capital, or proceeds resulting from the disposal of their shares or participation in the Investment Entity or the compensation (according to the laws), exemption from income tax or any other taxes for a period not exceeding ten years from the date of the actual commencement of operations of the licensed investment entity, as well as exemption from customs duties of certain imports.

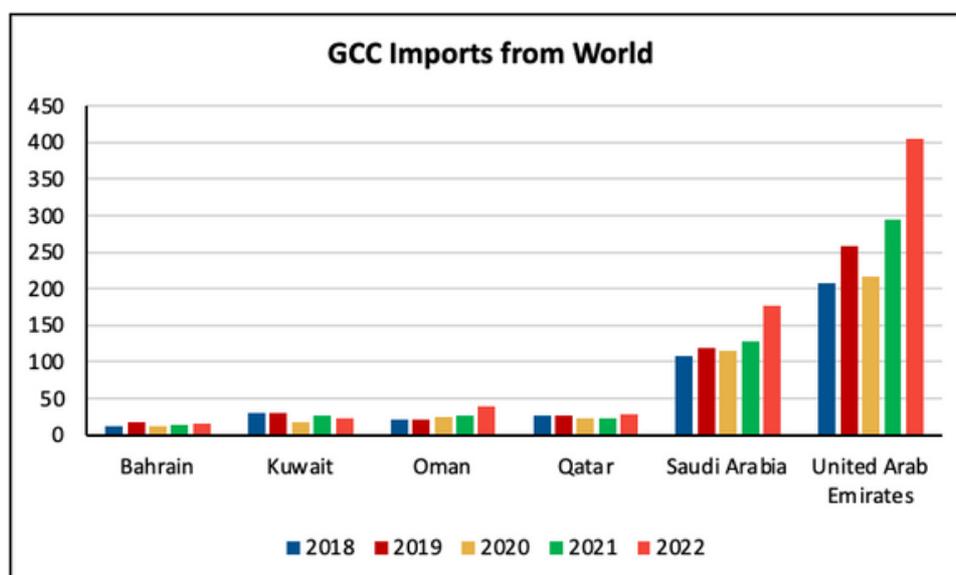
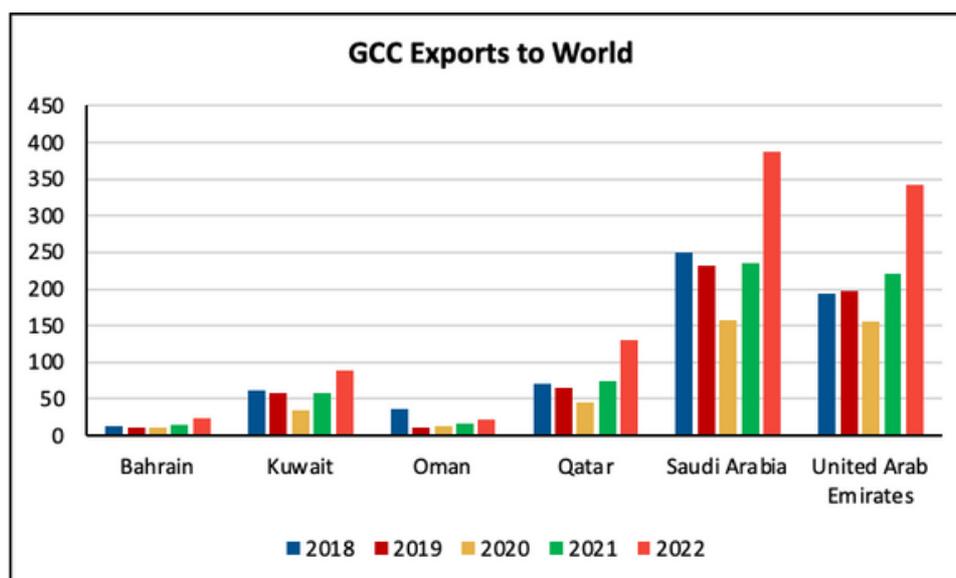
EU – Kuwait Economic Relations

- **Economic and political cooperation between the EU and the GCC countries:** the framework is provided by the 1988 EU-GCC cooperation agreement that seeks to improve trade relations and stability in a strategic part of Europe's neighborhood. The agreement created a Joint Council and a Joint Co-operation Committee which meet annually. The two sides meet on an annual basis to discuss trade, amongst other topics, within the EU-GCC Joint Co-operation Committee held in Riyadh or Brussels.
- **EU and Kuwait:** In 2016, the European External Action Service (EEAS) and the Government of the State of Kuwait's Ministry of Foreign Affairs signed a cooperation arrangement to enhance their dialogue to achieve common goals and objectives in areas of mutual interest.
- **Trade Negotiations:** The EU and Gulf Cooperation Council launched negotiations for a Free Trade Agreement (FTA) in 1990. The FTA is foreseen to provide for progressive and reciprocal liberalisation of trade in goods and services. The negotiations have faced several challenges and were effectively halted in 2008, when the GCC countries suspended all ongoing negotiations in which they were involved. While periodic informal contacts have taken place since then to test whether a basis might be found to resume and conclude negotiations, these have not been successful. In parallel with the negotiations, the prospective EU-GCC FTA was subject to a sustainability impact assessment.

GCC Trade in Goods with EU27 & the World



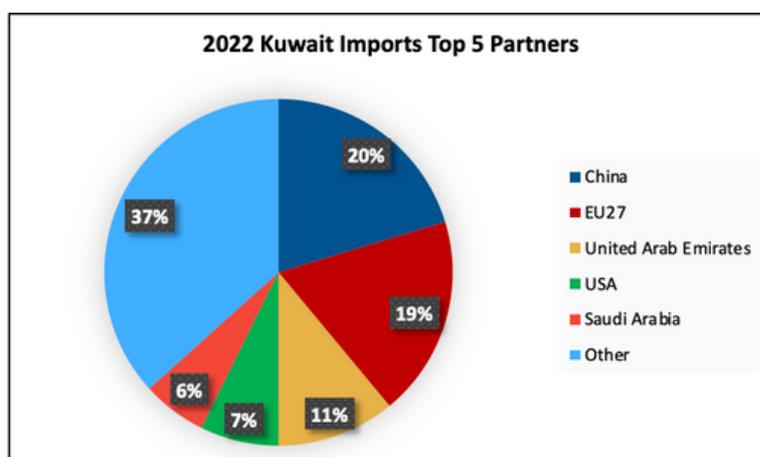
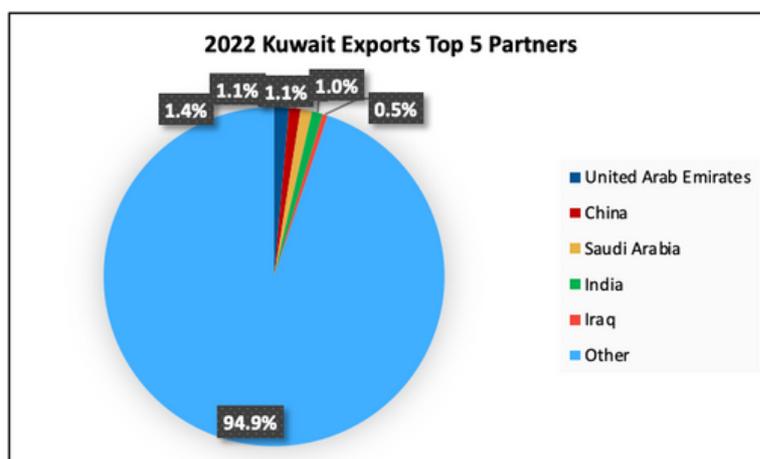
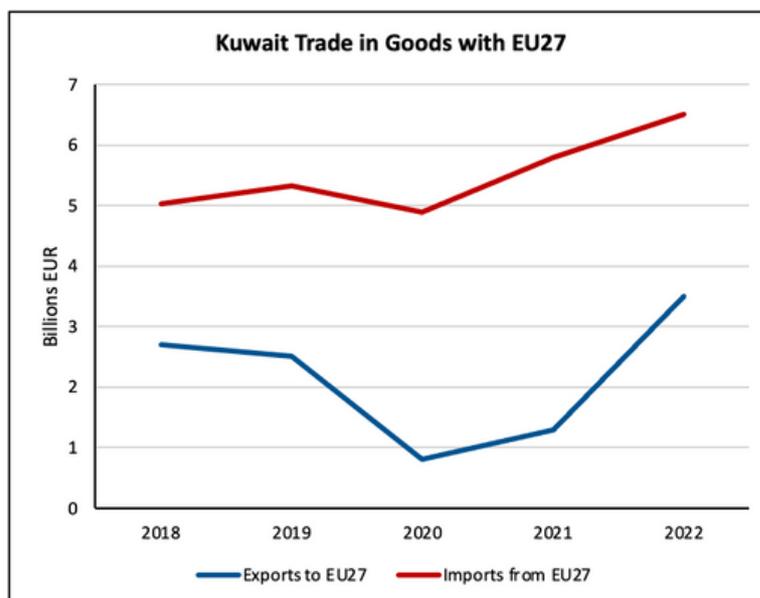
GCC Trade in Goods with EU27 & the World



EU27 Rankings as Trade Partner for GCC Countries, 2022

GCC country	EU27 rank as supplier	Imports value (Billion EUR)	Imports from EU27 as % of country's imports from all partners	EU27 rank as export market	Exports value (Billion EUR)	Exports to EU27 as % of country's exports to all partners
Bahrain	2	2.11	14.3	4	1.26	5.5
Kuwait	2	4.42	18.7	8	193	0.2
Oman	5	2.59	6.7	5	1.13	5.3
Qatar	1	5.37	19.4	4	15.25	11.7
Saudi Arabia	2	33.49	18.9	2	45.18	11.7
United Arab Emirates	2	42.69	10.6	7	13.06	3.8

Kuwait Trade in Goods with EU27 & the World



EU – Kuwait Major Trade Flows by HS Section

EU Imports from Kuwait					
2021			2022		
Goods	Value (million Euros)	% Total	Goods	Value (million Euros)	% Total
V Mineral products	971	77.1	V Mineral products	3,196	92
VI Products of the chemical or allied industries	118	9.3	VII Plastics, rubber, articles thereof	92	2.6
VII Plastics, rubber, articles thereof	75	5.9	VI Products of the chemical or allied industries	88	2.5
XVI Machinery and mechanical appliances; electrical equipment; parts thereof;	43	3.4	XVI Machinery and mechanical appliances; electrical equipment; parts thereof;	28	0.8
XVII Transport equipment	8	0.6	XVII Transport equipment	18	0.5

EU Exports to Kuwait					
2021			2022		
Goods	Value (million Euros)	% Total	Goods	Value (million Euros)	% Total
XVII Transport equipment	1330	23.1	XVII Transport equipment	2,110	32.2
XVI Machinery and mechanical appliances; electrical equipment; parts thereof;	803	14.0	XVI Machinery and mechanical appliances; electrical equipment; parts thereof;	956	14.6
VI Products of the chemical or allied industries	783	13.6	VI Products of the chemical or allied industries	889	13.6
XVIII Optical and photographic instruments, etc.	403	7.0	IV Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco	532	8.1
IV Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco	353	6.1	XVIII Optical and photographic instruments, etc.	367	5.6

Source: Eurostat Comext

EU – Kuwait Major Trade Flows by HS Heading

2022 EU Imports from Kuwait		2022 EU Exports to Kuwait	
V Mineral products (HS 25-27)	2710 Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals(2002-2500);Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals 2501 Salts, incl. table salt and denatured salt, and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free-flowing agents; sea water 2530 Vermiculite, perlite and other mineral substances, n.e.s.	XXVII Transport equipment (HS 86-89)	8703 Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702) 8802 Powered aircraft "e.g. helicopters and aeroplanes"; spacecraft, incl. satellites, and suborbital and spacecraft launch vehicles 8701 Tractors (other than tractors of heading 8709)
VII Plastics, rubber, articles thereof (HS 39-40)	3901 Polymers of ethylene, in primary forms 3902 Polymers of propylene or of other olefins, in primary forms 3926 Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.	XVI Machinery and mechanical appliances; electrical equipment (HS 84-85)	8411 Turbojets, turbopropellers and other gas turbines 8523 Discs, tapes, solid-state non-volatile storage devices, "smart cards" and other media for the recording of sound or of other phenomena, whether or not recorded, incl. matrices and masters for the production of discs (excl. products of chapter 37) 8481 Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like
VVI Products of the chemical or allied industries (HS 28-38)	22902 Cyclic hydrocarbons 2909 Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxide, ketone peroxides, whether or not chemically defined, and their halogenated, sulphonated, nitrated or nitrosated derivatives 2905 Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives	VI Products of the chemical or allied industries (HS 28-38)	3004 Medicaments for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale 3002 Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and immunological products; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products 3304 Beauty or make-up preparations and preparations for the care of the skin, incl. sunscreen or suntan preparations (excl. medicaments)

Note: Products ordered by value

Source: Eurostat Comext

Economic Competitiveness Indicators

Indicator	Ranking	Out of # Countries
Fraser Institute – Economic Freedom, 2023 Report	85	165
United Nations e-Government Survey, 2022	61	193
Global Innovation Index, 2023	64	132

Infrastructure – Key Figures

Airports: 7 (2021)

Annual passenger traffic on registered air carriers: 6,464,847 (2018)

Annual freight traffic on registered air carriers: 392.36 million mt-km (2018)

Major seaports: Ash Shu'aybah, Ash Shuwaykh, Az Zawr (Mina' Sa'ud), Mina' 'Abd Allah, Mina' al Ahmadi

ICT

Broadband - fixed subscriptions: 73,948 (2020 est.)
subscriptions per 100 inhabitants: 1.73 (2020 est.)

Telephones - fixed lines: 580,000 (2020 est.)
subscriptions per 100 inhabitants: 13 (2020 est.)

Telephones - mobile cellular: 6,918,180 (2021 est.)
subscriptions per 100 inhabitants: 163 (2021 est.)

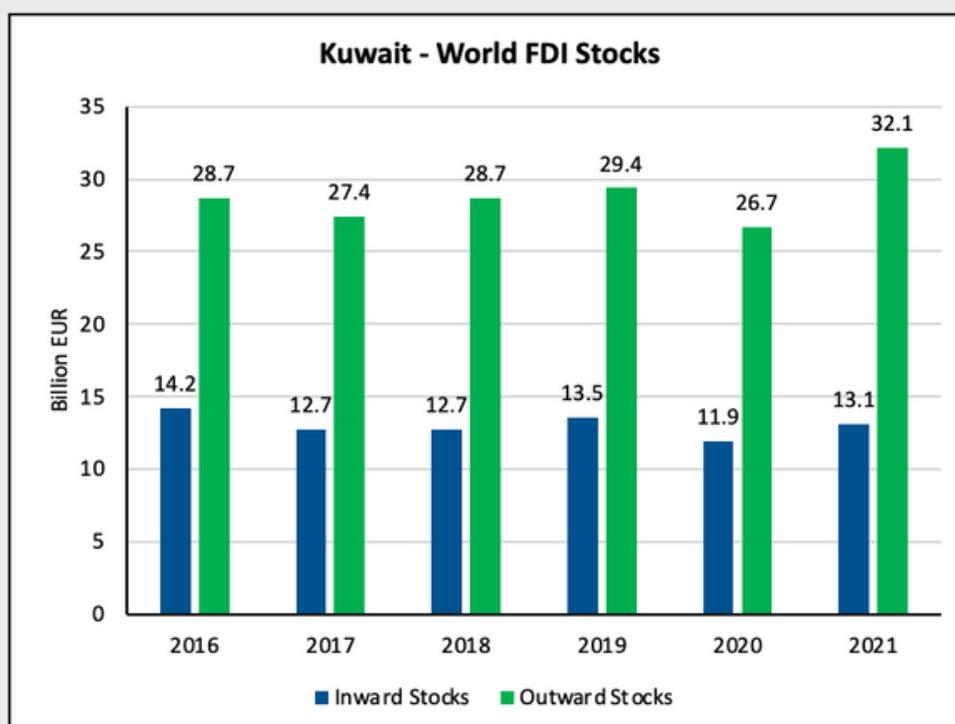
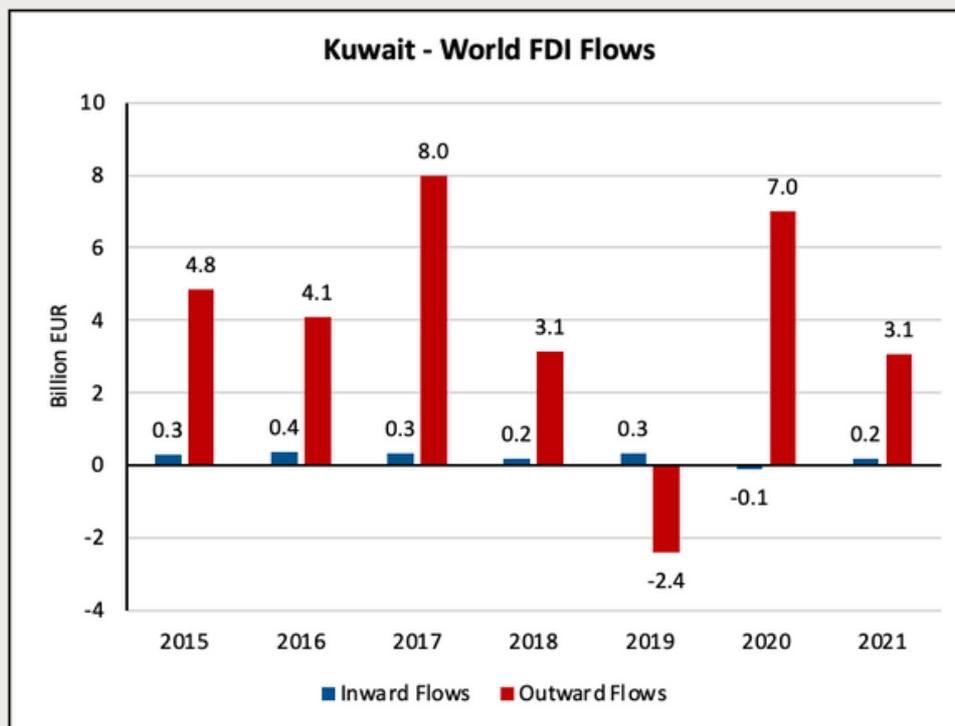
Population Structure & Availability of Human Capital

Population (2023 est.)	
Population (millions)	5
Population growth rate	1.13%
Birth rate	17.65 births/1,000 population
Death rate	2.27 deaths/1,000 population

Age structure (2023 est.)	
0 -14 years	23.32% (male 377,040/female 346,791)
15 - 64 years	73.28% (male 1,371,010/female 903,309)
65 years and over	3.4% (male 45,351/female 60,079)

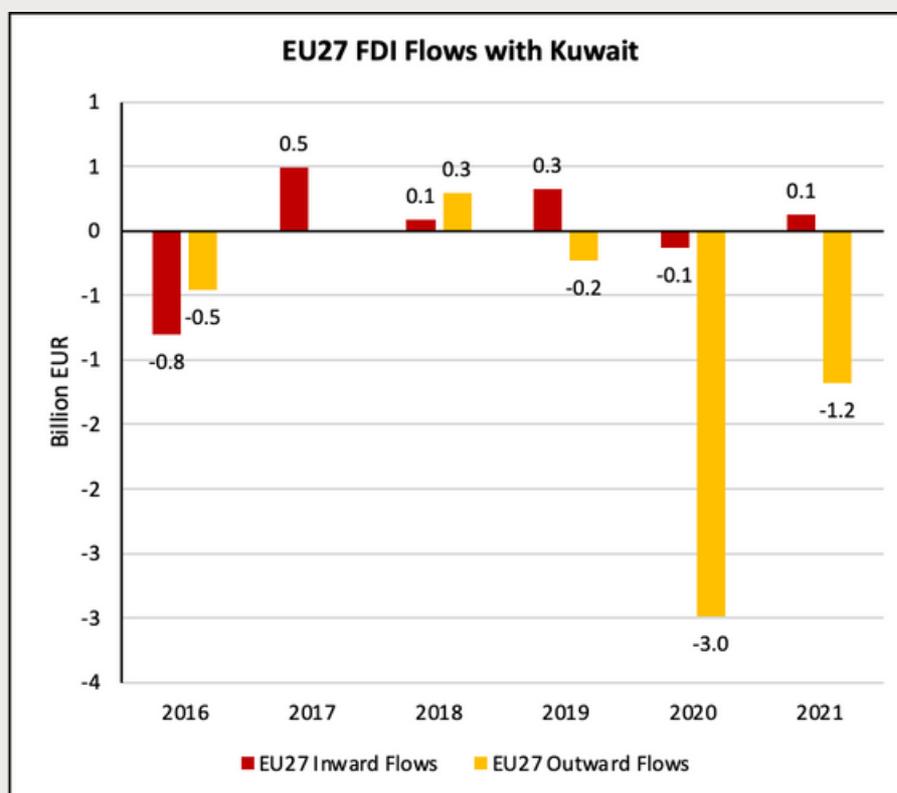
Human Capital Availability
<p>Literacy (age 15 and over can read and write) 2020:</p> <ul style="list-style-type: none"> • total population: 96.5% • male: 97.1% • female: 95.4% <p>School life duration (primary to tertiary education) 2015:</p> <ul style="list-style-type: none"> • total: 15 years • male: 13 years • female: 16 years <p>Labor force: 2.363 million (2021 est.) (non-Kuwaitis represent about 60% of the labor force)</p> <p>Unemployment, total (% of the total labor force): 3.71% (2021 est.)</p>

State of Kuwait - World FDI Flows & Stocks

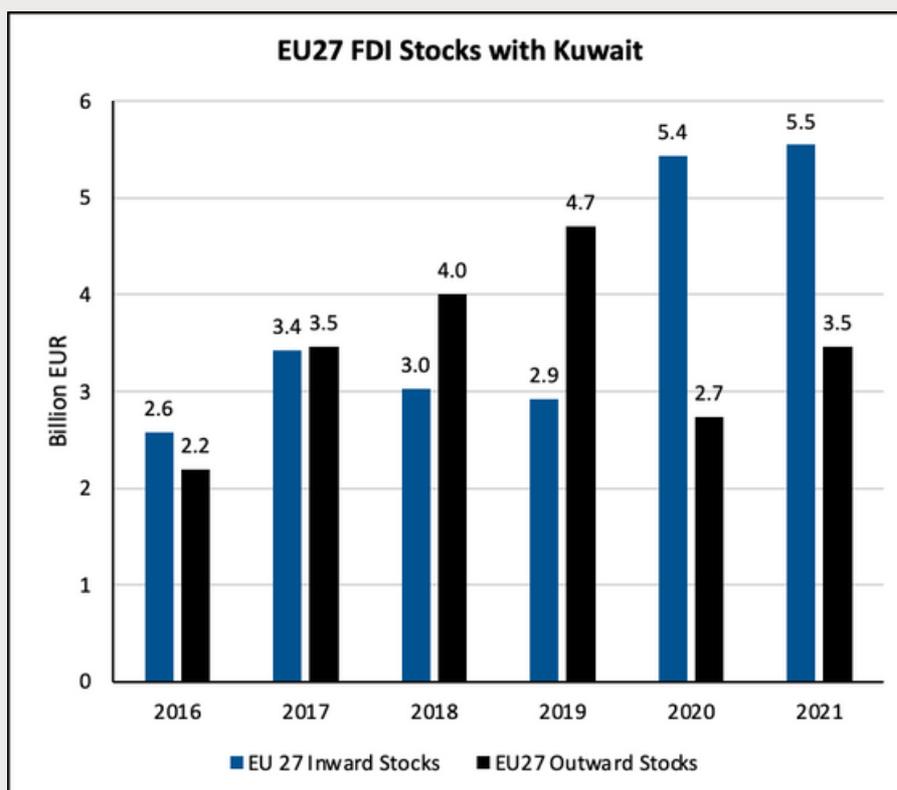


EU27 FDI Flows & Stocks with Kuwait

Kuwait ranks 38th in FDI Flows to EU



Kuwait ranks 43th in FDI Stocks to EU



Kuwait FDI with World Partners, 2021

- **Kuwait's inward FDI flows** from all world partners reached 0.17 billion EUR, while **outward FDI flows** were close to 3 billion EUR.
- **FDI stocks in Kuwait** from all world partners reached 13 billion EUR and **Kuwait outward FDI stocks** to all partners 32 billion EUR.

EU27 FDI with World Partners, 2021

- **EU27 FDI flows to world partners** reached 98.8 billion EUR and **FDI flows to EU27 from world partners** -219.2 billion EUR.
- **EU27 FDI stocks to world partners** were 16,642 billion EUR and **world partners' FDI stocks into EU27** reached 14,051.4 billion EUR.

EU27 - Kuwait Bilateral FDI, 2021

- **EU27 FDI flows to Kuwait** were -1.18 billion EUR, compared to -2.99 billion EUR in 2020. **Kuwait's FDI flows to EU27** increased from -0.13 billion EUR in 2020 to 0.13 billion EUR in 2021.
- **Kuwait's FDI stocks to EU27** increased slightly from 5.4 billion EUR in 2020 to 5.5 billion EUR in 2021. **EU27 FDI stocks in Kuwait** increased from 2.7 billion EUR in 2020 to 3.5 billion EUR in 2021.

Investing in Kuwait - Incentives

- The investor has the right to transfer abroad the profits, capital or proceeds resulting from the disposal of his shares or participation in the Investment Entity or the compensation (according to the laws).
- The Investor shall be entitled to the basic principles of confidentiality in respect of the technical, economic, and financial information relevant to his investment and to safeguard initiatives under the provisions of the laws and regulations in force in the country.
- Exemption from income tax or any other taxes for a period not exceeding ten years from the date of the actual commencement of operations of the licensed investment entity.
- The following shall be wholly or partially exempted from taxes, customs duties, or any other fees that may be payable on imports required for Direct Investment: a. Machinery, tools and equipment and means of transport and other technological devices. b. Spare parts and necessary maintenance supplies for what has been described in the previous subsection. c. Merchandise, raw materials, partially manufactured goods, wrapping materials and packaging.

Important Contacts

Agency	Support Provided	Website	Contact Information
Kuwait Direct Investment Promotion Authority (KDIPA)	Information on Investment opportunities and licensing procedures	https://www.kdipa.gov.kw/en/	Sharq, Al-Shuhada Street Al-Hamra Business Tower, Floor 44 P.O.Box: 3690 Al-Safat 1303 Phone: +965 2205 4050
Kuwait Chamber of Commerce & Industry	Non-government institution representing business establishments in Kuwait	https://www.kuwaitchamber.org.kw/echamber/website/index.jsp?language=en	Commercial Area # 9, Al-Shuhadaa St. Kuwait City, kcci@kcci.org.kw Phone: (965) 1805580 Ext.#555 Business Center: (965) 22423555 - (965) 22423666
Kuwaiti Embassy in Brussels, Belgium	Kuwait Embassy to the EU	https://kuwait.diplomatie.belgium.be/en	Block 13, Street 4, Villa 8, Bayan 13033 Kuwait Kuwait P.O. Box 3280 Safat T: +965 253 845 82 kuwait@diplobel.fed.be

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- IMF (2023) Saudi Arabia Article IV Consultation Staff Report
- United Nations 'E-Government Survey 2022 - The Future of Digital Government'
- WIPO (2023), 'Global Innovation Index 2023 - Innovation in the face of uncertainty'

About the EU-GCC Dialogue on Economic Diversification Project

The EU-GCC Dialogue on Economic Diversification is a project funded by the European Commission Service for Foreign Policy Instruments under the Partnership Instrument.

The project contributes to stronger EU-GCC relations by supporting the GCC countries in the ongoing process of economic diversification away from hydrocarbon-dependent sectors, including by funding regular EU-GCC Business Fora.

The purpose of this project is to promote climate-friendly trade, investment, and economic affairs-related policy analysis, dialogue, and cooperation between stakeholders from the EU and GCC at both regional and country levels in the context of the GCC economic diversification process.

For more information on the EU-GCC Dialogue Project, and to download research reports and other publications, please visit:

https://www.eeas.europa.eu/eeas/EUintheGCC_en

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