



EU-GCC Dialogue on Economic Diversification

A Project funded by the European Union

GCC Country Economic Profile - Kingdom of Kuwait



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Kingdom 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 (2020)	
Population (millions)	5
GDP (Billions of Euros)	94
GDP per capita (Euros)	19353
Real GDP growth (%)	-8.1
Inflation rate (%)	2.1

Merchandise Trade (2020, Billion Euros)	
Imports	90.3
Exports	19.6
Trade in Services (2019, Billion Euros)	
Imports	16.9
Exports	7.9

Kuwait Economic Policies & EU – Kuwait Economic Relations

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 into 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 accommodation through environmentally sound resources and tactics, utilize renewable energy, improve the efficiency of waste management.

Current Economic Status

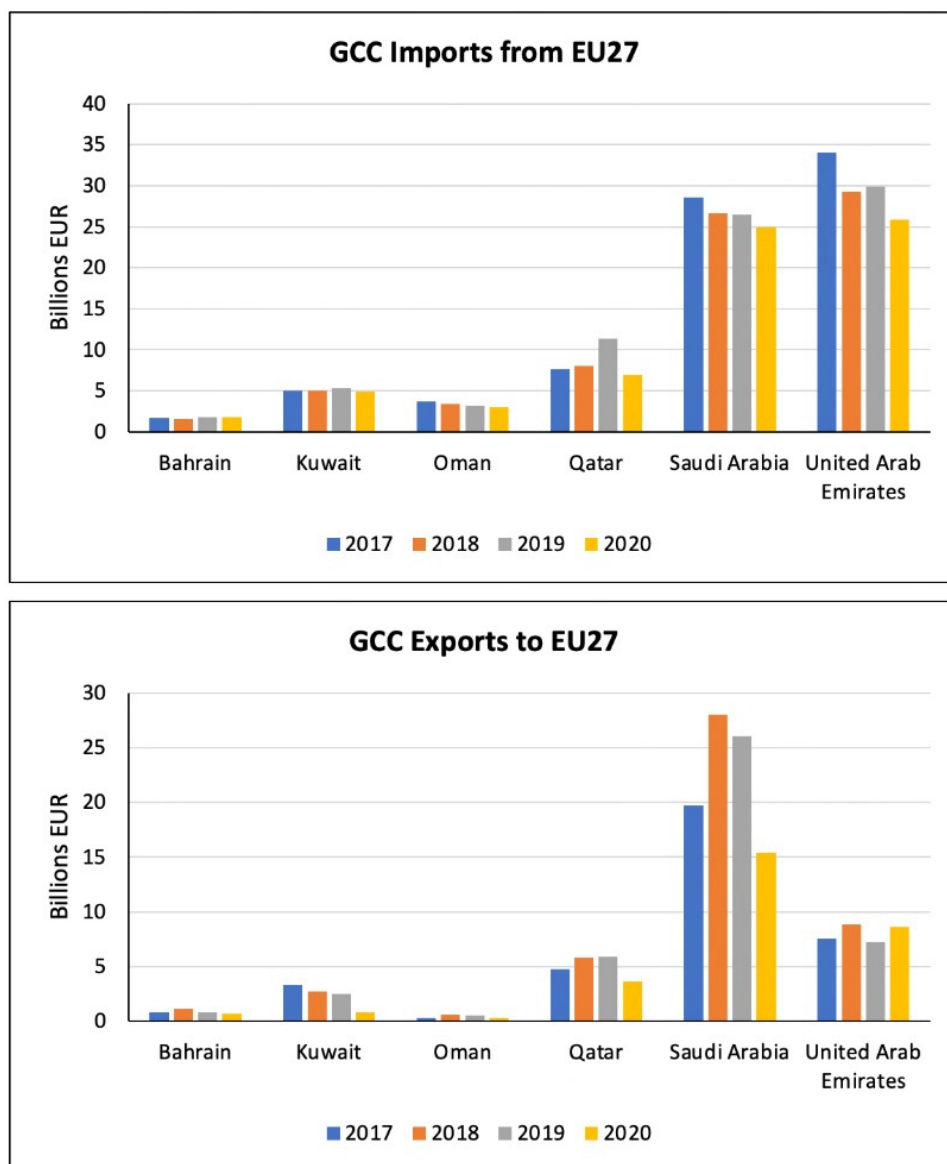
- COVID-19 and oil price related policies: The government allocated KD 500 million (\$1.6 billion or 1.4 percent of GDP) additional funds to support efforts in fighting the spread of COVID-19. Measures: Reduced interest rates on all monetary policy instruments by 1 percentage point, following the U.S. Fed's decision to cut interest rates to zero. Banks to delay loan payments from companies affected by the shock and to provide SMEs affected by the shock with financing at maximum of 2.5% interest rate. Measures announced in 2021: in March, Kuwait's Parliament approved the bill on postponing the collection of installments for citizens' loans for another six months. In March, the Parliament approved a draft law to secure guarantees for local banks to provide financial assistance to clients whose businesses are affected by the coronavirus pandemic.
- In 2019, Kuwait ranked 46th in global competitiveness out of 141 countries, and held first place in macroeconomic stability, along with several other countries. Kuwait transport infrastructure ranked 79th, and the utility infrastructure ranked 52nd.

Kuwait Economic Policies & EU – Kuwait Economic Relations

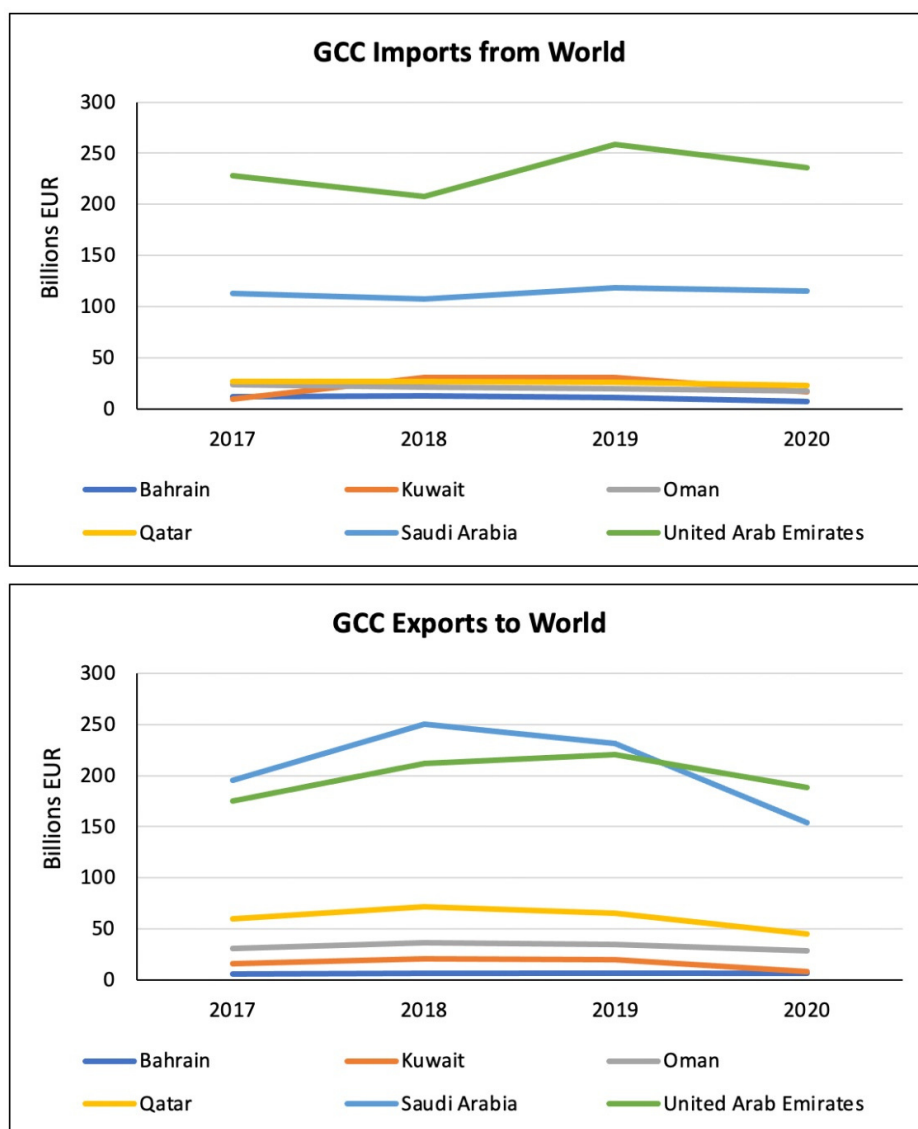
EU - Kuwait Economic Relations

- **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 neighbourhood. 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 in order to achieve common goals and objectives in areas of mutual interest. The EU opened a Delegation in Kuwait in July 2019 to reflect and increase the potential that exists for enhanced cooperation, in particular in support of Kuwait's "Vision 2035" as well as implementation of the EU-Kuwait Cooperation Arrangement.
- **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 a 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.

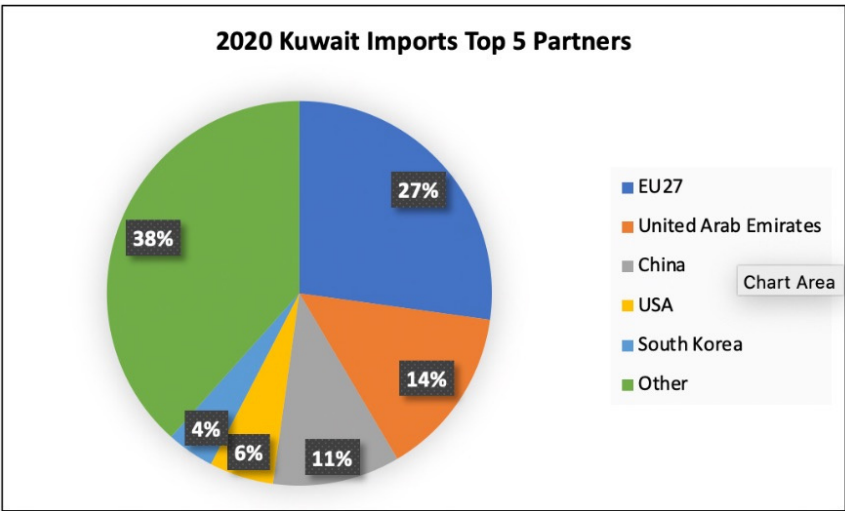
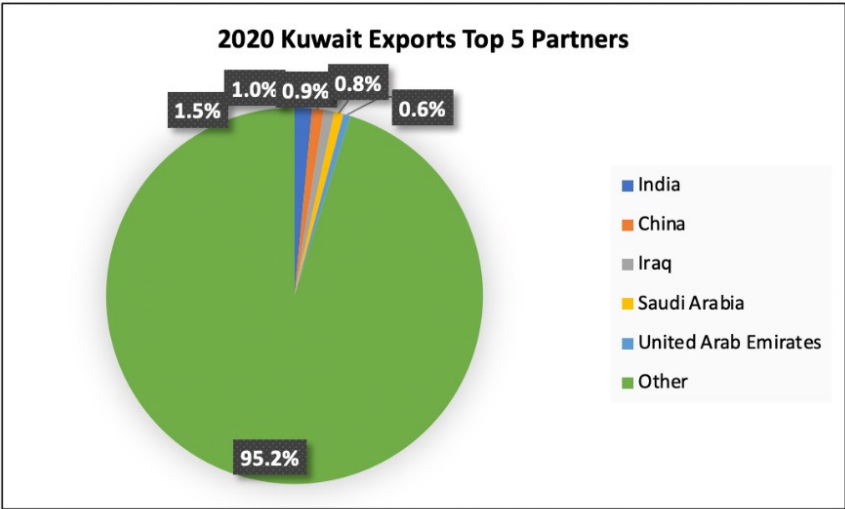
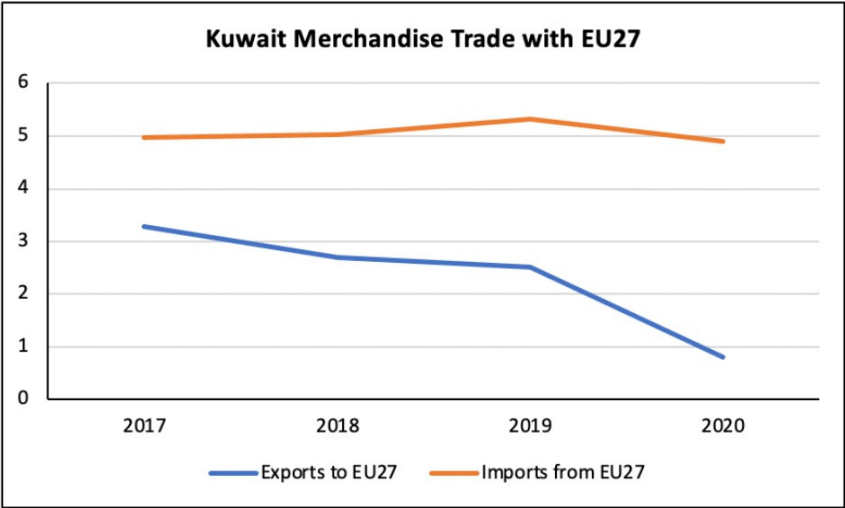
GCC Merchandise Trade with EU27 & the World



GCC Merchandise Trade with EU27 & the World



Kuwait Merchandise Trade with EU27 & the World



EU – Kuwait Major Trade flows by HS section

EU Imports from Kuwait					
2019			2020		
Goods	Value (million Euros)	% EU Imports from Kuwait	Goods	Value (million Euros)	% EU Imports from Kuwait
V Mineral products	2252	90	V Mineral products	675	80.2
VI Products of the chemical or allied industries	68	3	XVI Machinery and mechanical appliances; electrical equipment; parts thereof;	48	5.7
VII Plastics, rubber, articles thereof	67	3	VII Plastics, rubber, articles thereof	28	3.3
XVI Machinery and mechanical appliances; electrical equipment; parts thereof;	56	2	VI Products of the chemical or allied industries	28	3.3
XIV Pearls, precious metals and articles thereof	15	1	XIV Pearls, precious metals and articles thereof	16	1.9

EU Exports to Kuwait					
2019			2020		
Goods	Value (million Euros)	% EU Exports to Kuwait	Goods	Value (million Euros)	% EU Exports to Kuwait
XVI Machinery and mechanical appliances; electrical equipment; parts thereof;	1171	22	XVII Transport equipment	1097	22.2
XVII Transport equipment	983	18	XVI Machinery and mechanical appliances; electrical equipment; parts thereof;	921	18.6
VI Products of the chemical or allied industries	738	14	VI Products of the chemical or allied industries	695	14.1
IV Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco	351	7	IV Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco	441	8.9
XVIII Optical and photographic instruments, etc.	308	6	XVIII Optical and photographic instruments, etc.	304	6.2

Source: Eurostat Comext

EU – Kuwait Major Trade flows by HS section

2020 EU Imports from Kuwait		2020 EU Exports to Kuwait	
V Mineral products (HS 25-27)	<p>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</p> <p>2516 Granite, porphyry, basalt, sandstone and other monumental or building stone, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a square or rectangular shape (excl. in the form of granules, chippings or powder, or already with the characteristics of setts, curbstones and flagstones, and monumental or building stone of an apparent specific gravity of $\geq 2,5$)</p>	XVII Transport equipment (HS 86-89)	<p>8802 Powered aircraft "e.g. helicopters and aeroplanes"; spacecraft, incl. satellites, and suborbital and spacecraft launch vehicles</p> <p>8708 Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s.</p> <p>88SS Confidential trade of chapter 88</p>
XVI Machinery and mechanical appliances; electrical equipment (HS 84-85)	<p>8471 Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s.</p> <p>8526 Radar apparatus, radio navigational aid apparatus and radio remote control apparatus</p> <p>8425 Pulley tackle and hoists (other than skip hoists); winches and capstans; jacks</p>	XVI Machinery and mechanical appliances; electrical equipment (HS 84-85)	<p>8526 Radar apparatus, radio navigational aid apparatus and radio remote control apparatus</p> <p>8425 Pulley tackle and hoists (other than skip hoists); winches and capstans; jacks</p> <p>8481 Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, incl. pressure-reducing valves and thermostatically controlled valves; parts thereof</p>
VII Plastics, rubber, articles thereof (HS 39-40)	<p>3920 Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced, laminated, supported or similarly combined with other materials, without backing, unworked or merely surface-worked or merely cut into squares or rectangles (excl. self-adhesive products, and floor, wall and ceiling coverings of heading 3918)</p> <p>4012 Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber</p> <p>3926 Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.</p>	VI Products of the chemical or allied industries (HS 28-38)	<p>3004 Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses "incl. those for transdermal administration" or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)</p> <p>3002 Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and immunological products, whether or not modified or obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products</p> <p>3822 Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, other than those of heading 3002 or 3006; certified reference materials</p>

Economic Competitiveness Indicators

Indicator	Ranking	Out of # Countries
WEF Global Competitiveness Index, 2019	46	141
Fraser Institute – Economic Freedom, 2021 Report	98	165
Global Foreign Direct Investment Attractiveness Index, 2020	46	109
United Nations e-Government Survey, 2020	46	193
Global Innovation Index, 2021	72	132

Infrastructure – Key Figures

Airports: 4 (2013)

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: 84,595

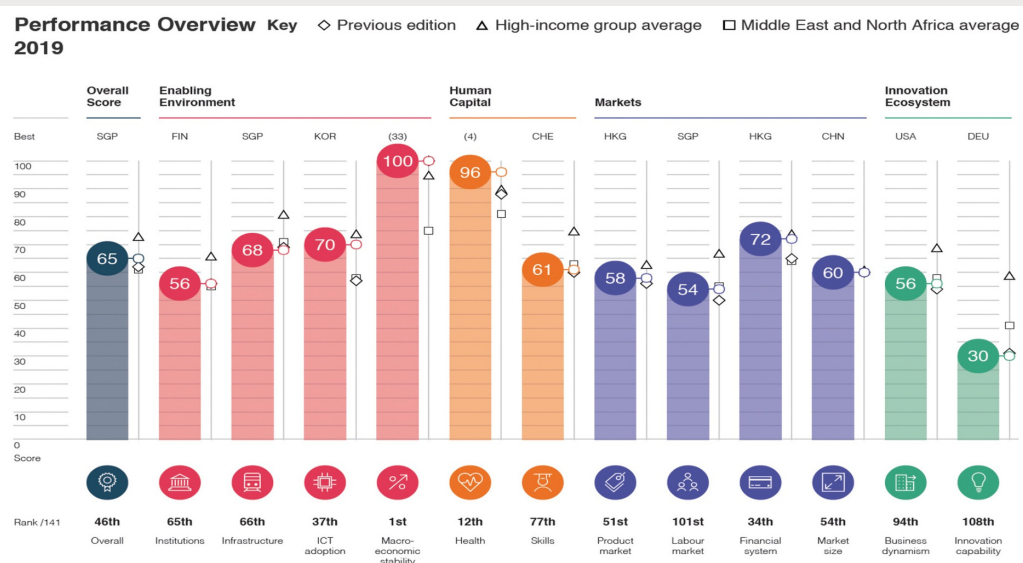
Subscriptions per 100 inhabitants: 2.86 (2019 est.)

Telephones – fixed lines: 583,463

Subscriptions per 100 inhabitants: 19.73 (2019 est.)

Telephones – mobile cellular: 7,327,028

Subscriptions per 100 inhabitants: 247.76 (2019 est.)



Source WEF, The Global Competitiveness Report 2019

Population Structure & Availability of Human Capital

Population (2021 est.)	
Population (million)	5
Population growth rate	1.2%
Birth rate	17.9 births/1,000 population
Death rate	2.23 deaths/1,000 population

Age structure (2020 est.)	
0-14 years	24.29% (male 378,778/female 348,512)
15-24 years	14.96% (male 245,354/female 202,642)
25-54 years	52.39% (male 984,813/female 583,632)
55-64 years	5.43% (male 90,583/female 72,026)
65 years and over	2.92% (male 38,614/female 48,752)

Human Capital Availability
<p>Literacy (age 15 and over can read and write) 2018:</p> <ul style="list-style-type: none"> total population: 96.1% male: 96.7% female: 94.9% <p>School life duration (primary to tertiary education) 2015:</p> <ul style="list-style-type: none"> total: 15 years male: 14 years female: 16 years <p>Labor force: 2.695 million (2017 est.) (non-Kuwaitis represent about 60% of the labor force)</p> <p>Unemployment, total (% of the total labor force): 1.1% (2017 est.)</p>

Investment Opportunities by Sector

Banking, Financial & Insurance Services



The Central Bank of Kuwait oversees banking and financing activities and the CMA regulates securities market activities. The insurance industry is governed by the Ministry of Commerce and Industry. Kuwait is likely to emerge as an attractive destination for Private Equity (PE) firms, especially for fund raising due to high liquidity among investors. Rising wealth in the Kuwait economy, coupled with an increased number of High Net-Worth Individuals (HNWIs) and a burgeoning middle class are driving demand for asset management products and services. Demand for sophisticated financial investment instruments and a preference for personal attention are expected to create demand for Direct Sales Agents services.

Tourism, Urban Development, Education, Healthcare, Environment



Kuwait has outlined plans for development of a number of large-scale integrated housing projects to address the housing needs of its growing population. These projects are expected to propel growth of the real estate sector and provide opportunities for investors to participate across the real estate value chain from development planning, construction contracting to real estate services like property and facilities management. Kuwait's evolving healthcare industry is characterized by a large public sector infrastructure and a growing private sector, presenting numerous opportunities for investment. Environmental projects under way address the current situation of under-capacity in critical segments such as sanitation and waste management.

Infrastructure, Storage & Logistics Services, Air, Maritime & Rail Passenger Transport



The planned upgrades to Kuwait's aviation infrastructure are expected to support Kuwait's initiatives to position itself as a commercial hub. There exists potential to provide specialized facilities management (FM) services to maintain Kuwait's airport facilities at par with global standards and benchmarks. The Kuwait Government is seeking to enhance the transport infrastructure including redevelopment of the airport, maritime facilities, and development of rail infrastructure. Logistics initiatives include upgrading existing ports, a new port at the Bubiyan Island, upgrading of airport infrastructure, and a new national railroad network linking the country to the GCC railroad network.

Investment Opportunities by Sector

Information & Communications Technology



The country's young and affluent population supports demand for emerging technologies and associated software. On the institutional front, the Kuwait Government has initiated many e-governance projects which are expected to drive the use of electronic services by Government organizations and the general public. Demand from consumer-focused sectors like retail, banking along with IT transformation initiatives at the Government level are augmenting demand for web-enabled IT services and solutions. This provides opportunities for international players with local and regional presence. Web and app development is gaining importance as businesses strive to meet customer demands and expectations on service quality.

Industrial Oil & Gas



Kuwait's largest petrochemicals manufacturer, the Petroleum Industries Company, has proposed to undertake the Olefins III project and a PTA/PET project to increase Kuwait's production capacity in polyethylene and ethylene glycol. There could be opportunity for international investors to participate in the Olefins III and the PET/PTA projects which seek to double Kuwait's production capacity for ethylene and polyethylene. The projects at Al Zour, Mina Abdullah and Mina Al-Ahmadi are expected to increase availability of naphtha which can be used as an alternative feedstock for petrochemicals, alleviating concerns around shortage of gas feedstock.

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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- Fraser Institute 'Economic Freedom of the World Annual Report 2021'
- IMF Policy Responses to COVID-19
- United Nations 'E-Government Survey 2020 Digital Government in the Decade of Action for Sustainable Development'
- World Economic Forum 'The Global Competitiveness Report 2019'
- WIPO (2021), 'Global Innovation Index 2021 - Tracking Innovation through the COVID-19 Crisis'

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://eeas.europa.eu/headquarters/headquarters-homepage/87855/eu-gcc-dialogue-economic-diversification-project_en

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