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# U.S. Country Commercial Guides



Kuwait  
Year 2020

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## Doing Business in Kuwait

### Market Overview

Kuwait is located in the northeast corner of the Arabian Peninsula, at the head of the Arabian Gulf. Bordered to the north and west by Iraq, to the south and west by Saudi Arabia, and to the east by the Arabian Gulf, Kuwait occupies a strategic position in this vital region. Kuwait is a member of the six-nation Gulf Cooperation Council (GCC). Approximately one-third of an estimated population of 4.6 million are Kuwaiti nationals. The remainder of the population consists of expatriate residents hailing from more than 80 countries. The oil industry and government sector dominate the economy, with crude oil reserves estimated at nearly 101.5 billion barrels, or approximately 7% of the world's reserves. The oil industry accounts for over half of GDP and 94.4% of government revenues. With oil the main natural resource, oil refining and downstream petrochemical processing are the dominant industries. Non-petroleum manufacturing and agricultural sectors are limited, consisting of a switch-gear manufacturer for power sub-stations, and factories for building materials, furniture, and food packaging.

In 2010, the parliament passed a five-year \$104 billion development plan that aimed to upgrade infrastructure and diversify the economy away from oil. In 2015, the government adopted a new development plan (2015-2020) that focused on economic reform and the implementation of several long-stalled mega-strategic projects that were not implemented under the preceding plan. While the majority of government-funded projects move slowly, several major projects were expedited in recent years. The COVID-19 pandemic and the low oil prices have significantly impacted Kuwait's 2020-2021 budget as the country is expected to report a deficit of \$46 billion. The budget situation has resulted in Kuwait cancelling or postponing major infrastructure projects such as the long planned Al-Debdebeh Solar Power plant and putting other projects on hold until further notice. Currently, the Ministries have approved the preliminary steps to issue consultancy tenders and pre-qualify companies in preparation of releasing solicitations/tenders in the second half of 2021.

Kuwait imports most of its capital equipment, processed foods, manufacturing equipment, and consumer goods. Two-way trade is limited to a few international partners. Almost half of the country's imports originate from China, the United States, the United Arab Emirates (UAE), Japan, and Germany, while over 50% of Kuwait's export earnings are attributable to South Korea, China, India, Japan, and the United States. The United States remains a leading strategic trade partner. In 2019, U.S. exports to Kuwait were valued at \$3.17 billion, while U.S. imports from Kuwait stood at \$1.41 billion, primarily driven by petroleum products. Kuwaitis frequently travel to the United States, with approximately 10% of Kuwaiti high-school graduates continuing their education at U.S. colleges and universities. Americans and U.S. brands as well as products are warmly welcomed due to familiarity with U.S. culture. Although Kuwaitis are extremely price-conscious, they are also avid consumers. While Chinese and Indian goods increasingly dominate low-end imports, high quality U.S. exports remain relatively competitive in Kuwait.

According to the Kuwait's Central Statistical Bureau, Kuwait's nominal Gross Domestic Product (GDP) was approximately \$130 billion in 2019 with 0.4% growth from the previous year. Kuwait's current oil production capacity is estimated at 3.15 million barrels per day. The government hopes to increase production capacity to 4.75 million barrels per day by 2040. In order to reach this goal, Kuwait must continue spending and investing in upgrading downstream facilities as well as on upstream oil development.

Transportation equipment, including automobiles and automotive parts, accounted for 32.8% of non-military U.S. exports to Kuwait in 2019. Oil and gas field equipment, telecommunications and IT equipment, medical equipment, and electronics were also leading export sectors for U.S. firms.

## **Market Challenges**

Kuwait's complex business environment requires flexibility, patience, and persistence. Many U.S. exporters and investors in Kuwait face challenges that exist in other GCC countries, such as inconsistent and sometimes contradictory policies, lack of transparency in decision-making, reversal of tenders once awarded, and a judiciary that heavily favors the local population. Careful planning and personal relationships are crucial for success in Kuwait. U.S. businesses frequently report concerns including less-than-transparent regulations pertaining to industrial standards, highly time-consuming bureaucratic procedures, insufficient intellectual property rights protection, and cumbersome public contracting and procurement procedures. These challenges are not unique to Kuwait or GCC member states. Kuwait is an expensive market to do business. The primary cost drivers include a requirement for most business entities to have a Kuwaiti agent, as well as sensitivity towards risk aversion. Additionally, widespread non-payment and claim issues are common across several industry sectors such as defense, energy, healthcare, and IT. In the past, uncertainty about taxes owed has been a major deterrent to exporters, and hidden costs of delayed contracts and prolonged negotiations have added to the cost of doing business. Terms and conditions on tenders can also be onerous. Kuwait's laws stipulate that Kuwaiti courts alone are responsible for adjudicating any disputes involving a foreign investor and other parties, although arbitration is permitted. The World Bank ranks Kuwait last in the GCC and 83<sup>th</sup> out of 190 countries globally with regard to ease of doing business. The Government of Kuwait has been taking steps to improve this ranking and ease business requirements. While Kuwait is generally a fairly comfortable place to live for most western expats, hindrances for western expat workers and families include excessive difficulties in obtaining driver's licenses for some spouses or non-professional employees.

## **Market Opportunities**

Kuwait is undergoing significant expansion in the building and construction industry. The government has approved a \$104 billion National Development Plan that includes construction of major roadways, a new airport terminal, new hospitals, new residential developments, a new Kuwait University campus, a new oil refinery, oil exploration, new power projects, and a new railway and metro system. Private construction and project development, as in other GCC urban centers, are planned and expected to move forward in the future.

The U.S. Commercial Service in Kuwait has identified numerous project opportunities coming on line over an extended period of time. These projects include a proposed \$10 billion expansion in desperately needed electricity generation capacity (B.O.T. projects), investment in environmental cleanup projects, as well as defense and security opportunities.

The traditional import sectors of automotive, oil and gas, computers/ICT, telecommunications equipment, and construction equipment remain strong. There is a shortage of high-quality health care facilities and the Government of Kuwait is prioritizing healthcare infrastructure as part of the national development plan. The Government is focused on improving the IT/cybersecurity capabilities as well as enhancing efficiencies through the digitization of the oil & gas sector. As the Government implements projects, U.S. companies in the construction sector are in a good position to take advantage of the opportunities since the majority of building materials are imported. As the need for educational platforms continues, particularly since the Ministry of Education evaluates enhancing technical capabilities. All of these factors bode well for high-end exports that already have GCC exposure.

Transportation equipment (including automobiles, auto parts and accessories, and aircraft) accounts for 44% of U.S. exports to Kuwait. U.S. high-end medical equipment has great promise, as clinics and hospitals are being upgraded. Oil and gas field equipment, electric generator sets, building materials and supplies, and information technology are also leading American export sectors. The Kuwait Petroleum Corporation and its subsidiaries are actively pursuing new U.S. sources for equipment and services. The Commercial Service organizes Kuwaiti

delegations to U.S. trade shows in these key sectors. It also supports medical, aviation, defense, and oil and gas trade shows in the GCC region, in addition to organizing inbound U.S. supplier delegations and outbound foreign buyer delegations to U.S. trade shows.

In short, Kuwait is a wealthy country with savvy businesspeople in the private sector. The dominant public sector moves slowly, at a glacial pace. Patience, persistence, and a strong local partner are important contributors to success.

## **Market Entry Strategy**

The GCC has a 5% flat rate tariff on imports. Kuwait corporate income taxes for foreign corporations are 15%. A value added tax of 5% may be added in 2021. To be successful in the Kuwaiti market, U.S. companies should identify, develop, and support a local agent, representative, or account executive to manage the marketing strategy for both the company and its products. Some companies prefer pursuing a Kuwait joint-venture partner rather than working with an agent; however, the market entry approach should be customized to fit the business objectives. Prior successful experiences in other GCC countries is helpful, but U.S. companies can rely on the local companies to share experiences and knowledge to effectively conduct their business in these markets. Familiarity with regulations and the general business framework is a difficult task without the support of a competent local agent or business partner. U.S. companies should seek a local business relationship and the best representatives are those who are already active in their particular sector with cultivated contacts in the public and private sector.

The Commercial Service in Kuwait has a number of programs and services to assist U.S. companies in establishing a presence in this growing market. We highly discourage entry into the Kuwaiti market without the assistance of competent legal and tax counsel. To that end, we employ experienced Commercial Specialists with industry sector expertise who can tailor your business approach to the right audience, and advise your company in negotiating the bureaucratic procedures that are common in this part of the world. If you wish to learn more about the potential for your business in Kuwait, please contact your local U.S. Export Assistance Center (USEAC).

In summary, selecting the appropriate business partner who will work for you is the single most important step a U.S. exporter can take in Kuwait. Obtaining competent local legal counsel to craft an agreement that protects your company from future liability is critical. The best local partners are those who share both the risk and profit with their American partners.

The U.S. Commercial Service team is ready to assist and offer support on behalf of U.S. commercial interests in Kuwait. For more information about who to contact, please visit [www.export.gov/kuwait](http://www.export.gov/kuwait).

## **Leading Sectors for US Exports & Investments**

### **Oil and Gas**

#### **Overview**

Kuwait is a major oil supplier and a member of the OPEC consortium. Oil accounts for nearly half of Kuwait's GDP, around 95% of exports, and approximately 90% of government revenue. Kuwait holds approximately 7% of global oil reserves and has a current production capacity of about 3.15 million barrels per day.

The Kuwait Petroleum Corporation (KPC) announced its intention to increase oil production capacity to 4.75 million barrels per day (mmb/d) by 2040. In addition, KPC has announced intentions to increase natural gas production to 4 billion cubic feet per day by 2030. Future production increases will depend on actual implementation of several upstream projects including the development of heavy oil capacity of 60 thousand barrels per day. KPC announced an approximately \$115 billion investment plan to be executed between 2015-2020 that is divided roughly equally between the upstream and downstream sectors. Thirty percent of the invested amount will be on local content and production.

Current refinery projects include the "Clean Fuels Project," which will upgrade and expand the Mina Abdulla and Mina Al-Ahmadi refinery complexes. Kuwait National Petroleum Company (KNPC) has awarded the Clean Fuel's engineering, procurement and contracting (EPC) contracts to three international consortiums. U.S. company, Fluor, has been awarded the Mina Abdullah package II contract, worth \$3 billion. In addition, KNPC awarded four packages in 2015 to build the country's fourth refinery, which will produce low-sulfur fuel oil for the country's power plants. These two mega projects, Clean Fuels and the Fourth Refinery, are jointly expected to exceed \$30 billion. In 2016, the Kuwait Supreme Petroleum Council approved the Al-Zour Oil Complex Project which is expected to cost \$30 billion and in the same year a KPC subsidiary "Kuwait Integrated Petrochemical Industries Company - "KIPIC") was established. The company will manage the refinery, petrochemicals and liquefied natural gas (LNG) import operations in the Al-Zour complex. The complex will be formed by integrating the Al-Zour Refinery (under construction) with the planned Petrochemicals Complex (project cost: \$10 billion) and a gas supply facility (project cost: \$4 billion).

U.S. oil companies, manufacturers, and suppliers of oil field equipment have always experienced strong receptivity towards their products in the Kuwaiti market. KPC primarily uses American Petroleum Institute standards in their requests for proposals, which benefits U.S. manufacturers and suppliers. The Kuwait Oil Company (KOC) also has an aggressive procurement division hungry for U.S. technologies.

#### **Opportunities**

Although Kuwait does not allow private sector investment in the upstream oil market, the oil and gas sector will continue to be a leading sector for U.S. businesses in the future. Best prospects in this sector include, but are not limited to: consulting services; Engineering, Procurement and Construction (EPC) services; refining technologies; environment consultants; control and instrumentation systems; and secondary recovery systems. The demand for drilling services and equipment will be strong due to Kuwait's goal of increasing its oil and gas production capacity over the next ten years by developing heavy oil fields and offshore production. A pipeline is also planned as well as other petrochemical production facilities.

The Pre-Qualification Exercise:

Working with state-owned oil companies requires going through a pre-qualification exercise to be included in the approved list of contractors, manufacturers or service providers. Having a local agent is not a mandatory requirement during the prequalification stage; however, U.S. companies should have a local partner to bid on projects. The partnership can take any form of business structure. Forming a joint venture and sub-contracting are very common in the oil sector. The U.S. Commercial Service in Kuwait recommends that U.S. companies

work with a strong and well-connected Kuwaiti company from the beginning to help marketing their products to end-users and to support the pre-qualification process which frequently can be lengthy and require significant effort.

U.S. companies interested in registering with Kuwait Oil Company should visit the company's E-Business Portal: <https://ebusiness.kockw.com/> to apply for an existing work/products category. The portal has detailed information about the process. (Please note there is a separate pre-qualification process for each of the K-Companies including KIPIC and KNPC.) In addition, new pre-qualification exercises are published on the portal as well as in Kuwait Official Gazette (Kuwait Al-Yawm) and local and international newspapers.

The Steps to apply for Existing Categories:

- 1- Visit E-business portal: <https://ebusiness.kockw.com/>
- 2- Click on "KOC Commercial Documents" on the side bar
- 3- In the new screen, go the Document Category and select one of the following:
  - a. Pre-Qualification of Contractors
  - b. Pre-Qualification of Manufacturers
- 4- Kindly select the relevant PQ document
- 5- Download the document and complete it.
- 6- Submit the complete pre-qualification documents to the following address:
  - Kuwait Oil Company
  - Supplier Relationship Management Team
  - Ahmadi, KOC New Office Complex, Building B1, Ground Floor

Web Resources

For additional questions on the oil and gas sector, please contact Senior Commercial Specialist Dina Al-Shawa at [Dina.Al-Shawa@trade.gov](mailto:Dina.Al-Shawa@trade.gov).

- [Kuwait Oil Company](#) (e-tendering)
- [Kuwait National Petroleum Company](#)
- [Kuwait National Petroleum Company eSourcing](#)

## **Automobile and Automotive Parts**

### **Overview**

Kuwait is a significant importer of new American automobiles and is the eighth-largest U.S. export market for automobiles worldwide. The low cost of fuel, combined with local tastes and preferences, buttresses demand for large-sized automobiles. With U.S. automobile exports (excluding military vehicles) to Kuwait valued at \$784,799,791 million in 2018, this is the largest sector for U.S. exporters in the consumer market. In 2018, Kuwait imported 92,633 new vehicles. Japanese cars have the largest market share with 54.64%, U.S. brands are the second with 17.4% market share, Korean brands are third with 11.87%, followed by 10.8% share for European brands. With 43% of the market, sport-utility vehicles (SUVs) are the dominant vehicle type in Kuwait. Also, Kuwait is an excellent market for high-end luxury and vintage automobiles. An increased number of Chinese brands are entering the market. Selling at very low prices, Chinese brands are used among others in the construction sector and food delivery business the segments which were dominated by Korean brands in the past. Chinese brands have 4.22% of the market share.

The automotive aftermarket is growing in Kuwait and other GCC countries by about 14%. Local experts estimated the value of the market to be \$1.3 billion for Kuwait in 2017. Having a large used car market is helping to increase the demand for spare parts and maintenance services. In addition, Kuwait witnessed a bad weather in December 2018. An extended days of heavy rains caused roads to be flooded and brought down trees. The



sever road damage has boomed the sales of spare parts like tires which believed to be tripled during the 1<sup>st</sup> quarter of 2019. U.S. parts sales valued at \$41.5 million in 2018.

## **Opportunities**

Kuwait is a lucrative market for large-sized SUVs with heavy-duty shock absorbers, transmissions, cooling and air conditioning systems, and tires that meet extreme temperatures. Luxury automobile manufacturers will also find Kuwait to be a lucrative market. Given Kuwait's leading position in supply chain and logistics services to Iraq and Afghanistan, local companies are selling large volumes of trucks to serve logistics companies catering to U.S. and coalition forces in the region. Most auto dealers note that the utility vehicle market demonstrates tremendous volume growth. While Kuwait increased gasoline prices by 40% on September 1, 2016, the prices are still among the lowest in the world – approximately \$1.15 per gallon, which propels sales for SUVs and other large engine vehicles.

The Kuwait International Fair hosts an annual automobile exhibition in December. Information can be found on the [KIF website](#). The largest Gulf auto show takes place in Dubai. Visit the [Dubai Motor Show website](#) for more information.

The Specialty Equipment Market Association (SEMA) Middle East Development Conference is the premier automotive specialty products trade event featuring specialty equipment. The show is held annually in March in Abu Dhabi. For more details, please visit the [SEMA Middle East website](#).

Automechanika Dubai is the region's largest and most comprehensive trade and networking exhibition for the automotive aftermarket. The show is held annually in May and dozens of American companies participate in this show. Please visit the [Automechanika Dubai Website](#).

Automechanika Frankfurt is the world's leading Trade Fair for the Automotive Industry. Automechanika offers a unique spectrum of products from the fields of automotive parts, car washing, workshop and filling-station equipment, IT product and services, accessories and tuning. It takes place every September. Visit the [Frankfurt Automechanika webpage](#) for more details.

The U.S. Embassy Commercial Section is recruiting a delegation of Kuwaiti buyers to the SEMA show in Las Vegas November 2-5, 2021. Visit the [SEMA show webpage](#) for more information about the show.

## **Web Resources**

For additional information on automobiles and the auto parts industry, please contact Commercial Specialist Xavier Muthu at [Xavier.Muthu@trade.gov](mailto:Xavier.Muthu@trade.gov).

## **Infrastructure**

### **Overview**

Kuwait's infrastructure sector is expected to grow by 15-20% as a result of the government's current five-year plan (2015-2020). The development plan focuses on economic reform and implementation of numerous long-stalled mega projects, with several large infrastructure projects estimated at \$124 billion. The five-year plan includes a number of infrastructure upgrades, along with the \$2.6 billion Sheikh Jaber Causeway, which links the Shuwaikh port area in the south with planned cities in the north that are in development, the \$7 billion Kuwait City Metro; a rail project that will eventually link all GCC countries; a \$4 billion new airport; five new planned cities including Silk City/Northern Economic Zone; further development of the Mubarak Al-Kabeer Port on Boubyan Island; and a large number of mega oil projects, including a new refinery. The government is working on over \$4 billion worth of hospital projects as part of its plan to boost the bed capacity of hospitals

across the country. The Ministry of Health's operating budget is projected to reach about \$18 billion by 2030. There are also plans to increase power generation capacity in the country.

The rising demand for public housing is expected to drive long-term residential construction growth, with the Public Authority for Housing and Welfare announcing plans to build 174,000 housing units by 2020. The government also plans to employ a public-private partnership model to deliver public housing, including 11,000 units under the Sabah Al-Ahmad project, which will house up to 100,000 people upon completion. The South Al-Mutlaa City project is in its initial infrastructure development phase and in five years will have the capacity to house 28,000 families.

Project implementation has seen frequent delays, especially with large infrastructure projects. The government itself acknowledged that only 19% of the 2010-2014 five-year development plans were executed. However, previous impediments were factored into the 2015-2020 development plan, and positive signs of progress are apparent. The projects are moving slowly, especially given the current budget situation.

### **Opportunities**

The five-year 2015-2020 commercial and residential construction plans offer opportunities for the full range of U.S. building products and construction equipment. Local construction companies apply U.S. building techniques and technologies, and utilize American building materials and equipment for private development projects ranging from resorts to hospitals. The United States continues to lead as the supplier of construction materials and equipment.

Major Ongoing Projects:

- Jaber Al-Ahmed City
- South Saad Al-Abdulla New Town
- Sabah Al-Ahmed Housing Project
- Al-Ahmadi New City
- South Mutlaa Housing Project
- Silk City/Northern Economic Zone
- South Sabah Al-Ahmed Sea City
- Nawaf Al-Ahmed City
- Burj Mubarak Al-Kabir
- Kuwait Labor City Development
- Hessa Al-Mubarak Project – An upscale residential and office complex
- Mubarak Al-Kabir Port
- Kuwait City Metro
- GCC Railway
- New Terminal Building at Kuwait International Airport
- Hospitals
- Motor Town (Race Track)
  - Source: [\*Timetric Report on "Construction in Kuwait – Key Trends and Opportunities to 2017"\*](#)

The U.S. Commercial Service in Kuwait promotes and hosts buyer delegations to the following shows:

- [International Builders' Show](#)
- [World of Concrete](#)
- [ConExpo](#)
- 

### **Web Resources**

For additional information on building and construction equipment, please contact Commercial Specialist Xavier Muthu at [Xavier.Muthu@trade.gov](mailto:Xavier.Muthu@trade.gov).

## **Medical and Surgical Equipment**

### **Overview**

Under Kuwait's \$104 billion National Development Plan, major upgrades to the country's healthcare infrastructure and facilities are underway. Kuwaitis suffer from high rates of obesity, diabetes, and cancer. According to the Global Burden of Disease Study, Kuwait is the fourth-most obese country in the world. Although the population is young, the disease burden is a health and financial concern.

Kuwait's public healthcare sector accounts for more than 80% of the healthcare spending in country. Currently, Kuwait's Ministry of Health is the owner, operator, regulator, and financier of the vast majority of healthcare services rendered, pharmaceuticals purchased, and medical equipment acquired in the country. The government operates 15 general and specialized hospitals. The private sector is expected to grow moderately in the coming years, with private firms estimated to account for 15-20% of healthcare spending.

Kuwait aspires to create world-class healthcare providers as well as to improve the quality of healthcare in treatment centers, such as the Kuwait Cancer Center, the Kuwait Chest Disease Hospital, the Kuwait Radiology Center, the Ibn-Sina Center for Ophthalmology, and the Dasman Research Center for Diabetes.

The Ministry of Health and the Ministry of Public Works announced a \$4.42 billion (KD 1.250 billion) project to replace or expand nine operating hospitals (five general hospitals and four specialized hospitals) within the next ten years. The goal is to add 5,400 beds, 150 operating rooms, and 500 outpatient clinics to the current 7,095 hospital beds countrywide. In addition, the \$1.1 billion (KD 304 million) Sheikh Jaber Al-Ahmed Al-Sabah Hospital, and the \$1.1 billion New Jahra Hospital, which are expected to be fully operational in the coming months, will add a total of another 2,402 beds. Currently, Kuwait has two hospital beds per 1,000 people. This represents a stark undersupply in the face of population growth and the rising disease burden.

The country has a well-established primary care network of more than 100 (polyclinics) distributed within Kuwait's six governates (Ahmadi, Al-Asimah, Farwaniya, Hawalli, Jahra, and Mubarak Al-Kabeer).

According to the Ministry of Health, the private sector will be instrumental in the overall development of the medical sector. The private healthcare market is estimated to grow by 15-20% in the coming years. Currently, a total of 12 private hospitals (totaling 1,038 hospital beds) provide private medical services in Kuwait. Several new private hospitals are expected to open in the next few years, adding 1,800 hospital beds. Although the government offers free healthcare services, patients are willing to pay a premium for private treatment in order to reduce waiting times and treatment schedules. In certain fields, such as obstetrics and gynecology, local patients pay a premium for high-end services offered by private hospitals.

The healthcare sector is witnessing some reform initiatives. One of the reforms includes broadening public-private partnerships and giving the private sector a larger role in the provision of healthcare services. Recently, public healthcare centers began referring patients to private medical care providers for services like IVF treatment and physiotherapy. In 2016, the Government of Kuwait launched Afiya, a funded health insurance policy for Kuwaiti retirees, covering more than 110,000 individuals, securing access to generous coverage at private hospitals and clinics in Kuwait – in addition to their existing coverage at the public health system.

Such soaring healthcare spending reflects the government's priority to improve the quality of life for both citizens and expatriates and to treat more Kuwaiti patients in-country.

### **Best Prospects/Services**

- Medical-dental-lab equipment
- General hospital supplies
- Pharmaceutical products and specialized systems and applications
- Laser-treatment, nanotechnology and molecular medicine
- Laboratory testing, testing equipment, and disposable tests
- Surgical instruments, diagnostic or laboratory equipment in the fields of orthopedics, trauma care, ophthalmology, cardiology, oncology, radiology or radiotherapy, and healthcare information

## **Opportunities**

Opportunities for U.S. companies include a broad range of healthcare-oriented products and services, including medical equipment; hospital supplies, products, and services; and specialized applications. Quality control is now enforced at an increased level. It is estimated that 15,000 healthcare professionals will be needed in the public sector alone in the coming years.

Interested companies should be prepared and have completed the regulatory formalities in order to pursue business opportunities once they are announced.

## **Web Resources**

For additional information on medical and surgical equipment, please contact Commercial Specialist Yousif Almahdi at [Yousif.Almahdi@trade.gov](mailto:Yousif.Almahdi@trade.gov).

## **Safety and Security**

### **Overview**

Kuwait plans to invest considerable resources in safety and security equipment throughout the next few years. Kuwait defense and security forces will be looking to purchase surveillance equipment, perimeter security and control systems, security check point equipment (fences, crash barriers, cameras, access points), explosives and explosive ordinance disposal (EOD) equipment, and contraband detection systems, including scanning systems, as well as consulting services in security planning.

Several projects currently under consideration include additional camera surveillance systems to be installed in and near most transportation infrastructure points, geospatial intelligence connectivity, maritime netting, and sensors to minimize security threats to vessels and facilities, including oil refineries, power plants, production facilities, and loading platforms, including in ports. Projects also include hardware and software infrastructure which are needed to support a fully integrated C4ISR system. There are additional opportunities at Kuwait International Airport, which not only is upgrading its security procedures, but also began construction of a new terminal in 2017, which is expected to be completed in 2022.

### **Best Prospects/Services**

Potential opportunities for U.S. companies include: C4ISR system integration for multiple tie-ins to surveillance systems (cameras, gamma sensors, magnetometers, command and control communications); border fencing and intruder sensing; industrial access controls; maritime surveillance and protection; long-range detection; and airborne systems.

## **Opportunities**

Upcoming tenders will be announced for homeland security surveillance cameras, airport security upgrades, oil and oil-related infrastructure security upgrades, border control, and surveillance. Additional projects will range from system integration to hand-held monitoring devices and long-range detection equipment.

## **Web Resources**

For additional information on the defense sector, please contact Commercial Specialist Yousif Almahdi at [Yousif.Almahdi@trade.gov](mailto:Yousif.Almahdi@trade.gov).

## **Education and Training**

### **Overview**

Kuwait spends heavily to improve its educational system. The government has spent \$1.14 billion on facilities, including \$882 million to rebuild old schools as well as create new facilities. The budget allocated for the fiscal year 2019/2020 is approximately \$7 billion.

#### Scholarships and Studying Abroad:

Kuwaiti students who have a high school diploma or equivalent are eligible to apply for the Ministry of Higher Education Scholarship Program to undergraduate studies. The U.S. remains the number one favored destination for Kuwaiti students to study abroad. There is no limit on the number of scholarships. In June 2019, the Kuwaiti government provided 1,977 external scholarships (against 9,211 internal scholarships awarded to local private universities and the only public university, Kuwait University). Of this number, 35% of the scholarships awarded are provided to students pursuing education in the United States. This explains why most of these students require one year of English language initially because the teaching in public schools is in Arabic.

In 2018, the Ministry of Higher Education has adopted a new regulation stating that Kuwaiti students seeking to obtain a scholarship to study in the United States are required to obtain a score of 5 in IELTS (an equivalent of TOEFL) to be accepted in the program which may impact the number of new students awarded Government of Kuwait scholarships. This is a contributing factor in why the number of scholarships has been decreasing over the past two years (SY 17/18, 51% of the scholarships were awarded to the U.S, SY 18/19, the U.S is at 41%). The Ministry of Higher Education hopes to increase the number of scholarships available to its students to address the volume of high school graduates seeking higher education abroad.

As of 2019, approximately 13,000 students were studying in the United States. Due to several reasons (including the uncertain global coronavirus situation, the Health Ministry's recent recommendation to postpone travel plans, the Education Ministry's unclear position on resuming public sector education) and the ICE's decision taken in July 2020 concerning foreign students, the Ministry of Higher Education is looking to delay the launch of its external scholarship plan for the upcoming academic year. The Ministry is considering reducing the number of academic scholarships for Kuwaiti students to study in the United States.

#### Current demand:

The Government is encouraging studies in certain disciplines, including dentistry, nursing, and pharmacy, due to the high demand for workers in these sectors, as well as science, technology and engineering (STEM) programs. The U.S. universities targeting Kuwaiti students should approach the Cultural Office of the Embassy of the State of Kuwait in Washington, D.C. and request inclusion on its list of pre-approved universities. Universities must meet the specific criteria of the Kuwaiti Embassy's Cultural Office in order to be included on this list. To confirm if your university is already on the list, visit the [SIS Kuwait Culture D.C. website](#).

The Ministry of Higher Education had added in 2019 some majors to their approved list: cybersecurity and meteorology.

#### Schools and Universities in Kuwait:

In total, there are approximately 1,300 public and private elementary and secondary schools in Kuwait. The Ministry of Education (MOE) has begun to revamp its entire curriculum, starting at the primary school level. The project is to be phased in over a period of five years and will cover all subjects, from social sciences to

mathematics and science. Industry experts expect the demand for training programs in a variety of fields will increase due to Kuwait's multi-billion dollar national development plan. Of the 30 international schools, eight are American and the rest follow Canadian, British, French, or Indian curricula, with English-language programs.

There are eleven universities in Kuwait. Kuwait University, the only public university, graduates 4,000 students each year. Students earn degrees from a variety of programs. On May 4, 2004, the government issued a decree establishing a new Kuwait University City in the Shedadiya area, with a campus including various colleges, scientific centers, and other facilities, allowing an increase in the university's student body. The University has partially (some faculties) opened the doors to students in September 2019. The other universities are private: the American University of Kuwait, American University of the Middle East, The Arab Open University, Australian College of Kuwait, Kuwait International Law School, Kuwait Maastricht Business School, Algonquin College, Kuwait Technical College, Box Hill College, American International College and Gulf University of Science and Technology.

### Training

There is also high demand for vocational and non-degree training. The Ministry of Defense contracts with a foreign language institute to offer English language instruction to its personnel. The Kuwait Chamber of Commerce and Industry (KCCI) delivers various training programs for the private and government sectors. The Public Authority for Applied Education and Training provides programs for graduates seeking employment at government ministries, departments, and agencies.

According to industry sources, the government has created a \$5.6 billion education market that is steady and offers many opportunities for U.S. universities and suppliers of products and services. The United States leads the industry with 20% market share, followed by Japan, the United Kingdom, and several Asian countries. U.S. products are highly respected by the MOE, but companies seeking business here have to be competitive, flexible, and well-connected to compete for government projects.

### Best Prospect Services

ESL and TOEFL

Certified Programs: executive training, management training, IT training, security training, and ongoing professional development.

Undergraduate, pharmacy, engineering, dentistry, and graduate business degree.

Exam review courses for U.S. medical board exams.

### Opportunities

The U.S. Embassy in Kuwait places significant emphasis on the promotion of American education and training institutions. The Embassy regularly promotes various education fairs, including the American Education Expo, EduEx Expo, International Student Network (ISN) Expo, and Linden Tours. The Embassy also provides advice and counseling to students on applying to accredited U.S. education institutions.

Another effective way to promote your university to Kuwaiti high schools is via the U.S. Commercial Service Gold Key Service. We can arrange 1-2 days of appointments with high school counselors and principals. Universities that have utilized this service in the past have found it to be very effective in establishing business relationships with local international and bilingual schools.

### Web Resources

For additional information on the education and training sector, please contact Commercial Specialist Rasha Al-Muhtaseb at [Rasha.al-muhtaseb@trade.gov](mailto:Rasha.al-muhtaseb@trade.gov).

## Franchise Sector

### Overview

Franchising is being deployed with increasing frequency and today, almost any product or service can be distributed through franchising. The Kuwaiti market is highly receptive to the franchise business model. High per capita income, significant spending power, tax-free income earnings, and an upwardly mobile population serve to underline business opportunities here.

Kuwaitis are very familiar with U.S. brands and products as they frequently travel to the United States for tourism and education (approximately 10% of Kuwaiti high-school graduates study at U.S. colleges and universities). American franchises are warmly welcomed in this small, wealthy country.

Although approximately 75 U.S. food franchises are currently active here, there is always space for new brands with the opening of new shopping malls and entertainment areas in several areas of the country. In addition to the food sector, Kuwait is receptive towards retail franchises. American and European brands are leaders in this competitive market.

In recent years, Kuwait has begun to introduce new entertainment and educational concepts such as Make Meaning, Trampo, Sky Zone, Paintball, Color Me Mine and others in order to make shopping malls a prime destination for families where they can enjoy shopping, food, and entertainment in one centralized location. There is high market demand for quality education and training services. In order for a franchise to succeed in Kuwait, it must offer flexibility in the concept to match the Kuwaiti culture and taste.

The U.S Embassy in Kuwait organizes several International Buyer Delegations to major trade events each year. This year, the Commercial Section has recruited a delegation of Kuwaiti buyers to the [International Franchise Expo 2019](#) where they had the opportunity to discover new concepts and meet with the U.S franchisors interested in approaching the local market. In addition to the trade show, there were a variety of educational workshops **were also organized.**

### Market Challenges

Kuwait's complex business environment requires flexibility, patience, and persistence. Many exporters and investors in Kuwait face challenges such as inconsistent, sometimes contradictory policies, lack of transparency in decision-making, and a judiciary that heavily favors the local population.

Kuwait is an expensive place in which to do business, largely due to the legal requirement to obtain a local partner.

Kuwait's laws stipulate that the Kuwaiti courts alone are responsible for adjudicating any disputes involving a foreign investor and other parties, although arbitration is permitted.

In summary, selecting a local partner who will work for you is the single most important step a U.S. franchise can take in Kuwait. Obtaining competent local legal counsel to craft an agreement that protects your company from future liability is also critical. The best local partners are those who share both risk and profit with their American partners.

### Advertising Methods

The use of social networks is high in Kuwait across all ages – even among older people. People use social networks for both social and informational purposes. Among informational activities, the most popular actions



include receiving news and information ranks highest, closely followed by exploring various links on social networks to direct users to external web pages.

Kuwaitis and Arab expats have similar usage of social networks. As for the social platforms, WhatsApp is commonly used across all nationalities, while Instagram, Twitter and Snapchat are popular among Kuwaitis, and Facebook is popular among expats.

In case of incidents happening in the country, Kuwaitis turn to Twitter, Instagram and WhatsApp for breaking news, expats turn mainly to Facebook.

For launching, promoting or advertising a product or a service and taking into consideration the target audience, Instagram and Snapchat are the best platforms to reach the Kuwaiti population.

### **Web Resources**

For additional information on the franchising sector, please contact Commercial Specialist Rasha Al-Muhtaseb at [rasha.al-muhtaseb@trade.gov](mailto:rasha.al-muhtaseb@trade.gov).

## **Agricultural Sector**

### **Overview**

The United States Department of Agriculture (USDA) Regional Office of Agricultural Affairs in Dubai reports on agricultural issues and statistics for member countries of the GCC, excluding the Kingdom of Saudi Arabia and Bahrain. Agricultural reports and trade statistics can be found on the [USDA Foreign Agricultural Service website](#).

Kuwait is the third-largest GCC market for U.S. food products where imports reached \$230.4 million in 2018. Consumer-ready products such as tree nuts, prepared food, snack foods, dairy, poultry and beef products represent some of the best prospects for U.S. food sales in Kuwait.

For additional information on U.S. food exports to Kuwait, please contact the Foreign Agricultural Service at [atodubai@state.gov](mailto:atodubai@state.gov).



## **Customs, Regulations and Standards**

### **Trade Barriers**

There are several steps required to legalize shipping documents, which if not done correctly could become a trade barrier. There are numerous bureaucratic hurdles and approvals needed to do business in Kuwait. These processes required to complete a sale to the government are lengthy.

For more information and help with trade barrier issues in Kuwait please contact the U.S. Commercial Service office in Kuwait ([Export.gov/Kuwait-Contact list](https://www.export.gov/Kuwait-Contact-list)).

### **Import Tariff**

The GCC established a customs union when it promulgated and implemented the Unified Customs Law and Single Customs Tariff, resulting in a common external tariff of 5% for most imported goods. Kuwait and other GCC countries reserve the right to assess certain exceptions until a uniform list of goods exempt from tariffs is adopted by all GCC member states. Kuwait officially approved the Single Customs Tariff on April 1, 2003, thereby setting a 5% import duty (CIF) on most goods. Exempt from the Single Customs Tariff are certain basic foodstuffs and medicines or medical items, which are duty free. Tobacco products are assessed a 100% duty.

Duties are to be paid in Kuwaiti Dinars (KD). The dinar is pegged to a basket of currencies. U.S. companies needing assistance in determining their harmonized tariff schedule code number or requesting information on specific products should contact a U.S. Department of Commerce Export Assistance Center (USEAC). A list of USEACs can be found on the [Export.gov U.S. Offices index webpage](https://www.export.gov/U.S.-Offices-index-webpage).

### **Import Requirements & Documentation**

#### Licenses

Importers apply for import licenses from the Ministry of Commerce and Industry and must be registered with the Kuwait Chamber of Commerce and Industry (KCCI). The import licenses are valid for one year, are renewable, and allow for multiple shipments.

Import licenses for industrial machinery and spare parts are also required, which are issued by the Public Authority for Industry. Various ministries and agencies also issue licenses for specific products, including firearms, explosives, pharmaceuticals, and wild or exotic animals.

Only the local agent is authorized to clear items at Kuwait Customs by showing an official letter of representation as well as a letter by the end-user.

#### Documentation

Kuwait documentation procedures require a commercial invoice, certificate of origin, packing list, and a bill of lading or airway bill to accompany all commercial shipments. Certain products may require additional licenses or certificates.

#### Commercial Invoice

One original and two copies are required, plus the certificate of origin. The invoice must contain an accurate description of the goods, marks and numbers, net and gross weights in metric measure, quantity, units, total value, and country of origin, and port and shipping information (name of vessel and transportation means). The invoice should be legalized by a local chamber of commerce or the National U.S.-Arab Chamber of Commerce.

## Certificate of Origin

One original and two copies are required. If products are of U.S. origin, the invoice must also include a statement that the products shipped are of U.S. origin and have been manufactured in the United States. This rule would also apply to U.S. commonwealths or territories. If the products are of U.S. origin but contain foreign content, the document must include country of origin of the non-U.S goods and percentage of content. The certificate of origin should be legalized by a local chamber of Commerce or the National U.S.-Arab Chamber of Commerce.

## Packing List

The packing list must provide detailed information on each item contained in any package and must be stamped with the company seal or stamp of the exporter or freight forwarder.

## Bill of Lading

Three copies of the bill of lading are required. The bill of lading must show the name of the shipper, the name and address of the consignee, port of final destination, description of the goods, listing of freight and other charges, number of bills of lading in the complete set, and the acknowledgement signature that the carrier has confirmed receipt on board of the goods to be shipped.

The import license holder's name must appear on the bill of lading, and he/she must be a Kuwaiti national.

For questions pertaining to document authentication, please consult with your importer and freight forwarder or customs broker.

## **Labeling/Marking Requirements**

### Labeling

Labels stating country of origin must be shown on all imported goods in such a manner that cannot be removed or altered. Information appearing on the label must conform to the information listed in the shipping documentation (see above). If it is impossible to label a product, i.e., a piece of fruit, a label affixed to the package or container is sufficient. If the product contains components from more than one country, the percentage from each country to the overall finished product should be noted.

### Special Labels

Chemicals: Chemicals imported into Kuwait must be labeled with the product name, application, active ingredients percentages of components and composition, United Nations' CAS-NO, side effects, storage/handling/hazmat instructions, environmental and occupational safety health risk, poison control, and disposal instructions.

Pharmaceuticals: Pharmaceutical products must be labeled with the batch or lot number, production date, expiration date, content description, storage information, usage information, indications and contra indications for use, and reference to the pharmacopoeia standards used.

Food Products: Labels must show product and brand name, origin of animal fats, batch number, ingredients in descending order of proportion, additives, net contents in metric units, date of production, date of expiration, name and address of manufacturer or packer, country of origin, storage/preparation/handling instructions, and nutritional information where applicable. U.S. nutrition labels will generally be accepted. All meat and poultry products labels must attest that the product has been slaughtered in accordance with Islamic law. Information must be in Arabic, but multi-lingual labels are acceptable.

### Marking

The outside marking on each package or container should identify the name of the shipper, the name and address of the consignee, the weight of the package, the number of the package if shipped as a part of a bulk shipment, and the country of origin. If products are of U.S. origin, “Made in the U.S.A.” should be clearly marked on the package.

## **U.S. Export Controls**

United States does not sanction. U.S. citizens are also required to report receipt of boycott-related requests.

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counseling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS’s licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR.

Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end-use and end-user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end-uses/users. The verification of a foreign party’s reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS’s Unverified List or Entity List, as applicable.

BIS has developed a list of “[red flags](#)”, or warning signs, and compiled “[Know Your Customer](#)” guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry-specific topics. Interested parties can check [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of “dual-use” U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State’s Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed. The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates

eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

## **Temporary Entry**

Advertising material and samples may be admitted duty free if they are contained in packages that describe the advertising nature of the contents and identify the sender. Quantities considered to be in excess of reasonable requirements may be subject to normal customs duty. Exhibition materials are duty free.

Temporary imports into Kuwait can enter under a customs bond, with the bond remitted to the importer when the product leaves Kuwait. This process is known as demonstration and re-export. In the event any outdoor equipment is imported to Kuwait for testing, the best months are July and August, when weather conditions are the most challenging with the oppressive heat.

The Kuwait Free Trade Zone is located at Shuwaikh Port and allows for full trade, service, and industrial activities.

## **Prohibited & Restricted Imports**

Kuwait prohibits importing pork, alcoholic beverages, gambling machines, pornographic materials, and narcotics. Firearms and explosives require special import procedures.

## **Customs Regulations**

### Valuation

Kuwait implemented the WTO Customs Valuation Agreement (Article VII of the General Agreements on Tariffs and Trade) on January 1, 2001. In compliance with Article VII, Kuwait has agreed to five methods for determining customs valuation. The first criterion is based on transaction value (the price actually paid or payable plus costs and expenses). For transaction value to be applied, the parties must be unrelated. If Kuwait Customs rejects this valuation method, other valuation means can be employed such as transaction value of identical or similar goods, valuation on FOB, or CIF values.

### Customs Union

Kuwait allows entry of other GCC goods meeting the rule of origin criteria duty free. To receive preferential duty status, 40% or more of the value added of each product must originate in a GCC member country, with 51% of the producing firm's capital owned by citizens of a GCC country.

In April 2018, Kuwait ratified the World Trade Organization Trade Facilitation Agreement which simplified customs and border procedures, improve transparency and access to information, and lower trade costs.

### Key Regulatory Areas

- High Performance Computers
- Encryption
- Deemed Exports FAQ's | Process Improvements and Guidance
- Anti-boycott Regulations
- Regional Considerations
- Multilateral Export Regimes Technical Advisory Committees Wassenaar Arrangement

## **Customs Contact Information**

General Administration of Customs

P.O. Box 16, Safat 13001 Kuwait

Tel: (965) 2484-3490

Fax: (965) 2483-8055

Email: [q8customs@hotmail.com](mailto:q8customs@hotmail.com)

Kuwait Customs-shipments arriving via air transport

Tel: (965) 2473-5993, Fax: (965) 2472-6683

Kuwait Customs-Statistics and Auditing Office

Tel: (965) 2484-3682 or 2484-0472, Fax: 2484-6531

## **Standards for Trade**

### **Overview**

The Government of Kuwait, per its notification to the WTO Committee on Technical Barriers to Trade, eliminated pre-shipment standards inspection under the International Conformity Certification Program (ICCP) and is currently working with the GCC Standards Organization (Riyadh) to develop a region-wide standards regime to replace the ICCP. Discussions are ongoing with respect to product risk assessment classification, type of products to be required, standards conformity assessment, and as to whether the GCC would allow self-certification of low risk products and third-party evaluation from standards testing authorities outside of the GCC.

The Standards and Metrology Department of the Public Authority for Industry governs Kuwait's standards. Approximately 300 standards are currently applied, with standards derived from U.S., EU, ISO, and GCC standards.

Kuwait has adopted several GCC standards, including that major household appliances operate without a transformer at 240V/50 Hz and that instruction manuals for durable goods and appliances be translated in Arabic.

### **Standards**

Standards in Kuwait are governed by the Standards and Metrology Department of the Public Authority for Industry.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. "Notify U.S." is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online on the [Standards Coordination Office website](#).

## **Conformity Assessment**

In March 2003, Kuwait implemented its International Conformity Certification Program (ICCP), a pre-shipment certification program requiring that covered products be tested and certified by a single private company before being imported into Kuwait.

In 2010, the GCC Standardization Organization (GSO) and Public Authority of Industry (PAI) announced that new standards for toys would be enacted in 2011. The new standards oblige local importers and distributors to place the GSO seal on all imported toys.

In 2010, PAI provided the GSO with feedback pertaining to the initiative introduced by Japan, Switzerland, and the United States regarding liberalizing trade in remanufactured goods. PAI affirmed no tariff barriers would be introduced.

## **Contacts**

Government of Kuwait: [Public Authority for Industry](#)

## **Testing, inspection and certification**

### **Veterinary Health Certificate**

A health certificate is required for the importation of live animals and animal products. The certificate should state that the animals or products were free of any contagious disease occurring within a radius of 30 miles for six months prior to export. Each shipment of meat or poultry must be accompanied by a statement that slaughtering has been conducted in conformity with Islamic law. The statement must be certified by the local Arab Chamber of Commerce and legalized by a Kuwaiti consulate or embassy. Additional information can be found on the [Department of Agriculture's Animal and Plant Health Inspection Service \(APHIS\) website](#) or (301) 851-3751. (Plant Protection and Quarantine). The Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) inspects and certifies that plants, plant products, and live animals conform to health and sanitary requirements as mandated by the Government of Kuwait. Exporters should also consult with importers and the appropriate ministry of the Kuwaiti government for additional information.

### **Sanitary/Phytosanitary Certificate**

Required for plants and plant products. More information can be found on the [Department of Agriculture's Animal and Plant Health Inspection Service \(APHIS\) website](#) or (301) 851-3751.

### **Certificate of Wholesomeness**

Fresh and frozen meat and poultry products require a certificate of wholesomeness. Additional information is available from the U.S. Food Safety and Inspection Service:

### **Export-Import Program Analysis**

Department of Agriculture

Technical Service Center

Landmark Center, Suite 300

1299 Farnam St.

Omaha, NE 68102, USA

Tel: (800) 233-3935

### **Certificate of Disinfection**

A certificate of disinfection or sterilization must accompany shipments of used clothing intended for sale.

#### Foodstuffs Certificate

The producing company must provide certification in triplicate that the imported foodstuffs do not contain any form of cyclamate compounds. Certificates are sent to the Ministry of Health. Dairy products require a declaration that the product is free from harmful bacteria and other pathogens.

#### Certificate of Free Sale

Cosmetics, pharmaceuticals, and foodstuffs may require a certificate of free sale stating that the commodities in question are in free circulation in the country of export. The Food and Drug Administration can issue these certificates. More information can be found on the [FDA Food Guidance Regulations webpage](#). Exporters should consult with the departments of health or commerce in their home U.S. state to determine whether that state (or the local municipality) can issue Certificates of Free Sale.

#### Certificate of Free Sale-Beauty and Health Products

Imports of cosmetics, beauty, and health products require a certificate proving that the manufacturer is licensed by an appropriate authority to produce the product, showing that the product and ingredients are safe for use, that the company complies with Good Manufacturing Practices (GMP) of the country of origin, and evidence that the product is scientifically safe when used as directed.

## **Trade Agreements**

### Regional Trade Agreements

In December 2008, Singapore and the GCC signed a free trade agreement (FTA), the GCC's first FTA. In June 2009, GCC countries concluded an FTA with the European Free Trade Association (EFTA), which includes the countries of Iceland, Liechtenstein, Norway, and Switzerland.

### Customs Union

Kuwait is a member of the GCC along with Bahrain, Saudi Arabia, UAE, Qatar, and Oman. People from these countries can travel freely throughout the GCC. There is a 5% duty for goods at the first point of entry to the GCC and then the goods can travel freely throughout the GCC. (Note: Since June 2017 there has been a blockade of Qatar from the UAE, Saudi Arabia, Bahrain, and Egypt. Direct travel between these countries is currently not allowed and Qatari citizens and residents are not able to travel to these countries. Goods cannot travel freely between Qatar and these countries as well.)

### Bilateral Investment Treaties

Kuwait has signed bilateral investment agreements with the following nations (not all have been implemented): Austria, Belarus, Belgium, Bosnia, Bulgaria, China, Croatia, the Czech Republic, Denmark, Egypt, Ethiopia, Finland, France, Germany, Hungary, India, Iran, Iraq, Italy, Jordan, Kazakhstan, Latvia, Lebanon, Lithuania, Malaysia, Malta, Mauritania, Moldova, Mongolia, Morocco, Netherlands, Pakistan, Poland, Romania, Russia, Serbia, Slovenia, Spain, South Korea, Sweden, Switzerland, Syria, Tajikistan, Tunisia, Turkey, the United Arab Emirates, and Yemen.

### Trade and Investment Framework Agreement

Kuwait signed a Trade and Investment Framework Agreement (TIFA) with the United States in February 2004. The TIFA is the first step in developing economic reform and trade liberalization criteria to strengthen the U.S.-Kuwait economic relationship. At the first bilateral TIFA Council meeting, held in May 2004 in Washington, D.C., it was agreed that the TIFA process would provide for periodic technical discussions. Several areas in particular stood out as needing further attention: intellectual property rights (IPR), standards-related issues, taxation, and service and investment requirements. There is no move at this point to re-introduce a TIFA.

#### Web Resources

Government of Kuwait: [Public Authority for Industry](#)

[NIST Notify U.S. Service](#)



## **Selling US Products and Services**

### **Distribution & Sales Channels**

Marketing of most international products in Kuwait takes place through local agents or distributors. Depending on the location, type of product, and after-market support required, the majority of U.S. companies work through an agent or representative with access to a distribution network and customer support operations in place. On the other hand, commission-based representatives and agents periodically visit their customers with their foreign principals to maintain vital personal contact.

For assistance in identifying possible agents or representatives for your company in Kuwait, please contact the U.S. Commercial Service at U.S. Embassy Kuwait.

### **Using an Agent to Sell US Products and Services**

#### **Laws and Regulations**

Companies Law Decree 25/2012, as amended by Law 97/2013, governs the establishment of a business or business relationship in Kuwait. Under the above provisions, a foreign commercial entity may not establish a branch or perform any commercial activities in the country except through a Kuwaiti partner or agent. However, under the Law for the Promotion of Direct Investment in the State of Kuwait (PDISK; Law No. 116 of 2013, which replaced the Direct Foreign Capital Investment Law, Law No. 8 of 2011) an investor can establish a 100% foreign-owned Kuwaiti company, a licensed branch, or a representative office of a foreign entity. (Please refer to “Establishing an Office” under this chapter for further details on this topic).

U.S. firms seeking a presence in the Kuwaiti market may do so through commercial agents, distributors, or service agents. Commercial agents promote products or services for a principal, as well as negotiate, conclude, and carry out deals on behalf of the principal (within the scope and authorization provided in the contractual agreement). A distributor promotes, imports, stocks, and distributes the principal’s goods and services. Service agents, or “sponsors,” act as representatives for foreign firms seeking to contract with the government of Kuwait per Article 24 of Commercial Law 68 of 1980, but they generally offer less value added. Cooperative unions and other food merchants can directly import certain foods. In 2016, Kuwait passed Law No. 13 of 2016 (The Agency Law). The biggest change with the law is the removal of the requirement for exclusivity. Foreign firms can now register as many agents as they wish to promote their products.

#### **Common Practices**

The U.S. Commercial Service in Kuwait recommends that agency or distributor contracts include information pertaining to the geographic sales or marketing territory to be covered by the agent, manufacturer’s representative, or distributor. The contract should stipulate the products and services that the party will support and manage within an exact validity period of agreement, the agent/distributor fee and commission structure, the choice of applicable law, any arbitration clauses, milestones, and responsibilities of both parties as well as termination clauses. In addition, the agreement must be crafted so that it complies with both Kuwaiti and U.S. laws. Although there is no statutory period for providing a notice of termination, a three-month period is customary. If a U.S. company does not officially terminate its Kuwait agent in writing, the agent may claim commission from future sales. Apart from termination, a U.S. principal must also be aware that the local agent may need to be compensated for investments made and good faith efforts undertaken to promote, sell, and service the principal’s products in Kuwait. The Kuwaiti Commercial Code contains a formula for compensation; however, the contract must be very well drafted by a competent lawyer in Kuwait. Where a relationship is terminated for cause and the agent has not met a performance goal, it is possible to avoid compensation.

## Establishing an Office

Any Kuwaiti citizen over the age of 21 may engage in commercial activity in Kuwait. Foreign companies may not engage in commercial activity in Kuwait, unless the Kuwaiti share of the business or joint venture equals or exceeds 51% of the total capital of the enterprise (60% for banks, investment brokerages, and insurance companies), unless they are established under PDISK; Law No. 116 of 2013 (see below). The U.S. Commercial Service does not recommend hiring a non-Kuwaiti national as a local representative, since sales in Kuwait are highly relationship-driven.

In order to establish a business, the Kuwaiti firm or joint venture needs to apply for a business license with the Ministry of Commerce and Industry. Application documents must be completed in Arabic. For commercial activity in sectors including telecommunications, health services, and pharmaceuticals, the relevant ministry, department, or regulatory agency may require additional permits or licenses.

Business enterprises may be established in several forms, including as a Kuwait Shareholding Company (KSC), a company with limited liability (WLL), or a general partnership. The cost and time required to register and open a business will vary depending on the company structure. Reputable Kuwaiti companies have a business license and are registered with the Kuwait Chamber of Commerce and Industry (KCCI).

Under the Law for the Promotion of Direct Investment in the State of Kuwait (PDISK; Law No. 116 of 2013) an investor can establish a 100% foreign-owned Kuwaiti company, a licensed branch, or a representative office of a foreign entity. The law is applicable for all sectors except those listed below, which are included in the “negative list” and therefore **not** eligible:

- Extraction of crude petroleum
- Extraction of natural gas
- Manufacture of coke oven products
- Manufacture of fertilizers and nitrogen compounds
- Manufacture of gas: distribution of gaseous fuels through mains
- Activities of membership organizations
- Security and investigation activities
- Public administration and defense; compulsory social security
- Real estate activities
- Activities of hiring labor including domestic labor
- 
- The incentives for investors under this law include, but are not limited to, the following:
  - Tax exemptions for a maximum period of 10 years from the date of commencement of the licensed entity
  - Customs duty exemptions for the importation of materials and equipment if the material and equipment is held for a period of five years from the date of obtaining the incentive
  - Allocation of land and real estate to investors.

## Franchising

Kuwait is highly receptive to the franchise business model. High per capita income, significant spending power, tax-free earnings, and an upwardly mobile population strengthen business opportunities here.

Apart from food and service franchises, there is also high demand for quality education and training services. The government aims to equip younger generations with the necessary skills to work for the private sector. The opportunity for training and skills development firms cannot be over-emphasized.

## **Direct Marketing**

Direct marketing is limited. Most direct marketing campaigns involving print and catalog media are conducted by furniture companies. Larger companies rely on newspaper inserts, mass mailings, or internet/mobile mass mailing campaigns in order to promote the latest product or sales promotion. Most fast food franchises engage in flyer distribution directly to homes. Advertising is also available on several FM radio stations (in both Arabic and English), and three state television channels. As a new trend, many companies, especially in the consumer goods sector, have selected to market their products online by placing ads on social networking websites like Facebook, Instagram, and Twitter, taking advantage of the 4 million social media users in Kuwait. Several local advertising agencies are familiar with and serve U.S. and international businesses.

## **Joint Ventures/Licensing**

Foreign businesses are offered several incentives to establish joint ventures with Kuwaiti firms, including partial relief from Kuwaiti corporate taxes. In 2008, the foreign corporate tax rate was reduced to 15%. Given that all government procurement must be conducted with Kuwaiti citizens or firms, the joint venture model can be an effective business model and maintain a long-term presence, especially for companies offering after-sale services and/or companies with regular client interaction.

A JV company set up in Kuwait is formed by a venture of two or more natural or legal persons. This kind of venture has no legal existence and does not need to be entered on the record of the register of the Ministry of Commerce and Industry. The purpose of the JV is explicitly defined in the contract. It is common for several foreign contractors and engineering firms involved in a major public contracts to form a joint venture or consortium.

The business under the JV can be conducted under the trade license of the Kuwaiti national in case it involves a foreign partner. If the partners decide to establish a local company, it shall be established under the Kuwait Commercial Law where the Kuwaiti partner will own 51% of the company's shares.

## **Express Delivery**

There are several express delivery companies that service Kuwait, including FedEx, DHL, UPS, TNT, and Aramex. It is common for express shipments to be delayed in the customs clearance process.

## **Due Diligence**

Companies can minimize their risk of exporting to new customers or entering into business relationships with new partners by utilizing the U.S. Department of Commerce International Company Profile (ICP) service. An ICP provides up-to-date information that includes bank and trade references, names of corporate principals, key officers and managers, product lines, the number of employees, financial data, sales volume, reputation, and market outlook. For more information, visit [Kuwait's International Company Profile on Export.gov](http://Kuwait's International Company Profile on Export.gov).

Companies are also encouraged to seek local legal counsel for matters related to establishing a contractual agreement that is most beneficial to all parties.

## **eCommerce**

### **Overview**

Kuwait has more than four million Internet users. Due to COVID19 pandemic, e-commerce which was limited to on-line banking and financial brokerage services is expanding to other sectors such as education and public

services. As it stands today, most Kuwaiti companies have been forced to have online presence by conducting business-to-business or business-to-consumer transactions.

The [Kuwait Government's e-Government website](#) offers services for both individuals and businesses. An electronic signature law, based on the United Nations Commission on International Trade Law (UNCITRAL) laws on electronic commerce, has been approved, and e-signatures are used by some government offices.

E-commerce can be divided into two categories: external e-commerce (from international to Kuwait) and internal (from Kuwait to Kuwait).

#### 1 – International E-commerce (International to Kuwait):

Despite its wealth and large consumer base, the Middle East market has not made much headway when it comes to e-commerce. Mall culture in the Arab Gulf is very prevalent, and the poor performance of early e-commerce players in the region left a lingering mistrust of online shopping as a whole compared to Europe and the United States.

Several obstacles are preventing e-commerce from reaching its full potential. Consumer awareness about international e-commerce is low, with only 50% of internet users aware of e-commerce platforms. Shoppers also have difficulties in assessing the quality of products and ease in returning goods. Savvier customers prefer international online platforms, which offer more choices and easier shopping.

Expatriates constitute two-thirds of the population in Kuwait. High-income Kuwaitis and the wealthiest of the expats are the primary users of e-commerce. Local delivery services are encouraging e-commerce and launching new products to attract customers. For example, in 2018 DHL launched the EasyShop service for customers who are interested in shopping from international stores online and ready to bear the high cost of shipping and customs clearance. Some local companies have implemented online shopping platforms, preferring to process orders through a single location in the United States, which then sends bulk shipments to Kuwait to reduce shipping and customs charges for its clients.

The top countries from which Kuwait makes online purchases are the United States and the United Kingdom. The most popular e-commerce sites are Amazon (U.S. and U.K.), Net-A-Porter, and department stores such as Bloomingdale's, Nordstrom Rack and others. Nowadays, regional platforms such as Namshi, based in Dubai, is increasing in popularity.

Most banking transactions are conducted online. Paying bills online is the most common practice, and the most used payments methods are Visa, Mastercard and American Express.

#### 2 - National E-commerce:

E-commerce trade is flourishing across the globe accounting for more than 14% of global retail sales and is leading to a paradigm shift in both how consumers buy and how businesses sell.

Kuwait is not an exception to this phenomenon and offers strong economic and demographic fundamentals for the growth of e-commerce.

It wouldn't be an exaggeration to term e-commerce as one of the key sunrise sectors of Kuwait for the new decade. The sector aligns with Kuwait Government's objectives of promoting innovation and entrepreneurship and has been driving start-up activity over the last decade.

The e-commerce industry is constantly evolving execution models with each business trying hard to carve a niche and create value per customer.

There are promising signs for the growth of e-commerce in Kuwait:

**Favorable Demographic:** High mobile and internet penetration (>90%) in Kuwait coupled with a young population (56%<sup>2</sup> under the age of 35) with a high disposable income

**Emerging Ecosystem:** Public sector initiatives such as Kuwait National Fund for Small and Medium Enterprises, home business licenses, and private sector incubators and accelerators, venture capital firms are emerging to support the growth of the e-commerce segment.

**No longer limited to legacy sector:** Kuwait's e-commerce activity which was primarily dominated by food and beverage (F&B) and retail (personal care, grocery and electronics) segments previously, is now seeing innovation around untapped segments such as home services, laundry, real estate, etc.

**Investment inflow from the private sectors:** Kuwait's e-commerce firms have been more dependent on regional investors than local investors for funding. With an increasing examples of success stories, the sector is now finding a more receptive environment with Kuwaiti corporates, investment firms and family businesses as a potential investment avenue.

**Evolving business models:** To maximize value per customer in a market with high customer acquisition costs, select e-commerce businesses in Kuwait managed to pro-actively pivot their business models around niches such as influencer-based selling, data and analytics-driven models such as loyalty business, sector-focused one-stop-shop approach etc.

#### Social Media

Use of social networks is very common in Kuwait across all ages, even among older people. Kuwaitis use social networks for a mix of social and informational purposes. Among informational activities, receiving news and information ranks highest, closely followed by exploring various links on social networks to view external web pages.

Kuwaitis and Arab expats use social networks similarly. As for the social platforms, WhatsApp is commonly used across all nationalities, while Instagram, Twitter and Snapchat are popular among Kuwaitis, and Facebook is popular among expats.

For launching, promoting or advertising a product or a service, Instagram and Snapchat are the best platforms to reach the Kuwaiti population. This is because target audiences can easily be reached. Kuwaiti social media influencers are frequently hired to market products, services, and promote social events. With a significant number of followers, some companies view this method to be the effective way to deliver content to a large audience.

#### Selling Factors & Techniques

As in most markets, relationships are key to success in Kuwait. Business relationships are built over time and strengthened with cultural awareness and sensitivity. A key component to successful selling is finding a local partner with an excellent reputation and market experience.

It is also important to be sensitive to market concerns about U.S. products regarding perceived barriers including language difficulties for services, access to parts, metric/standard measurement, and electrical adaptability, among others.

Local distribution partners expect substantial advertising and promotional support, particularly when introducing a new product or brand name. Promotional material and technical documentation should include English and Arabic translations. U.S. firms should sufficiently train their local partner. The more knowledgeable the partner is about the products, the more competitive these products will be. U.S. machine and equipment sales must be backed up by strong in-country after-sales service, support and spare parts supply.

### **Selling Factors & Techniques**

Once a U.S. firm appoints a manufacturer's representative or agent, the agent generally expects the principal's full support with respect to providing literature, sharing technical information, and advertising materials. Potential public sector buyers and private sector importers should receive product catalogs and other marketing literature clearly displaying the name and address of the local representative or distributor. A common and highly-effective support practice is to invite the representative or agent to the principal's country every year for annual sales and technical support meetings and training. Agents, and if possible their principals, should periodically visit existing and new customers since the importance of personal contacts cannot be overemphasized. U.S. exporters often fail to win or keep contracts, because of their relationships with the customers.

In order to be competitive in the local market, key selling factors include price, quality, effective and convenient after-sale service and support, payment terms, discounts, and commitment to the business relationship. Payment installment plans and discounts are common pricing tools in a market that exhibits price sensitivity driven demand.

Marketing schemes vary and include commercial discounts, free service for equipment purchased over a limited offer period, give-aways, warranties, trade-in opportunities, and promotional events. For consumer products, Kuwait inaugurated a local shopping festival called "Hala Febrayer" (Welcome February). Special offers and promotional campaigns are common during this period, with hotels and other entertainment centers offering special rates and deals to attract shoppers from the region. Companies are reminded that all sales discounts require prior approval from the Ministry of Commerce and Industry.

Exhibitions in Kuwait are local and regional in nature. The widely attended regional trade shows tend to be in the United Arab Emirates. The support of a local representative or agent will go a long way in establishing a presence for the U.S. partner. Participating in the trade shows alongside your local representative makes good business sense.

### **Trade Promotion & Advertising**

The Kuwait International Fair (KIF) holds several exhibitions annually. Though it hosts primarily local events, the KIF allows attendees an opportunity to meet with local sales agents and account executives. For information on the Kuwait International Fair, please visit the [Kuwait International Fair \(KIF\) website](#).

The U.S. Embassy organizes several international buyer delegations to major U.S. trade events each year. These include but are not limited to: World of Concrete (construction), SEMA Show (automotive), International Franchise Expo (franchising) and Offshore Technology Conference (oil and gas). The U.S. Commercial Service in Kuwait also participates in regional shows such as Arab Health, the Dubai Air Show, International Defence Exhibition and Conference (IDEX), and SEMA Middle East.

### **Pricing**

Payment installment plans and discounts are common pricing tools. Until a strong and trusting relationship is developed, we recommend utilizing secure payment methods such as cash in advance or Letters of Credit.

Marketing promotions include commercial discounts, sales, free service for equipment purchased over a limited offer period, giveaways, warranties, trade-in opportunities, and promotional events.

Most products imported into Kuwait from a non-GCC member state will be assessed a duty of 5%. This will need to be included in any pricing calculation.

There is currently no Value Added Tax (VAT). However, GCC member states have adopted a draft VAT framework agreement that will form the basis of the GCC VAT regime to be implemented across the member states. It has already been implemented in Saudi Arabia and the UAE. It is expected to be implemented in Kuwait in 2021. The VAT tax will be 5%.

In addition to the Cost, Insurance and Freight (CIF) price quotation plus import duty, U.S. exporters should be mindful of the Kuwaiti agent's commission (averages between 1-10%), other transportation costs, and any installation costs or training that may be part of the agreed upon terms of delivery. Many U.S. exporters find Kuwait to be a more expensive export destination than expected.

### **Sales Service/Customer Support**

U.S. suppliers should identify local representatives or distributors with the necessary service and maintenance capability. Companies should include follow-on maintenance clauses, if the products or equipment will require it.

Consumer warranties are often provided for electronic goods, appliances, vehicles, tires, and a variety of consumer products. Warranties can range from 90 days to up to 3 years. There are several independent service and repair centers in Kuwait that make frequent use of non-original equipment components or maintenance procedures.

After-sales service and customer support are especially critical in the automotive and consumer appliance industries. Automobile dealers offer multi-year warranties with vehicle purchases. Appliance dealers will offer either repair or replacement over a particular period. Some dealers will carry out repairs at the end-users' location.

### **Local Professional Services**

English-speaking attorneys specializing in commercial law, investment legislation, joint ventures, corporate law, tax law, bankruptcy, public finance, banking corporations, criminal and civil law are available for consultation with U.S. businesses. Internationally-recognized accounting firms are also present. A list of specialized attorneys and accounting firms is available from the U.S. Commercial Service in Kuwait upon request.

### **Principal Business Associations**

- [Kuwait Chamber of Commerce and Industry](#)
- [American Business Council-Kuwait](#)
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## **Web Resources**

- For additional information on entering the Kuwaiti market, or if you have specific questions pertaining to your product or market niche, please visit:
- [Commercial Service Kuwait website](#)
- [U.S. Embassy Kuwait website](#)
- [Government of Kuwait](#)
- [Kuwait Chamber of Commerce and Industry](#)
- [American Business Council-Kuwait](#)
- [The GCC Intellectual Property Training Center in Kuwait](#)
- [Kuwait Direct Investment Promotion Authority](#)

## **Trade Financing**

### **Methods of Payment**

Kuwaiti banks offer the full range of financial services needed to conduct commercial transactions or develop projects. Letters of Credit (LCs) are traditional instruments for private-sector transactions. LCs may be confirmed by a prime U.S. bank for additional exporter assurance. As U.S. exporters develop longer-term relationships and there is greater trust in the credit-worthiness of all parties, companies may be willing to accept documents against payment (d/p) or documents against acceptance (d/a). Deferred payment schedules are not common except in cases of large transactions where supplier financing plays a role.

Companies bidding on government of Kuwait contracts should pay careful attention to the way proposals are prepared and should strictly follow the administrative specifications. Financing costs and foreign exchange rate risks, wherever applicable, should be factored into the bid price. Bids which do not comply with administrative specifications (including financial criteria) are generally rejected. Government tenders often require bid and performance bonds. Bid bonds have to be issued by a local bank, and range between 2% and 5% of the value of the bid. The performance bond will replace the bid bond once the tender is awarded, and is 10% of the value of the contract.

The local representative, sponsor or account executive will pay foreign companies involved in major government-tendered projects. The concerned ministry or department will issue a check in honor of the beneficiary to be drawn at a local bank. In turn, the beneficiary will remit the amount due to the foreign company (Sub-contractor).

### **Banking Systems**

Banks are under the supervision of the Kuwait Central Bank. The banking sector is fundamentally sound. Kuwait has 11 local commercial banks, which include five Islamic banks. The largest bank is the National Bank of Kuwait (NBK). Following an amendment to the Banking Law of 1968, the National Assembly allowed foreign banks to establish operations in Kuwait. Currently, 12 foreign banks have branches in Kuwait. Well-known financial conglomerates such as Citi Bank, BNP-Paribas, and HSBC operate in Kuwait.

Two specialized government-owned banks provide medium and long-term financing. The Industrial Bank of Kuwait offers financing for industrial and agricultural-related projects. The Credit and Savings Bank facilitates the purchase of single-family or multi-family residential units.

### **Foreign Exchange Controls**



The Kuwaiti Dinar (KD) has been pegged to a basket of currencies since May 20, 2007. It is freely convertible, and given strong foreign-currency earnings and foreign-currency reserves, its exchange rate vis-à-vis most major international currencies is stable.

### **US Banks & Local Correspondent Banks**

Citi Bank is one of ten international banks currently maintaining operations in Kuwait. Other international banks include BNP-Paribas, HSBC, and regional banks from the UAE, Qatar, Saudi Arabia, and Oman. In 2013, the Kuwait Central Bank announced that foreign banks would be able to open multiple branches in Kuwait on a case-by-case basis.

### **Protecting Intellectual Property**

Kuwait is a member of the World Intellectual Property Organization (WIPO) and of the World Trade Organization (WTO); thus, it is a signatory to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Intellectual property rights (IPR) in Kuwait are protected nominally by local trademark, patents and copyright laws as well as under the Gulf Cooperation Council (GCC) Trademark Law and GCC Patent Law.

In 2020, Kuwait moved from the Priority Watch List to the Watch List. Kuwait took steps to reform its copyright regime, including in the area of enforcement, by passing the 2019 Copyright and Related Rights Law and the Implementing Regulations. The United States encourages Kuwait to continue to take steps to evaluate and clarify its copyright regime to ensure consistency with international standards and to adopt regulations for collective management organizations, enforcement officials, and registration procedures. Some are also concerned with the provisions of the new copyright law that are unclear, such as ambiguities with certain definitions, the scope of protection, and the scope of certain limitations and exceptions. The United States also acknowledges increased intellectual property (IP) enforcement in 2019 by the Ministry of Commerce and Industry's Consumer Protection Department, the Kuwait General Administration for Customs Intellectual Property Rights Unit, and the Ministry of Health's Drug and Food Control Department. However, improvements in Kuwait's IP enforcement procedures are still needed, especially to enhance outreach and communication with trademark and copyright owners, to implement a modern customs trademark recordation system, and to coordinate IP investigations and enforcement actions between enforcement authorities.

New IP laws and regulations enacted during 2015 – 2020 include:

Gulf Cooperation Council Trademark Law in 2015.

Copyright and Related Rights Law of 2019.

In addition, Kuwait acceded to the Patent Cooperation Treaty (PCT) in 2016.

U.S. Intellectual Property Attaché for Middle East and Africa

Name: Peter Mehravari

Address: U.S. Embassy United Arab Emirates

Telephone: +965 2259-1455

E-mail: [peter.mehravari@trade.gov](mailto:peter.mehravari@trade.gov)

For more resources: [Stopfakes.gov](http://Stopfakes.gov)

## **Selling to the Public Sector**

### **Selling to the Government**

Tender Law No. 49 of 2016 regulates government tenders. The Central Agency for Public Tenders (CAPT), under the jurisdiction of the Council of Ministers, acts on behalf of most government ministries. It oversees public tenders that are valued at more than 75,000 KD (approximately \$248,500). Under the law, foreign bidders can bid on public tenders without a local agent; however, an agent is needed for the execution phase. The law which went into effect in 2017 requires foreign bidders to purchase at least 30% of the materials from the local market, where available. The law favors local sourcing by mandating a 15% price preference for locally produced items. Bidders are selected based on scores against a specified point-based criterion. In addition, bidders can now file a grievance if they have an issue with the tendering process. Besides awarding contracts, CAPT invites companies to pre-qualify, and to attend pre-tender meetings. All CAPT announcements can be found at the website <https://capt.gov.kw/en/>, and are published weekly in Arabic in the official gazette, al-Kuwait al-Youm. An English translation of the gazette is available for subscription from translation offices and publishing companies.

Tenders are usually awarded on the basis of the lowest price once technical compliance has been established. Businesses should note that if a bidder wins a tender but then refuses to sign the contract, the concerned Ministry has the right to confiscate the bid bond as well as the performance bond, which may equal 5-10% of the contract's value.

Many companies add 10-15% to the cost of the project to mitigate the potential risk of projects or losing the performance bond. Foreign companies cannot sell directly to the government nor can they participate in public tenders except through a local agent. In the oil sector, for instance, suppliers must be approved by an internal committee and placed on a list of "pre-approved" companies. For major projects, international companies are typically invited to pre-qualify.

There is a 10% price preference on public contracts in favor of Kuwaiti businesses. If a contracting officer or authority determines that a local company meets the technical specifications of the proposal, and even though the bid price may be higher (within 10%), the local company is awarded the contract.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

### **Financing of Projects**

The Gulf Investment Corporation (GIC) is headquartered in Kuwait and was established by the governments of the GCC (Bahrain, Kuwait, Saudi Arabia, Qatar, Oman, and the UAE). As a multi-service financial institution, its primary objective is to offer a wide range of financial services to both corporate and private investors. The GIC offers portfolio management, financial advisory services, bond and equity issues, direct investment support, and capital market activities. Investment is focused on regional manufacturing, agriculture, industrial services, and minerals exploration.

The International Investor (TII) and the International Investment Group (IIG)

Both institutions are private Islamic investment groups offering project and export finance support.

Kuwait is a member of the World Bank's International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA).

### **Web Resources**

- [Commercial Service Kuwait](#)
- [Export-Import Bank of the United States](#)
- [Ex-Im Bank Country Limitation Schedule](#)
- [OPIC](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)

Government of Kuwait Web sites:

- [Ministry of Finance](#)
- [Central Bank of Kuwait](#)
- [Kuwait Stock Exchange](#)
- [Institute of Banking Studies](#)
- [Credit and Savings Bank](#) (Website in Arabic only)
- Tel: (965) 2242-4387 / 2242-6974 / 2240-8534 ; Fax: 2242 - 5516
- [Kuwait Investment Authority](#)
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## **Business Travel**

### **Business Customs**

Business and account executives will generally not have language difficulties with their Kuwaiti counterparts, as English is widely spoken, and many Kuwaiti business professionals were educated overseas.

A personal relationship is an important basis for successful business ties in Kuwait. It is essential to allow time for friendly conversation before commencing with a business agenda. Scheduling appointments in advance is essential. With government officials, appointments normally occur between 10 a.m. and 1 p.m. Official government work hours are from 8 a.m. until 2 p.m. Some companies work split shifts, from 9 a.m. until 1 p.m. and from 4 p.m. or 5 p.m. until 7 p.m. in the evening. Friday and Saturday are the official weekend in Kuwait. Friday is respected as family time. It is not advisable to attempt weekend meetings, unless your Kuwaiti host suggests it.

Most senior executives and key decision-makers maintain extensive travel schedules outside of Kuwait. This is particularly evident during summer months, when Kuwaitis tend to escape the heat that can often hover at or above 50C/122F. During the holy month of Ramadan, business is very slow and decisions and appointments are often delayed until after the month. Ramadan will be approximately April 12-May 11 in 2021. The two major holidays in Kuwait are Eid al-Fitr at the end of Ramadan and Eid al-Adha at the end of the Hajj or pilgrimage season, which occurs 70 days after Eid al-Fitr. National Day and Liberation Day (marking the liberation of Kuwait from Iraq), occur on February 25 and 26. These local holidays generally offer opportunities for many decision-makers to leave the country for a week or more, so travel to Kuwait during these dates would be less effective than at other times. Travelers should schedule appointments prior to their arrival in Kuwait, but reconfirm a day or two before and on the morning of the appointment. It is always good to have a mobile phone contact number in case of last minute changes.

## **Travel Advisory**

No alcohol, pork products, controlled substances, or pornographic materials may be imported into or used in Kuwait. If prohibited items are discovered in a traveler's effects, he or she may be arrested and prosecuted.

The latest information on travel advisories can be found on the [Travel.State.gov website](#) or on the [U.S. Embassy in Kuwait website](#).

## **Visa Requirements**

Passports and visas are required for U.S. citizens traveling to Kuwait. U.S. citizens can obtain visitor visas at the port of entry. International hotels in Kuwait frequently offer a service to facilitate the visa process and reduce time at the airport to acquire a visa. Travelers who overstay their visas may face serious fines when leaving Kuwait. Travelers attempting to leave Kuwait without paying traffic or other fines may not be allowed to leave. A Ministry of Justice office is located in Kuwait's International Airport for passengers who wish to settle any fines before departure. This includes travelers proceeding via Kuwait to and from Iraq. For further information on entry and exit requirements, please see our [Foreign Entry Requirements brochure](#) for more information on Kuwait and other countries. Visit the [Kuwait Information Office – USA website](#) for the most current visa information. Travelers may contact Kuwait's diplomatic missions in Washington, D.C. and Los Angeles, CA:

Embassy of the State of Kuwait  
2940 Tilden St., N.W.  
Washington, D.C. 20008  
Telephone (202) 966-0702

General Consulate of the State of Kuwait  
130 S. El Camino Drive  
Beverly Hills, CA 90212  
Telephone (310) 556-0300

For entry and exit requirements pertaining to dual nationality and the prevention of international child abduction, please find information at: <https://travel.state.gov/content/childabduction/en.html>

For Customs Information, please see <https://travel.state.gov/content/passports/en/country/kuwait.html>

U.S. Companies that require travel of foreign business professionals to the United States can find visa information at the following links:

- State Department Visa Website: <https://travel.state.gov/content/visas/en.html>
- U.S. Embassy Kuwait Consular Section: <https://kw.usembassy.gov/u-s-citizen-services/>

## **Currency**

The Kuwaiti Dinar (KD) is the official currency of the country. One KD is approximately \$ 3.30.

## **Telecommunications/Electricity**

The telephone system and communication services in Kuwait are supplied by the Ministry of Communications (MOC) and by private companies. The telephone system is adequate and e-mail, faxes, and the internet are

widely used in international business. There are over four million Internet users in Kuwait and several service providers. Cellular service is readily available through local companies including: Zain, Viva, and Ooredoo. The voltage in Kuwait is 220, different from the 110 voltage in the United States. While some hotels have adapter plugs that allow for both the local and the U.S. plug to be used, it is a good idea to bring an adapter to charge electronics.

## **Transportation**

### **Air**

There are several local, regional, and European airlines serving Kuwait. There are currently no non-stop flights to the United States, but you can travel to more than a dozen U.S. destinations with one-stop by transferring via Europe, Abu Dhabi, Dubai, or Doha.

### **Roads**

The road system in Kuwait is reasonably modern. Many travelers hire an automobile with driver to manage their transportation needs. Some of the better hotels offer this service to their guests. Most major car rental companies, including Avis, Hertz, and Budget, operate in Kuwait. U.S. motorists should be cognizant and exercise caution in Kuwait, as traffic conditions are often problematic given frequent congestion, speeding and limited adherence to traffic regulations. Kuwait, similar to other GCC countries, has a very high rate of traffic fatalities.

### **Lodging**

Luxury hotels, including U.S. hotel brands such as the Radisson Blu, Hilton, JW Marriott, Sheraton, Four Points, Crowne Plaza, the Four Seasons, and business-friendly 4-star hotels, are popular with travelers. As of 2020, 5-star hotels charge on average \$327, plus 15% service charge, and 4-star hotels charge on average \$240, plus 15% service charge, for single rooms per night.

Short-term visitors may also elect to stay in furnished apartments, which are generally rented for minimum stays of one week.

To host a hospitality event at a major hotel, business executives should expect to pay \$35-50 per guest. Hotels generally require one-week notification to host such events. Function rooms are heavily booked during Ramadan and immediately following the Eid holidays.

## **Language**

The official language of the State of Kuwait is Arabic. For international projects and procurement tenders, written communication is often in English. In most cases, the Arabic text is the official contract version and will be the one that is upheld in court. Companies need to exercise care in understanding that the Arabic version of the contract must be correct. Translation and interpreter services are readily available and recommended. Private businesses are free to choose the language for contracts; however, some contracts such as employment contracts and business notices including announcements of the implementation of government of Kuwait regulations must, by law, be written in Arabic. Corporate and or agency registration with the Kuwait Ministry of Commerce and Industry must be in Arabic. However, English or foreign language translation may be included in the submission of registration documents. A private entity may offer translation of official Arabic text. Where documents are in multiple languages, the Arabic version is the legally binding text. English is widely spoken in the business community, and most expatriates have a sufficient command of the English language.

## Health

U.S. business visitors to Kuwait should arrive prepared to cope with the extreme heat and dust storms during the summer months. Although tap water is safe to drink, it is recommended to use bottled water as an added precaution. Food, including salads and dairy products, is generally fresh.

The quality of medical care varies depending on the facility, the personnel on duty, and the nature of the medical problem. Although many medications (mainly American) are available, visitors are advised to bring sufficient supplies of their prescription medication (as well as a signed prescription) for their entire stay. Visitors should consider purchasing short-term medical insurance, which includes a medical evacuation option in the event of a medical emergency that would require treatment outside of Kuwait. Should medical care be required while here, there are two options: the government system or private clinics. There are seven regional hospitals and numerous suburban polyclinics run by the Ministry of Public Health.

Additional information can be found in the Department of State's Bureau of Consular Affairs brochure, Medical Information for Americans Traveling Abroad. The brochure is available via the [Bureau of Consular Affairs home page](#).

## Local Time, Business Hours and Holidays

Time in Kuwait is Universal Time Coordinated/Zulu + 3 hours (Zulu is London UTC/GMT). In comparison, Eastern Standard Time is UTC/Zulu - 5 hours, Central Standard Time is UTC/Zulu - 6 hours and Pacific Standard Time is UTC/Zulu - 8 hours. Kuwait does not observe Daylight Savings Time. (Kuwait is seven hours ahead of Eastern time zone from the second Sunday of March to the first Sunday of November and eight hours ahead of the Eastern time zone from the first Sunday in November until the second Sunday in March.

**Government Offices:** 07:30-14:30 Sunday-Thursday (Varies among government agencies)

Ramadan: 10:00-13:00

**Private Organizations:** 08:30-12:30 and 16:30-20:00 (Friday closed) or

08:00-/17:00 (Friday-Saturday closed)

(Commercial establishments)

09:00-16:00 (Friday-Saturday closed)

(Financial and service companies)

09:00-14:00 and 19:00-00:00 (Ramadan hours)

**Banks:** 08:00-15:00 (closed Friday and Saturday)

**Holidays** – The U.S. Embassy work week is from Sunday to Thursday. If a holiday falls on Monday in the United States, the Embassy will generally celebrate it on Sunday.

Holidays observed by the U.S. Embassy and Consulate (local and U.S.) can be found here:

<https://kw.usembassy.gov/holiday-calendar/>

### **Temporary Entry of Materials or Personal Belongings**

#### **Samples and Advertising Material**

Advertising material and samples may be admitted duty free if they are contained in packages describing the advertising nature of the contents and identifying the sender. Materials considered to be in excess of reasonable requirements may be subject to normal customs duty.

### **Temporary Entry**

Temporary imports into Kuwait can enter under a customs bond, with the bond remitted to the importer when the product or goods leave Kuwait. This process is known as demonstration and re-export. In the event any outdoor equipment is imported to Kuwait for testing, the best months for demonstration are July and August when weather conditions are usually the most difficult with the hottest temperatures.

### **Web Resources**

- [Department of State Travel Information](#)
- [Center for Diseases Control Health Info](#)
- [U.S. Embassy Kuwait](#)
- [Commercial Service Kuwait](#)

## **Investment Climate Statement (ICS)**

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State [Investment Climate Statement](#) website.

### **Executive Summary**

Kuwait is a country of 1.4 million citizens and 3.3 million expatriates. It occupies a land mass slightly smaller than New Jersey, but possesses six percent of the world's proven oil reserves and is a global top ten oil exporter. The economy is heavily dependent upon oil production and related industries, which are almost wholly owned and operated by the government. The energy sector accounts for more than half of GDP and close to 90 percent of government revenue. The fall in oil prices after OPEC+ failed to agree on production targets in 2019 greatly exacerbated Kuwait's fiscal deficit. This was only heightened with the onset of the COVID-19 pandemic, which resulted in dramatically reduced oil demand in the first and second quarters of 2020. No one can predict what a post-pandemic economy will look like, except that it is likely to be very different from what it has been. In the background looms the prospect for economic reforms and diversification as outlined by the government in its national development plan, called New Kuwait Vision 2035.

As it develops the private sector to reduce the country's dependence upon oil, the government faces two central challenges. It must improve the business climate to enable the private sector, and prepare its citizens to successfully work in the private sector. The government has made progress on the business climate, improving from 97 to 83 among 190 countries the World Bank's 2020 Doing Business Report. Nonetheless, Kuwait remains the lowest ranked of its fellow Gulf Cooperation Council (GCC) countries. Preparing Kuwaitis to work successfully in the private sector and compete internationally may be more difficult. Today, more than 85 percent of all Kuwaitis with jobs work in the public sector, where they receive generous salaries and benefits. Convincing young Kuwaitis that their future is in the private sector will require changing in social attitudes and raising the level of local education so that they may compete internationally.

With a view to attracting foreign investment the government passed a new foreign direct investment law in 2013 that permits up to 100 percent foreign ownership of a business, if approved by the Kuwait Direct Investment Promotion Authority (KDIPA). All other foreign businesses must abide by existing law that mandates that Kuwaitis, or a GCC national, own at least 51 percent of any enterprise. In approving applications from foreign investors seeking 100 percent ownership, KDIPA looks for job creation, the provision of training and education to Kuwaiti citizens, technology transfer, diversification of national income sources, contribution to exports, support for small- and medium-sized enterprises, and the utilization of Kuwaiti products and services. KDIPA reported that it had sponsored 37 foreign firms, including six U.S. companies. KDIPA may also provide certain investment incentives such as tax benefits, customs duties relief, and permission to recruit certain foreign employees.

The government remains committed to executing its long-term Vision 2035 national development plan, which focusses on improving the country's economic infrastructure, such as the construction of new airports, ports, roads, industrial cities, large residential developments, hospitals, a railroad, and a metro rail. The Northern Gateway



initiative, which encompasses the Five Islands or Silk City projects, envisions public and private sector investment in the establishment of an international economic zone that could exceed USD 400 billion over several decades.

## **Political Environment**

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.