

U.S. Country Commercial Guides



Kuwait

2017

Table of Contents

<i>Table of Contents</i>	2
<i>Doing Business in Kuwait</i>	6
Market Overview	6
Market Challenges	7
Market Opportunities	7
Market Entry Strategy	8
<i>Political Environment</i>	10
Political Environment	10
<i>Selling US Products & Services</i>	11
Using an Agent to Sell US Products and Services	11
Establishing an Office	12
Franchising	13
Direct Marketing	13
Joint Ventures/Licensing	13
Selling to the Government	14
Distribution & Sales Channels	14
Express Delivery	15
Selling Factors & Techniques	15
eCommerce	15
Overview	15
Social Media	16
Trade Promotion & Advertising	17
Pricing	17
Sales Service/Customer Support	17
Protecting Intellectual Property	18
Due Diligence	19
Local Professional Services	19
Principle Business Associations	19
Web Resources	19

<i>Leading Sectors for US Exports & Investments</i>	21
Oil and Gas	21
Overview	21
Opportunities	22
Web Resources	23
Automobile and Automotive Parts	24
Overview	24
Opportunities	25
Web Resources	25
Infrastructure	26
Overview	26
Opportunities	26
Web Resources	27
Medical and Surgical Equipment	28
Overview	28
Best Prospects/Services	29
Opportunities	29
Web Resources	29
Defense	30
Overview	30
Best Prospects/Services	30
Opportunities	30
Web Resources	30
Education and Training	31
Overview	31
Best Prospect Services	32
Opportunities	32
Web Resources	32
Franchise Sector	33
Overview	33
Market Challenges	33
Advertising Methods	34
Web Resources	34
Agricultural Sector	35
Overview	35
Web Resources	35
<i>Customs, Regulations & Standards</i>	36
Trade Barriers	36
Import Tariff	36
Import Requirements & Documentation	36

Labeling/Marking Requirements	37
U.S. Export Controls	38
Temporary Entry	39
Prohibited & Restricted Imports	39
Customs Regulations	39
Customs Contact Information	40
Standards for Trade	40
Overview	40
Standards	41
Testing, inspection and certification	41
Trade Agreements	43
Web Resources	43
<i>Investment Climate Statement</i>	44
Executive Summary	44
Openness To, and Restrictions Upon, Foreign Investment	45
Bilateral Investment Agreements and Taxation Treaties	47
Legal Regime	48
Industrial Policies	51
Protection of Property Rights	52
Financial Sector	54
State-Owned Enterprises	56
Responsible Business Conduct	57
Corruption	58
Political and Security Environment	58
Labor Policies and Practices	59
OPIC	61
Foreign Direct Investment and Foreign Portfolio Investment Statistics	61
Contact Information	63
<i>Trade & Project Financing</i>	64
Methods of Payment	64
Banking Systems	64
Foreign Exchange Controls	65

US Banks & Local Correspondent Banks	65
Project Financing	65
Web Resources	65
<i>Business Travel</i>	67
Business Customs	67
Travel Advisory	67
Visa Requirements	67
Currency	68
Telecommunications/Electric	68
Transportation	68
Language	69
Health	70
Local Time, Business Hours and Holidays	70
Temporary Entry of Materials or Personal Belongings	71
Web Resources	71

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Doing Business in Kuwait

Market Overview

Kuwait is situated 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). About one-third of an estimated population of 4 million are Kuwaiti nationals. The remainder 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, 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-related manufacturing and agriculture sectors are limited, consisting of a switch-gear manufacturer for power sub-stations, and factories for building materials, furniture, and food packaging.

The 2003 ouster of Saddam Hussein in Iraq stimulated local confidence in Kuwait's economic and security situation. 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 government-funded major projects move slowly, some major projects have moved forward in recent years.

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 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 and strategic trade partner. Imports from the United States in 2016 were valued at \$3.3 billion, a 22% increase from \$2.7 billion in 2015. Kuwaitis frequently travel to the United States (with approximately ten percent of Kuwaiti high-school graduates continuing their education at U.S. colleges and universities), and Americans and American brands and products are warmly welcomed in this small economic powerhouse. Although Kuwaitis are extremely price-conscious, they are also avid consumers. While Chinese and Indian goods increasingly dominate low-end imports, U.S. exports are relatively competitive in Kuwait.

According to the Central Bank of Kuwait, Kuwait's nominal GDP was \$112.553 billion in 2015. The World Bank assesses that Kuwait's economy slowed by 2% in 2016 due

to low oil prices. Kuwait's current oil production capacity is estimated at 3.150 barrels per day. The government hopes to increase production capacity to 4 million barrels per day by 2020. In order to reach this goal, Kuwait must continue spending heavily on upgrading downstream facilities as well as on upstream oil development over the next five years.

Transportation equipment, including automobiles and automotive parts, accounted for 42 percent of non-military U.S. exports to Kuwait in 2016. 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, 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 relations are crucial for success in Kuwait. Matters of concern to U.S. businesses include less than transparent regulations pertaining to industrial standards, highly 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, however, stands out because it is an expensive place in which to do business. Reasons include a requirement for most business entities to have a Kuwaiti agent, as well as widespread aversion to risk. 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.

Market Opportunities

Kuwait is undergoing significant expansion in the building and construction industry. The government has approved a USD 104 billion National Development Plan that includes construction of major roadways, a new airport, 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. Private construction and project development, as in other GCC urban centers, is moving forward.

The traditional import sectors of automotive, oil and gas, computers/ICT, telecommunications equipment, and construction equipment remain strong. The Ministry of Education is revising curriculum for primary and secondary schools. There is a shortage of high quality health care facilities, and most building materials

are imported. All these factors bode well for high-end exports that already have GCC exposure.

The Commercial Service in Kuwait has identified other opportunities for projects coming on board over an extended period of time. These projects include a multi-billion dollar investment in homeland security infrastructure, a proposed \$10 billion expansion in needed electricity generation capacity (B.O.T projects), investment in environment cleanup projects, and continued expansion in the lucrative logistics market serving U.S. military forces in the Middle East.

Transportation equipment (including automobiles, auto parts and accessories) accounts for 42 percent of U.S. exports. 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 Company and its subsidiaries are actively pursuing new U.S. sources for equipment and service products. 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 business people in the private sector. Some Kuwaiti companies are now building ports and airports in Egypt and Africa, own facilities in Europe and Asia, and represent U.S. franchises throughout the Middle East and as far away as Russia, while strongly protecting their own domestic market.

Market Entry Strategy

The GCC has a 5% flat rate tariff on imports. Kuwait corporate income taxes for foreign corporations is 15%. To be successful in the Kuwaiti market, most 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 find having a Kuwait joint-venture partner rather than an agent a good tactic. Prior success in other GCC countries is helpful, but companies rely on local experience and knowledge to conduct their business in these markets. Knowing 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 this type of business relationship and understand that the best representatives are those who are already active in their particular sector with cultivated contacts.

The Commercial Service in Kuwait has a number of programs and services to assist U.S. companies in establishing a presence in this rapidly 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 the U.S. Export Assistance Center (USEAC) in your state.

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

The Embassy 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 the [Export.gov website](#).

Political Environment

Political Environment

For background information on the political and economic environment of the country, please click on the link below to the [U.S. Department of State Background Notes](#).

Selling US Products & Services

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 (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 new 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. Though 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 percent of the total capital of the enterprise (60 percent 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 serve to underline 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 (both in 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. 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 is a good vehicle to enter and maintain a long-term presence, especially for companies offering after-sale services and/or companies with regular client interaction.

A joint venture is considered a legal entity that is the ownership of any two parties (the majority stake being Kuwaiti), and as such, official notification in the Commercial Register is required. It is common for several foreign contractors and engineering firms involved in a major public contract to form a joint venture or consortium.

Selling to the Government

Tender Law No. 37 of 1964 regulates government tenders. The Central Tenders Committee (CTC), 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 5,000 KD (approximately \$17,500), and oil sector tenders that exceed 5 million KD (approximately \$17.5 million). However, the Ministries of Housing, Defense, and Interior (including the security forces) are capable of issuing their own tenders independently of the CTC. All contracts with the government valued at 100,000 KD (approximately \$350,000) or more are subject to Kuwait Law No. 25 of 1996, which requires contractors/agents to disclose and report all payments made, received, or to be made or received when securing a contract. Besides awarding contracts, CTC invites companies to pre-qualify, and to attend pre-tender meetings. All CTC announcements can be found at the website <http://www.ctc.gov.kw/>, 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 a licensed vendor (Al-Abraj Translation & Publishing Co.).

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 usually 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.

Distribution & Sales Channels

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

For direct support of U.S. commercial interests in Kuwait, please [contact any of the Commercial Specialists located at the U.S. Embassy in Kuwait.](#)

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.

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 literature, technical information, and advertising materials. Possible public sector buyers and potential private sector importers should receive product catalogs and other 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. Both 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 they fail to listen to or get to know their customer well enough.

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 marketing tools in a market that exhibits high price-driven demand.

Marketing schemes vary and include commercial discounts, sales, 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 best attended 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 alongside your representative makes good business sense.

eCommerce

Overview

Kuwait has over three million Internet users. However, e-commerce remains predominately limited to on-line banking and financial brokerage services. As it stands today, most Kuwaiti companies do not conduct on-line business-to-business or business-to-consumer transactions.

The [Kuwait Government's e-Government website](#) offers basic 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 being used by some government offices.

In spite of being a huge market and home to many shoppers, the Middle East market hasn't made a big headway when it comes to E-Commerce. In a region where mall culture is so prevalent and the experience customers received from e-commerce players in the past was not on par with global standards, there is still a lack of trust in 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 e-commerce is low with only 50 percent of internet users being 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. 2/3 of the population in Kuwait are expatriates. The high income earning Kuwaitis and 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, DHL has recently launched the EasyShop service and is providing a 50% discount for clearance and customs fees on the first shipment.

The top countries from which Kuwait makes online purchases are the United States and the United Kingdom. The most popular e-commerce sites the consumers are using are: Amazon (US and UK), Net-A-Porter, department stores such as Bloomingdale, Nordstrom Rack and others.

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

Social Media

The use of social networks is high in Kuwait across all ages – even among older people. People 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 get users to 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.

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), 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, IDEX, SEMA Middle East among others in the UAE.

Pricing

Payment installment plans and discounts are common marketing tools. Until you know your client, we recommend 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 in 2018/2019. This VAT tax will be 5%.

In addition to the CIF price quotation plus import duty, U.S. exporters should be mindful of the Kuwaiti agent's commission (often between 1-10%), other transportation costs, and any installation costs or training that may be part of the agreed upon terms of delivery. Most U.S. exporters find Kuwait 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 to products including: electronic goods, appliances, vehicles, tires, and a variety of consumer products. Warranties can range from 90 days to up to three years. There are several independent service and repair

centers in Kuwait that make frequent use of non-original equipment manufacturer components or maintenance procedures.

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

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). However, intellectual property rights (IPR) in Kuwait are protected nominally by a series of trademark and copyright laws adopted in 1999 and 2016, respectively.

Largely due to its non-WTO-compliant copyright law at the time, and its cessation of most copyright and trademark enforcement actions in recent years, an out-of-cycle USTR review in November 2014 resulted in moving Kuwait from the Special 301 Watch List to the Priority Watch List. Kuwait remained on the Priority Watch List in 2015, 2016, and 2017.

Despite this designation on the Special 301 Report, there have been notable improvements in the IPR enforcement regime in recent months:

- The Ministry of Information is conducting raids and seizing pirated goods such as DVDs. In addition, it continues to block Internet domains that allow downloads of pirated copyrighted materials and websites that sell counterfeit goods.
- The Criminal Investigations Department recently established a specialized IPR unit to combat counterfeit goods. Brand owners are able to bring complaints directly to this unit for action.
- The Ministry of Commerce & Industry (MOCI) recently resumed raids and seizures under the direction of the Assistant Undersecretary of Trade Control. However, MOCI still fails to target suppliers and sources of counterfeit goods, focusing its efforts on small retail shops instead.
- Enforcement by customs officials at the General Administration of Customs (KGAC) improved in part due to their close collaboration with U.S. Customs and Border Protection (CBP). KGAC leadership, however, has only reluctantly supported IPR enforcement.

Overall, IPR enforcement is improving but the lack of cooperation amongst the relevant authorities in combating the counterfeit goods remains an issue.

New IP laws and treaties enacted during 2015 – 2016 are:

- Gulf Cooperation Council Trademark Law in 2015
- Copyright and Related Rights Law in 2016
- Patent Cooperation Treaty (PCT) in 2016

In any foreign market companies should consider several general principles for effective management of their intellectual property.

IP Contact:

Mr. Raed Al-Hout, Intellectual Property Specialist for the Middle East & North Africa
US Embassy, Kuwait
Telephone: +965 2259-1247
E-mail: Raed.Al-Hout@trade.gov

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) program. 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, all at a reasonable price. For more information, visit [Kauwait'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.

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.

Principle Business Associations

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

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](#)

Leading Sectors for US Exports & Investments

Oil and Gas

Overview

Kuwait is a major oil supplier and a member of the OPEC consortium. Oil comprises nearly half of Kuwait's GDP, around 95% of exports, and approximately 90% of government revenue. Kuwait holds approximately seven percent of global oil reserves and has a current production capacity of about 3.150 million barrels per day.

The Kuwait Petroleum Corporation (KPC) has announced its intention to increase oil production capacity to 4 million barrels per day (mmb/d) from the current announced capacity of three mmb/d by 2020. In addition, KPC has announced intentions to increase natural gas production to four 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 by 2017/18 and sustaining the production afterward. KPC has 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.

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 in 2015 four packages to build the country's fourth refinery, which would 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. Recently Kuwait incorporated a new KPC subsidiary "Kuwait Integrated Petrochemical Industries Company - "KIPIC"). The new company will manage refinery, petrochemicals and 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 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) has an aggressive procurement division eager for U.S. technology.

Oil Production (Million/Barrel/Daily)

	2014	2015	2016 (Estimated)	2017 (Estimated)
Total Local Production	2,867	2,867	3,000	2,702
Total Exports	2,764	2,764	2,746	1,970
Total Imports	0	0	0	0
Imports from the US	0	0	0	0
Total Market Size	121	121	254	*732
Average Oil Price (\$/Barrel)	99	60	46	50

Data Sources:

1. Mathematical formula (Total Market Size = (Total Local Production + Total Imports) – (Total Exports))
2. Organization of the Petroleum Exporting Countries (OPEC)
3. Kuwait Ministry of Oil

* Kuwait consumes about 300-350 mb/d for power generation and other needs, the remaining are exported as petroleum products.

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, 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. A pipeline is also planned as well as other petrochemical production facilities. KOC pre-qualifies manufacturers for critical categories of products. Prequalification applications can be obtained against a net payment of USD 50 through telex transfer to KOC's Bank Account No. 50112130301 [SWIFT CODE: NBOKKWKW] with National Bank of Kuwait, Ahmadi Branch, Kuwait, for "each product category". Upon receipt of your transfer confirmation, issued by your bank along with the products for which documents are required, KOC forwards the necessary documents to the vendor by courier. Vendors are also advised to provide their full street address, as courier services do not accept consignments with P.O. box address.

Alternatively, prequalification applications can be obtained by a manufacturer's local agent in Kuwait against Cash Payment of KD 15 (nonrefundable) from Room No. 15, located in the Purchasing building, KOC Industrial Area, Ahmadi, Kuwait.

Web Resources

For additional questions on the oil and gas sector, please contact Commercial Specialist Dina Al-Shawa at 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 to Kuwait valued at around \$ 796 million in 2015, this is the largest sector for U.S. exporters in the consumer market. Kuwait imported 150,000 vehicles in 2015. Sixty-five percent were Japanese, fourteen percent were Korean, fourteen percent were U.S. brands, and seven percent were European. With forty three percent of the market, sport-utility vehicles (SUVs) are the dominant vehicle type in Kuwait. Kuwait is also an excellent market for high-end luxury and vintage automobiles.

Automobile, Light Trucks, Van and Utility Vehicles:

Unit: USD

	2014	2015	2016
Total Market Size	3.2	3.8	3.8
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	3.2	3.8	3.8
Imports from the US	739 (mn)	876 (mn)	740 (mn)

Total market size = Total local production + Imports - Exports

Automotive Parts and Supplies:

Unit: USD

	2014	2015	2016
Total Market Size (mn) (*)	188	197	197
Total Local Production (*)	0	0	0
Total Exports	0	0	0
Total Imports (mn) (*)	188	197	207
U.S. Imports	43.8	39.4	33.0

Total market size = Total local production + Imports - Exports

(*) Estimated, (bn) Billion, (mn) Million,

(1) Source: [The United States Census Bureau](#)

As per local industry experts, import of automobile decreased by 8 – 10% in 2017, which may continue to remain low due to oil price drop.

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 an excellent market. Given Kuwait's leading position in supply chain and logistics services to Iraq and Afghanistan, companies such as Chrysler 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 forty percent on September 1, 2016, 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.

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 October 31- November 3, 2017. 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.

Infrastructure

Overview

Kuwait's infrastructure sector is expected to grow by 15–20 percent as a result of the government's current five-year plan (2015–2020). The development plan focuses on economic reform and implementation of several 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 USD 2.6 billion Sheikh Jaber Causeway, which will link the Shuwaikh port area in the south with planned cities in the north that are in development, the USD 7 billion Kuwait City Metro; a rail project that will eventually link the five GCC countries; a USD 4 billion new airport, five new planned cities including the City of Silk, 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 USD 4 billion worth of hospital projects as part of its plan to boost the bed capacity of family 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 as well.

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, 28,000 families will be housed.

Project implementation has seen frequent delays, especially with large infrastructure projects. The government itself acknowledged that only 19 percent 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 being shown

Opportunities

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

Major Ongoing Projects:

- Jaber Al-Ahmed City
- South Mutlaa City
- South Saad Al-Abdulla New Town
- Sabah Al-Ahmed Housing Project

- Al-Kiran City
- Al-Ahmadi New City
- Sulaibikhat Residential City
- Jahra Housing Scheme
- South Mutlaa Housing Project
- Kuwait Labor City Development
- Silk City
- Sabah Al-Salem Educational City
- South Sabah Al-Ahmed City
- Ministry Complex Jahra
- Nawaf Al-Ahmed City
- Silky City
- PAAET Educational Complex
- Burj Mubarak Al-Kabir
- Hessa Al-Mubarak Project – An upscale residential and office complex
-
- Sheikh Jaber Causeway
- Kuwait City Metro
- GCC Railway
- New Terminal Building at Kuwait International Airport
- Hospitals

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.

Medical and Surgical Equipment

Overview

Under Kuwait's USD 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, with over 50% of Kuwaiti women suffering from obesity. Although the population is young, the disease burden is a growing concern. Kuwaiti patients and their families travel frequently on government-financed trips to the United States and Europe for medical treatment.

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 financer 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 USD 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 USD 1.1 billion (KD 304 million) Sheikh Jaber Al-Ahmed Al-Sabah Hospital, which is expected to be completed by September 2017, will add another 1,200 beds. Currently, Kuwait has two hospital beds per 1,000 people. This represents a stark undersupply in the face to population growth and the rising disease burden.

The country has a well-established primary care network (polyclinics), which provides for a local clinic in every residential district of Kuwait. Nineteen new government polyclinics are projected to open in the next two years.

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.

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 being 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.

Defense

Overview

Kuwait plans to invest considerable resources in safety and security equipment through 2020. 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 EOD equipment, and contraband detection systems, including scanning systems, as well as consulting services in security planning.

For the last five years, Kuwait's Ministry of Interior alone commenced tendering for various defense projects, and it is expected to continue to do so through 2017 and beyond. Many of the projects' necessary approvals have been issued and local companies are in the process of qualifying prior to tender releases.

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 (stations), 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 the fall of 2016.

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.

Education and Training

Overview

Kuwait spends heavily to improve its educational system. The government has spent USD \$1.14 billion on facilities, including USD \$882 million to rebuild old schools as well as create new facilities. 15,600 students are currently studying in the United States. The Ministry of Higher Education currently provides 6,000 scholarships to Kuwaiti university students, 2,600 of which are offered in the United States, an increase from previous years. The uptick in scholarships is meant to address the volume of high school graduates seeking higher education abroad. There is a move afoot to emphasize certain disciplines, including dentistry, nursing, and pharmacy, due to urgent demand for workers in these sectors, as well as science, technology and engineering. U.S. universities targeting Kuwaiti students should approach the Cultural Office of the Embassy of the State of Kuwait in Washington, DC, 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](#). According to the latest Human Development Index, which measures life expectancy, education, and income per capita indicators that are then used to rank countries into four tiers of human development, Kuwait is in the highest human development tier. With literacy rates above 93%, Kuwait ranks among the highest in the Arab world. This is partly attributed to a progressive education policy that encompasses all children, including girls and those with special needs.

In total, there are approximately 1,250 public and private schools. 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. On the Information & Communication Technology (ICT) side, the MOE strives to incorporate the latest technology to empower public schools to raise the level of ICT literacy. For example, the MOE worked with Hewlett-Packard (HP) to improve students' learning skills. In 2015, HP provided all the public high school levels with tablets. Of the 30 international schools, eight are American and the rest follow Canadian, British, French, or Indian curricula, with English-speaking programs.

There are nine universities in Kuwait. Kuwait University, the only public university, has a graduating class of 4,000 students. Students earn degrees from a variety of programs each academic year. 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 project is under construction. 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, and Gulf University of Science and Technology.

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 USD 5.6 billion education market that is strong, steady, and offers many opportunities for U.S. universities and suppliers of products and services. The United States leads the pack with a 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.

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, EduCare Expo, America-Mideast Educational and Training Services, Inc. (AMIDEAST), ISN Expo, and Linden Tours. The Embassy also provides advice and counseling to students on applying to regionally-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 relationship 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.

Franchise Sector

Overview

Franchising is being employed by more and more types of businesses than ever before. Today, almost any product or service can be distributed through franchising. Kuwait 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 (about ten percent of Kuwaiti high-school graduates study at U.S. colleges and universities). American franchises are warmly welcomed in this small, wealthy country.

Although there are many food sector franchises in Kuwait, there is always space for new brands with the opening of new shopping malls and entertaining 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 one-stop destination for families where they can enjoy shopping, food, and entertainment in one location. There is also high demand for quality education and training services.

In order for a franchise to succeed in Kuwait, it must offer some flexibility in the concept to match the Kuwaiti culture and taste.

Kuwait held its first Franchise Expo April 25-27, 2017.

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. Reasons include a requirement for most foreign business entities to have a Kuwaiti partner.

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.

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. Getting competent local legal

counsel to craft an agreement that protects your company from future liability is also key. 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 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 get 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 depending on your 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.

Agricultural Sector

Overview

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

Kuwait is the third-largest market in the GCC for U.S. food products. Imports from the United States reached USD 224.2 million in 2016. Consumer-ready products, such as poultry, beef, snack foods, dairy products, processed fruits, and vegetables represent the best prospects for U.S. food exporters.

Web Resources

For additional information please contact the Foreign Agricultural Service in Dubai at atodubai@state.gov.

Customs, Regulations & 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. The processes prerequisite to completing a sale to the government are lengthy.

For more information and help with trade barriers please contact:

[International Trade Administration](#)

[Enforcement and Compliance](#)

(202) 482-0063

ECCcommunications@trade.gov

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](#).

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). 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 Industrial Development Commission of the Ministry of Commerce and Industry. Various ministries and agencies also issue licenses for 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 being shipped are of U.S. origin and have been manufactured in the U.S. 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

The [Bureau of Industry and Security \(BIS\)](#) at the Department of Commerce is charged with the development, implementation, and interpretation of U.S. export control policy for dual-use commodities, software, and potentially sensitive technology. Dual-use items subject to BIS regulatory jurisdiction have predominantly commercial use, but also have military application. The Bureau's regulations govern exports of dual-use items (the "Export Administration Regulations"), codified at 15 Code of Federal Regulations, Chapter 7. It also provides discussions of certain key regulatory policy areas, including policies governing exports of high-performance computers and encryption products. It includes descriptions of U.S. anti-boycott regulations, special regional considerations, multilateral export control regimes, and technical advisory committees.

In addition to the U.S. export control policy for dual-use items, BIS is also charged with the development, implementation, and interpretation of the anti-boycott

provisions of the Export Administration Act. The anti-boycott provisions encourage, and in some cases require, U.S. citizens to refuse to participate in foreign boycotts that the United States does not sanction. U.S. citizens are also required to report receipt of boycott-related requests.

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 being 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 toughest.

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 1 January 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.

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

Export Administration Regulations

The Government Printing Office (GPO) [Export Administration Regulation website](#), contains an up-to-date database of the entire Export Administration Regulations (EAR), including the Commerce Control List, the Commerce Country Chart, and a link to the Denied Persons List. EAR revisions are incorporated into this site within 48-72 hours and the EAR can be viewed, downloaded, and searched. This website also includes a table with all the Federal Register notices that revise the text of the EAR since its complete revision on March 25, 1996. In addition, users can subscribe to GPO's paper version of the EAR from this website. Users can also e-mail the Regulatory Policy Division directly from this website, to get answers to general questions about the EAR. Users can also attach a properly formatted advisory opinion (See Section 748.3c for the proper format) and forward it to BIS by e-mail.

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

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 being 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 are being 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 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, Neb. 68102, 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 five percent duty for goods at the first point of entry to the GCC and then the goods can travel freely throughout the GCC.

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. Technical experts on both sides continue to work on these areas.

Web Resources

- Government of Kuwait: [Public Authority for Industry](#)
- [NIST Notify U.S. Service](#)

Investment Climate Statement

Executive Summary

Kuwait continued to encourage foreign direct investment (FDI) with the implementation of Law No.116 of 2013 Regarding the Promotion of Direct Investment in the State of Kuwait (hereafter referred to as the FDI Law). With the decline in oil revenue and the need to diversify its economy, the government seeks increased foreign investments. The FDI Law established the Kuwait Direct Investment Promotion Authority (KDIPA) to solicit investment proposals, evaluate their potential, and assist in the licensing processes. In reviewing licensing requests, KDIPA places emphasis on creating jobs and training/education opportunities for Kuwaitis, technology transfer, diversification of national income sources, increasing exports, support for local SMEs, and utilization of Kuwaiti products and services. While the FDI Law allows 100% foreign ownership in several industries, KDIPA excludes foreign firms from investment in national security and state-owned sectors. Opportunities may increase as KDIPA takes over the existing free-trade zone at Shuwaikh and creates two new zones at Al-Abdali and Al-Nuwiseeb.

KDIPA has granted foreign ownership licenses to 14 foreign firms, including U.S. companies IBM, GE, Berkeley Research Group, Malka Communications, and Maltbie. The FDI law's incentives include tax benefits, customs duties relief, land and real estate allocations, and permission to recruit required foreign labor.

The government has been working with the World Bank to improve different aspects of business registration and operations. Nevertheless, challenges to foreign businesses operating in the country remain. Kuwait ranked 102 out of 190 in "Ease of Doing Business," and lowest in the Gulf Cooperation Council (GCC), in the World Bank's Doing Business 2017 report.

Despite the challenges, several U.S. companies have won lucrative contracts and operate successfully in the country. American engineering firms such as Fluor figure largely in the execution of infrastructure development projects, including the USD 16 billion Al-Zour Refinery Project. General Electric is a major vendor to power generation and desalination facilities. Citibank has a branch in Kuwait City, and numerous franchises of U.S. retail chains operate successfully. Dow Chemical Company participates in several joint ventures.

During recent years, the government has taken several measures to address human trafficking and to improve protections for domestic workers. However, the labor law is not consistently enforced and disputes over the payment of salaries and contract switching are common, especially among unskilled workers.

The Intellectual Property Rights (IPR) enforcement regime has notably improved in the past year with raids and seizures and a specialized IPR unit to combat

counterfeit goods. However, the lack of coordination among various authorities with responsibilities for combating the importation of counterfeit goods remains an issue.

Table 1

Measure	Year	Index /Rank	Website Address
TI Corruption Perceptions Index	2016	75 of 175	http://www.transparency.org/news/feature/corruption_perceptions_index_2016
World Bank's Doing Business Report "Ease of Doing Business"	2017	102 of 190	www.doingbusiness.org/rankings
Global Innovation Index	2016	67 of 128	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 293	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2015	USD 42,150	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD?locations=KW

Openness To, and Restrictions Upon, Foreign Investment

Kuwait continued to encourage foreign direct investment with the implementation of the FDI Law. With the decline in oil revenue and the need to diversify its economy, the government seeks increased foreign investments and has taken a number of steps towards achieving this goal. The FDI Law established [KDIPA](#) to solicit investment proposals, evaluate their potential, and assist in the licensing process. The FDI Law allows 100 percent foreign ownership in certain industries, including: infrastructure (water, power, wastewater treatment, and

communications); insurance; information technology and software development; hospitals and pharmaceuticals; air, land, and sea freight; tourism, hotels, and entertainment; housing projects and urban development; and investment management.

Limits on Foreign Control and Right to Private Ownership and Establishment

The Council of Ministers Decision No. 75 of 2015 directed KDIPA to exclude foreign firms from investment in the following sectors: 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, real estate (excluding privately operated building development projects), security and investigation activities, public administration and defense, compulsory social security, activities of membership organizations, and labor hiring activities including domestic labor.

The Companies Law No. 1 of 2016 simplified the process for registering new companies and reduced wait-times associated with starting a new business. This law maintained the requirement that a Kuwaiti national own at least 51 percent of all local companies, unless foreign investors apply through KDIPA.

KDIPA screens and licenses proposed branches and representative offices of foreign companies. The process requires the submission of legal and financial documents by the applying company's head office, as well as a certification of its commitment to fulfill obligations by the branch or representative office in Kuwait. In reviewing requests for licensing, KDIPA places emphasis on creating jobs and training/education opportunities for Kuwaitis, technology transfer, diversification of national income sources, increasing Kuwaiti exports, support for local SMEs, and utilization of Kuwaiti products and services.

Other Investment Policy Reviews

In the past three years, there have been no third-party investment policy reviews.

Business Facilitation

The government has been working with the World Bank to improve different aspects of business registration and operations. The [World Bank's Doing Business project](#) lists the steps required to start a business. Its "time-to-complete" estimates are optimistic, as starting a new business can take up to a year. Kuwait dropped to 173 from 149 in "Starting a Business." A [Kuwaiti government site provides information about starting a business](#). In September 2016, the Ministry of Commerce and Industry (MOCI) inaugurated the [Kuwait Business Center \(KBC\)](#) to facilitate the issuance of commercial licenses needed to start limited liability and single owner companies (entrepreneur) within 3-5 working days. However, the new center has faced challenges attributed to the lack of coordination between the competent authorities.

KDIPA also established a unit to streamline registration and licensing procedures for foreign investors. Its goal is to approve licenses within 30 days of the completed application.

Unlike definitions of small and medium enterprises (SME) based on the number of people, the Kuwait Small Projects Development Company (KSPDC), a state-financed fund established in 1997 to promote SME development, considers projects with capital up to KD 150,000 (USD 492,000) as small, and less than KD 500,000 (USD 1.64 million) as medium-sized (NOTE: the exchange rate applied throughout this report is KD 1.00=USD 3.28, as of March 2017). The April 2013 Law No. 98 established the National Fund for the Support and Development of SMEs (enterprises that employ up to 50 Kuwaitis and require less than KD 500,000 in financing). The financing is limited to enterprises set up by Kuwaiti citizens. In December 2016, the National Fund announced the financing of 115 projects that generated KD 11.81 million (USD 38.7 million) in revenue and created 280 job opportunities for Kuwaitis.

Despite the challenges, several U.S. companies have won lucrative contracts and operate successfully in the country. American engineering firms such as Fluor figure largely in the execution of infrastructure development projects, including the USD 16 billion Al-Zour Refinery Project. General Electric is a major vendor to power generation and desalination facilities. Citibank has a branch, and numerous franchises of U.S. retail chains operate successfully. Dow Chemical Company participates in several joint ventures. In 2016, Hill International won a USD 13 million contract to supervise construction of two new hospitals and Kuwait Petroleum Corporation awarded a USD 36 million five-year contract to GP Strategies.

Outward Investment

The government neither promotes nor restricts private outward investment. The government participates in outward investment primarily through the Kuwait Investment Authority (KIA). Construction continues on Equate MEGlobal's new world-scale monoethylene glycol manufacturing facility in Texas worth over USD one billion.

Bilateral Investment Agreements and Taxation Treaties

Kuwait has signed bilateral investment treaties with 77 partners (51 in force) and 13 treaties with investment provisions (seven in force). For more information, please visit the [United Nations UNCTAD website](#). Kuwait signed a Trade and Investment Framework Agreement (TIFA) with the United States in 2004 that has not entered into force. The last bilateral TIFA Council meeting took place in 2008.

In October 2012, the United States signed a TIFA with the GCC; the Kuwait National Assembly ratified it in April 2014.

Kuwait and the United States signed a bilateral agreement on investment guarantees in April 1989 that entered into force in October 1989.

Kuwait does not have a bilateral taxation treaty with the United States. In April 2015, Kuwait and the United States signed an intergovernmental Foreign Account Tax Compliance Act (FATCA) agreement.

Legal Regime

Transparency of the Regulatory System

While Kuwait's open economy has generally promoted a competitive market, Kuwait has not developed effective antitrust laws to foster competition. When government intervention occurs, it is most frequently to the benefit of Kuwaiti citizens and Kuwaiti-owned firms. Nonetheless, U.S. investors have not alleged discrimination. The State Audit Bureau reviews government contracts and accounting, but does not share the results transparently. Kuwait does not have a centralized online location where key regulatory actions are published similar to the Federal Register in the United States.

Kuwait does not participate in the Extractive Industries Transparency Initiative (EITI); neither does it have any domestic transparency measures requiring the disclosure of payments made to governments for projects related to the commercial development of oil, natural gas, or minerals.

International Regulatory Considerations

Kuwait has been part of the GCC since its formation in 1981. The GCC common market began in January 2008. The customs union became operational in 2015. National norms still predominate. American standards and internationally recognized standards are typically used.

Legal System and Judicial Independence

Kuwait has a developed civil legal system, based in Egyptian and French law, that is influenced by Islamic law. As a traditional trading nation, the judiciary is familiar with international commercial laws. Kuwait has been a member of the General Agreement on Tariffs and Trade (GATT) since 1963 and joined the WTO in January 1995; it is not a signatory to the WTO Government Procurement Code. There are specialized courts, including a commercial court to adjudicate commercial law.

Kuwaitis and non-Kuwaitis, including U.S. citizens, who have been charged with criminal offenses, placed under investigation, or are involved in unresolved financial disputes with local business partners, can be subject to travel bans. These bans are rigidly enforced and prevent the individual from leaving Kuwait until the matter is resolved. Travel bans can be initiated by requests for legal action and may remain in place for a substantial period while the case is being investigated.

To protect their interests, U.S. firms are advised to consult with a Kuwaiti or locally based foreign law firm when executing contracts with local parties. Contracts

between local and foreign parties serve as the basis for resolving any future commercial disputes. The process of resolving disputes in the Kuwaiti legal system can take years depending on complexity and the parties involved.

Laws and Regulations on Foreign Direct Investment

The 2013 FDI Law replaced the 2001 Direct Investment Promotion Law, as part of the Kuwait Development Plan (KDP). Spanning 2009 to 2035, the KDP aims to reduce oil dependence by transforming the economy into a diversified commercial and financial hub. The KDP comprises five separate five-year plans; the current plan provides USD 116 billion for a broad range of projects, including 45,000 new housing units, metro and railway systems, and a new refinery. In the KDP, Kuwait is seeking to propel the private sector's share of the economy to 41.9 percent, from its current level of 26.4 percent.

In April 2015, IBM received KDIPA's first investment license, allowing the company to establish a 100 percent foreign-owned company in Kuwait and to benefit from the incentives and exemptions granted under the new law. Since IBM, KDIPA has granted foreign ownership licenses to 13 additional foreign firms, including U.S. companies GE, Berkeley Research Group, Malka Communications, and Maltbie.

Other recent legal measures to facilitate FDI and economic growth include Law No. 116 of 2014 regarding public-private partnerships (PPP), and a new Companies Law No. 1 of 2016. The PPP law changed the Partnerships Technical Bureau to the Kuwait Authority for Partnership Projects (KAPP). KAPP expects to award many of the upcoming large infrastructure projects using the PPP framework. The Commercial Agency Law (CAL), Law No. 13 of 2016 removes exclusivity, enabling foreign firms to have multiple agents to promote their products.

The court system does not appear to be subject to executive or other interference against foreign investors or companies. Nonetheless, the business climate favors Kuwaiti- and GCC-owned enterprises.

Competition and Anti-Trust Laws

Kuwait lacks comprehensive competition protection mechanisms. The government passed Protection of Competition Law No. 10 in 2007. It enacted by-laws in 2012 through the establishment of a Competition Protection Bureau (CPB) intended to safeguard free commerce, bar monopolies, investigate complaints, and refer to prosecution acts determined to undermine competition, supervise mergers and acquisitions, and fix commodity prices. As of April 2017, however, the CPB was not yet fully functional. The World Bank is working with Kuwait to amend the law and redefine the CPB's mission.

The National Assembly passed a new Public Tenders Law No. 49 of 2016. All bids for government-funded infrastructure projects (excluding military and security programs) in excess of KD 75,000 (USD 246,000) must be submitted to the Central Tenders Committee (CTC). A major change allows foreign companies to bid on some

projects provided at least 30 percent of the products used are of national origin and 30 percent of the work is awarded to local subcontractors.

Expropriation and Compensation

Kuwait has had no recent cases of expropriation or nationalization involving foreign investments. As a safeguard, the FDI law guarantees against expropriation or nationalization, except for the public benefit, in accordance with existing laws. In such cases, Kuwait would compensate for the real economic value of the project at the time of expropriation. The last case of nationalization occurred in 1974.

Dispute Settlement

ICSID Convention and New York Convention: Kuwait is a signatory to the International Center for the Settlement of Investment Disputes (ICSID Convention) and to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Investor-State Dispute Settlement

The FDI law stipulates that Kuwaiti courts alone are responsible for adjudicating any disputes involving a foreign investor and other parties, although arbitration is permitted. Few contracts contain clauses specifying recourse to traditional commercial arbitration. The Kuwaiti judicial system recognizes and enforces foreign judgments only when reciprocal arrangements are in place.

International Commercial Arbitration and Foreign Courts

The recognition and enforcement of foreign arbitral awards occurs more expeditiously than the enforcement of foreign judgments. Enforcement of the former, however, must meet with the same reciprocity and procedural criteria of enforcing foreign judgments under Articles 199 and 200 of the Civil and Commercial Procedure Code No. 38 of 1980. Accordingly, an award passed by a foreign arbitral panel or tribunal may be enforced in Kuwait provided that: A) the country where the award has been rendered is a member of the New York Convention; B) the foreign award is rendered by a competent arbitrator in accordance with the laws of the country in which it was awarded; C) the parties have been promptly summoned to appear and duly represented before the arbitral tribunal; D) the award must become a *res judicata* according to the laws of the country in which it was awarded; and E) the award must not be in conflict with an order judgment that has been rendered by a local court in Kuwait and additionally does not contradict mandatory provisions or constitutes a criminal conduct, or violations to morality or public policy, under Kuwaiti Laws.

Alternative Dispute Resolution (ADR) mechanisms include conciliation, negotiation, and mediation. These mechanisms depend on the parties' goodwill to settle their disputes with or without the help of a third party.

Law No. 11 of 1995 on Judicial Arbitration for Civil and Commercial Articles, the relevant organizing and explanatory Ministerial Resolutions thereof, and Civil and

Commercial Procedure Code No. 38 of 1980 outline the formation, operation, jurisdiction, and procedures of the arbitral panel, and the issuance of arbitral awards, through the Kuwait Arbitration Center. They also define regulations for international conventions, free trade agreements, and the due application of the reciprocal clause between parties.

Bankruptcy Regulations

Bankruptcy is still governed under Law No. 68 of 1980, which does not meet international standards in covering the full range of companies, or in restructuring debt. The 1980 law does not criminalize bankrupt individuals, but their political rights become limited upon a proclamation of bankruptcy. A bankrupt individual may not serve as a candidate or elector in any political position, be appointed to a public post or assignment, or serve as director or chairman in any company until the individual's rights are reinstated in accordance with law. Kuwait is working with the World Bank to draft bankruptcy legislation designed to assist businesses in recovering from financial difficulties rather than being liquidated. As of April 2017, the Ministry of Finance had referred this draft law to the Council of Ministers for its review. Recently, the KIA had 22 remarks to enhance the pending law.

Industrial Policies

Investment Incentives

The FDI law's incentives include tax benefits (15 percent corporate tax on foreign firms can be waived for up to 10 years), customs duties relief, land and real estate allocations, and permissions to recruit required foreign labor.

Other exemptions exist. For example, entities incorporated in the GCC that are 100 percent owned by GCC nationals pay no corporate tax. Capital gains arising from trading in securities listed on Kuwait's stock market are exempt from tax. Foreign principals selling goods through Kuwaiti distributors are not subject to tax. Kuwait does not have personal income, property, inheritance, or sales taxes; however, the government is preparing for the GCC-agreed value-added-tax (VAT) and excise taxes.

Foreign Trade Zones/Free Ports/Trade Facilitation

Since 1999, the Kuwait Free Trade Zone (KFTZ) has existed at Shuwaikh port. Many restrictions normally faced by foreign firms, such as corporate taxes, do not apply to offices or plants within the KFTZ. Frequent management and operational disputes have plagued the KFTZ and limited its effectiveness. In 2016, the Kuwait Council of Ministers resolved to transfer free-trade zone management from the Ministry of Commerce and Industry to KDIPA. Opportunities may increase as KDIPA takes over the existing free-trade zone at Shuwaikh and creates two new zones at Al-Abdali and Al-Nuwiseeb.

Performance and Data Localization Requirements

The government requires foreign firms to hire a mandated percentage of Kuwaitis in their work force. The percentage varies by industry: banking—66 percent,

communications—62 percent, investment and finance—40 percent, and petrochemicals and refining industries—30 percent. The manufacturing and agriculture sectors have the lowest minimum quotas at three percent.

Foreign employees require work visas prior to arriving in the country. The Ministry of Social Affairs and Labor (MOSAL) controls the issuance of work permits and in recent years has been more inclined to limit perceived non-essential employment of expatriates.

In 2015, the Cabinet rescinded the Counter-Trade Offset Program and transferred legacy responsibilities to KDIPA.

Kuwait does not force local data storage nor require foreign investors to use Kuwaiti domestic content in locally manufactured goods and technologies. Only banks and other financial institutions are required by the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Law 106 of 2013 to maintain their data for five years. Otherwise, each private or public entity may choose if and how to store data. Most governmental agencies follow International Organization for Standardization (ISO) certificate standards, which mandate the storage of data for five years.

Protection of Property Rights

Real Property

Non-GCC citizens may own properties under special conditions and require the Cabinet Council's approval. Kuwait ranked 67 out of 190 in "Ease of Registering a Property" in the World Bank's Doing Business 2017 report.

Intellectual Property Rights

Kuwait is a member of the World Intellectual Property Organization (WIPO) and of the WTO; thus, it is a signatory to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). However, intellectual property rights (IPR) in Kuwait are protected nominally by a series of copyright and trademark laws adopted in 1999 and 2016.

Largely due to its non-WTO-compliant copyright law at the time, and its cessation of most copyright and trademark enforcement actions in recent years, an out-of-cycle USTR review in November 2014 resulted in moving Kuwait from the Special 301 Watch List to the Priority Watch List. Kuwait remained on the Priority Watch List in 2015 and 2016. In the 2017 Special 301 report, the U.S. government announced it will launch an Out of Cycle review for Kuwait to promote engagement and progress on specific IPR opportunities and challenges identified in this year's review.

To register IPR in Kuwait, please note the below:-

Type of IPR	Protection	Legal structure
Trademarks	Trademark applications can be filed at the Kuwaiti Trademark Office, organized under the Ministry of Commerce and Industry.	Strong
Patents	The Kuwait Patent Office stopped accepting application in April 2016, and instructed interested parties to seek protection through the GCC Patent Office in Riyadh, Saudi Arabia.	Strong
Copyright	Can be protected by the Ministry of Information	Weak as the new law does not appear to comply fully with WTO and TRIPS standards.

The IPR enforcement regime has notably improved in the past year:

- The Ministry of Information (MOI) conducted raids and seized pirated goods, such as DVDs. In addition, it continued blocking Internet domains that allow downloads of pirated copyrighted materials and websites that sell counterfeit goods. In 2016, MOI reported seizing more than 143,000 units of DVDs and other A/V materials (down from 146,000), and referred 291 cases for prosecution (up from 276 cases).
- The Criminal Investigations Department (CID) established a specialized IPR unit to combat counterfeit goods. Brand owners are able to bring complaints directly to this unit for action, usually resulting in seizures of counterfeit goods.
- Ministry of Commerce and Industry (MOCI) resumed raids and seizures under the direction of the Assistant Undersecretary of Trade Control. However, MOCI still failed to target suppliers and sources of counterfeit goods, focusing its efforts on small retail shops instead.
- General Administration of Customs (KGAC) officials improved enforcement in part due to their close collaboration with U.S. Customs and Border Protection (CBP). KGAC leadership, however, only reluctantly supported IPR enforcement, while contending it should not be a Customs responsibility.

Overall, IPR enforcement has improved but the lack of cooperation amongst the relevant authorities in combating the counterfeit goods remains an issue.

New IP laws and treaties enacted during 2015 - 2016:

- GCC Trademark Law in 2015
- Copyright and Related Rights Law in 2016
- Kuwait became a member of the Patent Cooperation Treaty (PCT) in 2016. Now that all GCC countries are members of the PCT, the GCC Patent Office has the opportunity to join and thereafter to oversee the PCT.

The only pending IPR bill is the implementing regulations of the amended copyright law that are expected to be issued by May 2017.

For additional information about treaty obligations and points of contact at local IP offices, please see [WIPO's country profiles](#).

Resources for Rights Holders

Intellectual Property Attaché for the Middle East & North Africa
U.S. Embassy Kuwait
Tel: +965 2259 1455
Embassy point of contact: KuwaitDirectLine@state.gov

[American Business Council Kuwait](#)
[Embassy list of local lawyers](#)

Financial Sector

Capital Markets and Portfolio Investment

Foreign financial investment firms operating in Kuwait characterize the government's attitude toward foreign portfolio investment as welcoming. An effective regulatory system exists to encourage and facilitate portfolio investment. Currently the new privatized bourse includes 179 companies. Existing policies and infrastructure facilitate the free flow of financial resources into the capital market. Government bodies comply with guidelines outlined by IMF Article VIII and refrain from restrictions on payments and transfers for current international transactions. The debt market is not developed in Kuwait; however, banks have the capacity to fulfill this function.

Financial investment firms characterize government authorities as slow, particularly in comparison to regional players perceived to be more active in encouraging foreign portfolio investment. The CMA in November 2015 issued a regulation on portfolio management, but it does not cover foreign investments.

Credit is allocated on market terms. Foreign investors are able to obtain credit on the local market on terms determined by the foreign investor's collateral level and the intended use of the financing. The private sector has access to a variety of credit instruments.

Money and Banking System

In December 2016, the Central Bank of Kuwait (CBK) reported the total assets for the banking sector equaled KD 60.4 billion (USD 198 billion). Twenty-three banks operate in Kuwait: five conventional local banks, five Islamic banks, 12 foreign banks, and one specialized bank. Conventional banks include: market-leader National Bank of Kuwait, Commercial Bank of Kuwait, Gulf Bank, Al-Ahli Bank of Kuwait, and Burgan Bank. Sharia-compliant banks include Kuwait Finance House, Boubyan Bank, Kuwait International Bank, Al-Ahli United Bank, and Warba Bank. The foreign banks are BNP Paribas, HSBC, Citibank, National Bank of Abu Dhabi,

Qatar National Bank, Doha Bank, Dubai-based Mashreq Bank, the Bank of Muscat, Riyadh-based Al Rajhi Bank (the largest Sharia-compliant bank in the world), the Bank of Bahrain and Kuwait (BBK), the Industrial and Commercial Bank of China (ICBC), and Union National Bank. The government-owned Industrial Bank of Kuwait provides medium- and long-term financing to industrial companies and Kuwaiti citizens through customized financing packages.

Following the global financial crisis in 2008 when large losses affected confidence in the local banking sector, the Council of Ministers and the National Assembly legislated to guarantee deposits at local banks to rebuild confidence.

In March 2013, the CBK announced that foreign banks would be able to open multiple branches on a case-by-case basis. The CBK approved and Al-Rajhi Bank opened its second branch in 2017. Qatar National Bank received CBK's approval in 2014 but has not opened a second branch. Existing rules also allow foreign lenders to open representative offices. Kuwaiti law restricts foreign banks from offering investment banking services. Foreign banks can offer retail services. Foreign banks are also subject to a maximum credit concentration equivalent to less than half the limit of the largest local bank, and are prohibited from directing clients to borrow from external branches of their bank.

In April 2013, the National Assembly passed a law requiring banks to write off interest on personal and consumer loans for Kuwaiti citizens, and to reschedule the principal debt over a minimum of 10 years, in exchange for government deposits. Under the law, both government and parliament reached a settlement to refer borrowers to the Family Support Fund, a public debt-relief program that allowed the government to purchase outstanding loans acquired by Kuwaiti citizens prior to June 2013. Media reported that by January 2017, the program had helped to relieve more than 18,134 borrowers resulting in KD 394 million (USD 1.29 billion) in restructured loans.

Foreign Exchange and Remittances

Foreign Exchange

The Kuwaiti dinar has been linked to an undisclosed basket of major world currencies since May 2007. The only restriction on current or capital account transactions is all foreign exchange purchases must process through a bank or licensed foreign exchange dealer. Equity, loan capital, interest, dividends, profits, royalties, fees, and personal savings can be transferred in or out of Kuwait without hindrance. The FDI law permits investors to transfer all or part of their investment to another foreign or domestic investor, including cash transfers.

Remittance Policies

Kuwait imposes no foreign exchange restrictions on remittances for investments. Nevertheless, each investee must ensure compliance with the AML policies of the CBK if making direct investments or dealing with counterparties. Time limitations or wait periods do not apply to remittances. No restrictions exist on the inflow or outflow of funds for remittances of profits or revenue, and foreign investors may

remit through a legal parallel market, including one utilizing convertible, negotiable instruments. Kuwait is not known to engage in currency manipulation tactics. The CBK advises buy, sell, and middle rates on a daily basis. In February 2015, Financial Action Task Force removed Kuwait from FATF's list of jurisdictions that require monitoring for AML/CFT compliance.

Sovereign Wealth Funds

The Kuwait Investment Authority (KIA) manages the Kuwait General Reserve Fund and the Kuwait Fund for Future Generations. In March 2012, the Amir enacted a budgetary decree to increase the portion of state oil revenues allocated to the Future Generations Fund from 10 percent to 25 percent. Given the sharp decline in oil prices since 2014, however, this figure was cut back to 10 percent since the state's FY 2015/2016 budget. KIA's management reports to a Board of Directors appointed by the Council of Ministers. The Minister of Finance chairs the Board; other members includes the Minister of Oil, the Central Bank Governor, the Undersecretary of the Ministry of Finance, and five representatives from Kuwait's private sector (three of whom are not allowed to hold any other public office).

An internal audit office reports directly to the Board of Directors and an external audit auditor, the State Audit Bureau audits continuously and reports annually to the National Assembly.

The 1982 law establishing the KIA prohibits it from publicly disclosing the size of its holdings and its asset allocations. KIA holds closed-door presentations on the full details of all funds under its management, including its strategic asset allocation, benchmarks, and rates of return, for the Council of Ministers and the National Assembly. The Sovereign Wealth Fund Institute estimated that KIA manages the world's fourth largest sovereign fund with over USD 592 billion in assets (June 2016).

State-Owned Enterprises

Kuwait has few fully state-owned enterprises (SOEs) outside the oil sector, with the exception of Kuwait Airways. No published list of SOEs exists. The government owns shares in Kuwaiti shareholding companies across the spectrum of the economy, through either KIA or Kuwait's Public Institution for Social Security. Its stake in such companies varies from 24 percent to 100 percent.

SOEs benefit from tax exemptions and a 10 percent preference on national products in tendered projects. SOEs, furthermore, have independent budgets and are not subject to the same market constraints facing private companies. However, the State Audit Bureau and National Assembly oversee the SOEs' application of strict government tendering rules.

Privatization Program

The National Assembly has passed several privatization laws in the past eight years. The laws stipulated that privatizing any public service would begin with a transition

to a public shareholding company. Under the law, 40 percent of any such company's shares will be sold to citizens in an initial public offering, while 20 percent of the shares will be held by the government, and five percent will be distributed to current and former Kuwaiti employees. The remaining 35 percent will be sold at an auction to a local or foreign investor. Kuwaiti employees will have the right to retain their jobs in the privatized service for at least five years with the same salary and benefits.

Kuwait privatized its stock exchange in April 2016. The Kuwait Stock Exchange (KSE) is the fourth largest in the GCC (after Saudi Arabia, UAE's combined stock markets, and Qatar), with a market capitalization of KD 28 billion (USD 92 billion) as of February 2017, up by 15.6 percent in the past year.

Kuwait has proposed privatizing the management and operations of their air and sea ports.

The last reported privatization plan of Kuwait Airways (KAC) was to retain 75 percent state ownership, sell 20 percent to Kuwaiti citizens, and transfer 5 percent to current and retired employees, excluding potential investors. The Ministry of Planning and Development is to submit revised privatization plan in 2017.

Kuwait's telecom sector is the largest source of revenue after the oil sector. Three private mobile telephone companies provide services with the government maintaining significant minority interests in all, and foreign companies own the majority stakes in two. In April 2014, the National Assembly passed legislation creating the independent Communication and Information Technology Regulatory Authority (CITRA) to liberalize markets in the mobile communications and Internet industries, and privatize some elements of the telecom market now handled by the Ministry of Communication (MOC), such as fixed telephone lines. CITRA officially commenced its duties in February 2016, by taking on some responsibilities of the MOC and receiving applications to hire specialized staff.

Responsible Business Conduct

Kuwait has a general awareness of expectations for responsible business conduct (RBC), including environmental, social, and governance issues. No specific government program is in place to require or encourage compliance.

The FDI law obligates the investor "not to violate the laws and regulations applicable in the country, especially the duty to protect the environment and regulations relating to security, public health, public order and not to expose others to risk."

One aspect of responsible business conduct (RBC) in Kuwait is largely manifested through contributions to local charities and causes. For example, Zain, the leading telecommunication company in Kuwait, was awarded the Gold Award for Excellence

in Corporate Social Responsibility from the Arab Organization for Social Responsibility in Dubai for the third year.

The Kuwait Environment Protection Authority has been active in enforcing compliance and actively addressing environmental violations.

Corruption

The often-lengthy procurement process in Kuwait occasionally results in accusations of attempted bribery or the offering of other inducements by bidders. Corruption is criminalized, and several investigations and trials involving current or former government officials accused of malfeasance are underway. In 1996, the government passed Law No. 25, which requires all companies securing contracts with the government valued at KD 100,000 (USD 328,000) or more to report all payments made to Kuwaiti agents or advisors while securing the contract. The law similarly requires entities and individuals to report any payments they received as compensation for securing government contracts.

In January 2016, the National Assembly passed legislation to establish the Anti-Corruption Authority (ACA). The ACA recently sent several individuals' cases to the Public Prosecution Office for their failure to comply with financial disclosure requirements.

Transparency International's 2016 Corruption Perceptions Index (CPI) ranked Kuwait 75 out of 176 countries, making it last within the Gulf Cooperation Council after UAE, Qatar, Saudi Arabia, Oman, and Bahrain. Kuwait's CPI score of 41 (out of 100) indicates it has a "serious corruption problem," according to Transparency International.

Kuwait signed the UN Anticorruption Convention in 2003 and ratified it in 2007.

Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:

Mr. Abdulrahman Al-Namash

President

Kuwait Anti-Corruption Authority

Shamia, Block 2, Opposite Wahran Park, Kuwait City, Kuwait

Tel: +965 2464-0200

Political and Security Environment

Isolated acts of terrorism have, during the past three years, targeted religious shrines, security forces, and American service members. None of the attacks specifically targeted businesses or infrastructure. Since late 2013, Kuwait has seen no large-scale, politically motivated demonstrations. American citizens are encouraged to remain in contact with the Embassy for up-to-date information. The

Department of State shares credible threat information through its Consular Information Program documents, including Travel Warnings, Travel Alerts, Country Specific Information, and Emergency and Security Messages. Kuwait specific information is available at the [U.S. Passport and International Travel website](#).

Labor Policies and Practices

Kuwait has a diverse labor force. According to the Public Authority for Civil Information (PACI), 2.24 million expatriate laborers account for approximately 51 percent of the total population (4.4 million) and approximately 84 percent of the total workforce (2.67 million) (as of December 2016: [the Public Authority for Civil Information](#) website). Kuwaiti nationals occupy most of the top management positions in the private and public sectors. Unemployment among Kuwaitis is about 3.3 percent, but is rising because of a growing influx of young Kuwaitis into the labor force. The new entrants are reluctant to enter the private sector and cannot easily be absorbed by the government, where underemployment remains a serious problem. Of approximately 432,500 Kuwaiti nationals in the workforce, 79 percent (~343,340) work in the public sector.

A number of white-collar workers from OECD countries occupy primarily high-skilled positions and many middle management positions are occupied by Egyptian, Lebanese, and South Asian nationals. The vast majority of expatriate workers are low-paid laborers from other Middle Eastern countries, South Asia, and the Philippines. Abuse of the sponsorship system is widespread, especially in the area of visa trafficking.

Since 1991, the government has adopted inconsistent policies intended to limit growth of the resident expatriate population. Lower-paid, unskilled workers often suffer unfavorable working conditions. The government has a labor tracking system to allow companies only enough work permits to be issued for pre-verified positions. The tracking system is designed to protect workers, following years of visa fraud whereby a Kuwaiti could create “ghost” positions and sell the visa for personal profit. The consequence of the fraud was the importation of workers who then found themselves unemployed. These workers often remained in country illegally, working “under the table.” Unskilled foreign workers are restricted from transferring from one sponsor to another within the private sector for a minimum of two years, but college graduates may transfer after one year. The government also levies fees on expatriate workers and their families to raise the cost of employing foreign workers.

Kuwaiti workers have the right to organize and bargain collectively, but Kuwaiti law restricts the right of freedom of association to only one union per occupational trade. The law permits only one federation, the Kuwait Trade Union Federation, which comprises 15 of the 47 licensed unions. Foreign workers are permitted by law to join unions only as non-voting members after five years of work in the particular sector the union represents. Private sector workers have the right to strike; however, negotiation and arbitration are compulsory in the case of disputes. Although public

sector workers do not have the legal right to strike, several such strikes have occurred in the past four years. Kuwaiti labor law prohibits anti-union discrimination.

Separate Kuwaiti labor laws establish work conditions in the public and private sectors, with the exception of the oil sector. Law prohibits forced labor. Workers in industrial and dangerous jobs must be at least 18 years old; youth under the age of 18 can work part-time in some non-industrial positions. A two-tiered labor market ensures higher wages for Kuwaiti employees. In the private sector, the minimum wage is KD 60 (USD 197) per month. In the public sector, the minimum wage is KD 250 (USD 820) per month for Kuwaiti bachelors and KD 325 (USD 1,066) per month for married Kuwaitis, plus KD 50 (USD 164) for each child, compared to a standard monthly minimum wage of KD 90 (USD 295) for non-Kuwaitis in the public sector. Kuwaitis employed in both the private and public sectors receive substantial government subsidies on top of their base salaries. The amended labor law of February 2010 did not change the previous workweek limitation from 48 hours, but extended annual leave to 30 days after six months of employment. However, the law is not consistently enforced and disputes over the payment of salaries and contract switching are common, especially among unskilled workers. The labor laws do not apply to domestic (household) workers.

The International Labor Organization's (ILO) Committee of Experts has reiterated its longstanding criticisms of the discrepancies between the Kuwaiti Labor Code and ILO Conventions 1, 30, and 87 regarding work hours and freedom of association. Areas criticized by the ILO include the prohibition of more than one trade union for a given field; the requirement that a new union have at least 100 workers; the regulation that workers must reside in Kuwait for five years before joining a trade union; the denial of the right to vote and to be elected for foreign trade unions; the prohibition against trade unions engaging in any political or religious activity; and the reversion of trade union assets to MOSAL in the event of dissolution.

The State Department's annual Trafficking in Persons Report highlighted the vulnerability of domestic workers to exploitation. During recent years, the Government of Kuwait has taken several measures to address human trafficking and to improve protections for domestic workers. In June 2016, the government passed several new amendments to the 2010 law that increased penalties for those involved in visa trading and illegally employing workers. In July 2016, the government implemented a new labor law for household domestic workers that provided several new protections to include a minimum wage of KD 60 (USD 197); implementation of a formal grievance process; a workday limited to twelve hours with required rest periods; and increased regulations applied to domestic labor recruiting agencies.

Since 2007, labor laws have banned women from working between 8:00 p.m. and 7:00 a.m., except for sectors approved by MOSAL. The law also banned women from working in jobs that are judged to be hazardous, rough, and damaging to health, as

well as in “immoral jobs that abuse women’s femininity,” and in places that exclusively serve men.

OPIC

Kuwait and the United States concluded an investment guarantee agreement in 1989, which facilitated the extension of programs from the Overseas Private Investment Corporation (OPIC). In 2015, there were no active OPIC programs in Kuwait. Kuwait is also a member of the Multilateral Investment Guarantee Agency (MIGA).

Foreign Direct Investment and Foreign Portfolio Investment Statistics

According to the 2016 World Investment Report published by the United Nations Conference on Trade and Development (UNCTAD), Kuwait attracted USD 293 million in FDI in 2015, compared with FDI outflows of USD 5.4 billion.

According to the U.S. Department of Commerce Bureau of Economic Analysis (BEA), 2015 U.S. direct investment in Kuwait was USD 293 million, down from USD 391 million in 2014. Kuwait’s FDI position in the United States totaled USD 1.1 billion in 2015, up 3.7 percent from the previous year. (NOTE: The Commerce Department’s technical definition of “foreign direct investment” may account for the modesty of its cited figure. Embassy Kuwait City estimates Kuwaiti parastatals and individuals invest \$500 billion to \$1 trillion in U.S. assets ranging from securities to small-and-medium enterprise special placements to “green field” real estate development.) Kuwaiti direct investment in the United States is primarily in real estate and rental and leasing. Three announcements made late in 2016 are indicative: Rasameel Investment House acquired a USD 41 million multi-family residential property, KFH Capital Investment Company paid USD 165 million for a Newark tower that houses Panasonic Corp. of North America’s headquarters, and KAMCO successfully acquired GE’s Global Operation Center building in Ohio.

Table 2: Key Macroeconomic Data, U.S. FDI in Kuwait

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	KD 34,315 USD 112,553	2015	USD 114,041	http://www.cbk.gov.kw/en/statistics-and-publication/publications/economic-reports.jsp http://data.worldbank.org/indicator/NY.GDP.MKTP.CD

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2015	N/A	2015	USD 293	https://bea.gov/international/factsheet/factsheet.cfm?Area=506
Host country's FDI in the United States (\$M USD, stock positions)	2015	N/A	2015	USD 1,112	https://bea.gov/international/factsheet/factsheet.cfm?Area=506
Total inbound stock of FDI as % host GDP	2015	N/A	2015	0.0026	

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	14,604	100%	Total Outward	31,577	100%
Qatar	4,432	30%	Saudi Arabia	4,673	15%
Bahrain	1,016	7%	Cayman Islands	3,987	13%
United Arab Emirates	617	4%	Iraq	3,559	11%
Saudi Arabia	615	4%	Bahrain	3,491	11%
Oman	480	3%	Turkey	1,947	6%

"0" reflects amounts rounded to +/- USD 500,000.

Source: [IMF Coordinated Direct Investment Survey](#)

Host country data are not made publicly available.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	16,103	100%	All Countries	10,801	100%	All Countries	5,302	100%
Bahrain	3,999	25%	Bahrain	3,625	34%	United Arab Emirates	1,384	26%
United Arab Emirates	2,770	17%	United Arab Emirates	1,386	13%	United States	839	16%
United States	2,064	13%	Saudi Arabia	1,278	12%	Qatar	754	14%
Saudi Arabia	1,278	8%	United States	1,225	11%	Malaysia	399	8%
Cayman Islands	642	4%	Cayman Islands	642	6%	Bahrain	374	5%

Source: [IMF Coordinated Portfolio Investment Survey](#)

Host country data are not made publicly available.

Contact Information

Economic Section
 U.S. Embassy Kuwait
 P.O. Box 77
 Safat 13001
 Kuwait
 +965 2259 1001
KuwaitDirectLine@state.gov

Trade & Project 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 (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 Citigroup, 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

Citigroup is one of ten international banks currently maintaining operations inside 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.

Project Financing

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](#)

Business Travel

Business Customs

Business and account executives should generally have minimal 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 critical. With government officials, appointments will often 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 especially 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. Many decision-makers travel out of Kuwait in July and August. During the holy month of Ramadan, business is very slow and decisions and appointments are often delayed until after the month. Ramadan is May 27–June 25, 2017. 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](http://Travel.State.gov) or on the [U.S. Embassy in Kuwait website](http://U.S.EmbassyinKuwait.gov).

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. 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 the Embassy of Kuwait at 2940 Tilden St., N.W., Washington, D.C. 20008, Telephone (202) 966-0702, or the Kuwaiti Consulate in New York City, Telephone (212) 973-4318.

For entry and exit requirements pertaining to dual nationality and the prevention of international child abduction, please find information at the [International Parental Child Abduction website](#).

For Customs Information, please see the [U.S. Passports & International Travel website](#).

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](#)
- [U.S. Embassy Kuwait Consular Section](#)

Currency

Kuwaiti Dinar (KD) is the official currency of the country. One KD is approximately \$ 3.29.

Telecommunications/Electric

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 3 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. International hotels typically have adapter plugs that allow for both the local and the U.S. plug to be used.

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, excessive 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, and business-friendly 4-star hotels, are popular with travelers. As of 2016, 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. The Kuwaiti government heavily subsidizes water and electricity; consumers are charged 0.800 KD (\$2.80) for 1,000 imperial gallons of water and 0.002 KD (\$0.007) per kilowatt-hour of electricity. In more upscale accommodations, water and utility costs are included in the rental price. In 2017-2018, electricity and water tariffs are scheduled to increase in order to reduce consumption and encourage conservation.

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 immediately following Ramadan and 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 encounter few health problems. They 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.

Government Offices: Summer: 07:00-14:00 Sunday-Thursday
Winter: 07:30-14:30 Sunday-Thursday
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 workweek is from Sunday to Thursday. If a holiday falls on Monday in the United States, the embassy will generally celebrate it on Sunday. For more information on 2017 holidays, please contact us. The Embassy is closed on the below dates.

HOLIDAY	DATE
New Year's Day	1 January 2017
Kuwait National Day	25 February 2017
Kuwait Liberation Day	26 February 2017
Ascension Day of the Prophet Mohammed	27 April 2017
Eid Al-Fitr (conclusion of Ramadan)	25-27 June 2017 (*)
Eid Al-Adha (conclusion of the Hajj)	31 August and 4 September 2017 (*)
Islamic New Year	21 September 2017
Birthday of Prophet Mohammed	30 November 2017

* Subject to the Islamic calendar. Holiday dates subject to change

The U.S. Embassy in Kuwait also observes the following holidays in country: Martin Luther King Jr.'s Birthday (15 January); President's Day (19 February); Memorial Day (28 May); Independence Day (4 July); Labor Day (3 September); Columbus Day (08 October); Veteran's Day (12 November); Thanksgiving (23 November) and Christmas (25 December). The Embassy will be closed on these holidays.

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 being 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 toughest with the hottest temperatures.

Web Resources

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