



Doing Business in Kuwait: A Country Commercial Guide for U.S. Companies 2008-09

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business In Kuwait](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business In Kuwait

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

MARKET OVERVIEW

[RETURN TO TOP](#)

Kuwait is situated in the northwestern corner of the Arabian Peninsula, at the head of the Arabian Gulf. Kuwait is bordered to the north and west by Iraq, to the south and west by Saudi Arabia and to the east by the Gulf, a most strategic position in this vital region. Kuwait is a Member State of the six-nation Gulf Cooperation Council (GCC). Kuwait has an economy dominated by the oil industry and government sector. Crude oil reserves have been estimated at 98 billion barrels--10% of world reserves--accounting for nearly half of GDP, 95% of export revenues, and 80% of government income. Kuwait is currently benefiting from the dramatic rise in oil prices, which Kuwait actively promotes through its membership in the Organization of Petroleum Exporting Countries (OPEC). Given its single natural resource, Kuwait's industries are dominated by oil refining and downstream petrochemical processing. The non-petroleum related manufacturing and agriculture sectors are limited, consisting of several large export-oriented petrochemical units, oil refineries, a switch gear manufacturer for power sub stations, and factories for building material, furniture, and food packaging. The Kuwaiti government is currently negotiating the Trade and Investment Framework (TIFA) agreement with the U.S. as a means to attract additional foreign investment to Kuwait and to diversify the country's economy.

The 2003 ouster of Saddam Hussein in Iraq stimulated local confidence over Kuwait's security. Consequently private development projects abound. Dozens of new shopping malls, residential buildings, private health clinics, schools, and office complexes are under way. Unlike Kuwait's Gulf neighbors, government funded major projects move slowly and are few in number. Kuwait traditionally under-spends its budget and is approximately 4-10 years behind in building electrical power plants and oil refineries. Similarly privatization is slow. About 95% of employed Kuwaitis get their salaries from the government and over 90% of private work force is non-Kuwait. About one-third of its 3.3 million residents are Kuwaiti nationals. The other 2 million residents hail from more than 80 countries.

Kuwait imports most capital equipment, food, and consumer goods. Two-way trade concentrates on a few partners. Sales to the U.S, Japan and Korea account for over 40% of Kuwait's export earnings. Likewise a high percentage of imports come from the U.S., Germany and Japan. The U.S. remains a leading trading and strategic partner with the Kuwait. With high oil prices and the second highest per capita income in the Arabian Gulf at over \$42,000 per year, Kuwait's imports from the U.S. should continue to grow, as they have over the past 5 years. In 2007 Kuwait's non- military imports from

the U.S. totaled over 2.3 billion dollars. Kuwaitis frequently travel. Many have studied in the U.S, and they generally like U.S. goods, technology, and culture. Americans and their products receive one of the warmest welcomes in the Middle East in this small economic powerhouse. Kuwaitis are extremely price-conscious and are avid shoppers and consumers. The low U.S. dollar and expensive Euro make high-end American exports competitive. Chinese goods increasingly dominate low-end imports. The Indian subcontinent also supplies inexpensive goods and labor.

Kuwait's economy grew significantly in 2007 as a result of record high crude oil prices. National Bank of Kuwait (NBK) GDP estimates appear to be USD 113 billion for 2007 Standard Chartered Bank reports the country's nominal GDP at nearly USD 102 billion. Kuwait's current production capacity is estimated to be 2.5-million b/d. Kuwait hope to increase its production capacity to 4 million b/d by 2010 and 5 million b/d by 2020. Kuwait imports almost all capital equipment, agricultural commodities, processed foods, manufacturing equipment and consumer goods.

Automobiles and automotive parts account for approximately 1/4 of the non-weapon United States exports to Kuwait in 2007. Oil and gas field equipment, telecommunications and IT equipment, electric generator sets, medical equipment, building materials and supplies, and electronics were also leading export sectors for U.S. firms.

Analysts from the U.S. Energy Information Authority report that Kuwait Oil Company estimates that it will need to spend around \$27.6 billion for domestic upstream oil development to meet its intended 2020 goals. About 94% of employed Kuwaitis receive their salary from the government, and over 90 percent of private sector non-Kuwaiti citizens take up employment. Wages account for 28 percent of the country's overall expenditure. The current health of the Kuwaiti economy and the USD billions in surplus being seen in the public accounts makes 2007 a critical juncture for the State of Kuwait to move forward on its ambitious infrastructure and development programs.

For the USEIA full report on Kuwait visit:
<http://www.eia.doe.gov/emeu/cabs/Kuwait/Full.html>

MARKET CHALLENGES

[Return to top](#)

The State of Kuwait is a complex market that requires flexibility, patience, and persistence. Many U.S. exporters and investors face the same 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 Nationals. 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 the GCC Member States. Kuwait, however, stands out because it is an expensive place to do business. High tax on imports, need for a Kuwait owner even for entities like schools, reluctance to share in income generation such as oil exploration, and the Kuwaiti aversion to assume risk have resulted in slow progress. In some sectors there is a cartel that sets prices that ignores supply and demand. For instance, 5 star hotels may be empty in Kuwait, but the cartel still charges over \$300 for a room. In the past

uncertainty about taxes due have been a major deterrent to exporters, and hidden costs of delayed contracts and prolonged negotiations have made the cost of doing business in Kuwait high. Terms and conditions on tenders can be onerous, and generally Kuwait contracts do not permit international arbitration in case of disputes.

MARKET OPPORTUNITIES

[Return to top](#)

The State of Kuwait is undergoing significant expansion in the building and construction industry. The Government of Kuwait is currently involved in an ambitious building program that includes the construction of major roadways, a new container terminal and infrastructure to support northward bound transportation. Private construction and project development, like in other GCC urban centers, is rapidly moving forward.

The traditional export sectors of automotive, oil and gas, computers/ITC, telecommunications equipment and construction equipment remain strong. The Education Ministry 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 on projects being spaced out over an extended period of time. These projects include a multi-billion dollar investment in homeland security infrastructure, a proposed up to USD 10 billion expansion in needed electricity generation capacity, investment in environment cleanup projects and continued expansion in the lucrative logistics market serving U.S. military forces in the Middle East theater of operations. There are a few major infrastructure projects that are in process and the private sector is booming. Automobiles, auto parts and accessories account for 1/4 of the USD 2.3 billion in annual American exports. American made high-end medical equipment has great promise, as private clinics and hospitals proliferate. Oil and gas field equipment, electric generator sets, building materials and supplies, aircraft and parts, and information technology are also leading American export sectors. Some new commercial, residential, and hotel complexes utilize modern architecture combining the best of the west and traditional Arab styles. The Commercial Service in Kuwait organizes delegations to American trade shows in these key sectors. The U.S. is a preferred destination for university study and medical treatment. The U.S. Embassy's Commercial Service also supports food, medical, aviation, defense, oil and gas, and environmental shows in the GCC region, in addition to organizing incoming exporters delegations and buyers' delegations to trade shows featuring U.S. Single Company Promotions.

In short, Kuwait is a wealthy country with sharp business people in the private sector. Many 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[Return to top](#)

The GCC has a 5% flat rate tax on imports. In the past, Kuwait corporate income taxes ranged from 15-55%. These were recently brought under control and set at 15%. However, these changes to the law are not scheduled to come into effect until late 2008. 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 company and products. To avoid takes some companies find having a Kuwait partner rather than an agent a good tactic, to avoid huge tax bills. 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 and/or business partner. If U.S. companies seek this type of business relationship and understand that the best representatives are those who are already active in their particular sector and have cultivated contacts; the Commercial Service in Kuwait has a number of programs and services to assist them in establishing a presence in this rapidly growing market. We highly discourage against entry into the Kuwait market without the assistance of competent legal counsel in Kuwait and discussing their tax liability with a competent accounting firm. It is highly recommended that both reside in Kuwait. To that end, the Commercial Service in Kuwait employs experienced Commercial Specialists with industry sector expertise that can tailor your business approach to the right audience, advise, and aid your company through the maze of bureaucratic procedures that are common in this part of the world. If you wish to learn more about potential for your business in Kuwait, please contact the U.S. Export Assistance Center (USEAC) in your state. Generally the 2008 USEACs listed in the blue federal pages of the phone directories are the best way for a new to Kuwait exporter to access their office.

In summary, selecting the appropriate agent who will work for you is the single most important step a U.S. exported can to in Kuwait. Getting competent local legal counsel to craft an agreement that protects is also key. The best local partners are these who share both the risk and profit with their American partners
http://www.buyusa.gov/kuwait/en/contact_kuwait.html.

The Embassy team is ready to assist and offer advocacy support on behalf of U.S. commercial interests in Kuwait.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 2: Political and Economic 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.

<http://www.state.gov/r/pa/ei/bgn/35876.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

USING AN AGENT OR DISTRIBUTOR

[Return to top](#)

Laws and Regulations

Commercial Law 36 of 1964, as amended by Commercial Law 68 of 1980, governs the establishing of a business or business relationship in the State of Kuwait. Under the above provisions, a foreign commercial entity may not establish a branch or may perform any commercial activities in the country except through a Kuwaiti agent. Foreign and U.S. firms seeking a presence in the Kuwait market may do so by utilizing commercial agents, distributors or service agents. Commercial agents promote products and/or services for a principal, negotiate, conclude, and carry out deals on behalf of the principal (within the scope and authorizations allowed the agent per the contractual agreement). A distributor promotes, imports, stocks and distributes the principal's goods and products. 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.

Common Practices

The U.S. Department of Commerce and the U.S. Foreign Commercial Service in Kuwait recommend that agency and/or distributor contracts should include information pertaining to the geographic sales/marketing territory to be covered by the agent/manufacturers representative or distributor. The contract should stipulate the products and services that the party will support and manage, an exact validity period of agreement, agent/distributor fee and commission structure, the choice of applicable law and any arbitration clauses, milestones and responsibilities of both parties as well as termination clauses. In addition the agreement must be crafted so 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, which may not apply to cases of termination for cause if the local agent is in breach of contractual obligations or the agent has not met performance goal.

ESTABLISHING AN OFFICE

[Return to top](#)

Any Kuwaiti or GCC national/citizen over the age of twenty-one may engage in commercial activity in Kuwait. Foreign companies may not engage in commercial activities 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). Foreign companies may not establish a branch or perform any commercial activity except through a local agent or manufacturer representative.

In order to establish a business in Kuwait, the Kuwaiti firm or joint venture needs to apply for a business license with the Ministry of Commerce and Industry. Application documents must be in Arabic. For special commercial activities such as telecommunications, health services, pharmaceuticals etc. the relevant ministry, department or regulatory agency may require other certificates and/or licenses.

Business enterprises may be established in several forms including Kuwait Shareholding Company (KSC), company with limited liability (WLL), and general partnerships. The cost and time required to register and open a business will vary due to company structure. Reputable Kuwait companies have a business license, registered with chamber of commerce and Industries.

FRANCHISING

[Return to top](#)

Kuwait is receptive to the franchise business model, although the food market is close to saturated. High per capita income, significant spending power, tax-free earnings, and an upwardly mobile population serve to underline the opportunity that exists in Kuwait.

Apart from food and service franchises, there is also high demand for quality education and training services. To respond to this need, the Government opened the door to foreign universities and colleges to establish branches in Kuwait. The government aims to develop a skilled and employable Kuwaiti private-sector work force, the opportunity for training and skills development suppliers cannot be over emphasized.

DIRECT MARKETING

[Return to top](#)

Direct marketing is limited in Kuwait. Most direct marketing campaigns using print and catalogue media are European and U.S. enterprises. Women's fashion catalogues

including Quelle and Otto of Germany, Freeman (USA) and IKEA home furnishings offer catalogs to their regular shoppers and customers. Larger companies rely on newspaper inserts, mass mailing or Internet mass mailing campaigns in order to promote the latest product or sales occurring. Most fast food franchises engage in flyer distribution direct to homes.

JOINT VENTURES/LICENSING

[Return to top](#)

Foreign businesses are offered several incentives to establish joint ventures with Kuwaiti firms, including partial relief from Kuwaiti corporate taxes. Foreign corporate tax 0-55% should be reduced to 15% hopefully by late 2008. Given that all government procurement must be conducted with Kuwaiti citizens or firms and given that only Kuwaiti companies may be licensed in Kuwait, the joint venture model is a good vehicle to enter and maintain a long-term presence in Kuwait.

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

[Return to top](#)

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 tenders in the oil sector that are valued at more than US \$18,000 (KD 5,000). 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 KD 100,000 (US \$380,000) or more are subject to Kuwait Law No. 25 of 1996, which requires contractors/agents to disclose and report all payments made, received or will be made or received when securing a contract.

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

Many companies add 10-15% onto the cost to mitigate the risk of projects and the losing performance bond. **Foreign companies cannot sell directly to the Government nor participate in public tenders except through a local agent.** In the oil sector, for instance, supplying companies need 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.

DISTRIBUTION AND SALES CHANNELS

[RETURN TO TOP](#)

Marketing of most foreign products in Kuwait is through local agents and/or distributors. Depending on the location, type of product and after market support that may be required, most U.S. companies will work through an agent or representative who would

have access to a distribution network and have 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. interests in Kuwait, please contact any of Commercial Industry Specialists located at the U.S. Embassy in Kuwait

http://www.buyusa.gov/kuwait/en/contact_kuwait.html.

SELLING FACTORS/TECHNIQUES

[RETURN TO TOP](#)

Once an U.S. firm appoints a manufacturer's representative or agent, he expects, and should, receive the principal's full support with respect to literature, technical information and advertisement materials. Possible public sector buyers and potential private sector importers should receive company/product catalogs and other literature clearly displaying the name and address of the local representative/distributor. A common and highly effective support practice is to invite the representative/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 contact in Kuwait cannot be overemphasized. U.S. exporters often fail to win or keep contracts in Kuwait because they fail to listen to or get to know their customer well enough.

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

Marketing schemes vary and include offering commercial discounts, sales, free service for equipment purchased over a limited offer period, give-aways, warranties, trade-in opportunity 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 of the Ministry of Commerce and Industry.

Exhibitions in Kuwait are local and regional in nature. They are less well attended than those in Bahrain, Jordan or UAE. The support of a local representative or agent will go a long way in establishing a presence for the U.S partner. Participating along side your representative makes good business sense. For additional information on the Kuwait International Fair, please refer to: <http://www.kif.net>

ELECTRONIC COMMERCE

[RETURN TO TOP](#)

Kuwait has over 200,000 Internet users. However, E-commerce remains predominately limited to on-line banking and financial brokering services. As it stands today, most Kuwaiti companies do not conduct on-line business-to-business or business-to-consumer transactions.

The Government of Kuwait has yet to implement the plans for E-Government. An electronic signature law, based on the United Nations Commission on International Trade Law (UNCITRAL) Laws on Electronic Commerce, still awaits legislative action.

TRADE PROMOTION AND ADVERTISING

[RETURN TO TOP](#)

Exhibitions

The Kuwait International Fair (KIF) holds several national and regional exhibitions annually. Though primarily local events, the KIF allows attendees an opportunity to meet with local sales agents and account executives. In addition to exhibitions in Kuwait, the Embassy of the United States organizes several international buyer delegations to major U.S. trade events each year. These include, but are not limited to, the Builders' Show, the World of Concrete, Auto Show and the Offshore Technology Conference, APTO Transportation show, and NXTCOM. CS Kuwait will take a delegation Kuwait to the successful annual Med Equipment show in Dubai in January 2009. About 23 Kuwait companies attended the show in 2008. Delegation information will be made available on the Commercial Service Kuwait Web site at www.buyusa.gov/kuwait/en.

ADVERTISING AND IN-COUNTRY PROMOTION

Marketing in Kuwait can be challenging. There are several local advertising agencies in Kuwait are familiar with and serve U.S. and international businesses. Newspaper advertising in Kuwait is a highly effective tool for communicating with the general public. Newspapers' share of the advertising market is approximately 40%. Billboards, signs and vehicle panels account for 30%. Advertising is also available on several FM radio stations (both Arabic and English speaking) and three state television channels. For franchise operators, direct marketing via mail circular or newspaper insert is very common. Vendors can also highlight their product on the SC Kuwait website.

A list of newspapers and advertising firms is available at the Commercial Service in Kuwait's website: http://www.buyusa.gov/kuwait/en/contact_kuwait.html

PRICING

[RETURN TO TOP](#)

As a key selling factor in Kuwait, payment installment plans and discounts are common marketing tools in this market. Until you know your client, we recommend cash advance or L/C.

Marketing schemes include commercial discounts, sales, free service for equipment purchased over a limited offer period, give-aways, warranties, trade-in opportunity and promotional events.

IMPORTS

Most products imported into Kuwait from a non-GCC member state will be assessed a duty of 5 percent. This will need to be included in any pricing calculation. There is no Value Added Tax.

In addition to the CIF price quotation plus import duty, U.S. exporters should be mindful of the Kuwaiti agent's commission (often between 5-15%), other transportation costs, and any installation costs and/or training that may be part of the agreed upon terms of delivery.

GOVERNMENT PROCUREMENT

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 though the bid price may be higher (within 10%), the local company is awarded the public contract.

SALES SERVICE/CUSTOMER SUPPORT

[RETURN TO TOP](#)

U.S. suppliers should identify local representatives/distributors with the necessary service and maintenance capability. Companies should include follow-on maintenance clauses if the products/equipment so requires.

Consumer warranties are often provided to products including electronic goods, white/brown appliances, vehicles, tires and a variety of consumer products. Warranties can range from 90 days to up to five years depending on the product. There are several independent service and repair centers in Kuwait. However, use of non-original equipment manufacturer components or maintenance procedures may take place.

After-sales service and customer support are especially critical in the automotive and white appliances industry. Automobile dealers offer a one-year or 15,000 mile warranty. White appliance dealers will offer either repair or replacement over a particular period. Some dealers will carry out repairs at end-users' location.

PROTECTING YOUR INTELLECTUAL PROPERTY

[RETURN TO TOP](#)

Kuwait was elevated to the Office of United States Trade Representative's (USTR) Special 301 Watch List in 2004 due to continued inability to resolve and address certain copyright infringement, and its inability to implement its copyright law effectively. Kuwait did not implement the 2002-work plan outlining steps to be taken to increase IPR enforcement and to implement that laws allowing for reach of the required milestones. Problems continue with Kuwait having the worst optical disc piracy rate in the region as well as software piracy.

In 2004, the Kuwait Customs authority established a special IPR unit and began taking some enforcement actions. Other Kuwaiti ministries, most notably the Ministry of Commerce and Industry and the Ministry of Information, began taking a more active role

in copyright enforcement. Software and video products are widely copied illegally in Kuwait.

Kuwait's patent and trademark legislation passed the National Assembly in December 2000 and took effect on 14 January 2001. The legislation was to make Kuwait compliant with the WTC's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The legislation affords protection of twenty years and extends coverage to include pharmaceuticals. Industrial designs and integrated circuits are afforded protection of between 10 to 15 years. Though legislation is in place, penalties are not deterring. Trademarks can be registered in Kuwait for ten years and renewed for additional ten-year increments indefinitely. If a trademark has not been used for a five-year period, an interested party can apply to the judiciary and have the trademark rescinded. Registration affords the owner exclusive rights to use the trademark, and third parties would be barred from the use of the trademark. Since trademark registration is linked to the Kuwaiti agent, the trademark would need to be re-registered when a mark holder signs a new agent or distributor. Today, Kuwait is considered to be a business-friendly environment, requiring proper study and the acquisition of sufficient knowledge of its unique intricacies.

A harmful element to Kuwait's IPR record is the issue of parallel imports. Countries hosting factories licensed to manufacture U.S. products outside the U.S. and in-turn exporting them to Kuwait. This often leads to extreme difficulty in determining counterfeit products. Today, Kuwait General Administration for Customs is vigilantly watching for such products and immediate action is taken to resolve disputes and identify parties involved. Because goods in Kuwait sell for 10-40% higher than in most neighboring GCC countries, many bring in U.S. goods manufactured in other countries that undersell those with licenses in Kuwait.

DUE DILIGENCE

[RETURN TO TOP](#)

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, please visit www.buyusa.gov/kuwait/en.

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

[RETURN TO TOP](#)

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. Kuwait also has internationally recognized accounting firms in country. A listing of specialized attorneys and accounting firms is available from the Commercial Service in Kuwait upon request by reviewing the list of attorneys at: www.buyusa.gov/kuwait/en.

WEB RESOURCES[RETURN TO TOP](#)

For additional information on entering the Kuwaiti market, or if you have specific questions pertaining to your product or market niche, please visit

www.buyusa.gov/kuwait/en

<http://kuwait.usembassy.gov>

www.e.gov.kw (Government of Kuwait)

www.kuwaitchamber.org.kw (Kuwait Chamber of Commerce)

www.kuwait.usembassy.gov (US Embassy in Kuwait)

www.kuwaitculture.com (Kuwait Culture Office in Washington).

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Oil Field Equipment and Services](#)
- [Building and Construction Equipment](#)
- [Automobiles, Light Trucks, Vans and Utility Vehicles](#)
- [Automotive Parts and Supplies](#)
- [Education and Training](#)
- [Medical and Surgical Equipment](#)
- [Homeland Security Infrastructure, Equipment and Services](#)
- [Environmental Technologies and Services](#)
- [Agricultural Sector](#)

OIL FIELD EQUIPMENT AND SERVICES

Overview

[Return to top](#)

	2005	2006	2007
Average Daily Oil Production	2.34 mln barrels	2.58 mln barrels	2.48 mln barrels
Average price per barrel, Kuwait Export Crude	\$32.62	\$45.7	\$57.6
Annual revenue from oil exports	\$25.6 billion	\$42.9 billion	\$50.2 billion

Kuwait is one of the larger oil suppliers within the OPEC consortium. Kuwait claims it accounts for approximately ten percent of global oil reserves and has a current production capacity of 2.7 million barrels per day. The Government of Kuwait is seeking to expand output to nearly 4 million barrels per day by 2010. It has aging and insufficient refineries. With the fourth refinery project in the works and plans to increase production in the Northern Fields, major international oil companies would like to play a greater role in the development of Kuwait's main natural resource. There is a role but until now Kuwait has been reluctant to share oil exportation with foreign oil companies.

U.S. oil companies, manufacturers, and suppliers of oilfield equipment have always experienced a highly receptive market for U.S. technologies, products, and services. Also of benefit to U.S. manufacturers and suppliers is that the Kuwait Oil Companies primarily use American Petroleum Institute standards in their requests for proposal.

Best Prospects/Services

[Return to top](#)

Best prospects in this sector include, but are not limited to, consulting services, engineering, procurement and contracting (EPC) services, refining technologies, environment consultants, control and instrumentation systems, and secondary recovery

systems. Shortly the Government of Kuwait will be looking at off shore oil production in shallow water. Kuwait has about 96.5 billion barrels of recoverable oil. A pipeline is also planned as well as other petrochemical production facilities noted in the engineering section of the best prospects list. Kuwait National Petroleum Oil Co.

Opportunities

[Return to top](#)

Various oilfield equipment to meet the needs of expanded production. Also needed are technology and know-how to expand Kuwait's current production by over 25 percent.

Resources

[Return to top](#)

The Offshore Technology Conference: <http://www.otcnet.org/2008/>
 Energy Information Administration: <http://www.eia.doe.gov/>
 United States Trade Representative: <http://www.ustr.gov/>
 U.S. Dept of Agriculture Regional Agricultural Trade Office (Dubai): <http://www.ustr.gov/>
 U.S. Patent & Trademark Office: <http://www.uspto.gov/>
 U.S. Department of Labor: <http://www.dol.gov/>
 U.S. International Trade Administration: <http://trade.gov/index.asp>

BUILDING AND CONSTRUCTION EQUIPMENT

Overview

[Return to top](#)

Kuwait has approximately twenty-five major civil and urban construction companies. Many of these firms apply U.S. building techniques and technologies in their projects and use U.S. building materials and equipment for private development projects ranging from resorts to hospitals. Whether new hospitals or resort areas, the United States continues to lead as a supplier of building materials and equipment to Kuwait. The primary building material used in Kuwait is concrete. Construction equipment and tools incorporating the latest in concrete construction techniques are in highest demand. The private sector currently is experiencing a construction boom, as is the case in other Gulf countries.

Best Prospects/Services

[Return to top](#)

Construction equipment to erect high rise multi-use structures, concrete construction equipment and technologies, building materials and supplies used in civil, commercial mixed-use, generators for construction site (10 KVA – 2500KVA) cranes (all terrain–used/new), and construction equipment spare parts.

Opportunities

[Return to top](#)

The Commercial Service in Kuwait is hosting a buyer delegation to International Builders' Show, World of Concrete and ConExpo. For additional information, please contact our CS Kuwait building materials specialist Xavier.Muthu@mail.doc.gov.

Resources

[Return to top](#)

For additional information, please contact our CS Kuwait building materials specialist Xavier.Muthu@mail.doc.gov

AUTOMOBILES, LIGHT TRUCKS, VANS AND UTILITY VEHICLES

Overview

[Return to top](#)

The State of Kuwait is a significant importer of new and used American automobiles. The low-cost of fuel and consumer preference feed the demand for new and large-sized automobiles. This country of 3.4 million people purchases between 50,000 and 70,000 cars per year. Of those, Kuwaiti consumers buy about 1,500 GM full-size Sports Utility Vehicles (SUV) s while other U.S., European and Japanese SUVs share the new and used car market. In addition to SUVs Kuwait is an excellent market for high-end luxury automobiles. With U.S. automobile exports valued at USD 540 million, this is the single largest niche for U.S. exporters in the Kuwait consumer market. According to automobile importers, the expected growth for next 2–3 year is about 35 percent. The penetration of U.S. vehicles is higher in Kuwait than in other GCC countries.

Best Prospects/Services

[Return to top](#)

Large sized SUVs with heavy-duty shock absorbers, transmission, cooling and air conditioning systems and tires to meet extreme temperatures and road conditions. Luxury automobile manufacturers will also find an excellent market in Kuwait. Given Kuwait's leading position in supply chain and logistics services to Iraq and Afghanistan, companies such as DaimlerChrysler (Mercedes and Freightliner) are selling large volumes of trucks to serve logistics companies serving U.S. and coalition forces in the region. Most auto dealers note that the utility vehicle market is showing tremendous volume growth. The low price of gasoline, between \$1.-1.20 per gallon is propelling sales for SUVs and other vehicles that consume a lot of fuel.

Opportunities

[Return to top](#)

The Kuwait International Fair hosts the second largest automobile exhibition in the Gulf region. Information can be found at www.kif.org. The bi-annual Kuwait International Auto Show will again take place in 2010.

Resources

[Return to top](#)

For additional information, please contact the CS Kuwait automotive industry specialist Xavier.muthu@mail.doc.gov.

AUTOMOTIVE PARTS AND SUPPLIES

Overview

[Return to top](#)

With summer temperatures reaching or exceeding 50 degrees Celsius (120 F), the wear on air conditioning, transmission systems, braking units and tires can be excessive. There is an excellent market in sheet metal and body repair, as small accidents are very common on highways and city streets.

The auto parts market in Kuwait provides an excellent opportunity for U.S. firms to supply OEM and factory direct products to service the large number of Suburbans, Yukons, Jeeps, Chryslers, Ford and GM products. In addition to consumers purchasing American automobiles, the Government of Kuwait has exhibited a high propensity of buying the same for its police and military fleets.

Kuwaiti youths enjoy the power and speed of American sports cars. Mustangs, Camaros, Corvettes, and other muscle cars are popular amongst the younger generation. Some have extensively modified these cars to the level of being track-worthy.

Best Products/Services

[Return to top](#)

American auto part manufacturers or dealers will find opportunity for replacement and spare parts for SUVs and luxury automobiles made in the United States. In particular, components for engines, transmissions, brakes, air conditioning units, shock absorbers and tires. These products show extreme wear in current driving conditions and need regular maintenance or replacement. Modifications to increase suspension and chassis stability, horsepower output, as well as braking and aesthetics are highly sought after.

Opportunities

[Return to top](#)

The Commercial Service in Kuwait regularly promotes Kuwait buyer delegations to the Auto Aftermarket Industry Week held every November in Las Vegas. For additional information, please contact the CS Kuwait automotive industry specialist Xavier.Muthu@mail.doc.gov.

Resources

[Return to top](#)

For additional information on the Kuwait auto parts market, please contact CS Kuwait automotive industry specialist XavierMuthu@mail.doc.gov.

EDUCATION AND TRAINING

Overview

[Return to top](#)

The Government of Kuwait employs over ninety percent of the Kuwaiti labor force. As the nation seeks to diversify its economy and shift towards privatization, education and vocational training become more crucial. A number of private institutions offer training and vocational training with emphasis on computer skills, foreign languages, communication skills and information technologies. Management and leadership courses are also available.

The Kuwait Chamber of Commerce and Industry (KCCI) provides various training programs for the private sector. Additionally, the Ministry of Defense contracts with a foreign language institute to offer English language instruction to its personnel. The Public Authority for Applied Education and Training provides programs for graduates seeking employment at government ministries, departments and agencies.

The Ministry of Education has recently 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 starting with social sciences to mathematics and science. A U.K. firm has the science and math contract.

Best Products/Services

[Return to top](#)

Best prospects for education service providers include foreign language training, computer/IT training, curriculum development, management training, executive training, and operation of foreign training centers in Kuwait. Kuwaiti students attending universities in the U.S. also top the list. For the first time since September 11, 2201 the number of Kuwaiti students attending U.S. university is higher than pre-2001 levels.

Opportunities

[Return to top](#)

The U.S. Embassy in Kuwait places significant emphasis on the promotion of American education and training institutions. The Commercial Service and the Embassy regularly promote various education shows, including the February American Education Expo sponsored by the International Student Network in Kuwait.

Resources

[Return to top](#)

For additional information on the education sector, please contact Ms. Donna McCowan at xavier.muthu@mail.doc.gov

MEDICAL AND SURGICAL EQUIPMENT

Overview

[Return to top](#)

Kuwait is in the midst of healthcare-related building boom, using its resources to bring in international facilities to the region. Healthcare has long been an afterthought in the region, with life expectancy trailing developed countries. Residents suffer from high rates of diabetes and cancer. To Kuwaitis money is not the issue; rather it is the quality of medical care. Experts say that there will be a leap in the medical arena in the GCC region with annual spending on healthcare expected to soar to \$57 billion annually by 2025.

Kuwait aspires to dramatically expand and improve its healthcare system by building well-equipped hospitals and specialized centers and hosting world-class medical providers to elevate the quality of medical care. In the past many Kuwaitis have gone abroad for medical treatment.

With an expected growth rate of 25% in the next couple of years, the Kuwait healthcare market is expanding. The government has budgeted approximately \$500 million for pharmaceutical, laboratory, and disposables. \$150 million is budgeted for the Equipment sector for the next budget year starting April 2008. The private market is estimated at approximately \$100 million. Kuwait has a total of 78 hospitals and first-aid centers that offer emergency services. The state has set aside more than one billion dollars, almost 15% of the total budget, for healthcare. The private sector plays a major role in the provision of healthcare. Kuwait will offer a tender on 50% of the shares of a health insurance company for public subscription, including 26% for the private sector and 24% for the public sector.

In addition to the Jaber Al-Sabah hospital, 1,200 beds, the Kuwaiti government has sanctioned 11 new hospitals with a total number of 8,500 beds and 25 donated hospitals and medical centers in the coming two years. In addition, 19 government clinics also are expected to open in the next two years. The private sector also has ambitious plans to open 5 new hospitals in the next two years.

Such soaring healthcare spending reflects shifting priorities of the Kuwait government to improve the quality of life of the citizens and expatriates. The Kuwait government would like to keep more patients in country. This means new opportunities for medical products and equipment with diagnostic, imaging, ultrasound, clinical, forensic, life science, reagents, and pharmaceutical products expected to be in high demand in the coming years.

Best Products/Services

[Return to top](#)

Medical and surgical instruments and diagnostic/laboratory equipment in the fields of orthopedics, trauma care, ophthalmology, cardiology, oncology, radiology/radiotherapy and healthcare information are in high demand.

Opportunities

[Return to top](#)

Supplies of equipment and services are planned for up to 20 medical centers and polyclinics being built Kuwait. These clinics also include specialty care facilities.

Resources[Return to top](#)

For additional information on the medical devices market in Kuwait and the regulatory environment faced by medical device manufacturers, please contact Senior Commercial Specialist Ms. Najla Sadeq at Najla.sadeq@mail.doc.gov or Mr. Xavier Muthu at Xavier.Muthu@mail.doc.gov

HOMELAND SECURITY INFRASTRUCTURE**Overview**[Return to top](#)

The State of Kuwait plans to invest USD 32 billion in safety and security equipment over the next ten years. Kuwait defense and security forces will be looking to purchase surveillance equipment, perimeter control systems, security check points (fences, crash barriers, cameras, access points), explosives and contraband detection systems including scanning systems and consulting services in security planning.

Several projects currently under consideration include a 20,000 camera surveillance system to be installed in and near most transportation infrastructure points, geospatial intelligence connectivity, maritime netting and sensors to minimize terrorist threat to vessels, facilities security of commanding heights including oil refineries, productions facilities and loading platforms, and the hardware and software infrastructure needed to support a fully integrated C4ISR system.

Best Products/Services[Return to top](#)

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[Return to top](#)

Upcoming tenders will be announced for homeland security surveillance cameras, airport security upgrade, oil and oil-related infrastructure security upgrade, border control and surveillance.

Resources[Return to top](#)

For additional information on opportunities in the safety and security industry, please contact the Commercial Service safety and security industry specialist Ms. Najla Sadeq at najla.sadeq@mail.doc.gov.

Environmental Technologies and Services

Overview

[Return to top](#)

The State of Kuwait has embarked on an ambitious plan to substantially increase investment in environmental control and pollution cleanup. Investment in environmental projects is expected to exceed USD 3 billion over the next ten years. Proposed projects include the following: oil lakes cleanup (USD 2.277 billion), desert surface rehabilitation (USD 183.94 million), improvement of desert flora and fauna (USD 460 million) and ground water cleanup (USD 41.53 million). In addition, the Government of Kuwait will look at expending USD 32 million for environmental awareness programs and the setting of air emission standards.

Best Products/Services

[Return to top](#)

Ground water and soil decontamination equipment and services, solid municipal waste management and disposal; air emission scrubbers; hazardous waste management.

Opportunities

[Return to top](#)

The Ministry of Public Works is proposing United Nations oil lake clean up project and major upgrading of municipal waste treatment.

Resources

[Return to top](#)

For more information, please contact the Commercial Service environmental specialist Najla.Sadeq@mail.doc.gov.

AGRICULTURAL SECTORS

[RETURN TO TOP](#)

The United States Department of Agriculture and the Regional Agricultural Trade Office in Dubai report on agricultural issues and statistics for member countries of the GCC except for the Kingdom of Saudi Arabia. Agricultural research reports and statistics can be found on the U.S. Department of Agriculture (FAS) web sites as follows: (statistics) http://www.fas.usda.gov/scriptsw/bico/bico_frm.asp and (market research) http://www.fas.usda.gov/scriptsw/attacherep/attache_lout.asp.

Kuwait is the third largest country in the GCC for US food products. Imports from the United States reached a near record of US\$83 million in 2006. Consumer-ready products such as poultry, beef, snack foods, dairy products, processed fruits and vegetables represent the best prospects for U.S. food exporters.

For additional information please contact the Foreign Agricultural Service in Dubai at www.atodubai.fas.usda.gov.

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

IMPORT TARIFFS

[RETURN TO TOP](#)

The GCC established a customs union when it promulgated and implemented the Unified Customs Law and Single Customs Tariff. In accordance with GCC guidelines, the Council established a common external tariff of 5% for most imported goods. The Government of Kuwait and other GCC states reserve the right to assess certain exceptions until such time as a uniform list of goods exempt from tariff is adopted by all GCC member states. Kuwait officially approved the Single Customs Tariff on 1 April 2003, thereby setting a five percent import duty (CIF) on most goods. Exempt from the Single Customs Tariff are certain basic food and medicinal/medical items, which are duty free. Tobacco products are assessed at 100% duty.

Duties are to be paid in Kuwaiti Dinar (KD). The Dinar is pegged to a basket of currencies. Current exchange rate is approximately USD 1 to KD 0.27. Said another way, the KD costs an expensive USD 4 in mid 2008. U.S. companies needing assistance in determining its harmonized tariff schedule code number or requesting information on specific products may contact either the Trade Information Center at 1-800-USA-Trade or any U.S. Department of Commerce Export Assistance Center located near them.

Valuation

The State of 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 etc.

Customs Union

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

TRADE BARRIERS

[RETURN TO TOP](#)

The need for a Kuwaiti Agent distributor as partner tends to add to the cost of selling in Kuwait.

IMPORT REQUIREMENTS AND DOCUMENTATION

[RETURN TO TOP](#)

Licenses

Importers must obtain an annual import license form the Ministry of Commerce and Industry and must be registered with the Ministry of Commerce and Industry and the Kuwait Chamber of Commerce and Industry. Licenses are valid for one year and allow for multiple shipments.

Import licenses for industrial machinery and spares are also required. The Industrial Development Commission of the Ministry of Commerce and Industry issues licenses. Specific licenses are also issued from various ministries and agencies for products including firearms, explosives, drugs/pharmaceuticals, and wild/exotic animals.

Documentation

Kuwait documentation procedures require a commercial invoice, a certificate of origin, a packing list and a bill of lading or airway bill to accompany all commercial shipments. Additional licenses or certificates may be required for certain products.

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, port and shipping information (name of vessel and transportation means).

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 that they have been manufactured in the United States. This rule would also apply to commonwealths or territories of the United States. If the products are of U.S. origin but contain foreign content, the country of origin and percentage of content must be included on the document.

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 and there is no stipulation as to form. 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, the 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.

Given Kuwait's import license regime, the importer license holder's name must appear on the bill of lading. The importer must be a Kuwaiti national.

For questions pertaining to consularization procedures for document authentication, please consult with your importer and freight forwarder/customs broker.

Special Documents

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 thirty 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/consularized by a Kuwaiti Consulate or Embassy.

Additional information may be obtained from the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) at Tel: (301) 734-7885 or Fax: (301) 734-6402 (Veterinary Services) and Tel: (301) 734-8537 or Fax: (301) 734-5786 (Plant Protection and Quarantine). 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 Kuwait Government for additional information.

Sanitary/Phytosanitary Certificate: required for plants and plant products. See above.

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: (402) 221-7400 or (800) 233-3935; Fax: (402) 221-7438.

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 to be delivered 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. A Certificate of Free Sale for cosmetics is available from the

Office of Cosmetics and Colors, Center for Food Safety and Applied Nutrition, U.S. Food and Drug Administration, 5100 Paint Branch Parkway, College Park, MD, 20740-3835 or Tel: (301) 436-1143. A Certificate of Free Sale for pharmaceuticals is available from the Office of Compliance, Center for Drug Evaluation and Research, U.S. Food and Drug Administration, 11919 Rockville Pike, Rockville, MD 20852, Tel: (301) 827-8983 or Fax: (301) 827-9069. Applicants should submit the label and complete formula of the pharmaceutical to be exported. The Certificate of Free Sale for foodstuffs is available from the Office of Plant and Dairy Foods and Beverages, Center for Food Safety and Applied Nutrition, U.S. Food and Drug Administration, 5100 Paint Branch Parkway, College Park, MD 20740; Tel: (301) 436-2028 or Fax: (301) 436-2651.

Exporters should consult with their local State Departments of Health or State Departments of Commerce to determine whether the respective state or municipality may also 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, show that the product and ingredients is 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.

U.S. EXPORT CONTROLS

[RETURN TO TOP](#)

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 technology. Their website can be found at: <http://www.bis.doc.gov/>. Dual-use items subject to BIS regulatory jurisdiction have predominantly commercial uses, but also have military applications. In order to accomplish this objective, BIS seeks to promulgate clear, concise, and timely regulations. This website provides a link to the Bureau's regulations governing 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, exports of encryption products, deemed exports, U.S. antiboycott regulations, special regional considerations, the multilateral export control regimes, and the technical advisory committees.

In addition to the U.S. export control policy for dual-use items, the BIS and Security is also charged with the development, implementation and interpretation of the antiboycott provisions of the Export Administration Act. The antiboycott provisions encourage, and in some cases require, U.S. persons to refuse to participate in foreign boycotts that the United States does not sanction. U.S. persons are also required to report receipt of boycott-related requests.

KEY REGULATORY AREAS

[High Performance Computers](#)
[Encryption](#)
[Deemed Exports FAQ's | Process Improvements and Guidance](#)
[Antiboycott Regulations](#)
[Regional Considerations](#)
[Multilateral Export Regimes](#)
[Technical Advisory Committees](#)
[Wassenaar Arrangement](#)

EXPORT ADMINISTRATION REGULATIONS

The Government Printing Office's [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 Web site 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 Web site. Lastly, users can e-mail the Regulatory Policy Division directly from this Web site, 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.

The NTIS EAR Marketplace Web site also offers an up-to-date searchable EAR database and files that are downloadable and viewable. In addition, the EAR Marketplace has a combined, downloadable and searchable version of the Denied Persons List, the Entity List, the Debarred List, and the Specially Designated Nationals List. Subscribers to the EAR on-line database are notified by email whenever a change occurs to any of these lists. The EAR Marketplace 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, NTIS offers a loose leaf/paper version of the EAR, which can be ordered on-line.

TEMPORARY ENTRY

[RETURN TO TOP](#)

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. Tools of the trade and exhibition material likewise are duty free. Goods entered temporarily into Kuwait can do so under a customs bond with the bond being remitted to the importer upon export of the product or goods in question. The Kuwait Free Trade Zone is located at Shuwaikh Port. The trade zone allows for full trade, service and industrial activities.

LABELING AND MARKING REQUIREMENTS[RETURN TO TOP](#)**Labeling**

Labels stating the country of origin must be shown on all imported goods in such a manner that it cannot be removed or altered. The information appearing on the label must conform to the information listed in the shipping documentation (see above). If it were impossible to label a product i.e. a piece of fruit, a label affixed to the package, container or can would be 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, ingredients (active), 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 the product and brand name; origin of any 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/packer; country of origin; storage/preparation/handling instructions; and nutritional information where applicable (U.S. nutrition labels would be generally accepted). All meat and poultry products would need to be labeled that the product was slaughtered in accordance with Islamic Law. Information must be in Arabic, however 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.

PROHIBITED AND RESTRICTED IMPORTS[RETURN TO TOP](#)

The State of Kuwait prohibits products including pork, pork products, alcoholic beverages, products containing alcoholic beverages, gambling machines, and pornographic materials and narcotics. Firearms and explosives require special import procedures.

CUSTOMS REGULATIONS AND CONTACT INFORMATION[RETURN TO TOP](#)**Regulations - See above****Customs Contact Information**

General Administration of Customs
P.O. Box 16, Safat 13001 Kuwait
Tel: (965) 484-3490
Fax: (965) 483-8055
Email: q8customs@hotmail.com

Kuwait Customs-shipments arriving via air transport
Tel: (965) 473-5993, Fax: (965) 472-6683

Kuwait Customs-Statistics and Auditing Office
Tel: (965) 484-3682 or 484-0472, Fax: 484-6531

STANDARDS[RETURN TO TOP](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Overview[Return to top](#)

The Government of Kuwait, per its notification to the WTC 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, the 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.

Standards in Kuwait are governed by the Standards and Metrology Department of the Public Authority for Industry. Approximately 300 standards are currently being applied, with standards potentially derived from U.S., EU, ISO and GCC standards to meet the needs of Kuwait.

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

Standards Organizations[Return to top](#)

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 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 at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment[Return to top](#)

N/A- not yet announced

Product Certification[Return to top](#)

N/A- not yet announced

Accreditation[Return to top](#)

N/A-not yet announced

Publication of Technical Regulations[Return to top](#)

N/A

Labeling and Marking[Return to top](#)

Chemicals: (See above)

Pharmaceuticals: (See above)

Food Products: (See above)

Contacts[Return to top](#)

Government of Kuwait: Public Authority for Industry <http://www.pai.gov.kw>

TRADE AGREEMENTS[RETURN TO TOP](#)**Regional Trade Agreements****Customs Union:** (See above)**Bilateral Investment Treaties**

Kuwait has signed investment agreements with Germany, France, Italy, Russia, China, Romania, Poland, Hungary, Turkey, Malaysia, Pakistan, Switzerland, Malta, Finland, Ethiopia, Croatia, Tajikistan, Austria, Bulgaria, Kazakhstan, Morocco, Mongolia and the Czech Republic. In the past few years, Kuwait has signed a bilateral investment agreement with Pakistan and a free trade agreement (FTA) with Jordan. Kuwait has initialed agreements on bilateral investment with Denmark, Belgium, the Netherlands, Thailand, Ukraine, Latvia, Lithuania, Lebanon, Bosnia/Herzegovina, and India. Kuwait began talks with Singapore on a Free Trade Agreement in December 2004.

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 and to work toward an eventual Free Trade Agreement. 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 stand out as needing further attention: intellectual property rights, standards-related issues, and service and investment requirements. Technical experts on both sides continue to work on these areas. The U.S. Embassy in Kuwait, the Kuwaiti Embassy in Washington, the USTR, and the Kuwaiti Ministry of Commerce and Industry will continue working-level TIFA technical meetings in 2008 and 2009.

WEB RESOURCES[RETURN TO TOP](#)

Government of Kuwait: Public Authority for Industry <http://www.pai.gov.kw>

NIST Notify U.S. Service: <http://www.nist.gov/notifyus/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

OPENNESS TO FOREIGN INVESTMENT

[RETURN TO TOP](#)

The Council of Ministers approved the implementing regulations for its current Direct Foreign Capital Investment Law—Law No. 8/2001, passed by the National Assembly on March 11, 2001, through Resolution No. 1006/1/2003 on November 1, 2003. The legislation authorizes foreign-majority ownership and 100 percent foreign ownership in certain industries including: infrastructure projects (water, power, waste water treatment or communications); investment and exchange companies; insurance companies; information technology and software development; hospitals and pharmaceuticals; air, land and sea freight; tourism; hotels; entertainment; housing projects and urban development. Projects involving oil discovery or oil and gas production are not authorized for foreign investment and must be approved by a separate law.

The Direct Foreign Capital Investment Law promotes foreign investment in Kuwait; authorizes tax holidays of up to ten years for new foreign investors; facilitates the entry of expatriate labor; authorizes land grants and duty-free import of equipment; provides guarantees against expropriation without compensation; ensures the right to repatriate profits; and protects the confidentiality of proprietary information in investment applications, with penalties for government officials who reveal such data to unauthorized persons. New investors will be protected against any future changes to the law. Full benefit of these incentives, however, will be linked to the percentage of Kuwaiti labor employed by the new venture. The investor is also obliged to preserve the safety of the environment, uphold public order and morale, and comply with instructions regarding security and public health. While the Direct Foreign Capital Investment Law is on the books, foreign companies still report numerous delays in getting approval to

operate in Kuwait, and the law does not appear to have changed the investment climate in any significant way.

Foreign firms still may not invest in the upstream petroleum sector, although they are permitted to invest in petrochemical joint ventures; Dow Chemical, a partner in EQUATE, is the only foreign company involved in a petrochemical joint venture. Implementing legislation brought before Parliament in January 2004 would allow for limited, controlled investment in the petroleum sector. This law was submitted specifically to allow for investment in and development of Kuwait's northern oil fields, but may be used to allow for other investment in the petroleum sector in the future. The legislation, however, is still pending and has not been brought to a vote in Parliament.

Kuwait's economy has been dominated by the state and the nationalized oil industry since the early 1970s despite efforts by the government to diversify. The government acquired major holdings in private Kuwaiti firms—particularly banks and insurance companies—following stock market crashes in 1979 and 1982. After liberation from Iraq (early in 1991), the government passed a debt settlement law and purchased outstanding debts emanating from the stock market crashes and the Gulf War. Between 1995 and 1998, the government successfully divested over 50 percent of its equity holdings in 28 firms and portions of holdings in 17 other firms, earning some USD 3.2 billion. The program was suspended in 1998 because of the weakness of the Kuwait Stock Exchange, but resumed in May 2001 when the Kuwait Investment Authority sold 113 million shares (about 24 percent) of the Mobile Telecommunications Company (MTC). There were six times as many prospective buyers as could be accommodated. The sale fulfilled the government's intention to reduce its equity in MTC from 49 percent to 25 percent. MTC holds a new commercial name (Zain) since September 9, 2007.

Established after the 1982 stock market crash, the Kuwait Stock Exchange (KSE) is the second largest bourse in the Arab world after Saudi Arabia's NCFEI. The KSE lists 181 Kuwaiti companies and 15 companies from other Arab States, including one Iraq company. It reopened in 1992 following the end of the Gulf War and has a market capitalization of USD 131.2 billion (KD 38.2 billion) as of December 2006, an increase of 7 percent from 2005. KSE boasts the region's first trading floor for women and is in consultations with a British firm on establishing a Capital Markets Authority to serve as an independent regulatory body similar to the U.S. Securities and Exchange Commission.

The National Assembly ratified the "Indirect Foreign Investment Law" in August 2000, allowing foreigners to own 100 percent of all listed shareholding companies, except banks. The banking sector was opened under the Direct Foreign Investment Law and the Central Bank has already granted licenses to six foreign banks; BNP Paribas and HSBC, both of which began operations in 2005, and Citibank, which began operations in 2006, Qatar United Bank, Abu Dhabi Bank, and Riyadh Bank will open their branches soon. However, while foreign banks may now operate in Kuwait, they are restricted to opening only one branch and are prohibited from competing in the retail-banking sector. Kuwait's banking sector is regulated by the country's effective Central Bank and is comprised of Islamic, specialized and commercial banks. With the conversion of Kuwait Real Estate Bank (KREB) in 2006, there are now three Islamic banks including Kuwait Finance House (1977) and Bubyuan Bank (2004). Commercial Bank of Kuwait is in process to convert into an Islamic bank, pending CBK's approval. KREB's conversion leaves one remaining specialized bank, the Industrial Bank of Kuwait. The seven

commercial banks include National Bank of Kuwait (1952), Commercial Bank of Kuwait (1960), Gulf Bank (1960), Al-Ahli Bank of Kuwait (1967), the Bank of Kuwait and the Middle East (1971), Burgan Bank (1976) and Branch Bank of Bahrain and Kuwait (1977).

On July 9, 2001, the Kuwaiti government announced an ambitious five-year privatization program, which closely resembled past initiatives. The plan outlined a wide range of activities, but with little detail. The first year called for privatizing some gas station outlets and part or all of Kuwait Airways, which has operated at a loss since 2000. As of Mid 2008 this has not happened. Private Airline Jazeera has good rates and load capacity.

In September 2007, KAC Chairman & Board members resigned after a dispute with the Minister of Communications over upgrading the fleet. A new chairman and board members assigned by end of the same month. But again, they submitted their resignation in December 2007, as a result of GOK and NA influences that hinder privatization of KAC.

Worth mentioning, National Assembly Financial and Economic Affairs Committee outlined the privatization plan for KAC with 20% for GOK, 40% for strategic investors, and the remaining 40% to citizens in a public subscription.

Year two would initiate privatization of the post, telegraph and telecommunications services. Years three and four would complete the telecommunications privatization and initiate the privatization of the Ports Authority and Public Transport Company. The fifth and final year targeted the power and water sectors, as well as Kuwait's Petrochemical Industries Company (PIC). Kuwait's National Assembly has made clear that any privatization program will have to insulate consumers from significant rate increases and protect the jobs of Kuwaiti employees. Little of the 2001 five-year plan has been implemented. Kuwait Airways, which is still a government entity, continues to operate at a significant loss and now faces direct local competition from the new, private Jazeera Airways. Another private airline, Al-Wataniya, was licensed and formed in 2005, but has not yet begun operations (scheduled to begin in 2009). Existing two mobile telephone companies in Kuwait are private, with the Government holding significant minority interest (24%). In November 2007, Saudi Telecom has won a bid for 26 percent of Kuwait's third mobile network license against KD 248.7 million (USD 907.6 million). Kuwait government set up the new third mobile company, with 24 percent given to state institutions, 50 percent to be listed on the stock market and 26 percent for the strategic investor. The new company will compete against Zain and Wataniya, which together have around 2.5 million customers. Nevertheless, the Ministry of Communications still sets tariffs, which are high. None of the other communication services have yet been privatized, though privatizing landlines has been discussed for several years. The ports and transport sector have not been privatized either. The energy and power sector has seen the most progress in privatization. Forty of the 120 government-owned gas stations have been privatized, with plans to privatize the rest in two additional rounds. The outcome will be three competing gas station companies, with gas still subsidized by the government and set in a price range. The government-owned lubrication oils plant was privatized in 2004, as were the coke smelter operations. Kuwait's PIC is now operating a joint private venture with Dow Chemical called Equate, and the operation has proven to be a successful, profitable model of both privatization and foreign investment. On the heels of Equate's success, Dow and the Petrochemical Industries

Corporation (PIC) have formed two more ventures which have already been tendered: a second olefins plant and an aromatics facility which are both under construction and due to come on-line in 2008,

Build, Operate and Transfer (BOT) projects are gaining increasing acceptance in Kuwait, with BOT projects proposed in the power, wastewater, and real estate development and transportation sectors. After nearly four years of deliberation, the Sulabiya Waste Water Treatment BOT contract was signed in May 2001. The winning consortium, which included U.S. firms, projected revenues of USD 190 million over ten years. The project, which was commissioned in 2004, now processes 50 million gallons of wastewater daily to be used for irrigation. BOT projects came under intense scrutiny by the State Audit Bureau in late 2006 for alleged violations, however, and several contracts were cancelled.

There have always been selected real estate BOT projects by privately owned Kuwaiti companies. The first-class USD 132 million Sharq Mall, owned by the National Real Estate Company, contains real outlets, restaurants, theaters, and entertainment concessions. More recently, the Fifth Waterfront Development Project constructed the Marina Mall. The United Realty Company and features high-end retail, eating, and entertainment outlets own these USD 162 million BOT. A future BOT is planned for a central incinerator in the Shuaiba Industrial Area, a project that stipulates foreign participation with at least 25 percent equity.

In January 9, 2008, National Assembly ratified three draft laws, Kuwait Airways privatization, State Properties (BOT), and the Warehousing.

Foreign-owned firms and the foreign-owned portions of joint ventures are the only businesses subject to corporate income tax, which applies to both domestic and offshore income. Corporate tax rates can be as high as 55 percent of net profits, but the government has drafted legislation to reduce the maximum rate to 15 percent. New foreign investors can be exempted from all taxes for up to 10 years under the Direct Foreign Capital Investment Law.

In December 26, 2007, National Assembly ratified the new tax law draft, in which, the 55 percent corporate tax has been diminished to 15 percent.

Kuwaiti firms are not subject to the corporate income tax, but those registered on the Kuwait Stock Exchange (shareholding companies) are required to contribute 2.5 percent of their national earnings to the Kuwait Foundation for the Advancement of Science (KFAS). The National Employment Law levies an additional 2.5 percent tax that will fund a program granting Kuwaitis working in the private sector the same social and family allowances provided to Kuwaiti's government workers. Kuwait levies no personal income tax.

Tax exclusions—besides those offered under the Direct Foreign Capital Investment Law—for business expenses are limited, and Kuwait's tax code is often ambiguous. For example, deductions are only three percent for agent commissions and head office expenses (mainly for turnkey supply and installation-type contracts). The most significant tax ambiguity exists in terms of defining foreign companies, taxable presence in Kuwait, and several foreign firms are engaged in ongoing disputes over their tax liabilities.

The licensing authority of the Ministry of Commerce and Industry screens all proposals for direct foreign investment. In the past, this authority has encouraged high-tech industries over sectors viewed to be saturated, such as the hotel industry. The Foreign Capital Investment Committee (FIC), chaired by the Minister of Commerce and Industry and including representatives from the private and public sectors, will authorize investment incentives put forth under the Foreign Investment Law on a case-by-case basis. Foreign companies have reported numerous delays in gaining authorization, some waiting up to 18 months for approval.

CONVERSION AND TRANSFER POLICIES

[RETURN TO TOP](#)

On 20th of May 2007, the Central Bank of Kuwait (CBK) announced that based on the Council of Ministers' approval, the determination of the exchange rate of the Kuwaiti Dinar (KD) against the US dollar became based on a basket of major world currencies reflecting the foreign trade and financial relations of the State of Kuwait, and in a similar way to the policy applied before the 5th of January 2003. The substantial decline of the US dollar exchange rate against the other major currencies along with the linkage of the KD exchange rate to the US dollar, contributed to the decline of the purchasing power of the KD against the rest of major currencies excluding the US dollar, thereby contributing to the rise in domestic inflation rates. Accordingly, this step comes within the CBK's efforts towards curbing the inflationary pressures on the domestic economy.

*Source: National Bank of Kuwait Economic and Financial Review, June 2007

EXPROPRIATION AND COMPENSATION

[RETURN TO TOP](#)

There have been no recent cases of expropriation or nationalization involving foreign investments in Kuwait. Nevertheless, as a safeguard, the Direct Foreign Capital Investment Law guarantees against expropriation or nationalization except for the public benefit in accordance with existing laws; in this case, compensation will be provided without delay for the "real economic value of the project at the time of the expropriation." When foreign companies were nationalized in the past, foreign interests were compensated promptly and effectively.

DISPUTE SETTLEMENT

[RETURN TO TOP](#)

The Foreign Investment 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 in Kuwait contain clauses specifying recourse to traditional commercial and political arbitration. According to the Central Bank of Kuwait, the Kuwaiti judicial system recognizes and enforces foreign judgments only when reciprocal arrangements are in place. Kuwait is a signatory to the International Center for the Settlement of Investment Disputes (ICSID, i.e. the Washington Convention). There have been no investment disputes involving American firms in Kuwait in over five years; commercial disputes are more common. In both cases, the slow pace of Kuwait's legal system often frustrates American claimants.

Kuwait has a developed legal system and a strong trading history. It has a civil code system influenced by Islamic law. As a traditional trading nation, Kuwait's judiciary is

familiar with international commercial laws. Kuwait has been a GATT member since 1963 and has signed the WTO agreement. Kuwait, however, is not a signatory to the WTO Government Procurement Code.

A feature of Kuwaiti law which U.S. business should be aware of is the application of travel bans which may be applied against individuals who have civil or criminal cases registered against them. The ban prevents individuals from departing Kuwait until the pending matter is settled or acceptable guarantees are offered. Former Kuwaiti business partners involved in disputes with U.S. businesses have managed to have travel bans imposed on U.S. partners for allegedly violating Kuwaiti civil law. Though very infrequent, such cases highlight the need to take extra care before entering into long-term business relationships in Kuwait.

PERFORMANCE REQUIREMENTS AND INCENTIVES

[RETURN TO TOP](#)

Government Procurement Requirements

Law Number 37 of 1964 (Articles 43 and 44) specifies the use of local products when available and prescribes a 15 percent price advantage for local firms in government tenders.

Boycotts

In June 1993, Kuwait publicly announced its decision to end enforcement of the secondary and tertiary Arab League boycotts on Israel. Although there are occasional reports that some tender requests contain boycott clauses reportable under U.S. anti-boycott laws, these usually result from clerical errors or the use of outdated forms. Kuwait maintains an open boycott office in its Customs Department, and has stated that it will wait for Arab League action before eliminating the primary boycott of Israeli-owned companies and goods produced in Israel.

Shipping Requirements

The Kuwaiti government has insisted that cargoes for government projects originating in U.S. ports will no longer be prevented access in favor of the United Arab Shipping program.

Participation in Research and Development

There are no specific restrictions on foreign participation in government-financed or subsidized research and development, but little activity of this kind has occurred to date. The Kuwait Institute for Scientific Research (KISR) has expressed interest in working with foreign firms. The government would welcome programs that provide expertise unavailable locally, but these are likely to be evaluated on a case-by-case basis.

Visa and Work Permit Requirements

Kuwait has a stringent visa regime and most work permits require a local sponsor. The Foreign Investment Law, however, may redress this problem for new investors. Reciprocal changes between the U.S. and Kuwait—particularly the introduction of a 10-year multiple entry visa—have benefited U.S. business travelers. Visa requirements for citizens of 34 nations, including the United States, were relaxed in 2004 allowing for

application for a visa upon arrival at the airport. However, investors should be aware that as of August 2006, persons entering on tourist visas will no longer be able to convert to work permits without first leaving the country. Foreign-born U.S. citizens, especially those of Middle Eastern descent, sometimes experience difficulties with visa and residency applications. Any problems experienced by potential U.S. visitors should be referred to the American Embassy or to the Bureau of Consular Affairs, Department of State.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

[RETURN TO TOP](#)

Rights to private ownership and establishment are respected in Kuwait, although foreigners face selected restrictions. Licenses from the Ministry of Commerce and Industry are required for the establishment of all new companies, and government authorization is required for any incentives offered by the new Foreign Investment Law. As stated above, foreign ownership is restricted or prohibited in some sectors of the economy, and non-GCC citizens may not own land in Kuwait.

Kuwaiti law severely restricts the types of collateral to which creditors may have recourse in the event of default by the borrower. Banks may not foreclose on residential real estate property or personal possessions in the event of default, although they may sue the borrower for the balance due under the loan contract. Borrowers typically pledge a portion of their future severance benefits as collateral for a bank loan.

PROTECTION OF PROPERTY RIGHTS

[RETURN TO TOP](#)

Kuwait was elevated to the USTR's Special 301 Watch List in 2004 due to continued failure to address serious and rampant copyright infringement, and its failure to amend its copyright law. Kuwait did not implement the 2002-work plan that outlined steps it would take to increase IPR enforcement. In 2003, Kuwait still had insufficient enforcement and penalties remained inadequate to deter IPR violators. Problems continued with Kuwait having the worst optical disc piracy rate in the region as well as problems with software piracy.

In 2004, the Kuwait Customs authority established a special IPR unit and began taking some enforcement actions. Other Kuwaiti ministries, most notably the Ministry of Commerce and Industry, began taking a more active role in copyright enforcement. A new copyright bill was to be put before the National Assembly in 2005. In February 2007, Ministry of Commerce & Industry announced that IPR section would be shifted from the Ministry of Information to its jurisdiction.

Kuwait's patent and trademark legislation passed the National Assembly in December 2000 and took effect on 14 January 2001. The legislation was to make Kuwait compliant with the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The legislation affords protection of twenty years and extends coverage to include pharmaceuticals. Industrial designs and integrated circuits are afforded protection of between 10 to 15 years. Though legislation is in place, penalties are light and do not act as a deterrent. Trademarks can be registered in Kuwait for ten years and renewed in additional ten-year increments indefinitely. If a trademark has not been used for a five-year period, an interested party can apply to the judicial system to have the trademark rescinded. Registration affords the owner exclusive rights to use the trademark, and

third parties would be barred from the use of the trademark. Since trademark registration is linked to the Kuwaiti agent, the trademark would need to be again registered when a mark holder signs a new agent or distributor.

TRANSPARENCY OF REGULATORY SYSTEM

[RETURN TO TOP](#)

Kuwait has not developed effective antitrust laws to foster competition, and its bureaucracy often resembles that of a developing country. Kuwait's open economy has generally promoted a competitive market. When government intervention occurs, however, it is usually to the benefit of Kuwaiti citizens and Kuwaiti-owned firms.

EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

[RETURN TO TOP](#)

Kuwait has a free, but inefficient, capital market where credit is allocated on market terms. Foreign investors can obtain credit through local banks. With the help of government subsidies, the financial markets—and particularly the commercial banks—operated throughout the 1980s primarily to collect funds for the re-lending to favored customers. Payment discipline was lax and real economic losses common. Under a bank stabilization program introduced in 1992, the Central Bank of Kuwait purchased all of the outstanding domestic credits of Kuwait's commercial banks while eliminating all guarantees for profits, equity and liabilities other than the banks' deposit liabilities. Henceforth, all losses would stay with the banks, which would be responsible for the management of all their assets and liabilities. In addition, the Central Bank improved bank supervision, resulting in a fairer and more efficient distribution of credit throughout the Kuwaiti banking system. Each of Kuwait's six commercial banks reported continued earnings growth in 2005

Bank Assets

Kuwait's banks have not yet released their 2007 annual reports. The assets of Kuwait's commercial banks by end of 2006 were: (in 000s)

National Bank of Kuwait
KD 7,898.300 (USD 27,329.76)

Gulf Bank
KD 4,059.951 (USD 14,048.27)

Commercial Bank of Kuwait
KD 2,917.233 (USD 10,094.23)

Al-Ahli Bank
KD 2,424.526 (USD 8,389.36)

Burgan Bank
KD 2,210.215 (USD 7,647.81)

Bank of Kuwait and the Middle East
KD 1,929.406 (USD 6,676.15)

(USD 1.00 = KD 0.289 as of January 2006 – Central Bank of Kuwait)

The quality of local banks varies from blue chip, world-class to weak. Some bank assets have been non-performing in the past. The balance sheets of some local banks are heavily weighted toward lower-yielding government bonds. Legal, regulatory, and accounting systems are opaque but are generally consistent with international norms. The Central Bank of Kuwait requires annual reports from local banks to meet international accounting standards. U.S. business people are advised to seek local, legal and financial advice for complicated investment transactions.

There are few defensive measures to protect against hostile takeovers, which are rare in Kuwait. There is no evidence of private sector or government efforts to restrict foreign participation in industry standards—setting consortia or organizations. U.S. suppliers often have trouble, however, complying with specifications that are technologically tailored to other (usually European, especially U.K.) suppliers. In addition, American suppliers' preference for turnkey projects often does not mesh with Kuwait's preference to split projects into a series of separately tendered smaller projects.

Finally, U.S. investors should be aware that family, clan, and tribal ties throughout the business community and government can restrict foreign participation, investment, and control of domestic enterprises. Kuwait is a very big small town.

POLITICAL VIOLENCE

[RETURN TO TOP](#)

Politically Motivated Damage to Projects and/or Installations

With the potential for terrorist actions throughout the Arabian Gulf region still high, the Government of Kuwait continues to strengthen domestic counter terrorism measures. There have not been any incidences of terrorism in Kuwait since January 2004, and the government has aggressively pursued convictions against members of a local terrorist cell involved in confrontations with Kuwait security forces in January 2005. Kuwait also significantly increased security around key oil installations after Al-Qaeda threatened to attack Gulf oil facilities.

CORRUPTION

[RETURN TO TOP](#)

The often-lengthy procurement process in Kuwait occasionally results in accusations of attempted bribery or the offering of other inducements by foreign bidders. This is a crime in Kuwait and there are currently several investigations and trials underway involving current or former government officials' accused of malfeasance. There have been no convictions of bribery, however, since the end of the Gulf War. In 1996, the government passed Law Number 25, which requires all companies securing contracts with the government valued at KD 100,000 (USD 400,000) or more to report all payments made to Kuwaiti agents or advisors while securing the contract. The law similarly requires entities and individuals in Kuwait to report any payments they received as compensation for securing government contracts.

BILATERAL INVESTMENT AGREEMENTS[RETURN TO TOP](#)**Bilateral Investment Agreements**

Kuwait has signed investment agreements with Germany, France, Italy, Russia, China, Romania, Poland, Hungary, Turkey, Malaysia, Pakistan, Switzerland, Malta, Finland, Ethiopia, Croatia, Tajikistan, Austria, Bulgaria, Kazakhstan, Morocco, Mongolia and the Czech Republic. In the past few years, Kuwait has signed a bilateral investment agreement with Pakistan and a free trade agreement (FTA) with Jordan. Kuwait has initiated agreements on bilateral investment with Denmark, Belgium, the Netherlands, Thailand, Ukraine, Latvia, Lithuania, Lebanon, Bosnia/Herzegovina, and India. Kuwait began talks with Singapore on a free trade agreement in December 2004.

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 and to work toward an eventual Free Trade Agreement. 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. New round of TIFA talks will take place on February 14, 2008. 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. Technical discussions took place in February 2006, followed by a formal TIFA Council meeting in September 2006 in Washington, D.C. While Kuwait has made notable progress on IPR protections (including an upgrade to the Watch list on the 2005 Special 301 Report), Kuwait's taxation practices and standards regime continue to be significant problems.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS[RETURN TO TOP](#)

In 1989, Kuwait concluded an agreement with the U.S. on investment guaranty programs, which facilitated the extension of programs from the Overseas Private Investment Corporation (OPIC) to Kuwait. Kuwait is also a member of the Multilateral Investment Guaranty Agency (MIGA). Currently there are no OPIC programs in Kuwait.

LABOR[RETURN TO TOP](#)

Kuwait has a diverse labor force. Kuwaiti nationals occupy most of the top management positions in the private and government sectors. Due to a welfare system that includes guarantees for government jobs, unemployment among Kuwaitis is less than two percent, but it is rising as a result of a growing influx of young Kuwaitis into the labor force (20,000 to 25,000 annually). The new entrants are reluctant to enter the private sector and cannot be absorbed by the government, where underemployment remains a serious problem. Kuwaitis are outnumbered in the work force by expatriate laborers of diverse backgrounds. While there are a number of American and Western European workers in Kuwait, particularly in high-skilled positions, the vast majority of expatriate

workers are low paid laborers from other Middle Eastern countries, South Asia, and the Philippines. Prior to the Gulf War (1991), Palestinians occupied many of the country's middle-management positions. Since the war, workers of other nationalities, often Egyptians or South Asians, have filled most of these positions. Since liberation, the Government of Kuwait has adopted inconsistent policies intended to limit and discourage growth of the resident expatriate population. The government has instituted a quota system on work permits designed to protect workers by preventing Kuwaitis from importing unnecessary workers and then leaving those workers on the street. 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 has also levied new fees on expatriate workers and their families in order to raise the cost of employing foreign workers. At the same time, however, the government reduced the minimum salary required for expatriates (in some business categories) to be eligible to bring their dependents to Kuwait, lowering it from KD 400 per month to KD 250 per month.

Kuwaiti workers have the right to organize and bargain collectively, but Kuwaiti law prevents the establishment of more than one union per functional area or more than one general confederation. Foreign workers, who constitute the vast majority of the work force, are permitted by law to join unions only as non-voting members after five years of work in the particular sector the union represents. The right to strike is also recognized for private sector workers, although provisions calling for compulsory negotiations and arbitration in the case of disputes limit that right. Kuwaiti labor law prohibits anti-union discrimination.

Separate Kuwaiti labor laws set work conditions in the public and private sectors, with the oil industry treated separately. Forced labor is prohibited and the minimum age for employment is 18 years in industrial or dangerous jobs. Youths as young as 14, however, may work part-time in some non-industrial positions, and are allocated more breaks than adults. A two-tiered labor market ensures high wages for Kuwaiti employees while foreign workers, particularly unskilled laborers, receive substantially lower wages. In the private sector, the minimum wage is KD 40 per month; in the public sector, the current effective minimum wage is KD 250 (USD 915) per month for Kuwaiti bachelors and KD 325 (USD 1,190) per month for married Kuwaitis—compared to KD 90 (USD 329) for non-Kuwaitis. The basic labor law also limits the workweek to 48 hours, provides for a minimum of 14 days of leave per year, which increases to 21 days after five years in the same job, and establishes a compensation schedule for industrial accidents. However, the law is inconsistently enforced and disputes over the payment of salaries and contract switching are common, especially among unskilled workers. Current labor laws do not apply to domestic servants. The State Department's annual Human Rights Report and Trafficking in Persons Report highlight the vulnerability of domestic servants to exploitation. In 2006, the Ministry of Interior implemented a new mandatory contract for all domestic workers that specify daily, weekly, and annual rest periods, although it does not specifically limit working hours. New regulations also outlaw the passing of administrative fees to workers. These new rules became effective October 1, 2006, so effective enforcement is still open to question.

The International Labor Organization's (ILO) Committee of Experts has reiterated its long-standing criticisms of the discrepancies between the Kuwaiti Labor Code and ILO Conventions 1, 30 and 87 regarding hours of work and freedom of association. Areas criticized by the ILO include the prohibition to establish 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 unionists; the prohibition against trade unions engaging in any political or religious activity; and the reversion of trade union assets to the Ministry of Social Affairs and Labor in the event of dissolution. A new labor law, which would award private sector workers more benefits, establish a minimum wage and broaden rights to establish unions has been enacted by the Council of Ministers but has not yet been referred to the Parliament for approval.

On June 12, 2007, National Assembly ratified a law that bans women from working during the hours 20:00-0700, except for those working in medical sector.

The said law issued by Ameri Decree No. 52/2007, effective June 15, 2007, and has consensus approval by conservative and Islamist MPs, exempts women working in Hospitals, clinics, private therapy clinics, and any other institutions approved by Minister of Social Affairs & Labor.

The law also bans women from working in hazardous, rough, and health damaging works; in addition to immoral works that abuse women's femininity against common ethics and in places that serve men only.

Islamist and conservative MPs are considering this law as to maintain women's dignity, nature, and to provide suitable working environment away from immoral works.

Specialists to be assigned by Minister of Social Affairs & Labor to follow up on applying this law, and they will have the right to raid public places and stores, seize violators, report and refer them to concerned authority. In addition, they can get support by police.

The law stated the following punishment applied to violators:

- USD300 to 1500
- Shutting down the store for one-month period.

FOREIGN-TRADE ZONES/FREE PORTS

[RETURN TO TOP](#)

In July 1995, the National Assembly passed Law Number 26 authorizing the Ministry of Commerce and Industry to establish free trade zones in Kuwait. In May 1998, the privately-owned National Real Estate Company signed a contract with the Ministry to operate, manage, and market the 50 square kilometer Kuwait Free Trade Zone (KFTZ) at Shuwaikh Port, which was inaugurated and opened in November 1999. Many restrictions faced by foreign firms, such as corporate taxes, do not apply to offices and plants within the KFTZ. Some 90 percent of space within the KFTZ has been leased; the majority of firms operating in the zone are Kuwaiti. On November 26, 2006, Cabinet Council issued Resolution No. 507/2006 terminating KNREC's contract and suspending all its activities at the FTZ area. Up to date, KNREC appealing at Kuwaiti courts to revoke the said resolution.

FOREIGN DIRECT INVESTMENT STATISTICS

[RETURN TO TOP](#)

Kuwaiti public investments abroad consist of portfolio investments held by the Kuwait Investment Authority, direct investments of other government entities, as well as those

held by private Kuwaitis. The amount of investments of the KIA is a state secret, but is estimated at more than USD 80 billion. Details about non-KIA investments—such as the Kuwait Petroleum Corporation’s interest in oil production, refining, and distribution—are equally opaque. The holdings of private Kuwaitis, in both direct and portfolio investments are believed to approximate USD 100 billion. Other major investors in Kuwait include the Japanese-owned Arabian Oil Company, which holds the Kuwaiti offshore concession in the Partitioned Neutral Zone (PNZ), and Dow Chemical, which has a 45 percent stake in the USD 2 billion EQUATE project, a petrochemical joint venture with the Petrochemical Industries Company (PIC) that began operation in 1997. Although the U.S.-owned Saudi Arabian Texaco is headquartered on the Kuwait side of the PNZ, it operates under a Saudi concession for Saudi Arabia’s share of the onshore oil resources in the PNZ.

WEB RESOURCES[RETURN TO TOP](#)

Ministry of Commerce & Industry
Tel: (965) 248-3393/246-9335
Fax: (965) 245-1128

Public Authority for Industry
<http://www.pai.gov.kw>

Ministry of Finance:
<http://www.mof.gov.kw/index11.html>

Central Bank of Kuwait
<http://www.cbk.gov.kw>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

HOW DO I GET PAID (METHODS OF PAYMENT)

[RETURN TO TOP](#)

Kuwaiti banks offer the full range of financial services needed to conduct commercial transactions or develop projects in the State of Kuwait. 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 (which include financial criteria), are generally rejected. Government tenders often require bid and performance bonds.

Their local representative, sponsor or account executive will pay foreign companies involved in government tendered major 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).

HOW DOES THE BANKING SYSTEM OPERATE

[RETURN TO TOP](#)

Commercial Banks in Kuwait are supervised under the authority of the Central Bank. The banking sector is fundamentally sound. The State of Kuwait has seven commercial banks with approximately 140 branches. The largest bank is the National Bank of Kuwait, which also maintains an international network. With an amendment to the Banking Law of 1968, the National Assembly allowed foreign banks to establish operations in Kuwait. Citigroup, BNP-Paribas, the Abu Dhabi National Bank and Hong Kong Shanghai Bank (HSBC) operate here. Qatar United Bank, Abu Dhabi Bank, and Riyadh Bank will soon open their branches.

There are two specialized government-owned banks providing medium and long-term financing. The Industrial Bank of Kuwait offers financing for industrial and agricultural related projects. The Credit and Savings Bank acts as a type of loan agency for the purchase of single-family or multi-family residential units.

FOREIGN-EXCHANGE CONTROLS[RETURN TO TOP](#)

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

U.S. BANKS AND LOCAL CORRESPONDENT BANKS[RETURN TO TOP](#)

U.S. and U.S.-affiliated investment and commercial banks present in the State of Kuwait include Bank of New York, JP Morgan Chase, American Express, Citibank, Wachovia Bank, Deutsche Bank-New York and the Bank of New York. Citigroup is one of four international banks currently maintaining operations inside Kuwait. Other international banks include BNP-Paribas, HSBC, and a regional bank from Abu Dhabi.

PROJECT FINANCING[RETURN TO TOP](#)

The United States Export Import Bank (EXIM) facilities are available for public sector imports of U.S. goods and services via the Kuwait Investment Authority (the sole government body to borrow on behalf of the State of Kuwait, government ministries, departments and agencies). Private entities can obtain financing through local or international commercial banks. Apart from U.S. and international governmental financial institutions, there is several Kuwait Government owned banks providing medium and long-term finance. These institutions are the following:

Gulf Investment Corporation

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). The GIC is 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 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.

WEB RESOURCES[RETURN TO TOP](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Government of Kuwait Web sites:

Ministry of Finance:
<http://www.mof.gov.kw/index11.html>

Central Bank of Kuwait
<http://www.cbk.gov.kw>

Kuwait Stock Exchange
<http://www.kuwaitse.com/DefaultE.aspx>

Institute of Banking Studies
www.kibs.org

Credit and Savings Bank
Tel: (965) 242-4387/242-6974/240-8534, Fax: 242-5516

Kuwait Investment Authority
<http://www.kia.gov.kw/kia>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

BUSINESS CUSTOMS

[RETURN TO TOP](#)

Business and account executives should generally have no language difficulties with their Kuwaiti counterparts, as English is widely spoken and many Kuwaiti business leaders were educated overseas.

A personal relationship is an important basis for a successful business relationship in Kuwait. It is important to allow time for friendly conversation before commencing with a business agenda. Scheduling appointments in advance is critical and the appointment will often not occur before 10:00 a.m. Many senior executives and key decision-makers maintain extensive travel schedules outside of Kuwait. This is particular to summer months, as business executives tend to depart Kuwait to escape the heat that can often hover at or above 50° C/122° F. Many decision makers are gone in July and August and the wee after Ramadan and the week after Pilgn Seaz (this year Eids festival are, tentatively, Oct 1-5 and Dec 1-5.

TRAVEL ADVISORY

[RETURN TO TOP](#)

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 State Department Consular Affairs Website at www.travel.state.gov or the U.S. Embassy Kuwait Website at U.S. Embassy Kuwait Consular Section: <http://kuwait.usembassy.gov/service.html>.

VISA REQUIREMENTS

[RETURN TO TOP](#)

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. This includes travelers proceeding via

Kuwait to and from Iraq. For further information on entry and exit requirements, see our [Foreign Entry Requirements brochure](#) for more information on Kuwait and other countries. Visit the Kuwait Information Office – USA web site at <http://www.kuwait-info.org/> 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, read our information at http://travel.state.gov/travel/cis_pa_tw/cis/cis_1469.html.

For Customs Information, see http://travel.state.gov/travel/cis_pa_tw/cis/cis_1468.html.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Kuwait Consular Section: <http://kuwait.usembassy.gov/service.html>

TELECOMMUNICATIONS

[RETURN TO TOP](#)

The telephone system and communication services in Kuwait are supplied by the Ministry of Communications (MOC) and by private companies. The telephone system is good and E-mail, faxes and the Internet are widely used in international business. There are over 200,000 Internet users and several service providers. Cellular service is readily available and widely used.

TRANSPORTATION

[RETURN TO TOP](#)

Air: U.S. business travelers to Kuwait have a variety of U.S. air carriers serving Kuwait to choose from, including American, Delta and United. United Airlines now offers daily non-stop departures from its hub at Washington Dulles International allowing for easy connection throughout the U.S and Delta is scheduled to operate a Kuwait to Atlanta flights 4 times a week beginning in November 2008. American carriers also serve Kuwait through either code share or the offering of convenient scheduling within a group alliance.

Roads: The road system in Kuwait is modern, well lit and easily navigated by car. Many travelers hire an automobile with driver to manage most of their transportation needs. Some of the better hotels offer this service to their guests. Most major car rental companies including Avis, Hertz and Budget are available. U.S. motorists should be cognizant and exercise caution in traffic, as traffic conditions are often problematic given the excessive speeding and limited adherence to traffic regulations. Kuwait, as other GCC countries, has high rate of traffic fatalities.

Lodging: Luxury to medium-type hotels, including U.S. hotels such as the Hilton, the JW Marriott, Marriott Court yard, the Sheraton (Luxury Collection including the St. Regis), the Holiday Inn/Crowne Plaza and the Radisson, are available. Europe-based Mövenpick also operates a resort on the beach of Kuwait. As of June 2008, 4 –5 star hotels charge \$300.00 –325.00 a night with modest discounts only in summer.

Short-term visitors may also elect to stay in furnished apartments, which are generally rented for minimum stays of one week. The Kuwait Government subsidizes water and electricity; consumers are charged KD 0.800 (USD 2.70) for 1,000 Imperial gallons of water and KD 0.002 (USD 0.07) per kilowatt-hour of electricity. In more upscale accommodations, water and utility costs are included in the rental price.

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

LANGUAGE

[RETURN TO TOP](#)

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 stands up 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 i.e. announcements of the implementation of Government of Kuwait regulations must, by law, be 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

[RETURN TO TOP](#)

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 in Kuwait, including salads and dairy products, is generally fresh. A wide range of cuisine is available at many restaurants.

The quality of medical care in Kuwait 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 in the U.S. Should medical care be required while in Kuwait, there are two options: the

government system or the privately run 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 at www.travel.state.gov.

LOCAL TIME, BUSINESS HOURS, AND HOLIDAYS

[RETURN TO TOP](#)

Local Time

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)
(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 American Embassy workweek is from Sunday to Thursday. Therefore, if a holiday falls on Monday in the U.S. the embassy will celebrate it on Sunday. For more information on 2009 holidays, Please contact us.

HOLIDAY	DATE
New Year's Day	1 January 2008
Islamic New Year	10 January 2008
Kuwait National Day	25 February 2008
Kuwait Liberation Day	26 February 2008
The Prophet's Birthday	20 March 2008
Ascension Day of the Prophet Mohammed	30 July 2008
Eid Al-Fitr (conclusion of Ramadan)	1-5 October 2008 (*)
Eid Al-Adha (conclusion of the Hajj)	7-11 December 2008 (*)
Islamic New Year	29 December 2008

The United States Embassy in Kuwait also observes Martin Luther King Jr.'s Birthday (20 January); President's Day (17 February); Memorial Day (25 May); Independence

Day (3 July); Labor Day (31 August); Veteran's Day (9 November); Thanksgiving (27 November) and Christmas (25 December). The Embassy will be closed on these holidays.

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

TEMPORARY ENTRY OF MATERIALS AND PERSONAL BELONGINGS

[RETURN TO TOP](#)

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. Tools of the trade and exhibition material likewise are duty free.

Temporary Entry

Goods entered temporarily into Kuwait can be done so under a Customs bond with the bond being remitted to the importer upon export of the product or goods in question. The Kuwait Free Trade Zone is located at Shuwaikh Port. The trade zone allows for full trade, service and industrial activities.

WEB RESOURCES

[RETURN TO TOP](#)

Department of State Travel Information: www.travel.state.gov

Center for Diseases Control Health Info: <http://www.cdc.gov>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://unitedstatesvisas.gov>

U.S. Embassy Kuwait Web site: <http://kuwait.usembassy.gov>

Commercial Service Web site: <http://buyUSA.gov/kuwait>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

CONTACTS

[RETURN TO TOP](#)

COMMERCIAL AFFAIRS

Embassy of the United States-Foreign Commercial Service

http://www.buyusa.gov/kuwait/en/contact_kuwait.html

AGRICULTURAL AFFAIRS

Agriculture Trade Office (ATO), Dubai (responsible for Kuwait)

Tel: (971-4) 311-6183

Fax: (971-4) 311-6189

E-mail: atodubai@emirates.net.ae or usfgcdub@emirates.net.ae

U.S. DEPARTMENT OF STATE

United States Embassy Kuwait

<http://kuwait.usembassy.gov>

Economic Affairs

<http://kuwait.usembassy.gov/econ.html>

Public Affairs

http://kuwait.usembassy.gov/public_affairs.html

Consular Affairs

<http://kuwait.usembassy.gov/service.html>

DEPARTMENT OF DEFENSE

Office of the Defense Attaché

c/o Ahmed Yousef

Commercial Specialist

ahmad.yousef@mail.doc.gov

Office of Military Cooperation in Kuwait (OMC-K)

Capt John McKone II

Tel: (965) 481-8571

mckonej@omcku.centcom.mil

U.S. Customs Advisor to Kuwait

Robert Hessler

Email: hessler@state.gov

Tel: (965) 481-4276, Fax: (965) 483-2690

WASHINGTON-BASED U.S. GOVERNMENT OFFICES

United States Department of State

Desk Officer-Kuwait

Belinda Jackson

Office of Near East Affairs

Email: JacksonBK@state.gov

United States Department of Commerce-Office of Market Access and Compliance

Kevin Reichelt

Market Access and Compliance

Office of Nearest Affairs

E-mail: Kevin_Reichelt@ita.doc.gov

Foreign Agricultural Service-USDA Washington

United States Department of Agriculture – Foreign Agricultural Services (FAS).

<http://www.fas.usda.gov>

Trade and Development Agency

Mr. Carl B. Kress, Regional Director for Middle East, North Africa & South Asia

TDA website: www.tda.gov

TDA/MENASA: <http://www.ustda.gov/USTDA/USTDA%20By%20Region/menasa.htm>

Export-Import Bank of the United States

International Business Development

John.Richter@exim.gov

<http://www.exim.gov/>

Overseas Private Investment Corporation (OPIC)

www.opic.gov

GOVERNMENT OF KUWAIT CONTACTS

MINISTRY OF COMMUNICATIONS

Ministry of Communications

<http://www.moc.kw>

Kuwait Ports Authority
<http://www.kpa.com.kw>

Kuwait Airways
<http://www.kuwaitairways.com>

Directorate General of Civil Aviation
Tel: (965) 471-9847, Fax: 472-0711

Customs

General Administration of Customs
P.O. Box 16, Safat 13001 Kuwait
Tel: (965) 484-3490
Fax: (965) 483-8055
Email: q8customs@hotmail.com

Kuwait Customs-shipments arriving via air transport
Tel: (965) 473-5993, Fax: (965) 472-6683

Kuwait Customs-Statistics and Auditing Office
Tel: (965) 484-3682 or 484-0472, Fax: 484-6531

MINISTRY OF COMMERCE AND INDUSTRY

Ministry of Commerce & Industry
Tel: (965) 248-3393 or 246-9335
Fax: (965) 245-1128

Public Authority for Industry
<http://www.pai.gov.kw>

MINISTRY OF DEFENSE

Ministry of Defense
<http://www.mod.gov.kw> (Arabic website)
Tel: (965) 484-8300, Fax: (965) 483-6444
E-mail: modkw@ncc.moc.kw

Ministry of Defense-Foreign Procurement Department
Tel: (965) 482-2187/481-7603, Fax: (965) 484-6059
E-mail: foriegnprocurement@mod.gov.kw

The National Guard
Tel: (965) 480-0006, Fax: 483-5952

MINISTRY OF EDUCATION

Ministry of Education

www.moe.edu.kw

MINISTRY OF HIGHER EDUCATION

Ministry of Higher Education

<http://www.mohe.edu.kw>

Tel: 965-240-1300, Fax: 965-245-6319

Public Authority for Applied Education and Training

<http://www.paaet.edu.kw/index-e.htm>

Kuwait University

<http://www.kuniv.edu.kw>

MINISTRY OF ENERGY

Ministry of Energy

<http://www.moo.gov.kw/default.aspx?pagelid=3>

MINISTRY OF ENERGY ELECTRICITY AND WATER DIVISIONS

Electricity and Water Division

Tel: (965) 537-1000, Fax: (965) 537-1460/537-1420/1

Operation of Measurement and Control Equipment

Tel: (965) 537-1740, Fax: (965) 537-1720

Operations and Maintenance of Electric Power and Water Distillation Stations

Tel: (965) 537-1730, Fax: (965) 538-7302

Statistics and Information Center

Tel: (965) 537-1320, Fax: 537-1321

PETROLEUM SECTOR WITHIN THE MINISTRY OF ENERGY

Kuwait Petroleum Corporation (KPC)

<http://www.kpc.com.kw>

Kuwait Oil Company (KOC)

P.O. Box 9758, Ahmadi 61008 Kuwait

Tel: (965) 139, Fax: (965) 398-3661

E-mail: kocinfo@kockw.com

Kuwait National Petroleum Company (KNPC)

<http://www.knpc.com/knpc>

Kuwait Foreign Petroleum Exploration Company (KUFPEC)

<http://www.kufpec.com>

Petrochemicals Industries Company (PIC)

<http://www.pic.com.kw>

EQUATE Petrochemical Company (a division of PIC and Dow Chemical)
<http://www.equate.com>

Kuwait Oil Tanker Company (KOTC)
<http://www.kotc.com.kw>

Kuwait Aviation Fueling Company (KAFCO)
<http://www.kpc.com.kw/kafco.htm>

Kuwait Petroleum International (Q8)
<http://www.q8.com>

MINISTRY OF FINANCE AND OTHER FINANCIAL AGENCIES OR INSTITUTIONS

Ministry of Finance:
<http://www.mof.gov.kw>

Central Bank of Kuwait
<http://www.cbk.gov.kw>

Kuwait Stock Exchange
<http://www.kuwaitse.com/DefaultE.aspx>

Institute of Banking Studies
www.kibs.edu.kw

Credit and Savings Bank
Tel: (965) 242-4387/242-6974/240-8534, Fax: 242-5516

Kuwait Investment Authority
<http://www.kia.gov.kw/kia>

MINISTRY OF FOREIGN AFFAIRS

Ministry of Foreign Affairs
<http://www.mofa.gov.kw/mofa>

KUWAIT INFORMATION OFFICE IN WASHINGTON

<http://www.kuwait-info.org>

EMBASSY OF THE STATE OF KUWAIT IN THE UNITED STATES OF AMERICA

Tel: 202-966-0702

CONSULATE OF THE STATE OF KUWAIT IN NEW YORK

Tel: 212-973-4318

KUWAITI CULTURAL OFFICE IN WASHINGTON

Kuwait Cultural Office-Washington, DC
<http://www.kuwaitculture.com>

MINISTRY OF HEALTH

Ministry of Health
<http://www.moh.gov.kw>

MEDICINE INSPECTION DEPARTMENT

Medicine Inspection Dept.
Tel: 483-7467, Fax: 484-7477

PHARMACEUTICAL SERVICES DIVISION

Pharmaceutical Services Division
Tel: (965) 486-3564, Fax: 486-0368

MINISTRY OF INFORMATION

Ministry of Information
<http://www.mop.gov.kw/mop/index.html>

Kuwait News Agency (KUNA)
<http://www.kuna.net.kw>

MINISTRY OF THE INTERIOR

Ministry of Interior
<http://www.moi.gov.kw>

MINISTRY OF JUSTICE

Ministry of Justice
<http://www.moj.gov.kw>

MINISTRY OF PLANNING

Ministry of Planning
<http://www.mop.gov.kw/mop/index.html> (Arabic website)

MINISTRY OF PUBLIC WORKS

Ministry of Public Work
<http://www.mpw.gov.kw> (Arabic website)
Tel: (965) 487-7219/487-7422/487-7952/487-8422
Fax: 486-5287

THE PUBLIC AUTHORITY FOR AGRICULTURE AFFAIRS AND FISH RESOURCES

The Public Authority for Agriculture Affairs and Fish Resources
www.paaf.gov.kw (Arabic website only)
Tel: (965) 476-1116/7/8, Fax: 476-5551

MINISTRY OF SOCIAL AFFAIRS AND LABOR

Ministry of Social Affairs and Labor
<http://www.mosal.gov.kw/home.html>

MUNICIPAL AND REGIONAL AUTHORITIES

Kuwait Municipality
www.baladia.gov.kw

KUWAIT NON-GOVERNMENT ORGANIZATIONS**CHAMBERS OF COMMERCE & INDUSTRY**

Kuwait Chamber of Commerce and Industry
<http://www.kuwaitchamber.org.kw/echamber/website/index.jsp>

American Business Council – Kuwait (ABC-K)
www.abckw.org

KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

[www/zawya.com](http://www.zawya.com)

SCIENTIFIC AND TECHNOLOGY ORGANIZATIONS, EXHIBITION ORGANIZATIONS, SOCIETIES AND INDEPENDENT ENTITIES

Kuwait Institute for Scientific Research (KISR)
<http://www.kisr.edu.kw>

Kuwait Foundation for the Advancement of Science (KFAS)
<http://www.kfas.com>

Environmental Public Authority
<http://www.epa.org.kw>

INDEPENDENT ENTITIES

Central Tenders Committee (CTC)
Tel: (965) 240-1200, Fax: (965) 241-6574

EXHIBITION AND FAIR MANAGEMENT

Kuwait International Fair Co (KIF)
<http://www.kif.net>

MARKET RESEARCH

[RETURN TO TOP](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov>, click on market research and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

TRADE EVENTS

[RETURN TO TOP](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Kuwait International Fair 2009 Schedule

<http://www.kif.net/events2009.htm>

U.S. International Buyer Program-Exhibitions for 2009

Event Name	Date and Location
Globalcomm 2008 (Electronic Commerce)	6/16/2008- 6/19/2008 Chicago, IL, United States
InfoComm 2007 (Audio/Visual Eq.)	6/18/2008 - 6/20/2008 Las Vegas Convention Centre' United States
AACC Annual Meeting and Clinical Lab Expo (Laboratory Scientific Instruments)	7/29/2008 - 7/31/2008 Washington D.C United States
AWFS Fair 2008 (Furniture)	7/18/2007 - 7/21/2007 Las Vegas, NV, United States
APCO 2008 (Security/Safety Equipment)	8/3/2008- 8/7/2008 Baltimore, MD, United States
FIME 2008 (Health Care Services)	8/18/2008 - 8/20/2008 Miami, FL, United States
Magic International Summer 2008 (Apparel)	8/25/2008- 8/28/2008 Las Vegas, NV, United States
Magic Marketplace (Apparel)	2/15/2008 - 2/15/2008 Las Vegas, NV, United States
IAAPA Attractions Expo 2008 Architectural/Construction/Engineering	11/18/2008 - 11/21/2008 Orlando, FL, United States

Links

7/17/2008

Most major exhibitions and conferences worldwide are listed in Reed Publishing's Trade Show Week. Searches for any exhibition by location, date, or industry sector can be conducted on <http://directory.tradeshowweek.com/directory/index.asp>.

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

www.buyusa.gov/kuwait or go to U.S. or go to Export Assistance Center in your state. Because the demand for service is greater than our resources, we generally accept clients through one of the 108 U.S.E.A.C.s.

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.