KUWAIT

TRADE SUMMARY

The U.S. goods trade deficit with Kuwait was $10.3 billion in 2012, up $5.3 billion from 2011. U.S. goods exports in 2012 were $2.7 billion, down 1.6 percent from the previous year. Corresponding U.S. imports from Kuwait were $13.0 billion, up 66.7 percent. Kuwait is currently the 54th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Kuwait was $117 million in 2011 (latest data available), up from $83 million in 2010.

IMPORT POLICIES

Tariffs

As a member of the Gulf Cooperation Council (GCC), Kuwait applies the GCC common external tariff of 5 percent, with a limited number of GCC-approved country-specific exceptions. Kuwait's exceptions include tobacco (100 percent), and some 417 other food and agriculture items that are exempt from customs duties.

Import Prohibitions and Licenses

Kuwait prohibits the importation of alcohol and pork products. Used medical equipment and automobiles over five years old generally cannot be imported. The importation of books, periodicals, or movies that insult religion and public morals, and of any materials that promote political ideology, is prohibited. Kuwait requires a special import license for firearms. All imported meat requires a health certificate issued by the country of export and a halal food certificate issued by an approved Islamic center in that country.

Customs

The import clearance process in Kuwait has historically been time consuming, requiring extensive paperwork and involving numerous redundancies. In 2010, the Ministry of Commerce and Industry formed a committee to focus on trade facilitation and streamlining required paperwork. In September 2011, the committee submitted a proposal to the Cabinet Council to establish a one-stop shop that would facilitate the issuance of commercial licenses. The National Assembly passed a new Commercial Companies Law in February 2013 that implemented this proposal.

GOVERNMENT PROCUREMENT

The public tenders law (Law Number 37 of 1964) regulates government procurement in Kuwait, and requires that any procurement with a value greater than KWD 5,000 ($18,000) must be conducted through the Central Tendering Committee. Kuwait's government procurement policies require the purchase of local products, where available, and provide a 10 percent price preference for local firms.

Kuwait is not a signatory to the WTO Agreement on Government Procurement.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Kuwait remained on the Watch List in the 2012 Special 301 Report. Although Kuwait continues to make progress on enforcement against copyright piracy and trademark counterfeiting, there are areas of intellectual property rights (IPR) protection and enforcement that continue to represent barriers to U.S. exports and investment. Key issues include the lack of deterrent criminal penalties and excessive delays in the enactment of key pieces of IPR-related legislation, which have been pending for years. As of March 2013, a draft revised copyright law was under review within the legal committee of the Cabinet. The United States provided comments on the most recent version of the law in February 2013 and continues to encourage Kuwait to implement legislation consistent with its WTO obligations.

As the six Member States of the GCC explore further harmonization of their IPR regimes, the United States will continue to engage with GCC institutions and the Member States and provide technical cooperation on intellectual property policy and practice.

SERVICES BARRIERS

Banking

Kuwait continues to limit investment in the banking sector under the 2001 Direct Foreign Capital Investment Law. Foreign banks operating in Kuwait may open only one branch, offer investment banking services only, and are prohibited from competing in the retail banking sector. Furthermore, foreign banks are subject to a maximum credit concentration equivalent of less than half the limit of the largest local bank and are expressly prohibited from directing clients to borrow from external branches of their bank or taking any other measures to facilitate such borrowing.

INVESTMENT BARRIERS

Major barriers to foreign investment in Kuwait include: regulations limiting participation of foreign entities from investing in the petroleum and real estate sectors, long delays associated with starting new enterprises, difficulty in finding a required local agent, and obstacles created by a business culture heavily influenced by clan and family relationships. Foreign investment is not allowed in projects involving oil and gas exploration and production. Kuwait does permit foreign firms to participate in some midstream and downstream activities, but foreign investors in this sector have faced numerous challenges.

The Kuwait Foreign Investment Bureau, which currently operates under the Ministry of Commerce and Industry, established the “Investor Service Center” in July 2012, which will act as a one-stop shop for foreign investors to operate in Kuwait and coordinate with other government entities.

Offset Requirements

Kuwait’s National Offset Company (NOC) administers requirements that foreign companies awarded any procurement tenders in Kuwait invest 35 percent of the contract amount in projects that add value to the Kuwaiti economy. The NOC requires that these projects create jobs for Kuwaitis, train Kuwaitis or transfer technology, but the NOC has not provided clear, consistent guidance on how companies can fulfill the offset requirements, creating obstacles to implementation for some companies.