KUWAIT

TRADE SUMMARY

U.S. goods exports in 2014 were $3.6 billion, up 40.7 percent from the previous year. Kuwait is currently the 51st largest export market for U.S. goods. Corresponding U.S. imports from Kuwait were $11.4 billion, down 9.5 percent. The U.S. goods trade deficit with Kuwait was $7.8 billion in 2014, a decrease of $2.3 billion from 2013.

The stock of U.S. foreign direct investment (FDI) in Kuwait was $301 million in 2013 (latest data available), up from $262 million in 2012.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Kuwait enacted legislation in August 2011 that requires labeling of processed and unprocessed agricultural biotech products with content from biotech ingredients greater than one percent. The labeling requirements include identification of biotech ingredients using a different font color in the ingredients list or a separate label if no ingredients list is included. Any differences in nutritional value or mode of storage or preparation between the biotech product and its conventional counterpart must also be clearly labeled. To date, this legislation has not been fully implemented or enforced.

In December 2013, the six Member States of the Gulf Cooperation Council (GCC), working through the Gulf Standards Organization, issued regulations on the GCC Regional Conformity Assessment Scheme and GCC "G" Mark in an effort to "unify conformity marking and facilitate the control process of the common market for the GCC Members, and to clarify requirements of manufacturers." U.S. and GCC officials are discussing concerns about consistency of interpretation and implementation of these regulations across all six GCC Member States, as well as the relationship between national conformity assessment requirements and the GCC regulations, with a view to avoiding unnecessary duplication.

Sanitary and Phytosanitary Barriers

GCC Member States have notified the WTO Committee on Sanitary and Phytosanitary (SPS) Measures of their intention to implement a new "GCC Guide for Control on Imported Foods" by June 2015. As currently drafted, stakeholders have raised concerns that the requirements outlined in the Guide will impede trade beyond the extent necessary to protect human or animal health. The requirements also will impose burdensome and disproportionate demands regarding requirements for certification or forms of recognition or acceptance of foreign food safety systems. The Guide as currently drafted does not provide scientific justification for requiring exporting government officials to certify and attest to statements that are inconsistent with guidelines established by the Codex Alimentarius and the World Organization for Animal Health. The United States has raised specific concerns about the Guide and has requested that GCC Member States delay entry into force of the Guide until food safety experts have an opportunity to discuss these concerns.

IMPORT POLICIES

Tariffs

As a member of the GCC, Kuwait applies the GCC common external tariff of five percent with a limited number of GCC-approved country-specific exceptions. Kuwait's exceptions include 417 food and agriculture items that are exempt from customs duties. Tobacco products are subject to a 100 percent tariff rate.

Import Prohibitions and Licenses

Kuwait prohibits the importation of alcohol, pork products, used medical equipment, automobiles older than five years, books, periodicals or movies that may offend religion or public morals, and all materials that promote political ideology. All imported beef and poultry products require a health certificate issued by the country of export and a halal food certificate issued by an approved Islamic center in that country. Kuwait requires a special import license for firearms.

GOVERNMENT PROCUREMENT

The Public Tenders Law (No. 37 of 1964, modified by Laws No. 13 and 31 of 1970 and 1977, respectively) regulates government procurement in Kuwait and requires that any procurement with a value greater than KD 5,000 ($17,250) be conducted through the Central Tenders 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's National Offset Company administers the requirement that foreign companies awarded military contracts valued at or above KD 3 million ($10.35 million), civil government contracts valued at or above KD 10 million ($34.5 million) and all downstream oil/gas contracts, dedicate 35 percent of the contract value to target investment in specific sectors of Kuwait's economy that either create jobs for Kuwaitis, train Kuwaitis or transfer technology to Kuwaiti companies. Kuwait suspended this offset program for new investments for six months in June 2014, pending completion of a study on the program's effectiveness. Existing offset obligations remained in place during the suspension.

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

INTELLECTUAL PROPERTY RIGHTS PROTECTION

In 2014, the United States elevated Kuwait to the Special 301 Priority Watch List as a result of its failure to introduce to the National Assembly legislation that would result in a copyright law that is consistent with international standards, and to resume effective enforcement against copyright and trademark infringement.

In 2014, Saudi Arabia, Bahrain, and Qatar approved the GCC Trademark Law. Kuwait, Oman and the United Arab Emirates are expected to approve the law in 2015, after which implementing regulations will be issued. As the six GCC Member States explore further harmonization of their intellectual property rights (IPR) regimes, the United States will continue to engage with GCC institutions and the Member States and to provide technical cooperation on IPR policy and practice.

SERVICES BARRIERS

Banking

Kuwait continues to limit foreign investment in the banking sector under the 2001 Direct Foreign Capital Investment Law. Foreign non-GCC banks operating in Kuwait may only open one branch, may only offer investment banking services, and are prohibited from competing in the retail banking sector. As of October 2013, GCC banks may now open two branches and may compete in the retail banking sector. Foreign banks are still subject to a maximum credit concentration equivalent to 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.

Telecommunications

Kuwait's telecommunications industry is technically open to private investment, but in practice, the government maintains extensive ownership and control of licensing and infrastructure development. While private companies are involved in constructing cellular towers, the land and permits are often still controlled by the Ministry of Communications or the municipality.

INVESTMENT BARRIERS

Major barriers to foreign investment in Kuwait include: regulations prohibiting foreigners from investing in natural resources exploration and production, real estate, and publishing; continued delays associated with starting new enterprises; and difficulty in finding a required local sponsor and agent in certain circumstances. Kuwait permits foreign firms to participate in some midstream and downstream activities in the oil and gas sector, but foreign investors in this sector have faced numerous challenges.