U.S. DEPARTMENT OF STATE
DIPLOMACY IN ACTION

Executive Summary

Kuwait is the third-largest economy in the Gulf Cooperation Council (GCC, after Saudi Arabia and the UAE), and the Government of Kuwait has taken preliminary steps toward liberalizing sectors of its economy in the past year. Legislation passed in 2013 including a new FDI law and a commercial companies law aimed at easing constraints to doing business in Kuwait, and at establishing a "one stop shop" to help companies start operations in Kuwait. In March 2014, the Central Bank of Kuwait announced that foreign banks could open multiple branches in Kuwait – until that time, they could only open one branch. The April 2014 passage of historic telecommunications legislation potentially signals the government may liberalize the telecom sector and create opportunities for more competition in the coming years. After years of delays, the state oil companies in 2014 awarded several high-value contracts to foreign consortia to expand refinery capacities in Kuwait. Moves toward privatization of Kuwait's stock exchange and its national airline have also begun.

Nevertheless, Kuwait is perceived as a difficult place to invest in and do business with, and challenges to operating in the country remain. Kuwait ranked 104th in the world, and lowest in the GCC, on the World Bank's 2014 ease of doing business survey, and the country has consistently attracted the lowest amounts of FDI in the entire Middle East and North Africa region. Implementation of new legislation has lagged, and significant barriers to foreign investment remain, including regulations barring foreign entities from the petroleum and real estate sectors, long bureaucratic delays in starting new enterprises, and a local business culture based on clan and family relationships that can be difficult for foreigners to navigate. The awarding and subsequent cancellation of projects, as well as the outright cancellation of tenders, deter U.S. companies from doing business in Kuwait. Kuwaiti law continues to restrict foreign banks from offering investment banking services and prohibits them from competing in the retail sector. The new Kuwait Direct Investment Promotion Authority and "one stop shop" are not yet operational. Though intellectual property violations do not appear particularly more widespread in Kuwait than in neighboring countries, Kuwait's copyright legislation is not consistent with its WTO obligations, and its enforcement efforts have virtually ceased in the past year. Kuwait remains on the Watch List in the 2013 Special 301 Report. Kuwaiti labor laws are not consistently applied or enforced.

Despite the many challenges to doing business in Kuwait, several U.S. companies have won lucrative contracts and operate successfully in the country. Kuwait is also the 13th fastest growing source of FDI in the United States, with a compound annual growth rate of 15% between 2008 and 2012. From 2003 to 2010, seven investment projects were announced by Kuwaiti firms in the United States. The transportation sector receives the largest amount of investment, comprising over 50% of all announced projects from Kuwait in the United States.

1. Openness To, and Restrictions Upon, Foreign Investment

The State of Kuwait controls eight percent of the world's proven petroleum reserves. The country earned approximately KD 24.7 billion ($88.2 billion) from energy exports in the first ten months of the 2013/2014 fiscal year (Kuwait's fiscal year runs from April 1 to March 30). The country has a population of approximately 3.98 million, including approximately 2.73 million expatriate workers, and a nominal 2013 Gross Domestic Product (GDP) of KD 51.3 billion ($183 billion), representing a 16.5% increase compared to the previous year. Kuwait's national budget overwhelmingly relies on petroleum revenues (approximately 50% of nominal GDP and 95% of the government's revenues come from oil revenues). Low levels of Foreign Direct Investment (FDI) limit efforts to diversify the economy away from the petroleum sector. In 2012, Kuwait attracted $1.851 billion of FDI. According to the World Bank's 2013 Ease of Doing Business Report, Kuwait ranked 104 out of 185 countries in terms of ease of doing business, which is lowest among the Gulf nations. Kuwait was also ranked 152 for ease of starting a new business. In the Heritage Foundation's 2014 Index of Economic Freedom, Kuwait ranked 76 out of 178 countries, with its economy considered "moderately free." Kuwait has the lowest inbound FDI rate among GCC nations, and foreign companies report numerous delays in obtaining approvals to operate in Kuwait -- some up to 18 months.

Laws/Regulations of FDI

Major barriers to foreign investment remain, including regulations barring direct involvement of foreign entities in the petroleum and real estate sectors, long bureaucratic delays in starting new enterprises, agency and sponsorship requirements, and a local business culture heavily based on clan and family relationships that often preclude foreign participation. On November 26, 2012, the Amir enacted a new Commercial Companies Law by emergency decree to ease the process of doing business in Kuwait. This was subsequently amended in March 2013 and its executive by-laws were issued in September 2013. The new law replaces the Commercial Companies Law of 1960 and comes after 23 years of discussion and debate. The law calls for the creation of a "one-stop shop" to reduce the wait-times associated with incorporation and licensing procedures for the establishment of new businesses; the ability for shareholders to agree to share profits and losses in a ratio other than their percentage shareholding (maximum of up to 75% profit share in favor of foreigner) in the company; and a relaxing of the 51% requirement of Kuwaiti shareholding in the capital of Kuwaiti companies for certain types of companies or specific sectors. The law also encourages the growth of the Islamic finance market by allowing the incorporation of special purpose companies such as those relating to sukuks, bonds, and convertible bonds. It also permits the creation of sole-proprietorship establishments and shareholding companies without Amiri decree.

The Direct Foreign Capital Investment Law of 2001 is designed to promote FDI in Kuwait. It 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 are protected against any future changes to the law. Full benefit of these incentives, however, is 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 morals, and comply with instructions regarding security and public health.

Limits on Foreign Control

Under Kuwait's Direct Foreign Capital Investment Law of 2001, foreign firms are permitted 100% foreign ownership in certain industries including: infrastructure (water, power, waste water treatment, and communications); insurance; information technology and software development; hospitals and pharmaceuticals; air, land, and sea freight; tourism, hotels, and entertainment; housing projects and urban development; and investment.

Projects involving oil and gas exploration and production are not authorized for foreign investment in Kuwait, however, due to the prevailing interpretation of Article 21 of the Kuwaiti Constitution that limits ownership rights of natural resources.

In a move to redouble efforts to attract Direct Investment and to increase industrial promotion, the National Assembly in May 2013 amended the 2001 law and passed a new FDI law calling for the establishment of the Kuwait Direct Investment Promotion Authority to replace the Kuwait Foreign Investment Bureau. (The provisions of the 2001 law are still valid.) Providing what the Government of Kuwait describes as an A-to-Z roadmap for doing business in Kuwait, the 2013 law aims to improve Kuwait's challenging investment climate and to support the growth of commercial entities in Kuwait. Among its key initiatives is the creation of a "one-stop shop" for licensing and incorporation within the Ministry of Commerce and Industry (MOCI) intended to simplify the complex Kuwaiti bureaucracy that too often deters U.S. businesses from investing in Kuwait. The new "one window system" will place representatives from all relevant Government of Kuwait ministries in one location to streamline the application and licensing processes for new businesses in Kuwait. In April 2014, the MOCI approved the regulations for the law, which are now awaiting Cabinet ratification and publication in the Kuwait official gazette. The revised "negative list" of industries closed to foreign investment is still being drafted, and the "one-stop shop" window is not yet open.

Competition Policy

Under the 1964 Public Tenders Law, all bids for government-funded projects (excluding military and security programs) in excess of KD 5,000 ($17,500) must be submitted to the Central Tenders Committee (CTC). Foreign companies may not bid on these contracts unless they partner with a Kuwaiti agent, who is responsible for submitting the tender documentation to the CTC. The 2012 Commercial Companies Law does not provide any changes to the local agent requirements for foreign companies to operate in Kuwait. A new CTC bill is being reviewed by Parliament's Financial Committee. The bill calls for increasing the existing ceiling for direct contracts that do not require CTC approval to KD 20,000 ($72,000), provides for a 15% cost differential preference for domestic companies, and mandates that a single tender not be allowed to be redistributed as a sub-tender.

Foreign firms are excluded from investing in the upstream petroleum sector (based on the prevailing interpretation of constitutional provisions that make all natural resources the property of the State), although they are permitted to participate in some downstream activities. The Dow

Chemical Company and the Petrochemical Industries Company (PIC), a subsidiary of Kuwait Petroleum Corporation (KPC), each own 42.5% of the EQUATE Petrochemical Company joint venture, established in 1995. Dow and PIC also agreed in November 2008 to establish a 50-50, $17.4 billion joint venture firm, called K-Dow Petrochemicals. On December 28, 2008, however, the Government of Kuwait instructed Kuwait's Supreme Petroleum Council to cancel the joint venture in light of the 2008 economic downturn. The deal had attracted sharp criticism by some members of Parliament, and Dow filed a $2.5 billion lawsuit against PIC. In March 2012, a UK arbitration court awarded Dow $2.16 billion in damages for the canceled contract. Dow received its awarded payment in May 2013.

The nationalized oil industry continues to dominate Kuwait's economy, despite some diversification efforts by the government. The government acquired major holdings in private Kuwaiti firms, particularly banks and insurance companies, following stock market crashes in 1979 and 1982. After Kuwait's liberation from Iraq in 1991, the government passed a debt settlement law, and purchased outstanding debt arising 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 private firms by selling off its full holdings in 28 firms and portions of its holdings in 17 other firms, earning around $3.2 billion. In September 2012, the government increased the amount of a deducted percentage of state oil revenues for a "Future Generations" reserve fund from 10 to 25 percent effective from the fiscal year 2012-2013 to be managed by the Kuwait Investment Authority.

Kuwait Stock Exchange

Established after the 1982 stock market crash, the Kuwait Stock Exchange (KSE) is the fourth largest stock exchange in the GCC (after Saudi Arabia, Qatar, and the UAE's combined stock markets), with a market capitalization of KD 29.32 billion ($104.7 billion) as of March 1, 2014. In February 2010, the Kuwaiti Parliament passed legislation to establish Kuwait's first Capital Markets Authority (CMA) to oversee the KSE's operations and procedures. Five commissioners were appointed to the CMA's Board of Directors in September 2010, and its bylaws went into effect beginning in March 2012. As companies seek to restructure their debts following the Global Financial Crisis, some have faced difficulties in meeting new CMA regulations and have either been delisted or suspended from trading on the bourse. Currently, 208 companies are listed on the KSE (eleven of which are non-Kuwaiti companies). Eighteen companies were delisted from the exchange in the last year for violating KSE and CMA financial reporting requirements. Local press has reported numerous challenges the CMA faces as it transitions into a new market regulator. Press has also reported market capitalization losses of KD 5 billion ($17.5 billion) since the issuance of the CMA bylaws due to tight CMA regulations over companies.

Privatization Program

The KSE began the several-year process of privatization by creating a shareholding company in 2014 to be funded with KD 60 million ($210 million). The privatization of the KSE has been delayed by years following legal obstacles. A senior CMA official said selling the bourse risked being stymied by a clause in Kuwaiti law forbidding the CMA from carrying out commercial activities, meaning it could not operate the stock market as a company before selling it, forcing it to sell its stake prematurely. Any changes to the law would require passage through Parliament, likely to further delay the privatization process. The government has hired an outside consultant to oversee the KSE privatization process.

Kuwait Airways Privatization and the Emergence of Other Airlines

A law to privatize Kuwait Airways, which continues to operate at a significant loss and faces increasing competition from regional rivals, was approved by the Parliament in January 2008. Under the law, the company was scheduled to be transformed into a private company within two years, after two independent international auditors valued the company's assets. After four years of delay in the privatization process, the Amir enacted an emergency decree to transform Kuwait Airways into a shareholding company. The law went through two rounds of deliberation at the National Assembly, in 2012 and 2013. Parliament finally ratified the decree in January 2014. The decree appointed a new board of seven members to oversee the Kuwait Airways privatization process over a three-year timeline. Thirty-five percent of Kuwait Airways is to be sold to a core investor, either local or foreign, with the highest bid. Forty percent is to be sold to Kuwaiti citizens through an initial public offering, while government institutions are to retain ownership of twenty percent of the company. The new decree gives three percent of the shares to current employees, two percent for former employees, and specifies that a minimum of fifty percent of the company's work force be comprised of Kuwaiti citizens The new company will retain many of its current advantages such as fuel discounts and exemption from customs duties. Kuwait Airways operates a fleet of seventeen Airbus and two Boeing aircraft. The company ordered twenty-five new aircraft from Airbus in February 2014.

In 2004, the Kuwaiti Government ended Kuwait Airways' de facto exclusive status as a local air transportation provider with the passage of an Amiri Decree, and granted a license to low-cost airline Jazeera Airways, which began operations in late 2005. Jazeera Airways operates with fourteen Airbus A320 aircraft, including six from its leasing arm Sahaab Aircraft Leasing. Jazeera Airways expects the delivery of one additional Airbus aircraft in 2014. Another private airline, Wataniya, was licensed and formed in 2005, and began operations as a premium-class, regional airline in January 2009 with seven aircraft. However, Wataniya declared bankruptcy and halted operations in March 2011. A third license was granted to LoadAir Company, a Kuwaiti-based international cargo airline company, which is not yet operational due to a lack of financing.

Telecom Sector

Kuwait's telecom sector is the largest source of revenue after the state's oil sector. Three private mobile telephone companies now operate in Kuwait, with the government maintaining significant minority interests in all, while foreign companies own major stakes in two. The three companies are Mobile Telecommunications Company (known as Zain), National Telecommunications Company (known as Wataniya), and VIVA, which launched operations in

December 2008 after an initial public offering to the Kuwaiti public raised KD 25.6 million ($89.6 million). Wataniya's majority owner is foreign-owned Qatar Telecommunications Company, while 26 percent of VIVA is foreign-owned by Saudi Telecom. In October 2012 the Kuwait Investment Authority sold its entire 24 percent stake in Wataniya to Qatar Telecom (Q-Tel), increasing Qatar's stake in the corporation from 52.5 percent to 92.1 percent. Qatar Telecom reported that its total stake in Wataniya amounted to KD 519.1 million ($1.8 billion). Zain had been in talks to sell a controlling stake of the company, worth $12 billion, to UAE's Etisalat, but negotiations were terminated in March 2011 when a deal could not be reached. Other communication services are not privatized, though privatizing landline telephone services has been discussed for several years.

On April 1, 2014, the National Assembly passed landmark telecommunications legislation for the creation of an independent telecommunications regulation authority (TRA). The TRA will liberalize markets in the mobile communications and Internet industries, and privatize some aspects of the telecom market now handled through the Ministry of Communication, such as fixed telephone lines. The new authority will consist of a board and fall under the supervision of a minister. Final administrative approvals for the TRA are pending.

Energy Sector

Kuwait has taken significant steps forward in recent years to upgrade and expand its oil- sector assets domestically and abroad. In November 2010, KPC announced its intention to spend $90 billion over the next five years, as part of its strategy to boost **energy** production capacity from approximately three million barrels of oil per day at present to four million barrels per day by 2020, and to boost refining capacity from its current 935,000 barrels per day (bpd) to 1.4 million bpd by 2018. The sector's two most significant projects include the upgrading of three existing refineries in what is known as the "Clean Fuels Project," and the construction of a fourth refinery, together estimated to cost $30 billion. The five-year expansion plan also includes investments in oil refineries in Vietnam, China and Indonesia, upgrades to KPC's oil tanker fleet, and the launch of major petrochemical projects.

On December 4, 2012, the Kuwait National Petroleum Company (KNPC), a KPC downstream subsidiary, signed consultancy services contracts with UK company AMEC and U.S. company Foster Wheeler for both projects. The engineering, procurement, and construction contract for the Clean Fuels project was tendered in April 2013 and awarded in April 2014 to three consortia. The $4.8 billion upgrading of the Ahmadi refinery was awarded to Japan's JGC Corp-led consortium; the $3.8 billion Mina Abdullah Phase I contract was awarded to a consortium led by Britain's Petrofac, and the Mina Abdullah Phase II contract, valued at $3.4 billion, was awarded to a consortium led by the U.S. firm Fluor.

Other projects are also underway. In 2011, Kuwait Oil Company (KOC), a KPC upstream subsidiary, concluded $2.6 billion in contracts, which represented an 80 percent decrease from the 2010 total of $11 billion. In 2012, KOC awarded approximately $2 billion in contracts in the first three quarters of the year. They included $179 million to the local Kuwait Drilling Company for the supply of drilling and workover rigs; $195 million to South Korea's Daelim Industrial for the installation of a telemetry system across KOC's entire consumer network; $382 million to South Korea's SK Engineering & Construction for the construction of electrical substations in the southeast of Kuwait; $200 million to UK's Petrofac for building three new substation buildings and to lay approximately 900-kilometres of buried cable to connect substations to the electrical submersible distribution system (ESPS); and $831 million for drilling contracts, representing 41 percent of the contracts signed. In 2013, KOC awarded a total of $4.39 billion in contracts, including $1.2 billion to France's Technip, Australia's WorleyParsons and the UK's Amec for project management, feasibility studies, front-end design, project controls, planning, engineering, procurement, construction management services, and the training of KOC project staff; and $480 million to Turkish Engineering and Construction Group STFA to build and expand small boat harbors at KOC's South and North Piers.

Opportunities for Investment in BOT Projects

Build, Operate and Transfer (BOT) projects are gaining some acceptance in Kuwait, with BOT projects proposed in the power, waste water, real estate development, and transport sectors. The largest BOT project to date is the Sulaibiya Waste Water Treatment contract, signed in May 2001. The winning consortium, which included U.S. firm General Electric, projected revenues of $390 million over 10 years. The project, which was commissioned in 2004, now processes 50 million gallons of wastewater per day for irrigation uses. In January 2012, the Cabinet approved a plan to expand the plant from current capacity of 425,000- to-600,000 cubic meters a day, to meet projected demand.

Parliament approved a new BOT law in January 2008 after the State Audit Bureau in late 2006 scrutinized BOT projects for alleged violations, resulting in the cancellation of several projects. The new law establishes a high commission for state properties, and bans any government institution from allocating state land to any project without the approval of the new commission. It also stipulates that new companies will be established to implement major projects on state land with a 40 percent share sold in an auction to an investor (presumably a local holding company), 50 percent sold to Kuwaiti citizens in an IPO, and the remaining 10 percent sold to a local or foreign company implementing the project. The law limits the term of BOT contracts to 30 years, with the exception of "special" projects that can continue for up to 40 years. Special projects may not exceed a value of $900 million, but are not specifically defined by category. Kuwaiti and foreign investors have commented that the time frame for BOT projects is too short for companies to recoup their investments, and have called for amendments to the law.

In February 2010, the Government of Kuwait passed a major development plan comprising 1,100 projects totaling KD 30.8 billion ($107.8 billion), which includes the creation of Silk City, a planned financial and commercial hub and free trade zone with 700,000 residents. The Silk City program and other associated projects are expected to be undertaken on a BOT basis, according to the Minister of State for Housing and Development Affairs. In April 2014, the project took a step forward with a Cabinet request to create an authority to expedite the development of Silk City.

Corporate Taxation

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. No corporate tax is currently applied on entities incorporated in the GCC which are 100% owned by GCC nationals. In February 2008, a law to reduce the tax rate on foreign companies from 55 percent to 15% went into effect, creating a flat tax on the annual profit of foreign companies. Capital gains arising from trading in securities listed on Kuwait's stock market are exempt from tax. However, dividend income is subject to a 15% withholding tax. Foreign principals selling goods through Kuwaiti distributors are not subject to tax. However, foreign principals selling goods through local agents are taxable as are franchisors of foreign brands. Under the new Direct Capital Investment Law, new foreign investors may be exempted from all taxes for up to 10 years if approved by the Kuwait Direct Investment Promotion Authority.

Kuwaiti shareholding companies listed on the Kuwait Stock Exchange are required to contribute 2.5% of annual profits to the National Labor Support Tax, which supports employment of Kuwaitis in non-government sectors. All Kuwaiti shareholding companies are subject to "zakat," (a religious tithe) assessed at one percent of profits. In addition, all Kuwaiti shareholding entities are required to contribute one percent of their earnings directly to the Kuwait Foundation for the Advancement of Science (KFAS).

There is no personal income, property, inheritance, or sales tax in Kuwait for Kuwaitis or non-Kuwaitis. As part of a region-wide GCC plan, the Government of Kuwait announced its intention to harmonize with the GCC VAT law, with the original deadline set for 2015; however, GCC action to implement VAT has been delayed.

Tax exclusions for foreign business expenses, besides those offered under the Direct Capital Investment Law, are limited, and Kuwait's tax code is often ambiguous. For example, tax deductions are only two percent for agent commissions and a maximum of 1.5 percent for head office overhead expenses. 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. Kuwait has tax treaties with over 45 countries but not the United States.

Kuwaiti Offset Program

In 1992, the Cabinet established the Counter-Trade Offset Program, whereby foreign contractors receiving large government contracts are required to undertake investments in the local economy. In April 2006, Kuwait established the National Offset Company (NOC) to manage, enforce, and review all offset proposals. Offset obligations are applied to military contracts of a value equal to or above KD 3 million ($11 million), civil/government contracts of a value equal to or above KD 10 million ($36.5 million), and all downstream oil or gas contracts. Oil and gas exploration and production (upstream) contracts are excluded from the offset program. Offset obligations amount to 35 percent of contract value with varying offset multipliers to encourage investment of the obligations in specific sectors of Kuwait's economy. A bank guarantee of six percent of the contract value is expected to be provided to the NOC until the offset obligation is fulfilled. The NOC is currently revising its guidelines on specific types of offset projects, and several foreign companies have warned of difficulties in finding projects that are approvable by the NOC due to seemingly opaque guidelines on how to re-invest the offset amount.

The current offset guidelines have a number of challenges. The NOC requires offsets to be executed through long-term sustainable projects in partnerships consisting of 49% foreign participation, and 51% Kuwaiti participation. Such partnerships take time to find, in many cases. The term for executing long-term sustainable projects is limited. Numerous challenges over licenses for land, industry and commerce also exist. The offset program has recently been transferred to the Kuwaiti Direct Investment Promotion Authority and it is anticipated that the organizational structure of the NOC and the guidelines of the program may be amended.

Measure	**Year**	**Rank or value**	**Website Address**
TI Corruption Perceptions index	2014	(69 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2014	(76 of 178)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2014	(104 of 185)	http//doingbusiness.org/rankings
Global Innovation Index	2013	(50 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	$44,880	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Since May 2007, the Kuwaiti dinar has been linked to an undisclosed basket of major world currencies. There are no restrictions on current or capital account transactions in Kuwait, beyond the requirement that all foreign exchange purchases be made through a bank or licensed foreign exchange dealer. Equity, loan capital, interest, dividends, profits, royalties, fees and personal savings can all be transferred in or out of Kuwait without hindrance. Under the Direct Foreign Capital Investment Law, investors are also permitted to transfer all or part of their investment to another foreign or domestic investor and there are no restrictions on cash transfers.

3. Expropriation and Compensation

There have been no recent cases of expropriation or nationalization involving foreign investments in Kuwait. 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 expropriation. The last case of nationalization occurred in 1974, when Kuwait's oil industry was nationalized, and the Government of Kuwait negotiated with BP and American Gulf Oil Company to purchase the 40% share owned by the two companies.

4. Dispute Settlement

The Direct Foreign Capital 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 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) and to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Under Kuwaiti law, selling securities without a local license nullifies the transaction.

Legal System

Kuwait has a developed legal system and a strong trading history that is influenced by Islamic law. As a traditional trading nation, Kuwait's judiciary is familiar with international commercial laws. Kuwait has been a member of GATT since 1963 and joined the WTO in January 1995. Kuwait, however, is not a signatory to the WTO Government Procurement Code.

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

To protect their interests, U.S. firms are advised to consult with a Kuwaiti or locally based foreign law firm when executing contracts with local parties. Contracts between local and foreign parties serve as the basis for resolving any future commercial disputes. The process of resolving disputes in the Kuwaiti legal system can take years depending on the complexities and parties involved.

5. Performance Requirements and Investment Incentives

Law No. 37 of 1964 (Articles 43 and 44) specifies the use of local products when available and prescribes a ten percent price advantage for local firms in government tenders.

There are no specific restrictions on foreign participation, public or private, in government-financed or subsidized research and development. The Kuwait Institute for Scientific Research (KISR) has expressed interest in working with foreign firms and national laboratories in establishing new renewable energy and energy efficiency programs. Currently, various U.S. governmental and non-governmental entities are engaged in scientific cooperation in Kuwait.

Passports and visas are required for U.S. citizens traveling to Kuwait. U.S. citizens can obtain visitor visas at the port of entry in Kuwait, and at this time, U.S. citizens are not charged a fee. Passports must be valid for at least six months from the date of entry into Kuwait. Employment in Kuwait requires the issuance of a work visa prior to arriving in the country. For further information on entry and exit requirements, travelers should contact the Embassy of the State of Kuwait at 2940 Tilden Street NW, Washington, DC 20008, telephone (202) 966-0702.

In 1993, Kuwait publicly announced its decision to end enforcement of the secondary and tertiary Arab League boycotts of 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.

6. Right to Private Ownership and Establishment

Rights to private ownership and establishment are respected in Kuwait, although foreigners face selected restrictions. Licenses from the Ministry of Commerce and Industry and appropriate local municipality are required for the establishment of all new companies, and government authorization is required for any incentives offered by the Direct Foreign Capital Investment Law. The new Commercial Companies Law is intended to simplify the process for registering new companies in Kuwait and reduce wait-times associated with starting a new business, but a law mandating that a Kuwaiti national own at least 51 percent of all local companies remains in place. 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. Some foreign investors cite this latter restriction as a major disincentive to foreign direct investment and to launching new businesses in Kuwait.

Kuwaiti law severely restricts the types of collateral to which creditors may have recourse in the event of default by a 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.

7. Protection of Property Rights

Intellectual property rights (IPR) in Kuwait are currently protected by a series of copyright and trademark laws adopted in 1999 and 2001. Kuwait is a member of the World Trade Organization (WTO), World Intellectual Property Organization (WIPO), and signatory to the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

Kuwait remains on the Watch List in the 2013 Special 301 Report, largely due to its non-WTO-compliant copyright law and its cessation of most copyright and trademark enforcement actions. Kuwait's current copyright law does not provide for deterrent criminal penalties and there are insufficient resources allocated to enforcement. The U.S. government has provided technical assistance on several iterations of developing a new draft law to address these issues; however, the U.S. government remains deeply concerned that the draft does not yet meet international standards or WTO requirements and has not moved forward to the Council of Ministers or National Assembly. According to the International Intellectual Property Alliance (IIPA), the software piracy rate in Kuwait was 59% in 2011, representing a commercial value of unlicensed software of $72 million. Until Kuwait implements a new copyright law that meets international standards, it is unlikely that its Special 301 status will change.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en.

Embassy point of contact: KuwaitDirectLine@state.gov

Local lawyers list: http://kuwait.usembassy.gov/attorneys.html

8. Transparency of the Regulatory System

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

9. Efficient Capital Markets and Portfolio Investment

Foreign investors can obtain credit through local banks and terms are determined by the foreign investor's collateral level and the intended use of the financing. With the help of government subsidies, the financial markets, and particularly the commercial banks, operated throughout the 1980s primarily to collect funds to re-lend 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 April 2013, the National Assembly passed a law requiring banks to write off interest on personal and consumer loans for Kuwaiti citizens, and to reschedule the principal debt over a minimum of 10 years, in exchange for government deposits. Under the law, both government and parliament reached a settlement to refer borrowers to the Family Support Fund, a public debt-relief program that allows the government to purchase outstanding loans acquired by Kuwaiti citizens prior to June, 2013. The program has helped to relieve more than 65,000 borrowers to date through restructuring debt terms without interest, though the program divests banks of anticipated revenues.

Banking Sector

In January 2014, the Central Bank reported that the total assets for the banking sector equaled KD 51.5 billion ($180 billion). Twenty-one banks currently operate in Kuwait: five (conventional) banks, five Islamic banks, ten foreign banks, and one specialized bank. Conventional banks include: market leader National Bank of Kuwait (NBK), Commercial Bank of Kuwait (CBK), Gulf Bank, Al-Ahli Bank of Kuwait, and Burgan Bank. Sharia-compliant banks include Kuwait Finance House (KFH), Boubyan Bank, Kuwait International Bank (formerly Kuwait Real Estate Bank), Al-Ahli United Bank (formerly Bank of Kuwait Middle East), and the newly established Warba Bank. In addition, the Industrial Bank of Kuwait, a government-owned bank, provides medium and long-term financing to industrial companies and Kuwaiti citizens through customized financing packages.

Confidence in the local banking sector was affected by the global financial crisis and Gulf Bank's announcement in October 2008 that it had incurred large losses. Following this announcement, the Council of Ministers and Parliament promulgated legislation guaranteeing deposits at local banks in an effort to rebuild confidence in Kuwaiti banks. The Central Bank worked with Gulf Bank and key shareholders to orchestrate a $1.4 billion recapitalization subscription, with the KIA acting as the buyer of last resort. Since 2008, the banking sector, including Gulf Bank, has seen a steady recovery and regained liquidity.

The banking sector was opened to foreign investment under the Direct Foreign Capital Investment Law. The Central Bank has granted licenses to ten foreign banks thus far: BNP Paribas and HSBC, both of which began operations in 2005; Citibank and the National Bank of Abu Dhabi, which commenced operations in 2006; Qatar National Bank, which began operations in 2007; Doha Bank, which opened an office in 2008; Dubai-based Mashreq Bank, which commenced operations in 2009; and the Bank of Muscat and the Riyadh-based Al Rajhi Bank (the largest Sharia-compliant bank in the world) in 2010. The Bank of Bahrain and Kuwait (BBK) has operated in Kuwait since 1977. In June 2012, the Industrial and Commercial Bank of China (ICBC) received preliminary approval from the CBK to open a branch as the eleventh foreign bank to operate in Kuwait.

In March 2013, the Central Bank of Kuwait announced that foreign banks would be able to open multiple branches in Kuwait on a case-by-case basis. Until this time, foreign banks could only open one branch. The new rules also allow foreign lenders to open representative offices. Kuwaiti law restricts foreign banks from offering investment banking services, and prohibits them from competing in the retail sector. Foreign banks are also 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.

Regulatory Norms for the Banking Sector

The quality of local banks varies from internationally recognized 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 generally consistent with international norms. The Central Bank of Kuwait requires annual reports from local banks to meet international accounting standards. U.S. businesses are advised to seek local legal and financial advice for complicated investments and transactions.

2012/2013 Financial Statements from the Banking Sector

The profit/losses and assets of Kuwait's largest conventional and Shariah-compliant banks as of February, 2014, were:

Bank	**Profit/Losses KD (millions)**	**Assets KD (billions)**
National Bank of Kuwait	238.1	18.6
Kuwait Finance House	115.5	16.1
Gulf Bank	32.1	5.1
Commercial Bank of Kuwait	23.5	3.9
Al-Ahli Bank of Kuwait	35.4	3.2
Burgan Bank	20.1	4.9
Al-Ahli United	42.5	3.2
Kuwait International Bank	31.2	1.5
Boubyan Bank	13.4	2.2

($1 equaled KD 0.280 as of December 31, 2012)
(Note: rounded to the nearest decimal)

10. Competition from State-Owned Enterprises

Kuwait's economic policy remains oil based and state dominated. There are few fully state-owned enterprises outside the upstream oil sector, with the exception of Kuwait Airways. The government does own shares in Kuwaiti shareholding companies across the spectrum of the economy, either through KIA or Kuwait's Public Institution for Social Security.

In July 2001, the Kuwaiti government announced an ambitious five-year privatization program. However, the plan, which called for privatizing gas station outlets, part or all of Kuwait Airways, postal services, certain telecommunications services, the Ports Authority, the Public Transport Company, and the power and water sectors, was, for the most part, not implemented.

In May 2010, the Parliament passed a new privatization law, creating a higher privatization council to be headed by the Prime Minister. The law stipulates that a public shareholding company should be established before privatizing any public service. Under the law, forty percent of any such company's shares will be sold to citizens in an initial public offering. Twenty percent of the shares will be held by the government, with five percent distributed to existing Kuwaiti employees. The remaining thirty five percent will be sold at an auction to a local or foreign investor. Kuwaiti employees will have the right to retain their jobs in the privatized service for at least five years with the same salary and benefits.

With the exception of the extractive energy sector, where private ownership is prohibited, state-owned enterprises do not appear to have material advantages in business operations. Arguably, the state-owned enterprises, which are subject to strict government tendering rules and the oversight of the State Audit Bureau and Kuwait's Parliament, are far less nimble than their private sector competitors.

The Kuwait Petroleum Corporation (KPC), the umbrella for all of Kuwait's state-owned oil companies, is governed by a Board of Directors, with the Minister of Oil as the chairman. It also reports to a policymaking and oversight body, the Supreme Petroleum Council, headed by the Prime Minister, with participation from both private sector and government officials. The operating budget for KPC and its subsidiaries are subject to parliamentary approval.

Sovereign Wealth Fund

Kuwait's Sovereign Wealth Fund, the Kuwait Investment Authority, manages the Kuwait General Reserve Fund and the Kuwait Future Generations Fund. In March 2012, the Amir enacted a budgetary decree to increase the portion of state oil revenues allocated to the Future Generations Fund from 10 to 25 percent. KIA's management reports to a Board of Directors, the members of which are appointed by the Council of Ministers. The Board is chaired by the Minister of Finance and includes seats allocated to the Minister of Oil, the Central Bank Governor, the Undersecretary of the Ministry of Finance, and five representatives from Kuwait's private sector, three of whom are not allowed to hold any other public office. The five-member Executive Committee, of whom at least three are private sector appointees, is formed by the Board. The Chairman of the Executive Committee is the Managing Director, who is appointed by the Board. The primary role of the Executive Committee is to assist the Board of Directors in setting strategic goals and objectives for KIA.

KIA maintains both an internal audit office (which reports directly to the Board of Directors) and an external audit team. Additionally, KIA is overseen by a Board Audit Committee comprising two private sector Board members and chaired by the Minister of Finance. The Managing Director participates in Board Audit Committee meetings as an observer. The external auditor, the State Audit Bureau (SAB), audits KIA on a continuous basis and issues an annual report to the National Assembly. Various committees in the National Assembly, such as the Finance and Economic Committee, the Budget Committee, and the Closing Accounts Committee, review the comments of the SAB audits.

KIA is prohibited by law from publicly discussing the size of its holdings and avoids any but the most general discussions of asset allocation. KIA holds closed-door presentations on the full details of all funds under its management, including its strategic asset allocation, benchmarks and rates of return, for the Council of Ministers and the National Assembly.

11. Corporate Social Responsibility

Corporate social responsibility (CSR) in Kuwait is largely manifested through contributions to local charities and causes. Companies and the general public are aware of corporate responsibility as it pertains to contributions to local charities, and consumers hold charitable giving in high regard. Dow in Kuwait actively sponsors the Lothan Youth Achievement Center, which provides educational and social programs aimed at developing and empowering Kuwaiti youth. Kuwait National Petroleum Company won the Arabia Networld Award for CSR champions from MENA region in 2012, while Kuwait's EQUATE Petrochemical Company won the top Middle East CSR award for the third consecutive year in 2013.

12. Political Violence

Spontaneous and planned demonstrations take place in Kuwait from time to time in response to world events or local developments. At times, even demonstrations intended to be peaceful can turn confrontational and possibly escalate into violence. U.S. citizens are encouraged to remain in contact with the Embassy for up-to-date information.

13. Corruption

The often lengthy procurement process in Kuwait occasionally results in accusations of attempted bribery or the offering of other inducements by 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. In 1996, the government passed Law No. 25, which requires all companies securing contracts with the government valued at KD 100,000 ($364,931) 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.

Transparency International's 2013 Corruption Perceptions Index (CPI) ranked Kuwait 69 out of 177 countries. Kuwait was ranked eighth in the Arab region out of 19 countries and the sixth among the Gulf Nations after UAE, Qatar, Bahrain, Oman, and Saudi Arabia. Kuwait's CPI score of 43 (out of 100) indicates it has a "serious corruption problem," according to Transparency International.

14. Bilateral Investment Agreements

Kuwait has signed bilateral investment agreements with 74 partners, but not with the United States. Kuwait signed a Trade and Investment Framework Agreement (TIFA) with the United States in February 2004. The TIFA aims to develop deeper trade relations between the United States and Kuwait and to strengthen the overall U.S.-Kuwait economic relationship. At the first bilateral TIFA Council meeting, held in May 2004 in Washington, D.C., it was agreed that the

TIFA process would provide for periodic technical discussions on issues including intellectual property rights, standards-related issues, taxation, and service and investment requirements. The most recent TIFA Council meeting took place in 2008. In 2013, The United States and Kuwait initiated exploratory discussions toward a potential BIT. Those discussions are ongoing.

In October 2012, the United States signed a TIFA with the Gulf Cooperation Council, comprised of Kuwait, Saudi Arabia, the United Arab Emirates, Qatar, Bahrain, and Oman. The Framework Agreement is intended to supplement and build upon U.S. engagement with individual member states on bilateral issues. In April 2014, Kuwait's Parliament ratified the U.S.-GCC TIFA Agreement, however it is pending enactment through a Cabinet decree.

15. OPIC and Other Investment Insurance Programs

In 1989, Kuwait concluded an agreement with the United States on investment guarantee 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 Guarantee Agency (MIGA). Currently there are no OPIC programs in Kuwait.

16. Labor

Kuwait has a diverse labor force, with expatriate laborers accounting for approximately 65% of Kuwait's resident population and approximately 85% of all employees. Kuwaiti nationals occupy most of the top management positions in the private and public sectors. Due to a welfare system that includes guarantees for government jobs, unemployment among Kuwaitis is less than five percent, but it is rising as a result of a growing influx of young Kuwaitis entering 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. The Government of Kuwait currently employs approximately 90% of the Kuwaiti workforce.

Expatriate Workers

A number of white-collar workers from OECD countries occupy primarily high-skilled positions and many middle management positions are occupied by Egyptian, Lebanese, and South Asian nationals. The vast majority of expatriate workers are low-paid laborers from other Middle Eastern countries, South Asia, and the Philippines, and abuse of the sponsorship system is widespread. 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 in 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 also levies fees on expatriate workers and their families to raise the cost of employing foreign workers.

Kuwaiti Labor Laws

Kuwaiti workers have the right to organize and bargain collectively, but Kuwaiti law restricts the right of freedom of association to only one union per occupational trade and permits only one federation, the Kuwait Trade Union Federation (KTUF), which comprises 15 of the 47 licensed unions. 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 negotiation and arbitration in the case of disputes limit that right. Although public sector workers do not have the legal right to strike, several such strikes have occurred in the past two years. Kuwaiti labor law prohibits anti-union discrimination.

Separate Kuwaiti labor laws establish work conditions in the public and private sectors, with the exception of the oil sector. Forced labor is prohibited and the minimum age for employment is 18 years in industrial or dangerous jobs. Some youth under the age of 18 may be allowed to work part-time in some non-industrial positions. A two-tiered labor market ensures higher wages for Kuwaiti employees while foreign workers, particularly unskilled laborers, receive substantially lower wages. In the private sector, the minimum wage is KD 60 ($210) per month. In the public sector; the current minimum wage is KD 250 ($875) per month for Kuwaiti bachelors and KD 325 ($1137.5) per month for married Kuwaitis, plus KD 50 ($175) for each child, compared to a standard minimum wage of KD 90 ($315) for non-Kuwaitis in the public sector. Kuwaitis employed in both the private and public sectors also receive substantial government subsidies on top of their base salaries. The amended labor law of February 2010 did not change the previous work week limitation from 48 hours, but extended annual leave to 30 days after 6 months of employment. However, the law is not consistently enforced and disputes over the payment of salaries and contract-switching are common, especially among unskilled workers. Current labor laws do not apply to domestic workers.

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

Human Rights and Trafficking

The State Department’s annual Trafficking in Persons Report highlights the vulnerability of domestic workers to exploitation. Partly because of the plight of domestic workers and other workers in Kuwait, the State Department’s 2013 Trafficking in Persons Report listed Kuwait as a “Tier 3” country of concern. In February 2010, Parliament enacted a private-sector labor law, updating the antiquated 1964 law. The new law provides private-sector workers with longer leave, higher severance pay, and maternity leave. It requires payment of salaries to bank accounts, rather than cash transfers. It also contains a provision for the establishment of a state-owned recruitment company to oversee the importation of foreign labor, a move intended to eliminate visa trading and illicit recruitment of foreign workers, which has not yet been established. However, the new law's provisions do not apply to domestic workers, and no legislation has subsequently been passed to regulate standards for treatment of household workers.

In June 2007, Parliament ratified a law that bans women from working from 8:00 p.m. to 7:00 a.m., except for those working in the medical sector and other sectors approved by the Minister of Social Affairs and Labor. The law also bans women from working in jobs that are hazardous, rough, and damaging to health, as well as in "immoral jobs that abuse women's femininity" and in places that exclusively serve men.

17. Foreign Trade Zones/Free Ports

In July 1995, Parliament passed Law No. 26 authorizing the Ministry of Commerce and Industry (MOCI) to establish free trade zones in Kuwait. In May 1998, the privately owned National Real Estate Company (NREC) 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 in November 1999. Many restrictions faced by foreign firms, such as corporate taxes, technically do not apply to offices or plants within the KFTZ. Some 90 percent of space within the KFTZ has been leased and the majority of firms operating in the zone are Kuwaiti. However, both Kuwaiti and foreign businesses report that the Shuwaikh Free Trade Zone is subject to a wide array of regulations by both the central and municipal governments.

In November 2006, the Cabinet Council issued Resolution No. 507/2006 terminating the NREC's contract and suspending all its activities at the FTZ area, due to accusations that the NREC was mismanaging the FTZ. The NREC appealed this decision in the Kuwaiti courts, but the matter has not been resolved. In December 2013, MOCI finalized a new master plan for the FTZ area and started issuing commercial licenses.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Kuwaiti investment abroad consists of portfolio investment by KIA and direct investment by other government entities. Details about the composition and value of these assets, are not publicly available, however the Sovereign Wealth Fund Institute estimates that KIA manages over $410 billion in assets.

According to the 2012 World Investment Report (published by the secretariat of the United Nations Conference on Trade and Development (UNCTAD), Kuwait attracted $1.851 billion in FDI in 2012, compared with FDI outflows of $7.561 billion, making Kuwait the highest overseas investor in the GCC. U.S. enterprises invested $331 million in Kuwait in 2012, up from 158 million in 2011.

SelectUSA statistics show that Kuwait is the 13th fastest growing source of FDI in the United States, with a compound annual growth rate of 15% between 2008 and 2012. From 2003 to 2010, seven investment projects were announced by Kuwaiti firms in the United States. The transportation sector receives the largest amount of investment, comprising over 50% of all announced projects from Kuwait in America.

TABLE 2: Key Macroeconomic data, U.S. FDI in Kuwait

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data
Economic Data	Year	Amount	Year	Amount	
Kuwait Gross Domestic Product (GDP) (*Millions U.S. Dollars)*	(N/A)	(N/A)	2012	183,200	http://data.worldbank.org/country/kuwait
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		
U.S. FDI in Kuwait (*Millions U.S. Dollars, stock positions)*	(N/A)	(N/A)	(N/A)	331	www.bea.gov
Kuwait's FDI in the United States (*Millions U.S. Dollars, stock positions)*	(N/A)	(N/A)	2012	2,393* (*by UBO)	www.selectusa.gov
Total U.S. inbound stock of FDI as % Kuwait	(N/A)	(N/A)	2012	1.8%	www.bea.gov

GDP					

* No host country data is available.

TABLE 3: Sources and Destination of FDI in Kuwait, 2012

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			Outward Direct Investment		
Total Inward	6,830	100%	Total Outward	24,770	100%
Qatar	3,464	51%	Saudi Arabia	4,118	17%
Bahrain, Kingdom of	1,417	21%	Bahrain, Kingdom of	3,779	15%
United Arab Emirates	581	9%	Turkey	2,205	9%
Saudi Arabia	556	8%	Iraq	1,711	7%
Oman	440	6%	Jordan	1,300	5%
"0" reflects amounts rounded to +/- $500,000.					

No host country data is available.

TABLE 4: Sources of Portfolio Investment in Kuwait, 2012

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
World	36,340	100%	World	30,156	100%	World	6,185	100%
Cayman Islands	7,127	20%	Cayman Islands	6,659	22%	United Arab Emirates	1,595	26%
Saudi Arabia	6,254	17%	Saudi Arabia	6,074	20%	Bahrain, Kingdom of	800	13%
Bahrain, Kingdom of	5,225	14%	Bahrain, Kingdom of	4,424	15%	Qatar	797	13%
United Arab Emirates	3,174	9%	United States	1,907	6%	United States	640	10%
United States	2,547	7%	United Kingdom	1,750	6%	Cayman Islands	468	8%

No host country information is available.

19. Contact Point at Post for Public Inquiries

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