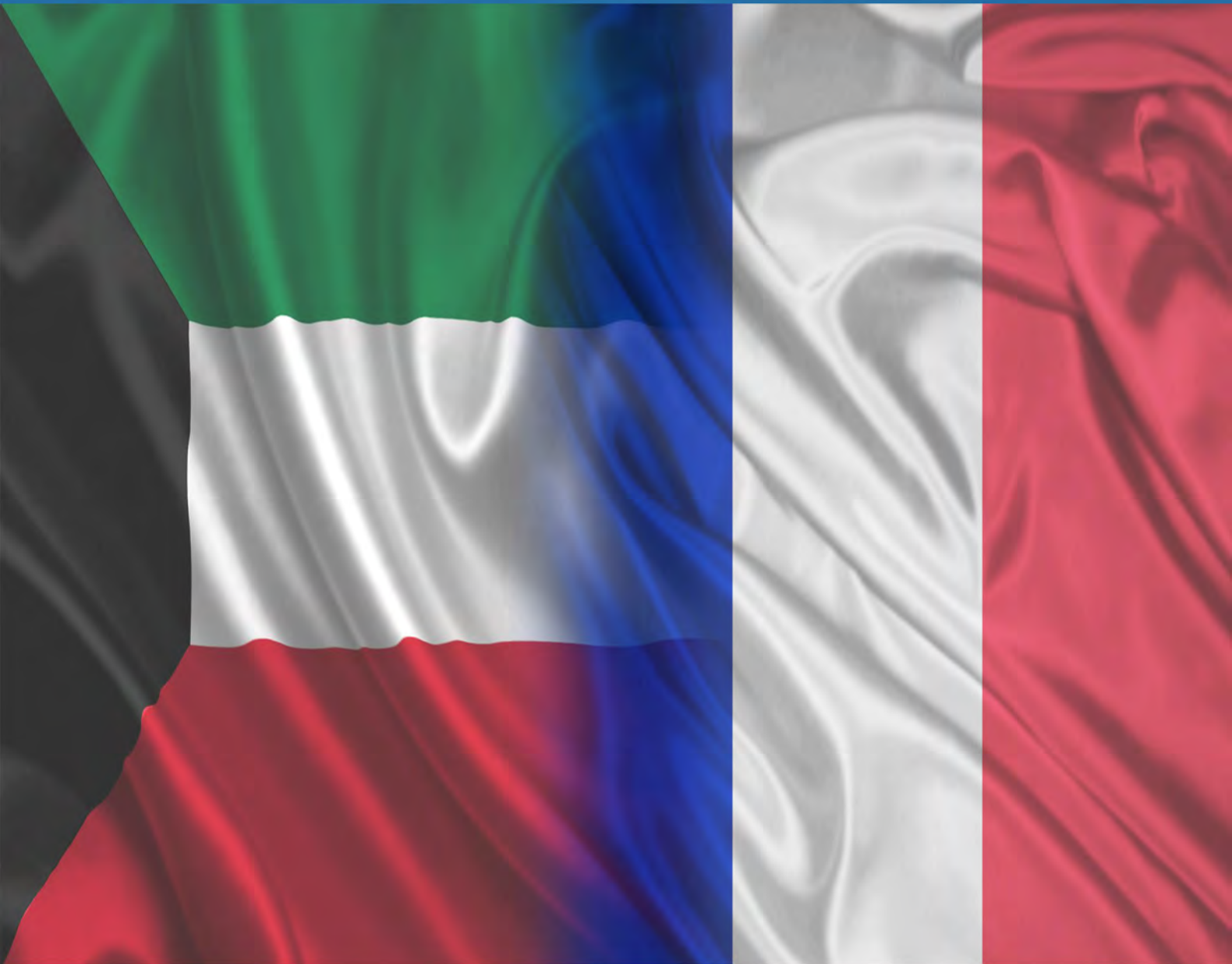


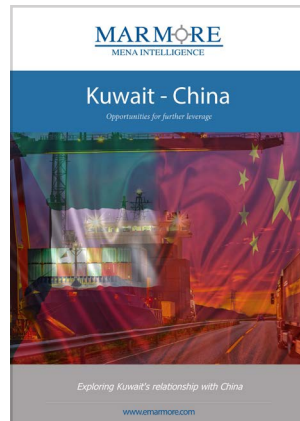
# Kuwait - France

*Opportunities for further leverage*



*Exploring Kuwait's trade & investment relationship with France*

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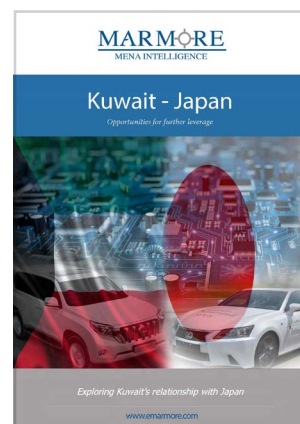
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## ECONOMIC RESEARCH REPORT

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# Executive Summary

France and Kuwait have a long-standing defence and diplomatic ties that goes back to 1991. France's contribution to liberating Kuwait in 1991, and its firmness on implementing Kuwait-linked UN resolutions on Iraq (acknowledgment of the border, payment of compensation, return of archives and remains of Kuwaiti soldiers) etc. served as founding stones of the relationship between the two countries. In addition to the traditional trade and defence ties, France has also collaborated with Kuwait on cultural, scientific and

technical areas including archaeology, healthcare and education.

France, the sixth largest exporter in the world, shipped USD 489bn worth products in aircraft, automobile, chemical, machinery, textile, steel, electronics, tourism and food processing industries. France exports to Kuwait are in areas such as aircrafts (both civilian and military), engines, valves, metal and machinery works, perfumes, beauty products and medicines. There has also been a historical cultural association dating back to the

60's, especially in areas of scientific, engineering, business and medical education, and many students from Kuwait opt for higher education in France. The country is also an important investment destination to Kuwait investors, with many new private equity funds being created in collaboration between the two countries. The potential for French products and services remains high, especially in areas of food, medicines, cosmetics, perfumes, luxury goods, metals and machinery works. However, the low population base in Kuwait and constraints with respect to foreign investments, has led to lesser focus on the country, compared to GCC nations, such as UAE. Furthermore, delayed implementation of projects and difficulty in starting and conducting business in Kuwait, compared to other countries, also slows down the process.

Bilateral trade between both the countries hit a low of USD 662 Mn in 2011, but it has bounced back in 2013 to over USD 2bn. However, since then the trade levels have fallen to USD 690mn in 2016. Exports to France from Kuwait have grown at a CAGR of 3.2% over the past 6 years (2010-2016) while the imports from France have declined at a CAGR of 11.7% over the same period. Exports to France peaked during 2008 with a total of USD 1.9 Bn, which was partly due to the increasing volume of the oil exports as well as the increase in prices of oil during that period. France has been a top investor in Kuwait and has invested USD 2.2Bn on 21 projects in Kuwait.



Kuwait-France Relationship		
	Current Engagements	Future Possibilities
Exports	Oil, Machinery, Manufactured Goods, Plastics	
Imports	Aircraft and parts, engines, motors, and automotive parts, natural gas, cosmetics, perfumes, medicaments	
Bilateral Agreements	Cultural, scientific, archeological, healthcare, education, geological and mining,	Telecom, R&D, Power, Chemicals
Others	<ul style="list-style-type: none"> <li>French team of archeological experts is currently the largest of the foreign contingents in Kuwait</li> <li>France's Total has been present in Kuwait since 1997, when they signed a technical services agreement (TSA) with Kuwait Oil Company (KOC), a national oil company. They are actively involved in cultural initiatives, and support various archeological projects, and education, via training initiatives for Kuwait University students.</li> <li>The production of the first Franco-Kuwaiti documentary showcasing the historical heritage of Failaka was planned in 2015</li> <li>About 100 students are enrolled in French higher education institutions, making France the tenth most popular destination for Kuwaiti students</li> <li>The Kuwait Program at Sciences Po (KSP) is a partnership between the Kuwait Foundation for the Advancement of Sciences (KFAS) and Sciences Po, based at the Paris School of International Affairs. It supports students through an program of scholarships and awards.</li> </ul>	
		<ul style="list-style-type: none"> <li>Creation of a French department at Kuwait University</li> </ul>
Source: UNCTAD, Embassy of Germany in Kuwait		
Key Connecting Points between Kuwait & France		
Trade Relations (2015)		
Exports to France	USD 0.5bn	
Imports from France	USD 1.3bn	
Trade Balance	USD -0.8bn	
Investments (Jan 2003-May 2015)		
Inward (into Kuwait)	USD 2.2 Bn (03-15)	
Outward (from Kuwait)	USD .67 Bn	
Net Outflow (from Kuwait)	USD 1.6 Bn	

### Key Connecting Points between Kuwait & France

Source: UNCTAD, Central Statistics Bureau (CSB), FDI Intelligence, Financial Times, World Bank; Note: Investments represent FDI flows during the period of Jan '03 to May '15.



# 1

## Kuwait – France: An Introduction

Kuwait and France has had historical ties since the 10th century BC. However, it was not until the 17th century that Kuwait was considered an autonomous entity and the Gulf region started to appear on the maps created by European cartographers. The Gulf region, Kuwait especially, served as mid-point on the road to India. From then on Kuwait has sheltered renowned emissaries and traders during the colonial times. France was one of the earliest countries to recognize (28 August 1961) Kuwait post its independence in June 1961. Trade between Kuwait and France started to trickle post the independence, and Kuwait became one of the first oil suppliers (4<sup>th</sup> place in 1960's). Bilateral relations between the countries has been cordial owing to the positions adopted by France during the different phases of the Israeli-Arab conflict and other key issues in the region. This confidence allows particularly strong cooperation and market development in the military and armaments. The turning point in relations took place in 1990 with the commitment of France in the coalition that freed Kuwait from Iraqi invasion, with the participation of French soldiers in Operation Daguet (summer 1990 - February 1991).

France's involvement in Kuwait's independence helped in strong political relationship between both these countries, which is characterized by

many bilateral visits of head of the state from both the sides. These series of bilateral visits culminated in signing a defense agreement during Oct 2009 which includes co-operation in joint-military exercises, training for Kuwaiti military personnel in France, repair and restoration of Kuwaiti military projects etc., further strengthening France's position in Kuwait as a reliable defense supplier and consultant.

France and Kuwait have witnessed healthy trade relations over the years. Kuwait has always maintained a positive trade balance with France, as exports were higher than imports. This changed in 2015 as imports from France into Kuwait increased by 122% YoY during 2015 largely helped by the increase in defense equipment.

### Diplomatic Ties – Historical Perspective

France and Kuwait started co-operating on a framework of a cultural, scientific and technical cooperation agreement based on a bilateral agreement signed in Paris on 18 September 1969. From then on Kuwait and France have signed a number of agreements including co-operation in the fields of Archeology and Healthcare, which were signed in 1983 and 2006 respectively.

Over the past few years Kuwait and France signed few agreements

- Kuwait and France signed a bilateral treaty in 1989 and it has been in force since 1991
- Defence co-operation agreement in 1993
- Scope and objective of the defence co-operation agreement signed in 1993 was expanded

in 2009 and it focused on more close defence ties between the countries

- The two countries have also inked another agreement on cooperation between Kuwaiti financial institutions and the French public investment bank Bpifrance regarding joint investments of USD 510.6Mn in French technology companies.

### Timeline of Key Events & Visits

2006	Sheikh Nasser Al-Sabah, Minister of the Court visited France Sheikh Nasser Al-Sabah, Prime Minister visited France
2007	Philippe Douste-Blazy, Minister of Foreign Affairs visited Kuwait
2008	Bernard Kouchner, Minister of Foreign Affairs visited Kuwait
2009	Nicolas Sarkozy, President of the Republic visited Kuwait Sheikh Jaber Al-Sabah, Minister of Defence visited France
2010	Sheikh Nasser Al-Sabah, Prime Minister visited France Abdulrahman Al Assel Anjeri and Dr. Al-Awadhi, deputies visited France
2011	Delegation of directors of the parliaments of different countries of the Gulf, chaired by Kuwait (3 Kuwaiti participants of 8 people) visited France Michèle Alliot-Marie, Minister of Foreign and European Affairs visited Kuwait
2012	Eric Besson, Minister of Industry, Energy and the Digital Economy visited Kuwait Association Paris Ile de France Investment Agency visited Kuwait
2013	Nicole Bricq, Minister of Foreign Trade visited Kuwait
2014	Marzouk Al Ghanem, Chairman of Parliament visited France
2015	Prime Minister, Sheikh Jaber Al-Sheikh Sabah visits France
2016	Minister of Defence from France, Mr Jean-Yves Le Drian visits Kuwait

Source: Embassy of France in Kuwait

# 2

## Kuwait's relationship with France

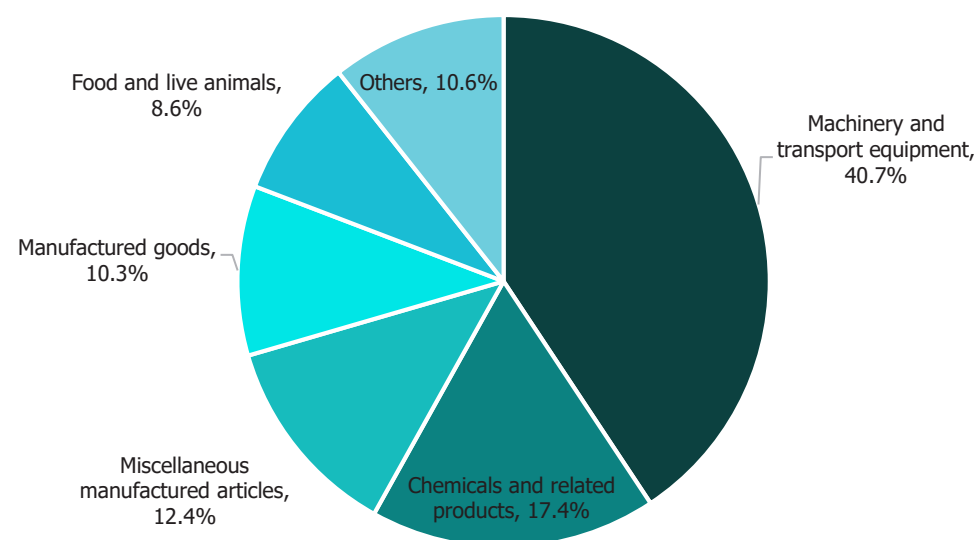
The primary industries that drive the French economy include aircraft, automobile, chemical, machinery, textile, steel, electronics, tourism and food processing industries. France is the sixth largest economy in the world, in terms of GDP, and the third-largest European economy, after Germany and the United Kingdom.

Major exports of France include aircraft and aircraft parts, machinery and transportation equipment, iron, steel, chemicals, plastics, medicinal drugs and beverages. In 2015, France's top export partners include Germany (15.9%), Spain (7.3%), United States (7.2%), Italy (7.1%), United Kingdom (7.1%),

and Belgium (6.8%). Germany, which is the leading importer of French commodities, contributed USD 80bn in net export income in 2015.

Aside from its major exports, France also ships automobiles, vehicular components, electronic and electrical devices, telecommunications products, refined petroleum, agricultural products, clothing, medical instruments and nuclear reactor technology. France also supplies electricity to other nations, mainly generated through nuclear power, and is ranked first, accounting for 14.3% (or USD 4.5bn) of total electricity exported in 2015.

France's 2016 Top Exports: Product Categories



Source: UNCTAD

As of 2016, France is the sixth largest exporter in the world. In 2016, French exports totaled approximately USD 489bn, which is USD 5bn lower than its exports in 2015, according to UNCTAD.

Tourism is arguably France's most important industry. It is the most-visited country in the world, with approximately 84.5 million visitors every year, and generates the third-largest income in the world from tourism. Paris is famous for its luxury goods, and the country has an extensive railway system connecting Paris to several other French cities, as well as to cities in Belgium, the Netherlands and Germany.

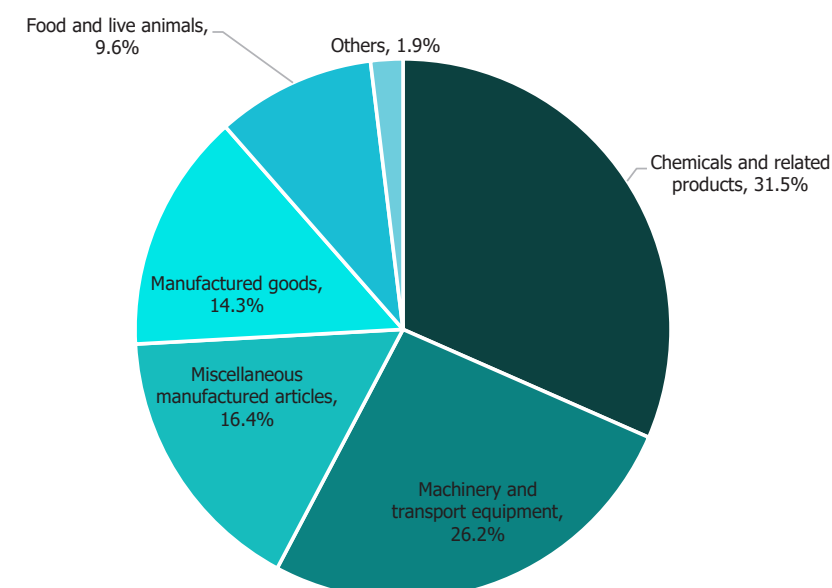
France has 58 nuclear reactors in operation furnishing 75 per cent of all electricity produced in the country, making energy an important industry. Although, in 2015, the National Assembly voted that by 2025, only 50% of France's energy would be produced from nuclear plants, and by the end of 2016 France's oldest nuclear power plant, Fessenheim, will be shutdown. France's flagship company in nuclear power is Areva, which is known for its research into improving safety and its commitment to delivering a new generation of reactors to the world market.

Along with Germany and the UK, France represents a hub for manufacturing and engineering in

Europe. However, besides exports of goods, its thriving service industry now accounts for close to USD 300bn in exports (~ 20% of GDP). Services usually include transport (both freight and passengers), travel, communications services (postal, telephone, satellite, etc.), construction services, insurance and financial services, computer and information services, royalties and license fees, other business services (operational leasing, technical and professional services, etc.), cultural and recreational services, and government services not included in the list above.

In 2016, France's economic recovery is solidifying, and the country is projected to expand by 1.5%, primarily driven by strong consumer spending. There are also signs of a cyclical recovery in investment, and the slump in residential construction appears to be bottoming out. However, net exports are declining as demand from trading partners has slowed. Ongoing efforts to restore businesses' competitiveness have allowed France's share of export markets to stabilize (real exports grew by 6% in 2015) and contributed to lowering the country's trade deficit and almost balancing the current account. With the European economy recovering in the latter half of 2016, it is estimated that trade volumes would only improve.

France's 2016 Top Exports to Kuwait: Product Categories



Source: UNCTAD

Total value of trade reached USD 690mn in 2016, compared to USD 1.3bn in 2015; primarily due to steep fall in French exports to Kuwait, especially exports in chemicals and related products which reduced by USD 166mn, compared to 2015.

In terms of products, Kuwait accounts for 1% of France’s trade in Aircraft and associated equipment’s, although this accounted for 10.9% of imports from France. France is one of the major defense players in the world. Airplanes and other aircrafts represent the biggest spending by Kuwait on exports from France. In 2014, Kuwait Airways, the

National airline of Kuwait, ordered 25 Airbus aircraft including ten A350-900 and 15 A320neo family aircraft as part of the airlines’ fleet renewal strategy. Kuwait Airways already operates three A320, three A310, five A300 and four A340 Family aircraft.

In 2016, Kuwait entered into a deal with France to purchase 30 Caracal (Airbus military helicopters) worth USD 1.1bn. Kuwait’s army will use 24 of the helicopters mainly for search and rescue missions and for transport purposes, but they are also fitted with machine guns allowing them to offer ground troops cover from the air.

France’s 2016 top 5 exports, (in percentage and USD), to the World and Kuwait

France’s Top 5 Exports to the World	2016	(in USD bn)
Aircraft & associated equipment; spacecraft	10.9%	53.4
Medicaments (incl. veterinary medicaments)	4.8%	23.5
Motor vehicles for the transport of persons	3.8%	18.4
Engines & motors, non-electric parts	3.1%	15.1
Parts & accessories of vehicles	2.9%	14.2

France’s Top 5 Exports to the Kuwait	2016	(in USD mn)
Perfumery, cosmetics or toilettries (excluding soaps)	15.4%	39
Medicaments (incl. veterinary medicaments)	11.8%	30
Tubes, pipes & hollow profiles, fittings, iron, steel	8.8%	22
Aircraft & associated equipment; spacecraft, etc.	7.9%	20
Jewelry & articles of precious material	5.8%	15

Source: UNCTAD

Perfumes, medicines and beauty products form the largest chunk of France’s exports to Kuwait, followed by medicaments. Other exports include jewelry, aircrafts, and building materials.

France-Kuwait cooperation is also carried out in the framework of a cultural, scientific and technical cooperation. France represents a doorway to Europe, with a positive image concerning culture, education and academia. French was

also introduced experimentally in several primary schools from the 2015 intake.

The French high school (lycée) in Kuwait is approved by the Agency for French Education Abroad (AEFE), and has a private Kuwaiti owner. It caters to 1,300 students, including 15% French, 12% Kuwaitis and 73% other nationalities. 50% of its Kuwaiti students go on to study in France.

France-Kuwait academic cooperation continues to develop, especially in the scientific education sector, and particularly engineering and business schools that are the main centers of interest for Kuwaiti students. About 100 students are enrolled in French higher education institutions, making France the tenth most popular destination for Kuwaiti students. Moreover, the creation of a French department at Kuwait University has given French a lasting place in the country’s academic landscape.

In the field of medical training, France allows a contingent of ten Kuwaiti doctors per year to undertake specialized training in France, in identical conditions to those of French medical interns. Like other GCC nations, Kuwait enjoys preferential conditions for the training in France of its specialist doctors.

Several French bodies, including the French Office for Geological and Mining Research (BRGM), IFP Energies nouvelles, and the French Research Institute for Exploitation of the Sea (IFREMER), develop cooperation actions in partnership with the Kuwait Institute for Scientific Research (KISR), which is chaired by the Minister of Education and Higher Education.

France has been active in the archaeology field since 1983. Excavation projects focus on the Failaka Island, which is home to a Hellenistic fortress and a Nestorian Christian church. The French team of experts is currently the largest of the foreign contingents in Kuwait. The production of the first Franco-Kuwaiti documentary showcasing the historical heritage of Failaka was planned in 2015<sup>1</sup>.

France is an important destination for Kuwaiti investments abroad, both on the government and private sector levels. CITA Investissement is a Private Equity investor that was launched in 2013 by BPI France and Kuwait Investment Authority (KIA). KIA had already been an investor in France,

through other structures established with other partners. KIA also owns 4.82% stake in Areva, the French multinational group specializing in nuclear power and renewable energy, and is the second largest shareholder after the French state.

A new London-based property investment firm, Henderson Park for USD 388mn, has bought Paris’s largest hotel, Le Meridien Etoile. Henderson Park bought the 1,025-room venue from Mount Kellett Capital Management and Cedar Capital, after raising money from investors including the KIA.

In Oct’15, the French and Kuwaiti governments announced on 21 October a cooperation project with a view to financing young technology companies. BPI France will represent the French side and the Kuwaiti financial institutions will be chosen by the Kuwaiti government to set up a common fund budget of USD 478mn to invest in the French venture capital funds. Bpifrance was created by the law of December 12, 2012 and is the result of the merger of OSEO, CDC Entreprises, FSI (‘Fonds Stratégique d’Investissement’) & FSI Régions, and is equally held by the French state and Caisse des Dépôts. It boasts of €63.8bn assets, and comprises functions such as loan guarantees, public export insurance, loans, innovations, fund of funds, small cap investment, mid/large cap investment and business support. It is the ranked as the first European investment company for start-ups, risk and development capital for SMEs / intermediate enterprises and large corporations, with €24,6 billion under management and 380 professional staff.

The partnership will create a fund of USD 213mn to USD 266mn dedicated to information technology. Kuwaiti financial institutions will invest up to USD 319mn and Bpifrance up to USD 159mn. Additional equity participation will be offered to French, European and Kuwaiti institutions and companies.

<sup>1</sup> France Diplomatie



### GCC Doing Business Rankings, 2016 (out of 190 countries)

Country	Doing Business	Starting a business
UAE	26	53
Bahrain	63	73
Oman	66	32
Qatar	83	91
Saudi Arabia	94	147
<b>Kuwait</b>	<b>102</b>	<b>173</b>

Source: World Bank

## Bilateral Trade Relations

Kuwait and France enjoy a long and deep bilateral relations that are not only restricted to trade, but also cultural affiliations. However, the low population base in Kuwait and constraints with respect to foreign investments, has led to lesser focus on the country, compared to GCC nations, such as UAE. Furthermore, delayed implementation of projects and difficulty in starting and conducting business in Kuwait, compared to other countries, also paints a negative picture for foreign investors.

Further, majority of trade between the two countries is still focused on defense and transportation, which in value terms amounts to just 1% of France's exports in that segment. The potential for trade is yet to be plumbed fully, especially in areas of food, medicines, metals and machinery works.

In recognition of the same, the Kuwaiti Premier met with President Francois Hollande, Prime Minister Manuel Valls, Foreign Minister Laurent Fabius, and a host of senior state officials, in Oct'16. The delegations signed agreements focused on investment, and opening an office to be affiliated to the French Center for Archaeology and Social Sciences in Kuwait, to support national research projects. Talks also centered on boosting bilateral relations in politics, health, education and culture, amid a mutual desire to explore fresh prospects for cooperation. In addition, an appraisal will be made of the free trade agreement between European Free Trade Association (EFTA) and the GCC, which entered into force in 2014.

Kuwait signed a defense accord with France in 1992 for safeguarding Kuwait in case of an external threat. France is one of the largest exporters to Kuwait in terms of value and has consistently featured among top 15 country of origin for goods imported into Kuwait. The purchasing power of Kuwaitis makes it a very lucrative market for French companies and nationals. Kuwait invests heavily in infrastructure and construction which offers huge opportunities for major French firms, small, medium and large, involved in the infrastructure business. Bilateral trade between both the countries hit a low of USD 662 Mn in 2011, but it has bounced back since then and currently is estimated to be at USD 1.9Bn in 2015.

Exports to France from Kuwait have grown at a CAGR of 3.2% over the past 6 years (2010-201) while the imports from France have fallen at a CAGR of 11.7% over the same period. Exports to France peaked during 2008 with a total of USD 1.8Bn, which was partly due to the increasing volume of the oil exports as well as the increase in prices of oil during that period. Exports from Kuwait to France predominantly consisted of refined petroleum (consistently above 90% in value in the past) with other exports that include ethylene polymers, plastics, rubbers and chemical products. Since then, the exports fell consecutively for the next three years (2009, 2010 and 2011) owing to poor global growth and the aftermath of the financial crisis. Exports from Kuwait increased by 285% and 54% during 2012 and 2013 respectively owing to increase in oil exports. Decline in oil prices however has

reduced the value of exports from Kuwait in 2014-16. Increasing defense imports from France have resulted in a skewed trade balance. The positive trade balance maintained by Kuwait since 2012 has turned negative at USD 822 Mn at the end of 2015. However, trade balance moved away from the red in 2016, as French exports to Kuwait fell drastically. Bilateral trade exchanged fell 62%, in 2016, reaching USD 690mn, against USD 1.8Bn in 2015

Defence ties boost bilateral trade in recent times.

Kuwait officially ordered 28 Eurofighter Typhoons equipped with the Captor-E radar earlier in 2016, overlooking the Rafale, which was seen as a major blow to the French defence supplier. However, Kuwait has placed an order for 30 H225M Caracal transport helicopters (24 firm orders and 6 options) in August 2016, which was a breath of air for Airbus Helicopters and its Marignane factories. The contract, worth \$1.1bn, includes training of pilots and technicians along with support services for the next two years.

### GCC Trade relations with France (USD Mn) - 2016

2016	Exports	Imports	Trade Balance
<b>KSA</b>	4,005	5,143	(1,138)
<b>UAE</b>	1,420	4,681	(3,262)
<b>Kuwait</b>	<b>436</b>	<b>254</b>	<b>182</b>
<b>Qatar</b>	413	1,097	(684)
<b>Bahrain</b>	102	140	(38)
<b>Oman</b>	33	304	(271)
<b>GCC</b>	6,408	11,620	(5,212)

Source: UNCTAD

Saudi Arabia has been the leading supplier of oil in the region for France. Regional tension since 2011 has helped in boosting France's import of the Saudi crude oil making up for stoppage of imports from Libya and slow rise of exports from Iraq. France was the eighth largest commercial partner for the Kingdom in 2015, where the commercial exchanges among these countries accounted to 2.6% of the Kingdom's external exchanges. UAE took 30.7% of French sales in the Gulf in 2015, slightly dropping by 7% compared to 37.7% in 2014. French exports to the UAE amounted to USD 5.4Bn in 2015, in contrast to USD 1.6Bn worth of UAE imports the same year

France was ranked 13th among the countries that import oil from Kuwait, according to figures by the International Monetary Fund (IMF). France's imports from Kuwait noticeably dropped in 2015, amounting to USD 561Mn compared to USD

977Mn in 2014, dropping by 20 percent, largely due to the oil prices' crisis.

## Kuwait Exports to France

Kuwait's exports to France largely consists of Refined Petroleum, crude petroleum which accounts for 84% and 13% respectively. Exports to France fell by 42% as oil prices fell globally over the last couple of years resulting in lower revenue figures for Kuwaiti government. It is also important to note that Kuwait does not feature even among the top 10 oil-exporting countries to France. Saudi Arabia and other fellow GCC members have a strong market presence in the country. Kuwait accounts for 0.38% of the crude petroleum and 2.7% of the refined petroleum imported into France<sup>2</sup>.

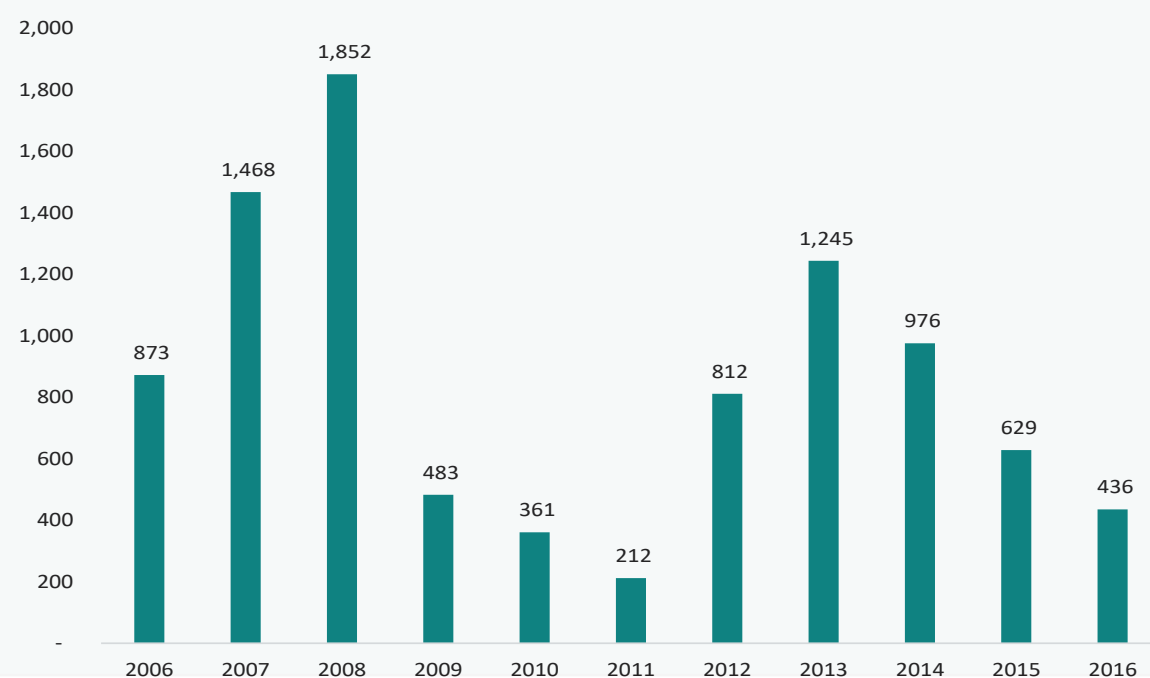
<sup>2</sup> OEC – Organization of Economic Complexity, 2014

### Top oil suppliers to France (2014)

Country	Oil Import Value (USD Bn)	% of total value
Saudi Arabia	7.5	21%
Nigeria	4.9	14%
Kazakhstan	4.5	13%
Algeria	2.7	7.8%
UAE	.21	.59%
Kuwait	.13	0.38%

Source: KUNA

### Kuwait Exports to France (USD mn)

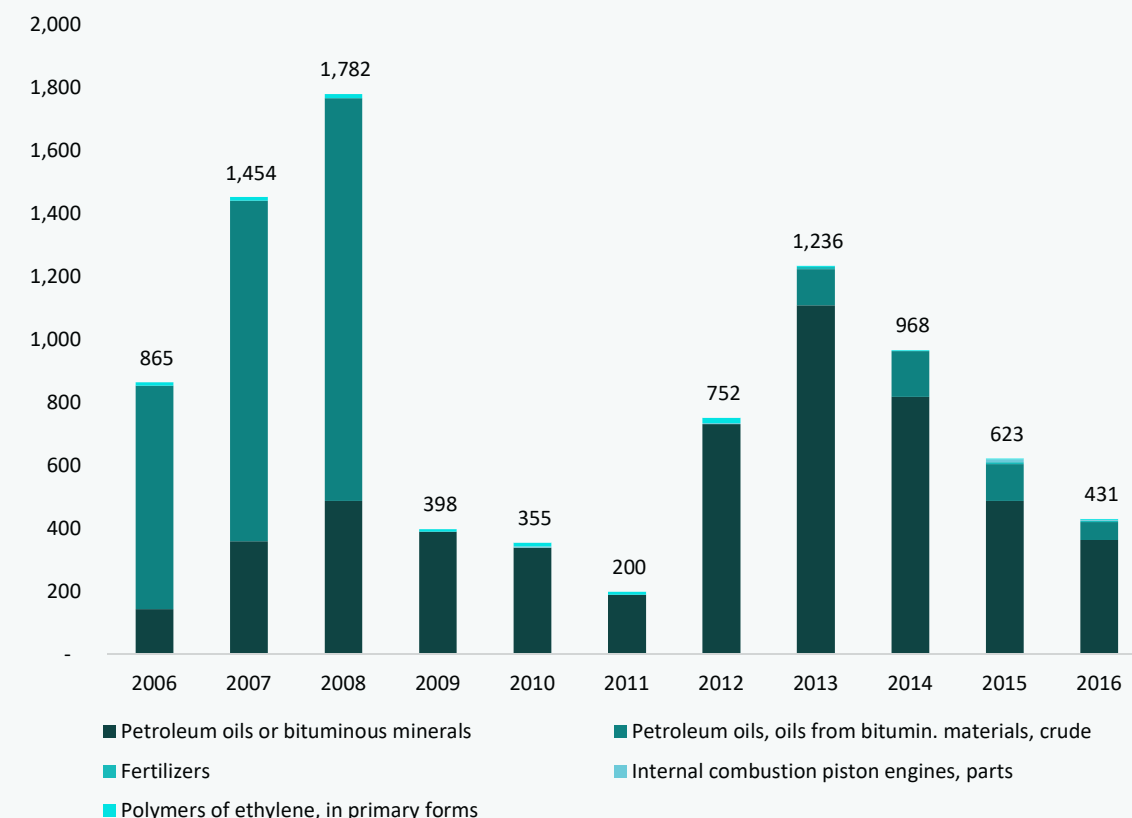


Source: UNCTAD, Central Statistical Bureau Kuwait

Other than oil and related products, Kuwait's other major exports to France have been Fertilizers

and Polymers and Ethylene. Owing to the heavy dependence on oil for its budget revenues and GDP, Kuwait has not been able to focus on export of other products.

### Category wise Exports (top 5) from Kuwait to France (USD mn)



Source: UNCTAD

### Kuwait Imports from France

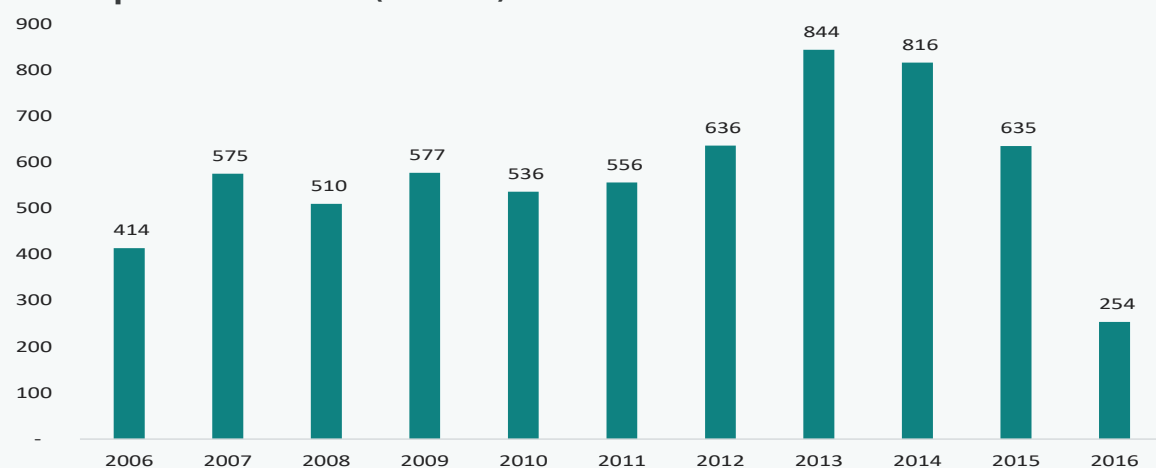
Kuwait imports aircraft and defence related equipment from France. In 2015, Kuwait ordered Airbus Helicopters. France signed the contract with the Kuwait defense ministry for 30 H225M Caracal helicopters, including service and support. A first delivery of the Caracal is due in 29 months<sup>3</sup>, with the last in 48 months, according to French ministerial team<sup>4</sup>. One of the major French defense contractor, Renault Trucks, saw a buoyant year of exports in 2015 mainly owing

to orders from Kuwait and Egypt. Kuwait had ordered a total 120 Sherpa scout vehicles in 2015. Exports from France to Kuwait were mostly defence related exports (60%). The Kuwaiti military contract is seen as vital to maintaining production at Airbus Helicopters' Marignane factory, southern France. Other than Renault, French defence manufacturers, Airbus Helicopters (Aerospatiale and Eurocopter before that) have enjoyed good commercial relations with Kuwait since the 1970s, selling several models of rotorcraft to the country.

<sup>3</sup> As of Aug 2016

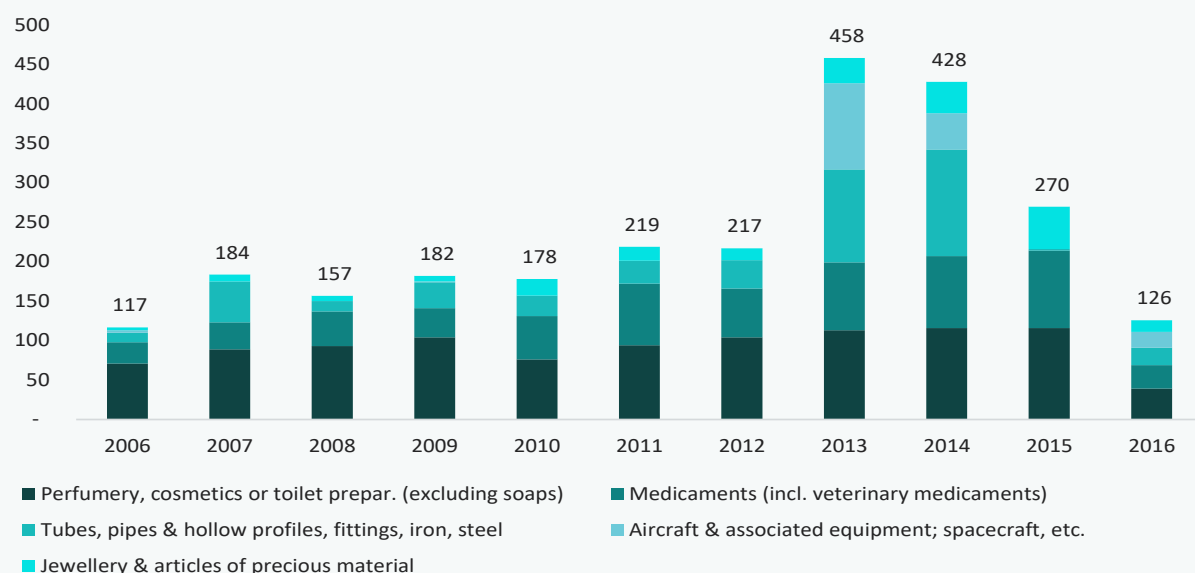
<sup>4</sup> Agence France-Presse

## Kuwait Imports from France (USD mn)



Source: Kuwait CSB

## Category wise (top 5) Imports from France (2004-2015) (USD mn)



Source: UNCTAD

French perfumes and cosmetics have consistently been among the highest imports during years when spending on defense equipment was not high. Import of French perfumes has grown at a CAGR of 3.74% over the period 2010-15, but fell by 66% in 2016. Luxury spending by Kuwaitis has been an

important growth driver behind the growth. This has prompted luxury retailers and manufacturers to setup shops in the Kuwait including Paul Fauchon, Ladurée, Chanel, Christian Dior, Yves Saint Laurent, Louis Vuitton, Danone, Elle & Vire, etc.,

# 3 Investments

France has 21 companies who have a subsidiary in Kuwait including Total, Otis, BNP Paribas, Peugeot, Thales, Mazars, Alstom, Air Liquide, Alcatel Lucent, Air France Cargo, and DCI COFRAS Egis. French companies are also present in upstream oil, power, construction, Defense & Security, and Infrastructure sectors of the Kuwait economy. Saint-Gobain's Pipe Activity, a subsidiary of the France-based global giant Saint Gobain won a contract worth USD 200 million from the Kuwait's Ministry of Electricity and Water to supply equipment in 2013.

## FDI Inflows in Kuwait

Kuwait's FDI inflows over the years have largely been restricted to its time tested trading partners – the UAE, the U.S, France and the U.K. These four countries accounted for 23%, 22%, 19% and 5.4% of the FDI inflows that came into the country over the period January 2003 to May 2015 respectively. France ranks 3<sup>rd</sup> in terms of FDI in Kuwait investing close to USD 2.2Bn over the same period.

## Inward Investment (FDI, Greenfield Projects) in Kuwait between Jan '03 to May '15

Rank	Country	No. of Firms	No. of Projects	Jobs Created	Value (USD mn)
1	UAE	57	79	10,027	2,620
2	U.S	41	45	4,325	2,486
<b>3</b>	<b>France</b>	<b>21</b>	<b>21</b>	<b>3,561</b>	<b>2,230</b>
4	U.K	20	20	1,921	602
5	Singapore	1	1	875	601
12	Japan	1	1	89	134

Source: FDI Intelligence, Financial Times



## FDI investments in France

KIA invested USD 676 Mn for a 4.82% stake in 2010, but since then Areva's shares have plunged about 90% as the company consistently incurred losses. This has prompted the KIA authorities to actively look to sell its stake.

## France and Kuwait – Enhanced Economic Co-operation

### Al-Zour North

Az-Zour North Independent Water and Power Project (IWPP) phase 1 is located at Az-Zour, approximately 100km south of Kuwait City. The desalination plant will comprise a multiple-effect distillation (MED) unit capable of producing 107 million imperial gallons per day (MIGD) (486,400m<sup>3</sup>/d) of drinking water, which is equivalent to 20% of Kuwait's installed water treatment capacity.

The desalination plant is being built along with a gas-fired 1,500MW combined cycle power plant.

The construction works for the desalination plant and the integrated power plant are expected to be completed by 2016. French companies and Engie Sidem (subsidiary of Veolia) are involved in the construction of phase 1 of the Az-Zour North project.

### Gustave Roussy Cancer Centre

The Gustave Roussy cancer center is one of the ten world leaders in the fight against cancer. Founded in 1926 by Professor Gustave Roussy, and it currently has 2630 total staff, 356 beds, 13 research units comprising of 35 research teams.

A major step was taken towards the establishment of a future Gustave Roussy satellite hospital in Kuwait City following the visit of the Prime Minister of Kuwait, Sheikh Jaber Al Mubarak Al Hamad Al Sabah in October 2015. The two partners in this project signed a letter of intent marking the determination to develop the future hospital: Gustave Roussy, the leading Cancer Centre in Europe, and the Al Mutawa group, a major player in the health field in Kuwait.

# 4

## How can Kuwait Leverage the French Knowledge Economy Framework

France is the sixth largest economy in the world and second in the European Union after Germany with a nominal GDP of USD 2,488 Bn in 2016. France's economy has witnessed modest growth of 1.3% in 2016 after being dull in the past five years<sup>5</sup>. Improving private sector consumption coupled with supply side reforms implemented by the government is expected to give boost to the economic growth in the coming years. Efforts for building a knowledge based economy, promoting an innovation and technology driven growth has been in the agenda of the French governments in the past. Pioneering in its efforts was the creation of ANVAR (National Agency for the Valorisation of Research) in 1970's.

**ANVAR:** Formed in 1974 to promote public research, which was formerly monopolized by the larger institutions and organizations in France, ANVAR has successfully promoted the research and used its activities to promote SMEs in the country. Following the political debate on technological gaps in the SME sector, the government initiated ANVAR, which currently supports more than 10,000 researchers in the SMEs. This has also led to the increased

interaction among the public and private sector in France in the areas of scientific and technical research and helped in the creation of networks, technopole and science and technology parks. France provides up to €5Bn tax credits for R&D per year, and nearly €20Bn invested by Bpifrance annually in debt and equity, out of which >€1Bn in innovation. Approximately, €1Bn is invested by VC funds per annum, out of which 50% is funded by Bpifrance. About 280 fund managers support 6,100 companies (75% SMEs), making over 1,500 investments every year. The country is also the 2nd biggest private equity market in the Europe, after the UK, with nearly €9bn investments.

### National Center for Scientific Research, or CNRS:

Started in 1989, the organization aims at bringing in cooperation among the academic and industrial as well as public and private research in France. As of 2015, CNRS published 43,000 publications and ranked first in the Nature Index, an international ranking of scientific institutions by journal Nature. CNRS also helps in increasing the intellectual property of the research work done in France by submitting patents request. It is the seventh

<sup>5</sup> IMF

<sup>6</sup> Latest numbers as of 2014

largest organization globally in terms of patent applications. In 2014, it has filed for 409 patents. Being a multidisciplinary organization, it promotes research and collaboration in various areas of science and technology with an annual budget of €3.3 billion<sup>7</sup>. The organization has been home to 20 Nobel Prize laureates in 12 different fields in science. Researchers and engineers from CNRS have contributed to the creation of more than 1,000 start-up companies.

**The National Innovation Plan (2003):** The National Innovation Plan issued in 2003 aims at promoting innovation and creative enterprises. It focuses on seven areas related to research, promotion of young innovative enterprise for children less than eight years to that of tax reduction for R&D activities. Collaborating French research work with that of other agencies in the European Union and forming clusters for the promotion of research are other objectives.

**France Education System:** France, Italy, the UK and Germany signed an agreement in 1998 on the harmonization of European higher education system, named as the Bologna process. The declaration places emphasis on educational cooperation in the development of peaceful societies.

The main objectives of the Bologna declaration are:

- Adopt a system of easily understandable degrees
- Bring in two degree system (undergraduate and graduate)
- Promote mobility among the participating nations
- Promote European cooperation

The bologna process thereafter improved the standards of tertiary education in these countries through student exchange programs, commonality

in higher education, which enabled the mobility of graduates, and encouraging graduates to pursue doctoral studies. France has a strong scientific tradition, and the education system produces over 35,000 engineers a year and a pool of 70,000 PhDs.

The École nationale d'administration (ENA) is one of the most prestigious French schools, created in 1945 by Michel Debré to democratize access to the senior civil service. It is entrusted with the selection and initial training of senior French officials, and is considered to be one of the most elite French schools, both because of its low acceptance rates and because a large majority of its candidates have already graduated from other elite schools in the country. ENA is one of the main pathways to high positions in the public and private sectors.

The Erasmus Programme (European Region Action Scheme for the Mobility of University Students) is a European Union (EU) student exchange programme established in 1987. Erasmus+, or Erasmus Plus, is the new programme combining all the EU's current schemes for education, training, youth and sport, which was started in January 2014. There are more than 4,000 higher institutions participating in Erasmus across the 37 countries involved in the Erasmus programme, and it represents over 5 per cent of EU graduates.

## Cooperating with France to Strengthen Kuwait's Knowledge Economy & Trade Relations

France has followed a strategy that recognized and provided space for the involvement of private sector in research and development and the creation of knowledge economy. Policies of the government have stayed focused towards

pioneering in science and technology and innovation, evident from the various institutions it has created and plans that have materialized into action in the past four decades.

**Development of SMEs:** According to the latest available data (2013), 100% of the researchers in Kuwait are employed in the government sector<sup>7</sup>. Enabling innovation at the grass root level is considered paramount for building a knowledge driven economy. Private sector participation in R&D would propel the growth of SMEs in the country. Kuwait could obtain technical expertise from organizations such as ANVAR for the development of SMEs in the country, a key focus of Kuwait Development plan. ANVAR has shifted the focus of research from the big businesses to the SMEs in France.

**Creating an organization that ensures protection of intellectual property:** Awareness of copyrights, patents and trademarks are low in GCC compared to the high-income countries in the world. The level of awareness is especially lower in Kuwait compared to UAE and Saudi Arabia<sup>8</sup>. The French experience with the creation of **National Industrial Property Institute (INPI)** that takes care of protection of intellectual property rights is vital for the promotion of innovation in the country. Kuwait could enable an organization that does encompassing activities from scrutinizing a proposal, funding the research, filing for patents and help researchers commercialize their work, either through industry collaboration or by funding start-up organizations.

**Formulation of National Innovation Plan:** The successful functioning of various institutions

working towards creation of knowledge economy depends on the country's vision and supportive government's policy framework. Kuwait could formulate an innovation policy along the lines of its existing national development plan and involve ministries and organizations such as Ministry of Education and Kuwait Foundation for Advancement of Sciences in the process. France's expertise in the area and its success in involving private players could be a model for Kuwait.

**Creating a common framework for Higher Education:** Tertiary education enrollments was at 27.03% in 2014, one of the lowest among the GCC countries. There is a pressing need to develop the higher education system. Adoption of a system such as the bologna process, possibly with the GCC countries would enable exchange of students with universities in Saudi Arabia and UAE. Increasing the mobility of students among universities in the region would offer them the luxury to pursue research and education in courses not available in Kuwait Universities.

One striking aspect in the French model of creation of knowledge economy is the transition from a government centric research to a collaborative model with the interaction of both the public and private sector.

The key learning from France's policy on building a knowledge economy and promoting innovation are the steps it has taken to improve private sector participation in research and development. Focusing on innovation in SME sector is another key aspect of the French efforts in building a knowledge driven economy.

<sup>7</sup> UNESCO

<sup>8</sup> Al Shaali Legal Consultants

# 5

## France's Key Sectors – Lessons for Kuwait

### Chemicals

France's chemicals industry is composed of about 3,500 companies producing a wide range of chemicals across basic, specialty, and fine chemicals. These businesses are distributed throughout the country, but are more concentrated in certain areas. For instance, a bio based materials cluster in Nord-Pas-de-Calais, a cluster focused on bio refining, bioenergy, and agro materials in Picardie, and clusters in the Rhône-Alpes region, specializing in materials, composites, textiles, chemistry and eco-technologies, biomass, hydrogen, and fuel cells. France's basic chemicals sector includes 30 large companies, each with more than 500 employees, and includes French companies (Air Liquide, Total Petrochemicals, Kem One), and non-French European companies. The specialty chemicals sector in France employs more than 40,000 people in 874 companies of various sizes, including 300 SMEs.

France is the largest agricultural producer in Europe, and therefore is a strategic market for major global companies that specialize in crop protection chemicals. The agriculture sector employs over 5,500 people and half of the revenues are in the form of exports. Many of the international producers of crop protection chemicals have established subsidiaries in France.

Production of carbon fiber, a specialty chemical supplied to the aeronautical industry, is increasing rapidly in France. Global demand for carbon fiber is expected to grow by 10 per cent every year and reach 100,000 metric tonnes annually by 2025. Toray, an integrated chemicals group with manufacturing facilities in France, Japan, South Korea, and the US, is well positioned in the carbon fiber business. Hexcel recently announced a USD 200mn investment for a new carbon fiber facility in Europe to be located near Lyon. Several French holding companies, including Minakem Group, Novacap Group, and Arkema Group, have diversified into the production of fine organic chemicals for the pharmaceuticals, cosmetics, and electronics industries.

Home to one of the largest reserves of hydrocarbons, Kuwait is a natural source of low-cost raw materials that could feed the chemical and pharmaceutical industry in the country. While the industry is fledgling in the region, there is scope for broader expansion, and both a regional and global market for cheaper alternatives. Shuaiba in Kuwait is a prominent industrial city that is attracting large investments from major chemical manufacturers. French industries from the sector could be incentivized to set up their manufacturing, and provide transfer of skills to the Kuwaiti workers in the sector. As with other knowledge-based industries, Kuwaiti professionals could be sent to France to acquire necessary skills,

and apply them in their home country. University and industry tie up could help this nascent industry develop at a much faster rate, and Kuwait could take advantage of its trading partner's expertise in this field.

### Telecommunications

One of the most prominent industries in France is the telecommunications market, with market size of USD 79bn. Both the mobile and wireline sectors are made up by large, competitive, and innovative firms with developed product offerings. The French mobile market is one of the top performing in Western Europe. According to the World Bank, there were approximately 66.7mn mobile subscriptions in France in 2015. As of late 2015, there were approximately 48.5 million active 3G and 4G users. Broadband has also experienced slow continued growth in France, and subscription reached 26.9mn. Orange leads the broadband market with nearly 40 per cent market share, followed by Numericable-SFR with a near 30 per cent market share, and Bouygues with a 16% market share.

DSL remains the prominent form of broadband connection in France though it is currently on the decline as other faster connections (i.e. fiber optic cable) become increasingly popular. The largest growth rates were experienced by Fiber to the home (FTTH) connections which increased by 53 per cent in 2015. Lowering costs and increased connectivity will stimulate further growth in the fiber market. Fiber optic implementation is largely left to the discretion of the private sector, with most implementation being spearheaded by Numericable-SFR, Orange, and Free-Iliad.

Free Mobile's entrance into the French market has had a lasting effect on France's competitive landscape, boosting competition amongst the top telecommunications companies. The French market maintains one of the lowest mobile penetration rates in Western Europe, a factor which is anticipated to cause continued growth in

the near future. Mobile operators in France have been focusing on the promotion of wireless data services with planned 4G rollouts and 3G network extensions in progress.

The Internet of Things (IoT) market in France is attracting attention and investment. Large scale investments, such as a 115 million USD investment in French IoT startup Sigfox, are becoming increasingly common. The IoT continues to thrive through the growth of machine to machine (M2M) sim card subscriptions, the primary means of communication between objects in the IoT.

With Kuwait focusing on diversifying its economy, the services sector, especially ICT, offers the perfect solution. French expertise in this area, especially in areas of innovation, could assist the nascent Kuwait ICT sector. ICT also represents a large source of employment, for trained professionals. KDIPA could tie-up with France universities and telecom firms for part-time and full-time training of Kuwaiti telecom professionals, who could then transfer these skills and set up firms. Educational policies should be reworked to include ICT, as part of the curriculum. France's ascent in the field, due to policies favouring the private sector, could be a blueprint for Kuwait.

### Aerospace and Defence

France has a multi-faceted aerospace industry, and is one of the dominant players in the EU aerospace industry. France has vertically developed its aerospace industry, which is estimated to be of worth over USD 15bn. France aerospace industry is involved in development of helicopters, avionics, and jets for defence forces, passenger aircraft for civil aviation, weapons and several other aeronautical projects.

Many private institutions and aerospace industries are located in primary location in France. The French government has taken many initiatives that encourage new aerospace research and development in the region to give boost to the aerospace industry. Moreover, aerospace industry



is also known to generate good employment, employing over 100,000 people, and this figure is likely to grow in the future.

Some of the big names of French aerospace industry are French corporation Aerospatiale Matra and European Aeronautical, Defense, and Space Company (EADS). The French government believes that foreign direct investment is necessary to create a global sized enterprises, and also for strengthening the transnational corporations. French aerospace generally specializes in Cockpit technologies and manufacture, engine manufacturing, aircraft funding, final assembly of helicopter and wide-body aircraft.

France aerospace exports were valued at around USD 54bn in 2015, and the country's aircraft and spacecraft industries were the second highest dollar earning value sector, comprising 10.7 per cent of total French global exports in 2015. Among all French exports, the aerospace industry was the only product sector to show an increase in value added. France has a strong R&D base around Toulouse, which is a hub for aerospace engineering, with research facilities that include aviation schools, aerospace research laboratories, and an experimental center for aircraft disassembly. Airbus and Safran are among the leading French aerospace companies.

In 2016, Kuwait entered into a USD 1.1bn deal with France to purchase 30 Caracal (Airbus military helicopters) worth USD 1.1bn. Kuwait's army will use 24 of the helicopters mainly for search and rescue missions and for transport purposes, but they are also fitted with machine guns allowing them to offer ground troops cover from the air. The contract includes training of pilots and technicians along with support services for the next two years.

The Kuwaiti military contract is seen as vital to maintaining production at Airbus Helicopters' Marignane factory, southern France. Other than Renault, French defence manufacturers, Airbus Helicopters (Aerospatiale and Eurocopter before that) have enjoyed good commercial relations

with Kuwait since the 1970s, selling several models of rotorcraft to the country. Kuwaiti government could impress upon the French to set up Middle East hub in the gulf state, as part of the defence offset. The government could offer favourable terms to manufacturers, who could also export to other countries in the region, at lower costs.

## Nuclear energy

France derives about 75% of its electricity from nuclear energy, due to a long-standing policy based on energy security. While this share may be reduced to 50 per cent by 2025, the country is the world's largest net exporter of electricity due to its very low cost of generation, and gains over €3bn per year from this. France has been very active in developing nuclear technology, and reactors and fuel products and services have been a significant export. About 17 per cent of France's electricity is from recycled nuclear fuel.

France has 58 nuclear reactors operated by Electricite de France (EdF), with a total capacity of 63.2 GWe, supplying 436 TWh of electricity, or 77.5 per cent of the total electricity generated. The 50 per cent target for nuclear contribution to electricity supply by 2025, implies that Electricite de France (EdF) would have to shut at least 1,650 GW of nuclear capacity at the end of 2016. In October 2016 the government postponed until after the 2017 presidential and National Assembly elections any decision on which, if any, reactors would close in order to reduce the nuclear share to 50 per cent.

The Nuclear Sector Strategy Committee (CSFN) was set up in February 2011 by the CPN and comprises representatives of 80 companies and industry organizations. It is headed up by EdF. The CSFN Fund for Modernization of Nuclear Enterprises has seed money of €133 million, with €50 million being contributed each by France's public investment bank through its sovereign investment fund, FSI, and EDF. Areva will contribute €13 million, Alstom €10 million, and the three largest civil engineering

and construction firms, Bouygues, Vinci and Eiffage, the rest. It is an expression of French determination to regain a major role in nuclear exports through "patriotic solidarity".

In 2010, Kuwait and France signed a cooperation agreement for the peaceful use of nuclear energy. At the same time, Kuwait also established a national committee for peaceful usage of nuclear energy. The secretary general of the state during that time reiterated that Kuwait had no plans to build a nuclear power plant immediately. The agreement was signed for a period of 20 years and allows for supply of nuclear equipment, material and facilities subject to international treaties. However, the projects have been cancelled owing to public pressures following the Fukushima incident in Japan in 2011. But increasing reliance on imports of natural gas and locally produced crude oil could lead Kuwait to have a re-look at the proposal, as the former continue to eat into the country's revenues.

In related news, Kuwait Institute for Scientific Research (KISR) discussed with the French government in May 2014 on bilateral cooperation in the area of water, oil and renewable energy research. KISR is seeking, through its five-year plan, to develop its researches in the fields of water, oil and renewable energy. More focus was on a renewable energy project that is part of Kuwait's strategy to diversify energy sources. This project is predicted to produce 70 megawatts to power 5,000 houses per annum.

## Transportation

Transportation in France relies on one of the densest networks in the world with 146 km of road and 6.2 km of rail lines per 100 sq. km. It is built as a web with Paris at its center. Rail, road, air and water are all widely developed forms of transportation in France. Intelligent Transport Systems (ITS) is the application of information

and communication technologies to methods of transportation, including, but not limited to, autonomous vehicles, intelligent freight cars, connections between cars and the cloud, the quality of service offered to consumers, streamlining of traffic, dynamic infrastructures, road safety, and information platforms. France has strongly promoted ITS projects and development through the French Ministry 2010/2011 National Transportation Infrastructure Plan, and through actions implemented by ITS local associations at the regional levels. ITS in France represents a turnover of 4.5 billion Euros, 45,000 jobs in the private sector, and more than 1,000 companies.

The recent growth of modern digital tools has created many new opportunities in the technology and transportation sectors. New technologies have redefined the industry of transportation to allow for "smart" vehicles, such as in-vehicle driver assistance programs and adaptive navigation systems, while "connected" technologies such as smartphones have permitted synchronization of all information onto a single device, thereby optimizing systems of transport. The development of such new and advanced technology maintains an extremely high growth potential in France. ITS in France unites multiple players, including public authorities, local communities, institutes, associations, and businesses, who work cooperatively to implement solutions<sup>9</sup>.

Despite a reduction in oil export revenues, Kuwait has been vocal about its commitment to move ahead with capital expenditures, including an airport terminal, a port facility, a series of roads and highways upgrades, an urban metro system and Kuwait's segment of the region-wide GCC railway, with potential investment opportunities in construction, maintenance, and railway components. France can help Kuwait make the leap in the transportation and logistics sector, and assist in achieving its goals.

<sup>9</sup> Export.gov

# 6

## Conclusion

Kuwait has made rapid strides over the past few years to improve its investment climate, implementing a 2013 foreign direct investment (FDI) law that aims to ease constraints on doing business in Kuwait. Kuwait Direct Investment Promotion Authority (KDIPA) was established in accordance with Law No. 116 of 2013, and deals with the promotion of direct investment in the State of Kuwait. However, formulating short-, medium- and long-term country-wise goals could assist Kuwait to fulfil its objectives in a more holistic manner, and ensure faster development. Unlike countries, such as the US, Denmark, Canada, Singapore, China and Spain that have considerable investments in Kuwait, France has been conspicuous by its absence. Being a world leader in technology, ICT, chemicals and pharmaceuticals, France investments and expertise should be a priority for Kuwait.

As part of long-term goals, the Bologna Process, signed among France, Italy, Germany and the UK, could be replicated by the GCC countries. This could promote mobility among the participating nations, and promote further cooperation. The bologna process thereafter improved the standards of tertiary education in these countries through student exchange programs, commonality in higher education, which enabled the mobility of graduates, and encouraging graduates to pursue doctoral studies.

The promotion of SMEs in France, which not only forms the backbone of its economy, but also is a major source of employment, could provide guidance to Kuwait in the development of its own SME space. France's ANVAR currently supports more than 10,000 researchers in the SMEs, and has led to the increased interaction among the public and private sector in France, in the areas of scientific and technical research. In Kuwait, there is significant scope for the development of SMEs as they currently contribute only to 3% of the GDP. Kuwait government must also earmark funds on an annual basis that would be used for the promotion of R&D in the country, especially in the STEM fields, and both prioritize and incentivize education in these fields.

France could also help set up a national center for research and development in Kuwait, along the lines of its own National Center for Scientific Research (CNRS). As of 2015, CNRS published 43,000 publications and ranked first in the Nature Index, an international ranking of scientific institutions by journal Nature. The gulf state, along with its regional peers, lag behind in this space, and any future growth would require multi-disciplinary research expertise. Kuwait must also set aside funds to improve its contribution to research in STEM fields, and allow for international collaborations.

## Statistical Appendix

### France Economic Snapshot

France	2012	2013	2014	2015	2016f	2017f	2018f
Real GDP (%)	0.18	0.57	0.63	1.27	1.32	1.34	1.57
Nominal GDP (USD Bn)	2,682	2,809	2,843	2,420	2,488	2,570	2,649.
General Government Balance (as % of GDP)	52.0	52.9	53.4	53.5	53.2	53.3	53.1
Current Account Balance (as % of GDP)	-1.2	-0.9	-1.1	-0.2	-0.5	-0.4	-0.3
Investments (as % of GDP)	22.6	22.3	22.5	22.4	22.4	22.2	22.1
General Government Debt (as % of GDP)	81.6	84.4	87.4	88.2	89.2	89.8	90.0
Inflation, Avg. consumer prices	2.2	1.0	0.6	0.1	0.3	1.0	1.1
Population (in million)	65.6	65.9	66.4	66.8	65.6		
Per Capita Income (USD)	37,990	39,790	39,980	40,470	37,990		
Lending rate (% p.a.)	0.0	0.0	-0.2	-0.3	-0.4	-	-
Deposit rate (% p.a.)	1.5	0.7	0.3	0.3	0.2		
Real deposit rate (% p.a.)	-0.7	-0.3	-0.3	0.2	-0.1		

Source: IIF, IMF

## Kuwait Economic Snapshot

China	2012	2013	2014	2015	2016f	2017f	2018f
Real GDP (%)	7.9	0.4	0.6	1.1	2.5	2.6	2.6
Nominal GDP (USD Bn)	174.1	174.2	162.7	114.1	110.5	124.9	134.3
General Government Balance (as % of GDP)	33.3	34.3	28.1	1.7	-3.5	3.2	3.8
Current Account Balance (as % of GDP)	45.5	39.9	33.3	5.2	3.6	8.4	8.8
Investments (as % of GDP)	12.8	14.4	16.3	25.0	23.5	21.5	21.0
General Government Debt (as % of GDP)	6.8	6.5	7.5	11.2	18.3	22.4	26.6
Inflation, Avg. consumer prices	3.2	2.7	2.9	3.2	3.4	3.8	3.6
Population (in million)	3.8	3.9	4.0	4.1	4.2	4.3	4.5
Per Capita Income (USD)	45,988	44,776	40,684	27,756	26,143	28,758	30,095
Lending rate (% p.a.)	4.8	4.5	4.3	4.3	4.6		
Deposit rate (% p.a.)	2.0	2.0	2.0	2.4	2.7		
Real deposit rate (% p.a.)	-1.1	-0.6	-0.9	-0.9	-0.6		

Source: IIF, IMF

## Kuwait Import by Origin, Top 15 (in 000's KD)

Countries	2011	2012	2013	2014	2015	Q1, 2016
China	1,024,735	1,007,870	1,115,569	1,266,863	1,532,589	354,561
U.S	741,657	762,775	824,445	860,397	903,931	217,943
U.A.E	442,308	554,300	730,038	817,829	895,930	195,356
Japan	458,399	598,951	631,047	638,226	650,759	167,113
Germany	457,590	488,018	562,127	597,579	537,185	160,128
Saudi Arabia	398,019	401,544	398,374	433,836	476,171	110,419
India	412,222	364,677	332,152	368,469	419,559	125,810
Italy	265,946	362,962	354,878	342,681	326,694	92,096
S. Korea	263,738	342,845	323,987	354,294	291,705	85,863
U.K	186,600	235,713	235,682	232,294	272,790	61,718
France	153,313	178,506	212,190	224,597	190,812	46,753
Turkey	115,614	109,092	130,730	150,813	180,908	36,389
Australia	183,457	160,049	162,276	185,898	176,703	41,181
Switzerland	109,952	127,169	166,200	172,764	173,965	35,094
Vietnam	19,179	53,189	67,500	113,663	164,886	41,420
Total	6,938,065	7,631,699	8,308,846	8,829,318	9,600,112	2,304,220

Source: CSB

## Kuwait Exports by Destination, Top 15 (in 000's KD)

Country	2011	2012	2013	2014	2015	Q1, 2016
KSA	189,984	197,418	197,228	208,344	256,277	58,982
U.A.E	189,331	204,834	236,750	217,369	246,033	44,986
China	228,982	234,962	293,407	293,984	242,839	39,092
India	176,321	182,187	202,694	247,729	235,516	36,227
Iraq	15,839	24,664	160,043	193,882	129,126	18,331
Turkey	62,939	67,673	84,214	38,373	71,609	1,803
Qatar	39,340	47,022	45,745	53,552	71,568	28,552
U.S	51,766	80,890	56,704	35,289	66,320	13,220
Pakistan	68,177	63,726	62,986	56,991	46,502	9,075
Jordan	31,458	33,559	33,892	35,018	42,329	11,432
Indonesia	35,233	94,281	52,506	51,631	37,934	11,953
Bahrain	22,894	31,616	27,239	24,959	35,467	7,702
Egypt	16,539	17,968	12,885	18,962	31,611	2,521
Free Trade Zone	1,424	8,753	4,173	11,031	31,191	5,138
Oman	22,841	52,859	36,469	30,219	26,296	10,529
Total	28,339,860	32,051,281	32,363,342	28,636,494	16,591,266	2,714,096

Source: CSB

## Kuwait Exports by Broad Categories, Top 5 (in 000's KD)

Categories	2011	2012	2013	2014	2015	2016-Q1
Fuels and lubricants, primary	18,989,499	21,951,962	22,586,101	19,677,323	10,275,651	1,695,024
Motor spirit	7,887,931	8,436,103	7,927,011	7,163,709	4,508,755	655,258
Industrial supplies not elsewhere specified, processed	1,034,175	1,133,493	1,184,932	1,061,202	944,396	172,080
Passenger motor cars	54,966	118,456	133,713	154,171	196,228	35,325
Consumer goods not elsewhere specified, durable	50,192	62,671	106,545	83,668	88,958	18,468
Total	28,339,860	32,051,281	32,363,342	28,636,494	16,591,266	2,714,096

Source: CSB



Kuwait Imports by Broad Classification, Top 5 (in 000's KD)

Categories	2011	2012	2013	2014	2015	2016-Q1
Industrial supplies not elsewhere specified, processed	1,849,406	1,903,268	2,124,568	2,231,802	2,206,033	511,595
Capital goods (except transport equipment)	1,052,532	1,064,789	1,092,278	1,262,434	1,494,903	382,192
Passenger motor cars	763,352	1,052,363	1,147,810	1,098,764	1,071,569	232,810
Food and beverages mainly for household consumption	618,797	629,205	683,371	727,738	791,604	186,684
Consumer goods not elsewhere specified, non-durable	490,692	553,085	613,253	653,178	755,388	174,653
Total	6,938,065	7,631,699	8,308,846	8,829,318	9,600,112	2,304,220

Source: CSB

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- Kuwait's new Law on Preference Shares (2015)
- Mother of All IPOs: National Commercial Bank (Bilingual) (2015)
- Kuwait Investment Sector (2012)

## Economic Research

- SME Startup Stories in GCC
- Bitcoin to Blockchain
- Financing Options in GCC
- Are GCC Businesses Leveraging Social Media
- The What of VAT
- FINTECH in GCC
- Kuwait Projects: KWD 10bn Awarded
- Kuwait Economic Themes
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- GCC Liquidity Fall
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- Disruptive Technology: Bitcoins(2014)
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- Kuwait SME's (2014)
- FIFA World Cup 2022: Qatar (2013)

## Industry Research

- Private Equity: GCC
- Brokerage: UAE, Saudi
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- Contracting: Saudi, UAE, Kuwait
- Education: GCC, Saudi, UAE
- Investment Banking: GCC, UAE
- Healthcare: UAE, GCC, Saudi
- Insurance: GCC, Saudi
- Petrochemicals: GCC, Kuwait Petrochemicals, Saudi
- Retail: Kuwait Luxury Retail, UAE Luxury Retail, GCC Luxury Retail, Saudi Retail, GCC Retail, GCC Online Retail
- Wealth Management: UAE Wealth Management, GCC Wealth Management
- Media: UAE Media, UAE Social Media, GCC Social Media, GCC Media
- Other Industries: GCC Institutional Investors SWF, Saudi Remittance Industry, Saudi Mortgage, GCC Family Business, Saudi Hospitality, GCC Islamic Finance, Offsets in the GCC, GCC Hospitality, GCC Islamic Finance, Metals and Mining, When GCC Women Invest

## Infrastructure Research

- Power: Kuwait, UAE, Qatar, Egypt, Saudi
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- Roads and Railways: Saudi, Qatar
- Real Estate: Qatar Residential Real Estate, Saudi Residential Real Estate, UAE Residential Real Estate, GCC Office Real Estate, Saudi Office Real Estate, GCC Affordable Housing, Kuwait Real Estate (Bilingual) (2015)

## Policy Research

- An Innovation driven Economic Diversification Strategy for Kuwait (KFAS)
- Kuwait – Starting Business
- Kuwait Reforms (series): Education (2015)
- Oil & Gas Markets and the Emergence of New Resources (2014)
- GCC Countries & Asia: Bolstering Energy Ties (2014)
- GCC Energy Strategies: The Way Forward (2014)
- Blueprint for Public Sector Good Governance in Kuwait (2013)
- Kuwait: Private Labor Market (2013)
- Kuwait: Alternatives for Power Generation (2013)
- Kuwait: Sustainable Power Strategy (2012)
- Tools to Strengthen & Support Kuwait's Private Sector (2012)

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- Kuwait's BOT law (2014)
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- Kuwait's PPP Law (Bilingual) (2013)
- Bankruptcy Law in the GCC (2013)

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- KSA
  - Al Rajhi Bank
  - Almarai Group
  - Company for Cooperative Insurance (Tawuniya)
  - Jarir Marketing Co.
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  - SABIC
  - Samba Financial Group
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  - Commercial Bank of Qatar
  - Ooredoo
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- UAE
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Aramex  
Dubai Islamic Banking  
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First Gulf Bank  
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- Daily Fixed Income
- Kuwait Daily
- Monthly Market Review
- International Market Update
- GCC M&A Report
- GCC Bonds and Sukuk Market
- GCC Corporate Earnings
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