

# Kuwait Outlook

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# A healthy and low risk economy

## Oil-driven economy

- 50% of total GDP
- 90% of budget revenues
- 90% of total exports

9th world production (2.7 m barrels/day)

7th world proven reserves

- 101 bn barrels
- ~100 years production (*ceteris paribus*)

International rating : AA stable  
(Moody's, S&P, Fitch)

	2018	2019	2020
GDP growth (%)	1.2	0.6	3.1
GDP (USD bn)	142	138	140
GDP per capita (USD)	30,878	29,023	29,553
GDP/ capita (USD PPP*)	66,652	66,387	67,891
Population (m)	4.5	4.6	4.7
Unemployment (%)	1.5	1.9	2.0
Public Debt (% of GDP)	14.7	15.2	17.4
Inflation (%)	0.6	1.5	2.2

Source: IMF, October 2019

\* Purchasing Power Parity

Deficits since 2015 financed by drawdowns from the *General Reserve Fund* (GRF)

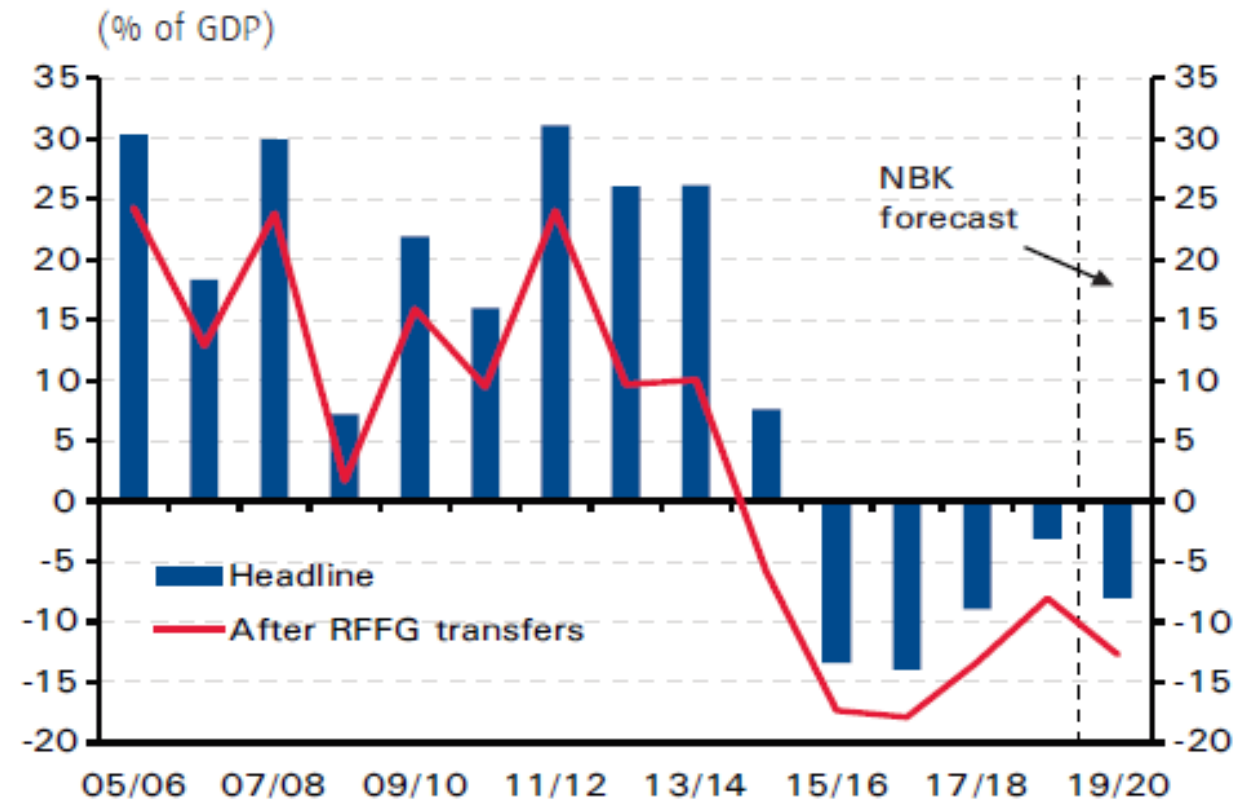
- GRF = 55% GDP (~23 bn kuwaiti dinars)

Surplus if taking into account the foreign investment income of the sovereign fund (estimated assets: 400% of GDP)

- Breakeven oil price: 54\$/barrel

Large subsidies (18% budget expenses) on energy (48%), education (18%), healthcare (12%) and housing (9%)

Draft reforms: VAT (not before 2021), excises duties on tobacco and sugar drinks



Source: MOF, NBK, October 2019

## External position

Main imports (% of total)		Main exports (% of total)	
Consumer goods	49	Oil & oil products	90
Intermediate goods	26		
China	16	South Korea	16
US	10	China	15
UAE	9	India	11
UE	25	UE	6

Asia: 75% of exports / 40% of imports

Main imports : machinery, road vehicles, electric & telecom equipments, iron & steel, pharmaceuticals & cosmetics, food products

Kuwait is a net issuer of FDI : hold a net FDI stock of USD billion 32.8 in 2018

	2018	2019	2020
Exports (USD bn)	72.3	63.7	64.1
Imports (USD bn)	31.3	32.6	33.3
Trade balance (USD bn)	41.0	31.1	30.9
Trade balance (% GDP)	28.9	22.9	21.9
Current account balance (USD bn)	20.4	10.9	11.6
Current account balance (% GDP)	14.4	8.0	8.2
Net FDI (USD bn)	0.3	0.7	1.4
Net FDI (% GDP)	0.2	0.5	1.0
International reserves (USD bn)	31.2	34.2	37.2
Import cover (months)	5.9	6.3	7.0
External debt (USD bn)	59.1	63.1	67.1
External debt (% GDP)	41.7	46.4	47.5

Source: IMF, October 2019

# Doing Business in Kuwait – Rank: 83 (97)

Top 10 ‘improvers’ in the 2020 Doing Business ranking

Significant improvement in starting a business, getting electricity and trading across borders

Establishment: local agent or 100% via Kuwait Direct Investment Promotion Authority (KDIPA)

Local content: “kuwaitisation”

	Kuwait	UAE	Saudi Arabia	Oman	Bahrain	Qatar
<b>Doing Business (2020)</b>	<b>83</b>	<b>16</b>	62	68	43	77
<b>Starting a Business (2020)</b>	<b>82</b>	<b>17</b>	38	32	67	<b>108</b>
<b>Global Competitiveness (2019)</b>	<b>46</b>	<b>25</b>	36	<b>53</b>	45	29
<b>Transparency International (2018)</b>	<b>78</b>	<b>23</b>	58	53	<b>99</b>	33

Source: Doing Business Report 2020, World Bank; WEF; Transparency International

# Business reforms in Kuwait- Rank: 83 (97)

## **Starting a business**

Kuwait made starting a business easier by merging procedures to obtain a commercial license and streamlining online company registration.

## **Dealing with construction permits**

Kuwait made dealing with construction permits easier by streamlining its permitting process, integrating additional authorities to its electronic permitting platform, enhancing interagency communication, and reducing the time to obtain a construction permit.

## **Getting electricity**

Kuwait made getting electricity easier by digitizing the application process, streamlining connection works and meter installations, and using a geographic information system to review connection requests.

## **Registering property**

Kuwait made property registration easier by streamlining the inspection and registration processes. Kuwait also improved the quality of its land administration system by publishing official service standards on property transfers.

## **Getting credit**

Kuwait improved access to credit information by guaranteeing borrowers the legal right to inspect their credit data and offering credit scores as a value-added service to banks and financial institutions.

## **Protecting minority investors**

Kuwait strengthened minority investor protections by providing a 21-day notice for general assembly meetings.

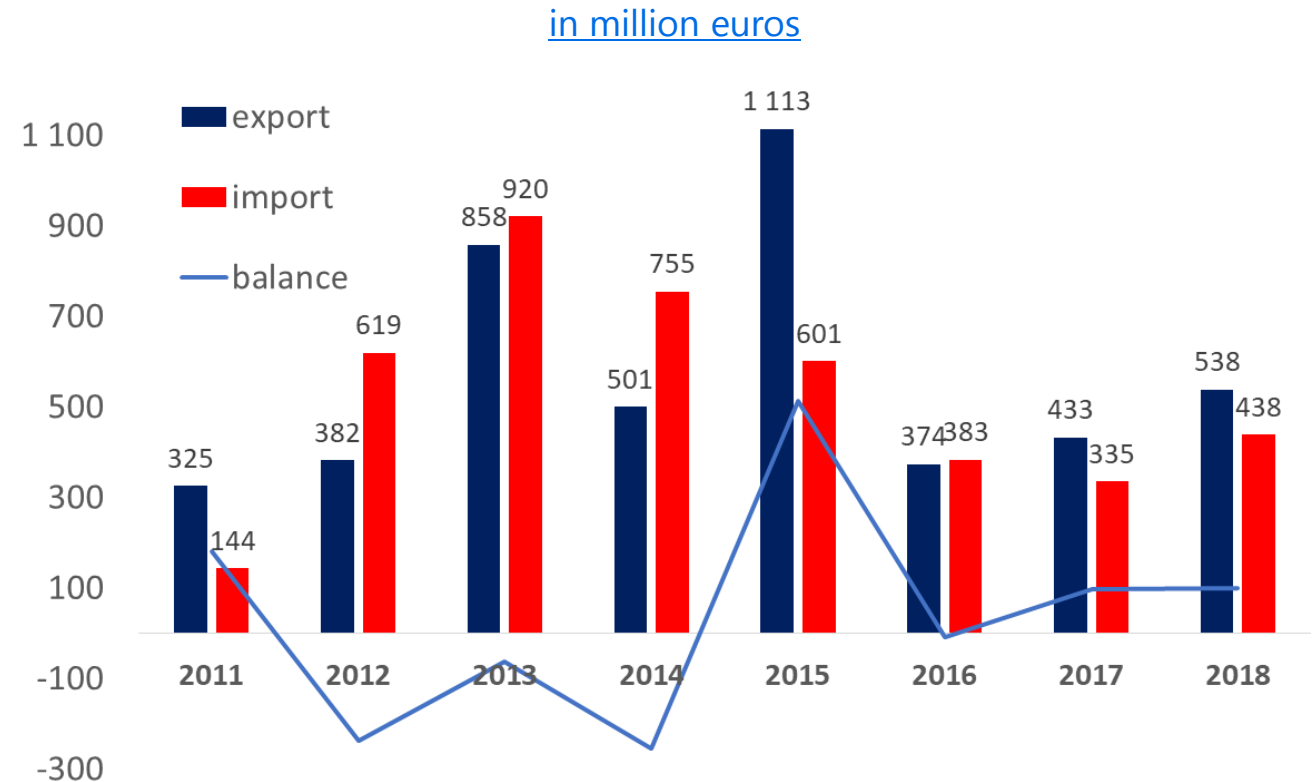
## **Trading across borders**

Kuwait made trading across borders easier by improving the customs risk management system and by implementing a new electronic clearance system.



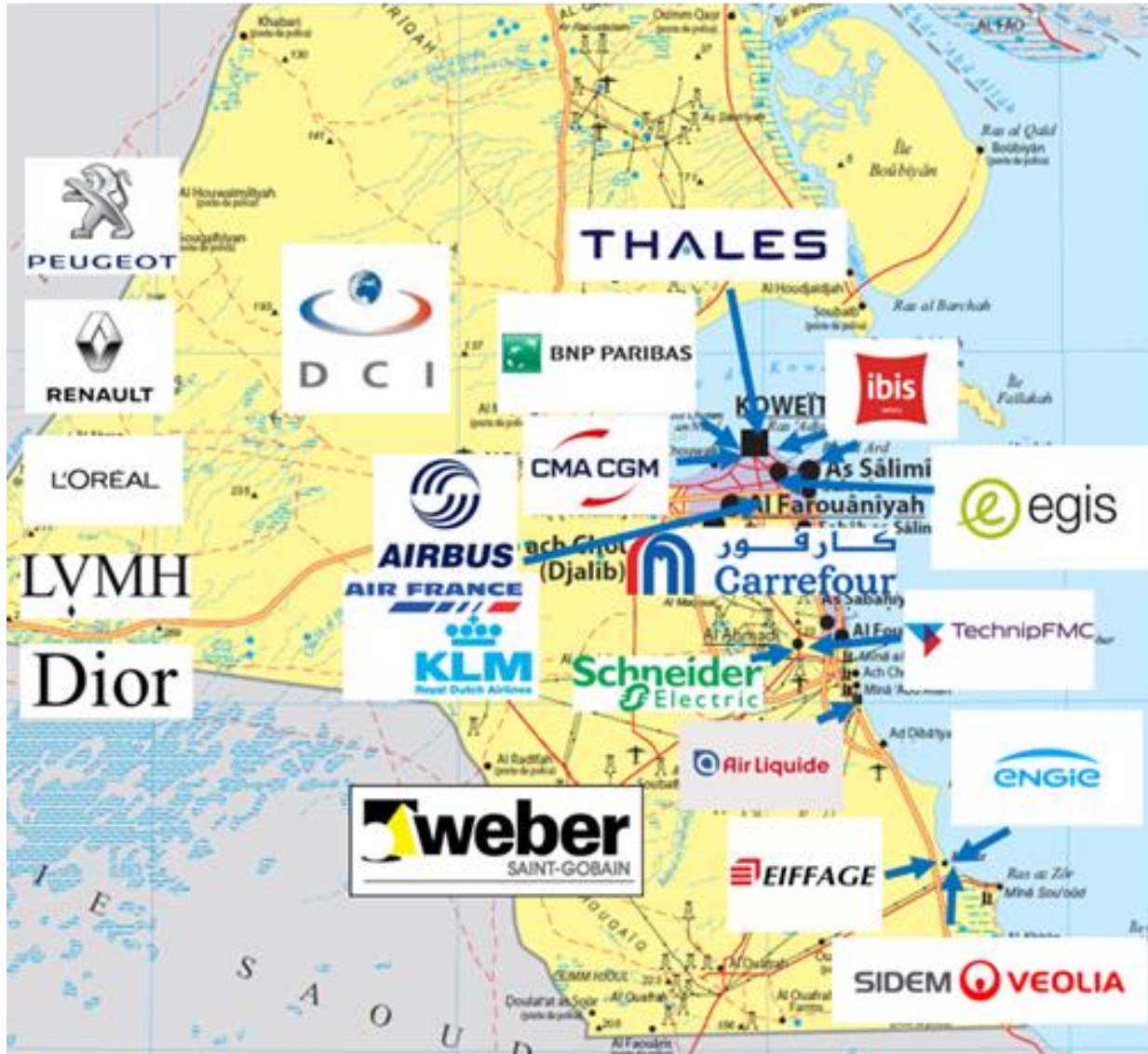
11th provider / 2.1% of Kuwait imports / 2,400 French companies export to Kuwait

Main exports (% of total in 2018)	
Aircrafts	21.5
Textiles and clothing	9.8
Manufacturing industry	9,7
Agri-food industry	8.8
Perfumes and cosmetics	8
Metal products	7.4
Electrical and electronic equipment	5,3
Pharmaceuticals	4.8

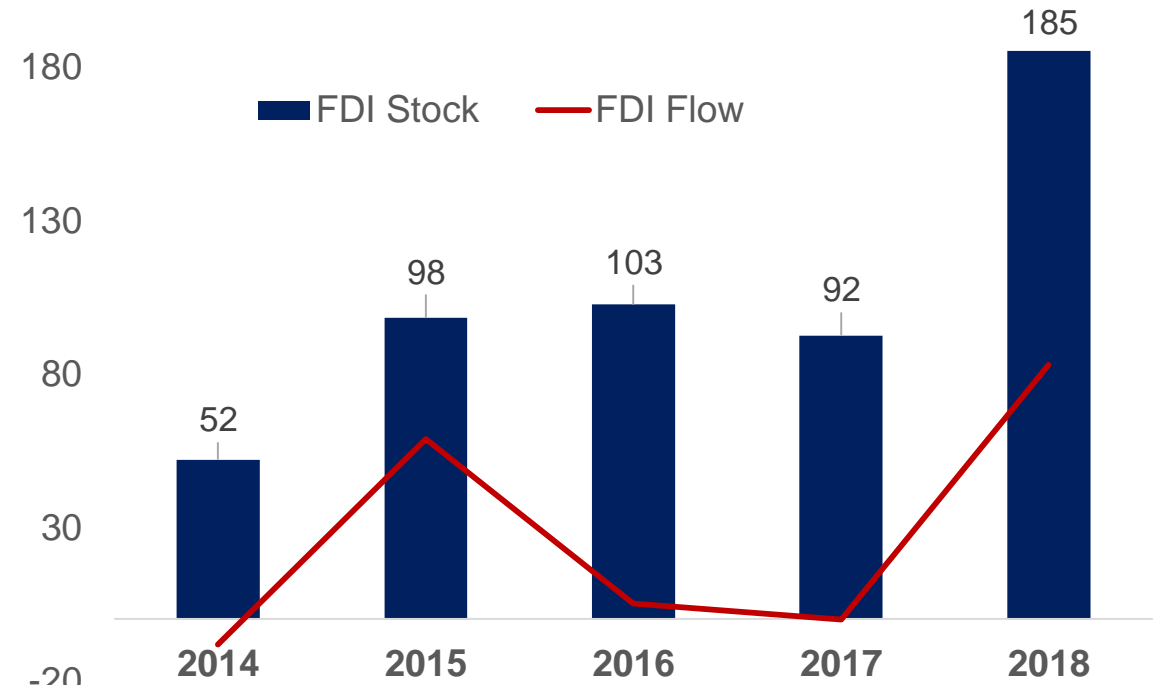


Source: French Customs

# French Economic Footprint in Kuwait



in million euros





## ENGIE

Az Zour North 1, 1<sup>st</sup> IWPP in Kuwait (10-15% of Kuwait's power / 20% of Kuwait's water)

\$1.8 bn PPP (60% Kuwait, 17.5% Engie, 17.5% Sumitomo, 5% Al Sagar)

Ongoing IPO (50% shares distribution)

## SYSTRA

Design of the 37 km Sheikh Jaber Causeway

## VEOLIA

Operation and maintenance of Az ZOUR refinery water treatment unit (> \$60m with KIPIC)

Treatment of radioactive oil production equipment (> \$20m with KOC)

## CARREFOUR (Majid Al Futtaim Group)

8 units operational (5 supermarkets)

## French major success



## USD 150 billion investment program until 2035

*“[To] transform Kuwait into a financial and trade hub, attractive to investors, where the private sector leads the economy, creating competition and promoting production efficiency, under the umbrella of enabling government institutions, which accentuates values, safeguards social identity, and achieves human resource development as well as balanced development, providing adequate infrastructure, advanced legislation and inspiring business environment”*

H.H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah,  
Emir of Kuwait



# Diversification strategy – New Kuwait 2035

**USD 50 billion in oil & gas**

Az Zour new refinery and petrochemical complex

Offshore exploration program, clean fuel project, enhanced oil recovery program, soil remediation program



# Diversification strategy – New Kuwait 2035

**USD 30 billion in electricity, water and renewable energy production**

New IWPP

Az Zour phase 2&3

Al Khiran phase 1

Solar photovoltaic (PV) power projects

Al Sagaya

Dibdibah

Solid waste treatment and water  
treatment plant



# Diversification strategy – New Kuwait 2035

## USD 30 billion in infrastructure and construction

Sheikh Jaber Causeway – 37 km

New residential and Labour cities – Al Mutlaa, Al Jahra

First smart city project – South Saad Al Abdallah City

Entertainment City project

New hospitals and new University campus



# Diversification strategy – New Kuwait 2035

## USD 40 billion in transport and communication

Ongoing:

New international airport by 2022 (25m pax)

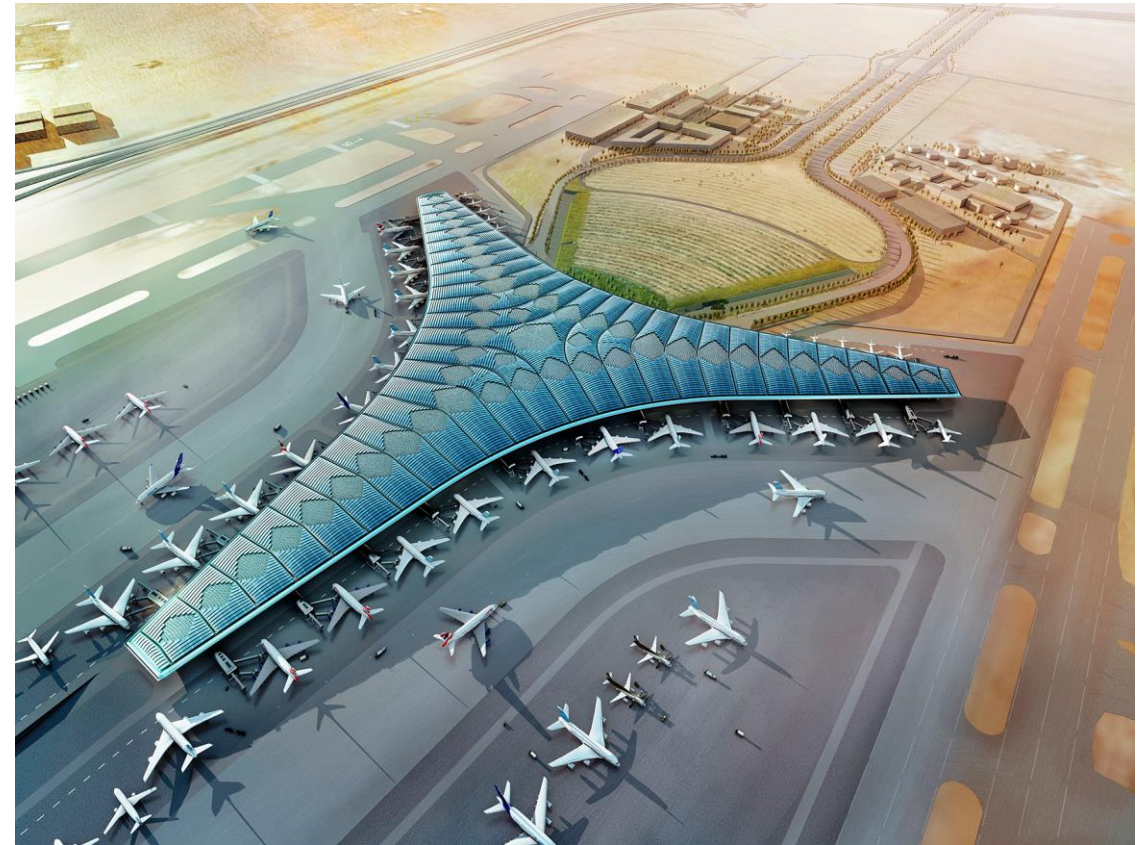
Mubarak Al Kabeer Port

To come:

New rail network (570 km) as part of the Gulf Railway project

Metro project

National data centre

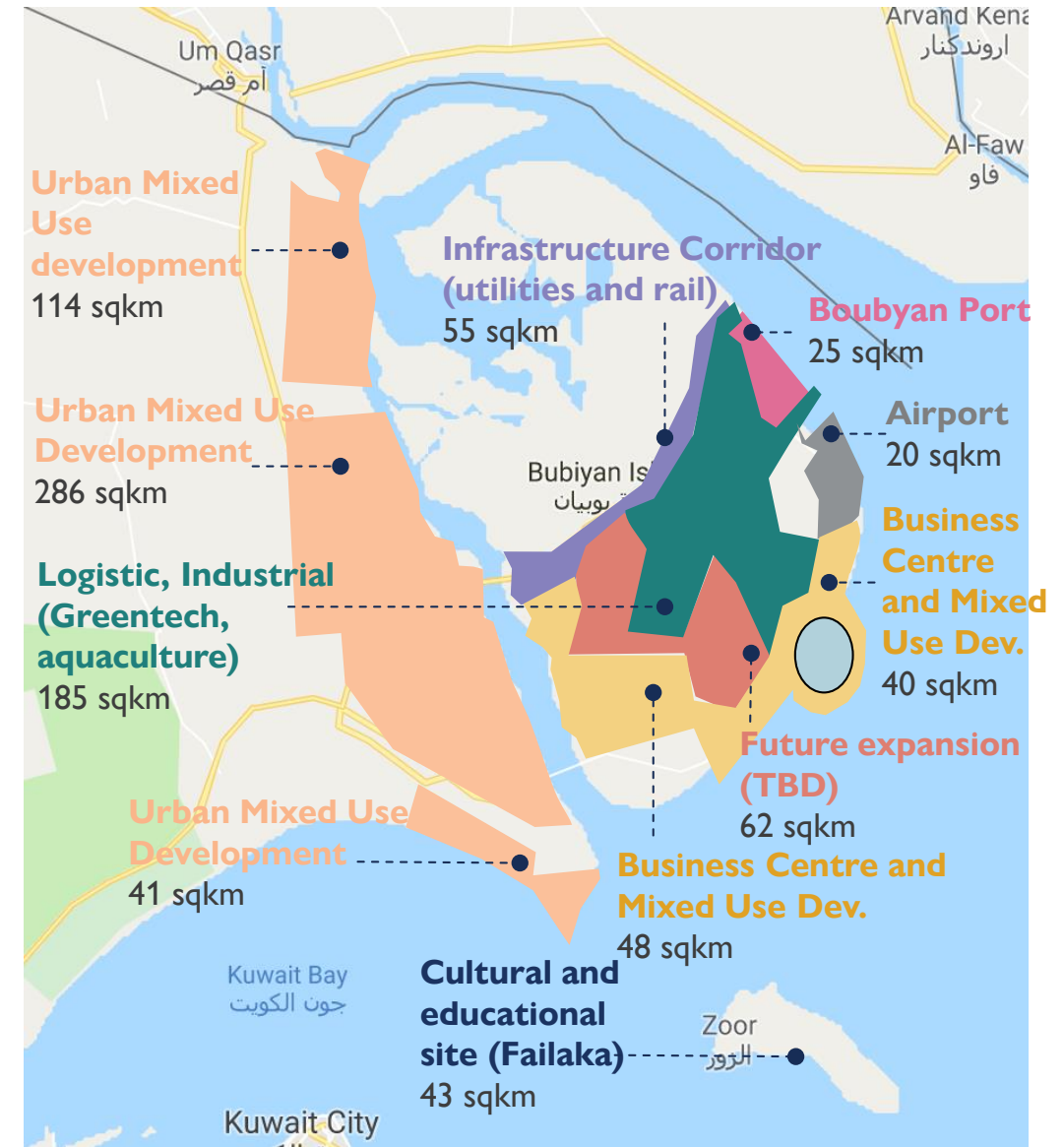


# North Kuwait – Silk City – Hareer project

## Vision

To develop a self-regulated, independently managed “**International Territory**” under the jurisdiction of the State of Kuwait, with the aim for it to develop into “**The gateway to the Northern Gulf**”

A leading example of a **modern global city-state** that will be build primarily by private capital and funded by **global capital markets**. A city-state that will develop to become of vital **importance to its neighbours** and the world and a major addition to the **Kuwaiti economy**



- *New Kuwait Summit 2019*, 10-11 December 2019, <https://newkuwaitsummit.com/>
- *Gulf Defence & Aerospace*, 10-12 December 2019, <http://gulfdefense.com/>
- *Kuwait Downstream Summit*, 6-7 April 2020, <http://www.wpsummits.com/kds/>
- *One Planet Sovereign Wealth Fund* working group, June/July 2020 (to be confirmed)



# Annex

# 4 Steps for Investment Licensing Procedures

## 1 FILL

The Application Request Form (Your Proposal)

 Response time: 3 Days

## 3 GET

The Commercial License (with KDIPA's help & support)

 Depends on the investor

## 2 APPLY

The Licensing Application Form (With your business plan)

 Response time: 30 Days

## 4 ISSUE

The Investment License

 Response time: One Day

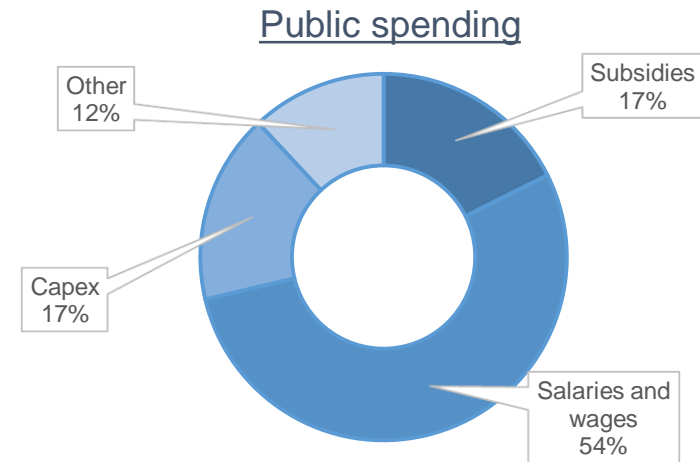
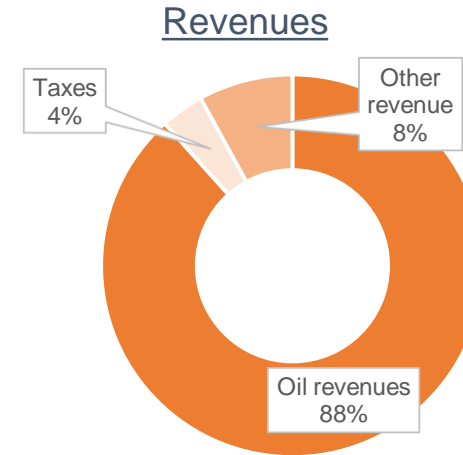


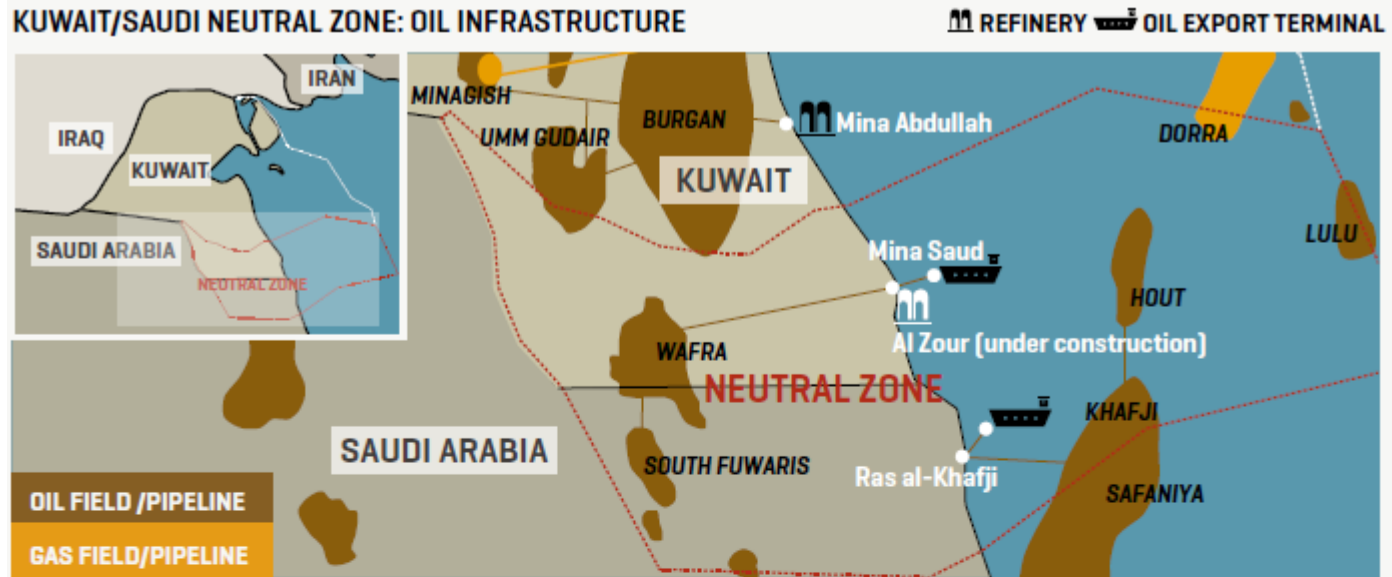
### Application Types:

- A. Kuwaiti company with incentives (up to 100% ownership)
-  B. Branch with incentives
-  C. Representative office
-  D. Granting incentives

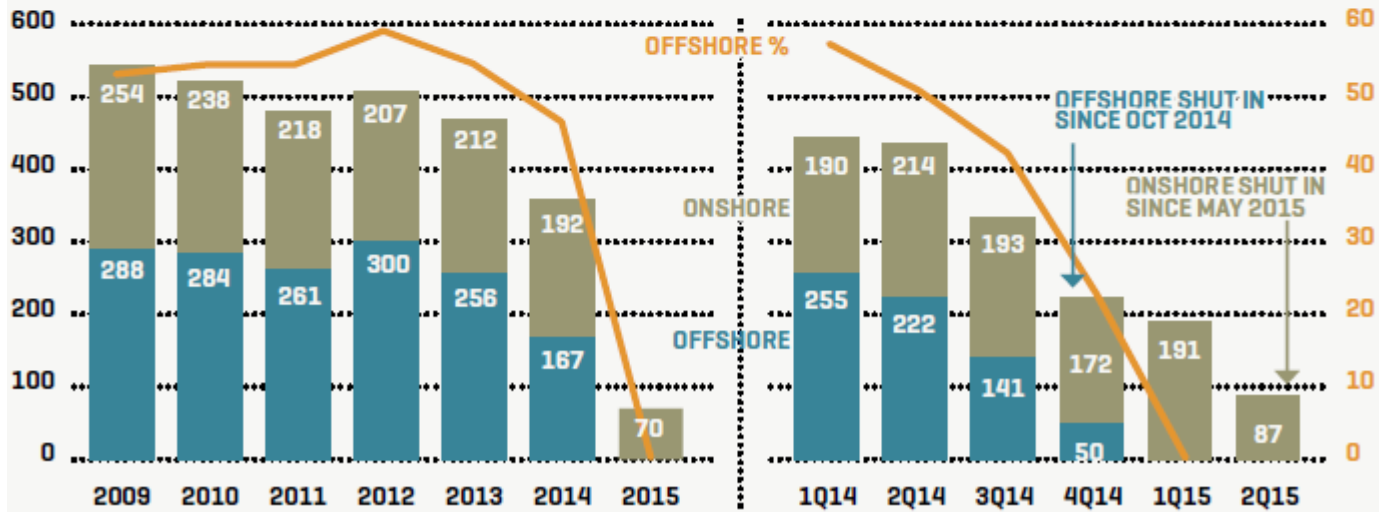
## Budget 2019/2020

KD billion	2018/2019 (executed)	2019/2020 (estimate)
Revenues	20,56	15,8
Public spending	21,85	22,50
Transfer to FGF	2,06	1,58
Deficit after FGF	- 3,35	- 8,27





**NEUTRAL ZONE CRUDE OIL EXPORTS ('000 B/D): OFFSHORE VOLUMES ACCOUNTED FOR MORE THAN 50% PRIOR TO 2014 SHUT-IN BUT WERE ALREADY IN DECLINE**



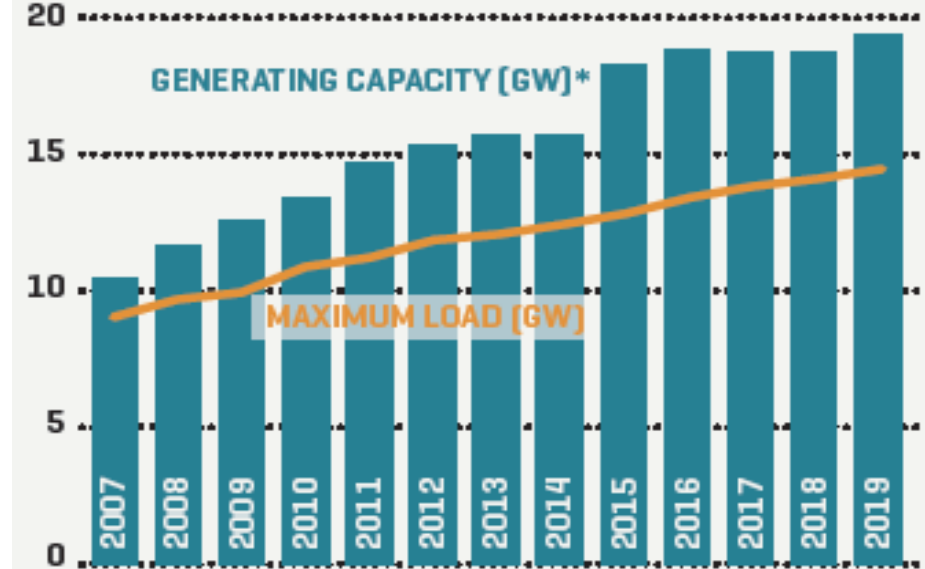
\*ALL PRODUCTION IS EXPORTED. SOURCE: SAUDI MINISTRY OF ENERGY, GENERAL AUTHORITY FOR STATISTICS, MEES.

**KUWAIT'S POWER & DESALINATION PLANTS**

	Fuel	GW	'000 m <sup>3</sup> /d
Az-Zour South	Oil	2.40	638
Doha East	Oil	1.05	191
Doha West	Oil	2.40	775
Sabliya	Oil	2.40	455
Shuwalkh	Gas	0.25	223
Shualba South	Gas	0.72	136
Az-Zour South	Gas	3.41	-
Doha East	Gas	0.07	-
Doha West	Gas	0.14	-
Sabliya	Gas	4.06	-
Shualba North	Gas	0.88	205
Az-Zour North 1	Gas	1.54	486
Shagaya*	Solar/wind	0.07	-
<b>Total operating</b>		<b>19.42</b>	<b>3,109</b>
<i>o/w Oil-fired</i>		8.97	
<i>Gas-fired</i>		10.45	
<b>Tendering: Al-Dabdaba</b>	Solar	1.50	-
Az-Zour North 2&3	Gas	2.70	750
Al Khalran	Gas	1.80	568
<b>Total early -2020s</b>		<b>25.42</b>	<b>4,427</b>

\*OPERATIONAL JUNE 2019. SOURCE: MINISTRY OF ELECTRICITY, MEES.

**KUWAIT POWERGEN CAPACITY VS PEAK LOAD [GW]**



\*END OF PERIOD, EXCEPT FOR 2019 WHICH IS JULY.  
SOURCE: MINISTRY OF ELECTRICITY.

# Koweït

## Structures & dirigeants de l'industrie pétrolière

