

KUWAIT

ECONOMIC OVERVIEW

Populated by 4.6 million people (1.4 million Kuwaitis), Kuwait is a high-income economy based on large oil proven reserves (ranked 7th in the world, with 101 billion barrels) and production (9th largest, 2.7 million barrels/day). Kuwait is the fourth economy in the Gulf (USD 141 billion GDP in 2018) and the third in term of GDP per capita (USD 66 000 on PPP basis). Oil and gas sector represents 50% of the GDP, 90% of exports and 90% of budget revenues.

Kuwait has started early (1953) to diversify through its sovereign wealth fund, the Kuwait Investment Authority (KIA), in charge of the *Future Generations Fund* (FGF) and the *General Reserve Fund* (GRF). According to Moody's estimates, KIA assets amounted to around 370% of GDP at the end of fiscal year 2018/2019, 27 times the government's debt (15% of GDP). Even if the government continues to run large deficits (5% GDP in 2018/2019), the deficits are financed by drawdowns from the GRF in the near term.

In 2018, Kuwait exported USD 65 billion and imported USD 32 billion, mainly machinery and mechanic equipment (25%), agriculture products (14%), cars (12%) and metallic products (12%). China is the first customer (22% of Kuwait exports) and first supplier (17% of Kuwait imports). Among the European countries, Germany is the first exporter (6.2% of Kuwait imports), followed by Italy (4.5%), UK (2.6%) and France (2.1%).

DIVERSIFICATION STRATEGY

New Kuwait 2035 is the diversification plan promoted in 2017 by the Amir of Kuwait. The objective is to transform the country in a new financial, trade and services regional hub, through a USD 150 billion investments program until 2035, as follows:

- USD 50 billion in oil & gas, both upstream (offshore exploration program, enhanced oil recovery program, soil remediation program) and downstream (clean fuel project, new refinery and petrochemicals complex, refinery and petrochemicals unit in Oman...).
- USD 35 billion in maritime infrastructures and construction: Sheikh Jaber causeway over the sea, Mubarak Al-Kabeer Port, new academic campus, new hospitals, new residential city (Al Mutlaa), new labour cities (Al Jahra) or entertainment cities.
- USD 35 billion in transport and communication: new international airport (25 million passengers capacity), new rail network (570 km) as part of the Gulf Railway project, Metropolitan Rapid Transit System Project, new roads, national data centre.
- USD 30 billion in electricity, water and renewable energy production (IWPP, 4500 MW renewable energy plan, solid waste treatment plant and water treatment plant).

New Kuwait 2035 includes the "Silk City" or "Madinat Al Hareer" project, with the objective of creating a new economic area, bordering Iraq and Iran, with a special legal status (new airport, free trade zone).

EVENTS

- *New Kuwait Summit 2019*, 10-11 December 2019, <https://newkuwaitsummit.com/>
- *Gulf Defense & Aerospace*, 10-12 December 2019, <http://gulfddefense.com/>
- *Kuwait Downstream Summit*, 6-7 April 2020, <http://www.wpsummits.com/kds/>

COUNTRY SHEET - KUWAIT

MACROECONOMICS INDICATORS (2018, unless otherwise) - Sources : IMF, WB

GDP (USD) : 141 billion		GDP / cap (USD) : 30 839		Growth rate		2018		1,2%		
Including :	Oil sector	50%				2019 (prev)		0,6%		
	Non-Oil sector	50%				2020 (prev)		3,1%		
Ranking Doing Business: 97				Inflation rate				0,6%		
Transparency Intern : 78				Unemployment Rate				1,3%		
Ratings		OCDE						2		
		Rating agencies		Fitch : AA stable		Moody's : A2 stable		S&P : AA stable		
TRADE										
Mains partners (2018)					Main traded goods (2018)					
Clients		1. China (22,3%)			Exports		1. Oil and Gas (91%)			
		2. South Korea (18,5%)					2. Chemicals (3,3%)			
		3. India (11,4%)					3. Reexportations (3%)			
Suppliers		1. China (17,5%)			Imports		1. Machinery (25,2%)			
		2. UAE (7,8%)					2. Agro-food products (13,8%)			
		3. Japan (6,6%)					3. Vehicles (12,4%)			
Trade with France					Volume 2018		Trade sectoral structures with France			
French exports					538,3 M EUR (+24%)		<i>French exports</i>		<i>French imports</i>	
French imports					438,4 M EUR (+31%)		1. Transportation equipment (23,4%)		1. Refined petroleum products and coke (70,3%)	
Trade balance for France					+99,9 M EUR (+1,6%)		2. Chemicals, perfumes and cosmetics (13,2%)		2. Natural hydrocarbons (25,4%)	
France's market share					2,1%		3. Textile and clothes (9,8%)		3. Others industrial products (3,9%)	
FOREIGN INVESTMENTS										
					Vol 2018		1 year var.			
FDI outward flow from Kuwait					3.7 Bil. USD		-58,4%			
FDI flow from KW to FR					160 M EUR		525%			
FDI inward flow in Kuwait					348 M USD		-37%			
FDI flow from FR to KW					82,9 M EUR		0 M EUR in 2017			
FDI outward stock from Kuwait					32,85 Bil. USD		+0,3%			
FDI stock from KW to FR					216 M EUR		+469,6%			
FDI inward stock in Kuwait					14,74 Bil. USD		-3%			
FDI stock from FR to KW					185,3 M EUR		+100,4%			
Nb of French registered					1150 (September 2019)					
Nb of French companies					25					