



Palestine Trade Centre



Market Study for Kuwait For Stone and Marble

Commissioned by PalTrade

According to your TERM OF REFERENCE (RFQ-PTC-062-07-2018 - Kuwait) to develop a market study to understand market trends and characteristics and to understand the preferences and requirements of potential buyers for the Palestinian stone and marble products.

This study follows the structure as described in your terms of reference document





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1 Introduction

1.1 Product description

- ✓ Stone and marble industry is considered one of the conventional and historic industries and one of the most important productive sectors in Palestine, with more than 13,500 workers
- ✓ The Palestinian production of stone is about 4% of the world's Stone production. Currently, the State of Palestine is the twelfth largest producer of stone and marble in the world
- ✓ The stone and marble sector is the pillar of the Palestinian export sector, contributing around to the GDP US\$ 400 million in total revenue to the GDP
- ✓ Competition in international markets is increasing and directly affects Palestinian exports. In Arab markets, Palestinian enterprises face competition from Indian, Iranian and Turkish marble
- ✓ The reserves in the sector are valued at US\$30 billion, reflecting the export potential of the sector
- ✓ Sector enterprises can be divided into three main categories depending on their specific activities: quarries, stone and marble factories, and workshops
- ✓ The main market for the sector's products is Jordan, Saudi Arabia, UAE, Qatar, South Korea, Japan, Mexico and European countries

More details about the stone kinds can be found on the electronic Palestinian Stone Library on the following link: <http://centers.ppu.edu/stonelibrary>





1.2 Objectives and methodology

Our primary objective for the market study was to gather the information necessary to give Palestinian exporting companies, in particular, those who participated in the supply survey, a good overview of the characteristic of the Kuwait market, and a perspective on their chances to sell into this market.

In order to do so, we have used the following approach for each of the topics as highlighted in your Terms of Reference:

Describe the characteristics and structure of the Kuwait market; including the identification of potential importers, distributors, end-users etc...;	Compiling existing research reports. We identified the best-selling products currently offered in each category in the market, complete with pictures of the goods and their packaging. Listing leading retailers and wholesaler.
Assess the potential for augmenting demand and/or changing to new sources of supply ;	Research on trends and volumes in the market. Calls with industry organizations and various parties in the value chain.
Identify impediments affecting imports;	Calls and meetings with importers/distributors
Determine areas in which specific enterprise-level assistance may be requested such as licensing, customs duties, taxes, quality control, other rules and regulations affecting imports etc...	Calls and visits with importers in Kuwait, and exporters on the Palestinian side
Provide information about trade procedures, trade logistics, needed documents and standards to enter Kuwait market.	Compiling information obtained from governments, customs authorities, and industry organizations.
Identify areas where measures are required to facilitate imports from diversified sources of supply.	Based on the information gathered for the previous points, we can easily identify these and provide recommendations.



2 Summary of conclusions and recommendations

2.1 Market overview

Kuwait constitutes almost 4% of the 18,885 active projects in the GCC.¹ Despite low oil prices, at present in Kuwait, there are \$234.4 billion worth active projects and \$34 billion worth of developments in the designing or concept phase.

The expected growth in the construction industry in Kuwait, 2016 was around 14%. This is in general less than in other GCC countries, but still considerable.

2.2 Options to enter the market

One of the most effective ways to establish presence in a new market is with an own permanent representation, where possible combined with a showroom. If this is being done with a group of companies, costs can be shared and the investment is limited. The effect however is that Palestinian producers can be seen as accessible, adaptive and able to sustain their position.

2.3 Market entry recommendations

Recommendation 1: Local representation with a dedicated showroom

The company and the showroom will be the hub to serve the company to meetings and visits, a production gallery for visitors and serve as a logistical point in case we have event in Kuwait to participate in. Having your own location can also give access to other market segments: individuals who build their own house in standard, villas or palaces designs. As well as helping the metals industry from Palestine to display their products, a company like Nassar stones & Al Naseem for metals together in one showroom.

Recommendation 2: Support companies in their tender procedures

For many large products there are tender procedures to get the best offer out of the market. These procedures have many written rules, but there are even more unwritten rules on how to present your services and what is fitting in the respective culture. Even how you describe your company can make a difference.

¹ <https://www.kuwaitconstructionweek.com/news4>



Insiders in the market mostly know when certain tenders are opened. This gives the opportunity to prepare for it and to approach potential partners and subcontractors in advance. It is well worth investing in somebody local who can monitor the market opportunities.

2.4 What Alliance experts can do for you

Recommendation 1: Local representation with a dedicated showroom

Alliance experts, with its local people, can advise you where to set up your local representation and showroom. On the short term we can be your representative, or do this part-time if the number of companies to represent is small. If more capacity is needed, we can help you in hiring the right representative.

Recommendation 2: Tender support

Alliance experts has for a select number of countries specialists with experience on how to write tender documents with a high chance of winning the project. We can offer this as a project-based, short-term intensive service. On the other hand, we can also represent you in the market for just one or two days a month, in order to monitor the market and get more insight information.



3 Import profile of the sector

3.1 Market size

The construction industry of Kuwait has been facing a prosperous time with new infrastructure developments, educational facilities and new housing projects. These help the sector to grow and propel and is set to reach \$15.6 billion in 2020.² The import value of construction services and materials was almost \$5 billion in 2017.

The GCC has approximately 18,885 active construction projects with a combined estimated value of USD 2.3 trillion; Kuwait constitutes almost 4% of the 18,885 active projects in the GCC.³ Despite low oil prices, at present in Kuwait, there are \$234.4 billion worth active projects and \$34 billion worth of developments in the designing or concept phase. There is an estimation of \$29 billion worth of building projects which includes South Saad Al Abdullah New City (\$4 billion) and the Nawaf Al Ahmad City (\$3 billion).

The construction sector in Kuwait will grow at a CAGR of 6.44% over the period 2016-2020.⁴

3.2 Growth rate

In December 2017, under Kuwait's GDP, the construction data was reported at 917.88 KWD million, whereas in December 2016 it was 987.02 KWD million. Hence there has been a decrease in the value of the construction industry in Kuwait. The construction data is updated yearly, with an average of 240.23 KWD million from December 1996 to 2017.

The highest value reached was 987.02 KWD million in 2016 and the lowest being at 28.10 KWD million in 1970. The expected growth in the construction industry in Kuwait, 2016 was around 14%. This is in general less than in other GCC countries, but still considerable.

² http://tradedarabia.com/news/CONS_312872.html

³ <https://www.kuwaitconstructionweek.com/news4>

⁴ <http://www.constructionweekonline.com/article-38969-kuwaiti-construction-sector-to-hit-156bn-in-2020/>

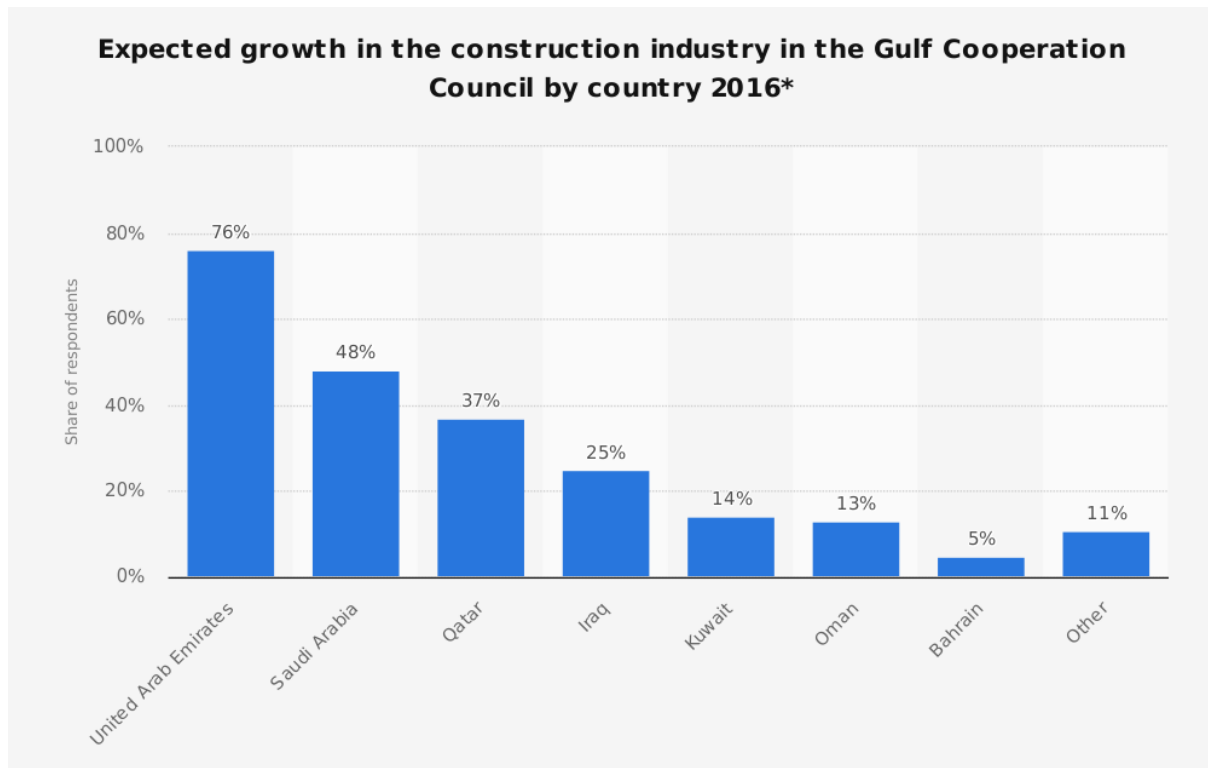
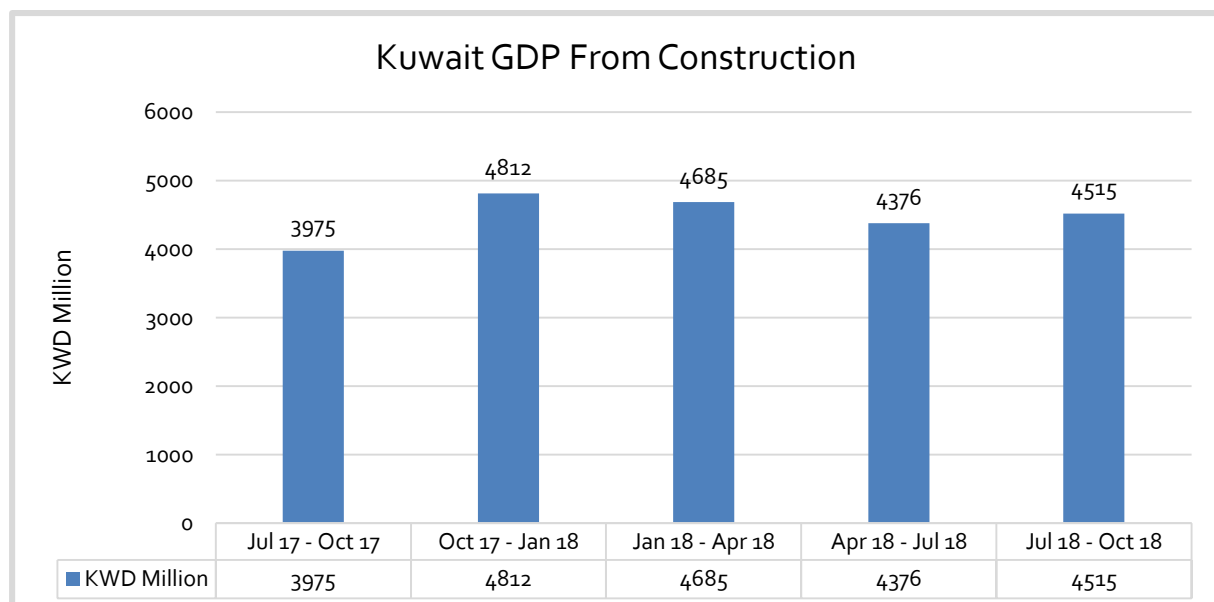


Figure 1 source: <https://www.statista.com/statistics/693909/gcc-expected-growth-in-the-construction-industry-by-country/>

In July 2017, GDP from the construction sector in Kuwait was around 3975 KWD million, with an increase in the 4th quarter to 4812 KWD million from October 2017 to January 2018. Now In the present 3rd quarter (July 2018 to October 2018), it was around 4515 KWD million.⁵



⁵<https://www.ceicdata.com/en/kuwait/gdp-by-industry-current-price-annual/gdp-construction>



Kuwait has several large projects underway such as The South Saad Al Abdullah New City in Kuwait City (USD 4 billion), Nawaf Al Ahmad City in Sabriyah (3 billion) and the Mubarak Al Kabeer Seaport (Phase 3B & 3C) in Kuwait City (USD 1 billion). It is also noteworthy to mention that all three projects are in the initial stages of construction, and will contribute to the growing need for stone material in the near future.

3.3 Market history

Kuwait Vision 2035 includes the seven core pillars, as Kuwait plans \$6.6 billion industrial city. The seven pillars that it is based on are efficient government administration, diversified & sustainable economy, quality infrastructure, sustainable living environment, high quality healthcare, creative human capital and distinguished international status. In the last three years, KDIPA had attracted KD 725 million in investment from 29 companies with 1,000 jobs added across 11 sectors.⁶

Before the discovery of oil, several occupations contributed to the economy--nomads moving livestock to the sparse forage in the desert, pearling, and fishing--but none of these occupations provided much beyond subsistence. Once the government began receiving oil revenues, the contribution of other sectors to national income was reduced still further.

Kuwait's Public Authority for Industry (PAI) plans to set up a multipurpose industrial city in the Gulf Arab state with total expected investments of \$6.6 billion.⁷

3.4 Market Potential

The main driving factors for the Kuwait construction industry include:

- Government Planning (Medium and Long Term)
- Public Investments in Tourism and Travel
- Public Investments in Real Estate

Vision 2035 aims at transforming Kuwait into a financial and commercial hub for the region. Even the government has started to support positively the construction industry in Kuwait.

The Kuwaiti government has launched a five-year plan (2015 to 2020) aimed at achieving specific social and economic objectives. These objectives are aligned with building a diverse and sustainable economy by 2035. The government's five-year National Development Plan committed to spend KD34bn (\$112.5bn) over the 2015-20 period, and KD12bn (\$39.7bn) worth of projects were signed off in the plan's preliminary year⁸. According to BNC's Project

⁶<http://www.newkuwait.gov.kw/en/>

⁷<http://www.arabtimesonline.com/news/seven-pillars-core-kuwait-vision-2035-kuwait-plans-6-6bn-industrial-city/>

⁸ <https://oxfordbusinessgroup.com/country/kuwait/construction>



Intelligence Database, Kuwait has awarded five transport projects in 2016 that have a combined estimated value of USD 1.5 billion.

The government has approved a USD 104 billion National Development Plan that includes construction of major roadways, a new airport, new hospitals, new residential developments, a new Kuwait University campus, a new oil refinery, oil exploration, new power projects, and a new railway and metro.⁹

Even Kuwait plans to invest more in the hospitality sector. The country still has a relatively nascent tourism sector in comparison to other GCC countries. But the Kuwaiti government will invest USD 1 billion in its tourism sector by 2025. Tourism has made up approximately 1.5% of Kuwait's GDP in the year 2015. Again the Kuwaiti government plans to increase the number of overnight travelers from 270,000 in 2014 to 440,000 by 2025.¹⁰

Now for real estate, although there has been weak demand for homes in Q1, 2016, the prices of homes seem to be stabilizing. Mainly it is due to the public investments that the commercial and residential real estate sector is growing in recent years.¹¹

At present, Kuwait has 709 active projects, which are estimated to be around USD 230.4 billion. Among these 709 projects, 58% are already under construction, and indicating a healthy and positive flow through of project investments.

Whereas additional projects were also announced to be added in the year 2019. The project investments in Kuwait in comparison with other GCC countries are relatively small in nature. The economic slowdown situation in Kuwait has not caused any hindrances in the construction market of Kuwait.

Kuwait constitutes almost 4% of the 18,885 active projects in the GCC. But if taken in dollar terms, then the combined estimated value of construction projects in Kuwait makes up around 10% of all construction project values in the GCC.

The GCC stone market is worth over USD 5 billion and constitutes approximately 20% of the global demand in the stone market. The market comprises of crushed stones and dimension stones. The global demand for crushed stones is expected to reach 19.6 billion metric tons by 2020; the Middle East is among the biggest markets of crushed stone consumption due to the high volume of construction activities currently underway. Global Industry Analysts suggest that the MENA region is one of the top three growth markets for stone consumption.¹²

⁹ <https://www.export.gov/article?id=Kuwait-Market-Opportunities>

¹⁰ <http://www.arabtimesonline.com/news/vision-for-2035/>

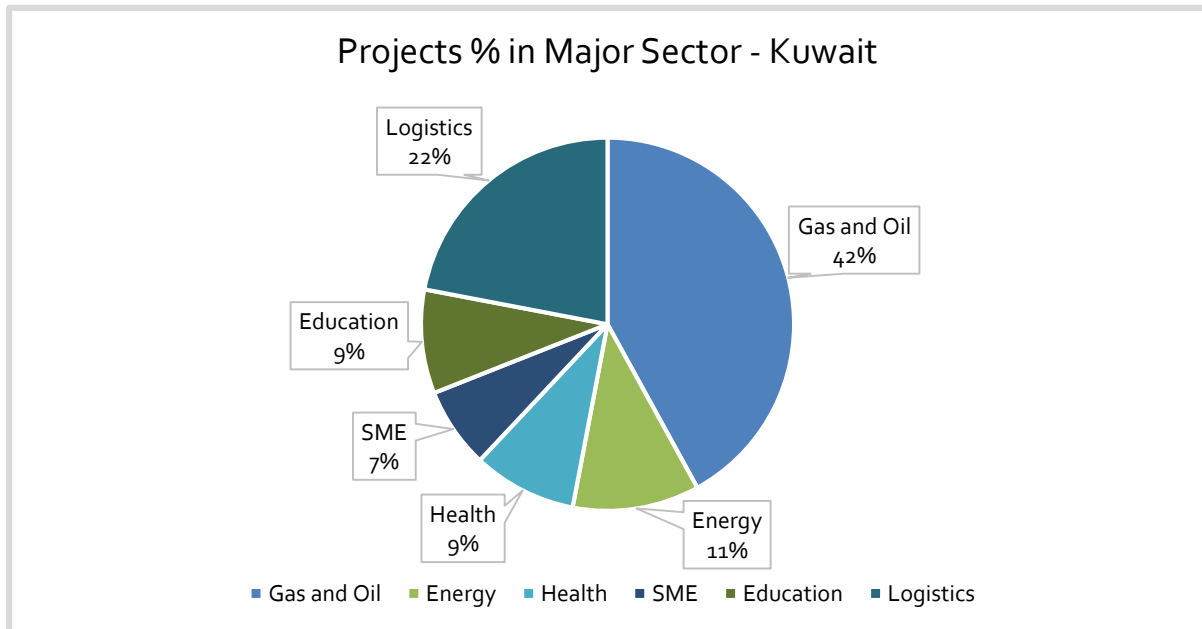
¹¹ https://uae.trade.gov.pl/pl/f/download/fobject_id:348992

¹² <https://www.middleeaststone.com/media/1281/the-gcc-stone-report.pdf>



Major Projects in Major Sectors¹³

Under the Kuwait Vision 2035, some of the major projects in various sectors are planned to be carried out and few constructions have already started. The sectors include Gas and Oil, Health, Energy, Education, SMEs and Transport and Logistics.



The top 10 construction projects in Kuwait are worth \$12 billion, with healthcare investments being one of the major drivers of the construction industry’s growth in 2016, according to a BNC Report commissioned by The Big 5 Kuwait 2016.¹⁴

Current projects:¹⁵¹⁶¹⁷¹⁸

Project name	Value
SOUTH SAAD AL ABDULLAH NEW CITY: South Saad Al Abdullah city in Kuwait is billed as the Middle East’s first development to be both green and smart. Construction work on the site, which will cover 64 square-kilometres and is expected to start late in 2019. The smart city is part of the country’s 30-year vision	USD 4 billion

¹³ <https://kif.kdipa.gov.kw/wp-content/uploads/khalid-mahdi-english.pdf>

¹⁴ http://tradedarabia.com/news/CONS_312872.html

¹⁵ <https://kuwaitpage.online/blog-info/2392/south-saad-al-abdullah-city-in-kuwait-middle-east-s-first-green-and-smart-development>

¹⁶ <https://www.protenders.com/projects/nawaf-al-ahmad-city>

¹⁷ <https://www.protenders.com/companies/united-real-estate-company-urc/projects/hessah-al-mubarak-district>

¹⁸ <http://meconstructionnews.com/28142/urc-launches-residential-hessah-towers-at-hessah-al-mubarak-district>



to transform itself into a hub for trade, finance and tourism - cutting its dependency on oil revenues.	
NAWAF AL AHMAD CITY: The project's scope of work consists of a mixed-use development located at Mutlaa, Al Jahra, and Kuwait. The scope of work involves the construction of 52,000 housing units along with commercial buildings, educational institutions, hospitals, shopping mall, and sports and tourism facilities among others. Nawaf Al-Ahmad city in the north of the country and is located just 60 kilometres from the centre of Kuwait City.	USD 3 billion
AVIATION MEGAPROJECT: Directorate General of the Civil Aviation (DGCA) chief Sheikh Salman Sabah Salem Al-Humoud Al-Sabah said plans to build an airport with a capacity of 25 million passengers per year were being explored to address Kuwait's growing air traffic. Al-Sabah said DGCA was "studying" the viability of issuing a tender for setting up an airport in the northern part of the country.	USD 12 billion
KUWAIT GOVERNMENT HOMES: Limak won a contract to build government housing in the first three months of the year. Limak Holding has won an infrastructure contract from the Public Authority for Housing Welfare (PAHW) to construct, complete, and maintain 3,260 land plots for the local government authority. It is one of the biggest largest residential schemes in Kuwait, with 5,201 units, of which 2,346 are part of Phase 1.	USD 153 million
HESSAH AL MUBARAK DISTRICT: Kuwait Projects Company (KIPCO) completed infrastructure work for Hessah Al Mubarak District. Handover of public facilities to government entities are reportedly ongoing, with developers expected to commence construction work soon. The project will also include infrastructure such as roads, parks, and walkways.	USD 2.5 billion
HESSAH TOWERS: Kuwaiti real estate developer United Real Estate Company (URC) has launched a twin residential tower project – Hessah Towers – to the upcoming Hessah Al Mubarak District development. Once completed, Hessah Towers will cover a total built-up area of 63,000sqm and each tower consists of 40 floors.	-
PHASE 4 OF THE AVENUES MALL: The fourth and final phase of Kuwait's biggest shopping mall, The Avenues, opened in April. Phase 4 was delivered by Mabanee Co, which owns the project, and consultants Pace and Gensler. Completion of the final phase could pave the way for the creation of 30,000 jobs, many of which will be customer-facing roles in the 300	USD 2 billion



<p>new shops at The Avenues, which now has more than 1,100 retail units altogether. The Avenues' Phase 4 has a built up area of 13ha, a total leasable area of 8.5ha and cost \$900m (KWD265m). As part of the project, a four- and five-star hotel are due to be developed.</p>	
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Again, to deliver billions worth of on-going and future projects, Kuwait mainly relies on importing building materials, equipment, construction supplies and technology. This in return provides opportunities for international manufacturers and local distributors to win business deals to supply these major projects.¹⁹

¹⁹ <https://www.kuwaitconstructionweek.com/news4>



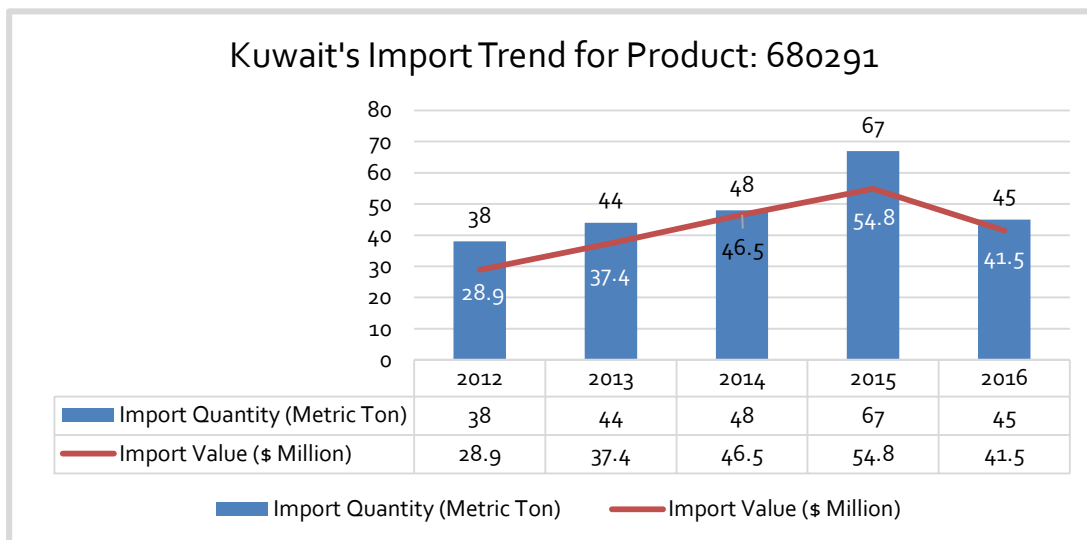
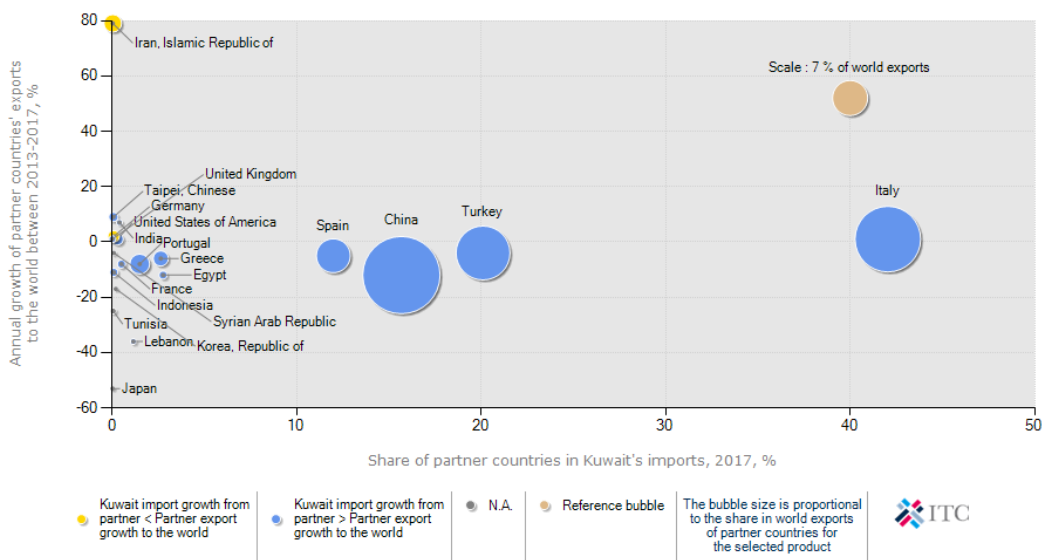
3.5 Competition in market

There is competition both on a country level (e.g. marble from Turkey) and on a company level (e.g. other Palestinian companies).²⁰

Product: 680291, Worked Marble, Travertine and Alabaster²¹

Kuwait is importing most of this product category from Italy and Turkey.

Prospects for diversification of suppliers for a product imported by Kuwait in 2017
 Product : 680291 Marble, travertine and alabaster, in any form (excluding tiles, cubes and similar articles of subheading 6802.10, imitation jewellery, clocks, lamps and lighting fittings and parts thereof, buttons, original sculptures and statuary, setts, curbstones and flagstones)



²⁰ <https://thisweekinpalestine.com/wp-content/uploads/2014/07/A-Main-Asset-of-Palestine%E2%80%99s-Export-Sector.pdf>

²¹ <https://www.tridge.com/hs-codes/680291-worked-marble-travertine-and-alabaster/KW/product>



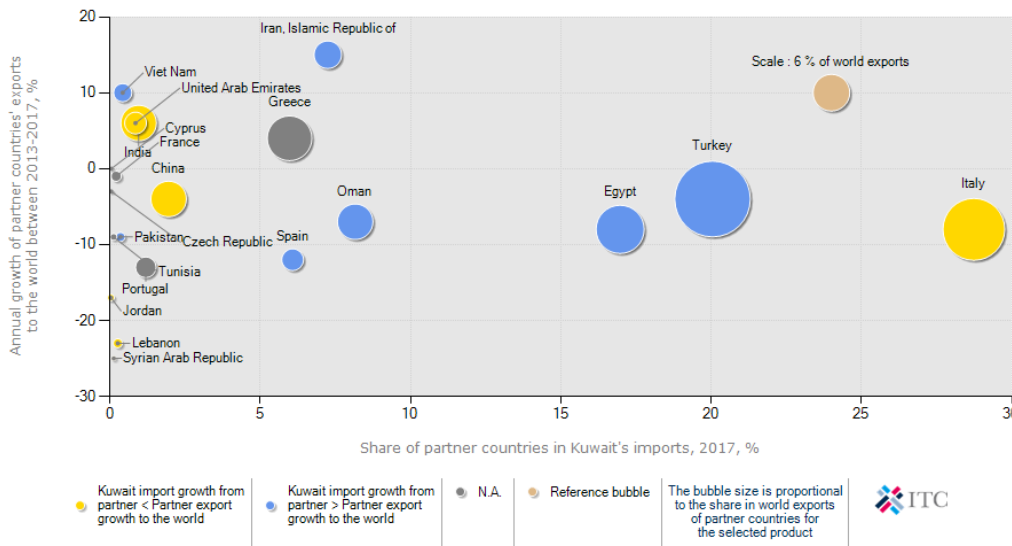
Product: 680222, Building Stone²²

The top exporter is China, whereas the top importer being Saudi Arabia.

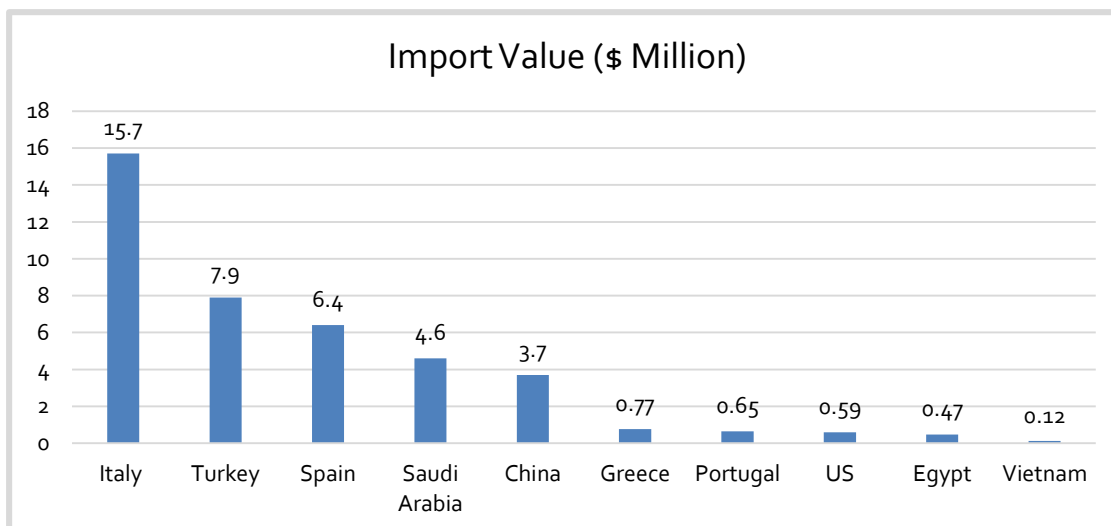
Product: 680221, Cut or Sawn Slabs of Marbles, Travertine and Alabaster²³

The top exporter to Kuwait in this segment is Italy.

Prospects for diversification of suppliers for a product imported by Kuwait in 2017
 Product : 680221 Marble, travertine and alabaster articles thereof, simply cut or sawn, with a flat or even surface (excluding with a completely or partly planed, sand-dressed, coarsely or finely ground or polished surface, tiles, cubes and similar articles of subheading 6802,10, setts, curbstones and flagstones)



Kuwait's Import Markets of Marble²⁴



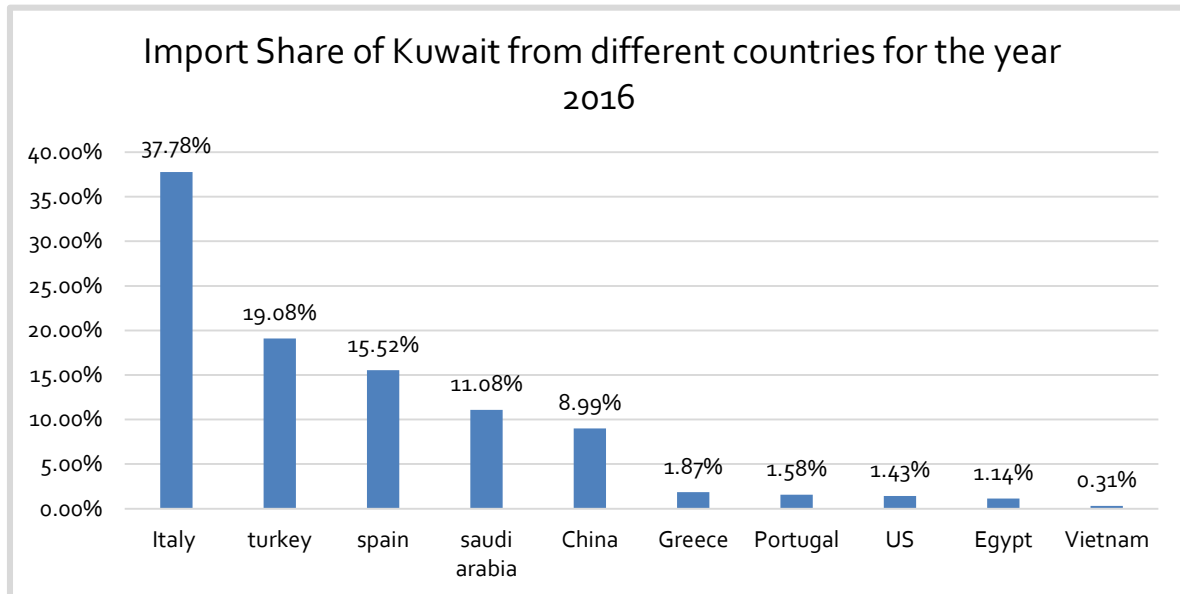
²² <https://www.tridge.com/hs-codes/6802-building-stone/KW/import>

²³ <https://www.tridge.com/hs-codes/680221-cut-or-sawn-slabs-of-marble-travertine-or-alabaster/supplier?page=81>

²⁴ <https://www.tridge.com/intelligences/marble/KW/import>



Italy being the top supplying countries of marbles in Kuwait for the year 2016 with import value of \$15.7 million, followed by Turkey \$7.9 million and Spain \$6.4 million.



Italy also has the highest shares in import as it is the top supplying company for marbles in Kuwait with 37.78%, then Turkey and Spain with 19.08% and 15.52%.

On a company level there are various Palestine companies who focus on the Kuwait market:

1. Al-Anan Stone and Marble - Al-Anan Stone & Marble Company started its journey until became one of the most important industry pillars in Palestine. Over the period of 18 years, the company was able to achieve practical and qualitative accomplishments. The company began to export its products to the largest stone markets in the world among which are (China, South Korea, United States of America, India, Gulf Countries, Europe, and Middle America). Today, the company distributes its products of the Palestinian stone for more than 35 countries around the world.
2. Al-Waleed Stone – This Company is into the stone and marble industry and mainly focuses on Kuwait and Saudi Arabia market. It exports various types of stones in Saudi Arabia and Kuwait.²⁵
3. Arts of Carved Stone Co. – The Company was well established in August 2013. Arts of Carved Stone Co. is aspiring to become a reputable export oriented company that takes over projects across different continents. Their growth in several markets started in the Holy Land, regional markets, Europe and now we are taking over projects and villas in the U.S. Arts of Carved Stone Company participated in the Palestinian Exporter Week 2015 coordinated by the Palestinian Trade Centre "PalTrade " - in Ramallah, Palestine.²⁶

²⁵<http://www.waleedstone.com/>

²⁶<http://www.artsofcarvedstone.com/en/about-us>



4. Jerusalem Stone Group - Jerusalem Stone Group was established in 2010 – Since the beginning it has been focusing on the export of unique stone elements to foreign countries like the USA, Arab Gulf countries, Europe and other countries. In 2016 it expanded its production abilities by purchasing two 7 axis robots. New block cutting machines and two CNC's were added to the production line in 2018. It provides individuals, architects, designers, contractors as well as investors in the construction business, with the best quality Jerusalem Stone.²⁷
5. Nassar Stone – Nassar Group was established in 1984, and it owns and operates 15 quarries in Palestine, Jordan and Oman with an annual production capacity of 60,000 m³ of marble, hard limestone and dolomite raw blocks. Nassar Group has over the years made remarkable progress and development in these areas hoping to create a new culture in the stone business one that is based on quality assurance in production and management. The Group currently exports most of its production to the US, European, and Far-Eastern markets, in addition the nearby Arab markets.²⁸

²⁷<http://www.jerusalemstonegroup.com/index.php?lang=en>

²⁸<http://nassarstone.com/?q=nassar-group>



3.6 Distribution channels

Distribution channels and outlets for the construction materials sector can be divided into two parts:

- Galleries and showrooms of domestic manufacturers,
- Building materials trading companies,

The building material trading companies could be an entry option for the Palestinian companies. The five biggest Kuwait companies are mentioned below:

1. Al Nahda Trading and Industry Company – Nahda Marble is proud of its supplier and customer network. With over 36 years in business, solid experience and know-how, world-class supply chain network, customer focused win-win approach, and a flexible organization with the ability to efficiently mobilize resources on project basis.²⁹
2. Hayat Marble Company – This Company specialises in all type of marble and stones. They are in this field or sector for over 40 years in Kuwait. Hayat Marble is a leading provider of natural and man-made stones, available for flooring, wall cladding, and countertops. Hayat Marble has built its reputation for great quality and service over the years by ensuring the standard of product delivered to the client is of the highest achievable.³⁰
3. Arabian Marble Co. - Arabian Marble Co. has been supplying the Kuwaiti market with top quality and marble and granite from all over the world for over half a century. Marble and granite are undoubtedly two of the most exquisite and luxurious raw materials used for flooring a normal one into an extraordinary one.³¹
4. KCPC Marble – The Kuwait Company for Process Plant Construction and Contracting (KCPC), is a Pioneer and Leader in Civil Construction and Infrastructure Development. It was established in 1979. KCPC Marble is a division specialized in Marble & Natural stone works. KCPC Marble is the authorized distributor of Neolith in the State of Kuwait, a globally renowned company offering large format Sintered slabs, with extraordinary characteristics. KCPC Marble has a large inventory of Marble , Stone , Granite , and Neolith's large format Sintered Slabs , Imported from around the world.³²
5. Hassan Abul Company - Hassan Abul is a company with over 50 years of experience in providing luxury building materials and high-end architecture products. It was established in 1959, and have over 55 years of experience. It operates mainly in Kuwait, UAE and Qatar.³³

²⁹<http://nahdamarble.com/nahdamarble/index.html#>

³⁰<http://www.hayatmarbleco.com/>

³¹<http://www.alqudaibi.com/company/arabian-marble/>

³²<https://www.kcpcmarble.com.kw/>

³³<https://www.hassanabul.com/about.html>



3.7 Market characteristics

Kuwait is a very specific country in terms of construction projects. It is very wealthy due to its large oil reserves, it has several large projects taking place, but it is a little bit conservative or closed in terms of international business, leaving most of its projects to local companies. This does not leave much room for international competitors.

Despite this, when it comes to natural stone supply, Kuwait needs to source this from abroad, as it does not have own quarries. And many of its projects require the finest marble, travertine, limestone and other stones that are normally found abroad. There is a very good market in Kuwait for natural stones, especially for applications like luxurious hotels flooring, coverings and interior decoration, villas cladding and interior decoration, palaces and commercial buildings, and much more.

There are five types of natural stone and marbles available in Kuwait which are:

- Capri Limestone
- Crema Marfil Marble
- Travertine Beige
- Moca Cream Limestone
- Moleanos Limestone

The first two types of limestone and marble (Capri Limestone and Crema Marfil Marble) are from Spain, and limestone is required for cladding projects, some interior decoration while the marble is for flooring and coverings in luxurious hotels.

Whereas, the other three types are mainly used for villa cladding, specific projects (mosques, museum and hospitals) and even sometimes for flooring.³⁴

When it comes to the GCC, there are two main types of building stones used: dimension stone and decorative stone. Dimension stone is often quarried and prepared in blocks, according to standard specifications and can be used without much processing, whereas decorative stone is quarried and later cut, or carved, to improve its appearance. Decorative stone is more often used in interior construction for decoration and monuments, than as a standard building material. Stone was chosen for building construction is selected for its properties of durability, attractiveness and economy.³⁵

³⁴<http://www.globalstoneportal.com/blog/markets-trends/kuwait-stone-supply-2>

³⁵<http://constructionhq.world/issue-sections/industry-spotlight/marble-granite/marble-trends-are-booming-in-mena/>



3.8 Import policy and procedures

The import of merchandise of any product into Kuwait on a commercial basis can be done only by Kuwait individuals and firms who are registered with the Kuwait Chamber of Commerce & Industry (KCCI). The importer should also possess an import license issued by the Ministry of Commerce & Industry (MCI). The Kuwait General Administration of Customs is the department which is responsible for all the works related to customs, manages inflow and outflow of goods in the country, regulates customs processes and executes all the decrees issued by the country's ministries and governmental institutions.³⁶

General requirements followed for importing

License: Importers apply for import licenses from the Ministry of Commerce and Industry, and must be registered with the Kuwait Chamber of Commerce and Industry (KCCI). Only the local agent is authorized to clear items at Kuwait Customs by showing an official letter of representation as well as a letter by the end-user.

Documentation: Kuwait documentation procedures require a commercial invoice, certificate of origin, packing list, and a bill of lading or airway bill to accompany all commercial shipments. Certain products may require additional licenses or certificates.

Commercial Invoice: One original and two copies are required, plus the certificate of origin. The invoice must contain an accurate description of the goods, marks and numbers, net and gross weights in metric measure, quantity, units, total value, and country of origin, and port and shipping information. The invoice should be legalized by a local chamber of commerce or the National U.S.-Arab Chamber of Commerce.

Certificate of Origin: If products are of U.S. origin, the invoice must also include a statement that the products being shipped are of U.S. origin and have been manufactured in the United States. This rule would also apply to U.S. commonwealths or territories. If the products are of U.S. origin but contain foreign content, the document must include country of origin of the non-U.S goods and percentage of content. The certificate of origin should be legalized by a local chamber of Commerce or the National U.S.-Arab Chamber of Commerce.

International Conformity Certification Program (ICCP): Building materials, including cement, gypsum and bricks, needs to be tested and certified by a single private company before being exported to Kuwait.

Packaging List and Bill of Lading: The packing list must provide detailed information on each item contained in any package and must be stamped with the company seal or stamp of the exporter or freight forwarder.

The bill of lading must show the name of the shipper, the name and address of the consignee, port of final destination, description of the goods, listing of freight and other

³⁶<http://howtoexportimport.com/-How-to-import-to-Kuwait-step-by-step-process-8844.aspx>



charges, number of bills of lading in the complete set, and the acknowledgement signature that the carrier has confirmed receipt on board of the goods to be shipped.

The import license holder's name must appear on the bill of lading, and he/she must be a Kuwaiti national.³⁷

3.8.1 Certification

Product	Certification
Product: 6802, Monumental or building stone	GSO EN 12057:2011 EN 12057:2004
Product: 680221, Marble, travertine and alabaster articles thereof, simply cut or sawn, with a flat or even	GSO ASTM C503 ASTM C503/C503M GSO ASTM C 1527 ASTM C 1527

3.9 Import channels

There are several parties who serve as the formal importer of stone and marble:

- **Architects** – Few of the architects of Kuwait – MNA Group (www.mna-group.com), Al Murshed Design (www.almurshed-design.com), Gulf Consultant (www.gckuwait.com), Pro Design (www.pro-design.com), etc.
- **Construction contractors** – Few Contractors include - The Ahmadiyah Group (<https://www.alahmadiyah.ae/>), ALARGAN (<http://alargan.com/>), Marafies (<http://www.marafiegroupp.com/>), etc.
- **Building material companies.**
- **Stone and marble suppliers or distributors** – Hayat Marble (<http://www.hayatmarbleco.com/>), Nahda Marble (<http://nahdamarble.com/nahdamarble/>), Al-Jehad International Co. Stone (<https://www.stonecontact.com/suppliers-116283/al-jehad-international-co-stone-marble-granite>), R2M DESIGN (<http://www.r2m-design.com/>), etc.

Architects can also be seen as big influencers, who make the decision for other parties. Part of the market entry strategy could be to target these architects, especially for product that are different from others.

³⁷<https://www.export.gov/article?id=Kuwait-Import-Requirements-and-Documentation>



3.10 Packaging and labelling

Stones and marbles are exposed to harsh treatment as they are solid hard in nature and travel miles through sea and roads. Hence, the exporter should carefully ensure the correct and error free packaging of the stones and marbles in wooden crates, preventing from getting damaged.

After getting cleaned and inspected properly it is placed inside the crate which is to be shipped for secured transportation. Each crate shall have the writing outside the dimensions, the count and net weight of the stones and marbles. Finally, a "Fragile" label is to be pasted on each of the crates to be shipped.

Exporters shall implement the following procedures in packing stone and marble that are ready to be transported:

- Marble tiles shall be packed in polystyrene boxes / corrugated boxes and wooden crates. The wooden crates are fumigated before dispatch.
- The stone tiles are packed directly into the wooden crates but before starting to pack, each wooden crate is first in-lined with foam sheet or polystyrene sheet to protect stones against damage. Between the polished surfaces there is a thin polythene sheet to protect the surface of the marble from getting undue scratches.
- Slabs also packed in wooden pallets. The wooden pallets are fumigated before dispatch. Between the polished surfaces of the slabs, a thin polyethene sheet is always placed to protect the surface from undue scratches.
- Hard stone is directly packed in the fumigated wooden crates. Any loose gaps are tightened by filling wood, hardboard, foam sheet etc. to protect stone pavers from colliding with each other.

Every crate & pallet must have the crate number, the number of slabs/tiles, size, product name and endorsed "Made in Palestine". The quantity in each container as per the weight limit mentioned in the Pro-forma Invoice.



3.11 Prices (in relation to potential buyers)

	US \$30 - \$180/ Sq. Meter
	US \$4.5 - \$8.8/ Sq. Meter
	US \$4.40 - \$5.40/ Sq. Meter



	<p>US \$10 - \$40/ Sq. Meter</p>
	<p>US \$30 - \$80/ Sq. Meter</p>



3.12 Commercial practices

Kuwait's commercial practice is used in practice to regulate commercial agents, distributors and service agents or sponsors. First, commercial agents are the representatives of a foreign business in Kuwait. The commercial agent negotiates on behalf of, possibly concludes deals, and carries them out. Second, distributors promote, import, and distribute products of foreign companies on their own. Finally, foreign companies are required to appoint service agents or sponsors in case they wish to carry out government contracts (Article 24 Law of Commerce, No. 68 of 1980).

The agency or sponsorship agreement between the Kuwaiti and the foreign company must be registered with the Ministry of Commerce and Industry. All new agencies or sponsorship agreements are published weekly in the Government's official Gazette Al Yawn, an Arabic publication widely translated in English and available commercially. Registration of an agency should not take more than two weeks from the time the documents are prepared in Arabic. An agreement will normally contain a description of what the responsibilities of either party are: the activities to be undertaken, the scope of the agent's authority, the remuneration, and the duration of the agency (if limited).

The reliability of an agent is often based on legal advice. Similar legal advice is required on the extent to which a principal is legally bound. It is important to redefine the responsibilities and obligations of both parties even though those obligations are already included in Commercial Law. The remuneration of the agent is a matter of agreement between him and his principal. Often, the agent is paid either a fixed fee or a commission. If an agency agreement is terminated by the principal, it may become necessary to compensate the agent. To terminate an agency or distributor agreement can be a costly matter.

3.12.1 Getting into Kuwait

To obtain the Kuwait visit visa for business the Palestinian company must have a Kuwait sponsor. The visit visa application and security form shall be filled out by the sponsor, which require a copy of the visitor's passport, a copy of the sponsor's signature as registered for business purposes and a copy of the sponsor's letter of invitation to the business, stating the purpose of the visit.

The processing time for a Kuwait eVisa is between one (1) and three (3) business days. Once approved, the eVisa is sent to the traveler by email. This saves the hassle of going to an embassy or consulate to submit a visa application. The Kuwait eVisa is a single-entry visa which allows visitors to spend up to 90 days in Kuwait. To apply for a visa please visit:

<https://application.kuwaitvisa.com/application>



3.12.2 Getting exhibits into Kuwait

The following information is a brief guide on how to make exhibiting in Kuwait easy.

- Firstly, always use the recommended forwarders in your country, the chamber of commerce in Palestine can help you on this. They have been recommended to you as they all have extensive knowledge about sending exhibition freight into Kuwait.
- Goods without a Certificate of Origin CANNOT be cleared in Kuwait, speak with the Palestinian chamber of commerce for obtaining one.
- ALL goods MUST have a serial number and country of origin EMBOSSED on them or attached with a PERMANENT sticker that cannot be removed
- Catalogues, Brochures and Literature will be referred to the Ministry of Information for verification and screening. DO NOT SEND any material showing women, women at work, alcohol or pork produce.
- Completing customs clearances in Kuwait is a very delicate and time consuming exercise, so to avoid disappointment please adhere to the arrival deadlines. Please note that customs in Kuwait only work from 8am – 2pm Saturday to Wednesday.
- There is NO temporary importation into Kuwait for exhibitions, all cargo MUST be cleared on a permanent basis by paying customs duties outright, these range depending on product from 5% CIF – 22% CIF. Please take this into consideration when deciding on what is to be shipped, for Palestinian goods the customs duties is 0%.
- Event material, displays and exhibits need to arrive in Kuwait at least four weeks before the exhibition.

3.12.3 Patents/trademarks/copyright

The registration of patents in Kuwait is made possible through the provisions of Law No 4 of 1962, amendment in 1999. The validity of a patent of invention is 20 years as of the date of filing the application. However, as of now, all requests for patent filed with the Kuwaiti Patent Office are practically in the application stage since the concerned office is yet to start the process for examining, publishing and granting the patents. However, relevant inventions receive protection for the period of 20 years, counting from the date of filing. In the absence of clear by- laws concerning above, all filed applications shall remain as documentary evidence of ownership and priority claim in case of any conflict.

As per the patent law, patents for utility models will be granted to those applications which include a new technical solution in the shape or formulation for equipment, means, tools, parts thereof or others which are used in commercial applications. An applicant may transform his patent application for utility model into a patent application for an invention, if the conditions are fulfilled, and vice-versa. In both cases, the filing date of the original application shall be taken into consideration.

The International Classification of Goods and Services (8th Edition) is followed. However, class 33, alcoholic goods in class 32, and pork meat in class 29 cannot be registered in Kuwait. A separate application is required for each class. Once the trademark is filed, it proceeds for examination wherein its registrability is examined based on various criterions



such as existence of any identical or confusingly-similar marks etc. A rejection by the Registrar on any grounds could only be challenged in the court within 30 days from the official notification. If the trademark is accepted, it is published in 3 consecutive issues of Kuwait Official Gazette ((Al-Kuwait Al-Youm). Following this, any interested party can raise an opposition within 30 days from the date of the publication of third issue of Official Gazette. An opposition mandates the applicant to submit a counter-statement within 30 days, if he is keen to maintain his application. In the absence of opposition, the application matures for registration and a registration certificate is issued subsequently.

Nevertheless Kuwait is a party to the Gulf Cooperation Council Countries (GCC). A patent granted by the GCC Patent Office will protect the patent in all the GCC member countries.

3.12.4 Local representation

Kuwaiti law does not require foreign companies to appoint a commercial agent to do business in the country. Companies can make direct sales to the private sector from outside Kuwait. But in practice, appointing an agent or distributor is the most common procedure for companies wishing to enter the market. Virtually all government purchasing is conducted by local tenders and in the majority of cases only local companies may bid. Foreign companies need a local agent to bid for the government tenders.

3.12.5 How and where to start?

Preperations	<ol style="list-style-type: none"> 1. Your business profile and website shall be in English and Arabic 2. You present your latest brouchers, catalogs and products 3. You have the contact details of the companies you want to approach 4. You email them first; including your business profile and catalogs 5. Then, and only after you followed the above steps; You can make the first call
Introducing your business to Saudis	<ol style="list-style-type: none"> 6. During the first call you shall check on your email and make sure the received it, if not make sure to correct that. 7. If you sent this email to the general administration then you ask them to forward that to the related department and/or ask them to provide the right email 8. Once you have reached the related department (procuerment, international business, owner etc ..), you try to make it short and direct to the point, no need to



	<p>promote the Palestinian products, they are aware of all. This way they will let you know right away whether they are interested to go on or not.</p>
If they are interested	<p>9. If the person in charge is interested he/she might ask you to send a sample and detailed sheets about your product.</p> <p>10. He/she will ask for price list, so make sure you review your prices and consult with your freightforwarder on shipping costs, customs, taxes etc.. so you provide the right price.</p> <p>11. You shall contact DHL, Aramex to send the sample to the mail of the company (make sure to get it right, sometimes the mails on the websites are not correct, or the facility has moved somewhere else but that is not updated on their website yet).</p> <p>12. Make sure you have more than 1 PCS in your sample package, including catalogs. As they might send that to different parties. And make sure you packge them nicely and properly to keep them in good shape.</p>
After receving your samples	<p>13. Once your samples arrived, make sure to follow up on to get their feedback, ask the person on "when to call to check", don't be noisy and try to be patient.</p>
<p>14. In most of the cases, sending your samples is not enough. They might ask you to come over to meet you in person and discuss the business, sales, prices, marketing activities etc..</p>	

3.12.6 What are the other essentials to know?

Etiquette: The business and cultural environment of Kuwait is highly conservative. Astute readiness, and a fundamental knowledge of the culture, can make the difference between a successful business deal and a failed negotiation. Conversely it is vital to remember that a wealth of the executives and government officials are familiar with 10 international culture and customs. They are therefore comfortable with the West's approach to business, provided respect is shown both ways.



Appointments: Appointments should be made several weeks in advance, followed by verbal confirmation a couple of days ahead of the meeting. When meeting with government officials, a firm date will not be settled upon until being physically in the country. It is not uncommon to have a meeting cancelled at the last minute. Meetings are generally not private until after a relationship of trust has been developed. Interruptions are thus frequent. The following important points should be covered during setting an appointment.

- Try to schedule meetings in the morning when meeting with government officials, since they are restricted to a 6-hour day.
- Many businessmen prefer to meet in the early evening.
- Do not try to schedule meetings in July and August as many Kuwaitis leave the country during the worst of the summer heat.
- Meetings may be interrupted if they interfere with prayer times.
- Meetings are generally not private unless there is a need to discuss matters confidentially.

Expect frequent interruptions. Others may wander into the room and start a different discussion. You may join in, but do not try to bring the topic back to the original discussion until the new person leaves³⁸

Negotiations: Kuwaiti people generally demonstrate great negotiation capacities. During a business meeting, people use body language and eye contact rather than direct words. During the conversation people make assumptions about what is not said. Particular emphasis is placed on tone of voice, the use of silence, and facial cues. It is vital to be aware of these non-verbal aspects of communication in order to avoid misunderstandings. For instance, silence is often used for contemplation and one should not feel obliged to speak during these periods. It is not unusual for them to avoid giving bad news and to give effusive and non-committing acceptances. Meetings are often lengthy, and negotiations may be tough, since they are experts at bargaining. Stay firm and courteous at all times, but be prepared to compromise a little in the long-term interests of the relationship.

- Business will only be discussed once an atmosphere of trust and friendship has been established.
- Kuwaitis are event rather than time-driven. The event of getting together is more important than the timeliness of the meeting or the outcome.
- Kuwait is a hierarchical society. Many companies are structured around the family. Decisions usually come from the top after determining a consensus of the various stakeholders.
- Decisions are reached slowly. If you try to rush things, you will give offence and risk your business relationship.
- Kuwaitis are shrewd negotiators who are especially interested in price.
- Do not use high-pressure sales tactics. They will work against you.
- Repeating your main points indicates you are telling the truth.

³⁸ <https://www.commisceo-global.com/resources/country-guides/kuwait-guide>



- There is a tendency to avoid giving bad news and to give flowery acceptances, which may only mean "perhaps".
- Problems may be discussed outside the meeting in a one-on-one situation rather than in the group meeting room.
- If you change the lead negotiator, negotiations will need to start over.
- Proposals and contracts should be kept simple.
- Although negotiating is done in English, contracts are written in Arabic. If there is both an English and Arabic version, the Arabic will be the one followed.

Religion: No public religious expression is permitted other than that of Islam.

Food and Alcohol: The import or possession of alcoholic beverages and pork products is not allowed. This is religious law. Offenders are open to penalties.

Public Holidays: The weekend falls on Friday and Saturday. Public holidays are taken for the two yearly Eid Festivals. During this period, all government and corporate offices are closed.

Communications: The best way to communicate with businesses is by telephone or fax. The use of e-mail is expanding, but it is still not a very reliable method of business communication and they often go unanswered. Any postal material should be sent by courier.

Advertising: Marketing has garnered much popularity and momentum in recent years. Helped by the overturn of the ban on television spots, businesses now utilise all the advertising avenues available, including TV, newspapers, trade magazines and billboards.

Transport: The best way to get around for business visitor is to use a chauffeured car supplied by the hotel or to use taxis. Many local business contacts will be happy to send a car to pick up foreign visitors from their hotel.

Gift Giving: It is not obligatory to give gifts when visiting - either at the office or at home - but gifts can be helpful in the relationship building process. When offering a gift, it is likely that the gift will not be opened in front of the giver.

Saudi Arabian Dress Code: Visitors are expected to dress in a conservative, smart fashion. Men should wear suits and ties for business meetings, despite the heat and women should wear business suits (not trousers) which leave as little flesh showing as possible. Skirts should be well below the knee and preferably ankle-length. It is also advisable for women to carry a headscarf.

3.13 Sales promotion

3.13.1 Trade Fairs

A few exhibitions and specialised events can be visited in Kuwait. Upcoming events and exhibitions in Kuwait which is a part of Kuwait Construction Week, includes:³⁹

³⁹<https://www.worldfurnitureonline.com/exhibitions/upcoming-fairs-0065822.html>



5 th March – 9 th March, 2019	Interior design show 2019	Interior Design Show is a 5 day event, held at the Kuwait International Fairground in Kuwait. Interior Design Show is a unique business platform for local and international manufacturers, suppliers, distributors and service providers in the Middle East's interior design industry to meet new or existing customers, showcase their products and services or re-affirm their position as a market leader. More than 20,000 visitors and 500 exhibitors attend this event.	https://10times.com/interior-design-show-q	Kuwait city
5 th March – 9 th March, 2019	Kitchen and bath show 2019	This event is held during January every year at the Kuwait International Fairground in Kuwait. It is a unique business platform for local and international manufacturers, suppliers, distributors and service providers in the Middle East to meet new or existing customers, showcase their products and services or re-affirm their position as a market leader. Around 5000 visitors and 500 exhibitors attend this event.	https://10times.com/kitchen-bath-show	Kuwait city
8 th Dec 2018	Building & construction exhibition	Building & construction exhibition happens in Mishref, Kuwait and it focuses on construction and real estate. The cycle of the trade fair is every 2 years, organized by KIF (Kuwait International Fair).	https://www.eworldtrade.com/events/building-construction-exhibition/	Mishref
05.03 - 09.03 2019	KUWAIT CONSTRUCTION WEEK	Kuwait Construction Week is the only largest construction event in Kuwait at the Kuwait International Fair. Through this event manufacturers,	https://www.kuwaitconstructionweek.com/	Mishref



		distributors and service providers increases their presence and meet with key decision makers in the GCC's building and construction sectors. More than 5000 visitors and 300 exhibitors attend this event.		
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These all are under the Kuwait Construction Week.

Kuwait Construction Week is the largest building and construction event in the country which brings 3,000+ trade visitors and high-spending buyers from the GCC in a period of 5 days.⁴⁰

3.13.2 Magazines

One of the ways for promotion is through advertisements in specialized construction and interior design magazines. Most of the specialists in Kuwait are:

1. <https://www.dezeen.com/tag/kuwait/>
2. <https://www.designboom.com/tag/architecture-in-kuwait/>
3. <https://www.doneinterior.com/>
4. <https://inversearchitecture.co/>
5. <https://www.compassesworld.com/>

⁴⁰ <https://www.kuwaitconstructionweek.com/news4>



3.14 Market prospects

As is clear from paragraphs 3.2 and 3.4, Kuwait is investing heavily in construction, which provides a good market opportunities. The biggest question is how to build upon this.

The right approach would differ per target group. One of the simplest options would be to be present physically in the market, with showrooms that can be used to display products permanently and some sales staff. By doing so, the barrier of physical distance can be overcome. This could already work as a joint approach of a few companies in this sector.

3.14.1 Market Attractiveness in Kuwait Construction Sector

Kuwait construction sector is growing significantly and as of July 2018, the country had 709 active projects with a combined estimated value of USD 230.4 billion. Out of these projects, nearly 58% are under construction. Moreover, newly announced projects for 2019 will add to the project pipeline in the country. This implies that, the demand for stones, marbles and granite will increase in the country.

Palestine is the 12th largest producer of stones and marbles and it produces twenty-two million square meters of goods annually. The labour productivity in the sector is almost five times that of other sectors. Hence Palestine has great opportunities to supply Marbles and stones for construction sector.



4 Legal, political and economic factors

4.1 Political climate and stability (Pestle Analysis of Kuwait)

Political Factors

Kuwait is a U.S. alliance country, in 2011 when Kuwait got freedom from Iraq there were some political disturbances where different parties wanted the present Prime Minister to resign as his policy stated Kuwait to be a closed economy. Where others wanted a liberalised economy for benefiting from the foreign countries. As Kuwait is heavily dependent on export on Oil hence the economy is not as vibrant as Saudi Arabia's economy. Therefore, any fluctuation in oil which creates a serious blow for Kuwait's economy.

Economic Factors

In the early 1990s, the economy was based on exports of hides and pearls. Efforts need to be put by the government to diversify the dependency on oil and make Kuwait an open economy. The government supported increase in lifestyle through infrastructure investments and rise in salaries, when oil prices were stable and proved to be an excellent revenue source for the country.

On curbing of financial waste, Kuwait moved up from rank 90 to rank 59. On Quality of Market Organization, Kuwait rose to 62 from 75. On Burden of government laws Kuwait moved up from 108 to 90. Kuwait also made great strides in the World Bank's Doing Business 2018 report index with the global ranking moving higher from 102 to 96. On the ease of starting a business, Kuwait held the 149 positions from its past 173.

Social Factors

Kuwait is the hub of expatriates who come from foreign countries to earn their living in the region of the world where salaries are relatively better. Kuwait is a small country with only one natural resource that plays a significant role in GDP growth but it attracts a large number of labours from different developing countries. One of the main issues faced by the citizens is that they don't enter legally and get work permits so that their activities can be monitored. Many illegal workers have been deported by authorities back to their countries due to multiple law-breaking activities.

Technological Factors

Central Bank of Kuwait not only acts as financial intermediary and custodian of Kuwait's wealth but also finances technological projects in order to promote technological transfer and help Kuwait advance in diversified industries. National Investment Authority formed by



their National Assembly also makes sure that oil mining and exploration projects are carried out with the aid of most modern technology imported from the West.

Environmental Factors

Oil drilling and exploration is also creating environmental mess not only air pollution but also water pollution through oil spills during export of oil. During the Gulf war, it was estimated that on average 3-5 million barrels per day was burnt and there was even danger of acid or nuclear rain as a result of this environmental violation. It was financially damaging but more damage was done on the health side.

Law/Legal Factors

Most astonishing and amazing law that is enforced in Kuwait is there are no taxes on salary and wages. But laws are meant to be strictly followed. Kuwait has been rated as a safe and secure place to live in by US. Researchers. The threat of crimes here is relatively low. Due to sudden atmosphere and weather changes like sandstorms, heavy rainfalls, the greatest risk that an average Kuwaiti face is during driving and therefore proper safety signs have been posted on roads to guide citizens and avoid fatalities as much as possible.⁴¹

4.2 International trade developments

Kuwait is a major oil supplier and a member of the OPEC consortium. Oil comprises nearly half of Kuwait's GDP, around 95% of exports, and approximately 90% of government revenue.

The Kuwait Petroleum Corporation (KPC) has announced its intention to increase oil production capacity to 4 million barrels per day (mmb/d) by 2020. In addition, KPC has announced intentions to increase natural gas production to four billion cubic feet per day by 2030. Future production increases will depend on actual implementation of several upstream projects including the development of heavy oil capacity of 60 thousand barrels per day.

KPC has announced an approximately \$115 billion investment plan to be executed between 2015-2020 that is divided roughly equally between the upstream and downstream sectors. Thirty percent of the invested amount will be on local content.

In 2014, the government issued regulations implementing a 2013 FDI law that aims to ease constraints on doing business in Kuwait. Under the Law for the Promotion of Direct Investment in the State of Kuwait (PDISK; Law No. 116 of 2013, which replaced the Direct Foreign Capital Investment Law, Law No. 8 of 2011) an investor can establish a 100%

⁴¹ <http://freepestelanalysis.com/pestel-analysis-of-kuwait/>



foreign-owned Kuwaiti company, a licensed branch or a representative office of a foreign entity.

4.3 Trade agreements

Current trade agreement:

In December 2008, Singapore and the GCC signed a free trade agreement (FTA), the GCC's first FTA. In June 2009, GCC countries concluded an FTA with the European Free Trade Association (EFTA), which includes the countries of Iceland, Liechtenstein, Norway, and Switzerland.

The GAFTA saw tariffs between 17 Arab states rapidly decline from an average 15% in 2002 to 6% in 2009, The 17 members of GAFTA are: Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, the UAE and Yemen.

Kuwait's trade with Bahrain, Oman, Qatar, Saudi Arabia and the UAE is tariff-free. The geographic proximity of these countries and their general adoption of free trade economic policies are factors that foster a competitive business environment.

Under negotiation:

US-Middle East Free Trade Area Initiative (MEFTA): In 2004, the US and Kuwait signed into force the Trade and Investment Framework Agreement (TIFA), with the aim of regulating all commercial matters between Kuwait and the US. The countries targeted to join MEFTA are Algeria, Bahrain, Egypt, Iran, Iraq and Israel (and through Israel, the Palestinian Authority), Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia and Yemen.

Australia and the GCC share a significant economic relationship, encompassing trade and investment across a broad range of goods and services. The GCC is a key market for agricultural exports such as livestock, meat, dairy products, vegetables, sugar, wheat and other grains. The agreement provides an opportunity to address a range of tariff and non-tariff barriers related to food exports that will benefit the food and drink sector in Kuwait.

Kuwait is a net importer of Chinese goods, The value of imports from China stood at over USD4 billion in 2014 with emphasis on electrical goods and machinery.

Customs Union

Kuwait is a member of the GCC along with Bahrain, Saudi Arabia, UAE, Qatar, and Oman. People from these countries can travel freely throughout the GCC. There is a 5% duty for



goods at the first point of entry to the GCC and then the goods can travel freely throughout the GCC.

(Note: Since June 2017 there has been a blockade of Qatar from the UAE, Saudi Arabia, Bahrain, and Egypt. Direct travel between these countries is currently not allowed and Qatari citizens and residents are not able to travel to these countries. Goods cannot travel freely between Qatar and these countries as well).

Bilateral Investment Treaties

Kuwait has signed bilateral investment agreements with the following nations (not all have been implemented): Austria, Belarus, Belgium, Bosnia, Bulgaria, China, Croatia, the Czech Republic, Denmark, Egypt, Ethiopia, Finland, France, Germany, Hungary, India, Iran, Iraq, Italy, Jordan, Kazakhstan, Latvia, Lebanon, Lithuania, Malaysia, Malta, Mauritania, Moldova, Mongolia, Morocco, Netherlands, Pakistan, Poland, Romania, Russia, Serbia, Slovenia, Spain, South Korea, Sweden, Switzerland, Syria, Tajikistan, Tunisia, Turkey, the United Arab Emirates, and Yemen.

Trade and Investment Framework Agreement

Kuwait signed a Trade and Investment Framework Agreement (TIFA) with the United States in February 2004. The TIFA is the first step in developing economic reform and trade liberalization criteria to strengthen the 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. Several areas in particular stood out as needing further attention: intellectual property rights (IPR), standards-related issues, taxation, and service and investment requirements. There is no move at this point to re-introduce a TIFA.⁴²

4.4 Trade barriers (both tariff and non-tariff)

Under the "single entry" principle, goods imported into Kuwait (or any other GCC State) are subject to customs duty only at the first point of entry into the GCC, with a redistribution system for collected tariffs among the GCC countries. All goods that enter Kuwait are subject to the common external tariff, at 0% and 5% for most products, and 100% and a specific duty for tobacco products, with some GCC-approved specific exceptions for each member state. According to the authorities, Kuwait has no country-specific exceptions.

Overall, Kuwait's applied MFN tariff displays positive escalation from unprocessed to fully processed products (Chart III.2). This escalation is mainly because the average applied tariff rate on the first stage of processing is relatively low. At a more disaggregated level, the tariff structure reflects that a large number of sectors are subject to flat tariff protection:

⁴² <http://apps.export.gov/article?id=Kuwait-Trade-Agreements>



uniform tariff applies for the three stages of processing for textiles and apparels, wood products, non-metallic mineral products, and other manufacturing. Nonetheless, for certain industries the tariff depicts negative escalation, such as in paper and printing, chemicals and plastics, and fabricated metal products.

Duty Rates:⁴³

Item description	Hscode classification	Hscode description	General duty (%)
Accessory With Precious Semi Precious Stones Without Precious Metals	71-16-20-90	- - - Other	5
Money Clip With Precious Or Semi-Precious Stones	71-16-20-10	- - - Articles of personal ornamentation	5
Sharpening Stones Handheld	68-4-30-0	- Hand sharpening or polishing stones	5
Beads Rhinestones Of Glass	70-18-10-90	- - - Other	5
Beads Rhinestones Of Plastic	39-26-90-99	- - - - Other	5
Grinding Wheels Millstones Agglomerated Abrasives Ceramics	68-4-22-0	-- Of other agglomerated abrasives or of ceramics	5
Grinding Wheels Millstones Agglomerated Natural Synthetic Diamond	68-4-21-0	-- Of agglomerated synthetic or natural diamond	5
Granite Stone For Wall And Flooring	68-2-93-0	-- Granite	5
Marble Stone For Wall And Flooring	68-2-91-90	- - - Other	5
Kitchen Accessories Of Stone	68-2-99-0	-- Other stone	5

⁴³ <https://customsdutyfree.com/customs-or-import-duty-for-precious-and-semi-precious-stones-to-kuwait/>



5 Acronym

- GDP – Gross Domestic Product
- CAGR – Compound annual growth rate
- USD – United States Dollar
- KWD - Kuwaiti Dinar
- PAI - Public Authority for Industry
- KCCI - Kuwait Chamber of Commerce & Industry
- MCI - Ministry of Commerce & Industry
- KPC - Kuwait Petroleum Corporation
- PDISK - Promotion of Direct Investment in the State of Kuwait
- FTA - Free trade agreement
- EFTA - European Free Trade Association
- MEFTA - Middle East Free Trade Area
- TIFA - Trade and Investment Framework Agreement
- Q1 – Quarter 1
- ICCP - International Conformity Certification Program
- IPR - Intellectual property rights